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

May 12, 2023

Company name: Nishi-Nippon Financial Holdings, Inc.

Stock exchange listing: Tokyo, Fukuoka

Code number: 7189

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

Representative: Hideyuki Murakami

President

Contact: Hiroto Funatsu

General Manager of Corporate Planning Division

Phone: 092-476-5050

Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing annual securities report: June 30, 2023

Trading Accounts: Yes

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (for institutional investors, analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

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

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	160,448	15.9	33,677	(11.1)	26,064	7.5
March 31, 2022	138,484	2.6	37,868	41.5	24,236	34.0

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 15,423 million [-%]
Fiscal year ended March 31, 2022: ¥ (12,293) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Ordinary profit to ordinary revenues ratio
Fiscal year ended March 31, 2023	Yen 181.57	Yen -	% 5.0	% 0.3	% 21.0
March 31, 2022	164.31	-	4.6	0.3	27.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 8,319 million
Fiscal year ended March 31, 2022: ¥ 56 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2023	Million yen 12,985,181	Million yen 539,444	% 4.1	Yen 3,744.47
March 31, 2022	13,127,906	530,724	4.0	3,618.44

(Reference) Equity: As of March 31, 2023: ¥ 529,823 million
As of March 31, 2022: ¥ 522,169 million

(Note) Capital adequacy ratio = (Total net assets - Non-controlling interests) / Total assets.

The ratio above is not based on the regulation of 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 the end of period
Fiscal year ended March 31, 2023	Million yen (639,731)	Million yen (20,442)	Million yen (8,175)	Million yen 1,939,733
March 31, 2022	1,151,099	(268,495)	(7,610)	2,608,074

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	15.00	-	20.00	35.00	5,109	21.3	1.0
March 31, 2023	-	17.50	-	27.50	45.00	6,420	24.8	1.2
Fiscal year ending March 31, 2024 (Forecast)	-	25.00	-	25.00	50.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2023	18,500	(2.8)	12,500	(7.4)	88.34
Full year	34,500	2.4	24,000	(7.9)	169.62

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2023: 148,596,955 shares

March 31, 2022: 151,596,955 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 7,102,038 shares

March 31, 2022: 7,288,911 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 143,551,305 shares

Fiscal Year ended March 31, 2022: 147,500,789 shares

(Note) The total number of treasury shares at the end of the period includes treasury shares held by a trust account for Board Benefit Trust (BBT) (121,000 shares as of March 31, 2023). In addition, treasury shares held by the trust account (66,000 shares for fiscal year ended March 31, 2023) are included in the number of treasury shares that is deducted in the calculation of the average number of shares during the period.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

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

	Operating revenues		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	10,303	24.9	9,331	26.3	9,035	25.5	8,970	24.9
March 31, 2022	8,249	31.3	7,390	33.2	7,199	32.9	7,182	33.2

	Basic earnings per share
Fiscal year ended March 31, 2023	Yen 62.48
March 31, 2022	48.69

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	426,209	371,503	87.2	2,625.17
March 31, 2022	421,938	370,610	87.8	2,567.82

(Reference) Equity: As of March 31, 2023: ¥ 371,503 million
As of March 31, 2022: ¥ 370,610 million

(Note) This report is out of the scope of the audit by certified public accountants or independent audit firms.

(Note) Explanation for proper use of forecasts and other notes

The above forecasts are based on the information which is presently available and certain assumptions which are considered to be reasonable.

Actual results may differ materially from those forecasts depending on various future factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of March 31,2023
Assets		
Cash and due from banks	2,614,747	1,946,575
Call loans and bills bought	-	8,011
Monetary claims bought	39,621	42,733
Money held in trust	11,682	11,609
Securities	1,773,344	1,792,650
Loans and bills discounted	8,470,861	8,955,399
Foreign exchanges	22,757	17,311
Other assets	90,311	99,071
Tangible fixed assets	116,172	116,854
Buildings, net	32,542	31,622
Land	74,273	75,659
Leased assets, net	324	361
Construction in progress	55	530
Other tangible fixed assets	8,977	8,680
Intangible fixed assets	4,160	5,204
Software	3,748	4,787
Other intangible fixed assets	411	416
Retirement benefit asset	7,548	8,038
Deferred tax assets	2,109	6,367
Customers' liabilities for acceptances and guarantees	17,639	16,372
Allowance for loan losses	(42,473)	(40,455)
Allowance for investment loss	(577)	(562)
Total assets	13,127,906	12,985,181
Liabilities		
Deposits	9,570,343	9,791,772
Negotiable certificates of deposit	264,293	167,423
Call money and bills sold	510,000	512,491
Securities sold under repurchase agreements	251,120	265,881
Cash collateral received for securities lent	87,188	293,853
Borrowed money	1,755,240	1,249,709
Foreign exchanges	201	504
Borrowed money from trust account	4,794	5,233
Other liabilities	113,952	120,171
Provision for share awards for directors (and other officers)	-	4
Retirement benefit liability	4,773	4,647
Provision for retirement benefits for directors (and other officers)	201	200
Provision for reimbursement of deposits	825	545
Provision for contingent loss	1,096	1,194
Reserves under special laws	12	12
Deferred tax liabilities	844	1,070
Deferred tax liabilities for land revaluation	14,652	14,646
Acceptances and guarantees	17,639	16,372
Total liabilities	12,597,181	12,445,737

(Million yen)

	As of March 31,2022	As of March 31,2023
Net assets		
Share capital	50,000	50,000
Capital surplus	121,123	118,706
Retained earnings	304,236	325,460
Treasury shares	(5,522)	(5,698)
Total shareholders' equity	469,837	488,468
Valuation difference on available-for-sale securities	38,616	25,757
Deferred gains or losses on hedges	(8)	1,015
Revaluation reserve for land	29,438	29,425
Remeasurements of defined benefit plans	(15,715)	(14,843)
Total accumulated other comprehensive income	52,332	41,355
Non-controlling interests	8,555	9,620
Total net assets	530,724	539,444
Total liabilities and net assets	13,127,906	12,985,181

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	138,484	160,448
Interest income	98,228	106,142
Interest on loans and discounts	81,109	81,242
Interest and dividends on securities	12,893	21,012
Interest on call loans and bills bought	0	28
Interest on deposits with banks	2,852	2,398
Other interest income	1,372	1,459
Trust fees	0	0
Fees and commissions	32,468	33,136
Gain on trading account transactions	1,919	1,369
Other ordinary income	3,069	8,064
Other income	2,799	11,735
Recoveries of written off receivables	378	251
Other	2,421	11,483
Ordinary expenses	100,616	126,770
Interest expenses	855	12,401
Interest on deposits	416	432
Interest on negotiable certificates of deposit	26	19
Interest on call money and bills sold	(113)	319
Interest expenses on securities sold under repurchase agreements	383	7,627
Interest expenses on cash collateral received for securities lent	13	22
Interest on borrowings and rediscounts	52	589
Other interest expenses	75	3,390
Fees and commissions payments	11,536	12,021
Other ordinary expenses	1,654	16,130
General and administrative expenses	79,173	80,634
Other expenses	7,397	5,583
Provision of allowance for loan losses	1,939	1,984
Other	5,457	3,598
Ordinary profit	37,868	33,677
Extraordinary income	142	869
Gain on disposal of non-current assets	142	32
Gain on bargain purchase	-	564
Gain on step acquisitions	-	272
Extraordinary losses	856	435
Loss on disposal of non-current assets	390	368
Impairment losses	465	66
Profit before income taxes	37,154	34,111
Income taxes - current	10,824	6,513
Income taxes - deferred	1,518	1,164
Total income taxes	12,342	7,678
Profit	24,811	26,433
Profit attributable to non-controlling interests	575	368
Profit attributable to owners of parent	24,236	26,064

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Profit	24,811	26,433
Other comprehensive income	(37,104)	(11,009)
Valuation difference on available-for-sale securities	(26,560)	(12,962)
Deferred gains or losses on hedges	1,419	1,023
Remeasurements of defined benefit plans, net of tax	(11,963)	872
Share of other comprehensive income of entities accounted for using equity method	-	56
Comprehensive income	(12,293)	15,423
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(12,928)	15,087
Comprehensive income attributable to non-controlling interests	635	336

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	127,202	284,535	(8,597)	453,140
Cumulative effects of changes in accounting policies			(244)		(244)
Restated balance	50,000	127,202	284,290	(8,597)	452,895
Changes during period					
Dividends of surplus			(4,445)		(4,445)
Profit attributable to owners of parent			24,236		24,236
Purchase of treasury shares				(3,004)	(3,004)
Disposal of treasury shares		(0)		0	0
Cancellation of treasury shares		(6,078)		6,078	-
Reversal of revaluation reserve for land			153		153
Net changes in items other than shareholders' equity					
Total changes during period	-	(6,078)	19,945	3,074	16,941
Balance at end of period	50,000	121,123	304,236	(5,522)	469,837

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	65,238	(1,428)	29,592	(3,751)	89,651	8,114	550,906
Cumulative effects of changes in accounting policies						(32)	(277)
Restated balance	65,238	(1,428)	29,592	(3,751)	89,651	8,081	550,629
Changes during period							
Dividends of surplus							(4,445)
Profit attributable to owners of parent							24,236
Purchase of treasury shares							(3,004)
Disposal of treasury shares							0
Cancellation of treasury shares							-
Reversal of revaluation reserve for land							153
Net changes in items other than shareholders' equity	(26,621)	1,419	(153)	(11,963)	(37,319)	473	(36,845)
Total changes during period	(26,621)	1,419	(153)	(11,963)	(37,319)	473	(19,904)
Balance at end of period	38,616	(8)	29,438	(15,715)	52,332	8,555	530,724

For the fiscal year ended March 31,2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	121,123	304,236	(5,522)	469,837
Changes during period					
Dividends of surplus			(5,412)		(5,412)
Profit attributable to owners of parent			26,064		26,064
Purchase of treasury shares				(2,593)	(2,593)
Disposal of treasury shares		(0)		0	0
Cancellation of treasury shares		(2,417)		2,417	-
Retained earnings increased sales associated with a increase in equity method affiliates			559		559
Reversal of revaluation reserve for land			13		13
Net changes in items other than shareholders' equity					
Total changes during period	-	(2,417)	21,224	(176)	18,631
Balance at end of period	50,000	118,706	325,460	(5,698)	488,468

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	38,616	(8)	29,438	(15,715)	52,332	8,555	530,724
Changes during period							
Dividends of surplus							(5,412)
Profit attributable to owners of parent							26,064
Purchase of treasury shares							(2,593)
Disposal of treasury shares							0
Cancellation of treasury shares							-
Retained earnings increased sales associated with a increase in equity method affiliates							559
Reversal of revaluation reserve for land							13
Net changes in items other than shareholders' equity	(12,859)	1,023	(13)	871	(10,977)	1,065	(9,911)
Total changes during period	(12,859)	1,023	(13)	871	(10,977)	1,065	8,719
Balance at end of period	25,757	1,015	29,425	(14,843)	41,355	9,620	539,444

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	37,154	34,111
Depreciation	5,674	5,845
Impairment losses	465	66
Gain on bargain purchase	-	(564)
Loss (gain) on step acquisitions	-	(272)
Share of loss (profit) of entities accounted for using equity method	(56)	(8,319)
Increase (decrease) in allowance for loan losses	(1,595)	(2,025)
Increase (decrease) in allowance for investment loss	0	(14)
Increase (decrease) in provision for share awards for directors (and other officers)	-	4
Decrease (increase) on net defined benefit assets	10,222	(489)
Increase (decrease) in retirement benefit liability	4,295	(1,707)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(55)	(0)
Increase (decrease) in provision for reimbursement of deposits	(360)	(279)
Increase (decrease) in provision for contingent loss	(158)	97
Interest income	(98,228)	(106,142)
Interest expenses	855	12,401
Loss (gain) related to securities	(45)	8,195
Loss (gain) on money held in trust	5	74
Foreign exchange losses (gains)	(674)	(1,260)
Loss (gain) on disposal of non-current assets	248	336
Net decrease (increase) in trading account assets	131	-
Net decrease (increase) in loans and bills discounted	73,084	(484,538)
Net increase (decrease) in deposits	274,854	223,471
Net increase (decrease) in negotiable certificates of deposit	75,772	(96,869)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	317,552	(505,531)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(979)	676
Net decrease (increase) in call loans	(2,898)	(11,124)
Net increase (decrease) in call money	358,698	17,252
Net increase (decrease) in cash collateral received for securities lent	46,053	206,665
Net decrease (increase) in foreign exchanges - assets	(11,682)	5,445
Net increase (decrease) in foreign exchanges - liabilities	(9)	303
Net increase (decrease) in borrowed money from trust account	1,589	438
Interest received	99,359	106,488
Interest paid	(1,080)	(10,145)
Other, net	(32,145)	(17,602)
Subtotal	1,156,049	(625,015)
Income taxes paid	(4,950)	(14,716)
Net cash provided by (used in) operating activities	1,151,099	(639,731)

(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	(500,365)	(484,648)
Proceeds from sale of securities	126,185	300,099
Proceeds from redemption of securities	111,026	173,881
Increase in money held in trust	(426)	(17)
Purchase of tangible fixed assets	(3,339)	(3,130)
Proceeds from sale of tangible fixed assets	419	112
Purchase of intangible fixed assets	(1,995)	(2,358)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(4,380)
Net cash provided by (used in) investing activities	(268,495)	(20,442)
Cash flows from financing activities		
Dividends paid	(4,444)	(5,409)
Dividends paid to non-controlling interests	(162)	(172)
Purchase of treasury shares	(3,004)	(2,593)
Proceeds from sale of treasury shares	0	0
Net cash provided by (used in) financing activities	(7,610)	(8,175)
Effect of exchange rate change on cash and cash equivalents	13	8
Net increase (decrease) in cash and cash equivalents	875,006	(668,341)
Cash and cash equivalents at beginning of period	1,733,067	2,608,074
Cash and cash equivalents at end of period	2,608,074	1,939,733