

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 14, 2020

Company name: The Chugoku Bank, Limited  
 Stock exchange listing: Tokyo  
 Stock code: 8382 URL <https://www.chugin.co.jp/>  
 Representative: President Sadanori Katoh  
 Executive Officer General Manager,  
 Inquiries: Management Planning Department Masakazu Yamagata TEL 086-223-3111  
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020  
 Scheduled date to file Securities Report: June 26, 2020  
 Scheduled date to commence dividend payments: June 26, 2020  
 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, 2020 (from April 1, 2019 to March 31, 2020)

#### (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, 2020	127,318	(1.0)	17,463	(26.3)	11,916	(26.4)
Year ended March 31, 2019	128,621	(2.8)	23,696	(23.3)	16,199	(23.7)

	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, 2020	63.35	63.29	2.2	0.2	13.7
Year ended March 31, 2019	85.67	85.55	3.0	0.2	18.4

#### (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, 2020	8,147,386	511,193	6.2	2,717.29
As of March 31, 2019	8,253,750	537,818	6.5	2,854.26

#### (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, 2020	(169,359)	(10,370)	(4,969)	564,672
Year ended March 31, 2019	(240,799)	235,740	(6,014)	749,382

### 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, 2019	–	10.00	–	12.00	22.00	4,152	25.6	0.7
Year ended March 31, 2020	–	11.00	–	11.00	22.00	4,137	34.7	0.8
Year ending March 31, 2021 (Forecast)	–	11.00	–	11.00	22.00		37.2	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	56,500	(11.4)	8,600	(33.5)	5,700	(34.0)	30.30
Full year	113,400	(10.9)	16,700	(4.3)	11,100	(6.8)	59.02

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	195,272,106 shares	As of March 31, 2019	195,272,106 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	7,212,380 shares	As of March 31, 2019	6,955,248 shares
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Average number of shares during the period

Year ended March 31, 2020	188,087,135 shares	Year ended March 31, 2019	189,090,839 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Cash and due from banks	763,344	576,348
Call loans	39,677	59,877
Monetary claims bought	31,550	24,928
Trading account securities	2,375	1,316
Money held in trust	21,600	27,100
Securities	2,389,510	2,339,566
Loans and bills discounted	4,802,184	4,899,984
Foreign exchanges	9,042	11,960
Lease receivables and investments in leases	21,019	24,130
Other assets	133,214	140,349
Tangible fixed assets	39,588	39,460
Buildings, net	11,905	11,720
Land	20,032	19,725
Construction in progress	413	103
Leased assets	2,241	2,328
Other tangible fixed assets	4,996	5,581
Intangible fixed assets	4,487	3,064
Software	4,336	2,929
Other intangible fixed assets	151	135
Deferred tax assets	947	6,611
Customers' liabilities for acceptances and guarantees	32,490	33,413
Allowance for loan losses	(37,281)	(40,724)
<b>Total assets</b>	<b>8,253,750</b>	<b>8,147,386</b>
<b>Liabilities</b>		
Deposits	6,630,177	6,701,781
Negotiable certificates of deposit	170,112	194,963
Call money	18,790	30,068
Payables under repurchase agreements	125,088	124,704
Payables under securities lending transactions	377,224	217,164
Commercial papers	48,717	32,611
Borrowed money	164,089	157,365
Foreign exchanges	1,709	272
Borrowed money from trust account	2,760	3,309
Other liabilities	104,264	119,768
Provision for bonuses	1,404	1,395
Provision for bonuses for directors (and other officers)	23	31
Retirement benefit liability	28,383	18,245
Provision for retirement benefits for directors (and other officers)	83	82
Provision for reimbursement of deposits	995	642
Provision for point card certificates	114	94
Reserves under special laws	6	6
Deferred tax liabilities	9,496	271
Acceptances and guarantees	32,490	33,413
<b>Total liabilities</b>	<b>7,715,931</b>	<b>7,636,192</b>

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Net assets		
Share capital	15,149	15,149
Capital surplus	8,153	8,153
Retained earnings	445,459	453,024
Treasury shares	(9,401)	(9,622)
Total shareholders' equity	459,361	466,705
Valuation difference on available-for-sale securities	93,687	62,987
Deferred gains or losses on hedges	(8,893)	(11,456)
Remeasurements of defined benefit plans	(6,648)	(7,221)
Total accumulated other comprehensive income	78,145	44,308
Share acquisition rights	311	179
Total net assets	537,818	511,193
Total liabilities and net assets	8,253,750	8,147,386

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Ordinary income	128,621	127,318
Interest income	79,654	76,431
Interest on loans and discounts	51,427	50,485
Interest and dividends on securities	27,041	25,189
Interest on call loans	521	153
Interest on deposits with banks	383	359
Other interest income	281	244
Trust fees	1	1
Fees and commissions	18,006	18,994
Other ordinary income	22,232	21,789
Other income	8,726	10,101
Recoveries of written off receivables	0	3
Other	8,726	10,097
Ordinary expenses	104,925	109,854
Interest expenses	17,229	18,467
Interest on deposits	2,333	2,563
Interest on negotiable certificates of deposit	40	32
Interest on call money	869	284
Interest on payables under repurchase agreements	2,397	3,277
Interest on payables under securities lending transactions	594	658
Interest on commercial papers	1,100	920
Interest on borrowings and rediscounts	2,530	2,182
Other interest expenses	7,362	8,546
Fees and commissions payments	4,288	4,359
Other ordinary expenses	14,772	14,182
General and administrative expenses	58,947	58,212
Other expenses	9,687	14,633
Provision of allowance for loan losses	4,359	6,153
Other	5,328	8,480
Ordinary profit	23,696	17,463
Extraordinary income	15	1
Gain on disposal of non-current assets	15	1
Extraordinary losses	290	641
Loss on disposal of non-current assets	68	32
Impairment loss	222	608
Profit before income taxes	23,421	16,824
Income taxes - current	7,587	5,176
Income taxes - deferred	(365)	(268)
Total income taxes	7,221	4,907
Profit	16,199	11,916
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	16,199	11,916

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	16,199	11,916
Other comprehensive income	(11,164)	(33,836)
Valuation difference on available-for-sale securities	(6,137)	(30,699)
Deferred gains or losses on hedges	(3,894)	(2,563)
Remeasurements of defined benefit plans, net of tax	(1,132)	(573)
Comprehensive income	5,035	(21,919)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,035	(21,919)
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,149	8,153	433,053	(7,400)	448,955
Changes 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 in items other than shareholders' equity					
Total changes during period	–	–	12,406	(2,000)	10,405
Balance at end of 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 period	99,824	(4,998)	(5,516)	89,309	269	538,534
Changes 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 in items other than shareholders' equity	(6,137)	(3,894)	(1,132)	(11,164)	42	(11,122)
Total changes during period	(6,137)	(3,894)	(1,132)	(11,164)	42	(716)
Balance at end of period	93,687	(8,893)	(6,648)	78,145	311	537,818

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,149	8,153	445,459	(9,401)	459,361
Changes during period					
Dividends of surplus			(4,328)		(4,328)
Profit attributable to owners of parent			11,916		11,916
Purchase of treasury shares				(412)	(412)
Disposal of treasury shares			(23)	191	168
Net changes in items other than shareholders' equity					
Total changes during period	–	–	7,564	(221)	7,343
Balance at end of period	15,149	8,153	453,024	(9,622)	466,705

	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 period	93,687	(8,893)	(6,648)	78,145	311	537,818
Changes during period						
Dividends of surplus						(4,328)
Profit attributable to owners of parent						11,916
Purchase of treasury shares						(412)
Disposal of treasury shares						168
Net changes in items other than shareholders' equity	(30,699)	(2,563)	(573)	(33,836)	(131)	(33,968)
Total changes during period	(30,699)	(2,563)	(573)	(33,836)	(131)	(26,624)
Balance at end of period	62,987	(11,456)	(7,221)	44,308	179	511,193



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	23,421	16,824
Depreciation	4,331	4,452
Impairment loss	222	608
Share-based remuneration expenses	42	35
Provision of allowance for doubtful accounts	4,359	6,153
Increase (decrease) in provision for bonuses	16	(8)
Increase (decrease) in provision for bonuses for directors (and other officers)	(2)	7
Increase (decrease) in retirement benefit liability	(986)	(10,962)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	11	(1)
Increase (decrease) in provision for reimbursement of deposits	(388)	(353)
Increase (decrease) in provision for point card certificates	1	(19)
Interest income	(79,654)	(76,431)
Interest expenses	17,229	18,467
Loss (gain) related to securities	(2,621)	443
Loss (gain) on money held in trust	104	(9)
Foreign exchange losses (gains)	(11,973)	5,980
Loss (gain) on disposal of non-current assets	25	9
Net decrease (increase) in trading account securities	(548)	1,059
Decrease (increase) in other assets	(8,266)	(12,382)
Net decrease (increase) in lease receivables and investments in leases	(3,102)	(3,141)
Increase (decrease) in other liabilities	962	16,590
Net decrease (increase) in loans and bills discounted	(131,967)	(100,510)
Net increase (decrease) in deposits	215,821	71,603
Net increase (decrease) in negotiable certificates of deposit	(46,613)	24,851
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(31,266)	(6,723)
Net decrease (increase) in call loans	99,021	(13,577)
Net increase (decrease) in payables under repurchase agreements	53,519	(383)
Net increase (decrease) in call money	(39,137)	11,278
Net increase (decrease) in payables under securities lending transactions	(370,045)	(160,060)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	3,267	2,286
Net increase (decrease) in commercial papers	2,560	(16,106)
Net decrease (increase) in foreign exchanges - assets	(1,092)	(2,918)
Net increase (decrease) in foreign exchanges - liabilities	1,485	(1,437)
Net increase (decrease) in borrowed money from trust account	1,184	549
Interest received	83,014	81,119
Interest paid	(16,216)	(19,601)
Subtotal	(233,279)	(162,306)
Income taxes paid	(7,519)	(7,053)
Net cash provided by (used in) operating activities	(240,799)	(169,359)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Purchase of securities	(912,223)	(862,548)
Proceeds from sales of securities	879,627	570,149
Proceeds from redemption of securities	263,920	291,041
Increase in money held in trust	(7,909)	(7,565)
Decrease in money held in trust	15,204	2,074
Purchase of tangible fixed assets	(2,929)	(3,572)
Proceeds from sales of tangible fixed assets	49	71
Purchase of intangible assets	–	(21)
Net cash provided by (used in) investing activities	235,740	(10,370)
Cash flows from financing activities		
Dividends paid	(3,793)	(4,328)
Purchase of treasury shares	(2,000)	(412)
Repayments of lease obligations	(220)	(228)
Proceeds from sales of treasury shares	0	0
Proceeds from exercise of employee share options	–	0
Net cash provided by (used in) financing activities	(6,014)	(4,969)
Effect of exchange rate change on cash and cash equivalents	5	(9)
Net increase (decrease) in cash and cash equivalents	(11,068)	(184,709)
Cash and cash equivalents at beginning of period	760,451	749,382
Cash and cash equivalents at end of period	749,382	564,672