

INTERIM CONSOLIDATED BALANCE SHEETS

The Iyo Bank, Ltd. and Its consolidated subsidiaries
As of September 30, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
ASSETS			
Cash and due from banks -----	¥ 487,351	¥ 607,903	\$ 4,819,531
Call loans and bills purchased -----	189,884	96,587	1,877,808
Commercial paper and other debt purchased -----	12,379	8,697	122,418
Trading account securities -----	605	523	5,982
Money held in trust -----	5,707	8,248	56,437
Securities -----	1,708,021	1,750,901	16,891,030
Loans and bills discounted -----	3,915,365	3,877,344	38,719,986
Less reserve for possible loan losses -----	(24,583)	(27,740)	(243,107)
Foreign exchanges -----	7,963	12,562	78,748
Lease receivables and investment assets -----	28,294	29,040	279,806
Other assets -----	38,804	36,168	383,742
Tangible fixed assets -----	76,494	78,408	756,467
Intangible fixed assets -----	4,527	4,307	44,768
Net defined benefit asset -----	13,992	19,100	138,370
Customers' liabilities for acceptances and guarantees -----	31,434	26,251	310,858
Deferred tax assets -----	481	748	4,756
Total assets -----	<u>¥ 6,496,724</u>	<u>¥ 6,529,053</u>	<u>\$ 64,247,666</u>
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits -----	¥ 5,298,469	¥ 5,329,283	\$ 52,397,834
Call money and bills sold -----	105,164	86,971	1,039,992
Payables under securities lending transactions -----	279,680	315,711	2,765,822
Borrowed money -----	79,150	62,030	782,733
Foreign exchanges -----	50	1,066	494
Borrowed money from trust account -----	29	24	286
Other liabilities -----	37,409	41,572	369,946
Accrued employees' bonuses -----	1,632	1,599	16,139
Net defined benefit liability -----	12,722	13,209	125,810
Reserve for losses on repayments of dormant bank accounts -----	2,604	2,636	25,751
Reserve for contingent losses -----	419	443	4,143
Reserve under the special laws -----	0	0	0
Acceptances and guarantees -----	31,434	26,251	310,858
Deferred tax liabilities -----	46,881	54,637	463,617
Deferred taxes on revaluation excess -----	10,336	10,973	102,215
Total liabilities -----	<u>¥ 5,905,985</u>	<u>¥ 5,946,412</u>	<u>\$ 58,405,706</u>
Net Assets			
Common stock			
Authorized — 600,000,000 shares			
Issued — 323,775,366 shares as of September 30, 2016 -----	¥ 20,948	¥ 20,948	\$ 207,159
Capital surplus -----	10,493	10,488	103,767
Retained earnings -----	375,430	357,674	3,712,717
Less treasury stock -----	(5,369)	(5,397)	(53,095)
Total stockholders' equity -----	401,503	383,713	3,970,559
Net unrealized holding gains(losses) on securities -----	143,393	150,982	1,418,047
Net deferred gains (losses) on derivatives under hedge accounting -----	(671)	(56)	(6,635)
Land revaluation excess -----	20,492	20,108	202,650
Remeasurements of defined benefit plans -----	1,876	6,574	18,552
Accumulated other comprehensive income -----	165,090	177,608	1,632,614
Subscription rights to shares -----	423	343	4,183
Non-controlling interests -----	23,720	20,974	234,572
Total net assets -----	<u>¥ 590,738</u>	<u>¥ 582,640</u>	<u>\$ 5,841,950</u>
Total liabilities and net assets -----	<u>¥ 6,496,724</u>	<u>¥ 6,529,053</u>	<u>\$ 64,247,666</u>

Note: (1) Japanese yen figures are expressed with amounts under one million omitted. Accordingly figures may not add up to sums.
(2) U.S. dollar amounts represent translation of Japanese yen at the exchange rate of ¥101.12 to U.S. \$1.00 on September 30, 2016.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

The Iyo Bank, Ltd. and Its consolidated subsidiaries
For the six months ended September 30, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
INCOME			
Interest and dividend income:			
Interest on loans and discounts -----	¥ 24,246	¥ 25,671	\$ 239,774
Interest and dividends on securities -----	13,054	16,301	129,094
Other interest income -----	796	599	7,871
Fees and commissions -----	6,672	6,426	65,981
Other operating income -----	8,839	8,927	87,410
Other income -----	3,684	4,825	36,431
Total income -----	<u>57,293</u>	<u>62,752</u>	<u>566,584</u>
EXPENSES			
Interest expenses:			
Interest on deposits -----	1,736	2,313	17,167
Interest on borrowings and rediscounts -----	394	282	3,896
Interest on payables under securities lending transactions -----	277	157	2,739
Other interest expenses -----	1,042	193	10,304
Fees and commissions -----	2,246	2,115	22,211
Other operating expenses -----	6,965	6,750	68,878
General and administrative expenses -----	25,964	24,805	256,764
Other expenses -----	1,291	3,062	12,767
Total expenses -----	<u>39,918</u>	<u>39,682</u>	<u>394,758</u>
Interim income before income taxes -----	17,374	23,070	171,815
Income taxes			
Current -----	4,688	6,506	46,360
Deferred -----	550	1,254	5,439
Total taxes -----	5,238	7,760	51,799
Interim net income -----	12,136	15,309	120,015
Profit attributable to non-controlling interests -----	601	713	5,943
Profit attributable to owners of parent -----	<u>11,534</u>	<u>14,596</u>	<u>114,062</u>

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Iyo Bank, Ltd. and Its Consolidated Subsidiaries
For the years ended September 30, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Interim net income-----	12,136	15,309	120,015
Other comprehensive income-----	(9,334)	(28,116)	(92,306)
Net unrealized holding gains (losses) on securities-----	(9,953)	(27,799)	(98,427)
Net deferred gains (losses) on derivatives under hedge accounting-----	(345)	1	(3,411)
Adjustments for defined benefit plans-----	964	(318)	9,533
Comprehensive income-----	¥ 2,801	(12,806)	\$ 27,699
Comprehensive income attribute to:			
Comprehensive income attribute to owners of the parent company-----	¥ 2,380	(13,578)	\$ 23,536
Comprehensive income attribute to non-controlling interests-----	420	771	4,153

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended September 30, 2016

Millions of yen

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	¥ 20,948	¥ 10,488	¥ 365,732	¥ (5,398)	¥ 391,771
Changes during the accounting period					
Dividends			(1,896)		(1,896)
Net income			11,534		11,534
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		5		29	34
Reversal of land revaluation excess			60		60
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	-	5	9,698	28	9,732
Balance at the end of the accounting period	¥ 20,948	¥ 10,493	¥ 375,430	¥ (5,369)	¥ 401,503

Thousands of U.S. dollars

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	\$ 207,159	\$ 103,718	\$ 3,616,811	\$ (53,382)	\$ 3,874,317
Changes during the accounting period					
Dividends			(18,750)		(18,750)
Net income			114,062		114,062
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		49		286	336
Reversal of land revaluation excess			593		593
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	-	49	95,905	276	96,242
Balance at the end of the accounting period	\$ 207,159	\$ 103,767	\$ 3,712,717	\$ (53,095)	\$ 3,970,559

Millions of yen

	Total other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the accounting period	¥ 153,166	¥ (326)	¥ 20,552	¥ 912	¥ 174,305	¥ 401	¥ 23,228	¥ 589,707
Changes during the accounting period								
Dividends								(1,896)
Net income								11,534
Purchase of treasury stock								(0)
Disposal of treasury stock								34
Reversal of land revaluation excess								60
Changes in items other than stockholders' equity, net	(9,772)	(345)	(60)	964	(9,214)	22	491	(8,701)
Total changes during the accounting period	(9,772)	(345)	(60)	964	(9,214)	22	491	1,031
Balance at the end of the accounting period	¥ 143,393	¥ (671)	¥ 20,492	¥ 1,876	¥ 165,090	¥ 423	¥ 23,720	¥ 590,738

Thousands of U.S. dollars

	Total other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the accounting period	\$ 1,514,695	\$ (3,223)	\$ 203,243	\$ 9,018	\$ 1,723,744	\$ 3,965	\$ 229,707	\$ 5,831,754
Changes during the accounting period								
Dividends								(18,750)
Net income								114,062
Purchase of treasury stock								(0)
Disposal of treasury stock								336
Reversal of land revaluation excess								593
Changes in items other than stockholders' equity, net	(96,637)	(3,411)	(593)	9,533	(91,119)	217	4,855	(86,046)
Total changes during the accounting period	(96,637)	(3,411)	(593)	9,533	(91,119)	217	4,855	10,195
Balance at the end of the accounting period	\$ 1,418,047	\$ (6,635)	\$ 202,650	\$ 18,552	\$ 1,632,614	\$ 4,183	\$ 234,572	\$ 5,841,950

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended September 30, 2015

Millions of yen

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	¥ 20,948	¥ 10,483	¥ 344,637	¥ (5,435)	¥ 370,634
Changes during the accounting period					
Dividends			(2,212)		(2,212)
Net income			14,596		14,596
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		4		40	44
Reversal of land revaluation excess			653		653
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	-	4	13,037	37	13,079
Balance at the end of the accounting period	¥ 20,948	¥ 10,488	¥ 357,674	¥ (5,397)	¥ 383,713

Millions of yen

	Total other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the accounting period	¥ 178,840	¥ (57)	¥ 20,761	¥ 6,892	¥ 206,437	¥ 329	¥ 20,200	¥ 597,602
Changes during the accounting period								
Dividends								(2,212)
Net income								14,596
Purchase of treasury stock								(2)
Disposal of treasury stock								44
Reversal of land revaluation excess								653
Changes in items other than stockholders' equity, net	(27,858)	1	(653)	(318)	(28,828)	13	774	(28,040)
Total changes during the accounting period	(27,858)	1	(653)	(318)	(28,828)	13	774	(14,961)
Balance at the end of the accounting period	¥ 150,982	¥ (56)	¥ 20,108	¥ 6,574	¥ 177,608	¥ 343	¥ 20,974	¥ 582,640

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

The Iyo Bank, Ltd. and its consolidated subsidiaries
For the six months ended September 30, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash flows from operating activities:			
Interim income before income taxes	¥ 17,374	¥ 23,070	\$ 171,815
Depreciation	2,217	2,167	21,924
Impairment losses	285	668	2,818
Increase (decrease) in reserve for possible loan losses	(968)	(1,089)	(9,572)
Increase (decrease) in reserve for employees' bonuses	(95)	(475)	(939)
Decrease (increase) in net defined benefit asset	(1,150)	(1,065)	(11,372)
Increase (decrease) in net defined benefit liability	(1,118)	14	(11,056)
Increase (decrease) in reserve for losses on repayments of dormant bank accounts	(461)	(409)	(4,558)
Increase (decrease) in reserve for contingent losses	(22)	23	(217)
Increase(decrease) in reserve under the special laws	0	0	0
Interest and dividend income	(38,097)	(42,573)	(376,750)
Interest expense	3,450	2,947	34,117
Securities losses (gains), net	(2,019)	(2,848)	(19,966)
Money in trust losses (gains), net	(209)	37	(2,066)
Foreign exchange losses (gains), net	24,341	(1,109)	240,714
Losses (gains) on disposal of tangible fixed assets, net	32	(124)	316
Net changes in loans and bills discounted	(25,279)	(26,108)	(249,990)
Net changes in deposits	(25,963)	64,420	(256,754)
Net changes in borrowed money (excluding subordinated borrowings)	28,986	(21,550)	286,649
Net changes in deposits with banks	15,389	(7,693)	152,185
Net changes in call loans	(87,692)	(20,792)	(867,207)
Net changes in call money	34,176	(24,134)	337,974
Net changes in payables under securities lending transactions	(45,115)	(16,365)	(446,153)
Net changes in foreign exchange assets	(2,809)	(6,357)	(27,778)
Net changes in foreign exchange liabilities	(61)	1,028	(603)
Net changes in lease receivables and investment assets	883	(130)	8,732
Net changes in borrowed money from trust account	0	24	0
Interest income received	38,463	42,592	380,369
Interest expense paid	(3,528)	(3,027)	(34,889)
Other	(1,316)	(5,897)	(13,014)
Subtotal	(70,309)	(44,757)	(695,302)
Income taxes paid	(5,606)	(5,065)	(55,439)
Net cash provided by (used in) operating activities	(75,916)	(49,822)	(750,751)
Cash flows from investing activities:			
Purchases of securities	(154,995)	(97,170)	(1,532,782)
Proceeds from sales of securities	62,632	58,082	619,382
Proceeds from maturities of securities	87,428	82,712	864,596
Increase in money held in trust	(249)	-	(2,462)
Decrease in money held in trust	3,314	1,282	32,772
Purchases of tangible fixed assets	(678)	(1,752)	(6,704)
Proceeds from sales of tangible fixed assets	33	1,020	326
Purchases of intangible fixed assets	(884)	(846)	(8,742)
Net cash provided by (used in) investing activities	(3,399)	43,328	(33,613)
Cash flows from financing activities			
Decrease in subordinated borrowings	-	(15,000)	-
Proceeds from stock issuance to non-controlling shareholders	89	10	880
Repayments to non-controlling shareholders	(11)	-	(108)
Cash dividends paid	(1,896)	(2,212)	(18,750)
Cash dividends paid to non-controlling stockholders	(7)	(7)	(69)
Purchases of treasury stock	(0)	(2)	(0)
Proceeds from sales of treasury stock	0	0	0
Net cash provided by (used in) financing activities	(1,826)	(17,212)	(18,057)
Foreign currency translation adjustments	(36)	(0)	(356)
Net increase (decrease) in cash and cash equivalents	(81,178)	(23,707)	(802,788)
Cash and cash equivalents at beginning of year	557,587	602,299	5,514,111
Cash and cash equivalents at end of the accounting period	¥ 476,408	¥ 578,592	\$ 4,711,313