

TOHO BANK INTEGRATED REPORT 2024

Integrated Report Disclosure Magazine <Main Volume>



For the Sake of Our Communities

The Toho Bank, Ltd.

For the Sake of Our Communities

Editorial Policy

Toho Bank has now created the TOHO BANK INTEGRATED REPORT 2024 (Integrated Report; Disclosure Magazine <Main Volume>) to help our all stakeholders to further understand our initiatives. The report was edited with reference to the International <IR> Framework offered by the International Integrated Reporting Council (IIRC) and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation, etc.

In addition, the integrated report serves as disclosure material (explanatory documents about the business and financial condition) based on Article 21 of the Banking Act. Please refer to the Disclosure Magazine <Supplementary Volume> (published on the Bank's website [<https://www.tohobank.co.jp/english.html>]) in addition to this report when using this information as a disclosure magazine.



No.1 Tadami River Bridge
(Mishimamachi, Onuma-gun)

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Cautionary Note Regarding Future Outlook

This integrated report contains descriptions of the Bank's future results and plans. As these descriptions are written hypothetically based on information available at the time of writing the document, predictions of impact on future results, and uncertain factors, they do not guarantee the Bank's future results. Actual results may vary significantly due to a variety of factors.

Message from the President

“For the Sake of Our Communities,” Alongside Our Long-Term Management Plan, TX PLAN 2030

President **Minoru Sato**

Reviewing the Fiscal Year Ended March 31, 2024, the Culmination of the Previous Medium-Term Management Plan

The name of our bank, “Toho,” means “eastern country.” In the previous medium-term management plan, Toho “Kagayaki” Plan, which we formulated with the image of the morning sun shining (or in Japanese, “kagayaki”) in the eastern sky, we established a basic policy of enabling the region and customers to shine, enabling employees to shine, and enabling the Bank to shine. It was under this policy that we engaged in a variety of initiatives from the fiscal year ended March 31, 2022. The fiscal year ended March 31, 2024, the culminating year of the Plan, was a very busy one as we worked toward the achievement of our many goals, such as the alliance with Nomura Securities, the change in the approach of measuring credit risk to the Foundation Internal Ratings Based Approach (FIRB), personnel system reform, and wage rises. Nevertheless, we were able to achieve definite outcomes.

The completion of our transition to the TSUBASA Core Banking System collaboration will be another key milestone for the Bank. In addition to achieving more stable operations of the Core Banking System and improving the efficiency of banking operations, this achievement has made possible one of Japan’s most wide-ranging alliances in the digital arena. That includes the ability of participating banks to share systems and build common FinTech platforms, while maintaining their independence. We could say that we have now established a powerful digital foundation for the further improvement of convenience for the region and our customers and, by extension, the next stage of growth for the Group.

During the three years of the previous medium-term management plan, Toho “Kagayaki” Plan, we followed a path of bold reform aimed at overcoming the struggles of financial losses and improving the Bank’s profitability once more in the course of reconstruction after the Great East Japan Earthquake and nuclear power plant accident.

As an indication of the outcomes of those efforts, in the overview of our financial results for the fiscal year ended March 31, 2024, ordinary income on a consolidated basis amounted to ¥58,984 million, an increase of ¥281 million over the previous fiscal year. Profit for the fiscal year also increased by ¥759 million to ¥5,252 million. There are several factors behind this complete turnaround from the earnings and profit declines of the previous fiscal year to increases in both earnings and profit. For example, with the recovery from the novel coronavirus pandemic, the revitalization of corporate economic activity brought about an increase in interest earned on loans and bills discounted. The improvement in securities losses was also a factor. While some issues still remain in areas such as promotion of business loans, personal loans, and assets on deposit in Fukushima, we expect to be able to secure earnings with the upturn in the business environment, including rising domestic interest rates.

Three Xs Representing our Resolve to Move Beyond “Reform” to “Progress” and “Co-creation”

After the achievement of the various reforms in the previous medium-term management plan, Toho “Kagayaki” Plan, in the fiscal year under review, the long-term management plan, “TX PLAN 2030” began. This is a six-year plan that takes a long-term perspective, with the first three years positioned as the “Progress” stage and the second three years as the “Co-creation” stage.

In our deliberations on the management plan, we devoted serious study and discussion to the question of what the region and our customers want from the Bank. Allow me to convey the basic approach to TX PLAN 2030, in which the intentions of all employees are represented by three “Xs,” namely “TRANS(X)FORMATION” or reform, “E(X)PANSION” or progress, and “CROSS(X)” or co-creation.

The first task we embarked on in the formulation of TX PLAN 2030 was the reorganization of our management philosophy system. Amid the very existential threat that Fukushima faced in the wake of the Great East Japan Earthquake and nuclear power plant accident, memories of which still bring great pain, the corporate message of “For the Sake of Our Communities” emerged as the collective will of the Bank. We have since clarified that message, which we must continue to pass on to future generations, as our corporate Purpose.

10 Targets Set for the Achievement of Two Goals

There are two major pillars to TX PLAN 2030—Basic Policy I, which aims for “co-creation of value with the region and our customers,” and Basic Policy II, which is the Toho Bank Group’s growth strategy.

TX PLAN 2030 also declares two goals for the Group to work toward, namely “Improving the value of every customer’s business” and “Creating abundant lives for each individual customer.” For the first of those goals, “Improving the value of every customer’s business,” our aim is to help our corporate customers to build up the strength required to overcome the many and varied challenges that regional communities in Fukushima and elsewhere face. For the second goal, “Creating abundant lives for each individual customer,” in what is now known as the era of the 100-year lifespan, our aim is to help our individual customers realize a comfortable life in their later years through asset building and management. Creating communities in which the value of corporate customers’ businesses can be improved and in which individual customers can enjoy an abundant life is nothing other than our mission of “co-creation of value” that will also lead to the growth of the Group.

The specific initiatives that we have set to achieve this are in the form of 10 Targets: (1) Addressing personnel shortages; (2) Support for the promotion of decarbonization; (3) Financial consulting; (4) Support for business creation, growth, and management; (5) Business feasibility assessment and provision of useful information; (6) Cashless transactions (payments); (7) Life event support (loans); (8) Asset building and management (assets on deposit); (9) Inheritance and trusts; and (10) Improvement of financial literacy.

While this may give the impression that we are trying to be something for everyone, in the formulation of these targets, we canvassed ideas from Bank employees and constantly referred back to the Fukushima Prefecture Comprehensive Plan, which aims to solve issues such as recovery and reconstruction of Fukushima and regional revitalization. Initially, the list of potential

Message from the President

targets was twice as long, but we debated how we should accomplish what the region truly needed in these six years, and after repeated careful selection, arrived at these ten targets.

Against a background of a declining birthrate and aging population, Target (1) Addressing personnel shortages is the region’s most important challenge. The earthquake and nuclear power plant accident forced many of the prefecture’s residents to leave the land of their homes, and Fukushima Prefecture’s population, which stood at about 2.1 million before the disaster, fell by about 300,000 to about 1.8 million today. Furthermore, it is predicted to fall by about 400,000 by 2040. “Talent referral” is among the top of responses when customers are surveyed about what they seek from financial institutions. This indicates just how important the topic of sustaining human resources is to communities. As such, the Bank is also working to enhance our talent referral services to match diverse human resources (full-time, part-time, and side jobs) with our customers. In the area of labor saving initiatives to address personnel shortages, we will also partner with affiliated companies to offer one-stop IT and DX solutions.

For our corporate customers, it was essential to provide Target (3) Financial consulting, which assists with fund supply, Target (4) Support for business creation, growth, and management, which promotes the revitalization of the regional economy, and Target (5) Business feasibility assessment and provision of useful information, which will deliver the information that customers need in a timely fashion. Meanwhile, for our individual customers, Target (7) Life event support (loans) and Target (8) Asset building and management (assets on deposit) to support the creation of abundant lives, and Target (9) Inheritance and trusts to meet the needs of asset succession were required items.

Three Driving Forces That Will Propel Us Toward the Achievement of Our Goals

So, what driving forces should be directed toward these ten targets to achieve our two goals? The answer to this question lies in the three driving forces of “sustainable finance,” “Group-wide comprehensive consulting system,” and “advancement of assets on deposit operations through alliances.”



The first of these driving forces, “sustainable finance,” refers to expanding the targets of loans with a perspective of ESG investment, while agilely identifying drastically changing social circumstances, to engage proactively in the development and reform of industrial structures and in community building and infrastructure development in the region, for the sustainable growth of Fukushima Prefecture.

A representative example of such efforts is Target (2) of the 10 Targets, Support for the promotion of decarbonization. At a time when enterprises are being called on to measure greenhouse gas emissions not only from factories and offices, but across their entire supply chains, the Bank will help to mitigate the burden of investment in alternative energies and other initiatives. In Fukushima, another important initiative will be lending support for the creation of an environment that will enable evacuees to return and live in the 12 municipalities in the evacuation zone and the improvement of infrastructure and other settings to support reconstruction. Further, support for investments in digital technologies that will allow regional companies to increase their competitiveness while alleviating personnel shortages and active investment and lending support for start-ups for the revitalization of the economy will be essential. In TX PLAN 2030, we have set a lending and investment target of ¥1.5 trillion for these kinds of support as a partner.

The second driving force, “Group-wide comprehensive consulting system,” will support the sustainable growth of regional companies from the dual fronts of financial consulting and management consulting. Given that this driving force is connected to so many of the 10 Targets, namely (1) Addressing personnel shortages, (2) Support for the promotion of decarbonization, (3) Financial consulting, (4) Support for business creation, growth, and management, (5) Business feasibility assessment and provision of useful information, and (6) Cashless transactions (payments), our Group companies will work together to press toward our goal of “Improving the value of every customer’s business.”

To address the problem of a lack of business successors, which is an urgent challenge not only for Fukushima but for the whole region, in 2022, we established Toho Consulting Partners (TCP) as an affiliated company specializing in business succession and M&A consulting. With the Bank and TCP partnering in providing consulting services, we created a framework for one-stop responses to various concerns regarding business succession and M&A.

The third driving force refers to alliances with the advancement of the operations of asset building and management (assets on deposit), which is Target (8), in mind. To realize this, we concluded a basic agreement for a comprehensive business alliance in financial products intermediary services with Nomura Securities in August 2023.

By combining the Toho Bank Group’s strengths of a firm business foundations in the region, information on the region accumulated over many years, and a solid network of branches built across the region with Nomura Securities’ strengths of experience and expertise in financial instrument transactions built up over many years, a diverse range of products and services, and high-quality information and advanced consulting tools, we believe that we will be able to contribute to the creation of a rich future for our customers through asset building and management. Further, because this alliance will involve collaboration through the temporary assignment of Nomura Securities personnel to the Bank, we can expect effects that include the raising of the standards of branch operations and the acceleration of human resources development in this area. We are confident that the alliance between the Toho Bank Group and Nomura Securities will result in win-win outcomes toward our goal of “Creating abundant lives for each individual customer.”

Third Driver of Growth and Three Pillars for the Improvement of Corporate Value

To expand the sustainability of regional communities, the deployment of new strategies for the Group itself to grow sustainably will be essential. To that end, in line with Basic Policy II of TX PLAN 2030, in addition to conventional growth drivers in the form of stock earnings and flow earnings, we will aim to expand earnings across the entire Group by accelerating the third driving force to gain new earnings.

Message from the President

One initiative for this purpose is the conclusion of a comprehensive partnership and cooperation agreement with the Fukushima Institute for Research, Education and Innovation (F-REI), which was established by the Japanese government for the reconstruction of the Tohoku region and the strengthening of its competitiveness in science, technology, and industry. In addition to support for new business creation and commercialization based on research and development outcomes, matching between F-REI and counterparty companies, and support for new business start-ups, the Bank will back the recruitment and development of researchers. Also, in the Fukushima Innovation Coast Framework, which is a national project aimed at the creation of a new platform for industry for the recovery of industries in the Hamadori regions that were lost in the Great East Japan Earthquake and nuclear power plant accident, we have concluded a partnership agreement with the Framework's promotion body, and we will encourage participation by local industries in the Framework, while sharing the information and insights held by the Bank and that body and making use of our respective networks.

In Smart City Aizuwakamatsu, a joint industrial-governmental-academic reconstruction project launched in 2013, as well as playing a role in the garden city that uses digital technology, we are proceeding with the successive establishment of funds that will invest in companies involved in the development and manufacturing of medical and welfare devices in the prefecture. By making the third driver of growth function in this way, not only can we hope for Fukushima's sustainable growth through the development of industry and economic revitalization, but also for the expanded potential for new earnings for the Bank.

Another aim contained in Basic Policy II is the improvement of the Group's corporate value through proactive investment in growth, the environment, and human capital. The first of the three main pillars to achieve this is investments in digital technologies under the TSUBASA Alliance that I mentioned earlier and investments related to alliances such as the comprehensive business alliance with Nomura Securities.

Regarding digital investments, leveraging the digital platforms that we have developed to date, we will implement branch reforms, such as the use of tablets in branches and remote tools and non-face-to-face reforms through the adoption of new services such as the individual customer portal app, in an effort to improve the customer experience. At the same time, we will pursue business optimization such as the consolidation of operations, utilization of AI and RPA, and paperless initiatives, and re-assign human resources from administrative to business promotion functions. Further, with the aim of co-creation with the region and external parties, we will take on the challenge of regional co-creation through our alliance with Smart City Aizuwakamatsu, as well as alliances with other industries through BaaS provision and API integration, in our efforts to create new value. To promote these digital investments as a management strategy, we progressively disbanded our Digital Strategy/Business Process Reform Department in April 2024 and transferred its operations to a newly established DX Section in the General Planning Department.

The second pillar is the enhancement of human capital. Human resources are the very foundation of corporate value improvement and none other than the driving force that will accelerate the co-creation of value with the region and customers. With this belief, by increasing our spending on personnel and training, we will strive to upgrade the skills of people who will contribute to communities and to raise the motivation of our employees, including their sense of reward and satisfaction in their work and lives. To cite a specific example, in addition to raising the starting salary of our young employees to the same level as the mega-banks, we have also increased annual salary rises and part-timers' hourly wages, and reviewed the salary and bonus structure of veteran employees. We will also actively engage in mid-career recruitment to secure specialist personnel. We plan human capital investments of approximately ¥3.5 billion as investment in these kinds of human capital to underpin our growth strategy.

The third pillar is the enhancement of shareholder returns. We aim to further improve the Bank's corporate value by making returns through shareholder dividends, while also ensuring the soundness of earnings gained through the demonstration of our three drivers of growth. Specifically, on the basis of stable dividends of ¥6 per share, we will aim for flexible returns of profits in line with performance outcomes, aiming at a payout ratio of 30%.

All Employees Working in Unison Toward the Goals of the Fiscal Year Ending March 31, 2031

Whereas we have previously formulated medium-term management plans covering three-year periods, TX PLAN 2030 is a long-term management plan covering a six-year period. TX PLAN 2030 is the culmination of about two years of deliberation. Now, having finally launched it, what moves me most profoundly is the fact that so very many Bank employees actively participated in its formulation with a sense of ownership of our goal of co-creating value with the region and our customers.

The plan was formulated after many discussions in the Board of Directors and Management Strategy Executive Committee, based on the new management philosophy system and long-term management plan approach recommended by the Management Strategy Taskforce and Growth Strategy Project set up by Bank employees. I am proud to say that this is the Bank's first management plan that embodies our approach of "Try talking to each other, try doing things together" that transcends the boundaries of position and age.

The final fiscal year of TX PLAN 2030 also happens to be the goal year of the Fukushima Prefecture Comprehensive Plan and the goal year of the SDGs. I am filled with hope that, in six years' time, sustainable possibilities will have expanded for our Fukushima, our Bank, and, by extension, the world and the Earth.

Although we took on the challenge of various reforms in the previous medium-term management plan, Toho "Kagayaki" Plan, we cannot claim to have accomplished adequate results when it comes to linking those reforms to earnings. The goal of TX PLAN 2030 is to return our earnings to our shareholders and other stakeholders by linking the strengthening of value co-creation capabilities with the region and our customers to the enhancement of the Bank's growth potential. With that resolve, we set an ultimate target for consolidated ROE of 5.0% or more. It is my sincere hope that you will understand our thoughts and intentions behind the long-term management plan, TX PLAN 2030 and that you will extend your further support.



Fukushima Prefecture's Features and Attractions

Major Economic Indicators: Before and Immediately After the Disaster and Recent Situation

		Before the disaster (2010)	Immediately after the disaster (2011)	Recent situation	Statistical year
Population	Population (Source: Fukushima Prefecture)	2.02 million	1.97 million	1.750 million (as of March 1, 2024)	2024
	Total fertility rate (National average) (Source: Ministry of Health, Labour and Welfare)	1.52 (1.39)	1.48 (1.39)	1.27 (1.26)	2022
Economy	Total production in the prefecture (nominal) (Tohoku average) (Source: Cabinet Office "Prefectural Accounts")	¥7.1815 trillion (¥5.0788 trillion)	¥6.5881 trillion (¥4.9666 trillion)	¥7.8447 trillion (¥5.7480 trillion)	2021
	Ratio of job openings to job applicants (National average) (Source: Ministry of Health, Labour and Welfare)	0.42 times (0.52 times)	0.59 times (0.65 times)	1.39 times (1.32 times)	2023
Industry	Amount for contracts for public works (Source: East Japan Construction Surety Association)	¥181.7 billion	¥245.3 billion	¥412.3 billion	2023
	Number of new house construction started (Source: Fukushima Prefecture)	8,912	8,093	8,444	2023
	Amount for manufactured goods shipped, etc. (Source: Ministry of Economy, Trade and Industry "Census of Manufacture")	¥5.09 trillion (1st in Tohoku)	¥4.3209 trillion (1st in Tohoku)	¥5.1411 trillion (1st in Tohoku)	2021
	Amount for agricultural production (Source: Ministry of Agriculture, Forestry and Fisheries "Statistics of Agricultural Income Produced")	¥233 billion	¥185.1 billion	¥197.0 billion	2022



Strengths of Fukushima Prefecture

Talented Workforce

With the largest number of high school students taking technical courses among the prefectures in the Tohoku and Northern Kanto regions, Fukushima is highly praised by corporations located there for the large number of serious-minded and hard-working local people.

Number of high school students taking technical courses among the prefectures in the Tohoku and Northern Kanto regions



Number of inquiries for relocation to Fukushima Prefecture

(From the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023)

Three consecutive years
3rd in Japan



*According to the research result regarding relocations conducted by the Ministry of Internal Affairs and Communications

Number of visitors to Fukushima Robot Test Field

over 100,000



Superior Infrastructure

Located 200 km from the Tokyo Metropolitan area in the south end of the Tohoku region, Fukushima Prefecture provides superior transportation access through land, ocean, and air routes.



Tohoku Shinkansen Line (Koriyama to Tokyo)

Approx. 75 mins.



Expressway (Koriyama IC to Tokyo)

Approx. 3 hrs.



Japan's Top-level Financial Support

Support research and development, cooperation, and transactions, and provide diverse support for corporate business activities as well as corporate management

Independence & recovery support employment creation business siting subsidy (National system)
Targeting the evacuation zone., etc.

Maximum
¥5.0 billion

Fukushima industry enhancement company siting promotion subsidy
Mainly for manufacturers, including those related to next-generation automobiles, medical instruments, and aerospace technology

Maximum
¥0.5 billion

Regional revitalization implementation and development promotion cost subsidy
Support practical development in the primary areas of the Fukushima Innovation Coast Framework

Maximum
¥0.7 billion

Minamisoma City
Subsidy for establishment of companies
Fixed asset tax
Grant subsidy equivalent to the amount of fixed asset tax for three years

Iwaki City
Subsidy for establishment of factory facilities
Maximum
¥0.5 billion

(Source: Fukushima Industrial Location Guide)

Industry Agglomeration in Fukushima Prefecture

Fukushima Prefecture is developing a base for research and development and industry creation, including energy-related and ICT businesses, medical industry, agribusiness, and robot development.

Northern Fukushima Area

Faculty of Food and Agricultural Sciences, Fukushima University
Fukushima Global Medical Science Center
School of Health Sciences, Fukushima Medical University



School of Health Sciences, Fukushima Medical University
(Source: Fukushima Prefecture)

Soso Area

Fukushima Robot Test Field
Fukushima Institute for Research, Education and Innovation (F-REI)
Fukushima Hydrogen Energy Research Field



Fukushima Hydrogen Energy Research Field
(Source: New Energy and Industrial Technology Development Organization (NEDO))

Aizu Area

ICT Office "Smart City AiCT"
Certified decarbonization leading area
University of Aizu Laboratory for leading-edge ICT "LICTIA"



University of Aizu Laboratory for leading-edge ICT "LICTIA"
(Source: The University of Aizu)

Central Fukushima Area

Fukushima Medical Device Development Support Centre
Fukushima Renewable Energy Institute
Industrial Technology Institute Fukushima Prefectural Government



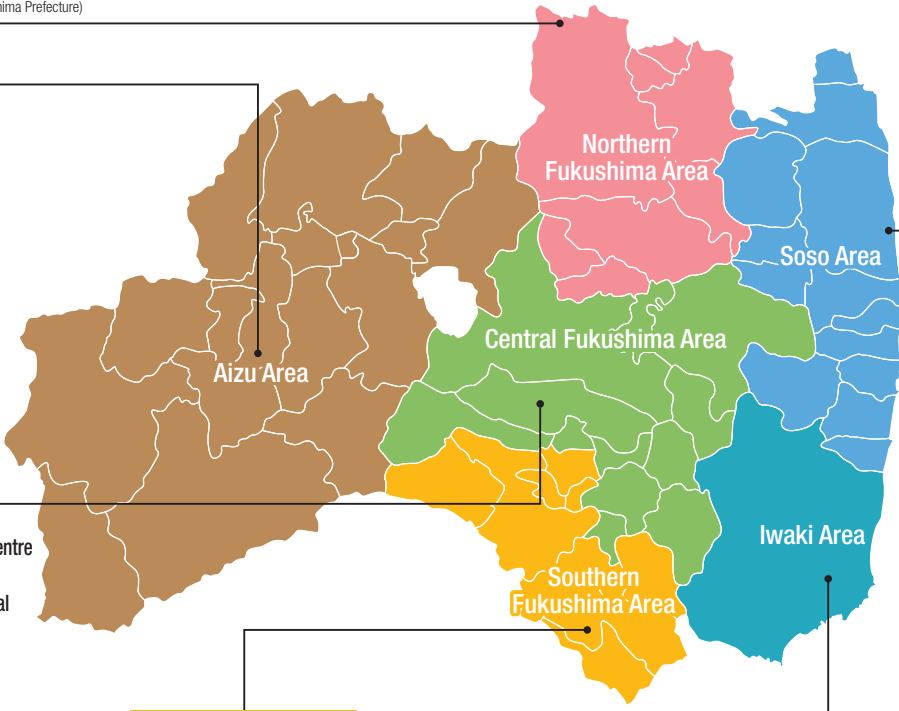
Fukushima Medical Device Development Support Centre
(Source: Fukushima Prefecture)

Southern Fukushima Area

Fukushima Prefectural Industrial Park, Industrial Forest and Shin-shirakawa Construction Area A
Electronic device related industries
Shirakawa Industry Support

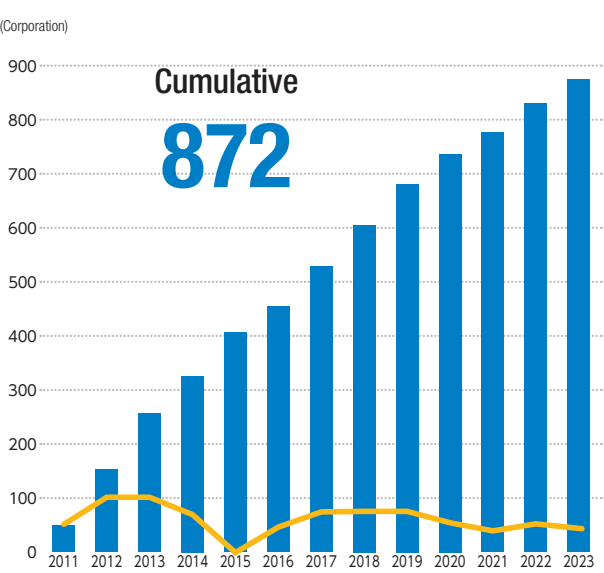
Iwaki Area

Fukushima Prefectural Fisheries and Marine Science Research Centre



Number of New Corporations Established Since 2011

Cumulative number of cases Annual number of cases



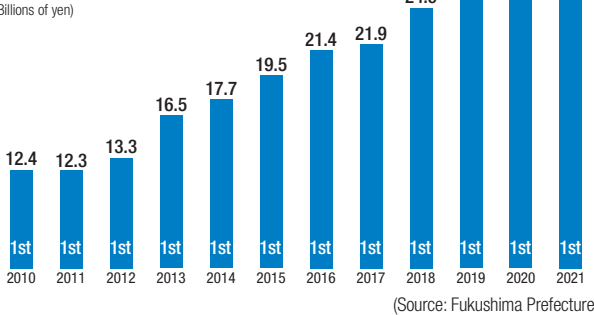
* The results show the total number of factory establishment filings based on the Fukushima Prefecture industrial development bylaw as of December 2023.
(Source: Fukushima Prefecture)

Medical Industry Agglomeration

Fukushima Prefecture has been working on the Next-Generation Medical Industry Agglomeration Project since the fiscal year ended March 31, 2006, through the collaboration of industry, academia, and the government, and the prefecture's amount for the production of parts for medical instruments and tools is the highest in Japan.

1st in Japan for 12 consecutive years

Amount for the production of parts for medical machines and tools

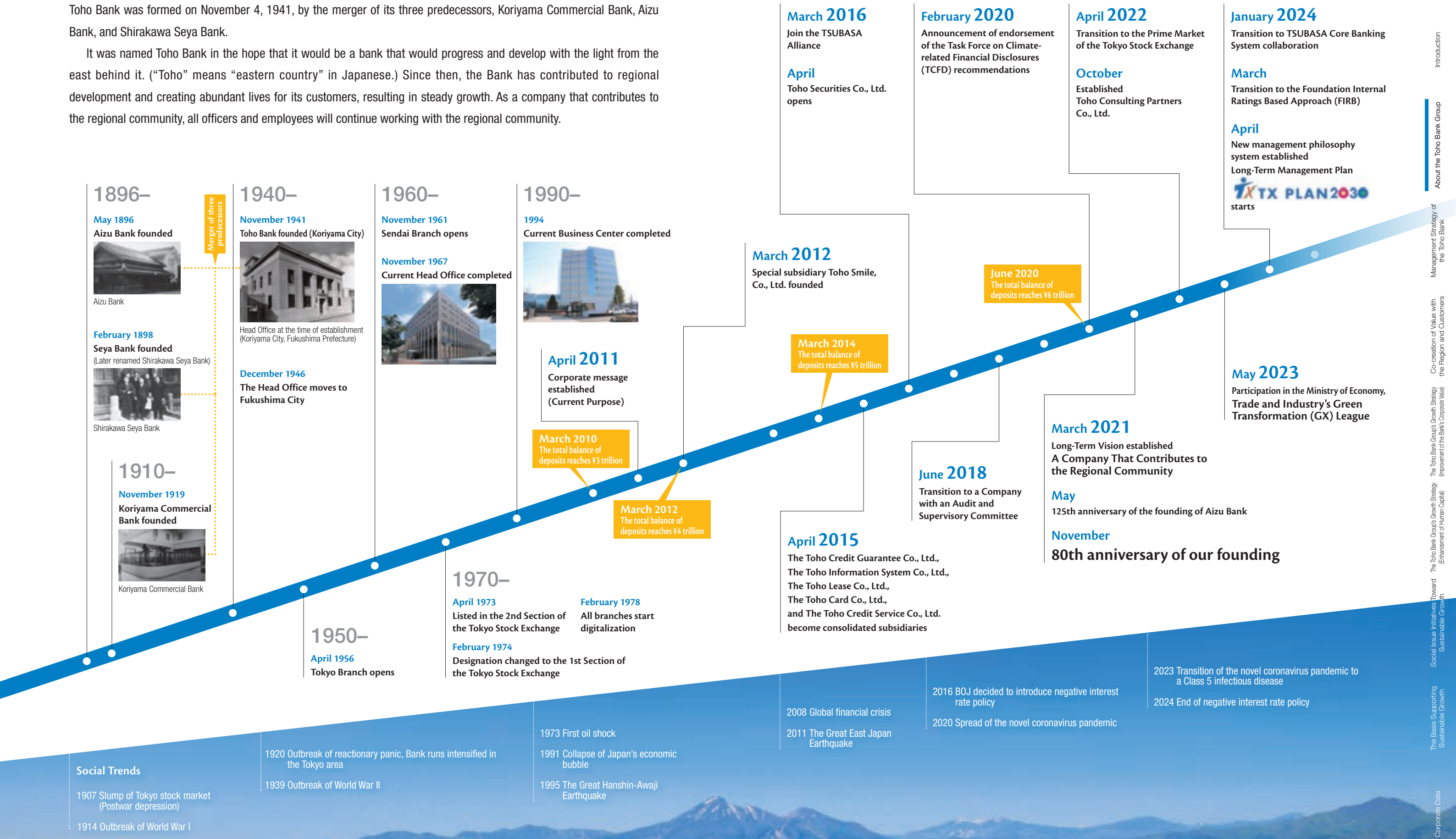


(Source: Fukushima Prefecture)

The History of Toho Bank

Toho Bank was formed on November 4, 1941, by the merger of its three predecessors, Koriyama Commercial Bank, Aizu Bank, and Shirakawa Seiya Bank.

It was named Toho Bank in the hope that it would be a bank that would progress and develop with the light from the east behind it. (“Toho” means “eastern country” in Japanese.) Since then, the Bank has contributed to regional development and creating abundant lives for its customers, resulting in steady growth. As a company that contributes to the regional community, all officers and employees will continue working with the regional community.



Toho Bank's Strengths

The Toho Bank Group will contribute to the realization of a sustainable society by making the fullest use of its financial capital, human capital, intellectual capital, and social capital to provide value to regional customers.

(Items with no particular notes are results at the end of March 2024 or for the fiscal year ended March 31, 2024)



Financial capital

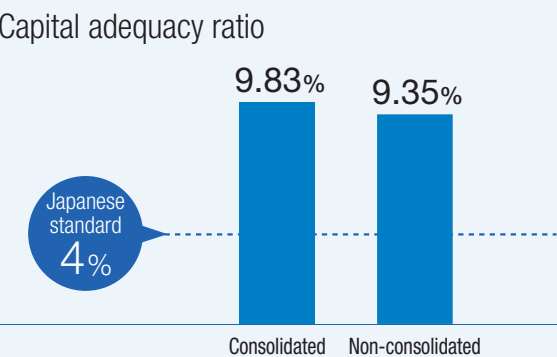
A sound financial/revenue base

Total assets
¥6.7381 trillion
(non-consolidated)

Total balance of deposits
¥6.3074 trillion
(non-consolidated)
(Including negotiable certificates of deposit)

Loans and bills discounted
¥3.9342 trillion
(non-consolidated)

Securities
¥877.7 billion
(non-consolidated)



On March 31, 2024, the Bank changed its credit risk measurement approach from the Standard Approach to the Foundation Internal Ratings Based Approach and adopted the Basel III finalization.



Human capital

Human resources with diverse, sophisticated financial knowledge

Small and medium enterprise management consultants
18

Real estate transaction specialists
95

Securities analysts
15

CFP/AFP*
59

Holders of an FP1/2 level
1,028

Percentage of female managers
24.0%

Number of employees hired with previous work experience
22

Number of employees with disabilities
71.0

* CFP/AFP (Certified Financial Planner/Affiliated Financial Planner): Financial planning qualifications managed by the JAPAN ASSOCIATION FOR FINANCIAL PLANNERS



Intellectual capital

Extensive financial-related services

Number of Group companies 8

(Toho Securities Co., Ltd., Toho Consulting Partners Co., Ltd., The Toho Lease Co., Ltd., The Toho Card Co., Ltd., The Toho Credit Service Co., Ltd., The Toho Credit Guarantee Co., Ltd., The Toho Information System Co., Ltd., Toho Smile, Co., Ltd.)

Asset succession consulting using trust function

Trust licensed since 1994, accumulated expertise in the trust business

- The Bank itself handles testamentary trusts, estate liquidation services, testamentary substitute trusts, calendar-year gift type trusts, and Kazoku no Kizuna Trust.

Number of trust-related consultations in the fiscal year ended March 31, 2024 837

Number of wills in custody as of the end of March 2024 779

Customer support through business feasibility assessment

Expertise in business revitalization/support for management improvement through recovery from the Great East Japan Earthquake

- Customer support in improvement plans based on understanding current situation through business feasibility assessment
- Cooperation with external organizations including the Regional Economy Vitalization Corporation of Japan and Council to Support Revitalization of Small and Medium Enterprises of Fukushima Prefecture

TSUBASA Alliance

(Framework for regional cooperation with 10 regional banks participating; Launched in October 2015)

- Cooperation with participating banks and their group companies in a wide range of fields including fintech, administrative/systems sharing, inheritance-related business, and international business



Social capital

A stable business base

A complete network of branches

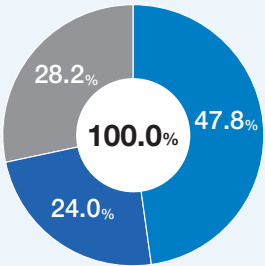
Head office and branches

123 branches

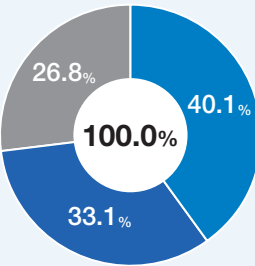
(including one internet branch and five sub-branches)

A customer base overwhelmingly in Fukushima

Share of deposits in Fukushima Prefecture



Share of loans and bills discounted in Fukushima Prefecture



■ Toho Bank ■ Megabanks/regional banks ■ Credit unions/credit associations/other

Excluding JA and the Japan Post Bank (Source: The Japan Financial News Co., Ltd.) (As of September 30, 2023)

Accounts for salary deposits (as of March 31, 2024)

397,912 accounts

Accounts for pension deposits (as of March 31, 2024)

174,170 accounts

Companies using the Bank as their main bank

9,098 (40.24% share)

Source: TEIKOKU DATABANK (Surveyed in 2023)

Number of municipalities designating us as their financial institution

31/60 (including rotation systems)

Number of municipalities with which we have concluded a partnership agreement for regional revitalization

29/60

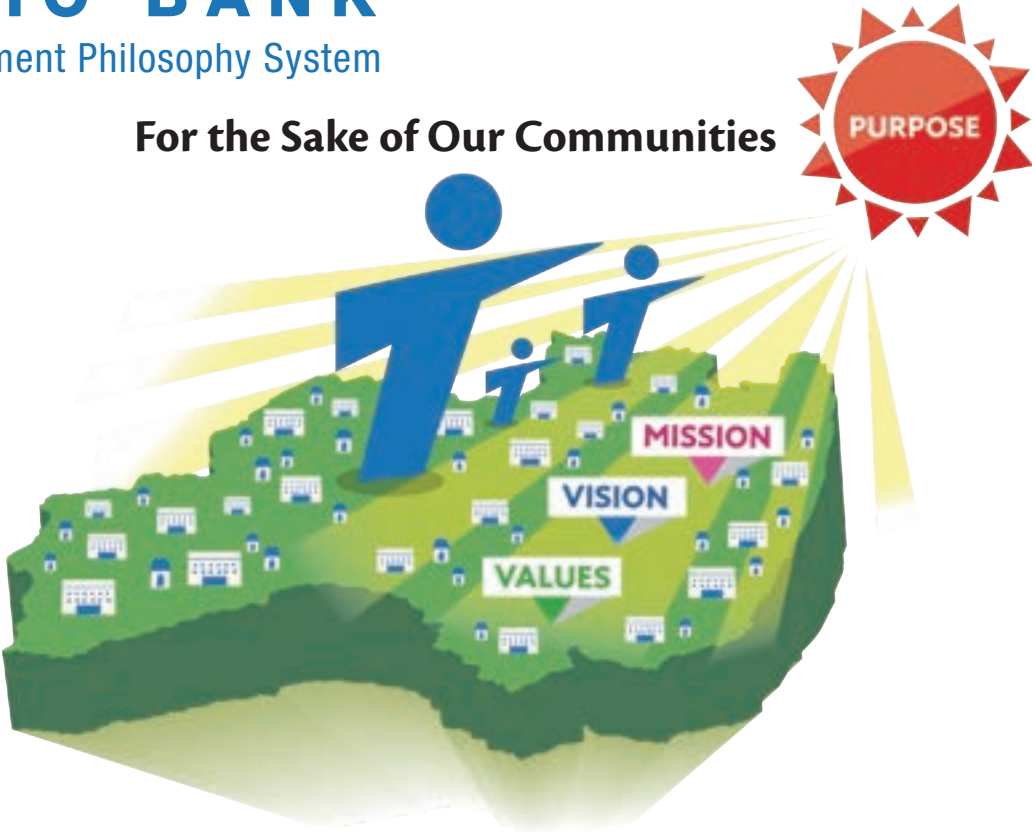
Management Philosophy System

With the launch of our long-term management plan, TX PLAN 2030, Toho Bank established a new management philosophy system with the objective of ensuring that all officers and employees share the same values and work together as a united force to contribute more than ever to the regional community.

Returning to our roots as a bank that will progress and develop with the light from the east behind it (“Toho” means “eastern country” in Japanese), Toho Bank will contribute to the realization of a sustainable society through the resolution of social issues by always putting our customers first.

TOHO BANK
Management Philosophy System

For the Sake of Our Communities



MISSION

Sustainability Declaration

① Revitalization of regional economy/society

② Response to declining birthrate and aging population

③ Promotion of digital transformation (DX)

④ Vigor of diverse human resources

⑤ Decarbonization and nature positive

VISION

A Company That Contributes to the Regional Community

Transcending the Framework of Financial Services

VALUES

Action Guidelines and Values

We will contribute to the realization of a sustainable society through the resolution of social issues by always putting our customers first.

PassionWe value our passion for contributing to the regional community above all else and strive for the growth of Fukushima.

DialogueWe value profound dialogue with customers and an attitude of empathy toward them.

ChallengeWe will continue to learn and take on new challenges without fear of failure, for our own growth and the development of our customers.

IntegrityWe will maintain high ethical standards and deal with customers with integrity.

VisionaryWe will look toward the future together with our customers from broad, long-term perspectives, without being biased toward short-term perspectives.

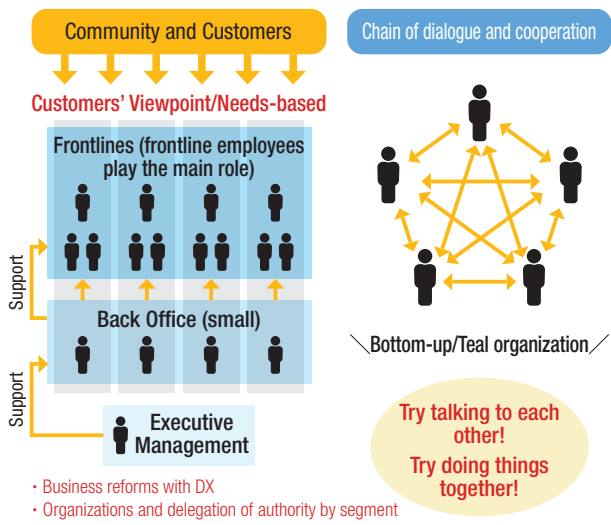
Reform of Corporate Culture

Transformation into an Independent Organization

Co-creation

Under our Purpose of “For the Sake of Our Communities”,
**Toho Bank will work to reform
our corporate culture**
to become a company that contributes to regional
communities.

We will engage in co-creation of new value
through dialogue with our diverse stakeholders.



Management Strategy Task Force

With the aim of cultivating a bottom-up organizational culture, Toho Bank established the Management Strategy Task Force (hereinafter, the “Task Force”), comprising young employees working in the branches, in July 2021. In the Task Force, based on their discussions of management strategies and key initiatives, young employees are able to make recommendations directly to executive management. There have been multiple examples of the Task Force’s recommendations actually being turned into the Bank’s systems. The Start-up Award system and Monthly MVP system that aim to motivate young employees are two examples.

The Third Task Force was launched in June 2024. We will work to enhance the effectiveness of the long-term management plan, TX PLAN 2030, in our efforts to contribute more than ever to regional communities and customers.

- As a member of the Second Task Force, I exchanged opinions with other members about organizational issues and the long-term management plan.
- Regarding the long-term management plan, I was given an opportunity to express my opinions from the drafting stage. This gave me the wonderful experience of being able to observe at close range the process in which executive management and the responsible officers of individual departments at Head Office consider the plan seriously and refine it day by day.
- As even a young employee such as myself was allowed to make recommendations directly to executive management, I have a real sense that the corporate culture of the Bank is transforming into a bottom-up organization. Based on this experience, I hope to make recommendations with added value to more and more customers.



Haramachi Branch
Masayuki Suzuki
Joined the Bank in 2014



Head Office Sales Department
Nanase Itagaki
Joined the Bank in 2015

- In the Task Force, we held discussions on specific initiatives in the belief that improving employees’ engagement is critical for the reform of the Bank’s organizational culture. We recommended the introduction of the “39 Card” (so named because “3-9” in Japanese sounds like “thank you” in English), based on the opinion that employees would be more motivated in their work if they were to express gratitude and praise toward each other, was actually turned into the Bank’s system.
- One year after the introduction of the 39 Card, we now have a system in which employees can thank and praise each other in a casual way on the Bank intranet, which is helping to raise employees’ motivation and to revitalize communication.
- The way in which the voices of young employees have been given tangible form has given me a great sense of reward, and I really feel that the Bank values feedback from the bottom up. I will continue to work actively to foster a corporate culture of gratitude and praise.



Scene from discussions about the reform of corporate culture



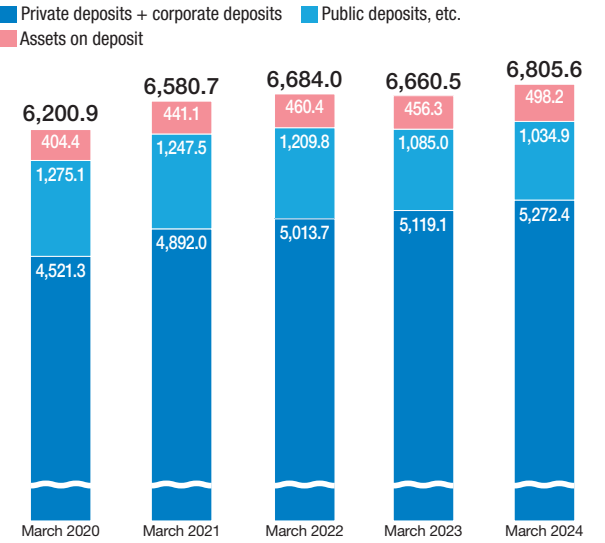
President Sato and the members of the Second Management Strategy Task Force



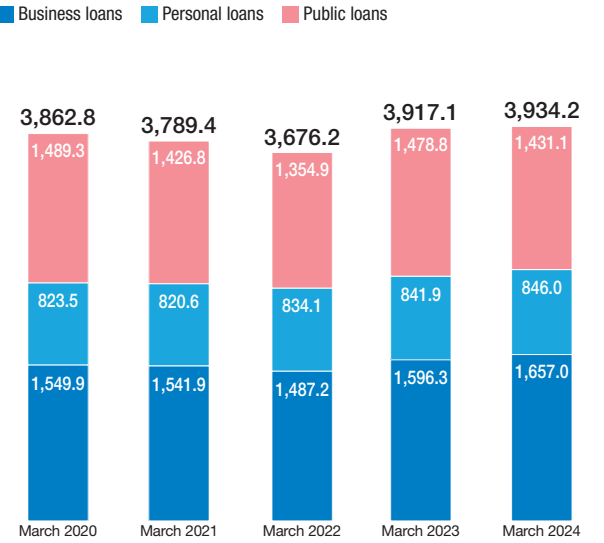
Scene from discussions about the formulation of the long-term management plan, TX PLAN 2030

Financial Highlights

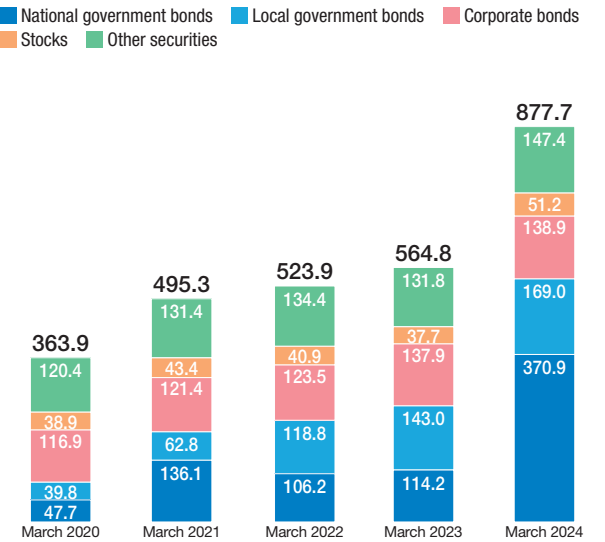
Balance of total assets on deposit (Non-consolidated) (Billions of yen)



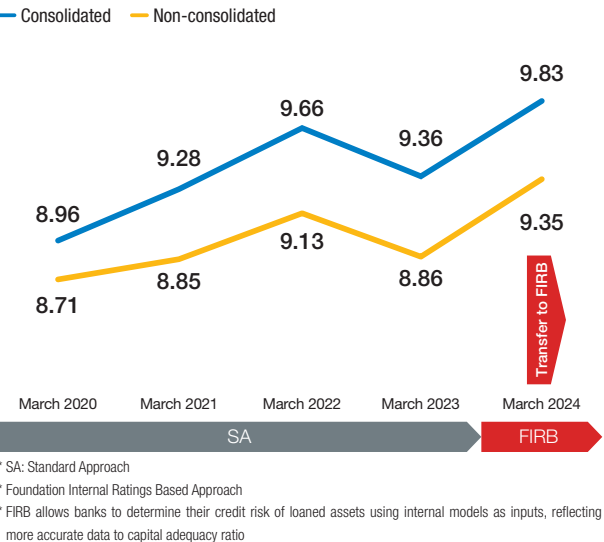
Balance of loans and bills discounted (Non-consolidated) (Billions of yen)



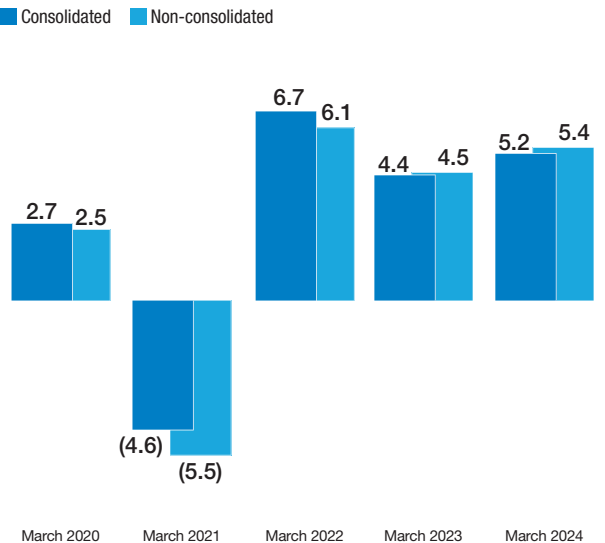
Balance of securities (Non-consolidated) (Billions of yen)



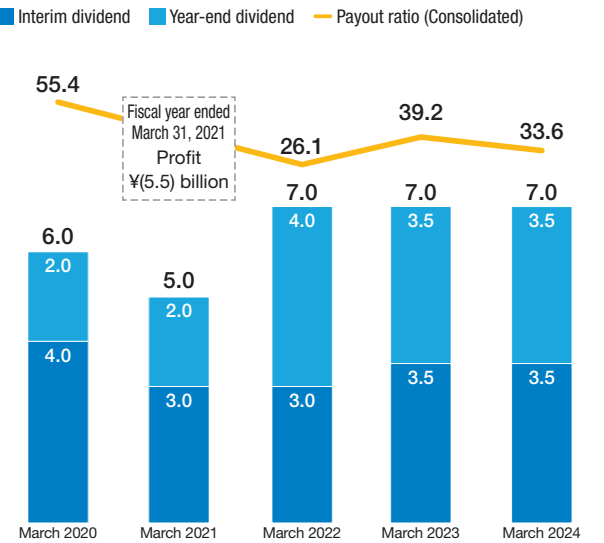
Capital adequacy ratio (Consolidated and non-consolidated) (%)



Profit (Consolidated and non-consolidated) (Billions of yen)



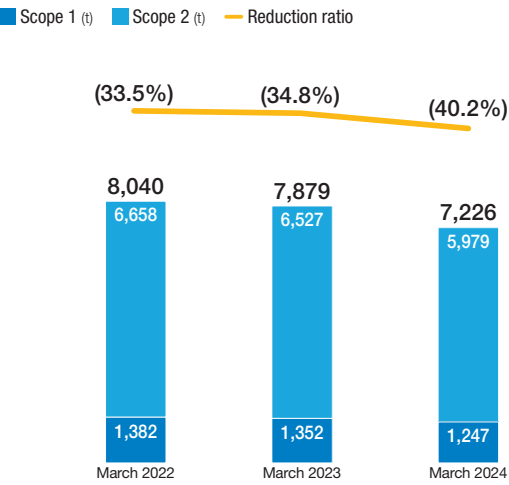
Shareholder returns (Yen)



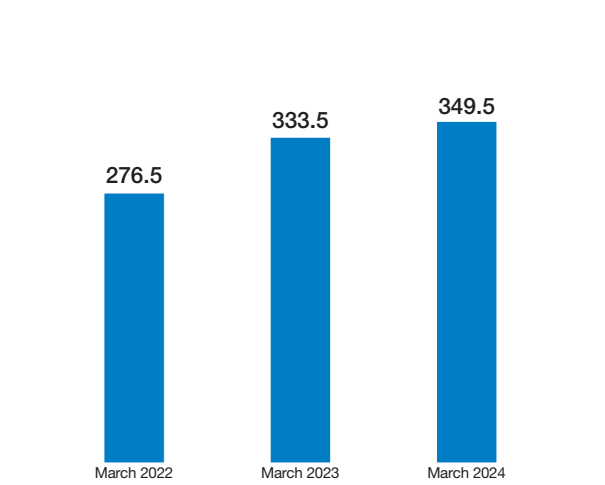
Non-Financial Highlights

Sustainability Management

Changes in CO2 emissions reduction ratio

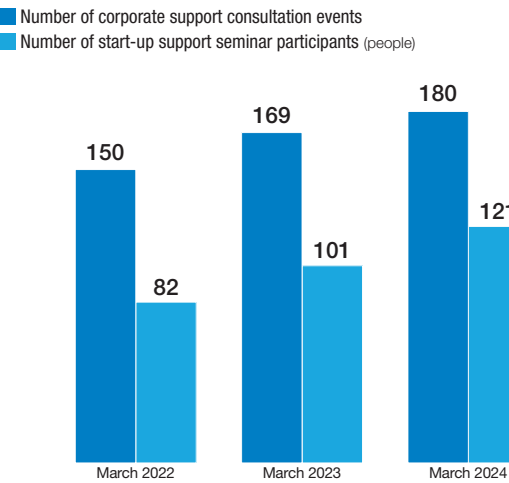


Cumulative amount of financing for renewable energy (Billions of yen)

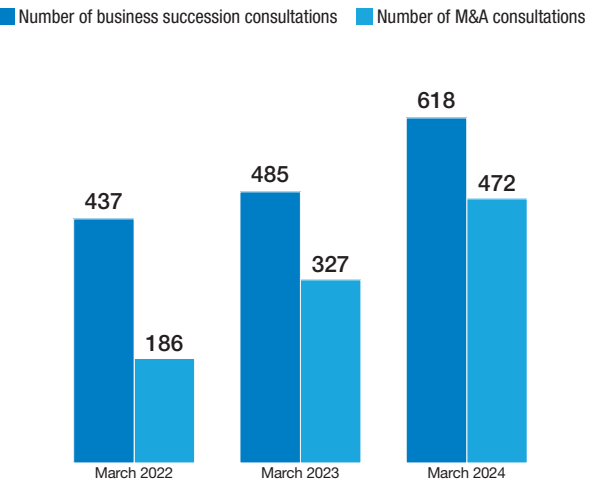


Corporate Consulting

Start-up support

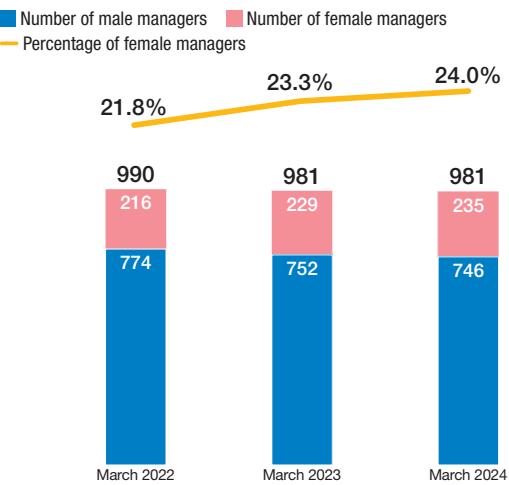


Business succession/M&A support

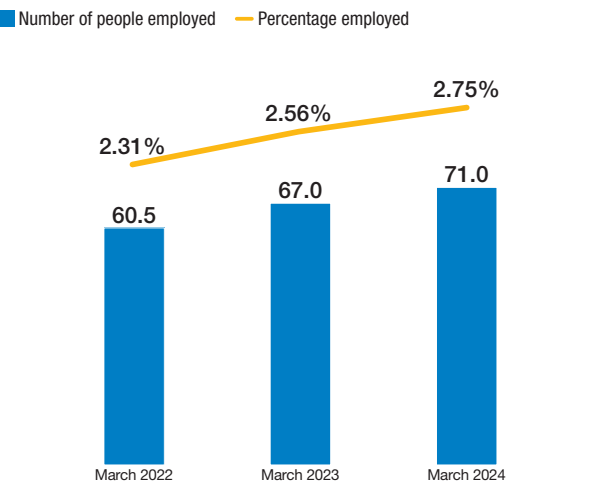


Diversity

Female managers

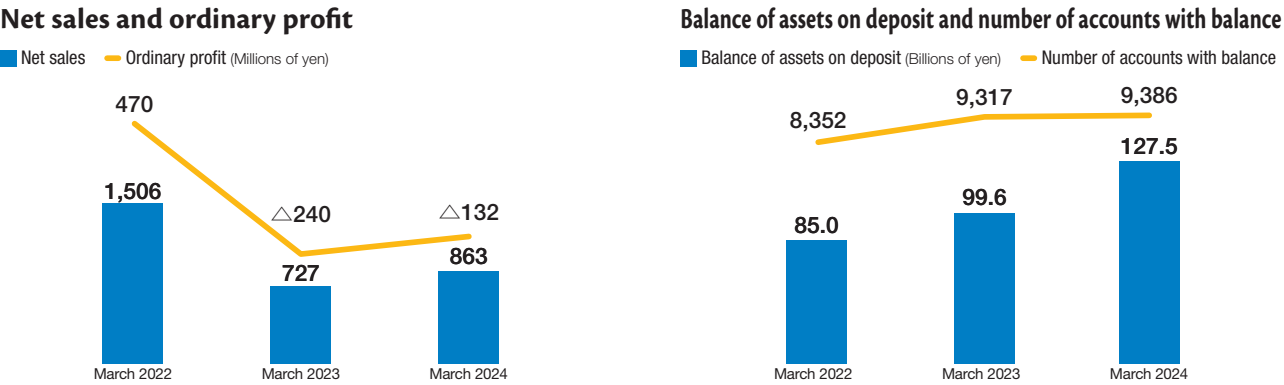


Employment of people with disabilities

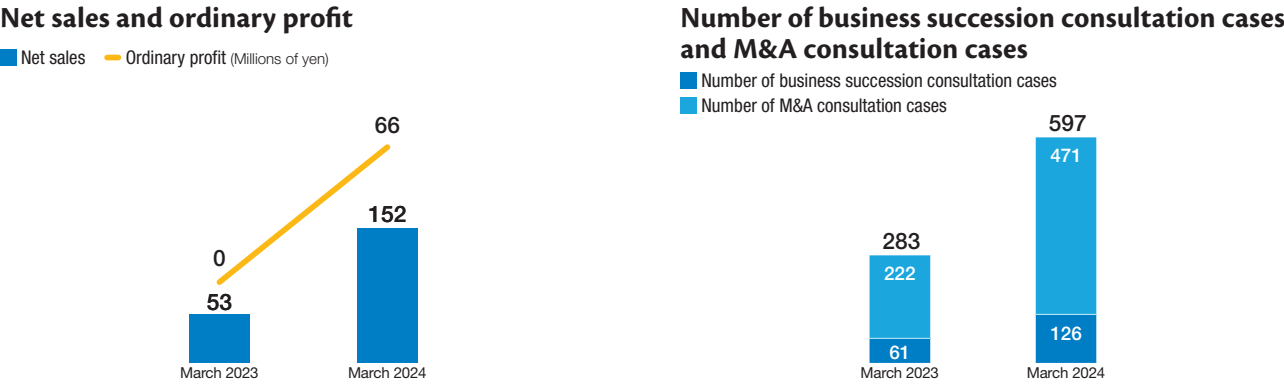


Financial and Non-Financial Highlights of Group Companies

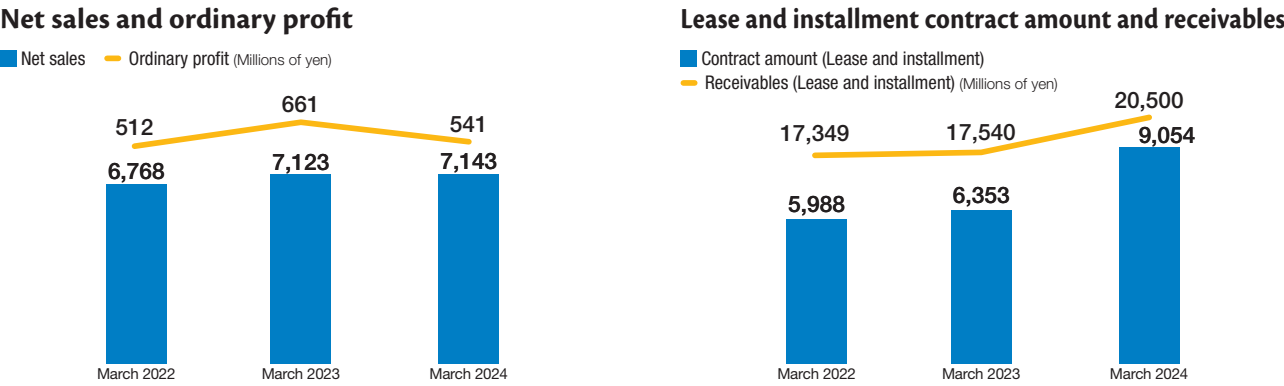
Toho Securities Co., Ltd. (Securities)



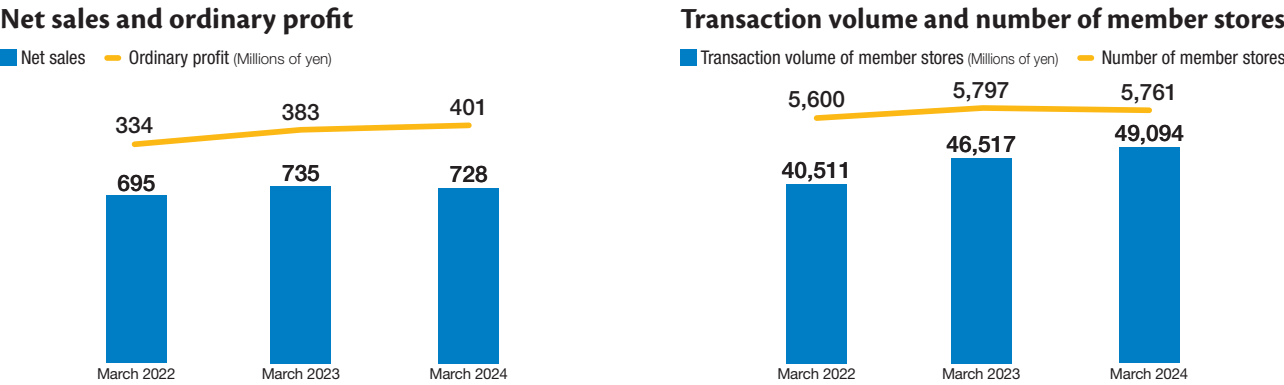
Toho Consulting Partners Co., Ltd. (Business succession and M&A support services, business started from October 2022)



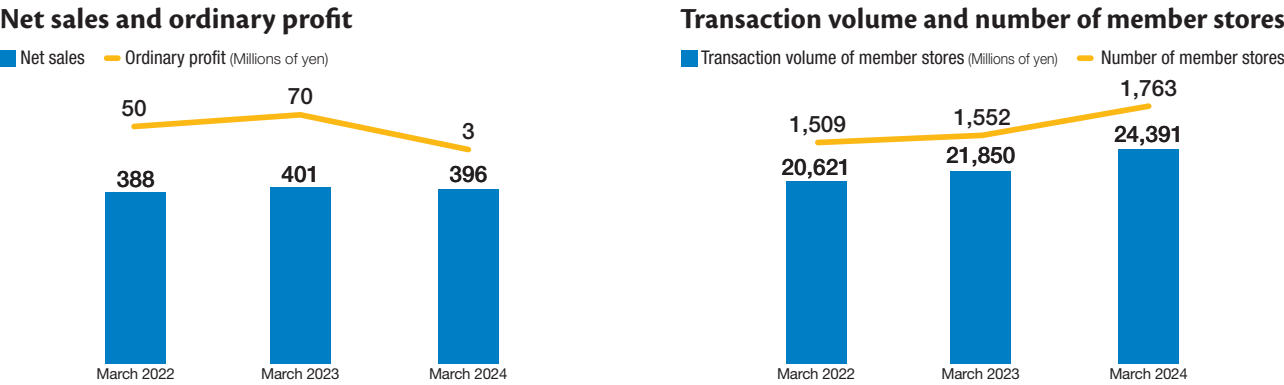
The Toho Lease Co., Ltd. (Leasing)



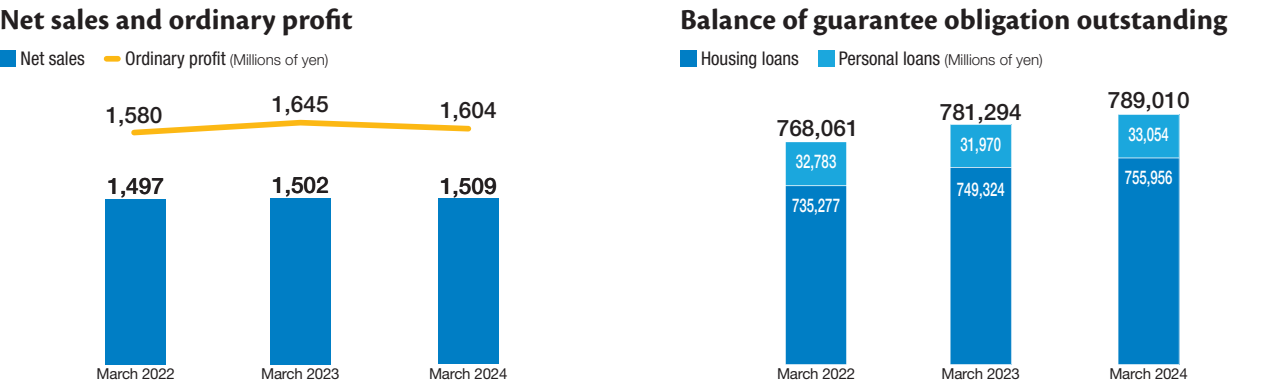
The Toho Card Co., Ltd. (Credit card business and credit guarantee business)



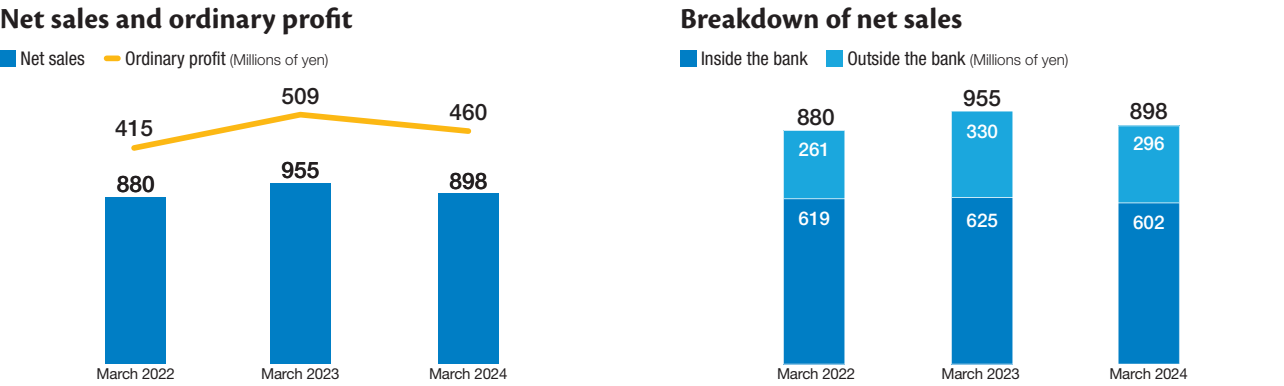
The Toho Credit Service Co., Ltd. (Credit card business and credit guarantee business)



The Toho Credit Guarantee Co., Ltd. (Credit guaranteeing)



The Toho Information System Co., Ltd. (Planning and development for IT implementation)



Profit and Dividends of Group Companies for the Fiscal Year ended March 31, 2024 (Millions of yen)

Company name	Services	Ordinary profit	Profit	Group dividend amount*1
Toho Securities Co., Ltd.	Securities	(132)	(159)	0
Toho Consulting Partners Co., Ltd.	Business succession and M&A support services	66	41	0
The Toho Lease Co., Ltd.	Leasing	541	493	552
The Toho Card Co., Ltd.	Credit card business and credit guarantee business	401	323	312
The Toho Credit Service Co., Ltd.	Credit card business and credit guarantee business	3	(1)	31
The Toho Credit Guarantee Co., Ltd.	Credit guaranteeing	1,604	1,212	1,192
The Toho Information System Co., Ltd.	Planning and development for IT implementation	460	451	484
Toho Smile, Co., Ltd. (Special subsidiary)	Printing and binding of business forms and other documents	(4)	(4)	0
Total		2,939	2,356	2,572

*1 Dividends paid from each Group company to the banking entity and Group companies

Value Creation Process

PURPOSE For the Sake of Our Communities

MISSION 1 Revitalization of regional economy/society 2 Response to declining birthrate and aging population 3 Promotion of digital transformation (DX) 4 Vigor of diverse human resources 5 Decarbonization and nature positive

VISION A Company That Contributes to the Regional Community Transcending the Framework of Financial Services

VALUES Passion Integrity Dialogue Visionary Challenge

Invested Capital Business Activities Value Offered

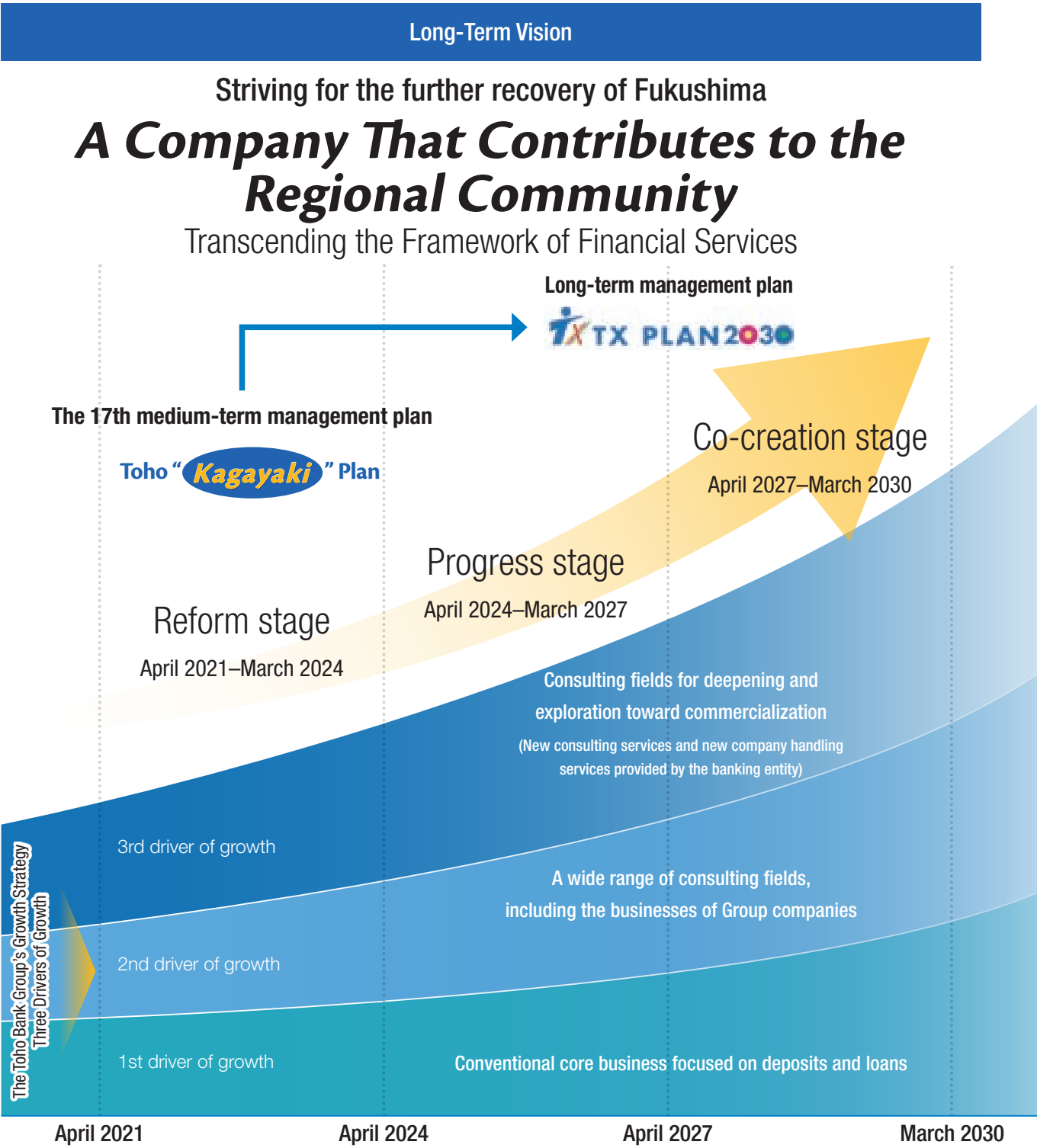


Long-Term Vision

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 13 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 Sustainability 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 required by the region and customers, while actively taking on trends in social change, technological innovation, and deregulation with new ways of thinking.



Toho Bank has named its new long-term management plan “TX PLAN 2030.” The three Xs represent our resolve to progress beyond the “Reform” that we undertook during the previous medium-term management plan to achieve “Progress” and “Co-creation” of new value with the region and our customers.

There are two major pillars to TX PLAN 2030—Basic Policy I, which aims for “co-creation of value with the region and customers,” and Basic Policy II, which is the Toho Bank Group’s growth strategy. We have launched this six-year plan toward these basic policies’ two goals of “Improving the value of every customer’s business” and “Creating abundant lives for each individual customer.”

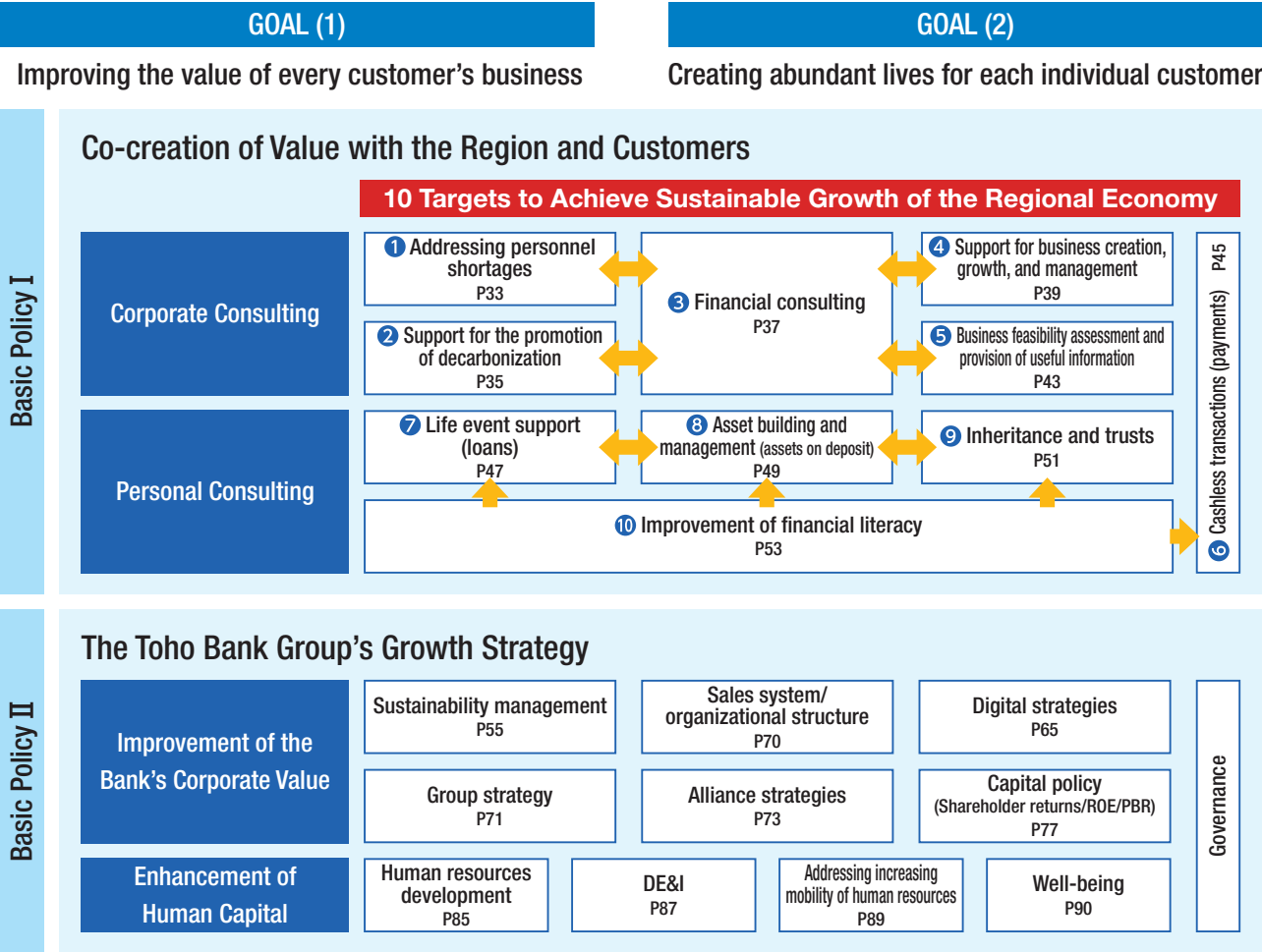
Long-Term Management Plan



(TOHO TRANSFORMATION (X) PLAN 2030)

Plan period: April 2024–March 2030

Three meanings behind the Xs
TRANS(X)FORMATION
E(X)PANSION
Co-creation = **CROSS(X)**



Review of the Previous Medium-Term Management Plan

In the previous medium-term management plan, we deployed various initiatives under the three basic policies of enabling the region and customers to shine, enabling employees to shine, and enabling the Bank to shine, and we have been able to build the foundation for growth in the “Progress” stage of TX PLAN 2030.

While we made steady efforts to enhance a broad range of consulting services, in terms of earnings, some challenges remained, including in the areas of business loans, personal loans, and assets on deposit in Fukushima. In the long-term management plan, TX PLAN 2030, we will place particular efforts on addressing these challenges.

Overview of the Previous Medium-Term Management Plan

Name	<div><div><div>Toho “<i>Kagayaki</i>” Plan</div><div>Plan period: April 2021–March 2024</div></div></div>	
	Basic Policy	<div><div>Basic Policy I</div><div><div>Enabling the region and customers to shine</div><div>(Giving back to the region and customers)</div><div><div>● Corporate consulting strategy</div><div>● Private consulting strategy</div><div>● Channel strategy</div><div>● Group strategy</div></div></div></div>
		<div><div>Basic Policy II</div><div><div>Enabling employees to shine</div><div>(Growth and vitality)</div><div><div>● Personnel/human resources development strategy</div></div></div></div>
		<div><div>Basic Policy III</div><div><div>Enabling the Bank to shine</div><div>(Sustainable management culture)</div><div><div>● New sales system/organizational strategy</div><div>● Digital/IT strategy</div><div>● Securities operation strategy</div><div>● Cost restructuring strategy</div><div>● Alliance strategies</div><div>● SDGs/ESG strategy</div></div></div></div>

Principal Figures				
Consolidated	Results for the fiscal year ended March 31, 2022	Results for the fiscal year ended March 31, 2023	Medium-term management plan target (Fiscal year ended March 31, 2024)	Results for the fiscal year ended March 31, 2024
Net core business profit	¥12.2 billion	¥10.0 billion	¥10.0 billion or more	¥9.3 billion
ROE	3.50%	2.33%	2.8% or more	2.64%
Core OHR	73.1%	76.3%	78.0% or less	78.9%
Profit	¥6.7 billion	¥4.4 billion	¥5.5 billion	¥5.2 billion

Major Outcomes of the Previous Medium-Term Management Plan

Basic Policy I	<div><div>Enabling the region and customers to shine</div><div>(Giving back to the region and customers)</div><div><div>Enhancement of a broad range of consulting services</div><div><div>▶ Launch of new consulting business (plan formation/personnel systems/subsidy applications, etc.)</div><div>▶ Enhancement of business succession and M&A support services with establishment of Toho Consulting Partners Co., Ltd.</div><div>▶ Launch of management consulting as a partner by the TOHO AREA RESEARCH INSTITUTE</div></div></div></div>
	<div><div>Enabling employees to shine</div><div>(Growth and vitality)</div><div><div>Personnel system reform for self-direction, growth, and challenge/ Strengthening of consulting promotion capabilities</div><div><div>▶ Expansion of opportunities to succeed (career self-direction system/senior supporter system (enabling employees to continue working up to the age of 70))</div><div>▶ Diversification and revision of evaluation methods (introduction of 360° evaluation and competency evaluation, review of evaluation systems)</div><div>▶ Continued investment in human capital (review of salary structures, wage rises, increase in starting salaries and hourly wages)</div><div>▶ Career development support (expansion of 1-on-1 meetings, Head Office support for on-the-job training to pass on skills)</div><div>▶ Strengthening of consulting promotion abilities (strengthening of OFF-JT, expansion of holiday seminars and home learning)</div></div></div></div>
	<div><div>Enabling the Bank to shine</div><div>(Sustainable management culture)</div><div><div>Promotion of sustainability management, digitization, and alliance strategies</div><div><div>▶ Setting of carbon neutrality targets for fiscal year ending March 31, 2041</div><div>▶ Establishment of Sustainability Strategy Promotion Section and launch of joint project with the Ministry of the Environment</div><div>▶ Enhancement of corporate governance (transition to the Prime Market)</div><div>▶ Completion of transition to the TSUBASA Core Banking System</div><div>▶ Conclusion of a basic agreement for a comprehensive business alliance in financial products intermediary services with Nomura Securities</div></div></div></div>

10 Targets and Three Driving Forces

To enhance the sustainability of regional communities through TX PLAN 2030, the Bank has established the 10 Targets as priority areas. By engaging in the 10 Targets and co-creating new value with the region and our customers, we will achieve the two goals of “improving the value of every customer’s business” and “creating abundant lives for each individual customer.”

1 Addressing personnel shortages

Against a background of a declining birthrate and aging population, addressing personnel shortages is an important challenge for regional communities. In addition to talent referral services to help customers secure human resources, Toho Bank will provide services such as support for the development of personnel systems and employee welfare and benefits schemes aimed at human resource retention and assistance with in-house education. We will also actively support customers' utilization of IT and DX for productivity improvement and labor-saving objectives.

2 Support for the promotion of decarbonization

With the increase in natural disasters caused by extreme weather events, companies have an obligation to engage in decarbonization as a response to global warming. The Bank will support customers' decarbonization initiatives with an extensive menu of solutions tailored to the steps of "learn," "measure," and "reduce and communicate."

3 Financial consulting

Toho Bank has positioned business loans as the 1st driver of growth in its growth strategy and is actively working on it as a mainstay of its earnings. By gaining an understanding of customers' actual circumstances through business feasibility assessment, we identify customers' management issues and employ diverse approaches for the speedy supply of funds.

4 Support for business creation, growth, and management

We respond to the various management issues faced by customers and provide consulting services to improve business value according to the stage that they are at. In addition to support for the establishment of businesses aimed at creating innovation in regional communities and support for the growth of companies that will propel regional communities forward, we assist companies in straitened circumstances with their management.

5 Business feasibility assessment and provision of useful information

With the aim of improving the value of every customer's business, the Bank employs promotion activities with business feasibility assessment and provision of useful information as starting points, for the implementation of proposal-based business for management issues, to solve customers' various issues, and provides one-stop solutions on both financial and management fronts.

6 Cashless transactions (payments)

In light of the government's target of achieving a cashless ratio of around 40% by June 2025, the penetration and expansion of cashless transactions is a significant mission for the Bank. The Bank actively makes proposals for cashless services to give individual customers a sense of convenience and to help corporate customers improve operational efficiency and resolve their personnel shortages.

7 Life event support (loans)

The Bank provides support to create abundant lives for each individual customer by responding carefully to their needs according to their life stages. This includes the provision of funds for purchasing a car, education, and for buying a home. We also contribute to the revitalization of the regional economy by boosting consumer activity.

8 Asset building and management (assets on deposit)

In the Doubling Asset-based Income Plan, the Japanese government has set forth a variety of measures, including the new NISA system, to realize a shift from savings to investment, with the aim of creating a virtuous cycle of economic growth and increases in asset-based income. Under these circumstances, we provide products and services that meet customer needs to realize the creation of abundant lives for our customers.

9 Inheritance and trusts

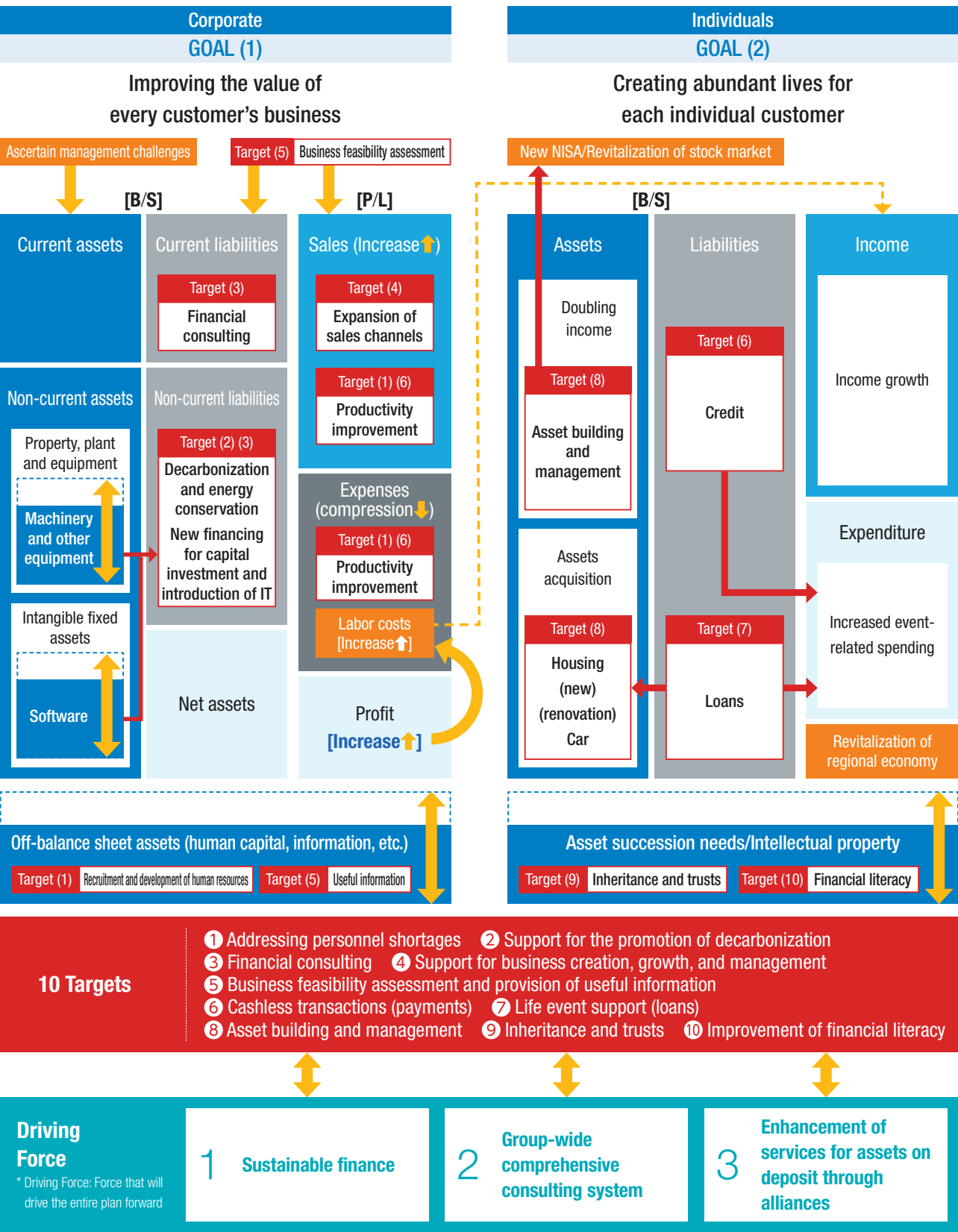
With the progression of society's aging, there are growing needs related to passing on of assets from the elderly to future generations. At Toho Bank, we make proposals based on our trust banking functions in the provision of asset inheritance consulting and preparation for nursing care and dementia as forms of end-of-life support for the era of the 100-year lifespan.

10 Improvement of financial literacy

For creating abundant lives, the popularization of financial and economic education is crucial. As well as lessons about finance for children, who represent the bright future of regional communities, the Bank conducts financial and economic education activities for a wide range of generations, from working adults to senior citizens, according to their respective life stages.

Through the 10 Targets initiatives, we will enhance regional communities' balance sheets (corporate and individual) and circulate profit, and in doing so, contribute to the revitalization of the regional economy.

Then, via the three driving forces of “sustainable finance,” “Group-wide comprehensive consulting system,” and “advancement of assets on deposit operations through alliances,” we will work to achieve TX PLAN 2030.



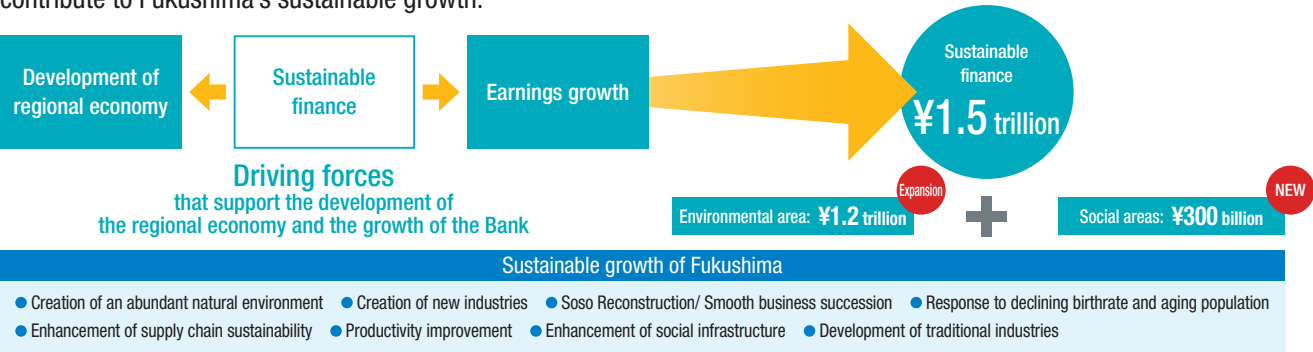
10 Targets and Three Driving Forces

Feature Dialogue About the Driving Forces (Group-wide Comprehensive Consulting)

Driving Force (1)

Sustainable finance

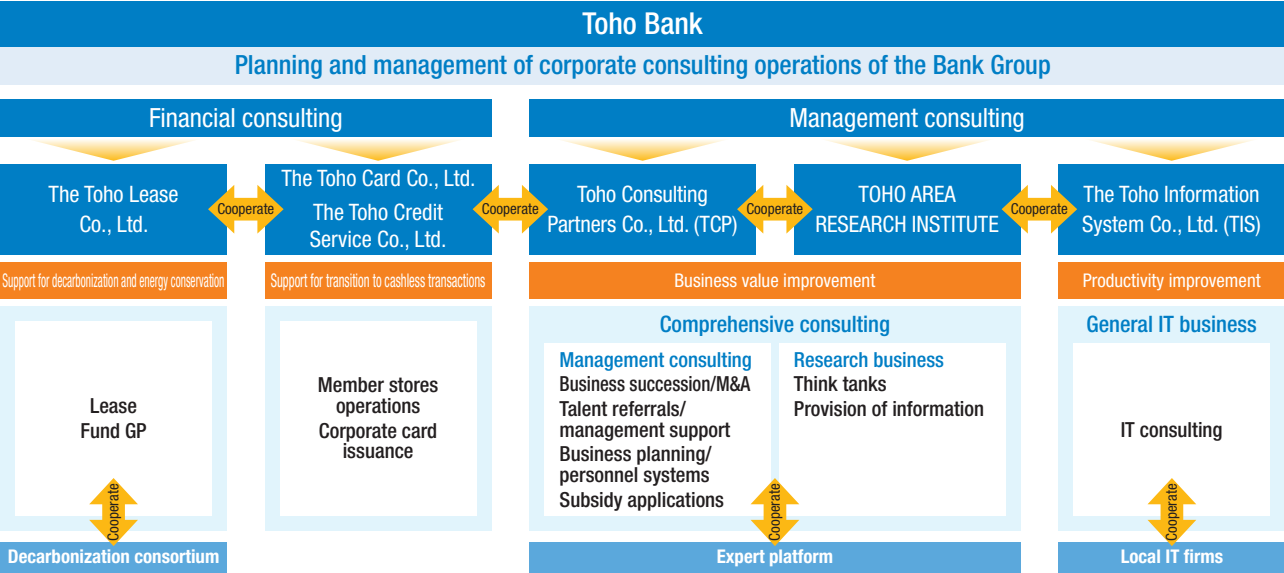
In addition to expanding the target of sustainable finance to social areas, we will engage proactively in the development and reform of industrial structures and community building, as well as infrastructure development in the region, to contribute to Fukushima's sustainable growth.



Driving Force (2)

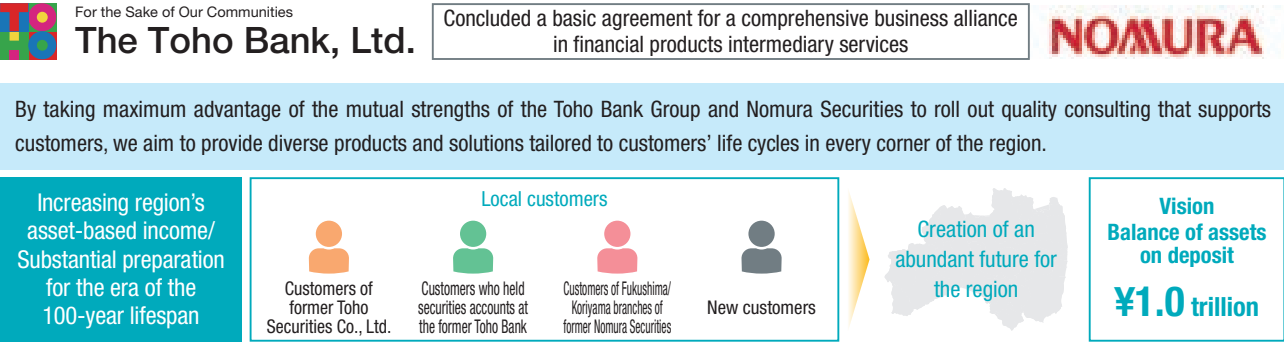
Group-wide comprehensive consulting system

Toho Bank partners with Group companies and external experts to offer optimal solutions that will help customers with business value improvement, productivity improvements, decarbonization and energy conservation, and the adoption of cashless systems.



Driving Force (3)

Enhancement of services for assets on deposit through alliances



Uniting Our Strengths to Maximize the Driving Force of Consulting



Consulting to Co-create Value with Our Regional Customers Based on Trust

Honda In the Corporate Consulting Department at Toho Bank, we work with affiliated companies and external alliance partners to handle financial consulting that addresses the increasingly diverse and sophisticated needs of customers, such as decarbonization and sustainability promotion support and structured finance, as well as management consulting, including increasing the vitality of business operators and the regional economy through such means as support for new business creation, promotion of new industry creation, and support for overseas expansion. One area in which the region's needs are growing in particular is consulting on business succession and M&A. The affiliated company that was established for this purpose is Toho Consulting Partners Co., Ltd. (TCP), where you work, Mr. Konno.

Konno TCP opened for business in October 2022 as a consulting company focused on business succession and M&A, which are major social issues in the region. Before I was transferred to TCP, I gained experience at a specialist M&A firm in Tokyo as a trainee dispatched from Toho Bank. TCP has a full complement of specialists who have a high degree of expert knowledge in the relevant fields. Since being transferred here myself last year, I have been working hard every day to ensure that I can demonstrate the skills that I have cultivated.

Honda The long-term management plan, TX PLAN 2030, was launched in April this year. One driving force in the new plan that is the target of much expectation is consulting. In particular, consulting on business succession and M&A will become an increasingly necessary field, and I believe that it is important that the Corporate Consulting Department and TCP work together to address these issues.

Konno The concerns held by the region's customers about business succession and M&A are truly urgent. Each year about 800 local companies go out of business in Fukushima Prefecture. Some 43% of those businesses have no choice but to close even though they are still profitable. In many cases, this is because, despite possessing strengths in sales and technology, these companies did not have a successor to take over the company, or their attempts to match with a company to take them over were unsuccessful.

One case I worked on involved a client that was to take over a company facing a successor problem. This case really impressed on me the need for consulting about business succession and M&A. Leveraging my experience at the branches and as a trainee at the specialist M&A firm, I hope to do whatever I can to help our regional customers resolve their concerns.

Feature Dialogue About the Driving Forces (Group-wide Comprehensive Consulting)

Honda Before I assumed my current position, I had experience as a branch manager in branches both in and outside Fukushima Prefecture. I also had a strong sense of the need for business succession and M&A consulting from the unique perspectives to be gained on the frontlines, where I can listen to customers' voices directly. One case that I recall even today is a business succession case that I was involved in when I was a branch manager outside the prefecture. Even though Toho Bank was not the client's main bank, because we dealt with the client with such wholehearted sincerity, they decided that they wanted to consult with Toho Bank, and we achieved results for them.

Through that experience, I am keenly aware of the mental attitude of engaging with customers with sincerity, both as a bank employee and as a person. Unless we have that attitude at our core, there is no way that the customers will open up to us about their concerns. The key, I think, is to gain customers' trust. It is when customers come to us for advice about how they should pass on their business that our ongoing, day-to-day efforts, including our dealings with them on the financial front, pay off. In this respect as well, that case in which the customer chose us from among their multiple banks of account is a particularly moving memory.

Konno We are in an age when banks are increasingly becoming subject to selection by customers. Inside Fukushima Prefecture, everyone has heard of Toho Bank, but we do not have the same level of name recognition in other prefectures. Under these circumstances, it is vital that we gain customers' trust by offering them services that will support them.

With M&A as well, selling or handing over one's own company to another company is a once-in-a-lifetime dramatic event for business owners, so I think that they also need emotional support. As you said, consulting that stands in the customers' shoes is really fundamental.

Providing Highly Specialized Services with Reassurance And Promptness Through Mutually Collaborative Consulting

Honda That relationship of trust is a prerequisite for realizing our goal of "co-creation of value with the region and customers" declared in TX PLAN 2030 and the sustainable growth of the regional economy. To cite one advantage of mutual collaboration from the customer's perspective, it is the reassurance that we offer with our highly specialized services. In the cases handled by

the Corporate Consulting Department, specialists in the relevant fields accompany us when we call on the customer, so customers can speak frankly about their concerns and entrust us with solutions to their issues. Also, for our more anxious customers, Toho Bank and TCP are able to share information seamlessly and propose the best solutions promptly. This is also a major point.

Konno In terms of the virtuous cycle created by collaboration, consultations about business succession and M&A can also help us to learn more about customers' management issues, such as resolving personnel shortages, and consulting about corporate growth and the owner's personal inheritance issues. Providing one-stop consulting services for these various management issues will, I believe, accelerate the driving force and lead to the achievement of TX PLAN 2030.

Honda Around the time of a business succession, new issues can arise for both the current owner and the successor. With M&A cases, issues such as allowances for retirement payments and how to make best use of the human resources that come with the acquired company arise.

The Corporate Consulting Department has a finance team that responds with a variety of tailor-made loans. Lately, we have been collaborating more often with TCP for funding requirements that arise in cases where



organizational restructuring is to take place as a response to business succession or M&A. Our consulting efforts are creating demand for funds, and we are now able to support the customer from both management and financial aspects. That is, I believe, also a kind of virtuous cycle, or synergy effect.

To Further Enhance the Sustainability of the Regional Economy While Accelerating Co-Creation Capabilities

Konno Our competitiveness as a company has also increased, wouldn't you agree? Amid a growing trend nationwide for financial institutions to have affiliated consulting firms and to place efforts into consulting services, with a focus on business succession, from our perspective on the TCP side, the name value of "Toho Bank" gives us a reassuringly competitive edge.

A certain customer once said to me, 'We receive direct-mail advertising practically every week, but when I saw that TCP is an affiliate of Toho Bank, which has looked after us for over 50 years, I knew that we could trust you.' With several thousand securities firms and specialist firms handling M&A nationwide, I feel that we are starting to create an awareness that Toho Bank and TCP are the ones to turn to for business succession and M&A matters.

Honda We are starting to see definite results of our construction of a comprehensive consulting system. For example, we consulted on 436 cases of business succession and 183 M&A cases in the fiscal year ended March 31, 2021. In comparison, in the fiscal year ended March 31, 2024, after TCP's establishment, those numbers have grown significantly to 618 and 472 respectively.

To further accelerate that momentum, the employees of both Toho Bank and TCP will need to upgrade their knowledge and skills, and we will also need to promote further strategic expansion. As far as customers that we already deal with are concerned, we can approach them by analyzing the data held by the Bank and using countermeasures for their own shares as an opener to lead them toward business succession and M&A matching. Our challenge going forward, however, is how to approach companies with which we do not yet have dealings.

Konno We also see the creation of contact points with customers with which the Bank does not have dealings, particularly those that have not taken out loans from the Bank, as a key issue for TCP as well. While the image conjured by the mention of dealings with banks tends to be of loan transactions, at the same time, there are also customers who have deposits with the Bank that have concerns about business succession. We will need to come up with ways to ask those customers about their needs. It is to that end as well that we are working hard to create contact points with customers, including holding social gatherings at the branches and conducting seminars on business succession for industry groups in each region.

Honda In addition to financial support, we also need to deploy business promotion activities that will differentiate us from our competitors and encourage customers to choose us by proposing a wide range of solutions. To increase recognition of Toho Bank's various initiatives, we are currently putting a range of approaches in place through PR activities, including news releases and seminars. Let's work together to further strengthen Toho Bank's and TCP's "co-creation capabilities" so that we can increase the sustainability of the regional economy and report good results next fiscal year as well.

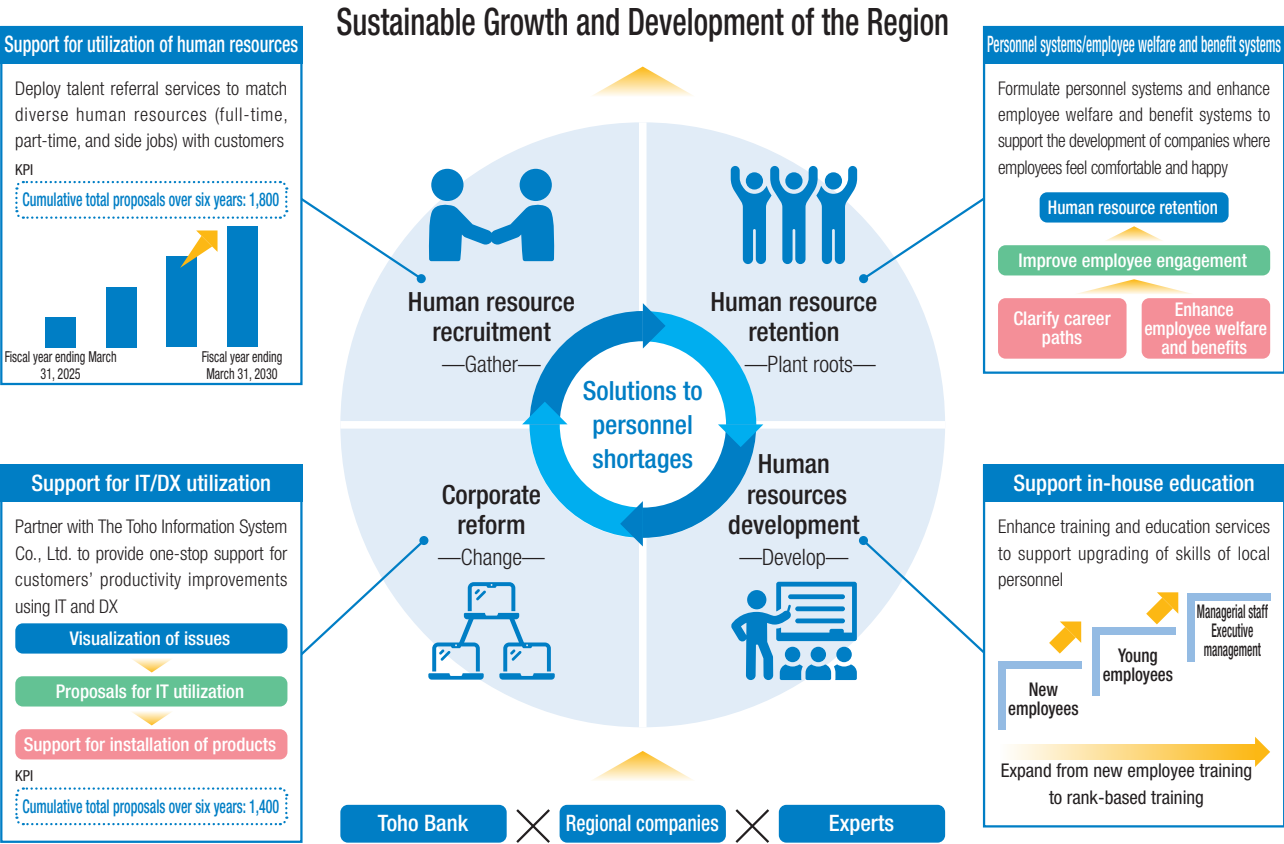
Konno Having instilled both our pride in being a member of the Toho Bank Group and our intentions to be a good partner to our customers in our company name, TCP will also engage in these initiatives with all our might.



Target (1) Addressing Personnel Shortages

The personnel shortages and lack of successors due to the declining birthrate and aging population are the most important issues facing regional communities. Toho Bank is working to resolve these issues with a variety of solutions, including recruitment support through talent referral services and productivity improvements through IT consulting.

In addition, as support for the development of comfortable workplace environments aimed at the retention of recruited personnel, we assist with the development of personnel systems and with in-house training aimed at cultivating local human resources with both the basic skills required of working adults and more specialized skills.



Talent Referral

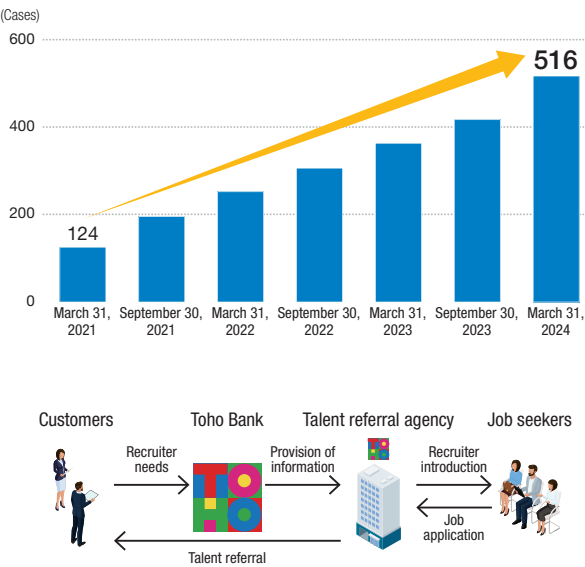
The Bank obtained a license and approval for a fee-based employment placement business in April 2019 and is working to support customers in securing the human resources necessary for the sustainable growth of regional companies.

To respond to diverse management issues, we assist with the matching of human resources suited to the needs of our clients, such as executives, managers, and people with specialized skills.

We also propose new approaches to the utilization of human resources, such as referring people with side jobs and part-time jobs to fill ad hoc needs for highly specialized human resources for specific tasks and projects.

Demand for talent referrals is extremely high, and we have assisted in a combined total of 516 cases of recruitment support to date.

Cumulative total of assistance with securing human resources

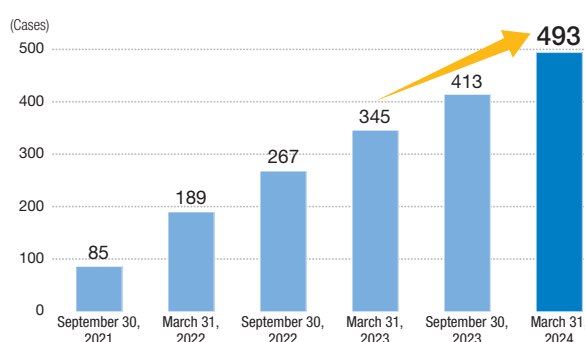


IT Consulting

We are strengthening our IT consulting services for our clients based on the belief that improving operational efficiency through productivity improvements is essential to address personnel shortages.

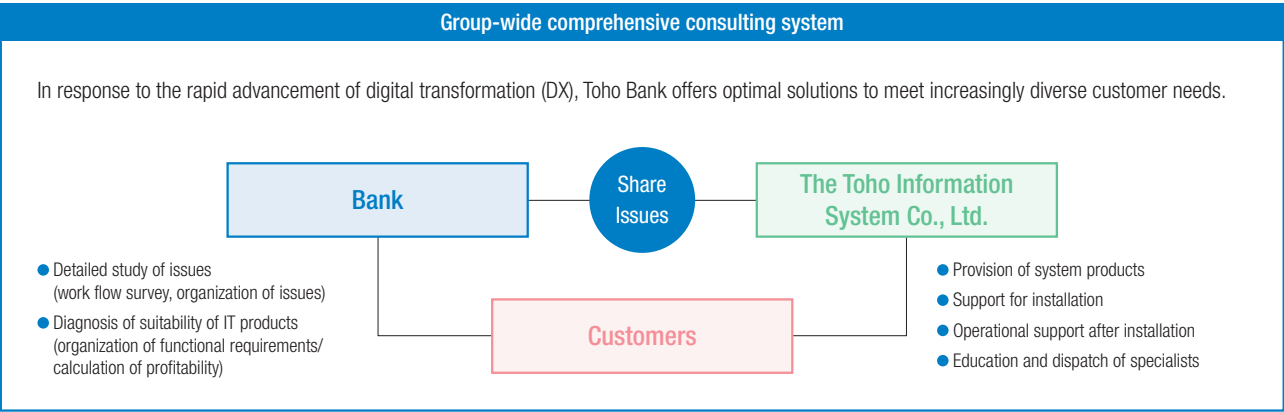
In particular, we have seen an increase in consultations about systems such as attendance management and electronic storage, as well as about reducing the burden of entering billing data into systems. As a result, the cumulative total of IT consultations reached 493 in the fiscal year ended March 31, 2024.

Number of IT consultations



Areas of high customer needs

Responses to legislative amendments	Attendance management, compliance with the Electronic Books Preservation Act, etc. (system-based cases)
Productivity improvement	Reducing the burden of entering data input into existing core systems (avoid personalization of tasks and reduce employment costs)
Visualization of issues	Analysis of current situation and visualization of issues through business flow survey (advisory to customers who intend to utilize IT)



Business succession and M&A support initiatives

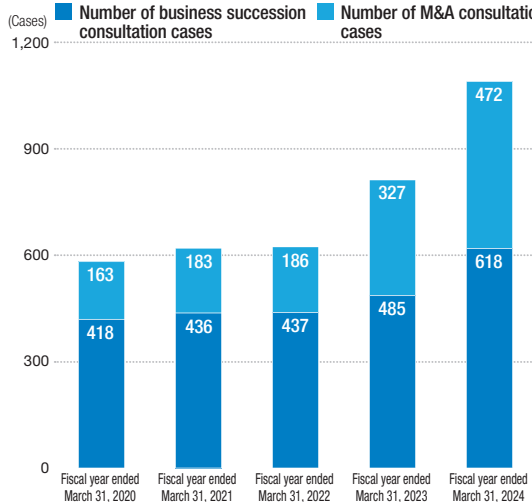
To address the lack of successors and shortages of management personnel, we are strengthening our efforts to support customers' business succession initiatives.

We have concentrated our staff who specialize in business succession in Toho Consulting Partners Co., Ltd. (TCP), which opened for business in 2022, and built a stronger support system.

We contribute to regional communities as a reliable partner for the resolution of customers' issues.



Number of business succession/M&A consultation cases



Target (2) Support for the Promotion of Decarbonization

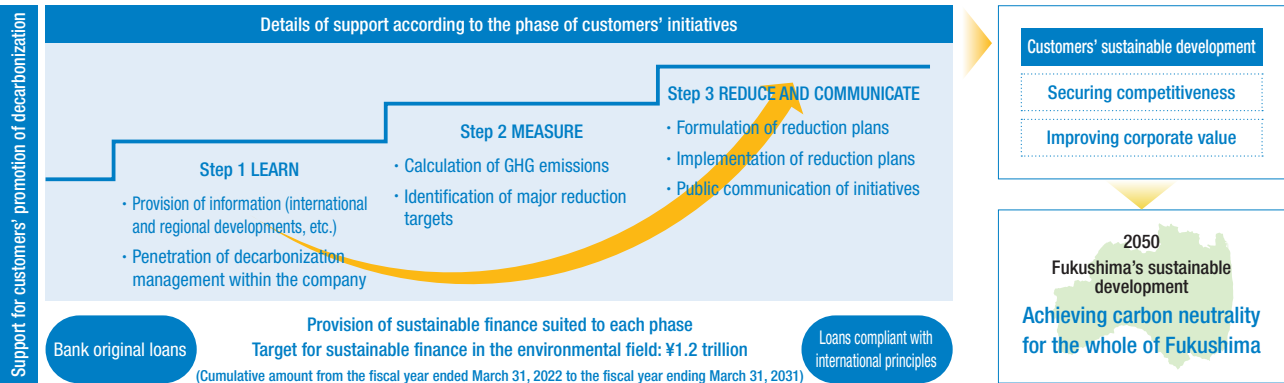
Initiatives to Support for the Promotion of Decarbonization

Natural disasters caused by extreme weather events have increased the importance of addressing climate change.

As global moves toward achieving carbon neutrality (reducing greenhouse gas emissions to net zero) accelerate, in October 2020, the Japanese government declared its intention to achieve carbon neutrality by 2050. Social momentum toward the realization of a decarbonized society is also building.

Under these circumstances, along with our own decarbonization efforts, we are working to support our business partners' decarbonization initiatives as one of the targets of our new long-term management plan, TX PLAN 2030.

As a regional financial institution, the Bank will contribute to the realization of carbon neutrality in the region through these initiatives.

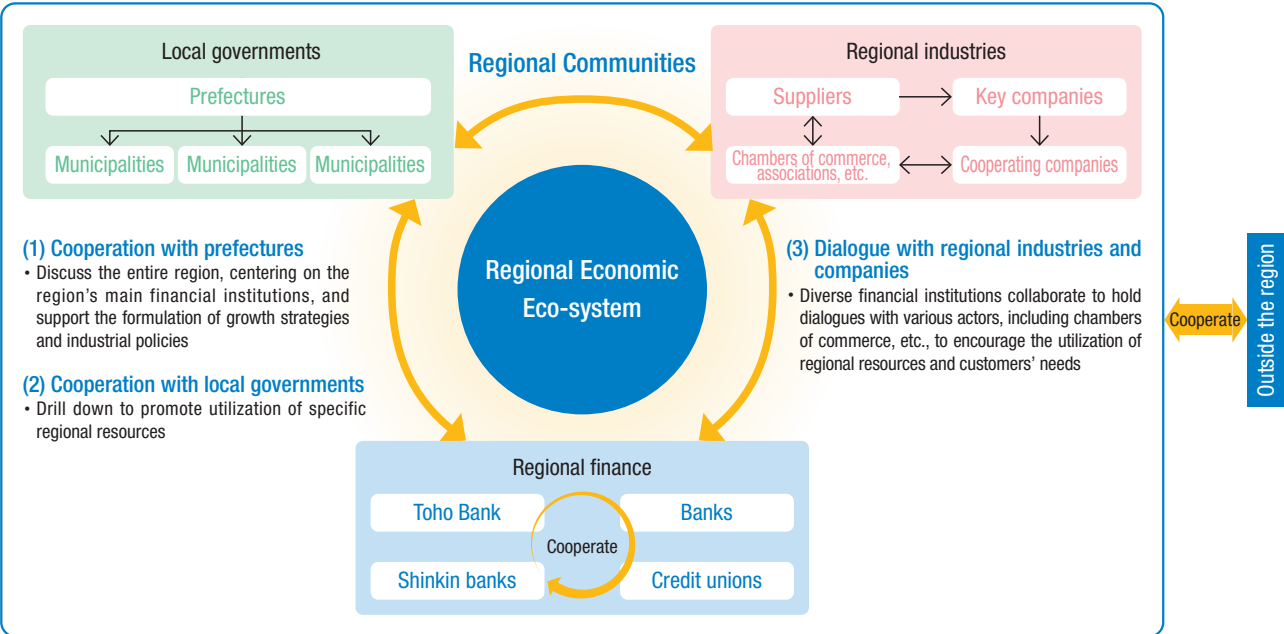


Contribution to Building Sustainable Social and Economic Systems

There are multiple challenges in building a sustainable society and economy in the region. They include structural factors such as population aging and depopulation, as well as responses to climate change and the transition to a nature-positive economy.

As a financial institution that coexists with the local economy, based on the concept of a “regional economic ecosystem” (figure below), we will contribute to solving environmental and social issues in the region through both financial and non-financial initiatives.

* Our initiatives to support our customers' promotion of decarbonization are also based on this stance.



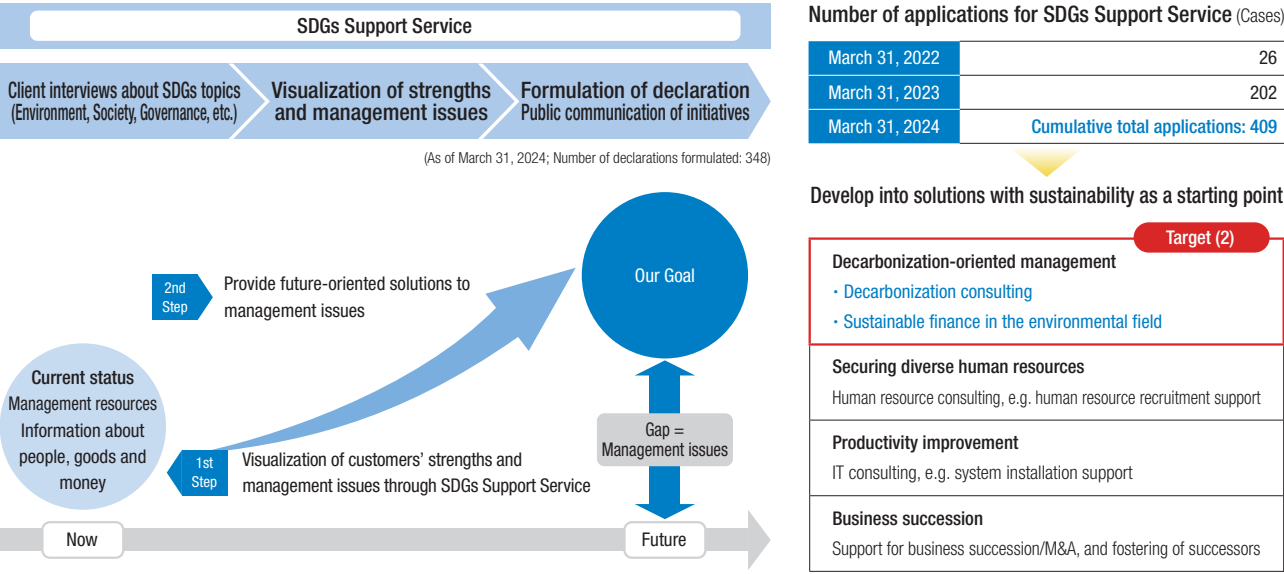
Prepared by Toho Bank based on Ministry of Environment's Practical Guide to ESG Regional Finance 3.0 (<https://www.env.go.jp/content/000212808.pdf> (in Japanese only))

Support for Sustainability Management with Our SDGs Support Service as a Starting Point

To support our customers' sustainability management, we provide SDGs support services and share our customers' strengths and management issues through analysis of the current situation from the perspectives of environment, society, and governance.

We support our customers' efforts to further bolster their strengths, including in public communications through the formulation of a declaration. We also propose and support future-oriented solutions to solve management issues as their partner.

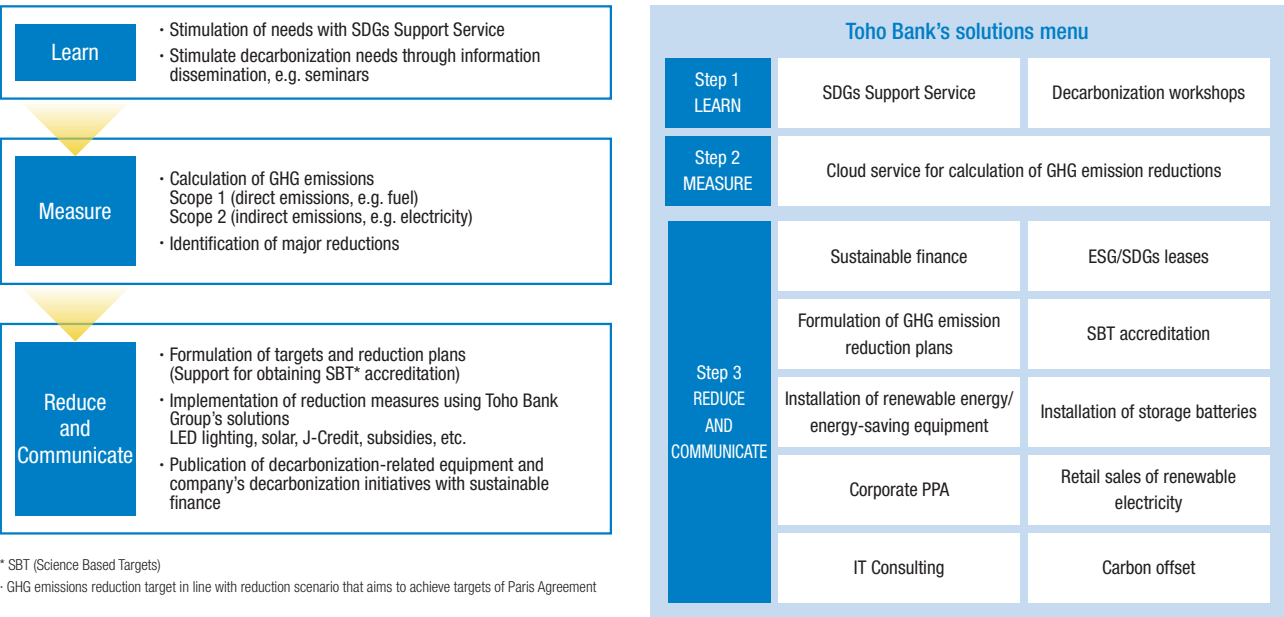
* Approaches to “decarbonization-oriented management” is a topic included in interviews of clients by the SDGs Support Service.



Decarbonization Consulting Service

Toho Bank has declared support for the promotion of decarbonization as one of the targets of the long-term management plan, TX PLAN 2030.

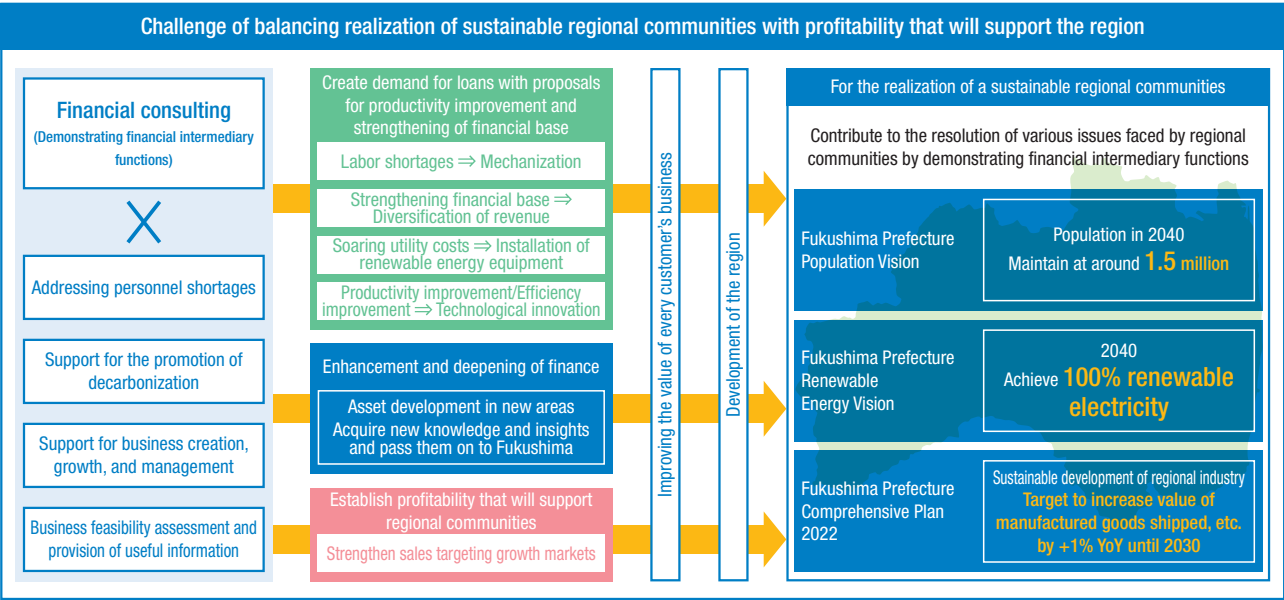
Based on customers' wishes, the nature of their business, and the state of their initiatives, we will support their decarbonization initiatives with our extensive menu of solutions tailored to the steps of “Learn,” “Measure,” and “Reduce and Communicate,” from both financial and non-financial fronts.



* SBT (Science Based Targets)
- GHG emissions reduction target in line with reduction scenario that aims to achieve targets of Paris Agreement

Target (3) Financial Consulting

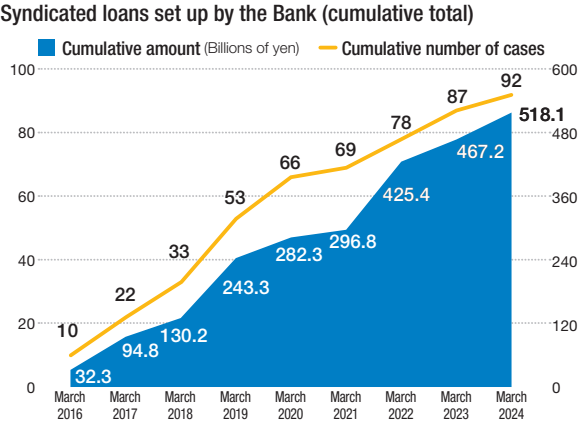
Toho Bank has positioned business loans as the 1st driver of growth in its growth strategy and is actively working on it as a mainstay of its earnings. In response to customers’ actual circumstances and management issues identified in Target (5) Business feasibility assessment, we provide speedy supply of funds through various financing approaches.



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.

Syndicated loans set up by the Bank amounted to ¥518.1 billion with 92 cases (cumulative total).



Sustainable Finance

In March 2024, Toho Bank started handling Positive Impact Finance and Framework-based Sustainable Finance as a means of strengthening its support of customers’ initiatives in sustainability-oriented management and to realize a sustainable society.

We will contribute to the realization of a sustainable society by actively providing support for customers who intend to solve social issues, such as decarbonization initiatives, through their corporate activities.

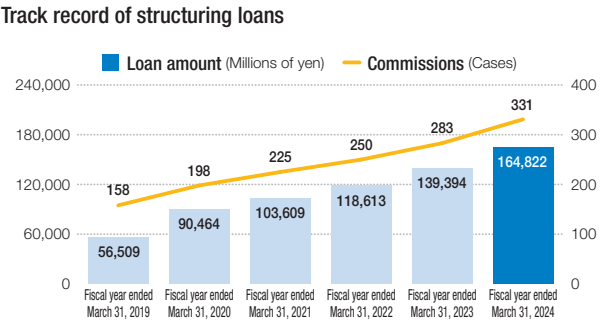
Results of sustainable finance initiatives (Cumulative)

Type	(Billions of yen)
Green loans	16.4
Sustainability link loans	29.0
Social loans	1.0
Sustainability loans	0.7
Transition loans	0.5
Positive impact finance	8.6
Total	56.3

Structuring Loans

Toho Bank is actively engaging in structuring loans to respond meticulously to a wide variety of customers’ needs.

As a result of providing customers with tailor-made solutions for their management issues, Toho Bank’s track record of structuring loans now stands at 331 cases worth a total of ¥164.8 billion.



Donation-type Privately Placed Bonds

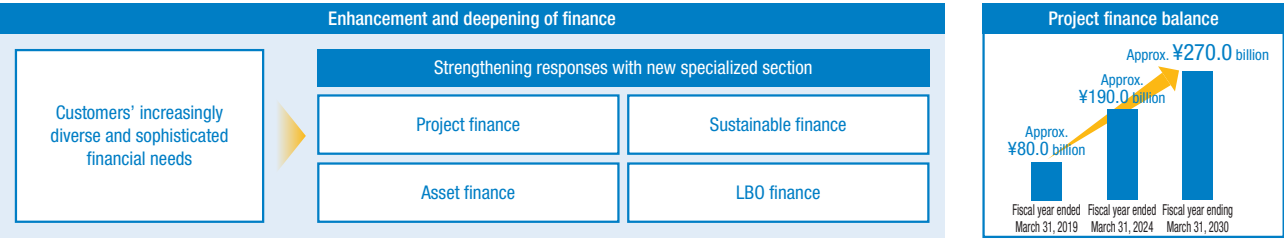
For donation-type privately placed bonds, such as the Toho Privately Placed Bonds to Support Full Participation in the Region, a portion of the underwriting commission for customer-issued privately placed bonds is donated to various entities such as schools and medical institutions.

In the fiscal year ending March 31, 2025, Toho Bank has established a framework for donation-type privately placed bonds and is working on the Toho Tadami Line Utilization Promotion Privately Placed Bonds, with the aim of revitalization of areas along the JR Tadami Line.



Establishment of New Finance Business Section in Corporate Consulting Department (Scheduled for September 2024)

We have established a new Finance Business Section in the Corporate Consulting Department for the enhancement of financial consulting functions. In this way, Toho Bank will further strengthen sustainable finance initiatives and meet customers’ increasingly diverse and sophisticated financial needs with one-stop services for the further development of the regional economy and communities.



Interview Contributing to the resolution of customers’ issues by offering financial solutions

I work in financial consulting services, including assisting customers with their fund-raising requirements.

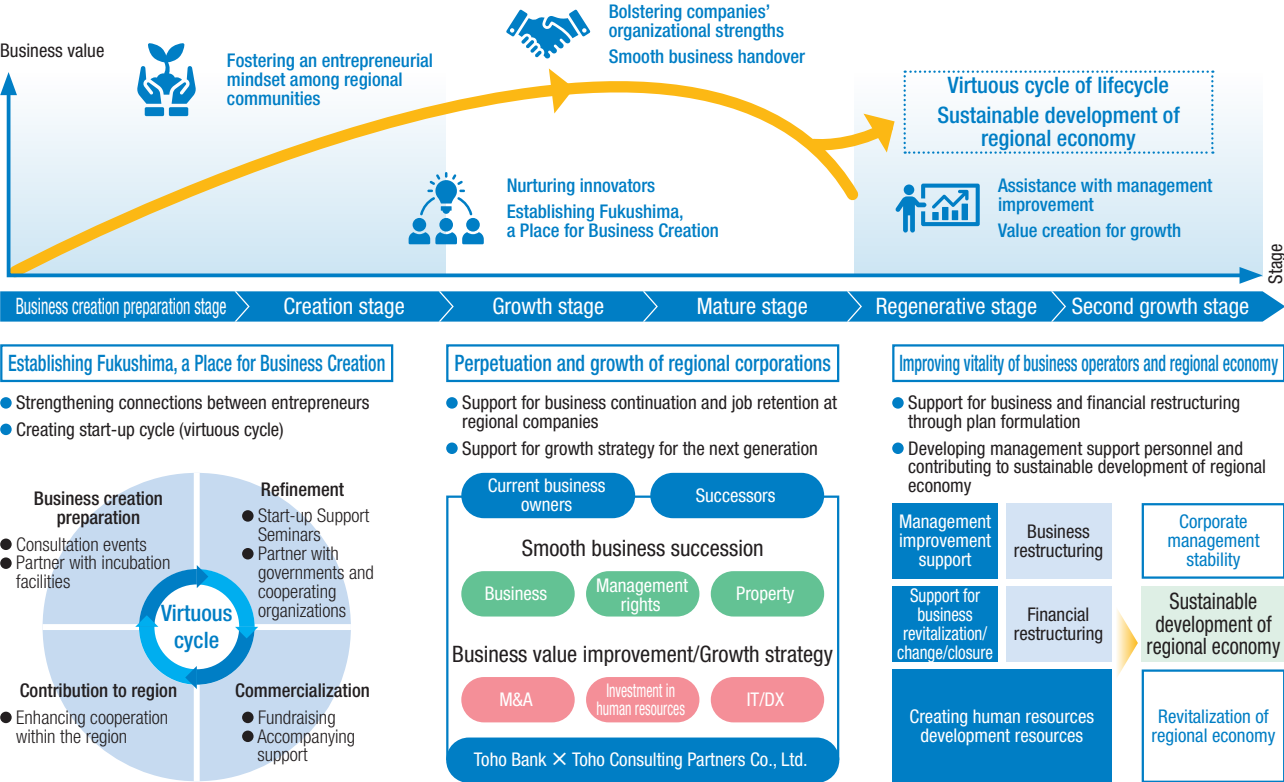
In particular, Fukushima Prefecture, as a pioneer of renewable energy, has established the Fukushima Renewable Energy Promotion Vision with the aim of generating 100% of its energy needs from renewable energy by around 2040. Toho Bank is actively working on project finance and sustainable finance related to large capital expenditures to expand the introduction of renewable energy.

The issues faced by regional communities and management issues faced by customers are becoming increasingly diverse for various reasons, including changes in the social environment. For this reason, Toho Bank will also contribute to the resolution of customers’ issues through the provision of financial solutions suited to individual issues.



Target (4) Support for Business Creation, Growth, and Management

We respond to the various management issues faced by customers and provide consulting services to improve business value according to the stage that they are at. We implement comprehensive proposals according to customer needs by developing and deploying human resources with specialized skills in each area.

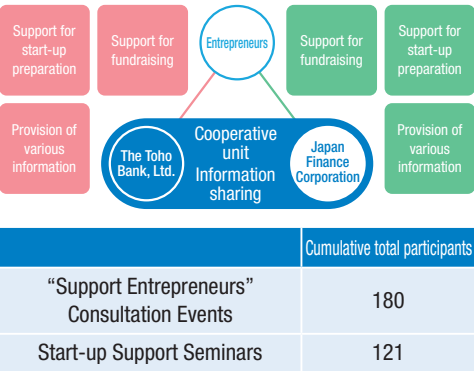


Business Creation Support

With the objective of total support for people seeking to start a new business, including new business creation, start-ups, and new farm businesses, we established a cooperative unit, "Habataki," with the Japan Finance Corporation in September 2023.

In addition, to strengthen our support structures for entrepreneurs, we established the Toho Support Entrepreneurs Desk in March 2024.

We held 180 Toho "Support Entrepreneurs" Consultation Events and are working on other initiatives to establish Fukushima, a Place for Business Creation, including holding Toho Start-up Support Seminars in cooperation with local governments.



Growth Support

Business matching

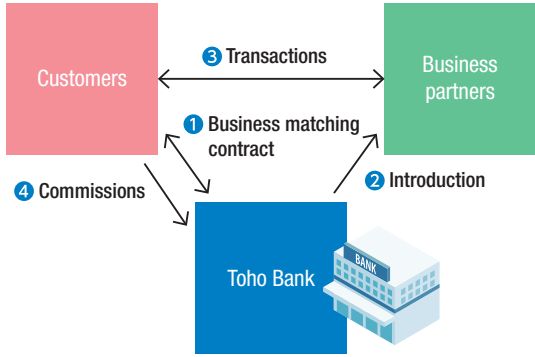
The Bank provides support to solve customers' management issues by coordinating with outside experts in a wide range of fields.

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

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	243
	Contracts concluded	87
	(From the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2024)	



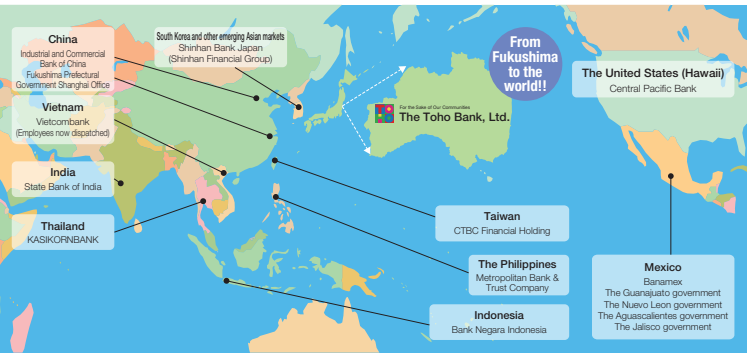
Development of next-generation managers

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, 2024, we held a Namie Study Tour for Club members. Tour participants visited one of the world's largest hydrogen production facilities and companies engaged in advanced research and development in Namie and learned about the current state of the town's reconstruction.

Toho Next-Generation Management Club	Number of members: 1,451 (end of March 2024)
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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.



Japan International Cooperation Agency (JICA) SME/SDGs Business Support Program application assistance

The Bank assists with applications to the SME/SDGs Business Support Program run by JICA. The aim of this program is to use outstanding technologies, products and ideas held by companies to solve issues faced by developing nations and to help Japanese companies to develop business abroad. In the fiscal year ended March 31, 2024, we partnered with a customer planning to roll out a business in Africa to apply for the program, and the customer's project became the first in Fukushima to be selected as a Regional Financial Institution Partnership Project. The Bank will participate in the selected project as a survey group member to support our customer in the development of its business overseas.



Vietnam business meetings (on site: September 2024)

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.



Interview Supporting the creation of new businesses in the region to establish Fukushima, a Place for Business Creation

I work in the area of proposal, planning, and operation of various initiatives that will contribute to regional revitalization, including start-up support. Thirteen years have passed since the Great East Japan Earthquake, and we are seeing definite momentum in new business creation and start-ups in Fukushima, through the steady progress in the Fukushima Innovation Coast Framework and the establishment of Fukushima institute for Research, Education and Innovation (F-REI).

We have been expanding our various services for business operators in their start-up phase, including "Habataki," our cooperative unit with Japan Finance Corporation, and the Toho Support Entrepreneurs Desk.

Through new initiatives, we will continue to drive the creation of new businesses, which have been lacking in the region until now, and boost the realization of Fukushima, a Place for Business Creation.



Corporate Consulting Department
Hideki Kurosawa

Target (4) Support for Business Creation, Growth, and Management

While social and economic activities are returning to normal after the novel coronavirus pandemic, the business environment of our business partners is undergoing significant changes, including the delay in business recovery due to rising prices and the emergence of problems such as excessive debt. 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.

Self-Assessment and Provision for Reserves for Loaned Assets

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.

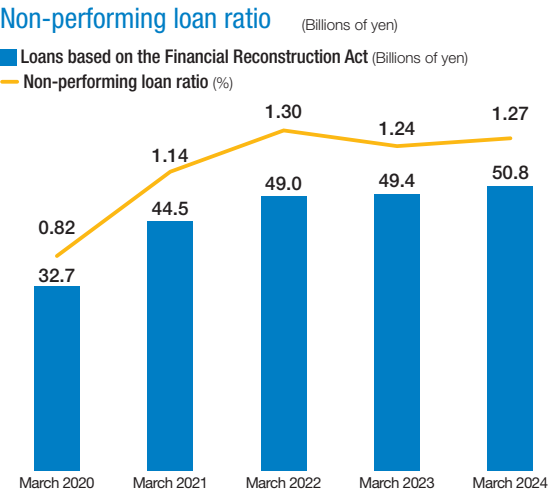
Borrower classification		Provision for reserves for loaned assets
Normal borrower	There are no major problems with financial status, and there is no current issue with the certainty of debt fulfillment	In principle, reserves are recorded at the expected loss ratio calculated based on the historical loan-loss ratio. 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*.
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	Recorded for the entire amount of claims not secured by collateral, etc.
Bankrupt borrower	A borrower that has fallen into a state of bankruptcy due to legal factors	

* 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.

Ratio of Non-Performing Loans and 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.

At the end of March 2024, the amount of such loans increased by ¥1.3 billion from the end of the previous fiscal year to ¥50.8 billion, but the ratio of non-performing loans remains at a low level of 1.27%.



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

	End of March 2024	Compared to the end of March 2023	End of March 2023
Loans based on the Financial Reconstruction Act	50.8	1.3	49.4
Claims against bankruptcy, etc.	17.5	(0.9)	18.4
Claims with collection risk	29.2	3.9	25.2
Claims for special attention	4.0	(1.7)	5.7
Normal claims	3,940.5	5.5	3,935.0
Total credit balance	3,991.3	6.8	3,984.4

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

While social and economic activities are returning to normal after the novel coronavirus pandemic, our customers continue to face a challenging business environment, including the delay in business recovery due to rising prices and the emergence of problems such as excessive debt.

We will continue to provide customers with management support for improving their business performance, such as financial support, core business support, and the formulation of management improvement plans, while collaborating with external support organizations, as initiatives to support and contribute to the growth of the regional economy.

Status of handling of condition changes (Borrowers) (Unit: Borrowers)

Report items	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	YoY
Borrowers whose loan conditions have been changed	1,272	1,253	1,192	(61)
Condition changes response rate	99.1%	99.1%	99.0%	(0.1%)

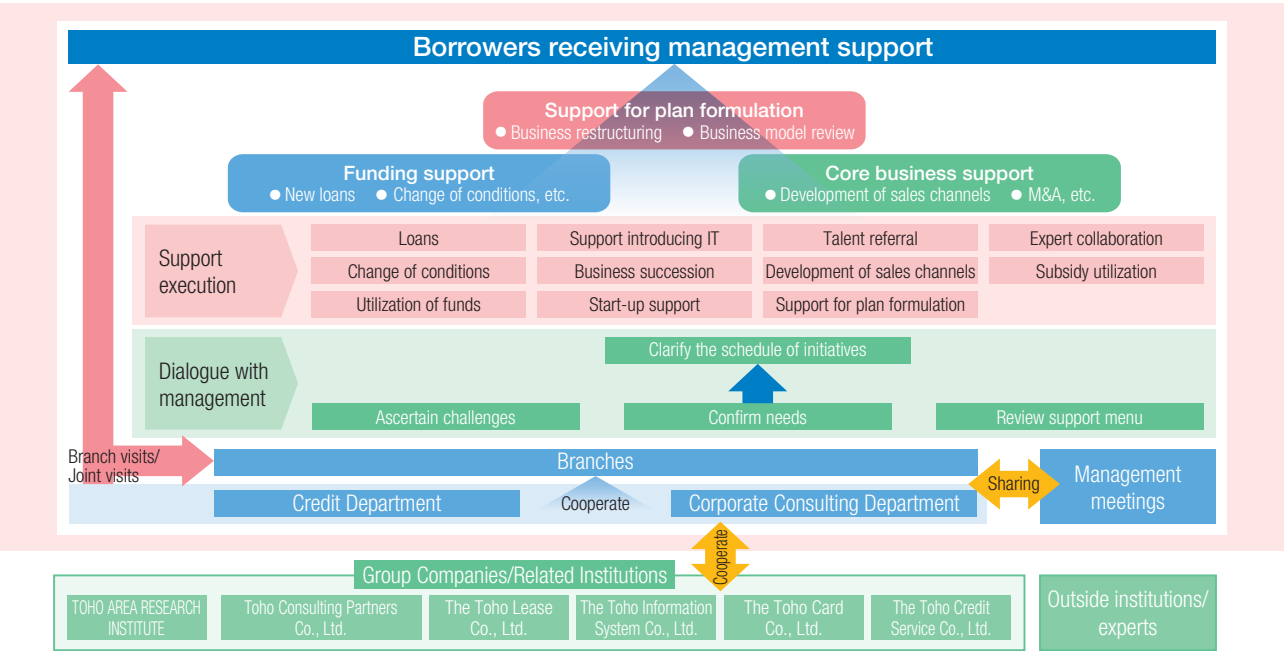
Number of borrowers whose conditions were changed, to which Toho Bank provided core business support (Unit: Borrowers)

Report items	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	YoY
Number of borrowers that received core business support	46	73	63	(10)

Number of borrowers for whom Toho Bank formulated management improvement plan (Unit: Borrowers)

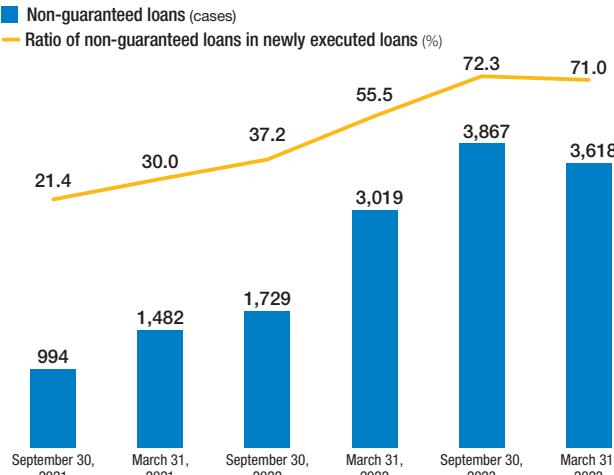
Report items	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	YoY
Number of borrowers for whom Toho Bank formulated management improvement plan	24	46	59	13

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 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.

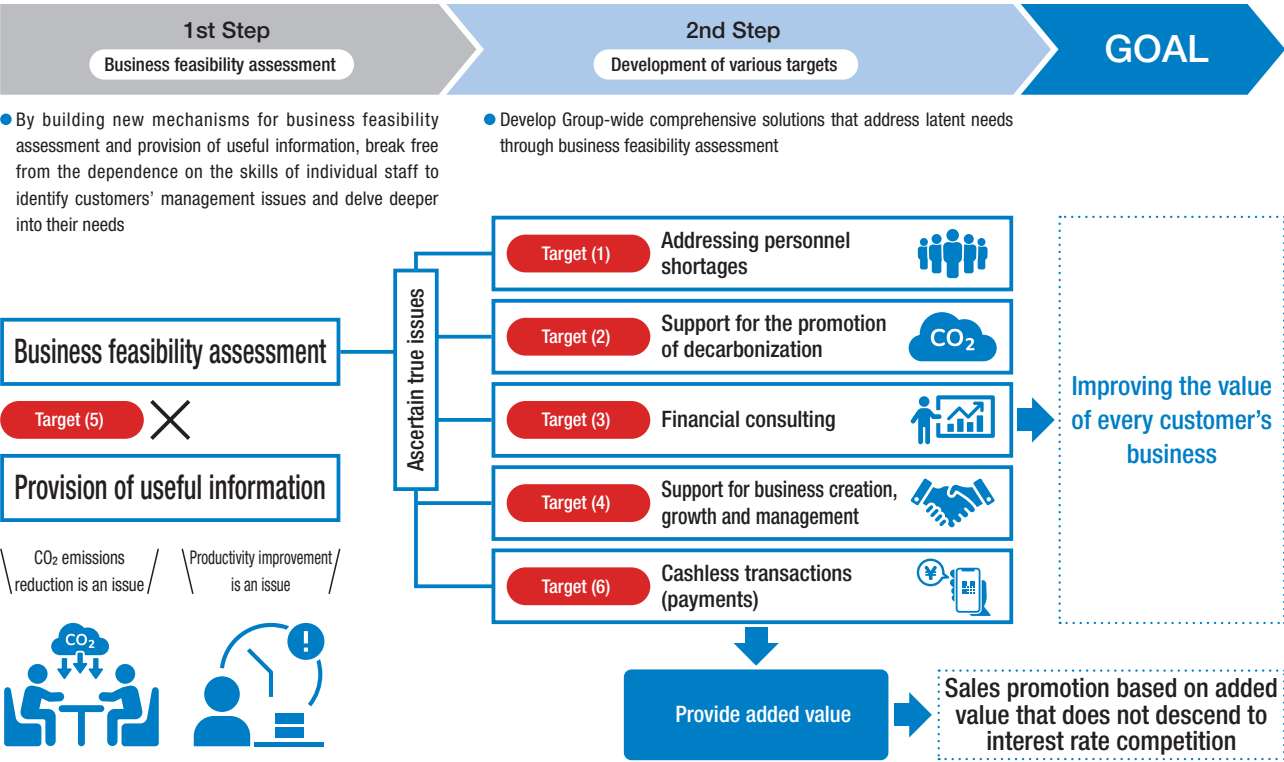
Also, based on the Guidelines and other references, when asking customers for a guarantee, we explain properly and in detail what areas the customer is lacking in that creates the need for a guarantee agreement and how they can make improvements that will raise the possibility of such an agreement being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

Target (5) Business Feasibility Assessment and Provision of Useful Information

With the aim of improving the value of every customer's business, the Bank employs promotion activities with business feasibility assessment and provision of useful information as starting points, for the implementation of proposal-based promotions directed at management issues, to solve customers' various issues, and provides one-stop solutions on both financial and management fronts.

The Corporate Consulting Department plays a central role in our efforts to enhance our service offerings and functions that will meet diverse needs, including talent referral, decarbonization, finance, business creation and growth support, and cashless transactions, in partnership with external organizations in various fields.

Business feasibility assessment and provision of useful information oriented toward the enhancement of customers' business value

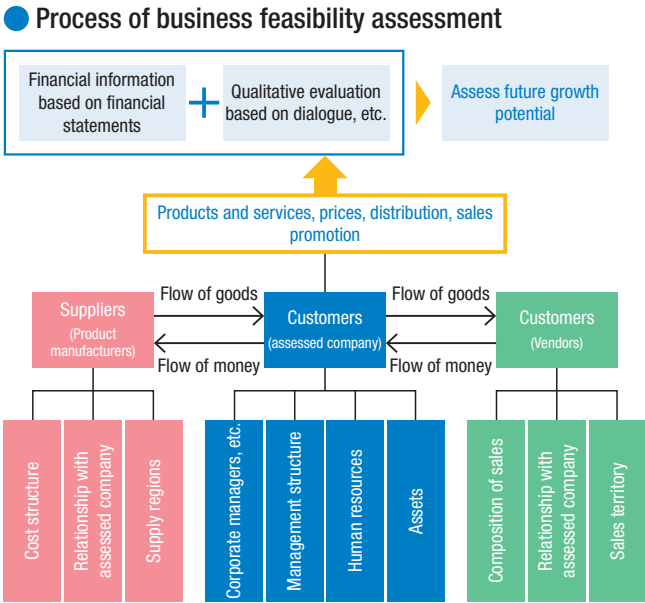


Business Feasibility Assessment

We create a business model map based on our understanding of the actual situation through dialogue with our customers. We then conduct a business feasibility assessment that focuses on their commercial distribution and profit structures, as well as their strengths and weaknesses. This leads to concrete actions such as proposals and support for solutions to issues.

We also strive to provide financial services, including funding support, by appropriately assessing customers' growth potential and sustainability, without relying any more than is necessary on past finance, collateral, and guarantees.

In the past, we have provided loans without a guarantor based on the qualitative evaluation results of business feasibility assessments, as well as in cases where business improvement was achieved by linking business feasibility assessments to support for the formulation of business plans.



Credit Department Trainees

From the perspective of developing human resources who will lead the growth of the region and our customers, we conduct a Credit Department Trainee program as a practical training framework that can be put to use on the frontlines.

Credit Department Trainees deepen their understanding of business potential and of the key points to credit decisions for individual cases through circular-based credit assessments.

After interviews with corporate managers and on-site surveys, the program culminates with a Company Research Presentation Seminar, attended by the trainees, at which the trainees strive to improve their discernment abilities by sharing the outcomes of their surveys and analysis.



Credit Department Trainees at work

Provision of Useful Information

The Bank holds seminars in individual categories to address customers' management issues and various social issues.

So that every single employee of the Bank is able to provide useful information to customers, Head Office takes the lead in holding seminars about social issues and training sessions about various solutions.



For customers

- | Corporate | Individual |
|--|--|
| <input type="checkbox"/> Overseas expansion seminars | <input type="checkbox"/> Inheritance and testamentary trust seminars |
| <input type="checkbox"/> SDGs and decarbonization seminars | <input type="checkbox"/> Life after retirement seminars |
| <input type="checkbox"/> Personnel utilization seminars | <input type="checkbox"/> Asset management seminars |
| <input type="checkbox"/> PFI seminars | <input type="checkbox"/> Asset building seminars |
| <input type="checkbox"/> Work style reform seminars | <input type="checkbox"/> Workplace seminars |
| <input type="checkbox"/> IPO seminars | |
| <input type="checkbox"/> Regional revitalization seminars | |
| <input type="checkbox"/> Next-generation managers seminars | |
| <input type="checkbox"/> Subsidy seminars | |

In-house

- ☐ Key points of tax reform in fiscal year ending March 31, 2025
- ☐ Use of DX to help resolve SMEs' issues
- ☐ Decarbonization and SDGs lectures
- ☐ Turn inheritance knowledge into proposal skills!
- ☐ Diversity & unconscious bias
- ☐ Roles of financial institutions in transition to decarbonization-oriented management
- ☐ How to observe markets/How to advise on asset management
- ☐ International operations practical lectures
- ☐ Business succession and M&A brush-up seminars
- ☐ Essence of management improvement and business revitalization / Demonstration of consulting functions

Interview Enhance discernment and communication abilities for deeper understanding of customers' businesses

For the achievement of our goal of improving the value of every customer's business, I work on the proposal and planning of initiatives for the enhancement of business feasibility assessment. My view is that this enhancement requires elevating individual knowledge and expertise into organizational knowledge and expertise, so I work in collaboration with the branches and Head Office promotion divisions.

Customers' management needs have become increasingly diverse, and it is essential to enhance the ability of bank staff to discern and communicate with customers and to gain a deep understanding of their businesses. I want to create an attitude in which every single Bank employee will be able to engage in their work with a high sense of motivation to get to know their customers well and to be of service to them.



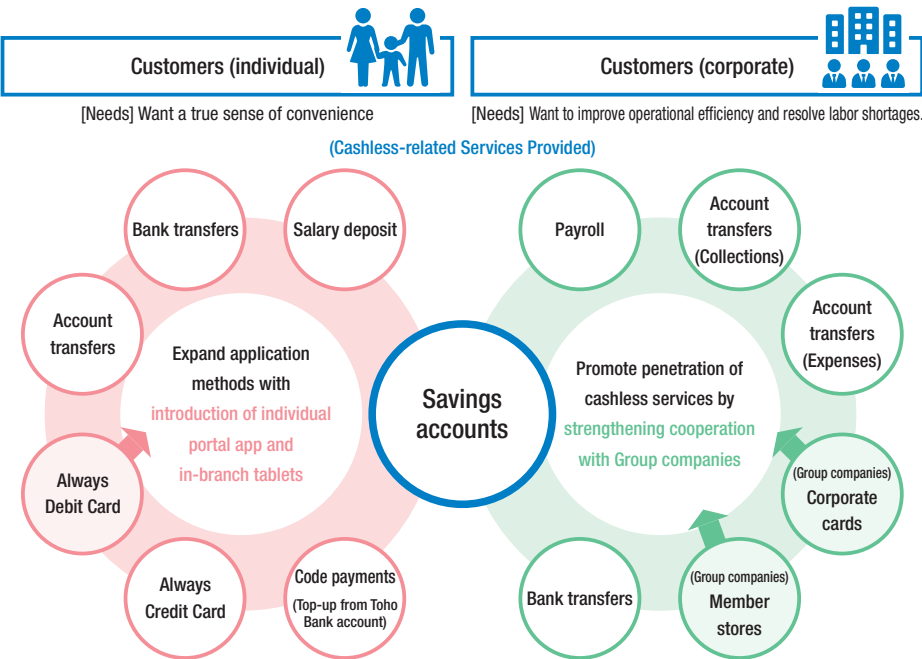
Credit Department Shuntaro Yamada

Target (6) Cashless Transactions (Payments)

The Toho Bank Group's Cashless-related Services

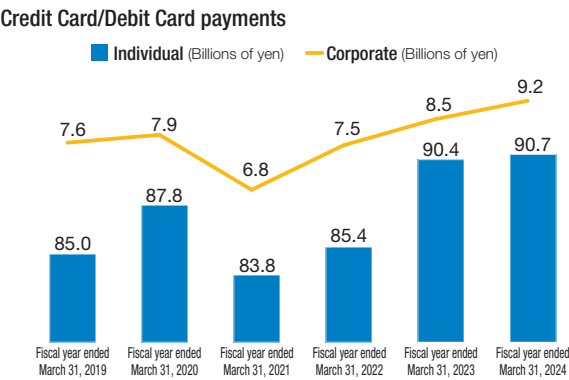
With the view that the penetration and expansion of cashless transactions is a significant mission for regional financial institutions, Toho Bank provides various cashless services according to customer needs.

To give individual customers a true sense of convenience and to help corporate customers solve issues such as improving work efficiency and solving personnel shortages, we proactively make proposals for cashless services.



The Toho Bank Group develops credit card and debit card services for individual customers through the Bank itself.

We also develop credit card services for individual and corporate customers through affiliated companies. Although total payments fell temporarily due to a downturn in spending during the novel coronavirus pandemic, they have been increasing steadily since the fiscal year ended March 31, 2021, growing to a combined corporate/individual total of approximately ¥100.0 billion.



Appeal of corporate cards and member stores

Corporate cards	Details
Improved operational efficiency	Improve efficiency of transfers and receipt settlement administration, etc.
Stronger governance	Stricter handling of expenses with statements of use
Lower costs	Reduction of transfer fees, etc.
Improved cash flow	Respond to sudden procurements when cash on hand is insufficient
Member stores	Details
Response to cashless needs	Expect increased sales by responding to needs for cashless use
Improved operational efficiency/addressing labor shortages	Address labor shortages by improving efficiency of sales operations, etc.
Reduced cash holding risk	Respond to prevention of fraud and crime by reducing cash holdings
Data linking/digitalization	Use payment data to strengthen sales promotions
Response to public health	Reduced contact risk, etc. due to use of cash

Appeal of Always Debit Card

Available for customers aged 15 and older	
No top-ups required	
Email notifications of reward points conversion and use	
Immediate payment from balance (within the limit of deposited funds)	
Contactless payment	Issued to all applicants in principle (No credit screening required)
Toho Bank is the only financial institution with a head office in Fukushima to handle brand debit card (JCB)	

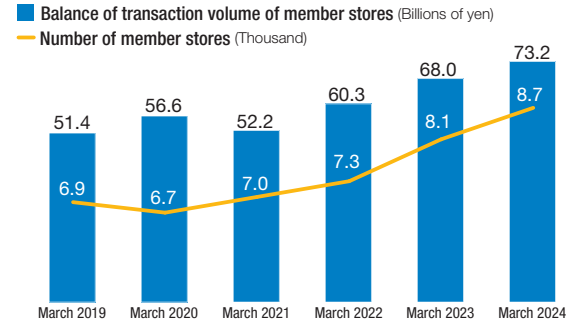
Responding to a Cashless Society

From the perspective of the popularization of cashless services, the Toho Bank Group promotes the linking of accounts with various payment services, in addition to credit cards and debit cards, and proposes merchants who accept J-Coin Pay (smartphone settlement app) and credit cards.

Due to the penetration of cashless transactions, the number of member stores and their transaction volume are steadily increasing. The number of member stores and transaction volume reached 8,700 stores and ¥73.2 billion respectively in the fiscal year ended March 31, 2024.

Promoting cashless transactions 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 will recommend cashless options to our customers.

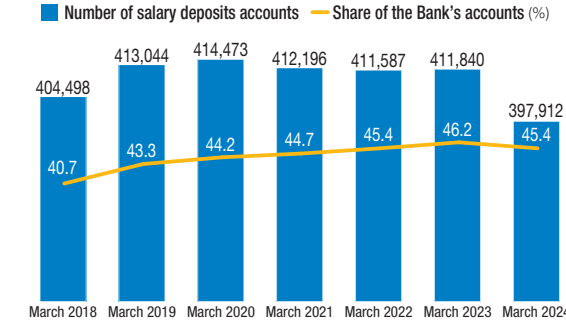
Transaction volume and number of member stores



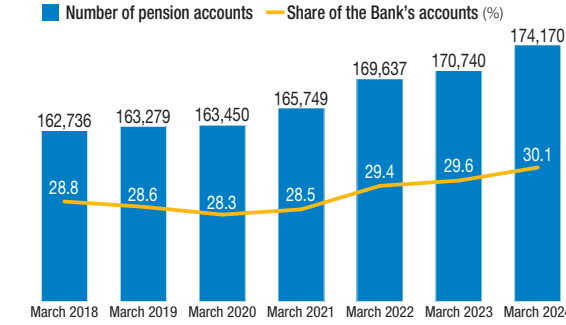
Payment Accounts

When customers use our various payment services, it is extremely important that they designate our bank account as their bank account for salary and pension transfers. While the number of salary deposits accounts is decreasing due to the decline in the working generation in line with population aging, the number of pension accounts is increasing due to the increase in the number of senior citizens.

Change in the number of salary deposits accounts



Change in the number of pension accounts



Interview Proposing cashless services that meet customer needs

In the planning and promotion of cashless services in general, my job is primarily to plan initiatives for the card business and support the branches with the promotion of these services.

In the belief that the penetration and expansion of cashless payments is essential for the resolution of regional issues such as labor shortages and for the revitalization of the regional economy by expanding payments, the Toho Bank Group works as a united force to propose cashless services.

We will continue to plan and propose cashless services that will meet customer needs so that we may contribute to the regional economy.



Target (7) Life Event Support (Loans)

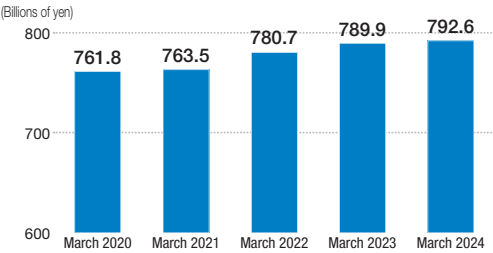
We actively meet our customers’ needs through both face-to-face and non-face-to-face channels to realize the creation of abundant lives for each individual customer by providing appropriate funds in accordance with customers’ life events.

Housing Loans

A home is the largest purchase most people will make in their lives, so we reliably assist each customer by providing the housing loan that is the best fit for their individual needs.

We are also working to be able to provide services in accordance with changes in the social environment, such as soaring housing prices, energy saving preferences, and the increase in vacant houses.

Change in the balance of housing loans



Amid a decline in the number of new house construction starts, we make proposals that are tailored to each customer.

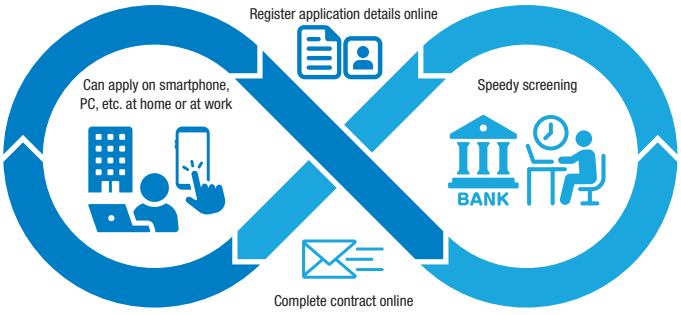
The balance of housing loans is currently strong, increasing by ¥2.6 billion year on year to ¥792.6 billion.



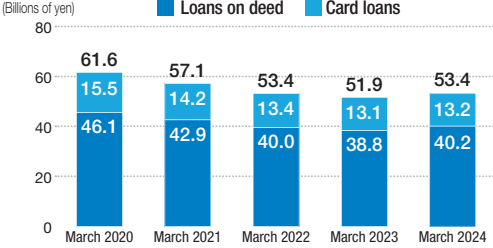
Unsecured Loans

With the diversification of application methods resulting from changes in the social environment, many customers choose our 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). This service has been well received and the balance turned positive for the first time in five years since March 2019.

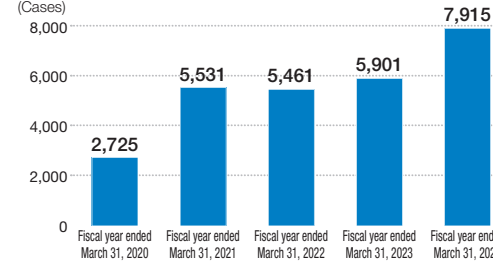
So that our customers may continue to take out loans with peace of mind, we will strive to improve usability and strengthen our customer support services.



Change in the balance of unsecured loans



Number of all-online loan applications



To Raise Awareness of Unsecured Loan Products (TV Commercial)

TV commercials are run to raise awareness of our products. In the fiscal year ended March 31, 2024, we aired TV commercials for auto loans and the TOHO Smart Next credit-card loan.



To Raise Awareness of Unsecured Loan Products (Web Advertising)

To raise awareness among young and middle-aged groups, we actively run banner ads and video ads on various websites, social media, and apps.



Support for Consultations on Loans (Branches Specialized in Loans)

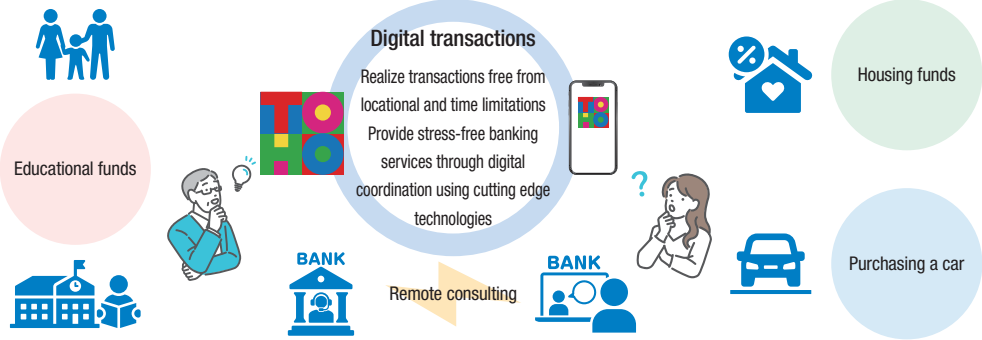
Our branches specialized in loans also open on Saturdays and Sundays to serve customers who find it difficult to visit a branch on weekdays. We are providing customers with personalized proposals through consultations with staff possessing specialist knowledge.

In May 2024, we reorganized two loan centers in Koriyama City into one and reopened the Koriyama Loan Center after renovations inside the Yatsuyamada Branch.

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



Interview To Improve convenience for customers



Personal Loan Department
Toshiki Sekiya

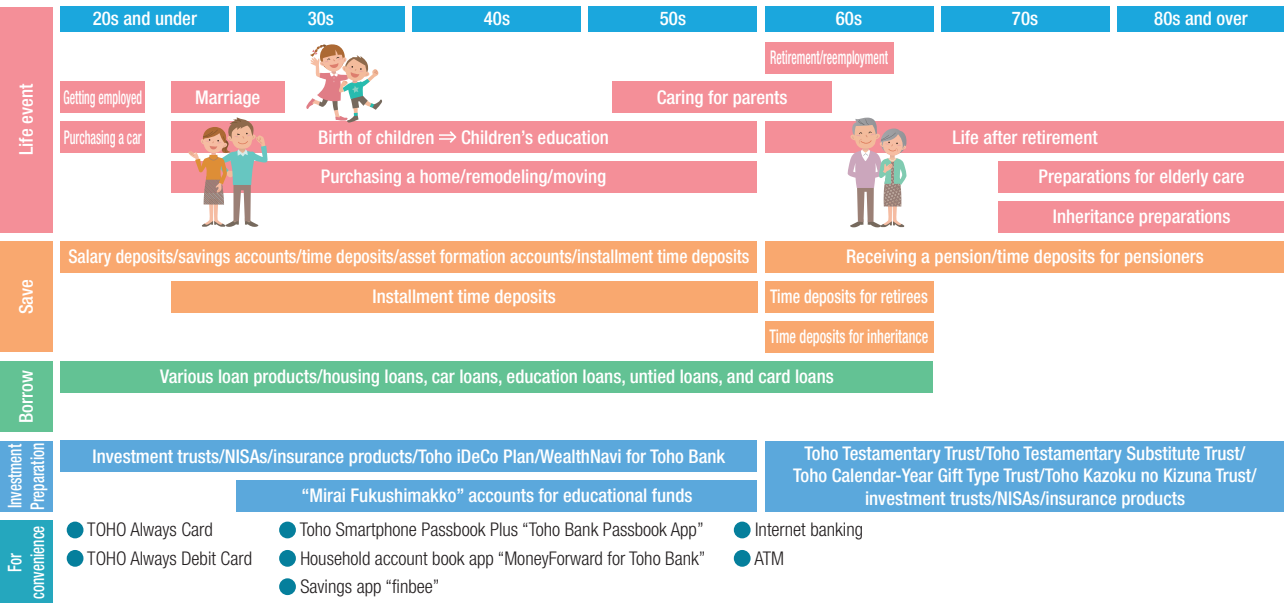
I work in the planning of products related to personal loans, such as housing loans and auto loans, and in the establishment of internal operation rules. Recently, in line with the Bank’s transition to the TSUBASA Core Banking System collaboration, I have been involved in building an internal operation system for personal loans.

Personal loans are mainly handled online with digital transactions, so we plan to accelerate the development of various systems in the fiscal year ending March 31, 2025 and beyond. Our mission is to plan and implement the enhancement of products and services and to develop systems to improve usability for a better customer convenience.

I will strive to provide support for creating abundant lives for each individual customer by encouraging more customers to access our loans.

Target (8) Asset Building and Management (Assets on Deposit)

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

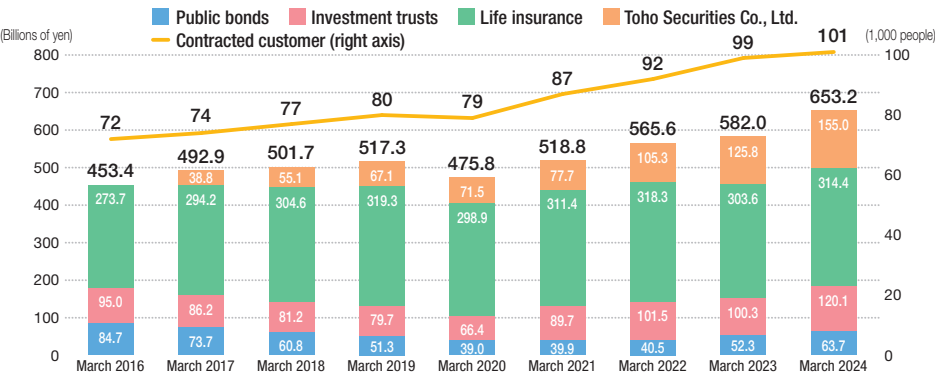


1. Contributing to “Creating Abundant Lives For Each Individual Customer”

Consulting operations for individual customers

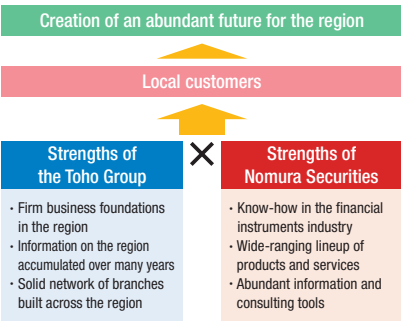
In the area of asset building and management, we conduct consulting operations from medium- to long-term perspectives, with a focus on lifelong support. Through bank-securities collaboration with our securities subsidiary and by strengthening the promotion of transactions targeting individual employees at our corporate customers' workplaces, the balance of assets on deposit for the whole Group has now exceeded ¥650 billion with more than 100,000 customers.

Balance of the Group's assets on deposit



Enhancement of services for assets on deposit through alliances (consideration of business alliance with Nomura Securities Co., Ltd.)

On August 30, 2023, Toho Bank and Nomura Securities Co., Ltd. concluded a basic agreement for a comprehensive business alliance in financial products intermediary services. Discussions are ongoing toward the conclusion of the final agreement and the commencement of operations under a new structure during the fiscal year ending March 31, 2025. Under the new structure, we will take maximum advantage of the mutual strengths of the Toho Bank Group and Nomura Securities with the aim of offering a wide range of products and solutions to suit customers' lifestyles to all corners of region through the development of high-quality, customer-oriented consulting services.



2. Asset Building Initiatives

Guidance on installment-type financial instruments

To facilitate stable asset building, we actively provide guidance of 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 building support for our customers and deliver useful information in a timely manner.

NISA initiatives

We are strengthening guidance related to the new NISA system that was revised in January 2024 as asset building support to customers, particularly for the current working generations age in the region.

Our sincere approach to consultation for customers has led to a steady increase in the number of NISA accounts, which now exceeds 40,000.

Strengthening non-contact transactions using digital technology

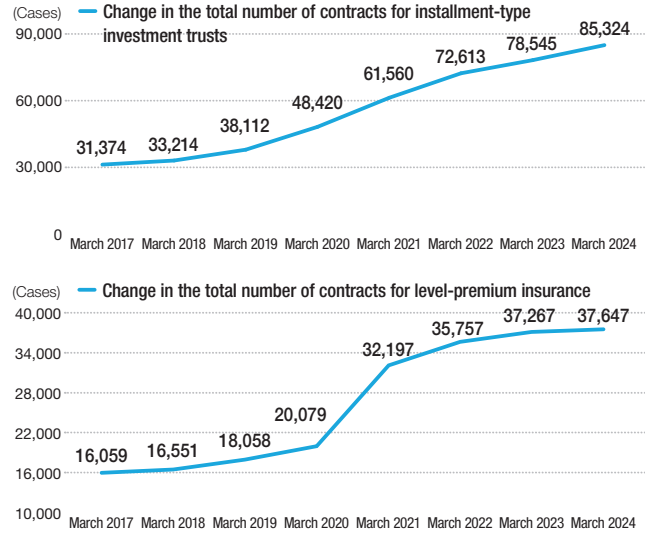
Use of tablets

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.

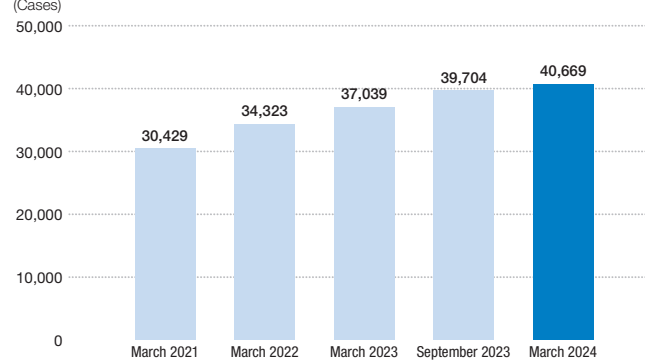
Online investment trusts

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.

Installment-type financial instruments



Number of NISA accounts



Interview

Support for asset building for the era of the 100-year lifespan

As support for enriching the lives of our customers, we provide a wide range of consulting services from asset building according to life events to succession of assets to the next generation. The new NISA system, which began in 2024, has attracted interest from many people, including new members of the workforce and retirees. We will disseminate information more broadly through workplace seminars and life after retirement seminars. I will strive to provide careful explanations that are easy to understand, so that I can help customers with their asset building for the future and for the era of the 100-year lifespan.



Head Office Sales Department
Nao Yamanouchi

Target (9) Inheritance and Trusts

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.

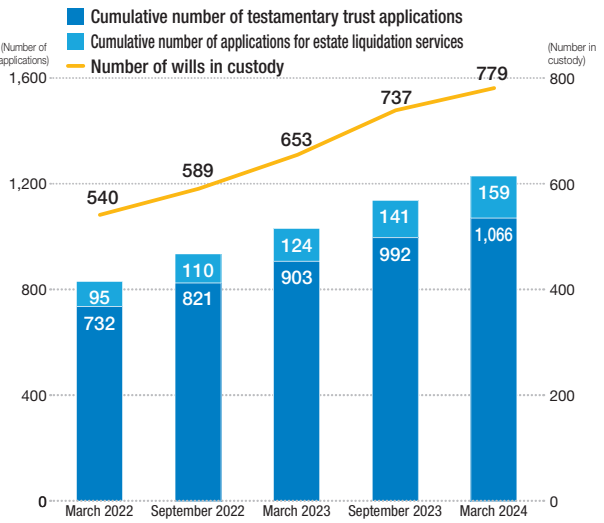
Inheritance-related and Trust Business by the Banking Entity

To respond to the need for smooth asset succession, Toho Bank handles Toho Testamentary Trust and Toho Estate Liquidation Services. We have received approximately 7,200 inquiries over the past seven years through consultation events and seminars regarding inheritance and trusts.

To respond to the need for inheritance measures and preparation for nursing care and dementia, Toho Bank also handles the monetary trusts, Toho Testamentary Substitute Trust, Toho Calendar-Year Gift Type Trust, and Toho Kazoku no Kizuna Trust.

With the receipt of inquiries from many customers, the total number of applications for monetary trusts has risen to approximately 1,000, amounting to ¥11.0 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

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



Kazoku no Kizuna Trust

“Preparation for nursing care and dementia for the era of the 100-year lifespan”

Toho Bank will contribute to initiatives that support the safe and secure lifestyles of elderly customers and their families.

(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

Holding Inheritance and Testamentary Trust Individual Consultation Events

We hold Inheritance and Testamentary Trust Individual Consultation Events as a consultation service for individual customers 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, 2024	210
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Various Initiatives for Elderly Customers

To respond to customers' varied needs in the era of the 100-year lifespan, we will expand our partnerships with many specialized contractors and offer a variety of products and services.

Customer needs

- I want to make effective use of real estate and asset recombination.
- I want to ask my family to manage my property, such as real estate.
- 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 advice about posthumous delegation of affairs for contacting friends and arranging my funeral after my death.

Introduction of partners

Bequest Partnership through Wills

Through a bequest partnership utilizing the testamentary trust scheme, we implement will-designated donations to partners.

Bequest partners

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

Interview Acquiring knowledge for constant provision of useful information

To facilitate customers' inheritance arrangements, as the person in charge at the Head Office, I work together with the people in charge of these matters at the branches to conduct interviews with customers. My main responsibilities are to help customers make their wills and to provide testamentary trust services in which the Bank acts as executor to effect any inheritance procedures.

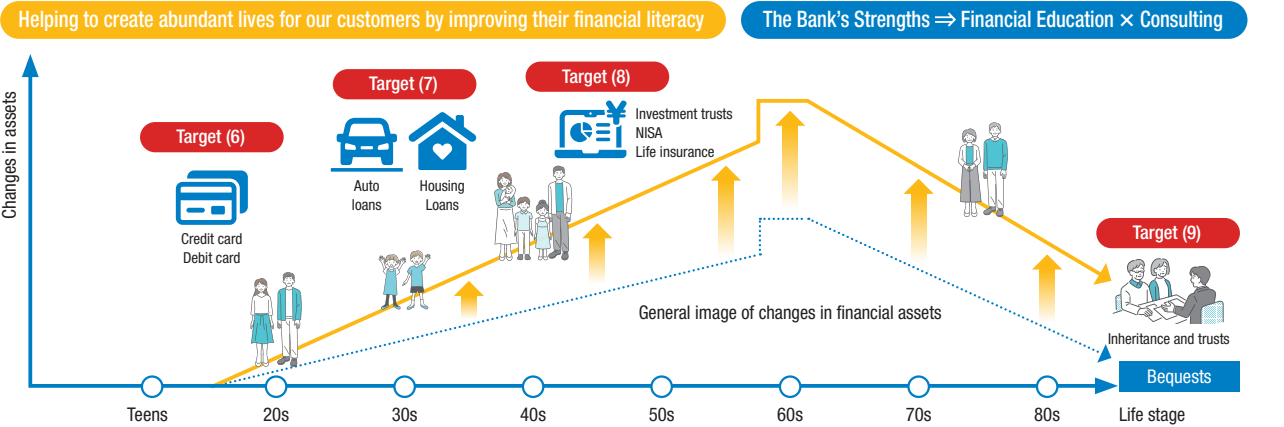
As the concerns and issues related to inheritance vary depending on the circumstances of individual customers, we strive to provide explanations and proposals that are easy to understand so that we can be of assistance to our customers. This work allows me to be involved in the culmination of customers' lives, and it gives me a sense of reward when my customers express their appreciation. As the legal systems related to inheritance are changing all the time, I will strive to gain knowledge so that I can provide more useful information.



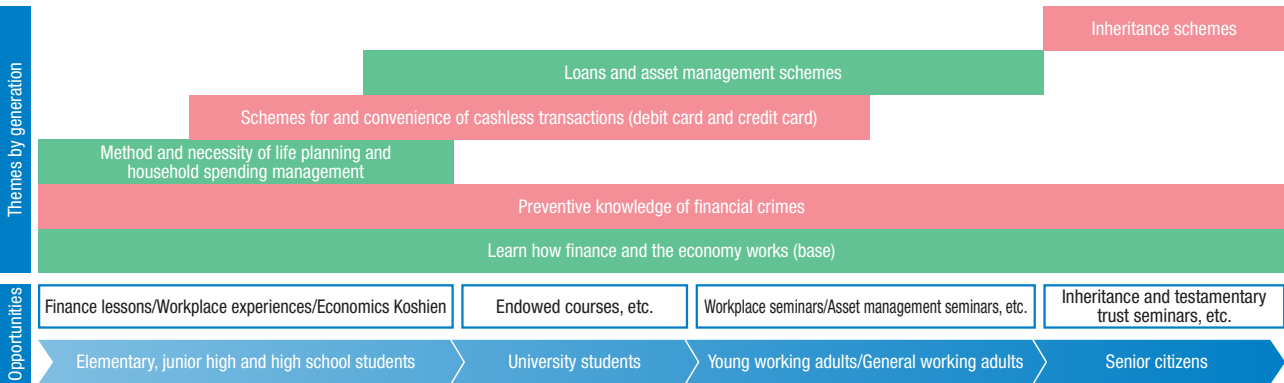
Personal Consulting Department
Masanori Kimura

Target (10) Improvement of Financial Literacy

We share knowledge that serves as a base for creating abundant lives for each individual customer by providing financial education to a wide range of generations.



Providing learning opportunities for creating abundant lives



Finance And Economics Classes for Children who Will Create Fukushima Prefecture's Future

Summer vacation money school for children and their parents

With the aims of improving the financial literacy of elementary school students and nurturing human resources who will contribute to the regional economy in the future, Toho Bank holds the Summer Holiday Toho Parent and Child Money School every year. This program has been very well received by participants because children can use it for their summer vacation research assignments, with themes such as study of “banks and money” and “experience the weight of 100 million yen.”



Experiencing the weight of 100 million yen

Courses offered by Fukushima University

As an education support project under a partnership agreement with Fukushima University, a special course, “Theory of Regional Finance,” sponsored by Toho Bank, has been held by the university every year since 2011.

In this course, officers and employees of the Bank and employees of Group companies serve as lecturers to deliver a total of 15 lectures on the management of regional banks and the role of regional finance. About 200 students attend this course every year.



Economics Koshien

For high school students in Fukushima Prefecture, Toho Bank holds the Fukushima tournament of “Economics Koshien,” the annual national finance and economy quiz championships for high school students. The purpose of this competition is to encourage high school students to enjoy learning about financial and economic systems and to nurture human resources who will play key roles in the future of the regional economy. In the fiscal year ended March 31, 2024, 12 high school students in six teams from high schools in each area of the prefecture participated in the tournament and competed enthusiastically.

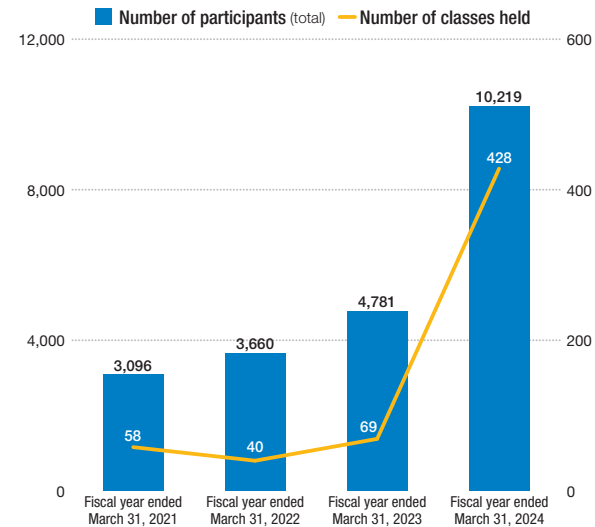


Initiatives for Improvement of Financial Literacy for Working Adults and Senior Citizens

For the improvement of financial literacy in the region, in addition to programs targeting students, Toho Bank proactively holds workplace seminars for working adults and various seminars for senior citizens.

As a result, the number of participants in our finance and economy education programs exceeded 10,000 in the fiscal year ended March 31, 2024. Going forward, we will continue to actively roll out opportunities to learn about finance and the economy, with the aim of increasing the total number of participants to 54,000 or more from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2030.

Finance and economy education class achievements



Provision of places for learning by generation in the fiscal year ended March 31, 2024

Targets	Details	Number of times	Number of participants
Elementary, junior high and high school students	Guest lectures, workplace experiences, events, children's cafeteria support, etc.	32	1,192
University students	Endowed courses, etc.	16	3,208
Young working adults/General working adults	Training for new employees, workplace seminars, asset management seminars, etc.	350	5,525
Senior citizens	Life after retirement, inheritance, testamentary trust seminars, etc.	14	276

Workplace seminars for working adults who underpin the growth of Fukushima Prefecture

Interest in asset management is growing due to the revision of the NISA system and the progression of inflation. For the purpose of strengthening relationships with customer companies and providing support for asset building for their employees, Toho Bank holds workplace seminars in individual regions.

Workplace seminars



Explain approaches to life planning and asset management, etc.

Life after retirement seminars for customers of retirement age

Toho Bank holds “life after retirement seminars” in the various regions of Fukushima as an opportunity to provide information to customers of retirement age. Customers actively take advantage of these seminars to consider their money plans for the era of the 100-year lifespan.

Interview

Contribute to the improvement of financial literacy and support people's daily lives

Money is an integral part of life for every generation, from children to senior citizens, and how they deal with money changes according to their life stage. Acquiring knowledge about money is the first step toward creating an abundant life.

We believe that in today's world, in an environment of rising prices and low interest rates, asset building and asset management are becoming increasingly important as a systematic way to prepare for the future. Toho Bank provides various information through workplace seminars, life after retirement seminars, and other forums. I hope to do anything that I can to contribute to the improvement of financial literacy and to support people's daily lives.



Personal Consulting Department
Rie Hosoda

Sustainability Management

The Toho Bank Group's Approach to Sustainability

Under the management philosophy system (Management Philosophy, Sustainability Declaration, Long-Term Vision, Guidelines for Action, and Values), the Toho Bank Group seeks to comply thoroughly with laws, regulations, and other rules, ensure sound business operations, and establish unwavering trust.

Against such backdrop, 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 that it is essential to work on climate change and other environmental issues, and social issues such as regional disparities and declining population, as well as human capital and diversity initiatives, which are prerequisites for addressing these issues.

Based on this belief, 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 also participated in the Ministry of Economy, Trade and Industry's Green Transformation (GX) League and Fukushima Prefecture's Fukushima Zero Carbon Declaration project, in order to further promote organizational efforts.

In April 2024, the Toho Bank Group launched a new management philosophy system, revised the Toho SDGs Declaration to the Sustainability Declaration, and declared to work on five material issues to achieve the Management Philosophy.

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 Sustainability 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.

(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.



(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, cyberattacks, 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 a 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.

Sustainability Declaration

Based on the SDGs adopted by the United Nations, the Group has set out five material issues as the Sustainability Declaration. We will work toward the realization of sustainable growth in the region.

Sustainability Declaration

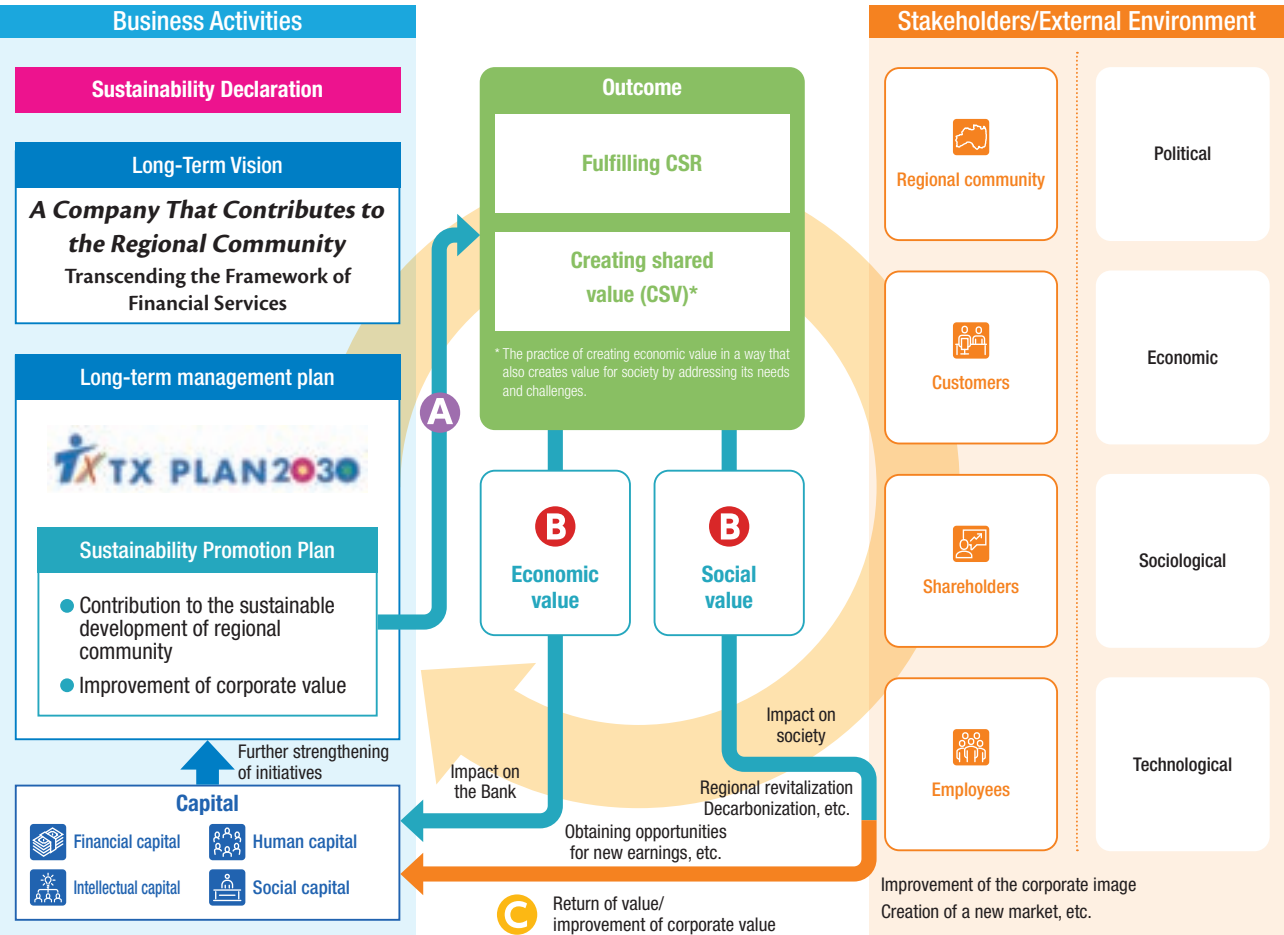
- (1) Revitalization of regional economy/society
- (2) Response to declining birthrate and aging population
- (3) Promotion of digital transformation (DX)
- (4) Vigor of diverse human resources
- (5) Decarbonization and nature positive

SUSTAINABLE DEVELOPMENT GOALS



Positioning of the Sustainability Promotion Plan

Based on the five themes set in the Sustainability 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 SDGs initiatives A.



Sustainability Management

Environmental Conservation

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 CO₂ emissions and demonstrate a model for sustainability management as a top bank in the prefecture.



Sustainability Management

Environmental Conservation

Initiatives for Climate Change and the TCFD Recommendations

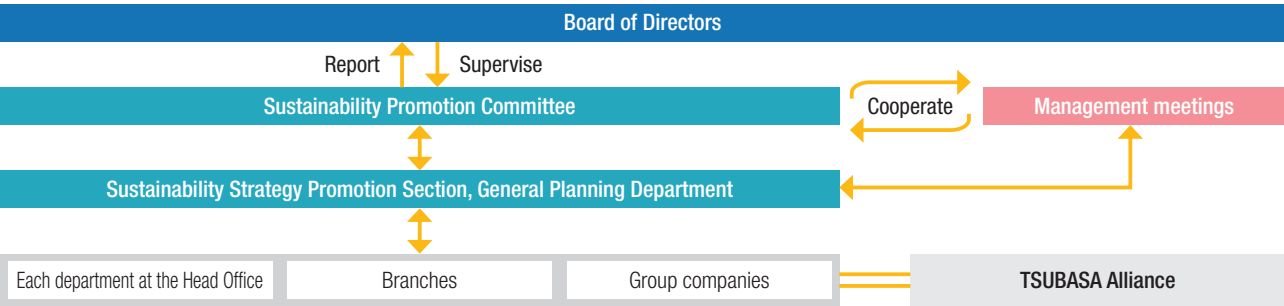
The Toho Bank Group has declared its support for the TCFD recommendations* in 2020. We will continue to actively disclose information on our initiatives for climate change according to the TCFD recommendations.



* 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
	<ul style="list-style-type: none">Discussion of the Sustainability Promotion PlanConfirmation of the progress of the Sustainability Promotion PlanEstablishment, revision, and abolition of the Toho Sustainable Investment and Loan PolicyDiscussion and reporting of important sustainability-related matters
Board of Directors	<ul style="list-style-type: none">Reporting on the results of the discussion at the Sustainability Promotion Committee meetings

Agenda of Sustainability Promotion Committee meetings held in the fiscal year ended March 31, 2024

April	Participation in the Ministry of Economy, Trade and Industry’s Green Transformation (GX) League
May	Information disclosed in “Approach to and Initiatives for Sustainability” in the annual securities report Decarbonization initiatives with local governments
July	Participation in Fukushima Prefecture’s Zero Carbon Declaration project Participation in the Ministry of the Environment’s Portfolio Carbon Analysis Support Project for Financial Institutions and reporting on project content
October	Promotion of the Bank’s carbon neutrality initiatives (Setting of the target of achieving carbon neutrality by the fiscal year ending March 31, 2041 and content of specific initiatives) Status of initiatives in 1H and policies on initiatives in 2H concerning the Sustainability Promotion Plan for the fiscal year ended March 31, 2024
December	Progress of the Ministry of the Environment’s Portfolio Carbon Analysis Support Project for Financial Institutions Content of support for the promotion of decarbonization, a key initiative in the next medium-term management plan
February	Expansion of sustainable finance initiatives and resetting of targets (additions and changes of products)
March	Reporting on the results of initiatives concerning the Sustainability Promotion Plan for the fiscal year ended March 31, 2024 as well as on the content of the plan for the fiscal year ending March 31, 2025

Organizations

Sustainability Strategy Promotion Section	Established at General Planning Department
	<ul style="list-style-type: none">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 Sustainability 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 decarbonization, 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

We measured the degree of concentration of carbon-related assets’ credit exposure, which showed that the percentage of carbon-related assets (Note) in the Bank’s credit balance was 15.4%.

(Note) Based on the industry classification by the Bank of Japan, we selected the Energy, Transportation, Materials and Structures, and Agriculture, Food, and Forest Products sectors as target industries for the measurement.

Scenario Analysis

To understand the impact of climate change risks on our credit portfolio, we perform scenario analysis based on certain assumptions.

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 around ¥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.

Going forward, we will expand target sectors of transition risk analysis and take other measures to continue working to enhance our scenario analysis, based on the calculation results of CO₂ emissions (Scope 3 Category 15) by companies we invest in or provide loans to.

Sustainability Management

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.

Based on the Sustainability Declaration, we have established the Toho Sustainable Investment and Loan Policy to strive to expand positive impacts^(Note 1) and reduce or avoid negative impacts^(Note 2) on the environment, society, etc., as well as to promote investments and loans that contribute to the sustainable development of our home Fukushima and other regional communities. The Policy will be reviewed and upgraded in light of changes in the external environment, results of implementation, and other factors.

(Note 1) Corporate activities that primarily have positive impacts on economy, society, and the environment.
(Note 2) Corporate activities that are primarily feared to cause harm to economy, society and the environment.

Toho Sustainable Investment and Loan Policy

1. Policy on the Approach to Investments and Loans Conducive to the Expansion of Positive Impacts

To establish a sustainable society and create a bright future for children, we will actively support initiatives that have positive impacts on the environment and society, as well as initiatives conducive to the improvement of regional communities’ sustainability.

In particular, we will actively engage in the investments and loans exemplified below.

- (1) Initiatives that contribute to the revitalization of our home Fukushima’s economy and industries, overcoming the impact of the Great East Japan Earthquake and nuclear power plant accident.
- (2) Initiatives conducive to safe and secure lives of parenting generations and senior citizens and the revitalization of regional communities, with an eye toward further birthrate decline, aging of society, and population decrease.
- (3) Initiatives that lead to the conservation of rich natural environment, biodiversity, and water resources, as well as the achievement of a circular economy, in Fukushima Prefecture, which boasts the third largest area in Japan and different and diverse characteristics found in the Hamadori, Nakadori, and Aizu regions.
- (4) Initiatives that promote the introduction of renewable energy and transition to a decarbonized society, with the aim of achieving carbon neutrality.
- (5) Initiatives conducive to productivity improvement through digital transformation, investments in human capital, and the promotion of diversity.

2. Policy on the Approach to Investments and Loans That May Contain Negative Impacts

To reduce and avoid negative impacts, we set policies on cross-sectoral initiatives and initiatives for specific sectors as follows:

- (1) Policy on cross-sectoral initiatives
 - A. We do not invest in or provide loans to projects that harm human beings’ assets that are subject to international calls for protection and conservation from the perspective of protecting the natural environment and securing biodiversity, such as Oze and other wetlands designated by the Ramsar Convention, UNESCO World Heritage sites, and species regulated by the Washington Convention.
 - B. We do not invest in or provide loans to projects that is found to directly or indirectly involve human rights violations, including child labor, forced labor, and human trafficking.
- (2) Policy on initiatives for specific sectors
 - A. In consideration of the impact of carbon dioxide emissions on climate change and in accordance with the long-term goal of the Paris Agreement, we do not invest in or provide loans to the new construction of coal-fired power plants as a general rule.
 - B. We do not invest in or provide loans to business operators that manufacture inhumane weapons, such as cluster munitions, nuclear weapons, antipersonnel landmines, and biochemical weapons.
 - C. We ask business operators that produce and procure agricultural, livestock, and fisheries products to manage forests and use land, water resources, and fisheries resources sustainably in consideration of indigenous peoples, regional communities, and workers’ human rights, as well as not to destroy forests and transform natural ecosystems. We do not invest in or provide loans to business operators that are involved in IUU^(Note 3) fisheries, or that do not give consideration to sustainable forest management and land use, including those involved in illegal logging. When considering investments and loans for such projects, we make decisions by fully paying attention to the acquisition status of international certifications, environmental considerations, and troubles with local residents.

(Note 3) Illegal, Unreported, Unregulated

3. Governance Concerning This Policy

- (1) In light of changes in the external environment, results of implementation of this Policy, and other factors, the Toho Bank, as the need arises, reviews the risks that should be recognized, as well as the appropriateness and sufficiency of target sectors, at Management meetings and on other occasions and seeks to review this Policy and implement it in a more sophisticated manner.
- (2) We strive to raise awareness and provide training to help our officers and employees deepen their understanding of environmental and social issues.
- (3) We lay emphasis on engagement with diverse stakeholders, such as shareholders, customers of companies we invest in or provide loans to, and local residents, and strive to align the Toho Bank’s initiatives with stakeholders’ expectations and viewpoints.

Examples of institutions that provide positive international certifications to business operators that produce and procure agricultural, livestock, and fisheries products

- Roundtable on Sustainable Palm Oil (RSPO)
- Forest Stewardship Council (FSC)
- Marine Stewardship Council (MSC)
- Aquaculture Stewardship Council (ASC)

(The above are just examples, and the Bank does not guarantee the comprehensiveness and sufficiency of international certifications.)

Metrics and Targets

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

Carbon Dioxide (CO2) Emissions

We have been working on the achievement of a decarbonized society, with the following targets set for the reduction of CO2 emissions from the Bank’s energy use (Scopes 1 and 2). In the fiscal year ended March 31, 2024, CO2 emissions decreased by 40.2% compared to the fiscal year ended March 31, 2014 and by 653 t-CO2 compared to the previous fiscal year.

We will continue to work on the reduction of CO2 emissions as we consider expanding the use of electricity generated from renewable energy, introducing environmentally friendly branches, using HVs and EVs for sales vehicles, and taking other measures.

Targets for the reduction of CO2 emissions (Scopes 1 and 2)

- Achieve carbon neutrality by the fiscal year ending March 31, 2041
- Achieve a 60% reduction of CO2 emissions by the fiscal year ending March 31, 2031 compared to the fiscal year ended March 31, 2014

Changes in CO2 emissions

	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	Fiscal year ended March 31, 2024
Scope 1	1,736	1,516	1,515	1,382	1,352	1,247
Scope 2	10,361	7,819	7,556	6,658	6,527	5,979
Total	12,097	9,335	9,071	8,040	7,879	7,226
Reduction result (compared to the fiscal year ended March 31, 2014)	—	(22.8%)	(25.0%)	(33.5%)	(34.8%)	(40.2%)

The Bank works on the calculation of Scope 3 CO2 emissions, in addition to Scope 1 and Scope 2. We started the calculation of Scope 3 Category 15 (Investments) emissions from the fiscal year ended March 31, 2024.

		Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Scope 3	Category 6 (Business travel)	380	369	364	360
	Category 7 (Employee commuting)	341	326	324	312
	Category 15: (Investments)	—	—	—	6,980,359

Sustainability Management

Calculation of CO₂ emissions at companies we invest in or provide loans to (Scope 3 Category 15)

Indirect emissions through investments and loans (Scope 3 Category 15) account for a large proportion of CO₂ emissions by financial institutions. It is therefore important to work on the calculation, monitoring, and reduction of such emissions. The Bank refers to the PCAF Standard's measurement method and calculates CO₂ emissions associated with loans to Japanese corporations.

(Unit: t-CO₂)

Sector	CO ₂ emissions	Sector	CO ₂ emissions
Electricity utilities	1,719,413	Automobiles and parts	104,540
Capital goods	914,289	Real estate management and development	50,526
Construction materials	859,797	Railway transportation	23,621
Metals and mining	652,635	Beverages	20,477
Chemical	463,863	Agriculture	19,673
Paper and forestry products	262,938	Marine transportation	16,515
Truck services	181,379	Air freight	2,810
Petroleum and gas	169,168	Passenger air transportation	1,149
Processed food and processed meat	156,746	Other	1,360,812
Total			6,980,359

Going forward, we will work to expand the scope of calculation of CO₂ emissions and improve data quality.


In addition, the calculation results above may fluctuate substantially in the future due to clearer international standards, more sophisticated estimation, and other factors.

Topics

The Ministry of the Environment's Fiscal 2023 Portfolio Carbon Analysis Support Project for Financial Institutions

To gain and accumulate knowledge on how we can support our business partners' decarbonization initiatives, the Bank participated in the Ministry of the Environment's Fiscal 2023 Portfolio Carbon Analysis Support Project for Financial Institutions.

In the project, we examined the structure within the Bank, summed up issues, and took other measures to estimate our business partners' CO₂ emissions and engage (in constructive dialogues) with them. Based on the knowledge gained from the project, we have started from the fiscal year ending March 31, 2025 to offer full-scale support for our business partners' decarbonization initiatives.

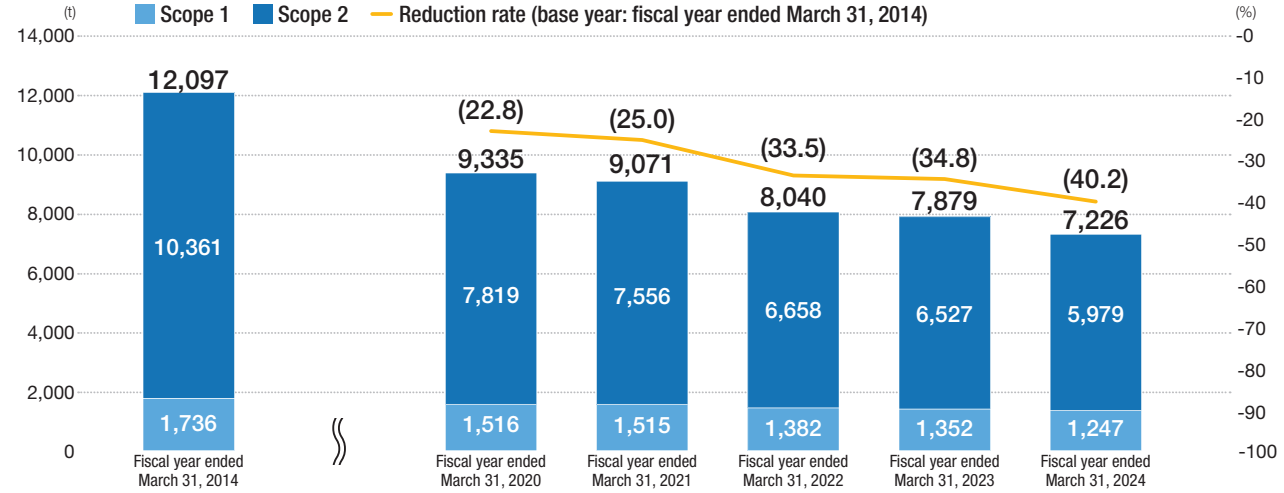


Topics

Fukushima Prefecture's Fukushima Corporate Decarbonization Support Structure Establishment Project

As a regional financial institution, the Bank will cooperate with the Fukushima Corporate Decarbonization Support Structure Establishment Project, organized by Fukushima Prefecture in the fiscal year ending March 31, 2025.

Changes in CO₂ emissions results



Sustainable Finance

To promote the transition to a decarbonized society and a new industrial and social structure to realize a sustainable society, we set and worked toward a target of implementing and structuring ¥1 trillion in sustainable finance over 10 years from the fiscal year ended March 31, 2022 through the 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.

In March 2024, we expanded the scope of sustainable finance from the fiscal year ending March 31, 2025 from the conventional environmental field to include the social field, and raised the sustainable finance target from ¥1 trillion to ¥1.5 trillion (¥1.2 trillion for the environmental field and ¥0.3 trillion for the social field). The purpose of these is to contribute to resolving issues in the environmental and social fields, in light of the importance of addressing regional disparities, population decrease, and other social issues.

Period	Fiscal year ended March 31, 2022 to fiscal year ending March 31, 2031 (10 years)
Target	¥1.5 trillion (¥1.2 trillion for the environmental field and ¥0.3 trillion for the social field)
Result	¥347.9 billion

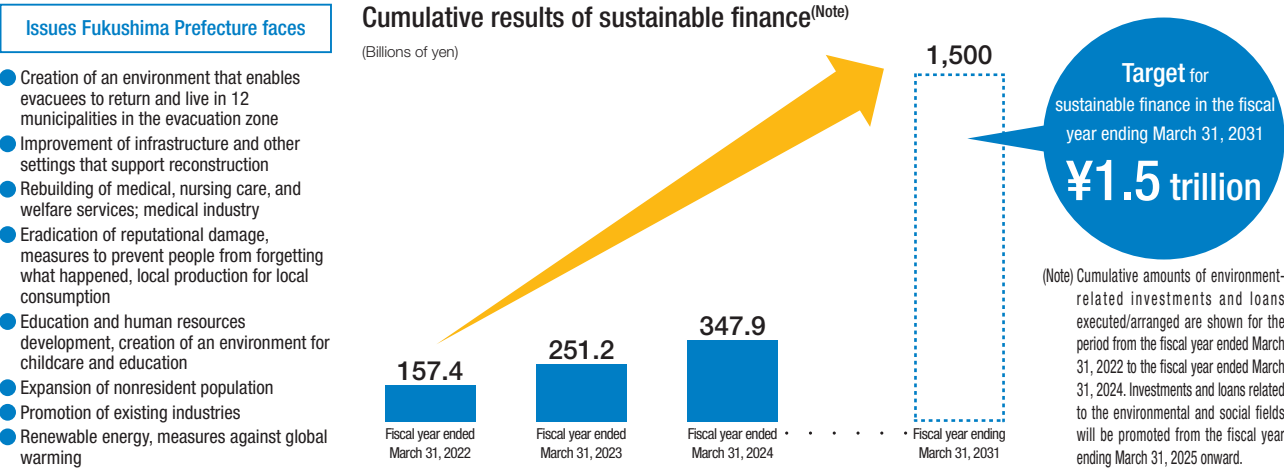
Examples of target investments and loans

Environmental field	Green loans and bonds, environment-related privately placed bonds, investments and loans concerning renewable energy, environmentally friendly investments and loans such as loans related to energy conservation housing
Social field	Social loans and bonds; investments and loans to address social issues, including those contribute to the achievement of sustainable regional communities

Transition of sustainable finance in the environmental field

(Billions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cumulative amount of sustainable finance implemented/structured in the environmental field	157.4	251.2	347.9
Of which, renewable energy related	134.1	172.8	220.7

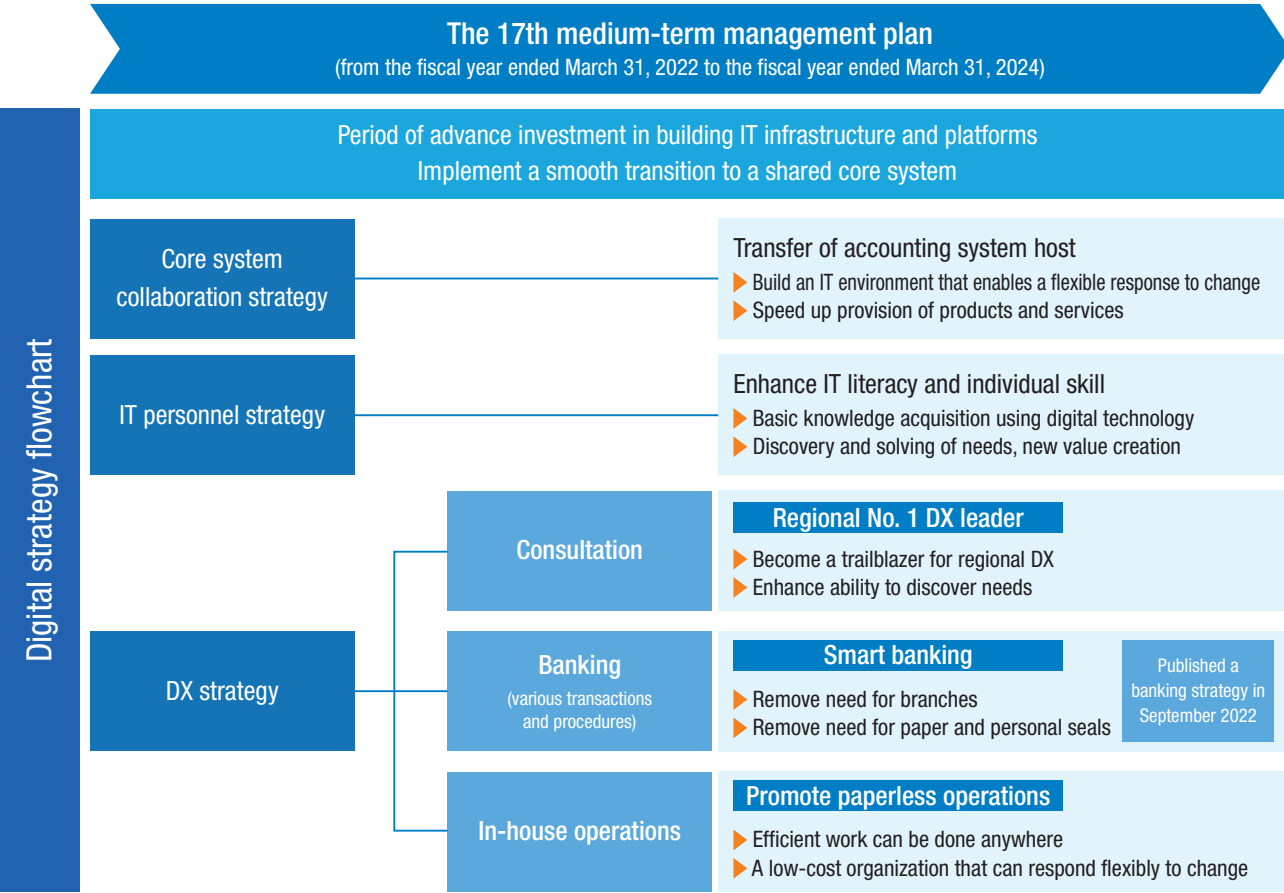


Digital Strategies

In the 17th medium-term management plan, we regarded the period covered by the plan as a period of advance investment to build IT infrastructure and platforms, and worked on the core system collaboration strategy, DX strategy, and IT personnel strategy.

In particular, we worked on the core system as an important system platform of the Bank. In January 2024, we completed the transition to the TSUBASA Core Banking System collaboration as initially planned.

Going forward, we will accelerate the development of various services and offer convenient services that improve customer experience based on the long-term management plan (p. 67), while enjoying the advantages of the new system to the fullest.



As of March 31, 2024

IT consulting contracts concluded	Digital service*1 users	Reduction in paper consumption at Head Office*2	In-house study abroad program (DX/IT consulting) Design skill training*3
81	350,000	(18.8%)	In-house study abroad program 57 Design skill training 13

*1 Sum of internet banking and Toho ID users *2 Compared to March 31, 2021 *3 Dispatch to and participation in external training, etc.

Core System Collaboration Strategy

In January 2024, we switched to the TSUBASA Core Banking System collaboration (Note 1) 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.

(Note 1) Uses a core system built by The Chiba Bank, Ltd., The Daishi Bank, Ltd., The Chugoku Bank, Ltd., and IBM Japan, Ltd. to jointly develop, operate, and maintain systems.

Benefits of the switch	
Point 1	Progressiveness
Point 2	Safety
Point 3	Potentiality

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

DX Strategy

We have set moonshot targets^(Note 2) for each of our three operational categories and we are implementing various measures to achieve these targets.

(Note 2) A plan or challenge that will be extremely difficult to pull off, but will generate innovation if achieved.

Operational Category	Consultation	Banking	In-house operations
Moonshot Target	Regional No. 1 DX leader	Smart banking	Promote paperless operations

Products and Services (banking)

Toho Bank Passbook App

(from November 2017)

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. (End of March 2024: 182,000 accounts)

Going forward, we plan to release a new app for retail customers. By collaborating with other banks through the TSUBASA Alliance, we will roll out new services in a speedy manner and improve convenience for customers.



- 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!

Internet Branch online account opening

Our internet branch allows customers to open new 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.

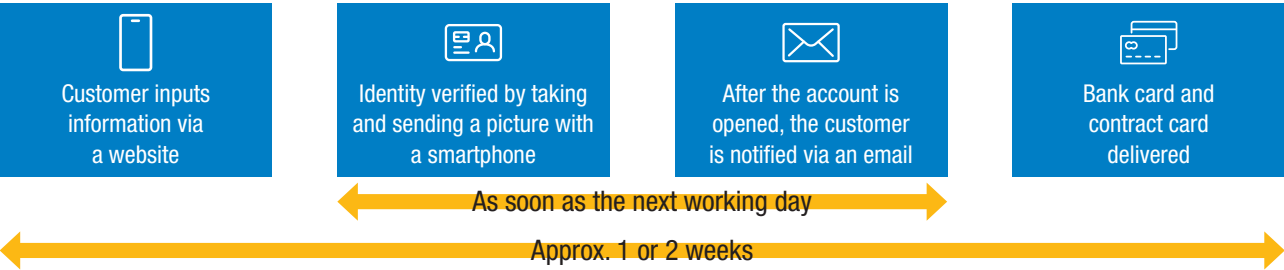
Going forward, we will continue providing services that improve convenience for customers.



(from June 2022)

Image of eKYC

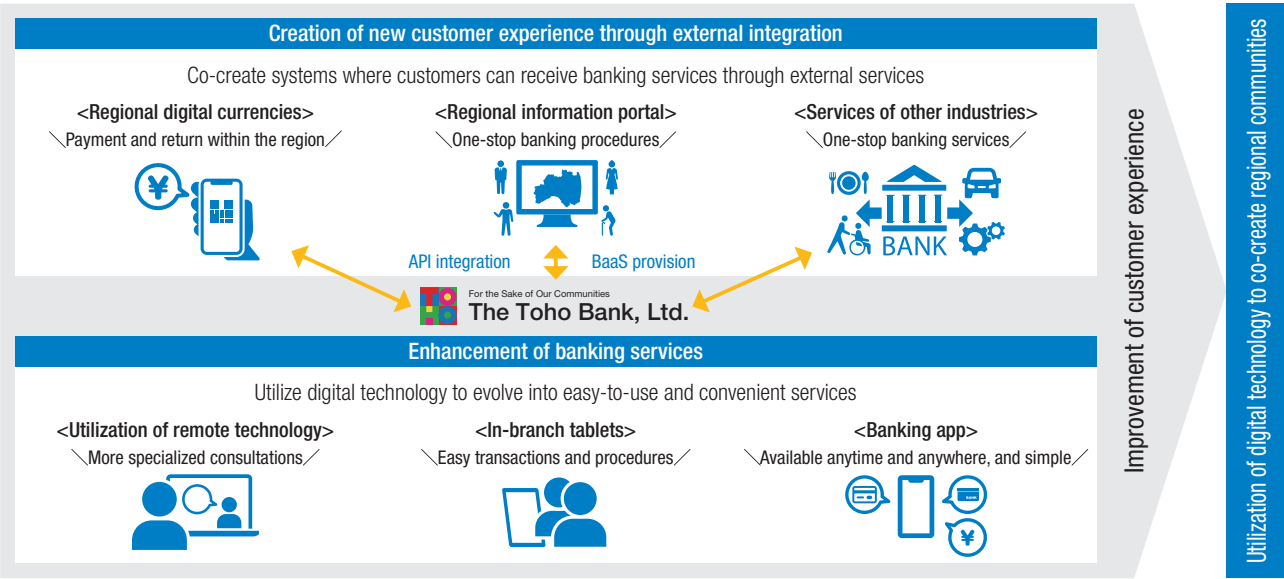
eKYC:
An abbreviation of Electronic Know Your Customer. This is a method for verifying personal identification matters that can be completed online.



Digital Strategies

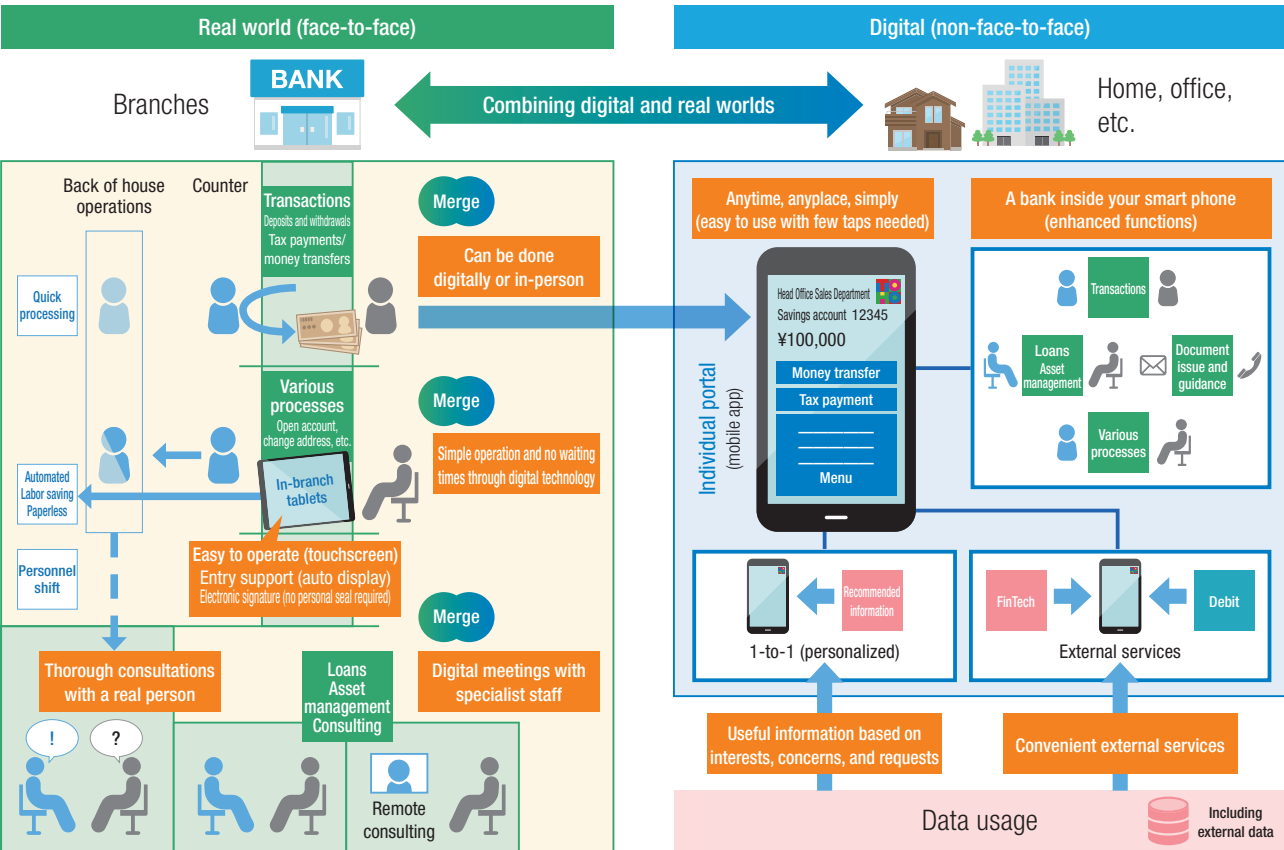
Under the long-term management plan covering the period from the fiscal year ending March 31, 2025, we seek to enhance banking services by continuing various measures, mainly the banking strategy we have been working on since the previous medium-term management plan. In addition, we have been considering and discussing the creation of new customer experience through external integration.

By taking the above measures, we intend to improve customer experience, as well as utilize digital technology to co-create regional communities.



Enhancement of Banking Services

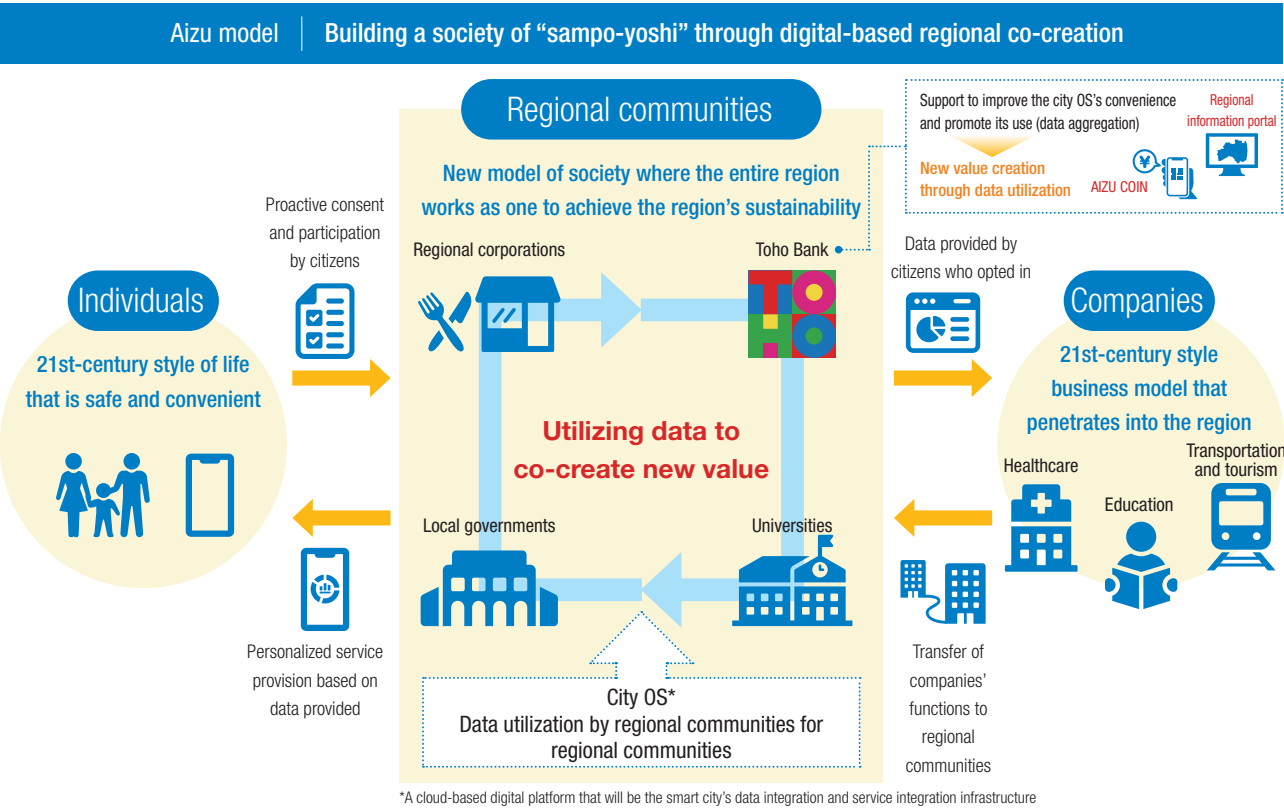
At branches, which are the face-to-face, real-world banking channels, and on the banking app, etc., which are the non-face-to-face, digital channels, we will offer new services that utilize digital technology to achieve ease of operation, convenience, and specialization, thereby improving customer experience.



Creation of New Customer Experience by External Integration Partners

We seek to improve the convenience of users by co-creating systems where they can use one-stop banking functions and services through channels outside banking. Simultaneously, we intend to contribute to resolving regional issues and revitalizing regional communities by utilizing data and taking other measures to create new value.

Aizuwakamatsu City, Fukushima Prefecture has established the Aizu model and is advancing a smart city vision. The Bank aims to contribute to the development of an attractive city by participating in this progressive initiative.



Specific Measures

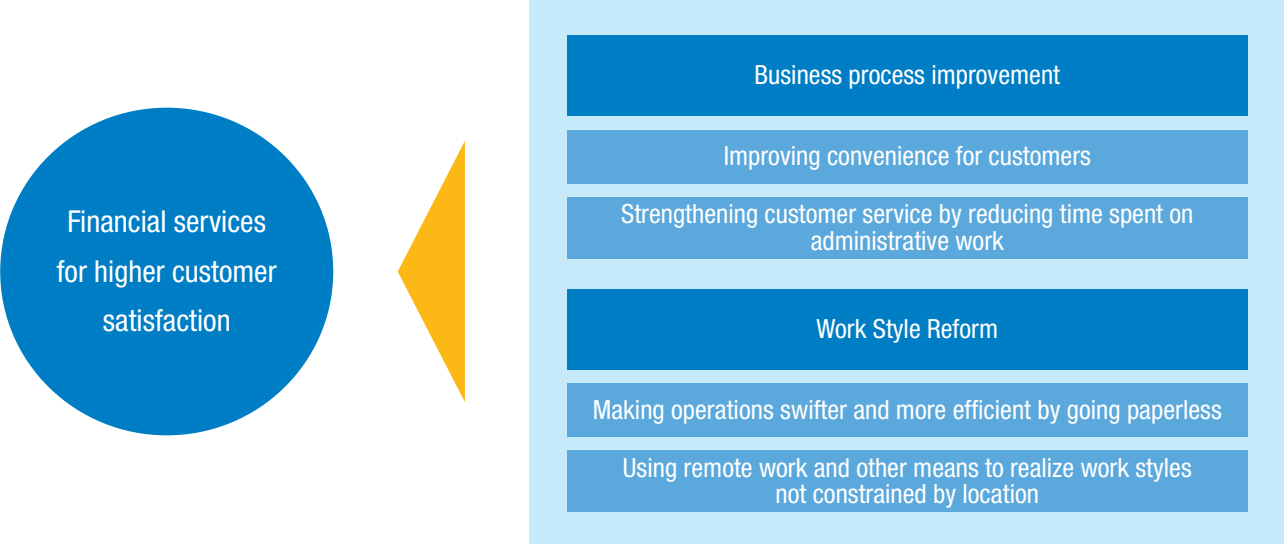
As for "service DX" for customers, we are working on in-branch tablets, individual portal app, and other measures with the aim of enhancing banking services.

When it comes to "in-bank DX" for the Bank, we are working on the utilization of digital technology to optimize business operations and go paperless, human resources development, and investigative research for co-creation.

Category	Item	Initiative
Service DX	Banking	In-branch tablets, individual portal app, etc.
	IT consulting	Support to local companies, DX support to local governments, etc.
	Non-financial	Data utilization, marketing, etc.
In-bank DX	Business optimization	Consolidation of operations, utilization of AI and RPA, paperless initiatives, etc.
	Development of human resources specialized in the digital field	Dispatch to training inside and outside the Bank, encouragement of self-development, etc.
	Investigative research	Regional digital currencies, life infrastructure platforms, BaaS, etc.

Business Reforms

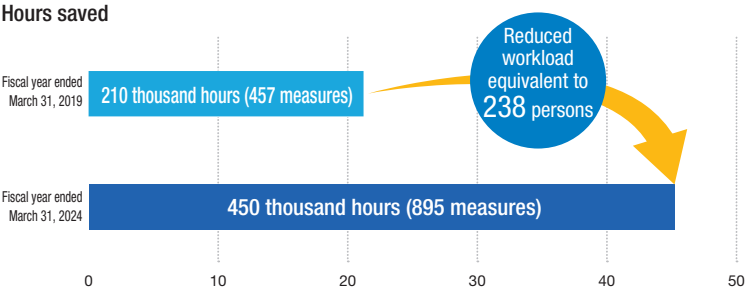
By endeavoring to eliminate and streamline inefficient operations, going paperless, and promoting flexible working styles that allow employees to work from anywhere, we have been aiming to create an organization that can provide financial services to our customers' satisfaction.



Business Optimization (BPR)

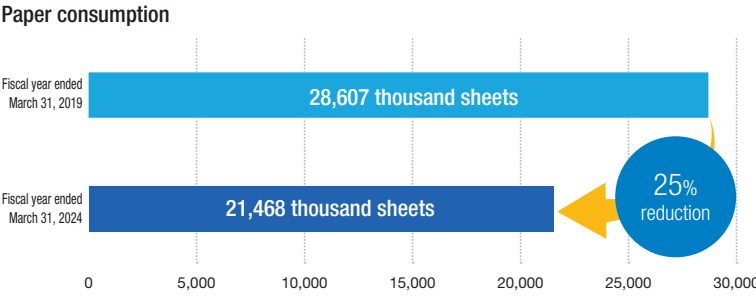
We have been working on the reduction of annual working hours, classifying the process into branch BPR and Head Office BPR, which are conducive to the efficiency improvement of branch and Head Office operations respectively.

We implemented 895 measures by the fiscal year ended March 31, 2024, which saved 450 thousand hours.



Paperless

We continuously took such measures as digitizing in-bank documents and utilizing tablet devices to conduct in-bank meetings paperless. In the fiscal year ended March 31, 2024, we used 21,468 thousand sheets of paper, which was a roughly 25% reduction compared with five years before.



Interview

General Planning Department
Hideyuki Ando

Aiming for new value provision to customers and further improvement of efficiency of in-bank operations

I work at the DX Section of the General Planning Department, where I engage in the planning of measures that utilize digital technologies.

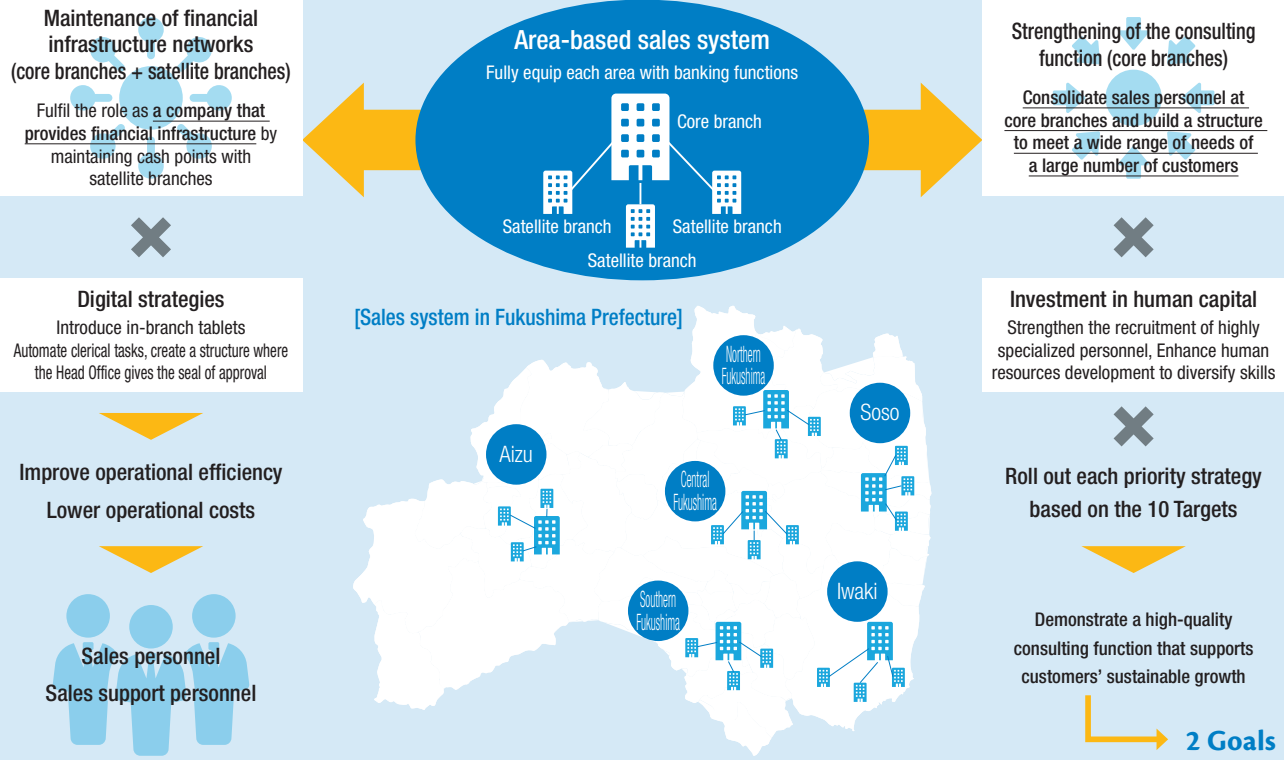
Specifically, I work on business optimization across the Bank, utilizing such technologies as generative AI, represented by ChatGPT, and RPA that carries out tasks on the computer on behalf of humans.

In promoting business optimization, I do not rely on digital technologies from the beginning. Instead, I call for discussion over whether a process is really necessary or whether it can be improved by reviewing the details. By using digital technologies to optimize what is left after this, I try to fundamentally reengineer business processes.

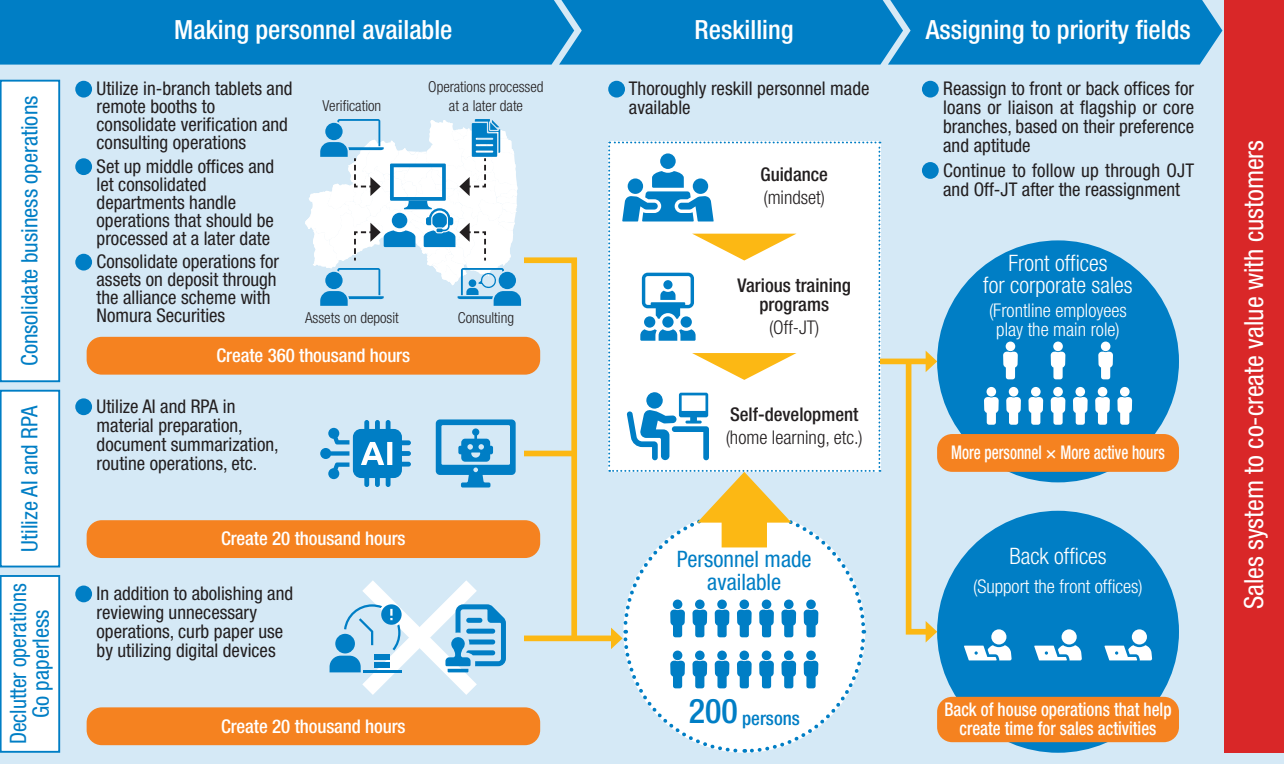
In the rapidly changing digital field, I will work to provide new value to customers and pursue further optimization of the Bank's operations, by constantly adopting cutting-edge technologies.

Sales System/Organizational Structure

Under a new sales system that seeks to create sales capabilities through the synergy between an area-based sales system, digital strategies, and investment in human capital and to enhance consulting functions, we will steadily execute various strategies based on the 10 Targets and aim to achieve the 2 GOALS set in the TX PLAN 2030.



Under the long-term management plan covering the period from the fiscal year ending March 31, 2025, we will continue to optimize business operations and go paperless, which we have been working to do since the previous medium-term management plan. In addition, we will work on the consolidation of business operations, utilization of AI and RPA, and decluttering of operations, thereby making personnel available to assign to priority fields.



The TX PLAN 2030 has two goals namely “Improving the value of every customer’s business” and “Creating abundant lives for each individual customer.” Toward these goals, Group companies will work on the 10 Targets to achieve sustainable growth of the regional economy, alongside which they will offer customers specialized consulting services that lead to business value improvement, productivity improvement, support for going cashless, support for decarbonization and energy conservation, and doubling of asset.

Synergy from collaboration between the Bank and Group companies

Credit decisions in leasing operations

(The Toho Lease Co., Ltd.)

Leased assets/IT software assets
(The Toho Lease Co., Ltd./The Toho
Information System Co., Ltd.)

Understanding of companies' actual conditions
(TCP/TOHO AREA RESEARCH INSTITUTE)

Maximization of non-performing loan collection
(The Toho Credit Guarantee Co., Ltd./
real estate close company)

Corporate cards × Member stores
(The Toho Card Co., Ltd/
The Toho Credit Service Co., Ltd.)

Provision of more advanced financial services
(Toho Securities Co., Ltd.)

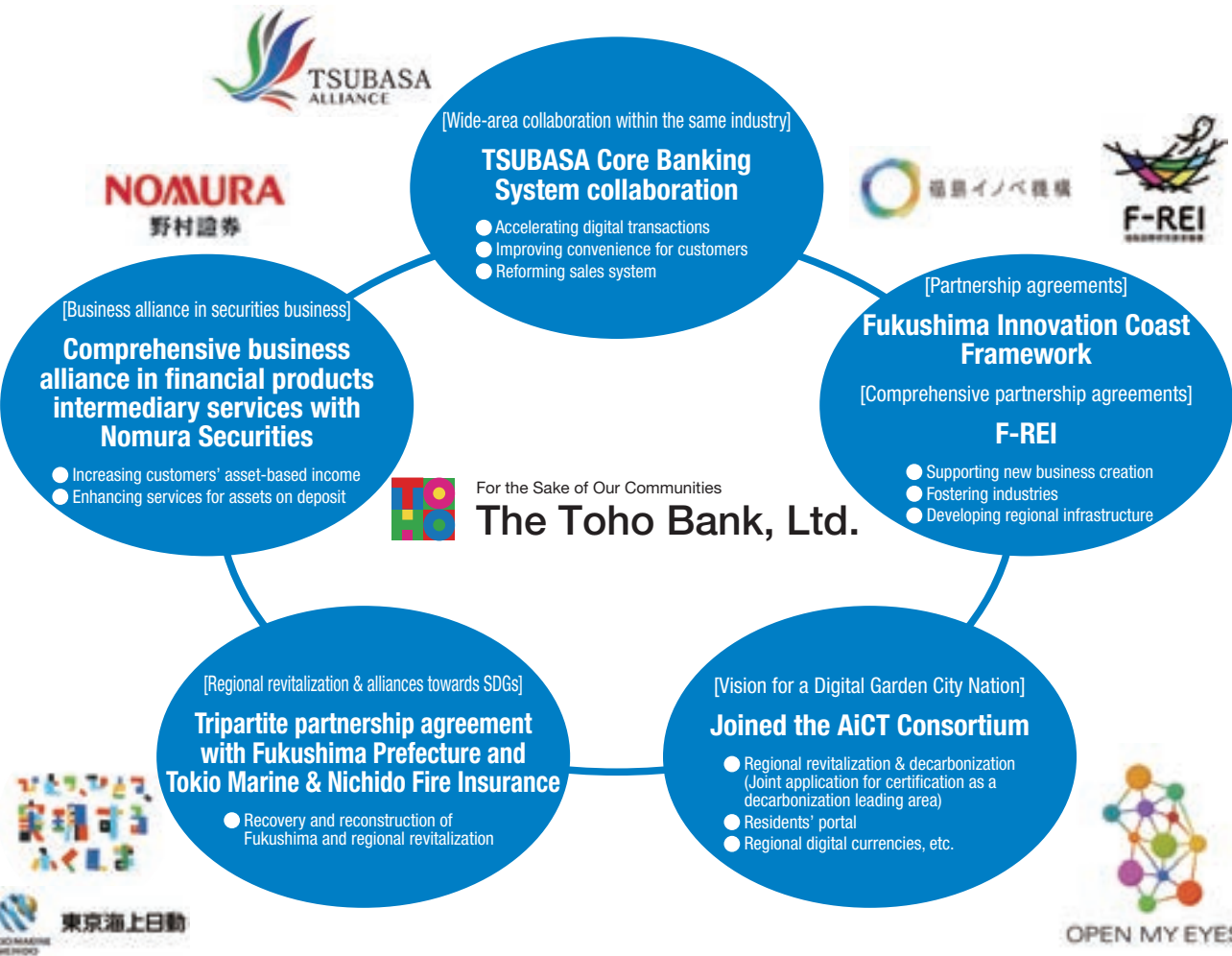
Life and non-life insurance for companies and individuals
(Companies that jointly offer insurance)



<div>KPI TX PLAN 2030</div> <div>Results for the final year (fiscal year ending March 31, 2030) and the fiscal year ended March 31, 2024</div>	<div>TOHO AREA RESEARCH INSTITUTE</div> <div>Number of subscription-type consulting contracts</div> <div>70 or more</div> <div>(9 for the fiscal year ended March 31, 2024)</div>	<div>Toho Consulting Partners Co., Ltd.</div> <div>Number of business succession consultation cases</div> <div>140 per year</div> <div>(126 for the fiscal year ended March 31, 2024)</div>	<div>The Toho Insurance System Co., Ltd.</div> <div>Number of business partners</div> <div>1,000</div> <div>(360 for the fiscal year ended March 31, 2024)</div>	<div>The Toho Card Co., Ltd. and The Toho Credit Service Co., Ltd.</div> <div>Number of active member stores</div> <div>4,395</div> <div>(3,675 for the fiscal year ended March 31, 2024)</div>	<div>The Toho Lease Co., Ltd.</div> <div>Contracts that support ESG and SDGs</div> <div>¥1,000 million</div> <div>(¥998 million for the fiscal year ended March 31, 2024)</div>	<div>Toho Securities Co., Ltd.</div> <div>Balance of assets on deposit</div> <div>¥130.0 billion</div> <div>(¥127.5 billion for the fiscal year ended March 31, 2024)</div>	<div>The Toho Credit Guarantee Co., Ltd.</div> <div>Balance of housing loan guarantees</div> <div>¥870.6 billion</div> <div>(¥755.9 billion for the fiscal year ended March 31, 2024)</div>
	<div>Number of consultations from local governments</div> <div>100 or more per year</div> <div>(21 for the fiscal year ended March 31, 2024)</div>	<div>Number of M&A consultation cases</div> <div>350 per year</div> <div>(471 for the fiscal year ended March 31, 2024)</div>	<div>External income ratio</div> <div>46%</div> <div>(32% for the fiscal year ended March 31, 2024)</div>	<div>Number of active corporate card members</div> <div>11,874</div> <div>(9,065 for the fiscal year ended March 31, 2024)</div>	<div>Number of personnel exchanges</div> <div>Cumulative total of 150</div> <div>(34 for the fiscal year ended March 31, 2024)</div>	<div>Cost coverage ratio</div> <div>33%</div> <div>(27.8% for the fiscal year ended March 31, 2024)</div>	<div>Balance of general loan guarantees</div> <div>¥46.9 billion</div> <div>(¥33.0 billion for the fiscal year ended March 31, 2024)</div>

Alliance Strategies

In order to speedily solve issues towards building sustainable regional communities, we are pursuing alliance strategies involving various partners as the main pillar of our business strategy.



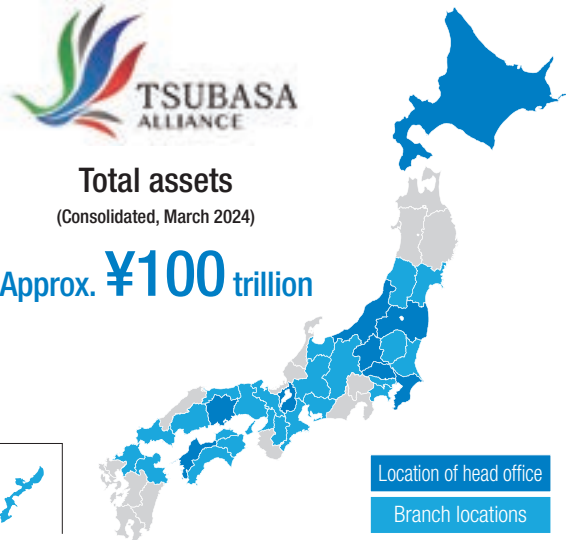
TSUBASA Alliance

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*) 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	The Bank has completed transition to the TSUBASA Core Banking System*2 in January 2024. A total of five banks have introduced the 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.



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.

Alliance Strategies

Alliance with Nomura

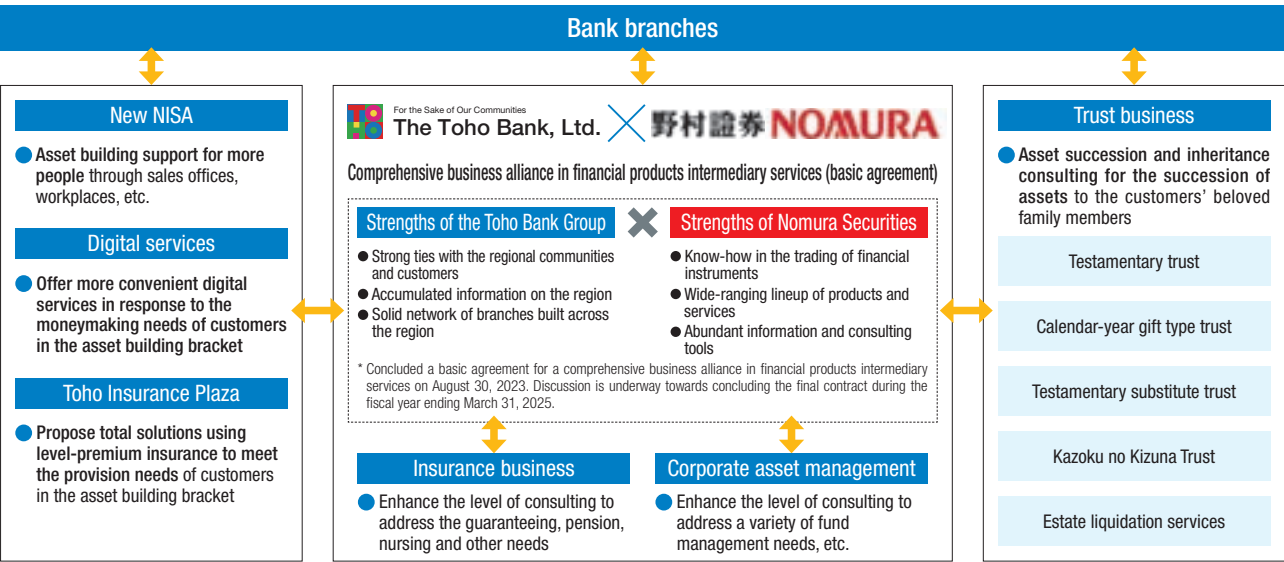
● Alliance with Nomura Securities (Basic Agreement)

On August 30, 2023, the Toho Bank, Toho Securities, and Nomura Securities concluded a basic agreement for a comprehensive business alliance in financial products intermediary services. By combining and boosting the strengths of the Toho Bank Group and Nomura Securities, we will contribute to the region by offering asset enhancement and ample provision for an era of 100-year lifespan.



Contributing to “Creating Abundant Lives for Each Individual Customer”

Enhancing non-face-to-face services using digital means Customer-oriented business operations Enhancing the level of face-to-face consulting



Alliances for Regional Revitalization

● Tripartite partnership agreement with Fukushima Prefecture and Tokio Marine & Nichido Fire Insurance

In May 2016, the Toho Bank, Fukushima Prefecture, and Tokio Marine & Nichido Fire Insurance concluded a partnership agreement for regional revitalization. This agreement was signed with the aim of revitalizing the region through the promotion of “Fukushima Comprehensive Strategy for Revitalization—Seven Challenges for Fukushima,” a comprehensive plan formulated by Fukushima Prefecture, by actively bringing into play the knowledge and ideas of financial institutions.

In March 2020, the agreement went through a “shinka” (a homophonous word in Japanese that stands for evolution, deepening, and renewal) in the light of the spirit of SDGs. The three parties have since been working in fine-tuned collaboration to pursue both “recovery and reconstruction” and “regional revitalization.”

During the fiscal year ended March 31, 2024, we conducted a number of initiatives and events that would shape the future of Fukushima, including seminars on the themes of SDGs, training sessions to enhance the young employees’ understanding of the themes, and “job experience tours” aimed at letting university students know the appeal of working in Fukushima.



● Partnership agreement with the Fukushima Innovation Coast Promotion Organization

In May 2019, we concluded a partnership agreement with the Fukushima Innovation Coast Promotion Organization to push forward the Fukushima Innovation Coast Framework. We are working to promote the participation of local firms by sharing information and knowledge held by each party and utilizing networks.

● Comprehensive partnership and cooperation agreement with Fukushima Institute for Research, Education and Innovation (F-REI)

In January 2024, we became the first private sector partner to sign a comprehensive partnership and cooperation agreement with the Fukushima Institute for Research, Education and Innovation (F-REI) for the recovery and development of Fukushima’s Hamadori region and creative reconstruction of Fukushima and other parts of Tohoku. The conclusion of this agreement allows us to support F-REI in its research and development, industrialization, human resources development and other initiatives to the best of our ability as a local financial institution and to play a larger part in the recovery and development of Hamadori region and creative reconstruction of Fukushima and other parts of the Tohoku region.

In April 2024, in view of the full-scale recovery of Soso area in progress both in terms of living and the economy, we established the Soso New Industry Promotion Office, a new section dedicated to Soso area within the Corporate Consulting Department, in order for us to work as a local financial institution to support the creation of new industries in Soso area and promote interaction with and increase migration to the area.



Topics

Establishment of Soso New Industry Promotion Office

We support new industries coming up in Soso area

Having concluded alliance agreements with the Fukushima Innovation Coast Promotion Organization and the Fukushima Institute for Research, Education and Innovation (F-REI), the Bank is actively working to communicate information and strengthen alliances. To further accelerate this effort and to make the creative reconstruction of Soso area a reality, we established the Soso New Industry Promotion Office in April 2024.

Under the Fukushima Innovation Coast Framework aimed at creating new industries, research and development efforts are underway in the area in cutting edge fields including decommissioning of the nuclear power plant and robots and drones. In step with the growing accumulation of incubation facilities, a large number of startups featuring new technologies have been born. With the establishment of F-REI in 2023, the recovery and reconstruction trend has gone into full swing.

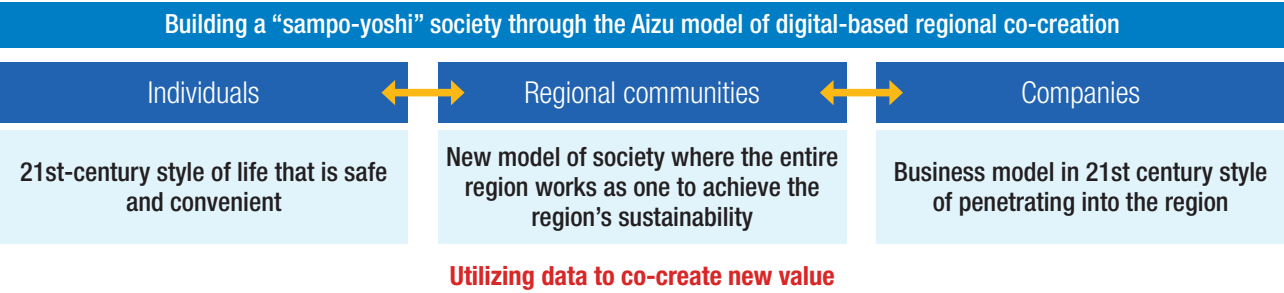
The Soso New Industry Promotion Office will focus its work around the three pillars of “connect,” “expand,” and “grow” and draw on our strengths as a regional financial institution to play an active role in helping connect businesses in Soso area with those in all other parts of the prefecture, as well as supporting business foundation, startups, and companies moving into the area.

● Participation in the AiCT Consortium

In 2011, Aizuwakamatsu City launched the Smart City project, which symbolizes the city’s recovery initiatives. The Aizu model is recognized as a forerunner in the field within Japan. To set a model for Japan’s future projects, the General Incorporated Association AiCT Consortium was established in June 2021, which the Bank joined in October of the same year.

In March 2023, the consortium started providing AIZU COIN, a regional digital currency designed to solve regional issues, with the aim of revitalizing the economy of Aizu region through this service that brings together citizens, member stores, local governments, and businesses towards regional co-creation, and the Bank is playing a part in this initiative.

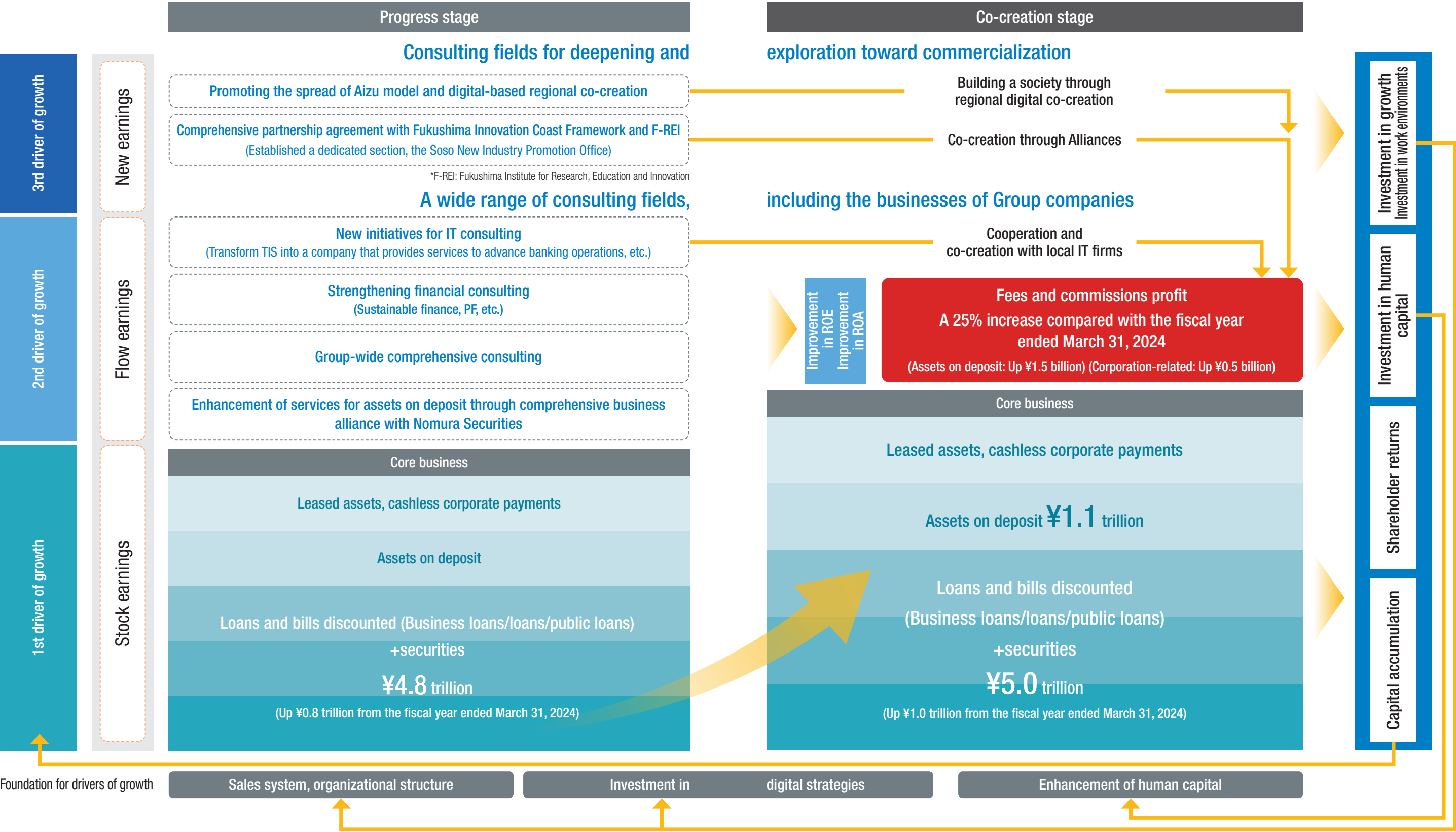
Going forward, we will look beyond the regional digital currency to explore and discuss partnerships in a broader scope, and work to contribute to developing attractive communities and building a society of “sampo-yoshi” (a traditional business motto of Japanese merchants, meaning “good for the seller, good for the buyer, and good for society”).



The Whole Picture of Growth Strategy

The whole picture of the Toho Bank Group's growth strategy is made up of the following: the first driver of growth, which is the expansion of stock earnings by accumulating the amounts of business loans, loans, public loans, securities, assets on deposit, leased assets, and cashless corporate payments; the second driver of growth, which is the expansion of earnings from Group-wide comprehensive consulting and fees and commissions; and the third driver of growth, which include "promoting the spread of Aizu model that utilizes digital currency and regional digital co-creation," "industry creation and development in cooperation with the Fukushima Innovation Coast Promotion Organization and the Fukushima Institute for

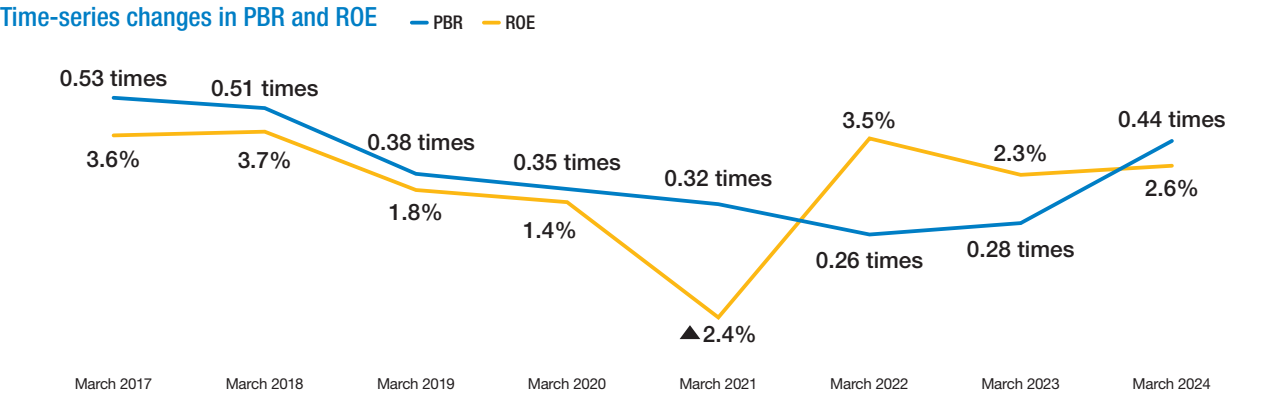
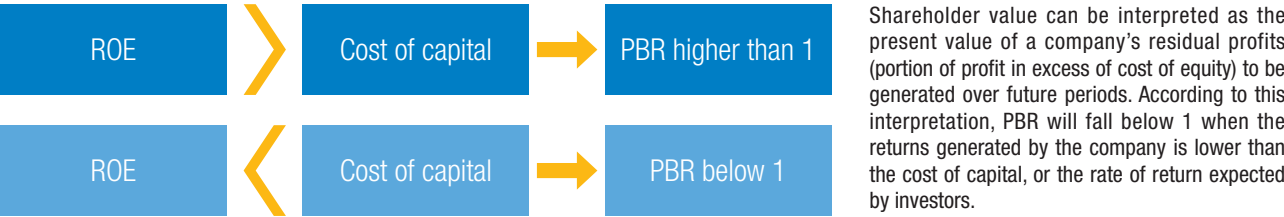
Research, Education and Innovation (F-REI), and other new businesses. The Toho Bank Group will realize a virtuous profit cycle to enhance the corporate value of the Group by improving profitability through these three drivers of growth, investing in growth, investing in human capital, accumulating equity capital, and returning profits to shareholders. The Group will also work to improve productivity under the new sales system and organizational structure and by investing in digitization, 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.



Initiatives to Enhance Corporate Value

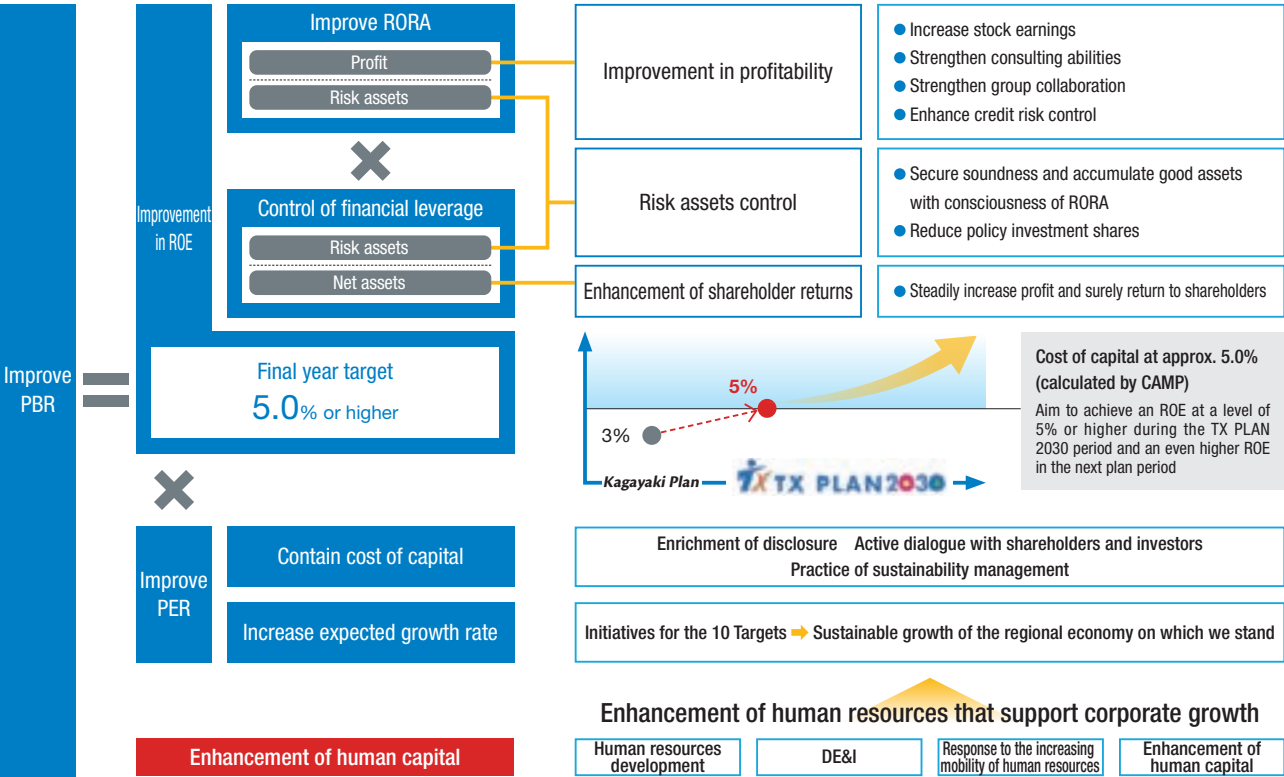
Assessment of Current State

The Bank calculates the cost of capital based on the CAPM theory to verify the appropriate level of ROE and other metrics. The most recent consolidated ROE was 2.6% as against the current estimated cost of equity at 5%. We are aware that the level of ROE is not sufficiently proportionate to the cost of equity and PBR is less than 1.



Approach to Improving PBR

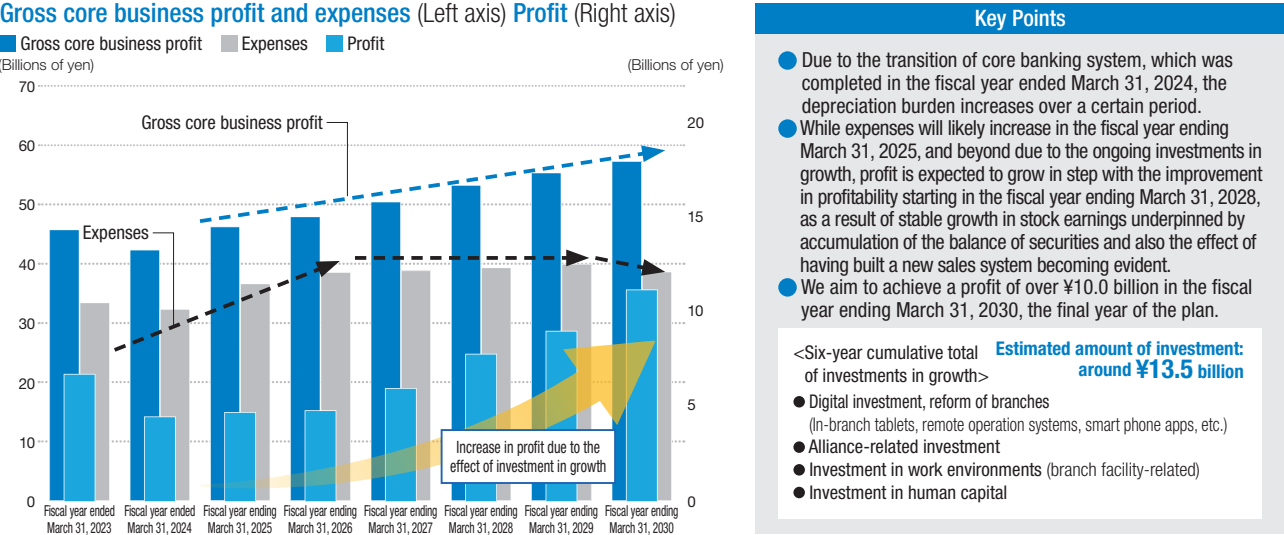
Based on the understanding described above, the Bank will implement initiatives for improving profitability towards the goal for ROE of 5% or higher under its long-term management plan starting in 2024. We will also strengthen our efforts to control the cost of capital, enhance the expected growth rate and improve PBR by working to increase both ROE and PER.



Numerical Targets under TX PLAN 2030 (ROE of 5.0% or higher)

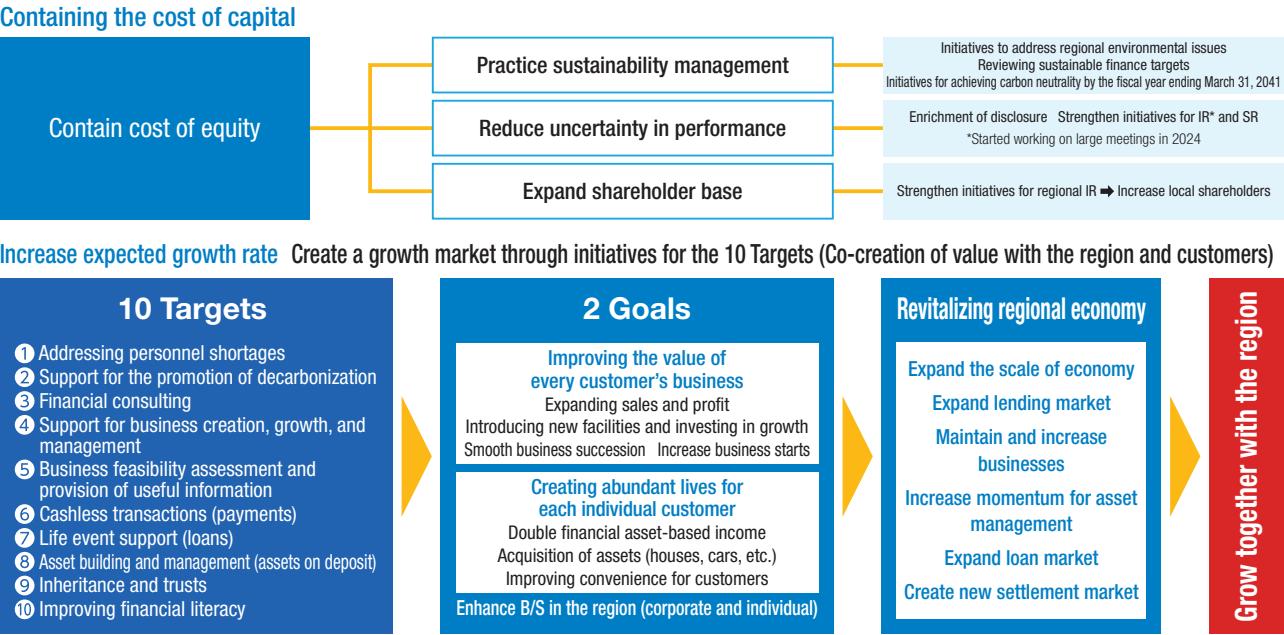
Under the TX PLAN 2030, we aim to achieve an earnings level of ¥11.0 billion or more in profit and an ROE of 5% or higher by investing in human capital and pouring managerial resources into growth areas in order to increase added value of the Toho Bank Group and thereby boost the top line, as well as by reforming the sales system and working on BPR in order to lower the OHR.

Consolidated	Results for the fiscal year ended March 31, 2024	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2030
Net core business profit	¥9.3 billion	¥11.5 billion	¥18.5 billion
Profit	¥5.2 billion	¥6.0 billion	¥11.0 billion
ROE	2.64%	3.0%	5.0%
Core OHR	78.9%	77.0%	67.0%



Initiatives to Enhance PER

We will work to contain the cost of equity by enriching disclosure, engaging in active dialogue with shareholders and investors, and strengthening sustainability initiatives, as well as to increase our expected growth rate by strengthening efforts to support the sustainable growth of regional economy that forms our business foundation, and eventually improve our PBR.

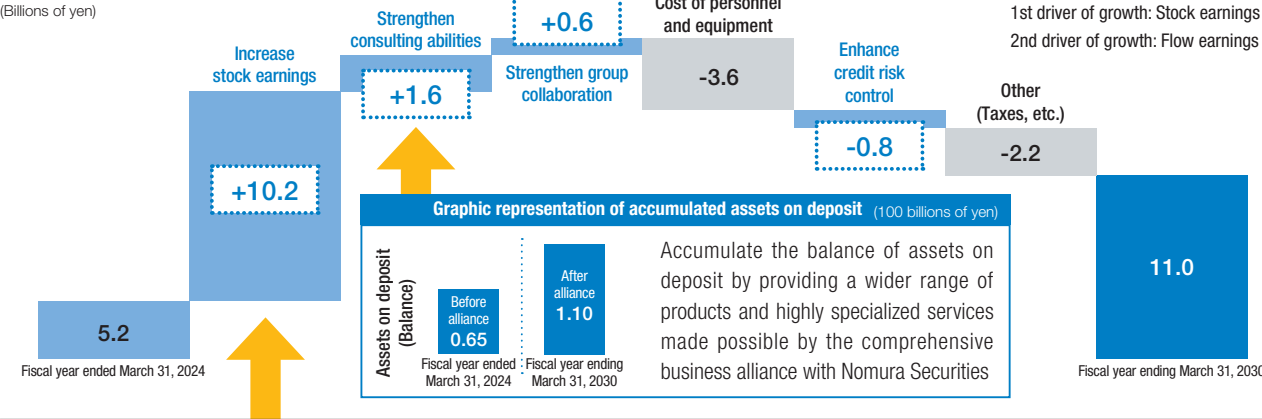


Initiatives to Enhance ROE

Initiatives to Enhance Profitability

Under the TX PLAN 2030, we will work to achieve a dramatic leap in stock earnings by accumulating the balance of loans and bills discounted and securities, which are the 1st drivers of growth, as well as strengthening the consulting abilities and the group's comprehensive strengths under the new sales system to raise the top line. In addition to this, we will work to secure positive bottom line by thoroughly controlling credit risks in anticipation of an increase in business loans, and aim to achieve a profit of over ¥10.0 billion in the fiscal year ending March 31, 2030.

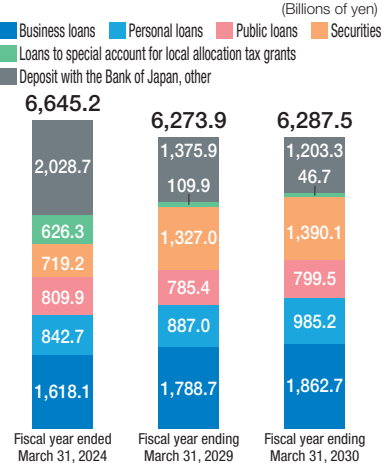
Consolidated Profit



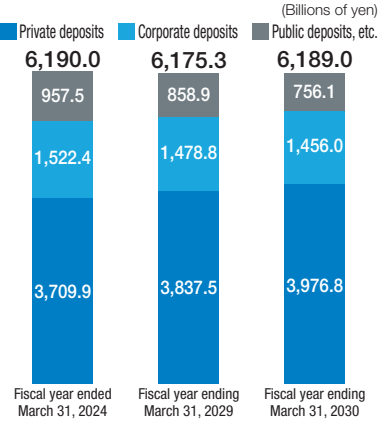
“Increasing Stock Earnings,” the Principal Factor for Enhancing Profitability

In order to efficiently manage the abundant outstanding balance of deposits, our advantage, we will gradually reduce balance of loans to special account for local allocation tax grants and deposits with the Bank of Japan, which bring relatively low-yields, and channel funds into high-yield areas such as business loans and securities, and thereby steadily increase stock earnings, the mainstay of our earnings.

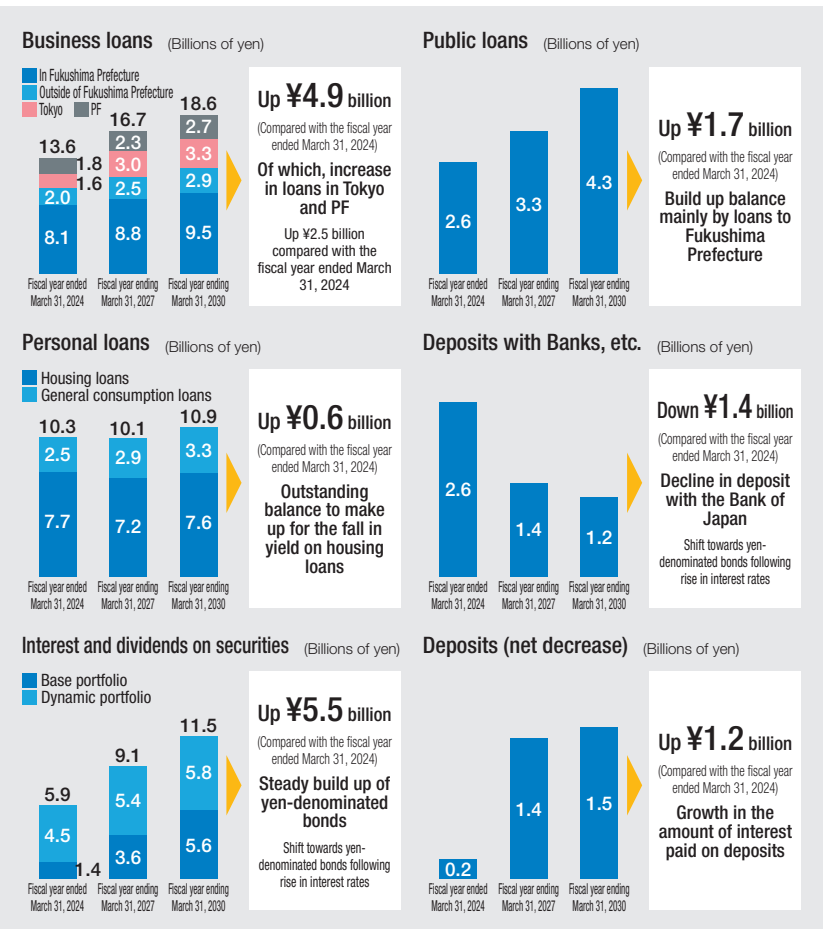
Management Balance (Average balance)



Deposits Outstanding (Average balance)



Earnings Target for the Fiscal Year Ending March 31, 2030

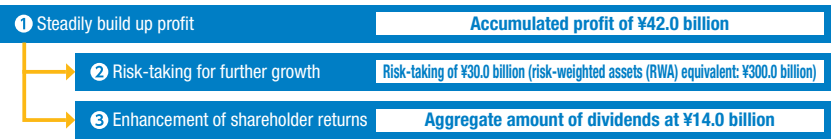


Allocation of Capital towards Enhancing Corporate Value

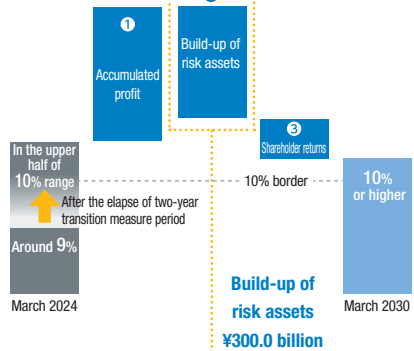
We aim to further increase corporate value through steady build-up of profit by implementing each priority strategy under the TX PLAN 2030 and work to take more risk for further growth and enhance shareholder returns while securing good financial health, aiming at a capital adequacy ratio of around 10%.

Appropriately controlling capital adequacy ratio

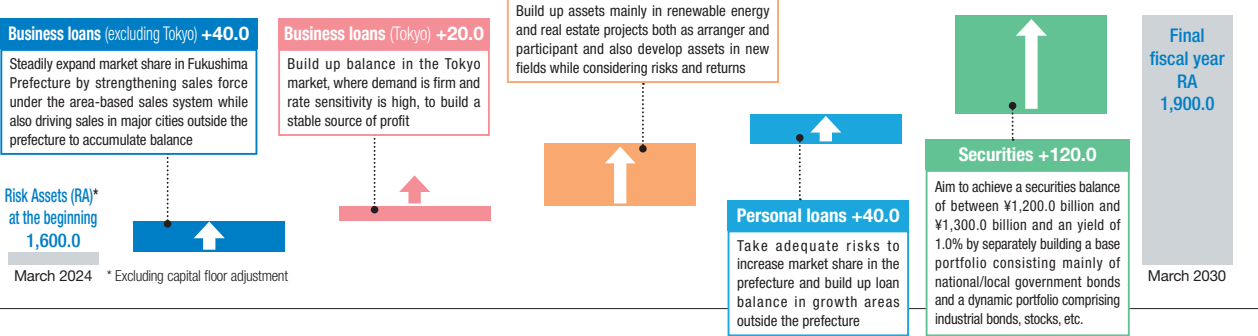
Secure good financial health with a ratio of around 10% by FIRB approach



Increase/decrease in capital adequacy ratio by FIRB approach



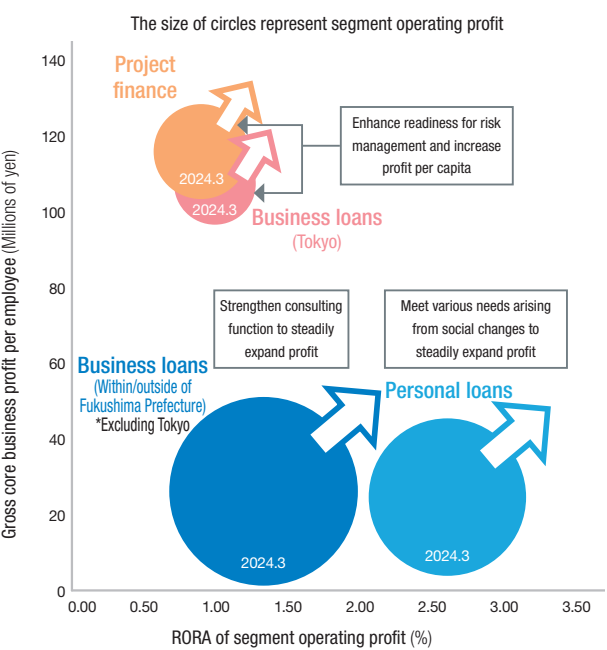
Asset Build-Up Plan by Type of Asset



Improving Return on Capital

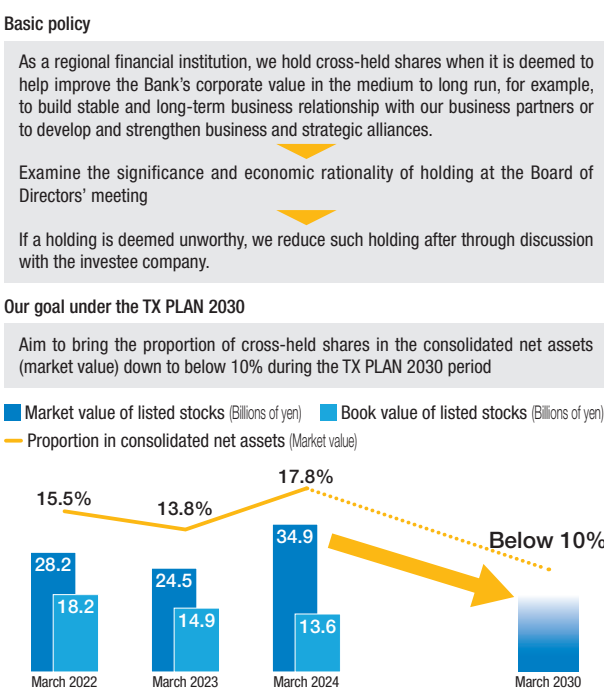
Under the TX PLAN 2030, we aim to improve return on capital by building organization and sales system that make the most of each business segment's characteristics in order to enhance the efficiency and specialized capabilities of business segments, as well as by building up risk assets of high quality. From the viewpoint of appropriate control of financial risks and efficient use of capital, we will further strengthen efforts to decrease cross-shareholdings.

Increasing RORA for each segment



* Securities section: RORA of around 1.6%
Appropriately control interest risks, etc. in order to build a portfolio that secures stable returns

Reducing cross-shareholdings



Bringing Diversity Higher Up on the List of Management Issues and Striving for Vigor in a Diverse Workforce



General Manager, Personnel Department

Mitsuyo Yajima

Outside Director

Masako Konishi

Branch Manager, Nishifukushima Branch

Noriko Takane

An Outside Director, the General Manager of the Personnel Department, and a Branch Manager came together to talk frankly about Diversity, Equity and Inclusion (DE&I), which is a key point of the Bank's human resources development strategy, from their respective positions and perspectives.

Respective Intentions toward DE&I

Konishi Talk of diversity in Japan tends to focus on equality of opportunity between genders, but the essence of diversity is the mutual recognition of people with different backgrounds, including gender, ethnicity, age, and religious beliefs. I first gained a true sense of that when I studied at graduate school in the United States. My classmates were of different ethnicities, ranging age from their 30s to 60s, which led to various lively discussions. At the time, I was struck forcefully by the impression that new things would be born from this kind of diversity.

Yajima From my perspective of someone involved in personnel and human resources development, allowing every person to demonstrate their individual abilities to the maximum extent, regardless of gender, age, or experience, will ultimately lead to the sustainable growth of the Bank. I believe that this is the true significance of diversity. I want to introduce initiatives that will give each individual Bank employee a sense of reward in their work and the motivation to advance, while taking on the challenge of operations that they have not had the chance to experience until now.

Takane When I heard that the topic of our roundtable was to be diversity, it brought back memories of when the Act on the Promotion of Women's Active Engagement in Professional Life first came into force. At the time, Toho Bank was also promoting women's participation in various initiatives, and while working at the Bank, I was listening to lectures and studying business administration at graduate school. However, my honest impression is that, even today, there is a lot of talk but not much action, with little recognition among middle management, and that the Bank's systems have not yet reached the frontlines in the branches.

Supporting A Balance Between Childbirth/ Parenting and Opportunities for Active Engagement

Yajima You gave your honest views from your position on the frontlines, but another aspect that we cannot avoid when talking about women's active engagement in the workforce is childbirth and caring for children. In the past, taking maternity and childcare leave has been a handicap to promotion, so taking the opportunity of the launch of TX PLAN 2030, it was decided that taking this kind of leave would no longer be reflected in the conditions for promotion.

Takane That is an excellent system reform. Until now, bank employees who have selected the "Home Course," taking long periods of maternity and childcare leave and cherishing time spent with their families, have, to a certain extent, had to give up on promotion. While some people may be satisfied with this, there are also some people who have ambition and want to get ahead. For those people, it has been difficult to strike a balance between childbirth and parenting and their work.

Yajima Understanding of women taking childcare leave has penetrated, but my sense is that there is still insufficient understanding on the management side about men taking that same leave. For this reason, we are planning "Iku-Boss Seminars," targeting branch managers and other managers, with the aim of increasing their understanding of childbirth and childcare leave.

Konishi The mountain has started to move, hasn't it? The Bank's response to sustainability has been surprisingly swift, but I have felt that it has been slower to move on diversity initiatives. From this fiscal year, diversity initiatives have been included in the Sustainability Promotion Committee's agenda. This means that we will have a system for regular reporting to the Board of Directors, and I look forward to seeing progress being made.

Motivating Female Employees Through Role Models

Takane One thing that I would like to see promoted for the generation that, like me, have worked from a sense of idealism, is awareness raising activities that will allow employees to take advantage of new systems without reserve. Also, so that our younger female employees can forge ahead to realize their potential without concern or hesitation, I believe that we need to build mechanisms such as mentoring systems to provide advice on career building based on actual experiences.

Konishi The point is, what can we do to actively produce role models and support female employees who have ambitions. Men already have plenty of role models whom they can look to, but the Bank only has five female branch managers such as yourself, Ms. Takane. The new long-term management plan has a final target of women occupying at least 30% of managerial positions, so I look forward to progress being made in this regard.

Yajima In fact, we actually launched the kinds of systems that you have both just described this July. In an internal network in the Bank, called Diversity Bloc Meetings, we have named leaders who will become role models in each of the Bank's six bloc districts. These leaders will help other female employees to draw up ambitious career visions and to work for a long time with peace of mind. At the same time, we will link up with the "Toho Juku" training academy with the aim of nurturing young employees of both genders.

Sustainable Growth from a Diversity Perspective

Takane The Engagement Surveys enable younger employees with up to ten years at the Bank to visualize and analyze their own satisfaction with their work and growth, among other aspects. When I first started at the Bank, we did not even have job rotations, so these surveys gave me a renewed understanding of the Bank's initiatives in human resources development. As a branch manager, I will support my staff to make good use of the various systems available.

Yajima As you said, Ms. Takane, the understanding and encouragement of supervisors greatly increases motivation. When I first started at the Bank, there were very few female managers, and I never thought of aiming to become one myself. However, my own supervisor gave me a push, telling me that I should aim for management. I was very happy that my work had been recognized, and at the same time, I remember clearly even now how much my supervisor's words motivated me.

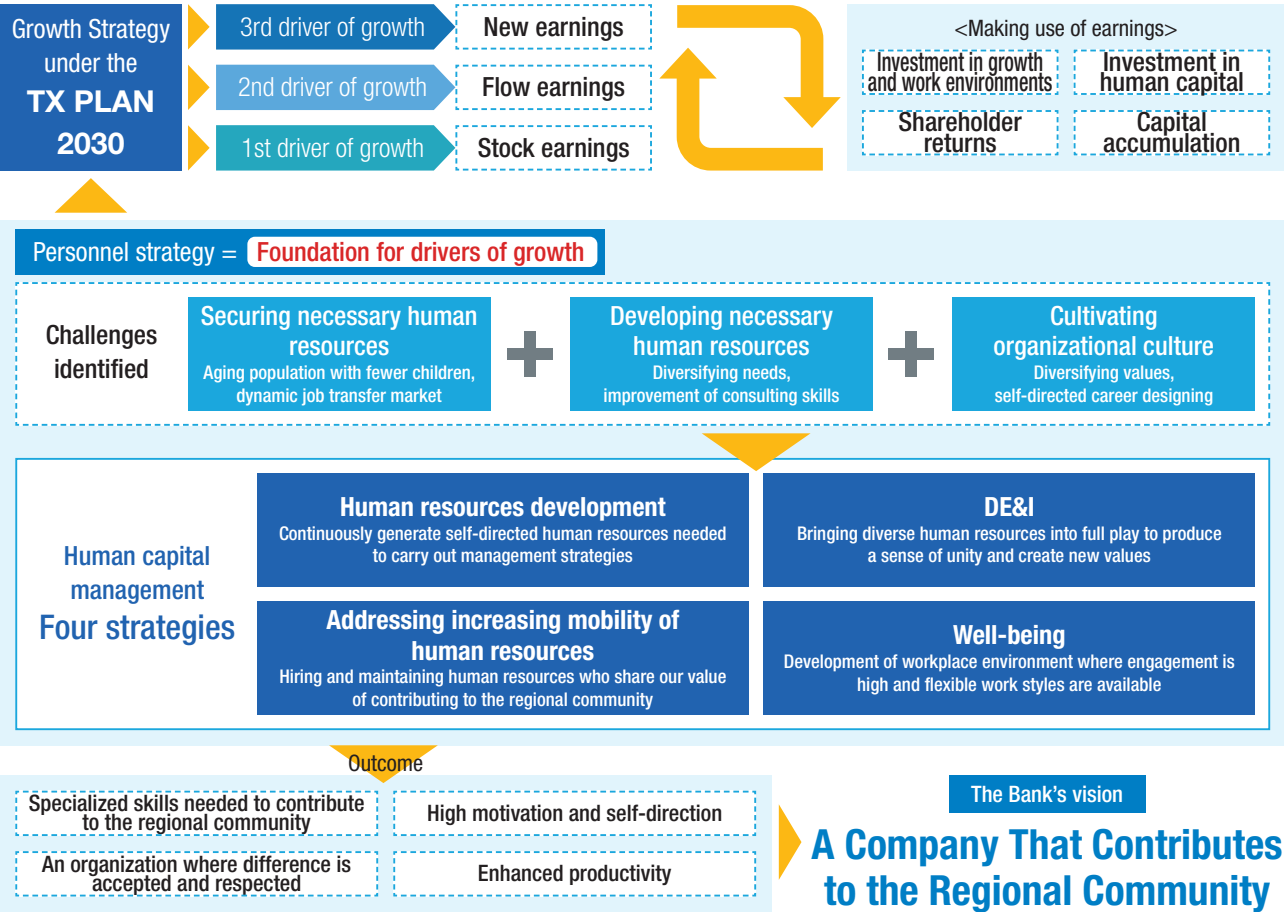
Konishi Today has been an excellent opportunity for me to learn just how deeply you have both analyzed DE&I at the Bank and how seriously you are engaged in it. As an Outside Director, I see my own role as bringing diversity higher up on of the list of management issues. I hope that, by turning the PDCA cycle, that is ensuring that the issues and their solutions that have been discussed by people on the ground are reported and discussed in the Board of Directors as an everyday occurrence, these kinds of issues will be resolved at a swifter pace.



Four Strategies of Human Capital Management

“Human Resources Development,” “DE&I,” “Addressing Increasing Mobility of Human Resources,” and “Well-being”

Personnel strategy provides a foundation for drivers of growth in the TX PLAN 2030. By implementing the four strategies, we aim to reform our corporate culture and become a company that offers more added values to the regional community and our customers.



Human Resources Development

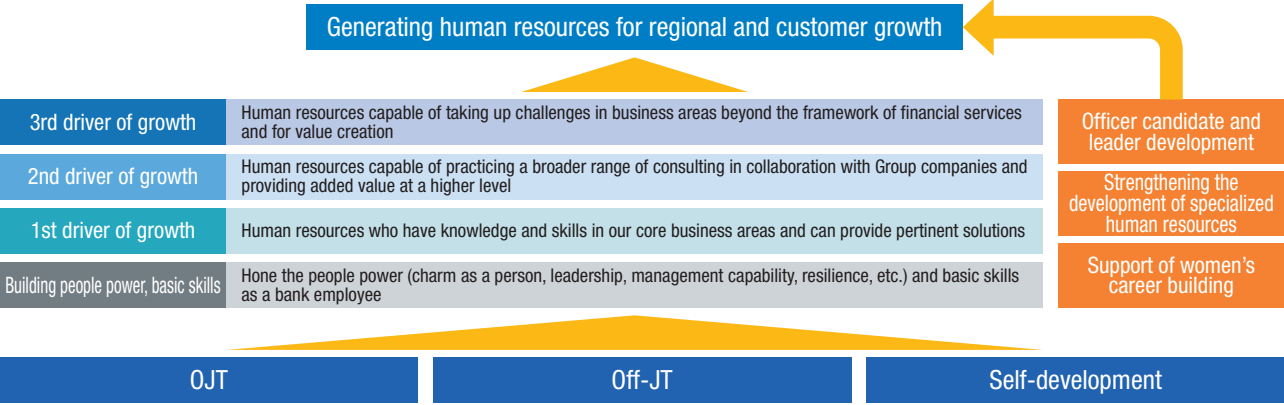
Human Resources Development Policy

We recognize that the Group's people are our most important management capital. Based on the common recognition confirmed by all of our staff and management that “the Bank cannot envision its future without a sustainable growth of the regional community,” we are making an all-out effort under our Vision of “A Company That Contributes to Regional Community—Transcending the Framework of Financial Services” to become a company that can contribute more to the regional community. We believe that offering high level consulting services in a wide range of fields is crucial to meeting the expectations of the region and our customers. We are working to develop human resources 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.

Number of holders of specialist certifications (as of March 31, 2024)

FP1 level	45	FP2 level	983
Small and medium enterprise management consultants	18	CFP/AFP	59

Human resources development structure



Basic approach to human resources development

To realize our Vision of becoming a company that contributes to the regional community, each one of our employees need to think for themselves and acquire highly sophisticated and specialized skills that our customers expect from them through their actions and by taking on challenges. At TOHO University, we continuously offer human resources development initiatives that allow our employees to autonomously challenge themselves towards earning the knowledge and skills expected by the region and customers.



TOHO Niwasaka Campus training center

Our training center TOHO Niwasaka Campus, which is responsible for human resources development, conducts various trainings catered to different types of work and ranks.

Maximum occupancy for accommodation	112 people
Auditorium	130 seats
Training rooms	78 seats
Cafeteria	130 seats
Sports field, tennis courts	6 courts



Exterior of TOHO Niwasaka Campus training center



Practical training at the "simulated branch" setting on campus

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

Many employees join the Bank hoping to contribute to the reconstruction of Fukushima. To give them opportunity to think what they as a bank employee can do for the regional community and how they can demonstrate leadership, we take them on a field work visit to the areas affected by the Great East Japan Earthquake and the nuclear disaster.

Learning about the reality of the disaster and the recovery progress at the Great East Japan Earthquake and Nuclear Disaster Memorial Museum

Feeling the threatening power of tsunami at the remains of the earthquake Namie Town Ukedo Elementary School

Observing the cutting-edge research and development taking place at the Fukushima Robot Test Field

Witnessing the current state of reconstruction while on a visit to a company that has expanded into Fukushima

Four Strategies of Human Capital Management

Diversity, Equity & Inclusion (DE&I)

We aim to build an organization that supports sustainable growth, where diverse human resources can play active roles in an environment that allows them to choose their own work style.

Promotion of diverse work styles

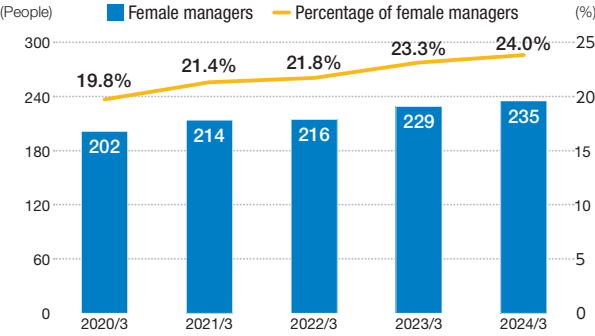
We recognize that adapting to change by securing diverse human resources is important for realizing medium- and long-term improvement of corporate value. We will increase efforts to promote DE&I in order to enable each individual employee to demonstrate their abilities to the fullest.

Promoting the active participation of women

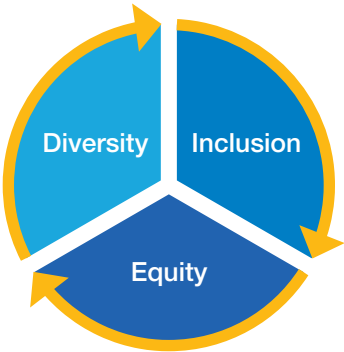
We are promoting the active participation of women in our business by providing ongoing support in various areas, including training programs to support self-directed career formation and seminars to support those returning to work after a break, to enable our female employees to work with enthusiasm and peace of mind. The number of active women is increasing.

In April 2024, we revised the requirements for promotion with regard to the period of childcare leave.

Increase in female managers



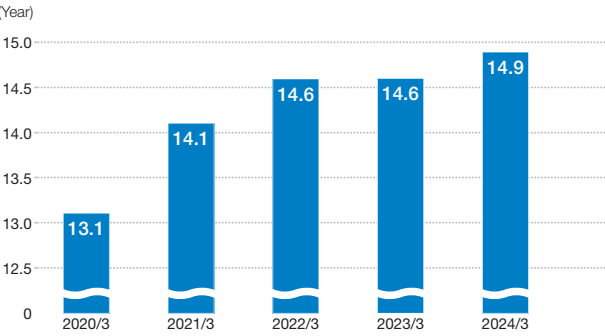
DE&I (Allowing diverse human resources to play active roles)



Active promotion

Officers	2
Branch managers	5
Assistant branch managers and section managers	6

The average number of consecutive years of employment at the Bank for women



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.



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 368 since opening (end of March 2024)

Expanding opportunities for long-time employees and seniors

In order to allow seasoned, long-time employees to demonstrate their abilities, we have established a scheme to enable those who have passed the compulsory retirement age of 60 to fulfill roles such as general manager or branch manager and an environment for employees to continue working up to the age of 70. We are also actively working to improve the treatment of employees.

Number of employees aged 60 and over (end of March 2024)

Re-employed bank staff	42
Part-timers in leadership positions	122
Senior supporters	49



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, a growing number of employees with disabilities are actively involved in leveraging their high-level skills.

Number of people with disabilities employed	71.0 people
Employment ratio of people with disabilities	2.75%

Statutory employment ratio under the Act to Facilitate the Employment of Persons with Disabilities: 2.5%



Special subsidiary Toho Smile, Co., Ltd.

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 at the Kobe 2024 Para Athletics World Championships and won a bronze medal in the T13 class 200 m for visually impaired runners, in addition to taking 5th place in the 400 m race.

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 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)



Four Strategies of Human Capital Management

Addressing Increasing Mobility of Human Resources

Diversity in hiring

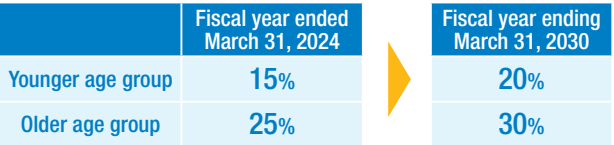
Through active recruiting of new graduates and mid-career talents on multiple fronts, we are striving to hire and maintain human resources who share our value of contributing to the regional community. In the hiring of new graduates, we seek to obtain digital transformation human resources on whom our future depends as well as those who are capable of contributing to the regional community. As for the recruitment of mid-career talents aimed at enhancing the level of specialization and diversity of our human resources, we planned to hire 15 persons in the fiscal year ended March 31, 2024, but instead took on 22 persons. We are actively recruiting human resources regardless of age, gender, nationality, or other factors by closely examining and judging a candidate’s skills and aptitude. We also make active use of hiring by referral and rehiring of former employees, as well as organizing our alumni.

Hiring in the fiscal year ended March 31, 2024



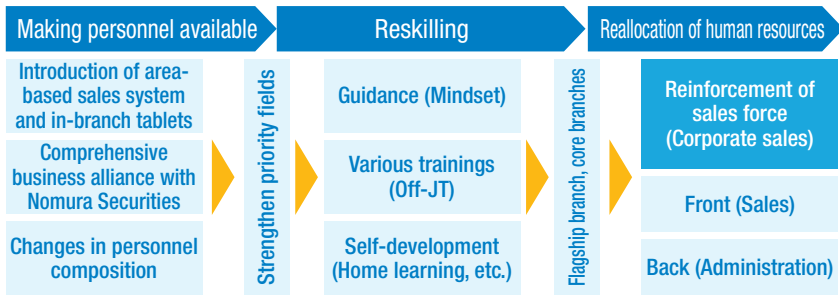
Change in personnel composition

In our medium-term personnel plan, we are aiming to build an organizational structure that can accommodate changes in personnel composition, such as coping with the anticipated growth in the number of younger and elder employees.



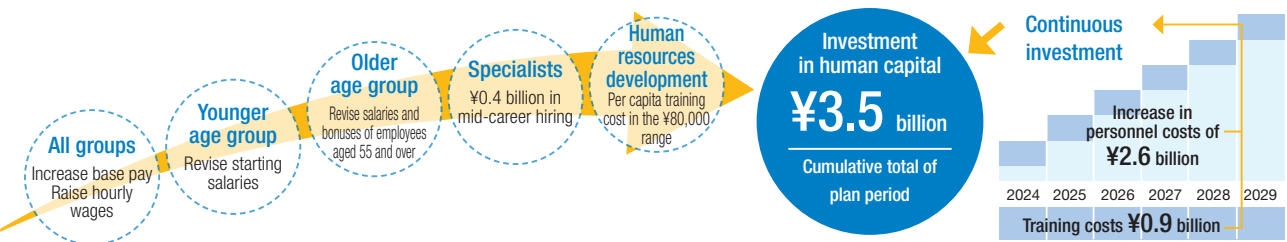
Personnel structure

In addition to the above, we will stabilize personnel by working to optimize business operations and retain employees, as well as reskill and reallocate staff to consulting operations and other priority fields.



Investment in human capital

We plan to invest a total of ¥3.5 billion in human capital over the six years of the TX PLAN 2030. Based on our belief that the purpose of human capital investment is to hire, develop and retain human resources who can contribute to the regional communities, we will also work to increase wages and improve treatment of employees including their starting salaries.



Interview From faculty to the world of finance—Drawing on experience and know-how from the previous job

I left my career of 23 years teaching at a university to join the Toho Bank as a mid-career hire. While addressing regional issues with my students through working on product design, branding, community development and in other fields, I started to think that I want to revitalize the regional communities from a more business-oriented perspective and decided to switch my career to the financial industry. Although it was a move between two different sectors—from academia to finance—I find my current work satisfying and rewarding because I was assigned to a department where I can make use of my experience and know-how in regional revitalization, start-up support and other areas gained as a university teacher. I am thinking of bringing my specialist knowledge in areas such as curriculum building and design thinking into my work in the future.



Corporate Consulting Department
Nobutsuna Kimura

Well-being

A workplace where members sympathize with the Bank’s purpose, accept and respect differences among them, and can work in good mental and physical health and financial stability

Improving engagement

We are working to create a highly motivated workplace where employees feel comfortable and have high job satisfaction.

Introduction of engagement survey system (wevox)

Build a relationship of mutual trust between the organization and employees by visualizing and analyzing employees’ job satisfaction and eagerness for growth.

Improving 1-on-1 meetings

Boost both the quantity and quality of communication between supervisors and subordinates to actually support the growth of employees
Compiled a handbook as a guide for holding high quality meetings with employees who have varying values
Provide opportunities for 1-on-1 meetings with external career consultants

Promoting flexible and self-directive work styles (support for balancing work and family)

Efforts are under way to provide a workplace environment where each employee accepts and respects differences with others and can balance work and family life.

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

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, 2024
19 hours 27 minutes



Support for balancing work and family

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

Improving financial wellness

For the medium- to long-term asset building of our employees, we are encouraging them to join the employee stock ownership plan, utilize the corporate-type defined contribution pension plan, etc. To help employees design their life plans, we regularly hold life plan seminars on the themes of employee benefits and welfare such as comprehensive retirement benefit package (retirement gratuity, corporate pension plan) and employee loan scheme, among others.

Promoting health & productivity management

Our people are the source of our business activities, and that source is founded on the wellness of people working for the Group. It is based on this belief that we are promoting health & productivity management. We have organized a Health & Productivity Management Project headed by the officer in charge of personnel matters and consisting of members from the Personnel Department, the health insurance association as well as the employees’ union, under which labor and the management are working together to promote good health.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Target for fiscal year ending March 31, 2030
Percentage of “highly stressed”	9.3%	11.2%	11.8%	10% or less
Percentage of employees taking medical checkup	99.3%	99.6%	99.8%	100%

* Percentage of “highly stressed” is an indicator based on the totaled result of stress checks conducted by the Bank via outsourcing.

Initiatives for Social Contribution

Mutual Support Initiatives for the Community

Children’s cafeteria support
(Holding TOHO Kids Café Caravan)

As a support project for children who represent the bright future of regional communities, a caravan visited children’s cafeterias around the prefecture to hold finance/SDGs lessons and support nutrition education activities.



Handing out boxed lunches from a kitchen car

First session	October 25, 2021	Yoshiida Kitchen (Fukushima City)	Sixth session	May 27, 2023	kids studio PORTA (Koriyama City)
Second session	April 10, 2022	Shiokawa Children’s Cafeteria (Kitakata City)	Seventh session	July 22, 2023	Tomioka Children’s Cafeteria (Tomioka Town)
Third session	June 16, 2022	Shirakawa Children’s Cafeteria (Shirakawa City)	Eighth session	January 28, 2024	a sobeba lab (Motomiya City)
Fourth session	October 19, 2022	Inawashiro Community Restaurant Manmaru (Inawashiro Town)	Ninth session	March 23, 2024	Minna-no-Machinaka Cafeteria (Date City)
Fifth session	November 19, 2022	ASAHIGAOKA Nursery School (Koriyama City)			

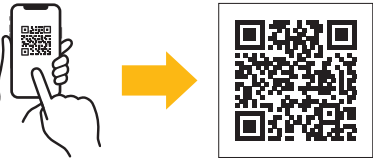
PR project showing the appeal of communities and customers

We produce videos to disseminate and promote the appeal of communities and customers. The completed videos are provided to customers and can be used freely in advertisements. They are widely disseminated on the Bank’s website, YouTube channel, etc., to convey the goodness of the region.

First project	Shibaei Co. (Namie Town)
Second project	Suzuki Farm (Koriyama City)
Third project	Hayashi Trout Farm (Nishigo Village)
Fourth project	Sasanokawa Shuzo Co., Ltd. (Koriyama City)



Fifth project
Nozawa Mingei Co., Ltd. (Nishiaizu Town)



Sixth project
Saiei Orimono Co., Ltd. (Kawamata Town)

Supporting the operation of the Panda House

We continue to support the operation of the Panda House, an accommodation facility for families visiting their children who are struggling with illness at Fukushima Medical University Hospital. In addition to donating items such as furniture, Bank employees volunteer to set up Christmas trees and perform other services.



Initiative for the Reduction of Food Loss Issue

Toho Food Drive

We donate food and other items that are not planned to be used brought together by our officers and employees to local children’s cafeterias and welfare facilities through social welfare organizations.



SDGs market for direct delivery goods

Space is available in the Bank’s branches for customers to use free of charge to sell agricultural products that would otherwise be disposed of and other non-standard goods.



Initiatives for the Senior Generation’s Safety and Security

Countermeasures to financial crime

We have been working to prevent damage from financial crimes such as identity theft and tax refund fraud by distributing educational leaflets jointly with the Fukushima Prefectural Police Headquarters and the Fukushima Policy Station for preventing damage from identity theft and fraud and by restricting the use of ATMs for some customers aged 65 and older.



Improved services for seniors and people with disabilities

To establish a system in which our services can accommodate seniors and people with disabilities, we strive to train our staff.

Results for March 31, 2024

Number of participants in a care-fitter course	360	Number of participants in Training Seminar for Support for People with Cognitive Impairments	991
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Initiatives for the Promotion of Culture and Sports

Implementation of “Employee Cheering Days” to cheer on local professional sports teams

We hold “Employee Cheering Days” to cheer on professional teams in Fukushima Prefecture, such as Fukushima United FC and IWAKI FC (J. LEAGUE), as well as FUKUSHIMA FIREBONDS (B.LEAGUE). Our officers and employees work together to support local professional sports.



Contribution to local sporting events

We support Fukushima City Half Marathon and other various sports events held in Fukushima Prefecture as a sponsoring company, contributing to the advancement of competitiveness in regional sports.



Track and field lessons held by the Athletics Club

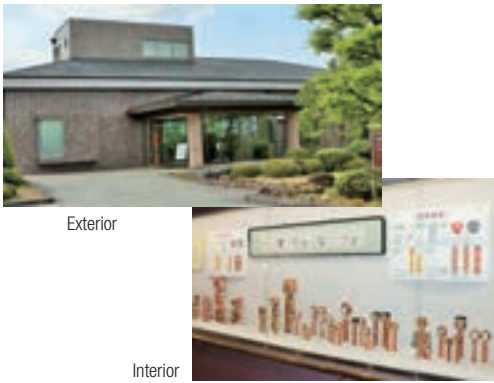
The Athletics Club, which consists of top Japanese athletes who are active in global competitions, holds track and field lessons every year for elementary and junior high school students.

They contribute to the promotion of regional sports through guidance on running techniques and practice methods.



Genkyo no Kokeshigun Nishida Memorial Museum

The Toho Bank Foundation for Education and Culture operates and manages the Genkyo no Kokeshigun Nishida Memorial Museum. It is an exhibition hall for traditional kokeshi dolls to commemorate the late Mr. Minekichi Nishida who was devoted to the Michinoku region (old name for the current area covering the prefectures of Fukushima, Miyagi, Iwate, and Aomori) and kokeshi dolls. The collection totals approximately 10,000 kokeshi dolls including 3,500 dolls from the Nishida collection. The hall showcases approximately 1,000 kokeshi dolls and introduces the history of kokeshi dolls, traditional kokeshi dolls by area, valuable pre-war kokeshi dolls, and more.



Initiatives for Social Contribution

Environmental Conservation Initiatives

● Participating in the Fukushima Zero Carbon Declaration project

We support the Fukushima Zero Carbon Declaration project, conducted by Fukushima Prefecture to realize a decarbonized society by 2050. We are systematically implementing measures against global warming, such as the thorough implementation of energy conservation measures and the promotion of renewable energy at our branches, business center, and training center.



● Creating environmentally friendly branches

We are proactively working for decarbonization by adopting ZEB* design for construction of new branches and other measures, aiming to enable decarbonized society in Fukushima.

*ZEB (Net Zero Energy Building): Buildings intended to offset the primary energy consumption through energy saving and the use of renewable energy

Shirakawa Branch, Shirakawa-Nishi Branch and Shirakawashiyakusho Branch (to be completed in October 2024)

- Fewer windows with more eaves, use of LED lighting with motion sensors (energy saving)
- Installation of solar power generator (energy creation)
- Installation of quick electric vehicle battery charger for customers
- Use of Fukushima Prefecture's wood, Introduction of electric vehicles for sales activities



*The Bank's first ZEB design cases (to be completed in October 2024)

● Afforestation and conservation activities

Since its inception in 2009, the Toho Minna no Mori Zukuri project has collaborated with municipalities and other entities in Fukushima Prefecture to restore forests and improve the environments, such as coastal disaster prevention forests, to pass on a lush green hometown to the next generation.

Cumulative number of trees planted: **4,900 trees** (As of end of March 2024)



● Cleaning activities

We conduct the company-wide cleaning activities, actively engaging in regional communities' environmental clean-up activities. Over 300 officers and employees in Fukushima City participated in May 2024.



Passion for the Regional Community and Our Customers

Company Image CM

Toho Bank is determined to contribute to the regional community and our customers, with all officers and employees working together as a united team under our "new management philosophy system" and long-term management plan TX PLAN 2030 announced on May 14, 2024. Accordingly, we created two versions of company image commercial, aiming to extend our commitment.

● "We change the future of Fukushima" version

In the "We change the future of Fukushima" version, five employees speak out their own commitment based on five values presented in the Bank's "management philosophy system" (see page 15) as values and guidelines for action our officers and employees respect.



Our Commitment

- I fully commit myself to Fukushima's development
- I sincerely commit myself to customer satisfaction
- I value dialogue with customers
- We work together to build a better future
- We continue to learn and take on new challenges
- We change the future of Fukushima



<https://youtu.be/lq3ZptlZPvY>



● "Hot TOHO Bank" version

In the "Hot Toho Bank" version, bank staff members express the passion that each and every employee feels, "From now and in the future, we want to be a part of and be close to the Fukushima community" based on our bank's purpose of "For the Sake of Our Communities" and our goal of improving the value of every customer's business and creating abundant lives for each individual customer.

Through the image commercials, we hope that more customers will come to know our bank and at the same time, by contributing to the sustainable growth of our community and our customers, we aim to earn the trust and respect of the community.

<https://youtu.be/ZlvxQK5ttm8>



With the Resolve that “This is Just the Beginning” Toward the Sustainable Growth of the Region and the Bank

Outside Director
(Audit and Supervisory Committee Member)
Ichiro Kawano



A Forum for Discussing Not Only Executive Matters but Also the Larger Directions of Management

I was appointed as an Outside Director (Audit and Supervisory Committee Member) in June 2022. I joined the Ministry of the Treasury (current Ministry of Finance), where, in the Financial Services Agency, I was involved in financial administration, such as the inspection and supervision of banks and insurance companies and the detection of illegal acts under the Financial Instruments and Exchange Act (false statements in annual securities reports, insider trading, etc.). In 2015, I served as Director-General of the Tohoku Local Finance Bureau, Ministry of Finance, where I observed Toho Bank’s meticulous actions and initiatives in response to the Great East Japan Earthquake. Later, I served as Executive Managing Director and Member of the Board of the Regional Economy Vitalization Corporation of Japan (REVIC), which works for the revitalization of regional economies and businesses, and I was involved in the operation of a public financial institution as Director & Managing Executive Officer of the Shoko Chukin Bank.

I hope to leverage the experience and knowledge that I have cultivated in these positions to contribute to the sustainable growth of the Bank and the region and to the improvement of medium- to long-term corporate value.

The further revitalization of the Board of Directors will be essential to achieving those things. The Bank’s Board of Directors has lively discussions and functions well, but discussions tend to be biased toward executive matters. I hope to amend that situation and make the Board a forum for discussing larger directions of management. The Outside Directors, including myself, have diverse background and skills, so I hope that we can reflect our various perspectives and values in the Bank’s corporate management.

Leveraging Experience and Knowledge to Contribute to the Establishment of Governance

One major area in which the Bank expects me to play a role is the establishment of systems for supervision of management (governance), risk management, and legal compliance. Among those areas, one key point for achieving effective governance will be to ensure that the management team’s management policies and philosophies permeate down to individual workplaces. Instead of issuing sweeping instructions from head office, it is important to narrow down the important matters and communicate them accurately. In this respect, President Sato posts tweets about day-to-day happenings almost daily, which I think fulfills an important function in conveying the thoughts of the management team.

The second key point is to set up mechanisms so that bad news reaches supervisors and the management team swiftly—the worse the news, the faster it should reach them. Everybody makes mistakes, so what is important is not to conceal or

neglect those mistakes. I hope to actively work on revitalizing in-house communication on a daily basis and to help improve the workplace environment so that, when mistakes do happen or negative issues arise, people feel able to report them and consult with their supervisors with peace of mind.

In that respect, the Bank’s 1-on-1 meetings, which give supervisors and subordinates the opportunity to converse regularly, are a wonderful initiative. As an Audit and Supervisory Committee Member, I make branch visits about twice a year, and I listen directly to the voices of employees on the frontlines.

TX PLAN 2030 Formulated After Repeated Discussions

For the new long-term management plan, TX PLAN 2030, after first obtaining consensus to make it a plan that would contribute to the region, we held repeated discussions in the Board of Directors on its formulation from the beginning of last year. Those discussions initially tended to dwell on product-oriented approaches for increasing earnings, such as lending and sales of financial products. However, given that the revitalization of the regional economy is essential to the sustainable growth of the Bank and the improvement of its corporate value, I encouraged a return to the Bank’s starting point of “For the Sake of Our Communities.”

A particularly difficult task in those discussions was the selection of the 10 Targets. Amid the many candidates that emerged, the selection criteria that I most emphasized were the question of whether the Bank would be of service to as many customers and stakeholders as possible and the feasibility of the plan.

As a result, the 10 Targets became more sophisticated management challenges. The targets that I was particularly insistent on for corporate customers were Target (4) Support for business creation, growth, and management and Target (5) Business feasibility assessment and provision of useful information. I believe that the single greatest role of a financial institution is to provide appropriate loans in response to many customers’ needs and, when customers’ management circumstances deteriorate, to gain a good grasp of the situation and the problems and assist with the improvement of management and revitalization of the business.

For individual customers, it was Target (10) Improvement of financial literacy. I hope to help many customers to acquire accurate financial knowledge, to support them meticulously with asset management in line with their individual needs, and to build relationships of trust with them. In terms of sustainability initiatives as well, we were able to position and incorporate them as opportunities to increase earnings, while also considering regional contributions, so I believe that TX PLAN 2030 is a well thought-out, comprehensive plan.

Formulation of the Plan is Not the End; This is Just the Beginning

What is important in the execution of TX PLAN 2030 is that the formulation of the plan is not the end. This is just the beginning. The first step is to share the intentions of the management plan widely with Bank employees and to ensure that they take root. As an Outside Director, I believe that a key role that I must fulfill is to monitor the status of the plan’s execution appropriately and, if things are not proceeding according to plan, investigate and identify the reasons for that and come up with countermeasures in response. While leveraging the experience and knowledge that I and my fellow Outside Directors possess, I hope to give objective, appropriate advice.

Dialogues between shareholders and the management team have started in earnest. Having received the honor of appointment as the leader of the Outside Directors, I will endeavor to help shareholders to understand the Bank’s management policies, including TX PLAN 2030, Bank employees’ initiatives, and the corporate culture.



Corporate Governance

Based on our corporate philosophy, to secure the unwavering trust of regional communities and customers, at Toho Bank we have made clear our basic policy on internal controls, have established a system of aiming to improve the soundness and appropriateness of the operations of the corporate group comprising both the Bank and our subsidiaries, and strive to ensure thorough compliance with laws and regulations as well as sound business operations.

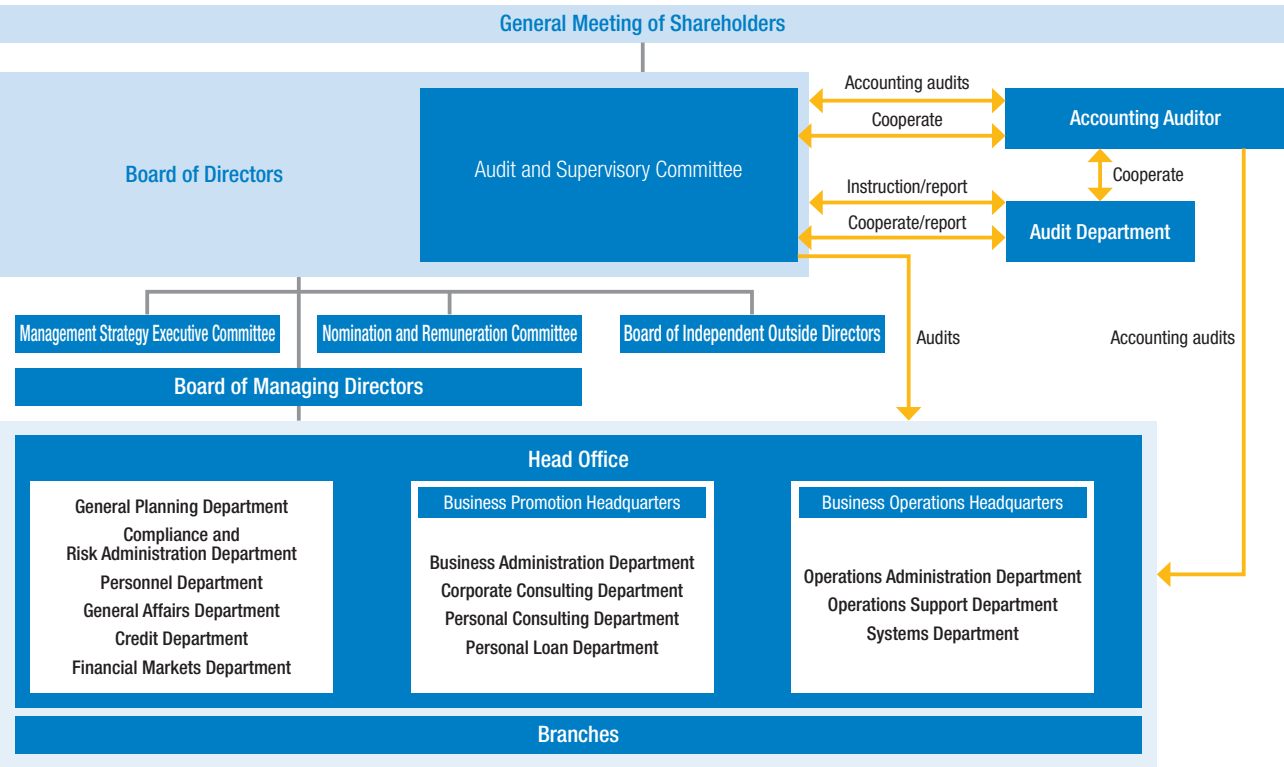
In addition, from the viewpoint of sustainable growth of the Group and enhancement of corporate value over the medium to long term, we are working to realize effective corporate governance in line with the following basic policies.

- A. Respect the rights of shareholders, work to create an environment in which shareholders can exercise their rights appropriately, and ensure substantial equality of shareholders.
- B. Strive for appropriate collaboration with various stakeholders, including shareholders, customers, employees, and regional communities, and foster a corporate culture and atmosphere for conducting sound business operations.
- C. Endeavor to ensure appropriate disclosure of corporate information, including non-financial information, and transparency in bank management, to build a foundation for constructive dialogue with stakeholders.
- D. The Board of Directors will indicate an overall direction for management strategy, etc., and create an environment that supports appropriate risk-taking by senior management. In addition, the Board shall conduct highly effective supervision of management from an independent and objective standpoint.
- E. Engage in constructive dialogue with shareholders to contribute to sustainable growth and improvement of corporate value over the medium to long term.

Basic policy on internal controls (Items)

- 1 The Bank's system for compliance with laws and regulations
- 2 Information management system for execution of duties by the Bank Directors
- 3 The Bank's risk management system
- 4 Ensuring the efficiency of the Bank's duties
- 5 System to ensure the appropriateness of business operations of the corporate group consisting of the Bank and its subsidiaries
- 6 System for assisting the duties of the Audit and Supervisory Committee
- 7 System for reporting to the Audit and Supervisory Committee
- 8 Ensuring effective audits by the Audit and Supervisory Committee

Corporate governance system



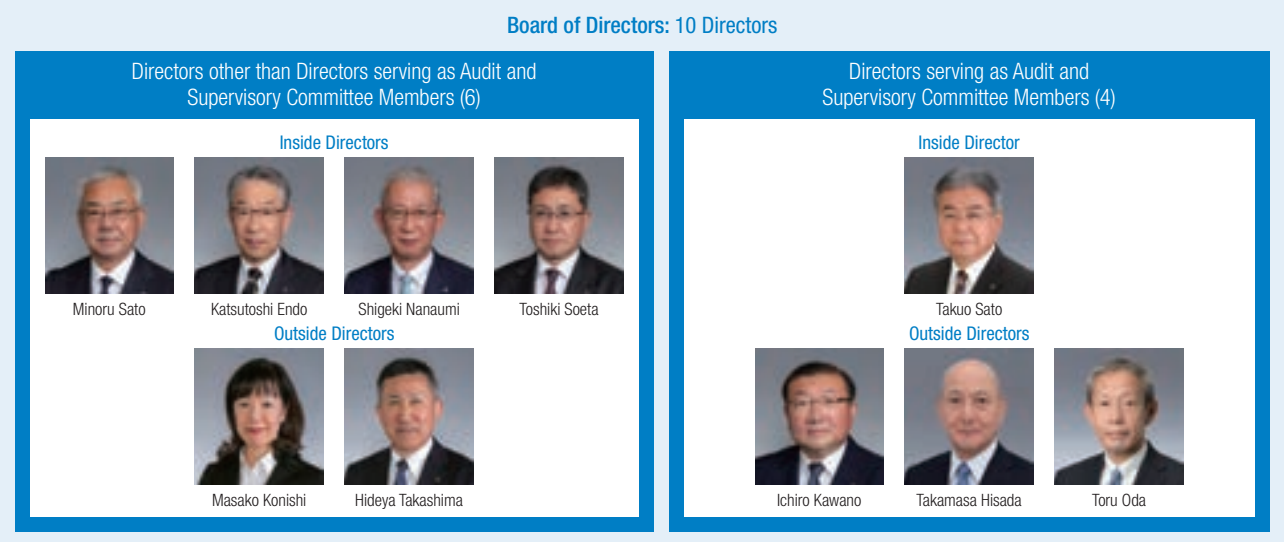
Details on Organizational Bodies

The Bank has adopted the Company with an Audit and Supervisory Committee system, and the following organizational bodies have been established to enhance the corporate governance system and increase corporate value.

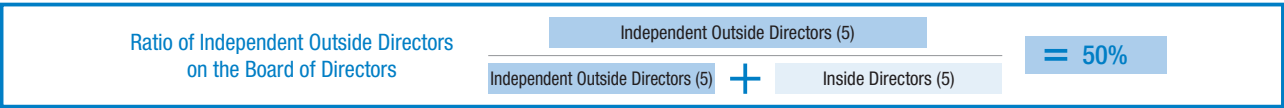
Board of Directors	As of June 30, 2024, the Board of Directors is comprised of ten members—six Directors other than Directors serving as Audit and Supervisory Committee Members (two Outside Directors), and four Directors serving as Audit and Supervisory Committee Members (three Outside Directors)—and in principle meets once per month. In addition to making decisions on matters defined in laws and regulations and the Articles of Incorporation, as well as key management items, such as determining basic policy related to management policy, compliance, and risk management, the Board of Directors also supervises the execution of duties by each Director.
Audit and Supervisory Committee	The Audit and Supervisory Committee has four Directors (three Outside Directors), in principle meets once per month, and is responsible for supervising business execution and auditing the execution of duties by each Director.
Board of Managing Directors	From the perspective of speeding up decision-making, we have established the Board of Managing Directors, comprised of the President, Senior Managing Director, Managing Directors, and Managing Executive Officers. This Board makes decisions on matters such as business execution delegated from the Board of Directors, conducts important deliberations on business execution from time to time, and improves the quality of the management execution system and business management system.
Nomination and Remuneration Committee	We have established the Nomination and Remuneration Committee, comprised of Representative Directors and Independent Outside Directors, as an optional committee equivalent to a nomination committee and remuneration committee. This Committee holds deliberations on matters such as appointments of candidates for Directors and determination of remuneration for each Director other than Directors serving as Audit and Supervisory Committee Members, which are then resolved at the Board of Directors after ensuring fairness, objectivity, and transparency.
Management Strategy Executive Committee	The Management Strategy Executive Committee is comprised of the President, Directors other than Directors serving as Audit and Supervisory Committee Members, Directors serving as Audit and Supervisory Committee Members, Executive Officers, and Head Office general managers, and conducts deliberations on the formulation of the medium-term management plan and fiscal year management plans, and provides reports concerning progress management.
Board of Independent Outside Directors	In June 2022, we established the Board of Independent Outside Directors and are working to enhance corporate governance by regularly holding meetings with the Independent Outside Directors, who are members of this board.

Composition of the Board of Directors

(As of the end of June 2024)



Note: Officers and Executive Officers



Initiatives for Information Disclosure

The Bank has established a Timely Disclosure Policy to determine how to manage internal information that becomes important company information. Based on the policy and the stock exchange's Timely Disclosure Rules and Financial Instruments and Exchange Act, we are always working to disclose information in a timely and appropriate manner.

Also, in addition to actively disclosing information with transparency and fairness through our website, annual reports, etc., we hold briefings on business conditions (IR for local residents) for local shareholders and customers to promote an understanding of the Bank's management policies and management status. Furthermore, in the fiscal year ended March 31, 2023, the Bank introduced new initiatives to bolster Shareholder Relations (SR) activities, with a focus on enhancing engagement with shareholders. To foster favorable relationships with institutional investors and other shareholders, we participate in dialogues concerning the Bank's medium- and long-term management policies, growth strategies, corporate governance, and environmental and social initiatives.

Directors, Executive Officers, and Officers on the Audit and Supervisory Committee

Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)



President (Representative Director)
Minoru Sato
Apr. 1983 Joined the Bank
Jun. 2012 Director and General Manager, General Planning Department, and Manager, Management Strategy Coordination Office
May 2014 Director and General Manager, Head Office
Jun. 2014 Managing Director and General Manager, Head Office
Jun. 2016 Senior Managing Director (Representative Director) and Head of Business Operations Headquarters
Jun. 2020 President (Representative Director) (current position)



Managing Director
Shigeki Nanaumi
Apr. 1984 Joined the Bank
Jun. 2015 Executive Officer and Branch Manager, Shirakawa Branch
May 2016 Executive Officer and Branch Manager, Tokyo Branch
Jun. 2019 Senior Executive Officer and Branch Manager, Tokyo Branch
May 2021 Senior Executive Officer and General Manager, Koriyama Main Office
Jun. 2021 Managing Director and General Manager, Koriyama Main Office
Mar. 2023 Managing Director and General Manager, Personnel Department
Sep. 2023 Managing Director (current position)



Outside Director
Masako Konishi
Apr. 1981 Joined Announcement Department, CHUBU-NIPPON BROADCASTING CO., LTD.
Apr. 1989 Served as a caster and reporter at multiple broadcasting stations such as NHK, TBS, and CNN
Apr. 1998 Obtaining certificate of weather forecaster, served as a weather forecaster at MX TV, etc.
Jun. 2001 Joined Weathernews Inc. Weather forecaster and producer, Contents Creation Department
Sep. 2005 Joined WWF Japan (current position)
Feb. 2017 Member of the Central Environment Council, Ministry of the Environment (current position)
Apr. 2017 Specially Appointed Professor, Department of Business Design, Faculty of Global Business, Showa Women's University
Apr. 2022 Specially Appointed Professor, Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University (current position)
Jun. 2022 Outside Director (Part-time), The Toho Bank, Ltd. (current position)
Apr. 2023 Specially Appointed Professor, Graduate Program in Welfare Co-creation Management, Showa Women's University (current position)



Senior Managing Director (Representative Director)
Katsutoshi Endo
Apr. 1988 Joined the Bank
Jun. 2019 Executive Officer and Branch Manager, Sendai Branch
Jun. 2020 Executive Officer and Deputy Head, Business Promotion Headquarters
Jun. 2021 Managing Executive Officer and General Manager, Head Office
Mar. 2023 Managing Executive Officer
Jun. 2023 Senior Managing Director (Representative Director) (current position)



Managing Director
Toshiki Soeta
Apr. 1986 Joined the Bank
Jun. 2018 Executive Officer and General Manager, Corporate Banking Department
Nov. 2019 Executive Officer and General Manager, Corporate Banking Department, and General Manager, International Business Promotion Department
Dec. 2019 Executive Officer and Deputy Head, Business Promotion Headquarters, General Manager, Corporate Banking Department, and General Manager, International Business Promotion Department
Mar. 2020 Executive Officer and Deputy Head, Business Promotion Headquarters, and General Manager, Regional Trading Company Business Department
Jun. 2020 Executive Officer and Deputy Head, Business Promotion Headquarters
May 2021 Executive Officer and Branch Manager, Aizu Branch
Jun. 2021 Managing Executive Officer and Branch Manager, Aizu Branch
Sep. 2022 Managing Executive Officer and General Manager, Aizu Main Office
Mar. 2023 Managing Executive Officer and Head, Business Promotion Headquarters
Jun. 2023 Managing Director and Head, Business Promotion Headquarters (current position)



Outside Director
Hideya Takashima
Apr. 1982 Joined Sapporo Breweries Limited
Mar. 2007 General Manager, Sendai Brewery
Mar. 2009 Executive officer and General Manager, Corporate Strategy Headquarters
Sep. 2012 Managing executive officer and General Manager, Hokkaido Headquarters
Mar. 2013 Managing executive officer and General Manager, Hokkaido Headquarters and Representative, Hokkaido Head Office
Mar. 2015 Director and Senior Managing Executive Officer, POKKA SAPPORO FOOD & BEVERAGE LTD.
Jan. 2017 President & representative director, Sapporo Breweries Limited and Group executive officer, Sapporo Holdings Limited
Mar. 2017 President & representative director, Sapporo Breweries Limited and Managing group executive officer, Sapporo Holdings Limited
Mar. 2021 Advisor, Sapporo Holdings Limited
Mar. 2022 External Auditor, FUJIO FOOD GROUP INC. (current position)
Jun. 2022 Outside Director (Part-time), The Toho Bank, Ltd. (current position)
Jun. 2022 Auditor, Hokkaido Airport Terminal Co., Ltd. (current position)
Jul. 2023 Chairman, Rakuno Gakuen Educational Corporation (current position)

Executive Officers and Officers on the Audit and Supervisory Committee

Managing Executive Officer
(General Manager, Head Office)
Naoyuki Tanabe

Managing Executive Officer
(Stationed to Koriyama)
Hiroimi Meguro

Managing Executive Officer
(General Manager, Aizu Main Office)
Chikai Sawada

Managing Executive Officer
(General Manager, Iwaki Main Office)
Takashi Sekine

Managing Executive Officer
(Head of Business Operations Headquarters)

Executive Officer
(Branch Manager, Tokyo Branch)

Executive Officer
(General Manager, Koriyama Main Office)

Executive Officer
(Branch Manager, Shirakawa Branch, Shirakawa-Nishi Branch and Shirakawashiyakusho Branch)

Shinji Takano

Masatomo Fujishima

Satoshi Kanari

Hiroyuki Kikuchi

Executive Officer
(Deputy Head, Business Promotion Headquarters and General Manager, Business Administration Department)

Executive Officer
(General Manager, Audit Department)

Executive Officer
(Deputy Head, Business Operations Headquarters and General Manager, Systems Department)

Executive Officer
(Branch Manager, Shirakawa Branch, Shirakawa-Nishi Branch and Sendai-Minami Branch)

Masaru Uemuro

Katsuyuki Suzuki

Tadashi Shimura

Kaoru Shirai

Executive Officer
(Deputy Head, Business Promotion Headquarters and General Manager, Personal Consulting Department)

Officers on the Audit and Supervisory Committee

Eiji Watanabe

Yumiko Takahashi

Directors Serving as Audit and Supervisory Committee Members



Director (Audit and Supervisory Committee Member)
Takuo Sato
Apr. 1985 Joined the Bank
Jun. 2018 Executive Officer and General Manager, Operations Support Department
May 2021 Executive Officer and Branch Manager, Tokyo Branch
Jun. 2022 Officers on the Audit and Supervisory Committee
Jun. 2024 Director (Audit and Supervisory Committee Member) (current position)



Outside Director
(Audit and Supervisory Committee Member, Part-time)
Ichiro Kawano
Apr. 1985 Joined Ministry of the Treasury (current Ministry of Finance)
Jul. 2013 Director-General of the Chugoku Local Finance Bureau, Ministry of Finance
Jul. 2014 Deputy Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission, Financial Services Agency
Jul. 2015 Director-General of the Tohoku Local Finance Bureau, Ministry of Finance
Jun. 2016 Executive Managing Director and Member of the Board, Regional Economy Vitalization Corporation of Japan
Jun. 2018 Director & Managing Executive Officer, the Shoko Chukin Bank, Ltd.
Nov. 2021 Advisor, Aioi Nissay Dowa Insurance Co., Ltd.
Jun. 2022 Outside Director (Audit and Supervisory Committee Member, Part-time), The Toho Bank, Ltd. (current position)



Outside Director
(Audit and Supervisory Committee Member, Part-time)
Takamasa Hisada
Apr. 1980 Joined Bank of Japan
Mar. 2002 General Manager, Matsue Branch
Mar. 2004 Associate Director-General, Bank Supervision Department
Jul. 2005 Associate Director-General, Financial System and Bank Examination Department
Jul. 2007 Deputy Director-General, International Department
Jul. 2009 General Manager for Europe and Chief Representative in London
May 2011 Internal Auditor, Director-General, Internal Auditors' Office
Jun. 2012 Managing Director, The National Association of Shinkin Banks
Mar. 2015 Deputy Governor, Deposit Insurance Corporation of Japan
May 2021 Senior Advisor, Aflac Life Insurance Japan Ltd.
Apr. 2024 Fund management supervisor of Suginami City (Part-time) (current position)
Jun. 2024 Outside Director (Audit and Supervisory Committee Member, Part-time), The Toho Bank, Ltd. (current position)



Outside Director
(Audit and Supervisory Committee Member, Part-time)
Toru Oda
Apr. 1985 Joined the Kyowa Bank, Ltd. (current Resona Bank, Limited)
Aug. 1992 Joined to the Editorial Department of Kinzai Weekly Financial Affairs, Kinzai Institute for Financial Affairs, Inc.
Apr. 2006 General Manager and Chief Editor, Editorial Department of Kinzai Weekly Financial Affairs
Apr. 2008 General Manager, Tokyo Sales Department 2, Sales Division, Kinzai Corporation
Apr. 2011 Director, Director of Education Business Center
May 2013 Secretary-general of Executive Officer and Director of the Education and Training Bureau, Kinzai Institute for Financial Affairs, Inc.
Jun. 2013 Representative Director, Secretary-general of Managing Director, and Director of Education and Training Bureau
Jul. 2014 Representative Director, Secretary-general of Senior Managing Director, and Chief Editor, Editorial Bureau
Apr. 2019 Senior Managing Director and Director of Publishing Bureau, Kinzai Corporation
Apr. 2023 Counselor and Senior Fellow, Kinzai Institute for Financial Affairs, Inc.
May 2023 External Advisor, StormHarbour Japan Ltd. (current position)
Oct. 2023 Special Advisor, PricewaterhouseCoopers Japan LLC
Nov. 2023 Secretary-General, Fintech Association of Japan (current position)
Jun. 2024 Outside Director (Audit and Supervisory Committee Member, Part-time), The Toho Bank, Ltd. (current position)

Skill matrix of Directors

Name	Positions and responsibilities	Management strategy and sustainability	Corporate management	Sales/ Consulting	Corporate review/ Revitalization support	Human resources/ Diversity	Market operation/ International businesses	IT/DX
Minoru Sato	President (Representative Director)	●	●	●	●	●	●	●
Katsutoshi Endo	Senior Managing Director (Representative Director)	●	●	●	●			●
Shigeki Nanaumi	Managing Director	●	●	●	●	●		
Toshiki Soeta	Managing Director	●	●	●		●		●
Masako Konishi	Director (Part-time)	●				●	●	●
Hideya Takashima	Director (Part-time)	●	●	●		●		●
Takuo Sato	Director, Audit and Supervisory Committee Member	●	●	●	●	●		
Ichiro Kawano	Director, Audit and Supervisory Committee Member (Part-time)	●	●		●	●		
Takamasa Hisada	Director, Audit and Supervisory Committee Member (Part-time)	●	●		●	●	●	
Toru Oda	Director, Audit and Supervisory Committee Member (Part-time)	●	●	●		●		●

* The table above does not cover all knowledge and experience the Directors have.

Details of each item

Management strategy and sustainability	Knowledge, experience, and abilities related to corporate management and organizational operation, as well as ESG management (environmental, social, governance, etc.) that supports corporate sustainability
Corporate management	Knowledge, experience, and abilities related to business administration, including compliance, risk management, accounting, and taxation
Sales/Consulting	Knowledge, experience, and abilities related to sales, such as providing solutions to revitalize local economies, and knowledge, experience, and abilities related to sales planning and marketing
Corporate review/Revitalization support	Knowledge, experience, and abilities related to corporate screening, corporate growth support, and revitalization support
Human resources/Diversity	Knowledge, experience, and abilities related to human resource management, human resources development, diversity promotion, and other human resource-related operations
Market operation/International businesses	Knowledge, experience, and abilities related to securities management and international operations
IT/DX	Knowledge, experience, and skills related to the use and promotion of digital technology to improve productivity and add value to companies

The Bank's Initiatives for Customer-oriented Business Operations

The Toho Bank, Ltd., and Toho Securities Co., Ltd., have established the Basic Policy for Customer-Oriented Business Operations to further practice customer-oriented business operations to improve customer satisfaction in operations related to asset building and asset management.

All officers and employees will strive for customer-oriented business operations based on this Basic Policy and Specific Initiative Policy.

In addition, we will regularly publish indicators (KPIs) that customers can easily understand about the status of specific initiatives based on the basic policy.

Furthermore, to realize more customer-oriented business operations, we will monitor our efforts and regularly conduct reviews of the initiative policy.

Basic Policy for Customer-Oriented Business Operations

1. Customer-oriented business operations

- (1) We will maintain a high level of expertise and ethics, provide products and services to customers in good faith and fairness, and carry out customer-oriented business appropriately in accordance with laws and regulations.

2. Appropriate management of conflicts of interest to protect the interests of customers

- (1) We will appropriately manage conflicts of interest so that the interests of our customers are not unfairly impaired.

3. Enhancement of provision of information to customers

- (1) We will explain the structure and characteristics of the proposed products and services in clear and plain language in an easy-to-understand manner from the customer's standpoint, taking into consideration matters such as the customer's financial knowledge.
- (2) When explaining products and services, we will endeavor to use easy-to-understand materials.

4. Improving the transparency of consideration for customer service

- (1) We will increase transparency about fees paid by customers, and explain carefully in an easy-to-understand manner to gain customer understanding.

5. Provision of products and services in line with customer preferences

- (1) We will provide appropriate and suitable products and services for customers, comprehensively taking into account each customer's asset status and the purpose of the transaction.
- (2) We will strive to enhance our lineup of offerings to be able to accurately meet the diverse needs of our customers.
- (3) For our customers to continue conducting transactions with peace of mind, we will strive to enhance after-sales follow-up.

6. Establish a system that can provide services suitable for customers

- (1) We will strive to develop highly specialized talent with advanced product knowledge and financial knowledge through training and encouragement for acquiring external professional qualifications.
- (2) To motivate employees, we will establish a performance evaluation system that can appropriately evaluate customer-oriented efforts.

Product lineup

Investment trusts

Category	Number of products	(Ratio)	Of which, no-load
Japanese bonds	3	2%	2
Foreign Bonds	19	15%	10
Developed countries	12		6
Emerging countries	7		4
Japanese equities	16	13%	10
Non-Japanese equities	39	31%	14
Developed countries	21		8
Emerging countries	7		4
Developed and emerging countries, etc.	11		2
REIT	13	10%	5
Balanced	30	24%	9
Other	5	4%	3
Total	125		53

(Including online-only investment trusts)

Life insurance (lump-sum payment)

Product type	Number of products	(Ratio)
Yen-denominated	13	41%
Fixed pension	3	9%
Variable pension	0	0%
Fixed premium whole life insurance	10	31%
Variable premium whole life insurance	0	0%
Non-yen denominated	19	59%
Fixed pension	4	13%
Variable pension	1	3%
Fixed premium whole life insurance	13	41%
Variable premium whole life insurance	1	3%
Total	32	

Life insurance (level-premium, counter sales only)

Product type	Number of products	(Ratio)
Whole life	5	36%
Term	2	14%
Medical/cancer	4	29%
Security when unable to work	0	0%
Income security	0	0%
Educational funds	0	0%
Pension/endowment	3	21%
Nursing care	0	0%
Other	0	0%
Total	14	

Life insurance (level-premium, including Toho Insurance Plaza)

Product type	Number of products	(Ratio)
Whole life	12	18%
Term	3	5%
Medical/cancer	29	44%
Security when unable to work	4	6%
Income security	6	9%
Educational funds	2	3%
Pension	3	5%
Nursing care	5	8%
Other	2	3%
Total	66	

By selecting and reviewing products based on market trends, we will continue to strive to enhance our lineup of offerings to be able to accurately meet the diverse needs of our customers.

Key Performance Indicators (KPIs) for the Basic Policy and Specific Initiative Policy for Customer-Oriented Business Operations

- The Bank publishes key performance indicators (KPIs) related to the Basic Policy and Specific Initiative Policy for Customer-Oriented Business Operations on its website.

URL: <https://www.tohobank.co.jp/fiduciary.html>

The status of comparable common KPIs (investment trusts and non-yen denominated insurance) at sales companies is also disclosed.



- We also provide a variety of other information on our website.

Investment trust website



<https://www.tohobank.co.jp/kojin/fund/index.html>

Life planning simulation



<https://www.tohobank.co.jp/kojin/lifeplan/index.html>

Risk Management

Risk Management System

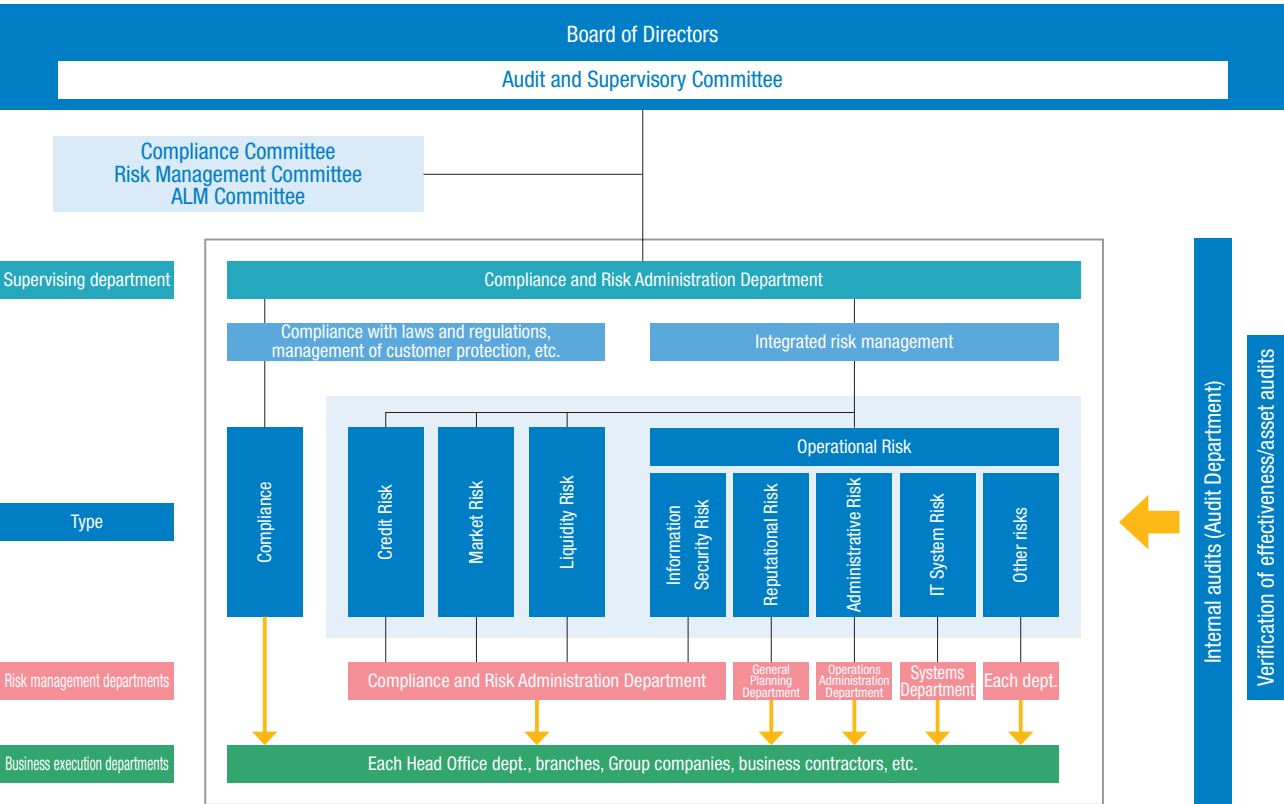
As financial services and operations become more diverse, the risks faced by banks are also becoming more complex.

To improve the soundness of management and ensure appropriate business operations, the Bank has established a Basic Policy on Risk Management and strives to enhance and strengthen risk management based on the principle of self-responsibility.

Specifically, targeting all risks arising from business operations, we establish management rules regarding the management method and management system for each risk category and operate this system appropriately. In particular, for risks that can be quantified we have established the Integrated Risk Management Policy to measure and aggregate quantitative risks using a common methodology, and strive to control risks in a way that is commensurate with our management strength, such as equity capital, to ensure the soundness of management.

In addition, in terms of organization, mutual limitation functions are ensured through measures such as separating the revenue-producing departments and management departments and the establishment of an audit department independent of the rest of the organization. Also, the Risk Management Committee meets periodically to build a comprehensive risk management system that includes the risks of related groups.

● Compliance/risk management system (As of the end of June 2024)



Risk Category

Credit Risk

Credit risk is the risk of the Bank suffering losses when the bankruptcy or financial deterioration of business partners makes it difficult to collect the principal and interest of loans and bills discounted.

Screenings based on strict screening standards are conducted primarily by the Credit Department in the management of loans and bills discounted.

Also, in addition to objectively ascertaining the risks of individual borrowers through internal ratings and self-assessments, we aim to build an optimal credit portfolio by measuring the amount of credit risk and monitoring credit concentration risks.

Internal credit rating system

Toho Bank has adopted an internal credit rating system to accurately ascertain the creditworthiness of borrowers and strengthen credit risk management. In this system, the creditworthiness of borrowers is classified in 14 levels based on self-assessment results and the borrower's financial status, performance, and other factors. The system serves as the foundation for credit risk management such as portfolio management and is used effectively to ascertain the credit status of borrowers and to make loan decisions efficiently.

Market Risk

Market risk is the risk of suffering losses due to fluctuations in the value of held assets as a result of fluctuations in market prices such as interest rates, exchange rates, stock prices, etc.

The Bank determines a market trading policy every fiscal year based on its management policy, and its basic approach is to increase stable profits while taking a certain amount of risk.

In terms of organization, in addition to clearly separating the market trading departments and the administrative departments, the risk management department measures the amount of risk and monitors transaction limits and loss limits, etc., to ensure mutual limitation functions.

Liquidity Risk

Liquidity risk includes cash flow risk, in which cash flow is lost due to deterioration of the market environment, etc., or a significant increase in procurement costs, etc.; and market liquidity risk, in which losses are incurred when a market participant is forced to execute a trade at a price that is significantly more disadvantageous than usual due to factors such as market turmoil, etc.

To provide stable cash flows in line with interest rates and the Bank's fund-raising and management structure, the Bank has established management methods according to the status of cash flow and strives to appropriately manage liquidity reserves, etc. It has also established the Crisis Management Response Manual for responding to liquidity crises to ensure business continuity.

Operational Risk

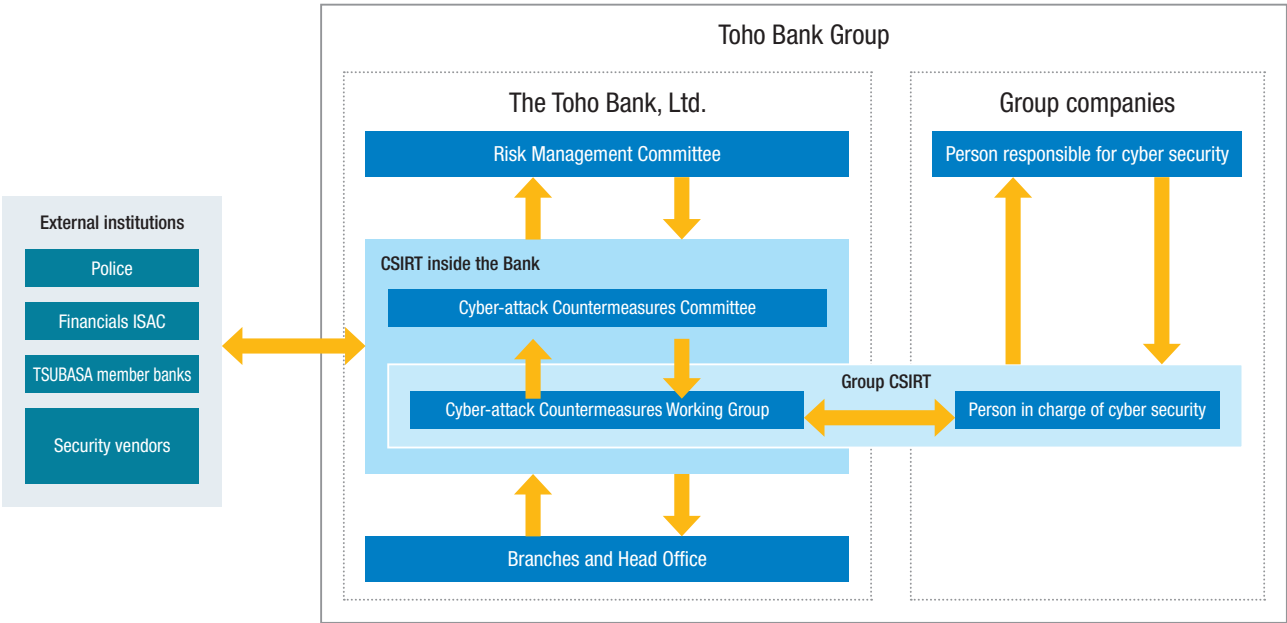
To manage operational risk comprehensively and effectively, the Bank sets five risk categories: (1) Administrative risk, (2) System risk, (3) Information security risk, (4) Reputational risk, and (5) Other risk. Each risk management department manage their respective risk from their professional standpoint, the Compliance and Risk Administration Department supervises overall operational risk as a supervising department.

Cyber Security Measures

As for cyber security measures, we have established system-wide measures and established a Computer Security Incident Response Team (CSIRT) to guarantee that we are ready to respond appropriately should a cyber incident occur. In addition, we are working to maintain the effectiveness of our responses by developing fixed protocols and conducting regular drills to prepare for possible incidents.

Understanding that the situation is becoming increasingly complex and sophisticated day by day, we also work continuously to collect a wide range of information and improve our ability to respond.

● Cyber security management system



Compliance

Compliance System (Compliance with Laws and Regulations)

Banks are highly publicized to a degree exceeding private companies, and bear a large responsibility to contribute broadly to society. To that end, it is necessary not only to ensure thorough compliance (compliance with laws and regulations, ethics, social norms, etc.) but also to always act with propriety.

We have traditionally taken a strict stance on compliance with laws and regulations, and in addition to having established a Compliance/Legal/Financial Crimes Prevention Administration Section in the Compliance and Risk Administration Department, we have assigned a person in charge of legal and regulatory compliance at each Head Office department and each branch, thus strengthening cooperation between Head Office and branches. Also, in addition to regularly holding meetings of the Compliance Committee to formulate and review compliance programs and manage their implementation status, we have created a Compliance Manual which incorporates major laws and regulations, response rules, organizational structure, etc., and also conduct compliance-related training.

Management legal affairs are checked and audited by the Board of Directors and Audit and Supervisory Committee, and we also partner with legal advisers, public accountants, and other experts as necessary to ensure objectivity.

Based on the importance of compliance with laws and regulations, we will continue to improve the systems within the Bank.

Internal Reporting System

In order to allow all officers and employees to report violations of laws and regulations directly to the Compliance and Risk Administration Department or outside legal counsel, we have established a compliance reporting system. This system is compliant with the Whistleblower Protection Act, and we ensure the effectiveness of the system by protecting whistleblowers through maintaining confidentiality and prohibiting prejudicial treatment. We are thereby striving to build a framework for early detection of legal violations.

Initiatives to Prevent Money Laundering, etc. and Counteract Financial Crimes

The Bank considers countering money laundering and terrorist financing to be a key management issue and is working to build an appropriate management system based on a risk-based approach. In addition, we are making various efforts to protect our customers from financial crimes such as counterfeiting or theft of ATM cards and bank transfer fraud.

We are also working together with the member banks of the TSUBASA Alliance to strengthen our measures.

Efforts to Cut Ties with Antisocial Forces

The Bank will always take a strict attitude toward antisocial forces, devote itself to proper administrative processing daily, strive to prevent trouble before it occurs, and in the unlikely event that antisocial forces attempt to intervene in some way the Bank shall handle matters appropriately, including legal measures, under a cooperative and collaborative system with the relevant departments, police authorities, and others.

In addition, we are actively promoting efforts to cut ties with antisocial forces by utilizing the organized crime exclusion clauses in various contracts and account deposit regulations.

Initiatives to Protect Personal Information

As a business that handles personal information, the Bank considers the protection of customers' personal information to be our most important duty to uphold the trust of customers, and we have established and published the Personal Information Protection Declaration (Privacy Policy) as an initiative policy on the appropriate and strict handling of personal information.

We will continue to review and improve our efforts to protect personal information so that we can continue to properly protect and use customers' personal information and ensure thorough safety management, thereby providing unchanging peace of mind to our customers.

Solicitation Policy Based on the Act on the Provision of Financial Services

We comply with laws and regulations and conduct customer-oriented solicitation, upholding the trust of our customers as our first priority.

- (1) We recommend products suitable for our customers based on their knowledge, experience, financial status, and investment objectives.
- (2) We will sufficiently explain important matters such as product details and risks so that customers can make transactions at their discretion.
- (3) We endeavor to provide proper information. We do not provide explanations that mislead customers, such as providing assertive judgments or information that is not factual.
- (4) We will not solicit customers at times or places that are inconvenient for them. In addition, we do not conduct one-sided solicitations.
- (5) We work to acquire product knowledge and achieve self-improvement so that we can solicit customers properly.

Regarding our solicitation policy as an operation management organization for the defined contribution pension system, the solicitation policy shall apply to both the “selection of investment methods and presentation to enrollees of operation management work related to corporate pensions” and “designation or change of operation management organization for individual pensions” under the Defined Contribution Pension Act.

Initiatives for the Alternative Dispute Resolution System

When a customer makes a complaint, consultation, etc., or files a dispute against the Bank, the Bank will work to promptly, sincerely, fairly, and appropriately resolve it, taking into account the alternative dispute resolution system in the financial sector (financial ADR system).

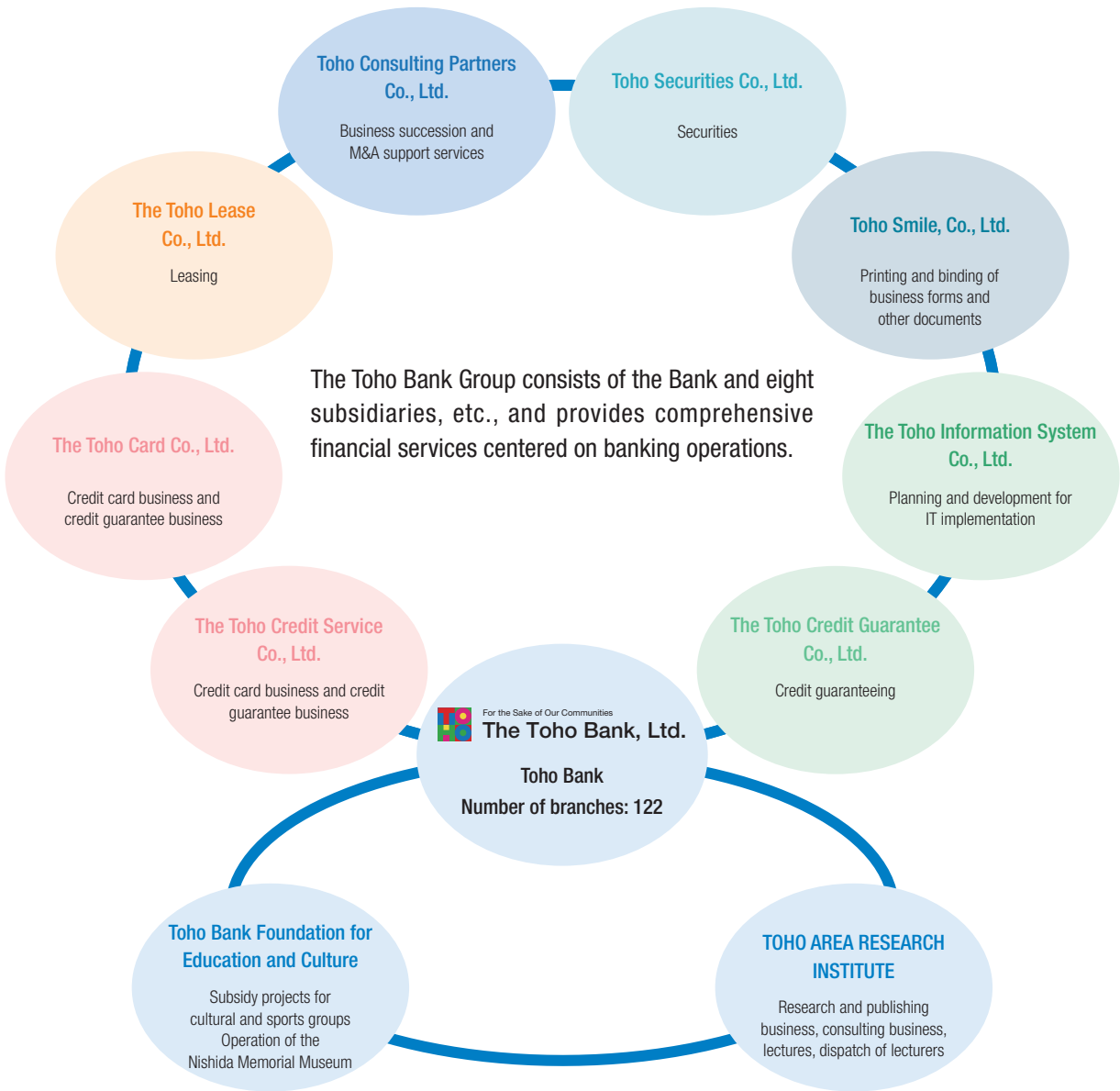
The Bank is working to improve its internal systems and has contracted with the following designated dispute resolution organizations to resolve disputes based on the agreement of the parties in mediation, conciliation, arbitration, etc.

- (1) Designated dispute resolution organizations under the Banking Act with which the Bank has a contract
Japanese Bankers Association (Contact: JBA Customer Relations Center, Phone: 0570-017109 or +81-3-5252-3772)
- (2) Designated dispute resolution organizations under the Trust Business Act and Act on Engagement in Trust Business by Financial Institutions with which the Bank has a contract
Trust Companies Association of Japan (Contact: Trust Consultation Center, Phone: 0120-817335 or +81-3-6206-3988)



Financial ADR (Alternative Dispute Resolution) system
ADR is a dispute resolution method based on the agreement of the parties in mediation, conciliation, arbitration, etc., and is expected to resolve disputes quickly, easily, and flexibly according to the nature of the case and the circumstances of the parties. Corporations and organizations that meet the requirements for designation in the Banking Act and other laws are designated as designated dispute resolution organizations, and conduct dispute resolution procedures based on the agreement of the parties in mediation, conciliation, arbitration, etc.

List of Group Companies



Status of subsidiaries, etc. (As of the end of June 2024)

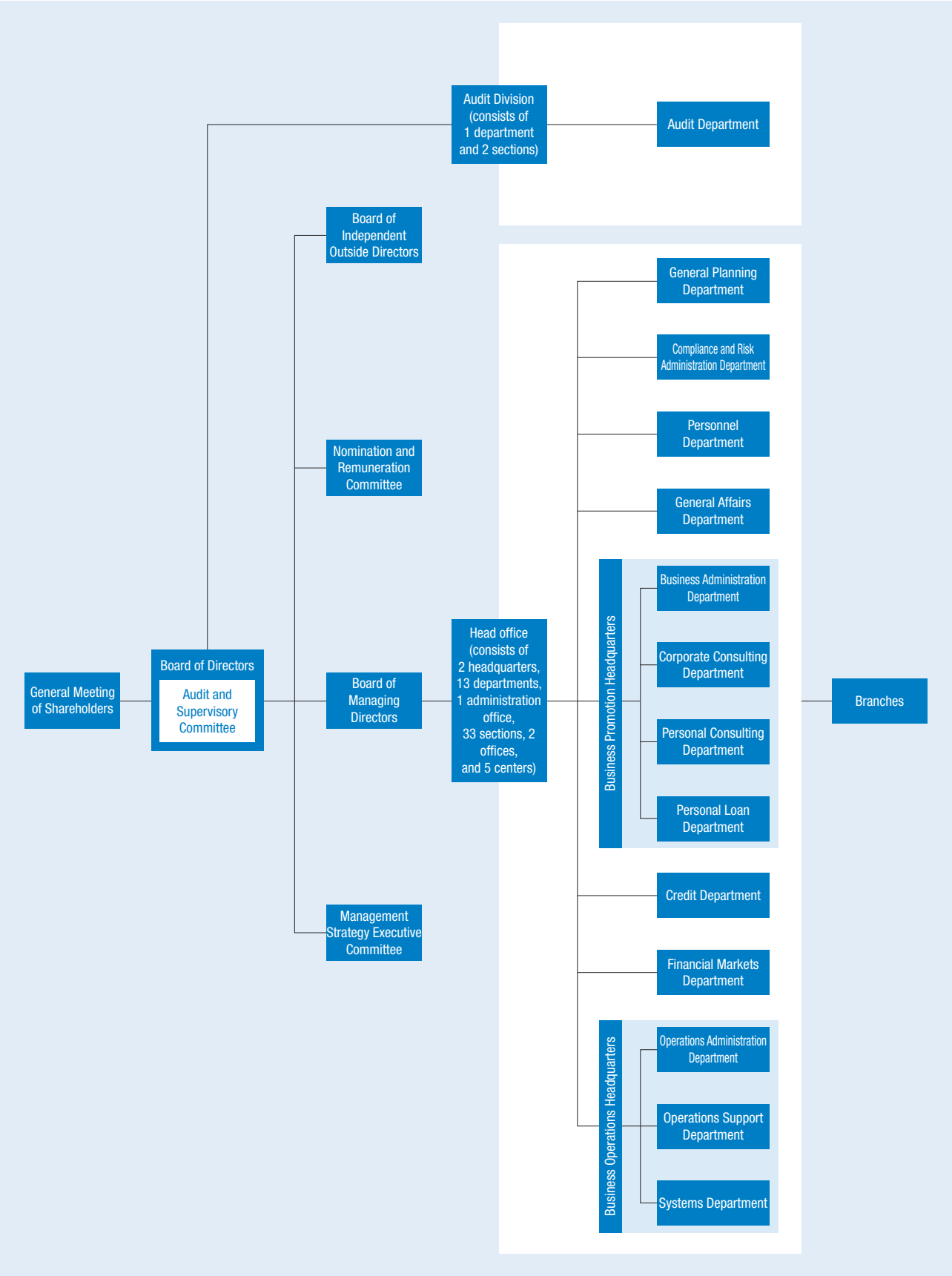
Company name	Location	Primary business	Date established	Capital (Millions of yen)	Ratio of voting rights of the Bank (%)	Ratio of voting rights of subsidiaries, etc. (%)
Toho Securities Co., Ltd.	3-25, Ohmachi, Fukushima	Securities	August 28, 2015	3,000	100%	0%
Toho Consulting Partners Co., Ltd.	4-4, Ohmachi, Fukushima	Business succession and M&A support services	August 2, 2022	100	100%	100%
The Toho Lease Co., Ltd.	3F, Uwamachi Terrace, 5-6, Uwamachi, Fukushima	Leasing	March 20, 1985	60	50%	50%
The Toho Card Co., Ltd.	4-4, Ohmachi, Fukushima	Credit card business and credit guarantee business	April 15, 1985	30	50%	50%
The Toho Credit Service Co., Ltd.	4-4, Ohmachi, Fukushima	Credit card business and credit guarantee business	July 12, 1990	30	50%	50%
The Toho Credit Guarantee Co., Ltd.	4-4, Ohmachi, Fukushima	Credit guaranteeing	March 20, 1985	110	50%	50%
The Toho Information System Co., Ltd.	3-4, Aza Sakurada, Hirano, Iizakamachi, Fukushima	Planning and development for IT implementation	October 14, 1983	60	39.6%	60.3%
Toho Smile, Co., Ltd.	3-4, Aza Sakurada, Hirano, Iizakamachi, Fukushima	Printing and binding of business forms and other documents	March 1, 2012	30	100%	0%
Limited Liability Partnership for Regional Industries Promotion Investment	1-6-35, Chuo, Aoba-ku, Sendai	Investment in companies in growth, maturity, and renewal stages	September 14, 2018	1,563	—%	—%

Related institutions (As of the end of June 2024)

Institution name	Location	Date established
TOHO AREA RESEARCH INSTITUTE	4-4, Ohmachi, Fukushima	July 1, 1982
Toho Bank Foundation for Education and Culture	3-183, Aza Yokozuka, Arai, Fukushima	April 1, 1993

Organization

Organization (As of the end of June 2024)



Toho Securities Co., Ltd.	Toho Consulting Partners Co., Ltd.	The Toho Lease Co., Ltd.	The Toho Card Co., Ltd.	The Toho Credit Service Co., Ltd.	The Toho Credit Guarantee Co., Ltd.	The Toho Information System Co., Ltd.	Toho Smile, Co., Ltd.
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Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2024	2023	2024
Assets:			
Cash and due from banks (Notes 16 and 21)	¥1,795,566	¥1,986,222	\$11,858,970
Monetary claims bought	12,794	12,741	84,504
Trading account securities (Notes 21 and 22)	43	17	286
Money held in trust (Note 23)	7,950	8,750	52,506
Securities (Notes 4, 7, 10, 21 and 22)	878,246	563,428	5,800,451
Loans and bills discounted (Notes 5, 7, 8, 21 and 28)	3,922,052	3,908,036	25,903,526
Foreign exchanges (Note 21)	932	2,445	6,158
Lease receivables and investment assets (Note 20)	14,181	12,309	93,659
Other assets (Notes 7, 21 and 24)	76,842	72,546	507,509
Tangible fixed assets (Note 9)	34,884	36,111	230,399
Intangible fixed assets	13,348	12,302	88,158
Net defined benefit assets (Note 18)	7,872	2,692	51,993
Deferred tax assets (Note 17)	10,700	14,249	70,674
Customers' liabilities for acceptances and guarantees (Note 6)	8,068	7,748	53,289
Allowance for loan losses (Note 21)	(24,914)	(26,482)	(164,552)
Total assets	¥6,758,569	¥6,613,120	\$44,637,535
Liabilities:			
Deposits (Notes 7 and 21)	¥6,292,935	¥6,189,638	\$41,562,217
Borrowed money (Notes 7, 21 and 30)	192,933	176,571	1,274,248
Foreign exchanges (Note 21)	223	154	1,477
Borrowed money from trust account (Note 11)	6,010	5,895	39,699
Other liabilities (Notes 21, 24 and 30)	48,151	38,341	318,018
Net defined benefit liability (Note 18)	151	141	1,002
Provision for reimbursement of deposits	327	353	2,162
Provision for contingent loss	560	434	3,704
Provision for customer point program	217	213	1,435
Reserve under special laws	0	0	6
Deferred tax liabilities (Note 17)	822	572	5,435
Deferred tax liabilities for land revaluation (Note 17)	1,984	2,041	13,106
Acceptances and guarantees (Note 6)	8,068	7,748	53,289
Total liabilities	6,552,389	6,422,107	43,275,804
Commitments and contingent liabilities (Note 8)			
Net Assets (Note 15):			
Capital stock	23,519	23,519	155,334
Capital surplus	13,653	13,653	90,175
Retained earnings	158,582	155,160	1,047,368
Treasury stock	(77)	(145)	(513)
Shareholders' equity	195,677	192,187	1,292,365
Valuation difference on available-for-sale securities (Note 22)	7,353	(1,283)	48,567
Revaluation reserve for land (Note 2(f))	(731)	(775)	(4,830)
Remeasurements of defined benefit plans (Note 18)	3,880	884	25,629
Total accumulated other comprehensive income	10,502	(1,174)	69,366
Total net assets (Note 19)	206,179	191,012	1,361,731
Total liabilities and net assets	¥6,758,569	¥6,613,120	\$44,637,535

See notes to consolidated financial statements.

Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2024	2023	2024
Income:			
Interest income:			
Interest on loans and discounts	¥26,683	¥25,966	\$176,234
Interest and dividends on securities	4,751	4,088	31,382
Other interest income	2,621	2,777	17,314
Fees and commissions income	14,846	14,142	98,057
Other operating income	8,594	8,774	56,765
Other income (Note 13)	1,784	3,648	11,786
Total income	59,283	59,398	391,540
Expenses:			
Interest expenses:			
Interest on deposits	262	239	1,733
Interest on borrowings and rediscounts	(56)	(16)	(373)
Other interest expenses	3	411	21
Fees and commissions expenses	5,311	5,158	35,083
Other operating expenses	7,373	8,597	48,700
General and administrative expenses (Note 12)	35,150	32,831	232,153
Other expenses (Note 14)	3,242	5,114	21,418
Total expenses	51,288	52,335	338,736
Profit before income taxes	7,995	7,063	52,803
Income taxes (Note 17):			
Current	3,745	2,993	24,738
Deferred	(1,003)	(423)	(6,625)
Total	2,742	2,570	18,112
Profit	5,252	4,493	34,691
Profit attributable to owners of parent (Note 19)	¥ 5,252	¥ 4,493	\$ 34,691
See notes to consolidated financial statements.			
Consolidated Statements of Comprehensive Income			
For the years ended March 31, 2024 and 2023			
	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2024	2023	2024
Profit	¥ 5,252	¥ 4,493	\$ 34,691
Other comprehensive income (Note 25):			
Valuation difference on available-for-sale securities	8,636	(5,126)	57,041
Remeasurements of defined benefit plans, net of tax (Note 18)	2,996	795	19,790
Total other comprehensive income (losses)	11,633	(4,331)	76,832
Comprehensive income	¥16,885	¥ 162	\$111,524
Total comprehensive income attributable to:			
Owners of parent	¥16,885	¥ 162	\$111,524
	¥16,885	¥ 162	\$111,524
See notes to consolidated financial statements.			

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2024 and 2023

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
BALANCE, April 1, 2022	¥23,519	¥13,653	¥152,204	¥(145)	¥189,231
Changes of items during the year					
Dividends from retained earnings.....			(1,890)		(1,890)
Profit attributable to owners of parent			4,493		4,493
Acquisition of treasury stock.....				(0)	(0)
Disposal of treasury stock					
Transfer from retained earnings to capital surplus					
Reversal of land revaluation excess, net of tax			352		352
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	—	2,955	(0)	2,955
BALANCE, April 1, 2023	¥23,519	¥13,653	¥155,160	¥(145)	¥192,187
Changes of items during the year					
Dividends from retained earnings.....			(1,765)		(1,765)
Profit attributable to owners of parent			5,252		5,252
Acquisition of treasury stock.....				(0)	(0)
Disposal of treasury stock		(21)		68	46
Transfer from retained earnings to capital surplus		21	(21)		—
Reversal of land revaluation excess, net of tax			(43)		(43)
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	—	3,421	68	3,490
BALANCE, March 31, 2024	¥23,519	¥13,653	¥158,582	¥ (77)	¥195,677

	Millions of Yen				
	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
BALANCE, April 1, 2022	¥ 3,842	¥(422)	¥ 88	¥ 3,509	¥192,740
Changes of items during the year					
Dividends from retained earnings.....					(1,890)
Profit attributable to owners of parent					4,493
Acquisition of treasury stock.....					(0)
Disposal of treasury stock					
Transfer from retained earnings to capital surplus					
Reversal of land revaluation excess, net of tax					352
Net changes of items other than stockholders' equity during year	(5,126)	(352)	795	(4,683)	(4,683)
Total changes of items during the year	(5,126)	(352)	795	(4,683)	(1,728)
BALANCE, April 1, 2023	¥(1,283)	¥(775)	¥ 884	¥ (1,174)	¥191,012
Changes of items during the year					
Dividends from retained earnings.....					(1,765)
Profit attributable to owners of parent					5,252
Acquisition of treasury stock.....					(0)
Disposal of treasury stock					46
Transfer from retained earnings to capital surplus					—
Reversal of land revaluation excess, net of tax					(43)
Net changes of items other than stockholders' equity during year	8,636	43	2,996	11,677	11,677
Total changes of items during the year	8,636	43	2,996	11,677	15,167
BALANCE, March 31, 2024	¥ 7,353	¥(731)	¥3,880	¥10,502	¥206,179

	Thousands of U.S. Dollars (Note 3)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
BALANCE, April 1, 2023	\$155,334	\$90,175	\$1,024,768	\$(963)	\$1,269,315
Changes of items during the year					
Dividends from retained earnings.....			(11,657)		(11,657)
Profit attributable to owners of parent			34,691		34,691
Acquisition of treasury stock.....				(0)	(0)
Disposal of treasury stock		(142)		450	307
Transfer from retained earnings to capital surplus		142	(142)		—
Reversal of land revaluation excess, net of tax			(290)		(290)
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	—	22,600	449	23,050
BALANCE, March 31, 2024	\$155,334	\$90,175	\$1,047,368	\$(513)	\$1,292,365

	Thousands of U.S. Dollars (Note 3)				
	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
BALANCE, April 1, 2023	\$ (8,474)	\$(5,120)	\$ 5,838	\$ (7,756)	\$1,261,558
Changes of items during the year					
Dividends from retained earnings.....					(11,657)
Profit attributable to owners of parent					34,691
Acquisition of treasury stock.....					(0)
Disposal of treasury stock					307
Transfer from retained earnings to capital surplus					—
Reversal of land revaluation excess, net of tax					(290)
Net changes of items other than stockholders' equity during year	57,041	290	19,790	77,123	77,123
Total changes of items during the year	57,041	290	19,790	77,123	100,173
BALANCE, March 31, 2024	\$48,567	\$(4,830)	\$25,629	\$69,366	\$1,361,731

Introduction

About the Toho Bank Group

Management Strategy of the Toho Bank

Co-creation of Value with the Region and Customers

The Toho Bank Group's Growth Strategy (Improvement of the Bank's Corporate Value)

The Toho Bank Group's Growth Strategy (Enhancement of Human Capital)

Social Issue Initiatives Toward Sustainable Growth

The Basis Supporting Sustainable Growth

Corporate Data

Consolidated Statements of Cash Flows

For the years ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2024	2023	2024
Cash flows from operating activities			
Profit before income taxes.....	¥ 7,995	¥ 7,063	\$ 52,803
Depreciation expense.....	2,956	2,454	19,528
Impairment loss.....	485	155	3,209
Decrease in allowance for loan losses.....	(1,568)	(905)	(10,356)
Decrease in net defined benefit liability	(5,170)	(1,714)	(34,146)
Decrease in provision for reimbursement of deposits	(25)	(60)	(170)
Increase in provision for contingent loss.....	126	64	832
Increase in provision for customer point program.....	3	3	24
Interest income.....	(34,056)	(32,832)	(224,931)
Interest expenses	209	634	1,381
(Gain) loss on securities	(427)	1,189	(2,821)
Gain on money held in trust.....	(1)	(1)	(9)
Gain on foreign exchange.....	(1,522)	(1,258)	(10,053)
Gain on sale of fixed assets.....	(245)	(628)	(1,619)
Net (increase) decrease in trading account securities	(25)	506	(170)
Net increase in loans and bills discounted	(14,016)	(240,403)	(92,575)
Net increase in deposits.....	55,249	28,784	364,897
Net increase (decrease) in negotiable certificates of deposit	48,047	(47,323)	317,336
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	16,362	(508,926)	108,064
Net (increase) decrease in due from banks other than BOJ.....	370	(323)	2,449
Net increase in call loans and bills bought.....	(52)	(536)	(349)
Net (increase) decrease in foreign exchange assets	1,513	(1,037)	9,992
Net increase in foreign exchange liabilities	69	21	459
Net (increase) decrease in lease receivables and investment assets.....	(1,871)	211	(12,360)
Net increase in borrowed money from trust account.....	115	1,339	765
Interest received.....	33,869	33,368	223,692
Interest paid.....	(201)	(655)	(1,329)
All other operating activities.....	9,325	3,705	61,588
Sub-total.....	117,514	(757,104)	776,132
Income taxes paid, net.....	(3,236)	(2,741)	(21,373)
Net cash provided by (used in) operating activities	114,278	(759,846)	754,759
Cash flows from investing activities			
Purchase of equity and other securities.....	(499,372)	(171,762)	(3,298,149)
Proceeds from sales of equity and other securities.....	153,156	63,613	1,011,536
Proceeds from maturities of securities	47,011	65,847	310,488
Increase in money held in trust.....	(4,400)	(2,100)	(29,060)
Decrease in money held in trust.....	5,200	1,700	34,343
Expenditures for tangible fixed assets	(1,578)	(4,180)	(10,422)
Proceeds from sales of tangible fixed assets	535	1,196	3,539
Expenditures for intangible fixed assets.....	(3,384)	(3,976)	(22,350)
Net cash used in investing activities.....	(302,831)	(49,661)	(2,000,074)
Cash flows from financing activities			
Dividends paid.....	(1,765)	(1,890)	(11,657)
Repayment of lease obligations	(13)	(13)	(89)
Purchase of treasury stock.....	(0)	(0)	(0)
Proceeds from sales of treasury stock.....	46	—	307
Net cash used in financing activities	(1,732)	(1,903)	(11,440)
Effect of exchange rate changes in cash and cash equivalents.....	—	0	—
Net decrease in cash and cash equivalents	(190,285)	(811,410)	(1,256,755)
Cash and cash equivalents at beginning of fiscal year	1,984,960	2,796,371	13,109,839
Cash and cash equivalents at end of fiscal year (Note 16).....	¥1,794,675	¥1,984,960	\$11,853,083

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation

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

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

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

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

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

- (1) Scope of consolidation
The number of consolidated subsidiaries and unconsolidated subsidiaries as of March 31, 2024 and 2023 is as follows:

	2024	2023
Number of consolidated subsidiaries:	8	8
Number of unconsolidated subsidiaries:.....	1	2

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

The Toho Next Generation Startup Support Fund Investment Limited Partnership was dissolved effective August 1, 2023, and liquidated on October 24, 2023.

- (2) Application of the equity method
The number of affiliates accounted for by the equity method and unconsolidated subsidiaries and affiliates not accounted for by the equity method as of March 31, 2024 and 2023 is as follows:

	2024	2023
Number of affiliates accounted for by the equity method.....	1	1
Number of unconsolidated subsidiaries not accounted for by the equity method.....	1	2
Number of affiliates not accounted for by the equity method	—	—

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

- (3) Closing date of the consolidated subsidiaries
The closing date of the consolidated subsidiaries is the same as the consolidated closing date.

(b) Trading account securities

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

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

(c) Securities

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

Available-for-sale securities are stated at fair value. However, shares, etc. with no market price are stated at cost using the moving average cost method.

Valuation difference on available-for-sale securities is presented as a separate component of net assets, net of related tax effect. For foreign currency-denominated bonds under available-for-sale securities denominated in foreign currencies, of the fair value in foreign currency translated at the year-end exchange rate, the valuation difference due to the change in fair value in foreign currency (valuation difference in foreign currency translated at the spot exchange rate at year-end) is presented as valuation difference, while the remaining difference is presented as other operating income or expenses.

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

(d) Derivatives

The Bank’s derivatives are stated at fair value. The Bank holds groups of financial assets and financial liabilities that are exposed to market risks and to credit risk. The Bank manages those instruments on the basis of its net exposure to a particular market risk (or risks) or to a particular credit risk.

(e) Depreciation of fixed assets

- (1) Depreciation of tangible fixed assets of the Bank (except leased assets) is computed under the straight-line method. The estimated useful lives of assets are as follows:
Buildings: 6–50 years
Others: 3–20 years
- (2) Depreciation of intangible fixed assets (except leased assets) is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated under the straight-line method over the estimated useful lives of 5–10 years, as set out by the Group.
- (3) Depreciation of leased assets pertaining to finance lease transactions other than those in which the lease is deemed to transfer ownership of leased property to the lessee, included in “Tangible fixed assets” and “Intangible fixed assets,” is computed by the straight-line method based on the assumptions that the lease term is equal to the useful life and that there is no residual value except where residual value guarantees are stipulated in lease contracts.

(f) Revaluation of land

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

The amount of excess of the revalued carrying amount over the fair value of the lands revalued as of March 31, 2024 and 2023 pursuant to Article 10 of the Act was ¥4,331 million and ¥4,645 million, respectively.

(g) Allowance for loan losses

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

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

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

For loans to potentially bankrupt and for restructured loans, if the remaining amount after deducting the estimated recoverable amount through collateral or guarantees from loans exceeds a specific amount, and the cash flow from the collection of the principal and the interest can be reasonably estimated, the discounted cash flow method is applied to calculate allowance for loan losses. Under this method, the amount of allowance for loan losses is determined as the difference between the book value of the loan and the present value of future cash flows, which are discounted by the contractual interest rate prior to the restructuring of the loan.

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

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

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

(h) Provision for reimbursement of deposits

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

(i) Provision for contingent loss

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

(j) Provision for customer point program

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

(k) Reserve under special laws

The reserve under special laws is provided by a consolidated subsidiary which engages in the securities business. The reserve is calculated in accordance with the provisions set forth in Article 46-5, Paragraph 1 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance on Financial Instruments Business, etc., to compensate for a loss incurred in a securities-related accident.

(l) Method for accounting for retirement benefits

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

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

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

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

(m) Translation of foreign currency assets and liabilities

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

(n) Leases

(Lessor)

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

(o) Income and expenses

- (1) Income and expenses associated with finance lease transactions are recognized as revenue and cost of sales when the lease fee should be received.
- (2) Primary performance obligations of the main businesses related to revenue arising from contracts with customers of the Bank and its consolidated subsidiaries include the provision of financial services. For domestic exchange services, deposits and loans, revenue is recognized at the time of the completion of provision of services as performance obligations are deemed to be satisfied at that point of time. Also, for safety deposit box services, credit card membership fees, and other services for which performance obligations are satisfied over the period of service provision, revenue is recognized over such period.

(p) Method of hedge accounting

- (1) Interest rate risks
Deferred hedge accounting is adopted for hedges carried out to control interest rate risk arising from financial assets and liabilities, as stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guidelines No. 24, March 17, 2022). Regarding the hedge which is intended to offset the effects of market fluctuations, hedge effectiveness between hedged items (such as deposits and loans and bills discounted) and hedging instruments (such as interest rate swaps) are assessed individually. Hedge effectiveness is considered to be high as the major terms between designated hedged items and hedging instruments are almost the same, thus substituting for evaluation of hedge effectiveness. The effectiveness is also assessed by verifying the correlation of the interest rates.
The Bank applies the special treatment of hedge accounting for interest rate swaps for interest rate risk arising from certain financial assets (the "special treatment") and liabilities whereby interest is recognized on an accrual basis.
- (2) Currency risks
Deferred hedge accounting is adopted for hedges carried out to control the risk of currency fluctuations arising from foreign currency-denominated assets and liabilities, as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020). Currency swap transactions are carried out for the purpose of offsetting the risk of currency fluctuations arising from foreign currency-denominated monetary claims. The effectiveness of the hedge is evaluated by confirming the availability of an amount equivalent to the foreign currency position used to hedge the foreign currency-denominated monetary claims.
In addition, in order to hedge the risk of currency fluctuations arising from available-for-sale securities denominated in foreign currencies (excluding bonds), the securities subject to hedging are designated in advance, and on the condition that a spot or future liability exists to cover the acquisition cost denominated in foreign currency for the respective securities, fair value hedge is applied as comprehensive hedge.

(q) Statements of cash flows

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

(r) Accounting treatment of interim revenue distribution from securities investment trusts

Interim revenue distribution from securities investment trusts (including gains or losses arising at cancellation or redemption) are recorded as interest and dividends on securities. However, in case the interim revenue distribution results in a net loss, the amount is recorded as other operating expenses.

(s) Significant accounting estimates

- (1) The Bank recorded an allowance for loan losses of ¥24,914 million in the consolidated balance sheets as of the fiscal year ended March 31, 2024.
- (2) Information to facilitate understanding of details of the significant accounting estimates relating to identified items
 - (i) Method for calculation
The method for calculating allowance for loan losses is described in "2. Summary of Significant Accounting Policies, (g) Allowance for loan losses."

- (ii) Key assumptions
A key assumption made is the "outlook for the future performance of the borrowers in determining borrower category." The outlook is determined based on an individual evaluation of each borrower's ability to earn income, considering its financial condition, cash flows, sustainability of its business in light of the characteristics of the segment/industry, rationale and feasibility of its management improvement plan, support from financial institutions and other aspects.
- (iii) Impact on the consolidated financial statements for the following year
Any changes in the assumptions used in the initial estimates due to factors such as changes in the performance of individual borrowers may significantly impact allowance for loan losses in the consolidated financial statements for the following year.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥151.41 = U.S. \$1.00, the exchange rate prevailing on March 31, 2024. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Securities Lent under Unsecured Loan-for-Consumption Contracts

Securities lent under unsecured loan-for-consumption contracts (securities lent) are included in national government bonds in "Securities," and the amount is as follows:

March 31	Millions of Yen	
	2024	2023
Securities lent under unsecured loan-for-consumption contracts	¥56,044	¥26,086

5. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2024 and 2023 included the following loans:

March 31	Millions of Yen	
	2024	2023
Loans to bankrupt or substantially bankrupt borrowers	¥ 18,227	¥ 19,141
Doubtful loans.....	29,245	25,293
Loans subject to monitoring.....	4,039	5,750
Loans past due 3 months or more.....	140	1,076
Restructured loans	3,899	4,674
Subtotal	51,513	50,185
Normal loans	3,954,195	3,945,582
Total	¥4,005,708	¥3,995,767

Loans to bankrupt or substantially bankrupt borrowers represent loans to borrowers that are bankrupt due to the declaration of bankruptcy proceedings, restructuring proceedings, etc., as well as loans equivalent thereto.

Doubtful loans represent loans to borrowers whose financial conditions and operating results are deteriorating and for which the principal and the interest of the loans are highly unlikely to be collected that are not loans to bankrupt or substantially bankrupt borrowers.

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

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

Normal loans are loans other than loans to bankrupt or substantially bankrupt borrowers, doubtful loans, loans past due 3 months or more or restructured loans, with no problems found in the borrowers' financial conditions or operating results.

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge commercial bills discounted and foreign exchange bought without restrictions, and their total face amount was ¥4,702 million and ¥3,877 million as of March 31, 2024 and 2023, respectively.

6. Acceptances and Guarantees

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

7. Pledged Assets

Assets pledged as collateral as of March 31, 2024 and 2023 were as follows:

March 31	Millions of Yen	
	2024	2023
Pledged assets:		
Securities	¥ 29,650	¥ 34,766
Loans and bills discounted.....	351,489	310,142
Total pledged assets.....	¥381,139	¥344,908
Liabilities covered by pledged assets:		
Deposits	¥ 17,741	¥ 20,988
Borrowed money.....	190,400	174,300
Total liabilities covered by pledged assets.....	¥208,141	¥195,288

In addition to the above, Other assets in the amount of ¥50,291 million and ¥50,292 million were pledged as collateral in connection with exchange settlements and derivatives, etc. as of March 31, 2024 and 2023, respectively.

Security deposits in the amount of ¥824 million and ¥856 million, and cash collateral for financial products transactions in the amount of ¥114 million and ¥214 million, were included in Other assets as of March 31, 2024 and 2023, respectively.

8. Commitments and Contingent Liabilities

Overdraft facilities and line-of-credit contracts are agreements under which, unless there is no breach of contract by the counterparty, the Bank or its consolidated subsidiaries are required to provide clients with funds up to a fixed limit upon submission of a loan application to the Bank or its consolidated subsidiaries. The unused amount related to such facilities/contracts stood at ¥843,748 million and ¥855,240 million as of March 31, 2024 and 2023, respectively. Of this amount, facilities/contracts which expire within one year at inception or which are unconditionally cancelable at any time, totaled ¥785,758 million and ¥788,129 million as of March 31, 2024 and 2023, respectively.

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

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

9. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of Tangible fixed assets was ¥47,496 million and ¥47,670 million, and advanced depreciation on Tangible fixed assets was ¥766 million and ¥799 million as of March 31, 2024 and 2023, respectively.

10. Guarantees for Corporate Bonds

The amount of the guarantees for privately placed bonds in corporate bonds in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act totaled ¥47,049 million and ¥57,879 million as of March 31, 2024 and 2023, respectively.

11. Borrowed Money from Trust Account

Borrowed money from trust account totaled ¥6,010 million and ¥5,895 million as of March 31, 2024 and 2023, respectively.

12. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2024 and 2023 principally consisted of the following:

	Millions of Yen	
March 31	2024	2023
Salaries and allowances	¥14,819	¥14,471
Net pension cost	346	617

13. Other Income

Other income for the years ended March 31, 2024 and 2023 principally consisted of the following:

	Millions of Yen	
March 31	2024	2023
Gain on sales of stocks and other securities	¥291	¥1,791
Gain on disposal of fixed assets	262	659
Compensation for forced relocation due to expropriation of land.....	36	36
Gain on recoveries of written off loans	17	0

14. Other Expenses

Other expenses for the years ended March 31, 2024 and 2023 principally consisted of the following:

	Millions of Yen	
March 31	2024	2023
Loss on disposal of fixed assets	¥ 138	¥ 176
Loss on impairment of fixed assets	485	155
Provision of allowance for loan losses.....	1,786	1,856
Provision to reserve for financial product transactions	0	0
Write-off of loans	29	48
Loss on devaluation of equity securities.....	1	1,278
Loss on sales of equity securities	104	651

The differences between the recoverable amount and the book value of the following assets were recognized as loss on impairment of fixed assets during the years ended March 31, 2024 and 2023:

(Millions of Yen)				
Area	Purpose of use	Type	Losses	
			2024	2023
Fukushima Area	Branch premises	Land	¥ 63	¥ 2
		Building	—	10
		Other tangible fixed assets	23	12
		Software	—	3
	Idle assets	Land	147	113
		Building	196	2
Outside Fukushima Area	Branch premises	Other tangible fixed assets	1	0
		Land	52	9
		Other tangible fixed assets	0	0
			¥485	¥155

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

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

15. Notes to Consolidated Statements of Changes in Net Assets

Changes in outstanding shares and treasury stock during the years ended March 31, 2024 and 2023 were summarized as follows:

	Number of Shares as of April 1, 2023	Number of Shares Increased	Number of Shares Decreased	Number of Shares as of March 31, 2024
Outstanding Shares				
Common Stock	252,500	—	—	252,500
Treasury Stock				
Common Stock (*)	443	0	207	236

(*) Increase by 0 thousand shares in the number of treasury stock is due to acquisition of odd-lot shares and additional purchase of odd-lot shares and decrease by 207 thousand shares is due to disposal of treasury stock as restricted stock remuneration.

	Number of Shares as of April 1, 2022	Number of Shares Increased	Number of Shares Decreased	Number of Shares as of March 31, 2023
Outstanding Shares				
Common Stock	252,500	—	—	252,500
Treasury Stock				
Common Stock (*)	443	0	—	443

(*) Increase by 0 thousand shares in the number of treasury stock is due to acquisition of odd-lot shares and additional purchase of odd-lot shares.

Detailed information about cash dividends paid during the year ended March 31, 2024 was as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 26, 2023	Common Stock	882	¥3.50	March 31, 2023	June 27, 2023
Board of Directors on November 10, 2023	Common Stock	882	¥3.50	September 30, 2023	December 5, 2023

Detailed information about cash dividends paid during the year ended March 31, 2023 was as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 23, 2022	Common Stock	1,008	¥4.00	March 31, 2022	June 24, 2022
Board of Directors on November 11, 2022	Common Stock	882	¥3.50	September 30, 2022	December 5, 2022

Dividends with record dates on or before March 31, 2024 and effective dates on or after April 1, 2024 were as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Source of Dividends	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 26, 2024	Common Stock	882	Retained Earnings	¥3.50	March 31, 2024	June 27, 2024

Dividends with record dates on or before March 31, 2023 and effective dates on or after April 1, 2023 were as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Source of Dividends	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 26, 2023	Common Stock	882	Retained Earnings	¥3.50	March 31, 2023	June 27, 2023

16. Notes to Consolidated Statements of Cash Flows

(a) Cash and cash equivalents

A reconciliation between Cash and due from banks in the consolidated balance sheets as of March 31, 2024 and 2023, and Cash and cash equivalents in the consolidated statements of cash flows for the years then ended was as follows:

	Millions of Yen	
March 31	2024	2023
Cash and due from banks.....	¥1,795,566	¥1,986,222
Ordinary due from banks	(416)	(524)
Other.....	(474)	(737)
Cash and cash equivalents	¥1,794,675	¥1,984,960

17. Deferred Income Taxes

The major components of deferred tax assets and liabilities as of March 31, 2024 and 2023 were summarized as follows:

	Millions of Yen	
March 31	2024	2023
Deferred tax assets:		
Allowance for loan losses.....	¥ 6,795	¥ 6,717
Net defined benefit liability.....	826	2,151
Valuation difference on available-for-sale securities	17	1,044
Depreciation	698	779
Others	6,678	5,396
Subtotal deferred tax assets.....	15,016	16,089
Valuation allowance for future deductible temporary difference	(2,075)	(1,776)
Subtotal valuation allowance	(2,075)	(1,776)
Total deferred tax assets.....	12,941	14,312
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(3,036)	(609)
Others	(27)	(26)
Total deferred tax liabilities.....	(3,063)	(635)
Net deferred tax assets (liabilities)	¥ 9,877	¥13,676

Note: Net deferred tax assets (liabilities) are included in the following items in the consolidated balance sheets as of March 31, 2024 and 2023.

	Millions of Yen	
March 31	2024	2023
Deferred tax assets	¥10,700	¥14,249
Deferred tax liabilities	822	572

The following summarizes the significant difference between the statutory tax rate and the Bank's effective tax rate for the years ended March 31, 2024 and 2023.

Year ended March 31	2024	2023
Statutory tax rate.....	30.1%	30.1%
Non-deductible expenses.....	0.9	0.8
Elimination of dividends received from consolidated subsidiaries ...	9.6	10.3
Non-taxable income	(10.8)	(11.6)
Per capita inhabitant taxes.....	0.5	0.5
Valuation allowance.....	3.7	5.3
Others	0.3	0.9
Effective tax rate	34.3%	36.3%

18. Retirement Benefits

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

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

On April 1, 2014 (the Date of Enforcement), the Bank has revised its retirement benefit plans whereby a part of the future payments of defined benefit plans transferred to defined contribution plans.

The Bank has set up retirement benefit trusts for the lump-sum retirement payment plan from the end of year ended March 31, 2015, and for the pension fund plan from the end of year ended March 31, 2022.

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

(i) Change in retirement benefit obligation

	Millions of Yen	
March 31	2024	2023
Balance at beginning of the year	¥33,074	¥35,290
Service cost	621	693
Interest cost.....	407	270
Actuarial gain.....	(972)	(1,776)
Benefit paid	(1,506)	(1,392)
Others	(29)	(10)
Balance at end of the year	¥31,595	¥33,074

(ii) Change in plan assets

	Millions of Yen	
March 31	2024	2023
Balance at beginning of the year	¥35,625	¥36,126
Expected return on plan assets	712	722
Actuarial loss	3,181	(1,101)
Employer contributions	652	661
Benefit paid	(925)	(832)
Others	68	49
Balance at end of the year	¥39,315	¥35,625

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

	Millions of Yen	
	2024	2023
March 31		
Funded retirement benefit obligation	¥ 31,443	¥ 32,933
Plan assets	(39,315)	(35,625)
	(7,872)	(2,692)
Unfunded retirement benefit obligation	151	141
Amount of liability, net of asset, recognized in consolidated balance sheets	(7,720)	(2,550)
Net defined benefit liability	151	141
Net defined benefit asset	(7,872)	(2,692)
Amount of liability, net of asset, recognized in consolidated balance sheets	¥ (7,720)	¥ (2,550)

(iv) Net pension cost and its breakdown

	Millions of Yen	
	2024	2023
March 31		
Service cost	¥ 621	¥ 693
Interest cost	407	270
Expected return on plan assets	(712)	(722)
Amortization of actuarial loss	132	462
Others	(102)	(86)
Net pension cost	¥ 346	¥ 617

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

	Millions of Yen	
	2024	2023
March 31		
Actuarial gain	¥4,286	¥1,137
Total	¥4,286	¥1,137

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

	Millions of Yen	
	2024	2023
March 31		
Unrecognized actuarial loss	¥(5,551)	¥(1,264)
Total	¥(5,551)	¥(1,264)

(vii) Plan assets

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

	2024	2023
Bonds	22%	30%
General account of life insurance companies	30%	27%
Equities	25%	23%
Cash and due from banks	1%	9%
Others	22%	9%
Total	100%	100%

Retirement benefit trusts established for lump-sum retirement payment plan account for 26% and 27% of total plan assets for the years ended March 31, 2024 and 2023, respectively.

(b) Basis of long-term expected rate of return on plan assets

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

(viii) Actuarial assumptions

Actuarial assumptions as of March 31, 2024 and 2023 were as follows:

	2024	2023
Discount rate	0.1%–2.3%	0.0%–1.7%
Long-term expected rate of return on plan assets	2.0%	2.0%
Expected salary increase rate of corporate pension fund plan	1.0%–1.9%	1.0%–1.9%
Expected salary increase rate of lump-sum retirement payment plan	1.0%–3.6%	1.0%–3.6%

B. Defined contribution pension plans

Contributions to be paid to defined contribution pension plans were ¥166 million and ¥164 million for the years ended March 31, 2024 and 2023, respectively.

19. Per Share Information

Net assets per share as of March 31, 2024 and 2023 and basic earnings per share for the years ended March 31, 2024 and 2023 were as follows:

	Yen	
As of March 31	2024	2023
Net assets per share	¥817.31	¥757.81
Basic earnings per share	20.82	17.82

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

	Millions of Yen / Thousands of Shares	
As of or year ended March 31	2024	2023
Total net assets	¥206,179	¥191,012
Net assets related to common stock	206,179	191,012
Number of common stock used to calculate net assets per share	252,263	252,056

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

	Millions of Yen / Thousands of Shares	
Year ended March 31	2024	2023
Profit attributable to owners of parent	¥ 5,252	¥ 4,493
Profit attributable to common shareholders of parent	5,252	4,493
Weighted average number of common stock during the year	252,197	252,056

20. Leases Transactions

(Lessee)

(a) Finance lease transactions not subject to transfer of ownership

(1) Description of leased assets

Fixed assets used as branch premises and vehicles.

(2) Depreciation method for the leased assets

Depreciation method for the leased assets is described in “2. Summary of Significant Accounting Policies, (e) Depreciation of fixed assets.”

(Lessor)

(a) Breakdown of lease investment assets

	Millions of Yen	
As of March 31	2024	2023
Lease receivables	¥14,807	¥12,834
Residual value	605	651
Equivalent amount of maintenance cost	(399)	(402)
Unearned interest income	(889)	(773)
Lease investment assets	¥14,124	¥12,309

The scheduled collection of lease receivables related to lease investment assets subsequent to March 31, 2024 and 2023

	Millions of Yen			
	2024		2023	
	Lease Receivables	Lease Investment Assets	Lease Receivables	Lease Investment Assets
As of March 31				
Due within 1 year or less	10	¥ 4,399	—	¥ 4,101
Due in 1 year to 2 years	10	3,451	—	3,260
Due in 2 years to 3 years	10	2,718	—	2,302
Due in 3 years to 4 years	10	1,997	—	1,581
Due in 4 years to 5 years	8	1,457	—	893
Due after 5 years	11	781	—	694
Total	62	¥14,807	—	¥12,834

21. Financial Instruments and Related Disclosure

(a) Overall situation concerning financial instruments

(1) Policy for financial instruments

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

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

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

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

Derivative transactions include interest rate and currency swaps traded directly with customers. To secure foreign-currency denominated funds for currency-related services, the Group may utilize foreign exchange forward contracts and bond options trading at over-the-counter to increase interest income, which come with inherent market risk (risk of losses by the Group if interest rates and foreign exchange make adverse movements) and credit risk (risk of losses by the Group in the event of default by the counterparty). The Group is not engaged in leveraged derivative transactions with large volatility of the contract's fair value out of proportion to the price fluctuation of the underlying asset.

(3) Risk management system for financial instruments

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

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

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

To calculate VaR for the market risk, the variance-covariance method (holding period varies from six months to one year, depending on risk categories such as interest rates and shares, confidence level of 99%, observation period of combination of both 1 and 5 years) has been adopted. As of March 31, 2024, and 2023, the Group's market risk quantity (estimated loss) in total is ¥42,846 million and ¥44,539 million, respectively. This measure is for the Bank alone, since outstanding balance and sensitivity of the consolidated subsidiaries' financial assets and liabilities are considered insignificant.

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

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

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

(4) Supplemental explanation for fair value of financial instruments

The computation of fair value of financial instruments is based on certain assumptions. Therefore, the amounts derived may differ if other assumptions are used.

(b) Fair value of financial instruments

The amount shown on the consolidated balance sheets, the corresponding fair value and their difference as of March 31, 2024 and 2023 for each financial instrument category were provided below. It should be noted that shares with no market price and investments in associations are not included in the following tables (see Note 1). Also, cash and due from banks and foreign exchanges are omitted from the following tables as they are settled in a short period of time and their fair value approximates the book value.

March 31, 2024	Millions of Yen		
	Book value	Fair value	Difference
(1) Trading account securities	¥ 43	¥ 43	¥ —
(2) Securities:			
Held-to-maturity securities.....	250,963	250,698	(265)
Available-for-sale securities (*1)	606,402	606,402	—
(3) Loans and bills discounted.....	3,922,052		
Allowance for loan losses (*2)	(24,510)		
	3,897,542	3,897,445	(97)
Total assets	¥4,754,952	¥4,754,589	¥(362)
(1) Deposits	¥5,824,570	¥5,824,563	¥ (6)
(2) Negotiable certificates of deposit.....	468,365	468,365	—
(3) Borrowed money	192,933	192,933	—
Total liabilities	¥6,485,869	¥6,485,862	¥ (6)
Derivative transactions (*3):			
Hedge accounting is not applied.....	¥ 2,388	¥ 2,388	¥ —
Hedge accounting is applied	—	—	—
Total derivative transactions	¥ 2,388	¥ 2,388	¥ —

(*1) Available-for-sale securities include investment trusts which use their unit price as fair value pursuant to Paragraph 24-9 of the Fair Value Measurement Guidance.
(*2) Allowance for loan losses (general reserve) and allowance for loan losses (case-specific reserve) provided for loans are deducted to compare with the corresponding fair value.
(*3) The derivative transactions reported under “Other assets” and “Other liabilities” in the consolidated balance sheets are stated on a net basis in the above table.
Net credit/debit arising from derivative transactions is stated on a net basis, and amounts in parentheses indicate net credit balance.

March 31, 2023	Millions of Yen		
	Book value	Fair value	Difference
(1) Trading account securities	¥ 17	¥ 17	¥ —
(2) Securities:			
Held-to-maturity securities.....	6,700	6,763	63
Available-for-sale securities (*1)	536,792	536,792	—
(3) Loans and bills discounted.....	3,908,036		
Allowance for loan losses (*2)	(26,210)		
	3,881,826	3,897,236	15,410
Total assets	¥4,425,336	¥4,440,810	¥15,473
(1) Deposits	¥5,769,321	¥5,769,331	¥ 10
(2) Negotiable certificates of deposit.....	420,317	420,317	0
(3) Borrowed money	176,571	176,571	—
Total liabilities	¥6,366,210	¥6,366,220	¥ 10
Derivative transactions (*3):			
Hedge accounting is not applied.....	¥ 2,047	¥ 2,047	¥ —
Hedge accounting is applied	—	—	—
Total derivative transactions	¥ 2,047	¥ 2,047	¥ —

(*1) Available-for-sale securities include investment trusts which use their unit price as fair value pursuant to Paragraph 24-9 of the Fair Value Measurement Guidance.
(*2) Allowance for loan losses (general reserve) and allowance for loan losses (case-specific reserve) provided for loans are deducted to compare with the corresponding fair value.
(*3) The derivative transactions reported under “Other assets” and “Other liabilities” in the consolidated balance sheets are stated on a net basis in the above table.
Net credit/debit arising from derivative transactions is stated on a net basis, and amounts in parentheses indicate net credit balance.

(Note 1) Consolidated balance sheet amounts of shares, etc. with no market price and investment in associations, which are not included in “available-for-sale securities” in the information on the fair value of financial instruments, are as follows.

March 31	Millions of Yen	
	2024	2023
(i) Non-listed shares (*1) (*2)	¥ 1,934	¥ 1,967
(ii)Investments in associations (*3)	18,945	17,968

(*1) Non-listed shares are not subject to fair value disclosure in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).
(*2) Impairment loss on non-listed shares in the amount of ¥1 million and ¥3 million were posted for the years ended March 31, 2024 and 2023, respectively.
(*3) Investments to associations are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Fair Value Measurement Guidance.

(Note 2) Maturity analysis for claims and securities with contractual maturities subsequent to March 31, 2024 and 2023

March 31, 2024	Millions of Yen						
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years	
Securities:.....	¥ 26,919	¥246,555	¥143,738	¥ 53,521	¥163,691	¥ 92,561	
Held-to-maturity securities	—	200,002	18,498	—	17,899	14,561	
National government bonds thereof	—	200,002	—	—	—	—	
Local government bonds thereof	—	—	18,498	—	17,899	—	
Corporate bonds thereof	—	—	—	—	—	14,561	
Available-for-sale securities with maturity	26,919	46,552	125,240	53,521	145,791	77,999	
National government bonds thereof	—	—	49,479	12,669	78,001	31,108	
Local government bonds thereof	4,873	12,233	15,573	28,551	51,730	23,389	
Corporate bonds thereof	20,257	29,710	41,879	7,054	2,031	23,501	
Loans (*).	1,184,378	559,021	503,002	374,631	460,873	769,988	
Total	¥1,211,298	¥805,574	¥646,741	¥428,152	¥624,565	¥862,550	

(*) Loans that are unlikely to be redeemed, such as to borrowers that are bankrupt, effectively bankrupt, and potentially bankrupt of ¥47,433 million, loans with no stated maturities of ¥22,723 million were not included.

March 31, 2023	Millions of Yen						
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years	
Securities:.....	¥ 42,674	¥ 46,553	¥ 59,848	¥ 22,719	¥177,198	¥ 91,436	
Held-to-maturity securities	—	—	—	—	3,700	3,000	
Local government bonds thereof	—	—	—	—	3,700	—	
Corporate bonds thereof	—	—	—	—	—	3,000	
Available-for-sale securities with maturity	42,674	46,553	59,848	22,719	173,498	88,436	
National government bonds thereof	—	—	—	—	81,763	32,744	
Local government bonds thereof	4,999	10,134	14,816	14,302	70,706	27,106	
Corporate bonds thereof	36,265	33,766	32,099	4,082	3,217	25,543	
Loans (*).	1,235,312	541,728	473,054	351,226	424,190	814,064	
Total	¥1,277,987	¥588,281	¥532,903	¥373,945	¥601,388	¥905,500	

(*) Loans that are unlikely to be redeemed, such as to borrowers that are bankrupt, effectively bankrupt, and potentially bankrupt of ¥44,343 million, loans with no stated maturities of ¥24,115 million were not included.

(Note 3) Maturity analysis for interest bearing liabilities subsequent to March 31, 2024 and 2023

March 31, 2024	Millions of Yen					
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Deposits (*)	¥5,640,329	¥159,856	¥24,385	¥—	¥—	¥—
Negotiable certificates of deposit	468,335	30	—	—	—	—
Borrowed money	191,294	1,083	498	58	—	—
Total	¥6,299,959	¥160,969	¥24,883	¥58	¥—	¥—

(*) Demand deposits are disclosed under “Due within 1 year or less.”

March 31, 2023	Millions of Yen					
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Deposits (*)	¥5,614,622	¥134,622	¥20,076	¥—	¥—	¥—
Negotiable certificates of deposit	420,286	30	—	—	—	—
Borrowed money	175,266	1,070	235	—	—	—
Total	¥6,210,174	¥135,724	¥20,311	¥—	¥—	¥—

(*) Demand deposits are disclosed under “Due within 1 year or less.”

(c) Breakdown of financial instruments by fair value hierarchy

The fair value of financial instruments has been classified into the following three levels based on the observability and significance of the input used for fair value measurement.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs
Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments carried at fair value on the consolidated balance sheets

March 31, 2024	Fair Value			
	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Securities				
Trading account securities				
National government bonds/Local government bonds.....	¥ 2	¥ 40	¥ —	¥ 43
Available-for-sale securities				
National government bonds/Local government bonds.....	171,259	136,351	—	307,610
Corporate bonds.....	—	77,385	47,049	124,434
Corporate stocks	42,691	—	—	42,691
Investment trusts (*1)	10,439	75,469	—	85,908
Foreign securities	13,857	3,791	10,172	27,822
Total assets	¥238,250	¥293,038	¥57,222	¥588,511
Derivatives				
Interest rate related.....	¥ —	¥ 2,043	¥ —	¥ 2,043
Currency related	—	345	—	345
Others (*2)	—	—	—	—
Total derivatives	¥ —	¥ 2,388	¥ —	¥ 2,388

(*1) Securities do not include investment trusts which use their unit price as fair value pursuant to Paragraph 24-9 of the Fair Value Measurement Guidance. The amount on the consolidated balance sheets of investment trusts to which the treatment of Paragraph 24-9 is applied was ¥17,935 million.
(*2) Earthquake derivatives are recorded as nil balance, since the fair value of buy position and sell position is equal.

March 31, 2023	Fair Value			
	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Securities				
Trading account securities				
National government bonds/Local government bonds.....	¥ —	¥ 17	¥ —	¥ 17
Available-for-sale securities				
National government bonds/Local government bonds.....	114,508	142,066	—	256,574
Corporate bonds	—	77,095	57,879	134,975
Corporate stocks	29,130	—	—	29,130
Investment trusts (*1)	6,951	72,463	—	79,414
Foreign securities	12,131	—	7,255	19,386
Total assets	¥162,721	¥291,643	¥65,134	¥519,499
Derivatives				
Interest rate related.....	¥ —	¥ 2,153	¥ —	¥ 2,153
Currency related	—	(106)	—	(106)
Others (*2)	—	—	—	—
Total derivatives	¥ —	¥ 2,047	¥ —	¥ 2,047

(*1) Securities do not include investment trusts which use their unit price as fair value pursuant to Paragraph 24-9 of the Fair Value Measurement Guidance. The amount on the consolidated balance sheets of investment trusts to which the treatment of Paragraph 24-9 is applied was ¥17,311 million.
(*2) Earthquake derivatives are recorded as nil balance, since the fair value of buy position and sell position is equal.

(2) Financial instruments other than those carried at fair value on the consolidated balance sheets

March 31, 2024	Fair Value			
	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity securities				
National government bonds/Local government bonds.....	¥199,827	¥ 36,363	¥ —	¥ 236,190
Corporate bonds.....	—	14,507	—	14,507
Loans and bills discounted	—	—	3,897,445	3,897,445
Total assets	¥199,827	¥ 50,871	¥3,897,445	¥4,148,143
Deposits	¥ —	¥5,824,563	¥ —	¥5,824,563
Negotiable certificates of deposit.....	—	468,365	—	468,365
Borrowed money.....	—	192,933	—	192,933
Total liabilities	¥ —	¥6,485,862	¥ —	¥6,485,862

March 31, 2023	Fair Value			
	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity securities				
National government bonds/Local government bonds.....	¥—	¥ 3,726	¥ —	¥ 3,726
Corporate bonds.....	—	3,037	—	3,037
Loans and bills discounted	—	—	3,897,236	3,897,236
Total assets	¥—	¥ 6,763	¥3,897,236	¥3,903,999
Deposits	¥—	¥5,769,331	¥ —	¥5,769,331
Negotiable certificates of deposit.....	—	420,317	—	420,317
Borrowed money	—	176,571	—	176,571
Total liabilities	¥—	¥6,366,220	¥ —	¥6,366,220

Note 1: A description of the valuation technique(s) and inputs used in the fair value measurements

Assets

Trading account securities and securities

The fair value of securities for which unadjusted market prices in active markets are available is classified as level 1 fair value. Such securities include listed stocks and national government bonds.

The fair value of securities for which published market prices in inactive markets are available is classified as level 2 fair value. Such securities include local government bonds and corporate bonds.

For investment trusts which do not have trading prices in markets, if there are no material restrictions that would cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, their unit price is used as fair value. Such investment trusts are classified as level 2 fair value.

For privately placed bonds guaranteed by the Bank, the fair value is calculated by discounting the total amount of principal and interest at a discount rate computed by reflecting the probability of bankruptcy, which is an estimate of the possibility of failing to receive contractual payment, on market interest rates for each category based on internal rating. However, with regard to privately placed bonds guaranteed by the Bank issued by bankrupt, effectively bankrupt, and potentially bankrupt borrowers, the fair value is based upon the book value of the bonds after deducting estimated loan losses, as in the case of loans. These transactions are classified as level 3 fair value.

Some other bonds are valued at market value obtained from brokers, etc., and significant unobservable inputs are used. The fair value is therefore classified as level 3 fair value.

Loans and bills discounted

For loans, the market value is calculated by discounting the total amount of principal and interest at a discount rate computed by reflecting the probability of bankruptcy, which is an estimate of the possibility of failing to receive contractual payment, as well as the recovery rate at the time of bankruptcy, on market interest rates for each category based on the type of loan and internal rating. For loans due within one year, the book value is stated as the fair value, since the book value is presumed to approximate the fair value.

With regard to loans extended to bankrupt, effectively bankrupt and potentially bankrupt borrowers, estimated loan losses are calculated based on the estimated amount of collateral and guarantees or the present value of estimated future cash flows. Therefore, their fair values are presumed to approximate the amounts derived by subtracting allowance for loan losses from the carrying amounts of loans as of the consolidated balance sheet date, and the calculated amounts are the fair value.

These transactions are classified as level 3 fair value.

Liabilities

Deposits and negotiable certificates of deposit

The fair value of demand deposits that are paid immediately upon request on the consolidated fiscal year end date shall be the payment amount. The fair value of time deposits and others is calculated based on the discounted present value obtained by discounting the total amount of principal and interest for each type of deposit. Discount rates applied are those applicable to new deposits accepted by the Bank at the balance sheet date. For deposits and certificates of deposit due within one year, they are stated at their book values, which are presumed to approximate the fair values. The fair value is classified as level 2 fair value.

Borrowed money

For transactions due within one year, the fair value approximates the book value, and therefore the book value is used as the fair value. For transactions due over one year, the book value is set as the fair value because the balance is small and not significant. These transactions are classified as level 2 fair value.

Derivative transactions

Since derivatives transactions are over-the-counter transactions and there is no published market price, the fair value is calculated using valuation techniques such as the present value technique and the Black Scholes model according to the type of the transaction and the period until maturity. Main inputs used in these valuation techniques include interest rates, exchange rates and volatility. In addition, the fair value is adjusted based on the credit risk of the counterparty and the credit risk of the Bank. If unobservable inputs are not used or their effects are not significant, they are classified as level 2 fair value. Such derivative transactions include interest rate swap transactions and foreign exchange forward transactions. If significant non-observable inputs are used, they are classified as level 3 fair value and include earthquake derivatives.

Note 2: Information on the level 3 fair value of the financial instruments carried at fair value in the consolidated balance sheets

(1) Quantitative information on important unobservable inputs

Year ended March 31, 2024

Category	Evaluation Techniques	Important unobservable inputs	Range of inputs	Weighted average of inputs
Securities Available-for-sale securities				
Corporate bond	Present-value technique	Probability of bankruptcy	0.100%-8.600%	0.211%

Year ended March 31, 2023

Category	Evaluation Techniques	Important unobservable inputs	Range of inputs	Weighted average of inputs
Securities Available-for-sale securities				
Corporate bond	Present-value technique	Probability of bankruptcy	0.100%-8.600%	0.246%

(2) Reconciliation table from the beginning balance to the ending balance, gain or loss on valuation recognized in profit and loss of the current period

Year ended March 31, 2024

Millions of Yen								
	Beginning balance	Profit/loss or other comprehensive income for the current period		Net value of purchase, sale, issuance and settlement	Transfer to level 3 fair value	Transfer from level 3 fair value	Ending balance	Of the amount recorded in profit or loss in the current period, gain or loss on valuation of financial assets and liabilities held on the consolidated balance sheet date (*1)
		Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)					
Securities Available-for-sale securities								
Corporate bonds	¥57,879	¥132	¥(68)	¥(10,895)	¥—	¥—	¥47,049	¥—
Foreign securities	7,255	3	43	2,870	—	—	10,172	—
Derivatives transactions								
Earthquake derivatives (*3)	—	—	—	—	—	—	—	—

(*1) Included in "Other operating income" and "Other operating expenses" in the consolidated statements of income.

(*2) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

(*3) Earthquake derivatives are recorded as nil balance, since the fair value of buy position and sell position is equal.

Year ended March 31, 2023

Millions of Yen								
	Beginning balance	Profit/loss or other comprehensive income for the current period		Net value of purchase, sale, issuance and settlement	Transfer to level 3 fair value	Transfer from level 3 fair value	Ending balance	Of the amount recorded in profit or loss in the current period, gain or loss on valuation of financial assets and liabilities held on the consolidated balance sheet date (*1)
		Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)					
Securities Available-for-sale securities								
Corporate bonds	¥67,414	¥(32)	¥23	¥(9,526)	¥—	¥—	¥57,879	¥—
Foreign securities	203	2	129	6,920	—	—	7,255	2
Derivatives transactions								
Earthquake derivatives (*3)	—	—	—	—	—	—	—	—

(*1) Included in "Other operating income" and "Other operating expenses" in the consolidated statements of income.

(*2) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

(*3) Earthquake derivatives are recorded as nil balance, since the fair value of buy position and sell position is equal.

(3) Explanation of the fair value evaluation process

The Risk Management Division of the Bank has established policies and procedures for calculating fair value. The Risk Management Division verifies the validity of the market valuation model and inputs used in the fair value calculation and the appropriateness of the fair value level.

When market prices obtained from third parties are used as fair value, the validity of prices is verified by appropriate methods such as confirmation of valuation techniques and inputs used, and comparison with the fair value of similar financial instruments.

(4) Explanation of the impact on fair value of changing important unobservable inputs

An important unobservable input used in the calculation of the fair value of corporate bonds is the probability of bankruptcy. A significant increase (decrease) in the probability of bankruptcy causes a significant decline (rise) in fair value.

Note 3: Reconciliation table from the beginning balance to the ending balance of investment trusts to which the treatment of Paragraph 24-9 is applied

Year ended March 31, 2024

Millions of Yen								
	Beginning balance	Profit/loss or other comprehensive income for the current period		Net value of purchase, sale and redemption	Amount of investment trusts that use unit price as fair value	Amount of investment trusts that do not use unit price as fair value	Ending balance	Of the amount recorded in profit or loss in the current period, gain or loss on valuation of investment trusts held on the consolidated balance sheet date (*1)
		Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)					
Securities Investment Trusts	¥17,311	¥143	¥257	¥223	¥—	¥—	¥17,935	¥—

(*1) Included in "Other operating income" and "Other operating expenses" in the consolidated statements of income.

(*2) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

Year ended March 31, 2023

Millions of Yen								
	Beginning balance	Profit/loss or other comprehensive income for the current period		Net value of purchase, sale and redemption	Amount of investment trusts that use unit price as fair value	Amount of investment trusts that do not use unit price as fair value	Ending balance	Of the amount recorded in profit or loss in the current period, gain or loss on valuation of investment trusts held on the consolidated balance sheet date (*1)
		Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)					
Securities Investment Trusts	¥14,663	¥122	¥2,220	¥304	¥—	¥—	¥17,311	¥—

(*1) Included in "Other operating income" and "Other operating expenses" in the consolidated statements of income.

(*2) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

22. Fair Value Information

The tables below represent the securities and trading account securities:

(a) Trading account securities

Millions of Yen		
March 31	2024	2023
Realized gain included in earnings.....	¥0	¥0

(b) Held-to-maturity securities

Millions of Yen			
March 31, 2024	Carrying Amount	Fair Value	Difference
Securities with their fair value over their carrying amount:			
National government	¥39,996	¥40,008	¥11
Local government bonds.....	16,999	17,071	71
Corporate bonds	4,064	4,089	24
Sub-total	61,061	61,168	107
Securities with their fair value below their carrying amount:			
National government	160,006	159,819	(187)
Local government bonds.....	19,398	19,292	(106)
Corporate bonds	10,497	10,418	(78)
Sub-total	189,902	189,529	(372)
Total	¥250,963	¥250,698	¥(265)

Millions of Yen			
March 31, 2023	Carrying Amount	Fair Value	Difference
Securities with their fair value over their carrying amount:			
National government	¥ —	¥ —	¥—
Local government bonds.....	3,700	3,726	26
Corporate bonds	3,000	3,037	37
Sub-total	6,700	6,763	63
Securities with their fair value below their carrying amount:			
National government	—	—	—
Local government bonds.....	—	—	—
Corporate bonds	—	—	—
Sub-total	—	—	—
Total	¥6,700	¥6,763	¥63

(c) Available-for-sale securities

March 31, 2024	Millions of Yen		
	Carrying Amount	Acquisition Cost	Net Unrealized Gain/(Loss)
Securities with their carrying amount over their acquisition cost:			
Corporate stock	¥ 40,427	¥ 16,268	¥ 24,159
Bonds:	55,631	55,447	184
National government.....	16,890	16,824	65
Local government.....	6,029	6,000	29
Corporate.....	32,711	32,622	89
Other.....	83,114	76,682	6,432
Sub-total	179,173	148,397	30,775
Securities with their carrying amount below their acquisition cost:			
Corporate stock	2,263	2,616	(352)
Bonds:	376,413	389,570	(13,156)
National government.....	154,368	160,790	(6,421)
Local government.....	130,322	135,284	(4,962)
Corporate.....	91,722	93,495	(1,772)
Other.....	48,552	55,740	(7,188)
Sub-total	427,229	447,927	(20,697)
Total.....	¥606,402	¥596,325	¥ 10,077

March 31, 2023	Millions of Yen		
	Carrying Amount	Acquisition Cost	Net Unrealized Gain/(Loss)
Securities with their carrying amount over their acquisition cost:			
Corporate stock	¥ 21,230	¥ 10,697	¥ 10,533
Bonds:	89,768	89,350	417
National government.....	9,815	9,738	76
Local government.....	8,780	8,699	81
Corporate.....	71,172	70,912	259
Other.....	31,143	27,418	3,725
Sub-total	142,143	127,467	14,675
Securities with their carrying amount below their acquisition cost:			
Corporate stock	7,900	9,021	(1,120)
Bonds:	301,781	309,814	(8,032)
National government.....	104,693	108,392	(3,699)
Local government.....	133,285	136,659	(3,373)
Corporate.....	63,802	64,762	(959)
Other.....	84,968	92,531	(7,563)
Sub-total	394,649	411,367	(16,717)
Total.....	¥536,792	¥538,834	¥ (2,041)

(d) Available-for-sale securities sold

March 31, 2024	Millions of Yen		
	Proceeds from Sales	Realized Gain	Realized Loss
Corporate stock.....	¥ 1,936	¥260	¥104
Bonds:.....	150,044	119	—
National government.....	149,952	119	—
Corporate.....	92	—	—
Other.....	1,157	171	20
Total.....	¥153,137	¥551	¥125

March 31, 2023	Millions of Yen		
	Proceeds from Sales	Realized Gain	Realized Loss
Corporate stock.....	¥ 3,762	¥1,783	¥651
Bonds:.....	37,266	44	—
National government.....	36,876	44	—
Corporate.....	390	0	—
Other.....	17,598	122	458
Total.....	¥58,627	¥1,950	¥1,110

(e) Securities for which the holding-purpose category has changed

None

(f) Loss on impairment

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

There was no impairment loss to be posted for the year ended March 31, 2024. Impairment loss in the amount of ¥1,307 million (Corporate stock of ¥1,274 million and Corporate bonds of ¥32 million was posted for the year ended March 31, 2023).

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

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

March 31, 2024	Millions of Yen
Unrealized gain before income tax effect.....	¥10,230
Available-for-sale securities.....	10,230
Less: deferred tax liabilities	2,876
Unrealized gain before adjustment.....	7,353
Equity of unrealized gain on available-for-sale securities:	
Owned by affiliates that are accounted for by the equity method	—
Valuation difference on available-for-sale securities.....	¥ 7,353

March 31, 2023	Millions of Yen
Unrealized gain before income tax effect.....	¥(1,860)
Available-for-sale securities.....	(1,860)
Less: deferred tax liabilities	(577)
Unrealized gain before adjustment.....	(1,283)
Equity of unrealized gain on available-for-sale securities:	
Owned by affiliates that are accounted for by the equity method	—
Valuation difference on available-for-sale securities.....	¥(1,283)

(h) Investments in unconsolidated subsidiaries and affiliates

Securities in the Assets section included investments in unconsolidated subsidiaries and affiliates of ¥522 million and ¥943 million as of March 31, 2024 and 2023, respectively.

23. Money Held in Trust

Money held in trust as of March 31, 2024 and 2023 consisted of the following:

(a) Money held in trust for trading purpose

None

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

None

(c) Other money held in trust

March 31	Millions of Yen	
	2024	2023
Carrying amount	¥7,950	¥8,750
Acquisition cost.....	7,950	8,750
Net unrealized gain/(loss).....	—	—
Gross unrealized gain	—	—
Gross unrealized loss.....	—	—

24. Derivatives

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

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

Interest-rate derivatives

March 31	Millions of Yen			
	2024		2023	
	Contract Amounts	Fair Value	Contract Amounts	Fair Value
	Total	Over 1 Year	Total	Over 1 Year
Over-the-counter transactions:				
Interest-rate swaps:				
Receiveable fixed/payable floating	¥152,838	¥143,254	¥(3,023)	¥162,591
Receiveable floating/payable fixed	152,838	143,254	5,066	162,591
Receiveable floating/payable floating	—	—	—	—
	¥ 2,043		¥ 2,153	

Currency derivatives

March 31	Millions of Yen			
	2024		2023	
	Contract Amounts	Fair Value	Contract Amounts	Fair Value
	Total	Over 1 Year	Total	Over 1 Year
Over-the-counter transactions:				
Currency swap				
	¥15,426	¥10,737	¥ 12	¥19,996
Forward exchange contracts:				
Sold	49,091	29,456	(4,239)	42,337
Bought	31,750	29,097	4,571	28,426
Currency option:				
Sold	—	—	—	320
Bought	—	—	—	320
	¥ 345		¥(106)	

Others

March 31	Millions of Yen			
	2024		2023	
	Contract Amounts	Fair Value	Contract Amounts	Fair Value
	Total	Over 1 Year	Total	Over 1 Year
Over-the-counter transactions:				
Earthquake derivatives				
Sold	¥460	¥—	¥ (3)	¥2,590
Bought	460	—	3	2,590
	—		—	

(b) Derivatives transactions to which hedge accounting is applied

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

Interest-rate derivatives

Not applicable.

Currency derivatives

Not applicable.

25. Other Comprehensive Income (loss)

The components of other comprehensive income (loss) for the years ended March 31, 2024 and 2023 were as follows:

March 31	Millions of Yen	
	2024	2023
Valuation difference on available-for-sale securities:		
Income (loss) recognized during the year	¥12,513	¥(9,646)
Reclassification adjustment to net income	(422)	2,318
Amount before tax effect	12,090	(7,328)
Tax effect	(3,454)	2,202
Valuation difference on available-for-sale securities	8,636	(5,126)
Remeasurements of defined benefit plans:		
Income recognized during the year	4,154	675
Reclassification adjustment to net income	132	462
Amount before tax effect	4,286	1,137
Tax effect	(1,290)	(342)
Remeasurements of defined benefit plans	2,996	795
Total other comprehensive income (loss)	¥11,633	¥(4,331)

26. Revenue Recognition

Year ended March 31, 2024

	Reportable segment				Other (*1)	Total
	Banking	Securities	Leasing	Credit guaranteeing		
Ordinary income	¥49,020	¥865	¥6,918	¥849	¥1,331	¥58,984
Fees and commissions income	11,884	739	—	—	152	12,776
Deposit and lending business	2,003	—	—	—	—	2,003
Foreign exchange business	3,294	—	—	—	—	3,294
Securities-related business	209	739	—	—	—	949
Agency business	248	—	—	—	—	248
Custody and safety deposit box business	90	—	—	—	—	90
Investment trust business	905	—	—	—	—	905
Insurance-related business	1,304	—	—	—	—	1,304
Other business	3,828	—	—	—	152	3,980
Other ordinary income	—	0	6	0	1,092	1,100
Ordinary income from contracts with customers	11,884	739	6	0	1,245	13,877
Ordinary income other than those listed above (*2)	37,135	125	6,911	848	86	45,107
Lending business	26,573	—	—	—	64	26,638
Securities investment business	5,278	—	1	6	22	5,307
Other business	5,283	125	6,910	842	0	13,161
Ordinary income from external customers	49,020	865	6,918	849	1,331	58,984

(*1) “Other” is a business segment that is not included in the reportable segment, which consists of credit card business.

(*2) Ordinary income other than those listed above mainly includes the following transactions.
(1) Transactions related to financial instruments that fall within the scope of ASBJ Statement No. 10 “Accounting Standard for Financial Instruments”
(2) Lease transactions that fall within the scope of ASBJ Statement No. 13 “Accounting Standard for Lease Transactions”
(3) Fees received for the formation or acquisition of financial instruments

Year ended March 31, 2023
(Millions of Yen)

	Reportable segment				Other (*1)	Total
	Banking	Securities	Leasing	Credit guaranteeing		
Ordinary income	¥48,907	¥727	¥6,922	¥821	¥1,324	¥58,703
Fees and commissions income	11,872	423	—	—	53	12,350
Deposit and lending business	1,866	—	—	—	—	1,866
Foreign exchange business	3,342	—	—	—	—	3,342
Securities-related business	207	423	—	—	—	631
Agency business	257	—	—	—	—	257
Custody and safety deposit box business	96	—	—	—	—	96
Investment trust business	811	—	—	—	—	811
Insurance-related business	1,243	—	—	—	—	1,243
Other business	4,048	—	—	—	53	4,101
Other ordinary income	—	0	0	2	1,167	1,171
Ordinary income from contracts with customers	11,872	423	0	2	1,221	13,522
Ordinary income other than those listed above (*2)	37,034	304	6,921	818	102	45,181
Lending business	25,847	—	—	—	71	25,918
Securities investment business	6,035	—	1	5	30	6,072
Other business	5,150	304	6,919	813	1	13,189
Ordinary income from external customers	48,907	727	6,922	821	1,324	58,703

(*1) “Other” is a business segment that is not included in the reportable segment, which consists of credit card business.
(*2) Ordinary income other than those listed above mainly includes the following transactions.
(1) Transactions related to financial instruments that fall within the scope of ASBJ Statement No. 10 “Accounting Standard for Financial Instruments”
(2) Lease transactions that fall within the scope of ASBJ Statement No. 13 “Accounting Standard for Lease Transactions”
(3) Fees received for the formation or acquisition of financial instruments

27. Segment Information

(a) Segment information

1. Outline of reportable segments
The reportable segments of the Group are those units for which discrete financial information can be obtained and which are regularly examined by the Board of Directors in order to decide how to allocate management resources and to evaluate the operating results.
The Group, comprised of the Bank and its eight subsidiaries, provides financing services with a focus on banking, leasing, credit card and credit guaranteeing.
“Banking” consists of deposit business, lending business, foreign exchange business and their associated businesses.
“Securities” primarily consists of securities business.
“Leasing” consists of leasing of equipment and installment sales.
“Credit guaranteeing” consists of credit guaranteeing business as a finance associated business.
2. Calculation method for the amount of ordinary income, segment profit or loss, assets, liabilities and other items by the reportable segment
Accounting treatment for reportable segments is consistent with those described in “2. Summary of Significant Accounting Policies.”
Segment profit is based on ordinary profit.
Ordinary income from internal transactions is based on transaction prices between third parties.

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

Year ended March 31, 2024	Millions of Yen							
	Reportable segment				Other	Total	Adjustments	Consolidated
	Banking	Securities	Leasing	Credit guaranteeing				
Ordinary income:								
From external customers.....	¥ 49,020	¥ 865	¥ 6,918	¥ 849	¥ 1,337	¥ 58,990	¥ (5)	¥ 58,984
From internal transactions ...	1,453	(0)	647	976	1,575	4,653	(4,653)	—
Total	¥ 50,473	¥ 865	¥ 7,565	¥ 1,826	¥ 2,913	¥ 63,844	¥ (4,659)	¥ 58,984
Segment profit (loss)	¥ 7,902	¥ (132)	¥541	¥ 1,604	¥ 926	¥ 10,842	¥ (2,520)	¥ 8,321
Segment assets	¥6,738,164	¥5,528	¥21,398	¥12,457	¥13,458	¥6,791,007	¥(32,438)	¥6,758,569
Segment liabilities	¥6,547,064	¥2,467	¥17,355	¥ 7,752	¥ 6,028	¥6,580,688	¥(28,278)	¥6,552,389
Other:								
Depreciation expense	¥ 2,714	¥ —	¥ 125	¥ 0	¥ 46	¥ 2,886	¥ 70	¥ 2,956
Interest income	35,238	0	411	316	699	36,667	(2,610)	34,056
Interest expense	202	—	43	—	0	246	(37)	209
Impairment loss	462	23	—	—	—	485	—	485
Increase in tangible and intangible fixed assets...	4,803	23	0	—	32	4,860	142	5,002

- Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.
2. “Other” is a business segment that is not included in the reportable segment, which consists of credit card business.
3. Adjustments are as follows:
(a) Adjustments in segment profit (loss) of ¥(2,520) million include elimination of intersegment transactions.
(b) Adjustments in segment assets of ¥(32,438) million include elimination of intersegment transactions.
(c) Adjustments in segment liabilities of ¥(28,278) million include elimination of intersegment transactions.
(d) Adjustments in depreciation expense of ¥70 million are adjustments made for the depreciation of the leased assets acquired under the contract with the leasing segment in segments other than leasing.
(e) Adjustments in interest income of ¥(2,610) million are elimination of intersegment transactions.
(f) Adjustments in interest expense of ¥(37) million are elimination of intersegment transactions.
(g) Adjustments in increase in tangible and intangible fixed assets of ¥142 million are the acquisition cost of the leased assets acquired in the leasing segment under the contract with other segments.
4. Segment profit (loss) is adjusted to ordinary profit in the consolidated statements of income.

Year ended March 31, 2023	Millions of Yen							
	Reportable segment				Other	Total	Adjustments	Consolidated
	Banking	Securities	Leasing	Credit guaranteeing				
Ordinary income:								
From external customers.....	¥ 48,907	¥ 727	¥ 6,922	¥ 842	¥ 1,328	¥ 58,729	¥ (25)	¥ 58,703
From internal transactions ...	1,386	0	600	974	1,530	4,492	(4,492)	—
Total	¥ 50,293	¥ 728	¥ 7,523	¥ 1,816	¥ 2,859	¥ 63,221	¥ (4,517)	¥ 58,703
Segment profit (loss)	¥ 6,104	¥ (242)	¥ 661	¥ 1,645	¥ 965	¥ 9,134	¥ (2,435)	¥ 6,699
Segment assets	¥6,596,917	¥5,811	¥18,204	¥12,258	¥12,402	¥6,645,594	¥(32,474)	¥6,613,120
Segment liabilities	¥6,417,680	¥2,591	¥14,102	¥ 7,567	¥ 5,448	¥6,447,390	¥(25,282)	¥6,422,107
Other:								
Depreciation expense	¥ 2,247	¥ 7	¥ 114	¥ 0	¥ 48	¥ 2,418	¥ 36	¥ 2,454
Interest income	33,964	1	397	288	673	35,324	(2,491)	32,832
Interest expense	626	—	40	—	0	667	(33)	634
Impairment loss	139	15	—	—	—	155	—	155
Increase in tangible and intangible fixed assets...	7,955	0	29	—	1	7,987	197	8,184

- Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.
2. “Other” is a business segment that is not included in the reportable segment, which consists of credit card business.
3. Toho Consulting Partners Co., Ltd., which was newly established on August 2, 2022 as a consolidated subsidiary, is included in “Other” as the consulting business.
4. Adjustments are as follows:
(a) Adjustments in segment profit (loss) of ¥(2,435) million include elimination of intersegment transactions.
(b) Adjustments in segment assets of ¥(32,474) million include elimination of intersegment transactions.
(c) Adjustments in segment liabilities of ¥(25,282) million include elimination of intersegment transactions.

- (d) Adjustments in depreciation expense of ¥36 million are adjustments made for the depreciation of the leased assets acquired under the contract with the leasing segment in segments other than leasing.
(e) Adjustments in interest income of ¥(2,491) million are elimination of intersegment transactions.
(f) Adjustments in interest expense of ¥(33) million are elimination of intersegment transactions.
(g) Adjustments in increase in tangible and intangible fixed assets of ¥197 million are the acquisition cost of the leased assets acquired in the leasing segment under the contract with other segments.
5. Segment profit (loss) is adjusted to ordinary profit in the consolidated statements of income.

(b) Related information

1. Information by services
Income regarding major services for the years ended March 31, 2024 and 2023 was as follows:

Year ended March 31, 2024	Millions of Yen				
	Lending	Securities and Investment	Fees and Commissions	Other	Total
Ordinary income from external customers.....	¥26,620	¥5,307	¥14,846	¥12,209	¥58,984

Year ended March 31, 2023	Millions of Yen				
	Lending	Securities and Investment	Fees and Commissions	Other	Total
Ordinary income from external customers.....	¥25,918	¥6,047	¥14,142	¥12,594	¥58,703

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

2. Geographical information
(i) Ordinary income
Ordinary income from external domestic customers exceeded 90% of total income on the consolidated statements of income for the years ended March 31, 2024 and 2023, therefore geographical income information is not disclosed.
(ii) Tangible fixed assets
The balance of domestic tangible fixed assets exceeded 90% of total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2024 and 2023, therefore geographical tangible fixed assets information is not disclosed.
3. Major customer information
Ordinary income from no customer exceeded 10% of total income on the consolidated statements of income for the years ended March 31, 2024 and 2023, therefore major customer information is not disclosed.

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

Year ended March 31, 2024	Millions of Yen					
	Reportable segment				Other	Total
	Banking	Securities	Leasing	Credit guaranteeing		
Impairment loss	¥462	¥23	¥—	¥—	¥—	¥485

Year ended March 31, 2023	Millions of Yen					
	Reportable segment				Other	Total
	Banking	Securities	Leasing	Credit guaranteeing		
Impairment loss	¥139	¥15	¥—	¥—	¥—	¥155

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

None

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

None

28. Related Party Transactions

Related party transactions for the year ended March 31, 2024

(a) Transactions between the Bank and related parties

Type	Name	Location	Capital stock (¥million)	Nature of business or occupation	Voting share owner-ship (%)
Executive officer and close family members	Minoru Sato	—	¥—	President and Representative Director of the Bank	Owned Direct 0%
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2024 (¥million)	
—	In-kind contributions of monetary compensation receivables	¥10	—	¥—	
Executive officer and close family members	Shoko Okano	—	¥—	Company employee	—
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2024 (¥million)	
Customer with credit limit	Funding of loans	(Average balance) ¥20	Loans and bills discounted	¥35	
Companies, etc. in which the majority of voting rights are held by executive officer and close family members	Tohoku Thermo K.K.	—	¥30	Manufacturing business	—
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2024 (¥million)	
Customer with credit limit	Funding of loans	(Average balance) ¥130	Loans and bills discounted	¥130	

Notes: 1. Ms. Shoko Okano is a spouse of the Bank’s Managing Executive Officer, Chikai Sawada.
2. A brother in law of the Bank’s Director, Hideya Takashima, holds the majority of voting rights of Tohoku Thermo K.K.
3. In-kind contributions of monetary compensation receivables are based on the restricted stock remuneration system.
4. The terms and conditions, and the business decisions are determined and made in the same way as other ordinary transactions.

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

None

Related party transactions for the year ended March 31, 2023

(a) Transactions between the Bank and related parties

Type	Name	Location	Capital stock (¥million)	Nature of business or occupation	Voting share owner-ship (%)
Executive officer and close family members	Nobuaki Takamiya	—	¥—	Company employee	—
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2023 (¥million)	
Customer with credit limit	Funding of loans	(Average balance) ¥37	Loans and bills discounted	¥37	
Executive officer and close family members	Naoto Endo	—	¥—	Company employee	—
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2023 (¥million)	
Customer with credit limit	Funding of loans	(Average balance) ¥12	Loans and bills discounted	¥—	
Companies, etc. in which the majority of voting rights are held by executive officer and close family members	Tohoku Thermo K.K.	—	¥30	Manufacturing business	—
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2023 (¥million)	
Customer with credit limit	Funding of loans	(Average balance) ¥76	Loans and bills discounted	¥130	

Notes: 1. Mr. Nobuaki Takamiya is a son in law of the Bank's Senior Managing Executive Officer, Hideho Suto.
2. Mr. Naoto Endo is the brother of the Bank's Managing Executive Officer, Katsutoshi Endo.
3. A brother in law of the Bank's Director, Hideya Takashima, holds the majority of voting rights of Tohoku Thermo K.K.
4. The terms and conditions, and the business decisions are determined and made in the same way as other ordinary transactions.

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

None

29. Subsequent Events

Acquisition of treasury stock

At the Board of Directors meeting held on May 14, 2024, the Bank resolved and implemented the following matters related to the acquisition of treasury stock in accordance with the provisions of Article 156 of the Companies Act, which shall be applied pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act.

(a) Details of the resolution

- Reason
To return profits to shareholders by comprehensively taking into account market trends, earnings forecasts, and other factors, and improving capital efficiency through the implementation of flexible capital policies.
- Type of shares to be acquired: Common stock of the Bank
- Total number of shares to be acquired: 4,000,000 shares (maximum)
(1.58% of the total number of issued shares (excluding treasury stock))
- Total acquisition cost of shares: 1 billion yen (maximum)
- Period of acquisition: From May 15, 2024 to June 21, 2024
- Method of acquisition: Market purchase on the Tokyo Stock Exchange

(b) Results of acquisition of treasury stock

- Type of shares to be acquired: Common stock of the Bank
- Total number of shares to be acquired: 2,738,600 shares
- Total acquisition cost of shares: 999,986,331 yen
- Period of acquisition: From May 15, 2024 to May 28, 2024
- Method of acquisition: Market purchase on the Tokyo Stock Exchange

Transactions under common control, etc.

Merger between consolidated subsidiaries

At the Board of Directors meeting held on June 7, 2024, the Bank resolved to merge its consolidated subsidiaries, Toho Card Co., Ltd. and Toho Credit Service Co., Ltd.

(a) Outline of the business combination

- Name and business details of the companies involved in the business combination

Name of Combining Company	Toho Card Co., Ltd.
Description of Business	Credit card business and credit guarantee business
Name of Combined Company	Toho Credit Service Co., Ltd.
Description of Business	Credit card business and credit guarantee business

- Date of the business combination
April 1, 2025 (planned)
- Legal form of the business combination
Absorption merger with Toho Card Co., Ltd. as the surviving company and Toho Credit Service Co., Ltd. as the defunct company.
- Name of the company after the business combination
Toho Card Co., Ltd.
- Other matters related to the outline of the transaction
In order to achieve the long-term management plan “TX PLAN 2030” announced on May 14, 2024, the Bank will strengthen its cashless business and strive to improve its services to customers.

(b) Outline of accounting procedures to be implemented

Based on the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the Bank plans to treat this transaction as a transaction under common control.

30. Supplementary Schedule

(a) Schedule of bonds

None

(b) Schedule of borrowing and similar instruments

Category	Balance as of April 1, 2023 (Millions of Yen)	Balance as of March 31, 2024 (Millions of Yen)	Average interest rate (%)	Due date
Borrowed money:	¥176,571	¥192,933	0.003	—
Loans payable	176,571	192,933	0.003	From April 2024 to July 2030
Lease obligation:				
Due within 1 year or less	13	13	—	—
Due after 1 year	303	290	—	June 2048

Notes: 1. Average interest rate is stated at weighted average interest rate on the interest rate and balance as of March 31, 2024.
2. The average interest rates of lease obligations are not stated because lease obligations are recorded in the consolidated balance sheets at the amount before deducting the amount equivalent to interest included in the total lease fee.
3. The repayment schedule of loans payable and lease obligation for five years subsequent to March 31, 2024, is summarized as follows:

	Millions of Yen				
	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Loans payable	¥191,294	¥664	¥419	¥304	¥194
Lease obligation	¥ 13	¥ 13	¥ 13	¥ 12	¥ 12

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

(c) Schedule of asset retirement obligations

Schedule of asset retirement obligations is omitted because the amounts of asset retirement obligations at the beginning and the end of the year ended March 31, 2024 are equal to or less than one percent of the total of liabilities and net assets as of then.

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The symbol “TOHO Square”



The four squares represent a square or plaza. The symbol expresses our desire to be a plaza at the heart of the community, which realizes warm human contact and interaction between people. Each of the five colors in the symbol represents the characteristics of the local Fukushima. Blue represents the blue sky and sea. It is the color of lakes and rivers. Green is a beautiful natural color. Yellow is the color of rich culture and fruitful life. Red is the color of the passion of people who grew up in Fukushima. Pink is the color of a vibrant mind.

We, Toho Bank, fulfill our mission as a community-based financial institution and contribute to the enrichment of the lives of local residents.



Toho Bank and the TSUBASA Alliance have established the SDGs Declaration.



Toho Bank is a signatory to the Principles for Financial Action for the 21st Century.