

**For the Fiscal Year Ended March 31, 2016**

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**ANNUAL REPORT 2016**

**TOMONY Holdings, Inc.**

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**Corporate Message**

On behalf of TOMONY Holdings Group (the “Group”), we would like to express our sincere gratitude to everyone for your support.

As of April 2016, TOMONY Holdings, Inc. (the “Company”) reached the sixth year since it was established as a financial holding company of the Tokushima Bank, Ltd. and the Kagawa Bank, Ltd., in April 2010.

During these six years, the Group was able to deliver many results that included carrying out the first and second phases of its management plan, working to enhance and strengthen the governance framework of the entire group, and realizing integration benefits through promoting efforts such as exchanging business know-how, unifying office operation, standardizing and jointly operating systems, and reducing costs.

In April 2016, after the Taisho Bank, Ltd. was newly added to the Group, the Group started the third phase of its management plan as a new TOMONY Holdings Group. Based on this plan, the Group will work to improve its corporate value and aim to be “a growing regional financial group,” with the cooperation and coordination of each Group company, by realizing the integration benefits that are expected from the management integration with the Taisho Bank, Ltd. such as “implementation of growth strategies,” “effective use of management infrastructure,” and “exchange of various kinds of know-how,” all of which will be centered on the Company.

We ask for your continued and undying support for the year ahead and beyond.

## 1. Summary of Selected Financial Data (Consolidated)

	5 <sup>th</sup> fiscal year As of March 31, 2015 and from April 1, 2014 to March 31, 2015	6 <sup>th</sup> fiscal year As of March 31, 2016 and from April 1, 2015 to March 31, 2016
Consolidated ordinary income (Millions of yen)	64,634	<b>60,962</b>
Consolidated ordinary profit (Millions of yen)	14,203	<b>13,070</b>
Profit attributable to owners of parent (Millions of yen)	8,332	<b>7,931</b>
Consolidated comprehensive income (Millions of yen)	21,740	<b>910</b>
Consolidated net assets (Millions of yen)	183,753	<b>183,814</b>
Consolidated total assets (Millions of yen)	2,973,823	<b>3,080,000</b>
Net assets per share (Yen)	1,207.23	<b>1,200.70</b>
Basic earnings per share (Yen)	55.77	<b>52.90</b>
Diluted earnings per share (Yen)	55.13	<b>52.20</b>
Capital adequacy ratio (%)	6.07	<b>5.85</b>
Consolidated return on equity (ROE) (%)	4.88	<b>4.39</b>
Consolidated price earnings ratio (PER) (Times)	9.75	<b>6.29</b>
Net cash provided by (used in) operating activities (Millions of yen)	(41,390)	<b>128,610</b>
Net cash provided by (used in) investing activities (Millions of yen)	(15,095)	<b>(60,363)</b>
Net cash provided by (used in) financing activities (Millions of yen)	(1,465)	<b>(1,057)</b>
Cash and cash equivalents at end of period (Millions of yen)	100,640	<b>167,836</b>
Number of employees [Separately, average number of temporary employees] (Persons)	2,078 [322]	<b>2,062</b> <b>[319]</b>

Notes: 1. Consumption tax and local consumption tax of the Company and its consolidated subsidiaries are accounted for based on the tax exclusion method.

2. The "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4) are applied for calculations of net assets per share, basic earnings per share, and diluted earnings per share.

3. The consolidated capital adequacy ratio is calculated by dividing "(total net assets at end of period – subscription rights to shares at end of period – non-controlling interests at end of period)" by "total assets at end of period."

4. The "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and other standards have been applied, and "consolidated net income" has been changed to "profit attributable to owners of parent," effective from the fiscal year under review.

## 2. Financial Statements

### [TOMONY Holdings, Inc.]

#### (1) Consolidated Balance Sheet

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
<b>Assets</b>			
Cash and due from banks	105,200	<b>187,931</b>	<b>1,667,829</b>
Call loans and bills bought	120,000	–	–
Trading account securities	233	<b>372</b>	<b>3,301</b>
Money held in trust	4,479	<b>5,447</b>	<b>48,340</b>
Securities	780,880	<b>811,256</b>	<b>7,199,645</b>
Loans and bills discounted	1,915,374	<b>2,022,508</b>	<b>17,949,130</b>
Foreign exchanges	6,995	<b>4,179</b>	<b>37,087</b>
Lease receivables and investment assets	8,378	<b>8,393</b>	<b>74,485</b>
Other assets	17,296	<b>23,775</b>	<b>210,995</b>
Tangible fixed assets	30,552	<b>30,486</b>	<b>270,553</b>
Buildings, net	7,526	<b>11,623</b>	<b>103,150</b>
Land	15,966	<b>15,815</b>	<b>140,353</b>
Leased assets, net	1,107	<b>974</b>	<b>8,643</b>
Construction in progress	4,359	<b>136</b>	<b>1,206</b>
Other tangible fixed assets	1,592	<b>1,936</b>	<b>17,181</b>
Intangible fixed assets	131	<b>125</b>	<b>1,109</b>
Software	1	<b>0</b>	<b>0</b>
Leased assets	15	<b>10</b>	<b>88</b>
Other intangible fixed assets	113	<b>113</b>	<b>1,002</b>
Net defined benefit asset	1,445	<b>1,167</b>	<b>10,356</b>
Deferred tax assets	221	<b>765</b>	<b>6,789</b>
Customers' liabilities for acceptances and guarantees	7,022	<b>6,180</b>	<b>54,845</b>
Allowance for loan losses	(24,388)	<b>(22,591)</b>	<b>(200,488)</b>
<b>Total assets</b>	<b>2,973,823</b>	<b>3,080,000</b>	<b>27,334,043</b>
<b>Liabilities</b>			
Deposits	2,660,377	<b>2,704,251</b>	<b>23,999,387</b>
Negotiable certificates of deposit	41,688	<b>52,883</b>	<b>469,320</b>
Call money and bills sold	–	<b>59,500</b>	<b>528,044</b>
Borrowed money	48,076	<b>43,796</b>	<b>388,675</b>
Foreign exchanges	43	<b>205</b>	<b>1,819</b>
Other liabilities	23,988	<b>22,405</b>	<b>198,837</b>
Provision for bonuses	325	<b>337</b>	<b>2,990</b>
Provision for directors' bonuses	71	<b>76</b>	<b>674</b>
Net defined benefit liability	39	<b>362</b>	<b>3,212</b>
Provision for reimbursement of deposits	391	<b>444</b>	<b>3,940</b>
Provision for contingent loss	284	<b>150</b>	<b>1,331</b>
Deferred tax liabilities	6,784	<b>4,665</b>	<b>41,400</b>
Deferred tax liabilities for land revaluation	975	<b>926</b>	<b>8,217</b>
Acceptances and guarantees	7,022	<b>6,180</b>	<b>54,845</b>
<b>Total liabilities</b>	<b>2,790,070</b>	<b>2,896,185</b>	<b>25,702,742</b>

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
Net assets			
Capital stock	25,000	<b>25,000</b>	<b>221,867</b>
Capital surplus	21,886	<b>21,886</b>	<b>194,231</b>
Retained earnings	105,067	<b>111,800</b>	<b>992,190</b>
Treasury shares	(971)	<b>(776)</b>	<b>(6,886)</b>
Total shareholders' equity	<u>150,982</u>	<u><b>157,910</b></u>	<u><b>1,401,402</b></u>
Valuation difference on available-for-sale securities	27,656	<b>21,357</b>	<b>189,536</b>
Deferred gains or losses on hedges	(0)	<b>0</b>	<b>0</b>
Revaluation reserve for land	1,573	<b>1,622</b>	<b>14,394</b>
Remeasurements of defined benefit plans	501	<b>(502)</b>	<b>(4,455)</b>
Total accumulated other comprehensive income	<u>29,731</u>	<u><b>22,477</b></u>	<u><b>199,476</b></u>
Subscription rights to shares	614	<b>770</b>	<b>6,833</b>
Non-controlling interests	2,425	<b>2,655</b>	<b>23,562</b>
Total net assets	<u>183,753</u>	<u><b>183,814</b></u>	<u><b>1,631,292</b></u>
Total liabilities and net assets	<u>2,973,823</u>	<u><b>3,080,000</b></u>	<u><b>27,334,043</b></u>

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Ordinary income	64,634	<b>60,962</b>	<b>541,018</b>
Interest income	45,448	<b>44,089</b>	<b>391,276</b>
Interest on loans and discounts	35,974	<b>34,256</b>	<b>304,011</b>
Interest and dividends on securities	9,277	<b>9,597</b>	<b>85,170</b>
Interest on call loans and bills bought	43	<b>46</b>	<b>408</b>
Interest on receivables under resale agreements	3	–	–
Interest on deposits with banks	120	<b>162</b>	<b>1,437</b>
Other interest income	30	<b>27</b>	<b>239</b>
Fees and commissions	6,577	<b>6,810</b>	<b>60,436</b>
Other ordinary income	9,257	<b>7,056</b>	<b>62,619</b>
Other income	3,351	<b>3,006</b>	<b>26,677</b>
Recoveries of written off claims	930	<b>953</b>	<b>8,457</b>
Other	2,420	<b>2,052</b>	<b>18,210</b>
Ordinary expenses	50,430	<b>47,891</b>	<b>425,017</b>
Interest expenses	2,121	<b>2,185</b>	<b>19,391</b>
Interest on deposits	1,856	<b>1,925</b>	<b>17,083</b>
Interest on negotiable certificates of deposit	76	<b>89</b>	<b>789</b>
Interest on call money and bills sold	0	<b>0</b>	<b>0</b>
Interest on borrowings and rediscounts	146	<b>150</b>	<b>1,331</b>
Other interest expenses	41	<b>19</b>	<b>168</b>
Fees and commissions payments	3,487	<b>3,761</b>	<b>33,377</b>
Other ordinary expenses	6,158	<b>7,131</b>	<b>63,285</b>
General and administrative expenses	29,703	<b>29,482</b>	<b>261,643</b>
Other expenses	8,959	<b>5,330</b>	<b>47,302</b>
Provision of allowance for loan losses	3,899	<b>1,180</b>	<b>10,472</b>
Other	5,059	<b>4,149</b>	<b>36,821</b>
Ordinary profit	<u>14,203</u>	<u><b>13,070</b></u>	<u><b>115,992</b></u>
Extraordinary income	–	<b>4</b>	<b>35</b>
Gain on disposal of non-current assets	–	<b>4</b>	<b>35</b>
Extraordinary losses	293	<b>167</b>	<b>1,482</b>
Loss on disposal of non-current assets	39	<b>19</b>	<b>168</b>
Impairment loss	254	<b>147</b>	<b>1,304</b>
Profit before income taxes	<u>13,910</u>	<u><b>12,907</b></u>	<u><b>114,545</b></u>
Income taxes - current	3,958	<b>3,327</b>	<b>29,526</b>
Income taxes - deferred	1,470	<b>1,338</b>	<b>11,874</b>
Total income taxes	<u>5,428</u>	<u><b>4,666</b></u>	<u><b>41,409</b></u>
Profit	<u>8,481</u>	<u><b>8,240</b></u>	<u><b>73,127</b></u>
Profit attributable to non-controlling interests	149	<b>308</b>	<b>2,733</b>
Profit attributable to owners of parent	<u>8,332</u>	<u><b>7,931</b></u>	<u><b>70,385</b></u>

## Consolidated Statement of Comprehensive Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Profit	8,481	<b>8,240</b>	<b>73,127</b>
Other comprehensive income	13,258	<b>(7,330)</b>	<b>(65,051)</b>
Valuation difference on available-for-sale securities	12,773	<b>(6,375)</b>	<b>(56,576)</b>
Deferred gains or losses on hedges	0	<b>1</b>	<b>8</b>
Revaluation reserve for land	101	<b>48</b>	<b>425</b>
Remeasurements of defined benefit plans, net of tax	384	<b>(1,004)</b>	<b>(8,910)</b>
Comprehensive income	21,740	<b>910</b>	<b>8,075</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	21,495	<b>678</b>	<b>6,017</b>
Comprehensive income attributable to non-controlling interests	245	<b>231</b>	<b>2,050</b>

### (3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,000	21,887	98,268	(1,192)	143,963
Cumulative effects of changes in accounting policies			(328)		(328)
Restated balance	25,000	21,887	97,939	(1,192)	143,634
Changes of items during period					
Dividends of surplus			(1,194)		(1,194)
Profit attributable to owners of parent			8,332		8,332
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		(0)		224	223
Reversal of revaluation reserve for land			(10)		(10)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	7,127	220	7,347
Balance at end of current period	25,000	21,886	105,067	(971)	150,982

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	14,979	(1)	1,462	117	16,557	488	2,182	163,192
Cumulative effects of changes in accounting policies								(328)
Restated balance	14,979	(1)	1,462	117	16,557	488	2,182	162,863
Changes of items during period								
Dividends of surplus								(1,194)
Profit attributable to owners of parent								8,332
Purchase of treasury shares								(3)
Disposal of treasury shares								223
Reversal of revaluation reserve for land								(10)
Net changes of items other than shareholders' equity	12,676	0	111	384	13,173	125	243	13,542
Total changes of items during period	12,676	0	111	384	13,173	125	243	20,889
Balance at end of current period	27,656	(0)	1,573	501	29,731	614	2,425	183,753

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,000	21,886	105,067	(971)	150,982
Changes of items during period					
Dividends of surplus			(1,198)		(1,198)
Profit attributable to owners of parent			7,931		7,931
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		195	195
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	6,733	194	6,928
Balance at end of current period	25,000	21,886	111,800	(776)	157,910

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	27,656	(0)	1,573	501	29,731	614	2,425	183,753
Changes of items during period								
Dividends of surplus								(1,198)
Profit attributable to owners of parent								7,931
Purchase of treasury shares								(0)
Disposal of treasury shares								195
Net changes of items other than shareholders' equity	(6,298)	1	48	(1,004)	(7,253)	156	229	(6,867)
Total changes of items during period	(6,298)	1	48	(1,004)	(7,253)	156	229	61
Balance at end of current period	21,357	0	1,622	(502)	22,477	770	2,655	183,814



Fiscal year ended March 31, 2016

(Thousands of U.S. dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	221,867	194,231	932,436	(8,617)	1,339,918
Changes of items during period					
Dividends of surplus			(10,631)		(10,631)
Profit attributable to owners of parent			70,385		70,385
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		1,730	1,730
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	59,753	1,721	61,483
Balance at end of current period	221,867	194,231	992,190	(6,886)	1,401,402

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	245,438	(0)	13,959	4,446	263,853	5,449	21,521	1,630,750
Changes of items during period								
Dividends of surplus								(10,631)
Profit attributable to owners of parent								70,385
Purchase of treasury shares								(0)
Disposal of treasury shares								1,730
Net changes of items other than shareholders' equity	(55,892)	8	425	(8,910)	(64,368)	1,384	2,032	(60,942)
Total changes of items during period	(55,892)	8	425	(8,910)	(64,368)	1,384	2,032	541
Balance at end of current period	189,536	0	14,394	(4,455)	199,476	6,833	23,562	1,631,292

#### (4) Consolidated Statement of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Cash flows from operating activities			
Profit before income taxes	13,910	<b>12,907</b>	<b>114,545</b>
Depreciation	1,276	<b>1,560</b>	<b>13,844</b>
Impairment loss	254	<b>147</b>	<b>1,304</b>
Increase (decrease) in allowance for loan losses	(1,279)	<b>(1,796)</b>	<b>(15,938)</b>
Increase (decrease) in provision for bonuses	20	<b>11</b>	<b>97</b>
Increase (decrease) in provision for directors' bonuses	(0)	<b>5</b>	<b>44</b>
Increase (decrease) in net defined benefit asset	(471)	<b>(782)</b>	<b>(6,940)</b>
Increase (decrease) in net defined benefit liability	(605)	<b>6</b>	<b>53</b>
Increase (decrease) in provision for reimbursement of deposits	(10)	<b>52</b>	<b>461</b>
Increase (decrease) in provision for contingent loss	(12)	<b>(134)</b>	<b>(1,189)</b>
Gain on fund management	(45,448)	<b>(44,089)</b>	<b>(391,276)</b>
Financing expenses	2,121	<b>2,185</b>	<b>19,391</b>
Loss (gain) related to securities	(3,273)	<b>(694)</b>	<b>(6,159)</b>
Loss (gain) on money held in trust	(42)	<b>(5)</b>	<b>(44)</b>
Foreign exchange losses (gains)	(14,912)	<b>8,916</b>	<b>79,126</b>
Loss (gain) on disposal of non-current assets	39	<b>15</b>	<b>133</b>
Net decrease (increase) in loans and bills discounted	(49,274)	<b>(107,133)</b>	<b>(950,772)</b>
Net increase (decrease) in deposit	100,864	<b>43,873</b>	<b>389,359</b>
Net increase (decrease) in negotiable certificates of deposit	(2,555)	<b>11,195</b>	<b>99,352</b>
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	27,636	<b>(4,280)</b>	<b>(37,983)</b>
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(1,659)	<b>(15,534)</b>	<b>(137,859)</b>
Net decrease (increase) in call loans	(104,999)	<b>120,000</b>	<b>1,064,962</b>
Net increase (decrease) in call money	-	<b>59,500</b>	<b>528,044</b>
Net decrease (increase) in foreign exchanges - assets	(2,331)	<b>2,815</b>	<b>24,982</b>
Net increase (decrease) in foreign exchanges - liabilities	18	<b>162</b>	<b>1,437</b>
Proceeds from fund management	46,692	<b>45,463</b>	<b>403,470</b>
Payments for finance	(2,254)	<b>(2,356)</b>	<b>(20,908)</b>
Net decrease (increase) in lease receivables and investment assets	(95)	<b>(15)</b>	<b>(133)</b>
Other, net	20	<b>494</b>	<b>4,384</b>
Subtotal	(36,375)	<b>132,489</b>	<b>1,175,798</b>
Income taxes paid	(5,014)	<b>(3,878)</b>	<b>(34,416)</b>
Net cash provided by (used in) operating activities	(41,390)	<b>128,610</b>	<b>1,141,373</b>

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
<b>Cash flows from investing activities</b>			
Purchase of securities	(206,130)	<b>(242,740)</b>	<b>(2,154,242)</b>
Proceeds from sales of securities	82,206	<b>34,215</b>	<b>303,647</b>
Proceeds from redemption of securities	112,903	<b>150,812</b>	<b>1,338,409</b>
Increase in money held in trust	-	<b>(1,012)</b>	<b>(8,981)</b>
Purchase of tangible fixed assets	(4,084)	<b>(1,722)</b>	<b>(15,282)</b>
Proceeds from sales of tangible fixed assets	8	<b>84</b>	<b>745</b>
Net cash provided by (used in) investing activities	(15,095)	<b>(60,363)</b>	<b>(535,702)</b>
<b>Cash flows from financing activities</b>			
Cash dividends paid	(1,190)	<b>(1,205)</b>	<b>(10,694)</b>
Dividends paid to non-controlling interests	(2)	<b>(2)</b>	<b>(17)</b>
Purchase of treasury shares	(3)	<b>(0)</b>	<b>(0)</b>
Proceeds from disposal of treasury shares	265	<b>255</b>	<b>2,263</b>
Repayments of lease obligations	(534)	<b>(104)</b>	<b>(922)</b>
Net cash provided by (used in) financing activities	(1,465)	<b>(1,057)</b>	<b>(9,380)</b>
Effect of exchange rate change on cash and cash equivalents	10	<b>7</b>	<b>62</b>
Net increase (decrease) in cash and cash equivalents	(57,940)	<b>67,196</b>	<b>596,343</b>
Cash and cash equivalents at beginning of period	158,581	<b>100,640</b>	<b>893,148</b>
Cash and cash equivalents at end of period	100,640	<b>167,836</b>	<b>1,489,492</b>

# [The Tokushima Bank, Ltd.]

## (1) Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
<b>Assets</b>			
Cash and due from banks	22,071	<b>93,691</b>	<b>831,478</b>
Cash	14,305	<b>13,107</b>	<b>116,320</b>
Due from banks	7,765	<b>80,584</b>	<b>715,157</b>
Call loans	80,000	–	–
Trading account securities	64	<b>161</b>	<b>1,428</b>
Trading government bonds	42	<b>91</b>	<b>807</b>
Trading local government bonds	22	<b>69</b>	<b>612</b>
Money held in trust	4,479	<b>4,447</b>	<b>39,465</b>
Securities	428,953	<b>489,946</b>	<b>4,348,118</b>
Government bonds	84,185	<b>84,017</b>	<b>745,624</b>
Local government bonds	21,475	<b>28,964</b>	<b>257,046</b>
Corporate bonds	133,833	<b>166,103</b>	<b>1,474,112</b>
Stocks	19,282	<b>18,454</b>	<b>163,773</b>
Other securities	170,175	<b>192,406</b>	<b>1,707,543</b>
Loans and bills discounted	896,989	<b>924,640</b>	<b>8,205,892</b>
Bills discounted	8,523	<b>7,358</b>	<b>65,299</b>
Loans on bills	86,217	<b>94,119</b>	<b>835,276</b>
Loans on deeds	720,823	<b>736,352</b>	<b>6,534,895</b>
Overdrafts	81,423	<b>86,810</b>	<b>770,411</b>
Foreign exchanges	1,947	<b>1,149</b>	<b>10,197</b>
Due from foreign banks (our accounts)	1,427	<b>755</b>	<b>6,700</b>
Foreign bills bought	159	<b>141</b>	<b>1,251</b>
Foreign bills receivable	360	<b>252</b>	<b>2,236</b>
Other assets	5,417	<b>12,093</b>	<b>107,321</b>
Prepaid expenses	15	<b>16</b>	<b>141</b>
Accrued income	1,674	<b>1,597</b>	<b>14,172</b>
Derivatives other than for trading-assets	2,625	<b>2,543</b>	<b>22,568</b>
Other	1,102	<b>7,935</b>	<b>70,420</b>
Tangible fixed assets	17,459	<b>17,528</b>	<b>155,555</b>
Buildings, net	3,460	<b>7,532</b>	<b>66,844</b>
Land	8,600	<b>8,683</b>	<b>77,058</b>
Lease assets, net	449	<b>393</b>	<b>3,487</b>
Construction in progress	4,358	–	–
Other tangible fixed assets	590	<b>918</b>	<b>8,146</b>
Intangible fixed assets	64	<b>64</b>	<b>567</b>
Other intangible fixed assets	64	<b>64</b>	<b>567</b>
Prepaid pension cost	727	<b>1,258</b>	<b>11,164</b>
Deferred tax assets	–	<b>546</b>	<b>4,845</b>
Customers' liabilities for acceptances and guarantees	3,853	<b>2,635</b>	<b>23,384</b>
Allowance for loan losses	(13,953)	<b>(12,992)</b>	<b>(115,299)</b>
<b>Total assets</b>	<b>1,448,075</b>	<b>1,535,172</b>	<b>13,624,174</b>

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
<b>Liabilities</b>			
Deposits	1,313,972	<b>1,342,695</b>	<b>11,916,001</b>
Current deposits	36,713	<b>36,674</b>	<b>325,470</b>
Ordinary deposits	516,270	<b>526,644</b>	<b>4,673,801</b>
Saving deposits	23,185	<b>22,605</b>	<b>200,612</b>
Deposits at notice	1,140	<b>1,159</b>	<b>10,285</b>
Time deposits	703,176	<b>711,033</b>	<b>6,310,197</b>
Installment savings	5,311	<b>5,327</b>	<b>47,275</b>
Other deposits	28,174	<b>39,250</b>	<b>348,331</b>
Negotiable certificates of deposit	31,888	<b>37,583</b>	<b>333,537</b>
Call money	–	<b>59,500</b>	<b>528,044</b>
Borrowed money	6,981	<b>3,261</b>	<b>28,940</b>
Borrowings from other banks	6,981	<b>3,261</b>	<b>28,940</b>
Foreign exchanges	43	<b>205</b>	<b>1,819</b>
Foreign bills sold	19	<b>205</b>	<b>1,819</b>
Foreign bills payable	24	–	–
Other liabilities	11,708	<b>8,981</b>	<b>79,703</b>
Income taxes payable	1,472	<b>118</b>	<b>1,047</b>
Accrued expenses	1,185	<b>997</b>	<b>8,848</b>
Unearned revenue	777	<b>764</b>	<b>6,780</b>
Reserve for interest on installment savings	1	<b>0</b>	<b>0</b>
Derivatives other than for trading-liabilities	2,483	<b>1,680</b>	<b>14,909</b>
Lease obligations	472	<b>413</b>	<b>3,665</b>
Asset retirement obligations	95	<b>35</b>	<b>310</b>
Other	5,220	<b>4,971</b>	<b>44,116</b>
Provision for directors' bonuses	26	<b>27</b>	<b>239</b>
Provision for reimbursement of deposits	203	<b>218</b>	<b>1,934</b>
Provision for contingent loss	187	<b>79</b>	<b>701</b>
Deferred tax liabilities	20	–	–
Deferred tax liabilities for land revaluation	975	<b>926</b>	<b>8,217</b>
Acceptances and guarantees	3,853	<b>2,635</b>	<b>23,384</b>
<b>Total liabilities</b>	<b>1,369,861</b>	<b>1,456,115</b>	<b>12,922,568</b>
<b>Net assets</b>			
Capital stock	11,036	<b>11,036</b>	<b>97,941</b>
Capital surplus	9,514	<b>9,514</b>	<b>84,433</b>
Legal capital surplus	9,514	<b>9,514</b>	<b>84,433</b>
Retained earnings	46,453	<b>49,547</b>	<b>439,714</b>
Legal retained earnings	2,280	<b>2,280</b>	<b>20,234</b>
Other retained earnings	44,172	<b>47,266</b>	<b>419,471</b>
General reserve	34,638	<b>34,638</b>	<b>307,401</b>
Retained earnings brought forward	9,534	<b>12,628</b>	<b>112,069</b>
<b>Total shareholders' equity</b>	<b>67,004</b>	<b>70,098</b>	<b>622,097</b>
Valuation difference on available-for-sale securities	9,636	<b>7,336</b>	<b>65,104</b>
Deferred gains or losses on hedges	(0)	<b>0</b>	<b>0</b>
Revaluation reserve for land	1,573	<b>1,622</b>	<b>14,394</b>
<b>Total valuation and translation adjustments</b>	<b>11,209</b>	<b>8,959</b>	<b>79,508</b>
<b>Total net assets</b>	<b>78,213</b>	<b>79,057</b>	<b>701,606</b>
<b>Total liabilities and net assets</b>	<b>1,448,075</b>	<b>1,535,172</b>	<b>13,624,174</b>

## (2) Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Ordinary income	27,807	25,573	226,952
Interest income	21,786	21,362	189,581
Interest on loans and discounts	17,170	16,287	144,542
Interest and dividends on securities	4,498	4,954	43,965
Interest on call loans	6	7	62
Interest on deposits with banks	95	96	851
Other interest income	16	15	133
Fees and commissions	2,618	2,578	22,878
Fees and commissions on domestic and foreign exchanges	714	705	6,256
Other fees and commissions	1,903	1,873	16,622
Other ordinary income	1,945	202	1,792
Gain on trading account securities transactions	0	2	17
Gains on sales of bonds	1,945	199	1,766
Other income	1,457	1,430	12,690
Recoveries of written off claims	355	496	4,401
Gain on sales of stocks and other securities	628	512	4,543
Gain on money held in trust	42	18	159
Other	432	402	3,567
Ordinary expenses	22,850	20,194	179,215
Interest expenses	829	884	7,845
Interest on deposits	693	753	6,682
Interest on negotiable certificates of deposit	53	55	488
Interest on call money	0	0	0
Interest on borrowings and rediscounts	70	65	576
Other interest expenses	11	9	79
Fees and commissions payments	1,532	1,610	14,288
Fees and commissions on domestic and foreign exchanges	136	135	1,198
Other fees and commissions	1,395	1,474	13,081
Other ordinary expenses	128	1,015	9,007
Loss on foreign exchange transactions	48	478	4,242
Loss on sales of bonds	64	521	4,623
Other	14	14	124
General and administrative expenses	13,572	13,664	121,263
Other expenses	6,788	3,020	26,801
Provision of allowance for loan losses	3,274	917	8,138
Written-off of loans	3,293	1,746	15,495
Losses on sales of stocks and other securities	45	101	896
Losses on devaluation of stocks and other securities	-	0	0
Other	174	254	2,254
Ordinary profit	4,957	5,379	47,736

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Extraordinary income	–	<b>4</b>	<b>35</b>
Gain on disposal of non-current assets	–	<b>4</b>	<b>35</b>
Extraordinary loss	246	<b>44</b>	<b>390</b>
Loss on disposal of non-current assets	8	<b>3</b>	<b>26</b>
Impairment loss	238	<b>40</b>	<b>354</b>
Profit before income taxes	4,710	<b>5,340</b>	<b>47,390</b>
Income taxes-current	1,956	<b>978</b>	<b>8,679</b>
Income taxes-deferred	(64)	<b>650</b>	<b>5,768</b>
Total income taxes	1,891	<b>1,628</b>	<b>14,447</b>
Profit	2,819	<b>3,711</b>	<b>32,933</b>

# [The Kagawa Bank, Ltd.]

## (1) Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
<b>Assets</b>			
Cash and due from banks	82,948	<b>94,054</b>	<b>834,700</b>
Cash	14,489	<b>14,859</b>	<b>131,869</b>
Due from banks	68,458	<b>79,194</b>	<b>702,822</b>
Call loans	40,000	–	–
Trading account securities	168	<b>211</b>	<b>1,872</b>
Trading government bonds	168	<b>211</b>	<b>1,872</b>
Money held in trust	–	<b>1,000</b>	<b>8,874</b>
Securities	349,976	<b>319,564</b>	<b>2,836,031</b>
Government bonds	103,913	<b>102,703</b>	<b>911,457</b>
Local government bonds	18,023	<b>16,441</b>	<b>145,908</b>
Corporate bonds	118,428	<b>102,266</b>	<b>907,578</b>
Stocks	27,172	<b>26,984</b>	<b>239,474</b>
Other securities	82,438	<b>71,169</b>	<b>631,602</b>
Loans and bills discounted	1,026,549	<b>1,106,065</b>	<b>9,815,983</b>
Bills discounted	11,404	<b>10,474</b>	<b>92,953</b>
Loans on bills	58,354	<b>64,911</b>	<b>576,064</b>
Loans on deeds	899,365	<b>970,455</b>	<b>8,612,486</b>
Overdrafts	57,425	<b>60,224</b>	<b>534,469</b>
Foreign exchanges	5,047	<b>3,030</b>	<b>26,890</b>
Due from foreign banks (our accounts)	4,893	<b>2,896</b>	<b>25,701</b>
Foreign bills bought	4	<b>1</b>	<b>8</b>
Foreign bills receivable	149	<b>132</b>	<b>1,171</b>
Other assets	2,614	<b>1,939</b>	<b>17,208</b>
Prepaid expenses	15	<b>16</b>	<b>141</b>
Accrued income	1,466	<b>1,302</b>	<b>11,554</b>
Derivatives other than for trading-assets	10	<b>3</b>	<b>26</b>
Other	1,122	<b>617</b>	<b>5,475</b>
Tangible fixed assets	24,445	<b>24,125</b>	<b>214,101</b>
Buildings, net	4,048	<b>4,047</b>	<b>35,915</b>
Land	18,820	<b>18,306</b>	<b>162,460</b>
Lease assets, net	634	<b>565</b>	<b>5,014</b>
Construction in progress	0	<b>136</b>	<b>1,206</b>
Other tangible fixed assets	941	<b>1,068</b>	<b>9,478</b>
Intangible fixed assets	46	<b>46</b>	<b>408</b>
Other intangible fixed assets	46	<b>46</b>	<b>408</b>
Prepaid pension cost	798	<b>992</b>	<b>8,803</b>
Customers' liabilities for acceptances and guarantees	3,168	<b>3,544</b>	<b>31,451</b>
Allowance for loan losses	(8,877)	<b>(8,556)</b>	<b>(75,931)</b>
<b>Total assets</b>	<b>1,526,888</b>	<b>1,546,017</b>	<b>13,720,420</b>



	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
<b>Liabilities</b>			
Deposits	1,351,577	<b>1,366,264</b>	<b>12,125,168</b>
Current deposits	38,453	<b>39,214</b>	<b>348,012</b>
Ordinary deposits	520,276	<b>542,992</b>	<b>4,818,885</b>
Saving deposits	23,364	<b>22,814</b>	<b>202,467</b>
Deposits at notice	2,463	<b>3,739</b>	<b>33,182</b>
Time deposits	743,051	<b>737,782</b>	<b>6,547,586</b>
Installment savings	10,434	<b>9,961</b>	<b>88,400</b>
Other deposits	13,533	<b>9,760</b>	<b>86,616</b>
Negotiable certificates of deposit	9,800	<b>15,300</b>	<b>135,782</b>
Borrowed money	34,385	<b>34,214</b>	<b>303,638</b>
Borrowings from other banks	34,385	<b>34,214</b>	<b>303,638</b>
Foreign exchanges	–	<b>0</b>	<b>0</b>
Foreign bills payable	–	<b>0</b>	<b>0</b>
Other liabilities	9,037	<b>10,143</b>	<b>90,015</b>
Income taxes payable	273	<b>1,185</b>	<b>10,516</b>
Accrued expenses	1,503	<b>1,475</b>	<b>13,090</b>
Unearned revenue	902	<b>872</b>	<b>7,738</b>
Reserve for interest on installment savings	2	<b>2</b>	<b>17</b>
Derivatives other than for trading-liabilities	1	<b>0</b>	<b>0</b>
Lease obligations	275	<b>243</b>	<b>2,156</b>
Other	6,079	<b>6,364</b>	<b>56,478</b>
Provision for bonuses	290	<b>299</b>	<b>2,653</b>
Provision for directors' bonuses	27	<b>30</b>	<b>266</b>
Provision for reimbursement of deposits	188	<b>225</b>	<b>1,996</b>
Provision for contingent loss	97	<b>71</b>	<b>630</b>
Deferred tax liabilities	5,627	<b>4,036</b>	<b>35,818</b>
Deferred tax liabilities for land revaluation	4,046	<b>3,783</b>	<b>33,572</b>
Acceptances and guarantees	3,168	<b>3,544</b>	<b>31,451</b>
<b>Total liabilities</b>	<b>1,418,246</b>	<b>1,437,914</b>	<b>12,761,040</b>
<b>Net assets</b>			
Capital stock	12,014	<b>12,014</b>	<b>106,620</b>
Capital surplus	9,339	<b>9,339</b>	<b>82,880</b>
Legal capital surplus	9,339	<b>9,339</b>	<b>82,880</b>
Retained earnings	61,897	<b>65,130</b>	<b>578,008</b>
Legal retained earnings	2,674	<b>2,674</b>	<b>23,730</b>
Other retained earnings	59,222	<b>62,455</b>	<b>554,268</b>
Reserve for reduction entry	29	<b>28</b>	<b>248</b>
General reserve	43,436	<b>43,436</b>	<b>385,481</b>
Retained earnings brought forward	15,756	<b>18,990</b>	<b>168,530</b>
<b>Total shareholders' equity</b>	<b>83,250</b>	<b>86,483</b>	<b>767,509</b>
Valuation difference on available-for-sale securities	18,337	<b>14,462</b>	<b>128,345</b>
Deferred gains or losses on hedges	0	<b>(0)</b>	<b>(0)</b>
Revaluation reserve for land	7,053	<b>7,156</b>	<b>63,507</b>
<b>Total valuation and translation adjustments</b>	<b>25,391</b>	<b>21,618</b>	<b>191,853</b>
<b>Total net assets</b>	<b>108,642</b>	<b>108,102</b>	<b>959,371</b>
<b>Total liabilities and net assets</b>	<b>1,526,888</b>	<b>1,546,017</b>	<b>13,720,420</b>

## (2) Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Ordinary income	29,602	<b>28,134</b>	<b>249,680</b>
Interest income	23,289	<b>22,318</b>	<b>198,065</b>
Interest on loans and discounts	18,821	<b>17,982</b>	<b>159,584</b>
Interest and dividends on securities	4,392	<b>4,223</b>	<b>37,477</b>
Interest on call loans	36	<b>38</b>	<b>337</b>
Interest on receivables under resale agreements	3	–	–
Interest on deposits with banks	25	<b>65</b>	<b>576</b>
Other interest income	10	<b>8</b>	<b>70</b>
Fees and commissions	3,244	<b>3,501</b>	<b>31,070</b>
Fees and commissions on domestic and foreign exchanges	932	<b>923</b>	<b>8,191</b>
Other fees and commissions	2,312	<b>2,577</b>	<b>22,870</b>
Other ordinary income	1,151	<b>645</b>	<b>5,724</b>
Gains on foreign exchange transactions	189	–	–
Gains on sales of bonds	342	<b>280</b>	<b>2,484</b>
Gains on redemption of bonds	33	<b>31</b>	<b>275</b>
Income from derivatives other than for trading or hedging	310	–	–
Other	274	<b>332</b>	<b>2,946</b>
Other income	1,918	<b>1,669</b>	<b>14,811</b>
Recoveries of written off claims	574	<b>456</b>	<b>4,046</b>
Gain on sales of stocks and other securities	894	<b>765</b>	<b>6,789</b>
Other	449	<b>447</b>	<b>3,966</b>
Ordinary expenses	21,681	<b>21,308</b>	<b>189,101</b>
Interest expenses	1,229	<b>1,249</b>	<b>11,084</b>
Interest on deposits	1,163	<b>1,173</b>	<b>10,410</b>
Interest on negotiable certificates of deposit	22	<b>34</b>	<b>301</b>
Interest on borrowings and rediscounts	16	<b>35</b>	<b>310</b>
Other interest expenses	26	<b>6</b>	<b>53</b>
Fees and commissions payments	2,014	<b>2,211</b>	<b>19,621</b>
Fees and commissions on domestic and foreign exchanges	169	<b>169</b>	<b>1,499</b>
Other fees and commissions	1,845	<b>2,042</b>	<b>18,122</b>
Other ordinary expenses	494	<b>465</b>	<b>4,126</b>
Loss on foreign exchange transactions	–	<b>41</b>	<b>363</b>
Loss on trading account securities transactions	0	<b>0</b>	<b>0</b>
Loss on sales of bonds	46	<b>150</b>	<b>1,331</b>
Loss on redemption of bonds	343	–	–
Expenses on derivatives other than for trading or hedging	–	<b>51</b>	<b>452</b>
Other	104	<b>223</b>	<b>1,979</b>
General and administrative expenses	15,335	<b>14,975</b>	<b>132,898</b>
Other expenses	2,606	<b>2,405</b>	<b>21,343</b>
Provision of allowance for loan losses	491	<b>439</b>	<b>3,895</b>
Written-off of loans	1,396	<b>1,484</b>	<b>13,170</b>
Losses on sales of stocks and other securities	655	<b>226</b>	<b>2,005</b>
Losses on devaluation of stocks and other securities	2	<b>0</b>	<b>0</b>
Loss on money held in trust	–	<b>12</b>	<b>106</b>
Other	62	<b>241</b>	<b>2,138</b>
Ordinary profit	7,921	<b>6,825</b>	<b>60,569</b>

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Extraordinary income	–	<b>0</b>	<b>0</b>
Gain on disposal of non-current assets	–	<b>0</b>	<b>0</b>
Extraordinary loss	50	<b>272</b>	<b>2,413</b>
Loss on disposal of non-current assets	30	<b>18</b>	<b>159</b>
Impairment loss	19	<b>254</b>	<b>2,254</b>
Profit before income taxes	7,870	<b>6,552</b>	<b>58,146</b>
Income taxes-current	1,869	<b>2,243</b>	<b>19,905</b>
Income taxes-deferred	1,527	<b>566</b>	<b>5,023</b>
Total income taxes	3,397	<b>2,809</b>	<b>24,929</b>
Profit	4,473	<b>3,743</b>	<b>33,217</b>

### 3. Company Information / Stock Information

#### Company Information (as of March 31, 2016)

Trade name:	TOMONY Holdings, Inc.	The Tokushima Bank, Ltd.	The Kagawa Bank, Ltd.
Date of establishment:	April 2010	March 1918	February 1943
Listing date:	April 2010	December 1990 to March 2010	October 1988 to March 2010
Business year:	From April 1 to March 31	From April 1 to March 31	From April 1 to March 31
Paid-in capital:	¥25,000 million	¥11,036 million	¥12,014 million
Number of employees:	2,062 (excluding contract and temporary employees)	916 (excluding contract and temporary employees)	972 (excluding contract and temporary employees)
Head office:	7-1 Kamei-cho, Takamatsu-shi, Kagawa	1-41 Tomidahama, Tokushima-shi, Tokushima	6-1 Kamei-cho, Takamatsu-shi, Kagawa
Telephone:	+81-87-812-0102	+81-88-623-3111	+81-87-861-3121
Consolidated subsidiaries:	The Tokushima Bank, Ltd. The Kagawa Bank, Ltd. TOMONY System Service, Inc. Tokugin Business Service Co., Ltd. Kagawa Business Service Co., Ltd. TOMONY Lease, Inc. Kagawagin Computer Service Co., Ltd. TOMONY Card, Inc. Tokugin Capital Co., Ltd.	Tokugin Business Service Co., Ltd. TOMONY Card, Inc. Tokugin Capital Co., Ltd.	TOMONY Lease, Inc. Kagawa Business Service Co., Ltd. Kagawagin Computer Service Co., Ltd.

#### Officers (as of July 1, 2016)

##### Directors (except the Audit and Supervisory Committee Members):

Representative Director and Chairman	Shinichi Kakiuchi
Representative Director, President and CEO	Seiji Toyama
Representative Director and Vice President	Masaaki Yoshida
Senior Managing Director	Kuniaki Takahashi
Managing Director	Yoshihumi Gamo
Managing Director	Masaya Kakuda
Director	Hitomi Fujii
Director	Toshio Yokote
Director	Hiromi Yoshioka
Director	Masaharu Shimomura
Director	Shinichi Mori

##### Audit and Supervisory Committee Members:

Director*	Katsura Tada
Director (Non-standing)*	Toshiya Onishi
Director (Non-standing)*	Noboru Ohira

\*Outside Director

**Stock Information** (as of March 31, 2016)

Total number of authorized shares:	476,000,000 shares
Total number of shares issued:	152,434,888 shares
Number of shareholders:	10,225
Major shareholders (Top 10)	

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	10,404	6.82
TOMONY Holdings Employee Shareholding Association	5,093	3.34
Nichia Corporation	3,775	2.47
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)	3,448	2.26
Sompo Japan Nipponkoa Insurance Inc.	3,107	2.03
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,713	1.78
NH Foods Ltd.	2,556	1.67
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,520	1.65
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,014	1.32
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,011	1.31
Total	37,645	24.69

\* The financial statements in this Annual Report are stated in Japanese yen with amounts of less than one million yen omitted. As a result, the totals shown do not necessarily agree with the sums of the individual amounts. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of investors outside Japan. Such translation is carried out at the rate of ¥112.68 = U.S. \$1, the approximate rate of exchange at March 31, 2016, and the resultant amounts are shown with amounts of less than 1,000 U.S. dollars omitted.

\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.