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(Securities Code: 8550)

June 1, 2023

(Start date of measures for electronic provision: May 31, 2023)

To our shareholders:

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

Notice of the 120th Annual General Meeting of Shareholders

We are pleased to announce the 120th 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 Tuesday, June 27, 2023, at 5:00 p.m. (JST).

- 1. Date and Time:** Wednesday, June 28, 2023, at 10:00 a.m. (JST)
(Reception will open at 9:00 a.m.)
- 2. Venue:** Small Hall, Utsunomiya city Cultural Hall, 7-66 Akebonocho, Utsunomiya, Tochigi Prefecture
- 3. Purpose of the Meeting:**
 - Matters to be reported:**
 1. The Business Report and the Non-consolidated Financial Statements for the 120th fiscal year (from April 1, 2022 to March 31, 2023)
 2. The Consolidated Financial Statements for the 120th fiscal year (from April 1, 2022 to March 31, 2023), 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 Nine Directors
 - Proposal No. 3:** Election of One Auditor

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 120th 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: ¥315,282,602

As the Bank has already paid an interim dividend for the 120th 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

Thursday, June 29, 2023

Proposal No. 2: Election of Nine Directors

The term of office of eight directors, Junnosuke Kuromoto, Yoshifumi Inomata, Yoshimori Tomikawa, Naohisa Isayama, Hiroyuki Nakada, Akiko Kameoka, Jun Sekine and Yasuhisa Otani will expire at the close of the meeting.

In addition, director Hiroshi Kondo will retire on June 28, 2023.

Therefore, the Bank proposes the election of nine Directors.

The candidates for Director are as follows:

No.	Name	Current position and responsibility in the Bank	Attendance at Board of Directors meetings
1	Junnosuke Kuromoto Reelection	President (In charge of Secretariat (including Tokyo Office), Audit Division and Corporate Strategy Office)	12/12 (100%)
2	Yoshifumi Inomata Reelection	Vice President (In charge of Risk Management Division, Business Support Division, Credit Office, Personal Loan Credit Office, Asset Assessment Office, and Administration Division)	12/12 (100%)
3	Yoshimori Tomikawa Reelection	Managing Director (In charge of Business Management Division, Personal Loan Division, Corporate Business Division and Financial Service Division)	12/12 (100%)
4	Naohisa Isayama Reelection	Director General Manager of Business Management Division	12/12 (100%)
5	Hiroyuki Nakada Reelection	Director General Manager of Corporate Planning Division	12/12 (100%)
6	Shigenobu Ohashi New election	Executive Officer, General Manager of Koshigaya Branch	–
7	Akiko Kameoka Reelection Outside	Outside Director	12/12 (100%)
8	Jun Sekine Reelection Outside	Outside Director	11/12 (91%)
9	Yasuhisa Otani Reelection Outside	Outside Director	12/12 (100%)

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	Junnosuke Kuromoto (July 3, 1958)	June 2011 Director of the Bank General Manager of Corporate Planning Division and General Manager of Related Business Office	55,400
		June 2014 Managing Director General Manager of Corporate Planning Division and General Manager of Related Business Office	
		June 2015 Senior Managing Director	
		June 2016 President (current position) (In charge of Secretariat (including Tokyo Office), Audit Division and Corporate Strategy Office)	
Reasons for nomination as candidate for Director Mr. Junnosuke Kuromoto joined the Bank in April 1981 and has successively served positions including General Manager of Oyama Branch, as well as General Manager of Human Resources Division and Corporate Planning Division. He assumed office as Director in June 2011 and has been serving as President since June 2016. As the Bank's Director, he has executed his duties accurately, fairly and efficiently based on his abundant business knowledge and experience in bank management. The Bank has determined that Mr. Junnosuke Kuromoto is capable of continuously making appropriate management decisions in response to the changing business environment, and accordingly nominated him as candidate for Director.			
2 Reelection	Yoshifumi Inomata (September 2, 1959)	June 2013 Director of the Bank General Manager of Corporate Business Division	49,000
		June 2015 Director General Manager of Corporate Planning Division and General Manager of Related Business Office	
		June 2017 Managing Director General Manager of Corporate Planning Division and General Manager of Related Business Office	
		June 2018 Managing Director	
		June 2019 Senior Managing Director	
		June 2022 Vice President (current position) (In charge of Risk Management Division, Business Support Division, Credit Office, Personal Loan Credit Office, Asset Assessment Office, and Administration Division)	
Reasons for nomination as candidate for Director Mr. Yoshifumi Inomata joined the Bank in April 1983 and has successively served positions including General Manager of Yotosakuragaoka Branch and Imaichi Branch. He assumed office as Director in June 2013 and has been serving as Vice President since June 2022. As the Bank's Director, he has executed his duties accurately, fairly and efficiently based on his abundant knowledge and experience in banking business. The Bank has determined that Mr. Yoshifumi Inomata is capable of continuously making appropriate management decisions in response to the changing business environment, and accordingly nominated him as candidate for Director.			

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 Reelection	Yoshimori Tomikawa (April 28, 1962)	March 2017 General Manager of Financial Service Division	14,500
		June 2018 General Manager of Corporate Business Division	
July 2019 Executive Officer, General Manager of Corporate Business Division			
June 2021 Director General Manager of Corporate Business Division			
June 2022 Managing Director (current position) (In charge of Business Management Division, Personal Loan Division, Corporate Business Division and Financial Service Division)			
Reasons for nomination as candidate for Director Mr. Yoshimori Tomikawa joined the Bank in April 1985 and has successively served positions including General Manager of Sengendai Branch, Hyogozuka Branch, Ujiie Branch, Deputy General Manager of Head Office Business Division, General Manager of Obukuro Branch, General Manager of Financial Service Division and Corporate Business Division. He assumed office as Director in June 2021 and has been serving as Managing Director since June 2022. As the Bank's Director, he has executed his duties accurately, fairly and efficiently based on his abundant knowledge and experience in banking business. The Bank has determined that Mr. Yoshimori Tomikawa is capable of continuously making appropriate management decisions in response to the changing business environment, and accordingly nominated him as candidate for Director.			
4 Reelection	Naohisa Isayama (October 12, 1964)	April 2017 General Manager of Yonan Branch	33,300
		June 2019 Director General Manager of Operation & Systems Division	
June 2022 Director General Manager of Business Management Division (current position)			
Reasons for nomination as candidate for Director Mr. Naohisa Isayama joined the Bank in April 1987 and has successively served positions including General Manager of Karasuyama Branch, Koganei Branch, Yaita Branch, Oyama Higashi Branch and Yonan Branch. He assumed office as Director in June 2019 and has served as General Manager of Operation & Systems Division and Business Management Division. As the Bank's Director, he has executed his duties accurately, fairly and efficiently based on his abundant knowledge and experience in banking business. The Bank has determined that Mr. Naohisa Isayama is capable of continuously making appropriate management decisions in response to the changing business environment, and accordingly nominated him as candidate for Director.			

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
5 Reelection	Hiroyuki Nakada (April 29, 1965)	April 2015 General Manager of Corporate Support Office of Corporate Business Division	26,400
		June 2018 General Manager of Administration Division	
		June 2019 Director General Manager of Koshigaya Branch	
		June 2021 Director General Manager of Corporate Planning Division and General Manager of Related Business Office (current position)	
Reasons for nomination as candidate for Director			
Mr. Hiroyuki Nakada joined the Bank in April 1988 and has successively served positions including General Manager of Higashi Koshigaya Branch, Utsunomiya Station Branch as well as General Manager of Corporate Support Office of Corporate Business Division and Administration Division. He assumed office as Director in June 2019 and has served as General Manager of Koshigaya Branch and General Manager of Corporate Planning Division. As the Bank's Director, He has executed his duties accurately, fairly and efficiently based on his abundant knowledge and experience in banking business. The Bank has determined that Mr. Hiroyuki Nakada is capable of continuously making appropriate management decisions in response to the changing business environment, and accordingly nominated him as candidate for Director.			
6 New election	Shigenobu Ohashi (July 21, 1966)	June 2009 General Manager of Nogi Branch	15,800
		June 2012 General Manager of Technopolis Branch	
		April 2015 General Manager of Kanuma Branch	
		June 2018 General Manager of Tochigi Branch	
		July 2020 Executive Officer, General Manager of Tochigi Branch	
		June 2021 Executive Officer, General Manager of Koshigaya Branch (current position)	
Reasons for nomination as candidate for Director			
Mr. Shigenobu Ohashi joined the Bank in April 1985 and has successively served positions including General Manager of Nogi Branch, Technopolis Branch, Kanuma Branch and Tochigi Branch. He assumed office as Executive Officer in July 2020 and has been serving as General Manager of Koshigaya Branch since June 2021. As the Bank's employee, he has long executed his duties. With his extensive experiences and knowledge through his career, the Bank has determined that Mr. Shigenobu Ohashi is capable of continuously making appropriate management decisions in response to the changing business environment, and accordingly nominated him as candidate for Director.			

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
7 Reelection Outside	Akiko Kameoka (March 4, 1979)	<p>October 2006 Registered as an attorney at Tokyo Bar Association</p> <p>October 2006 Joined Tsuyuki & Akazawa Law Office</p> <p>February 2011 Retired from Tsuyuki & Akazawa Law Office</p> <p>February 2011 Registered as an attorney at Tochigi Prefecture Bar Association</p> <p>February 2011 Joined Hotaka General Law Office (current position)</p> <p>June 2019 Outside Director of the Bank (current position)</p>	10,600
		<p>Reasons for nomination as candidate for Outside Director</p> <p>Ms. Akiko Kameoka has abundant experience, deep insight and broad knowledge she has built as an attorney who is well-versed in legal affairs. The Bank has determined that Ms. Akiko Kameoka is capable of appropriately executing her duties as Outside Director for the Bank's sustainable growth and enhancement of corporate value from a medium-to long term point of view, and these will lead to the enhancement of transparency of the Board of Directors and the strengthening of management oversight function, and accordingly nominated her as candidate for Outside Director.</p> <p>Ms. Akiko Kameoka changed her surname (former name - Akiko Nakanishi) after marriage, but she is active as a lawyer under her former name.</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
8 Reelection Outside	Jun Sekine (June 21, 1953)	April 1978 Joined Bank of Japan	4,000
		May 2001 General Manager of Matsumoto Branch	
		July 2003 General Manager of Hiroshima Branch	
		January 2006 Deputy Director-General of Personnel and Corporate Affairs Department	
		March 2007 Deputy Director-General of Research and Statistics Department	
		May 2008 Retired from Bank of Japan	
		May 2008 Joined Okasan Securities Co., Ltd.	
		June 2008 Director	
		April 2017 Executive Officer of Okasan Securities Group Inc.	
		June 2017 Managing Executive Officer of Okasan Securities Co., Ltd.	
		March 2018 Retired from Executive Officer of Okasan Securities Group Inc.	
		June 2018 Retired from Managing Executive Officer of Okasan Securities Co., Ltd.	
		June 2018 Outside Director of Shinhan Bank Japan	
		June 2018 External Statutory Auditor of Heiwa Real Estate Co., Ltd.	
June 2020 Retired from Outside Director of Shinhan Bank Japan			
June 2021 Outside Director of the Bank (current position)			
June 2022 Retired from External Statutory Auditor of Heiwa Real Estate Co., Ltd.			
<p>Reasons for nomination as candidate for Outside Director</p> <p>After working at Bank of Japan, Mr. Jun Sekine has successively served positions including Director of Okasan Securities Co., Ltd., Outside Director of Shinhan Bank Japan and External Statutory Auditor of Heiwa Real Estate Co., Ltd., and built specialized knowledge and abundant experience through his career such as experience of company management in the financial and business world. 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 Mr. Jun Sekine is capable to contribute to the management 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 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
9 Reelection Outside	Yasuhisa Otani (February 27, 1958)	April 1980	Joined Japan Travel Bureau (currently JTB Corp.)
		February 2002	Director of JTB Corp. Overseas Free Travel Center President and CEO of ABI Corp.
		June 2006	Director and General Manager of Sales Planning Division of JTB World Vacations Co., Ltd.
		June 2011	Managing Director and General Manager of Product Headquarters
		April 2012	Executive Officer and General Manager of Tourism Business Headquarters of JTB Corp.
		June 2012	Member of the Board and General Manager of Tourism Business Headquarters
		April 2014	Member of the Board of JTB Corp. President and CEO of JTB Domestic Travel Planning Co., Ltd.
		June 2014	Managing Director of JTB Corp. President and CEO of JTB Domestic Travel Planning Co., Ltd.
		June 2018	Managing Director in charge of Group Culture Reform, and CISO of JTB Corp.
		June 2019	Managing Executive Officer in charge of Group Culture Reform, and CISO
		April 2020	Managing Executive Officer
		June 2020	Retired from Managing Executive Officer
June 2021	Outside Director of the Bank (current position)	8,000	
<p>Reasons for nomination as candidate for Outside Director</p> <p>With a background of serving as Managing Director of JTB Corp. and President and CEO of JTB Domestic Travel Planning Co., Ltd., Mr. Yasuhisa Otani has a wide range of achievements in management and sales planning of global companies, personnel management, etc. Based on his in-depth knowledge and experience in company management, and 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 Mr. Yasuhisa Otani is capable to contribute to the management 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 him as candidate for Outside Director.</p>			

- Notes:
1. There is no special interest between any of the candidates for Director and the Bank.
 2. Ms. Akiko Kameoka, Mr. Jun Sekine and Mr. Yasuhisa Otani are candidates for Outside Director.
 3. At the conclusion of this Meeting, Ms. Akiko Kameoka's tenure as Outside Director of the Bank will have been four years.
At the conclusion of this Meeting, tenure of Mr. Jun Sekine and Mr. Yasuhisa Otani as Outside Director of the Bank will have been two years.
 - 4 The Bank has submitted notification to Tokyo Stock Exchange that Ms. Akiko Kameoka, Mr. Jun Sekine and Mr. Yasuhisa Otani are appointed as an independent officer as provided for by the aforementioned exchange.
 5. The Bank has entered into an agreement with Ms. Akiko Kameoka, Mr. Jun Sekine and Mr. Yasuhisa Otani to limit their 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 Ms. Akiko Kameoka, Mr. Jun Sekine and Mr. Yasuhisa Otani is approved, the Bank plans to renew the aforementioned agreement with them.
 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 One Auditor

The term of office of one Auditor, Koichi Kurihara will expire at the close of the meeting. Therefore, the Bank proposes the election of one Auditor. The Audit & Supervisory Board has agreed with the proposal

The candidate for Auditor is as follows:

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions outside the Bank	Number of the Bank's shares owned
New election	Norio Ishiwata (March 30, 1963)	June 2007 General Manager of Yoshikawa Branch April 2010 General Manager of Satte Branch October 2012 General Manager of Kanuma Branch October 2015 Deputy General Manager of Operation & Systems Division June 2018 General Manager of Compliance Management Division July 2020 Executive Officer, General Manager of Compliance Management Division October 2020 Executive Officer, General Manager of Human Resources Division	35,800
Reasons for nomination as candidate for Auditor Mr. Norio Ishiwata joined the Bank in April 1985 and has successively served positions including General Manager of Yoshikawa Branch, Satte Branch, Kanuma Branch, as well as Deputy General Manager of Operation & Systems Division and General Manager of Compliance Management Division. He assumed office as an Executive Officer in July 2020, and has been serving as an Executive Officer, General Manager of Human Resources Division since October 2020. As the Bank's employee, he has long executed his duties. With his extensive experiences and knowledge throughout his career, the Bank has determined that Mr. Norio Ishiwata is capable of fill a role as an auditor appropriately from a fair and unbiased position, and accordingly nominated him as candidate for Auditor.			

- Notes:
1. There is no special interest between the candidate for Auditor and the Bank.
 2. 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

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, and regional revitalization. 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)	•	•	•	•	•		
Yoshiaki Hashimoto	Senior Managing Director	•	•	•	•	•	•	
Yoshimori Tomikawa	Managing Director		•	•			•	
Naohisa Isayama	Director		•	•				•
Hiroyuki Nakada	Director	•	•	•	•			
Takashi Ogiwara	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
Akiko Kameoka	Outside Director	○		●		
Jun Sekine	Outside Director	○	●		●	
Yasuhisa Otani	Outside Director	○	●			●
Masatoshi Arakawa	Outside Director	○	●			●
Akira Nishie	Outside Auditor	○		●	●	
Hideyuki Suka	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.
Laws/Legal affairs	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.

[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 120th Fiscal Year

(April 1, 2022 - March 31, 2023)

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 number of serious cases and deaths decreased in line with the increased vaccination coverage and improved medical system amid the repeated waves of resurgence and decline of infections, and economic activity started to pick up.

However, concerns remain about resurgence of the infection due to new variants of the virus. In addition, considering rising resource and energy prices due to the prolonged situation in Ukraine and widening financial instability in Europe and the United States in March, among other things, 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, central banks in the United States and other countries gradually raised policy rates in an effort to control inflation. Furthermore, in December 2022, long-term interest rates (yield on 10-year government bonds) rose to the 0.5% level after the Bank of Japan indicated a revision to monetary easing.

In addition, the yen depreciated sharply in exchange markets due to growing differences between domestic and foreign interest rates, but indication of a revision to monetary easing spurred yen buying, thus restoring calm in exchange markets.

Thereafter in March 2023, the failure of Silicon Valley Bank of the United States caused widespread financial instability in Europe and the United States, and equity markets around the world, including the Nikkei Stock Average, were affected and fell sharply. However, equity markets regained poise following Swiss leading financial institution UBS's decision to acquire Credit Suisse. The Nikkei Stock Average closed at 28,041 yen at the end of March 2023.

<Business progress and results>

Under such economic and financial situations, the financial results for the fiscal year under review, the final year of the 10th Medium-term Management Plan launched in April 2020, were as follows.

With respect to main accounts, the balance of deposits at the end of the fiscal year under review increased by 41.0 billion yen year on year to 3,058.4 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 76.5 billion yen year on year to 2,031.7 billion yen. The balance of securities at the end of the fiscal year under review increased by 13.6 billion yen year on year to 620.6 billion yen as a result of investment made with a close attention to market trends.

Ordinary income increased by 4,036 million yen year on year to 40,703 million yen due in part to an increase in interest and dividends on securities.

Ordinary expenses increased by 4,086 million yen year on year to 36,341 million yen due in part to an increase in loss on sale of bonds.

As a result, ordinary profit decreased by 49 million yen year on year to 4,362 million yen and profit decreased by 875 million yen year on year to 2,223 million yen.

<Issues to be addressed>

Regarding the environment surrounding the Bank, economic activities are resuming as a result of the improved medical system, increased vaccination coverage, and efficacy of therapeutic agents for COVID-19. 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. At the same time, the Bank started the 11th Medium-term Management Plan in April 2023 guided by “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.

Based on the three basic strategies of “strengthening profitability,” “strengthening the system,” and “strengthening investment in human capital,” this plan takes “evolution into a bank that excels in the resolution of issues” set in the 10th Medium-term Management Plan a step further and aims to “realize the provision of new value.”

Through this plan, 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)

	FY2019	FY2020	FY2021	FY2022
Deposits	2,712,273	2,925,905	3,017,387	3,058,485
Time deposits	1,023,012	995,338	964,974	913,263
Others	1,689,261	1,930,567	2,052,413	2,145,222
Loans and bills discounted	1,948,753	1,962,995	1,955,198	2,031,741
For individuals	633,576	643,014	642,581	654,939
For SMEs	827,054	864,737	842,019	862,228
Others	488,122	455,243	470,597	514,573
Trading securities	133	67	15	7
Securities	530,223	581,248	606,964	620,626
Government bonds	93,527	104,800	167,386	192,205
Others	436,696	476,448	439,577	428,421
Total assets	2,912,299	3,246,071	3,501,451	3,262,940
Volume of domestic exchange transactions	6,834,540	6,681,633	6,806,167	6,970,355
Volume of foreign exchange transactions	Million U.S. dollars 121	Million U.S. dollars 248	Million U.S. dollars 62	Million U.S. dollars 18
Ordinary profit	3,939	3,397	4,412	4,362
Profit	1,748	1,625	3,098	2,223
Profit per share	Yen 16.75	Yen 15.57	Yen 29.67	Yen 21.45

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

(3) Status of employees

	End of the current fiscal year
Number of employees	1,467
Average age	40 years 0 months
Average years of service	17 years 5 months
Average monthly salary	372 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	65	(6)
Saitama	17	(1)
Gunma	2	(-)
Tokyo	1	(-)
Ibaraki	1	(-)
Total	86	(7)

Note: In addition to the above, the Bank installed non-branch ATMs in 109 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

Not applicable.

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

• Utsunomiya Higashi Branch Utsunomiya Terrace Subbranch (Utsunomiya, Tochigi)

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

• Kinugawa Branch Dokkyo Medical University (Nikko, Tochigi)
Nikko Medical Center Subbranch

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

• Yonan Branch Midoricho Subbranch and 10 (Utsunomiya, Tochigi, etc.)
other locations

(5) Status of capital investment

A. Total amount of capital investment

(Million yen)

Total amount of capital investment	1,071
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B. New establishment of important facilities, etc.

(Million yen)

Details	Amount
New establishment of Utsunomiya Higashi Branch	231
Total	231

(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 45,222 million yen (up 8.58% year on year). Ordinary profit amounted to 5,062 million yen (down 9.22% year on year), and profit attributable to owners of parent amounted to 2,652 million yen (down 26.90% 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), 141 credit unions (including The Shinkumi Federation Bank), 593 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 an ISDN circuit-switched network.
 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 FY2022)

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, Business Support Division, Credit Office, Personal Loan Credit Office, Asset Assessment Office and Administration Division		
Yoshiaki Hashimoto	Senior Managing Director	In charge of Corporate Planning Division, Compliance Management Division and Human Resources Division		
Hiroshi Kondo	Managing Director	In charge of General Affairs Division, Fund Management Division and Operation & Systems Division		
Yoshimori Tomikawa	Managing Director	In charge of Business Management Division, Personal Loan Division, Corporate Business Division and Financial Services Division		
Naohisa Isayama	Director General Manager of Business Management Division			
Hiroyuki Nakada	Director General Manager of Corporate Planning Division			
Takashi Ogiwara	Director General Manager of Audit Division			
Akiko Kameoka	Director (Outside Director)		Attorney	
Jun Sekine	Director (Outside Director)			
Yasuhisa Otani	Director (Outside Director)			
Masatoshi Arakawa	Director (Outside Director)			
Koichi Kurihara	Full-time Auditor			
Minoru Fukuda	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)				
Sakae Ueki	Vice President	Retired on June 29, 2022 (due to the expiration of term of office)		
Toshimasa Aso	Director (Outside Director)	Retired on June 29, 2022 (due to the expiration of term of office)		
Kimihisa Kitayama	Full-time Auditor	Retired on June 29, 2022 (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 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 is 220,000 point per fiscal year.

The number of Directors at the close of the 119th Annual General Meeting of Shareholders was 12.

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)	14 (5)	145 (16)	141 (16)	4 (-)	- (-)
Auditors (of which, Outside Auditors)	5 (2)	38 (8)	38 (8)	-	-

- Notes: 1. The number of eligible persons to be paid shown above includes two Directors 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:
- Amount of bonuses to officers: 4 million yen
3. The breakdown of non-monetary compensation, etc. is as follows:
Not applicable.
4. In addition to the above, the Bank paid 40 million yen as employee salary and 14 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]

In replacement of the existing stock option plan, a new performance-based stock compensation plan "Board Benefit Trust (BBT)" has been introduced, 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.

In replacement of the existing stock option plan, the Bank has introduced the performance-based stock compensation plan "Board Benefit Trust (BBT)" (hereinafter referred to as "the plan") from the current fiscal year, 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. Upon introduction of the plan, with regard to unexercised equity warrants as stock option, appropriate points according to the plan were granted to the Directors, and the Bank switched to the plan. The above mentioned amount of contribution to the trust during the initial target period has been calculated based on this fact.

(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 447 million yen and 1,555 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	3 years and 9 months	Attended all 12 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	1 year and 9 months	Attended 11 out of 12 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	1 year and 9 months	Attended all 12 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	9 months	Attended all 10 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	6 years and 9 months	Attended all 12 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	2 years and 9 months	Attended 10 out of 12 meetings of the Board of Directors held during the current fiscal year and attended 11 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).

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

(3) Compensation, etc. for outside officers

(Million yen)

	Number of persons paid	Compensation, etc. from the Bank
Total amount of compensation, etc.	6	24

(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 shares

Total number of shares outstanding 109,608 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 10,806 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)	10,958	10.42
Custody Bank of Japan, Ltd. (Trust Account)	6,188	5.88
Custody Bank of Japan, Ltd. (Trust Account 4)	5,983	5.66
THE TOCHIGI BANK Employee Shareholding Association	4,727	4.49
Kankuro Ueshima	2,728	2.59
THE TOWA BANK, LTD.	2,010	1.91
SSBTC CLIENT OMNIBUS ACCOUNT	1,819	1.73
au Kabucom Securities Co., Ltd.	1,563	1.48
Custody Bank of Japan, Ltd. (Trust E Account)	1,555	1.47
GOVERNMENT OF NORWAY	1,533	1.45

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 (4,513 thousand shares) and is rounded down to two decimal places.

3. The treasury shares excluded from the shares outstanding shown above do not include 1,555 thousand shares of the Bank's shares held by Custody Bank of Japan, Ltd. under BBT.

4. In a change report for a large shareholding report made available for public inspection as of March 23, 2023, there is a statement that Mr. Kankuro Ueshima holds the following shares as of March 15, 2023. However, the Bank is unable to confirm the number of shares actually held by him as of March 31, 2023, and accordingly, they are not included in the status of major shareholders listed above. Details of the change report for the large shareholding report are as follows:

Shareholder name	Address	Number of share certificates, etc. held (Thousand shares)	Percentage of share certificates, etc. held (%)
Kankuro Ueshima	Shibuya-ku, Tokyo	5,475	5.00

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	69	(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.
Designated Limited Liability Partner, Engagement Partner Shuichiro Tsumagari		
Designated Limited Liability Partner, Engagement Partner Kyoko Nosaka		

- Notes: 1. The amount is rounded down to the nearest million yen.
2. 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.
3. 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 77 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 120th fiscal year (from April 2022 to March 2023) 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 120th fiscal year and implemented compliance activities. In addition, the Bank held 11 meetings of the Compliance Committee during the 120th 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 120th fiscal year, 12 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 120th fiscal year, 27 meetings of the Market Investment Committee were held.
- (4) Systems to ensure efficient execution of duties by Directors of the Bank
During the 120th fiscal year, 56 meetings of the Management Committee were held, and efficient decision-making was conducted for the prescribed matters.
During the 120th fiscal year, 6 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 120th 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 120th 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 120th 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 120th Fiscal Year

(As of March 31, 2023)

(Million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Cash and due from banks	570,410	Deposits	3,058,485
Cash	48,333	Current deposits	70,062
Due from banks	522,077	Ordinary deposits	2,031,794
Call loans	1,339	Savings deposits	37,234
Trading securities	7	Deposits at notice	313
Trading government bonds	7	Time deposits	901,555
Money held in trust	703	Installment savings	9,951
Securities	620,626	Other deposits	7,573
Government bonds	192,205	Negotiable certificates of deposit	985
Local government bonds	71,419	Borrowed money	38,600
Corporate bonds	118,100	Borrowings from other banks	38,600
Stocks	14,430	Foreign exchanges	7
Other securities	224,471	Foreign bills payable	7
Loans and bills discounted	2,031,741	Other liabilities	13,050
Bills discounted	4,738	Income taxes payable	461
Loans on bills	75,996	Accrued expenses	628
Loans on deeds	1,833,093	Unearned revenue	1,020
Overdrafts	117,913	Reserve for interest on installment savings	0
Foreign exchanges	740	Financial derivatives	154
Due from foreign banks (our accounts)	740	Lease liabilities	272
Other assets	13,641	Other	10,511
Accrued revenue	2,239	Provision for bonuses	739
Other	11,401	Provision for bonuses for directors (and other officers)	17
Tangible fixed assets	19,221	Provision for retirement benefits	41
Buildings, net	5,683	Provision for management board benefit trust	130
Land	12,053	Provision for reimbursement of deposits	254
Leased assets, net	241	Provision for contingent loss	258
Construction in progress	437	Deferred tax liabilities for land revaluation	871
Other tangible fixed assets	805	Acceptances and guarantees	2,291
Intangible fixed assets	576	Total liabilities	3,115,733
Software	430	(Net assets)	
Leased assets	21	Share capital	27,408
Other intangible fixed assets	123	Capital surplus	26,150
Prepaid pension costs	3,340	Legal capital surplus	26,150
Deferred tax assets	10,117	Retained earnings	116,226
Customers' liabilities for acceptances and guarantees	2,291	Legal retained earnings	1,745
Allowance for loan losses	(11,818)	Other retained earnings	114,481
		General reserve	106,987
		Retained earnings brought forward	7,494
		Treasury shares	(2,324)
		Total shareholders' equity	167,461
		Valuation difference on available-for-sale securities	(19,492)
		Revaluation reserve for land	(761)
		Total valuation and translation adjustments	(20,254)
		Total net assets	147,207
Total assets	3,262,940	Total liabilities and net assets	3,262,940

Non-consolidated Statements of Income for the 120th Fiscal Year

(April 1, 2022 - March 31, 2023)

(Million yen)

Account title	Amount	
Ordinary income		40,703
Interest income	29,175	
Interest on loans and discounts	20,382	
Interest and dividends on securities	7,885	
Interest on call loans	37	
Interest on deposits with banks	867	
Other interest income	1	
Fees and commissions	8,339	
Fees and commissions on domestic and foreign exchanges	1,424	
Other fees and commissions	6,915	
Other ordinary income	968	
Gain on foreign exchange transactions	17	
Gain on sale of bonds	627	
Gain on redemption of bonds	1	
Other	321	
Other income	2,220	
Recoveries of written off receivables	220	
Gain on sale of equity securities	1,261	
Gain on money held in trust	3	
Other	734	
Ordinary expenses		36,341
Interest expenses	116	
Interest on deposits	116	
Interest on negotiable certificates of deposit	0	
Interest on borrowings and rediscounts	0	
Fees and commissions payments	3,912	
Fees and commissions on domestic and foreign exchanges	145	
Other fees and commissions	3,766	
Other ordinary expenses	7,400	
Net loss on trading securities transactions	0	
Loss on sale of bonds	6,985	
Loss on devaluation of bonds	32	
Loss on financial derivatives	67	
Other	314	
General and administrative expenses	21,059	
Other expenses	3,852	
Provision of allowance for loan losses	1,104	
Written-off of loans	1,330	
Loss on sale of equity securities	1,086	
Loss on devaluation of equity securities	9	
Other	320	

(Million yen)

Account title	Amount	
Ordinary profit		4,362
Extraordinary income		98
Gain on reversal of share acquisition rights	98	
Extraordinary losses		982
Loss on disposal of non-current assets	20	
Impairment losses	831	
Provision for share-based remuneration for directors (and other officers)	130	
Profit before income taxes		3,478
Income taxes - current	775	
Income taxes - deferred	478	
Total income taxes		1,254
Profit		2,223

Consolidated Balance Sheets

(As of March 31, 2023)

(Million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Cash and due from banks	572,443	Deposits	3,056,435
Call loans and bills bought	1,339	Negotiable certificates of deposit	985
Trading securities	7	Borrowed money	41,748
Money held in trust	703	Foreign exchanges	7
Securities	617,844	Other liabilities	20,126
Loans and bills discounted	2,032,386	Provision for bonuses	845
Foreign exchanges	740	Provision for bonuses for directors (and other officers)	26
Other assets	29,357	Retirement benefit liability	277
Tangible fixed assets	19,660	Provision for retirement benefits for directors (and other officers)	6
Buildings, net	5,765	Provision for management board benefit trust	130
Land	12,105	Provision for reimbursement of deposits	254
Construction in progress	437	Provision for contingent loss	258
Other tangible fixed assets	1,351	Reserves under special laws	8
Intangible fixed assets	694	Deferred tax liabilities for land revaluation	871
Software	543	Acceptances and guarantees	2,291
Other intangible fixed assets	150	Total liabilities	3,124,274
Retirement benefit asset	4,005	(Net assets)	
Deferred tax assets	9,964	Share capital	27,408
Customers' liabilities for acceptances and guarantees	2,291	Capital surplus	30,036
Allowance for loan losses	(12,284)	Retained earnings	118,085
		Treasury shares	(2,324)
		Total shareholders' equity	173,205
		Valuation difference on available-for-sale securities	(19,493)
		Revaluation reserve for land	(761)
		Remeasurements of defined benefit plans	462
		Total accumulated other comprehensive income	(19,792)
		Non-controlling interests	1,465
		Total net assets	154,878
Total assets	3,279,153	Total liabilities and net assets	3,279,153

Consolidated Statements of Income

(April 1, 2022 - March 31, 2023)

(Million yen)

Account title	Amount	
Ordinary income		45,222
Interest income	29,156	
Interest on loans and discounts	20,387	
Interest and dividends on securities	7,862	
Interest on call loans and bills bought	37	
Interest on deposits with banks	867	
Other interest income	1	
Fees and commissions	9,308	
Other ordinary income	1,795	
Other income	4,961	
Recoveries of written off receivables	220	
Other	4,740	
Ordinary expenses		40,160
Interest expenses	148	
Interest on deposits	116	
Interest on negotiable certificates of deposit	0	
Interest on borrowings and rediscounts	31	
Other interest expenses	0	
Fees and commissions payments	3,666	
Other ordinary expenses	7,400	
General and administrative expenses	23,168	
Other expenses	5,775	
Provision of allowance for loan losses	1,002	
Other	4,772	
Ordinary profit		5,062
Extraordinary income		107
Gain on disposal of non-current assets	8	
Gain on reversal of share acquisition rights	98	
Extraordinary losses		993
Loss on disposal of non-current assets	30	
Impairment losses	831	
Provision for share-based remuneration for directors (and other officers)	130	
Profit before income taxes		4,176
Income taxes - current		917
Income taxes - deferred		505
Total income taxes		1,422
Profit		2,753
Profit attributable to non-controlling interests		100
Profit attributable to owners of parent		2,652