

November 11, 2016

Consolidated Financial Report
for the First Half of the Fiscal Year Ending March 31, 2017
<Under Japanese GAAP>

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Date to start dividend payment: December 2, 2016
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Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: None

Note: Amounts less than one million yen and figures beyond the first decimal place have been truncated.

1. Consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2017
(From April 1, 2016 to September 30, 2016)

(1) Results in consolidated operations

	(Percentages represent year-on-year changes.)					
	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2017	40,816	2.5	4,964	(25.8)	23,565	391.9
First half of the fiscal year ended March 31, 2016	39,791	–	6,697	–	4,790	–

(Note) Comprehensive income: First half of the fiscal year ending March 31, 2017: ¥21,332 million (578.4%)
First half of the fiscal year ended March 31, 2016: ¥3,144 million (– %)

	Profit attributable to owners of parent per share (¥)	Profit attributable to owners of parent per share (Diluted) (¥)
First half of the fiscal year ending March 31, 2017	770.24	477.73
First half of the fiscal year ended March 31, 2016	164.79	158.71

(Note 1) “Profit attributable to owners of parent” and “Comprehensive income” in the first half of the fiscal year ending March 31, 2017 include a ¥19,443 million gain on bargain purchase arising from the business integration with ShinGinko Tokyo, Limited.

(Note 2) As the Company was established on October 1, 2014, percentage changes from the first half of the previous year for the first half of the fiscal year ended March 31, 2016 are not provided.

(2) Consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)
September 30, 2016	5,581,200	282,388	5.0
March 31, 2016	5,112,540	203,216	3.9

(Reference) Equity: September 30, 2016: ¥282,035 million March 31, 2016: ¥202,882 million

(Note) "Equity" consists of subscription rights to shares at the end of the period and non-controlling interests at the end of the period subtracted from net assets, and the "Net assets to total assets ratio" is calculated by dividing equity by total assets at the end of the period. Note that this "Net assets to total assets ratio" is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification.

2. Dividends

	Annual dividend per share (¥)				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2016	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2017	–	30.00			
Fiscal year ending March 31, 2017 (Forecast)			–	30.00	60.00

(Note 1) Changes to the dividend forecast most recently announced: None

(Note 2) "Dividends" above refers to dividends for common stock. With regard to dividends for class shares (unlisted) issued by the Company with different rights than those of common stock, refer to "Dividend situation for class shares" below.

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Percentages represent increases or decreases from the previous year results.)

	Ordinary profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full-year	8,900	(38.4)	25,100	166.6	823.48

(Note 1) Changes to the forecast of consolidated operating performance most recently announced: None

(Note 2) "Profit attributable to owners of parent" includes a ¥19,443 million gain on bargain purchase arising from the business integration with ShinGinko Tokyo, Limited.

* Notes

(1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Included one subsidiary: ShinGinko Tokyo, Limited

(Note) Details are stated under "(1) Changes in Significant Subsidiaries During the Six Months under Review" in 2. Matters Regarding Summary Information (Notes)" on page 3 of the Attached Materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

- Changes in accounting policies due to revisions to accounting standards: Yes
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatement of prior period financial statements after error corrections: None

(Note) Details are stated under "(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements of Prior Period Financial Statements After Error Corrections" in 2. Matters Regarding Summary Information (Notes) on page 3 of the Attached Materials.

(3) Number of shares issued (common stock)

a. Total number of shares issued at the end of the period (including treasury stock)	
September 30, 2016	30,650,115 shares
March 31, 2016	29,227,826 shares
b. Number of treasury stock at the end of the period	
September 30, 2016	171,846 shares
March 31, 2016	169,852 shares
c. Average number of shares during the period (cumulative from the beginning of the fiscal year)	
First-half period ended September 30, 2016	30,479,358 shares
First-half period ended September 30, 2015	29,067,653 shares

(Note)

“Total number of shares issued at the end of the period (including treasury stock)” for September 30, 2016 includes an increase of 1,422,289 shares arising from the business integration with ShinGinko Tokyo, Limited.

(Non-consolidated Financial Statements)

1. Non-consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)

(1) Results in non-consolidated operations

(Percentages represent year-on-year changes.)

	Operating income		Operating profit		Ordinary profit		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2017	1,551	19.7	1,014	9.5	989	24.1	951	16.3
First half of the fiscal year ended March 31, 2016	1,295	–	926	–	797	–	817	–

Net income per share

(¥)

First half of the fiscal year ending March 31, 2017	28.31
First half of the fiscal year ended March 31, 2016	28.13

(Note) As the Company was established on October 1, 2014, percentage changes from the first half of the previous year for the first half of the fiscal year ended March 31, 2016 are not provided.

(2) Non-consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)
September 30, 2016	195,886	195,749	99.8
March 31, 2016	141,996	136,903	96.3

(Reference) Equity: September 30, 2016: ¥195,653 million March 31, 2016: ¥136,856 million

(Note)

“Equity” consists of subscription rights to shares at the end of the fiscal year subtracted from net assets, and the “Net assets to total assets ratio” is calculated by dividing equity by total assets at the end of the fiscal year. Note that this “Net assets to total assets ratio” is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification.

* Indication regarding execution of audit procedures

This financial report is exempt from the audit procedures pursuant to the Financial Instruments and Exchange Law. At the time of disclosure of this financial report, the audit procedures for the Consolidated Interim Financial Statements and Non-consolidated Interim Financial Statements pursuant to the Financial Instruments and Exchange Law are incomplete.

* Disclaimer and special note for referring to the forecast of operating performance

1. Since the Company falls under the category of specified company (a company undertaking businesses specified in Article 17-15, Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.), it prepares the Interim Consolidated and Non-consolidated Financial Statements for the first-half accounting period.

2. Forward-looking statements concerning financial forecasts contained in these materials are based on information available when the forecasts were made and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved, and actual results may differ significantly from the forecasts due to a variety of factors.

*** Dividend situation for class shares**

The breakdown of dividend per share for class shares with different rights than those of common stock is as follows.
(First series Class I preferred shares)

	Dividend per share (¥)				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2016	–	–	–	–	–
Fiscal year ending March 31, 2017	–	69.44			
Fiscal year ending March 31, 2017 (Forecast)			–	127.64	197.08

(Notes)

1. Changes to the dividend forecast most recently announced: None
2. Because first series Class I preferred shares were issued on June 24, 2016, no information is provided for the fiscal year ended March 31, 2016.
3. Amount paid per share: ¥20,000
4. Computation used to calculate dividend per share
 - (1) Computation
Dividend in first fiscal year = amount paid per share × annual dividend rate × 281 ÷ 365
 - (2) Annual dividend rate
Annual dividend rate = Japanese yen TIBOR + 1.1%
(*Annual dividend rate: Figures less than % are calculated to three decimal places with the third decimal place rounded off to the second decimal place)
 - (3) Japanese yen TIBOR
On April 1, 2016, the Japanese yen TIBOR (12-month maturity) = 0.18364%
 - (4) Shares issued
750,000

(Class II preferred shares)

	Dividend per share (¥)				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2016	–	–	–	–	–
Fiscal year ending March 31, 2017	–	18.364			
Fiscal year ending March 31, 2017 (Forecast)			–	18.364	36.728

(Notes)

1. Changes to the dividend forecast most recently announced: None
2. Because Class II preferred shares were issued on April 1, 2016, no information is provided for the fiscal year ended March 31, 2016.
3. Amount paid per share: ¥20,000
4. Computation used to calculate dividend per share
 - (1) Computation
Dividend = amount paid per share × annual dividend rate
Annual dividend rate = Japanese yen TIBOR + 0.0%
 - (3) Japanese yen TIBOR
On April 1, 2016, the Japanese yen TIBOR (12-month maturity) = 0.18364%
 - (4) Shares issued
2,000,000

Attached Materials

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(Appendix) Financial Results for the First Half of the Fiscal Year Ending March 31, 2017

- Supplementary Information-

1. Qualitative Information Regarding Consolidated Results for the Six Months Ended September 30, 2016

(1) Operating Results

The Company made ShinGinko Tokyo, Limited (hereinafter referred to as “ShinGinko Tokyo”) into a subsidiary on April 1, 2016 through business integration using the method of share exchanges. The Group will fully leverage its advantage of having the largest branch network in Tokyo of any regional financial institution. This network includes 124 branches in the Tokyo Metropolis and over 160 branches in the Tokyo metropolitan area, and further enhances the financial platform service “Club TY” through joint measures with the Tokyo Metropolis and related organizations in order to support the various needs of small and medium-sized enterprises and individuals in the Tokyo metropolitan area.

Looking back at the Japanese economy during the current interim accounting period (April 1, 2016 to September 30, 2016), while there was a continuation of the trend towards a gentle recovery that was backed by high levels of corporate earning, which are beginning to come to a standstill, and improvements in the employment and income environment, there was some weakness in personal consumption due to factors such as the high yen and abnormal weather. In the Tokyo metropolitan area, where the Group has its principal operational base, a continuing recovery trend was backed by expectations of a boost in the economy triggered by public investments accompanying the government’s economic policies and stimulated demand in anticipation of the hosting of the 2020 Tokyo Olympics and Paralympics. On the other hand, uncertainty about the future outlook continued as a result of factors, including signs of a slight slowdown in inbound demand coupled with concerns about the impact of a downturn in the economies of emerging countries and commodity-exporting countries, the Brexit issue in Europe, and fluctuations in overseas economies and capital and financial markets.

In this environment, consolidated operating results for the six months ended September 30, 2016 totaled ¥40.8 billion, rising ¥1 billion year on year. Ordinary expenses rose by ¥2.7 billion over the previous year to ¥35.8 billion, resulting in an ordinary profit of ¥4.9 billion, down ¥1.7 billion year on year. Furthermore, as a result of a gain on bargain purchase of ¥19.4 billion due to the business integration with ShinGinko Tokyo, which was recorded under extraordinary income, profit attributable to owners of parent grew by ¥18.7 billion compared to the previous consolidated fiscal year to ¥23.5 billion.

(2) Financial Position

As of September 30, 2016, total assets amounted to ¥5,581.2 billion, up ¥468.6 billion from the end of the previous fiscal year, and net assets stood at ¥282.3 billion, a ¥79.1 billion increase from the end of the previous fiscal year.

With respect to major account balances, deposits increased ¥268.5 billion from the end of the previous fiscal year to ¥4,770.7 billion, and loans and bills discounted increased ¥248.8 billion from the end of the previous fiscal year to ¥3,608.7 billion, while securities increased ¥ 134.0 billion to ¥1,344.1 billion.

(3) Note on the Forecast of the Consolidated Operating Performance and Other Forward-Looking Statements

There are no changes from the consolidated operating performance forecast for the fiscal year ending March 31, 2017, announced on May 13, 2016.

(4) Status of Important Business Contracts, etc.

(Merger of bank subsidiaries and change of trade name)

The Company, as well as The Tokyo Tomin Bank, Limited (hereinafter referred to as “Tokyo Tomin Bank”), The Yachiyo Bank, Limited (hereinafter referred to as “Yachiyo Bank”), and ShinGinko Tokyo, under the premise of the acquisition of the approval of the relevant authorities, etc., passed a resolution regarding the merger of the Company’s wholly-owned subsidiary Tokyo Tomin Bank, along with Yachiyo Bank and ShinGinko Tokyo (new trade name: Kiraboshi Bank, Ltd.).

In addition, in association with the change of trade names caused by the trilateral merger, with the objective of ensuring unified trade names throughout the group, under the premise that a resolution to change the Articles of Incorporation (change of trade name) is passed at the general meeting of shareholders, the Company has passed a resolution to change the trade name (new trade name: Tokyo Kiraboshi Financial Group, Inc.).

Note that this merger of bank subsidiaries and change of trade name are scheduled for May 1, 2018.

2. Matters Regarding Summary Information (Notes)

(1) Changes in Significant Subsidiaries During the Six Months under Review

Because a business integration was conducted on April 1, 2016 through a share exchange with the Company as the wholly owning parent company and ShinGinko Tokyo as the wholly owned subsidiary company, ShinGinko Tokyo has been included within the scope of consolidation from the current interim accounting period.

Note that while it did not constitute a change in significant subsidiaries, Sky Ocean Asset Management Co., Ltd., was included within the scope of equity method affiliates through a new investment from the current interim accounting period.

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements of Prior Period Financial Statements After Error Corrections

(Application of the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Accompanying a change in the Corporation Tax Act, the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (ASBJ Practical Issues Task Force No. 32, issued June 17, 2016) has been applied to the current interim accounting period, and the depreciation method for building-attached facilities and structures acquired from April 1, 2016 have been changed from a fixed-rate method to a straight-line method.

Note that this change has not caused a material impact on ordinary profit or profit before income taxes for the current interim accounting period.

(3) Additional Information

The Implementation Guidance on Recoverability of Deferred Tax Assets (Corporate Accounting Standards Guidance, March 28, 2016) has been applied from the current interim accounting period.

3. Consolidated Interim Financial Statements
(1) Consolidated Interim Balance Sheets

(¥ million)

	As of March 31, 2016	As of September 30, 2016
Assets		
Cash and due from banks	405,539	477,098
Call loans and bills bought	43,600	24,860
Other debt purchased	4,202	35,646
Trading account securities	658	723
Securities	1,210,097	1,344,157
Loans and bills discounted	3,359,919	3,608,792
Foreign exchange	6,531	5,721
Other assets	29,258	28,376
Tangible fixed assets	53,217	55,884
Intangible fixed assets	2,039	2,010
Deferred assets	56	96
Net defined benefit assets	8,647	9,987
Deferred tax assets	7,035	8,360
Customers' liabilities for acceptances and guarantees	5,860	9,015
Reserve for possible loan losses	(24,122)	(29,532)
Total assets	5,112,540	5,581,200
Liabilities		
Deposits	4,502,192	4,770,769
Negotiable certificates of deposit	34,206	28,316
Call money and bills sold	—	5,000
Payables under securities lending transactions	293,327	325,979
Borrowed money	7,425	93,353
Foreign exchanges	68	962
Bonds payable	16,000	16,000
Bonds with subscription rights to shares	5,000	—
Other liabilities	35,803	37,464
Reserve for employee bonuses	2,038	2,259
Net defined benefit liabilities	5,530	5,412
Reserve for directors' retirement benefits	85	97
Reserve for point card certificates	53	56
Provision for loss on interest repayments	14	13
Reserve for loss on dormant deposit repayments	988	1,031
Provision for contingent loss	659	667
Deferred tax liabilities	55	2,395
Deferred tax liabilities for land revaluation	14	14
Acceptances and guarantees	5,860	9,015
Total liabilities	4,909,324	5,298,812
Net Assets		
Common stock	20,000	27,500
Capital surplus	99,585	150,806
Retained earnings	80,913	103,607
Treasury stock	(594)	(597)
Total shareholders' equity	199,905	281,315
Net unrealized gain on available-for-sale securities	8,390	5,996
Deferred gains or losses on hedges	6	10
Revaluation reserve for land	(209)	(209)
Foreign currency translation adjustment	11	4
Remeasurements of defined benefit plans	(5,221)	(5,082)
Total accumulated other comprehensive income	2,977	719
Subscription rights to shares	46	95
Non-controlling interests	286	257
Total net assets	203,216	282,388
Total liabilities and net assets	5,112,540	5,581,200

(2) Consolidated Interim Statements of Income and Consolidated Interim Statements of Comprehensive Income
(Consolidated Interim Statements of Income)

(¥ million)

	First half of the fiscal year ended March 31, 2016	First half of the fiscal year ending March 31, 2017
Total income taxes	39,791	40,816
Interest income	28,315	29,236
Interest on loans and discounts	23,135	23,284
Interest and dividends on securities	4,638	5,296
Trust fees	—	20
Fees and commissions	8,008	7,995
Other operating income	2,283	2,761
Other ordinary income	1,184	803
Ordinary expenses	33,093	35,851
Financing expenses	1,819	1,882
Interest on deposits	1,132	1,142
Fees and commissions payments	1,463	1,417
Other operating expenses	75	511
General and administrative expenses	27,865	30,236
Other ordinary expenses	1,869	1,803
Ordinary profit	6,697	4,964
Extraordinary income	258	19,443
Gain on disposal of non-current assets	258	0
Gain on bargain purchase	—	19,443
Extraordinary losses	87	97
Loss on disposal of non-current assets	87	97
Profit before income taxes	6,869	24,311
Income tax – current	1,365	989
Income tax – deferred	701	(268)
Total income taxes	2,067	721
Profit	4,801	23,590
Profit attributable to non-controlling interests	11	25
Profit attributable to owners of parent	4,790	23,565

(Consolidated Interim Statements of Comprehensive Income)

(¥ million)

	First half of the fiscal year ended March 31, 2016	First half of the fiscal year ending March 31, 2017
Profit	4,801	23,590
Other comprehensive income	(1,657)	(2,258)
Valuation difference on available-for-sale securities	(1,629)	(2,464)
Deferred gains or losses on hedges	3	3
Revaluation reserve for land	0	—
Foreign currency translation adjustments	(1)	(6)
Remeasurements of defined benefit plans	14	139
Share of other comprehensive income of entities accounted for using equity method	(44)	70
Comprehensive income	3,144	21,332
(Breakdown)		
Comprehensive income attributable to owners of parent	3,132	21,306
Comprehensive income attributable to non-controlling interests	12	25

(3) Consolidated Interim Statements of Changes in Net Assets
(First half of the fiscal year ended March 31, 2016)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	20,000	99,607	73,245	(544)	192,308
Changes of items during the reporting period					
Dividends of surplus			(872)		(872)
Profit attributable to owners of parent			4,790		4,790
Acquisition of treasury stock				(27)	(27)
Disposition of treasury stock		0		1	1
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	—	0	3,918	(25)	3,892
Balance at end of period	20,000	99,607	77,163	(570)	196,200

	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	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year	9,784	2	(210)	17	432	10,026	—	245	202,580
Changes of items during the reporting period									
Dividends of surplus									(872)
Profit attributable to owners of parent									4,790
Acquisition of treasury stock									(27)
Disposition of treasury stock									1
Net changes of items other than shareholders' equity during the reporting period	(1,674)	3	0	(1)	14	(1,658)	46	(10)	(1,621)
Total changes of items during the reporting period	(1,674)	3	0	(1)	14	(1,658)	46	(10)	2,270
Balance at end of period	8,109	5	(210)	15	447	8,368	46	235	204,850

(First half of the fiscal year ending March 31, 2017)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	20,000	99,585	80,913	(594)	199,905
Changes of items during the reporting period					
Issuance of new shares	7,500	7,500			15,000
Increase (decrease) by share exchanges		43,719			43,719
Dividends of surplus			(871)		(871)
Profit attributable to owners of parent			23,565		23,565
Acquisition of treasury stock				(12)	(12)
Disposition of treasury stock		0		9	10
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	7,500	51,220	22,693	(3)	81,410
Balance at end of period	27,500	150,806	103,607	(597)	281,315

	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	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year	8,390	6	(209)	11	(5,221)	2,977	46	286	203,216
Changes of items during the reporting period									
Issuance of new shares									15,000
Increase (decrease) by share exchanges									43,719
Dividends of surplus									(871)
Profit attributable to owners of parent									23,565
Acquisition of treasury stock									(12)
Disposition of treasury stock									10
Net changes of items other than shareholders' equity during the reporting period	(2,394)	3	—	(6)	139	(2,258)	49	(29)	(2,238)
Total changes of items during the reporting period	(2,394)	3	—	(6)	139	(2,258)	49	(29)	79,172
Balance at end of period	5,996	10	(209)	4	(5,082)	719	95	257	282,388

(4) Notes on Premise of Going Concern

Not applicable.

(5) Related to Business Combinations, etc.

1. Summary of business combination through acquisition

(1) Name, nature, and scale of business of acquired company

Name of acquired company	ShinGinko Tokyo, Limited
Nature of business	Banking
Capital	¥20,000 million

(2) Reason for conducting business combination

The Company and ShinGinko Tokyo have both utilized their respective strengths as regional financial institutions in the Tokyo metropolitan area to facilitate local financing and contribute to the development of regional economies. However, both companies share the same management goal of supporting small and medium-sized enterprises, and business integration will enable the two companies to truly perform their role as regional financial institutions in the Tokyo metropolitan area, and can also be expected to generate synergistic effects, for which reasons we implemented the business integration.

(3) Date of business combination

April 1, 2016

(4) Legal form of the business combination

Share exchange

(5) Name of company after combination

No change in name of the company after combination

(6) Ratio of voting rights acquired

100%

(7) Grounds for determining acquiring company

As a result of a comprehensive assessment of the determining factors laid out in the Accounting Standard for Business Combinations and other factors, it was determined that the Company should be the acquiring company.

2. Period of results for acquired company included in the consolidated statements of income for current interim accounting period

(April 1, 2016 to September 30, 2016)

3. Breakdown of acquisition cost of the acquired company and type of consideration

Consideration for acquisition: Common stock of the Company allotted on date of business combination	¥3,719 million
<u>Preferred stock of the Company allotted on date of business combination</u>	<u>¥40,000 million</u>
Acquisition cost	¥43,719 million

4. Share exchange ratio by class of shares, method of calculation, and number of shares allotted

(1) Share exchange ratio by class of shares

- 0.24 shares of the Company's common stock for every 1 share of ShinGinko Tokyo's common stock
- 1 share of ShinGinko Tokyo's preferred stock for every 1 share of the Company's preferred stock

(2) Share exchange ratio calculation

Multiple financial advisors were requested to calculate the share exchange ratio as third-party appraisers, and the calculation was decided by discussion among the involved parties with reference to these reports.

(3) Number of shares allotted

Common stock	1,422,289 shares
Preferred stock	2,000,000 shares

5. Contents and amount of major acquisition related expenses

Compensation, commissions, etc. for advisory services

¥144 million

6. Amount and cause of gain on bargain purchase

(1) Amount of gain on bargain purchase

¥19,443 million

(2) Causes of gain

Because the acquisition price was less than the net amount allocated to the assets received and the liabilities assumed, the difference was recognized as a gain on bargain purchase.

7. Amount and breakdown of the assets received and the liabilities assumed on the business combination date

(1) Amount of assets

Total assets ¥463,533 million

Of which, loans ¥222,587 million

Of which, securities ¥175,000 million

Of which, reserve for possible loan losses (¥5,976 million)

(2) Amount of liabilities

Total liabilities ¥400,370 million

Of which, deposits ¥293,445 million

(Reference)

**Trust asset balance table
(As of September 30, 2016)**

(Millions of yen)

Asset	Value	Liability	Value
Monetary claims	8,672	Monetary claims in trust	8,695
Other monetary claims	8,672		
Cash deposits	23		
Deposits	23		
Total	8,695	Total	8,695

(Notes) There is one applicable consolidated subsidiary, namely ShinGinko Tokyo.

4. Non-consolidated Interim Financial Statements
(1) Non-consolidated Interim Balance Sheets

(¥ million)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and due from banks	1,702	1,869
Accounts receivable – other	25	49
Prepaid expenses	1	42
Income taxes receivable	355	140
Suspense payments	–	0
Deferred tax assets	10	18
Total current assets	2,095	2,121
Non-current assets		
Investments and other assets		
Shares of subsidiaries and associates	134,845	193,668
Loans receivable from subsidiaries and associates	5,000	–
Total investments and other assets	139,845	193,668
Total non-current assets	139,845	193,668
Deferred assets		
Organization expenses	50	42
Share issuance cost	5	54
Total deferred assets	56	96
Total assets	141,996	195,886
Liabilities		
Current liabilities		
Accounts payable – other	7	23
Accrued expenses	0	4
Dividends payable	13	19
Income taxes payable	29	29
Deposits received	11	11
Suspense receipt	0	0
Reserve for employee bonuses	31	48
Total current liabilities	93	137
Non-current liabilities		
Bonds with subscription rights to shares	5,000	–
Total non-current liabilities	5,000	–
Total liabilities	5,093	137
Net assets		
Shareholders' equity		
Common stock	20,000	27,500
Capital surplus		
Capital reserve	5,000	56,219
Other capital surplus	110,277	110,277
Total capital surplus	115,277	166,497
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,174	2,254
Total retained earnings	2,174	2,254
Treasury stock	(594)	(597)
Total shareholders' equity	136,856	195,653
Subscription rights to shares	46	95
Total net assets	136,903	195,749
Total liabilities and net assets	141,996	195,886

(2) Non-consolidated Interim Statements of Income

(¥ million)

	First half of the fiscal year ended March 31, 2016	First half of the fiscal year ending March 31, 2017
Operating income		
Dividends from subsidiaries and associates	893	954
Commissions from subsidiaries and associates	402	597
Total operating income	1,295	1,551
Operating expenses		
Selling, general and administrative expenses	369	537
Total operating expenses	369	537
Operating profit	926	1,014
Non-operating income		
Interest income	53	53
Miscellaneous income	0	0
Total non-operating income	54	54
Non-operating expenses		
Interest expenses	53	53
Commission fee	120	11
Amortization of deferred organization expenses	7	7
Amortization of share issuance cost	1	6
Total non-operating expenses	183	79
Ordinary profit	797	989
Income before income taxes	797	989
Income taxes - current	2	46
Income taxes - deferred	(23)	(8)
Total income taxes	(20)	37
Net income	817	951

(3) Non-consolidated Interim Statements of Changes in Net Assets

(First half of the fiscal year ended March 31, 2016)

(¥ million)

	Shareholders' equity								Subscription rights to shares	Total net assets
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
Balance at beginning of the year	20,000	5,000	110,276	115,276	1,957	1,957	(544)	136,689	-	136,689
Changes of items during the reporting period										
Dividends of surplus					(872)	(872)		(872)		(872)
Net income					817	817		817		817
Acquisition of treasury stock							(27)	(27)		(27)
Disposition of treasury stock			0	0			1	1		1
Net changes of items other than shareholders' equity during the reporting period									46	46
Total changes of items during the reporting period	-	-	0	0	(54)	(54)	(25)	(79)	46	(33)
Balance at end of period	20,000	5,000	110,277	115,277	1,902	1,902	(570)	136,609	46	136,656

(First half of the fiscal year ending March 31, 2017)

(¥ million)

	Shareholders' equity								Subscription rights to shares	Total net assets
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
Balance at beginning of the year	20,000	5,000	110,277	115,277	2,174	2,174	(594)	136,856	46	136,903
Changes of items during the reporting period										
Issuance of new shares	7,500	7,500		7,500				15,000		15,000
Increase (decrease) by share exchanges		43,719		43,719				43,719		43,719
Dividends of surplus					(871)	(871)		(871)		(871)
Net income					951	951		951		951
Acquisition of treasury stock							(12)	(12)		(12)
Disposition of treasury stock			0	0			9	10		10
Net changes of items other than shareholders' equity during the reporting period									49	49
Total changes of items during the reporting period	7,500	51,219	0	51,220	80	80	(3)	58,797	49	58,846
Balance at end of period	27,500	56,219	110,277	166,497	2,254	2,254	(597)	195,653	95	195,749

(4) Notes on Premise of Going Concern

Not applicable.

5. (Reference) Overview of Major Consolidated Subsidiary Operating Performance

(1) Overview of Non-consolidated Financial Statements (The Tokyo Tomin Bank, Limited)

November 11, 2016

Company name: The Tokyo Tomin Bank, Limited

Representative: Takashi Sakamoto, President

Responsible person for inquiries: Masahiro Ogura, General Manager of Corporate Planning Division and
Joint General Manager of Financial Office

URL: <http://www.tominbank.co.jp>

Telephone: +81-3-3582-8251

Note: Amounts less than one million yen and figures beyond the first decimal place have been truncated.

1. Non-consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)

(1) Results in non-consolidated operations (cumulative)

(Percentages represent year-on-year changes.)

	Ordinary income		Ordinary profit		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2017	21,606	0.7	3,866	5.5	3,220	16.2
First half of the fiscal year ended March 31, 2016	21,452	(5.6)	3,661	(6.4)	2,771	8.2

(2) Non-consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)
September 30, 2016	2,783,321	107,354	3.8
March 31, 2016	2,791,960	90,491	3.2

(Reference) Equity: September 30, 2016: ¥107,354 million March 31, 2016: ¥90,491 million

(Note) "Equity" is the value of total net assets at the end of the period, and "Net assets to total assets ratio" is calculated by dividing equity by total assets at the end of the period. Note that this "Net assets to total assets ratio" is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification.

○ Non-consolidated Interim Financial Statements
 (1) Non-consolidated Interim Balance Sheets

The Tokyo Tomin Bank, Limited

(¥ million)

	As of March 31, 2016	As of September 30, 2016
Assets		
Cash and due from banks	295,235	293,500
Call loans	4,497	1,860
Other debt purchased	0	0
Trading account securities	31	26
Securities	586,946	575,746
Loans and bills discounted	1,842,130	1,849,852
Foreign exchange	3,406	2,517
Other assets	17,051	12,819
Tangible fixed assets	32,574	34,749
Intangible fixed assets	1,116	1,054
Prepaid pension cost	14,316	15,511
Deferred tax assets	4,194	4,017
Customers' liabilities for acceptances and guarantees	2,926	4,077
Reserve for possible loan losses	(12,466)	(12,412)
Total assets	2,791,960	2,783,321
Liabilities		
Deposits	2,390,437	2,349,454
Negotiable certificates of deposit	32,706	23,740
Call money	474	1,194
Payables under securities lending transactions	236,597	258,264
Borrowed money	7,225	5,253
Foreign exchanges	65	962
Bonds payable	16,000	16,000
Other liabilities	13,212	15,145
Reserve for employee bonuses	1,079	1,082
Reserve for directors' retirement benefits	60	67
Reserve for point card certificates	2	2
Reserve for loss on dormant deposit repayments	374	416
Provision for contingent loss	291	290
Deferred tax liabilities for land revaluation	14	14
Acceptances and guarantees	2,926	4,077
Total liabilities	2,701,469	2,675,967
Net Assets		
Common stock	48,120	55,620
Capital surplus	18,083	25,583
Retained earnings	18,655	21,480
Total shareholders' equity	84,859	102,683
Valuation difference on available-for-sale securities	5,840	4,879
Revaluation reserve for land	(209)	(209)
Total valuation and translation adjustments	5,631	4,670
Total net assets	90,491	107,354
Total liabilities and net assets	2,791,960	2,783,321

(2) Non-consolidated Interim Statements of Income**The Tokyo Tomin Bank, Limited**

(¥ million)

	First half of the fiscal year ended March 31, 2016	First half of the fiscal year ending March 31, 2017
Ordinary income	21,452	21,606
Interest income	15,597	15,978
Interest on loans and discounts	12,450	11,505
Interest and dividends on securities	2,926	4,255
Fees and commissions	4,184	4,094
Other operating income	1,075	1,038
Other ordinary income	595	496
Ordinary expenses	17,790	17,740
Financing expenses	1,153	983
Interest on deposits	544	323
Fees and commissions payments	1,282	1,143
Other operating expenses	15	17
General and administrative expenses	14,234	14,658
Other ordinary expenses	1,104	936
Ordinary profit	3,661	3,866
Extraordinary income	252	—
Gain on liquidation of subsidiaries	252	—
Extraordinary losses	76	19
Loss on disposal of non-current assets	76	19
Income before income taxes	3,836	3,847
Income taxes – current	89	27
Income taxes – deferred	975	599
Total income taxes	1,065	626
Net income	2,771	3,220

(2) Overview of Non-consolidated Financial Statements (The Yachiyo Bank, Limited)

November 11, 2016

Company name: The Yachiyo Bank, Limited

Representative: Hirokazu Tahara, President

Responsible person for inquiries: Hiroshi Shibuya, Executive Officer, General Manager of Corporate Planning Division

URL: <http://www.yachiyobank.co.jp>

Telephone: +81-3-3352-2295

Note: Amounts less than one million yen and figures beyond the first decimal place have been truncated.

1. Non-consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)

(1) Results in non-consolidated operations (cumulative)

(Percentages represent year-on-year changes.)

	Ordinary income		Ordinary profit		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2017	18,680	0.8	3,086	(12.8)	2,909	16.8
First half of the fiscal year ended March 31, 2016	18,529	(10.3)	3,541	(26.7)	2,489	(27.8)

(2) Non-consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)
September 30, 2016	2,343,756	110,200	4.7
March 31, 2016	2,324,249	109,626	4.7

(Reference) Equity: September 30, 2016: ¥110,200 million March 31, 2016: ¥109,626 million

(Note) "Equity" is the value of total net assets at the end of the period, and "Net assets to total assets ratio" is calculated by dividing equity by total assets at the end of the period. Note that this "Net assets to total assets ratio" is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification.

○ Non-consolidated Interim Financial Statements
(1) Non-consolidated Interim Balance Sheets

The Yachiyo Bank, Limited

(¥ million)

	As of March 31, 2016	As of September 30, 2016
Assets		
Cash and due from banks	110,233	158,001
Call loans	39,577	24,193
Other debt purchased	4,202	2,977
Trading account securities	627	696
Securities	613,955	588,592
Loans and bills discounted	1,517,513	1,526,273
Foreign exchange	3,124	3,204
Other assets	8,302	11,141
Tangible fixed assets	29,368	29,834
Intangible fixed assets	786	635
Deferred tax assets	3,359	4,732
Customers' liabilities for acceptances and guarantees	2,934	2,910
Reserve for possible loan losses	(9,736)	(9,436)
Total assets	2,324,249	2,343,756
Liabilities		
Deposits	2,124,520	2,136,384
Negotiable certificates of deposit	5,630	8,706
Payables under securities lending transactions	56,730	67,714
Borrowed money	5,000	—
Foreign exchanges	2	0
Other liabilities	12,687	10,766
Reserve for employee bonuses	844	910
Reserve for retirement benefits	2,810	2,713
Reserve for loss on dormant deposit repayments	614	614
Provision for contingent loss	367	352
Deferred tax liabilities for land revaluation	2,481	2,481
Acceptances and guarantees	2,934	2,910
Total liabilities	2,214,623	2,233,555
Net Assets		
Common stock	43,734	43,734
Capital surplus	32,922	32,922
Retained earnings	27,540	30,053
Total shareholders' equity	104,197	106,710
Valuation difference on available-for-sale securities	4,819	2,877
Deferred gains or losses on hedges	(7)	(4)
Revaluation reserve for land	616	616
Total valuation and translation adjustments	5,428	3,489
Total net assets	109,626	110,200
Total liabilities and net assets	2,324,249	2,343,756

(2) Non-consolidated Interim Statements of Income**The Yachiyo Bank, Limited**

(¥ million)

	First half of the fiscal year ended March 31, 2016	First half of the fiscal year ending March 31, 2017
Ordinary income	18,529	18,680
Interest income	13,960	13,895
Interest on loans and discounts	10,660	10,053
Interest and dividends on securities	2,973	3,608
Fees and commissions	3,015	3,009
Other operating income	1,095	1,546
Other ordinary income	457	228
Ordinary expenses	14,988	15,594
Financing expenses	664	480
Interest on deposits	588	412
Fees and commissions payments	714	670
Other operating expenses	—	431
General and administrative expenses	12,959	13,004
Other ordinary expenses	649	1,008
Ordinary profit	3,541	3,086
Extraordinary income	162	0
Gain on disposal of non-current assets	162	0
Extraordinary losses	33	78
Loss on disposal of non-current assets	33	78
Income before income taxes	3,669	3,007
Income taxes – current	1,015	682
Income taxes – deferred	164	(585)
Total income taxes	1,179	97
Net income	2,489	2,909

(3) Overview of Non-consolidated Financial Statements (ShinGinko Tokyo, Limited)

November 11, 2016

Company name: ShinGinko Tokyo, Limited

Representative: Hidenori Tsunehisa, President and CEO

Responsible person for inquiries: Toshikazu Tanaka, Director and Executive Officer

URL: <https://www.sgt.jp/>

Telephone: +81-3-6302-3471

Note: Amounts less than one million yen and figures beyond the first decimal place have been truncated.

1. Non-consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)

(1) Results in non-consolidated operations

(Percentages represent year-on-year changes.)

	Ordinary income		Ordinary profit		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2017	3,557	2.7	741	6.2	626	(10.0)
First half of the fiscal year ended March 31, 2016	3,462	(6.3)	698	(12.9)	696	(13.0)

(2) Non-consolidated financial position

	Total assets	Total net assets	Net assets to total assets ratio
	(¥ million)	(¥ million)	(%)
September 30, 2016	466,165	61,845	13.2
March 31, 2016	458,925	60,055	13.0

(Reference) Equity: September 30, 2016: ¥61,845 million March 31, 2016: ¥60,055 million

(Note) "Equity" is the value of total net assets at the end of the period, and "Net assets to total assets ratio" is calculated by dividing equity by total assets at the end of the period. Note that this "Net assets to total assets ratio" is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification.

○ Non-consolidated Interim Financial Statements
 (1) Non-consolidated Interim Balance Sheets

ShinGinko Tokyo, Limited

(¥ million)

	As of March 31, 2016	As of September 30, 2016
Assets		
Cash and due from banks	35,188	35,532
Other debt purchased	31,727	32,668
Securities	172,355	168,676
Loans and bills discounted	222,587	232,248
Other assets	786	686
Tangible fixed assets	39	35
Intangible fixed assets	265	221
Customers' liabilities for acceptances and guarantees	2,215	2,028
Reserve for possible loan losses	(5,976)	(5,934)
Reversal for allowance for possible loans	(264)	-
Total assets	458,925	466,165
Liabilities		
Deposits	293,445	305,762
Call money	-	5,000
Borrowed money	100,000	87,900
Other liabilities	2,001	1,751
Reserve for employee bonuses	137	138
Reserve for directors' bonuses	7	0
Reserve for retirement benefits	138	149
Provision for contingent loss	21	24
Deferred tax liabilities	903	1,564
Acceptances and guarantees	2,215	2,028
Total liabilities	398,870	404,320
Net Assets		
Common stock	20,000	20,000
Capital surplus	32,046	32,046
Retained earnings	5,407	5,872
Total shareholders' equity	57,454	57,919
Valuation difference on available-for-sale securities	2,600	3,925
Total valuation and translation adjustments	2,600	3,925
Total net assets	60,055	61,845
Total liabilities and net assets	458,925	466,165

(Note) "Deferred tax assets" and "deferred tax liabilities" that were presented separately during the previous fiscal year will be presented after offsetting from the current interim accounting period. As a result of this change in the presentation method, the ¥244 million in deferred tax assets and ¥1,147 million in deferred tax liabilities that were presented in the balance sheets for the previous fiscal year will be reclassified and presented as ¥903 million in deferred tax liabilities.

(2) Non-consolidated Interim Statements of Income**ShinGinko Tokyo, Limited**

(¥ million)

	First half of the fiscal year ended March 31, 2016	First half of the fiscal year ending March 31, 2017
Ordinary income	3,462	3,557
Interest income	3,191	3,122
Interest on loans and discounts	1,677	1,713
Interest and dividends on securities	1,235	1,133
Trust fees	26	20
Fees and commissions	127	94
Other operating income	—	52
Other ordinary income	116	267
Ordinary expenses	2,763	2,815
Interest expenses	488	425
Interest on deposits	436	408
Fees and commissions payments	73	68
General and administrative expenses	1,964	2,056
Other ordinary expenses	236	265
Ordinary profit	698	741
Income before income taxes	698	741
Income taxes – current	2	39
Income taxes – deferred	—	75
Total income taxes	2	114
Net income	696	626