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



May 12, 2023

Company name: Tochigi Bank, Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8550
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 Representative: Junnosuke Kuromoto, President
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 Scheduled date of annual general shareholders' meeting: June 28, 2023
 Scheduled date of commencing dividend payments: June 29, 2023
 Scheduled date of filing securities report: June 28, 2023
 Establishment of specific transaction accounts: None
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled

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

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

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

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	45,222	8.6	5,062	(9.2)	2,652	(26.9)
March 31, 2022	41,646	3.5	5,576	23.2	3,628	74.3

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥(6,776) million [–%]

Fiscal year ended March 31, 2022: ¥(4,888) million [–%]

	Profit per share	Diluted profit per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of ordinary profit to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	25.59	25.53	1.7	0.1	11.2
March 31, 2022	34.75	34.55	2.2	0.2	13.4

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	3,279,153	154,878	4.7	1,481.70
As of March 31, 2022	3,516,989	162,657	4.6	1,542.79

(Reference) Equity: As of March 31, 2023: ¥153,413 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.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2023	(290,895)	(32,437)	(904)	563,356
March 31, 2022	279,583	(42,956)	(545)	887,602

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	—	2.50	—	3.00	5.50	574	15.8	0.4
Fiscal year ended March 31, 2023	—	3.00	—	3.00	6.00	630	23.7	0.4
Fiscal year ending March 31, 2024 (Forecast)	—	3.00	—	3.00	6.00		31.4	

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

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	20,500	(15.2)	2,400	(11.7)	1,300	(31.5)	12.56
Full year	41,000	(9.3)	3,700	(26.9)	2,000	(24.6)	19.32

* Notes:

(1) Changes in significant subsidiaries during the fiscal year 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 shares at the end of the year (including treasury shares):

March 31, 2023: 109,608,000 shares

March 31, 2022: 109,608,000 shares

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

March 31, 2023: 6,068,966 shares

March 31, 2022: 5,151,020 shares

3) Average number of shares during the year:

Year ended March 31, 2023: 103,675,225 shares

Year ended March 31, 2022: 104,436,634 shares

(Note) The Bank has introduced board benefit trust (BBT) from the fiscal year under review. The total number of treasury shares as of March 31, 2023 includes 1,555,000 shares of the Bank held by BBT. The average number of shares during the year ended March 31, 2023 includes the average number of shares during the year of 975,602 shares held by BBT as the treasury shares to be deducted.

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

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

	Ordinary income		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	40,703	11.0	4,362	(1.1)	2,223	(28.2)
March 31, 2022	36,667	3.0	4,412	29.9	3,098	90.7

	Profit per share	Diluted profit per share
Year ended	Yen	Yen
March 31, 2023	21.45	21.40
March 31, 2022	29.67	29.51

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	3,262,940	147,207	4.5	1,421.76
As of March 31, 2022	3,501,451	154,798	4.4	1,480.62

(Reference) Equity: As of March 31, 2023: ¥147,207 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, 2024 (April 1, 2023 - 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
First half	17,500	(19.8)	2,200	(2.2)	1,200	(25.4)	11.59
Full year	35,000	(14.0)	3,200	(26.6)	1,800	(19.0)	17.38

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

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

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. Operating Results

(1) Analysis of Operating Results

• Operating Results for the Fiscal Year Under Review

The financial results for the fiscal year under review were as follows:

Ordinary income increased by 3,576 million yen from the previous fiscal year to 45,222 million yen due in part to an increase in interest and dividends on securities.

Ordinary expenses increased by 4,090 million yen from the previous fiscal year to 40,160 million yen due in part to an increase in loss on sale of bonds.

As a result, ordinary profit decreased by 514 million yen from the previous fiscal year to 5,062 million yen and profit attributable to owners of parent decreased by 976 million yen from the previous fiscal year to 2,652 million yen.

As for the status of the segments by business type, in the Banking Business, ordinary income increased by 3,088 million yen from the previous fiscal year to 40,694 million yen and segment profit decreased by 26 million yen from the previous fiscal year to 4,368 million yen.

In the Financial Instruments Business, ordinary income decreased by 784 million yen from the previous fiscal year to 2,241 million yen and segment profit decreased by 559 million yen from the previous fiscal year to 312 million yen.

• Outlook for the following fiscal year

As for the consolidated financial results forecast for the fiscal year ending March 31, 2024, the Bank expects ordinary income of 41,000 million yen, ordinary profit of 3,700 million yen, and profit attributable to owners of parent of 2,000 million yen.

While the above financial results forecast is based on currently available information, actual business performance may vary due in part to changes in the business environment in the future. Should any matter requiring disclosure arise, the Bank will make a prompt announcement.

(2) Analysis of Financial Position

(i) Status of assets, liabilities, and net assets

Assets at the end of the fiscal year under review decreased by 237.8 billion yen from the end of the previous fiscal year to 3,279.1 billion yen due in part to a decrease in cash and due from banks. Liabilities decreased by 230.0 billion yen from the end of the previous fiscal year to 3,124.2 billion yen due in part to a decrease in borrowed money. Net assets decreased by 7.7 billion yen from the end of the previous fiscal year to 154.8 billion yen due in part to a decrease in valuation difference on available-for-sale securities.

The status of main accounts is as follows:

• Deposits

The balance of deposits increased by 41.5 billion yen from the end of the previous fiscal year to 3,056.4 billion yen due in part to an increase in personal deposits.

• Loans and bills discounted

The balance of loans and bills discounted increased by 77.6 billion yen from the end of the previous fiscal year to 2,032.3 billion yen.

• Securities

Investment has been made with a close attention to market trends. As a result, the balance of securities increased by 13.5 billion yen from the end of the previous fiscal year to 617.8 billion yen.

(ii) Status of cash flows

The status of cash flows is as follows:

Net cash used in operating activities was 290,895 million yen due in part to a decrease in borrowed money (a decrease of 570,478 million yen from the previous fiscal year).

Net cash used in investing activities was 32,437 million yen due in part to purchase of securities (an increase of 10,519 million yen from the previous fiscal year).

Net cash used in financing activities was 904 million yen due in part to dividends paid (a decrease of 358 million yen from the previous fiscal year).

As a result of the above, the balance of cash and cash equivalents at the end of the fiscal year under review decreased by 324,246 million yen from the end of the previous fiscal year to 563,356 million yen.

(3) Basic Policy on Distribution of Profit and Dividends for the Fiscal Year under Review and the Following Fiscal Year

In light of its public nature as a bank, it is the basic policy of the Bank to strive for sound management and greater internal reserves and maintain stable dividend distribution to secure the trust of customers and local communities.

The Bank intends to pay 3.00 yen per share as the year-end dividend for the fiscal year ended March 31, 2023. As a result, combining the interim dividend of 3.00 yen, the annual dividend per share will be 6.00 yen.

Under its shareholder returns policy, the Bank has set the total return ratio to profit attributable to owners of parent, combining dividend payment and purchase of treasury shares, to be around 30% to 35%. In line with this policy, the Bank plans to pay an annual dividend of 6.00 yen per share for the dividends for the following fiscal year, consisting of an interim dividend of 3.00 yen per share and a year-end dividend of 3.00 yen per share.

The Bank intends to make effective use of the internal reserves by continuing investment in branches and IT to improve services for customers as well as to enhance the management base and strengthen the management structure.

2. Basic Policy on Selection of Accounting Standards

The Group's business is currently limited to operations in Japan, without activities in overseas countries. Accordingly, the Group intends to apply the Japanese accounting standards for the time being. It is the Group's policy to consider the application of the International Financial Reporting Standards (IFRS) taking into consideration the future trends in the application of the IFRS by other Japanese companies in the same industry.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	895,522	572,443
Call loans and bills bought	2,634	1,339
Trading securities	15	7
Money held in trust	834	703
Securities	604,272	617,844
Loans and bills discounted	1,954,732	2,032,386
Foreign exchanges	929	740
Other assets	34,510	29,357
Tangible fixed assets	20,427	19,660
Buildings, net	6,217	5,765
Land	12,622	12,105
Construction in progress	137	437
Other tangible fixed assets	1,450	1,351
Intangible fixed assets	623	694
Software	461	543
Other intangible fixed assets	161	150
Retirement benefit asset	3,779	4,005
Deferred tax assets	8,158	9,964
Customers' liabilities for acceptances and guarantees	2,424	2,291
Allowance for loan losses	(11,876)	(12,284)
Total assets	3,516,989	3,279,153
Liabilities		
Deposits	3,014,849	3,056,435
Negotiable certificates of deposit	990	985
Borrowed money	313,799	41,748
Foreign exchanges	11	7
Other liabilities	19,581	20,126
Provision for bonuses	933	845
Provision for bonuses for directors (and other officers)	20	26
Retirement benefit liability	268	277
Provision for retirement benefits for directors (and other officers)	1	6
Provision for management board benefit trust	–	130
Provision for reimbursement of deposits	258	254
Provision for contingent loss	221	258
Reserves under special laws	8	8
Deferred tax liabilities for land revaluation	961	871
Acceptances and guarantees	2,424	2,291
Total liabilities	3,354,331	3,124,274

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Share capital	27,408	27,408
Capital surplus	30,036	30,036
Retained earnings	116,366	118,085
Treasury shares	(2,311)	(2,324)
Total shareholders' equity	171,500	173,205
Valuation difference on available-for-sale securities	(10,676)	(19,493)
Revaluation reserve for land	(843)	(761)
Remeasurements of defined benefit plans	1,175	462
Total accumulated other comprehensive income	(10,344)	(19,792)
Share acquisition rights	137	–
Non-controlling interests	1,365	1,465
Total net assets	162,657	154,878
Total liabilities and net assets	3,516,989	3,279,153

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

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Ordinary income	41,646	45,222
Interest income	25,606	29,156
Interest on loans and discounts	20,446	20,387
Interest and dividends on securities	4,300	7,862
Interest on call loans and bills bought	2	37
Interest on deposits with banks	856	867
Other interest income	0	1
Fees and commissions	8,990	9,308
Other ordinary income	2,267	1,795
Other income	4,781	4,961
Recoveries of written off receivables	274	220
Other	4,507	4,740
Ordinary expenses	36,069	40,160
Interest expenses	239	148
Interest on deposits	211	116
Interest on negotiable certificates of deposit	0	0
Interest on borrowings and rediscounts	27	31
Other interest expenses	0	0
Fees and commissions payments	3,608	3,666
Other ordinary expenses	3,456	7,400
General and administrative expenses	24,038	23,168
Other expenses	4,727	5,775
Provision of allowance for loan losses	1,370	1,002
Other	3,356	4,772
Ordinary profit	5,576	5,062
Extraordinary income	58	107
Gain on disposal of non-current assets	58	8
Gain on reversal of share acquisition rights	—	98
Extraordinary losses	1,187	993
Loss on disposal of non-current assets	51	30
Provision of reserve for financial instruments transaction liabilities	1	—
Impairment losses	1,135	831
Provision for share-based remuneration for directors (and other officers)	—	130
Profit before income taxes	4,448	4,176
Income taxes - current	503	917
Income taxes - deferred	86	505
Total income taxes	589	1,422
Profit	3,858	2,753
Profit attributable to non-controlling interests	229	100
Profit attributable to owners of parent	3,628	2,652

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	3,858	2,753
Other comprehensive income	(8,746)	(9,529)
Valuation difference on available-for-sale securities	(8,653)	(8,817)
Remeasurements of defined benefit plans, net of tax	(93)	(712)
Comprehensive income	(4,888)	(6,776)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,118)	(6,877)
Comprehensive income attributable to non-controlling interests	229	100

(3) Consolidated Statements of Changes in Equity
Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 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	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			(522)		(522)
Profit attributable to owners of parent			3,628		3,628
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			50		50
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,141	35	3,176
Balance at end of period	27,408	30,036	116,366	(2,311)	171,500

	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							(522)
Profit attributable to owners of parent							3,628
Purchase of treasury shares							(0)
Disposal of treasury shares							19
Transfer of loss on disposal of treasury shares							–
Reversal of revaluation reserve for land							50
Net changes in items other than shareholders' equity	(8,653)	(50)	(93)	(8,796)	4	205	(8,586)
Total changes during period	(8,653)	(50)	(93)	(8,796)	4	205	(5,410)
Balance at end of period	(10,676)	(843)	1,175	(10,344)	137	1,365	162,657

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 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	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			(628)		(628)
Profit attributable to owners of parent			2,652		2,652
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	—	—	1,718	(13)	1,705
Balance at end of period	27,408	30,036	118,085	(2,324)	173,205

	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							(628)
Profit attributable to owners of parent							2,652
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	(8,817)	82	(712)	(9,447)	(137)	99	(9,484)
Total changes during period	(8,817)	82	(712)	(9,447)	(137)	99	(7,779)
Balance at end of period	(19,493)	(761)	462	(19,792)	—	1,465	154,878

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,448	4,176
Depreciation	1,219	1,112
Impairment losses	1,135	831
Increase (decrease) in allowance for loan losses	(3,193)	407
Increase (decrease) in provision for bonuses	(20)	(87)
Increase (decrease) in provision for bonuses for directors (and other officers)	(13)	5
Decrease (increase) in retirement benefit asset	(1,321)	(1,251)
Increase (decrease) in retirement benefit liability	30	8
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	5
Increase (decrease) in provision for share awards for directors (and other officers)	—	130
Increase (decrease) in provision for reimbursement of deposits	(9)	(4)
Increase (decrease) in provision for contingent loss	11	36
Interest income	(25,606)	(29,156)
Interest expenses	239	148
Loss (gain) related to securities	2,205	6,272
Loss (gain) on money held in trust	(4)	(3)
Foreign exchange losses (gains)	(55)	8
Loss (gain) on disposal of non-current assets	(7)	21
Net decrease (increase) in loans and bills discounted	7,150	(77,653)
Net increase (decrease) in deposits	90,674	40,595
Net increase (decrease) in negotiable certificates of deposit	(10,821)	(4)
Net increase (decrease) in borrowed money	181,066	(272,051)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	463	(176)
Net decrease (increase) in call loans	1,404	1,294
Net decrease (increase) in foreign exchanges - assets	1,598	188
Net increase (decrease) in foreign exchanges - liabilities	(21)	(3)
Interest received	26,022	29,962
Interest paid	(312)	(184)
Other, net	4,069	4,724
Subtotal	280,351	(290,644)
Income taxes paid	(887)	(973)
Income taxes refund	119	723
Net cash provided by (used in) operating activities	279,583	(290,895)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of securities	(190,207)	(280,764)
Proceeds from sale of securities	138,996	237,824
Proceeds from redemption of securities	8,843	11,459
Decrease in money held in trust	305	134
Purchase of tangible fixed assets	(773)	(1,068)
Proceeds from sale of tangible fixed assets	229	186
Purchase of intangible fixed assets	(385)	(235)
Payments of leasehold and guarantee deposits	(31)	(0)
Proceeds from refund of leasehold and guarantee deposits	66	26
Net cash provided by (used in) investing activities	(42,956)	(32,437)
Cash flows from financing activities		
Dividends paid	(522)	(628)
Dividends paid to non-controlling interests	(23)	(15)
Proceeds from share issuance to non-controlling shareholders	—	14
Purchase of treasury shares	(0)	(722)
Proceeds from sale of treasury shares	0	447
Net cash provided by (used in) financing activities	(545)	(904)
Effect of exchange rate change on cash and cash equivalents	55	(8)
Net increase (decrease) in cash and cash equivalents	236,136	(324,246)
Cash and cash equivalents at beginning of period	651,466	887,602
Cash and cash equivalents at end of period	887,602	563,356

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant accounting policies for preparation of consolidated financial statements)

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 Guidance”) from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This application has no impact on the consolidated financial statements for the fiscal year under review.

(Additional information)

(Assumption for estimation of allowance for loan losses)

The Bank previously assumed that the economic impact of the spread of COVID-19 would diminish as the number of serious cases and deaths decrease in line with the increased vaccination coverage and improved medical system amid the repeated waves of resurgence and decline of infections.

As of the end of the fiscal year under review, the Bank assumes that economic activity has started to pick up and will continue to recover, although concerns remain about resurgence of the infection due to new variants of the virus. However, the Bank has determined that the effects of the price hikes, which became evident in the current 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 1,911 million yen as of March 31, 2023. The amount of allowance for loan losses may increase or decrease in the next fiscal year 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 stock award plan using board benefit trust (BBT))

The Bank has introduced a performance-linked stock award plan using BBT (hereinafter referred to as the “Plan” from the fiscal year under review, upon approval at the 119th annual general shareholders’ meeting held on June 29, 2022, to replace its stock option plan, with an aim to more clearly link the remuneration of Directors of the Bank (excluding external directors) to the Bank’s business performance and the value of its stock, and to enhance motivation of directors to contribute to improve the performance and corporate value over the medium-to long-term by sharing with stockholders the benefit and risk of stock value fluctuations.

(1) Overview of the Plan

The Plan is a performance-linked stock award plan under which the Bank establishes a trust (hereinafter referred to as the “Trust”) through a monetary contribution, and the Trust acquires shares of the Bank, and

grants the shares and cash equivalent to the amount of the shares converted at fair market value (hereinafter, the “Bank’s Shares, etc.”) in accordance with the Regulations on Share Awards for Directors set forth by the Bank. In principle, Directors shall receive the Bank’s shares, etc., subsequent to their having resigned as Director of the Bank.

(2) The Bank’s Shares, etc. remaining in the Trust

The Bank’s shares, etc. remaining in the Trust are posted as treasury shares under shareholders’ equity. The book value and number of these treasury shares at the end of the fiscal year under review stood at 447 million yen and 1,555 thousand shares.

(Segment information, etc.)

1. Overview of reportable segments

The Group engages in businesses related to financial service including not only the core banking business but also the leasing business, the credit card business and the financial instruments business. The reportable segments consist of “Banking Business” and “Financial Instruments Business,” and the “Others” segment includes leasing business, credit card business, etc.

“Banking Business” engages in deposit operations, lending operations, domestic/foreign exchange operations, etc., and includes the Bank and two consolidated subsidiaries which mainly engage in operations entrusted by the Bank. “Financial Instruments Business” is comprised of Tochigin Tokai Tokyo Securities Co., Ltd., a consolidated subsidiary which engages in securities brokerage, etc.

2. Method for calculating amount of ordinary income, profit or loss, assets and other items by reportable segment

The accounting method for the reported business segments is the same as the accounting method used in preparing the consolidated financial statements. Profit figures for reportable segments are based on ordinary profit, and the inter-segment transactions are based on third-party prices.

3. Information concerning amount of ordinary income, profit or loss, assets and other items by reportable segment
For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment			Others	Total	Adjustments	Amount recorded in Consolidated Financial Statements
	Banking Business	Financial Instruments Business	Total				
Ordinary income							
Ordinary income from outside customers	37,008	3,023	40,031	1,614	41,646	–	41,646
Inter-segment ordinary income	598	1	600	715	1,315	(1,315)	–
Total	37,606	3,025	40,631	2,329	42,961	(1,315)	41,646
Segment profit	4,394	871	5,266	352	5,618	(41)	5,576
Segment assets	3,501,391	9,219	3,510,610	13,045	3,523,655	(6,666)	3,516,989
Other items							
Depreciation	1,031	60	1,091	35	1,127	92	1,219
Interest income	25,653	28	25,681	5	25,687	(80)	25,606
Interest expenses	211	23	235	43	279	(39)	239
Provision (reversal) of allowance for loan losses	1,411	–	1,411	(40)	1,370	0	1,370
Increases in tangible fixed assets and intangible fixed assets	872	206	1,078	29	1,107	51	1,158

- (Notes) 1. Ordinary income is stated for each segment in lieu of net sales of general companies.
2. “Others” is a business segment that is not included in the reportable segments, which is comprised of the leasing business, the credit card business, etc.
3. Adjustments represent eliminations for inter-segment transactions.
4. Segment profit is adjusted with ordinary profit in the Consolidated Statements of Income.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment			Others	Total	Adjustments	Amount recorded in Consolidated Financial Statements
	Banking Business	Financial Instruments Business	Total				
Ordinary income							
Ordinary income from outside customers	40,220	2,239	42,460	2,761	45,222	–	45,222
Inter-segment ordinary income	473	1	475	644	1,119	(1,119)	–
Total	40,694	2,241	42,935	3,406	46,342	(1,119)	45,222
Segment profit	4,368	312	4,680	410	5,091	(29)	5,062
Segment assets	3,262,946	9,691	3,272,637	13,042	3,285,680	(6,527)	3,279,153
Other items							
Depreciation	929	62	992	31	1,023	89	1,112
Interest income	29,175	33	29,208	5	29,213	(56)	29,156
Interest expenses	116	24	141	35	176	(28)	148
Provision (reversal) of allowance for loan losses	1,113	–	1,113	(111)	1,002	0	1,002
Increases in tangible fixed assets and intangible fixed assets	1,140	58	1,198	27	1,226	77	1,304

- (Notes)
1. Ordinary income is stated for each segment in lieu of net sales of general companies.
 2. “Others” is a business segment that is not included in the reportable segments, which is comprised of the leasing business, the credit card business, etc.
 3. Adjustments represent eliminations for inter-segment transactions.
 4. Segment profit is adjusted with ordinary profit in the Consolidated Statements of Income.

(Per share information)

1. Net assets per share and the basis for calculation

		As of March 31, 2023
Net assets per share	Yen	1,481.70
(Basis for calculation)		
Total net assets	Million yen	154,878
Amount deducted from total net assets	Million yen	1,465
(Share acquisition rights)	Million yen	–
(Non-controlling interests)	Million yen	1,465
Net assets relating to common shares at end of period	Million yen	153,413
Number of shares of common shares at end of period used to calculate net assets per share	Thousand shares	103,539

(Note) The Bank has introduced board benefit trust (BBT) from the fiscal year under review. The shares of the Bank remaining in BBT is included in the treasury shares to be deducted from the number of shares of common shares at end of period used to calculate net assets per share. The number of such shares included in the treasury shares to be deducted is 1,555 thousand shares as of March 31, 2023.

2. The basis for calculation of profit per share and diluted profit per share

		For the fiscal year ended March 31, 2023
(1) Profit per share	Yen	25.59
(Basis for calculation)		
Profit attributable to owners of parent	Million yen	2,652
Amount not attributable to common shareholders	Million yen	–
Profit attributable to owners of parent relating to common shares	Million yen	2,652
Average number of common shares during period	Thousand shares	103,675
(2) Diluted profit per share	Yen	25.53
(Basis for calculation)		
Adjustment for profit attributable to owners of parent relating to common shares	Million yen	–
Increase in number of shares of common shares	Thousand shares	205
Share acquisition rights	Thousand shares	205
Overview of potentially dilutive shares not included in the calculation of diluted profit per share due to their non-dilutive effect		–

(Note) The Bank has introduced board benefit trust (BBT) from the fiscal year under review. The shares of the Bank remaining in BBT is included in the treasury shares to be deducted in calculating the average number of common shares during the period when calculating the profit per share and diluted profit per share. The average number of such shares during the period included in the treasury shares to be deducted is 975 thousand shares for the fiscal year ended March 31, 2023.

(Significant subsequent events)

Not applicable.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	892,982	570,410
Cash	42,026	48,333
Due from banks	850,955	522,077
Call loans	2,634	1,339
Trading securities	15	7
Trading government bonds	15	7
Money held in trust	834	703
Securities	606,964	620,626
Government bonds	167,386	192,205
Local government bonds	58,425	71,419
Corporate bonds	116,042	118,100
Stocks	13,216	14,430
Other securities	251,892	224,471
Loans and bills discounted	1,955,198	2,031,741
Bills discounted	4,342	4,738
Loans on bills	79,110	75,996
Loans on deeds	1,764,023	1,833,093
Overdrafts	107,722	117,913
Foreign exchanges	929	740
Due from foreign banks (our accounts)	929	740
Other assets	19,642	13,641
Accrued revenue	2,234	2,239
Other	17,407	11,401
Tangible fixed assets	19,954	19,221
Buildings, net	6,132	5,683
Land	12,543	12,053
Leased assets, net	307	241
Construction in progress	137	437
Other tangible fixed assets	834	805
Intangible fixed assets	491	576
Software	335	430
Leased assets	33	21
Other intangible fixed assets	122	123
Prepaid pension costs	2,088	3,340
Deferred tax assets	8,599	10,117
Customers' liabilities for acceptances and guarantees	2,424	2,291
Allowance for loan losses	(11,308)	(11,818)
Total assets	3,501,451	3,262,940

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Deposits	3,017,387	3,058,485
Current deposits	68,035	70,062
Ordinary deposits	1,939,934	2,031,794
Savings deposits	37,342	37,234
Deposits at notice	601	313
Time deposits	951,221	901,555
Installment savings	10,800	9,951
Other deposits	9,449	7,573
Negotiable certificates of deposit	990	985
Borrowed money	311,200	38,600
Borrowings from other banks	311,200	38,600
Foreign exchanges	11	7
Foreign bills payable	11	7
Other liabilities	12,366	13,050
Income taxes payable	89	461
Accrued expenses	609	628
Unearned revenue	991	1,020
Reserve for interest on installment savings	0	0
Financial derivatives	147	154
Lease liabilities	362	272
Other	10,165	10,511
Provision for bonuses	773	739
Provision for bonuses for directors (and other officers)	12	17
Provision for retirement benefits	43	41
Provision for management board benefit trust	—	130
Provision for reimbursement of deposits	258	254
Provision for contingent loss	221	258
Deferred tax liabilities for land revaluation	961	871
Acceptances and guarantees	2,424	2,291
Total liabilities	3,346,652	3,115,733
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	116,226
Legal retained earnings	1,745	1,745
Other retained earnings	113,191	114,481
General reserve	106,987	106,987
Retained earnings brought forward	6,204	7,494
Treasury shares	(2,311)	(2,324)
Total shareholders' equity	166,184	167,461
Valuation difference on available-for-sale securities	(10,680)	(19,492)
Revaluation reserve for land	(843)	(761)
Total valuation and translation adjustments	(11,523)	(20,254)
Share acquisition rights	137	—
Total net assets	154,798	147,207
Total liabilities and net assets	3,501,451	3,262,940

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Ordinary income	36,667	40,703
Interest income	25,653	29,175
Interest on loans and discounts	20,458	20,382
Interest and dividends on securities	4,336	7,885
Interest on call loans	2	37
Interest on deposits with banks	856	867
Other interest income	0	1
Fees and commissions	8,157	8,339
Fees and commissions on domestic and foreign exchanges	1,573	1,424
Other fees and commissions	6,583	6,915
Other ordinary income	633	968
Gain on foreign exchange transactions	19	17
Gain on sale of bonds	153	627
Gain on redemption of bonds	—	1
Other	460	321
Other income	2,223	2,220
Recoveries of written off receivables	272	220
Gain on sale of equity securities	1,367	1,261
Gain on money held in trust	4	3
Other	577	734
Ordinary expenses	32,255	36,341
Interest expenses	211	116
Interest on deposits	211	116
Interest on negotiable certificates of deposit	0	0
Interest on borrowings and rediscounts	0	0
Fees and commissions payments	3,871	3,912
Fees and commissions on domestic and foreign exchanges	238	145
Other fees and commissions	3,633	3,766
Other ordinary expenses	3,456	7,400
Net loss on trading securities transactions	0	0
Loss on sale of bonds	3,009	6,985
Loss on devaluation of bonds	—	32
Loss on financial derivatives	183	67
Other	263	314
General and administrative expenses	21,840	21,059
Other expenses	2,874	3,852
Provision of allowance for loan losses	1,387	1,104
Write-off of loans	528	1,330
Loss on sale of equity securities	588	1,086
Loss on devaluation of equity securities	128	9
Other	241	320
Ordinary profit	4,412	4,362

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Extraordinary income	45	98
Gain on disposal of non-current assets	45	–
Gain on reversal of share acquisition rights	–	98
Extraordinary losses	1,164	982
Loss on disposal of non-current assets	50	20
Impairment losses	1,113	831
Provision for share-based remuneration for directors (and other officers)	–	130
Profit before income taxes	3,292	3,478
Income taxes - current	118	775
Income taxes - deferred	74	478
Total income taxes	193	1,254
Profit	3,098	2,223

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		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							(522)	(522)
Profit							3,098	3,098
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							50	50
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	2,611	2,611
Balance at end of period	27,408	26,150	–	26,150	1,745	106,987	6,204	114,937

	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 on 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		(522)					(522)
Profit		3,098					3,098
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		50					50
Net changes in items other than shareholders' equity			(8,652)	(50)	(8,702)	4	(8,698)
Total changes during period	35	2,646	(8,652)	(50)	(8,702)	4	(6,051)
Balance at end of period	(2,311)	166,184	(10,680)	(843)	(11,523)	137	154,798

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		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							(628)	(628)
Profit							2,223	2,223
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	—	—	—	—	—	—	1,289	1,289
Balance at end of period	27,408	26,150	—	26,150	1,745	106,987	7,494	116,226

	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		(628)					(628)
Profit		2,223					2,223
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			(8,812)	82	(8,730)	(137)	(8,867)
Total changes during period	(13)	1,276	(8,812)	82	(8,730)	(137)	(7,591)
Balance at end of period	(2,324)	167,461	(19,492)	(761)	(20,254)	—	147,207

Financial Results Presentation Material

I Overview of Financial Results for Fiscal Year Ended March 31, 2023

1. Status of Profit and Loss

[Non-consolidated]

(Million yen)

	Fiscal year ended March 2023	Change from fiscal year ended March 2022	Fiscal year ended March 2022
Gross operating profit	27,054	150	26,903
(Excluding gains (losses) on government bonds and other securities)	33,442	3,681	29,760
Domestic gross profit	26,926	115	26,810
(Excluding gains (losses) on government bonds and other securities)	33,314	3,647	29,666
Net interest income	28,946	3,577	25,368
Fees and commissions income	4,428	143	4,284
Other operating income	(6,449)	(3,606)	(2,842)
International gross profit	127	34	93
(Excluding gains (losses) on government bonds and other securities)	127	34	93
Net interest income	111	38	73
Fees and commissions income	(1)	(1)	0
Other operating income	17	(2)	19
Expenses (excluding extraordinary adjustments)	21,394	(803)	22,198
Personnel expenses	12,108	(434)	12,543
Non-personnel expenses	7,897	(329)	8,227
Taxes	1,387	(39)	1,427
Substantial net business profit (Note 1)	5,659	954	4,705
Core net business profit (Note 2)	12,047	4,485	7,562
Core net business profit (excluding gains (losses) from cancellation of investment trust)	7,968	501	7,466
Provision of general allowance for loan losses (1)	(755)	(1,360)	604
Net business profit	6,415	2,314	4,101
Of which, gains (losses) on government bonds and other securities	(6,388)	(3,531)	(2,856)
Unusual profits and losses	(2,053)	(2,363)	310
Bad loans disposed (2)	3,460	2,003	1,456
Written-off of loans	1,330	801	528
Provision of individual allowance for loan losses	1,860	1,076	783
Loss on sale of receivables	67	41	25
Provision for contingent loss	36	24	11
Cost borne under joint responsibility system of credit guarantee corporations	165	58	107
(Costs for loans written-off (1) + (2))	2,704	643	2,061
Reversal of allowance for loan losses (3)	—	—	—

Reversal of provision for contingent loss (4)	–	–	–
Recoveries of written off receivables	220	(52)	272
Gains (losses) related to equity securities	164	(485)	650
Gain on sale of equity securities	1,261	(105)	1,367
Loss on sale of equity securities	1,086	498	588
Loss on devaluation of equity securities	9	(118)	128
Other unusual profits and losses	1,022	178	844
Ordinary profit	4,362	(49)	4,412
Extraordinary income and losses	(884)	235	(1,119)
Of which, loss (gain) on disposal of non-current assets	(20)	(14)	(5)
Gain on disposal of non-current assets	–	(45)	45
Loss on disposal of non-current assets	20	(30)	50
Of which, gain on reversal of share acquisition rights	98	98	–
Of which, impairment losses	831	(282)	1,113
Of which, provision for share-based remuneration for directors (and other officers)	130	130	–
Profit before income taxes	3,478	185	3,292
Income taxes - current	775	657	118
Income taxes - deferred	478	403	74
Total income taxes	1,254	1,061	193
Profit	2,223	(875)	3,098

Costs for loans written-off (1) + (2) – (3) – (4)	2,704	643	2,061
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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)

	Fiscal year ended March 2023	Change from fiscal year ended March 2022	Fiscal year ended March 2022
Consolidated gross profit	29,045	(515)	29,560
Net interest income	29,008	3,641	25,367
Fees and commissions income	5,641	259	5,382
Other operating income	(5,604)	(4,415)	(1,188)
General and administrative expenses	23,168	(869)	24,038
Costs for loans written-off (1)	2,648	546	2,102
Written-off of loans	1,376	789	586
Provision of individual allowance for loan losses	1,769	994	774
Provision of general allowance for loan losses	(766)	(1,362)	596
Loss on sale of receivables	67	41	25
Provision for contingent loss	36	24	11
Cost borne under joint responsibility system of credit guarantee corporations	165	58	107
Reversal of allowance for loan losses (2)	—	—	—
Recoveries of written off receivables	220	(53)	274
Gains (losses) related to equity securities	164	(485)	650
Others	1,448	216	1,232
Ordinary profit	5,062	(514)	5,576
Extraordinary income and losses	(885)	242	(1,128)
Profit before income taxes	4,176	(271)	4,448
Income taxes - current	917	413	503
Income taxes - deferred	505	419	86
Total income taxes	1,422	832	589
Profit attributable to non-controlling interests	100	(128)	229
Profit attributable to owners of parent	2,652	(976)	3,628

Costs for loans written-off ((1) - (2))	2,648	546	2,102
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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)

	Fiscal year ended March 2023	Change from fiscal year ended March 2022	Fiscal year ended March 2022
Number of consolidated subsidiaries	6	1	5
Number of equity-method affiliated companies	—	—	—

2. Main Accounts [Non-consolidated]

Balance of deposits

(Million yen)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Deposits	3,058,485	(21,322)	41,098	3,079,807	3,017,387
Time deposits	913,263	(30,625)	(51,710)	943,889	964,974
Liquid deposits	2,145,222	9,303	92,809	2,135,918	2,052,413

*Excluding negotiable certificates of deposit.

Balance of loans and bills discounted

(Million yen, %)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Loans and bills discounted	2,031,741	10,401	76,542	2,021,340	1,955,198
Loans and bills discounted for individuals, SMEs, etc.	1,517,168	18,573	32,566	1,498,594	1,484,601
Liquid deposits	74.67	0.54	(1.26)	74.13	75.93

Balance of securities

(Million yen)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Securities	620,626	(33,153)	13,662	653,780	606,964
Government bonds	192,205	(37,088)	24,818	229,293	167,386

Balance of deposit assets

(Million yen)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Deposit assets	414,417	16,826	16,060	397,590	398,356
Public bonds	25,655	(2,090)	2,132	27,746	23,522
Investment trusts	146,187	10,159	8,649	136,028	137,538
Individual pension, etc.	242,573	8,757	5,278	233,815	237,295

3. Margin [Non-consolidated]

(%)

	Fiscal year ended March 2023	Change from fiscal year ended March 2022	Fiscal year ended March 2022
(1) Yield on assets (A)	0.94	0.11	0.83
(A) Yield on loans and bills discounted	1.01	(0.03)	1.04
(B) Yield on securities	1.16	0.43	0.73
(2) Funding costs (B)	0.67	(0.03)	0.70
(A) Yield on deposits, etc.	0.00	—	0.00
(B) Yield on external liabilities	0.00	—	0.00
(3) Total interest margin (A) - (B)	0.27	0.14	0.13
(Reference) Deposit and loan margin (domestic)	0.32	0.02	0.30
(Reference) Total interest margin (domestic)	0.26	0.12	0.14

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

(Million yen)

	Fiscal year ended March 2023	Change from fiscal year ended March 2022	Fiscal year ended March 2022
Gains (losses) on government bonds and other securities	(6,388)	(3,531)	(2,856)
Gains on sales	627	474	153
Gains on redemption	1	1	—
Losses on sales	6,985	3,975	3,009
Losses on redemption	—	—	—
Write-offs	32	32	—
Gains (losses) on equity securities	164	(485)	650
Gains on sales	1,261	(105)	1,367
Losses on sales	1,086	498	588
Write-offs	9	(118)	128

5. Valuation Gain and Loss on Securities with Market Value

[Non-consolidated]

		March 31, 2023				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	(26,346)	(10,905)	2,599	28,946	(15,441)	2,201	17,643
	Stocks	1,573	338	2,167	593	1,235	1,964	729
	Bonds	(11,056)	(5,519)	52	11,108	(5,537)	40	5,577
	Others	(16,863)	(5,724)	380	17,243	(11,139)	197	11,336
	Total	(26,346)	(10,905)	2,599	28,946	(15,441)	2,201	17,643
	Stocks	1,573	338	2,167	593	1,235	1,964	729
	Bonds	(11,056)	(5,519)	52	11,108	(5,537)	40	5,577
	Others	(16,863)	(5,724)	380	17,243	(11,139)	197	11,336

[Consolidated]

		March 31, 2023				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	(26,341)	(10,912)	2,612	28,954	(15,429)	2,217	17,647
	Stocks	1,573	338	2,167	593	1,235	1,964	729
	Bonds	(11,056)	(5,519)	52	11,108	(5,537)	40	5,577
	Others	(16,858)	(5,731)	393	17,252	(11,127)	213	11,340
	Total	(26,341)	(10,912)	2,612	28,954	(15,429)	2,217	17,647
	Stocks	1,573	338	2,167	593	1,235	1,964	729
	Bonds	(11,056)	(5,519)	52	11,108	(5,537)	40	5,577
	Others	(16,858)	(5,731)	393	17,252	(11,127)	213	11,340

6. Capital Adequacy Ratio (domestic standard)

[Non-consolidated]

(Million yen, %)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
(1) Capital adequacy ratio (2) / (3)	11.59	(0.16)	(0.20)	11.75	11.79
(2) Non-consolidated equity capital	168,929	(661)	(552)	169,590	169,481
(3) Risk assets	1,457,032	14,870	19,886	1,442,162	1,437,146
(4) Total non-consolidated equity capital requirements (3) × 4%	58,281	594	795	57,686	57,485

[Consolidated]

(Million yen, %)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
(1) Capital adequacy ratio (2) / (3)	11.85	(0.21)	(0.21)	12.06	12.06
(2) Consolidated equity capital	174,919	(653)	(251)	175,572	175,171
(3) Risk assets	1,474,905	19,108	22,923	1,455,797	1,451,982
(4) Total consolidated equity capital requirements (3) × 4%	58,996	764	916	58,231	58,079

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)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Bankrupt and quasi-bankrupt loans	1,957	202	828	1,755	1,129
Doubtful loans	40,690	1,034	(1,332)	39,655	42,022
Special attention loans	706	(617)	(625)	1,323	1,331
Accruing loans contractually past due 3 months or more	15	(28)	(12)	44	28
Restructured loans	690	(588)	(612)	1,278	1,302
Subtotal (A)	43,354	619	(1,129)	42,735	44,483
Normal assets	2,017,112	13,595	82,509	2,003,517	1,934,603
Total (total claims) (B)	2,060,467	14,215	81,380	2,046,252	1,979,086
Ratio to total claims (A) / (B)	2.10%	0.02%	(0.14)%	2.08%	2.24%

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

(Million yen)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Amount preserved (C)	29,430	2,043	876	27,387	28,554
Allowance for loan losses	7,289	1,863	1,155	5,425	6,134
Provision for possible loss on specific borrowers	—	—	—	—	—
Collateral and guarantees, etc.	22,141	179	(278)	21,961	22,420
Preservation rate (C) / (A)	67.88%	3.80%	3.69%	64.08%	64.19%

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

(Million yen)

	March 31, 2023			September 30, 2022	March 31, 2022
		Change from September 30, 2022	Change from March 31, 2022		
Bankrupt and quasi-bankrupt loans	2,130	216	783	1,913	1,346
Doubtful loans	40,804	1,043	(1,311)	39,760	42,115
Special attention loans	706	(617)	(625)	1,323	1,331
Accruing loans contractually past due 3 months or more	15	(28)	(12)	44	28
Restructured loans	690	(588)	(612)	1,278	1,302
Subtotal (A)	43,640	642	(1,152)	42,997	44,793
Normal assets	2,017,475	14,571	83,646	2,002,904	1,933,829
Total (total claims) (B)	2,061,116	15,214	82,493	2,045,902	1,978,623
Ratio to total claims (A) / (B)	2.11%	0.01%	(0.15)%	2.10%	2.26%

4. Loans and Bills Discounted by Business Type

(Million yen)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Total loans and bills discounted	2,031,741	10,401	76,542	2,021,340	1,955,198
Manufacturing	154,375	9,268	11,465	145,106	142,909
Agriculture and forestry	9,719	543	1,345	9,176	8,373
Fishery	1,350	590	590	759	759
Mining, quarrying, and gravel	2,598	26	174	2,571	2,424
Construction	102,825	2,889	3,925	99,936	98,899
Utilities	29,147	907	368	28,240	28,779
Communication and information services	5,946	(3,610)	(4,164)	9,557	10,111
Transport and postal activities	74,673	4,865	8,241	69,807	66,432
Wholesale and retail	148,719	(2,875)	(2,801)	151,595	151,520
Finance and insurance	57,748	5,832	9,875	51,915	47,872
Real estate and goods rental and leasing	304,744	6,966	7,249	297,777	297,494
Services	192,996	999	1,940	191,996	191,055
Municipal government	291,957	(22,317)	25,975	314,274	265,981
Other (individuals)	654,939	6,313	12,357	648,626	642,581

5. Consumer Loan Balance

(Million yen)

	March 31, 2023	Change from September 30, 2022	Change from March 31, 2022	September 30, 2022	March 31, 2022
Balance of housing loans	598,558	6,164	11,812	592,393	586,746
Balance of other loans	43,074	(36)	603	43,111	42,471
Total	641,633	6,128	12,415	635,505	629,217