

FY2018 Earnings Results Briefing

June 3, 2019



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Section I

Summary of FY2018 Earnings Results

FY2018 Earnings Results —Summary—

(100 million yen)	FY2015	FY2016	FY2017	FY2018	YoY	vs. Plan*
Core business gross profit	855	820	795	770	-25	-16
Interest income	700	677	662	630	-32	-19
Fees and commissions	150	152	146	148	2	-8
Other operating income	5	-9	-12	-8	4	10
Expenses (-)	554	548	556	542	-14	-10
Core business net profit	301	271	239	228	-11	-6
OHR (%)	64.8	66.9	69.9	70.3	0.4	0.1
Credit expense (- is reversal (profit))	-37	-2	-17	41	59	9
Bond sales gains/redemption	17	-20	-24	11	35	8
Equity sales gains/redemption	33	43	44	14	-30	-1
Other	16	-7	2	6	4	2
Recurring profit	406	289	279	219	-60	-6
Extraordinary gain/loss	-3	-4	-1	-2	-1	1
Net income	259	190	194	153	-41	-1
Consolidated recurring profit	434	316	309	236	-73	-6
Net income attributable to owners of parent	272	203	212	161	-51	-1

* Profit results released on Nov. 9, 2018

- Core business net profit decreased by 1.1 billion yen year on year due to the impact of a significant decrease in securities interest despite cost reduction efforts.
- Recurring profit decreased by 6.0 billion yen year on year due to a reversal of provisions for credit expenses (mainly attributable to general provisions for doubtful receivables).

FY2018 Earnings Results – Change in Net Interest Income –

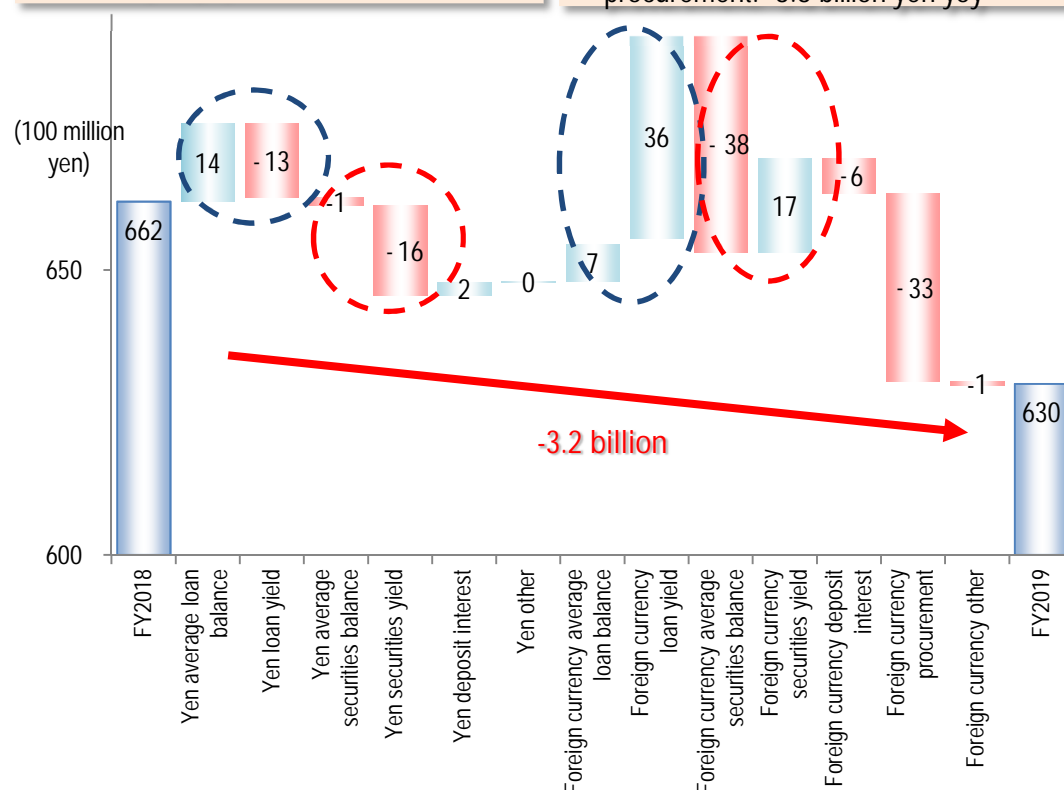
[Factors behind changes in net interest income]

■ Yen-based (-1.4 billion yen year on year)

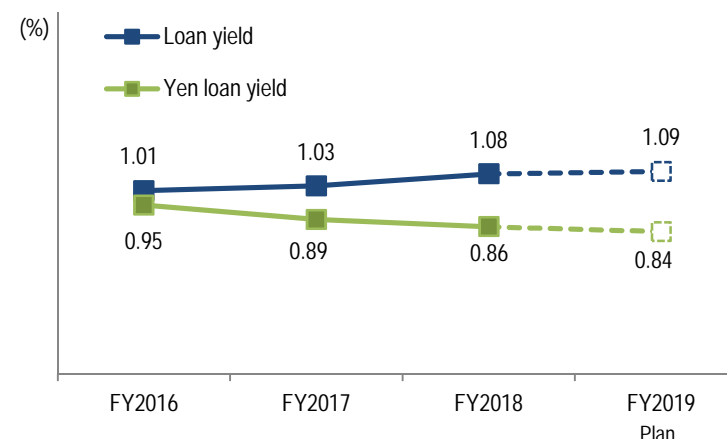
- Loan interest: +100 million yen yoy
- Securities interest: -1.7 billion yen yoy
- Decrease in deposit interest: +200 million yen yoy

■ Foreign currency-based (-1.8 billion yen year on year)

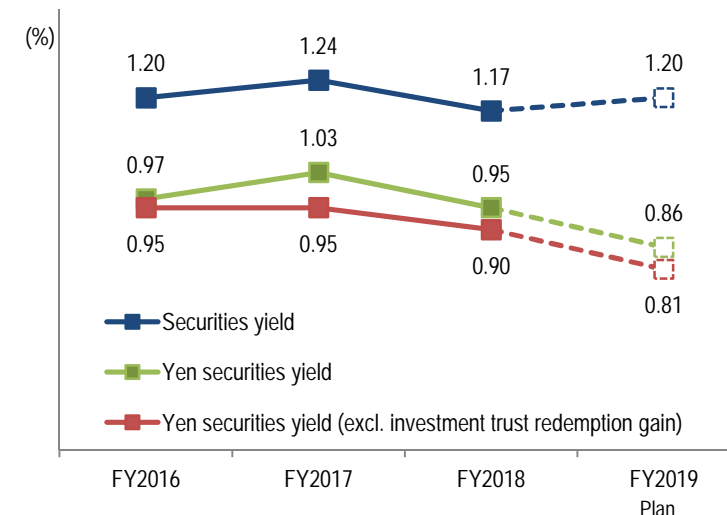
- Loan interest: +4.3 billion yen yoy
- Securities interest: -2.1 billion yen yoy
- Increase in foreign currency procurement: -3.3 billion yen yoy



[Loan yield]

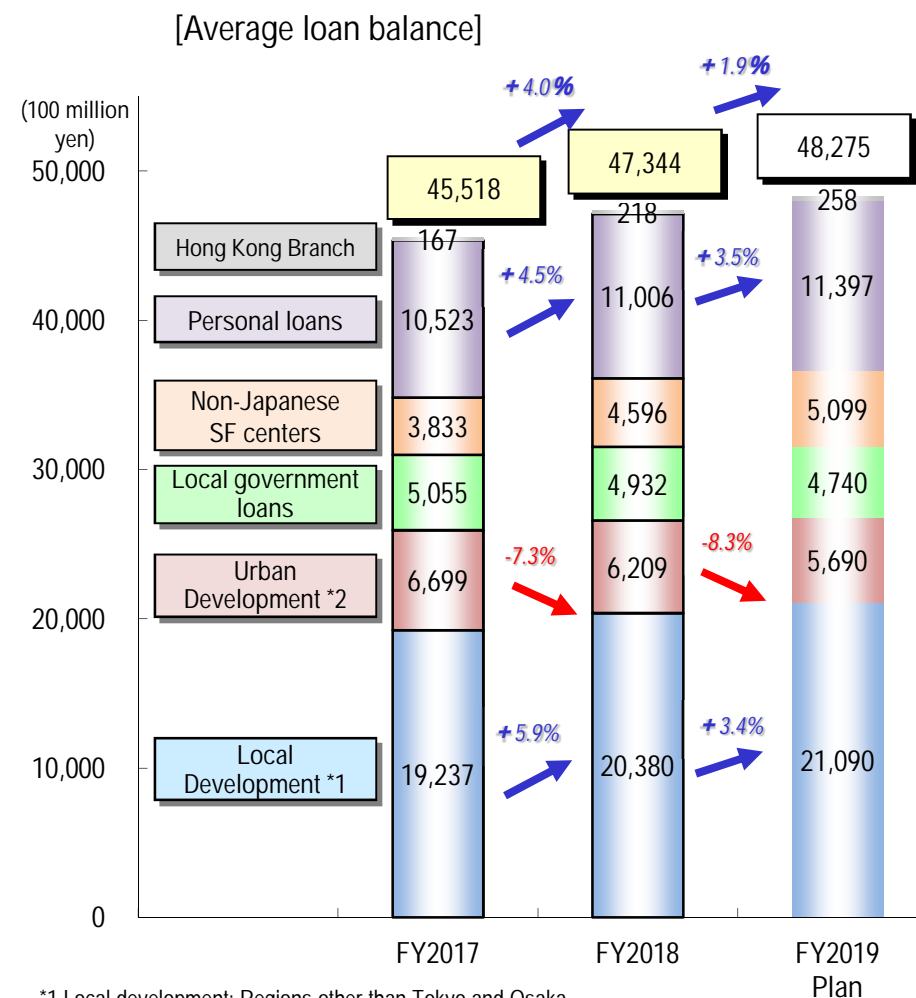
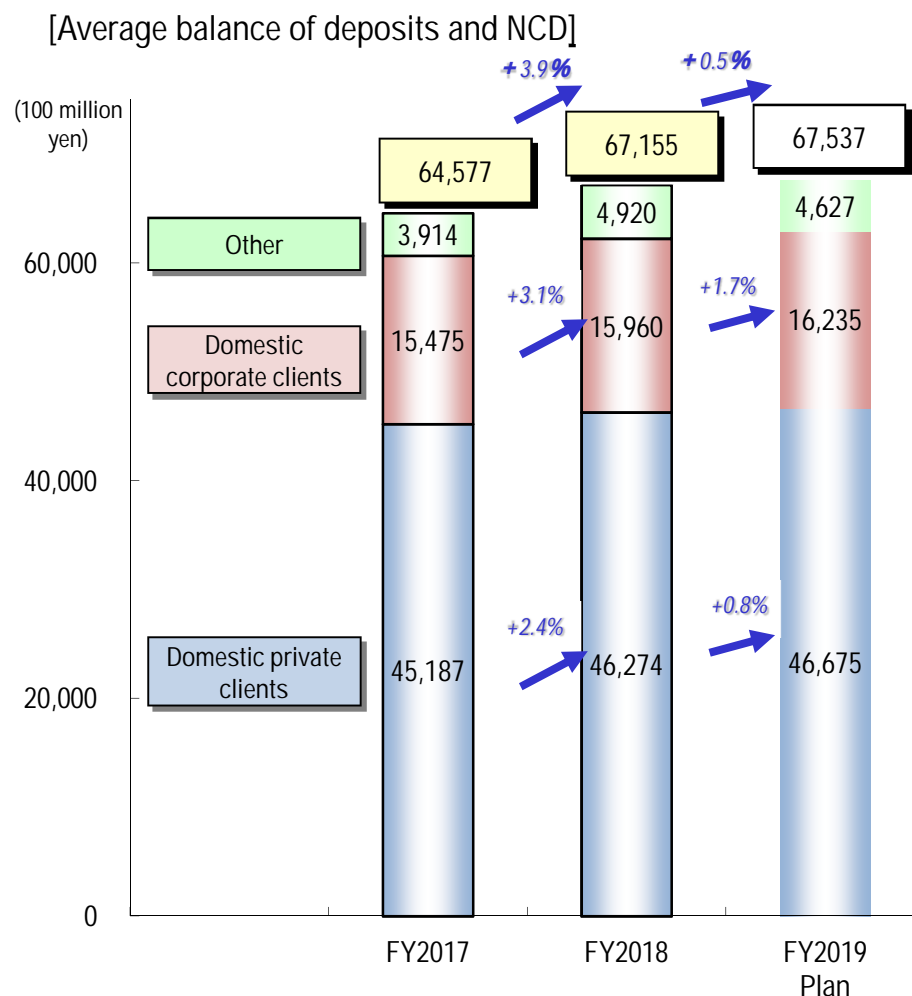


[Securities yield]



- Yen net interest income
 - Loan interest: +100 million yen yoy since the drop in yield was covered by an increase in average balance
 - Securities interest: -1.7 billion yen yoy mainly due to a drop in reinvestment yield
- Foreign currency net interest income
 - Loan interest: +4.3 billion yen yoy mainly due to a rise in yield on the back of a U.S. interest rate hike
 - Securities interest: -2.1 billion yen yoy mainly due to a decrease in average balance owing to a reduction in balance

Major Accounts – Deposits and Loans –



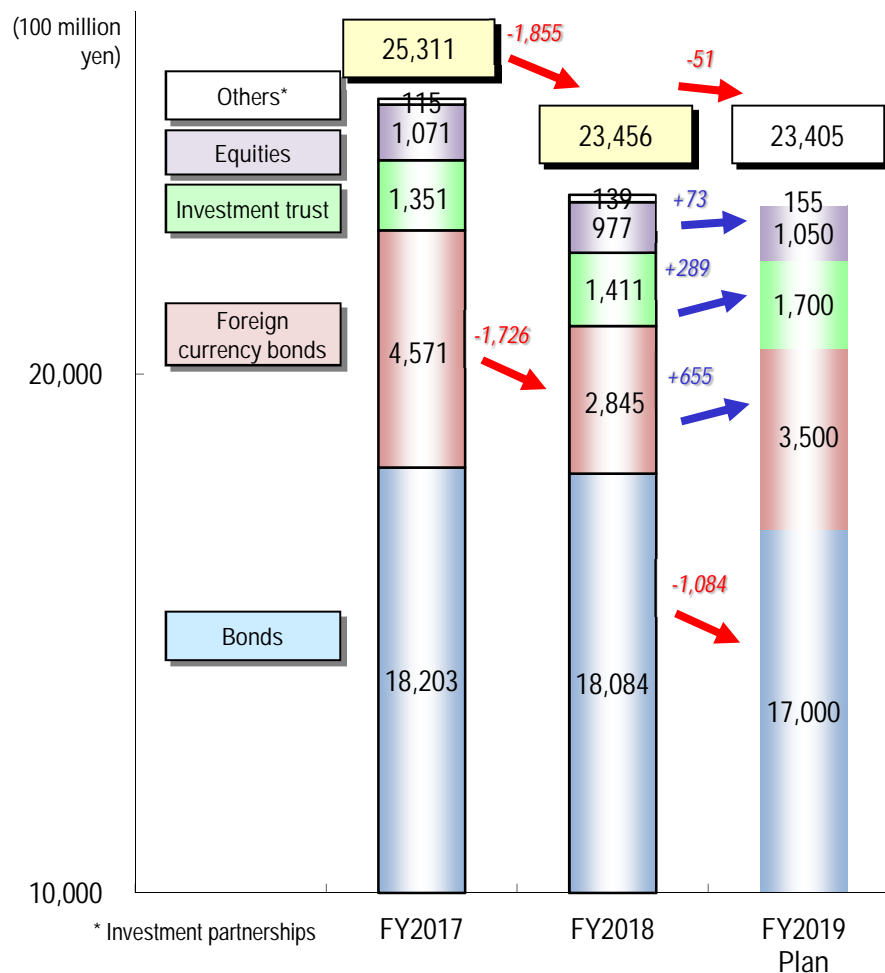
*1 Local development: Regions other than Tokyo and Osaka

*2 Urban development: Tokyo and Osaka

- Deposits and NCD demonstrated robust growth in terms of both private and corporate customers.
- The annual growth rate of total loans was +4.0%, due to efforts to increase loans, mainly for local development.

Major Accounts – Securities –

[Average balance of securities]

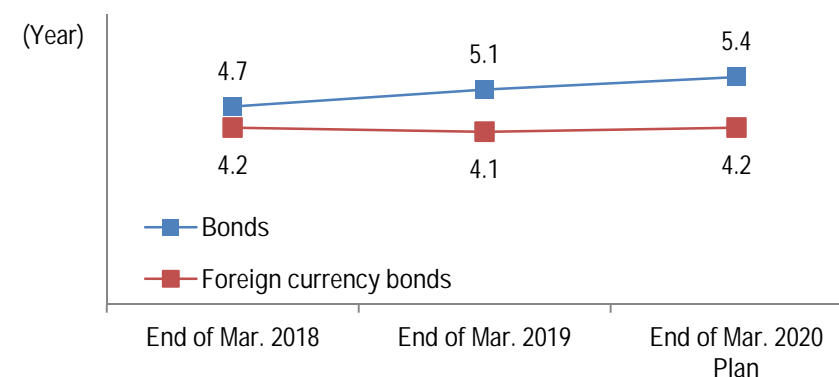


[Appraisal profit and loss]

(100 million yen)

	End of Mar. 2018	End of Mar. 2019	Year on year
Total	1,419	1,341	- 78
Held to maturity	4	4	0
Other securities	1,415	1,337	- 78
Of which, stock	730	532	- 198
Of which, investment trusts	328	353	25
Of which, foreign-currency denominated bonds	- 8	22	30
Of which, bonds	360	423	63

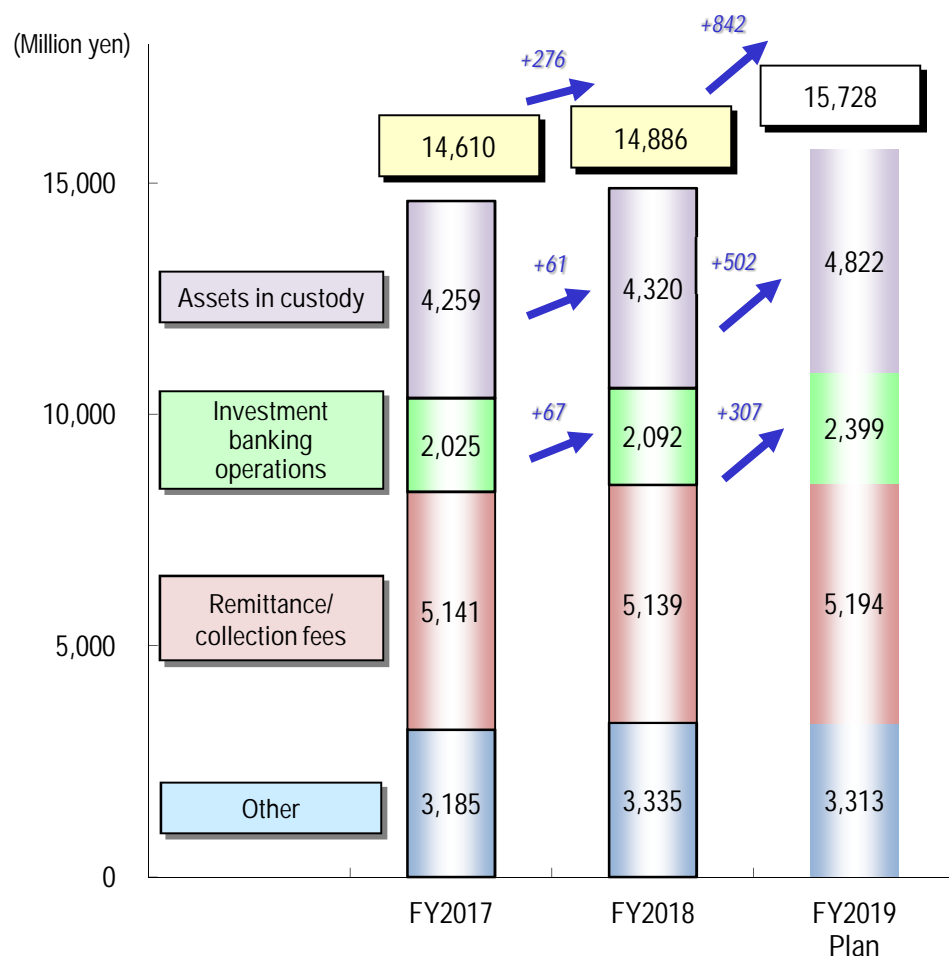
[Duration of bonds]



- In FY2018, the balance of foreign currency bonds was reduced, reflecting a rise in U.S. interest rates, which resulted in a significant decrease in the balance of securities.
- In FY2019, a certain level of profit is expected to be secured by increasing foreign currency bonds and stock-type assets.
- While the durations of bonds have become longer, we will manage them by reducing the balance and taking into account the interest rate risk.

Fees and commissions

[Fees and commissions]



[Revenue related to assets in custody]

(Million yen)	FY2017	FY2018	FY2019 Plan
Revenue of bank parent	4,259	4,320	4,822
Investment trusts	1,362	1,317	-
Life insurance	1,201	1,929	-
Municipal bonds	74	101	-
Financial instrument intermediary services	1,620	970	-
Revenue of subsidiaries (*)	2,957	2,060	2,284
Group total	7,216	6,380	7,106

(*) Subsidiaries: Chugin Securities Co., Ltd. and Chugin Asset Management Company, Limited

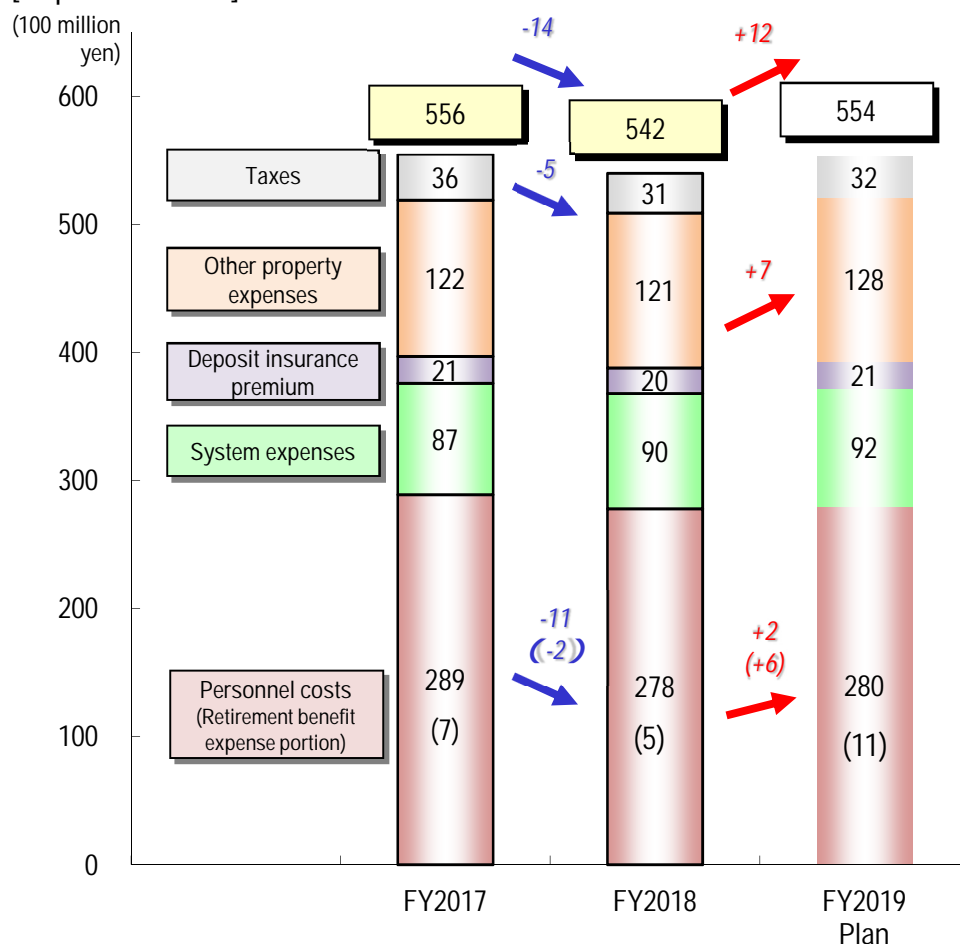
[Investment banking operations]

(Million yen)	FY2017	FY2018	FY2019 Plan
Total	2,025	2,092	2,399
Of which, loans	837	1,018	1,053
Of which, commissions on loans	642	404	420
Of which, M&A	93	242	360
Of which, business matching	81	98	180

- In FY2018, fees and commissions revenue increased by 276 million yen year on year, reflecting growth of revenues from assets in custody and investment banking operations.
- In FY2019, we will endeavor to further increase revenues by enhancing life plan support activities and providing comprehensive solutions.

Expenses

[Expense trends]



[Main factors behind increase/decrease in expenses (year on year)]

■ FY2018

Year on year:
-1.4 billion yen

(Unit: 100 million yen)	Year on year:	Main factors
Taxes	-5	• Consumption taxes on TSUBASA: -4
Personnel costs	-11	• Salary: -6 (due to decreases in personnel and overtime work) • Bonus: -4

■ FY2019 Plan

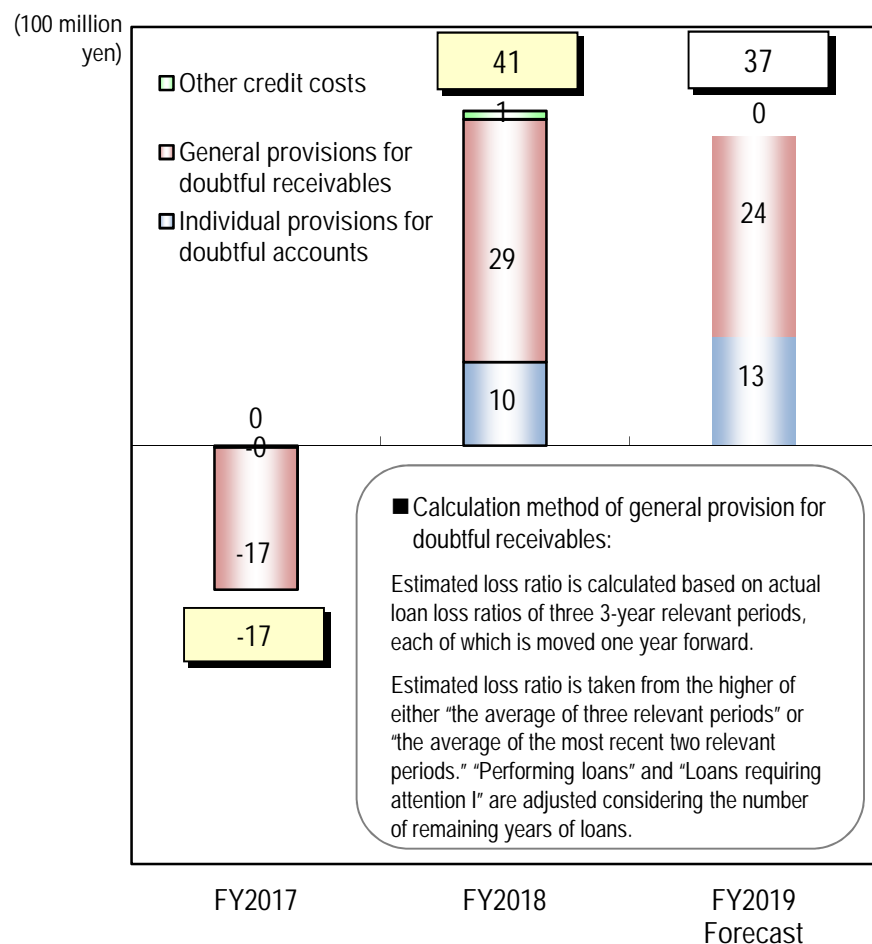
Year on year:
+1.2 billion yen

(Unit: 100 million yen)	Year on year:	Main factors
Other property expenses	+7	• Sales measures (Sales promotion expenses): +4 • Structural reform-related: +1
Personnel costs	+2	• Retirement benefit expenses: +6 • Salary: -3 (due to decreases in personnel and overtime work)

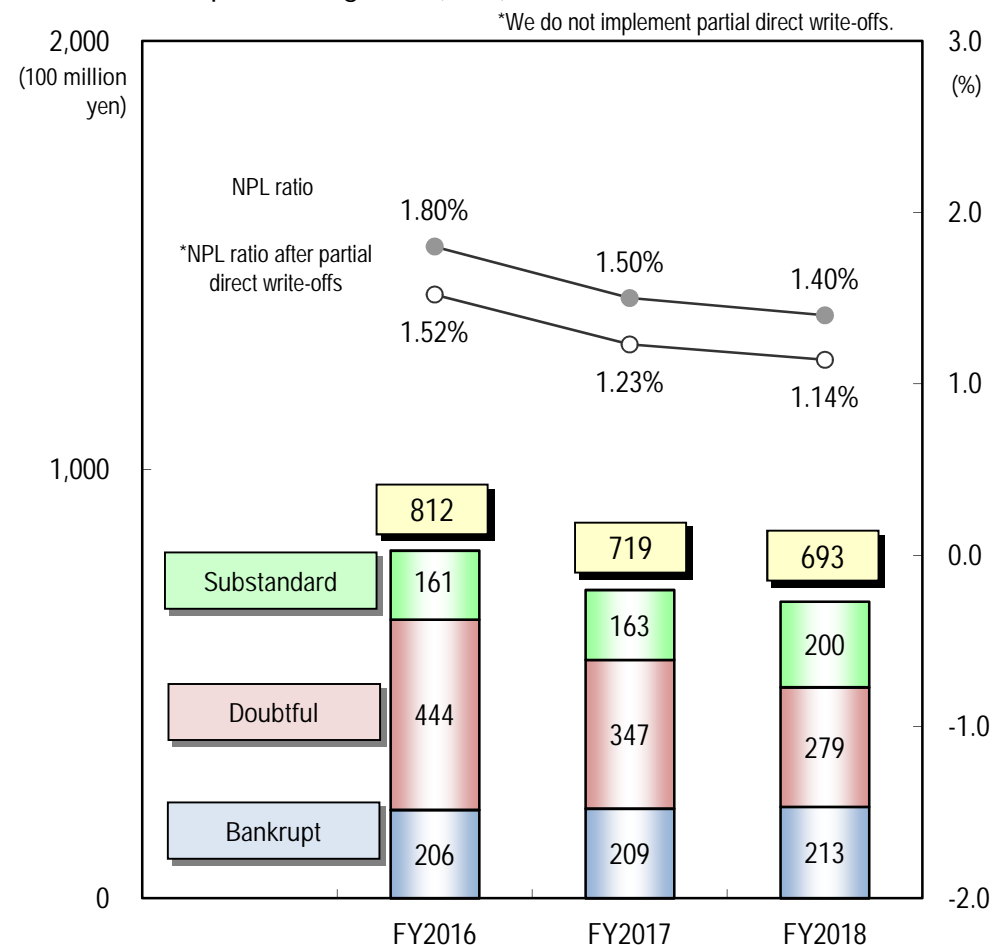
- In FY2018, personnel costs decreased significantly due to the dissemination of work style reform and the improved efficiency of operations.
- In FY2019, expenses are expected to increase by 1.2 billion yen year on year due to increases in expenses associated with enhanced sales activities and structural reform as the final stage of our structural reform plan.

Credit Cost Trends/Non-performing Loans

[Credit cost trends]



[Non-performing loan (NPL) trends]

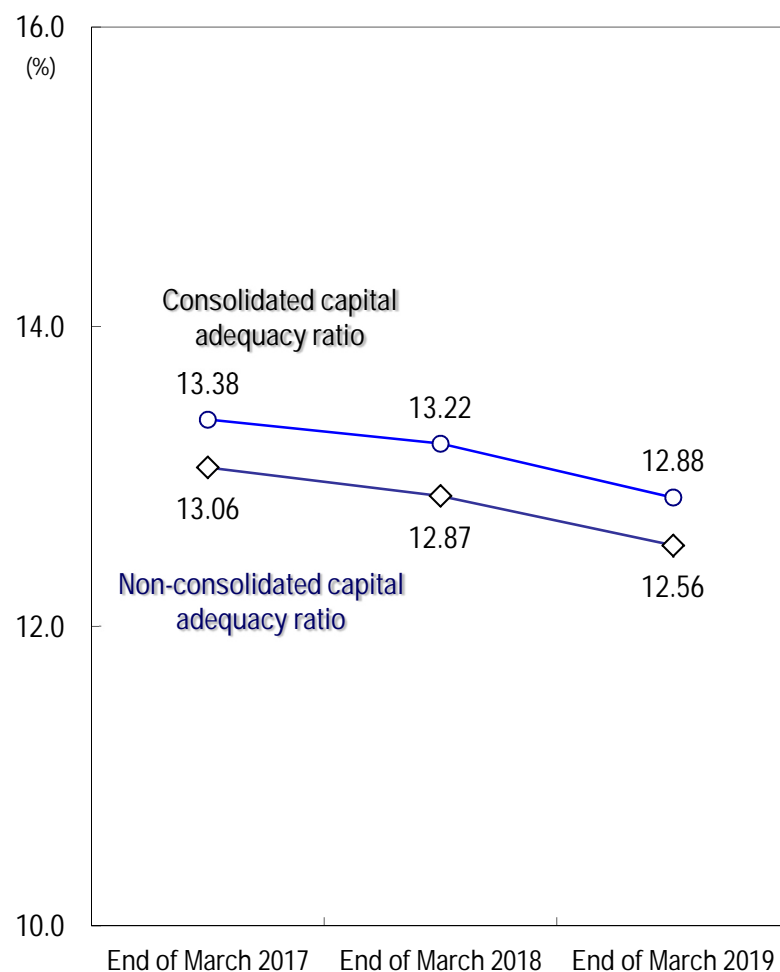


- Credit cost = general provisions for doubtful receivables + individual provisions for doubtful accounts + loan write-offs + specific foreign borrowers + provisions for loss on claim sales + loss on claim sales - gain on reversal to loan loss account
- Other credit costs = Loan loss write-offs, specific foreign borrowers, provisions for loss on claim sales, loss on claim sales

- Credit cost increased significantly due to a reversal of provisions for general provision for doubtful receivables.
- With a continued decline in the NPL ratio, the quality of assets was maintained.

Capital Adequacy Ratio

[Trend of capital adequacy ratio]



[Capital adequacy (consolidated)]

(100 million yen)	End of March 2018	End of March 2019	YoY
Total equity	5,250	5,267	17
Tier 1, including common shares	5,247	5,265	18
Tier2	3	1	-2
Risk weighted assests, etc.	39,691	40,867	1,176
Credit risks	38,054	39,280	1,226
Operational risks	1,637	1,586	-51

[Other Basel regulations]

	End of March 2018	End of March 2019	<Regulatory standards>
Consolidated leverage ratio	6.03%	6.20%	3% or more
Consolidated liquidity coverage ratio (LCR)	142.9%	151.7%	100% or more
Consolidated stress test (IRRBB)	7.7%	4.5%	15 % or less

- The total capital adequacy ratio remained at a stable level.

Section II

FY2019 Forecast and Major Initiatives

FY2019 Forecast –Earnings Forecasts–

[Parent] (100 million yen)	FY2018	FY2019		
	Actual	Plan	YoY	Comparison with the Medium-term Management Plan
Core business gross profit	770	748	-22	15
Interest income	630	591	-39	-22
Fees and commissions	148	157	9	-1
Other operating income	-8	-1	7	37
Expenses (-)	542	554	12	15
Core business net profit	228	193	-35	0
OHR (%)	70.3	74.1	3.8	0.5
Credit expense (+ is reversal (profit))	41	37	-4	17
Bond sales gains/redemption	11	6	-5	-9
Equity sales gains/redemption	14	29	15	-1
Other	6	-2	-8	4
Recurring profit	219	188	-31	-23
Extraordinary gain/loss	-2	-4	-2	0
Net income	153	128	-25	-16
[Consolidated]				
Consolidated recurring profit	236	207	-29	-30
Net income attributable to owners of parent	161	138	-23	-21

[Year on year:]

- Both core business net profit and net income are expected to decline year on year due to a decrease in securities interest.

[Comparison with the Medium-term Management Plan]:

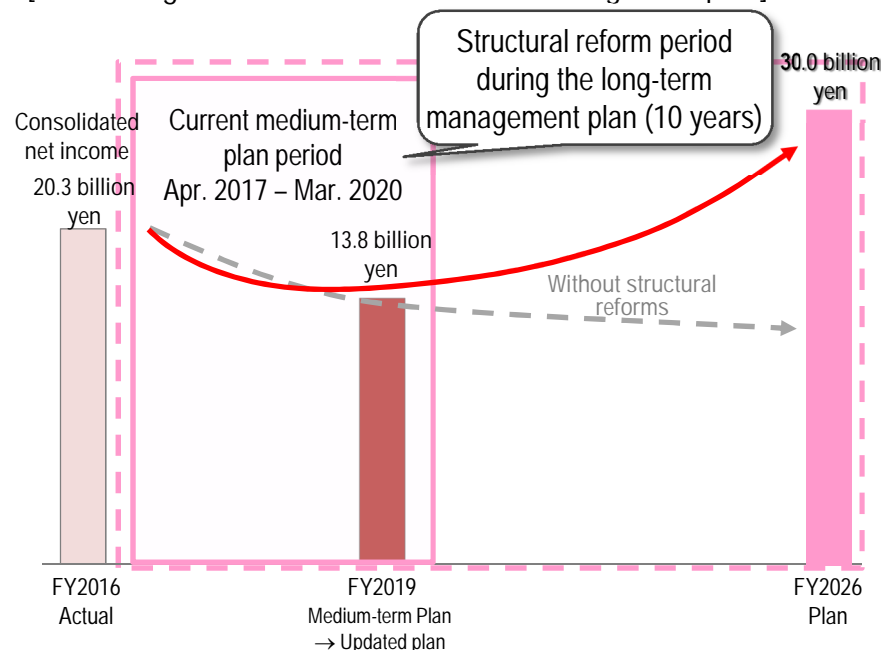
- Core business net profit is expected to achieve the target level of the Medium-term Management Plan, reflecting an increase in loan interest.
- Net income is expected to fall short of the target level of the Medium-term Management Plan due to an increase in credit cost.

■ Factors relating to changes in interest income, etc. (100 million yen)	Change (Impact on profit)	
	YoY	Comparison with the Medium-term Management Plan
Interest income	-39	-22
Yen-based interest income	-24	+4
Loan interest	+1	+17
Securities interest & dividends	-24	-34
Others (e.g., swap cost)	-1	+21
Foreign currency interest income	-14	-25
Loan interest	+16	+17
Securities interest & dividends	+31	+7
Foreign currency procurement cost	-62	-57
Others	+0	+7
Foreign currency procurement cost included in other business profit	+7	+35
+ Interest income (net)	-32	+13

Progress of Medium-Term Management Plan

"Plan for Creating the Future Together: Stage I"

[Positioning of the current medium-term management plan]



[Numerical targets of the current medium-term management plan]

Overall points of the local promotion project^{*1}

Overall points of life plan support activities^{*2}

Customer satisfaction survey

Net income attributable to owners of parent

Consolidated capital adequacy ratio (Basel III)

Consolidated ROE

Target figures in the 10-year strategy
(Vision 2027 "Plan for Creating the Future Together")

In three years

In 10 years

15,000 pt

20,000 pt

Continuous improvement

Continuous improvement

Continuous improvement

Continuous improvement

¥16.0 billion

¥30.0 billion

Stable at 12%

Stable at 12%

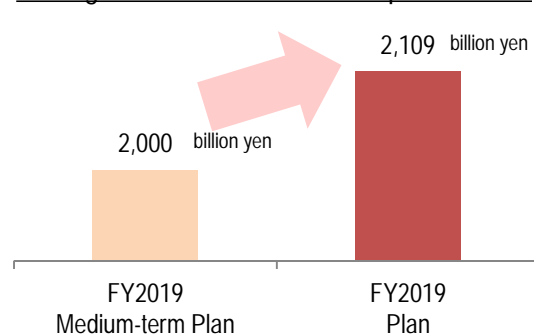
(FY ending March 2027 Single year) 5% or more

^{*1} Overall points of the local promotion project are activities that involve the provision of optimal solutions to the needs and issues of the community and client companies by appropriately evaluating the client company's business content, managerial issues and growth potential (i.e., business assessment) that have been standardized in our original way.

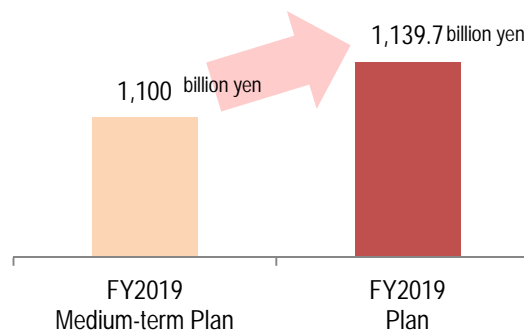
^{*2} Overall points of life plan support activities involve the provision of precise information that suits the customer's life plan and providing products and services that we think are the best through our understanding of each customer's life events.

[Status of major items]

Average balance of local development loans



Average balance of personal loans



[Structural reform (BPR measures)]

[Headquarters] - Implementing reduction of work and work style reform

[Sales branches] - Loans (Concentration of loan administration work)
- Over-the-counter (Introduction of store tablets, and over-the-counter operation reform)
- Sales (Introduction of tablets for negotiation, etc.)

Securing personnel

Target number of personnel in the Medium-term Plan (as of end of Mar. 2020)
180

Actual results as of end of Mar. 2019:
Approx. 250

- Main items exceeded the Medium-term Business Plan targets, and the structural reforms are also steadily in line with the plan.
- In FY2019, we will implement the final process of the structural reform, and the relevant measures to achieve the Long-term Management Plan.

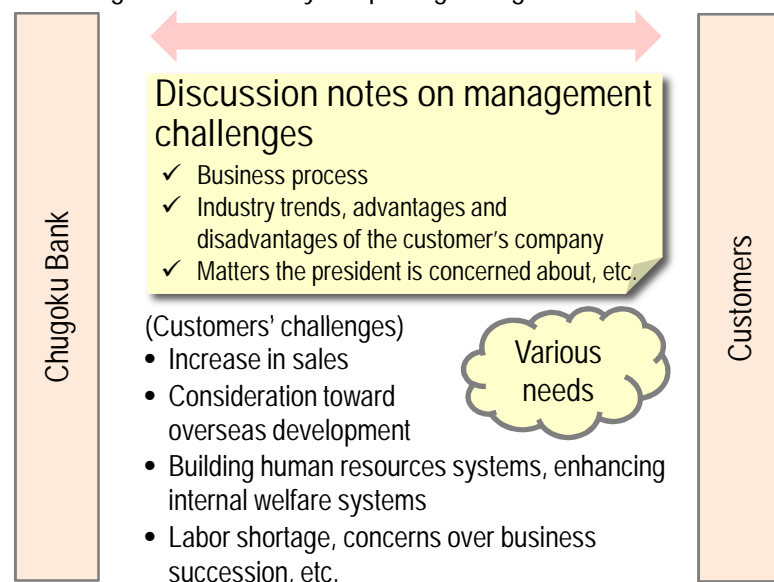
Improve the Quality of Services Provided

—Advance Local Promotion Activities—

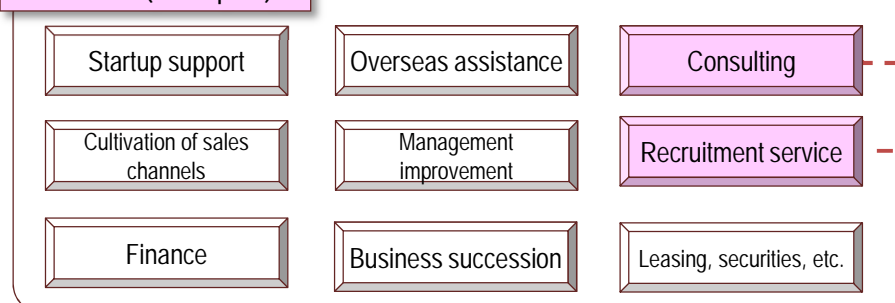
- Contribute to the improvement of corporate value by deepening dialogues with customers and providing comprehensive solutions that fit management challenges.
- Increase business loans and fee business through “the expansion of customers” and “the enhancement of transactions.”

[Initiatives to enhance local promotion activities]

Conduct interviews to grasp customers' management challenges and needs by deepening dialogues with them.

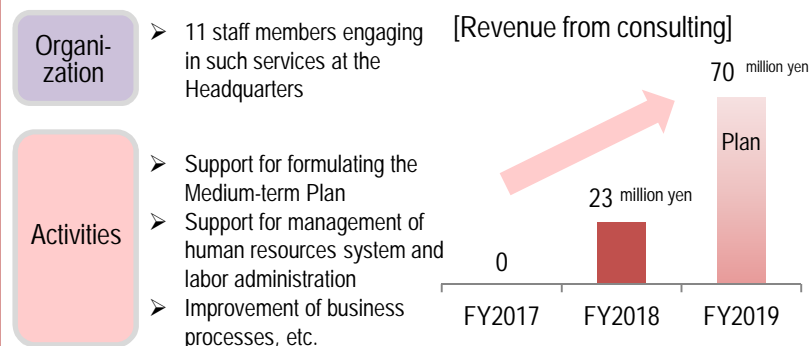


Solutions (examples):



[Expansion of solutions]

[Commencement of business consulting services: April 2018]



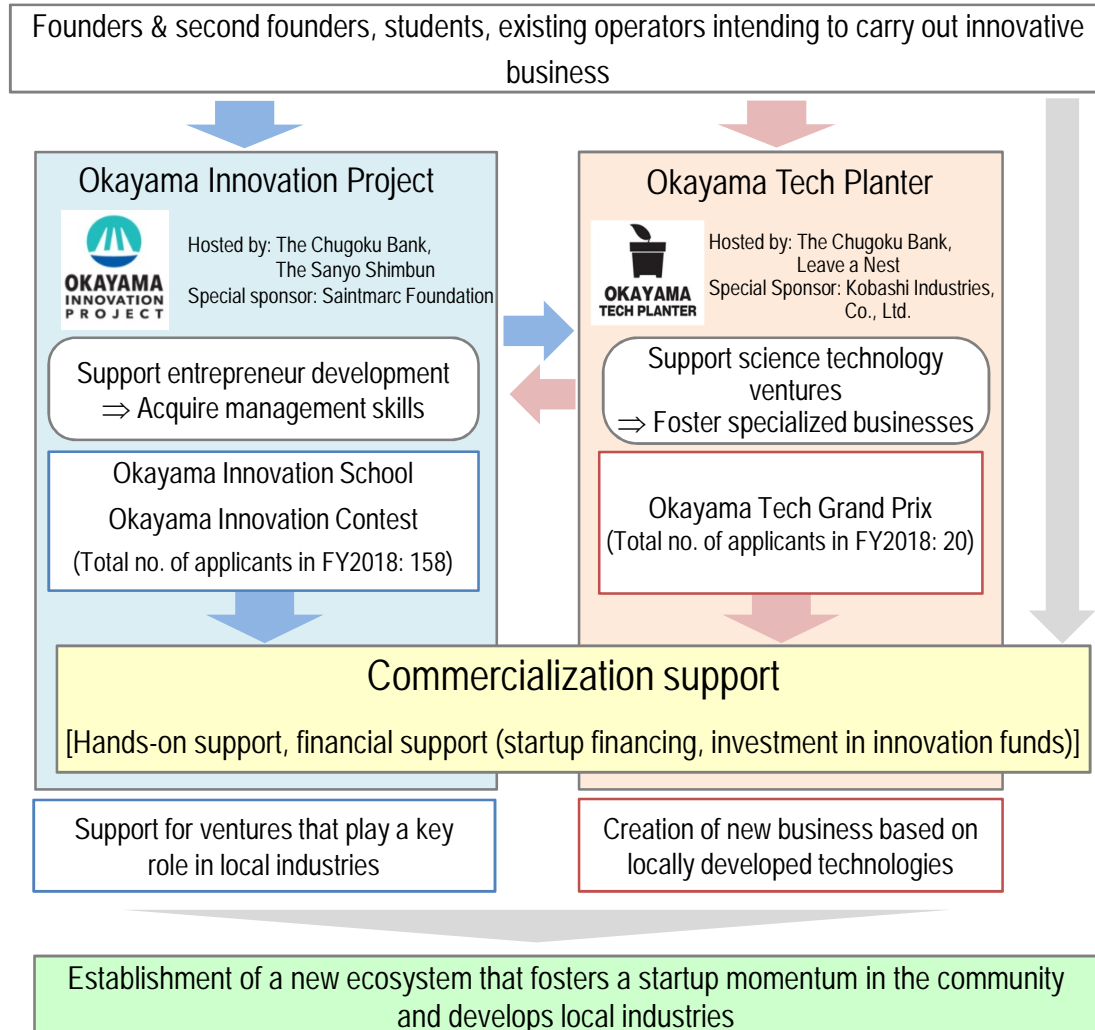
[Commencement of recruitment service (planned for July 2019)]

- Recruitment service**
- Human resources for executive management
- Scheme**
- Search for personnel needs towards the solution of management challenges
⇒ Introduce human resources in cooperation with external companies.
- Effects**
- Offer solutions to customers' challenges concerning human resources.
 - Aim to contribute to revenue of 50 million yen within a few years.

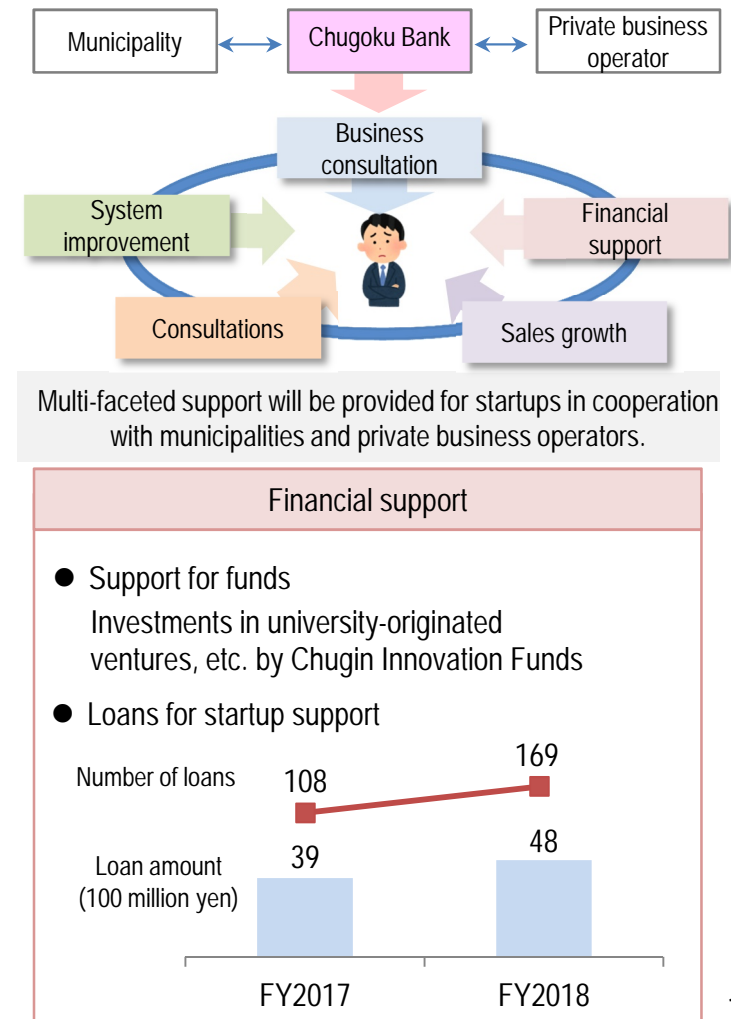
Improve the Quality of Services Provided —Initiatives in Open Innovation—

- Cooperate with local governments and private operators to build a startup support system around Chugoku Bank.
- Foster future core companies of the local community by discovering entrepreneurs at an early stage and providing hands-on support until commercialization.

[Startup support system]



[Commercialization support]



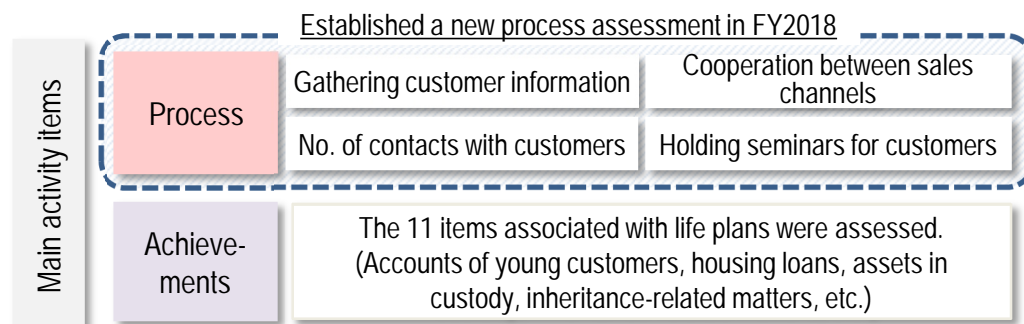
Improve the Quality of Services Provided

—Strengthening Sales Activities Based on Life Planning—

- Contact with customers has increased due to the strengthening of “want to meet more, want to know more” activities.
- Customer-friendly service will be enhanced in terms of “inheritance measures” needs, which are increasing as the aging society advances.

[Life plan support activities]

Catch phrase: “Want to meet more, want to know more”



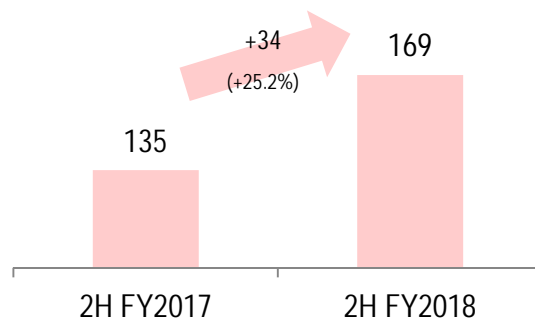
Through “want to meet more, want to know more” activities,

Increases opportunities for proposals

Improves the quality of proposals

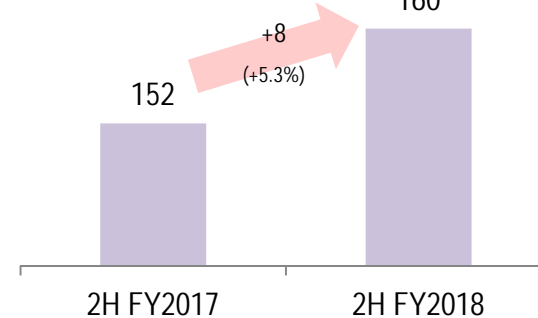
(No. of contacts with customers)

(Unit: thousand)



(No. of depositors)

(Unit: thousand)



[Inheritance-related business]

In October 2016, we started testamentary trust and inheritance procedure support services as part of the banking business.

(Our services (examples))

- Support service for drawing up a will (Drawing up a property management ledger, etc.)
- Testamentary trust (prior approval for execution of a will) <Drawing up, storage, and execution of a will>
- Inheritance procedure support services <Supporting the preparation of an agreement on division of inheritance, work proxy, etc.>

The first regional bank in western Japan

Transactions will be increased, including future generations, by offering general proposals based on the inheritance measures as a starting point.

Since April 2018, the inheritance-related business has been enhanced by increasing persons in charge at the Headquarters.

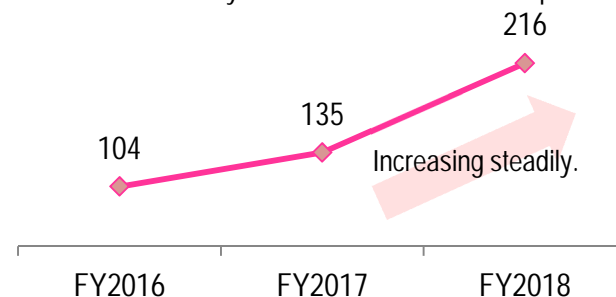
Follow-up by sales branches has been reinforced.

(Personnel at the Headquarters as of March 31, 2019)

Number of persons in charge at the Headquarters

(Financial Advisor Desk): 17

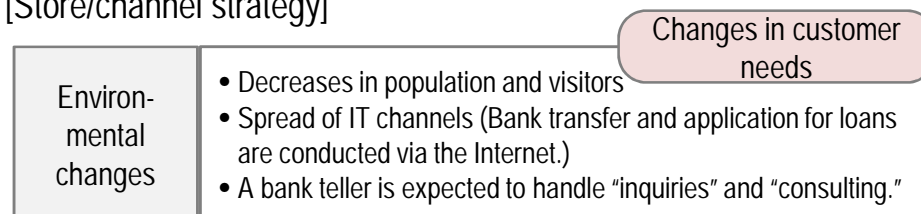
(Number of testamentary trusts received at the Headquarters)



Expand Opportunities to Provide Services —Store/Channel Strategy—

- Formulate store/channel strategies according to changes in the environment and customer needs.
- Increase contacts with customers and improve the efficiency of store operation and store counters.

[Store/channel strategy]



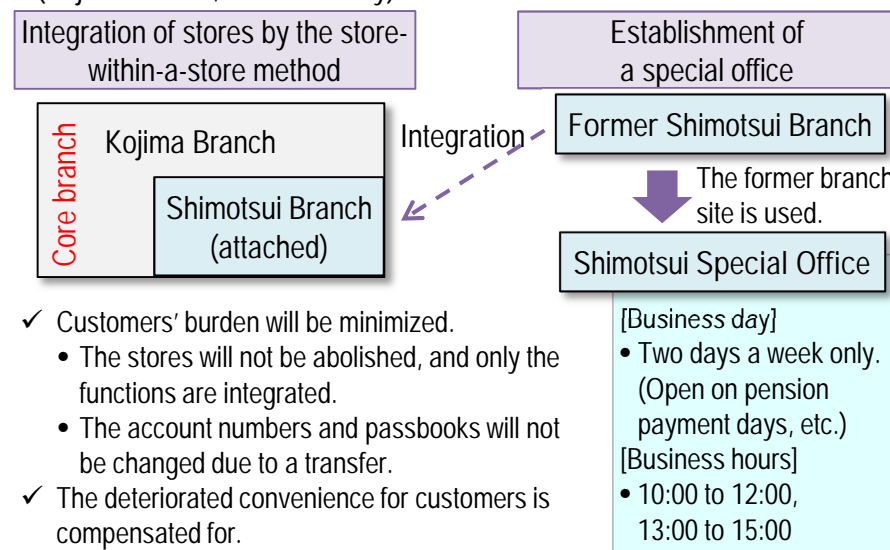
- Strengthen the positioning of stores as a face-to-face channel with customers (enhance consultation).
 - Enhance non-face-to-face (e.g., IT) channels for customers whose needs are deposit/foreign exchange and loans.
- ⇒ Achieve operation that combines "increased contact with customers" and "improved efficiency of store operation."

(Store/channel strategy)

Strengthen sales	<ul style="list-style-type: none"> • Review store functions according to market attributes • Strategically allocate personnel (quality, quantity)
Improve CS	<ul style="list-style-type: none"> • Strengthen the functions of holiday channels by Life Plan Centers (review the functions of Housing Loan Centers) • Improvement of convenience by reinforcing the IT channel strategy
Improve efficiency Concentrate	<ul style="list-style-type: none"> • Expand the group sales system (stores specializing in personal loans, lightweight stores) • Flexible setting of business days and business hours • Relocate/integrate stores based on a store-within-a-store method

[Improvement of efficiency and concentration]

- Reorganization of the southern part of Okayama Prefecture (Kojima District, Kurashiki City)



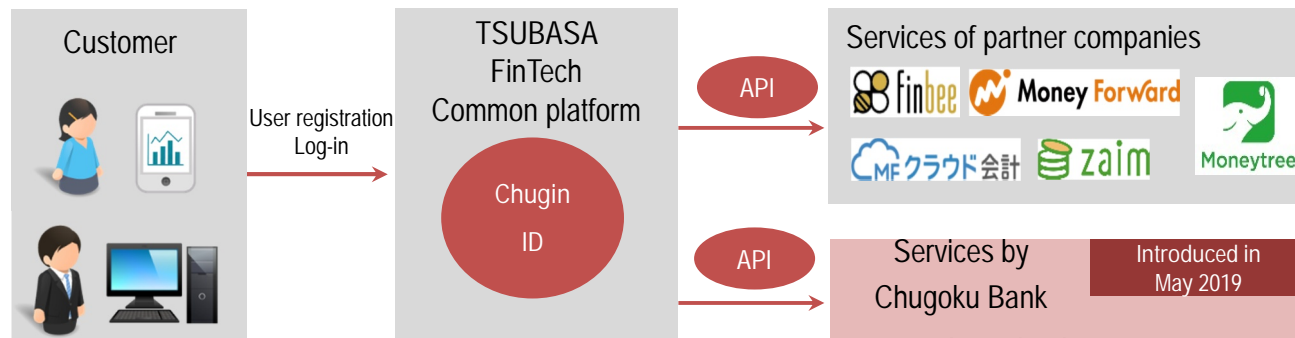
Promote the improvement of efficiency in the store operation and of store tellers while obtaining the understanding of the customers



Expand Opportunities to Provide Services —FinTech—

- Enhance new services of non-face-to-face channels by utilizing IT channels and AI.

[New services applying FinTech]



- Promote cashless payment

Commenced in
March 2019

Commencement of settlement by J-coin Pay



Provide settlement services by scanning QR code with a smartphone toward a cashless society.

Sales promotion utilizing AI
Support drawing up a life plan by grasping customer needs based on big data analysis.



Services by
Chugoku Bank

Introduced in
May 2019

- Digital passbook
(Passbook app)

Jointly developed by
TSUBASA
• Common FinTech platform
Use of Chugin ID

- Balance management on a real-time basis, checking deposits and withdrawals, no passbook entry needed
- Reduction of passbook (paper)



- ✓ Improvement of convenience for customers
- ✓ Cost reduction in the issuance of passbooks

[FinTech Business Contest]

"TSUBASA Alliance Finovation Challenge"

(Host: T&I Innovation Center Co., Ltd.)



Number of applicants: 123 from 104 companies
No. of companies for final presentation: 6

(Outline of the ideas provided by the participating companies)

- ✓ Provision of services combining finance and health by using comprehensive services for the prevention of dementia.
- ✓ Individual-friendly life support services by linking SNS data to bank data
- ✓ Financial services and peripheral services for the elderly using communication robots

Going forward, collaborations with the participants of the contest will be considered by the TSUBASA member banks and T&I.



Expand Opportunities to Provide Services —BPR—

- Generate sales personnel and time through thorough structural reforms, leading to enhancement of the top line and reduction of OHR.

Headquarters

Reduce operations of the headquarters, and implement workstyle reforms

- ✓ Reduction and acceleration of operations by electronic discussions.
 - ✓ Eliminate the use of paper by developing a wireless LAN environment and distributing tablet devices
- Increase in personnel during the current medium-term management plan period:
110 ⇒ Actual performance: Approx. 130

Loans

Concentration of loan business at the Headquarters

- ✓ The operations of the loan center started.
 - Since October 2018, the loan business has been concentrated. This system will be expanded to all stores by the end of March 2020.
- Number of staff members to be secured during the Medium-term Plan: 40 (150 as of March 31, 2021) Actual performance: Approx. 60

Deposit & foreign exchange, store

Execution of store operation reforms

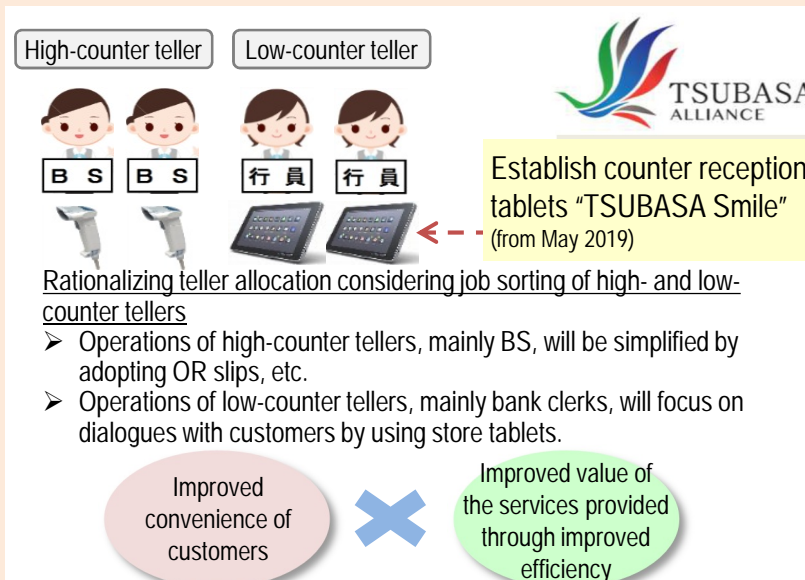
- ✓ Improve operations through introduction of store tablets and significant simplification/centralization of administrative work
 - Reduce employees' administrative work at counters and have them concentrate on financial services
- Increase in personnel during the current medium-term management plan period:
30 ⇒ Actual performance: Approx. 70

Sales

Execution of sales activity reforms

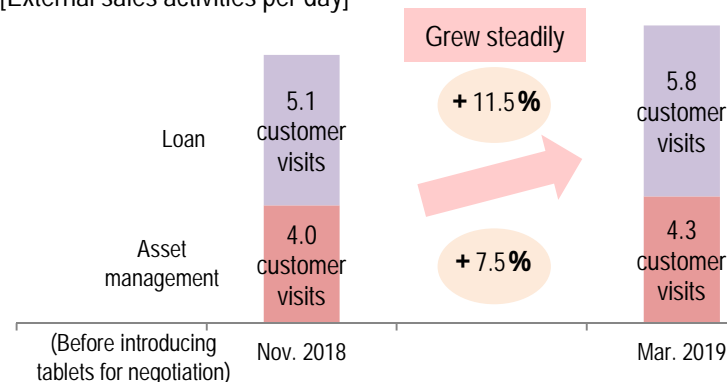
- ✓ Introduce tablets for negotiation
 - This enables access to information and sale of assets in custody during visits to customers, reducing the burden of administrative work upon returning to the office. Installed with a map information system, the tablets allow more efficient sales activities.
- ⇒ The no. of customer visits by external sales representatives is expected to increase by 30–40%.

Image of the business reform of branches

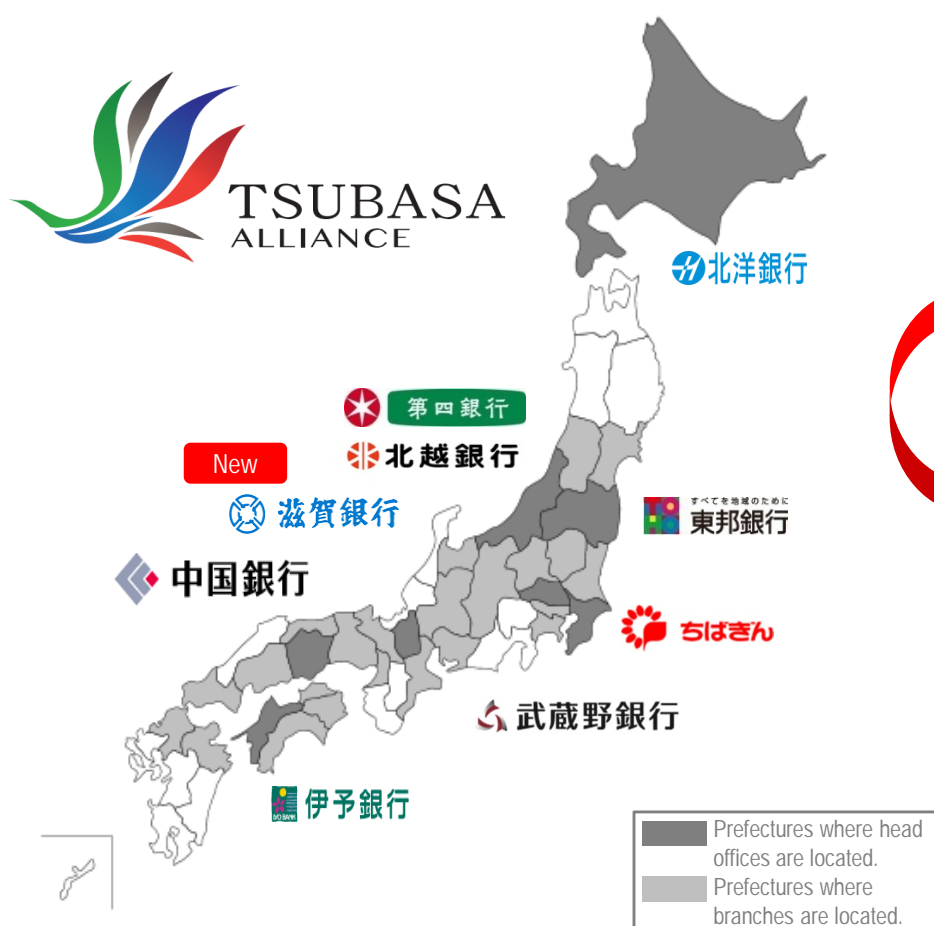


Effects of the sales activity reforms

[External sales activities per day]



- We pursue synergy that exceeds management integration by advancing the largest alliance of regional banks.



<Financial results for FY ended March 2019 (Consolidated)
Comparison with other banks/in the order of total assets> (Trillion yen)

	Total assets	Deposits	Loans
Mitsubishi UFJ Financial Group, Inc.	311.1	180.1	107.4
Sumitomo Mitsui Financial Group, Inc.	203.6	122.3	77.9
Mizuho Financial Group, Inc.	200.7	124.3	78.4
TSUBASA ^{*4}	65.7	54.1	41.8
Resona Holdings, Inc. ^{*1}	59.1	51.1	36.1
Sumitomo Mitsui Trust Holdings, Inc. ^{*2}	57.0	31.9	29.0
TSUBASA ^{*3}	55.0	45.1	34.5
Fukuoka Financial Group, Inc.	20.8	14.0	12.9
Concordia Financial Group, Ltd.	18.9	15.9	12.6
Mebuki Financial Group, Inc.	17.3	14.3	11.1

^{*1} Since April 2018, Kansai Mirai Financial Group, Inc. (Kansai Urban Banking Corporation and The Minato Bank, Ltd.) has been included in the scope of consolidation.

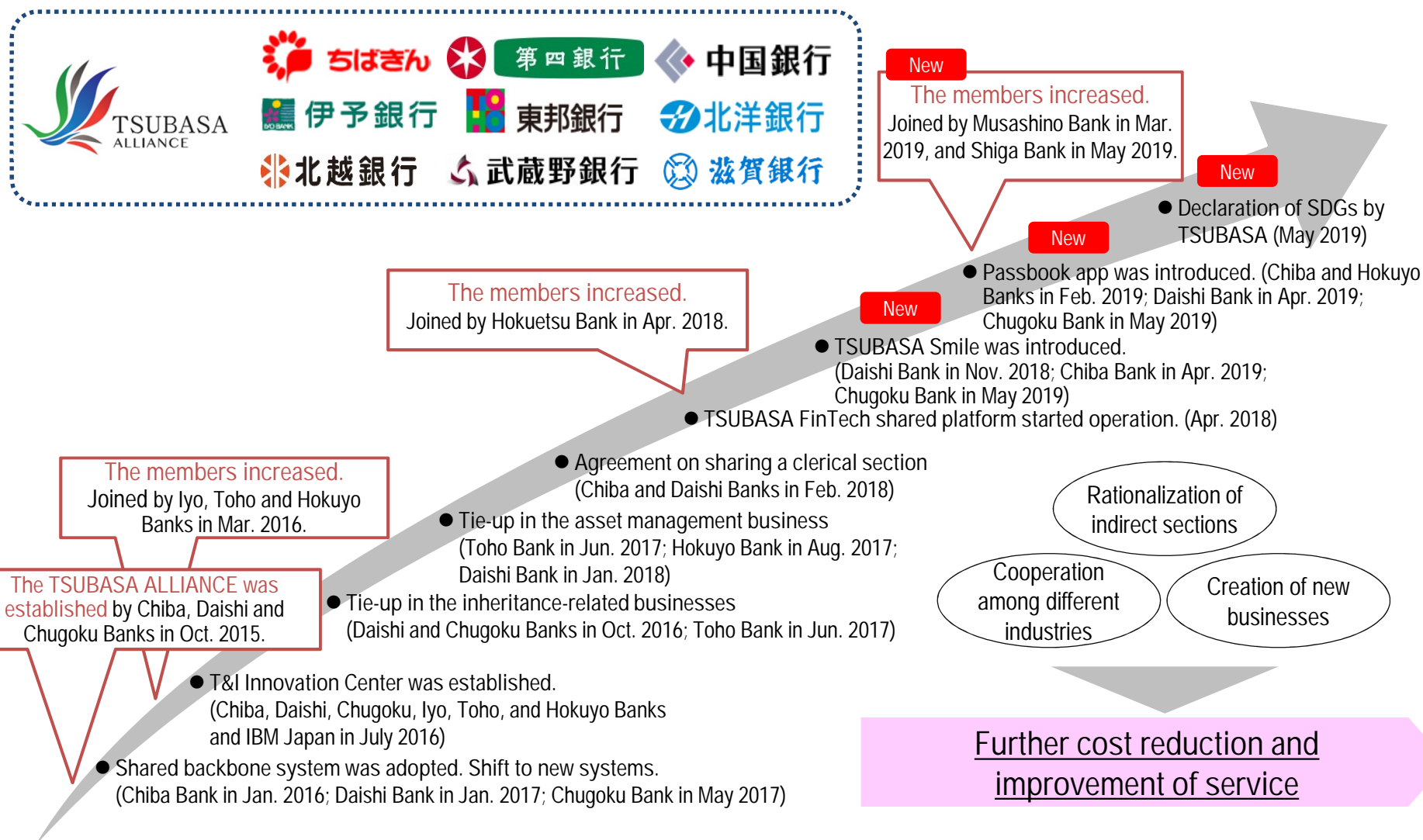
^{*2} Since October 2018, Japan Trustee Services Bank, Ltd. and two other banks have been excluded in the scope of consolidation.

^{*3} Joined by The Hokuetsu Bank, Ltd. in April 2018, which has been included in the name of Daishi Hokuetsu Financial Group, Inc. since October 2018.

^{*4} Joined by The Musashino Bank, Ltd. in March 2019, and The Shiga Bank, Ltd. in May 2019.

Total assets of TSUBASA follows those of the mega banks.

- The scope of the TSUBASA alliance has been expanded significantly.



Responses to SDGs and ESG (1)

- Aim for long-term and sustainable improvement of corporate value through responses to SDGs and ESG.



[10-year strategy; Long-term vision] Jointly develop affluent future life to be shared between local community, customers and employees.



[SDGs (Sustainable Development Goals)] Realize "Sustainable society" by achieving the 17 goals.

Same future

Environment



Initiatives for agribusiness

- Branding of agricultural products (business matching)
- Support for startups (incorporation of agriculture)
- Investments and loans, including funds
- Provision of information on subsidies and business trends

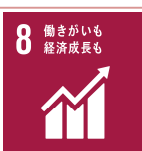
[Chugin Agri-support Fund]

- Support for sixth sector industrialization (processing and distribution)
- Established in October 2013
- Total amount of fund: 500 million yen
- Investment period: Up to 15 years

[Chugin Agricultural Fund]

- Support for primary industry operators (farmers)
- Established in June 2017
- Total amount of fund: 1.0 billion yen
- Investment period: Up to 15 years

Social



Local promotion activities

- Started in October 2015
- Positioned as a core business of the Bank and adopted in performance assessments

Diversified solutions

- | | |
|------------------------|---------------------------|
| Startup support | Regional revitalization |
| Management improvement | Business succession, etc. |

A win-win relationship

- | | |
|---|---|
| Progress of customers and the local economy | Increase in loans and fees and commission revenue |
|---|---|



SIB business of Okayama City "Okayama Kenkoo Daisakusen"

- The largest SIB business in Japan (*SIB: Social Impact Bond)
- Promotion of health by granting points
- Contributes also to sound corporate management

We are engaging in all aspects of the following:

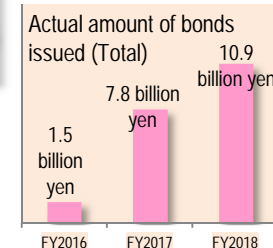
- Loans
- Investments
- Bank guarantees

The first initiative of the Japanese banking industry



Initiative for promoting issuance of private placement bonds for donation to educational institutions

- Started in 2016
- Donation is granted according to the amount of issue of private placement bonds (books, desks, chairs, sporting goods, etc.)
- Donation ceremonies were held together with our clients.



Governance

Strengthened and sophisticated governance

- Percentage of independent outside directors: 29.4% (as of Mar. 31, 2019)
 - Six outside directors (of them, five independent outside directors)
- Established a nomination and compensation committee (December 22, 2017)
 - Chaired by an outside director, the committee carries out appropriate deliberations.
- Performed assessment of effectiveness of the Board of Directors
- Formulated the "Plan for a Successor to the Representative Director and the Basic Policy concerning the Nurturing Plan"
- Grasping appropriate cost of capital To be used for the revision of cross-shareholding
- Reinforcing countermeasures against financial crimes (Established "Money-laundering Countermeasure Center on October 1, 2018)

Nomination and compensation committee

Strengthened governance

Majority



Initiative for reduction of cross-held shares

[Policy for cross-held shares]

- The relevant shares are held only when it is considered as necessary for sustainable growth of the issuers of the shares and the Group as well as for the improvement of corporate value.
- From the perspectives of capital efficiency and the reduction of shareholding risks, we will reduce the shares through the issuers.

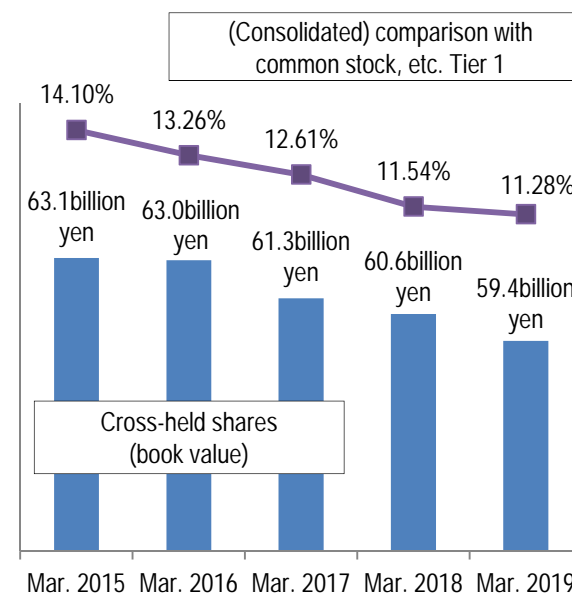
[Judging whether or not the shares should be held]

- Profitability taking cost of capital into account
- Relationship with local economy
- Viewpoint on managerial strategy

[Shares not satisfying the shareholding criteria]

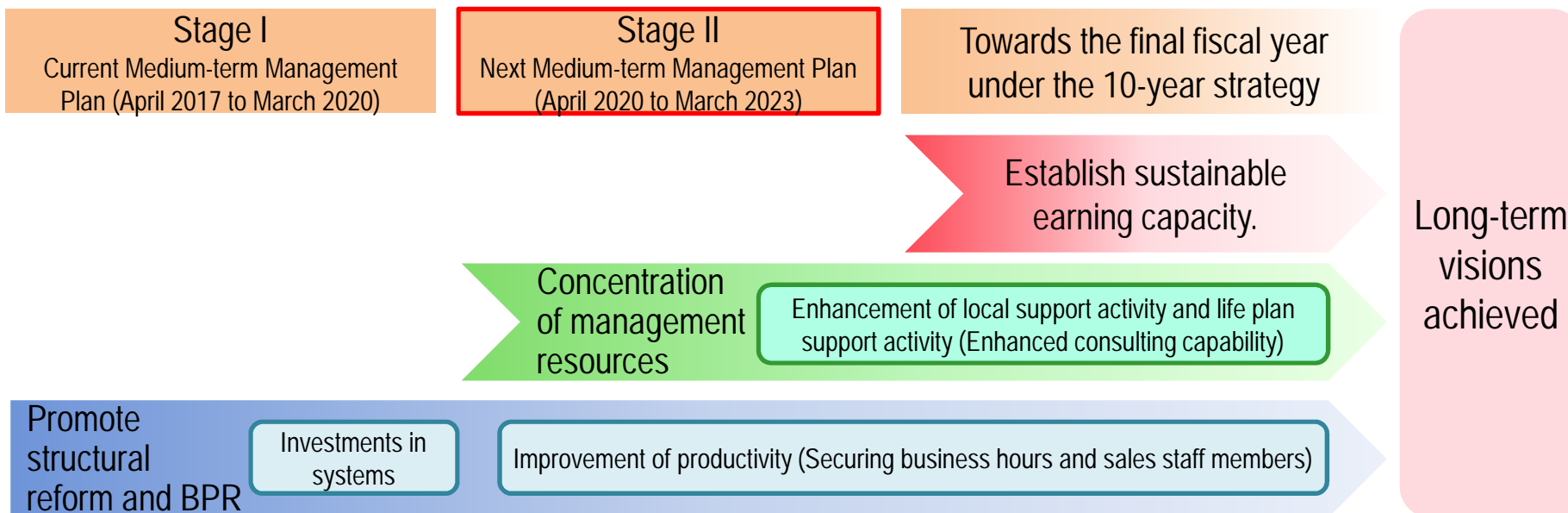
- Negotiations for improvement of profitability in transactions
- Negotiations for reducing the number of shares held

The Board of Directors will verify the status on a regular basis.

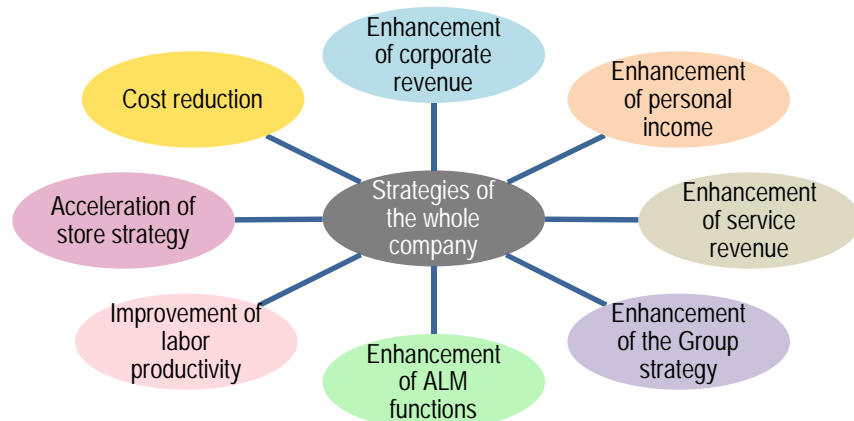


Towards the Next Medium-term Management Plan

- Under the current Medium-term Management Plan, we implemented securing of business hours and measures for structural reforms centering on personnel relocation.
- In May 2019, we set up the next Medium-term Management Plan Formulation Project, discussing growth measures centering on promising areas.



[Next Medium-term Management Plan Formulation Project]



<Outline of the Project>

Period • May 2019 to March 2020

Structure • Approx. 30 persons
(of them, five full-time staff members)

Activities

- The long-term vision and framework are maintained.
- Reconsidering the measures to achieve the long-term vision in line with the changes in the external environment.

Shareholder Returns

- Shareholder return will be conducted at a 35% total payout ratio.
- We will increase the percentage of dividends which represent stable shareholder return. We plan to pay an annual dividend of 22 yen per share (an increase of 2 yen).

	Actual shareholder return in FY2018	Planned shareholder return for FY2019
Dividends	Annual dividend will be 22 yen per share, an increase of 2 yen per share. (Of which, stable dividend: 18 yen; payout ratio: 27.1%)	Annual dividend will be 22 yen per share. (Of which, stable dividend: 18 yen per share; payout ratio: 32.4%)
Share buybacks	Share buybacks equivalent to 1.5 billion yen were implemented (November 2018 and February and May 2019). Of which, shares equivalent to 500 million yen are being acquired.	Share buybacks will be flexibly implemented with a planned total payout ratio of around 35%.

[Shareholder returns] (Unit: 100 million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019 (Plan)
Non-consolidated net income	259	190	194	153	128
Total dividends	39.2	38.5	38.1	41.5	41.5
Per share (interim)	¥20 (¥10)	¥20 (¥10)	¥20 (¥10)	¥22 (¥10)	¥22 (¥11)
Payout ratio ÷	15.1%	20.3%	19.6%	27.1%	32.4%
Share buybacks	52	29	30	15 Of which, shares equivalent to 500 million yen are being acquired.	-
Total payout ratio (+)÷	35.2%	35.5%	35.1%	36.9%	about 35%

*Share buyback as a factor in calculating payout ratio: Calculated based on buybacks during one year from time of shareholders meeting.



This document includes forward-looking statements. These statements are not a guarantee of future performance, and involve risks and uncertainties. Note that future performance could possibly differ from the goals and targets herein due to factors, including changes in the business environment.