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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 8, 2024

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: Masaru Dejima

General Manager of Corporate Planning Division

Phone: 092-476-5050

Scheduled date of Annual General Meeting of Shareholders: June 27, 2024

Scheduled date of commencing dividend payments: June 28, 2024

Scheduled date of filing annual securities report: June 28, 2024

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, 2024 (April 01, 2023 to March 31, 2024)

(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, 2024	185,595	15.7	35,609	5.7	23,576	(9.5)
March 31, 2023	160,448	15.9	33,677	(11.1)	26,064	7.5

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 54,994 million [256.6%]
Fiscal year ended March 31, 2023: ¥ 15,423 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, 2024	Yen 167.11	Yen -	% 4.3	% 0.3	% 19.2
March 31, 2023	181.57	-	5.0	0.3	21.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 975 million
Fiscal year ended March 31, 2023: ¥ 8,319 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2024	Million yen 13,483,062	Million yen 584,805	% 4.3	Yen 4,096.05
March 31, 2023	12,985,181	539,444	4.1	3,744.47

(Reference) Equity: As of March 31, 2024: ¥ 574,621 million
As of March 31, 2023: ¥ 529,823 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, 2024	Million yen 197,020	Million yen 66,194	Million yen (9,628)	Million yen 2,193,336
March 31, 2023	(639,731)	(20,442)	(8,175)	1,939,733

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, 2023	-	17.50	-	27.50	45.00	6,420	24.8	1.2
March 31, 2024	-	25.00	-	30.00	55.00	7,753	32.9	1.4
Fiscal year ending March 31, 2025 (Forecast)	-	30.00	-	30.00	60.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 01, 2024 to March 31, 2025)

(% 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, 2024	19,500	(12.5)	13,000	(15.6)	92.67
Full year	41,000	15.1	27,000	14.5	192.46

* 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: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2024: 147,393,755 shares

March 31, 2023: 148,596,955 shares

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

March 31, 2024: 7,106,844 shares

March 31, 2023: 7,102,038 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 141,082,010 shares

Fiscal Year ended March 31, 2023: 143,551,305 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) (120 thousand shares as of March 31, 2024 and 121 thousand shares as of March 31, 2023).

In addition, treasury shares held by the trust account (120 thousand shares for fiscal year ended March 31, 2024 and 66 thousand 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, 2024 (April 01, 2023 to March 31, 2024)

(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, 2024	11,246	9.2	10,170	9.0	9,957	10.2	9,860	9.9
March 31, 2023	10,303	24.9	9,331	26.3	9,035	25.5	8,970	24.9

	Basic earnings per share
Fiscal year ended March 31, 2024	Yen 69.88
March 31, 2023	62.48

(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, 2024	426,729	371,920	87.2	2,650.75
March 31, 2023	426,209	371,503	87.2	2,625.17

(Reference) Equity: As of March 31, 2024: ¥ 371,920 million
As of March 31, 2023: ¥ 371,503 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 31,2023	As of March 31,2024
Assets		
Cash and due from banks	1,946,575	2,200,594
Call loans and bills bought	8,011	7,570
Monetary claims bought	42,733	47,653
Money held in trust	11,609	11,699
Securities	1,792,650	1,803,150
Loans and bills discounted	8,955,399	9,178,238
Foreign exchanges	17,311	9,361
Other assets	99,071	101,896
Tangible fixed assets	116,854	115,958
Buildings, net	31,622	30,595
Land	75,659	75,372
Leased assets, net	361	363
Construction in progress	530	130
Other tangible fixed assets	8,680	9,496
Intangible fixed assets	5,204	5,193
Software	4,787	4,769
Other intangible fixed assets	416	423
Retirement benefit asset	8,038	24,964
Deferred tax assets	6,367	1,083
Customers' liabilities for acceptances and guarantees	16,372	18,559
Allowance for loan losses	(40,455)	(42,302)
Allowance for investment loss	(562)	(557)
Total assets	12,985,181	13,483,062
Liabilities		
Deposits	9,791,772	10,177,203
Negotiable certificates of deposit	167,423	247,711
Call money and bills sold	512,491	104,542
Securities sold under repurchase agreements	265,881	226,248
Cash collateral received for securities lent	293,853	238,191
Borrowed money	1,249,709	1,759,123
Foreign exchanges	504	720
Borrowed money from trust account	5,233	5,349
Other liabilities	120,171	93,590
Provision for share awards for directors (and other officers)	4	11
Retirement benefit liability	4,647	1,973
Provision for retirement benefits for directors (and other officers)	200	236
Provision for reimbursement of deposits	545	392
Provision for contingent loss	1,194	1,182
Reserves under special laws	12	17
Deferred tax liabilities	1,070	8,589
Deferred tax liabilities for land revaluation	14,646	14,613
Acceptances and guarantees	16,372	18,559
Total liabilities	12,445,737	12,898,257

(Million yen)

	As of March 31,2023	As of March 31,2024
Net assets		
Share capital	50,000	50,000
Capital surplus	118,706	117,584
Retained earnings	325,460	341,349
Treasury shares	(5,698)	(6,584)
Total shareholders' equity	488,468	502,349
Valuation difference on available-for-sale securities	25,757	43,262
Deferred gains or losses on hedges	1,015	711
Revaluation reserve for land	29,425	29,678
Remeasurements of defined benefit plans	(14,843)	(1,379)
Total accumulated other comprehensive income	41,355	72,272
Non-controlling interests	9,620	10,183
Total net assets	539,444	584,805
Total liabilities and net assets	12,985,181	13,483,062

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Ordinary income	160,448	185,595
Interest income	106,142	116,311
Interest on loans and discounts	81,242	83,845
Interest and dividends on securities	21,012	28,672
Interest on call loans and bills bought	28	100
Interest on deposits with banks	2,398	2,092
Other interest income	1,459	1,600
Trust fees	0	0
Fees and commissions	33,136	37,790
Gain on trading account transactions	1,369	1,036
Other ordinary income	8,064	13,047
Other income	11,735	17,409
Recoveries of written off receivables	251	290
Other	11,483	17,118
Ordinary expenses	126,770	149,985
Interest expenses	12,401	25,303
Interest on deposits	432	544
Interest on negotiable certificates of deposit	19	29
Interest on call money and bills sold	319	1,380
Interest expenses on securities sold under repurchase agreements	7,627	15,291
Interest expenses on cash collateral received for securities lent	22	38
Interest on borrowings and rediscounts	589	923
Other interest expenses	3,390	7,094
Fees and commissions payments	12,021	13,770
Other ordinary expenses	16,130	19,297
General and administrative expenses	80,634	83,468
Other expenses	5,583	8,145
Provision of allowance for loan losses	1,984	5,036
Other	3,598	3,108
Ordinary profit	33,677	35,609
Extraordinary income	869	52
Gain on disposal of non-current assets	32	52
Gain on bargain purchase	564	-
Gain on step acquisitions	272	-
Extraordinary losses	435	807
Loss on disposal of non-current assets	368	363
Impairment losses	66	434
Other	-	9
Profit before income taxes	34,111	34,855
Income taxes - current	6,513	11,022
Income taxes - deferred	1,164	(374)
Total income taxes	7,678	10,648
Profit	26,433	24,206
Profit attributable to non-controlling interests	368	630
Profit attributable to owners of parent	26,064	23,576

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Profit	26,433	24,206
Other comprehensive income	(11,009)	30,787
Valuation difference on available-for-sale securities	(12,962)	17,598
Deferred gains or losses on hedges	1,023	(304)
Remeasurements of defined benefit plans, net of tax	872	13,462
Share of other comprehensive income of entities accounted for using equity method	56	31
Comprehensive income	15,423	54,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,087	54,241
Comprehensive income attributable to non-controlling interests	336	752

Consolidated Statements of Changes in Net Assets

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

For the fiscal year ended March 31,2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	118,706	325,460	(5,698)	488,468
Changes during period					
Dividends of surplus			(7,435)		(7,435)
Profit attributable to owners of parent			23,576		23,576
Purchase of treasury shares				(2,008)	(2,008)
Disposal of treasury shares		0		0	0
Cancellation of treasury shares		(1,121)		1,121	-
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Reversal of revaluation reserve for land			(252)		(252)
Net changes in items other than shareholders' equity					
Total changes during period	-	(1,121)	15,888	(885)	13,880
Balance at end of period	50,000	117,584	341,349	(6,584)	502,349

	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	25,757	1,015	29,425	(14,843)	41,355	9,620	539,444
Changes during period							
Dividends of surplus							(7,435)
Profit attributable to owners of parent							23,576
Purchase of treasury shares							(2,008)
Disposal of treasury shares							0
Cancellation of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							0
Reversal of revaluation reserve for land							(252)
Net changes in items other than shareholders' equity	17,504	(304)	252	13,464	30,917	562	31,480
Total changes during period	17,504	(304)	252	13,464	30,917	562	45,361
Balance at end of period	43,262	711	29,678	(1,379)	72,272	10,183	584,805

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Cash flows from operating activities		
Profit before income taxes	34,111	34,855
Depreciation	5,845	5,992
Impairment losses	66	434
Gain on bargain purchase	(564)	-
Loss (gain) on step acquisitions	(272)	-
Share of loss (profit) of entities accounted for using equity method	(8,319)	(975)
Increase (decrease) in allowance for loan losses	(2,025)	1,846
Increase (decrease) in allowance for investment loss	(14)	(5)
Increase (decrease) in provision for share awards for directors (and other officers)	4	7
Decrease (increase) on net defined benefit assets	(489)	(16,926)
Increase (decrease) in retirement benefit liability	(1,707)	(2,674)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	35
Increase (decrease) in provision for reimbursement of deposits	(279)	(152)
Increase (decrease) in provision for contingent loss	97	(12)
Interest income	(106,142)	(116,311)
Interest expenses	12,401	25,303
Loss (gain) related to securities	8,195	(4,524)
Loss (gain) on money held in trust	74	(10)
Foreign exchange losses (gains)	(1,260)	(1,144)
Loss (gain) on disposal of non-current assets	336	311
Net decrease (increase) in loans and bills discounted	(484,538)	(222,839)
Net increase (decrease) in deposits	223,471	385,430
Net increase (decrease) in negotiable certificates of deposit	(96,869)	80,288
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(505,531)	509,413
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	676	(415)
Net decrease (increase) in call loans	(11,124)	(4,478)
Net increase (decrease) in call money	17,252	(447,582)
Net increase (decrease) in cash collateral received for securities lent	206,665	(55,661)
Net decrease (increase) in foreign exchanges - assets	5,445	7,950
Net increase (decrease) in foreign exchanges - liabilities	303	216
Net increase (decrease) in borrowed money from trust account	438	115
Interest received	106,488	115,321
Interest paid	(10,145)	(23,936)
Other, net	(17,602)	(68,685)
Subtotal	(625,015)	201,185
Income taxes paid	(14,716)	(4,165)
Net cash provided by (used in) operating activities	(639,731)	197,020

(Million yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Cash flows from investing activities		
Purchase of securities	(484,648)	(318,064)
Proceeds from sale of securities	300,099	255,490
Proceeds from redemption of securities	173,881	134,374
Increase in money held in trust	(17)	(4,090)
Decrease in money held in trust	-	3,997
Purchase of tangible fixed assets	(3,130)	(3,688)
Proceeds from sale of tangible fixed assets	112	124
Purchase of intangible fixed assets	(2,358)	(1,947)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,380)	-
Net cash provided by (used in) investing activities	(20,442)	66,194
Cash flows from financing activities		
Dividends paid	(5,409)	(7,430)
Dividends paid to non-controlling interests	(172)	(188)
Purchase of treasury shares	(2,593)	(2,008)
Proceeds from sale of treasury shares	0	0
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	-	(1)
Net cash provided by (used in) financing activities	(8,175)	(9,628)
Effect of exchange rate change on cash and cash equivalents	8	16
Net increase (decrease) in cash and cash equivalents	(668,341)	253,603
Cash and cash equivalents at beginning of period	2,608,074	1,939,733
Cash and cash equivalents at end of period	1,939,733	2,193,336