

The Tochigi Bank, Ltd.

***Financial
statements
2011***



The Tochigi Bank, Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements 2011

Introducing

During the 69 years since its establishment in 1942, Tochigi Bank and its subsidiaries (the Bank) has endeavored to fulfill its mission as a regional financial institution, working closely with the people of the community. Tochigi prefecture, the Bank's main market, is located about 100 km north of Tokyo, the Bank is committed to a focused management philosophy of "Contributing to the Creation of a Prosperous Regional Society".

Tochigi Prefecture has developed steadily as one of Japan's landlocked industrial prefectures and a vibrant production center for agricultural and forestry products. The prefecture benefits from beautiful and abundant natural surroundings such as Nikko and Nasu, which are among the best found anywhere, as well as a superb legacy of world heritage sights rich in history and tradition. Moreover, it enjoys the geographical advantage of proximity to the National Capital Region.

Blessed with this environment, the Bank has achieved a stable record of solid business results, and its financial soundness and profitability have earned it a position in the upper echelons of Japan's financial institutions

Profile (As of March 31,2011)

Total Assets:	¥ 2,462,168 million
Total Net Assets:	¥ 116,312 million
Employees:	1,888
Domestic Offices:	95
Unstaffed ATM Offices:	212

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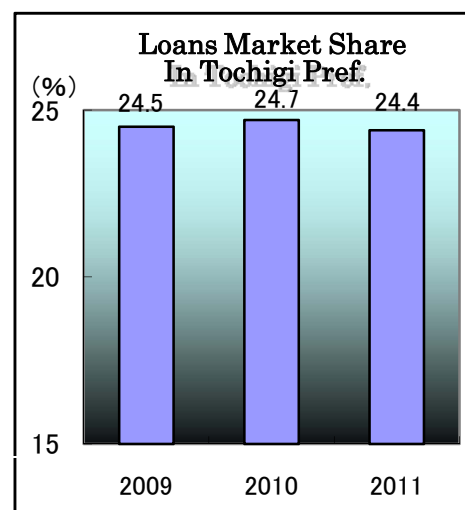
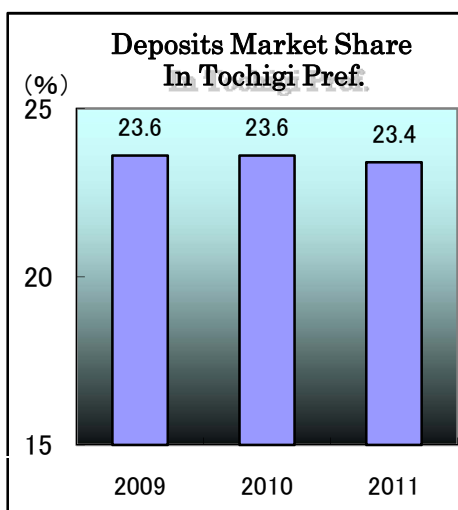
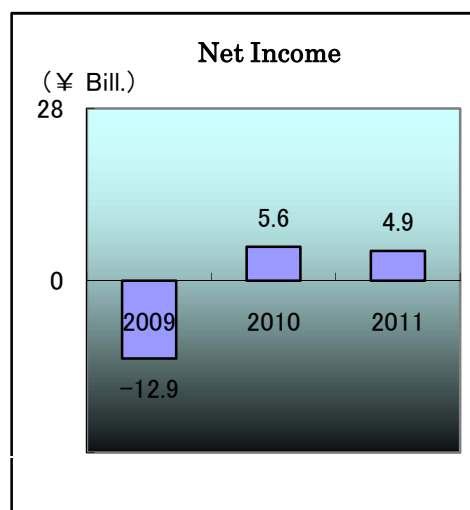
Dear Customer

We appreciate your continued loyalty and patronage to Tochigi bank. Since our bank was established in 1942, we have consistently managed the bank with an innovative and forward thinking strategy. It is our goal to help make the community we do business in more prosperous and successful. Over the years we have grown with the community while also maintaining our traditional culture. Our services have expanded to provide you with a full-service bank that serves all your needs. Thank you very much for being a part of our success. We greatly appreciate your continued business. We have provided the Tochigi 2011 financial statements which explains more details on our performance for the year. We appreciate your interest in learning more about us.

Financial Performance Highlights

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
For The Years Ended March 31			
Total Income	¥ 55,130	¥ 55,651	\$ 663,018
Total Expenses	45,961	45,007	552,748
Income (Loss) Before Income Taxes and Minority Interests	9,169	10,643	110,270
Net Income (Loss)- (Forward)	4,917	5,640	59,134
Per Share Amounts (Yen, U.S. Dollars): Net Income (Loss)	43	50	0.52
Capital adequacy ratio(%)	11.13%	10.48%	11.13%
At Year-end			
Total Assets	2,462,168	2,417,629	29,611,160
Deposits	2,287,937	2,262,102	27,515,778
Loans and Bills Discounted	1,621,460	1,583,815	19,500,420
Securities	638,793	684,006	7,682,417
Total Net Assets	116,312	115,596	1,398,821
Number of Offices	95	94	95

Note : U.S. dollar amounts are translated, for convenience only, at the rate of ¥83.15 to \$1, the rate of exchange at March 31, 2011





Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
ASSETS:			
Cash and due from banks	¥ 130,097	¥ 74,862	\$ 1,564,606
Call loans and bills bought	4,822	4,279	57,991
Monetary claims bought	0	0	0
Trading account securities	156	149	1,876
Money held in trust	8,360	10,151	100,541
Securities	638,793	684,006	7,682,417
Loans and bills discounted	1,621,460	1,583,815	19,500,420
Foreign exchange	1,083	1,041	13,024
Other assets	15,585	17,237	187,432
Premises and equipment	0	0	0
Tangible fixed assets	24,197	24,260	291,004
Intangible fixed assets	3,405	3,993	40,950
Deferred tax assets	24,444	25,797	293,974
Customers' liabilities for acceptances and guarantees	6,733	7,820	80,974
Reserve for possible loan losses	(16,973)	(19,786)	(204,125)
Total assets	2,462,168	2,417,629	29,611,160
LIABILITIES:			
Deposits	2,287,937	2,262,102	27,515,778
Negotiable certificates of deposits	19,639	-	236,187
Borrowed money	3,609	3,519	43,403
Foreign exchange	60	37	721
Other liabilities	13,722	14,185	165,027
Reserve for employees' bonus	1,022	987	12,291
Reserve for bonus for directors and corporate auditors	29	28	348
Reserve for employee retirement benefits	10,589	10,855	127,348
Reserve for possible losses on collateralized real estate loans sold	-	-	-
Other Reserves	807	789	9,705
Deferred tax liabilities for land revaluation	1,701	1,705	20,457
Acceptances and guarantees	6,733	7,820	80,974
Total liabilities	2,345,855	2,302,033	28,212,327

NET ASSETS:



The Tochigi Bank, Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements 2011

Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Common stock—authorized, 212,000 thousand shares; Issued, 114,108 thousand shares in 2011	¥27,408	¥27,408	\$329,621
Capital surplus	26,150	26,150	314,491
Retained earnings	65,896	61,773	792,495
Treasury stock	(445)	(437)	(5,351)
Total owners' equity	119,009	114,894	1,431,256
Net unrealized gains (losses) on securities available for sale , net of taxes	(3,783)	7	(45,496)
Revaluation reserve for land, net of taxes	(1,189)	(1,190)	(14,299)
Total valuation and translation adjustments	(4,972)	(1,182)	(59,795)
Minority interest	2,276	1,884	27,372
Total net assets	116,312	115,596	1,398,821
Total liabilities and net assets	2,462,168	2,417,629	29,611,160



Consolidated Statement of Income

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
INCOME:			
Interest on:			
Loans and discounts	¥ 32,707	¥ 34,464	\$ 393,349
Securities	7,513	7,422	90,354
Other	75	76	901
Fees and commissions	5,453	4,563	65,580
Gains on sales of bonds	3,048	1,718	36,656
Other operating income	62	50	745
Other income	4,551	6,014	54,732
Total income	55,130	55,651	663,018
EXPENSES:			
Interest on:			
Deposits	2,459	3,671	29,573
Negotiable certificates of deposits	6	-	72
Borrowings	62	72	745
Other	8	1	96
Fees and commissions	2,984	2,885	35,886
Other operating expenses	281	4	3,379
General and administrative expenses	28,212	28,211	339,290
Other expenses	11,840	9,918	142,393
Provision for possible loan losses	0	114	0
Other	11,840	9,803	142,393
Total expenses	45,961	45,007	552,748
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	9,169	10,643	110,270
INCOME TAXES:			
Current	269	341	3,235
Deferred	3,589	4,258	43,162
Total income taxes	3,858	4,599	46,398
MINORITY INTERESTS IN NET INCOME	393	402	4,726
NET INCOME —(Forward)	4,917	5,640	59,134



The Tochigi Bank, Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements 2011

Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
I OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥9,169	¥ 10,643	\$ 110,270
Depreciation and amortization	2,414	1,914	29,031
Loss on impairment of fixed assets	-	25	-
Increase (Decrease) in reserve for possible loan losses	(2,812)	(4,199)	(33,818)
Increase (Decrease) in reserve for possible losses on collateralized real estate loans sold	-	-	-
Increase (Decrease) in liability for employees' retirement benefits	(266)	64	(3,199)
Interest income recognized on statement of operations and earned surplus	(40,295)	(41,962)	(484,606)
Interest expenses recognized on statement of operations and earned surplus	2,529	3,744	30,414
Securities losses—net	2,614	(1,308)	31,437
Loss (gain) on monetary trust funds	(22)	(30)	(264)
Foreign exchange losses (gains)—net	(0)	(1)	(0)
Losses (gains) on dispositions of fixed assets—net	72	15	865
Net decrease (increase) in loans	(37,644)	(27,648)	(452,723)
Net increase (decrease) in deposits	25,835	32,189	310,703
Net increase (decrease) in negotiable certificates of deposits	19,639	-	236,187
Net increase (decrease) in borrowed money	90	(885)	1,082
Net decrease (increase) in due from banks (excluding cash equivalents)	359	(225)	4,317
Net decrease (increase) in call loans	(542)	(346)	(6,518)
Net decrease (increase) in foreign exchange assets	(42)	(28)	(505)
Net increase (decrease) in foreign exchange liabilities	23	(52)	276
Interest income (cash basis)	40,101	41,795	482,273
Interest expenses (cash basis)	(2,661)	(4,231)	(32,002)
Other	1,823	5,023	21,924
Subtotal	20,384	14,498	245,147
Income tax paid	(524)	(312)	(6,301)
Income tax refunded	116	1,212	1,395
Net cash provided by (used in) operating activities—(Forward)	19,976	15,399	240,240



The Tochigi Bank, Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements 2011

Consolidated Statements Of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
II INVESTING ACTIVITIES:			
Purchases of securities	(¥316,643)	(¥287,854)	(\$3,808,093)
Proceeds from sales of securities	252,613	167,674	3,038,039
Proceeds from maturities of securities	100,597	80,280	1,209,825
Payments for increase in Money Held in Trust	-	-	-
Purchases of monetary trust funds	-	-	-
Proceeds from monetary trust funds	1,813	1,889	21,803
Purchases of tangible fixed assets	(2,013)	(1,683)	(24,209)
Proceeds from tangible fixed assets	219	384	2,633
Purchases of intangible fixed assets	(225)	(2,418)	(2,705)
Other	60	34	721
Proceeds from transfer of business	-	-	-
Net cash used in investing activities	36,420	(41,691)	438,003
III FINANCING ACTIVITIES:			
Proceeds from issuance of stocks	-	-	-
Dividends paid	(794)	(794)	(9,549)
Dividends paid to minority interests (stockholders)	(1)	(1)	(12)
Purchase of treasury stock	(7)	(14)	(84)
Proceeds from sales of treasury stock	-	-	-
Net cash provided by (used in) financing activities	(803)	(809)	(9,657)
IV NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0	1	0
V FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	55,594	(27,100)	668,598
VI CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	72,803	99,904	875,562
VII CASH AND CASH EQUIVALENTS, END OF YEAR	128,398	72,803	1,544,173

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 to \$1, the rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.



The Tochigi Bank, Ltd. and Consolidated Subsidiaries

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Consolidated Statement of Changes in Net Asset

	Millions of Yen				
	Owners' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Owners' Equity
Balance as of March 31, 2010	¥ 27,408	¥ 26,150	¥ 61,773	(¥ 437)	¥ 114,894
Changes of items during the period	-	-	-	-	-
Dividends from surplus	-	-	(794)	-	(794)
Net income	-	-	4,917	-	4,917
Repurchase of treasury stock	-	-	-	(7)	(7)
Transfer from revaluation reserve for land, net of taxes	-	-	(1)	-	(1)
Net changes of items other than owner's equity	-	-	-	-	-
Total changes of items during the period	-	-	4,122	(7)	4,114
Balance as of March 31, 2011	27,408	26,150	65,896	(445)	119,009

	Millions of Yen				
	Valuation and Translation Adjustments				
	Net Unrealized Gains on Securities Available for Sale, net of Taxes	Revaluation Reserve for land, net of Taxes	Total Valuation and Translation Adjustments	Minority Interest	Total Net Assets
Balance as of March 31, 2010	¥ 7	(¥ 1,190)	(¥ 1,182)	¥ 1,884	¥ 115,596
Changes of items during the period	-	-	-	-	-
Dividends from surplus	-	-	-	-	(794)
Net income	-	-	-	-	4,917
Repurchase of treasury stock	-	-	-	-	(7)
Transfer from revaluation reserve for land, net of taxes	-	-	-	-	(1)
Net changes of items other than owner's equity	(3,791)	1	(3,789)	391	(3,398)
Total changes of items during the period	(3,791)	1	(3,789)	391	716
Balance as of March 31, 2011	(3,783)	(1,189)	(4,972)	2,276	116,312



The Tochigi Bank, Ltd. and Consolidated Subsidiaries

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Consolidated Statement of Changes in Net Asset

Thousands of U.S. Dollars

Owners' Equity

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Owners' Equity
Balance as of March 31, 2010	\$ 329,621	\$ 314,491	\$ 742,910	(\$ 5,255)	\$ 1,381,767
Changes of items during the period	-	-	-	-	-
Dividends from surplus	-	-	(9,549)	-	(9,549)
Net income	-	-	59,134	-	59,134
Repurchase of treasury stock	-	-	-	(84)	(84)
Transfer from revaluation reserve for land, net of taxes	-	-	(12)	-	(12)
Net changes of items other than owner's equity	-	-	-	-	-
Total changes of items during the period	-	-	49,573	(84)	49,476
Balance as of March 31, 2011	329,621	314,491	792,495	(5,351)	1,431,256

Thousands of U.S. Dollars

Valuation and Translation Adjustments

	Net Unrealized Gains on Securities Available for Sale, net of Taxes	Revaluation Reserve for land, net of Taxes	Total Valuation and Translation Adjustments	Minority Interest	Total Net Assets
Balance as of March 31, 2010	\$ 84	(\$ 14,311)	(\$ 14,215)	\$ 22,657	\$ 1,390,210
Changes of items during the period	-	-	-	-	-
Dividends from surplus	-	-	-	-	(9,549)
Net income	-	-	-	-	59,134
Repurchase of treasury stock	-	-	-	-	(84)
Transfer from revaluation reserve for land, net of taxes	-	-	-	-	(12)
Net changes of items other than owner's equity	(45,592)	12	(45,568)	4,702	(40,865)
Total changes of items during the period	(45,592)	12	(45,568)	4,702	8,610
Balance as of March 31, 2011	(45,496)	(14,299)	(59,795)	27,372	1,398,821