

For the Fiscal Year Ended March 31, 2017

ANNUAL REPORT 2017

TOMONY Holdings, Inc.

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 2017, TOMONY Holdings, Inc. (the “Company”) reached the seventh year since it was established as a financial holding company of THE TOKUSHIMA BANK, LTD. and THE KAGAWA BANK, LTD., in April 2010.

In April 2016, after THE TAISHO BANK, LTD. was newly added to the Group, we started the third phase of its management plan as a new TOMONY Holdings Group and the Group are striving to improve its corporate value of the Group, aiming to be “a growing regional financial group,” with the cooperation and coordination of each Group company, through the development of the four basic strategies of “deepening relationships”, “strengthening group financial functions”, “strengthening group organization capabilities” and “strengthening earnings and financial base”.

We will continue to further evolve a regional financial group, and by utilizing wide area network, sharing and utilizing each strength and know-how, realize growth strategy and provide high value added financial services, we will contribute to regional creation the development of the regional economy.

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

1. Summary of Selected Financial Data (Consolidated)

	6 th fiscal year	7 th fiscal year
	As of March 31, 2016 and from April 1, 2015 to March 31, 2016	As of March 31, 2017 and from April 1, 2016 to March 31, 2017
Consolidated ordinary income (Millions of yen)	60,962	71,494
Consolidated ordinary profit (Millions of yen)	13,070	16,326
Profit attributable to owners of parent (Millions of yen)	7,931	25,810
Consolidated comprehensive income (Millions of yen)	910	25,294
Consolidated net assets (Millions of yen)	183,814	211,824
Consolidated total assets (Millions of yen)	3,080,000	3,620,611
Net assets per share (Yen)	1,200.70	1,284.39
Basic earnings per share (Yen)	52.90	159.31
Diluted earnings per share (Yen)	52.20	156.91
Capital adequacy ratio (%)	5.85	5.75
Consolidated return on equity (ROE) (%)	4.39	13.27
Consolidated price earnings ratio (PER) (Times)	6.29	3.70
Net cash provided by (used in) operating activities (Millions of yen)	128,610	(57,293)
Net cash provided by (used in) investing activities (Millions of yen)	(60,363)	73,524
Net cash provided by (used in) financing activities (Millions of yen)	(1,057)	(1,649)
Cash and cash equivalents at end of period (Millions of yen)	167,836	233,847
Number of employees [Separately, average number of temporary employees] (Persons)	2,062 [319]	2,403 [342]

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 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.”

2. Financial Statements

[TOMONY Holdings, Inc.]

(1) Consolidated Balance Sheet

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Assets			
Cash and due from banks	187,931	245,944	2,192,216
Trading account securities	372	466	4,161
Money held in trust	5,447	5,429	48,394
Securities	811,256	786,480	7,010,255
Loans and bills discounted	2,022,508	2,525,015	22,506,601
Foreign exchanges	4,179	3,428	30,558
Lease receivables and investment assets	8,393	8,561	76,309
Other assets	23,775	23,084	205,758
Tangible fixed assets	30,486	32,290	287,815
Buildings, net	11,623	12,634	112,613
Land	15,815	16,501	147,089
Leased assets, net	974	830	7,404
Construction in progress	136	268	2,392
Other tangible fixed assets	1,936	2,054	18,315
Intangible fixed assets	125	3,679	32,799
Software	0	3,549	31,636
Leased assets	10	6	58
Other intangible fixed assets	113	123	1,104
Net defined benefit asset	1,167	2,478	22,088
Deferred tax assets	765	826	7,364
Customers' liabilities for acceptances and guarantees	6,180	6,866	61,202
Allowance for loan losses	(22,591)	(23,939)	(213,386)
Total assets	3,080,000	3,620,611	32,272,142
Liabilities			
Deposits	2,704,251	3,206,424	28,580,306
Negotiable certificates of deposit	52,883	56,143	500,430
Call money and bills sold	59,500	35,000	311,970
Borrowed money	43,796	70,976	632,648
Foreign exchanges	205	6	58
Other liabilities	22,405	26,368	235,033
Provision for bonuses	337	541	4,824
Provision for directors' bonuses	76	92	824
Net defined benefit liability	362	295	2,634
Provision for reimbursement of deposits	444	470	4,197
Provision for contingent loss	150	135	1,205
Deferred tax liabilities	4,665	4,553	40,585
Deferred tax liabilities for land revaluation	926	912	8,135
Acceptances and guarantees	6,180	6,866	61,202
Total liabilities	2,896,185	3,408,787	30,384,058

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Net assets			
Capital stock	25,000	25,000	222,836
Capital surplus	21,886	25,974	231,518
Retained earnings	111,800	136,321	1,215,096
Treasury shares	(776)	(500)	(4,457)
Total shareholders' equity	157,910	186,795	1,664,993
Valuation difference on available-for-sale securities	21,357	20,104	179,197
Deferred gains or losses on hedges	0	0	5
Revaluation reserve for land	1,622	1,590	14,173
Remeasurements of defined benefit plans	(502)	(6)	(61)
Total accumulated other comprehensive income	22,477	21,688	193,315
Subscription rights to shares	770	935	8,340
Non-controlling interests	2,655	2,404	21,434
Total net assets	183,814	211,824	1,888,084
Total liabilities and net assets	3,080,000	3,620,611	32,272,142

(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, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Ordinary income	60,962	71,494	637,258
Interest income	44,089	51,024	454,802
Interest on loans and discounts	34,256	39,914	355,776
Interest and dividends on securities	9,597	10,882	96,999
Interest on call loans and bills bought	46	5	47
Interest on deposits with banks	162	198	1,770
Other interest income	27	23	208
Fees and commissions	6,810	7,946	70,827
Other ordinary income	7,056	8,443	75,258
Other income	3,006	4,080	36,369
Recoveries of written off claims	953	962	8,578
Other	2,052	3,117	27,790
Ordinary expenses	47,891	55,167	491,733
Interest expenses	2,185	2,563	22,854
Interest on deposits	1,925	2,220	19,792
Interest on negotiable certificates of deposit	89	44	400
Interest on call money and bills sold	0	75	673
Interest on borrowings and rediscounts	150	206	1,836
Other interest expenses	19	16	151
Fees and commissions payments	3,761	4,230	37,706
Other ordinary expenses	7,131	9,374	83,558
General and administrative expenses	29,482	35,897	319,969
Other expenses	5,330	3,101	27,644
Provision of allowance for loan losses	1,180	1,017	9,068
Other	4,149	2,084	18,576
Ordinary profit	<u>13,070</u>	<u>16,326</u>	<u>145,524</u>
Extraordinary income	4	14,880	132,632
Gain on disposal of non-current assets	4	30	275
Gain on bargain purchase	-	14,849	132,357
Extraordinary losses	167	347	3,094
Loss on disposal of non-current assets	19	56	500
Impairment loss	147	285	2,545
Other	-	5	49
Profit before income taxes	<u>12,907</u>	<u>30,859</u>	<u>275,063</u>
Income taxes - current	3,327	3,778	33,681
Income taxes - deferred	1,338	1,068	9,526
Total income taxes	<u>4,666</u>	<u>4,847</u>	<u>43,208</u>
Profit	<u>8,240</u>	<u>26,011</u>	<u>231,854</u>
Profit attributable to non-controlling interests	308	201	1,791
Profit attributable to owners of parent	<u>7,931</u>	<u>25,810</u>	<u>230,063</u>

Consolidated Statement of Comprehensive Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Profit	8,240	26,011	231,854
Other comprehensive income	(7,330)	(716)	(6,390)
Valuation difference on available-for-sale securities	(6,375)	(1,212)	(10,807)
Deferred gains or losses on hedges	1	(0)	(0)
Revaluation reserve for land	48	-	-
Remeasurements of defined benefit plans, net of tax	(1,004)	495	4,417
Comprehensive income	910	25,294	225,464
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	678	25,053	223,311
Comprehensive income attributable to non-controlling interests	231	241	2,152

(3) Consolidated Statement of Changes in Net Assets

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, 2017

(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	111,800	(776)	157,910
Changes of items during period					
Dividends of surplus			(1,322)		(1,322)
Profit attributable to owners of parent			25,810		25,810
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		5		277	283
Increase by share exchanges		3,760			3,760
Change in ownership interest of parent due to transactions with non-controlling shareholders		321			321
Reversal of revaluation reserve for land			32		32
Net changes of items other than shareholders' equity					
Total changes of items during period	-	4,087	24,520	276	28,884
Balance at end of current period	25,000	25,974	136,321	(500)	186,795

	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	21,357	0	1,622	(502)	22,477	770	2,655	183,814
Changes of items during period								
Dividends of surplus								(1,322)
Profit attributable to owners of parent								25,810
Purchase of treasury shares								(1)
Disposal of treasury shares								283
Increase by share exchanges								3,760
Change in ownership interest of parent due to transactions with non-controlling shareholders								321
Reversal of revaluation reserve for land								32
Net changes of items other than shareholders' equity	(1,252)	(0)	(32)	495	(789)	165	(250)	(875)
Total changes of items during period	(1,252)	(0)	(32)	495	(789)	165	(250)	28,009
Balance at end of current period	20,104	0	1,590	(6)	21,688	935	2,404	211,824

Fiscal year ended March 31, 2017

(Thousands of U.S. dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	222,836	195,085	996,530	(6,921)	1,407,529
Changes of items during period					
Dividends of surplus			(11,784)		(11,784)
Profit attributable to owners of parent			230,063		230,063
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		49		2,474	2,523
Increase by share exchanges		33,522			33,522
Change in ownership interest of parent due to transactions with non-controlling shareholders		2,861			2,861
Reversal of revaluation reserve for land			287		287
Net changes of items other than shareholders' equity					
Total changes of items during period	-	36,433	218,566	2,464	257,463
Balance at end of current period	222,836	231,518	1,215,096	(4,457)	1,664,993

	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	190,365	6	14,461	(4,478)	200,354	6,868	23,667	1,638,419
Changes of items during period								
Dividends of surplus								(11,784)
Profit attributable to owners of parent								230,063
Purchase of treasury shares								(10)
Disposal of treasury shares								2,523
Increase by share exchanges								33,522
Change in ownership interest of parent due to transactions with non-controlling shareholders								2,861
Reversal of revaluation reserve for land								287
Net changes of items other than shareholders' equity	(11,168)	(0)	(287)	4,417	(7,039)	1,472	(2,232)	(7,799)
Total changes of items during period	(11,168)	(0)	(287)	4,417	(7,039)	1,472	(2,232)	249,664
Balance at end of current period	179,197	5	14,173	(61)	193,315	8,340	21,434	1,888,084

(4) Consolidated Statement of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Cash flows from operating activities			
Profit before income taxes	12,907	30,859	275,063
Depreciation	1,560	2,224	19,828
Impairment loss	147	285	2,545
Gain on bargain purchase	–	(14,849)	(132,357)
Increase (decrease) in allowance for loan losses	(1,796)	(611)	(5,446)
Increase (decrease) in provision for bonuses	11	(6)	(53)
Increase (decrease) in provision for directors' bonuses	5	(0)	(7)
Increase (decrease) in net defined benefit asset	(782)	(483)	(4,311)
Increase (decrease) in net defined benefit liability	6	(320)	(2,860)
Increase (decrease) in provision for reimbursement of deposits	52	14	130
Increase (decrease) in provision for contingent loss	(134)	(42)	(377)
Gain on fund management	(44,089)	(51,024)	(454,802)
Financing expenses	2,185	2,563	22,854
Loss (gain) related to securities	(694)	(1,361)	(12,137)
Loss (gain) on money held in trust	(5)	106	948
Foreign exchange losses (gains)	8,916	359	3,208
Loss (gain) on disposal of non-current assets	15	25	224
Net decrease (increase) in loans and bills discounted	(107,133)	(131,095)	(1,168,514)
Net increase (decrease) in deposit	43,873	85,569	762,718
Net increase (decrease) in negotiable certificates of deposit	11,195	3,259	29,054
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(4,280)	3,580	31,913
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(15,534)	(4,675)	(41,675)
Net decrease (increase) in call loans	120,000	–	–
Net increase (decrease) in call money	59,500	(24,500)	(218,379)
Net decrease (increase) in foreign exchanges - assets	2,815	751	6,698
Net increase (decrease) in foreign exchanges - liabilities	162	(199)	(1,777)
Net decrease (increase) in lease receivables and investment assets	(15)	(167)	(1,495)
Proceeds from fund management	45,463	52,177	465,085
Payments for finance	(2,356)	(2,346)	(20,919)
Other, net	494	(3,848)	(34,305)
Subtotal	132,489	(53,755)	(479,147)
Income taxes paid	(3,878)	(3,538)	(31,536)
Net cash provided by (used in) operating activities	128,610	(57,293)	(510,684)

	(Millions of yen)	(Thousands of U.S. dollars)	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Cash flows from investing activities			
Purchase of securities	(242,740)	(217,078)	(1,934,918)
Proceeds from sales of securities	34,215	127,550	1,136,914
Proceeds from redemption of securities	150,812	164,843	1,469,325
Increase in money held in trust	(1,012)	(90)	(809)
Purchase of tangible fixed assets	(1,722)	(1,766)	(15,741)
Proceeds from sales of tangible fixed assets	84	135	1,211
Purchase of intangible assets	-	(70)	(627)
Net cash provided by (used in) investing activities	(60,363)	73,524	655,353
Cash flows from financing activities			
Repayment of subordinated loans	-	(300)	(2,674)
Cash dividends paid	(1,205)	(1,325)	(11,817)
Dividends paid to non-controlling interests	(2)	(7)	(64)
Purchase of treasury shares	(0)	(1)	(10)
Proceeds from disposal of treasury shares	255	254	2,272
Purchase of treasury stock of subsidiaries in consolidation	-	(62)	(553)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	-	(101)	(906)
Repayments of lease obligations	(104)	(106)	(951)
Net cash provided by (used in) financing activities	(1,057)	(1,649)	(14,704)
Effect of exchange rate change on cash and cash equivalents	7	7	67
Net increase (decrease) in cash and cash equivalents	67,196	14,588	130,034
Cash and cash equivalents at beginning of period	100,640	167,836	1,496,005
Increase in cash equivalents newly	-	51,422	458,353
Cash and cash equivalents at end of period	167,836	233,847	2,084,391

[THE TOKUSHIMA BANK, LTD.]

(1) Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Assets			
Cash and due from banks	93,691	120,726	1,076,091
Cash	13,107	13,959	124,431
Due from banks	80,584	106,766	951,660
Trading account securities	161	251	2,243
Trading government bonds	91	142	1,267
Trading local government bonds	69	109	976
Money held in trust	4,447	4,436	39,547
Securities	489,946	435,324	3,880,247
Government bonds	84,017	59,283	528,423
Local government bonds	28,964	34,618	308,569
Corporate bonds	166,103	127,159	1,133,429
Stocks	18,454	20,755	185,006
Other securities	192,406	193,507	1,724,818
Loans and bills discounted	924,640	987,761	8,804,365
Bills discounted	7,358	5,940	52,949
Loans on bills	94,119	96,184	857,339
Loans on deeds	736,352	783,237	6,981,352
Overdrafts	86,810	102,398	912,724
Foreign exchanges	1,149	1,449	12,919
Due from foreign banks (our accounts)	755	967	8,620
Foreign bills bought	141	174	1,559
Foreign bills receivable	252	307	2,740
Other assets	12,093	10,525	93,819
Prepaid expenses	16	18	168
Accrued income	1,597	1,665	14,843
Derivatives other than for trading-assets	2,543	2,200	19,617
Other	7,935	6,640	59,189
Tangible fixed assets	17,528	17,191	153,237
Buildings, net	7,532	7,367	65,665
Land	8,683	8,615	76,794
Lease assets, net	393	337	3,006
Construction in progress	–	0	8
Other tangible fixed assets	918	870	7,762
Intangible fixed assets	64	64	578
Other intangible fixed assets	64	64	578
Prepaid pension cost	1,258	1,566	13,960
Deferred tax assets	546	164	1,467
Customers' liabilities for acceptances and guarantees	2,635	2,638	23,515
Allowance for loan losses	(12,992)	(12,744)	(113,597)
Total assets	1,535,172	1,569,358	13,988,395

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Liabilities			
Deposits	1,342,695	1,394,428	12,429,165
Current deposits	36,674	38,191	340,421
Ordinary deposits	526,644	578,972	5,160,639
Saving deposits	22,605	21,993	196,038
Deposits at notice	1,159	1,186	10,577
Time deposits	711,033	722,533	6,440,266
Installment savings	5,327	5,845	52,102
Other deposits	39,250	25,704	229,119
Negotiable certificates of deposit	37,583	38,063	339,275
Call money	59,500	35,000	311,970
Borrowed money	3,261	3,039	27,092
Borrowings from other banks	3,261	3,039	27,092
Foreign exchanges	205	6	58
Foreign bills sold	205	6	58
Other liabilities	8,981	11,838	105,525
Income taxes payable	118	1,150	10,250
Accrued expenses	997	1,237	11,034
Unearned revenue	764	709	6,321
Reserve for interest on installment savings	0	1	8
Derivatives other than for trading-liabilities	1,680	1,424	12,698
Cash collateral received for financial instruments	-	2,412	21,499
Lease obligations	413	354	3,157
Asset retirement obligations	35	35	311
Other	4,971	4,514	40,242
Provision for directors' bonuses	27	29	258
Provision for reimbursement of deposits	218	219	1,954
Provision for contingent loss	79	62	557
Deferred tax liabilities for land revaluation	926	912	8,135
Acceptances and guarantees	2,635	2,638	23,515
Total liabilities	1,456,115	1,486,237	13,247,508
Net assets			
Capital stock	11,036	11,036	98,370
Capital surplus	9,514	9,514	84,805
Legal capital surplus	9,514	9,514	84,805
Retained earnings	49,547	53,417	476,134
Legal retained earnings	2,280	2,280	20,328
Other retained earnings	47,266	51,136	455,806
General reserve	34,638	34,638	308,745
Retained earnings brought forward	12,628	16,498	147,060
Total shareholders' equity	70,098	73,968	659,310
Valuation difference on available-for-sale securities	7,336	7,561	67,397
Deferred gains or losses on hedges	0	0	6
Revaluation reserve for land	1,622	1,590	14,173
Total valuation and translation adjustments	8,959	9,152	81,576
Total net assets	79,057	83,120	740,887
Total liabilities and net assets	1,535,172	1,569,358	13,988,395

(2) Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Ordinary income	25,573	26,184	233,395
Interest income	21,362	21,248	189,399
Interest on loans and discounts	16,287	15,584	138,909
Interest and dividends on securities	4,954	5,549	49,462
Interest on call loans	7	0	0
Interest on deposits with banks	96	102	918
Other interest income	15	12	108
Fees and commissions	2,578	2,596	23,142
Fees and commissions on domestic and foreign exchanges	705	697	6,221
Other fees and commissions	1,873	1,898	16,921
Other ordinary income	202	948	8,452
Gain on trading account securities transactions	2	–	–
Gains on sales of bonds	199	948	8,451
Other ordinary income	–	0	1
Other income	1,430	1,391	12,401
Recoveries of written off claims	496	346	3,084
Gain on sales of stocks and other securities	512	724	6,453
Gain on money held in trust	18	–	–
Other	402	321	2,862
Ordinary expenses	20,194	19,992	178,206
Interest expenses	884	850	7,582
Interest on deposits	753	682	6,081
Interest on negotiable certificates of deposit	55	25	231
Interest on call money	0	76	680
Interest on borrowings and rediscounts	65	63	564
Other interest expenses	9	2	24
Fees and commissions payments	1,610	1,620	14,442
Fees and commissions on domestic and foreign exchanges	135	131	1,169
Other fees and commissions	1,474	1,489	13,272
Other ordinary expenses	1,015	2,194	19,561
Loss on foreign exchange transactions	478	1,398	12,461
Loss on trading account securities transactions	–	2	19
Loss on sales of bonds	521	774	6,902
Other	14	19	177
General and administrative expenses	13,664	13,688	122,008
Other expenses	3,020	1,639	14,610
Provision of allowance for loan losses	917	579	5,161
Written-off of loans	1,746	414	3,691
Losses on sales of stocks and other securities	101	384	3,424
Losses on devaluation of stocks and other securities	0	–	–
Loss on money held in trust	–	8	72
Other	254	253	2,260
Ordinary profit	5,379	6,191	55,188

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Extraordinary income	4	5	44
Gain on disposal of non-current assets	4	5	44
Extraordinary loss	44	80	719
Loss on disposal of non-current assets	3	2	24
Impairment loss	40	77	694
Profit before income taxes	5,340	6,115	54,514
Income taxes-current	978	1,463	13,045
Income taxes-deferred	650	197	1,759
Total income taxes	1,628	1,660	14,804
Profit	3,711	4,454	39,709

[THE KAGAWA BANK, LTD.]

(1) Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Assets			
Cash and due from banks	94,054	85,922	765,869
Cash	14,859	15,148	135,021
Due from banks	79,194	70,774	630,847
Trading account securities	211	215	1,917
Trading government bonds	211	215	1,917
Money held in trust	1,000	992	8,847
Securities	319,564	308,445	2,749,314
Government bonds	102,703	84,275	751,185
Local government bonds	16,441	15,096	134,559
Corporate bonds	102,266	87,872	783,247
Stocks	26,984	30,616	272,901
Other securities	71,169	90,584	807,420
Loans and bills discounted	1,106,065	1,162,411	10,361,097
Bills discounted	10,474	9,624	85,787
Loans on bills	64,911	67,744	603,839
Loans on deeds	970,455	1,016,412	9,059,746
Overdrafts	60,224	68,629	611,724
Foreign exchanges	3,030	1,978	17,639
Due from foreign banks (our accounts)	2,896	1,960	17,476
Foreign bills bought	1	-	-
Foreign bills receivable	132	18	162
Other assets	1,939	1,711	15,251
Prepaid expenses	16	18	162
Accrued income	1,302	1,118	9,973
Derivatives other than for trading-assets	3	10	94
Other	617	563	5,021
Tangible fixed assets	24,125	23,984	213,787
Buildings, net	4,047	4,162	37,100
Land	18,306	18,096	161,306
Lease assets, net	565	482	4,299
Construction in progress	136	267	2,383
Other tangible fixed assets	1,068	975	8,696
Intangible fixed assets	46	46	414
Other intangible fixed assets	46	46	414
Prepaid pension cost	992	1,037	9,251
Customers' liabilities for acceptances and guarantees	3,544	3,696	32,950
Allowance for loan losses	(8,556)	(8,621)	(76,845)
Total assets	1,546,017	1,581,822	14,099,496

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Liabilities			
Deposits	1,366,264	1,393,449	12,420,446
Current deposits	39,214	43,836	390,737
Ordinary deposits	542,992	581,163	5,180,172
Saving deposits	22,814	23,469	209,191
Deposits at notice	3,739	5,237	46,685
Time deposits	737,782	720,954	6,426,192
Installment savings	9,961	9,991	89,057
Other deposits	9,760	8,796	78,410
Negotiable certificates of deposit	15,300	18,080	161,155
Borrowed money	34,214	38,507	343,232
Borrowings from other banks	34,214	38,507	343,232
Foreign exchanges	0	–	–
Foreign bills payable	0	–	–
Other liabilities	10,143	9,725	86,685
Income taxes payable	1,185	724	6,458
Accrued expenses	1,475	1,508	13,447
Unearned revenue	872	856	7,632
Reserve for interest on installment savings	2	1	14
Derivatives other than for trading-liabilities	0	0	2
Lease obligations	243	210	1,874
Other	6,364	6,423	57,253
Provision for bonuses	299	299	2,666
Provision for directors' bonuses	30	31	276
Provision for reimbursement of deposits	225	234	2,087
Provision for contingent loss	71	53	477
Deferred tax liabilities	4,036	3,554	31,679
Deferred tax liabilities for land revaluation	3,783	3,701	32,997
Acceptances and guarantees	3,544	3,696	32,950
Total liabilities	1,437,914	1,471,333	13,114,655
Net assets			
Capital stock	12,014	12,014	107,089
Capital surplus	9,339	9,339	83,245
Legal capital surplus	9,339	9,339	83,245
Retained earnings	65,130	69,591	620,297
Legal retained earnings	2,674	2,674	23,843
Other retained earnings	62,455	66,916	596,454
Reserve for reduction entry	28	27	246
General reserve	43,436	43,436	387,170
Retained earnings brought forward	18,990	23,451	209,037
Total shareholders' equity	86,483	90,944	810,632
Valuation difference on available-for-sale securities	14,462	12,573	112,075
Deferred gains or losses on hedges	(0)	(0)	(0)
Revaluation reserve for land	7,156	6,970	62,132
Total valuation and translation adjustments	21,618	19,544	174,208
Total net assets	108,102	110,489	984,840
Total liabilities and net assets	1,546,017	1,581,822	14,099,496

(2) Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Ordinary income	28,134	29,024	258,706
Interest income	22,318	21,630	192,800
Interest on loans and discounts	17,982	16,961	151,187
Interest and dividends on securities	4,223	4,587	40,888
Interest on call loans	38	5	47
Interest on deposits with banks	65	69	616
Other interest income	8	6	61
Fees and commissions	3,501	3,888	34,664
Fees and commissions on domestic and foreign exchanges	923	906	8,083
Other fees and commissions	2,577	2,982	26,581
Other ordinary income	645	1,105	9,849
Gains on foreign exchange transactions	–	85	759
Gains on sales of bonds	280	711	6,341
Gains on redemption of bonds	31	41	367
Income from derivatives other than for trading or hedging	–	11	100
Other	332	255	2,280
Other income	1,669	2,399	21,391
Recoveries of written off claims	456	584	5,206
Gain on sales of stocks and other securities	765	1,289	11,497
Other	447	525	4,687
Ordinary expenses	21,308	21,423	190,956
Interest expenses	1,249	978	8,725
Interest on deposits	1,173	935	8,335
Interest on negotiable certificates of deposit	34	18	169
Interest on call money	–	(0)	(6)
Interest on borrowings and rediscounts	35	19	176
Other interest expenses	6	5	50
Fees and commissions payments	2,211	2,227	19,853
Fees and commissions on domestic and foreign exchanges	169	167	1,491
Other fees and commissions	2,042	2,060	18,361
Other ordinary expenses	465	1,548	13,801
Loss on foreign exchange transactions	41	–	–
Loss on trading account securities transactions	0	3	29
Loss on sales of bonds	150	1,276	11,381
Expenses on derivatives other than for trading or hedging	51	–	–
Other	223	268	2,390
General and administrative expenses	14,975	15,124	134,812
Other expenses	2,405	1,544	13,763
Provision of allowance for loan losses	439	625	5,571
Written-off of loans	1,484	454	4,051
Losses on sales of stocks and other securities	226	269	2,406
Losses on devaluation of stocks and other securities	0	0	0
Loss on money held in trust	12	98	875
Other	241	96	858
Ordinary profit	6,825	7,600	67,749

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Extraordinary income	0	25	230
Gain on disposal of non-current assets	0	25	230
Extraordinary loss	272	412	3,673
Loss on disposal of non-current assets	18	7	64
Impairment loss	254	404	3,608
Profit before income taxes	6,552	7,214	64,307
Income taxes-current	2,243	1,970	17,559
Income taxes-deferred	566	363	3,243
Total income taxes	2,809	2,333	20,803
Profit	3,743	4,880	43,504

[THE TAISHO BANK, LTD.]

(1) Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Assets			
Cash and due from banks	53,749	59,110	526,876
Cash	4,353	5,724	51,022
Due from banks	49,396	53,386	475,853
Securities	45,446	40,799	363,664
Government bonds	22,091	7,021	62,582
Local government bonds	9,879	22,164	197,558
Corporate bonds	1,413	503	4,488
Stocks	4,792	4,525	40,337
Other securities	7,269	6,585	58,697
Loans and bills discounted	371,411	382,807	3,412,138
Bills discounted	287	177	1,582
Loans on bills	64,265	60,831	542,217
Loans on deeds	263,101	271,597	2,420,873
Overdrafts	43,756	50,201	447,464
Other assets	544	566	5,051
Prepaid expenses	35	52	470
Accrued income	176	146	1,307
Other	333	367	3,273
Tangible fixed assets	2,735	2,660	23,718
Buildings, net	917	1,065	9,493
Land	1,338	1,338	11,932
Lease assets, net	5	3	30
Construction in progress	102	–	–
Other tangible fixed assets	370	253	2,261
Intangible fixed assets	3,985	3,559	31,724
Software	3,948	3,549	31,635
Software in progress	26	–	–
Other intangible fixed assets	10	10	89
Prepaid pension cost	461	444	3,957
Deferred tax assets	1,072	552	4,921
Customers' liabilities for acceptances and guarantees	584	531	4,736
Allowance for loan losses	(1,959)	(1,720)	(15,332)
Total assets	478,033	489,311	4,361,456

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Liabilities			
Deposits	431,657	442,113	3,940,758
Current deposits	10,934	10,521	93,779
Ordinary deposits	114,154	122,469	1,091,627
Saving deposits	226	178	1,590
Deposits at notice	407	174	1,552
Time deposits	303,018	305,911	2,726,723
Installment savings	1,827	1,976	17,618
Other deposits	1,088	882	7,867
Borrowed money	23,900	23,600	210,357
Borrowings from other banks	23,900	23,600	210,357
Other liabilities	1,783	1,733	15,449
Income taxes payable	195	52	464
Accrued expenses	633	486	4,336
Unearned revenue	373	378	3,373
Reserve for interest on installment savings	0	0	4
Derivatives other than for trading-liabilities	24	13	123
Lease obligations	5	3	30
Asset retirement obligations	110	113	1,009
Other	438	685	6,106
Provision for bonuses	210	210	1,871
Provision for directors' bonuses	17	15	141
Provision for retirement benefits	236	232	2,074
Provision for directors' retirement benefits	148	-	-
Provision for reimbursement of deposits	12	17	155
Provision for contingent loss	26	19	170
Deferred tax liabilities for land revaluation	184	184	1,640
Acceptances and guarantees	584	531	4,736
Total liabilities	458,760	468,657	4,177,355
Net assets			
Capital stock	2,689	2,689	23,972
Capital surplus	1,973	1,973	17,588
Legal capital surplus	1,973	1,973	17,588
Retained earnings	14,564	15,099	134,591
Legal retained earnings	716	716	6,383
Other retained earnings	13,848	14,383	128,208
General reserve	5,509	5,509	49,109
Reserve for advanced depreciation of noncurrent assets	129	126	1,125
Retained earnings brought forward	8,209	8,747	77,974
Total shareholders' equity	19,227	19,762	176,152
Valuation difference on available-for-sale securities	(225)	620	5,527
Revaluation reserve for land	271	271	2,419
Total valuation and translation adjustments	46	891	7,947
Total net assets	19,273	20,654	184,100
Total liabilities and net assets	478,033	489,311	4,361,456

(2) Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Ordinary income	9,543	9,169	81,734
Interest income	8,343	7,977	71,102
Interest on loans and discounts	7,831	7,387	65,851
Interest and dividends on securities	469	548	4,888
Interest on call loans	0	–	–
Interest on deposits with banks	41	40	360
Other interest income	0	0	0
Fees and commissions	712	722	6,439
Fees and commissions on domestic and foreign exchanges	137	134	1,202
Other fees and commissions	575	587	5,237
Other ordinary income	218	62	553
Gains on sales of bonds	218	51	455
Income from derivatives other than for trading or hedging	–	11	98
Other income	269	408	3,638
Reversal of allowance for doubtful accounts	–	165	1,474
Recoveries of written off claims	10	31	278
Gain on sales of stocks and other securities	165	90	805
Other	93	121	1,080
Ordinary expenses	8,474	8,073	71,959
Interest expenses	857	706	6,299
Interest on deposits	736	617	5,504
Interest on call money	0	–	–
Interest on borrowings and rediscounts	113	83	747
Other interest expenses	7	5	47
Fees and commissions payments	484	434	3,874
Fees and commissions on domestic and foreign exchanges	25	25	222
Other fees and commissions	459	409	3,651
Other ordinary expenses	24	21	189
Loss on foreign exchange transactions	0	0	0
Loss on sales of bonds	–	21	189
Expenses on derivatives other than for trading or hedging	24	–	–
General and administrative expenses	6,760	6,574	58,603
Other expenses	347	335	2,992
Provision of allowance for loan losses	232	–	–
Written-off of loans	–	0	2
Losses on sales of stocks and other securities	53	302	2,697
Losses on devaluation of stocks and other securities	9	–	–
Other	52	32	292
Ordinary profit	1,068	1,096	9,775

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Extraordinary income	24	-	-
Gain on disposal of non-current assets	24	-	-
Extraordinary loss	0	51	459
Loss on disposal of non-current assets	0	46	410
Other	-	5	49
Profit before income taxes	<u>1,093</u>	<u>1,045</u>	<u>9,315</u>
Income taxes-current	429	243	2,171
Income taxes-deferred	193	148	1,322
Total income taxes	<u>622</u>	<u>391</u>	<u>3,493</u>
Profit	<u>470</u>	<u>653</u>	<u>5,821</u>

3. Company Information / Stock Information

Company Information (as of March 31, 2017)

Trade name:	TOMONY Holdings, Inc.	THE TOKUSHIMA BANK, LTD.
Date of establishment:	April 2010	March 1918
Listing date:	April 2010	December 1990 to March 2010
Business year:	From April 1 to March 31	From April 1 to March 31
Paid-in capital:	¥25,000 million	¥11,036 million
Number of employees:	2,403 (excluding contract and temporary employees)	902 (excluding contract and temporary employees)
Head office:	7-1 Kamei-cho, Takamatsu-shi, Kagawa	1-41 Tomidahama, Tokushima-shi, Tokushima
Telephone:	+81-87-812-0102	+81-88-623-3111
Consolidated subsidiaries:	THE TOKUSHIMA BANK, LTD. THE KAGAWA BANK, LTD. THE TAISHO BANK, LTD. TOMONY System Service, Inc. Tokugin Business Service Co., Ltd. Kagawa Business Service Co., Ltd. TOMONY Lease, Inc. TOMONY Card, Inc. Tokugin Capital Co., Ltd. Taisho Shinyo Hosho Co.,Ltd.	Tokugin Business Service Co., Ltd. TOMONY Card, Inc. Tokugin Capital Co., Ltd.
Trade name:	THE KAGAWA BANK, LTD.	THE TAISHO BANK, LTD.
Date of establishment:	February 1943	April 1922
Listing date:	October 1988 to March 2010	—
Business year:	From April 1 to March 31	From April 1 to March 31
Paid-in capital:	¥12,014 million	¥2,689 million
Number of employees:	987 (excluding contract and temporary employees)	340 (excluding contract and temporary employees)
Head office:	7-9 Kamei-cho, Takamatsu-shi, Kagawa	2-5-8 Imabashi, Chuo-ku, Osaka-shi, Osaka
Telephone:	+81-87-861-3121	+81-6-6205-8400
Consolidated subsidiaries:	TOMONY Lease, Inc. Kagawa Business Service Co., Ltd.	Taisho Shinyo Hosho Co.,Ltd.

Officers (as of July 1, 2017)

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
Representative Senior Managing Director	Takeshi Nakamura
Managing Director	Yoshifumi Gamo
Managing Director	Masaya Kakuda
Managing Director	Hitomi Fujii
Director	Toshio Yokote
Director	Hiromi Yoshioka
Director	Noritaka Honda
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, 2017)

Total number of authorized shares:	476,000,000 shares
Total number of shares issued:	163,728,911 shares
Number of shareholders:	10,097
Major shareholders (Top 10)	

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	10,078	6.16
TOMONY Holdings Employee Shareholding Association	4,944	3.02
Sompo Japan Nipponkoa Insurance Inc. Nichia Corporation	3,775	2.30
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)	3,442	2.10
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,251	1.98
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,089	1.88
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,986	1.82
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,964	1.81
NH Foods Ltd.	2,556	1.56
Total	40,864	24.95

* 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 ¥112.19 = U.S. \$1, the approximate rate of exchange at March 31, 2017, 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.