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(Securities Code: 8550)

June 3, 2024

(Start date of measures for electronic provision: May 30, 2024)

To our shareholders:

Junnosuke Kuromoto, President
THE TOCHIGI BANK, LTD.
1-18, Nishi 2-chome, Utsunomiya,
Tochigi Prefecture

Notice of the 121st Annual General Meeting of Shareholders

We are pleased to announce the 121st Annual General Meeting of Shareholders of THE TOCHIGI BANK, LTD. (the “Bank”), which will be held as indicated below.

In convening this General Meeting of Shareholders, the Bank has taken measures for electronic provision and has posted information subject to the measures on the following website.

The Bank’s website:

<https://www.tochigibank.co.jp/investment/> (in Japanese)

In addition to the above, the information is also posted on the following website.

Tokyo Stock Exchange website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the Tokyo Stock Exchange website, enter the Bank’s company name or the securities code and click on the “Search” button, and then select “Basic information” followed by “Documents for public inspection/PR information” to check the information.

In addition to attending the Meeting in person, you can exercise your voting rights in writing or by electronic and magnetic means (the internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders, which are posted as part of information subject to measures for electronic provision, and exercise your voting rights before Wednesday, June 26, 2024, at 5:00 p.m. (JST).

- 1. Date and Time:** Thursday, June 27, 2024, at 10:00 a.m. (JST)
(Reception will open at 9:00 a.m.)
- 2. Venue:** Sub Hall, Tochigi Prefecture Cultural Center, 1-8 Honcho, Utsunomiya, Tochigi Prefecture
- 3. Purpose of the Meeting:**
 - Matters to be reported:**
 1. The Business Report and the Non-consolidated Financial Statements for the 121st fiscal year (from April 1, 2023 to March 31, 2024)
 2. The Consolidated Financial Statements for the 121st fiscal year (from April 1, 2023 to March 31, 2024), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
 - Matters to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Election of Three Directors
 - Proposal No. 3:** Election of Two Auditors

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Bank proposes the appropriation of surplus as follows:

Year-end dividends

Taking into account the recent earnings environment and the Bank's medium- and long-term level of profit in a conservative manner, the Bank proposes to pay year-end dividends for the 121st fiscal year as follows:

1) Type of dividend property

Cash

2) Allotment of dividend property and their aggregate amount

¥3 per common share of the Bank

Total payment: ¥315,281,933

As the Bank has already paid an interim dividend for the 121st fiscal year of ¥3 per share, the annual dividend for the fiscal year will be ¥6 per share.

3) Effective date of dividends from surplus

Friday, June 28, 2024

Proposal No. 2: Election of Three Directors

The term of office of three Directors, Yoshiaki Hashimoto, Takashi Ogiwara and Masatoshi Arakawa will expire at the close of the meeting.

Therefore, the Bank proposes the election of three Directors.

The candidates for Director are as follows:

No.	Name		Current position and responsibility in the Bank	Attendance at Board of Directors meetings
1	Takashi Ogiwara	Reelection	Director General Manager of Corporate Planning Division and General Manager of Related Business Office	11/11 (100%)
2	Masatoshi Arakawa	Reelection Outside Independent	Outside Director	11/11 (100%)
3	Ichiko Yoshizawa	New election Outside Independent	–	–

No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Number of the Bank's shares owned
1 Reelection	Takashi Ogiwara (March 29, 1968)	June 2019 General Manager of Yonan Branch	7,700
		July 2020 Executive Officer, General Manager of Yonan Branch	
June 2021 Executive Officer, General Manager of Audit Division			
June 2022 Director General Manager of Audit Division			
June 2023 Director General Manager of Corporate Planning Division and General Manager of Related Business Office (current position)			
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Takashi Ogiwara joined the Bank in April 1990 and has successively served positions including General Manager of Oyama Branch, Yoshikawa Branch, Imaichi Branch, and Yonan Branch. He assumed office as an Executive Officer and General Manager of Yonan Branch in July 2020 and an Executive Officer and General Manager of Audit Division in June 2021. He then assumed office as a Director and served as General Manager of Audit Division in June 2022, and has been serving as General Manager of Corporate Planning Division and General Manager of Related Business Office since June 2023, having fulfilled his duties and responsibilities appropriately. The Bank has determined that Mr. Takashi Ogiwara is capable of continuously making appropriate management decisions that contribute to the Bank's sustainable growth and enhancement of corporate value from a medium- to long-term point of view and in response to changing business environment, and accordingly nominated him as candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Number of the Bank's shares owned
2 Reelection Outside Independent	Masatoshi Arakawa (August 29, 1955)	<p>April 1979 Joined Tochigi Prefectural Government</p> <p>April 2012 Deputy Director for Crisis Management of Community Affairs Department, Tochigi Prefectural Government</p> <p>April 2014 General Manager of Industry and Labor, Tourism Department ,Tochigi Prefectural Government</p> <p>March 2016 Retired from Tochigi Prefectural Government</p> <p>April 2016 President of Tochigi Sports Association, a public-interest corporation</p> <p>March 2019 Retired from Tochigi Sports Association</p> <p>April 2019 Superintendent of Education, Tochigi Board of Education</p> <p>March 2022 Retired from Tochigi Board of Education</p> <p>June 2022 Outside Director of the Bank (current position)</p>	17,000
<p>Reasons for nomination as candidate for Outside Director and expected roles</p> <p>Mr. Masatoshi Arakawa joined the Tochigi Prefectural Government in April 1979 and has successively served important positions associated with local administrative execution, including General Manager of Industry and Labor, Tourism Department of Tochigi Prefecture and Superintendent of Education, Tochigi Board of Education. As an executor in a local government, he has extensive experience and knowledge cultivated throughout his career. The Bank has determined that Mr. Masatoshi Arakawa is capable of advising and supervising the Bank for promoting its sustainable growth and enhancing its corporate value from a medium- to long-term point of view based on his own knowledge, and accordingly, nominated him as candidate for Outside Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Bank, and significant concurrent positions outside the Bank	Number of the Bank's shares owned
3 New election Outside Independent	Ichiko Yoshizawa (August 1, 1970)	October 1996	Joined Chuo Audit Corporation (currently PricewaterhouseCoopers Aarata LLC)
		August 1999	Retired from Chuo Audit Corporation
		June 2000	Joined Daiwa Securities SB Capital Markets Co. Ltd. (currently Daiwa Securities Co. Ltd.)
		June 2001	Retired from Daiwa Securities SMBC Co. Ltd. (formerly SB Capital Markets Co. Ltd.)
		July 2001	Joined Inspection Bureau, Financial Services Agency (part-time)
		April 2002	Fixed-term official of Inspection Bureau, Financial Services Agency
		June 2003	Retired from Financial Services Agency due to the expiration of term of office
		September 2003	Registered as a certified public accountant, affiliated with the Japanese Institute of Certified Public Accountants, Tokyo Chapter
		October 2003	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
		December 2016	Retired from Deloitte Touche Tohmatsu LLC
		February 2017	Joined ShinNihon LLC. (currently Ernst & Young ShinNihon LLC.)
		August 2021	Retired from Ernst & Young ShinNihon LLC.
		September 2021	Established Yoshizawa Accounting Office
April 2024	Lecturer of Faculty of Economics, Asia University (part-time) (current position)		
Reasons for nomination as candidate for Outside Director and expected roles Ms. Ichiko Yoshizawa joined an auditing firm in October 1996. After working at various institutions, including a securities firm and major auditing firms, she established an accounting office in September 2021. As a certified public accountant, she has specialized knowledge in finance and accounting and experience in auditing financial institutions. From the perspective of promoting the Bank's sustainable growth and enhancement of corporate value from a medium-to long term point of view, the Bank has determined that Ms. Ichiko Yoshizawa is capable of executing her duties as Outside Director by playing an appropriate role in strengthening the supervisory function of the Board of Directors in a fair and neutral manner from an independent and objective standpoint, and accordingly nominated her as candidate for Outside Director.			0

- Notes:
1. There is no special interest between any of the candidates for Director and the Bank.
 2. Mr. Masatoshi Arakawa and Ms. Ichiko Yoshizawa are candidates for Outside Director.
 3. At the conclusion of this Meeting, the tenure of Mr. Masatoshi Arakawa as Outside Director of the Bank will have been two years.
 4. The Bank has submitted notification to Tokyo Stock Exchange that Mr. Masatoshi Arakawa is appointed as an independent officer as provided for by the aforementioned exchange. The Bank also plans to submit notification to Tokyo Stock Exchange that Ms. Ichiko Yoshizawa is appointed as an independent officer.
 5. The Bank has entered into an agreement with Mr. Masatoshi Arakawa to limit his liability for damages under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the same Act, and the maximum amount of liability for damages under this agreement is set at the minimum liability amount provided for by Article 425, paragraph 1 of the same Act. If reelection of Mr. Masatoshi Arakawa is approved, the Bank plans to renew the aforementioned agreement with him. The Bank also plans to enter into an agreement with Ms. Ichiko Yoshizawa to limit her liability for damages under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the same Act, if her election as Outside Director is approved.
 6. The Bank has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act. The policy covers the compensation claimed against the insured during the insurance period for damages arising from actions (including omissions) taken by the insured

officers, including Directors of the Bank, in the course of execution of their duties. (However, the insurance payment will not be paid if the case falls under policy exclusions, such as a claim for damages caused by the insured illegally obtaining private benefits or giving facilities, or a claim for damages caused by the insured's criminal activity.) All the candidates will be insured under the insurance policy if they are elected and assume office. In addition, the insurance policy will be renewed with the same contents at the next renewal.

Proposal No. 3: Election of Two Auditors

The term of office of two Auditors, Akira Nishie and Hideyuki Suka will expire at the close of the meeting. Therefore, the Bank proposes the election of two Auditors. The Audit & Supervisory Board has agreed with the proposal

The candidates for Auditor are as follows:

No.	Name	Current position and responsibility in the Bank	Attendance at Board of Directors meetings
1	Hideyuki Suka Reelection Outside Independent	Outside Auditor	8/11 (72%)
2	Yutaka Miyauchi New election Outside Independent	—	—

Note: Mr. Hideyuki Suka, a candidate for Outside Auditor, did not attend three meetings of the Board of Directors held during the current fiscal year due to such reasons as family bereavement. Nevertheless, he executed his duties appropriately as he had been provided with the agenda materials of meetings he missed beforehand and understood matters resolved at such meetings.

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions outside the Bank	Number of the Bank's shares owned
1 Reelection Outside Independent	Hideyuki Suka (January 25, 1955)	<p>April 1977 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p>September 1982 Vice President and Councilor of Suka Gakuen, an incorporated educational institution</p> <p>October 1999 Deputy General Manager of Head Office Business Department No. 10 and Operations Department of The Industrial Bank of Japan, Limited</p> <p>September 2000 Retired from The Industrial Bank of Japan, Limited</p> <p>April 2003 President of Nasu University (currently Utsunomiya Kyowa University) (current position)</p> <p>April 2004 President of Utsunomiya Junior College (current position)</p> <p>November 2007 Vice President of The Utsunomiya Chamber of Commerce and Industry</p> <p>April 2010 Principal of Utsunomiya Junior College Attached Junior High School (current position)</p> <p>April 2015 Principal of Utsunomiya Junior College Attached High School (current position)</p> <p>April 2019 President of Suka Gakuen, an incorporated educational institution (current position)</p> <p>June 2020 Outside Auditor of the Bank (current position)</p>	38,900
<p>Reasons for nomination as candidate for Outside Auditor</p> <p>Mr. Hideyuki Suka has successively served public positions related to regional culture, economy and industry, and regional development, including Chairman of Regional Finance Revitalization Group of Tochigi Industrial Revitalization Committee, Chairman of Tochigi Next Plan Formulation Meeting, Chairman of Tochigi Cultural Promotion Council, Chairman of Utsunomiya Industrial Promotion Conference, and President of Utsunomiya Regional Development Organization, while engaging in education at Suka Gakuen, an incorporated educational institution, since September 1982. With his experience and extensive knowledge in company management and other areas cultivated throughout his career, the Bank has determined that Mr. Hideyuki Suka is capable of appropriately executing his duties as Outside Auditor from a fair and neutral standpoint, and accordingly nominated him as candidate for Outside Auditor.</p>			

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions outside the Bank	Number of the Bank's shares owned	
2 New election Outside Independent	Yutaka Miyauchi (May 27, 1958)	April 1981	Joined Ministry of Finance	0
		July 1987	District Director of Nada Tax Office, Osaka Regional Taxation Bureau	
		August 2012	Regional Commissioner of Kantoshinetsu Regional Taxation Bureau	
		July 2013	Director-General of the Customs and Tariff Bureau	
		January 2016	Domestic Coordination General Manager of TPP Government Countermeasures Headquarters, Cabinet Secretariat	
		January 2017	Retired	
		June 2017	Adviser, Member of Management Council of Grant Thornton Taiyo LLC (current position)	
		July 2017	Adviser of PwC Tax Japan (current position)	
		September 2017	Corporate Advisor of Sojitz Corporation (current position)	
		June 2021	Outside Director of Hashimoto Sogyo Holdings Ltd. (current position)	
		November 2022	Representative Director of Japan Real Estate Institute (current position)	
		May 2023	Auditor of Japan Tariff Association (current position)	
		<p>Reasons for nomination as candidate for Outside Auditor</p> <p>Mr. Yutaka Miyauchi joined Ministry of Finance in April 1981 and has successively served important positions, such as District Director of Nada Tax Office, Osaka Regional Taxation Bureau, Regional Commissioner of Kantoshinetsu Regional Taxation Bureau and Domestic Coordination General Manager of TPP Government Countermeasures Headquarters, Cabinet Secretariat. With his specialized knowledge and extensive experience in organizational administration cultivated throughout his career, the Bank has determined that Mr. Yutaka Miyauchi is capable of appropriately executing his duties as Outside Auditor from a fair and neutral standpoint, and accordingly nominated him as candidate for Outside Auditor.</p>		

- Notes:
1. There is no special interest between any of the candidates for Auditor and the Bank.
 2. Mr. Hideyuki Suka and Mr. Yutaka Miyauchi are candidates for Outside Auditor.
 3. At the conclusion of this Meeting, the tenure of Mr. Hideyuki Suka as Outside Auditor of the Bank will have been four years.
 4. The Bank has submitted notification to Tokyo Stock Exchange that Mr. Hideyuki Suka is appointed as an independent officer as provided for by the aforementioned exchange. The Bank also plans to submit notification to Tokyo Stock Exchange that Mr. Yutaka Miyauchi is appointed as an independent officer.
 5. The Bank plans to enter into an agreement with Mr. Yutaka Miyauchi to limit his liability for damages under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the same Act, if his election as Outside Auditor is approved. The maximum amount of liability for damages under this agreement is set at the minimum liability amount provided for by Article 425, paragraph 1 of the same Act. The Bank has entered into the liability limitation agreement with Mr. Hideyuki Suka. If reelection of Mr. Hideyuki Suka is approved, the Bank plans to renew the aforementioned agreement with him.
 6. The Bank has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act. The policy covers the compensation claimed against the insured during the insurance period for damages arising from actions (including omissions) taken by the insured officers, including Auditors of the Bank, in the course of execution of their duties. (However, the insurance payment will not be paid if the case falls under policy exclusions, such as a claim for damages caused by the insured illegally obtaining private benefits or giving facilities, or a claim for damages caused by the insured's criminal activity.)
All the candidates will be insured under the insurance policy if they are elected and assume office. In addition, the insurance policy will be renewed with the same contents at the next renewal.

(Reference) Skill Matrix of Directors and Auditors
(If Proposal No. 2 and Proposal No. 3 are approved)

The Bank values the diversity of the Board of Directors while considering the balance between areas of knowledge, experience, capabilities and specialization of the Board of Directors as a whole.

To supervise management appropriately, the Board of Directors internally selects Directors and Auditors who possess skills in the areas of corporate governance/management strategies, sales, credit screening, market investment, compliance/risk management, human resources, and systems/IT. On the other hand, the Board of Directors selects Outside Directors and Outside Auditors, in expectation of their skills as required at a regional financial institution in the areas of management/organizational administration, laws/legal affairs, finance, regional revitalization, and finance/accounting. Please note that this skill matrix does not indicate all areas of responsibility, experience and expertise possessed by Directors and Auditors.

[Inside Directors/Inside Auditors]

Name	Position in the Bank	Skill areas						
		Corporate governance /Management strategies	Sales	Credit screening	Market investment	Compliance /Risk management	Human resources	Systems/IT
Junnosuke Kuromoto	President (Representative Director)	•	•	•	•	•	•	
Yoshifumi Inomata	Vice President (Representative Director)	•	•	•	•	•		•
Yoshimori Tomikawa	Managing Director		•	•	•		•	
Hiroyuki Nakada	Managing Director	•	•	•	•		•	
Takashi Ogiwara	Director	•	•	•		•		
Naohisa Isayama	Director		•	•				•
Shigenobu Ohashi	Director		•	•				
Minoru Fukuda	Auditor		•	•				
Norio Ishiwata	Auditor		•	•		•	•	•

[Outside Directors/Outside Auditors]

Name	Position in the Bank	Independence	Expected skill areas				
			Management/ Organizational administration	Laws/ Legal affairs	Finance	Regional revitalization	Finance/ Accounting
Akiko Kameoka	Outside Director	○		●			
Jun Sekine	Outside Director	○	●		●		
Yasuhisa Otani	Outside Director	○	●			●	
Masatoshi Arakawa	Outside Director	○	●			●	
Ichiko Yoshizawa	Outside Director	○			●		●
Hideyuki Suka	Outside Auditor	○	●		●	●	
Yutaka Miyauchi	Outside Auditor	○	●				●

Definition of skill areas

Areas of operation of particular importance to the bank management	
Corporate governance /Management strategies	Possess experience and knowledge in corporate governance, which enables the right decisions on management strategies.
Sales	Possess experience and knowledge in sales, which enables the right decisions on sales strategies.
Credit screening	Possess experience and knowledge in credit screening, which enables the right credit decisions.
Market investment	Possess experience and knowledge in market investment, which enables the right investment decisions.
Compliance/Risk management	Possess experience and knowledge in compliance/risk management, which enables appropriate risk management.
Human resources	Possess knowledge and experience in human resources, which enables the right decisions on human resources policies.
Systems/IT	Possess experience and knowledge in IT/digital areas, which enables the right decisions on IT strategies.

Areas in need of a higher level of expertise or objective advice/supervision from the external point of view, for the purpose of reinforcing the bank management	
Management /Organizational administration	Possess knowledge in organizational administration, which enables appropriate advice and supervision on organizational administration.
Legal affairs/Laws	Possess expertise in corporate legal affairs, which enables supervision over legitimacy in business execution.
Finance	Possess knowledge in finance, which enables appropriate advice and supervision of business execution.
Regional revitalization	Possess knowledge in regional revitalization, which enables appropriate advice and supervision of business execution.
Finance/Accounting	Possesses knowledge in finance and accounting, which enables appropriate advice and supervision of business execution.

(Reference) Independence Criteria for Outside Officers

A person who falls under any of the following items, in addition to the independence requirements provided for by the Companies Act and the Tokyo Stock Exchange, shall be deemed not independent of the Group.

1. A person who is (or has been in the past ten years) a business executor of the Group;
 2. A person who is (or has been in the past five years) a major shareholder holding 10% or more of the Bank's total shares on a voting-right basis or a business executor thereof;
 3. A business executor of a company or organization that falls under any of the following items:
 - (1) A business executor of a major client of the Bank (the criteria for considering a company or organization as "major client" are as follows):
 - a. A company or organization whose outstanding balance of borrowings from the Group accounts for (or has accounted for in the past one year) 2% or more of the balance of loans outstanding of the Group (excluding local public entities); or
 - (2) A business executor of a company or organization for which the Bank is a major client (the criteria for considering the Bank as "major client" are as follows):
 - a. A company or organization that is (or has been in the past one year) a major loan borrower of the Bank and classified as a "borrower requiring caution" or below with difficulty in financing from financial institutions other than the Bank;
 - b. A company or organization whose transactions with the Group in the past one year exceed 10% of the annual consolidated net sales of the company or organization in the most recent fiscal year; or
 - c. A company or organization in which the Group holds (or has held in the past one year) 10% or more of the total shares of the company or organization on a voting-right basis
 4. A certified public accountant who belongs (or has belonged in the past five years) to an auditing firm that is the Financial Auditor of the Group;
 5. A consultant, accountant, tax accountant, attorney, judicial scrivener or similar professional who receives (or has received in the past five years) cash or other assets exceeding 10 million yen annually from the Group besides officer's compensation;
 6. A person who receives (or has received in the past five years) donation exceeding 10 million yen annually from the Group;
 7. A person whose close relative falls under or (has fallen under in the past five years) any of the items from 1 to 6 above (limited to key personnel except 4 and 5);
- * A business executor means an Executive Director, Executive Officer, Corporate Officer, or any person equivalent thereto or employee (not including Auditor).
- * Key personnel means Executive Directors, Executive Officers, Corporate Officers, or business executors holding the position of General Manager or higher or any business executor with authority equivalent thereto.

[Reference: To Institutional Investors]

Electronic Platform to Exercise Voting Rights

Trust banks and other nominee shareholders (including standing proxies) who have applied in advance for the use of the electronic platform to exercise voting rights, which is operated by ICJ Inc., a joint venture organized by Tokyo Stock Exchange, Inc. and other entities, may exercise their voting rights on the platform as a method for exercising voting rights by an electronic means, in addition to the exercise of voting rights online.

Business Report for the 121st Fiscal Year

(April 1, 2023 – March 31, 2024)

1. Status of the Bank

(1) Business progress and results, etc.

<Principal business>

As a regional financial institution with its main base of operations in Tochigi Prefecture, the Bank engages in trading operations of trading securities, over-the-counter sales operations of securities investment trusts and life and non-life insurance products, investment operations of securities, domestic exchange operations, foreign exchange operations, corporate bond entrustment and ancillary operations, etc., centered on deposit operations and lending operations, at the head office, branches, and subbranches. In this manner, the Bank provides a wide range of financial products and services to local customers.

<Financial and economic environment>

With respect to the economic situation during the fiscal year under review, the economic impact of COVID-19 diminished as the legal status of COVID-19 under the Infectious Disease Act was downgraded to Class 5 in May 2023, and the economic activity started to pick up. Meanwhile, the Bank of Japan ended the negative interest rate policy on March 19, 2024 against a backdrop of, among other factors, an increased momentum, especially among large companies, to increase wages and improved household consumer confidence, which has raised expectations for a virtuous wage-price cycle.

However, considering the continued impact of issues such as manpower shortages and rising resource and energy prices, on top of the increased geopolitical risks in Ukraine and the Middle East, the outlook for the economic situation remains uncertain.

The economies of Tochigi Prefecture and Saitama Prefecture, the Bank's main bases of operations, have been similarly impacted, and the outlook for the local economies also remains uncertain.

As for the financial situation, as monetary tightening by central banks around the world continued in the face of the global inflationary trend, long-term interest rates (yield on 10-year government bonds) in Japan temporarily rose to the 0.955% level in October 2023, while the yen trended weaker in exchange markets due to differences between domestic and foreign interest rates.

In equity markets, the Nikkei Stock Average closed at 40,888 yen, an all-time high in the market, on March 22, 2024 backed by the solid U.S. economy and the weak yen.

<Business progress and results>

Under such economic and financial situations, the financial results for the fiscal year under review, the first year of the 11th Medium-term Management Plan launched in April 2023, were as follows.

With respect to main accounts, the balance of deposits at the end of the fiscal year under review increased by 53.4 billion yen year on year to 3,111.9 billion yen due in part to an increase in personal deposits. The balance of loans and bills at the end of the fiscal year under review increased by 28.8 billion yen year on year to 2,060.5 billion yen. The balance of securities at the end of the fiscal year under review decreased by 11.1 billion yen year on year to 609.4 billion yen as a result of investment made with a close attention to market trends.

Ordinary income decreased by 438 million yen year on year to 40,265 million yen due in part to increases in interest on loans and discounts and in fees and commissions, despite a decrease in interest and dividends on securities.

Ordinary expenses increased by 461 million yen year on year to 36,802 million yen due in part to an increase in costs for loans written-off.

As a result, ordinary profit decreased by 900 million yen year on year to 3,462 million yen and profit decreased by 467 million yen year on year to 1,756 million yen.

<Issues to be addressed>

Regarding the environment surrounding the Bank, the economic activity started to pick up as the legal status of COVID-19 under the Infectious Disease Act was downgraded to Class 5 in May 2023. However, given the overseas conditions and rising resource and energy prices, among other things, the economic outlook remains uncertain.

In addition, owing to changes in the external environment such as the declining birthrate and aging population and progress of financial digitalization, the business environment is changing dramatically, including anticipated intensification of competition with other financial institutions.

Under these circumstances, the Bank established “purpose” (continue protecting smiles and happiness while transforming problems into “thank you”) as the pillar of decisions and actions of all Group organizations and all employees and officers in the 11th Medium-term Management Plan launched in April 2023. Under this plan, the Bank aims to “realize the provision of new value” based on the three basic strategies of “strengthening profitability,” “strengthening the system,” and “strengthening investment in human capital.”

The Bank also established a “long-term vision” (a corporate group that co-creates the future of regions through “relation” and “solution”) as the Bank’s vision in 10 years.

To achieve the “long-term vision,” it is essential to build a more solid management base. To this end, the Bank must accurately ascertain its cost of capital and return on capital, while taking measures for improvement, to enhance its corporate value.

Through these measures, the Bank aims to become indispensable to its customers’ lives and management, such as by contributing to their stable asset formation and the maintenance and improvement of their sustainable business value.

Furthermore, the Bank will increase consistency between SDGs/ESG and corporate activities, engage in management that considers the impact on the environment, local communities, and the economy, and ensure the sustainability of local communities and the Group. To this end, the Bank is taking initiatives to sustainably promote the development and growth of local communities and improvement of the Bank’s corporate value based on the Sustainability Policy formulated in December 2021.

(Sustainability Policy)

The Tochigi Bank Group considers environmental and social issues and pursues a virtuous cycle for local economies through its business activities, based on its management philosophy. The Group will contribute to sustained development of local communities and all stakeholders and achieve sustained enhancement of the corporate value of the Group.

(2) Status of assets and income

(Million yen)

	FY2020	FY2021	FY2022	FY2023
Deposits	2,925,905	3,017,387	3,058,485	3,111,935
Time deposits	995,338	964,974	913,263	853,811
Others	1,930,567	2,052,413	2,145,222	2,258,124
Loans and bills discounted	1,962,995	1,955,198	2,031,741	2,060,553
For individuals	643,014	642,581	654,939	659,808
For SMEs	864,737	842,019	862,228	895,703
Others	455,243	470,597	514,573	505,041
Trading securities	67	15	7	4
Securities	581,248	606,964	620,626	609,475
Government bonds	104,800	167,386	192,205	148,226
Others	476,448	439,577	428,421	461,249
Total assets	3,246,071	3,501,451	3,262,940	3,293,396
Volume of domestic exchange transactions	6,681,633	6,806,167	6,970,355	6,978,236
Volume of foreign exchange transactions	Million U.S. dollars 248	Million U.S. dollars 62	Million U.S. dollars 18	Million U.S. dollars 5
Ordinary profit	3,397	4,412	4,362	3,462
Profit	1,625	3,098	2,223	1,756
Profit per share	Yen 15.57	Yen 29.67	Yen 21.45	Yen 16.96

Note: The amounts are rounded down to the nearest stated unit.

(3) Status of employees

	End of the current fiscal year
Number of employees	1,379
Average age	40 years 6 months
Average years of service	18 years 0 months
Average monthly salary	388 thousand yen

- Notes: 1. The number of employees does not include temporary and contract employees.
2. The average age, average years of service, and average monthly salary are rounded down to the nearest stated unit.
3. The average monthly salary represents the average monthly salary for March, including overtime allowance, and does not include bonuses.

(4) Status of offices, etc.

A. Number of offices, etc.

	End of the current fiscal year	
	Branches	Of which, subbranches
Tochigi	62	(3)
Saitama	17	(1)
Gunma	2	(-)
Tokyo	1	(-)
Ibaraki	1	(-)
Total	83	(4)

Note: In addition to the above, the Bank installed non-branch ATMs in 118 locations (including those jointly operated with Ashikaga Bank in 17 locations) at the end of the current fiscal year.

B. Offices newly established during the current fiscal year

Not applicable.

C. Offices discontinued during the current fiscal year

- Yoto Sakuragaoka Branch Minemachi Subbranch (Utsunomiya, Tochigi)
- Head Office Business Division Minamiutsunomiya Subbranch (Utsunomiya, Tochigi)
- Technopolis Branch Kiyohara Subbranch (Utsunomiya, Tochigi)

Notes: 1. The following non-branch ATMs were newly installed during the current fiscal year.

- Suzumenomiya Branch York-Benimaru Harigaya Store (Utsunomiya, Tochigi)
- Obukuro Branch Kohnan Koshigaya Ozato Store (Koshigaya, Saitama)
- Head Office Business Division Minamiutsunomiya Subbranch (Utsunomiya, Tochigi)
- Technopolis Branch Kiyohara Subbranch (Utsunomiya, Tochigi)

2. The following non-branch ATMs were discontinued during the current fiscal year.

- Utsunomiya Higashi Branch Tairaya Joto Store (Utsunomiya, Tochigi)
- Technopolis Branch Tairaya Yuinomori Store (Utsunomiya, Tochigi)
- Ishibashi Branch Ishibashi General Hospital (Shimotsuke, Tochigi)
- Yonan Branch Houtokukai Utsunomiya Hospital (Utsunomiya, Tochigi)
- Nishinasuno Branch Shiobaraya Bypass Store (Nasushiobara, Tochigi)
- Hyogozuka Branch Hyogozuka (Utsunomiya, Tochigi)
- Yajuro Branch Yajuro (Koshigaya, Saitama)
- Head Office Business Division Tochigin Plaza Loan Center (Utsunomiya, Tochigi)
- Suzumenomiya Branch Utsunomiya Hospital (Utsunomiya, Tochigi)

3. The following non-branch ATMs were converted to joint operation during the current fiscal year.

- Yonan Branch Super OTANI Esojima Store (Utsunomiya, Tochigi)
- Kaminokawa Branch Super OTANI Kaminokawa Store (Kaminokawa, Kawachi, Tochigi)
- Kanuma Branch York-Benimaru Kanuma Kamidono Store (Kanuma, Tochigi)
- Ashikaga Minami Branch Com1st Shopping Center (Ashikaga, Tochigi)

(5) Status of capital investment

A. Total amount of capital investment

(Million yen)

Total amount of capital investment	1,937
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B. New establishment of important facilities, etc.

(Million yen)

Details	Amount
Reconstruction of the Head Office building	295
Relocation and construction of a new Ujiie Branch building	266

Notes: 1. The above amounts show the cumulative amounts of expenditures including expenses from construction in progress during the current fiscal year.

2. The reconstruction of the Head Office building is scheduled to complete in the first half of FY2026.

3. The relocation and construction of a new Ujiie Branch building is scheduled to complete in May 2024.

(6) Status of principal parent company and subsidiaries, etc.

A. Status of parent company

Not applicable.

B. Status of subsidiaries, etc.

Company name	Location	Principal business	Share capital	Voting rights ratio held by the Bank in subsidiaries, etc.	Other
The Tochigin Business Service, Ltd.	3333-5, Aza-Takinohara, Tsurutamachi, Utsunomiya	Goods transportation business, etc.	Million yen 20	% 100	
The Tochigin Shuchu Jimu Center, Ltd.	3333-6, Aza-Takinohara, Tsurutamachi, Utsunomiya	Centralized management operations for office administrative work, etc.	10	100	
The Tochigin Card Service, Ltd.	1-12, Enomachi, Utsunomiya	Credit card business, etc.	20	100	
The Tochigin Leasing, Ltd.	3-20, 1-chome, Matsugamine, Utsunomiya	Lease business/ guarantee business	30	49.66	
Tochigin Tokai Tokyo Securities Co., Ltd.	4-4, Ikegamicho, Utsunomiya	Financial instruments transactions	1,001	60	
Clean Energy Solutions Co., Ltd.	3-20, 1-chome, Matsugamine, Utsunomiya	Renewable energy power generation business and other businesses, such as management/operation and sales	50	85.01	

Notes: 1. The share capital of principal subsidiaries, etc. shown above is rounded down to the nearest million yen.

2. For the current fiscal year, ordinary income stood at 45,276 million yen (up 0.11% year on year). Ordinary profit amounted to 4,234 million yen (down 16.34% year on year), and profit attributable to owners of parent amounted to 2,101 million yen (down 20.78% year on year).

Overview of important business alliances

1. Under an alliance of 37 regional banks in the Second Association of Regional Banks, the Bank provides automated cash withdrawal services (SCS) through mutual use of ATMs.
 2. Under an alliance of 37 regional banks in the Second Association of Regional Banks, 5 city banks, 3 trust banks, 62 regional banks, 255 shinkin banks (including Shinkin Central Bank), 139 credit unions (including The Shinkumi Federation Bank), 575 agricultural cooperatives and credit fisheries cooperative associations (including The Norinchukin Bank and Credit Federations of Agricultural Cooperatives), and 14 labor banks (including The Rokinren Bank), the Bank provides automated cash withdrawal services (MICS) through mutual use of ATMs.
 3. Under an alliance of 37 regional banks in the Second Association of Regional Banks, the Bank provides data transfer services such as bulk transfers to and from client companies and multi-bank reporting services (SDS) such as deposit and withdrawal transaction details by means of data transmission using telecommunication lines.
 4. In alliance with JAPAN POST BANK, the Bank provides automated cash withdrawal and deposit services through mutual use of ATMs via SCS.
 5. In alliance with Seven Bank, the Bank provides automated cash withdrawal and deposit services using ATMs.
 6. In alliance with AEON Bank, the Bank provides automated cash withdrawal, deposit, and transfer services using ATMs.
 7. In alliance with Lawson Bank, the Bank provides automated cash withdrawal and deposit services using ATMs.
 8. In alliance with E-net, the Bank provides automated cash withdrawal and deposit services using ATMs.
- (7) Status of business transfers, etc.
Not applicable.
- (8) Other important matters regarding the current status of the Bank
Not applicable.

2. Matters Regarding Corporate Officers (Directors and Auditors)

(1) Status of corporate officers

(As of end of FY2023)

Name	Position	Responsibility	Significant concurrent positions	Other
Junnosuke Kuromoto	President (Representative Director)	In charge of Secretariat, Audit Division and Corporate Strategy Office		
Yoshifumi Inomata	Vice President (Representative Director)	In charge of Risk Management Division, Compliance Management Division and Operation & Systems Division		
Yoshiaki Hashimoto	Senior Managing Director	In charge of Business Support Division, Credit Division, Personal Loan Credit Office, Asset Assessment Office and Administration Division		
Yoshimori Tomikawa	Managing Director	In charge of Fund Management Division, Business Management Division, Personal Loan Division, Corporate Business Division and Financial Services Division		
Hiroyuki Nakada	Managing Director	In charge of Corporate Planning Division, Human Resources Division and General Affairs Division		
Naohisa Isayama	Director General Manager of Business Management Division			
Takashi Ogiwara	Director General Manager of Corporate Planning Division			
Shigenobu Ohashi	Director General Manager of Utsunomiya Higashi Branch			
Akiko Kameoka	Director (Outside Director)		Attorney	
Jun Sekine	Director (Outside Director)			
Yasuhisa Otani	Director (Outside Director)			
Masatoshi Arakawa	Director (Outside Director)			
Minoru Fukuda	Full-time Auditor			
Norio Ishiwata	Full-time Auditor			
Akira Nishie	Auditor (Outside Auditor)		Attorney	
Hideyuki Suka	Auditor (Outside Auditor)		President of incorporated educational institution	
(Officers who retired during the current fiscal year)				
Hiroshi Kondo	Managing Director	Retired on June 28, 2023 (due to resignation)		
Koichi Kurihara	Full-time Auditor	Retired on June 28, 2023 (due to the expiration of term of office)		

Notes: 1. Directors Ms. Akiko Kameoka, Mr. Jun Sekine, Mr. Yasuhisa Otani and Mr. Masatoshi Arakawa are Outside Directors as specified in Article 2, Item 15 of the Companies Act.

2. Auditors Mr. Akira Nishie and Mr. Hideyuki Suka are Outside Auditors as specified in Article 2, Item 16 of the Companies Act.
3. The Bank has appointed Outside Directors Ms. Akiko Kameoka, Mr. Jun Sekine, Mr. Yasuhisa Otani and Mr. Masatoshi Arakawa and Outside Auditors Mr. Akira Nishie and Mr. Hideyuki Suka as independent officers as provided for by Tokyo Stock Exchange and submitted notifications to the aforementioned exchange.
4. The position of officers who retired during the current fiscal year is as of the time of their retirement.

(2) Compensation, etc. for corporate officers

1) Matters regarding the policy for determination of the details of compensation, etc. for individual Directors

The Bank has formulated a policy for determination of the details of compensation, etc. for individual Directors (hereinafter referred to as the “Determination Policy”). The compensation for the Bank’s Directors is intended to function effectively as an incentive to attract and retain suitable human resources for Directors and to increase their motivation and morale to contribute to the Bank’s performance and sustainable enhancement of its corporate value. The level of compensation is appropriate to reward their roles, responsibilities, and performance. The compensation for Directors consists of “basic compensation (fixed),” “performance-based compensation (bonuses),” and “performance-based compensation (stock). In addition, Outside Directors are paid only “basic compensation (fixed)” in consideration of their independent positions from the execution of business operations. In order to sufficiently fulfill its accountability to shareholders and other stakeholders regarding the details of compensation for Directors, the Bank ensures rationality, objectivity, and transparency in both the details of compensation and decision-making procedures.

The approximate percentage of each type of compensation, etc. and the method of determining the Determination Policy are based on the responsibilities of the position, trends at other banks, and other factors.

In order to enhance transparency and fairness, the Bank determines the details of compensation, etc. for individual Directors by resolution of the Board of Directors after consultation with the Governance Committee, within the scope of the compensation limit determined by resolution of the General Meeting of Shareholders.

2) Matters regarding resolution of the General Meeting of Shareholders on compensation, etc. for Directors

“Basic compensation (fixed)” and “performance-based compensation (bonuses)” for the Bank’s Directors are determined within the scope of the limit of 300 million yen (per year) resolved at the 104th Annual General Meeting of Shareholders on June 28, 2007; “basic compensation (fixed)” is determined in accordance with the responsibilities of the position and with comprehensive consideration of annual performance, financial conditions, etc., while “performance-based compensation (bonuses)” is determined by performance-based compensation using profit attributable to owners of parent as the index.

The number of Directors at the close of the 104th Annual General Meeting of Shareholders was 14.

In addition, the compensation amount under the “performance-based stock compensation plan” was determined at the 119th Annual General Meeting of Shareholders on June 29, 2022. Directors (excluding Outside Director) will receive points based on the position and level of attainment to performance goals for each fiscal year, according to Provision of Stock Compensation for Directors, and the maximum number of total points granted to a Director (excluding Outside Directors) is 220,000 point per fiscal year.

The number of Directors (excluding Outside Directors) at the close of the 119th Annual General Meeting of Shareholders was eight.

3) Total amount, etc. of compensation, etc. for Directors and Auditors

(Million yen)

Category	Number of eligible officers	Compensation, etc.	Total amount of compensation, etc. by type		
			Basic compensation	Performance-based compensation, etc.	Non-monetary compensation, etc.
Directors (of which, Outside Directors)	13 (4)	192 (16)	145 (16)	– (–)	47 (–)
Auditors (of which, Outside Auditors)	5 (2)	38 (8)	38 (8)	–	–

- Notes: 1. The number of eligible persons to be paid shown above includes one Director and one Auditor who retired during the current fiscal year.
2. The Bank has introduced the performance-based compensation plan using profit attributable to owners of parent as the index, and the breakdown of the performance-based compensation, etc. is as follows:
Not applicable.
3. The breakdown of non-monetary compensation, etc. is as follows:
· Amount of compensation, etc. for Directors under Board Benefit Trust: 47 million yen
4. In addition to the above, the Bank paid 37 million yen as employee salary and 12 million yen as a bonus to Directors concurrently serving as employees.
5. Compensation for Auditors is under 48 million yen (per year) by resolution at the 90th Annual General Meeting of Shareholders on June 29, 1993.
The number of Auditors at the closing of the 90th Annual General Meeting of Shareholders was four.

4) Matters regarding performance-based compensation, etc.

[Performance-based compensation]

In order to motivate Directors to contribute to the improvement of the Bank's performance for each fiscal year, the Bank pays monetary compensation reflecting key performance indicators (KPI) at a certain time each year as a bonus in accordance with the responsibilities of the position, up to an amount calculated based on the level of attainment to performance goals of profit attributable to owners of parent.

[Performance-based stock compensation]

The Bank has introduced a performance-based stock compensation plan "Board Benefit Trust (BBT)," aiming to make the link between compensation for Directors (excluding Outside Directors) and the Bank's performance as well as stock value more coherent. Accordingly, Directors will share not only merit of the stock price increase, but risk of stock price decrease with shareholders. This shall promote Directors' awareness of mid- to long-term performance improvement as well as contributing to corporate value growth.

Details of the plan are as stated in "5) Details of non-monetary compensation, etc."

5) Details of non-monetary compensation, etc.

The Bank has introduced the performance-based stock compensation plan "Board Benefit Trust (BBT)" (hereinafter referred to as "the plan"), as approved at the 119th Annual General Meeting of Shareholders on June 29, 2022.

(Overview of the plan)

This is a performance-based stock compensation plan. The Bank stocks are obtained through a trust (hereinafter referred to a trust set by the plan as "the trust") funded with cash from the Bank. The Bank stocks or cash worth market price of the Bank stocks (hereinafter, "the Bank stocks etc.") is granted to Directors according to the Provision of Stock Compensation for Directors set by the Bank.

In principle, the Directors will receive the benefit such as the Bank stocks at the time of retiring from Directors.

(Trust amount)

The Bank has introduced the plan during the five fiscal years from the fiscal year ended March 31, 2023 (hereinafter referred to as “the initial target period” for an initial five-fiscal-year period under consideration, and “a target period” for an initial target period or any consecutive five-fiscal-year periods afterwards) and the consecutive five-fiscal-year periods to compensate Directors with the Bank stocks etc. The Bank has contributed up to 500 million yen to the trust to acquire the Bank stocks.

(Residual Bank stocks in the trust)

Residual Bank stocks in the trust were posted as treasury shares under shareholders’ equity, and the book value and the number of the residual Bank stocks at the end of the current fiscal year were 438 million yen and 1,521 thousand shares.

(3) Liability limitation agreements

Name	Outline of the contents of liability limitation agreements
Akiko Kameoka	For liability under Article 423, paragraph 1 of the Companies Act, the Outside Director bears liability to the Bank for damages limited to the minimum liability amount prescribed in Article 425, paragraph 1 of the Companies Act, provided the Outside Director performs duties in good faith and with no gross negligence.
Jun Sekine	Same as above
Yasuhisa Otani	Same as above
Masatoshi Arakawa	Same as above
Akira Nishie	For liability under Article 423, paragraph 1 of the Companies Act, the Outside Auditor bears liability to the Bank for damages limited to the minimum liability amount prescribed in Article 425, paragraph 1 of the Companies Act, provided the Outside Auditor performs duties in good faith and with no gross negligence.
Hideyuki Suka	Same as above

(4) Indemnity agreements

A. Indemnity agreements entered with corporate officers in office

Not applicable.

B. Matters regarding execution, etc. of indemnity agreements

Not applicable.

(5) Directors and officers liability insurance policies

Scope of insured persons	Outline of the contents of directors and officers liability insurance policies
Directors and Auditors of the Bank and its subsidiaries, and executive officers under the Executive Officer System adopted by the Bank	The Bank has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act to insure Directors and Auditors of the Bank and its subsidiaries, and executive officers under the Executive Officer System adopted by the Bank (including those who were in office during the current fiscal year). The insurance premiums are fully borne by the Bank. The outline of the contents of the said insurance policy is that the insurance company covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability under the said insurance policy. The Bank renews the insurance policy every year and plans to renew it with the same contents at the next renewal. However, there are certain exclusions, such as no coverage for liability arising from actions taken by the insured with the knowledge that they were in violation of laws and regulations. Such exemptions are in place to ensure that the adequacy of the insured’s execution of his or her duties is not impaired.

3. Matters Regarding Outside Officers

(1) Concurrent positions and other status of outside officers

Name	Concurrent positions and other status	Relationship between the Bank and other corporations at which outside officers hold concurrent positions
Hideyuki Suka	President of Suka Gakuen (incorporated educational institution)	Client company (with deposit transactions)

(2) Status of major activities of outside officers

Name	Term of office	Attendance at the Board of Directors' meetings	Comments and other activities at the Board of Directors' meetings
Akiko Kameoka	4 years and 9 months	Attended all 11 meetings of the Board of Directors held during the current fiscal year.	Ms. Akiko Kameoka provides accurate advice and recommendations at meetings of the Board of Directors based on her extensive experience and specialized knowledge cultivated as an attorney. She also provides appropriate involvement and advice at the Governance Committee (advisory for nomination and compensation).
Jun Sekine	2 years and 9 months	Attended all 11 meetings of the Board of Directors held during the current fiscal year.	Mr. Jun Sekine provides accurate advice and recommendations at meetings of the Board of Directors based on his extensive knowledge and experience in the banking business and company management. He also provides appropriate involvement and advice at the Governance Committee (advisory for nomination and compensation).
Yasuhisa Otani	2 years and 9 months	Attended all 11 meetings of the Board of Directors held during the current fiscal year.	Mr. Yasuhisa Otani provides accurate advice and recommendations at meetings of the Board of Directors based on his extensive knowledge and experience in company management, sales planning, and regional revitalization. He also provides appropriate involvement and advice at the Governance Committee (advisory for nomination and compensation). In addition, he gave a lecture at the meeting for general managers of divisions and offices.
Masatoshi Arakawa	1 year and 9 months	Attended all 11 meetings of the Board of Directors held during the current fiscal year.	Mr. Masatoshi Arakawa provides accurate advice and recommendations at meetings of the Board of Directors based on his extensive knowledge and experience gained through his career in a local government, etc. for long years. He also provides appropriate involvement and advice at the Governance Committee (advisory for nomination and compensation).
Akira Nishie	7 years and 9 months	Attended all 11 meetings of the Board of Directors held during the current fiscal year and attended all 12 meetings of the Audit & Supervisory Board held during the current fiscal year.	Mr. Akira Nishie provides accurate advice and recommendations at meetings of the Board of Directors, etc. from a neutral and fair standpoint based on his extensive experience and specialized knowledge cultivated in financial administration and as an attorney. He also provides appropriate involvement and advice at the Governance Committee (advisory for nomination and compensation).
Hideyuki Suka	3 years and 9 months	Attended 8 out of 11 meetings of the Board of Directors held during the current fiscal year and attended 10 out of 12 meetings of the Audit & Supervisory Board held during current the fiscal year.	Mr. Hideyuki Suka provides accurate advice and recommendations at meetings of the Board of Directors, etc. from a neutral and fair standpoint based on his extensive knowledge and experience in the banking business and company management. He also provides appropriate involvement and advice at the Governance Committee (advisory for nomination and compensation).

Notes: 1. Outside officers also attend meetings of the Governance Committee, a voluntary committee. The Committee is chaired by an outside officer.

2. Outside Auditor Mr. Hideyuki Suka did not attend three meetings of the Board of Directors held during the current fiscal year due to such reasons as family bereavement. Nevertheless, he executed his duties appropriately as he had been provided with the agenda materials of meetings he missed beforehand and understood matters resolved at such meetings.

(3) Compensation, etc. for outside officers

(Million yen)

	Number of persons paid	Compensation, etc. from the Bank
Total amount of compensation, etc.	6	25

(4) Comments from outside officers

Not applicable.

4. Matters Regarding Shares of the Bank

(1) Number of shares

Total number of shares authorized 212,000 thousand shares

Total number of shares outstanding 109,608 thousand shares

Note: All numbers of shares are rounded down to the nearest thousand shares.

(2) Number of shareholders at the end of the fiscal year 11,485 persons

(3) Major shareholders

Shareholder name	Status of investment in the Bank	
	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,669	11.10
Custody Bank of Japan, Ltd. (Trust Account)	6,031	5.73
Custody Bank of Japan, Ltd. (Trust Account 4)	5,960	5.67
THE TOCHIGI BANK Employee Shareholding Association	4,617	4.39
Dream Career Holdings Co., Ltd.	3,479	3.31
THE TOWA BANK, LTD.	2,010	1.91
SSBTC CLIENT OMNIBUS ACCOUNT	1,802	1.71
Custody Bank of Japan, Ltd. (Trust E Account)	1,521	1.44
Aioi Nissay Dowa Insurance Co., Ltd.	1,445	1.37
Meiji Yasuda Life Insurance Company	1,409	1.34

Notes: 1. The number of shares held is rounded down to the nearest thousand shares.

2. The shareholding ratio is calculated by excluding treasury shares (4,514 thousand shares) and is rounded down to two decimal places.

3. The treasury shares excluded from the shares outstanding shown above do not include 1,521 thousand shares of the Bank's shares held by Custody Bank of Japan, Ltd. under BBT.

5. Matters Regarding Share Acquisition Rights, etc. of the Bank

- (1) Share acquisition rights, etc. of the Bank held by the Bank's corporate officers at the end of the fiscal year
Not applicable.
- (2) Share acquisition rights, etc. of the Bank delivered to employees, etc. during the fiscal year
Not applicable.

6. Matters Regarding the Financial Auditor

- (1) Status of the Financial Auditor

(Million yen)

Name	Compensation, etc. for the current fiscal year	Other
Deloitte Touche Tohmatsu LLC Designated Limited Liability Partner, Engagement Partner Shuichiro Tsumagari Designated Limited Liability Partner, Engagement Partner Kyoko Nosaka	71	(Reason why the Audit & Supervisory Board agreed to the compensation, etc. for the Financial Auditor) The Audit & Supervisory Board confirmed and examined the details of the audit plan of the Financial Auditor, the status of execution of duties in previous fiscal years, and the basis for calculating compensation estimates, among other things, by obtaining the necessary materials and listening to reports from Directors, related in-house divisions, and the Financial Auditor. As a result, the Audit & Supervisory Board has given consent to the compensation, etc. for the Financial Auditor prescribed in Article 399, paragraph 1 of the Companies Act.

- Notes:
1. The amount is rounded down to the nearest million yen.
 2. The above amount includes additional compensation of 2 million yen paid for audit services provided concerning the previous fiscal year.
 3. The audit agreement between the Bank and the Financial Auditor does not clearly distinguish between the amount of compensation for audit services in accordance with the Companies Act and the Financial Instruments and Exchange Act, and it is practically impossible to distinguish them. Therefore, the above amount is stated in total.
 4. The total amount of money or other financial benefits to be paid to the Financial Auditor by the Bank, its subsidiaries, and other subsidiary corporations (excluding non-consolidated subsidiaries and other subsidiary corporations) is 80 million yen.

- (2) Liability limitation agreements
Not applicable.

- (3) Indemnity agreements

- A. Indemnity agreements entered with the Financial Auditor in office
Not applicable.

- B. Matters regarding execution, etc. of indemnity agreements
Not applicable.

- (4) Other matters regarding the Financial Auditor

Policies for determination of dismissal or refusal of reelection of the Financial Auditor

The Audit & Supervisory Board shall determine the details of the proposal regarding the dismissal or refusal of reelection of the Financial Auditor and submit them to the General Meeting of Shareholders if it is difficult for the Financial Auditor to execute its duties or when deemed necessary. In addition, the Financial Auditor shall be dismissed upon consent of all Auditors if the Financial Auditor is deemed to fall under any of the items of Article 340, paragraph 1 of the Companies Act. In this case, an Auditor selected by the Audit & Supervisory Board shall report the dismissal of the Financial Auditor and the reason therefor at the first General Meeting of Shareholders convened after the dismissal.

7. Basic Policy Regarding Persons who Control Decisions on Financial and Business Policies

The Bank has not established such policy.

8. Systems to Ensure Appropriateness of Business Operations

- (1) Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
 - 1) Directors shall respect the spirit of the Corporate Motto and the Management Philosophy, and utilize the Code of Conduct for Directors (Supplementary Provisions to the Board of Directors' Rules), Responsibilities of Directors (Compliance Manual), and other relevant stipulations as specific codes of conduct.
 - 2) The Bank shall set up a Compliance Committee to discuss important matters related to compliance, establish compliance-related supervising divisions, and work to develop and maintain a compliance system.
 - 3) The Bank shall develop compliance-related rules, including the Compliance Rules for Laws and Regulations, and an organizational structure with a head office and branches; work to establish a compliance system, and endeavor to educate all personnel on the importance of compliance.
 - 4) The Bank shall formulate a specific Compliance Program for each fiscal year, and implement compliance activities.
 - 5) The Bank shall establish an internal reporting system to receive reports on misconduct, and ensure the soundness and appropriateness of business operations.
 - 6) With regard to anti-social forces that pose a threat to the order and safety of society, the Bank shall establish a Basic Policy Against Anti-Social Forces, and develop a system to resolutely oppose and break off relationships with them.
- (2) Systems for the storage and management of information concerning the execution of duties by Directors of the Bank
 - 1) The Bank shall establish a Security Policy as a basic policy to appropriately protect all information assets held by the Bank.
 - 2) With regard to information related to the execution of duties by Directors, minutes of meetings of the Board of Directors and other documents shall be stored and managed primarily in accordance with laws and regulations and with the Guidelines for Handling Documents (Bank rules regarding the storage and management of documents).
- (3) Rules and other systems regarding risk control against loss by the Bank
 - 1) The Bank shall develop a system of risk management rules, including the Basic Rules for Risk Management.
 - 2) The Bank shall establish divisions in charge of managing each type of risk, create a management system in accordance with the characteristics of the risk, and establish supervising divisions to engage in comprehensive management.
 - 3) The Board of Directors and the Management Committee, etc. regularly receive reports and make necessary decisions.
 - 4) The Bank shall formulate a Contingency Plan, etc., assuming unforeseen circumstances such as large-scale disasters, and develop and establish a system to ensure business continuity.
- (4) Systems to ensure efficient execution of duties by Directors of the Bank
 - 1) In order to ensure prompt decision-making and the clarification of processes, the Bank shall establish the Management Committee, etc., and establish a system for efficient decision-making on important matters.
 - 2) Under the Executive Officer System, the supervisory function over management decision-making and business execution is separated from the business execution function in order to strengthen and expedite both the management function and the business execution function.
 - 3) The Bank shall formulate Rules on Division of Duties, and Rules on Administrative Authority to clarify the authority and responsibilities of each position in the execution of business, and to establish an efficient business execution system.

- (5) The following systems and other systems to ensure the appropriateness of business conducted by the corporate group consisting of the Bank and its subsidiaries
- Systems relating to reporting matters concerning the execution of duties by Directors of the Bank's subsidiaries to the Bank
 - Rules and other systems relating to risk management against loss by the Bank's subsidiaries
 - Systems to ensure the efficient execution of duties by Directors of the Bank's subsidiaries
 - Systems to ensure that the execution of duties by Directors and employees of the Bank's subsidiaries complies with laws and regulations and the Articles of Incorporation
- 1) In order to ensure the appropriateness of business conducted by the corporate group consisting of the Bank and its subsidiaries (hereinafter, the "Group"), the Bank shall establish a system whereby the Bank's main supervising divisions receive consultations and reports based on the Rules for Affiliated Company Management, and provides appropriate management and guidance on the execution of business by affiliated companies.
 - 2) The Bank shall establish various rules in accordance with the Bank's Compliance Rules, etc., establish a compliance system and strive to ensure an appropriate system for the Group.
- (6) Matters relating to employees in the event that Auditors of the Bank request the assignment of said employees to assist them in their duties, matters relating to the independence of said employees from the Directors of the Bank, and matters relating to ensuring the effectiveness of instructions to said employees
- 1) In the event that Auditors request the assignment of employees to assist them in their duties, the Bank shall ensure a system for allocating appropriate personnel to engage in assisting operations.
 - 2) The consent of Auditors shall be obtained regarding personnel-related matters concerning said employees.
 - 3) The Bank shall establish a system whereby each relevant section, led by the internal auditing section, provides support as necessary.
- (7) Systems for Directors and employees of the Bank, Directors and employees of subsidiaries of the Bank, or persons receiving reports from said Directors and employees to report to Auditors of the Bank
- 1) The Bank shall establish a system to provide reports and information necessary for audits in response to requests from Auditors.
 - 2) To ensure the soundness and appropriateness of business operations, reports shall be made to Auditors based on the internal reporting system, etc.
 - 3) The Bank shall establish a system to ensure that persons who have made reports based on the internal reporting system shall not suffer any disadvantageous treatment due to their submission of such reports.
- (8) Other systems to ensure that audits by Auditors of the Bank are conducted effectively
- 1) The Bank shall establish a system for each section, including the internal auditing section, to provide cooperation and assistance to Auditors.
 - 2) The Bank shall establish a system whereby Auditors can attend meetings of the Board of Directors, meetings of the Management Committee, and other important meetings, and report their opinions as necessary.
 - 3) When an Auditor requests the Bank to make an advance payment, etc. in connection with the execution of his or her duties, the division in charge shall promptly process the relevant expenses, etc. in consideration of the efficiency and appropriateness of said request.
 - 4) In addition, Directors and employees shall respect the matters stipulated in the Audit & Supervisory Board Rules and in the Implementation Standards for Audits Related to Internal Control Systems.

In addition, an overview of the implementation status of the internal control resolution during the 121st fiscal year (from April 2023 to March 2024) is as follows.

- (1) Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
The Bank formulated a Compliance Program for the 121st fiscal year and implemented compliance activities. In addition, the Bank held 14 meetings of the Compliance Committee during the 121st fiscal year and worked to develop and maintain a compliance system.

- (2) Systems for the storage and management of information concerning the execution of duties by Directors of the Bank
The Bank stored and managed minutes of meetings of the Board of Directors and other documents primarily in accordance with the Security Policy and with the Guidelines for Handling Documents.
- (3) Rules and other systems regarding risk control against loss by the Bank
The ALM Committee, etc. regularly receives reports on the status of various risks from each division responsible for risk management and makes necessary decisions. During the 121st fiscal year, 14 meetings of the ALM Committee were held.
In June 2017, in order to continuously secure stable earnings in investment in securities, etc. and strengthen governance, the Market Investment Committee was newly established in transferring some functions of the ALM Committee. During the 121st fiscal year, 21 meetings of the Market Investment Committee were held.
- (4) Systems to ensure efficient execution of duties by Directors of the Bank
During the 121st fiscal year, 51 meetings of the Management Committee were held, and efficient decision-making was conducted for the prescribed matters.
During the 121st fiscal year, four meetings of the Governance Committee were held, and Outside Directors and Outside Auditors exchanged information and shared understanding from an independent and objective standpoint for the purpose of actively contributing to discussions at meetings of the Board of Directors.
In addition, two meetings of the Sustainability Promotion Committee were held during the 121st fiscal year. In order to address issues related to the Bank's sustainability as important management matters, the purpose of these meetings is to consider and formulate concrete measures while ascertaining the status of implementation and verifying the benefits to realize the Management Philosophy and Sustainability Policy.
- (5) Various systems of the Bank's subsidiaries and other systems to ensure the appropriateness of business conducted by the corporate group consisting of the Bank and its subsidiaries
The Bank regularly held meetings to exchange opinions with its subsidiaries and affiliated companies (held four meetings in the 121st fiscal year) and provided appropriate management and guidance on the execution of business.
- (6) Matters relating to employees in the event that Auditors of the Bank request the assignment of said employees to assist them in their duties, matters relating to the independence of said employees from the Directors of the Bank, and matters relating to ensuring the effectiveness of instructions to said employees
The Bank established the Office of Audit & Supervisory Board Members with a view to strengthening audit operations by Auditors. The Bank also assigned one employee of the Audit Division to serve concurrently in the Office of Audit & Supervisory Board Members for the purpose of smoothly executing audit duties and strengthening cooperation with the internal auditing section.
- (7) Systems for Directors and employees of the Bank, Directors and employees of subsidiaries of the Bank, or persons receiving reports from said Directors and employees to report to Auditors of the Bank
The Bank added a Full-time Auditor to be the internal contact for reporting in October 2015, and also added two Outside Auditors in January 2019 to strengthen the compliance system.
- (8) Other systems to ensure that audits by Auditors of the Bank are conducted effectively
During the 121st fiscal year, the Bank's Auditors attended meetings of the Board of Directors, meetings of the Management Committee, and other important meetings, and directly confirmed the status of execution of duties.
In addition, the Bank's Auditors regularly held meetings to exchange information with the Financial Auditor and the internal auditing section in an effort to cooperate with each other.

9. Matters Regarding Specified Wholly-Owned Subsidiaries

Not applicable

10. Matters Regarding Transactions with the Parent Company, etc.

Not applicable

11. Matters Regarding Accounting Advisors

Not applicable

12. Other

Not applicable

Non-consolidated Balance Sheets as of the End of the 121st Fiscal Year

(As of March 31, 2024)

(Million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Cash and due from banks	582,223	Deposits	3,111,935
Cash	40,606	Current deposits	71,671
Due from banks	541,617	Ordinary deposits	2,142,218
Call loans	1,098	Savings deposits	37,027
Trading securities	4	Deposits at notice	218
Trading government bonds	4	Time deposits	843,977
Money held in trust	600	Installment savings	8,402
Securities	609,475	Other deposits	8,420
Government bonds	148,226	Borrowed money	31,100
Local government bonds	69,707	Borrowings from other banks	31,100
Corporate bonds	112,206	Foreign exchanges	5
Stocks	14,661	Foreign bills payable	5
Other securities	264,674	Other liabilities	5,548
Loans and bills discounted	2,060,553	Income taxes payable	641
Bills discounted	4,658	Accrued expenses	545
Loans on bills	78,046	Unearned revenue	1,031
Loans on deeds	1,842,765	Reserve for interest on installment savings	0
Overdrafts	135,082	Financial derivatives	196
Foreign exchanges	678	Lease liabilities	300
Due from foreign banks (our accounts)	678	Other	2,831
Other assets	13,019	Provision for bonuses	759
Accrued revenue	2,072	Provision for bonuses for directors (and other officers)	17
Other	10,946	Provision for retirement benefits	37
Tangible fixed assets	19,359	Provision for management board benefit trust	164
Buildings, net	5,548	Provision for reimbursement of deposits	266
Land	12,095	Provision for contingent loss	357
Leased assets, net	276	Deferred tax liabilities for land revaluation	833
Construction in progress	570	Acceptances and guarantees	2,265
Other tangible fixed assets	867	Total liabilities	3,153,291
Intangible fixed assets	1,085	(Net assets)	
Software	940	Share capital	27,408
Leased assets	16	Capital surplus	26,150
Other intangible fixed assets	128	Legal capital surplus	26,150
Prepaid pension costs	4,450	Retained earnings	117,228
Deferred tax assets	9,873	Legal retained earnings	1,745
Customers' liabilities for acceptances and guarantees	2,265	Other retained earnings	115,483
Allowance for loan losses	(11,290)	General reserve	106,987
		Retained earnings brought forward	8,496
		Treasury shares	(2,314)
		Total shareholders' equity	168,472
		Valuation difference on available-for-sale securities	(27,730)
		Revaluation reserve for land	(637)
		Total valuation and translation adjustments	(28,367)
		Total net assets	140,105
Total assets	3,293,396	Total liabilities and net assets	3,293,396

Non-consolidated Statements of Income for the 121st Fiscal Year

(April 1, 2023 – March 31, 2024)

(Million yen)

Account title	Amount	
Ordinary income		40,265
Interest income	28,491	
Interest on loans and discounts	20,866	
Interest and dividends on securities	6,769	
Interest on call loans	59	
Interest on deposits with banks	790	
Other interest income	4	
Fees and commissions	8,632	
Fees and commissions on domestic and foreign exchanges	1,439	
Other fees and commissions	7,193	
Other ordinary income	323	
Gain on foreign exchange transactions	6	
Net gain on trading securities transactions	0	
Gain on sale of bonds	23	
Other	293	
Other income	2,817	
Recoveries of written off receivables	321	
Gain on sale of equity securities	1,987	
Gain on money held in trust	2	
Other	505	
Ordinary expenses		36,802
Interest expenses	74	
Interest on deposits	74	
Interest on negotiable certificates of deposit	0	
Interest on call money	(0)	
Interest expenses on cash collateral received for securities lent	0	
Interest on borrowings and rediscounts	0	
Fees and commissions payments	4,138	
Fees and commissions on domestic and foreign exchanges	145	
Other fees and commissions	3,993	
Other ordinary expenses	4,744	
Loss on sale of bonds	4,390	
Loss on devaluation of bonds	150	
Loss on financial derivatives	110	
Other	93	
General and administrative expenses	21,688	
Other expenses	6,156	
Provision of allowance for loan losses	2,092	
Written-off of loans	1,347	
Loss on sale of equity securities	2,399	
Loss on devaluation of equity securities	0	
Other	317	

(Million yen)

Account title	Amount	
Ordinary profit		3,462
Extraordinary losses		884
Loss on disposal of non-current assets	81	
Impairment losses	803	
Profit before income taxes		2,577
Income taxes - current	1,432	
Income taxes - deferred	(611)	
Total income taxes		821
Profit		1,756

Consolidated Balance Sheets

(As of March 31, 2024)

(Million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Cash and due from banks	585,706	Deposits	3,110,102
Call loans and bills bought	1,098	Borrowed money	34,125
Trading securities	4	Foreign exchanges	5
Money held in trust	600	Other liabilities	13,402
Securities	606,717	Provision for bonuses	875
Loans and bills discounted	2,060,027	Provision for bonuses for directors (and other officers)	26
Foreign exchanges	678	Retirement benefit liability	335
Other assets	29,217	Provision for retirement benefits for directors (and other officers)	10
Tangible fixed assets	20,350	Provision for management board benefit trust	164
Buildings, net	5,629	Provision for reimbursement of deposits	266
Land	12,147	Provision for contingent loss	357
Construction in progress	640	Reserves under special laws	12
Other tangible fixed assets	1,932	Deferred tax liabilities for land revaluation	833
Intangible fixed assets	1,169	Acceptances and guarantees	2,265
Software	1,019	Total liabilities	3,162,781
Other intangible fixed assets	150	(Net assets)	
Retirement benefit asset	10,232	Share capital	27,408
Deferred tax assets	8,180	Capital surplus	30,036
Customers' liabilities for acceptances and guarantees	2,265	Retained earnings	119,431
Allowance for loan losses	(11,704)	Treasury shares	(2,314)
		Total shareholders' equity	174,561
		Valuation difference on available-for-sale securities	(27,715)
		Revaluation reserve for land	(637)
		Remeasurements of defined benefit plans	3,989
		Total accumulated other comprehensive income	(24,363)
		Non-controlling interests	1,562
		Total net assets	151,761
Total assets	3,314,542	Total liabilities and net assets	3,314,542

Consolidated Statements of Income

(April 1, 2023 – March 31, 2024)

(Million yen)

Account title	Amount	
Ordinary income		45,276
Interest income	28,484	
Interest on loans and discounts	20,883	
Interest and dividends on securities	6,746	
Interest on call loans and bills bought	59	
Interest on deposits with banks	790	
Other interest income	4	
Fees and commissions	9,905	
Other ordinary income	1,080	
Other income	5,804	
Recoveries of written off receivables	322	
Other	5,482	
Ordinary expenses		41,041
Interest expenses	115	
Interest on deposits	74	
Interest on negotiable certificates of deposit	0	
Interest on call money and bills sold	(0)	
Interest expenses on cash collateral received for securities lent	0	
Interest on borrowings and rediscounts	40	
Other interest expenses	0	
Fees and commissions payments	3,910	
Other ordinary expenses	4,744	
General and administrative expenses	23,861	
Other expenses	8,410	
Provision of allowance for loan losses	2,040	
Other	6,369	
Ordinary profit		4,234
Extraordinary income		11
Gain on disposal of non-current assets	11	
Extraordinary losses		888
Loss on disposal of non-current assets	81	
Impairment losses	803	
Provision of reserve for financial instruments transaction liabilities	3	
Profit before income taxes		3,357
Income taxes - current		1,770
Income taxes - deferred		(627)
Total income taxes		1,142
Profit		2,214
Profit attributable to non-controlling interests		113
Profit attributable to owners of parent		2,101