

Financial Results for the First Quarter of FY2016 and Projections for FY2016

Best Partner Bank for the Collaborative Creation of the Region's Future

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Financial Highlights for the 1Q FY2016

- ◆ Ordinary profit and net income after tax (non-consolidated) both decreased YoY, mainly due to a decline in net interest income.
- ◆ The decline in net interest income mainly reflected decreases in interest income on loans and gain on cancellation of privately placed investment trusts.

Financial Highlights for the 1Q FY2016

(Billions of yen)

	FY2016		1H FY2016		FY2016	
	Apr.-Jun.	YoY Change	Projection	Progress Ratio	Projection	Progress Ratio
Gross business profit	30.1	0.6	59.5	50.6%	114.0	26.4%
Net interest income	22.1	(1.4)	42.5	52.1%	84.0	26.3%
Fees and commissions	4.7	0.9	9.5	49.6%	18.0	26.2%
Net other operating profit	3.2	1.1	7.5	43.7%	12.0	27.3%
Gains/losses on bonds	3.0	1.5	6.0	51.4%	9.0	34.2%
Expenses	17.7	(0.1)	34.5	51.4%	68.0	26.0%
Real business profit	12.4	0.7	25.0	49.6%	46.0	26.9%
Net transfer to general reserve for possible loan losses (A)	0.6	0.8	0.0	-	0.0	-
Business profit	11.7	(0.1)	25.0	47.1%	46.0	25.6%
Core net business profit	9.3	(0.7)	19.0	49.0%	37.0	25.2%
Net non-recurring gains(losses)	(0.1)	(1.5)	(3.0)	-	(5.5)	-
Disposal of non-performing loans (B)	0.9	(0.4)	2.5	38.4%	5.0	19.2%
Gains/losses on stocks	1.4	(0.3)	2.0	70.7%	4.0	35.3%
Ordinary profit	11.6	(1.6)	22.0	53.1%	40.5	28.8%
Net special gains (losses)	(0.1)	(0.1)	(0.4)	-	0.2	-
Net income before income taxes and others	11.5	(1.8)	21.6	53.3%	40.7	28.3%
Net income after tax	8.1	(1.2)	15.0	54.3%	28.0	29.1%
Net credit costs (A)+(B)	1.5	0.4	2.5	62.9%	5.0	31.4%
Ordinary profit (Consolidated)	12.4	(2.3)	24.5	50.8%	45.0	27.7%
Net income after tax (Consolidated)	8.6	(1.7)	16.5	52.5%	31.0	27.9%

Refer to breakdown of Top-line on page 2

◆ Net interest income decreased by ¥1.4 billion YoY.

Breakdown: Interest income on loans (0.5)bn. Interest income on securities (0.7)bn.

Funding cost +0.3bn. Interest expenses on deposits (0.2)bn.

◆ Fees and Commissions increased by ¥0.9 billion YoY mainly due to changing the accounting processing method of group credit life insurance dividend (※) .

※used to be accounted for ordinary profit

Breakdown of Top Line

	FY2015 Apr.-Jun.	FY2016		1H FY2016		FY2016	
		Apr.-Jun.	YoY Change	Projection	Progress Ratio	Projection	Progress Ratio
Net interest income ①	23.6	22.1	(1.4)	42.5	52.1%	84.0	26.3%
Interest income on loans	16.5	16.0	(0.5)	-	-	-	-
Interest income on securities	8.3	7.6	(0.7)	-	-	-	-
Interest expenses on deposits	0.6	0.4	(0.2)	-	-	-	-
Other funding cost	0.6	1.0	0.3	-	-	-	-
Fees and Commissions ②	3.7	4.7	0.9	9.5	49.6%	18.0	26.2%
Investment trusts annuities and whole-life insurance	1.5	1.2	(0.3)	-	-	-	-
(Investment trusts)	1.0	0.7	(0.2)	-	-	-	-
(annuities and whole-life insurance)	0.5	0.4	(0.1)	-	-	-	-
TOTAL ((①+②))	27.3	26.8	(0.4)	52.0	51.6%	102.0	26.3%

(Billions of yen)

Breakdown of Loan-Deposit Interest Margins

	Apr.-Jun. FY2016								
	Total		Domestic		Foreign				
	Results	YoY Change	Results	YoY Change	Results	YoY Change			
Loan-Deposit Interest Margins	15.5	(0.3)	15.4	(0.3)	0.0	(0.0)			
Interest income on loans	16.0	(0.5)	15.7	(0.6)	0.3	0.1			
【Breakdown by factors】	Average balance	-	0.6	-	0.5	¥210.3 billion	-	0.0	¥10.5 billion
	Yield	-	(1.1)	-	(1.2)	(9bp)	-	0.1	50bp
Interest expenses on deposits	0.4	(0.2)	0.2	(0.3)	0.2	0.1			

(Billions of yen)

Breakdown of Interest Income on Securities

	Apr.-Jun. FY2016								
	Total		Domestic		Foreign				
	Results	YoY Change	Results	YoY Change	Results	YoY Change			
Interest income on securities	7.6	(0.7)	5.7	(0.8)	1.8	0.0			
【Breakdown by factors】	Average balance	-	0.0	-	0.1	¥41.3 billion	-	(0.0)	¥(17.4) billion
	Yield	-	(0.8)	-	(0.9)	(18bp)	-	0.1	13bp

(Billions of yen)

Interest income on securities: Reasons for changes (YoY)

- Decreases in gain on cancellation of privately placed investment trust ¥(0.6) bn.
- Decreases in interest income from domestic bonds ¥(0.2) bn.

◆ Consolidated net income after tax decreased ¥0.4 billion YoY to ¥0.5 billion, mainly owing to a decrease in sales of Joyo Securities.

Financial Results of Affiliated Companies in the 1st Quarter of FY2016

(Millions of yen)

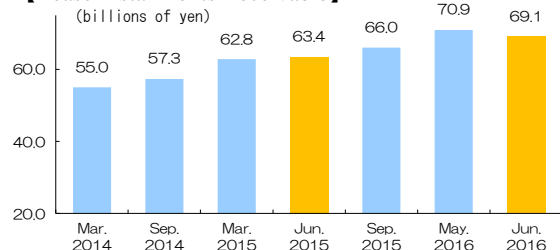
	Business Description	Ordinary revenue		Ordinary profit		Net income after tax		
			YoY change		YoY change		YoY change	
Profitable	The Joyo Lease Co., Ltd.	Leasing of machinery and equipment, and claim acquisition	5,346	549	253	58	169	29
	The Joyo Securities Co., Ltd.	Trading of securities and mediation, commission and proxy trading of securities	290	(530)	2	(431)	1	(321)
	The Joyo Computer Service Co., Ltd.	Development and sales of software and other products, and contract data processing	267	(8)	(27)	9	(18)	7
	The Joyo Industrial Research Institute, Ltd.	Consulting services and contract investigation and research services	201	46	25	8	17	4
	The Joyo Credit Guarantee Co., Ltd.	Credit guarantee of housing loans from Joyo Bank	934	57	207	(292)	134	(192)
Outsourcing	The Joyo Credit Co., Ltd.	Credit card services	299	4	46	(9)	86	45
	The Joyo Business Service Co., Ltd.	Agent in charge of administrative work for Joyo Bank	198	6	0	0	1	0
	The Joyo Cash Service Co., Ltd.	Maintenance and management of Joyo Bank ATMs	287	4	0	0	0	0
	The Joyo Equipment Management Co., Ltd.	Maintenance and management of business property and equipment of the Joyo Bank	246	(7)	68	12	47	69
Total			6,473	329	779	(644)	510	(466)

[Reason for decrease of net income after tax]

- The Joyo Securities Co., Ltd
Decrease in sales of structured bonds and investment trusts.
- The Joyo Credit Guarantee Co., Ltd.
Increase in net transfer to general reserve for possible loan losses due to downgrades of housing loans.
- The Joyo Computer Service Co., Ltd
Costs are front-loaded because sales are recognized only after the completion of work. Joyo Computer Service is expected to be profitable on a full-year basis.

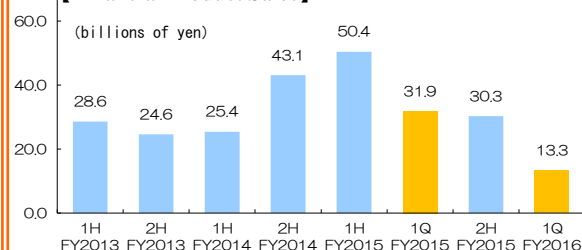
◆ The Joyo Lease Co., Ltd.

【Lease Installments Receivable】



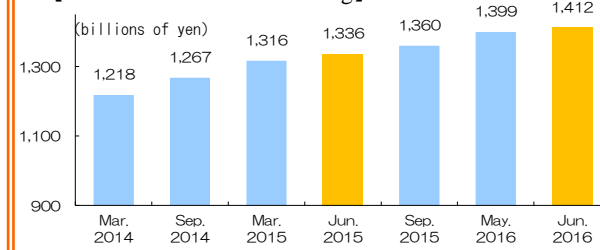
◆ The Joyo Securities Co., Ltd.

【Financial Product Sales】



◆ The Joyo Credit Guarantee Co., Ltd.

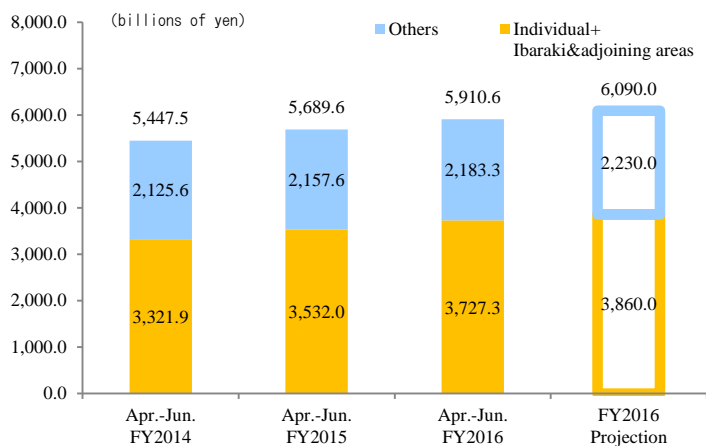
【Total Guarantees Outstanding】



Average Balance of Loans and Deposits

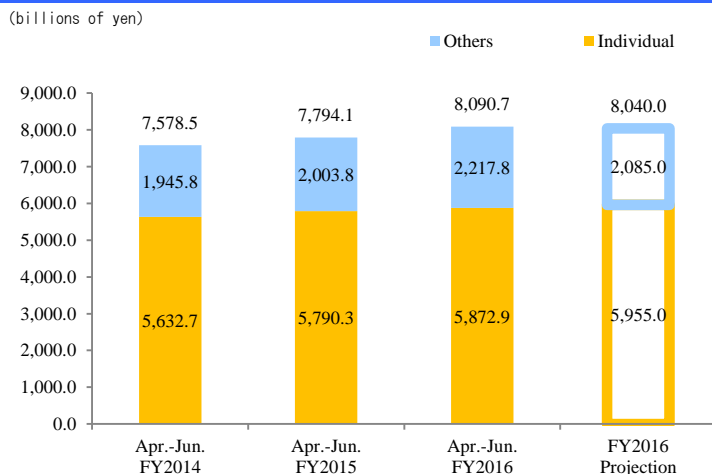
- ◆ The average balance of loans and bills discounted continue to increase overall, primarily supported by individual and foreign currency loans.
- ◆ The average balance of deposits showed a steady increase for both yen-denominated and foreign currency deposits.

Average Balance of Loans and Bills Discounted



	FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	YoY Change		FY2015	FY2016 Apr.-Jun.	YoY Change		FY2016
	①	②	②-①	Change ratio		③	③-②	Change ratio	Projection
Corporate	2,699.8	2,706.9	7.1	0.3%	2,758.4	2,727.5	20.6	0.8%	2,815.0
Ibaraki and its adjoining areas	1,424.9	1,450.1	25.2	1.8%	1,475.6	1,478.1	28.0	1.9%	1,525.0
Tokyo and Osaka	1,275.0	1,256.8	(18.2)	(1.4)%	1,282.8	1,249.3	(7.5)	(0.6)%	1,290.0
Individual	1,897.0	2,081.9	184.9	9.7%	2,142.7	2,249.2	167.3	8.0%	2,335.0
Public sector	802.9	813.3	10.4	1.3%	813.4	838.5	25.2	3.1%	810.0
Foreign Currency	47.8	87.5	39.7	83.1%	93.6	95.5	8.0	9.1%	130.0
Total	5,447.5	5,689.6	242.1	4.4%	5,808.2	5,910.6	221.0	3.9%	6,090.0

Average Balance of Deposits



	FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	YoY Change		FY2015	FY2016 Apr.-Jun.	YoY Change		FY2016
	①	②	②-①	Change ratio		③	③-②	Change ratio	Projection
Corporate	1,487.6	1,544.8	57.2	3.8%	1,540.7	1,654.5	109.7	7.1%	1,590.0
Individual	5,632.7	5,790.3	157.6	2.8%	5,836.1	5,872.9	82.6	1.4%	5,955.0
Public sector	400.5	396.7	(3.8)	(0.9)%	376.4	444.3	47.6	12.0%	370.0
Total (Yen)	7,520.8	7,731.7	210.9	2.8%	7,753.2	7,971.7	240.0	3.1%	7,915.0
Ratio of									
current deposits	62.5%	63.8%	1.2%	-	63.8%	65.7%	1.9%	-	64.4%
time deposits	37.5%	36.2%	(1.2)%	-	36.2%	34.3%	(1.9)%	-	35.6%
Foreign Currency	57.7	62.4	4.7	8.1%	80.9	119.0	56.6	90.7%	125.0
Total	7,578.5	7,794.1	215.6	2.8%	7,834.1	8,090.7	296.6	3.8%	8,040.0

◆ Average yield on loans and bills discounted (All currencies)

Result in 1st Quarter of FY2016 : 1.08% (down 9bp YoY)

◆ Loan-deposit interest margins (All currencies)

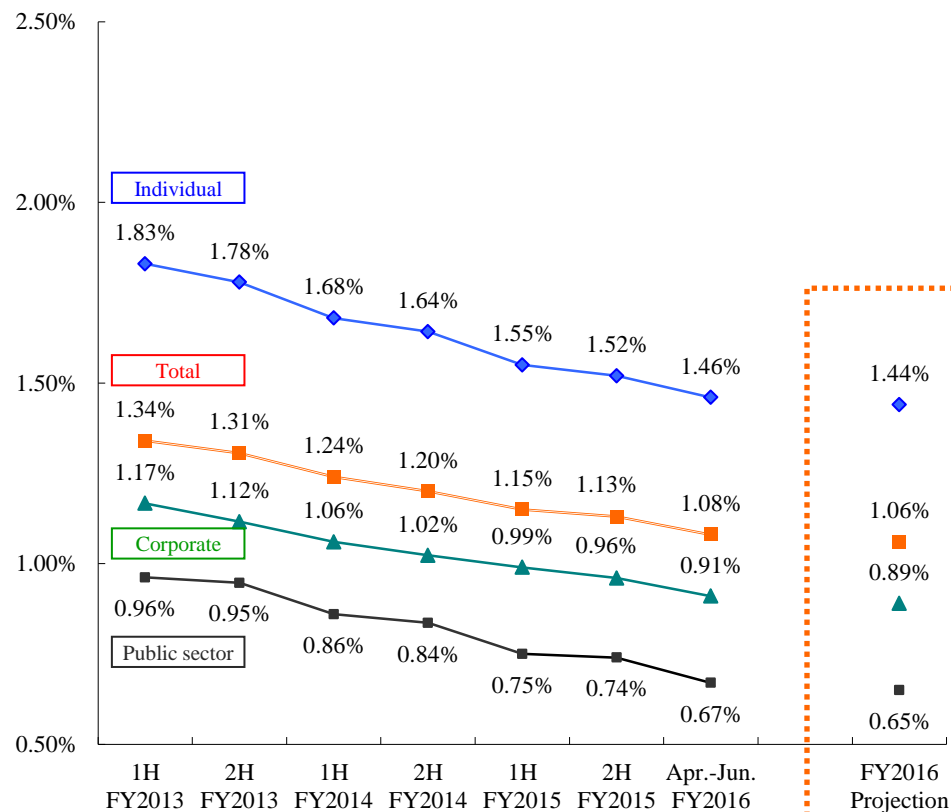
Result in 1st Quarter of FY2016 : 1.06% (down 8bp YoY)

Target in FY2016 : 1.04% (down 7bp YoY)

Loan-Deposit Interest Margins (All Currencies)

		FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	YoY change	FY2016 Apr.-Jun.	YoY change	FY2015	FY2016 Projection
		①	②	②-①	③	③-②		
Average yield on interest-earning assets	(A)	1.22%	1.17%	(5bp)	1.09%	(8bp)	1.11%	-
Average yield on loans and bills discounted	(B)	1.25%	1.17%	(8bp)	1.08%	(9bp)	1.14%	1.07%
Average yield on securities		1.17%	1.31%	14bp	1.18%	(13bp)	1.13%	1.03%
Funding costs	(C)	0.96%	0.92%	(4bp)	0.90%	(2bp)	0.89%	-
Average yield on deposits	(D)	0.03%	0.03%	0bp	0.02%	(1bp)	0.03%	0.02%
Expense ratio		0.95%	0.91%	(4bp)	0.87%	(4bp)	0.86%	-
Loan-deposit interest margins	(B-D)	1.22%	1.14%	(8bp)	1.06%	(8bp)	1.11%	1.04%
Toatal interest margin	(A-C)	0.26%	0.25%	(1bp)	0.19%	(6bp)	0.22%	-

Average Yield on Loans and Bills Discounted (yen)



- ◆ The average balance of corporate loans increased by ¥28.0 billion (up 1.9% annually) for Ibaraki and its adjoining areas, and decreased by ¥7.5 billion (down 0.6% annually) for Tokyo and Osaka
- ◆ Bolstered loans to growing fields and to low credit-rating borrowers, with a focus on local companies, by enhancing business feasibility assessment initiatives.

Average Balance of Loans (yen)

(Billions of yen)

	FY2014	FY2015	YoY Change		FY2015	FY2016	YoY Change		FY2016
	Apr.-Jun.	Apr.-Jun.	②-①	Change ratio	FY2015	FY2016 Apr.-Jun.	③-②	Change ratio	Projection
	①	②							
Corporate loans	2,699.8	2,706.9	7.1	0.3%	2,758.4	2,727.5	20.6	0.8%	2,815.0
Ibaraki and its adjoining areas	1,424.9	1,450.1	25.2	1.8%	1,475.6	1,478.1	28.0	1.9%	1,525.0
Ibaraki	1,016.9	1,024.4	7.5	0.7%	1,038.5	1,034.5	10.1	1.0%	-
Miyagi and Fukushima	213.9	214.8	0.9	0.4%	218.2	216.7	1.9	0.9%	-
Tochigi	91.9	96.2	4.3	4.7%	98.8	102.7	6.5	6.8%	-
Chiba and Saitama	102.2	114.7	12.5	12.2%	120.1	124.2	9.5	8.3%	-
Tokyo and Osaka	1,275.0	1,256.8	(18.2)	(1.4)%	1,282.8	1,249.3	(7.5)	(0.6)%	1,290.0

Initiatives for Growing Fields

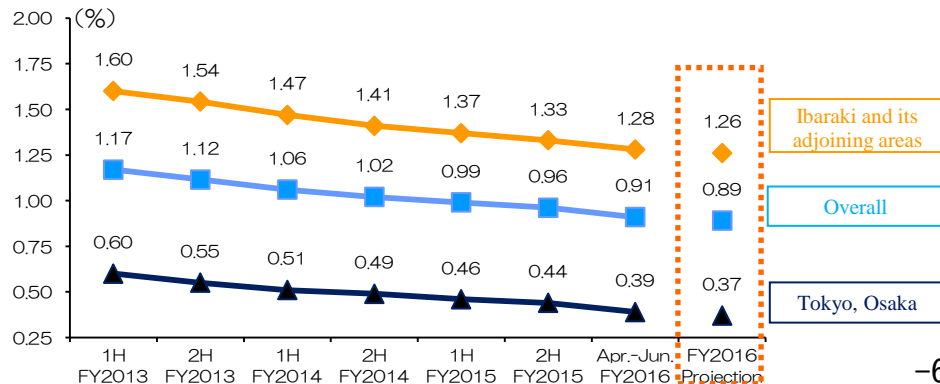
(Billions of yen)

	FY2014	FY2015	YoY Change		FY2016	YoY Change		FY2016	
	Apr.-Jun.	Apr.-Jun.	②-①	Change ratio	FY2016 Apr.-Jun.	③-②	Change ratio	Projection	Progress ratio
	①	②							
Medical/Health care	8.1	11.2	3.1	38.3%	10.5	(0.7)	(6.3)%	50.0	21.0%
New energy	4.8	6.6	1.8	37.5%	4.1	(2.5)	(37.9)%	-	-
Agri-business *1	-	4.5	-	-	7.9	3.4	75.6%	30.0	26.3%
Manufactures *2	-	1.0	-	-	0.7	(0.3)	(30.0)%	4.0	17.5%
Total of growth sector	19.4	23.3	3.9	20.1%	23.2	(0.1)	(0.4)%	-	-

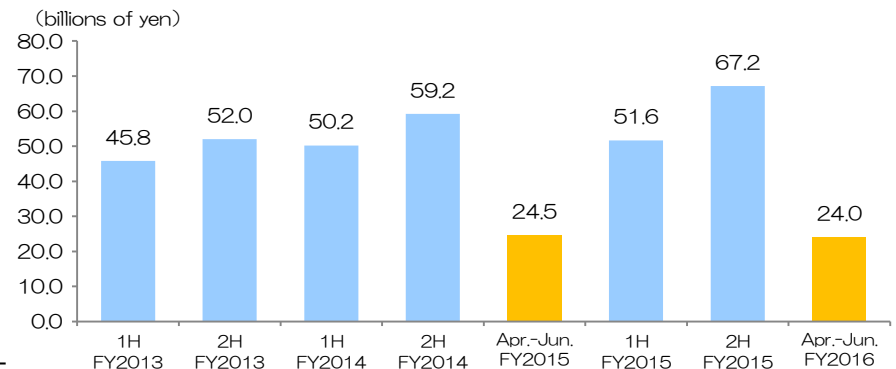
*1. A scope of 400 borrowers until FY2014. The scope was narrowed to 330 borrowers in 2H FY2015 to prioritize support.

*2. Limited to the funding of capital investments by priority businesses receiving assistance applying for subsidies and other support.

Yield on Corporate Loans



Loans for Equipment Funds (in Ibaraki and adjoining areas)



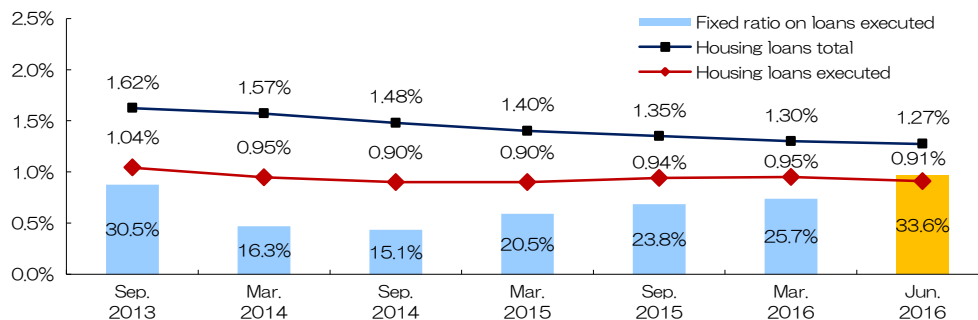
- ◆ Housing loans executed decreased by ¥2.5 billion YoY, reflecting a decline in housing starts.
- ◆ Efforts will be made to mitigate the decrease in the rate of recently executed housing loans by increasing the ratio of fixed-rate housing loans.

Housing Related Loans Executed

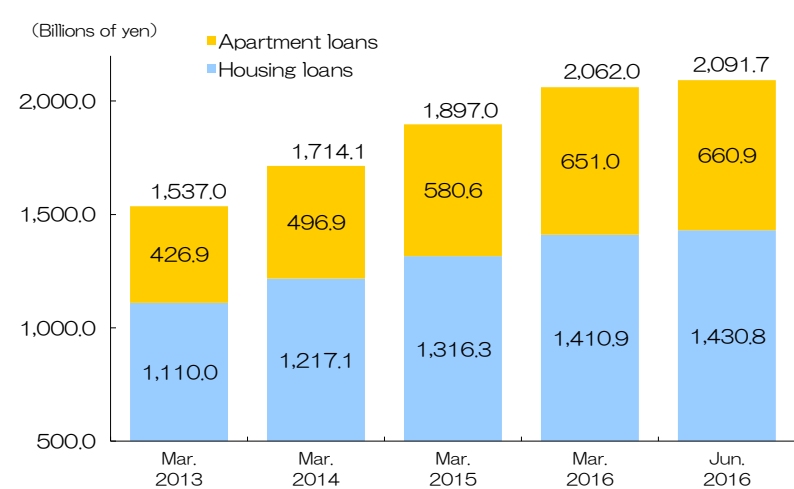
	FY2014	FY2015	YoY Change		FY2016	YoY Change		FY2016	
	Apr.-Jun.	Apr.-Jun.	②-①	Change ratio		Apr.-Jun.	③-②	Change ratio	Projection
	①	②			③				
Housing loans	42.1	45.9	3.8	9.1%	43.4	(2.5)	(5.6)%	240.0	18.1%
Ibaraki	28.4	28.0	(0.3)	(1.2)%	27.1	(0.9)	(3.3)%		
Miyagi and Fukushima	2.2	2.8	0.5	26.4%	2.4	(0.3)	(13.2)%		
Tochigi	2.1	2.5	0.3	17.9%	2.9	0.3	13.6%	-	-
Chiba and Saitama	9.2	12.3	3.1	33.7%	9.6	(2.7)	(22.5)%		
Tokyo	0.0	0.0	0.0	-	1.2	1.1	-		
Apartment loans	19.7	18.8	(0.9)	(4.7)%	19.4	0.6	3.4%	100.0	19.5%
Ibaraki	10.5	10.1	(0.3)	(3.1)%	10.5	0.3	3.2%		
Miyagi and Fukushima	3.6	3.1	(0.5)	(14.7)%	3.3	0.1	6.1%		
Tochigi	2.0	1.8	(0.1)	(7.7)%	2.0	0.1	8.3%	-	-
Chiba and Saitama	3.5	3.6	0.0	2.8%	3.3	(0.2)	(7.1)%		
Tokyo	0.0	0.0	0.0	-	0.2	0.2	-		
Total	61.9	64.8	2.9	4.7%	62.8	(1.9)	(3.0)%	340.0	18.5%

※Reference Housing starts in Ibaraki Pref. (Apr.to May. 2016 YoY) Privately-owned house : + 2.8% , Rent house : (2.9)%

Yield of Housing Loans



Housing Related Loans Balance (term-end)



Cross-selling

【 Ratio of unsecured consumer loan borrowers who have housing related loan 】

	14/09	15/03	15/06	15/09	16/03	16/06	Change from Jun.2015
Borrowers of housing loans	82,727	84,483	85,916	86,189	87,838	88,313	2,397
Auto loans	4.5%	4.8%	4.8%	4.9%	5.2%	5.4%	0.6%
Educational loans	4.1%	4.4%	4.3%	4.2%	4.6%	4.4%	0.1%
Card loans	32.2%	35.9%	37.5%	38.8%	42.3%	44.0%	6.5%

◆ Executed amount and Average balance of unsecured consumer loans increased YoY as a result of enhancing the non-OTC transaction service functions (on the web) and web-based service for client employees.

※ Change ratio YoY of average balance : Auto loans +14%, Educational loans +8%, Card loans +6%

Unsecured Consumer Loans Executed

(Billions of yen)

	FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	YoY Change		FY2016 Apr.-Jun.	YoY Change		FY2015	FY2016	
	①	②	②-①	Change ratio	③	③-②	Change ratio	Projection	Progress ratio	
Auto loans	1.9	2.0	0.1	5%	2.4	0.4	20%	9.6	12.0	20%
Educational loans	1.6	1.6	0.0	0%	1.7	0.1	6%	8.1	10.0	17%
Card loans	3.4	3.7	0.3	9%	3.7	0.0	0%	14.1	29.2	13%
Total	6.9	7.3	0.4	6%	7.8	0.5	7%	32.8	51.2	15%

Average Balance of Unsecured Consumer Loans

(Billions of yen)

	FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	YoY Change		FY2016 Apr.-Jun.	YoY Change	
	①	②	②-①	Change ratio	③	③-②	Change ratio
Auto loans	17.4	19.4	2.0	11%	22.1	2.7	14%
Educational loans	22.3	24.8	2.5	11%	26.9	2.1	8%
Card loans	22.9	24.0	1.1	5%	25.5	1.5	6%
Total	62.6	68.2	5.6	9%	74.5	6.3	9%

Online Loan Applications

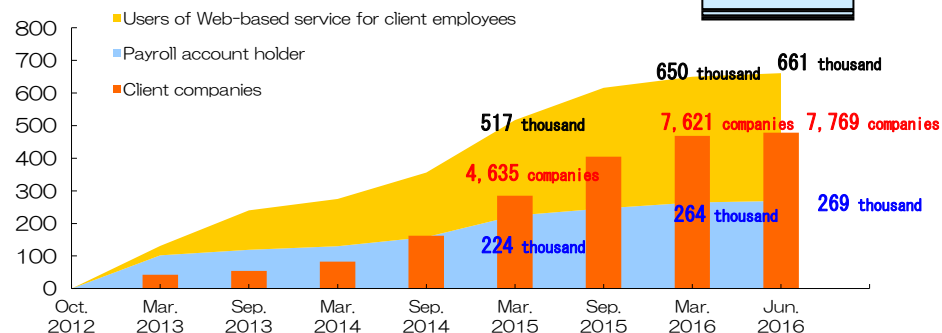
(Number/Billions of yen)

		FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	FY2016 Apr.-Jun.	YoY change	Change ratio	Users of Web-based service for client employees *2		YoY change	Change ratio
		①	②	②-①	②-①	Change ratio	FY2015 Apr.-Jun.	FY2016 Apr.-Jun.		
Auto loans	Number	1,673	1,930	1,988	58	3.0%	447	562	115	25.7%
	WEB application ratio	67.3%	67.1%	63.4%	(3.7%)	-	-	-	-	-
	Amount	1.3	1.3	1.5	0.1	13.1%	0.7	0.9	0.2	30.1%
Educational loans	Number	226	305	343	38	12.4%	198	258	60	30.3%
	WEB application ratio	40.5%	45.8%	46.6%	0.7%	-	-	-	-	-
	Amount	0.6	0.7	0.8	0.0	6.5%	0.5	0.7	0.2	40.5%
Card loans*1	Number	1,731	1,836	2,754	918	50.0%	947	1,131	184	19.4%
	WEB application ratio	76.3%	77.0%	77.1%	0.1%	-	-	-	-	-
	Amount	0.4	0.7	1.0	0.2	39.7%	0.4	0.4	0.0	5.0%
Total	Number	3,630	4,071	5,085	1,014	24.9%	1,592	1,951	359	22.5%
	WEB application ratio	68.3%	68.7%	68.3%	(0.3%)	-	-	-	-	-
	Amount	2.3	2.9	3.4	0.5	18.1%	1.6	2.1	0.4	26.8%

*1 Only CASHFIT

*2 Applications from employees who belongs to clients that use Web-based service

Web-based service for client employees



Sales of Financial Products

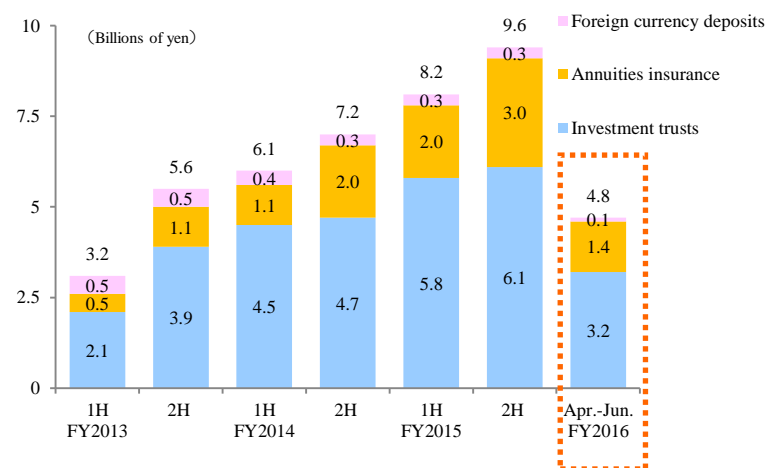
- ◆ Sales of financial products and fees from financial product sales decreased, primarily for equity investment trusts. To bolster sales further, address customers' life stages and needs by expanding the product lineup and enhancing consulting capabilities. Continue working to strengthen installment fund instruments and improve the usage ratio of customers who have opened NISAs, and reinforce cooperation with Joyo Securities.

Sales of Financial Products

	【Sales Amount】				【End Balance】 (Billions of yen)			
	FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	FY2016 Apr.-Jun.	YoY Change	FY2016	Mar.2015	Mar.2016	Jun.2016
		①	②	②-① Change ratio	Projection			YoY change
Investment trusts	43.1	58.6	15.1	(43.5) (74.2%)	-	372.7	325.4	299.1 (26.3)
Equity investment trusts	24.7	29.5	15.1	(14.4) (48.8%)	160.0	333.4	318.2	297.8 (20.3)
Annuities insurance	21.7	14.5	9.1	(5.4) (37.2%)	72.0	423.3	445.5	442.1 (3.4)
Public bond sales through OTC	11.5	26.3	87.2	60.9 231.6%	155.0	53.7	78.5	106.6 28.0
Foreign currency deposits *1	15.1	6.9	5.3	(1.6) (23.2%)	40.0	239.2	186.2	180.3 (5.8)
Financial instruments intermediary services	10.2	32.7	13.2	(19.5) (59.6%)	120.0	105.3	126.7	131.7 5.0
Total	101.8	139.1	130.1	(9.0) (6.5%)	-	1,194.3	1,162.5	1,160.0 (2.4)

*1. Includes foreign currency deposits with foreign currency forward contracts (sales of ¥56.8 billion in 1Q FY2016).

Monthly automatic sales of Financial Products

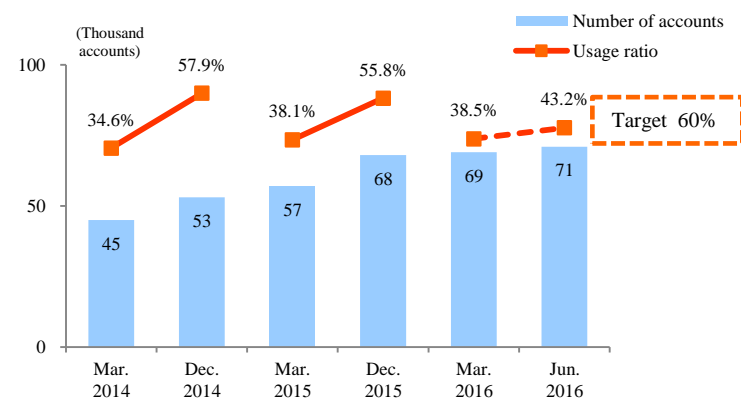


Fees from Financial Products Sales

	(Billions of yen)								
	FY2014 Apr.-Jun.	FY2015 Apr.-Jun.	YoY Change		FY2016 Apr.-Jun.	YoY Change		FY2016	
		①	②-①	Change ratio	③	③-②	Change ratio	Projection	Progress ratio
Investment trusts	0.86	1.02	0.16	19%	0.76	(0.26) (26%)	4.90	16%	
Annuities insurance	0.44	0.55	0.11	25%	0.44	(0.10) (20%)	2.70	16%	
Public bond sales through OTC	0.06	0.19	0.13	228%	0.06	(0.13) (67%)	0.90	7%	
Foreign currency deposits	0.06	0.01	(0.05)	(83.1)%	0.01	(0.0) (11%)	0.10	10%	
Financial instruments intermediary services	0.04	0.14	0.10	241%	0.03	(0.10) (74%)	0.40	8%	
Total	1.49	1.93	0.44	29%	1.32	(0.61) (32%)	9.20	14%	

NISA (Japanese ISA)

※ usage ratios be reset in new years



- ◆ The term-end balance of domestic bonds increased mainly due to advance purchases of municipal bonds, looking toward redemption of JGBs.
- ◆ The term-end balance of foreign bonds increased on a foreign-currency basis due to continued portfolio rebalance. (However, the balance decreased on a yen basis due to the negative impact of ¥37.1 billion from exchange rate movements.)

Securities (balance/ unrealized gains and losses)

(Billions of yen)

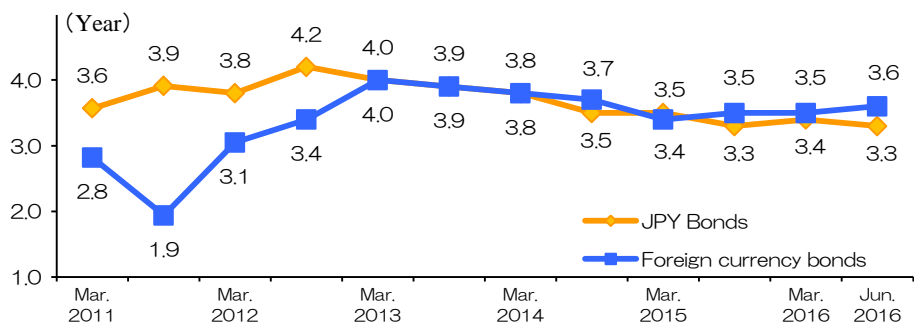
	Term-end balance					Unrealized gains(losses)			
	15/03	16/03	16/06	Change		15/03	16/03	16/6	Change
		①	②	②-①	Change ratio	③	④	④-③	
Domestic bonds	1,784.6	1,702.7	1,732.1	29.3	1.7%	36.6	44.3	48.6	4.2
JGBs	1,156.3	1,016.5	1,019.9	3.4	0.3%	24.1	28.4	30.6	2.2
Foreign bonds	375.6	433.2	398.0	(35.1)	(8.1%)	7.0	8.5	9.8	1.2
Investment trusts & others	212.7	281.5	288.3	6.8	2.4%	44.2	25.1	14.9	(10.2)
ETF	113.8	161.5	161.4	(0.0)	(0.0%)	26.8	13.0	7.7	(5.3)
Stocks	135.9	134.4	133.6	(0.7)	(0.5%)	144.7	114.4	95.9	(18.5)
Total	2,508.9	2,552.0	2,552.2	0.2	0.0%	232.6	192.5	169.2	(23.2)

Gains/Losses on Bonds & Stocks (realized)

(billions of yen)

	FY2016 Projection	FY2016 Apr.-Jun.	Progress Rate
Gains on bonds	8.0	3.0	-
Gains on stocks		1.4	-
Total	8.0	4.5	56%

Duration



● Gains on bonds ¥3.0 billion (Apr.-Jun. FY2016)

- JGBs ¥0.5 billion
- Foreign bonds ¥1.7 billion
- J-REITs ¥0.7 billion etc.

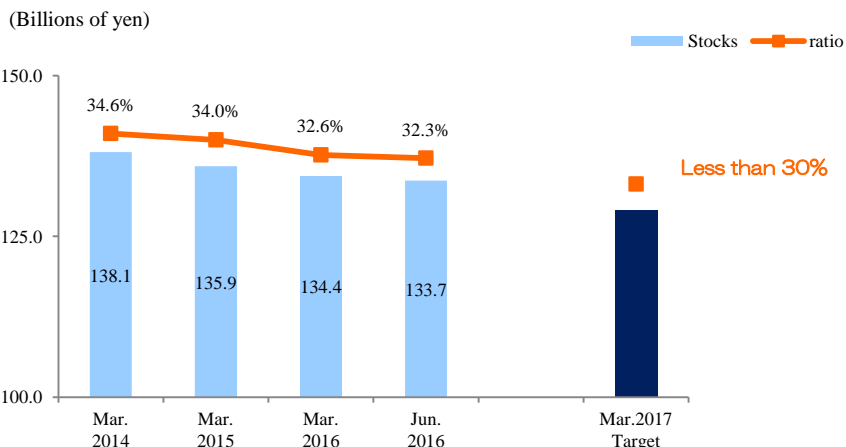
● Gains on stocks ¥1.4 billion (Apr.-Jun. FY2016)

- Strategic shareholdings ¥0.2 billion,
- ETFs ¥1.2 billion etc.

※ Plan to address bonds, stocks and other securities in consideration of market trends from the second quarter onward.

- ◆ Plan to reduce the level of strategic shareholdings to less than 30% of common equity Tier I capital during the 12th Medium-Term Business Plan (by FY 2016).
- ◆ Reduced the balance ¥0.7 billion in 1Q FY2016. Address strategic shareholdings, primarily stocks for which agreements have been made with counterparties, in consideration of market trends from the second quarter onward.

Balance of Strategic Shareholdings



※ratio = balance of strategic shareholdings / common equity Tier I capital

Risk & Return of Strategic Shareholdings

	RORA			Dividend Yield		
	FY2013	FY2014	FY2015	FY2013	FY2014	FY2015
Strategic shareholdings	2.2%	2.4%	2.7%	2.9%	3.3%	3.7%
Strategic shareholdings which balance are more than 1% of common stock	2.4%	2.6%	2.9%	3.0%	3.4%	3.8%

※RORA = Return divided by Risk asset of Loans and stocks etc.
Return = Loan-Deposit Interest Margins + Fees and Commissions + Dividends

Corporate Governance Guideline

➤ Strategic shareholding policy

- Joyo Bank may hold stocks for other than pure investment purposes, if they are deemed as contributing to the Bank's medium- to long-term financial gain and development, primarily by increasing the stock value of its corporate clients and the dividends it receives from them. However, Joyo Bank shall strive to manage such shareholdings appropriately under a sound risk & return management framework to prevent unwarranted conflicts of interest with its shareholders.

➤ Use of voting rights

- Joyo Bank shall also strive to maintain a certain arms-length relationship with the companies it invests in for the aforementioned strategic purposes. As such, the Bank shall oppose resolutions the companies submit to the general meeting of shareholders if they hinder sustainable growth and appreciation of corporate value of the companies over the medium to long term, or pose unwarranted conflicts of interests with Joyo Bank's strategic shareholding policy.
- In principle, Joyo Bank shall follow appropriate decision-making procedures based on its rules of jurisdiction in exercising the Bank's voting rights on all resolutions put forward by the companies. In so doing, Joyo Bank shall confirm that each resolution put forward by each individual company poses no conceivable conflict of interest with maintaining and improving shareholder value, or the Bank's strategic shareholding policy.

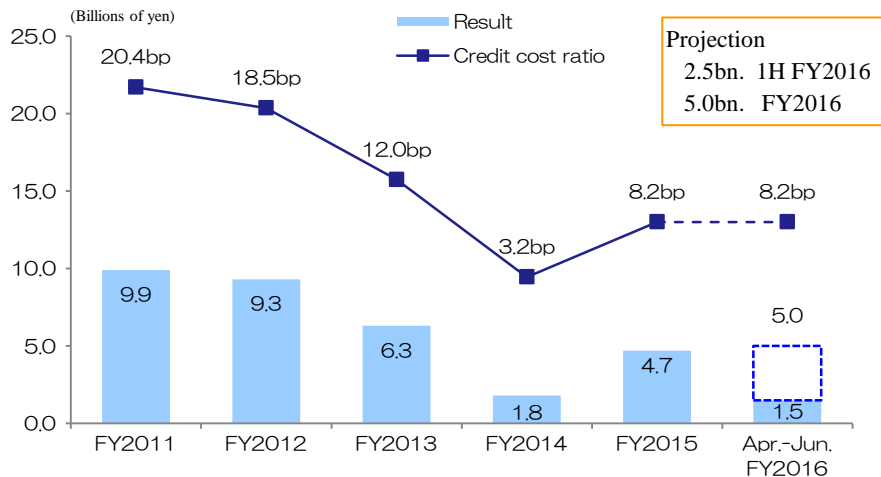
Following the guideline

<Reexamining strategic shareholdings policy>

- Decide our policy based on quantitative(profitability, dividends) and qualitative(relationship, alliances).
- RORA is important in quantitative view.

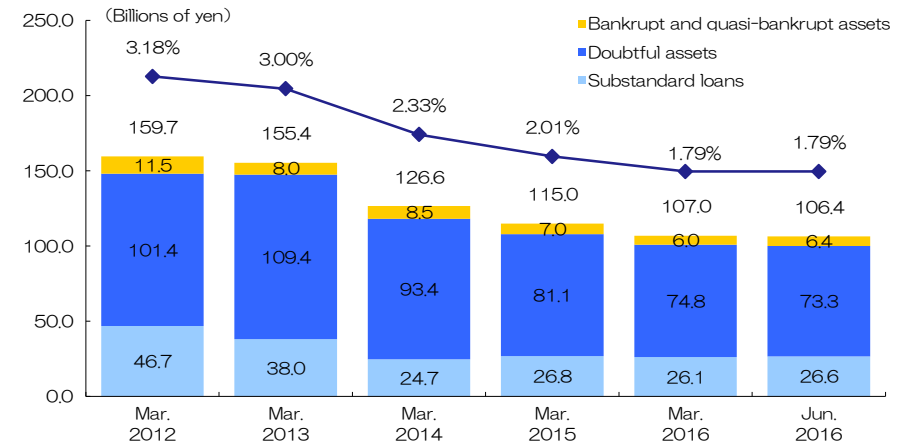
- ◆ Credit costs increased by ¥0.4 billion YoY in 1Q, mainly due to downgrades among borrowers with low ratings (i.e., additional provisions were made), but the full-year projection for credit costs is unchanged from the initial plan.
- ◆ The ratio of claims for disclosure was 1.79% on the same level as the previous fiscal year.

Net Credit Costs and Credit Cost Ratio *

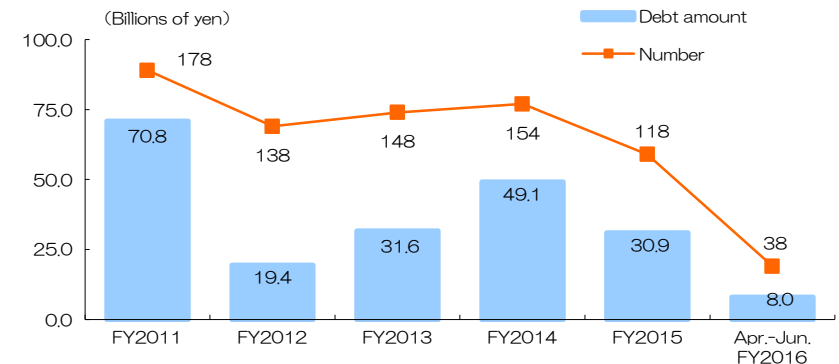


	Apr.-Jun. FY2014	Apr.-Jun. FY2015	Apr.-Jun. FY2016	YoY change ②-①	FY2016 Projection
Disposal of non-performing loans	0.8	1.8	2.1	0.3	5.0
Losses on loan write-offs	0.2	0.3	0.3	0.0	
Reserve for specific allowance of possible loan	0.0	0.0	0.0	(0.0)	
Losses on bulk sales	0.2	0.2	0.1	(0.0)	
Others	0.5	0.7	1.1	0.3	
Gains on loans written-off	0.4	0.3	0.5	0.1	
Net transfer to general reserve for possible loan losses	(0.1)	(0.2)	0.6	0.8	
Net credit costs	0.2	1.0	1.5	0.4	5.0

Claims for Disclosure (based on disclosure under the Act on Emergency Measures for the Revitalization of the Financial Functions)



Bankruptcies in Ibaraki



- ◆ The consolidated capital adequacy ratio trended at the 12% level.
- ◆ As for shareholder returns, the Bank is forecasting an interim dividend of ¥6.0 per share, the same level as in the 1H FY2015.

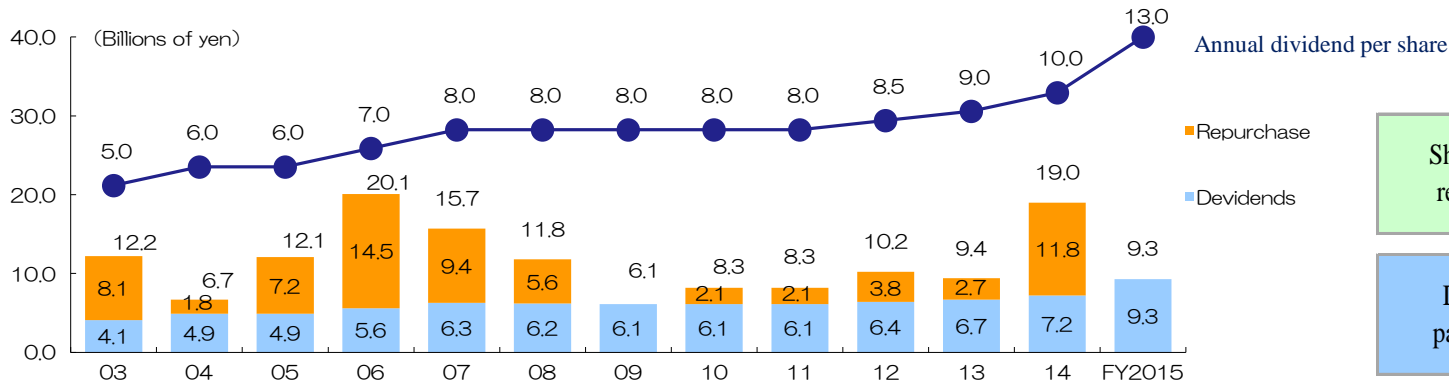
Capital Adequacy Ratio

	15/03	16/03	16/06	The 12th mid-term business plan's goal (17/03)	【Reference】 Interim Measure Disapply		【Reference】 Common Equity Tier I ratio	
					16/03	16/06	16/03	16/06
Consolidated Capital Adequacy Ratio	12.40%	12.00%	12.41%	approx. 12%				
Total Capital (Billions of yen)	435.8	451.5	461.8	—	11.17%	11.58%	13.31%	13.28%
Risk Weighted Assets	3,512.7	3,760.4	3,719.9					

Historical Dividends and Repurchase

The amount of interim dividend : ¥6.0 per share

※The amount of the year-end dividend will be announced as soon as it is finalized, as the Bank intends to implement business integration with Ashikaga Holdings on October 1, 2016.



Shareholder return ratio	Average of past 5 FYs	51.1%
	Average of past 10 FYs	80.1%
Dividend payout ratio	Average of past 5 FYs	32.4%
	Average of past 10 FYs	45.1%

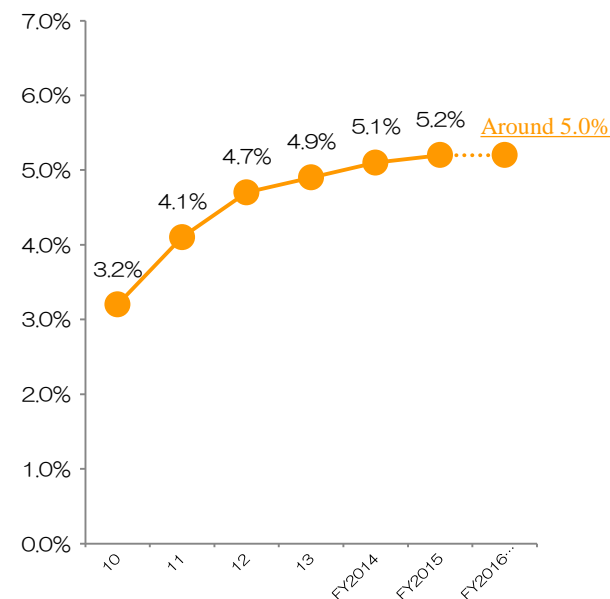
Projections for FY2016

- ◆ Both non-consolidated net income after tax and consolidated net income after tax exceeded progress rates of 50% against their respective interim projections.
- ◆ Interim and full-year projections are unchanged from initial plans.

(Billions of yen)

	FY2016 Apr.-Jun.	1H FY2016 Projection	Progress ratio	FY2015 Projection	The 12th mid-term business plan
Gross business profit	30.1	59.5	50.6%	114.0	no less than 120.0
Net interest income	22.1	42.5	52.1%	84.0	
Net interest on loans and deposits	15.5	31.5	49.4%	63.5	
Interest and dividends on securities	6.5	11.0	59.8%	20.5	
Fees and Commissions	4.7	9.5	49.6%	18.0	
Net other operating profit	3.2	7.5	43.7%	12.0	
Gains(losses) on bonds	3.0	6.0	51.4%	9.0	
Expenses	17.7	34.5	51.4%	68.0	
Real business profit	12.4	25.0	49.6%	46.0	
Net transfer to general reserve for possible loan losses (A)	0.6	0.0	-	0.0	
Business profit	11.7	25.0	47.1%	46.0	
Core net business profit	9.3	19.0	49.0%	37.0	
Net non-recurring gains(losses)	(0.1)	(3.0)	-	(5.5)	
Disposal of non-performing loans (B)	0.9	2.5	38.4%	5.0	
Net gains/losses on equity securities	1.4	2.0	70.7%	4.0	
Ordinary profit	11.6	22.0	53.1%	40.5	no less than 40.0
Net special gains(losses)	(0.1)	(0.4)	-	0.2	
Net income before income taxes and others	11.5	21.6	53.3%	40.7	
Net income after tax	8.1	15.0	54.3%	28.0	no less than 27.0
Net credit costs (A) + (B)	1.5	2.5	62.9%	5.0	
Net income after tax (Consolidated)	8.6	16.5	52.5%	31.0	no less than 30.0

● ROE (Consolidated)





【About the logo】

- Orange rectangles show “customers”, ”local communities”, ”Joyo bank”, the red rectangle shows “additional value”
- Spread made by four rectangles shows “+” shape , and brings up the image that four rectangles make new value like a wind mill

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