The Chiba Bank, Ltd.

Small Meeting After 1Q Release for the Fiscal Year Ending March 2024

August 7, 2023

Event Summary

[Company Name]	The Chiba Bank, Ltd.	
[Event Name]	Small Meeting After 1Q Release for the Fiscal Year Ending March 2024	
[Time]	15:30 – 16:28 (Total: 58 minutes, Presentation: 16 minutes, Q&A: 42 minutes)	
[Venue]	Webcast	
[Number of Speakers]	3	
	Mutsumi Awaji	Director and Senior Executive Officer, Group Chief Strategy Officer, Group Chief Digital Transformation Officer
	Akira Eshita	Executive Officer, Group Deputy Chief Strategy Officer
	Taro Kanzawa	General Manager of Corporate Planning Division

Awaji: Good afternoon, I am Awaji. Before we delve into the financial results, I would like to address the administrative actions taken against The Chiba Bank and Chibagin Securities.

On June 9th of this year, the Securities and Exchange Surveillance Commission recommended to the Prime Minister and the Commissioner of the Financial Services Agency that administrative actions be taken against The Chiba Bank and Chibagin Securities concerning the solicitation and sales of structured bonds. Based on this recommendation, on June 23rd, both The Chiba Bank and Chibagin Securities received an order to improve business operations from the Kanto Finance Bureau. On July 24th, both entities submitted a business improvement report.

We sincerely apologize once again for the considerable inconvenience and concern this situation has caused to all those involved.

While it is our responsibility to promptly disclose the contents reported to the authorities, we are still continuing our investigation into our initiatives aimed at improvement and preventing recurrence. Details about these matters, as well as any sanctions on related personnel, will be reported as soon as preparations are complete. We kindly ask for your understanding on this matter.

Now, I will proceed to explain the Q1 results for the fiscal year ending March 2024, based on the provided materials.

Summary of Financial Results

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Non-consolidated (Billion yen)

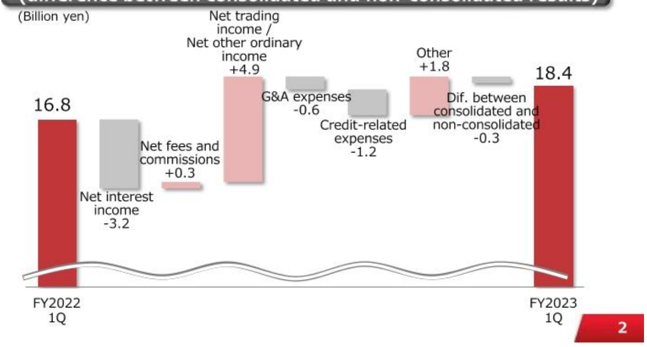
	FY2022 1Q	FY2023 1Q	Change	FY2023 Plan	Progress
Gross business profit	44.2	46.2	1.9	170.3	27.1%
Net interest income	41.4	38.2	-3.2	133.5	
Net fees and commissions	6.1	6.4	0.3	31.3	
Net Trading income	0.3	0.3	-0.0	2.2	
Net other ordinary income	-3.7	1.1	4.9	3.2	
Gains/losses related to bonds	-5.4	-0.2	5.2	1.5	
G&A expenses (-)	20.4	21.1	0.6	84.8	24.9%
Net business income (before provisions to general allowance for loan losses)	23.7	25.0	1.3	85.5	29.3%
Core business income	29.2	25.3	-3.8	83.9	30.2%
Excl. gains/losses on the cancelation of investment trusts	26.5	24.4	-2.1	81.6	29.9%
Net provisions to general allowance for loan losses (-)	-	-	-	-0.2	
Net business income	23.7	25.0	1.3	85.7	29.2%
Non-recurring gains/losses	2.2	3.4	1.1	-2.7	
Disposal of non-performing loans (-)	-1.0	0.1	1.2	7.2	
Reversal of loan loss reserves	1.0	0.0	-1.0	-	
Gains/losses related to stocks, etc.	1.0	3.6	2.5	5.0	
Ordinary profit	26.0	28.5	2.4	83.0	34.3%
Extraordinary gains/losses	-0.0	-0.0	0.0	-0.2	
Net income	19.7	21.6	1.9	59.0	36.7%
Credit-related expenses (-)	-1.0	0.1	1.2	7.0	2.6%

Consolidated (Billion yen)

	FY2022 1Q	FY2023 1Q	Change	FY2023 Plan	Progress
Ordinary profit	23.9	25.9	1.9	88.0	29.4%
Profit attributable to owners of parent	16.8	18.4	1.5	61.0	30.1%
(Ref.)					
Consolidated net business income (before provisions to general allowance for loan losses)	22.9	24.1	1.2	96.3	25.1%

- Gross business profit reached record high 1Q result and revenue was performing strong, mainly due to the following variables :
  - Net interest income decreased by 3.2 billion yen compared to the previous year mainly due to impact of foreign currency interest rate hikes
  - Net fees and commissions increased by 0.3 billion yen compared to the previous year, remained strong
  - Gains/losses related to bonds increased by 5.2 billion yen compared to the previous year due to the elimination of the impact of losses on the sale of foreign bonds recorded
- Core business income (excl. gains/losses on the cancelation of investment trusts) decreased by 2.1 billion yen
- Credit-related expenses were restrained to 0.1 billion yen
- Net income was steady progress, on non-consolidated basis reached record high results, representing progress towards the full-year plan of 36.7%. Consolidated basis increasing for the third consecutive quarter, with progress at 30.1%.

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



2

First, please turn to page two for an overview of our performance. Starting with the top line, the gross business profit witnessed an increase of JPY1.9 billion YoY, reaching JPY46.2 billion, marking a record high for Q1.

Profit from service transactions rose by JPY300 million, reflecting favorable performance. However, there was a decrease of JPY3.2 billion in net interest income, influenced by factors such as restraint in recognizing gains on the cancellation of investment trusts, a decline in earnings from foreign currency funds, and increased funding costs due to rising overseas interest rates. Still, domestic interest on loans is on the rise.

Furthermore, in the previous year, we incurred substantial losses from the sale of foreign bonds. However, this fiscal year, our gains/losses related to bonds improved by JPY5.2 billion. Excluding gains on the cancellation of investment trusts, our core business income has decreased by JPY2.1 billion.

Regarding credit-related expenses, the gain of JPY1.7 billion from the reversal of loan loss reserves in the same period last year has disappeared, resulting in an increase of JPY1.2 billion, but the recorded amount remains at JPY100 million.

As a result, our quarterly net income reached an all-time high of JPY21.6 billion for the standalone figures, achieving 36.7% of the annual plan. On a consolidated basis, we achieved a profit attributable to owners of parent of JPY18.4 billion, marking three consecutive years of profit growth, representing 30.1% of the annual plan. Both figures are progressing smoothly.

Summary of Financial Results (Consolidated)

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Consolidate

(Billion yen)	FY2022 1Q	FY2023 1Q	Change
Consolidated net revenue	43.4	45.1	1.7
Net interest income	37.3	34.0	-3.3
Net fees and commissions	9.0	9.4	0.3
Net trading income	0.7	0.5	-0.1
Net other ordinary income	-3.7	1.1	4.9
G&A expenses (-)	22.0	23.0	0.9
Credit-related expenses (-)	-1.0	0.5	1.5
Net provisions to general allowance for loan losses (-)	-	0.2	0.2
Disposal of non-performing loans (-)	-1.0	0.3	1.3
Gains/losses related to stocks, etc.	1.0	3.6	2.5
Gains/losses on equity-method investments	0.0	0.0	0.0
Other	0.5	0.6	0.1
Ordinary profit	23.9	25.9	1.9
Extraordinary gains/losses	-0.0	-0.0	0.0
Net income pre-tax adjustment	23.9	25.9	1.9
Total corporate income taxes (-)	7.0	7.5	0.4
Net income	16.8	18.4	1.5
Profit attributable to non-controlling interests	-	-	-
Profit attributable to owners of parent	16.8	18.4	1.5

(Ref.)

Consolidated net business income (before provisions to general allowance for loan losses)	22.9	24.1	1.2

Subsidiaries

*Showing profit/loss after reclassification for consolidated financial statements

[Consolidated subsidiaries] (Billion yen)

Company name	Investment ratio (including indirect)	Profit items (after deduction of inter-subsidiary dividends)	FY2022 1Q	FY2023 1Q	Change
Chibagin Securities Co., Ltd.	100%	Ordinary profit	0.1	-0.0	-0.1
		Net income	0.1	-0.0	-0.1
Chibagin Leasing Co., Ltd.	100%	Ordinary profit	0.2	0.1	-0.0
		Net income	0.1	0.1	-0.0
Chibagin Guarantee Co., Ltd.	100%	Ordinary profit	1.4	1.2	-0.2
		Net income	0.9	0.7	-0.1
Chibagin JCB Card Co., Ltd.	100%	Ordinary profit	0.2	0.2	0.0
		Net income	0.1	0.1	0.0
Total of 5 other compani	100%	Ordinary profit	0.1	0.1	-0.0
		Net income	0.1	0.1	-0.0
Total		Ordinary profit	2.3	1.8	-0.5
		Net income	1.5	1.1	-0.3

[Equity method subsidiaries]

Total of 6 companies	Net income according to equity method	0.0	0.0	0.0

Dividends to parent company (-)	4.4	4.4	0.0
Dif. between consolidated and non-consolidated*	-2.8	-3.2	-0.3

*After adjusting for unrealized gains, etc.

3

Please refer to page three. On the left, you'll find an overview of the consolidated financial results, while the right side presents the financial situation of our subsidiaries. Due to the impact of structured bonds, which Chibagin Securities ceased selling in August of the previous year, there has been a decline in income.

Net Interest Income

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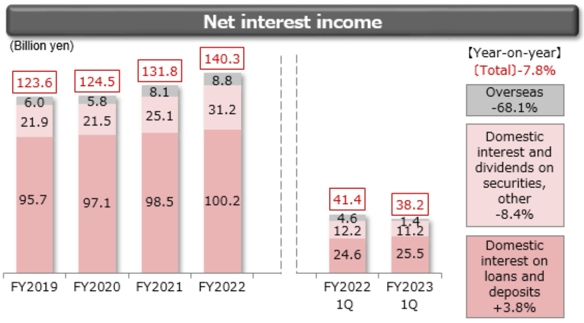
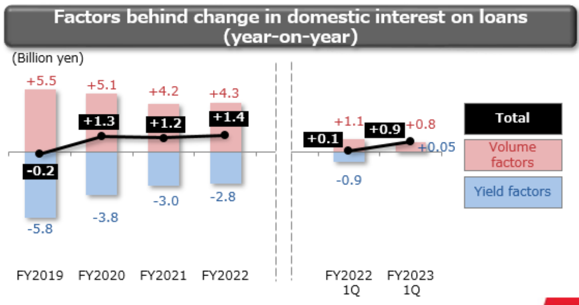
(Billion yen)	FY2022 1Q	FY2023 1Q	Change
Net interest income	41.4	38.2	-3.2
Domestic	36.8	36.7	-0.0
Interest on loans and deposits	24.6	25.5	0.9
Loans and bills discounted	24.6	25.5	0.9
Deposits incl. NCDs (-)	0.0	0.0	-0.0
Interest and dividends on securities	11.3	10.8	-0.4
Bonds	0.6	1.2	0.5 (※)
Stock dividends	7.8	7.5	-0.2
Investment funds	0.0	0.0	-0.0
Investment trusts	2.8	2.1	-0.7
Gains on cancellations	1.3	0.9	-0.3
Other (market operations, etc.)	0.9	0.3	-0.5
Overseas	4.6	1.4	-3.1
Loans and bills discounted	1.7	5.8	4.0
Foreign securities	6.2	6.3	0.0
Foreign securities	2.9	5.5	2.6
Foreign currency funds	1.8	0.6	-1.1
Investment trusts	1.4	0.0	-1.4
Gains on cancelations	1.4	-	-1.4
Other (funding, market operations, etc.)	-3.3	-10.7	-7.3
Net interest income (excluding gains on the cancellation of investment trusts)	38.7	37.2	-1.4
Gains on the cancellation of investment trusts	2.7	0.9	-1.7

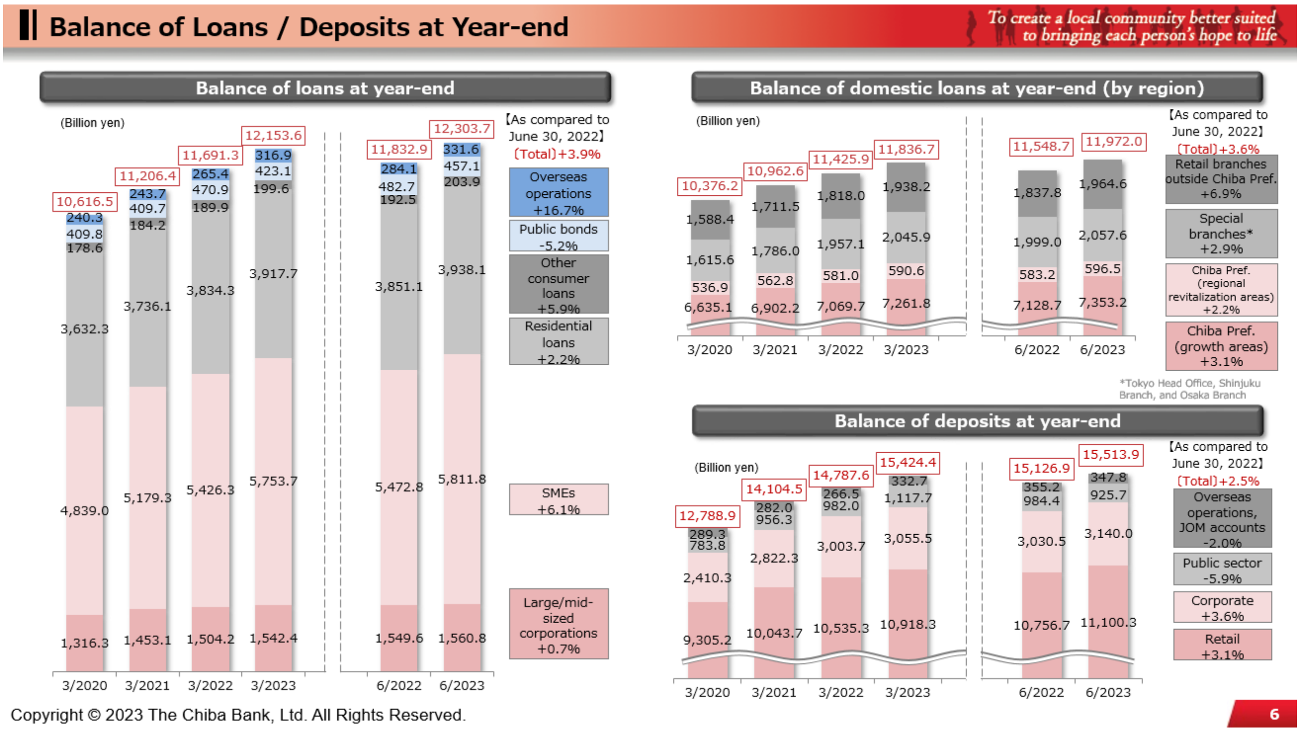
※ After factoring in the bond asset swap, interest on bonds is a decrease of ¥0.0 billion yen compared to the previous year





Please turn to page four. For domestic net interest income from interest on loans, although there had been a continuous trend of offsetting declining yields with increased volume, this quarter has seen yields turn positive for the first time in 15 years. Both the yields and volume have contributed to an increase in net interest income.

International net interest income decreased due to measures taken to limit the gains on the cancellation of investment trusts, a decline in foreign currency fund earnings, and a deterioration in interest rate differentials due to rising overseas interest rates. As a result, the combined domestic and international net interest income saw a decrease of JPY3.2 billion.



Please turn to page six. Loan disbursements continued to perform well, with an overall increase of 3.9% YoY. When analyzing domestic loans by area, branches outside of Chiba Prefecture drove the growth in balances.

Deposits have grown by 2.5% YoY. Of these, 70% are retail deposits, which remain stable.

Securities ①

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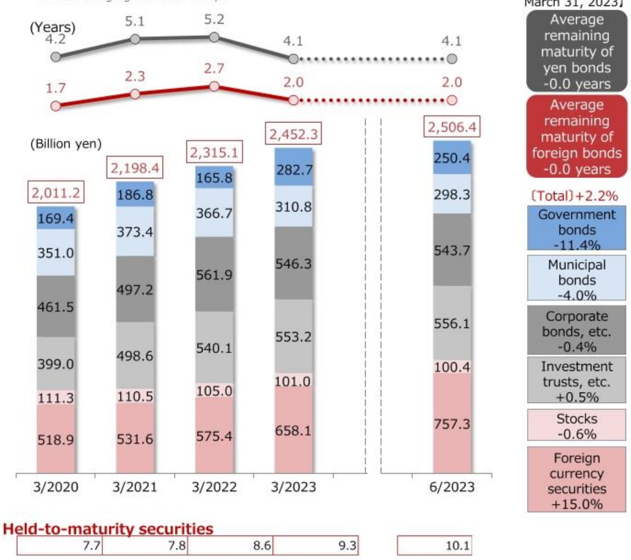
Balance*1 / Average remaining maturity*2 of securities



Gains/losses on securities

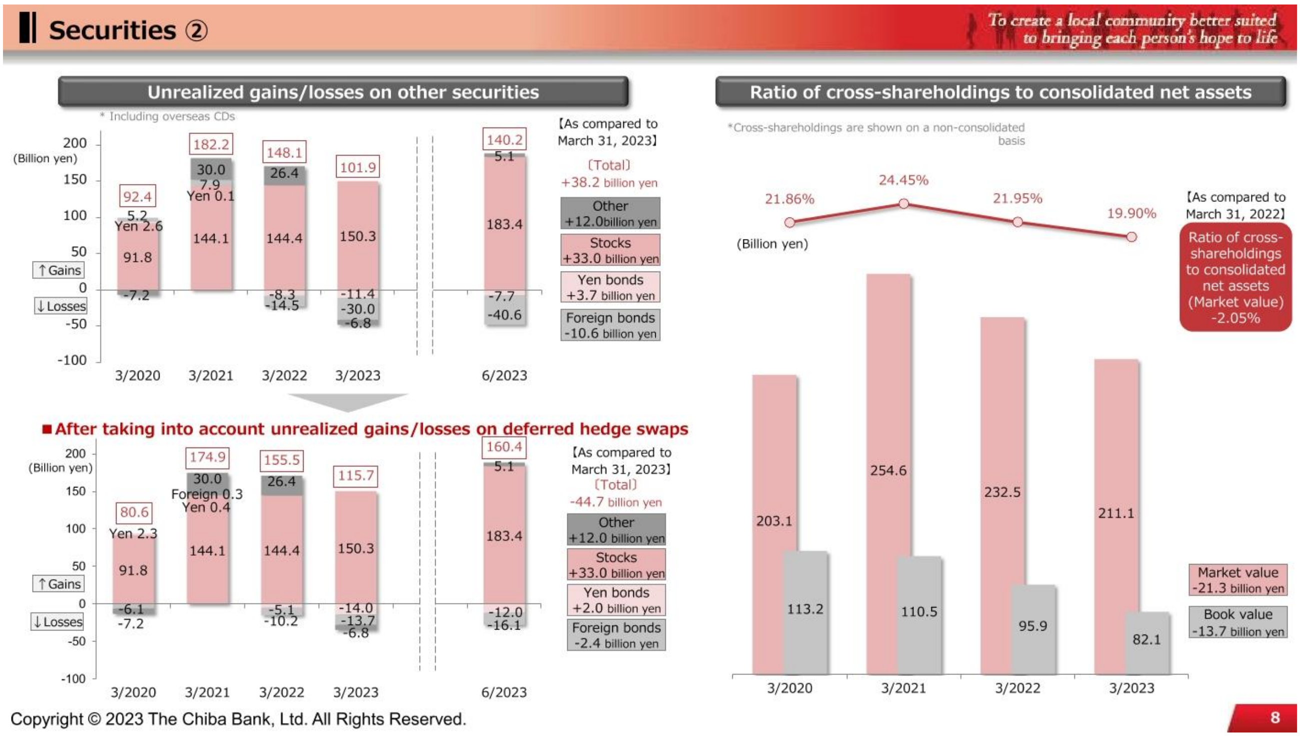
(Billion yen)	FY2022 1Q	FY2023 1Q	Change
Interest income on securities	17.5	17.1	-0.3
Bonds	3.6	6.7	3.1
Domestic	0.6	1.2	0.5
Overseas	2.9	5.5	2.6
Stocks	7.8	7.5	-0.2
Investment trusts, etc.	6.0	2.8	-3.2
Gains/losses from investment trust cancellati	2.7	0.9	-1.7
Gains/loses related to bonds (Government bonds, etc.)	-5.4	-0.2	5.2
Gains on sales	0.2	0.1	-0.0
Losses on sales (-)	5.7	0.3	-5.3
Redemptions (-)	0.0	0.0	0.0
Gains/losses related to stocks, etc	1.0	3.6	2.5
Gains on sales	1.1	3.6	2.4
Losses on sales (-)	0.0	-	-0.0
Redemptions (-)	0.0	-	-0.0

10 BPV

7

Please turn to page seven. As for marketable securities, we continue to manage them with restrained risk. The average remaining maturity of bonds, both in JPY and foreign currency, has not changed since the end of March this year.

Regarding gains/losses on securities, due to the robust stock market, we sold off stocks in advance, resulting in a YoY increase of JPY2.4 billion in gains from the sale of stocks.



Please turn to page eight. The unrealized gains/losses on other securities have significantly improved due to the stock market rally.

On the other hand, foreign bonds experienced an expanded unrealized loss due to rising overseas interest rates. However, after hedging with interest rate swaps, the deterioration in unrealized gains/losses was limited to JPY2.4 billion. Overall, the unrealized gains/losses on other securities increased by JPY44.7 billion compared to the end of March.

Net Fees and Commissions ①

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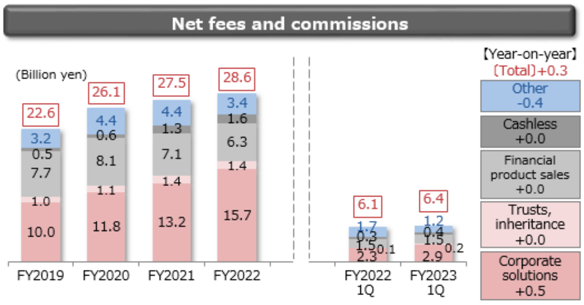
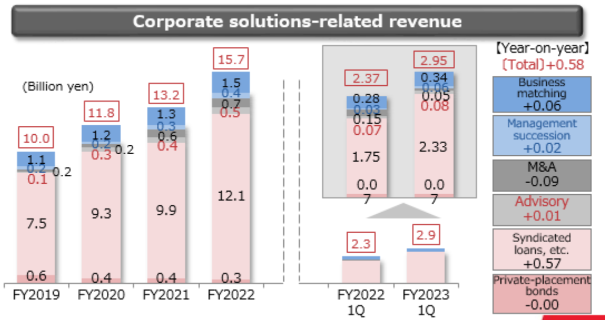
(Billion yen)	FY2022 1Q	FY2023 1Q	Change
Net fees and commissions	6.1	6.4	0.3
Fees and commissions received	10.2	11.4	1.1
Fees and commissions payments (-)	4.1	4.9	0.8
<Main breakdown>			
Investment trusts and personal annuities	1.5	1.5	0.0
Investment trusts (trust fees)	0.4	0.4	0.0
Investment trusts (sales fees)	0.2	0.1	-0.0
Annuities and whole-life insurance	0.3	0.4	0.0
Level-premium life insurance	0.2	0.4	0.1
Financial instrument intermediary	0.1	0.0	-0.0
Corporate solutions	2.3	2.9	0.5
Private placement bonds	0.0	0.0	-0.0
Syndicated loans	1.7	2.3	0.5
Advisory contracts	0.0	0.0	0.0
M&A	0.1	0.0	-0.0
Management succession	0.0	0.0	0.0
Business-matching	0.2	0.3	0.0
Trust/inheritance-related business	0.1	0.2	0.0
Cashless operations	0.3	0.4	0.0
Payment and settlement transactions	3.1	3.2	0.0
Guarantee charges and group insurance costs (-)	2.3	2.9	0.5

* Starting from the FY2023, management succession advisory services will be recategorized as corporate solutions from trust/inheritance-related business. (Figures in brackets indicate the result after recategorization.)

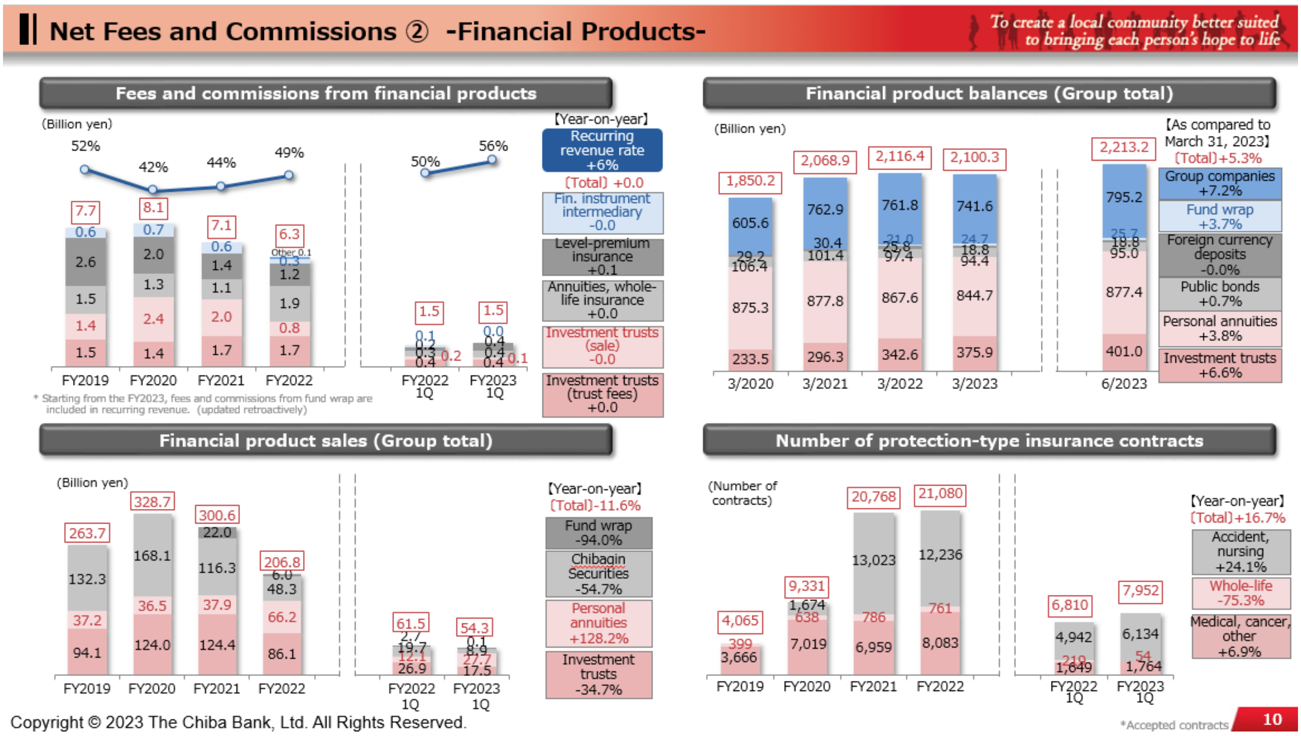




9

Please refer to page nine. Net fees and commissions, particularly from corporate solutions and especially syndicated loans, has been strong, resulting in a total increase of JPY300 million YoY, reaching JPY6.4 billion.

As for investment trusts and personal annuities, they remain at the same level as the previous year.



For more details on this, please turn to page 10.

While the revenue from investment trusts and personal annuities remained stable, there were positive changes within its components. We've shifted our strategy from emphasizing non-recurring to recurring revenue, and the recurring revenue ratio has increased from 50% the previous year to 56%. This growth can be attributed to the introduction of our new proposal tool, Okane no Basket (Money Basket), leading to a deeper penetration of customer-centric operations.

Additionally, we launched investment trust sales through our app in April, which we believe has contributed to the increase in balance.

Consequently, the entire group's balance of financial products has increased by 5.3% since the end of March. Notably, Chibagin Securities stopped handling structured bonds in August of the previous year. As a result, the business improvement order has had almost no direct impact on our financial product sales, and we have not observed any indirect effects in other areas.

Net Fees and Commissions ③ -Cashless Operations-

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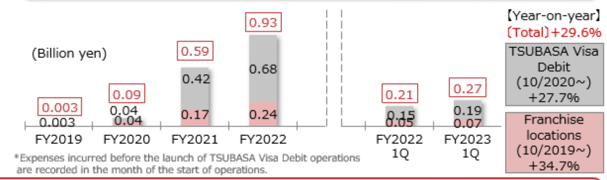
Income and expenditure of cashless operations

(Billion yen)		FY2022 1Q	FY2023 1Q	Change
Total of cashless operations	Profit	0.38	0.45	0.06
	Revenue	1.02	1.36	0.33
	Expenses (-)	0.64	0.90	0.26
Total of new cashless operations	Profit	0.21	0.27	0.06
	Revenue	0.49	0.83	0.33
	Expenses (-)	0.28	0.55	0.27
Franchise locations	Profit	0.05	0.07	0.01
	Revenue	0.30	0.58	0.27
	Expenses (-)	0.25	0.50	0.25
TSUBASA Visa Debit	Profit	0.15	0.19	0.04
	Revenue	0.18	0.24	0.06
	Expenses (-)	0.03	0.04	0.01
Existing cashless operations	Profit	0.17	0.17	0.00
	Revenue	0.53	0.52	△ 0.00
	Expenses (-)	0.35	0.34	△ 0.00
Subsidiaries (Chibagin JCB, Chibagin DC)	Profit	0.27	0.25	△ 0.02
	Revenue	1.25	1.29	0.04
	Expenses (-)	0.97	1.04	0.07
(Ref.) Group Total	Profit	0.66	0.70	0.04
	Revenue	2.27	2.65	0.38
	Expenses (-)	1.61	1.95	0.33

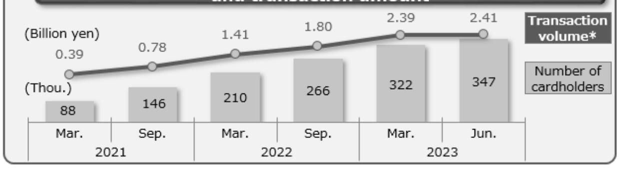
* Subsidiary expenses include personnel expenses and other operating expenses.

Profit from new cashless operations



Number of franchise locations and transaction volume

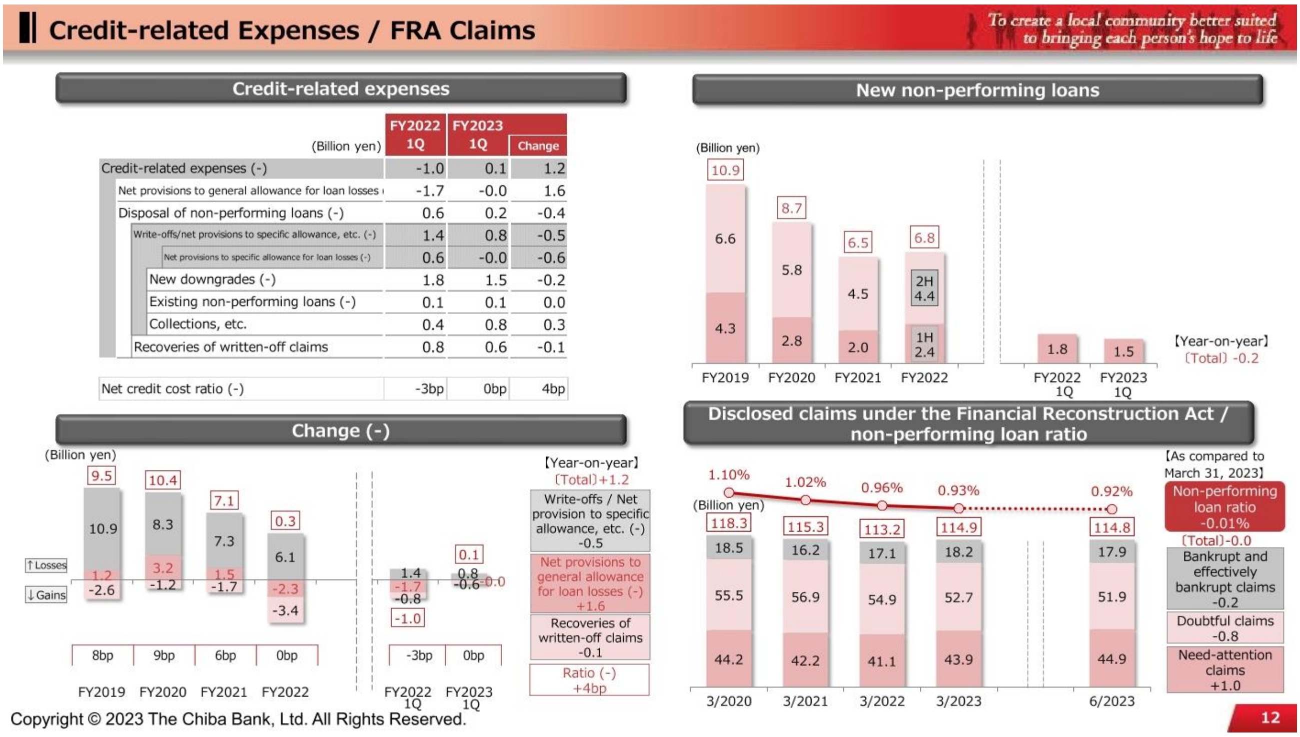
Number of TSUBASA Visa Debit cardholders and transaction amount



*Transaction volume: monthly settlement amount for the relevant month

11

Please turn to page 11. Our cashless operations have been steadily growing with an increase in the number of franchise locations and cardholders, and the transaction amount is also expanding. Profit for cashless operations increased by JPY60 million, reaching JPY450 million, while the Group total settled at JPY700 million.



Please move on to page 12. Credit-related expenses increased by JPY1.2 billion YoY. This is mainly due to the fact that, although there was a JPY1. 7 billion reversal of net provisions to general allowance for loan losses in the previous year, there was hardly any reversal this term. New downgrades decreased by JPY200 million, and the total amount recorded for credit-related expenses stood at JPY100 million.

Thanks to our thorough support for our clients, our non-performing loan ratio remains low at 0.92%, maintaining top-tier soundness among regional banks.

General & Administrative Expenses

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G&A expenses / OHR

Non-consolidated

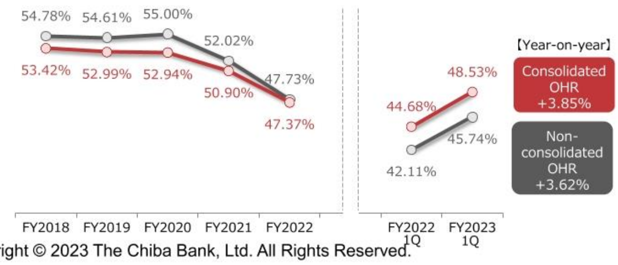
(Billion yen)	FY2022 1Q	FY2023 1Q	Change
G&A expenses	20.4	21.1	0.6
Personnel expenses	9.9	10.1	0.1
Non-personnel expenses	8.8	9.3	0.4
Taxes	1.6	1.7	0.0
OHR	42.11%	45.74%	3.62%

Consolidate

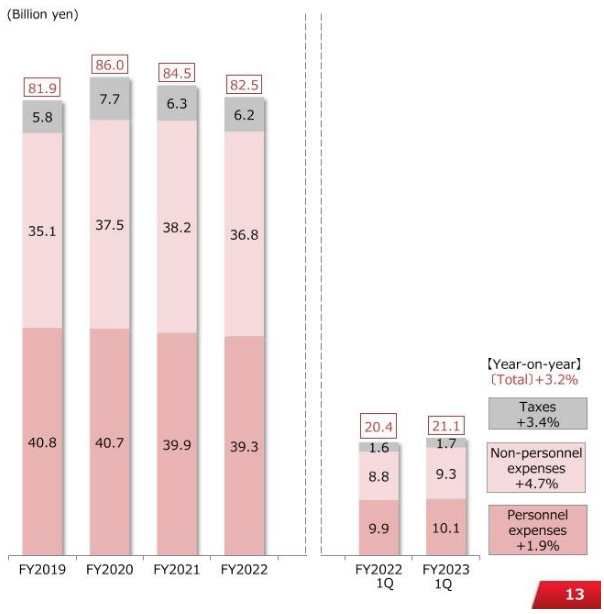
	FY2022 1Q	FY2023 1Q	Change
OHR	44.68%	48.53%	3.85%

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

OHR

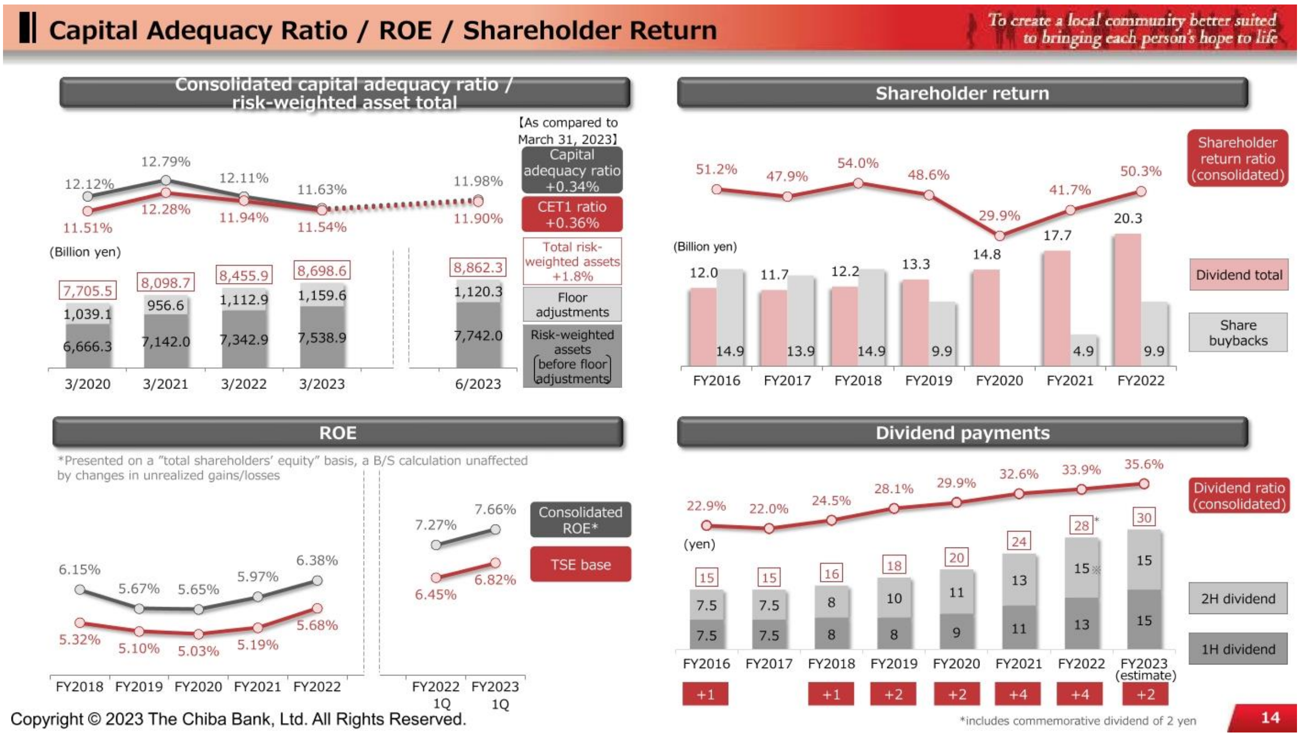


Non-consolidated G&A expenses



Now, please see page 13. Expenses increased by JPY600 million overall, with property expenses alone rising by JPY400 million. This increase stems from strategic investments outlined in our medium-term plan and our strengthened mid-career recruitment efforts, among other factors. Our progress rate against the annual plan of JPY84.8 billion is 24.9%, indicating that we are on track.

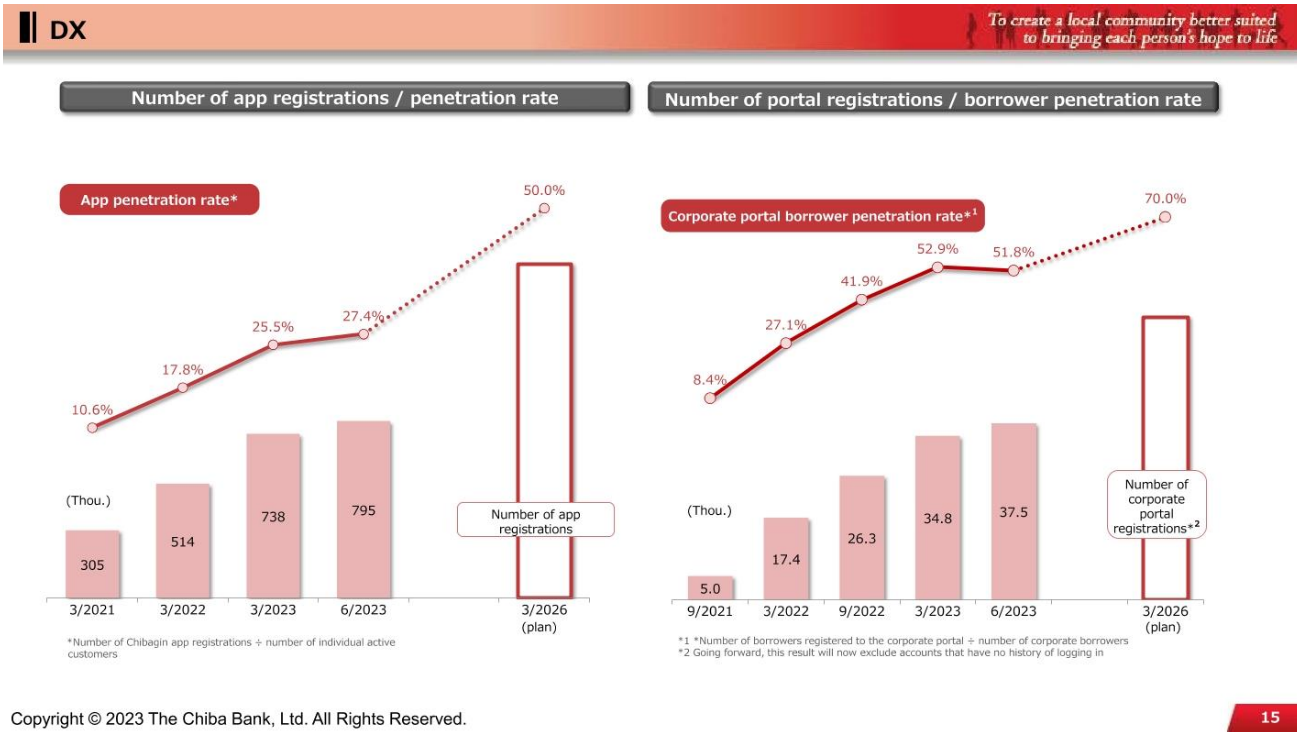
While the overhead ratio (OHR) has increased, it is due to our ongoing strategic investments. We continue to maintain it at a level below 50%. We believe that this investment will contribute to enhancing our top line and reducing expenses in the future. Therefore, achieving our goal of around 45% by the final year of our medium-term plan is well within our reach.



Please review page 14. Regarding our capital adequacy ratio, the CET1 ratio increased to 11.9% due to the improvement in market valuation differences for securities. If we calculate this number excluding the market valuation differences for securities, as defined in our current medium-term plan, the ratio is around 11.5% under the full implementation basis of Basel III, which is within our target range.

Although the ROE is a tentative figure based on the quarterly financial results, it has steadily improved, showing an increase of approximately 0.4 percentage points YoY.

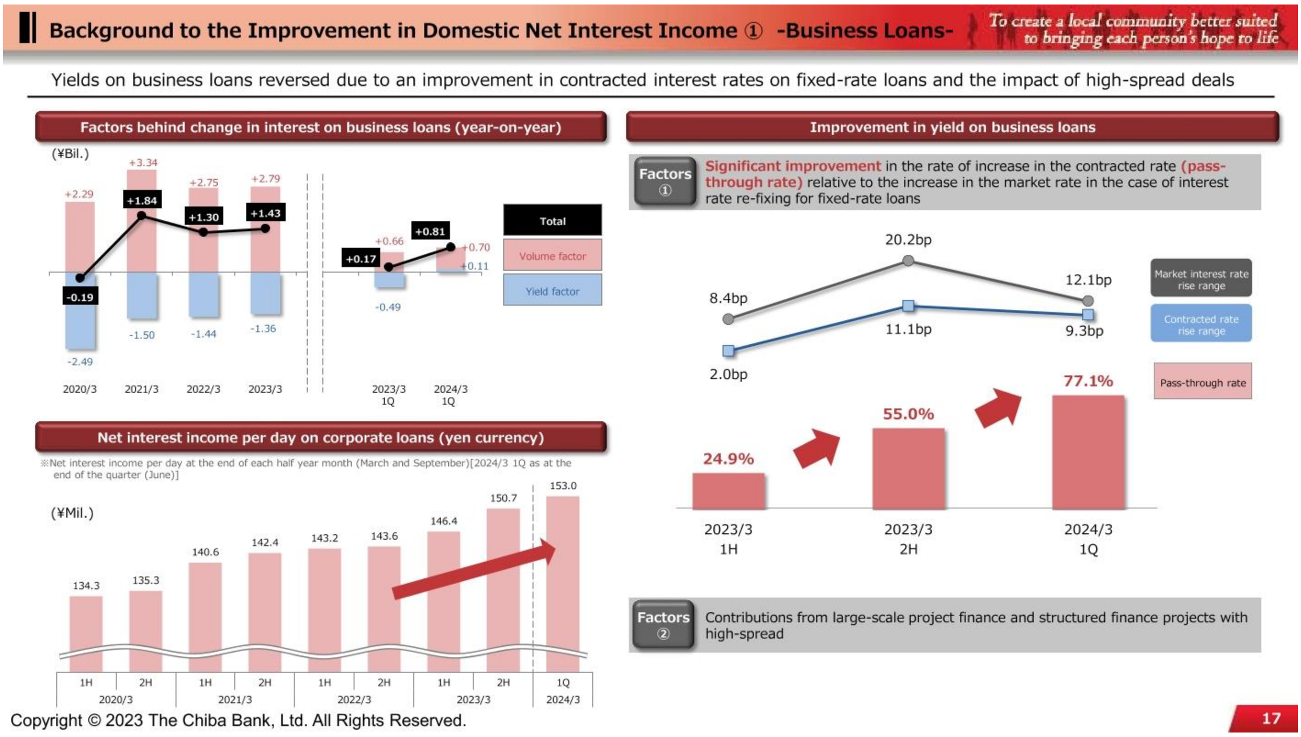
Regarding shareholder returns, we will continue to consider flexible stock buybacks in light of factors such as the accumulation of risk assets towards the end of the fiscal year, expected business performance, and the CET1 ratio level.



Please turn to page 15. In our current medium-term plan, we aim to further enhance our digital touchpoints with individual customers and promote cross-usage of multiple products, commonly referred to as cross-use, to increase revenue.

We plan to increase the number of app registrants to 1.5 million during this medium-term period, and by actively promoting it in stores and offering it as a set when opening an account, we aim to increase its penetration rate.

For corporate clients, we will also strengthen digital touchpoints. We position our corporate portal as an indispensable basic infrastructure for business activities and will enhance its features. We will reinforce digital touchpoints not only with lending clients but also with pure deposit clients, aiming to strengthen our connection with all customers.

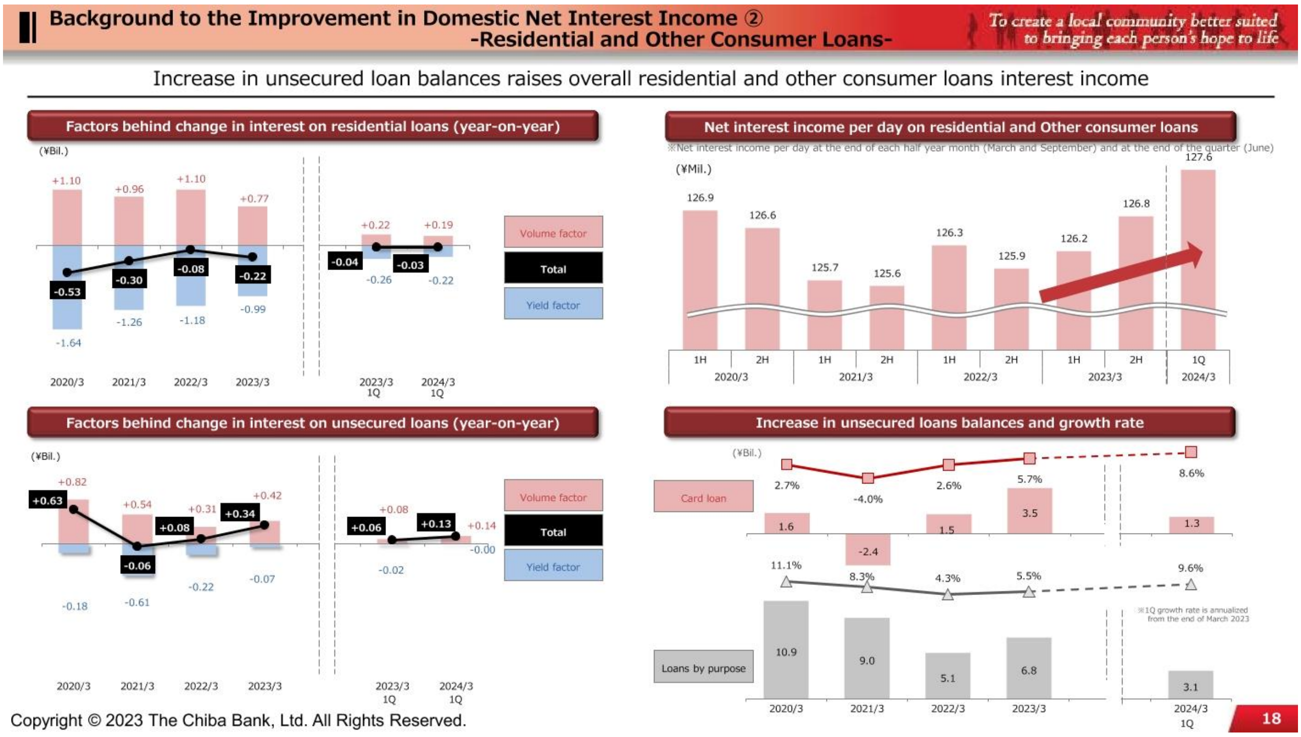


Continuing on, I'd like to discuss some current topics. Please turn to page 17. From here, I'll provide supplementary explanations regarding the rise in loan interest rates. First, please look at the graph on the top left. The interest on loans for businesses used to be structured to offset factors causing a decrease in interest rates with volume. However, in this Q1, both the balance and yield have been positively influenced when compared to the same period in the previous year.

The main reasons for the yield's turnaround are the two points listed on the right. Firstly, there has been an increase in the agreed-upon rates for fixed interest rate loans. Due to changes in the Bank of Japan's monetary policy, market interest rates have been on an upward trend. By carefully negotiating interest rates when renewing fixed-rate loans, the ratio of rate increase, or the pass-through rate, has risen significantly, leading to an improvement in the loan yield.

We believe that as the pass-through rate improves, the rise in market interest rates will lead to an increase in loan yields, contributing to an increase in future interest income.

Another reason for the yield turnaround is our focus on high-spread projects. Incorporating many large-scale projects with high spreads and structured finance deals has also contributed to the improvement in interest rates.

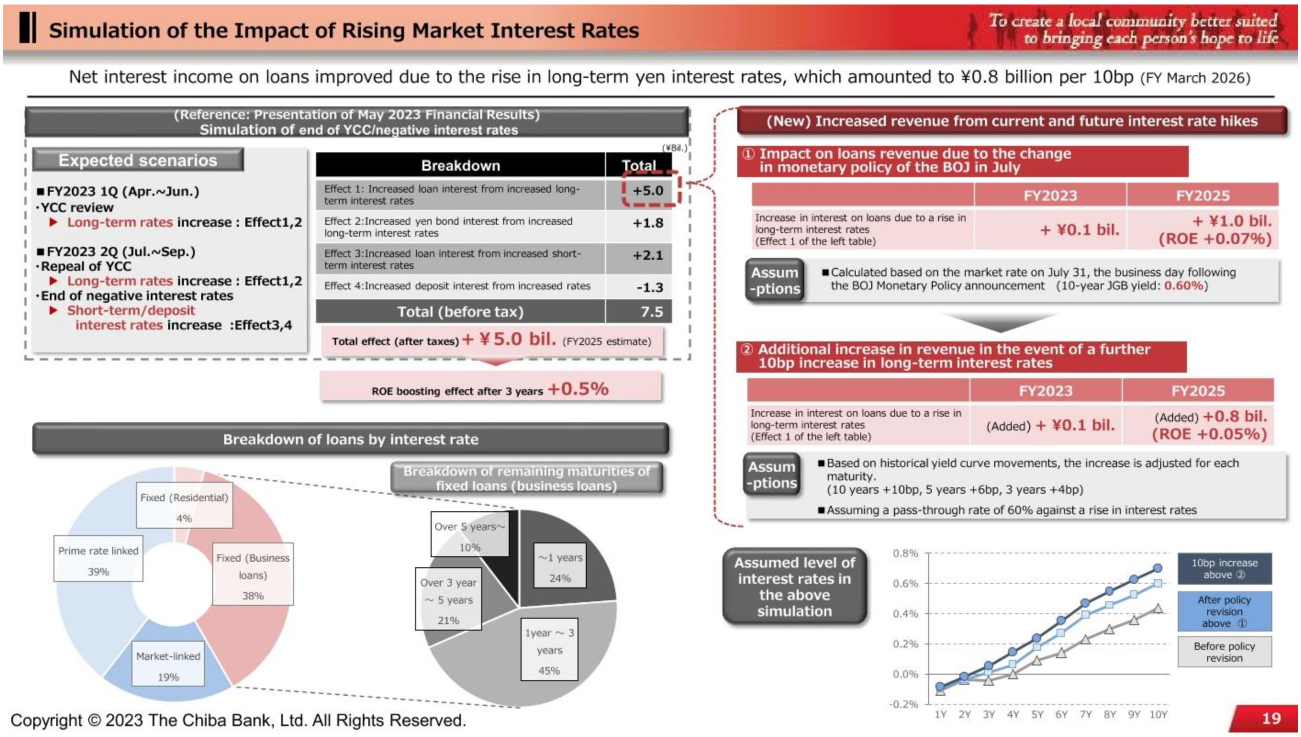


Moving on to an explanation of loans, please turn to page 18. As depicted in the top-right graph, the daily net interest income of the entire loan portfolio is on an upward trend, indicating a bottoming out.

This rise in net interest income is attributable to unsecured loans. As shown in the bottom-right graph, the card loan balance decreased during the fiscal year ending March 2021 due to a slump in personal consumption. However, in other periods, it consistently followed an upward trajectory.

In card loans, we've introduced "One Loan" as a new product that can be completed non-face-to-face, solely via our app. With one-to-one marketing, we can approach individual customers more directly, resulting in increased contracts. This product is expected to contribute to future balance growth.

Additionally, as the bottom-left graph illustrates, there's no factor causing a decrease in yield for unsecured loans, meaning the growth in their balances is lifting the overall net interest income of the entire loan portfolio.



Please refer to page 19. Lastly, I will explain the impact on earnings due to the rise in market interest rates following the Bank of Japan's monetary policy change in July.

In our medium-term plan, we've set the consolidated profit attributable to owners of parent for the fiscal year ending March 2026 at JPY75.0 billion, without factoring in the effects of the monetary policy change. As stated in the top-left, during our earnings announcement in May, we projected an increase in earnings of JPY7.5 billion on the top line and JPY5.0 billion on the bottom line under the assumed interest rate scenario. In this case, the ROE of our Bank would be boosted by approximately 0.5%.

However, since the interest rate environment at that time differs from the current situation, we've recalculated. On July 31st, the business day following the monetary policy decision, the yield on 10-year government bonds rose to 0.6%. Due to the rise in long-term interest rates, an improvement in the contract rate of fixed-rate loans is anticipated. Upon calculation, the effect on this fiscal year's net interest income is a positive JPY100 million, and for the fiscal year ending March 2026, it's a positive JPY1.0 billion.

Furthermore, if long-term interest rates rise further in the future, for every 10 basis point increase, the net interest income for this fiscal year is expected to increase by JPY100 million, and JPY800 million for the fiscal year ending March 2026.

The impact of lifting the negative interest rate on net interest income remains unchanged from our initial calculations.

That concludes my presentation. Thank you for your attention.