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# Financial Results Presentation

## for the Fiscal Year Ended March 31, 2024

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Friday, May 10, 2024



TOCHIGI BANK

Securities Code: 8550

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## Overview of Financial Results for the Fiscal Year Ended March 31, 2024

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## 1. Overview of Consolidated Financial Results

- Ordinary income came in at 45.2 billion yen, which were almost flat year on year, chiefly due to increases in interest on loans and discounts and in fees and commissions income, offset by a decrease in interest and dividends on securities.
- Ordinary expenses rose 2.1% year on year, chiefly due to an increase in costs for loans written-off.
- As a result, ordinary profit and profit attributable to owners of parent stood at 4.2 billion yen and 2.1 billion yen, respectively.

### ○ Consolidated statement of income (excerpt)

(Billion yen)

	2023/3	2024/3 (under review)	Change	% Change
Ordinary income	45.2	45.2	0.0	0.1%
Interest on loans and discounts	20.3	20.8	0.5	2.4%
Interest and dividends on securities	7.8	6.7	(1.1)	-14.1%
Fees and commissions income	9.3	9.9	0.6	6.4%
Ordinary expenses	40.1	41.0	0.9	2.1%
Losses on sale of bonds	6.9	4.3	(2.6)	-37.1%
Costs for loans written-off	2.6	3.6	1.0	37.2%
Ordinary profit	5.0	4.2	(0.8)	-16.3%
Profit attributable to owners of parent	2.6	2.1	(0.5)	-20.8%

## 2. Overview of Non-consolidated Financial Results

- The Bank posted ordinary income of 40.2 billion yen, ordinary profit of 3.4 billion yen, and profit of 1.7 billion yen, chiefly due to the same factors as those for consolidated results.

### ○ Non-consolidated statement of income (excerpt)

(Billion yen)

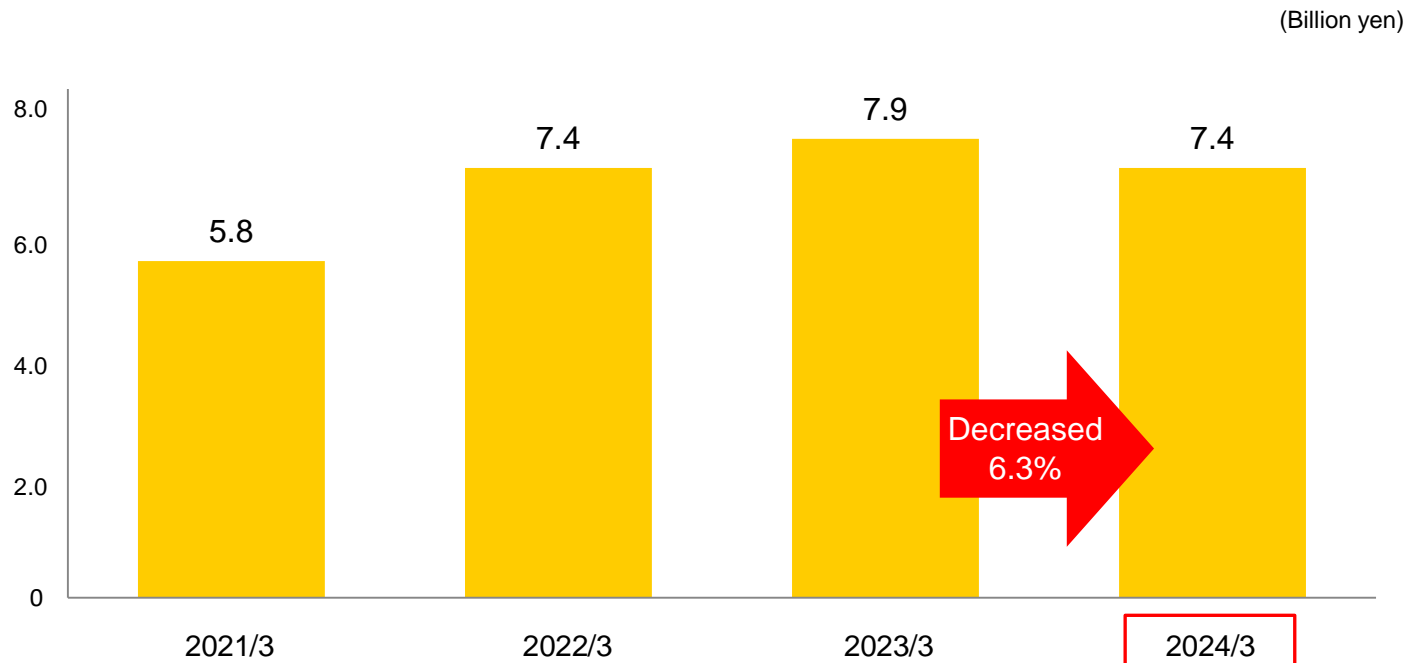
	2023/3	2024/3 (under review)	Change	% Change
Ordinary income	40.7	40.2	(0.5)	-1.1%
Interest on loans and discounts	20.3	20.8	0.5	2.3%
Interest and dividends on securities	7.8	6.7	(1.1)	-14.1%
Ordinary expenses	36.3	36.8	0.5	1.2%
Costs for loans written-off	2.7	3.6	0.9	35.1%
Core net business profit	12.0	11.1	(0.9)	-7.1%
Core net business profit (excluding gains (losses) from cancellation of investment trusts)	7.9	7.4	(0.5)	-6.3%
Substantial net business profit	5.6	6.6	1.0	17.7%
Net business profit	6.4	6.6	0.2	4.3%
Ordinary profit	4.3	3.4	(0.9)	-20.6%
Profit	2.2	1.7	(0.5)	-21.0%

### 3. Trends in Core Net Business Profit (Non-consolidated)

- Core net business profit represents the Bank's main business profitability, consisting of interest income (i.e., interest on loans and discounts and interest and dividends on securities) and fees and commissions income.
- Core net business profit (excluding gains (losses) from cancellation of investment trusts), which is profit from the Bank's main business net of the above-mentioned gains from cancellation, decreased 6.3% year on year.

#### Trends in Core Net Business Profit

(Excluding Gains (Losses) from Cancellation of Investment Trusts)



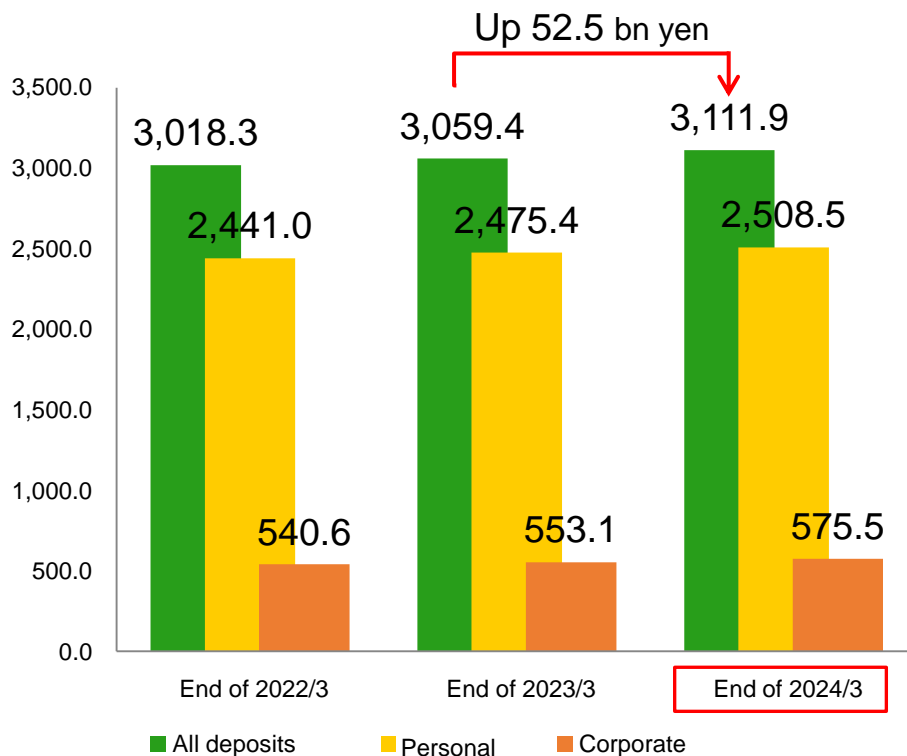
## 4. Balance of Deposits (Non-consolidated)

Deposits on a steady increase every fiscal year

- The Bank has the locally rooted business base with the balance of deposits, consisting mainly of personal deposits, having increased by 52.5 billion yen from the end of March 2023.
- In terms of the balance of deposits by prefecture, those from customers in Tochigi prefecture account for 81.0% of the total deposits.

Trends in Balance of Deposits  
(Non-consolidated)

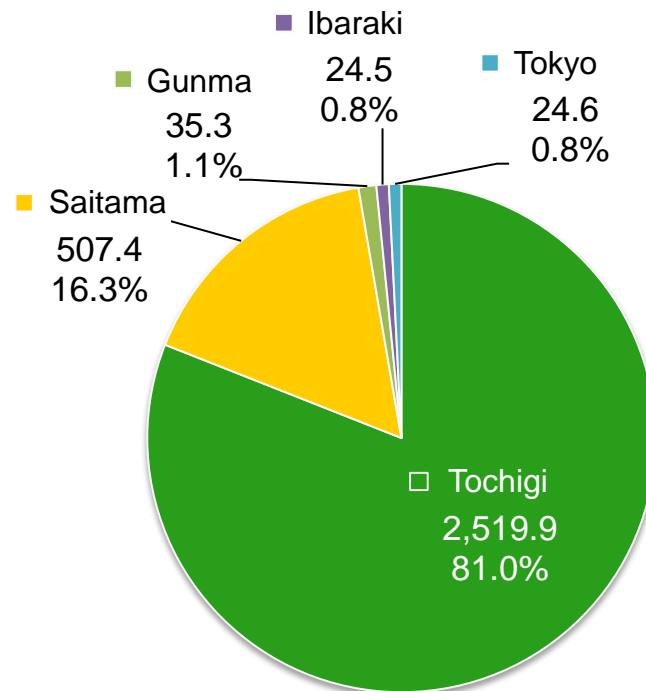
(Billion yen)



(incl. negotiable certificates of deposit)

Balance of Deposits by Prefecture  
(As of March 31, 2024)

(Billion yen)

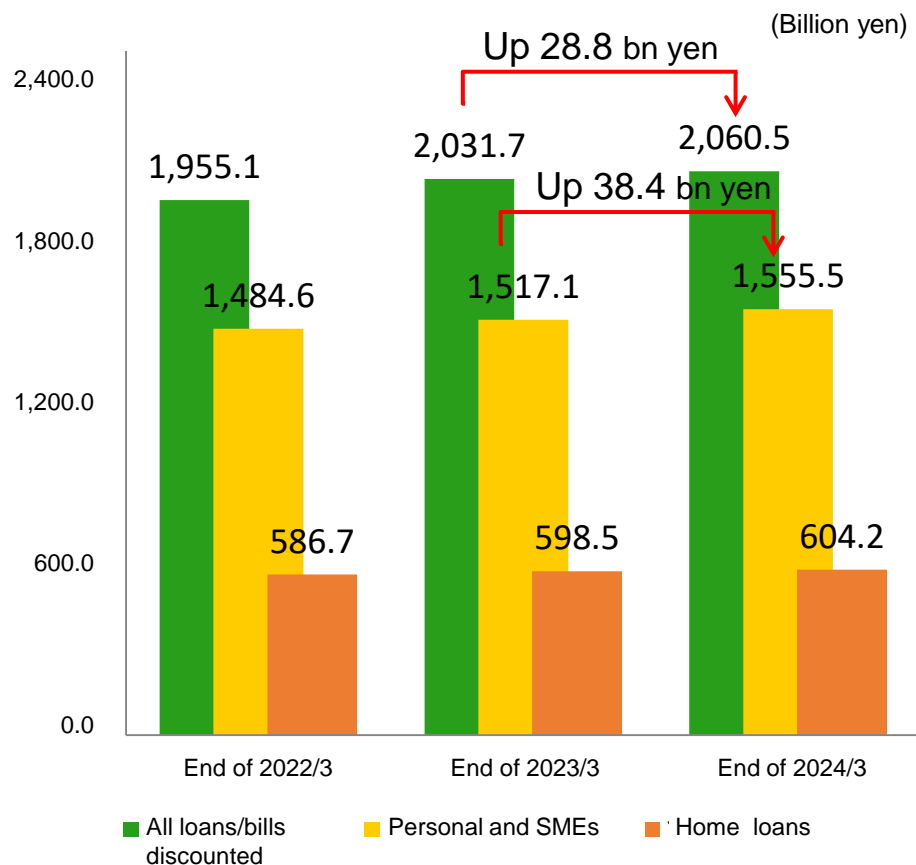


## 5. Balance of Loans and Bills Discounted (Non-consolidated)

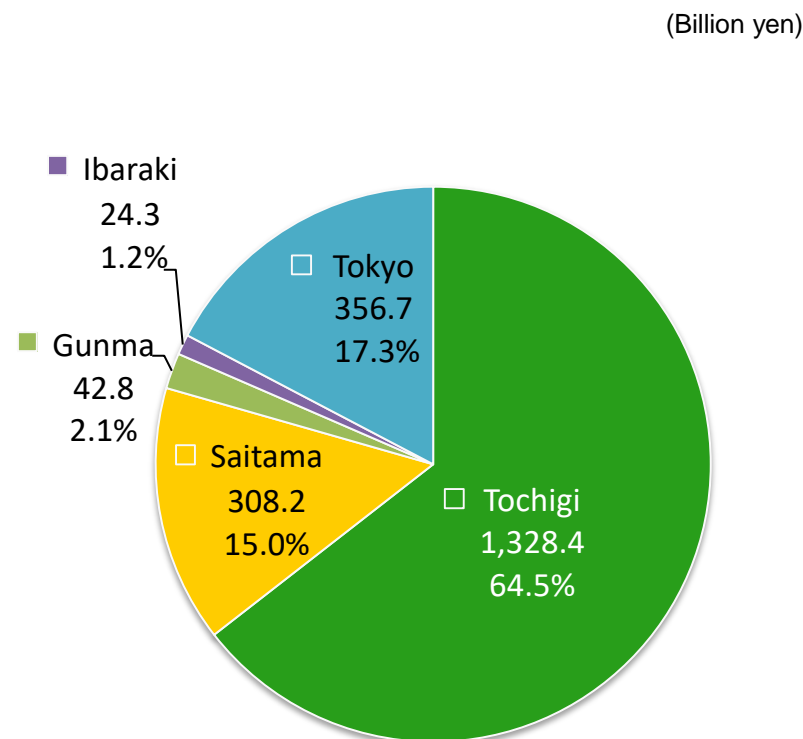
The loans and bills discounted mainly consisting of personal and SME loans

- The balance of loans and bills discounted increased by 28.8 billion yen from the end of March 2023.
- Personal and SME loans, among others, increased by 38.4 billion yen from the end of March 2023.
- The loans extended to customers located in Tochigi prefecture account for 64.5% of the loans, mainly consisting of personal and SME loans in Tochigi prefecture.

Trends in Balance of Loans and Bills Discounted (Non-consolidated)



Balance of Loans and Bills Discounted by Prefecture (As of March 31, 2024)

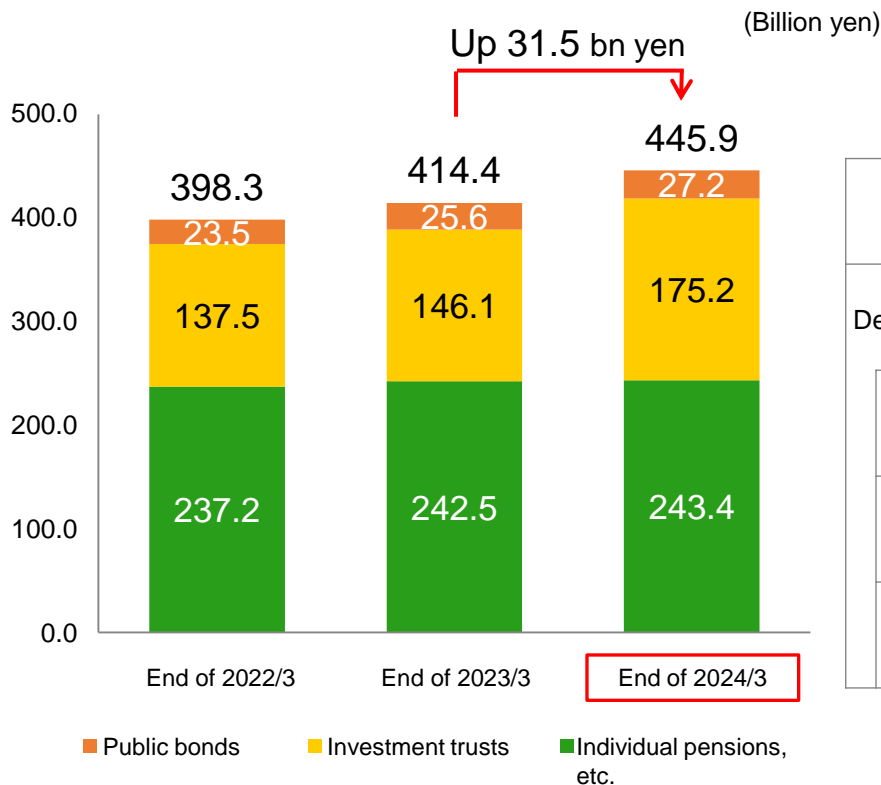


## 6. Deposit Assets (Non-consolidated)

Supporting customers' asset formation in the age of the 100-year lifespan

- The balance of deposit assets increased by 31.5 billion yen from March 31, 2023, reflecting its commitment to providing customer-oriented financial services. The Bank will continue to offer proposals for “long-term, accumulated and diversified” investments, leading to customers' asset formation over the future.

### Trends in Balance of Deposit Assets



(Billion yen)	2023/3	2024/3	Change	% Change
Deposit assets	414.4	<b>445.9</b>	31.5	7.6%
Public bonds	25.6	<b>27.2</b>	1.6	6.2%
Investment trusts	146.1	<b>175.2</b>	29.1	19.8%
Individual pensions, etc.	242.5	<b>243.4</b>	0.9	0.3%



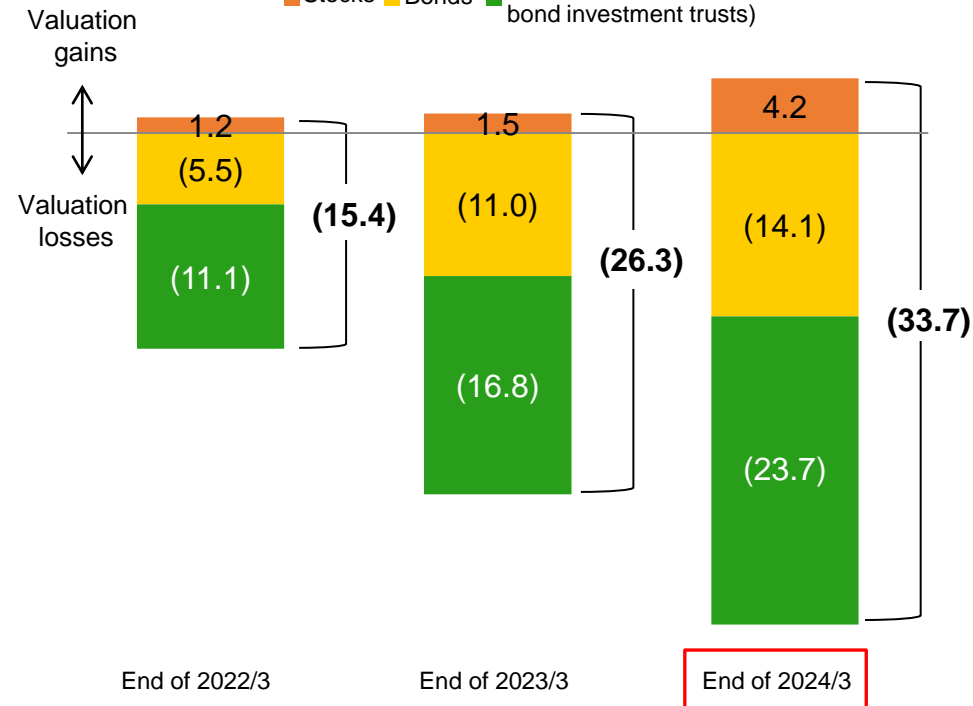
## 7. Securities (Non-Consolidated)

- The lifting of negative interest rates by the Bank of Japan and the persistently high interest rates in Europe and the U.S. have caused domestic and foreign interest rates to remain at high levels, resulting in increased valuation losses on bonds and other securities.
- The Bank's foreign bond investment trusts primarily invest in public bonds, and thus credit risk is controlled. The Bank will closely monitor changes in markets and strive to flexibly reduce the valuation losses.

### Valuation Gains (Losses) on Other Securities

(Billion yen)

Stocks Bonds Other (including foreign bond investment trusts)



### Closing Balances of Securities

(Billion yen)	2023/3	2024/3	Change	% Change
Total securities	620.6	<b>609.4</b>	(11.2)	-1.8%
Stocks	14.4	<b>14.6</b>	0.2	1.5%
Bonds	381.7	<b>330.1</b>	(51.6)	-13.5%
Other (including foreign bond investment trusts)	224.4	<b>264.6</b>	40.2	17.9%

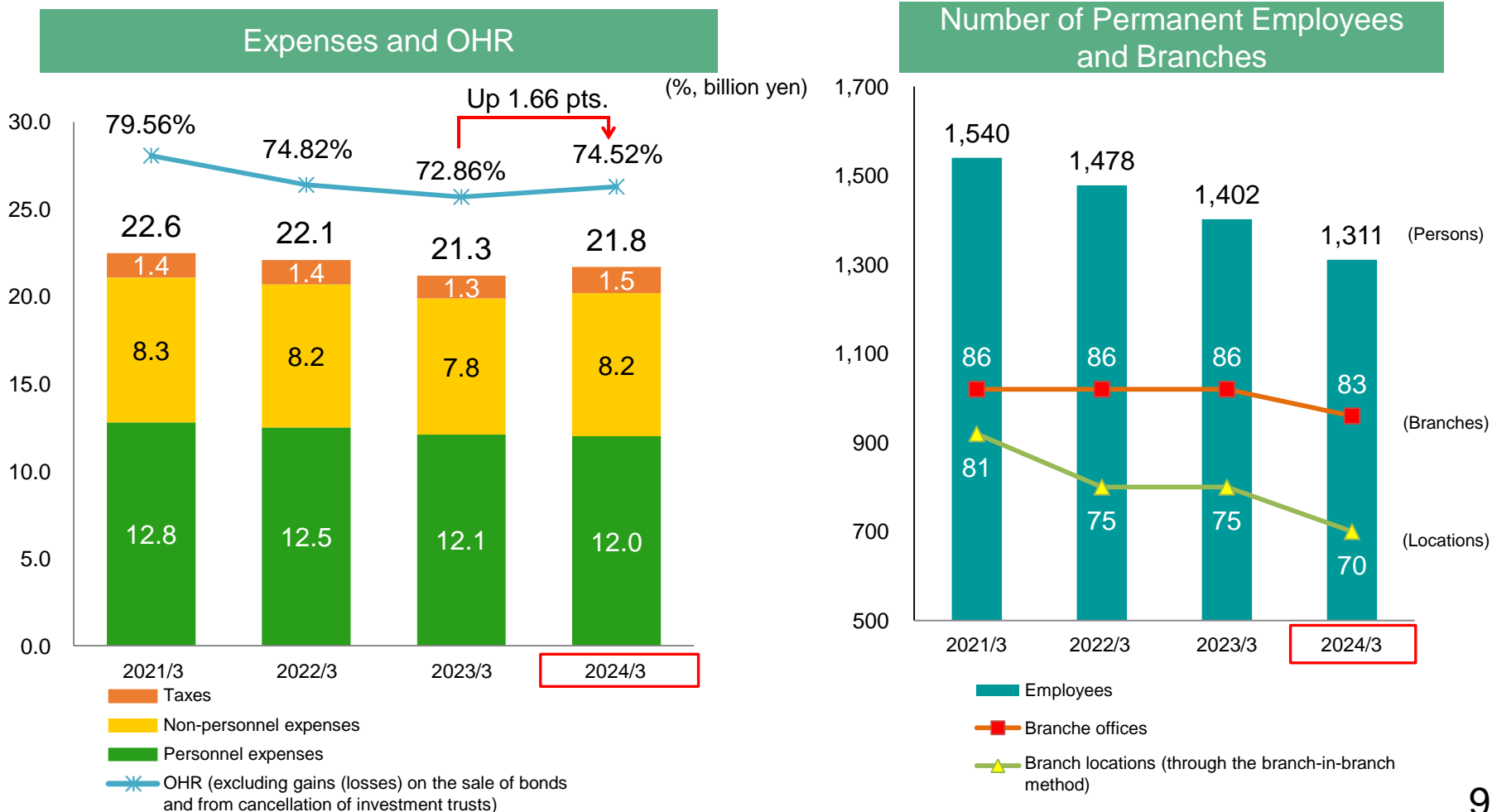
Note: The numbers in bold indicate net valuation gains (losses).

## 8. Expenses (Non-consolidated)

Initiatives to develop a sustainable operations under way

- To establish a sustainable management base that supports customers, OHR (based on gross operating profit) increased by 1.66 percentage points year on year, reflecting our growth investment in human capital and DX/systems.

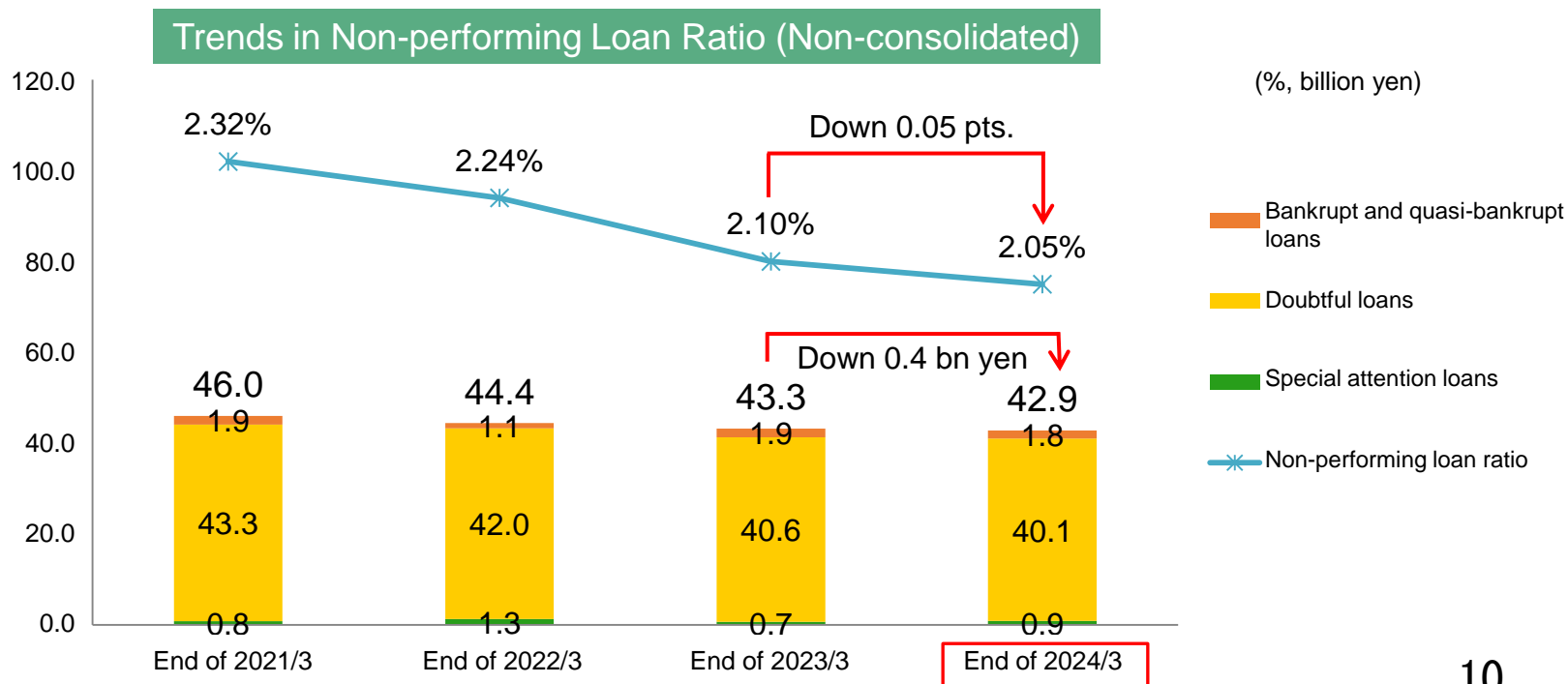
(Note) OHR (based on gross operating profit) = Expenses ÷ Gross operating profit (excluding gains (losses) on sale of bonds and from cancellation of investment trusts) × 100



## 9. Non-performing Loans (Non-consolidated)

- Loans based on the Banking Act and Financial Reconstruction Act decreased by 0.4 billion yen from March 31, 2023, with the non-performing loan ratio remaining low, down 0.05 percentage points from March 31, 2023. The Bank is committed to assisting customers and ensuring the soundness of its assets.

(Billion yen)	2023/3	2024/3	Change	% Change
Loans based on the Banking Act and Financial Reconstruction Act	43.3	42.9	(0.4)	-0.8%
Bankrupt and quasi-bankrupt loans	1.9	1.8	(0.1)	-5.5%
Doubtful loans	40.6	40.1	(0.5)	-1.2%
Special attention loans	0.7	0.9	0.2	35.3%

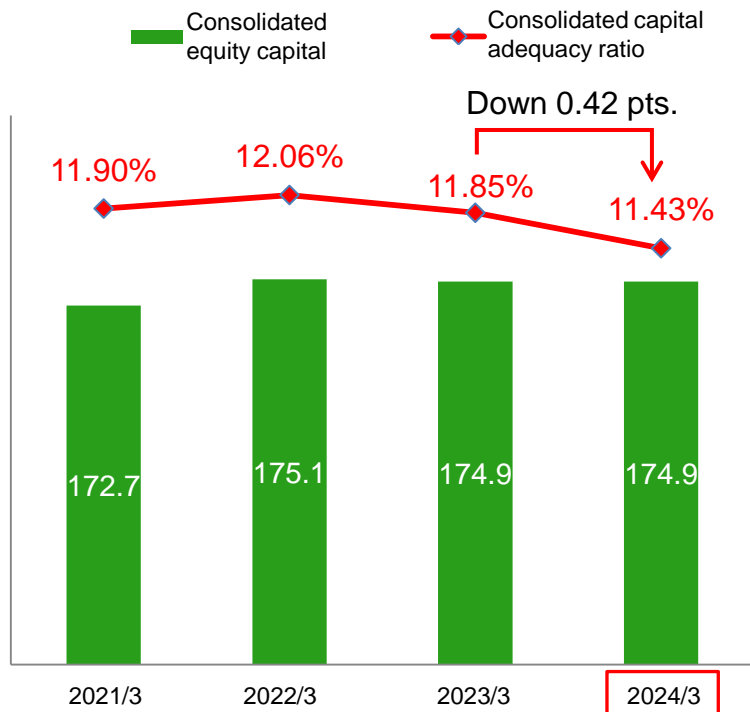


## 10. Capital Adequacy Ratio and Consolidated ROE

- Given that banks subject to the domestic standard and the international standard are required to maintain a minimum capital adequacy ratio of 4% and 8%, respectively. The Bank is required to maintain a minimum capital adequacy ratio of 4% as a bank subject to the domestic standard.
- The Bank's consolidated capital adequacy ratio declined by 0.42 percentage points from March 31, 2023 due to an increase in risk assets including loans and bills discounted.
- The Bank aims to achieve a consolidated ROE (based on shareholders' equity) of 3.0% or higher in the final fiscal year of the 11th Medium-term Management Plan (MTMP).

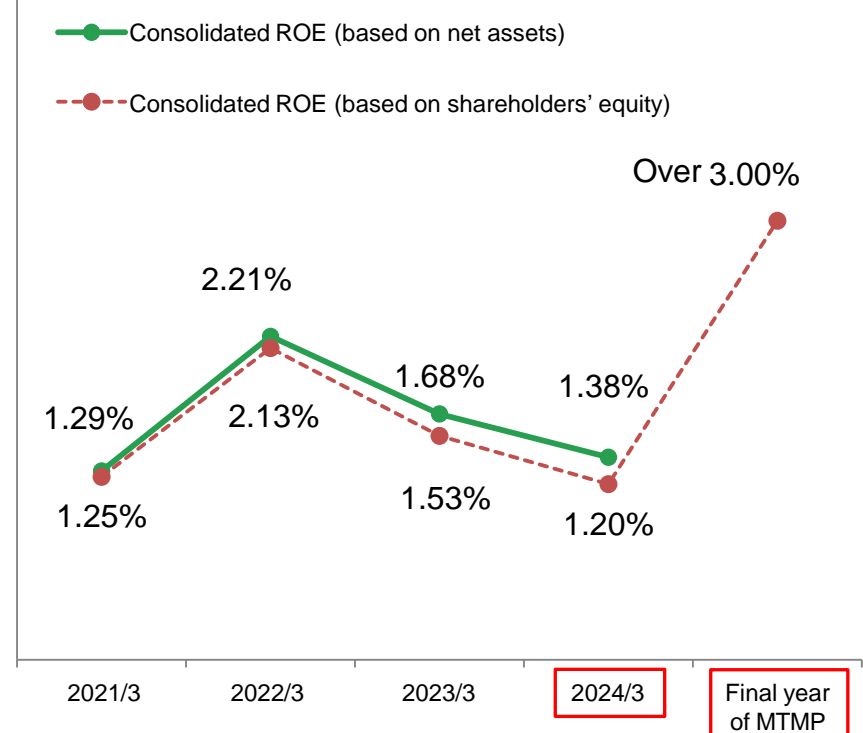
### Trends in Equity Capital

(%, billion yen)



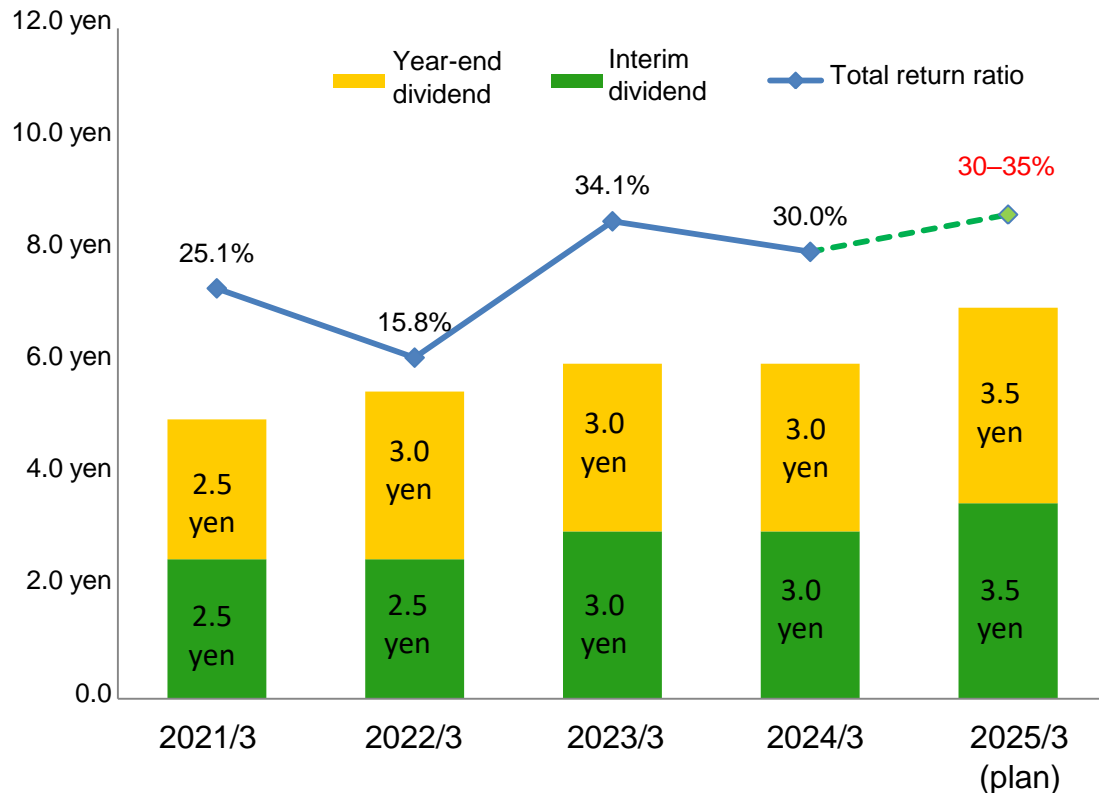
### Consolidated ROE (Return on Equity)

(%)



## 11. Dividends and Total Payout Ratio

- We have decided to pay a year-end dividend of 3.00 yen per share for the fiscal year ended March 31, 2024, in line with the dividend forecast announced last May.
- Combined with the interim dividend of 3.00 yen per share, this brings the annual dividend to 6.00 yen per share.
- The annual dividend per share for the fiscal year ending March 31, 2025 is expected to be 7.00 yen. In addition, we will consider share repurchases as appropriate, considering market conditions and the total return ratio.



### Shareholder returns policy

We target a total return ratio of 30% to 35%. This ratio indicates total returns, consisting of dividends and purchase of treasury shares, as a percentage of profit attributable to owners of parent (announced on May 12, 2022).

(Reference)

Initiatives to Become a Bank  
with Strengths in Resolving Issues

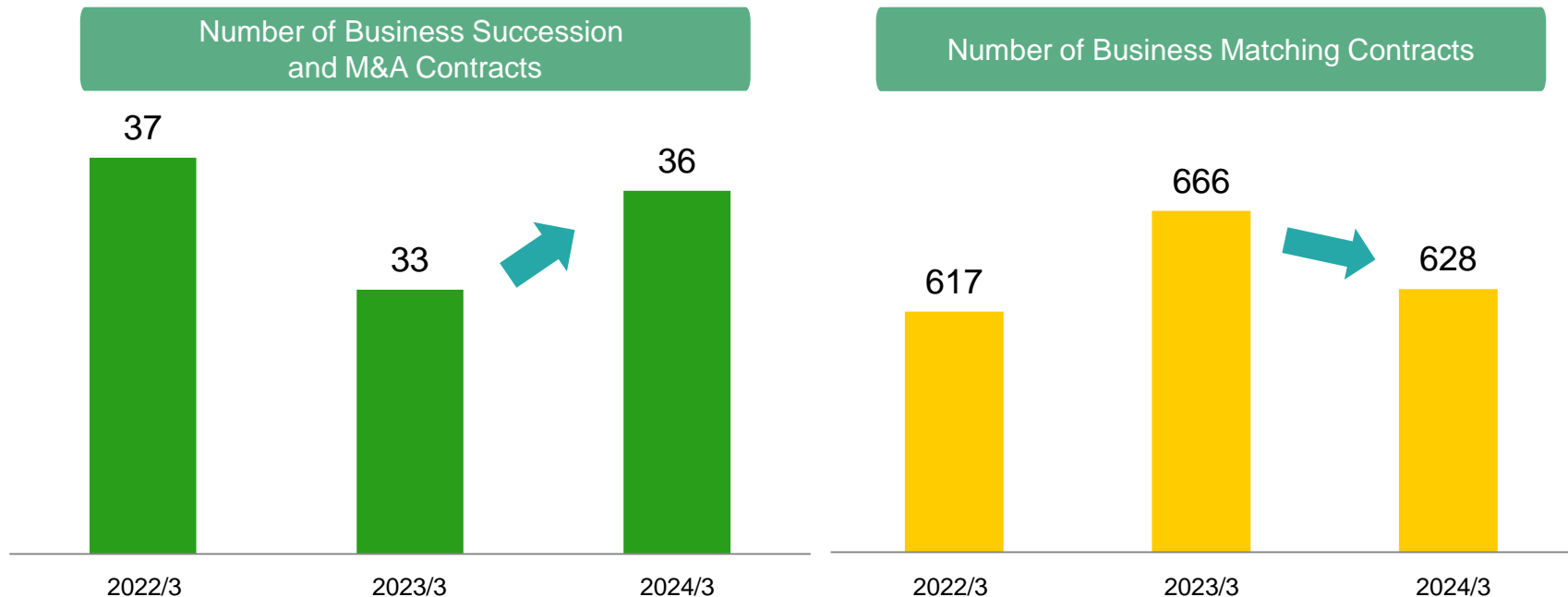
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## 1. Becoming a Bank with Strengths in Resolving Issues (Strengthening Consulting Capability)

In April 2020, the Bank began to execute the 10th Medium-term Management Plan. To become a bank with strengths in resolving issues, the Bank has been enhancing its customer support system to offer one-stop solutions to customer issues. The Bank has introduced a number of initiatives to increase the value it provides to its customers. Specifically, it has harnessed its enhancement of value offered to customers by making the most of our consulting function, development of customer-oriented human resources, and established a sustainable management base that supports customers.

In September 2021, the Bank launched “Tochigi-no Musubime,” a framework to assist in regional revitalization through mergers and acquisitions. In July 2022, the Bank created “Saitama-no Musubime” with Tsukuba Bank and The Towa Bank. These alliances have partnered with “Fukushima-no Musubime” established by The Daito Bank to develop a system that offers comprehensive assistance to sole proprietors and small enterprises in matters of business succession and mergers and acquisitions in a wide area encompassing the Kita Kanto region, Saitama prefecture and the Tohoku region.

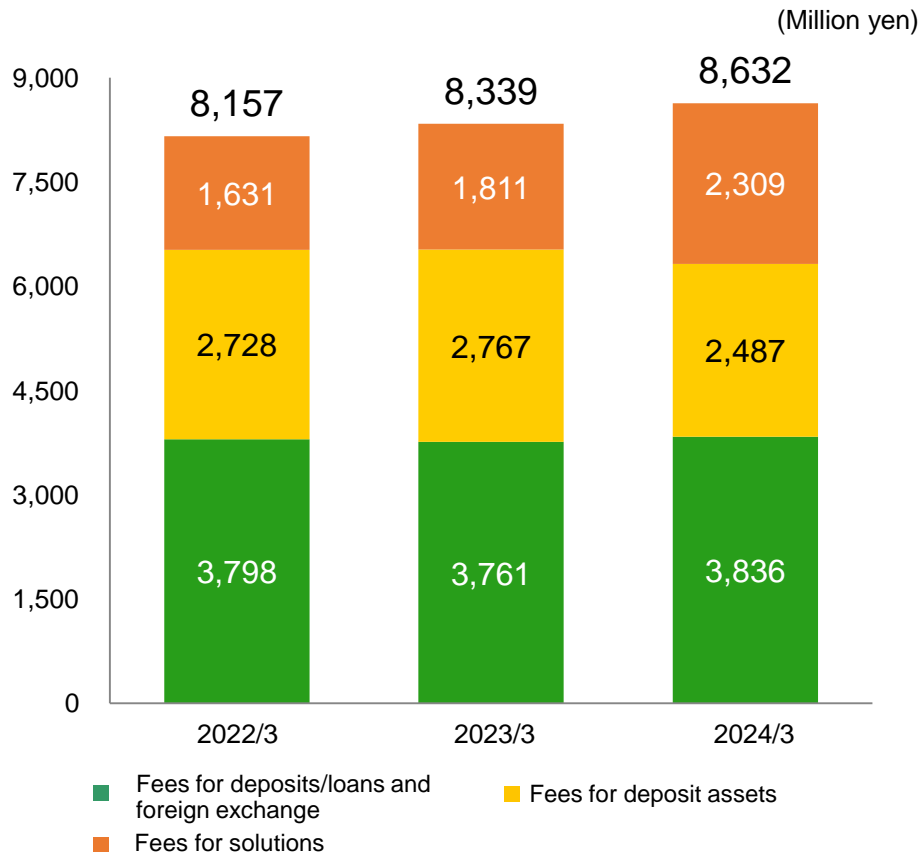
Additionally, the Bank offers a business matching service to connect customers with business partners, providing information and services to meet diverse customer needs.



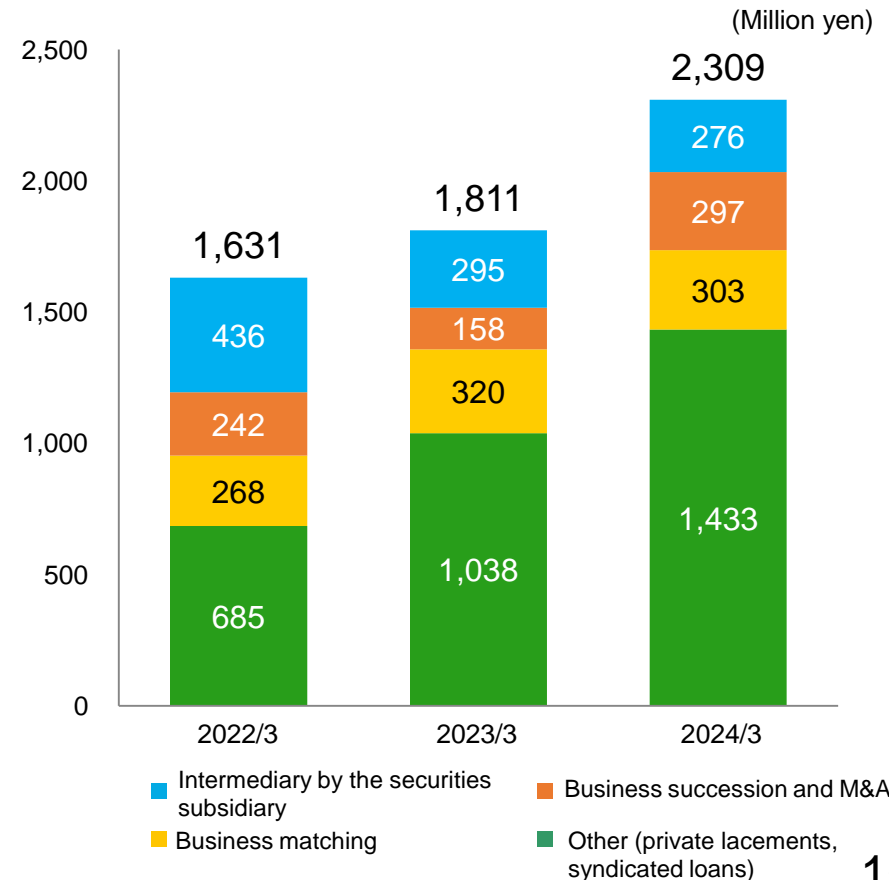
## 2. Becoming a Bank with Strengths in Resolving Issues (Trends in Fees and Commissions Income)

The Bank has been enhancing its customer support system to provide one-stop solutions to customers' issues. Income generated from fees and commissions income comprises various fees including banking fees such as fees for deposits and loans, fees for business solutions such as business matching, business succession, and M&A, and fees related to deposit assets, which we receive as a result of our assistance in helping customers from their asset formation.

Trends in Fees and Commissions Income



Breakdown of Fees for Solutions







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