The Sustainable Growth Process

External environment

P Politics (monetary policy, etc.)
- Deregulation of the banking business
- Progress of the Fukushima Innovation Coast Framework

E Economy
- Full-fledged economic recovery from the novel coronavirus pandemic
- Continuation of a negative interest rate policy
- Progression of the depreciation of the yen/strong dollar
- Sharp rises in the price of crude oil/raw materials

S Society
- Depopulation, population aging, decrease in the working-age population
- Lifestyle changes (during and after the pandemic)
- Diversification of work styles (diversity)
- Increased interest in the SDGs/ESG

T Technology
- Progression of digital transformation (DX)
- Fintech, going cashless

Funds used

Financial capital
A sound financial/revenue base

Human capital
Human resources with diverse, sophisticated financial knowledge

Intellectual capital
Expertise/human networks well acquainted with the region

Social capital
A complete network of branches

Corporate Philosophy

Social Mission
Focusing on the community, together with the community

Management Approach
For customer satisfaction

Code of Conduct
With new sensibilities and flexible ideas

Corporate Message
For the Sake of Our Communities

The 17th medium-term management plan
Toho “Kagayaki” Plan

Basic Policy I
Enabling the region and customers to shine
(Giving back to the region and customers)

Strategy
- Corporate consulting strategy
- Private consulting strategy
- Channel strategy
- Group strategy

Basic Policy II
Enabling employees to shine
(Growth and vitality)

Strategy
- Personnel/human resources development strategy

Basic Policy III
Enabling the Bank to shine
(Sustainable management culture)

Strategy
- New sales system/organizational strategy
- Digital/IT strategy
- Securities operation strategy
- Cost restructuring strategy
- Alliance strategies
- SDGs/ESG strategy

Achievement of the SDGs
Toho SDGs Declaration

1. Regional economy/society
Contributing to revitalization of the regional economy and community

2. Population aging
Supporting a safe and secure life for the elderly

3. Financial services
Providing financial services so that people can live better lives

4. Diversity
Promoting diversity and work style reforms

5. Environmental conservation
Contributing to the conservation of a sustainable environment

The basis supporting sustainable growth
(Corporate governance/compliance/ risk management)

Striving for the further recovery of Fukushima
<Ten-Year Vision>
A Company That Contributes to the Regional Community
Transcending the Framework of Financial Services

SUSTAINABLE DEVELOPMENT GOALS

Contributing to achieving the SDGs by solving regional issues

Value offered

Regional community
- Contribution to sustainable development, regional revitalization
- Initiatives for regional economic revitalization, support to promote and accumulate industry
- Environmental conservation initiatives

Customers
- Customers operating businesses
  Start-up support, M&A support, recruitment and other consulting services, and business succession support
- Individual customers
  Asset formation (assets on deposit/loans) support, inheritance support, etc.

Shareholders
- Medium- and long-term improvement of corporate value
- Highly transparent information disclosure, including non-financial information
- Active dialogue

Employees
- Improvement of job satisfaction through work style reforms
- Promotion of diverse work styles and diversity
- Support for human resource development tailored to each employee’s career vision

Introduction
About the Toho Bank Group
Strategies for Sustainable Growth
Social Issue Initiatives Toward Sustainable Growth
The Basis Supporting Sustainable Growth
Corporate Data

Long-Term Vision

With the needs of the region and customers diversifying more and more in the future, the duties customers require of the Toho Bank Group are not limited to existing, traditional financial services but extend across various fields.

In addition, now that 12 years have passed since the Great East Japan Earthquake, the Bank's unchanging mission is to contribute to Fukushima's further recovery. Social contributions and initiatives for environmental issues are also required more than ever before, based on the Toho SDGs Declaration.

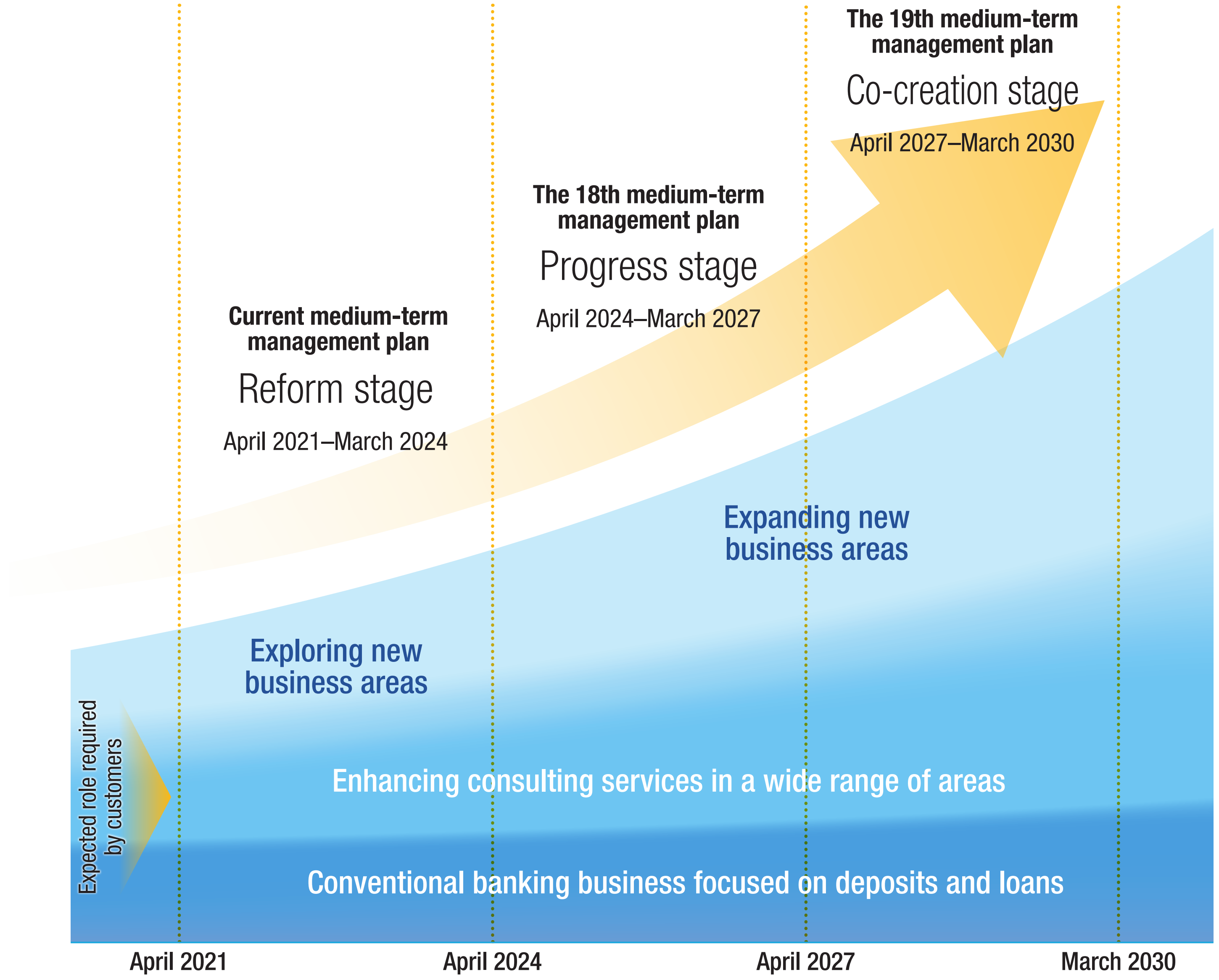
The Bank intends to clear a path to new fields of business as well as strive to be a company contributing to regional society in fields other than financial services to fulfill the duties of the region and customers while actively taking on trends in social change, technological innovation, and deregulation with new ways of thinking.

Long-Term Vision

Striving for the further recovery of Fukushima

A Company That Contributes to the Regional Community

Transcending the Framework of Financial Services



Basic Policy

I	II	III
Enabling the region and customers to shine (Giving back to the region and customers)	**Enabling employees to shine** (Growth and vitality)	**Enabling the Bank to shine** (Sustainable management culture)
■ To support the region and customers facing many issues regarding scaling down of the local economy and the novel coronavirus pandemic, we will strive to realize a bright future by making maximum use of our management resources in efforts to resolve customers' management issues and create abundant lives (give back).	■ We will build an environment where employees can shine and work energetically by allowing them to design their careers independently and autonomously and allowing them to experience personal growth. ■ We will create a corporate culture that emphasizes human resources development, primarily on-the-job training, with the aim of improving employee growth and vitality.	■ We will build a sustainable and stable management culture by reforming the structure of the headquarters and branches and enhancing profitability. ■ We will actively engage in initiatives related to the SDGs, ESG, and digitalization.

Medium-Term Management Plan

The 17th medium-term management plan

Toho "Kagayaki" Plan

Plan period: April 2021–March 2024

Basic Policy	"Kagayaki" Declaration
I. Enabling the region and customers to shine	(1) We will contribute to regional society by demonstrating our consulting functions and regional trading company functions. (2) We will provide individual customers with optimal service in a wide range of areas, including asset formation and loans, to create abundant lives. (3) We will build new channel strategies using digital tools in order to improve convenience for customers. (4) We will offer customers one-stop services with a united Group.

Strategy	"Kagayaki" Declaration	Key initiatives	SDGs Declaration
Corporate consulting strategy	I-(1)	Contribution to regional society by demonstrating our consulting functions Contribution to regional society by demonstrating our regional trading company functions Customer support in the novel coronavirus pandemic	1. Regional economy/ society 3. Financial services
Private consulting strategy	I-(2)	Asset management (formation) support befitting a regional bank	3. Financial services
		Developing asset succession consulting using our trust functions	2. Population aging 3. Financial services
		Cards rooted in customers' lives	
		Helping customers build full lives	3. Financial services
Channel strategy	I-(3)	Improving convenience by strengthening cooperation between channels	
Group strategy	I-(4)	Offering one-stop services with a united Group	1. Regional economy/ society

Basic Policy	"Kagayaki" Declaration
II. Enabling employees to shine	(1) We will support employees autonomously shaping their careers and realize a dynamic work environment. (2) We will realize a flexible way of working in which employees can choose diverse work styles. (3) We will further enhance our ability to make suggestions and implement them through human resources development.

Strategy	"Kagayaki" Declaration	Key initiatives	SDGs Declaration
Personnel/human resources development strategy	II-(1)	Personnel system reform Establishment of a career-offer system (reform of the open-recruitment system)	4. Diversity
	II-(2)	Expansion of opportunities to succeed Expanding the leave system/making it more flexible	
	II-(3)	Human resources development to demonstrate consulting abilities Head Office support of on-the-job training Enhancement of skill visualization	

Basic Policy	"Kagayaki" Declaration
III. Enabling the Bank to shine	(1) We will reform the sales system and Head Office organization to improve consulting ability. (2) We will strengthen our digital/IT strategy to encourage improvement of financial services and employee work style reform. (3) We will build a solid financial structure to ensure stable profit. (4) We will strengthen and expand alliances to provide new added value. (5) We will promote SDGs/ESG initiatives to realize a sustainable society. (6) We will improve and strengthen our stance on compliance and risk management.

Strategy	"Kagayaki" Declaration	Key initiatives	SDGs Declaration
New sales system/ organizational strategy	III-(1)	Deploying human resources to important areas by reviewing branch functions and reforming the organization of the Head Office.	1. Regional economy/ society
Digital/IT strategy	III-(2)	xpansion of customer-oriented service as well as functional enhancement and business optimization of operational systems in the bank	3. Financial services 4. Diversity
Securities operation strategy	III-(3)	Securities portfolio rebuilding	1. Regional economy/ society 5. Environmental conservation
Cost restructuring strategy	III-(3)	Cost reduction and reasonable investments through a cost restructuring project	5. Environmental conservation
Alliance strategies	III-(4)	Strengthening of the TSUBASA Alliance and expansion of cooperation with other financial institutions	3. Financial services
SDGs/ESG strategy	III-(5)	Initiatives based on the Toho SDGs Declaration	All items
—	III-(6)	Improve and strengthen stance on compliance and risk management	—

Progress of the Medium-Term Management Plan

Reform stage April 2021–March 2024

Initiatives

The fiscal year ended March 31, 2022

3rd driver of growth

Exploring new business areas

80th anniversary project (launch of the regional contribution project)
- Creation of PR videos showing the appeal of our customers
- Crowdfunding

- Establishment of a consulting subsidiary (October 2022–)
- New consulting by the TOHO AREA RESEARCH INSTITUTE (May 2021–)
- Toho Marché (October 2020–)

2nd driver of growth

Enhancement of consulting in a wide range of areas

Corporate
- Start of regional consulting (June 2021–)
- Management plan formulation/personnel system formulation business (July 2021–)
- Subsidy application consulting business (August 2021–)
- SDGs support service (December 2021–)
- Paid job-placement business (approval obtained in 2019)

Private
- Kazoku no Kizuna Trust (January 2021–)
- Support for end-of-life planning: Making preparations for inheritance in the era of the 100-year lifespan

1st driver of growth

Deepening of traditional core business (fund management)

Business loans
Personal loans
Securities

The fiscal year ended March 31, 2023

Basic policy for the fiscal year ended March 31, 2023

Challenging ourselves to become a company that contributes to the regional community

Be a Challenger

- Challenging ourselves to expand the Group's business domain

Enhancement of consulting in a wide range of areas

Corporate
The number of new borrowers increased by approx. 640
Approx. 2,500 consulting projects signed
The number of SDGs support services exceeded 200

Private
The balance of assets on deposit for the whole Group amounted to ¥582 billion
The total number of testamentary trust consultation services exceeded 1,000
Fintech services for the asset formation bracket (April 2023–)

- Challenging ourselves to establish an overwhelming business infrastructure → The number of business loan recipients exceeded 14,000
- Challenging ourselves to improve corporate value → Sustainability Strategy Promotion Section established
- Challenging ourselves for the overall success of officers and employees → New personnel system implemented from October
- Challenging ourselves to improve the ability to implement consulting (Improving the customer experience) → Toho Consulting Partners Co., Ltd. established in October

Deepening of traditional core business (fund management)

Business loans
Personal loans
Securities

The fiscal year ending March 31, 2024 (final year)

Basic policy for the fiscal year ending March 31, 2024

Action

Change and Action

Try talking to each other, try doing things together.

Enhancement of consulting in a wide range of areas

New actions not bound by existing frameworks

Corporate
- Comprehensive consulting development using the SDGs as a starting point
- Conversion to a human resources consultation bank
- Group-wide IT consulting
- Expanding PF/syndicated loan initiatives
- Expanding management and successor network
- Exploring new business areas

New actions to strengthen drivers of growth

- Human capital management and human resources development
- Sustainability management
- Transition to TSUBASA and stable operation
- Strengthening group collaboration
- Establishing a system to understand the actual status of customers

Deepening of traditional core business (fund management)

New actions to expand stable earnings

Business loans/personal loans/securities

Corporate
- Making proposals for capital investment for corporate growth and environmental considerations (financing & leasing)
- Strengthening promotion of corporate cards to win in the cashless era

Private
- Expanding new points of contact for purpose-free loans

The 18th medium-term management plan

Progress stage
April 2024–March 2027

State of progress of the 17th medium-term management plan

		Results for the fiscal year ended March 31, 2023	Target for the fiscal year ending March 31, 2024 (final year)
Consolidated	Net core business profit	¥10.0 billion	¥10.0 billion or more
	ROE	2.3%	2.8% or more
	Core OHR	76.3%	78.0% or less

Initiatives to Enhance Group Corporate Value

The Toho Bank Group will enhance the corporate value of the Group by further improving profitability through the three drivers of growth, investing in growth, investing in human capital, returning profits to shareholders, and accumulating equity capital. The Group will also focus on investments in digital strategies, further strengthen human capital, and foster a diverse organizational culture by securing and developing core human resources to lay a solid foundation for drivers of growth.

3rd driver of growth

We will work on examining the consulting fields for deepening and exploration toward commercialization based on stock and flow earnings.

2nd driver of growth

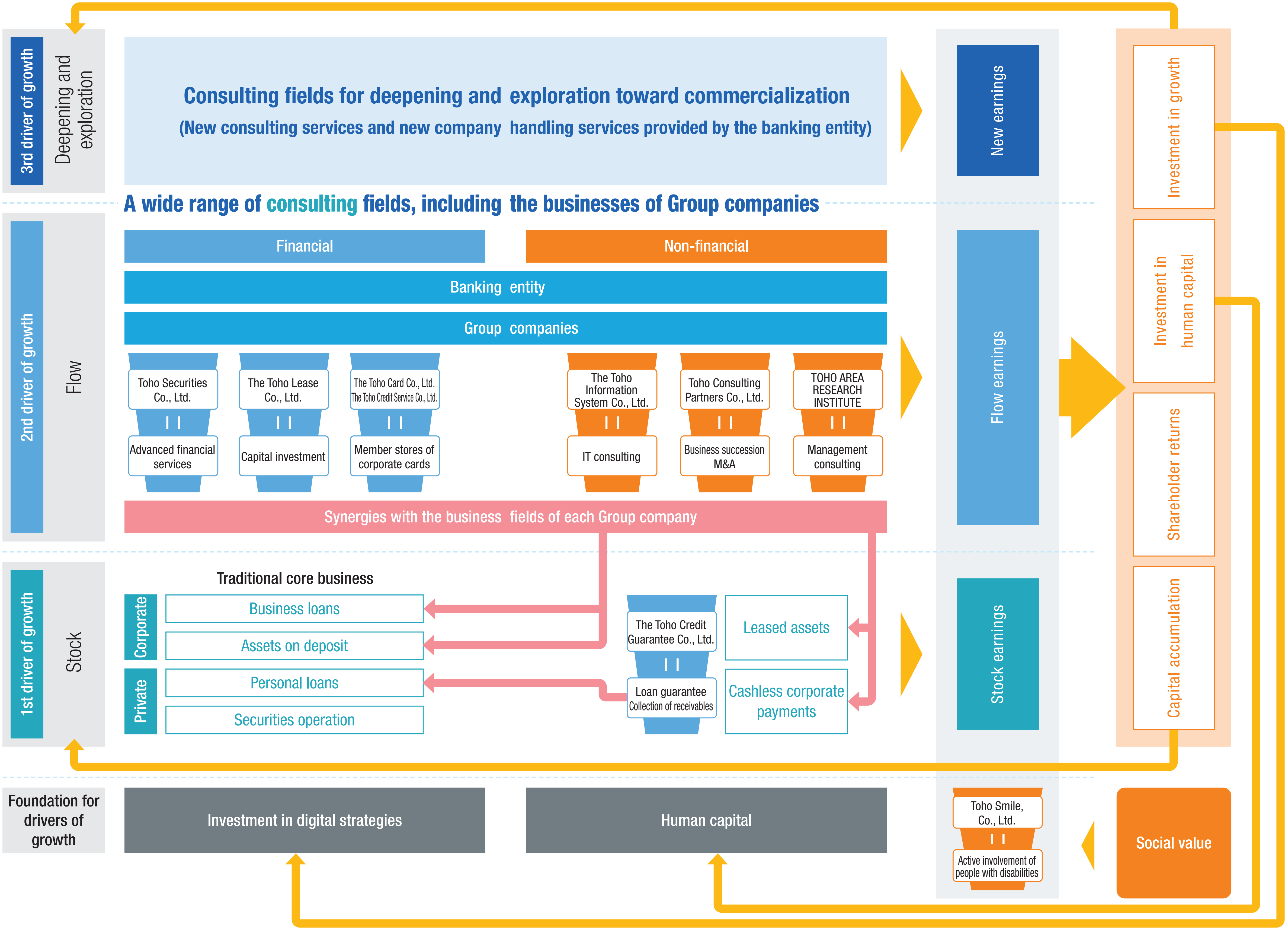
We will expand flow earnings by strengthening our efforts in a wide range of consulting fields, including the businesses of Group companies.

1st driver of growth

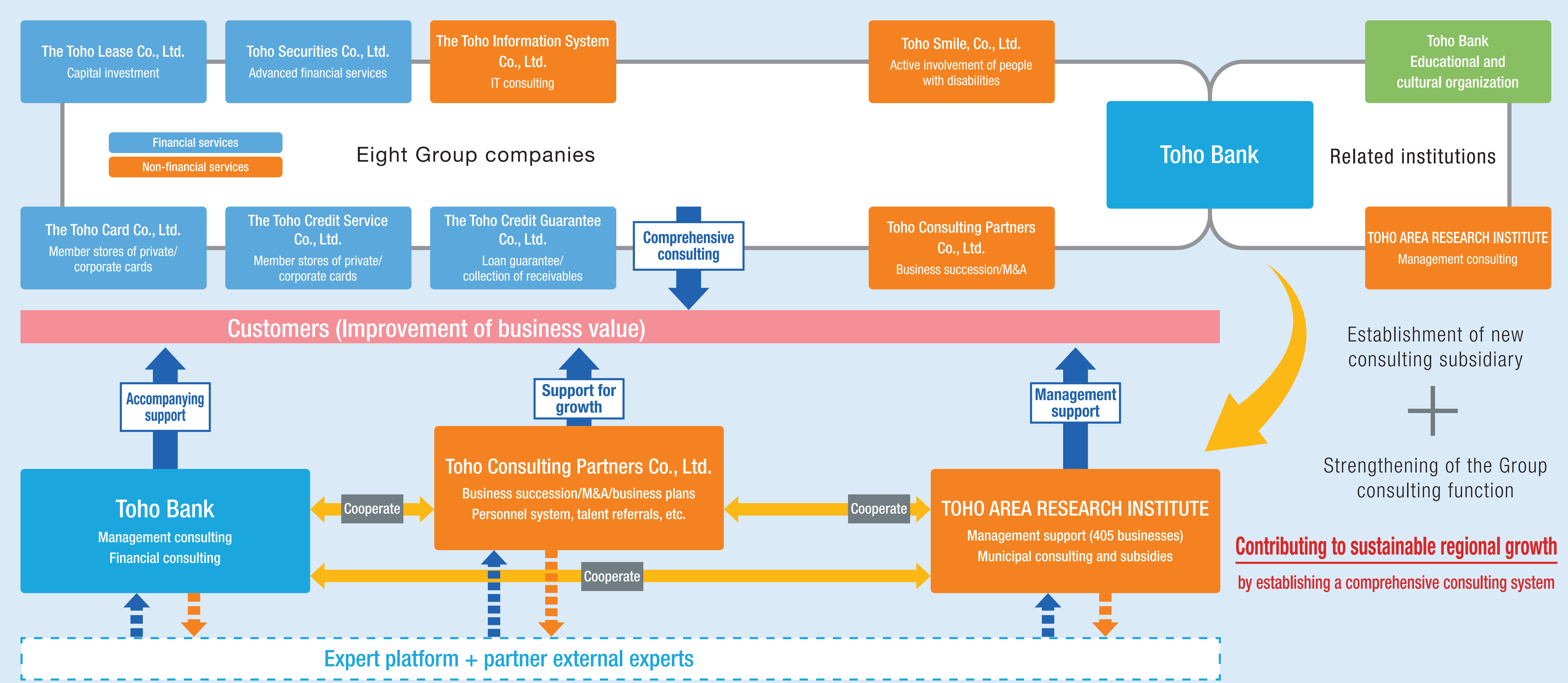
In addition to traditional core business areas, such as business loans, assets on deposit, personal loans, and security management, we will accumulate stock earnings from lease assets and cashless corporate payments.

Foundation for drivers of growth

Based on our banking strategies, we will make digital investments to enhance customer experience value and invest in human capital to improve the skills and motivation of employees to provide various consulting services.



Comprehensive Consulting System Leveraging the Group's Comprehensive Strengths



* Expert group of analysts, management consultants, local professionals, etc., belonging to TOHO AREA RESEARCH INSTITUTE

Toho Consulting Partners Co., Ltd.

In October 2022, the company launched its business in response to an increasing number of customers who are forced to suspend or close their businesses due to succession issues and other reasons in local communities where the declining birthrate and aging population are accelerating. The company's main businesses are business succession support and M&A support.

TOHO AREA RESEARCH INSTITUTE

The institute collects research and information on regional economic and industrial trends, corporate management, regional revitalization, etc., provides research results and information to various sectors, and contributes to regional reconstruction through lectures and other activities. The institute also started regional consulting services in May 2021, including municipal consulting and management support.

1st driver of growth

The Toho Lease Co., Ltd.

The Toho Bank Group has identified the accumulation of leased assets as the 1st driver of growth to help customers install equipment. In June 2023, we launched a donation-type lease program to promote SDGs initiatives through our leasing operations. Accordingly, we have been promoting capital investment in energy conservation, decarbonization equipment, electric vehicles, etc., as decarbonizing efforts accelerate in the future.

The Toho Card Co., Ltd. and The Toho Credit Service Co., Ltd.

The cashless market is expected to reach 120 trillion yen in 2025. We believe that this market will continue to grow in the future. In this environment, we have identified corporate cashless payments as the first driver of growth as the market is expected to expand rapidly. We are taking initiatives toward cashless payments and digitalization by helping customers streamline their payment and office management.

Feature Message from an Outside Director

Role in Boosting Fukushima's Economic Growth as a Sustainability Leader

Outside Director ***Masako Konishi***

Decarbonization Is an Industrial Revolution

I was appointed as an Outside Director of the Bank in June 2022. After starting my career at a TV station as an announcer, I decided to further develop my expertise by acquiring weather forecasting certification. This led to me keenly watching the weather, and I noticed that the number of abnormal weather events was increasing. This was around 1990s.

One day, I learned about emissions trading systems from a newspaper. As I was very interested in the deep connection between economic activity and the environment, in 2004, I went to the US to study environmental policy and refreshed my knowledge of emissions trading systems.

After returning to Japan, I joined WWF Japan and expanded my knowledge of environmental conservation and corporate management approaches through a wide range of activities, including participating in the setting of international rules, providing consulting to companies, and lecturing at universities. At that time, interest in environmental policy in Japan was still fairly low. However, the conclusion of the Paris Agreement in 2015 triggered a huge change in awareness.

It would not be an exaggeration to say that decarbonization is an industrial revolution. It is now recognized that failing to incorporate sustainability into actual management is a huge risk factor. However, practicing sustainability management comes with a certain amount of pain. Scrutiny from the markets is becoming more intense, and top management members are required to make decisions.

"The Bank Needs Front-Line Environmental Knowledge"

Within this environment, I was approached about becoming an Outside Director of the Bank in 2021.

As I have no corporate management experience, I hesitated about whether I had a role to play. However, the lawyer who was mediating the discussion told me, "Going forward, Toho Bank will need the knowledge of the global environmental front-lines that you possess."

Part of my work to date has been researching the overall approach to energy in Japan, including renewable energy. I think that the nuclear accident at the Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plant might trigger a change in Japan's energy situation, so I have been monitoring the situation in Fukushima closely.

Furthermore, Fukushima has paid a huge price for the nuclear accident. I think this is extremely unfair. I have found myself wondering why Fukushima has had to suffer so much. The lawyer also told me, "People from Fukushima have great perseverance. Please help us find ways to bring growth to Fukushima so we can show people in other prefectures and around the world our best face."

These words were what made me decide to join the Bank as an Outside Director. After hearing them, I resolved to utilize everything I have learned and work earnestly for the Bank, the Fukushima economy, and the recovery from the nuclear accident.

Sincerely Improving Corporate Governance

Over the past year, I have been studying both about Fukushima and about corporate governance approaches. As part of this, I participated in outside director training held by an external organization. While taking this training, I really felt that the Bank's governance is steadily advancing toward a high level.

Specific initiatives include becoming a company with an Audit and Supervisory Committee and establishing the Nomination and Remuneration Committee in 2018 and achieving a Board of Directors composition in which 50% of Directors are Outside Directors in 2022. It also made changes in accordance with revisions to the Tokyo Stock Exchange's Corporate Governance Code in 2021, such as strengthening diversity and sustainability initiatives.

Additionally, I realized that the culture within the Bank is good. It is making a full effort to be open, including allowing me to attend meetings of Branch Managers and Executive Officers, and providing people new to the industry like myself with proper explanations before every Board of Directors meeting.

An issue to be addressed going forward is to raise the capabilities of its Outside Directors, which is also one of the directives received from the Ministry of Economy, Trade and Industry. This has renewed my resolve to diligently find ways to utilize sustainability as a business tool.

Sustainability as a Business Tool

The Bank's purpose is to foster growth in Fukushima. Revitalizing Fukushima will be an essential, core part of decarbonization as an industrial revolution. I would like to see the Bank plant the seeds of growth through its consulting business as a bank that is trusted by the regional community.

You could say that promoting sustainability is one way of realizing this. When the Bank gets a company to commit to achieving the SDGs, it is also considering the next sources of that company's growth. One way to get companies thinking of new business financing is to propose investments in energy conservation and alternative energy sources, such as renewables.

Making sustainability-related proposals will also raise the sales skills of the Bank's staff. As I mentioned earlier, sustainability requires top management members to make decisions. Having Bank staff meet directly with company leaders and make proposals that require them to make a decision will also nurture the self-confidence of the Bank's people.

Since becoming an Outside Director, I have seen enthusiasm in this area, but I think the efforts of many companies in Japan are still lacking compared to Europe and the US. I recognize that the Bank is still standing at the starting line in regard to sustainability management.

I believe that implementing energy conservation and renewable energy initiatives will become increasingly important to regional development in the future. The Bank is helping to boost economic growth in Fukushima by promoting sustainability.

Sustainability will help to ensure that a livable environment is preserved for the next generation, in Japan and all over the world. I would like to emphasize to all our stakeholders that the end goal of promoting sustainability is to protect the environment for future generations.

Sustainability Initiatives

The Toho Bank Group's Approach to Sustainability

The Toho Bank Group conducts its corporate activities based on its corporate philosophy of "Focusing on the community, together with the community" as its social mission, "For customer satisfaction" as its management approach, and "With new sensibilities and flexible ideas" as its code of conduct.

Under these circumstances, we are working to promote sustainability in the areas of environment (E), social (S), and governance (G) to realize a sustainable local community. In addition to creating a virtuous cycle of social and economic values, we are striving to increase corporate value over the medium to long term to meet the expectations of a wide range of stakeholders, including local customers and shareholders.

Specifically, we believe it is essential to address climate change and other environmental issues, as well as human capital and diversity initiatives, which are prerequisites for addressing these issues.

The Toho Bank Group established the ESG Initiatives Policy in 2019, published the Toho SDGs Declaration in 2020, and endorsed the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. In 2023, we participated in the Green Transformation (GX) League.

Corporate Philosophy

Social Mission	Management Approach	Code of Conduct
Focusing on the community, together with the community	**For customer satisfaction**	**With new sensibilities and flexible ideas**
We will progress while focusing on the region, together with the region, making our best efforts to develop Fukushima and create abundant lives for customers with comprehensive financial services.	Based on an enterprising, progressive spirit and a sound approach, we will work hard for customer satisfaction by being a living organization that understands our customers.	We will take joy in loving our home of Fukushima, improving ourselves with new sensibilities and a flexible way of thinking, and answering to customers' trust.

ESG Initiatives Policy

To achieve the Sustainable Development Goals (SDGs), the Toho Bank Group is committed to addressing social issues such as environmental and human rights issues and building a governance structure to address these issues. Based on the Toho SDGs Declaration, we are tackling social and environmental issues in the region, utilizing the knowledge gathered through the TSUBASA Alliance.

(1) Environmental initiatives (Environment)

We actively work on environmental issues by practicing efficient use of resources and waste reduction, as well as providing financial services that contribute to environmental conservation.

(2) Provision of high-quality financial services (Social)

In addition to functioning as an infrastructure that supports economic activities, we utilize our creativity and ingenuity to meet the needs of our customers. We also contribute to developing the economy and society in Japan and overseas through high-quality financial services designed to protect our customers' interests, such as ensuring business continuity in preparation for terrorism, cyber-attacks, natural disasters, and other threats to the lives of citizens and corporate activities.

(3) Social participation and contribution to development (Social)

Recognizing that a bank can survive and develop only in society, we actively participate in society and contribute to its development as good corporate citizen that walks with society.

(4) Respect for human rights (Social)

We respect the human rights of all people.

(5) Work style reform and enhancement of employees' work environment (Social)

We realize work styles that respect the diversity, personality, and individuality of employees and ensure a comfortable work environment that takes health and safety into consideration.

(6) Communication with society (Governance)

We disclose management and other information actively, effectively, and fairly. Through constructive dialogue with a wide range of stakeholders surrounding the Bank, we will strive to enhance our corporate value and communicate broadly with society to ensure the understanding and trust of society.

Toho SDGs Declaration

The Toho Bank Group aims to create a virtuous cycle of economic value (impact on the Bank) and social value (impact on society) by promoting sustainability based on the Toho SDGs Declaration and to realize sustainable regional communities.

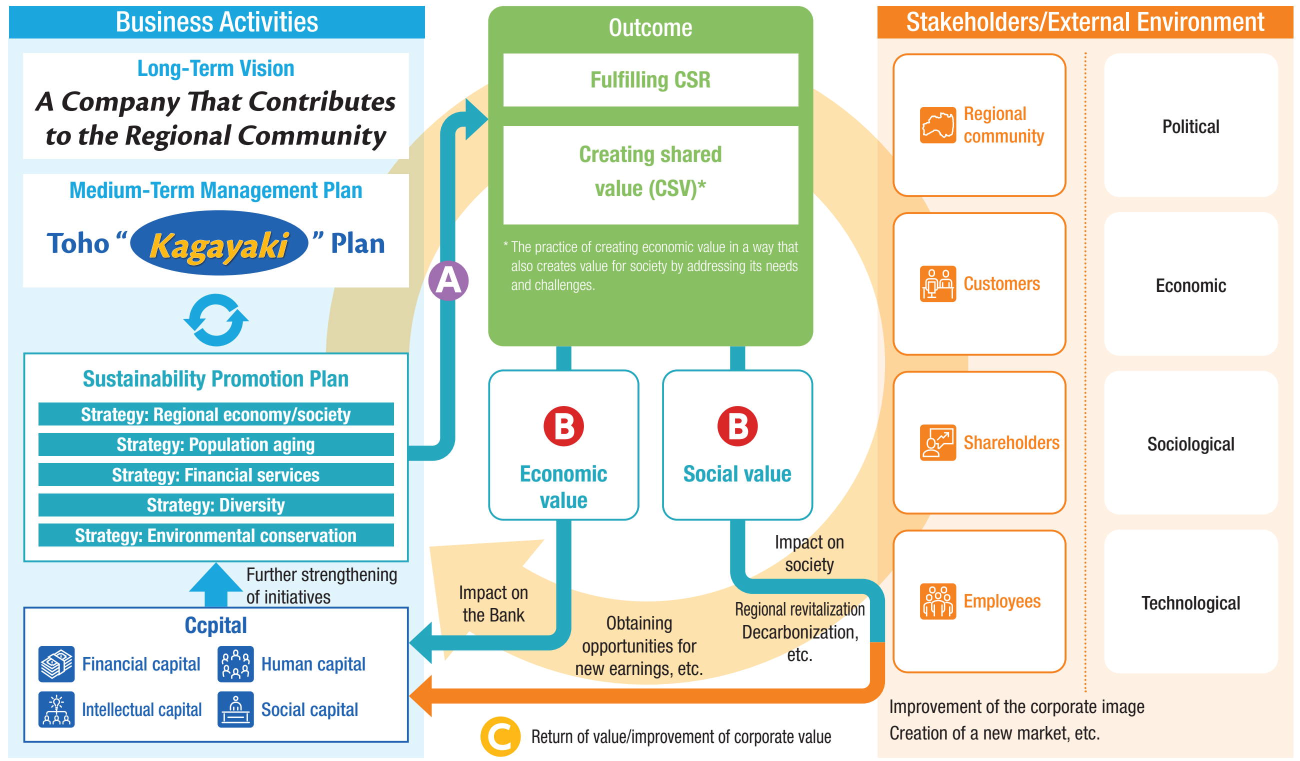
Based on the SDGs adopted by the United Nations, the Group declares that it will tackle the following social and environmental issues to realize sustainable growth in the region.

Toho SDGs Declaration

1 Regional economy/society	2 Population aging	3 Financial services	4 Diversity	5 Environmental Conservation
Contributing to revitalization of the regional economy and community	Supporting a safe and secure life for the elderly	Providing financial services so that people can live better lives	Promoting diversity and work style reforms	Contributing to the conservation of a sustainable environment

Positioning of the Sustainability Promotion Plan

Based on the five themes set in the Toho SDGs Declaration, we are promoting initiatives to contribute to solving social issues through our business activities. We also aim to realize a virtuous cycle of increasing corporate value C by creating shared value B through SDG initiatives A.



Carbon Neutrality Initiatives

The Bank aims to enhance the sustainability of our home of Fukushima by leading carbon-neutral initiatives in the prefecture through the promotion of sustainable finance and expansion into renewable energy power businesses. The Toho Bank Group will also accelerate its group-wide efforts to reduce CO_2 emissions and demonstrate a model for sustainability management as a top bank in the prefecture.

Carbon Neutrality of the Toho Bank Group

The Group's direct emissions + printing, consumables, and waste

Scope 1
Direct emissions from fuel combustion, etc.

- **New branches**
  - ZEB
  - Nearly ZEB
  - ZEB ready
- **Existing branches**
  - Introducing energy conservation equipment

- **Energy conservation**
- **Electricity saving**
- **Cool Biz**
- **Warm Biz**

- **Introducing hydrogen fuel cell vehicles**
- **Using EVs for sales vehicles**
  (➡Leasing of inactive hours)

Scope 2
Indirect emissions from use of electricity, heat, etc.

- **Considering the introduction of 100% renewable electricity**

Scope 3
Category 1 to Category 14

- **Category 6** (Business travel)
- **Category 7** (Employee commuting)
- ➡Starting GHG emissions calculation

- **Considering the introduction of a carbon neutral promotion system**
  (CO_2 reduction points per department/branch)

- **Digitalizing and going paperless**
- **Reducing waste through 3Rs action**

Customers

Scope 3
Category 15: Investments
(Emissions related to the management of investments)

- **Starting calculation of GHG emissions related to investments and loans**
  - (1) Business loans and policy investment
  - (2) Project finance
  - (3) Housing loans
  - (4) Automobile loans
  - (5) Listed stocks and corporate bonds

- **Engagement of business lenders to reduce GHG emissions**

- **Business feasibility assessment**
  Assessing customers' business opportunities and risks (transition risk/ physical risk) from a sustainability perspective

- **Supporting customers' decarbonization by leveraging the Group's integrated strengths**
  - Sustainable finance in the environmental field: ¥1 trillion
  - Visualization of CO_2 emissions
  - Support for procurement of renewable electricity
  - DX support
  - Energy conservation and EV leasing

Promotion of carbon neutrality in the region

- **Improving literacy and triggering decarbonization domino effects**
  - Sustainability classes
  - Joint training with local governments

- **Strengthening municipal collaboration for joint applications in decarbonized leading areas**

- **Decarbonization of communities and societies**
  - Sales of renewable energy to individuals
  - Promotion of decarbonized investments
  - EV leasing

Enhancing the sustainability of our home in Fukushima

Advancement of TCFD disclosures

Environmental Conservation

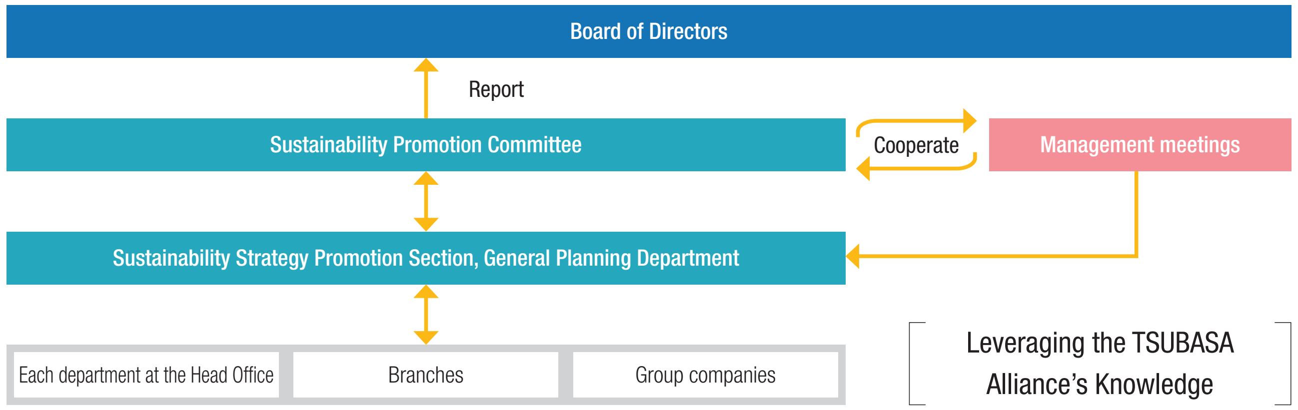
Initiatives for Climate Change and the TCFD Recommendations

The Toho Bank Group has declared its support for the TCFD recommendations* in 2020. We will continue to actively disclose information on our initiatives for climate change according to the TCFD recommendations.

* The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board. Encourages companies to disclose information on climate change risks and opportunities.

Governance

Sustainability Governance System Chart



Meetings

Sustainability Promotion Committee	**Chaired by President** ● Discussion of the Sustainability Promotion Plan ● Confirmation of the progress of the Sustainability Promotion Plan ● Discussion and reporting of important sustainability-related matters
Board of Directors	● Reporting on the results of the discussion at the Sustainability Promotion Committee meetings

Organizations

Sustainability Strategy Promotion Section	**Established at General Planning Department** ● Newly established in 2023 as a department to oversee the sustainability initiatives of the entire Toho Bank Group. ● Further promote initiatives across the Head Office, as well as review and upgrade the content of initiatives.

Strategy

The Toho Bank Group established the Toho SDGs Declaration to further promote initiatives that contribute to the resolution of social and environmental issues and contribute to the sustainable growth of regional community. The declaration positions environmental conservation, including climate change, as a key management issue, and we will advance initiatives from the perspective of both opportunity and risk.

Opportunities

We support the transition to a low-carbon society from financial aspects through project financing arrangements and loans related to renewable energy projects.

Risks

We recognize the physical and transition risks associated with climate change.

Physical risks

Physical risks include the impact on the business activities of our business partners brought about by climate change, increased credit risks due to changes in business conditions, and operational risks due to damage to branches.

Transition risks

Transition risks include increased credit risks for companies we invest or provide loans to as the transition to a low-carbon society, such as tighter climate-related regulations, impacts them.

Carbon-related assets

The percentage of carbon-related assets* as a part of the Bank's credit balance is 15.6%.

* From the fiscal year ended March 31, 2023, carbon-related assets are expanded from the Energy Sector only to four sectors, including Transportation, Materials and Structures, and Agriculture, Food, and Forest Products. The Bank selects and aggregates target industries based on the Bank of Japan's industry classification.

Scenario analysis

We perform scenario analysis to understand the impact of climate change risks on our credit portfolio.

Physical risks

Scenario	IPCC's RCP8.5 scenario (4°C scenario)
Analysis methodology and overview	Assuming damage from floods (river flooding), which account for the majority of natural disasters stemming from climate change and have a high probability of occurring in Japan, we analyze the impact on credit costs associated with the loss of value of collateral real estate and the suspension of customers' business activities due to flooding by utilizing hazard maps.
Analysis period	To 2050
Credit costs	Credit costs increased by about ¥2.0 billion.

Transition risks

Scenario	IEA sustainable development scenario (below 2°C scenario)
Analysis methodology and overview	Targeting companies in the power sector with high CO_2 emissions, we analyzed the additional amount of credit costs due to the increase in additional capital investment costs for renewable energy.
Analysis period	To 2040
Credit costs	There is limited impact on credit costs.

Since the results of this analysis are estimates based on certain assumptions, we will continue working to enhance our scenario analysis.

Environmental Conservation

Risk Management

With an awareness of the physical and transition risks posed by climate change, the Toho Bank Group is responding to them with the framework of an integrated risk management system, including credit risk management and operational risk management. In addition, from the viewpoint of climate change countermeasures and sustainable growth, we have established the following credit policy for sectors that have social and environmental impacts.

The credit policy will be further discussed in the future.

Sector	Policy
Coal-fired power plants	● In consideration of the impact of carbon dioxide emissions on climate change, we do not invest in or finance the new construction of coal-fired power plants as a general rule. ● However, except in cases where investments and loans are considered based on Japan's energy policy and other factors, we will carefully consider our response after comprehensively taking into account power generation efficiency performance, environmental impact, and other factors.
Cluster munition manufacturing projects	● Based on the inhumane nature of cluster munitions, we do not invest in or finance businesses that manufacture cluster munition weapons.
Palm oil farm development and deforestation projects	● Regarding palm oil farm development and deforestation projects, we do not invest in or finance businesses that are likely to be involved in illegal logging from the perspective of preserving forest resources and protecting human rights. ● When considering investments and loans for such projects, we make decisions by fully paying attention to the acquisition status of international certifications such as RSPO*1 and FSC*2, environmental considerations, and troubles with local communities. *1 Roundtable on Sustainable Palm Oil: an international non-profit organization operated by participants from seven sectors related to palm oil (production, oil extraction and trade, product manufacturing, retail, investment and financing companies, environmental non-governmental organizations (NGOs), and social and development NGOs. *2 Forest Stewardship Council: an international non-profit organization established to promote responsible forest management worldwide

Metrics and targets

The Toho Bank Group uses the following indicators for its climate change policy.

Carbon dioxide (CO_2) emissions

Reduction Target	CO_2 emissions in the fiscal year ending March 31, 2031 Reduction by 50% compared to the fiscal year ended March 31, 2014
Reduction Result	CO_2 emissions in the fiscal year ended March 31, 2023 Reduced by 34.8% compared to the fiscal year ended March 31, 2014

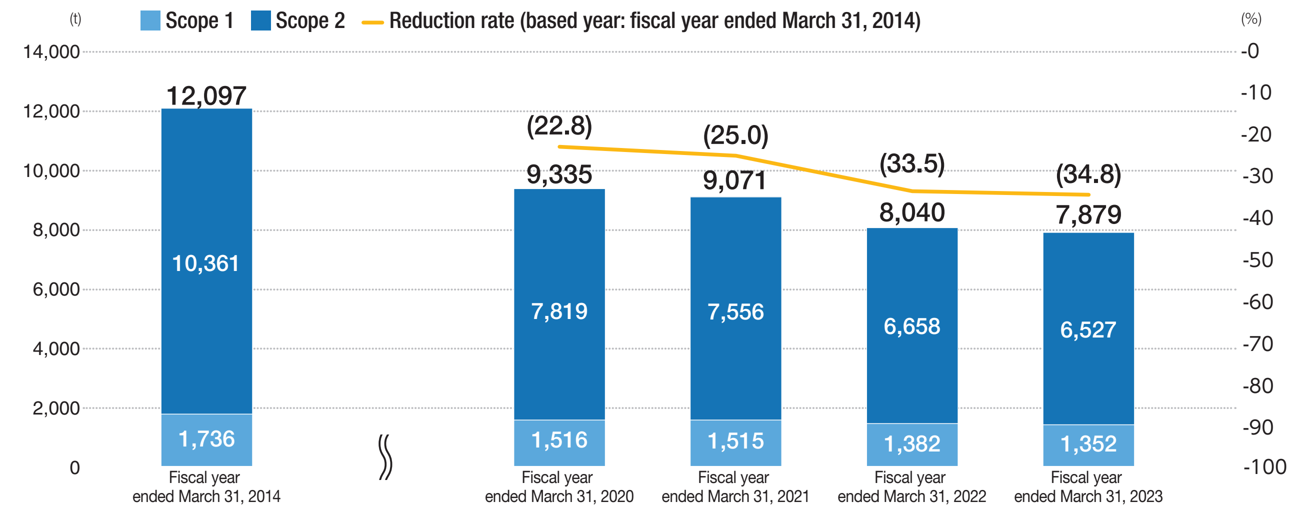
- We will continue our efforts to reduce CO_2 emissions.
- We are also reviewing our CO_2 emission reduction targets through renewable energy electricity and expanding Scope 3 measurement and disclosure.

(Unit: ton)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Scope 1 (direct emissions)	1,736	1,516	1,515	1,382	1,352
Scope 2 (indirect emissions)	10,361	7,819	7,556	6,658	6,527
Total	12,097	9,335	9,071	8,040	7,879

		Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Scope 3	Category 6 (Business travel)	380	369	364
	Category 7 (Employee commuting)	341	326	324

Changes in CO_2 emissions results



Sustainable finance in the environmental field

Target investments and loans	Implementation/structuring of Investments and loans to businesses that invest in addressing climate change, such as renewable energy businesses and environmental conservation-related businesses
Period	Fiscal year ended March 31, 2022 to fiscal year ending March 31, 2031 (10 years)
Target	¥1.0 trillion
Result	¥251.2 billion (cumulative total through the fiscal year ended March 31, 2023)

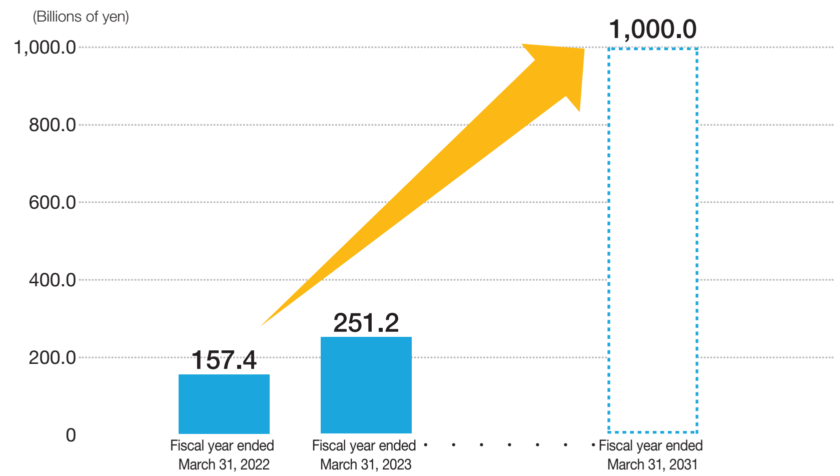
(Billions of yen)

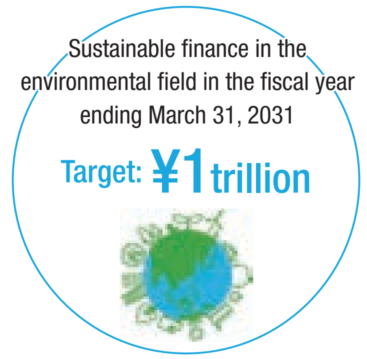
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cumulative amount of sustainable finance implemented/structured in the environmental field	157.4	251.2
Of which, renewable energy related	134.1	172.8

Note: In addition to the environment field above, we also invest in social bonds.
(cumulative total of ¥5.7 billion for the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023)

- To promote the transition to a decarbonized society and a new industrial and social structure to realize a sustainable society, we have set a target of implementing and structuring ¥1 trillion in sustainable finance over 10 years from the fiscal year ended March 31, 2022 through fiscal year ending March 31, 2031. Such finance includes investments and loans for the Bank of Japan's climate change response operations and our investments and loans related to the environmental sector.
- We will continue to expand the content of the indicators and targets related to climate change.

Cumulative results of sustainable finance in the environmental field





Corporate Consulting Strategy

1. Corporate Consulting Initiatives

We offer new added value as a consulting service to respond to various management issues faced by customers.

We implement comprehensive proposals according to customer needs by developing and deploying human resources with specialized skills in each area.

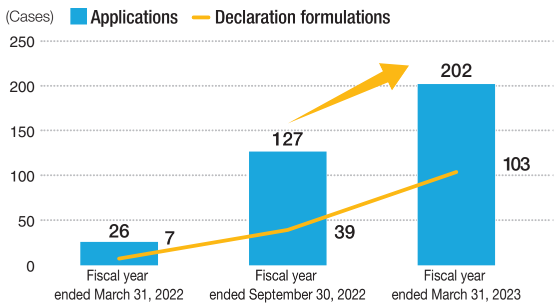
Initiatives to Support Customers' SDGs Management

Toho SDGs Support Service

With efforts toward the SDGs gaining momentum in Japan and abroad, we launched the Toho SDGs Support Service in December 2021 to promote customers' SDGs initiatives.

The service supports the visualization of the status of SDGs initiatives and the creation of SDGs declarations (for external PR), and it also supports the solving of specific management issues.

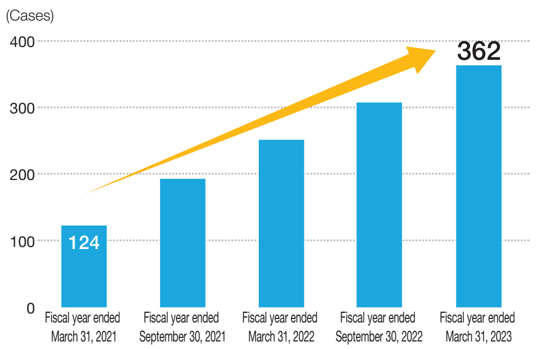
Toho SDGs Support Service Applications and Declaration Formulations

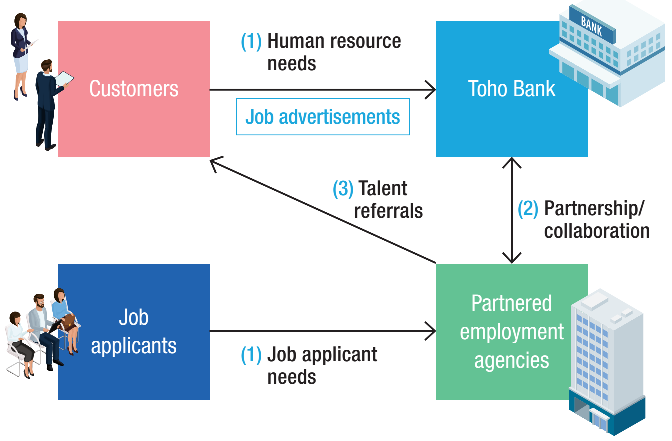


Recruitment Initiatives

As personnel shortages grow ever more severe, we are facilitating recruitment, including in the high-need areas of management and administrative posts, to support the solving of customers' management issues regarding human resources.

Cumulative cases of support for the securing of human resources: 362 (end of March 2023)

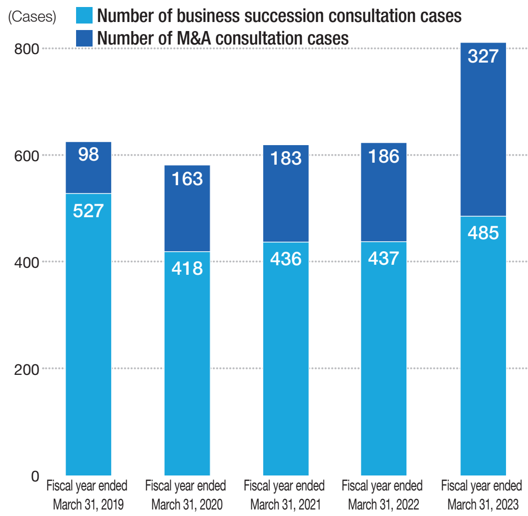




Business Succession/M&A Support Initiatives

- We provide problem-solving support for customers having trouble with business succession and other issues.
- In October 2022, we established Toho Consulting Partners Co., Ltd. to facilitate solutions for customers' issues.
- We will contribute to the regional community as a reliable partner to our customers.

Number of business succession/M&A consultation cases



Start-up Support/Next-Generation Manager Training

Start-up/new business development support

We hold Toho "Support Entrepreneurs" Consultation Events, as well as Toho Start-up Support Seminars in partnership with local governments, in order to support people aiming to start a business and people facing issues after starting a business.

	Cumulative total participants
Toho "Support Entrepreneurs" Consultation Event	169
Toho Start-up Support Seminar	101

(End of March 2023)

Development of next-generation managers

We run the Toho Next-Generation Management Club to build networks and improve the management talents of young managers and successors responsible for the next generation.

In the fiscal year ended March 31, 2023, we held the 11th Toho Next-Generation Manager Seminar online, with 216 participants, under the themes of "corporate management based on world affairs" and "SDG-conscious corporate management."

Toho Next-Generation Management Club	Members 1,446 (End of March 2023)

Business Matching

Business matching by expert referral

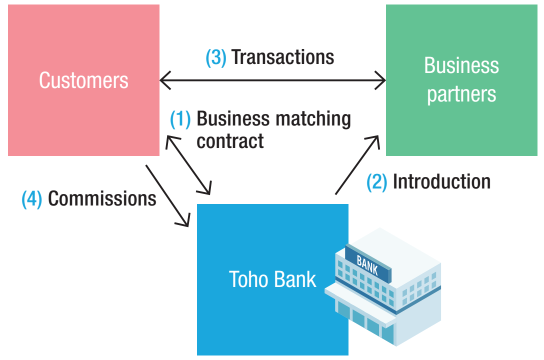
The Bank provides support to solve customers' management issues by coordinating with outside experts in a wide range of fields.

Examples of expert services

☐ Management plan formulation/business management	☐ Security/BCP	☐ Payment services/cashless	☐ Overseas development
☐ Fundraising/leases	☐ Opening/expanding markets	☐ Use of subsidies/grants	☐ Disposal/use of unused real estate
☐ Market research/marketing	☐ Supplier/subcontractor development	☐ Managing/guaranteeing receivables	☐ Surveys/appraisals of owned real estate
☐ Production reform/logistics rationalization	☐ Safeguarding/use of intellectual property	☐ Acquiring/relocating business sites	☐ SDGs support service
☐ Productivity improvement/work efficiency improvement	☐ Energy conservation/reduction of electricity charge	☐ New construction/remodeling of offices/factories	

Business matching service for sales channel development

We leverage our customer network to provide business matching service for sales channel development, which involves introducing customers to business partners.



Cumulative results since handling began	Introductions 219 Contracts concluded 53 (From the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2023)

Business meetings/PR events

We hold business meetings and PR events to provide opportunities for customer business matching and market expansion.

E-commerce business to support recovery (co-sponsorship/collaboration)

We co-sponsor and collaborate on e-commerce business to support recovery for all food-related businesses in the prefecture. We began handling the Fukushima Market-Utsukushima (Beautiful Fukushima) Good-Quality Product Store as the third stage of support in April 2012.

Utsukushima (Beautiful Fukushima) Good-Quality Product Store by Fukushima Market

Cumulative sales results since handling began	350,000 items/¥1.4 billion (From the fiscal year ended March 31, 2012 to the fiscal year ended March 31, 2023)

Corporate Consulting Strategy

Offering a Variety of Fundraising Measures

Project finance and syndicated loans

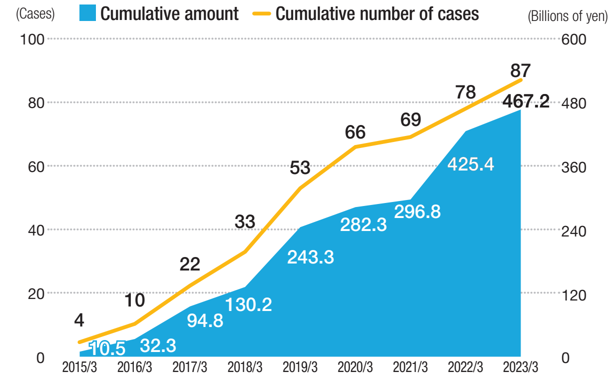
We assist smooth fundraising for large projects through project financing and syndicated loans with the aim of accelerating efforts to create and agglomerate growth industries, particularly the renewable energy industry that is bolstering the recovery of Fukushima Prefecture.

Privately placed bonds initiatives

We handle privately placed bonds that provide customers with financing at fixed interest rates and improve their image as companies in good standing.

For donation-type privately placed bonds, such as the Toho Privately Placed Bonds to Support Full Participation in the Region, a portion of the underwriting commission for customer-issued privately placed bonds is donated to various entities such as schools and medical institutions.

Syndicated loans set up by the Bank (cumulative total)



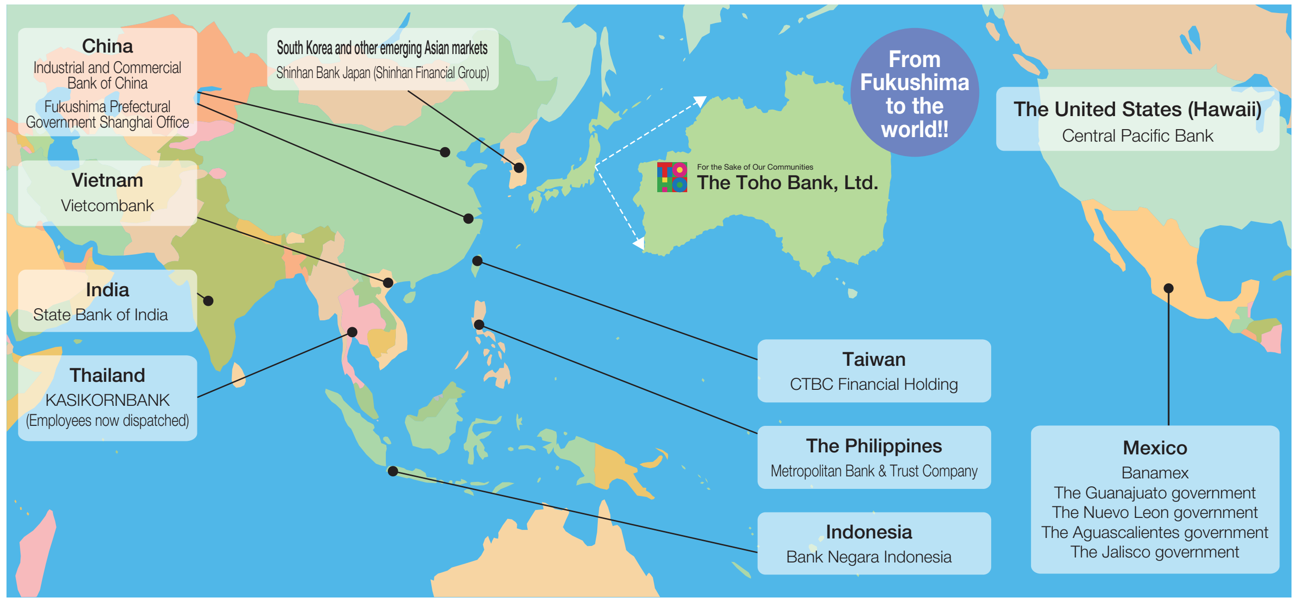
Total number of donation-type privately placed bonds underwritten 305

Cumulative amount donated to regional schools, etc. Approx. ¥76 million

(From May 2016 to the end of March 2023)

Support for Expansion into Foreign Markets

In line with the progress of globalization, the Bank forms business partnerships with foreign banks and other entities on location and dispatches employees to actively support business partners' business development overseas.



Communicating the latest information from the frontlines by issuing "TOHO ASEAN REPORT"

Since December 2021, we have issued "TOHO ASEAN REPORT," compiled by our staff posted overseas, in order to provide customers with the latest information from the business frontlines.

Our staff posted to Vietnam issue the report, containing the latest local information and topics, through the Bank's website once every three months.

Business meetings in Bangkok and Vietnam (onsite: August 2022; online: September 2022)

We held manufacturing business meetings in cooperation with Fukushima Prefecture with the aim of advancing the foreign market expansion of companies in the prefecture. The Bank will endeavor to respond to the needs of customers developing business abroad as well as contribute to globalization of the Fukushima Prefecture economy.

TOHO AREA RESEARCH INSTITUTE Initiatives

Consulting in a wide range of areas

The TOHO AREA RESEARCH INSTITUTE is the Toho Bank Group's thinktank. In addition to carrying out investigations, analysis, and research focused on Fukushima Prefecture's economy and industry, it provides consulting "as a partner" that addresses the various issues facing companies and local governments in a wide range of areas.

TOHO AREA RESEARCH INSTITUTE

Contributing to enhancing Fukushima's value by getting closer to customers and the region

Regular investigative research
- Regular investigative research into Fukushima's industry and economy, as well as every aspect of the regional community.
- Business trend surveys, economy watcher surveys, bonus payment estimates, business type or industry surveys, surveys related to current events

Independent investigative research
- Investigative research through analysis of the present state, data analysis, interviews, and surveys, based on independently set themes such as economic and industrial trends in Fukushima, and regional revitalization.

Publication of the monthly magazine "Fukushima-no-Shinro"
- "Fukushima-no-Shinro" (Fukushima's Pathway) is a magazine published by the Bank containing articles on surveys and research into industrial and economic trends, as well as content including economic outlook from experts, guest articles by notable figures from both inside and outside the prefecture, and columns and series on lifestyle and cultural topics.

Book publication
- Publication of books compiling the results of investigative research into Fukushima Prefecture's economy and industry

Public consulting
- Undertaking of requests from various national and regional public agencies and other organizations for surveys and analysis on various themes such as revitalizing the regional economy and market research.
- Formulation, executive support, and evaluation of various policy plans

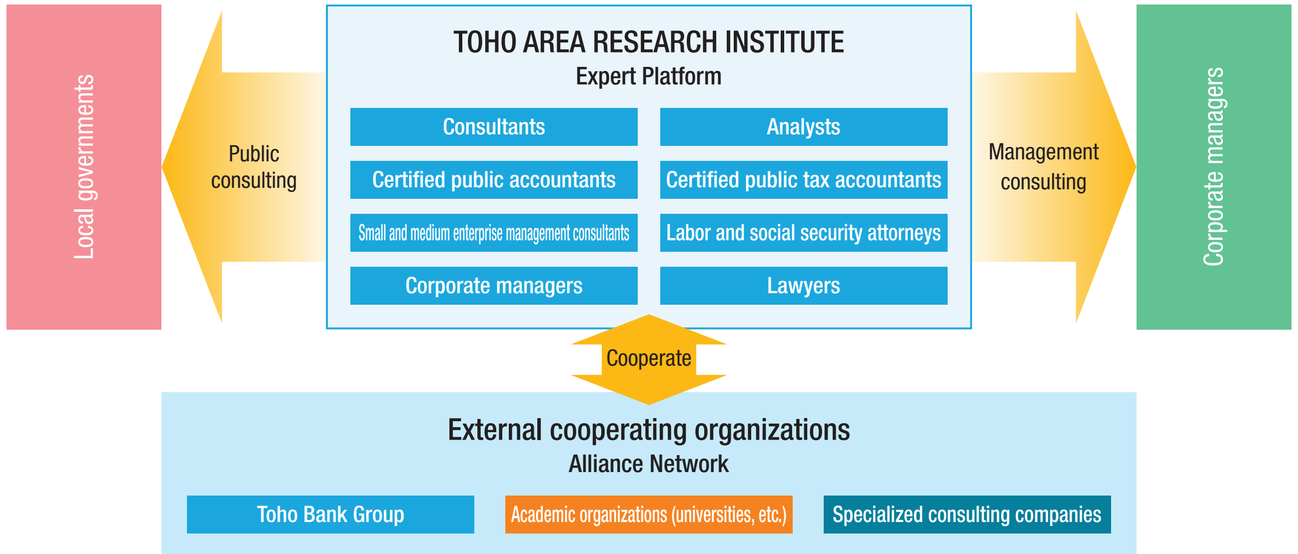
Management consulting
- Support for enhancing the value of companies by sharing and leading the way to solutions for management issues through management consulting "as a partner" that always considers the management perspective

Holding of lectures
- Holding of biannual "regular lectures" with speakers including notable experts and influential individuals from various industries and other people related to corporate management

Dispatch of lecturers for various seminars
- Dispatch of officers and employees of TOHO AREA RESEARCH INSTITUTE to speak at various seminars and workshops held by companies and other organizations

Expert Platform

In order to provide customers with high-level, expert consulting, we are building an expert platform within TOHO AREA RESEARCH INSTITUTE by gathering experts from various fields. These experts work with the institute's staff to deliver management support to customers.

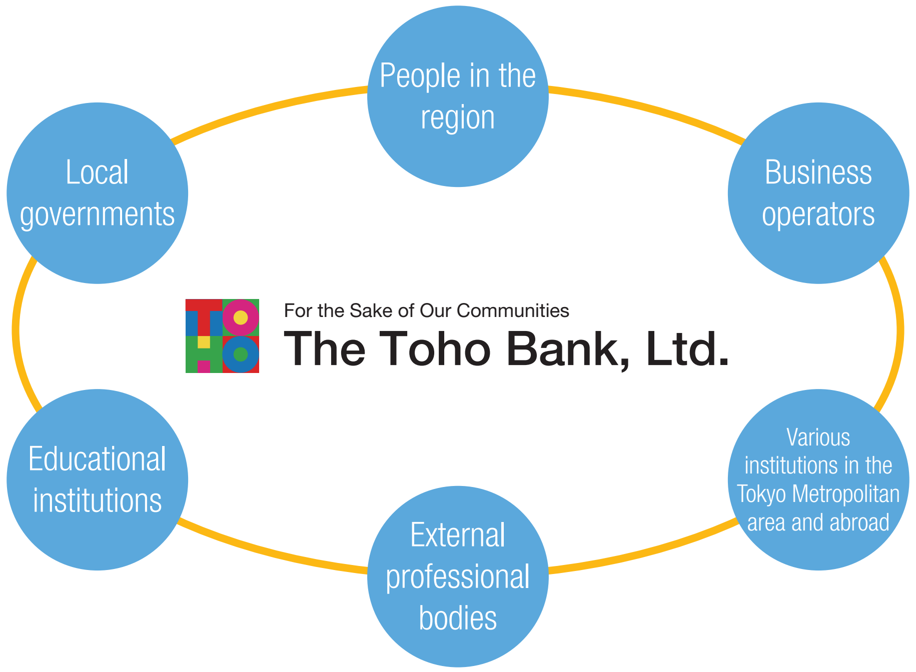


Corporate Consulting Strategy

2. Regional Revitalization Initiatives

We propose and provide optimal support options along with outside institutions regarding the region's various issues.

Support system and options of the Integrated Strategy for Revitalizing Region, People, and Work



Mutual cooperation/information gathering/provision

Region | People | Work

Initiatives to solve regional issues

Initiatives				
Strengthening regional industry's competitive edge	Establishment of new business facilities/ industry accumulation	Support for sixth-sector industrialization in agriculture	Renewable energy	Medical and welfare devices
	Development of proposal-based business for management issues according to a company's life stage			
	Start-up support		Business matching	
	Foreign expansion support		Business revitalization/management improvement	
Bringing human resources to the region/ human resources development/employment measures	Tourism/regional revitalization/presenting fine items from Fukushima		Promotion of moving and settling	
Forming economies and spheres of life in regional towns and cities	Proposals for use of vacant houses/closed schools		Childrearing support/health promotion	
Strengthening management of existing stock in light of depopulation	Information dissemination in collaboration with the Fukushima PPP and PFI Study Group			

Cooperation with Local Governments

The Bank concludes comprehensive partnership agreements with local governments to effectively use mutual resources, cooperates in a wide range of areas such as industrial promotion and childrearing support, and implements initiatives with an understanding of regional characteristics and needs.

(In order of conclusion: a cumulative total of 29 local governments)
Fukushima Prefecture, Yabuki Town, Koriyama City, Date City, Fukushima City, Shirakawa City, Nihonmatsu City, Sukagawa City, Motomiya City, Iwaki City, Aizuwakamatsu City, Tamura City, Kitakata City, Nishigo Village, Soma City, Tanagura Town, Kori Town, Kunimi Town, Shinchi Town, Miharu Town, Ono Town, Naraha Town, Minamisoma City, Hirono Town, Kawamata Town, Tomioka Town, Namie Town, Shimogo Town, Iitate Village

(Reference) **Number of local governments for which we are the designated financial institution:**
32 of the 60 local governments in the prefecture (including rotation systems)

Regional Revitalization Initiatives

● **Held the "Work Experience Tour" in cooperation with Fukushima Prefecture and Tokio Marine & Nichido Fire Insurance Co., Ltd.** (September 2022)

Amid increasingly severe population outflow to urban areas, we held the "Work Experience Tour" to boost job hunting in which people return to their hometowns in the region, come to the region from elsewhere, or return to regional towns near their hometowns.

The event was held jointly by the Bank, Fukushima Prefecture, and Tokio Marine & Nichido Fire Insurance Co., Ltd.

● **Support for regional human resources development** (July 2022)

In cooperation with the Fukushima Innovation Coast Promotion Organization, we conducted a guest lecture on the theme of "SDGs" at Soma Municipal Koyo Junior High School with the aim of contributing to the regional revitalization and development of human resources in the coastal area.

● **Toho Marché customer support drive**
(Began operation in October 2020)

We hold Toho Marché to enable Bank officers and employees to support customers affected by the novel coronavirus pandemic by buying their products. In September 2022, we held the JA-Fukushima Mirai Fair in collaboration with JA-Fukushima Mirai.

Initiative results	266 businesses/¥16 million

● **Tourism promotion initiatives**

Financial Network of TOHOKU Tourism

We held the 4th FINE + Tohoku Instagram Photo Contest as a Financial Network of TOHOKU Tourism (nickname: FINE + Tohoku) initiative.

FINE+ Tohoku brings together the expertise and networks of six regional banks in the Tohoku region and the Development Bank of Japan in order to provide various forms of support for promoting Tohoku tourism.

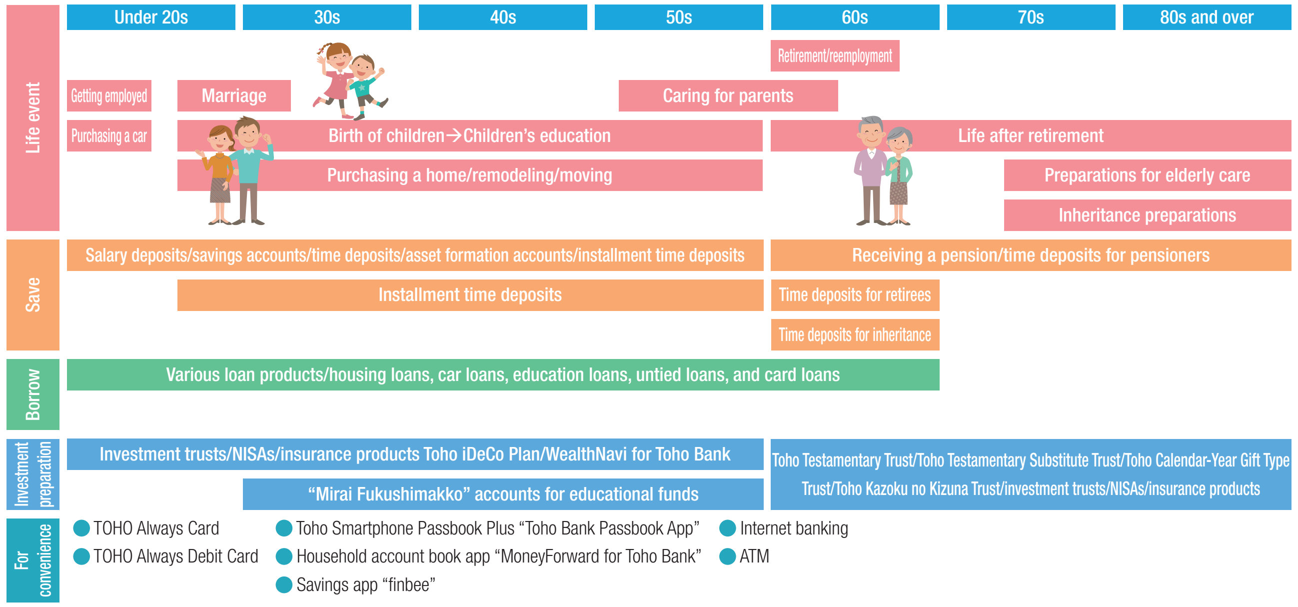
● **Regional revitalization projects using crowdfunding**
(November 2021 to November 2022)

80th anniversary commemorative project

As part of the project to mark the 80th anniversary of the Bank's founding, we used crowdfunding to partially subsidize usage fees and to provide PR support toward project achievement for people striving to advance initiatives that contribute to regional revitalization in Fukushima Prefecture.

Private Consulting Strategy

The Bank offers a variety of products and services to respond to customers' life events and diverse needs.



1. Consulting Operations That Get Closer to Customers

Guidance in accordance with life events

In order to help customers build full lives as stipulated by the Toho "*Kagayaki*" Plan, our medium-term management plan, we provide each customer with individual guidance on the best services to fit with various life events, such as marriage, childbirth, and buying a house.

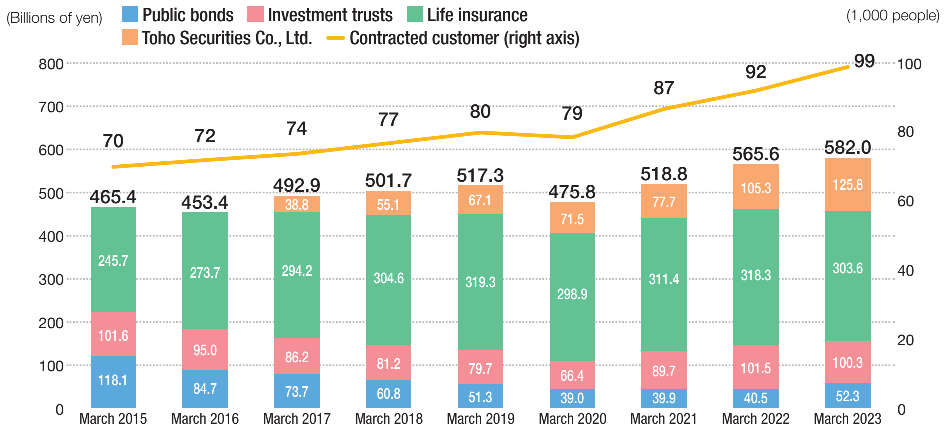
Guidance on products for medium- to long-term asset formation

We help customers with asset formation and management through consulting operations that get closer to their needs, providing asset management guidance that incorporates a lifelong perspective. As a result, the number of customers who have concluded contracts with us to manage their deposited assets has increased by 7,000 year on year.

Enhancing cooperation between the Bank and the securities company

We opened Toho Securities Co., Ltd. in April 2016 to respond to diverse asset management needs and built a system to provide highly specialized products and services. As a result of collaboration between the Bank and Toho Securities, the balance of assets on deposit for the whole Group has exceeded ¥580 billion.

Balance of the Group's assets on deposit



2. Asset Formation Initiatives

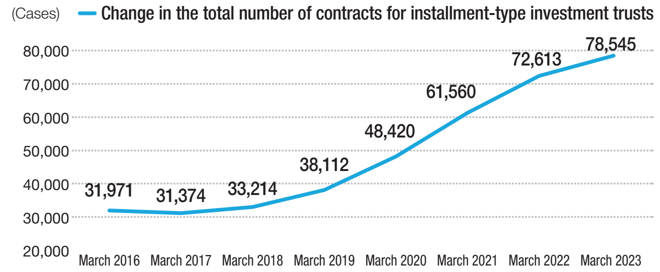
Guidance on installment-type financial instruments

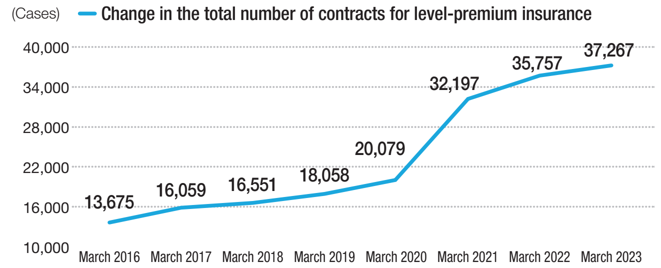
To facilitate stable asset formation, we actively propose installment-type financial instruments (installment-type investment trusts/level-premium insurance) that allow investments starting with a small amount from the point of view of "long-term, decentralized, and in installments."

As a result of proposing products that are attuned to customer needs, such as partnering with HOKEN NO MADOGUCHI GROUP in July 2020 to open Toho Insurance Plaza, the number of contracts for installment-type financial instruments has steadily increased.

Going forward, we will work on medium- to long-term asset formation support for our customers and deliver useful information in a timely manner.

Installment-type financial instruments





NISA initiatives

We are strengthening guidance related to the NISA system so that as a regional financial institution, we can provide asset formation support to customers, particularly for the generations currently of a working age in our home region of Fukushima.

We will issue a wide range of information about the new NISA system, which will be substantially revised in January 2024.

Strengthening non-contact transactions using digital technology

Use of tablets

We are leveraging our strength in face-to-face sales to provide guidance for customers in real time through tablets. In this way, we can explain information such as market information and fund details in a visual and easy to understand format.

Online investment trusts

Our online investment trust service can be used for actions such as investing in or withdrawing from investment trusts, signing up for an installment-type investment trust, and checking current balances.

WealthNavi for Toho Bank

We are collaborating with WealthNavi Inc., which operates WealthNavi, Japan's leading asset management robo-advisor service, to provide our customers with a fully automated discretionary investment-based asset management service.

Private Consulting Strategy

3. Life Plan Support Initiatives

Policy for personal loan initiatives

As consumer activity gradually recovers to the level before the impact of the novel coronavirus pandemic, demand for personal loans is expected to continue growing.

Our policy is to actively meet our customer needs through both face-to-face and non-face-to-face activities, including revising our products and services to make them more competitive and implementing a variety of campaigns timed in accordance with demand.

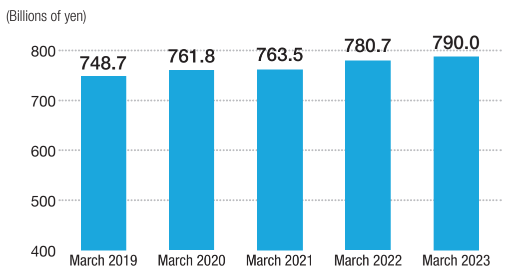
Housing loans

A home is the biggest purchase most people make in their lives, so we will help customers to acquire their dream home by reliably providing each customer with a housing loan that is the best fit for their individual needs.

We will provide one-stop consulting that enables customers to revise life insurance policies, complete procedures for fire insurance, and access other services alongside their consultation on housing loans. In this way, we will work to expand overall transactions with customers while growing our housing loans business.

The balance of housing loans is currently strong, increasing by ¥9.3 billion year on year to ¥790.0 billion.

Change in the balance of housing loans



Diversifying housing loans

- In addition to housing funds, the Toho Super Housing Loan-Plus 7 of up to a maximum of ¥7 million in funds for various expenses/objectives
- The Housing Loan with a Special Agreement for Cancer Security to prepare for the worst
- The Housing Loan Advance Application Service that allows applications without visiting a branch

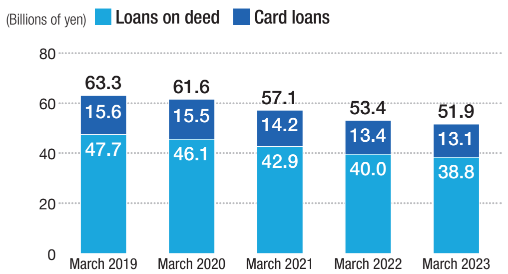
Unsecured loans

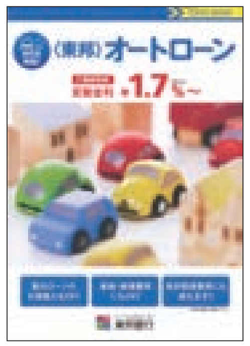
In the fiscal year ended March 31, 2023, we enhanced the convenience of our highly popular all-online loans (a comprehensive service that enables customers to carry out procedures from application to making a contract without needing to visit a branch) by greatly reducing the number of items that need to be filled in and upgrading systems with a focus on operability. As a result, approximately 70% of new contracts were completed as all-online loans without customers coming into a branch.

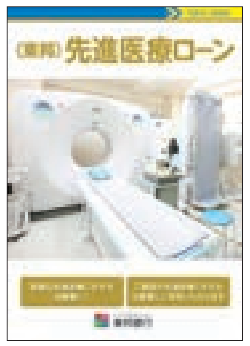
We are also actively working to meet customers' diverse financial needs, including for car loans, preparatory funds for children's education, and untied loans and card loans with unrestricted purposes, through branch and job-area sales (promotion of personal loans according to job area) and a variety of campaigns.

We will continue to expand products for which the process from application to making a contract can be completed on the internet to improve customer convenience.

Change in the balance of unsecured loans







Products available online

- Auto loans: Loans for car purchases, loans covering inspection and repair costs, refinancing of car loans, etc.
- Education loans: Loans covering school enrollment fees, course fees, and education-related housing costs, refinancing of education loans, etc.
- Untied loans: Loans covering marriage costs, travel costs, medical costs, etc. (not covered by living costs or business funding)
- TOHO Smart Next credit-card loans: Funding for various purposes, including living costs (not covered by business funding)

Various sustainability loan initiatives

Financial services in the event of a disaster

We offer support for rebuilding the lives of customers affected by disasters through the provision of "disaster rehabilitation loans," which can be used flexibly for home repairs and other disaster recovery needs.

Sustainable housing loans

We have set sustainable finance in the environmental field as a long-term target and as a regional financial institution, we are strengthening our environmental initiatives, including supporting the SDG initiatives of customers.

Additionally, we are handling sustainable housing loans as an initiative that contributes to regional environmental conservation and tackling climate change. This involves actively facilitating housing loans for environmentally friendly new build housing with the aim of supporting customers' efforts to reduce greenhouse gas emissions.

Toho Auto Loan for Zero-Emission Vehicles

We are using auto loans to encourage the spread of environmentally friendly zero-emission vehicles*.

From January 1 to June 30, 2023, we implemented a campaign that offered loans for the purchase of zero-emissions cars with an annual interest rate of 0.9% (variable interest rate, guarantee fee included).

We will continue to contribute to the creation of a future-oriented, sustainable society based on the Toho SDGs Declaration by promoting the use of zero-emission vehicles that are considerate of the global environment.

* Refers to electric vehicles (EV) and fuel cell vehicles (FCV), which do not require gasoline or light fuel oil and thus do not emit carbon dioxide.

Support for consultations on all types of loans and insurance products (branches specialized in loans, Toho Insurance Plaza)

We facilitate consultations for customers by opening our branches specialized in loans on Saturdays and Sundays as well, to make it possible to support customers for whom visiting (consulting at) a branch is difficult on weekdays. At our four branches specialized in loans, we have also set up Toho Insurance Plaza, which are a collaboration with HOKEN NO MADOGUCHI GROUP that provide expert consultation on insurance.

We are providing customers with personalized loan and insurance proposals through consultations with staff possessing specialist knowledge.

	Branches specialized in loans	Toho Insurance Plaza
In Fukushima Prefecture	Loan Plaza Fukushima Branch	Toho Insurance Plaza Fukushima (inside the Loan Plaza Fukushima Branch)
	Koriyama Loan Center (inside the Koriyama Main Office)	Toho Insurance Plaza Koriyama (inside the Koriyama Main Office)
	Yatsuyamada Loan Center (inside the Yatsuyamada Branch)	
	Shirakawa Loan Center (inside the Shinshirakawa Branch)	
	Aizu Loan Center (inside the Takizawa Branch)	Toho Insurance Plaza Aizu (inside the Takizawa Branch)
	Iwaki Kashima Loan Center (inside the Iwaki Kashima Branch)	Toho Insurance Plaza Iwaki (inside the Iwaki Kashima Branch)
In Miyagi Prefecture	Sendai Loan Center (inside the Sendai Branch)	

Private Consulting Strategy

4. Inheritance-Related and Trust Business

At Toho Bank, we utilize our trust banking functions to provide asset inheritance consulting for succession and preparation for nursing care and dementia as forms of end-of-life support for the era of the 100-year lifespan.

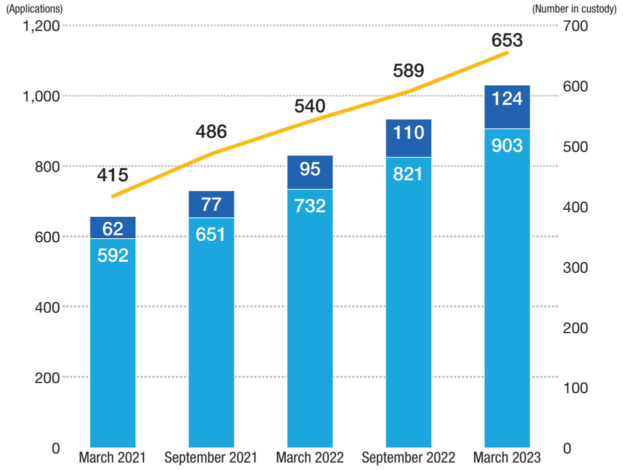
Inheritance-related and Trust Business by the Banking Entity

Based on our authorization to engage in trust business (Act on Engagement in Trust Business by Financial Institutions, Article 1), in June 2017, the Bank became the first regional bank in the Tohoku region to begin handling the Toho Testamentary Trust and Toho Estate Liquidation Service, and we have received consultations from many customers.

In March 2019, to respond to the growing need for smooth asset succession and inheritance measures, we began handling the monetary trusts Toho Testamentary Substitute Trust and Toho Calendar-Year Gift Type Trust.

Furthermore, in January 2021, we began handling the monetary trust called Toho Kazoku no Kizuna Trust, which prepares customers for old-age care and dementia, and we are responding to a wide range of customer needs. (Cumulative application amount for monetary trusts: approx. ¥9.3 billion)

Change in number of applications for testamentary trusts/estate liquidation services
Change in number of wills in custody

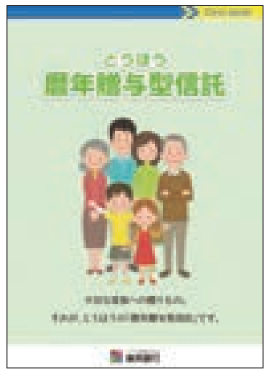


Succession-related products using trusts

Testamentary trust
- Creation of property ledgers
- Creation of will drafts
- Presence of witness
- Storage of wills
- Execution of wills

Estate liquidation services
- Proxy succession procedures
- Creation of property inventory
- Support for the preparation of agreements on division of inheritance

Testamentary substitute trust
- Issuance of money to family members immediately after succession is invoked
- Preparation of funeral funds
- Family living funds



Calendar-year gift type trust
- Proxy gift procedures
- No need to prepare a gift agreement
- Succession measures via gift inter vivos to children or grandchildren

Preparation for Old-Age Care and Dementia Utilizing Trusts (SDGs)

With advances in longevity and an aging society due to the era of the 100-year lifespan, various problems caused by cognitive decline are arising.

By offering the Toho Kazoku no Kizuna Trust, a monetary trust that provides preparation for old-age care and dementia, Toho Bank will contribute to initiatives that support the safe and secure lifestyles of elderly customers and their families.

Features of the Toho Kazoku no Kizuna Trust

(1) Preparation	Enables a proxy to smoothly withdraw funds required for nursing care, medical expenses, etc. if the customer is in a state requiring nursing care or is suffering from dementia
(2) Monitoring	Enables family members to track account withdrawals by the customer and proxies
(3) Bequests	Enables transfer of money to designated family members when the need for inheritance occurs

Various Initiatives for Elderly Customers (SDGs)

In addition to asset succession consulting via testamentary trust and monetary trusts, Toho Bank provides customers with proposals in accordance with their assets and family circumstances. We are expanding partnerships with many specialized contractors to respond to customers' varied needs in the era of the 100-year lifespan.

Customer needs	Primary responses
● I want to decide on my own in a notarized will who I will leave property to and the percentages to leave.	Testamentary trust
● I want to prepare funds that my family can use immediately, such as funeral and tax expenses. ● I want to take succession measures by utilizing inter vivos gifts.	Testamentary substitute trust Calendar-year gift type trust Utilization of life insurance
● I want to prepare for nursing care and dementia.	Kazoku no Kizuna Trust
● I want to make effective use of real estate and asset recombination. ● I want to request guarantor service when moving into a facility for the elderly, a medical facility, etc. ● I want to request voluntary guardianship. ● I want to use a monitoring service that confirms safety and can rush to the scene in the event of an emergency. ● I want to take measures against telephone banking fraud.	Business matching

Bequest Partnership through Testamentary Trust

Toho Bank provides bequest partnerships through testamentary trusts.

Utilizing the testamentary trust scheme, we implement will-designated donations to partners.

Bequest partners

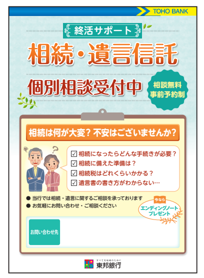
April 2017	Fukushima University
May 2018	The Japanese Red Cross Society, Fukushima Branch
March 2020	Fukushima Medical University
May 2022	Iwaki City Medical Center

Holding Inheritance and Testamentary Trust Individual Consultation Events

We hold Inheritance and Testamentary Trust Individual Consultation Events to provide individual customers with consultations about issues including inheritance and wills.

These are conducted by specialist staff at each branch. Attendees are presented with a Toho Kizuna Notebook, a notebook that facilitates end of life preparations.

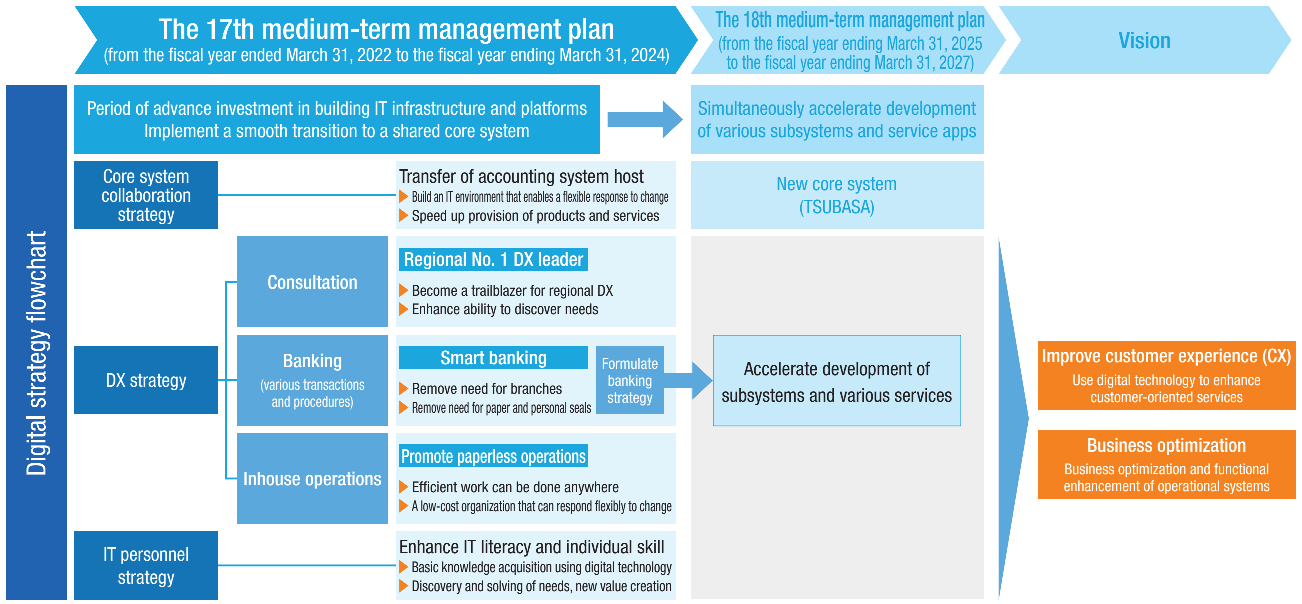
Individual consultation events held in the fiscal year ended March 31, 2023	220



Digital/IT Strategy

We are working on a digital/IT strategy with the aim of improving customer experience (CX) by using digital technology to enhance customer-oriented services, and of carrying out the business optimization required to achieve this.

After we switch to a new core system, which is scheduled to happen in January 2024, we will accelerate the development of a range of services so we can provide convenient services focused on banking (various transactions and procedures).



Core system collaboration strategy

In January 2024, we will switch to the TSUBASA Core Banking System with a view to building an IT environment that enables a flexible response to changes in the financial environment and speeding up development of leading edge products and provision of services, among other considerations.

This will establish the IT infrastructure needed to flexibly and quickly provide advanced services that respond to the diversification of customer needs and the digitalization of society.

Benefits of the switch

- Point 1 Progressiveness
- Point 2 Safety
- Point 3 Potentiality

DX strategy

We have set moonshot targets[*1] for each of our three operational categories and we are implementing various measures to achieve these targets.

*1 A plan or challenge that will be extremely difficult to pull off, but will generate innovation if achieved.

Operational Category	Consultation	Banking	Inhouse operations
Moonshot Target	Regional No. 1 DX leader	Smart banking	Promote paperless operations
KPI	IT consulting contract concluded 31	Digital service[*2] users 290,000 End of March 2023	Reduction in paper consumption at Head Office[*3] 26.9% End of March 2023

*2 Sum of internet banking and Toho ID users

*3 Compared to March 31, 2021

IT personnel strategy

We have established a profile outlining the ideal character and required skills we envision for employees, as shown below, and we are working to develop such personnel. At the same time, we are securing IT personnel through mid-career recruitment and other means.

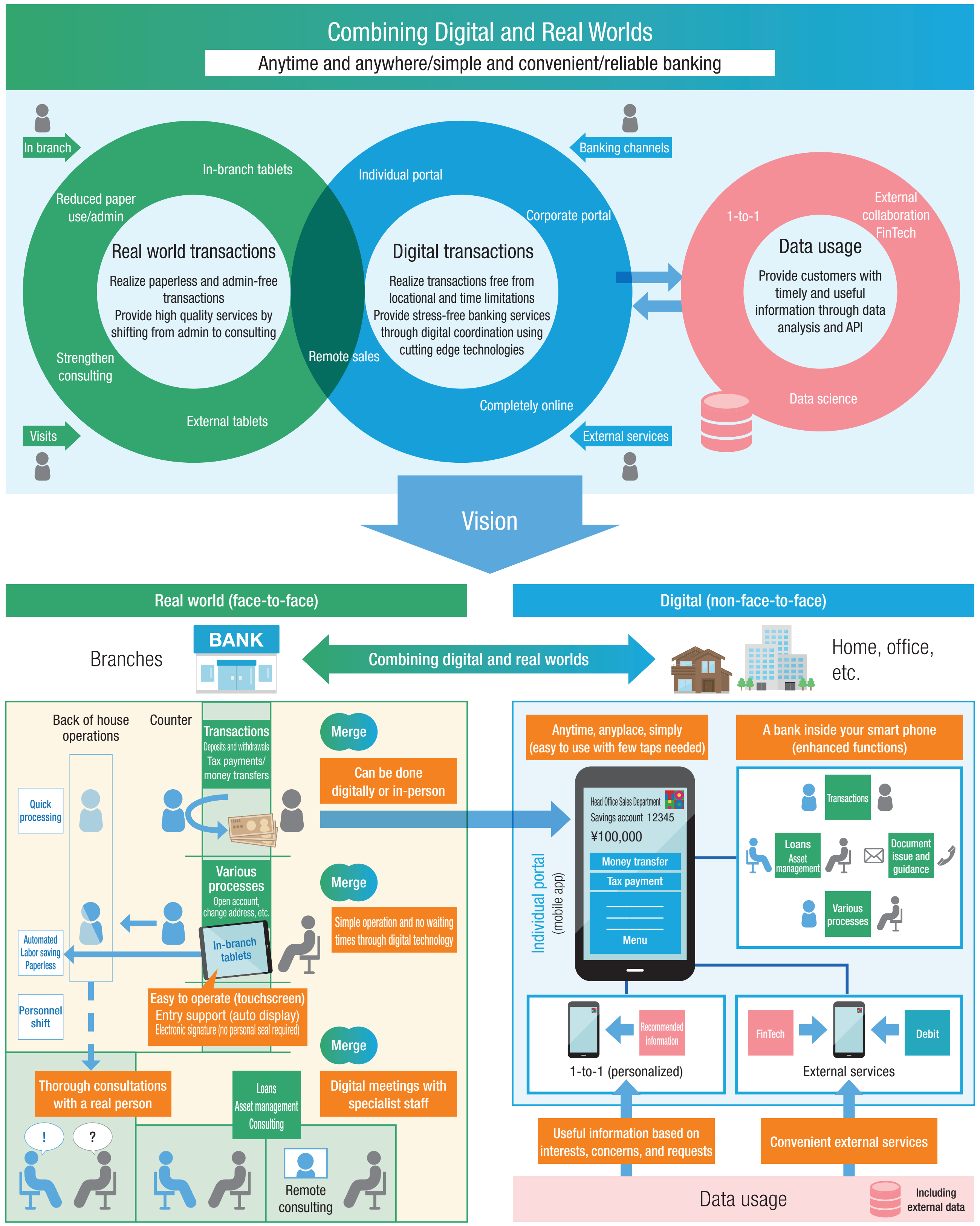
Personnel profile				
All employees	Possess basic IT knowledge, can use IT, and are motivated to advance DX	Sales personnel	Work hard to identify customers' needs and wants, share an orientation with customers toward using IT to pursue solutions, and are problem solvers	
Head Office planning division	Can use IT to design banking services and operational improvements and can create new corporate value	Head Office IT division	Possess a full understanding of the latest IT technologies and can build and operate systems for digital transformation for customers and within the Bank	

KPI
In-house study abroad program (DX/IT consulting) Cumulative total participants 47
Design skill training Cumulative total participants 9
End of March 2023

Banking Strategy

In September 2022, we formulated a banking strategy that positions the shift to a new core system as an opportunity to dramatically transform banking so that we can provide advanced digital services going forward.

For the variety of the strategy's measures, such as installing tablets in the customer areas of our branches, we are advancing considerations and collaborations under the key phrase of "combining digital and real worlds."



Digital/IT Strategy

In response to the diversification of customer needs and rapidly advancing digitalization, Toho Bank is working to expand various digital services through API. We are also considering new digital services by broadly collaborating with other banks through the TSUBASA Alliance.

Going forward, we will create new added value in the field of financial services and strengthen initiatives for improved customer convenience.

Collaboration with Fintech Companies

In October 2018, we began operation of the TSUBASA Fintech Platform (API*1 shared platform), which can safely and quickly connect with various fintech and other companies.

This API platform was jointly built by TSUBASA Alliance participant banks and the T&I Innovation Center*2, and enables more individual customers to use various fintech services.

The API for corporate customers started service in May 2020 for customers with a contract for our corporate internet banking service. We believe that we can contribute to improving the operational efficiency of our customers through data linkage with services such as cloud accounting.

We will use APIs to flexibly and quickly provide advanced services that respond to the diversification of customer needs and the digitalization of society.

*1 API:
An abbreviation for Application Programming Interface. An API is a mechanism that connects to bank systems and other systems from the outside based on customer consent and enables information to be safely acquired. This is called "open API" when the specifications and other information are disclosed to external businesses.

*2 T&I Innovation Center:
Co-founded by TSUBASA Alliance participant banks Toho Bank, Chiba Bank, Daishi Bank (now Daishi Hokuetsu Bank), Chugoku Bank, Iyo Bank, North Pacific Bank, and IBM Japan. It conducts fintech-related surveys, research, and development.

Toho Bank Passbook App

(from November 2017) *First in the prefecture

The Toho Bank Passbook App is an application that allows users to check their account balance and deposit/withdrawal details in real-time from their smartphone at any time without the need to issue a paper passbook.

Applications to use the app can be completed within the app, and it is easy to use due to its fingerprint authentication and face recognition functions.

Going forward, we will continue to expand usage by showing customers the convenience of the passbook app.

(End of March 2023: 146,000 accounts)

Point 1	No need to update passbook or carryover!
Point 2	After applying you can check your account details at any time!
Point 3	It's an eco-conscious passbook that's environmentally friendly!
Point 4	No worries about losing your passbook or having it stolen!

Complete Renovation of the Toho Bank Website

(October 2021)

To improve convenience for our customers, we renovated our website in October 2021.

In addition to adopting a responsive design that can display the screen optimally on all customer devices such as smartphones and computers, we also introduced an AI chatbot function.

Going forward, we will continue working to make our website easier to understand and use.

Expansion of All-Online Loans

In April 2021, we introduced eKYC*, a digital identity verification system using AI (facial recognition, etc.) for unsecured personal loans completed via the internet. This makes it possible to confirm identity verification matters by simply taking photos of the identity verification documents and the user's appearance (face) with a smartphone and other devices.

Going forward, we will continue to improve our digital services and expand the types of procedures that can be done via smartphones and other devices.


Image of eKYC

* eKYC:
An abbreviation of Electronic Know Your Customer.
This is a method for verifying personal identification matters that can be completed online.

All-online loans
- **Apply online 24 hours a day, 365 days a year!**
- **From application to signing the contract, there's no need to visit a bank branch!**

Products available online
- Auto loans
- Educational loans
- Untied loans
- TOHO Smart Next credit-card loans

Start of Online Account Opening

In June 2022, our internet branches started allowing customers to open accounts online using eKYC.

The simple procedure can be carried out using a smartphone and does not require account application forms and identity verification documents to be sent via post or the use of a personal seal, meaning customers can start using their accounts as soon as the next working day.

Going forward, we will continue providing new services that improve convenience for customers.

Point 1	Procedures can be completed without visiting a branch!
Point 2	Personal seal not required for application forms!
Point 3	Account can be open as soon as the next working day!

Customer inputs information via a website → Identity verified by taking and sending a picture with a smartphone → After the account is opened, the customer is notified via an email → Bank card and contract card delivered

As soon as the next working day

Approx. 1 or 2 weeks

Responding to a Cashless Society

We are working to improve convenience for account users by linking accounts with credit cards and various payment services, as well as supporting cashless payments in the region by proposing merchants who accept J-Coin Pay (a smartphone settlement app) and credit cards.

Promoting cashless payments in the region not only improves convenience, but also leads to a wider range of sales opportunities, more efficient operations, and greater productivity. Therefore, we are recommending cashless options to our customers.


A stera terminal all-in-one settlement device

Business Reforms

By endeavoring to eliminate and streamline inefficient operations and promoting flexible working styles that allow employees to work from anywhere, we are aiming to create an organization that can provide financial services to our customers' satisfaction.

Financial services for higher customer satisfaction

- Business Process Improvement
  - Improving convenience for customers
  - Strengthening customer service by reducing time spent on administrative work
- Work Style Reform
  - Making operations swifter and more efficient by going paperless
  - Using remote work and other means to realize work styles not constrained by location

Business Process Reform

Through efforts including the simplification of office work such as procedures that do not require a seal, we are aiming to create an organization that can realize improved customer convenience and strengthened contact points with customers through reductions in time spent on administrative work.

Expanding seal-less transactions

From March 2021, we started seal-less transactions, which allow customers to make transactions without the need for a personal seal, and we are expanding the type of transactions that are included in this initiative.

Since November 2022, we have been collaborating with financial institutions in the prefecture and 55 prefectural municipalities to start handling account transfer transactions, such as various tax payments, with the personal seal step omitted.

Digitalization of reports, etc.

We have been successively digitalizing paper documents used internally, such as reports. Through this initiative, we reduced the number of hours spent on administrative work by approximately 7,000 hours in the fiscal year ended March 31, 2023.

RPA*

We introduced RPA in April 2019, and it is primarily used for operations concentration divisions at Head Office.

By replacing routine, high-volume work processes with RPA, we have saved approximately 7,000 hours of work per year and are drastically improving the efficiency and speed of Head Office work.

* Robotic Process Automation: Software that performs routine operations work instead of employees.

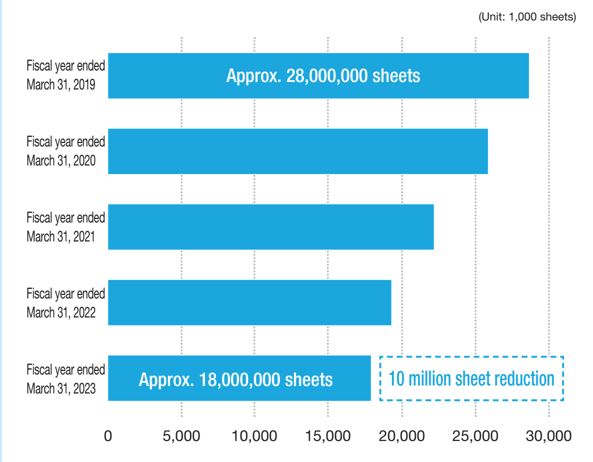
Work Style Reform

We are advancing work style reforms centered on going paperless with the aim of reducing paper consumption and realizing flexible working styles where employees can work from anywhere.

New Normal (new working styles)

Paperless	People-oriented	Remote
Swifter and more efficient	Satisfying work environments	Savings on traveling time
Curbs risks such as information leaks	Direct communication everywhere	Flexible workplace attendance

Reduced paper consumption



Device-based working

Since the fiscal year ended March 31, 2022, we have introduced **460 tablets and 1,500 smartphones**

Use of teleworking, etc.

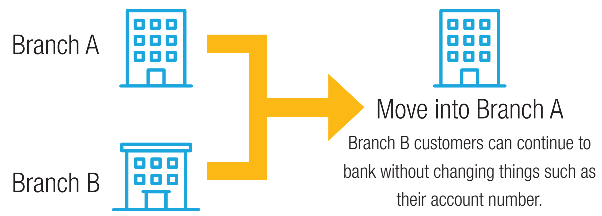
Realization of operations not constrained by location through teleworking and working at the Koriyama satellite office

Branch/ATM Strategy

In light of the declining population in Japan due to the low birthrate and aging population, as well as the advancement of cashless payments and other matters, we are restructuring our branch network and reviewing branch functions in consideration of market characteristics and customer needs.

Branch-in-branch

In the fiscal year ended March 31, 2023, we merged the offices of three branches, and strengthened consulting functions by centralizing sales personnel through the consolidation of offices.



Installing shared ATMs with Seven Bank

In light of developments such as digitalization and the shift to cashless payment, we have installed shared ATMs with Seven Bank at all York-Benimaru stores in Fukushima Prefecture. These ATMs also include functions such as charge function for electronic payment systems, and they have been installed at an additional 18 corners (compared to before the initiative). In this way we are improving convenience for customers in terms of functions and number of installations.

Providing Frontline-focused Advice with a View To Creating a Better Society

Outside Director ***Hideya Takashima***

I was appointed as an Outside Director of Toho Bank in June 2022.

I was born and raised in Hobara Town, in the district of Date, Fukushima Prefecture (now Hobara Town, Date City), and after graduating from university, I worked for about 30 years in the production engineering division of Sapporo Breweries Limited. From 2017 to 2021 I served as President & representative director of the company. In 2018, I was also commissioned as a "Date Hometown Ambassador" from Date City and my feelings for my home prefecture of Fukushima drive my actions.

I want to use the experience I have gained through my previous career to provide opinions on the Bank's governance framework, employee motivation, and the way the Bank should be.

The Bank's Long-Term Vision uses the word "company" instead of "bank." This shows its strong determination to transform into a corporate group that acts for the benefit of all its stakeholders, including shareholders. Today, I will also use "the Company" instead of "the Bank" and "employees" instead of "bank staff."

As an Outside Director, I am always aware that I must never stop thinking. I repeatedly ask "Why?" and "Is that so?," although this often comes naturally as I am hearing terms and experiencing things for the first time. I also consciously try to go to actual workplaces and see situations with my own eyes as much as possible.

Toho Bank has been a familiar presence in my life since childhood. I have memories of its branches, ATMs, and even my father's passbook. However, I did not know anything about its business activities other than being a bank in Fukushima.

Time passed, and then the events of March 11, 2011 happened. I knew that Toho Bank employees were staying close to victims of the disaster through the mass media but I did not hear the raw truth of what happened at the time until May this year, when I read an internal record outlining the details. Victims who had their houses swept away by the tsunami were given 100,000 yen in cash to ensure that their immediate needs could be met, provided they could verify their identity. Bank employees put the lives of their customers first and acted independently using their own judgement, even while worrying about their own safety and that of their families. I was moved.

Getting Close To, Empathizing With and Supporting Customers

I feel that there is a culture of altruism within the Toho Bank Group. Employees should feel proud and take confidence from this.

When I was the head of Sapporo Breweries' Sendai Brewery, I made sure I had many opportunities to meet with the managers of local small and medium-sized companies. This experience gave me a deep understanding of how local small and medium enterprises drive regional economies, make many people happy, and contribute to the creation of a better society. I learnt many lessons that cannot be taught, but only experienced, and I became painfully aware that the important thing was not how I was evaluated by Sapporo Breweries' Headquarters, but how the Sendai Brewery was evaluated by the regional community.

My own experiences and the experiences of the Company's employees cannot be simply compared. However, when asked "Who is evaluating you?" or "Who is paying your wages?" they sincerely answer "the customers," or "the people of the region." This is the same. If they were to think the answer was "my boss," or "the Company" even in the slightest, it would be a big problem.

Getting closer to customers with an altruistic spirit, empathizing with what they feel, and moving forward together. I am confident that this behavior will culminate in the creation of a better, sustainable society.

Confidently Stating Differing Opinions

Our independent Outside Directors have diverse backgrounds and knowledge so when we have discussions, I learn new ways of looking at or approaching a matter.

Discussions at Board of Directors meetings are dynamic. Even though I have been with the Company for less than a year, I participate actively. I am even able to confidently state differing opinions. This truly embodies its current slogan of "Try talking to each other, try doing things together." This is a simple slogan that anybody can put into practice, so I think it will help to make the atmosphere within the Company even better. Even when participating in meetings like branch manager meetings online, I feel there are many occasions when people are able to provide diverse opinions and proposals from a frontline perspective.

Balancing the Achievement of Financial Targets With the Enhancement of Non-Financial Assets Will Draw Out the Bank's True Nature

In order to make Toho Bank into a better, stronger company, I want to support the activities of Toho Bank Group employees from an Outside Director's perspective.

I feel we have non-financial assets that have yet to be sufficiently communicated to people outside the Group. These assets are the building blocks of the Toho Bank Group's brand value. I think it is one of my responsibilities to unearth these latent assets that are still unknown to the outside world and make them visible in a way that builds trust in the Toho Bank Group.

For example, Toho Bank plays an enormous role in promoting sports within Fukushima Prefecture. I came to realize this even more keenly after joining the Company. Initiatives include sponsoring athletics, soccer, basketball, and even the FUKUSHIMA CITY HALF MARATHON. These activities make a considerable contribution to making Fukushima a livelier place. However, are they being properly showcased? I think we should try something like making videos that can be shown as part of a financial education program for junior high school and high school students.

Furthermore, these initiatives are being implemented by the most important non-financial asset, "human resources." Looking back over the past year, I feel the number of activities being carried out that transcend the borders between organizations and workplaces has grown. I think these kinds of "cross-border activities" are excellent opportunities for developing "human resources."

Finally, I think that if we can achieve financial targets such as profit and ROE, while also further enhancing our non-financial assets, the Toho Bank Group's true nature will fully emerge.

Personnel/Human Resources Development Strategy

Diversity

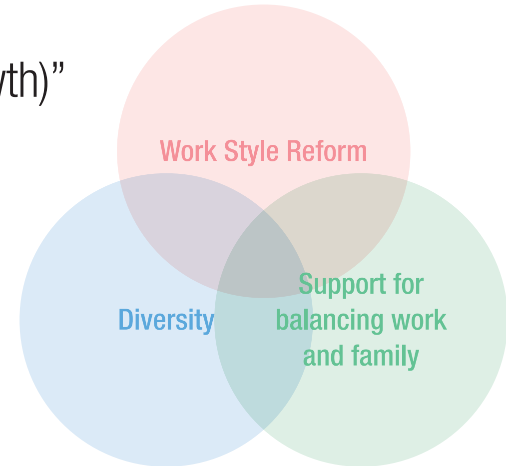
Promote diversity and work style reforms

Supporting sustainable growth with diverse human resources who are actively involved in an environment that allows them to choose their own work style

Promotion of Diverse Work Styles

"Enabling employees to shine (employee growth)"

We recognize that adapting to change by securing diverse human resources is important for realizing medium- and long-term improvement of corporate value. We are strengthening diversity promotion initiatives and creating work environments to enable each individual employee to demonstrate their abilities to the fullest.



Complete flextime system
Employees can proactively decide their daily working hours and work flexibly

Telework
Utilizing ICT, employees can make effective use of time and various locations as they work, and it is also effective for balancing work and family

Part-time work/Side business
We allow part-time work and side businesses so that each individual can utilize their skills, contribute to the region, and build connections

Dress code liberalization
Leads to improved productivity through the creation of a free and open workplaces that are conducive to flexible ideas

Significantly reducing overtime work

Average monthly overtime work in the fiscal year ended March 31, 2016
30 hours 11 minutes

Average monthly overtime work in the fiscal year ended March 31, 2023
16 hours 49 minutes

Support for balancing work and family

- In-office childcare facilities (3 locations)
- Support seminars for returning to work
- Nursing care seminars
- Family worry-free leave
- Grandchild care leave
- Reduced working hour system/Reduced working day system
- Couple transfer program
- Career support leave system

Topics: Establishing in-office childcare facilities

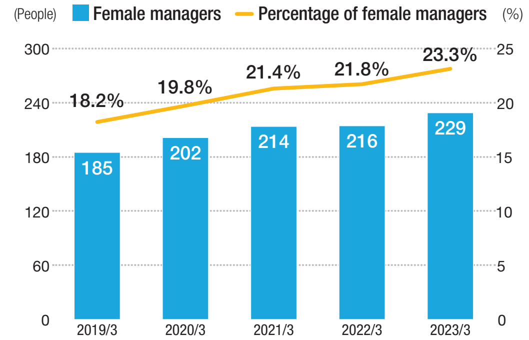
To support the creation of an environment where employees can work with peace of mind and return to work from maternity and childcare leave, the in-house childcare facility TOHO Kids Land was established in October 2014, and is currently operating at three locations.

Number of users **Cumulative total of 303 since opening** (end of March 2023)

Promoting the active participation of women

We are promoting the active participation of women in our business by providing ongoing support in various areas, such as support for balancing work and family, to enable our female employees to work with enthusiasm and peace of mind.

Increase in female managers



Active promotion

Officers	2
Branch managers	4
Assistant branch managers	5

➡ Approximately half of the people newly promoted to officer positions are women
➡ The average number of consecutive years of employment at the Bank for women is 14.9

Support seminars for returning to work

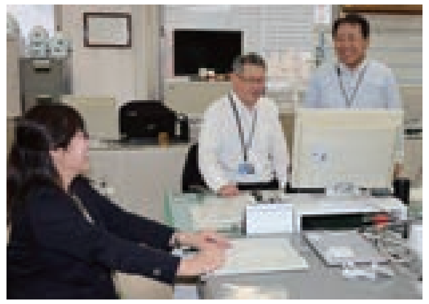
Senior female employees provide advice for employees planning to return to work about balancing work and childcare and career development.

Expanding opportunities for long-time employees and seniors

In order to create an environment where people who are 60 years and older can fulfill roles such as branch manager, we have established a senior supporter system that enables employees to continue working up to the age of 70.

Number of employees aged 60 and over (end of March 2023)

Re-employed bank staff	29
Part-timers in leadership positions	124
Senior supporters	36



Active involvement of people with disabilities

We are actively working to promote the employment of people with disabilities and to provide employment assistance. At our special subsidiary Toho Smile, Co., Ltd., which was established in March 2012, employees with disabilities are actively involved in leveraging their high-level skills.


Special subsidiary Toho Smile, Co., Ltd.

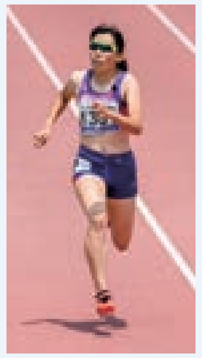
Number of people with disabilities employed	67.0 people
Employment ratio of people with disabilities	2.56%

* Exceeds the statutory employment ratio of 2.3% under the Act to Facilitate the Employment of Persons with Disabilities

Sports for people with disabilities

Mana Sasaki (visually impaired), an athlete who holds an all-Asia record, belongs to the TOHO Athletics Club and is actively involved in competitions both in Japan and internationally.

Sasaki represented Japan as an athlete at the Tokyo 2020 Paralympic Games in the Women's T13 class 400m, achieving a result of 7th place.


Mana Sasaki

Major outside evaluations of initiatives

September 2016	Received the "Eruboshi" certification (2nd stage) (Ministry of Health, Labour and Welfare)
May 2017	Received the Platinum "Kurumin" certification (Ministry of Health, Labour and Welfare)
December 2017	Received the Prime Minister's Commendations at the Fiscal 2017 Awards for Women Empowering Companies (the Cabinet Office)
December 2017	Received the Minister's Prize for Excellence Award in the Family-friendly Enterprises Category of the Equal Employment/Work-Life Balance Awards (Ministry of Health, Labour and Welfare)
March 2018	Received the Executive Committee Special Award at the Most Valued Companies in Japan awards (Hito o Taisetsu ni Suru Keiei Gakkai)
November 2018	Received the Good Career Company Award 2018 Innovation Prize (Ministry of Health, Labour and Welfare)
February 2019	Received the Gleaming Initiative Award at the Comfortable and Productive Company/Workplace Awards (Ministry of Health, Labour and Welfare)
March 2019	Received the New Diversity Management Selection 100 award (Ministry of Economy, Trade and Industry)

Personnel/Human Resources Development Strategy

Human Resources Development Policy

We recognize that the Group's people are our most important management capital, so we are practicing human resources development for regional and customer growth.

We believe that offering high level consulting services in a wide range of fields is crucial to meeting our customers' expectations, so through TOHO University, we are working toward realizing self-directed career formation for our employees and strengthening their consulting sales abilities through initiatives centered on the three pillars of OJT, off-JT, and self-development.

Human resources development strategy

Fostering a workplace culture with a strong sense of ethics	Human resources development to strengthen management skills	Human resources development to strengthen sales capabilities and improve consulting skills	Medium- to long-term human resources development responsible for perpetual growth	Human resources development to improve work capacities that stay true to the basics

Human resources development for regional and customer growth → Development of human resources with the breadth and depth to respond to the diversifying needs of customers

	Priority initiatives		
OJT	Self-directed career formation Strengthening practical skills at the frontline of sales	1-on-1 meetings	Support from Head Office
Off-JT	Strengthening consulting sales abilities Strengthening management ability	"External trainee" program for training inside and outside the Bank	IQS (skill visualization)
Self-development	Support for the acquisition of specialist certification Support for home learning	Home learning	Schooling on days off

TOHO University

We are making efforts to develop full-fledged professional talent, including level-specific training for everyone from new employees to General and Branch Managers; training on specific topics such as corporate/personal consulting skills, loans, and compliance; "in-house study abroad" for employees to work at Head Office departments for a short time to acquire specialist skills; and home learning (e-learning) for the promotion of self-development.

Strengthening initiatives for career autonomy	Support career autonomy through the "Consulting Sales Skills Challenge System," which lets employees recognize their skills and set new goals, and by conducting 1-on-1 meetings.
Strengthening consulting sales abilities and expertise	Strengthen specialist capabilities and consulting abilities through substantial in-house training programs, "in-house study abroad," where employees learn at Head Office and Group companies, and appointing "external trainees" who have the opportunity to learn in a variety of business categories and industries.
Strengthening practical skills at the frontline of sales	Develop human resources who can play an active role in the field through participatory training such as role-playing and discussions and training aimed at strengthening decision-making and proposal abilities.
Establishing a culture of learning on your own	Provide spaces for voluntary learning, such as home study and holiday seminars through home learning (e-learning), in addition to supporting the acquisition of specialized qualifications such as small and medium enterprise management consultant and financial planner, etc.
Enhancement of Head Office support and consultation system	In tandem with the Head Office support team, implement the strengthening of practical skills at branches (field sales training). Enhance the consultation system for younger employees with a mentor system and other initiatives.
Strengthening management skills and followership, and fostering mindsets	Build more robust relationships of trust and strengthen teamwork by conducting 1-on-1 meetings that bring out employees' independence and by holding seminars to foster an OJT mindset.

TOHO Niwasaka Campus training center

Our training center TOHO Niwasaka Campus, which is responsible for human resources development, conducts training tailored to various styles.

In particular, in the "simulated branch" training room, bank counter training and operations training for terminal devices, ATMs, etc., can be performed more practically, and these are useful for developing abilities that can be applied immediately.

Equipment overview

Maximum occupancy for accommodation	112 people
Auditorium	130 seats
7 training rooms	78 seats
Cafeteria	130 seats
Sports field (2 baseball fields) with indoor practice area and bullpen	
Tennis courts (6 courts)	


Practical training using the "simulated branch"


Practical training on MFS operation


Trainees in a groupwork session

Topics: Employee level-up course for third-year employees: Knowing Fukushima Today

We have many employees who joined the Bank with a passion for contributing to the reconstruction of Fukushima. This course includes a fieldwork section to "get to know the current situation in Fukushima" by observing disaster-hit areas, giving employees a chance to once again think seriously about what they want to do as Bank employees and what they can do now as employees of a financial institution in the region.


Observing Tomioka Wine, a new town-building initiative launched after the earthquake


Confirming the reconstruction status of coastal areas from the Fukushima Robot Test Field


Visiting the Great East Japan Earthquake and Nuclear Disaster Memorial Museum to learn about the steady reconstruction process


Sharing ideas about companies and regional revitalization through group work


Expressing the ideas compiled by each group on a large sheet of paper


Each group presenting their ideas

Alliance Strategies

TSUBASA Alliance

- This is a broad partnership of 10 participating regional banks (Toho Bank, Chiba Bank, Daishi Hokuetsu Bank, Chugoku Bank, Iyo Bank, North Pacific Bank, Musashino Bank, Shiga Bank, Bank of The Ryukyus, and Gunma Bank) launched in October 2015 to enhance sustainable regional growth and financial systems, to plan and promote joint measures to contribute to the increased corporate value of participating bank groups, and to plan and discuss measures that contribute to strengthening the top line and reducing costs for participating banks.
- Toho Bank joined the alliance in March 2016 and is expanding its range of cooperation in various fields while maximizing the benefits of wide-area collaboration and scale.

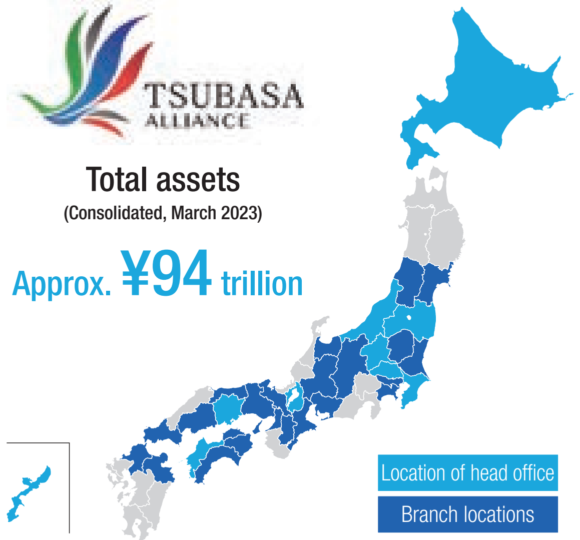
Major collaborative measures	T&I Innovation Center Co., Ltd. (TSUBASA & IBM Japan)	Development, operation, and maintenance for TSUBASA Shared Fintech Platform (open API*1) and fintech business contest
	Enhancement of financial services	Cooperative financing, succession-related business partnerships, asset management business partnerships, business partnerships related to public money storage services for local governments, M&A information collaboration, mutual customer introduction, etc.
	TSUBASA Core Banking System collaboration	In January 2024, Toho Bank plans to transfer to the TSUBASA Core Banking System*2 as a next-generation accounting system.

*1 **API:** An abbreviation of Application Programming Interface. An API is a mechanism that connects to bank systems and other systems from the outside based on customer consent and enables information to be safely acquired. This is called "open API" when the specifications and other information are disclosed to external businesses such as fintech companies.
*2 **The TSUBASA Core Banking System:** A system built by The Chiba Bank, Ltd., The Daishi Bank, Ltd., The Chugoku Bank, Ltd., and IBM Japan, Ltd., to be jointly developed, operated, and maintained.

TSUBASA ALLIANCE

Total assets
(Consolidated, March 2023)

Approx. **¥94** trillion



Member banks	Location of head office	Date of joining
Chiba Bank	Chiba City, Chiba Prefecture	October 2015
Daishi Bank (now Daishi Hokuetsu Bank)*	Niigata City, Niigata Prefecture	
Chugoku Bank	Okayama City, Okayama Prefecture	
Iyo Bank	Matsuyama City, Ehime Prefecture	March 2016
Toho Bank	Fukushima City, Fukushima Prefecture	
North Pacific Bank	Sapporo City, Hokkaido Prefecture	
Hokuetsu Bank (now Daishi Hokuetsu Bank)*	Nagaoka City, Niigata Prefecture	April 2018
Musashino Bank	Saitama City, Saitama Prefecture	March 2019
Shiga Bank	Otsu City, Shiga Prefecture	May 2019
Bank of The Ryukyus	Naha City, Okinawa Prefecture	April 2020
Gunma Bank	Maebashi City, Gunma Prefecture	December 2020

* Daishi Bank and Hokuetsu Bank merged on January 1, 2021

Evolution (Deepening) of the TSUBASA Alliance

Establishment of T&I Innovation Center Co., Ltd.

Along with the rapid progress of information and communication technology, the development of various innovative finance-linked services called fintech became active both in Japan and abroad, and in July 2016, T&I Innovation Center was established through investment from six regional banks that are members of the TSUBASA Alliance (Toho Bank, Chiba Bank, Daishi Hokuetsu Bank, Chugoku Bank, Iyo Bank, and North Pacific Bank) and IBM Japan. With the participation of four banks that joined the TSUBASA Alliance later (Musashino Bank, Shiga Bank, Bank of The Ryukyus, and Gunma Bank), the company is conducting surveys and research activities aimed at realizing financial services with higher added value.

It has been commissioned by the abovementioned TSUBASA Alliance member banks to plan and develop financial services utilizing fintech, and it also developed and operates TSUBASA Shared Fintech Platform, which is an open-API platform.

Establishment of TSUBASA ALLIANCE Co., Ltd.

In July 2020, TSUBASA Alliance participating banks established a joint investment company, TSUBASA ALLIANCE Co., Ltd.

Since its inception in October 2015, the TSUBASA Alliance has maintained its independence as a framework for broad regional bank cooperation that does not rely on business integration, while also increasing in scale each year. Its fields of cooperation are wide-ranging, including fintech, collaboration on operations and IT systems, succession-related operations, and joint arrangement of syndicated loans. To further improve the efficiency and sophistication of these collaborative measures, the TSUBASA Alliance aims to consolidate operations and functions common to each bank, and TSUBASA ALLIANCE Co., Ltd. plays a role as a platform for this purpose.

Opening of the AML Center

In October 2020, we opened the Anti-Money Laundering (AML) Center for operations related to the prevention of money laundering and terrorist financing.

This center gathers the knowledge and know-how of each bank, while jointly advancing the sophistication of its preparedness based on international requirements. Utilizing the company, we will continue to strengthen collaborative efforts through the TSUBASA Alliance in various operations in the future.

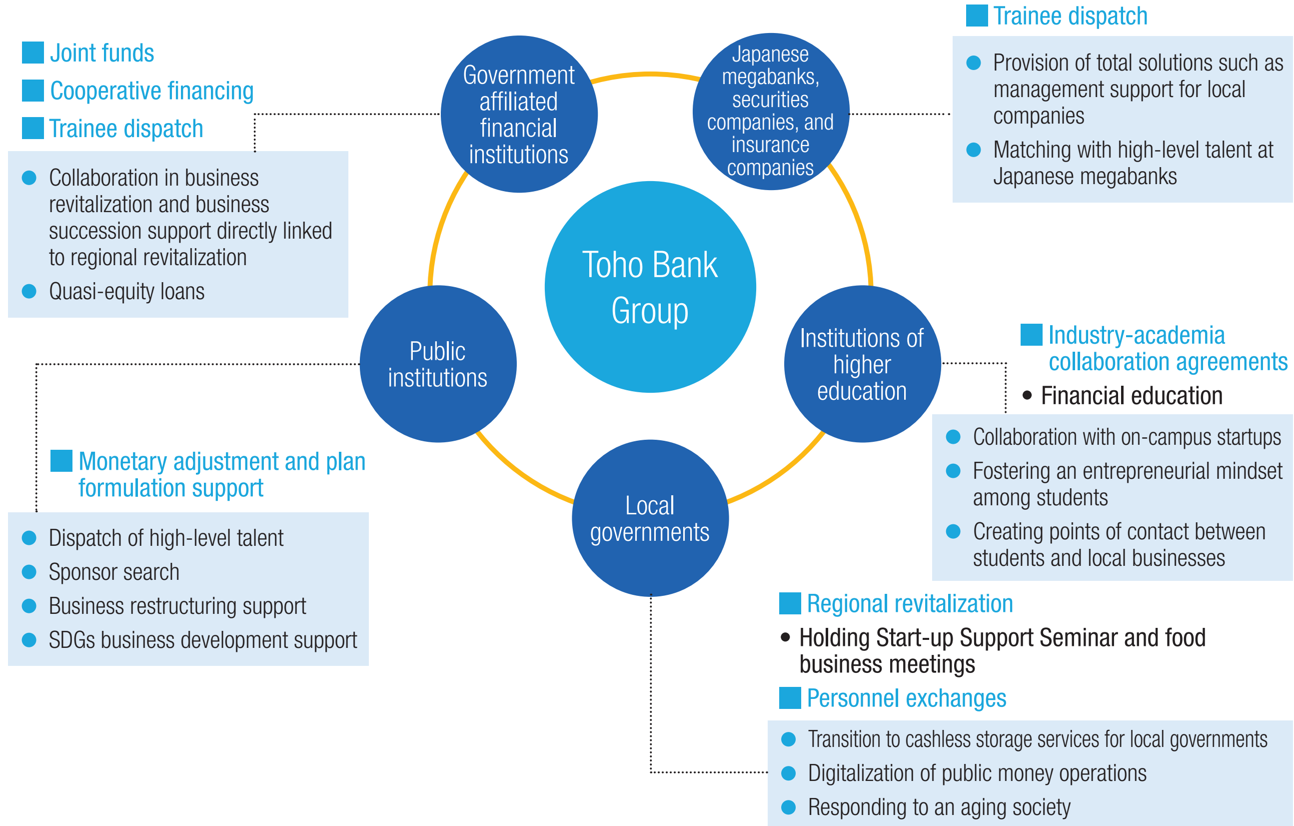
Establishment of the Business Strategy Department

Within the joint investment company TSUBASA ALLIANCE Co., Ltd. established in July 2020, the Business Strategy Department was established on October 1, 2021.

The Business Strategy Department operates out of the head office of Chiba Bank, and its staff members dispatched from TSUBASA Alliance participating banks work closely with the planning divisions of each bank while planning and advising on collaboration and consolidation related to important topics common to each of the banks, including the promotion of DX-related measures, human resources development and diversity, ESG and the SDGs, information gathering and utilization, and new business initiatives. Bringing together staff from participating banks in one place at the Business Strategy Department enables the consolidation of knowledge of participating banks, and we will continue to further advance collaborative efforts by the TSUBASA Alliance.

Expanding Alliances for Regional Revitalization and Regional Economic Revitalization

Expanding partnerships with other financial institutions



Responding to the Return to Asset Soundness and Management Support

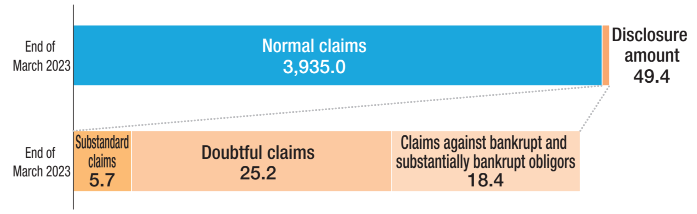
The business environment of our business partners is changing drastically due to the prolonged impact of the novel coronavirus pandemic, the high price of crude oil, and soaring raw materials prices. We are working to support the operations of our business partners by thoroughly providing accompanying support for improving their business performance, such as financial support, core business support, and the formulation of management improvement plans.

Responding to the Return to Asset Soundness

As of the end of March 2023, the balance of loans based on the Financial Reconstruction Act is ¥49.484 billion, and the ratio of non-performing loans is at a low level of 1.24%. Going forward, branches and Head Office will work together to continue providing various support, such as coordinating with external experts according to the situation.

Loans based on the Financial Reconstruction Act

(Billions of yen)



Self-Assessment and Dealing with Bad Debt

Asset self-assessment is a system by which a financial institution assesses the standards of assets it holds, and makes appropriate amortization and reserves that objectively reflect the contents of assets to accurately secure its finances. Loaned assets are classified into the following five categories according to their creditworthiness.

Based on the self-assessment results, we process bad debts appropriately, such as through amortization and provision for reserves, for each fiscal period. Reserves for claims to bankrupt borrowers and substantially bankrupt borrowers are recorded for the entire amount of claims not secured by collateral, etc., and claims to potentially bankrupt borrowers and borrowers with claims for special attention are in principle recorded at the expected loss ratio calculated based on the historical loan-loss ratio.

Also, among claims to potentially bankrupt borrowers and borrowers with claims for special attention, the reserves for large accounts are performed according to the DCF method*.

* **DCF (Discounted Cash Flow) method:** For claims for which the cash flow associated with the recovery of principal and the receipt of interest can reasonably be estimated, DCF is a method of determining the difference between the amount calculated by cash flow discounted by the initially contracted interest rate, and the book value of the claim, to set the allowance for loan losses.

Borrower classification

Normal borrower	There are no major problems with financial status, and there is no current issue with the certainty of debt fulfillment
Borrower for special caution	Borrowers having issues with their financial status and uncertainty about future debt fulfillment Of the borrowers for special caution, those that have problems with debt fulfillment, such as prolonged delinquency or changes in loan conditions, are designated as borrowers for special attention
Potentially bankrupt borrower	A borrower that is in a state of management difficulties and is likely to fall into bankruptcy in the future
Substantially bankrupt borrower	The fact of legal or formal bankruptcy has not occurred, but the borrower has fallen into a state of essential bankruptcy
Bankrupt borrower	A borrower that has fallen into a state of bankruptcy due to legal factors

Risk Management Claims and the State of Loans Based on the Financial Reconstruction Act

Items that are required to be disclosed in accordance with laws and regulations include loans based on the Financial Reconstruction Act and risk management claims. In accordance with the Cabinet Office Ordinance on Partial Amendments to the Ordinance for Enforcement of the Banking Act (Cabinet Office Ordinance No. 3, January 24, 2020) coming into effect on March 31, 2022, the classification, etc., of risk management claim in the Banking Act is displayed as loans based on the Financial Reconstruction Act. At the end of March 2023, the amount of non-performing loans in disclosed claims increased by ¥394 million from the end of the previous fiscal year, but the ratio of non-performing loans remains at a low level.

Loans based on the Financial Reconstruction Act (risk management claims)

(Billions of yen)

	End of March 2023	Compared to the end of March 2022	End of March 2022
Claims against bankruptcy, etc.	18.4	0.9	17.5
Claims with collection risk	25.2	0.6	24.6
Claims for special attention	5.7	(1.1)	6.8
(Claims overdue for 3 months or more)	1.0	0.9	0.1
(Claims with relaxed loan conditions)	4.6	(2.0)	6.7
Total	49.4	0.3	49.0
Normal claims	3,935.0	230.4	3,704.5

Non-performing loan ratio

(Billions of yen)

	End of March 2020	End of September 2020	End of March 2021	End of September 2021	End of March 2022	End of September 2022	End of March 2023
Public non-performing loans	32.7	35.3	44.5	49.0	49.0	51.2	49.4
Total credit balance	3,947.9	4,080.0	3,875.5	3,814.3	3,753.6	3,874.9	3,984.4
Non-performing loan ratio	0.82%	0.86%	1.14%	1.28%	1.30%	1.32%	1.24%

Support for Customers Requiring Management Improvement, Business Revitalization, etc.

Our customers continue to face a challenging business environment due to the impact of the novel coronavirus pandemic, the high price of crude oil, and soaring raw materials prices.

We will tackle the post-pandemic period by collaborating with external support organizations to continue to thoroughly provide customers with accompanying support for improving their business performance, such as financial support, core business support, and the formulation of management improvement plans.

Progress of management improvement plans related to borrowers with condition changes

(Unit: Borrowers)

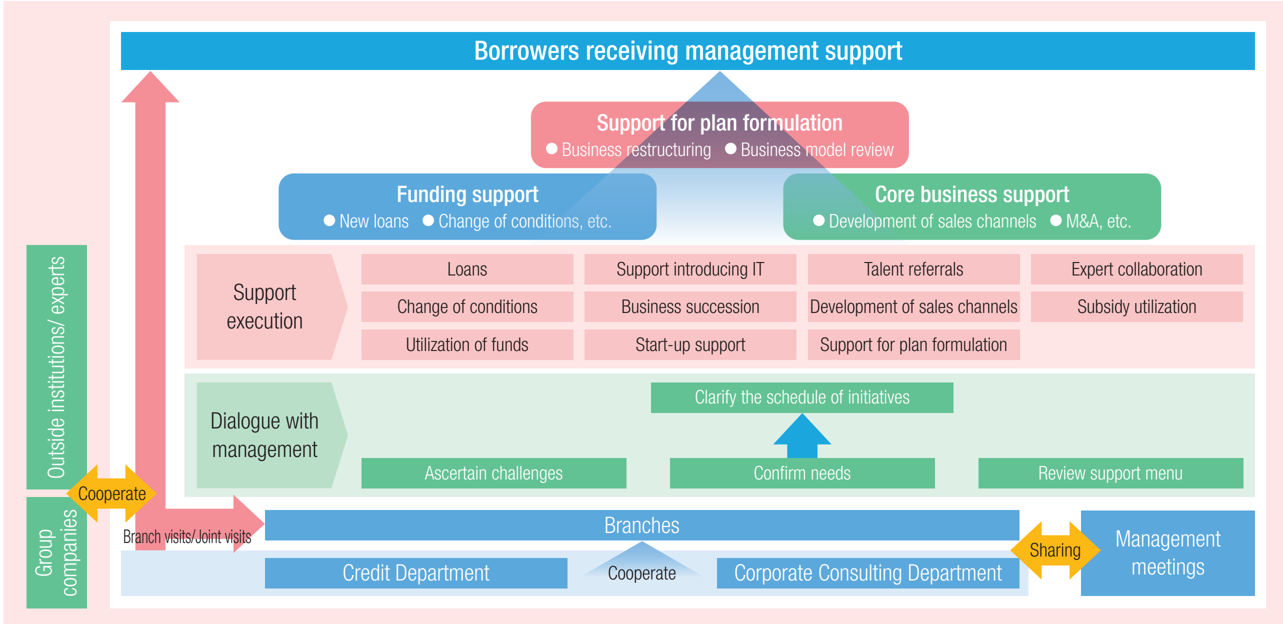
Report items	End of March 2021	End of March 2022	End of March 2023	YoY
Total number of condition changes	1,118	1,114	1,146	32
Borrowers in good standing	47	47	24	(23)
Steady borrowers	48	69	47	(22)
Underperforming borrowers/ Not created	1,023	998	1,075	77

Number of borrowers whose conditions were changed, to which Toho Bank provided core business support/new loans

(Unit: Borrowers)

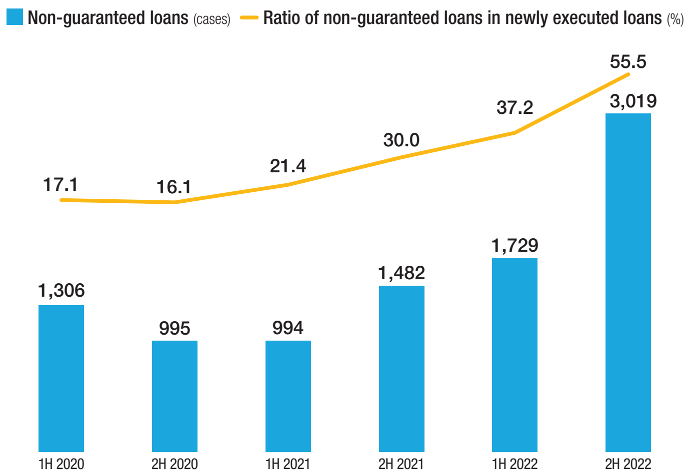
Report items	End of March 2021	End of March 2022	End of March 2023	YoY
Core business support	38	34	47	13
New loans	474	254	253	(1)

Management support system diagram



Status of Handling of Personal Guarantees by Business Owners

Status of response to non-guaranteed lending



Policy for handling personal guarantees by business owners

(Announced on May 16, 2023)

In line with the Guidelines for Personal Guarantee Provided by Business Owners (hereinafter referred to as the “Guidelines”), the Bank does not, in principle, require a personal guarantee from an owner of a business when providing financing to corporate customers. This is to promote and entrench financing practices that are not excessively dependent on collateral and guarantees.

Also, based on the Guidelines and other references, when asking customers for a guarantee, we explain properly and in detail what areas the customer is lacking in that creates the need for a guarantee agreement and how they can make improvements that will raise the possibility of such an agreement being adjusted or dissolved.