

The 8th Ordinary General Meeting of Shareholders – Reference Documentation, Proposal No. 2 <Supplement >

Proposal No. 2 Approval of the Share Exchange Agreement with The Joyo Bank, Ltd.

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Ashikaga Holdings Co., Ltd
Securities Identification Code: 7167

【Overview of Analysis by Third Party Valuation Organizations concerning Share Exchange Ratio】

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (hereinafter, "Mitsubishi UFJ Morgan Stanley Securities") has, with regard to the Bank and Ashikaga Holdings Co., Ltd. (hereinafter, "Ashikaga Holdings"; the Bank and Ashikaga Holdings are referred to collectively below as the "Companies"), performed calculations based on a market share price analysis*, a comparable peer company analysis, as there are several comparable listed companies and analogical inference of stock value through a comparable peer company analysis is possible, as well as a dividend discount model analysis (hereinafter, "DDM analysis") in order to reflect the status of future business activity, since the Companies' shares are listed on a financial instruments exchange and have a market value (*since there were reports by certain news media on October 26, 2015 concerning a business integration of both Companies (hereinafter, referred to as the "Business Integration"), taking October 23, 2015 (the preceding business day) as the valuation base date, the closing price on the calculation base date of the Bank's stock on the First Section of the Tokyo Stock Exchange, and the closing price on the calculation base date of Ashikaga Holdings' stock on the First Section of the Tokyo Stock Exchange, as well as the average closing price on trading days in the most recent 1-month, 3-month and 6-month periods until the calculation base date).

The calculation range of the share exchange ratio shown below is the number of Ashikaga Holdings common shares allotted per common share of the Bank.

	Method used	Calculation range of share exchange ratio
1	Market share price analysis	1.243–1.316
2	Comparable peer company analysis	0.767–1.330
3	DDM analysis	0.536–1.439

The fairness opinion of Mitsubishi UFJ Morgan Stanley Securities and its analysis of the share exchange ratio underlying this are addressed to the Board of Directors of the Bank, and only consider the issue of whether the share exchange ratio in the basic agreement executed by the Companies on November 2, 2015 (hereinafter, "Basic Agreement") is appropriate from a financial perspective for the ordinary shareholders of the Bank, as of the date of the fairness opinion. The fairness opinion and analysis do not consider any other aspects relating to the matter in question, and do not constitute the expression of any opinion or recommendation to the shareholders of the Bank or Ashikaga Holdings concerning the exercise of voting rights or other actions by shareholders at any general meeting of shareholders in relation to the Business Integration, or concerning the actions of the shareholders of the Bank or Ashikaga Holdings. Mitsubishi UFJ Morgan Stanley Securities is not recommending a specific share exchange ratio to the Bank or its Board of Directors, and is not recommending that a specific share exchange ratio is the only ratio that is appropriate for the Business Integration. The fairness opinion and the analysis by Mitsubishi UFJ Morgan Stanley Securities do not appraise or assess the share price of the common stock of the Bank or Ashikaga Holdings, and do not reflect the share price that may be realized through trading.

In the expression of its opinion within the fairness opinion and its analysis thereof, Mitsubishi UFJ Morgan Stanley Securities has relied on publicly available information or on the assumption that information provided by the Bank or Ashikaga Holdings is accurate and complete, and has not independently verified the accuracy or completeness of this information. In addition, Mitsubishi UFJ Morgan Stanley Securities has assumed that financial forecasts have been reasonably prepared by the management team of the Bank and Ashikaga Holdings as reflecting the best available outlook and assessment relating to the future financial position of the Bank and Ashikaga Holdings as of the present

time. Further, Mitsubishi UFJ Morgan Stanley Securities has assumed that the terms of the Business Integration stated in the basic agreement will be implemented without waiver or amendment, and without delay. Mitsubishi UFJ Morgan Stanley Securities has assumed that the approvals and agreements required for the Business Integration from government bodies and the supervisory authorities, etc. are all obtainable, and that there are no delays, restrictions or conditions attached to such approvals and agreements, etc. that would exert a significant adverse impact on the merits anticipated from the Business Integration. Mitsubishi UFJ Morgan Stanley Securities is not an advisor concerning legal, accounting, taxation, regulatory, or corporate pension matters. Mitsubishi UFJ Morgan Stanley Securities is a financial advisor, and does not independently verify legal, accounting, taxation, regulatory, or corporate pension issues. Therefore, it relies on the assessment of the Bank and Ashikaga Holdings, and of their legal, accounting and taxation advisors. Mitsubishi UFJ Morgan Stanley Securities has not performed an independent appraisal or assessment of the assets and liabilities of the Bank and Ashikaga Holdings, and has not been provided with any appraisal or assessment. Mitsubishi UFJ Morgan Stanley Securities is not an expert on the assessment of provision for doubtful accounts, and has not independently assessed the suitability of provision for doubtful accounts, has not verified credit information relating to the individual debts of the Bank and Ashikaga Holdings, and has not been requested to review this. Therefore, Mitsubishi UFJ Morgan Stanley Securities has assumed that the total provision for doubtful accounts made by the Bank and Ashikaga Holdings is appropriate. The fairness opinion and analysis made by Mitsubishi UFJ Morgan Stanley Securities are based on financial, economic, foreign exchange, market and other conditions as of October 23, 2015, and on information obtained by Mitsubishi UFJ Morgan Stanley Securities as of that date. Phenomena arising after that date could affect the fairness opinion and analysis as well as the assumptions used in preparing the fairness opinion, but Mitsubishi UFJ Morgan Stanley Securities bears no obligation to update, revise or reconfirm its fairness opinion and analysis. In expressing its opinion within the fairness opinion, Mitsubishi UFJ Morgan Stanley Securities does not permit any trading entity to engage in solicitation activity with regard to acquisitions, business integration or other special transactions in which the Bank is involved, and does not actually conduct such solicitation activity.

Preparation of the fairness opinion and the underlying analysis have undergone a complex process, and are not necessarily suited to partial analysis or summarization. In preparing its opinion, Mitsubishi UFJ Morgan Stanley Securities has considered all analytical results from an overall perspective, and has attached no weight to specific analyses or factors. Mitsubishi UFJ Morgan Stanley Securities believes that if specific parts are highlighted without considering the entire analysis from an overall perspective, there may be an insufficient appreciation of the process undertaken by Mitsubishi UFJ Morgan Stanley Securities in forming the analysis and its opinion. In addition, Mitsubishi UFJ Morgan Stanley Securities may place greater or lesser weight on certain types of analyses and factors as compared with other analyses and factors, and may regard certain types of assumptions as having greater or lesser certainty than other assumptions. For this reason, the evaluation range based on the specific analyses described in this document cannot be taken as the evaluation of Mitsubishi UFJ Morgan Stanley Securities concerning the actual value of the Bank or Ashikaga Holdings. In performing the analysis, Mitsubishi UFJ Morgan Stanley Securities has used numerous assumptions, including with regard to industry conditions, general business and economic conditions as well as other matters, and many of these cannot be controlled by the Bank or Ashikaga Holdings. None of the forecasts contained in the analysis by Mitsubishi UFJ Morgan Stanley Securities necessarily indicate future results or actual values, and such results and values could be significantly better or worse than those implied by these forecasts. The summary contained in this document describes the important analyses performed by Mitsubishi UFJ Morgan Stanley Securities, but does not completely describe the analyses performed by Mitsubishi UFJ Morgan Stanley Securities. The share exchange ratio has been determined between the Bank and Ashikaga Holdings through a process of negotiation with independent parties,

and has been approved by the Board of Directors of the Bank. The fairness opinion and analysis by Mitsubishi UFJ Morgan Stanley Securities, as well as the submission to the Bank's Board of Directors, only constitute one of the many factors considered by the Board of Directors of the Bank when approving the Business Integration. Consequently, the analysis described in this document cannot be taken as having determined the opinion of the Board of Directors concerning the share exchange ratio, or as having led the Board of Directors of the Bank to agree on a different share exchange ratio.

With regard to this matter, Mitsubishi UFJ Morgan Stanley Securities has provided its services to the Board of Directors of the Bank as a financial advisor, and is due to receive a fee as compensation for these services. The receipt of a considerable portion of the fee is conditional on the coming into effect of the Business Integration. In the past, Mitsubishi UFJ Morgan Stanley Securities and its affiliates have provided finance-related services to the Bank, and have received fees for these services. Further, Mitsubishi UFJ Morgan Stanley Securities and its affiliates may provide these services to the Bank, Ashikaga Holdings and the Companies in the future, and may receive fees for these services in the future.

Mitsubishi UFJ Morgan Stanley Securities and its affiliates provide global financial services including banking, securities, trust, investment management and other financial business (referred to collectively hereinafter as "financial services"). The securities business includes the provision not only of investment banking, finance and financial advisor services, but also the underwriting and trading of securities, brokerage, foreign exchange, commodities and derivatives trading. In the course of normal underwriting and trading of securities, brokerage and finance business, Mitsubishi UFJ Morgan Stanley Securities and its affiliates may hold buy or sell positions in corporate bonds, shares or loans of the Bank, Ashikaga Holdings or companies related to this matter, or in currencies or products related to this matter, or in related derivative products, or Mitsubishi UFJ Morgan Stanley Securities and its affiliates may provide financial services to the Bank, Ashikaga Holdings or companies related to this matter, and may buy or sell or conduct other transactions on own account or the client's account. Mitsubishi UFJ Morgan Stanley Securities and its affiliates as well as their officers and directors may invest using own funds in corporate bonds, shares or loans of the Bank, Ashikaga Holdings or companies related to this matter, or in currencies or products related to this matter, or in related derivative products, or may operate funds that invest in these using own funds. In addition, Mitsubishi UFJ Morgan Stanley Securities and its affiliates may conduct normal brokerage business for the Bank, Ashikaga Holdings or companies related to this matter.

Further, as stated in the Notice of Convocation, "Proposal No. 2 Approval of Ashikaga Holdings Co., Ltd. Share Exchange Agreement", section 3. (1) (iv) "Measures to ensure fairness", based on the request of the Board of Directors of the Bank, Mitsubishi UFJ Morgan Stanley Securities has submitted a written opinion to the Board of Directors of the Bank stating that the share exchange ratio is appropriate from a financial perspective for the ordinary shareholders of the Bank ("Fairness Opinion"), on the basis of the above assumptions and certain other assumptions and reservations. Moreover, the calculation by Mitsubishi UFJ Morgan Stanley Securities of the share exchange ratio and the written opinion have been submitted solely for the reference of the Board of Directors of the Bank, and cannot be relied upon or used for any other purpose, or by any other party. In addition, Mitsubishi UFJ Morgan Stanley Securities has not expressed any opinion or made any recommendation concerning the exercise of voting rights by shareholders at the Bank's general meeting of shareholders with regard to the Business Integration.

In the profit projection of the Companies submitted by the Companies to Mitsubishi UFJ Morgan Stanley Securities, which forms the basis for the calculation by way of the DDM analysis, there is no business year in which a significant increase or decrease in profit is anticipated.

PricewaterhouseCoopers Co., Ltd., (hereinafter, "PwC") has, with regard to the Bank and Ashikaga Holdings, performed a calculation based on the market share price method*, since the Companies' shares are listed on the First Section of the Tokyo Stock Exchange and have a market value, and a calculation based on the comparable peer company analysis method, as there are several comparable listed companies and analogical inference of stock value through a comparable peer company analysis is possible (*since speculative reports by certain news media concerning this matter were made after the close of trading on October 26, 2015, taking this date as the calculation base date, the basis for the calculation was the closing price on the calculation base date of the Companies' shares on the First Section of the Tokyo Stock Exchange, as well as the simple average closing price and volume weighted average on trading days in the most recent 1-month, 3-month and 6-month periods until the calculation base date). In addition, a calculation was performed in order to reflect the status of future business activity in the evaluation using the dividend discount model analysis method (hereinafter, "DDM method"), which is widely used by financial institutions for evaluation. In this method, stock value is analyzed by taking the cost of capital as the amount of profit returned to shareholders, after allowing for retained earnings, etc., in order to maintain a certain capital structure, and discounting it to the present value. The calculation results using each method are shown below. The calculation range of the share exchange ratio shown below is the number of Ashikaga Holdings common shares allotted per common share of the Bank.

	Method used	Calculation range of share exchange ratio
1	Market share price method	1.240–1.314
2	Comparable peer company analysis method	0.996–1.295
3	DDM method	0.974–1.242

In calculating the share exchange ratio, in principle PwC has used information provided by the Companies and publicly available information "as is", based on various assumptions including that all such information is accurate and complete, and that all facts that could have a significant adverse impact on the calculation of the share exchange ratio have been disclosed to PwC, and PwC has not independently verified the accuracy and completeness thereof. In addition, with regard to the assets and liabilities of the Companies and their affiliates (including off-book assets and liabilities, and other contingent liabilities), PwC has not independently evaluated, appraised or assessed them, nor has it requested an evaluation, appraisal or assessment by a third party organization. Further, PwC has assumed that the financial forecasts provided by the Companies (including business plans and other information) have been reasonably prepared by the management team of the Companies based on the best outlook and assessment obtainable at the present time. Moreover, in the business plans of the Companies, which form the basis for the calculation by way of the DDM analysis, there is no business year in which a significant increase or decrease in profit is anticipated. Calculation of the share exchange ratio by PwC reflects the information and economic conditions as of October 30, 2015.

【Details of Stock Acquisition Rights】 (Share Exchange Agreement Annex 1 – Annex 24)

(Annex 1)

Details of The Joyo Bank, Ltd. 1st Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 1st Series of Stock Acquisition Rights

2. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

3. Recipients of Allotment of Stock Acquisition Rights

10 Directors of the Bank

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on August 21, 2009 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Six (6) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 6 year period (from August 22, 2003 to August 21, 2009)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

August 24, 2009

6. Cash Payment Date for Stock Acquisition Rights

August 24, 2009

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From August 25, 2009 to August 24, 2039

9. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

10. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Director of the Bank, they may exercise their stock acquisition rights on or after August 25, 2038.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

12. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

- (1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

- (2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights
Common stock of the Restructured Company.

- (3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 2 above after considering the terms and conditions and other factors of the Organizational Restructuring.

- (4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

- (5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

- (6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 12 above.

- (7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 11 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 1st Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 1st Series of Stock Acquisition Rights

2. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 1st Series of Stock Acquisition Rights (Annex 1) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

4. Recipients of Allotment of Stock Acquisition Rights

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 1st Series of Stock Acquisition Rights

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to August 24, 2039

10. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

11. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Director of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after August 25, 2038.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Company (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Company, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

13. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is

incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights
Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 13 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes

with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 3rd Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 3rd Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

10 Directors of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 20, 2010 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Six (6) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 6 year period (from July 21, 2004 to July 20, 2010)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 21, 2010

6. Cash Payment Date for Stock Acquisition Rights

July 21, 2010

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 22, 2010 to July 21, 2040

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Director of the Bank, they may exercise their stock acquisition rights on or after July 22, 2039.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock

Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

- (1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

- (2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights
Common stock of the Restructured Company.

- (3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

- (4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

- (5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

- (6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

- (7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 2nd Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 2nd Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 3rd Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 3rd Series of Stock Acquisition Rights (Annex 3) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 21, 2040

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Director of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 22, 2039.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Company (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Company, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 5th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 5th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

10 Directors of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 19, 2011 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Six (6) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 6 year period (from July 20, 2005 to July 19, 2011)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 20, 2011

6. Cash Payment Date for Stock Acquisition Rights

July 20, 2011

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 21, 2011 to July 20, 2041

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Director of the Bank, they may exercise their stock acquisition rights on or after July 21, 2040.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock

Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 3rd Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 3rd Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 5th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 5th Series of Stock Acquisition Rights (Annex 5) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 20, 2041

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Director of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 21, 2040.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 6th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 6th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

13 Executive Officers of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 19, 2011 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Three (3) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 3 year period (from July 20, 2008 to July 19, 2011)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 20, 2011

6. Cash Payment Date for Stock Acquisition Rights

July 20, 2011

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 21, 2011 to July 20, 2041

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of the Bank, they may exercise their stock acquisition rights on or after July 21, 2040.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes

instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the stock acquisition right holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition

rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 4th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 4th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 6th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 6th Series of Stock Acquisition Rights (Annex 7) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 20, 2041

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 21, 2040.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 7th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 7th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

10 Directors of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 18, 2012 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Six (6) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 6 year period (from July 19, 2006 to July 18, 2012)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 19, 2012

6. Cash Payment Date for Stock Acquisition Rights

July 19, 2012

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 20, 2012 to July 19, 2042

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Director of the Bank, they may exercise their stock acquisition rights on or after July 20, 2041.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock

Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 5th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 5th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 7th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 7th Series of Stock Acquisition Rights (Annex 9) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 19, 2042

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Director of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 20, 2041.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 8th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 8th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

16 Executive Officers of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 18, 2012 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Three (3) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 3 year period (from July 19, 2009 to July 18, 2012)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 19, 2012

6. Cash Payment Date for Stock Acquisition Rights

July 19, 2012

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 20, 2012 to July 19, 2042

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of the Bank, they may exercise their stock acquisition rights on or after July 20, 2041.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes

instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition

rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 6th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 6th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 8th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 8th Series of Stock Acquisition Rights (Annex 11) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

$$\text{Number of Shares to be Granted After Adjustment} = \text{Number of Shares to be Granted Before Adjustment} \times \text{Ratio of Share Split or Share Consolidation}$$

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 19, 2042

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 20, 2041.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 9th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 9th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

10 Directors of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 17, 2013 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Six (6) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 6 year period (from July 18, 2007 to July 17, 2013)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 18, 2013

6. Cash Payment Date for Stock Acquisition Rights

July 18, 2013

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 19, 2013 to July 18, 2043

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Director of the Bank, they may exercise their stock acquisition rights on or after July 19, 2042.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock

Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

- (1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

- (2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights
Common stock of the Restructured Company.

- (3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

- (4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

- (5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

- (6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

- (7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 7th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 7th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 9th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 9th Series of Stock Acquisition Rights (Annex 13) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 18, 2043

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Director of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 19, 2042.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 10th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 10th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

15 Executive Officers of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 17, 2013 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Three (3) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 3 year period (from July 18, 2010 to July 17, 2013)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Total dividend for the most recent fiscal year divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 18, 2013

6. Cash Payment Date for Stock Acquisition Rights

July 18, 2013

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 19, 2013 to July 18, 2043

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of the Bank, they may exercise their stock acquisition rights on or after July 19, 2042.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes

instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition

rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 8th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 8th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 10th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 10th Series of Stock Acquisition Rights (Annex 15) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

$$\text{Number of Shares to be Granted After Adjustment} = \text{Number of Shares to be Granted Before Adjustment} \times \text{Ratio of Share Split or Share Consolidation}$$

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 18, 2043

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 19, 2042.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 11th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 11th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

10 Directors of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

However, if, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 17, 2014 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Six (6) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 6 year period (from July 18, 2008 to July 17, 2014)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Dividend per share (the actual dividend for the last 12 months) divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 18, 2014

6. Cash Payment Date for Stock Acquisition Rights

July 18, 2014

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 19, 2014 to July 18, 2044

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Director of the Bank, they may exercise their stock acquisition rights on or after July 19, 2043.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock

Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

- (1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

- (2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights
Common stock of the Restructured Company.

- (3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

- (4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

- (5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

- (6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

- (7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 9th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 9th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 11th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 11th Series of Stock Acquisition Rights (Annex 17) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 18, 2044

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Director of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 19, 2043.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, stock acquisition right holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 12th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 12th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

14 Executive Officers of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 17, 2014 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Three (3) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 3 year period (from July 18, 2011 to July 17, 2014)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Dividend per share (the actual dividend for the last 12 months) divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 18, 2014

6. Cash Payment Date for Stock Acquisition Rights

July 18, 2014

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 19, 2014 to July 18, 2044

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of the Bank, they may exercise their stock acquisition rights on or after July 19, 2043.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes

instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 10th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 10th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 12th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 12th Series of Stock Acquisition Rights (Annex 19) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 18, 2044

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 19, 2043.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 13th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 13th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

10 Directors of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 16, 2015 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Six (6) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 6 year period (from July 17, 2009 to July 16, 2015)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Dividend per share (the actual dividend for the last 12 months) divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 17, 2015

6. Cash Payment Date for Stock Acquisition Rights

July 17, 2015

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 18, 2015 to July 17, 2045

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Director of the Bank, they may exercise their stock acquisition rights on or after July 18, 2044.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock

Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

- (1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

- (2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights
Common stock of the Restructured Company.

- (3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

- (4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

- (5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

- (6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

- (7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 11th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 11th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 13th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 13th Series of Stock Acquisition Rights (Annex 21) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 17, 2045

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as a Director of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Director of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 18, 2044.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of The Joyo Bank, Ltd. 14th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

The Joyo Bank, Ltd. 14th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

13 Executive Officers of the Bank

3. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Bank and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1 share.

If the Bank conducts a share split (including allotment of shares of common stock of the Bank without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 5 below, the Bank shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

Number of Shares to be Granted After Adjustment = Number of Shares to be Granted Before Adjustment × Ratio of Share Split or Share Consolidation

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Bank for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Bank may adjust the Number of Shares to be Granted to a reasonable extent.

4. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

The amount to be paid for each stock acquisition right (Issue Price) shall be the amount equal to the option price per share calculated by the Black-Scholes model using the basic values set forth in (2) through (7) below multiplied by the Number of Shares to be Granted (fractions of less than one yen are rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. (“TSE”) on July 16, 2015 (if there is no such closing price, the base price of the next trading day)
- ③ Exercise price (X): One (1) yen
- ④ Expected remaining time to maturity (t): Three (3) years
- ⑤ Volatility (σ): Calculated based on the closing price of regular trading of shares of common stock of the Bank on the TSE on each trading day during a 3 year period (from July 17, 2012 to July 16, 2015)
- ⑥ Risk-free interest rate (r): Interest rate of the Japanese government bonds whose remaining years to maturity correspond to the expected remaining time to maturity
- ⑦ Dividend yield (λ): Dividend per share (the actual dividend for the last 12 months) divided by the stock price as determined in (2) above
- ⑧ Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

5. Date of Allotment of Stock Acquisition Rights

July 17, 2015

6. Cash Payment Date for Stock Acquisition Rights

July 17, 2015

7. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

8. Period during Which the Stock Acquisition Rights Can Be Exercised

From July 18, 2015 to July 17, 2045

9. Conditions Regarding Exercise of Stock Acquisition Rights

- (1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of the Bank. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of the Bank, they may exercise their stock acquisition rights on or after July 18, 2044.
- (2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Bank and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.
- (3) Notwithstanding (1) and (2) above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes

instances where stock acquisition rights in a Restructured Company (defined in 13 below) are issued to a Stock Acquisition Right Holder in accordance with 13 below.

- Approval at a General Meeting of Shareholders of the Bank of a proposal for approval of a merger agreement under which the Bank shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

- (4) A stock acquisition right may not be partially exercised.
- (5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

10. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

11. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Bank shall be required to acquire stock acquisition rights by way of transfer.

12. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders of the Bank (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors of the Bank or decision of an Executive Officer who has been delegated decision-making authority under the provisions of Article 416, Paragraph 4 of the Companies Act), the Bank may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Bank shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Bank shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Bank shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Bank shall require the Bank's approval; or
- (5) A proposal for approval of an amendment to the Bank's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Bank's approval or that the Bank may acquire such type of shares in whole by resolution of the shareholders.

13. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Bank carries out a merger (limited to cases where the Bank is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Bank is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Bank is to be a wholly-owned subsidiary) (collectively, “Organizational Restructuring”), the Bank shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act (“Restructured Company”) to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights (“Remaining Stock Acquisition Rights”) immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 3 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 8 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 8 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 10 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition

rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 12 above.

14. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

15. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

16. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Bank shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

Details of Mebuki Financial Group, Inc. 12th Series of Stock Acquisition Rights

1. Name of Stock Acquisition Rights

Mebuki Financial Group, Inc. 12th Series of Stock Acquisition Rights

2. Recipients of Allotment of Stock Acquisition Rights and Number of People

Stock Acquisition Right Holders of The Joyo Bank, Ltd. 14th Series of Stock Acquisition Rights

3. Total Number of Stock Acquisition Rights

The same number as the total number of The Joyo Bank, Ltd. 14th Series of Stock Acquisition Rights (Annex 23) listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the issued shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement).

4. Type of Stock and Number of Shares Underlying Stock Acquisition Rights

The type of stock underlying the stock acquisition rights shall be common stock of the Company and the number of shares of common stock to be granted for each stock acquisition right (“Number of Shares to be Granted”) shall be 1,170 shares.

If the Company conducts a share split (including allotment of shares of common stock of the Company without consideration; the same shall apply hereinafter) or a share consolidation with respect to its common stock after the day on which the stock acquisition rights are allotted as set forth in 6 below, the Company shall adjust the Number of Shares to be Granted in accordance with the formula set forth below. This adjustment shall be performed with respect to the Number of Shares to be Granted for stock acquisition rights that have not been exercised at the time of adjustment.

$$\text{Number of Shares to be Granted After Adjustment} = \text{Number of Shares to be Granted Before Adjustment} \times \text{Ratio of Share Split or Share Consolidation}$$

If, as a result of adjustment of the Number of Shares to be Granted, a fraction amounting to less than one share arises from multiplying the Number of Shares to be Granted after adjustment by the total number of stock acquisition rights, then said fraction shall be rounded down.

The Number of Shares to be Granted after adjustment shall be made effective, in the case of a share split, from the day following the record date in relation to such share split and, in the case of a share consolidation, from the day on which such share consolidation becomes effective. However, in the case where the share split is conducted subject to obtaining approval at the General Meeting of Shareholders of the Company for increase in the amount of stated capital or reserve through a reduction of surplus and where the record date in relation to the share split falls on any day prior to the conclusion of the relevant General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall be made effective after the day following the conclusion of the relevant General Meeting of Shareholders.

In addition to the above, if it is necessary to adjust the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted to a reasonable extent.

5. Method of Calculation of Amount To Be Paid (Issue Price) for Stock Acquisition Rights

Cash payment is not required.

6. Date of Allotment of Stock Acquisition Rights

Effective Date (as defined in the Agreement; the same shall apply hereinafter)

7. Cash Payment Date for Stock Acquisition Rights

Not applicable.

8. Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

The value of property to be contributed upon the exercise of each stock acquisition right shall be the amount that is equal to one (1) yen, which is the paid-in amount for each share allotted upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

9. Period during Which the Stock Acquisition Rights Can Be Exercised

From the Effective Date to July 17, 2045

10. Conditions Regarding Exercise of Stock Acquisition Rights

(1) A Recipient of Allotment of Stock Acquisition Rights (“Stock Acquisition Right Holder”) may exercise the stock acquisition rights only for a period of 10 days after the day following the date on which such Stock Acquisition Right Holder loses his or her position as an Executive Officer of The Joyo Bank, Ltd. However, even if a Stock Acquisition Right Holder retains the position of Executive Officer of The Joyo Bank, Ltd., they may exercise their stock acquisition rights on or after July 18, 2044.

(2) If a Stock Acquisition Right Holder dies, his or her heirs may inherit the stock acquisition rights. However, this is subject to the terms of the stock acquisition right allocation agreement concluded between the Company and the Stock Acquisition Right Holder (hereinafter, the “Stock Acquisition Right Allocation Agreement”) based on a resolution of the Board of Directors.

(3) Notwithstanding (1) and (2), above, Stock Acquisition Right Holders and their heirs may exercise stock acquisition rights in the cases stipulated below, but only during the period stipulated. However, this excludes instances where stock acquisition rights in a Restructured Company defined in 14 are issued to a Stock Acquisition Right Holder in accordance with 14 below.

- Approval at a General Meeting of Shareholders of the Company of a proposal for approval of a merger agreement under which the Company shall become the dissolving company, or a proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act)

A period of 15 days from the day following the date on which the approval or decision is made

(4) A stock acquisition right may not be partially exercised.

(5) Other terms shall be as provided in the Stock Acquisition Right Allocation Agreement.

11. Matters Regarding Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

- (1) The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up.
- (2) The amount by which capital reserve increases due to the issuance of shares upon the exercise of stock acquisition rights shall be the upper limit of the increase in the amount of stated capital described in (1) above less the increase in the amount of stated capital set out in (1) above.

12. Restriction on Acquiring Stock Acquisition Rights by Transfer

Approval of the Board of Directors of the Company shall be required to acquire stock acquisition rights by way of transfer.

13. Grounds and Conditions for Acquisition of Stock Acquisition Rights

If any of the proposals set out in (1) through (5) below is approved at a General Meeting of Shareholders (in the case where no approval at a General Meeting of Shareholders is required, by resolution of the Board of Directors, by decision of a Director who has been delegated decision-making authority under Article 399, Section 13, Paragraphs 5 and 6 of the Companies Act, or decision of an Executive Officer who has been delegated decision-making authority under Article 416, Paragraph 4 of the Companies Act), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.

- (1) A proposal for approval of a merger agreement under which the Company shall become the dissolving company;
- (2) A proposal for approval of a company split agreement or a company split plan under which the Company shall become the splitting company;
- (3) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary;
- (4) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of any shares granted by the Company shall require the Company's approval; or
- (5) A proposal for approval of an amendment to the Company's articles of incorporation to include a provision stipulating that the acquisition by way of transfer of the type of shares underlying the stock acquisition rights shall require the Company's approval or that the Company may acquire such type of shares in whole by resolution of the shareholders.

14. Treatment of Stock Acquisition Rights upon Organizational Restructuring

If the Company carries out a merger (limited to cases where the Company is to be the dissolving company), absorption-type company split or incorporation-type company split (in each case, limited to cases where the Company is to be the splitting company), or share exchange or share transfer (in each case, limited to cases where the Company is to be a wholly-owned subsidiary) (collectively, "Organizational Restructuring"), the Company shall allot stock acquisition rights of the company listed in Article 236, Paragraph 1, item (viii), (a) through (e) of the Companies Act ("Restructured Company") to the Stock Acquisition Right Holders who hold the remaining stock acquisition rights ("Remaining Stock Acquisition Rights") immediately prior to the day on which the Organizational Restructuring becomes effective (i.e. the date on which absorption-type merger takes effect, the date on which a new company is incorporated through the incorporation-type merger, the date on which absorption-type company split takes effect, the

date on which a new company is incorporated through the incorporation-type company split, the date on which share exchange takes effect, or the date on which the wholly-owning parent company is incorporated through share transfer). In such cases, the Remaining Stock Acquisition Rights shall be extinguished, and the Restructured Company shall issue new stock acquisition rights. However, this shall be limited to cases where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides for the issuance of the stock acquisition rights of the Restructured Company in accordance with terms and conditions set forth below.

(1) Number of stock acquisition rights of the Restructured Company to be allotted

Stock acquisition rights in a number equal to the number of Remaining Stock Acquisition Rights held by the Stock Acquisition Right Holder.

(2) Type of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

Common stock of the Restructured Company.

(3) Number of shares of the Restructured Company to be granted upon the exercise of stock acquisition rights

To be determined in accordance with 4 above after considering the terms and conditions and other factors of the Organizational Restructuring.

(4) Value of property to be contributed upon the exercise of stock acquisition rights

The value of property to be contributed upon the exercise of each stock acquisition right to be allotted shall be the amount that is equal to the amount to be paid after restructuring (set forth below) multiplied by the number of shares of the Restructured Company to be granted upon the exercise of the relevant stock acquisition right (as determined in accordance with (3) above). The amount to be paid after restructuring shall be one (1) yen for each share of the Restructured Company to be allotted upon the exercise each allotted stock acquisition right.

(5) Period during which the stock acquisition rights can be exercised

The period commencing on the later of either the first date of the period during which stock acquisition rights may be exercised as set forth in 9 above, or the date on which the Organizational Restructuring becomes effective, and ending on the expiration date of the period during which stock acquisition rights may be exercised as set forth in 9 above.

(6) Matters regarding increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

To be determined in accordance with 11 above.

(7) Restriction on acquiring stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required to acquire stock acquisition rights by way of transfer.

(8) Grounds and conditions for acquisition of stock acquisition rights

To be determined in accordance with 13 above.

15. Treatment of Fractions of Less Than One Share Arising from the Exercise of Stock Acquisition Rights

Any fraction of less than one (1) share in the number of shares to be allotted upon the exercise of stock acquisition rights shall be rounded down.

16. Issuance of Certificate of Stock Acquisition Rights

No Certificate of Stock Acquisition Rights shall be issued.

17. Treatment of Replacement of Provisions and Other Measures

If it becomes necessary to replace provisions or implement other measures, the Company shall make such changes with regard to relevant matters in a manner that it deems appropriate, in accordance with the provisions of the Companies Act and the purpose of the stock acquisition rights.

End

**【Details of Euro-US dollar-denominated convertible Bond
with Stock Acquisition Rights with Call Provision 】
(Share Exchange Agreement Annex 25 - Annex 26)**

(Annex 25)

The Joyo Bank, Ltd.

Details of Euro-US Dollar-Denominated Convertible Bond with Stock Acquisition Rights with Call Provision due 2019

1. Name of Bond

The Joyo Bank, Ltd. Euro-US Dollar-Denominated Convertible Bond with Stock Acquisition Rights with Call Provision due 2019 (hereinafter, the “Bond with Stock Acquisition Rights”, of which the bond element shall be referred to as the “Bond” and the stock acquisition rights element as the “Stock Acquisition Rights”).

2. Matters regarding the Stock Acquisition Rights

(1) Type, Number, and Details of Shares Underlying the Stock Acquisition Rights

The type and details of the shares underlying the Stock Acquisition Rights shall be the common stock of the Bank (share unit: 1,000 shares), and the number of common shares of the Bank delivered by the Bank upon the exercise thereof shall be the total par value of the Bond pertaining to the exercise request divided by the conversion price set forth in (3) below. Any fractions of less than one share arising through the exercise shall be rounded down, and no cash adjustment shall be made.

(2) Total Number of Stock Acquisition Rights

The combined total of 3,000 rights and the number of rights calculated by dividing the total par value of the Bond pertaining to the substitute bond with stock acquisition rights by USD 100,000

(3) Details and Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

(a) At the time of the exercise of each Stock Acquisition Right, the Bond related to those Stock Acquisition Rights shall be contributed and the value of the Bond shall be identical to the par value of the Bond.

(b) The conversion price shall be USD 6.04.

(c) The conversion price shall be adjusted using the formula set forth below if, after the issuance of the Bond with Stock Acquisition Rights, the Bank issues common stock of the Bank with a paid-in amount less than the market price of the Bank's common stock, or disposes of the common stock it holds. Note that in this formula, “No. of granted shares” is the total number of the Bank's issued and outstanding common shares (excluding those held by the Bank).

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In addition, the conversion price shall be adjusted as appropriate in the event of a split or consolidation of the Bank's common stock, distribution of a certain surplus, the issue of stock acquisition rights with the ability to request delivery of common stock of the Bank at a value lower than the market price of the Bank's common stock (including those attached to a bond with stock acquisition rights), or in certain other circumstances.

(4) Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up. The amount by which capital reserve increases shall be the upper limit of the increase in the amount of stated capital less the increase in the amount of stated capital.

(5) Period during Which the Stock Acquisition Rights Can Be Exercised

The period shall be from May 9, 2014 until April 10, 2019 (local time at place of receipt of request for exercise). However, (1) in the case of early redemption as set forth in 3 (4) below, the period shall be until the day 3 business days prior to the redemption date in Tokyo (excluding the Stock Acquisition Rights pertaining to the Bond where selection has been made not to receive early redemption as set forth in 3 (4) (b) below); (2) in the case of acquisition of the Bond with Stock Acquisition Rights by the Bank as set forth in 3 (5) below, or the cancellation by purchase of the Bond as set forth in 3 (6) below, the period shall be until the moment of cancellation of the Bond; (3) in the case of acceleration of the Bond as set forth in 3 (7) below, the period shall be until the moment of contractual acceleration. In all of the above cases, the stock acquisition rights cannot be exercised later than April 10, 2019 (local time at place of receipt of request for exercise).

Notwithstanding the foregoing, in the case of acquisition of the Bond with Stock Acquisition Rights by the Bank as set forth in 3 (5) below, the Stock Acquisition Rights cannot be exercised in the period from the day following the acquisition notice until the acquisition date set forth in 3 (5) below. In addition, if reasonably deemed necessary by the Bank in order to implement Organizational Restructuring, etc. (defined in 3 (4) (c) below; the same shall apply hereinafter), the Stock Acquisition Rights may not be exercised during a period falling within a 30-day period ending within a period of 14 days counting from the day following the effective date of the Organizational Restructuring, etc.

Notwithstanding the foregoing, if the calendar day in Japan on which exercise of the Stock Acquisition Rights takes effect (or when such calendar day is not a business day in Tokyo, the following business day in Tokyo) is a record date specified by the Bank, or falls in the period from two business days in Tokyo (or if the shareholder determination date is not a business day in Tokyo, 3 business days) (including such date) prior to the date which was specified for determining shareholders in connection with Article 151, Paragraph 1 of the Act on Book-Entry of Company Bonds, Shares, etc. (hereinafter referred to together with the record date specified by the Bank collectively as the "Shareholder Determination Date") until the relevant Shareholder Determination Date (or if the said Shareholder Determination Date is not a business day in Tokyo, the following business day in Tokyo) (including such date), the Stock Acquisition Rights cannot be exercised. However, if there is a change in Japanese law, regulations or practice concerning the delivery of shares pertaining to the exercise of stock acquisition rights via a transfer system based on the Act on Book-Entry of Company Bonds, Shares, etc., the Bank may amend the limitation on the period during which the Stock Acquisition Rights may be exercised based on this paragraph so as to reflect such change.

(6) Other Conditions Regarding Exercise of Stock Acquisition Rights

(a) A stock acquisition right may not be partially exercised.

(b) Until January 25, 2019 (exclusive of this date), a Right Holder of the Bond with Stock Acquisition Rights may

exercise the Stock Acquisition Rights in the period from the first day to the last day of the following quarter (until January 24, 2019 in the case of the quarter commencing January 1, 2019) only if in any 20 trading days within a period of 30 consecutive trading days ending on the final trading day of a certain quarter (defined in 3 (5) below; the same shall apply hereinafter), the amount calculated by converting the closing price of the Bank's common stock into US dollars, rounded to the nearest cent, based on the exchange rate on each respective trading day (defined in 3 (5) below; the same shall apply hereinafter) exceeds 130% of the conversion price applicable on such last trading day (rounded to the nearest cent). However, the conditions for exercise of the Stock Acquisition Rights set forth in (b) hereunder shall not be applicable in the periods set forth in (1), (2) and (3) below.

- (1) (i) A period in which the long-term senior debt rating of the Bank issued by Moody's Japan K.K. or its successor rating organization (hereinafter, "Moody's") is Baa3 or lower; (ii) a period in which the issuer rating of the Bank issued by Rating and Investment Information, Inc. or its successor rating organization (hereinafter, "R&I") is BBB- or lower; (iii) a period in which there is no long-term senior debt rating of the Bank issued by Moody's or issuer rating of the Bank issued by R&I; or (iv) a period in which the long-term senior debt rating of the Bank issued by Moody's or issuer rating of the Bank issued by R&I is terminated or withdrawn.
- (2) The period from the date on which the Bank has given notice to the Right Holder of the Bond with Stock Acquisition Rights of early redemption of the Bond as set forth in 3 (4) below (excluding the Stock Acquisition Rights pertaining to the Bond where selection has been made not to receive early redemption as set forth in 3 (4) (b) below).
- (3) Upon Organizational Restructuring, etc., the period from the date on which the Bank has given notice to the Right Holder of the Bond with Stock Acquisition Rights (including this date) concerning the Organizational Restructuring, etc., in accordance with the conditions of the Bond with Stock Acquisition Rights, until the effective date of the Organizational Restructuring, etc. (including this date), provided that the exercise of the Stock Acquisition Rights is not prohibited under (5) above.

The "closing price" of the Bank's common stock on a certain date shall mean the closing price of regular trading of shares of common stock of the Bank on the Tokyo Stock Exchange, Inc. ("TSE") on that date.

- (7) Delivery of Stock Acquisition Rights by Succeeding Company, etc. in the Event of Organizational Restructuring, etc. by the Bank

- (a) In the event of Organizational Restructuring, etc., the Bank shall make every effort to have the Succeeding Company, etc. (defined below) take over the status as main obligor of the Bond with Stock Acquisition Rights, and issue new stock acquisition rights in place of the Stock Acquisition Rights, in accordance with the conditions of the Bond with Stock Acquisition Rights. However, with respect to such succession and delivery, the following are the preconditions: (i) it is feasible under the applicable law as of that moment; (ii) structures for it are already in place or can be put in place; and (iii) the Bank or the Succeeding Company, etc. can implement it without incurring (in the opinion of the Bank) unreasonable costs (including tax) from the overall perspective of the Organizational Restructuring, etc. In such case, the Bank as well as the succeeding company, etc. shall make every effort to be a listed company in Japan as of the effective date of the Organizational Restructuring, etc. The effort obligation of the Bank set forth in (a) hereunder shall not apply if the Bank issues a certificate set forth in 3 (4) (c) (b) below to the trustee company.

"Succeeding Company, etc." shall mean the counterparty in the Organizational Restructuring, etc., and is the

company that assumes the Bank's obligations with respect to the Bond with Stock Acquisition Rights and/or the Stock Acquisition Rights.

(b) The details of the stock acquisition rights issued by the Succeeding Company, etc. in accordance with the provisions of (a) above shall be as follows.

(1) Number of stock acquisition rights

The same number as the number of the stock acquisition rights related to the Bond with Stock Acquisition Rights remaining immediately prior to the effective date of the Organizational Restructuring, etc.

(2) Type of stock underlying stock acquisition rights

The number of common shares of the Succeeding Company, etc.

(3) Number of shares underlying the stock acquisition rights

The number of common shares of the Succeeding Company, etc. granted upon the exercise of stock acquisition rights of the Succeeding Company, etc. shall be determined by the Succeeding Company, etc. with reference to the guidelines of the Bond with Stock Acquisition Rights after taking into consideration the terms of the Organizational Restructuring, etc., and in accordance with (1) or (2) below. Further, the conversion price shall be subject to the same adjustment as in (3)(c) above.

(i) In the case of merger, share exchange or share transfer, a conversion price shall be established so that the number of common shares of the Succeeding Company, etc. received upon the Organizational Restructuring, etc. by the holder of the number of common shares of the Bank that would have been obtained if the Stock Acquisition Rights had been exercised immediately prior to the effective date of the Organizational Restructuring, etc. can be received if the stock acquisition rights of the Succeeding Company, etc. were exercised immediately after the effective date of the Organizational Restructuring, etc. If any securities of the Succeeding Company, etc. other than its common stock, or other property is issued at the time of the Organizational Restructuring, etc., then this may be received together with the common stock in a quantity equal to the value of the said securities or property divided by the market price of the common stock of the Succeeding Company, etc.

(ii) In the case of Organizational Restructuring, etc. other than described above, a conversion price shall be established so that the holder of the Bond with Stock Acquisition Rights can receive the same economic benefit upon exercise of the stock acquisition rights of the Succeeding Company, etc. immediately after the effective date of the Organizational Restructuring, etc. as they would have received if they had exercised the stock acquisition rights immediately prior to the effective date of the Organizational Restructuring, etc.

(4) Details and value of property to be contributed upon the exercise of stock acquisition rights

At the time of the exercise of the stock acquisition rights of the succeeding company, etc., the assumed Bond shall be contributed and the value of the Bond shall be equal to the par value of the assumed Bond.

(5) Period during which the stock acquisition rights can be exercised

The period from the effective date of the Organizational Restructuring, etc. (in some cases a date within 14 days thereof) until the expiration date of the period during which Stock Acquisition Rights may be exercised as set forth in (5) above.

(6) Other conditions of exercise of the stock acquisition rights

A stock acquisition right of the Succeeding Company, etc. may not be partially exercised. In addition,

the exercise of stock acquisition rights of the Succeeding Company, etc. shall be subject to the same restriction as described in (6) (b) above.

- (7) Acquisition of bond with stock acquisition rights by the Succeeding Company, etc.

The Succeeding Company, etc. may acquire the stock acquisition rights of the Succeeding Company, etc. and inherited bond in the same way as described in 3 (5) below.

- (8) Increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights

The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up. The amount by which capital reserve increases shall be the upper limit of the increase in the amount of stated capital less the increase in the amount of stated capital.

- (9) Organizational Restructuring, etc.

In the event of Organizational Restructuring, etc. with respect to the Succeeding Company, etc., treatment shall be the same as with the Bond with Stock Acquisition Rights.

- (10) Other

Any fractions of less than one share arising through exercise of the stock acquisition rights of the succeeding company, etc. shall be rounded down, and no cash adjustment shall be made. The stock acquisition rights of the succeeding company, etc. cannot be transferred independently of the assumed Bond.

- (c) If the Bank has its obligations based on the Bond and deed of trust in accordance with the provisions of (a) above undertaken by or transferred to the Succeeding Company, etc., it shall put up a guarantee in certain cases as specified in the conditions of the Bond with Stock Acquisition Rights, and comply with the conditions of the Bond with Stock Acquisition Rights.

3. Matters regarding the Bond

- (1) Total amount of the Bond

The combined total of USD 300 million and the total par value of the Bond pertaining to the substitute bond with stock acquisition rights

- (2) Bond interest rate

The Bond shall not incur interest.

- (3) Redemption at maturity

100% of the par value of the Bond shall be redeemed on April 24, 2019 (the redemption date).

- (4) Early redemption of the Bond

- (a) Early redemption through clean-up call provision

At any point prior to giving notice of early redemption in (a) hereunder, if the total par value of the remaining Bond falls to less than 10% of the total par value of the Bond at the time of its issue, the Bank may perform early redemption of the remaining Bond in whole (in part is not possible) at 100% of its par value, by giving prior notice of between 30 and 60 days to the Right Holders of the Bond with Stock Acquisition Rights. However, in the event that the Bank is obliged to give notice of early redemption on the basis of (c) or (e) below, if a circumstance stipulated in (d) (i) through (iv) below arises, or acquisition

notice is given in accordance with (5) below, notice of early redemption in (a) hereunder may not subsequently be given.

(b) Early redemption through change in taxation system

If due to a change in Japan's taxation system, etc., the consent of the trustee company is obtained to the effect that the Bank has incurred an additional payment obligation as specified in the conditions of the Bond with Stock Acquisition Rights and such additional payment obligation cannot be avoided even if the Bank takes reasonable measures, the Bank may perform early redemption of the remaining Bond in whole (in part is not possible) at 100% of its par value, by giving prior notice of between 30 and 60 days to the Right Holders of the Bond with Stock Acquisition Rights. However, the Bank must not give such notice of early redemption earlier than at least 90 days prior to the first day on which the additional payment obligation is incurred.

Notwithstanding the foregoing, if the total par value of the remaining Bond at the moment of such notice is 10% or more than the total par value of the Bond at the time of its issue, the Right Holders of the Bond with Stock Acquisition Rights shall have the right to select not to receive early redemption with respect to the Bond held by the Right Holders of the Bond with Stock Acquisition Rights, by giving notice to the Bank at least 20 days prior to the redemption date. In this case, the Bank shall not incur the additional payment obligation specified in the conditions of the Bond with Stock Acquisition Rights with respect to payment relating to the Bond after the redemption date, and payment relating to the Bond after the redemption date shall be made after collecting or deducting at source taxes and public charges, as specified in the conditions of the Bond with Stock Acquisition Rights. However, in the event that the Bank is obliged to give notice of early redemption on the basis of (c) or (e) below, if a circumstance stipulated in (d) (i) through (iv) below arises, or acquisition notice is given in accordance with (5) below, notice of early redemption in (b) hereunder may not subsequently be given.

(c) Early redemption through Organizational Restructuring, etc.

If Organizational Restructuring, etc. has occurred, but (a) the measures described in 2 (7) (a) above cannot be taken, or (b) the Bank issues a certificate to the trustee company stating that the Bank does not anticipate the Succeeding Company, etc. being a listed company in Japan as of the effective date of the Organizational Restructuring, etc., for whatever reason, the Bank shall, after giving advance notice of at least 14 business days in Tokyo to the Right Holders of the Bond with Stock Acquisition Rights, perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (the redemption date shall, in principle, be on or before the effective date of the Organizational Restructuring, etc.), at the redemption amount set forth below.

The redemption amount to be applied upon the aforementioned redemption shall be calculated based on a certain formula in accordance with parity of the redemption date and the Bond with Stock Acquisition Rights, so as to be an amount that reflects the value of the Bond with Stock Acquisition Rights as of the moment of redemption, taking into consideration interest rates, the price of the Bank's common stock, volatility and other market trends. The minimum redemption amount calculated based on this formula shall be 100% of the par value of the Bond, and the maximum redemption amount shall be 180% of the par value of the Bond (however, if the redemption date falls between April 11, 2019 and April 23, 2019, the redemption amount shall be 100% of the par value of the Bond).

"Organizational Restructuring, etc." shall mean the adoption of a resolution by a General Meeting of

Shareholders of the Bank (or by the board of directors if a resolution of the General Meeting of Shareholders is not required) to approve the matters resulting in undertaking by another company of the Bank's obligations arising from the Bond and/or the Stock Acquisition Rights, as a result of (i) a merger between the Bank and another company (including incorporation-type merger and absorption-type merger, except where the Bank is the surviving company; the same shall apply hereinafter), (ii) a transfer of assets (sale or transfer to another company of all or substantially all of the Bank's assets, limited to where the Bank's obligations arising from the Bond with Stock Acquisition Rights are transferred to the counterparty, in accordance with the terms of the sale or transfer), (iii) a company split (including incorporation-type company split and absorption-type company split, but only where the Bank's obligations arising from the Bond with Stock Acquisition Rights are transferred to the target company in the split), (iv) share exchange or share transfer (limited to where the Bank becomes a wholly-owned subsidiary of the other company; the same shall apply hereinafter), or (v) other corporate restructuring procedures under Japanese law.

(d) Early redemption through delisting, etc.

If (i) a tender offer is made by a party other than the Bank (hereinafter, "Tender Offeror") for the common stock of the Bank, in accordance with the Financial Instruments and Exchange Act, (ii) the Bank expresses agreement with the tender offer in accordance with the Financial Instruments and Exchange Act, (iii) the Bank or Tender Offeror publishes in a tender offer statement, etc. or acknowledges that as a result of acquisition of the Bank's common stock through the tender offer, the Bank's common stock could be delisted (except where the Bank or the tender offeror has announced that they will make every effort to ensure that the Bank continues to be a listed company in Japan after the acquisition), and (iv) the tender offeror acquires the common stock of the Bank as a result of the tender offer, the Bank shall, after giving notice to the Right Holders of the Bond with Stock Acquisition Rights within 14 days of the acquisition date of the Bank's common stock through the tender offer, perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (the redemption date shall be a day falling between 14 and 30 business days in Tokyo from the notice date) at the redemption amount calculated by means of the formula based on the case of redemption set forth in (c) above (the minimum amount shall be 100% of the par value of the Bond, and the maximum amount shall be 180% of the par value of the Bond; however, if the redemption date falls between April 11, 2019 and April 23, 2019, the redemption amount shall be 100% of the par value of the Bond).

Notwithstanding the foregoing, if the Bank or the tender offeror publish in a tender offer statement, etc. that they plan to cause grounds for Organizational Restructuring, etc. or Squeeze-Out Event (defined in (e) below) after the acquisition date of the Bank's common stock through the tender offer, the redemption obligation on the part of the Bank set forth in (d) hereunder shall not apply. However, if the grounds for Organizational Restructuring, etc. or Squeeze-Out Event do not arise within 60 days of the acquisition date, the Bank shall, after giving notice to the Right Holders of the Bond with Stock Acquisition Rights within 14 days of last day of this 60-day period, perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (the redemption date shall be a day falling between 14 and 30 business days in Tokyo from the notice date) at the above redemption amount.

If the Bank assumes both the redemption obligation set forth in (d) hereunder and (c) above or (e) below, the procedures under (c) above or (e) below shall apply.

(e) Early redemption through squeeze-out

After an amendment to the Articles of Incorporation that makes the Bank's common stock into stock subject to class-wide call, in the event of a resolution by the Bank's General Meeting of Shareholders calling for acquisition of the entire common stock of the Bank with consideration (hereinafter, "Squeeze-Out Event"), the Bank shall, after giving notice to the Right Holders of the Bond with Stock Acquisition Rights as quickly as is practically possible (within 14 days of occurrence of the Squeeze-Out Event), perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (such redemption date shall be earlier than the acquisition date of the Bank's common stock pertaining to the squeeze-out event, and shall be a day falling between 14 and 30 business days in Tokyo from the notice date), at the redemption amount calculated by means of the formula based on the case of redemption set forth in (c) above (the minimum amount shall be 100% of the par value of the Bond, and the maximum amount shall be 180% of the par value of the Bond; however, if the redemption date falls between April 11, 2019 and April 23, 2019, the redemption amount shall be 100% of the par value of the Bond).

(5) Acquisition of Bond with Stock Acquisition Rights by the Bank

From January 24, 2019, the Bank may give notice to the Right Holders of the Bond with Stock Acquisition Rights (hereinafter, "acquisition notice") that it will acquire the remaining Bond in whole (in part is not possible) that currently remains as of the Acquisition Date (defined below). In (5) hereunder, "Acquisition Date" shall mean the date of acquisition specified in the acquisition notice, and is a date falling between 60 and 75 days from the date of the acquisition notice.

The Company shall acquire the whole of the Bond with Stock Acquisition Rights on the Acquisition Date, and shall deliver the Delivered Property (defined below) to the Right Holders of the Bond with Stock Acquisition Rights in exchange for this.

The acquisition of the Bond with Stock Acquisition Rights by the Bank based on (5) hereunder shall be conditional on the Bank's common stock being listed on the Tokyo Stock Exchange, Inc. on the Acquisition Date. The Company shall cancel the acquired Bond with Stock Acquisition Rights in accordance with the conditions of the Bond with Stock Acquisition Rights.

In addition, if the Bank has given notice of early redemption in accordance with (4) (a) or (b) above, in the event that the Bank is obliged to give notice of early redemption on the basis of (4) (c) or (e) above, or if a circumstance stipulated in (4) (d)(i) through (iv) above has arisen, then acquisition notice in (5) hereunder may not subsequently be given.

"Delivered Property" shall mean, for each Bond with Stock Acquisition Rights, (I) cash equivalent to a sum equal to the par value of the Bond, and (II) common shares of the Bank in a quantity calculated by deducting from the Conversion Price (defined below) a sum equivalent to the par value of the Bond (but only where a positive value), and dividing this amount by the Average VWAP Per Share (defined below) (however, any fractions of less than one share shall be rounded down, and no cash adjustment shall be made).

"Average VWAP Per Share" shall mean the average value (rounded to the nearest cent) of the volume weighted average price ("VWAP") of the Bank's common stock on each of the 20 consecutive trading days commencing on the fifth trading day from the day following the date on which the Bank gave Acquisition Notice (defined below) as announced by the Tokyo Stock Exchange, Inc., converted into US dollars using the Exchange Rate on each respective Trading Day (defined below), rounded to the nearest cent. If, during the 20 consecutive Trading Days, a reason for adjustment of the conversion price arises as described in 2 (3) above, the Average VWAP Per Share will also be adjusted as appropriate.

”Trading Day” shall mean a day established by the Tokyo Stock Exchange, Inc., not including days on which no closing price is announced.

”Acquisition Share Value” shall mean the value calculated by the following formula.

$$\frac{\text{Principal Amount of the Bond}}{\text{Last Day Conversion Price}} \times \text{Average VWAP Per Share}$$

In the above formula, “Last Day Conversion Price” shall mean the final day of the 20 consecutive trading days commencing on the fifth trading day from the day immediately following the date on which acquisition notice was given.

The “Exchange Rate” on a certain day shall mean the spot foreign exchange rate on the applicable date, and is determined based on the median value of the spot exchange rate for USD/JPY displayed as of 3:00 p.m. (JST) on the Reuters screen “JPNU” page (or alternative page displaying the USD/JPY exchange rate).

If this rate is not displayed on the Reuters screen page, it shall be a reasonable commercial rate determined in good faith by the agent for payment/receipt of request for exercise of stock acquisition rights listed in (10) below.

(6) Cancellation by purchase

The Bank may purchase, and then hold or resell a Bond with Stock Acquisition Rights via the open market or by other means as needed, or cancel the Bond pertaining to the Bond with Stock Acquisition Rights. In addition, a subsidiary of the Bank may purchase, and then hold or resell a Bond with Stock Acquisition Rights via the open market or by other means as needed, or deliver this to the Bank in order to cancel the Bond pertaining to the Bond with Stock Acquisition Rights.

(7) Acceleration

If, in the event of non-performance of or non-compliance with the deed of trust or the rules of the Bond, or in the event of certain circumstances specified in the conditions to the Bond with Stock Acquisition Rights, the trustee company has given notice of contractual acceleration of the Bond to the Bank as provided for in the conditions of the Bond with Stock Acquisition Rights, the Bank shall be subject to acceleration with respect to the Bond and must immediately redeem the remaining Bond in full at its par value, together with accrued interest (if any).

(8) Denomination of Bond with Stock Acquisition Rights

Regarding the Bond with Stock Acquisition Rights, a Certificate of Bond with Stock Acquisition Rights shall be issued in registered form (hereinafter, “the Certificate of Bond with Stock Acquisition Rights”).

(9) Restriction on request for conversion to unregistered bond with stock acquisition rights

A request cannot be made to have the Certificate of Bond with Stock Acquisition Rights in unregistered form.

(10) Agent for payment/receipt of request for exercise of stock acquisition rights pertaining to the Bond with Stock Acquisition Rights

The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch (main agent for payment/receipt of request for exercise of stock acquisition rights)

(11) Registrar for the Bond with Stock Acquisition Rights

MUFG Union Bank, N.A.

(12) Bond security or guarantee

The Bond will not be secured or guaranteed.

(13) Financial covenant

A negative pledge provision is included.

4. Listed stock exchange

The Bond with Stock Acquisition Rights shall be listed on the Singapore Exchange.

End

Mebuki Financial Group, Inc.

Details of Euro-US Dollar-Denominated Convertible Bond with Stock Acquisition Rights with Call Provision due 2019

1. Name of Bond

Mebuki Financial Group, Inc. Euro-US Dollar-Denominated Convertible Bond with Stock Acquisition Rights with Call Provision due 2019 (hereinafter, the “Bond with Stock Acquisition Rights”, of which the bond element shall be referred to as the “Bond” and the stock acquisition rights element as the “Stock Acquisition Rights.” Further, The Joyo Bank, Ltd. Euro-US Dollar-Denominated Convertible Bond with Stock Acquisition Rights with Call Provision due 2019 set forth in Article 4, Table 2, Column 1 of the Agreement shall be referred to hereinafter as the “Former Bond with Stock Acquisition Rights”, of which the bond element shall be referred to as the “Former Bond” and the stock acquisition rights element as the “Former Stock Acquisition Rights”).

2. Matters regarding the Stock Acquisition Rights

(1) Type, Number, and Details of Shares Underlying the Stock Acquisition Rights

The type and details of the shares underlying the Stock Acquisition Rights shall be the common stock of the Company (share unit: 100 shares), and the number of common shares of the Company delivered by the Company upon the exercise thereof shall be the total par value of the Bond pertaining to the exercise request divided by the conversion price set forth in (3) below. Any fractions of less than one share arising through the exercise shall be rounded down, and no cash adjustment shall be made.

(2) Total Number of Stock Acquisition Rights

The same number as the number of the Former Stock Acquisition Rights listed or recorded in the record of stock acquisition rights of The Joyo Bank, Ltd. as of the moment immediately prior to the acquisition by the Company of all of the granted shares of The Joyo Bank, Ltd. by way of the Share Exchange (defined in the Agreement; the same shall apply hereinafter).

(3) Details and Value of Property to be Contributed upon the Exercise of Stock Acquisition Rights

- (a) At the time of the exercise of each Stock Acquisition Right, the Bond related to those Stock Acquisition Rights shall be contributed and the value of the Bond shall be identical to the par value of the Bond.
- (b) The conversion price shall, initially, be an amount equal to the conversion price of the valid Former Bond with Stock Acquisition Rights divided by 1.170 (rounded to the nearest cent) as at the moment of acquisition by the Company of all of the granted shares of The Joyo Bank, Ltd. by way of the Share Exchange
- (c) The conversion price shall be adjusted using the formula set forth below if, after the issuance of the Bond with Stock Acquisition Rights, the Company issues common stock of the Company with a paid-in amount less than the market price of the Company's common stock, or disposes of the common stock it holds. Note that in this formula, “No. of granted shares” is the total number of the Company's issued and outstanding common shares (excluding those held by the Company).

$$\begin{array}{r} \text{conversion} \\ \text{price} \\ \text{after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{conversion} \\ \text{price} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{r} \text{No. of} \\ \text{shares} \\ \text{outstanding} \end{array} + \frac{\begin{array}{r} \text{No. of shares} \\ \text{being granted or} \\ \text{disposed} \end{array} \times \begin{array}{r} \text{Per share} \\ \text{paid-in} \\ \text{amount} \end{array}}{\begin{array}{r} \text{No. of shares outstanding} \\ + \text{No. of shares being granted or disposed} \end{array} \times \text{Market value}}$$

In addition, the conversion price shall be adjusted as appropriate in the event of a split or consolidation of the Company's common stock, distribution of a certain surplus, the issue of stock acquisition rights with the ability to request delivery of common stock of the Company at a value lower than the market price of the Company's common stock (including those attached to a bond with stock acquisition rights), or in certain other circumstances.

(4) Increases in Stated Capital and Capital Reserve due to the Issuance of Shares upon the Exercise of Stock Acquisition Rights

The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up. The amount by which capital reserve increases shall be the upper limit of the increase in the amount of stated capital less the increase in the amount of stated capital.

(5) Period during Which the Stock Acquisition Rights Can Be Exercised

The period shall be from the Effective Date (defined in the Agreement) until April 10, 2019 (local time at place of receipt of request for exercise). However, (1) in the case of early redemption as set forth in 3 (4) below, the period shall be until the day 3 business days prior to the redemption date in Tokyo (excluding the Stock Acquisition Rights pertaining to the Bond where selection has been made not to receive early redemption as set forth in 3 (4) (b) below); (2) in the case of acquisition of the Bond with Stock Acquisition Rights by the Company as set forth in 3 (5) below, or the cancellation by purchase of the Bond as set forth in 3 (6) below, the period shall be until the moment of cancellation of the Bond; (3) in the case of acceleration of the Bond as set forth in 3 (7) below, the period shall be until the moment of contractual acceleration. In all of the above cases, the stock acquisition rights cannot be exercised later than April 10, 2019 (local time at place of receipt of request for exercise).

Notwithstanding the foregoing, in the case of acquisition of the Bond with Stock Acquisition Rights by the Company as set forth in 3 (5) below, the Stock Acquisition Rights cannot be exercised in the period from the day following the acquisition notice until the acquisition date set forth in 3 (5) below. In addition, if reasonably deemed necessary by the Company in order to implement Organizational Restructuring, etc. (defined in 3 (4) (c) below; the same shall apply hereinafter), the Stock Acquisition Rights may not be exercised during a period falling within a 30-day period ending within a period of 14 days counting from the day following the effective date of the Organizational Restructuring, etc.

Notwithstanding the foregoing, if the calendar day in Japan on which exercise of the Stock Acquisition Rights takes effect (or when such calendar day is not a business day in Tokyo, the following business day in Tokyo) is a record date specified by the Company, or falls in the period from two business days in Tokyo (or if the shareholder determination date is not a business day in Tokyo, 3 business days) (including such date) prior to the date which was specified for determining shareholders in connection with Article 151, Paragraph 1 of the Act on Book-Entry of Company Bonds, Shares, etc. (hereinafter referred to together with the record date specified by the Company collectively as the "Shareholder Determination Date") until the relevant Shareholder Determination Date (or if the said Shareholder Determination Date is not a business day in Tokyo, the following business day in Tokyo) (including such date), the Stock Acquisition Rights cannot be exercised. However, if there is a change in Japanese law, regulations or practice concerning the delivery of shares pertaining to the exercise of stock acquisition rights via a transfer system based on the Act on Book-Entry of Company Bonds, Shares, etc., the

Company may amend the limitation on the period during which the Stock Acquisition Rights may be exercised based on this paragraph so as to reflect such change.

(6) Other Conditions Regarding Exercise of Stock Acquisition Rights

(a) A stock acquisition right may not be partially exercised.

(b) In the period until January 25, 2019 (exclusive of this date), a Right Holder of the Bond with Stock Acquisition Rights may,

- (i) in the event that with regard to the quarter ending September 30, 2016, in any 20 trading days within a period of 30 consecutive trading days ending on the final trading day of the quarter (defined in 3 (5) below; the same shall apply hereinafter), the amount calculated by converting the Closing Price of the Company's common stock into US dollars, rounded to the nearest cent, based on the exchange rate on each respective trading day (defined in 3 (5) below; the same shall apply hereinafter) exceeds 130% of the conversion price of the Former Bond with Stock Acquisition Rights applicable on the final trading day (rounded to the nearest cent), or
- (ii) in the event that with regard to the quarter commencing October 1, 2016, in any 20 trading days within a period of 30 consecutive trading days ending on the final trading day of the quarter, the amount calculated by converting the Closing Price of the Company's common stock into US dollars, rounded to the nearest cent, based on the exchange rate on each respective trading day exceeds 130% of the conversion price applicable on the final trading day (rounded to the nearest cent),

exercise the Stock Acquisition Rights in the period from the first day to the last day of the following quarter (until January 24, 2019 in the case of the quarter commencing January 1, 2019). However, the conditions for exercise of the Stock Acquisition Rights set forth in (b) hereunder shall not be applicable in the periods set forth in (1), (2) and (3) below.

- (1) (i) A period in which the long-term senior debt rating of the Company issued by Moody's Japan K.K. or its successor rating organization (hereinafter, "Moody's") is Baa3 or lower; (ii) a period in which the issuer rating of the Company issued by Rating and Investment Information, Inc. or its successor rating organization (hereinafter, "R&I") is BBB- or lower; (iii) a period in which there is no long-term senior debt rating of the Company issued by Moody's or issuer rating of the Company issued by R&I; or (iv) a period in which the long-term senior debt rating of the Company issued by Moody's or issuer rating of the Company issued by R&I is terminated or withdrawn.
- (2) The period from the date on which the Company has given notice to the Right Holder of the Bond with Stock Acquisition Rights of early redemption of the Bond as set forth in 3 (4) below (excluding the Stock Acquisition Rights pertaining to the Bond where selection has been made not to receive early redemption as set forth in 3 (4) (b) below).
- (3) Upon Organizational Restructuring, etc., the period from the date on which the Company has given notice to the Right Holder of the Bond with Stock Acquisition Rights (including this date) concerning the Organizational Restructuring, etc., in accordance with the conditions of the Bond with Stock Acquisition Rights, until the effective date of the Organizational Restructuring, etc. (including this date), provided that the exercise of the Stock Acquisition Rights is not prohibited under (5) above.

The "Closing Price" of the common stock of The Joyo Bank, Ltd. or of the Company's common stock on a certain date shall mean the closing price of regular trading of shares of common stock of The Joyo Bank, Ltd.

or of the Company on the Tokyo Stock Exchange, Inc. (“TSE”) on that date.

(7) Delivery of Stock Acquisition Rights by Succeeding Company, etc. in the Event of Organizational Restructuring, etc. by the Company

- (a) In the event of Organizational Restructuring, etc., the Company shall make every effort to have the Succeeding Company, etc. (defined below) take over the status as main obligor of the Bond with Stock Acquisition Rights, and issue new stock acquisition rights in place of the Stock Acquisition Rights, in accordance with the conditions of the Bond with Stock Acquisition Rights. However, with respect to such succession and delivery, the following are the preconditions: (i) it is feasible under the applicable law as of that moment; (ii) structures for it are already in place or can be put in place; and (iii) the Company or the Succeeding Company, etc. can implement it without incurring (in the opinion of the Company) unreasonable costs (including tax) from the overall perspective of the Organizational Restructuring, etc. In such case, the Company as well as the Succeeding Company, etc. shall make every effort to be a listed company in Japan as of the effective date of the Organizational Restructuring, etc. The effort obligation of the Company set forth in (a) hereunder shall not apply if the Company issues a certificate set forth in 3 (4) (c) (b) below to the trustee company.

”Succeeding Company, etc.” shall mean the counterparty in the Organizational Restructuring, etc., and is the company that assumes the Company's obligations with respect to the Bond with Stock Acquisition Rights and/or the Stock Acquisition Rights.

- (b) The details of the stock acquisition rights issued by the Succeeding Company, etc. in accordance with the provisions of (a) above shall be as follows.

(1) Number of stock acquisition rights

The same number as the number of the stock acquisition rights related to the Bond with Stock Acquisition Rights remaining immediately prior to the effective date of the Organizational Restructuring, etc.

(2) Type of stock underlying stock acquisition rights

The number of common shares of the Succeeding Company, etc.

(3) Number of shares underlying the stock acquisition rights

The number of common shares of the Succeeding Company, etc. granted upon the exercise of stock acquisition rights of the Succeeding Company, etc. shall be determined by the Succeeding Company, etc. with reference to the guidelines of the Bond with Stock Acquisition Rights after taking into consideration the terms of the Organizational Restructuring, etc., and in accordance with (1) or (2) below. Further, the conversion price shall be subject to the same adjustment as in (3) (c) above.

- (i) In the case of merger, share exchange or share transfer, a conversion price shall be established so that the number of common shares of the Succeeding Company, etc. received upon the Organizational Restructuring, etc. by the holder of the number of common shares of the Company that would have been obtained if the Stock Acquisition Rights had been exercised immediately prior to the effective date of the Organizational Restructuring, etc. can be received if the stock acquisition rights of the Succeeding Company, etc. were exercised immediately after the effective date of the Organizational Restructuring, etc. If any securities of the Succeeding Company, etc. other than its common stock, or other property is issued at the time of the Organizational Restructuring, etc., then this may be received together with the common stock in a quantity equal to the value of the said securities or

property divided by the market price of the common stock of the Succeeding Company, etc.

- (ii) In the case of Organizational Restructuring, etc. other than described above, a conversion price shall be established so that the holder of the Bond with Stock Acquisition Rights can receive the same economic benefit upon exercise of the stock acquisition rights of the Succeeding Company, etc. immediately after the effective date of the Organizational Restructuring, etc. as they would have received if they had exercised the stock acquisition rights immediately prior to the effective date of the Organizational Restructuring, etc.
- (4) Details and value of property to be contributed upon the exercise of stock acquisition rights
At the time of the exercise of the stock acquisition rights of the Succeeding Company, etc., the inherited Bond shall be contributed and the value of the Bond shall be equal to the par value of the inherited Bond.
- (5) Period during which the stock acquisition rights can be exercised
The period from the effective date of the Organizational Restructuring, etc. (in some cases a date within 14 days thereafter) until the expiration date of the period during which stock acquisition rights may be exercised as set forth in (5) above.
- (6) Other conditions of exercise of the stock acquisition rights
A stock acquisition right of the Succeeding Company, etc. may not be partially exercised. In addition, the exercise of stock acquisition rights of the succeeding company, etc. shall be subject to the same restriction as described in (6) (b) above.
- (7) Acquisition of bond with stock acquisition rights by the succeeding company, etc.
The succeeding company, etc. may acquire the stock acquisition rights of the Succeeding Company, etc. and inherited bond in the same way as described in 3 (5) below.
- (8) Increases in stated capital and capital reserve due to the issuance of shares upon the exercise of stock acquisition rights
The amount by which stated capital increases due to the issuance of shares upon the exercise of stock acquisition rights shall be one half (1/2) of the upper limit of the increase in the amount of stated capital calculated pursuant to the provisions of Article 17 of the Ordinance on Company Accounting, with any resulting fraction of less than one yen arising therefrom rounded up. The amount by which capital reserve increases shall be the upper limit of the increase in the amount of stated capital less the increase in the amount of stated capital.
- (9) Organizational Restructuring, etc.
In the event of Organizational Restructuring, etc. with respect to the Succeeding Company, etc., treatment shall be the same as with the Bond with Stock Acquisition Rights.
- (10) Other
Any fractions of less than one share arising through exercise of the stock acquisition rights of the succeeding company, etc. shall be rounded down, and no cash adjustment shall be made. The stock acquisition rights of the succeeding company, etc. cannot be transferred independently of the assumed Bond.
- (c) If the Company has its obligations based on the Bond and deed of trust in accordance with the provisions of (a) above undertaken by or transferred to the succeeding company, etc., it shall put up a guarantee in certain cases as specified in the conditions of the Bond with Stock Acquisition Rights, and comply with the conditions of the Bond with Stock Acquisition Rights.

3. Matters regarding the Bond

(1) Total amount of the Bond

The combined total of USD 300 million and the total par value of the Bond pertaining to the substitute bond with stock acquisition rights, the unredeemed amount immediately prior to the moment at which the Share Exchange takes effect

(2) Bond interest rate

The Bond shall not incur interest.

(3) Redemption at maturity

100% of the par value of the Bond shall be redeemed on April 24, 2019 (the redemption date).

(4) Early redemption of the Bond

(a) Early redemption through clean-up call provision

At any point prior to giving notice of early redemption in (a) hereunder, if the total par value of the remaining Bond falls to less than 10% of the total par value of the Bond at the time of its issue, the Company may perform early redemption of the remaining Bond in whole (in part is not possible) at 100% of its par value, by giving prior notice of between 30 and 60 days to the Right Holders of the Bond with Stock Acquisition Rights. However, in the event that the Company is obliged to give notice of early redemption on the basis of (c) or (e) below, if a circumstance stipulated in (d) (i) through (iv) below arises, or acquisition notice is given in accordance with (5) below, notice of early redemption in (a) hereunder may not subsequently be given.

(b) Early redemption through change in taxation system

If due to a change in Japan's taxation system, etc., the consent of the trustee company is obtained to the effect that the Company has incurred an additional payment obligation as specified in the conditions of the Bond with Stock Acquisition Rights and such additional payment obligation cannot be avoided even if the Company takes reasonable measures, the Company may perform early redemption of the remaining Bond in whole (in part is not possible) at 100% of its par value, by giving prior notice of between 30 and 60 days to the Right Holders of the Bond with Stock Acquisition Rights. However, the Company must not give such notice of early redemption earlier than 90 days prior to the first day on which the additional payment obligation is incurred.

Notwithstanding the foregoing, if the total par value of the remaining Bond at the moment of such notice is 10% or more than the total par value of the Bond at the time of its issue, the Right Holders of the Bond with Stock Acquisition Rights shall have the right to select not to receive early redemption with respect to the Bond held by the Right Holders of the Bond with Stock Acquisition Rights, by giving notice to the Company at least 20 days prior to the redemption date. In this case, the Company shall not incur the additional payment obligation specified in the conditions of the Bond with Stock Acquisition Rights with respect to payment relating to the Bond after the redemption date, and payment relating to the Bond after the redemption date shall be made after collecting or deducting at source taxes and public charges, as specified in the conditions of the Bond with Stock Acquisition Rights. However, in the event that the Company is obliged to give notice of early redemption on the basis of (c) or (e) below, if a circumstance stipulated in (d) (i) through (iv) below arises, or acquisition notice is given in accordance with (5) below, notice of early redemption in (b) hereunder may not subsequently be given.

(c) Early redemption through Organizational Restructuring, etc.

If Organizational Restructuring, etc. has occurred, but (a) the measures described in 2 (7) (a) above cannot be taken, or (b) the Company issues a certificate to the trustee company stating that the Company does not anticipate the Succeeding Company, etc. being a listed company in Japan as of the effective date of the Organizational Restructuring, etc., for whatever reason, the Company shall, after giving advance notice of at least 14 business days in Tokyo to the Right Holders of the Bond with Stock Acquisition Rights, perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (the redemption date shall, in principle, be on or before the effective date of the Organizational Restructuring, etc.), at the redemption amount set forth below.

The redemption amount to be applied upon the aforementioned redemption shall be calculated based on a certain formula in accordance with parity of the redemption date and the Bond with Stock Acquisition Rights, so as to be an amount that reflects the value of the Bond with Stock Acquisition Rights as of the moment of redemption, taking into consideration interest rates, the price of the Company's common stock, volatility and other market trends. The minimum redemption amount calculated based on this formula shall be 100% of the par value of the Bond, and the maximum redemption amount shall be 180% of the par value of the Bond (however, if the redemption date falls between April 11, 2019 and April 23, 2019, the redemption amount shall be 100% of the par value of the Bond).

“Organizational Restructuring, etc.” shall mean the adoption of a resolution by a General Meeting of Shareholders of the Company (or by the board of directors if a resolution of the General Meeting of Shareholders is not required) to approve the undertaking by another company of the Company's obligations arising from the Bond and/or the Stock Acquisition Rights, as a result of (i) a merger between the Company and another company (including incorporation-type merger and absorption-type merger, except where the Company is the surviving company; the same shall apply hereinafter), (ii) a transfer of assets (sale or transfer to another company of all or substantially all of the Company's assets, limited to where the Company's obligations arising from the Bond with Stock Acquisition Rights are transferred to the counterparty, in accordance with the terms of the sale or transfer), (iii) a company split (including incorporation-type company split and absorption-type company split, but only where the Company's obligations arising from the Bond with Stock Acquisition Rights are transferred to the target company in the split), (iv) share exchange or share transfer (limited to where the Company becomes a wholly-owned subsidiary of the other company; the same shall apply hereinafter), or (v) other corporate restructuring procedures under Japanese law.

(d) Early redemption through delisting, etc.

If (i) a tender offer is made by a party other than the Company (hereinafter, “Tender Offeror”) for the common stock of the Company, in accordance with the Financial Instruments and Exchange Act, (ii) the Company expresses agreement with the tender offer in accordance with the Financial Instruments and Exchange Act, (iii) the Company or tender offeror publishes in a tender offer statement, etc. or acknowledges that as a result of acquisition of the Company's common stock through the tender offer, the Company's common stock could be delisted (except where the Company or the tender offeror has announced that they will make every effort to ensure that the Company continues to be a listed company in Japan after the acquisition), and (iv) the tender offeror acquires the common stock of the Company as a result of the tender offer, the Company shall, after giving notice to the Right Holders of the Bond with Stock Acquisition Rights within 14 days of the acquisition date of the Company's common stock through the

tender offer, perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (the redemption date shall be a day falling between 14 and 30 business days in Tokyo from the notice date) at the redemption amount calculated by means of the formula based on the case of redemption set forth in (c) above (the minimum amount shall be 100% of the par value of the Bond, and the maximum amount shall be 180% of the par value of the Bond; however, if the redemption date falls between April 11, 2019 and April 23, 2019, the redemption amount shall be 100% of the par value of the Bond).

Notwithstanding the foregoing, if the Company or the tender offeror publish in a tender offer statement, etc. that they plan to cause grounds for Organizational Restructuring, etc. or Squeeze-Out Event (defined in (e) below) after the acquisition date of the Company's common stock through the tender offer, the redemption obligation on the part of the Company set forth in (d) hereunder shall not apply. However, if the grounds for Organizational Restructuring, etc. or squeeze-out event do not arise within 60 days of the acquisition date, the Company shall, after giving notice to the Right Holders of the Bond with Stock Acquisition Rights within 14 days of last day of this 60-day period, perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (the redemption date shall be a day falling between 14 and 30 business days in Tokyo from the notice date) at the above redemption amount.

If the Company assumes both the redemption obligation set forth in (d) hereunder and (c) above or (e) below, the procedures under (c) above or (e) below shall apply.

(e) Early redemption through Squeeze-Out

After an amendment to the Articles of Incorporation that makes the Company's common stock into stock subject to class-wide call, in the event of a resolution by the Company's General Meeting of Shareholders calling for acquisition of the entire common stock of the Company with consideration (hereinafter, "Squeeze-Out Event"), the Company shall, after giving notice to the Right Holders of the Bond with Stock Acquisition Rights as quickly as is practically possible (but within 14 days of occurrence of the Squeeze-Out Event), perform early redemption of the remaining Bond in whole (in part is not possible) on the redemption date specified in the notice (such redemption date shall be earlier than the acquisition date of the Company's common stock pertaining to the Squeeze-Out Event, and shall be a day falling between 14 and 30 business days in Tokyo from the notice date), at the redemption amount calculated by means of the formula based on the case of redemption set forth in (c) above (the minimum amount shall be 100% of the par value of the Bond, and the maximum amount shall be 180% of the par value of the Bond; however, if the redemption date falls between April 11, 2019 and April 23, 2019, the redemption amount shall be 100% of the par value of the Bond).

(5) Acquisition of Bond with Stock Acquisition Rights by the Company

From January 24, 2019, the Company may give notice to the Right Holders of the Bond with Stock Acquisition Rights (hereinafter, "acquisition notice") that it will acquire the remaining Bond in whole (in part is not possible) that currently remains as of the Acquisition Date (defined below). In (5) hereunder, "Acquisition Date" shall mean the date of acquisition specified in the acquisition notice, and is a date falling between 60 and 75 days from the date of the acquisition notice.

The Company shall acquire the whole of the Bond with Stock Acquisition Rights on the acquisition date, and shall deliver the Delivered Property (defined below) to the Right Holders of the Bond with Stock Acquisition Rights in exchange for this.

The acquisition of the Bond with Stock Acquisition Rights by the Company based on (5) hereunder shall be conditional on the Company's common stock being listed on the Tokyo Stock Exchange, Inc. on the Acquisition Date. The Company shall retire the acquired Bond with Stock Acquisition Rights in accordance with the conditions of the Bond with Stock Acquisition Rights.

In addition, if the Company has given notice of early redemption in accordance with (4) (a) or (b) above, in the event that the Company is obliged to give notice of early redemption on the basis of (4) (c) or (e) above, or if a circumstance stipulated in (4) (d)(i) through (iv) above has arisen, then acquisition notice in (5) hereunder may not subsequently be given.

"Delivered Property" shall mean, for each Bond with Stock Acquisition Rights, (I) cash equivalent to a sum equal to the par value of the Bond, and (II) common shares of the Company in a quantity calculated by deducting from the Conversion Price (defined below) a sum equivalent to the par value of the Bond (but only where a positive value), and dividing this amount by the Average VWAP Per Share (defined below) (however, any fractions of less than one share shall be rounded down, and no cash adjustment shall be made).

"Average VWAP Per Share" shall mean the average value (rounded to the nearest cent) of the volume weighted average price ("VWAP") of the Company's common stock on each of the 20 consecutive Trading Days commencing on the fifth Trading Day from the day following the date on which the Company gave acquisition notice (defined below) as announced by the Tokyo Stock Exchange, Inc., converted into US dollars using the exchange rate on each respective Trading Day (defined below), rounded to the nearest cent. If, during the 20 consecutive Trading Days, a reason for adjustment of the Conversion Price arises as described in 2 (3) above, the Average VWAP Per Share will also be adjusted as appropriate.

"Trading Day" shall mean a day established by the Tokyo Stock Exchange, Inc., not including days on which no closing price is announced.

"Conversion Price" shall mean the value calculated by the following formula.

$$\frac{\text{Par value of each Bond}}{\text{Conversion Price on Final Day}} \times \text{Average VWAP Per Share}$$

In the above formula, "Conversion Price on Final Day" shall mean the final day of the 20 consecutive trading days commencing on the fifth trading day from the day immediately following the date on which acquisition notice was given.

The "exchange rate" on a certain day shall mean the spot foreign exchange rate on the applicable date, and is determined based on the median value of the spot exchange rate for USD/JPY displayed as of 3:00 p.m. (JST) on the Reuters screen "JPNU" page (or alternative page displaying the USD/JPY exchange rate).

If this rate is not displayed on the Reuters screen page, it shall be a reasonable commercial rate determined in good faith by the agent for payment/receipt of request for exercise of stock acquisition rights listed in (10) below.

(6) Cancellation by purchase

The Company may purchase, and then hold or resell a Bond with Stock Acquisition Rights via the open market or by other means as needed, or cancel the Bond pertaining to the Bond with Stock Acquisition Rights. In addition, a subsidiary of the Company may purchase, and then hold or resell a Bond with Stock Acquisition Rights via the open market or by other means as needed, or deliver this to the Company in order to cancel the Bond pertaining to the Bond with Stock Acquisition Rights.

(7) Acceleration

If, in the event of non-performance of or non-compliance with the deed of trust or the rules of the Bond, or in the event of certain circumstances specified in the conditions to the Bond with Stock Acquisition Rights, the trustee company has given notice of contractual acceleration of the Bond to the Company as provided for in the conditions of the Bond with Stock Acquisition Rights, the Company shall be subject to acceleration with respect to the Bond and must immediately redeem the remaining Bond in full at its par value, together with accrued interest (if any).

(8) Denomination of Bond with Stock Acquisition Rights

Regarding the Bond with Stock Acquisition Rights, a Certificate Bond with Stock Acquisition Rights shall be issued in registered form (hereinafter, “the Certificate Bond with Stock Acquisition Rights”).

(9) Restriction on request for conversion to unregistered bond with stock acquisition rights

A request cannot be made to have the Certificate Bond with Stock Acquisition Rights in unregistered form.

(10) Agent for payment/receipt of request for exercise of stock acquisition rights pertaining to the Bond with Stock Acquisition Rights

The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch (main agent for payment/receipt of request for exercise of stock acquisition rights)

(11) Registrar for the Bond with Stock Acquisition Rights

MUFG Union Bank, N.A.

(12) Presence of Bond security or guarantee

(a) The Bond will not be secured, and no assets will be reserved specifically for the Bond.

(b) The Joyo Bank, Ltd. shall guarantee the payment obligation, etc. for the Bond principal.

(13) Financial covenant

A negative pledge provision is included.

4. Listed stock exchange

The Bond with Stock Acquisition Rights shall be listed on the Singapore Exchange.

End

**【Financial Statements, etc. pertaining to The Joyo Bank' Business Year
(ending March 31, 2016)】**

Business Report for the 125th Fiscal Year

〔 From April 1, 2015
to March 31, 2016 〕

1. Current Status of The Joyo Bank, Ltd. (the "Bank")

(1) Progress and Results of Business

[Main businesses]

The Bank provides diverse financial products and services to regional customers, and conducts the following main businesses: deposit and loans; in addition, the Bank conducts domestic exchange business, foreign exchange business, securities investment business, trust business, and sales of government bonds, investment trusts, and insurance products.

[Financial and economic environment]

In fiscal 2015, the Japanese economy showed a moderate recovery from the start of the fiscal year, supported mainly by the tapering off of the impact of the increase in the consumption tax rate and favorable corporate earnings. However, the economy generally lacked strength due to such factors as concerns about a slowdown in the economies of emerging nations such as China and a downturn in business confidence caused by the appreciation of the yen and a decline in stock prices from the beginning of the year.

In Ibaraki Prefecture as well, the overall economy showed a weak trend. Although consumer spending displayed underlying strength throughout the year, production showed signs of weakness.

In the financial sector, the yen tended to depreciate against the U.S. dollar from the start of the fiscal year until the summer but then strengthened in light of such factors as concern about the deterioration of overseas economies, before trading at a rate of around 113 yen versus the U.S. dollar at the end of the fiscal year. The Nikkei Stock Average performed strongly, recovering to a level of 20,000 yen for the first time in 15 years by the summer. However, it subsequently weakened mainly because of concerns about an economic slowdown in emerging nations, and hovered at around 17,000 yen at the end of the fiscal year. As regards interest rates, both short-term and long-term interest rates were at low levels throughout the fiscal year, and then declined to the negative zone in response to the introduction of negative interest rates by the Bank of Japan in February 2016.

[Progress and results of business]

(Management strategy)

In this financial and economic environment, the Bank is carrying out the 12th Medium-Term Business Plan (from fiscal 2014 to fiscal 2016), which represents our vision for becoming the "best partner bank for the collaborative creation of the region's future." During the fiscal year under review, which represented the middle year of the Plan, we continued to carry out various policies, centering on the "PLUS+ Project for Collaborative Creation of the Region's Future." Our objective is to help customers and communities solve local issues arising due to structural changes in society and the economy through the provision of comprehensive financial services while translating these efforts into our own growth as the Joyo Bank Group.

In addition, the Bank celebrated its 80th anniversary in July 2015. As this occasion was made possible by the continuing support of customers, community members and shareholders, we would like to express our deep gratitude to them. In fiscal 2015, as a way of showing our appreciation, we carried out a number of commemorative programs that incorporated the concept of the "collaborative creation of the region's future."

In corporate banking, we continuously work to provide a smooth flow of funding to customers. In addition, we

endeavored to diversify funding methods for customers establishing businesses and launching new business and for growth areas. For example, we newly established the "Joyo Startup Support Plan," a financing plan to support the establishment of businesses, and started providing "Medical Facility Bonds" aimed at medical corporation customers. Furthermore, in addition to continuing to hold the Joyo Commercial Food Fair and the Joyo Manufacturing Forum, we strengthened our support for customers' overseas business expansion by holding Joyo Commercial Food Fairs and business seminars in various Asian countries where customers develop overseas businesses. In addition, as part of the programs to commemorate our 80th anniversary, we established "Joyo Mirai Kyoso Juku" to provide a forum for learning and interchange for next-generation of executives who will drive the future of the region and focused efforts on regional human resource development initiatives.

In retail banking, we responded to diversifying customer needs in the area of asset management. Along with expanding lineups of investment trust and insurance products, we started handling the "First Installment-Based Investment Trust Pack (Mirai Select)," which enables diversified investment beginning with a small amount by combining several installment-based investment trust products, and "Payroll deduction NISA," which uses the Nippon Individual Savings Account (NISA) tax exemption system for small investments in corporate and other welfare programs and asset formation for officers and employees. Moreover, in the area of individual financing, we increased handling of housing loans intended to encourage long-term residency in coordination with the municipal grant program, and expanded lineups of loan products to support the active roles of women. In such ways, we worked to contribute to the regional economy and economic revitalization by leveraging our financial intermediary role.

In sales channels, we enhanced our branch network along the Tsukuba Express line, where remarkable development is continuing, by establishing the Tsukuba Shintoshi Branch in August 2015 and opening a Loan Plaza inside the Misato Branch. In addition, we strove to enhance systems for providing customers with more finely tailored financial services by opening "Money Advice Desks," which provide advice such as on asset management for retail customers on weekday evenings and Saturdays, inside three stores in Ibaraki Prefecture from April 2016.

In the area of financial services that utilize information technology (IT), we adopted initiatives to diversify points of contact with customers and enhance customer convenience. For example, we introduced the humanoid companion robot "PALRO" and started providing a "smartphone-dedicated screen" for account opening procedures that do not require a visit to a branch.

Joyo Bank was also involved in a range of social contribution activities. We were engaged in support for disaster-affected locations due to the Kanto-Tohoku Heavy Rainfall Disaster, which occurred in September 2015, by responding to various kinds of requests for advice from people affected by the disaster and providing a temporary ATM service utilizing the "Mobile Customer Inquiry Vehicle."

In the case of initiatives aimed at revitalizing the region, we established the "Ibaraki Shopping Street Revitalization Fund" based on cooperation with the Regional Economy Vitalization Corporation of Japan, and thereby strengthened the funding support framework aimed at revitalizing and improving the prosperity of shopping streets in Ibaraki Prefecture. In addition, we actively expanded initiatives to resolve local issues through public and private-sector cooperation. As one example, we signed the "Partnership Agreement on the Promotion of Relocation to Ibaraki Prefecture" with the Ibaraki prefectural government and the Japan Trans-Housing Institute. This centers on the use of the " 'Ibaraki Appeal' Residual Value Guarantee-type Relocation Plan 'Yutori Life'", a new housing loan product which is the first of its kind in Japan and incorporates a rental guarantee by the Japan Trans-Housing Institute.

On a different note, an incident involving a large amount of embezzlement by a former employee was discovered in September 2015. We would like to deeply apologize again for the great trouble and worry this has caused to customers, the local community and shareholders. The Bank will exert its utmost efforts to prevent any recurrence of such an incident by thoroughly improving compliance awareness and enhancing and strengthening internal control

systems.

(Trends in Major Accounts)

As a result of promoting initiatives to improve the Bank's business performance and resolve local issues in cooperation with customers and the local community, as described above, the Bank recorded the following business performance in fiscal 2015.

○Deposits, etc.

The Bank's balance of deposits at the end of the fiscal year was 8.1033 trillion yen, an increase of 374.6 billion yen during the term, which resulted mainly from individual deposits. The balance of ordinary deposits at the end of the fiscal year was 4.9227 trillion yen, an increase of 338.0 billion yen during the term. However, the balance of time and savings deposits at the end of the fiscal year was 2.7715 trillion yen, a decrease of 15.0 billion yen during the term. In addition, the balance of assets in custody such as investment trusts and insurance at the end of the fiscal year was 1.0357 trillion yen, a decrease of 53.2 billion yen during the term, which was mainly attributable to a decrease in public bond investment trusts.

○Loans

The Bank's balance of loans at the end of the fiscal year was 5.9127 trillion yen, an increase of 256.3 billion yen during the term. The balance of loans to individuals at the end of the fiscal year was 1.5445 trillion yen, an increase of 106.8 billion yen during the term, which was mainly due to housing loans, and the balance of loans to SMEs at the end of the fiscal year was 2.2639 trillion yen, an increase of 157.6 billion yen during the term.

○Securities

The Bank's balance of securities at the end of the fiscal year was 2.7395 trillion yen, an increase of 4.1 billion yen during the term. As the Bank endeavored to secure stable income and conducted appropriate portfolio management responding to market trends such as the decline in yen interest rates, the balance of Japanese government bonds at the end of the fiscal year was 1.0449 trillion yen, a decrease of 135.5 billion yen during the term, and the balance of other securities, primarily foreign bonds, at the end of the fiscal year was 743.4 billion yen, an increase of 109.9 billion yen during the term.

○Total assets

The balance of total assets at the end of the fiscal year was 9.2363 trillion yen, an increase of 200.4 billion yen during the term, which was mainly attributable to an increase in loans.

○Profit and loss

Ordinary income increased by 5.297 billion yen year on year to 138.712 billion yen, mainly due to an increase in gains on sales of bonds and gains on sales of stocks and other securities, which offset a decrease in interest on loans and discounts caused by a decline in interest rates. Ordinary expenses increased by 2.985 billion yen year on year to 95.995 billion yen, mainly due to an increase in interest expenses and other ordinary expenses, despite a decline in general and administrative expenses.

As a result, ordinary profit increased by 2.312 billion yen year on year to 42.717 billion yen, and net income increased by 3.858 billion yen year on year to 27.774 billion yen.

In regard to consolidated earnings, consolidated ordinary profit increased 1.955 billion yen year on year to 47.685 billion yen, and net income attributable to shareholders of parent increased by 2.354 billion yen year on year to 31.034 billion yen. In addition, return on equity (ROE) was 5.2% on a consolidated basis. The capital ratio, an indicator of banking soundness, remained at the high level of 12.00% on a consolidated basis.

(Capital policy)

In order to enhance corporate value and capital efficiency as well as improve returns to shareholders, the Bank has adopted a profit distribution policy for the time being of aiming to return at least 40% of non-consolidated net income, based on a combination of the amount of share buybacks and dividends, with dividends accounting for at least 30% of such returns.

Usually, we intend to carry out returns to shareholders by means of share buybacks and dividends based on this policy, but in view of having reached a basic agreement on business integration with Ashikaga Holdings Co., Ltd., we have decided to only distribute dividends and not carry out a share buyback in fiscal 2015.

As regards the year-end dividend, in order to respond to the support of shareholders, we are considering paying an ordinary dividend of 7.0 yen per share. The annual dividend, after combining the ordinary interim dividend of 5.0 yen and the 80th anniversary commemorative dividend of 1.0 yen, will therefore be 13.0 yen per share, an increase of 3.0 yen from last fiscal year.

[Issues to be Addressed by the Bank]

Changes in the socioeconomic structure, namely, the decline in the total population, the further decrease in the birthrate and aging of the population, and the advance of economic globalization, have progressed further, and various issues such as an increase in vacant houses and the hollowing out of city centers are becoming manifested. Against this backdrop, the "Overall Revitalization Strategy for Local Communities, People and Jobs" formulated by various local governments has reached the implementation stage, and we recognize that regional financial institutions are increasingly expected to participate actively in regional development.

In fiscal 2016, which marks the final year of the 12th Medium-Term Business Plan, with the aim of becoming the "Best Partner Bank for the Collaborative Creation of the Region's Future," we will solve — together with customers and the region — the local challenges accompanying socioeconomic changes by providing comprehensive financial services, contribute to the revitalization of the regional community and economy, and also contribute to the Joyo Bank Group's growth.

Furthermore, on November 2, 2015, we entered into a basic agreement concerning a business integration with Ashikaga Holdings Co., Ltd, set up an Integration Preparation Committee, and engaged in discussions and investigations. On April 25, 2016, we entered into a share exchange agreement and a business integration agreement, and on October 1, 2016, we aim to launch a new financial group, Mebuki Financial Group, Inc. While maintaining and more deeply cultivating the customer relations and deep understanding of local communities that both Joyo Bank and The Ashikaga Bank, Ltd, which is a subsidiary of Ashikaga Holdings Co., Ltd., have built over the years, we will provide more convenient, high-quality comprehensive financial services that can only be achieved through the integration of leading regional banks.

All officers and employees will continue to do their utmost to meet the expectations of customers, regional communities and shareholders. Thank you for your ongoing encouragement and support.

(2) Status of Assets and Profits and Losses

(Hundred millions of yen)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Deposits	73,553	74,909	77,287	81,033
Time and saving deposits	28,206	27,900	27,866	27,715
Other	45,347	47,008	49,421	53,318
Loans	51,399	53,993	56,564	59,127
To individuals	12,123	13,263	14,377	15,445
To SMEs	18,383	19,736	21,063	22,639
Other	20,893	20,993	21,123	21,041
Trading assets	27	33	44	59
Trading liabilities	1	1	1	8
Securities	26,441	27,525	27,354	27,395
Japanese Government bonds	14,022	13,680	11,805	10,449
Municipal bonds	3,013	3,235	2,052	2,157
Other	9,404	10,609	13,496	14,788
Corporate bonds	150	150	150	150
Corporate bonds with stock acquisition rights	—	—	360	338
Total assets	82,408	85,084	90,359	92,363
Domestic exchange transaction volume	518,096	536,944	615,696	569,871
Foreign exchange transaction volume	Millions of dollars 3,741	Millions of dollars 4,186	Millions of dollars 3,937	Millions of dollars 4,312
Ordinary profit	Millions of yen 31,726	Millions of yen 35,837	Millions of yen 40,404	Millions of yen 42,717
Net income	Millions of yen 20,378	Millions of yen 22,071	Millions of yen 23,915	Millions of yen 27,774
Net income per share	Yen Sen 26 95	Yen Sen 29 55	Yen Sen 32 92	Yen Sen 38 42
Trust property	34	35	25	24
Trust fees	Millions of yen 37	Millions of yen 25	Millions of yen 26	Millions of yen 25

(Notes) 1. Amounts shown have been rounded down.

2. "Net income per share" has been calculated by dividing net income by the average number of issued shares during the term.

The average number of issued shares during the term is based on the number of shares after deducting the number of treasury shares.

(Reference) Trend in Consolidated Earnings

(Hundred millions of yen)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Consolidated ordinary income	1,504	1,591	1,561	1,633
Consolidated ordinary profit	359	413	457	476
Net income attributable to shareholders of parent	227	250	286	310
Consolidated net assets	5,066	5,169	6,018	5,920
Consolidated total assets	82,680	85,365	90,654	92,587

(Note) Amounts shown have been rounded down.

(3) Status of Employees

	End of fiscal 2015	End of fiscal 2014
Number of employees	3,638	3,629
Average age	40 years 7 months	40 years 8 months
Average years of service	17 years 11 months	18 years 1 month
Average monthly wages	432,000 yen	427,000 yen

- (Notes) 1. Average age, average number of years of service and average monthly wages are presented rounding down to the nearest yen.
2. Number of employees does not include temporary employees or fixed-term employees.
3. Average monthly wages are average wages including tax during March and do not include bonuses.

(4) Status of Branches, etc.

a. Changes in number of branches

	End of fiscal 2015		End of fiscal 2014	
	Branches	Of which, sub-branches	Branches	Of which, sub-branches
Ibaraki Prefecture	145	(28)	144	(25)
Fukushima Prefecture	10	(—)	10	(—)
Tochigi Prefecture	8	(1)	8	(1)
Chiba Prefecture	6	(—)	6	(—)
Tokyo	5	(—)	5	(—)
Other prefectures	5	(—)	5	(—)
Total	179	(29)	178	(26)

(Note) In addition to the above, at the end of fiscal 2015, the Bank had established 3 representative offices (3 at the end of fiscal 2014) and 237 off-premises ATMs (237 at the end of fiscal 2014).

In addition, the Bank had established 330 off-premises ATMs (302 at the end of fiscal 2014) based on cooperation with E-net Co., Ltd., which became an arranger.

b. New branches at the end of fiscal 2015

Branch name	Address
Tsukuba Shintoshu Branch	4-2 Kenkyugakuen 4-chome4, Tsukuba, Ibaraki Prefecture

(Note) 1. In fiscal 2015, the Bank converted Yamagata Branch to Yamagata Sub-Branch, Sashima Branch to Sashima Sub-Branch, and Azuma Branch to Azuma Sub-Branch.

2. In fiscal 2015, the Bank newly established and closed down off-premises ATMs as follows.

(New off-premises ATMs)

Oarai Branch	6881-275 Isohamacho, Oarai, Higashiibaraki District, Ibaraki Prefecture(inside Oarai Town Hall)
Oarai Town Office Sub-Branch	
Kenkyugakuen Toshi Branch	8-10 Azuma 1-chome, Tsukuba Ibaraki Prefecture
BiVi Tsukuba Sub-Branch	(inside BiVi Tsukuba)
Mooka Branch	812 Ishijima, Mooka, Tochigi Prefecture
Kasumi Ninomiya Branch Sub-Branch	(inside Kasumi Ninomiya Branch)
Ushiku Higashi Branch	15-1 Chuo 3-chome, Ibaraki Prefecture
Ushiku City Office Sub-Branch	(inside Ushiku City Office)

(Closure of off-premises ATMs)

Togashira Branch	1118-1 Togashira Daimyojin, Toride, Ibaraki Prefecture
AEON Toride Store Sub-Branch	(inside Joso Shopping Center)
Kugeta Branch	893-15 Ishijima, Mooka, Tochigi Prefecture
Ninomiya Community Center Joint Sub-Branch	(inside Ninomiya Community Center)
Ushiku Higashi Branch	10-12 Chuo 4-chome, Ushiku, Ibaraki Prefecture
Sub-Branch in front of Ushiku City Office	(in front of Ushiku City Office)
Tsuchiura Branch	20-35 Shimotakatsu 1-chome, Tsuchiura City,
Tsuchiura City Office Sub-Branch	Ibaraki Prefecture (inside Tsuchiura City Office)

c. List of bank agencies

Not applicable.

d. Status of bank agency businesses, etc. operated by the Bank

Not applicable.

(5) Status of Capital Investment

a. Total amount of capital investment

(Millions of yen)

Total amount of capital investment	5,420
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(Note) Amounts shown have been rounded down.

b. New installation, etc. of major equipment

(Millions of yen)

Description	Amount
Software	1,942
ATMs	484

(Notes) 1. Amounts shown have been rounded down.

2. The above software includes software suspense account and lease assets.

(6) Status of Major Parent Companies and Subsidiaries, etc.

a. Status of parent company

Not applicable.

b. Status of subsidiaries, etc.

Company name	Address	Main business activities	Established	Capital stock	Share of voting rights held by the Bank	Other
The Joyo Computer Service Co., Ltd.	16-25 Nishihara 2-chome 2-16-25 Nishihara, Mito, Ibaraki	Sale of software and contracting of calculating business	April 26, 1973	(Millions of yen) 47.5	(%) 5.00	
The Joyo Lease Co., Ltd.	4-12 Minami-machi 3-chome 3-4 Minami-machi, Mito, Ibaraki	Leasing of machinery and equipment, claim acquisition	September 25, 1974	100	5.00	
The Joyo Credit Guarantee Co., Ltd.	4-12 Minami-machi 3-chome 3-4 Minami-machi, Mito, Ibaraki	Credit guarantee of housing loans from the Bank	April 20, 1978	30	5.00	
The Joyo Credit Co., Ltd.	4-12 Minami-machi 3-chome 3-4 Minami-machi, Mito, Ibaraki	Credit card services	August 30, 1982	100	5.00	
The Joyo Business Service Co., Ltd.	1-8-1 Sasano-cho 1-chome, Hitachinaka, Ibaraki	Agent in charge of administrative work for the Bank	March 24, 1984	100	100.00	
The Joyo Industrial Research Institute, Ltd.	5-18 Sannomaru 1-chome 1-5-18 Marunouchi, Mito, Ibaraki	Consulting, investigation and research	April 3, 1995	100	5.00	
The Joyo Equipment Management Co., Ltd.	5-5 Minami-machi 2-chome 2-5 Minami-machi, Mito, Ibaraki	Maintenance and management of operational properties and equipment of the Bank	March 17, 1999	100	100.00	
The Joyo Cash Service Co., Ltd.	3-3 Shinhara 1-chome 1-3 Shinhara, Mito, Ibaraki	Mainly maintenance and management of the Bank's ATMs and CDs	April 14, 1999	50	100.00	
The Joyo Securities Co., Ltd.	4-12 Minami-machi 3-chome 3-4 Minami-machi, Mito, Ibaraki	Dealing of securities, mediation, commission and substitution of trading of securities	November 30, 2007	3,000	100.00	

(Note) 1. There are nine subsidiaries within the scope of consolidation including the above major subsidiaries, etc., and there are no companies within the scope of the equity method.

2. In fiscal 2015, consolidated ordinary income was 163,314 million yen and net profit attributable to owners of parent was 31,034 million yen.

Summary of Major Business Alliances

1. Based on a tie-up between The Tsukuba Bank, Ltd., Mito Credit Union, The Yuki Shinkin Bank, The Ibaraki-ken Credit Cooperative, the Ibaraki Prefectural Credit Federations of Agricultural Cooperatives and the agricultural cooperatives that are members of the aforementioned Federations, Joyo Bank is providing a collection of bills service based on a jointly established fund settlement system (abbreviation: I-NET Cash Service). In addition, we provide an automatic cash withdrawal service based on jointly established ATMs.
 2. Based on a tie-up with 64 regional banks, the Bank provides services such as automatic cash withdrawals through the mutual use of ATMs.
 3. Based on a tie-up with 64 regional banks, city banks, trust banks, member banks of the Second Association of Regional Banks, credit unions, credit cooperatives, JA affiliates and JF Marine Banks (including Norin Chukin Bank and the National Association of Prefectural Credit Federation of Agricultural Cooperatives and labor credit associations, the Bank provides services that include automatic cash withdrawals through the mutual use of ATMs (abbreviation: MICS).
 4. At Chigin Network Service Co., Ltd. (a company based on joint investment by 64 regional banks; abbreviation: CNS), the Bank provides services such as the transfer of various kinds of data such as comprehensive transfers, account transfers, and detailed data on deposits and withdrawals between client companies by means of data transmission methods.
 5. Based on a tie-up with Seven Bank Ltd. and E-net Co., Ltd., the Bank provides automatic cash withdrawal and automatic cash deposit services based on jointly installed ATMs installed in stores such as convenience stores.
 6. Based on a tie-up with Japan Post Bank, the Bank provides automatic cash withdrawal and automatic cash deposit services through the mutual use of ATMs.
- (7) Status of Business Transfers, etc.
Not applicable.
- (8) Other Significant Matters concerning Current Status of the Bank
In regard to the business integration with Ashikaga Holdings Co., Ltd., such matters are described in [Issues to be Addressed by the Bank] under (1) Progress and Results of Business.

2. Matters concerning Corporate Officers (Directors and Corporate Auditors)

(1) Status of Corporate Officers

(As of fiscal year-end)

Name	Position and responsibilities	Significant concurrent positions	Other
Kunio Onizawa	Chairman		
Kazuyoshi Terakado	President (Representative Director)	Director, Ibaraki Credit Guarantee Corporation	
Hideo Sakamoto	Senior Managing Director (Representative Director) Delegated Director-General of Business Headquarters		

Name	Position and responsibilities	Significant concurrent positions	Other
Katsuhiko Ito	Managing Director Delegated Vice Director-General of Business Headquarters, in charge of Public and Regional Business (Stationed in Mito)		
Atsuyuki Kurosawa	Managing Director In charge of International Market Business (Treasury and Securities Division, Markets Administration and International Division, Tokyo Sub-Headquarters) (Stationed in Tokyo)		
Eiji Murashima	Managing Director In charge of Corporate Risk Management, Operation Systems and Information Security (Corporate Risk Management Division, Operation Management Division, Operational Innovation Division) Deputy Head of protection of personal information, Head of finance facilitation management		
Ritsuo Sasajima	Managing Director In charge of Corporate Management, Operation Systems and Group Companies (Corporate Planning Division, Computer Systems Division)		
Hiroshige Sonobe	Managing Director Delegated Vice Director-General of Business Headquarters, in charge of Public and Regional Business (Stationed in Tsukuba)		
Masaru Seki	Managing Director In charge of Credit Examination (Credit Examination Division) Head of finance facilitation management		
Hiroaki Yokochi	Managing Director In charge of Corporate Management (Personnel Division, General Affairs Division)		
Toshihiko Kawamura	Director (Outside Director)	Director, IBARAKI Port Authority Corporation	
Ryuzaburo Kikuchi	Director (Outside Director)		
Yoshiaki Terakado	Standing Corporate Auditor		
Hideo Torihata	Standing Corporate Auditor		
Akira Yasu	Corporate Auditor (Outside Auditor)	Attorney	
Sanenori Hitomi	Corporate Auditor (Outside Auditor)	Curator, Ibaraki Prefectural Museum of History	
Toshio Mizushima	Corporate Auditor (Outside Auditor)	Certified Public Accountant (CPA)	He is a qualified CPA and has specialized knowledge regarding finance and accounting.

(Note) The Bank has designated all outside directors and outside auditors as Independent Officers based on the rules of the Tokyo Stock Exchange and submitted their details to the Exchange.

(2) Compensation, etc. for Officers

(Millions of yen)

Category	No. of persons compensated	Compensation, etc.
Directors	15	344 (47)
Corporate Auditors	5	58 (4)
Total	20	403 (51)

(Notes) 1. Compensation, etc. is rounded down to millions for this presentation.

2. The number of persons compensated above includes three directors who retired during fiscal 2015.
3. The amounts of compensation, etc. in the above table include the amount of expenses recorded (23 million yen for 10 directors) during fiscal 2015 in relation to stock acquisition rights granted as stock options and provision for directors' bonuses for fiscal 2015 (24 million yen for directors, 4 million yen for corporate auditors), and these are shown in parentheses after the total amount.
4. The annual limit on compensation resolved at a General Meeting of Shareholders is 400 million yen for directors and 80 million yen for corporate auditors.
5. The total amount of compensation for directors and corporate auditors was determined as follows within the range of the limits resolved at a General Meeting of Shareholders.

Compensation, etc. for directors (excluding outside directors) comprises monthly compensation, bonuses and stock options, and all of these are determined at a meeting of the Board of Directors based on the prescribed criteria. The monthly compensation for each director consists of a standard amount for monthly compensation based on their position multiplied by a variable index that is determined by taking into account the level of profit (return on equity) and their respective degree of contribution to earnings. As regards bonuses, an upper limit is determined based on the level of profit (return on equity), the total amount of bonuses paid is determined within this range, and the distribution to each director is determined by taking into account their respective contribution to earnings. As regards stock options, the Bank grants Stock Compensation-Type Stock Options that use stock acquisition rights where the exercise price per share is 1 yen, and the stock option compensation amount for each director is determined according to the basic amount of monthly remuneration.

Compensation, etc. for outside directors comprises a monthly compensation amount and a bonus, and both are determined at a meeting of the Board of Directors based on the prescribed criteria. The monthly compensation amount is prescribed as a basic, fixed amount that reflects the director's duties, and bonuses are determined based on the same method as for directors (excluding outside directors).

Compensation, etc. for corporate auditors comprises a monthly compensation amount and a bonus, and both the compensation and bonus for each corporate auditor are determined by means of discussion among the corporate auditors, in accordance with the criteria prescribed by the Bank.

(3) Contracts for Limited Liability

Not applicable.

3. Matters concerning Outside Officers

(1) Concurrent Positions and Other Status of Outside Officers

Name	Concurrent positions and other status
Toshihiko Kawamura	Director, Ibaraki Port Authority Corporation The company is in the third sector, in which Ibaraki Prefecture has invested, and the Bank has a relationship with the company that is based on a capital contribution and a normal business relationship.
Sanenori Hitomi	Director, Ibaraki Prefectural Museum of History The museum is a facility operated by the Ibaraki Prefectural Foundation for Education, and the Bank has a normal business relationship with the Foundation.

(Note) A child of Outside Auditor Sanenori Hitomi serves as an employee of the Bank.

(2) Status of Main Activities of Outside Officers

Name	Period of service	Attendance at Board of Directors' meetings	Comments at Board of Directors' meetings Status of other activities
Toshihiko Kawamura	6 years and 9 months	He attended all 17 meetings of the Board of Directors held in fiscal 2015.	Based on his abundant knowledge and experience regarding management in general, he appropriately made necessary comments in regard to deliberation of proposals, etc.
Ryuzaburo Kikuchi	6 years and 9 months	He attended 16 out of 17 meetings of the Board of Directors held in fiscal 2015.	Based on his academic background and broad knowledge, he appropriately made necessary comments in regard to deliberation of proposals, etc.
Akira Yasu	12 years and 9 months	He attended 16 out of 17 meetings of the Board of Directors held in fiscal 2015, and attended all 14 of the meetings of the Board of Corporate Auditors held in fiscal 2015.	Based on his specialized knowledge and experience as an attorney, he appropriately made necessary comments in regard to deliberation of proposals, etc.
Sanenori Hitomi	9 years and 9 months	He attended all 17 meetings of the Board of Directors held in fiscal 2015, and attended all 14 of the meetings of the Board of Corporate Auditors held in fiscal 2015.	Based on his abundant knowledge and experience regarding administration and management in general, he appropriately made necessary comments in regard to deliberation of proposals, etc.
Toshio Mizushima	6 years and 9 months	He attended all 17 meetings of the Board of Directors held in fiscal 2015, and attended all 14 of the meetings of the Board of Corporate Auditors held in fiscal 2015.	Based on his specialized knowledge and experience as a CPA, he appropriately made necessary comments in regard to deliberation of proposals, etc.

(3) Compensation, etc. for Outside Officers

(Millions of yen)

	No. of persons compensated	Compensation, etc. from the Bank	Compensation, etc. from the parent company, etc. of the Bank
Total compensation, etc.	5	26 (1)	Not applicable.

(Note) 1. Compensation, etc. has been rounded down to millions. .

2. The amount of compensation, etc. above includes provision for directors' bonuses in fiscal 2015 (0 yen for outside directors, 1 million yen for outside auditors), and the latter is shown in parentheses after the total amount.

(4) Opinions of Outside Officers

Not applicable.

4. Matters concerning Shares of the Bank

(1) Number of Shares	Number of authorized shares	2,167,515 thousand shares
	Number of shares issued	766,231 thousand shares

(2) Number of Shareholders at End of Fiscal 2015	28,250
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(3) Major Shareholders

Names of shareholders	Status of investment in the Bank	
	Number of shares held	Shareholding ratio (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	thousand 28,992	4.01
Nippon Life Insurance Company	25,203	3.48
Japan Trustee Services Bank, Ltd. (Trust Account)	23,495	3.25
Sompo Japan Nipponkoa Insurance Inc.	23,178	3.20
State Street Bank and Trust Company 505223	18,575	2.56
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,703	2.44
The Dai-ichi Mutual Life Insurance Company	17,049	2.35
Sumitomo Life Insurance Company	16,448	2.27
Meiji Yasuda Life Insurance Company	11,422	1.58
Japan Trustee Services Bank, Ltd. (Trust Account 9)	11,154	1.54

- (Notes) 1. For the number of shares held, amounts have been rounded down to the nearest 1,000 shares.
2. Shareholding ratios have been calculated by deducting treasury shares, and amounts have been rounded down to two decimal places.
3. The Bank holds 43,361 thousand treasury shares but has been excluded from the major shareholders above.

5. Matters concerning Stock Acquisition Rights, etc. of the Bank

(1) Stock acquisition rights, etc. of the Bank held by officers of the Bank at fiscal year-end

	Summary of details of stock acquisition rights, etc.	Number of persons holding stock acquisition rights, etc.
Directors (excluding outside officers)	<p>(1) Name The Joyo Bank, Ltd. Series 1 Stock Acquisition Rights</p> <p>(2) Type and number of underlying shares Common stock: 14,388 shares</p> <p>(3) Exercise period for stock acquisition rights August 25, 2009 to August 24, 2039</p> <p>(4) Exercise price (per share) 1 yen</p> <p>(5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be a director of the Bank.</p>	2
	<p>(1) Name The Joyo Bank, Ltd. Series 3 Stock Acquisition Rights</p> <p>(2) Type and number of underlying shares Common stock: 20,201 shares</p> <p>(3) Exercise period for stock acquisition rights July 22, 2010 to July 21, 2040</p> <p>(4) Exercise price (per share) 1 yen</p> <p>(5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be a director of the Bank.</p>	2
	<p>(1) Name The Joyo Bank, Ltd. Series 5 Stock Acquisition Rights</p> <p>(2) Type and number of underlying shares Common stock: 37,120 shares</p> <p>(3) Exercise period for stock acquisition rights July 21, 2011 to July 20, 2041</p> <p>(4) Exercise price (per share) 1 yen</p> <p>(5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be a director of the Bank.</p>	4
Directors (excluding outside officers)	<p>(1) Name The Joyo Bank, Ltd. Series 7 Stock Acquisition Rights</p> <p>(2) Type and number of underlying shares Common stock: 35,920 shares</p> <p>(3) Exercise period for stock acquisition rights July 20, 2012 to July 19, 2042</p> <p>(4) Exercise price (per share) 1 yen</p> <p>(5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be a director of the Bank.</p>	4

	Summary of details of stock acquisition rights, etc.	Number of persons holding stock acquisition rights, etc.
	<p>(1) Name The Joyo Bank, Ltd. Series 9 Stock Acquisition Rights</p> <p>(2) Type and number of underlying shares Common stock: 33,541 shares</p> <p>(3) Exercise period for stock acquisition rights July 19, 2013 to July 18, 2043</p> <p>(4) Exercise price (per share) 1 yen</p> <p>(5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be a director of the Bank.</p>	7
	<p>(1) Name The Joyo Bank, Ltd. Series 11 Stock Acquisition Rights</p> <p>(2) Type and number of underlying shares Common stock: 34,752 shares</p> <p>(3) Exercise period for stock acquisition rights July 19, 2014 to July 18, 2044</p> <p>(4) Exercise price (per share) 1 yen</p> <p>(5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be a director of the Bank.</p>	7
Directors (excluding outside officers)	<p>(1) Name The Joyo Bank, Ltd. Series 13 Stock Acquisition Rights</p> <p>(2) Type and number of underlying shares Common stock: 34,231 shares</p> <p>(3) Exercise period for stock acquisition rights July 18, 2015 to July 17, 2045</p> <p>(4) Exercise price (per share) 1 yen</p> <p>(5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be a director of the Bank.</p>	10
Outside directors	—	—
Corporate auditors	—	—

(2) Stock acquisition rights, etc. of the Bank granted to employees, etc. during fiscal year

	Summary of details of stock acquisition rights, etc.	Number of persons granted stock acquisition rights
Executive officers	(1) Name The Joyo Bank, Ltd. Series 14 Stock Acquisition Rights (2) Type and number of underlying shares Common stock: 28,464 shares (3) Exercise period for stock acquisition rights July 18, 2015 to July 17, 2045 (4) Exercise price (per share) 1 yen (5) Exercise conditions Holders of stock acquisition rights may exercise stock acquisition rights only up to 10 days from the day after they cease to be an executive officer of the Bank.	13
Employees	—	—
Corporate officers or employees of subsidiaries or subsidiary corporations	—	—

(3) Other significant matters concerning stock acquisition rights, etc.

A summary of stock acquisition rights attached to Euro-US dollar-denominated convertible bonds with stock acquisition rights with call provision due 2019 (issued on April 24, 2014) is shown below.

Issuance resolution date	April 8, 2014
Number of stock acquisition rights	3,000 units
Type and number of underlying shares	Common stock: 49,586,776 shares
Conversion price per share	US\$6.04
Exercise period	May 9, 2014 to April 10, 2019
Balance of corporate bonds with stock acquisition rights	US\$300,000 thousand

6. Matters concerning Accounting Auditor

(1) Status of Accounting Auditor

(Millions of yen)

Name	Compensation, etc. relating to fiscal 2015	Other
Ernst & Young ShinNihon LLC Designated limited liability partner Kazutaka Aso Designated limited liability partner Masahiko Yamauchi Designated limited liability partner Ken Komatsuzaki	73	<p>① As a result of verifying and examining the details of the audit plan of the Accounting Auditors, the status of execution of duties in the previous fiscal year, and the grounds for calculation of the compensation estimate, by obtaining necessary materials and listening to reports from directors, relevant departments, and the Accounting Auditors, the Board of Corporate Auditors provides its agreement to Article 399, Paragraph 1 of the Companies Act regarding compensation, etc. for the Accounting Auditors.</p> <p>② Non-audit services (services other than services in Article 2, Paragraph 1 of the Certified Public Accountants Act) are advisory services relating to compliance.</p> <p>③ On December 22, 2015, the Accounting Auditors were ordered by the Financial Services Agency (FSA) to suspend taking on new business contracts for three months (from January 1, 2016 to March 31, 2016).</p>

(Notes) 1. Amounts shown have been rounded down.

2. As the audit contract between the Bank and the Accounting Auditor does not separate the compensation for the audit prescribed by the Companies Act from the compensation for the audit prescribed by the Financial Instruments and Exchange Act, these two forms of compensation cannot be separated. Therefore, the above amount for fiscal 2015 represents the total of these compensations.
3. Total compensation to be paid or payable to the Accounting Auditor by the Bank and its subsidiaries and subsidiary corporations: 95 million yen

(2) Contracts for Limited Liability

Not applicable.

(3) Other matters concerning Accounting Auditors

○Policy for determining the dismissal or non-reappointment of an Accounting Auditor

If the Board of Corporate Auditors has determined that the Accounting Auditor falls under the matters prescribed in Article 340, Paragraph 1 of the Companies Act, and has caused material damage to the auditing functions of the Bank, it will dismiss the Accounting Auditor with the consent of all Corporate Auditors.

Moreover, if it acknowledges that it will be difficult for the Accounting Auditor to appropriately execute its duties, the Board of Corporate Auditors will decide on a proposal regarding the dismissal or non-reappointment of the Accounting Auditor, and the Board of Directors will submit the proposal at a General Meeting of Shareholders based on that decision.

7. Basic Policy on the Status of Persons Who Control Decisions on Financial and Business Policies

Not applicable.

8. Status of Systems to Ensure Appropriate Operations and their Management

(1) Systems to ensure appropriate operations

In regard to "the system for ensuring the execution of directors' duties complies with laws and regulations and the Bank's Articles of Incorporation and systems to ensure the appropriateness of other Bank operations as well as the operations of the Joyo Bank Group comprised of the Bank and its subsidiaries," the Bank has formulated the following basic policies based on resolutions adopted by the Board of Directors.

- ① System for ensuring directors and employees are executing their duties in compliance with laws and regulations and the Bank's Articles of Incorporation
- (i) Compliance is the highest management priority under Joyo Bank's Management Philosophy of "Practicing sound management, creation of values, and partnership with the home region." To ensure compliance, the Bank also has a Corporate Philosophy and Action Guidelines providing basic guidance for its corporate activities. Moreover, rules governing the compliance system have been established and disseminated to the directors and employees to ensure that the Bank remains in compliance with laws and regulations and its Articles of Incorporation.
 - (ii) Board of Directors Regulations govern the operation of Joyo Bank's Board of Directors. These regulations guide the Board's business decisions and supervision of directors' execution of duties. The regulations also stipulate separation of duties among directors to ensure that the Bank's business is carried out appropriately.
 - (iii) The Bank also has a Compliance and Risk Management Division to supervise and rigorously enforce compliance. This division implements a compliance program approved by the Board of Directors to supervise compliance throughout the Bank and periodically report back to the Board of Directors. The Bank also has a Compliance Hotline that serves as an internal whistleblower system.
 - (iv) Important matters of compliance are discussed by the Bank's Compliance Committee, while a Compliance Audit Committee comprising a panel of outside experts periodically verifies the Bank's overall compliance standing.
 - (v) Independent of the Bank's business execution divisions, there is also a Corporate Audit Division that conducts internal audits to ensure Joyo Bank's internal controls are functioning properly.
 - (vi) The Bank also resolutely builds countermeasures and refuses all relationships with organized crime and other antisocial forces which threaten public law and order and safety and stand in the way of sound economic and social development.
- ② Systems concerning storage and management of information relating to execution of directors' duties
- (i) The Bank has formulated rules relating to the storage and management of documents and other information associated with the execution of directors' duties and stores and manages the documents prescribed in each of the following items together with related materials in accordance with these rules.
 - Minutes of General Meetings of Shareholders
 - Minutes of meetings of the Board of Directors
 - Minutes of meetings of the Executive Officer Committee
 - Documents prescribed in other rules
 - (ii) Documents and other information described in (i) are stored in a way that enables their perusal as required by directors and corporate auditors.
- ③ Regulations and other systems for managing the risk of loss
- (i) The Bank has regulations for managing the risk of loss and manages various risks appropriately and establishes systems for comprehensively monitoring and managing the risks to ensure sound management and a steady stream of revenue and income. At the same time, the Bank is building up a framework of business continuity plans (BCPs) in preparation for emergency situations such as natural disasters and core ICT system failures.
 - (ii) The management of each kind of risk is the responsibility of various risk management departments, as set down in the in-house regulations. Comprehensive risk management is carried out by one department that oversees risk management for the entire Bank. The Board of Directors has appointed a director to oversee the risk management program.
 - (iii) The Risk Management Committee is tasked with periodically assessing the Bank's overall risk exposure, as well as measuring individual risks and deliberating policies for countering them. The director in charge of

risk management periodically reports back to the Board of Directors on the status of the Bank's risk management and countermeasures.

- ④ System for ensuring the efficient execution of duties by directors
- (i) The Bank formulates business plans to clarify its management vision and earnings targets, and compiles a general budget, among other details, each fiscal year to make the plans more specific.
 - (ii) To carry out operations efficiently, the Bank has established Standards on Head Office Decision-Making Authority that clarify the decision-making authority attached to each business assignment and duty of each director.
 - (iii) The Bank has an Executive Officer Committee and Executive Officer Committee Regulations prescribing details such as the committee's role and when it meets. The committee is tasked with deliberating important business execution matters. Various other committees made up of executive directors, executive officers and division general managers have also been established as needed to address various business issues.
- ⑤ Systems for ensuring appropriate operations in a corporate group composed of a joint-stock corporation and its parent company and subsidiaries
- (i) System for reporting matters relating to execution of duties of directors, etc. of subsidiaries to the company
 - (a) The Board of Directors has appointed an officer in charge of Group companies as the person responsible for overseeing Group companies, and has also established a department to oversee Group companies.
 - (b) To appropriately grasp the status of execution of the operations of Group companies, they are required to discuss the execution of important matters with the Bank and provide reports on such matters.
 - (ii) Regulations and system for managing the risk of losses at subsidiaries
 - (a) The Bank has prescribed basic rules regarding risk management as rules that are common to Group companies, and established a system to comprehensively manage various kinds of risk in the entire Group.
 - (iii) System for ensuring the efficient execution of duties by directors, etc. of subsidiaries
 - (a) The Bank seeks to ensure efficient business operation by formulating management plans based on the scope of business, its scale and relation with the Bank at Group companies as well as by holding Group Management Meetings, where information is shared.
 - (iv) System for ensuring directors, etc. and employees of subsidiaries are executing their duties in compliance with laws and regulations and the Bank's Articles of Incorporation
 - (a) The department that oversees Group companies manages compliance at Group companies and is establishing a compliance system for the entire Group.
 - (b) The Bank's Corporate Audit Division for internal audits conducts audits to confirm that internal control at Group companies is being appropriately conducted.
 - (c) The Compliance Hotline has been established as an internal whistleblower system common to the Joyo Bank Group that officers and employees at Group companies can also use.
 - (d) The Bank and Group companies observe the arm's length rule, and do not cause any disadvantage to each other in the execution of operations.
- ⑥ System for ensuring the reliability of financial reporting
- (i) The Bank and each of its Group companies have regulations governing the structure, organization, and implementation of internal control systems for financial reporting to ensure that it is reliable.
- ⑦ System governing the treatment of employees assigned to assist the Corporate Auditors with their duties when requested
- (i) The Bank is to assign at least one employee as the corporate auditing staff for assisting the Corporate Auditors with their duties.
 - (ii) Furthermore, the Bank is to assign personnel with knowledge and capabilities suitable for assisting with auditing duties, and having no involvement in the Bank's business execution.

- ⑧ Matters relating to the independence of the above employees from the Board of Directors and ensuring that the employees carry out instructions from the Corporate Auditors
- (i) In the event that the corporate auditing staffs are to be reassigned, the director in charge is to give advance notice to the Corporate Auditors, who are to be allowed to give their opinions.
 - (ii) Furthermore, the corporate auditing staffs are to assist the Corporate Auditors with their duties by exclusively following their instructions.
- ⑨ System relating to reports from officers and employees of the Joyo Bank Group and other reports to the Corporate Auditors
- (i) Corporate Auditors attend the Executive Officer Committee and other important meetings of the Joyo Bank Group, at which they are given the opportunity to voice their opinions.
 - (ii) Officers and employees of the Joyo Bank Group are encouraged to report matters that could cause significant damage to the Bank to the Corporate Auditors, take advantage of the internal whistleblower system to report the details confidentially and otherwise provide information considered necessary by the Corporate Auditors.
 - (iii) Officers and employees are not to be treated unfairly for having divulged such information to the Corporate Auditors.
- ⑩ Matters relating to advances or reimbursements for expenses incurred by Corporate Auditors when executing their duties and policy on accounting for the expenses and reimbursements
- (i) The Bank is to bear the necessary expenses requested by the Corporate Auditors, unless the Bank can prove that the expenses were unnecessary for the execution of the Corporate Auditors' duties.
- ⑪ Other systems for ensuring effectiveness of audits carried out by the Corporate Auditors
- (i) The Corporate Auditors, Corporate Audit Division for internal audits, and other business divisions and departments cooperate with one another to raise the effectiveness of the auditing system.
 - (ii) The Chairman of the Board of Directors and the Bank's representative directors and the Accounting Auditors meet periodically with the Corporate Auditors to exchange opinions.

(2) Overview of status of operation of systems to ensure appropriate operations

The status of the main operation at the Bank that was conducted in fiscal 2015 based on the above policies is as follows:

① Compliance system

A compliance program was formulated at meetings of the Board of Directors, and its implementation status and important matters, etc. regarding compliance were reported to the Board of Directors and the Executive Officer Committee. In regard to the violation of laws and ordinances, etc., the Board of Directors verified the response status regarding a summary of concerns, the results of analysis of occurrence factors and recurrence prevention measures. In addition, the Bank conducted discussions and examinations by holding four meetings of the Compliance Committee, and also received verifications from outside committee members and reflected them in policies by holding two meetings of the Compliance Audit Committee.

In regard to the Compliance Hotline, which the Bank set up as an internal whistleblower system, the Bank set up a consulting point external to the Bank at the legal counselor's office in addition to the consulting point within the Bank.

② Risk management system

The Risk Management Committee held 13 meetings to gain an understanding of various risks and consider a response policy on an organization-wide basis. Moreover, the Bank formulated the "Fiscal 2015 BCM Training

Plan" to ensure the effectiveness of the business continuity system, which prepares for emergencies such as natural disasters and core ICT system failures, and carried out various kinds of training.

③ Business execution by directors

The Board of Directors held 17 meetings, decided important matters relating to management policy and management strategy, and supervised the status of business execution of each director. Furthermore, the Executive Officer Committee, which is composed of executive directors and executive officers, held 20 meetings and discussed important matters related to business execution, apart from matters that are the exclusive prerogative of the Board of Directors.

④ Internal audits

The Corporate Audit Division, which is independent from departments that execute business, conducted audits on each branch, head office department and subsidiary (hereinafter referred to as "audited departments"). The Bank reported the audit results to the Board of Directors and notified them to the heads of audited departments. In addition, it shared information with relevant departments through the Audit Information Liaison Committee, which held 11 meetings.

⑤ Group company management

Based on the "Group Corporation Management Guidelines," which prescribes matters for discussion and reporting between Group companies and the Bank, discussion and reporting was carried out between Group companies and the Bank. Group Management Meetings, which are aimed at sharing information throughout the entire Group, and Top Meetings with the Banks' director in charge of Group companies and general managers responsible were held on two occasions, respectively.

⑥ Audits of Corporate Auditors

The Corporate Auditors conducted audits on the execution of duties of directors and carried out the following initiatives to verify the status of establishment and operation of internal control systems.

- Attendance at important committee meetings such as the Board of Directors, the Executive Officer Committee, the Group Management Meeting, the General Budget Committee, the Compliance Committee, and the Audit Information Liaison Committee
- Inspection of important approval documents
- Reports from responsible departments
- Visiting audits at branches, etc.
- Audit of Group companies
- Regular exchanges of opinions between the Chairman of the Board of Directors, representative directors, and the Accounting Auditor

9. Matters concerning Specific Wholly-owned Subsidiaries

Not applicable.

10. Matters concerning Transactions with Parent Company, etc.

Not applicable.

11. Matters concerning Accounting Advisors

Not applicable.

12. Other Matters

Not applicable.

Consolidated Balance Sheet
(As of March 31, 2016)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Cash and due from banks	442,713	Deposits	8,088,463
Call loans and bills purchased	2,000	Negotiable certificates of deposit	22,689
Other debt purchased	9,977	Call money and bills sold	45,560
Trading assets	5,918	Payables under securities lending transactions	130,247
Securities	2,736,884	Trading liabilities	895
Loans and bills discounted	5,869,596	Borrowed money	174,118
Foreign exchange	4,241	Foreign exchange	886
Lease receivables and lease	42,502	Corporate bonds	15,000
Other assets	64,583	Corporate bonds with stock acquisition rights	33,804
Tangible fixed assets	94,300	Due to trust account	13
Buildings	33,423	Other liabilities	78,627
Land	52,401	Reserve for directors' bonuses	48
Lease assets	20	Net defined benefit liabilities	15,475
Construction in progress	324	Reserve for directors' retirement benefits	38
Other tangible fixed assets	8,130	Reserve for reimbursement of dormant	2,354
Intangible fixed assets	9,936	Reserve for frequent user points	145
Software	6,217	Reserve for losses on interest refunded	6
Other intangible fixed assets	3,719	Reserve for contingent losses	1,045
Deferred tax assets	1,986	Reserves under special laws	2
Customers' liabilities for	14,727	Deferred tax liabilities	31,295
Reserve for possible loan losses	(40,659)	Deferred tax liabilities for land revaluation	9,526
Reserve for devaluation of	(9)	Negative goodwill	1,659
		Acceptances and guarantees	14,727
		Total liabilities	8,666,631
		(Net assets)	
		Common stock	85,113
		Capital surplus	58,574
		Retained earnings	333,964
		Treasury stock	(21,569)
		Total shareholders' equity	456,082
		Net unrealized gain (loss) on available-for-sale securities	135,031
		Deferred gains (losses) on hedges	(3,073)
		Excess for land revaluation	13,002
		Remeasurements of defined benefit plans	(10,667)
		Total accumulated other comprehensive income	134,293
		Stock acquisition rights	132
		Non-controlling interests	1,562
		Total net assets	592,070
Total Assets	9,258,701	Total liabilities and net assets	9,258,701

Consolidated Statement of Income
(From April 1,2015 to March 31,2016)

(Millions of yen)

Item	Amount	
Ordinary income		163,314
Interest and dividend income	96,245	
Interest on loans and bills discounts	66,321	
Interest and dividends on securities	29,208	
Interest on call loans and bills purchased	38	
Interest on due from banks	323	
Other interest income	353	
Asset management fees	25	
Fees and commissions	26,514	
Trading income	2,211	
Other operating income	9,556	
Other ordinary income	28,761	
Recoveries of written-off claims	2,167	
Other income	26,593	
Ordinary expenses		115,628
Interest expenses	6,577	
Interest on deposits	2,629	
Interest on negotiable certificates of deposit	21	
Interest on call money and bills sold	255	
Interest on payables under securities lending transactions	605	
Interest on borrowed money	358	
Interest on corporate bonds	254	
Other interest expenses	2,452	
Fees and commissions	6,477	
Other operating expenses	4,163	
General and administrative expenses	70,784	
Other expenses	27,625	
Provision of reserve for possible loan losses	2,754	
Other	24,871	
Ordinary profit		47,685
Extraordinary income		86
Gain on disposal of fixed assets	86	
Extraordinary losses		739
Loss on disposal of fixed assets	531	
Impairment losses	208	
Income before income taxes		47,032
Income taxes--current	13,937	
Income taxes--deferred	1,925	
Total income taxes		15,862
Net income		31,169
Net income attributable to non-controlling interests		135
Net income attributable to shareholders of parent		31,034

Consolidated Statement of Changes in Net Assets
(From April 1,2015 to March 31,2016)

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	85,113	58,574	311,093	(21,619)	433,160
Changes during the period					
Cash dividends			(8,312)		(8,312)
Net income attributable to shareholders of parent			31,034		31,034
Purchase of treasury stock				(28)	(28)
Disposal of treasury stock			(12)	78	65
Reversal of excess for land revaluation			161		161
Net changes in items except for shareholders' equity					
Total changes during the period	—	—	22,871	49	22,921
Balance at the end of the current period	85,113	58,574	333,964	(21,569)	456,082

	Accumulated other comprehensive income				
	Net unrealized gain (loss) on available-for-sale securities	Deferred gains (losses) on hedges	Excess for land revaluation	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the current period	159,909	(1,725)	12,666	(3,756)	167,094
Changes during the period					
Cash dividends					
Net income attributable to shareholders of parent					
Purchase of treasury stock					
Disposal of treasury stock					
Reversal of excess for land revaluation					
Net changes in items except for shareholders' equity	(24,878)	(1,348)	336	(6,911)	(32,801)
Total changes during the period	(24,878)	(1,348)	336	(6,911)	(32,801)
Balance at the end of the current period	135,031	(3,073)	13,002	(10,667)	134,293

	Stock Acquisition Rights	Non- controlling interests	Total net assets
Balance at the beginning of current period	147	1,437	601,840
Changes during the period			
Cash dividends			(8,312)
Net income attributable to shareholders of parent			31,034
Purchase of treasury stock			(28)
Disposal of treasury stock			65
Reversal of excess for land revaluation			161
Net changes in items except for shareholders' equity	(14)	124	(32,691)
Total changes during the period	(14)	124	(9,769)
Balance at the end of current period	132	1,562	592,070

Notes to the Consolidated Financial Statements

Amounts are rounded down to the nearest million yen.

Subsidiaries, subsidiary companies and affiliated companies are as defined in Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

Basis of Preparation

1. Matters relating to scope of consolidation

- (1) Consolidated subsidiaries and subsidiary companies, etc.: Nine

The Joyo Computer Service Co., Ltd.

The Joyo Lease Co., Ltd.

The Joyo Credit Guarantee Co., Ltd.

The Joyo Credit Co., Ltd.

The Joyo Business Service Co., Ltd.

The Joyo Industrial Research Institute, Ltd.

The Joyo Equipment Management Co., Ltd.

The Joyo Cash Service Co., Ltd.

The Joyo Securities Co., Ltd.

- (2) Non-consolidated subsidiaries and subsidiary companies, etc.: None

2. Matters relating to application of equity accounting method

- (1) Unconsolidated subsidiaries and subsidiary companies, etc. to which the equity accounting method is applied: None

- (2) Affiliates, etc. to which the equity accounting method is applied: None

- (3) Unconsolidated subsidiaries and subsidiary companies, etc. to which the equity accounting method is not applied: None

- (4) Affiliates, etc. to which the equity accounting method is not applied: Four

Ibaraki-kizuna Investment Limited Partnership

Ibaraki New Industry Creation Investment Limited Partnership

Ibaraki Creation Investment Limited Partnership

Ibaraki Revitalization Investment Limited Partnership

These affiliates, etc. are not accounted for under the equity method because the amounts of net income, retained earnings and accumulated other comprehensive income of the affiliate, commensurate with equity, are immaterial, and as such do not have any significant impact on the consolidated financial statements when excluded from the scope of equity method.

3. Matters relating to amortization of goodwill and negative goodwill

Negative goodwill is amortized using the straight-line method over 20 years.

Significant Accounting Policies

1. Evaluation standards regarding trading assets and liabilities, and basis for recording income and expenses
Transactions for “trading purposes” (seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from arbitrage between markets) are included as trading assets and trading liabilities on the consolidated balance sheets on a trade date basis. Gains or losses on such trading transactions are included as trading income or trading expenses in the consolidated statements of income.
Among the trading assets and liabilities, securities and monetary claims are carried at market value as of the consolidated financial statement date. Derivatives including swaps, futures and options are stated at the amount that would be settled if they were terminated at the consolidated financial statement date.
Trading income and trading expenses include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. The year-on-year valuation differences of derivatives are also recorded in the above-mentioned accounts, assuming that settlement will be made in cash.
2. Evaluation standard and evaluation method regarding securities
Marketable debt securities held to maturity are stated at amortized cost using the moving average cost method (fixed amount method). Equity shares and investment trusts listed on Japanese markets are, as a rule, carried at market value based on their average market prices over the month prior to the date of the consolidated financial statements (the cost of sales is determined principally by the moving average method), while those other than shares with market value are carried at market value, etc. on the date of the consolidated financial statements (the cost of sales is determined principally by the moving average method). Available-for-sale securities whose market values are considered extremely difficult to assess are stated at cost using the moving average method.
Note that unrealized gains or losses on available-for-sale securities are recognized directly into net assets in full.
3. Evaluation standard and evaluation method regarding derivatives
Derivatives (excluding transactions for trading purposes) are carried at market value.
4. Depreciation of non-current assets
 - (1) Tangible fixed assets (excluding lease assets)
Depreciation of tangible fixed assets of the Bank is computed using the straight-line method.
The useful lives of tangible fixed assets are primarily as follows:
Buildings: 6 to 50 years
Others: 3 to 20 years
Depreciation of tangible fixed assets of the consolidated subsidiaries and subsidiary companies, etc. is computed principally using the declining-balance method according to their estimated useful lives.
 - (2) Intangible fixed assets
Depreciation of intangible fixed assets is computed using the straight-line method. The cost of computer software for the Bank’s internal use is amortized based on an estimated useful life of five years, which is set by the Bank and its consolidated subsidiaries and consolidated companies, etc.
 - (3) Lease assets
Depreciation of lease assets included in “Tangible fixed assets” relating to finance lease transactions not involving the transfer of ownership is computed using the straight-line method over the lease period deemed as the useful life. Regarding residual value, the amount where there is a residual value guarantee in the lease agreement will be deemed as the residual guarantee amount, while the amount for others is zero.
5. Reserve for possible loan losses
The reserve for possible loan losses of the Bank is provided for as follows, in accordance with internal criteria for write-off and provisioning of reserves.
For claims to debtors who are legally bankrupt (as a result of bankruptcy, special liquidation, etc.) or who are substantially bankrupt, a reserve is provided based on the amount of the claims, net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees. For claims to debtors who are not

currently bankrupt, but who are deemed highly likely to fall into bankruptcy, a reserve is provided based on the amount deemed necessary based on an overall solvency assessment of the amount of claims, net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For claims against debtors with bankruptcy concerns and major debtors for whom the Bank has eased lending terms and whose credit exceeds a certain threshold, and those whose cash flows from the collection of principal and interest can be reasonably estimated, the difference between cash flow discounted at the agreed interest rate prior to the easing of lending terms and the book value of the debt is recorded as a reserve for possible loan losses (the cash flow estimated method).

For other claims, a reserve is provided based on a calculation with reference to actual default rates arising during a defined period in the past.

All claims are assessed by the Business Section based on the Bank's internal rules for self-assessment of asset quality, and the Corporate Audit Department, which is independent of the Business Section, subsequently conducts audits of such assessments.

The estimated uncollectible amount of collateralized or guaranteed claims against legally bankrupt debtors or substantially bankrupt debtors, which is computed by deducting the assessed amount of collateral and the amount expected to be collectible from guarantees, is ¥15,772 million, and is deducted directly from the amount of such collateralized or guaranteed claims.

The reserves of the consolidated subsidiaries and subsidiary companies, etc. are provided for general claims at an amount deemed necessary based on the actual historical rate of loan losses, and for specific claims for potentially bankrupt debtors, etc., at an estimate of the amounts deemed uncollectible based on the respective assessments.

6. Reserve for devaluation of investment securities

A reserve for the devaluation of investment securities is provided at the amount deemed necessary to cover estimated possible losses on investments which the Bank may incur in the future.

7. Reserve for directors' bonuses

Reserves for directors' bonuses of the Bank and its consolidated subsidiaries and subsidiary companies, etc. represent the estimated cost of directors' (including executive officers) bonuses attributable to the fiscal year.

8. Reserve for directors' retirement benefits

Reserve is made for the payment of retirement allowances to directors of the consolidated subsidiaries and subsidiary companies, etc. based on the amount deemed to have been incurred through the end of the fiscal year.

9. Reserve for reimbursement of dormant deposits

Reserve for reimbursement of dormant deposits derecognized as liabilities is provided for estimated losses on future claims from depositors at an amount deemed necessary.

10. Reserve for frequent user points

Reserve for frequent user points, which is provided to meet future use of credits granted to credit card customers, is recorded in the amount deemed necessary based on a reasonable estimated future use of unused points. This program applies to cards issued by the Bank and one of its subsidiaries.

11. Reserve for losses on interest refunded

One consolidated subsidiary records a provision for losses on interest refunded in an amount deemed necessary based on estimated amounts to be refunded, taking into account historical records of interest refunded on the portion of loans whose interest rates exceeded the maximum interest rate stipulated by the Interest Limitation Law.

12. Reserve for contingent losses

The Bank makes reserve for possible losses on loans guaranteed by credit guarantee corporations in an amount deemed necessary based on estimated future losses, calculated using historical default rates after exclusion of contingent losses covered by other reserves.

13. Reserves under special laws

The reserve under special laws is a reserve for contingent losses from securities-related transactions in the amount of 2 million pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act, as computed by consolidated securities subsidiary pursuant to Article 175 of the related cabinet order.

14. Accounting treatment related to employees' retirement benefits

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year. Prior service cost is deferred and amortized using the straight-line method over certain years (10 years) within the average remaining service period of the eligible employees. Unrealized actuarial losses are deferred and amortized using the straight-line method over certain years (10 years) commencing with the following year, which is shorter than the average remaining service period of the eligible employees.

15. Treatment of deferred assets

Stock issue expenses are treated as expenses as incurred.

16. Translation of foreign currencies

Foreign currency-denominated assets and liabilities of the Bank are translated into Japanese yen at the rates prevailing at the balance sheet date. Foreign currency-denominated assets and liabilities held by consolidated subsidiaries and subsidiary companies, etc. are translated into Japanese yen at the rates prevailing at their respective balance sheet dates.

17. Treatment of leases

For the lessor, finance lease transactions attributable to the fiscal year that do not transfer ownership of the leased property, and which commenced prior to April 1, 2008, are treated in line with the stipulations of Article 81 of the Guidance on Accounting Standards for Lease Transactions (ASBJ Guidance No. 16, issued on March 25, 2011). Book value (after deduction of accumulated depreciation) of lease assets included in tangible fixed assets and intangible fixed assets as of the previous balance sheet date was recorded as the initial balance of lease receivables and lease investment assets.

18. Recognition of income on finance leases

As a lessor, income and expenses for finance lease transactions that do not transfer ownership of the property are recognized when lease receivables are collected.

19. Important hedge accounting methods

(1) Hedging against interest rate risks

The deferred method of hedge accounting is applied to transactions to hedge against the interest rate risks associated with the Bank's monetary claims and debt, in accordance with the regulations set out in the "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24, issued February 13, 2002). The Bank assesses the effectiveness of such hedges in offsetting movement of the fair value with the changes in interest rates by classifying the hedged items (deposits or loans) and the hedging instruments (interest swaps, etc.) by their maturity. As to cash flow hedges, the Bank assesses the effectiveness of such hedges in fixing cash flows by verifying the correlation between the hedged items and the hedging instruments.

(2) Hedging against foreign exchange fluctuation risks

The deferred method of hedge accounting is applied to transactions to hedge against the foreign exchange fluctuation risks associated with monetary assets and liabilities denominated in foreign currencies, in accordance with the regulations set out in the "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, issued July 29, 2002). To minimize the foreign exchange fluctuation risks on monetary assets and liabilities, the Bank engages in currency swaps, foreign exchange swaps, and similar transactions. The effectiveness of these transactions in the hedging of the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed through comparison of the foreign currency position of the hedged monetary assets and liabilities, with that of the hedging instruments.

Note that exceptional treatment in the form of individual deferred hedges or interest swaps is applied to some

of the Bank's assets and liabilities. One of the Bank's consolidated subsidiaries uses hedge accounting that applies exceptional treatment to some liabilities in the form of interest swaps.

20. Consumption tax

Consumption tax is excluded from transactions reported by the bank and its consolidated subsidiaries and subsidiary companies, etc. However, non-deductible consumption tax on tangible fixed assets is charged to income as incurred.

Accounting Changes

(Accounting Standard for Business Combinations)

The Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued September 13, 2013), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued September 13, 2013) and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued September 13, 2013), etc. have been applied beginning with the current fiscal year, and for those subsidiaries and subsidiary companies, etc. over which it maintains control, the Bank records the effect of changes in equity as capital surplus, while also changing to recording them as expenses for the fiscal year in which acquisition-related expenses were incurred. For business combinations implemented on or after the beginning of the fiscal year, the Bank will change to a method that reflects revisions to the distribution of acquisition costs, resulting from finalization of provisional accounting treatment, in the consolidated financial statements for the fiscal year to which the date of the business combination is attributed. In addition, the presentation of net income, etc. of this fiscal year has changed, and the presentation of minority shareholder equity has changed to non-controlling shareholder equity.

Application of the Accounting Standard for Business Combinations is in accordance with the transitional treatment set out in Article 58-2-4 of the Accounting Standard for Business Combinations, Article 44-5-4 of the Accounting Standard for Consolidated Financial Statements and Article 57-4-4 of the Accounting Standard for Business Divestitures, and shall apply from the beginning of the current fiscal year into the future. Note that this will have no financial impact on the consolidated financial statements for the current fiscal year.

Notes

(Notes to the Consolidated Balance Sheet)

1. Of loans, loans to bankrupt borrowers are ¥1,243 million and delinquent loans are ¥79,542 million.
Loans to bankrupt borrowers are non-accrual loans (excluding loans written off) for which circumstances apply as stipulated in Article 96, Paragraph 1, item (iii) (a) through (e), or Article 96, Paragraph 1, item (iv) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965). Non-accrual loans are loans having no prospects for recovery or repayment of principal or interest, for which payment of principal or interest has not been received for a substantial period of time or for other reasons.
Delinquent loans are those loans other than loans to bankrupt borrowers and loans for which interest payments have been rescheduled with the objective of assisting those borrowers in management restructuring.
2. Loans overdue for three months or more are ¥720 million.
Loans overdue for three months or more are loans for which payment of principal or interest have not been received for three months or more after the day following the agreed payment date, excluding loans to bankrupt borrowers and delinquent loans.
3. Restructured loans are ¥25,403 million.
Restructured loans are loans with negotiated terms preferable to the borrower, such as a reduction of interest rate, a grace period for interest and principal payments, forgiveness of debt, etc., with the objective of assisting these borrowers in management restructuring. They exclude loans to bankrupt borrowers, delinquent loans and loans overdue for three months or more.
4. The total amount of loans to bankrupt borrowers, delinquent loans, loans overdue for three months or more and restructured loans is ¥106,910 million.
Note that the amount of loans in 1 through 4, above, is the amount before deducting reserves for possible loan losses.
5. Bills discounted have been accounted for as financing transactions in accordance with the Japanese Institute of Certified Public Accountants Industry Audit Committee Report No. 24. The Bank has the right to sell, pledge (re-pledge) or otherwise dispose of these commercial bills, documentary bills of exchange and foreign currency bills purchased, etc. without restrictions. The total face value of these bills is ¥20,782 million.

6. Assets pledged as collateral are as follows:

Assets pledged as collateral:

Securities: ¥585,191 million

Liabilities corresponding to pledged assets:

Deposits: ¥41,548 million

Payables under securities lending transactions: ¥130,247 million

Borrowed money: ¥152,760 million

In addition to the above, ¥60,726 million in securities is pledged as collateral for transactions such as foreign currency settlements or as substitute for forward margin of futures trading.

One consolidated subsidiary has also pledged ¥188 million in lease contract receivables related to unexpired leases against borrowed money of ¥60 million.

Other assets include futures trading margin pledges of ¥160 million and ¥1,347 million in guarantee deposits.

7. Commitment line agreements related to overdrafts and loans represent contracts with customers to extend overdrafts or loans up to the amounts agreed to in customers' loan applications as long as there is no violation of any condition in the contract. The unused balance of such commitment line agreements is ¥1,620,874 million. Of these, commitment line agreements whose terms to original maturities are one year or less or whose contracts can be terminated without notice or conditions at the Bank's option are ¥869,918 million.

The amount of unexercised commitment lines does not necessarily affect the future cash flows of the Bank or its consolidated subsidiaries or subsidiary companies because many such agreements are terminated without being exercised. Many of these contracts have provisions which stipulate that the Bank or its consolidated subsidiaries and subsidiary companies may refuse the extension of loans or decrease the commitment line due to certain changes in the financial markets, or certain issues in securing loans or for other reasonable grounds. At the inception of the contracts, the Bank and its consolidated subsidiaries and subsidiary companies obtain real estate, securities or other valuables as collateral where deemed necessary. In addition, the Bank and its consolidated subsidiaries and subsidiary companies perform periodic reviews of the customers' business results and other circumstances based on internal rules, and take necessary measures to reconsider the terms of their contracts and may require additional collateral or guarantees.

8. Pursuant to the Act on Revaluation of Land (Act No. 34 of March 31, 1998), the Bank has revalued the land used for business purposes. Of the difference incurred from revaluation, the amount equivalent to tax regarding the revaluation difference is accounted for under liabilities as deferred tax liabilities for land revaluation, while the revaluation difference net of these deferred tax liabilities is accounted for under net assets as excess for land revaluation.

Date of revaluation: March 31, 1998

Revaluation method stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land:

Calculated by making rational adjustments based on posted prices and published land prices pursuant to Article 2, Paragraph 4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

The difference between the total market value as of the end of the fiscal year and the total book value of the revaluated land used for business purposes subject to revaluation pursuant to Article 10 of the Act on Revaluation of Land is ¥28,487 million.

9. Aggregate of accumulated depreciation of tangible fixed assets is ¥86,362 million.

10. Aggregate of advanced accumulated depreciation of tangible fixed assets is ¥7,112 million.

11. Of bonds in securities, the guarantee obligations of the Bank on private placement bonds (as specified in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) are ¥28,221 million.

(Notes to Consolidated Statements of Income)

1. "Other expenses" includes ¥4,396 million in written-off loans and ¥711 million in losses on sales of stock and other securities.

2. Impairment losses were recorded in an aggregate amount deemed irrecoverable on idle assets, primarily located in Ibaraki Prefecture.

The breakdown of the non-current assets represented by the above impairment losses consists of land holdings (and other tangible fixed assets) in the amount of ¥208 million.

Operational assets of the Bank and its consolidated subsidiaries and subsidiary companies, primarily sales offices,

etc., are grouped in units around certain regions based on mutually complementarity of cash flows. Idle assets are each treated as individual units. The head office, administrative center, dormitories, company housing, welfare facilities and so on are treated as shared assets, as they do not generate any independent cash flow.

The recoverable amounts used for the measurement of such impairment losses are, as a rule, net prices, which are calculated on the basis of appraisal values after deduction of the estimated cost of disposal.

3.

(Consolidated Statements of Changes in Net Assets)

1. Types and number of shares issued and treasury stock are as follows:

(Thousand shares)

	April 1, 2015	Increase	Decrease	March 31, 2016	Remarks
Shares issued					
Common stock	766,231	—	—	766,231	
Total	766,231	—	—	766,231	
Treasury stock					
Common stock	43,473	45	157	43,361	(Note 1)
Total	43,473	45	157	43,361	

Note 1: Increase and decrease in the number of treasury stock are as follows:

Increase of 45 thousand is due to purchase of fractional shares

Decrease is due to purchase of 12 thousand fractional shares and execution of 144 thousand shares in stock options.

2. Information on stock acquisition rights is as follows:

Category	Detail of stock acquisition rights	Type of shares	Number of Shares				Balance as of March 31, 2016 (millions of yen)	Remarks
			April 1, 2015	Increase	Decrease	March 31, 2016		
The Bank	Stock Options			—			132	
Total				—			132	

3. Information on dividends is as follows:

(1) Dividends paid in the current fiscal year

Resolution	Type of shares	Aggregate amount of dividends (millions of yen)	Cash dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2015	Common stock	3,975	5.5	March 31, 2015	June 26, 2015
Meeting of Board of Directors held on November 9, 2015	Common stock	4,337	6.0	September 30, 2015	December 2, 2015
Total		8,312			

(2) Dividends, the record date of which falls during the fiscal year and the effective date of which falls after the last date of the fiscal year:

The Bank plans to propose the following matter regarding dividends on common stock as a resolution to the ordinary general meeting of shareholders to be held on June 28, 2016.

- ① Total amount of dividend: 5,060 million yen
- ② Amount of cash dividend per share: 7 yen
- ③ Record date: March 31, 2016
- ④ Effective date: June 29, 2016

Note that dividends are expected to be funded from retained earnings.

(Financial Instruments)

1. Status of financial instruments

(1) Policy on financial instruments

The Group comprising the Bank and its nine consolidated subsidiaries and subsidiary companies provides financial services such as leasing, agency services for banking administrative work and securities operations, centering on banking services. The Group raises funds primarily by acceptance of deposits, and invests the funds in loans and securities. The Group has financial assets and liabilities the values of which fluctuate with changes in interest rates, foreign exchange rates and market prices. To avoid the adverse effects of such fluctuations, the Bank performs integrated asset and liability management (“ALM”). The Group also engages in derivatives transactions, such as those related to interest rates, currencies and bonds, for hedging and non-hedging purposes.

Some consolidated subsidiaries perform fund management using investments in securities. They are also engaged in interest rate-related derivative transactions for hedging purposes.

(2) Financial instruments and risk

The financial assets held by the Group consist primarily of securities and loans. Loans are subject to credit risk which could cause financial losses for the Group from non-performance of obligations by borrowers. Securities include mainly bonds and stocks, and these are held for trading, held-to-maturity and available-for-sale and other purposes. With regard to securities, the group is exposed to the credit risk of issuers, interest rate risk and market price fluctuation risk.

Regarding deposits, which represent financial liabilities, there are current deposits and savings deposits without maturities, and time deposits with maturities. These deposits expose the Group to liquidity risk that could be caused by concentrated withdrawals by customers.

The Group has liquidity risk with borrowed money and bonds in that it would become impossible to execute payments on their due dates should the Group lose access to financial markets under certain conditions. Although floating-rate borrowings expose the Group to interest rate risk, the Group partially mitigates this risk by using interest rate swaps.

The is engaged in derivatives transactions to meet customers’ demands to hedge exchange rate and interest rate risks and to appropriately manage the Bank’s market risks. Moreover, the Group utilizes derivatives transactions for efficient ALM and hedging of individual transactions.

Derivatives transactions carry market risks due to losses that could arise from market fluctuations, including changes in interest rates and exchange rates. Derivatives transactions also carry credit risk in that transactions may not be fulfilled as provided for by the contracts due to an event such as the failure of the counterparty.

Regarding hedging transactions to offset fluctuations in interest rates, the hedged items (e.g., loans) and the hedging instruments (e.g., interest rate swaps) are specified individually or grouped by maturity to assess their effectiveness. For cash flow hedges, the Group assesses their effectiveness by examining the interest rate correlation between the hedged items and the hedging instruments. Moreover, to assess the effectiveness of hedging transactions for foreign exchange risk, the Group designates transactions such as currency swaps and foreign exchange swaps as the hedging instruments and verify that the Group holds foreign currency positions of those hedging instruments that match the hedged items, including monetary claims and obligations denominated in foreign currencies. The Group also performs “after-the-fact” testing to confirm certain interest rate swaps continue to meet the requirements for the exceptional accrual method.

The Group has set position limits and loss limits for trading transactions involving short-term purchases and sales of financial instruments.

(3) Risk management for financial instruments

① Integrated risk management

The Group holistically controls risks from various financial assets and liabilities and risks related to its banking business through integrated risk management. Specifically, the Bank calculates apportionable risk capital using Tier I capital and allocates by risk category and department. The Bank periodically quantifies the risks it takes and controls such risks within the allocated capital. The Bank assesses unquantifiable risks using stress tests and other measures.

② Credit risk management

The Group has enacted “Guidelines for Credit Risk Management,” which provides for basic policies comprising appropriate credit exposure management on individual and portfolio bases. The portfolio-based credit exposure management involves diversification of risk.

The Credit Risk Management Group has been segregated from the divisions under Business Headquarters to achieve rigorous credit review, and conducts thorough monitoring of borrowers' financial conditions to prevent deterioration of loans.

In the self-assessments that evaluate the quality of assets, the business offices categorize the borrowers based on credit ratings, which are then reviewed by the Credit Examination Division in the Headquarters. Furthermore, the Corporate Audit Division examines the results and processes of the self-assessments for accuracy and adequacy.

As for the credit risk of the issuers of securities, the Treasury and Securities Division monitors credit information and market prices and assigns the issuers credit ratings and carries out self-assessments of the issuers in a similar manner for general borrowers.

③ Market risk management

(i) Interest rate risk management

The Group has set risk limits corresponding to the Group's financial strength to interest rate risk in the banking account, and applies and monitors the limits rigorously through the ALM structure.

To control the interest rate risk appropriately, the Group has established "Risk Management Basic Rules," "Integrated Risk Management Rules," and "ALM Guidance." The Board of Directors (the "Board") establishes risk tolerance limits for interest rate risk within the allocable capital range after discussions at the General Budget Committee every half-year.

Interest rate risk is measured using value at risk ("VaR"). The ALM Committee sets alarm points somewhat below the risk limits and monitors the points as well as the limits on a monthly basis.

Moreover, the Group analyzes the interest rate risk from various aspects using tools such as basis-point value ("BPV"), scenario analysis (simulation method) and interest rate sensitivity analysis in addition to VaR, and controls the risk within a tolerable range reflective of the Group's financial strength.

(ii) Foreign exchange risk management

The Group controls foreign exchange risk by using hedging instruments such as currency swaps and foreign exchange swaps.

In addition, the Group also enters into offsetting transactions in financial markets on an individual or aggregate basis, in order to reverse out foreign exchange risk arising from foreign exchange transactions offered by customers.

Additionally, the Group converts into yen an amount equivalent to monthly interest income denominated in foreign currencies at the end of each month, in order to mitigate foreign exchange risk arising from foreign currency-denominated revenues.

(iii) Price fluctuation risk management

The Group has set risk limits corresponding to the Group's financial strength to price fluctuation risk arising from financial instruments such as stocks and investment trusts, and applies and monitors the limits rigorously through the ALM.

To control the price fluctuation risk appropriately, the Board establishes risk tolerance limits for price fluctuation risk within the allocable capital range after discussions at the General Budget Committee every half-year.

Price fluctuation risk is measured using VaR. The ALM Committee sets alarm points somewhat below the risk limits and monitors the points as well as the limits on a monthly basis.

To prevent unrealized losses from being accumulated, the Group monitors and manages unrealized gains and losses under certain standards on a daily basis.

(iv) Derivatives transactions

The Group utilizes derivatives transactions chiefly as hedging instruments for interest rate and foreign exchange risks. The Group controls counterparty credit risk in derivatives transactions by setting credit limits.

For derivatives transactions with financial institutions, the Group sets individual credit lines and manages credit exposures on a daily basis in accordance with "Credit Line Management Rules for Banking and Security Companies."

For derivatives transactions with customers, the Group also sets individual credit lines to reflect factors such as creditworthiness and outstanding transactions, just as for financing transactions, and manages the credit exposures together with those arising from other transactions on an individual basis.

(v) Trading transactions

The Group primarily trades in bonds, foreign exchange and derivatives transactions for trading purposes. We set and utilize certain measures such as position limits, risk tolerance limits and loss limits in accordance with “Trading and Risk Management Rules.”

④ Management of liquidity risk in funding

To manage liquidity risk under “Market and Liquidity Risk Management Rules,” the Group conducts financing activities after fully analyzing its cash flows. The Group also pays continuous attention to its balance sheet structure, lines of credit provided to the Group, collateral management and costs to maintain liquidity, and strives to maintain the diversity and stability of funding sources.

(4) Supplementary explanation concerning matters related to fair value of financial instruments

Fair value of financial instruments includes a value based on market prices as well as a reasonably calculated value when no market price is available. Because certain assumptions are used in the fair value calculation, such value may vary when different assumptions are used.

2. Disclosures Regarding Fair Value of Financial Instruments and Other Items

The table below sets forth the consolidated balance sheet amounts, fair value and difference as of March 31, 2016, except for those instruments such as unlisted stocks whose fair values are extremely difficult to determine (see (Note 2)). In addition, those financial instruments which are immaterial are not listed below.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and due from banks	442,713	442,713	—
(2) Securities			
Held-to-maturity debt securities	35,972	36,467	494
Available-for-sale securities	2,692,533	2,692,533	—
(3) Loans and bills discounted	5,869,596		
Reserve for possible loan losses (*1)	(35,244)		
	5,834,352	5,935,923	101,570
Total assets	9,005,572	9,107,638	102,065
(1) Deposits	8,088,463	8,089,317	(854)
(2) Negotiable certificates of deposit	22,689	22,689	—
(3) Payables under securities lending transactions	130,247	130,247	—
(4) Borrowed money	174,118	174,139	(20)
Total liabilities	8,415,519	8,416,394	(875)
Derivatives transactions (*2)			
Transactions not accounted for as hedging instruments	1,201	1,201	—
Transactions accounted for as hedging instruments	916	916	—
Total derivatives transactions	2,117	2,117	—

(*1) General and individual allowances for doubtful accounts are deducted from loans and bills discounted.

(*2) Derivatives transactions recorded in trading assets/liabilities and other assets and other liabilities are presented on an aggregate basis. Claims and debts that arose from derivatives transactions are presented on a net basis.

(Note 1) Calculation methods for fair value of financial instruments

Assets

(1) Cash and due from banks

Since fair value of these items approximates the book value, we deem the carrying value to be the fair value.

(2) Securities

Fair value of shares is determined by reference to quoted market prices on stock exchanges. Fair value of bonds is determined by reference to quoted market prices or prices offered by financial institutions. Fair value of investment trusts is determined by reference to their publicly available net asset value per unit.

Fair value of privately placed bonds guaranteed by the Bank is the present value determined by the discounted cash flow method. The discount ratios used in the calculation were calculated based on the bankruptcy probability by credit rating and the coverage ratio of an individual claim.

We treat market prices as fair value for floating-rate Japanese Government Bonds (JGBs) and securitized products that we own.

(3) Loans and bills discounted

Since floating-rate loans and bills discounted reflect market interest rates in a short period, the fair value approximates the carrying value so long as the credit standing of the borrower is not significantly different after the loan was made or the bill was drawn. The fair value is thus deemed equal to the carrying value.

Fair value of fixed-rate loans and bills discounted are determined as the total of principal and interest by the type, internal credit rating and maturities. Discount rates used in the calculation were interest rates which would be applied when similar loans were newly extended, or by the bankruptcy probability by credit rating and the coverage ratio and recovery ratio of an individual claim. Fair value of fixed-rate loans and bills discounted whose terms are short (i.e., within one year) is approximately equivalent to their book value and is therefore deemed equal to book value.

Possible losses on claims against legally bankrupt borrowers, substantially bankrupt borrowers and potentially bankrupt borrowers are computed based on recoverable amounts estimated as the present value of future cash flows or the collectible amounts from collateral and guarantees. Then the fair value of those loans is approximately equivalent to the consolidated balance sheet amount at the closing date minus the currently estimated losses, and is therefore deemed equal to the amounts.

Fair value of loans and bills discounted for which repayment terms are not set because of their attributes (e.g., loans are limited to the amount of assets pledged as collateral) is assumed to be approximately equivalent to their book value, considering the expected repayment periods and interest rate conditions, and are therefore deemed equal to the book value.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, the Group deems the amount that the Group would be required to pay on the consolidated financial statement date (i.e., carrying value) to be the fair value.

With respect to time deposits, the Group uses the present value of future cash flows calculated by time period as the fair value. The discount rates used in the calculation were the interest rates that would apply to newly accepted deposits.

(3) Payables under securities lending transactions

For short-term loans with maturity of one year or less, the book value is deemed to be the fair value since the fair value is approximately equivalent to the book value.

(4) Borrowed money

Fair value is calculated by borrowing period. The discount rates used in the calculation are interest rates that would be applied to new borrowings.

Fair value of short-term borrowings (i.e., within one year) is approximately equivalent to the book value and is deemed equal to the book value.

Derivatives transactions

Derivatives transactions include interest rate-related transactions (interest futures, interest options, interest swaps, etc.), currency-related transactions (currency futures, currency options, currency swaps, etc.) and bond-related transactions (bond futures, bond futures options, etc.), and are based on prices calculated using models for stock exchange prices, discounted current value and option prices.

(Note 2) The following table summarizes the consolidated balance sheet amounts of financial instruments for which the fair value is extremely difficult to determine, and which are not included in the “Disclosures Regarding Fair Value of Financial Instruments and Other Items” under Assets (2) Other available-for-sale securities.

(Millions of yen)

Category	Consolidated balance sheet amounts
(1) Unlisted stocks (*1) (*2)	3,116
(2) Investments in partnerships and others (*3)	5,262
Total	8,378

(*1) Unlisted stocks are excluded from “Disclosures Regarding Fair Value of Financial Instruments and Other Items” since no market price is available and their fair value is extremely difficult to determine.

(*2) Impairment losses on unlisted stocks were ¥17 million in the current fiscal year.

(*3) Out of investments in partnerships and others, certain partnerships holding assets whose fair value was extremely difficult to determine are excluded from “Disclosures Regarding Fair Value of Financial Instruments and Other Items.”

(Note 3) Redemption schedule of money claims and securities with stated maturities after the consolidated financial statement date is as follows:

(Millions of yen)

	1 year or less	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Cash and due from banks	374,012	—	—	—	—	—
Securities						
Held-to-maturity securities	2,984	12,019	18,448	2,377	142	—
Japanese government bonds	1,000	—	2,000	—	—	—
Municipal bonds	—	50	200	—	—	—
Corporate bonds	1,984	11,969	16,248	2,377	142	—
Available-for-sale securities with maturities	153,506	542,841	758,110	332,941	183,316	175,869
Japanese government bonds	90,000	362,000	407,800	120,000	20,000	4,000
Municipal bonds	6,882	8,734	101,022	52,569	43,189	—
Corporate bonds	16,533	38,452	131,603	100,670	61,327	85,428
Foreign bonds	38,395	110,819	97,839	58,851	37,437	86,425
Others	1,694	22,835	19,844	851	21,361	16
Loans and bills discounted (*)	1,409,842	1,027,383	828,346	500,771	531,986	1,419,316
Total	1,940,345	1,582,243	1,604,904	836,090	715,444	1,595,186

(*) Claims against legally bankrupt borrowers, substantially bankrupt borrowers and potentially bankrupt borrowers amounting to ¥80,786 million, and loans and bills discounted without maturities amounting to ¥71,163 million were excluded from the table above.

(Note 4) Redemption schedule of borrowed money and other interest-bearing liabilities after the consolidated financial statement date is as follows:

(Millions of yen)

	1 year or less	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	7,376,371	623,716	81,684	2,523	4,167	—
Negotiable certificates of deposit	22,689	—	—	—	—	—
Payables under securities lending transactions	130,247	—	—	—	—	—
Borrowed money	159,960	10,813	3,345	—	—	—
Total	7,689,269	634,529	85,030	2,523	4,167	—

(*) Demand deposits are included in “1 year or less.”

(Tax effect accounting)

On March 29, 2016, the Japanese Diet passed both the Act to Revise a Portion of the Consumption Tax Act (Act No. 15 of 2016) and the Act to Revise a Portion of the Local Tax Act (Act No. 13 of 2016), and corporate tax rates, etc. are to be lowered effective from the fiscal year beginning April 1, 2016. As a result, the effective statutory tax rate used in calculating deferred tax assets and deferred tax liabilities will change from 31.98% to 30.62% for temporary differences expected to be resolved between the fiscal year starting April 1, 2016 and the fiscal year starting April 1, 2017. For temporary differences expected to be resolved after the fiscal year starting April 1, 2018, the rate will fall to 30.39%. As a result of this tax rate change, deferred tax liabilities have fallen by ¥1,771 million, remeasurements of defined benefit plans have fallen by ¥227 million, and deferred gains (losses) on hedges have fallen by ¥68 million. Net unrealized gain (loss) on available-for-sale securities have increased by ¥3,019 million, while income taxes deferred have increased by ¥951 million. Deferred tax liabilities for land revaluation have fallen by ¥498 million, and excess for land revaluation have increased by the same amount.

(Per share information)

Net assets per share: 816.71 yen

Net income attributable to shareholders of parent per share: 42.93 yen

(Material Subsequent Events)

Information regarding a definitive agreement concerning the business integration of The Joyo Bank, Ltd. and Ashikaga Holdings, Ltd. through a share exchange

The Bank and Ashikaga Holdings Co., Ltd.(President: Masanao Matsushita) (“Ashikaga HD”) (together, the “Companies”), in accordance with the Basic Agreement agreed upon between Joyo and Ashikaga HD on November 2, 2015, resolved at the respective meetings of their board of directors held on April 25, 2016 to consummate the business integration (the “Business Integration”) through a share exchange subject to obtaining the approval of shareholders of the Companies and regulatory approvals, and entered into a share exchange agreement (the “Share Exchange Agreement”). At the same time, Joyo, Ashikaga HD and The Ashikaga Bank, Ltd. (“Ashikaga Bank”) entered into a business integration agreement, which is described below.

1. Purpose of the Business Integration

The new financial group that will be established through the integration of the Companies will aim to maintain and promote the relationships with customers and the deep understanding of local communities that Joyo and Ashikaga Bank (the “Banks”) have built over the years, as well as to realize the advancement of comprehensive financial services and operational efficiencies by taking advantage of the wide-area network and other connections formed through the Business Integration.

Through this, the Banks will be able to provide more convenient, high-quality comprehensive financial services that can only be achieved through the integration of leading regional banks. The Banks will also aim to become a group that is highly valued by each stakeholders by achieving sustained growth as a driving force behind regional development and revitalization and through the improvement of corporate value in response to the expectations of shareholders and markets, as well as expansion of opportunities for officers and employees while enhancing their pride in and enjoyment of their duties. The Banks will also be a financial group that is open to other regional financial institutions which share their corporate ideals.

2. Share Exchange Method and Allotment of Shares in the Exchange (share exchange ratio)

(1) Share exchange method

The Business Integration will be carried out by the holding company method. In order to complete the Business Integration quickly, the Companies plan to utilize Ashikaga HD, which already has a holding company structure, as the holding company of the new financial group.

Specifically, subject to obtaining the approval of the Companies for matters necessary for the Business Integration and obtaining regulatory approvals required for the Business Integration, Joyo plans to carry out a Share Exchange with Ashikaga HD, and Ashikaga HD plans to change its company name to Mebuki Financial Group, Inc. (“Mebuki FG”).

The schedule of the Business Integration is as follows:

November 2, 2015	Execution of the Basic Agreement
March 31, 2016	Record date for the General Shareholders’ Meetings of the Companies
April 25, 2016	Resolution of the Board of Directors of the Companies Execution of the Share Exchange Agreement and the Business Integration Agreement
June 28, 2016 (planned)	General Shareholders’ Meetings of the Companies
September 27, 2016 (planned)	Last trading day of the shares of Joyo
September 28, 2016 (planned)	Date of delisting of Joyo shares
October 1, 2016 (planned)	Effective date of the Share Exchange

Note that the above schedule is subject to be changed upon consultation between the Companies where necessary in the course of moving toward the Share Exchange or for other reasons.

(2) Description of allotment in the Share Exchange (Share Exchange Ratio)

	Joyo Bank	Mebuki FG (currently Ashikaga HD)
Share exchange ratio	1.170	1

(Note 1) Details of allotment in the Share Exchange

Joyo shareholders will receive 1.170 shares of Mebuki FG (currently Ashikaga HD: hereinafter the same) common stock for each share of Joyo common stock.

If the number of Mebuki FG shares that Joyo shareholders will receive through the Share Exchange includes a fraction of less than one share, the relevant shareholder shall be paid a cash amount corresponding to such fractional share pursuant to Article 234 of the Companies Act (“Companies Act”) and other relevant laws and regulations.

Note that the above share exchange ratio may be adjusted upon consultation between the Companies in the event that matters that cause material effect on the share exchange ratio occur or are found to exist.

(Note 2) Number of newly issued Mebuki FG shares to be delivered through the Share Exchange (planned)

Common stock: 845,758, 343 shares

The above number has been calculated based on the total number of issued and outstanding shares of Joyo (766,231,875 shares) as of March 31, 2016. However, Joyo plans to cancel all of its treasury shares immediately before the Share Exchange takes effect (the “Record Date”). Accordingly, treasury shares held by Joyo (43,361, 496 shares) as of March 31, 2016 have not been included in calculating the above number.

The number of newly issued Mebuki FG shares to be delivered through the Share Exchange may change if the number of Joyo’s treasury shares as of March 31, 2016 changes before the Record Date due to reasons such as exercise of the right to request purchase of shares by Joyo shareholders.

(Note 3) Handling of shares constituting less than one unit

When the Business Integration is consummated, Joyo’s shareholders who receive shares constituting less than one unit (100 shares) of Mebuki FB (“Shares Constituting Less than One Unit”) may not sell Shares Constituting Less than One Unit on the Tokyo Stock Exchange or any other financial instruments exchange market. Shareholders who receive Shares Constituting Less than One Share may request Mebuki FG to purchase their Shares Constituting Less than One Unit pursuant to Article 192, Paragraph (1) of the Companies Act, or will be able to request that Mebuki FB sell the number of shares needed, together with the Shares Constituting Less than One Unit held by such shareholder, to constitute one unit pursuant to Article 194, Paragraph (1) of the Companies Act and the Articles of Incorporation, except in the case where Mebuki FB does not possess enough shares requested to be sold.

(3) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

In connection with the Share Exchange, Mebuki FG will deliver to holders of stock acquisition rights (including stock acquisition rights attached to bonds) issued by Joyo outstanding as of the Record Date stock acquisition rights of Mebuki FG based on the terms of stock acquisition rights and the share exchange ratio.

Mebuki FG will succeed to liabilities of bonds with stock acquisition rights issued by Joyo and Joyo will guarantee such liabilities.

3. Profile of the Holding Company Following the Business Integration

Name	Mebuki Financial Group, Inc.		
Location of headquarters	7-2, Yaesu 2-chome, Chuo-ku, Tokyo (Note) The head office functions of Mebuki Financial Group, Inc. will comprise its full-time officers and employees as well as concurrent officers and employees of Joyo or Ashikaga Bank, and will be located in Mito, Ibaraki and Utsunomiya, Tochigi. In addition, there is no change to the location of the head office of Joyo (Mito, Ibaraki Prefecture) and the head office of Ashikaga Bank (Utsunomiya, Tochigi Prefecture).		
Representatives and directors expected to assume office	Representative	Kazuyoshi	(currently, President of Joyo)
	Director and President	Terakado	
	Representative	Masanao	(currently, Director, President and CEO of
	Director and Vice President	Matsushita	Ashikaga HD and Director, President and CEO of Ashikaga Bank)
	Director	Eiji Murashima	
	Director	Kiyoshi Kato	(currently, Managing Director of Joyo)
	Director	Ritsuo Sasajima	(currently, Executive Officer of Ashikaga Bank)
	Director	Kazuyuki	(currently, Managing Director of Joyo)
	Director	Shimizu	(currently, Executive Officer and General Manager of Corporate Planning Department of Ashikaga HD and Managing Executive Officer of Ashikaga Bank)
	Director	Hidebumi Nishino	
	Director (Audit and Supervisory Committee Member)	Yoshiaki Terakado	(currently Managing Executive Officer of Joyo)
	Director (Audit and Supervisory Committee Member)	Kunihiro Ono	(currently, Corporate Auditor of Joyo)
	Director (Audit and Supervisory Committee Member)	Ryuzaburo Kikuchi	(currently, Director of Ashikaga HD and Director of Ashikaga Bank)
	Director (Audit and Supervisory Committee Member)	Toru Nagasawa	(currently, Outside Director of Joyo)
	Director (Audit and Supervisory Committee Member)	Takashi Shimizu	(currently, representative lawyer of Nagasawa Law Offices)
Director (Audit and Supervisory Committee Member)	Shimizu	(currently, Professor of the Graduate School of Accountancy, Waseda University)	
	(Note) Ryuzaburo Kikuchi, Toru Nagasawa and Takashi Shimizu, each as a Director (Audit and Supervisory Committee Member) are Directors who are Outside Directors as defined in Article 2, Item (xv) of the Companies Act.		
Capital	117,495 million yen		
Net assets	Details not determined at this time		
Total assets	Details not determined at this time		
Fiscal year end	March 31		
Nature of business	Management and operation of banks and other companies that the Company may have as subsidiaries under the Banking Act and all businesses incidental or related thereto.		

4. Profiles of the Company Party to the Share Exchange (as of December 31, 2015)

Name	Ashikaga Holdings Co., Ltd.	
Location	1-25, Sakura 4-chome, Utsunomiya, Tochigi	
Representative	Masanao Matsushita, President and Chief Executive Officer	
Business	Bank holding company	
Capital	117,495 million yen	
Date established	April 1, 2008	
Number of shares issued and outstanding	333,250 thousand shares	
Fiscal year end	March 31	
Total assets (consolidated)	6,219,821 million yen	
Net assets (consolidated)	295,229 million yen	
Deposits (non-consolidated)	5,143.4 billion yen (Ashikaga Bank only)	
Loans and bills discounted (non-consolidated)	4,226.2 billion yen (Ashikaga Bank only)	
Number of employees (consolidated)	2,946	
Number of branches (including sub-branches)	153 branches (Ashikaga Bank only)	
Major shareholders and shareholding ratio (as of September 30, 2015)	Nomura Financial Partners, Co.,Ltd ORIX Corporation Sompo Japan Nippon Kowa Insurance, Inc. Mitsui Sumitomo Insurance Co.,Ltd NORTHERN TRUST CO. (AVFC)RE 15PCT TREATY ACCOUNT	36.87% 12.00% 5.70% 4.50% 3.04%

5. Outline of Accounting Process of Share Exchange

The Share Exchange is a reverse acquisition under the Accounting Standard for Business Combinations, and it is expected that the purchase method will apply to the transaction, under which Joyo is the acquiring company and Ashikaga HD is the acquired company. The amount of goodwill (or negative goodwill) which is expected to be incurred as a result of the Share Exchange has yet to be determined, and will be announced as soon as it has been determined.

(Stock Options)

1. The Bank recorded stock option expenses in “General and administrative expenses” of ¥44 million for the current fiscal year.

2. Outline of stock options, size and changes

(1) Outline of stock options

	1 st Series of Stock Acquisition Rights	2 nd Series of Stock Acquisition Rights
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 12
Type and number of shares (*)	Common shares: 56,698	Common shares: 41,546
Grant date	August 24, 2009	August 24, 2009
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From August 25, 2009 to August 24, 2039	From August 25, 2009 to August 24, 2039

	3 rd Series of Stock Acquisition Rights	4 th Series of Stock Acquisition Rights
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 13
Type and number of shares (*)	Common shares: 79,606	Common shares: 61,881
Grant date	July 21, 2010	July 21, 2010
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From July 22, 2010 to July 21, 2040	From July 22, 2010 to July 21, 2040

	5 th Series of Stock Acquisition Rights	6 th Series of Stock Acquisition Rights
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 13
Type and number of shares (*)	Common shares: 78,720	Common shares: 60,999
Grant date	July 20, 2011	July 20, 2011
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From July 21, 2011 to July 20, 2041	From July 21, 2011 to July 20, 2041

	7 th Series of Stock Acquisition Rights	8 th Series of Stock Acquisition Rights
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 16
Type and number of shares (*)	Common shares: 76,174	Common shares: 73,080
Grant date	July 19, 2012	July 19, 2012
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From July 20, 2012 to July 19, 2042	From July 20, 2012 to July 19, 2042

	9 th Series of Stock Acquisition Rights	10 th Series of Stock Acquisition Rights
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 15
Type and number of shares (*)	Common shares: 47,254	Common shares: 41,968
Grant date	July 18, 2013	July 18, 2013
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From July 19, 2013 to July 18, 2043	From July 19, 2013 to July 18, 2043

	11 th Series of Stock Acquisition Rights	12 th Series of Stock Acquisition Rights
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 14
Type and number of shares (*)	Common shares: 48,960	Common shares: 41,133
Grant date	July 18, 2014	July 18, 2014
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From July 19, 2014 to July 18, 2044	From July 19, 2014 to July 18, 2044

	13 th Series of Stock Acquisition Rights	14 th Series of Stock Acquisition Rights
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 13
Type and number of shares (*)	Common shares: 34,231	Common shares: 28,464
Grant date	July 17, 2015	July 17, 2015
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From July 18, 2015 to July 17, 2045	From July 18, 2015 to July 17, 2045

(*) The table above presents the number of common shares converted from stock options.

(2) Size and changes in stock options

① Number of stock options

	1 st Series of Stock Acquisition Rights	2 nd Series of Stock Acquisition Rights	3 rd Series of Stock Acquisition Rights	4 th Series of Stock Acquisition Rights	5 th Series of Stock Acquisition Rights	6 th Series of Stock Acquisition Rights	7 th Series of Stock Acquisition Rights	8 th Series of Stock Acquisition Rights
Non-vested (shares)								
Previous fiscal year-end outstanding	23,596	3,280	33,129	4,528	51,520	17,940	49,854	31,320
Granted	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—
Vested	9,208	3,280	12,928	4,528	14,400	8,970	13,934	18,270
Outstanding	14,388	—	20,201	—	37,120	8,970	35,920	13,050
Vested (shares)								
Previous fiscal year-end outstanding	—	—	—	—	—	—	—	—
Vested	9,208	3,280	12,928	4,528	14,400	8,970	13,934	18,270
Exercised	9,208	3,280	12,928	4,528	14,400	8,970	13,934	18,270
Forfeited	—	—	—	—	—	—	—	—
Exercisable	—	—	—	—	—	—	—	—

	9 th Series of Stock Acquisition Rights	10 th Series of Stock Acquisition Rights	11 th Series of Stock Acquisition Rights	12 th Series of Stock Acquisition Rights	13 th Series of Stock Acquisition Rights	14 th Series of Stock Acquisition Rights
Non-vested (shares)						
Previous fiscal year-end outstanding	47,254	34,000	48,960	41,133	—	—
Granted	—	—	—	—	34,231	28,464
Forfeited	—	—	—	—	—	—
Vested	13,713	14,876	14,208	15,906	—	—
Outstanding	33,541	19,124	34,752	25,227	34,231	28,464
Vested (shares)						
Previous fiscal year-end outstanding	—	—	—	—	—	—
Vested	13,713	14,876	14,208	15,906	—	—
Exercised	13,713	14,876	14,208	15,906	—	—
Forfeited	—	—	—	—	—	—
Exercisable	—	—	—	—	—	—

② Price information (Yen)

	1 st Series of Stock Acquisition Rights	2 nd Series of Stock Acquisition Rights	3 rd Series of Stock Acquisition Rights	4 th Series of Stock Acquisition Rights	5 th Series of Stock Acquisition Rights	6 th Series of Stock Acquisition Rights	7 th Series of Stock Acquisition Rights	8 th Series of Stock Acquisition Rights
Exercise price	1	1	1	1	1	1	1	1
Average share price at exercise	689	689	689	689	689	689	689	689
Fair value at the grant date	417	439	297	318	300	321	310	331

	9 th Series of Stock Acquisition Rights	10 th Series of Stock Acquisition Rights	11 th Series of Stock Acquisition Rights	12 th Series of Stock Acquisition Rights	13 th Series of Stock Acquisition Rights	14 th Series of Stock Acquisition Rights
Exercise price	1	1	1	1	1	1
Average share price at exercise	689	689	689	689	—	—
Fair value at the grant date	518	542	500	525	680	708

3. Valuation technique for fair value of stock options

Stock options granted during the fiscal year ended March 31, 2015 were valued using the Black-Scholes option pricing model and the following principal parameters:

	13 th Series of Stock Acquisition Rights	14 th Series of Stock Acquisition Rights
Expected volatility (*1)	25.64%	26.72%
Average expected life (*2)	6 years	3 years
Expected dividends (*3)	¥10.0 per share	¥10.0 per share
Risk-free interest rate (*4)	0.14%	0.03%

(*1) Expected volatility is calculated based on the actual stock prices at the following periods corresponding to the average expected life:

13th Series of Stock Acquisition Rights: From July 17, 2009 to July 16, 2015

14th Series of Stock Acquisition Rights: From July 17, 2012 to July 16, 2015

(*2) The average tenure of the directors and the executive officers who retired in the past is used as the average expected life in the above table.

(*3) Actual dividends on common stock for the fiscal year ending March 31, 2015.

(*4) Japanese government bond yield corresponding to the average expected life.

4. Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

INDEPENDENT AUDITOR'S REPORT

May 11, 2016

The Board of Directors
The Joyo Bank, Ltd.

Ernst & Young Shin Nihon LLC

Designated Limited Liability Partner,

Managing Partner

CPA Kazutaka Aso [seal]

Designated Limited Liability Partner,

Managing Partner

CPA Masahiko Yamauchi [seal]

Designated Limited Liability Partner,

Managing Partner

CPA Ken Komatsuzaki [seal]

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of The Joyo Bank, Ltd. (the "Bank") applicable to the fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of The Joyo Bank, Ltd. and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2016, in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As described under significant subsequent events, in the Board of Directors meetings held on April 25, 2016, the Bank and Ashikaga Holdings Co., Ltd. resolved to proceed with business integration through an exchange of shares subject to obtaining approval at their respective general shareholders' meetings and regulatory approvals. At the same time, the Bank, Ashikaga Holdings Co., Ltd. and The Ashikaga Bank, Ltd. entered into a business integration agreement. Perform a business integration

Our opinion is not affected by this matter.

Conflicts of Interests

We have no interest in the Bank which should be disclosed in compliance with the Certified Public Accountant Act.

END

AUDIT REPORT

We, the Board of Corporate Auditors, have created this audit report upon review and based on the audit reports created by each of the Corporate Auditors pertaining to the performance of the Directors for the 125th fiscal year from April 1, 2015 to March 31, 2016, and hereby report as follows:.

1. Methods and Details for the Audit from the Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors set the audit policies and the audit plan, and in addition to receiving reports of the results and the circumstances in which the audit was conducted from each of the auditors, we received reports on the circumstances of the work performed from the Directors and the Accounting Auditors, and obtained explanations as required.
- (2) Each of the Corporate Auditors coordinated communication with the Directors and internal auditing departments and others in accordance with the audit policies and audit plan that comply with the audit standards determined by the Board of Corporate Auditors in order to collect information and maintain the audit environment, and as such, an audit was performed using the following method.
 - (i) We attended other important meetings, received reports on the circumstances of the work from the Auditors, provided explanations as required, monitored important documents and investigated the state of activities and property. Additionally, we communicated and exchanged information with the Directors, etc. of the subsidiaries, and received business reports from the subsidiaries as necessary.
 - (ii) To make sure that exercise of the functions of the Directors in the business reports is performed in accordance with the laws and regulations as well as the Articles of Incorporation, to make sure that the business conducted by the business group made up of the company and its subsidiaries, the resolution at the Board of Directors pertaining to establishment of a system in compliance with Article 100 (1) and (3) of the Ordinance for Enforcement of the Companies Act (an internal control system) states that reports on the status of the structure and operations will be received from the Directors, and explanations will be provided as necessary. The internal control system pertaining to financial reporting involves receiving reports on the evaluation of the internal control system and the status of the audits from the Directors and Shin Nihon LLC along with providing explanations as necessary.
 - (iii) The auditor retains an independent position and in addition to monitoring and verifying whether or not the audit has been properly executed, receives reports from the auditor on the circumstances in which the work was performed along with providing explanations as necessary. Additionally, notifications are received from the auditor in accordance with the “Product Quality Control Standards Relating to Audits” (Business Accounting Council, October 28, 2005) in the “System to Ensure that Business is Conducted Properly” (each item in Article 131 of the Ordinance on Company Accounting) along with providing explanations as necessary.

Based on the method above, the business reports relating to the current fiscal year and attached schedules, unconsolidated financial statements (unconsolidated balance sheet, unconsolidated statement of income, unconsolidated statement of changes in net assets, and notes to the unconsolidated financial statements) and

attached schedules as well as consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statements of changes in net assets, and notes to the consolidated financial statements) were considered.

2. Results of Audit

(1) Audit Results for the Business Reports

- (i) We believe that the Business Reports and their supplementary schedules present fairly the condition of the company in accordance with the laws and regulations as well as the articles of incorporation.
- (ii) We find no unfair act or material fact in violation of laws and ordinances or the Articles of Incorporation with respect to the performance of duties by the Directors and Executive Officers
- (iii) We are of the opinion that the resolution of the Board of Directors concerning the internal control system was reasonable. Furthermore, we find no matters that require noting with regard to the details contained in the Business Reports.

Note that while there have been cash embezzlement matters by previous bank clerks as described in the Business Reports, we are investigating and conducting ongoing monitoring of the operational state of the measures formulated to prevent a recurrence.

(2) Audit Results for the Financial Statements and their Supplementary Schedules

In our opinion, the auditing methods used and conclusions reached by the Independent Auditor, Shin Nihon LLC, are appropriate.

(3) Audit Results of the Consolidated Financial Statements

In our opinion, the auditing methods and conclusions reached by the Independent Auditor, Shin Nihon LLC, were verified to be appropriate.

May 12, 2016

The Joyo Bank, Ltd. Board of Corporate Auditors

Standing Corporate Auditor (Full-time)	Yoshiaki Terakado	[seal]
Standing Corporate Auditor (Full-time)	Hideo Torihata	[seal]
Auditor (Outside Auditor)	Akira Yasu	[seal]
Auditor (Outside Auditor)	Sanenori Hitomi	[seal]
Auditor (Outside Auditor)	Toshio Mizushima	[seal]