



## The Chiba Bank, Ltd.

Small Meeting After 3Q Release for the Fiscal Year Ending March 2023

February 10, 2023

## Event Summary

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|                             |   |  |
|-----------------------------|---|--|
| <b>[Company Name]</b>       | The Chiba Bank, Ltd.  |  |
| <b>[Fiscal Period]</b>      | FY2023 Q3   |  |
| <b>[Date]</b>               | February 10, 2023   |  |
| <b>[Time]</b>               | 13:30 – 14:10<br>(Total: 40 minutes, Presentation: 10 minutes, Q&A: 30 minutes) |  |
| <b>[Venue]</b>              | Webcast   |  |
| <b>[Number of Speakers]</b> | 2   |  |
|                             | Tadayoshi Shinozaki   | Director and Senior Executive Officer,<br>Group Chief Strategy Officer |
|                             | Taro Kanzawa  | General Manager of Corporate Planning<br>Division                      |

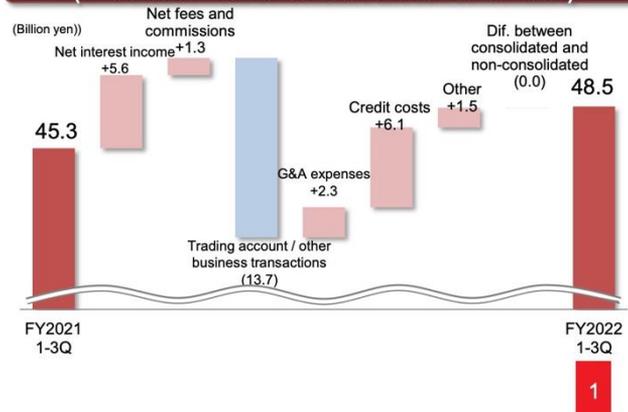
## Summary of Financial Results

NEXT STEP 2023

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| Non-consolidated   |  | FY2021 | FY2022 | Change |
|--|--|--------|--------|--------|
| (Billion yen)  |  | 1-3Q   | 1-3Q   |        |
| Gross business profit  |  | 124.8  | 118.0  | (6.7)  |
| Net interest income  |  | 101.9  | 107.5  | 5.6    |
| Net fees and commissions   |  | 19.5   | 20.8   | 1.3    |
| Trading account income   |  | 0.8    | 1.0    | 0.1    |
| Net other ordinary income  |  | 2.4    | (11.4) | (13.8) |
| Bond-related gains (losses)<br>(Government bonds, etc.)              |  | 0.8    | (16.0) | (16.8) |
| General & administrative expenses (-)                                |  | 63.7   | 61.3   | (2.3)  |
| Business profit  |  | 61.1   | 56.6   | (4.4)  |
| Core business income   |  | 60.2   | 72.6   | 12.4   |
| Excluding gains (losses) on the cancellation<br>of investment trusts |  | 57.0   | 66.9   | 9.8    |
| Net provisions to general allowance for loan losses (-)              |  | 0.3    | -      | (0.3)  |
| Net business income  |  | 60.7   | 56.6   | (4.0)  |
| Non-recurring gains (losses)   |  | 1.3    | 10.1   | 8.8    |
| Disposal of non-performing loans (-)                                 |  | 2.3    | (3.3)  | (5.7)  |
| Reversal of allowance for loan losses                                |  | -      | 2.0    | 2.0    |
| Gains (losses) related to stocks, etc.                               |  | 2.4    | 6.2    | 3.8    |
| Ordinary profit  |  | 62.0   | 66.8   | 4.8    |
| Extraordinary profit (loss)  |  | (0.0)  | (0.1)  | (0.0)  |
| Net income   |  | 44.8   | 48.0   | 3.2    |
| Credit-related expenses (-)  |  | 2.7    | (3.3)  | (6.1)  |
| Consolidated   |  | FY2021 | FY2022 | YoY    |
| (Billion yen)  |  | 1-3Q   | 1-3Q   |        |
| Ordinary profit  |  | 65.0   | 69.8   | 4.8    |
| Profit attributable to owners of parent                              |  | 45.3   | 48.5   | 3.1    |

- ◆ Net interest income increased by 5.6 billion yen compared to the previous year, while bond-related gains decreased significantly by 16.8 billion yen as the Bank rebalanced its foreign bond portfolio. As a result, gross business profit decreased by 6.7 billion yen.
- ◆ Core business income increased by 12.4 billion yen compared to the previous year, the highest 3Q result in the 14 years since FY2008, as the Bank's core business operations remained strong.
- ◆ Credit-related expenses decreased significantly by 6.1 billion yen compared to the previous year.
- ◆ Net income reached a record high 3Q result on both a non-consolidated and consolidated basis, representing progress towards the full-year plan of 84.3% and 80.8%, respectively.

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

**Shinozaki:** I'm Mr. Shinozaki. Thank you for your interest in the Bank. I will now begin today's meeting by referring to the presentation materials, so please turn to page one.

The first page here is a summary of our financial results. While net interest income increased by 5.6 billion yen compared to the previous year and net fees and commissions were strong, we recorded a loss on the sale of securities due to a rebalancing of our securities portfolio. As a result, gross business profit decreased by 6.7 billion yen. Core business income increased by 12.4 billion yen, reaching a record high Q3 result, in part due to decreased expenses, and reflecting our ongoing strong core business earnings performance.

Credit-related expenses decreased by 6.1 billion yen and were a net reversal of 3.3 billion yen. As a result, we achieved record net income both on a non-consolidated and consolidated basis, representing progress towards the full-year plan of 84.3% and 80.8%, respectively.

## Summary of Financial Results (Consolidated)

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| Consolidated  | (Billion yen) | FY2021<br>1-3Q | FY2022<br>1-3Q | Change |
|---|---------------|----------------|----------------|--------|
| Net Revenue   |               | 132.0          | 123.6          | (8.4)  |
| Net interest income                                     |               | 98.2           | 103.7          | 5.5    |
| Net fees and commissions                                |               | 27.9           | 29.7           | 1.8    |
| Trading account income                                  |               | 3.5            | 1.6            | (1.9)  |
| Net other ordinary income                               |               | 2.3            | (11.4)         | (13.8) |
| General and administrative expenses (-)                 |               | 68.5           | 66.0           | (2.4)  |
| Credit-related expenses (-)                             |               | 3.3            | (3.9)          | (7.2)  |
| Net provisions to general allowance for loan losses (-) |               | 0.4            | -              | (0.4)  |
| Disposal of non-performing loans (-)                    |               | 2.8            | (3.9)          | (6.7)  |
| Gains (losses) related to stocks, etc.                  |               | 2.3            | 6.6            | 4.2    |
| Gains (losses) on equity-method investments             |               | 0.0            | 0.0            | (0.0)  |
| Other   |               | 2.3            | 1.7            | (0.6)  |
| Ordinary profit   |               | 65.0           | 69.8           | 4.8    |
| Extraordinary profit (loss)                             |               | (0.1)          | (0.1)          | (0.0)  |
| Pre-tax net income                                      |               | 64.9           | 69.7           | 4.8    |
| Total income taxes (-)                                  |               | 19.5           | 21.2           | 1.6    |
| Net income  |               | 45.3           | 48.5           | 3.1    |
| Profit attributable to non-controlling interests        |               | -              | -              | -      |
| Profit attributable to owners of parent                 |               | 45.3           | 48.5           | 3.1    |
| (Reference)   |               |                |                |        |
| Consolidated net business income                        |               | 67.5           | 62.4           | (5.0)  |

## 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<br>1-3Q | FY2022<br>1-3Q | Change     |
|-------------------------------|---------------------------------------|--|----------------|----------------|------------|
| Chibagin Securities Co., Ltd. | 100%                                  | Ordinary profit  | 1.2            | 0.0            | (1.1)      |
|                               |                                       | Net income   | 0.8            | 0.0            | (0.8)      |
| Chibagin Leasing Co., Ltd.    | 100%                                  | Ordinary profit  | 0.6            | 0.8            | 0.1        |
|                               |                                       | Net income   | 0.4            | 0.5            | 0.0        |
| Chibagin Guarantee Co., Ltd.  | 100%                                  | Ordinary profit  | 3.9            | 4.9            | 1.0        |
|                               |                                       | Net income   | 2.5            | 3.2            | 0.6        |
| Chibagin JCB Card Co., Ltd.   | 100%                                  | Ordinary profit  | 0.7            | 0.8            | 0.0        |
|                               |                                       | Net income   | 0.5            | 0.5            | 0.0        |
| Total of 5 other companies    | 100%                                  | Ordinary profit  | 0.5            | 0.5            | 0.0        |
|                               |                                       | Net income   | 0.3            | 0.3            | 0.0        |
| <b>Total</b>                  |                                       | <b>Ordinary profit</b>                                       | <b>7.2</b>     | <b>7.3</b>     | <b>0.1</b> |
|                               |                                       | <b>Net income</b>  | <b>4.7</b>     | <b>4.8</b>     | <b>0.0</b> |

[Equity method subsidiaries]

|                      |                                       |     |     |       |
|----------------------|---------------------------------------|-----|-----|-------|
| Total of 6 companies | Net income according to equity method | 0.0 | 0.0 | (0.0) |
|----------------------|---------------------------------------|-----|-----|-------|

|  |     |     |       |
|--|-----|-----|-------|
| Dividends to parent company (-)                  | 4.2 | 4.4 | 0.1   |
| Dif. between consolidated and non-consolidated ※ | 0.5 | 0.4 | (0.0) |

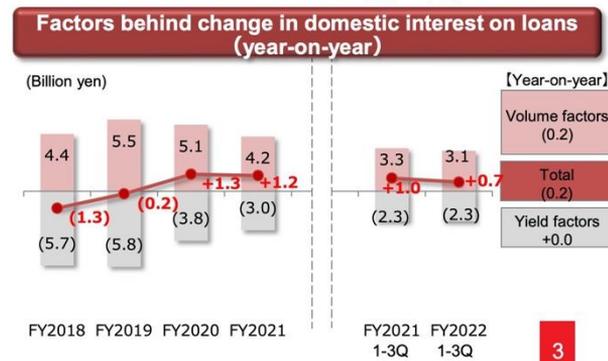
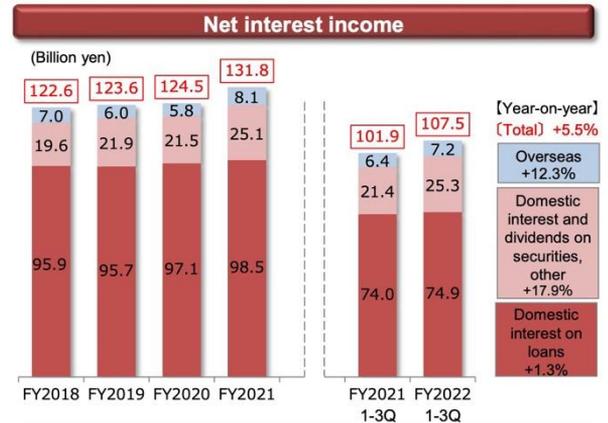
※After adjusting for unrealized gains, etc.

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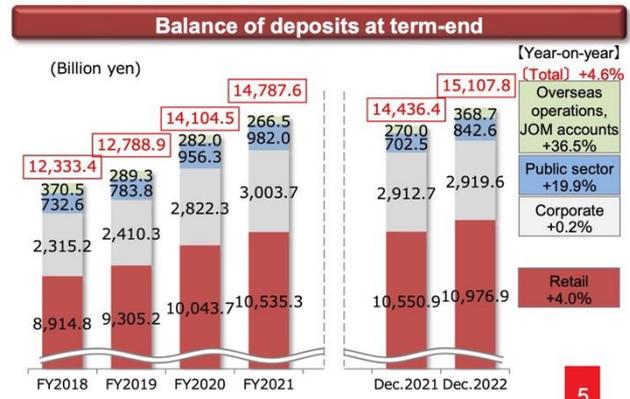
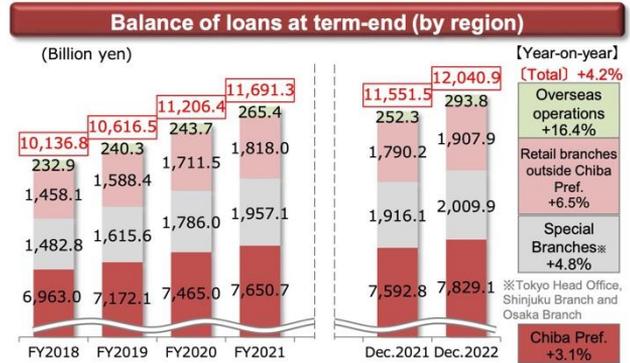
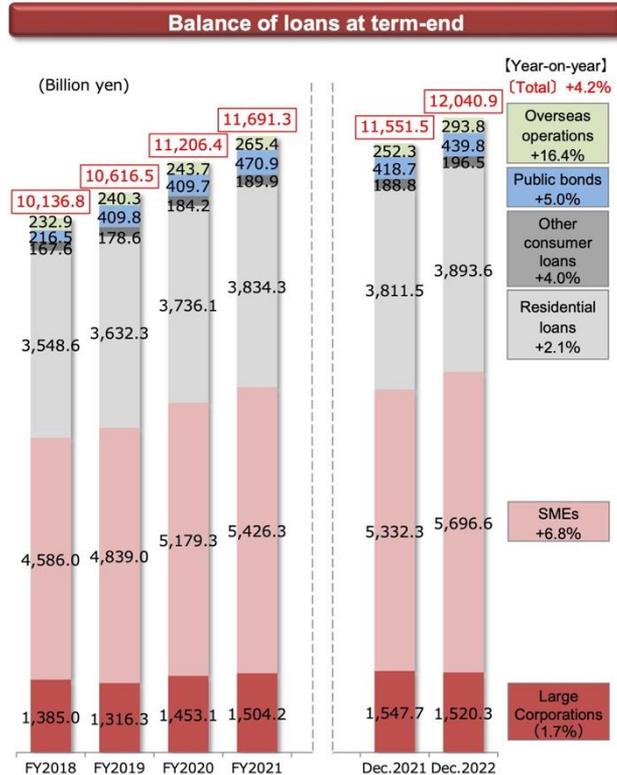
Please turn to page two. On the left is a summary of our consolidated financial results, and on the right is the financial results of the Bank's subsidiaries.

Chibagin Securities reported a decrease in profits due to the continued impact of our decision to suspend the sale of structured bonds. Conversely, Chibagin Guarantee reported an increased profits due to lower credit costs. The total of subsidiaries and the difference between consolidated and non-consolidated results remained at approximately the same level compared to the previous year.

| (Billion yen)   | FY2021<br>1-3Q | FY2022<br>1-3Q | Change     |
|---|----------------|----------------|------------|
| Net interest income   | 101.9          | 107.5          | 5.6        |
| <b>Domestic</b>   | <b>95.4</b>    | <b>100.3</b>   | <b>4.8</b> |
| Interest on loans   | 74.0           | 74.9           | 0.9        |
| Loans and bills discounted  | 74.4           | 75.2           | 0.7        |
| Deposits (incl. NCDs)   | 0.4            | 0.2            | (0.1)      |
| Interest and dividends on securities  | 19.5           | 23.1           | 3.6        |
| Bonds   | 1.9            | 3.0            | 1.1        |
| Stock dividends   | 9.4            | 10.9           | 1.5        |
| Investment funds  | 0.5            | 0.6            | 0.0        |
| Investment trusts   | 7.5            | 8.4            | 0.9        |
| Gains (losses) on cancellations   | 2.7            | 4.0            | 1.2        |
| Other (market operations, etc.)   | 1.9            | 2.2            | 0.2        |
| <b>Overseas</b>   | <b>6.4</b>     | <b>7.2</b>     | <b>0.7</b> |
| Loans and bills discounted  | 3.0            | 8.5            | 5.4        |
| Foreign securities  | 9.5            | 14.2           | 4.6        |
| Foreign securities  | 6.3            | 10.2           | 3.9        |
| Foreign currency funds  | 2.5            | 2.0            | (0.5)      |
| Investment trusts   | 0.6            | 1.9            | 1.2        |
| Gains (losses) on cancellations   | 0.5            | 1.7            | 1.2        |
| Other (funding and market operations, etc.)   | (6.1)          | (15.4)         | (9.3)      |
| Net interest income (excluding gains (losses) on the cancellation of investment trusts) | 98.7           | 101.8          | 3.0        |
| Gains (losses) on the cancellation of investment trusts                                 | 3.2            | 5.7            | 2.5        |



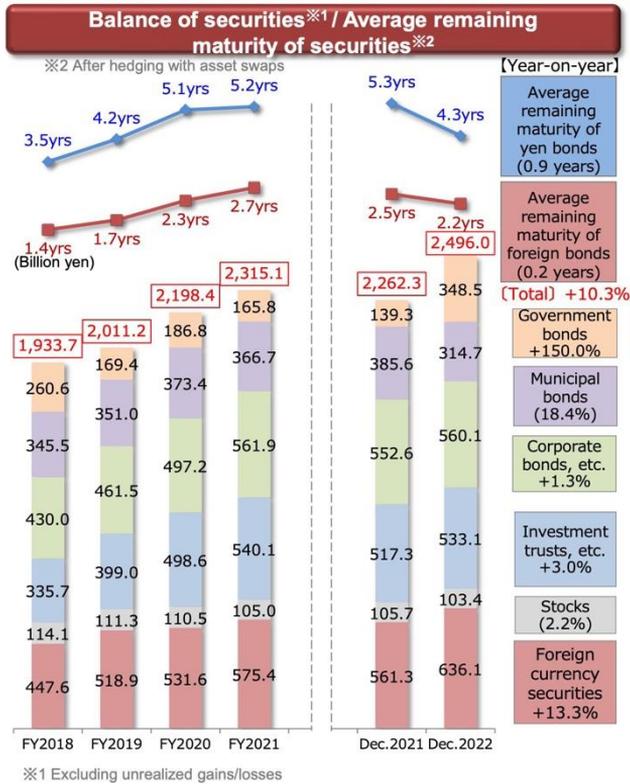
Please now turn to page three. Net interest income from our domestic operations maintained the trend of offsetting lower yield factors with volume factors. Interest on loans increased by 0.7 billion yen and stock dividends increased by 1.5 billion yen, resulting in an overall 4.8 billion yen increase in net interest income. Net interest income from our international segment also increased by 0.7 billion yen. As a result, overall net interest income increased by 5.6 billion yen, driving top-line growth.



Please skip over page four and turn to page five.

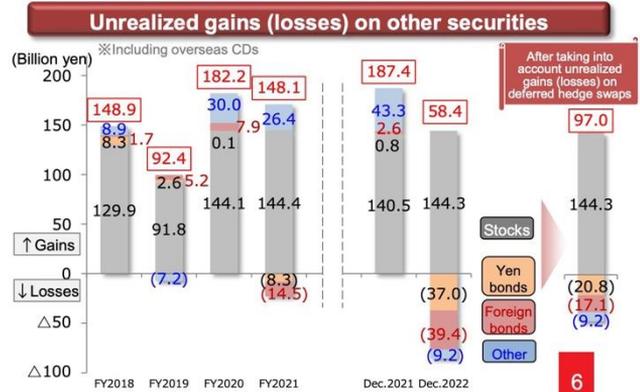
Overall loan balances increased by 4.2% compared to the previous year, mainly due to increased loans to small and medium-sized enterprises as well as residential loans. As a result, the balance of loans at term-end exceeded 12 trillion yen for the first time. The balance of deposits at term-end also remained strong, increasing by 4.6% compared to the previous year.

# Securities



### Gains (losses) on securities

| (Billion yen)  | FY2021 1-3Q | FY2022 1-3Q | Change |
|--|-------------|-------------|--------|
| Interest income on securities                          | 29.0        | 37.3        | 8.2    |
| Bonds  | 8.2         | 13.2        | 5.0    |
| Domestic   | 1.9         | 3.0         | 1.1    |
| Foreign  | 6.3         | 10.2        | 3.9    |
| Stocks   | 9.4         | 10.9        | 1.5    |
| Investments trusts etc.                                | 11.3        | 13.0        | 1.6    |
| Gains (losses) from investment trust cancellations     | 3.2         | 5.7         | 2.5    |
| Gains(losses) related to bonds(Government bonds, etc.) | 0.8         | (16.0)      | (16.8) |
| Gains on sales   | 1.5         | 2.2         | 0.7    |
| Gains (losses) related to stocks, etc.                 | 2.4         | 6.2         | 3.8    |
| Gains on sales   | 5.0         | 6.3         | 1.3    |



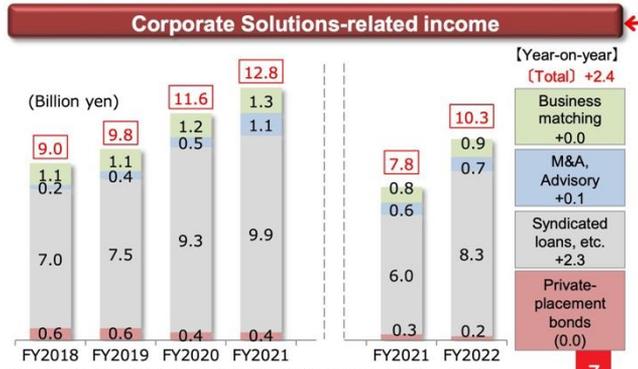
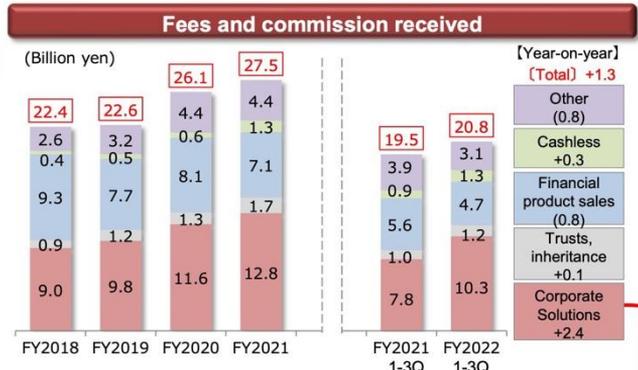
Please turn to page six.

The average remaining maturity of securities shortened for both yen bonds and foreign bonds. As for unrealized gains/losses on other securities, valuation losses on yen bonds increased due to the impact of rising domestic interest rates. However, after taking into account the hedging effect of interest rate swaps, overall unrealized gains were 97 billion yen, an improvement of 38.5 billion yen compared to the nominal figure.

# Net Fees and Commissions

|   | FY2021 |      | FY2022 |        |
|---|--------|------|--------|--------|
|   | 1-3Q   | 1-3Q | 1-3Q   | Change |
| Net fees and commissions                        | 19.5   | 20.8 | 1.3    |        |
| Fees and commissions received                   | 33.1   | 35.4 | 2.3    |        |
| Fees and commissions payments (-)               | 13.6   | 14.6 | 1.0    |        |
| <b>&lt;Main breakdown&gt;</b>                   |        |      |        |        |
| Investment trusts and personal annuities        | 5.6    | 4.7  | (0.8)  |        |
| Investment trusts                               | 3.0    | 2.0  | (1.0)  |        |
| Annuities and whole life insurance              | 0.9    | 1.4  | 0.5    |        |
| Level-premium life insurance                    | 1.0    | 0.8  | (0.1)  |        |
| Financial instrument intermediary               | 0.5    | 0.2  | (0.2)  |        |
| Corporate solutions                             | 7.8    | 10.3 | 2.4    |        |
| Private placement bonds                         | 0.3    | 0.2  | (0.0)  |        |
| Syndicated loans                                | 6.0    | 8.3  | 2.3    |        |
| M&A and advisory contracts                      | 0.6    | 0.7  | 0.1    |        |
| Business matching                               | 0.8    | 0.9  | 0.0    |        |
| Trust business and inheritance-related services | 1.0    | 1.2  | 0.1    |        |
| Cashless operations                             | 0.9    | 1.3  | 0.3    |        |
| Payment and settlement transactions             | 9.5    | 9.4  | (0.1)  |        |
| Guarantee charges and group insurance costs (-) | 8.4    | 9.2  | 0.7    |        |

※ Trust business and inheritance-related services include trust fees from the full-year results for FY2021 (updated retroactively).

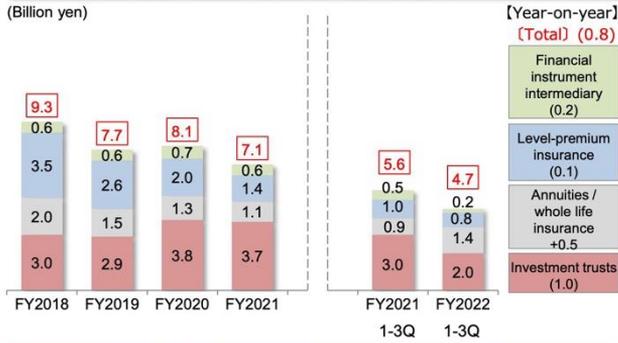


※ Corporate solutions-related income does not include Corporate Portal revenue from the full year results for FY2021 (updated retroactively).

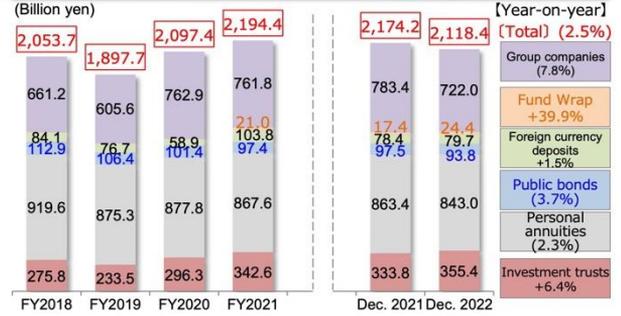
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Net fees and commissions remained strong, increasing by 1.3 billion yen compared to the previous year, while the 2.3 billion yen increase in syndicated loans, etc., was the main driver of corporate solutions-related income. On the other hand, while the sale of annuities and whole life insurance performed well, the overall sale of investment trusts and annuities to retail customers declined by 0.8 billion yen.

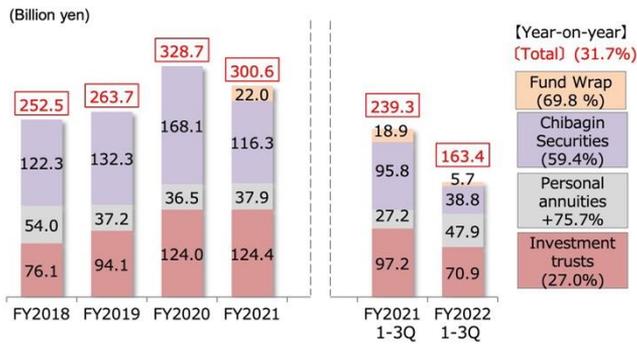
Fees and commissions from financial products



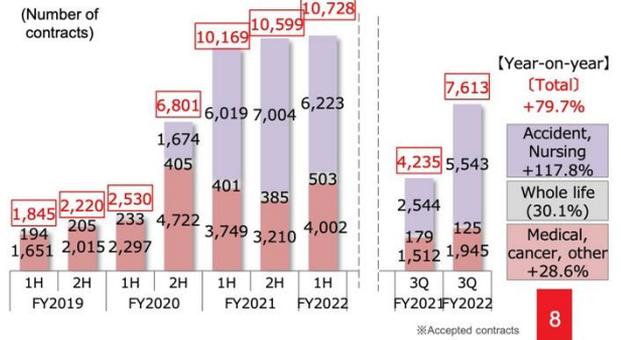
Financial product balances (Group total)



Sales of financial products (Group total)



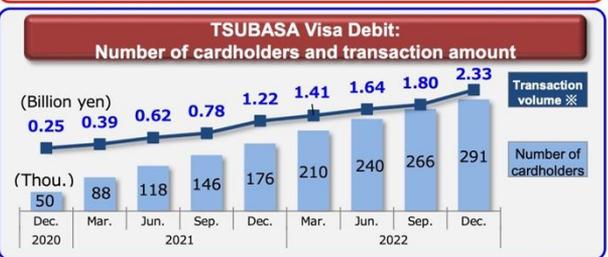
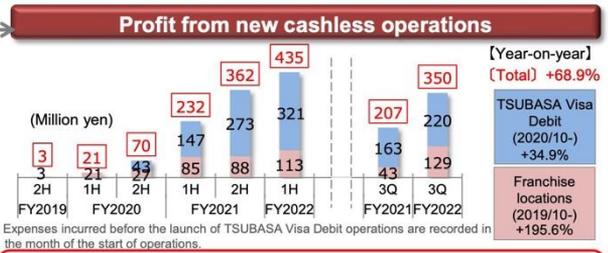
Number of protection-type insurance contracts



Please refer to page eight for more information on our financial products.

| Income and expenditure of cashless operations      |             |        |        |        |
|--|-------------|--------|--------|--------|
| (Million yen)                                      |             | FY2021 | FY2022 | Change |
|  |             | 1-3Q   | 1-3Q   |        |
| Total of Cashless Operations                       | Profit      | 965    | 1,346  | 381    |
|  | Revenue     | 2,436  | 3,411  | 974    |
|  | Expenses(-) | 1,471  | 2,064  | 593    |
| Total of New Cashless Operations                   | Profit      | 439    | 785    | 345    |
|  | Revenue     | 850    | 1,780  | 930    |
|  | Expenses(-) | 410    | 995    | 584    |
| Franchise locations                                | Profit      | 129    | 243    | 114    |
|  | Revenue     | 495    | 1,127  | 631    |
|  | Expenses(-) | 366    | 883    | 516    |
| TSUBASA Visa Debit                                 | Profit      | 310    | 542    | 231    |
|  | Revenue     | 354    | 653    | 299    |
|  | Expenses(-) | 43     | 111    | 67     |
| Existing cashless operations                       | Profit      | 525    | 560    | 35     |
|  | Revenue     | 1,586  | 1,630  | 44     |
|  | Expenses(-) | 1,060  | 1,069  | 8      |
| Subsidiaries (Chibagin JCB Card, Chibagin DC Card) | Profit      | 875    | 985    | 109    |
|  | Revenue     | 3,640  | 3,921  | 280    |
|  | Expenses(-) | 2,764  | 2,935  | 170    |
| (Reference)  |             |        |        |        |
| Group Total  | Profit      | 1,841  | 2,331  | 490    |
|  | Revenue     | 6,077  | 7,332  | 1,255  |
|  | Expenses(-) | 4,236  | 5,000  | 764    |

※ Subsidiary expenses include personnel expenses and other operating expenses.



※ Transaction volume: monthly settlement amount for the relevant month

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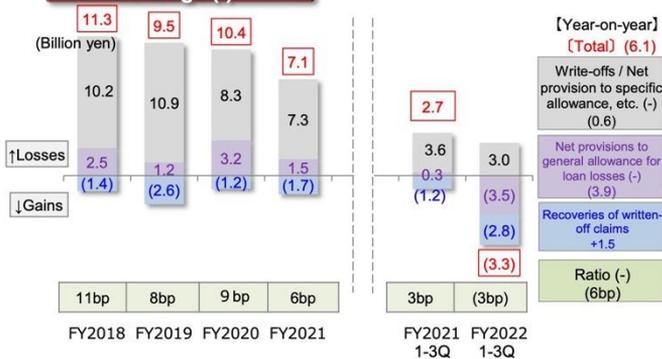
Regarding the Bank's cashless operations, the number of franchise locations and number of cardholders are steadily increasing while the transaction volume is also expanding. The total profit of our cashless operations increased by approximately 381 million yen to 1,346 million yen. The Group profit total increased by approximately 490 million yen to 2,331 million yen, showing steady growth as one of the next drivers of net fees and commissions.

Credit-related expenses

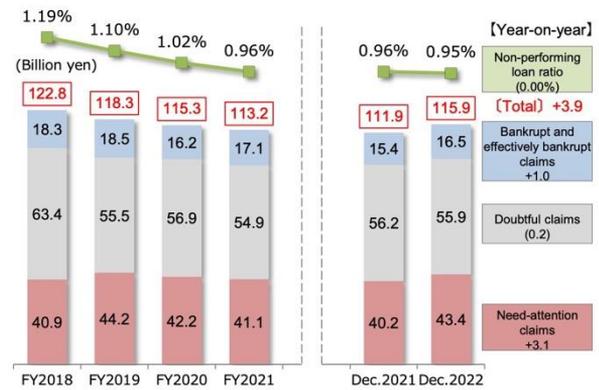
| (Billion yen)   | FY2021<br>1-3Q | FY2022<br>1-3Q | Change |
|---|----------------|----------------|--------|
| Credit-related expenses                                     | 2.7            | (3.3)          | (6.1)  |
| Net provisions to general allowance for loan losses (-)     | 0.3            | (3.5)          | (3.9)  |
| Disposal of non-performing loans (-)                        | 2.3            | 0.1            | (2.2)  |
| Write-offs / Net provisions to specific allowance, etc. (-) | 3.6            | 3.0            | (0.6)  |
| Net provisions to specific allowance for loan losses (-)    | 0.9            | 1.4            | 0.5    |
| New downgrades (-)  | 3.2            | 3.2            | 0.0    |
| Existing non-performing loans (-)                           | 0.8            | 0.4            | (0.4)  |
| Collections etc.  | 0.4            | 0.7            | 0.3    |
| Recoveries of written-off claims                            | 1.2            | 2.8            | 1.5    |
| Net credit cost ratio (-)                                   | 3bp            | (3bp)          | (6bp)  |

※ 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

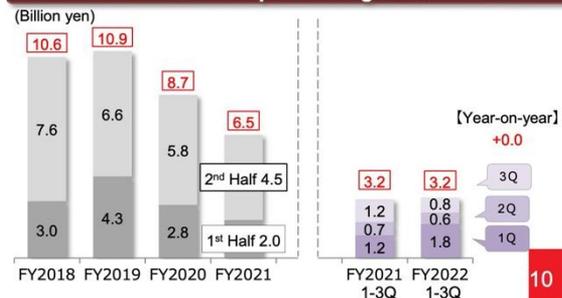
Change (-)



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



New non-performing loans



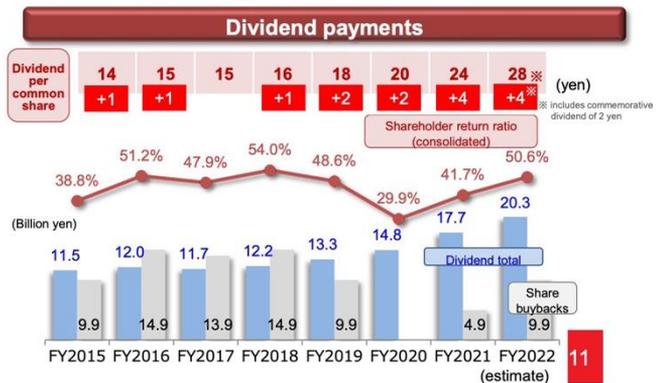
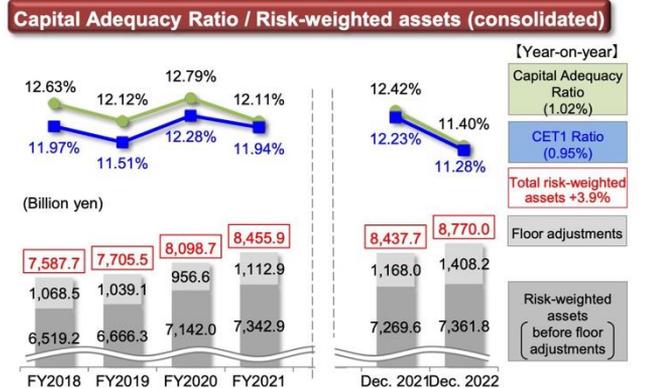
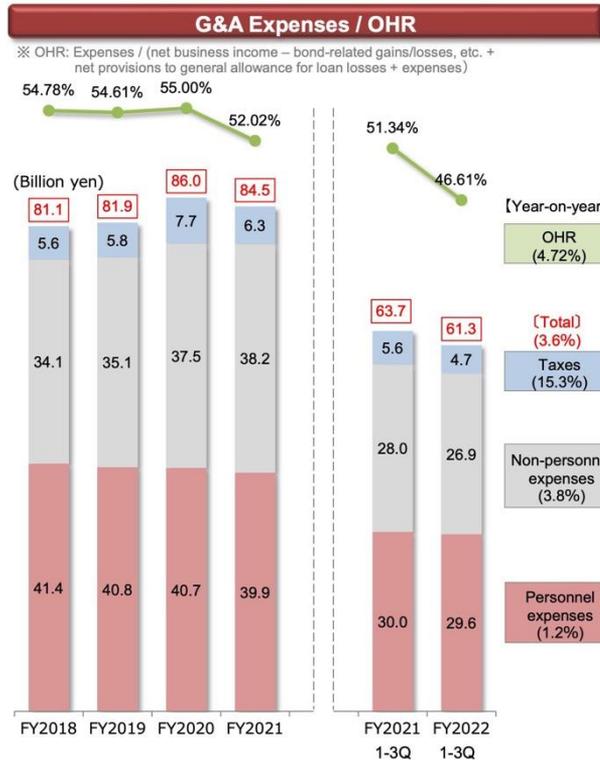
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Credit-related expenses decreased by 6.1 billion yen compared to the previous year resulting in a net reversal of 3.3 billion yen. Net provisions to the general allowance for loan losses were a reversal of 3.5 billion yen, mainly due to a declining cumulative default rate. In addition, new non-performing loans remained at 3.2 billion yen compared to the full-year plan of 8 billion yen. The Bank has continued to maintain one of the highest levels of soundness among the regional banks with a non-performing loan ratio of 0.95%.

## General &amp; Administrative Expenses / Capital Adequacy Ratio

NEXT STEP 2023

~ connect and go beyond, for the future ~



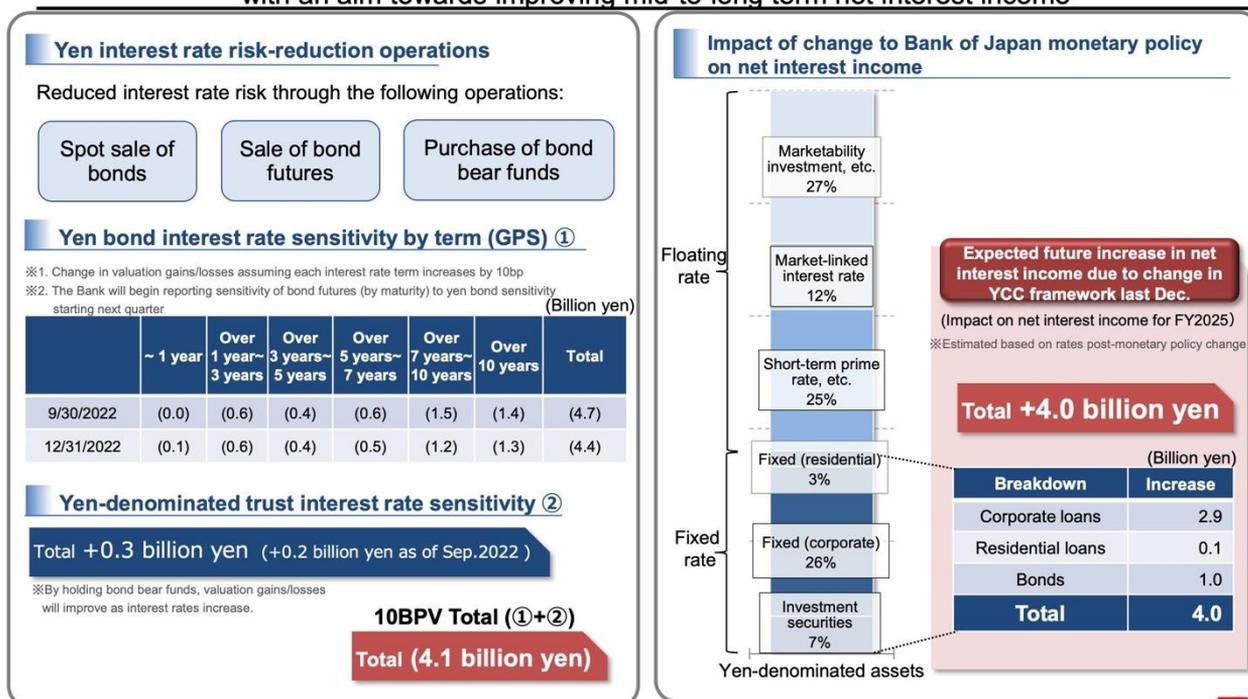
Please now turn to page 11.

General & administrative expenses decreased by 2.3 billion yen, mainly due to lower non-personnel expenses as a result of lower deposit insurance premiums. Our top-line performance is steadily improving, which has caused our OHR to decline significantly. Although our capital adequacy ratio declined due to a decrease in unrealized gains on securities, both our total capital adequacy ratio and CET1 ratio remained at an adequate level at 11.4 % and 11.28%, respectively.

In conjunction with today's financial results announcement, we have also announced a 2 yen per share increase to our full-year dividend payment. This is an indicator of our confidence in our ability to achieve the consolidated net income target of 60 billion yen and our commitment to increasing our dividend payout ratio and dividend yield. In addition, we have announced this dividend increase as a commemorative dividend in celebration of our 80th anniversary this March. We expect that this will increase our total shareholder return ratio to over 50%. We will continue to strive to strike a balance between providing returns to our shareholders and making investments designed to ensure our further growth while maintaining the sound business practices required for the stable supply of funding to Chiba prefecture.

I would now like to talk about a few important topics currently affecting the banking sector.

Performed interest rate risk-reduction operations to stem worsening valuation losses with an aim towards improving mid-to-long term net interest income



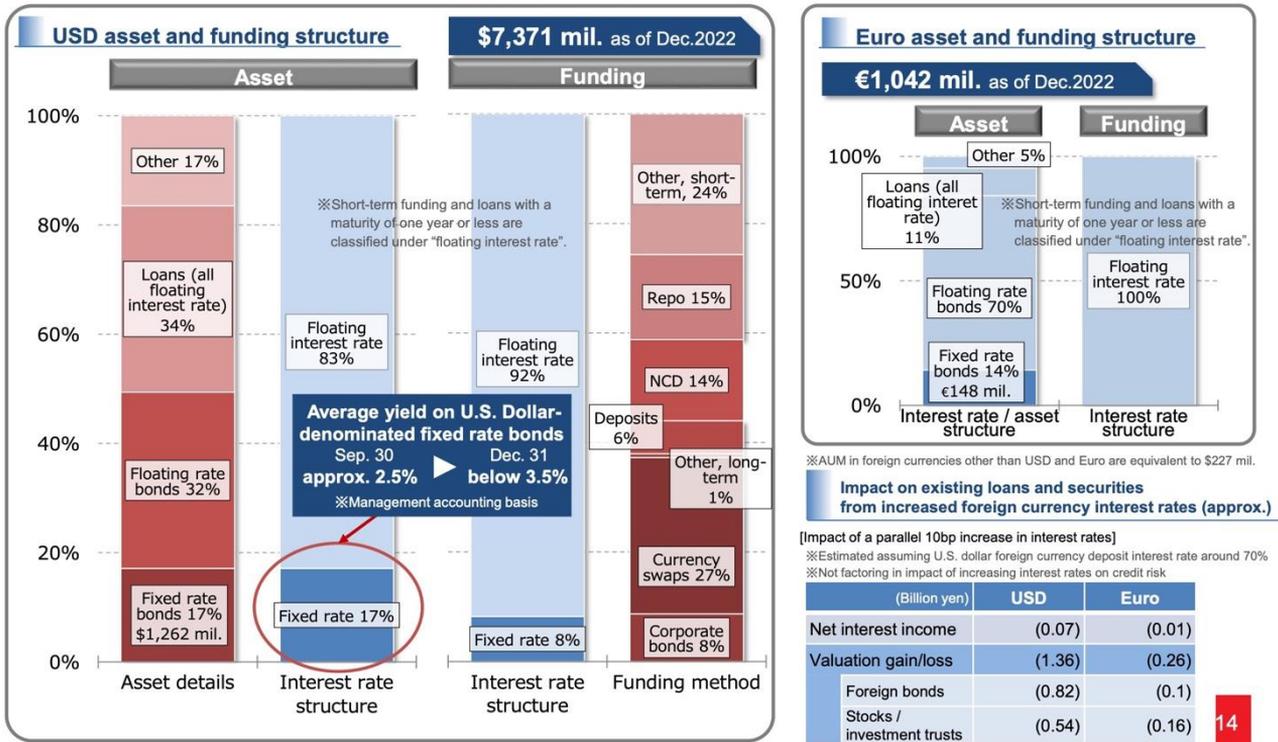
Please refer to page 13 for an explanation of the impact of increased yen interest rates.

First of all, with regard to the yen, we expect that the BOJ's review of its YCC policies that occurred last December will worsen the valuation gains/losses on our bond holdings in the short term. However, in the long-term, we expect an improvement in net interest income due to the higher interest rates.

As shown on page six, our net unrealized gains/losses on yen bond holdings were 20.8 billion yen after taking hedging instruments into account. In preparation for a further rise in interest rates, we sold a portion of our cash bond holdings and futures contracts while purchasing bond bear funds. As a result, the interest rate sensitivity of yen-denominated bonds, including futures contracts, was 4.4 billion yen. After taking into account bond bear funds, the impact of a 10-basis point rise in yen interest rates is 4.1 billion yen.

However, our expectation is that, over the long-term, rising yen interest rates will lead to an improved interest margin, particularly for fixed-rate loans and bonds. We estimate that net interest income during the final year of the next mid-term plan (FY2025) will be approximately 4 billion yen higher than it would have been without the YCC revision.

Continued improvement as a result of portfolio rebalancing



Please now turn to page 14. Next, I will discuss foreign currency interest rates.

As shown in the graph on the left, the total amount of our U.S. Dollar assets and funding was approximately 7.3 billion U.S. Dollars, roughly unchanged from 7.4 billion USD as of September 30, 2022. We continued to rebalance our foreign bond position in Q3, selling low-yield bonds and recording a loss of 4.6 billion yen while improving the yield on US dollar-denominated fixed rate bonds from approximately 2.5% to below 3.5% through the timely purchase of high-yield bonds. As a result, we have been able to secure a positive yield in our overall foreign currency portfolio.

This concludes today's presentation. Thank you very much for your attendance.