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Consolidated Financial Results for the Six Months Ended September 30, 2023 (Interim Period) [Japanese GAAP]



November 10, 2023

Company name: THE TOCHIGI BANK, LTD.

Stock exchange listing: Tokyo

Code number: 8550

URL: <https://www.tochigibank.co.jp>

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Scheduled date of filing quarterly securities report: November 14, 2023

Scheduled date of commencing dividend payments: December 8, 2023

Establishment of specific transaction accounts: No

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (Interim Period) (April 1, 2023 to September 30, 2023)

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

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	21,081	(12.8)	3,457	27.1	1,843	(2.9)
September 30, 2022	24,186	14.4	2,719	(24.7)	1,898	(12.1)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥(5,955) million [–%]

Six months ended September 30, 2022: ¥(12,269) million [–%]

	Profit per share	Diluted profit per share
Six months ended	Yen	Yen
September 30, 2023	17.80	–
September 30, 2022	18.29	18.21

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	3,314,933	148,601	4.4
As of March 31, 2023	3,279,153	154,878	4.7

(Reference) Equity: As of September 30, 2023: ¥147,087 million

As of March 31, 2023: ¥153,413 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, 2023	–	3.00	–	3.00	6.00
Fiscal year ending March 31, 2024	–	3.00			
Fiscal year ending March 31, 2024 (Forecast)			–	3.00	6.00

(Note) Revision to the forecast for dividends announced most recently: No

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

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Profit per share	
	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	41,000	(9.3)	3,700	(26.9)	2,000	(24.6)	19.32	

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023
(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2023: 109,608,000 shares

March 31, 2023: 109,608,000 shares

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

September 30, 2023: 6,035,452 shares

March 31, 2023: 6,068,966 shares

3) Average number of shares during the period:

Six months ended September 30, 2023: 103,551,447 shares

Six months ended September 30, 2022: 103,810,636 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 (1,555,000 shares as of March 31, 2023, 1,521,400 shares as of September 30, 2023) held by BBT. The average number of shares during the period includes the average number of shares (975,602 shares during the year ended March 31, 2023, 1,542,514 shares during six months ended September 30, 2023) held by BBT as the treasury shares to be deducted.

(Summary of Non-consolidated Financial Results)**1. Non-consolidated Financial Results for the Six Months Ended September 30, 2023 (Interim Period) (April 1, 2023 to September 30, 2023)**

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

	Ordinary income		Ordinary profit		Profit	
Six months ended	Million yen	%	Million yen	%	Million yen	%
September 30, 2023	18,630	(14.7)	3,041	35.1	1,677	4.2
September 30, 2022	21,840	17.1	2,250	(24.7)	1,610	(14.0)

	Profit per share
Six months ended	Yen
September 30, 2023	16.20
September 30, 2022	15.51

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	3,297,235	140,758	4.3
As of March 31, 2023	3,262,940	147,207	4.5

(Reference) Equity: As of September 30, 2023: ¥140,758 million

As of March 31, 2023: ¥147,207 million

(Note) "Equity ratio" is calculated by dividing Total net assets 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. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	35,000	(14.0)	3,200	(26.6)	1,800	(19.0)	17.38

Notes on financial results forecast

* These interim consolidated financial results are outside the scope of interim audit by certified public accountants or an audit firm.* Explanation of the appropriate use of financial results forecast and other notes

1. The Bank falls under the category of specified business companies (companies which engage in businesses specified in Article 17-15, Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs); accordingly, it prepares its interim consolidated financial statements and interim non-consolidated financial statements.
2. 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. Qualitative Information on Interim Financial Results

(1) Qualitative Information on Operating Results

Ordinary income decreased by 3,105 million yen year on year to 21,081 million yen due in part to a decrease in interest and dividends on securities. Ordinary expenses decreased by 3,843 million yen year on year to 17,623 million yen due in part to a decrease in loss on sale of bonds.

As a result, ordinary profit amounted to 3,457 million yen and profit attributable to owners of parent amounted to 1,843 million yen.

(2) Qualitative Information on Financial Position

Assets at the end of the interim period under review increased by 35.7 billion yen from the end of the previous fiscal year to 3,314.9 billion yen due in part to an increase in cash and due from banks. Liabilities increased by 42.0 billion yen from the end of the previous fiscal year to 3,166.3 billion yen due in part to an increase in deposits. Net assets decreased by 6.2 billion yen from the end of the previous fiscal year to 148.6 billion yen due in part to a decrease in valuation difference on available-for-sale securities.

The status of main accounts is as follows:

(i) Deposits

The balance of deposits increased by 56.5 billion yen from the end of the previous fiscal year to 3,112.9 billion yen due in part to an increase in personal deposits.

(ii) Loans and bills discounted

The balance of loans and bills discounted decreased by 35.1 billion yen from the end of the previous fiscal year to 1,997.1 billion yen.

(iii) Securities

The balance of securities decreased by 10.2 billion yen from the end of the previous fiscal year to 607.6 billion yen.

(3) Qualitative Information on Consolidated Financial Results Forecast and Other Forward-looking Information

There have been no changes to the full-year financial results forecast announced on May 12, 2023.

2. Summary Information (Notes)

Not applicable.

3. Interim Consolidated Financial Statements and Principal Notes

(1) Interim Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	572,443	652,622
Call loans and bills bought	1,339	1,228
Trading securities	7	4
Money held in trust	703	658
Securities	617,844	607,634
Loans and bills discounted	2,032,386	1,997,195
Foreign exchanges	740	912
Other assets	29,357	29,451
Tangible fixed assets	19,660	20,276
Intangible fixed assets	694	1,016
Retirement benefit asset	4,005	4,393
Deferred tax assets	9,964	8,987
Customers' liabilities for acceptances and guarantees	2,291	2,389
Allowance for loan losses	(12,284)	(11,839)
Total assets	3,279,153	3,314,933
Liabilities		
Deposits	3,056,435	3,112,958
Negotiable certificates of deposit	985	985
Borrowed money	41,748	33,836
Foreign exchanges	7	14
Other liabilities	20,126	13,325
Provision for bonuses	845	902
Provision for bonuses for directors (and other officers)	26	21
Retirement benefit liability	277	289
Provision for retirement benefits for directors (and other officers)	6	4
Provision for management board benefit trust	130	164
Provision for reimbursement of deposits	254	255
Provision for contingent loss	258	314
Reserves under special laws	8	8
Deferred tax liabilities for land revaluation	871	858
Acceptances and guarantees	2,291	2,389
Total liabilities	3,124,274	3,166,331
Net assets		
Share capital	27,408	27,408
Capital surplus	30,036	30,036
Retained earnings	118,085	119,548
Treasury shares	(2,324)	(2,314)
Total shareholders' equity	173,205	174,679
Valuation difference on available-for-sale securities	(19,493)	(27,308)
Revaluation reserve for land	(761)	(697)
Remeasurements of defined benefit plans	462	414
Total accumulated other comprehensive income	(19,792)	(27,591)
Non-controlling interests	1,465	1,513
Total net assets	154,878	148,601
Total liabilities and net assets	3,279,153	3,314,933

(2) Interim Consolidated Statements of Income and Comprehensive Income
Interim Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Ordinary income	24,186	21,081
Interest income	15,677	12,886
Interest on loans and discounts	10,138	10,350
Interest and dividends on securities	5,046	2,109
Fees and commissions	4,509	4,949
Other ordinary income	977	554
Other income	3,022	2,690
Ordinary expenses	21,467	17,623
Interest expenses	78	64
Interest on deposits	64	43
Fees and commissions payments	1,803	1,906
Other ordinary expenses	5,121	1,226
General and administrative expenses	11,685	11,858
Other expenses	2,777	2,567
Ordinary profit	2,719	3,457
Extraordinary income	101	2
Gain on disposal of non-current assets	3	2
Gain on reversal of share acquisition rights	98	–
Extraordinary losses	379	400
Loss on disposal of non-current assets	8	6
Impairment losses	240	394
Provision for share-based remuneration for directors (and other officers)	130	–
Profit before income taxes	2,441	3,059
Income taxes - current	283	1,052
Income taxes - deferred	210	99
Total income taxes	493	1,152
Profit	1,948	1,907
Profit attributable to non-controlling interests	49	64
Profit attributable to owners of parent	1,898	1,843

Interim Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	1,948	1,907
Other comprehensive income	(14,218)	(7,863)
Valuation difference on available-for-sale securities	(14,097)	(7,815)
Remeasurements of defined benefit plans, net of tax	(121)	(47)
Comprehensive income	(12,269)	(5,955)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(12,319)	(6,020)
Comprehensive income attributable to non-controlling interests	49	64

(3) Interim Consolidated Statements of Changes in Equity

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	27,408	30,036	116,366	(2,311)	171,500
Changes during period					
Dividends of surplus			(313)		(313)
Profit attributable to owners of parent			1,898		1,898
Purchase of treasury shares				(722)	(722)
Disposal of treasury shares		(222)		709	486
Transfer of loss on disposal of treasury shares		222	(222)		-
Reversal of revaluation reserve for land			82		82
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,444	(13)	1,431
Balance at end of period	27,408	30,036	117,811	(2,324)	172,931

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(10,676)	(843)	1,175	(10,344)	137	1,365	162,657
Changes during period							
Dividends of surplus							(313)
Profit attributable to owners of parent							1,898
Purchase of treasury shares							(722)
Disposal of treasury shares							486
Transfer of loss on disposal of treasury shares							-
Reversal of revaluation reserve for land							82
Net changes in items other than shareholders' equity	(14,097)	(82)	(121)	(14,301)	(137)	34	(14,404)
Total changes during period	(14,097)	(82)	(121)	(14,301)	(137)	34	(12,972)
Balance at end of period	(24,773)	(926)	1,054	(24,645)	-	1,399	149,685

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	27,408	30,036	118,085	(2,324)	173,205
Changes during period					
Dividends of surplus			(315)		(315)
Profit attributable to owners of parent			1,843		1,843
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				9	9
Transfer of loss on disposal of treasury shares					-
Reversal of revaluation reserve for land			(64)		(64)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,463	9	1,473
Balance at end of period	27,408	30,036	119,548	(2,314)	174,679

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(19,493)	(761)	462	(19,792)	-	1,465	154,878
Changes during period							
Dividends of surplus							(315)
Profit attributable to owners of parent							1,843
Purchase of treasury shares							(0)
Disposal of treasury shares							9
Transfer of loss on disposal of treasury shares							-
Reversal of revaluation reserve for land							(64)
Net changes in items other than shareholders' equity	(7,815)	64	(47)	(7,799)	-	48	(7,750)
Total changes during period	(7,815)	64	(47)	(7,799)	-	48	(6,277)
Balance at end of period	(27,308)	(697)	414	(27,591)	-	1,513	148,601

(4) Notes to Interim Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional information)

(Assumptions in estimating allowance for loan losses)

The economic impact of COVID-19 has diminished compared to the previous fiscal year due to a decrease in the number of serious cases and deaths in line with the increased vaccination coverage and improved medical system.

In the interim period under review, as the legal status of COVID-19 is downgraded to Class 5, the economic activity has started to pick up.

The Bank assumes that the recovery trend will continue in the fiscal year under review. However, the Bank has determined that the effects of the price hikes, which became evident in the previous fiscal year, will continue, and based on the assumption that the credit risk of loans and other assets will be affected within the expected range, the Bank has decided the borrower classification and posted an allowance for loan losses.

In addition, in view of uncertainties as to whether borrowers in certain industries will be able to continuously secure profits and cash flows necessary to improve the financial position that have deteriorated due to the pandemic, the Bank has estimated such effects and made necessary adjustments to its projected loss ratio and posted an allowance for loan losses of 1,637 million yen as of the end of the interim period under review (1,911 million yen as of the end of the previous fiscal year). The amount of allowance for loan losses may increase or decrease in or after the third 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 extent of spread and timing of convergence of the infection, or its impact on specific borrowers, 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 interim period under review were 438 million yen and 1,521 thousand shares (447 million yen and 1,555 thousand shares as of the end of the previous fiscal year), respectively.

4. Interim Non-consolidated Financial Statements

(1) Interim Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	570,410	649,318
Call loans	1,339	1,228
Trading securities	7	4
Money held in trust	703	658
Securities	620,626	610,410
Loans and bills discounted	2,031,741	1,997,123
Foreign exchanges	740	912
Other assets	13,641	13,178
Other	13,641	13,178
Tangible fixed assets	19,221	19,584
Intangible fixed assets	576	916
Prepaid pension costs	3,340	3,797
Deferred tax assets	10,117	9,102
Customers' liabilities for acceptances and guarantees	2,291	2,389
Allowance for loan losses	(11,818)	(11,389)
Total assets	3,262,940	3,297,235
Liabilities		
Deposits	3,058,485	3,114,978
Negotiable certificates of deposit	985	985
Borrowed money	38,600	30,700
Foreign exchanges	7	14
Other liabilities	13,050	4,986
Income taxes payable	461	757
Lease liabilities	272	207
Other	12,316	4,022
Provision for bonuses	739	769
Provision for bonuses for directors (and other officers)	17	17
Provision for retirement benefits	41	41
Provision for management board benefit trust	130	164
Provision for reimbursement of deposits	254	255
Provision for contingent loss	258	314
Deferred tax liabilities for land revaluation	871	858
Acceptances and guarantees	2,291	2,389
Total liabilities	3,115,733	3,156,477

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Share capital	27,408	27,408
Capital surplus	26,150	26,150
Legal capital surplus	26,150	26,150
Retained earnings	116,226	117,524
Legal retained earnings	1,745	1,745
Other retained earnings	114,481	115,779
General reserve	106,987	106,987
Retained earnings brought forward	7,494	8,792
Treasury shares	(2,324)	(2,314)
Total shareholders' equity	167,461	168,768
Valuation difference on available-for-sale securities	(19,492)	(27,312)
Revaluation reserve for land	(761)	(697)
Total valuation and translation adjustments	(20,254)	(28,010)
Total net assets	147,207	140,758
Total liabilities and net assets	3,262,940	3,297,235

(2) Interim Non-consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Ordinary income	21,840	18,630
Interest income	15,702	12,901
Interest on loans and discounts	10,139	10,340
Interest and dividends on securities	5,070	2,133
Fees and commissions	4,077	4,317
Other ordinary income	481	149
Other income	1,578	1,263
Ordinary expenses	19,590	15,589
Interest expenses	64	43
Interest on deposits	64	43
Fees and commissions payments	1,925	2,024
Other ordinary expenses	5,121	1,226
General and administrative expenses	10,659	10,807
Other expenses	1,818	1,487
Ordinary profit	2,250	3,041
Extraordinary income	98	—
Extraordinary losses	379	400
Profit before income taxes	1,969	2,640
Income taxes - current	169	844
Income taxes - deferred	189	119
Total income taxes	359	963
Profit	1,610	1,677

(3) Interim Non-consolidated Statements of Changes in Equity
Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	27,408	26,150	–	26,150	1,745	106,987	6,204	114,937
Changes during period								
Dividends of surplus							(313)	(313)
Profit							1,610	1,610
Purchase of treasury shares								
Disposal of treasury shares			(222)	(222)				
Transfer of loss on disposal of treasury shares			222	222			(222)	(222)
Reversal of revaluation reserve for land							82	82
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	1,156	1,156
Balance at end of period	27,408	26,150	–	26,150	1,745	106,987	7,361	116,093

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	(2,311)	166,184	(10,680)	(843)	(11,523)	137	154,798
Changes during period							
Dividends of surplus		(313)					(313)
Profit		1,610					1,610
Purchase of treasury shares	(722)	(722)					(722)
Disposal of treasury shares	709	486					486
Transfer of loss on disposal of treasury shares		–					–
Reversal of revaluation reserve for land		82					82
Net changes in items other than shareholders' equity			(14,090)	(82)	(14,173)	(137)	(14,310)
Total changes during period	(13)	1,143	(14,090)	(82)	(14,173)	(137)	(13,167)
Balance at end of period	(2,324)	167,328	(24,770)	(926)	(25,697)	–	141,630

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	27,408	26,150	–	26,150	1,745	106,987	7,494	116,226
Changes during period								
Dividends of surplus							(315)	(315)
Profit							1,677	1,677
Purchase of treasury shares								
Disposal of treasury shares								
Transfer of loss on disposal of treasury shares								
Reversal of revaluation reserve for land							(64)	(64)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	1,297	1,297
Balance at end of period	27,408	26,150	–	26,150	1,745	106,987	8,792	117,524

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	(2,324)	167,461	(19,492)	(761)	(20,254)	–	147,207
Changes during period							
Dividends of surplus		(315)					(315)
Profit		1,677					1,677
Purchase of treasury shares	(0)	(0)					(0)
Disposal of treasury shares	9	9					9
Transfer of loss on disposal of treasury shares		–					–
Reversal of revaluation reserve for land		(64)					(64)
Net changes in items other than shareholders' equity			(7,820)	64	(7,755)	–	(7,755)
Total changes during period	9	1,307	(7,820)	64	(7,755)	–	(6,448)
Balance at end of period	(2,314)	168,768	(27,312)	(697)	(28,010)	–	140,758

Financial Results Presentation Material

I Overview of Financial Results for Six Months Ended September 30, 2023 (Interim Period)

1. Status of Profit and Loss

[Non-consolidated]

(Million yen)

	Six months ended September 30, 2023	Change from six months ended September 30, 2022	Six months ended September 30, 2022
Gross operating profit	14,073	923	13,149
(Excluding gains (losses) on government bonds and other securities)	15,232	(2,535)	17,767
Domestic gross profit (Excluding gains (losses) on government bonds and other securities)	13,990	902	13,088
Net interest income	15,150	(2,556)	17,706
Fees and commissions income	12,778	(2,812)	15,590
Other operating income	2,292	140	2,152
International gross profit (Excluding gains (losses) on government bonds and other securities)	(1,080)	3,574	(4,654)
Net interest income	82	20	61
Fees and commissions income	82	20	61
Other operating income	79	32	47
Expenses (excluding extraordinary adjustments)	(0)	0	(0)
Personnel expenses	10,875	45	10,830
Non-personnel expenses	6,022	(94)	6,117
Taxes	4,104	108	3,995
Substantial net business profit (Note 1)	748	31	717
Core net business profit (Note 2)	3,197	877	2,319
Core net business profit (excluding gains (losses) from cancellation of investment trust)	4,356	(2,581)	6,937
Provision of general allowance for loan losses (1)	4,036	0	4,036
Net business profit	(251)	(251)	–
Of which, gains (losses) on government bonds and other securities	3,448	1,129	2,319
Unusual profits and losses	(1,159)	3,459	(4,618)
Bad loans disposed (2)	(407)	(338)	(68)
Written-off of loans	1,091	55	1,036
Provision of individual allowance for loan losses	579	(378)	957
Provision for contingent loss	396	396	–
Cost borne under joint responsibility system of credit guarantee corporations	55	48	7
(Costs for loans written-off (1) + (2))	59	(11)	71
Reversal of allowance for loan losses (3)	840	(196)	1,036
Recoveries of written off receivables	–	(687)	687
	264	133	130

Gains (losses) related to equity securities	323	430	(107)
Gain on sale of equity securities	901	259	641
Loss on sale of equity securities	577	(89)	667
Loss on devaluation of equity securities	0	(81)	81
Other unusual profits and losses	96	(160)	256
Ordinary profit	3,041	790	2,250
Extraordinary income and losses	(400)	(119)	(280)
Of which, loss (gain) on disposal of non-current assets	(6)	1	(7)
Gain on disposal of non-current assets	–	–	–
Loss on disposal of non-current assets	6	(1)	7
Of which, gain on reversal of share acquisition rights	–	(98)	98
Of which, impairment losses	394	153	240
Of which, provision for share awards for directors (and other officers)	–	(130)	130
Profit before income taxes	2,640	671	1,969
Income taxes – current	844	674	169
Income taxes – deferred	119	(70)	189
Total income taxes	963	603	359
Profit	1,677	67	1,610

Costs for loans written-off (1) + (2) - (3)	840	490	349
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(Note 1) Substantial net business profit = Net business profit (before transfer to general allowance for loan losses)

(Note 2) Core net business profit = Substantial net business profit - Gain (loss) on bonds

[Consolidated]

(Million yen)

	Six months ended September 30, 2023	Change from six months ended September 30, 2022	Six months ended September 30, 2022
Consolidated gross profit	15,193	1,033	14,160
Net interest income	12,822	(2,776)	15,599
Fees and commissions income	3,043	337	2,705
Other operating income	(672)	3,472	(4,144)
General and administrative expenses	11,858	173	11,685
Costs for loans written-off (1)	835	(227)	1,062
Written-off of loans	591	(392)	983
Provision of individual allowance for loan losses	377	377	–
Provision of general allowance for loan losses	(248)	(248)	–
Provision for contingent loss	55	48	7
Cost borne under joint responsibility system of credit guarantee corporations	59	(11)	71
Reversal of allowance for loan losses (2)	–	(768)	768
Recoveries of written off receivables	264	133	131
Gains (losses) related to equity securities	323	430	(107)
Others	370	(145)	515
Ordinary profit	3,457	738	2,719
Extraordinary income and losses	(398)	(119)	(278)
Profit before income taxes	3,059	618	2,441
Income taxes – current	1,052	769	283
Income taxes – deferred	99	(110)	210
Total income taxes	1,152	658	493
Profit attributable to non-controlling interests	64	14	49
Profit attributable to owners of parent	1,843	(55)	1,898

Costs for loans written-off ((1) - (2))	835	540	294
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(Note) Consolidated gross profit = (Interest income - Interest expenses) + (Fees and commissions - Fees and commissions payments) + (Other ordinary income - Other ordinary expenses)

(Number of companies in the scope of consolidation)

(No. of companies)

	Six months ended September 30, 2023	Change from six months ended September 30, 2022	Six months ended September 30, 2022
Number of consolidated subsidiaries	6	1	5
Number of equity-method affiliated companies	–	–	–

2. Main Accounts [Non-consolidated]

Balance of deposits

(Million yen)

	September 30, 2023	Change from March 31, 2023	Change from September 30, 2022	March 31, 2023	September 30, 2022
Deposits	3,114,978	56,492	35,170	3,058,485	3,079,807
Time deposits	887,048	(26,215)	(56,840)	913,263	943,889
Liquid deposits	2,227,929	82,707	92,011	2,145,222	2,135,918

*Excluding negotiable certificates of deposit.

Balance of loans and bills discounted

(Million yen, %)

	September 30, 2023	Change from March 31, 2023	Change from September 30, 2022	March 31, 2023	September 30, 2022
Loans and bills discounted	1,997,123	(34,617)	(24,216)	2,031,741	2,021,340
Loans and bills discounted for individuals, SMEs, etc.	1,528,392	11,224	29,797	1,517,168	1,498,594
Liquid deposits	76.52	1.85	2.39	74.67	74.13

Balance of securities

(Million yen)

	September 30, 2023	Change from March 31, 2023	Change from September 30, 2022	March 31, 2023	September 30, 2022
Securities	610,410	(10,216)	(43,369)	620,626	653,780
Government bonds	162,812	(29,392)	(66,481)	192,205	229,293

Balance of deposit assets

(Million yen)

	September 30, 2023	Change from March 31, 2023	Change from September 30, 2022	March 31, 2023	September 30, 2022
Deposit assets	430,135	15,718	32,544	414,417	397,590
Public bonds	27,825	2,169	79	25,655	27,746
Investment trusts	157,289	11,102	21,261	146,187	136,028
Individual pension, etc.	245,019	2,445	11,203	242,573	233,815

3. Margin [Non-consolidated]

(%)

	Six months ended September 30, 2023	Change from six months ended	Six months ended September 30, 2022
		September 30, 2022	
(1) Yield on assets (A)	0.86	(0.13)	0.99
(A) Yield on loans and bills discounted	1.03	0.01	1.02
(B) Yield on securities	0.67	(0.82)	1.49
(2) Funding costs (B)	0.69	0.03	0.66
(A) Yield on deposits, etc.	0.00	–	0.00
(B) Yield on external liabilities	0.00	–	0.00
(3) Total interest margin (A) - (B)	0.17	(0.16)	0.33
(Reference) Deposit and loan margin (domestic)	0.34	0.02	0.32
(Reference) Total interest margin (domestic)	0.17	(0.15)	0.32

4. Securities-Related Profit and Loss [Non-consolidated]

(Million yen)

	Six months ended September 30, 2023	Change from six months ended	Six months ended September 30, 2022
		September 30, 2022	
Gains (losses) on government bonds and other securities	(1,159)	3,459	(4,618)
Gains on sales	19	(277)	297
Gains on redemption	–	(1)	1
Losses on sales	1,179	(3,705)	4,885
Losses on redemption	–	–	–
Write-offs	–	(32)	32
Gains (losses) on equity securities	323	430	(107)
Gains on sales	901	259	641
Losses on sales	577	(89)	667
Write-offs	0	(81)	81

5. Valuation Gain and Loss on Securities with Market Value

[Non-consolidated]

(Million yen)

	September 30, 2023				March 31, 2023		
	Valuation gain and loss	Change from March 31, 2023	Evaluation gain	Evaluation loss	Valuation gain and loss	Evaluation gain	Evaluation loss
Held to maturity	–	–	–	–	–	–	–
Stocks of subsidiaries and affiliates	–	–	–	–	–	–	–
Other securities	(33,285)	(6,938)	4,892	38,178	(26,346)	2,599	28,946
Stocks	3,238	1,664	3,466	228	1,573	2,167	593
Bonds	(17,875)	(6,818)	0	17,875	(11,056)	52	11,108
Others	(18,648)	(1,784)	1,425	20,073	(16,863)	380	17,243
Total	(33,285)	(6,938)	4,892	38,178	(26,346)	2,599	28,946
Stocks	3,238	1,664	3,466	228	1,573	2,167	593
Bonds	(17,875)	(6,818)	0	17,875	(11,056)	52	11,108
Others	(18,648)	(1,784)	1,425	20,073	(16,863)	380	17,243

[Consolidated]

(Million yen)

	September 30, 2023				March 31, 2023		
	Valuation gain and loss	Change from March 31, 2023	Evaluation gain	Evaluation loss	Valuation gain and loss	Evaluation gain	Evaluation loss
Held to maturity	–	–	–	–	–	–	–
Stocks of subsidiaries and affiliates	–	–	–	–	–	–	–
Other securities	(33,273)	(6,932)	4,913	38,187	(26,341)	2,612	28,954
Stocks	3,238	1,664	3,466	228	1,573	2,167	593
Bonds	(17,875)	(6,818)	0	17,875	(11,056)	52	11,108
Others	(18,637)	(1,778)	1,445	20,082	(16,858)	393	17,252
Total	(33,273)	(6,932)	4,913	38,187	(26,341)	2,612	28,954
Stocks	3,238	1,664	3,466	228	1,573	2,167	593
Bonds	(17,875)	(6,818)	0	17,875	(11,056)	52	11,108
Others	(18,637)	(1,778)	1,445	20,082	(16,858)	393	17,252

6. Capital Adequacy Ratio (domestic standard)

[Non-consolidated]

(Million yen, %)

	September 30, 2023	Change from		March 31, 2023	September 30, 2022
		March 31, 2023	September 30, 2022		
(1) Capital adequacy ratio (2) / (3)	11.54	(0.05)	(0.21)	11.59	11.75
(2) Non-consolidated equity capital	169,433	504	(157)	168,929	169,590
(3) Risk assets	1,467,429	10,396	25,266	1,457,032	1,442,162
(4) Total non-consolidated equity capital requirements (3) × 4%	58,697	415	1,010	58,281	57,686

[Consolidated]

(Million yen, %)

	September 30, 2023	Change from		March 31, 2023	September 30, 2022
		March 31, 2023	September 30, 2022		
(1) Capital adequacy ratio (2) / (3)	11.84	(0.01)	(0.22)	11.85	12.06
(2) Consolidated equity capital	175,627	707	54	174,919	175,572
(3) Risk assets	1,483,193	8,287	27,395	1,474,905	1,455,797
(4) Total consolidated equity capital requirements (3) × 4%	59,327	331	1,095	58,996	58,231

II Status of Loans and Bills Discounted, Etc. [Non-consolidated]

1. Status of Loans Based on the Banking Act and the Financial Reconstruction Act [Non-consolidated]

(Million yen)

	September 30, 2023	Change from March 31, 2023	Change from September 30, 2022	March 31, 2023	September 30, 2022
Bankrupt and quasi-bankrupt loans	1,558	(399)	(197)	1,957	1,755
Doubtful loans	41,061	371	1,405	40,690	39,655
Special attention loans	598	(107)	(724)	706	1,323
Accruing loans contractually past due 3 months or more	–	(15)	(44)	15	44
Restructured loans	598	(92)	(680)	690	1,278
Subtotal (A)	43,218	(135)	483	43,354	42,735
Normal assets	1,985,109	(32,003)	(18,408)	2,017,112	2,003,517
Total (total claims) (B)	2,028,327	(32,139)	(17,924)	2,060,467	2,046,252
Ratio to total claims (A) / (B)	2.13%	0.03%	0.05%	2.10%	2.08%

2. Status of Preservation of Loans Based on the Financial Reconstruction Act [Non-consolidated]

(Million yen)

	September 30, 2023	Change from March 31, 2023	Change from September 30, 2022	March 31, 2023	September 30, 2022
Amount preserved (C)	29,861	430	2,474	29,430	27,387
Allowance for loan losses	7,115	(174)	1,689	7,289	5,425
Provision for possible loss on specific borrowers	–	–	–	–	–
Collateral and guarantees, etc.	22,746	604	784	22,141	21,961
Preservation rate (C) / (A)	69.09%	1.21%	5.01%	67.88%	64.08%

3. Status of Loans Based on the Banking Act and the Financial Reconstruction Act [Consolidated]

(Million yen)

	September 30, 2023	Change from March 31, 2023	Change from September 30, 2022	March 31, 2023	September 30, 2022
Bankrupt and quasi-bankrupt loans	1,732	(397)	(180)	2,130	1,913
Doubtful loans	41,169	365	1,408	40,804	39,760
Special attention loans	598	(107)	(725)	706	1,323
Accruing loans contractually past due 3 months or more	0	(15)	(44)	15	44
Restructured loans	598	(92)	(680)	690	1,278
Subtotal (A)	43,500	(140)	502	43,640	42,997
Normal assets	1,984,900	(32,575)	(18,003)	2,017,475	2,002,904
Total (total claims) (B)	2,028,401	(32,715)	(17,500)	2,061,116	2,045,902
Ratio to total claims (A) / (B)	2.14%	0.03%	0.04%	2.11%	2.10%

4. Loans and Bills Discounted by Business Type

(Million yen)

	September 30, 2023	Change from		March 31, 2023	September 30, 2022
		March 31, 2023	September 30, 2022		
Total loans and bills discounted	1,997,123	(34,617)	(24,216)	2,031,741	2,021,340
Manufacturing	152,206	(2,168)	7,099	154,375	145,106
Agriculture and forestry	9,796	77	620	9,719	9,176
Fishery	1,350	0	590	1,350	759
Mining, quarrying, and gravel	2,519	(78)	(52)	2,598	2,571
Construction	103,832	1,006	3,896	102,825	99,936
Utilities	28,792	(355)	552	29,147	28,240
Communication and information services	6,895	948	(2,661)	5,946	9,557
Transport and postal activities	77,108	2,435	7,301	74,673	69,807
Wholesale and retail	149,784	1,065	(1,810)	148,719	151,595
Finance and insurance	61,635	3,887	9,720	57,748	51,915
Real estate and goods rental and leasing	310,455	5,711	12,678	304,744	297,777
Services	192,459	(536)	463	192,996	191,996
Municipal government	243,321	(48,635)	(70,952)	291,957	314,274
Other (individuals)	656,965	2,025	8,338	654,939	648,626

5. Consumer Loan Balance

(Million yen)

	September 30, 2023	Change from		March 31, 2023	September 30, 2022
		March 31, 2023	September 30, 2022		
Balance of housing loans	601,307	2,749	8,913	598,558	592,393
Balance of other loans	42,791	(283)	(319)	43,074	43,111
Total	644,099	2,466	8,594	641,633	635,505