

Financial Results Presentation

for the Fiscal Year Ended March 31, 2024

(June 5, 2024)

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Overview of Financial Results

Overview of Financial Results

(Billion yen)

Non-consolidated	2023/3	2024/3	Change	% Change
Gross operating profit	27.0	28.4	+1.4	+5.3%
Net interest income	29.0	28.4	(0.6)	(2.2%)
Fees and commissions income	4.4	4.4	+0.0	+1.4%
Other operating income	(6.4)	(4.4)	+2.0	—
Expenses	21.3	21.8	+0.5	+2.0%
Substantial net business profit (Note)	5.6	6.6	+1.0	+17.7%
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%)
Provision of general allowance for loan losses (1)	(0.7)	(0.0)	+0.7	—
Net business profit	6.4	6.6	+0.2	+4.3%
Losses on sale of bonds	(6.3)	(4.5)	+1.8	—
Unusual profits and losses	(2.0)	(3.2)	(1.2)	—
Non-performing loan disposal (2)	3.4	3.6	+0.2	+6.4%
Ordinary profit	4.3	3.4	(0.9)	(20.6%)
Profit	2.2	1.7	(0.5)	(21.0%)

Costs for loans written-off (1) + (2)	2.7	3.6	+0.9	+35.1%
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(Billion yen)

Consolidated	2023/3	2024/3	Change	% Change
Ordinary profit	5.0	4.2	(0.8)	(16.3%)
Profit attributable to owners of parent	2.6	2.1	(0.5)	(20.8%)

Main Points on Non-consolidated Financial Results

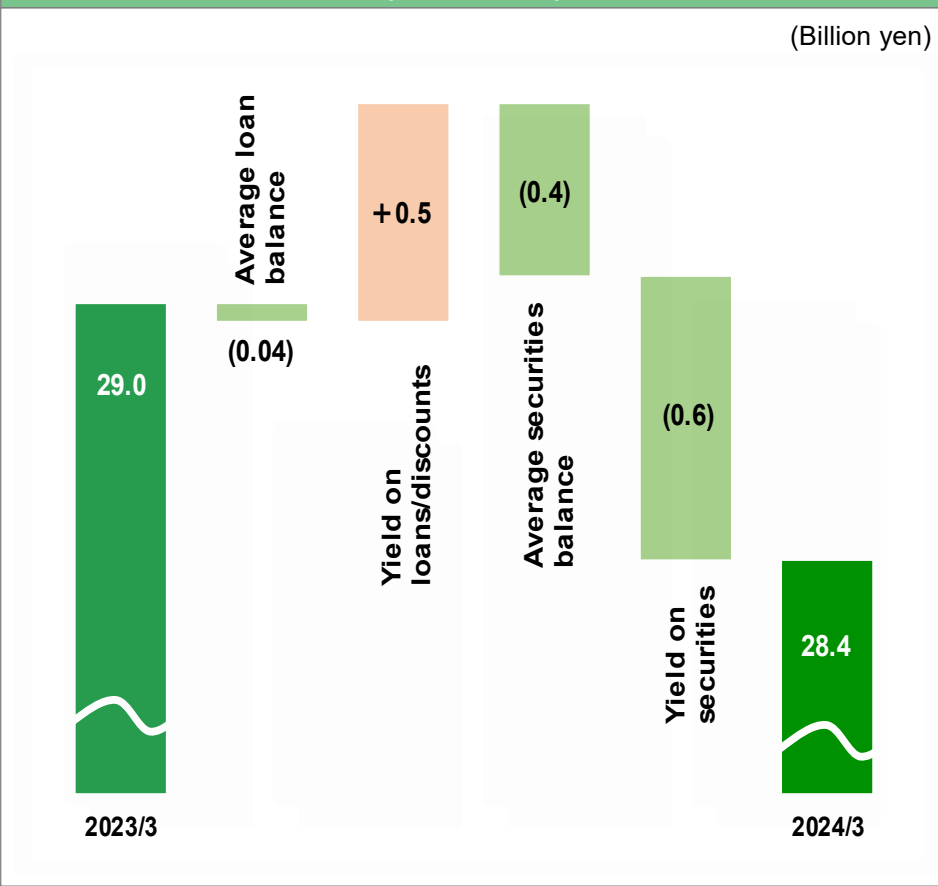
- Net interest income decreased by 600 million yen year on year. This was mainly due to a decrease in interest and dividends on securities, which more than offset an increase in interest on loans and discounts.
- Core net business profit (excluding gains (losses) from cancellation of investment trusts) decreased year on year. This was mainly due to a decrease in interest and dividends on securities and an increase in expenses, which more than offset increases in interest on loans and discounts and in fees and commissions income.
- Profit decreased by 400 million yen year on year. This was mainly due to an increase in non-performing loan disposal expenses (costs for loans written off) of 900 million yen, reflecting a rise in the historical loan-loss ratio attributable to the downgrading of major borrower in previous years and other relevant factors.
- As a result of the above, profit was almost in line with the forecast figure (1.8 billion yen) announced on May 12, 2023.

Main Point on Consolidated Financial Results

- Consolidated ordinary profit and profit attributable to owners of parent for the fiscal year ended March 31, 2024 decreased year on year, primarily due to the same reasons as in the non-consolidated financial results.

Net Interest Income

Reasons for Increases (Decreases) in Net Interest Income

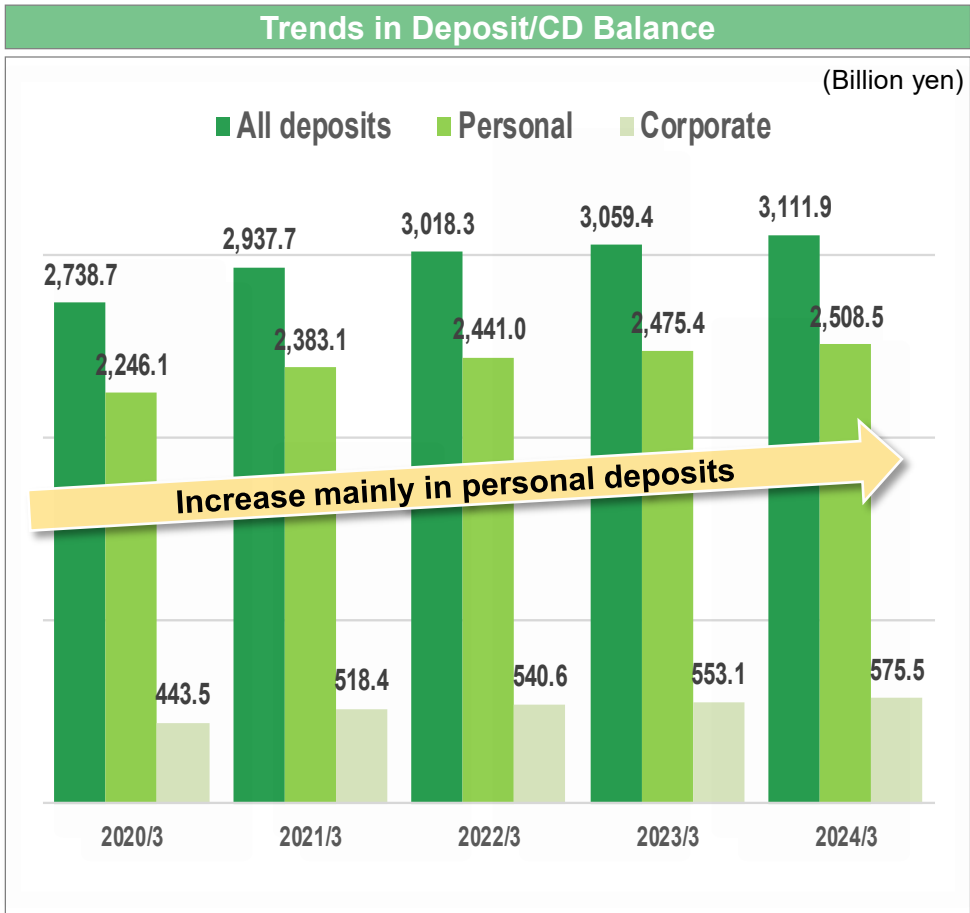


Trends in Yields on Loans and Discounts and on Securities

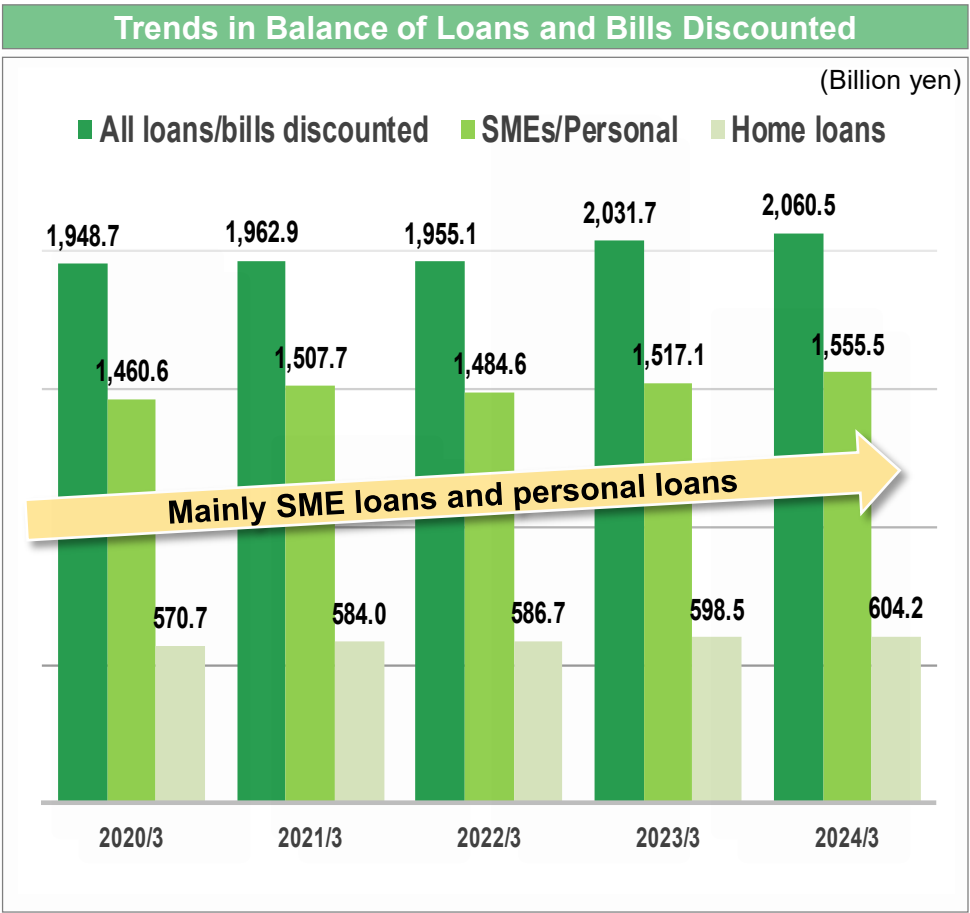


	(Billion yen)	2023/3	2024/3	Change	% Change
Net interest income		29.0	28.4	(0.6)	(2.2%)
Interest on loans and discounts		20.3	20.8	+0.5	+2.3%
Interest and dividends on securities		7.8	6.7	(1.1)	(14.1%)
Interest on deposits with banks		0.8	0.7	(0.1)	(8.9%)
Interest on deposits (-)		0.1	0.0	(0.1)	—

Deposits and CDs, Loans and Bills Discounted

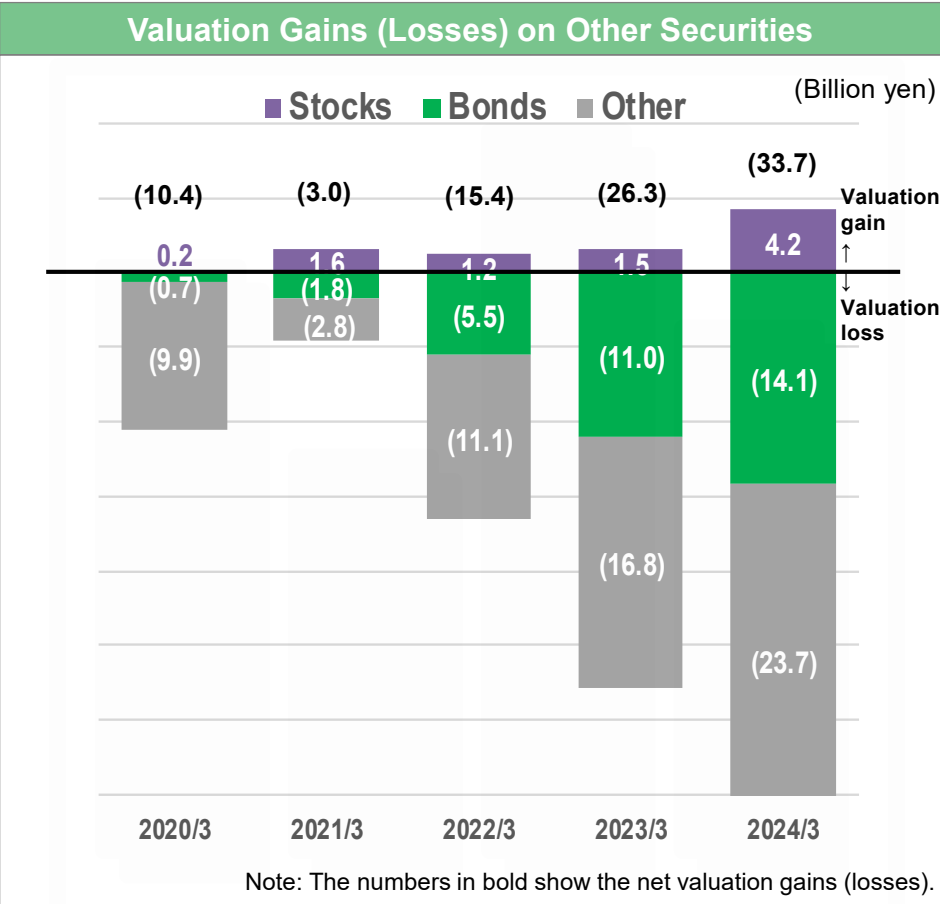
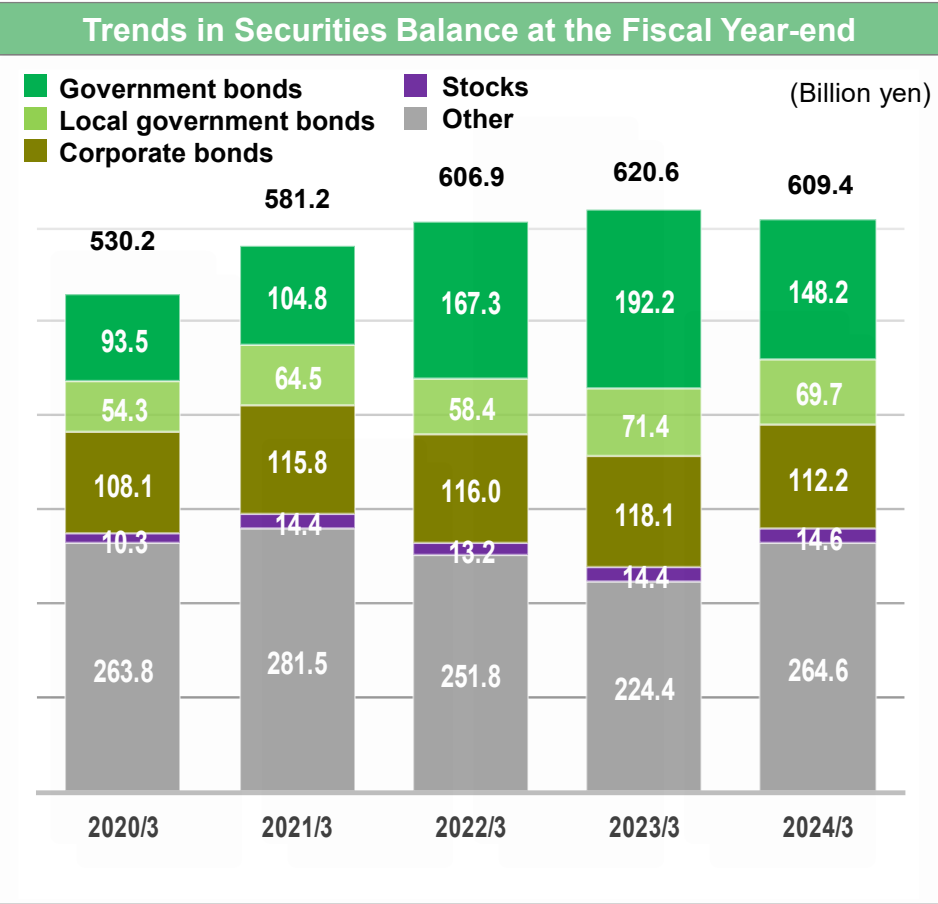


(Billion yen)	2023/3	2024/3	Change	% Change
Deposits and CDs	3,059.4	3,111.9	52.5	+1.7%
Personal	2,475.4	2,508.5	33.1	+1.3%
Corporate	553.1	575.5	22.4	+4.0%



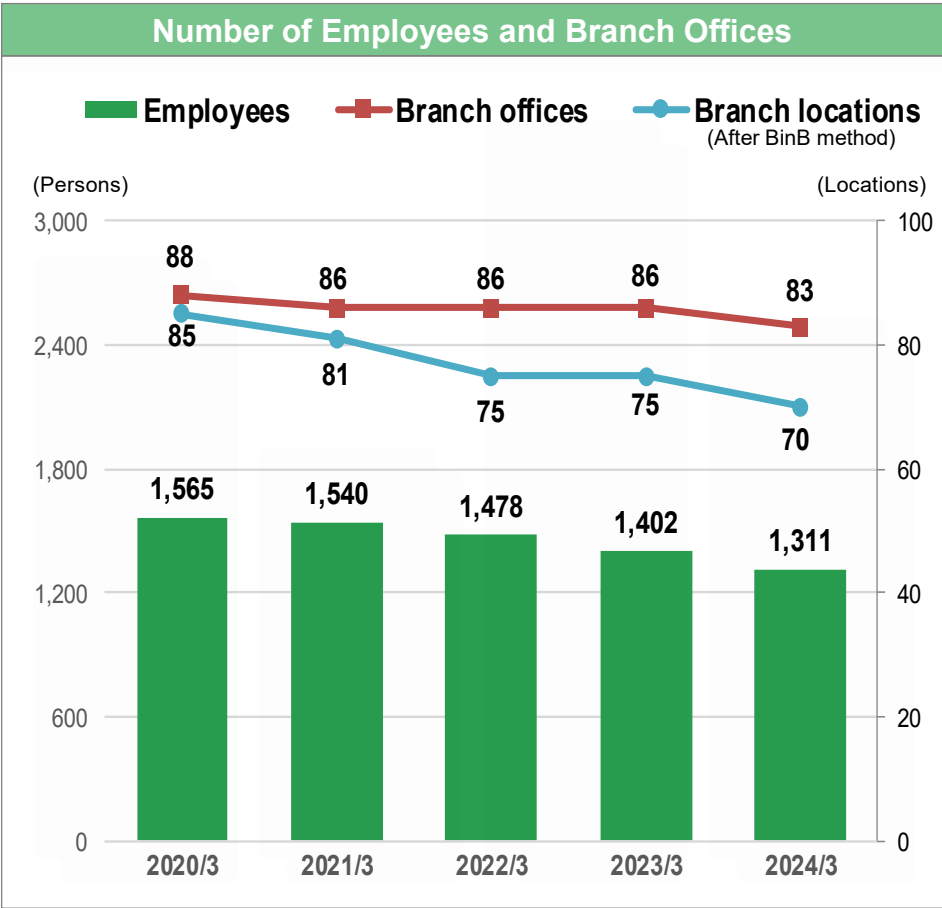
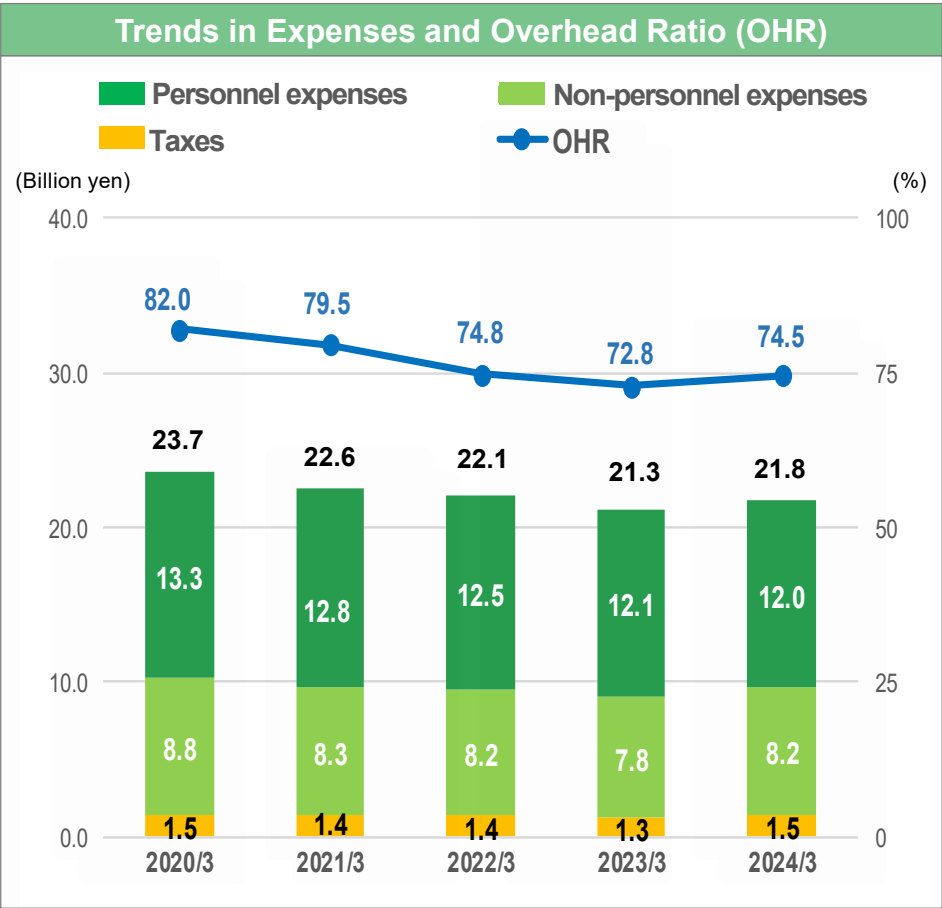
(Billion yen)	2023/3	2024/3	Change	% Change
Loans and bills discounted	2,031.7	2,060.5	28.8	+1.4%
SMEs	862.2	895.7	33.5	+3.8%
Personal	654.9	659.8	4.9	+0.7%
Home loans	598.5	604.2	5.7	+0.9%

Securities



(Billion yen)		2023/3	2024/3	Change	% Change
Total securities		620.6	609.4	(11.2)	(1.8%)
Public bonds (Government bonds and Local government bonds)		263.6	217.9	(45.7)	(17.3%)
Corporate bonds		118.1	112.2	(5.9)	(4.9%)
Stocks		14.4	14.6	+0.2	+1.6%
Other		224.4	264.6	+40.2	+17.9%

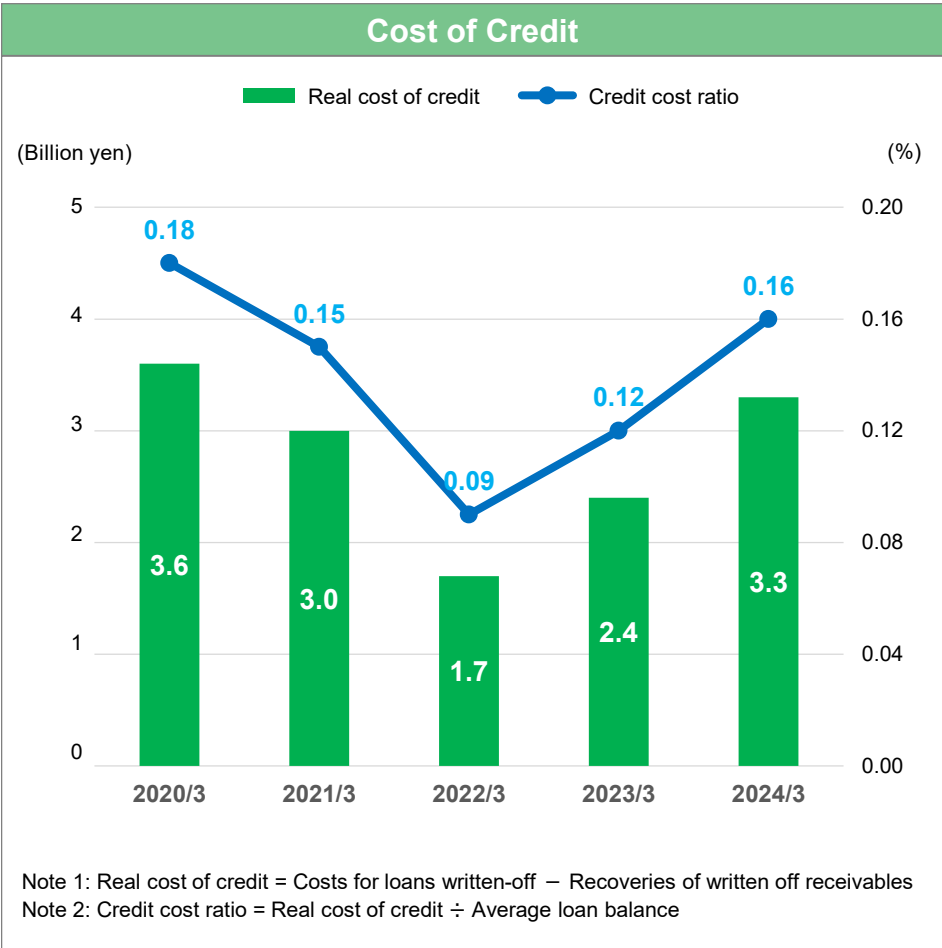
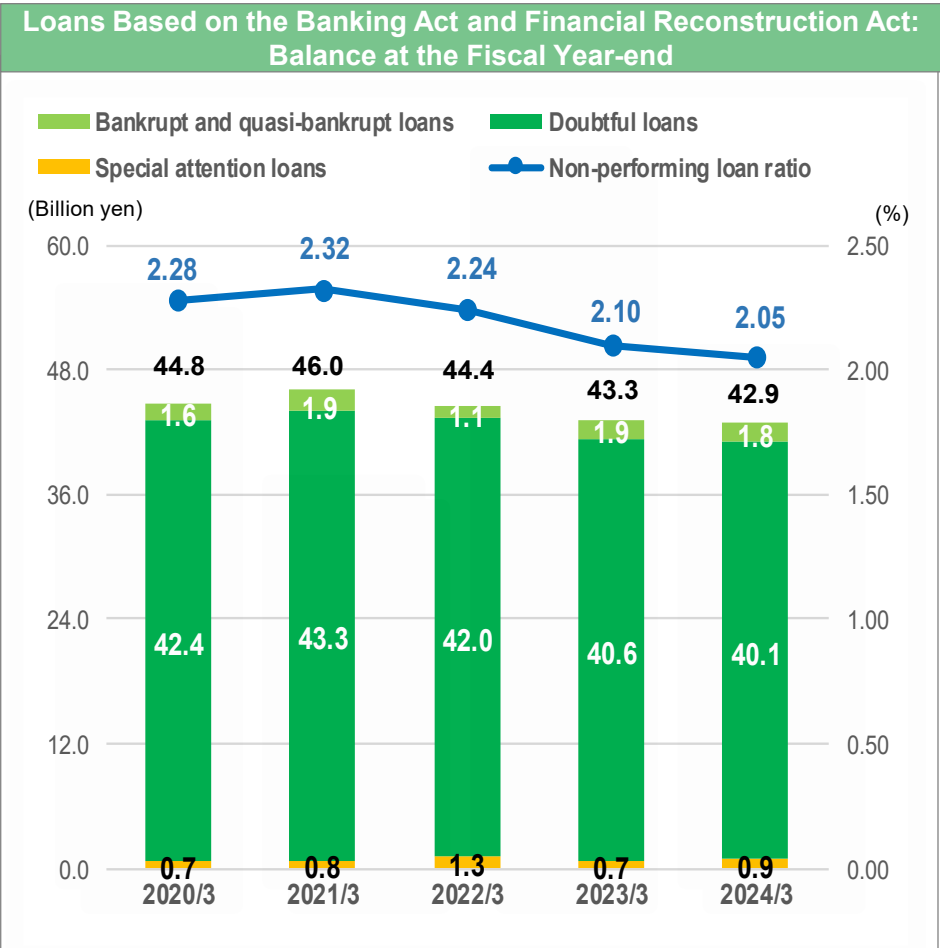
Expenses



Note: OHR (%) = Expenses ÷ Gross operating profit (excluding gains (losses) on the sale of bonds and from cancellation of investment trusts)

	(Billion yen)	2023/3	2024/3	Change	% Change
Total expenses		21.3	21.8	+0.5	+2.0%
Personnel expenses		12.1	12.0	(0.1)	(0.6%)
Non-personnel expenses		7.8	8.2	+0.4	+4.8%
Taxes		1.3	1.5	+0.2	+8.5%

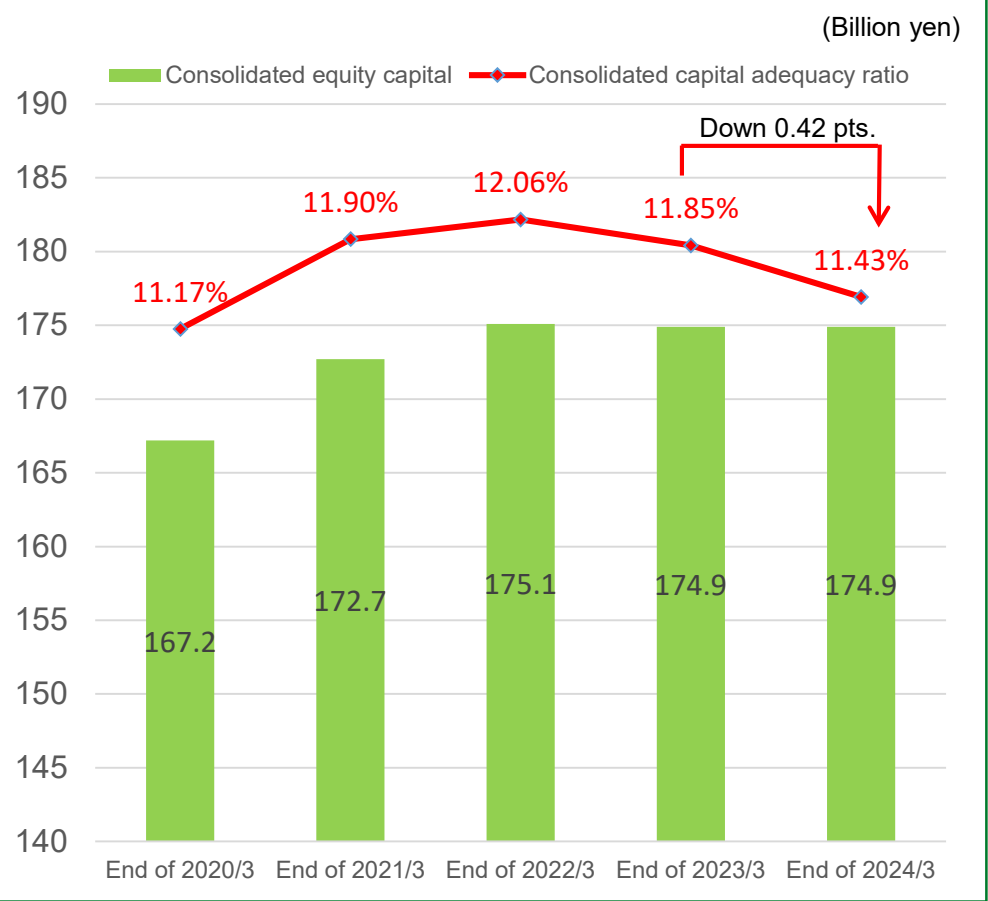
Loans Based on the Banking Act and Financial Reconstruction Act



	(Billion yen)	2023/3	2024/3	Change	% Change
Total 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%

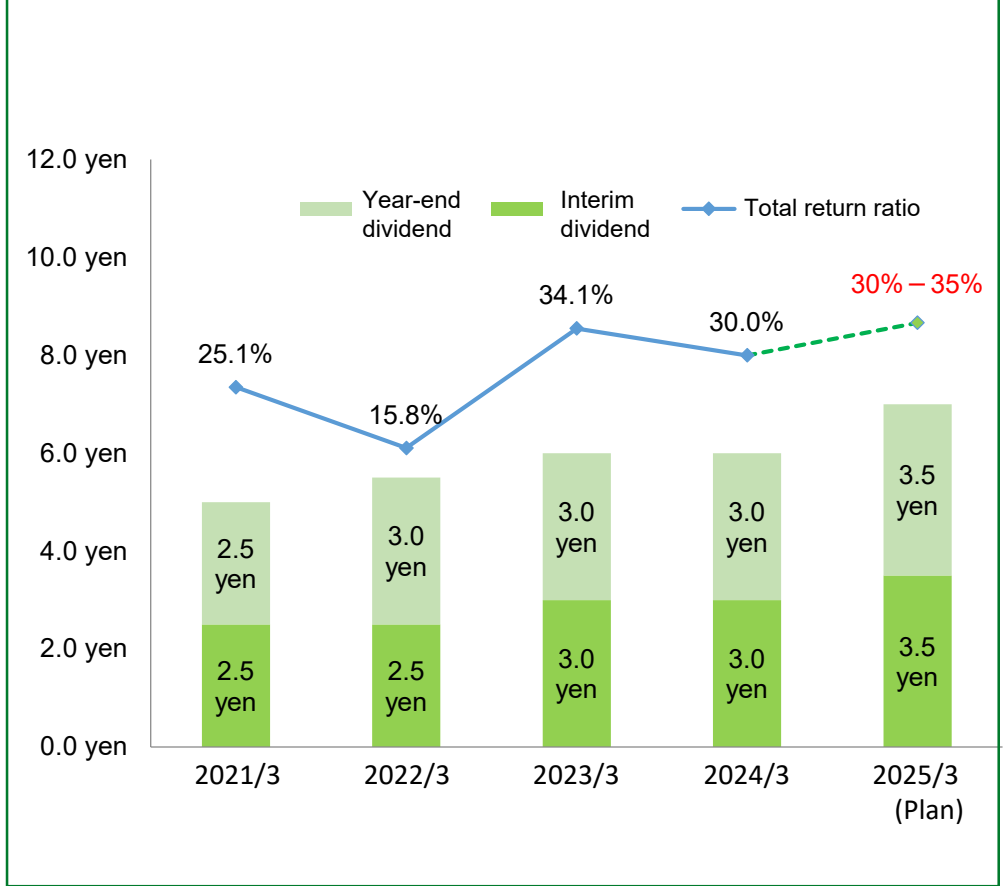
Capital Adequacy Ratio, Dividends and Total Return Ratio

Capital Adequacy Ratio



	2023/3	2024/3	Change
Equity capital (consolidated)	¥174.9 billion	¥174.9 billion	¥0
Capital adequacy ratio (consolidated)	11.85%	11.43%	(0.42%)

Dividends and 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).

Financial Results Forecast

(Billion yen)

Non-consolidated	2024/3	2025/3	Change	% Change
Gross operating profit	28.4	26.6	(1.8)	(6.4%)
Net interest income	28.4	23.9	(4.5)	(15.7%)
Fees and commissions income	4.4	4.6	+0.2	+3.2%
Other operating income	(4.4)	(1.9)	+2.5	—
Expenses	21.8	22.2	+0.4	+1.9%
Substantial net business profit	6.6	4.3	(2.3)	(34.0%)
Core net business profit	11.1	6.3	(4.8)	(42.7%)
Core net business profit (excluding gains (losses) from cancellation of investment trusts)	7.4	6.3	(1.1)	(14.2%)
Net business profit	6.6	4.3	(2.3)	(34.3%)
Gains (losses) on bonds	(4.5)	(2.0)	+2.5	—
Ordinary profit	3.4	5.3	+1.9	+53.0%
Profit	1.7	3.3	+1.6	+87.8%

Costs for loans written-off	3.6	1.1	(2.5)	(69.9%)
Gains (losses) on sale of securities (including gains (losses) from cancellation of investment trusts)	(1.2)	(2.0)	(0.8)	—

(Billion yen)

Consolidated	2024/3	2025/3	Change	% Change
Ordinary profit	4.2	5.8	+1.6	+36.9%
Profit attributable to owners of parent	2.1	3.6	+1.5	+71.3%

Main Points of Non-consolidated Forecast

- The decrease in net interest income is mainly because gains from cancellation of investment trusts, which were recorded for the fiscal year ended March 31, 2024 as compensation for losses on the sale of securities, are not planned to be taken into account for the fiscal year ending March 31, 2025.
- We forecast increases in interest on loans and discounts and fees and commissions income, both of which are income from our main business.
- We expect an increase in expenses due to investments for growth planned in the 11th Medium-term Management Plan, including investments in human resources and DX systems.
- We will reduce securities with valuation losses as well as restructure the portfolio, which involves recording losses from the sale of those securities.
- We expect a decrease in non-performing loan disposal expenses despite the strong uncertainty over the economy and the recent upward trend in the number of bankruptcies, as the historical loan-loss ratio is likely to decline compared to the fiscal year ended March 31, 2024.

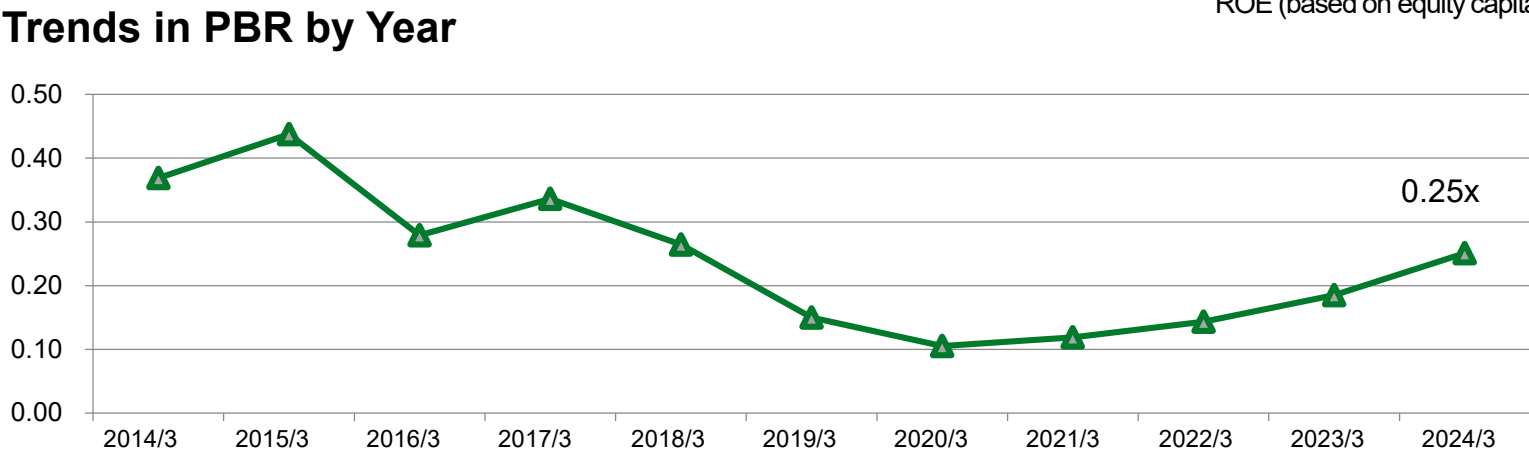
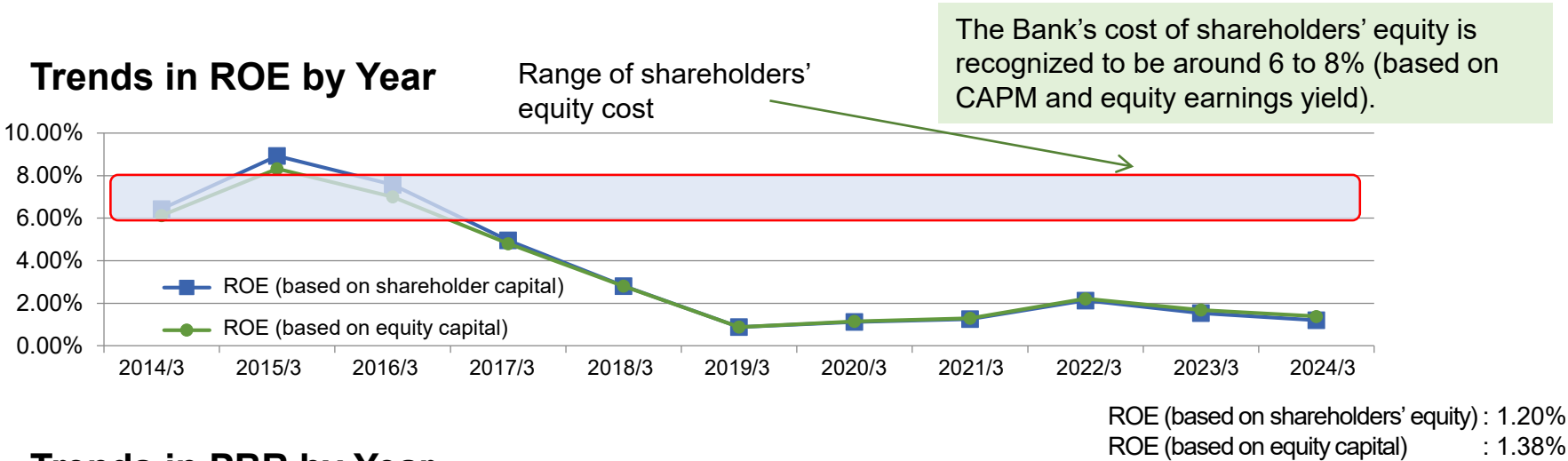
Main Point of Consolidated Forecast

- Consolidated financial results reflect the financial results forecast at the non-consolidated level. We forecast around 3.6 billion yen in profit attributable to owners of parent at the consolidated level.

Efforts to Enhance Corporate Value

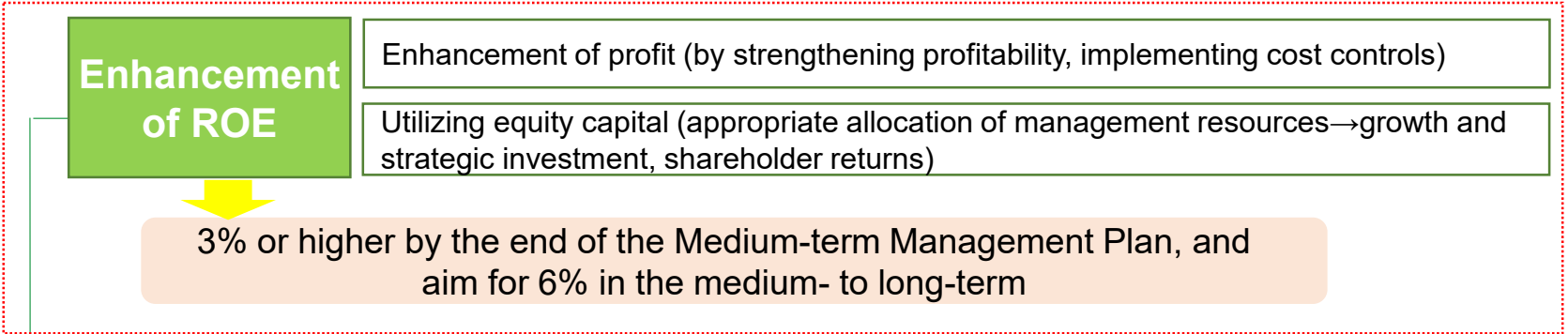
Analysis of Current Status (1) (Relationship between PBR and ROE)

- ROE is currently below the capital cost, and PBR is showing signs of improvement but remains below 1x.
- Given the high correlation between ROE and PBR, we recognize that an increase in ROE leads to an increase in PBR.

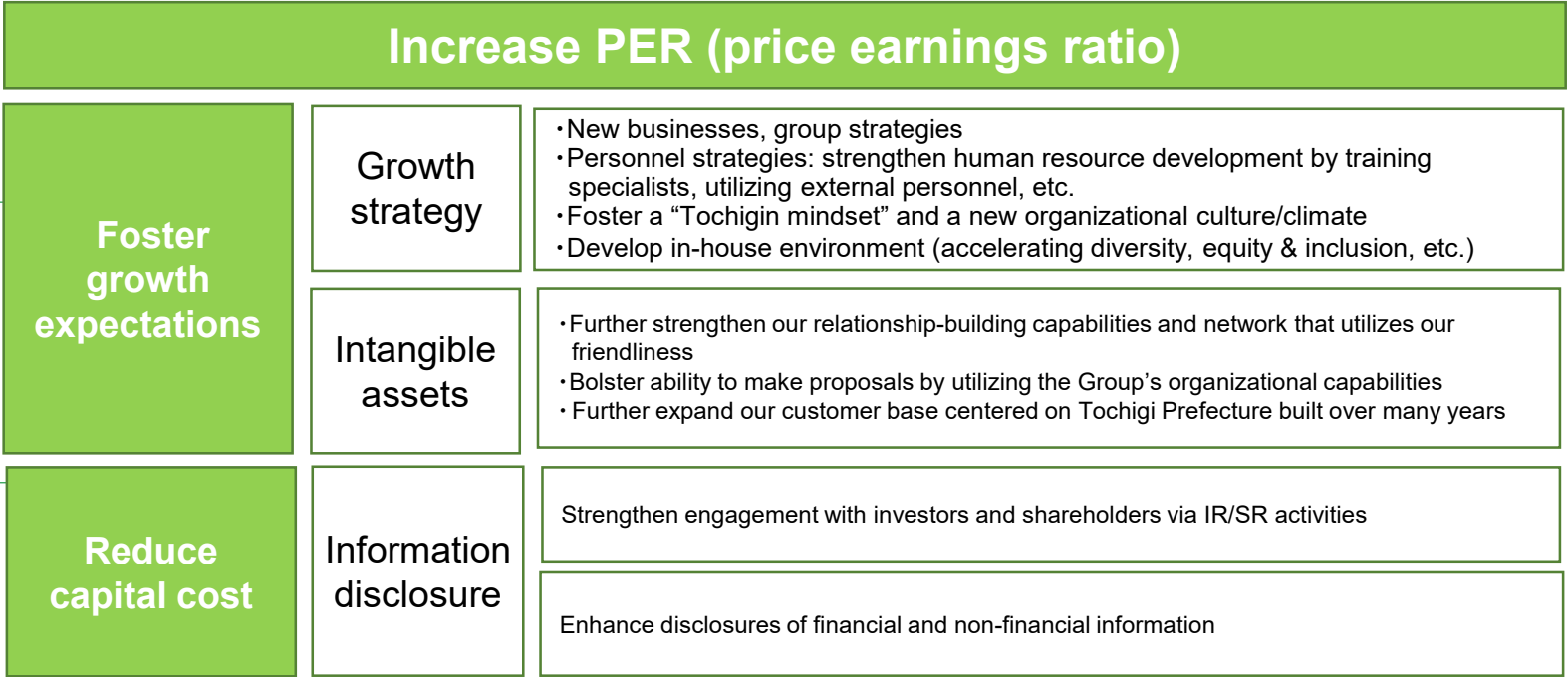


Efforts to Increase PBR

In order to increase our price book-value ratio (PBR), we are implementing initiatives for enhancing management effectiveness (as measured by ROE: return on equity) and corporate growth expectations for the Bank (as measured by PER: price earnings ratio).

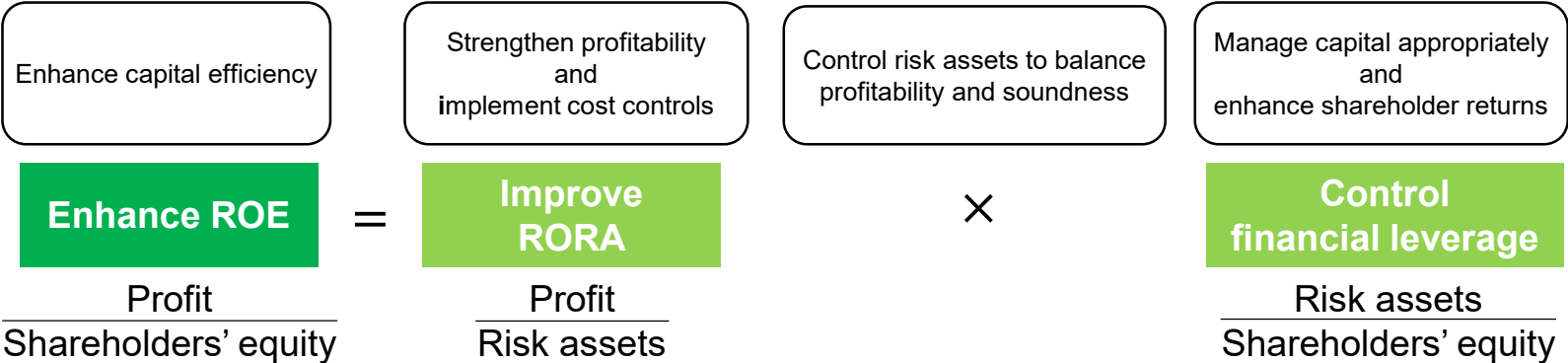


Enhancement of PBR
* PBR=ROE×PER

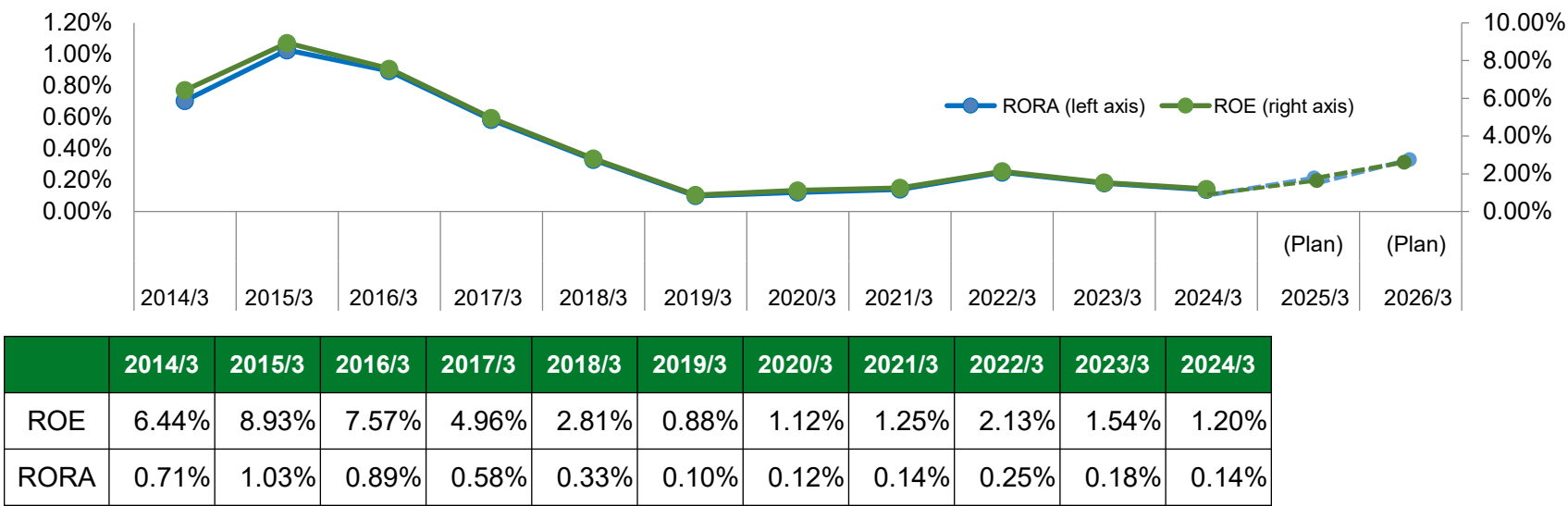


Analysis of Current Status (2)
(Relationship between ROE and RORA)

ROE and RORA are highly correlated. We aim to enhance ROE by improving RORA under appropriate financial leverage control.



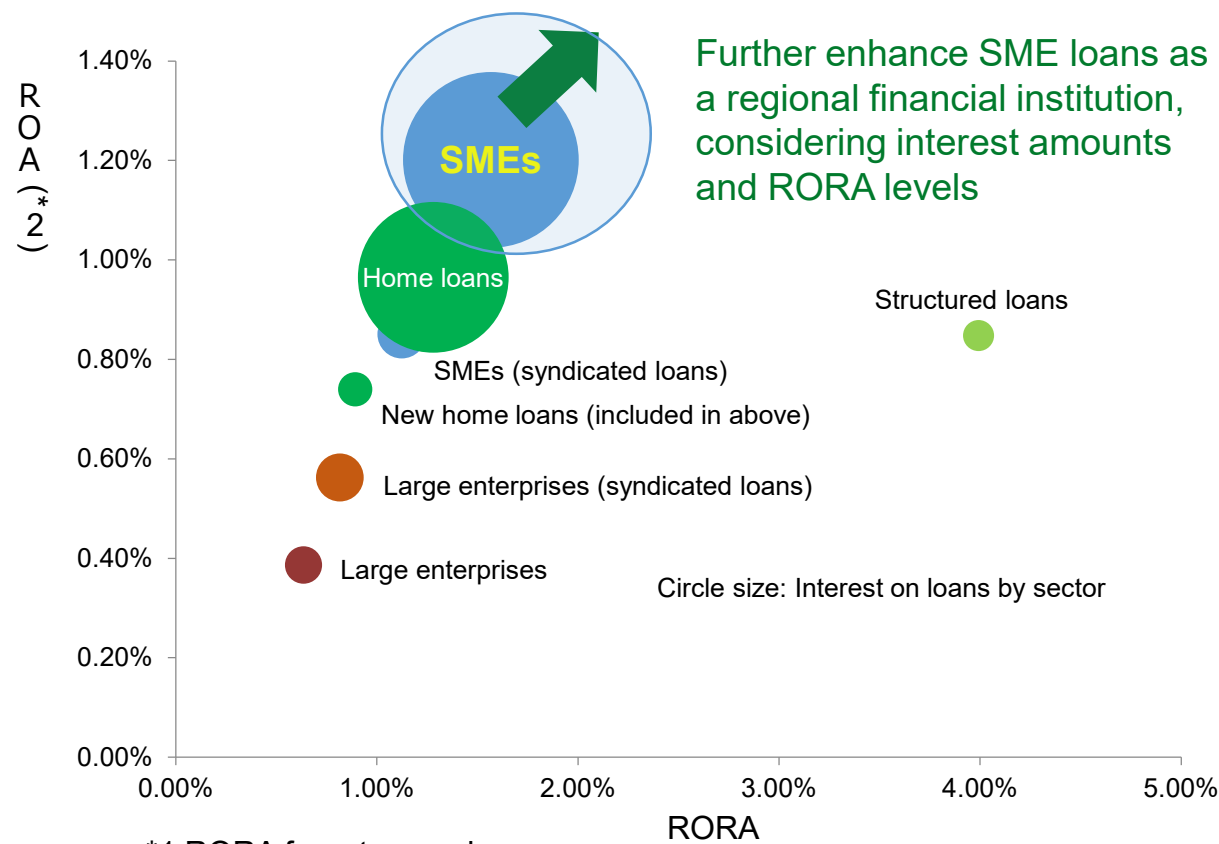
Trends in ROE and RORA by Year



Improvement of RORA (Strengthening profitability)

We will expand earnings from solutions by further enhancing SME loans with high RORA to strengthen profitability (RORA-aware initiatives), as well as by fulfilling our financial intermediary roles for the regional communities.

RORA by Asset Class (*1)



Enhance SME loans

Corporate customer strategy

Deepen sales focused on solutions to issues, based on business feasibility assessments
Support development of key industries (Manufacturing, healthcare, agriculture, environment, etc.)

Moreover,

Expand non-asset earnings from solutions

Provide appropriate solutions that cater to the life stage of companies

Promotion of home loans

Strengthen promotion of home loans, which have the second largest impact after SME loans

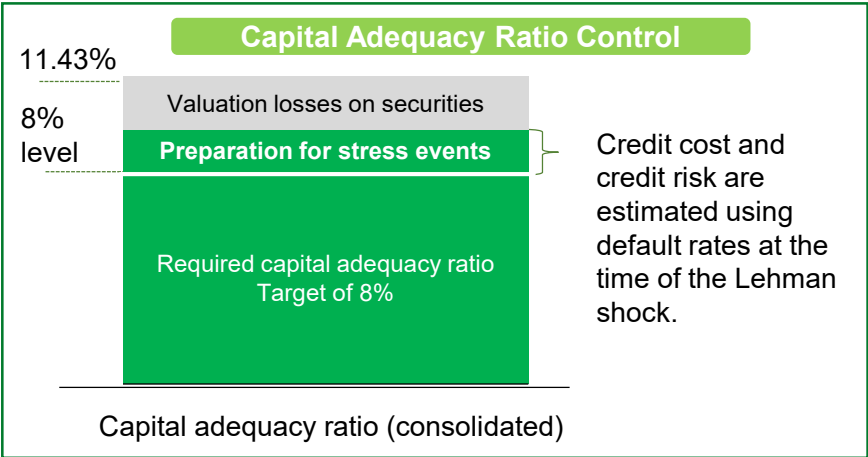
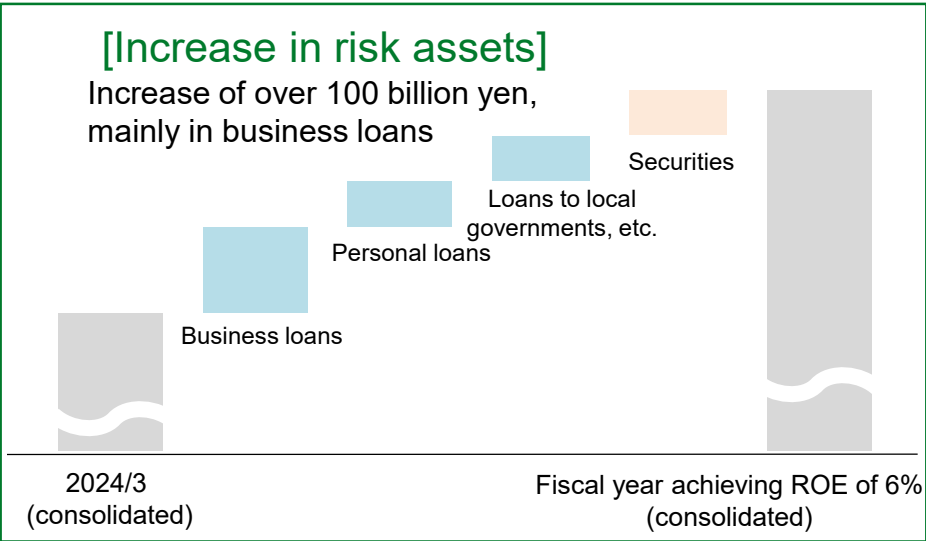
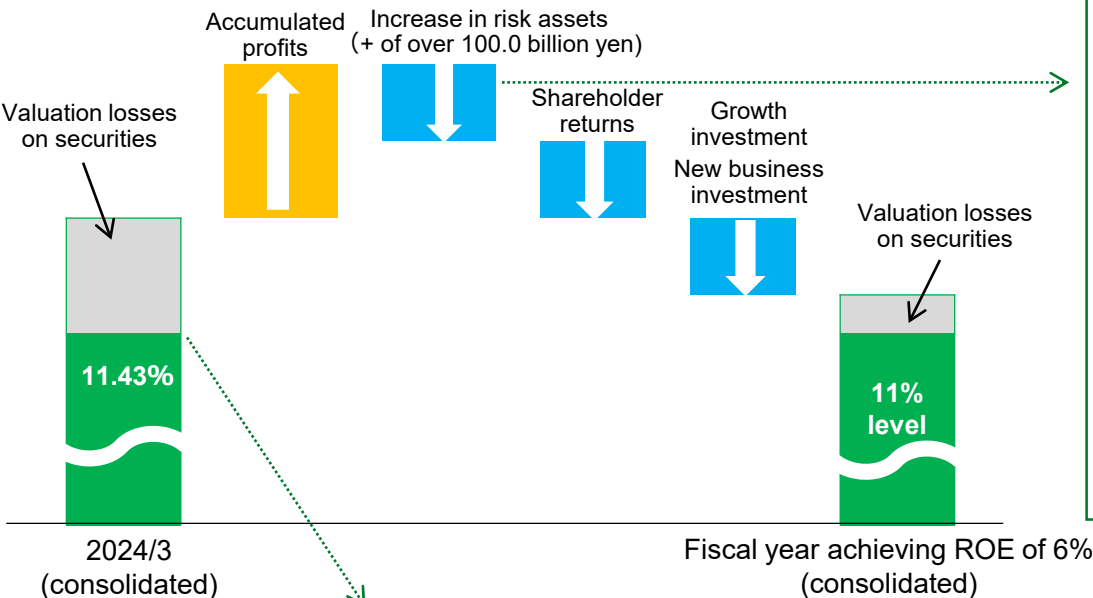
- Building closer relationships with homebuilders by utilizing Loan Plazas
- Promoting re-try for home loans, etc.

*1 RORA for return on loans

*2 Interest on loans ÷ Amount of loans

Financial Leverage Control (Appropriate capital management)

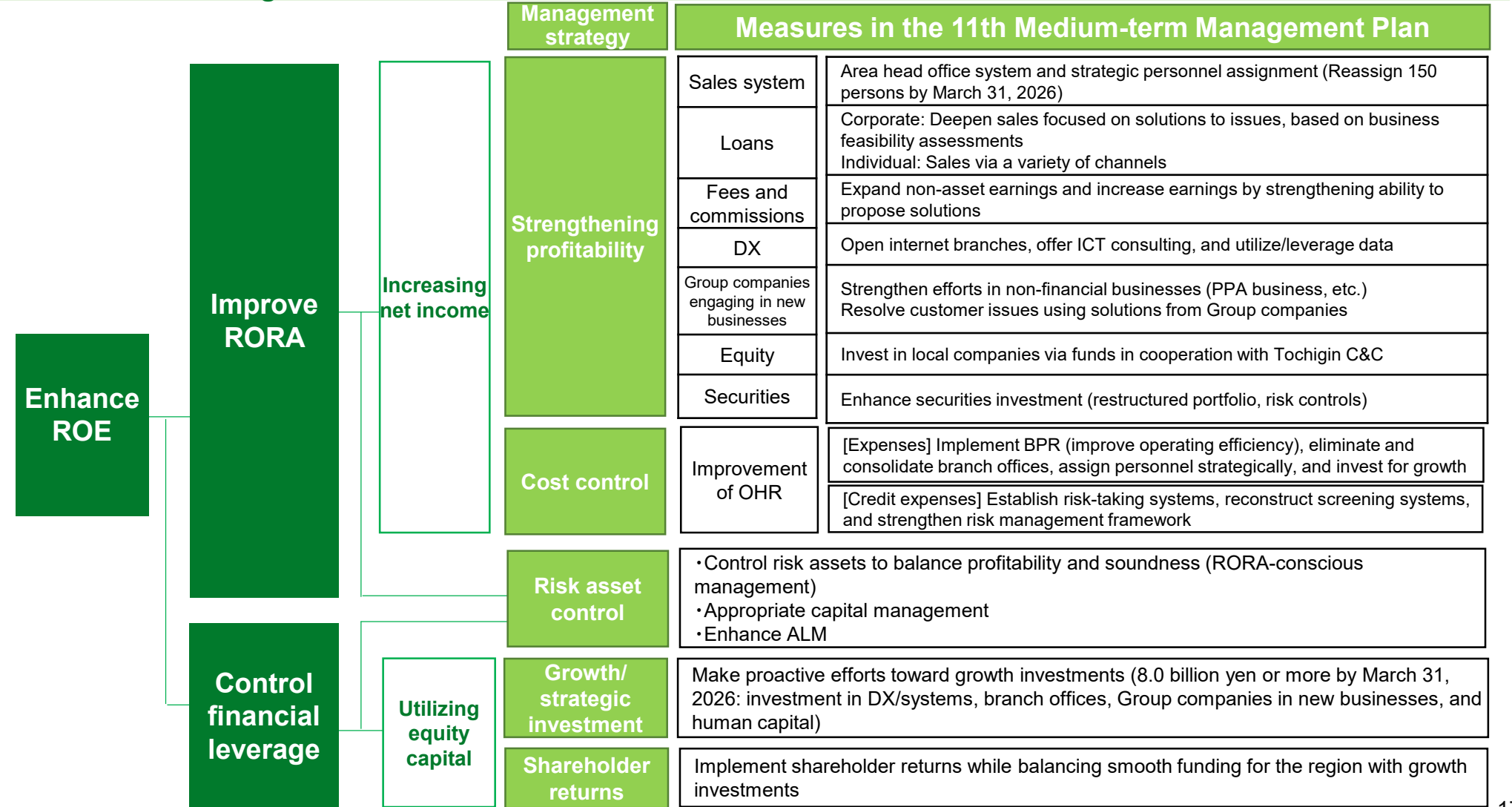
Capital Allocation (for illustration purpose)



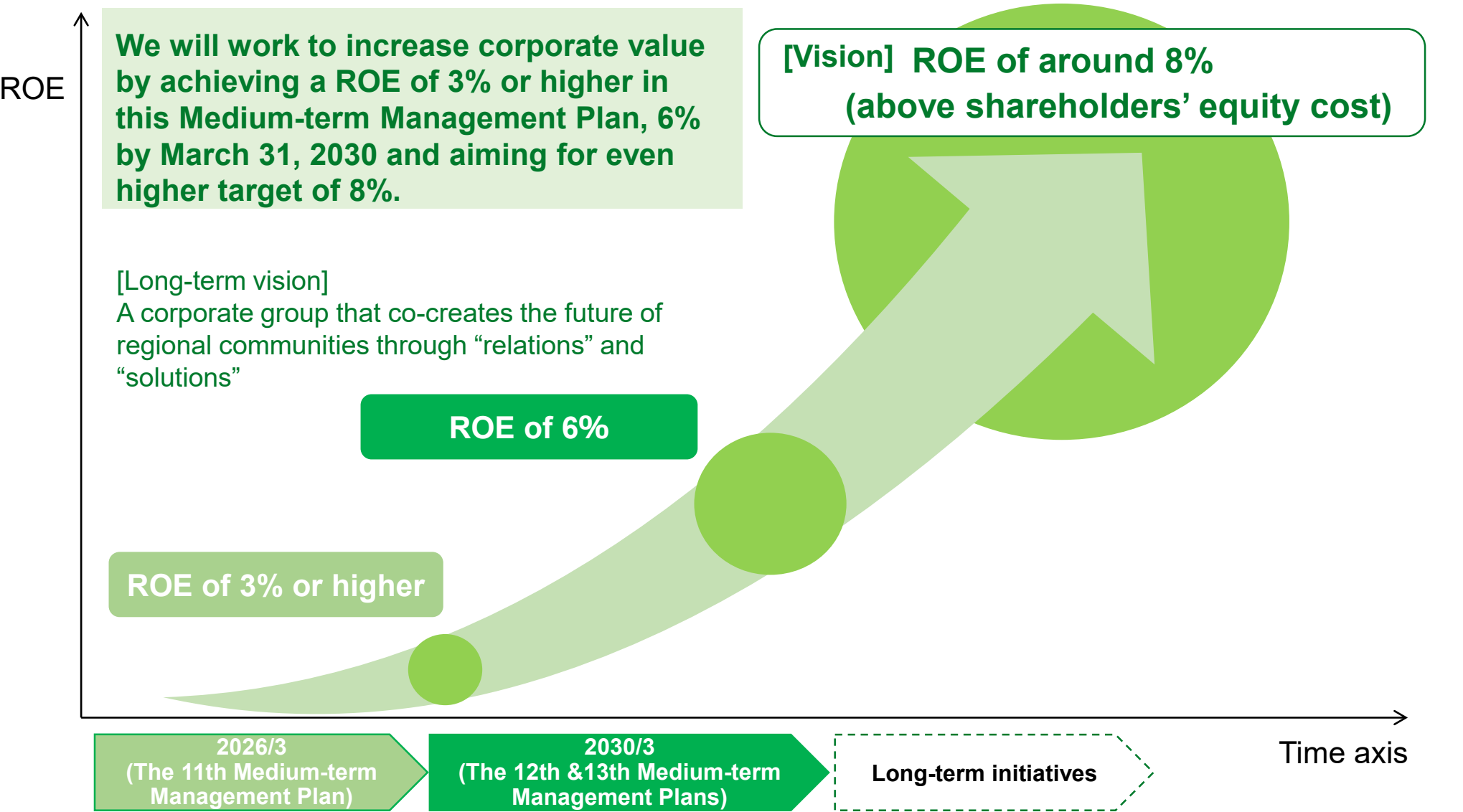
- A certain amount of internal reserves will be required to build up assets such as business lending, etc.
- Growth investment (DX, human resources, equity, etc.) and investment in new businesses will also be required.
- We will strive to reduce valuation losses on securities and restructuring the portfolio, while at the same time considering a review to strengthen our shareholder returns policy, through securing appropriate capital adequacy.

Efforts to Achieve ROE Targets under the Medium-term Management Plan

The five management strategies to enhance ROE ((1) Strengthening profitability, (2) Cost control, (3) Risk asset control, (4) Growth/strategic investment, and (5) Shareholder returns) are reflected in the measures of the 11th Medium-term Management Plan.

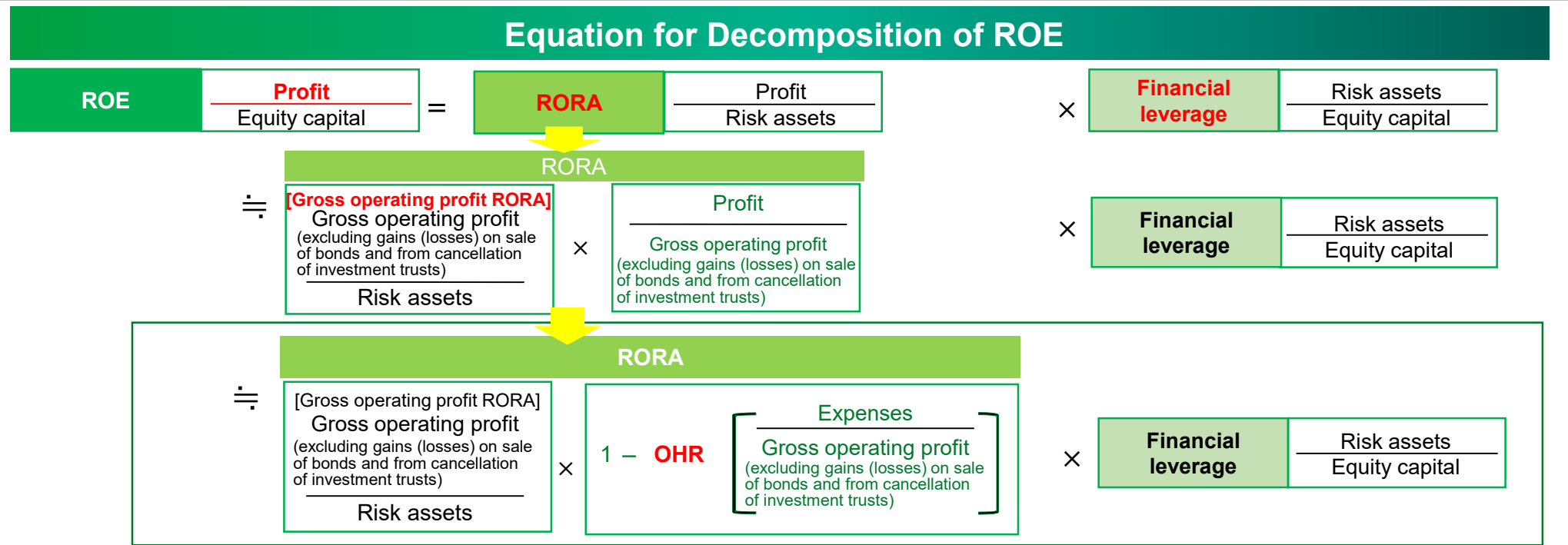


Vision of Improving ROE



* The plan assumes an increase in the policy rate in the future.

Targets for Management Indicators, etc., toward ROE of 6%



Targets for Management Indicators, etc. to Achieve ROE of 6%

We will work on each measure based on the targets for core net business profit, profit, RORA, gross operating profit RORA, OHR, and financial leverage, as key indicators to achieve ROE of 6%.

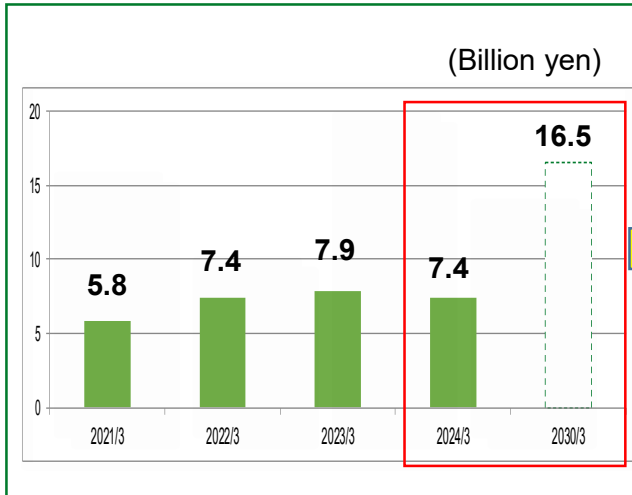
Item	2024/3	Targets to achieve ROE of 6%
Core net business profit (excluding gains (losses) from cancellation of investment trusts)	7.4 billion yen	16.5 billion yen
Profit (consolidated)	2.1 billion yen	10.0 billion yen
RORA	0.14%	Around 0.6%
Gross operating profit RORA	1.9%	Around 2.4%
OHR	74.5%	Around 58%
Financial leverage		Maintain the current level of 9 to 10 times

Accumulation of Core Net Business Profit and Improvement of OHR

Accumulation of Core Net Business Profit

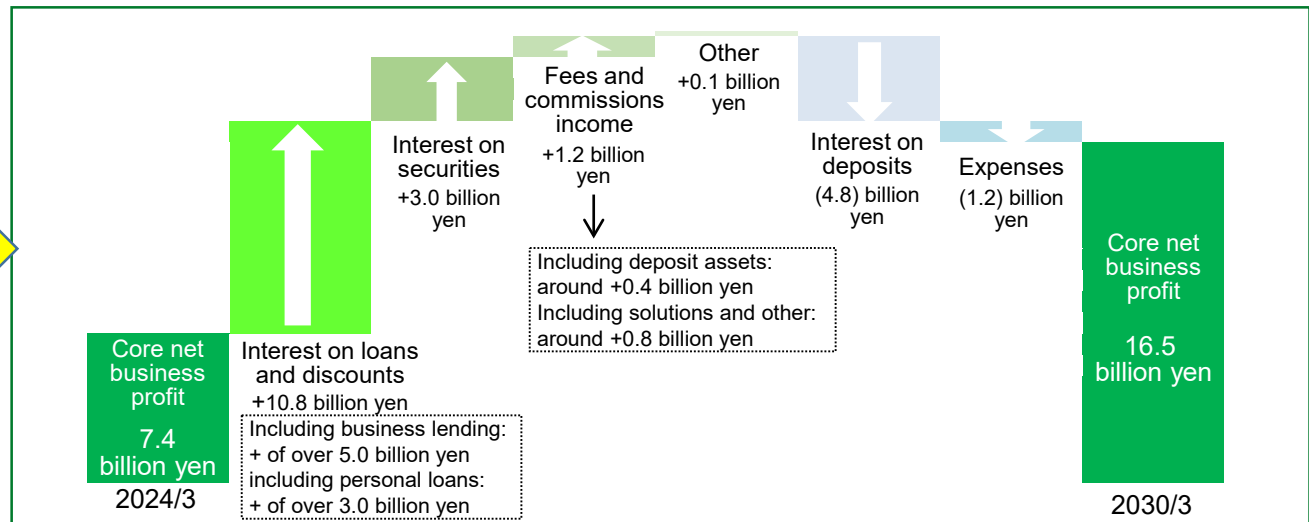
(excluding gains (losses) from cancellation of investment trusts)

Trends in Core Net Business Profit



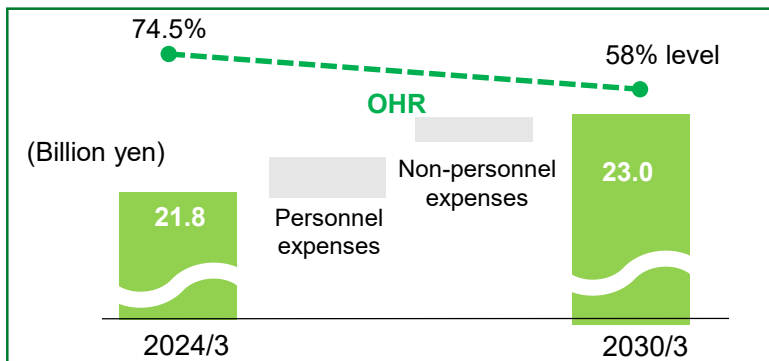
* The plan assumes an increase in the policy rate in the future.

Accumulation of Core Net Business Profit to achieve ROE of 6%



Improvement of OHR

Expenses plan



	(Billion yen)		
	2024/3	2030/3	Difference
Expenses (Personnel expenses + Non-personnel expenses + taxes)	21.8	23.0	1.2
Gross operating profit (excluding gains (losses) on sale of bonds and from cancellation of investment trusts)	29.3	39.7	10.4
OHR (Expenses / Gross operating profit)	74.5%	58% level	(16.5%)

Increase profits by aggressively investing for growth while reducing unnecessary expenses through BPR

[Growth investments]

Personnel expenses: starting wages, base-pay increase, investment in human resource development, etc.
 Non-personnel expenses: investments in DX/system development, branch offices, etc.

The 11th Medium-term Management Plan

—Progress status—

The 11th Medium-term Management Plan (Overview)

Theme

Realize the Provision of New Value

Term of the plan: from April 2023 to March 2026

Basic Strategies

Basic strategy 1: Strengthening profitability

—Evolution (deepening) of regional financial business and reinforcement of earnings structure—

- Delivery of “highly specialized solutions” face to face directly and indirectly
- Deeper risk-taking and consulting capabilities starting with business feasibility assessments
- Total support for life design
- Promotion of DX
- Creation of demand by resolving regional issues

Basic strategy 2: Strengthening the system

—Promotion of structural reforms and reinforcement of management base for the future—

- Revamp of the sales system/branch system depending on area characteristics
- Enhancement of sustainability promotion system —Creation of new businesses and services—
- Sophistication of risk management
- Reinforcement of the Group governance
- Enhancement of capital strategy and shareholder returns policy

Basic strategy 3: Strengthening investment in human capital

—Foundation of sustainable management—

- Improvement of internal environment
- Cultivation of the “Tochigin mindset”
- Enhancement of human resource development
- Cultivation of a new organizational culture/climate

Targets for Management Indicators (in Final Fiscal Year of the Plan)

Core net business profit (excluding gains (losses) from cancellation of investment trusts)	Profit attributable to owners of parent	ROE (consolidated, based on shareholders' equity)	OHR (based on gross operating profit)	Capital adequacy ratio (consolidated)
¥8.5 billion or more	¥5.5 billion or more	3.0% or higher	72% level	11% level

The 11th Medium-term Management Plan (Result)

Basic Strategies: Main Initiatives

Basic strategy 1: Strengthening profitability
—Evolution (deepening) of regional financial business and reinforcement of earnings structure—

- Non-face-to-face:** Expand app and web service functions, promote cashless, and promote Toshin Direct
- Direct face-to-face:** Serve high-net-worth individuals/business owners and expand corporate employee sales
- Indirect face-to-face:** Promote sales through direct center and solution sales through the web by specialized personnel at Head Office

Basic strategy 2: Strengthening the system
—Promotion of structural reforms and reinforcement of management base for the future—

- Expand downsized branch offices, eliminate and consolidate branch offices
- Create new business ideas
- Reinforce cybersecurity
- Securities investment strategies (market risk management)
- Ensure thorough customer-oriented business operations
- Prevent money laundering

Basic strategy 3: Strengthening investment in human capital
—Foundation of sustainable management—

- Development of internal environment:** Implement health and productivity management, introduce secondary job system, promote advancement of women, enhance engagement, etc.
- Development of human resources:** Visualize skills, develop specialists, expand training and self-improvement contents, etc.

Progress on Management Targets (March 2024)

		First fiscal year Target	First fiscal year Result	Achievement ratio
Profitability indicators	Core net business profit (excluding gains (losses) from cancellation of investment trusts)	¥7.2 billion	¥7.4 billion	102%
	Profit attributable to owners of parent	¥2.0 billion	¥2.1 billion	105%
Efficiency indicators	ROE (consolidated, based on shareholders' equity)	1.15%	1.20%	—
	OHR (based on gross operating profit (excluding gains (losses) on the sale of bonds and from cancellation of investment trusts))	75%	74.52%	100%
Soundness indicator	Capital adequacy ratio (consolidated)	11% level	11.43%	—

Growth Investment and Strategic Personnel Assignment

“Strengthen Sales Force” through Growth Investment and Strategic Personnel Assignment

We will provide highly specialized solutions by deploying our human resources to “operations that only people can perform (through direct and indirect face-to-face channels),” which is one of our strengths.

Growth Investment

Invest ¥8.0 billion or more in total (for 3 years)

Strategic Personnel Assignment

Reassign 150 personnel in total

Investment results (March 2024) (Million yen)

Item	Plan	Result	
DX and systems	3,000 – 3,500	920	Introduction of OA systems and smartphones Banking applications, electronic contracting services, property custody management systems, RPA, transaction filtering systems
Branch offices	3,000 – 3,500	680	Reconstruction, elimination and consolidation of branch offices
New Businesses, Group companies, and equity	1,000 – 1,500	120	New business: training program Equity: C&C Agricultural Corporation Fund
Human capital	300 – 500	400	Human resource development (training cost) Base-pay increase
Total	8,000 or more	2,120	Achievement: 26.5%

Reassignment results (March 2024) (Persons)

	Target	Result	Purpose, timing, etc.
Corporate Business Division (increase in personnel)	20	5	Strengthen consulting support system
External relations in general (reassignment)	30	33	Strengthen sales force
Area head office system	30	—	Preparing to launch
Customers Centers	40	—	Preparing to launch
DX/IT sections, Group companies, new business fields, etc.	30	6	
Total	150	44	Achievement: 29%

The 11th Medium-term Management Plan

—Basic strategy initiatives—

Corporate Customer Strategy (1)

—Strengthen SME loans—

Deepen sales focused on solutions to issues, based on business feasibility assessments

We will meet the diverse needs and expectations of our customers by deepening our sales activities with a focus on solutions to issues, starting with business feasibility assessments based on the relationship skills and in-depth dialogue we have cultivated over the years.

Initiatives

Strategy planning and execution based on analysis of the current status for areas and industries

Deepen sales activities focused on solutions to issues

- (1) Deeper risk-taking
Expand creditworthy customer base and range of acceptable risks
- (2) Deeper consulting
Offer consulting that goes beyond superficial solutions to issues

Practice (1) and (2) to create a virtuous cycle of consulting-driven financing and financing-driven consulting

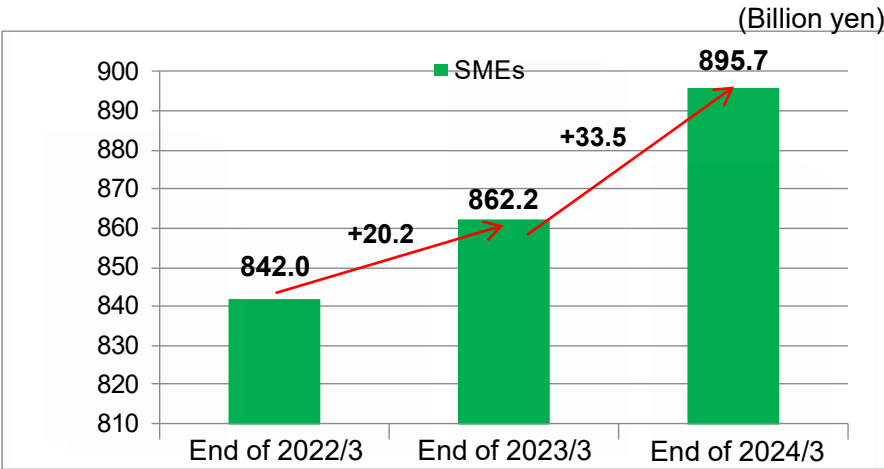
Select and focus on key issues of companies

Support for:

- (1) Growth toward “development” of regional economies and companies
- (2) Business succession toward “sustainability” of regional economies and companies
- (3) ESG/SDGs toward “diversity” of regional economies and companies

Strengthen sales activities focused on solutions to issues to solve three key issues

Trends in SME loans



KPI (The 11th Medium-term Management Plan)

	2024/3 (Target)	2024/3 (Result)	Achievement
Number of cases of consulting	2,620 cases	4,064 cases	155%
Amount of loans originated (*1)	¥52.5 billion	¥100.3 billion	191%
Increase in the Number of core customers	250 customers	203 customers	81%

*1: Amount of loans originated resulting from consulting services

Corporate Customer Strategy (2)

—Expand earnings from solutions—

Provide appropriate solutions for each life stage of companies

Founding period

One-stop support for founding & new businesses

Business Plan Contest
Discover and foster regional core companies in the future



Loans support for founding & new businesses cumulative)

2016/3 – 2024/3

Cases:	3,623 cases
Amount:	35,709 million yen

As part of our efforts to promote sustainable growth of our customers, we provide appropriate financing and consulting services for each life stage in cooperation with experts and external partners.

Growing period

Support for growth & core business

Business meetings
Support expansion of sales channels



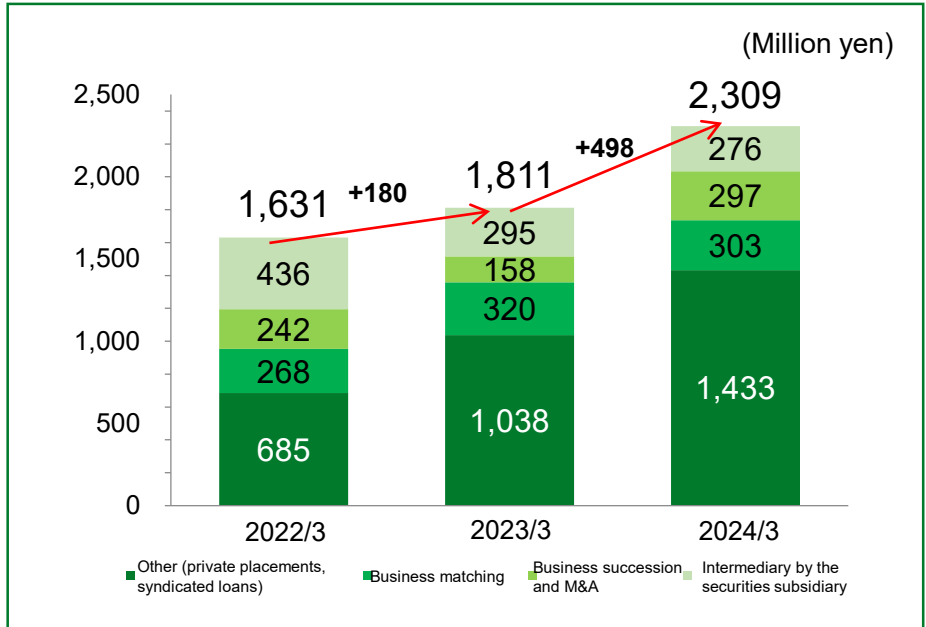
Paid business matching agreements concluded

2022/3	617 agreements
2023/3	666 agreements
2024/3	685 agreements

* 2024/3 includes 57 agreements signed at business meetings.

Trends in Fees for Solutions

Balance between resolving customer issues and increasing the Bank's profits



Maturing period

Support for business succession

Provide business succession consulting services using V-Compass (corporate valuation report creation system)

Number of M&A requested		Number of M&A contracted	
2023/3	88 cases	2023/3	29 contracts
2024/3	81 cases	2024/3	25 contracts
(including 56 cases through "Tochigi-no Musubime")		(including 18 cases through "Tochigi-no Musubime")	

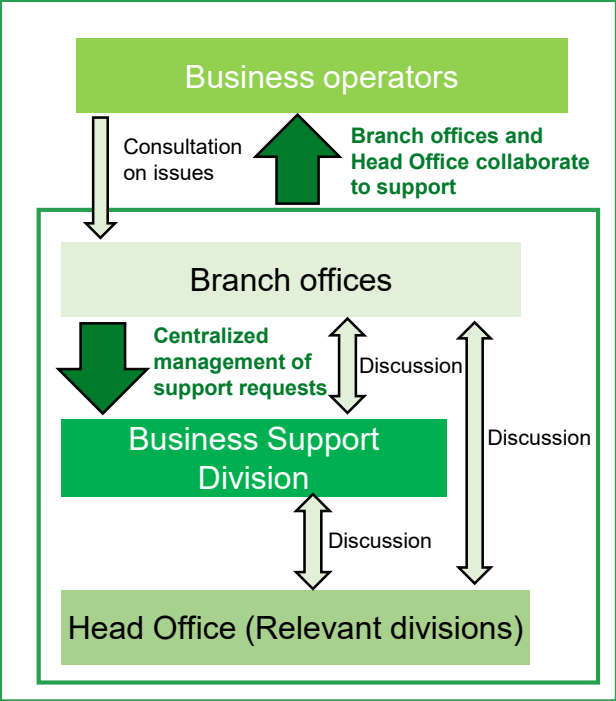
Corporate Customer Strategy (3)
—Enhance business support—

Strengthen business support through collaboration between branches and Head Office

We will promote support for businesses by not only providing support at the request of branch offices, but also by exploring and delivering measures to support businesses from the Head Office to identify latent issues from the perspective of each division of the Head Office and provide optimal solutions in a timely manner.

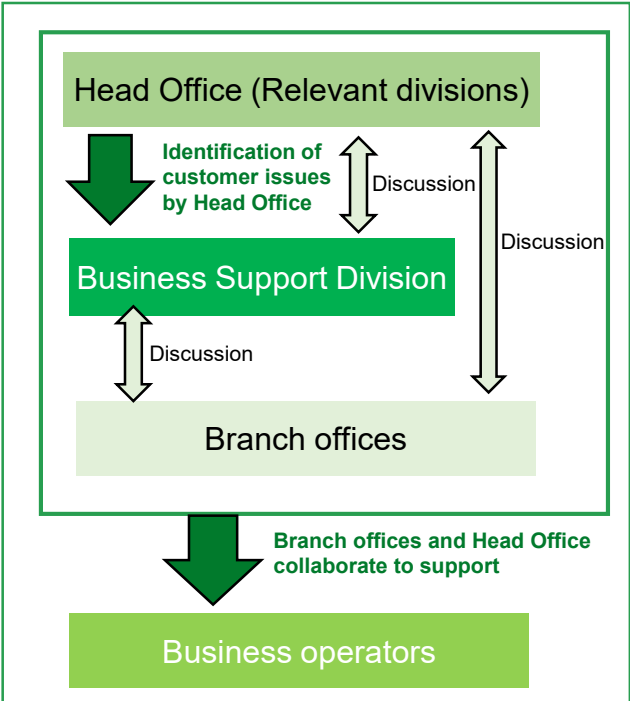
Business support managed horizontally (centralized management)

The Business Support Division implements “business support” through centralized management of customer issues identified by branch offices and multifaceted discussions with relevant divisions.



Business support delivered from Head Office

The Head Office implements “business support” by identifying issues that branch offices do not recognize and latent issues that business operators are not even aware of.



Resolution of business issues

Registered Completed
Total of all fields: 70 cases 51 cases
(Completion of 72.8%)

Growth field support		Registered	Completed
1	Digitalization (DX)	19	14
2	Sales channel introduction	7	6
3	Environment/healthcare/agriculture	6	5
4	Financing	4	2
		36	27

Revitalization field support		Registered	Completed
1	Utilization of outside consultants	18	12
2	Financial improvement	5	3
3	Preparation of planning documents	3	3
4	Digitalization (DX)	1	0
		27	18

Other supports		Registered	Completed
1	Utilization of outside consultants	6	5
2	Inheritance tax measures	1	1
		7	6

Individual Customer Strategy (1)
—Personal loans—

Strengthen sales through a consultation system via a variety of channels

We have established a consultation system for customers via a variety of channels, including direct face-to-face at our six Loan Plazas, indirect face-to-face at our Direct Centers (call operations), and non-face-to-face on the web.



Initiatives (Channel Strategies)

Loan Plaza (Direct face-to-face)

- Closer relationships with homebuilders
- Provide loan consultation service at Loan Plazas staffed by specialists

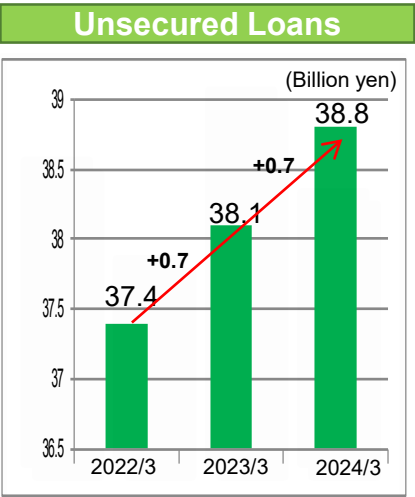
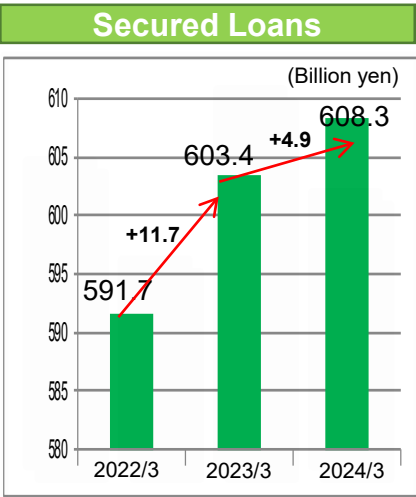
Direct Center (Indirect face-to-face)

- Proposal of products by telemarketing professionals, using data
- Implement telemarketing with calling lists, using AI and data.
(Propose the right products for customers who have needs)
- Operate at two locations in Utsunomiya city and Koshigaya city

WEB (Non-face-to-face)

- Provide products to be transacted completely on the web for 24 hours a day and 365 days a year
- Support customers who are unable to visit our branches during bank business hours with more products to be transacted completely on the web
- Provide loan consolidation consultation through Life Plan Consultation Service

Trends in Balance of Personal Loans



KPI (The 11th Medium-term Management Plan)

	2024/3 (Target)	2024/3 (Result)	Achievement
Secured loans originated	1,700 cases	1,472 cases	86.5%
Unsecured loans originated	5,400 cases	5,233 cases	96.9%

Individual Customer Strategy (2)
—Financial services—

Strengthen consulting capabilities by leveraging digital technology

We are committed to support customers to realize stable medium- to long-term asset building in preparation for the era of 100 years of life, by working closely with them on their issues and needs. To that end, we will provide consulting services leveraging our digital tools and sales channels.

Digital Tools for Sales

Power up proposal capabilities through digital consulting

Tochigin Port Navi
(Face-to-face tool)

Portfolio diagnosis and tailor-made proposals



LifePlan Simulation
(Non-face-to-face tool)

Simulation of life planning design on our website

[Color-coded graph of money] [Trend graph of assets]



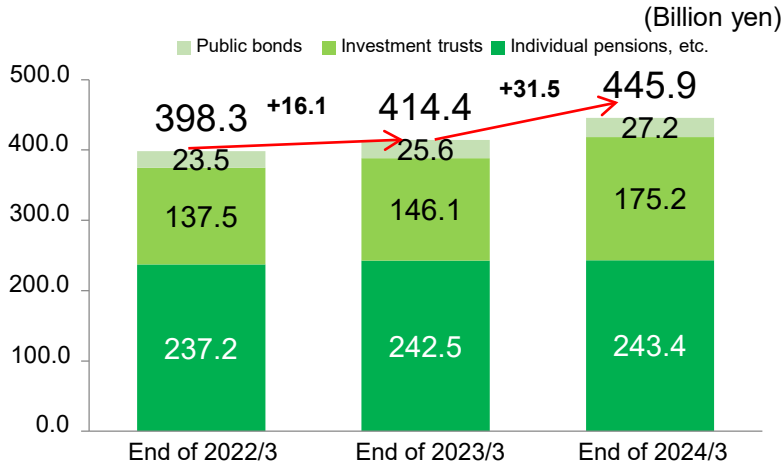
Consultation on various matters through the Life Plan Consultation Service (WEB)

Future Initiatives

Services from the Customer Service Centers (indirect face-to-face tools)

Provide financial services over the internet by specialized staff using a web interview system
•NISA Consultation Centers •Support and follow-up for corporate employee sales, etc.

Trends in Balance of Deposit Assets



KPI (The 11th Medium-term Management Plan)

	2024/3 (Target)	2024/3 (Result)	Achievement
Balance of investment trusts	¥168.4 billion	¥175.2 billion	104.0%
Number of investment trust holders	67,300 cases	71,780 cases	106.6%
Number of NISA accounts	36,400 cases	35,568 cases	97.7%

DX Strategy (1) —Individual customer—

Provide applications that can fulfill customers' "requests"

By enhancing the functions of the Tochigin App, we will improve customer convenience to increase the number of subscribers.

Phase 1 & 2 (2024/3)

[Balance and statement display function]

- Liquid deposits
- Time deposits
- Loans ○Investment trusts
- Super Point

[Funds transfer function]

- Deposit transfers
- Time deposit account opening, deposit/withdrawal
- Card loan borrowing and repayment

[Notifications]

- Change of address and phone number

[App functions]

- Trend graph of total assets and deposits/withdrawals
- Account information/transaction details
- Web account switching (reservation)
- Notification function (payroll deposit, etc.)

Phase 3 (2025/3 – 2026/3)

[Change of registered information]

- Change of address
- Change of phone number
- Automatic marketing functions
- Easy Passbook App
Transfer of user's statement data
- Introduction of Corporate Employee App
- Life plan
Consultation service

Phase 4 (2027/3)

[Funds transfer function]

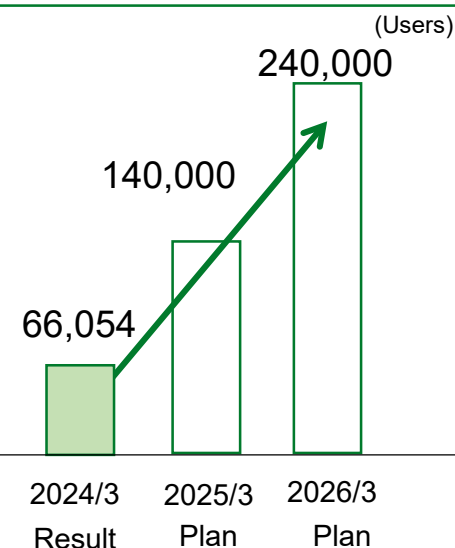
- Remittance (to other banks)
- Small remittance ("COTRA")
- Tax and utility bill payment

[Applications] (eKYC function)

- Savings account opening
- Investment trust account opening

Opening and operation of an internet branch

Raise the number of registered users of the App



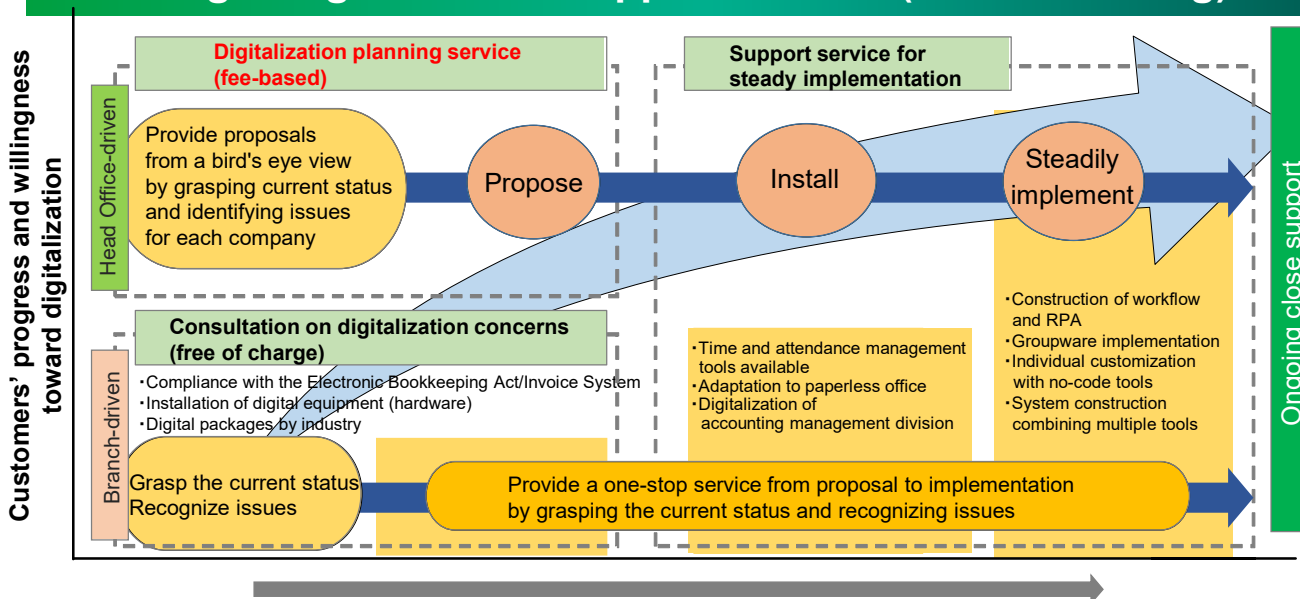
In March 2024, it became possible to change address and phone number on the App.

DX Strategy (2) —Corporate customer—

Support digitalization of business operators

We support our customers' digitalization by providing a variety of DX services to meet their increasingly diverse and sophisticated needs.

Tochigin Digitalization Support Service (ICT Consulting)



Mikatano Service



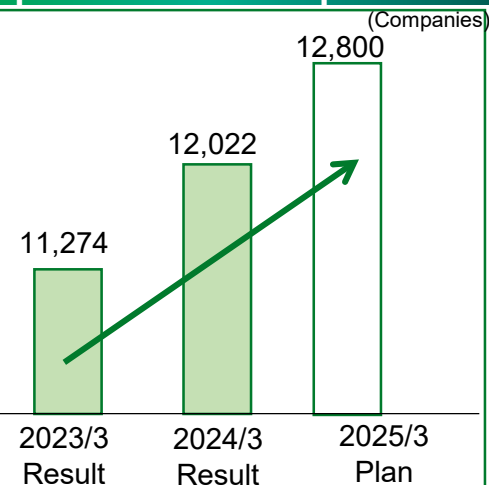
Available for:

- Electronic Bookkeeping Act
- Invoice System
- Cash Management

Mikatano Digital Package



Number of corporate IB subscriptions



To further improve the convenience of our corporate IB customers, we distribute useful information via e-mail.

Build data lake

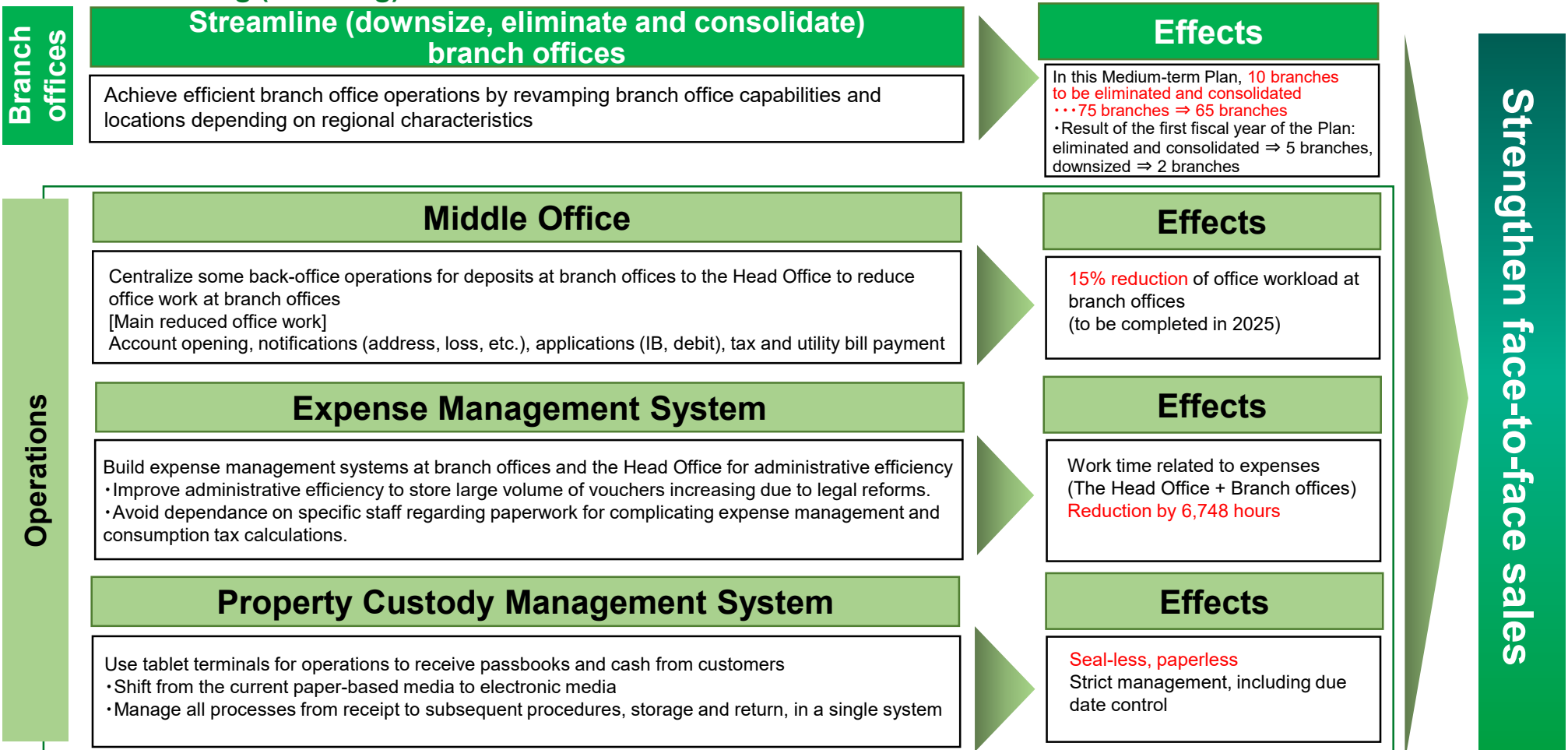
Preparations are underway to build a data lake.

- Explore how to utilize the collected data
- * Target areas: Product planning, business administration, screening & rating risk management, consulting
- System vendor selection, etc.

Downsizing and Consolidation of Branch Offices, and Streamlining of Business Operations

Further transform branch offices from “places of office work” to “place of sales”

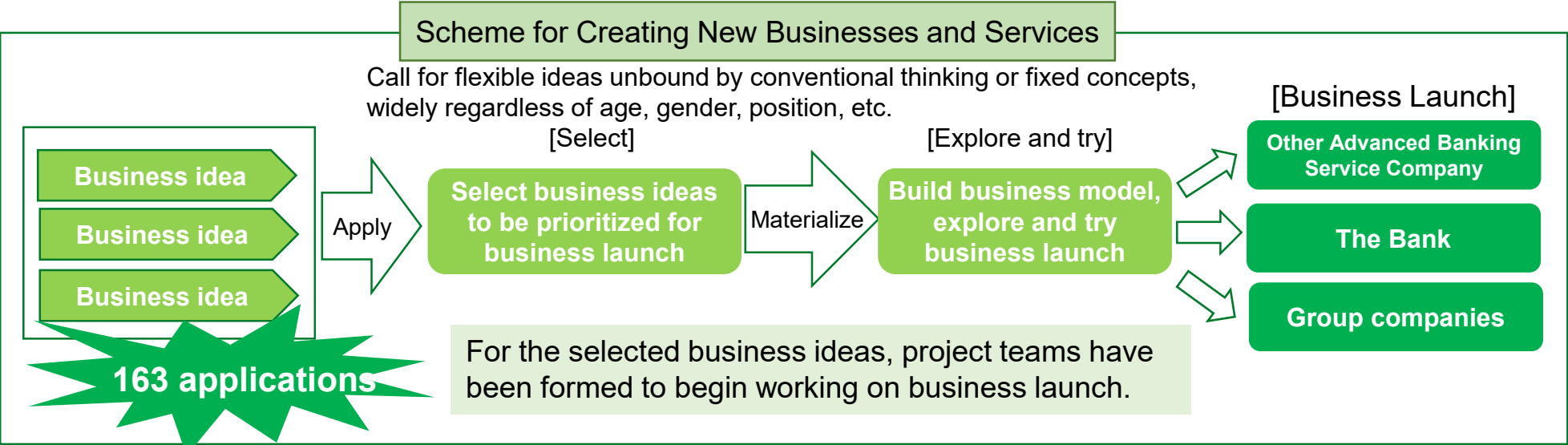
We will “realize the provision of new value” for customers by investing management resources in face-to-face sales, which only people can do, by streamlining (downsizing, eliminating and consolidating) branch offices and streamlining (reducing) office work at branch offices.



New Business (New Service) Strategy (1)
—New business ideas—

Create new businesses based on employees' ideas

Financial institutions, which are the solution providers for regional issues, are expected to be sensitive to diversified issues and work together with regional communities to solve them beyond our conventional framework of finance. We will create new businesses by soliciting ideas for new businesses and services from a wide range of people within the Bank (the Head Office and branch offices).



Review Clean Energy Solutions Co., Ltd.

Clean Energy Solutions Co., Ltd., established in March 2023, is a company in the energy field that was launched into business based on an idea of our employee. One year has passed since its establishment, and the company is steadily achieving results, including contracts with excellent local companies (CAWACHI LIMITED and MANI,INC.).

	Target	Result	Achievement
Number of contracted facilities	47	50	106%
Contracted capacity	10,000kw	10,672.65kw	107%
Number of operating facilities	10	8	80%
Operating capacity	2,500kw	2,016.51kw	81%

New Business (New Service) Strategy (2) —The Graduate School of Project Design—

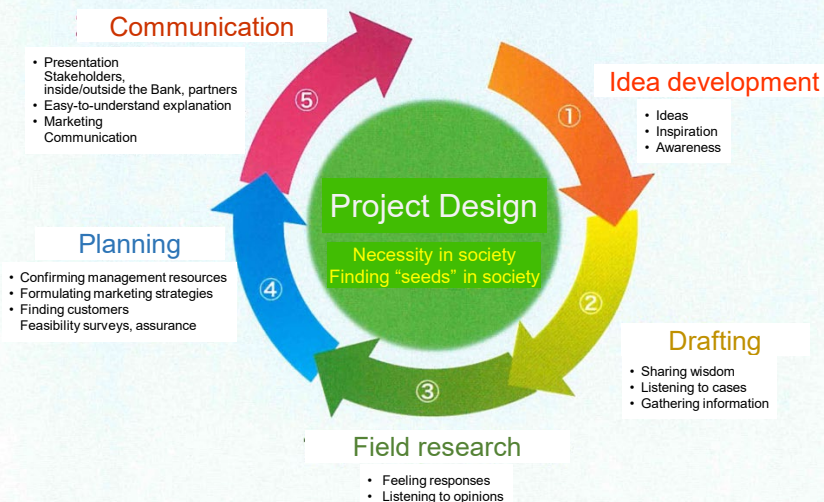
Open the “New Sustainability Business Project Research” course for the creation of new businesses and services.

In the 11th Medium-term Management Plan, under the theme of “Realize the provision of new value,” we aim to become a corporate group that co-creates a sustainable regional future by taking on the challenge of new business fields that go beyond our conventional framework of finance. As an effort to realize this goal, we have opened the “Sustainability New Business Project Research” course.

Project overview

Commit to creating highly feasible businesses that contribute to solving social issues by taking advantage of the abundant resources in the region for business design, including idea development, drafting, marketing, and planning.

Framework and flow diagram of the business design



Purpose of opening the course

- Develop human resources capable of designing new businesses by back-casting from the future of the “community” and “customers”
- Foster a new organizational climate in which innovation is created throughout the Bank
- Provide value to the region by creating new businesses and services

Instructor : The Graduate School of Project Design, Advanced Academic Agency

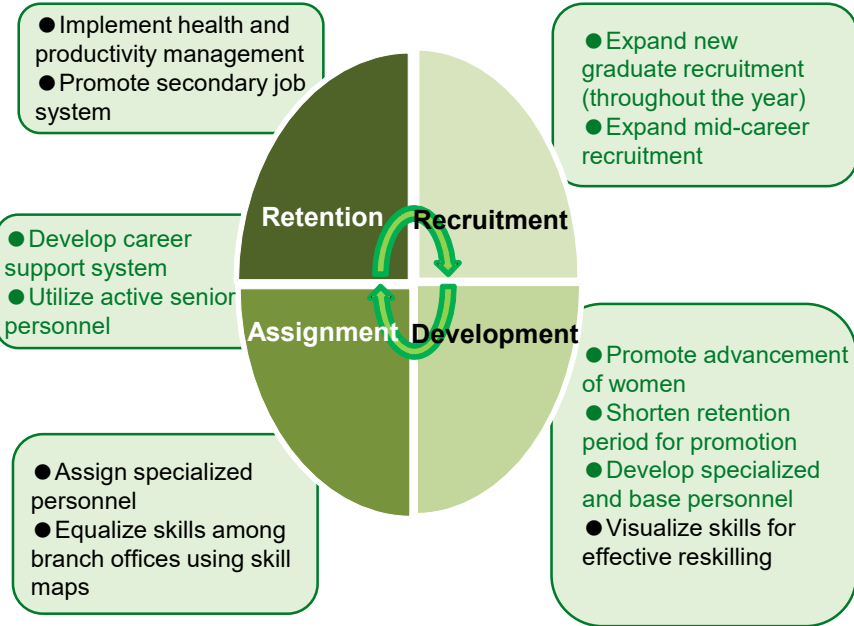
Term : November 2023 - October 2024

Participants: 12 bank employees of various ages, genders, and positions

Human Resource Strategy (1)

- Measures are set for each of the four key elements: retention, recruitment, development, and assignment. (Each measure is linked to each element).
- Along with organizational culture transformation (from a long-term perspective), the strategy is to “develop the human resources we expect” with engagement improvement as the starting point.

Themes and measures for human resource strategy



Transformation of organizational culture and climate

- Continue dialogue
- Start new initiatives to create new businesses and services (Call for business ideas)
- Launch a new training program for project design (The Graduate School of Project Design)
- Continue the Human Resource Division caravan
- Continue the engagement improvement project
- Strengthen sustainability initiatives
- Achieve diversity, equity & inclusion

Vision

Achieve our long-term vision and sustainable management

Development of human resources we expect, and their success

Human resources for

- Relation
- Solution

PDCA cycle

Improve Employee Engagement

Survey and improvement measures for employee engagement

Human Resource Strategy (2)

“Invest more in human capital” and “develop more human resources”

Based on the human resource development policy, we will develop expected personalities “who can understand and practice various policies” and “who strive actively for their own growth.”

Investment in human capital

Raise in wages (including starting wages)

Wage: Average increase of 5%, including regular annual increase and base-pay increase

Starting wage: Increase for new bank employees by 15,000 yen
(For new college graduates, 205 thousand yen ⇒ 220 thousand yen)

Increase in training and development expenses

Total investment increase over 3 years after April 2023:
370 million yen

Annual training expenses per employee:
40,000 yen (2023/3) ⇒ 82,000 yen (2026/3)

Develop specialized human resources

2023/3 (Result)

2026/3 (Plan)

(Final fiscal year of the Medium-term Plan)

95 persons

115 persons

[Specialized qualifications KPI]

(Persons)

	2023/3	2024/3	2026/3
1st-grade Certified Skilled Professional of Financial Planning	47	46	55
SME management consultants/ management consultants	48	50	60
Total	95	96	115

* To develop base human resources (DX/IT), we are also working to increase the number of employees holding the IT Passport certification to 500 (2024/3: 90 persons).

Development of internal environment (foundation for human resource development)

Health and Productivity Management

Started on June 12, 2023

Reinstatement system

Started on June 1, 2023

Lifting the ban on secondary jobs

Started on May 1, 2023

Revision of appointment system

Revised on April 1, 2024

Initiatives for Sustainability

Initiatives for Diversity, Equity & Inclusion (1)

Develop a workplace where personnel can work energetically and contribute actively

In addition to support for the child-rearing generation, we will further foster an organizational climate that is open and lively with no difference in treatment between men and women. We will also push forward with efforts to develop ourselves as an organization that can leverage the diversity of all employees.

Promote advancement of women
(to managerial positions)

Percentage of female personnel in managerial positions
(deputy branch general manager, deputy investigator or higher)

Target (2026/3)	Result (2024/3)
16% or higher	14.1%



Encourage diverse work styles

Percentage of
male personnel taking childcare leave

Target (2024/3)	Result (2024/3)
80% or higher	125%



Platinum Kurumin

We support men to actively participate in childcare by implementing weekly no-overtime days and encouraging employees to leave the office by 7:00 p.m.

Percentage of
mid-career recruitment

Result as of March 31, 2024: 8.3%

Percentage of
employees with disabilities

Legally mandated employment rate: 2.30%
Actual employment rate by the Bank: 2.83%

Initiatives for Health and Productivity Management

“Health and Productivity Management Declaration”
(Established in June 2023)

The Tochigi Bank Group will contribute to the creation of a sustainable and prosperous regional communities by continuing to protect smiles and happiness while transforming problems into “thank you.” To this end, we believe that the health of each and every officer, employee, and their families is the source of our vitality, and we will promote initiatives to maintain and improve their physical and mental health, while striving to create a rewarding company where everyone can play an active, cheerful, and fulfilling role.

Major initiatives for
Health and Productivity Management

Employee engagement surveys	Stress tests
Smoking cessation recommendations and support	Simplification of receiving specific health guidance
Introduction of mental health training	,etc.

Health & Productivity Management
Outstanding Organizations

In March 2024, the Bank was recognized as one of “the 2024 Certified Health & Productivity Management Outstanding Organizations” selected by the Ministry of Economy, Trade and Industry (METI) in collaboration with the Nippon Kenko Kaigi.



Initiatives for Diversity, Equity & Inclusion (2)

Initiatives to improve “Engagement”

We aim to understand the status of all employees’ workplaces and organizations to improve their relationships (engagement improvement) with the company and workplaces through PDCA cycle of human resource measures, etc., thereby increasing their productivity and performance.

Sorting out issues: Engagement survey

The following items are surveyed among all bank employees to identify and sort out current issues related to their work and work environment.

Item (three key indicators)	Description
Sense of belonging	Degree of attachment to the company and workplace, job satisfaction, etc.
Sense of contribution	Degree of awareness of contribution to the company and workplace
Immersion/enthusiasm for work	Degree of satisfaction from work

Item	Description
Well-being	Happiness through life, relationships, and work
Overall psychological safety	Free and open-mindedness, positive attitude
Good collaboration in workplace	Relationship building
Readiness to enjoy diversity	Climate that embraces working with a variety of colleagues
Recognition from company	Degree to which the company and supervisors recognize the existence of employees and treat them as individuals with respect

Specific actions: Launch of project teams

Launch project teams (PTs) to resolve issues identified from the engagement survey and work on each measure

[Project Teams]

PT for active communication within the Bank

PT for good work environment for in-office clerical work

PT for horizontal relationship between Head Office and branch offices

*Middle-level and younger staff at branch offices are also selected as members of the project teams to reflect the opinions from the workplace.

Aiming for

Improvement and remediation of priority improvement items

Transformation of organizational climate

Initiatives for Environment —TCFD—

Response to climate change (initiatives for TCFD recommendations)

The Group will contribute to the sustainable development of the region by promoting the decarbonization of its customers and the Bank.

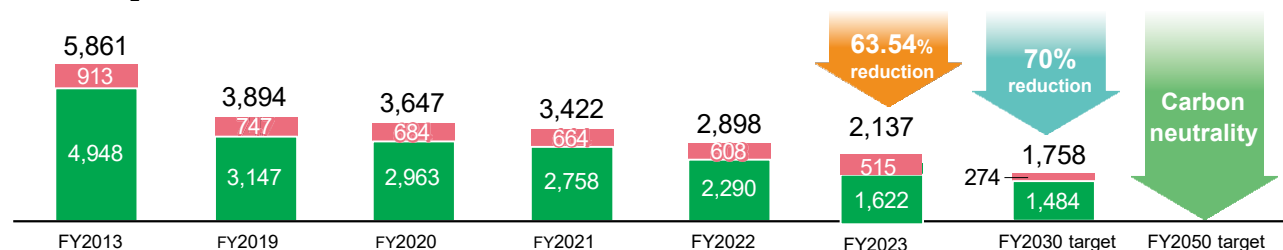
Reduction of CO₂ emissions

Target for reduction of CO₂ emissions

We aim to reduce CO₂ emissions by 70% compared to fiscal 2013 by fiscal 2030, and become carbon neutral by fiscal 2050.

- Scope 1 (direct emissions) • Direct CO₂ emissions from the Bank. Vehicle gasoline consumption, gas used, etc.
- Scope 2 (indirect emissions) • Indirect CO₂ emissions from use of electricity, etc. supplied by other companies

Unit: t-CO₂



• Calculated from periodic reports based on the provisions of the Act on Rationalizing Energy Use (so-called Energy Saving Act)
 • Calculation of emissions including from six Group companies

Sustainability finance

Target for sustainability finance

¥85.0 billion or more

(by March 31, 2026)
Target of the Medium-term Plan

	As of March 31, 2024
Target for FY2023	¥30.0 billion
Result	¥60.8 billion

ESG/SDGs financing

- Social sector**
 - Lending to eligible sectors (healthcare, welfare, public health and sanitation, education, and agriculture sectors)
 - Financing for other evaluations of initiatives by eligible companies (charitable private placement bonds and start-up support financing)
- Environmental sector**
 - Lending to eligible businesses (renewable energy businesses and introduction of/upgrading to energy-saving equipment)
 - Other financing (lending for local decarbonization lending promotion interest subsidy programs, etc.)

Financing to support our customers in their efforts to address SDGs and ESG

Tochigin Green Loan

Tochigin Sustainability-linked Loan

[Result]

6 loans totaling ¥780 million

Initiatives with the Regional Communities

Aim for sustainable community development in partnership with local governments

Under on our management philosophy of “contributing to the creation of prosperous regional community,” we will keep contributing to the realization of sustainable regional communities in partnership with each local government.

Initiatives based on partnership agreements with local governments

Partnership agreements with 10 local governments

In December 2023, we concluded a new “Comprehensive Partnership Agreement” with Nasushiobara City. This brings the total number of local governments in Tochigi Prefecture with which we have concluded partnership agreements to 10 (prefecture, cities and towns).

Initiatives

While leveraging the intellectual and human resources, such as information and networks possessed by both parties, we will work on industrial development, etc., taking advantage of the regional characteristics and resources, to realize sustainable development of the regions.

Resolving regional issues

Target for the Medium-term Plan
(by March 31, 2026)

12 issues



Result for the first FY of the Medium-term Plan
(as of March 31, 2024)

10 issues

Initiatives for Nature Positive

- In December 2023, the Bank and Nasushiobara City made a “Joint Declaration for the Realization of a Nature Positive Economy.”
- Nature Positive means “to stop the loss of biodiversity and put it on the path to reversal and recovery.” We will aim to realize a sustainable environmental city and co-create a prosperous regional community (creation of Regional Circular and Ecological Sphere) with Nasushiobara City.

[Details of the joint declaration]

- (1) Raise biodiversity literacy
- (2) Realize Nature Positive
- (3) Contribute to the development of regional industries through the promotion of Nature Positive
- (4) Create synergies through integrated promotion of Nature Positive, Carbon Neutrality and Circular Economy





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