The Chiba Bank, Ltd.

Small Meeting after 1Q Release for the Fiscal Year Ending March 2023

August 8, 2022

Event Summary

[Company Name]	The Chiba Bank, Ltd.	
[Fiscal Period]	FY2022 Q1	
[Date]	August 8, 2022	
[Time]	15:30 – 16:28 (Total: 58 minutes, Presentation: 18 minutes, Q&A: 40 minutes)	
[Venue]	Webcast	
[Number of Speakers]	2	
	Tadayoshi Shinozaki	Director and Senior Executive Officer, Group Chief Strategy Officer
	Taro Kanzawa	General Manager of Corporate Planning Division

Summary of Financial Results

Non-consolidated (¥Bil.)

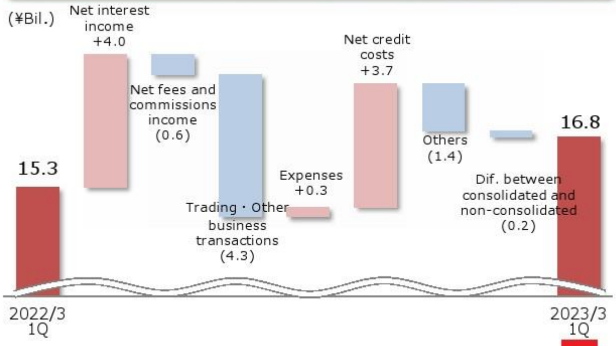
	2022/3 1Q	2023/3 1Q	YoY
Gross business profits	45.2	44.2	(0.9)
Net interest income	37.4	41.4	4.0
Net fees and commissions income	6.7	6.1	(0.6)
Trading income	0.2	0.3	0.1
Profit from other business transactions	0.7	(3.7)	(4.4)
Gains (losses) related to bonds (Government bonds, etc.)	0.2	(5.4)	(5.7)
Expenses (-)	20.8	20.4	(0.3)
Real net business income	24.3	23.7	(0.5)
Core net business income	24.0	29.2	5.2
Excluding gains (losses) on cancellation of investment trusts	22.4	26.5	4.1
Net transfer to general allowance for loan losses (-)	1.6	-	(1.6)
Net business income	22.6	23.7	1.1
Non-recurrent income and losses	0.7	2.2	1.5
Disposal of non-performing loans (-)	1.0	(1.0)	(2.1)
Reversal of allowance for loan losses	-	1.0	1.0
Gains (losses) related to stocks, etc.	1.1	1.0	(0.0)
Ordinary profit	23.4	26.0	2.6
Extraordinary income (loss)	0.0	(0.0)	(0.0)
Profit	17.9	19.7	1.8
Net credit costs (-)	2.6	(1.0)	(3.7)

Consolidated (¥Bil.)

	2022/3 1Q	2023/3 1Q	YoY
Ordinary profit	21.4	23.9	2.4
Profit attributable to owners of parent	15.3	16.8	1.5

- Net interest income increased by ¥4.0 billion YoY to a record high, while net fees and commissions income decreased by ¥0.6 billion YoY, and gains (losses) related to bonds decreased ¥5.7 billion YoY due to the replacement of the foreign bond portfolio. As a result, gross business profits decreased by ¥0.9.
- Core net business increased by ¥5.2 billion YoY, record high as a first quarter for the second consecutive period.
- Credit costs decreased significantly by ¥3.7 billion YoY.
- Non-consolidated profit reached a record high for the first time in six years, and progress toward the full-year plan was steady at 34.6%.
- Consolidated profit also remained strong, increasing for the second consecutive quarter, with progress at 28.1%.

Breakdown of changes in profit attributable to owners of parent (Non-consolidated + Dif. between consolidated and non-consolidated)



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Shinozaki: Hello, everyone. This is Tadayoshi Shinozaki.

I will explain the financial results according to the materials. Please see page one. This is a summary of the financial results.

Gross business profits decreased by JPY0.9 billion YoY, but it was the second highest level ever for a Q1 following the record high posted in the same period of the previous year.

Net interest income increased by JPY4.0 billion YoY to a record high, but this was offset by a YoY decrease of JPY0.6 billion in net fees and commissions income and a decline of JPY5.7 billion in gains/losses related to bonds due to losses on foreign bonds.

Core net business income increased by JPY5.2 billion YoY to post a record high for the second consecutive year, maintaining the strong performance of core business earnings.

Net credit costs decreased by JPY3.7 billion to a reversal of JPY1.0 billion.

Non-consolidated profit for the quarter reached a record high for the first time in six years, and progress against the full-year plan was steady at 34.6%.

Although the difference between consolidated and non-consolidated net income declined by JPY0.2 billion YoY, consolidated profit attributable to owners of parent increased by JPY1.5 billion, maintaining a strong progress rate of 28.1%.

Summary of Financial Results（Consolidated）

Consolidated (¥Bil.)

	2022/3 1Q	2023/3 1Q	YoY
Gross business profits	44.7	43.4	(1.3)
Net interest income	33.4	37.3	3.9
Net fees and commissions income	9.5	9.0	(0.4)
Trading income	1.0	0.7	(0.3)
Profit from other business transactions	0.7	(3.7)	(4.4)
General and administrative expenses (-)	22.4	22.0	(0.3)
Net credit costs (-)	3.0	(1.0)	(4.0)
Net transfer to general allowamce for loan losses (-)	1.8	-	(1.8)
Disposal of non-performing loans (-)	1.1	(1.0)	(2.1)
Gains (losses) related to stocks, etc.	1.0	1.0	(0.0)
Equity gains (losses) of affiliated companies	0.0	0.0	(0.0)
Others	1.0	0.5	(0.5)
Ordinary profit	21.4	23.9	2.4
Extraordinary income (loss)	0.0	(0.0)	(0.0)
Pre-Tax Profit	21.4	23.9	2.4
Total income taxes (-)	6.1	7.0	0.8
Profit	15.3	16.8	1.5
Profit attributable to non-controlling interests	-	-	-
Profit attributable to owners of parent	15.3	16.8	1.5
(reference)			
Consolidated net business income	21.8	22.9	1.1

Status of Subsidiaries

【Consolidated subsidiaries】 (¥Bil.)

Company name	Investment ratio (Including indirect)	Profit items (After deduction of inter-subsidiary dividends)	2022/3 1Q	2023/3 1Q	YoY
Chibagin Securities Co.,Ltd.	100%	Ordinary profit	0.4	0.1	(0.3)
		Profit	0.4	0.1	(0.2)
Chibagin Leasing Co.,Ltd.	100%	Ordinary profit	0.2	0.2	0.0
		Profit	0.1	0.1	0.0
Chibagin Guarantee Co.,Ltd	100%	Ordinary profit	1.1	1.4	0.2
		Profit	0.7	0.9	0.1
Chibagin JCB Card Co.,Ltd	100%	Ordinary profit	0.2	0.2	0.0
		Profit	0.1	0.1	0.0
Total of 5 other companies	100%	Ordinary profit	0.1	0.1	(0.0)
		Profit	0.1	0.1	(0.0)
Total		Ordinary profit	2.3	2.3	0.0
		Profit	1.6	1.5	(0.0)

【Equity method subsidiaries】

		2022/3 1Q	2023/3 1Q	YoY
Total of 6 companies	Profit according to equity method	0.0	0.0	(0.0)
	Dividends to parent company(-)	4.2	4.4	0.1
	Difference between consolidated and non-consolidated ※	(2.6)	(2.8)	(0.2)

※After adjustment for unrealized gains, etc.

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Please see page two. Please refer to the table on the left for a summary of the consolidated results. The table on the right shows the results of subsidiaries.

While Chibagin Securities reported YoY decreases in profits due to lower trading income, Chibagin Guarantee reported increases due to lower credit costs. The total amount of profits at subsidiaries remained almost unchanged. Due to the increase in dividends paid to the parent company, the difference between the consolidated and non-consolidated results worsened by JPY0.2 billion.

Net Interest Income

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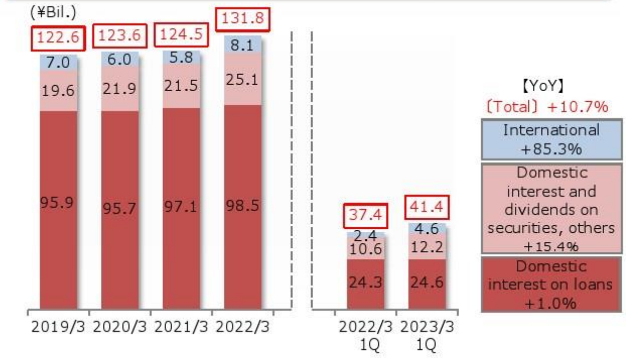
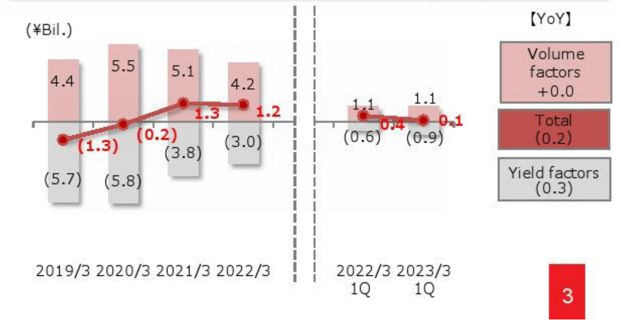
(¥Bil.)	2022/3 1Q	2023/3 1Q	YoY
Net interest income	37.4	41.4	4.0
Domestic	34.9	36.8	1.8
Interest on Loans	24.3	24.6	0.2
Loans and bills discounted	24.5	24.6	0.1
Deposit (incl. NCD)	0.1	0.0	(0.0)
Interest and dividends on securities	10.3	11.3	0.9
Bonds	0.6	0.6	0.0
Stock dividends	6.9	7.8	0.8
Investment funds	(0.0)	0.0	0.0
investment trusts	2.7	2.8	0.0
Gains (losses) on cancellation	1.1	1.3	0.1
Others (Market opertation, etc.)	0.2	0.9	0.6
International	2.4	4.6	2.1
Loans and bills discounted	1.0	1.7	0.7
Foreign Securities	3.5	6.2	2.6
Foreign Securities	2.1	2.9	0.8
Foreign currency funds	0.9	1.8	0.8
Investment trusts	0.5	1.4	0.9
Gains (losses) on cancellation	0.4	1.4	0.9
Others (Funding and market operation, etc.)	(2.0)	(3.3)	(1.2)
Net interest income (Excluding gains (losses) on cancellation of investment trusts)	35.8	38.7	2.8
Gains (losses) on cancellation of investment trusts	1.6	2.7	1.1

Net interest income



Factors behind Changes in Domestic loan interest (YoY)



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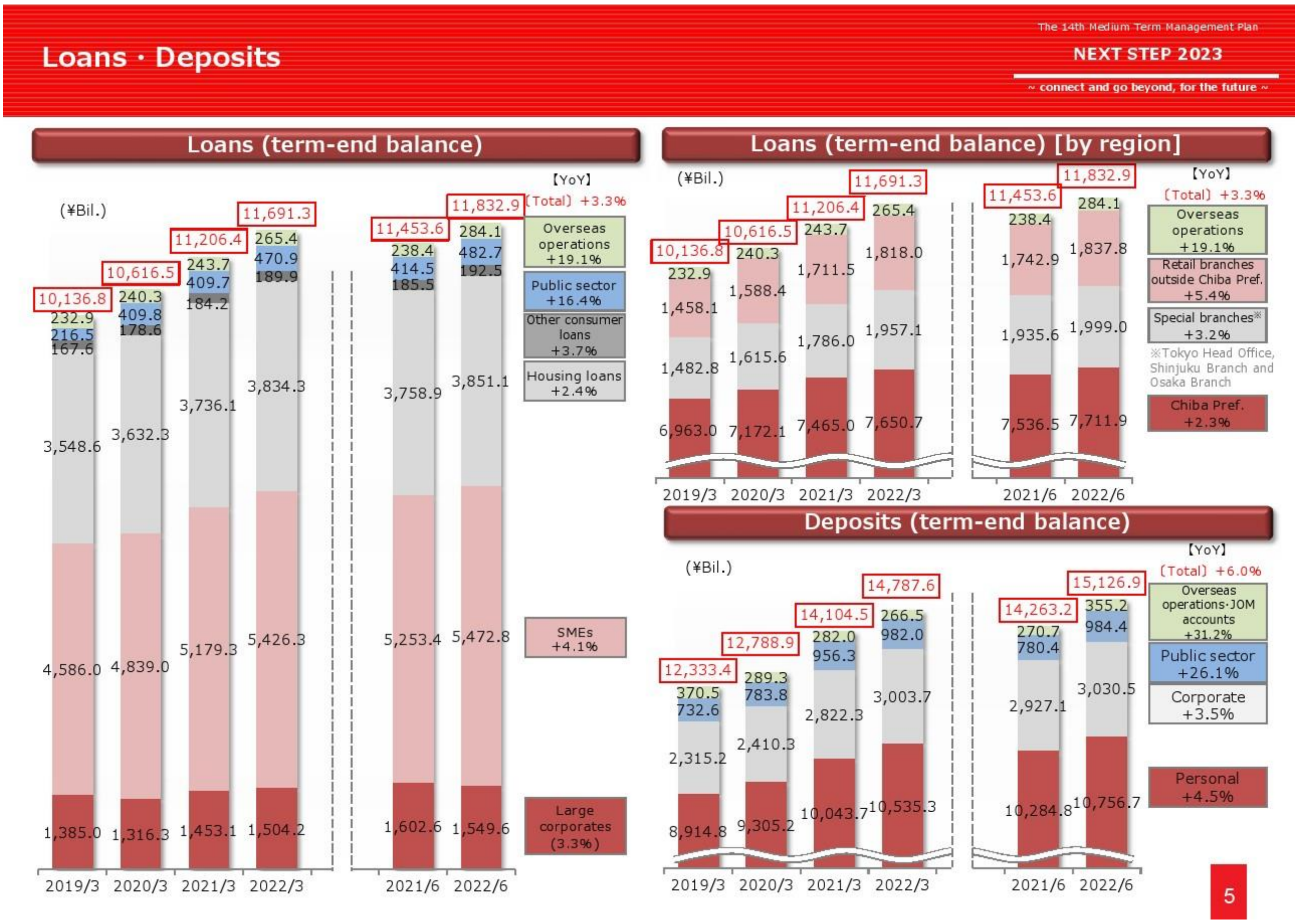
Net interest income in the domestic segment was strong, with stock dividends showing a YoY increase of JPY0.8 billion. Overall domestic net interest income increased by JPY1.8 billion, partly due to an increase in interest on loans and the Bank of Japan's special interest rate.

Net interest income in the international business increased by JPY2.1 billion due to higher interest on loans and bills discounted and that on securities resulting from higher interest rates, as well as favorable dividends from foreign currency funds.

As a result, overall net interest income increased by JPY4.0 billion, reaching a record high for Q1 for the first time in 13 years since the fiscal year ended March 2010.



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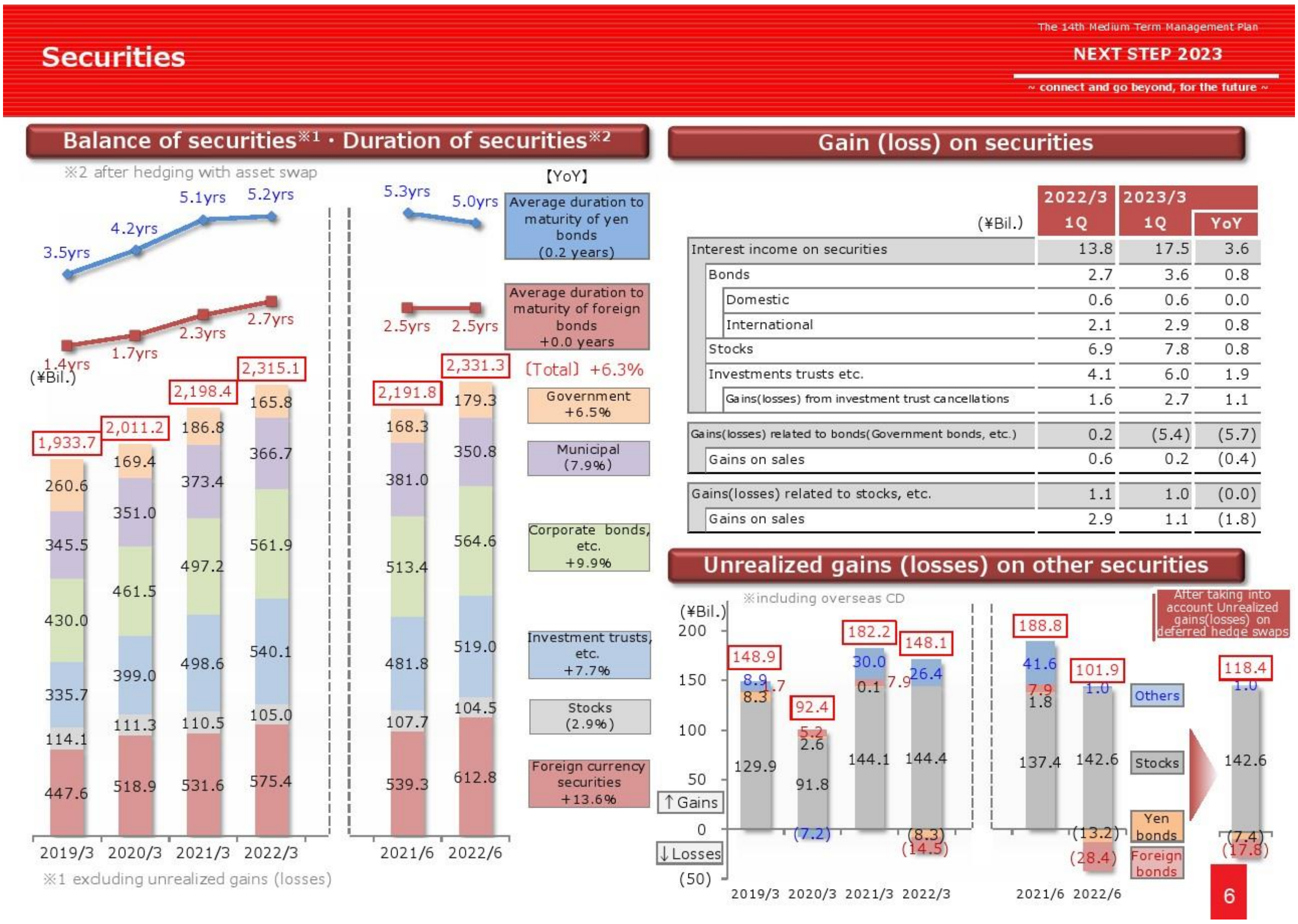
Loans increased overall by 3.3% YoY, with growth mainly in loans to small and medium-sized enterprises and mortgage loans.

Deposits also grew steadily by 6% YoY.



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In securities, we proceeded to sell foreign bonds and investment trusts, but the overall balance of securities remained almost unchanged from the end of March due to an increase in the yen-equivalent balance of foreign bonds resulting from the Japanese yen's depreciation.

Net unrealized gains on other securities deteriorated by JPY46.1 billion from the end of March due to the impact of rising overseas interest rates. However, some yen bonds and foreign bonds were hedged by interest rate swaps, and after taking into account unrealized gains (losses) on deferred hedge swaps, the amount improved by JPY16.4 billion from the nominal figure.

In addition, the decline in overseas interest rates since July has led to an overall improvement of about JPY30 billion in unrealized gains (losses) on other securities, both on a nominal and hedged basis.

I will explain the status of foreign bonds in detail later.

Net Fees and Commissions Income

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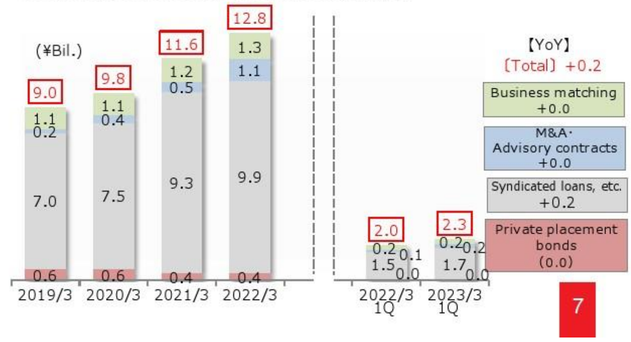
(¥Bil.)	2022/3 1Q	2023/3 1Q	YoY
Net fees and commissions income	6.7	6.1	(0.6)
Net fees and commissions revenue	10.4	10.2	(0.1)
Net fees and commissions payments (-)	3.6	4.1	0.5
<Main breakdown>			
Investment trusts and personal annuities	1.9	1.5	(0.4)
Investment trusts	1.0	0.6	(0.3)
Annuities and whole life insurance	0.2	0.3	0.0
Level paying life insurance	0.3	0.2	(0.1)
Financial instrument intermediary	0.1	0.1	(0.0)
Corporate solutions	2.0	2.3	0.2
Private placement bonds	0.0	0.0	(0.0)
Syndicated loans	1.5	1.7	0.2
M&A and advisory contracts	0.1	0.2	0.0
Business matching	0.2	0.2	0.0
Trust business and inheritance-related services	0.2	0.2	0.0
Cashless payment and card business	0.2	0.3	0.1
Payment and settlement transactions	3.2	3.1	(0.1)
Guarantee charges and group insurance costs (-)	1.8	2.3	0.5

※ Trust business and inheritance-related services include trust fees from full year results for FY2022/3 (retroactively changed).

Net fees and commissions income

Fees and commissions income of corporate solutions

※ Corporate Portal revenue is not included in net fees and commissions income from from full year results for FY2022/3 (retroactively changed).



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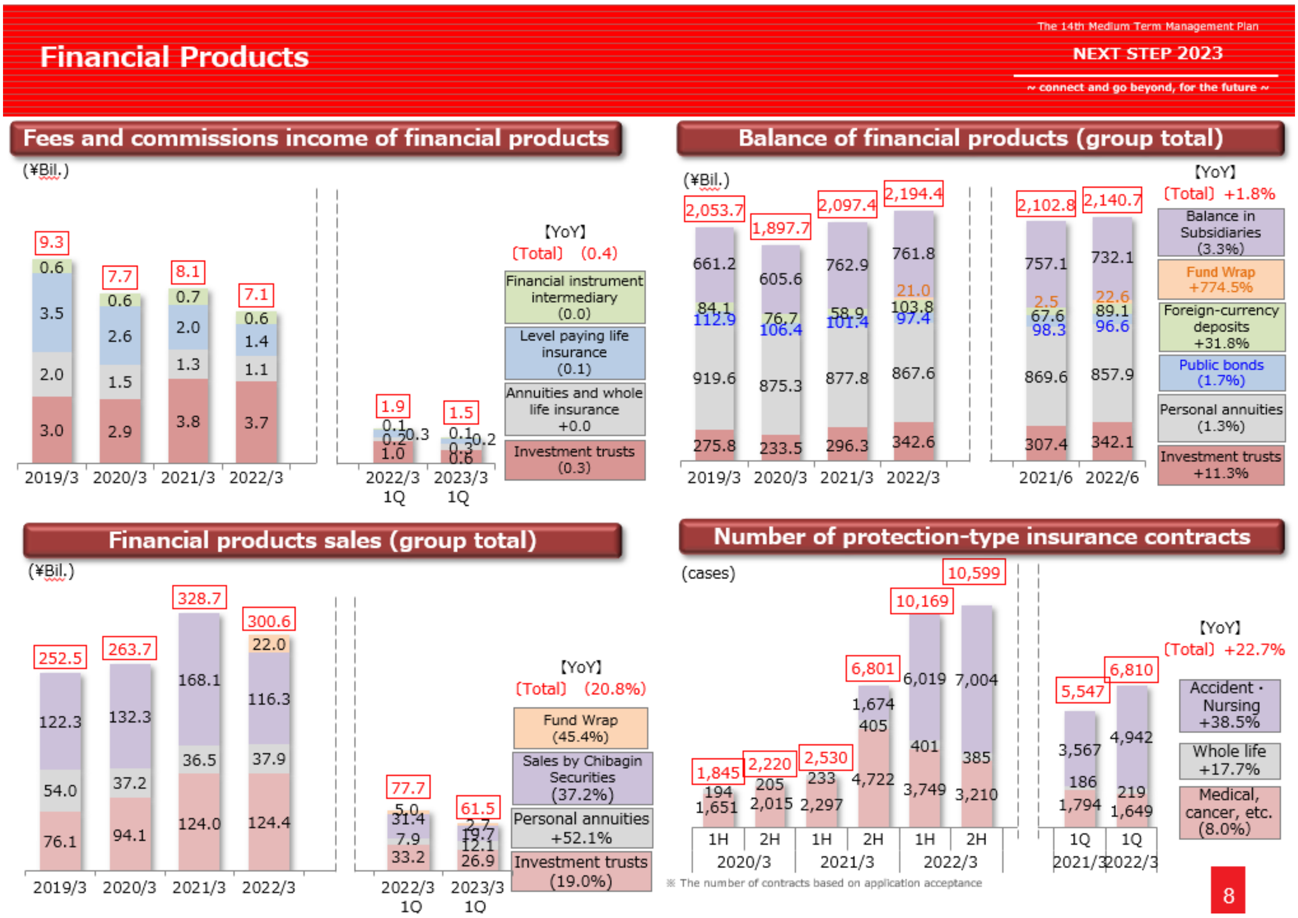
Although net fees and commissions income decreased by JPY0.6 billion YoY, it remained strong, marking the second highest level on record following the previous year's record high.

While income from the corporate solutions business, which saw strong sales of syndicated loans and others, increased by JPY0.2 billion, financial product sales, which were in the transition phase of a policy shift to a focus on steady revenue, decreased by JPY0.4 billion. An increase in insurance premiums on mortgages and a decrease in dividends also contributed to pulling down the overall fees and commissions income.



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Fees and commissions income of financial products decreased by JPY0.4 billion. In addition to the transition phase of the policy shift to focus on steady revenue, sales of investment trusts decreased amid the weakening stock market trend.

The balance of financial products remained at a high level of over JPY2.1 trillion, although it was slightly lower than at the end of March.

Cashless Business

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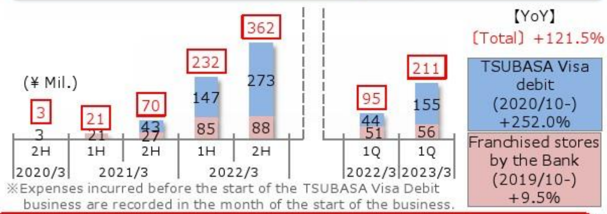
Cashless business income and expenditure

(¥Mil.)		2022/3 1Q	2023/3 1Q	YoY
Total of new and existing business by the Bank	Profit	252	384	132
	Revenue	706	1,026	320
	Expenses(-)	454	642	188
Total of **new** business by the Bank	Profit	95	211	116
	Revenue	193	496	302
	Expenses(-)	97	284	186
Franchised stores by the Bank	Profit	51	56	4
	Revenue	134	309	174
	Expenses(-)	83	252	169
TSUBASA Visa debit	Profit	44	155	111
	Revenue	58	186	128
	Expenses(-)	14	31	16
Existing business by the Bank	Profit	156	172	15
	Revenue	512	530	17
	Expenses(-)	356	358	1
Subsidiaries (Chibagin JCB Card, Chibagin DC Card)	Profit	228	277	49
	Revenue	1,150	1,250	99
	Expenses(-)	922	972	50
(reference)				
Total of group	Profit	480	662	181
	Revenue	1,857	2,277	419
	Expenses(-)	1,376	1,615	238

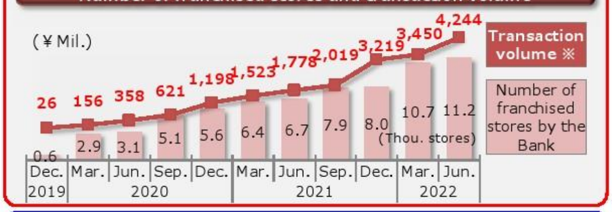
※Expenses of subsidiaries include personnel expenses and other operating expenses.

New business profit



※Expenses incurred before the start of the TSUBASA Visa Debit business are recorded in the month of the start of the business.

"Franchised stores by the Bank business" Number of franchised stores and transaction volume



"TSUBASA Visa debit" Number of cardholders and transaction volume

※Transaction volume : settlement amount for one month in the relevant month

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Please see page nine.

As for the cashless business, both the numbers of franchised stores and members have been steadily increasing, and the transaction volume has also been expanding.

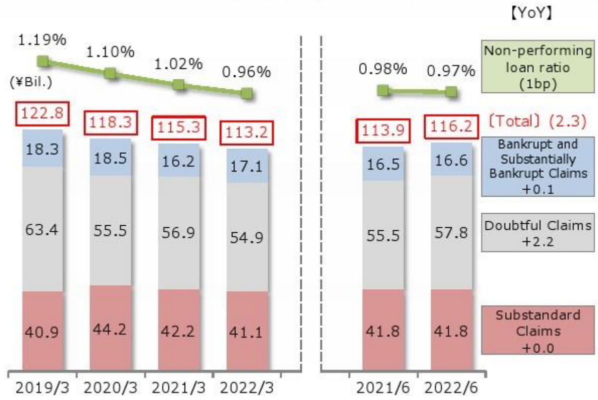
Profit increased by approximately JPY130 million yen on a non-consolidated basis and JPY180 million on a consolidated basis, and this business is expected to drive the Bank's fees and commissions income in the future.

Credit Costs · Disclosed Claims

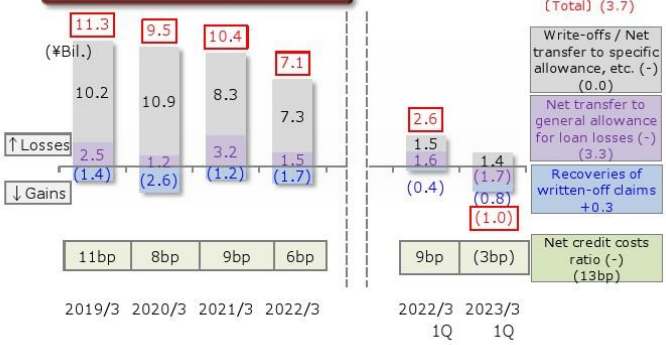
Net credit costs

(¥Bil.)	2022/3 1Q	2023/3 1Q	YoY
Net credit costs (-)	2.6	△ 1.0	(3.7)
Net transfer to general allowance for loan losses (-)	1.6	△ 1.7	(3.3)
Disposal of non-performing loans (-)	1.0	0.6	(0.4)
Write-offs / Net transfer to specific allowance, etc. (-)	1.5	1.4	(0.0)
New downgrades (-)	1.2	1.8	0.5
Existing non-performing loans (-)	0.4	0.1	(0.3)
Collections etc.	0.1	0.4	0.2
Recoveries of written-off claims	0.4	0.8	0.3
Net credit costs ratio (-)	9bp	(3bp)	(13bp)

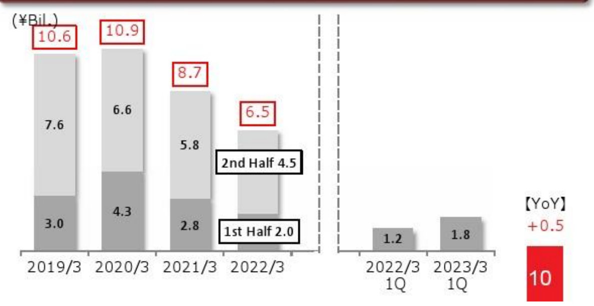
Disclosed claims under the Financial Reconstruction Law · Non-performing loan ratio



Net credit costs(−) transition



New downgrades



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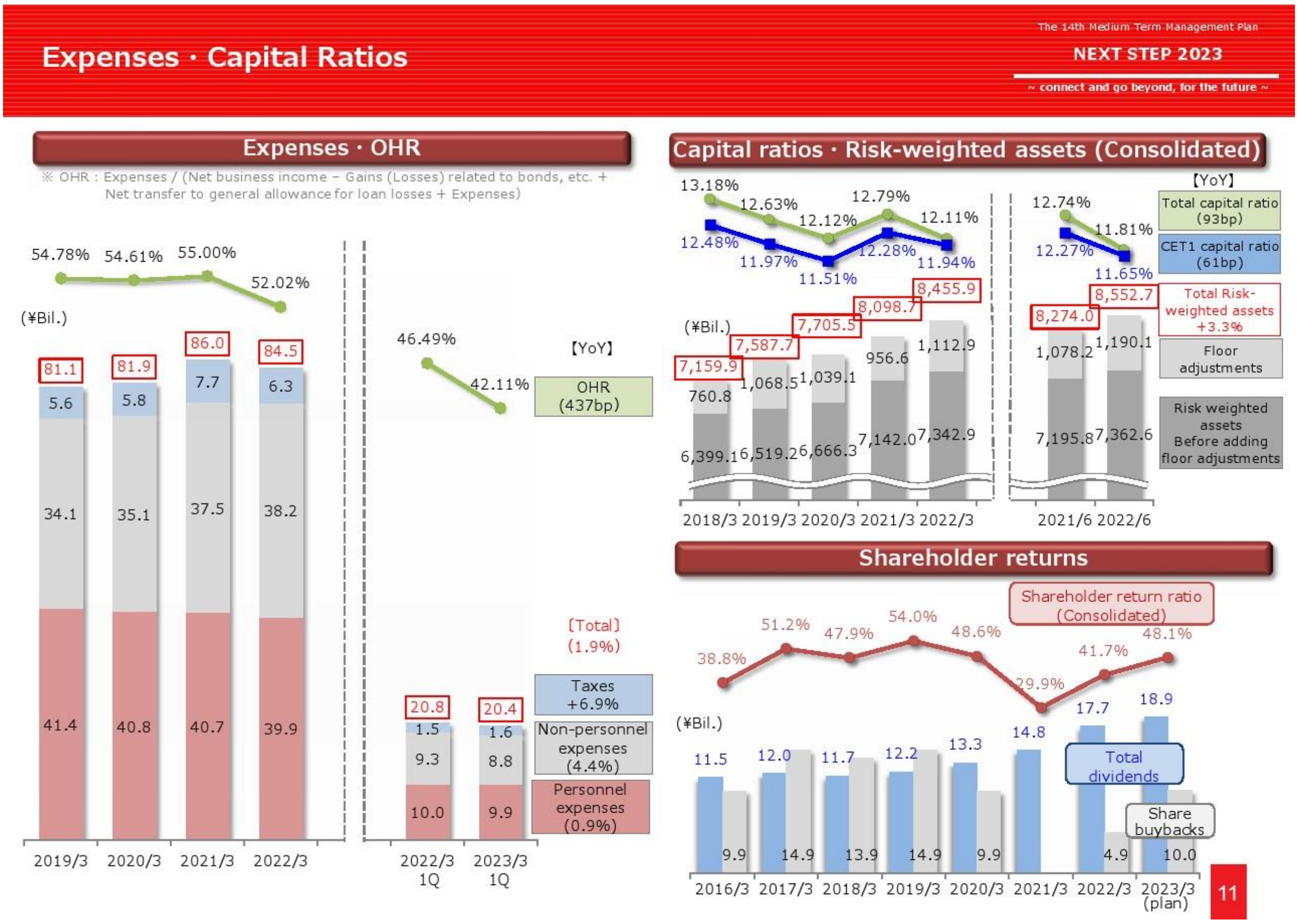
Credit costs decreased by JPY3.7 billion YoY to a reversal of JPY1.0 billion. The general allowance for loan losses resulted in a reversal of JPY1.7 billion due to a decrease in the cumulative default rate and other factors, and we were able to curb new downgrades to JPY1.8 billion against the planned JPY10.0 billion for the year.

The NPL ratio was 0.97%, maintaining the top level of soundness among regional banks.



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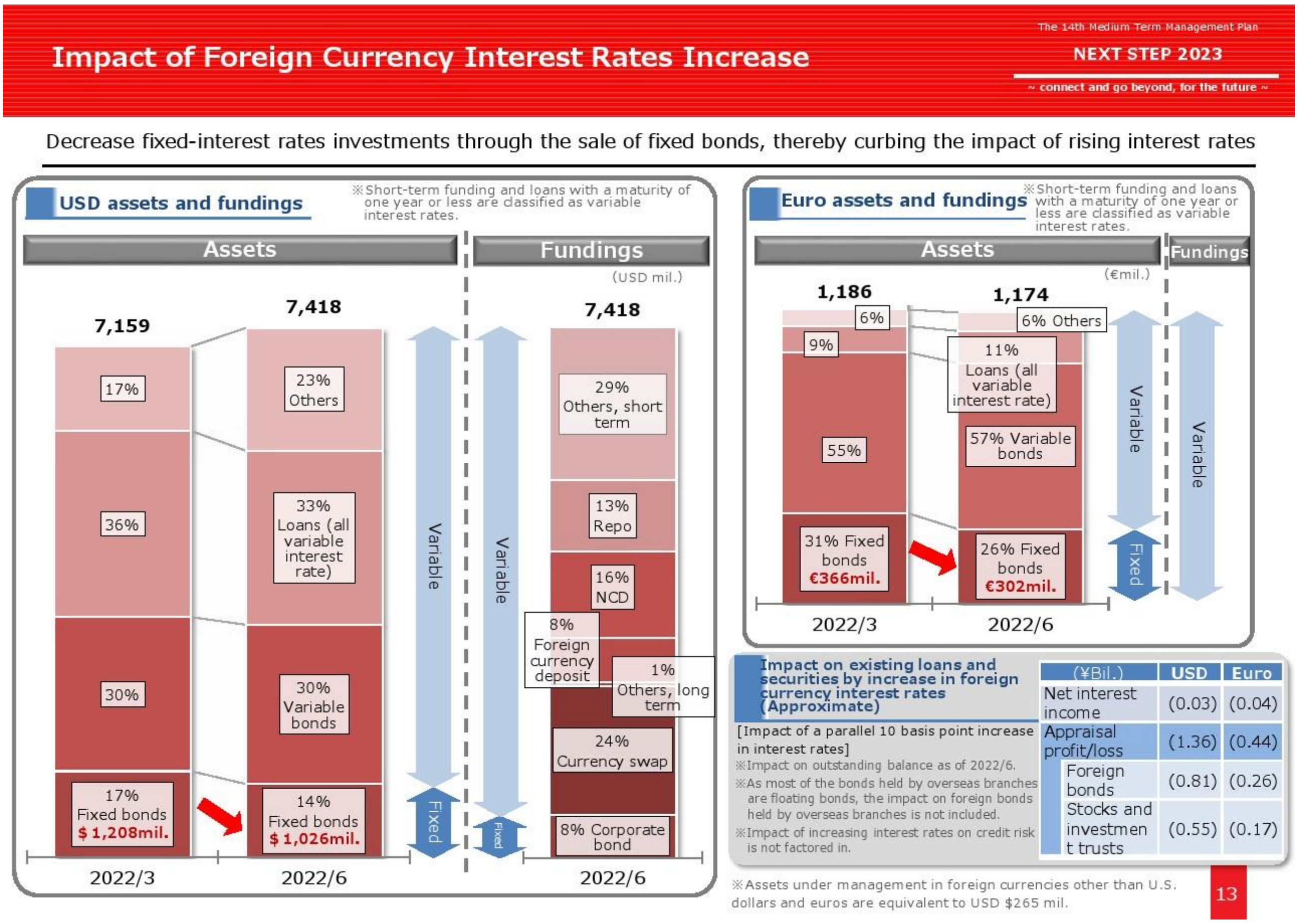
Expenses decreased by JPY0.3 billion due to a decrease in non-personnel expenses resulting from a reduction in the deposit insurance premium rate, while the top line after deducting net gains (losses) on bond transactions expanded steadily, resulting in a significant decline in the OHR.

Although the capital adequacy ratio declined due to a decrease in unrealized gains on securities, the CET1 ratio maintained a satisfactory level at 11.65%.

In light of the favorable performance, the Bank has decided to repurchase JPY10 billion of its own shares in conjunction with the announcement of the financial results. As a result of this, the consolidated shareholder return ratio is expected to increase to around 48%. We will continue to return profits to shareholders while maintaining the soundness necessary to provide a stable supply of funds to the region and balancing the use of capital for further growth.



From here, we will discuss some recent topics.

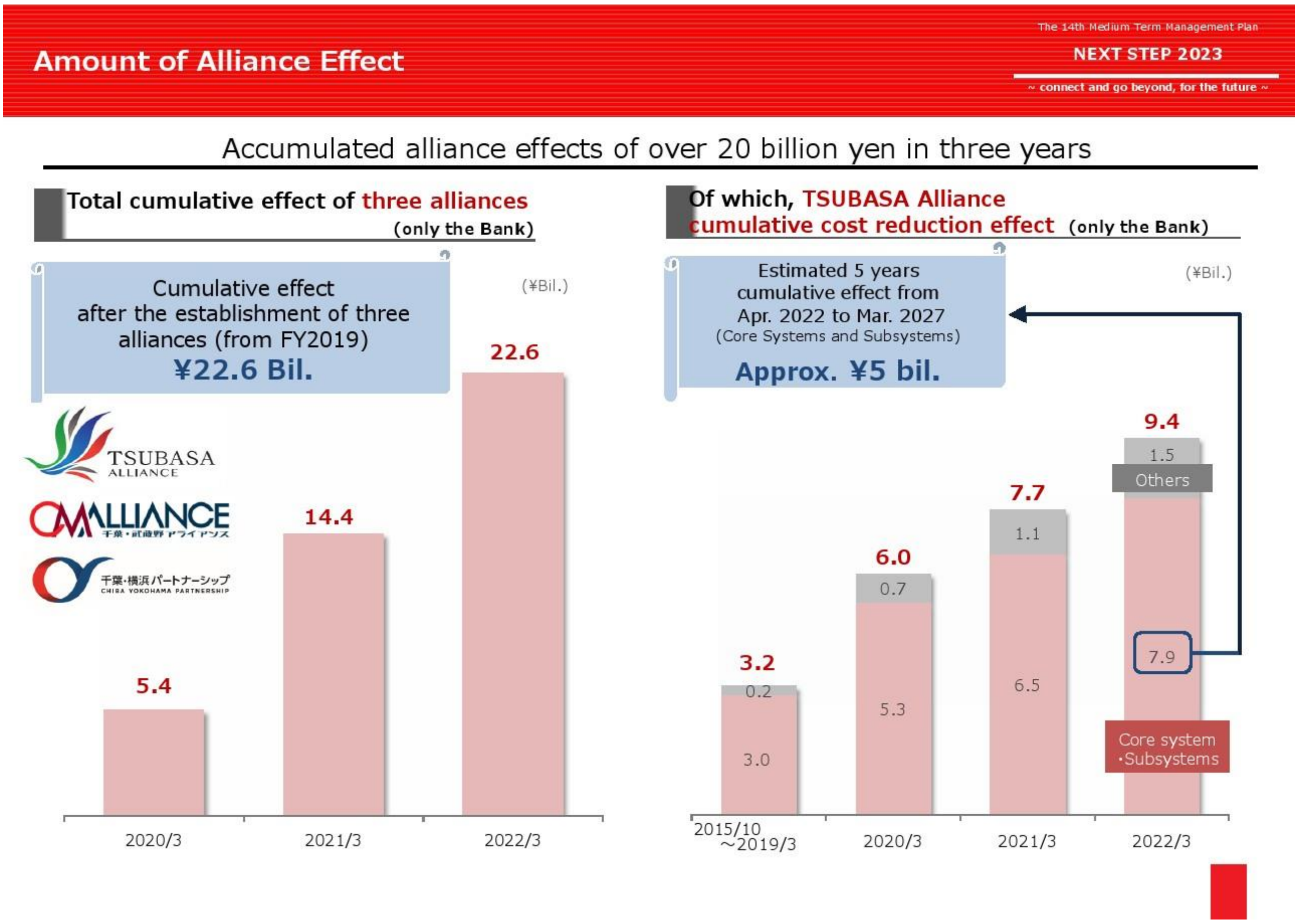
Please see page 13. The following is an update to the material released at the financial results meeting in May regarding the impact of rising interest rates on foreign currencies.

The Bank has an investment policy that limits interest rate risk in foreign currencies, and as of the end of March, fixed-income securities accounted for only 17% of total US dollar investments.

We proceeded to sell mainly US dollar bonds in Q1. Although we restored some balances during the rising interest rate phase, their share of the total has declined to about 14%.

The same is true for euro assets. As a result, as shown in the lower right-hand corner, the negative impact of a 10-basis point increase in interest rates on net interest income was contained to JPY30 million for the US dollar assets and JPY40 million for the euro assets. The impact on appraisal profits/losses also diminished compared to the end of March.

We will continue to improve our portfolio by replacing bond holdings.



Next, I will discuss our partnership strategy. Please see page 14. This part was disclosed at the small meeting for the buy side held in July.

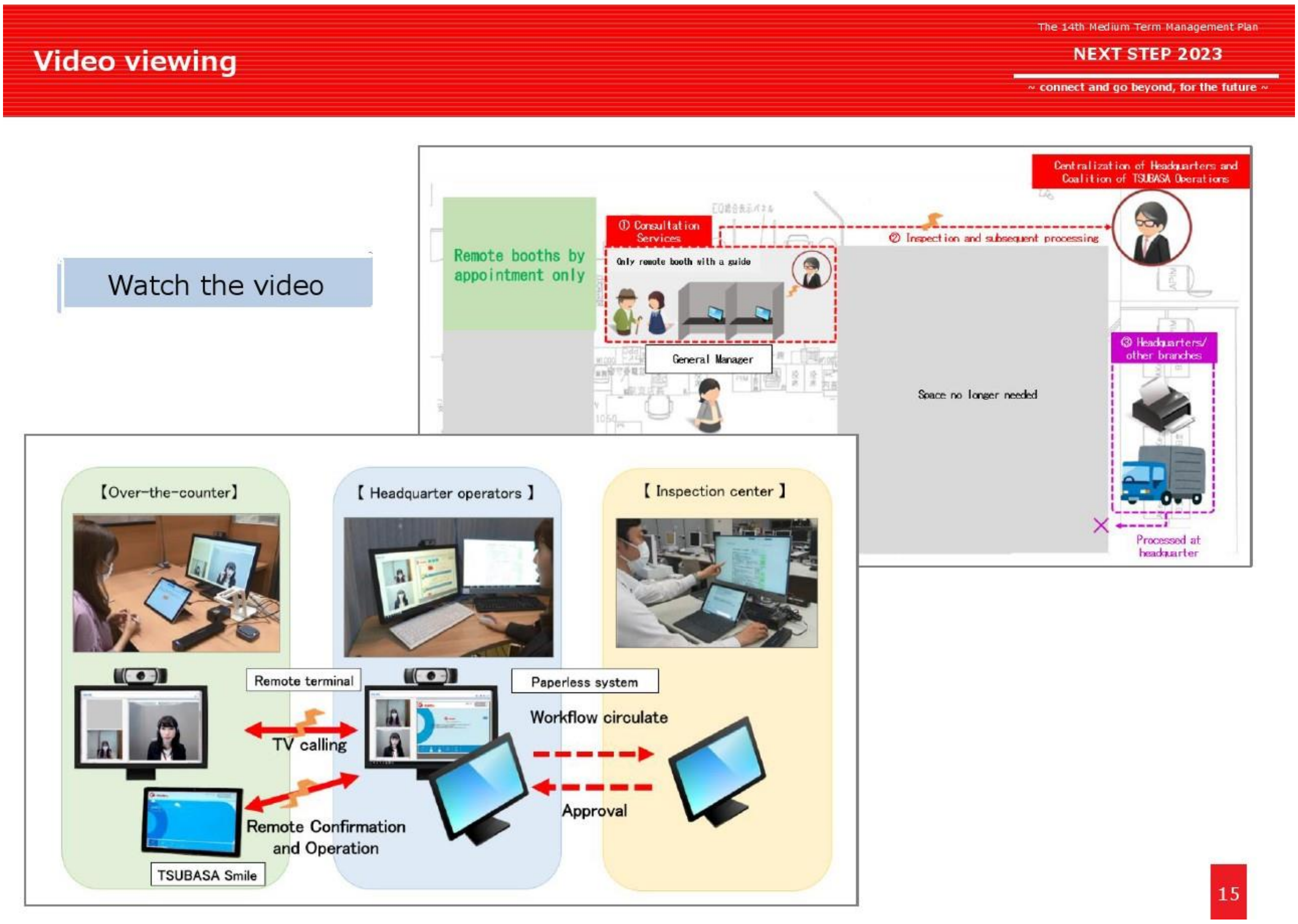
In past disclosures, we have disclosed the total effects of benefits gained from the tie-ups with the two banks in the Chiba-Musashino Alliance and the Chiba-Yokohama Partnership, respectively.

On the other hand, we had not disclosed the amount of benefits of the TSUBASA alliance. But at the small meeting in July, for the first time, we disclosed the amount of benefits of the three alliances combined on the performance of our bank. The cumulative effect amount of more than JPY20 billion was piled up over the three-year period beginning in FY2019, contributing significantly to the Bank's top line result enhancement and cost reduction.

In addition, the TSUBASA Alliance's cumulative cost savings since its inception in 2015 have amounted to JPY9.4 billion, which have led to the Bank's low expense ratio.

The amount of benefits from the joint implementation of the core system and subsystems, which accounted for most of the cost reduction effect, is expected to total approximately JPY5 billion further over the next five years, and is expected to continue to contribute to the improvement of the Bank's bottom line.

Here you will watch a three-minute video that introduces TSUBASA Smile, our over-the counter tablet terminal, and shares an image of the administrative structure we are now aiming to achieve. This is a repeated distribution for those who attended the small meeting in July, but please take a look again.



[Video Begins]

Company Representative: The Bank has been using TSUBASA Smile for paperless reception of over-the-counter procedures, and the TSUBASA general-purpose paperless system introduced in June of this year has further expanded the range of operations that can be accepted in a paperless manner, and has enabled the Bank's internal procedures after reception to be completed in a paperless manner because these procedures have evolved into a workflow.

Now that the system is completely paperless, it will be possible for headquarters personnel to accept branch office procedures using remote terminals and TSUBASA Smile, and for relevant officials to conduct remote inspection using the paperless system to complete those procedures at unmanned offices.

Now, let us show you the actual offices, headquarters personnel, and the inspection center.

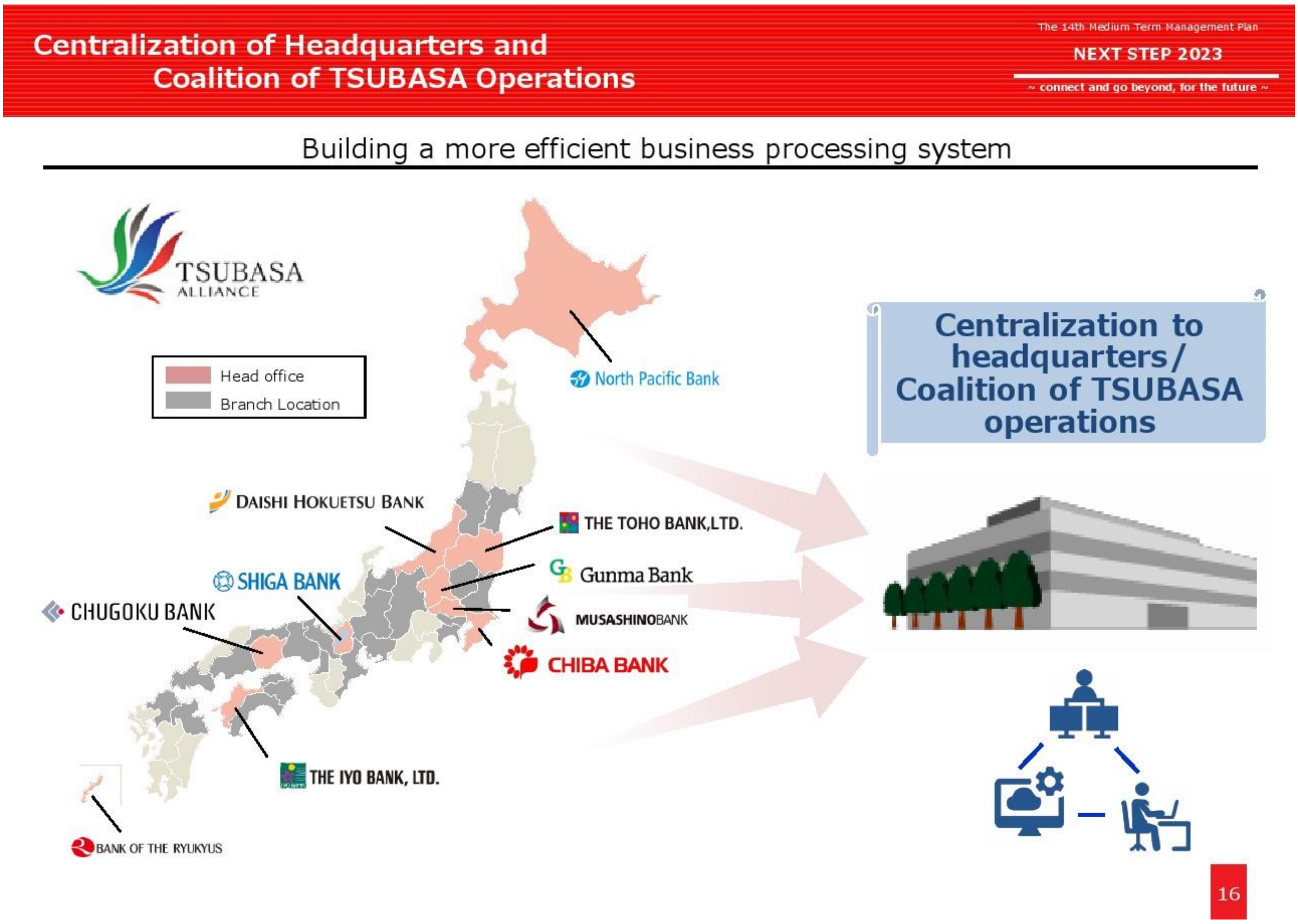
Customers operate the TSUBASA Smile tablet from a remote terminal while listening to the guidance of a headquarters representative. The seal is placed on the seal scanner and the signature is made directly on the tablet, making the process completely paperless and eliminating the need to receive documents from the customer.

The headquarters staff member checks the customer's facial expressions and the operation status of TSUBASA Smile via the remote terminal. In addition, in a situation where Smile operation by the headquarters official is required, he/she operates the tablet remotely. After the accepted content is confirmed by the paperless system, the workflow is circulated to the seal inspection center, and approval requests that were previously made on paper are now made electronically.

The inspection center checks the content circulated from the workflow and performs approval operations on the paperless system. There is no need to assign officials in charge of inspection and sealing at each branch, and a sealing system can be established with a small number of people. We intend to utilize this mechanism to consider new branch development, such as the construction of lightweight branches with a minimal number of bank employees deployed there.

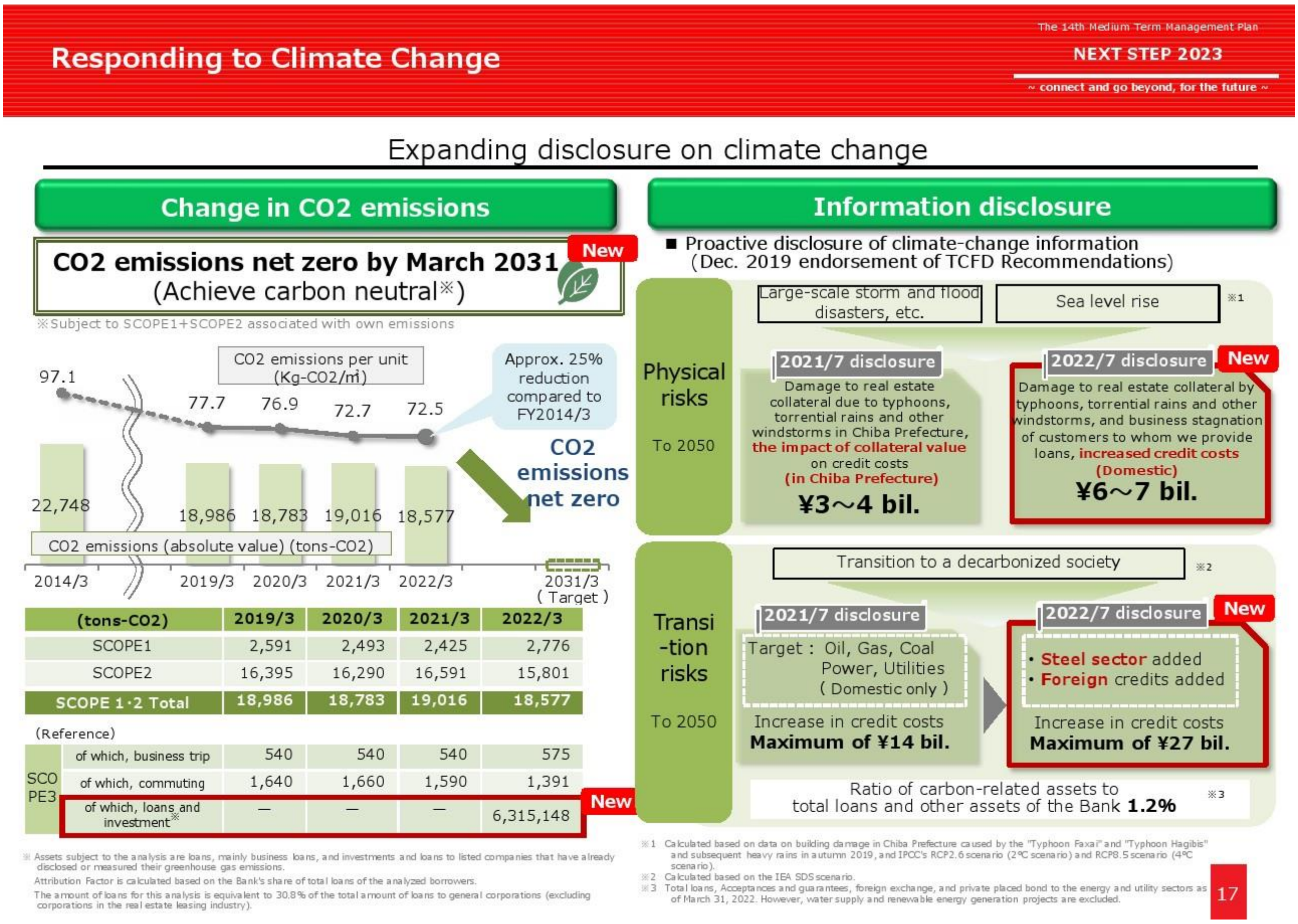
Here is a view of the office center of Daishi Hokuetsu Bank. We are currently outsourcing a series of operations in our Bank's money transfer operations, from registration to withholding and verification, to this center. Also, account transfer registration is under trial. We will consider establishing an even more efficient administrative processing system by extending the current joint operation of the clerical work centralized to the headquarters with Daishi Hokuetsu Bank to the other alliance partner banks.

[Video Ends]



Shinozaki: As you watched, now that a completely paperless system has been achieved, it is now possible for headquarters personnel to accept branch office procedures using remote terminals and TSUBASA Smile, and to implement remote inspection using the paperless system, and we will take on the challenge of completing procedures at unmanned branches.

We are considering measures such as administrative collaboration together with the alliance partner banks, sharing the same vision for the future as you have seen.



Finally, I would like to talk about our response to climate change. Please see page 17.

We published the Integrated Report in July. Please take a look at the report since it was significantly revised since last year's edition as we presented the SDGs not as a single theme, but as the foundation of the whole, and provided a roundtable discussion by outside directors.

Today, I would like to introduce some of the expanded disclosures related to climate change. The red-lined areas are the expanded disclosures.

As noted on the lower left, in SCOPE 3, we partially disclosed emissions based on loans to listed companies and other entities. In the physical risk section on the upper right, we had previously disclosed an impact of JPY3 to JPY4 billion on the value of real estate collateral due to typhoons, torrential rains, and other wind storms, but we have now updated this figure more precisely to JPY6 to JPY7 billion, amid a rise in credit-related expenses due to business stagnation of customers to whom we provide loans, in addition to damage to real estate collateral.

With regard to the transition risk in the lower right corner, the addition of the steel sector to the scope is expected to increase credit costs by JPY27 billion. However, we do not believe that this will have an enormous impact, as it is about half the size of our annual profit.

That's all for my explanation. Thank you for listening.