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Consolidated Financial Results for the Six Months Ended September 30, 2022 (Interim Period) [Japanese GAAP]



November 10, 2022

Company name: Tochigi Bank, Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8550
 URL: <https://www.tochigibank.co.jp>
 Representative: Junnosuke Kuromoto, President
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 Scheduled date of filing quarterly securities report: November 10, 2022
 Scheduled date of commencing dividend payments: December 9, 2022
 Establishment of specific transaction accounts: None
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (Interim Period) (April 1, 2022 - September 30, 2022)

(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, 2022	24,186	14.4	2,719	(24.7)	1,898	(12.1)
September 30, 2021	21,136	11.1	3,611	99.3	2,158	151.6

(Note) Comprehensive income: Six months ended September 30, 2022: ¥(12,269) million [-%]
 Six months ended September 30, 2021: ¥3,353 million [(58.0)%]

	Profit per share	Diluted profit per share
Six months ended	Yen	Yen
September 30, 2022	18.29	18.21
September 30, 2021	20.67	20.56

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	3,301,832	149,685	4.5
As of March 31, 2022	3,516,989	162,657	4.6

(Reference) Equity: As of September 30, 2022: ¥148,286 million
 As of March 31, 2022: ¥161,155 million

(Note) “Equity ratio” is calculated by dividing (Total net assets at end of period – Share acquisition rights 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, 2022	–	2.50	–	3.00	5.50
Fiscal year ending March 31, 2023	–	3.00			
Fiscal year ending March 31, 2023 (Forecast)			–	3.00	6.00

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

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 income		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	45,000	8.1	5,000	(10.3)	3,000	(17.3)	28.72

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

* 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
- (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):

September 30, 2022:	109,608,000 shares
March 31, 2022:	109,608,000 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2022:	6,068,851 shares
March 31, 2022:	5,151,020 shares
 - 3) Average number of shares during the period:

Six months ended September 30, 2022:	103,810,636 shares
Six months ended September 30, 2021:	104,416,345 shares

(Summary of Non-consolidated Financial Results)**1. Non-consolidated Financial Results for the Six Months Ended September 30, 2022 (Interim Period) (April 1, 2022 - September 30, 2022)**

(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, 2022	21,840	17.1	2,250	(24.7)	1,610	(14.0)
September 30, 2021	18,650	9.8	2,988	110.1	1,872	155.6

	Profit per share
Six months ended	Yen
September 30, 2022	15.51
September 30, 2021	17.93

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	3,285,832	141,630	4.3
As of March 31, 2022	3,501,451	154,798	4.4

(Reference) Equity: As of September 30, 2022: ¥141,630 million

As of March 31, 2022: ¥154,661 million

(Note) "Equity ratio" is calculated by dividing (Total net assets at end of period – Share acquisition rights 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, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Profit		Profit per share
Full year	Million yen	%	Million yen	%	Million yen	%	Yen
	40,000	9.1	4,300	(2.5)	2,600	(16.1)	24.89

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 increased by 3,050 million yen year on year to 24,186 million yen due in part to an increase in interest and dividends on securities. Ordinary expenses increased by 3,941 million yen year on year to 21,467 million yen due in part to an increase in loss on sale of bonds.

As a result, ordinary profit amounted to 2,719 million yen and profit attributable to owners of parent amounted to 1,898 million yen.

(2) Qualitative Information on Financial Position

Assets at the end of the interim period under review decreased by 215.1 billion yen from the end of the previous fiscal year to 3,301.8 billion yen due in part to a decrease in cash and due from banks. Liabilities decreased by 202.1 billion yen from the end of the previous fiscal year to 3,152.1 billion yen due in part to a decrease in borrowed money. Net assets decreased by 12.9 billion yen from the end of the previous fiscal year to 149.6 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 62.7 billion yen from the end of the previous fiscal year to 3,077.5 billion yen due in part to an increase in personal deposits.

(ii) Loans and bills discounted

The balance of loans and bills discounted increased by 66.2 billion yen from the end of the previous fiscal year to 2,020.9 billion yen.

(iii) Securities

The balance of securities increased by 46.8 billion yen from the end of the previous fiscal year to 651.0 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 November 4, 2022.

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, 2022	As of September 30, 2022
Assets		
Cash and due from banks	895,522	566,494
Call loans and bills bought	2,634	1,672
Trading securities	15	7
Money held in trust	834	769
Securities	604,272	651,079
Loans and bills discounted	1,954,732	2,020,987
Foreign exchanges	929	814
Other assets	34,510	35,038
Tangible fixed assets	20,427	20,305
Intangible fixed assets	623	691
Retirement benefit asset	3,779	4,132
Deferred tax assets	8,158	8,079
Customers' liabilities for acceptances and guarantees	2,424	2,381
Allowance for loan losses	(11,876)	(10,621)
Total assets	3,516,989	3,301,832
Liabilities		
Deposits	3,014,849	3,077,558
Negotiable certificates of deposit	990	990
Borrowed money	313,799	41,437
Foreign exchanges	11	14
Other liabilities	19,581	27,044
Provision for bonuses	933	873
Provision for bonuses for directors (and other officers)	20	19
Retirement benefit liability	268	273
Provision for retirement benefits for directors (and other officers)	1	2
Provision for management board benefit trust	–	130
Provision for reimbursement of deposits	258	256
Provision for contingent loss	221	229
Reserves under special laws	8	8
Deferred tax liabilities for land revaluation	961	925
Acceptances and guarantees	2,424	2,381
Total liabilities	3,354,331	3,152,146
Net assets		
Share capital	27,408	27,408
Capital surplus	30,036	30,036
Retained earnings	116,366	117,811
Treasury shares	(2,311)	(2,324)
Total shareholders' equity	171,500	172,931
Valuation difference on available-for-sale securities	(10,676)	(24,773)
Revaluation reserve for land	(843)	(926)
Remeasurements of defined benefit plans	1,175	1,054
Total accumulated other comprehensive income	(10,344)	(24,645)
Share acquisition rights	137	–
Non-controlling interests	1,365	1,399
Total net assets	162,657	149,685
Total liabilities and net assets	3,516,989	3,301,832

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

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Ordinary income	21,136	24,186
Interest income	12,971	15,677
Interest on loans and discounts	10,289	10,138
Interest and dividends on securities	2,414	5,046
Fees and commissions	4,537	4,509
Other ordinary income	1,124	977
Other income	2,502	3,022
Ordinary expenses	17,525	21,467
Interest expenses	139	78
Interest on deposits	125	64
Fees and commissions payments	1,807	1,803
Other ordinary expenses	1,334	5,121
General and administrative expenses	12,156	11,685
Other expenses	2,086	2,777
Ordinary profit	3,611	2,719
Extraordinary income	42	101
Gain on disposal of non-current assets	42	3
Gain on reversal of share acquisition rights	–	98
Extraordinary losses	255	379
Loss on disposal of non-current assets	32	8
Provision of reserve for financial instruments transaction liabilities	1	–
Impairment losses	221	240
Provision for share-based remuneration for directors (and other officers)	–	130
Profit before income taxes	3,398	2,441
Income taxes - current	1,090	283
Income taxes - deferred	16	210
Total income taxes	1,106	493
Profit	2,292	1,948
Profit attributable to non-controlling interests	133	49
Profit attributable to owners of parent	2,158	1,898

Interim Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	2,292	1,948
Other comprehensive income	1,061	(14,218)
Valuation difference on available-for-sale securities	1,192	(14,097)
Remeasurements of defined benefit plans, net of tax	(130)	(121)
Comprehensive income	3,353	(12,269)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,220	(12,319)
Comprehensive income attributable to non-controlling interests	133	49

(3) Interim Consolidated Statements of Changes in Equity

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	27,408	30,036	113,473	(2,346)	168,572
Cumulative effects of changes in accounting policies			(248)		(248)
Restated balance	27,408	30,036	113,225	(2,346)	168,323
Changes during period					
Dividends of surplus			(260)		(260)
Profit attributable to owners of parent			2,158		2,158
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(15)		35	19
Transfer of loss on disposal of treasury shares		15	(15)		–
Reversal of revaluation reserve for land			(98)		(98)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,783	35	1,819
Balance at end of period	27,408	30,036	115,009	(2,311)	170,143

	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	(2,022)	(793)	1,268	(1,547)	132	1,159	168,317
Cumulative effects of changes in accounting policies							(248)
Restated balance	(2,022)	(793)	1,268	(1,547)	132	1,159	168,068
Changes during period							
Dividends of surplus							(260)
Profit attributable to owners of parent							2,158
Purchase of treasury shares							(0)
Disposal of treasury shares							19
Transfer of loss on disposal of treasury shares							–
Reversal of revaluation reserve for land							(98)
Net changes in items other than shareholders' equity	1,192	98	(130)	1,160	4	109	1,273
Total changes during period	1,192	98	(130)	1,160	4	109	3,093
Balance at end of period	(830)	(695)	1,138	(387)	137	1,268	171,161

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
Cumulative effects of changes in accounting policies					–
Restated balance	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
Cumulative effects of changes in accounting policies							–
Restated balance	(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

(4) Notes to Interim Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Bank has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter “Fair Value Measurement Standard Implementation Guidance”) from the beginning of the interim period under review, and decided to prospectively apply the new accounting policy prescribed by the Fair Value Measurement Standard Implementation Guidance in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance. The application has no impact on the Bank’s interim consolidated financial statements for the interim period under review.

(Additional information)

(Assumptions in estimating allowance for loan losses)

With regard to an impact of the spread of COVID-19 on economy, amid continuing concerns about rebound due to the emergence of new variants, the trend would continue for the time being in which COVID-19 cases decline thanks to the effects of vaccination and other measures and the infection rebounds due to the emergence of new variants during the fiscal year under review. However, the Bank expects that the economic impact will become smaller along with the enhancement of medical systems and trend toward a decrease in the number of severe cases and deaths.

These assumptions have not changed significantly as of the end of the interim period under review. However, the Bank expects that deterioration of the financial position of borrowers may continue for a certain period in some business types. The Bank has set up categories of borrowers based on the assumption that there is an impact on credit risk for loans and bills discounted, etc. to the extent of said expectation, and recorded allowance for loan losses accordingly.

In addition, since there is a possibility that the future financial position of certain borrowers will be affected significantly by an impact of the spread of COVID-19, the Bank has estimated said impact and made necessary revisions to the expected loss rate, and recorded allowance for loan losses of 2,118 million yen as of the end of the interim period under review (2,001 million yen as of the end of the previous fiscal year), accordingly.

If there is a change in circumstances which serve as the basis for these estimates, the allowance for loan losses may change, namely increase or decrease, in or after the third quarter of the fiscal year under review.

Since there are no precedents or unified views that can be referenced on how COVID-19 could spread or when it could subside, or how much impact it could have on certain borrowers, the Bank has made best-effort estimates using internal and external information available, based on 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 in lieu of the existing stock option 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 447 million yen and 1,555 thousand shares, respectively.

4. Interim Non-consolidated Financial Statements

(1) Interim Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Cash and due from banks	892,982	564,885
Call loans	2,634	1,672
Trading securities	15	7
Money held in trust	834	769
Securities	606,964	653,780
Loans and bills discounted	1,955,198	2,021,340
Foreign exchanges	929	814
Other assets	19,642	18,815
Other	19,642	18,815
Tangible fixed assets	19,954	19,840
Intangible fixed assets	491	558
Prepaid pension costs	2,088	2,616
Deferred tax assets	8,599	8,484
Customers' liabilities for acceptances and guarantees	2,424	2,381
Allowance for loan losses	(11,308)	(10,133)
Total assets	3,501,451	3,285,832
Liabilities		
Deposits	3,017,387	3,079,807
Negotiable certificates of deposit	990	990
Borrowed money	311,200	38,900
Foreign exchanges	11	14
Other liabilities	12,366	19,738
Income taxes payable	89	218
Lease liabilities	362	355
Other	11,914	19,164
Provision for bonuses	773	768
Provision for bonuses for directors (and other officers)	12	15
Provision for retirement benefits	43	42
Provision for management board benefit trust	–	130
Provision for reimbursement of deposits	258	256
Provision for contingent loss	221	229
Deferred tax liabilities for land revaluation	961	925
Acceptances and guarantees	2,424	2,381
Total liabilities	3,346,652	3,144,201

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Share capital	27,408	27,408
Capital surplus	26,150	26,150
Legal capital surplus	26,150	26,150
Retained earnings	114,937	116,093
Legal retained earnings	1,745	1,745
Other retained earnings	113,191	114,348
General reserve	106,987	106,987
Retained earnings brought forward	6,204	7,361
Treasury shares	(2,311)	(2,324)
Total shareholders' equity	166,184	167,328
Valuation difference on available-for-sale securities	(10,680)	(24,770)
Revaluation reserve for land	(843)	(926)
Total valuation and translation adjustments	(11,523)	(25,697)
Share acquisition rights	137	–
Total net assets	154,798	141,630
Total liabilities and net assets	3,501,451	3,285,832

(2) Interim Non-consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Ordinary income	18,650	21,840
Interest income	13,015	15,702
Interest on loans and discounts	10,296	10,139
Interest and dividends on securities	2,450	5,070
Fees and commissions	4,133	4,077
Other ordinary income	254	481
Other income	1,246	1,578
Ordinary expenses	15,661	19,590
Interest expenses	126	64
Interest on deposits	125	64
Fees and commissions payments	1,942	1,925
Other ordinary expenses	1,334	5,121
General and administrative expenses	11,077	10,659
Other expenses	1,181	1,818
Ordinary profit	2,988	2,250
Extraordinary income	34	98
Extraordinary losses	254	379
Profit before income taxes	2,768	1,969
Income taxes - current	889	169
Income taxes - deferred	6	189
Total income taxes	895	359
Profit	1,872	1,610

(3) Interim Non-consolidated Statements of Changes in Equity
Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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	3,755	112,487
Cumulative effects of changes in accounting policies							(161)	(161)
Restated balance	27,408	26,150	–	26,150	1,745	106,987	3,593	112,325
Changes during period								
Dividends of surplus							(260)	(260)
Profit							1,872	1,872
Purchase of treasury shares								
Disposal of treasury shares			(15)	(15)				
Transfer of loss on disposal of treasury shares			15	15			(15)	(15)
Reversal of revaluation reserve for land							(98)	(98)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	1,497	1,497
Balance at end of period	27,408	26,150	–	26,150	1,745	106,987	5,091	113,823

	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	(2,346)	163,699	(2,027)	(793)	(2,821)	132	161,011
Cumulative effects of changes in accounting policies		(161)					(161)
Restated balance	(2,346)	163,538	(2,027)	(793)	(2,821)	132	160,849
Changes during period							
Dividends of surplus		(260)					(260)
Profit		1,872					1,872
Purchase of treasury shares	(0)	(0)					(0)
Disposal of treasury shares	35	19					19
Transfer of loss on disposal of treasury shares		–					–
Reversal of revaluation reserve for land		(98)					(98)
Net changes in items other than shareholders' equity			1,190	98	1,289	4	1,293
Total changes during period	35	1,533	1,190	98	1,289	4	2,826
Balance at end of period	(2,311)	165,071	(836)	(695)	(1,531)	137	163,676

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

(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	6,204	114,937
Cumulative effects of changes in accounting policies								
Restated balance	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
Cumulative effects of changes in accounting policies		–					–
Restated balance	(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

Financial Results Presentation Material

I Overview of Financial Results for Six Months Ended September 30, 2022 (Interim Period)

1. Status of Profit and Loss

[Non-consolidated]

(Million yen)

	Six months ended September 30, 2022	Change from six months ended September 30, 2021	Six months ended September 30, 2021
Gross operating profit	13,149	(850)	13,999
(Excluding gains (losses) on government bonds and other securities)	17,767	2,741	15,026
Domestic gross profit (Excluding gains (losses) on government bonds and other securities)	13,088	(865)	13,954
Net interest income	17,706	2,726	14,980
Fees and commissions income	15,590	2,738	12,852
Other operating income	2,152	(36)	2,189
International gross profit (Excluding gains (losses) on government bonds and other securities)	(4,654)	(3,566)	(1,088)
Net interest income	61	15	45
Fees and commissions income	61	15	45
Other operating income	47	10	36
	(0)	(1)	1
	14	6	8
Expenses (excluding extraordinary adjustments)	10,830	(429)	11,259
Personnel expenses	6,117	(218)	6,336
Non-personnel expenses	3,995	(158)	4,153
Taxes	717	(52)	769
Substantial net business profit (Note 1)	2,319	(420)	2,740
Core net business profit (Note 2)	6,937	3,171	3,766
Core net business profit (excluding gains (losses) from cancellation of investment trust)	4,036	337	3,698
Provision of general allowance for loan losses (1)	–	(655)	655
Net business profit	2,319	234	2,085
Of which, gains (losses) on government bonds and other securities	(4,618)	(3,592)	(1,026)
Unusual profits and losses	(68)	(972)	903
Bad loans disposed (2)	1,036	1,002	33
Written-off of loans	957	727	230
Provision of individual allowance for loan losses	–	248	(248)
Provision for contingent loss	7	(15)	23
Cost borne under joint responsibility system of credit guarantee corporations	71	42	28
(Costs for loans written-off (1) + (2))	1,036	347	688
Reversal of allowance for loan losses (3)	687	687	–
Recoveries of written off receivables	130	(1)	132

Gains (losses) related to equity securities	(107)	(682)	574
Gain on sale of equity securities	641	(358)	1,000
Loss on sale of equity securities	667	369	298
Loss on devaluation of equity securities	81	(45)	126
Other unusual profits and losses	256	26	230
Ordinary profit	2,250	(737)	2,988
Extraordinary income and losses	(280)	(60)	(220)
Of which, loss (gain) on disposal of non-current assets	(7)	(9)	1
Gain on disposal of non-current assets	–	(34)	34
Loss on disposal of non-current assets	7	(25)	32
Of which, gain on reversal of share acquisition rights	98	98	–
Of which, impairment losses	240	19	221
Of which, provision for share awards for directors (and other officers)	130	130	–
Profit before income taxes	1,969	(798)	2,768
Income taxes - current	169	(719)	889
Income taxes - deferred	189	183	6
Total income taxes	359	(535)	895
Profit	1,610	(262)	1,872

Costs for loans written-off (1) + (2) - (3)	349	(339)	688
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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, 2022	Change from Six months ended September 30, 2021	Six months ended September 30, 2021
Consolidated gross profit	14,160	(1,191)	15,351
Net interest income	15,599	2,767	12,831
Fees and commissions income	2,705	(24)	2,729
Other operating income	(4,144)	(3,934)	(210)
General and administrative expenses	11,685	(471)	12,156
Costs for loans written-off (1)	1,062	360	702
Written-off of loans	983	727	256
Provision of individual allowance for loan losses	–	257	(257)
Provision of general allowance for loan losses	–	(651)	651
Provision for contingent loss	7	(15)	23
Cost borne under joint responsibility system of credit guarantee corporations	71	42	28
Reversal of allowance for loan losses (2)	768	768	–
Recoveries of written off receivables	131	(1)	132
Gains (losses) related to equity securities	(107)	(682)	574
Others	515	104	410
Ordinary profit	2,719	(891)	3,611
Extraordinary income and losses	(278)	(65)	(212)
Profit before income taxes	2,441	(956)	3,398
Income taxes - current	283	(806)	1,090
Income taxes - deferred	210	194	16
Total income taxes	493	(612)	1,106
Profit attributable to non-controlling interests	49	(83)	133
Profit attributable to owners of parent	1,898	(260)	2,158

Costs for loans written-off ((1) - (2))	294	(407)	702
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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, 2022	Change from six months ended September 30, 2021	Six months ended September 30, 2021
Number of consolidated subsidiaries	5	–	5
Number of equity-method affiliated companies	–	–	–

2. Main Accounts [Non-consolidated]

Balance of deposits

(Million yen)

	September 30, 2022	Change from March 31, 2022	Change from September 30, 2021	March 31, 2022	September 30, 2021
Deposits	3,079,807	62,420	78,534	3,017,387	3,001,273
Time deposits	943,889	(21,084)	(50,440)	964,974	994,329
Liquid deposits	2,135,918	83,505	128,974	2,052,413	2,006,944

*Excluding negotiable certificates of deposit.

Balance of loans and bills discounted

(Million yen, %)

	September 30, 2022	Change from March 31, 2022	Change from September 30, 2021	March 31, 2022	September 30, 2021
Loans and bills discounted	2,021,340	66,141	73,454	1,955,198	1,947,886
Loans and bills discounted for individuals, SMEs, etc.	1,498,594	13,993	19,741	1,484,601	1,478,853
Liquid deposits	74.13	(1.80)	(1.79)	75.93	75.92

Balance of securities

(Million yen)

	September 30, 2022	Change from March 31, 2022	Change from September 30, 2021	March 31, 2022	September 30, 2021
Securities	653,780	46,815	81,516	606,964	572,263
Government bonds	229,293	61,907	99,209	167,386	130,083

Balance of deposit assets

(Million yen)

	September 30, 2022	Change from March 31, 2022	Change from September 30, 2021	March 31, 2022	September 30, 2021
Deposit assets	397,590	(766)	12,472	398,356	385,117
Public bonds	27,746	4,223	3,496	23,522	24,250
Investment trusts	136,028	(1,510)	11,357	137,538	124,670
Individual pension, etc.	233,815	(3,479)	(2,381)	237,295	236,197

3. Margin [Non-consolidated]

(%)

	Six months ended September 30, 2022	Change from six months ended		Six months ended September 30, 2021
		September 30, 2021		
(1) Yield on assets (A)	0.99	0.14		0.85
(A) Yield on loans and bills discounted	1.02	(0.02)		1.04
(B) Yield on securities	1.49	0.67		0.82
(2) Funding costs (B)	0.66	(0.06)		0.72
(A) Yield on deposits, etc.	0.00	-		0.00
(B) Yield on external liabilities	0.00	-		0.00
(3) Total interest margin (A) - (B)	0.33	0.20		0.13
(Reference) Deposit and loan margin (domestic)	0.32	0.03		0.29
(Reference) Total interest margin (domestic)	0.32	0.19		0.13

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

(Million yen)

	Six months ended September 30, 2022	Change from six months ended		Six months ended September 30, 2021
		September 30, 2021		
Gains (losses) on government bonds and other securities	(4,618)	(3,592)		(1,026)
Gains on sales	297	243		54
Gains on redemption	1	1		-
Losses on sales	4,885	3,804		1,080
Losses on redemption	-	-		-
Write-offs	32	32		-
Gains (losses) on equity securities	(107)	(682)		574
Gains on sales	641	(358)		1,000
Losses on sales	667	369		298
Write-offs	81	(45)		126

5. Valuation Gain and Loss on Securities with Market Value

[Non-consolidated]

(Million yen)

	September 30, 2022				March 31, 2022		
	Valuation gain and loss	YoY change	Evaluation gain	Evaluation loss	Valuation gain and loss	Evaluation gain	Evaluation loss
Held to maturity	-	-	-	-	-	-	-
Stocks of subsidiaries and affiliates	-	-	-	-	-	-	-
Other securities	(29,649)	(14,207)	3,167	32,816	(15,441)	2,201	17,643
Stocks	1,142	(93)	1,879	737	1,235	1,964	729
Bonds	(10,628)	(5,091)	31	10,659	(5,537)	40	5,577
Others	(20,162)	(9,023)	1,257	21,419	(11,139)	197	11,336
Total	(29,649)	(14,207)	3,167	32,816	(15,441)	2,201	17,643
Stocks	1,142	(93)	1,879	737	1,235	1,964	729
Bonds	(10,628)	(5,091)	31	10,659	(5,537)	40	5,577
Others	(20,162)	(9,023)	1,257	21,419	(11,139)	197	11,336

[Consolidated]

(Million yen)

	September 30, 2022				March 31, 2022		
	Valuation gain and loss	YoY change	Evaluation gain	Evaluation loss	Valuation gain and loss	Evaluation gain	Evaluation loss
Held to maturity	-	-	-	-	-	-	-
Stocks of subsidiaries and affiliates	-	-	-	-	-	-	-
Other securities	(29,646)	(14,217)	3,177	32,824	(15,429)	2,217	17,647
Stocks	1,142	(93)	1,879	737	1,235	1,964	729
Bonds	(10,628)	(5,091)	31	10,659	(5,537)	40	5,577
Others	(20,160)	(9,033)	1,267	21,427	(11,127)	213	11,340
Total	(29,646)	(14,217)	3,177	32,824	(15,429)	2,217	17,647
Stocks	1,142	(93)	1,879	737	1,235	1,964	729
Bonds	(10,628)	(5,091)	31	10,659	(5,537)	40	5,577
Others	(20,160)	(9,033)	1,267	21,427	(11,127)	213	11,340

6. Capital Adequacy Ratio (domestic standard)

[Non-consolidated]

(Million yen, %)

	September 30, 2022	Change from		March 31, 2022	September 30, 2021
		March 31, 2022	September 30, 2021		
(1) Capital adequacy ratio (2) / (3)	11.75	(0.04)	(0.19)	11.79	11.94
(2) Non-consolidated equity capital	169,590	108	640	169,481	168,950
(3) Risk assets	1,442,162	5,016	27,743	1,437,146	1,414,419
(4) Total non-consolidated equity capital requirements (3) × 4%	57,686	200	1,109	57,485	56,576

[Consolidated]

(Million yen, %)

	September 30, 2022	Change from		March 31, 2022	September 30, 2021
		March 31, 2022	September 30, 2021		
(1) Capital adequacy ratio (2) / (3)	12.06	0.00	(0.15)	12.06	12.21
(2) Consolidated equity capital	175,572	401	1,033	175,171	174,539
(3) Risk assets	1,455,797	3,815	27,175	1,451,982	1,428,621
(4) Total consolidated equity capital requirements (3) × 4%	58,231	152	1,087	58,079	57,144

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, 2022	Change from March 31, 2022	Change from September 30, 2021	March 31, 2022	September 30, 2021
	Bankrupt and quasi-bankrupt loans	1,755	626	(1,499)	1,129
Doubtful loans	39,655	(2,367)	(5,272)	42,022	44,928
Special attention loans	1,323	(8)	(139)	1,331	1,463
Accruing loans contractually past due 3 months or more	44	16	(10)	28	54
Restructured loans	1,278	(24)	(129)	1,302	1,408
Subtotal (A)	42,735	(1,748)	(6,911)	44,483	49,646
Normal assets	2,003,517	68,914	84,340	1,934,603	1,919,176
Total (total claims) (B)	2,046,252	67,165	77,429	1,979,086	1,968,822
Ratio to total claims (A) / (B)	2.08%	(0.16)%	(0.44)%	2.24%	2.52%

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

(Million yen)

	September 30, 2022	Change from March 31, 2022	Change from September 30, 2021	March 31, 2022	September 30, 2021
	Amount preserved (C)	27,387	(1,166)	(6,226)	28,554
Allowance for loan losses	5,425	(708)	(4,088)	6,134	9,513
Provision for possible loss on specific borrowers	–	–	–	–	–
Collateral and guarantees, etc.	21,961	(458)	(2,138)	22,420	24,100
Preservation rate (C) / (A)	64.08%	(0.11)%	(3.62)%	64.19%	67.70%

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

(Million yen)

	September 30, 2022	Change from March 31, 2022	Change from September 30, 2021	March 31, 2022	September 30, 2021
	Bankrupt and quasi- bankrupt loans	1,913	566	(1,557)	1,346
Doubtful loans	39,760	(2,354)	(5,262)	42,115	45,023
Special attention loans	1,323	(7)	(139)	1,331	1,463
Accruing loans contractually past due 3 months or more	44	16	(10)	28	54
Restructured loans	1,278	(24)	(129)	1,302	1,408
Subtotal (A)	42,997	(1,795)	(6,959)	44,793	49,957
Normal assets	2,002,904	69,075	84,712	1,933,829	1,918,192
Total (total claims) (B)	2,045,902	67,279	77,752	1,978,623	1,968,150
Ratio to total claims (A) / (B)	2.10%	(0.16)%	(0.43)%	2.26%	2.53%

4. Loans and Bills Discounted by Business Type

(Million yen)

	September 30, 2022	Change from		March 31, 2022	September 30, 2021
		March 31, 2022	September 30, 2021		
Total loans and bills discounted	2,021,340	66,141	73,454	1,955,198	1,947,886
Manufacturing	145,106	2,196	486	142,909	144,620
Agriculture and forestry	9,176	802	2,370	8,373	6,805
Fishery	759	(0)	(0)	759	760
Mining, quarrying, and gravel	2,571	147	105	2,424	2,466
Construction	99,936	1,036	6,812	98,899	93,123
Utilities	28,240	(539)	(2,492)	28,779	30,733
Communication and information services	9,557	(554)	(2,291)	10,111	11,849
Transport and postal activities	69,807	3,375	4,822	66,432	64,985
Wholesale and retail	151,595	74	504	151,520	151,090
Finance and insurance	51,915	4,042	4,277	47,872	47,638
Real estate and goods rental and leasing	297,777	282	(5,528)	297,494	303,306
Services	191,996	940	913	191,055	191,083
Municipal government	314,274	48,292	57,825	265,981	256,448
Other (individuals)	648,626	6,044	5,650	642,581	642,975

5. Consumer Loan Balance

(Million yen)

	September 30, 2022	Change from		March 31, 2022	September 30, 2021
		March 31, 2022	September 30, 2021		
Balance of housing loans	592,393	5,647	6,820	586,746	585,573
Balance of other loans	43,111	640	(629)	42,471	43,740
Total	635,505	6,287	6,191	629,217	629,313