

Yamaguchi Bank Financial Statements

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

March 31, 2017 and 2016

| ASSETS | | Millions of yen | Millions of yen | Thousands of |
|--------|---|--------------------|--------------------|----------------------|
| | | 2017 | 2016 | U.S. dollars |
| Assets | Cash and due from banks | ¥ 647,945 | ¥ 758,297 | \$ 5,775,426 |
| | Call loans and bills purchased | 259,341 | 322,664 | 2,311,623 |
| | Monetary claims bought | 8,262 | 7,160 | 73,643 |
| | Trading assets | 2,153 | 3,584 | 19,191 |
| | Money held in trust | 33,710 | 45,095 | 300,472 |
| | Securities | 1,137,780 | 1,413,070 | 10,141,546 |
| | Loans and bills discounted | 3,620,283 | 3,481,850 | 32,269,213 |
| | Foreign exchanges | 6,581 | 7,711 | 58,659 |
| | Other assets | 48,834 | 53,394 | 435,280 |
| | Tangible fixed assets | 44,307 | 44,358 | 394,928 |
| | Intangible fixed assets | 2,321 | 2,670 | 20,688 |
| | Prepaid pension cost | 17,445 | 17,553 | 155,495 |
| | Customers' liabilities for acceptances and guarantees | 21,596 | 25,098 | 192,495 |
| | Allowance for loan losses | (23,864) | (25,707) | (212,711) |
| | Total assets | ¥ 5,826,694 | ¥ 6,156,797 | \$ 51,935,948 |

LIABILITIES AND NET ASSETS (SHAREHOLDERS' EQUITY)

| | | | | | |
|--|--|--------------------|----------------------|-------------------|--------|
| Liabilities: | Deposits | ¥ 5,202,916 | ¥ 5,568,117 | \$ 46,375,934 | |
| | Call money and bills sold | 83,142 | 72,537 | 741,082 | |
| | Payables under securities lending transactions | 32,861 | 32,001 | 292,905 | |
| | Trading liabilities | 2,199 | 3,619 | 19,601 | |
| | Borrowed money | 6,748 | 8,482 | 60,148 | |
| | Foreign exchanges | 2,859 | 1,343 | 25,484 | |
| | Other liabilities | 50,484 | 38,321 | 449,985 | |
| | Provision for bonuses | 10 | 1,440 | 89 | |
| | Provision for retirement benefits | 107 | 106 | 954 | |
| | Provision for directors' stock benefits | 44 | — | 392 | |
| | Provision for reimbursement of deposits | 973 | 946 | 8,673 | |
| | Provision for customers point services | 46 | 45 | 410 | |
| | Deferred tax liabilities | 13,626 | 12,752 | 121,455 | |
| | Deferred tax liabilities for land revaluation | 7,414 | 7,414 | 66,084 | |
| | Acceptances and guarantees | 21,596 | 25,098 | 192,495 | |
| | Total liabilities | 5,425,025 | 5,772,221 | 48,355,691 | |
| | Net assets: | Capital stock | 10,006 | 10,006 | 89,188 |
| | | Capital surplus | 380 | 380 | 3,387 |
| Retained earnings | | 330,445 | 315,458 | 2,945,405 | |
| Total shareholders' equity | | 340,831 | 325,844 | 3,037,980 | |
| Net unrealized gains on securities | | 44,231 | 42,262 | 394,251 | |
| Deferred gains or losses on hedges | | (159) | (286) | (1,417) | |
| Revaluation reserve for land | | 16,766 | 16,756 | 149,443 | |
| Total valuation and translation adjustments | | 60,838 | 58,732 | 542,277 | |
| Total net assets | | 401,669 | 384,576 | 3,580,257 | |
| Total liabilities, and net assets | ¥ 5,826,694 | ¥ 6,156,797 | \$ 51,935,948 | | |

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Years ended March 31, 2017 and 2016

| | Millions of yen 2017 | Millions of yen 2016 | Thousands of U.S. dollars 2017 |
|--------------------------------------|-------------------------|-------------------------|--------------------------------------|
| Income | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥ 38,981 | ¥ 40,638 | \$ 347,455 |
| Interest and dividends on securities | 12,136 | 13,272 | 108,174 |
| Other interest income | 782 | 1,500 | 6,970 |
| Fees and commissions | 11,686 | 11,519 | 104,163 |
| Trading income | 42 | 30 | 374 |
| Other ordinary income | 10,272 | 10,183 | 91,559 |
| Other income | 5,267 | 11,595 | 46,947 |
| Total income | 79,166 | 88,737 | 705,642 |

| | | | |
|--|-----------------|-----------------|-------------------|
| Expenses | | | |
| Interest expense: | | | |
| Interest on deposits | 3,049 | 4,201 | 27,177 |
| Interest on borrowings and rediscounts | 1,638 | 684 | 14,600 |
| Other interest expense | 151 | 146 | 1,346 |
| Fees and commissions payments | 4,398 | 4,116 | 39,201 |
| Other operating expenses | 6,072 | 8,212 | 54,122 |
| General and administrative expenses | 34,373 | 32,853 | 306,382 |
| Impairment losses | 130 | 59 | 1,159 |
| Other expenses | 2,554 | 2,420 | 22,766 |
| Total expenses | 52,365 | 52,691 | 466,753 |
| Income before income taxes and minority interests | 26,801 | 36,046 | 238,889 |
| Income taxes: | | | |
| Current | 8,123 | 9,423 | 72,404 |
| Deferred | 81 | 1,916 | 722 |
| Net income | ¥ 18,597 | ¥ 24,707 | \$ 165,763 |

| Amounts per share of common stock: | Yen 2017 | Yen 2016 | U.S. dollars 2017 |
|---------------------------------------|-------------|-------------|----------------------|
| | Net income | ¥ 92.99 | ¥ 123.53 |
| Cash dividends applicable to the year | 10.00 | 15.00 | 0.09 |