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# Financial Results for FY2022 ended March 2023



May 23, 2023

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# Summary of Financial Results



# Summary of Financial Results

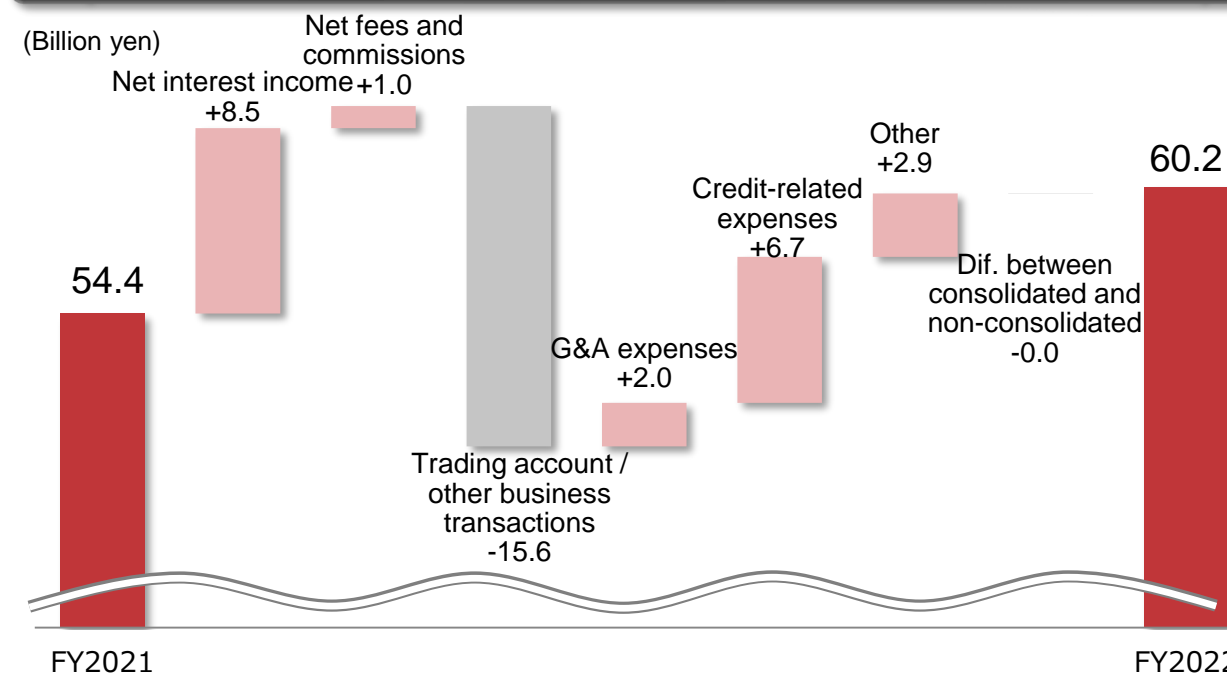
To create a local community better suited to bringing each person's hope to life

<b>Non-consolidated</b>	(Billion yen)	FY2021	FY2022	Change	FY2023 Plan
Gross business profit		161.5	155.5	-5.9	170.3
Net interest income		131.8	140.3	8.5	133.5
Net fees and commissions		27.5	28.6	1.0	31.3
Trading account income		1.1	1.3	0.2	2.2
Net other ordinary income		1.0	-14.8	-15.8	3.2
Bond-related gains/losses		-1.4	-20.0	-18.5	1.5
G&A expenses (-)		84.5	82.5	-2.0	84.8
Business profit (before provisions to general reserves)		76.9	73.0	-3.9	85.5
Core business income		78.3	93.0	14.6	83.9
Excl. gains/losses on the cancelation of investment trusts		75.1	85.3	10.1	81.6
Net provisions to general allowance for loan losses (-)		1.5	-	-1.5	-0.2
Net business income		75.4	73.0	-2.4	85.7
Non-recurring gains/losses		-1.7	8.7	10.5	-2.7
Disposal of non-performing loans (-)		5.6	0.3	-5.2	7.2
Reversal of allowance for loan losses		-	0.9	0.9	-
Gains/losses related to stocks, etc.		2.7	8.3	5.6	5.0
Ordinary profit		73.6	81.7	8.1	83.0
Extraordinary profit/loss		-0.3	-0.3	-0.0	-0.2
Net income		52.3	58.1	5.7	59.0
Credit-related expenses (-)		7.1	0.3	-6.7	7.0

<b>Consolidated</b>	(Billion yen)	FY2021	FY2022	Change	FY2023 Plan
Ordinary profit		78.8	86.9	8.1	88.0
Profit attributable to owners of parent		54.4	60.2	5.7	61.0
(Ref.)					
Consolidated net business income (before provisions to general reserves)		87.0	81.8	-5.1	96.3

- ◆ Net interest income increased by 8.5 billion yen compared to the previous year as the Bank's domestic operations remained strong, while net fees and commissions increased by 1.0 billion yen year-on-year. As a result, gross business profit decreased by only 5.9 billion yen compared to the previous year despite a significant 18.5 billion yen decrease in bond-related gains mainly due to the Bank's rebalancing of its securities portfolio
- ◆ Core business income increased by 14.6 billion yen compared the previous year, the highest full-year result in the 14 years since FY2008, as the Bank's core business operations remained strong
- ◆ Credit-related expenses were significantly restrained and decreased by 6.7 billion yen compared to the previous year, while ordinary profit reached the highest result in the 7 years since FY2015 as a result of 8.3 billion yen in gains related to stocks, etc.
- ◆ Net income reached record high results on both a non-consolidated and consolidated basis of 58.1 billion yen and 60.2 billion yen, respectively, as the Bank achieved its Mid-term Plan target of "profit attributable to owners of parent of 60.0 billion yen"

## Breakdown of Profit Attributable to Owners of Parent (difference between consolidated and non-consolidated results)



# Summary of Financial Results (Consolidated)

To create a local community better suited to bringing each person's hope to life

Consolidated	(Billion yen)	FY2021	FY2022	Change
Net revenue		171.9	164.1	-7.7
Net interest income		128.0	136.5	8.4
Net fees and commissions		38.6	40.4	1.7
Trading account income		4.1	1.9	-2.1
Net other ordinary income		0.9	-14.8	-15.8
G&A expenses (-)		91.1	88.9	-2.1
Credit-related expenses (-)		7.8	0.0	-7.8
Net provisions to general allowance for loan losses (-)		1.6	-	-1.6
Disposal of non-performing loans (-)		6.1	0.0	-6.1
Gains/losses related to stocks, etc.		2.7	9.0	6.2
Gains/losses on equity-method investments		0.3	0.3	-0.0
Other		2.7	2.4	-0.3
Ordinary profit		78.8	86.9	8.1
Extraordinary profit/loss		-0.4	-0.3	0.1
Pre-tax net income		78.3	86.6	8.2
Total income taxes (-)		23.8	26.3	2.5
Net income		54.4	60.2	5.7
Profit attributable to non-controlling interests		-	-	-
Profit attributable to owners of parent		54.4	60.2	5.7
(Ref.)				
Consolidated net business income (before provisions to general reserves)		87.0	81.8	-5.1

## Subsidiaries

[Consolidated subsidiaries]		*Showing profit/loss after reclassification for consolidated financial statements (Billion yen)			
Company name	Investment ratio (including indirect)	Profit items (after deduction of inter-subsidiary dividends)	FY2021	FY2022	Change
Chibagin Securities Co., Ltd.	100%	Ordinary profit	1.0	0.0	-1.0
		Net income	0.7	0.0	-0.6
Chibagin Leasing Co., Ltd.	100%	Ordinary profit	1.1	1.0	-0.1
		Net income	0.7	0.6	-0.0
Chibagin Guarantee Co., Ltd.	100%	Ordinary profit	5.1	6.2	1.1
		Net income	3.3	4.1	0.7
Chibagin JCB Card Co., Ltd.	100%	Ordinary profit	1.0	1.2	0.1
		Net income	0.6	0.8	0.1
Total of 5 other companies	100%	Ordinary profit	0.7	0.7	0.0
		Net income	0.4	0.5	0.0
Total		Ordinary profit	9.0	9.3	0.2
		Net income	6.0	6.2	0.1

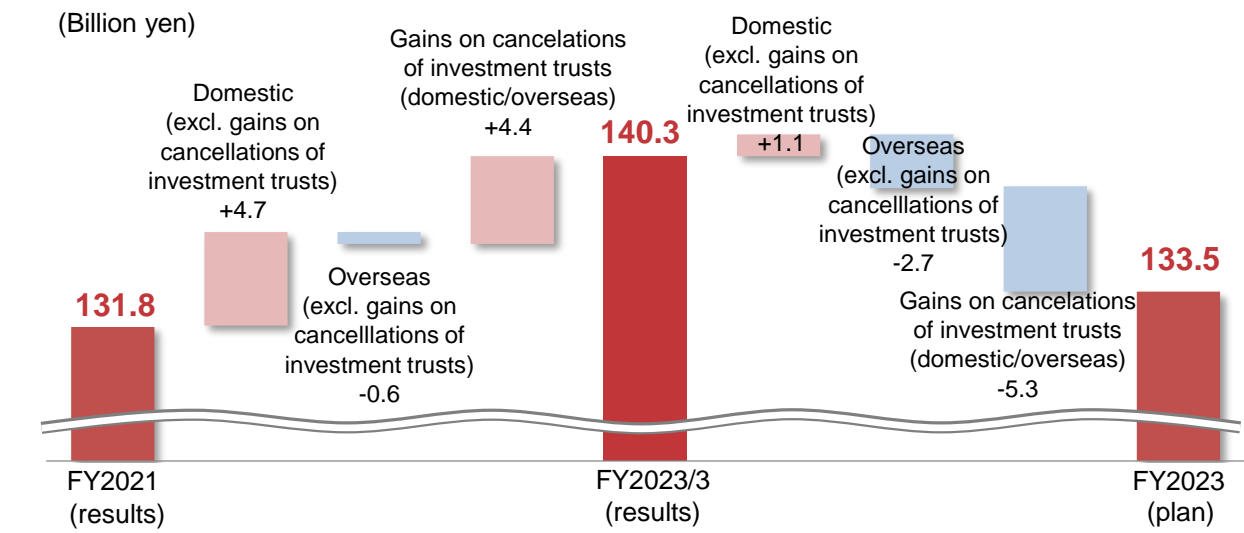
[Equity method subsidiaries]					
Total of 6 companies		Net income according to equity method	0.3	0.3	-0.0

Dividends to parent company (-)	4.2	4.4	0.1
Dif. between consolidated and non-consolidated*	2.1	2.1	-0.0

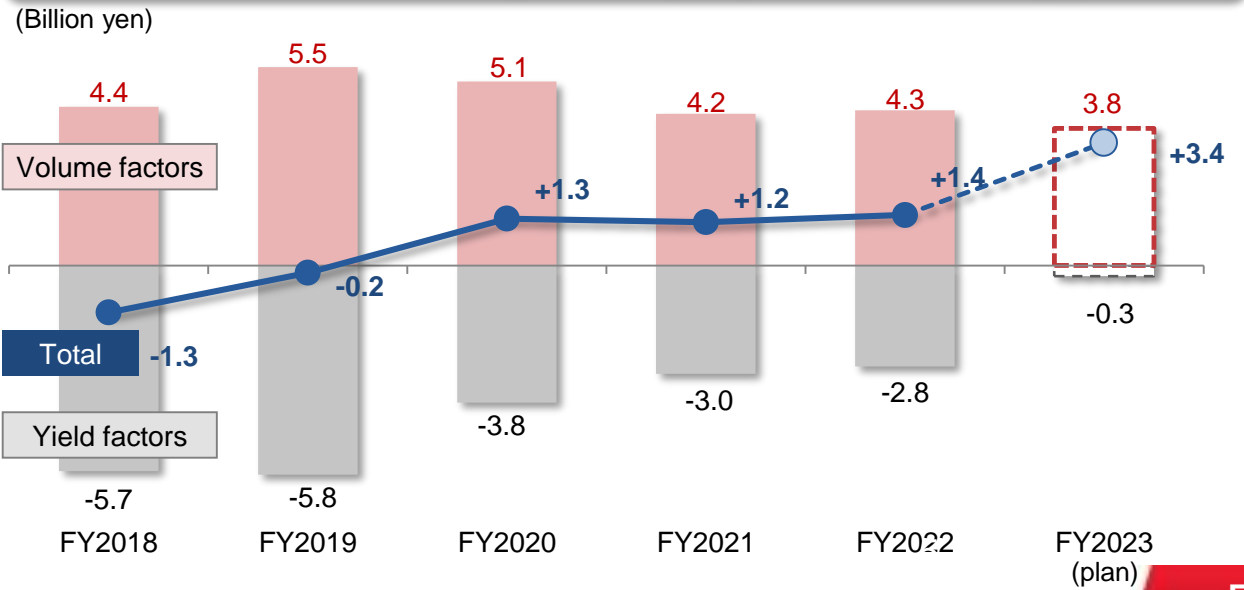
\*After adjusting for unrealized gains, etc.

(Billion yen)	FY2021	FY2022	Change	FY2023 (plan)	Change
	Net interest income	131.8	140.3	8.5	133.5
Domestic	123.6	131.5	7.8	128.5	-2.9
Interest on loans and deposits	98.5	100.2	1.7	103.7	3.4
Loans and bills discounted	99.0	100.5	1.4		
Deposits incl. NCDs (-)	0.5	0.2	-0.2		
Interest and dividends on securities	22.0	28.7	6.6	21.4	-7.2
Bonds	2.5	4.4	1.8		
Stock dividends	9.7	11.3	1.6		
Investment funds	0.6	1.0	0.4		
Investment trusts	9.1	11.8	2.6		
Gains on cancellations	2.7	5.8	3.0	1.7	-4.1
Other (market operations, etc.)	3.0	2.5	-0.5		
Overseas	8.1	8.8	0.7	4.9	-3.9
Loans and bills discounted	4.3	13.5	9.2		
Foreign securities	12.4	19.1	6.7		
Foreign securities	8.9	14.8	5.8		
Foreign currency funds	2.8	2.1	-0.6		
Investment trusts	0.6	2.2	1.5		
Gains on cancelations	0.4	1.7	1.3	0.6	-1.1
Other (funding, market operations, etc.)	-8.6	-23.8	-15.2		
Net interest income (excluding gains on the cancellation of investment trusts)	128.6	132.6	4.0	131.1	-1.5
Gains on the cancellation of investment trusts	3.2	7.6	4.4	2.3	-5.3

## Breakdown of change in net interest income

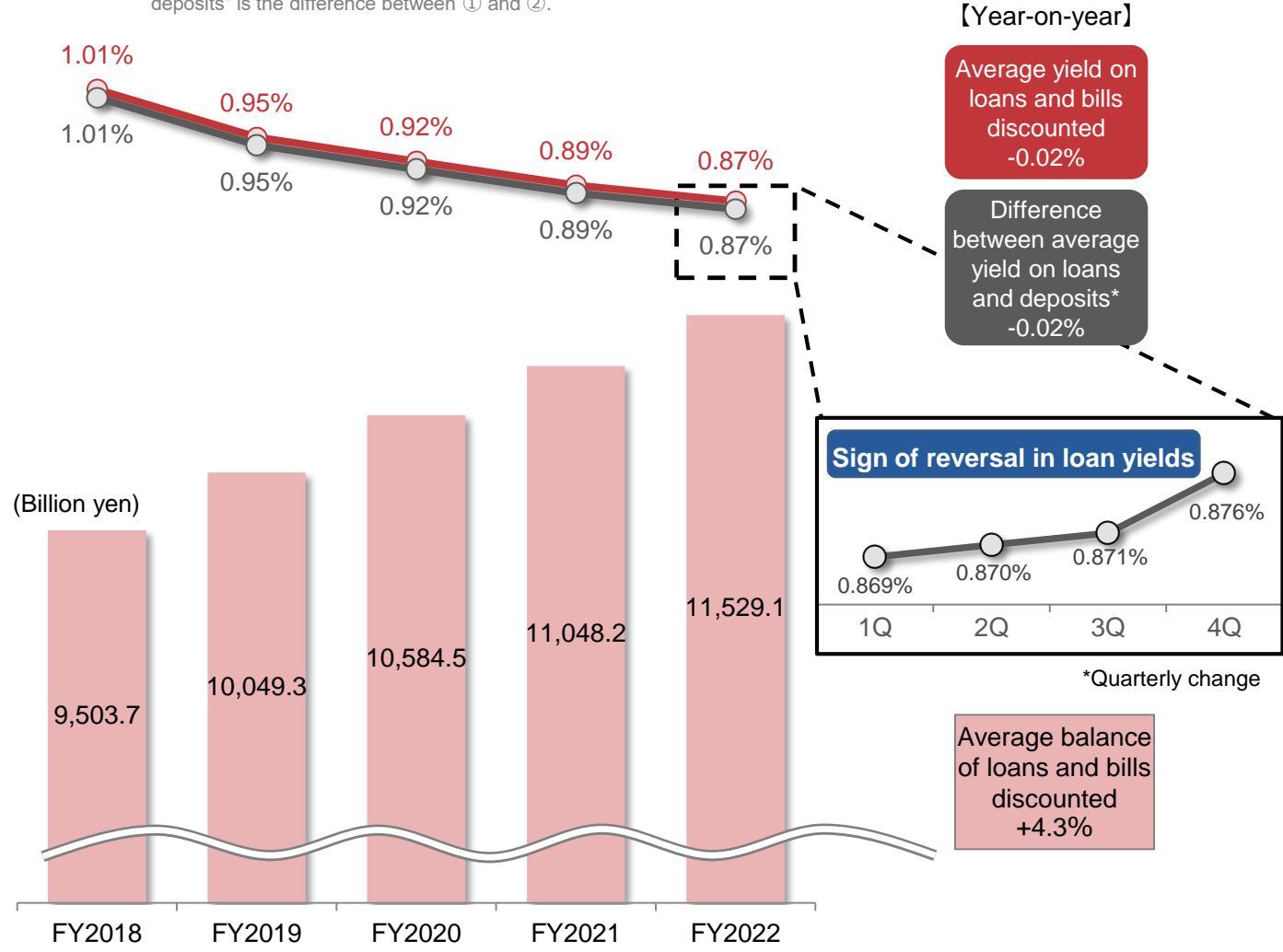


## Factors behind change in domestic interest on loans (year-on-year)

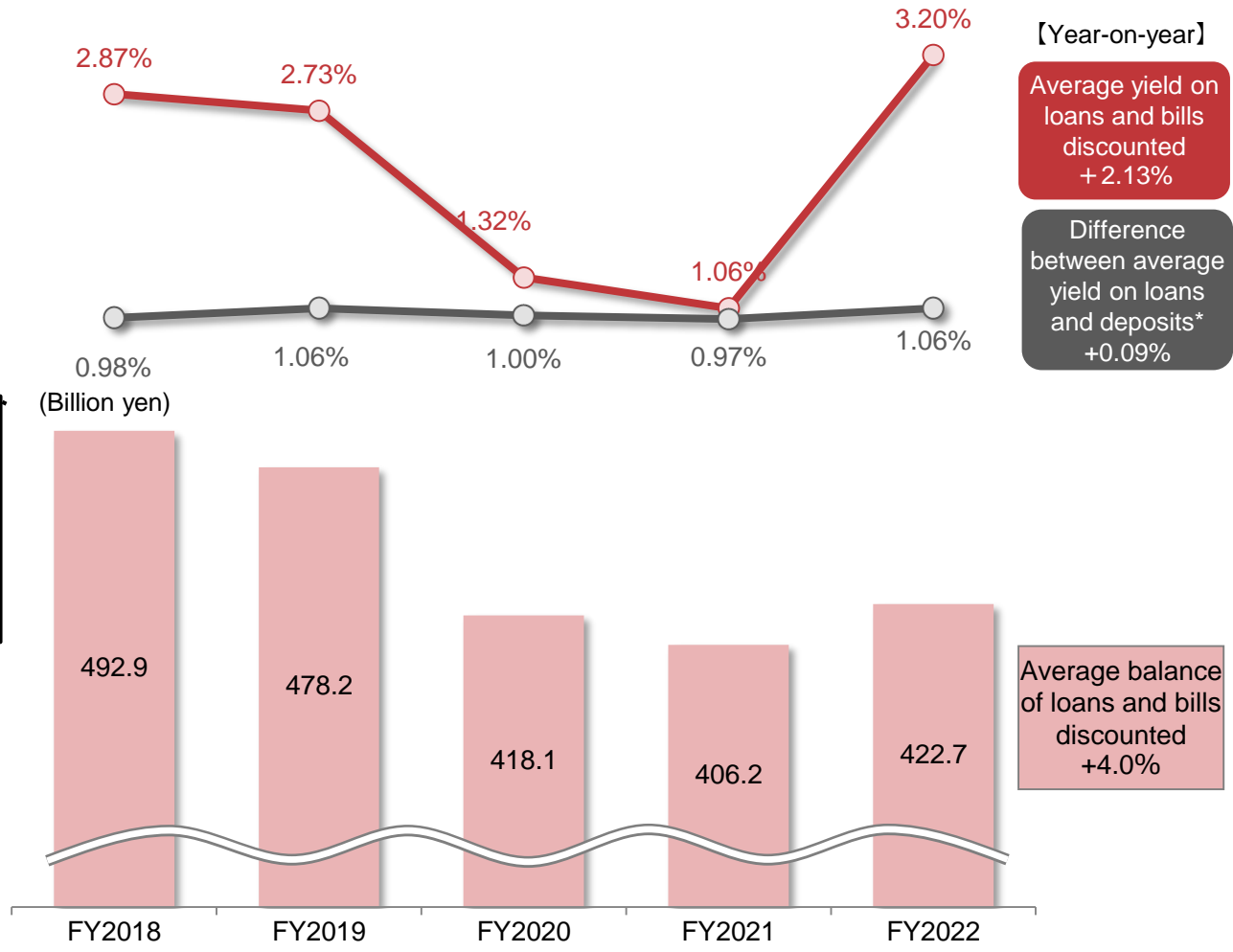


## Domestic Operations Average balance / yield of loans and bills discounted

\* ① "Yield on loans and bills discounted" and ② "Yield on deposits" (which includes NCDs) are rounded down to the second decimal place. "Difference between average yield on loans and deposits" is the difference between ① and ②.



## Overseas Operations Average balance / yield of loans and bills discounted



### Excluding Ministry of Finance loans

Avg. balance	-	9,891.9	10,391.5	10,844.0	11,276.1
Yield	-	0.97%	0.94%	0.91%	0.89%

## Balance of loans at year-end

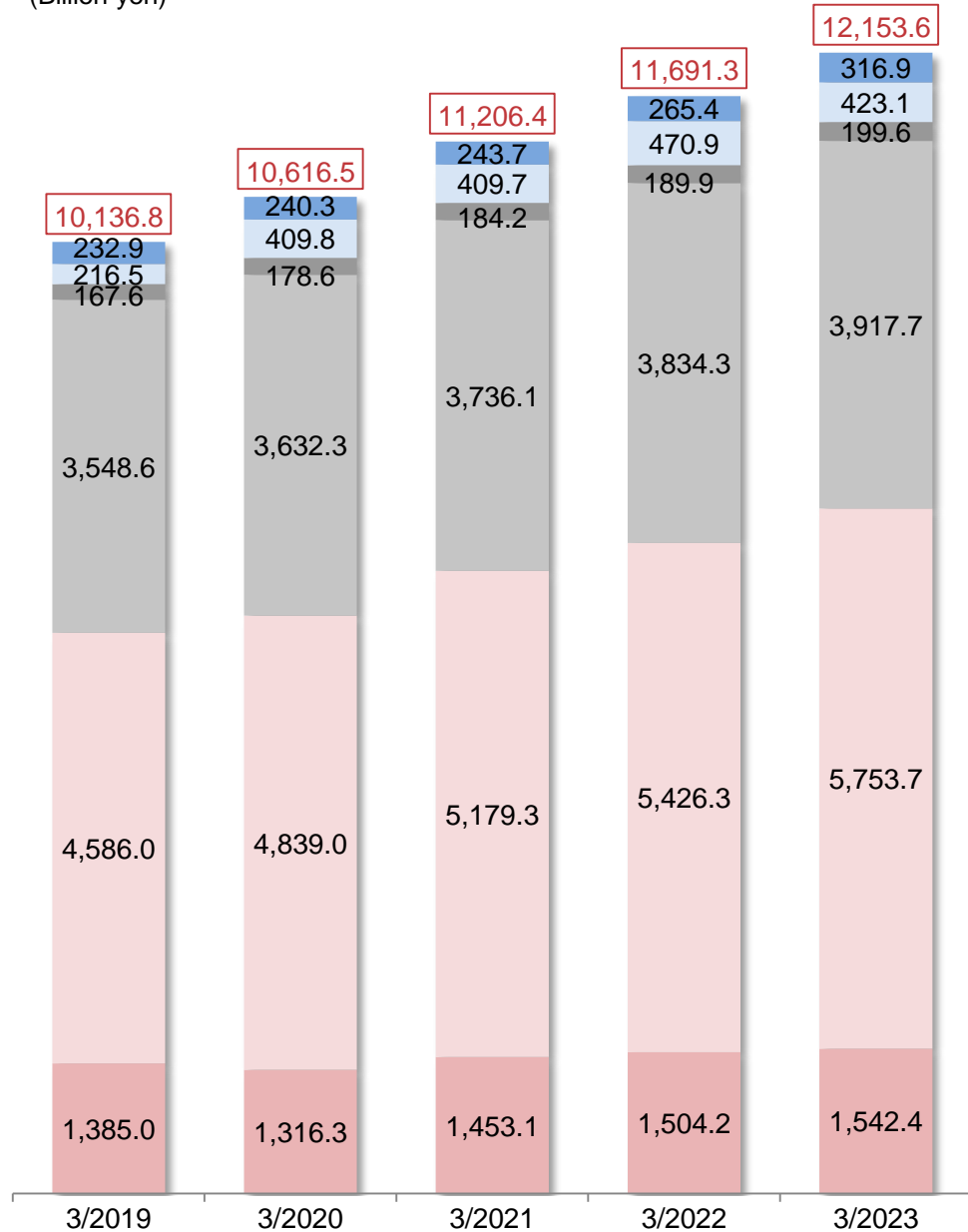
(Billion yen)

【As compared to March 31, 2022】  
〔Total〕 +3.9%

Overseas operations	+19.4%
Public bonds	-10.1%
Other consumer loans	+5.0%
Residential loans	+2.1%

SMEs	+6.0%
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Large/mid-sized corporations	+2.5%
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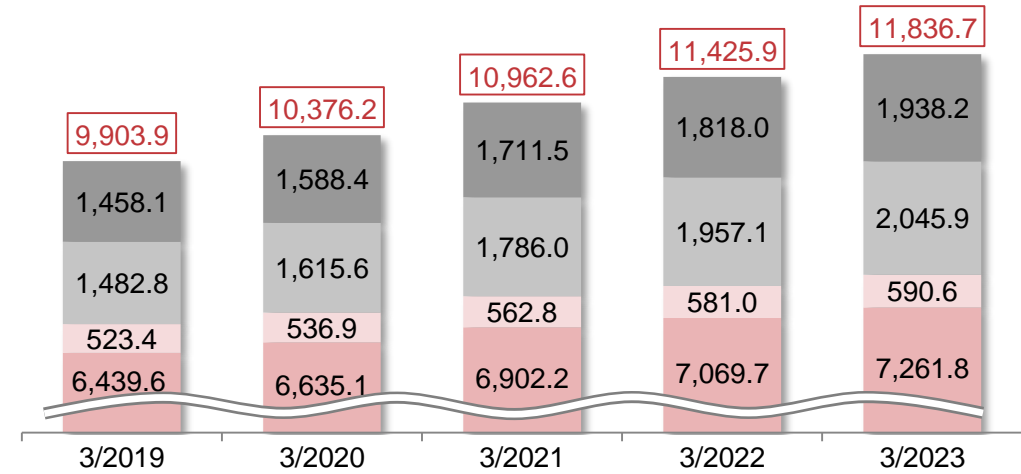
## Balance of domestic loans at year-end (by region)

(Billion yen)

【As compared to March 31, 2022】

〔Total〕 +3.5%

Retail branches outside Chiba Pref.	+6.6%
Special branches*	+4.5%
Chiba Pref. (regional revitalization areas)	+1.6%
Chiba Pref. (growth areas)	+2.7%



\*Tokyo Head Office, Shinjuku Branch, and Osaka Branch

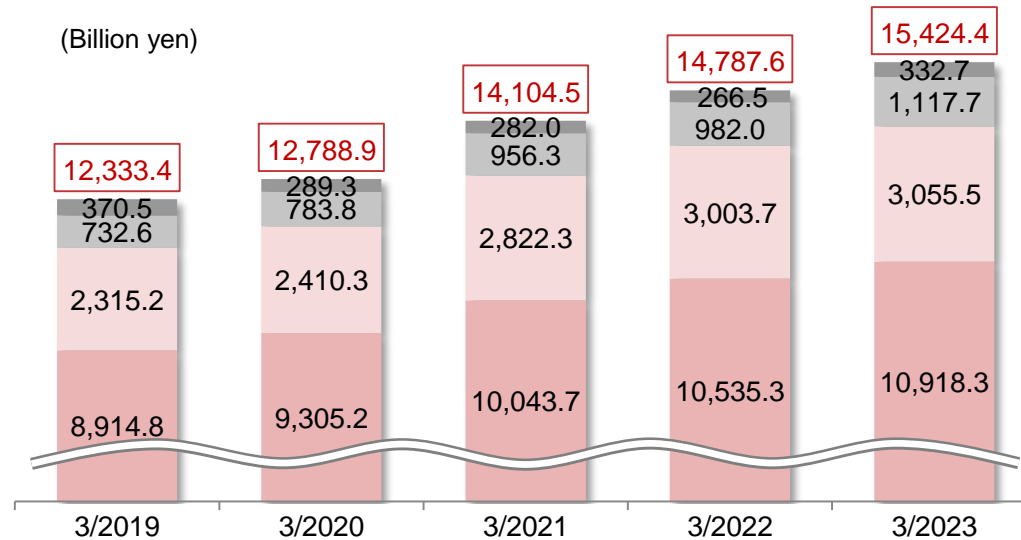
## Balance of deposits at year-end

(Billion yen)

【As compared to March 31, 2022】

〔Total〕 +4.3%

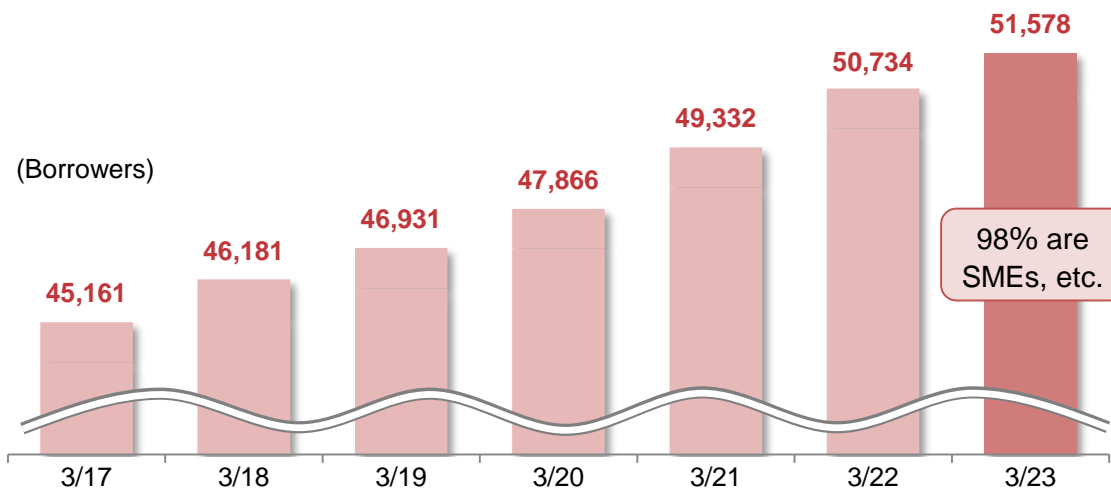
Overseas operations, JOM accounts	+24.8%
Public sector	+13.8%
Corporate	+1.7%
Retail	+3.6%



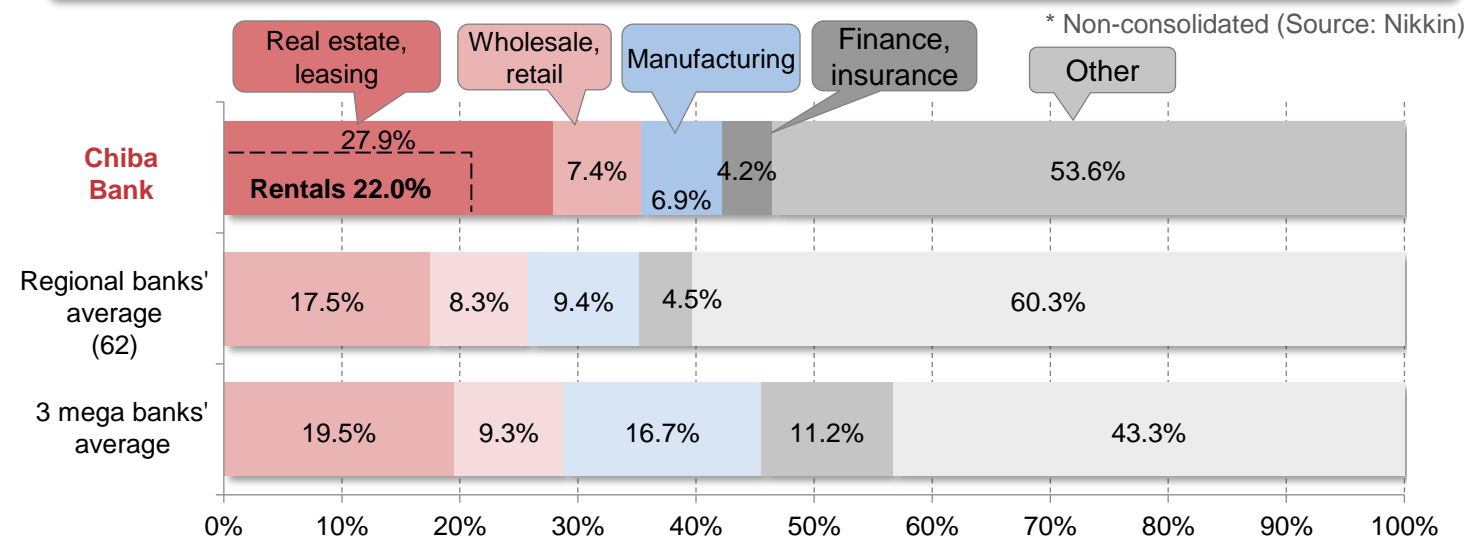


## Borrowers of interest-free and no-guarantee fee loans show no signs of worsening credit

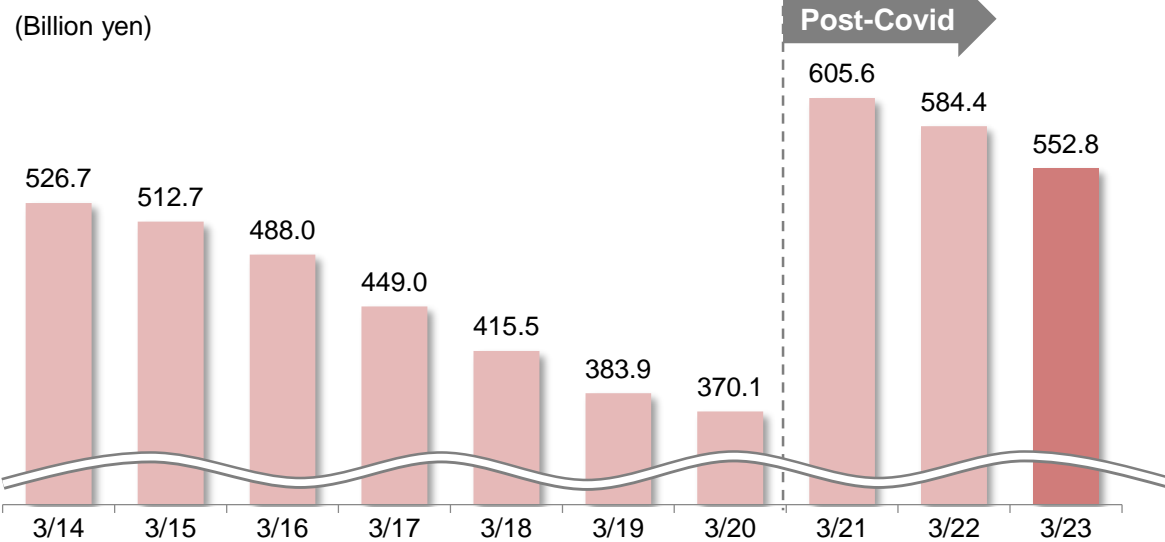
### Number of corporate borrowers (domestic only, excl. public)



### Proportion of loans by industry (as of 9/2022)



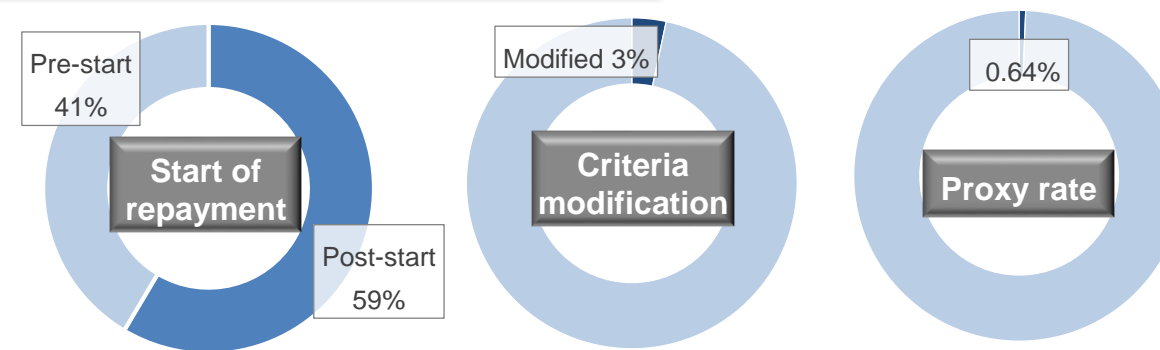
### Guarantee association loan balance



### Balance of COVID-19-related financing

#### Interest-free and no-guarantee fee loans

Balance as of 3/2023: **182.6 billion yen**



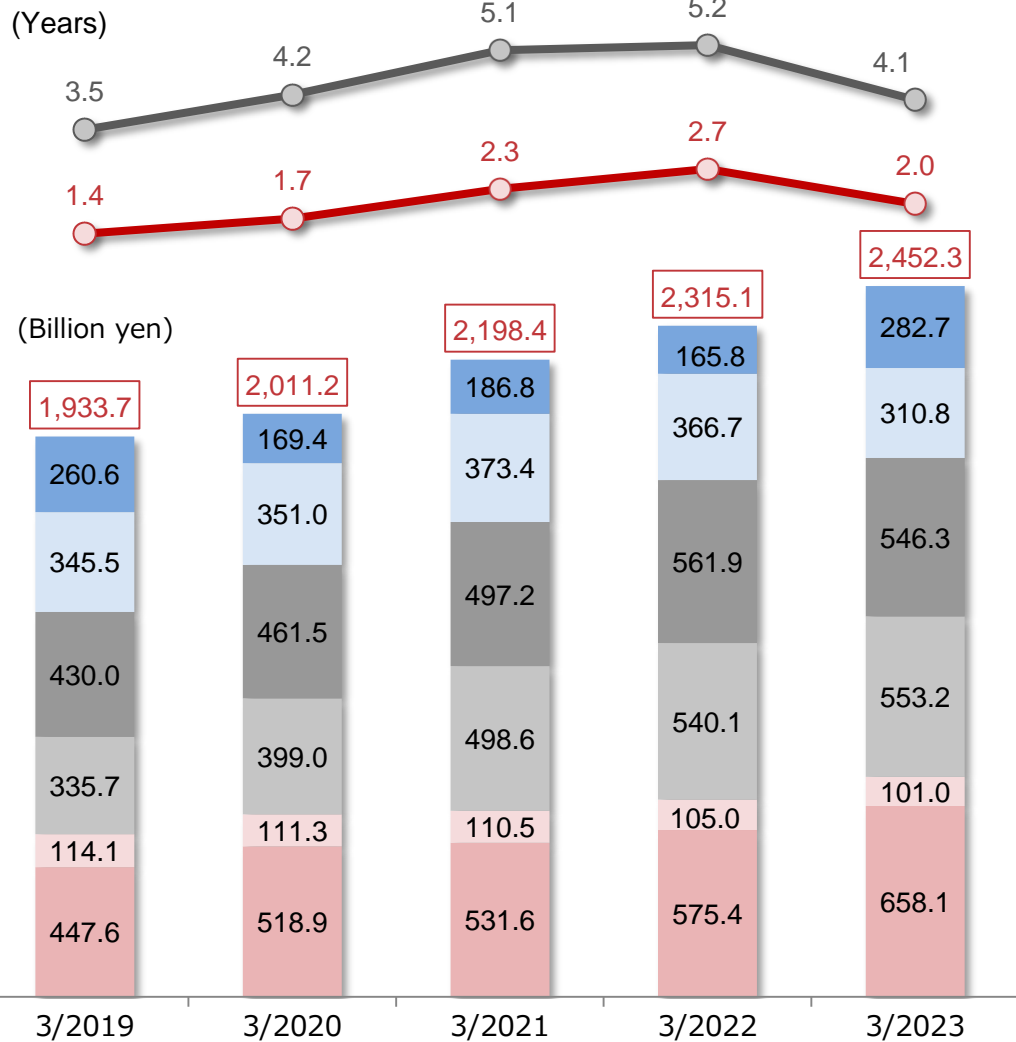
\*Balance-based proportion

\*Balance-based proportion

\* Percentage of total proxy payment amount to total amount of financing

## Balance\*1 / Average remaining maturity\*2 of securities

\*1 Excluding unrealized gains/losses  
\*2 After hedging via asset swaps



[As compared to March 31, 2022]

Average remaining maturity of yen bonds -1.0 years

Average remaining maturity of foreign bonds -0.7 years

[Total] +5.9%

Government bonds +70.4%

Municipal bonds -15.2%

Corporate bonds, etc. -2.7%

Investment trusts, etc. +2.4%

Stocks -3.7%

Foreign currency securities +14.3%

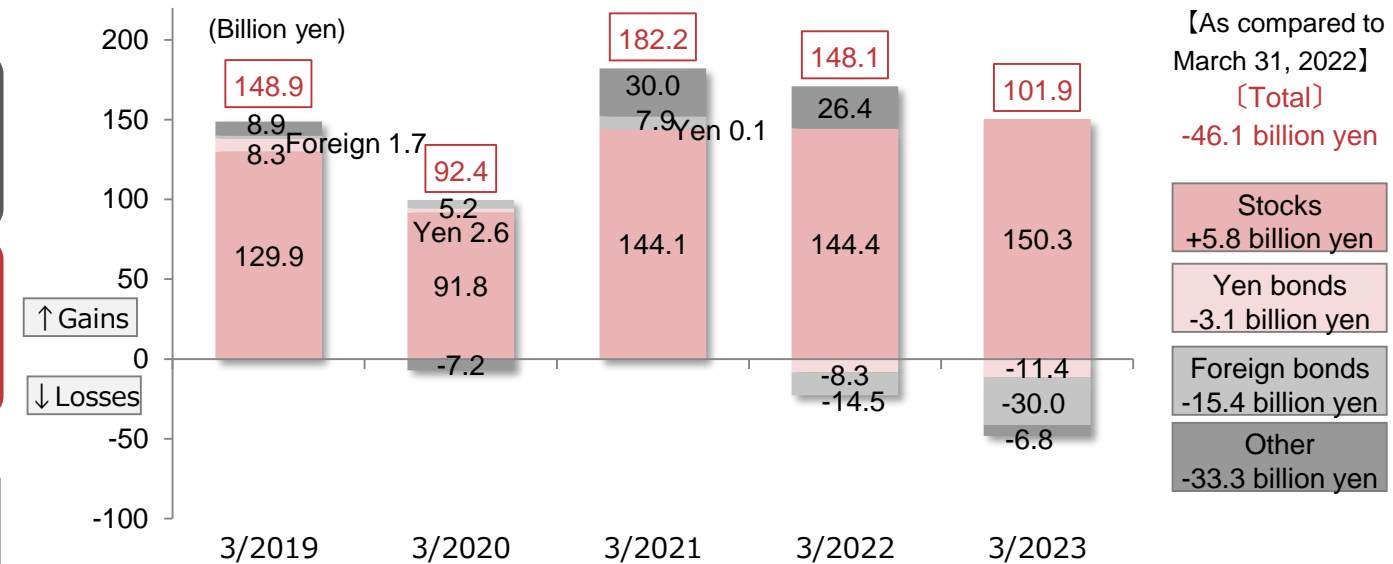
### Held-to-maturity securities\*

7.9	7.7	7.8	8.6	9.3
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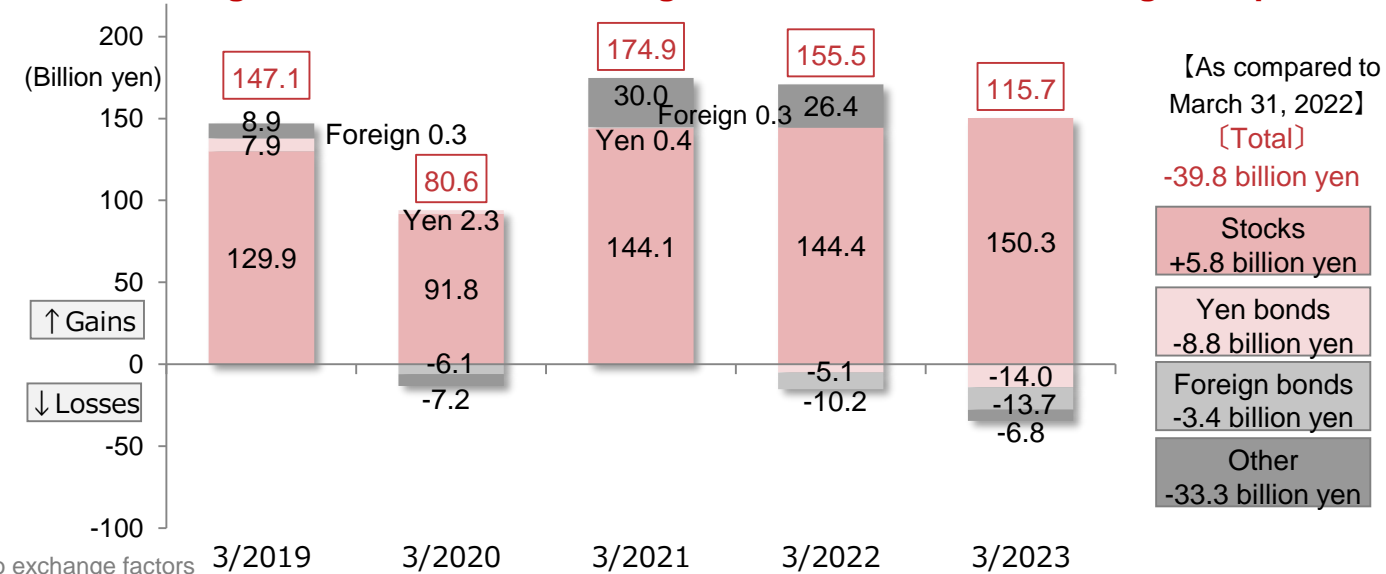
\*Balance changes are due to exchange factors  
Value in original currency is unchanged

## Unrealized gains/losses on other securities

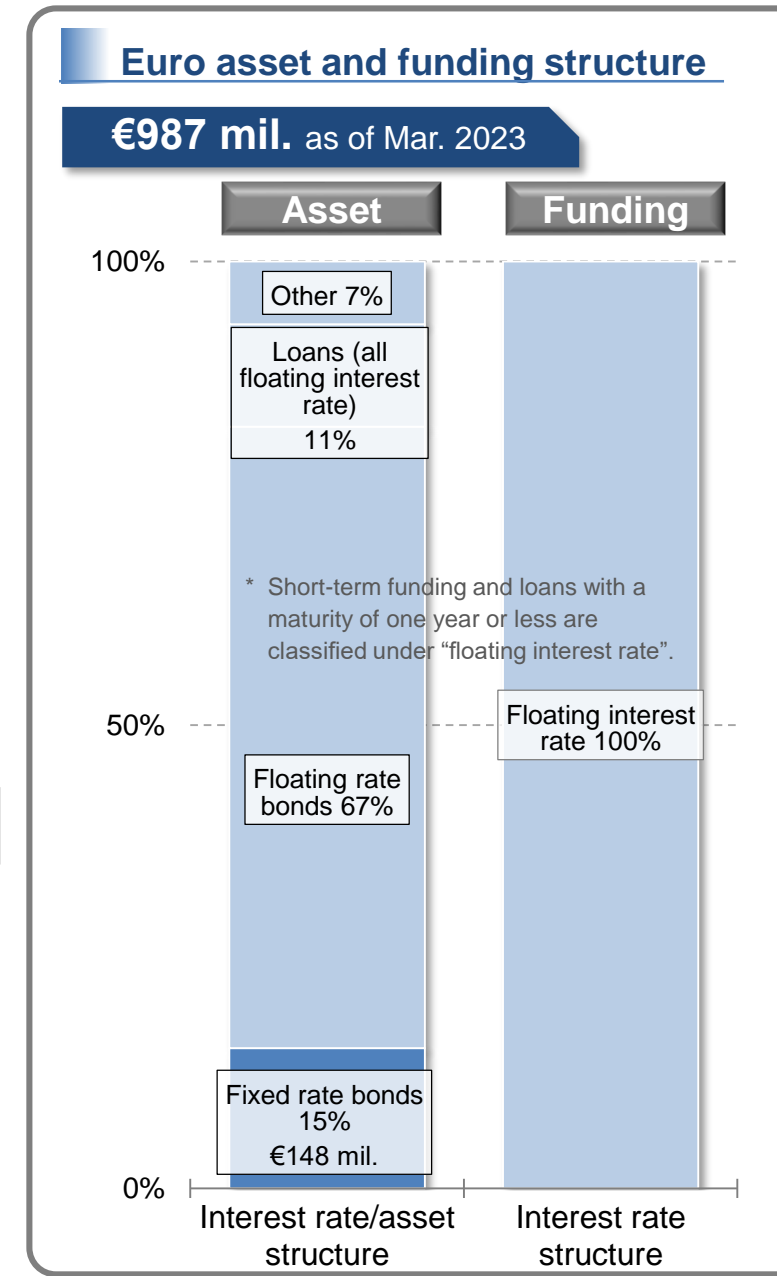
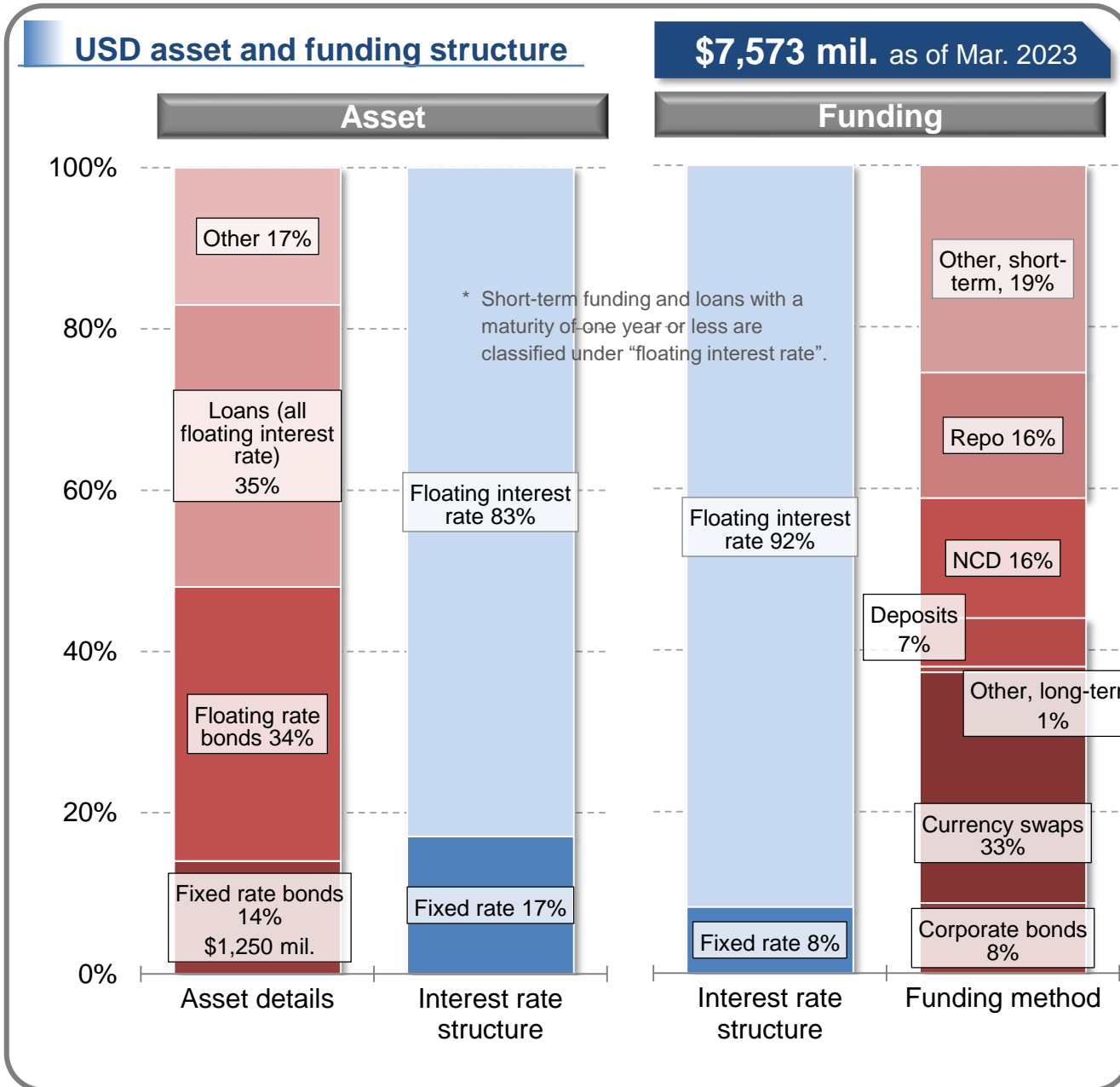
\* Including overseas CDs



### After taking into account unrealized gains/losses on deferred hedge swaps



The impact of overseas interest rate hikes on net interest income is relatively controlled



#### Impact on existing loans and securities from increased foreign currency interest rates (approx.)

[Impact of a parallel 10bp increase in interest rates]  
 \* The Bank has now switched to calculating valuation gain/loss using an internal management from an approximate value calculated using the simplified method  
 \* Not factoring in impact of increasing interest rates on credit risk

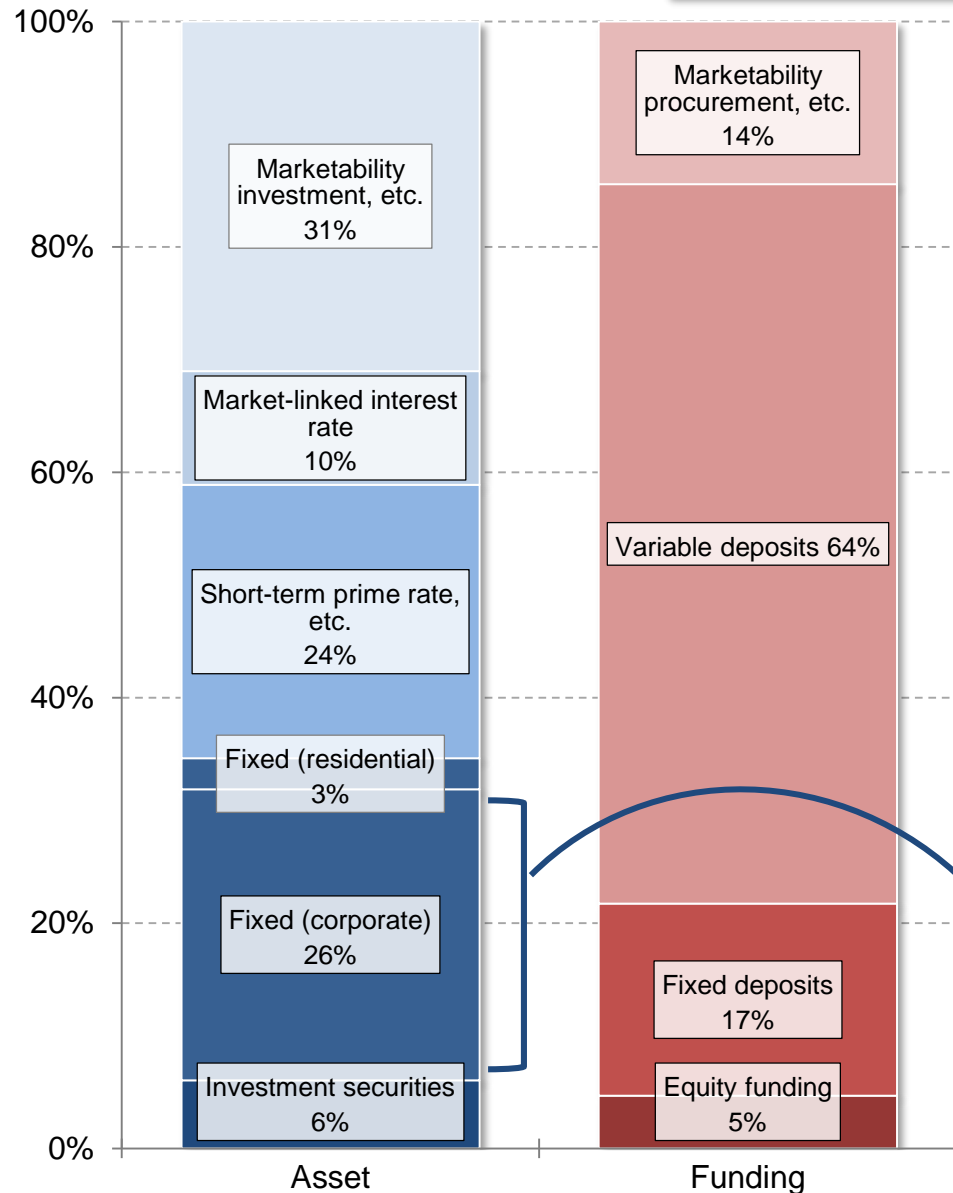
(Billion yen)	USD	Euro
Net interest income	-0.06	-0.01
Valuation gain/loss	-1.51	-0.28
Foreign bonds	-0.89	-0.11
Stocks / investment trusts	-0.62	0.16

#### Current Bank policy on foreign bond investments

- Gradually accumulate fixed rate bonds while carefully monitoring changes in fiscal policy
- Increase floating rate bond and asset swap investments in order to increase net interest income while controlling interest rate risk

Control existing interest rate risk while building a portfolio that can capitalize on the benefits of interest rate hikes

## Yen asset and funding structure ¥ 18.5 tri. as of Mar. 2023



## Yen bond interest rate sensitivity by term (GPS) ①

\* Change in valuation gains/losses assuming each interest rate term increases by 10bp (Billion yen)

	~ 1 year	Over 1 year~ 3 years	Over 3 years~ 5 years	Over 5 years~ 7 years	Over 7 years~ 10 years	Over 10 years	Total
9/30/2022	-0.0	-0.6	-0.4	-0.6	-1.5	-1.4	-4.7
3/31/2023	-0.1	-0.6	-0.4	-0.5	-1.0	-1.3	-4.2

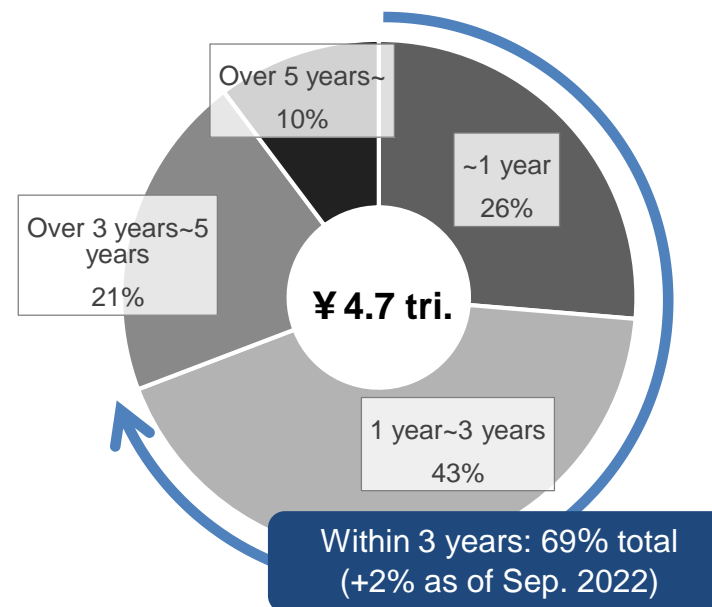
**10BPV Total (①+②)  
Total -3.8 billion yen**

## Yen-denominated trust interest rate sensitivity ②

**Total +0.5 billion yen** (+0.2 billion yen as of Sep. 2022)

\*By holding bond bear funds, valuation gains/losses will improve as interest rates increase

## Years remaining for fixed rate corporate loans



**Expected future increase in net interest income due to change in YCC framework last Dec.**

(Impact on net interest income for FY2025)  
※Estimated based on rates post-monetary policy change

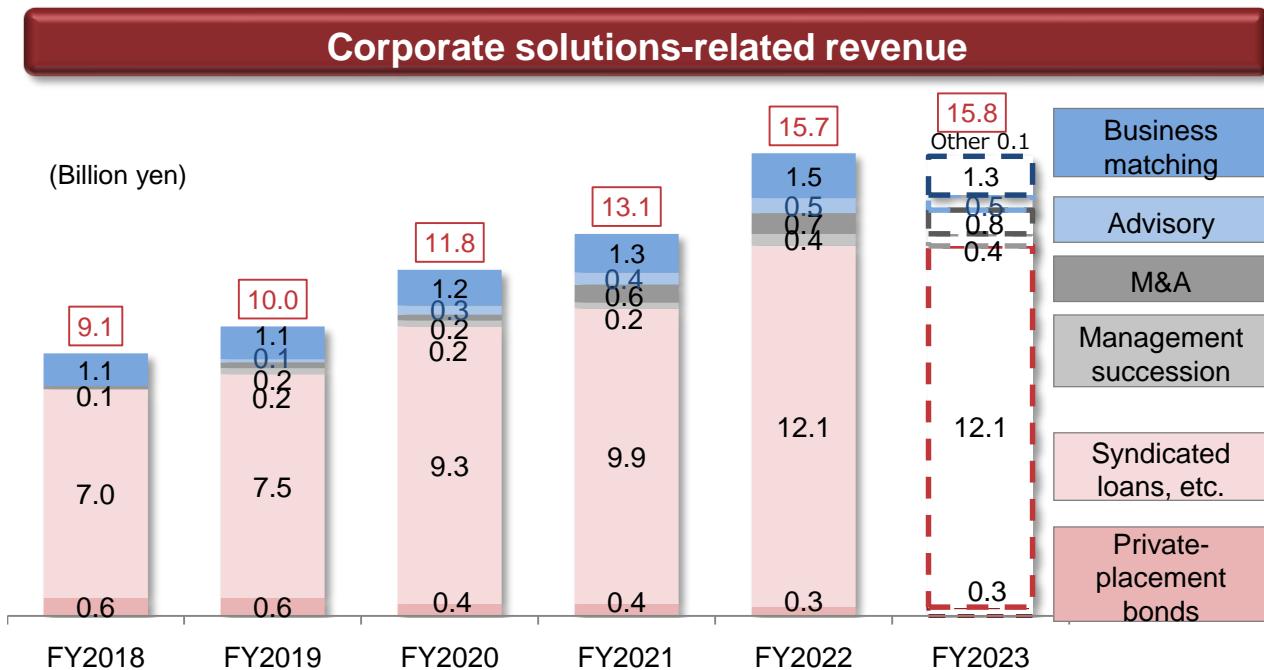
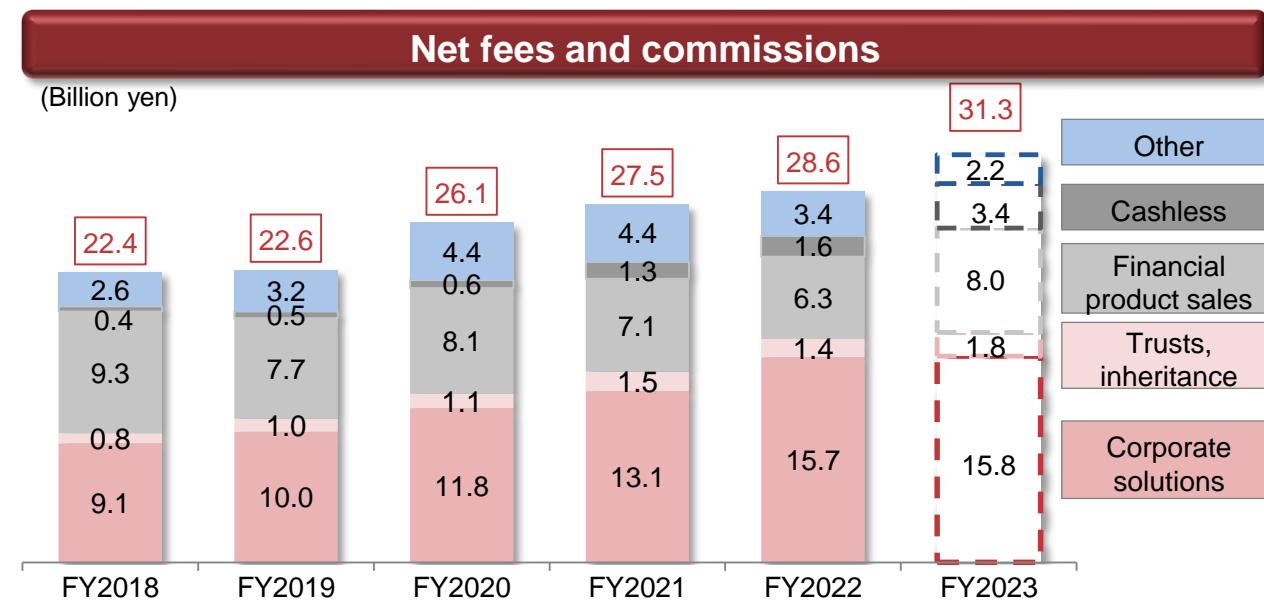
**Total +4.0 billion yen**

Breakdown	Increase (Billion yen)
Corporate loans	2.9
Residential loans	0.1
Bonds	1.0
<b>Total</b>	<b>4.0</b>

# Net Fees and Commissions

To create a local community better suited to bringing each person's hope to life

(Billion yen)	FY2021	FY2022	Change	FY2023	Change
				(plan)	
Net fees and commissions	27.5	28.6	1.0	31.3	2.6
Fees and commissions received	46.4	49.0	2.6	53.2	4.1
Fees and commissions payments (-)	18.8	20.4	1.5	21.9	1.5
<b>&lt;Main breakdown&gt;</b>					
Investment trusts and personal annuities	7.1	6.3	-0.7	8.0	1.6
Investment trusts (trust fees)	1.7	1.7	0.0	1.8	0.0
Investment trusts (sales fees)	2.0	0.8	-1.1	1.6	0.7
Annuities and whole-life insurance	1.1	1.9	0.7	2.6	0.7
Level-premium life insurance	1.4	1.2	-0.1	1.4	0.1
Financial instrument intermediary	0.6	0.3	-0.2	0.4	0.1
Corporate solutions	12.8(13.1)	15.2(15.7)	2.3(2.5)	15.8	0.5(-0.1)
Private placement bonds	0.4	0.3	-0.0	0.3	0.0
Syndicated loans	9.9	12.1	2.1	12.1	0.0
M&A	0.6	0.7	0.1	0.8	0.0
Advisory contracts	0.4	0.5	0.0	0.5	0.0
Business-matching	1.3	1.5	0.1	1.3	-0.1
Trust/inheritance-related business	1.7(1.5)	1.8(1.4)	0.1(-0.0)	1.8	-0.0(0.3)
Cashless operations	1.3	1.6	0.3	3.4	1.7
Payment and settlement transactions	12.6	12.5	-0.1	12.4	-0.1
Guarantee charges and group insurance costs (-)	12.1	13.0	0.9	13.9	0.8



\*1 Starting from March, 2024, management succession advisory services will be recategorized as corporate solutions from trust/inheritance-related business. (Figures in brackets indicate the result after recategorization.)

\*2 FY2023 cashless revenue includes 1.2 billion yen from the transfer of Chibagin JCB Card business operations

\*3 Starting from the FY2021 full-year results, trust/inheritance-related business includes trust benefits (updated retroactively)

\*Including management succession advisory operations (updated retroactively)

## G&A expenses / OHR

Non-consolidated (Billion yen)	FY2021	FY2022	Change	FY2023 (plan)	Change
	G&A expenses (-)	84.5	82.5	-2.0	84.8
Personnel (-)	39.9	39.3	-0.5	40.1	0.7
Non-personnel (-)	38.2	36.8	-1.4	38.5	1.6
Taxes (-)	6.3	6.2	-0.1	6.1	-0.1
OHR	52.02%	47.73%	-4.29%	50.2%	+2.5%

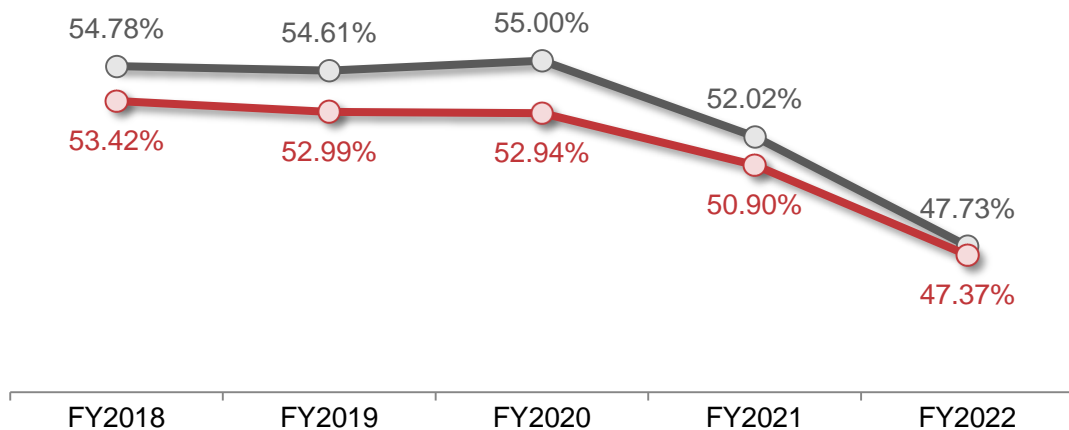
Consolidated	FY2021	FY2022	Change	FY2023 (plan)	Change
OHR	50.90%	47.37%	-3.53%	48.9%	+1.6%

※ OHR: Expenses / (net business income – bond-related gains/losses, etc. + net provisions to general allowance for loan losses + expenses)

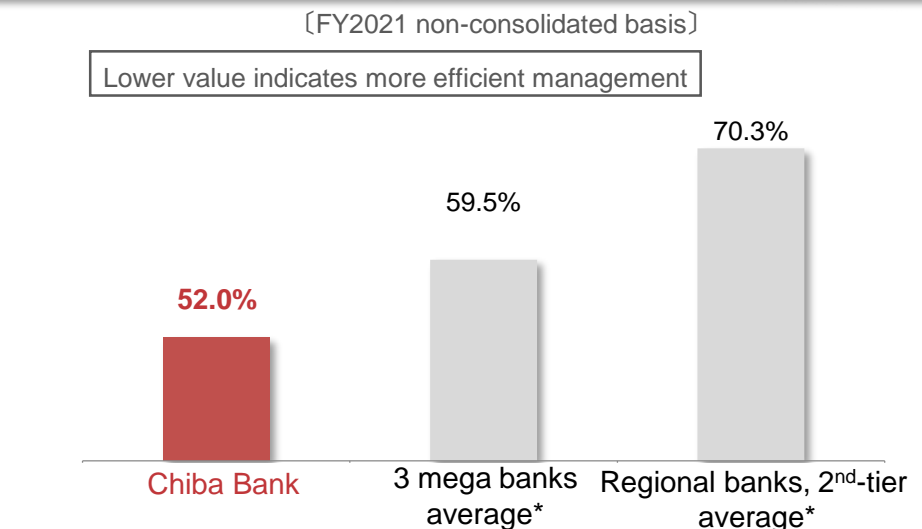
## Major factors behind increase in G&A expenses

(Billion yen)	FY2022 (results)	FY2023 (plan)
Personnel (-)	-0.5 Reduction of retirement benefit-related expenses -0.3	+0.8 Pay raises +0.5 Increased health insurance premiums +0.4 Reduced G&A expenses -0.2
Non-personnel (-)	-1.4 Lower deposit insurance premiums -1.9	+1.6 Revenue strengthening measures, strategic investments +1.0 Transfer from Chibagin JCB card +0.4 Increased amortization, running costs, etc. +0.8 Rationalization, cost reduction -0.7
Taxes (-)	-0.1 New head office building real estate acquisition tax, etc. -0.2	-0.1 Lower taxes, etc.

## OHR



## OHR comparison with other banks



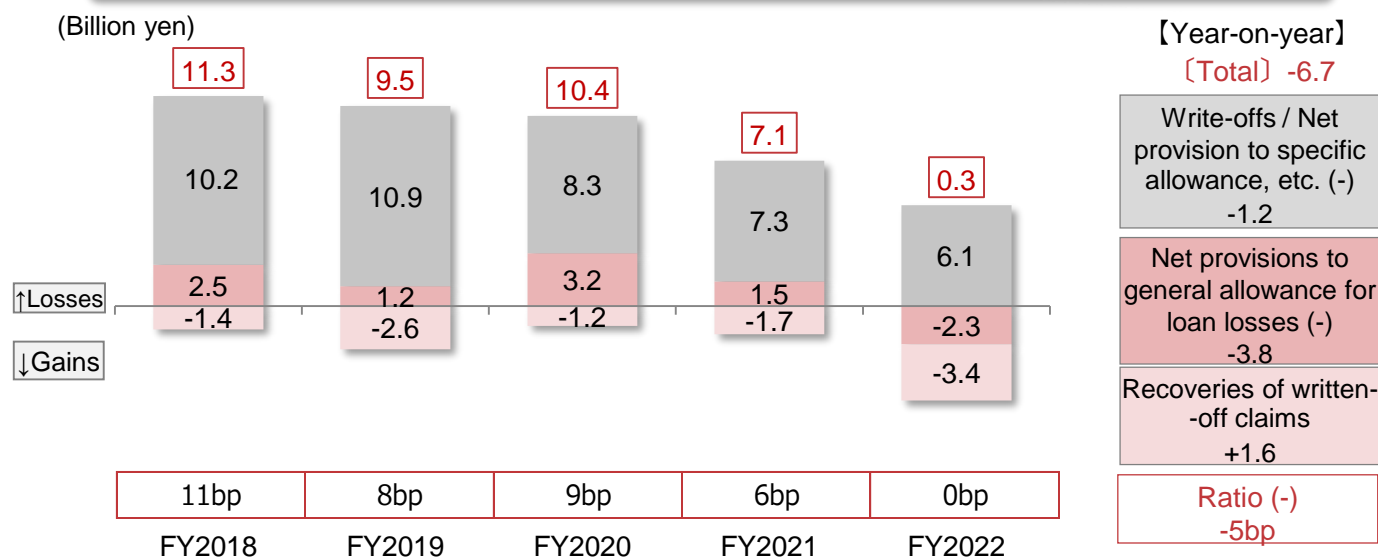
\*Source: Calculated by simple average from Nikkin Reports  
 [Expenses / (gross business profit – bond-related gains/losses)]

## Credit-related expenses

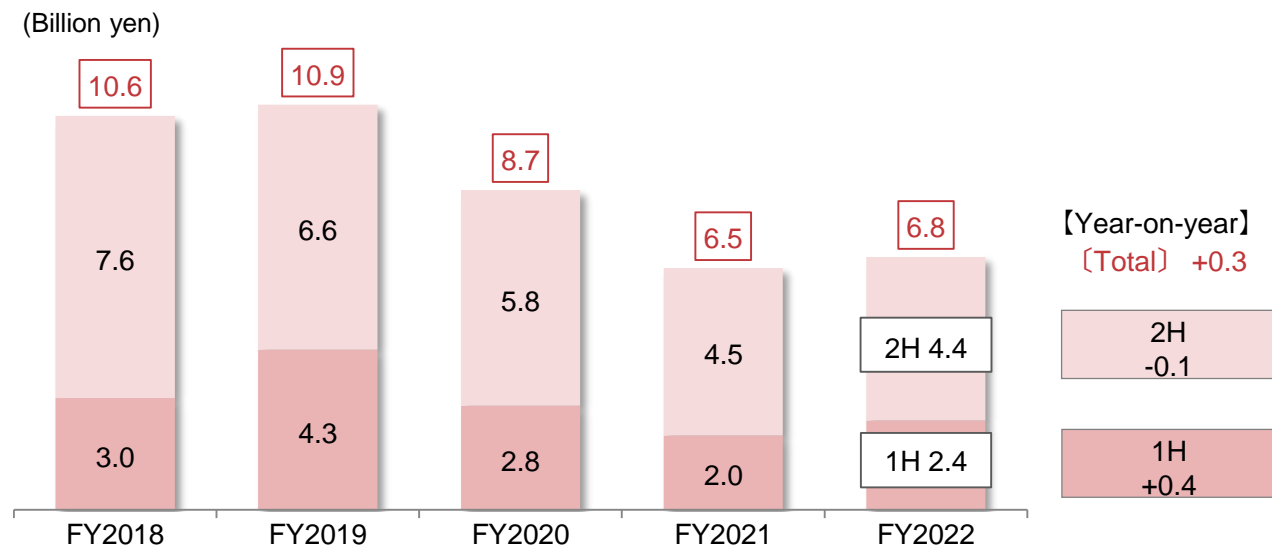
(Billion yen)	FY2021	FY2022	Change	FY2023 (plan)	Change
Credit-related expenses (-)	7.1	0.3	-6.7	7.0	6.6
Net provisions to general allowance for loan losses (-)	1.5	-2.3	-3.8	-0.2	2.1
Disposal of non-performing loans (-)	5.6	2.7	-2.9	7.2	4.4
Write-offs/net provisions to specific allowance, etc. (-)	7.3	6.1	-1.2	10.1	4.0
Net provisions to specific allowance for loan losses (-)	2.2	1.4	-0.8	1.5	0.1
New downgrades (-)	6.5	6.8	0.3	10.0	3.1
Existing non-performing loans (-)	1.1	0.4	-0.6	0.7	0.2
Collections, etc.	0.3	1.2	0.9	0.5	-0.6
Recoveries of written-off claims	1.7	3.4	1.6	2.9	-0.4
Net credit cost ratio (-)	6bp	0bp	-5bp	5bp	+5bp

\*Net reversals of loan loss reserves are shown in this table divided between net provisions to both the general and specific allowance for loan losses compared to the previous year

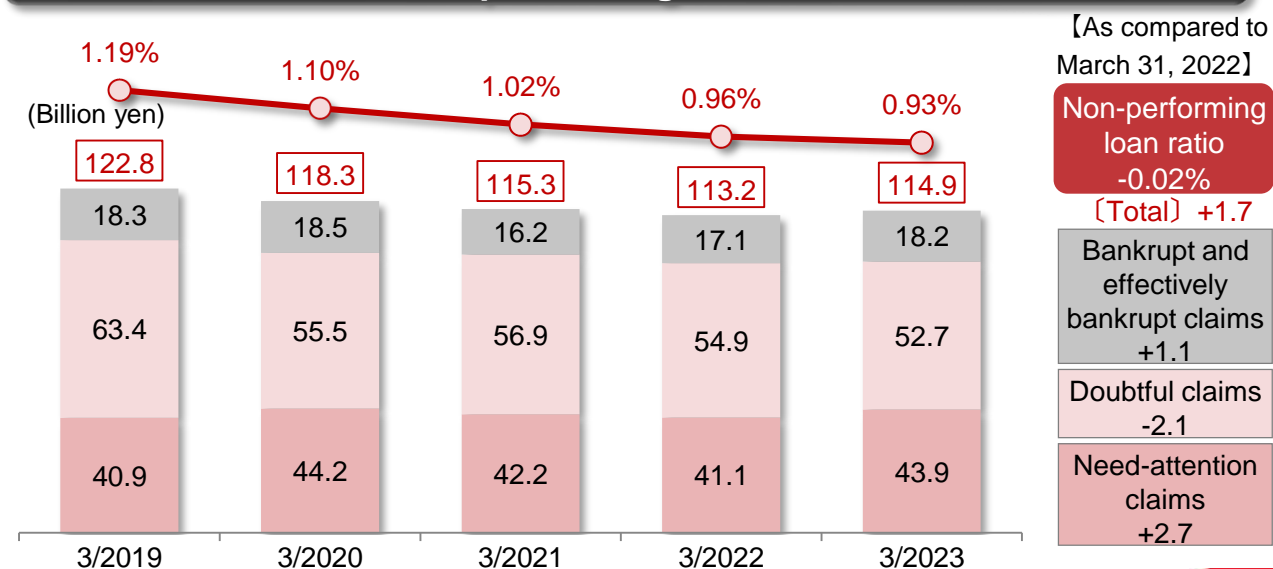
## Change (-)



## New non-performing loans



## Disclosed claims under the Financial Reconstruction Act / non-performing loan ratio



## Credit costs under stress impacted by changes in the external environment can be controlled

### Stress test assumptions (common to micro and macro)

- The impact of COVID-19 has normalized, and while there are expectations for a recovery in demand from inbound tourists due to lessening attitudes towards self-restraint and self-help efforts, there is also an expectation that some businesses may not achieve recovery or need more time to recover due to individual conditions.
- The impact of yen depreciation and price hikes is expected to continue, and there are concerns that this impact will materialize depending on the situation of individual companies, such as business models and their stance on passing on cost increases.

### Macro calculations

Target: **All borrowers** (excluding borrowers subject to credit cost calculation in "micro calculations" below and consumer loans)

- ① Impact of each industry is assumed based on the BOJ Tankan and other data.
- ② Identify borrowers that are concerned about deteriorating business conditions based on financial, credit, and qualitative information.
- ③ Estimation of credit costs under stress.

By industry		Impact	
		FY2023	FY2024
Large	Food and beverage, hospitality, travel, construction, chemicals, steel, petroleum	High	High
Med.	Steel, non-ferrous metals, metal products, wholesale, business services	Medium	Medium
Small	Other (*)	Small	Small

Review the extraction method and degree of impact by industry based on changes in the environment

Large	Small
Electrical machinery/wholesale/business service	Iron and steel, non-ferrous metals, Petroleum/coal, transportation equipment

※ Impact of transportation is "small" for FY2023 and "medium" for FY2024 in light of FY2024 issues

### Micro calculations ①

- Target:
- Borrowers with a Group credit amount of **¥100 mil. or more** (excluding residential real estate leasing, finance, and public sectors, etc.)

Credit costs are estimated based on the actual conditions of individual companies, taking into account external factors such as rising prices of goods and energy the normalization of COVID-19 based on **surveys of the impact of COVID-19, etc.**

### Micro calculations ②

- Target: borrowers whose financial condition has been independently ascertained by the credit examination section

Estimated credit costs based on actual conditions for each company

### Credit cost stress test (new downgrades)

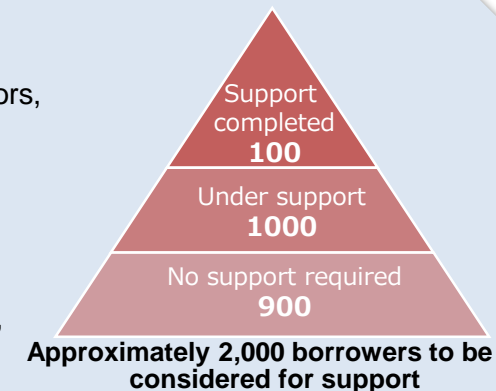
(Billion yen)

	FY2023			FY2024
	1H	2H	Total	
Macro	1.0	3.1	4.0	1.8
Micro	3.2	2.3	5.6	7.8
<b>Total</b>	<b>4.2</b>	<b>5.4</b>	<b>9.6</b>	<b>9.6</b>

\*Assuming 10.0 billion yen in new downgrades

### Individual client support

- Examined the need for support businesses whose conditions deteriorated due to a wide-range of factors, and selected approximately 2000 borrowers
- Considering support measures one by one, and proposing solutions to clients, excluding 900 borrowers that do not require support, on an individual company basis
- Conducted inspection of 400 borrowers in construction and 1,200 borrowers in transportation, and support measures for 100 of these clients are being considered



### Establishment of corporate consulting office

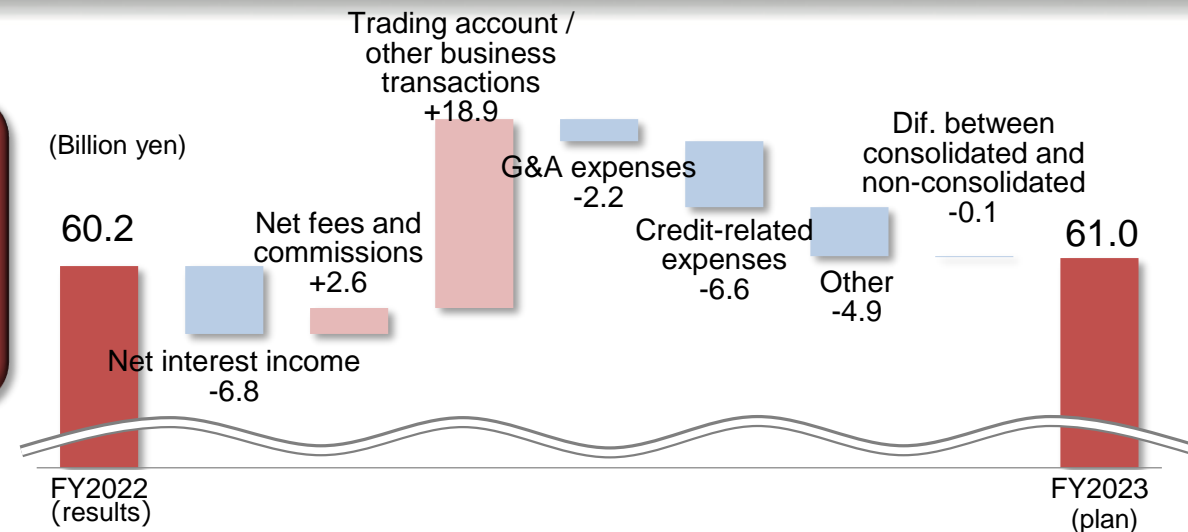
- Established within the Corporate Support Division in order to further improve client support
- In addition to ongoing follow-up support, will provide management improvement guidance for creditors based on industry-specific surveys led by the Head Office
- Improve collaboration with sales divisions



Non-consolidated	(Billion yen)	FY2022	FY2023	Change
			(plan)	
Gross business profit		155.5	170.3	14.7
Net interest income		140.3	133.5	-6.8
Net fees and commissions		28.6	31.3	2.6
Trading account income		1.3	2.2	0.8
Net other ordinary income		-14.8	3.2	18.0
Bond-related gains/losses		-20.0	1.5	21.5
G&A expenses (-)		82.5	84.8	2.2
Business profit (before provisions to general reserves)		73.0	85.5	12.4
Core business income		93.0	83.9	-9.0
Excl. gains/losses on the cancelation of investment trusts		85.3	81.6	-3.7
Net provisions to general allowance for loan losses (-)		-	-0.2	-0.2
Net business income		73.0	85.7	12.6
Non-recurring gains/losses		8.7	-2.7	-11.4
Disposal of non-performing loans (-)		0.3	7.2	6.8
Reversal of allowance for loan losses		0.9	-	-0.9
Gains/losses related to stocks, etc.		8.3	5.0	-3.3
Ordinary profit		81.7	83.0	1.2
Extraordinary profit/loss		-0.3	-0.2	0.1
Net income		58.1	59.0	0.8
Credit-related expenses (-)		0.3	7.0	6.6

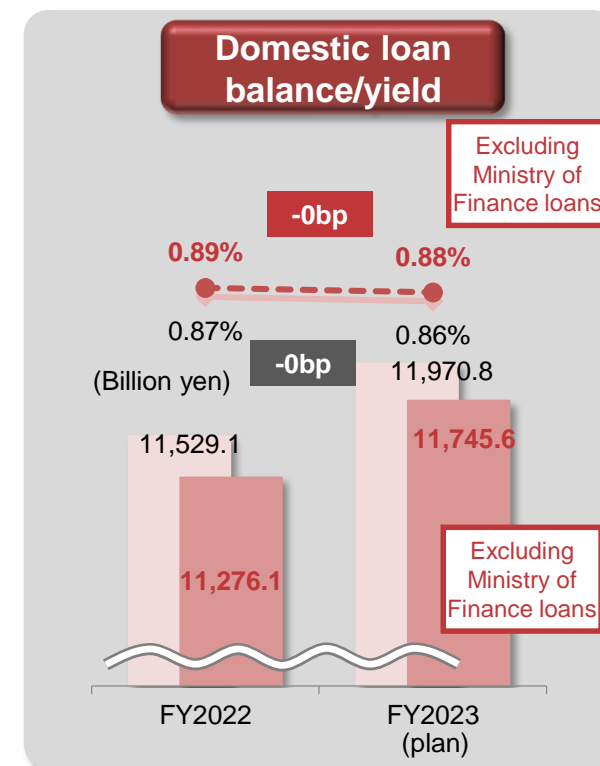
Consolidated	(Billion yen)	FY2022	FY2023	Change
			(plan)	
Ordinary profit		86.9	88.0	1.0
Profit attributable to owners of parent		60.2	61.0	0.7
(Ref.)				
Consolidated net business income (before provisions to general reserves)		81.8	96.3	14.4

**Breakdown of Profit Attributable to Owners of Parent (difference between consolidated and non-consolidated results)**



	FY2022	FY2023	Change
Net interest income	140.3	133.5	-6.8
Domestic	131.5	128.5	-2.9
Interest on loans and deposits	100.2	103.7	3.4
Interest and dividends on securities	28.7	21.4	-7.2
Gains/losses on cancellations	5.8	1.7	-4.1
Overseas	8.8	4.9	-3.9
Gains/losses on cancellations	1.7	0.6	-1.1

	FY2022	FY2023	Change
Net fees and commissions	28.6	31.3	2.6
Investment trusts and personal annuities	6.3	8.0	1.6
Corporate solutions*1	15.2 (15.7)	15.8	0.5(0.1)
Trust/inheritance-related business*2	1.8 (1.4)	1.8	-0.0(0.3)
Cashless operations*2	1.6	3.4	1.7
Payment and settlement transactions	12.5	12.4	-0.1
Guarantee charges and group insurance costs (-)	13.0	13.9	0.8



\*1 Starting from FY2023, management succession advisory business will change from trust/inheritance-related to corporate solutions. (Figures in parentheses are results after the classification change.)

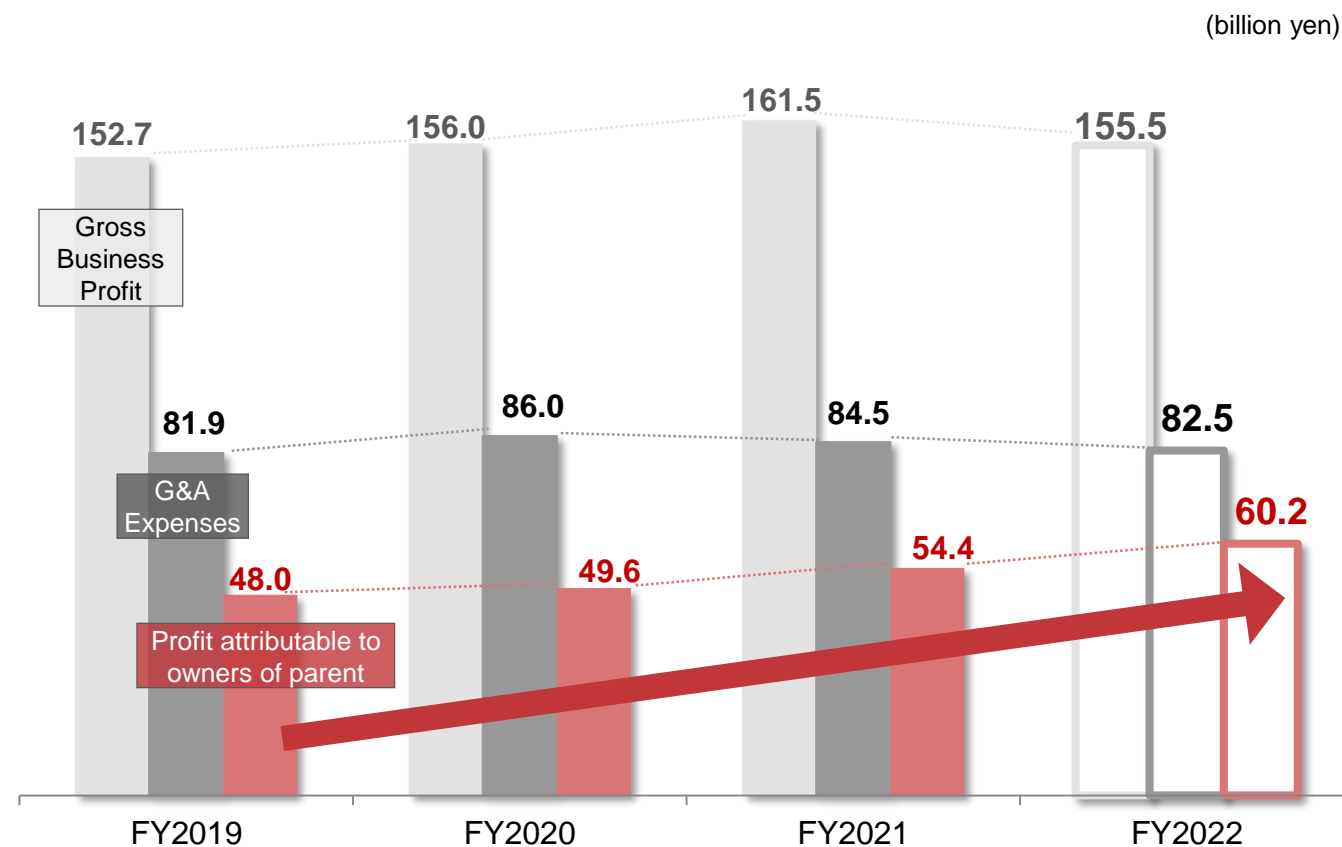
\*2 Cashless planned value includes 1.2 billion yen associated with absorption-type merger with JCB

# New Mid-term Plan



## Major Achievements of Management Goals

Basic Policy 1	Continue to evolve closely with our customers	
	Make proposals based on individual life plans	Virtual residential loan contract signing
Basic Policy 2	Continue to create new value for our customers' futures	
	Expand app/portal features	Expand cashless operations
Basic Policy 3	Strengthen our Alliance Strategy	
	TSUBASA Alliance Expand sharing of IT systems, including smartphone app	Chiba-Musashino Alliance Expand collaboration including cashless operations with franchise locations.
Basic Policy 4	Achieve sustainable management	
	Promotion of sustainable finance	Enhance carbon-neutral initiatives
	Expand climate-related disclosures	Development of DX personnel



KPIs for FY2022		Results	
Profit attributable to owners of parent	60.0 billion yen	60.2 billion yen	Achieved
Consolidated ROE	Around 6.5%	6.38%	Achieved
Non-consolidated OHR	Lower 50% range	47.7%	Achieved

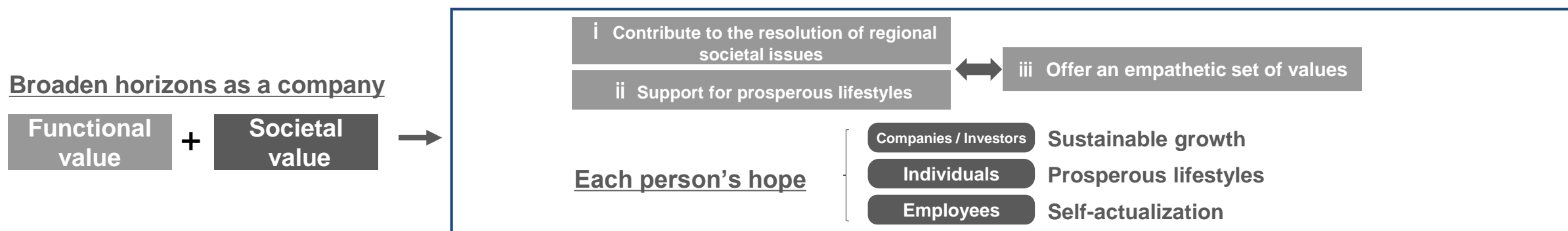
Net business income per employee: 19.0 million yen (3/2023)

## Purpose

To create a local community better suited to bringing each person's hope to life

The Bank Group exists to create “societal value” by contributing to the resolution of regional issues in addition to providing “functional value” to financial institutions.

In a constantly changing world, Chiba Bank aims to be “a place where our stakeholders' hopes can come to life” within the region.



\*Regional societal issues: a wide range of issues concerning the sustainability of the local community, such as COVID-19, digitalization, SDGs, regional revitalization

## Vision

An Engagement Bank Group that works closely with the community

“Engagement Bank Group”

A Bank Group that seeks to keep growing together along with the entire region by providing value through deep connections with all of its stakeholders including customers, shareholders, and employees

**Title** The 15<sup>th</sup> Mid-term Plan Engagement Bank Group – Phase 1 –  
(Plan Period: April 2023 ~ March 2026)

**Phase 2~**

**Operational Guideline: Evolution of the customer-focused business model**

Basic Policies

■ Practice “Sustainable Management” by providing societal value to the community

**I. Creating the optimal customer experience** P29  
Deliver personalized proposals utilizing a wide range of data.  
Provide in-person, remote, and digital channels most-suited to the customer.

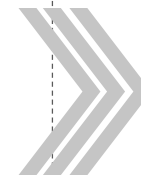
**II. Enhancing the quality of existing business** P31  
Further increase the quality of solutions designed to address customer issues.

**III. Providing new value** P42  
Provide new-found value to customers by entering into new business areas.



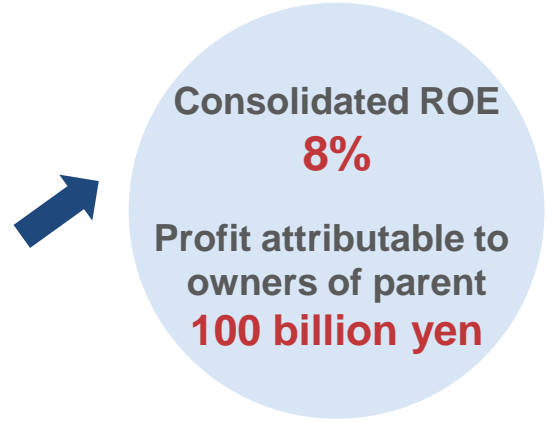
Bases

■ Expansion of “Value Creation Bases”



**Bank Group Development**

Goals for FY2030



Management KPIs

Consolidated ROE *1	Profit attributable to owners of parent	Tier 1 common equity capital ratio* 2
<b>Above 7%</b>	<b>75.0 billion yen</b>	<b>10.5% ~ 11.5%</b>
	Consolidated net business income	Consolidated OHR
	<b>120.0 billion yen</b>	<b>45%</b>

\*1 Shareholders' equity basis  
\*2 Basel III full implementation finalization basis (excluding valuation differences on securities)

## Perspective on the P/B ratio\*

$$\text{P/B ratio} = \text{ROE} \times \text{PER}$$

$$= \text{ROE} \div \text{Cost of shareholders' equity} - \text{profit growth rate}$$

If  $\text{ROE} \geq (\text{cost of shareholders' equity} - \text{profit growth rate})$ , P/B ratio will be 1 or over

## P/B ratio improvement measures

The Bank's current P/B ratio is **approximately 0.6**. In order to achieve a P/B ratio of 1, we will need a strategy of improving our ROE and increasing our profit growth rate while lowering equity costs.

**ROE**  
⇒ Improve

**Equity costs**  
⇒ Lower

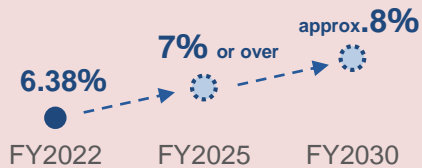
**Profit growth rate**  
⇒ Increase

\*The Bank's administrative equity costs are estimated using CAPM

## Improvement measures

### Further improve ROE

- Improve ROE by **improving RORA**



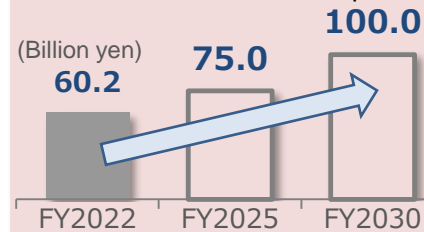
### Lower capital costs

- Reduce "information asymmetry" between the Bank and shareholders by **expanding non-financial disclosures and improving shareholder engagement**

Shrinking risk premium beta

### Ongoing profit growth

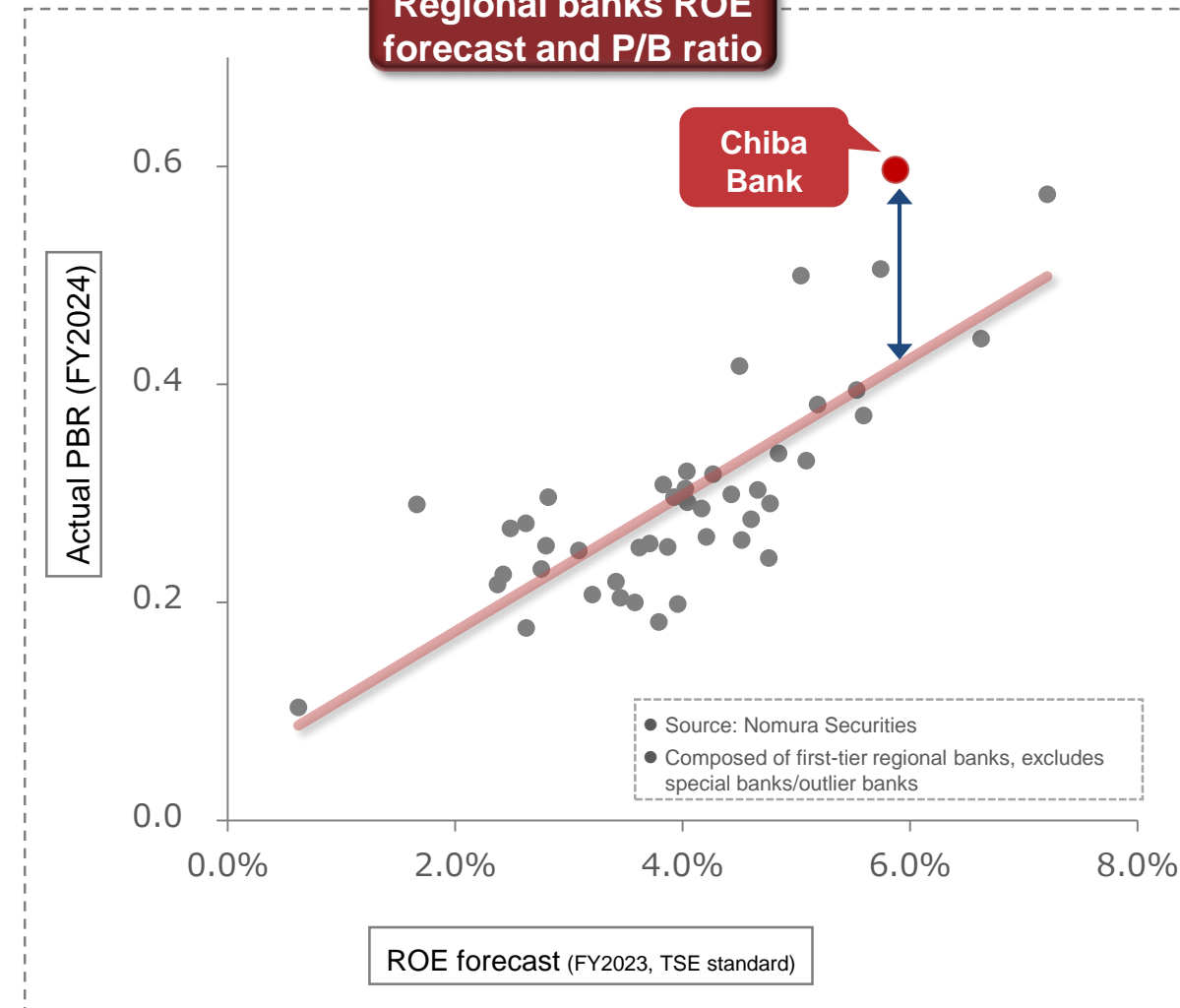
- Consolidated net income plan



## Industry comparison

- The P/B ratios of regional banks are experiencing a downturn, indicating low expectations for growth in the regional banking industry
- That being said, Chiba Bank has received some positive evaluations from the market

### Regional banks ROE forecast and P/B ratio



\* Actual formula is  $\text{PBR} = 1 + (\text{ROE} - \text{cost of shareholders' equity}) / (\text{cost of shareholders' equity} - \text{growth rate})$ . The formula shown here is presented as a practical simplified version.

## FY2022 results

Net income... ¥ 60.2 bil. **▶ ROE...6.38%**  
**RORA...0.75%**

## Resource allocation

### People

Identify 370 employees via rationalization/ review of branch network, and **allocate them to growth areas**

Reorganization	People	Note
Head Office (planning)	55	Strengthen sales branch support structure
Head Office (sales)	85	Enhance specialists
Head Office (administration)	40	Consolidate administration of sales branches at Head Office
Group companies	70	Prioritize sales divisions
Sales branch	110	Branch opening, enhance RM
HR development	20	RM development, DX trainee etc.
<b>Total</b>	<b>370</b>	

### Things/money

(Billion yen)

	Strategic investments	Expenses	Notes
Existing business	5.6	1.8	Branch network, sales branch terminal maintenance, etc.
Digital/new business	6.9	3.5	App, portal, BaaS, advertising, etc.
Other	3.5	8.7	Human capital, digital infrastructure, etc.
<b>Total</b>	<b>16.0</b>	<b>14.0</b>	<b>30.0</b>

## Fortify existing business

### Corporate

Increase market share in areas abandoned by other banks  
 Increase loans via new branches

Enhance business succession, M&A

Improve consulting  
 Improve proposals to non-borrowers

Diversified finance menu

### Retail

New residential loan  
 Incorporate new customer base

Deepen transactions from trust/testamentary services

Improve closing rate of financial product sales

Ensure proposal chances through multiple channels

**Increase in net income from fortifying existing business... approx. ¥ 12.0 bil.**  
**RORA improvement...+0.05%**

## Digital/new business

### Digital

Additional app, portal features

Transaction data, credit checks using AI, etc.

### Deepen new business

Development of regional ecosystem (cashless)

Business that stands upstream of commercial distribution (Chibagin Market)

### New initiatives

Advertising

Energy production

BaaS

Metaverse

**Increase in net income from new business initiatives... approx. ¥ 3.0 bil.**  
**RORA improvement...+0.03%**

## FY2025 plan

**Net income... ¥ 75.0 bil. ▶ ROE...7% or over**  
**RORA...0.83%**

## Reducing equity costs

### Issue reducing equity costs: disclosure of operational risk

- Uncertain results **due to non-performing loans**
- Uncertain results **due to fluctuating revenue streams**

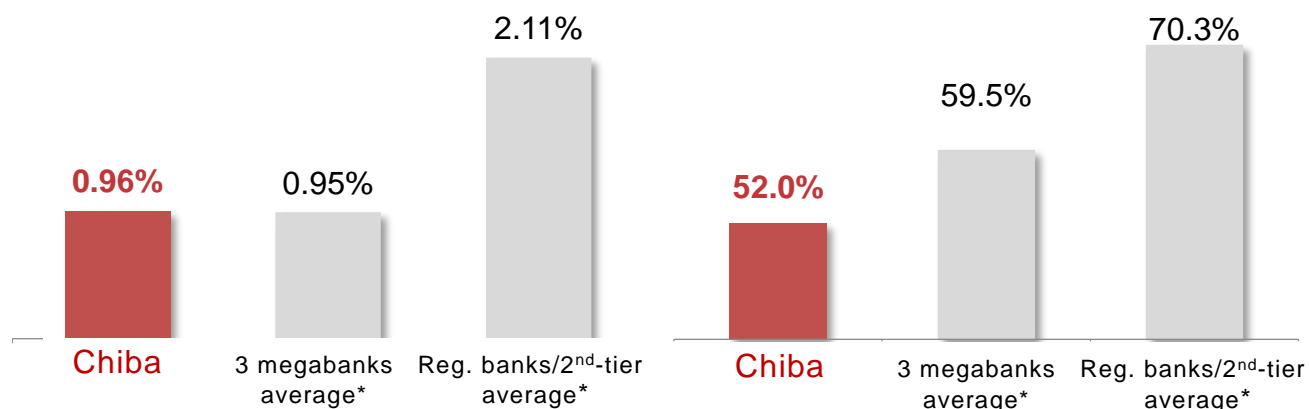
Careful release of information, including background and outlook

### NPL ratio compared to other banks

### OHR compared to other banks

[as of 3/2022]

Lower value indicates more efficient management



\*Source: Nikkin Report (simple average, non-consolidated basis)

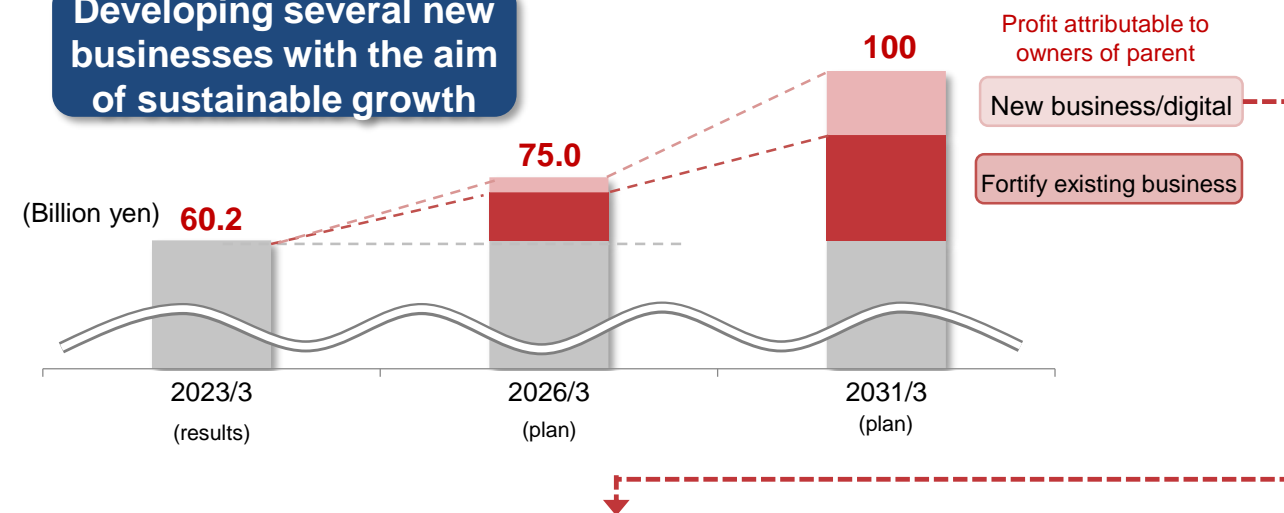
\*Source: calculated using simple averages from Nikkin Report [Result differs from Bank calculations, quoted here for comparison only.]

### Issue reducing equity costs: conducting proper IR activities

- Proper information disclosure, including non-financial info
- Enhance communication with investors
- Acquire external evaluations

## Sustainable growth: consolidated net income plan

Developing several new businesses with the aim of sustainable growth



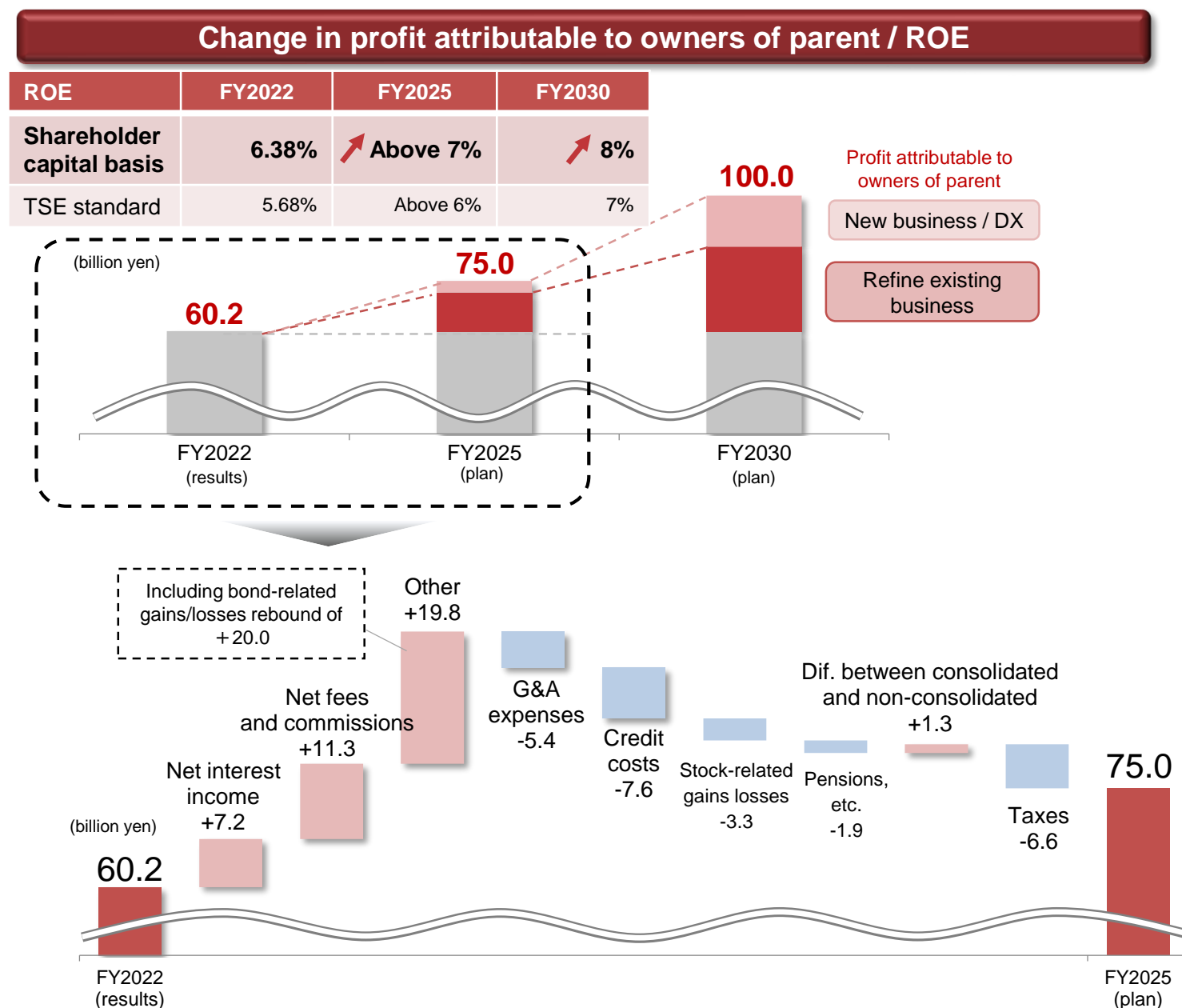
Business	Progress	Ref. page
Cashless	Preparing to further expand services	35
Chibagin Market	Housing business STEP 2 start	42
Advertising	Operations launch May, 2023	43
Real estate funds	Currently being proposed as an asset securitization solution for customers	42
Energy production	Subsidiary established April, 2023	43
On Ad	Corporate contract begins April, 2023	42
BaaS	Ongoing negotiations with individual companies	43
Metaverse	Ongoing events with companies and organizations	43
AML Center	Preparing to establish nee company	43
Collaboration with Sony Bank	Discussing setting up WG	48



## Contributions to net income from new business and DX, in addition to existing business

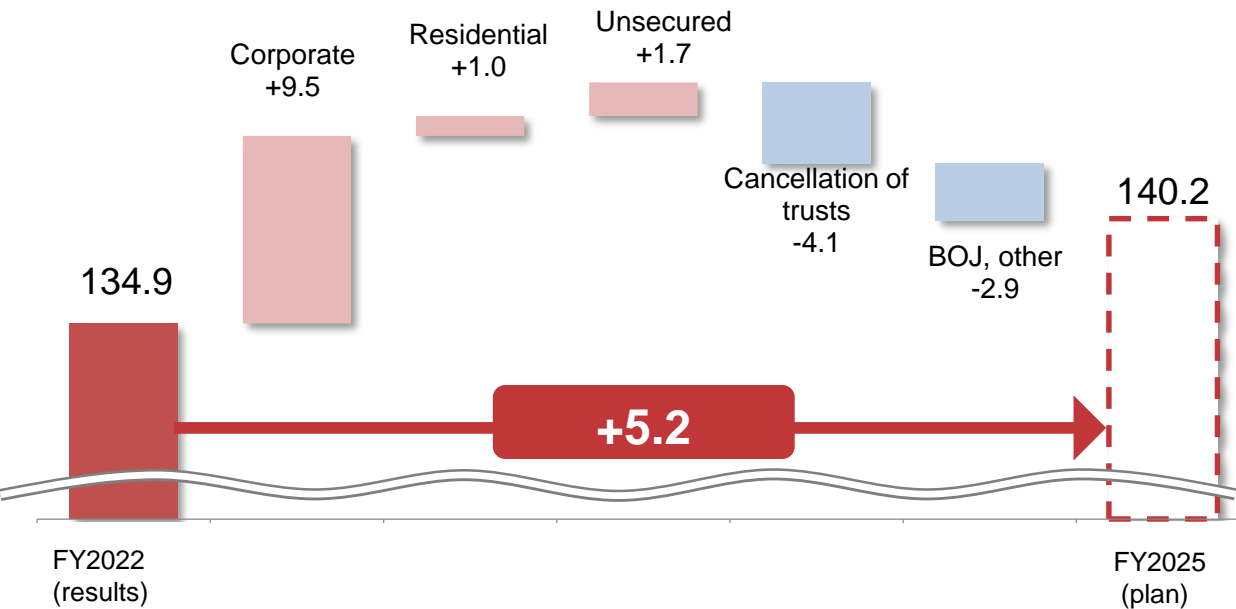
<b>Non-consolidated</b>	(Billion yen)	FY2022 (results)	FY2025 (plan)	Change
Gross business profit		155.5	194.0	38.4
Net interest income		140.3	147.6	7.2
Net fees and commissions		28.6	40.0	11.3
Other gross business profit		-13.4	6.3	19.8
Bond-related gains/losses		-20.0	2.1	22.1
G&A expenses (-)		82.5	88.0	5.4
Business profit		73.0	106.0	32.9
Core business income		93.0	103.9	10.8
Excl. gains/losses on the cancelation of trusts		85.3	100.4	15.1
Net business income		73.0	105.8	32.7
Extraordinary profit/loss		8.7	-4.2	-12.9
Stock-related gains/losses		8.3	5.0	-3.3
Ordinary profit		81.7	101.6	19.8
Net income		58.1	71.5	13.3
Credit-related expenses (-)		0.3	8.0	7.6

<b>Consolidated</b>		FY2022 (results)	FY2025 (plan)	Change
Consolidated net business income (before provisions to general reserves)		81.8	120.0	38.1
Profit attributable to owners of parent		60.2	75.0	14.7



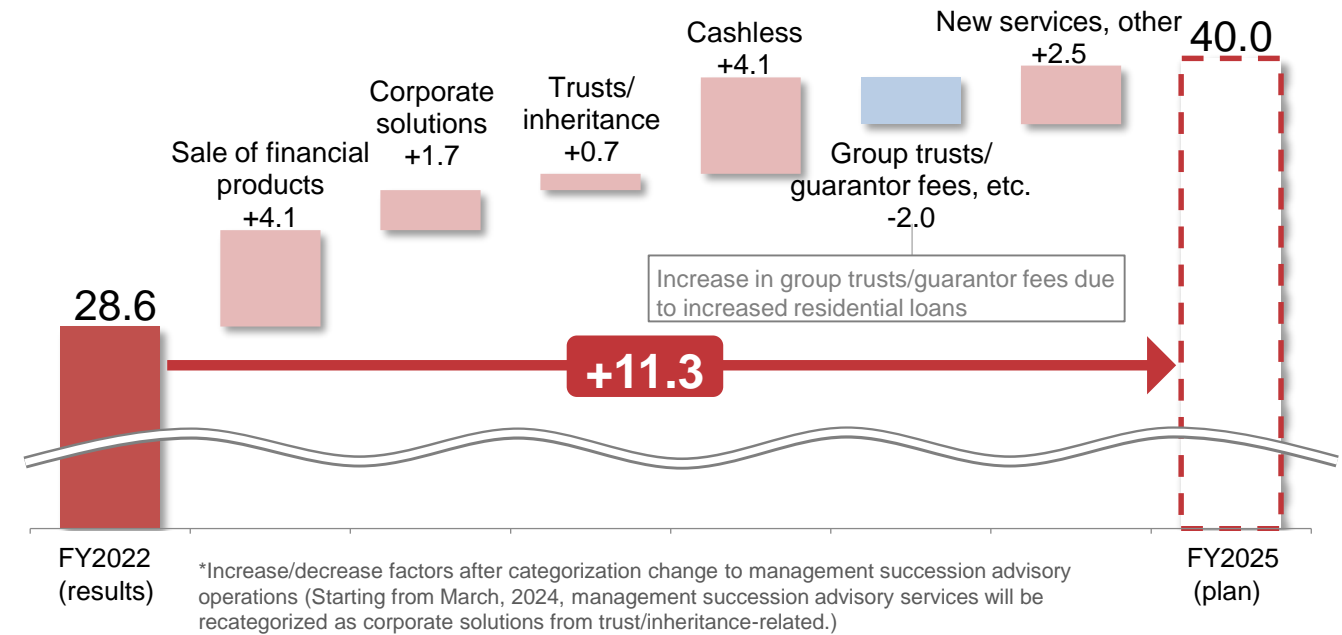
Cover the decline in BOJ deposits through significant increases in loan interest

## Yen net interest income



Balanced revenue increases in addition to recovery of financial product sales

## Net fees and commissions



## End of YCC/negative interest rates

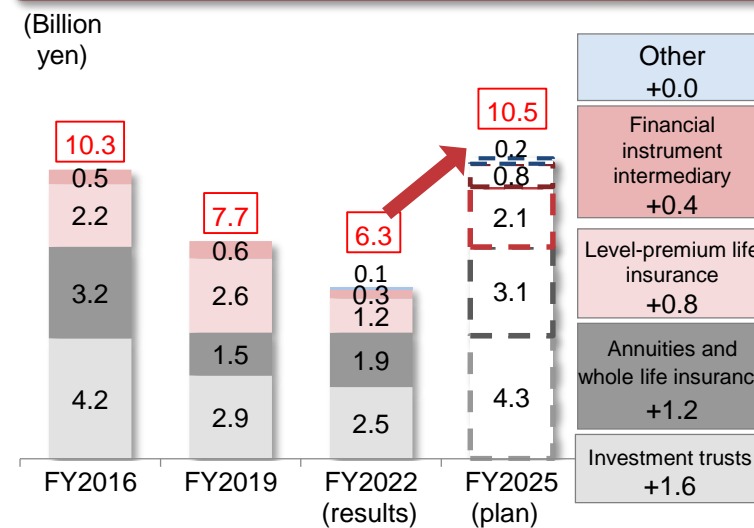
### Expected scenarios

- FY2023 1Q (Apr.~Jun.)
  - YCC review
  - ▶ Long-term rates increase
- FY2023 2Q (Jul.~Sep.)
  - Repeal of YCC
  - End of negative interest rates
  - ▶ Short-term/deposit interest rates increase

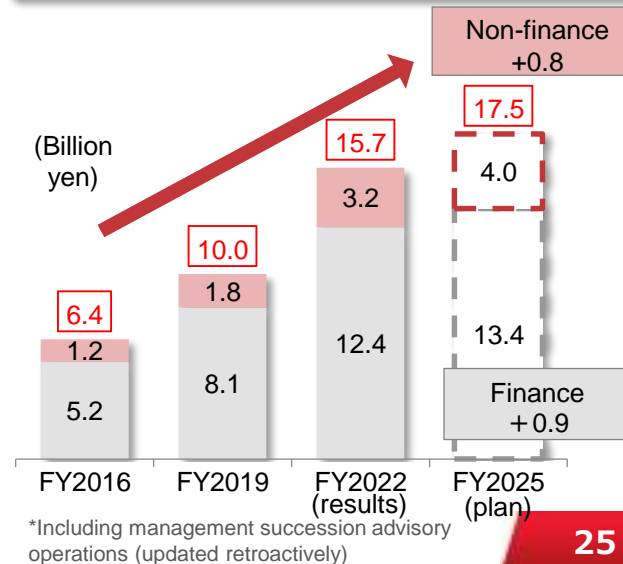
Breakdown		Total
Effect 1: Increased loan interest from increased long-term interest rates		+5.0
Effect 2: Increased yen bond interest from increased long-term interest rates		+1.8
Effect 3: Increased loan interest from increased short-term interest rates		+2.1
Effect 4: Increased deposit interest from increased rates		-1.3
<b>Total</b>		<b>7.5</b>

Total effect (after taxes)  
**+ ¥5.0 bil.**  
(FY2025 estimate)

## Investment trusts and personal annuities

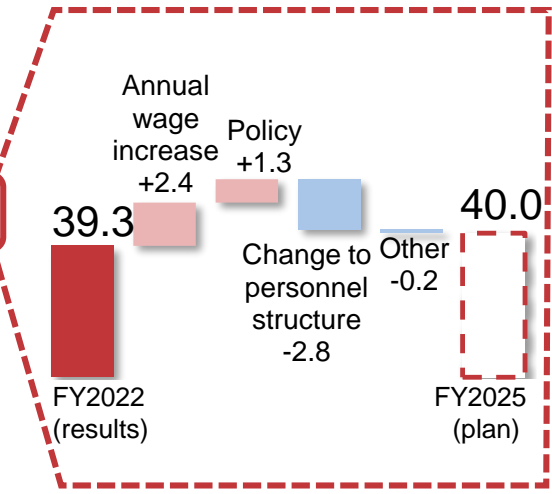


## Corporate solutions



Further decrease OHR through top-line expansion despite increased expenses due to strategic investments

(Billion yen)	FY2022 (results)	FY2025 (plan)	Change
G&A (-)	82.5	88.0	5.5
Personnel (-)	39.3	40.0	0.7
Non-personnel (-)	36.8	41.3	4.4
Taxes (-)	6.2	6.7	0.4
[Ref.] Cons. G&A	89.3	94.4	5.0
OHR (cons.)*	47.3%	45%	-

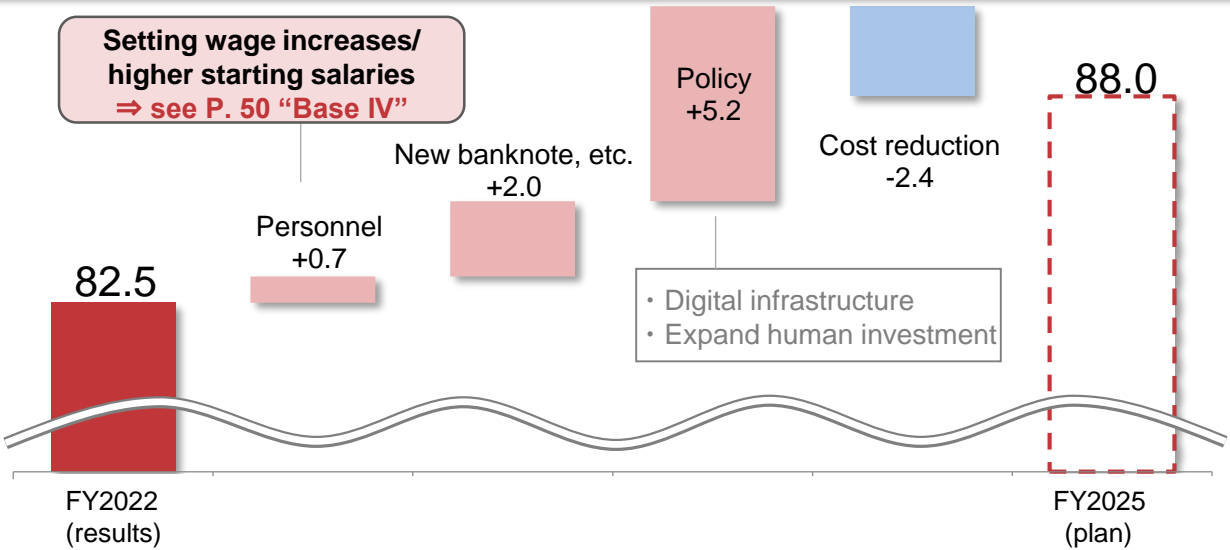


\* OHR: Expenses / (net business income – bond-related gains/losses, etc. + net provisions to general allowance for loan losses + expenses)

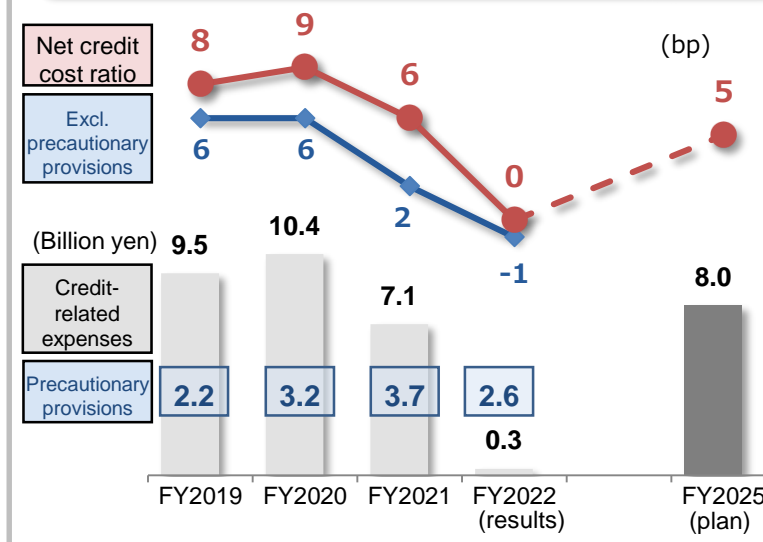
Credit-related expenses expected to remain at prior levels, excluding “precautionary provisions”

(Billion yen)	FY2022 (results)	FY2025 (plan)	Change
Credit-related expenses (-)	0.3	8.0	7.6
Net provisions to general allowance for loan losses (-)	-2.3	0.2	2.5
Disposal of non-performing loans (-)	2.7	7.8	5.0
Write-offs / Net provisions to specific allowance, etc. (-)	6.1	9.6	3.4
New downgrades (-)	6.8	9.5	2.6
Existing non-performing loans (-)	0.4	0.7	0.2
Collections, etc.	1.2	0.6	-0.6
Recoveries of written-off claims	3.4	1.8	-1.6
Net credit cost ratio (-)	0bp	5bp	+4bp

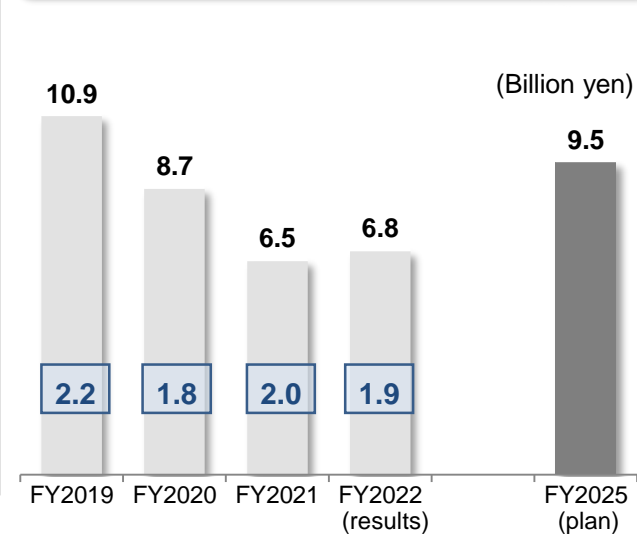
## Major factors behind increased expenses



## Change / ratio

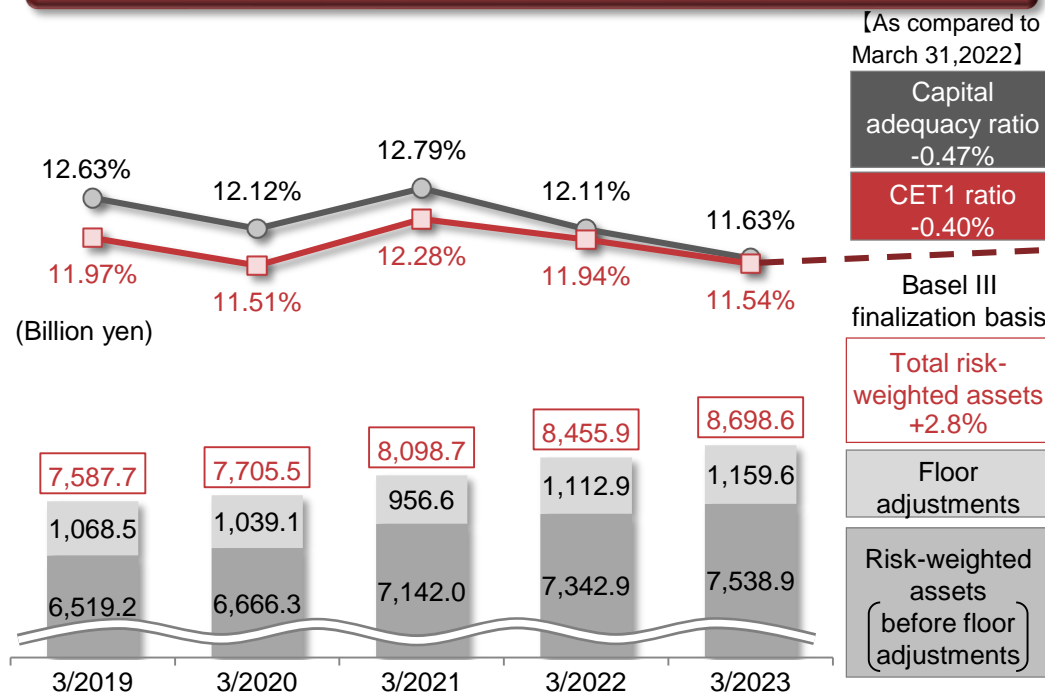


## New non-performing loans

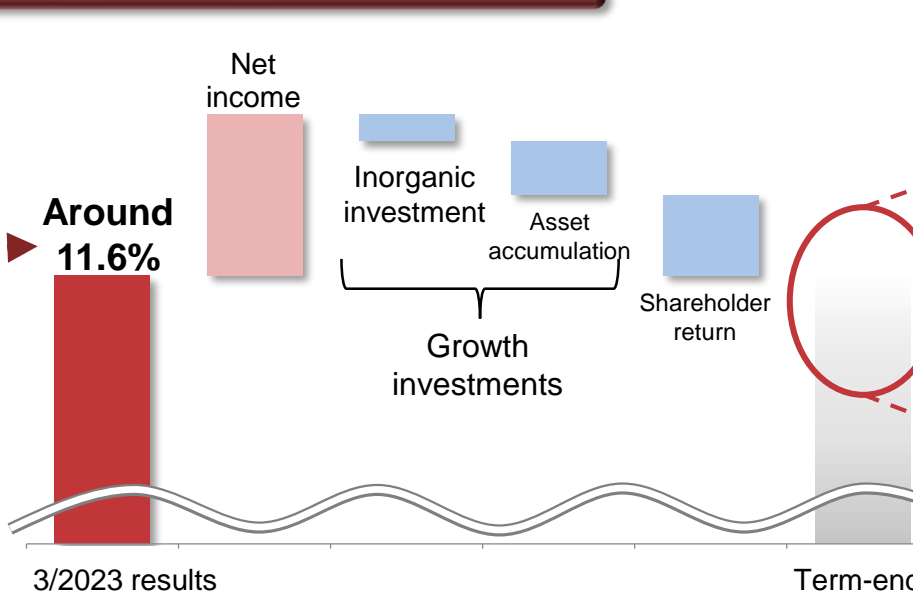


Maintain CET1 ratio\* from 10.5% to 11.5%, aim to improve dividend payout ratio

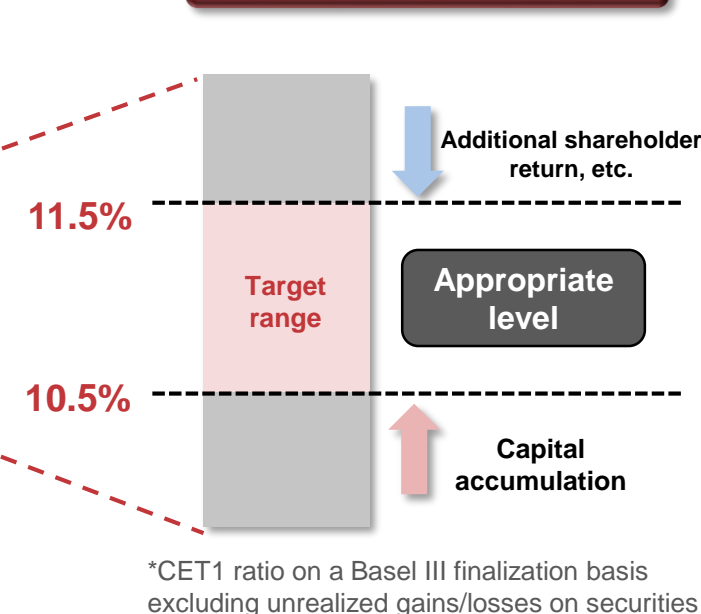
## Consolidated capital adequacy ratio / risk-weighted assets



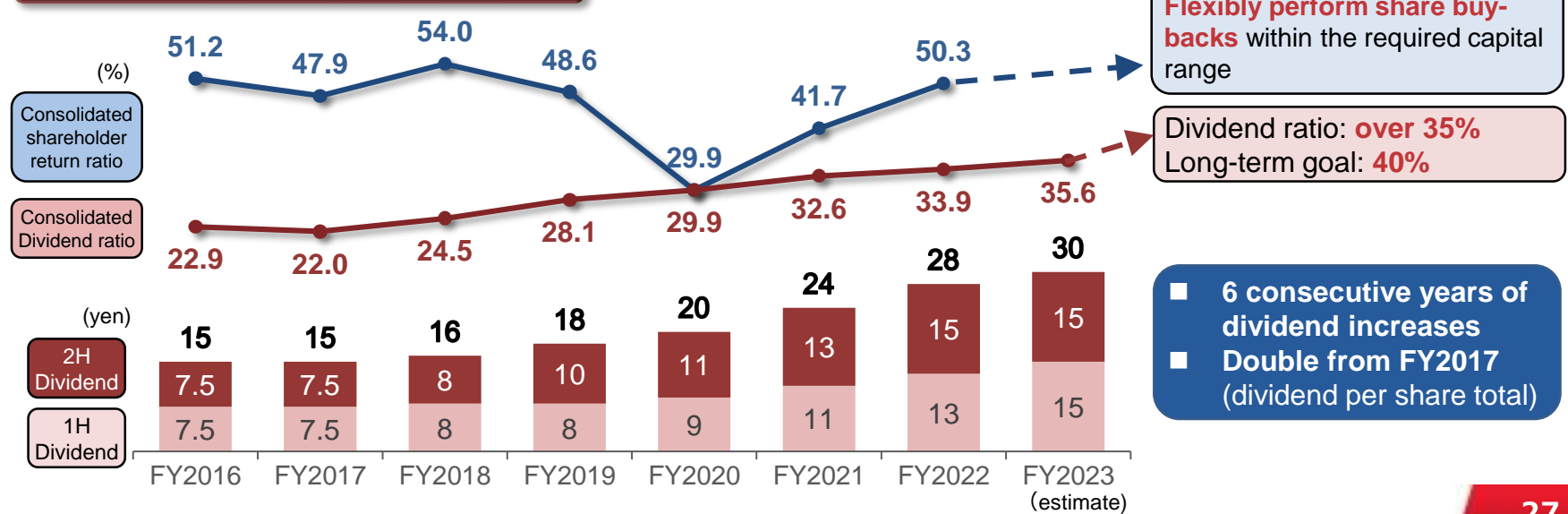
## Capital management viewpoint



## Target CET1 ratio\*



## Shareholder return policy



- Flexibly perform share buy-backs within the required capital range
- Dividend ratio: **over 35%**  
Long-term goal: **40%**
- 6 consecutive years of dividend increases
- Double from FY2017 (dividend per share total)

(%)	3/2022	3/2023	Finalization first year*	Finalization completed*
Capital adequacy ratio	12.11	11.63	15.5	12.8
CET1 ratio	11.94	11.54	15.4	12.6
Excluding unrealized gains/losses on securities	10.58	10.57	14.1	11.6

※ Rough calculation of 3/2023 results on a Basel III finalization basis. In principle, the starting application date is one year past the displayed date.

# Basic Policy Overview



Utilize data to make proposals that address each customer's issues in order to build a fanbase

## Proposals that stand upstream of commercial distribution

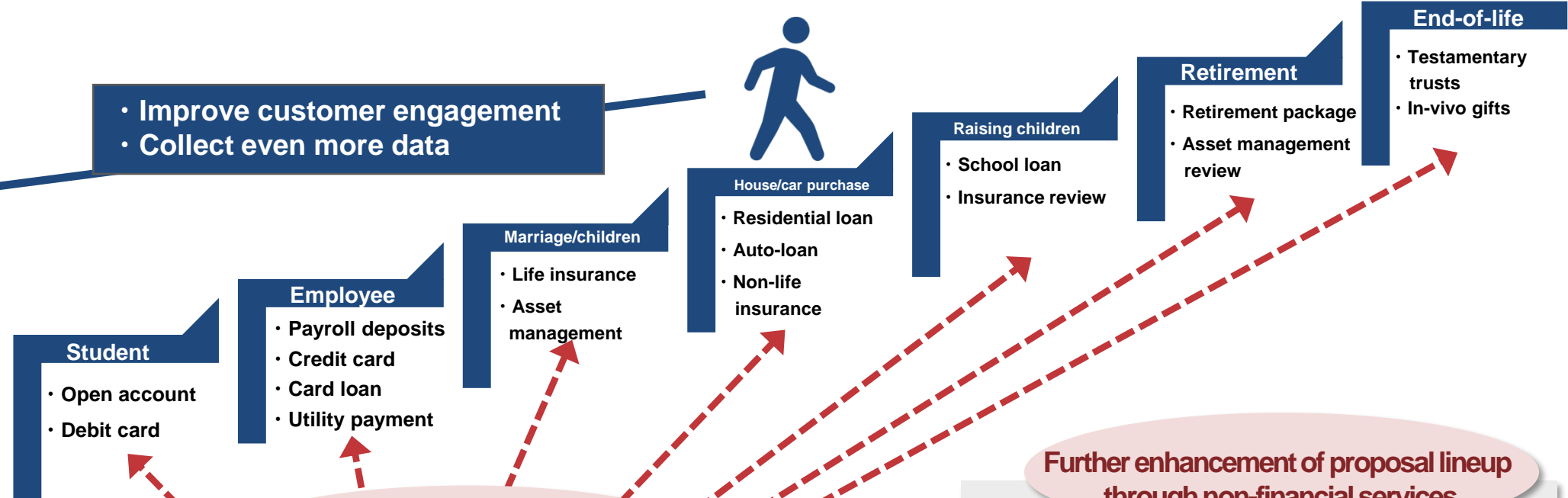
Collect data from a wide range of sources



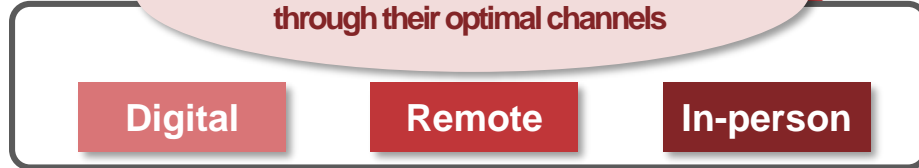
Anticipate customer needs and life plans through data analysis



Improve customer engagement  
Collect even more data



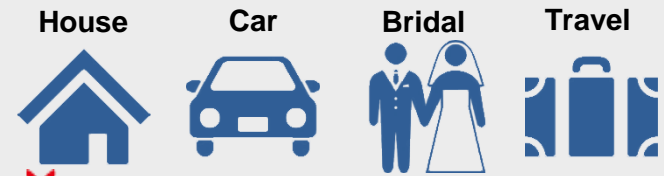
Deliver life plan proposals to each customer through their optimal channels



## Elicit customer needs

- Desirable products and services
- Examine household budget and life plan
- Financial literacy / asset management information

Further enhancement of proposal lineup through non-financial services

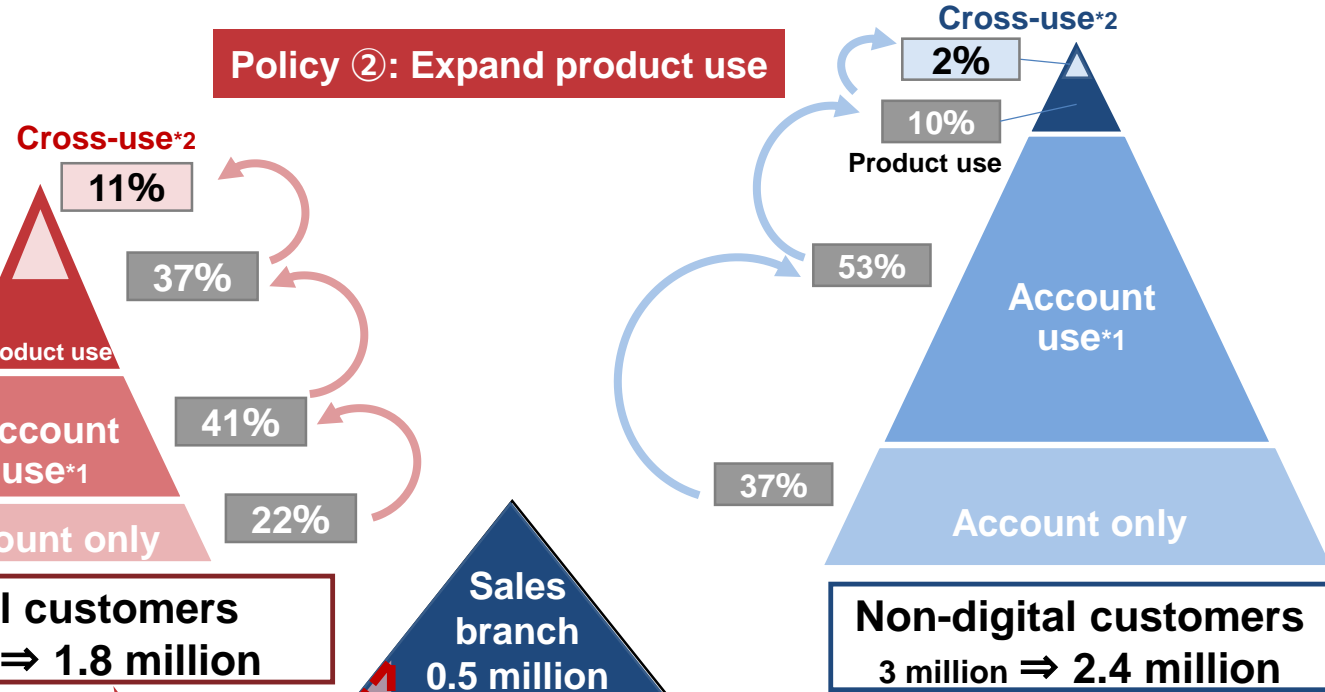


Chibagn Market



Increase gross business profit by 6.0 billion yen by through more digital customers and promoting the use of products

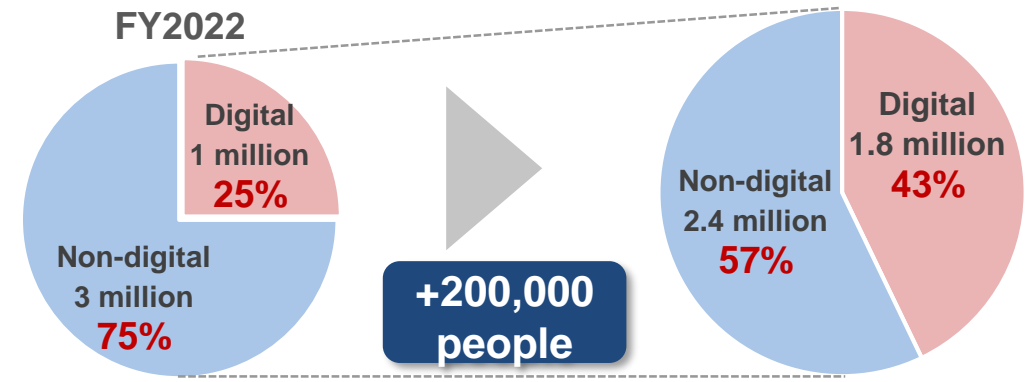
**Policy ②: Expand product use**



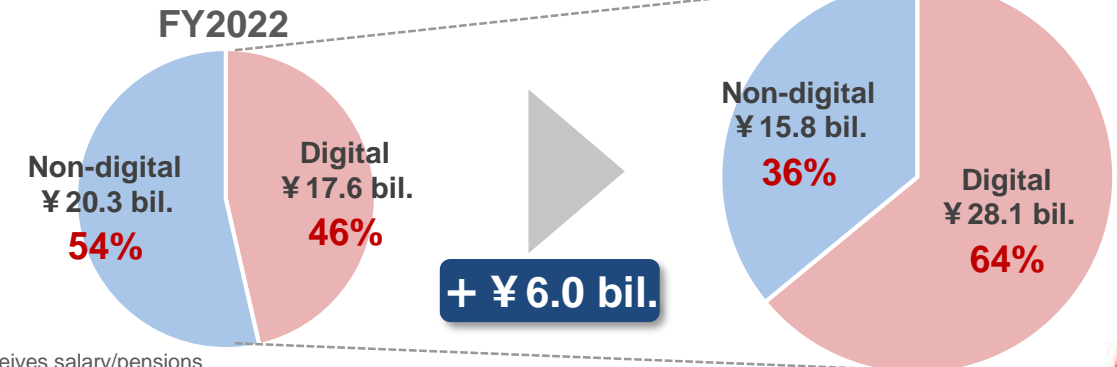
**Policy ①: Shift non-digital customers to digital customers**

Gross business profit per customer per year (FY2022)	Product user ¥ 37.9 thou.	Account user ¥ 5.6 thou.	Account only ¥ 0.3 thou.
	Digital ¥ 16.4 thou.	Non-digital ¥ 6.9 thou.	

**Change in customer composition during the mid-term period**

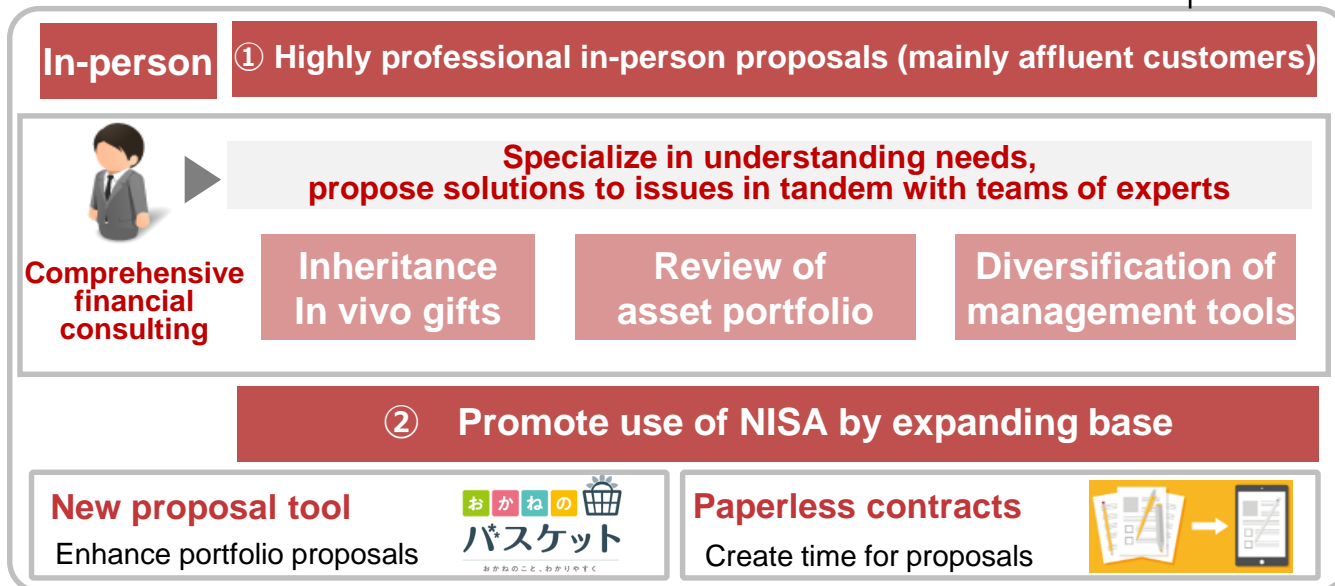
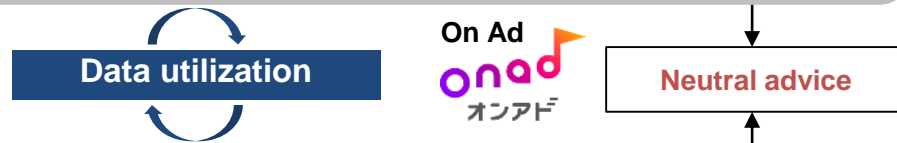
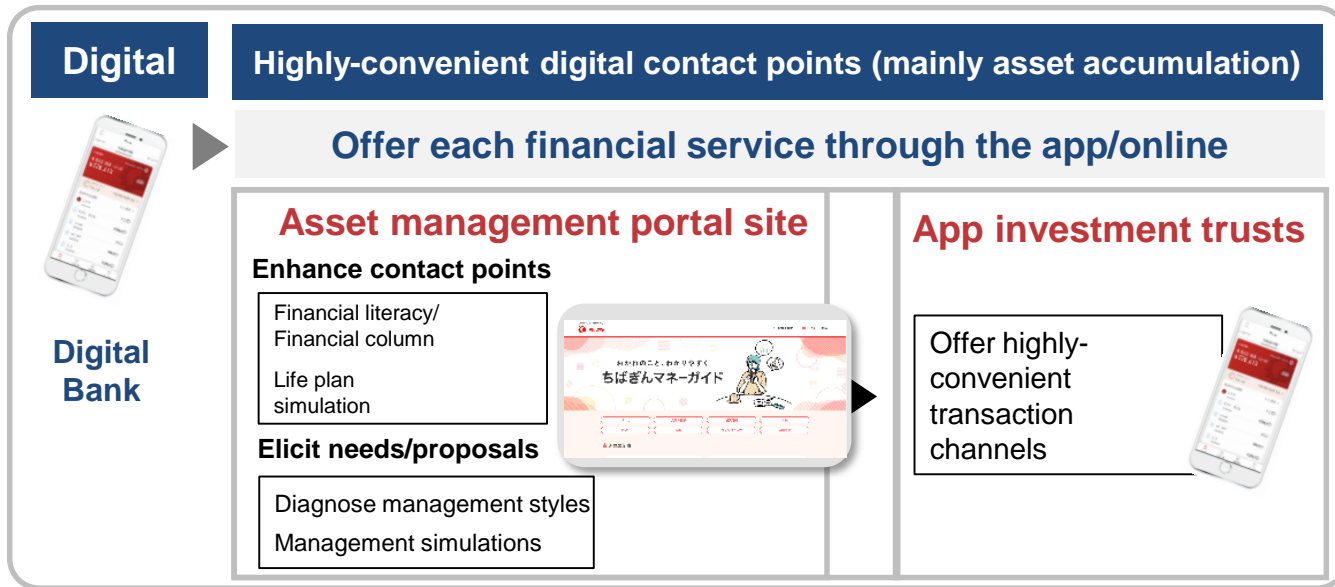


**Change in revenue composition during the mid-term period**

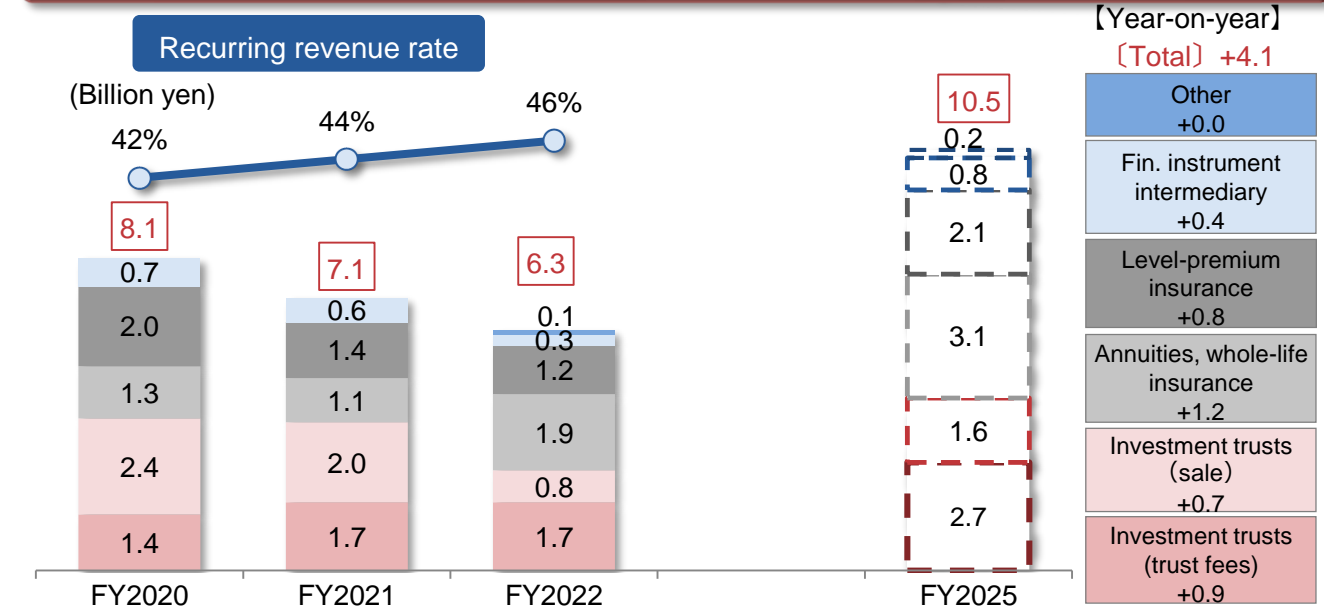


\*1. Account use: Balance of 300,000 yen or more and account receives salary/pensions  
\*2. Cross-use: Uses two or more types of products

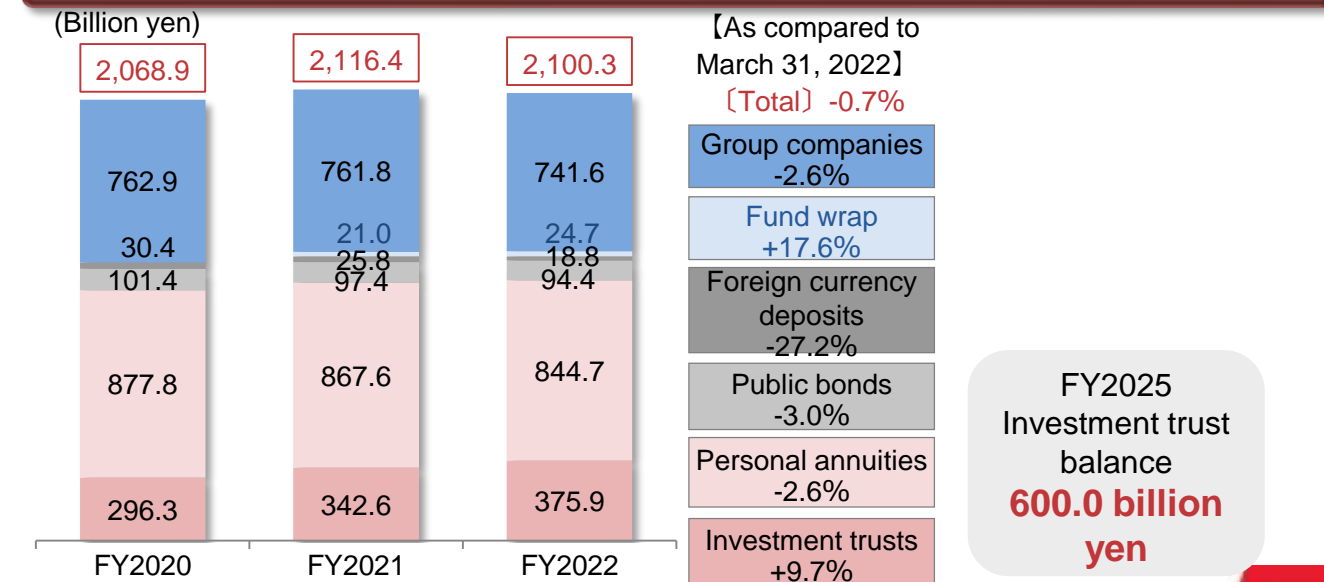
Delivering optimal asset management by combining in-person and virtual channels



## Fees and commissions from financial products



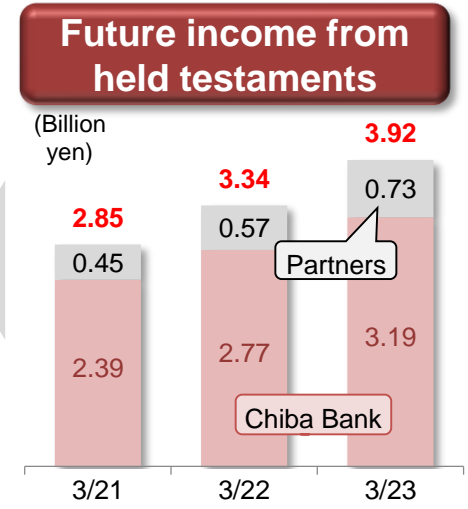
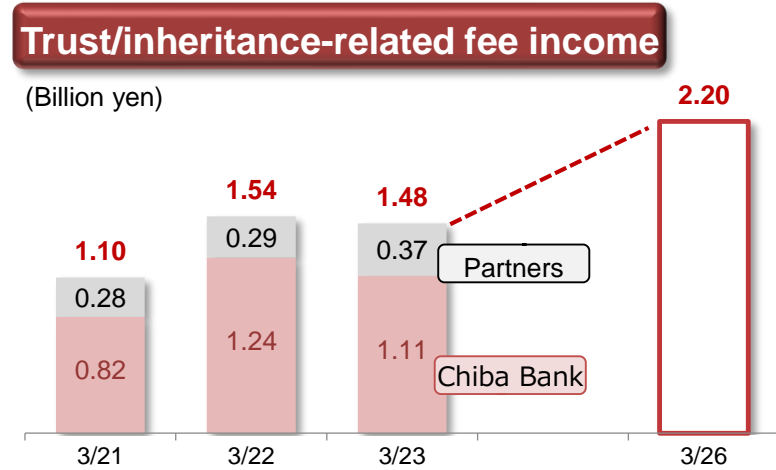
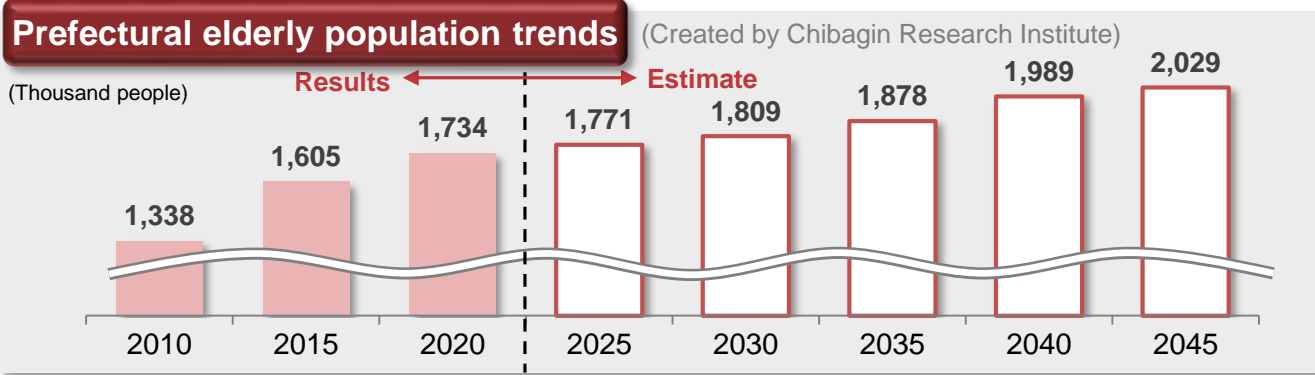
## Financial product balances (Group total)



FY2025 Investment trust balance **600.0 billion yen**



## Further expansion of trust/inheritance business opportunities in view of an aging Prefecture



### Expand trust / inheritance operations

Develop new products/improve existing products

Gain the trust of our customers and understand other financial assets

### Total assets uncovered through inheritance operations

(Billion yen)

Period	Assets (Billion yen)
3/21	519.0
3/22	613.8
3/23	705.1

### Develop non-financial services

Renovations Two-family homes

Nursing homes Travel products

Funeral/headstones

Expand business matching

Use of Chibagin Market

Lateral development

### Expand transactions utilizing held assets

Investment products

Insurance

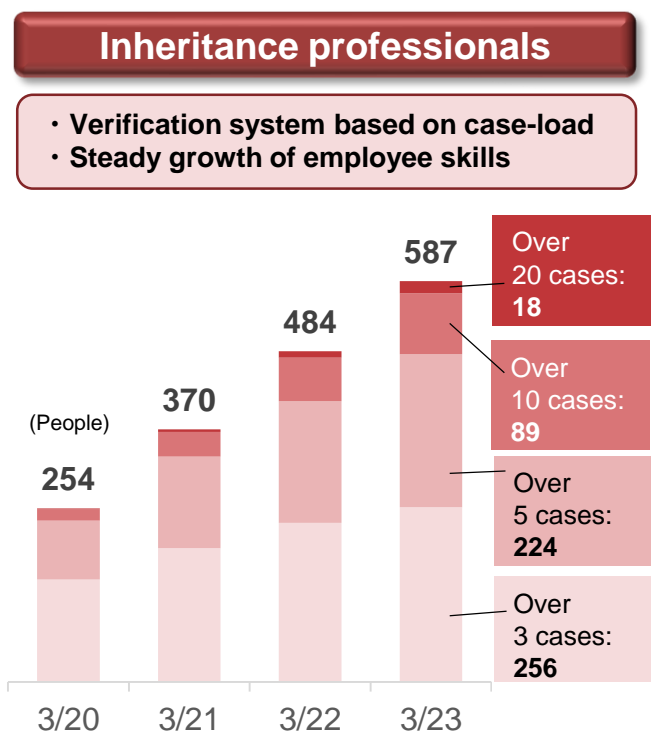
Sale of real estate

Strengthen collaboration

On Ad

Hoken No Madoguchi

Dig deep



### Testamentary trust trends (FY2021 data)

	Elderly population (Over 65)	Number of notarized wills drafted
Japan	36.72 million	106,000
Chiba	1.73 million (4.77%)	(estimate) 5,057

793 acquired by the bank in FY2021 ≙ 15.7% of wills within the prefecture

Estimates are calculated by multiplying Japan's total population by the population ratio of Chiba prefecture (4.77%).

Optimize proposals at each stage: Review → Loan execution → Repayment

## Enhance residential loan business

### Initiative policies

### Concrete measures

Review

Approach before considering borrowing



Deliver proposals from upstream of commercial distribution through consulting services

Application

Increase number of pre-screened applications

Improve relationship realtors (Share development info, support special projects)

Increase rate of final-screening applications

Enhance internet housing loan center (Volume strategy, expand target area)

Credit check

Flexibly set conditions based on needs

Review screening criteria (Upper income limit, ease requirements for those raising children)

Establish new guarantee fee categories

Borrow / repay

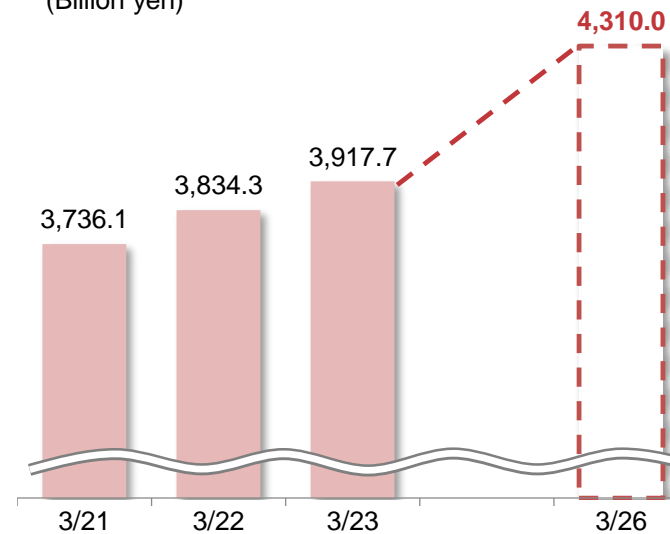
Expand/launch transactions beyond residential loans

Financial products (Cross-use of insurance, investments, cards, etc. Respond to demand for remodel/relocation)

Non-financial products (Sale of housing-related products)

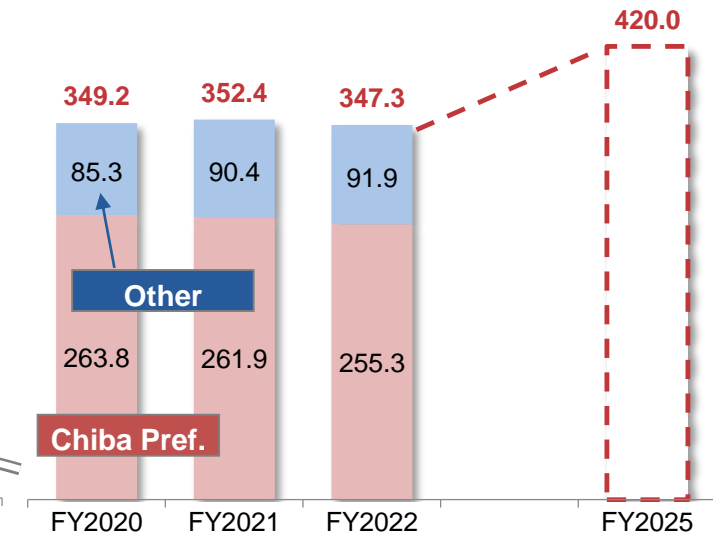
### Residential loan balance

(Billion yen)



### Residential loan execution total

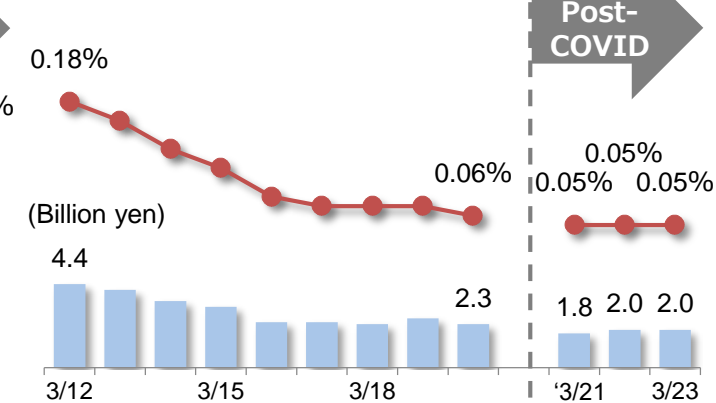
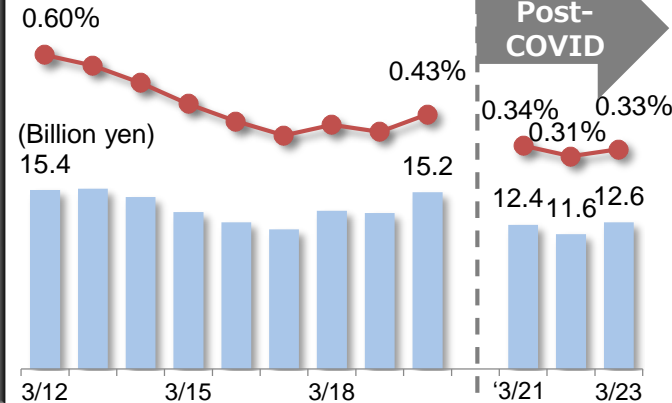
(Billion yen)



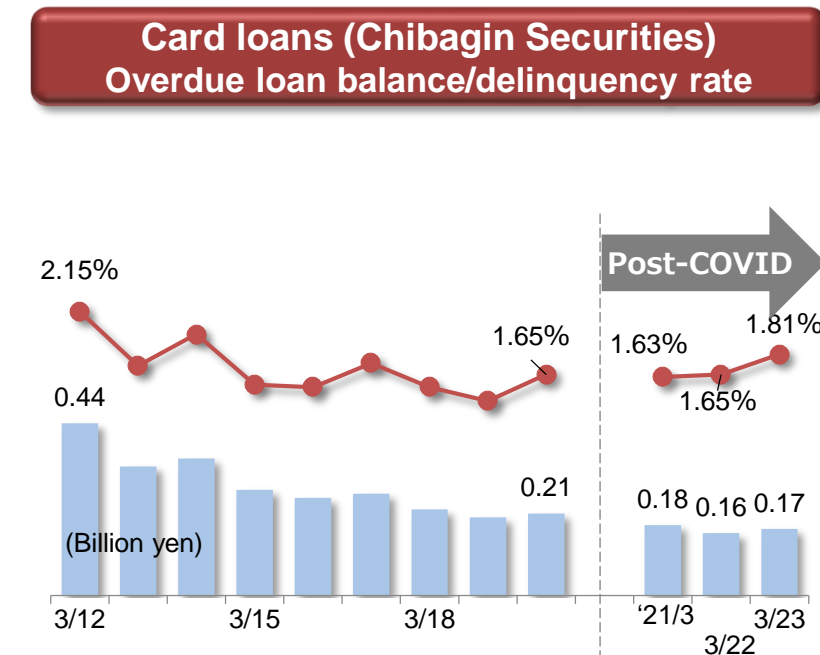
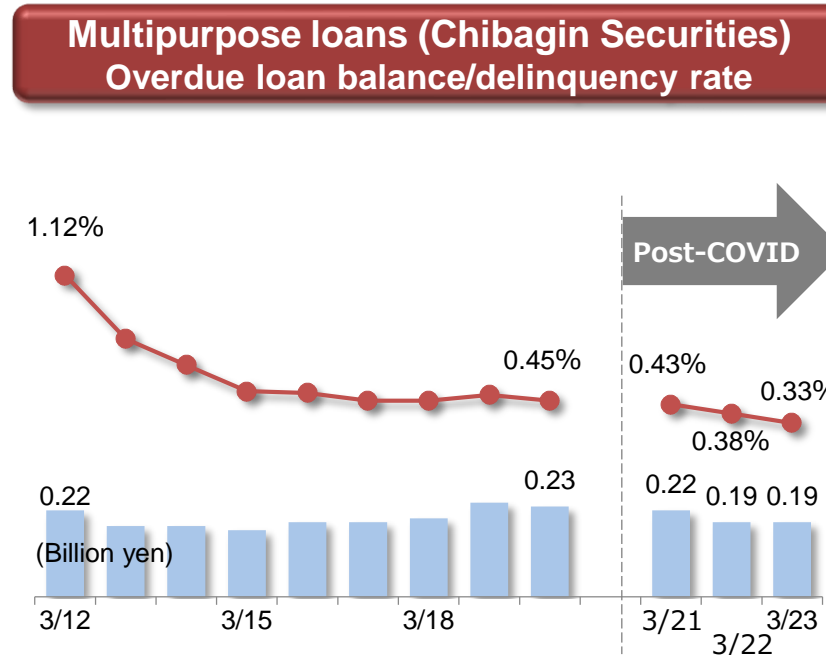
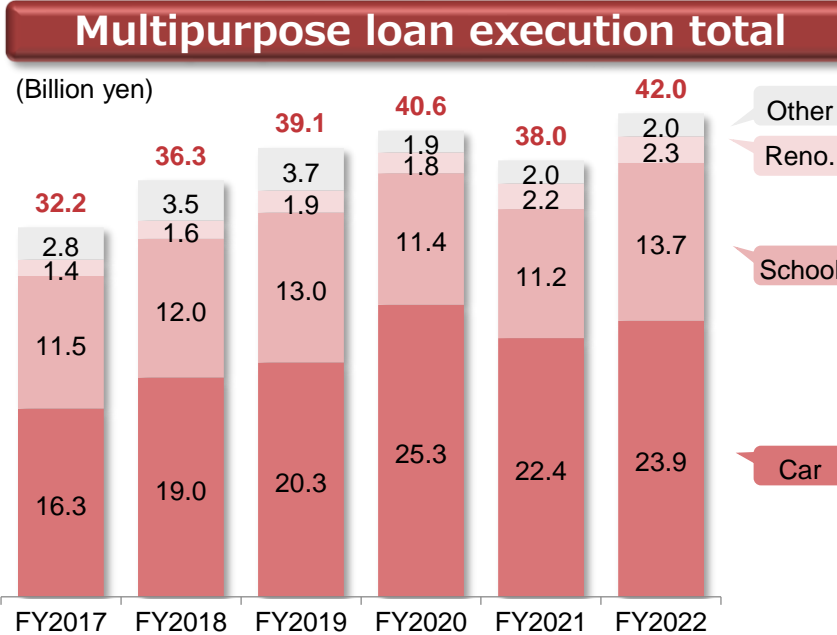
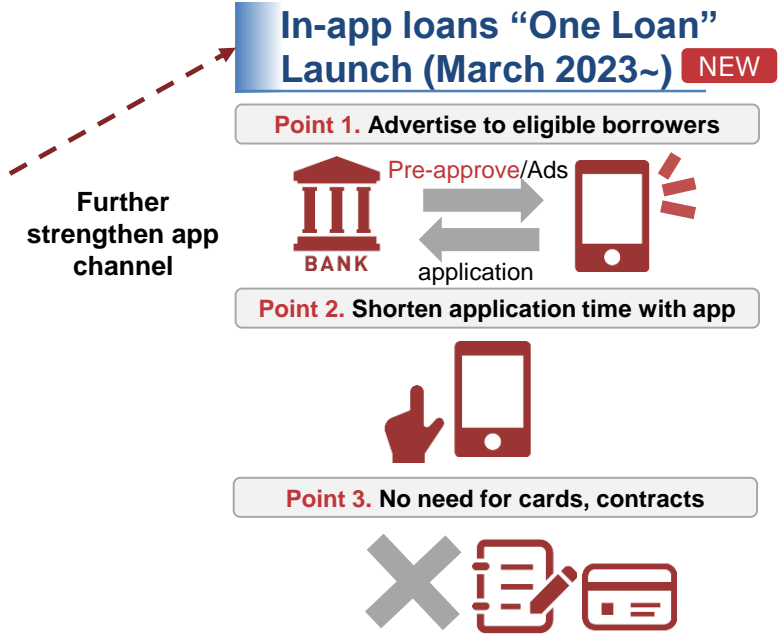
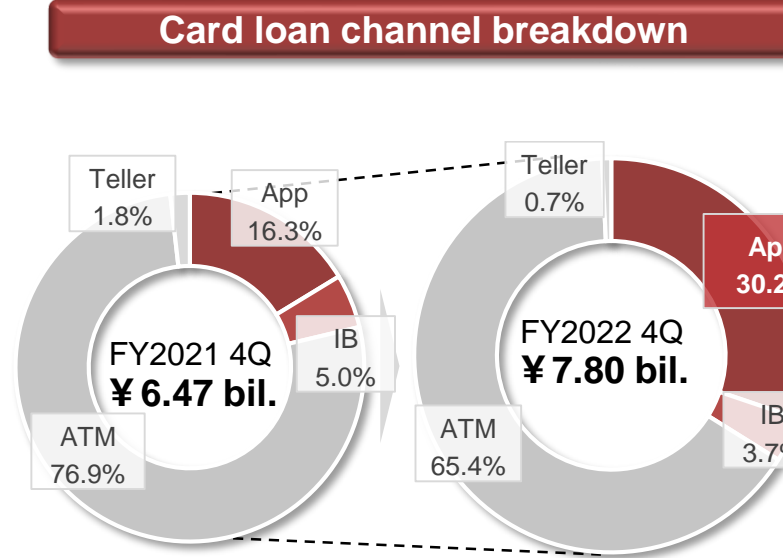
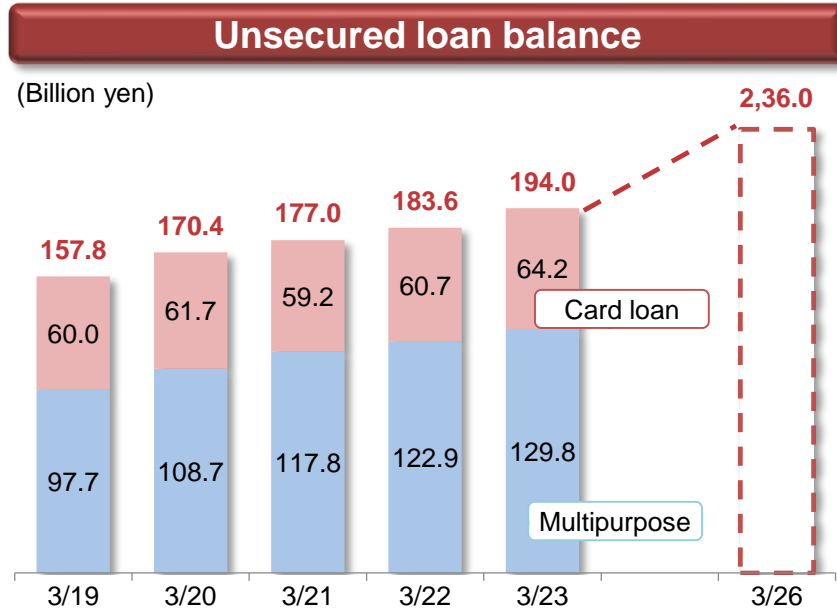
### Overdue loan balance/delinquency rate

### Guarantor payment total/rate

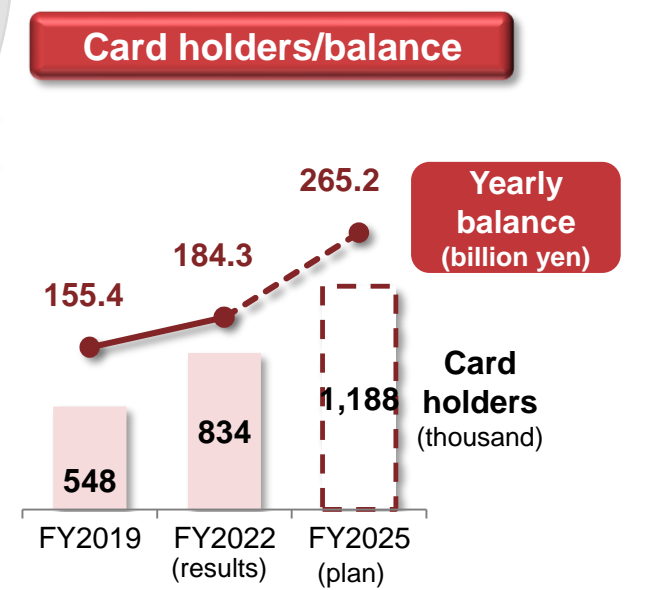
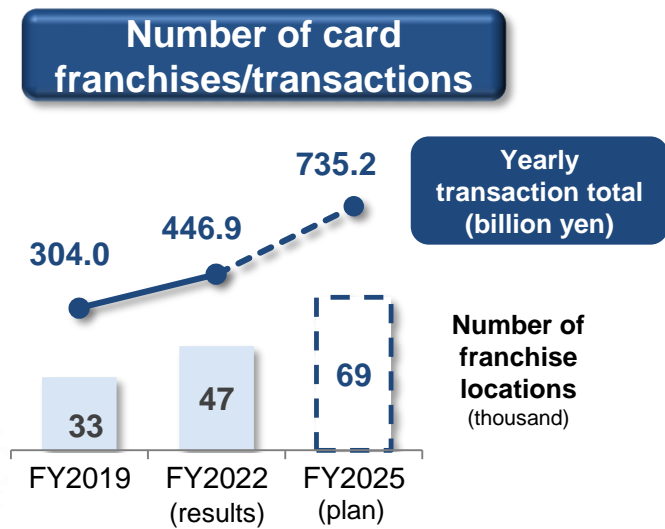
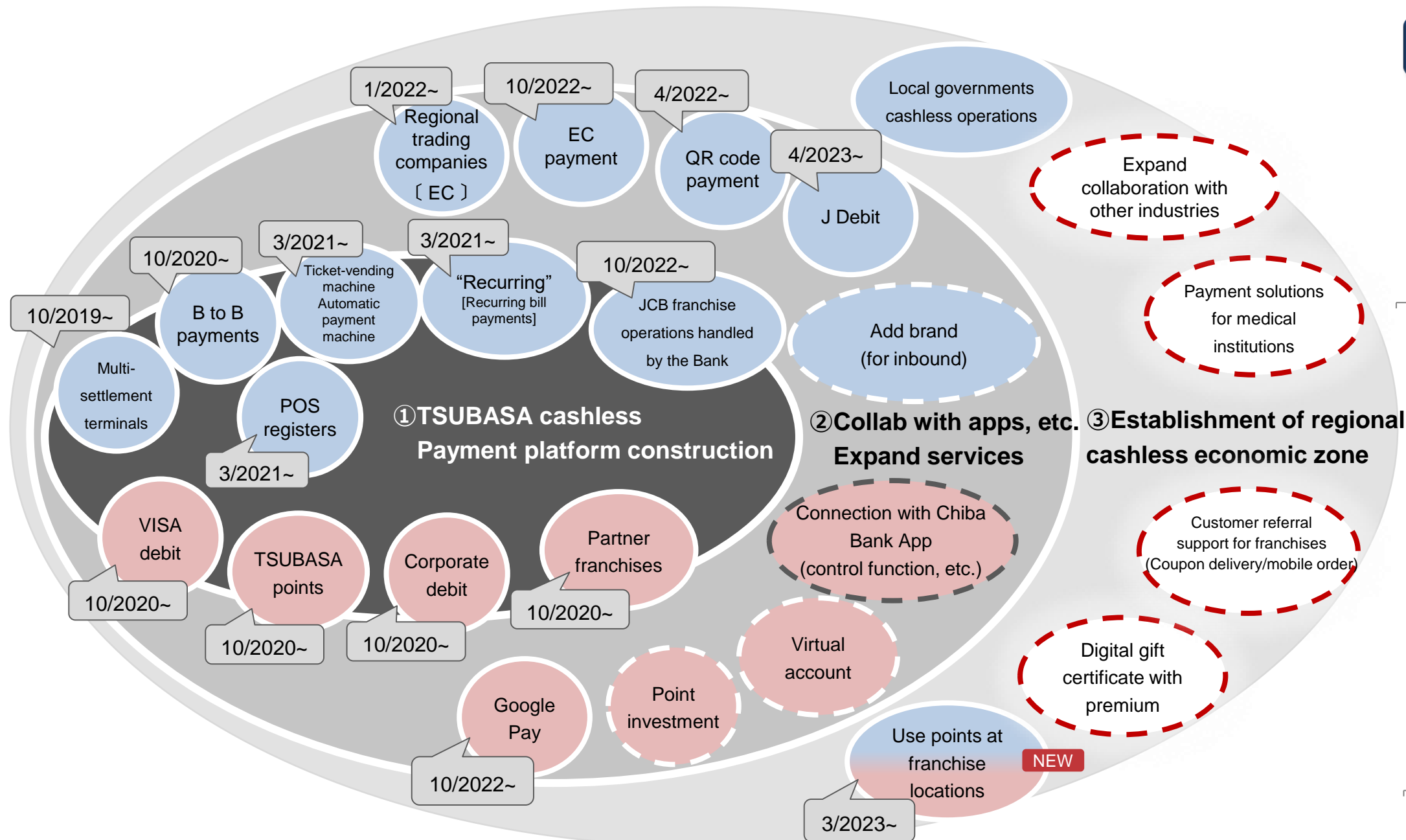
Delinquency/guarantor rate



## Maintain asset health while increasing balances



Further improving base of cashless operations towards the establishment of a regional ecosystem



Provide convenient services and useful information through the corporate portal, contribute to solving corporate management issues as a partner to management

## Form strong customer connections through digital and in-person channels

### Highly-convenient digital contact points

#### Digital

Digital channel that serves as a hub for each service that connects business operators and banks



Chibagin Business Portal

Indispensable basic infrastructure for business activity

Basic financial and communication functions

Business information

Digital services

- Strengthen customer connections

Borrowers

+

Non-borrowers

- Accumulate transaction data (including other banks)

Connect to the portal anytime  
In-person, specialized proposals

#### In-person

Provide the expertise of a consulting firm



Close support for essential management issues

Focus on financial business

Expand non-financial business

## Provide solutions to a wide range of management issues

### B/S management support

#### Assets

- Reduction of fixed assets
- Expand/rebuild production bases
- Use of idle assets

Asset liquidation with R/E funds

#### Liabilities/net worth

- Rationalize payment operations
- Stable capital funding
- Diversification of funding methods
- Stock succession

### P/L management support

#### Higher sales

- Expand sales routes (via Chibagin Market EC site)
- Support for efficient collection of proceeds
- Support for new product development

#### Cost optimization

- Optimize production costs
- Advertising, PR support
- Personnel introduction service
- Optimize expense payments

Support sales via advertising

Support for formulating various business plans  
(Capital investment, SDGs strategy, DX, HR development, etc.)

### Building an advanced proposal system

#### Sales divisions

- Improve inter-division collaboration
- Business Coordination Division (new)
- Strengthen Group-wide proposals
- Group Strategy Division (new)
- Enhance overseas network

#### Credit screening unit

- Understanding business partners' conditions in response to a changing environment
- Consider solutions in tandem with sales divisions

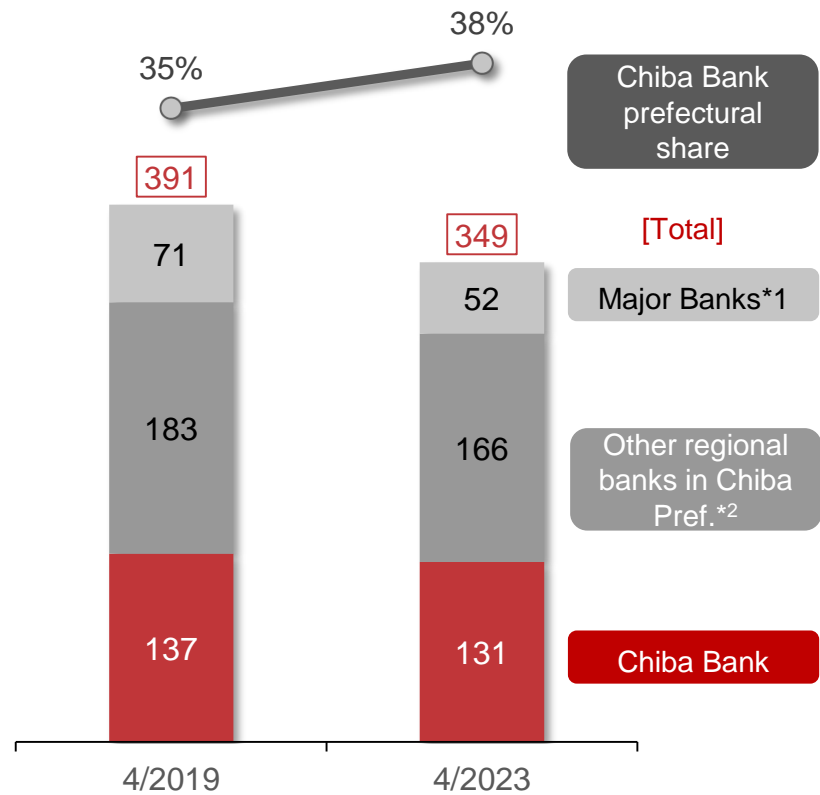
#### Allies

- Collaboration with Alliance banks
- Expand business alliances that contribute to customer support

Differentiate from other Banks by maintaining a strong branch network, further increase share of loans within the prefecture and expand corporate service transactions

## Total number of branches in Chiba Prefecture

\* Excluding branch-in-branch, sub branch, loan centers, etc.



Source: Chiba Bankers Association

## Prefectural branch trends

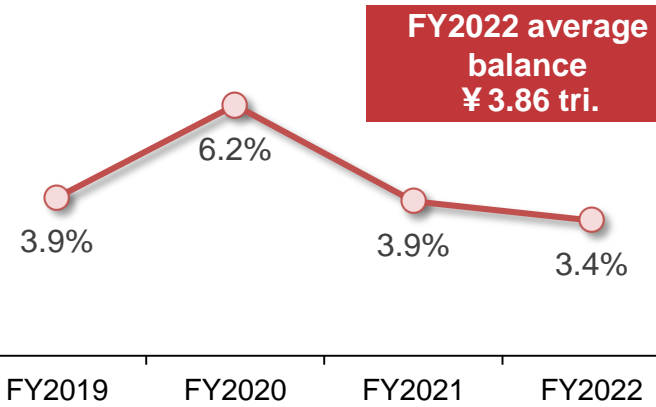
- Chiba Bank : 137 ➔ 131 (▲4%)
- Major/other regional : 254 ➔ 218 (▲14%)

\*1 Mitsubishi UFJ, Mitsui Sumitomo, Mizuho, Resona

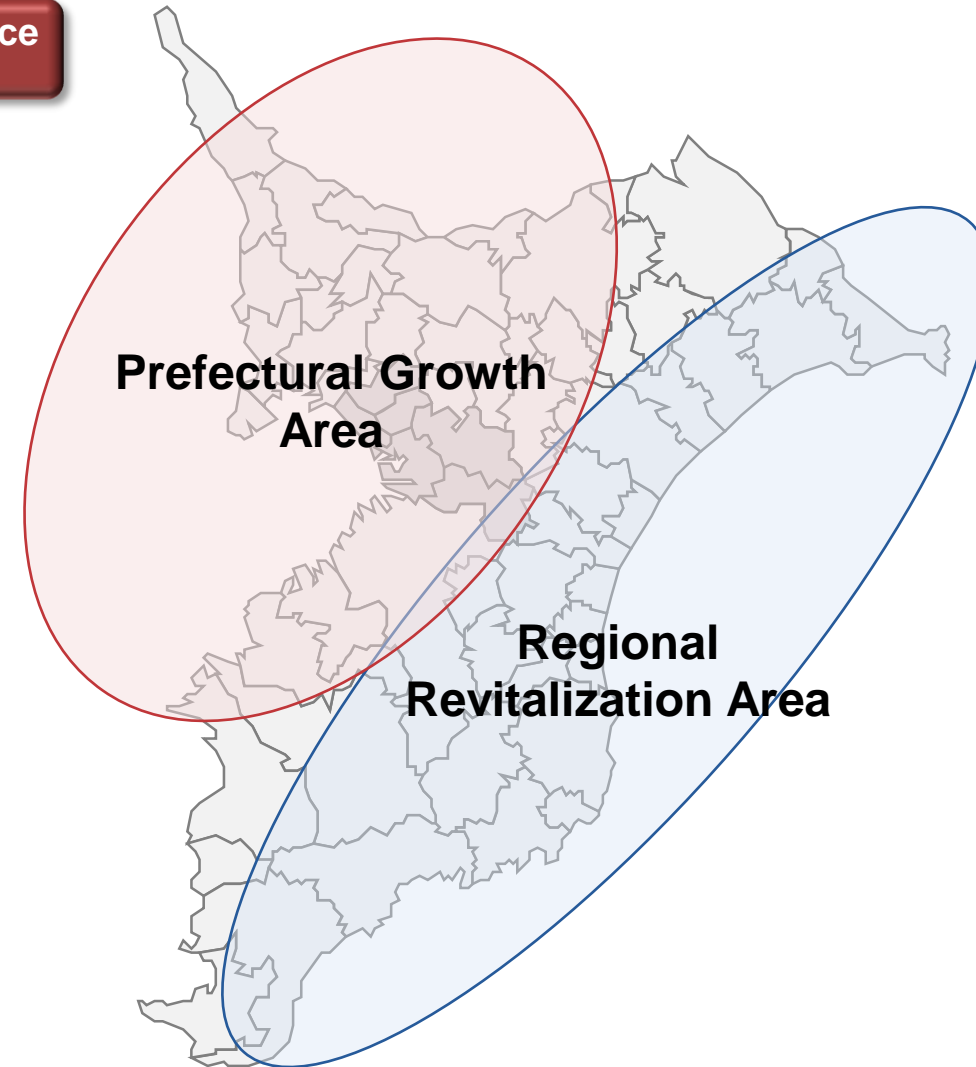
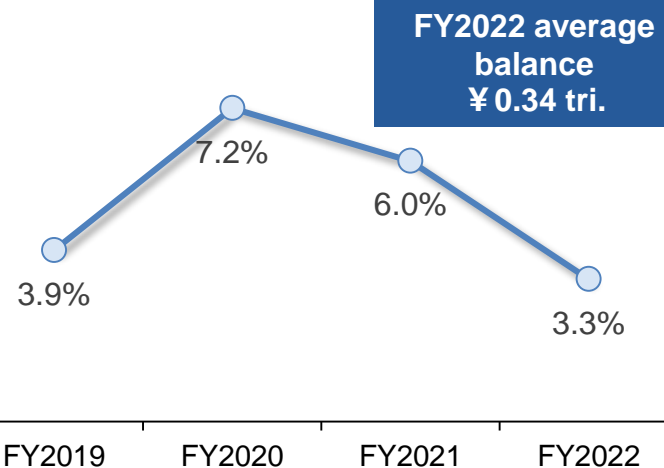
\*2 Keiyo, Chiba Kogyo

## Growth rate of business loan average balance (excluding public sector)

### Prefectural Growth Area



### Regional revitalization area



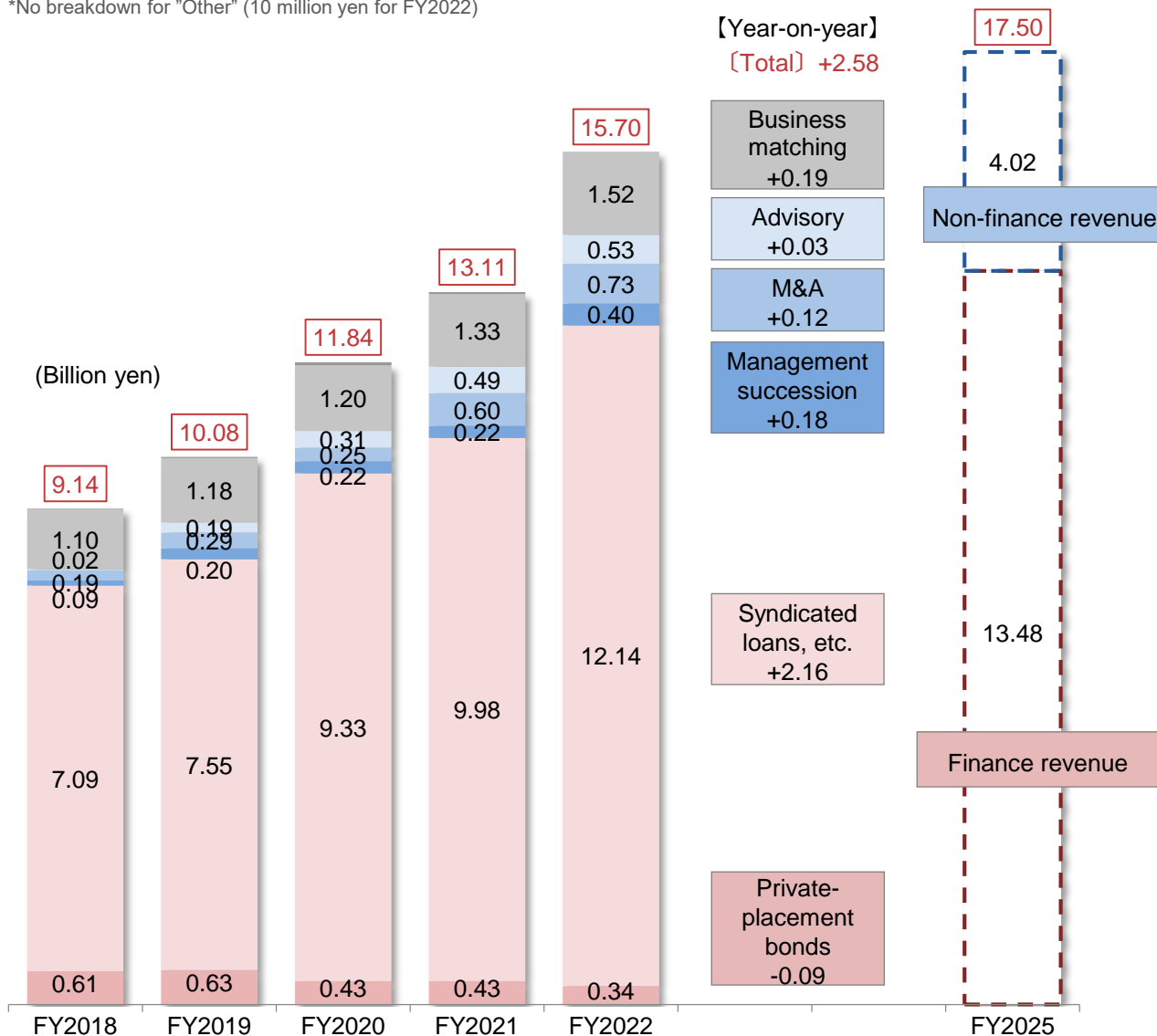
Accelerate growth by actively establishing branches outside the prefecture (plan)

- Mito Corporate Sales Office → branch (Nov.)
- Hamamatsucho Corporate Sales Office → branch (Dec.)

## Record-high corporate solutions revenue for the 12<sup>th</sup> consecutive term

### Corporate solutions-related revenue

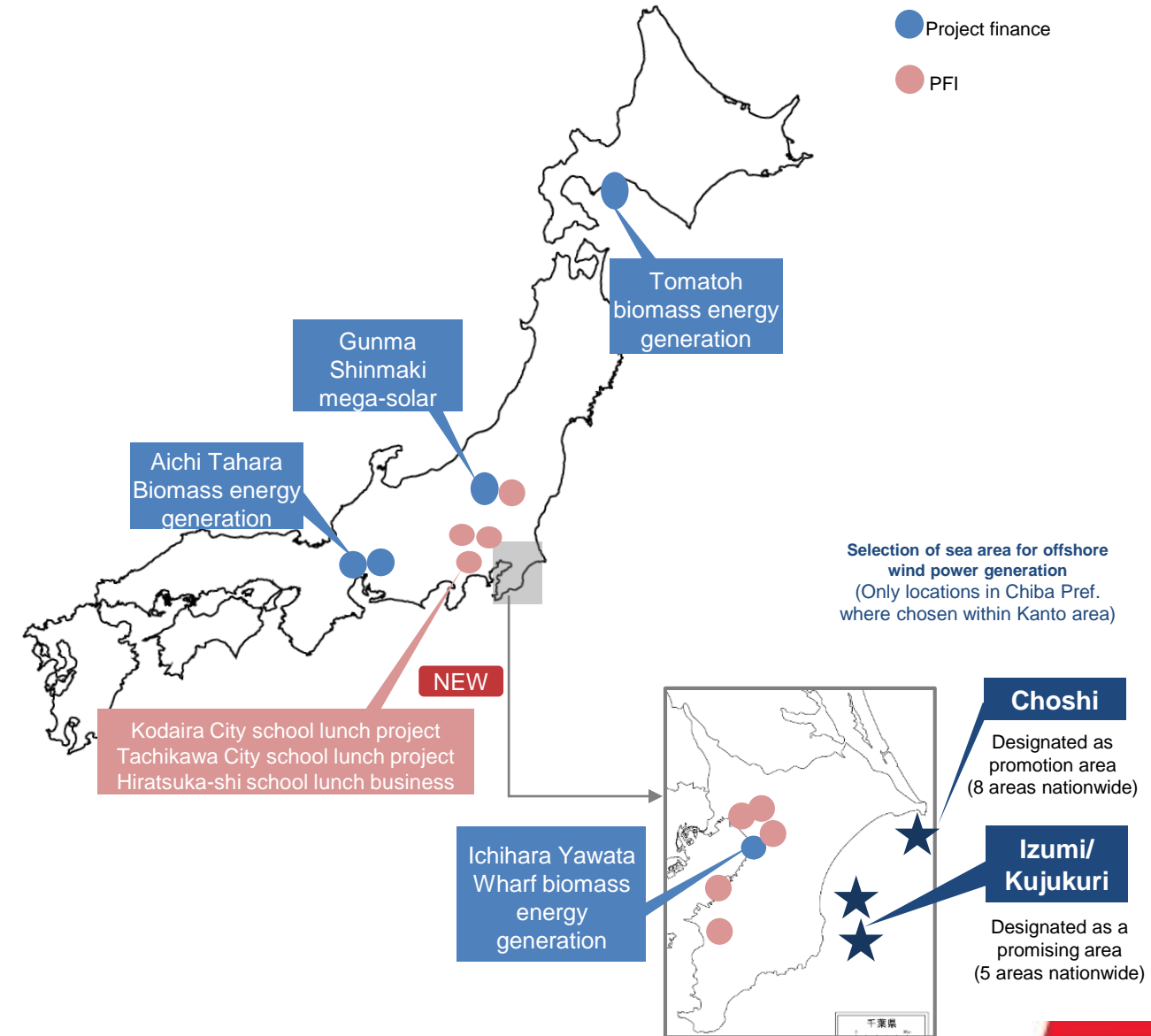
\*No breakdown for "Other" (10 million yen for FY2022)



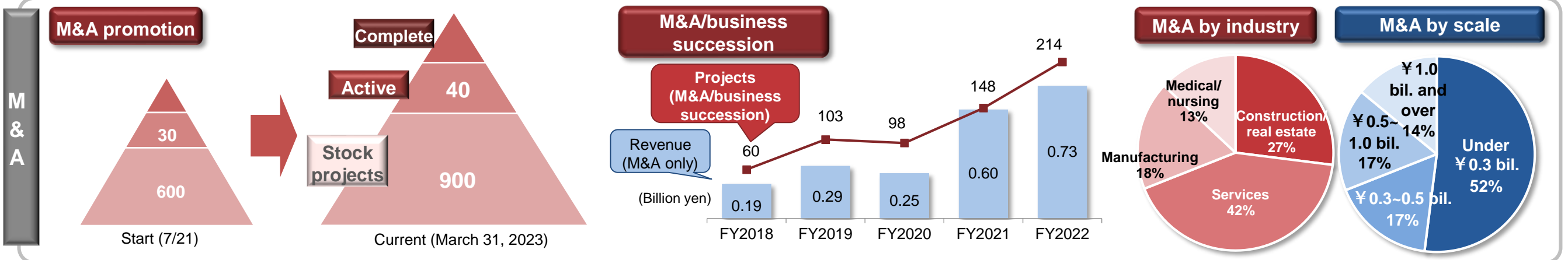
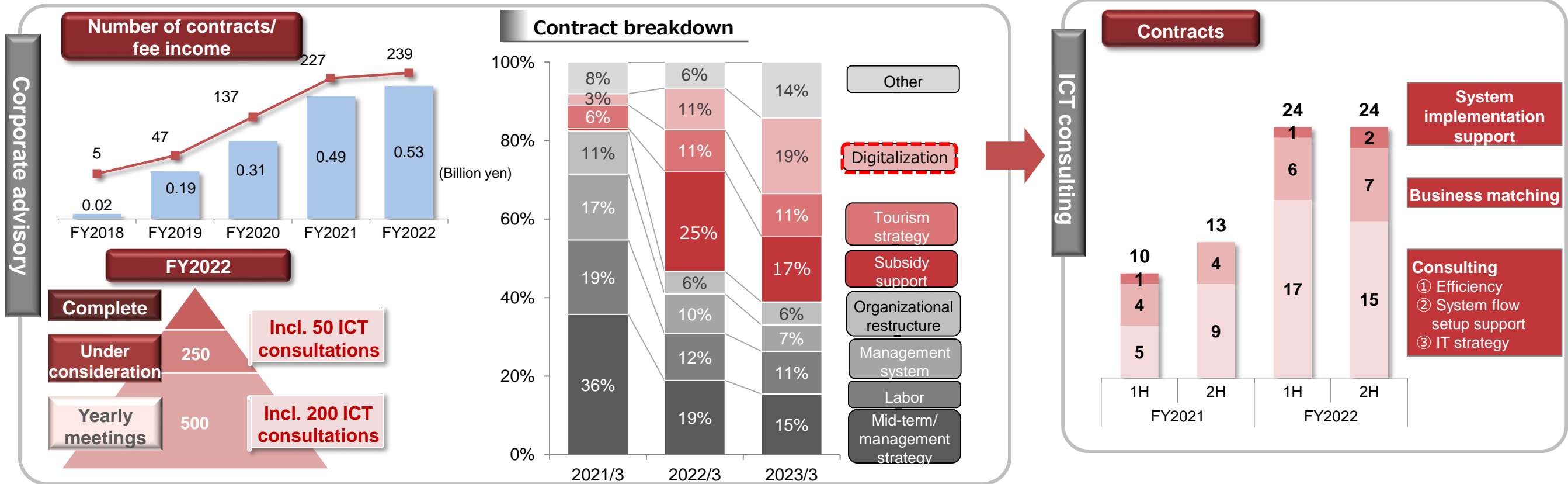
\*Including management succession advisory operations (updated retroactively)

### Bank-arranged project finance / PFI

\*Initiatives after April 2020



## Cultivate various needs through ongoing communication as a partner





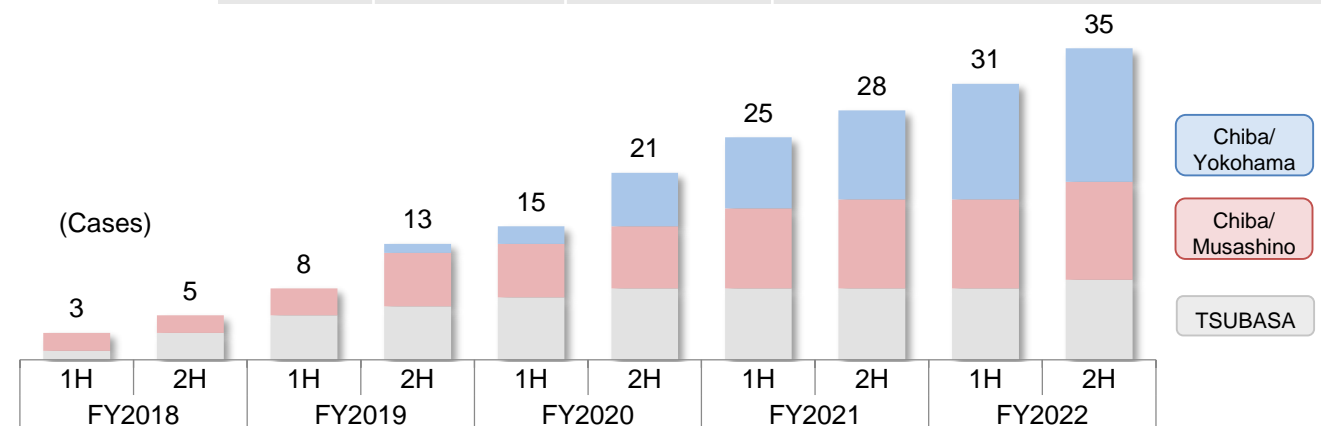
## Use of the largest overseas network among Japanese regional banks

### Overseas network



### Total co-financing with partner banks (overseas operations)

FY2022 2H major initiatives	Date	Alliance	Country	Related overseas office
	12/2022	Yokohama	Singapore	Chiba Hong Kong Branch, Yokohama Singapore Branch
	3/2023	TSUBASA	U.S.	Chiba NY Branch, Chugoku Bank domestic branch



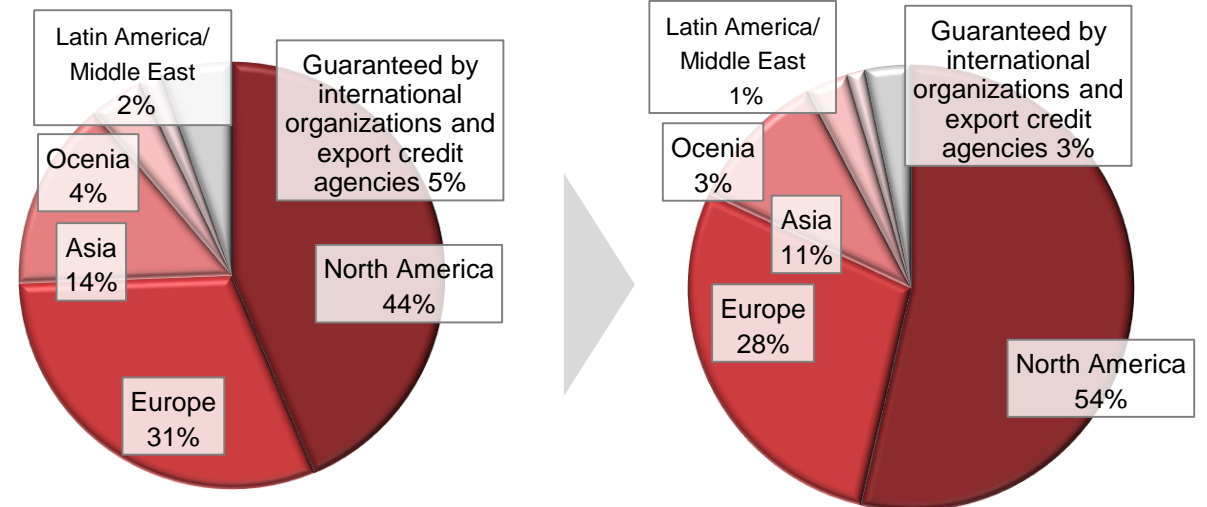
### Non-Japan credit

\*Includes credit to non-Japanese companies in domestic branches and market divisions

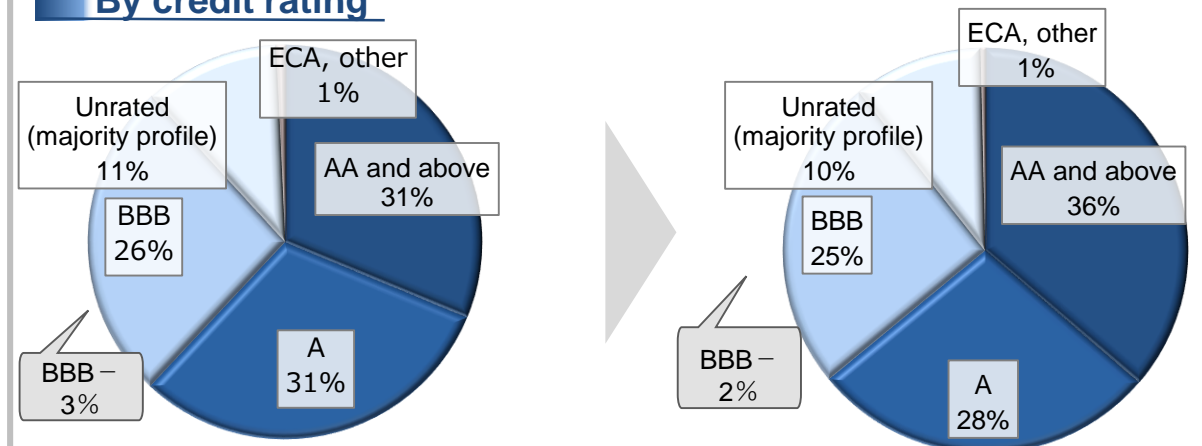
#### By region

3/2019 USD \$4,803 million

3/2023 USD \$5,336 million



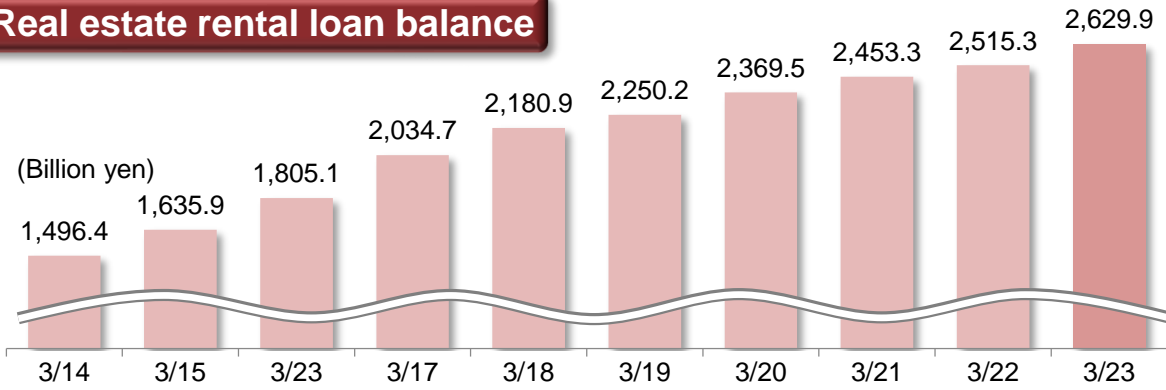
#### By credit rating



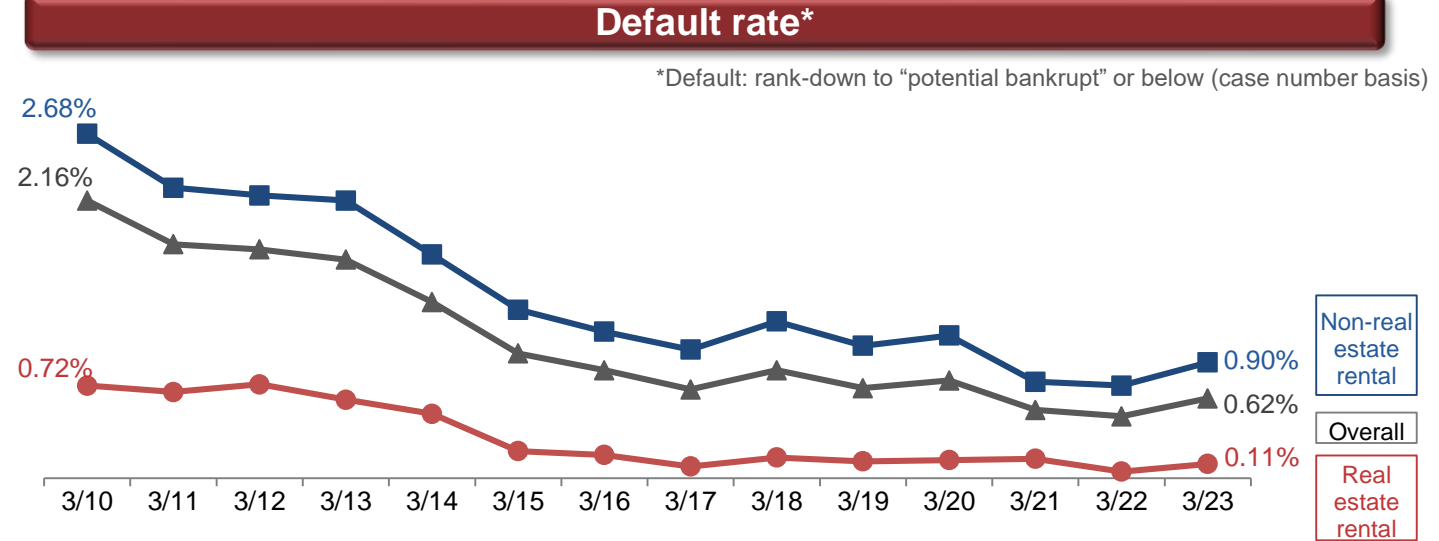
\*S&P/Moody's lower rating

## Real estate rental loans increased steadily while credit risk remained low

### Real estate rental loan balance



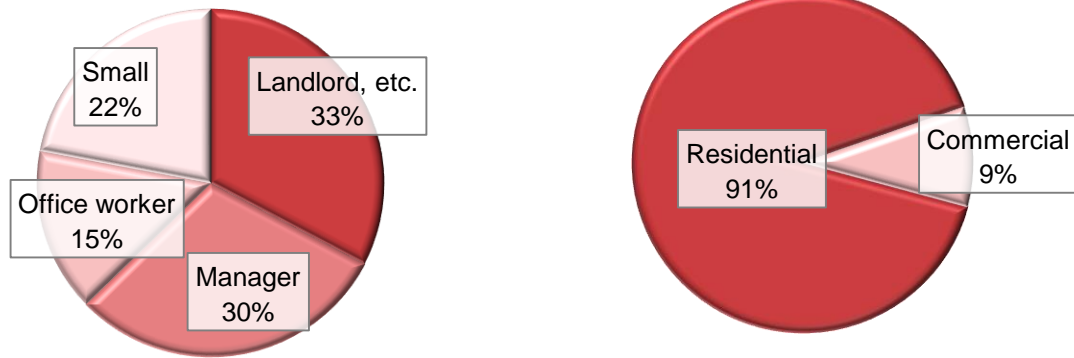
### Default rate\*



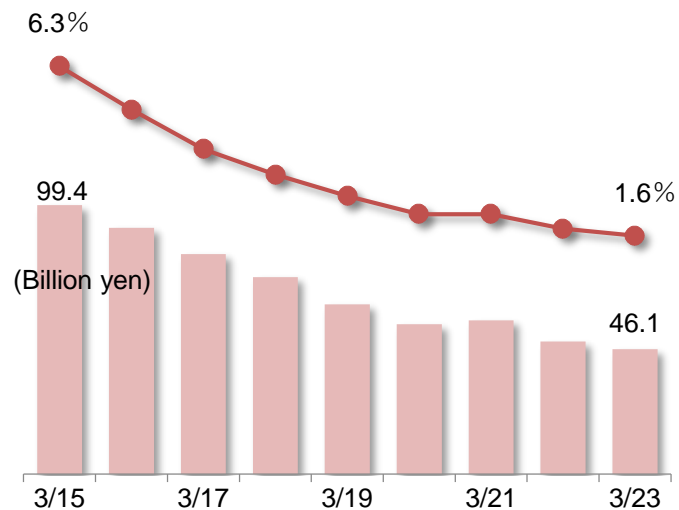
### By borrower type

### By use

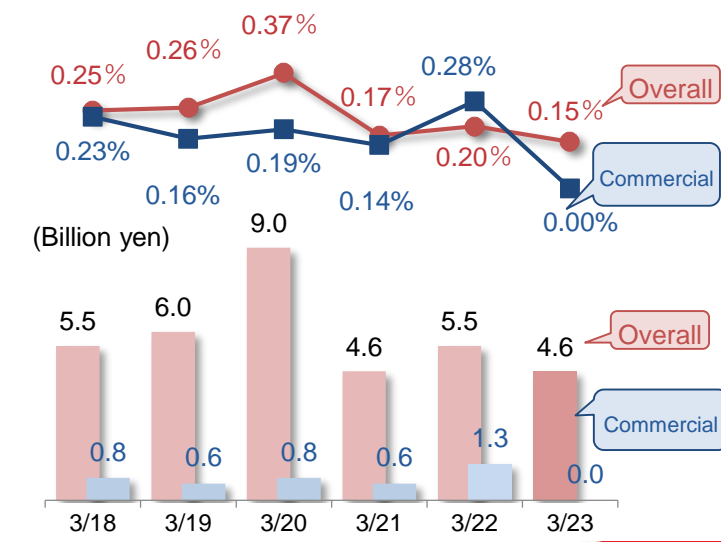
[FY2022 / case number basis]



### Real estate rental business balance/ratio of modified loans



### Real estate rental business Balance/ratio of overdue loans



### Occupancy rate

Average for Bank-financed properties: **95.6%**  
(Residential 95.7% Commercial 94.7%)  
\*National average: 83.3%

### DSCR

Average for Bank-financed properties: **147%**

**DSCR: Single property balance**  
(Cash flow before payment of principal and interest of the property ÷ Amount of principal and interest payment)  
If less than 100%, rental income cannot cover repayments and expenses.

Grow towards the next stage for the new businesses developed in the previous Mid-term Plan

## Chibagin Market

“Trigger regional revitalization” within Chiba

STEP 1  
Local Production

Creation/cultivation of new products/services



Ongoing purchase

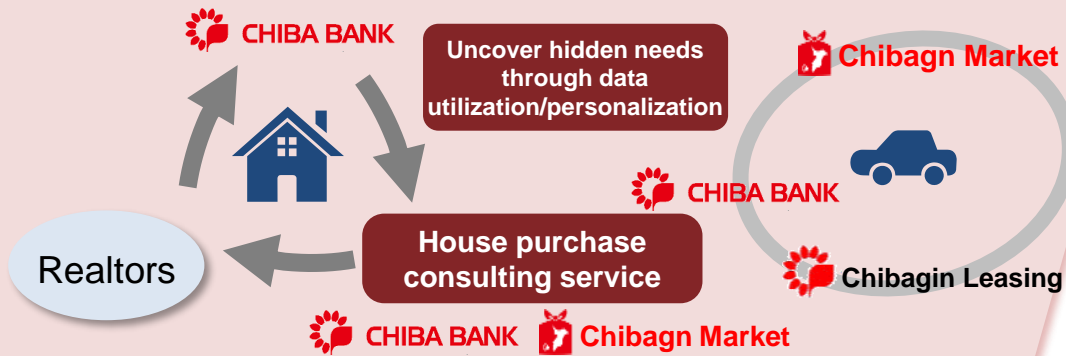


Branding



Establishment of new business model that stands upstream of commercial distribution

STEP 2  
Life Events



Support consumption activity of new lifestyles and “Connect to life”

STEP 3  
Living

(Major areas)



Health/nursing



Education



Food retailers

## On Ad



Neutrality



Completed online



Specialized advice

Launch of corporate service contracts NEW

Contribute to financial wellness through financial information provided to employees

What is “financial wellness”?

Financial wellness refers not only to physical and mental health, but is a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life.

## High-level solutions via real estate funds

Overview ① ~CRE strategy~



Overview ② ~Development support~



Continue to enter new business areas in addition to advertising and energy production and expand non-financial services/diversify revenue

## Launch of advertising business NEW

### Advertising medium

Use bank and other company channels to increase opportunities to broadcast highly-reliable ads

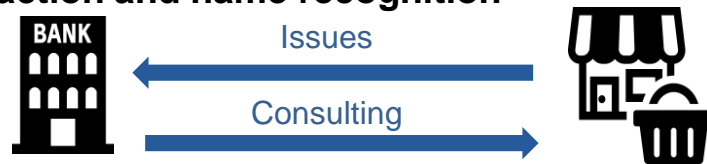


### Bank ad medium examples



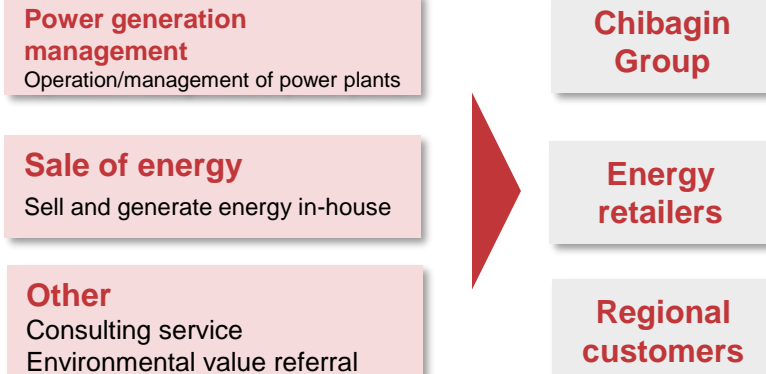
### Advertising consulting

Advertising consulting support for business issues related to customer attraction and name recognition



## Energy production

4/28/2023 Wholly-owned subsidiary NEW  
Himawari Green Energy Co., Ltd. established



## Anti-money laundering

**Sophisticated and efficient ALM operations**

Sharing/development of know-how based on regulatory standards

**Communalization**

Consider future business consolidation (outsourcing) using joint systems

## Metaverse



Accumulate know-how through management of events for job candidates and local governments

Begin considering commercialization with business partners

## BaaS

**CHIBA BANK** Provide financial and other functions

Business operators

Loans

Cashless platform

Business operator customers



# Value Creation Bases



Evolution of our customer-focused business model



## Developing an app that can solve any problem

### Feature implementation/future plans

#### Expand functionality

##### Familiar financial services via the app

Digitalize branch transactions

Barcode payments

Payments/transfers

Balance/transaction statements

Timed deposits, cancelations, account openings

Notifications, eKYC, ongoing customer management

Online account openings/transfers

##### Fulfillment of financial services

Convenient and safe services

Loan repayment schedule

In-app loans

Trust inquiry

Trust account openings

Early repayment of residential loans

Auto-transfer service

Fund wrap/securities account balance

Foreign currency deposits/insurance

##### Connect to life

Collaboration with other services

Google Pay/Apple Pay

Unified local tax QR

API collaboration

Collaboration with local governments, other industries, My Number system

#### Increase customer contact points

##### Personalization

Transaction/asset visualization, proposals tailored to customers

Asset/contract information listing

Household accounting review/LP simulation

Materials/service recommendations

Advertising broadcast

#### Improved UI/UX

##### Comfortable smartphone experience

Simple operation, exciting design

Customization

Intuitive design

Seamless authentication connection with other channels

#### Communication

##### Consulting anytime, anywhere

Smooth communication/coordination with in-person transactions

Branch appointments

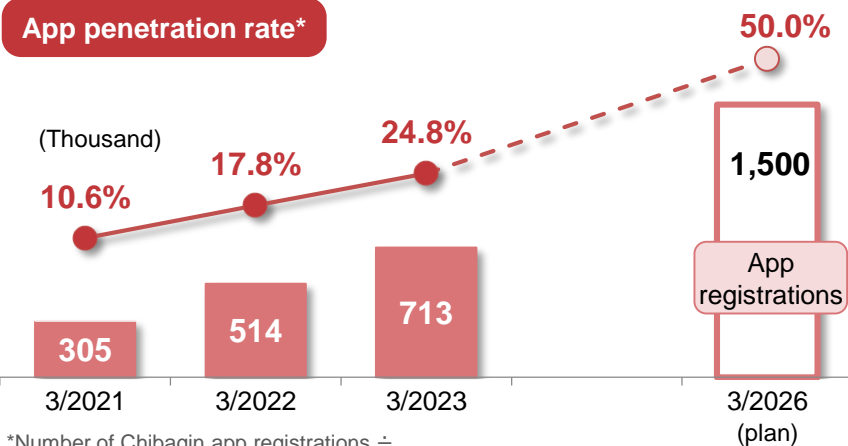
Chat/online consulting, etc.

Solid line: actual results

Dotted line: future goal

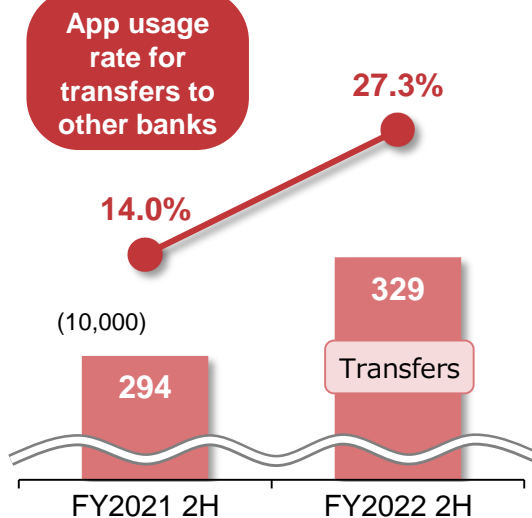
### Number of app registrations/penetration rate

#### App penetration rate\*



\*Number of Chibagin app registrations ÷ number of individual active customers

### Retail: # of money transfers/transfers to other banks through the Bank app



#### FY2022 2H Transfer fees

Year-on-year  
**+5.5%**

Portal site that is functional and easy-to-use for all customers



- Portal site that is functional and easy-to-use for all customers
- Implement functions that allow for administrative streamlining as an online branch (corporate transaction concierge)

**Aim to be a familiar bank online and in-person**



**1 Try the portal**  
Complete transactions through the portal without needing to visit a branch

**2 Understand services**  
Obtain the information you need, when you need it

**3 Consult/apply**  
Proper solutions for your company's issues

Solid line: actual results

Dotted line: future goal

**Deliver bank services**

**Concierge**

**Deposits**

Complete transaction management online

- Account balance/transaction statements
- Transaction trends (graph)
- Compare account info
- Display accounts of other banks

**Financing**

- Borrowing reference
- Repayment schedule
- Account borrowing/repayment receipt
- Digitalization of documents

**FOREX**

Smooth collaboration with Web-EB

**Notifications, etc.**

- Notification item change
- Balance certificate issuance

**Provide solutions**

**Information delivery**

**Chibagin manual**

- Information dispatch
- Seminar information
- Group solutions showcase
- CO2 emissions measurement

**New services**

- Improve collaboration with ext. services
- Online financing
- Personalized recommendations

**In-person transactions**

**Advanced operations**

- Improve existing customer relationships
- Strengthen consulting capability

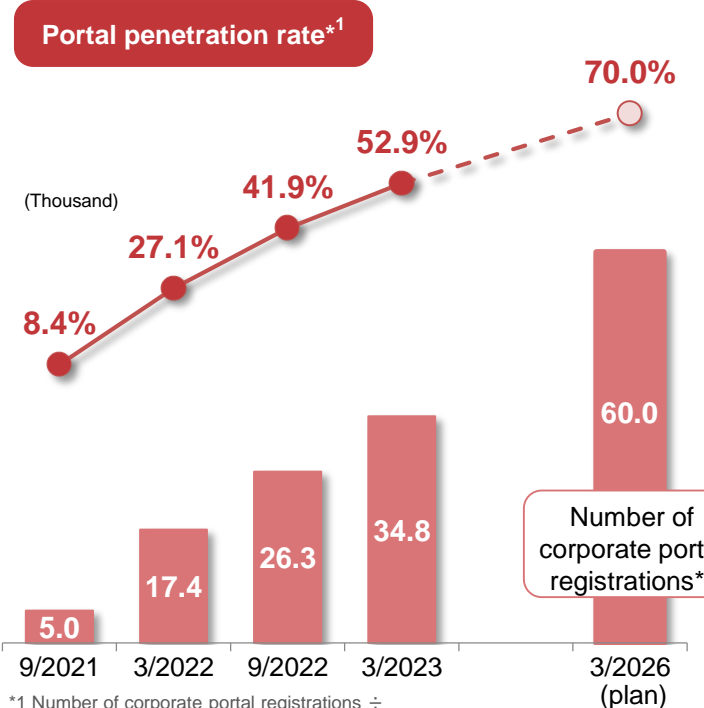
**In-person transactions**

**Virtual transactions**

**Digital contact points**

- Maintain/increase transactions with net depositors and small accounts
- Acquire new customer segments

**Number of portal registrations/penetration rate**



**Introduce to all customers**

**Utilize contact points**  
Marketing

**Improve operational productivity**  
Transaction channels suitable for customers

\*1 Number of corporate portal registrations ÷ number of individual active customers

\*2 Going forward, this result will now exclude accounts that have no history of logging in (updated retroactively)



## Evolution of our Alliance Strategy

### TSUBASA Alliance



Alliance that spans across Japan

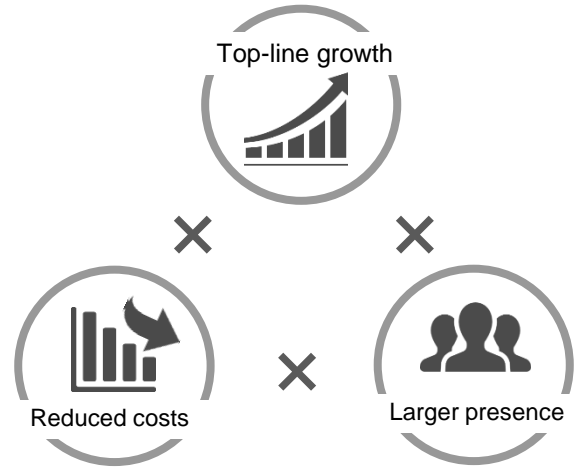
- Large-scale collaboration between the top regional banks in each area
- 96 trillion yen in total assets (3/2022)

### A platform for each measure

Platform for each alliance measure to further deepen collaboration

### Strengthen collaboration with other banks/industries

Expand alliance and strengthen collaboration with other banks/industries



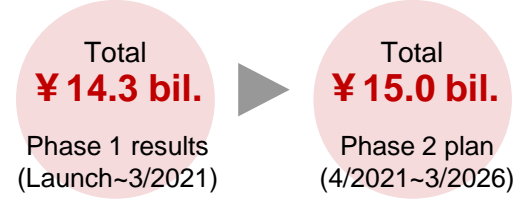
### Chiba-Musashino Alliance



A new model for regional bank alliances

### A new form of regional banking

- Accelerate communalization of each area
- Expand presence in the Tokyo Metropolitan area



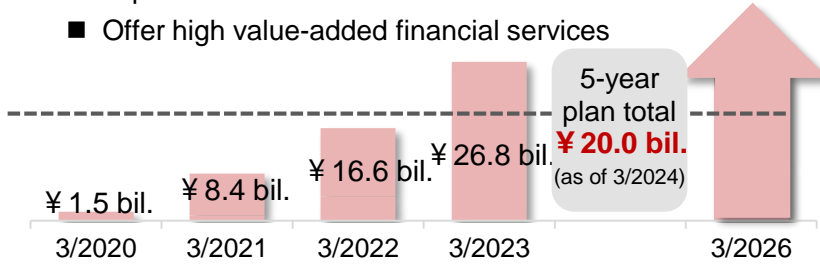
### Chiba-Yokohama Partnership



Collaboration between top regional banks with Tokyo as the base of operations

### Development of know-how between top regional banks

- Expand Tokyo market-share through a partnership that capitalizes on economies of scale
- Offer high value-added financial services



Improve ability to provide value as an organization through collaborations with a wide-range of other industries

Sony Bank




Deepen, develop expansion

Mutual provision of digital technology, products, and services

Utilize new digital technologies

Aim to **improve convenience of digital channels** by officially implementing “Mado”, a digital presentation system




Mutual provision of products and services that make up each bank's strengths

Foreign currency services

Asset management, trusts, inheritance

Cashless operations

Joint-research on the use of technology

Joint-research regarding use of the blockchain

Security-tokenization and cross-selling of Bank bonds


Joint-research on the DX of housing loans

Improve AI credit check models

Joint-research on the development of a sustainable society

Mutual introduction of crowd-funding for socially significant initiatives


Onionnews Inc.




NEW

- Business operations
  - Ads    • Digital marketing
  - D2C   • Regional revitalization, etc.
- Chiba Bank 20% investment (2023/5/15) ⇒ **Affiliate company**

Events organized by the company

Chibagin Group

Expected synergy

Onionnews Inc.

Digital strategy

Financial product sales

Chibagin computer service

Regional revitalization

Chibagin Market

Chibagin Research

- Collaborate on **advertising business**
- Collaborate on **data analysis, digital marketing**
- Promote **development of DX personnel**

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- **Strengthen virtual channel sales** through content marketing on asset management portal sites, etc.

---

- Share **web design** know-how
- Shared use of **development resources**

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- Outsource non-banking **tourism-related business**
  - Collaborate on/mutually introduce **local government projects**
- Collaborate on **crowd-funding**

---

- Collaborate on **consulting** for local governments
- **Utilize the company's knowledge** shared at seminars

Advertising/digital marketing business

Regional revitalization business

\* Bank operations in black letters, Group companies in white letters

Developing an organization that can produce new societal value through “2 Human Resources Strategies”

Human Resources Development Policy

“Become someone who keeps fighting for the customer”

For the sake of customers, the region, friends, family, and oneself

Think things through

Utilize your own strengths

Gain more supporters

Human Resources Strategy

Development of a “Chiba Bank Group where people grow”



Creation of an “Organization with high personnel engagement”

Important Strategies

① Career development

② Job satisfaction

③ Diverse organization

④ Unified Group management

⑤ Human Resources portfolio

Expand amount invested in human capital as well as number of personnel in-training (investment targets)

## Human capital investment total

### Wage increases/higher starting salaries NEW

#### ■ Wage increases

- Over 5% average increase in annual income when combined with standard pay increases and higher salary bands (young employees maximum increase of approximately 7%)
- Also raised wages for non-standard employees

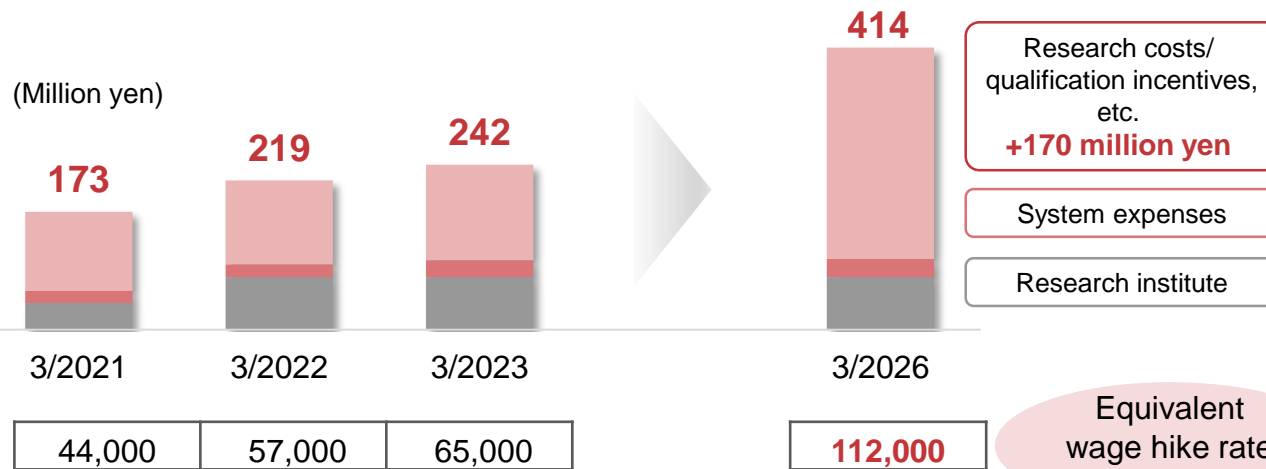
#### ■ Higher starting salaries

- Entry level monthly salary raised to 25,000 yen (College graduates: 205,000 yen ⇒ 230,000 yen)

Second consecutive year wages increased over 4~5%

### Increased research/training expenses

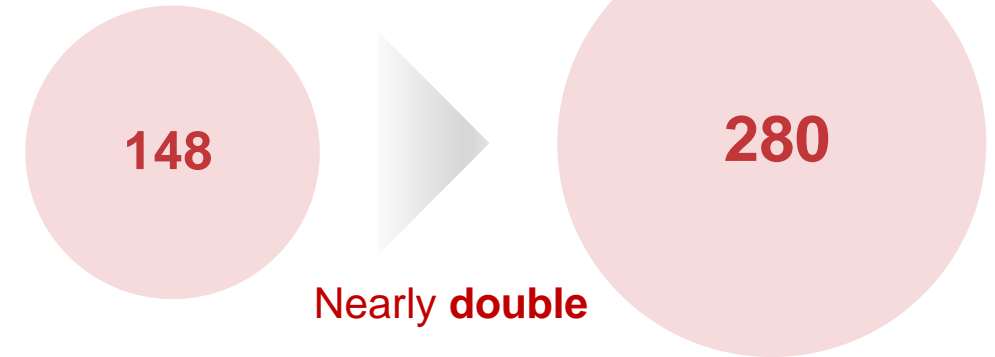
- Strengthen management/supervisory training
- Strengthen DX personnel training
- Support for self-development , purchase Chibagin Academy training materials



## Personnel development

Previous Mid-term Plan result (4/2020~3/2023)

Current Mid-term Plan target (4/2023~3/2026)



Corporate sales	50
Retail sales	50
DX personnel	60
<b>External trainee dispatch</b> (Corporate solutions, Credit Unit, Market, Planning, etc.)	90
Management team	30

# Achieving Sustainable Management



Achieve both social value and economic value through our long-term aims

**Sustainable management = "long-term aims" + "economic value + social value (solving social issues)"**

**Initiatives to address ESG issues**



**Chiba Bank Group declaration on SDGs**

**Regional economy and community**

Contribute to the revitalization of the regional economy and local communities



**Aging population**

Support safe and secure lives for the elderly



**Financial services**

Provide financial services for better life



**Diversity**

Promote diversity and work style reforms



**Environmental conservation**

Contribute to the conservation of a sustainable environment



## Steady sustainability initiatives

	~2018	2019	2020	2021	2022
<b>Structure, etc.</b>	<ul style="list-style-type: none"> <li>2017 ESG Promotion Committee established</li> </ul>	<ul style="list-style-type: none"> <li>Declaration on SDGs established</li> <li>Sustainability Policy established</li> <li>Integrated report published</li> </ul>		<ul style="list-style-type: none"> <li>SDGs Promotion Office established</li> </ul>	<ul style="list-style-type: none"> <li>Changed the frequency ESG Promotion Committee (name changed to Sustainability Promotion Committee starting in FY2023) meetings from twice to four times a year</li> </ul>
<b>Environment</b>		<ul style="list-style-type: none"> <li>Announcement of endorsement of TCFD recommendations</li> <li>Loan policy revision</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Policy established</li> <li>Disclosure of climate change information</li> <li>CO2 emissions targets</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of sustainable financial targets</li> </ul>	<ul style="list-style-type: none"> <li>Set CO<sub>2</sub> emissions targets (Carbon neutral by 2030)</li> <li>Endorsement of GX League basic concept</li> <li>Switch to renewable energy for contracted power</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>2015: Talent bank for regional banks</li> <li>2016: Donation-type private placement bonds</li> </ul>	<ul style="list-style-type: none"> <li>ESG index investment trust structuring and selling</li> </ul>	<ul style="list-style-type: none"> <li>Human Rights Policy established</li> <li>Collaborative agreement with food banks etc.</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of TFT</li> <li>Introduction of Corporate Code of Conduct (Revision of Corporate Philosophy)</li> </ul>	<ul style="list-style-type: none"> <li>TSUBASA Diversity &amp; Inclusion Declaration established</li> <li>Establishment of TSUBASA cross-mentor system</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>2015: Management Advisory Committee is established</li> <li>2018: Introduction of CxO system, Raised outside director ratio to 1/3 or more</li> </ul>	<ul style="list-style-type: none"> <li>Policy on Corporate Governance established</li> </ul>		<ul style="list-style-type: none"> <li>Introduction of restricted stock remuneration plans</li> </ul>	<ul style="list-style-type: none"> <li>Change in Chairperson for Nomination, Remuneration, and Advisory Committee</li> </ul>

### External evaluation

#### CDP score for climate change

Received "A-" rating, the highest level for a Japanese bank



◆ Global average :「B-」

	Regional banks	Major banks, etc.
A-	<b>Chiba</b>	MUFG Resona HD
B	Concordia FG Fukuoka FG	SMFG Mizuho FG SMTH
B-	Shizuoka	
C	Mebuki FG	

#### 2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



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Contribute to the sustainable development of the entire Chiba prefecture through regional decarbonization

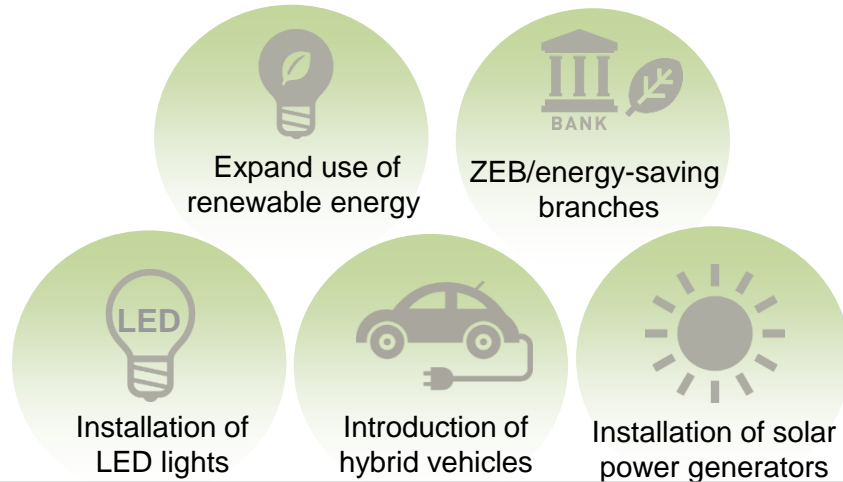
## Chibagin Group Carbon Neutrality

**Become carbon neutral by March, 2031**

\*Scope 1 & 2 emissions of the Bank

**Establishment of Himawari Green Energy Co., Ltd.**

**Develop model for local generation and consumption of renewable energy**



**Collaboration with local governments**

- Comprehensive SDGs partnership agreements
- Increase number of companies registered as Chiba SDGs Partners
- Support for areas advancing decarbonization
- Promotion of Chiba SDGs Utilization of network

Contribute to the sustainable development of Chiba prefecture through ongoing decarbonization initiatives throughout the region

**March, 2031  
Chibagin Group becomes carbon neutral**

## Support for customers' decarbonization

**Support for SDGs Management**

- Incorporate ESG issues into business evaluations
- Business succession consulting

**Carbon-neutrality consulting**

- Greenhouse gas emission measurement support
- Solar power generator installation support

- Sustainable housing support discount
- Discount SDGs loans



Corporate Customers

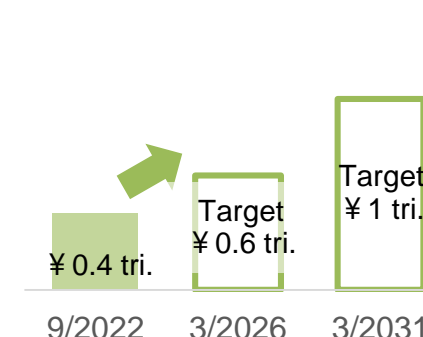
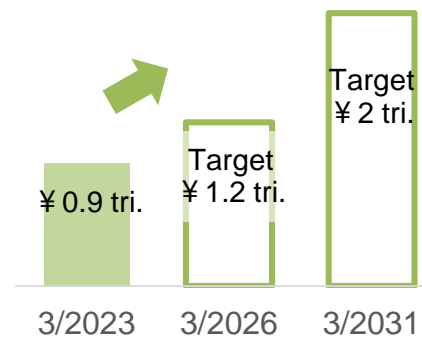


Retail Customers

**Sustainable financing targets  
(amount achieved since April, 2019)**

Sustainable finance

Environmental finance



**2050  
Sustainable development of  
Chiba prefecture**

**Entire prefecture becomes carbon neutral**

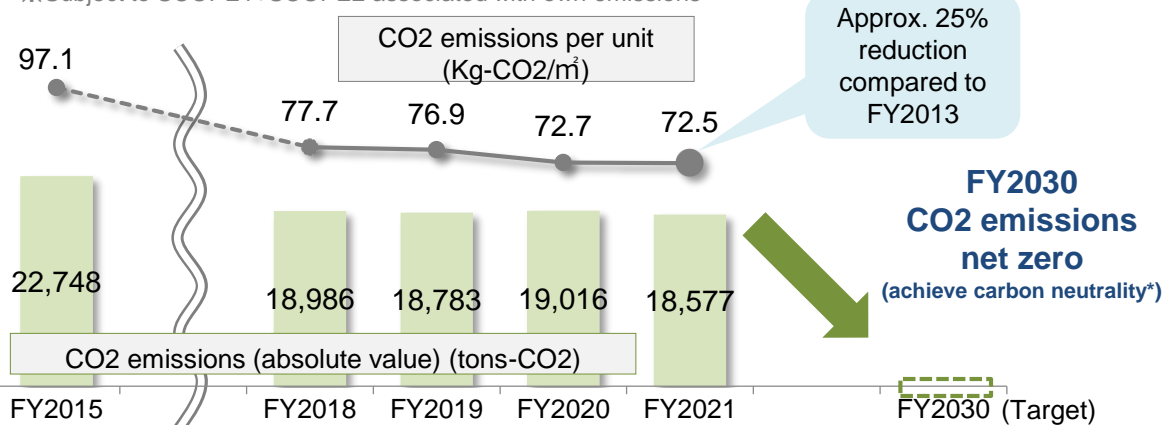




## Responding to climate change (initiatives related to the TCFD recommendations)

### CO2 emissions

※Subject to SCOPE1+SCOPE2 associated with own emissions



(tons-CO2)	2019/3	2020/3	2021/3	2022/3
SCOPE1	2,591	2,493	2,425	2,776
SCOPE2	16,395	16,290	16,591	15,801
<b>SCOPE 1·2 Total</b>	<b>18,986</b>	<b>18,783</b>	<b>19,016</b>	<b>18,577</b>

(Reference)

	2019/3	2020/3	2021/3	2022/3
SCOPE3				
Business trips	540	540	540	575
Commuting	1,640	1,660	1,590	1,391
Financing*	—	—	—	6,315,148

#### Expand Scope 3 disclosures to Category 15

Begin measurements using a **bottom-up approach** starting from the FY2022 Annual Report (mainly listed companies)

Plans to add **top-down approach** to measurements for the FY2023 Annual Report (all borrowers)

**New**

※ Assets subject to the analysis are loans, mainly business loans, and investments and loans to listed companies that have already disclosed or measured their greenhouse gas emissions. Attribution Factor is calculated based on the Bank's share of total loans of the analyzed borrowers. The amount of loans for this analysis is equivalent to 30.8% of the total amount of loans to general corporations (excluding corporations in the real estate leasing industry).

### Climate change-related risks

#### Scenario analysis

#### Physical risks

To 2050

Large-scale storm and flood disasters, etc.

Sea level rise \*1

2022/7 disclosure

Damage to real estate collateral by typhoons, torrential rains, and other windstorms, as well as a deterioration in business quality of borrower customers:  
**Increased credit costs (Domestic)**

**¥6~7 bil.**

#### Transition risks

To 2050

Transition to a decarbonized society \*2

2022/7 disclosure

• **Steel sector, foreign** credits added

Increase in credit costs  
**Maximum of ¥27 bil.**

Ratio of carbon-related assets to total loans and other assets of the Bank **1.2%** \*3

**Plans to add chemical sector**

\*1 Calculated based on data on building damage in Chiba Prefecture caused by the "Typhoon Faxai" and "Typhoon Hagibis" and subsequent heavy rains in autumn 2019, and IPCC's RCP2.6 scenario (2°C scenario) and RCP8.5 scenario (4°C scenario).

\*2 Calculated based on the IEA SDS scenario.

\*3 Total loans, Acceptances and guarantees, foreign exchange, and private placed bond to the energy and utility sectors as of March 31, 2022. However, water supply and renewable energy generation projects are excluded.

Utilization of diverse human resources / initiatives for regional revitalization

Promotion of diversity

Numerical targets

	FY2020	FY2021	FY2022	Target in 2026 July
Percentage of leadership positions held by women (No. of persons)	24.4% (453) As of April 1, 2021	27.2% (523) As of April 1, 2022	26.9% (494) As of April 3, 2022	30%
Percentage of employees taking paid leave	70%	72%	77.1%	80%
Percentage of men taking child-care leave	112.7%	102.9%	112.3%	100% ongoing

\*Staff with subordinates and staff in equivalent positions, such as branch manager, who are responsible for organizational management as responsible for operations.

External Evaluation



"Nadeshiko Brand" selected by METI and Tokyo Stock Exchange

6 years running



ちばぎん証券 Chibagin Securities Platinum Eruboshi acquisition

First Bank



TSUBASA cross-mentor system (from 2022/8)



Female bank employees at the department/branch manager and deputy general manager level



Director class (regardless of gender)

Regional revitalization

Cabinet Secretary/Office Award: "Example of a Financial Institution, etc. Providing Funding for Regional Revitalization" 6 consecutive years

Contributing to strengthening the regional medical infrastructure during COVID

ECMO-car

- Predominately locally-produced vehicles donated to Chiba University Hospital
- Supporting more efficient medical services and operations



Training Center Project

- Donated to Chiba Prefecture for use as temporary medical facility/lodging
- First time a private facility used for medical purposes in pref.



Received Cabinet Office's "Regional Revitalization SDGs Financial Award"

Well-received regional revitalization initiatives through public-partnerships

- Established "Chiba SDGs Promotion Network" with companies/organizations in the pref.
- Support spread of Chiba SDGs Partner Registration System established by Chiba Pref.
- Highly praised for helping expand the base of prefectural companies working on SDGs



Establishment of the Chiba SDGs partner-registration system

Customers in Chiba Prefecture

- Dissemination, awareness-raising of SDGs joint-support
- Information sharing/collaboration among network members

Chiba SDGs Promotion Network



CHIBA BANK



The Keiyo Bank



Chiba Kogyo Bank

+ eight other organizations

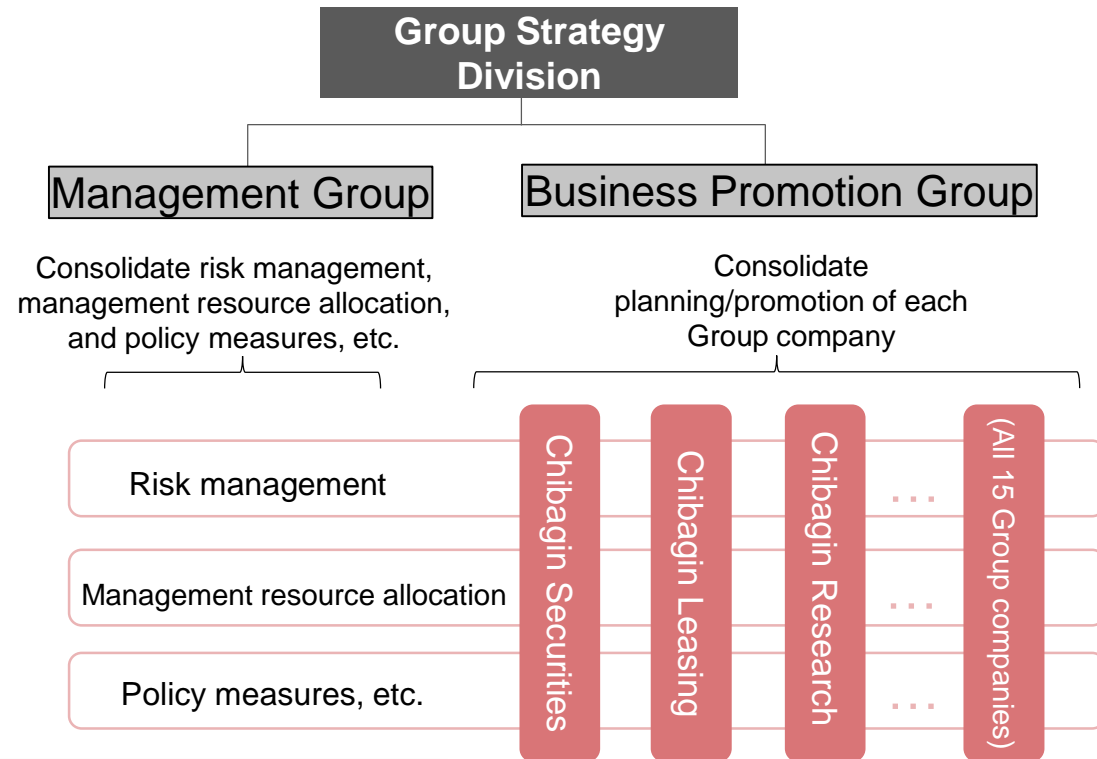
## Achieving unified Group management by improving Group governance

### Enhance Group Management Structure

#### Newly-established "Group Strategy Division"

Oversee all aspects of Group companies, including sales and management

Promote unified Group management equivalent to a holding company structure

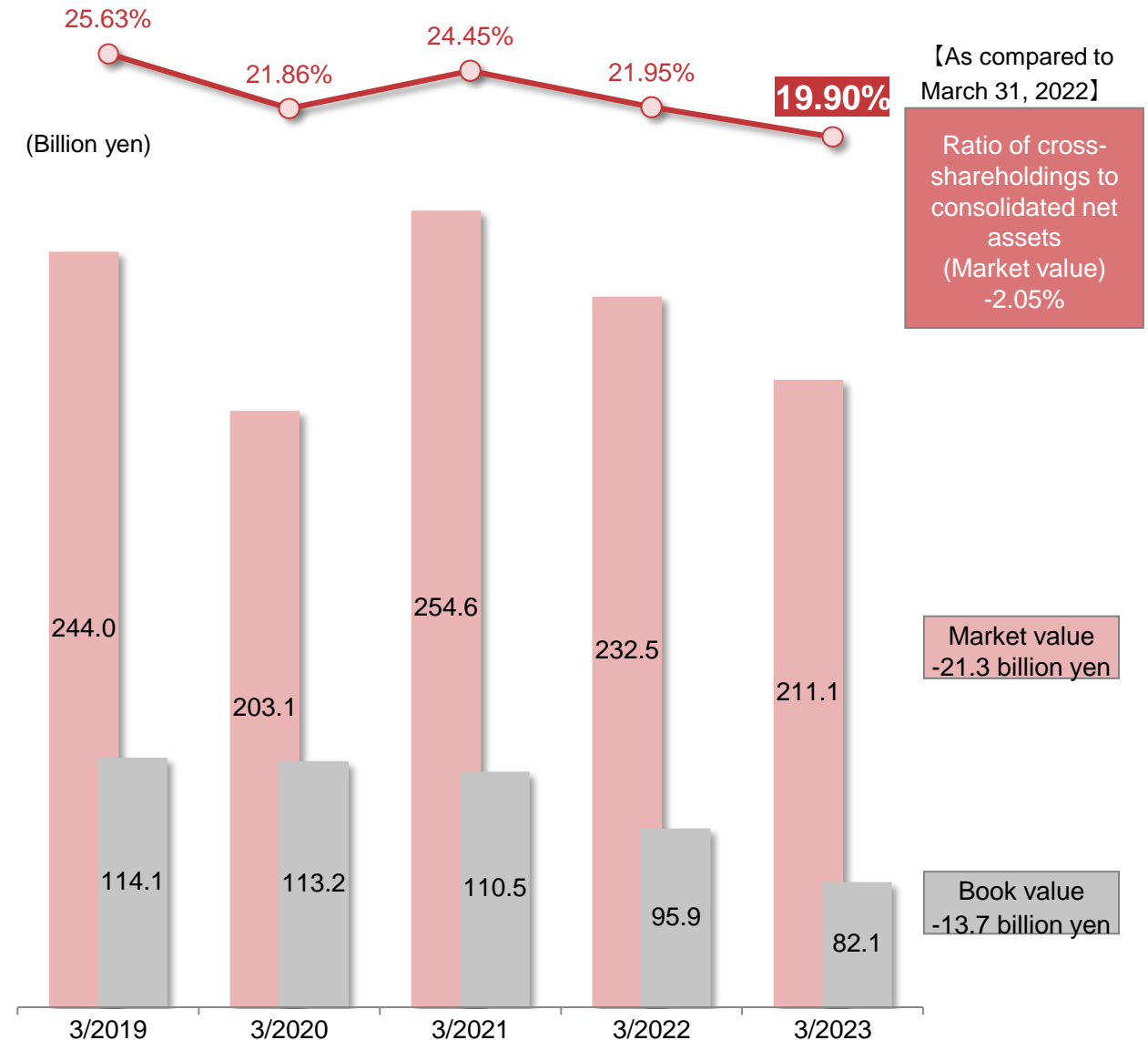


Unified management of Group personnel

Unified Group recruiting

Fluid transfer of personnel

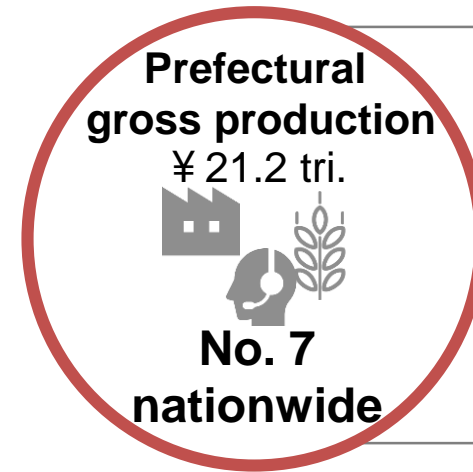
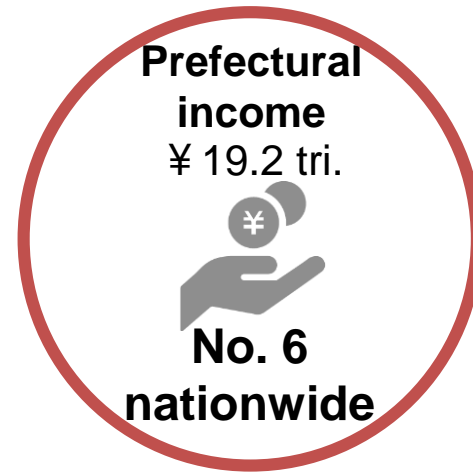
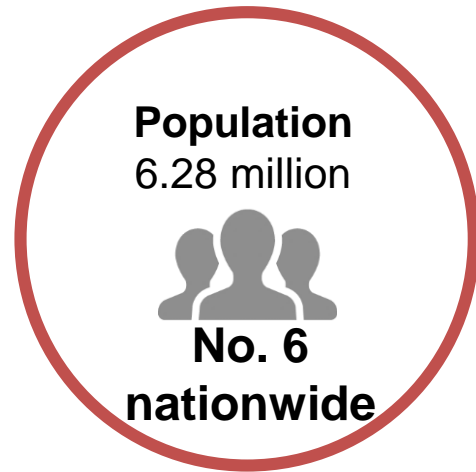
### Ratio of cross-shareholdings to consolidated net assets



# Appendix



## The Chiba Prefecture economic environment is strong

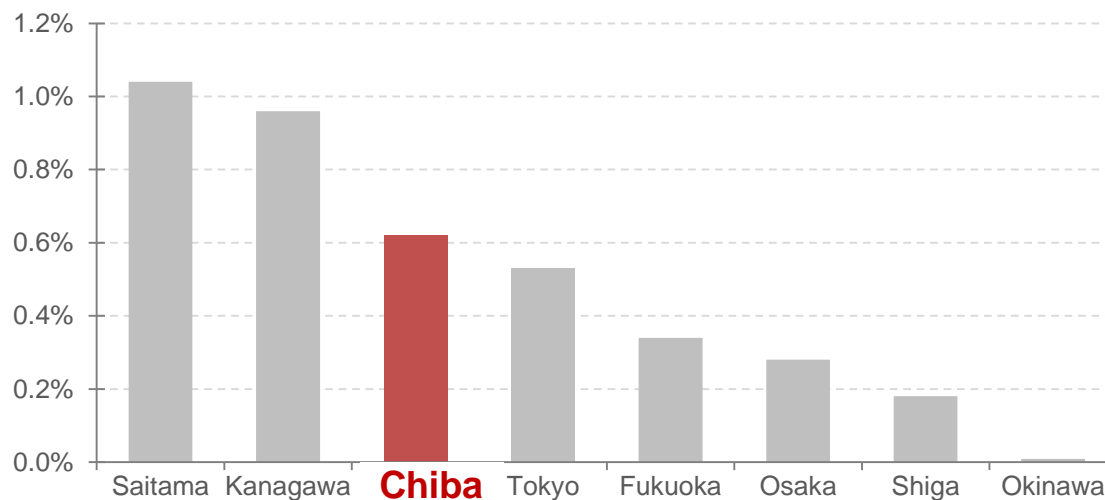


Primary industry	<b>No. 6 nationwide</b>	¥ 0.1 tri.
Secondary industry	<b>No. 9 nationwide</b>	¥ 5.0 tri.
Tertiary industry	<b>No. 6 nationwide</b>	¥ 15.9 tri.

Sources: Ministry of Internal Affairs and Communications Statistics Bureau, "Population Census" (FY2020); Cabinet Office, Economic and Social Research Institute, "Prefectural Accounts" (FY2019)

### Excess immigration to population growth rate by Prefecture (pre-COVID)

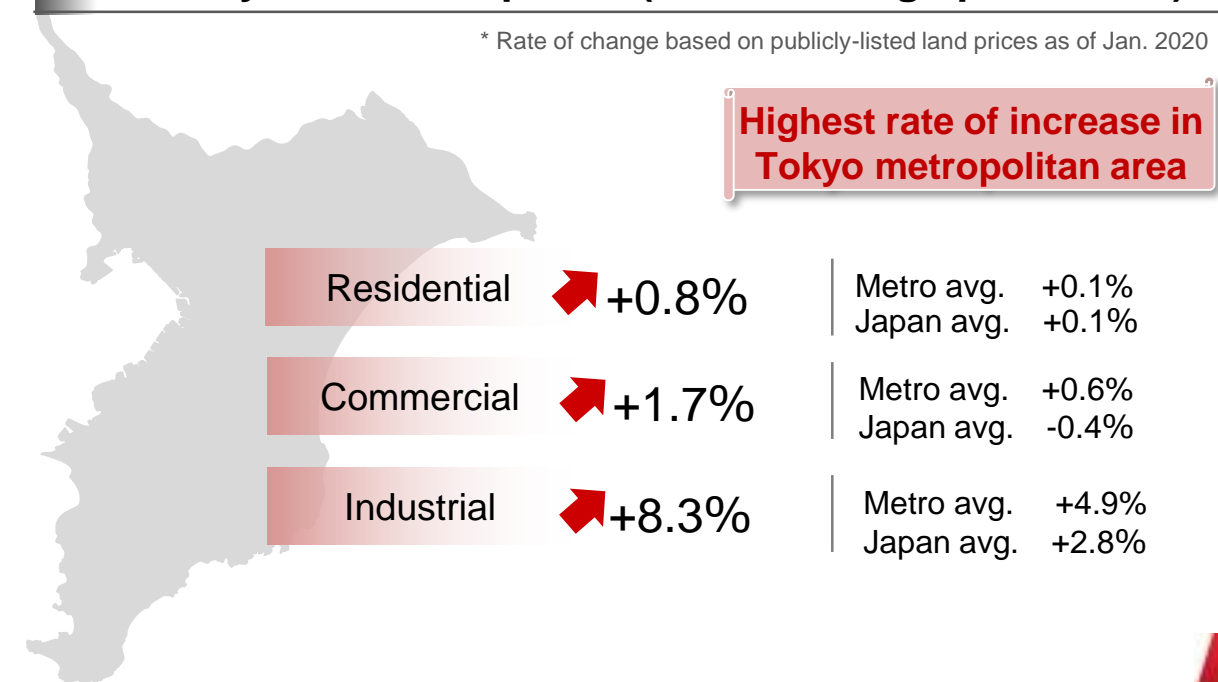
\* 2020-2022 total excess immigrants ÷ January 2020 Population



Source: Ministry of Internal Affairs and Communications

### Publicly-listed land prices (rate of change pre-COVID)

\* Rate of change based on publicly-listed land prices as of Jan. 2020

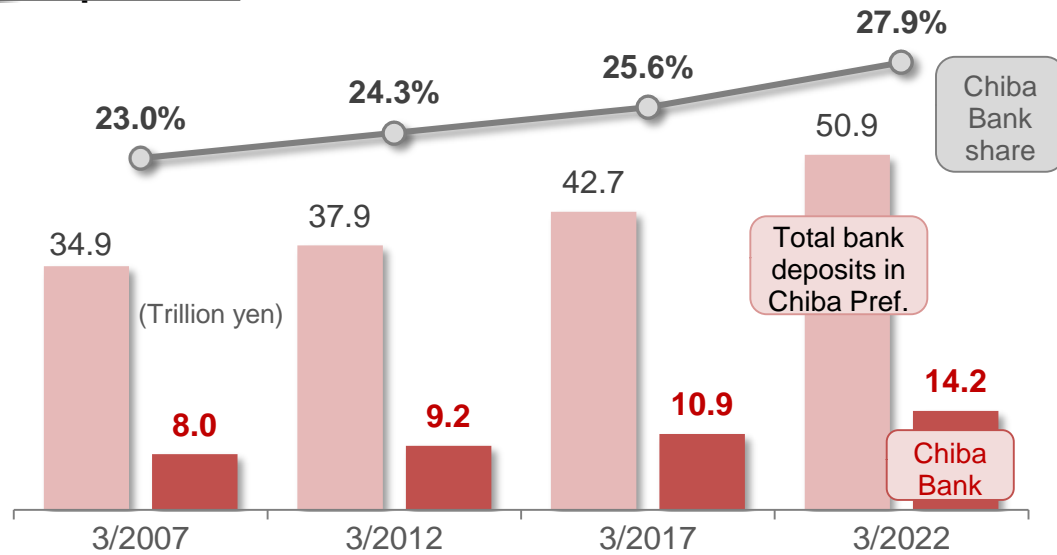


Established an overwhelming sales base in Chiba Prefecture / Comparable scale to the largest banks in the world

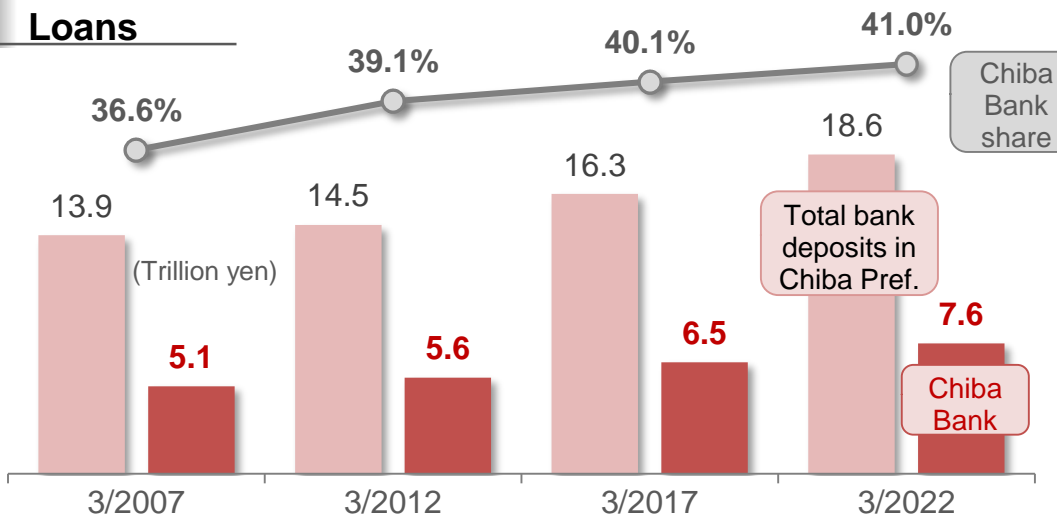
## Loan and deposit balances in Chiba prefecture / share

Source: Finance Journal

### Deposits



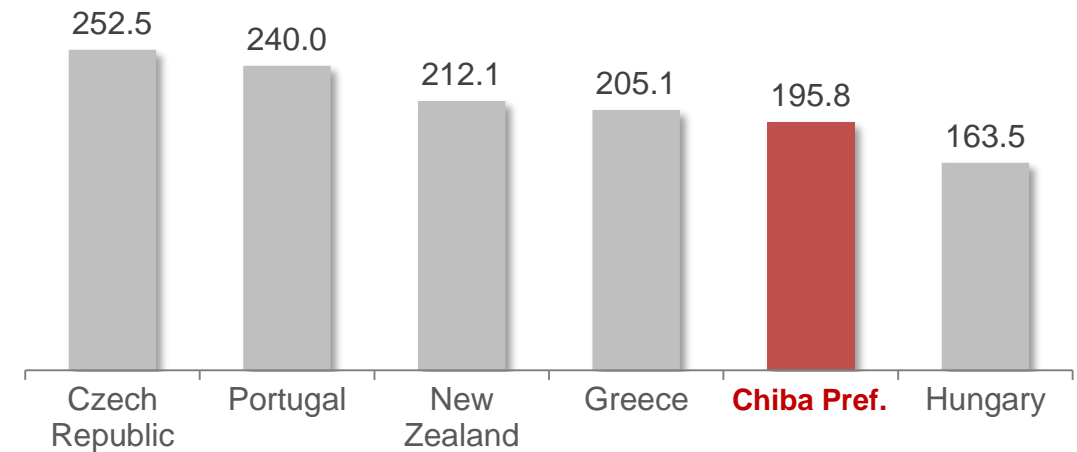
### Loans



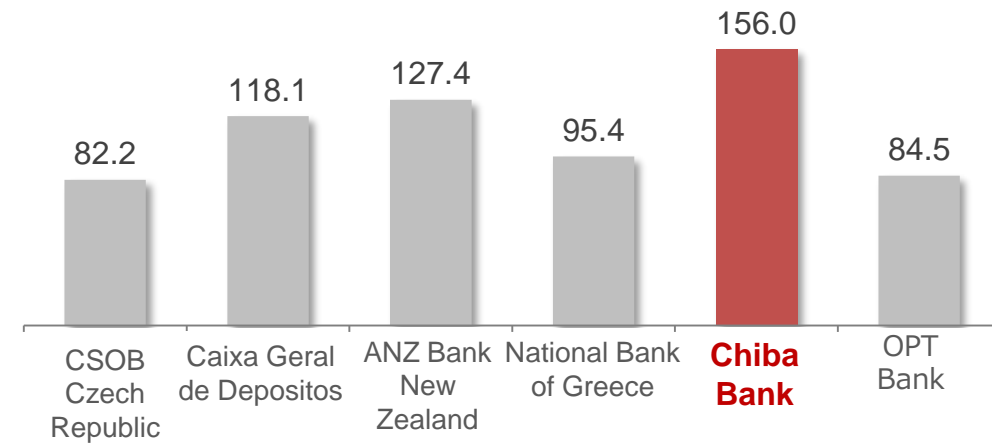
## Size of the Chiba Prefecture economy (compared to major world countries) Total assets of Chiba Bank (compared to the largest bank)

### GDP

(USD Bil.)

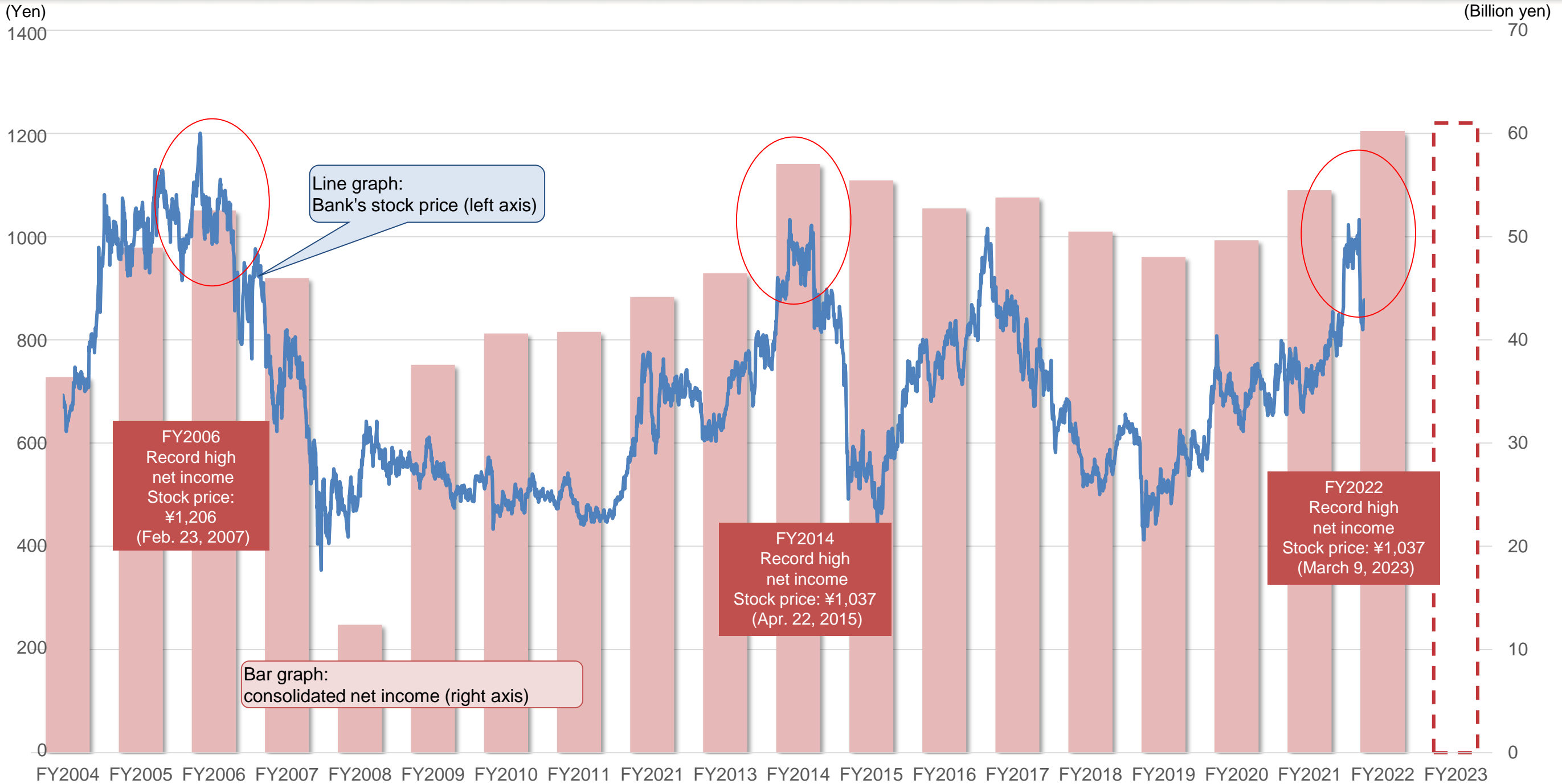


### Total assets of largest bank in each country/region



Sources:  
 <GDP> Cabinet "Annual Accounts of the Japanese Economy for FY2020 (Flows) Point (released on March 12, 2021)" and OECD "Annual National Accounts Database (as of March 2022)".  
 < Total assets of the largest domestic banks >The Bankers (2022 edition)

# (Ref.) Earnings Results / Stock Price



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