

Financial Statements

For the Six Months Ended Sep. 30, 2014

THE JOYO BANK, LTD.

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(Note)

Information presented herein has been extracted from the original material, solely for the convenience of the readers outside Japan.

The amounts presented herein have not been audited.

A. CONSOLIDATED FINANCIAL INFORMATION

1. Consolidated Balance Sheets

(Millions of yen)

	As of Mar.31,2014	As of Sep.30,2014
Assets		
Cash and due from banks	224,661	369,024
Call loans and bills bought	7,181	2,217
Monetary claims bought	14,660	15,058
Trading assets	3,387	3,688
Securities	2,760,304	2,774,549
Loans and bills discounted	5,363,389	5,487,730
Foreign exchanges	2,251	2,746
Lease receivables and investment assets	36,081	36,622
Other assets	47,812	67,278
Tangible fixed assets	96,121	95,979
Intangible fixed assets	10,902	10,934
Net defined benefit asset	—	780
Deferred tax assets	2,245	2,355
Customers' liabilities for acceptances and guarantees	14,522	15,646
Allowance for loan losses	△46,915	△45,415
Allowance for investment loss	△35	△35
Total assets	8,536,571	8,839,161
Liabilities		
Deposits	7,479,902	7,555,229
Negotiable certificates of deposit	10,030	3,550
Call money and bills sold	71,839	59,420
Payables under securities lending transactions	105,996	118,746
Trading liabilities	141	158
Borrowed money	218,248	374,216
Foreign exchanges	353	588
Bonds payable	15,000	15,000
Bonds with subscription rights to shares	—	32,835
Borrowed money from trust account	19	14
Other liabilities	62,790	69,320
Provision for directors' bonuses	48	—
Net defined benefit liability	8,834	9,884
Provision for directors' retirement benefits	39	32
Provision for reimbursement of deposits	1,993	1,935
Provision for point card certificates	127	143
Provision for loss on interest repayment	2	2
Provision for contingent loss	1,505	1,435
Reserves under special laws	1	1
Deferred tax liabilities	14,352	26,589
Deferred tax liabilities for land revaluation	11,872	11,523
Negative goodwill	1,975	1,896
Acceptances and guarantees	14,522	15,646
Total liabilities	8,019,600	8,298,173

(Millions of yen)

	As of Mar.31,2014	As of Sep.30,2014
Net assets		
Capital stock	85,113	85,113
Capital surplus	58,574	58,574
Retained earnings	300,506	302,396
Treasury shares	<u>△21,079</u>	<u>△21,307</u>
Total shareholders' equity	<u>423,113</u>	<u>424,776</u>
Valuation difference on available-for-sale securities	86,445	108,569
Deferred gains or losses on hedges	△2,072	△1,837
Revaluation reserve for land	12,184	11,544
Remeasurements of defined benefit plans	<u>△5,656</u>	<u>△5,172</u>
Total accumulated other comprehensive income	<u>90,900</u>	<u>113,102</u>
Subscription rights to shares	113	124
Minority interests	<u>2,843</u>	<u>2,985</u>
Total net assets	<u>516,971</u>	<u>540,988</u>
Total liabilities and net assets	<u>8,536,571</u>	<u>8,839,161</u>

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)	(Millions of yen)	
	For the six months ended	For the six months ended
	Sep.30,2013	Sep.30,2014
Ordinary income	86,143	78,207
Interest income	48,072	48,656
Interest on loans and discounts	34,869	33,922
Interest and dividends on securities	12,838	14,387
Trust fees	11	13
Fees and commissions	12,347	12,686
Trading income	852	735
Other ordinary income	6,115	2,126
Other income	18,745	13,990
Ordinary expenses	63,755	54,799
Interest expenses	2,444	2,504
Interest on deposits	1,387	1,290
Fees and commissions payments	3,628	3,755
Other ordinary expenses	5,078	184
General and administrative expenses	37,276	37,171
Other expenses	15,327	11,182
Ordinary profit	22,388	23,407
Extraordinary income	3	107
Gain on disposal of non-current assets	3	107
Extraordinary losses	230	668
Loss on disposal of non-current assets	140	288
Impairment loss	90	379
Transfer to reserve for financial products transaction liabilities	—	0
Income before income taxes and minority interests	22,161	22,847
Income taxes – current	7,671	7,684
Income taxes – deferred	120	△126
Total income taxes	7,792	7,557
Income before minority interests	14,369	15,289
Minority interests in income	143	132
Net income	14,225	15,157

(Consolidated Statements of Comprehensive Income)	(Millions of yen)	
	For the six months ended	For the six months ended
	Sep.30,2013	Sep.30,2014
Income before minority interests	14,369	15,289
Other comprehensive income	2,680	22,854
Valuation difference on available-for-sale securities	2,266	22,135
Deferred gains or losses on hedges	413	234
Remeasurements of defined benefit plans, net of tax	—	483
Comprehensive income	17,049	38,143
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,904	37,999
Comprehensive income attributable to minority interests	145	144

3. Consolidated Statements of Changes in Net Assets

For the six months ended Sep.30,2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,113	58,574	286,893	△23,299	407,281
Changes of items during period					
Dividends of surplus			△3,378		△3,378
Net income			14,225		14,225
Purchase of treasury shares				△2,653	△2,653
Disposal of treasury shares			△24	81	56
Retirement of treasury shares			△4,844	4,844	—
Reversal of revaluation reserve for land			63		63
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	6,041	2,272	8,313
Balance at end of current period	85,113	58,574	292,934	△21,027	415,594

(Millions of yen)

Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total accumulated other comprehensive income			
87,047	△2,651	12,359	96,754	120	2,493	506,649
						△3,378
						14,225
						△2,653
						56
						63
2,264	413	△63	2,615	△30	142	2,727
2,264	413	△63	2,615	△30	142	11,041
89,312	△2,238	12,295	99,369	90	2,636	517,690

For the six months ended Sep.30,2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,113	58,574	300,506	△21,079	423,113
Cumulative effects of changes in accounting policies			△748		△748
Restated balance	85,113	58,574	299,757	△21,079	422,364
Changes of items during period					
Dividends of surplus			△3,356		△3,356
Net income			15,157		15,157
Purchase of treasury shares				△10,044	△10,044
Disposal of treasury shares			△3	17	14
Retirement of treasury shares			△9,798	9,798	—
Reversal of revaluation reserve for land			640		640
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,639	△227	2,411
Balance at end of current period	85,113	58,574	302,396	△21,307	424,776

(Millions of yen)

Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
86,445	△2,072	12,184	△5,656	90,900	113	2,843	516,971
							△748
86,445	△2,072	12,184	△5,656	90,900	113	2,843	516,222
							△3,356
							15,157
							△10,044
							14
							640
22,123	234	△640	483	22,202	10	141	22,354
22,123	234	△640	483	22,202	10	141	24,765
108,569	△1,837	11,544	△5,172	113,102	124	2,985	540,988

B. NON-CONSOLIDATED FINANCIAL INFORMATION

1. Non-Consolidated Balance Sheets

(Millions of yen)

	As of Mar.31,2014	As of Sep.30,2014
Assets		
Cash and due from banks	224,629	368,528
Call loans	7,181	2,217
Monetary claims bought	14,660	15,058
Trading assets	3,387	3,688
Securities	2,752,517	2,766,522
Loans and bills discounted	5,399,342	5,526,229
Foreign exchanges	2,251	2,746
Other assets	27,212	45,457
Other	27,212	45,457
Tangible fixed assets	88,578	87,999
Intangible fixed assets	10,833	10,434
Prepaid pension cost	4,756	6,893
Customers' liabilities for acceptances and guarantees	14,522	15,646
Allowance for loan losses	△41,362	△40,108
Allowance for investment loss	△35	△35
Total assets	8,508,476	8,811,278
Liabilities		
Deposits	7,490,926	7,567,599
Negotiable certificates of deposit	13,430	7,950
Call money	71,839	59,420
Payables under securities lending transactions	105,996	118,746
Trading liabilities	141	158
Borrowed money	211,396	366,632
Foreign exchanges	353	588
Bonds payable	15,000	15,000
Bonds with subscription rights to shares	—	32,835
Borrowed money from trust account	19	14
Other liabilities	39,433	45,078
Income taxes payable	6,756	6,473
Lease obligations	3,335	2,977
Other	29,341	35,626
Provision for directors' bonuses	48	—
Provision for retirement benefits	4,325	7,441
Provision for reimbursement of deposits	1,993	1,935
Provision for point card certificates	99	106
Provision for contingent loss	1,505	1,435
Deferred tax liabilities	18,893	30,629
Deferred tax liabilities for land revaluation	10,908	10,559
Acceptances and guarantees	14,522	15,646
Total liabilities	8,000,835	8,281,779

(Millions of yen)

	As of Mar.31,2014	As of Sep.30,2014
Net assets		
Capital stock	85,113	85,113
Capital surplus	58,574	58,574
Legal capital surplus	58,574	58,574
Retained earnings	290,841	291,062
Legal retained earnings	55,317	55,317
Other retained earnings	235,524	235,745
Reserve for advanced depreciation of non-current assets	408	406
General reserve	207,432	212,432
Retained earnings brought forward	27,684	22,907
Treasury shares	<u>△21,699</u>	<u>△21,730</u>
Total shareholders' equity	<u>412,829</u>	<u>413,019</u>
Valuation difference on available-for-sale securities	86,365	108,428
Deferred gains or losses on hedges	△2,072	△1,837
Revaluation reserve for land	<u>10,404</u>	<u>9,764</u>
Total valuation and translation adjustments	<u>94,697</u>	<u>116,355</u>
Subscription rights to shares	<u>113</u>	<u>124</u>
Total net assets	<u>507,640</u>	<u>529,498</u>
Total liabilities and net assets	<u>8,508,476</u>	<u>8,811,278</u>

2. Non-Consolidated Statements of Income

	(Millions of yen)	
	For the six months ended Sep.30,2013	For the six months ended Sep.30,2014
Ordinary income	75,798	67,406
Interest income	48,145	48,731
Interest on loans and discounts	34,936	34,013
Interest and dividends on securities	12,824	14,374
Trust fees	11	13
Fees and commissions	10,862	11,137
Trading income	197	264
Other ordinary income	6,110	2,132
Other income	10,470	5,127
Ordinary expenses	55,879	46,452
Interest expenses	2,415	2,475
Interest on deposits	1,388	1,291
Fees and commissions payments	4,058	4,274
Other ordinary expenses	5,078	184
General and administrative expenses	36,751	36,838
Other expenses	7,574	2,678
Ordinary profit	<u>19,919</u>	<u>20,954</u>
Extraordinary income	3	107
Extraordinary losses	229	661
Income before income taxes	<u>19,694</u>	<u>20,400</u>
Income taxes – current	7,076	6,949
Income taxes – deferred	132	△233
Total income taxes	<u>7,209</u>	<u>6,716</u>
Net income	<u>12,485</u>	<u>13,684</u>

3. Non-Consolidated Statements of Changes in Net Assets

For the six months ended Sep.30,2014

(Millions of yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of current period	85,113	58,574	58,574
Changes of items during period			
Dividends of surplus			
Net income			
Reversal of reserve for advanced depreciation of non-current assets			
Provision of general reserve			
Purchase of treasury shares			
Disposal of treasury shares			
Retirement of treasury shares			
Reversal of revaluation reserve for land			
Net changes of items other than shareholders' equity			
Total changes of items during period	—	—	—
Balance at end of current period	85,113	58,574	58,574

(Millions of yen)

Shareholders' equity						
Retained earnings					Treasury shares	Total shareholders' equity
Legal retained earnings	Other retained earnings			Total retained earnings		
	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
55,317	364	202,432	22,282	280,396	△24,066	400,017
			△3,378	△3,378		△3,378
			12,485	12,485		12,485
	△1		1	—		
		5,000	△5,000	—		
					△2,653	△2,653
			△27	△27	84	56
			△4,989	△4,989	4,989	—
			63	63		63
—	△1	5,000	△844	4,153	2,419	6,573
55,317	363	207,432	21,438	284,550	△21,647	406,590

(Millions of yen)

Valuation and translation adjustments				Subscription rights to shares	Total net assets
Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
86,988	△2,651	10,529	94,866	120	495,004
					△3,378
					12,485
					△2,653
					56
					63
2,263	413	△63	2,613	△30	2,582
2,263	413	△63	2,613	△30	9,155
89,251	△2,238	10,466	97,479	90	504,159

For the six months ended Sep.30,2014

(Millions of yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of current period	85,113	58,574	58,574
Cumulative effects of changes in accounting policies			
Restated balance	85,113	58,574	58,574
Changes of items during period			
Dividends of surplus			
Net income			
Reversal of reserve for advanced depreciation of non-current assets			
Provision of general reserve			
Purchase of treasury shares			
Disposal of treasury shares			
Retirement of treasury shares			
Reversal of revaluation reserve for land			
Net changes of items other than shareholders' equity			
Total changes of items during period	—	—	—
Balance at end of current period	85,113	58,574	58,574

(Millions of yen)

Shareholders' equity						
Retained earnings					Treasury shares	Total shareholders' equity
Legal retained earnings	Other retained earnings			Total retained earnings		
	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
55,317	408	207,432	27,684	290,841	△21,699	412,829
			△748	△748		△748
55,317	408	207,432	26,936	290,093	△21,699	412,080
			△3,356	△3,356		△3,356
			13,684	13,684		13,684
	△1		1	—		
		5,000	△5,000	—		
					△10,044	△10,044
			△4	△4	18	14
			△9,995	△9,995	9,995	—
			640	640		640
—	△1	5,000	△4,028	969	△30	938
55,317	406	212,432	22,907	291,062	△21,730	413,019

(Millions of yen)

Valuation and translation adjustments				Subscription rights to shares	Total net assets
Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
86,365	△2,072	10,404	94,697	113	507,640
					△748
86,365	△2,072	10,404	94,697	113	506,892
					△3,356
					13,684
					△10,044
					14
					640
22,063	234	△640	21,657	10	21,668
22,063	234	△640	21,657	10	22,606
108,428	△1,837	9,764	116,355	124	529,498