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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

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 filing quarterly securities report: November 24, 2023

Scheduled date of commencing dividend payments: December 6, 2023

Trading Accounts: No

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(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 | % |
| Six months ended September 30, 2023 | 88,355 | - | 15,036 | - | 10,436 | - |
| September 30, 2022 | - | - | - | - | - | - |

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 14,344 million [-%]
Six months ended September 30, 2022: ¥ - million [-%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2023 | 56.89 | 56.81 |
| September 30, 2022 | - | - |

(Note) As the Company was established on October 3, 2022, figures and year-on-year comparison percentages for the first half ended September, 2022 are not presented.

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|--------------------------|-----------------|-----------------|------------------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2023 | 10,311,848 | 538,224 | 5.2 |
| March 31, 2023 | 9,849,196 | 527,948 | 5.3 |

(Reference) Equity: As of September 30, 2023: ¥ 538,003 million
As of March 31, 2023: ¥ 527,675 million

2. Dividends

| | Annual dividends | | | | |
|---|------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2023 | - | - | - | 16.00 | 16.00 |
| Fiscal year ending March 31, 2024 | - | 15.00 | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | | - | 15.00 | 30.00 |

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter (interim) dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend - yen

Special dividend - yen

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

2. In the 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. Combined with the year-end dividend paid by the Company, cash dividends for the year came to ¥30 per share.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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 | % | |
| Full year | 167,200 | (8.9) | 21,500 | (27.3) | 15,000 | (26.7) | Yen 82.64 |

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

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

New - (Company name:)

Exclusion: - (Company name:)

(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):

September 30, 2023: 184,771,461 shares

March 31, 2023: 184,771,461 shares

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

September 30, 2023: 2,163,491 shares

March 31, 2023: 1,071,607 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 183,428,213 shares

Six months ended September 30, 2022: - shares

(Note) As the Company was established on October 3, 2022, figures for the first half ended September 30, 2022 are not presented.

Interim Consolidated Financial Statements
Interim Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Assets | | |
| Cash and due from banks | 1,510,394 | 1,591,566 |
| Call loans | 178,907 | 226,206 |
| Monetary claims bought | 22,329 | 23,905 |
| Trading securities | 2,023 | 1,702 |
| Money held in trust | 24,600 | 25,895 |
| Securities | 2,324,053 | 2,371,587 |
| Loans and bills discounted | 5,555,795 | 5,787,030 |
| Foreign exchanges | 14,742 | 11,253 |
| Lease receivables and investments in leases | 27,010 | 29,095 |
| Other assets | 157,594 | 211,662 |
| Tangible fixed assets | 35,631 | 35,412 |
| Intangible fixed assets | 1,712 | 1,889 |
| Retirement benefit asset | - | 636 |
| Deferred tax assets | 17,594 | 17,292 |
| Customers' liabilities for acceptances and guarantees | 31,110 | 33,794 |
| Allowance for loan losses | (54,302) | (57,083) |
| Total assets | 9,849,196 | 10,311,848 |
| Liabilities | | |
| Deposits | 7,898,033 | 7,955,371 |
| Negotiable certificates of deposit | 155,489 | 225,572 |
| Call money | 179,987 | 169,751 |
| Securities sold under repurchase agreements | 93,913 | 120,737 |
| Cash collateral received for securities lent | 423,430 | 493,266 |
| Commercial papers | 46,530 | 7,459 |
| Borrowed money | 320,843 | 566,453 |
| Foreign exchanges | 492 | 280 |
| Bonds payable | 10,000 | 10,000 |
| Borrowed money from trust account | 8,496 | 8,793 |
| Other liabilities | 147,012 | 176,312 |
| Provision for bonuses | 1,547 | 1,522 |
| Provision for bonuses for directors (and other officers) | 25 | - |
| Retirement benefit liability | 3,466 | 3,524 |
| Provision for retirement benefits for directors (and other officers) | 49 | 48 |
| Provision for reimbursement of deposits | 250 | 112 |
| Provision for point card certificates | 114 | 138 |
| Reserves under special laws | 7 | 7 |
| Deferred tax liabilities | 449 | 477 |
| Acceptances and guarantees | 31,110 | 33,794 |
| Total liabilities | 9,321,248 | 9,773,624 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Net assets | | |
| Share capital | 16,000 | 16,000 |
| Capital surplus | 7,302 | 7,292 |
| Retained earnings | 479,276 | 486,774 |
| Treasury shares | (1,000) | (2,068) |
| Total shareholders' equity | 501,579 | 507,998 |
| Valuation difference on available-for-sale securities | 34,234 | 18,752 |
| Deferred gains or losses on hedges | (3,320) | 15,547 |
| Remeasurements of defined benefit plans | (4,818) | (4,294) |
| Total accumulated other comprehensive income | 26,096 | 30,004 |
| Share acquisition rights | 272 | 220 |
| Total net assets | 527,948 | 538,224 |
| Total liabilities and net assets | 9,849,196 | 10,311,848 |

Interim Consolidated Statements of Income and Comprehensive Income
Interim Consolidated Statements of Income (For the six months)

(Millions of yen)

| | For the six months ended September 30, 2023 |
|--|--|
| Ordinary income | 88,355 |
| Interest income | 59,161 |
| Interest on loans and discounts | 39,957 |
| Interest and dividends on securities | 17,654 |
| Trust fees | 0 |
| Fees and commissions | 10,380 |
| Other ordinary income | 14,411 |
| Other income | 4,401 |
| Ordinary expenses | 73,318 |
| Interest expenses | 28,114 |
| Interest on deposits | 4,857 |
| Fees and commissions payments | 1,280 |
| Other ordinary expenses | 9,697 |
| General and administrative expenses | 28,442 |
| Other expenses | 5,783 |
| Ordinary profit | 15,036 |
| Extraordinary income | 33 |
| Gain on disposal of non-current assets | 33 |
| Extraordinary losses | 128 |
| Loss on disposal of non-current assets | 68 |
| Impairment losses | 59 |
| Profit before income taxes | 14,941 |
| Income taxes - current | 5,866 |
| Income taxes - deferred | (1,361) |
| Total income taxes | 4,505 |
| Profit | 10,436 |
| Profit attributable to non-controlling interests | - |
| Profit attributable to owners of parent | 10,436 |

Interim Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

| | For the six months ended September 30, 2023 |
|--|--|
| Profit | 10,436 |
| Other comprehensive income | 3,908 |
| Valuation difference on available-for-sale securities | (15,482) |
| Deferred gains or losses on hedges | 18,867 |
| Remeasurements of defined benefit plans, net of tax | 523 |
| Comprehensive income | 14,344 |
| Comprehensive income attributable to | |
| Comprehensive income attributable to owners of parent | 14,344 |
| Comprehensive income attributable to non-controlling interests | - |

Interim Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2023

(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 | 479,223 | (1,000) | 501,526 |
| Cumulative effects of changes in accounting policies | | | 53 | | 53 |
| Restated balance | 16,000 | 7,302 | 479,276 | (1,000) | 501,579 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,939) | | (2,939) |
| Profit attributable to owners of parent | | | 10,436 | | 10,436 |
| Purchase of treasury shares | | | | (1,255) | (1,255) |
| Disposal of treasury shares | | (10) | | 187 | 177 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | (10) | 7,497 | (1,067) | 6,419 |
| Balance at end of period | 16,000 | 7,292 | 486,774 | (2,068) | 507,998 |

| | 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 | 527,894 |
| Cumulative effects of changes in accounting policies | | | | | | 53 |
| Restated balance | 34,234 | (3,320) | (4,818) | 26,096 | 272 | 527,948 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (2,939) |
| Profit attributable to owners of parent | | | | | | 10,436 |
| Purchase of treasury shares | | | | | | (1,255) |
| Disposal of treasury shares | | | | | | 177 |
| Net changes in items other than shareholders' equity | (15,482) | 18,867 | 523 | 3,908 | (51) | 3,856 |
| Total changes during period | (15,482) | 18,867 | 523 | 3,908 | (51) | 10,276 |
| Balance at end of period | 18,752 | 15,547 | (4,294) | 30,004 | 220 | 538,224 |