

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

Company name: THE SHIGA BANK, LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8366

URL: <https://www.shigagin.com>

Representative: Shojiro Takahashi, President & CEO

Contact: Daisaku Narita, General Manager of General Planning Dept.

Phone: +81-77-521-2200

Scheduled date of ordinary general shareholders' meeting: June 27, 2023

Scheduled date of commencing dividend payments: June 28, 2023

Scheduled date of filing securities report: June 12, 2023

Establishment of specified transaction account: None

Availability of supplementary explanatory materials on financial results: Yes

Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	115,289	17.3	20,041	(16.5)	14,858	(16.1)
Fiscal year ended March 31, 2022	98,306	14.7	23,999	116.8	17,715	54.7

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥(15,071) million [—%]

Fiscal year ended March 31, 2022: ¥(26,692) million [—%]

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of ordinary profit to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	310.57	310.50	3.3	0.3	17.4
Fiscal year ended March 31, 2022	359.51	359.21	3.7	0.3	24.4

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2023: ¥— million

Fiscal year ended March 31, 2022: ¥— million

(2) Consolidated Financial Position

	Total assets	Total equity	Capital ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	7,305,698	441,222	6.0	9,293.39
As of March 31, 2022	7,537,956	464,214	6.2	9,552.14

(Reference) Capital: As of March 31, 2023: ¥441,222 million

As of March 31, 2022: ¥464,111 million

(Note) “Capital ratio” is calculated by dividing (total equity at the end of the period – stock acquisition rights at the end of the period) by total assets at the end of the period.

“Capital ratio” herein is not the capital ratio specified by the regulatory notices pertaining to capital adequacy ratio.

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents, end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2023	(483,433)	(57,989)	(7,954)	1,201,299
Fiscal year ended March 31, 2022	(278,958)	21,823	(4,483)	1,750,676

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to total equity (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	–	17.50	–	62.50	80.00	3,898	22.3	0.8
Fiscal year ended March 31, 2023	–	40.00	–	40.00	80.00	3,813	25.8	0.9
Fiscal year ending March 31, 2024 (Forecast)	–	50.00	–	40.00	90.00		27.9	

(Notes)

1. Breakdown of the 2nd quarter-end dividend for the fiscal year ended March 31, 2022: Ordinary dividend of ¥17.50
Breakdown of the year-end dividend for the fiscal year ended March 31, 2022: Ordinary dividend of ¥17.50, special dividend of ¥45.00
2. Breakdown of the 2nd quarter-end dividend for the fiscal year ended March 31, 2023: Ordinary dividend of ¥40.00
Breakdown of the year-end dividend for the fiscal year ended March 31, 2023: Ordinary dividend of ¥40.00
3. Breakdown of the 2nd quarter-end dividend for the fiscal year ending March 31, 2024 (forecast): Ordinary dividend of ¥40.00, commemorative dividend of ¥10.00 (commemorative dividend for the Bank's 90th Anniversary)
Breakdown of the year-end dividend for the fiscal year ending March 31, 2024 (forecast): Ordinary dividend of ¥40.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Yen
Six months	13,000	(20.0)	8,700	(27.1)	183.25
Full year	23,500	17.3	15,300	3.0	322.26

* Notes:

- (1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None(Note) For details, please refer to page 13 of the attachment, “3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements, (Changes in accounting policies).”

(3) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

As of March 31, 2023:	53,090,081 shares
As of March 31, 2022:	53,090,081 shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2023:	5,613,090 shares
As of March 31, 2022:	4,502,938 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023:	47,841,764 shares
Fiscal year ended March 31, 2022:	49,278,241 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	103,401	19.3	18,841	(17.9)	14,411	(17.0)
Fiscal year ended March 31, 2022	86,664	19.4	22,942	121.1	17,361	53.2

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended March 31, 2023	301.23		301.16	
Fiscal year ended March 31, 2022	352.32		352.03	

(2) Non-consolidated Financial Position

	Total assets	Total equity	Capital ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	7,281,966	420,344	5.8	8,853.65
As of March 31, 2022	7,517,734	445,455	5.9	9,166.05

(Reference) Capital: As of March 31, 2023: ¥420,344 million

As of March 31, 2022: ¥445,352 million

(Note) “Capital ratio” is calculated by dividing (total equity at the end of the period – stock acquisition rights at the end of the period) by total assets at the end of the period.

“Capital ratio” herein is not the capital ratio specified by the regulatory notices pertaining to capital adequacy ratio.

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Net income		Net income per share
	Million yen	%	Million yen	%	Yen
Six months	12,500	(20.6)	8,500	(27.8)	179.03
Full year	22,500	19.4	15,000	4.1	315.94

* These financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

· Forward-looking statements, such as financial results forecasts, made in this document are based on information currently available to the Bank and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to various factors.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	2
(3) Overview of Cash Flows for the Fiscal Year under Review	3
(4) Future Outlook	3
2. Basic Policy on Selection of Accounting Standards	3
3. Consolidated Financial Statements and Primary Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
(3) Consolidated Statements of Changes in Equity	9
(4) Consolidated Statements of Cash Flows	11
(5) Notes to Consolidated Financial Statements	13
(Notes on going concern assumption)	13
(Changes in accounting policies)	13
(Additional information)	13
(Segment information, etc.)	13
(Per share information)	14
(Significant subsequent events)	15
4. Financial Statements	16
(1) Balance Sheet	16
(2) Statements of Income	19
(3) Statements of Changes in Equity	21

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Japanese economy in the fiscal year ended March 31, 2023, despite the impact of soaring resource prices and other factors, has been on gradual recovery trend amid an ongoing effort to balance between the prevention of the novel coronavirus (COVID-19) infections and economic activities. The economic sentiment of the manufacturing sector deteriorated overall, particularly in the electrical machinery sector, due to concerns over the global economic slowdown, though the automotive industry improved as the impact of parts shortages has eased. The non-manufacturing sector saw mixed business sentiment, with the retail sector improving while the lodging and dining services sector remained challenging.

Shiga Prefecture's economy has been slow to join the recovery trend. Production in the manufacturing sector has weakened due to the effects of high resource prices and other factors. On the demand side, retail sales have increased, however they are in fact declining taking into account the rise in prices. On the investment side, housing investment and public investment have turned to an increasing trend while private capital expenditure has declined.

Under these circumstances, in order to further increase corporate value and existential value, the Bank has implemented the 7th Medium-Term Business Plan, "Define a future and realize a dream" (Period: 5 years, April 2019 – March 2024). The Group is making all-out efforts toward the realization of a "Sustainability Design Company" with a strong desire to "plan and create sustainable development of customers and regional communities, and go beyond the conventional framework and ideas." To accomplish this, we have selected "Sustainable Transformation (SX) for the Future" as the key concept up to the final year of the 7th Medium-Term Business Plan.

As a result of these efforts, the operating results for the fiscal year under review marking the 4th year of the 7th Medium-Term Business Plan were as follows.

Ordinary income was ¥115,289 million, an increase of ¥16,982 million year on year. This was mainly due to an increase in interest income (an increase of ¥8,309 million year on year) due in part to an increase in interest on loans and discounts and interest and dividends on securities, and an increase in other income (an increase of ¥4,398 million year on year) due in part to an increase in gains on sales of stocks and other securities.

On the other hand, ordinary expenses were ¥95,247 million, an increase of ¥20,940 million year on year. This was mainly due to an increase in other operating expenses (an increase of ¥17,969 million year on year) due in part to an increase in losses on sales of bonds.

As a result, ordinary profit for the fiscal year under review decreased by ¥3,958 million year on year to ¥20,041 million, and net income attributable to owners of the parent decreased by ¥2,857 million year on year to ¥14,858 million year on year.

(2) Overview of Financial Position for the Fiscal Year under Review

The main accounts as of the end of the fiscal year under review are as follows.

The balance of total assets was ¥7,305,698 million, a decrease of ¥232,258 million from the end of the previous fiscal year.

With regards to the main account balance of assets, investment securities stood at ¥1,515,578 million (an increase of ¥3,713 million from the end of the previous fiscal year), and loans and bills discounted totaled ¥4,343,641 million (an increase of ¥278,957 million from the end of the previous fiscal year.)

Meanwhile, total liabilities were ¥6,864,476 million, a decrease of ¥209,265 million from the end of the previous fiscal year.

With regards to the main account balance of liabilities, deposits totaled ¥5,714,368 million (an increase of ¥103,283 million from the end of the previous fiscal year), negotiable certificates of deposit were ¥30,332 million (a decrease of ¥11,548 million from the end of the previous fiscal year), call money and bills sold were ¥237,906 million (an increase of ¥92,096 million from the end of the previous fiscal year), payables under securities lending transactions were ¥205,572 million (an increase of ¥19,892 million from the end of the previous fiscal year), and borrowed money was ¥538,456 million (a decrease of ¥398,383 million from the end of the previous fiscal year).

Total equity amounted to ¥441,222 million, a decrease of ¥22,992 million from the end of the previous fiscal

year. This was mainly due to an increase of ¥9,553 million in deferred gains on derivatives under hedge accounting from the end of the previous fiscal year, despite a decrease of ¥41,170 million in net unrealized gains on available-for-sale securities.

(3) Overview of Cash Flows for the Fiscal Year under Review

Group cash flows for the fiscal year under review were as follows.

Net cash used in operating activities was ¥483,433 million, a year-on-year decrease in inflow of ¥204,474 million, mainly due to a decrease in borrowed money, despite an increase in loans and bills discounted. Net cash used in investing activities was ¥57,989 million, a year-on-year increase in outflow of ¥79,813 million, with the expenditures involved in purchases of securities exceeding proceeds from sales and redemptions of securities. Furthermore, net cash used in financing activities was ¥7,954 million, a year-on-year increase in outflow of ¥3,470 million due to increased dividends paid for the purpose of providing shareholder returns and increased expenditures arising from the purchases of treasury stock.

As a result, cash and cash equivalents as of the end of the fiscal year under review amounted to ¥1,201,299 million, a decrease of ¥549,377 million year-on-year.

The Group's financial resources for investments and liquidity of funds were as follows.

For the moment, the Group plans to use its own funds for capital expenditures, investments in growth fields, shareholder returns, etc.

The Group strives to accurately assess the Group's cash management and maintain its stability while creating an appropriate risk management structure. With regard to the operation of loans and bills discounted and investment securities, we procure the majority of investment funds from deposits of customers, and obtain additional funding when necessary through borrowings from the Bank of Japan, call money, and other means. The status of fund liquidity and other matters are regularly reported to the Board of Directors.

(4) Future Outlook

In our financial results forecast for the fiscal 2023 (the fiscal year ending March 31, 2024), we expect both deposits and loans and bills discounted to rise steadily. Accordingly, we forecast consolidated ordinary profit of ¥23,500 million (a year-on-year increase of ¥3,400 million) and net income attributable to owners of the parent amounting to ¥15,300 million, a year-on-year increase of ¥400 million.

Our assumptions regarding the impact of the pandemic of the COVID-19 infection as of March 31, 2023, are indicated below. The impact of the pandemic is difficult to predict with certainty, so future financial results may deviate from these officially announced values. We will promptly announce any changes to our financial results forecasts in the future.

(Assumptions regarding the impact of the pandemic of the COVID-19 infection as of March 31, 2023)

Although the scheduled changes of the classification of the COVID-19 infection and other factors has changed constraints on various economic activities, the impact of the COVID-19 infection still remains. Accordingly, the credit risk inherent in loans and bills discounted to certain borrowers in specific industries affected by the COVID-19 infection remains high.

Our dividend policy for the fiscal year ending March 31, 2024 will be to continue to provide stable dividends while targeting a shareholder return ratio of 40% for the sum of dividends and share buybacks.

Given our prediction of net income attributable to owners of the parent amounting to ¥15,300 million for the fiscal year ending March 31, 2024, we forecast an annual dividend of ¥90, which represents an annual ordinary dividend of ¥80 and a commemorative dividend of ¥10 for the Bank's 90th anniversary, for the fiscal year ending March 31, 2024.

2. Basic Policy on Selection of Accounting Standards

The Group applies Japanese GAAP. Although we are making efforts to gather information on the differences between Japanese GAAP and International Financial Reporting Standards (IFRS) and the status of application of IFRS by other companies in the same industry, we currently have no plans to apply IFRS. For the time being, the Group will maintain its policy of applying Japanese GAAP.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	1,751,539	1,201,938
Call loans and bills bought	8,444	17,759
Debt purchased	3,594	2,514
Trading securities	468	488
Money held in trust	15,359	27,059
Investment securities	1,511,864	1,515,578
Loans and bills discounted	4,064,683	4,343,641
Foreign exchange assets	7,063	6,730
Other assets	109,742	119,185
Tangible fixed assets	50,114	52,349
Buildings	13,241	13,670
Land	32,196	32,054
Construction in progress	2,614	4,531
Other	2,061	2,092
Intangible fixed assets	1,641	2,180
Software	825	541
Software in progress	646	1,470
Other	169	169
Asset for retirement benefits	13,323	19,650
Deferred tax assets	593	572
Customers' liabilities for acceptances and guarantees	32,340	28,226
Allowance for loan losses	(32,815)	(32,177)
Total assets	7,537,956	7,305,698
Liabilities		
Deposits	5,611,084	5,714,368
Negotiable certificates of deposit	41,880	30,332
Call money and bills sold	145,809	237,906
Payables under securities lending transactions	185,680	205,572
Borrowed money	936,840	538,456
Foreign exchange liabilities	246	377
Borrowed money from trust account	214	187
Other liabilities	59,226	61,346
Liability for retirement benefits	157	159
Liability for retirement benefits of directors and Audit & Supervisory Board Members	4	4
Liability for reimbursement of deposits	83	-
Allowance for repayment of excess interest	12	10
Reserve for other contingent losses	134	140
Deferred tax liabilities	54,507	41,893
Deferred tax liabilities for land revaluation	5,520	5,495
Acceptances and guarantees	32,340	28,226
Total liabilities	7,073,742	6,864,476

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Equity		
Common stock	33,076	33,076
Capital surplus	24,536	24,540
Retained earnings	248,089	258,053
Treasury stock	(11,619)	(14,488)
Total shareholders' equity	294,083	301,181
Net unrealized gains on available-for-sale securities	148,955	107,785
Deferred gains on derivatives under hedge accounting	6,045	15,599
Land revaluation surplus	8,369	8,312
Defined retirement benefit plans	6,656	8,343
Total accumulated other comprehensive income	170,027	140,040
Stock acquisition rights	103	—
Total equity	464,214	441,222
Total liabilities and equity	7,537,956	7,305,698

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Ordinary income	98,306	115,289
Interest income	49,728	58,038
Interest on loans and discounts	33,413	38,053
Interest and dividends on securities	14,521	19,024
Interest on call loans and bills bought	1	139
Interest on deposits with banks	1,743	711
Other interest income	48	109
Trust fees	0	0
Fees and commissions	17,366	17,651
Other operating income	16,198	20,188
Other income	15,012	19,410
Recovery of claims previously charged-off	498	615
Other	14,514	18,795
Ordinary expenses	74,307	95,247
Interest expenses	2,948	9,010
Interest on deposits	619	1,185
Interest on negotiable certificates of deposit	13	9
Interest on call money and bills sold	136	1,711
Interest expenses on securities lending transactions	140	3,072
Interest on borrowing and rediscounts	281	3,034
Other interest expenses	1,756	(3)
Fees and commissions	4,092	4,873
Other operating expenses	15,818	33,788
General and administrative expenses	46,382	44,420
Other expenses	5,065	3,154
Provision of allowance for loan losses	1,607	886
Other	3,457	2,268
Ordinary profit	23,999	20,041
Extraordinary income	0	209
Gains on disposal of fixed assets	0	209
Extraordinary losses	591	82
Losses on disposal of fixed assets	82	82
Losses on impairment of long-lived assets	509	-
Income before income taxes	23,408	20,168
Income taxes - current	6,186	4,731
Income taxes - deferred	(493)	578
Total income taxes	5,692	5,309
Net income	17,715	14,858
Net income attributable to owners of the parent	17,715	14,858

Consolidated Statement of Comprehensive Income

(Million yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Net income	17,715	14,858
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(46,218)	(41,170)
Deferred gains on derivatives under hedge accounting	4,410	9,553
Defined retirement benefit plans	(2,600)	1,687
Total other comprehensive income	(44,408)	(29,930)
Comprehensive income	(26,692)	(15,071)
Attributable to		
Owners of the parent	(26,692)	(15,071)

(3) Consolidated Statements of Changes in Equity
For the year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2021	33,076	24,536	232,289	(9,116)	280,786
Cumulative effect by changes in accounting policies			(97)		(97)
Balance as of April 1, 2021 reflecting changes in accounting policies	33,076	24,536	232,191	(9,116)	280,689
Changes during the period					
Cash dividends			(1,981)		(1,981)
Net income attributable to owners of the parent			17,715		17,715
Purchase of treasury stock				(2,502)	(2,502)
Sales of treasury stock			(0)	0	0
Reversal of land revaluation surplus			162		162
Other changes					
Net change in the period	–	–	15,897	(2,502)	13,394
Balance as of March 31, 2022	33,076	24,536	248,089	(11,619)	294,083

	Accumulated other comprehensive income					Stock acquisition rights	Total equity
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2021	195,174	1,634	8,532	9,257	241,598	84	495,469
Cumulative effect by changes in accounting policies							(97)
Balance as of April 1, 2021 reflecting changes in accounting policies	195,174	1,634	8,532	9,257	214,598	84	495,372
Changes during the period							
Cash dividends							(1,981)
Net income attributable to owners of the parent							17,715
Purchase of treasury stock							(2,502)
Sales of treasury stock							0
Reversal of land revaluation surplus							162
Other changes	(46,218)	4,410	(162)	(2,600)	(44,571)	18	(44,552)
Net change in the period	(46,218)	4,410	(162)	(2,600)	(44,571)	18	(31,157)
Balance as of March 31, 2022	148,955	6,045	8,369	6,656	170,027	103	464,214

For the year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	33,076	24,536	248,089	(11,619)	294,083
Changes during the period					
Cash dividends			(4,951)		(4,951)
Net income attributable to owners of the parent			14,858		14,858
Purchase of treasury stock				(3,002)	(3,002)
Sales of treasury stock		3		133	137
Reversal of land revaluation surplus			56		56
Other changes					
Net change in the period	–	3	9,963	(2,869)	7,098
Balance as of March 31, 2023	33,076	24,540	258,053	(14,488)	301,181

	Accumulated other comprehensive income					Stock acquisition rights	Total equity
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2022	148,955	6,045	8,369	6,656	170,027	103	464,214
Changes during the period							
Cash dividends							(4,951)
Net income attributable to owners of the parent							14,858
Purchase of treasury stock							(3,002)
Sales of treasury stock							137
Reversal of land revaluation surplus							56
Other changes	(41,170)	9,553	(56)	1,687	(29,986)	(103)	(30,090)
Net change in the period	(41,170)	9,553	(56)	1,687	(29,986)	(103)	(22,992)
Balance as of March 31, 2023	107,785	15,599	8,312	8,343	140,040	–	441,222

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Operating activities:		
Income before income taxes	23,408	20,168
Depreciation	2,247	1,846
Losses on impairment of long-lived assets	509	–
Decrease in allowance for loan losses	(877)	(637)
Decrease (increase) in reserve for other contingent losses	(22)	6
Increase in asset for retirement benefits	(353)	(6,326)
Increase in liability for retirement benefits	14	1
Increase (decrease) in liability for retirement benefits of directors and Audit & Supervisory Board Members	(0)	0
Decrease in liability for reimbursement of deposits	(184)	(83)
Decrease in allowance for repayment of excess interest	(7)	(2)
Interest income	(49,728)	(58,038)
Interest expenses	2,948	9,010
Losses (gains) on sales and write-down of investment securities	(8,307)	5,424
Gains on money held in trust	(265)	(66)
Foreign exchange gains	(2)	(2)
Losses (gains) on disposals of fixed assets - net	81	(126)
Net increase in loans and bills discounted	(62,984)	(278,957)
Net increase in deposits	212,232	103,283
Net decrease in negotiable certificates of deposit	(7,679)	(11,548)
Net increase (decrease) in borrowed money (excluding subordinated loans)	37,785	(398,383)
Net decrease in due from banks (excluding deposits in Bank of Japan)	94	222
Net decrease (increase) in call loans and others	2,178	(8,234)
Net increase (decrease) in call money and bills sold	(370,267)	92,096
Net increase (decrease) in payables under securities lending transactions	(86,974)	19,892
Net decrease in foreign exchange assets	1,271	332
Net increase (decrease) in foreign exchange liabilities	(57)	131
Net increase (decrease) in borrowed money from trust account	48	(26)
Interest received (cash basis)	50,756	57,582
Interest paid (cash basis)	(2,970)	(5,848)
Other	(14,678)	(18,521)
Subtotal	(271,786)	(476,807)
Income taxes – paid	(7,172)	(6,626)
Net cash used in operating activities	(278,958)	(483,433)

(Million yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Investing activities:		
Purchases of securities	(1,003,543)	(700,336)
Proceeds from sales of securities	915,771	571,189
Proceeds from redemptions of securities	115,356	87,575
Increase in money held in trust	(681)	(11,840)
Purchases of tangible fixed assets	(4,660)	(4,235)
Proceeds from sales of tangible fixed assets	32	509
Purchases of intangible fixed assets	(451)	(849)
Net cash provided by (used in) investing activities	21,823	(57,989)
Financing activities:		
Purchases of treasury stock	(2,502)	(3,002)
Proceeds from sales of treasury stock	0	–
Dividends paid	(1,981)	(4,951)
Net cash used in financing activities	(4,483)	(7,954)
Foreign currency translation adjustments on cash and cash equivalents	0	(0)
Net decrease in cash and cash equivalents	(261,618)	(549,377)
Cash and cash equivalents, beginning of year	2,012,295	1,750,676
Cash and cash equivalents, end of year	1,750,676	1,201,299

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Bank has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as “Fair Value Measurement Standard Implementation Guidance”) from the beginning of the fiscal year under review, and has decided to apply the new accounting policy set by the Fair Value Measurement Standard Implementation Guidance in future years in accordance with the transitional treatment set forth in Paragraph 27-2 of the said Guidance.

The application has no impact on the Bank’s consolidated financial statements.

(Additional information)

(Impact of the COVID-19)

Since March 31, 2022, the Group had been accounting estimates for allowance for loan losses, etc., based on the assumption that the pandemic of the COVID-19 infection will continue to be a constraint on various economic activities until at least March 2023.

Given the scheduled changes of the classification of the COVID-19 infection under the Infectious Disease Control Law, we have revised our assumptions regarding the impact of the COVID-19 as of March 31, 2023, as indicated below.

Assumptions regarding the impact of the COVID-19 as of March 31, 2023

Although the scheduled changes of the classification of the COVID-19 infection and other factors has changed constraints on various economic activities, the impact of the COVID-19 infection still remains. Accordingly, the credit risk inherent in loans and bills discounted to certain borrowers in specific industries affected by the COVID-19 infection remains high.

The Group conducts rigorous self-assessment and responds accordingly, such as recording allowance for loan losses when deemed necessary. However, the above assumptions are highly uncertain, so there is a potential to have a significant impact on allowance for loan losses in the consolidated financial statements of the following consolidated fiscal year (the fiscal year ending March 31, 2024) and beyond if there are changes in the business performance of individual borrowers which result in changes to the initial assumptions used in making the estimates, or depending on the future situation of the spread of the COVID-19 and its impact on the economy, etc.

(Segment information, etc.)

As the Group has only one segment, banking, segment information is not presented.

(Per share information)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Equity per share	¥9,552.14	¥9,293.39
Net income per share	¥359.50	¥310.57
Diluted net income per share	¥359.20	¥310.49

(Note) The basis of calculation for per share information is as follows.

(1) Equity per share

		As of March 31, 2022	As of March 31, 2023
Total equity	Million yen	464,214	441,222
Amount to be deducted from the total equity	Million yen	103	—
(stock acquisition rights included above)	Million yen	103	—
Equity attributable to common stock at the end of the year	Million yen	464,111	441,222
Number of shares of common stock at the end of the year, which is used to calculate equity per share	Thousand shares	48,587	47,476

(2) Net income per share and diluted net income per share

		For the year ended March 31, 2022	For the year ended March 31, 2023
Net income per share			
Net income attributable to owners of the parent	Million yen	17,715	14,858
Amount not attributable to common shareholders	Million yen	—	—
Net income attributable to owners of the parent with respect to common stock	Million yen	17,715	14,858
Average number of shares of common stock during the year	Thousand shares	49,278	47,841
Diluted net income per share			
Adjustment on net income attributable to owners of the parent	Million yen	—	—
Increase in common stock	Thousand shares	41	11
(stock acquisition rights included above)	Thousand shares	41	11
Overview of dilutive shares that were not included in the calculation of diluted net income per share because of their anti-dilutive effect		—	—

(Significant subsequent events)

There is no relevant information.

4. Financial Statements

(1) Balance Sheet

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	1,751,452	1,201,831
Cash	38,278	39,930
Due from banks	1,713,173	1,161,901
Call loans	8,444	17,759
Debt purchased	3,594	2,514
Trading securities	468	488
Trading government bonds	184	117
Trading local government bonds	284	371
Money held in trust	15,359	27,059
Investment securities	1,515,143	1,518,879
Japanese government bonds	334,714	324,224
Japanese local government bonds	198,178	228,191
Japanese corporate bonds	307,851	310,074
Corporate stocks	318,561	287,682
Other securities	355,838	368,706
Loans and bills discounted	4,082,731	4,360,257
Bills discounted	7,522	5,793
Loans on bills	73,481	72,600
Loans on deeds	3,613,004	3,862,747
Overdrafts	388,722	419,115
Foreign exchange assets	7,063	6,730
Due from foreign correspondents	6,589	6,258
Foreign bills of exchange purchased	2	0
Foreign bills of exchange receivable	470	471
Other assets	76,989	87,034
Prepaid expenses	267	234
Accrued income	3,827	5,553
Margin deposits for futures transactions	–	1,310
Derivatives	12,829	30,135
Other	60,065	49,801
Tangible fixed assets	49,865	52,115
Buildings	13,105	13,544
Land	32,108	31,965
Construction in progress	2,614	4,531
Other	2,036	2,074
Intangible fixed assets	1,452	2,034
Software	641	400
Software in progress	646	1,470
Other	163	163
Prepaid pension cost	3,752	7,653
Customers' liabilities for acceptances and guarantees	32,340	28,226
Allowance for loan losses	(30,923)	(30,620)
Total assets	7,517,734	7,281,966

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Deposits	5,616,699	5,718,288
Current deposits	256,538	248,146
Ordinary deposits	3,192,964	3,354,656
Savings deposits	18,743	18,573
Deposits at notice	69,400	55,454
Time deposits	1,995,515	1,956,610
Other deposits	83,535	84,847
Negotiable certificates of deposit	55,680	44,152
Call money	145,809	237,906
Payables under securities lending transactions	185,680	205,572
Borrowed money	935,675	537,871
Borrowings from banks and other	935,675	537,871
Foreign exchange liabilities	246	377
Foreign bills of exchange sold	107	172
Accrued foreign bills of exchange	138	205
Borrowed money from trust account	214	187
Other liabilities	42,765	45,410
Accrued income taxes	2,454	402
Accrued expenses	3,132	6,218
Unearned income	1,281	1,191
Derivatives	11,638	13,479
Other	24,258	24,117
Liability for reimbursement of deposits	83	–
Reserve for other contingent losses	134	140
Deferred tax liabilities	51,430	37,993
Deferred tax liabilities for land revaluation	5,520	5,495
Acceptances and guarantees	32,340	28,226
Total liabilities	7,072,279	6,861,621

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Equity		
Common stock	33,076	33,076
Capital surplus	23,942	23,946
Legal capital surplus	23,942	23,942
Other capital surplus	–	3
Retained earnings	237,134	246,651
Legal retained earnings	9,134	9,134
Other retained earnings	227,999	237,516
Reserve for tax purpose reduction entry of non-current assets	400	422
General reserve	208,993	220,593
Retained earnings brought forward	18,605	16,500
Treasury stock	(11,619)	(14,488)
Total shareholders' equity	282,534	289,185
Net unrealized gains on available-for-sale securities	148,402	107,247
Deferred gains on derivatives under hedge accounting	6,045	15,599
Land revaluation surplus	8,369	8,312
Total valuation and translation adjustments	162,817	131,159
Stock acquisition rights	103	–
Total equity	445,455	420,344
Total liabilities and equity	7,517,734	7,281,966

(2) Statements of Income

(Million yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Ordinary income	86,664	103,401
Interest income	50,687	59,005
Interest on loans and discounts	33,412	38,054
Interest and dividends on securities	15,488	19,994
Interest on call loans	1	139
Interest on deposits with banks	1,743	711
Interest income on interest rate swaps	–	11
Other interest income	41	93
Trust fees	0	0
Fees and commissions	14,877	15,015
Fees and commissions on domestic and foreign exchanges	2,942	2,869
Other fees and commissions	11,935	12,146
Other operating income	6,060	9,947
Gains on foreign exchange transactions - net	914	–
Gains on sales of bonds	3,907	870
Gains on derivative financial instruments	1,211	9,075
Other	27	1
Other income	15,038	19,432
Recovery of claims previously charged-off	498	615
Gains on sales of stocks and other securities	13,753	18,381
Gains on money held in trust	265	136
Other	521	298
Ordinary expenses	63,722	84,559
Interest expenses	2,941	9,006
Interest on deposits	619	1,185
Interest on negotiable certificates of deposit	13	9
Interest on call money	136	1,711
Interest expenses on securities lending transactions	140	3,072
Interest on borrowing and rediscounts	274	3,030
Interest expenses on interest rate swaps	1,746	–
Other interest expenses	10	(3)
Fees and commissions	4,294	4,986
Fees and commissions on domestic and foreign exchanges	445	307
Other fees and commissions	3,849	4,679
Other operating expenses	6,544	24,467
Loss on foreign exchange transactions	–	836
Net loss on trading securities transactions	2	1
Losses on sales of bonds	6,531	23,426
Loss on redemption of bonds	–	198
Amortization of bonds	1	0
Other	8	4
General and administrative expenses	44,880	42,785

(Million yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Other expenses	5,060	3,313
Provision of allowance for loan losses	1,615	1,060
Written-off of loans	497	987
Losses on sales of stocks and other securities	2,734	1,014
Losses on devaluation of stocks and other securities	83	37
Losses on money held in trust	–	70
Other	129	143
Ordinary profit	22,942	18,841
Extraordinary income	0	209
Gains on disposal of fixed assets	0	209
Extraordinary losses	591	82
Losses on disposal of fixed assets	82	82
Losses on impairment of long-lived assets	509	–
Income before income taxes	22,351	18,968
Income taxes - current	5,571	4,092
Income taxes - deferred	(581)	464
Total income taxes	4,989	4,557
Net income	17,361	14,411

(3) Statements of Changes in Equity
For the year ended March 31, 2022

(Million yen)

	Shareholders' equity									
	Common stock	Capital surplus		Legal retained earnings	Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus		Other retained earnings			Total retained earnings		
					Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance as of April 1, 2021	33,076	23,942	23,942	9,134	400	197,293	14,859	221,688	(9,116)	269,591
Cumulative effect by changes in accounting policies							(97)	(97)		(97)
Balance as of April 1, 2021 reflecting changes in accounting policies	33,076	23,942	23,942	9,134	400	197,293	14,762	221,591	(9,116)	269,494
Changes during the period										
Cash dividends							(1,981)	(1,981)		(1,981)
Provision of general reserve						11,700	(11,700)	-		
Net income							17,361	17,361		17,361
Purchase of treasury stock									(2,502)	(2,502)
Sales of treasury stock							(0)	(0)	0	0
Reversal of land revaluation surplus							162	162		162
Other changes										
Net change in the period	-	-	-	-	-	11,700	3,843	15,543	(2,502)	13,040
Balance as of March 31, 2022	33,076	23,942	23,942	9,134	400	208,993	18,605	237,134	(11,619)	282,534

	Valuation and translation adjustments				Stock acquisition rights	Total equity
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation surplus	Total valuation and translation adjustments		
Balance as of April 1, 2021	194,445	1,634	8,532	204,611	84	474,287
Cumulative effect by changes in accounting policies						(97)
Balance as of April 1, 2021 reflecting changes in accounting policies	194,445	1,634	8,532	204,611	84	474,190
Changes during the period						
Cash dividends						(1,981)
Provision of general reserve						
Net income						17,361
Purchase of treasury stock						(2,502)
Sales of treasury stock						0
Reversal of land revaluation surplus						162
Other changes	(46,042)	4,410	(162)	(41,794)	18	(41,775)
Net change in the period	(46,042)	4,410	(162)	(41,794)	18	(28,735)

	Valuation and translation adjustments				Stock acquisition rights	Total equity
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation surplus	Total valuation and translation adjustments		
Balance as of March 31, 2022	148,402	6,045	8,369	162,817	103	445,455

For the year ended March 31, 2023

(Million yen)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance as of April 1, 2022	33,076	23,942	–	23,942	9,134	400	208,993	18,605	237,134	(11,619)	282,534
Changes during the period											
Cash dividends								(4,951)	(4,951)		(4,951)
Provision of reserve for tax purpose reduction entry of non-current assets						22		(22)	–		
Provision of general reserve							11,600	(11,600)	–		
Net income								14,411	14,411		14,411
Purchase of treasury stock										(3,002)	(3,002)
Sales of treasury stock			3	3						133	137
Reversal of land revaluation surplus								56	56		56
Other changes											
Net change in the period	–	–	3	3	–	22	11,600	(2,105)	9,516	(2,869)	6,651
Balance as of March 31, 2023	33,076	23,942	3	23,946	9,134	422	220,593	16,500	246,651	(14,488)	289,185

	Valuation and translation adjustments				Stock acquisition rights	Total equity
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation surplus	Total valuation and translation adjustments		
Balance as of April 1, 2022	148,402	6,045	8,369	162,817	103	445,455
Changes during the period						
Cash dividends						(4,951)
Provision of reserve for tax purpose reduction entry of non-current assets						
Provision of general reserve						
Net income						14,411
Purchase of treasury stock						(3,002)
Sales of treasury stock						137
Reversal of land revaluation surplus						56

	Valuation and translation adjustments				Stock acquisition rights	Total equity
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation surplus	Total valuation and translation adjustments		
Other changes	(41,155)	9,553	(56)	(31,658)	(103)	(31,761)
Net change in the period	(41,155)	9,553	(56)	(31,658)	(103)	(25,110)
Balance as of March 31, 2023	107,247	15,599	8,312	131,159	–	420,344