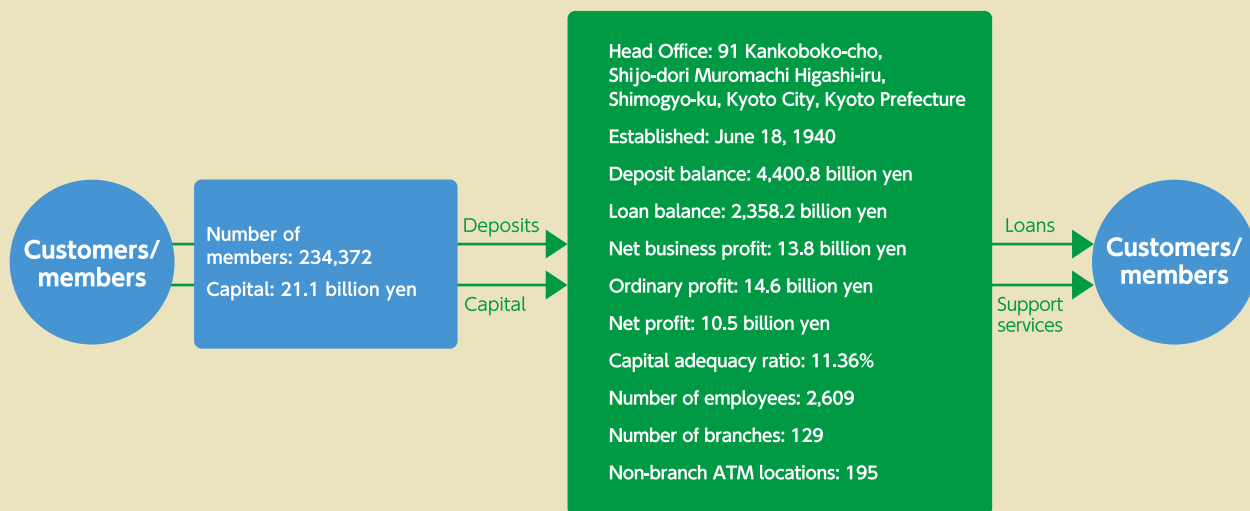


THE KYOTO CHUO SHINKIN BANK

ANNUAL REPORT 2016

Company profile of the Kyoto Chuo Shinkin Bank



(Year ended March 2016)

The Kyoto Chuo Shinkin Bank is a cooperative financial institution that operates under the shared philosophy of prosperity for all, including for local SMEs and individuals. The Kyoto Chuo Shinkin Bank serves Kyoto City and parts of Kyoto, Shiga, Osaka and Nara prefecture. The deposits we look after for our customers in the community are used for investments in customers that require capital, such as venture corporations, in order to foster the continued development of local economies and businesses. Moreover, we have formed a strong network characterized by close ties to the community. With a broad branch system, we provide products and services in-line with the demand of customers and assist them in improving their lives. We are also actively involved in activities designed to help the cultivation of human resources and engage in activities geared toward protecting and passing on to the next generation the local natural environment, scenery, and traditional culture in our community, including within an international city of culture and tourism; Kyoto. Thus, we contribute to development in our community not just financially, but in other various ways as well.

We are actively involved in activities that contribute to a society to which we are thankful.

Unlike city-based commercial banks, which do business on a national scale, credit associations are limited in their terms of where they do business. As such, credit associations cannot hope for their own development without the development of the communities where they do business. The Kyoto Chuo Shinkin Bank (as a financial institution headquartered in the land of the Kyoto Protocol) not only serves to help the region prosper through financial institution activities, but is also actively involved with environmental issues and continuously engages in various activities that contribute to a society we are grateful for.

Fund Procurement and Management

Deposit balances by account type

(Unit : million yen)

| | Year ended March 2015 (Component ratio) | Year ended March 2016 (Component ratio) | Changes |
|------------------------|---|---|--------------------|
| Current deposits | 67,937 (1.58%) | 76,947 (1.74%) | 9,010 (0.16%) |
| Ordinary deposits | 1,468,549 (34.21%) | 1,540,993 (35.01%) | 72,443 (0.80%) |
| Savings deposits | 49,967 (1.16%) | 50,596 (1.14%) | 628 (△0.02%) |
| Deposits at notice | 25,524 (0.59%) | 26,544 (0.60%) | 1,020 (0.01%) |
| Time deposits | 2,484,690 (57.88%) | 2,513,171 (57.10%) | 28,480 (△0.78%) |
| Fixed savings deposits | 56,557 (1.31%) | 54,056 (1.22%) | △2,501 (△0.09%) |
| Other deposits | 139,253 (3.24%) | 138,575 (3.14%) | △677 (△0.10%) |
| Total | 4,292,480 (100.00%) | 4,400,885 (100.00%) | 108,404 (-) |

(Notes) Foreign currency deposits are included in "Other deposits".

Deposit balances by depositor

(Unit : million yen)

| | Year ended March 2015 (Component ratio) | Year ended March 2016 (Component ratio) | Changes |
|------------------------|---|---|--------------------|
| Individual customers | 3,235,642 (75.37%) | 3,245,392 (73.74%) | 9,749 (△1.63%) |
| Corporate customers | 844,417 (19.67%) | 904,485 (20.55%) | 60,068 (0.88%) |
| Public institutions | 48,924 (1.13%) | 61,468 (1.39%) | 12,543 (0.26%) |
| Financial institutions | 163,496 (3.80%) | 189,538 (4.30%) | 26,042 (0.50%) |
| Total | 4,292,480 (100.00%) | 4,400,885 (100.00%) | 108,404 (-) |

(Notes) Negotiable certificates of deposits are not included in this table.

Loan balances by account

(Unit : million yen)

| | Year ended March 2015 | Year ended March 2016 | Changes |
|------------------|-----------------------|-----------------------|---------------|
| Bills discounted | 10,783 | 10,004 | △778 |
| Loans on bills | 75,524 | 75,483 | △41 |
| Loans on deeds | 2,130,953 | 2,200,674 | 69,720 |
| Overdrafts | 71,290 | 72,065 | 775 |
| Total | 2,288,552 | 2,358,228 | 69,675 |

(Notes) The Bank does not distinguish between domestic and international operations.

Breakdown of loan balances by business type

(Unit : number, million yen)

| | Year ended March 2015 | | | Year ended March 2016 | | |
|--|-----------------------|------------------|-----------------|-----------------------|------------------|-----------------|
| | Number of borrowers | Loan balance | Component ratio | Number of borrowers | Loan balance | Component ratio |
| Manufacturing | 2,750 | 129,980 | 5.67% | 2,695 | 126,016 | 5.34% |
| Agriculture, forestry | 38 | 610 | 0.02% | 36 | 583 | 0.02% |
| Mining, quarrying, sand and gravel gathering | 7 | 1,077 | 0.04% | 8 | 974 | 0.04% |
| Construction | 3,241 | 96,982 | 4.23% | 3,257 | 96,680 | 4.09% |
| Electricity, gas, heat supply, water | 9 | 186 | 0.00% | 18 | 276 | 0.01% |
| Telecommunications | 184 | 4,622 | 0.20% | 189 | 4,378 | 0.18% |
| Transportation, postal industry | 275 | 22,488 | 0.98% | 274 | 23,535 | 0.99% |
| Wholesale business | 1,474 | 79,870 | 3.48% | 1,445 | 78,015 | 3.30% |
| Retail business | 1,698 | 51,046 | 2.23% | 1,674 | 49,372 | 2.09% |
| Finance, insurance | 49 | 7,085 | 0.30% | 60 | 45,047 | 1.91% |
| Real estate | 4,630 | 469,235 | 20.50% | 4,837 | 482,762 | 20.47% |
| Rental industry | 38 | 5,957 | 0.26% | 33 | 5,935 | 0.25% |
| Scientific research, specialist/technical services | 419 | 7,895 | 0.34% | 421 | 8,469 | 0.35% |
| Accommodation industry | 68 | 12,758 | 0.55% | 75 | 11,413 | 0.48% |
| Restaurant industry | 1,230 | 25,790 | 1.12% | 1,194 | 25,171 | 1.06% |
| Lifestyle-related service industries, entertainment industry | 465 | 37,206 | 1.62% | 463 | 37,694 | 1.59% |
| Education, study support industry | 103 | 13,228 | 0.57% | 106 | 10,271 | 0.43% |
| Medicine, welfare | 599 | 53,086 | 2.31% | 643 | 54,267 | 2.30% |
| Other services | 1,106 | 39,452 | 1.72% | 1,186 | 41,095 | 1.74% |
| Subtotal | 18,383 | 1,058,562 | 46.25% | 18,614 | 1,101,963 | 46.72% |
| Local public entities | 27 | 121,141 | 5.29% | 26 | 111,848 | 4.74% |
| Individual (housing, consumption, tax payment funds, etc.) | 148,016 | 1,108,848 | 48.45% | 145,635 | 1,144,416 | 48.52% |
| Total | 166,426 | 2,288,552 | 100.00% | 164,275 | 2,358,228 | 100.00% |

(Notes) 1. Business categories are based on the large classification of Japan Standard Industry Classification.

2. Loans outside Japan are classified in the same manner as those in Japan and are included within their respective business category.

Fund management and securities business

Average balance by type of security

(Unit : million yen)

| | Year ended March 2015 | Year ended March 2016 | Changes |
|---------------------------|-----------------------|-----------------------|----------------|
| Japanese government bonds | 745,233 | 682,005 | △63,227 |
| Local government bonds | 113,073 | 237,142 | 124,068 |
| Corporate bonds | 427,520 | 491,373 | 63,852 |
| Stocks | 20,411 | 25,996 | 5,584 |
| Foreign securities | 123,533 | 157,321 | 33,788 |
| Other securities | 32,500 | 37,730 | 5,229 |
| Total | 1,462,273 | 1,631,569 | 169,295 |

Other Indicators

Foreign exchange transaction handling performance

(Unit : million US\$)

| | Year ended March 2015 | Year ended March 2016 | Changes |
|-----------------|-----------------------|-----------------------|------------|
| Export exchange | 109 | 112 | 2 |
| Import exchange | 187 | 173 | △13 |
| Total | 296 | 285 | △10 |

Foreign currency denominated assets balance

(Unit : million US\$)

| | Year ended March 2015 | Year ended March 2016 | Changes |
|--|-----------------------|-----------------------|---------|
| Balance of foreign currency denominated assets | 817 | 1,054 | 237 |

About the Capital-to-Asset Ratio

Consolidated Capital-to-Asset Ratio (Basel III Domestic Framework)

(Unit: million yen)

| Item | | Year ended March 2015 | Year ended March 2016 | Changes | |
|---|--|--------------------------|--------------------------|-----------|---------|
| Fundamental items related to core capital (A) | Member accounts related to ordinary investment | 220,278 | 230,001 | 9,722 | |
| | (Investments) | 21,349 | 21,161 | △ 188 | |
| | (Earned surplus) | 201,198 | 211,037 | 9,838 | |
| | (Predicted outflow (－)) | 1,000 | 996 | △ 3 | |
| | (Other) | △ 1,268 | △ 1,200 | 68 | |
| | General allowance for doubtful accounts | 3,862 | 4,697 | 835 | |
| | Fundamental items related to core capital among eligible former capital procurement methods | 7,208 | 4,804 | △ 2,404 | |
| | Fundamental items related to core capital among the 45% general amount of difference in reevaluation of land | 5,211 | 4,632 | △ 579 | |
| | Fundamental items related to core capital among non controlling interest | 42 | 62 | 20 | |
| | (A) | 236,603 | 244,198 | 7,594 | |
| Adjusted items related to core capital (B) | Intangible fixed assets | 559 | 923 | 364 | |
| | | (B) | 559 | 923 | 364 |
| Owned capital (C) | | (A) – (B) | 236,044 | 243,274 | 7,230 |
| Risk assets, etc. (D) | Trust risk assets | 1,897,518 | 2,002,752 | 105,234 | |
| | Amount derived by dividing the total amount equivalent to operational risk by 8% | 92,005 | 91,162 | △842 | |
| | | (D) | 1,989,523 | 2,093,915 | 104,391 |
| Consolidated capital-to-asset ratio | | $\frac{(C)}{(D)}$ | 11.86% | 11.61% | △0.25% |

(Notes) The above is calculated based on the "Standards for judging whether the owned capital Shinkin Bank or Shinkin Bank Association holds is appropriate according to the assets they possess based on the regulations in Article 14, Section 2 of the Banking Act applying to Article 89, Section 1 of the Shinkin Bank Act (Financial Services Agency announcement 21 of 2006)." Our group has adopted a domestic framework.

Consolidated Financial Statements

Consolidated balance sheet

(Unit : million yen)

| (Assets) | As of March 31, 2015 | As of March 31, 2016 | Changes |
|---|----------------------|----------------------|----------------|
| Cash and due from banks | 856,477 | 964,045 | 107,568 |
| Bills purchased and call loans | 723 | 621 | △ 102 |
| Monetary claims purchased | 2,850 | 626 | △ 2,224 |
| Trust funds | 2,073 | 1,991 | △ 82 |
| Trading securities | 1,247 | 1,388 | 141 |
| Investment securities | 1,564,608 | 1,610,720 | 46,112 |
| Loans | 2,286,866 | 2,356,622 | 69,756 |
| Foreign exchange | 1,130 | 1,067 | △ 62 |
| Other assets | 23,471 | 26,812 | 3,341 |
| Tangible fixed assets | 53,560 | 53,941 | 381 |
| Buildings | 6,619 | 6,641 | 21 |
| Land | 42,312 | 42,313 | 1 |
| Lease assets | 2,061 | 2,354 | 292 |
| Construction work in progress | 130 | 43 | △ 86 |
| Other tangible fixed assets | 2,435 | 2,588 | 152 |
| Intangible fixed assets | 3,876 | 3,200 | △ 675 |
| Software | 1,338 | 884 | △ 453 |
| Lease assets | 2,144 | 1,883 | △ 260 |
| Other intangible fixed assets | 393 | 432 | 38 |
| Deferred tax assets | 3,733 | 775 | △ 2,958 |
| Customers' liabilities for acceptances and guarantees | 5,897 | 7,611 | 1,713 |
| Reserve for possible loan loss | △ 17,004 | △ 16,604 | 400 |
| Reserve for investment loss | △ 48 | △ 35 | 12 |
| Total assets | 4,789,463 | 5,012,785 | 223,321 |

| (Liabilities) | As of March 31, 2015 | As of March 31, 2016 | Changes |
|---|----------------------|----------------------|----------------|
| Deposits | 4,274,905 | 4,382,831 | 107,925 |
| Borrowings | 155,400 | 243,600 | 88,200 |
| Bills sold and call money | 58,536 | 59,353 | 817 |
| Foreign exchange | 5 | 6 | 1 |
| Other liabilities | 26,872 | 31,618 | 4,745 |
| Reserve for bonuses | 14 | 14 | — |
| Retirement benefit liability | 11,786 | 11,532 | △ 253 |
| Reserve for retirement bonuses for directors | 977 | 925 | △ 52 |
| Reserve for reimbursement of deposits | 221 | 235 | 13 |
| Reserve for contingent losses | 193 | 115 | △ 78 |
| Reserve for reward payments of deposits | 176 | 159 | △ 16 |
| Deferred tax liabilities | — | 1,103 | 1,103 |
| Deferred tax liabilities as for land revaluation | 4,853 | 4,853 | — |
| Acceptances and guarantees | 5,897 | 7,611 | 1,713 |
| Total liabilities | 4,539,840 | 4,743,959 | 204,119 |
| (Net assets) | | | |
| Capital | 21,349 | 21,161 | △ 188 |
| Earned surplus | 201,198 | 211,037 | 9,838 |
| Unsettled equity | △ 1,268 | △ 1,200 | 68 |
| Total members' equity | 221,279 | 230,998 | 9,718 |
| Net unrealized gains on available-for-sale securities | 20,301 | 29,756 | 9,455 |
| Deferred hedging gains and losses | △ 17 | △ 21 | △ 3 |
| Land revaluation surplus | 8,013 | 8,013 | — |
| Total amount on valuation and translation | 28,297 | 37,749 | 9,451 |
| Non controlling interest | 46 | 78 | 31 |
| Total net assets | 249,623 | 268,825 | 19,202 |
| Total liabilities and net assets | 4,789,463 | 5,012,785 | 223,321 |

Consolidated Financial Statements

Consolidated statement of income

(Unit : thousand yen)

| | April 1, 2014 through March 31, 2015 | April 1, 2015 through March 31, 2016 | Changes |
|---|--------------------------------------|--------------------------------------|--------------------|
| Ordinary income | 68,372,414 | 68,396,945 | 24,531 |
| Fund management income | 51,584,548 | 51,323,283 | △ 261,264 |
| Interest on loans | 37,824,369 | 36,363,514 | △ 1,460,854 |
| Interest on deposits | 2,741,701 | 2,410,696 | △ 331,004 |
| Interest on bills purchased and call loans | 23,860 | 16,718 | △ 7,142 |
| Interest and dividends on securities | 10,087,533 | 11,266,936 | 1,179,403 |
| Other interest income | 907,084 | 1,265,416 | 358,332 |
| Fees and commissions | 6,106,065 | 6,301,958 | 195,892 |
| Other operating income | 6,833,999 | 7,812,717 | 978,717 |
| Other ordinary income | 3,847,800 | 2,958,986 | △ 888,813 |
| Gain on reversal of allowance for doubtful accounts | 97,937 | — | △ 97,937 |
| Bad debt recovered | 1,047,454 | 515,198 | △ 532,255 |
| Other ordinary income | 2,702,408 | 2,443,788 | △ 258,620 |
| Ordinary expenses | 51,862,430 | 53,056,343 | 1,193,913 |
| Financing expenses | 4,803,676 | 5,501,640 | 697,964 |
| Interest on deposits | 4,102,192 | 4,457,563 | 355,371 |
| Interest on Fixed savings deposits | 20,233 | 14,690 | △ 5,543 |
| Interest on borrowings | 181,228 | 247,070 | 65,841 |
| Interest on bills sold and call money | 140,529 | 335,148 | 194,619 |
| Interest paid in bond lending transactions | 135,851 | 205,871 | 70,019 |
| Other interest expenses | 223,640 | 241,296 | 17,656 |
| Fees and commissions | 4,783,690 | 5,128,277 | 344,587 |
| Other operating expenses | 3,830,148 | 4,405,101 | 574,952 |
| Expenses | 36,947,747 | 35,502,738 | △ 1,445,009 |
| Other ordinary expenses | 1,497,167 | 2,518,585 | 1,021,417 |
| Provision of allowance for doubtful debt accounts | — | 262,094 | 262,094 |
| Other ordinary expenses | 1,497,167 | 2,256,490 | 759,323 |
| Ordinary profit | 16,509,984 | 15,340,602 | △ 1,169,382 |
| Extraordinary profit | 3,146,744 | 1,540 | △ 3,145,203 |
| Gain on disposal of fixed assets | 31 | 1,540 | 1,509 |
| Gain on negative goodwill | 3,146,712 | — | △ 3,146,712 |
| Extraordinary loss | 99,254 | 69,969 | △ 29,285 |
| Loss on disposal of fixed assets | 98,283 | 67,305 | △ 30,977 |
| Impairment losses | 970 | 2,663 | 1,692 |
| Net income before taxes and other adjustments | 19,557,474 | 15,272,173 | △ 4,285,300 |
| Corporate tax, inhabitant tax and business tax | 3,891,411 | 4,036,234 | 144,822 |
| Adjustment with corporate tax, etc. | 812,065 | 402,984 | △ 409,081 |
| Total corporate tax, etc. | 4,703,476 | 4,439,218 | △ 264,258 |
| Net income | 14,853,997 | 10,832,955 | △ 4,021,042 |
| Profit attributable to non-controlling interests | 694,737 | △ 6,251 | △ 700,988 |
| Profit attributable to owners of parent | 14,159,260 | 10,839,207 | △ 3,320,053 |

Consolidated statement of retained earnings

(Unit : thousand yen)

| (Earned surplus) | April 1, 2014 through March 31, 2015 | April 1, 2015 through March 31, 2016 | Changes |
|---|--------------------------------------|--------------------------------------|----------------------|
| Earned surplus at the beginning of the term | 187,024,236 | 201,198,537 | 14,174,301 |
| Cumulative effects of changes in accounting policies | 1,012,796 | — | △ 1,012,796 |
| Earned surplus that reflects changes in accounting policies at the beginning of the term | 188,037,032 | — | △ 188,037,032 |
| Increase in earned surplus | 14,159,260 | 10,839,207 | △ 3,320,053 |
| Profit attributable to owners of parent | 14,159,260 | 10,839,207 | △ 3,320,053 |
| Decrease in earned surplus | 997,756 | 1,000,491 | 2,735 |
| Dividends | 997,756 | 1,000,491 | 2,735 |
| Earned surplus at the end of the term | 201,198,537 | 211,037,252 | 9,838,715 |

Segment information by business type

Some consolidated companies conduct credit guarantee business, etc., in addition to credit association business, but because the ratio of these business activities to all segments is minimal, segment information by business type is not included here.

Status of Loan Assets

Self-assessment and depreciation/allowance

The Bank has established standards in accordance with the financial inspections manual to ensure the health of assets. It has also rigorously implemented "self-assessment" in order to scrutinize its own assets individually, as well as "depreciation and allowance" in accordance with it.

In the self-assessment, the Bank assesses the repayment capacity of borrowers based on their financial condition, cash position and profitability. In accordance with the results of the assessment, they are classified into one of five groups consisting of "Normal entities," "Entities requiring caution," "Potentially bankrupt entities," "Entities bankrupt in substance" and "Bankrupt entities." Then, the Bank classifies each individual loan into one of four groups consisting of "Unclassified," "Classification II," "Classification III" and "Classification IV," based on the degree of the risk inherent in collection of the loan or based on the risk of damage to the value of the loan. The Bank has fully established regulations for depreciation and allowance. It processes based on the classification of borrowers and loans.

Self-assessment, disclosed loans, and recovery conditions (non-consolidated basis)

(Unit : 100 million yen)

| | Self-assessment | | | | Disclosure based on the Financial Reconstruction Law (loans and other claims) | | Risk management loans (loans) | | Recovery conditions | | |
|--------------------------------|-----------------|-------------------|--------------------|--------------------|---|--|-------------------------------------|-----------------------|--|---------------------|---------------|
| | Unclassified | Classification II | Classification III | Classification IV* | Classification | Year ended March 2016 | Classification | Year ended March 2016 | Collectible amount by collateral, guarantees, etc. | Reserve of the Bank | Recovery rate |
| Bankrupt entities | 20 | 7 | 13 | — | 0 | Bankrupt and quasi-bankrupt loans and claims | Loans to bankrupt entities | 20 | 54 | 17 | 100.00% |
| Entities bankrupt in substance | 51 | 5 | 28 | — | 17 | | Overdue loans | 633 | | | |
| Potentially bankrupt entities | 583 | 221 | 227 | 133 | 583 | Doubtful loans and claims | Loans overdue for 3 months or more | — | 449 | 77 | 90.40% |
| Entities requiring caution | 3,505 | 1,071 | 2,434 | — | 34 | Substandard loans and claims | Loans with eased lending conditions | 34 | | | |
| | | | | | | Subtotal | Subtotal | 689 | 523 | 97 | 89.86% |
| Normal entities | 19,506 | 19,506 | | | | Normal loans and claims | | 22,984 | 19,045 | 40 | 83.04% |
| Total | | | | | | Total | | 23,675 | 19,568 | 138 | 83.24% |

* Category IV assessment off balance due to amortization is 700 million yen.

* The value of "Disclosure based on the Financial Reconstruction Law" includes the value of privately placed bonds that the Bank guarantees. In addition, "Recovery conditions" show ratios in proportion to the values shown under "Disclosure based on the Financial Reconstruction Law".

Explanation of terms

| | Self-assessment | Financial Reconstruction Law (loans and other claims) | Risk management loans (loans) |
|-----------------|--------------------------------|---|--|
| Disclosed loans | Bankrupt entities | Borrowers who are undergoing legal and formal bankruptcy proceedings | Loans to bankrupt entities |
| | Entities bankrupt in substance | Borrowers who are not undergoing legal and formal bankruptcy proceedings, but who are in serious financial difficulties and bankrupt in substance | "Bankrupt entities" in self-assessment |
| | Potentially bankrupt entities | Borrowers who are not bankrupt at present, but who are in financial difficulties, whose measures for management improvement are not progressing well, and who are recognized to be highly likely to become bankrupt in the future (including borrowers who are receiving support) | Overdue loans |
| | Entities requiring caution | Borrowers who require caution for the management of loans in the future because business is sluggish and unstable or they have problems in their financial conditions | Loans overdue for 3 months or more |
| | Normal entities | Borrowers whose business conditions are good and who have no problems in their financial conditions | Loans with eased lending conditions |

Status of Loan Assets

Disclosure of loan assets

The Bank is obliged to disclose the “Disclosed claims based on the Financial Reconstruction Law” and “Risk management loans” based on the Shinkin Bank Act. The difference between the above-mentioned disclosed claims is that while “Disclosed claims based on the Financial Reconstruction Law” include claims other than loans and bills discounted, such as customers’ liabilities for acceptances and guarantees, “Risk management loans” include only loans and bills discounted.

The Bank has a total coverage ratio of 89.86% in combination with collateral, guarantees and reserves for disclosed claims based on the Financial Reconstruction Law (excluding normal loans and claims) and continues to maintain a sufficient level of reserves. The Bank believes that its mission is to contribute to the development of and support for the region, while securing sound management through establishing sufficient reserves.

Disclosed claims and reserve and recovery conditions under the Financial Reconstruction Law

(Disclosure criteria specified in Article 6 and Article 7 of the Law Concerning Emergency Measures for the Reconstruction of the Functions of the Financial System)

(Unit : 100 million yen)

| Classification | Year ended March 2015 | Year ended March 2016 | | | | | |
|--|-----------------------|------------------------|----------------|---|------------------------------------|---------------------------------------|--------------------------------------|
| | Disclosure balance | Disclosure balance (A) | Ratio | Amount collectible by collateral, guarantee, etc. (B) | Reserve for possible loan loss (C) | Recovery rate *1 ([B] + [C]) / (A) | Reserve rate *2 (C) / ([A] - [B]) |
| Bankrupt and quasi-bankrupt loans and claims | 75 | 72 | 0.31% | 54 | 17 | 100.00% | 100.00% |
| Doubtful loans and claims | 927 | 583 | 2.46% | 449 | 77 | 90.40% | 58.19% |
| Substandard loans and claims | 66 | 34 | 0.14% | 18 | 1 | 59.17% | 10.58% |
| Subtotal | 1,069 | 690 | 2.92% | 523 | 97 | 89.86% | 58.16% |
| Normal loans and claims | 21,890 | 22,984 | 97.08% | 19,045 | 40 | 83.04% | 1.03% |
| Total | 22,959 | 23,675 | 100.00% | 19,568 | 138 | 83.24% | 3.36% |

Reserve and recovery conditions of risk management loans

(Disclosure criteria specified in Article 89 of the Shinkin Bank Act)

The balance of risk management loans on a consolidated accounting basis for the year ended March 31, 2016 is the same as above.

(Unit : 100 million yen)

| Classification | Year ended March 2015 | Year ended March 2016 | | | | | |
|-------------------------------------|-----------------------|------------------------|--------------|---|------------------------------------|---------------------------------------|--------------------------------------|
| | Disclosure balance | Disclosure balance (A) | Ratio*3 | Amount collectible by collateral, guarantee, etc. (B) | Reserve for possible loan loss (C) | Recovery rate *1 ([B] + [C]) / (A) | Reserve rate *2 (C) / ([A] - [B]) |
| Loans to bankrupt entities | 20 | 20 | 0.09% | 20 | 0 | 100.00% | 100.00% |
| Overdue loans | 981 | 633 | 2.69% | 482 | 95 | 91.24% | 63.25% |
| Loans overdue for 3 months or more | — | — | 0.00% | — | — | — | — |
| Loans with eased lending conditions | 66 | 34 | 0.15% | 18 | 1 | 59.17% | 10.58% |
| Total risk management loans | 1,068 | 689 | 2.92% | 522 | 97 | 89.91% | 58.31% |

* 1. The recovery rate indicates the coverage ratio of loans overall and is calculated using the following formula.

Recovery rate = (estimated amounts collectible by collateral / guarantee, etc. + reserve for possible loan loss prepared for unrecoverable amounts) / claim amounts

* 2. The reserve rate indicates the reserve rate for unsecured balances.

* 3. The ratio of risk management loans shows the ratio of such loans against loans overall.