

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 8, 2019

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, Management Planning Department Masakazu Yamagata TEL 086-223-3111
 Inquiries: Masakazu Yamagata
 Scheduled date to file Quarterly Securities Report: November 22, 2019
 Scheduled date to commence dividend payments: December 6, 2019
 Trading accounts: No
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2019	63,780	(1.5)	12,943	(7.6)	8,644	(11.0)
Six months ended September 30, 2018	64,758	(0.7)	14,012	(8.9)	9,713	(8.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	45.95		45.90	
Six months ended September 30, 2018	51.28		51.21	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	8,387,024	550,615	6.5	2,927.00
As of March 31, 2019	8,253,750	537,818	6.5	2,854.26

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	10.00	–	12.00	22.00
Year ending March 31, 2020	–	11.00	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	11.00	22.00

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
Full year	124,800	(2.9)	20,000	(15.5)	13,200	(18.5)	70.19

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 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 September 30, 2019	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 September 30, 2019	7,212,187 shares	As of March 31, 2019	6,955,248 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	188,114,461 shares	Six months ended September 30, 2018	189,418,308 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Cash and due from banks	763,344	687,110
Call loans	39,677	209,176
Monetary claims bought	31,550	27,909
Trading account securities	2,375	2,371
Money held in trust	21,600	21,632
Securities	2,389,510	2,453,286
Loans and bills discounted	4,802,184	4,776,381
Foreign exchanges	9,042	9,348
Lease receivables and investments in leases	21,019	22,995
Other assets	133,214	135,451
Tangible fixed assets	39,588	39,362
Intangible fixed assets	4,487	3,780
Deferred tax assets	947	882
Customers' liabilities for acceptances and guarantees	32,490	34,681
Allowance for loan losses	(37,281)	(37,347)
Total assets	8,253,750	8,387,024
Liabilities		
Deposits	6,630,177	6,467,169
Negotiable certificates of deposit	170,112	289,190
Call money	18,790	15,062
Payables under repurchase agreements	125,088	155,955
Payables under securities lending transactions	377,224	560,140
Commercial papers	48,717	36,594
Borrowed money	164,089	116,480
Foreign exchanges	1,709	726
Borrowed money from trust account	2,760	3,227
Other liabilities	104,264	114,563
Provision for bonuses	1,404	1,395
Provision for bonuses for directors (and other officers)	23	–
Retirement benefit liability	28,383	27,335
Provision for retirement benefits for directors (and other officers)	83	75
Provision for reimbursement of deposits	995	674
Provision for point card certificates	114	106
Reserves under special laws	6	6
Deferred tax liabilities	9,496	13,022
Acceptances and guarantees	32,490	34,681
Total liabilities	7,715,931	7,836,408

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Share capital	15,149	15,149
Capital surplus	8,153	8,153
Retained earnings	445,459	451,821
Treasury shares	(9,401)	(9,622)
Total shareholders' equity	459,361	465,502
Valuation difference on available-for-sale securities	93,687	102,868
Deferred gains or losses on hedges	(8,893)	(11,596)
Remeasurements of defined benefit plans	(6,648)	(6,321)
Total accumulated other comprehensive income	78,145	84,950
Share acquisition rights	311	162
Total net assets	537,818	550,615
Total liabilities and net assets	8,253,750	8,387,024

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Ordinary income	64,758	63,780
Interest income	40,338	39,416
Interest on loans and discounts	25,417	25,505
Interest and dividends on securities	14,227	13,509
Trust fees	0	0
Fees and commissions	9,102	9,213
Other ordinary income	11,499	10,513
Other income	3,818	4,637
Ordinary expenses	50,746	50,836
Interest expenses	8,019	9,694
Interest on deposits	1,172	1,300
Fees and commissions payments	2,178	2,174
Other ordinary expenses	8,842	5,888
General and administrative expenses	29,592	29,450
Other expenses	2,112	3,628
Ordinary profit	14,012	12,943
Extraordinary income	15	1
Gain on disposal of non-current assets	15	1
Extraordinary losses	143	298
Loss on disposal of non-current assets	42	8
Impairment loss	100	289
Profit before income taxes	13,883	12,646
Income taxes - current	3,512	3,691
Income taxes - deferred	656	310
Total income taxes	4,169	4,001
Profit	9,713	8,644
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	9,713	8,644

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	9,713	8,644
Other comprehensive income	3,250	6,805
Valuation difference on available-for-sale securities	763	9,181
Deferred gains or losses on hedges	1,966	(2,703)
Remeasurements of defined benefit plans, net of tax	520	327
Comprehensive income	12,963	15,450
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,963	15,450
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Six months ended September 30, 2018

(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 in items during period					
Dividends of surplus			(1,900)		(1,900)
Profit attributable to owners of parent			9,713		9,713
Purchase of treasury shares				(1,000)	(1,000)
Disposal of treasury shares			(0)	0	0
Net changes in items other than shareholders' equity					
Total changes in items during period	–	–	7,813	(1,000)	6,812
Balance at end of period	15,149	8,153	440,866	(8,401)	455,768

	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 in items during period						
Dividends of surplus						(1,900)
Profit attributable to owners of parent						9,713
Purchase of treasury shares						(1,000)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	763	1,966	520	3,250	21	3,271
Total changes in items during period	763	1,966	520	3,250	21	10,084
Balance at end of period	100,588	(3,032)	(4,996)	92,559	291	548,619

Six months ended September 30, 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	445,459	(9,401)	459,361
Changes in items during period					
Dividends of surplus			(2,259)		(2,259)
Profit attributable to owners of parent			8,644		8,644
Purchase of treasury shares				(412)	(412)
Disposal of treasury shares			(23)	191	168
Net changes in items other than shareholders' equity					
Total changes in items during period	–	–	6,361	(221)	6,140
Balance at end of period	15,149	8,153	451,821	(9,622)	465,502

	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 in items during period						
Dividends of surplus						(2,259)
Profit attributable to owners of parent						8,644
Purchase of treasury shares						(412)
Disposal of treasury shares						168
Net changes in items other than shareholders' equity	9,181	(2,703)	327	6,805	(148)	6,656
Total changes in items during period	9,181	(2,703)	327	6,805	(148)	12,796
Balance at end of period	102,868	(11,596)	(6,321)	84,950	162	550,615