Financial Statements

For the Year Ended March.31,2016

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 ····· 5
4. Consolidated Statements of Cash Flows ····· 7

B. NON-CONSOLIDATED FINANCIAL INFORMATION

1. Non-Consolidated Balance Sheets ····· 9
2. Non-Consolidated Statements of Income ····· 11
3. Non-Consolidated Statements of Changes in Net Assets ····· 13

(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.31,2015	As of Mar.31,2016
Assets		
Cash and due from banks	496,348	442,713
Call loans and bills bought	14,356	2,000
Monetary claims bought	12,509	9,977
Trading assets	4,999	5,918
Securities	2,742,510	2,736,884
Loans and bills discounted	5,618,019	5,869,596
Foreign exchanges	3,296	4,241
Lease receivables and investment assets	38,571	42,502
Other assets	52,719	64,583
Property, plant and equipment	94,961	94,300
Buildings, net	33,833	33,423
Land	52,944	52,401
Leased assets, net	25	20
Construction in progress	116	324
Other tangible fixed assets	8,041	8,130
Intangible assets	10,570	9,936
Software	7,100	6,217
Other intangible fixed assets	3,470	3,719
Net defined benefit asset	1,438	—
Deferred tax assets	1,966	1,986
Customers' liabilities for acceptances and guarantees	14,961	14,727
Allowance for loan losses	△41,765	△40,659
Allowance for investment loss	△9	△9
Total assets	9,065,458	9,258,701
Liabilities		
Deposits	7,715,598	8,088,463
Negotiable certificates of deposit	10,045	22,689
Call money and bills sold	44,324	45,560
Payables under securities lending transactions	143,395	130,247
Trading liabilities	160	895
Borrowed money	345,388	174,118
Foreign exchanges	551	886
Bonds payable	15,000	15,000
Bonds with subscription rights to shares	36,051	33,804
Borrowed money from trust account	13	13
Other liabilities	66,084	78,627
Provision for directors' bonuses	62	48
Net defined benefit liability	7,997	15,475
Provision for directors' retirement benefits	39	38
Provision for reimbursement of deposits	2,164	2,354
Provision for point card certificates	138	145
Provision for loss on interest repayment	7	6
Provision for contingent loss	1,169	1,045
Reserves under special laws	2	2
Deferred tax liabilities	48,507	31,295
Deferred tax liabilities for land revaluation	10,136	9,526
Negative goodwill	1,817	1,659
Acceptances and guarantees	14,961	14,727
Total liabilities	8,463,618	8,666,631

(Millions of yen)

	As of Mar.31,2015	As of Mar.31,2016
Net assets		
Capital stock	85,113	85,113
Capital surplus	58,574	58,574
Retained earnings	311,093	333,964
Treasury shares	△21,619	△21,569
Total shareholders' equity	433,160	456,082
Valuation difference on available-for-sale securities	159,909	135,031
Deferred gains or losses on hedges	△1,725	△3,073
Revaluation reserve for land	12,666	13,002
Remeasurements of defined benefit plans	△3,756	△10,667
Total accumulated other comprehensive income	167,094	134,293
Subscription rights to shares	147	132
Non-controlling interests	1,437	1,562
Total net assets	601,840	592,070
Total liabilities and net assets	9,065,458	9,258,701

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

(Consolidated Statements of Income) (Millions of yen)

	For FY2014 ended Mar.31,2015	For FY2015 ended Mar.31,2016
Ordinary income	156,118	163,314
Interest income	95,952	96,245
Interest on loans and discounts	67,763	66,321
Interest and dividends on securities	27,455	29,208
Interest on call loans and bills bought	25	38
Interest on deposits with banks	287	323
Other interest income	420	353
Trust fees	26	25
Fees and commissions	26,271	26,514
Trading income	1,842	2,211
Other ordinary income	5,240	9,556
Other income	26,786	28,761
Recoveries of written off claims	2,892	2,167
Other	23,894	26,593
Ordinary expenses	110,388	115,628
Interest expenses	5,120	6,577
Interest on deposits	2,390	2,629
Interest on negotiable certificates of deposit	5	21
Interest on call money and bills sold	214	255
Interest on payables under securities lending transactions	271	605
Interest on borrowings and rediscounts	417	358
Interest on bonds	254	254
Other interest expenses	1,567	2,452
Fees and commissions payments	7,490	6,477
Other ordinary expenses	2,263	4,163
General and administrative expenses	72,161	70,784
Other expenses	23,352	27,625
Provision of allowance for loan losses	943	2,754
Other	22,408	24,871
Ordinary profit	45,730	47,685
Extraordinary income	1,787	86
Gain on disposal of non-current assets	451	86
Gain on bargain purchase	1,335	—
Extraordinary losses	1,574	739
Loss on disposal of non-current assets	553	531
Impairment loss	1,020	208
Transfer to reserve for financial products transaction liabilities	0	—
Profit before income taxes	45,943	47,032
Income taxes - current	12,497	13,937
Income taxes - deferred	4,517	1,925
Total income taxes	17,015	15,862
Profit	28,927	31,169
Profit attributable to non-controlling interests	247	135
Profit attributable to owners of parent	28,680	31,034

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For FY2014 ended Mar.31,2015	For FY2015 ended Mar.31,2016
Profit	28,927	31,169
Other comprehensive income	76,782	△32,649
Valuation difference on available-for-sale securities	73,489	△24,888
Deferred gains or losses on hedges	347	△1,348
Revaluation reserve for land	1,045	498
Remeasurements of defined benefit plans, net of tax	1,900	△6,911
Comprehensive income	105,710	△1,479
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	105,438	△1,605
Comprehensive income attributable to non-controlling interests	271	125

3. Consolidated Statements of Changes in Net Assets

For FY2014 ended Mar.31,2015

(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	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			△6,622		△6,622
Profit attributable to owners of parent			28,680		28,680
Purchase of treasury shares				△11,842	△11,842
Disposal of treasury shares			△3	19	16
Retirement of treasury shares			△11,283	11,283	—
Reversal of revaluation reserve for land			564		564
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	11,335	△539	10,795
Balance at end of current period	85,113	58,574	311,093	△21,619	433,160

(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			
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
							△6,622
							28,680
							△11,842
							16
							564
73,464	347	481	1,900	76,194	33	△1,405	74,821
73,464	347	481	1,900	76,194	33	△1,405	85,617
159,909	△1,725	12,666	△3,756	167,094	147	1,437	601,840

For FY2015 ended Mar.31,2016

(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	311,093	△21,619	433,160
Changes of items during period					
Dividends of surplus			△8,312		△8,312
Profit attributable to owners of parent			31,034		31,034
Purchase of treasury shares				△28	△28
Disposal of treasury shares			△12	78	65
Reversal of revaluation reserve for land			161		161
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	22,871	49	22,921
Balance at end of current period	85,113	58,574	333,964	△21,569	456,082

(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
							△8,312
							31,034
							△28
							65
							161
△24,878	△1,348	336	△6,911	△32,801	△14	124	△32,691
△24,878	△1,348	336	△6,911	△32,801	△14	124	△9,769
135,031	△3,073	13,002	△10,667	134,293	132	1,562	592,070

4. Consolidated Statements of Cash Flows

(Millions of yen)

	For FY2014 ended Mar.31,2015	For FY2015 ended Mar.31,2016
Cash flows from operating activities		
Profit before income taxes	45,943	47,032
Depreciation	5,710	6,173
Impairment loss	1,020	208
Gain on bargain purchase	△1,335	—
Amortization of negative goodwill	△158	△158
Increase (decrease) in allowance for loan losses	△5,150	△1,106
Increase (decrease) in allowance for investment loss	△26	—
Increase (decrease) in provision for directors' bonuses	13	△13
Inorease (decrease) in asset for retirement benefits	△1,438	1,438
Increase (decrease) in net defined benefit liability	△836	7,478
Increase (decrease) in provision for directors' retirement benefits	0	△1
Increase (decrease) in provision for reimbursement of deposits	170	189
Increase (decrease) in provision for point card certificates	10	6
Increase (decrease) in provision for contingent loss	△336	△123
Increase (decrease) in provision for loss on interest repayment	4	△1
Gain on fund management	△103,319	△103,468
Financing expenses	5,120	6,577
Loss (gain) related to securities	1,658	△5,953
Foreign exchange losses (gains)	△35,769	20,018
Loss (gain) on disposal of non-current assets	102	444
Net decrease (increase) in trading assets	△1,612	△918
Net increase (decrease) in trading liabilities	19	734
Net decrease (increase) in loans and bills discounted	△254,630	△251,576
Net increase (decrease) in deposit	235,695	372,864
Net increase (decrease) in negotiable certificates of deposit	15	12,644
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	132,539	△171,269
Net decrease (increase) in deposit (excluding cash equivalent)	11,383	△43,084
Net decrease (increase) in call loans	△5,024	14,889
Net increase (decrease) in call money	△27,515	1,235
Net increase (decrease) in payables under securities lending transactions	37,399	△13,147
Net decrease (increase) in foreign exchanges - assets	△1,045	△944
Net increase (decrease) in foreign exchanges - liabilities	198	334
Net decrease (increase) in lease receivables and investment assets	△2,489	△3,931
Net increase (decrease) in borrowed money from trust account	△5	△0
Proceeds from fund management	102,982	103,618
Payments for finance	△5,367	△6,756
Other, net	680	△23,741
Subtotal	134,608	△30,307
Income taxes paid	△13,624	△11,713
Net cash provided by (used in) operating activities	120,983	△42,020

(Millions of yen)

	For FY2014 ended Mar.31,2015	For FY2015 ended Mar.31,2016
Cash flows from investing activities		
Purchase of securities	△863,354	△881,587
Proceeds from sales of securities	736,166	606,454
Proceeds from redemption of securities	287,759	233,760
Purchase of tangible fixed assets	△4,665	△3,482
Proceeds from sales of tangible fixed assets	1,941	494
Purchase of intangible fixed assets	△2,259	△1,990
Purchase of shares of subsidiaries	△339	—
Net cash provided by (used in) investing activities	155,249	△46,350
Cash flows from financing activities		
Decrease in subordinated borrowings	△5,400	—
Proceeds from issuance of bonds with subscription rights to shares	30,674	—
Purchase of treasury shares	△11,842	△28
Proceeds from sales of treasury shares	3	7
Cash dividends paid	△6,622	△8,312
Dividends paid to non-controlling interests	△2	△1
Net cash provided by (used in) financing activities	6,810	△8,334
Effect of exchange rate change on cash and cash equivalents	27	△13
Net increase (decrease) in cash and cash equivalents	283,070	△96,719
Cash and cash equivalents at beginning of period	210,363	493,433
Cash and cash equivalents at end of period	493,433	396,713

B. NON-CONSOLIDATED FINANCIAL INFORMATION

1. Non-Consolidated Balance Sheets

(Millions of yen)

	As of Mar.31,2015	As of Mar.31,2016
Assets		
Cash and due from banks	496,325	442,654
Cash	74,676	68,700
Due from banks	421,649	373,954
Call loans	14,356	2,000
Monetary claims bought	12,509	9,977
Trading assets	4,492	5,918
Trading account securities	3,757	4,009
Trading-related financial derivatives	734	1,908
Securities	2,735,418	2,739,570
Government bonds	1,180,504	1,044,960
Local government bonds	205,255	215,769
Corporate bonds	435,479	486,428
Stocks	280,669	248,922
Other securities	633,508	743,489
Loans and bills discounted	5,656,407	5,912,707
Bills discounted	21,755	20,744
Loans on bills	298,553	297,908
Loans on deeds	4,768,247	5,026,664
Overdrafts	567,851	567,390
Foreign exchanges	3,296	4,241
Due from foreign banks (our accounts)	2,532	3,700
Foreign bills bought	162	39
Foreign bills receivable	602	502
Other assets	30,378	36,515
Domestic exchange settlement account, debit	109	80
Prepaid expenses	788	514
Accrued income	8,615	8,564
Initial margins of futures markets	160	160
Derivatives other than for trading - assets	3,188	7,975
Cash collateral paid for financial instruments	3,437	4,824
Other	14,079	14,396
Property, plant and equipment	87,397	86,520
Buildings, net	31,272	31,019
Land	48,338	47,818
Leased assets, net	2,843	2,812
Construction in progress	116	324
Other tangible fixed assets	4,825	4,546
Intangible assets	10,058	9,456
Software	6,717	5,918
Leased assets	291	188
Other intangible fixed assets	3,049	3,349
Prepaid pension cost	7,083	7,825
Customers' liabilities for acceptances and guarantees	14,961	14,728
Allowance for loan losses	△36,690	△35,715
Allowance for investment loss	△9	△9
Total assets	9,035,987	9,236,391

(Millions of yen)

	As of Mar.31,2015	As of Mar.31,2016
Liabilities		
Deposits	7,728,736	8,103,353
Current deposits	154,014	155,904
Ordinary deposits	4,584,733	4,922,735
Saving deposits	45,800	44,793
Deposits at notice	17,969	8,672
Time deposits	2,786,607	2,771,525
Other deposits	139,612	199,721
Negotiable certificates of deposit	15,945	39,539
Call money	44,324	45,560
Payables under securities lending transactions	143,395	130,247
Trading liabilities	160	895
Trading-related financial derivatives	160	895
Borrowed money	336,922	164,751
Borrowings from other banks	336,922	164,751
Foreign exchanges	551	886
Foreign bills sold	516	819
Foreign bills payable	35	67
Bonds payable	15,000	15,000
Bonds with subscription rights to shares	36,051	33,804
Borrowed money from trust account	13	13
Other liabilities	41,220	50,212
Domestic exchange settlement account, credit	120	47
Income taxes payable	5,097	6,707
Accrued expenses	6,816	6,629
Unearned revenue	2,513	2,608
Deposits received from employees	1,498	1,501
Derivatives other than for trading - liabilities	8,991	6,871
Cash collateral received for financial instruments	—	2,293
Lease obligations	3,139	3,009
Other	13,042	20,545
Provision for directors' bonuses	59	46
Provision for retirement benefits	7,543	7,355
Provision for reimbursement of deposits	2,164	2,354
Provision for point card certificates	104	112
Provision for contingent loss	1,169	1,045
Deferred tax liabilities	51,169	36,706
Deferred tax liabilities for land revaluation	9,420	8,846
Acceptances and guarantees	14,961	14,728
Total liabilities	8,448,913	8,655,459
Net assets		
Capital stock	85,113	85,113
Capital surplus	58,574	58,574
Legal capital surplus	58,574	58,574
Retained earnings	296,107	315,717
Legal retained earnings	55,317	55,317
Other retained earnings	240,790	260,400
Reserve for advanced depreciation of non-current assets	810	904
General reserve	212,432	217,432
Retained earnings brought forward	27,547	42,064
Treasury shares	△22,014	△21,963
Total shareholders' equity	417,780	437,441
Valuation difference on available-for-sale securities	159,727	134,985
Deferred gains or losses on hedges	△1,725	△3,073
Revaluation reserve for land	11,144	11,445
Total valuation and translation adjustments	169,146	143,357
Subscription rights to shares	147	132
Total net assets	587,074	580,932
Total liabilities and net assets	9,035,987	9,236,391

2. Non-Consolidated Statements of Income

(Millions of yen)

	For FY2014 ended Mar.31,2015	For FY2015 ended Mar.31,2016
Ordinary income	133,415	138,712
Interest income	96,111	96,360
Interest on loans and discounts	67,922	66,434
Interest and dividends on securities	27,428	29,187
Interest on call loans	25	38
Interest on deposits with banks	287	323
Other interest income	447	376
Trust fees	26	25
Fees and commissions	22,994	22,967
Fees and commissions on domestic and foreign exchanges	6,264	6,276
Other fees and commissions	16,730	16,691
Trading income	586	767
Gains on trading account securities transactions	181	95
Income from trading-related financial derivatives transactions	405	672
Other ordinary income	5,218	9,570
Gains on foreign exchange transactions	967	1,053
Gains on sales of bonds	4,171	8,376
Gains on redemption of bonds	78	139
Other	0	0
Other income	8,478	9,020
Recoveries of written off claims	2,462	1,809
Gain on sales of stocks and other securities	3,345	5,471
Other	2,670	1,739
Ordinary expenses	93,010	95,995
Interest expenses	5,062	6,513
Interest on deposits	2,392	2,631
Interest on negotiable certificates of deposit	6	25
Interest on call money	214	255
Interest on payables under securities lending transactions	271	605
Interest on borrowings and rediscounts	417	358
Interest on bonds	254	254
Interest on interest swaps	1,310	1,776
Other interest expenses	195	606
Fees and commissions payments	8,533	7,504
Fees and commissions on domestic and foreign exchanges	1,293	1,307
Other fees and commissions	7,239	6,197
Other ordinary expenses	2,263	4,163
Loss on sales of bonds	1,595	881
Expenses on derivatives other than for trading or hedging	668	3,282
General and administrative expenses	71,430	69,690
Other expenses	5,720	8,122
Provision of allowance for loan losses	1,099	2,796
Provision of allowance for investment loss	0	—
Provision for reimbursement of deposits	467	483
Provision for point card certificates	86	97
Written-off of loans	2,521	3,259
Losses on sales of stocks and other securities	534	711
Losses on devaluation of stocks and other securities	0	17
Other	1,011	756
Ordinary profit	40,404	42,717

(Millions of yen)

	For FY2014 ended Mar.31,2015	For FY2015 ended Mar.31,2016
Extraordinary income	108	83
Gain on disposal of non-current assets	108	83
Extraordinary losses	1,566	737
Loss on disposal of non-current assets	546	528
Impairment loss	1,020	208
Profit before income taxes	38,945	42,062
Income taxes - current	11,154	12,532
Income taxes - deferred	3,875	1,755
Total income taxes	15,030	14,288
Profit	23,915	27,774

3. Non-Consolidated Statements of Changes in Net Assets

For FY2014 ended Mar.31,2015

(Millions of yen)

	Shareholders' equity			
		Capital surplus		Retained earnings
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings
Balance at beginning of current period	85,113	58,574	58,574	55,317
Cumulative effects of changes in accounting policies				
Restated balance	85,113	58,574	58,574	55,317
Changes of items during period				
Dividends of surplus				
Profit				
Provision of reserve for advanced depreciation of non-current assets				
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	55,317

(Millions of yen)

Shareholders' equity					
Retained earnings				Treasury shares	Total shareholders' equity
Other retained earnings			Total retained earnings		
Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
408	207,432	27,684	290,841	△21,699	412,829
		△748	△748		△748
408	207,432	26,936	290,093	△21,699	412,080
		△6,622	△6,622		△6,622
		23,915	23,915		23,915
451		△451	—		
△48		48	—		
	5,000	△5,000	—		
				△11,842	△11,842
		△3	△3	20	16
		△11,508	△11,508	11,508	—
		232	232		232
402	5,000	611	6,014	△314	5,699
810	212,432	27,547	296,107	△22,014	417,780

(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
					△6,622
					23,915
					△11,842
					16
					232
73,362	347	739	74,449	33	74,482
73,362	347	739	74,449	33	80,181
159,727	△1,725	11,144	169,146	147	587,074

For FY2015 ended Mar.31,2016

(Millions of yen)

	Shareholders' equity			
		Capital surplus		Retained earnings
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings
Balance at beginning of current period	85,113	58,574	58,574	55,317
Changes of items during period				
Dividends of surplus				
Profit				
Provision of reserve for advanced depreciation of non-current assets				
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	55,317

(Millions of yen)

Shareholders' equity					
Retained earnings				Treasury shares	Total shareholders' equity
Other retained earnings			Total retained earnings		
Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
810	212,432	27,547	296,107	△22,014	417,780
		△8,312	△8,312		△8,312
		27,774	27,774		27,774
107		△107	—		
△13		13	—		
	5,000	△5,000	—		
				△28	△28
		△13	△13	79	65
		161	161		161
93	5,000	14,516	19,610	51	19,661
904	217,432	42,064	315,717	△21,963	437,441

(Millions of yen)

Total 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
					△8,312
					27,774
					△28
					65
					161
△24,742	△1,348	301	△25,789	△14	△25,803
△24,742	△1,348	301	△25,789	△14	△6,142
134,985	△3,073	11,445	143,357	132	580,932