

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: THE SHIGA BANK, LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8366
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 Scheduled date of ordinary general shareholders' meeting: June 24, 2022
 Scheduled date of commencing dividend payments: June 27, 2022
 Scheduled date of filing securities report: June 9, 2022
 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, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	98,306	14.7	23,999	116.8	17,715	54.7
Fiscal year ended March 31, 2021	85,715	(3.6)	11,070	(20.2)	11,448	(7.8)

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

Fiscal year ended March 31, 2021: ¥122,660 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, 2022	359.51	359.21	3.7	0.3	24.4
Fiscal year ended March 31, 2021	228.13	220.43	2.6	0.1	12.9

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2022: ¥— million

Fiscal year ended March 31, 2021: ¥— million

(2) Consolidated Financial Position

	Total assets	Total equity	Capital ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	7,537,956	464,214	6.2	9,552.14
As of March 31, 2021	7,793,748	495,469	6.4	9,958.47

(Reference) Capital: As of March 31, 2022: ¥464,111 million

As of March 31, 2021: ¥495,384 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, 2022	(278,958)	21,823	(4,483)	1,750,676
Fiscal year ended March 31, 2021	1,240,417	(127,874)	(34,337)	2,012,295

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, 2021	–	17.50	–	22.50	40.00	1,998	17.5	0.4
Fiscal year ended March 31, 2022	–	17.50	–	62.50	80.00	3,898	22.3	0.8
Fiscal year ending March 31, 2023 (Forecast)	–	40.00	–	40.00	80.00		26.3	

(Notes)

- Breakdown of the 2nd quarter-end dividend for the fiscal year ended March 31, 2021: Ordinary dividend of ¥17.50
Breakdown of the year-end dividend for the fiscal year ended March 31, 2021: Ordinary dividend of ¥17.50, special dividend of ¥5.00
- 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
- Breakdown of the 2nd quarter-end dividend for the fiscal year ending March 31, 2023 (forecast): Ordinary dividend of ¥40.00
Breakdown of the year-end dividend for the fiscal year ending March 31, 2023 (forecast): Ordinary dividend of ¥40.00

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

(% 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	14,000	(16.2)	10,200	(14.4)	209.93
Full year	21,000	(12.5)	14,800	(16.5)	304.61

* Notes:

- Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): None
- Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - Changes in accounting policies due to the revision of accounting standards: Yes
 - Changes in accounting policies other than 1) above: None
 - Changes in accounting estimates: None
 - 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, 2022:	53,090,081 shares
As of March 31, 2021:	53,090,081 shares

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

As of March 31, 2022:	4,502,938 shares
As of March 31, 2021:	3,345,006 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022:	49,278,241 shares
Fiscal year ended March 31, 2021:	50,183,020 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	86,664	19.4	22,942	121.1	17,361	53.2
Fiscal year ended March 31, 2021	72,610	(0.9)	10,375	(17.3)	11,331	(4.5)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended March 31, 2022	352.32		352.03	
Fiscal year ended March 31, 2021	225.80		218.18	

(2) Non-consolidated Financial Position

	Total assets	Total equity	Capital ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	7,517,734	445,455	5.9	9,166.05
As of March 31, 2021	7,769,496	474,287	6.1	9,532.67

(Reference) Capital: As of March 31, 2022: ¥445,352 million

As of March 31, 2021: ¥474,203 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, 2023 (April 1, 2022 – March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Net income		Net income per share
	Million yen	%	Million yen	%	Yen
Six months	13,500	(16.8)	10,000	(15.0)	205.82
Full year	20,000	(12.8)	14,500	(16.5)	298.43

* 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.

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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, 2022, followed an overall trajectory of recovery from the adversity caused by the novel coronavirus infection both inside and outside the country, though there were some areas which showed weakness. The rise in geopolitical risk caused by the Ukraine crisis and soaring resource prices placed downward pressure on the economic sentiment of the manufacturing sector. In the non-manufacturing sector, the service sector suffered a significant decline due to the novel coronavirus pandemic, but the economic sentiment of the lodging and dining service sector is expected to improve with the lifting of quasi-emergency measures.

Production in Shiga Prefecture's manufacturing industry is moving towards recovery in some areas, although it remains weak in industries such as the automotive industry. On the demand side, growth remained sluggish for most products, especially consumer durables. Although private capital expenditures and public investment have increased significantly, housing investments have declined by a large margin, and the economy of the prefecture as a whole remains at a standstill.

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 were as follows.

1) Consolidated total revenue [Net interest income + fees and commissions (including trust fees) + net other operating income]

Consolidated total revenue rose ¥3,372 million year-on-year to ¥60,437 million.

Net interest income rose ¥2,650 million year-on-year to ¥46,783 million. This was primarily due to an increase of ¥2,314 million in interest income as the result of increases in interest and dividends on securities and in interest on deposits.

Fees and commissions (including trust fees) grew by ¥1,294 million year-on-year to ¥13,273 million. This was primarily as a result of increases in investment trust sales and agency commissions, syndicated loan origination fees, M&A handling fees, and the like, which produced an increase of ¥826 million in revenue from fees and commissions, etc.

Net other operating income fell by ¥572 million to ¥380 million due to a decrease in income related to bonds, etc.

2) Consolidated ordinary business profit [Consolidated total revenue - general and administrative expenses (excluding portion processed as non-recurring expenses)]

General and administrative expenses (excluding portion processed as non-recurring expenses) rose by ¥6,075 million year-on-year to ¥48,235 million. This was primarily due to an increase in non-personnel expenses arising as a result of investments related to next-generation core systems. As a result, consolidated ordinary business profit amounted to ¥12,202 million, a decline of ¥2,703 million year-on-year.

3) Ordinary profit [Consolidated ordinary business profit - general provision of allowance for loan losses in other expenses + other ordinary profit and loss (disposal of bad loans/profit and loss status of stocks, etc.)]

Credit costs for the fiscal year under review (= General provision of allowance for loan losses in other expenses + disposal of bad loans - reversal of allowance for loan losses, etc.) fell by ¥6,002 million year-on-year to ¥2,093 million.

Furthermore, profit and loss status of stocks, etc. (= Gain on sales - loss on sales - depreciation) amounted to

¥10,935 million, a year-on-year increase of ¥7,792 million due to an increase in gains on sales of stocks and other securities.

As a result, ordinary profit rose ¥12,929 million year-on-year to ¥23,999 million.

4) Net income attributable to owners of the parent [Ordinary profit + extraordinary income or losses - total income taxes - net income attributable to non-controlling shareholders]

Extraordinary income or losses amounted to ¥(590) million, a year-on-year decrease of ¥2,572 million, due to the recording of ¥2,411 million in extraordinary income during the previous fiscal year arising from the transfer of business assets.

Total income taxes rose ¥4,089 million year-on-year to ¥5,692 million.

As a result, net income attributable to owners of the parent increased by ¥6,267 million year-on-year to ¥17,715 million.

(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 ¥7,537,956 million, a decrease of ¥255,791 million from the end of the previous fiscal year.

With regards to the main account balance of assets, investment securities stood at ¥1,511,864 million (a decrease of ¥74,642 million from the end of the previous fiscal year), and loans and bills discounted totaled ¥4,064,683 million (an increase of ¥62,984 million from the end of the previous fiscal year.)

Meanwhile, total liabilities were ¥7,073,742 million, a decrease of ¥224,536 million from the end of the previous fiscal year.

With regards to the main account balance of liabilities, deposits totaled ¥5,611,084 million (an increase of ¥212,232 million from the end of the previous fiscal year), negotiable certificates of deposit were ¥41,880 million (a decrease of ¥7,679 million from the end of the previous fiscal year), call money and bills sold were ¥145,809 million (a decrease of ¥370,267 million from the end of the previous fiscal year), payables under securities lending transactions were ¥185,680 million (a decrease of ¥86,974 million from the end of the previous fiscal year), and borrowed money was ¥936,840 million (an increase of ¥37,785 million from the end of the previous fiscal year).

Total equity amounted to ¥464,214 million, a decrease of ¥31,254 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥46,218 million in net unrealized gains on available-for-sale securities from the end of the previous fiscal year, despite an increase of ¥15,800 million in retained earnings.

In order to enable our customers to feel even more secure when doing business with the Group, we will continue to strive to ensure the financial soundness of our assets and enhance our revenue-earning power, thereby increasing our corporate value.

Predictions for the main accounts for the fiscal 2022 (the fiscal year ending March 31, 2023) are as follows. We expect the average balance of deposits, etc. (including negotiable certificates of deposit) during the fiscal year to increase by ¥120.4 billion year-on-year to ¥5,620.3 billion (a 2.1% increase), the average balance of loans and bills discounted during the fiscal year to increase by ¥133.3 billion year-on-year to ¥4,172.0 billion (a 3.3% increase), and the average balance of investment securities during the fiscal year to increase by ¥51.1 billion to ¥1,323.0 billion (a 4.0% increase).

(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 ¥278,958 million, a year-on-year decrease in inflow of ¥1,519,376 million, mainly due to a decrease in call money. Net cash provided by investing activities was ¥21,823 million, a year-on-year increase in inflow of ¥149,698 million, with proceeds from sales and redemption of securities exceeding the expenditures involved in the purchases of securities. Furthermore, net cash used in financing activities was ¥4,483 million due to increased expenditures arising from the purchases of treasury stock for the purpose of providing shareholder returns. Due to factors such as the redemption of bonds with stock acquisition

rights during the previous fiscal year (¥21,392 million), cash outflow decreased by ¥29,853 million year-on-year.

As a result, cash and cash equivalents as of the end of the fiscal year under review amounted to ¥1,750,676 million, a decrease of ¥261,618 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 ALM Committee.

(4) Future Outlook

In our financial results forecast for the fiscal 2022 (the fiscal year ending March 31, 2023), we expect the balances of both deposits and loans and bills discounted to rise steadily, but we also expect an increase in losses from the disposal of bad loans. Accordingly, we forecast consolidated ordinary profit of ¥21,000 million (a year-on-year decrease of ¥2,900 million) and net income attributable to owners of the parent amounting to ¥14,800 million, a year-on-year decrease of ¥2,900 million.

Our assumptions regarding the impact of the outbreak of the novel coronavirus infection as of March 31, 2022, are indicated below. The impact of the outbreak 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 outbreak of the novel coronavirus infection as of March 31, 2022)

The outbreak of the novel coronavirus infection will continue to be a constraint on various economic activities, the impact of which will linger until at least March 2023.

We also assume that the credit risk inherent in loans and bills discounted to certain borrowers in specific industries affected by the spread of the novel coronavirus infection is increasing.

Our dividend policy for the fiscal year ending March 31, 2023 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 ¥14,800 million for the fiscal year ending March 31, 2023, we forecast an annual ordinary dividend of ¥80 for the fiscal year ending March 31, 2023.

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, 2021	As of March 31, 2022
Assets		
Cash and due from banks	2,013,251	1,751,539
Call loans and bills bought	10,000	8,444
Debt purchased	4,218	3,594
Trading securities	567	468
Money held in trust	14,476	15,359
Investment securities	1,586,506	1,511,864
Loans and bills discounted	4,001,698	4,064,683
Foreign exchange assets	8,334	7,063
Other assets	98,021	109,742
Tangible fixed assets	47,667	50,114
Buildings	14,019	13,241
Land	31,665	32,196
Construction in progress	–	2,614
Other	1,983	2,061
Intangible fixed assets	1,855	1,641
Software	1,300	825
Software in progress	385	646
Other	169	169
Asset for retirement benefits	12,969	13,323
Deferred tax assets	626	593
Customers' liabilities for acceptances and guarantees	27,246	32,340
Allowance for loan losses	(33,692)	(32,815)
Total assets	7,793,748	7,537,956
Liabilities		
Deposits	5,398,851	5,611,084
Negotiable certificates of deposit	49,560	41,880
Call money and bills sold	516,077	145,809
Payables under securities lending transactions	272,654	185,680
Borrowed money	899,055	936,840
Foreign exchange liabilities	303	246
Borrowed money from trust account	166	214
Other liabilities	53,645	59,226
Liability for retirement benefits	143	157
Liability for retirement benefits of directors and Audit & Supervisory Board Members	5	4
Liability for reimbursement of deposits	267	83
Allowance for repayment of excess interest	20	12
Reserve for other contingent losses	156	134
Deferred tax liabilities	74,522	54,507
Deferred tax liabilities for land revaluation	5,602	5,520
Acceptances and guarantees	27,246	32,340
Total liabilities	7,298,278	7,073,742

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Equity		
Common stock	33,076	33,076
Capital surplus	24,536	24,536
Retained earnings	232,289	248,089
Treasury stock	(9,116)	(11,619)
Total shareholders' equity	280,786	294,083
Net unrealized gains on available-for-sale securities	195,174	148,955
Deferred gains on derivatives under hedge accounting	1,634	6,045
Land revaluation surplus	8,532	8,369
Defined retirement benefit plans	9,257	6,656
Total accumulated other comprehensive income	214,598	170,027
Stock acquisition rights	84	103
Total equity	495,469	464,214
Total liabilities and equity	7,793,748	7,537,956

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Ordinary income	85,715	98,306
Interest income	47,413	49,728
Interest on loans and discounts	34,566	33,413
Interest and dividends on securities	12,531	14,521
Interest on call loans and bills bought	2	1
Interest on deposits with banks	265	1,743
Other interest income	46	48
Trust fees	2	0
Fees and commissions	16,539	17,366
Other operating income	15,210	16,198
Other income	6,549	15,012
Recovery of claims previously charged-off	366	498
Other	6,182	14,514
Ordinary expenses	74,645	74,307
Interest expenses	3,284	2,948
Interest on deposits	897	619
Interest on negotiable certificates of deposit	19	13
Interest on call money and bills sold	218	136
Interest expenses on securities lending transactions	262	140
Interest on borrowing and rediscounts	804	281
Other interest expenses	1,080	1,756
Fees and commissions	4,563	4,092
Other operating expenses	14,257	15,818
General and administrative expenses	41,670	46,382
Other expenses	10,869	5,065
Provision of allowance for loan losses	7,459	1,607
Other	3,409	3,457
Ordinary profit	11,070	23,999
Extraordinary income	2,411	0
Gains on disposal of fixed assets	2,411	0
Extraordinary losses	430	591
Losses on disposal of fixed assets	113	82
Losses on impairment of long-lived assets	316	509
Income before income taxes	13,051	23,408
Income taxes - current	6,390	6,186
Income taxes - deferred	(4,787)	(493)
Total income taxes	1,603	5,692
Net income	11,448	17,715
Net income attributable to owners of the parent	11,448	17,715

Consolidated Statement of Comprehensive Income

(Million yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Net income	11,448	17,715
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	92,863	(46,218)
Deferred gains on derivatives under hedge accounting	9,985	4,410
Defined retirement benefit plans	8,362	(2,600)
Total other comprehensive income	111,212	(44,408)
Comprehensive income	122,660	(26,692)
Attributable to		
Owners of the parent	122,660	(26,692)

(3) Consolidated Statements of Changes in Equity
For the year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2020	33,076	24,536	220,282	(8,184)	269,712
Changes during the period					
Cash dividends			(2,008)		(2,008)
Net income attributable to owners of the parent			11,448		11,448
Purchase of treasury stock				(1,003)	(1,003)
Sales of treasury stock			(4)	71	67
Reversal of land revaluation surplus			2,571		2,571
Other changes					
Net change in the period	–	–	12,006	(932)	11,074
Balance as of March 31, 2021	33,076	24,536	232,289	(9,116)	280,786

	Accumulated other comprehensive income					Stock acquisition rights	Total equity
	Net unrealized gains 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, 2020	102,311	(8,351)	11,103	894	105,957	131	375,801
Changes during the period							
Cash dividends							(2,008)
Net income attributable to owners of the parent							11,448
Purchase of treasury stock							(1,003)
Sales of treasury stock							67
Reversal of land revaluation surplus							2,571
Other changes	92,863	9,985	(2,571)	8,362	108,640	(47)	108,593
Net change in the period	92,863	9,985	(2,571)	8,362	108,640	(47)	119,667
Balance as of March 31, 2021	195,174	1,634	8,532	9,257	214,598	84	495,469

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 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	214,598	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

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Operating activities:		
Income before income taxes	13,051	23,408
Depreciation	2,445	2,247
Losses on impairment of long-lived assets	316	509
Increase (decrease) in allowance for loan losses	5,739	(877)
Decrease in reserve for other contingent losses	(25)	(22)
Increase in asset for retirement benefits	(12,969)	(353)
Increase (decrease) in liability for retirement benefits	(1,698)	14
Decrease in liability for retirement benefits of directors and Audit & Supervisory Board Members	(0)	(0)
Decrease in liability for reimbursement of deposits	(111)	(184)
Decrease in allowance for repayment of excess interest	(4)	(7)
Interest income	(47,413)	(49,728)
Interest expenses	3,284	2,948
Gains on sales and write-down of investment securities	(2,174)	(8,307)
Gains on money held in trust	(82)	(265)
Foreign exchange gains	(1)	(2)
Losses (gains) on disposals of fixed assets - net	(2,297)	81
Net increase in loans and bills discounted	(142,335)	(62,984)
Net increase in deposits	512,417	212,232
Net decrease in negotiable certificates of deposit	(17,123)	(7,679)
Net increase in borrowed money (excluding subordinated loans)	457,975	37,785
Net decrease (increase) in due from banks (excluding deposits in Bank of Japan)	(209)	94
Net decrease (increase) in call loans and others	(5,733)	2,178
Net increase (decrease) in call money and bills sold	379,691	(370,267)
Net increase (decrease) in payables under securities lending transactions	37,116	(86,974)
Net decrease (increase) in foreign exchange assets	(424)	1,271
Net increase (decrease) in foreign exchange liabilities	263	(57)
Net increase in borrowed money from trust account	166	48
Interest received (cash basis)	48,871	50,756
Interest paid (cash basis)	(4,427)	(2,970)
Other	20,748	(14,678)
Subtotal	1,245,054	(271,786)
Income taxes - paid	(4,637)	(7,172)
Net cash provided by (used in) operating activities	1,240,417	(278,958)

(Million yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Investing activities:		
Purchases of securities	(866,123)	(1,003,543)
Proceeds from sales of securities	585,170	915,771
Proceeds from redemptions of securities	148,908	115,356
Increase in money held in trust	–	(681)
Purchases of tangible fixed assets	(1,094)	(4,660)
Proceeds from sales of tangible fixed assets	5,927	32
Purchases of intangible fixed assets	(663)	(451)
Net cash provided by (used in) investing activities	(127,874)	21,823
Financing activities:		
Repayment of subordinated loans	(10,000)	–
Redemption of bonds with stock acquisition rights	(21,392)	–
Purchases of treasury stock	(1,003)	(2,502)
Proceeds from sales of treasury stock	67	0
Dividends paid	(2,008)	(1,981)
Net cash used in financing activities	(34,337)	(4,483)
Foreign currency translation adjustments on cash and cash equivalents	1	0
Net increase (decrease) in cash and cash equivalents	1,078,207	(261,618)
Cash and cash equivalents, beginning of year	934,088	2,012,295
Cash and cash equivalents, end of year	2,012,295	1,750,676

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition)

The Bank has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 issued on March 31, 2020, hereinafter referred to as “Revenue Recognition Accounting Standard”), etc. from the beginning of the fiscal year under review, and has decided to recognize revenue in the amount expected to be received in exchange for promised goods or service when the control of the goods or service is transferred to customers.

Regarding the application of the Revenue Recognition Accounting Standard, etc., the Bank has followed the transitional treatment stipulated in the proviso in Paragraph 84 of the Revenue Recognition Accounting Standard, and there is no impact on retained earnings at the beginning of the fiscal year under review.

In addition, there is no impact of the application of the said accounting standard, etc. on profit and loss or per share information.

(Application of the Accounting Standard for Fair Value Measurement)

The Bank has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 issued on July 4, 2019, hereinafter referred to as “Fair Value Measurement Standard”), etc. from the beginning of the fiscal year under review, and has reviewed and changed the fair value adjustment method for measuring the fair value of derivative transactions to an approach that makes maximum use of observable inputs estimated from derivatives traded in the market in accordance with Paragraph 8 of the Fair Value Measurement Standard.

This review is due to the application of the Fair Value Measurement Standard, etc., and the Bank reflects the cumulative impact of retroactively applying the new accounting standard prior to the beginning of the fiscal year under review in retained earnings at the beginning of the fiscal year under review in accordance with the transitional measures stipulated in Paragraph 20 of the said measurement standard.

As a result, at the beginning of the fiscal year under review, “retained earnings” decreased by ¥97 million, “other assets” decreased by ¥183 million, “other liabilities” decreased by ¥44 million, “deferred tax liabilities” decreased by ¥42 million, and equity per share decreased by ¥1.95.

(Change in presentation)

(Consolidated Statement of Income)

Profits or losses related to investment in investment business associations, etc. were previously presented, for each individual association, with profits included in “other income” and losses included in “other expenses.” However, profits or losses related to investment in investment business associations, etc. are strongly associated with a core business for regional financial institutions from the aspect of growth investment in regional companies centered on Shiga Prefecture, where the Group has a base. As a result of reexamination from that point of view, from the viewpoint of presenting operating results more appropriately, we have decided to include them

in the interest and dividends on securities in “interest income” from the fiscal year under review.

Consolidated financial statements for the fiscal year ended March 31, 2021 have been reclassified in order to reflect this change in presentation.

As a result, in the consolidated statement of income for the fiscal year ended March 31, 2021, the profit of ¥746 million related to investment business associations, etc., which was included in “other income,” and the loss of ¥369 million, which was included in “other expenses,” have been reclassified to interest and dividends on securities (net amount of ¥377 million) in “interest income.”

(Additional information)

(Impact of the novel coronavirus)

Since March 31, 2021, the Group had been accounting estimates for allowance for loan losses, etc., based on the assumption that the outbreak of the novel coronavirus infection will continue to be a constraint on various economic activities, and that the full-scale economic recovery phase will begin after April 2022.

It is our view that the outbreak of the novel coronavirus infection has yet to be brought fully under control as of March 31, 2022, so we have revised our assumptions regarding the impact of the novel coronavirus as indicated below.

Assumptions regarding the impact of the novel coronavirus as of March 31, 2022

The outbreak of the novel coronavirus infection will continue to be a constraint on various economic activities, the impact of which will linger until at least March 2023.

We also assume that the credit risk inherent in loans and bills discounted to certain borrowers in specific industries affected by the spread of the novel coronavirus infection is increasing.

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, 2023) 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 due to the situation of future outbreaks of the novel coronavirus infection 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, 2021	For the year ended March 31, 2022
Equity per share	¥9,958.46	¥9,552.14
Net income per share	¥228.12	¥359.50
Diluted net income per share	¥220.43	¥359.20

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

(1) Equity per share

		As of March 31, 2021	As of March 31, 2022
Total equity	Million yen	495,469	464,214
Amount to be deducted from the total equity	Million yen	84	103
(stock acquisition rights included above)	Million yen	84	103
(non-controlling interests included above)	Million yen	—	—
Equity attributable to common stock at the end of the year	Million yen	495,384	464,111
Number of shares of common stock at the end of the year, which is used to calculate equity per share	Thousand shares	49,745	48,587

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

		For the year ended March 31, 2021	For the year ended March 31, 2022
Net income per share			
Net income attributable to owners of the parent	Million yen	11,448	17,715
Amount not attributable to common shareholders	Million yen	—	—
Net income attributable to owners of the parent with respect to common stock	Million yen	11,448	17,715
Average number of shares of common stock during the year	Thousand shares	50,183	49,278
Diluted net income per share			
Adjustment on net income attributable to owners of the parent	Million yen	—	—
Increase in common stock	Thousand shares	1,752	41
(convertible bonds with stock acquisition rights included above)	Thousand shares	1,714	—
(stock acquisition rights included above)	Thousand shares	37	41
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, 2021	As of March 31, 2022
Assets		
Cash and due from banks	2,013,154	1,751,452
Cash	40,026	38,278
Due from banks	1,973,128	1,713,173
Call loans	10,000	8,444
Debt purchased	4,218	3,594
Trading securities	567	468
Trading government bonds	192	184
Trading local government bonds	375	284
Money held in trust	14,476	15,359
Investment securities	1,589,519	1,515,143
Japanese government bonds	319,781	334,714
Japanese local government bonds	255,705	198,178
Japanese corporate bonds	348,263	307,851
Corporate stocks	353,047	318,561
Other securities	312,720	355,838
Loans and bills discounted	4,020,228	4,082,731
Bills discounted	6,689	7,522
Loans on bills	80,025	73,481
Loans on deeds	3,580,676	3,613,004
Overdrafts	352,836	388,722
Foreign exchange assets	8,334	7,063
Due from foreign correspondents	7,715	6,589
Foreign bills of exchange purchased	0	2
Foreign bills of exchange receivable	618	470
Other assets	64,263	76,989
Prepaid expenses	137	267
Accrued income	3,600	3,827
Derivatives	9,171	12,829
Other	51,353	60,065
Tangible fixed assets	47,407	49,865
Buildings	13,874	13,105
Land	31,576	32,108
Construction in progress	–	2,614
Other	1,956	2,036
Intangible fixed assets	1,660	1,452
Software	1,111	641
Software in progress	385	646
Other	163	163
Prepaid pension cost	–	3,752
Customers' liabilities for acceptances and guarantees	27,246	32,340
Allowance for loan losses	(31,581)	(30,923)
Total assets	7,769,496	7,517,734

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Deposits	5,403,957	5,616,699
Current deposits	231,153	256,538
Ordinary deposits	2,970,013	3,192,964
Savings deposits	18,755	18,743
Deposits at notice	68,359	69,400
Time deposits	2,017,446	1,995,515
Other deposits	98,228	83,535
Negotiable certificates of deposit	63,540	55,680
Call money	516,077	145,809
Payables under securities lending transactions	272,654	185,680
Borrowed money	896,821	935,675
Borrowings from banks and other	896,821	935,675
Foreign exchange liabilities	303	246
Foreign bills of exchange sold	142	107
Accrued foreign bills of exchange	160	138
Borrowed money from trust account	166	214
Other liabilities	37,804	42,765
Accrued income taxes	3,313	2,454
Accrued expenses	3,233	3,132
Unearned income	1,322	1,281
Derivatives	10,561	11,638
Other	19,373	24,258
Provision for retirement benefits	340	–
Liability for reimbursement of deposits	267	83
Reserve for other contingent losses	156	134
Deferred tax liabilities	70,270	51,430
Deferred tax liabilities for land revaluation	5,602	5,520
Acceptances and guarantees	27,246	32,340
Total liabilities	7,295,209	7,072,279

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Equity		
Common stock	33,076	33,076
Capital surplus	23,942	23,942
Legal capital surplus	23,942	23,942
Retained earnings	221,688	237,134
Legal retained earnings	9,134	9,134
Other retained earnings	212,553	227,999
Reserve for tax purpose reduction entry of non-current assets	400	400
General reserve	197,293	208,993
Retained earnings brought forward	14,859	18,605
Treasury stock	(9,116)	(11,619)
Total shareholders' equity	269,591	282,534
Net unrealized gains on available-for-sale securities	194,445	148,402
Deferred gains on derivatives under hedge accounting	1,634	6,045
Land revaluation surplus	8,532	8,369
Total valuation and translation adjustments	204,611	162,817
Stock acquisition rights	84	103
Total equity	474,287	445,455
Total liabilities and equity	7,769,496	7,517,734

(2) Statements of Income

(Million yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Ordinary income	72,610	86,664
Interest income	48,377	50,687
Interest on loans and discounts	34,563	33,412
Interest and dividends on securities	13,505	15,488
Interest on call loans	2	1
Interest on deposits with banks	265	1,743
Other interest income	40	41
Trust fees	2	0
Fees and commissions	14,048	14,877
Fees and commissions on domestic and foreign exchanges	3,187	2,942
Other fees and commissions	10,860	11,935
Other operating income	3,613	6,060
Gains on foreign exchange transactions - net	701	914
Gains on sales of bonds	2,603	3,907
Gains on redemption of bonds	50	—
Gains on derivative financial instruments	250	1,211
Other	7	27
Other income	6,568	15,038
Recovery of claims previously charged-off	366	498
Gains on sales of stocks and other securities	5,542	13,753
Gains on money held in trust	228	265
Other	431	521
Ordinary expenses	62,235	63,722
Interest expenses	3,274	2,941
Interest on deposits	898	619
Interest on negotiable certificates of deposit	19	13
Interest on call money	218	136
Interest expenses on securities lending transactions	262	140
Interest on borrowing and rediscounts	794	274
Interest expenses on interest rate swaps	1,053	1,746
Other interest expenses	27	10
Fees and commissions	4,832	4,294
Fees and commissions on domestic and foreign exchanges	599	445
Other fees and commissions	4,233	3,849
Other operating expenses	3,629	6,544
Net loss on trading securities transactions	0	2
Losses on sales of government bonds	3,617	6,531
Amortization of bonds	5	1
Other	6	8
General and administrative expenses	40,176	44,880
Other expenses	10,321	5,060
Provision of allowance for loan losses	6,927	1,615
Written-off of loans	655	497
Losses on sales of stocks and other securities	823	2,734
Losses on devaluation of stocks and other securities	1,575	83
Losses on money held in trust	146	—
Other	193	129
Ordinary profit	10,375	22,942

(Million yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Extraordinary income	2,411	0
Gains on disposal of fixed assets	2,411	0
Extraordinary losses	430	591
Losses on disposal of fixed assets	113	82
Losses on impairment of long-lived assets	316	509
Income before income taxes	12,356	22,351
Income taxes - current	5,700	5,571
Income taxes - deferred	(4,675)	(581)
Total income taxes	1,025	4,989
Net income	11,331	17,361

(3) Statements of Changes in Equity
For the year ended March 31, 2021

(Million yen)

	Shareholders' equity									
	Common stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus		Other retained earnings					
					Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance as of April 1, 2020	33,076	23,942	23,942	9,134	400	186,893	13,370	209,798	(8,184)	258,633
Changes during the period										
Cash dividends							(2,008)	(2,008)		(2,008)
Provision of general reserve						10,400	(10,400)	-		
Net income							11,331	11,331		11,331
Purchase of treasury stock									(1,003)	(1,003)
Sales of treasury stock							(4)	(4)	71	67
Reversal of land revaluation surplus							2,571	2,571		2,571
Other changes										
Net change in the period	-	-	-	-	-	10,400	1,489	11,889	(932)	10,957
Balance as of March 31, 2021	33,076	23,942	23,942	9,134	400	197,293	14,859	221,688	(9,116)	269,591

	Valuation and translation adjustments				Stock acquisition rights	Total equity
	Net unrealized gains 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, 2020	101,731	(8,351)	11,103	104,483	131	363,248
Changes during the period						
Cash dividends						(2,008)
Provision of general reserve						
Net income						11,331
Purchase of treasury stock						(1,003)
Sales of treasury stock						67
Reversal of land revaluation surplus						2,571
Other changes	92,713	9,985	(2,571)	100,128	(47)	100,081
Net change in the period	92,713	9,985	(2,571)	100,128	(47)	111,038
Balance as of March 31, 2021	194,445	1,634	8,532	204,611	84	474,287

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 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)
Balance as of March 31, 2022	148,402	6,045	8,369	162,817	103	445,455