

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 14, 2019

Company name: The Chugoku Bank, Limited
 Stock exchange listing: Tokyo
 Stock code: 8382 URL <https://www.chugin.co.jp/>
 Representative: President Masato Miyanaga
 Inquiries: Managing Executive Officer & General Manager, Management Planning Department
 Tatsuo Hiramoto TEL 086-223-3111
 Scheduled date of ordinary general meeting of shareholders: June 26, 2019
 Scheduled date to file Securities Report: June 27, 2019
 Scheduled date to commence dividend payments: June 27, 2019
 Trading accounts: No
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	128,621	(2.8)	23,696	(23.3)	16,199	(23.7)
Year ended March 31, 2018	132,445	(7.2)	30,922	(2.1)	21,258	4.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Ordinary profit/ordinary income
	Yen	Yen	%	%	%
Year ended March 31, 2019	85.67	85.55	3.0	0.2	18.4
Year ended March 31, 2018	111.19	111.05	4.0	0.3	23.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	8,253,750	537,818	6.5	2,854.26
As of March 31, 2018	8,467,295	538,534	6.3	2,831.94

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	(240,799)	235,740	(6,014)	749,382
Year ended March 31, 2018	(101,208)	73,151	(6,654)	760,451

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	10.00	–	10.00	20.00	3,815	17.9	0.7
Year ended March 31, 2019	–	10.00	–	12.00	22.00	4,152	25.6	0.7
Year ending March 31, 2020 (Forecast)	–	11.00	–	11.00	22.00		29.9	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	62,600	(3.3)	10,900	(22.2)	7,400	(23.8)	39.37
Full year	125,700	(2.2)	20,700	(12.6)	13,800	(14.8)	73.43

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2019	195,272,106 shares	As of March 31, 2018	195,272,106 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	6,955,248 shares	As of March 31, 2018	5,202,795 shares
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Average number of shares during the period

Year ended March 31, 2019	189,090,839 shares	Year ended March 31, 2018	191,174,903 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Cash and due from banks	777,680	763,344
Call loans	141,250	39,677
Monetary claims bought	28,998	31,550
Trading account securities	1,827	2,375
Money held in trust	29,000	21,600
Securities	2,618,448	2,389,510
Loans and bills discounted	4,672,001	4,802,184
Foreign exchanges	7,949	9,042
Lease receivables and investment assets	17,934	21,019
Other assets	126,184	133,214
Tangible fixed assets	39,887	39,588
Buildings, net	12,631	11,905
Land	20,179	20,032
Construction in progress	34	413
Leased assets	2,459	2,241
Other tangible fixed assets	4,583	4,996
Intangible fixed assets	5,914	4,487
Software	5,814	4,336
Other intangible fixed assets	99	151
Deferred tax assets	837	947
Customers' liabilities for acceptances and guarantees	34,087	32,490
Allowance for loan losses	(34,707)	(37,281)
Total assets	8,467,295	8,253,750
Liabilities		
Deposits	6,414,356	6,630,177
Negotiable certificates of deposit	216,725	170,112
Call money	57,928	18,790
Payables under repurchase agreements	71,568	125,088
Payables under securities lending transactions	747,270	377,224
Commercial papers	46,157	48,717
Borrowed money	195,355	164,089
Foreign exchanges	223	1,709
Borrowed money from trust account	1,575	2,760
Other liabilities	98,256	104,264
Provision for bonuses	1,387	1,404
Provision for bonuses for directors (and other officers)	26	23
Retirement benefit liability	27,740	28,383
Provision for retirement benefits for directors (and other officers)	71	83
Provision for reimbursement of deposits	1,383	995
Provision for point card certificates	112	114
Reserves under special laws	6	6
Deferred tax liabilities	14,528	9,496
Acceptances and guarantees	34,087	32,490
Total liabilities	7,928,760	7,715,931

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Net assets		
Capital stock	15,149	15,149
Capital surplus	8,153	8,153
Retained earnings	433,053	445,459
Treasury shares	(7,400)	(9,401)
Total shareholders' equity	448,955	459,361
Valuation difference on available-for-sale securities	99,824	93,687
Deferred gains or losses on hedges	(4,998)	(8,893)
Remeasurements of defined benefit plans	(5,516)	(6,648)
Total accumulated other comprehensive income	89,309	78,145
Share acquisition rights	269	311
Total net assets	538,534	537,818
Total liabilities and net assets	8,467,295	8,253,750

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Ordinary income	132,445	128,621
Interest income	79,711	79,654
Interest on loans and discounts	47,055	51,427
Interest and dividends on securities	31,182	27,041
Interest on call loans	813	521
Interest on deposits with banks	375	383
Other interest income	284	281
Trust fees	1	1
Fees and commissions	17,143	18,006
Other ordinary income	22,778	22,232
Other income	12,810	8,726
Reversal of allowance for loan losses	1,568	–
Recoveries of written off claims	5	0
Other	11,236	8,726
Ordinary expenses	101,522	104,925
Interest expenses	13,790	17,229
Interest on deposits	1,927	2,333
Interest on negotiable certificates of deposit	58	40
Interest on call money	1,374	869
Interest on payables under repurchase agreements	1,584	2,397
Interest on payables under securities lending transactions	1,474	594
Interest on commercial papers	779	1,100
Interest on borrowings and rediscounts	1,270	2,530
Other interest expenses	5,320	7,362
Fees and commissions payments	4,301	4,288
Other ordinary expenses	17,933	14,772
General and administrative expenses	60,712	58,947
Other expenses	4,784	9,687
Provision of allowance for loan losses	–	4,359
Other	4,784	5,328
Ordinary profit	30,922	23,696
Extraordinary income	14	15
Gain on disposal of non-current assets	14	15
Transfer from reserve for financial products transaction liabilities	0	–
Extraordinary losses	211	290
Loss on disposal of non-current assets	62	68
Impairment loss	148	222
Profit before income taxes	30,726	23,421
Income taxes - current	8,265	7,587
Income taxes - deferred	1,202	(365)
Total income taxes	9,467	7,221
Profit	21,258	16,199
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	21,258	16,199

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	21,258	16,199
Other comprehensive income	8,687	(11,164)
Valuation difference on available-for-sale securities	6,403	(6,137)
Deferred gains or losses on hedges	1,087	(3,894)
Remeasurements of defined benefit plans, net of tax	1,196	(1,132)
Comprehensive income	29,946	5,035
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,946	5,035
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,149	8,153	422,805	(12,116)	433,992
Changes of items during period					
Dividends of surplus			(3,832)		(3,832)
Profit attributable to owners of parent			21,258		21,258
Purchase of treasury shares				(2,601)	(2,601)
Disposal of treasury shares			(34)	172	138
Retirement of treasury shares			(7,143)	7,143	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	10,247	4,715	14,963
Balance at end of current period	15,149	8,153	433,053	(7,400)	448,955

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	93,420	(6,086)	(6,713)	80,621	361	514,975
Changes of items during period						
Dividends of surplus						(3,832)
Profit attributable to owners of parent						21,258
Purchase of treasury shares						(2,601)
Disposal of treasury shares						138
Retirement of treasury shares						–
Net changes of items other than shareholders' equity	6,403	1,087	1,196	8,687	(91)	8,596
Total changes of items during period	6,403	1,087	1,196	8,687	(91)	23,559
Balance at end of current period	99,824	(4,998)	(5,516)	89,309	269	538,534

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,149	8,153	433,053	(7,400)	448,955
Changes of items during period					
Dividends of surplus			(3,793)		(3,793)
Profit attributable to owners of parent			16,199		16,199
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	12,406	(2,000)	10,405
Balance at end of current period	15,149	8,153	445,459	(9,401)	459,361

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	99,824	(4,998)	(5,516)	89,309	269	538,534
Changes of items during period						
Dividends of surplus						(3,793)
Profit attributable to owners of parent						16,199
Purchase of treasury shares						(2,000)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	(6,137)	(3,894)	(1,132)	(11,164)	42	(11,122)
Total changes of items during period	(6,137)	(3,894)	(1,132)	(11,164)	42	(716)
Balance at end of current period	93,687	(8,893)	(6,648)	78,145	311	537,818

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	30,726	23,421
Depreciation	4,376	4,331
Impairment loss	148	222
Share-based compensation expenses	46	42
Provision of allowance for doubtful accounts	(1,568)	4,359
Increase (decrease) in provision for bonuses	(39)	16
Increase (decrease) in provision for bonuses for directors (and other officers)	(3)	(2)
Increase (decrease) in retirement benefit liability	(520)	(986)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	11
Increase (decrease) in provision for reimbursement of deposits	320	(388)
Increase (decrease) in provision for point card certificates	14	1
Gain on fund management	(79,711)	(79,654)
Financing expenses	13,790	17,229
Loss (gain) related to securities	(1,965)	(2,621)
Loss (gain) on money held in trust	33	104
Foreign exchange losses (gains)	22,631	(11,973)
Loss (gain) on disposal of non-current assets	20	25
Net decrease (increase) in trading account securities	516	(548)
Decrease (increase) in other assets	(69,110)	(8,266)
Net decrease (increase) in lease receivables and investment assets	7	(3,102)
Increase (decrease) in other liabilities	36,864	962
Net decrease (increase) in loans and bills discounted	(276,918)	(131,967)
Net increase (decrease) in deposit	220,648	215,821
Net increase (decrease) in negotiable certificates of deposit	(2,034)	(46,613)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	5,869	(31,266)
Net decrease (increase) in call loans	43,727	99,021
Net increase (decrease) in payables under repurchase agreements	50,061	53,519
Net increase (decrease) in call money	(91,364)	(39,137)
Net increase (decrease) in payables under securities lending transactions	(85,120)	(370,045)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(6,794)	3,267
Net increase (decrease) in commercial papers	21,950	2,560
Net decrease (increase) in foreign exchanges - assets	(1,481)	(1,092)
Net increase (decrease) in foreign exchanges - liabilities	87	1,485
Net increase (decrease) in borrowed money from trust account	1,419	1,184
Proceeds from fund management	84,482	83,014
Payments for finance	(13,600)	(16,216)
Subtotal	(92,493)	(233,279)
Income taxes paid	(9,008)	(7,519)
Income taxes refund	293	—
Net cash provided by (used in) operating activities	(101,208)	(240,799)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Purchase of securities	(1,162,615)	(912,223)
Proceeds from sales of securities	973,169	879,627
Proceeds from redemption of securities	274,935	263,920
Increase in money held in trust	(23,565)	(7,909)
Decrease in money held in trust	13,032	15,204
Purchase of tangible fixed assets	(1,633)	(2,929)
Proceeds from sales of tangible fixed assets	58	49
Purchase of intangible assets	(229)	–
Net cash provided by (used in) investing activities	73,151	235,740
Cash flows from financing activities		
Cash dividends paid	(3,832)	(3,793)
Purchase of treasury shares	(2,601)	(2,000)
Repayments of lease obligations	(221)	(220)
Proceeds from sales of treasury stock	–	0
Proceeds from exercise of share options	0	–
Net cash provided by (used in) financing activities	(6,654)	(6,014)
Effect of exchange rate change on cash and cash equivalents	(6)	5
Net increase (decrease) in cash and cash equivalents	(34,717)	(11,068)
Cash and cash equivalents at beginning of period	795,168	760,451
Cash and cash equivalents at end of period	760,451	749,382