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# Financial Highlights for the Three Months of FY2023 ending March 2024



August 4, 2023

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

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

**The 15<sup>th</sup> Mid-term Plan**  
**Engagement Bank Group ~ Phase 1 ~**  
**Plan period April, 2023 ~ March, 2026**



# Summary of Financial Results

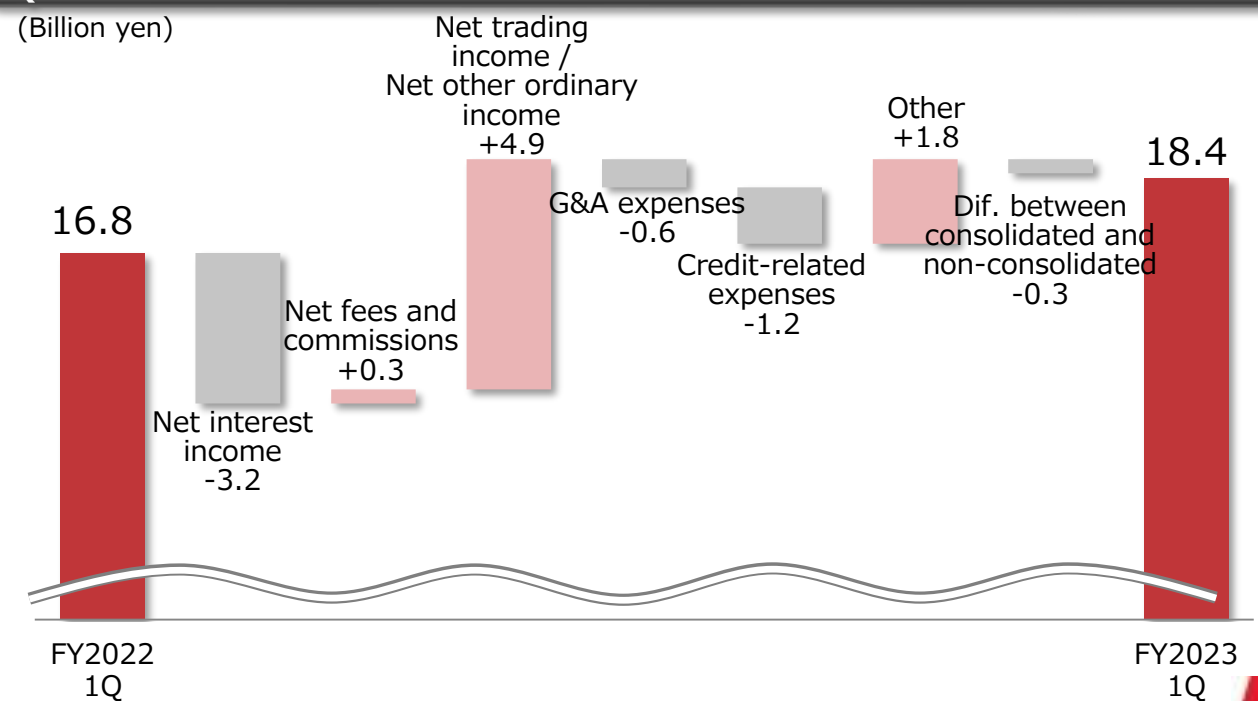
To create a local community better suited to bringing each person's hope to life

Non-consolidated	(Billion yen)	FY2022	FY2023	Change	FY2023	
		1Q	1Q		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	FY2023	Change	FY2023	
		1Q	1Q		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)



# Summary of Financial Results (Consolidated)

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

Consolidate	(Billion yen)	FY2022	FY2023	Change
		1Q	1Q	
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 interest		-	-	-
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 companies	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
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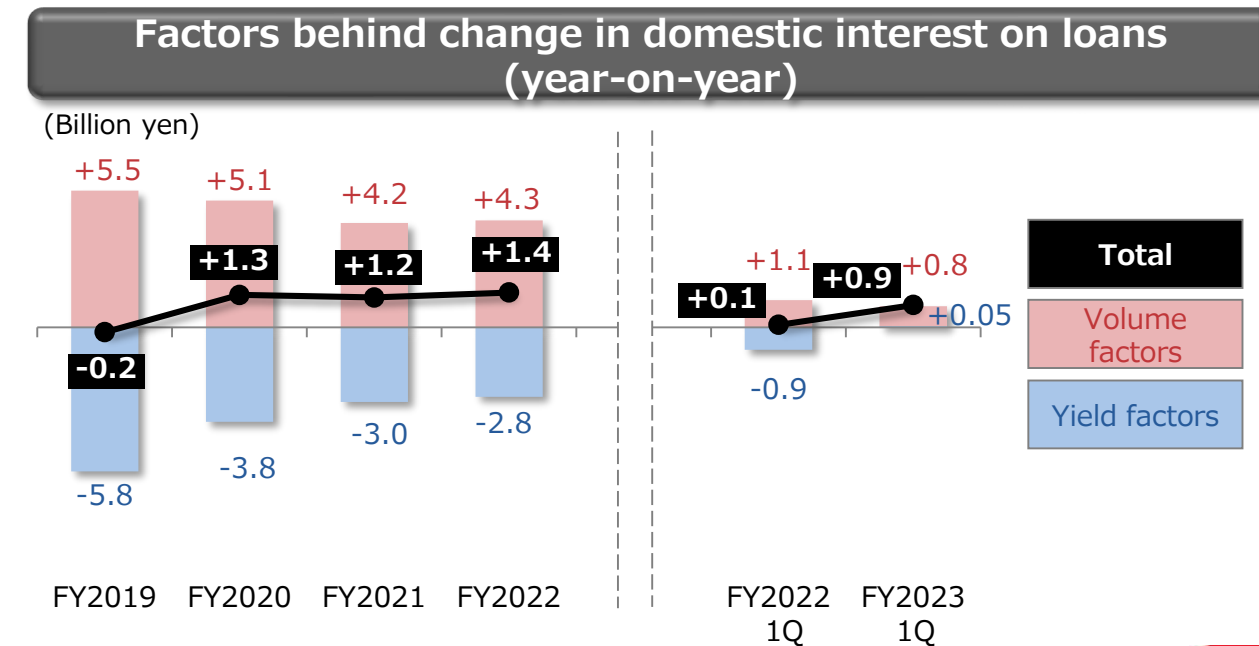
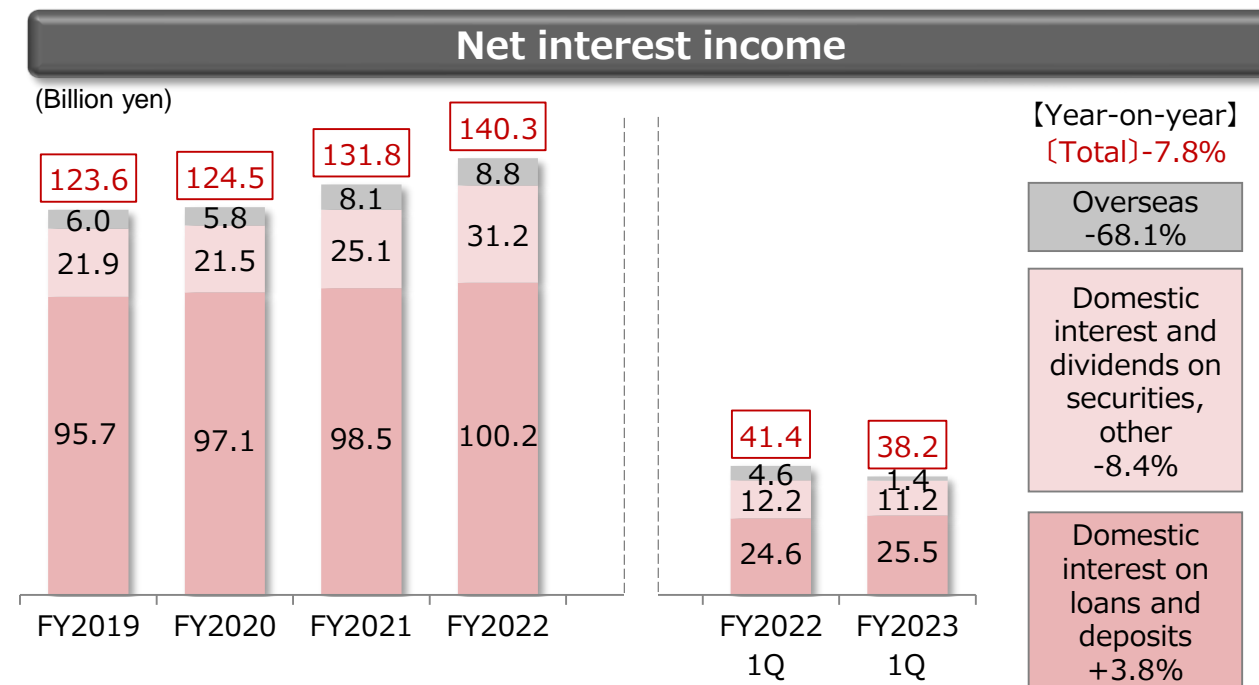
Dividends to parent company (-)	4.4	4.4	0.0
Dif. between consolidated and non-consolidated*	-2.8	-3.2	-0.3

\*After adjusting for unrealized gains, etc.



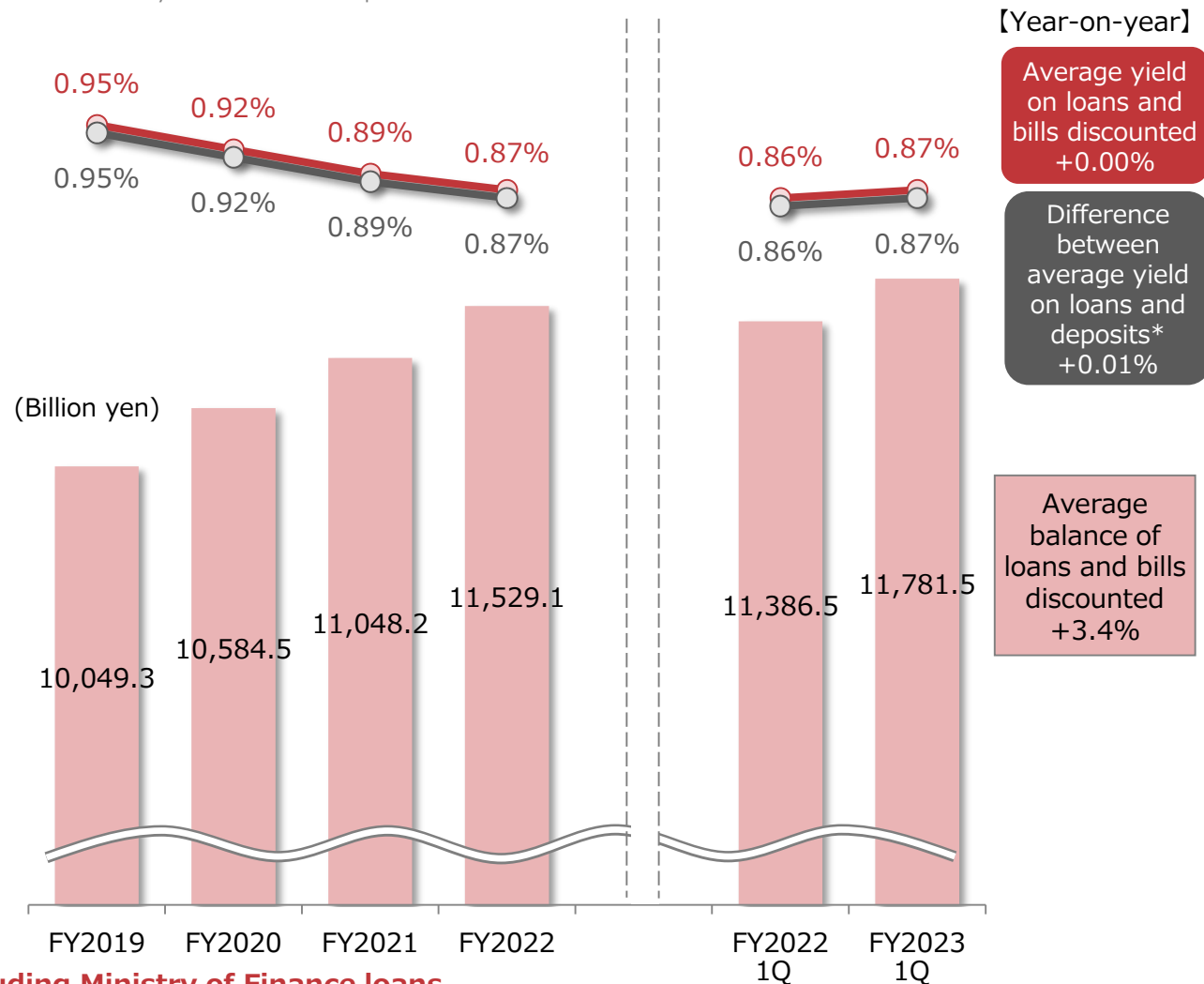
(Billion yen)	FY2022	FY2023	Change
	1Q	1Q	
Net interest income	41.4	38.2	-3.2
Domestic	36.8	36.7	-0.0
Interest on loans and deposits	24.6	25.5	0.9
Loans and bills discounted	24.6	25.5	0.9
Deposits incl. NCDs (-)	0.0	0.0	-0.0
Interest and dividends on securities	11.3	10.8	-0.4
Bonds	0.6	1.2	0.5 (※)
Stock 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

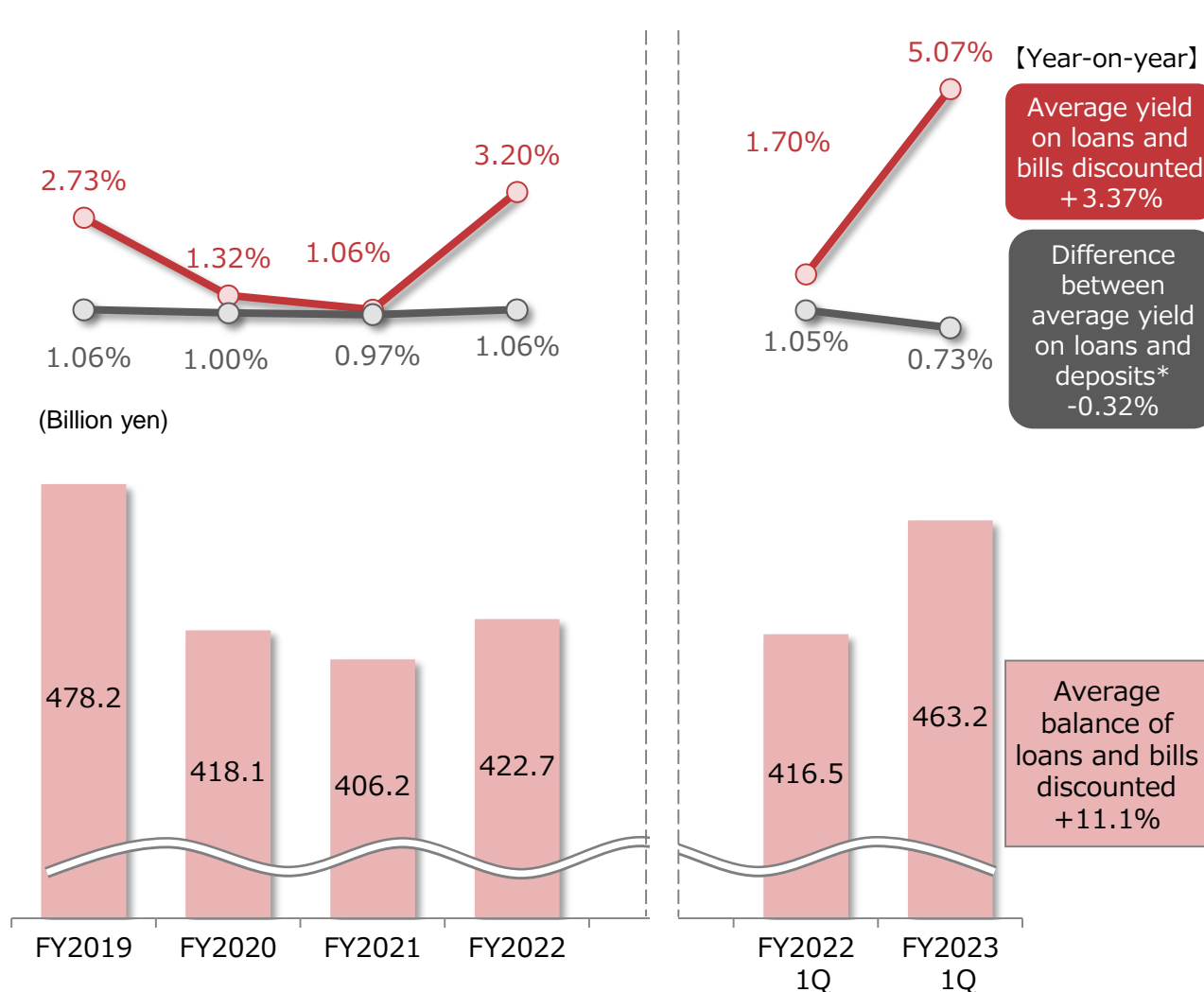


## Domestic Operations Average balance / yield of loans and bills discounted

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



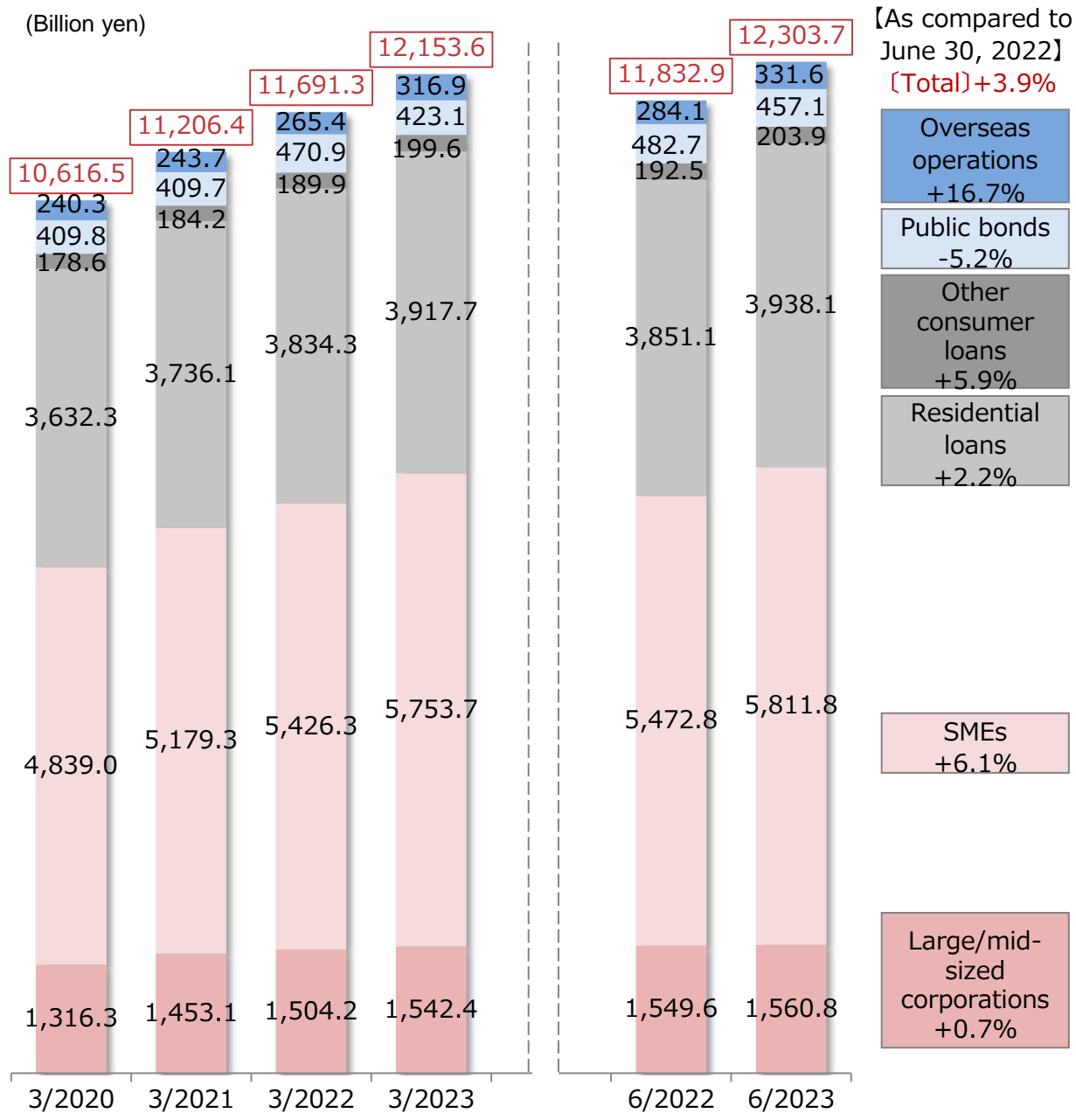
## Overseas Operations Average balance / yield of loans and bills discounted



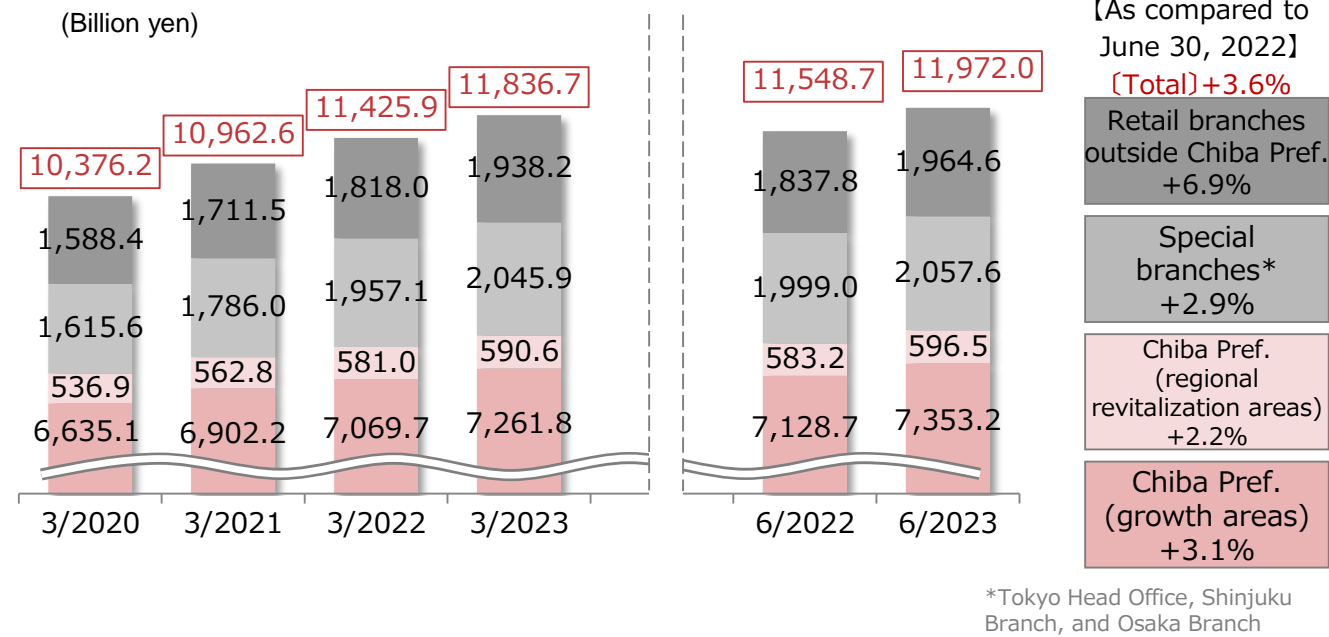
### Excluding Ministry of Finance loans

Avg. balance	9,891.9	10,391.5	10,844.0	11,276.1	11,112.7	11,572.6
Yield	0.97%	0.94%	0.91%	0.89%	0.89%	0.88%

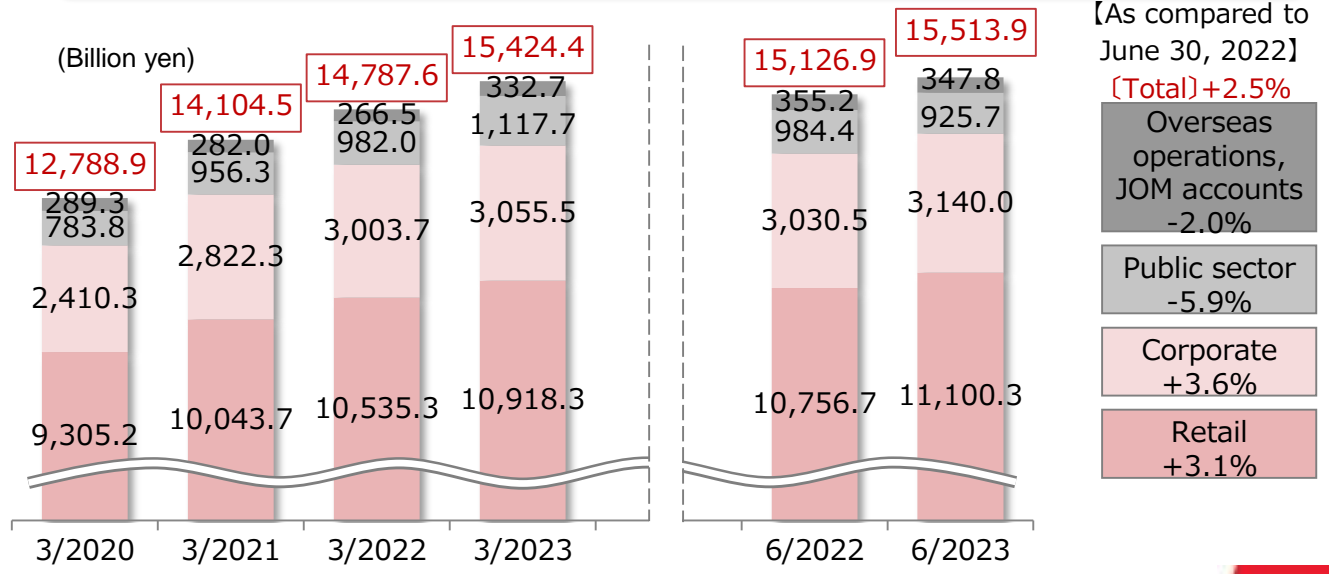
## Balance of loans at year-end



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

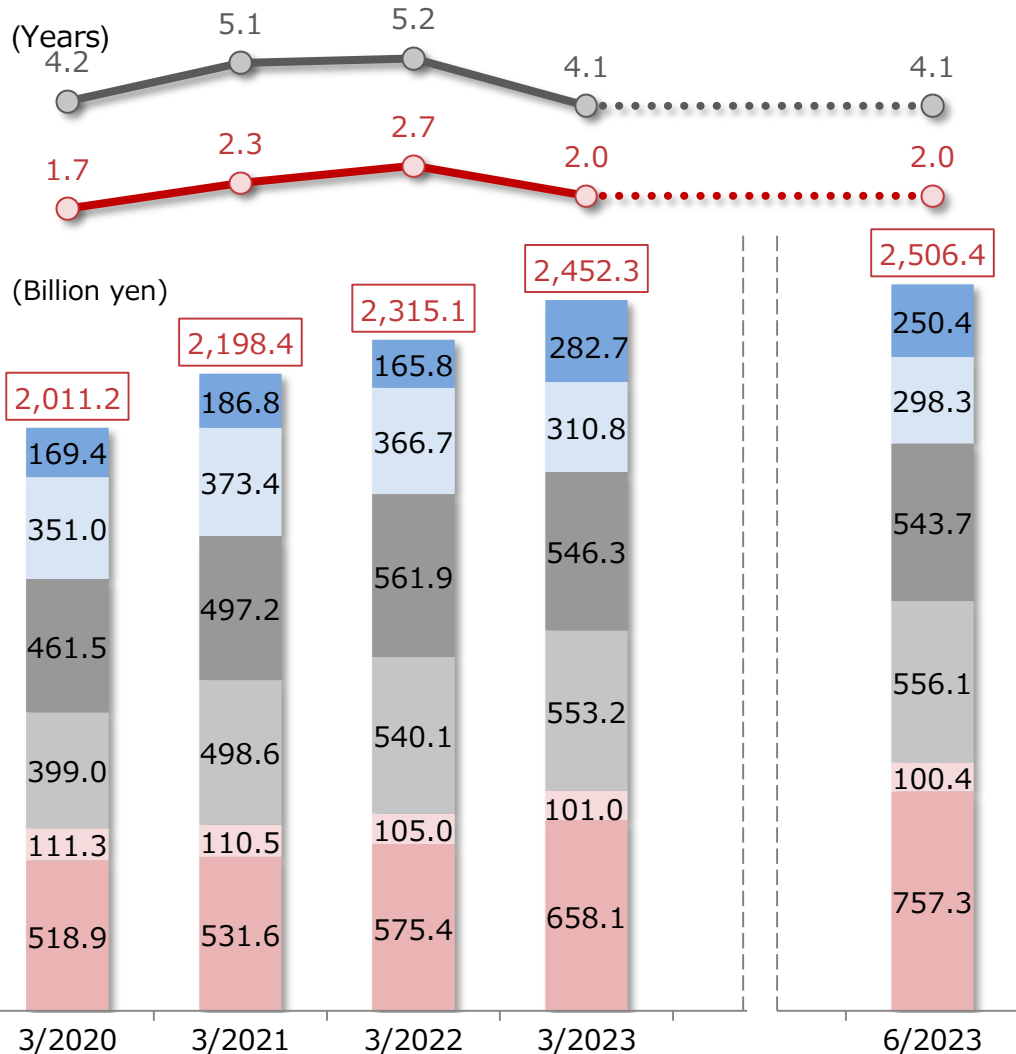


## Balance of deposits at year-end



## 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 -0.0 years

Average remaining maturity of foreign bonds -0.0 years

**〔Total〕+2.2%**

Government bonds -11.4%

Municipal bonds -4.0%

Corporate bonds, etc. -0.4%

Investment trusts, etc. +0.5%

Stocks -0.6%

Foreign currency securities +15.0%

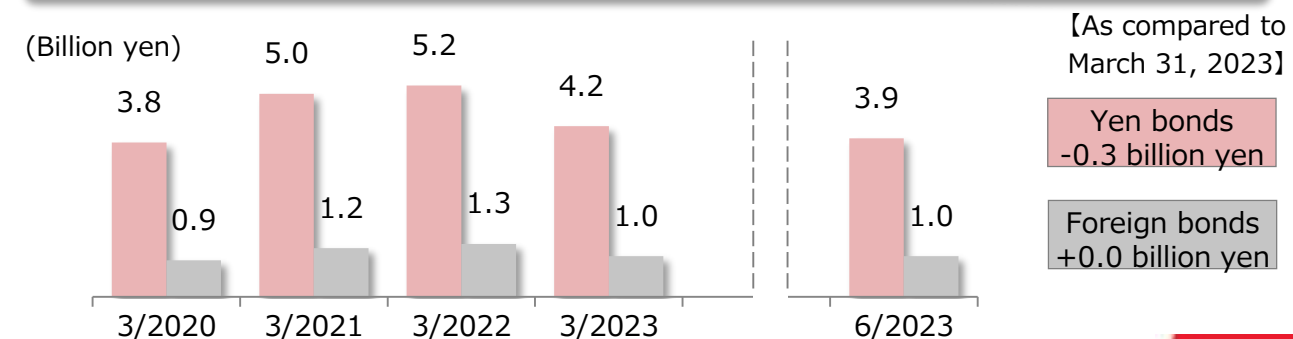
### Held-to-maturity securities

3/2020	7.7	3/2021	7.8	3/2022	8.6	3/2023	9.3	6/2023	10.1
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## 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/losses 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



(As compared to March 31, 2023)

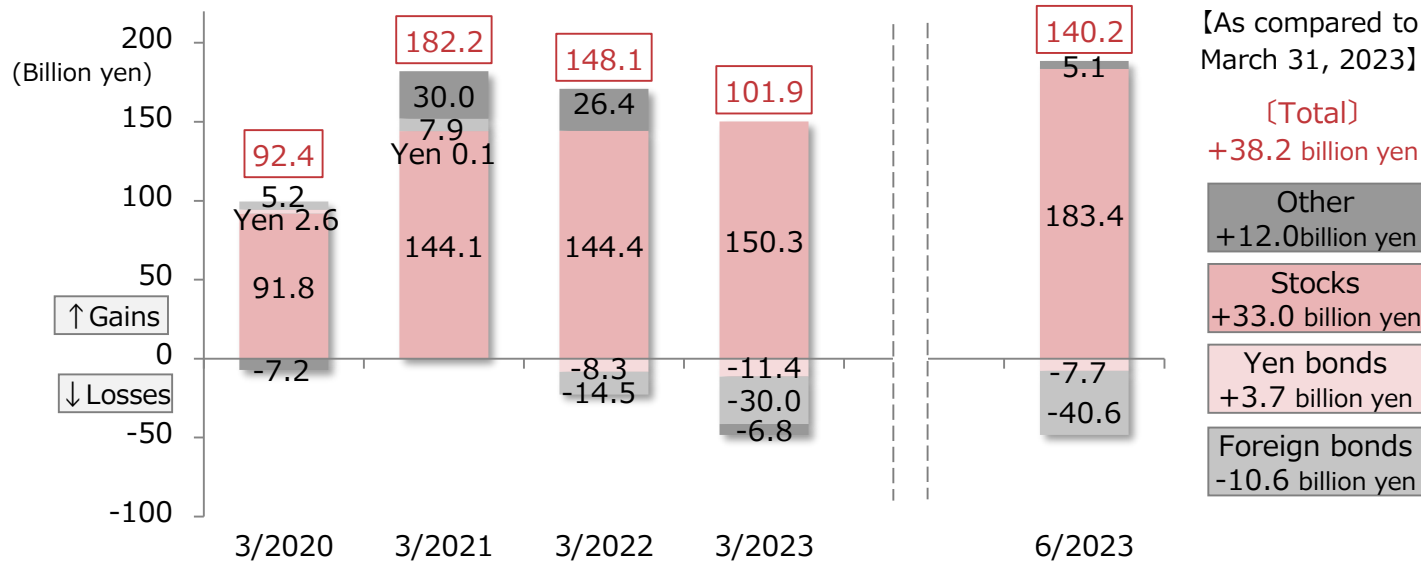
Yen bonds -0.3 billion yen

Foreign bonds +0.0 billion yen



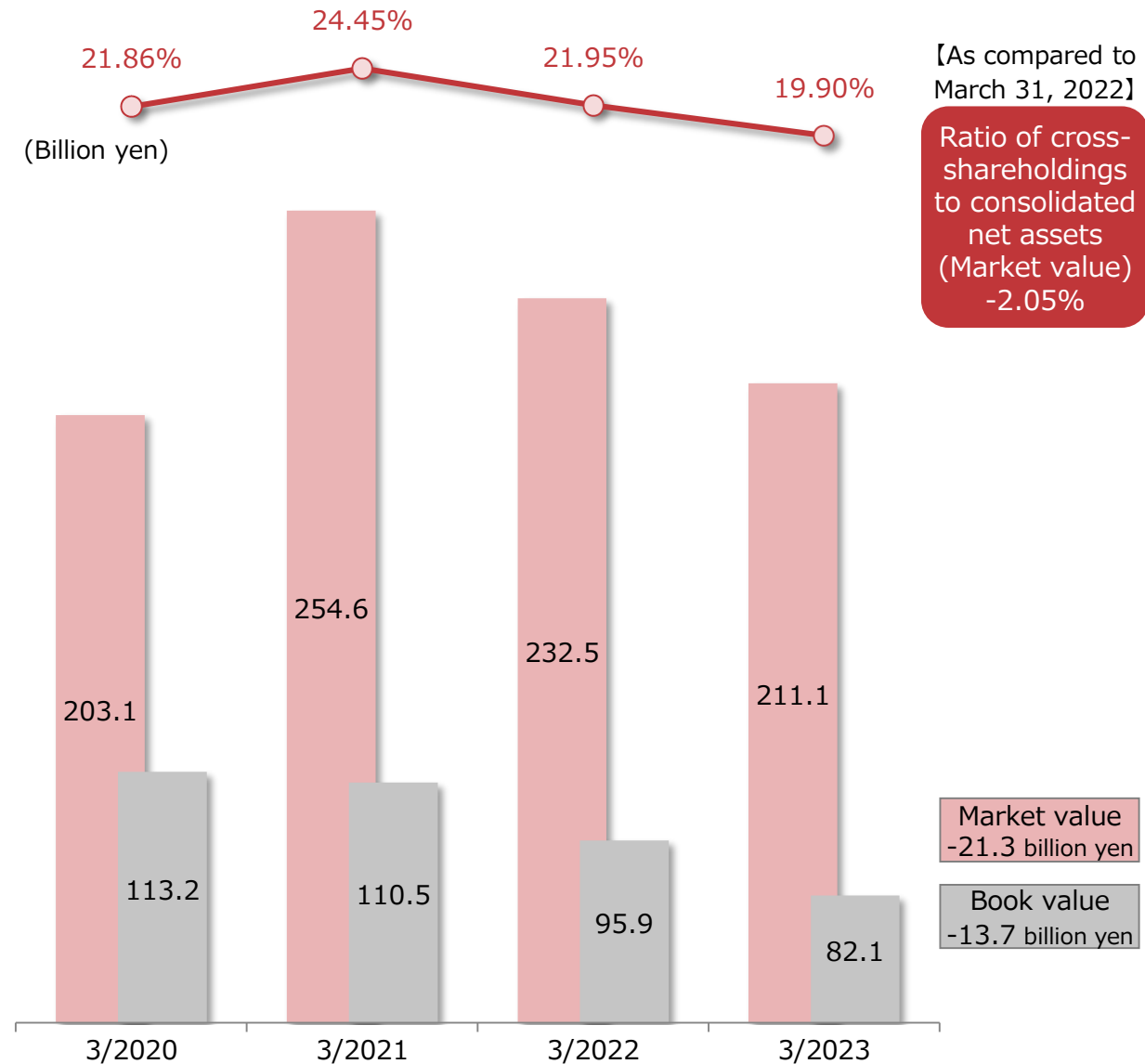
## Unrealized gains/losses on other securities

\* Including overseas CDs

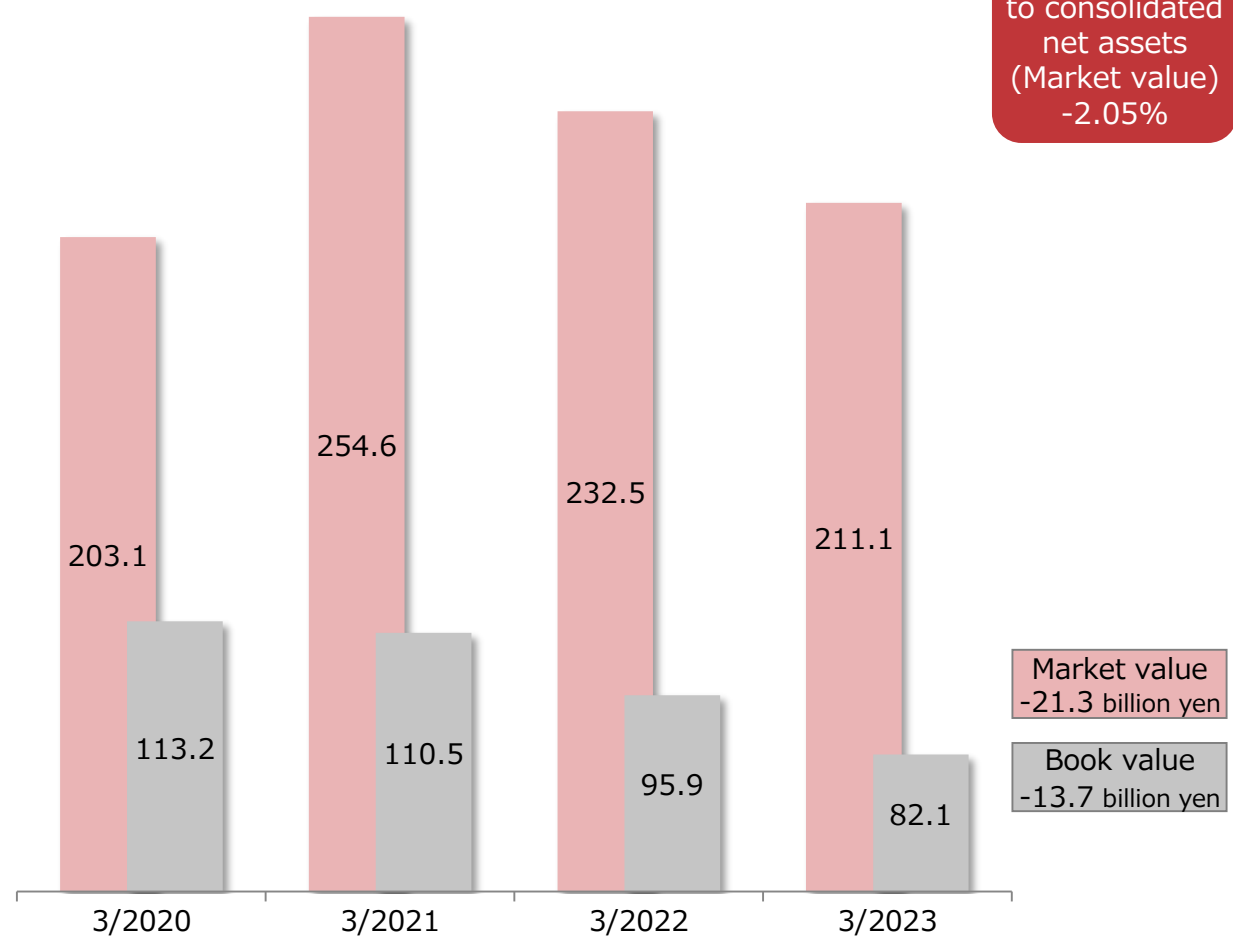
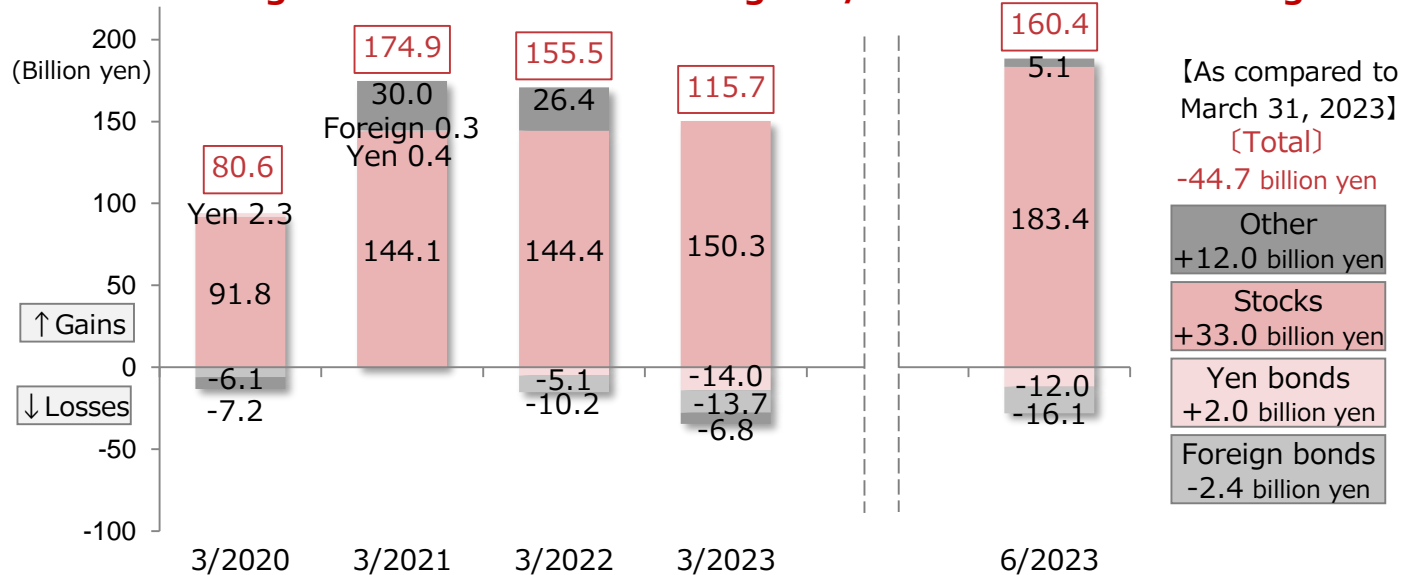


## Ratio of cross-shareholdings to consolidated net assets

\*Cross-shareholdings are shown on a non-consolidated basis



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



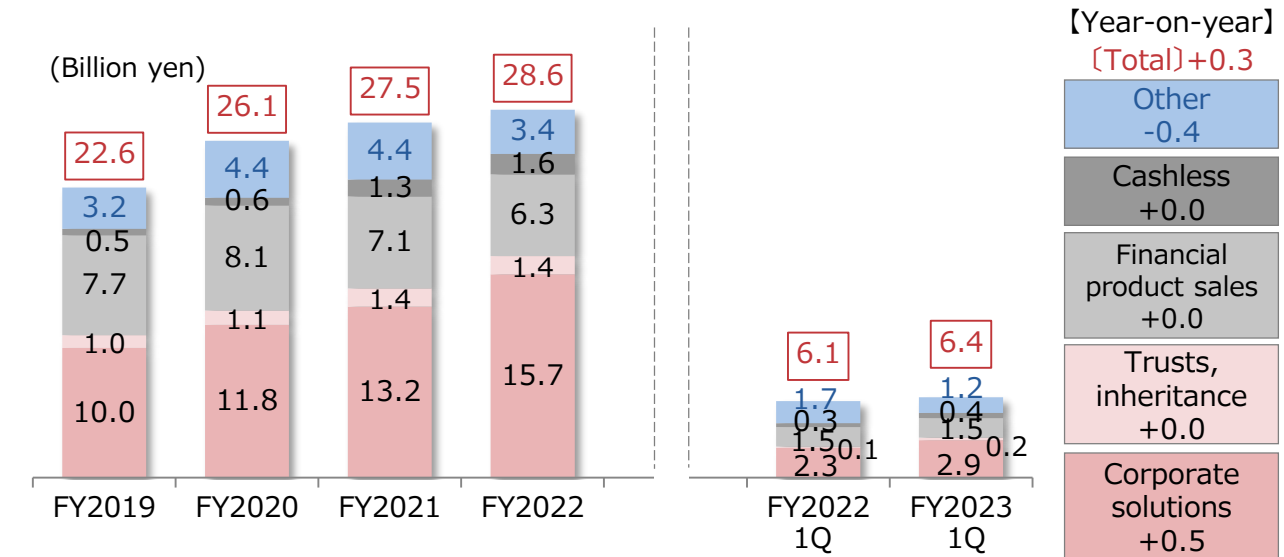
# Net Fees and Commissions ①

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

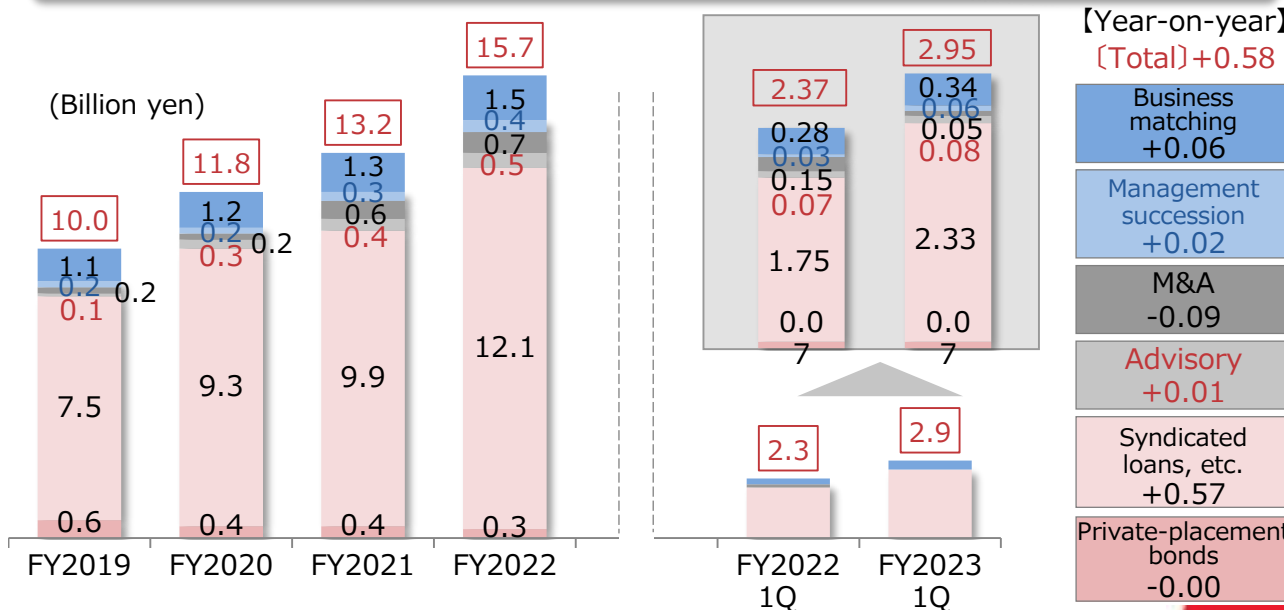
(Billion yen)	FY2022	FY2023	Change
	1Q	1Q	
Net fees and commissions	6.1	6.4	0.3
Fees and commissions received	10.2	11.4	1.1
Fees and commissions payments (-)	4.1	4.9	0.8
<b>&lt;Main breakdown&gt;</b>			
Investment trusts and personal annuities	1.5	1.5	0.0
Investment trusts (trust fees)	0.4	0.4	0.0
Investment 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.)

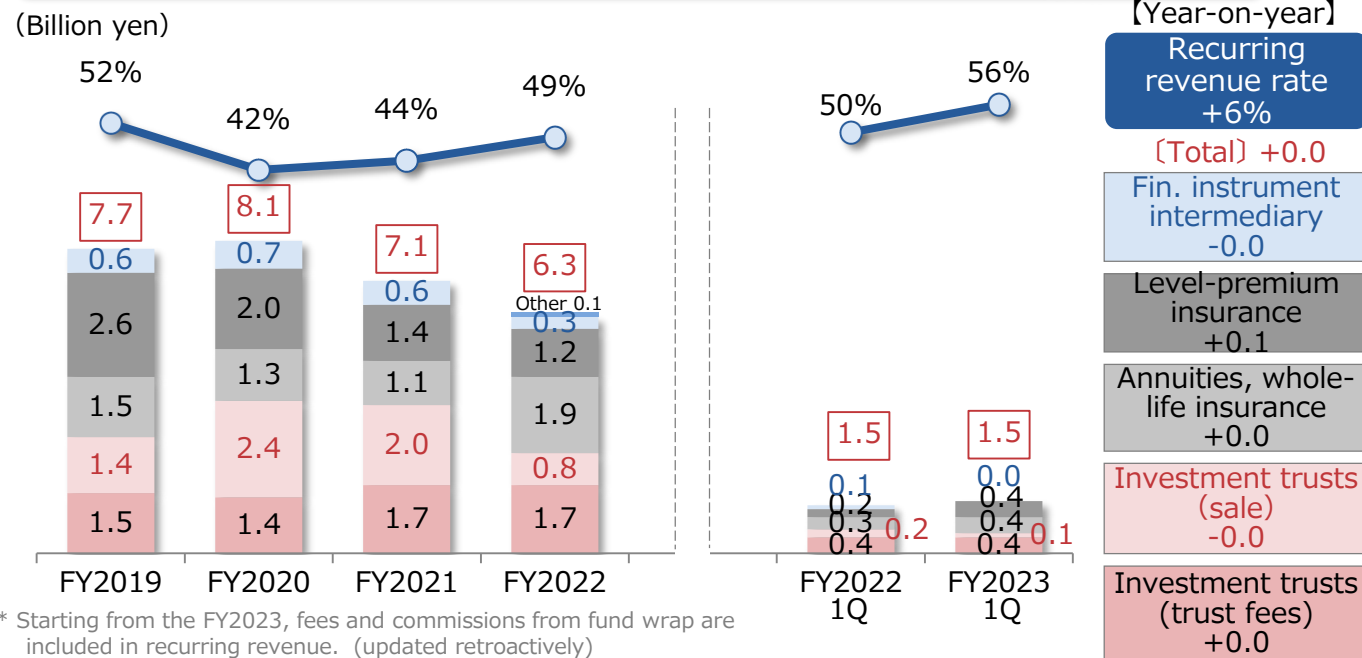
## Net fees and commissions



## Corporate solutions-related revenue

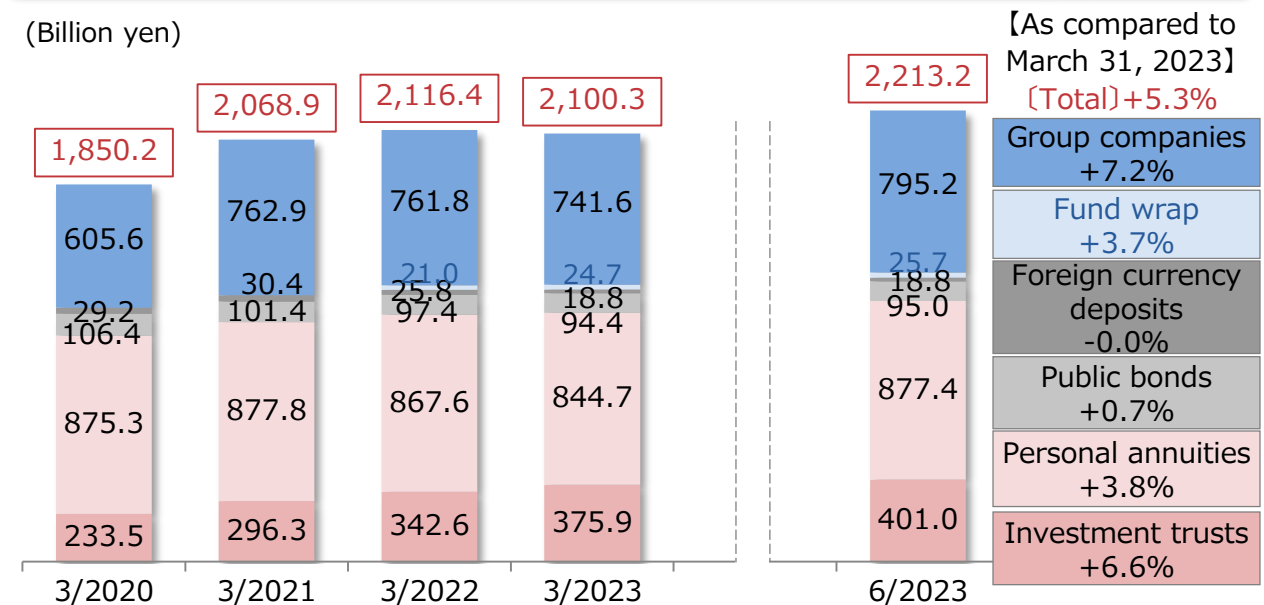


## Fees and commissions from financial products

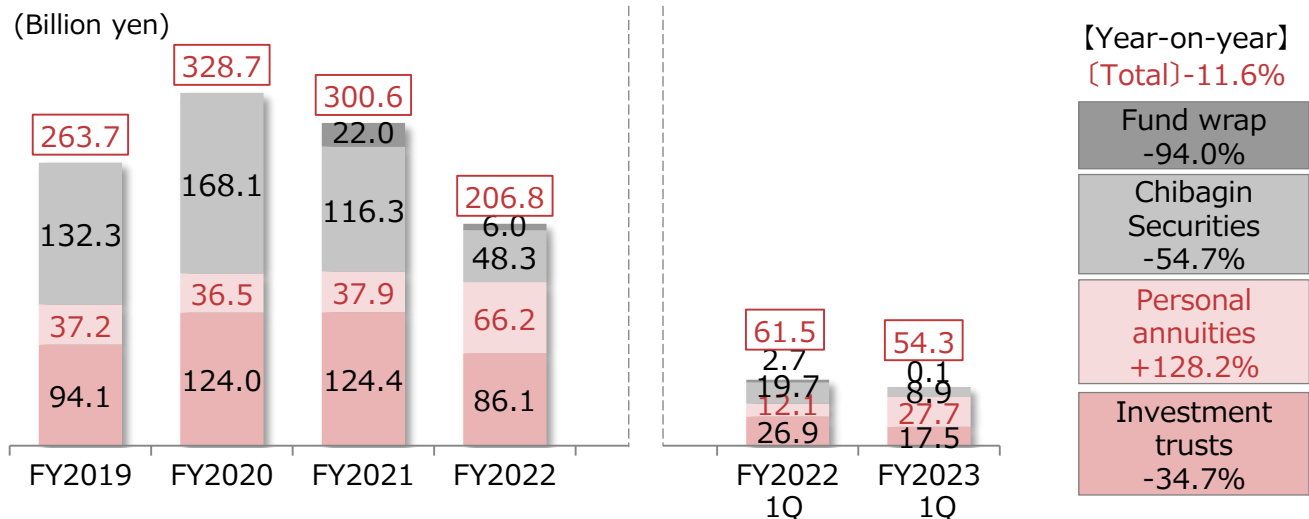


\* Starting from the FY2023, fees and commissions from fund wrap are included in recurring revenue. (updated retroactively)

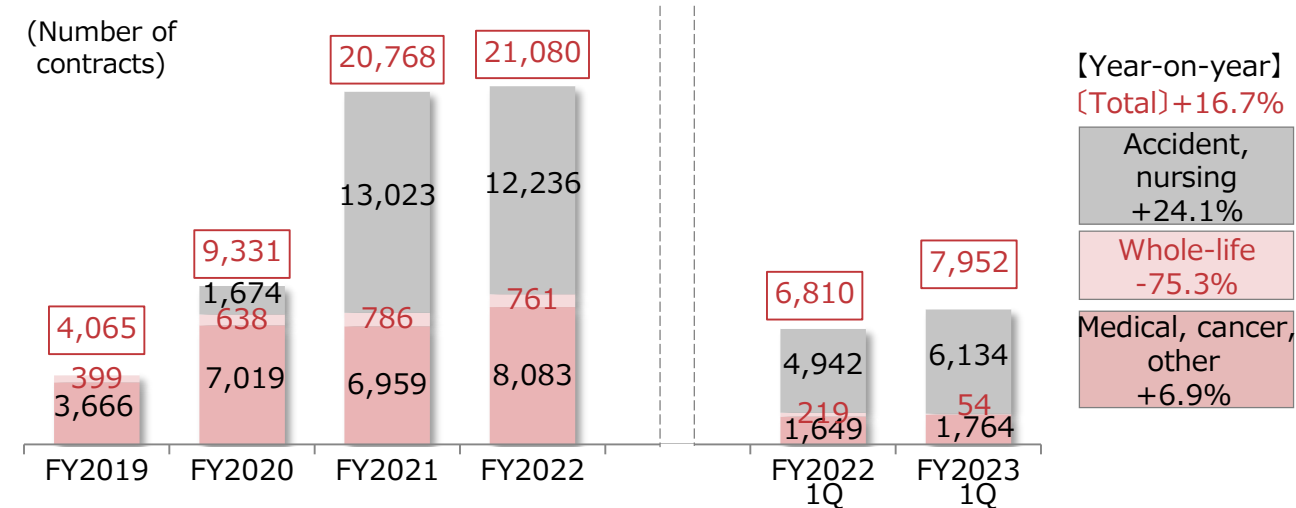
## Financial product balances (Group total)



## Financial product sales (Group total)



## Number of protection-type insurance contracts

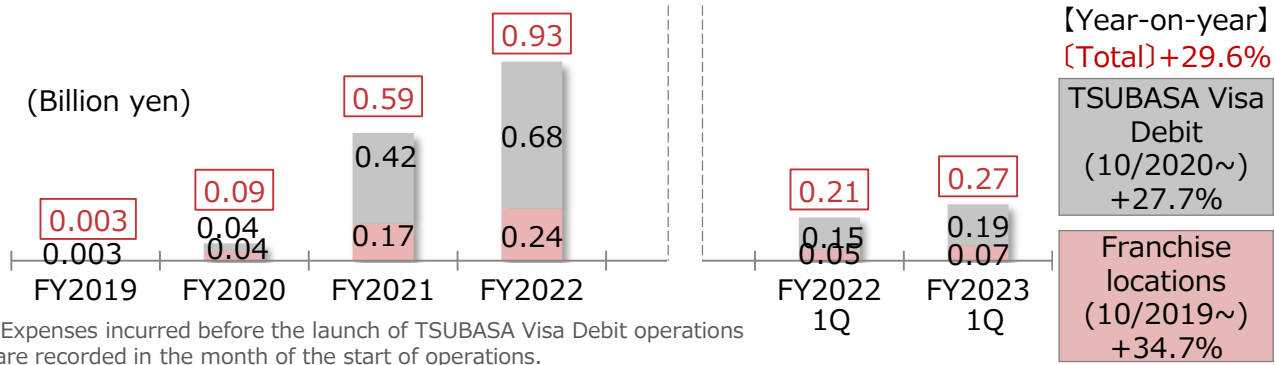


## Income and expenditure of cashless operations

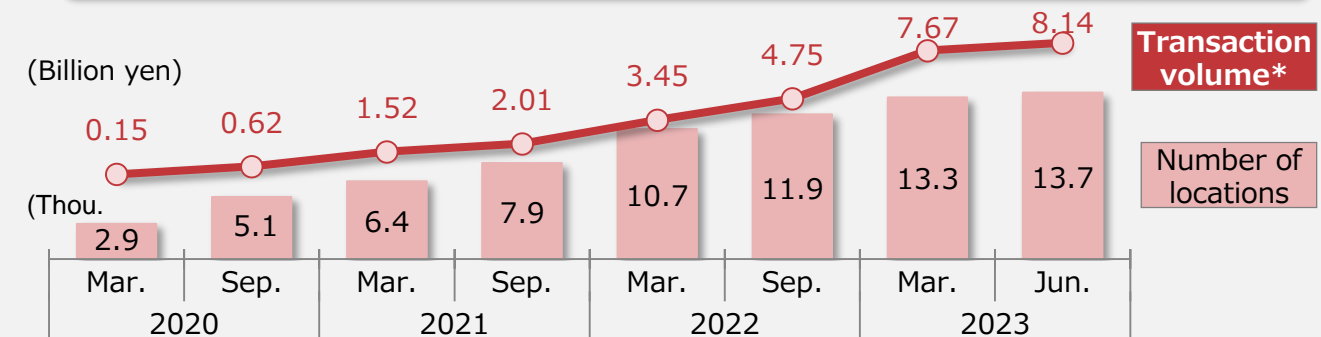
(Billion yen)		FY2022 1Q	FY2023 1Q	Change
Total of cashless operations	Profit	0.38	0.45	0.06
	Revenue	1.02	1.36	0.33
	Expenses (-)	0.64	0.90	0.26
Total of new cashless operations	Profit	0.21	0.27	0.06
	Revenue	0.49	0.83	0.33
	Expenses (-)	0.28	0.55	0.27
Franchise locations	Profit	0.05	0.07	0.01
	Revenue	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.

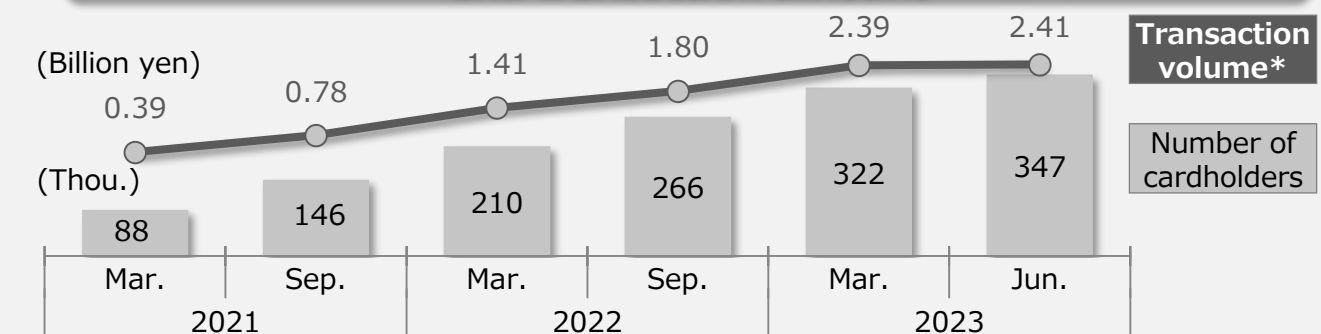
## Profit from new cashless operations



## Number of franchise locations and transaction volume



## Number of TSUBASA Visa Debit cardholders and transaction amount

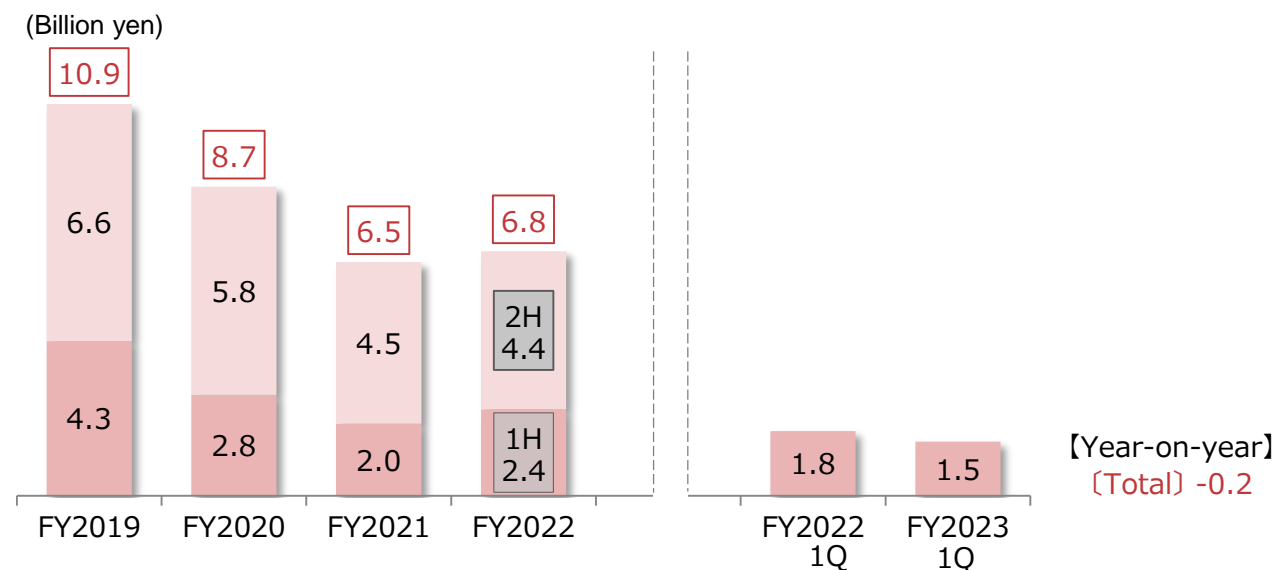


\*Transaction volume: monthly settlement amount for the relevant month

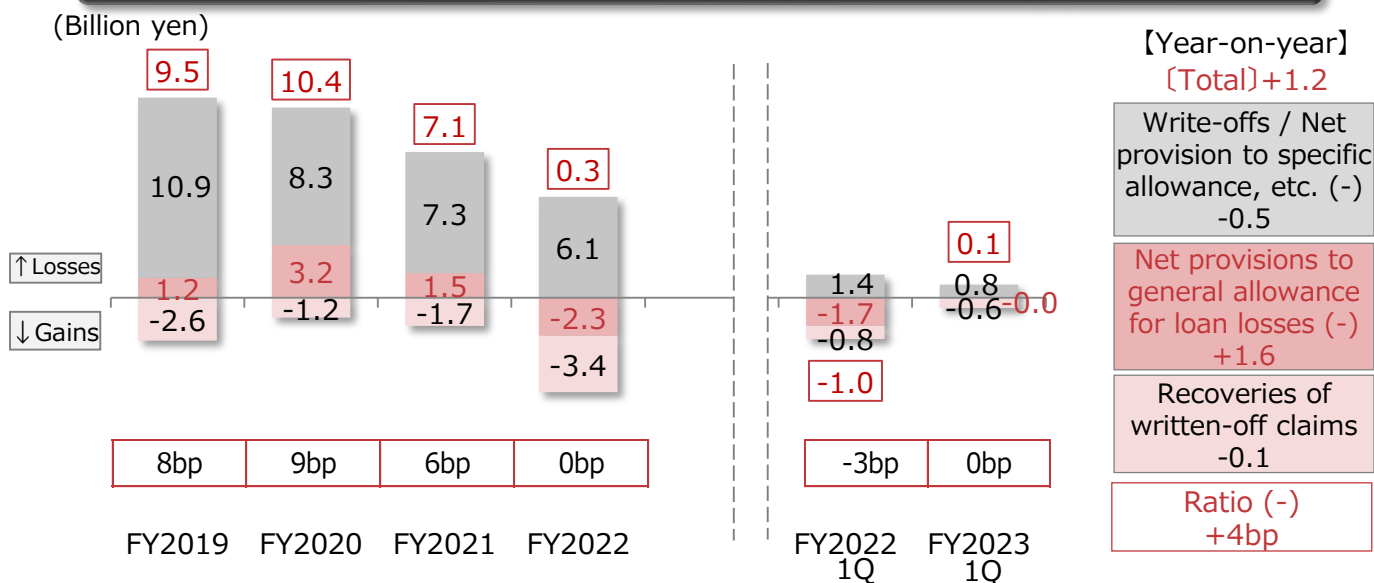
## Credit-related expenses

(Billion yen)	FY2022 1Q	FY2023 1Q	Change
Credit-related expenses (-)	-1.0	0.1	1.2
Net provisions to general allowance for loan losses	-1.7	-0.0	1.6
Disposal of non-performing loans (-)	0.6	0.2	-0.4
Write-offs/net provisions to specific allowance, etc. (-)	1.4	0.8	-0.5
Net provisions to specific allowance for loan losses (-)	0.6	-0.0	-0.6
New downgrades (-)	1.8	1.5	-0.2
Existing non-performing loans (-)	0.1	0.1	0.0
Collections, etc.	0.4	0.8	0.3
Recoveries of written-off claims	0.8	0.6	-0.1
Net credit cost ratio (-)	-3bp	0bp	4bp

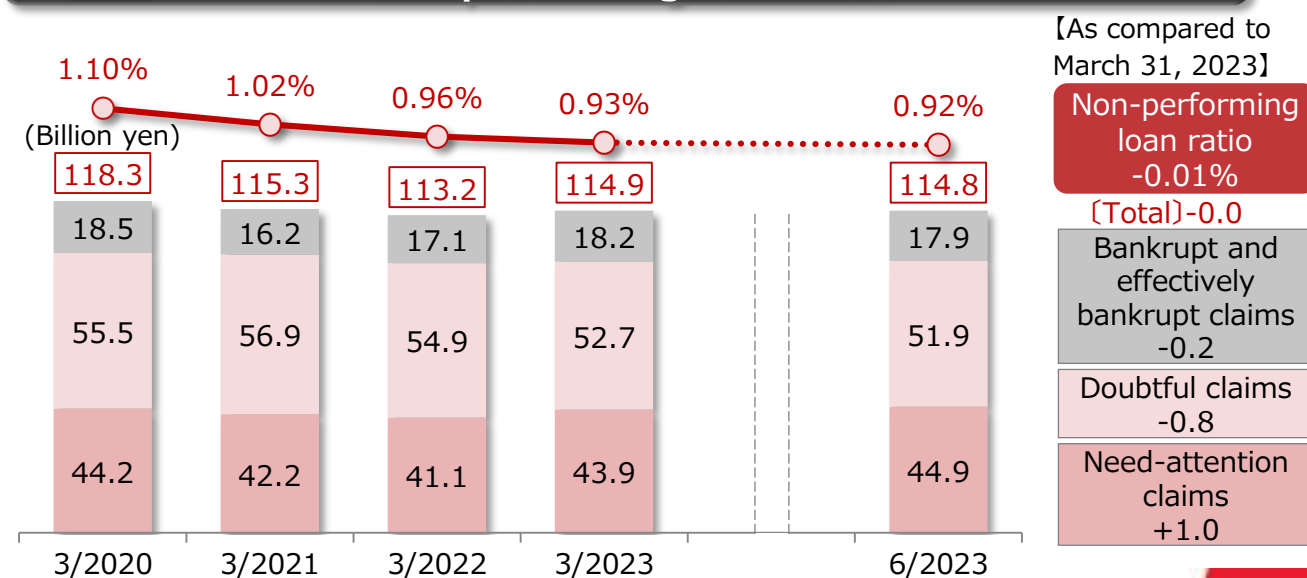
## New non-performing loans



## Change (-)



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





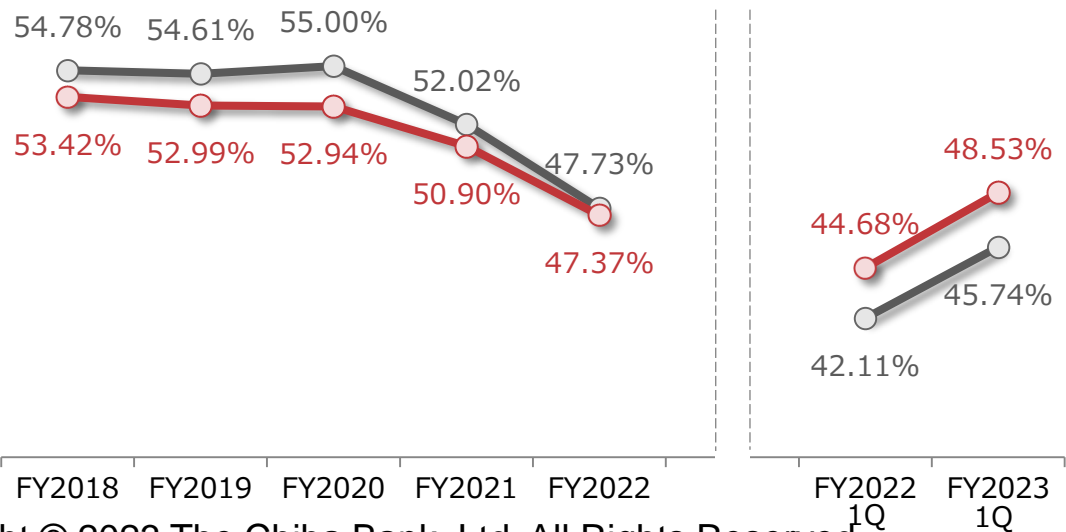
## G&A expenses / OHR

Non-consolidated (Billion yen)	FY2022	FY2023	Change
	1Q	1Q	
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	FY2023	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



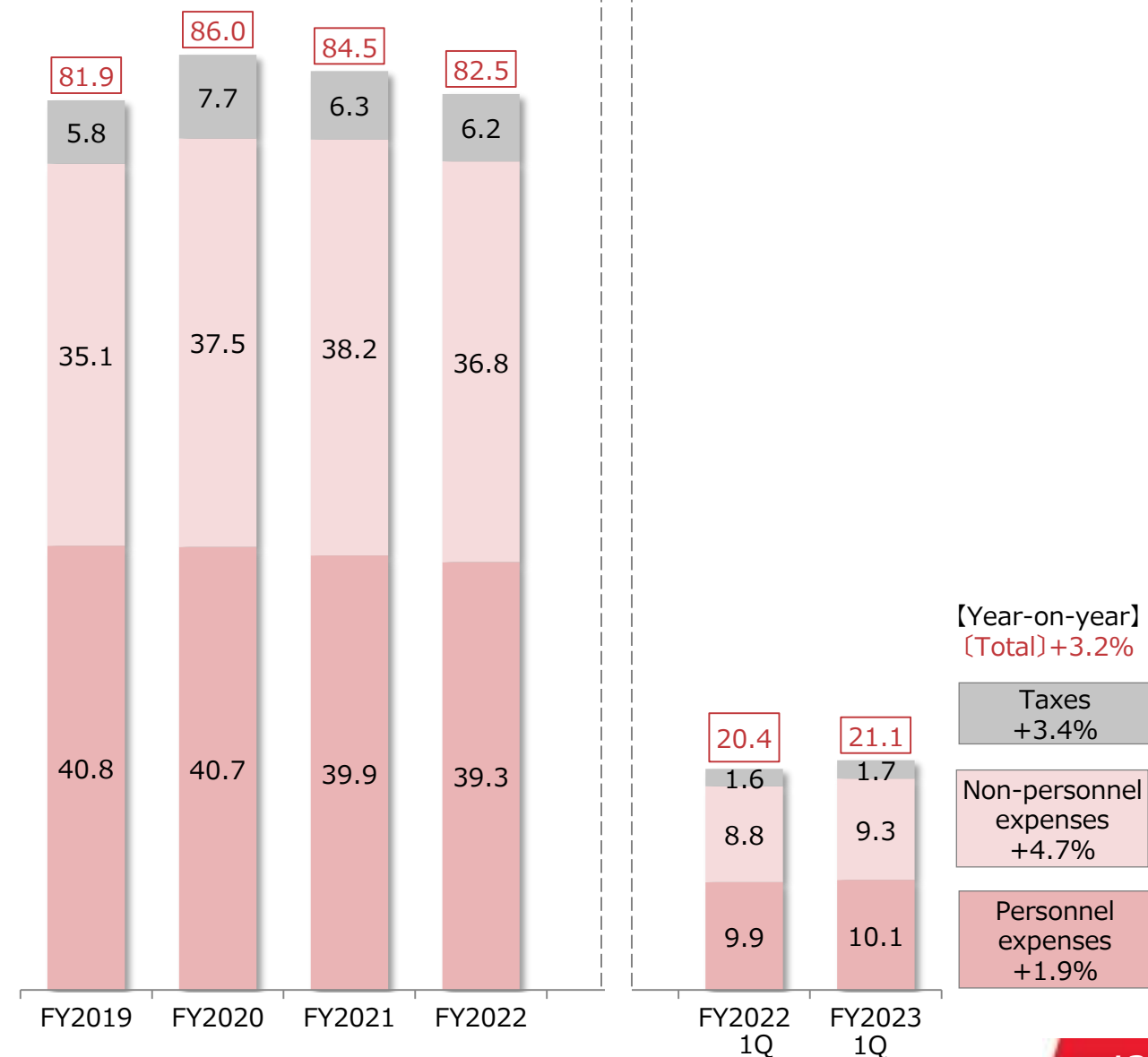
【Year-on-year】

Consolidated OHR +3.85%

Non-consolidated OHR +3.62%

## Non-consolidated G&A expenses

(Billion yen)



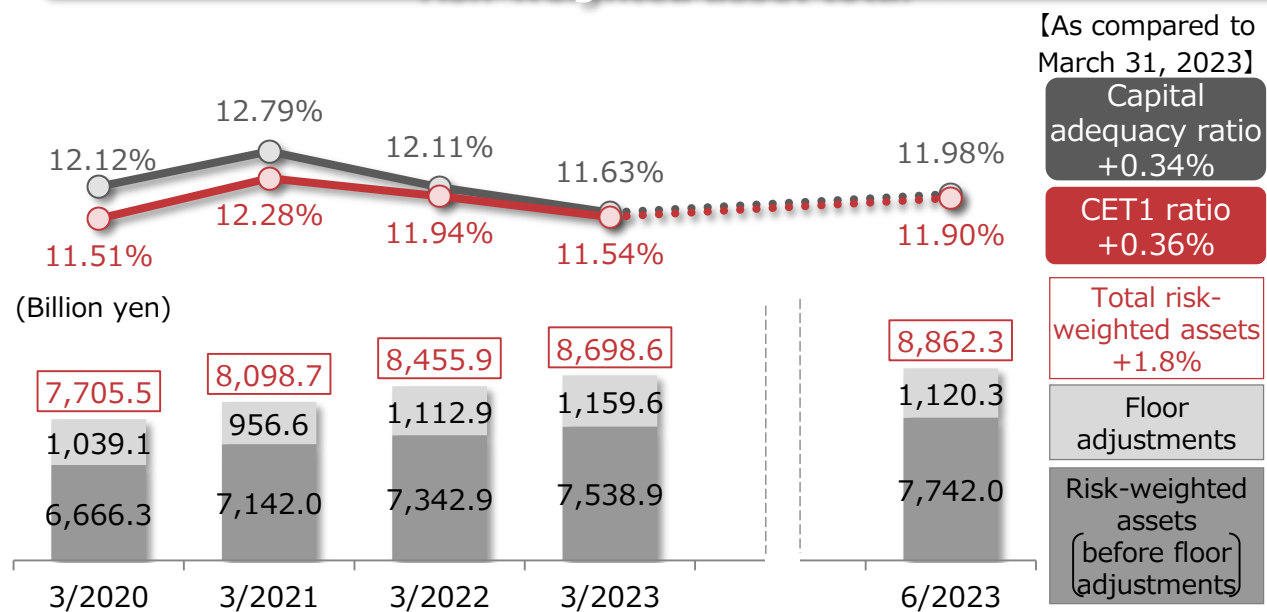
【Year-on-year】  
【Total】+3.2%

Taxes +3.4%

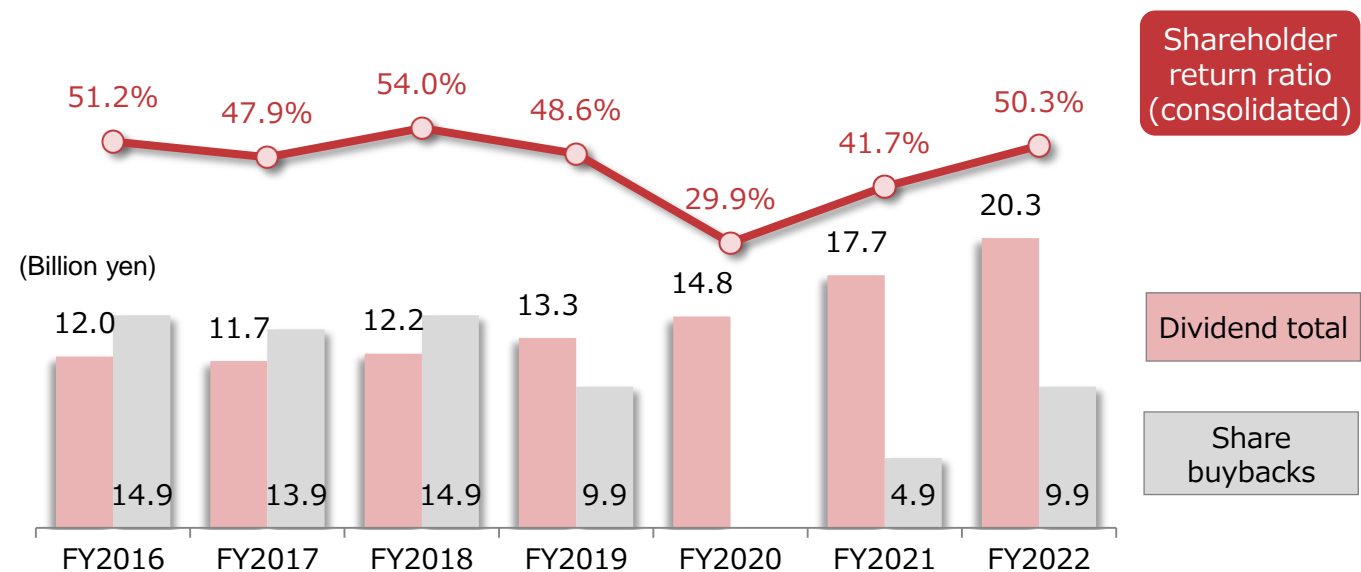
Non-personnel expenses +4.7%

Personnel expenses +1.9%

## Consolidated capital adequacy ratio / risk-weighted asset total

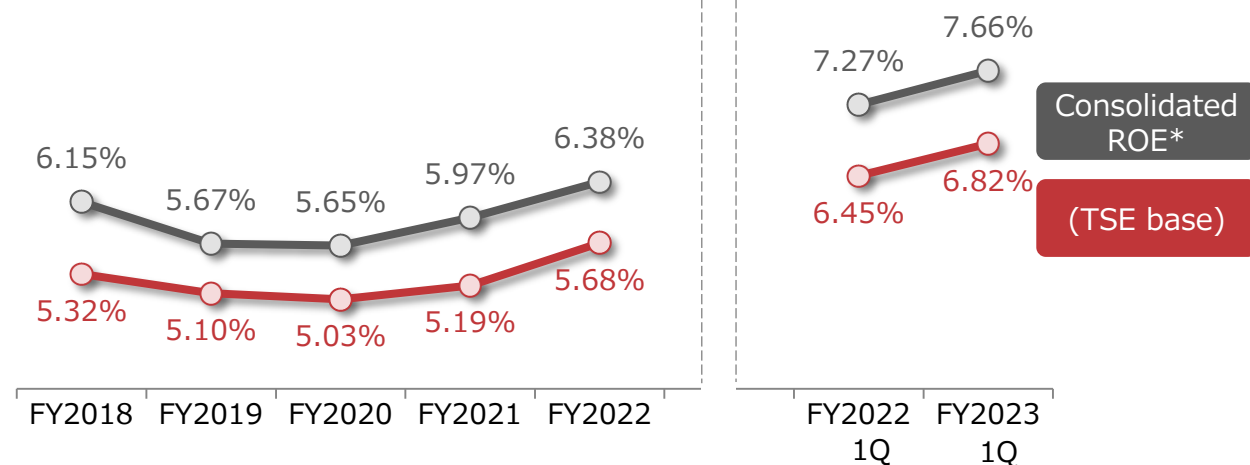


## Shareholder return

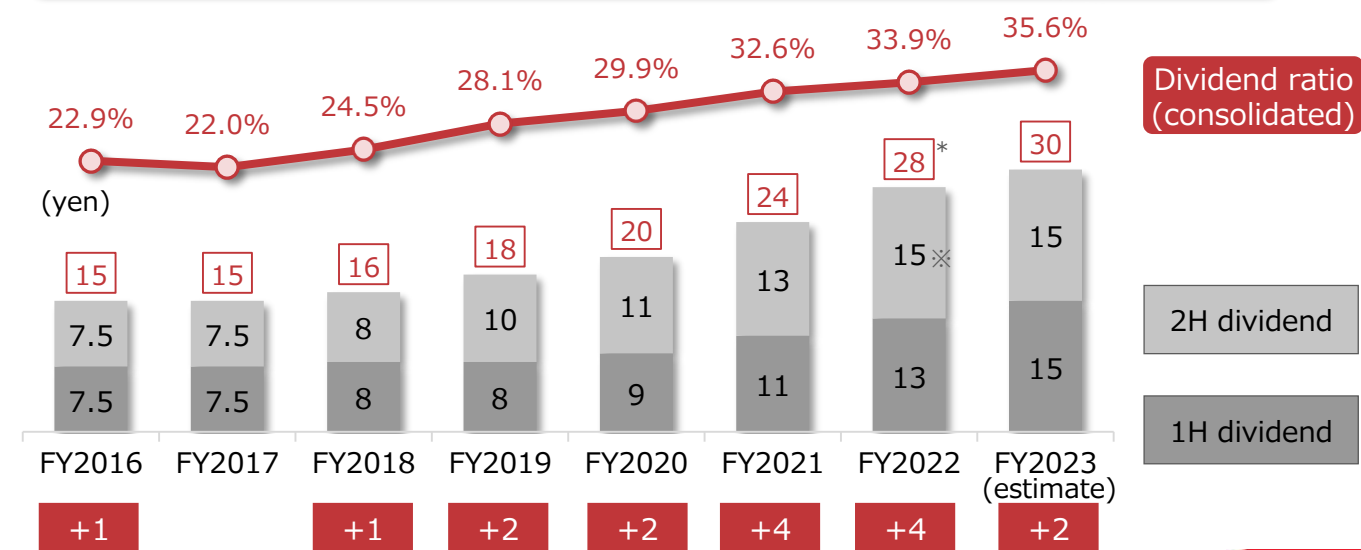


## ROE

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

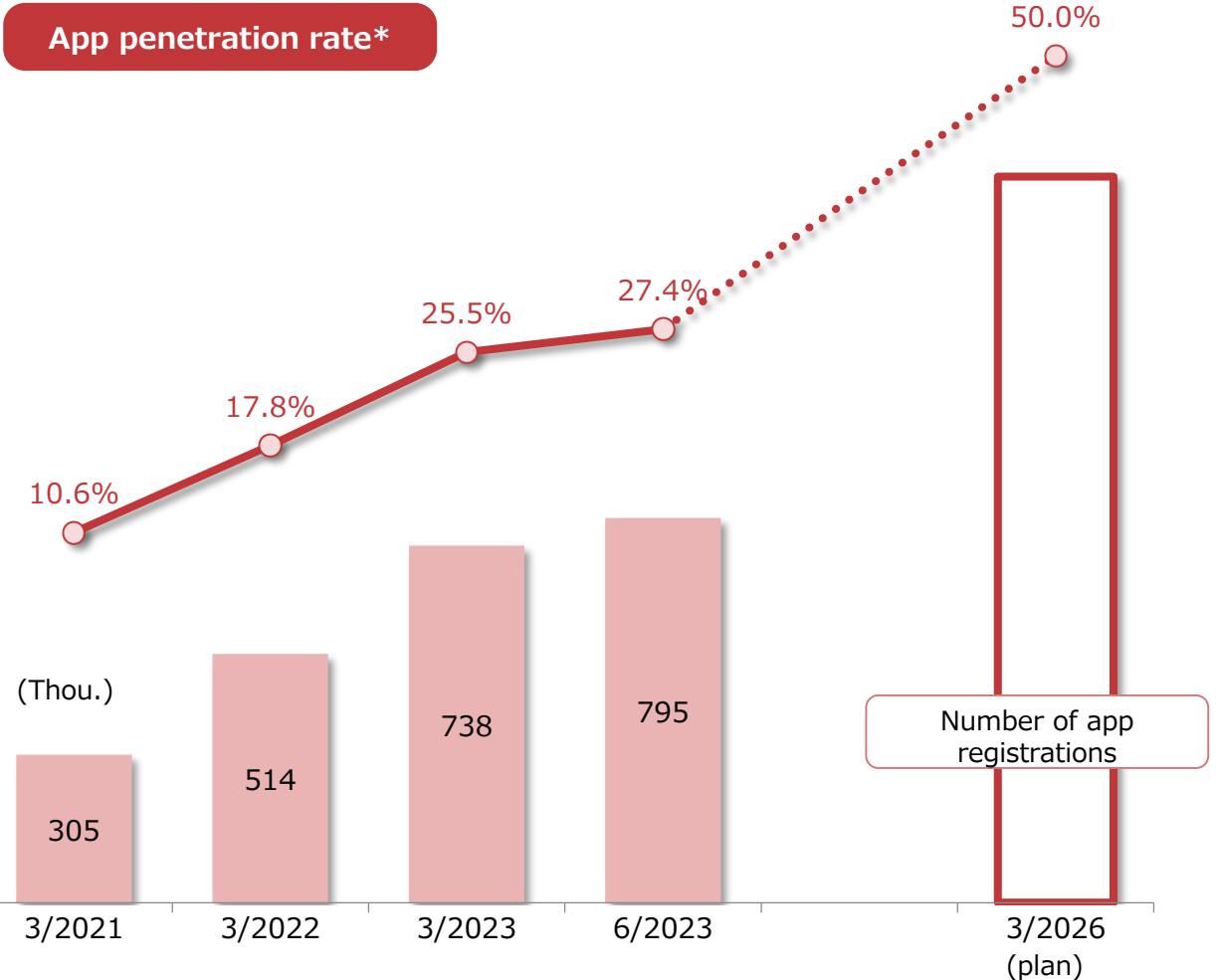


## Dividend payments

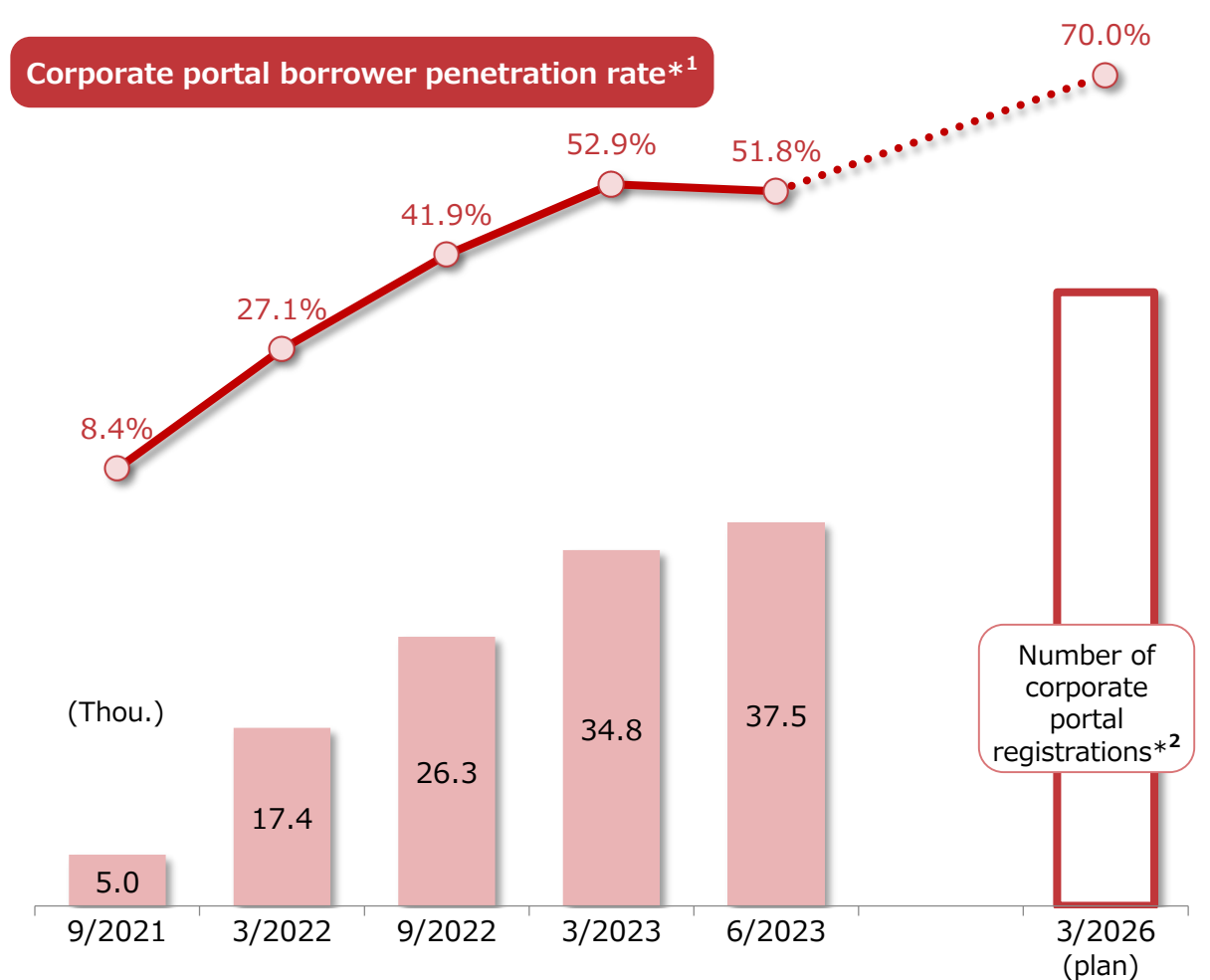


Number of app registrations / penetration rate

Number of portal registrations / borrower penetration rate



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



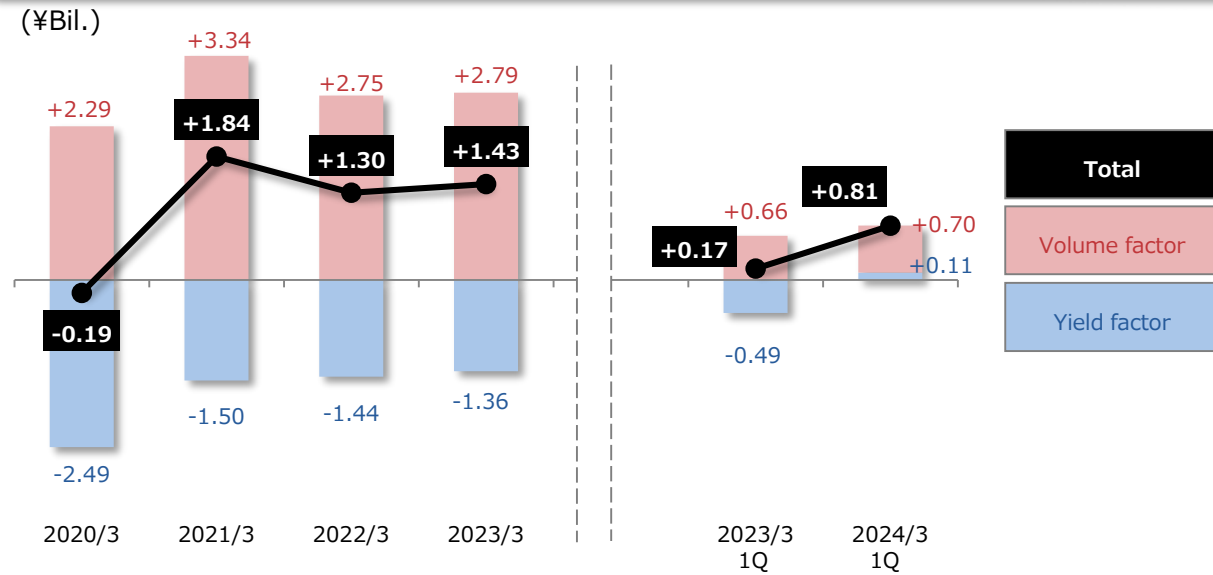
\*<sup>1</sup> \*Number of borrowers registered to the corporate portal ÷ number of corporate borrowers  
 \*<sup>2</sup> Going forward, this result will now exclude accounts that have no history of logging in

# Supplementary Materials



Yields on business loans reversed due to an improvement in contracted interest rates on fixed-rate loans and the impact of high-spread deals

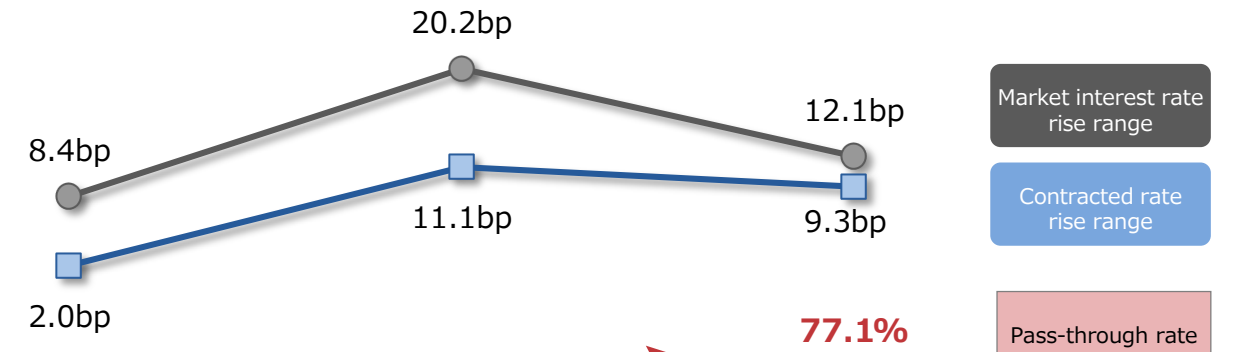
## Factors behind change in interest on business loans (year-on-year)



## Improvement in yield on business loans

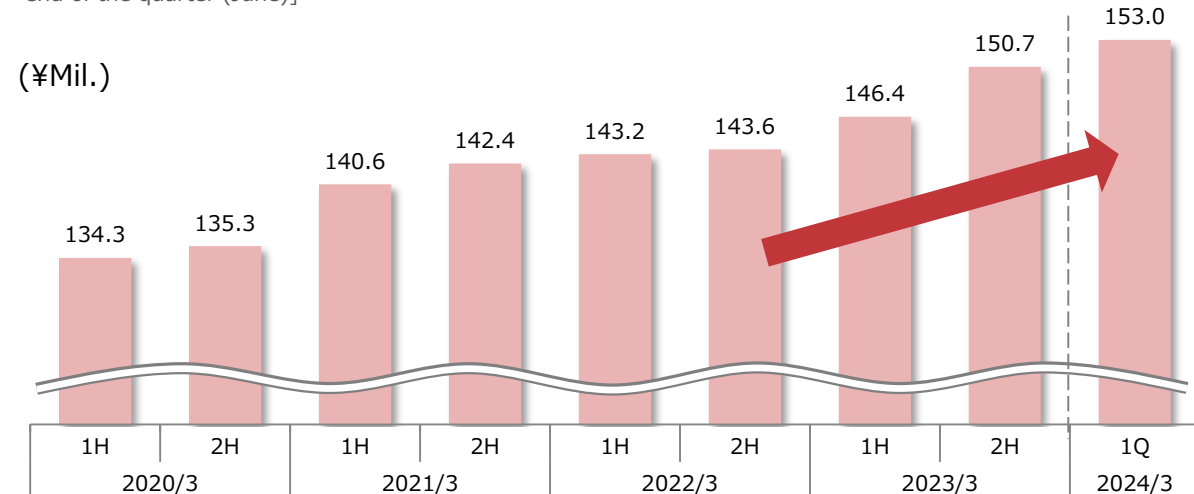
Factors ①

Significant improvement in the rate of increase in the contracted rate (**pass-through rate**) relative to the increase in the market rate in the case of interest rate re-fixing for fixed-rate loans



## Net interest income per day on corporate loans (yen currency)

※Net interest income per day at the end of each half year month (March and September)[2024/3 1Q as at the end of the quarter (June)]



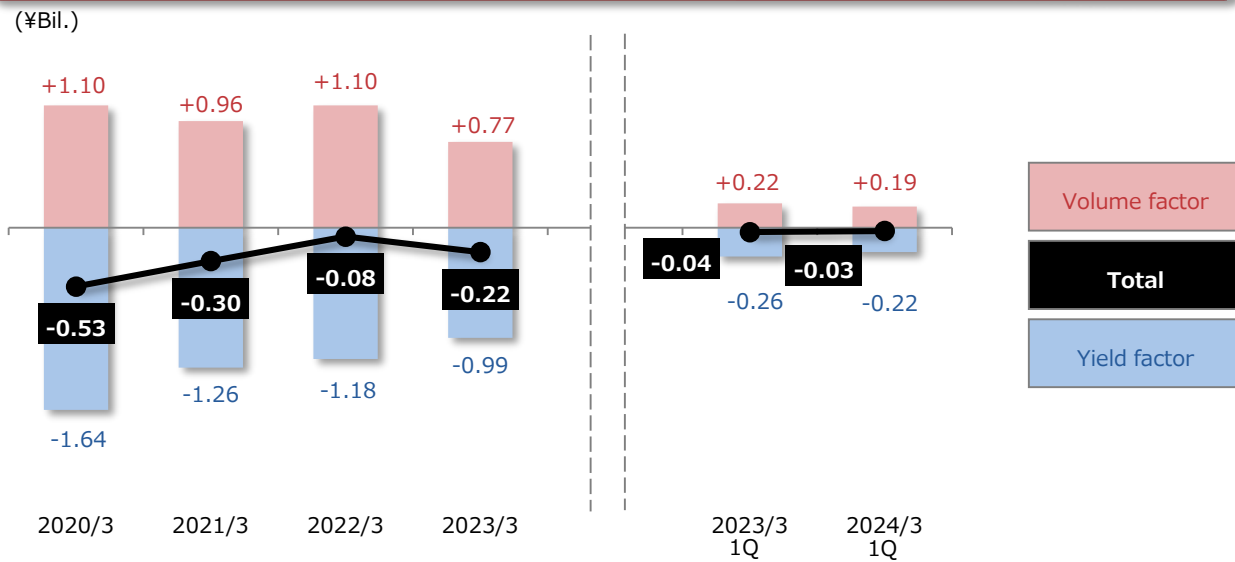
Factors ②

Contributions from large-scale project finance and structured finance projects with high-spread

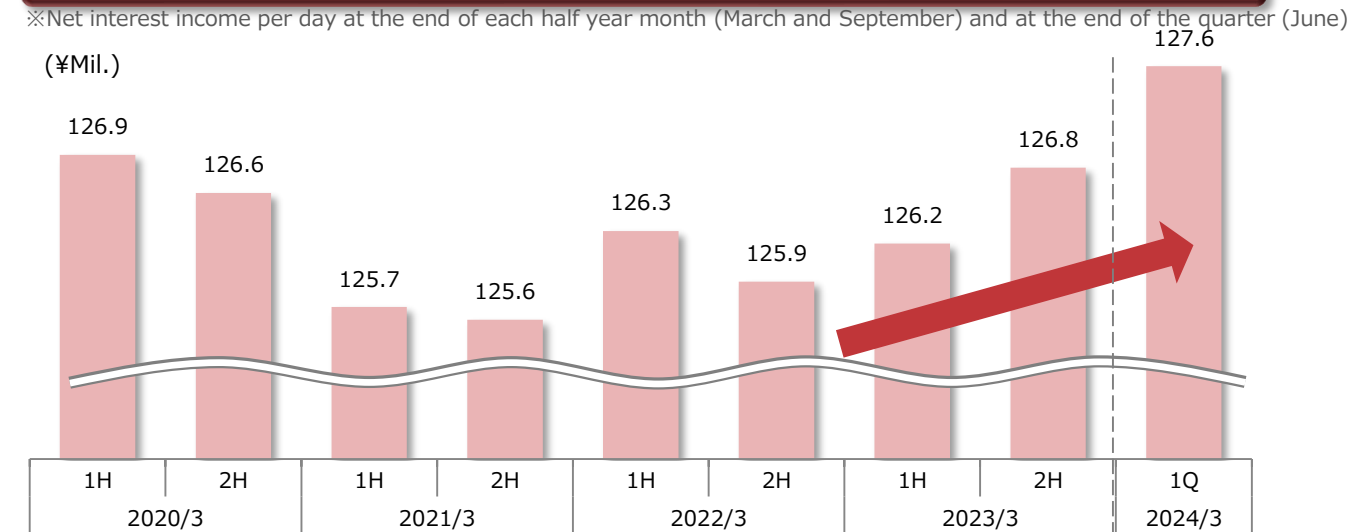


### Increase in unsecured loan balances raises overall residential and other consumer loans interest income

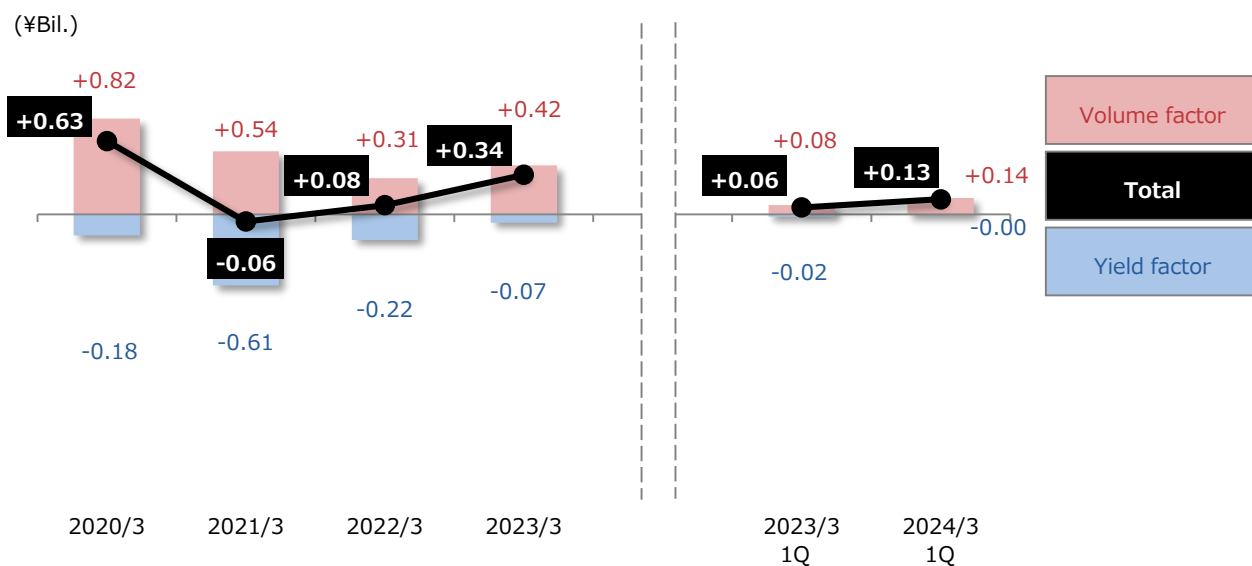
#### Factors behind change in interest on residential loans (year-on-year)



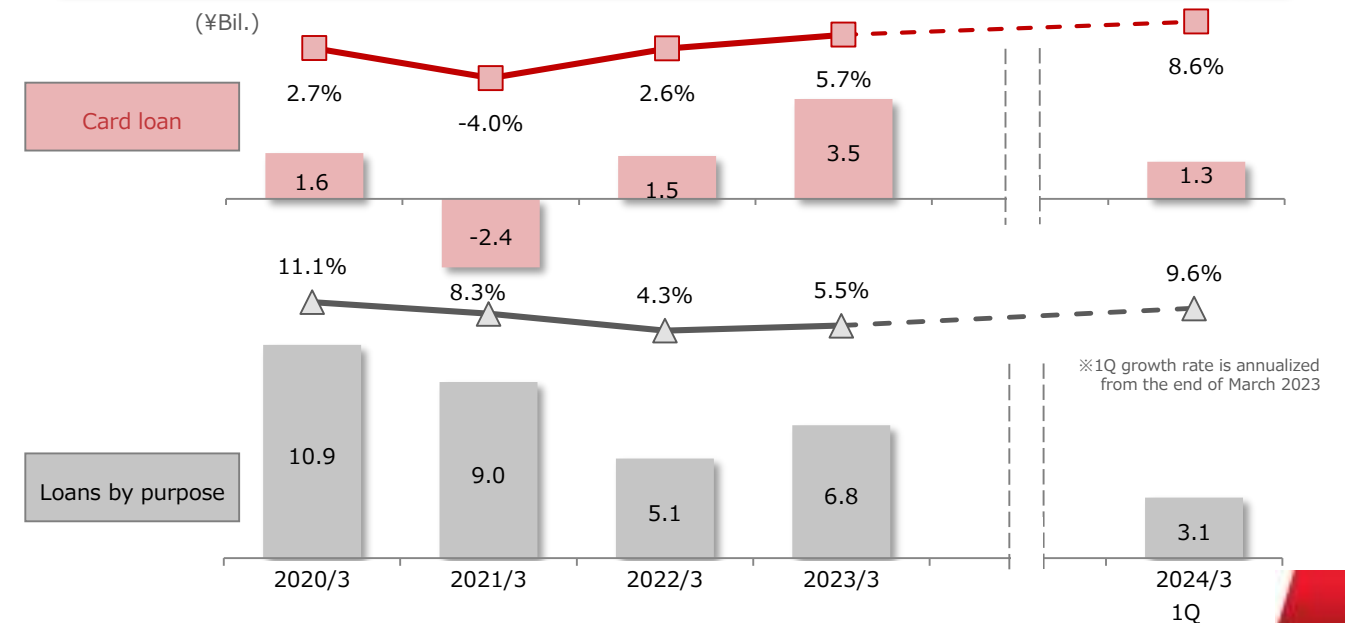
#### Net interest income per day on residential and Other consumer loans



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



#### Increase in unsecured loans balances and growth rate



Net interest income on loans improved due to the rise in long-term yen interest rates, which amounted to ¥0.8 billion per 10bp (FY March 2026)

(Reference: Presentation of May 2023 Financial Results)  
Simulation of end of YCC/negative interest rates

### Expected scenarios

- FY2023 1Q (Apr.~Jun.)
  - YCC review
    - ▶ Long-term rates increase : Effect1,2
- FY2023 2Q (Jul.~Sep.)
  - Repeal of YCC
    - ▶ Long-term rates increase : Effect1,2
  - End of negative interest rates
    - ▶ Short-term/deposit interest rates increase :Effect3,4

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

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

ROE boosting effect after 3 years +0.5%

### (New) Increased revenue from current and future interest rate hikes

#### ① Impact on loans revenue due to the change in monetary policy of the BOJ in July

	FY2023	FY2025
Increase in interest on loans due to a rise in long-term interest rates (Effect 1 of the left table)	+ ¥0.1 bil.	+ ¥1.0 bil. (ROE +0.07%)

#### Assumptions

- Calculated based on the market rate on July 31, the business day following the BOJ Monetary Policy announcement (10-year JGB yield: 0.60%)

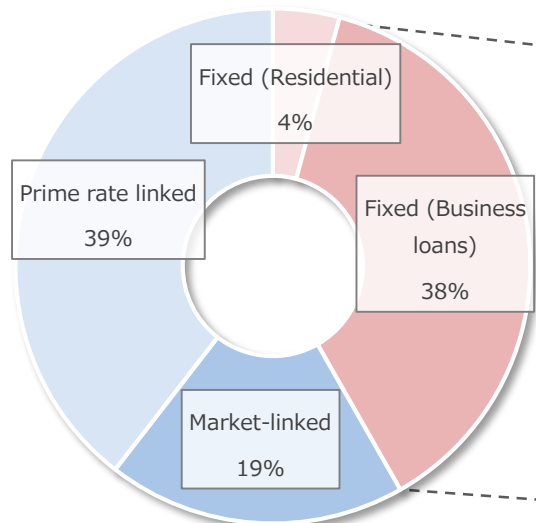
#### ② Additional increase in revenue in the event of a further 10bp increase in long-term interest rates

	FY2023	FY2025
Increase in interest on loans due to a rise in long-term interest rates (Effect 1 of the left table)	(Added) + ¥0.1 bil.	(Added) +0.8 bil. (ROE +0.05%)

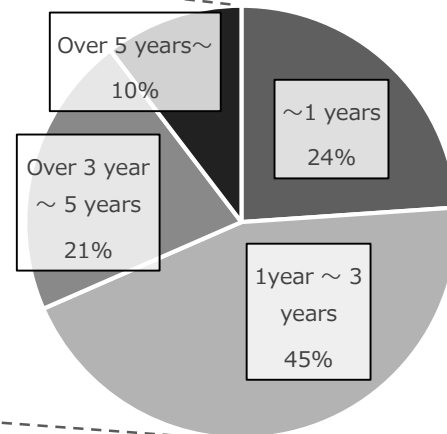
#### Assumptions

- Based on historical yield curve movements, the increase is adjusted for each maturity. (10 years +10bp, 5 years +6bp, 3 years +4bp)
- Assuming a pass-through rate of 60% against a rise in interest rates

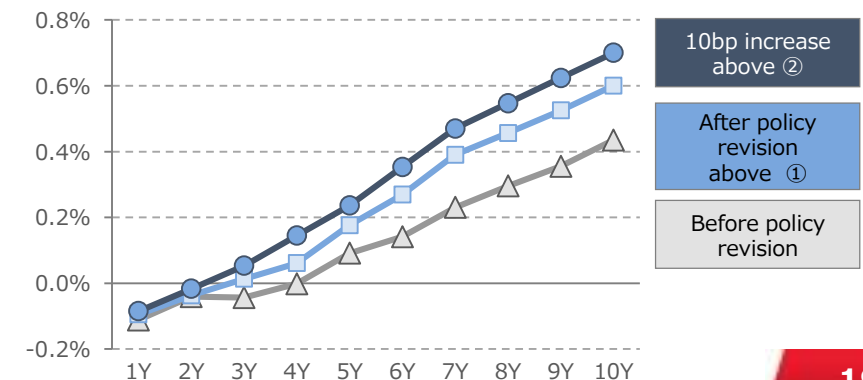
### Breakdown of loans by interest rate



### Breakdown of remaining maturities of fixed loans (business loans)



### Assumed level of interest rates in the above simulation



Inquiries related to this presentation should be addressed to:

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