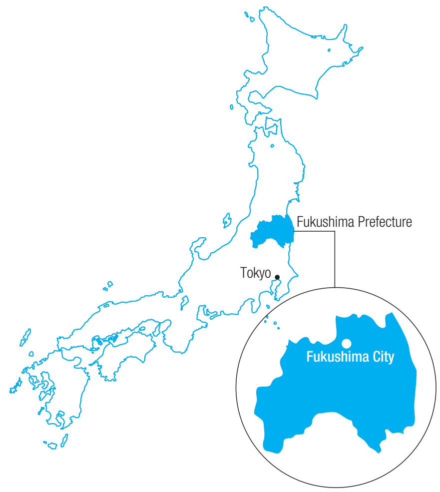
THE TOHO BANK,LTD.

2017 ANNUAL REPORT

Year Ended March 31, 2017

Profile



As the leading bank in Fukushima Prefecture, Toho Bank has contributed to the prosperity of its local communities since being established in November 1941. In response to the trust placed in us by our customers and the market region we serve, in April 2015 we initiated our new medium-term management plan, “Toho Summit Plan,” as an action program. Our goal is embodied as the slogan “Be Large, Strong, and Powerful, serving the region with passion, and customers with sincerity and caring for people” (our long-term vision). We are aggressively addressing our customers’ increasingly diversified and sophisticated needs, devoting our full efforts to strengthening previously executed risk management capabilities, and providing active disclosure of our financial position. Toho Bank has received a senior long-term credit rating of “A” from Japan Credit Rating Agency, Ltd. (JCR), one of Japan’s representative rating agencies.

As of March 31, 2017, Toho Bank had total net assets of ¥196.1 billion (US$1,748 million) and total assets of ¥6,023.2 billion (US$53,688 million) (both figures on a consolidated basis), 2,147 employees, and a business network composed of 115 branches.

TOTAL ASSETS

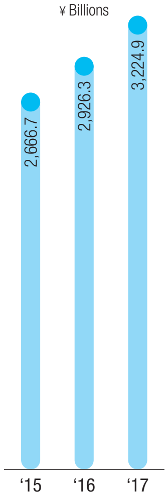
¥ Billions

DEPOSITS

¥ Billions

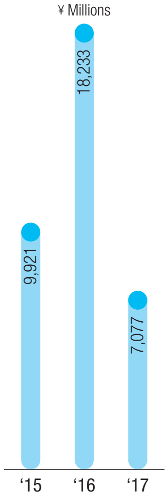
LOANS AND BILLS DISCOUNTED

¥ Billions



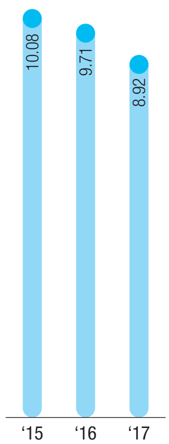
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT

¥ Millions



CAPITAL ADEQUACY RATIO (NON-CONSOLIDATED)

%



Contents

President
Seishi Kitamura

Financial and Economic Environment

The Japanese economy during the fiscal year ended March 31, 2017 remained on a moderate recovery trend throughout the year, backed mainly by an upturn in the overseas economy, an improvement in the domestic conditions of employment and income, and the effects of various monetary policies.

With regard to economic conditions in Fukushima Prefecture, amid the efforts of recovery and reconstruction in the aftermath of the Great East Japan Earthquake, public works spending and housing investment remained high, and also the employment and income conditions were favorable. The regional economy thus continued on a gradual recovery track.

The yield on the benchmark 10-year government bond dropped temporarily to as low as around minus 0.28% in July 2016. However, following the adoption of “Quantitative and Qualitative Monetary Easing with Yield Curve Control” by the Bank of Japan in September 2016, the benchmark yield started to rise and ended the year at 0.07%.

The Nikkei Stock Average dipped briefly below ¥15,000 in the first half of the year, but subsequently recovered and climbed up to the ¥18,900 level at the end of the year.

Business Development and Results

Under these economic circumstances, Toho Bank stepped into the second year of its “Toho Summit Plan - Expand Horizons and Raise Mountains,” a medium-term management plan for the three-year period from fiscal 2015 to fiscal 2017, to realize its long-term vision “Be Large, Strong, and Powerful.” Toho Bank Group is united in its efforts to implement any measures as set out in the medium-term management plan, aiming to deliver stronger business results.

The Bank celebrated its 75th Anniversary in November 2016. We were only able to come this far thanks to your continued support and patronage. We would like to express our sincere gratitude. In the current fiscal year, as a token of our gratitude towards you and our home town Fukushima Prefecture, we organized and sponsored various commemorative activities.

[Contributing to Fukushima from Reconstruction to Growth]
Toho Bank has made efforts to provide smooth funding sources and to invest in the revitalization of the industry for reconstruction in the aftermath of the Great East Japan Earthquake, while proactively participating in reconstruction assistance business.

As part of these efforts, the Bank regularly held the “Toho ‘Support Entrepreneurs’ Consultation Event” and “Toho Start-up Support Seminar” to provide long-term support for customers who plan to start up new companies and businesses, and also launched products such as the “Toho Home Town Dynamic Engagement Support Fund” and “Toho Home Town Dynamic Engagement Support Private Placement Bond” to fill a variety of funding needs. In addition, we proactively provided management and business revitalization support by cooperating with external organizations such as the SME Business Rehabilitation Support Co-operative and the Corporation for Revitalizing Earthquake-affected Businesses.

[Efforts for Regional Revitalization]
In order to facilitate the implementation of the regional comprehensive strategy, Toho Bank concluded alliance agreements with more regional governments and also arranged the “Toho Regional Revitalization Seminar” and marriage hunting (“KonKatsu”) events. Additionally, we continued to organize events such as “Support Your Home Town – Meeting of Fukushima’s Businessmen in Tokyo” for networking with businessmen from Fukushima Prefecture now based in Tokyo and “Support Your Home Town – Fukushima Sake Matsuri” for promoting Fukushima’s local sake. Through these projects, we were able to strengthen the relationship between customers and local authorities.

[Becoming the Bank that Customers Choose]
In order to address the increasingly diverse needs of customers, Toho Bank strives proactively to strengthen products and services.

The Bank started the operation of the first regional securities company in the Tohoku and Hokkaido areas, “Toho Securities Co., Ltd.” in April 2016, which enabled us to meet a wide variety of customer needs in investment management in collaboration with the group securities company that possesses sophisticated expertise.

The “Toho Always Debit Card (JCB)” intended for immediate settlement has started business and received good reputation from numerous customers, as evidenced by the fact that the business has reached 30,000 users in nine months since its launch.

Moreover, we have started lease intermediation business and will also commence “Testamentary Trust and Inheritance Liquidation Business” as the first and only regional bank in the Tohoku region in order to answer the growing needs for smooth property inheritance and inheritance measures in June 2017.

The Bank has launched “Sales Based on Proposal of Management Issues,” in which it proactively seeks to help customers deliberate and solve the business challenges they face, some of which include business succession, M&A (mergers and acquisitions by companies) and support for overseas operations. In particular, as a result of its efforts in M&A, Toho Bank received awards from Nihon M&A Center Inc. three years in a row, and has around 660 experts qualified as “Business Succession and M&A Expert,” which is the largest number of such experts among regional banks in the Tohoku region.

Furthermore, we have contributed to the implementation of FinTech, which is evolving significantly, by establishing “T&I Innovation Center Co., Ltd.” through joint funding of IBM Japan Ltd. and the TSUBASA Alliance for Enhancing Financial System formed by the Toho Bank, Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank and North Pacific Bank.

[Establishing a Sustainable Corporate Culture]
Focusing on the continuous growth of the Bank, we have made efforts in strengthening our corporate culture, promoting diversity in working styles and improving job satisfaction.

Strengthening our corporate culture is one of the highest priority issues and has been addressed in a cross-sectoral manner transcending the distinction of headquarters, where management led projects such as the operational reform project aimed at efficient and productive operation as well as the structural reform project aimed at cost reduction without any exceptions.

On another front, in order to further promote work-life balance (the balance between jobs and families) and productivity, we have implemented “Work Style Reform” featuring the introduction of a flextime system and the expansion of types of leave system. The application of flextime system to every business line in headquarters and branches as a regional financial institution is pioneering and rare in the country. The Bank's activities focusing on care for employees, including "Work Style Reform," have been highly evaluated and certified as an "Eruboshi ('L Star')" company by the Ministry of Health, Labour and Welfare, an excellent company based on the Act of Promotion of Women's Participation and Advancement in the Workplace and presented with the Award for "Companies Promoting Part-Time Workers to Play Active Roles at Work" (Director's Award for Excellence, Equal Employment, Children and Families Bureau) hosted by the same Ministry for the second consecutive year.

Developments in CSR Activities

Toho Bank has promoted the following corporate social responsibility (CSR) activities for the growth and development of the regional society.

[Sports Promotion Activities]
As part of activities commemorating its 75th Anniversary, Toho Bank invited major leaguer Koji Uehara, who has realized his dream with great effort, to hold a lecture and a baseball class for elementary school and junior high school students who will assume a leading role in Fukushima in the future. In addition, the Bank sent the members of its track and field club to open athletic sports classes and held activities such as the relay contest "Fukushima Relays" again this year.

[Financial Economics Education Activities]
As an effort to provide financial education support, the Bank continued to hold the "TOHO Financial Class for Parents and Children," a class designed for elementary school students, and a Fukushima prefectural tournament for "Economics Koshien," a quiz tournament in financial economics for senior high school students nationwide. The "Regional Finance Course" (15 series of lectures) in Fukushima University, which was organized by Toho Bank, was also offered again this year.

[Environmental Preservation Activities]
Toho Bank continued to proactively participate in the "Forest Creation by Business Entities" plan promoted by Fukushima Prefecture and took part in "Toho Minna-no Morizukuri" tree planting activities in Iwaki City.

Moreover, the reduction of our electricity usage by various measures and activities including the collection of ecocaps (bottle caps for recycling) were highly evaluated, and we received the "Group Category Award" in the efforts under the "Fukushima Protocol" for the first time.

[Volunteer Activities]
Toho Bank has set up a volunteering bureau in the Bank and participated in volunteer work including "Kumamoto Earthquake Disaster Relief" (transportation of supplies to evacuation shelters and clearance of collapsed houses) and "Cleaning Activities at Odaka District" (cleanup of the school zone before reopening of school for the first time in six years).

As a result of these efforts, the business results and business volumes for the fiscal year ended March 31, 2017 are as described below.

Summary of Business Results

[Deposits, Negotiable Certificates of Deposits, etc.]
An increase in individual and institutional deposits caused deposits to increase by ¥100.9 billion during the fiscal year to ¥5,236.8 billion. Total deposits, including negotiable certificates of deposits, increased by ¥107.7 billion during the fiscal year and the balance at the end of the fiscal year was ¥5,635.2 billion.

Balance of total assets on deposit which is based on the sum of total deposits and assets on deposit was ¥6,089.4 billion due to the balance of assets on deposit including investment trusts, life insurance and public bonds of ¥454.2 billion.

[Loans and Bills Discounted]
Loans and bills discounted increased by ¥297.8 billion during the fiscal year to ¥3,228.7 billion due to increases in commercial loans, personal loans and public loans.

Operating income decreased by ¥5,268 million from the previous fiscal year to ¥70,300 million due mainly to a decrease in interest income, which was affected by the negative interest rate policy by the Bank of Japan, and a decrease in gains on sales of bonds.

Operating expenses increased by ¥1,179 million from the previous fiscal year to ¥59,608 million due mainly to an increase in provision of allowance for loan losses. As a result, ordinary income has decreased by ¥6,448 million from the previous fiscal year to ¥10,691 million.

Total comprehensive income attributable to shareholders of the parent decreased by ¥11,155 million from the previous fiscal year to ¥7,077 million due mainly to the effect of gain on bargain purchase accounted for in the previous fiscal year associated with the acquisition of five affiliates as consolidated subsidiaries.

Matters to Address

Fukushima Prefecture, Toho Bank's principal operational base, is transitioning steadily to the growth phase from the reconstruction phase, driven mainly by industrial promotion through the progress of the Innovation Coast Framework and the development and expansion of transportation infrastructure. On the other hand, some people are not able to return home yet even after six years have passed since the Great East Japan Earthquake and the nuclear accident.

Meanwhile, the social and economic structure is changing rapidly, as represented by the shrinking and aging population with a declining birthrate as well as the evolution of financial IT through FinTech. The need for speedy action to address these changes is urgent.

Recognizing such circumstances, based on the concept of "All Serves the Region," Toho Bank's corporate message, "All Toho" would like to serve our customers and the region to solve the challenges they face and will take advantage of those opportunities for the Group's growth.

In fiscal 2017, the final fiscal year of the medium-term management plan "Toho Summit Plan," Toho Bank Group as a whole will expand its management base (expand horizons) and business operations, and accumulate strong business results (raise mountains) while continuing to strengthen compliance to laws, etc. and the corporate governance system, as well as increase corporate value in order to realize the medium-term management plan.

Going forward, to meet the expectations of the Bank's customers, shareholders, and regional society, we would like to express our commitment towards fulfilling our mission as a regional financial institution.

August 2017

北村清士
S. Kitamura

Seishi Kitamura

President

Consolidated Balance Sheets

As of March 31, 2017 and 2016	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2017	2016	**2017**
Assets:			
Cash and due from banks (Notes 15 and 20)	**¥1,157,095**	¥1,318,806	**$10,313,716**
Call loans and bills bought (Note 20)	**3,000**	—	**26,740**
Monetary claims bought	**13,848**	13,849	**123,437**
Trading account securities (Notes 20 and 21)	**149**	250	**1,328**
Money held in trust (Note 22)	**12,588**	11,852	**112,205**
Securities (Notes 6, 10, 20 and 21)	**1,525,440**	1,535,740	**13,596,937**
Loans and bills discounted (Notes 4, 7, 20 and 26)	**3,224,997**	2,926,322	**28,745,857**
Foreign exchanges	**1,033**	995	**9,213**
Lease receivables and investment assets (Note 19)	**7,625**	7,836	**67,969**
Other assets (Notes 6, 20 and 23)	**35,978**	11,410	**320,690**
Tangible fixed assets (Note 8)	**40,314**	40,503	**359,339**
Intangible fixed assets	**2,267**	2,235	**20,208**
Deferred tax assets (Note 16)	**2,686**	747	**23,947**
Customers' liabilities for acceptances and guarantees (Note 5)	**8,443**	8,022	**75,262**
Allowance for loan losses (Note 20)	**(12,186)**	(13,873)	**(108,623)**
Total assets	**¥6,023,282**	¥5,864,699	**$53,688,229**
Liabilities:			
Deposits (Notes 6 and 20)	**¥5,621,319**	¥5,512,223	**$50,105,353**
Call money and bills sold	**23,559**	43,945	**210,000**
Payables under securities lending transactions (Notes 6 and 20)	**103,246**	27,310	**920,282**
Borrowed money (Notes 6, 9 and 28)	**34,402**	34,996	**306,648**
Foreign exchanges	**133**	90	**1,188**
Other liabilities (Notes 20 and 23)	**25,117**	28,198	**223,885**
Net defined benefit liability (Note 17)	**6,469**	7,238	**57,661**
Provision for directors' retirement benefits	**35**	56	**316**
Provision for reimbursement of deposits	**687**	630	**6,127**
Provision for contingent loss	**398**	410	**3,549**
Provision for customer point program	**169**	113	**1,508**
Reserve under special laws	**0**	—	**0**
Deferred tax liabilities (Note 16)	**148**	114	**1,323**
Deferred tax liabilities for land revaluation (Note 16)	**2,990**	3,067	**26,660**
Acceptances and guarantees (Note 5)	**8,443**	8,022	**75,262**
Total liabilities	**5,827,122**	5,666,420	**51,939,769**
Commitments and contingent liabilities (Note 7)			
Net Assets (Note 14)**:**			
Capital stock	**23,519**	23,519	**209,637**
Capital surplus	**13,653**	13,653	**121,699**
Retained earnings	**144,484**	139,422	**1,287,858**
Treasury stock	**(144)**	(142)	**(1,291)**
Shareholders' equity	**181,512**	176,452	**1,617,903**
Valuation difference on available-for-sale securities (Note 21)	**19,905**	30,038	**177,422**
Deferred gains or losses on hedges (Note 23)	**(2,071)**	(4,649)	**(18,463)**
Revaluation reserve for land (Note 2(f))	**806**	934	**7,189**
Remeasurements of defined benefit plans (Note 17)	**(3,993)**	(4,496)	**(35,592)**
Total accumulated other comprehensive income	**14,647**	21,826	**130,556**
Total net assets (Note 18)	**196,159**	198,279	**1,748,460**
Total liabilities and net assets	**¥6,023,282**	¥5,864,699	**$53,688,229**

See notes to consolidated financial statements.

Consolidated Statements of Income

For the years ended March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2017	2016	**2017**
Income:			
Interest income:			
Interest on loans and discounts	**¥28,452**	¥29,899	**$253,611**
Interest and dividends on securities	**11,221**	11,193	**100,023**
Other interest income	**1,036**	1,038	**9,238**
Fees and commissions income	**14,972**	15,262	**133,458**
Other operating income	**10,366**	13,043	**92,405**
Other income (Note 12)	**4,289**	12,811	**38,235**
Total income	**70,340**	83,248	**626,972**
Expenses:			
Interest expenses:			
Interest on deposits	**971**	1,766	**8,659**
Interest on borrowings and rediscounts	**650**	648	**5,802**
Other interest expenses	**946**	746	**8,434**
Fees and commissions expenses	**5,582**	5,075	**49,763**
Other operating expenses	**9,466**	9,059	**84,379**
General and administrative expenses (Note 11)	**39,597**	39,640	**352,946**
Other expenses (Note 13)	**2,727**	1,928	**24,312**
Total expenses	**59,943**	58,866	**534,299**
Profit before income taxes	**10,397**	24,381	**92,673**
Income taxes (Note 16)**:**			
Current	**2,261**	4,122	**20,156**
Deferred	**1,058**	2,025	**9,433**
Total	**3,319**	6,148	**29,589**
Profit	**7,077**	18,233	**63,084**
Profit attributable to owners of parent (Note 18)	**¥ 7,077**	¥18,233	**$ 63,084**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2017	2016	**2017**
Profit	**¥ 7,077**	¥18,233	**$ 63,084**
Other comprehensive income (Note 24):			
Valuation difference on available-for-sale securities	**(10,133)**	1,472	**(90,327)**
Deferred gains or losses on hedges	**2,578**	(3,018)	**22,982**
Revaluation reserve for land	**—**	166	**—**
Remeasurements of defined benefit plans, net of tax (Note 17)	**503**	(2,728)	**4,490**
Share of other comprehensive income in affiliates accounted for by the equity method	**—**	(27)	**—**
Total other comprehensive income	**(7,051)**	(4,135)	**(62,854)**
Comprehensive income	**¥ 25**	¥14,098	**$ 229**
Total comprehensive income attributable to:			
Owners of parent	**¥ 25**	¥14,098	**$ 229**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2017 and 2016

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
BALANCE, April 1, 2015	¥23,519	¥13,653	¥123,276	¥(174)	¥160,275
Changes of items during the year					
Dividends from retained earnings			(2,084)		(2,084)
Change in scope of consolidation				(517)	(517)
Profit attributable to owners of parent			18,233		18,233
Acquisition of treasury stock				(2)	(2)
Disposal of treasury stock		(0)	(56)	552	495
Reversal of land revaluation excess, net of tax			53		53
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	(0)	16,145	32	16,177
BALANCE, April 1, 2016	¥23,519	¥13,653	¥139,422	¥(142)	¥176,452
Changes of items during the year					
Dividends from retained earnings			(2,142)		(2,142)
Profit attributable to owners of parent			7,077		7,077
Acquisition of treasury stock				(2)	(2)
Reversal of land revaluation excess, net of tax			127		127
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	—	5,062	(2)	5,059
BALANCE, March 31, 2017	¥23,519	¥13,653	¥144,484	¥(144)	¥181,512

	Millions of Yen					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
BALANCE, April 1, 2015	¥ 28,593	¥(1,631)	¥ 821	¥(1,768)	¥26,015	¥186,290
Changes of items during the year						
Dividends from retained earnings						(2,084)
Change in scope of consolidation						(517)
Profit attributable to owners of parent						18,233
Acquisition of treasury stock						(2)
Disposal of treasury stock						495
Reversal of land revaluation excess, net of tax						53
Net changes of items other than stockholders' equity during year	1,445	(3,018)	112	(2,728)	(4,189)	(4,189)
Total changes of items during the year	1,445	(3,018)	112	(2,728)	(4,189)	11,988
BALANCE, April 1, 2016	¥ 30,038	¥(4,649)	¥ 934	¥(4,496)	¥21,826	¥198,279
Changes of items during the year						
Dividends from retained earnings						(2,142)
Profit attributable to owners of parent						7,077
Acquisition of treasury stock						(2)
Reversal of land revaluation excess, net of tax						127
Net changes of items other than stockholders' equity during year	(10,133)	2,578	(127)	503	(7,179)	(7,179)
Total changes of items during the year	(10,133)	2,578	(127)	503	(7,179)	(2,119)
BALANCE, March 31, 2017	¥ 19,905	¥(2,071)	¥ 806	¥(3,993)	¥14,647	¥196,159

	Thousands of U.S. Dollars (Note 3)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
BALANCE, April 1, 2016	$209,637	$121,699	$1,242,734	$(1,269)	$1,572,802
Changes of items during the year					
Dividends from retained earnings			(19,097)		(19,097)
Profit attributable to owners of parent			63,084		63,084
Acquisition of treasury stock				(22)	(22)
Reversal of land revaluation excess, net of tax			1,136		1,136
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	—	45,123	(22)	45,101
BALANCE, March 31, 2017	$209,637	$121,699	$1,287,858	$(1,291)	$1,617,903

	Thousands of U.S. Dollars (Note 3)					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
BALANCE, April 1, 2016	$267,749	$(41,445)	$ 8,326	$(40,082)	$194,547	$1,767,350
Changes of items during the year						
Dividends from retained earnings						(19,097)
Profit attributable to owners of parent						63,084
Acquisition of treasury stock						(22)
Reversal of land revaluation excess, net of tax						1,136
Net changes of items other than stockholders' equity during year	(90,327)	22,982	(1,136)	4,490	(63,991)	(63,991)
Total changes of items during the year	(90,327)	22,982	(1,136)	4,490	(63,991)	(18,889)
BALANCE, March 31, 2017	$177,422	$(18,463)	$ 7,189	$(35,592)	$130,556	$1,748,460

Consolidated Statements of Cash Flows

For the years ended March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2017	2016	**2017**
Cash flows from operating activities			
Profit before income taxes	**¥ 10,397**	¥ 24,381	**$ 92,673**
Depreciation expense	**2,806**	2,373	**25,019**
Impairment loss	**80**	67	**717**
Amortization of goodwill	**—**	495	**—**
Gain on negative goodwill	**—**	(6,033)	**—**
Gain on step acquisitions	**—**	(1,630)	**—**
Net decrease in allowance for loan losses	**(1,687)**	(3,266)	**(15,038)**
Decrease in net defined benefit liability	**(802)**	(717)	**(7,153)**
Decrease in provision for directors' retirement benefits	**(21)**	(450)	**(191)**
Increase in provision for reimbursement of deposits	**56**	80	**504**
Decrease in provision for contingent loss	**(12)**	(74)	**(108)**
Increase in provision for customer point program	**55**	23	**493**
Interest income	**(40,710)**	(42,131)	**(362,873)**
Interest expenses	**2,568**	3,162	**22,896**
Net gain on securities	**(2,047)**	(5,361)	**(18,250)**
Net (gain) loss on money held in trust	**(150)**	315	**(1,345)**
Net loss on foreign exchange	**1**	5	**10**
Net loss on sale of fixed assets	**165**	152	**1,478**
Decrease in trading account securities	**101**	59	**900**
Increase in loans and bills discounted	**(298,674)**	(264,286)	**(2,662,224)**
Increase (decrease) in deposits	**102,261**	(25,265)	**911,501**
Increase (decrease) in negotiable certificates of deposit	**6,835**	(12,916)	**60,925**
Decrease in borrowed money (excluding subordinated borrowings)	**(594)**	(5,077)	**(5,295)**
Increase in due from banks other than BOJ	**(6,478)**	(305)	**(57,745)**
(Increase) decrease in call loans and bills bought	**(2,999)**	9,760	**(26,732)**
Decrease in call money and bills sold	**(20,385)**	(517)	**(181,703)**
Increase in payables under securities lending transactions	**75,936**	27,310	**676,854**
(Increase) decrease in foreign exchange assets	**(38)**	1,225	**(339)**
Increase (decrease) in foreign exchange liabilities	**42**	(61)	**379**
Decrease in lease receivables and investment assets	**210**	547	**1,876**
Interest received	**41,226**	43,707	**367,474**
Interest paid	**(2,680)**	(3,240)	**(23,891)**
All other operating activities	**(22,473)**	(440)	**(200,319)**
Sub-total	**(157,010)**	(258,112)	**(1,399,507)**
Income taxes paid, net	**(4,006)**	(6,253)	**(35,708)**
Net cash used in operating activities	**(161,016)**	(264,365)	**(1,435,216)**
Cash flows from investing activities			
Purchase of equity and other securities	**(360,344)**	(708,626)	**(3,211,911)**
Proceeds from sales of equity and other securities	**133,826**	626,962	**1,192,853**
Proceeds from maturities of securities	**225,264**	252,788	**2,007,882**
Increase in money held in trust	**(1,559)**	(1)	**(13,896)**
Decrease in money held in trust	**941**	—	**8,394**
Expenditures for tangible fixed assets	**(2,688)**	(5,548)	**(23,966)**
Proceeds from sales of tangible fixed assets	**473**	85	**4,221**
Expenditures for intangible fixed assets	**(940)**	(809)	**(8,378)**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	**—**	(4,581)	**—**
Net cash provided by (used in) investing activities	**(5,026)**	160,268	**(44,801)**
Cash flows from financing activities			
Dividends paid	**(2,142)**	(2,084)	**(19,097)**
Repayments of lease obligations	**—**	(5)	**—**
Purchase of treasury stock	**(2)**	(2)	**(22)**
Proceeds from sales of treasury stock	**—**	495	**—**
Net cash used in financing activities	**(2,145)**	(1,597)	**(19,119)**
Effect of exchange rate changes in cash and cash equivalents	**(1)**	(5)	**(10)**
Net decrease in cash and cash equivalents	**(168,189)**	(105,701)	**(1,499,147)**
Cash and cash equivalents at beginning of fiscal year	**1,317,735**	1,423,437	**11,745,573**
Cash and cash equivalents at end of fiscal year (Note 15)	**¥1,149,546**	¥1,317,735	**$10,246,426**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements of The Toho Bank, Ltd. (the "Bank") and its consolidated subsidiaries (collectively the "Group") have been prepared from the accounts and records maintained by them in accordance with accounting principles generally accepted in Japan which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Prime Minister as required by the Financial Instruments and Exchange Act of Japan and the Banking Act of Japan.

For the convenience of readers outside Japan, certain items presented in the Japanese original financial statements have been reclassified and rearranged. In addition, certain prior year amounts have been reclassified for consistency with the current year presentation.

The amounts indicated in millions of yen are rounded down by omitting amounts of less than one million. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are consolidated, and those companies (affiliates) over which the Group has the ability to exercise significant influence are accounted for by the equity method.

(1) Scope of consolidation

The number of consolidated subsidiaries and unconsolidated subsidiaries as of March 31, 2017 and 2016 is as follows:

	2017	2016
Number of consolidated subsidiaries:	7	7
Number of unconsolidated subsidiaries:	2	1

The unconsolidated subsidiaries are excluded from the scope of consolidation since their exclusions do not preclude reasonable judgment on the Group's financial position and financial performance in terms of their assets, net income (amount corresponding to the Bank's equity interests), retained earnings (amount corresponding to the Bank's equity interests) and accumulated other comprehensive income (amount corresponding to the Bank's equity interests), etc.

(2) Application of the equity method

The number of affiliates accounted for by the equity method and unconsolidated subsidiaries not accounted for by the equity method as of March 31, 2017 and 2016 is as follows:

	2017	2016
Number of affiliates accounted for by the equity method	—	—
Number of unconsolidated subsidiaries not accounted for by the equity method	2	1

The unconsolidated subsidiaries not accounted for by the equity method are excluded from the scope of equity method since their exclusions do not have material effects on the consolidated financial statements in terms of their net income (amount corresponding to the Bank's equity interests), retained earnings (amount corresponding to the Bank's equity interests) and accumulated other comprehensive income (amount corresponding to the Bank's equity interests), etc.

(3) Closing date of the consolidated subsidiaries

The closing date of the consolidated subsidiaries is the same as the consolidated closing date.

(b) Trading account securities

Trading account securities are stated at fair value at the end of the year.

The moving average cost method is used to determine the cost of securities sold.

(c) Securities

Held-to-maturity debt securities are stated at amortized cost using the moving average cost method.

Available-for-sale securities are in principle stated at fair value at the end of the year or, if the fair value is considered to be extremely difficult to obtain, at cost using the moving average cost method.

Valuation difference on available-for-sale securities is presented as a separate component of net assets, net of related tax effect.

Securities included in "Money held in trust" are also classified and accounted for in the same method as stated above.

(d) Derivatives

The Bank's derivatives are stated at fair value.

(e) Depreciation of fixed assets

(1) Depreciation of tangible fixed assets of the Bank (except leased assets) is computed under the straight-line method. The estimated useful lives of assets are as follows:

Buildings: 6–50 years
Others: 3–20 years

(2) Depreciation of intangible fixed assets (except leased assets) is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated under the straight-line method over the estimated useful lives of 5 years, as set out by the Group.

(3) Depreciation of leased assets pertaining to finance lease transactions other than those in which the lease is deemed to transfer ownership of leased property to the lessee, included in "Tangible fixed assets" and "Intangible fixed assets," is computed by the straight-line method based on the assumptions that the lease term is equal to the useful life and that there is no residual value except where residual value guarantees are stipulated in lease contracts.

(f) Revaluation of land

In accordance with the Act on Revaluation of Land enacted on March 31, 1998 (the "Act"), the land used for business owned by the Bank was revalued at March 31, 2000, and the unrealized gains, net of related tax effect, are reported as "Revaluation reserve for land" in the Net Assets section, and the deferred tax is included in the Liabilities section as "Deferred tax liabilities for land revaluation."

The amount of excess of the revalued carrying amount over the fair value of the lands revalued as of March 31, 2017 and 2016 pursuant to Article 10 of the Act was ¥9,565 million and ¥10,472 million, respectively.

(g) Allowance for loan losses

The allowance for loan losses of the Bank is made in accordance with the Bank's internal rules for self-assessment of asset quality and for providing reserve for possible credit losses. Pursuant to the rules, the allowance for loan losses has been provided for as described below.

For loans to borrowers which are classified as substantially bankrupt or which are bankrupt in the formal legal sense, a reserve is provided based on the amount remaining after deduction of the collateral considered to be disposable and the estimated amounts recoverable under guarantees.

For loans to borrowers which, although not actually bankrupt in the legal sense, have experienced serious financial difficulties and whose failure is highly possible, a reserve is provided for the estimated unrecoverable amount based on the amount remaining after deduction of the collateral considered to be disposable and the estimated amounts recoverable under guarantees.

For other loans, a reserve is provided based on the Bank's historical loan loss experience.

The above procedures for providing reserves follow the Bank's internally established rules for self-assessment of the quality of all the Bank's loan assets, which have been audited by the Audit Department.

The allowance for loan losses of consolidated subsidiaries is made as follows: for general loans, a reserve is provided in the amount deemed necessary based on historical loan loss experience and for doubtful loans and other specified loans, a reserve is provided based on the individual collectability of specific claims.

(h) Provision for directors' retirement benefits

The provision for directors' retirement benefits of the consolidated subsidiaries is provided at the amount that would be required to be paid based on internally established standards if directors retired at the end of the year.

(i) Provision for reimbursement of deposits

The provision for reimbursement of deposits is provided for the future reimbursement of dormant deposits which were recognized as income to depositors, based on the estimated reimbursement loss in accordance with the past reimbursement records.

(j) Provision for contingent loss

The provision for contingent loss is provided for possible losses from contingencies, which are not covered by other specific provisions.

(k) Provision for customer point program

The provision for customer point program is provided based on a reasonable estimate for expected future purchases to be made by customers with reward point which are granted when they use co-branded credit cards issued by the Group.

(l) Reserve under special laws

The reserve under special laws is provided as a reserve for financial products transaction liabilities, which is calculated in accordance with the provisions set forth in Article 48-3, Paragraph 1 of the Financial Instruments and Exchange Act and Article 189 of the Cabinet Office Ordinance on Financial Instruments Business, etc., to compensate for a loss incurred by an accident in relation to market transaction of derivatives such as accepting an entrustment.

(m) Method for accounting for retirement benefits

The retirement benefit obligation is attributed to each period on a benefit formula basis. Amortization of prior service cost and actuarial gain or loss is computed as follows:

Prior service cost is amortized using the straight-line method over a period of 3 years following the year when incurred which is within the average remaining service period of active employees.

Actuarial gain or loss is amortized using the straight-line method over a period of 10 years following the year when incurred which is within the average remaining service period of active employees.

For the calculation of net defined benefit liability and net pension cost, certain consolidated subsidiaries apply the simplified method (the "simplified method") where the retirement benefit obligation is recognized at the amount that would be required to be paid for voluntary resignations at the end of the year.

(n) Translation of foreign currency assets and liabilities

Assets and liabilities are translated into Japanese yen mainly at the exchange rates prevailing at the consolidated balance sheet date. In addition, assets and liabilities of certain consolidated subsidiaries are translated at the exchange rates prevailing at the respective balance sheet dates of these subsidiaries.

(o) Leases

(Lessor)

Finance lease transactions that do not transfer ownership with commencement dates prior to the fiscal years beginning on April 1, 2008, are accounted for in accordance with "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan (ASBJ) Statement No. 13, March 30, 2007) and Paragraph 81 of "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 25, 2011). Lease investment assets at the initial year of application of this accounting standard are valued at their appropriate book value of tangible fixed assets (net of accumulated depreciation) as of March 31, 2008.

In addition, the total amount equivalent to interest over the remaining term after the application of this accounting standard is allocated over the lease terms by the straight-line method.

(p) Income and expenses

Income and expenses associated with finance lease transactions are recognized as sales and cost of sales at the time of receiving the lease fee.

(q) Method of hedge accounting

(1) Interest rate risks

Deferred hedge accounting is adopted for hedges carried out to control interest rate risk arising from financial assets and liabilities, as stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24, February 13, 2002). Regarding the hedge which is intended to offset the effects of market fluctuations, hedge effectiveness between hedged items (such as deposits and loans and bills discounted) and hedging instruments (such as interest rate swaps) are assessed individually. Hedge effectiveness is considered to be high as the major terms between designated hedged items and hedging instruments are almost the same, thus substituting for evaluation of hedge effectiveness. The effectiveness is also assessed by verifying the correlation of the interest rates.

The Bank applies the special treatment of hedge accounting for interest rate swaps for interest rate risk arising from certain financial assets (the "special treatment") and liabilities whereby interest is recognized on an accrual basis.

(2) Currency risks

Deferred hedge accounting is adopted for hedges carried out to control the risk of currency fluctuations arising from foreign currency-denominated assets and liabilities, as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002). Currency swap transactions are carried out for the purpose of offsetting the risk of currency fluctuations arising from foreign currency-denominated monetary claims. The effectiveness of the hedge is evaluated by confirming the availability of an amount equivalent to the foreign currency position used to hedge the foreign currency-denominated monetary claims.

(r) Statements of cash flows

In preparing the consolidated statements of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents.

(s) Consumption taxes

National and local consumption taxes of the Bank and its consolidated subsidiaries are accounted for using the tax-excluded method whereby transactions are recorded exclusive of those consumption taxes.

(t) Additional information

"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26, March 28, 2016) has been adopted from the year ended March 31, 2017.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥112.19 = U.S. $1.00, the exchange rate prevailing on March 31, 2017. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2017 and 2016 included the following loans:

	Millions of Yen	
March 31	**2017**	2016
Loans to borrowers in bankruptcy	**¥ 1,860**	¥ 2,984
Delinquent loans	**27,202**	29,853
Loans past due 3 months or more	**468**	263
Restructured loans	**603**	547
Total	**¥30,134**	¥33,648

Loans to borrowers in bankruptcy represent non-accrual loans, after the write-offs of loans deemed uncollectable to borrowers who are legally bankrupt, as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Order for Enforcement of the Corporation Tax Act.

Delinquent loans are non-accrual loans other than loans to borrowers in bankruptcy or loans on which interest payments have been deferred in order to assist the restructuring of the borrowers.

Loans past due 3 months or more are loans on which interest or principal payments are 3 months or more past due, but which are not included in loans to borrowers in bankruptcy or delinquent loans.

Restructured loans are loans, other than loans to borrowers in bankruptcy, delinquent loans or loans past due 3 months or more, on which the Bank has granted certain concessions such as a reduction of the contractual interest rates or principal or a deferral of payments of interest/principal, in order to assist the restructuring of the borrowers.

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge commercial bills discounted and foreign exchange bought without restrictions, and their total face amount was ¥5,966 million and ¥6,567 million as of March 31, 2017 and 2016, respectively.

5. Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are included in the account "Customers' liabilities for acceptances and guarantees," which represents the Bank's right of indemnity from the applicants, and is presented as a contra-account on the assets side of the consolidated balance sheets.

6. Pledged Assets

Assets pledged as collateral as of March 31, 2017 and 2016 were as follows:

	Millions of Yen	
March 31	**2017**	2016
Pledged assets:		
Securities	**¥142,354**	¥142,773
Total pledged assets	**¥142,354**	¥142,773
Liabilities covered by pledged assets:		
Deposits	**¥ 43,046**	¥ 45,102
Payables under securities lending transactions	**103,246**	27,310
Borrowed money	**5,900**	6,100
Total liabilities covered by pledged assets	**¥152,192**	¥ 78,512

In addition to the above, Securities in the amounts of ¥91,227 million and ¥108,102 million, and Other assets in the amounts of ¥20,682 million and ¥283 million were pledged as collateral in connection with exchange settlements and derivatives, etc. as of March 31, 2017 and 2016, respectively.

Security deposit in the amounts of ¥837 million and ¥818 million, and Reserve for financial products transaction liabilities in the amounts of ¥98 million and nil, were included in Other assets as of March 31, 2017 and 2016, respectively.

7. Commitments and Contingent Liabilities

Overdraft facilities and line-of-credit contracts are agreements under which, unless there is no breach of contract by the counterparty, the Bank or its consolidated subsidiaries are required to provide clients with funds up to a fixed limit upon submission of a loan application to the Bank or its consolidated subsidiaries. The unused amount related to such facilities/contracts stood at ¥909,082 million and ¥817,621 million as of March 31, 2017 and 2016, respectively. Of this amount, facilities/contracts which expire within one year at inception or which are unconditionally cancelable at any time, totaled ¥788,800 million and ¥750,016 million as of March 31, 2017 and 2016, respectively.

Most of these agreements expire without the clients having utilized the financial resources available under the facilities/contracts, and the unused amount does not necessarily impact the Bank or its consolidated subsidiaries' future cash flows. Most of these facilities/contracts contain a clause which allows the Bank or its subsidiaries to reject a loan application or to reduce the upper limit requested in view of changing financial conditions, credit maintenance and other reasonable concerns.

When necessary, the Bank or its consolidated subsidiaries demand collateral such as real estate or marketable securities at the date on which the aforementioned agreement is entered into. In addition, after facilities/contracts are set forth, the Bank or its consolidated subsidiaries regularly assesses the business status of the clients, based on predetermined internal procedures and, when prudent, revises the agreements or reformulates policies to maintain creditworthiness.

8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of Tangible fixed assets was ¥51,476 million and ¥50,929 million, and advanced depreciation on Tangible fixed assets was ¥1,022 million and ¥1,022 million as of March 31, 2017 and 2016, respectively.

9. Borrowed Money

Borrowed money includes borrowings made under special conditions under which repayment is subordinate to other classes of debt. The amount of the subordinate borrowings totaled ¥26,600 million and ¥26,600 million as of March 31, 2017 and 2016, respectively.

10. Guarantees for Corporate Bonds

The amount of the guarantees for privately placed bonds in corporate bonds in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act totaled ¥40,023 million and ¥31,106 million as of March 31, 2017 and 2016, respectively.

11. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2017 and 2016 principally consisted of the following:

	Millions of Yen	
March 31	**2017**	2016
Salaries and allowances	**¥16,761**	¥16,686
Net pension cost	**1,148**	608

12. Other Income

Other income for the years ended March 31, 2017 and 2016 principally consisted of the following:

	Millions of Yen	
March 31	**2017**	2016
Gain on sales of stocks and other securities	**¥1,550**	¥1,898
Reversal of allowance for loans losses	**—**	757
Gain on bad debts recovered	**0**	1
Gain on disposal of fixed assets	**28**	6
Compensation income	**11**	8
Gain on step acquisitions	**—**	1,630
Gain on negative goodwill	**—**	6,033

Compensation income was the compensation for damage from Tokyo Electric Power Company Holdings, Inc. since the value of depreciable assets and residential land reduced due to the accident at Fukushima Daiichi Nuclear Power Station and Fukushima Daini Nuclear Power Station.

13. Other Expenses

Other expenses for the years ended March 31, 2017 and 2016 principally consisted of the following:

	Millions of Yen	
March 31	**2017**	2016
Loss on disposal of fixed assets	**¥ 254**	¥371
Loss on sales of stocks and other securities	**51**	120
Loss on impairment of fixed assets	**80**	67
Loss on devaluation of stocks and other securities	**121**	44
Transfer to reserve for financial products transaction liabilities	**0**	—
Provision of allowance for loan losses	**1,299**	—
Write-off of loans	**24**	18

The differences between the recoverable amount and the book value of the following assets were recognized as loss on impairment of fixed assets during the years ended March 31, 2017 and 2016:

(Millions of Yen)

Area	Purpose of use	Type	Losses	
			2017	2016
Fukushima Area	Branch premises	Land	¥29	¥16
		Building	—	17
		Premium	2	—
	Idle assets	Land	42	16
		Building	6	0
Outside of Fukushima Area	Branch premises	Land	—	17
Total			¥80	¥67

The Bank uses for recognition of loss on impairment the estimated unrecoverable amount in its branch premises, company housings and idle assets, grouped based on individual branch unit (however, group of branches where the connection between income and expenditure is mutually complementary are identified as a group unit), which is the smallest unit of grouping used in revenue management.

In addition, each idle asset is treated as independent unit.

The recoverable amount of an asset group is calculated based on net realizable value. The net realizable value is principally based on real estate appraisals where net realizable value of immaterial real estate is determined by deducting the estimated costs of disposal from the amount calculated based on the index appropriately reflecting the market price such as land tax assessment.

14. Notes to Consolidated Statements of Changes in Net Assets

Changes in outstanding shares and treasury stock during the years ended March 31, 2017 and 2016 were summarized as follows:

(Thousand Shares)

	Number of Shares as of April 1, 2016	Number of Shares Increased	Number of Shares Decreased	Number of Shares as of March 31, 2017
Outstanding Shares				
Common Stock	252,500	—	—	252,500
Treasury Stock				
Common Stock (*)	433	6	—	440

(*) Increase in the number of Treasury stock by 6 thousand shares is a result of acquisition of odd-lot shares.

(Thousand Shares)

	Number of Shares as of April 1, 2015	Number of Shares Increased	Number of Shares Decreased	Number of Shares as of March 31, 2016
Outstanding Shares				
Common Stock	252,500	—	—	252,500
Treasury Stock				
Common Stock (*)	516	1,035	1,118	433

(*) Increase in the number of Treasury stock by 1,035 thousand shares consisted of 5 thousand shares of acquisition of odd-lot shares and 1,029 thousand shares as a result of consolidating five affiliates accounted for by the equity method.

Decrease in the number of Treasury stock by 1,118 thousand shares consisted of 1,118 thousand shares of disposition of the Bank's shares held by the consolidated subsidiaries.

Detailed information about cash dividends paid during the year ended March 31, 2017 was as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Dividend Per Share(*)	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 24, 2016	Common Stock	1,134	¥4.50	March 31, 2016	June 27, 2016
Board of Directors on November 10, 2016	Common Stock	1,008	¥4.00	September 30, 2016	December 5, 2016

(*) Dividend per share resolved by the Board of Directors meeting held on June 24, 2016 includes ¥0.50 yen of commemorative dividend for the Bank's 75th anniversary since establishment.

Detailed information about cash dividends paid during the year ended March 31, 2016 was as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 24, 2015	Common Stock	1,071	¥4.25	March 31, 2015	June 25, 2015
Board of Directors on November 13, 2015	Common Stock	1,008	¥4.00	September 30, 2015	December 4, 2015

Dividends with record dates on or before March 31, 2017 and effective dates after April 1, 2017 were as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Source of Dividends	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 26, 2017	Common Stock	1,008	Retained Earnings	¥4.00	March 31, 2017	June 27, 2017

Dividends with record dates on or before March 31, 2016 and effective dates after April 1, 2016 were as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Source of Dividends	Dividend Per Share (*)	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 24, 2016	Common Stock	1,134	Retained Earnings	¥4.50	March 31, 2016	June 27, 2016

(*) Dividend per share resolved by the Board of Directors meeting held on June 24, 2016 includes ¥0.50 yen of commemorative dividend for the Bank's 75th anniversary since establishment.

15. Notes to Consolidated Statements of Cash Flows

(a) Cash and cash Equivalents

A reconciliation between Cash and due from banks in the consolidated balance sheets as of March 31, 2017 and 2016, and Cash and cash equivalents in the consolidated statements of cash flows for the years then ended was as follows:

	Millions of Yen	
March 31	**2017**	2016
Cash and due from banks	**¥1,157,095**	¥1,318,806
Ordinary due from banks	**(354)**	(904)
Fixed term due from banks	**(7,000)**	—
Other	**(194)**	(166)
Cash and cash equivalents	**¥1,149,546**	¥1,317,735

(b) Major breakdown of assets and liabilities of subsidiaries that were newly consolidated by acquisition of shares

For the year ended March 31, 2017
None

For the year ended March 31, 2016
Major breakdown of assets and liabilities of five companies (Toho Lease Co., Ltd., Toho Card Co., Ltd., Toho Credit Service Co., Ltd., Toho Credit Guarantee Co., Ltd. and Toho Information System Co., Ltd.) that were newly consolidated through the acquisition of shares at the time of consolidation as well as the relationship between the acquisition cost of five companies' shares and expenditures for acquisition (net) are as follows:

	Millions of Yen
Assets	¥ 33,296
Liabilities	(20,418)
Goodwill	495
Gain on negative goodwill	(6,033)
Acquisition cost of shares	7,338
Value by the equity method before acquisition	(1,122)
Gain on step acquisition	(1,630)
Cash and cash equivalents	(2)
Deduction: expenditures for acquisition	¥ 4,581

16. Deferred Income Taxes

The major components of deferred tax assets and liabilities as of March 31, 2017 and 2016 were summarized as follows:

	Millions of Yen	
March 31	**2017**	2016
Deferred tax assets:		
Allowance for loan losses	**¥ 2,653**	¥ 3,539
Net defined benefit liability	**4,662**	4,896
Valuation difference on available-for-sale securities	**1**	3
Depreciation	**974**	1,050
Revaluation reserve for land	**1,847**	1,862
Deferred gains or losses on hedges	**891**	2,002
Others	**3,413**	3,541
Valuation allowance	**(3,329)**	(3,320)
Total deferred tax assets	**11,116**	13,576
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	**(8,574)**	(12,943)
Revaluation reserve for land	**(2,990)**	(3,067)
Others	**(3)**	—
Total deferred tax liabilities	**(11,568)**	(16,010)
Net deferred tax assets (liabilities)	**¥ (452)**	¥ (2,434)

Note: Net deferred tax assets (liabilities) are included in the following items in the consolidated balance sheet as of March 31, 2017 and 2016.

	Millions of Yen	
March 31	**2017**	2016
Deferred tax assets	**¥2,686**	¥ 747
Deferred tax liabilities	**148**	114
Deferred tax liabilities for land revaluation	**2,990**	3,067

The following summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for the years ended March 31, 2017 and 2016:

Year ended March 31	**2017**	2016
Statutory tax rate	**30.3%**	32.5%
Non-deductible expenses	**1.3**	0.5
Elimination of dividends received from consolidated subsidiaries	**5.8**	—
Non-taxable income	**(6.8)**	(0.3)
Per capita inhabitant taxes	**0.4**	0.2
Valuation allowance	**1.1**	(0.1)
Gain on negative goodwill	**—**	(8.0)
Gain on step acquisition	**—**	(2.2)
Amortization of goodwill	**—**	0.7
Reduction of year-end deferred tax assets due to tax rate changes	**—**	1.9
Others	**(0.2)**	0.0
Effective tax rate	**31.9%**	25.2%

17. Retirement Benefits

The Bank and its consolidated subsidiaries have a corporate pension fund plan and a lump-sum retirement payment plan (transferred from the welfare pension fund system on October 1, 2004) as defined benefit plans. For the calculation of net defined benefit liability and net pension cost, certain consolidated subsidiaries have adopted the simplified method where the retirement benefit obligation is recognized at the amount that would be required to be paid for voluntary resignations at the end of the year.

Retirement benefits in the corporate pension fund plan and the lump-sum retirement payment plan are calculated based on points.

On April 1, 2014 (the Date of Enforcement), the Bank has revised its retirement benefit plans whereby a part of the future payments of defined benefit plans transferred to defined contribution plans, and accounted for the transfer in accordance with the "Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1).

The Bank has set up retirement benefit trusts in lump-sum retirement payment plan from the end of year ended March 31, 2015.

A. Defined benefit plans (including those of the consolidated subsidiaries applying the simplified method)

(i) Change in retirement benefit obligation

	Millions of Yen	
March 31	**2017**	2016
Balance at beginning of the year	**¥38,547**	¥35,482
Service cost	**884**	804
Interest cost	**235**	385
Actuarial (gain) loss	**(58)**	2,912
Benefit paid	**(1,460)**	(1,345)
Prior service cost	**—**	—
Increase in change in scope of consolidation	**—**	308
Others	**—**	—
Balance at end of the year	**¥38,148**	¥38,547

(ii) Change in plan assets

	Millions of Yen	
March 31	**2017**	2016
Balance at beginning of the year	**¥31,308**	¥27,645
Expected return on plan assets	**621**	552
Actuarial loss	**(91)**	(997)
Employer contributions	**569**	4,569
Benefit paid	**(814)**	(763)
Increase in changes in scope of consolidation	**—**	219
Others	**85**	83
Balance at end of the year	**¥31,679**	¥31,308

Contributions to retirement benefit trusts were included in employer contributions.

(iii) Retirement benefit obligation and plan assets at end of the year and reconciliation of net defined benefit liability and net defined benefit asset recognized in the consolidated balance sheet

	Millions of Yen	
March 31	**2017**	2016
Funded retirement benefit obligation	**¥ 38,051**	¥ 38,458
Plan assets	**(31,679)**	(31,308)
	6,371	7,149
Unfunded retirement benefit obligation	**97**	89
Amount of liability, net of asset, recognized in consolidated balance sheet	**6,469**	7,238
Net defined benefit liability	**6,469**	7,238
Net defined benefit asset	**—**	—
Amount of liability, net of asset, recognized in consolidated balance sheet	**¥ 6,469**	¥ 7,238

(iv) Net pension cost and its breakdown

	Millions of Yen	
March 31	**2017**	2016
Service cost	**¥ 884**	¥ 804
Interest cost	**235**	385
Expected return on plan assets	**(621)**	(552)
Amortization of actuarial loss	**1,060**	402
Amortization of prior service cost	**(307)**	(335)
Others	**(85)**	—
Net pension cost	**¥1,166**	¥ 703

(v) Remeasurements of defined benefit plan in other comprehensive income
The items recognized under remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen	
March 31	**2017**	2016
Prior service cost	**¥ (307)**	¥ (335)
Actuarial gain (loss)	**1,027**	(2,372)
Others	**—**	—
Total	**¥ 720**	¥(2,707)

(vi) Remeasurements of defined benefit plans in accumulated other comprehensive income
The items recognized under remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen	
March 31	**2017**	2016
Unrecognized prior service cost	**¥ —**	¥ (307)
Unrecognized actuarial gain	**5,712**	6,740
Others	**—**	—
Total	**¥5,712**	¥6,433

(vii) Plan assets
(a) Percentage by major category of plans assets was as follows:

	2017	2016
General account of life insurance companies	**30%**	31%
Bonds	**33%**	22%
Equities	**23%**	18%
Cash and due from banks	**10%**	24%
Others	**4%**	5%
Total	**100%**	100%

Retirement benefit trusts established for lump-sum retirement payment plan accounts for 28% and 29% of total plan assets for the years ended March 31, 2017 and 2016, respectively.

(b) Basis of long-term expected rate of return on plan assets
In determining long-term expected rate of return on plan assets, the Group considers the current and projected plan asset allocations, as well as current and future long-term rate of returns expected from various categories of the plan assets.

(viii) Actuarial assumptions
Actuarial assumptions as of March 31, 2017 and 2016 were as follows:

	2017	2016
Discount rate	**0.0%–1.2%**	0.0%–0.9%
Long-term expected rate of return on plan assets	**2.0%**	2.0%

B. Defined contribution pension plans

Contributions to be paid to defined contribution pension plans were ¥153 million and ¥141 million for the years ended March 31, 2017 and 2016, respectively.

18. Per Share Information

Net assets per share as of March 31, 2017 and 2016 and basic earnings per share for the years ended March 31, 2017 and 2016 were as follows:

	Yen	
As of March 31	**2017**	2016
Net assets per share	**¥778.22**	¥786.61
Basic earnings per share	**28.07**	72.48

Note 1: The bases for the computation of net assets per share are set out below.

	Millions of Yen / Thousands of Shares	
As of or year ended March 31	**2017**	2016
Total net assets	**¥196,159**	¥198,279
Net assets related to common stock	**196,159**	198,279
Number of common stock used to calculate net assets per share	**252,059**	252,066

Note 2: The bases for the computation of basic earnings per share are set out below.

	Millions of Yen / Thousands of Shares	
Year ended March 31	**2017**	2016
Profit attributable to owners of parent	**¥ 7,077**	¥ 18,233
Profit attributable to common shareholders of parent	**7,077**	18,233
Weighted average number of common stock during the year	**252,061**	251,555

19. Leases Transactions

(Lessor)

(a) Breakdown of lease investment assets

	Millions of Yen	
As of March 31	**2017**	2016
Lease receivables	**¥8,432**	¥8,696
Residual value	**110**	105
Equivalent amount of maintenance cost	**(367)**	(376)
Unearned interest income	**(549)**	(589)
Lease investment assets	**¥7,625**	¥7,836

The scheduled collection of lease receivables related to lease investment assets subsequent to March 31, 2017 and 2016

	Millions of Yen	
As of March 31	**2017**	2016
Due within 1 year or less	**¥2,772**	¥2,896
Due in 1 year to 2 years	**2,185**	2,261
Due in 2 years to 3 years	**1,613**	1,656
Due in 3 years to 4 years	**1,041**	1,078
Due in 4 years to 5 years	**614**	534
Due after 5 years	**204**	268
Total	**¥8,432**	¥8,696

20. Financial Instruments and Related Disclosure

(a) Overall situation concerning financial instruments

(1) Policy for financial instruments

The Group provides banking and other financial operations including lease business. Funds raised from these operations are used primarily to offer commercial and mortgage loans and to invest in marketable securities. The Group's primary funding sources are deposits, but it may also borrow funds in the financial markets to meet day-to-day, short-term funding needs. As a result, it holds financial assets and liabilities whose economic values fluctuate with interest rate changes. To minimize adverse effects of interest rate fluctuations, an asset-liability management (ALM) system is in place to ensure comprehensive management of assets and liabilities with various durations under different market conditions. In addition, the Group engages in interest rate-, currency-, and bond- related transactions as derivative transactions which include transactions for the purpose of hedging and transactions for the purpose other than hedging.

(2) Nature and extent of risks arising from financial instruments

Financial assets held by the Group consist mainly of loans extended to business entities and individuals in Japan, which entail credit risk, where difficulty occurs in recovering the principal amounts of loans and interests thereon due to borrowers' bankruptcy or deteriorating business. General economic conditions in Fukushima Prefecture, the Group's primary geographical area of operations, may also exert adverse impact on borrowers' businesses and values of collaterals pledged. Marketable securities in which the Group invests are primarily bonds and equity shares, which subject the Group to credit risk (deterioration of financial conditions of issuers) and market risk (fluctuations in interest rates and prices).

The Group also faces liquidity risk in connection with borrowed funds and call money, that is, the Group might find it difficult to honor promises of payment on due dates if it cannot tap into financial markets to raise needed funds under certain environments. Moreover, the Group's borrowings are based on variable rates, which expose the Group to risks associated with interest rate fluctuations.

Aside from derivative instruments (i.e., interest rate and currency swaps) distributed directly to customers, the Group may enter into interest rate swaps as a part of its ALM operations to hedge its borrowings. Derivative transactions qualified for hedge accounting are accounted for separately using the hedge accounting standards. To secure foreign-currency denominated funds for currency-related services, the Group may utilize foreign exchange forward contracts and bond options trading at over-the-counter to increase interest income, which come with inherent market risk (risk of losses by the Group if interest rates and foreign exchange make adverse movements) and credit risk (risk of losses by the Group in the event of default by the counterparty). The Group is not engaged in leveraged derivative transactions with large volatility of the contract's fair value out of proportion to the price fluctuation of the underlying asset.

(3) Risk management system for financial instruments

(i) To manage credit risk, the Group has established credit risk management rules and a framework governing credit review required for each loan, credit limits, internal credit ratings, guarantees and collaterals in addition to procedures to deal with problem loans. The state of such risk and risk management is periodically reported to the Board of Directors upon examination by the ALM Committee.

Credit risk associated with issuers of marketable securities and counterparty risk relating to derivative transactions are managed by periodic monitoring of credit ratings and fair value.

(ii) The Group manages market risk (interest rate risk, price fluctuation risk and foreign exchange risk) as part of its ALM operations, which, among others, calls for quantification of various risks, risk limits to be set within a manageable scope in line with the Group's financial strength, and proper risk distribution to secure optimized profits. Risk management techniques and procedures used by the Group for the market risks are stipulated in the Group's market risk management rules. They include Value at Risk (VaR), asset-liability analyses by maturity, interest rate sensitivity analyses, and simulated risk analyses to assess potential impact of interest rate fluctuations from various angles. To reduce price fluctuation risk, the rules require a limit on the amount of securities to be held and a stop-loss level to be set up for each type of securities. In addition, ALM policies are prepared every six months, and the ALM Committee conducts reviews and examinations. The status of exposure to risks and the results of risk management activities are reported periodically to the Board of Directors upon examination by the ALM Committee.

To calculate VaR for the market risk, the variance-covariance method (holding period varies from one month to one year, depending on risk categories such as interest rates and shares, confidence level of 99%, observation period of combination of both 1 and 5 years) has been adopted. As of March 31, 2017 and 2016, the Group's market risk quantity (estimated loss) in total is ¥75,511 million and ¥28,799 million, respectively. This measure is for the Bank alone, since outstanding balance and sensitivity of the consolidated subsidiaries' financial assets and liabilities are considered insignificant.

The Group conducts a backtest to compare the actual income to VaR calculated by the model in order to verify the model. As a result of the backtest conducted, the Group concludes the model captures the market risk with sufficient accuracy. However, VaR is a statistic measure of market risk quantity based on the past fluctuations of market and certain probability of occurrence. It may not be possible to capture the risk if the market fluctuates rapidly, under extraordinary circumstances.

For derivative transactions, an internal control framework is in place by separating the execution team, the team responsible for assessing effectiveness of transactions as hedging instruments and the back office from one another. The quantified risks, aggregate size of derivative transactions and the results of profit/loss revaluation are reported to the ALM Committee on a monthly basis. The state of risk and risk management is reported periodically to the Board of Directors upon examination by the ALM Committee.

(iii) To control liquidity risk, the Group, having formulated its liquidity risk management rules, conducts daily analyses of the status of funding and the results of fund management activities, in addition to periodic funding tolerance checks under diverse scenarios. The status of exposure to risks and the results of risk management activities are reported periodically to the Board of Directors upon examination by the ALM Committee.

(4) Supplemental explanation for fair value of financial instruments

The fair value of financial instruments are stated at amounts based on market prices or reasonably computed amounts in the case of the absence of observable market prices. The computation of these amounts is based on certain assumptions. Therefore, the amounts derived may differ if other assumptions are used.

(b) Fair value of financial instruments

The amount shown on the consolidated balance sheets, the corresponding fair value and their difference as of March 31, 2017 and 2016 for each financial instrument category were provided below. It should be noted that non-listed shares for which fair value is extremely difficult to obtain are not included in the following tables (see Note 2). Also items whose account balance on the consolidated balance sheets are immaterial are not included in the following disclosure.

	Millions of Yen		
March 31, 2017	Book value	Fair value	Difference
(1) Cash and due from banks	**¥1,157,095**	**¥1,157,095**	**¥ —**
(2) Call loans and bills bought	**3,000**	**3,000**	**—**
(3) Trading account securities	**149**	**149**	**—**
(4) Securities:			
Available-for-sale securities	**1,515,429**	**1,515,429**	**—**
(5) Loans and bills discounted	**3,224,997**		
Allowance for loan losses (*1)	**(12,056)**		
	3,212,940	**3,248,227**	**35,286**
Total assets	**¥5,888,615**	**¥5,923,902**	**¥35,286**
(1) Deposits	**¥5,230,935**	**¥5,231,165**	**¥ 230**
(2) Negotiable certificates of deposits	**390,383**	**390,383**	**0**
(3) Payables under securities lending transactions	**103,246**	**103,246**	**—**
Total liabilities	**¥5,724,566**	**¥5,724,796**	**¥ 230**
Derivative transactions (*2):			
Hedge accounting is not applied	**¥ 418**	**¥ 418**	**¥ —**
Hedge accounting is applied	**(2,963)**	**(2,963)**	**—**
Total derivative transactions	**¥ (2,544)**	**¥ (2,544)**	**¥ —**

	Millions of Yen		
March 31, 2016	Book value	Fair value	Difference
(1) Cash and due from banks	¥1,318,806	¥1,318,806	¥ —
(3) Trading account securities	250	250	—
(4) Securities:			
Available-for-sale securities	1,530,849	1,530,849	—
(5) Loans and bills discounted	2,926,322		
Allowance for loan losses (*1)	(13,783)		
	2,912,539	2,960,935	48,396
Total assets	¥5,762,445	¥5,810,841	¥48,396
(1) Deposits	¥5,128,674	¥5,128,919	¥ 244
(2) Negotiable certificates of deposits	383,548	383,548	—
(3) Payables under securities lending transactions	27,310	27,310	—
Total liabilities	¥5,539,533	¥5,539,778	¥ 244
Derivative transactions (*2):			
Hedge accounting is not applied	¥ 467	¥ 467	¥ —
Hedge accounting is applied	(6,652)	(6,652)	—
Total derivative transactions	¥ (6,184)	¥ (6,184)	¥ —

(*1) Allowance for loan losses (general reserve) and allowance for loan losses (case-specific reserve) provided for loans are deducted to compare with the corresponding fair value.

(*2) The derivative transactions reported under "Other assets" and "Other liabilities" in the consolidated balance sheets are stated on a net basis in the above table.
Net credit/debit arising from derivative transactions is stated on a net basis, and amounts in parentheses indicate net credit balance.

(Note 1) Valuation method of financial instruments

Assets

(1) Cash and due from banks

Cash and due from banks with no maturities is stated at the book value, since the book value approximates fair value. Cash and due from banks with set maturities is carried at the present value of future cash flows estimated by maturity category that are discounted at the assumed interest rate applicable to new deposits at the balance sheet date. In addition, those that are due within one year are stated at the book value, which approximates fair value.

(2) Call loans and bills bought

They are due within one year and are stated at the book value, which approximates fair value.

(3) Trading account securities

The bonds and other securities, including government and municipal/public bonds held as sales agents thereof, are stated at the value announced by Japan Securities Dealers Association or quoted by financial institutions with which the Bank transacts business.

(4) Securities

Equity shares are stated at prices quoted in applicable stock exchanges, and bonds are stated at the value announced by Japan Securities Dealers Association. Investment trusts are stated at the publicized base prices or the base prices quoted by financial institutions with which the Bank transacts business. Investments in associations, if the fair value of assets held by such associations is obtainable, are stated at fair value on a pro rata basis in proportion of the Group's interests held in such associations' net assets. The fair value of privately placed bonds guaranteed by the Bank is computed in a manner similar to the loans described below.

(5) Loans and bills discounted

Loans are grouped by type and internal credit rating, and the fair value of a group of loans is computed by discounting the aggregate principal/interest amount by the theoretical value of an interest rate that reflects the expected loss rate of each borrower's category. For loans due within one year, the book value is stated as the fair value, since the book value is presumed to approximate the fair value.

The fair value of the loans to which the special accounting treatment of hedge accounting for interest rate swaps is applied is evaluated together with their hedging instruments. For loans extended to bankrupt, effectively bankrupt and potentially bankrupt borrowers, estimated loss given default are computed based on expected recoverable amounts through the disposal of the collaterals and execution of guarantees. Therefore, their fair values are stated at the amounts derived by subtracting the estimated loss given default from the carrying amounts of loans as of the consolidated balance sheet date, since the book value is presumed to approximate the fair value.

Loans with no stated maturities, such as loan facilities where loans are provided within a certain limit determined by pledged collateral value, are stated at their book values, as the book value is presumed to approximate fair value, based on the expected repayment periods, interest rate conditions and other terms and conditions.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposits

Demand deposits are stated at amounts payable (i.e., book value if demanded on the consolidated balance sheet date). To arrive at the fair value of time deposits and others, deposits are grouped by deposit type, and the present value of expected future cash flows for each such group is computed by discounting the total of principals and interests. Discount rates applied are those applicable to new deposits accepted by the Bank at the balance sheet date. For deposits and certificates of deposits due within one year, they are stated at their book values, which are presumed to approximate the fair values.

(3) Payables under securities lending transactions

These are due within one year and are stated at the book value, which approximates fair value. In addition, these are stated due to the increase in materiality from the year ended March 31, 2017.

Derivative transactions

Derivative transactions include interest rate swaps, currency swaps and foreign exchange forward contracts. They are stated at the prices at exchanges or at prices computed from their discounted present values, among others.

(Note 2) The fair values of the following financial products are extremely difficult to determine and, therefore, are not included in "Assets (4) Available-for-sale securities."

	Millions of Yen	
March 31	**2017**	2016
(i) Non-listed shares (*1) (*2)	**¥ 2,159**	¥2,135
(ii)Investments in associations (*3)	**7,851**	2,756
Total	**¥10,010**	¥4,891

(*1) The fair values of non-listed shares, which have no readily available market prices, are extremely difficult to determine. Therefore, they are excluded from fair-value disclosure.

(*2) Impairment loss on non-listed shares in the amounts of ¥121 million and ¥44 million was posted for the years ended March 31, 2017 and 2016, respectively.

(*3) For investments in associations, assets included in the asset portfolios of such associations are excluded from fair-value disclosure, if the fair values of such assets, including real estate, are extremely difficult to determine.

(Note 3) Maturity analysis for claims and securities with contractual maturities subsequent to March 31, 2017 and 2016

	Millions of Yen					
March 31, 2017	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Due from banks	**¥1,107,160**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call loans	**3,000**	**—**	**—**	**—**	**—**	**—**
Securities:	**282,971**	**442,131**	**151,019**	**249,626**	**134,322**	**92,975**
Available-for-sale securities with maturity	**282,971**	**442,131**	**151,019**	**249,626**	**134,322**	**92,975**
National government bonds thereof	**91,332**	**117,142**	**60,068**	**171,795**	**58,812**	**91,923**
Local government bonds thereof	**64,310**	**116,242**	**17,198**	**6,556**	**8,117**	**—**
Corporate bonds thereof	**103,307**	**159,969**	**46,002**	**18,091**	**9,261**	**—**
Loans (*)	**765,097**	**585,183**	**483,144**	**322,328**	**366,180**	**619,762**
Total	**¥2,158,229**	**¥1,027,314**	**¥634,163**	**¥571,955**	**¥500,502**	**¥712,737**

(*) Loans that are unlikely to be redeemed, such as to bankrupt, effectively bankrupt, and potentially bankrupt of ¥29,063 million, loans with no stated maturities of ¥54,237 million were not included.

	Millions of Yen					
March 31, 2016	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Due from banks	¥1,272,179	¥ —	¥ —	¥ —	¥ —	¥ —
Securities:	220,836	543,187	237,911	213,063	169,524	62,841
Available-for-sale securities with maturity	220,836	543,187	237,911	213,063	169,524	62,841
National government bonds thereof	89,423	171,532	38,460	162,030	133,668	62,793
Local government bonds thereof	22,979	139,195	56,543	8,092	6,540	—
Corporate bonds thereof	68,716	179,566	99,939	7,814	15,314	—
Loans (*)	676,900	539,113	435,062	308,544	344,612	534,907
Total	¥2,169,916	¥1,082,300	¥672,973	¥521,607	¥514,137	¥597,749

(*) Loans that are unlikely to be redeemed, such as to bankrupt, effectively bankrupt, and potentially bankrupt of ¥32,838 million, loans with no stated maturities of ¥54,344 million were not included.

(Note 4) Maturity analysis for interest bearing liabilities subsequent to March 31, 2017 and 2016

	Millions of Yen					
March 31, 2017	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Deposits (*)	**¥5,023,038**	**¥181,565**	**¥26,303**	**¥15**	**¥12**	**¥—**
Negotiable certificates of deposit	**390,143**	**240**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**103,246**	**—**	**—**	**—**	**—**	**—**
Total	**¥5,516,429**	**¥181,805**	**¥26,303**	**¥15**	**¥12**	**¥—**

(*) Demand deposits are disclosed under "Due within 1 year or Less."

	Millions of Yen					
March 31, 2016	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Deposits (*)	¥4,910,736	¥187,628	¥30,280	¥12	¥15	¥—
Negotiable certificates of deposit	383,548	—	—	—	—	—
Payables under securities lending transactions	27,310	—	—	—	—	—
Total	¥5,321,595	¥187,628	¥30,280	¥12	¥15	¥—

(*) Demand deposits are disclosed under "Due within 1 year or Less."

21. Fair Value Information

The tables below represent the securities and trading account securities:

(a) Trading account securities

	Millions of Yen	
March 31	**2017**	2016
Realized gain included in earnings	**¥0**	¥1

(b) Held-to-maturity securities

None

(c) Available-for-sale securities

	Millions of Yen		
March 31, 2017	Carrying Amount	Acquisition Cost	Net Unrealized Gain/(Loss)
Securities with their carrying amount over their acquisition cost:			
Corporate stock	**¥ 40,167**	**¥ 24,800**	**¥15,366**
Bonds:	**1,048,455**	**1,027,648**	**20,806**
National government	**525,846**	**508,873**	**16,972**
Local government	**208,418**	**206,778**	**1,640**
Corporate	**314,189**	**311,995**	**2,194**
Other	**122,027**	**120,173**	**1,854**
Sub-total	**1,210,650**	**1,172,622**	**38,027**
Securities with their carrying amount below their acquisition cost:			
Corporate stock	**4,691**	**5,177**	**(486)**
Bonds:	**91,677**	**94,152**	**(2,474)**
National government	**65,228**	**67,573**	**(2,345)**
Local government	**4,005**	**4,050**	**(44)**
Corporate	**22,442**	**22,528**	**(85)**
Other	**208,410**	**215,143**	**(6,733)**
Sub-total	**304,779**	**314,474**	**(9,694)**
Total	**¥1,515,429**	**¥1,487,096**	**¥28,333**

	Millions of Yen		
March 31, 2016	Carrying Amount	Acquisition Cost	Net Unrealized Gain/(Loss)
Securities with their carrying amount over their acquisition cost:			
Corporate stock	¥ 31,181	¥ 20,401	¥10,779
Bonds:	1,250,134	1,218,113	32,021
National government	654,745	628,283	26,462
Local government	231,869	229,527	2,342
Corporate	363,519	360,302	3,216
Other	163,865	160,127	3,738
Sub-total	1,445,181	1,398,642	46,539
Securities with their carrying amount below their acquisition cost:			
Corporate stock	7,363	8,818	(1,455)
Bonds:	12,477	12,588	(110)
National government	3,164	3,242	(78)
Local government	1,481	1,481	(0)
Corporate	7,832	7,863	(31)
Other	65,826	67,965	(2,139)
Sub-total	85,667	89,372	(3,704)
Total	¥1,530,849	¥1,488,014	¥42,834

(d) Available-for-sale securities sold

	Millions of Yen		
March 31, 2017	Proceeds from Sales	Realized Gain	Realized Loss
Corporate stock	**¥ 4,099**	**¥1,277**	**¥ 51**
Bonds:	**90,696**	**4,156**	**3,931**
National government	**82,600**	**4,150**	**3,931**
Corporate	**8,095**	**5**	**—**
Other	**38,774**	**792**	**654**
Total	**¥133,570**	**¥6,226**	**¥4,637**

	Millions of Yen		
March 31, 2016	Proceeds from Sales	Realized Gain	Realized Loss
Corporate stock	¥ 3,975	¥1,286	¥ 111
Bonds:	562,214	6,494	4,004
National government	562,054	6,493	4,004
Corporate	160	0	—
Other	60,691	1,886	144
Total	¥626,881	¥9,666	¥4,259

(e) Loss on impairment

Certain "Available-for-sale securities" with fair value are stated at fair value on the consolidated balance sheets, and the difference between the acquisition cost and the fair value is recognized as a loss ("impairment loss") for the consolidated year, if the fair value has significantly deteriorated compared with the acquisition cost and if it is further concluded that there would be little possibility of the recovery in fair value to the acquisition cost.

There was no loss on impairment for the years ended March 31, 2017 and 2016.

The criteria for determining whether the decline in the fair value is "significantly deteriorated" are as follows: Individual securities whose fair values are 50% or less of the acquisition cost at the end of the consolidated year, or securities whose fair values exceed 50% but are 70% or less of the acquisition prices and whose past share price movements for certain set periods, and the issuers' business conditions indicate little prospect of recovery in their fair values.

(f) Valuation difference on available-for-sale securities

March 31, 2017	Millions of Yen
Unrealized gain before income tax effect	**¥28,333**
Available-for-sale securities	**28,333**
Less: deferred tax liabilities	**8,428**
Unrealized gain before adjustment	**19,905**
Equity of unrealized gain on available-for-sale securities:	
Owned by affiliates that are accounted for by the equity method	**—**
Valuation difference on available-for-sale securities	**¥19,905**

March 31, 2016	Millions of Yen
Unrealized gain before income tax effect	¥42,834
Available-for-sale securities	42,834
Less: deferred tax liabilities	12,795
Unrealized gain before adjustment	30,038
Equity of unrealized gain on available-for-sale securities:	
Owned by affiliates that are accounted for by the equity method	—
Valuation difference on available-for-sale securities	¥30,038

(g) Investments in unconsolidated subsidiaries and affiliates

Securities in the Assets section included investments in unconsolidated subsidiaries and affiliates of ¥903 million and ¥591 million as of March 31, 2017 and 2016, respectively.

(h) Unsecured loaned securities

Unsecured loaned securities, which borrowers have the right to sell or pledge in the amounts of ¥55,369 million and ¥50,541 million as of March 31, 2017 and 2016, respectively, were included in National government bonds.

22. Money held in trust

Money held in trust as of March 31, 2017 and 2016 consisted of the following:

(a) Money held in trust for trading purpose

	Millions of Yen	
March 31	**2017**	2016
Carrying amount	**¥6,588**	¥6,476
Realized gain/(loss) included in earnings	**—**	—

(b) Money held in trust for held-to-maturity

None

(c) Other money held in trust

	Millions of Yen	
March 31	**2017**	2016
Carrying amount	**¥6,000**	¥5,375
Acquisition cost	**6,000**	5,375
Net unrealized gain/(loss)	**—**	—
Gross unrealized gain	**—**	—
Gross unrealized loss	**—**	—

23. Derivatives

(a) Derivatives transactions to which hedge accounting is not applied

The contract amount at the consolidated balance sheet date or the notional amount as stipulated in contracts for each transaction type as well as fair value and methods used for deriving the fair value are indicated below. It should be noted that the size of the contract amount or any other monetary amount does not, by and in itself, serve as an indicator of market risks associated with derivative transactions.

Currency derivatives

	Millions of Yen					
March 31	**2017**			2016		
	Contract Amounts		Fair Value	Contract Amounts		Fair Value
	Total	Over 1 Year		Total	Over 1 Year	
Over-the-counter transactions:						
Currency swap	**¥16,140**	**¥12,631**	**¥ 4**	¥ 9,694	¥9,694	¥ 2
Forward exchange contracts:						
Sold	**63,086**	**—**	**365**	55,042	—	657
Bought	**13,699**	**—**	**49**	9,666	—	(192)
			¥418			¥ 467

(b) Derivatives transactions to which hedge accounting is applied

The contract amount or the contractual notional amount by transaction type and method of hedge accounting, fair value at the balance sheet date as well as the methods used for deriving the fair value are summarized below. It should be noted that the size of the contract amount or any other monetary amount does not, by and in itself, serve as an indicator of market risks associated with derivative transactions.

Interest-rate derivatives

		Millions of Yen		
		Contract Amounts		Fair Value
March 31, 2017	Hedged items	Total	Over 1 Year	
Principle method:				
Interest-rate swaps:				
Receivable floating/payable fixed	Available-for-sale securities (Debt securities)	**¥25,000**	**¥25,000**	**¥(2,963)**
Special treatment for interest rate swaps:				
Interest-rate swaps:				
Receivable floating/payable fixed	Loans to borrowers	**¥25,328**	**¥15,636**	**(Note 3)**

		Millions of Yen		
		Contract Amounts		Fair Value
March 31, 2016	Hedged items	Total	Over 1 Year	
Principle method:				
Interest-rate swaps:				
Receivable floating/payable fixed	Available-for-sale securities (Debt securities)	¥50,000	¥50,000	¥(6,652)
Special treatment for interest rate swaps:				
Interest-rate swaps:				
Receivable floating/payable fixed	Loans to borrowers	¥33,869	¥25,328	(Note 3)

Notes: 1. Hedge accounting is carried out by specifically associating hedged items with hedging instruments or through deferred hedging in accordance with "Treatment of Accounting and Auditing Concerning Accounting for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24).

2. Market values of exchange-traded transactions are based on closing prices on the Tokyo Financial Exchange Inc., etc. Market values of over-the-counter transactions are based on discounted cash flow method, option pricing models, etc.

3. As interest swaps subject to the special treatment are accounted for in combination with the hedged loans to borrowers, their fair values are included in fair values of such hedged loans in "20. Financial Instruments and Related Disclosure."

24. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2017 and 2016 were as follows:

	Millions of Yen	
March 31	**2017**	2016
Valuation difference on available-for-sale securities:		
Gains (losses) recognized during the year	**¥ (8,713)**	¥10,539
Reclassification adjustment to net income	**(5,787)**	(9,336)
Amount before tax effect	**(14,501)**	1,203
Tax effect	**4,367**	269
Valuation difference on available-for-securities	**(10,133)**	1,472
Deferred gains or losses on hedges		
Gains (losses) recognized during the year	**24**	(7,938)
Reclassification adjustment to net income	**3,664**	3,676
Amount before tax effect	**3,688**	(4,262)
Tax effect	**(1,110)**	1,243
Deferred gains or losses on hedges	**2,578**	(3,018)
Revaluation reserve for land:		
Gains (losses) recognized during the year	**—**	—
Reclassification adjustment to net income	**—**	—
Amount before tax effect	**—**	—
Tax effect	**—**	166
Revaluation reserve for land	**—**	166
Remeasurements of defined benefit plans:		
Losses recognized during the year	**(32)**	(2,774)
Reclassification adjustment to net income	**753**	67
Amount before tax effect	**720**	(2,707)
Tax effect	**(216)**	(21)
Remeasurements of defined benefit plans	**503**	(2,728)
Share of other comprehensive income in affiliates accounted for by the equity method:		
Losses recognized during the year	**—**	(27)
Reclassification adjustment to net income	**—**	—
Share of other comprehensive income in affiliates accounted for by the equity method	**—**	(27)
Total other comprehensive income	**¥ (7,051)**	¥ (4,135)

25. Segment Information

(a) Segment information

1. Outline of reportable segments
   The reportable segments of the Group are those units for which discrete financial information can be obtained and which are regularly examined by the Board of Directors in order to decide how to allocate management resources and to evaluate the operating results.
   The Group, comprised of the Bank and its seven subsidiaries, provides financing services with a focus on banking, leasing, credit card and credit guaranteeing. The Bank is categorized under the reportable segment "Banking," which consists of money transfer business, lending business, foreign exchange business and their associated businesses.

2. Calculation method for the amount of ordinary income, segment profit or loss, assets, liabilities and other items by the reportable segment
   Accounting treatment for reportable segments is consistent with those described in "2. Summary of Significant Accounting Policies."
   Segment profit is based on ordinary profit.
   Ordinary income from internal transactions is based on transaction prices between third parties.

Information on ordinary income, segment profit or loss, assets, liabilities and other items is as follows:

Year ended March 31, 2017	Millions of Yen				
	Reportable segment				
	Banking	Other	Total	Adjustments	Consolidated
Ordinary income:					
From external customers	¥ 63,705	¥ 6,648	¥ 70,353	(53)	¥ 70,300
From internal transactions	1,140	3,114	4,255	(4,255)	—
Total	¥ 64,845	¥ 9,762	¥ 74,608	¥ (4,308)	¥ 70,300
Segment profit	¥ 10,629	¥ 2,040	¥ 12,669	¥ (1,977)	¥ 10,691
Segment assets	¥6,014,123	¥35,781	¥6,049,905	¥(26,622)	¥6,023,282
Segment liabilities	¥5,822,830	¥18,870	¥5,841,701	¥(14,579)	¥5,827,122
Other:					
Depreciation expense	¥ 2,547	¥ 200	¥ 2,747	¥ 59	¥ 2,806
Interest income	41,554	1,178	42,732	(2,022)	40,710
Interest expense	2,559	44	2,604	(35)	2,568
Increase in tangible and intangible fixed assets	3,237	294	3,531	97	3,628

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.
2. "Other" is a business segment that is not included in the reportable segment, which consists of leasing, credit card and credit guaranteeing.
3. Adjustments are as follows:
(a) Adjustments in ordinary income from external customers of ¥(53) million are provision for allowance for loan losses.
(b) Adjustments in segment profit of ¥(1,977) million include elimination of intersegment transactions of ¥(1,980) million.
(c) Adjustments in segment assets of ¥(26,622) million are elimination of intersegment transactions.
(d) Adjustments in segment liabilities of ¥(14,579) million are elimination of intersegment transactions.
(e) Adjustments in depreciation expense of ¥59 million are adjustments made for the depreciation of the leased assets acquired under the contract with the leasing segment in segments other than leasing.
(f) Adjustments in interest income of ¥(2,022) million are elimination of intersegment transactions.
(g) Adjustments in interest expense of ¥(35) million are elimination of intersegment transactions.
(h) Adjustments in increase in tangible and intangible fixed assets of ¥97 million are the acquisition cost of the leased assets acquired in leasing segment ("Other") under the contract with other segments.
4. Segment profit is calculated by adjusting the ordinary profit in the consolidated statements of income.

Information on ordinary income, segment profit or loss, assets, liabilities and other items is as follows:

Year ended March 31, 2016	Millions of Yen				
	Reportable segment				
	Banking	Other	Total	Adjustments	Consolidated
Ordinary income:					
From external customers	¥ 68,998	¥ 6,570	¥ 75,568	¥ 0	¥ 75,568
From internal transactions	114	2,498	2,613	(2,613)	—
Total	¥ 69,113	¥ 9,068	¥ 78,182	¥ (2,613)	¥ 75,568
Segment profit	¥ 15,969	¥ 1,972	¥ 17,941	¥ (800)	¥ 17,140
Segment assets	¥5,858,554	¥36,450	¥5,895,005	¥(30,305)	¥5,864,699
Segment liabilities	¥5,664,888	¥19,367	¥5,684,256	¥(17,836)	¥5,666,420
Other:					
Depreciation expense	¥ 2,151	¥ 156	¥ 2,308	¥ 65	¥ 2,373
Amortization of goodwill	—	—	—	495	495
Interest income	41,993	207	42,201	(69)	42,131
Interest expense	3,151	57	3,209	(46)	3,162
Gain on negative goodwill	—	—	—	6,033	6,033
Increase in tangible and intangible fixed assets	5,920	172	6,093	265	6,358

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.
2. "Other" is a business segment that is not included in the reportable segment, which consists of leasing, credit card and credit guaranteeing.
3. Adjustments are as follows:
(a) Adjustments in ordinary income from external customers of ¥0 million are provision for allowance for loan losses.
(b) Adjustments in segment profit of ¥(800) million include elimination of intersegment transactions of ¥(292) million and lump-sum amortization of goodwill of ¥(495) million.
(c) Adjustments in segment assets of ¥(30,305) million are elimination of intersegment transactions.
(d) Adjustments in segment liabilities of ¥(17,836) million are elimination of intersegment transactions.
(e) Adjustments in depreciation expense of ¥65 million are adjustments made for the depreciation of the leased assets acquired under the contract with the leasing segment in segments other than leasing.
(f) Amortization of goodwill of ¥ 495 million, which has arisen as a result of the Bank acquiring additional shares of five companies that had been the affiliates accounted for by the equity method and making these its consolidated subsidiaries, is recognized as expense in a lump sum when incurred since it is immaterial. In addition, there is no unamortized goodwill as of March 31, 2016. The amortization of goodwill is not attributable to any reportable segments; therefore, it is recognized as adjustments of corporate amortization.
(g) Adjustments in interest income of ¥(69) million are elimination of intersegment transactions.
(h) Adjustments in interest expense of ¥(46) million are elimination of intersegment transactions.
(i) Gain on negative goodwill of ¥6,033 million has arisen as a result of the Bank acquiring additional shares of five companies that had been the affiliates accounted for by the equity method and making these its consolidated subsidiaries. In addition, gain on negative goodwill is not attributable to any reportable segments; therefore, it is recognized as adjustments of corporate amortization.
(j) Adjustments in increase in tangible and intangible fixed assets of ¥265 million are the acquisition cost of the leased assets acquired in leasing segment ("Other") under the contract with other segments.
4. Segment profit is calculated by adjusting the ordinary profit in the consolidated statements of income.

(b) Related information

1. Information by services
Income regarding major services for the years ended March 31, 2017 and 2016 was as follows:

	Millions of Yen				
Year ended March 31, 2017	Lending	Securities and Investment	Fees and Commissions	Other	Total
Ordinary income from external customers................	¥28,412	¥17,459	¥14,972	¥9,455	¥70,300

	Millions of Yen				
Year ended March 31, 2016	Lending	Securities and Investment	Fees and Commissions	Other	Total
Ordinary income from external customers................	¥29,810	¥20,857	¥15,262	¥9,638	¥75,568

Note: Ordinary income is stated in lieu of sales of general enterprises.

2. Geographical information
(i) Ordinary income
Ordinary income from external domestic customers exceeded 90% of total income on the consolidated statements of income for the years ended March 31, 2017 and 2016, therefore geographical income information is not disclosed.
(ii) Tangible fixed assets
The balance of domestic tangible fixed assets exceeded 90% of total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2017 and 2016, therefore geographical tangible fixed assets information is not disclosed.
3. Major customer information
It is difficult to reasonably determine the ratio of ordinary income for each major customer; therefore, major customer information is not disclosed.

(c) Information on impairment of fixed assets for each reportable segment:

	Millions of Yen		
	Reportable segment		
Year ended March 31, 2017	Banking	Other	Total
Impairment loss	¥80	¥—	¥80

	Millions of Yen		
	Reportable segment		
Year ended March 31, 2016	Banking	Other	Total
Impairment loss	¥67	¥—	¥67

(d) Information on amortization of goodwill and its remaining balance for each reportable segment:

For the year ended March 31, 2017
None

For the year ended March 31, 2016
This information is omitted since the same information is disclosed in (a) Segment information.

(e) Information related to gain on negative goodwill for each reportable segment:

For the year ended March 31, 2017
None

For the year ended March 31, 2016
This information is omitted since the same information is disclosed in (a) Segment information.

26. Related Party Transactions

Related party transactions for the year ended March 31, 2017

(a) Transactions between the Bank and related parties

Type	Name	Capital stock (¥million)	Voting share owner-ship (%)	Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2017 (¥million)
Executive officer and close family members holding majority of voting rights	Aizu Shuzo Co., Ltd.	¥60	—	Customer with credit limit	Funding of loans	(Average balance) ¥170	Loans and bills discounted	¥169

Note: The terms and conditions, and the business decisions are determined and made in the same way as other ordinary transactions.

(b) Transactions between the Bank's consolidated subsidiaries and related parties

None

Related party transactions for the year ended March 31, 2016

(a) Transactions between the Bank and related parties

None

(b) Transactions between the Bank's consolidated subsidiaries and related parties

None

27. Subsequent Events

None

28. Supplementary schedule

(a) Schedule of bonds

None

(b) Schedule of borrowing and similar instruments

Category	Balance as of April 1, 2016 (Millions of Yen)	Balance as of March 31, 2017 (Millions of Yen)	Average interest rate (%)	Due date
Borrowed money:	¥34,996	¥34,402	0.71	—
Loans payable	34,996	34,402	0.71	From July 2017 to March 2024
Lease obligation:				
Due within 1 year or less	—	—	—	
Due after 1 year	—	—	—	

Notes: 1. Average interest rate is stated at weighted average interest rate on the interest rate and balance as of March 31, 2017.

2. The repayment schedule of loans payable for five years subsequent to March 31, 2017, is summarized as follows:

	Millions of Yen				
	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Loans payable	¥1,302	¥5,947	¥321	¥171	¥60

Since banking business includes such operations as deposit taking, and raising/use of funds from the call money and bills market, the schedule of borrowing and similar instruments includes only "Borrowed money" in "Liabilities" of the consolidated balance sheets.

(c) Schedule of asset retirement obligations

Schedule of asset retirement obligations is omitted because the amounts of asset retirement obligations at the beginning and the end of the year ended March 31, 2017 are equal to or less than one percent of the total of liabilities and net assets as of then.

Report of Independent Auditors

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Independent Auditor's Report

The Board of Directors
The Toho Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Toho Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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 consolidated financial position of The Toho Bank, Ltd. and its consolidated subsidiaries as of March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 21, 2017
Fukushima, Japan

A member firm of Ernst & Young Global Limited

Board of Directors and Auditors

President:

Seishi Kitamura

Senior Managing Directors:

Seiji Takeuchi
Minoru Sato

Managing Directors:

Michio Sakai
Hideho Suto
Takayuki Ishii
Kiichi Yokoyama
Fumitoshi Kuge

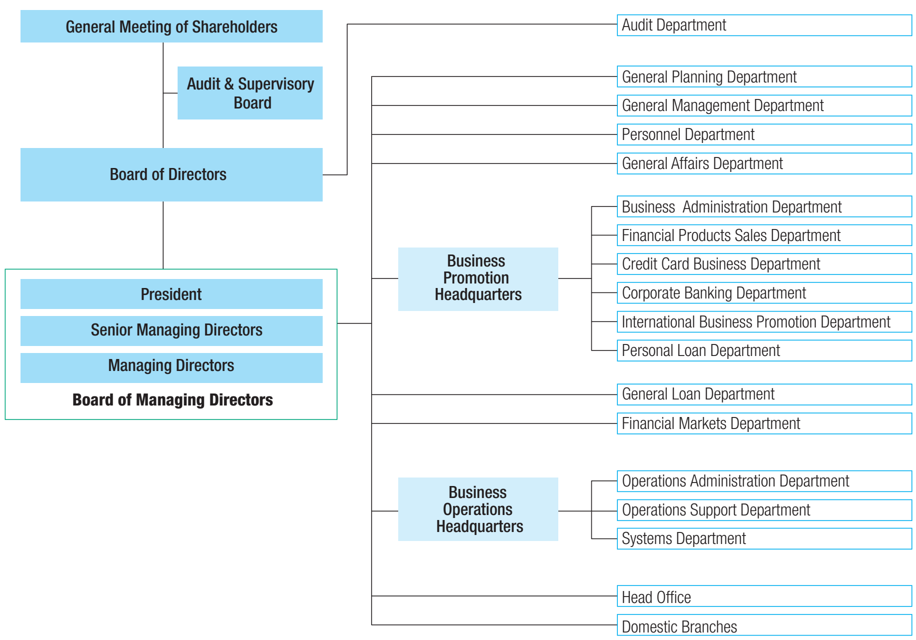
Directors:

Tomohiro Komiya
Koichi Yabuki
Satoshi Aoki
Shintaro Taguchi
Asao Aono
Hayao Watanabe

Audit & Supervisory Board Member:

Shinsuke Tanno
Masayuki Sakaji
Keiichi Akagi
Toru Hara
Takashi Fujiwara

Organization



Network

SUBSIDIARIES AND AFFILIATES

Name	*Line of Business*	*Established in*	*Capital (Millions of yen)*	*Bank's Share in Capital (%)*
Toho Securities Co., Ltd.	Securities	2015	3,000	100
The Toho Lease Co., Ltd.	Leasing	1985	60	50.0
The Toho Card Co., Ltd.	Credit card	1985	30	50.0
The Toho Credit Service Co., Ltd.	Credit card	1990	30	50.0
The Toho Credit Guarantee Co., Ltd.	Credit guaranteeing	1985	30	50.0
The Toho Information System Co., Ltd.	Calculation operations and Developing software	1983	60	39.6
Toho Smile, Co., Ltd.	Printing and binding of business forms, etc.	2012	30	100

(As of June 30, 2016)

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