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

May 10, 2024

Company name: Chugin Financial Group, Inc.

Stock exchange listing: Tokyo

Code number: 5832

URL: <https://www.chugin-fg.co.jp/>

Representative: Sadanori Katoh

Director and President

Contact: Naoki Kenmochi

General Manager, Corporate Planning Department

Phone: +81-86-223-3110

Scheduled date of Annual General Meeting of Shareholders: June 26, 2024

Scheduled date of commencing dividend payments: June 27, 2024

Scheduled date of filing annual securities report: June 19, 2024

Trading Accounts: No

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	184,661	2.6	31,191	5.3	21,389	4.4
March 31, 2023	179,860	-	29,608	-	20,486	-

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 60,719 million [-%]
Fiscal year ended March 31, 2023: ¥ (16,957) 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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	117.06	116.90	3.8	0.3	16.8
March 31, 2023	111.01	110.85	3.7	0.2	16.4

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

(Note) As the Company was established on October 3, 2022, year-on-year comparison percentages for the fiscal year ended March 31, 2023 are not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	10,763,804	581,115	5.3	3,192.39
March 31, 2023	9,849,196	527,948	5.3	2,872.48

(Reference) Equity: As of March 31, 2024: ¥ 580,894 million
As of March 31, 2023: ¥ 527,675 million

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	115,595	(198,394)	(7,930)	1,415,632
March 31, 2023	(403,482)	164,298	(7,844)	1,506,361

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	Millions of yen	%	%
March 31, 2023	-	-	-	16.00	16.00	2,939	14.3	0.5
March 31, 2024	-	15.00	-	32.00	47.00	8,561	40.0	1.5
Fiscal year ending March 31, 2025 (Forecast)	-	26.50	-	26.50	53.00		40.1	

(Note) 1. As the Company was established on October 3, 2022, figures up to the 2nd quarter-end of the fiscal year ended March 31, 2023 are not presented.

2. In the fiscal year ended March 31, 2023, The Chugoku Bank, Limited, which became a wholly-owned subsidiary of the Company as a result of a sole share transfer, paid an interim dividend of ¥14 per share (total dividends: ¥2,586 million). Combined with the year-end dividend paid by the Company, cash dividends for the year came to ¥30 per share, for the total dividends of ¥5,525 million, with a payout ratio (consolidated) of 26.9% and the dividends to net assets (consolidated) equaling 1.0%.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	102,000	15.4	18,000	19.7	12,400	18.8	68.14
Full year	204,000	10.4	34,500	10.6	24,000	12.2	131.89

* 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: Yes

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: 184,771,461 shares

March 31, 2023: 184,771,461 shares

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

March 31, 2024: 2,809,715 shares

March 31, 2023: 1,071,607 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 182,712,332 shares

Fiscal Year ended March 31, 2023: 184,540,066 shares

(Note) As the Company was established on October 3, 2022, through a solo share transfer, the average number of ordinary shares for the fiscal year ended March 31, 2023 during the period was computed by using the average number of shares of The Chugoku Bank, Limited for the period from April 1, 2022 to October 2, 2022, and the average number of shares of the Company for the period from October 3, 2022 to March 31, 2023.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and due from banks	1,510,394	1,418,224
Call loans	178,907	192,117
Monetary claims bought	22,329	23,797
Trading securities	2,023	1,017
Money held in trust	24,600	32,000
Securities	2,324,053	2,596,411
Loans and bills discounted	5,555,795	6,231,363
Foreign exchanges	14,742	14,078
Lease receivables and investments in leases	27,010	30,456
Other assets	157,594	198,940
Tangible fixed assets	35,631	35,622
Buildings, net	10,043	9,391
Land	18,827	19,030
Construction in progress	62	177
Leased assets, net	1,595	1,344
Other tangible fixed assets	5,101	5,679
Intangible fixed assets	1,712	2,301
Software	1,251	1,994
Software in progress	367	213
Other intangible fixed assets	93	93
Retirement benefit asset	-	9,010
Deferred tax assets	17,594	4,582
Customers' liabilities for acceptances and guarantees	31,110	34,450
Allowance for loan losses	(54,302)	(60,570)
Total assets	9,849,196	10,763,804

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Deposits	7,898,033	8,211,551
Negotiable certificates of deposit	155,489	98,020
Call money	179,987	145,023
Securities sold under repurchase agreements	93,913	158,022
Cash collateral received for securities lent	423,430	604,049
Commercial papers	46,530	-
Borrowed money	320,843	744,106
Foreign exchanges	492	440
Bonds payable	10,000	10,000
Borrowed money from trust account	8,496	9,988
Other liabilities	147,012	163,073
Provision for bonuses	1,547	1,573
Provision for bonuses for directors (and other officers)	25	44
Retirement benefit liability	3,466	429
Provision for retirement benefits for directors (and other officers)	49	54
Provision for reimbursement of deposits	250	800
Provision for point card certificates	114	133
Reserves under special laws	7	8
Deferred tax liabilities	449	918
Acceptances and guarantees	31,110	34,450
Total liabilities	9,321,248	10,182,689
Net assets		
Share capital	16,000	16,000
Capital surplus	7,302	7,292
Retained earnings	479,276	494,988
Treasury shares	(1,000)	(2,812)
Total shareholders' equity	501,579	515,468
Valuation difference on available-for-sale securities	34,234	55,647
Deferred gains or losses on hedges	(3,320)	6,024
Remeasurements of defined benefit plans	(4,818)	3,754
Total accumulated other comprehensive income	26,096	65,426
Share acquisition rights	272	220
Total net assets	527,948	581,115
Total liabilities and net assets	9,849,196	10,763,804

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Ordinary income	179,860	184,661
Interest income	93,157	124,120
Interest on loans and discounts	60,294	84,185
Interest and dividends on securities	29,653	35,845
Interest on call loans	1,537	2,797
Interest on deposits with banks	1,387	944
Other interest income	283	347
Trust fees	0	0
Fees and commissions	20,545	22,034
Other ordinary income	43,714	28,046
Other income	22,442	10,459
Recoveries of written off receivables	30	37
Other	22,412	10,421
Ordinary expenses	150,251	153,469
Interest expenses	28,134	61,843
Interest on deposits	4,222	11,641
Interest on negotiable certificates of deposit	22	19
Interest on call money	2,485	5,845
Interest expenses on securities sold under repurchase agreements	2,135	6,974
Interest expenses on cash collateral received for securities lent	439	454
Interest expenses on commercial papers	1,805	908
Interest on borrowings and rediscounts	2,037	4,386
Interest expenses on bonds	78	78
Other interest expenses	14,906	31,533
Fees and commissions payments	3,427	3,491
Other ordinary expenses	52,591	17,133
General and administrative expenses	55,662	57,850
Other expenses	10,435	13,150
Provision of allowance for loan losses	5,717	8,942
Other	4,718	4,207
Ordinary profit	29,608	31,191
Extraordinary income	89	48
Gain on disposal of non-current assets	89	48
Extraordinary losses	179	339
Loss on disposal of non-current assets	123	216
Impairment losses	55	122
Provision of reserve for financial instruments transaction liabilities	-	0
Profit before income taxes	29,518	30,899
Income taxes - current	9,705	13,326
Income taxes - deferred	(673)	(3,816)
Total income taxes	9,031	9,510
Profit	20,486	21,389
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	20,486	21,389

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	20,486	21,389
Other comprehensive income	(37,443)	39,329
Valuation difference on available-for-sale securities	(33,373)	21,412
Deferred gains or losses on hedges	(2,713)	9,344
Remeasurements of defined benefit plans, net of tax	(1,356)	8,573
Comprehensive income	(16,957)	60,719
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(16,957)	60,719
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(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	476,938	(11,623)	488,618
Cumulative effects of changes in accounting policies			43		43
Restated balance	15,149	8,153	476,982	(11,623)	488,661
Changes during period					
Changes by share transfer	850	(850)			-
Dividends of surplus			(5,651)		(5,651)
Profit attributable to owners of parent			20,486		20,486
Purchase of treasury shares				(1,941)	(1,941)
Disposal of treasury shares		1		21	23
Cancellation of treasury shares		(1)	(12,540)	12,542	-
Net changes in items other than shareholders' equity					
Total changes during period	850	(850)	2,294	10,622	12,917
Balance at end of period	16,000	7,302	479,276	(1,000)	501,579

	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	67,608	(606)	(3,461)	63,540	256	552,414
Cumulative effects of changes in accounting policies						43
Restated balance	67,608	(606)	(3,461)	63,540	256	552,458
Changes during period						
Changes by share transfer						-
Dividends of surplus						(5,651)
Profit attributable to owners of parent						20,486
Purchase of treasury shares						(1,941)
Disposal of treasury shares						23
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	(33,373)	(2,713)	(1,356)	(37,443)	15	(37,428)
Total changes during period	(33,373)	(2,713)	(1,356)	(37,443)	15	(24,510)
Balance at end of period	34,234	(3,320)	(4,818)	26,096	272	527,948

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,000	7,302	479,276	(1,000)	501,579
Changes during period					
Dividends of surplus			(5,678)		(5,678)
Profit attributable to owners of parent			21,389		21,389
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares		(10)		187	177
Net changes in items other than shareholders' equity					
Total changes during period	-	(10)	15,711	(1,812)	13,888
Balance at end of period	16,000	7,292	494,988	(2,812)	515,468

	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	34,234	(3,320)	(4,818)	26,096	272	527,948
Changes during period						
Dividends of surplus						(5,678)
Profit attributable to owners of parent						21,389
Purchase of treasury shares						(2,000)
Disposal of treasury shares						177
Net changes in items other than shareholders' equity	21,412	9,344	8,573	39,329	(51)	39,278
Total changes during period	21,412	9,344	8,573	39,329	(51)	53,167
Balance at end of period	55,647	6,024	3,754	65,426	220	581,115

Consolidated Statements of Cash Flows

(Millions of 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	29,518	30,899
Depreciation	3,177	3,312
Impairment losses	55	122
Share-based payment expenses	39	97
Provision of allowance for doubtful accounts	5,717	8,942
Increase (decrease) in provision for bonuses	67	26
Increase (decrease) in provision for bonuses for directors (and other officers)	0	18
Increase (decrease) in retirement benefit liability	(290)	288
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	5
Increase (decrease) in provision for reimbursement of deposits	190	550
Increase (decrease) in provision for point card certificates	6	18
Interest income	(93,157)	(124,120)
Interest expenses	28,134	61,843
Loss (gain) related to securities	1,745	(5,713)
Loss (gain) on money held in trust	297	134
Foreign exchange losses (gains)	(36,402)	(49,425)
Loss (gain) on disposal of non-current assets	1	7
Net decrease (increase) in trading securities	811	1,005
Decrease (increase) in other assets	(14,089)	(34,707)
Net decrease (increase) in lease receivables and investments in leases	(1,606)	(3,446)
Increase (decrease) in other liabilities	21,106	14,421
Net decrease (increase) in loans and bills discounted	(300,191)	(678,242)
Net increase (decrease) in deposits	247,526	313,518
Net increase (decrease) in negotiable certificates of deposit	(55,678)	(57,468)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(353,291)	423,263
Net decrease (increase) in call loans	265,676	(14,677)
Net increase (decrease) in payables under repurchase agreements	(97,093)	64,108
Net increase (decrease) in call money	69,278	(34,964)
Net increase (decrease) in cash collateral received for securities lent	(164,925)	180,619
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(256)	1,440
Net increase (decrease) in commercial papers	(8,486)	(46,530)
Net decrease (increase) in foreign exchanges - assets	(8,459)	664
Net increase (decrease) in foreign exchanges - liabilities	(133)	(51)
Net increase (decrease) in borrowed money from trust account	1,560	1,492
Interest received	91,567	120,079
Interest paid	(28,113)	(52,933)
Subtotal	(395,694)	124,599
Income taxes paid	(7,787)	(9,008)
Income taxes refund	-	4
Net cash provided by (used in) operating activities	(403,482)	115,595

(Millions of 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	(1,390,078)	(806,215)
Proceeds from sale of securities	1,273,089	413,801
Proceeds from redemption of securities	280,810	205,573
Increase in money held in trust	(7,323)	(7,562)
Decrease in money held in trust	10,025	28
Purchase of tangible fixed assets	(2,143)	(3,500)
Proceeds from sale of tangible fixed assets	562	524
Purchase of intangible fixed assets	(642)	(1,044)
Net cash provided by (used in) investing activities	164,298	(198,394)
Cash flows from financing activities		
Dividends paid	(5,651)	(5,678)
Purchase of treasury shares	(1,941)	(2,000)
Repayments of lease liabilities	(251)	(251)
Proceeds from sale of treasury shares	0	0
Proceeds from exercise of employee share options	0	0
Net cash provided by (used in) financing activities	(7,844)	(7,930)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(247,028)	(90,729)
Cash and cash equivalents at beginning of period	1,753,389	1,506,361
Cash and cash equivalents at end of period	1,506,361	1,415,632