



The Chiba Bank, Ltd.

Small Meeting After Q3 Release for FY2023 Ending March 2024

February 8, 2024

Event Summary

[Company Name]	The Chiba Bank, Ltd.	
[Event Name]	Small Meeting After Q3 Release for FY2023 Ending March 2024	
[Time]	13:00 – 13:57 (Total: 57 minutes, Presentation: 13 minutes, Q&A: 44 minutes)	
[Venue]	Webcast	
[Number of Speakers]	4	
	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
	Hiroyuki Onaya	SDGM of Corporate Planning Division

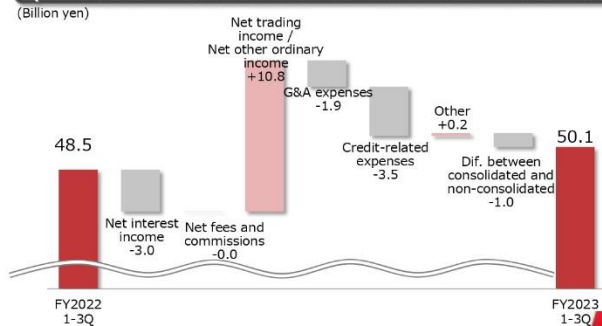
Summary of Financial Results

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

Non-consolidated (Billion yen)	FY2022		FY2023		FY2023	
	1-3Q	1-3Q	1-3Q	Change	Plan	Progress
Gross business profit	118.0	125.9	7.8		166.3	75.7%
Net interest income	107.5	104.5	-3.0		135.9	
Net fees and commissions	20.8	20.8	-0.0		29.8	
Net Trading income	1.0	0.9	-0.0		2.1	
Net other ordinary income	-11.4	-0.5	10.9		-1.5	
Gains/losses related to bonds	-16.0	-4.9	11.0		-4.9	
G&A expenses (-)	61.3	63.3	1.9		85.0	74.4%
Net business income (before provisions to general allowance for loan losses)	56.6	62.6	5.9		81.2	77.0%
Core business income	72.6	67.5	-5.1		86.2	78.3%
Excl. gains/losses on the cancellation of investment trusts	66.9	65.2	-1.6		83.3	78.3%
Net provisions to general allowance for loan losses (-)	-	-	-		-0.5	
Net business income	56.6	62.6	5.9		81.7	76.5%
Non-recurring gains/losses	10.1	8.3	-1.8		1.2	
Disposal of non-performing loans (-)	-3.3	0.1	3.5		7.5	
Reversal of loan loss reserves	2.0	1.6	-0.3		-	
Gains/losses related to stocks, etc.	6.2	8.6	2.4		8.7	
Ordinary profit	66.8	70.9	4.0		83.0	85.5%
Extraordinary gains/losses	-0.1	-0.1	-0.0		-0.2	
Net income	48.0	50.7	2.6		59.0	85.9%
Credit-related expenses (-)	-3.3	0.1	3.5		7.0	1.9%
Consolidated (Billion yen)	FY2022		FY2023		FY2023	
	1-3Q	1-3Q	1-3Q	Change	Plan	Progress
Ordinary profit	69.8	72.5	2.6		88.0	82.4%
Profit attributable to owners of parent (Ref.)	48.5	50.1	1.6		61.0	82.1%
Consolidated net business income (before provisions to general allowance for loan losses)	62.4	68.4	5.9		92.1	74.2%

- ◆ Revenue was performing strong with an increase of 7.8 billion yen compared to the previous year, mainly due to the following variables :
 - Domestic interest on loans and deposits was strong, increasing 2.8 billion yen compared to the previous year, while overall net interest income decreased by 3.0 billion yen due to a decrease of 3.5 billion yen in net gains domestic and overseas gains on cancellations of investment trusts
 - Gains/losses related to bonds increased by 11.0 billion yen compared to the previous year due to the elimination of the impact of losses on the sale of foreign bonds recorded
- ◆ G&A expenses increased by 1.9 billion yen compared to the previous year due to in human capital investments and strategic investments, remaining within the plan, and maintaining high efficiency with OHR in the 48%~49% range
- ◆ Credit-related expenses remained low at 0.1 billion yen.
- ◆ Net income was steady progress, on non-consolidated basis representing progress towards the full-year plan of 85.9%. Consolidated basis progress was 82.1%.

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



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Awaji: I am Awaji. Thank you very much for always covering Chiba Bank. I will now explain the results, in line with the materials.

Please see page three. First is the summary of our business results.

In Q3, net interest income decreased by JPY3 billion YoY due to the curbing of gains on the redemption of investment trusts, but the absence of the effect of the loss on foreign bonds implemented in the previous year resulted in an JPY11 billion improvement in bond-related gains and losses, and top-line business profit increased by JPY7.8 billion to JPY125.9 billion, the highest Q3 result in two years.

Expenses increased by JPY1.9 billion, but this was due to human capital and strategic investments, and is in line with our plans.

Credit-related expenses remained low at JPY0.1 billion.

As a result, net income for the quarter reached a record high on both a non-consolidated and consolidated basis. The percentage of progress toward the full-year plan is 85.9% on a non-consolidated basis and 82.1% on a consolidated basis, both of which are on track.

Summary of Financial Results (Consolidated)

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Consolidate	(Billion yen)	FY2022 1-3Q	FY2023 1-3Q	Change
Consolidated net revenue		123.6	130.5	6.9
Net interest income		103.7	100.5	-3.1
Net fees and commissions		29.7	29.2	-0.5
Net trading income		1.6	1.3	-0.3
Net other ordinary income		-11.4	-0.5	10.9
G&A expenses (-)		66.0	68.5	2.4
Credit-related expenses (-)		-3.9	0.9	4.9
Net provisions to general allowance for loan losses (-)		-	-	-
Disposal of non-performing loans (-)		-3.9	0.9	4.9
Gains/losses related to stocks, etc.		6.6	9.6	3.0
Gains/losses on equity-method investments		0.0	0.1	0.1
Other		1.7	1.6	-0.0
Ordinary profit		69.8	72.5	2.6
Extraordinary gains/losses		-0.1	-0.0	0.0
Net income pre-tax adjustment		69.7	72.5	2.7
Total corporate income taxes (-)		21.2	22.3	1.1
Net income		48.5	50.1	1.6
Profit attributable to non-controlling interests		-	-	-
Profit attributable to owners of parent		48.5	50.1	1.6
(Ref.)				
Consolidated net business income (before provisions to general allowance for loan losses)		62.4	68.4	5.9

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 1-3Q	FY2023 1-3Q	Change
Chibagin Securities Co., Ltd.	100%	Ordinary profit	0.0	-0.3	-0.4
		Net income	0.0	-0.3	-0.4
Chibagin Leasing Co., Ltd.	100%	Ordinary profit	0.8	0.5	-0.2
		Net income	0.5	0.3	-0.1
Chibagin Guarantee Co., Ltd.	100%	Ordinary profit	4.9	3.9	-1.0
		Net income	3.2	2.5	-0.7
Chibagin JCB Card Co., Ltd.	100%	Ordinary profit	0.8	1.2	0.3
		Net income	0.5	0.8	0.2
Total of 5 other companies	100%	Ordinary profit	0.5	0.4	-0.1
		Net income	0.3	0.3	0.0
Total		Ordinary profit	7.3	5.8	-1.4
		Net income	4.8	3.7	-1.1
[Equity method subsidiaries]					
Total of 6 companies		Net income according to equity method	0.0	0.1	0.1
		Dividends to parent company (-)	4.4	4.4	0.0
		Dif. between consolidated and non-consolidated*	0.4	-0.5	-1.0

*After adjusting for unrealized gains, etc.

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Please see page four. Please see the status of subsidiaries on the right-hand side.

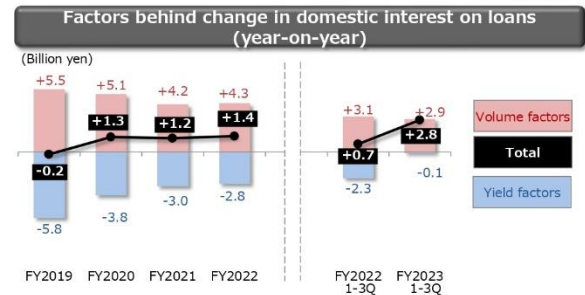
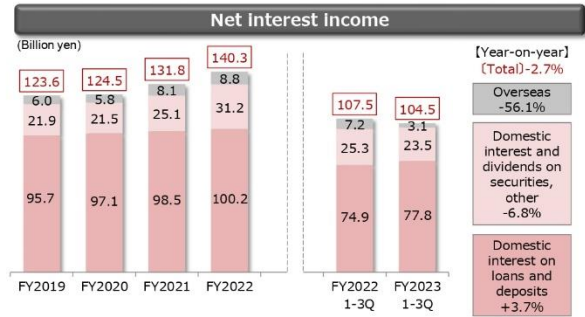
At the top of the list, Chibagin Securities is mainly engaged in customer after-sales service and has a loss of JPY0.3 billion.

Chibagin Leasing and Chibagin Guarantee posted lower earnings due to the transfer of credit costs that were reversed in the previous year, resulting in a JPY1 billion reduction in the difference between consolidation and non-consolidation, shown at the bottom.

Net Interest Income

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(Billion yen)	FY2022 1-3Q	FY2023 1-3Q	Change
Net interest income	107.5	104.5	-3.0
Domestic	100.3	101.3	1.0
Interest on loans and deposits	74.9	77.8	2.8
Loans and bills discounted	75.2	78.0	2.8
Deposits incl. NCDs (-)	0.2	0.1	-0.0
Interest and dividends on securities	23.1	22.2	-0.8
Bonds	3.0	3.2	0.1
Stock dividends	10.9	10.7	-0.2
Investment funds	0.6	0.8	0.1
Investment trusts	8.4	7.4	-0.9
Gains on cancellations	4.0	2.2	-1.7
Other (market operations, etc.)	2.2	1.2	-0.9
Overseas	7.2	3.1	-4.0
Loans and bills discounted	8.5	18.7	10.2
Foreign securities	14.2	19.1	4.9
Foreign securities	10.2	17.6	7.4
Foreign currency funds	2.0	1.1	-0.9
Investment trusts	1.9	0.3	-1.5
Gains on cancellations	1.7	0.0	-1.7
Other (funding, market operations, etc.)	-15.4	-34.7	-19.2
Net interest income (excluding gains on the cancellation of investment trusts)	101.8	102.3	0.5
Gains on the cancellation of investment trusts	5.7	2.2	-3.5



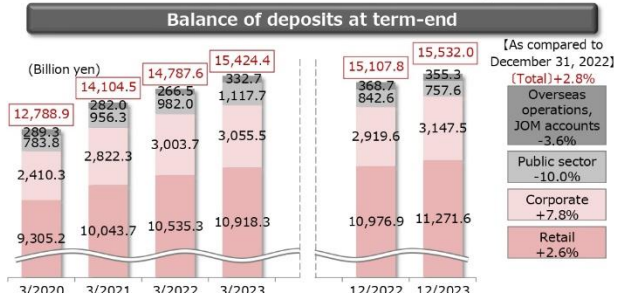
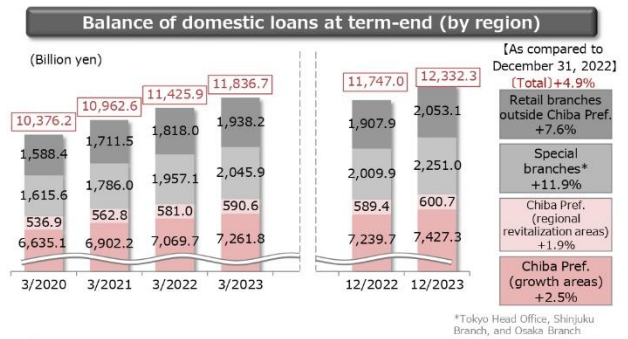
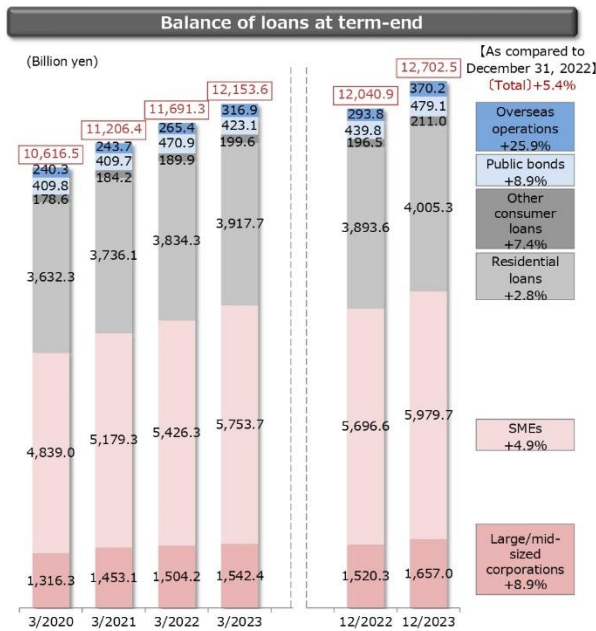
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Please see page five. Overall net interest income decreased by JPY3 billion.

The breakdown is as follows. In the domestic sector, interest on loans and deposits was strong, increasing by JPY2.8 billion YoY. As shown in the graph on the lower right, the negative impact from yield factors (shown in blue) has almost disappeared, and the increase from volume factors (shown in pink) directly translates into an increase in net interest income.

Meanwhile, back on the left side is the international sector. While the previous year we recorded a gain on the cancellation of investment trusts to supplement the loss on foreign bonds, we did not record such a gain this year. In addition, the decrease in foreign currency fund income and the rise in foreign interest rates resulted in a JPY4 billion decrease in revenues.



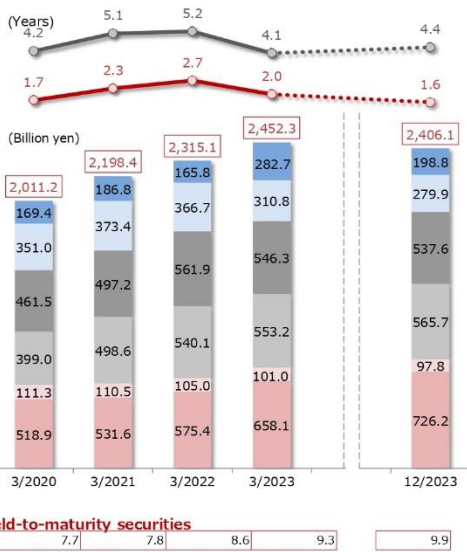
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Please skip the next page and go to page seven. Please see the graph on the left. The balance of loans increased by JPY661.6 billion from the end of the same period last year to JPY12,700 billion. The increase was 5.4%. Lending to both small and large businesses increased steadily, as did housing loans and consumer loans.

By area, as shown in the graph on the upper right, there has been a large increase outside of Chiba Prefecture. Even deposits, shown in the graph on the lower right, increased steadily for both individual and corporate deposits, rising by JPY424.2 billion to JPY15,500 billion. The increase was 2.8%.

Balance*1 / Average remaining maturity*2 of securities

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



[As compared to March 31, 2023]

- Average remaining maturity of yen bonds +0.2 years
- Average remaining maturity of foreign bonds -0.4 years
- [Total] -1.8%
- Government bonds -29.6%
- Municipal bonds -9.9%
- Corporate bonds, etc. -1.5%
- Investment trusts, etc. +2.2%
- Stocks -3.2%
- Foreign currency securities +10.3%

Held-to-maturity securities

7.7	7.8	8.6	9.3	9.9
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Gains/losses on securities

(Billion yen)	FY2022 1-3Q	FY2023 1-3Q	Change
Interest income on securities	37.3	41.4	4.0
Bonds	13.2	20.8	7.6
Domestic	3.0	3.2	0.1
Overseas	10.2	17.6	7.4
Stocks	10.9	10.7	-0.2
Investment trusts, etc.	13.0	9.7	-3.3
<small>(Gains/losses from investment trust cancellat.)</small>	5.7	2.2	-3.5
Gains/losses related to bonds (Government bonds, etc.)	-16.0	-4.9	11.0
Gains on sales	2.2	0.9	-1.3
Losses on sales (-)	18.2	5.6	-12.6
Redemptions (-)	0.0	0.2	0.2
Gains/losses related to stocks, etc.	6.2	8.6	2.4
Gains on sales	6.3	9.5	3.2
Losses on sales (-)	0.0	0.9	0.8
Redemptions (-)	0.0	0.0	-0.0

10 BPV

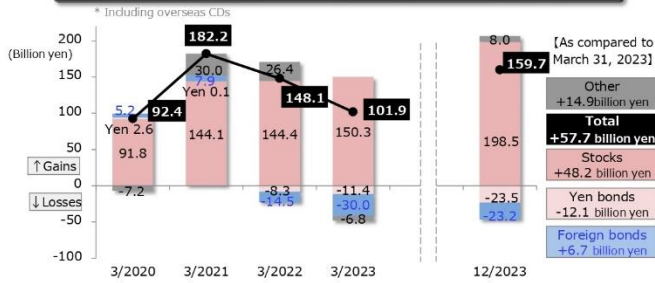


[As compared to March 31, 2023]

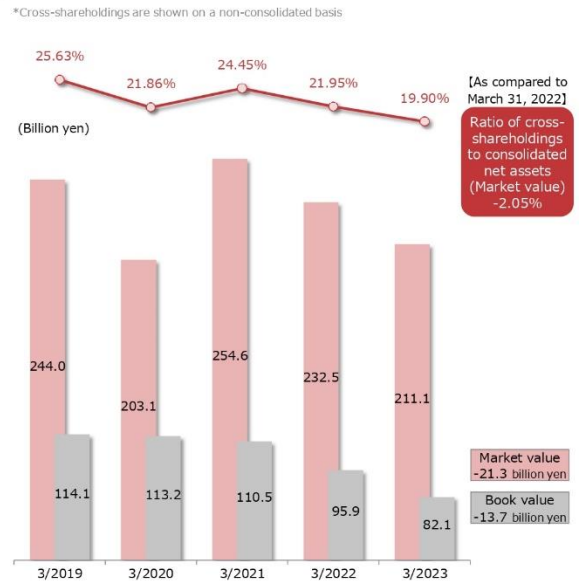
- Yen bonds -0.3 billion yen
- Foreign bonds -0.1 billion yen

Please see page eight. The graph on the left show securities, which we continue to manage in a low-risk manner. The balance is JPY2.4 trillion. In addition, in securities-related gains and losses, which are on the right, gains on sales of stocks and other securities increased by JPY3.2 billion from the same period last year due to sales of policy investment stocks.

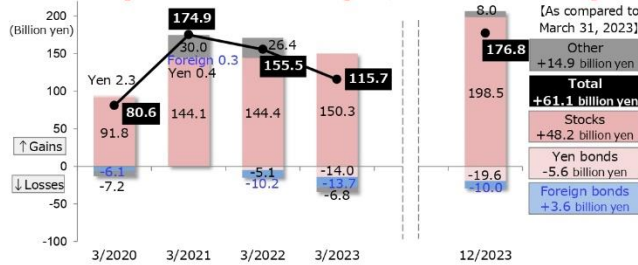
Unrealized gains/losses on other securities



Ratio of cross-shareholdings to consolidated net assets



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



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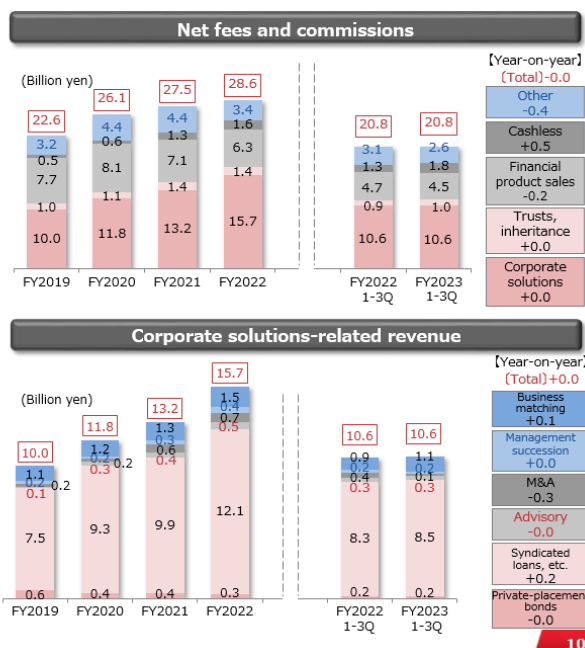
Please see page nine. On the left, net unrealized gains/losses on other securities improved significantly due to higher stock prices. As shown in the graph at the bottom, net unrealized gains/losses after taking into account hedging using interest rate swaps deteriorated by JPY5.6 billion for yen bonds (shown in light pink), but improved by JPY3.6 billion for foreign bonds (shown in light blue), for a total improvement of JPY61.1 billion in unrealized gains/losses compared to March 31.

Net Fees and Commissions ①

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(Billion yen)	FY2022 1-3Q	FY2023 1-3Q	Change
Net fees and commissions	20.8	20.8	-0.0
Fees and commissions received	35.4	37.6	2.2
Fees and commissions payments (-)	14.6	16.8	2.2
<Main breakdown>			
Investment trusts and personal annuities	4.7	4.5	-0.2
Investment trusts (trust fees)	1.3	1.3	0.0
Investment trusts (sales fees)	0.6	0.5	-0.1
Annuities and whole-life insurance	1.4	1.1	-0.3
Level-premium life insurance	0.8	1.3	0.4
Financial instrument intermediary	0.2	0.1	-0.1
Corporate solutions	10.6	10.6	0.0
Private placement bonds	0.2	0.2	-0.0
Syndicated loans	8.3	8.5	0.2
Advisory contracts	0.3	0.3	-0.0
M&A	0.4	0.1	-0.3
Management succession	0.2	0.2	0.0
Business-matching	0.9	1.1	0.1
Trust/inheritance-related business	0.9	1.0	0.0
Cashless operations	1.3	1.8	0.5
Payment and settlement transactions	9.4	9.6	0.2
Guarantee charges and group insurance costs (-)	9.2	9.8	0.6

* 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.)



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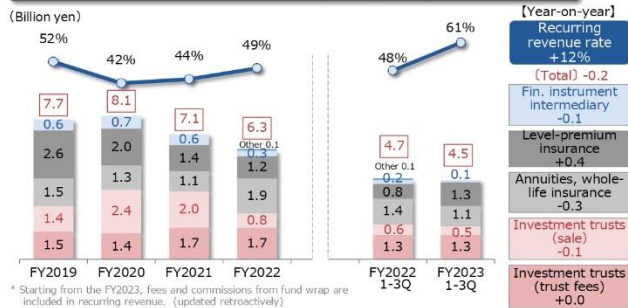
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Please see page 10. This shows fees and commissions. In the table on the left, net fees and commissions remained unchanged overall from the same period of the previous year. In the middle section, corporate solutions-related business is progressing as in the previous year, even though the large projects that were undertaken in Q3 of the previous year are no longer available this year. With many projects currently in the pipeline, we expect a steady increase in profit for the full year.

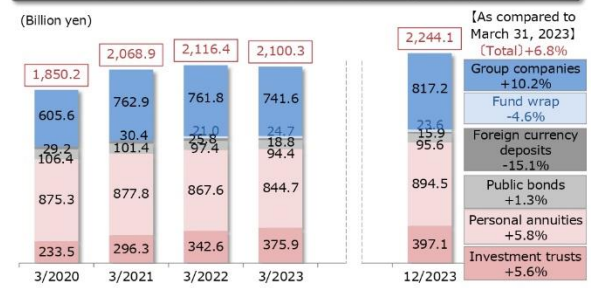
Net Fees and Commissions ② -Financial Products-

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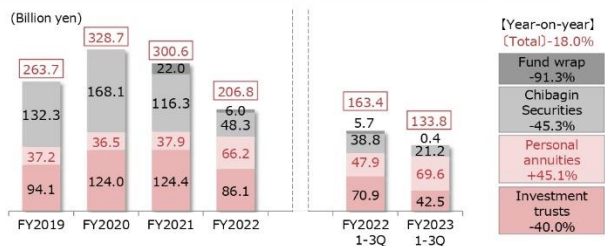
Fees and commissions from financial products



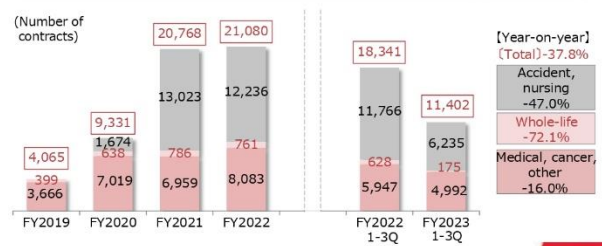
Financial product balances (Group total)



Financial product sales (Group total)



Number of protection-type insurance contracts



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* Accepted contracts

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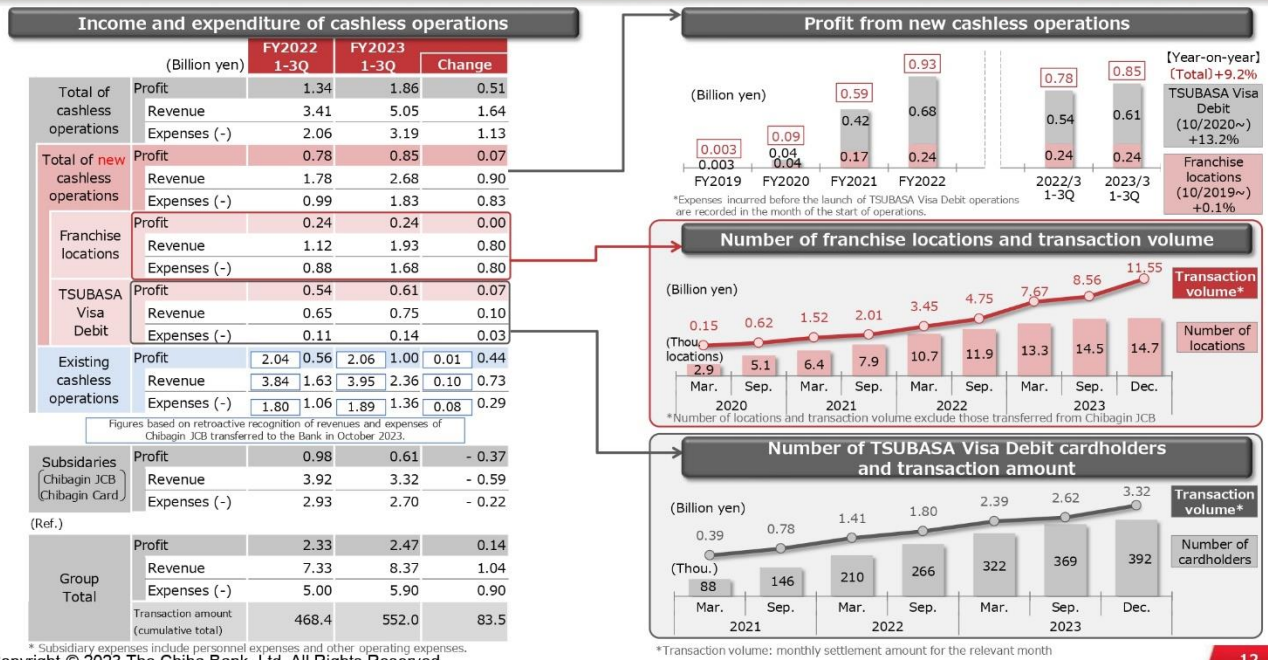
Please see page 11. Although the left-hand side of the graph shows a JPY0.2 billion decrease in revenue from assets under custody, the breakdown (shown as a line graph) shows that the recurring revenue rate increased to 61% from the previous year's 48%. This was due to a change in policy to emphasize recurring revenue.

Under these conditions, the Group's total assets under custody increased 6.8% compared to the end of March. By eliminating revenue targets and thoroughly focusing sales activities on activity volume, the number of customer interviews per day doubled in 3Q, as contact with customers is steadily increasing.

We will continue to take a customer-oriented sales approach, with purpose and vision as the axis of all decisions.

Net Fees and Commissions ③ -Cashless Operations-

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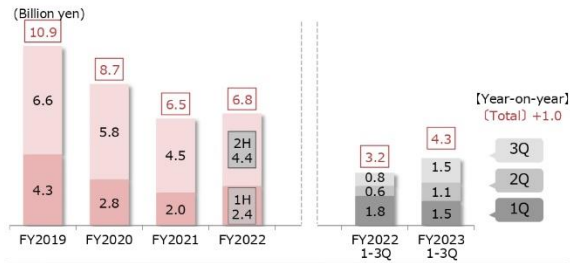
Please see page 12. This is for cashless operations. The cashless business is steadily increasing in terms of both the number of franchise locations and cardholders, as shown in the middle graph on the right. The volume of transactions is also expanding.

In October, group company Chibagin JCB transferred its franchise locations and cardholders to the main body, resulting in a JPY510 million increase in profit for the main business and a JPY140 million increase in profit for the Group as a whole.

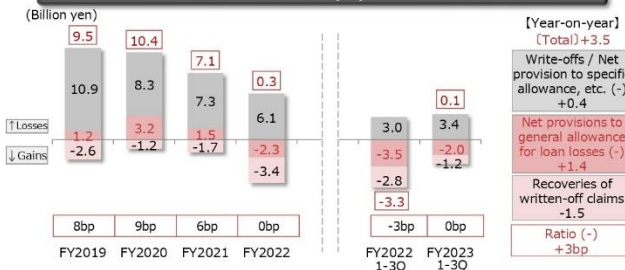
Credit-related expenses

(Billion yen)	FY2022 1-3Q	FY2023 1-3Q	Change
Credit-related expenses (-)	-3.3	0.1	3.5
Net provisions to general allowance for loan losses (-)	-3.5	-2.0	1.4
Disposal of non-performing loans (-)	0.1	2.2	2.0
Write-offs/net provisions to specific allowance, etc. (-)	3.0	3.4	0.4
Net provisions to specific allowance for loan losses (-)	1.4	0.3	-1.0
New downgrades (-)	3.2	4.3	1.0
Existing non-performing loans (-)	0.4	0.2	-0.2
Collections, etc.	0.7	1.0	0.2
Recoveries of written-off claims	2.8	1.2	-1.5
Net credit cost ratio (-)	-3bp	0bp	3bp

New non-performing loans



Net credit costs(-)transition



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



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Please see page 13. As shown in the upper left corner, credit costs increased by JPY3.5 billion on-year due to the impact of the reversal of a large allowance for loan losses in the previous year, but the overall credit costs recorded were only JPY0.1 billion, well below the JPY7 billion planned for the full fiscal year.

Although we have planned JPY10 billion for new non-performing loans for the full year, since we have only accrued JPY4.3 billion in the past nine months, we believe we have a buffer in terms of our full-year plan for credit costs. We are considering making precautionary and accelerated provisions in Q4.

In addition, as shown at the bottom right, the non-performing loan (NPL) ratio is low at 0.90%, maintaining the Bank's soundness as one of the top regional banks.

General & Administrative Expenses

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G&A expenses / OHR

Non-consolidated	FY2022	FY2023	
(Billion yen)	1-3Q	1-3Q	Change
G&A expenses	61.3	63.3	1.9
Personnel expenses	29.6	30.3	0.6
Non-personnel expenses	26.9	28.1	1.1
Taxes	4.7	4.8	0.0
OHR	46.61%	48.75%	2.13%

Consolidate

OHR	46.57%	48.45%	1.87%
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※ OHR: Expenses / (net business income - bond-related gains/losses, etc. + net provisions to general allowance for loan losses + expenses)

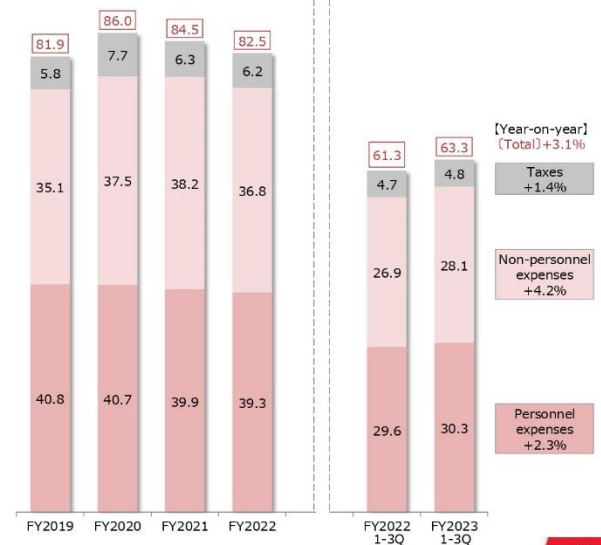
OHR



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Non-consolidated G&A expenses

(Billion yen)

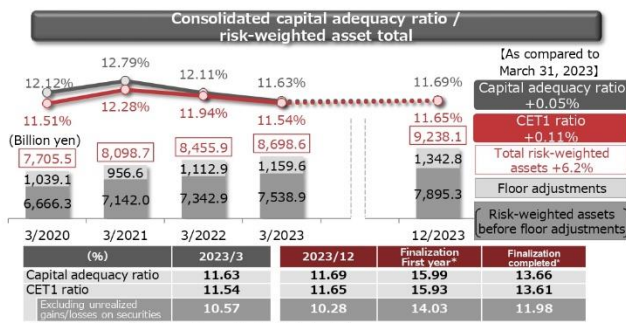


14

Please see page 14. This shows expenses. In the upper left, both property and personnel expenses increased due to the strategic investments set forth in the mid-term plan and strengthened investment in human capital, resulting in an overall increase of JPY1.9 billion.

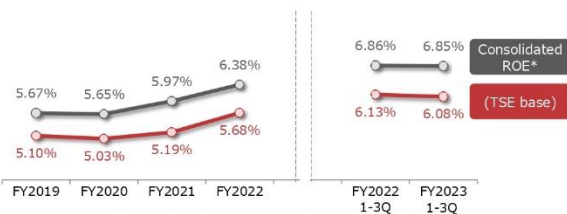
Progress against the fiscal year plan of JPY85 billion was 74.4%, in line with the plan.

The OHR remains low, below 50%. Strategic investments are expected to produce benefits in the form of increased top line and cost reductions in the future, and we expect to achieve our target of around 45% by the final year of the medium-term management plan.



ROE

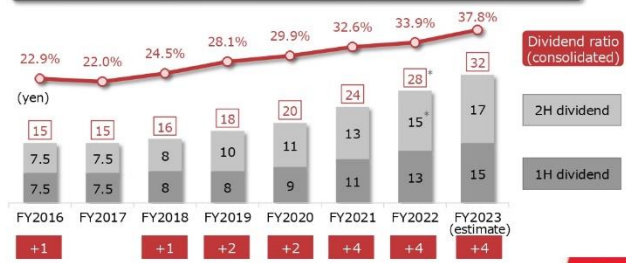
*Presented on a "total shareholders' equity" basis, a B/S calculation unaffected by changes in unrealized gains/losses



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Dividend payments



*includes commemorative dividend of 2 yen

Please see page 15. In conjunction with the recent announcement of the Q3 results, the Company announced a JPY2.00 dividend increase. As noted in the lower right-hand corner, this brings the full-year dividend to JPY32, doubling the amount paid five years ago in the fiscal year that ended March 31, 2019.

The dividend payout ratio has increased to 37.8%, approaching our long-term goal of 40%.

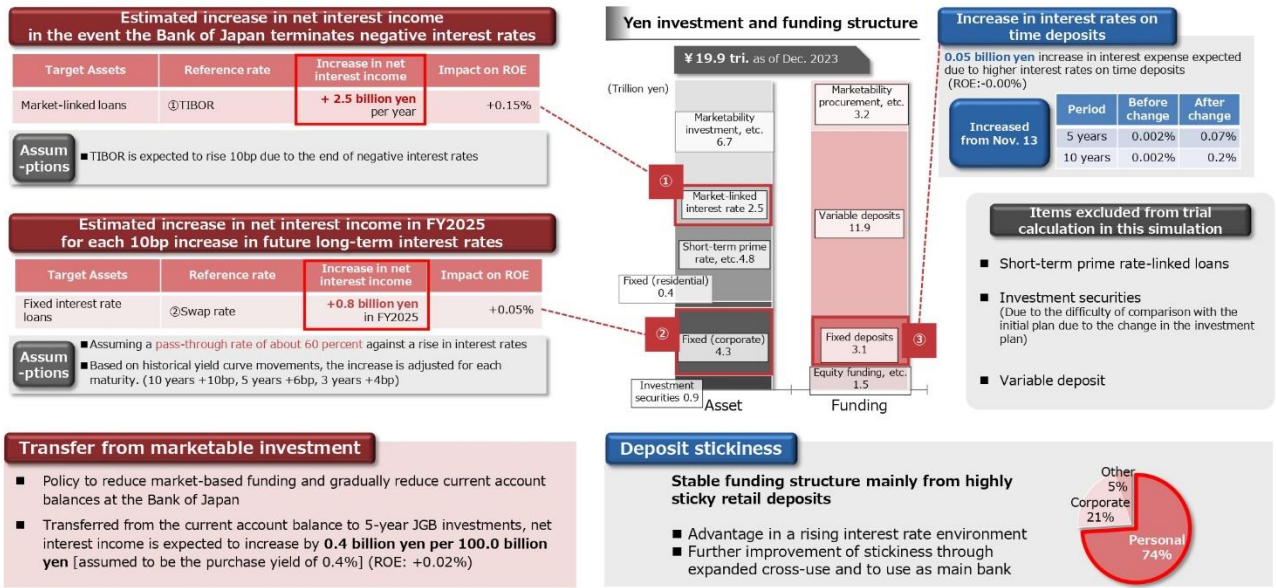
As noted in the upper left corner, the CET1 ratio increased to 11.65% due to an improvement in unrealized gains on securities. This figure is estimated at 11.98% on a Basel III finalized and fully implemented basis, excluding unrealized gains on securities.

The detailed calculation of the final Basel III figure increased the value compared to the estimate made as of the end of September and is above the target range of 10.5% to 11.5%. With respect to the increase, the Company will consider further strengthening inorganic investments and shareholder returns.

Impact of Rising Interest Rates on Interest on Loans and Deposits

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

To capture upside in a rising yen interest rate environment



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Next I will explain the impact of rising yen interest rates.

Please see page 19. This is an estimate of the impact of future interest rate increases on interest on domestic deposits and loans. Monetary policy is the exclusive responsibility of the Bank of Japan. As shown on the left, if it ended the negative interest rate policy, we expect net interest income to improve by JPY2.5 billion due to an increase in market-linked lending rates.

Under that scenario, for every 10-basis point increase in long-term interest rates, the net interest income of fixed-rate loans is expected to improve by JPY0.8 billion.

As shown on the bottom right, we have a stable funding structure, with 74% of our deposits coming from highly sticky retail deposits.

That concludes the presentation. Thank you very much.