Financial Review (Consolidated)

Financial and Economic Environment

The fiscal year under review began with a moderate recovery in the Japanese economy, supported by low oil prices and demand from foreign tourists, amid a fading impact from the consumption tax hike. From summer onward, however, Japanese companies remained cautious in their capital investment plans in light of weak growth in exports and manufacturing, alongside a slowdown in overseas economies, especially in emerging countries. Consumer spending weakened slightly as consumers tightened their belts due to worries stemming from stagnant growth in wages. In the second half of the fiscal year, the yen began to strengthen and stocks began to decline in a reversal of trends from the outset of the year, owing to an uncertain outlook for U.S. monetary policy. Moreover, financial markets were rattled by the surprise introduction of negative interest rates by the Bank of Japan. The fiscal year ended on a note of growing unease about the economic outlook.

Under these conditions, the Group achieved the following business results for the consolidated fiscal year as a result of promoting numerous measures in line with its marketing strategy, human resources strategy, and operational reforms strategy under its new management vision of "Wide-area Regional Bank - Second Stage" based on its 5th medium-term management plan "Vision 75 Building a Good Bank" (running from fiscal 2014 through 2016).

Business Progress and Results

Consolidated ordinary income amounted to ¥112,689 million, a decrease of ¥2,269 million year on year due to declines in interest income and other ordinary income.

Consolidated ordinary expenses totaled ¥78,601 million, a year-on-year decrease of ¥80 million owing primarily to a decline in general and administrative expenses.

As a result, consolidated ordinary profit decreased ¥2,189 million year on year to ¥34,088 million. However, profit attributable to owners of the parent rose ¥45 million to ¥21,322 million, mainly due to reduction in the corporate tax rate.

Main Accounts

Regarding main accounts at the end of the consolidated fiscal year under review, deposits amounted to ¥6,394.2 billion, an increase of ¥124.0 billion from the previous fiscal year, due to solid increases in deposits held by individuals and corporations. However, negotiable certificates of deposit came to ¥796.5 billion, a decrease of ¥117.4 billion. As a result, the total of deposits and negotiable certificates of deposit increased by ¥6.6 billion to ¥7,190.7 billion at year-end.

Turning next to loans and bills discounted, as lending to individuals solidly increased, in addition to lending to corporations increasing due to our active response to demand for funding, overall loans and bills discounted increased by ¥250.9 billion over the previous fiscal year to ¥4,598.4 billion.

As for securities, as a result of efficient fund management while closely monitoring market trends including interest rates, stock prices, and foreign exchange rates, securities ended the year at ¥2,807.1 billion, a decrease of ¥360.9 billion year on year. Appraisal gains (unrealized) yielded from mark-to-market accounting decreased ¥89.2 billion year on year, reaching ¥392.8 billion at the end of the year under review.

In addition, total assets ended the year at ¥8,154.4 billion, a decrease of ¥100.8 billion compared with the end of the previous fiscal year. Equity stood at ¥378.5 billion, an increase of ¥16.9 billion due to higher retained earnings.

Cash Flows

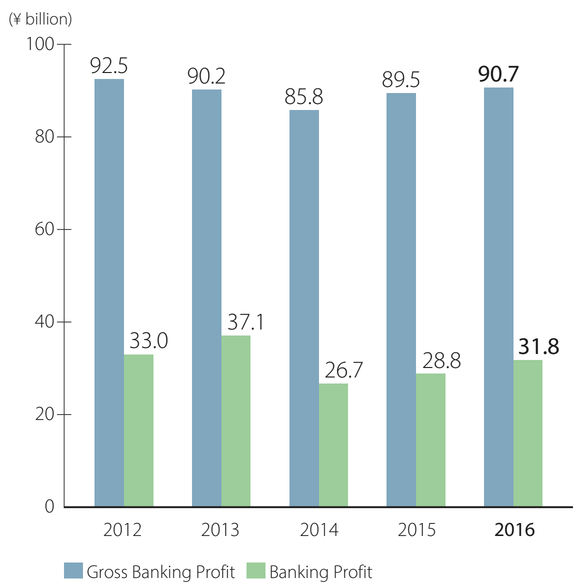
Net cash used in operating activities during the fiscal year under review was ¥233.8 billion, compared to ¥134.3 billion provided in the previous fiscal year. The major factors for this were an increase in loans and bills discounted and a decrease in negotiable certificates of deposit.

Net cash provided by investing activities was ¥246.1 billion, compared to ¥241.5 billion provided in the previous fiscal year, due mainly to the sale and redemption of securities.

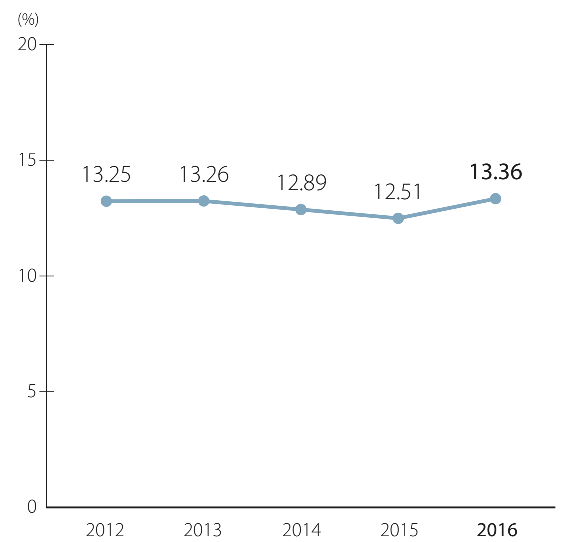
Net cash used in financing activities was ¥4.5 billion, compared with ¥22.5 billion used in the previous fiscal year, due chiefly to the payment of dividends.

As a result, the balance of cash and cash equivalents increased ¥7.6 billion year on year to ¥590.3 billion.

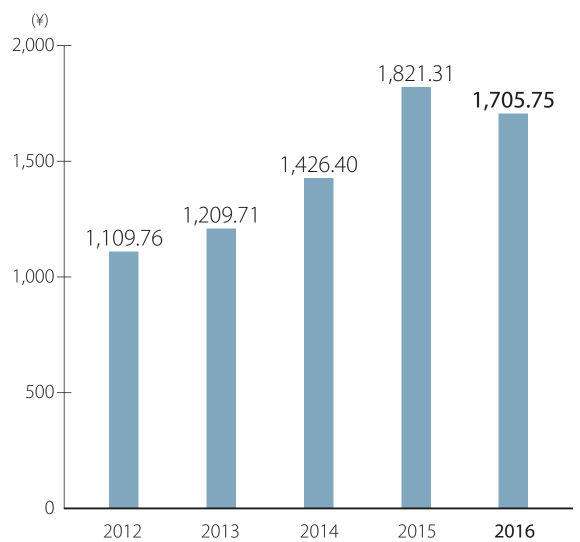
Gross Banking Profit/Banking Profit



Capital Ratio (Domestic)



Net Asset Per Share



Net Income Per Share