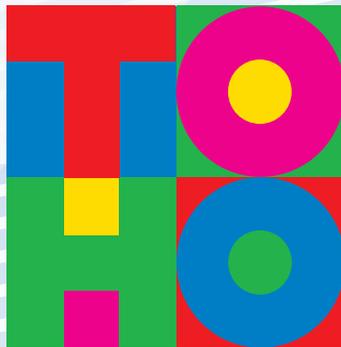


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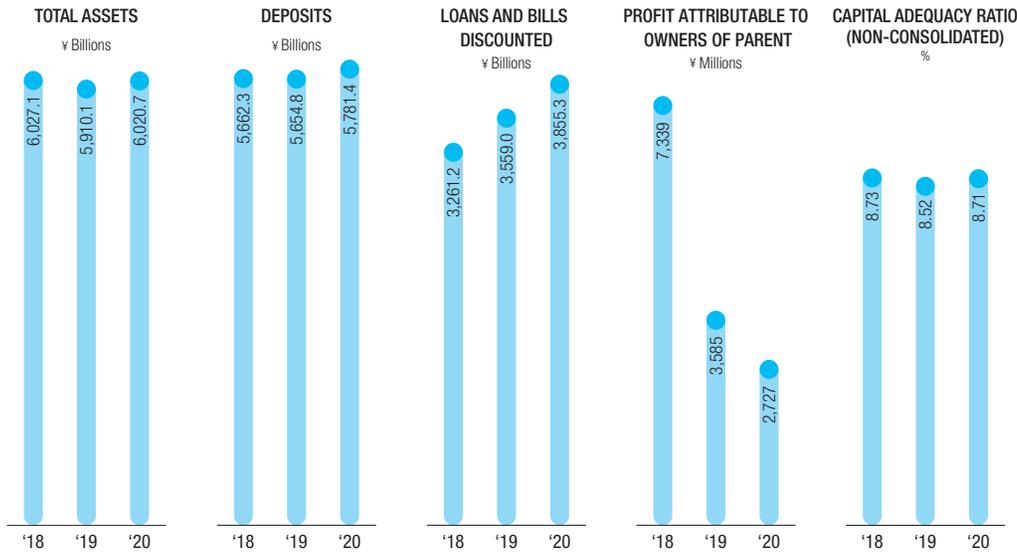
Year Ended March 31, 2020



Profile

As the leading bank in Fukushima Prefecture, Toho Bank has contributed to the prosperity of its local communities since its establishment in November 1941. In response to the trust placed in us by our customers and the market region we serve, we at the Bank shall renew our awareness of the meaning of our corporate message, “For the Sake of Our Communities” to commit to supporting the regional customers affected by the pandemic, and concentrate all of our wisdom and efforts to achieve recovery and growth of the regional economy. We will endeavor to enhance our corporate value by implementing digitalization using FinTech, and quickly addressing management issues such as environmental initiatives. We are aggressively addressing our customers’ increasingly diversified and sophisticated needs, devoting our full efforts to strengthening previously executed risk management capabilities, and providing active disclosure of our financial position. Toho Bank has received a senior long-term credit rating of “A” from Japan Credit Rating Agency, Ltd. (JCR), one of Japan’s representative rating agencies.

As of March 31, 2020, Toho Bank had total net assets of ¥190.9 billion (US\$1,754 million) and total assets of ¥6,020.7 billion (US\$55,322 million) (both figures on a consolidated basis), 2,079 employees, and a business network composed of 118 branches.



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◆ Message from the President

Business Development and Results ◉

[Proactive Contribution to Realizing Full Participation in the Region]

Toho Bank has made efforts to provide smooth funding sources and to invest in the revitalization of the industry for reconstruction in the aftermath of the Great East Japan Earthquake and for growth and development of the regional society; and actively participated in recovery support projects such as regional revitalization and development, and expansion of sales channels for business partners. We also assisted recovery of our business partners from the damage caused by natural disasters including Typhoon Hagibis in 2019.

[Commitment to Regional Reinvigoration/Development]

The Bank regularly held the Toho “Support Entrepreneurs” Consultation Event and the Toho Start-up Support Seminar to provide support for customers who plan to start up new companies and businesses. In addition, we started providing the Sales Channel Development Business Matching Service in July 2019 to introduce prospective clients to customers seeking new clients from our customer base. In March 2020, the Corporate Banking Department was reorganized as the Regional Trading Company Business Department to further enhance consulting functions to support growth of our business partners by providing new services including sales channel expansion, business matching, network building support and recruitment, in addition to financial consulting.

In response to the broad and severe damage caused by a series of storms including the Typhoon Hagibis in 2019, twenty regional financial institutions in affected prefectures including Toho Bank, along with the Development Bank of Japan, Japan Post Bank, and Shoko Chukin Bank established the 2019 Recovery Support Fund for Large Area Affected by Typhoons and Other Disasters to provide smooth funding.

[Promotion of Sales Strategies that Put the Region and Customers First]

In order to ensure responses to the diversifying needs of the region and customers, the Bank has developed sales strategies from customers’ viewpoint.

As part of our efforts to promote the interest of our customers (fiduciary duty), we propose suitable products for the customer’s needs; provide tablet devices to improve customer convenience; and utilize Group-based sales framework in cooperation with Toho Securities to respond to the diverse asset management needs of our customers. In response to the increased demand for asset management and estate planning due to the longer life expectancy referred to as the era of the 100-year lifespan, Personal Consulting Promotion Department was reorganized as Consulting and Trust Promotion Department in September 2019, enhancing the Bank’s consulting services for estate planning by leveraging trust functions, and offering wider range of services to assist customers with asset creation through collaboration between banking, securities and trust businesses.

As measures for customers operating businesses, the Bank is proactively working to solve business challenges faced by customers in areas such as business succession, M&A (corporate mergers and acquisitions) and business matching through expanded efforts in “Sales Based on Proposing Management Issues.”

[Alliance strategies]

Focusing on the continuous growth of the Bank, we have made efforts, promoting alliance strategies.

As part of our alliance strategy, we are a member of the TSUBASA Alliance (Member banks: Toho Bank, Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, North Pacific Bank, Hokuetsu Bank, Musashino Bank, and Shiga Bank). The Bank is making progress in migration towards the next generation core banking system (Note 1), having executed the basic agreement to participate in the TSUBASA Core Banking System Consolidation (Note 2) in September 2019.

(Notes)1. A core banking system dealing with deposits, loans, and foreign exchange businesses.



President
Minoru Sato

2. A system built by The Chiba Bank, Ltd., The Daishi Bank, Ltd., The Chugoku Bank, Ltd., and IBM Japan, Ltd., to be jointly developed, operated and maintained.

Further efforts are also being made on streamlining and increasing efficiency in administrative tasks, such as the introduction of common Inheritance Notice form in July 2019 to improve customer convenience, in addition to the joint operation of mail cars (Note 3) and mail centers under the Three Banks Partnership Agreement with Fukushima Bank and The Daito Bank.

(Note)3. Vehicle transporting notes, checks, tax and public money related documents handled by the banks.

[Developing Human Resources to Handle Regional and Customer Growth]

To play a role in regional customer growth, the Bank has implemented broad and deep human resource development and career support.

The Bank has been proceeding with initiatives to assist independent growth of employees, such as holding well-developed training programs centered on TOHO University, which is systematized as an internal university to support individual career design and building motivation.

Additionally, the Bank is proactively implementing training dispatches to organizations such as major corporations both inside and outside Japan, government offices, and graduate schools. An external training program Fukushima University Partnership Program produced a graduate in March 2020 after four-year study, exemplifying the strength of our human resource development framework.

[Creating Lively Workplaces Through Drastic Work Style Reforms]

Based on the “management that places importance on people,” the Bank implemented various measures aimed at improving job satisfaction and enhancing the productivity of employees by promoting Drastic Work Style Reform.

As part of our initiative to improve employee job satisfaction, the Bank established the Community Contribution Leave in May 2019 to promote contribution to regional society such as by participating in neighborhood association and fire squad activities; lifted the ban on side business in June 2019 mainly for the purpose of utilization and acquisition of skills, community contribution and networking; and enhanced the re-employment system in July 2019 to increase re-employment opportunities for people in diverse life stages. Furthermore, the Bank introduced the Couple Transfer Program in October 2019 to enable transfer of employees to the same destination as their spouse.

As a result of our efforts to maintain and promote mental and physical health of employees and their family members under the Toho Health Declaration, the Bank has been certified as a 2020 Certified Health & Productivity Management Outstanding Organization (White 500) by the

Certified Health & Productivity Management Outstanding Organizations Recognition Program held by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, marking the third consecutive year of certification.

SDGs/ESG Initiatives

The Bank is further promoting SDGs and ESG initiatives to contribute to the sustainable growth of regional community with the establishment of the Toho SDGs Declaration.

[Environment]

In May 2019, the Bank held the 12th tree planting activity in Soma City.

In addition, the Bank donated a part of trust fees received from the Natural Environment Protection Fund to the Oze Preservation Foundation.

As an initiative to address resource issues, the Bank has released a paperless Passbook App and promotes paperless meetings. In addition, the Bank established Toho Plastic Smart Declaration in October 2019 in an effort to reduce plastic waste which has become a global problem. In February 2020, the Bank became the first financial institution in Tohoku region to support the recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD) (Note 4).

(Note)4. An organization established by the Financial Stability Board (FSB) at the request of G20, to review climate-related information disclosure and measures to be performed by financial institutions.

[Society]

Our efforts to provide financial education support include the Regional Finance Course in Fukushima University which was organized by the Bank for the ninth consecutive year, and the Fukushima prefectural tournaments for Economics Koshien, a national quiz tournament in financial economics for high school students.

Also, the Bank provides operational support to the Panda House, an accommodation for children receiving medical treatment and caring family members, and makes donations to the Friends of Panda House.

[Governance]

As initiatives to further enhance the governance system, the Bank transitioned to a Company with an Audit and Supervisory Committee in June 2018. Since June 2019, outside directors comprise more than a third of the Board of Directors, strengthening the audit and monitoring functions and reinvigorating the Board. Furthermore, the Nomination and Remuneration Committee comprising of representative directors and outside directors has been established to determine the nomination and remuneration of directors, to build a management framework ensuring transparency and objectivity.

As a result of these efforts, the business results and business volume for the fiscal year ended March 31, 2020, are described as below.

Summary of Business Results

[Deposits, Negotiable Certificates of Deposits, etc.]

Individual and institutional deposits continued to increase steadily by ¥127.6 billion year-on-year to ¥5,323.6 billion. Also, total deposits, including negotiable certificates of deposits, increased by ¥126.3 billion from the previous fiscal year to ¥5,796.4 billion.

Assets on deposit excluding deposits decreased by ¥45.8 billion from the previous fiscal year to ¥404.4 billion, partially due to the worsened investment environment.

Balance of total assets on deposit which is based on the sum of total deposits and assets on deposit increased by ¥80.5 billion from the previous fiscal year to ¥6,200.9 billion, mainly due to the increase in individual and institutional deposits.

[Overview of Non-consolidated Accounts for the Fiscal Year Ended March 31, 2020]

Non-consolidated ordinary income decreased by ¥1,012 million from the previous fiscal year to ¥55,996 million, due mainly to decreases in interest on securities and gain on sales of securities, amid a financial environment with prolonged negative interest rates.

Non-consolidated ordinary expenses decreased by ¥8,028 million from the previous fiscal year to ¥52,108 million, due mainly to decreases in operating expenses and securities related expenses.

As a result, non-consolidated ordinary profit decreased by ¥2,073 million from the previous fiscal year to ¥3,888 million.

Non-consolidated net income decreased by ¥1,512 million from the previous fiscal year to ¥2,554 million due to the decrease in non-consolidated ordinary profit, review of branch strategies and reporting of impairment loss on fixed assets in relation to typhoon damages, etc.

[Overview of Consolidated Accounts for the Fiscal Year Ended March 31, 2020]

Ordinary income decreased by ¥9,047 million from the previous fiscal year to ¥63,449 million, due mainly to decreases in interest on securities and gain on sales of securities, amid a financial environment with prolonged negative interest rates.

Ordinary expenses decreased by ¥7,634 million from the previous fiscal year to ¥59,073 million, due mainly to decreases in operating expenses and securities related expenses.

As a result, ordinary profit decreased by ¥1,413 million from the previous fiscal year to ¥4,376 million.

Profit attributable to owners of parent decreased by ¥857 million from the previous fiscal year to ¥2,727 million due to the decrease in ordinary profit, review of branch strategies and reporting of impairment loss on fixed assets in relation to typhoon damages, etc.

Matters to Address

The environment surrounding the financial industry is undergoing significant changes, highlighted by continued monetary easing policies such as negative interest rate policies, market contraction due to shrinking population, and rapid development of digitalization. In addition, the novel coronavirus pandemic is affecting all industries around the world, increasing uncertainties.

In Fukushima Prefecture, Toho Bank's principal operational base, Fukushima Innovation Coast Framework is making progress, raising expectations for new industry development and promoting establishment of transport infrastructure including the Tohoku-Chuo Expressway.

Under these circumstances, the Bank will aim for realizing our long-term vision for the community, "Enrich the region and provide prosperity for customers through our growth: Bigger, stronger, sturdier" in the final year of our medium-term management plan "Toho 'Healthy Bank, Sound Bank' Plan," by promoting business model reform corresponding to the changing environment, and enhancing our efforts to support recovery of customers and business partners and to provide smooth funding sources.

Furthermore, in order to meet the expectations of our customers, the region, and shareholders, we will further enhance our compliance and risk management structure as well as the corporate governance system, and undertake group-wide initiatives to grow with the region.

We sincerely seek your continued support.

August 2020

佐藤 稔
M. Sato

Minoru Sato
President

Consolidated Balance Sheets

As of March 31, 2020 and 2019

Millions of Yen
 Thousands of
 U.S. Dollars (Note 3)

	2020	2019	2020
Assets:			
Cash and due from banks (Notes 15 and 20).....	¥1,619,581	¥1,605,608	\$14,881,752
Monetary claims bought.....	12,596	13,521	115,748
Trading account securities (Notes 20 and 21).....	16	21	148
Money held in trust (Note 22).....	7,450	6,950	68,455
Securities (Notes 6, 9, 20 and 21).....	359,468	570,566	3,303,029
Loans and bills discounted (Notes 4, 7, 20 and 26).....	3,855,393	3,559,016	35,425,835
Foreign exchanges.....	1,203	1,025	11,058
Lease receivables and investment assets (Note 19).....	12,403	10,469	113,972
Other assets (Notes 6, 20 and 23).....	112,540	102,942	1,034,094
Tangible fixed assets (Note 8).....	37,795	39,284	347,291
Intangible fixed assets.....	5,414	3,118	49,754
Deferred tax assets (Note 16).....	9,720	7,221	89,315
Customers' liabilities for acceptances and guarantees (Note 5).....	5,582	6,330	51,293
Allowance for loan losses (Note 20).....	(18,414)	(15,925)	(169,202)
Total assets	¥6,020,752	¥5,910,153	\$55,322,547
Liabilities:			
Deposits (Notes 6 and 20).....	¥5,781,468	¥5,654,812	\$53,123,846
Call money and bills sold.....	—	3,329	—
Payables under securities lending transactions (Note 6).....	—	7,477	—
Borrowed money (Note 28).....	2,806	2,004	25,787
Foreign exchanges.....	153	127	1,406
Borrowed money from trust account (Note 10).....	969	37	8,903
Other liabilities (Notes 20 and 23).....	28,225	29,742	259,351
Net defined benefit liability (Note 17).....	6,331	6,733	58,174
Provision for reimbursement of deposits.....	659	741	6,056
Provision for contingent loss.....	284	367	2,612
Provision for customer point program.....	166	160	1,528
Reserve under special laws.....	0	0	3
Deferred tax liabilities (Note 16).....	299	286	2,754
Deferred tax liabilities for land revaluation (Note 16).....	2,821	2,874	25,927
Acceptances and guarantees (Note 5).....	5,582	6,330	51,293
Total liabilities	5,829,766	5,715,026	53,567,645
Commitments and contingent liabilities (Note 7)			
Net Assets (Note 14):			
Capital stock.....	23,519	23,519	216,109
Capital surplus.....	13,653	13,653	125,456
Retained earnings.....	152,453	151,640	1,400,839
Treasury stock.....	(145)	(145)	(1,339)
Shareholders' equity.....	189,480	188,667	1,741,067
Valuation difference on available-for-sale securities (Note 21).....	4,874	9,877	44,786
Revaluation reserve for land (Note 2(f)).....	441	543	4,056
Remeasurements of defined benefit plans (Note 17).....	(3,810)	(3,960)	(35,009)
Total accumulated other comprehensive income.....	1,505	6,460	13,833
Total net assets (Note 18).....	190,985	195,127	1,754,901
Total liabilities and net assets	¥6,020,752	¥5,910,153	\$55,322,547

See notes to consolidated financial statements.

◆ Consolidated Statements of Income

For the years ended March 31, 2020 and 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2020	2019	2020
Income:			
Interest income:			
Interest on loans and discounts	¥28,149	¥28,765	\$258,658
Interest and dividends on securities	5,280	8,032	48,524
Other interest income	990	989	9,104
Fees and commissions income	15,058	16,626	138,371
Other operating income	11,827	13,119	108,677
Other income (Note 12)	2,390	5,056	21,969
Total income	63,698	72,590	585,305
Expenses:			
Interest expenses:			
Interest on deposits	633	677	5,817
Interest on borrowings and rediscounts	41	370	376
Other interest expenses	1	1,100	16
Fees and commissions expenses	5,463	5,558	50,203
Other operating expenses	6,402	12,335	58,833
General and administrative expenses (Note 11)	36,631	37,714	336,593
Other expenses (Note 13)	10,555	9,236	96,993
Total expenses	59,729	66,993	548,835
Profit before income taxes	3,968	5,596	36,469
Income taxes (Note 16):			
Current	1,718	3,370	15,786
Deferred	(476)	(1,358)	(4,382)
Total	1,241	2,011	11,403
Profit	2,727	3,585	25,066
Profit attributable to owners of parent (Note 18)	¥ 2,727	¥ 3,585	\$ 25,066

See notes to consolidated financial statements.

◆ Consolidated Statements of Comprehensive Income

For the years ended March 31, 2020 and 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2020	2019	2020
Profit	¥ 2,727	¥ 3,585	\$ 25,066
Other comprehensive income (Note 24):			
Valuation difference on available-for-sale securities	(5,003)	(5,624)	(45,971)
Remeasurements of defined benefit plans, net of tax (Note 17)	150	(785)	1,381
Total other comprehensive income	(4,852)	(6,410)	(44,589)
Comprehensive income	¥(2,124)	¥(2,824)	\$ (19,523)
Total comprehensive income attributable to:			
Owners of parent	¥(2,124)	¥(2,824)	\$ (19,523)
	¥(2,124)	¥(2,824)	\$ (19,523)

See notes to consolidated financial statements.

◆ Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2020 and 2019

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
BALANCE, April 1, 2018	¥23,519	¥13,653	¥150,009	¥(145)	¥187,036
Changes of items during the year.....					
Dividends from retained earnings.....			(2,016)		(2,016)
Profit attributable to owners of parent			3,585		3,585
Acquisition of treasury stock.....				(0)	(0)
Disposal of treasury stock		0		0	0
Reversal of land revaluation excess, net of tax			61		61
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	0	1,630	(0)	1,630
BALANCE, April 1, 2019	¥23,519	¥13,653	¥151,640	¥(145)	¥188,667
Changes of items during the year					
Dividends from retained earnings.....			(2,016)		(2,016)
Profit attributable to owners of parent			2,727		2,727
Acquisition of treasury stock.....				(0)	(0)
Disposal of treasury stock					—
Reversal of land revaluation excess, net of tax			101		101
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	—	813	(0)	813
BALANCE, March 31, 2020	¥23,519	¥13,653	¥152,453	¥(145)	¥189,480

	Millions of Yen				
	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
BALANCE, April 1, 2018	¥15,501	¥ 604	¥(3,174)	¥12,931	¥199,968
Changes of items during the year.....					
Dividends from retained earnings.....					(2,016)
Profit attributable to owners of parent					3,585
Acquisition of treasury stock.....					(0)
Disposal of treasury stock					0
Reversal of land revaluation excess, net of tax					61
Net changes of items other than stockholders' equity during year	(5,624)	(61)	(785)	(6,471)	(6,471)
Total changes of items during the year	(5,624)	(61)	(785)	(6,471)	(4,841)
BALANCE, April 1, 2019	¥ 9,877	¥ 543	¥(3,960)	¥ 6,460	¥195,127
Changes of items during the year					
Dividends from retained earnings.....					(2,016)
Profit attributable to owners of parent					2,727
Acquisition of treasury stock.....					(0)
Disposal of treasury stock					—
Reversal of land revaluation excess, net of tax					101
Net changes of items other than stockholders' equity during year	(5,003)	(101)	150	(4,954)	(4,954)
Total changes of items during the year	(5,003)	(101)	150	(4,954)	(4,141)
BALANCE, March 31, 2020	¥ 4,874	¥ 441	¥(3,810)	¥ 1,505	¥190,985

Thousands of U.S. Dollars (Note 3)

Shareholders' equity

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
BALANCE, April 1, 2019	\$216,109	\$125,456	\$1,393,365	\$(1,338)	\$1,733,594
Changes of items during the year					
Dividends from retained earnings.....			(18,528)		(18,528)
Profit attributable to owners of parent			25,066		25,066
Acquisition of treasury stock.....				(0)	(0)
Disposal of treasury stock					—
Reversal of land revaluation excess, net of tax			936		936
Net changes of items other than stockholders' equity during year					
Total changes of items during the year	—	—	7,474	(0)	7,473
BALANCE, March 31, 2020	\$216,109	\$125,456	\$1,400,839	\$(1,339)	\$1,741,067

Thousands of U.S. Dollars (Note 3)

Accumulated other comprehensive income

	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
BALANCE, April 1, 2019	\$ 90,758	\$4,992	\$(36,390)	\$ 59,359	\$1,792,954
Changes of items during the year					
Dividends from retained earnings.....					(18,528)
Profit attributable to owners of parent					25,066
Acquisition of treasury stock.....					(0)
Disposal of treasury stock					—
Reversal of land revaluation excess, net of tax					936
Net changes of items other than stockholders' equity during year	(45,971)	(936)	1,381	(45,525)	(45,525)
Total changes of items during the year	(45,971)	(936)	1,381	(45,525)	(38,052)
BALANCE, March 31, 2020	\$ 44,786	\$4,056	\$(35,009)	\$ 13,833	\$1,754,901

◆ Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2020	2019	2020
Cash flows from operating activities			
Profit before income taxes.....	¥ 3,968	¥ 5,596	\$ 36,469
Depreciation expense.....	2,678	2,624	24,611
Impairment loss.....	505	195	4,643
Increase in allowance for loan losses.....	2,489	3,801	22,871
Increase (decrease) in net defined benefit liability.....	(402)	1,104	(3,697)
Decrease in provision for reimbursement of deposits.....	(82)	(14)	(756)
Decrease in provision for contingent loss.....	(82)	(34)	(760)
Increase (decrease) in provision for customer point program.....	5	(9)	49
Interest income.....	(34,421)	(37,787)	(316,287)
Interest expenses.....	675	2,148	6,210
Gain on securities.....	(1,914)	(1,588)	(17,590)
(Gain) loss on money held in trust.....	(1)	222	(18)
(Gain) loss on foreign exchange.....	2	(2)	20
Loss on sale of fixed assets.....	46	21	424
Net decrease in trading account securities.....	5	854	47
Net increase in loans and bills discounted.....	(296,377)	(297,801)	(2,723,307)
Net increase (decrease) in deposits.....	127,901	(35,048)	1,175,238
Net increase (decrease) in negotiable certificates of deposit.....	(1,245)	27,533	(11,447)
Net increase (decrease) in borrowed money (excluding subordinated borrowings).....	802	(5,153)	7,371
Net (increase) decrease in due from banks other than BOJ.....	9,778	(9,934)	89,848
Net decrease in call loans and bills bought.....	924	63	8,492
Net decrease in call money and bills sold.....	(3,329)	(13,668)	(30,595)
Net decrease in payables under securities lending transactions.....	(7,477)	(74,479)	(68,709)
Net increase in foreign exchange assets.....	(177)	(276)	(1,635)
Net increase (decrease) in foreign exchange liabilities.....	25	(51)	234
Net increase in lease receivables and investment assets.....	(1,933)	(1,572)	(17,767)
Net increase in borrowed money from trust account.....	931	37	8,560
Interest received.....	34,661	38,766	318,494
Interest paid.....	(767)	(2,320)	(7,051)
All other operating activities.....	(7,628)	(16,074)	(70,098)
Sub-total.....	(170,442)	(412,845)	(1,566,133)
Income taxes paid, net.....	(3,517)	(3,498)	(32,320)
Net cash used in operating activities.....	(173,959)	(416,343)	(1,598,454)
Cash flows from investing activities			
Purchase of equity and other securities.....	(147,487)	(149,088)	(1,355,212)
Proceeds from sales of equity and other securities.....	180,442	549,369	1,658,024
Proceeds from maturities of securities.....	171,317	209,098	1,574,175
Increase in money held in trust.....	(2,150)	(500)	(19,755)
Decrease in money held in trust.....	1,650	7,008	15,161
Expenditures for tangible fixed assets.....	(963)	(1,148)	(8,853)
Proceeds from sales of tangible fixed assets.....	32	221	302
Expenditures for intangible fixed assets.....	(3,100)	(1,238)	(28,485)
Proceeds from sales of intangible fixed assets.....	—	0	—
Net cash provided by investing activities.....	199,741	613,724	1,835,355
Cash flows from financing activities			
Repayments of subordinated borrowings.....	—	(16,800)	—
Dividends paid.....	(2,016)	(2,016)	(18,528)
Repayment of lease obligations.....	(12)	(10)	(116)
Purchase of treasury stock.....	(0)	(0)	(0)
Proceeds from sales of treasury stock.....	—	0	—
Net cash used in financing activities.....	(2,029)	(18,826)	(18,646)
Effect of exchange rate changes in cash and cash equivalents.....	(2)	2	(20)
Net increase in cash and cash equivalents.....	23,750	178,555	218,234
Cash and cash equivalents at beginning of fiscal year.....	1,594,982	1,416,427	14,655,723
Cash and cash equivalents at end of fiscal year (Note 15).....	¥1,618,732	¥1,594,982	\$14,873,957

See notes to consolidated financial statements.

1. Basis of Presentation

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

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

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

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

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

(1) Scope of consolidation

The number of consolidated subsidiaries and unconsolidated subsidiaries as of March 31, 2020 and 2019 is as follows:

	2020	2019
Number of consolidated subsidiaries:	7	7
Number of unconsolidated subsidiaries:.....	2	2

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

(2) Application of the equity method

The number of affiliates accounted for by the equity method and unconsolidated subsidiaries and affiliates not accounted for by the equity method as of March 31, 2020 and 2019 is as follows:

	2020	2019
Number of affiliates accounted for by the equity method	1	1
Number of unconsolidated subsidiaries not accounted for by the equity method	2	2
Number of affiliates not accounted for by the equity method	1	1

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

(3) Closing date of the consolidated subsidiaries

The closing date of the consolidated subsidiaries is the same as the consolidated closing date.

(b) Trading account securities

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

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

(c) Securities

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

Available-for-sale securities are in principle stated at fair value at the end of the year or, if the fair value is considered to be extremely difficult to obtain, at cost using the moving average cost method.

Valuation difference on available-for-sale securities is presented as a separate component of net assets, net of related tax effect.

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

(d) Derivatives

The Bank's derivatives are stated at fair value.

(e) Depreciation of fixed assets

(1) Depreciation of tangible fixed assets of the Bank (except leased assets) is computed under the straight-line method. The estimated useful lives of assets are as follows:

Buildings: 6–50 years

Others: 3–20 years

(2) Depreciation of intangible fixed assets (except leased assets) is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated under the straight-line method over the estimated useful lives of 5–7 years, as set out by the Group.

(3) Depreciation of leased assets pertaining to finance lease transactions other than those in which the lease is deemed to transfer ownership of leased property to the lessee, included in "Tangible fixed assets" and "Intangible fixed assets," is computed by the straight-line method based on the assumptions that the lease term is equal to the useful life and that there is no residual value except where residual value guarantees are stipulated in lease contracts.

(f) Revaluation of land

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

The amount of excess of the revalued carrying amount over the fair value of the lands revalued as of March 31, 2020 and 2019 pursuant to Article 10 of the Act was ¥6,952 million and ¥8,075 million, respectively.

(g) Allowance for loan losses

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

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

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

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

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

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

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

(Additional information)

Certain assumptions about the impact from the novel coronavirus pandemic

Since the "Declaration of a State of Emergency" was announced by the Japanese government on April 7, 2020, the situations related to the novel coronavirus pandemic appear to be getting under control in June 2020, reflecting the downward trend in the number of people newly infected nationwide and the movement towards convergence. In addition, it is assumed that the economy in Japan is likely to gradually recover after July 2020 following the simulation package towards both consumption and investments as per the "Emergency Economic Measures to Cope with COVID-19".

Based on the above assumptions, the allowance for loan losses is estimated by the method described in "(g) Allowance for loan losses" above and additional allowance for loan losses has been recorded for the loans where the Bank has determined that the financial conditions of the borrowers may have been affected by the novel coronavirus pandemic, which the Bank considers the best estimate at this time.

The assumption is highly uncertain, and the allowance for loan losses may increase or decrease in the consolidated financial statements for the following year, due to changes in the situation of the novel coronavirus pandemic and its effect on the economic environment.

(h) Provision for reimbursement of deposits

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

(i) Provision for contingent loss

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

(j) Provision for customer point program

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

(k) Reserve under special laws

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

(l) Method for accounting for retirement benefits

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

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

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

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

(m) Translation of foreign currency assets and liabilities

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

(n) Leases

(Lessor)

Finance lease transactions that do not transfer ownership with commencement dates prior to the fiscal years beginning on April 1, 2008, are accounted for in accordance with "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan (ASBJ) Statement No. 13, March 30, 2007) and Paragraph 81 of "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 25, 2011). Lease investment assets at the initial year of application of this accounting standard are valued at their appropriate book value of tangible fixed assets (net of accumulated depreciation) as of March 31, 2008.

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

(o) Income and expenses

Income and expenses associated with finance lease transactions are recognized as revenue and cost of sales when the lease fee is receivable.

(p) Method of hedge accounting

(1) Interest rate risks

Deferred hedge accounting is adopted for hedges carried out to control interest rate risk arising from financial assets and liabilities, as stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24, February 13, 2002). Regarding the hedge which is intended to offset the effects of market fluctuations, hedge effectiveness between hedged items (such as deposits and loans and bills discounted) and hedging instruments (such as interest rate swaps) are assessed individually. Hedge effectiveness is considered to be high as the major terms between designated hedged items and hedging instruments are almost the same, thus substituting for evaluation of hedge effectiveness. The effectiveness is also assessed by verifying the correlation of the interest rates.

The Bank applies the special treatment of hedge accounting for interest rate swaps for interest rate risk arising from certain financial assets (the "special treatment") and liabilities where interest is recognized on an accrual basis.

(2) Currency risks

Deferred hedge accounting is adopted for hedges carried out to control the risk of currency fluctuations arising from foreign currency-denominated assets and liabilities, as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002). Currency swap transactions are carried out for the purpose of offsetting the risk of currency fluctuations arising from foreign currency-denominated monetary claims. The effectiveness of the hedge is evaluated by confirming the availability of an amount equivalent to the foreign currency position used to hedge the foreign currency-denominated monetary claims.

(q) Statements of cash flows

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

(r) Consumption taxes

National and local consumption taxes of the Bank and its consolidated subsidiaries are accounted for using the tax-excluded method whereby transactions are recorded exclusive of those consumption taxes.

(s) New accounting pronouncements

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020)

(1) Overview

This is a comprehensive standard on revenue recognition. Revenue will be recognized based on the following 5 steps.

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations under the contract.

Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation.

(2) Application date

The Bank will apply these accounting standards from the beginning of the year ending March 31, 2022.

(3) The impact from the adoption of the accounting standards

The Bank is currently assessing the impact of these standards on the consolidated financial statements.

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

In order to improve the comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereafter, "Accounting Standards for Fair Value Measurement, etc.") have been developed. The Accounting Standards for Fair Value Measurement, etc. is applied to the fair value of financial instruments defined in "Accounting Standard for Financial Instruments."

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised to disclose in notes the details of financial instruments by level of fair value and others.

(2) Application date

The Bank will apply these accounting standards from the beginning of the year ending March 31, 2022.

(3) The impact from the adoption of the accounting standards

The Bank is currently assessing the impact of these standards on the consolidated financial statements.

"Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24, March 31, 2020)

(1) Overview

This standard states the overview of the applied accounting principles and treatments when the guidance from related accounting standards is not clear.

(2) Application date

The Bank will apply this accounting standard from the end of the year ending March 31, 2021.

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

This standard has been prepared in order to disclose information valuable for users of financial statements regarding details of accounting estimates for items with the risk to significantly affect the financial statements for the following year, where accounting estimates have been applied for the current fiscal year.

(2) Application date

The Bank will apply this accounting standard from the end of the year ending March 31, 2021.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥108.83 = U.S. \$1.00, the exchange rate prevailing on March 31, 2020. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2020 and 2019 included the following loans:

March 31	Millions of Yen	
	2020	2019
Loans to borrowers in bankruptcy.....	¥ 4,883	¥ 2,328
Delinquent loans	23,798	25,307
Loans past due 3 months or more.....	402	758
Restructured loans	4,600	3,177
Total	¥33,685	¥31,572

Loans to borrowers in bankruptcy represent non-accrual loans, after the write-offs of loans deemed uncollectable to borrowers who are legally bankrupt, as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Order for Enforcement of the Corporation Tax Act.

Delinquent loans are non-accrual loans other than loans to borrowers in bankruptcy or loans on which interest payments have been deferred in order to assist the restructuring of the borrowers.

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

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

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge commercial bills discounted and foreign exchange bought without restrictions, and their total face amount was ¥4,936 million and ¥6,368 million as of March 31, 2020 and 2019, respectively.

5. Acceptances and Guarantees

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

6. Pledged Assets

Assets pledged as collateral as of March 31, 2020 and 2019 were as follows:

March 31	Millions of Yen	
	2020	2019
Pledged assets:		
Securities	¥26,355	¥46,344
Total pledged assets.....	¥26,355	¥46,344
Liabilities covered by pledged assets:		
Deposits	¥46,768	¥36,207
Payables under securities lending transactions.....	—	7,477
Total liabilities covered by pledged assets	¥46,768	¥43,685

In addition to the above, Securities in the amount of nil and ¥6,484 million, and Other assets in the amount of ¥85,282 million and ¥85,287 million were pledged as collateral in connection with exchange settlements and derivatives, etc. as of March 31, 2020 and 2019, respectively.

Security deposits in the amount of ¥942 million and ¥975 million, and cash collateral for financial products transactions in the amount of ¥1,863 million and ¥1,902 million, were included in Other assets as of March 31, 2020 and 2019, respectively.

7. Commitments and Contingent Liabilities

Overdraft facilities and line-of-credit contracts are agreements under which, unless there is no breach of contract by the counterparty, the Bank or its consolidated subsidiaries are required to provide clients with funds up to a fixed limit upon submission of a loan application to the Bank or its consolidated subsidiaries. The unused amount related to such facilities/contracts stood at ¥936,840 million and ¥988,696 million as of March 31, 2020 and 2019, respectively. Of this amount, facilities/contracts which expire within one year at inception or which are unconditionally cancelable at any time, totaled ¥851,498 million and ¥853,596 million as of March 31, 2020 and 2019, respectively.

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

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

8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of Tangible fixed assets was ¥52,569 million and ¥52,756 million, and advanced depreciation on Tangible fixed assets was ¥1,015 million and ¥1,015 million as of March 31, 2020 and 2019, respectively.

9. Guarantees for Corporate Bonds

The amount of the guarantees for privately placed bonds in corporate bonds in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act totaled ¥77,691 million and ¥73,347 million as of March 31, 2020 and 2019, respectively.

10. Borrowed Money from Trust Account

Borrowed money from trust account totaled ¥969 million and ¥37 million as of March 31, 2020 and 2019, respectively.

11. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2020 and 2019 principally consisted of the following:

March 31	Millions of Yen	
	2020	2019
Salaries and allowances	¥15,371	¥16,148
Net pension cost.....	1,154	1,281

12. Other Income

Other income for the years ended March 31, 2020 and 2019 principally consisted of the following:

March 31	Millions of Yen	
	2020	2019
Gain on sales of stocks and other securities	¥1,070	¥3,408
Gain on recoveries of written off loans.....	1	0
Subsidy income	3	81
Gain on disposal of fixed assets	2	11
Relocation compensation for land expropriation	243	—

13. Other Expenses

Other expenses for the years ended March 31, 2020 and 2019 principally consisted of the following:

March 31	Millions of Yen	
	2020	2019
Loss on disposal of fixed assets	¥ 147	¥ 86
Loss on impairment of fixed assets	505	195
Provision of allowance for loan losses	7,452	7,421
Provision to reserve for financial product transactions	0	0
Write-off of loans	45	38
Loss on devaluation of equity securities.....	1,121	43

The differences between the recoverable amount and the book value of the following assets were recognized as loss on impairment of fixed assets during the years ended March 31, 2020 and 2019:

Area	Purpose of use	Type	(Millions of Yen)	
			Losses	
			2020	2019
Fukushima Area	Branch premises	Land	¥223	¥73
		Building	180	39
		Other tangible fixed assets	26	—
		Other intangible fixed assets	5	—
	Idle assets	Land	—	56
		Building	48	5
Outside Fukushima Area	Branch premises	Other tangible fixed assets	16	—
		Building	4	20
			¥505	¥195

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

In addition, each idle asset is treated as independent unit.

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

14. Notes to Consolidated Statements of Changes in Net Assets

Changes in outstanding shares and treasury stock during the years ended March 31, 2020 and 2019 were summarized as follows:

(Thousand Shares)

	Number of Shares as of April 1, 2019	Number of Shares Increased	Number of Shares Decreased	Number of Shares as of March 31, 2020
Outstanding Shares				
Common Stock	252,500	—	—	252,500
Treasury Stock				
Common Stock (*)	442	0	—	442

(*) Increase in the number of Treasury stock by 0 thousand shares is a result of acquisition of odd-lot shares.

(Thousand Shares)

	Number of Shares as of April 1, 2018	Number of Shares Increased	Number of Shares Decreased	Number of Shares as of March 31, 2019
Outstanding Shares				
Common Stock	252,500	—	—	252,500
Treasury Stock				
Common Stock (*)	442	0	0	442

(*) Increase in the number of Treasury stock by 0 thousand shares is a result of acquisition of odd-lot shares.

Decrease in the number of Treasury stock by 0 thousand shares is a result of sales of odd-lot shares.

Detailed information about cash dividends paid during the year ended March 31, 2020 was as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 21, 2019	Common Stock	1,008	¥4.00	March 31, 2019	June 24, 2019
Board of Directors on November 8, 2019	Common Stock	1,008	¥4.00	September 30, 2019	December 5, 2019

Detailed information about cash dividends paid during the year ended March 31, 2019 was as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 22, 2018	Common Stock	1,008	¥4.00	March 31, 2018	June 25, 2018
Board of Directors on November 9, 2018	Common Stock	1,008	¥4.00	September 30, 2018	December 5, 2018

Dividends with record dates on or before March 31, 2020 and effective dates on or after April 1, 2020 were as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Source of Dividends	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 24, 2020	Common Stock	504	Retained Earnings	¥2.00	March 31, 2020	June 25, 2020

Dividends with record dates on or before March 31, 2019 and effective dates on or after April 1, 2019 were as follows:

Date of Approval	Type of Shares	Total Dividends (¥ million)	Source of Dividends	Dividend Per Share	Dividend Record Date	Effective Date
General Meeting of Shareholders on June 21, 2019	Common Stock	1,008	Retained Earnings	¥4.00	March 31, 2019	June 24, 2019

15. Notes to Consolidated Statements of Cash Flows

(a) Cash and cash equivalents

A reconciliation between Cash and due from banks in the consolidated balance sheets as of March 31, 2020 and 2019, and Cash and cash equivalents in the consolidated statements of cash flows for the years then ended was as follows:

	Millions of Yen	
March 31	2020	2019
Cash and due from banks.....	¥1,619,581	¥1,605,608
Ordinary due from banks	(408)	(10,356)
Other.....	(439)	(269)
Cash and cash equivalents	¥1,618,732	¥1,594,982

16. Deferred Income Taxes

The major components of deferred tax assets and liabilities as of March 31, 2020 and 2019 were summarized as follows:

	Millions of Yen	
March 31	2020	2019
Deferred tax assets:		
Allowance for loan losses.....	¥ 4,313	¥ 3,780
Net defined benefit liability.....	4,480	4,694
Valuation difference on available-for-sale securities.....	18	17
Depreciation	884	868
Revaluation reserve for land.....	1,839	1,845
Others	3,661	3,590
Subtotal deferred tax assets.....	15,197	14,797
Valuation allowance for future deductible temporary difference	(3,540)	(3,512)
Subtotal valuation allowance.....	(3,540)	(3,512)
Total deferred tax assets.....	11,656	11,285
Deferred tax liabilities:		
Valuation difference on available-for-sale securities.....	(2,190)	(4,311)
Revaluation reserve for land.....	(2,821)	(2,874)
Others	(45)	(38)
Total deferred tax liabilities.....	(5,057)	(7,224)
Net deferred tax assets (liabilities)	¥ 6,598	¥ 4,061

Note: Net deferred tax assets (liabilities) are included in the following items in the consolidated balance sheet as of March 31, 2020 and 2019.

	Millions of Yen	
March 31	2020	2019
Deferred tax assets	¥9,720	¥7,221
Deferred tax liabilities.....	299	286
Deferred tax liabilities for land revaluation	2,821	2,874

The following summarizes the significant difference between the statutory tax rate and the Bank's effective tax rate for the year ended March 31, 2019. Differences between the statutory tax rate and the Bank's effective tax rate for the year ended March 31, 2020 is 5% or less of the statutory tax rate, therefore description is omitted.

Year ended March 31	2019
Statutory tax rate.....	30.1%
Non-deductible expenses.....	1.7
Elimination of dividends received from consolidated subsidiaries ...	8.8
Non-taxable income	(10.3)
Per capita inhabitant taxes.....	0.7
Valuation allowance.....	4.2
Reduction of year-end deferred tax assets due to tax rate changes ...	—
Others	0.7
Effective tax rate	35.9%

17. Retirement Benefits

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

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

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

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

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

(i) Change in retirement benefit obligation

March 31	Millions of Yen	
	2020	2019
Balance at beginning of the year	¥39,134	¥38,399
Service cost.....	904	888
Interest cost.....	206	253
Actuarial (gain) loss	(1,074)	1,050
Benefit paid	(1,492)	(1,455)
Others	0	(1)
Balance at end of the year	¥37,679	¥39,134

(ii) Change in plan assets

March 31	Millions of Yen	
	2020	2019
Balance at beginning of the year	¥32,401	¥32,770
Expected return on plan assets	648	655
Actuarial loss	(1,635)	(957)
Employer contributions	716	734
Benefit paid	(858)	(884)
Others	76	82
Balance at end of the year	¥31,348	¥32,401

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

March 31	Millions of Yen	
	2020	2019
Funded retirement benefit obligation	¥ 37,559	¥ 39,020
Plan assets.....	(31,348)	(32,401)
	6,211	6,619
Unfunded retirement benefit obligation	119	113
Amount of liability, net of asset, recognized in consolidated balance sheet.....	6,331	6,733
Net defined benefit liability.....	6,331	6,733
Amount of liability, net of asset, recognized in consolidated balance sheet.....	¥ 6,331	¥ 6,733

(iv) Net pension cost and its breakdown

March 31	Millions of Yen	
	2020	2019
Service cost.....	¥ 904	¥ 888
Interest cost	206	253
Expected return on plan assets	(648)	(655)
Amortization of actuarial loss	776	884
Others	(84)	(88)
Net pension cost	¥1,154	¥1,281

(v) Remeasurements of defined benefit plans in other comprehensive income

The items recognized under remeasurements of defined benefit plans (before tax effect) were as follows:

March 31	Millions of Yen	
	2020	2019
Actuarial gain (loss)	¥215	¥(1,124)
Total.....	¥215	¥(1,124)

(vi) Remeasurements of defined benefit plans in accumulated other comprehensive income

The items recognized under remeasurements of defined benefit plans (before tax effect) were as follows:

March 31	Millions of Yen	
	2020	2019
Unrecognized actuarial gain	¥5,450	¥5,665
Total.....	¥5,450	¥5,665

(vii) Plan assets

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

	2020	2019
General account of life insurance companies	31%	30%
Bonds	33%	31%
Equities	19%	29%
Cash and due from banks.....	6%	3%
Others.....	11%	7%
Total.....	100%	100%

Retirement benefit trusts established for lump-sum retirement payment plan account for 27% and 27% of total plan assets for the years ended March 31, 2020 and 2019, respectively.

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

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

(viii) Actuarial assumptions

Actuarial assumptions as of March 31, 2020 and 2019 were as follows:

	2020	2019
Discount rate	0.0%–0.7%	0.0%–0.8%
Long-term expected rate of return on plan assets	2.0%	2.0%
Expected salary increase rate of corporate pension fund plan	1.0%–2.2%	1.0%–2.2%
Expected salary increase rate of lump-sum retirement payment plan	1.0%–3.6%	1.0%–3.6%

B. Defined contribution pension plans

Contributions to be paid to defined contribution pension plans were ¥162 million and ¥162 million for the years ended March 31, 2020 and 2019, respectively.

18. Per Share Information

Net assets per share as of March 31, 2020 and 2019 and basic earnings per share for the years ended March 31, 2020 and 2019 were as follows:

	Yen	
As of March 31	2020	2019
Net assets per share	¥757.70	¥774.13
Basic earnings per share	10.82	14.22

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

	Millions of Yen / Thousands of Shares	
As of or year ended March 31	2020	2019
Total net assets	¥190,985	¥195,127
Net assets related to common stock	190,985	195,127
Number of common stock used to calculate net assets per share	252,057	252,057

Note 2: The bases for the computation of basic earnings per share are set out below.

	Millions of Yen / Thousands of Shares	
Year ended March 31	2020	2019
Profit attributable to owners of parent	¥ 2,727	¥ 3,585
Profit attributable to common shareholders of parent	2,727	3,585
Weighted average number of common stock during the year	252,057	252,057

19. Leases Transactions

(Lessee)

(a) Finance lease transactions not subject to transfer of ownership

(1) Description of leased assets

Fixed assets used as branch premises and vehicles.

(2) Depreciation method for the leased assets

Depreciation method for the leased assets is described in "2. Summary of Significant Accounting Policies, (e) Depreciation of fixed assets."

(Lessor)

(a) Breakdown of lease investment assets

	Millions of Yen	
As of March 31	2020	2019
Lease receivables	¥13,491	¥11,442
Residual value	274	230
Equivalent amount of maintenance cost	(457)	(429)
Unearned interest income	(904)	(774)
Lease investment assets	¥12,403	¥10,469

The scheduled collection of lease receivables related to lease investment assets subsequent to March 31, 2020 and 2019

	Millions of Yen	
As of March 31	2020	2019
Due within 1 year or less	¥ 3,717	¥ 3,263
Due in 1 year to 2 years	3,300	2,692
Due in 2 years to 3 years	2,701	2,255
Due in 3 years to 4 years	1,942	1,660
Due in 4 years to 5 years	1,029	955
Due after 5 years	799	615
Total	¥13,491	¥11,442

20. Financial Instruments and Related Disclosure

(a) Overall situation concerning financial instruments

(1) Policy for financial instruments

The Group provides banking and other financial operations including lease business. Funds raised from these operations are used primarily to offer commercial and mortgage loans and to invest in marketable securities. The Group's primary funding sources are deposits, but it may also borrow funds in the financial markets to meet day-to-day, short-term funding needs. As a result, it holds financial assets and liabilities whose economic values fluctuate with interest rate changes. To minimize adverse effects of interest rate fluctuations, an asset-liability management (ALM) system is in place to ensure comprehensive management of assets and liabilities with various durations under different market conditions. In addition, the Group engages in interest rate-, currency-, and bond-related transactions as derivative transactions which include transactions for the purpose of hedging and transactions for the purpose other than hedging.

(2) Nature and extent of risks arising from financial instruments

Financial assets held by the Group consist mainly of loans extended to business entities and individuals in Japan, which entail credit risk, where difficulty occurs in recovering the principal amounts of loans and interests thereon due to borrowers' bankruptcy or deteriorating business. General economic conditions in Fukushima Prefecture, the Group's primary geographical area of operations, may also exert adverse impact on borrowers' businesses and values of collaterals pledged. Marketable securities in which the Group invests are primarily bonds and equity shares, which subject the Group to credit risk (deterioration of financial conditions of issuers) and market risk (fluctuations in interest rates and prices).

The Group also faces liquidity risk in connection with borrowed funds and call money, that is, the Group might find it difficult to honor promises of payment on due dates if it cannot tap into financial markets to raise needed funds under certain environments. Moreover, the Group's borrowings are based on variable rates, which expose the Group to risks associated with interest rate fluctuations.

Aside from derivative instruments (i.e., interest rate and currency swaps) distributed directly to customers, the Group may enter into interest rate swaps as a part of its ALM operations to hedge its borrowings. Derivative transactions qualified for hedge accounting are accounted for separately using the hedge accounting standards. To secure foreign-currency denominated funds for currency-related services, the Group may utilize foreign exchange forward contracts and bond options trading at over-the-counter to increase interest income, which come with inherent market risk (risk of losses by the Group if interest rates and foreign exchange make adverse movements) and credit risk (risk of losses by the Group in the event of default by the counterparty). The Group is not engaged in leveraged derivative transactions with large volatility of the contract's fair value out of proportion to the price fluctuation of the underlying asset.

(3) Risk management system for financial instruments

(i) To manage credit risk, the Group has established credit risk management rules and a framework governing credit review required for each loan, credit limits, internal credit ratings, guarantees and collaterals in addition to procedures to deal with problem loans. The state of such risk and risk management is periodically reported to the Board of Directors upon examination by the ALM Committee.

Credit risk associated with issuers of marketable securities and counterparty risk relating to derivative transactions are managed by periodic monitoring of credit ratings and fair value.

- (ii) The Group manages market risk (interest rate risk, price fluctuation risk and foreign exchange risk) as part of its ALM operations, which, among others, calls for quantification of various risks, risk limits to be set within a manageable scope in line with the Group's financial strength, and proper risk distribution to secure optimized profits. Risk management techniques and procedures used by the Group for the market risks are stipulated in the Group's market risk management rules. They include Value at Risk (VaR), asset-liability analyses by maturity, interest rate sensitivity analyses, and simulated risk analyses to assess potential impact of interest rate fluctuations from various angles. To reduce price fluctuation risk, the rules require a limit on the amount of securities to be held and a stop-loss level to be set up for each type of securities. In addition, ALM policies are prepared every six months, and the ALM Committee conducts reviews and examinations. The status of exposure to risks and the results of risk management activities are reported periodically to the Board of Directors upon examination by the ALM Committee.

To calculate VaR for the market risk, the variance-covariance method (holding period varies from one month to one year, depending on risk categories such as interest rates and shares, confidence level of 99%, observation period of combination of both 1 and 5 years) has been adopted. As of March 31, 2020, and 2019, the Group's market risk quantity (estimated loss) in total is ¥28,040 million and ¥31,285 million, respectively. This measure is for the Bank alone, since outstanding balance and sensitivity of the consolidated subsidiaries' financial assets and liabilities are considered insignificant.

The Group conducts a backtest to compare the actual income to VaR calculated by the model in order to verify the model. As a result of the backtest conducted, the Group concludes the model captures the market risk with sufficient accuracy. However, VaR is a statistic measure of market risk quantity based on the past fluctuations of market and certain probability of occurrence. It may not be possible to capture the risk if the market fluctuates rapidly, under extraordinary circumstances.

For derivative transactions, an internal control framework is in place by separating the execution team, the team responsible for assessing effectiveness of transactions as hedging instruments and the back office from one another. The quantified risks, aggregate size of derivative transactions and the results of profit/loss revaluation are reported to the ALM Committee on a monthly basis. The state of risk and risk management is reported periodically to the Board of Directors upon examination by the ALM Committee.

- (iii) To control liquidity risk, the Group, having formulated its liquidity risk management rules, conducts daily analyses of the status of funding and the results of fund management activities, in addition to periodic funding tolerance checks under diverse scenarios. The status of exposure to risks and the results of risk management activities are reported periodically to the Board of Directors upon examination by the ALM Committee.

(4) Supplemental explanation for fair value of financial instruments

The fair value of financial instruments are stated at amounts based on market prices or reasonably computed amounts in the case of the absence of observable market prices. The computation of these amounts is based on certain assumptions. Therefore, the amounts derived may differ if other assumptions are used.

(b) Fair value of financial instruments

The amount shown on the consolidated balance sheets, the corresponding fair value and their difference as of March 31, 2020 and 2019 for each financial instrument category were provided below. It should be noted that non-listed shares for which fair value is extremely difficult to obtain are not included in the following tables (see Note 2). Also items whose account balance on the consolidated balance sheets are immaterial are not included in the following disclosure.

March 31, 2020	Millions of Yen		
	Book value	Fair value	Difference
(1) Cash and due from banks.....	¥1,619,581	¥1,619,581	¥ —
(2) Trading account securities.....	16	16	—
(3) Securities:			
Available-for-sale securities.....	331,172	331,172	—
(4) Loans and bills discounted.....	3,855,393		
Allowance for loan losses (*1).....	(18,174)		
	3,837,219	3,883,256	46,037
Total assets.....	¥5,787,989	¥5,834,026	¥46,037
(1) Deposits.....	¥5,316,600	¥5,316,630	¥ 29
(2) Negotiable certificates of deposits.....	464,867	464,867	0
Total liabilities.....	¥5,781,468	¥5,781,498	¥ 29
Derivative transactions (*2):			
Hedge accounting is not applied.....	¥ 2,352	¥ 2,352	¥ —
Hedge accounting is applied.....	—	—	—
Total derivative transactions.....	¥ 2,352	¥ 2,352	¥ —

March 31, 2019	Millions of Yen		
	Book value	Fair value	Difference
(1) Cash and due from banks.....	¥1,605,608	¥1,605,608	¥ —
(2) Trading account securities.....	21	21	—
(3) Securities:			
Available-for-sale securities.....	556,776	556,776	—
(4) Loans and bills discounted.....	3,559,016		
Allowance for loan losses (*1).....	(15,689)		
	3,543,326	3,589,173	45,847
Total assets.....	¥5,705,733	¥5,751,580	¥45,847
(1) Deposits.....	¥5,188,699	¥5,188,756	¥ 57
(2) Negotiable certificates of deposits.....	466,113	466,113	0
Total liabilities.....	¥5,654,812	¥5,654,870	¥ 57
Derivative transactions (*2):			
Hedge accounting is not applied.....	¥ 1,002	¥ 1,002	¥ —
Hedge accounting is applied.....	—	—	—
Total derivative transactions.....	¥ 1,002	¥ 1,002	¥ —

(*1) Allowance for loan losses (general reserve) and allowance for loan losses (case-specific reserve) provided for loans are deducted to compare with the corresponding fair value.

(*2) The derivative transactions reported under "Other assets" and "Other liabilities" in the consolidated balance sheets are stated on a net basis in the above table.

Net credit/debit arising from derivative transactions is stated on a net basis, and amounts in parentheses indicate net credit balance.

(Note 1) Valuation method of financial instruments

Assets

(1) Cash and due from banks

Cash and due from banks with no maturities is stated at the book value, since the book value approximates fair value. Cash and due from banks with set maturities is carried at the present value of future cash flows estimated by maturity category that are discounted at the assumed interest rate applicable to new deposits at the balance sheet date. In addition, those that are due within one year are stated at the book value, which approximates fair value.

(2) Trading account securities

The bonds and other securities, including government and municipal/public bonds held as sales agents thereof, are stated at the value announced by Japan Securities Dealers Association or quoted by financial institutions with which the Bank transacts business.

(3) Securities

Equity shares are stated at prices quoted in applicable stock exchanges, and bonds are stated at the value announced by Japan Securities Dealers Association. Investment trusts are stated at the publicized base prices or the base prices quoted by financial institutions with which the Bank transacts business. The fair value of privately placed bonds guaranteed by the Bank is computed in a manner similar to the loans described below.

(4) Loans and bills discounted

Loans are grouped by type and internal credit rating, and the fair value of a group of loans is computed by discounting the aggregate principal/interest amount by the theoretical value of an interest rate that reflects the expected loss rate of each borrower's category. For loans due within one year, the book value is stated as the fair value, since the book value is presumed to approximate the fair value.

The fair value of the loans to which the special accounting treatment of hedge accounting for interest rate swaps is applied is evaluated together with their hedging instruments. For loans extended to bankrupt, effectively bankrupt, potentially bankrupt and other such borrowers, estimated loss given default are computed based on expected recoverable amounts through the disposal of the collaterals and execution of guarantees. Therefore, their fair values are stated at the amounts derived by subtracting the estimated loss given default from the carrying amounts of loans as of the consolidated balance sheet date, since the book value is presumed to approximate the fair value.

Loans with no stated maturities, such as loan facilities where loans are provided within a certain limit determined by pledged collateral value, are stated at their book values, as the book value is presumed to approximate fair value, based on the expected repayment periods, interest rate conditions and other terms and conditions.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposits

Demand deposits are stated at amounts payable (i.e., book value if demanded on the consolidated balance sheet date). To arrive at the fair value of time deposits and others, deposits are grouped by deposit type, and the present value of expected future cash flows for each such group is computed by discounting the total of principals and interests. Discount rates applied are those applicable to new deposits accepted by the Bank at the balance sheet date. For deposits and certificates of deposits due within one year, they are stated at their book values, which are presumed to approximate the fair values.

Derivative transactions

Interest rate swaps, currency swaps, foreign exchange forward contracts and currency options are stated at the prices at exchanges or at prices computed from their discounted present values, among others. The acquisition price is recorded as the fair value of earthquake derivatives.

(Note 2) The fair values of the following financial products are extremely difficult to determine and, therefore, are not included in "Assets (3) Available-for-sale securities."

March 31	Millions of Yen	
	2020	2019
(i) Non-listed shares (*1) (*2).....	¥ 2,042	¥ 2,061
(ii) Investments in associations (*3).....	26,253	11,728
Total.....	¥28,295	¥13,790

(*1) The fair values of non-listed shares, which have no readily available market prices, are extremely difficult to determine. Therefore, they are excluded from fair-value disclosure.

(*2) Impairment loss on non-listed shares in the amount of ¥12 million and ¥43 million were posted for the years ended March 31, 2020 and 2019, respectively.

(*3) For investments in associations, assets included in the asset portfolios of such associations are excluded from fair-value disclosure, as the fair values of such assets, including unlisted shares, are extremely difficult to determine.

(Note 3) Maturity analysis for claims and securities with contractual maturities subsequent to March 31, 2020 and 2019

March 31, 2020	Millions of Yen					
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Due from banks	¥1,570,467	¥ —	¥ —	¥ —	¥ —	¥ —
Securities:.....	39,083	96,165	49,921	17,331	21,381	9,026
Available-for-sale securities with maturity	39,083	96,165	49,921	17,331	21,381	9,026
National government bonds thereof.....	—	36,595	3,078	—	—	8,054
Local government bonds thereof.....	11,450	7,842	4,396	6,104	10,063	—
Corporate bonds thereof	19,475	44,901	40,587	5,854	6,164	—
Loans (*).....	1,364,045	608,236	497,817	338,660	370,767	592,041
Total.....	¥2,973,595	¥704,402	¥547,739	¥355,992	¥392,148	¥601,067

(*) Loans that are unlikely to be redeemed, such as to bankrupt, effectively bankrupt, and potentially bankrupt of ¥28,682 million, loans with no stated maturities of ¥55,142 million were not included.

March 31, 2019	Millions of Yen					
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Due from banks	¥1,562,018	¥ —	¥ —	¥ —	¥ —	¥ —
Securities:.....	131,820	127,360	111,050	19,936	26,980	645
Available-for-sale securities with maturity	131,820	127,360	111,050	19,936	26,980	645
National government bonds thereof.....	38,038	58,807	57,878	2,087	—	—
Local government bonds thereof.....	43,720	15,372	6,484	4,115	10,168	—
Corporate bonds thereof	31,777	35,447	45,055	8,254	7,217	—
Loans (*).....	1,042,217	640,838	482,892	349,732	387,882	563,384
Total.....	¥2,736,056	¥768,198	¥593,942	¥369,669	¥414,862	¥564,029

(*) Loans that are unlikely to be redeemed, such as to bankrupt, effectively bankrupt, and potentially bankrupt of ¥27,636 million, loans with no stated maturities of ¥64,632 million were not included.

(Note 4) Maturity analysis for interest bearing liabilities subsequent to March 31, 2020 and 2019

March 31, 2020	Millions of Yen					
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Deposits (*).....	¥5,139,943	¥148,605	¥28,035	¥7	¥8	¥—
Negotiable certificates of deposit	464,837	30	—	—	—	—
Total.....	¥5,604,780	¥148,635	¥28,035	¥7	¥8	¥—

(*) Demand deposits are disclosed under "Due within 1 year or less."

March 31, 2019	Millions of Yen					
	Due within 1 Year or Less	Due in 1 to 3 Years	Due in 3 to 5 Years	Due in 5 to 7 Years	Due in 7 to 10 Years	Due after 10 Years
Deposits (*).....	¥5,007,639	¥153,630	¥27,410	¥9	¥9	¥—
Negotiable certificates of deposit	465,982	130	—	—	—	—
Total.....	¥5,473,622	¥153,761	¥27,410	¥9	¥9	¥—

(*) Demand deposits are disclosed under "Due within 1 year or less."

21. Fair Value Information

The tables below represent the securities and trading account securities:

(a) Trading account securities

March 31	Millions of Yen	
	2020	2019
Realized gain included in earnings.....	¥0	¥0

(b) Held-to-maturity securities

None

(c) Available-for-sale securities

March 31, 2020	Millions of Yen		
	Carrying Amount	Acquisition Cost	Net Unrealized Gain/(Loss)
Securities with their carrying amount over their acquisition cost:			
Corporate stock	¥ 20,156	¥ 10,921	¥ 9,235
Bonds:	174,969	173,048	1,921
National government.....	36,595	36,004	590
Local government.....	35,871	35,429	441
Corporate.....	102,503	101,614	889
Other.....	24,584	23,217	1,367
Sub-total	219,711	207,187	12,524
Securities with their carrying amount below their acquisition cost:			
Corporate stock	10,322	13,520	(3,197)
Bonds:	29,597	29,910	(313)
National government.....	11,132	11,356	(223)
Local government.....	3,985	4,000	(14)
Corporate.....	14,479	14,553	(74)
Other.....	71,541	73,691	(2,150)
Sub-total	111,461	117,122	(5,660)
Total	¥331,172	¥324,309	¥ 6,863

March 31, 2019	Millions of Yen		
	Carrying Amount	Acquisition Cost	Net Unrealized Gain/(Loss)
Securities with their carrying amount over their acquisition cost:			
Corporate stock	¥ 27,710	¥ 16,696	¥11,014
Bonds:	345,975	340,429	5,545
National government.....	153,653	150,126	3,527
Local government.....	78,861	78,098	762
Corporate.....	113,460	112,205	1,254
Other.....	70,270	67,704	2,565
Sub-total	443,956	424,831	19,125
Securities with their carrying amount below their acquisition cost:			
Corporate stock	9,076	11,338	(2,262)
Bonds:	18,451	18,515	(64)
National government.....	3,158	3,195	(36)
Local government.....	1,000	1,000	—
Corporate.....	14,292	14,320	(28)
Other.....	85,292	88,056	(2,764)
Sub-total	112,819	117,911	(5,091)
Total	¥556,776	¥542,742	¥14,033

(d) Available-for-sale securities sold

March 31, 2020	Millions of Yen		
	Proceeds from Sales	Realized Gain	Realized Loss
Corporate stock.....	¥ 3,042	¥ 835	¥313
Bonds:.....	108,941	2,460	49
National government.....	108,790	2,459	49
Corporate.....	150	0	—
Other.....	69,959	1,593	129
Total	¥181,943	¥4,888	¥492

March 31, 2019	Millions of Yen		
	Proceeds from Sales	Realized Gain	Realized Loss
Corporate stock.....	¥ 6,629	¥2,616	¥ 115
Bonds:.....	404,577	5,478	1,179
National government.....	318,682	5,311	1,162
Corporate.....	85,894	166	17
Other.....	153,864	1,337	5,858
Total	¥565,071	¥9,433	¥7,153

(e) Securities for which the holding-purpose category has changed

None

(f) Loss on impairment

Certain "Available-for-sale securities" with fair value are stated at fair value on the consolidated balance sheets, and the difference between the acquisition cost and the fair value is recognized as a loss ("impairment loss") for the consolidated year, if the fair value has significantly deteriorated compared with the acquisition cost and if it is further concluded that there would be little possibility of the recovery in fair value to the acquisition cost.

Impairment loss in the amount of ¥1,326 million (Corporate stock of ¥1,072 million, Corporate bond of ¥159 million and Others of ¥93 million) was posted for the year ended March 31, 2020. Impairment loss in the amount of ¥49 million (Corporate bond of ¥49 million) was posted for the year ended March 31, 2019.

The criteria for determining whether the decline in the fair value is "significantly deteriorated" are as follows: Individual securities whose fair values are 50% or less of the acquisition cost at the end of the consolidated year, or securities whose fair values exceed 50% but are 70% or less of the acquisition prices and whose past share price movements for certain set periods, and the issuers' business conditions indicate little prospect of recovery in their fair values.

(g) Valuation difference on available-for-sale securities

March 31, 2020	Millions of Yen
Unrealized gain before income tax effect.....	¥6,905
Available-for-sale securities.....	6,905
Less: deferred tax liabilities	2,031
Unrealized gain before adjustment.....	4,874
Equity of unrealized gain on available-for-sale securities:	
Owned by affiliates that are accounted for by the equity method	—
Valuation difference on available-for-sale securities.....	¥4,874
March 31, 2019	Millions of Yen
Unrealized gain before income tax effect.....	¥14,033
Available-for-sale securities.....	14,033
Less: deferred tax liabilities	4,156
Unrealized gain before adjustment.....	9,877
Equity of unrealized gain on available-for-sale securities:	
Owned by affiliates that are accounted for by the equity method	—
Valuation difference on available-for-sale securities.....	¥ 9,877

(h) Investments in unconsolidated subsidiaries and affiliates

Securities in the Assets section included investments in unconsolidated subsidiaries and affiliates of ¥1,404 million and ¥1,326 million as of March 31, 2020 and 2019, respectively.

22. Money held in trust

Money held in trust as of March 31, 2020 and 2019 consisted of the following:

(a) Money held in trust for trading purpose

None

(b) Money held in trust for held-to-maturity

None

(c) Other money held in trust

March 31	Millions of Yen	
	2020	2019
Carrying amount	¥7,450	¥6,950
Acquisition cost.....	7,450	6,950
Net unrealized gain/(loss).....	—	—
Gross unrealized gain	—	—
Gross unrealized loss.....	—	—

23. Derivatives

(a) Derivatives transactions to which hedge accounting is not applied

The contract amount at the consolidated balance sheet date or the notional amount as stipulated in contracts for each transaction type as well as fair value and methods used for deriving the fair value are indicated below. It should be noted that the size of the contract amount or any other monetary amount does not, by and in itself, serve as an indicator of market risks associated with derivative transactions.

Interest-rate derivatives

March 31	Millions of Yen			
	2020		2019	
	Contract Amounts	Fair Value	Contract Amounts	Fair Value
	Total	Over 1 Year	Total	Over 1 Year
Over-the-counter transactions:				
Interest-rate swaps:				
Receivable fixed/payable floating	¥88,922	¥86,052	¥5,491	¥50,387
Receivable floating/payable fixed	88,922	86,052	(3,772)	50,387
Receivable floating/payable floating	—	—	—	—
		¥1,719		¥ 917

Currency derivatives

March 31	Millions of Yen			
	2020		2019	
	Contract Amounts	Fair Value	Contract Amounts	Fair Value
	Total	Over 1 Year	Total	Over 1 Year
Over-the-counter transactions:				
Currency swap	¥21,812	¥21,812	¥ 30	¥17,277
Forward exchange contracts:				
Sold	32,077	9,312	(180)	58,028
Bought	11,499	9,312	782	9,497
Currency option:				
Sold	916	—	(9)	1,260
Bought	916	—	9	1,260
		¥ 633		¥ 96

Others

March 31	Millions of Yen			
	2020		2019	
	Contract Amounts	Fair Value	Contract Amounts	Fair Value
	Total	Over 1 Year	Total	Over 1 Year
Over-the-counter transactions:				
Earthquake derivatives				
Sold	2,695	—	(38)	2,625
Bought	2,695	—	38	2,625
			—	—

(b) Derivatives transactions to which hedge accounting is applied

The contract amount or the contractual notional amount by transaction type and method of hedge accounting, fair value at the balance sheet date as well as the methods used for deriving the fair value are summarized below. It should be noted that the size of the contract amount or any other monetary amount does not, by and in itself, serve as an indicator of market risks associated with derivative transactions.

Interest-rate derivatives

March 31	Millions of Yen			
	2020		2019	
	Contract Amounts	Fair Value	Contract Amounts	Fair Value
	Total	Over 1 Year	Total	Over 1 Year
Hedged items				
Principle method:				
Interest-rate swaps:				
Receivable floating/ payable fixed.....	Available-for-sale securities (Debt securities)	¥—	¥—	¥—
Special treatment for interest rate swaps:				
Interest-rate swaps:				
Receivable floating/ payable fixed.....	Loans to borrowers	¥—	¥—	(Note3)
			¥3,787	¥—

- Notes: 1. Hedge accounting is carried out by specifically associating hedged items with hedging instruments or through deferred hedging in accordance with "Treatment of Accounting and Auditing Concerning Accounting for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24).
2. Market values of exchange-traded transactions are based on closing prices on the Tokyo Financial Exchange Inc., etc. Market values of over-the-counter transactions are based on discounted cash flow method, option pricing models, etc.
3. As interest swaps subject to the special treatment are accounted for in combination with the hedged loans to borrowers, their fair values are included in fair values of such hedged loans in "20. Financial Instruments and Related Disclosure."

24. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2020 and 2019 were as follows:

March 31	Millions of Yen	
	2020	2019
Valuation difference on available-for-sale securities:		
Losses recognized during the year	¥(3,548)	¥(5,633)
Reclassification adjustment to net income	(3,579)	(2,386)
Amount before tax effect	(7,128)	(8,019)
Tax effect	2,125	2,395
Valuation difference on available-for-sale securities	(5,003)	(5,624)
Remeasurements of defined benefit plans:		
Losses recognized during the year	(561)	(2,008)
Reclassification adjustment to net income	776	884
Amount before tax effect	215	(1,124)
Tax effect	(64)	338
Remeasurements of defined benefit plans	150	(785)
Total other comprehensive income	¥(4,852)	¥(6,410)

25. Segment Information

(a) Segment information

1. Outline of reportable segments

The reportable segments of the Group are those units for which discrete financial information can be obtained and which are regularly examined by the Board of Directors in order to decide how to allocate management resources and to evaluate the operating results.

The Group, comprised of the Bank and its seven subsidiaries, provides financing services with a focus on banking, leasing, credit card and credit guaranteeing.

The Bank had been categorized under the reportable segment "Banking," however from the current consolidated fiscal year, as the quantitative importance of "Credit guaranteeing" which was previously included in "Other" increased, it is categorized as a reportable segment.

"Banking" consists of money transfer business, lending business, foreign exchange business and their associated businesses.

"Credit guaranteeing" consists of credit guaranteeing business as a finance associated business.

2. Calculation method for the amount of ordinary income, segment profit or loss, assets, liabilities and other items by the reportable segment

Accounting treatment for reportable segments is consistent with those described in "2. Summary of Significant Accounting Policies."

Segment profit is based on ordinary profit.

Ordinary income from internal transactions is based on transaction prices between third parties.

Information on ordinary income, segment profit or loss, assets, liabilities and other items is as follows:

Year ended March 31, 2020	Millions of Yen					
	Reportable segment		Other	Total	Adjustments	Consolidated
Banking	Credit guaranteeing					
Ordinary income:						
From external customers.....	¥ 55,035	¥ 720	¥ 7,693	¥ 63,449	¥ 0	¥ 63,449
From internal transactions.....	961	1,026	1,944	3,932	(3,932)	—
Total	¥ 55,996	¥ 1,747	¥ 9,638	¥ 67,381	¥ (3,932)	¥ 63,449
Segment profit.....	¥ 3,888	¥ 893	¥ 1,051	¥ 5,833	¥ (1,456)	¥ 4,376
Segment assets.....	¥6,010,132	¥10,898	¥31,439	¥6,052,470	¥(31,718)	¥6,020,752
Segment liabilities.....	¥5,824,416	¥ 6,565	¥18,763	¥5,849,745	¥(19,978)	¥5,829,766
Other:						
Depreciation expense.....	¥ 2,414	¥ 1	¥ 186	¥ 2,601	¥ 76	¥ 2,678
Interest income.....	35,041	202	689	35,932	(1,511)	34,421
Interest expense.....	667	—	41	709	(33)	675
Increase in tangible and intangible fixed assets	3,764	—	282	4,047	53	4,100

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.

2. "Other" is a business segment that is not included in the reportable segment, which consists of leasing and credit card.

3. Adjustments are as follows:

(a) Adjustments in segment profit of ¥(1,456) million include elimination of intersegment transactions of ¥(1,449) million.

(b) Adjustments in segment assets of ¥(31,718) million are elimination of intersegment transactions.

(c) Adjustments in segment liabilities of ¥(19,978) million are elimination of intersegment transactions.

(d) Adjustments in depreciation expense of ¥76 million are adjustments made for the depreciation of the leased assets acquired under the contract with the leasing segment in segments other than leasing.

(e) Adjustments in interest income of ¥(1,511) million are elimination of intersegment transactions.

(f) Adjustments in interest expense of ¥(33) million are elimination of intersegment transactions.

(g) Adjustments in increase in tangible and intangible fixed assets of ¥53 million are the acquisition cost of the leased assets acquired in leasing segment ("Other") under the contract with other segments.

4. Segment profit is calculated by adjusting the ordinary profit in the consolidated statements of income.

Information on ordinary income, segment profit or loss, assets, liabilities and other items is as follows:

Year ended March 31, 2019	Millions of Yen					
	Reportable segment		Other	Total	Adjustments	Consolidated
Banking	Credit guaranteeing					
Ordinary income:						
From external customers.....	¥ 65,099	¥ 756	¥ 6,635	¥ 72,492	¥ 4	¥ 72,497
From internal transactions.....	998	955	2,044	3,999	(3,999)	—
Total	¥ 66,098	¥ 1,712	¥ 8,680	¥ 76,491	¥ (3,994)	¥ 72,497
Segment profit.....	¥ 5,961	¥ 696	¥ 762	¥ 7,420	¥ (1,630)	¥ 5,790
Segment assets	¥5,899,960	¥11,084	¥29,169	¥5,940,214	¥(30,060)	¥5,910,153
Segment liabilities	¥5,709,773	¥ 6,846	¥16,543	¥5,733,163	¥(18,137)	¥5,715,026
Other:						
Depreciation expense.....	¥ 2,362	¥ 1	¥ 190	¥ 2,554	¥ 69	¥ 2,624
Interest income.....	38,459	217	769	39,447	(1,660)	37,787
Interest expense	2,141	—	35	2,177	(28)	2,148
Increase in tangible and intangible fixed assets	2,670	—	61	2,732	28	2,760

Notes: 1. Ordinary income is stated in lieu of sales of general enterprises.

2. "Other" is a business segment that is not included in the reportable segment, which consists of leasing and credit card.

3. Adjustments are as follows:

- Adjustments in ordinary income from external customers of ¥4 million include adjustments of interest on securities held by consolidated subsidiaries and income from application of the equity method.
- Adjustments in segment profit of ¥(1,630) million include elimination of intersegment transactions of ¥(1,631) million.
- Adjustments in segment assets of ¥(30,060) million are elimination of intersegment transactions.
- Adjustments in segment liabilities of ¥(18,137) million are elimination of intersegment transactions.
- Adjustments in depreciation expense of ¥69 million are adjustments made for the depreciation of the leased assets acquired under the contract with the leasing segment in segments other than leasing.
- Adjustments in interest income of ¥(1,660) million are elimination of intersegment transactions.
- Adjustments in interest expense of ¥(28) million are elimination of intersegment transactions.
- Adjustments in increase in tangible and intangible fixed assets of ¥28 million are the acquisition cost of the leased assets acquired in leasing segment ("Other") under the contract with other segments.

4. Segment profit is calculated by adjusting the ordinary profit in the consolidated statements of income.

(b) Related information

1. Information by services

Income regarding major services for the years ended March 31, 2020 and 2019 was as follows:

Year ended March 31, 2020	Millions of Yen				
	Lending	Securities and Investment	Fees and Commissions	Other	Total
Ordinary income from external customers.....	¥28,105	¥10,168	¥15,058	¥10,117	¥63,449

Year ended March 31, 2019	Millions of Yen				
	Lending	Securities and Investment	Fees and Commissions	Other	Total
Ordinary income from external customers.....	¥28,718	¥17,465	¥16,626	¥9,686	¥72,497

Note: Ordinary income is stated in lieu of sales of general enterprises.

2. Geographical information

(i) Ordinary income

Ordinary income from external domestic customers exceeded 90% of total income on the consolidated statements of income for the years ended March 31, 2020 and 2019, therefore geographical income information is not disclosed.

(ii) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2020 and 2019, therefore geographical tangible fixed assets information is not disclosed.

3. Major customer information

Ordinary income from no customer exceeded 10% of total income on the consolidated statements of income for the years ended March 31, 2020 and 2019, therefore major customer information is not disclosed.

(c) Information on impairment of fixed assets for each reportable segment:

Year ended March 31, 2020	Millions of Yen			
	Reportable segment		Other	Total
Banking	Credit guaranteeing			
Impairment loss	¥498	¥—	¥6	¥505

Year ended March 31, 2019	Millions of Yen			
	Reportable segment		Other	Total
Banking	Credit guaranteeing			
Impairment loss	¥195	¥—	¥—	¥195

(d) Information on amortization of goodwill and its remaining balance for each reportable segment:

None

(e) Information related to gain on negative goodwill for each reportable segment:

None

26. Related Party Transactions

Related party transactions for the year ended March 31, 2020

(a) Transactions between the Bank and related parties

Type	Name	Location	Capital stock (¥million)	Nature of business or occupation	Voting share owner-ship (%)
Executive officer and close family members	Chikako Muramatsu	—	¥—	Company employee	—
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2020 (¥million)	
Customer with credit limit	Funding of loans	(Average balance) ¥1	Loans and bills discounted	¥10	

Notes: 1. Ms. Chikako Muramatsu is the sister in law of the Bank's Managing Director, Hideho Suto.

2. The terms and conditions, and the business decisions are determined and made in the same way as other ordinary transactions.

(b) Transactions between the Bank's consolidated subsidiaries and related parties

None

Related party transactions for the year ended March 31, 2019

(a) Transactions between the Bank and related parties

Type	Name	Location	Capital stock (¥million)	Nature of business or occupation	Voting share owner-ship (%)
Executive officer and close family members holding majority of voting rights	Aizu Shuzo Co., Ltd.	Fukushima prefecture Minami Aizugun	¥60	Liquor manufacturing	—
Relation to the related party	Type of transaction	Amount of transaction (¥million)	Account name	Balance as of March 31, 2020 (¥million)	
Customer with credit limit	Funding of loans	(Average balance) ¥172	—	¥—	

Notes: 1. The terms and conditions, and the business decisions are determined and made in the same way as other ordinary transactions.

2. The majority of voting rights issued by Aizu Shuzo Co., Ltd. was held by close family members of its officers. However, the ownership ratio of the voting rights has decreased during the current consolidated fiscal year, and Aizu Shuzo Co., Ltd. is no longer deemed as a related party. Therefore, the amount of transaction states the average balance during the period when Aizu Shuzo Co., Ltd was a related party. The balance as of March 31, 2019 is omitted.

(b) Transactions between the Bank's consolidated subsidiaries and related parties

None

27. Subsequent Events

None

28. Supplementary schedule

(a) Schedule of bonds

None

(b) Schedule of borrowing and similar instruments

Category	Balance as of April 1, 2019 (Millions of Yen)	Balance as of March 31, 2020 (Millions of Yen)	Average interest rate (%)	Due date
Borrowed money:	¥2,004	¥2,806	0.30	—
Loans payable	2,004	2,806	0.30	From November 2020 to December 2024
Lease obligation:				
Due within 1 year or less	12	13	—	
Due after 1 year	350	344	—	June 2048

Notes: 1. Average interest rate is stated at weighted average interest rate on the interest rate and balance as of March 31, 2020.

2. The average interest rates of lease obligations are not stated because lease obligations are recorded in the consolidated balance sheets at the amount before deducting the amount equivalent to interest included in the total lease fee.

3. The repayment schedule of loans payable and lease obligation for five years subsequent to March 31, 2020, is summarized as follows:

	Millions of Yen				
	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Loans payable	¥797	¥686	¥626	¥506	¥190
Lease obligation	¥ 13	¥ 13	¥ 13	¥ 13	¥ 13

Since banking business includes such operations as deposit taking, and raising/use of funds from the call money and bills market, the schedule of borrowing and similar instruments includes only "Borrowed money" and "Other liabilities" in "Liabilities" of the consolidated balance sheets.

(c) Schedule of asset retirement obligations

Schedule of asset retirement obligations is omitted because the amounts of asset retirement obligations at the beginning and the end of the year ended March 31, 2020 are equal to or less than one percent of the total of liabilities and net assets as of then.



Independent Auditor's Report

The Board of Directors
The Toho Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of The Toho Bank and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with t regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide t with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 17, 2020

江見 睦生 

Mutsuo Emi
Designated Engagement Partner
Certified Public Accountant

高嶋 清彦 

Kiyohiko Takashima
Designated Engagement Partner
Certified Public Accountant

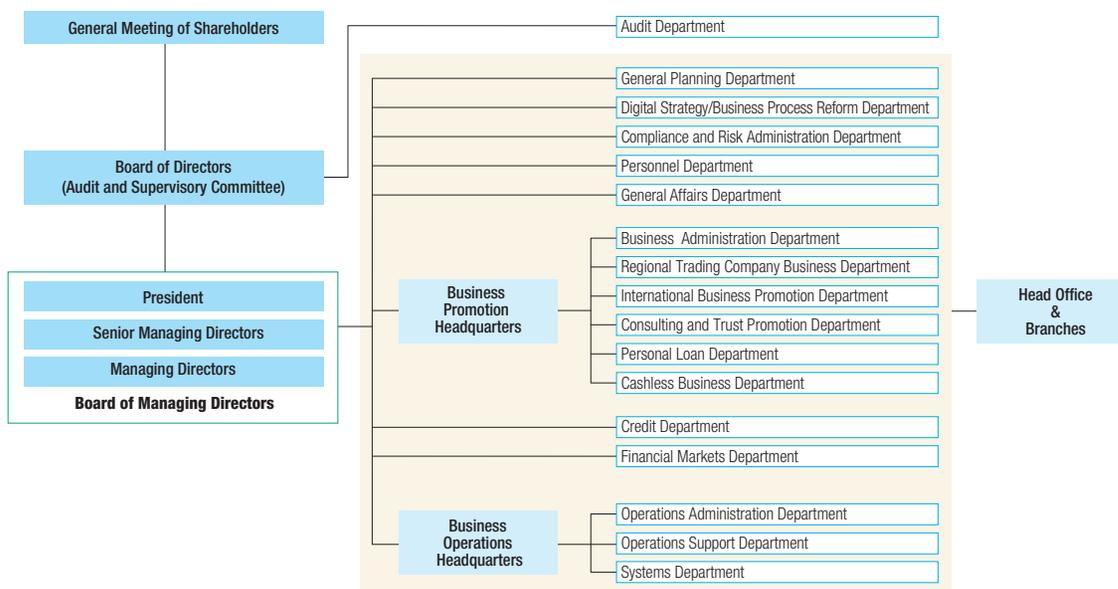
中桐 徹 

Toru Nakagiri
Designated Engagement Partner
Certified Public Accountant

◆ Board of Directors and Auditors

President:	Senior Managing Directors:	Managing Directors:	Directors Audit and Supervisory Committee Member:	Outside Directors (Audit and Supervisory Committee Member, Part-time):
Minoru Sato	Seiji Takeuchi Satoshi Aoki	Michio Sakai Tomohiro Komiya	Masayuki Sakaji Takayuki Ishii	Takashi Fujiwara Asao Aono Hayao Watanabe Satoshi Nagano

◆ Organization



◆ Network

SUBSIDIARIES AND AFFILIATES

Name	Line of Business	Established in	Capital (Millions of yen)	Bank's Share in Capital (%)
Toho Securities Co., Ltd.	Securities	2015	3,000	100
The Toho Lease Co., Ltd.	Leasing	1985	60	50.0
The Toho Card Co., Ltd.	Credit card	1985	30	50.0
The Toho Credit Service Co., Ltd.	Credit card	1990	30	50.0
The Toho Credit Guarantee Co., Ltd.	Credit guaranteeing	1985	110	50.0
The Toho Information System Co., Ltd.	Calculation operations and Developing software	1983	60	39.6
Toho Smile, Co., Ltd.	Printing and binding of business forms, etc.	2012	30	100

HEADQUARTERS

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(As of June 30, 2020)



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