



**CHIBA BANK**

## **The Chiba Bank, Ltd.**

Financial Briefing for Full Year of FY2022

May 23, 2023

### **Event Summary**

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<b>[Company Name]</b>	The Chiba Bank, Ltd.	
<b>[Event Name]</b>	Financial Briefing for Full Year of FY2022	
<b>[Date]</b>	May 23, 2023	
<b>[Time]</b>	10:00 – 11:15 (Total: 75 minutes, Presentation: 35 minutes, Q&A: 40 minutes)	
<b>[Venue]</b>	Hybrid	
<b>[Number of Speakers]</b>	3	
	Tsutomu Yonemoto	President, Group Chief Executive Officer
	Mutsumi Awaji	Director and Senior Executive Officer, Group Chief Strategy Officer, Group Chief Digital Transformation Officer
	Taro Kanzawa	General Manager of Corporate Planning Division

Yonemoto: Good morning, everyone. I'm Yonemoto, President of the Bank. I would like to start my discussion alongside the presentation materials.

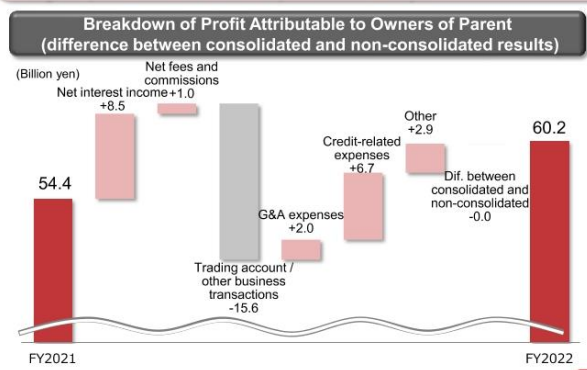
**Summary of Financial Results** *To create a local community better suited to bringing each person's hope to life.*

Non-consolidated	(Billion yen)	FY2021	FY2022	Change	FY2023 Plan
		Gross business profit	161.5	155.5	-5.9
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 cancellation 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	

Consolidated	(Billion yen)	FY2021	FY2022	Change	FY2023 Plan
		Ordinary profit	78.8	86.9	8.1
Profit attributable to owners of parent (Ref.)	54.4	60.2	5.7	61.0	
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"



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Please see page three. Here is a summary of the financial results for FY2022.

As a result of a JPY8.5 billion increase in net interest income and strong performance in net fees and commissions, the decrease in gross business profit was limited to JPY5.9 billion, despite the recording of a JPY20.0 billion bond-related loss due to the rebalancing of our securities portfolio. While business profit before provisions to general reserves for loan losses, or real business profit, declined JPY3.9 billion, core business income, excluding bond-related gains/losses, increased JPY14.6 billion to JPY93.0 billion, the first record high in 14 years since the fiscal year ended March 2009.

Credit-related expenses decreased JPY6.7 billion to JPY0.3 billion, mainly due to a reversal of the general allowance for loan losses. Net income reached a record high for the first time in seven years on a non-consolidated basis and for the first time in eight years on a consolidated basis, and on a consolidated basis, we achieved the goal of JPY60 billion set in our Mid-term Plan.

## Summary of Financial Results (Consolidated)

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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.

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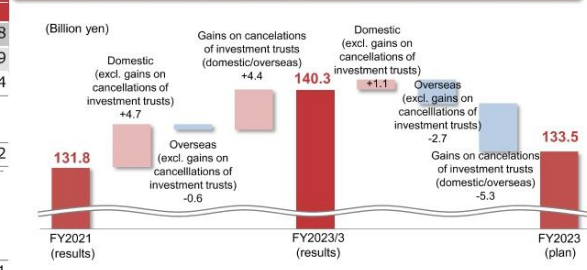
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Please turn to page four. On the right are the financial results of the Bank's subsidiaries.

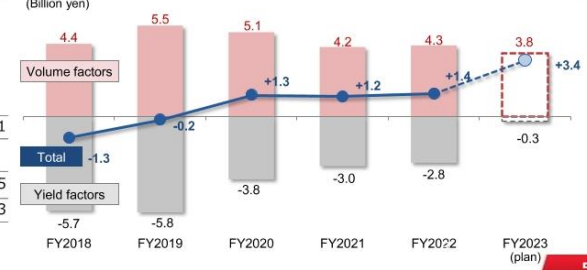
Chibagin Securities Co., Ltd., profits declined due to the continued impact of the suspension of structured bond sales. This was offset by an increase in profit at Chibagin Guarantee Co., Ltd., which had a reversal of credit costs, resulting in no change in the difference between consolidated and non-consolidated results.

(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 cancellations	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)



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Please turn to page five. Net interest income increased JPY8.5 billion overall and remained strong.

Overall net interest income in the domestic segment increased by JPY7.8 billion due to a JPY1.4 billion increase in interest on loans and bills discounted, reflecting a steady increase in loans, as well as an increase in interest and dividends on securities, including dividends from stocks.

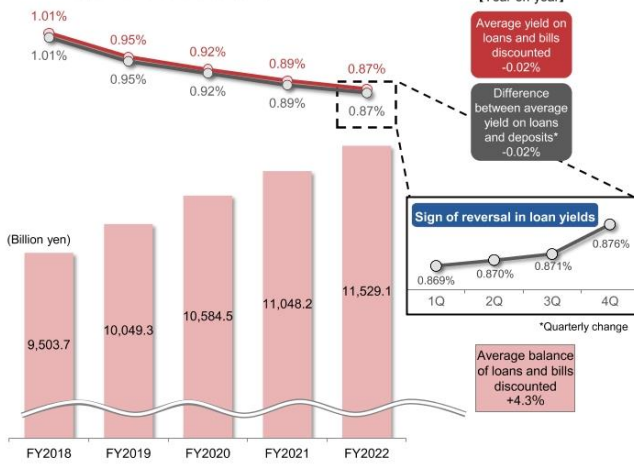
Net interest income in the overseas segment also increased by JPY0.7 billion. Net interest income for FY2023 is expected to decrease by JPY6.8 billion from the previous year, mainly due to a decrease net interest income from bonds as a result of higher overseas interest rates and a decrease in gains on the cancellation of investment trusts, while interest on domestic loans and bills discounted is expected to increase by JPY3.4 billion.

# Average Balance / Yield of Loans and Bills Discounted

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

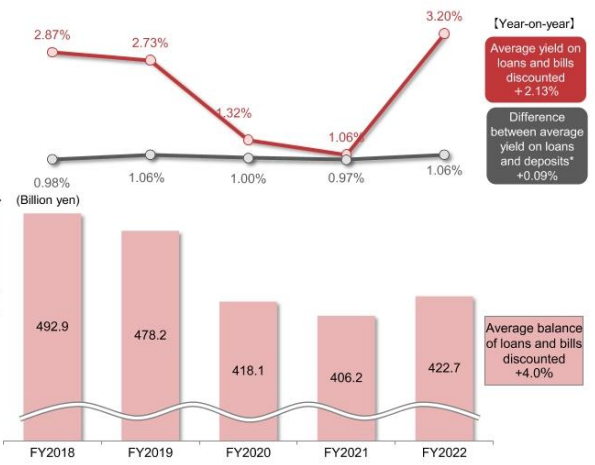
\* ① "Yield on loans and bills discounted" and ② "Yield on deposits" (which includes NCDs) are rounded down to the second decimal place. "Difference between average yield on loans and deposits" is the difference between ① and ②.



Excluding Ministry of Finance loans

	FY2018	FY2019	FY2020	FY2021	FY2022
Avg. balance	-	9,891.9	10,391.5	10,844.0	11,276.1
Yield	-	0.97%	0.94%	0.91%	0.89%

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



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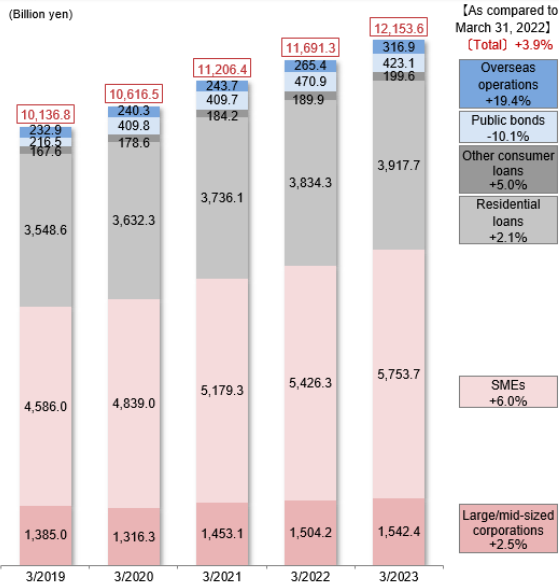
Please turn to page six.

Although loan yields in our domestic operations continue to decline, quarterly changes during the previous fiscal year showed an upward trend, and we believe that the worst is behind us.

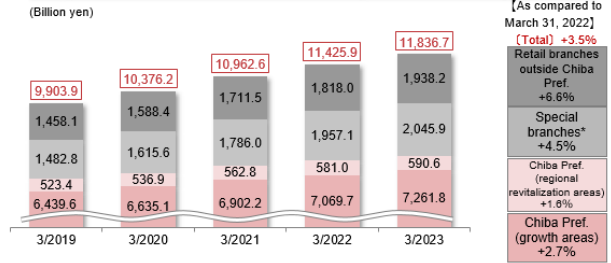
## Balance of Loans / Deposits at Year-end

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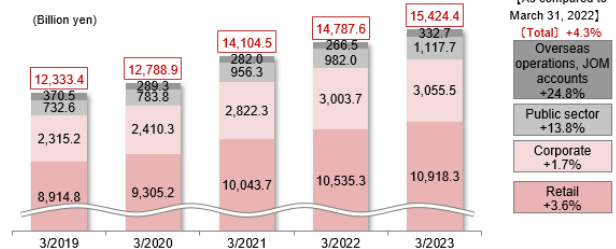
### Balance of loans at year-end



### Balance of domestic loans at year-end (by region)



### Balance of deposits at year-end



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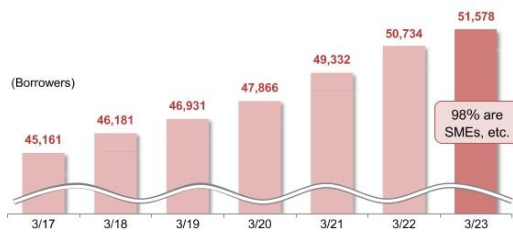
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Please turn to page seven. Loans increased JPY460 billion, or 3.9%, from the end of the previous fiscal year to JPY12,100 billion. Loans to small and medium-sized enterprises (SMEs) and housing loans increased by 6% and 2.1%, respectively.

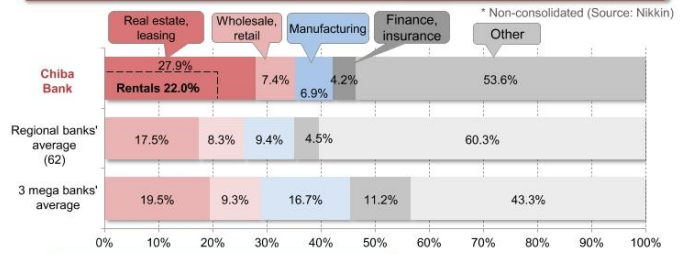
Deposits also increased by JPY630 billion, or 4.3%, to JPY15,400 billion, mainly due to an increase in retail deposits.

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

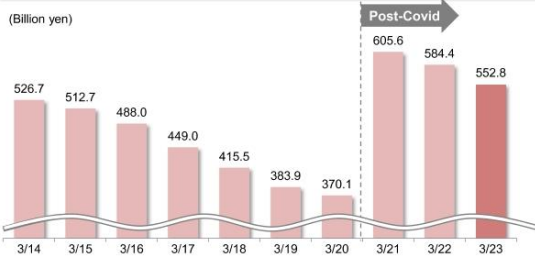
Number of corporate borrowers (domestic only, excl. public)



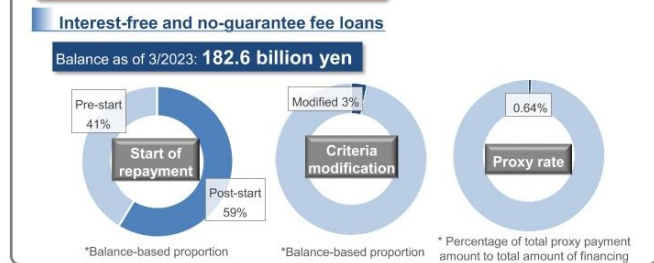
Proportion of loans by industry (as of 9/2022)



Guarantee association loan balance

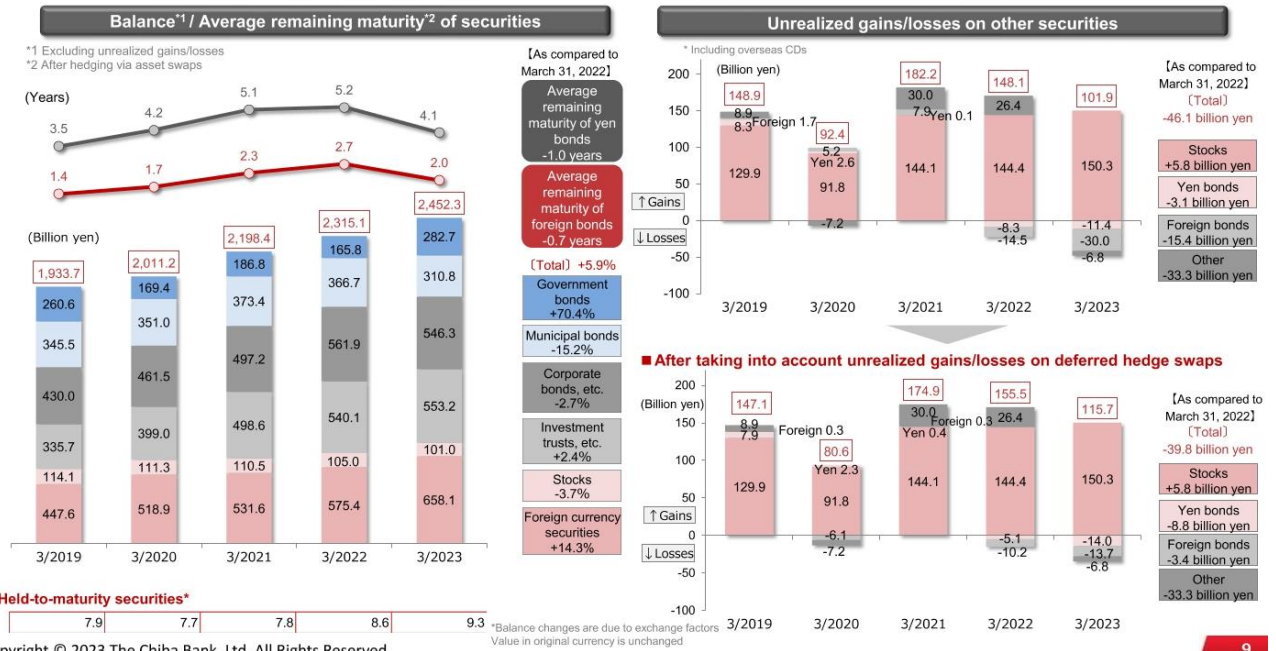


Balance of COVID-19-related financing



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Please turn to page eight. As noted on the bottom right, approximately 60% of the interest-free and no-guarantee fee loans (zero-zero loans) have already begun to be repaid. Percentage of total proxy payment amount is less than 1% of the total; so far, we have not seen any significant deterioration in the creditworthiness of borrowers we have helped to finance through these loans.

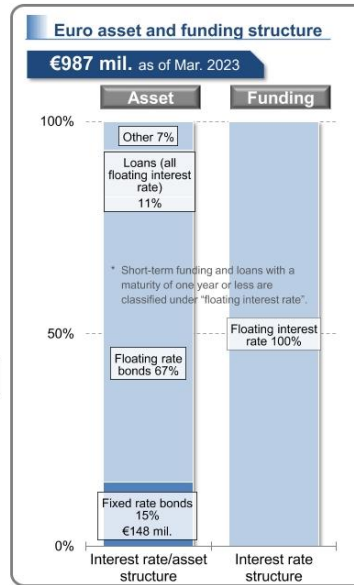
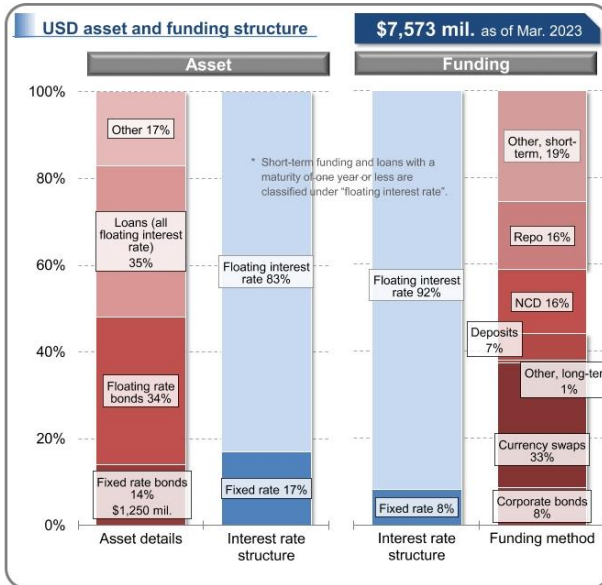


Please turn to page nine. The balance of securities was approximately JPY2.4 trillion. With domestic and overseas interest rates seeing significant fluctuations, hawse have worked to control interest rate risk by rebalancing our portfolio while also utilizing hedging instruments such as interest rate swaps. The average remaining maturity of bonds has shortened to 4.1 years for yen bonds and two years for foreign bonds, reducing risk.

As shown in the graph on the lower right, the overall valuation gains/losses after taking hedging into account, including of stocks, amounted to JPY115.7 billion.



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

	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

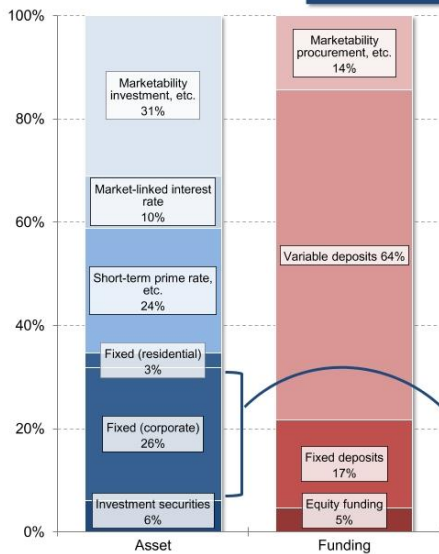
Increase floating rate bond and asset swap investments in order to increase net interest income while controlling interest rate risk

Please turn to page 10. Next, I will discuss the impact of rising interest rates.

As we have explained previously, we have continued to manage our fixed interest rate operations to a certain level and maintain a management policy that does not take on significant interest rate risk. As for our investment policy going forward, we will continue to appropriately manage the balance between risk and return by carefully accumulating fixed-rate instruments while continuing to invest in asset swaps and floating-rate instruments, while continuing to monitor interest rate conditions in the US and European countries.

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

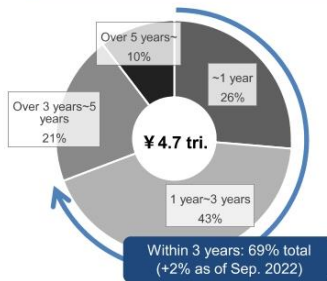
10BPV Total (①+②)  
Total -3.8 billion yen

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>

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I will continue by explaining the total impact of yen interest rate increases. Please turn to page 11.

As we explained at the November financial results presentation, we expect that a rise in yen interest rates will lead to an increase in net interest income. Although rising interest rates will also lead to a deterioration in valuation gains/losses on yen bonds, the impact on a 10 bpv basis is limited to JPY3.8 billion, and the risk of rising interest rates leading to a deterioration in bond valuation losses has been relatively controlled.

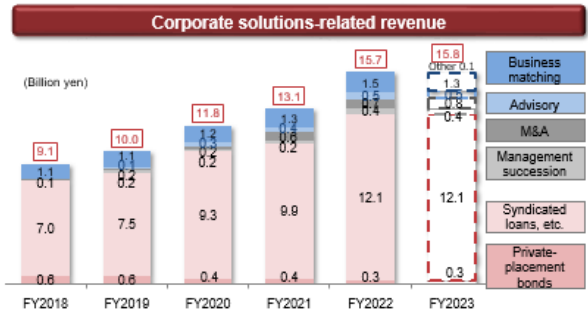
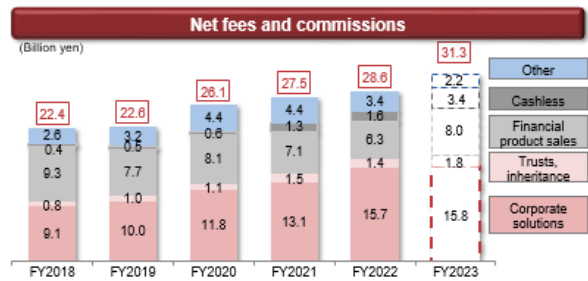
## Net Fees and Commissions

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(Billion yen)	FY2021	FY2022	Change	FY 2023 (plan)	Change
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
<Main break down>					
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 reclassified as corporate solutions from trust/inheritance-related business. (Figures in brackets indicate the result after reclassification.)  
 \*2 FY2023 cashless revenue includes 1.2 billion yen from the transfer of Chiba JCB Card business operations.  
 \*3 Starting from the FY2021 full-year results, trust/inheritance-related business includes trust benefits (updated retroactively)

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\*Including management succession advisory operations (updated retroactively)

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Please turn to page 12. Net fees and commissions were JPY28.6 billion, reaching a record high for the third consecutive year. Despite strong results from annuities and whole-life insurance, fees and commissions from investment trusts and personal annuities declined overall.

On the other hand, a record-high JPY2.3 billion increase in corporate solutions-related business drove an overall increase in net fees and commissions.

## General & Administrative Expenses

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### 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	2.2
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

OHR	50.90%	47.37%	-3.53%	48.9%	+1.6%
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※ 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

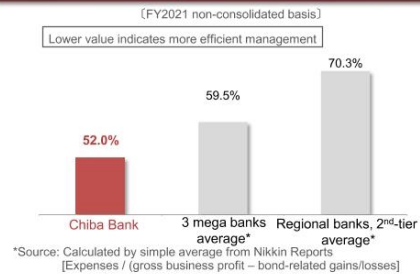
(Billion yen)	FY2022 (results)	FY2023 (plan)
Personnel (-)	-0.5 Reduction of retirement benefit-related expenses -0.3	+0.8 Pay raises +0.5 Increased health insurance premiums +0.4 Reduced G&A expenses -0.2
Non-personnel (-)	-1.4 Lower deposit insurance premiums -1.9	+1.6 Revenue strengthening measures, 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



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### OHR comparison with other banks

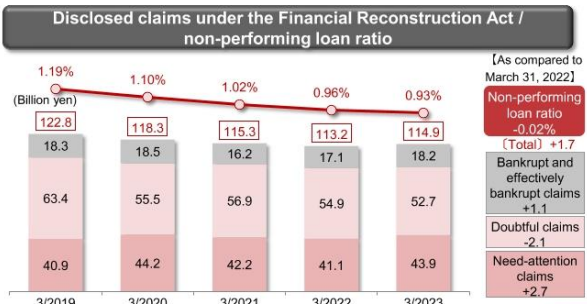
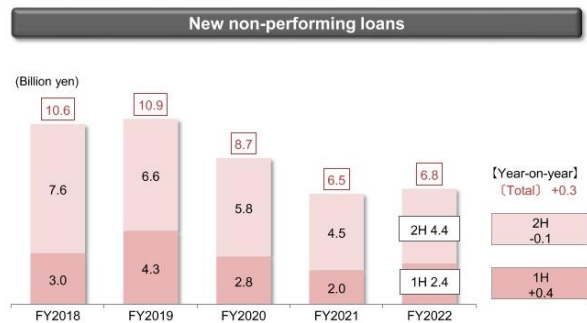
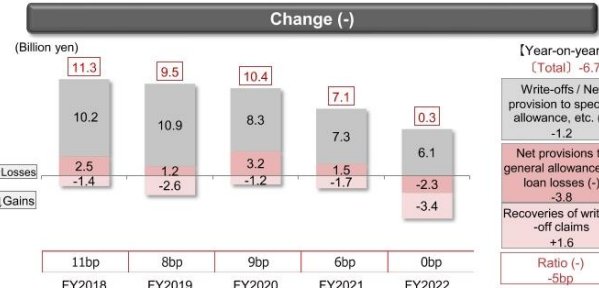


13

Please turn to page 13. Regarding expenses, lower deposit insurance premiums were a factor in the JPY1.9 billion decrease. While forward-looking investments were made in DX-related and other areas, cost reductions associated with improved operational efficiency also contributed to an overall decrease in expenses of JPY2.0 billion. Our OHR, which measures efficient operations, was 47.7% on a non-consolidated basis, an improvement of 4.2 percentage points from the previous year.

While we expect a small increase in OHR for the current fiscal year, the consolidated OHR is expected to remain low at a level below 50%.

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



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Please turn to page 14. Credit-related expenses decreased JPY6.7 billion to JPY0.3 billion, mainly due to a reversal of the general allowance for loan losses. The NPL ratio has remained strong at 0.93%, down 0.02%, as shown in the graph below right, as the emergence of NPLs remains contained.

## 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

- 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.

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

	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

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### Individual client support

- Examined the need for support businesses whose conditions deteriorated due to a wide-range of factors, and selected approximately 2,000 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

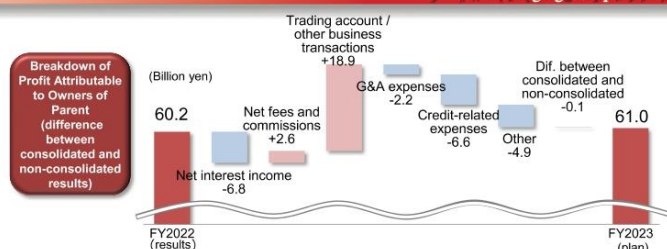
- Improve collaboration with sales divisions

Please turn to page 15. Ongoing stress testing scenarios are periodically reviewed in light of updated conditions.

In our plan for the current fiscal year, we expect JPY10.0 billion in new non-performing loans. However, we believe that this plan is conservative as the results of this stress test only indicated JPY9.6 billion for the full year as noted with in the lower left-hand corner.

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 cancellation 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
<b>Consolidated</b>				
	(Billion yen)	FY2022	FY2023	Change
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

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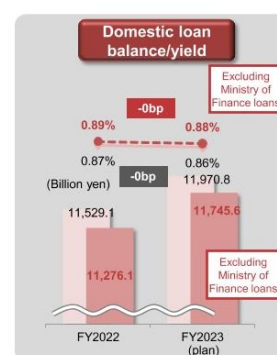


	FY2022	FY2023	Change
Net interest income	140.3	133.5	-6.8
Domestic	131.5	128.5	-2.9
Interest on loans and deposits	100.2	103.7	3.4
Interest and dividends on securities	28.7	21.4	-7.2
Gains/losses on cancellations	5.8	1.7	-4.1
Overseas	8.8	4.9	-3.9
Gains/losses on cancellations	1.7	0.6	-1.1

	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



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Please turn to page 16. I will explain our earnings forecast for FY2023.

Net interest income is expected to decrease by JPY6.8 billion due to higher foreign currency interest rates. On the other hand, top-line gross business profit is expected to increase by JPY14.7 billion year-on-year to JPY170.3 billion, due to the expected increase in net fees and commissions and the absence of JPY20 billion in bond-related losses recorded during FY2022.

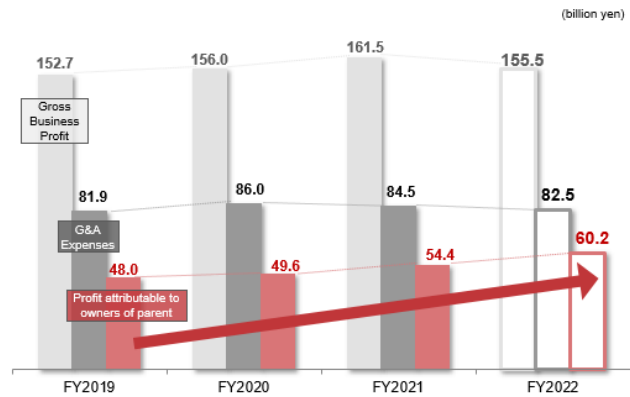
In addition, we plan to increase expenses by JPY2.2 billion, as we intend to invest resources in our focus areas ahead of schedule toward the final year of the new Mid-term Plan. Credit costs are expected to increase by JPY6.6 billion, a conservative estimate based on the results of our stress-tests. As a result, profit attributable to owners of parent is projected to increase JPY0.7 billion to a new record high of JPY61.0 billion.

Although expenses will increase due to the earlier-than-planned execution of strategic investments, we expect to be able to see a return on these investments after a little more than three years. We recognize that this fiscal year is a year to lay the foundations for achieving a net income result of JPY75.0 billion in the final year of our Mid-term Plan.

In addition, this performance plan preserves capital gains, such as stock-related gains/losses and gains on the cancellation of investment trusts, to build a sturdy portfolio that does not factor in rising yen interest rates in favor of prioritizing carry income. Credit-related and other expenses have also been planned conservatively. We have set this earnings forecast as the minimum level of achievement to be ensured, and our aim is to achieve results that exceed the forecast.

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



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

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

I will continue with an explanation of the new Mid-term Plan.

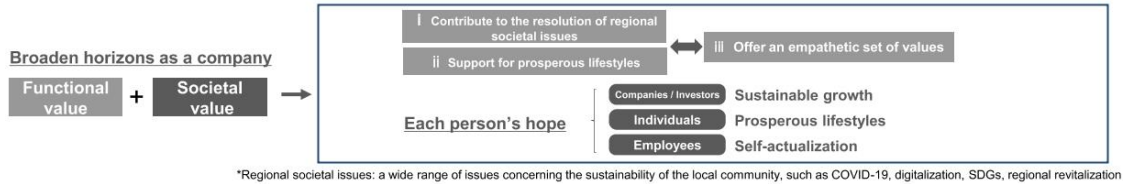
Page 18 contains a summary of the previous Mid-term Plan.

In the previous Mid-term Plan, all executives and employees worked together to promote all of the measures established in line with four basic policies designed to improve our customer experience. As a result, we were able to achieve all of our targets; consolidated net income of JPY60.0 billion, consolidated ROE in the around 6.5%, and non-consolidated OHR lower 50% range. In particular, we believe that our DX, new business, and alliance strategy operations have been able to lay the groundwork that will lead to the new Mid-term Plan.



**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.

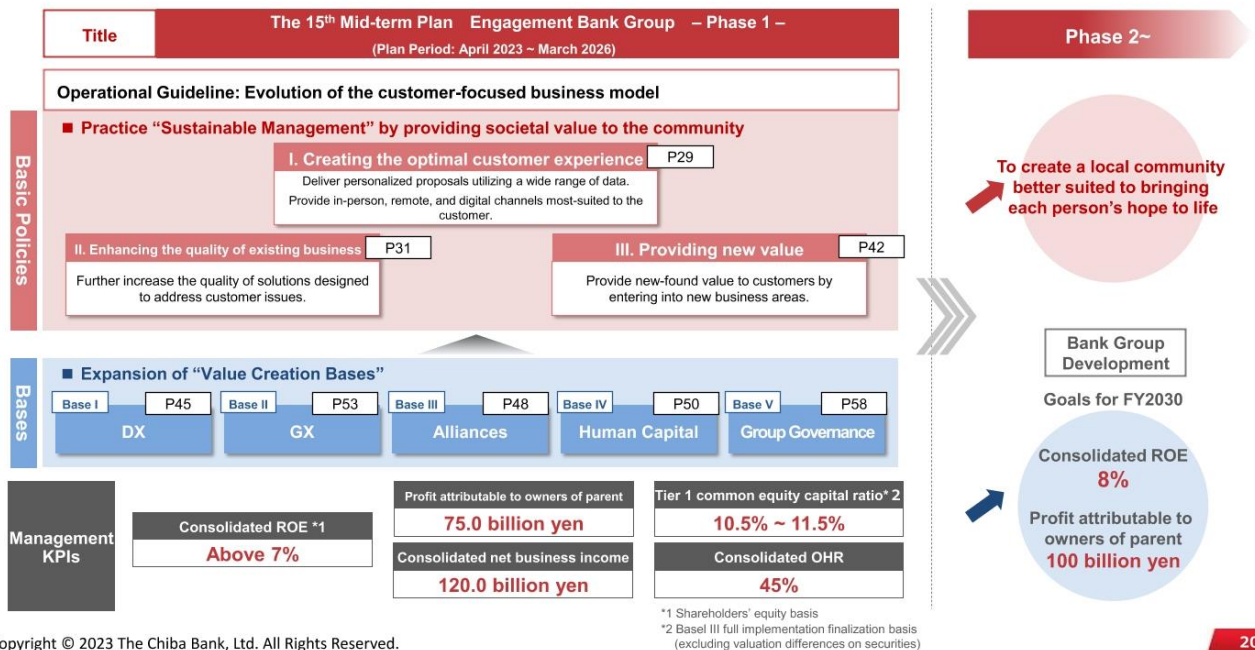


**Vision** **An Engagement Bank Group that works closely with the community**

**"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

Please turn to page 19. In formulating the new Mid-term plan, we have established a purpose and vision that act as the foundations of our corporate philosophy.

The new Mid-term plan is positioned as a strategy for achieving our purpose "to create a local community better suited to bringing each person's hope to life" and vision of "an engagement bank group that works closely with the community" over the next three years.



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Please turn to page 20. Here you can see an overview of the Mid-term Plan, “Engagement bank group - phase 1 –”.

Under the operational guideline of the "evolution of the customer-focused business model," we have established three basic policies and five value creation bases to support these policies. In addition, we have set five management KPIs: consolidated ROE of above 7%, profit attributable to owners of parent of JPY75 billion, consolidated net business income of JPY120 billion, a consolidated Tier 1 common equity capital ratio of 10.5% to 11.5%, and a consolidated OHR of around 45%. Beyond that, our goal is to achieve a consolidated ROE of around 8% and profit attributable to owners of parent of JPY100 billion in FY2030.

Perspective on the P/B ratio\*

$$\begin{aligned} \text{P/B ratio} &= \text{ROE} \times \text{PER} \\ &= \text{ROE} \div (\text{Cost of shareholders' equity} - \text{profit growth rate}) \end{aligned}$$

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

6.38% → 7% or over → approx. 8%

FY2022    FY2025    FY2030

**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**

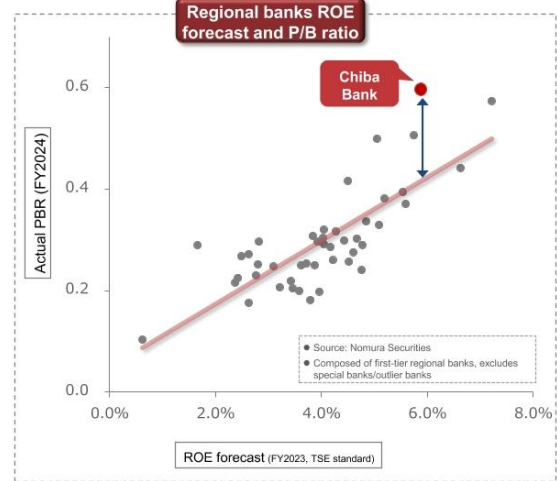
- Consolidated net income plan

(Billion yen) 60.2 → 75.0 → 100.0

FY2022    FY2025    FY2030

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



\* 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.

Please turn to page 21. I would like to continue by explaining the Bank's approach to improving its P/B ratio.

The Bank's P/B ratio is currently generally around 0.6. As shown in the graph on the right, we recognize that this level is top-class among regional banks and not significantly inferior to the mega-banks and Western commercial banks. We intend to improve this to a level exceeding 1.0 to meet the expectations of investors.

Specifically, we consider our P/B ratio in terms of three factors: ROE, cost of capital, and profit growth rate. We will implement a three-pronged improvement plan consisting of further improving our ROE, lowering the cost of capital, and sustainable profit growth.

**FY2022 results**  
**Net income... ¥ 60.2 bil.** **ROE... 6.38%**  
**RORA... 0.75%**

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

**People**

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
- Improve consulting
- Improve proposals to non-borrowers

**Retail**

- Enhance business succession, M&A
- Diversified finance menu
- New residential loan
- Incorporate new customer base
- Deepen transactions from trust/testamentary services
- 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%**

The following is an explanation of the improvement measures for each item. Please turn to page 22.

In order to increase its ROE, the Bank aims to improve its RORA, a measure of profitability relative to risk-weighted assets, while maintaining the capital adequacy ratio at an adequate level.

In order to achieve the net income and ROE targets established in the current Mid-term Pan, we will allocate resources along the lines listed in the table on the left. With this resource allocation strategy, we will refine our existing business in order to increase net income by JPY12 billion and improve our RORA by 0.05% by cultivating new customer segments and increasing the profitability of existing customer transactions.

We also aim to increase net income by JPY3 billion and improve RORA by 0.03% through our new digital business. As a result, net income will increase from JPY60.2 billion to JPY75 billion and our RORA will improve from 0.75% to 0.83%.

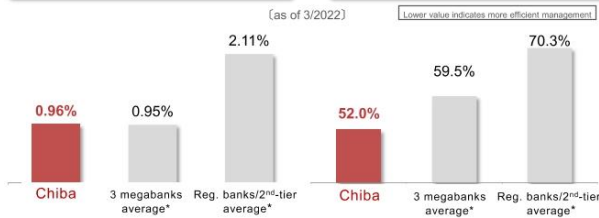
Reducing equity costs

Issue reducing equity costs: disclosure of operational risk

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

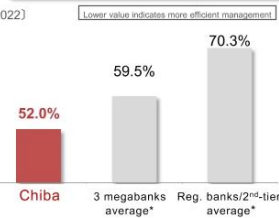
Careful release of information, including background and outlook

NPL ratio compared to other banks



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

OHR compared to other banks



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

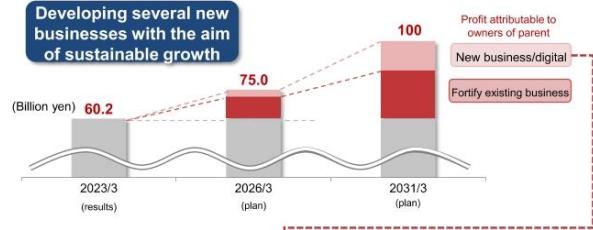
Issue reducing equity costs: conducting proper IR activities

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

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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 new company	43
Collaboration with Sony Bank	Discussing setting up WG	48

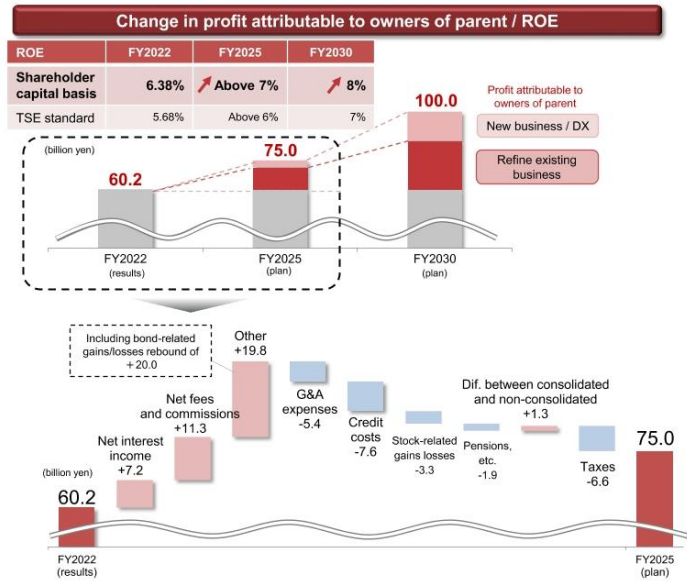
Please turn to page 23. In order to lower the cost of capital, we recognize the necessity of appropriately disclosing business risks faced by the Bank and reduce investors' perception of risk. For example, the Bank's potential business risks include increased credit costs as a result of non-performing loans in the loan portfolio as well as uncertain performance due to declining top line revenue resulting from changes in the economic environment. In response to these business risks, we intend to deepen investors' understanding by steadily distributing information, including background information and outlooks, on our low NPL ratio and low OHR, two characteristics related to the stability of the Bank's business.

In addition to this, we will provide a thorough explanation of how the Bank is responding to the wide range of business risks it faces at any given time, such as rising interest rates, and what will happen as a result. To make these activities more effective, the Bank will further enhance its investor relations activities. We will strive to disclose information, including non-financial information, in a timely manner and strengthen communication with investors so that they can understand the Bank's initiatives.

To achieve sustainable profitable growth, in addition to refining existing businesses, the Bank will work on a number of new businesses and digital strategies, as described in the table on the bottom right, to build a business portfolio that will enable the Bank to achieve sustainable growth. By developing next-generation earnings pillars from within these new businesses, we aim to achieve consolidated net income of JPY100 billion in FY2030.

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

Non-consolidated	(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>				
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



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Please turn to page 24. I would like to explain about our earnings targets.

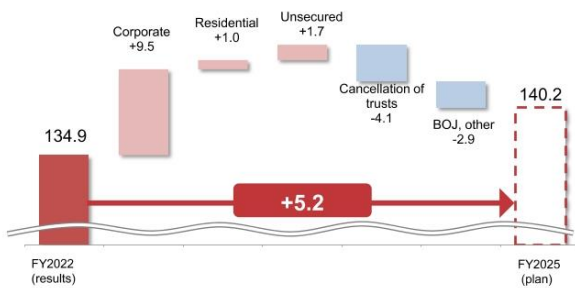
For FY2025, we plan to increase gross business profit compared to FY2022 by JPY38.4 billion to JPY194 billion and consolidated net income by JPY14.7 billion to JPY75 billion.

## Earnings Targets②

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

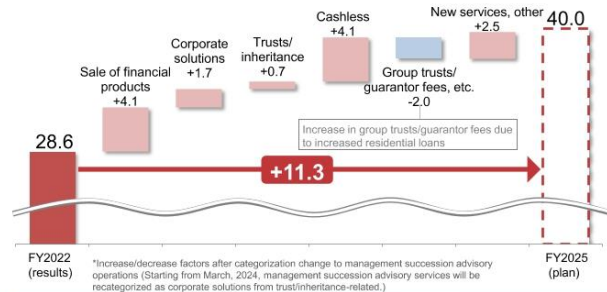
Cover the decline in BOJ deposits through significant increases in loan interest

### Yen net interest income



Balanced revenue increases in addition to recovery of financial product sales

### Net fees and commissions

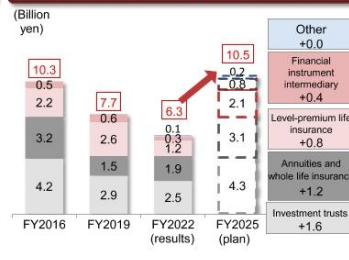


### End of YCC/negative interest rates

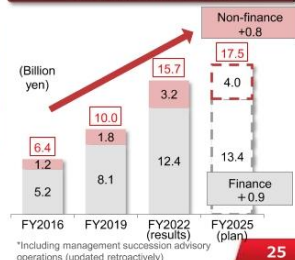
Expected scenarios	Breakdown (Billion yen)		Total
	Effect	Change	
■ FY2023 1Q (Apr.~Jun.) • YCC review ▶ Long-term rates increase	Effect 1: Increased loan interest from increased long-term interest rates	+5.0	7.5
	Effect 2: Increased yen bond interest from increased long-term interest rates	+1.8	
	Effect 3: Increased loan interest from increased short-term interest rates	+2.1	
	Effect 4: Increased deposit interest from increased rates	-1.3	
■ FY2023 2Q (Jul.~Sep.) • Repeal of YCC • End of negative interest rates ▶ Short-term/deposit interest rates increase	<b>Total</b>	<b>7.5</b>	

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

### Investment trusts and personal annuities



### Corporate solutions



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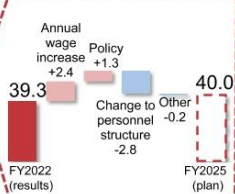
Please turn to page 25. We plan to increase yen net interest income by JPY5.2 billion to JPY140.2 billion. Corporate loans, for which lending rates are expected to rise, will be a significant driver of net interest income. In addition, the Bank will also increase its net interest income by compensating for the lower yields of residential loans and unsecured loans with higher volumes.

This plan also takes the Bank of Japan's monetary policy, including the expansion of the YCC fluctuation range in December of last year, into consideration and assumes that yen interest rates will remain flat during the Mid-term Plan period. If the Bank of Japan abolishes its YCC policy and negative interest rates are lifted, we expect a positive effect of about JPY5.0 billion on profit attributable to owners of parent.

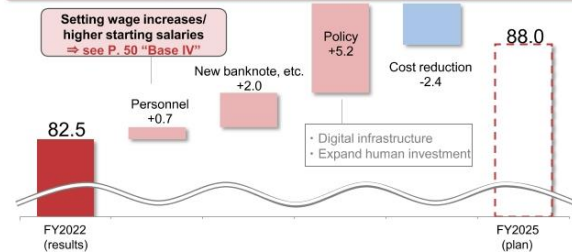
Further decrease OHR through top-line expansion despite increased expenses due to strategic investments

(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)



Major factors behind increased expenses

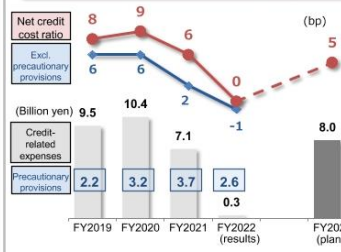


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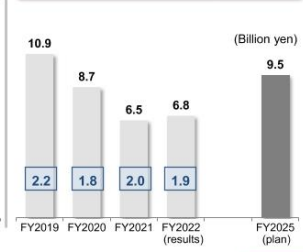
Credit-related expenses expected to remain at prior levels, excluding "precautionary provisions"

(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

Change / ratio



New non-performing loans



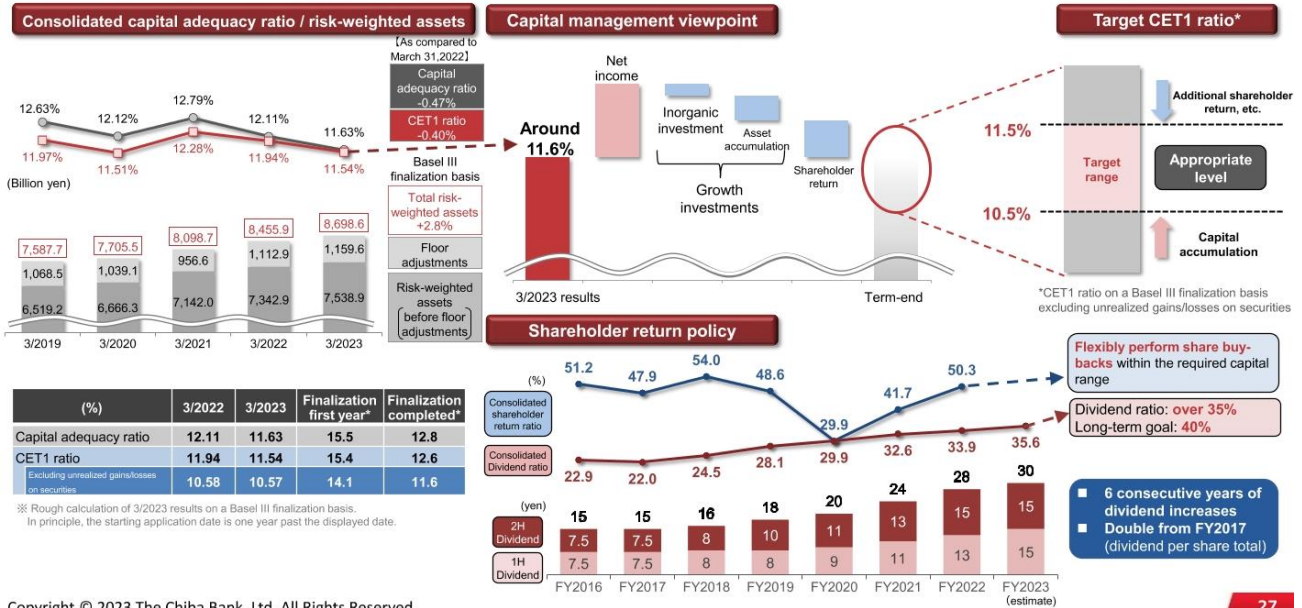
26

Please turn to page 26. Overall, we plan to increase expenses by JPY5.5 billion. Regarding personnel expenses, wage increases and higher starting salary bands will be implemented this fiscal year, but we will continue to conduct an ongoing review in the next fiscal year and beyond and have factored in an additional expenditure of JPY1.3 billion. Netting the decrease due to changes in the personnel structure and other factors, we plan an increase in expenditures of JPY700 million.

We also expect a JPY5.2 billion increase in expenses due to new measures such as the development of digital infrastructure and expansion of human capital investment. However, we expect our OHR to decline further to around 45% through the expansion of top-line revenue beyond the increase in expenses. As for credit-related expenses, the net credit cost ratio, excluding the preventative provisions to reserves that have been implemented annually in recent years, has averaged 5 basis points, and is expected to remain at the same level.



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



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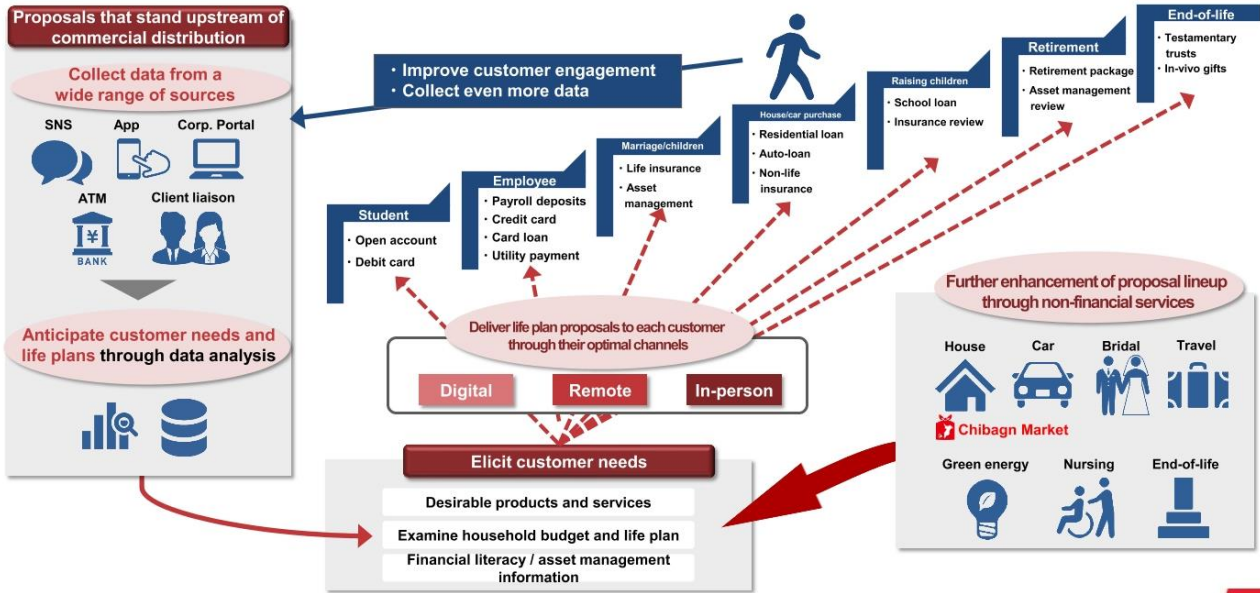
Please look at page 27. With regard to our capital strategy, our basic policy is to control the CET1 ratio in the range of 10.5% to 11.5% on a Basel III full implementation finalization basis excluding valuation differences on securities. The ratio for FY2022 was 11.6%, and we have decided to increase our full-year dividend payment by JPY2.

The dividend payout ratio is expected to be 35.6% with a long-term target of 40%. This time, the Bank decided to give priority to increasing dividends as opposed to conducting share buybacks. However, if there are no large inorganic investments and risk-weighted assets are accumulated normally, the total return ratio, in addition to share buybacks, is expected to be about 50%.

# Basic Policy I: Creating the Ideal Customer Experience

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

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

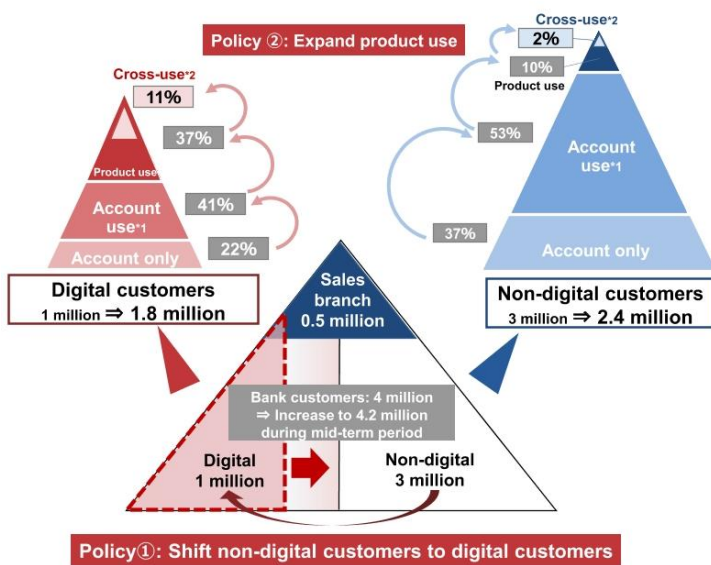


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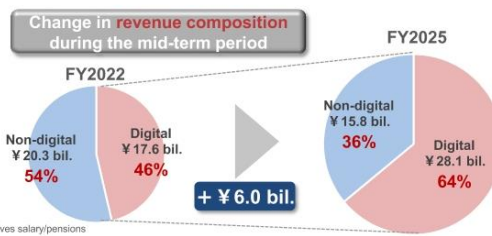
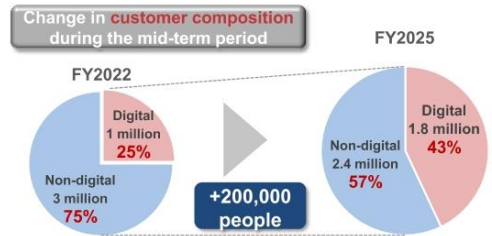
29

An overview of the first basic policy in our new Mid-term Plan is shown on page 29, but we will skip it because it was discussed on our IR Day.

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



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



Copyright © 2023 The Chiba Bank, Ltd. All Rights Reserved. \*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

Please turn to page 30. In the new Mid-term Plan, we will further promote the shift of retail customers to digital channels and promote the use of multiple products, also called “cross-use”, in order to raise the level of gross business profit.

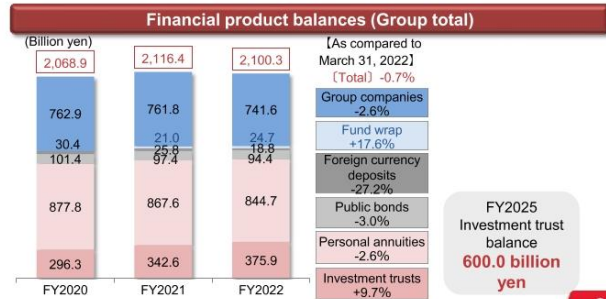
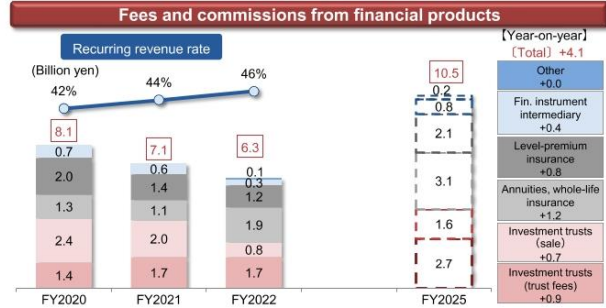
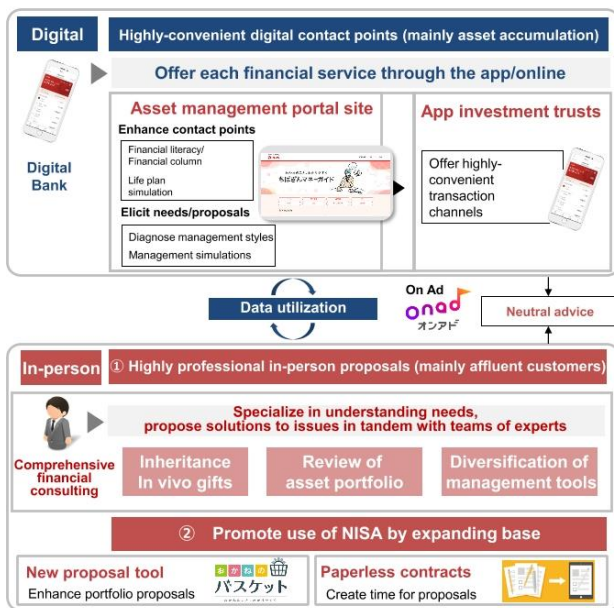
As of the end of the previous fiscal year, gross profit from digital customers was JPY16,000 per customer, while the gross profit from non-digital customers was JPY7,000, more than twice the difference. Compared by product use, the gross profit margin for customers who use products is JPY38,000 per customer, a large gap from the gross profit margin for customers who do not use their accounts very much.

Currently, of the 4 million customers who hold accounts with us, 1 million are digital customers who use the app, etc. We plan to increase this number to 1.8 million in the new Mid-term Plan. In addition to this, we will increase the number of customers who use our products by anticipating customer needs through our personalization strategy and proposing products through the most appropriate channels for our customers. As a result, the Bank will expand its customer base from 4 million to 4.2 million. The percentage of digital customers is expected to increase from 25% in FY2022 to 43% in FY2025, and gross profit is expected to increase by JPY6.0 billion in total.

## Basic Policy II: Fortify Existing Business (Retail① Financial Product Sales)

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

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



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\* Starting from the FY2022 full-year financial results, "foreign currency deposits" only include retail customer balances (updated retroactively)

31

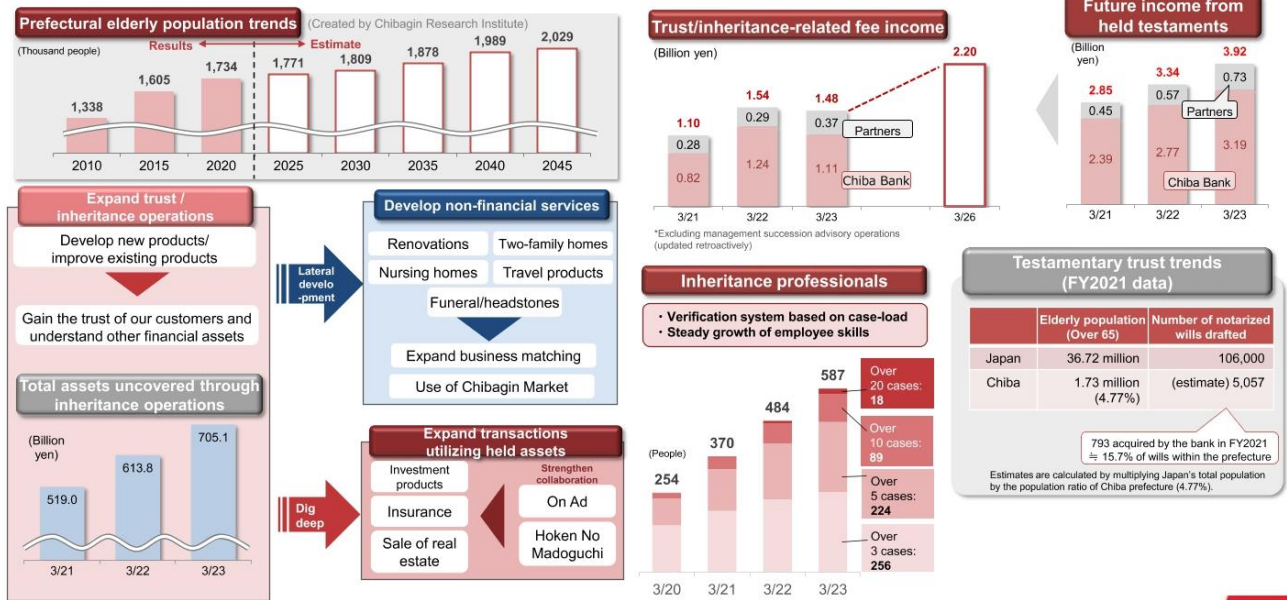
I will continue with an explanation of business strategies for retail and corporate business.

Please turn to page 31. First, let's talk about the retail business.

For the sale of financial products, we will build the best contact points for customers by providing a combination of digital and in-person contact points. For digital, we will deploy four digital tools (including the already launched in-app investment trust) and aim to improve convenience, secure proposal time, and increase the closing rate.

For in-person services on the other hand, we will expand relationship-manager-type sales activities that specialize in getting to know our customers and understanding their needs. We will establish a system to offer a wide range of proposals to meet the needs of our clients, not limited only to the sale of financial products. Through these efforts, we plan to generate JPY10.5 billion in revenue from financial product sales and JPY600.0 billion in investment trust balances in FY2025.

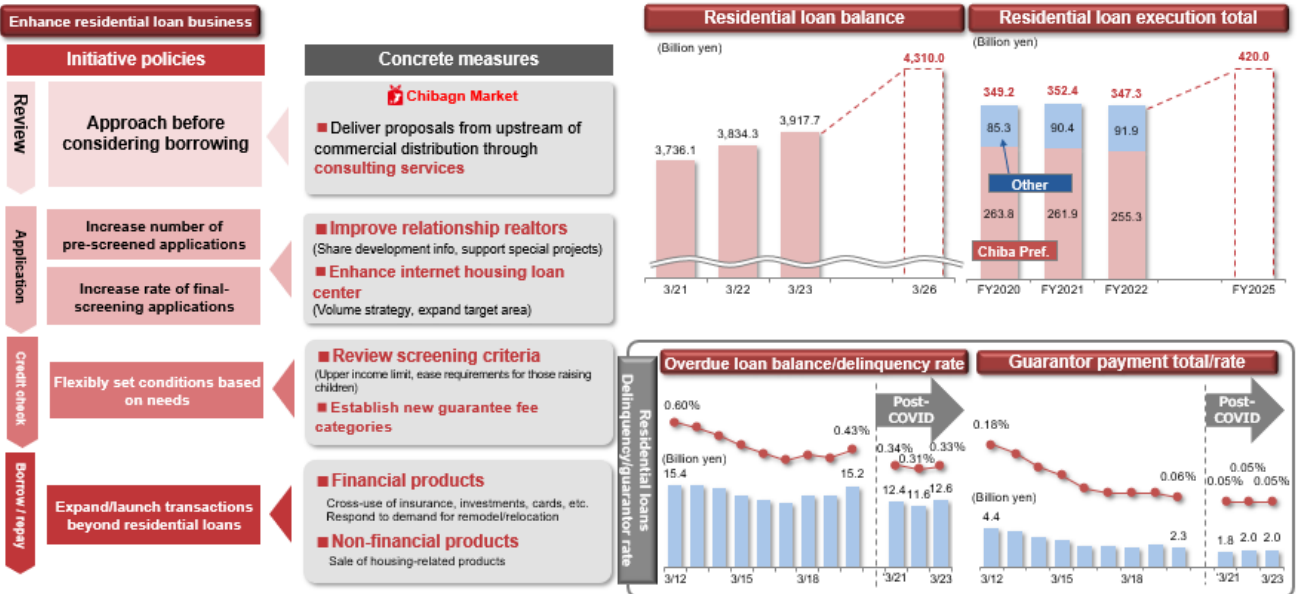
Further expansion of trust/inheritance business opportunities in view of an aging Prefecture



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Please turn to page 32. In the trust and inheritance-related business, we have established a structure designed to meet the needs of our clients, given the prospect of a steady increasing elderly population within Chiba Prefecture, and our goal is to achieve fee income totaling JPY2.2 billion in FY2025.

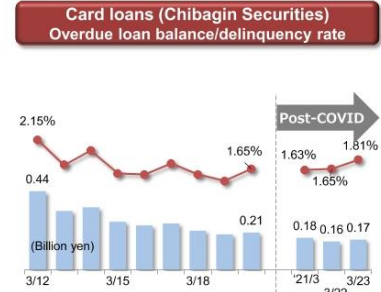
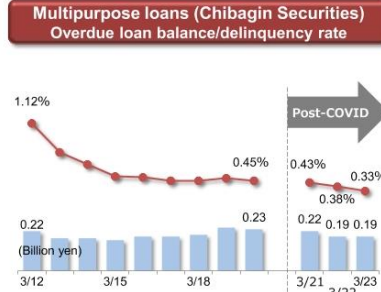
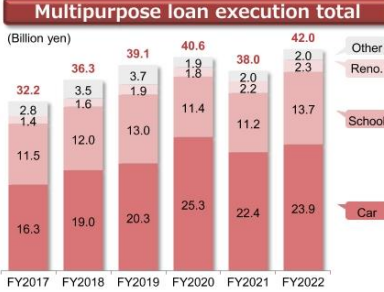
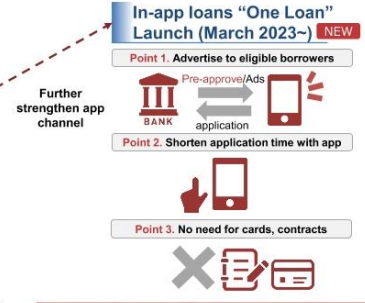
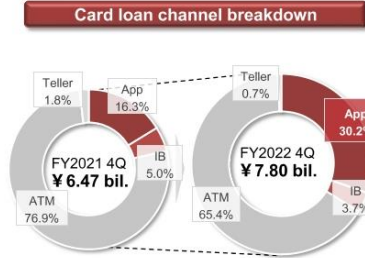
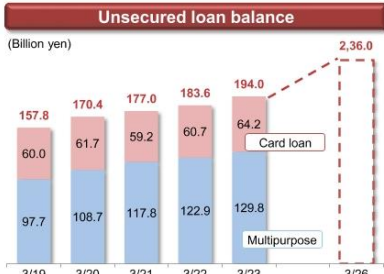
Optimize proposals at each stage: Review → Loan execution → Repayment



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Please turn to page 33. In residential loans, our aim is to increase the balance of outstanding loans by JPY390.0 billion over three years by optimizing our proposals at all stages, including when customers are considering purchasing a home and during loan execution and repayment.

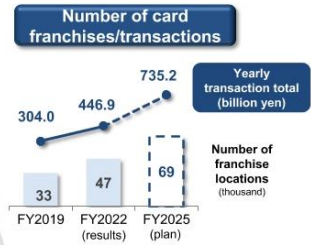
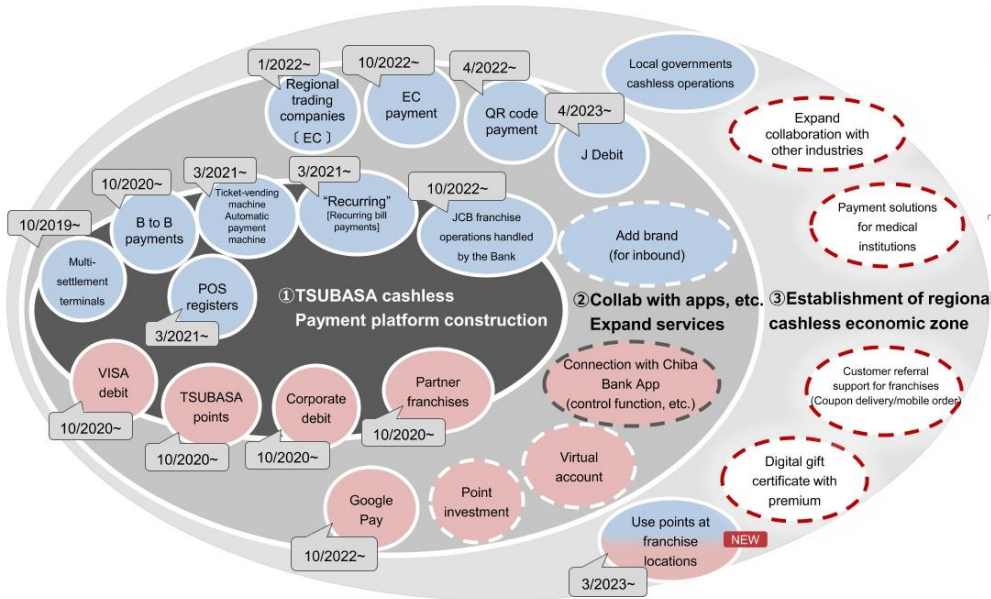
Maintain asset health while increasing balances



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Please turn to page 34. In the area of unsecured loans, as noted on the right side of the upper row, we expect an increase in the number of card loan users with the Chibagin app One Loan launched in February this year, in which transactions can be completed only with an app. In addition, we are aiming to increase the balance of loans outstanding by JPY42.0 billion over the next three years by making proposals in line with customer needs, such as car and education loans.

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



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Please turn to page 35. We will further strengthen our cashless system by reorganizing Group companies.

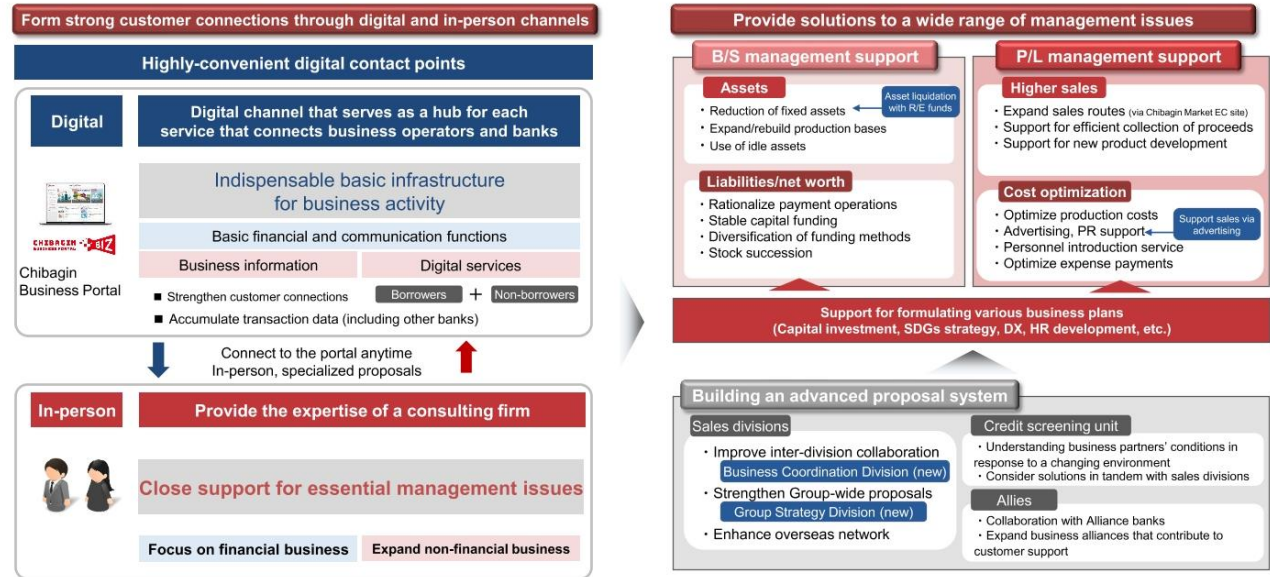
By improving the accuracy of analysis of consumption behavior and other factors, we will achieve more effective one-to-one marketing and provide recommendations to customers and support businesses by sending customers to them. As a result, the total annual transaction volume of merchants and cards is expected to exceed JPY1 trillion by FY2025.



## Basic Policy II: Fortify Existing Business (Corporate ① Strengthen Promotional Structure)

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

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



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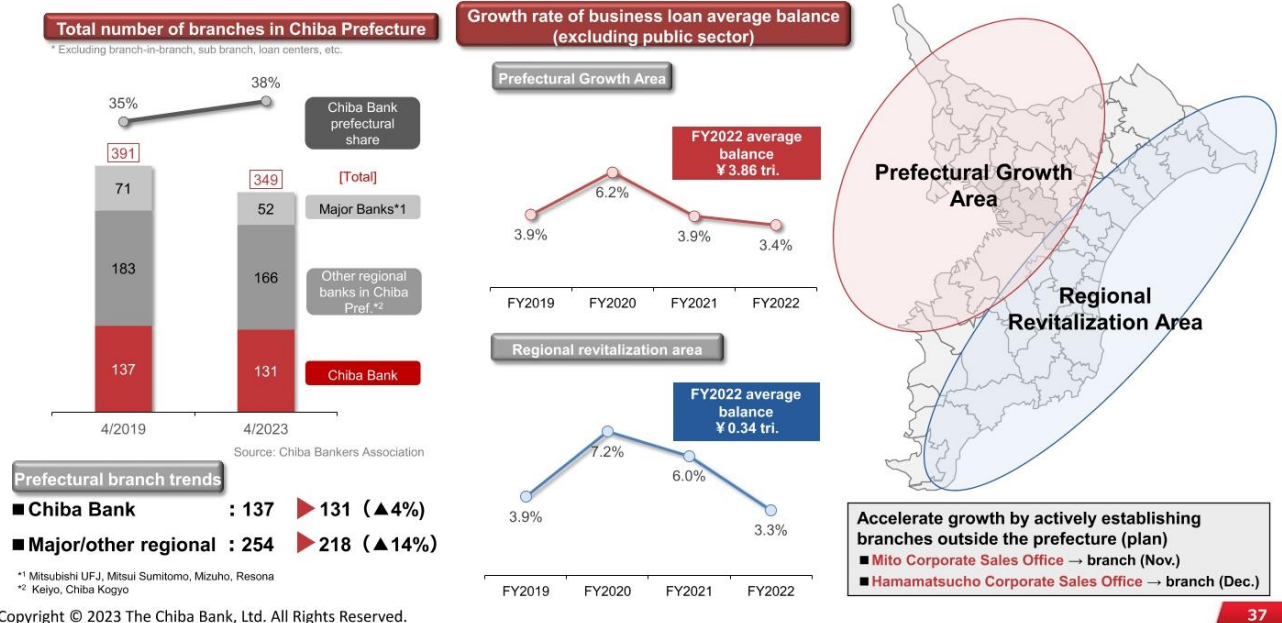
Please turn to page 36. I will continue with an explanation of our corporate business.

In digital services, we will strengthen our corporate portal to make it a basic infrastructure indispensable to business activities, thereby enhancing contact with all types of customers, including those with net deposits. In in-person services, we will provide more specialized services by building a unit with consulting-firm-like expertise at the Head Office. As an assistant to management teams, we will provide a wide range of solutions for each item on a company's balance sheet and P&L to help resolve various management issues.

## Basic Policy II: Fortify Existing Business (Corporate ② Branch Network)

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

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



37

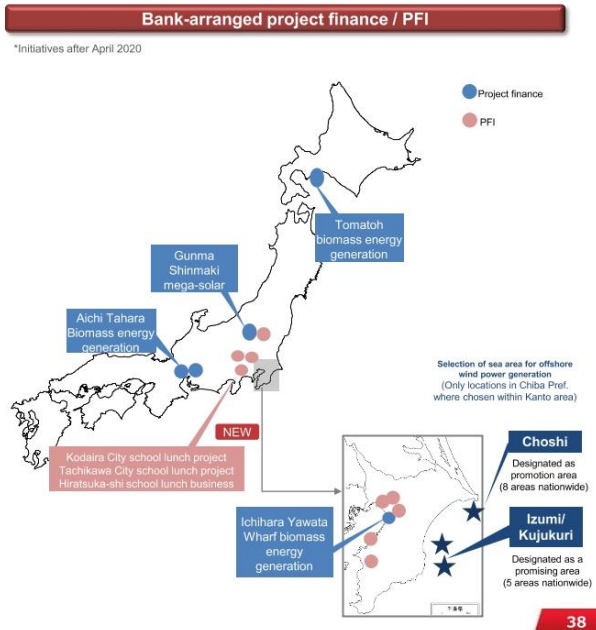
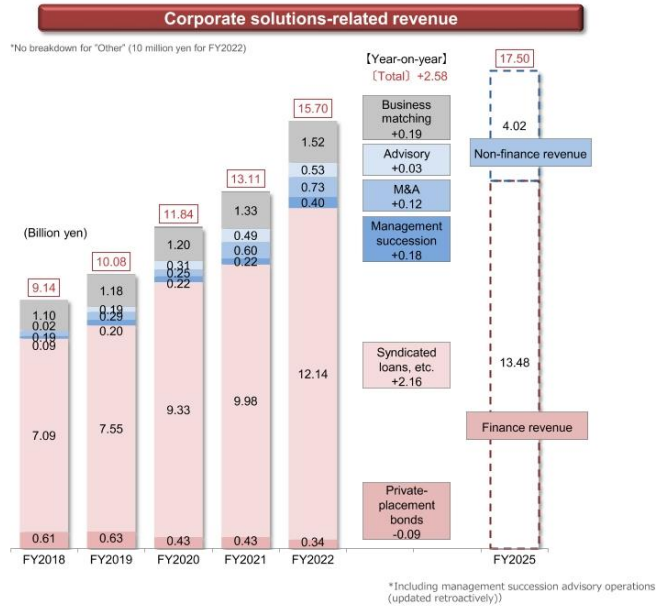
Please turn to page 37. As a bank with a policy of enhancing both online and in-person customer contact, a strong branch network is a weapon that differentiates us from other banks.

In Chiba Prefecture, while other banks have reduced their number of branches in recent years, we have maintained our network of branches. As a result, our share of the number of branches in the prefecture has increased by about 3% over the past 4 years.

In addition, we are aware that other banks are converting from general branches that can handle corporate loans to branches that specialize in retail customers, reducing the number of branches with full banking functions by approximately 60%. On the other hand, Chiba Bank has only slightly reduced the number of branches with full banking functions. As a result, the Bank's now has a majority share of full-banking branches, an improvement of more than 20%. Going forward, the Bank intends to further expand its share of loans and corporate service transactions by highlighting its strengths in digital and in-person customer contact.

Outside of the prefecture, we plan to continue opening new branches in areas where sustained growth can be expected. The Mito Corporate Sales Office and Hamamatsucho Corporate Sales Office are scheduled to become branches in November and December, respectively.

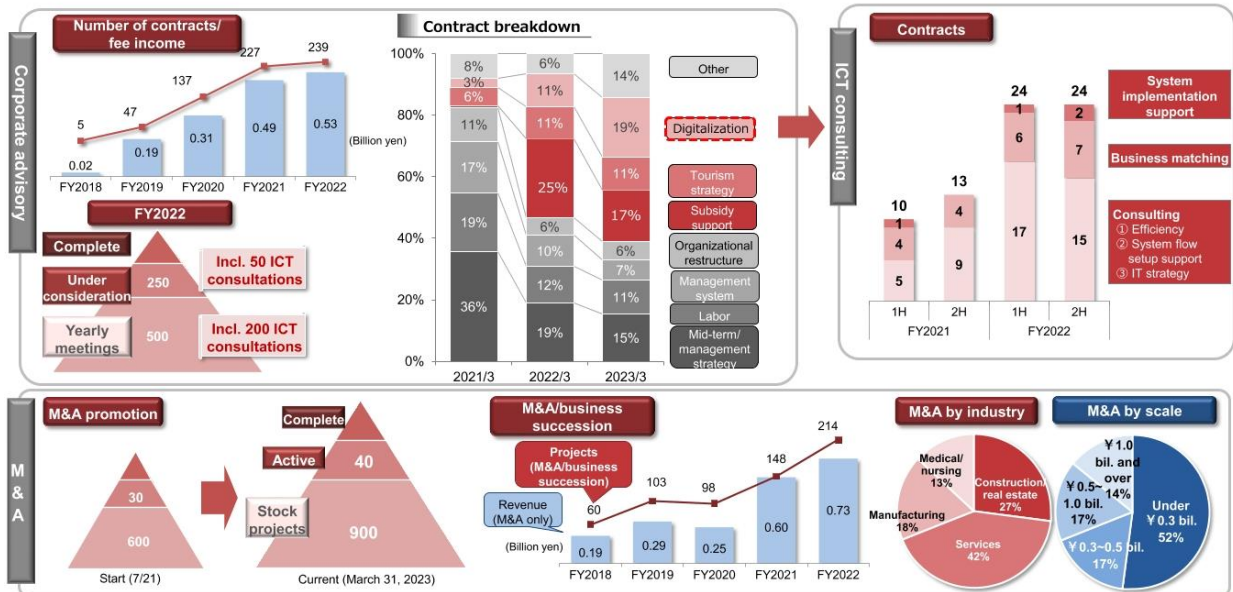
Record-high corporate solutions revenue for the 12<sup>th</sup> consecutive term



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Please see page 38. Corporate-solution-related revenue has reached record highs for 12 consecutive fiscal years, and we are targeting JPY17.5 billion for FY2025.

Cultivate various needs through ongoing communication as a partner

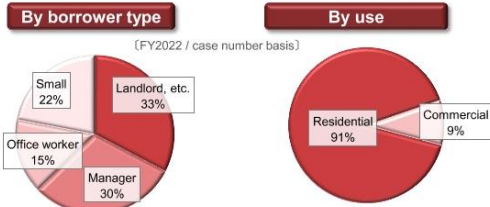
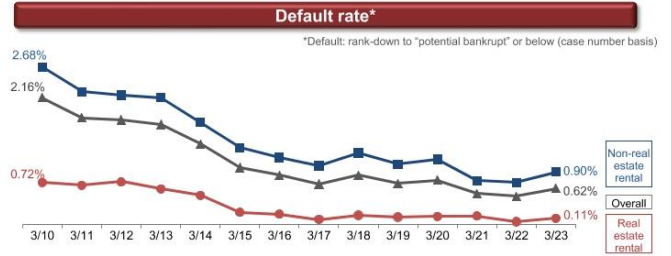


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Please turn to page 39. Advisory services for businesses continue to grow steadily. The number of consultations per year is expected to be about 4005, and we can expect further increases in revenue going forward. In particular, the number of ICT consultations is growing, leading to IT support for our customers.

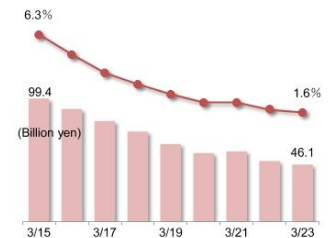
M&As listed in the bottom row are also expanding steadily. We have about 600 projects in stock, including information from our branch offices, and we expect profit growth in the future as well.

Real estate rental loans increased steadily while credit risk remained low



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%

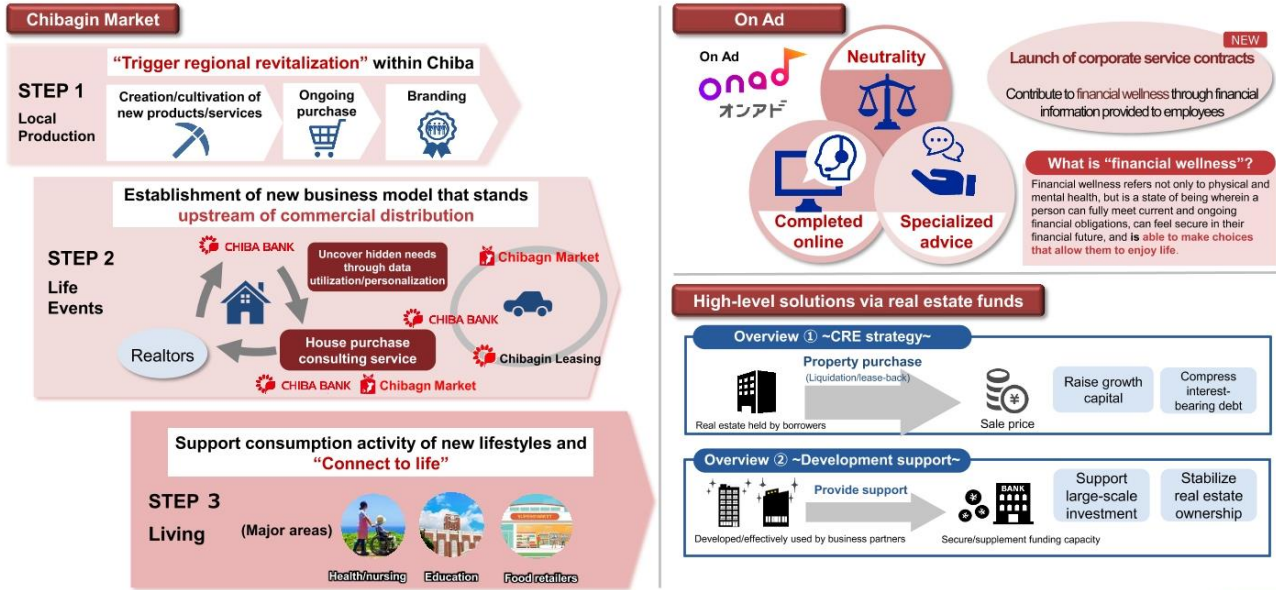
**DSCR:** Single property balance  
 (Cash flow before payment of principal and interest of the property ÷ Amount of principal and interest payment)  
 If less than 100%, rental income cannot cover repayments and expenses.

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Please skip one page and go to page 41. The balance of real estate rental loans has been growing steadily. Occupancy rates are well above the national average, due in part to strong demand for housing in the suburbs of the Tokyo metropolitan area and an increase in the number of households in Chiba Prefecture.

We also have a strong credit management system. The delinquency rate in the real estate leasing business is low at 0.15%, with zero delinquencies for commercial real estate.

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



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Next, I would like to discuss the Bank's new businesses. Please turn to page 42.

We will strengthen our existing business areas, such as Chibagin Market, On Ad, and real estate funds, and work towards reaching the next stage.

Chibagin Market has started a small residential concierge service in STEP 2, and is preparing to begin providing automotive services by the end of this fiscal year. On Ad has launched a corporate services agreement to strengthen its commitment to financial wellness, a growing social need. In the real estate fund business, we will enhance the sophistication of our solution functions by establishing a system that can meet the real estate liquidation needs of our customers.

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**



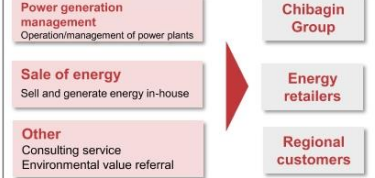
**Advertising consulting**

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**



Please turn to page 43. Speaking of our advertising business, we launched advertising medium operations in May.

Through the advertising medium business, in which advertisements are placed in the Bank's app and on Bank ATMs, we will promote the creation of a regional ecosystem that connects local businesses with consumers in and outside the region in order to revitalize the local economy. Within our energy production business, we launched a subsidiary, Himawari Green Energy Co., Ltd., in April. By connecting energy retailers with local customers, we will build a model of local production and local consumption of electricity. In other businesses, such as Metaverse and BaaS, we will continue our activities with a view towards generating revenue.

Evolution of our customer-focused business model

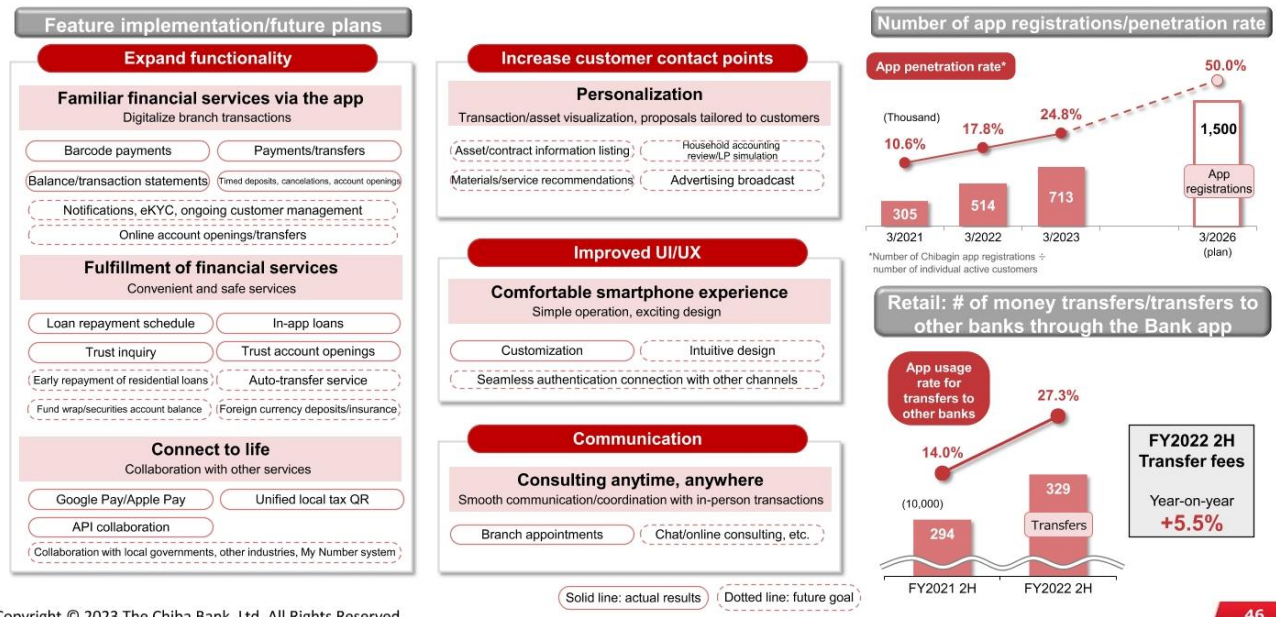


I would like to discuss our value creation bases.

Please turn to page 45. Since we have already explained about Base I, DX strategy, during our IR Day, I will not go into further details.



Developing an app that can solve any problem



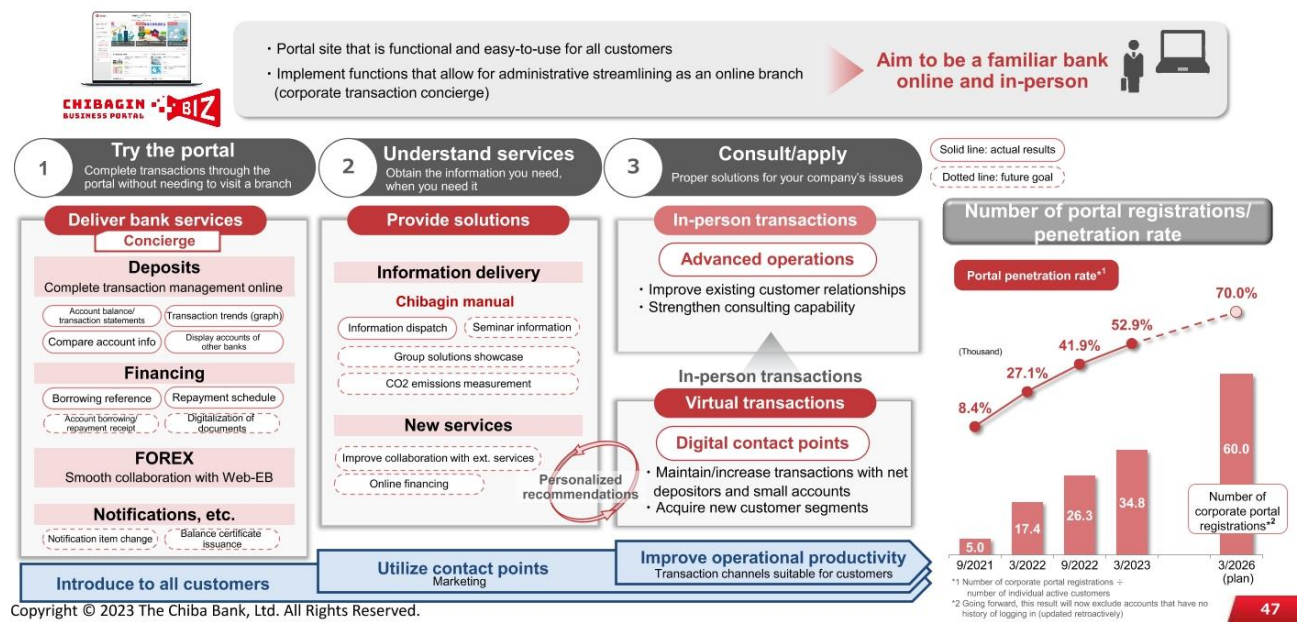
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Please turn to page 46. We are continuously implementing and improving new features of our app, and this year we have released an investment trust function and in-app loans.

In August, we plan to launch a new virtual account opening function service. The number of registered accounts exceeded 730,000 at the end of March, and we plan to increase the number of registered accounts to 1.5 million, or half of the approximately 3 million active accounts, over the three years of the new Mid-term Plan. The increase in app users will contribute to improving the Bank's profitability.

For example, in the case of transfers, as shown in the graph below right, the percentage of app use with low fees has increased significantly. On the other hand, the convenience of the system has led to an increase in the overall number of transfers, resulting in an increase in overall transfer fees. Profitability is also expected to improve for other products, such as investment trusts and unsecured loans.

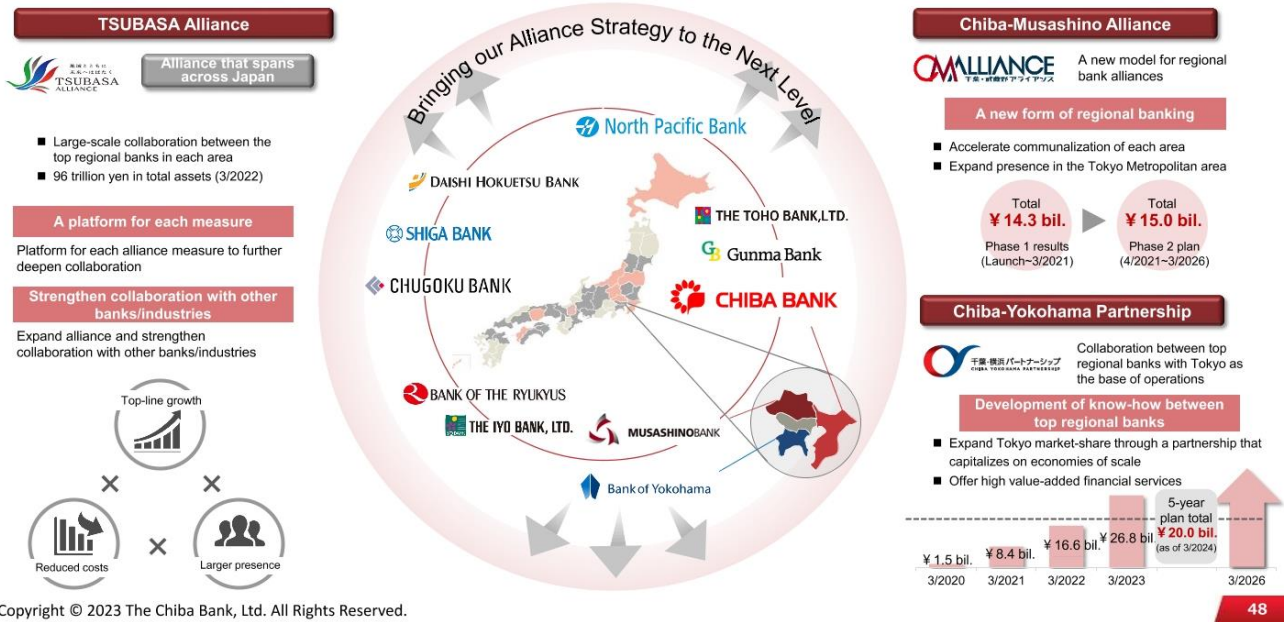
Portal site that is functional and easy-to-use for all customers



Please turn to page 47. The number of corporate portal registrations has steadily increased to approximately 35,000. The plan is to increase the penetration rate among loan customers to 70% in three years, and to increase the total number of loan and deposit customers to 60,000.

Base II of the new Mid-term Plan is related to GX, which I will explain later in the sustainability management section.

Evolution of our Alliance Strategy



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I will now continue with an explanation of our alliances strategy in Base III. Please turn to page 48.

The TSUBASA Alliance, Chiba-Musashino Alliance, and Chiba-Yokohama Partnership each have different strengths and play a major role in raising the Bank's top line revenue and reducing costs.

We will pursue further effectiveness by deepening collaboration with each of our partners, who are the leading banks in their respective regions.

## Base III: Collaborating with Other Industries

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

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

**Sony Bank**

Deepen, develop expansion

**CHIBA BANK** **Sony Bank**

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


**CHIBA BANK** **onion** Life Design network

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.**

<b>Digital strategy</b>	<ul style="list-style-type: none"> <li>• Collaborate on advertising business</li> <li>• Collaborate on data analysis, digital marketing</li> <li>• Promote development of DX personnel</li> </ul>	Advertising/digital marketing business
<b>Financial product sales</b>	<ul style="list-style-type: none"> <li>• Strengthen virtual channel sales through content marketing on asset management portal sites, etc.</li> </ul>	
<b>Chibagin computer service</b>	<ul style="list-style-type: none"> <li>• Share web design know-how</li> <li>• Shared use of development resources</li> </ul>	
<b>Regional revitalization</b>	<ul style="list-style-type: none"> <li>• Outsource non-banking tourism-related business</li> <li>• Collaborate on/mutually introduce local government projects</li> </ul>	Regional revitalization business
<b>Chibagin Market</b>	<ul style="list-style-type: none"> <li>• Collaborate on crowd-funding</li> </ul>	
<b>Chibagin Research</b>	<ul style="list-style-type: none"> <li>• Collaborate on consulting for local governments</li> <li>• Utilize the company's knowledge shared at seminars</li> </ul>	

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

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Please see page 49. We have established various subcommittees with Sony Bank, with whom we formed an alliance last year, to continue discussions at the field level toward the creation of new value. First, for the conversion of the Mito and Hamamatsucho branches, we will introduce a "telepresence" system, which Sony Bank has introduced, and remote teller operations using "Mado", a digital presentation system. It is expected to be utilized as a next-generation branch with no teller windows.

In addition, this month we conducted a 20% investment in Onionnews Inc., making it an affiliate company. We have previously collaborated with this company, which has strengths in digital marketing and regional revitalization projects, in the operation of the Chibagin Markets crowdfunding site. As an important partner, we intend to further strengthen our collaboration. We will continue to actively collaborate with other industries as a strategy to further enhance the Bank Group's services.

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”**

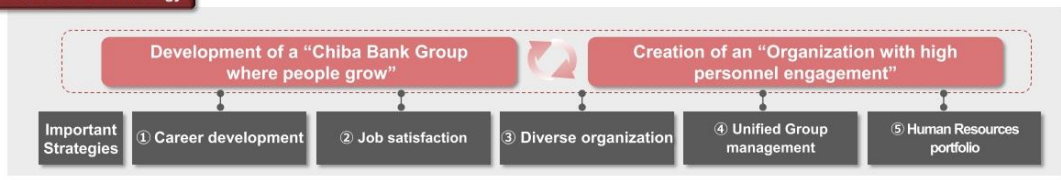
For the sake of customers, the region, friends, family, and oneself

Think things through

Utilize your own strengths

Gain more supporters

**Human Resources Strategy**



Please turn to page 50. In the area of human resources strategy, we have established a new human resources development policy, "become someone who keeps fighting for the customer." The three core elements are "think things through", "utilize your own strengths", and "gain more supporters".

In the human resource strategy of the new Mid-term Plan, we will provide various opportunities for learning, taking on new challenges, and hands-on practice. We will build an organization that creates new societal value based on two pillars: the development of a Chiba Bank Group where people can grow, and the creation of an organization with high personnel engagement.

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

**Second consecutive year wages increased over 4~5%**

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

Increased research/training expenses

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

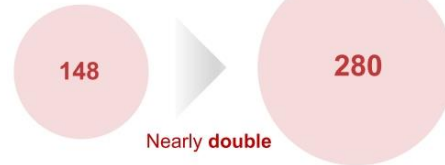


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Personnel development

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

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



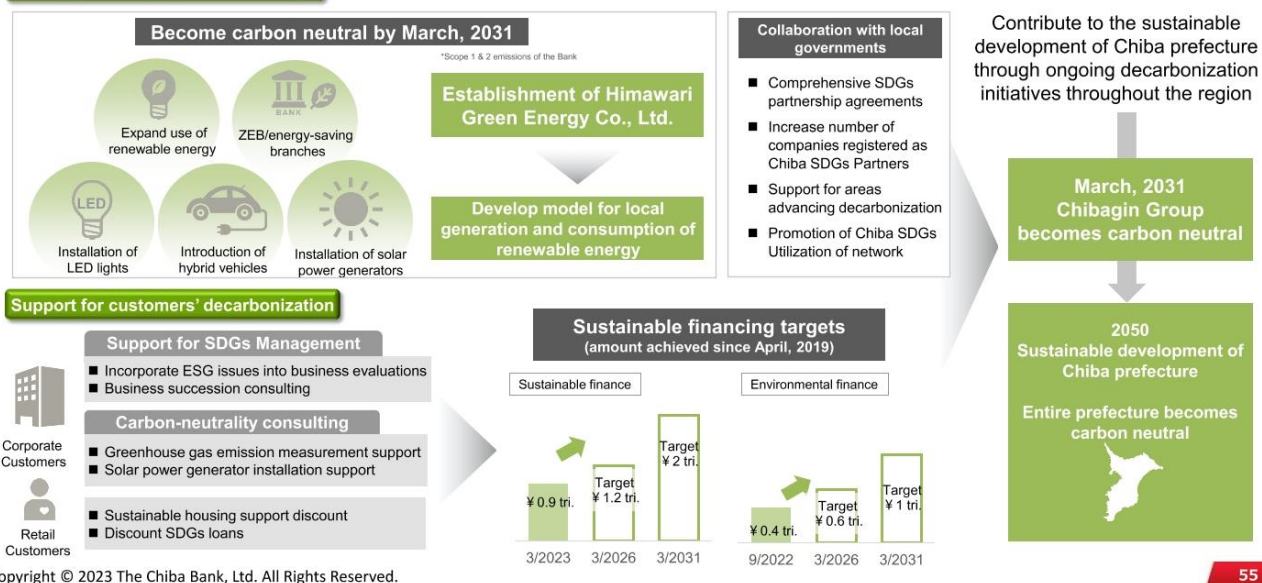
Corporate sales	50
Retail sales	50
DX personnel	60
<b>External trainee dispatch</b> (Corporate solutions, Credit Unit, Market, Planning, etc.)	90
Management team	30

Please turn to page 51. The Bank plans to increase wages and starting salaries this year. The average wage increase is over 5% in total when standard pay increases and base pay increases are combined, and we have raised wages by 4% to 5% for two consecutive years. In addition, we plan to accelerate our investments in human capital, with plans to invest JPY400 million in FY2025. This translates into a wage increase rate of about 1.4%.

In terms of human resource development, we plan to train a total of 280 employees over the next three years, doubling the number of employees in the previous Mid-term Plan through trainees and dispatch to outside companies.

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

**Chibagin Group Carbon Neutrality**

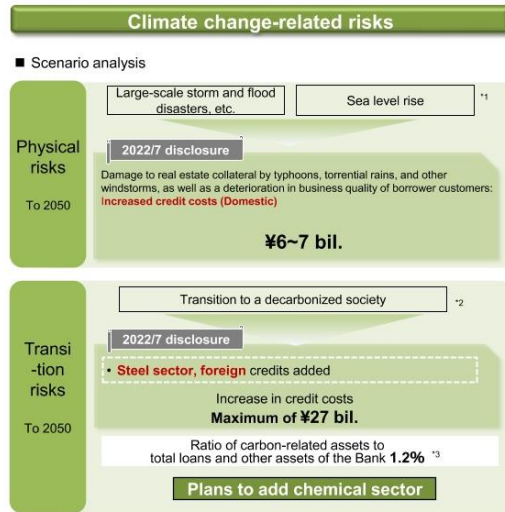
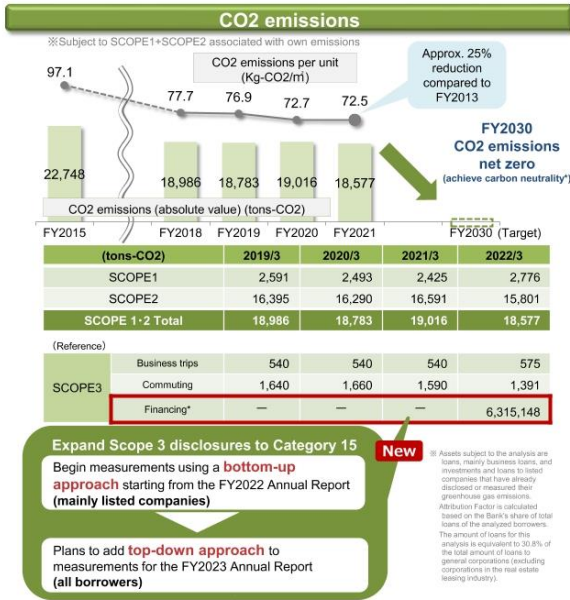


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I will explain only the main points regarding sustainability management. Please turn to page 55.

With respect to GX, we will promote both the Group's decarbonization initiatives and support for local customers' decarbonization efforts. We will strengthen our initiatives to lead the region toward achieving carbon neutrality, FY2030 for the Bank and 2050 for Chiba Prefecture as a whole.

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

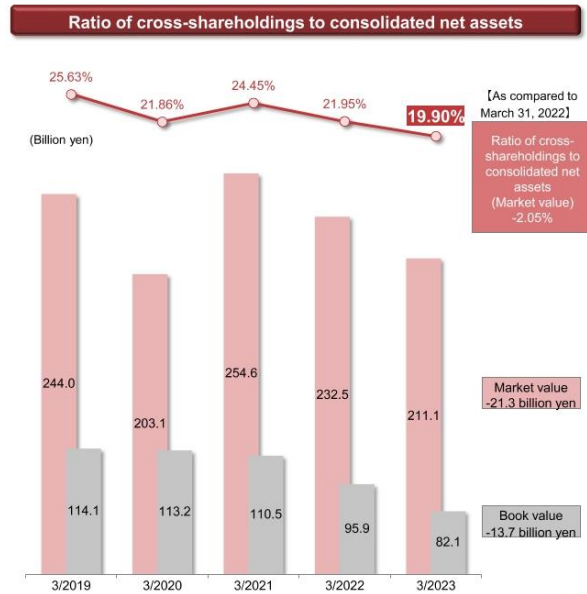
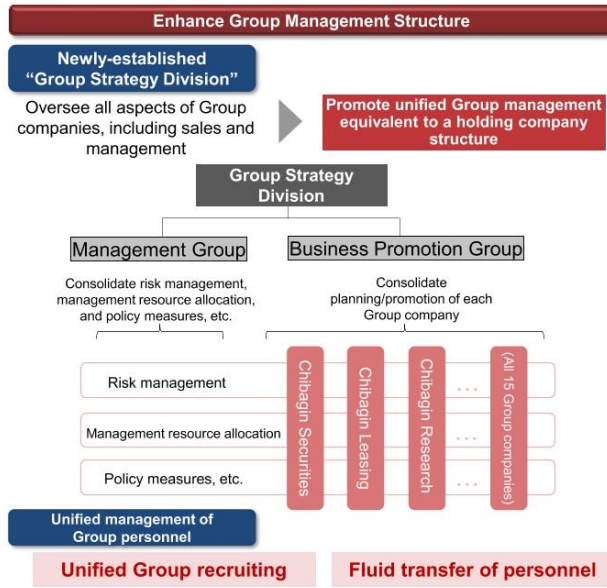


\*1 Calculated based on data on building damage in Chiba Prefecture caused by the "Typhoon Faxai" and "Typhoon Hagibis" and subsequent heavy rains in autumn 2019, and IPCC's RCP2.6 scenario (2°C scenario) and RCP8.5 scenario (4°C scenario).  
 \*2 Calculated based on the IEA SDS scenario.  
 \*3 Total 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.

Page 56 shows the Bank's decarbonization initiatives. We plan to expand the scope of disclosure for Scope 3 Category 15 investments and loans to include all loans in the next Annual Report.



Achieving unified Group management by improving Group governance



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Please skip one page and go to page 58.

Speaking of Group governance, we will further upgrade our Group management system under the newly established Group Strategy Division. In addition, the market value of cross-held shares as a percentage of consolidated net assets has fallen below 20%, as we have continued to reduce the number of policy investment shares while continuing to examine the purpose and significance of our holdings. We will continue to thoroughly manage our cross-shareholdings.

That's all for my presentation. Thank you very much for your attention.