

Financial Statements

For the Six Months Ended Sep. 30, 2016

THE JOYO BANK, LTD.

Table of Contents

A. CONSOLIDATED FINANCIAL INFORMATION

1. Consolidated Balance Sheets.....	1
2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	3
3. Consolidated Statements of Changes in Net Assets.....	4

B. NON-CONSOLIDATED FINANCIAL INFORMATION

1. Non-Consolidated Balance Sheets.....	6
2. Non-Consolidated Statements of Income.....	8
3. Non- Consolidated Statements of Changes in Net Assets.....	9

(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.31,2016	As of Sep.30,2016
Assets		
Cash and due from banks	442,713	645,042
Call loans and bills bought	2,000	15,153
Monetary claims bought	9,977	8,667
Trading assets	5,918	4,751
Securities	2,736,884	2,524,502
Loans and bills discounted	5,869,596	5,881,884
Foreign exchanges	4,241	3,079
Lease receivables and investment assets	42,502	43,365
Other assets	64,583	78,485
Tangible fixed assets	94,300	94,640
Intangible fixed assets	9,936	10,041
Deferred tax assets	1,986	3,166
Customers' liabilities for acceptances and guarantees	14,727	14,181
Allowance for loan losses	△40,659	△39,448
Allowance for investment loss	△9	△9
Total assets	9,258,701	9,287,502
Liabilities		
Deposits	8,088,463	7,960,324
Negotiable certificates of deposit	22,689	93,321
Call money and bills sold	45,560	34,071
Payables under securities lending transactions	130,247	122,195
Trading liabilities	895	1,011
Borrowed money	174,118	301,805
Foreign exchanges	886	354
Bonds payable	15,000	15,000
Bonds with subscription rights to shares	33,804	30,324
Borrowed money from trust account	13	13
Other liabilities	78,627	81,376
Provision for directors' bonuses	48	—
Net defined benefit liability	15,475	14,517
Provision for directors' retirement benefits	38	27
Provision for reimbursement of deposits	2,354	2,292
Provision for point card certificates	145	182
Provision for loss on interest repayment	6	6
Provision for contingent loss	1,045	1,072
Reserves under special laws	2	2
Deferred tax liabilities	31,295	22,325
Deferred tax liabilities for land revaluation	9,526	9,508
Negative goodwill	1,659	1,580
Acceptances and guarantees	14,727	14,181
Total liabilities	8,666,631	8,705,495

(Millions of yen)

	As of Mar.31,2016	As of Sep.30,2016
Net assets		
Capital stock	85,113	85,113
Capital surplus	58,574	59,708
Retained earnings	333,964	345,551
Treasury shares	<u>△21,569</u>	<u>△21,548</u>
Total shareholders' equity	<u>456,082</u>	<u>468,824</u>
Valuation difference on available-for-sale securities	135,031	111,988
Deferred gains or losses on hedges	△3,073	△2,503
Revaluation reserve for land	13,002	12,964
Remeasurements of defined benefit plans	<u>△10,667</u>	<u>△9,387</u>
Total accumulated other comprehensive income	<u>134,293</u>	<u>113,062</u>
Subscription rights to shares	132	120
Non-controlling interests	<u>1,562</u>	<u>—</u>
Total net assets	<u>592,070</u>	<u>582,007</u>
Total liabilities and net assets	<u>9,258,701</u>	<u>9,287,502</u>

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

(Consolidated Statements of Income)	(Millions of yen)	
	For the six months ended Sep.30,2015	For the six months ended Sep.30,2016
Ordinary income	81,977	84,548
Interest income	48,744	46,477
Interest on loans and discounts	33,087	31,964
Interest and dividends on securities	15,263	14,158
Trust fees	13	11
Fees and commissions	13,546	12,566
Trading income	1,133	723
Other ordinary income	3,061	7,759
Other income	15,477	17,009
Ordinary expenses	57,831	60,443
Interest expenses	3,207	3,594
Interest on deposits	1,407	1,051
Fees and commissions payments	3,841	2,614
Other ordinary expenses	755	1,132
General and administrative expenses	36,177	37,749
Other expenses	13,848	15,353
Ordinary profit	<u>24,146</u>	<u>24,104</u>
Extraordinary income	82	2
Gain on disposal of non-current assets	82	2
Extraordinary losses	325	301
Loss on disposal of non-current assets	188	174
Impairment loss	137	126
Profit before income taxes	<u>23,903</u>	<u>23,805</u>
Income taxes – current	7,980	8,120
Income taxes – deferred	△678	△953
Total income taxes	<u>7,302</u>	<u>7,167</u>
Profit	<u>16,600</u>	<u>16,638</u>
Profit attributable to non-controlling interests	57	28
Profit attributable to owners of parent	<u>16,543</u>	<u>16,609</u>

(Consolidated Statements of Comprehensive Income)	(Millions of yen)	
	For the six months ended Sep.30,2015	For the six months ended Sep.30,2016
Profit	16,600	16,638
Other comprehensive income	△25,338	△21,193
Valuation difference on available-for-sale securities	△25,448	△23,043
Deferred gains or losses on hedges	△207	569
Remeasurements of defined benefit plans, net of tax	317	1,279
Comprehensive income	<u>△8,737</u>	<u>△4,555</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△8,792	△4,583
Comprehensive income attributable to non-controlling interests	54	27

3. Consolidated Statements of Changes in Net Assets

For the six months ended Sep.30,2015

(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	311,093	△21,619	433,160
Changes of items during period					
Dividends of surplus			△3,975		△3,975
Profit attributable to owners of parent			16,543		16,543
Purchase of treasury shares				△19	△19
Disposal of treasury shares			△12	73	61
Reversal of revaluation reserve for land			137		137
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	12,693	54	12,747
Balance at end of current period	85,113	58,574	323,787	△21,565	445,908

(Millions of yen)

Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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			
159,909	△1,725	12,666	△3,756	167,094	147	1,437	601,840
							△3,975
							16,543
							△19
							61
							137
△25,446	△207	△137	317	△25,473	△36	53	△25,456
△25,446	△207	△137	317	△25,473	△36	53	△12,708
134,463	△1,932	12,528	△3,438	141,621	110	1,491	589,131

For the six months ended Sep.30,2016

(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	333,964	△21,569	456,082
Changes of items during period					
Dividends of surplus			△5,060		△5,060
Profit attributable to owners of parent			16,609		16,609
Purchase of treasury shares				△4	△4
Disposal of treasury shares			△0	25	24
Purchase of shares of consolidated subsidiaries		1,134			1,134
Reversal of revaluation reserve for land			38		38
Net changes of items other than shareholders' equity					
Total changes of items during period	—	1,134	11,587	20	12,742
Balance at end of current period	85,113	59,708	345,551	△21,548	468,824

(Millions of yen)

Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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			
135,031	△3,073	13,002	△10,667	134,293	132	1,562	592,070
							△5,060
							16,609
							△4
							24
							1,134
							38
△23,042	569	△38	1,279	△21,231	△11	△1,562	△22,805
△23,042	569	△38	1,279	△21,231	△11	△1,562	△10,062
111,988	△2,503	12,964	△9,387	113,062	120	—	582,007

B. NON-CONSOLIDATED FINANCIAL INFORMATION

1. Non-Consolidated Balance Sheets

	(Millions of yen)	
	As of Mar.31,2016	As of Sep.30,2016
Assets		
Cash and due from banks	442,654	644,835
Call loans	2,000	15,153
Monetary claims bought	9,977	8,667
Trading assets	5,918	4,751
Securities	2,739,570	2,528,769
Loans and bills discounted	5,912,707	5,927,935
Foreign exchanges	4,241	3,079
Other assets	36,515	48,590
Other	36,515	48,590
Tangible fixed assets	86,520	86,777
Intangible fixed assets	9,456	9,618
Prepaid pension cost	7,825	7,518
Customers' liabilities for acceptances and guarantees	14,728	14,182
Allowance for loan losses	△35,715	△34,074
Allowance for investment loss	△9	△9
Total assets	9,236,391	9,265,797
Liabilities		
Deposits	8,103,353	7,973,108
Negotiable certificates of deposit	39,539	114,171
Call money	45,560	34,071
Payables under securities lending transactions	130,247	122,195
Trading liabilities	895	1,011
Borrowed money	164,751	293,080
Foreign exchanges	886	354
Bonds payable	15,000	15,000
Bonds with subscription rights to shares	33,804	30,324
Borrowed money from trust account	13	13
Other liabilities	50,212	52,047
Income taxes payable	6,707	6,134
Lease obligations	3,009	3,702
Other	40,496	42,209
Provision for directors' bonuses	46	—
Provision for retirement benefits	7,355	7,902
Provision for reimbursement of deposits	2,354	2,292
Provision for point card certificates	112	142
Provision for contingent loss	1,045	1,072
Deferred tax liabilities	36,706	27,103
Deferred tax liabilities for land revaluation	8,846	8,828
Acceptances and guarantees	14,728	14,182
Total liabilities	8,655,459	8,696,902

	(Millions of yen)	
	As of Mar.31,2016	As of Sep.30,2016
Net assets		
Capital stock	85,113	85,113
Capital surplus	58,574	58,574
Legal capital surplus	58,574	58,574
Retained earnings	315,717	326,173
Legal retained earnings	55,317	55,317
Other retained earnings	260,400	270,856
Reserve for advanced depreciation of non-current assets	904	895
General reserve	217,432	222,432
Retained earnings brought forward	42,064	47,529
Treasury shares	△21,963	△21,941
Total shareholders' equity	<u>437,441</u>	<u>447,919</u>
Valuation difference on available-for-sale securities	134,985	111,950
Deferred gains or losses on hedges	△3,073	△2,503
Revaluation reserve for land	11,445	11,407
Total valuation and translation adjustments	<u>143,357</u>	<u>120,854</u>
Subscription rights to shares	132	120
Total net assets	<u>580,932</u>	<u>568,894</u>
Total liabilities and net assets	<u>9,236,391</u>	<u>9,265,797</u>

2. Non-Consolidated Statements of Income

	(Millions of yen)	
	For the six months ended Sep.30,2015	For the six months ended Sep.30,2016
Ordinary income	69,881	71,622
Interest income	48,791	46,504
Interest on loans and discounts	33,147	32,000
Interest and dividends on securities	15,253	14,151
Trust fees	13	11
Fees and commissions	11,758	10,849
Trading income	242	192
Other ordinary income	3,060	7,785
Other income	6,014	6,278
Ordinary expenses	48,221	49,273
Interest expenses	3,171	3,567
Interest on deposits	1,408	1,052
Fees and commissions payments	4,356	3,142
Other ordinary expenses	755	1,132
General and administrative expenses	35,606	37,174
Other expenses	4,330	4,256
Ordinary profit	<u>21,660</u>	<u>22,348</u>
Extraordinary income	79	2
Extraordinary losses	<u>326</u>	<u>301</u>
Profit before income taxes	<u>21,413</u>	<u>22,049</u>
Income taxes – current	7,194	6,412
Income taxes – deferred	<u>△667</u>	<u>157</u>
Total income taxes	<u>6,527</u>	<u>6,570</u>
Profit	<u>14,885</u>	<u>15,479</u>

3. Non-Consolidated Statements of Changes in Net Assets

For the six months ended Sep.30,2015

(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			
Profit			
Reversal of reserve for advanced depreciation of non-current assets			
Provision of general reserve			
Purchase of treasury shares			
Disposal 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	810	212,432	27,547	296,107	△22,014	417,780
			△3,975	△3,975		△3,975
			14,885	14,885		14,885
	△6		6	—		
		5,000	△5,000	—		
					△19	△19
			△13	△13	74	61
			137	137		137
—	△6	5,000	6,041	11,034	55	11,090
55,317	803	217,432	33,589	307,142	△21,958	428,870

(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		
159,727	△1,725	11,144	169,146	147	587,074
					△3,975
					14,885
					△19
					61
					137
△25,413	△207	△137	△25,758	△36	△25,795
△25,413	△207	△137	△25,758	△36	△14,704
134,314	△1,932	11,006	143,388	110	572,369

For the six months ended Sep.30,2016

(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			
Profit			
Reversal of reserve for advanced depreciation of non-current assets			
Provision of general reserve			
Purchase of treasury shares			
Disposal 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	904	217,432	42,064	315,717	△21,963	437,441
			△5,060	△5,060		△5,060
			15,479	15,479		15,479
	△9		9	—		
		5,000	△5,000	—		
					△4	△4
			△1	△1	25	24
			38	38		38
—	△9	5,000	5,465	10,455	21	10,477
55,317	895	222,432	47,529	326,173	△21,941	447,919

(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		
134,985	△3,073	11,445	143,357	132	580,932
					△5,060
					15,479
					△4
					24
					38
△23,034	569	△38	△22,502	△11	△22,514
△23,034	569	△38	△22,502	△11	△12,037
111,950	△2,503	11,407	120,854	120	568,894