

Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



January 26, 2024

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities report: February 13, 2024
 Establishment of specified transaction account: None
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 – December 31, 2023)

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

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended						
December 31, 2023	91,024	3.0	25,839	27.2	17,807	19.5
December 31, 2022	88,354	14.3	20,312	(23.9)	14,907	(22.1)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥28,733 million [—%]

Nine months ended December 31, 2022: ¥(43,746) million [—%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended				
December 31, 2023	375.04		—	
December 31, 2022	310.82		310.72	

(Note) Diluted net income per share for the nine months ended December 31, 2023 is not presented because there were no potentially dilutive shares.

(2) Consolidated Financial Position

	Total assets	Total equity	Capital ratio
	Million yen	Million yen	%
As of December 31, 2023	8,026,569	465,698	5.8
As of March 31, 2023	7,305,698	441,222	6.0

(Reference) Capital: As of December 31, 2023: ¥465,698 million

As of March 31, 2023: ¥441,222 million

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

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

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	40.00	–	40.00	80.00
Fiscal year ending March 31, 2024	–	50.00	–		
Fiscal year ending March 31, 2024 (Forecast)				40.00	90.00

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

(Notes)

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

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

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Yen
Full year	23,500	17.3	15,300	3.0	322.22

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

* Notes:

- Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): None
- Adoption of special accounting treatment for preparing quarterly consolidated financial statements: None
- Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - Changes in accounting policies due to the revision of accounting standards: None
 - Changes in accounting policies other than 1) above: None
 - Changes in accounting estimates: None
 - Retrospective restatement: None
- Total number of issued and outstanding shares (common shares)
 - Total number of issued and outstanding shares at the end of the period (including treasury shares):
 - As of December 31, 2023: 53,090,081 shares
 - As of March 31, 2023: 53,090,081 shares
 - Total number of treasury shares at the end of the period:
 - As of December 31, 2023: 5,606,677 shares
 - As of March 31, 2023: 5,613,090 shares
 - Average number of shares during the period (nine months):
 - Nine Months ended December 31, 2023: 47,481,239 shares
 - Nine Months ended December 31, 2022: 47,961,111 shares

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

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

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

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1. Qualitative Information

(1) Explanation of Operating Results

The Japanese economy for the nine months under review has been on a gradual recovery trend amid a trend in which the employment and income environment has improved and economic activities are returning to normal. Meanwhile, in addition to the rise in prices and fluctuations in financial and capital markets, there is a risk that a downturn in overseas economies, partly due to factors such as monetary tightening worldwide and concerns over the future of China's economy, will put downward pressure on Japan's economy.

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

As a result of these efforts, the operating results for the nine months under review were as follows.

Ordinary income was ¥91,024 million, an increase of ¥2,669 million year on year. This was mainly due to an increase in interest income (an increase of ¥10,916 million year on year) due in part to an increase in interest on loans and discounts.

On the other hand, ordinary expenses were ¥65,185 million, a decrease of ¥2,857 million year on year. This was mainly due to a decrease in other operating expenses (a decrease of ¥9,741 million year on year) due in part to a decrease in losses on sales of bonds.

As a result, ordinary profit for the nine months under review increased by ¥5,526 million year on year to ¥25,839 million, and net income attributable to owners of the parent increased by ¥2,900 million year on year to ¥17,807 million.

(2) Explanation of Financial Position

The financial position at the end of the third quarter under review was as follows.

The balance of total assets was ¥8,026,569 million, an increase of ¥720,870 million from the end of the previous fiscal year.

With regards to the main account balance of assets, investment securities stood at ¥1,712,201 million (an increase of ¥196,623 million from the end of the previous fiscal year), and loans and bills discounted totaled ¥4,411,646 million (an increase of ¥68,005 million from the end of the previous fiscal year).

Meanwhile, total liabilities were ¥7,560,870 million, an increase of ¥696,394 million from the end of the previous fiscal year.

With regards to the main account balance of liabilities, deposits totaled ¥5,745,753 million (an increase of ¥31,385 million from the end of the previous fiscal year), negotiable certificates of deposit were ¥22,552 million (a decrease of ¥7,780 million from the end of the previous fiscal year), call money and bills sold was ¥577,062 million (an increase of ¥339,155 million from the end of the previous fiscal year), payables under securities lending transactions were ¥259,670 million (an increase of ¥54,097 million from the end of the previous fiscal year), and borrowed money was ¥796,437 million (an increase of ¥257,981 million from the end of the previous fiscal year).

Total equity amounted to ¥465,698 million, an increase of ¥24,476 million from the end of the previous fiscal year. This was mainly due to an increase of ¥13,601 million in retained earnings from the end of the previous fiscal year, as well as an increase of ¥10,008 million in deferred gains on derivatives under hedge accounting from the end of the previous fiscal year.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the nine months under review, the progress of ordinary profit is approximately 110%, and net income attributable to owners of the parent is approximately 116%, against the full-year consolidated financial results

forecast for the fiscal year ending March 31, 2024, announced on May 12, 2023.

However, the financial results forecast announced on May 12, 2023 has not been changed, because, among other reasons, there is a possibility that credit costs, etc. increase depending on the economic, price, and financial situation, and an expenditure of non-personnel expenses arising as a result of investments related to next generation core systems is expected.

Revisions to the full-year financial results forecast will be determined in light of future trends in business performance.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Cash and due from banks	1,201,938	1,638,733
Call loans and bills bought	17,759	3,545
Debt purchased	2,514	2,240
Trading securities	488	464
Money held in trust	27,059	33,159
Investment securities	1,515,578	1,712,201
Loans and bills discounted	4,343,641	4,411,646
Foreign exchange assets	6,730	6,284
Other assets	119,185	143,247
Tangible fixed assets	52,349	51,319
Intangible fixed assets	2,180	4,714
Asset for retirement benefits	19,650	20,883
Deferred tax assets	572	611
Customers' liabilities for acceptances and guarantees	28,226	29,467
Allowance for loan losses	(32,177)	(31,950)
Total assets	7,305,698	8,026,569
Liabilities		
Deposits	5,714,368	5,745,753
Negotiable certificates of deposit	30,332	22,552
Call money and bills sold	237,906	577,062
Payables under securities lending transactions	205,572	259,670
Borrowed money	538,456	796,437
Foreign exchange liabilities	377	349
Borrowed money from trust account	187	187
Other liabilities	61,346	76,803
Liability for retirement benefits	159	164
Liability for retirement benefits of directors and Audit & Supervisory Board Members	4	4
Allowance for repayment of excess interest	10	8
Reserve for other contingent losses	140	167
Deferred tax liabilities	41,893	46,776
Deferred tax liabilities for land revaluation	5,495	5,465
Acceptances and guarantees	28,226	29,467
Total liabilities	6,864,476	7,560,870

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Equity		
Common stock	33,076	33,076
Capital surplus	24,540	24,541
Retained earnings	258,053	271,654
Treasury stock	(14,488)	(14,473)
Total shareholders' equity	301,181	314,799
Net unrealized gains on available-for-sale securities	107,785	109,681
Deferred gains on derivatives under hedge accounting	15,599	25,607
Land revaluation surplus	8,312	8,245
Defined retirement benefit plans	8,343	7,364
Total accumulated other comprehensive income	140,040	150,899
Total equity	441,222	465,698
Total liabilities and equity	7,305,698	8,026,569

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Ordinary income	88,354	91,024
Interest income	44,206	55,122
(Of which, interest on loans and discounts)	27,773	32,997
(Of which, interest and dividends on securities)	15,592	18,545
Trust fees	0	0
Fees and commissions	13,242	14,945
Other operating income	17,048	10,832
Other income	13,857	10,123
Ordinary expenses	68,042	65,185
Interest expenses	5,748	13,647
(Of which, interest on deposits)	779	1,469
Fees and commissions	3,470	4,021
Other operating expenses	21,327	11,585
General and administrative expenses	34,936	32,617
Other expenses	2,560	3,313
Ordinary profit	20,312	25,839
Extraordinary income	209	–
Gains on disposal of fixed assets	209	–
Extraordinary losses	62	168
Losses on disposal of fixed assets	62	58
Losses on impairment of long-lived assets	–	110
Income before income taxes	20,459	25,670
Income taxes - current	4,988	7,671
Income taxes - deferred	563	191
Total income taxes	5,552	7,863
Net income	14,907	17,807
Net income attributable to owners of the parent	14,907	17,807

Quarterly Consolidated Statement of Comprehensive Income

Nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net income	14,907	17,807
Other comprehensive income		
Net unrealized (losses) gains on available-for-sale securities	(76,719)	1,896
Deferred gains on derivatives under hedge accounting	18,969	10,008
Defined retirement benefit plans	(904)	(979)
Total other comprehensive income	(58,653)	10,925
Comprehensive income	(43,746)	28,733
Attributable to		
Owners of the parent	(43,746)	28,733

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Additional information)

(Impact of the COVID-19)

Although the changes in the classification of the COVID-19 infection and other factors have changed constraints on various economic activities, the impact of the COVID-19 infection still remains. Accordingly, the Group has assumed that the credit risk inherent in loans and bills discounted to certain borrowers in specific industries affected by the COVID-19 infection remains high. There have been no changes made to the assumption since the end of March 2023.

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

(Significant subsequent events)

There is no relevant information.