

For the Fiscal Year Ended March 31, 2023

ANNUAL REPORT 2023

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.

The Group consists of TOMONY Holdings, Inc.(the “Company”), a financial holding company, and nine consolidated subsidiaries including THE TOKUSHIMA TAISHO BANK, LTD. and THE KAGAWA BANK, LTD. and we have grown into a wide-area financial group that grows with local customers.

In April 2023, we have started the fifth management plan for three years. The new medium-term management plan is based on the Group management philosophy of “Customer First”, “Growing with Customers”, “Reliable and Secure management”. Our vision for ten years ahead is to become “A wide-area financial group said it was good to choose TOMONY after all.” We have positioned the management plan for the first three years to achieve the vision.

In particular, we will implement specific measures based on five basic strategies of “sustainability strategy”, “sales strategy”, “human resources strategy”, “operation strategy”, and “governance strategy”; and we will grow together with all Stakeholders by providing higher value for faster and more widely.

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

1. Summary of Selected Financial Data (Consolidated)

	12 th fiscal year	13 th fiscal year
	As of March 31, 2022 and from April 1, 2021 to March 31, 2022	As of March 31, 2023 and from April 1, 2022 to March 31, 2023
Consolidated ordinary income (Millions of yen)	70,335	79,854
Consolidated ordinary profit (Millions of yen)	19,132	20,679
Profit attributable to owners of parent (Millions of yen)	13,062	14,168
Consolidated comprehensive income (Millions of yen)	4,080	3,299
Consolidated net assets (Millions of yen)	245,730	247,356
Consolidated total assets (Millions of yen)	4,596,057	4,551,361
Net assets per share (Yen)	1,506.59	1,506.76
Basic earnings per share (Yen)	81.53	87.71
Diluted earnings per share (Yen)	79.81	86.04
Capital adequacy ratio (%)	5.26	5.36
Consolidated return on equity (ROE) (%)	5.42	5.82
Consolidated price earnings ratio (PER) (Times)	4.02	4.02
Net cash provided by (used in) operating activities (Millions of yen)	47,910	(201,412)
Net cash provided by (used in) investing activities (Millions of yen)	(27,436)	37,476
Net cash provided by (used in) financing activities (Millions of yen)	(2,375)	(2,564)
Cash and cash equivalents at end of period (Millions of yen)	532,813	366,324
Number of employees [Separately, average number of temporary employees] (Persons)	2,264 [273]	2,237 [252]

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, 2022	As of March 31, 2023	As of March 31, 2023
Assets			
Cash and due from banks	537,955	371,140	2,779,455
Trading securities	436	478	3,580
Money held in trust	1,327	1,108	8,300
Securities	727,889	691,510	5,178,692
Loans and bills discounted	3,229,950	3,395,321	25,427,403
Foreign exchanges	7,247	4,923	36,873
Lease receivables and investment in leases	10,023	10,545	78,973
Other assets	52,559	45,010	337,082
Tangible fixed assets	35,967	35,743	267,682
Buildings, net	18,092	17,926	134,253
Land	15,766	15,692	117,518
Leased assets, net	376	208	1,560
Construction in progress	183	479	3,588
Other tangible fixed assets	1,548	1,437	10,761
Intangible fixed assets	1,369	1,114	8,349
Software	1,240	963	7,215
Other intangible fixed assets	129	151	1,133
Retirement benefit asset	5,860	6,358	47,616
Deferred tax assets	163	3,463	25,939
Customers' liabilities for acceptances and guarantees	7,309	7,108	53,231
Allowance for loan losses	(22,003)	(22,466)	(168,246)
Total assets	4,596,057	4,551,361	34,084,934
Liabilities			
Deposits	3,948,642	4,018,219	30,092,256
Negotiable certificates of deposit	113,501	128,635	963,346
Call money and bills sold	–	23,000	172,245
Cash collateral received for securities lent	–	8,656	64,829
Borrowed money	243,775	80,822	605,279
Foreign exchanges	23	29	222
Other liabilities	33,771	35,810	268,179
Provision for bonuses	328	341	2,557
Provision for bonuses for directors (and other officers)	106	98	738
Retirement benefit liability	148	148	1,108
Provision for reimbursement of deposits	188	130	973
Provision for contingent loss	137	128	961
Provision for loss on guarantees	213	–	–
Deferred tax liabilities	1,372	67	503
Deferred tax liabilities for land revaluation	808	808	6,053
Acceptances and guarantees	7,309	7,108	53,231
Total liabilities	4,350,327	4,304,004	32,232,489

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2023	As of March 31, 2023
Net assets			
Share capital	25,000	25,000	187,223
Capital surplus	25,972	25,890	193,891
Retained earnings	182,386	195,000	1,460,348
Treasury shares	(1,142)	(595)	(4,459)
Total shareholders' equity	232,216	245,295	1,837,003
Valuation difference on available-for-sale securities	7,730	(3,251)	(24,352)
Deferred gains or losses on hedges	0	0	5
Revaluation reserve for land	1,406	1,423	10,657
Remeasurements of defined benefit plans	763	716	5,366
Total accumulated other comprehensive income	9,900	(1,111)	(8,322)
Share acquisition rights	1,215	1,005	7,531
Non-controlling interests	2,398	2,167	16,231
Total net assets	245,730	247,356	1,852,444
Total liabilities and net assets	4,596,057	4,551,361	34,084,934

(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, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Ordinary income	70,335	79,854	598,026
Interest income	48,023	56,086	420,027
Interest on loans and discounts	39,573	42,896	321,247
Interest and dividends on securities	7,776	12,482	93,482
Interest on call loans and bills bought	(0)	(8)	(65)
Interest on deposits with banks	657	681	5,104
Other interest income	17	34	259
Fees and commissions	10,453	11,186	83,774
Other ordinary income	9,108	8,120	60,817
Other income	2,750	4,460	33,406
Recoveries of written off receivables	637	397	2,974
Other	2,112	4,063	30,431
Ordinary expenses	51,203	59,174	443,155
Interest expenses	1,148	1,269	9,504
Interest on deposits	1,062	987	7,393
Interest on negotiable certificates of deposit	15	21	162
Interest on call money and bills sold	(4)	(27)	(207)
Interest expenses on cash collateral received for securities lent	–	221	1,655
Interest on borrowings and rediscounts	68	52	394
Other interest expenses	6	14	107
Fees and commissions payments	4,019	4,006	30,008
Other ordinary expenses	8,420	17,073	127,859
General and administrative expenses	34,041	32,951	246,775
Other expenses	3,573	3,873	29,007
Provision of allowance for loan losses	1,361	1,675	12,550
Other	2,211	2,197	16,457
Ordinary profit	<u>19,132</u>	<u>20,679</u>	<u>154,870</u>
Extraordinary income	437	28	216
Gain on disposal of non-current assets	220	28	216
Compensation for forced relocation	217	–	–
Extraordinary losses	805	337	2,525
Loss on disposal of non-current assets	416	287	2,149
Impairment loss	175	46	350
Provision for loss on guarantees	213	–	–
Loss on guarantees	–	3	25
Profit before income taxes	<u>18,764</u>	<u>20,371</u>	<u>152,562</u>
Income taxes – current	5,127	5,693	42,635
Income taxes – deferred	388	304	2,277
Total income taxes	<u>5,515</u>	<u>5,997</u>	<u>44,912</u>
Profit	<u>13,248</u>	<u>14,374</u>	<u>107,649</u>
Profit attributable to non-controlling interests	186	205	1,542
Profit attributable to owners of parent	<u>13,062</u>	<u>14,168</u>	<u>106,107</u>

Consolidated Statement of Comprehensive Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Profit	13,248	14,374	107,649
Other comprehensive income	(9,168)	(11,074)	(82,940)
Valuation difference on available-for-sale securities	(9,146)	(11,028)	(82,591)
Deferred gains or losses on hedges	(1)	0	4
Remeasurements of defined benefit plans, net of tax	(20)	(47)	(352)
Comprehensive income	4,080	3,299	24,709
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	3,951	3,140	23,516
Comprehensive income attributable to non-controlling interests	128	159	1,192

(3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	25,000	25,808	170,751	(1,515)	220,043
Cumulative effects of changes in accounting policies			(49)		(49)
Restated balance	25,000	25,808	170,701	(1,515)	219,994
Changes during period					
Dividends of surplus			(1,374)		(1,374)
Profit attributable to owners of parent			13,062		13,062
Purchase of treasury shares				(202)	(202)
Disposal of treasury shares		(2)		576	574
Change in ownership interest of parent due to transactions with non-controlling interests		166			166
Reversal of revaluation reserve for land			(3)		(3)
Net changes in items other than shareholders' equity					
Total changes during period	–	164	11,684	373	12,222
Balance at end of period	25,000	25,972	182,386	(1,142)	232,216

	Accumulated other comprehensive income					Share acquisition rights	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 period	16,819	1	1,402	784	19,007	1,224	2,907	243,183
Cumulative effects of changes in accounting policies							(48)	(98)
Restated balance	16,819	1	1,402	784	19,007	1,224	2,858	243,084
Changes during period								
Dividends of surplus								(1,374)
Profit attributable to owners of parent								13,062
Purchase of treasury shares								(202)
Disposal of treasury shares								574
Change in ownership interest of parent due to transactions with non-controlling interests								166
Reversal of revaluation reserve for land								(3)
Net changes in items other than shareholders' equity	(9,089)	(1)	3	(20)	(9,107)	(8)	(460)	(9,576)
Total changes during period	(9,089)	(1)	3	(20)	(9,107)	(8)	(460)	2,645
Balance at end of period	7,730	0	1,406	763	9,900	1,215	2,398	245,730

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	25,000	25,972	182,386	(1,142)	232,216
Changes during period					
Dividends of surplus			(1,537)		(1,537)
Profit attributable to owners of parent			14,168		14,168
Purchase of treasury shares				(158)	(158)
Disposal of treasury shares		(10)		705	694
Change in ownership interest of parent due to transactions with non-controlling interests		(71)			(71)
Reversal of revaluation reserve for land			(16)		(16)
Net changes in items other than shareholders' equity					
Total changes during period	-	(82)	12,614	546	13,078
Balance at end of period	25,000	25,890	195,000	(595)	245,295

	Accumulated other comprehensive income					Share acquisition rights	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 period	7,730	0	1,406	763	9,900	1,215	2,398	245,730
Changes during period								
Dividends of surplus								(1,537)
Profit attributable to owners of parent								14,168
Purchase of treasury shares								(158)
Disposal of treasury shares								694
Change in ownership interest of parent due to transactions with non-controlling interests								(71)
Reversal of revaluation reserve for land								(16)
Net changes in items other than shareholders' equity	(10,981)	0	16	(47)	(11,011)	(209)	(231)	(11,452)
Total changes during period	(10,981)	0	16	(47)	(11,011)	(209)	(231)	1,626
Balance at end of period	(3,251)	0	1,423	716	(1,111)	1,005	2,167	247,356

Fiscal year ended March 31, 2023

(Thousands of U.S. dollars)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	187,223	194,507	1,365,880	(8,553)	1,739,058
Changes during period					
Dividends of surplus			(11,514)		(11,514)
Profit attributable to owners of parent			106,107		106,107
Purchase of treasury shares				(1,188)	(1,188)
Disposal of treasury shares		(80)		5,282	5,201
Change in ownership interest of parent due to transactions with non-controlling interests		(535)			(535)
Reversal of revaluation reserve for land			(126)		(126)
Net changes in items other than shareholders' equity					
Total changes during period	–	(616)	94,467	4,093	97,945
Balance at end of period	187,223	193,891	1,460,348	(4,459)	1,837,003

	Accumulated other comprehensive income					Share acquisition rights	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 period	57,890	1	10,531	5,718	74,142	9,099	17,963	1,840,263
Changes during period								
Dividends of surplus								(11,514)
Profit attributable to owners of parent								106,107
Purchase of treasury shares								(1,188)
Disposal of treasury shares								5,201
Change in ownership interest of parent due to transactions with non-controlling interests								(535)
Reversal of revaluation reserve for land								(126)
Net changes in items other than shareholders' equity	(82,242)	4	126	(352)	(82,464)	(1,567)	(1,731)	(85,763)
Total changes during period	(82,242)	4	126	(352)	(82,464)	(1,567)	(1,731)	12,181
Balance at end of period	(24,352)	5	10,657	5,366	(8,322)	7,531	16,231	1,852,444

(4) Consolidated Statement of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Cash flows from operating activities			
Profit before income taxes	18,764	20,371	152,562
Depreciation	2,028	2,050	15,357
Impairment losses	175	46	350
Increase (decrease) in allowance for loan losses	(118)	462	3,465
Increase (decrease) in provision for bonuses	12	12	96
Increase (decrease) in provision for bonuses for directors (and other officers)	2	(7)	(59)
Decrease (increase) in retirement benefit asset	(376)	(398)	(2,987)
Increase (decrease) in retirement benefit liability	(6)	(0)	(0)
Increase (decrease) in provision for reimbursement of deposits	(81)	(58)	(437)
Increase (decrease) in provision for contingent loss	(9)	(8)	(64)
Increase (decrease) in provision for loss on guarantees	213	(213)	(1,598)
Interest income	(48,023)	(56,086)	(420,027)
Interest expenses	1,148	1,269	9,504
Loss (gain) related to securities	(842)	327	2,454
Loss (gain) on money held in trust	40	42	316
Foreign exchange losses (gains)	(11,729)	(13,230)	(99,085)
Loss (gain) on disposal of non-current assets	196	258	1,932
Net decrease (increase) in loans and bills discounted	(146,242)	(165,370)	(1,238,451)
Net increase (decrease) in deposits	121,350	69,576	521,051
Net increase (decrease) in negotiable certificates of deposit	44,522	15,134	113,339
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	41,557	(162,352)	(1,215,847)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	298	325	2,437
Net increase (decrease) in call money	(23,000)	23,000	172,245
Net increase (decrease) in cash collateral received for securities lent	-	8,656	64,829
Net decrease (increase) in foreign exchanges - assets	(739)	2,323	17,404
Net increase (decrease) in foreign exchanges - liabilities	5	6	45
Net decrease (increase) in lease receivables and investments in leases	(363)	(522)	(3,910)
Interest received	48,237	56,001	419,392
Interest paid	(1,298)	(1,314)	(9,846)
Other, net	6,508	4,340	32,503
Subtotal	52,232	(195,358)	(1,463,027)
Income taxes paid	(4,322)	(6,054)	(45,341)
Net cash provided by (used in) operating activities	47,910	(201,412)	(1,508,368)

	(Millions of yen)	(Thousands of U.S. dollars)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Cash flows from investing activities			
Purchase of securities	(239,965)	(178,337)	(1,335,564)
Proceeds from sale of securities	109,454	140,254	1,050,358
Proceeds from redemption of securities	101,607	77,227	578,350
Increase in money held in trust	(5,545)	(12,272)	(91,911)
Decrease in money held in trust	8,029	12,445	93,201
Purchase of tangible fixed assets	(1,442)	(1,558)	(11,668)
Proceeds from sales of tangible fixed assets	735	101	759
Purchase of intangible assets	(309)	(188)	(1,415)
Payments for retirement of non-current assets	-	(194)	(1,453)
Net cash provided by (used in) investing activities	<u>(27,436)</u>	<u>37,476</u>	<u>280,657</u>
Cash flows from financing activities			
Repayments of subordinated borrowings	(600)	(600)	(4,493)
Dividends paid	(1,370)	(1,532)	(11,4791)
Dividends paid to non-controlling interests	(2)	(2)	(17)
Purchase of treasury shares	(202)	(158)	(1,188)
Proceeds from disposal of treasury shares	322	289	2,168
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(420)	(459)	(3,442)
Repayments of lease liabilities	(101)	(100)	(749)
Net cash provided by (used in) financing activities	<u>(2,375)</u>	<u>(2,564)</u>	<u>(19,202)</u>
Effect of exchange rate change on cash and cash equivalents	9	11	83
Net increase (decrease) in cash and cash equivalents	<u>18,108</u>	<u>(166,489)</u>	<u>(1,246,830)</u>
Cash and cash equivalents at beginning of period	<u>514,705</u>	<u>532,813</u>	<u>3,990,216</u>
Cash and cash equivalents at end of period	<u>532,813</u>	<u>366,324</u>	<u>2,743,386</u>

[THE TOKUSHIMA TAISHO BANK, LTD.]

(1) Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2023	As of March 31, 2023
Assets			
Cash and due from banks	289,921	185,528	1,389,417
Cash	24,425	20,461	153,235
Due from banks	265,495	165,067	1,236,182
Trading securities	351	408	3,057
Trading government bonds	57	84	633
Trading local government bonds	293	323	2,424
Money held in trust	327	108	812
Securities	392,279	371,859	2,784,838
Government bonds	41,864	39,199	293,559
Local government bonds	105,450	97,737	731,955
Corporate bonds	68,551	41,395	310,008
Stocks	25,229	14,810	110,917
Other securities	151,183	178,716	1,338,398
Loans and bills discounted	1,827,214	1,905,257	14,268,388
Bills discounted	3,038	2,812	21,061
Loans on bills	202,499	208,911	1,564,530
Loans on deeds	1,393,937	1,465,073	10,971,868
Overdrafts	227,738	228,460	1,710,928
Foreign exchanges	2,510	1,629	12,200
Due from foreign banks (our accounts)	2,247	1,141	8,549
Foreign bills bought	155	65	492
Foreign bills receivable	107	421	3,157
Other assets	26,722	19,223	143,962
Prepaid expenses	16	13	99
Accrued income	1,934	2,191	16,411
Derivatives other than for trading-assets	1,830	690	5,172
Cash collateral paid for financial instruments	4,681	–	–
Other	18,261	16,327	122,278
Tangible fixed assets	18,923	18,893	141,492
Buildings, net	8,323	8,100	60,664
Land	9,758	9,753	73,040
Lease assets, net	60	–	–
Construction in progress	13	323	2,421
Other tangible fixed assets	767	716	5,366
Intangible fixed assets	1,040	717	5,369
Software	965	614	4,602
Other intangible fixed assets	74	102	767
Prepaid pension cost	2,601	2,828	21,182
Deferred tax assets	–	1,861	13,943
Customers' liabilities for acceptances and guarantees	4,288	3,838	28,744
Allowance for loan losses	(12,601)	(13,319)	(99,748)
Total assets	2,553,579	2,498,835	18,713,661

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2023	As of March 31, 2023
Liabilities			
Deposits	2,185,401	2,225,501	16,666,676
Current deposits	73,184	74,515	558,039
Ordinary deposits	1,077,437	1,081,709	8,100,874
Saving deposits	23,366	23,728	177,703
Deposits at notice	1,738	5,016	37,568
Time deposits	978,330	997,084	7,467,121
Installment savings	7,678	7,410	55,495
Other deposits	23,665	36,036	269,872
Negotiable certificates of deposit	84,501	89,685	671,651
Call money	–	23,000	172,245
Borrowed money	134,200	5,802	43,457
Borrowings from other banks	134,200	5,802	43,457
Foreign exchanges	14	24	179
Foreign bills sold	8	9	70
Foreign bills payable	5	14	109
Other liabilities	16,331	20,426	152,972
Income taxes payable	1,884	1,735	12,995
Accrued expenses	830	755	5,655
Unearned revenue	1,185	1,221	9,150
Reserve for interest on installment savings	0	0	1
Derivatives other than for trading-liabilities	6,145	3,579	26,809
Cash collateral received for financial instruments	–	1,745	13,068
Lease obligations	63	–	–
Asset retirement obligations	185	184	1,383
Other	6,036	11,204	83,906
Provision for directors' bonuses	46	42	315
Provision for retirement benefits	63	47	352
Provision for reimbursement of deposits	89	62	468
Provision for contingent loss	51	57	430
Deferred tax liabilities	179	–	–
Deferred tax liabilities for land revaluation	991	991	7,427
Acceptances and guarantees	4,288	3,838	28,744
Total liabilities	2,426,159	2,369,479	17,744,922
Net assets			
Capital stock	11,036	11,036	82,649
Capital surplus	14,177	14,177	106,171
Legal capital surplus	9,514	9,514	71,252
Other capital surplus	4,662	4,662	34,919
Retained earnings	94,207	101,051	756,770
Legal retained earnings	2,280	2,280	17,079
Other retained earnings	91,926	98,770	739,690
General reserve	40,147	40,147	300,665
Reserve for advanced depreciation of non-current assets	91	88	664
Retained earnings brought forward	51,687	58,534	438,360
Total shareholders' equity	119,420	126,264	945,591
Valuation difference on available-for-sale securities	6,319	1,394	10,446
Deferred gains or losses on hedges	0	0	5
Revaluation reserve for land	1,678	1,695	12,695
Total valuation and translation adjustments	7,998	3,091	23,148
Total net assets	127,419	129,355	968,739
Total liabilities and net assets	2,553,579	2,498,835	18,713,661

(2) Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Ordinary income	35,410	43,305	324,315
Interest income	27,415	33,445	250,473
Interest on loans and discounts	22,386	24,766	185,472
Interest and dividends on securities	4,633	8,267	61,914
Interest on deposits with banks	388	393	2,946
Other interest income	8	18	139
Fees and commissions	4,680	5,102	38,210
Fees and commissions on domestic and foreign exchanges	773	712	5,339
Other fees and commissions	3,906	4,389	32,871
Other ordinary income	1,721	956	7,164
Gains on sales of bonds	1,717	954	7,151
Income from derivatives other than for trading or hedging	3	1	12
Other income	1,593	3,801	28,467
Recoveries of written off claims	207	229	1,720
Gain on sales of stocks and other securities	1,124	2,803	20,992
Other	260	768	5,753
Ordinary expenses	24,883	32,081	240,258
Interest expenses	609	589	4,412
Interest on deposits	562	569	4,264
Interest on negotiable certificates of deposit	4	8	66
Interest on call money	(3)	(27)	(207)
Interest on borrowings and rediscounts	43	27	209
Interest on interest swaps	3	0	7
Other interest expenses	(0)	9	72
Fees and commissions payments	1,795	1,781	13,338
Fees and commissions on domestic and foreign exchanges	108	75	567
Other fees and commissions	1,687	1,705	12,770
Other ordinary expenses	1,984	8,991	67,339
Loss on foreign exchange transactions	27	5,833	43,683
Loss on trading account securities transactions	2	2	17
Loss on sales of bonds	1,946	3,150	23,597
Other	7	5	40
General and administrative expenses	18,405	17,607	131,863
Other expenses	2,087	3,111	23,305
Provision of allowance for loan losses	650	1,150	8,616
Written-off of loans	589	498	3,731
Losses on sales of stocks and other securities	398	1,135	8,504
Losses on devaluation of stocks and other securities	198	-	-
Loss on money held in trust	67	87	654
Other	182	240	1,798
Ordinary profit	10,527	11,224	84,056

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Extraordinary income	205	4	34
Gain on disposal of non-current assets	205	4	34
Extraordinary losses	414	262	1,962
Loss on disposal of non-current assets	327	253	1,895
Impairment losses	87	8	67
Profit before income taxes	10,317	10,966	82,128
Income taxes-current	2,956	3,240	24,266
Income taxes-deferred	13	113	851
Total income taxes	2,969	3,353	25,117
Profit	7,348	7,612	57,011

[THE KAGAWA BANK, LTD.]

(1) Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2023	As of March 31, 2023
Assets			
Cash and due from banks	247,768	185,313	1,387,802
Cash	13,696	13,351	99,985
Due from banks	234,071	171,962	1,287,817
Trading securities	85	69	522
Trading government bonds	85	69	522
Money held in trust	1,000	1,000	7,488
Securities	333,878	318,213	2,383,089
Government bonds	28,952	35,667	267,108
Local government bonds	63,479	62,269	466,336
Corporate bonds	67,864	53,556	401,083
Stocks	19,038	18,818	140,928
Other securities	154,542	147,901	1,107,630
Loans and bills discounted	1,411,511	1,498,525	11,222,390
Bills discounted	5,766	5,827	43,640
Loans on bills	80,683	71,975	539,022
Loans on deeds	1,205,054	1,275,792	9,554,354
Overdrafts	120,007	144,929	1,085,372
Foreign exchanges	4,736	3,294	24,673
Due from foreign banks (our accounts)	4,717	3,281	24,573
Foreign bills receivable	19	13	99
Other assets	14,251	14,104	105,624
Prepaid expenses	28	26	201
Accrued income	1,015	1,163	8,710
Derivatives other than for trading-assets	253	456	3,417
Other	12,954	12,457	93,295
Tangible fixed assets	27,603	27,317	204,578
Buildings, net	9,743	9,804	73,424
Land	16,735	16,579	124,165
Lease assets, net	318	211	1,580
Construction in progress	170	155	1,167
Other tangible fixed assets	635	566	4,240
Intangible fixed assets	313	386	2,895
Software	267	340	2,547
Other intangible fixed assets	46	46	348
Prepaid pension cost	2,187	2,516	18,849
Deferred tax assets	211	2,686	20,121
Customers' liabilities for acceptances and guarantees	3,021	3,269	24,487
Allowance for loan losses	(8,596)	(8,602)	(64,421)
Total assets	2,037,972	2,048,096	15,338,103

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2023	As of March 31, 2023
Liabilities			
Deposits	1,768,252	1,797,253	13,459,547
Current deposits	57,662	55,804	417,915
Ordinary deposits	894,142	928,441	6,953,051
Saving deposits	27,677	28,273	211,741
Deposits at notice	4,248	3,687	27,611
Time deposits	752,591	743,971	5,571,570
Installment savings	10,239	9,878	73,978
Other deposits	21,689	27,197	203,677
Negotiable certificates of deposit	29,000	38,950	291,694
Net increase (decrease) in cash collateral received for securities lent	-	8,656	64,829
Borrowed money	103,000	68,000	509,248
Borrowings from other banks	103,000	68,000	509,248
Foreign exchanges	9	5	42
Foreign bills payable	9	5	42
Other liabilities	13,471	11,274	84,436
Income taxes payable	1,449	1,181	8,848
Accrued expenses	854	930	6,966
Unearned revenue	978	994	7,449
Reserve for interest on installment savings	0	0	3
Initial margins of futures markets - liabilities	-	760	5,691
Derivatives other than for trading-liabilities	2,131	417	3,123
Lease obligations	46	11	84
Asset retirement obligations	129	128	965
Other	7,882	6,850	51,302
Provision for bonuses	295	308	2,312
Provision for directors' bonuses	31	28	212
Provision for reimbursement of deposits	99	67	505
Provision for contingent loss	85	70	531
Deferred tax liabilities for land revaluation	3,377	3,359	25,156
Acceptances and guarantees	3,021	3,269	24,487
Total liabilities	1,920,643	1,931,245	14,463,004
Net assets			
Capital stock	12,014	12,014	89,974
Capital surplus	9,339	9,339	69,941
Legal capital surplus	9,339	9,339	69,941
Retained earnings	87,809	93,431	699,702
Legal retained earnings	2,674	2,674	20,032
Other retained earnings	85,134	90,756	679,669
Reserve for reduction entry	22	21	159
General reserve	43,436	43,436	325,294
Retained earnings brought forward	41,675	47,298	354,215
Total shareholders' equity	109,162	114,784	859,619
Valuation difference on available-for-sale securities	1,779	(4,282)	(32,072)
Revaluation reserve for land	6,386	6,349	47,551
Total valuation and translation adjustments	8,166	2,066	15,479
Total net assets	117,328	116,851	875,098
Total liabilities and net assets	2,037,972	2,048,096	15,338,103

(2) Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Ordinary income	27,318	28,772	215,474
Interest income	20,379	22,374	167,559
Interest on loans and discounts	17,234	18,178	136,138
Interest and dividends on securities	2,870	3,903	29,232
Interest on call loans	(0)	(8)	(65)
Interest on deposits with banks	269	288	2,157
Other interest income	6	12	96
Fees and commissions	4,907	5,097	38,175
Fees and commissions on domestic and foreign exchanges	832	772	5,787
Other fees and commissions	4,074	4,324	32,387
Other ordinary income	780	478	3,580
Gains on sales of bonds	191	376	2,820
Gains on redemption of bonds	384	58	437
Income from derivatives other than for trading or hedging	6	-	-
Other	197	43	322
Other income	1,251	822	6,159
Recoveries of written off claims	429	166	1,245
Gain on sales of stocks and other securities	561	291	2,185
Gain on money held in trust	27	45	338
Other	232	319	2,390
Ordinary expenses	19,294	19,936	149,305
Interest expenses	511	652	4,883
Interest on deposits	499	417	3,129
Interest on negotiable certificates of deposit	10	12	95
Interest on call money	(0)	(0)	(0)
Interest expenses on cash collateral received for securities lent	-	221	1,655
Interest on borrowings and rediscounts	0	-	-
Other interest expenses	1	0	3
Fees and commissions payments	2,269	2,291	17,164
Fees and commissions on domestic and foreign exchanges	115	75	568
Other fees and commissions	2,153	2,215	16,595
Other ordinary expenses	359	1,915	14,346
Loss on foreign exchange transactions	37	1,385	10,372
Loss on trading account securities transactions	0	0	3
Loss on sales of bonds	171	411	3,083
Expenses on derivatives other than for trading or hedging	-	38	285
Other	149	80	601
General and administrative expenses	14,670	14,297	107,072
Other expenses	1,483	779	5,838
Provision of allowance for loan losses	692	519	3,891
Written-off of loans	302	88	666
Losses on sales of stocks and other securities	413	48	363
Losses on devaluation of stocks and other securities	0	-	-
Other	74	122	917
Ordinary profit	8,023	8,835	66,169

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
Extraordinary income	226	24	180
Gain on disposal of non-current assets	9	24	180
Other	217	–	–
Extraordinary losses	323	159	1,190
Loss on disposal of non-current assets	89	34	261
Impairment losses	233	124	929
Profit before income taxes	7,927	8,700	65,159
Income taxes-current	2,047	2,278	17,062
Income taxes-deferred	338	194	1,453
Total income taxes	2,386	2,472	18,515
Profit	5,541	6,228	46,643

3. Company Information / Stock Information

Company Information (as of March 31, 2023)

Trade name:	TOMONY Holdings, Inc.	THE TOKUSHIMA TAISHO 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:	2,237 (excluding contract and temporary employees)	1,167 (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 TAISHO BANK, LTD. THE KAGAWA 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. Taisho Shinyo Hosho Co., Ltd.

Trade name:	THE KAGAWA BANK, LTD.
Date of establishment:	February 1943
Listing date:	October 1988 to March 2010
Business year:	From April 1 to March 31
Paid-in capital:	¥12,014 million
Number of employees:	984 (excluding contract and temporary employees)
Head office:	6-1 Kamei-cho, Takamatsu-shi, Kagawa
Telephone:	+81-87-861-3121
Consolidated subsidiaries:	TOMONY Lease, Inc. Kagawa Business Service Co., Ltd.

Officers (as of July 1, 2023)

Directors (except the Audit and Supervisory Committee Members):

Representative Director, President and CEO	Takeshi Nakamura
Director and Vice President	Michio Yamada
Director and Vice President	Toyohiko Bando
Managing Director	Hitomi Fujii
Managing Director	Hiroaki Oda
Managing Director	Mikio Seki
Managing Director	Tomoki Yamashita
Director*	Yoshiaki Inoue

Audit and Supervisory Committee Members:

Director*	Hitoshi Tada
Director (Non-standing)*	Junko Hashimoto
Director (Non-standing)*	Yosuke Kuwajima
Director (Non-standing)*	Sayaka Kajino

*Outside Director

Stock Information (as of March 31, 2023)

Total number of authorized shares:	476,000,000 shares
Total number of shares issued:	163,728,911 shares
Number of shareholders:	10,526
Major shareholders (Top 10)	

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,148	12.43
Custody Bank of Japan, Ltd. (Trust Account)	11,791	7.27
TOMONY Holdings Employee Shareholding Association	7,276	4.48
Nichia Corporation	4,938	3.04
Custody Bank of Japan, Ltd. (Trust Account 4)	3,080	1.90
Sompo Japan Insurance Inc.	2,643	1.63
STATE STREET BANK WEST CLIENT-TREATY 505234	2,074	1.28
NH Foods Ltd.	2,045	1.26
SUMITOMO LIFE INSURANCE COMPANY	1,914	1.18
JP MORGAN CHASE BANK 385781	1,770	1.09
Total	57,682	35.59

* 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 ¥133.53 U.S. \$1, the approximate rate of exchange at March 31, 2023 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.