

Financial Statements 2010

Year ended March 31, 2010

Message from the President

I would like to begin by expressing our sincere appreciation to our customers and shareholders for their continuing support of the Tokushima Bank, Ltd. I am very happy to have issued "Financial Statements 2010" to deepen our understanding at this year, if it could see.

Since April 2009, we have started the 17th long-term management plan "Integration for the future". We have aimed at "bank where the face looks each other with the customer", and "bank that keeps growing up with the customer". In April 2010, our bank and The Kagawa Bank, Ltd. have established a joint financial holding company called TOMONY Holdings, Inc. Under the holding company, we want to support the development of tomorrow's regional economy by cooperating each other.

We maximally use the network that has been expanded by this business integration, and to achieve the customer's convenience improvement, and adequately answer customer's needs by improving the quality of our financial service.

Moreover, we strengthen efficiency improvement of the management function side, and attempt the expansion of high growth and earning power as a regional financial group.

As a result, we are convinced that the improvement of the corporate value and the shareholder value will be achieved without fail.

We look forward to your continuing support and patronage in the future.



President
Shinichi Kakiuchi

THE TOKUSHIMA BANK, LTD.
As of March 31, 2010

Profile

Name:	THE TOKUSHIMA BANK, LTD.
Address:	1-16, Tomidahama, Tokushima City, Tokushima 770-8648, Japan
Established:	March 3, 1918
Paid-in Capital:	¥ 11,036 million
Deposits:	¥ 1,110,147 million
Loans and Bills Discounted:	¥ 864,897 million
Number of Offices:	74(including 4 satellite offices)
Number of Employees:	1,008

Notes: 1. U.S.dollar amounts are converted, for convenience only, at ¥93.04 per US\$1.00, the prevailing rate of exchange on March 31, 2010.
2. Japanese yen figures are expressed with amounts under one million omitted. Accordingly, breakdown figures may not add up to the sum totals given.
3. These financial statements were prepared in accordance with Japanese accounting standards.

Consolidated Balance Sheets

THE TOKUSHIMA BANK, LTD.

Years ended March 31, 2009 and 2010

	Millions of yen		Thousand of U.S. dollars
	2009	2010	2010
Assets			
Cash and due from banks	¥31,401	¥19,169	\$206,040
Call loans and bills bought	30,000	95,582	1,027,325
Trading account securities	255	152	1,634
Money held in trust	3,809	8,992	96,647
Securities	219,608	204,619	2,199,263
Loans and bills discounted	880,847	863,040	9,276,015
Foreign exchanges	1,852	4,363	46,902
Other assets	7,200	13,744	147,730
Tangible fixed assets	13,860	13,378	143,797
Intangible fixed assets	503	99	1,069
Deferred tax assets	14,990	11,420	122,753
Customers' liabilities for acceptances and guarantees	6,740	6,323	67,969
Allowance for loan losses	(19,339)	(17,474)	(187,811)
Reserve for investment losses	(15)	-	-
Total assets	1,191,714	1,223,414	13,149,337
Liabilities			
Deposits	1,095,438	1,109,588	11,925,928
Negotiable certificates of deposit	17,330	26,131	280,865
Borrowed money	5,993	3,362	36,134
Foreign exchanges	14	13	147
Other liabilities	7,748	14,467	155,497
Provision for directors' bonuses	15	31	334
Provision for retirement benefits	3	6	68
Provision for directors' retirement benefits	347	402	4,322
Provision for reimbursement of deposits	136	119	1,286
Provision for contingent loss	91	77	830
Deferred tax liabilities	3	25	274
Deferred tax liabilities for land revaluation	1,265	1,263	13,575
Acceptances and guarantees	6,740	6,323	67,969
Total liabilities	1,135,129	1,161,812	12,487,238
Net assets			
Capital stock	11,036	11,036	118,617
Capital surplus	9,526	9,519	102,312
Retained earnings	38,388	39,074	419,975
Treasury stock	(175)	-	-
Total shareholders' equity	58,775	59,629	640,905
Valuation difference on available-for-sale securities	(3,959)	149	1,603
Deferred gains or losses on hedges	(1)	(1)	(20)
Revaluation reserve for land	1,312	1,309	14,069
Total valuation and translation adjustments	(2,648)	1,456	15,652
Minority interests	457	515	5,541
Total net assets	56,584	61,601	662,099
Total liabilities and net assets	1,191,714	1,223,414	13,149,337

Consolidated Statements of Income

THE TOKUSHIMA BANK, LTD.

Years ended March 31, 2009 and 2010

	Millions of yen		Thousand of U.S. dollars
	2009	2010	2010
Ordinary income	¥28,622	¥29,977	\$322,199
Interest income	25,740	24,022	258,192
Interest on loans and discounts	21,680	20,541	220,783
Interest and dividends on securities	3,820	3,354	36,051
Interest on call loans and bills bought	155	84	910
Interest on deposits with banks	17	11	128
Other interest income	66	29	318
Fees and commissions	2,334	2,293	24,651
Other ordinary income	125	2,213	23,793
Other income	421	1,447	15,562
Ordinary expenses	39,865	28,306	304,240
Interest expenses	3,691	2,830	30,420
Interest on deposits	3,301	2,592	27,869
Interest on negotiable certificates of deposit	153	72	776
Interest on call money and bills sold	12	-	-
Interest on borrowings and rediscounts	123	132	1,425
Other interest expenses	101	32	349
Fees and commissions payments	1,662	1,575	16,934
Other ordinary expenses	4,114	1,016	10,930
General and administrative expenses	14,505	14,442	155,226
Other expenses	15,891	8,441	90,727
Provision of allowance for loan losses	7,846	4,369	46,960
Other	8,044	4,072	43,766
Ordinary income (loss)	(11,243)	1,670	17,959
Extraordinary income	770	785	8,438
Recoveries of written-off claims	770	785	8,438
Extraordinary loss	90	92	991
Loss on disposal of noncurrent assets	45	12	137
Impairment loss	44	79	854
Income (loss) before income taxes and minority interests	(10,563)	2,363	25,405
Income taxes-current	94	45	493
Income taxes-deferred	(3,654)	837	9,000
Minority interests in income (loss)	(23)	43	468
Net income (loss)	(6,978)	1,436	15,443

Consolidated Statements of Changes in Net Assets

THE TOKUSHIMA BANK, LTD.
Years ended March 31, 2010

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of March 31, 2009	¥11,036	¥9,526	¥38,388	¥(175)	¥58,775
Changes of items during the period					
Dividends from surplus			(578)		(578)
Net income			1,436		1,436
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock		(1)		3	1
Retirement of treasury stock		(5)	(175)	180	
Reversal of revaluation reserve for land			3		3
Net changes other than shareholder' equity		(7)	686	175	854
Total Changes of items during the period	-	(7)	686	175	854
Balance of March 31, 2010	¥11,036	¥9,519	¥39,074	-	¥59,629

	Millions of yen					
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance of March 31, 2009	¥(3,959)	¥(1)	¥1,312	¥(2,648)	¥457	¥56,584
Changes of items during the period						
Dividends from surplus						(578)
Net income						1,436
Purchase of treasury stock						(8)
Disposal of treasury stock						1
Retirement of treasury stock						
Reversal of revaluation reserve for land						3
Net changes other than shareholder' equity	4,108	(0)	(3)	4,104	58	4,162
Total Changes of items during the period	4,108	(0)	(3)	4,104	58	5,017
Balance of March 31, 2010	¥149	¥(1)	¥1,309	¥1,456	¥515	¥61,601

	Thousand of U.S. dollars				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of March 31, 2009	\$118,617	\$102,390	\$412,598	\$(1,883)	\$631,722
Changes of items during the period					
Dividends from surplus			(6,220)		(6,220)
Net income			15,443		15,443
Purchase of treasury stock				(95)	(95)
Disposal of treasury stock			(17)	34	16
Retirement of treasury stock			(59)	1,944	
Reversal of revaluation reserve for land			39		39
Net changes other than shareholder' equity			7,377	1,883	9,183
Total Changes of items during the period	-	(77)	7,377	1,883	9,183
Balance of March 31, 2010	\$118,617	\$102,312	\$419,975	-	\$640,905

	Thousand of U.S. dollars					
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance of March 31, 2009	\$(42,558)	\$(15)	\$14,109	\$(28,464)	\$4,914	\$608,172
Changes of items during the period						
Dividends from surplus						(6,220)
Net income						15,443
Purchase of treasury stock						(95)
Disposal of treasury stock						16
Reversal of revaluation reserve for land						39
Net changes other than shareholder' equity	44,161	(5)	(39)	44,116	626	44,743
Total Changes of items during the period	44,161	(5)	(39)	44,116	626	53,926
Balance of March 31, 2010	\$1,603	\$(20)	\$14,069	\$15,652	\$5,541	\$662,099

Consolidated Statements of Cash Flows

THE TOKUSHIMA BANK, LTD.

Years ended March 31, 2009 and 2010

	Millions of yen		Thousand of U.S. dollars
	2009	2010	2010
Net cash provided by (used in) operating activities			
Income (loss) before income taxes	¥(10,563)	¥2,363	\$25,405
Depreciation and amortization	1,118	1,068	11,481
Impairment loss	44	79	854
Amortization of negative goodwill	(107)	-	-
Increase (decrease) in allowance for loan losses	4,052	(1,865)	(20,046)
Increase (decrease) in allowance for investment loss	(9)	(15)	(161)
Increase (decrease) in provision for directors' bonuses	(26)	15	163
Increase (decrease) in provision for retirement benefits	(60)	2	27
Increase (decrease) in provision for directors' retirement benefits	10	55	592
Increase (decrease) in provision for reimbursement of deposits	8	(16)	(177)
Increase (decrease) in provision for contingent loss	67	(14)	(153)
Gain on fund management	(25,740)	(24,022)	(258,192)
Financing expenses	3,691	2,830	30,420
Loss (gain) related to securities	7,571	(954)	(10,258)
Loss (gain) on money held in trust	11	(78)	(844)
Foreign exchange losses (gains)	200	(143)	(1,539)
Loss (gain) on disposal of noncurrent assets	45	12	137
Net decrease (increase) in loans and bills discounted	(32,099)	17,807	191,391
Net increase (decrease) in deposit	32,957	14,149	152,082
Net increase (decrease) in negotiable certificates of deposit	(7,420)	8,801	94,601
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(208)	(131)	(1,414)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	371	140	1,513
Net decrease (increase) in call loans	8,136	(65,582)	(704,883)
Net increase (decrease) in call money	(500)	-	-
Net decrease (increase) in foreign exchanges-assets	98	(2,511)	(26,991)
Net increase (decrease) in foreign exchanges-liabilities	(17)	(1)	(11)
Proceeds from fund management	26,176	24,406	262,319
Payments for finance	(3,179)	(2,716)	(29,200)
Other	(776)	749	8,055
Subtotal	3,854	(25,569)	(274,826)
Income taxes paid	(1,262)	(59)	(642)
Net cash provided by (used in) operating activities	2,592	(25,629)	(275,468)
Net cash provided by (used in) investing activities			
Purchase of securities	(36,824)	(132,598)	(1,425,175)
Proceeds from sales of securities	15,773	117,305	1,260,807
Proceeds from redemption of securities	29,401	37,306	400,976
Increase in money held in trust	(2,800)	(5,900)	(63,413)
Decrease in money held in trust	5,453	791	8,510
Purchase of tangible fixed assets	(865)	(298)	(3,208)
Proceeds from sales of tangible fixed assets	2	27	290
Net cash provided by (used in) investment activities	10,139	16,634	178,787
Net cash provided by (used in) financing activities			
Increase in subordinated borrowings	1,000	-	-
Decrease in subordinated borrowings	-	(2,500)	(26,870)
Cash dividends paid	(616)	(577)	(6,211)
Cash dividends paid to minority shareholders	(2)	(2)	(27)
Purchase of treasury stock	(20)	(8)	(95)
Proceeds from sales of treasury stock	8	1	16
Repayments of lease obligations	-	(0)	(1)
Net cash provided by (used in) financing activities	369	(3,087)	(33,189)
Effect of exchange rate change on cash and cash equivalents	(6)	(7)	(76)
Net increase (decrease) in cash and cash equivalents	13,095	(12,090)	(129,947)
Cash and cash equivalents at beginning of period	14,416	27,512	295,701
Cash and cash equivalents at end of period	¥27,512	¥15,421	\$165,753

Corporate Data

THE TOKUSHIMA BANK, LTD.

Network (As of March 31, 2010)

Head Office

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Securities and International Division

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Sakai Branch

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Phone: (072)223-4551

Tokyo Branch

6F, 9-4, 3-chome, Nihonbashi Honcho, Chuo-ku, Tokyo 103-0023, Japan

Phone: (03)3669-2211

Board of Directors and Corporate Auditors (As of July 1, 2010)

President

Shinichi Kakiuchi

Senior Managing Directors

Hiromi Yoshioka

Masaharu Kiuchi

Managing Directors

Shinichi Mori

Takeshi Hanaoka

Mitsuo Tsukuda

Directors

Etsuo Okazaki

Kuniaki Takahashi

Standing Corporate Auditors

Naoki Hayashi

Hideki Haraguchi

Corporate Auditors

Shigeki Takaoka

TOKUSHIMA BANK

