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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

January 31, 2025

Company name: THE TOCHIGI BANK, LTD.
Listing: Tokyo
Securities code: 8550
URL: https://www.tochigibank.co.jp
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Scheduled date to commence dividend payments: -
Trading accounts: None
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	34,252	2.0	5,203	46.3	3,788	149.9
December 31, 2023	33,586	(5.6)	3,557	(32.1)	1,515	(57.9)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 893 million [-%]
Nine months ended December 31, 2023: ¥ (4,956) million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	36.56	-
December 31, 2023	14.64	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	3,546,424	151,982	4.2
March 31, 2024	3,314,542	151,761	4.5

(Reference) Equity: As of December 31, 2024: ¥ 150,382 million
As of March 31, 2024: ¥ 150,198 million

(Note) "Equity ratio" is calculated by dividing (Total net assets at end of period − Non-controlling interests at end of period) by Total assets at end of period. This "Equity ratio" is not the equity ratio provided for in the regulatory notices pertaining to capital adequacy ratio.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	3.00	-	3.00	6.00
Fiscal year ending March 31, 2025	-	3.50	-		
Fiscal year ending March 31, 2025 (Forecast)				3.50	7.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	43,000	(5.0)	5,900	39.3	3,600	71.3	34.76

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2024: 109,608,000 shares
March 31, 2024: 109,608,000 shares

2) Number of treasury shares at the end of the period:
December 31, 2024: 5,942,163 shares
March 31, 2024: 6,035,589 shares

3) Average number of shares outstanding during the period:
Nine months ended December 31, 2024: 103,627,254 shares
Nine months ended December 31, 2023: 103,558,496 shares

(Note) The Bank has introduced board benefit trust (BBT). The total number of treasury shares at the end of the period includes shares of the Bank (1,521,400 shares as of March 31, 2024, 1,427,800 shares as of December 31, 2024) held by BBT. The average number of shares during the period includes the average number of shares (1,531,957 shares during the year ended March 31, 2024, 1,466,505 shares during nine months ended December 31, 2024) held by BBT as the treasury shares to be deducted.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The financial results forecast and other forward-looking statements herein are based on information currently available to the Bank and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to various factors.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Period under Review

The financial results during the nine months ended December 31, 2024 were as follows:

Ordinary income increased by 666 million yen year on year to 34,252 million yen due to increases in interest on loans and discounts, interest on deposits with banks, and fees and commissions, as well as the recording of a reversal of allowance for loan losses. Ordinary expenses decreased by 979 million yen year on year to 29,049 million yen due to a decrease in costs for loans written-off and other factors, despite an increase of 1,258 million yen year on year in interest expenses, such as those for interest on deposits.

As a result, ordinary profit amounted to 5,203 million yen and profit attributable to owners of parent amounted to 3,788 million yen.

The operating results by segment are as follows:

In the Banking Business, ordinary income increased by 688 million yen year on year to 30,525 million yen, and segment profit increased by 1,868 million yen year on year to 4,866 million yen.

In the Financial Instruments Business, ordinary income decreased by 103 million yen to 1,749 million yen, and segment profit decreased by 90 million yen to 264 million yen.

In the Others, which is not included in the reportable segments but includes income from the leasing and credit card businesses of the consolidated subsidiaries, ordinary income increased by 109 million yen year on year to 2,823 million yen, and segment profit decreased by 131 million yen year on year to 101 million yen.

(2) Overview of Financial Position for the Period under Review

Assets at the end of the third quarter of the fiscal year under review increased by 231.8 billion yen from the end of the previous fiscal year to 3,546.4 billion yen due in part to increases in cash and due from banks and loans and bills discounted. Liabilities increased by 231.6 billion yen from the end of the previous fiscal year to 3,394.4 billion yen due in part to an increase in deposits. Net assets increased by 200 million yen from the end of the previous fiscal year to 151.9 billion yen due in part to an increase in retained earnings.

The status of main accounts is as follows:

(i) Deposits

The balance of deposits increased by 88.9 billion yen from the end of the previous fiscal year to 3,199.0 billion yen due in part to an increase in personal deposits.

(ii) Loans and bills discounted

The balance of loans and bills discounted increased by 54.6 billion yen from the end of the previous fiscal year to 2,114.6 billion yen.

(iii) Securities

The balance of securities increased by 31.0 billion yen from the end of the previous fiscal year to 637.7 billion yen.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

The quarterly profit attributable to owners of the parent company for the cumulative third quarter period exceeds the financial results forecasts for the fiscal year announced on May 10, 2024. The financial results forecasts for the fiscal year have not been revised from the forecasts announced on May 10, 2024 at this time in consideration of the uncertainties related to market trends and the potential occurrence of future credit costs.

2.Quarterly Consolidated Financial Statements

（1） Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Cash and due from banks	585,706	730,974
Call loans and bills bought	1,098	1,026
Trading securities	4	5
Money held in trust	600	536
Securities	606,717	637,769
Loans and bills discounted	2,060,027	2,114,633
Foreign exchanges	678	929
Other assets	29,217	25,093
Tangible fixed assets	20,350	24,515
Intangible fixed assets	1,169	1,031
Retirement benefit asset	10,232	10,809
Deferred tax assets	8,180	6,259
Customers' liabilities for acceptances and guarantees	2,265	2,807
Allowance for loan losses	(11,704)	(9,968)
Total assets	3,314,542	3,546,424
Liabilities		
Deposits	3,110,102	3,199,019
Negotiable certificates of deposit	-	1,000
Cash collateral received for securities lent	-	138,168
Borrowed money	34,125	33,742
Foreign exchanges	5	11
Other liabilities	13,402	17,418
Provision for bonuses	875	241
Provision for bonuses for directors (and other officers)	26	15
Retirement benefit liability	335	283
Provision for retirement benefits for directors (and other officers)	10	6
Provision for management board benefit trust	164	169
Provision for reimbursement of deposits	266	276
Provision for contingent loss	357	432
Reserves under special laws	12	14
Deferred tax liabilities for land revaluation	833	833
Acceptances and guarantees	2,265	2,807
Total liabilities	3,162,781	3,394,441
Net assets		
Share capital	27,408	27,408
Capital surplus	30,036	30,036
Retained earnings	119,431	122,536
Treasury shares	(2,314)	(2,288)
Total shareholders' equity	174,561	177,693
Valuation difference on available-for-sale securities	(27,715)	(30,700)
Deferred gains or losses on hedges	-	653
Revaluation reserve for land	(637)	(637)
Remeasurements of defined benefit plans	3,989	3,372
Total accumulated other comprehensive income	(24,363)	(27,311)
Non-controlling interests	1,562	1,600
Total net assets	151,761	151,982
Total liabilities and net assets	3,314,542	3,546,424

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Ordinary income	33,586	34,252
Interest income	21,812	20,120
Interest on loans and discounts	15,609	16,579
Interest and dividends on securities	5,560	2,364
Fees and commissions	7,118	7,484
Other ordinary income	782	755
Other income	3,873	5,891
Ordinary expenses	30,028	29,049
Interest expenses	91	1,349
Interest on deposits	60	1,025
Fees and commissions payments	2,891	3,050
Other ordinary expenses	4,444	1,530
General and administrative expenses	17,854	17,006
Other expenses	4,746	6,112
Ordinary profit	3,557	5,203
Extraordinary income	5	66
Gain on disposal of non-current assets	5	66
Extraordinary losses	705	16
Loss on disposal of non-current assets	73	14
Provision of reserve for financial instruments transaction liabilities	1	1
Impairment losses	631	-
Profit before income taxes	2,857	5,254
Income taxes - current	1,147	500
Income taxes - deferred	108	912
Total income taxes	1,256	1,412
Profit	1,601	3,841
Profit attributable to non-controlling interests	85	53
Profit attributable to owners of parent	1,515	3,788

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	1,601	3,841
Other comprehensive income	(6,558)	(2,948)
Valuation difference on available-for-sale securities	(6,487)	(2,985)
Deferred gains or losses on hedges	-	653
Remeasurements of defined benefit plans, net of tax	(71)	(616)
Comprehensive income	(4,956)	893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,042)	840
Comprehensive income attributable to non-controlling interests	85	53

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes to significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes)

The Bank has applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No.27, October 28, 2022), "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, October 28, 2022), and "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022) from the beginning of the first quarter. There are no impacts from these changes in the Quarterly Consolidated Financial Statements.

(Additional information)

(Assumptions in estimating allowance for loan losses)

Although the impact of COVID-19 on economic activities is already in the recovery phase, the financial position of certain borrowers, which deteriorated as a result of the infection, has yet to recover.

For these borrowers, the Bank has decided the borrower classification in consideration of the prospects for business improvement. At the same time, in view of uncertainties as to whether borrowers will be able to continuously secure profits and cash flows necessary to improve the financial position, the Bank has estimated such effects for borrowers where the uncertainties still exist, and made necessary adjustments to its projected loss ratio and posted an allowance for loan losses of 581 million yen as of the end of the period under review (1,701 million yen as of the end of the previous fiscal year).

The Bank has made necessary adjustments to the above-projected loss ratio since the fiscal year ended March 31, 2021, and there were no borrowers subject to the necessary adjustments during the third quarter of the fiscal year under review. The amount of allowance for loan losses may increase or decrease in or after the fourth quarter of the fiscal year under review if the underlying assumptions for these estimates change.

Given the absence of precedent or standardized view to serve as a reference on the possibility of recovery of the financial position of borrowers, which has deteriorated due to the impact of the infection, the Bank has made its best possible estimates based on external and internal information currently available, and under certain assumptions.

(Performance-linked share-based remuneration plan using board benefit trust)

The Bank has introduced a board benefit trust (hereinafter, the "BBT") as a performance-linked share-based remuneration plan. The objective of the BBT is to further clarify the link between remuneration provided to Directors of the Bank (excluding Outside Directors) and the Bank's business performance and share value and thereby increase Directors' motivation to contribute to improving the Bank's medium- to long-term business performance and increasing its corporate value by sharing with shareholders not only benefits of share price increases but also risks associated with share price declines.

(i) Overview of the BBT

The BBT is a performance-linked share-based remuneration plan under which shares of the Bank are acquired through a trust (hereinafter, the trust established under the BBT is referred to as the "Trust") using money contributed by the Bank as the funds, and shares of the Bank and money equivalent to the amount of shares of the Bank converted based on fair value (hereinafter, "Shares of the Bank, etc.") are delivered to Directors through the Trust in accordance with the Regulations on Share Delivery to Officers stipulated by the Bank. In principle, Directors receive delivery of Shares of the Bank, etc. when they retire from office as Director.

(ii) Shares of the Bank remaining in the Trust

Shares of the Bank remaining in the Trust are recorded as treasury shares under shareholders' equity, and the book value and number of said treasury shares as of the end of the third quarter of the fiscal year under review were 411 million yen and 1,427 thousand shares (438 million yen and 1,521 thousand shares as of the end of the fiscal year ended March 31, 2024), respectively.

(Notes to segment information, etc.)

Segment information

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information concerning amount of ordinary income, and profit or loss by reportable segment

(Million yen)

	Reportable segment			Others	Total	Adjustments	Amount recorded in Quarterly Consolidated Statements of Income
	Banking Business	Financial Instruments Business	Total				
Ordinary income							
Ordinary income from outside customers	29,484	1,851	31,336	2,249	33,586	–	33,586
Inter-segment ordinary income	351	0	352	464	816	(816)	–
Total	29,836	1,852	31,688	2,714	34,403	(816)	33,586
Segment profit	2,998	354	3,353	233	3,586	(28)	3,557

(Notes) 1. Ordinary income is stated for each segment in lieu of net sales of general companies.

2. “Others” is a business segment that is not included in the reportable segments, which is comprised of the leasing business, the credit card business, etc.

3. The adjustment of (28) million yen in segment profit is due to elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.

2. Information concerning impairment losses on fixed assets and goodwill by reportable segment

(Significant impairment losses on fixed assets)

(Million yen)

	Reportable segment			Others	Total
	Banking Business	Financial Instruments Business	Total		
Impairment losses	631	–	631	–	631

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1. Information concerning amount of ordinary income, and profit or loss by reportable segment

(Million yen)

	Reportable segment			Others	Total	Adjustments	Amount recorded in Quarterly Consolidated Statements of Income
	Banking Business	Financial Instruments Business	Total				
Ordinary income							
Ordinary income from outside customers	30,089	1,748	31,837	2,415	34,252	–	34,252
Inter-segment ordinary income	436	0	436	408	844	(844)	–
Total	30,525	1,749	32,274	2,823	35,097	(844)	34,252
Segment profit	4,866	264	5,130	101	5,232	(28)	5,203

(Notes) 1. Ordinary income is stated for each segment in lieu of net sales of general companies.

2. "Others" is a business segment that is not included in the reportable segments, which is comprised of the leasing business, the credit card business, etc.

3. The negative adjustment of (28) million yen in segment profit is due to elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.

2. Information concerning impairment losses on fixed assets and goodwill by reportable segment

(Significant impairment losses on fixed assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 have not been prepared. Depreciation (including amortization related to intangible fixed assets) for the nine months ended December 31, 2024 is as follows.

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	803	968

3. Reference Information

(1) Status of Profit and Loss for the Nine Months Ended December 31, 2024[Non-consolidated]

(Million yen)

	Nine months ended December 31, 2024 (A)	Nine months ended December 31, 2023 (B)	Changes (A) - (B)
Gross operating profit	20,918	20,636	281
(Excluding gains (losses) on government bonds and other securities)	22,302	25,003	(2,700)
Net interest income	18,815	21,761	(2,945)
Fees and commissions income	3,356	3,138	218
Other operating income	(1,253)	(4,262)	3,008
Expenses (excluding extraordinary adjustments)	16,224	16,312	(87)
Core net business profit	6,078	8,691	(2,612)
Core net business profit (excluding gains (losses) from cancellation of investment trust)	5,831	5,711	120
Gains (losses) on government bonds and other securities	(1,384)	(4,366)	2,981
Substantial net business profit	4,693	4,324	369
Provision of general allowance for loan losses (1)	—	20	(20)
Net business profit	4,693	4,304	389
Unusual profits and losses	120	(1,353)	1,473
Bad loans disposed (2)	113	2,351	(2,237)
(Costs for loans written-off (1) + (2))	113	2,371	(2,258)
Gains (losses) related to equity securities	(1,780)	337	(2,117)
Loss on devaluation of equity securities	—	0	(0)
Ordinary profit	4,814	2,951	1,863
Extraordinary income and losses	46	(703)	750
Profit before income taxes	4,861	2,247	2,614
Income taxes – current	338	895	(557)
Income taxes – deferred	885	101	783
Total income taxes	1,223	997	226
Profit	3,638	1,249	2,388

(2) Status of Loans Based on the Banking Act and the Financial Reconstruction Act

[Non-consolidated] (Million yen)

	December 31, 2024	December 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	2,174	1,677	1,848
Doubtful loans	41,409	41,804	40,178
Special attention loans	784	950	956
Accruing loans contractually past due 3 months or more	7	17	44
Restructured loans	776	932	912
Subtotal (A)	44,368	44,432	42,983
Normal assets	2,102,793	2,020,988	2,047,180
Total (total claims)(B)	2,147,162	2,065,420	2,090,164
Ratio to total claims(A)/(B)	2.06%	2.15%	2.05%

[Consolidated] (Million yen)

	December 31, 2024	December 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	2,256	1,834	1,987
Doubtful loans	41,517	41,914	40,285
Special attention loans	784	951	956
Accruing loans contractually past due 3 months or more	8	18	44
Restructured loans	776	932	912
Subtotal (A)	44,559	44,700	43,228
Normal assets	2,099,288	2,020,559	2,046,411
Total (total claims)(B)	2,143,847	2,065,260	2,089,640
Ratio to total claims(A)/(B)	2.07%	2.16%	2.06%

(3) Capital Adequacy Ratio (domestic standard)

[Non-consolidated] (Million yen, %)

	December 31, 2024	March 31, 2024
(1) Capital adequacy ratio (2) / (3)	10.75	11.13
(2) Non-consolidated equity capital	169,997	168,781
(3) Risk assets	1,580,464	1,515,747
(4) Total non-consolidated equity capital requirements (3) × 4%	63,218	60,629

[Consolidated] (Million yen, %)

	December 31, 2024	March 31, 2024
(1) Capital adequacy ratio (2) / (3)	11.08	11.43
(2) Consolidated equity capital	176,357	174,914
(3) Risk assets	1,590,662	1,529,271
(4) Total consolidated equity capital requirements (3) × 4%	63,626	61,170

(4) Valuation Gain and Loss on Securities with Market Value [Non-consolidated]

(Million yen)

	December 31, 2024		December 31, 2023		March 31, 2024	
	Fair value	Valuation difference	Fair value	Valuation difference	Fair value	Valuation difference
Available-for-sale securities	632,672	(35,755)	606,382	(31,959)	601,784	(33,766)
Stocks	8,504	2,218	10,963	3,173	11,027	4,209
Bonds	372,222	(20,945)	335,070	(12,957)	330,140	(14,180)
Others	251,944	(17,028)	260,348	(22,175)	260,615	(23,795)

(Notes) 1. Valuation difference and unrealized gains (losses) are the difference between the carrying amount (after applying the amortized cost method and impairment) and the fair value.

2. Unrealized gains (losses) on bonds held to maturity are as follows:

(Million yen)

	December 31, 2024		December 31, 2023		March 31, 2024	
	Book value	Unrealized gains (losses)	Book value	Unrealized gains (losses)	Book value	Unrealized gains (losses)
Bonds held to maturity	—	—	—	—	—	—

(5) Balance of Deposits and Loans [Non-consolidated]

(Million yen)

	December 31, 2024	December 31, 2023	March 31, 2024
Deposits	3,201,649	3,156,857	3,111,935
Of which, personal deposits	2,556,010	2,520,910	2,508,550
Loans	2,118,108	2,034,203	2,060,553
Of which, housing loans	608,902	602,304	604,236

(Note) Negotiable certificates of deposit are not included.

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