The Chiba Bank, Ltd.

Financial Briefing for Full Year of FY2022

May 23, 2023

Event Summary

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

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

Summary of Financial Results

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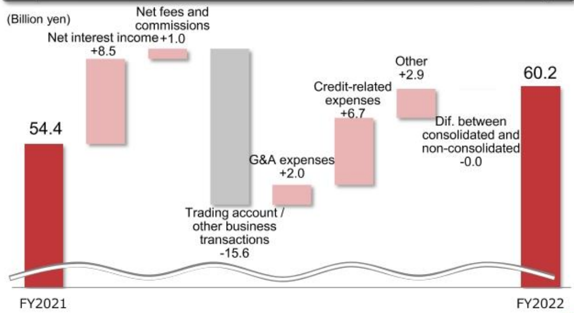
Non-consolidated (Billion yen)	FY2021	FY2022	Change	FY2023 Plan
Gross business profit	161.5	155.5	-5.9	170.3
Net interest income	131.8	140.3	8.5	133.5
Net fees and commissions	27.5	28.6	1.0	31.3
Trading account income	1.1	1.3	0.2	2.2
Net other ordinary income	1.0	-14.8	-15.8	3.2
Bond-related gains/losses	-1.4	-20.0	-18.5	1.5
G&A expenses (-)	84.5	82.5	-2.0	84.8
Business profit (before provisions to general reserves)	76.9	73.0	-3.9	85.5
Core business income	78.3	93.0	14.6	83.9
Excl. gains/losses on the cancelation of investment trusts	75.1	85.3	10.1	81.6
Net provisions to general allowance for loan losses (-)	1.5	-	-1.5	-0.2
Net business income	75.4	73.0	-2.4	85.7
Non-recurring gains/losses	-1.7	8.7	10.5	-2.7
Disposal of non-performing loans (-)	5.6	0.3	-5.2	7.2
Reversal of allowance for loan losses	-	0.9	0.9	-
Gains/losses related to stocks, etc.	2.7	8.3	5.6	5.0
Ordinary profit	73.6	81.7	8.1	83.0
Extraordinary profit/loss	-0.3	-0.3	-0.0	-0.2
Net income	52.3	58.1	5.7	59.0
Credit-related expenses (-)	7.1	0.3	-6.7	7.0

Consolidated (Billion yen)	FY2021	FY2022	Change	FY2023 Plan
Ordinary profit	78.8	86.9	8.1	88.0
Profit attributable to owners of parent	54.4	60.2	5.7	61.0
(Ref.)				
Consolidated net business income (before provisions to general reserves)	87.0	81.8	-5.1	96.3

- Net interest income increased by 8.5 billion yen compared to the previous year as the Bank's domestic operations remained strong, while net fees and commissions increased by 1.0 billion yen year-on-year. As a result, gross business profit decreased by only 5.9 billion yen compared to the previous year despite a significant 18.5 billion yen decrease in bond-related gains mainly due to the Bank's rebalancing of its securities portfolio
- Core business income increased by 14.6 billion yen compared the previous year, the highest full-year result in the 14 years since FY2008, as the Bank's core business operations remained strong
- Credit-related expenses were significantly restrained and decreased by 6.7 billion yen compared to the previous year, while ordinary profit reached the highest result in the 7 years since FY2015 as a result of 8.3 billion yen in gains related to stocks, etc.
- Net income reached record high results on both a non-consolidated and consolidated basis of 58.1 billion yen and 60.2 billion yen, respectively, as the Bank achieved its Mid-term Plan target of "profit attributable to owners of parent of 60.0 billion yen"

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



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

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

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

Summary of Financial Results (Consolidated)

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Consolidated

(Billion yen)	FY2021	FY2022	Change
Net revenue	171.9	164.1	-7.7
Net interest income	128.0	136.5	8.4
Net fees and commissions	38.6	40.4	1.7
Trading account income	4.1	1.9	-2.1
Net other ordinary income	0.9	-14.8	-15.8
G&A expenses (-)	91.1	88.9	-2.1
Credit-related expenses (-)	7.8	0.0	-7.8
Net provisions to general allowance for loan losses (-)	1.6	-	-1.6
Disposal of non-performing loans (-)	6.1	0.0	-6.1
Gains/losses related to stocks, etc.	2.7	9.0	6.2
Gains/losses on equity-method investments	0.3	0.3	-0.0
Other	2.7	2.4	-0.3
Ordinary profit	78.8	86.9	8.1
Extraordinary profit/loss	-0.4	-0.3	0.1
Pre-tax net income	78.3	86.6	8.2
Total income taxes (-)	23.8	26.3	2.5
Net income	54.4	60.2	5.7
Profit attributable to non-controlling interests	-	-	-
Profit attributable to owners of parent	54.4	60.2	5.7
(Ref.)			
Consolidated net business income (before provisions to general reserves)	87.0	81.8	-5.1

Subsidiaries

[Consolidated subsidiaries] *Showing profit/loss after reclassification for consolidated financial statements (Billion yen)

Company name	Investment ratio (including indirect)	Profit items (after deduction of inter-subsidiary dividends)	FY2021	FY2022	Change
Chibagin Securities Co., Ltd.	100%	Ordinary profit	1.0	0.0	-1.0
		Net income	0.7	0.0	- 0.6
Chibagin Leasing Co., Ltd.	100%	Ordinary profit	1.1	1.0	- 0.1
		Net income	0.7	0.6	-0.0
Chibagin Guarantee Co., Ltd.	100%	Ordinary profit	5.1	6.2	1.1
		Net income	3.3	4.1	0.7
Chibagin JCB Card Co., Ltd.	100%	Ordinary profit	1.0	1.2	0.1
		Net income	0.6	0.8	0.1
Total of 5 other companies	100%	Ordinary profit	0.7	0.7	0.0
		Net income	0.4	0.5	0.0
Total		Ordinary profit	9.0	9.3	0.2
		Net income	6.0	6.2	0.1

[Equity method subsidiaries]

		FY2021	FY2022	Change
Total of 6 companies	Net income according to equity method	0.3	0.3	-0.0
	Dividends to parent company (-)	4.2	4.4	0.1
	Dif. between consolidated and non-consolidated*	2.1	2.1	-0.0

*After adjusting for unrealized gains, etc.

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

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

Net interest income

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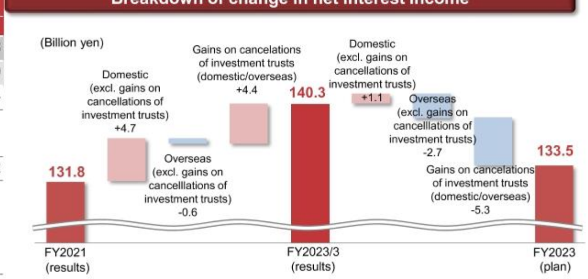
(Billion yen)	FY2021	FY2022	Change	FY2023 (plan)	Change
Net interest income	131.8	140.3	8.5	133.5	-6.8
Domestic	123.6	131.5	7.8	128.5	-2.9
Interest on loans and deposits	98.5	100.2	1.7	103.7	3.4
Loans and bills discounted	99.0	100.5	1.4		
Deposits incl. NCDs (-)	0.5	0.2	-0.2		
Interest and dividends on securities	22.0	28.7	6.6	21.4	-7.2
Bonds	2.5	4.4	1.8		
Stock dividends	9.7	11.3	1.6		
Investment funds	0.6	1.0	0.4		
Investment trusts	9.1	11.8	2.6		
Gains on cancellations	2.7	5.8	3.0	1.7	-4.1
Other (market operations, etc.)	3.0	2.5	-0.5		
Overseas	8.1	8.8	0.7	4.9	-3.9
Loans and bills discounted	4.3	13.5	9.2		
Foreign securities	12.4	19.1	6.7		
Foreign securities	8.9	14.8	5.8		
Foreign currency funds	2.8	2.1	-0.6		
Investment trusts	0.6	2.2	1.5		
Gains on cancelations	0.4	1.7	1.3	0.6	-1.1
Other (funding, market operations, etc.)	-8.6	-23.8	-15.2		
Net interest income (excluding gains on the cancellation of investment trusts)	128.6	132.6	4.0	131.1	-1.5
Gains on the cancellation of investment trusts	3.2	7.6	4.4	2.3	-5.3

Breakdown of change in net interest income



Factors behind change in domestic interest on loans (year-on-year)

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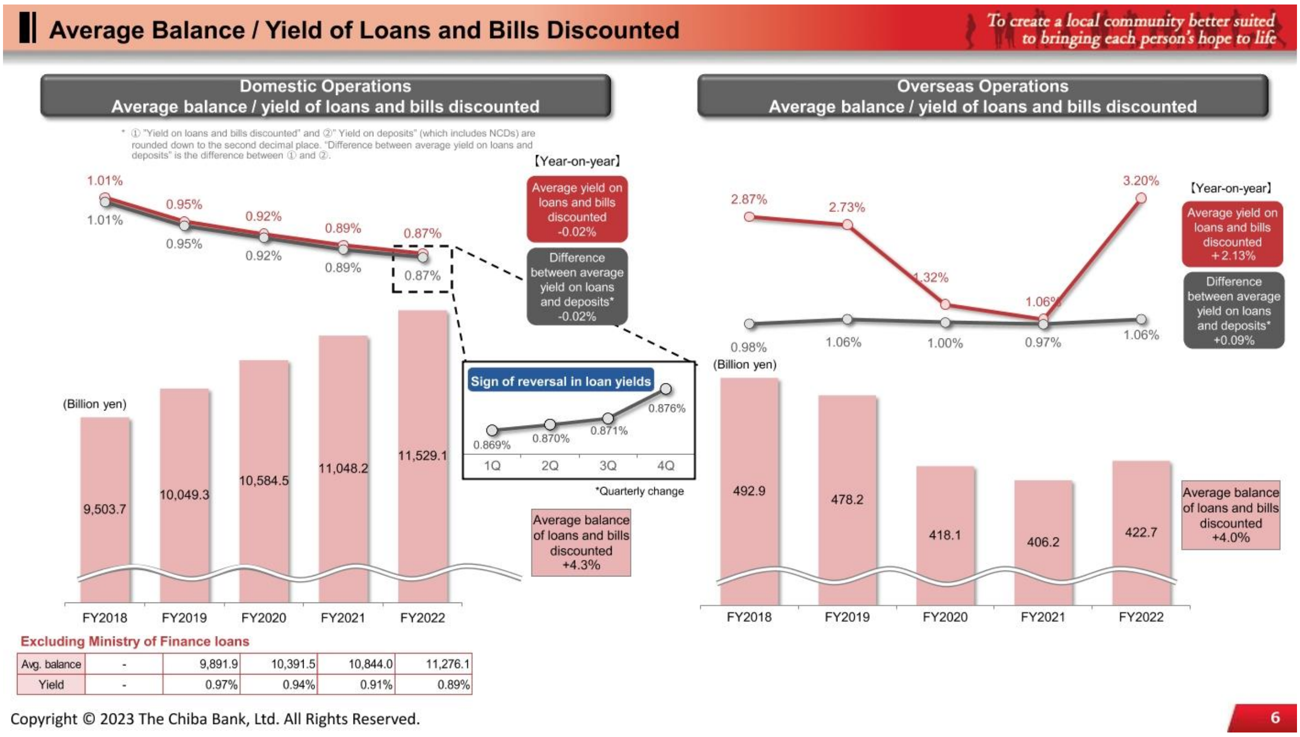
Please turn to page five. Net interest income increased JPY8.5 billion overall and remained strong.

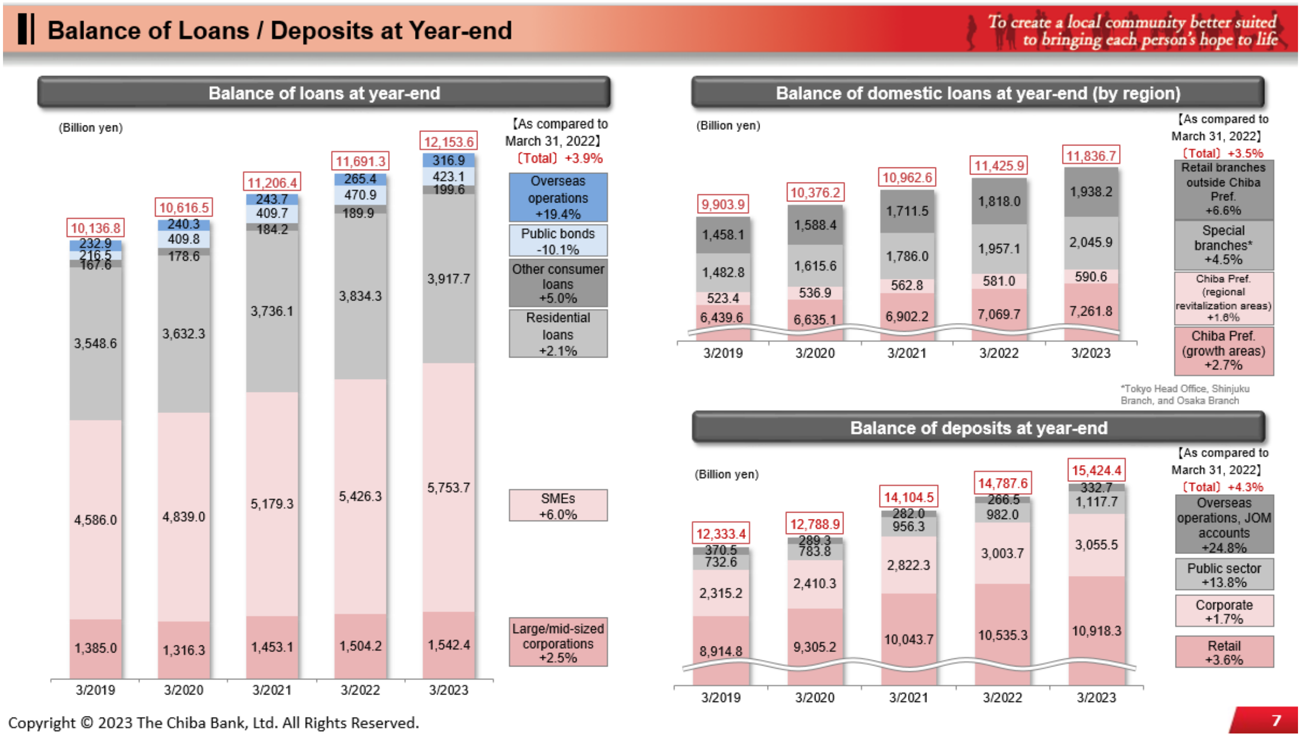
Overall net interest income in the domestic segment increased by JPY7.8 billion due to a JPY1.4 billion increase in interest on loans and bills discounted, reflecting a steady increase in loans, as well as an increase in interest and dividends on securities, including dividends from stocks.

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



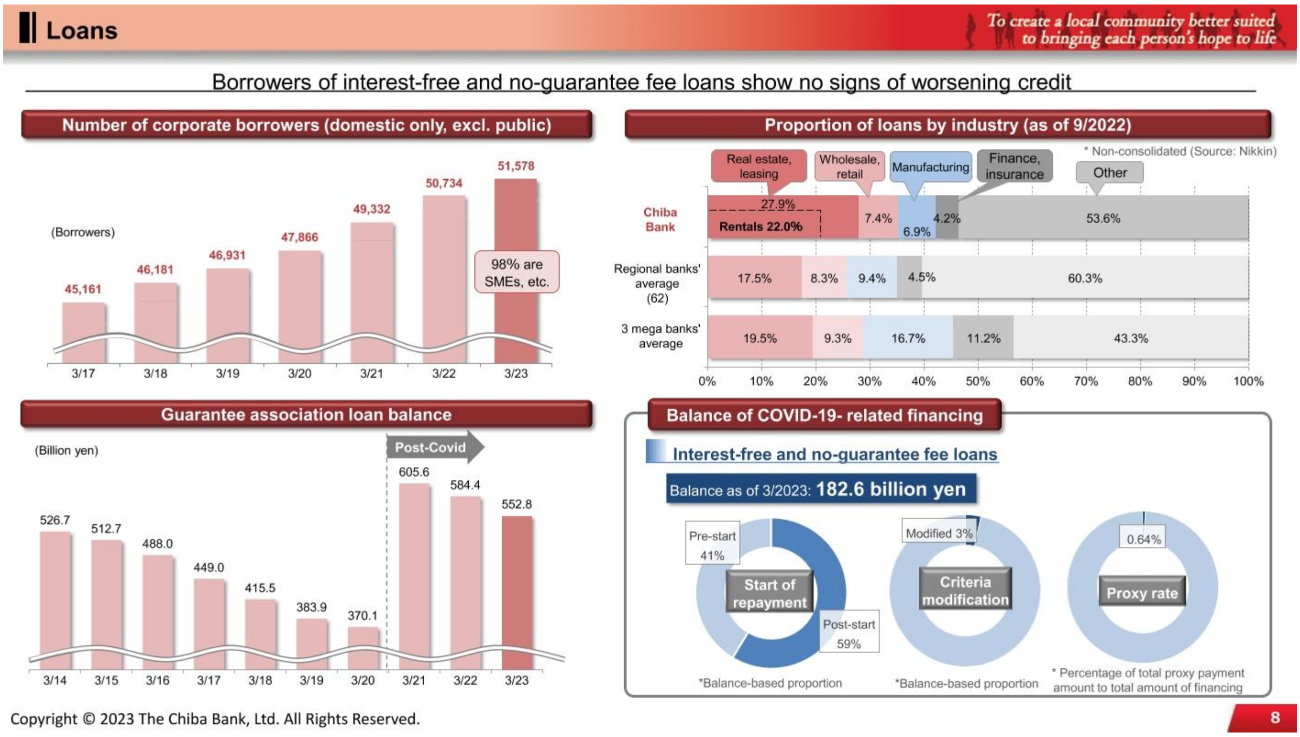
Please turn to page six.

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

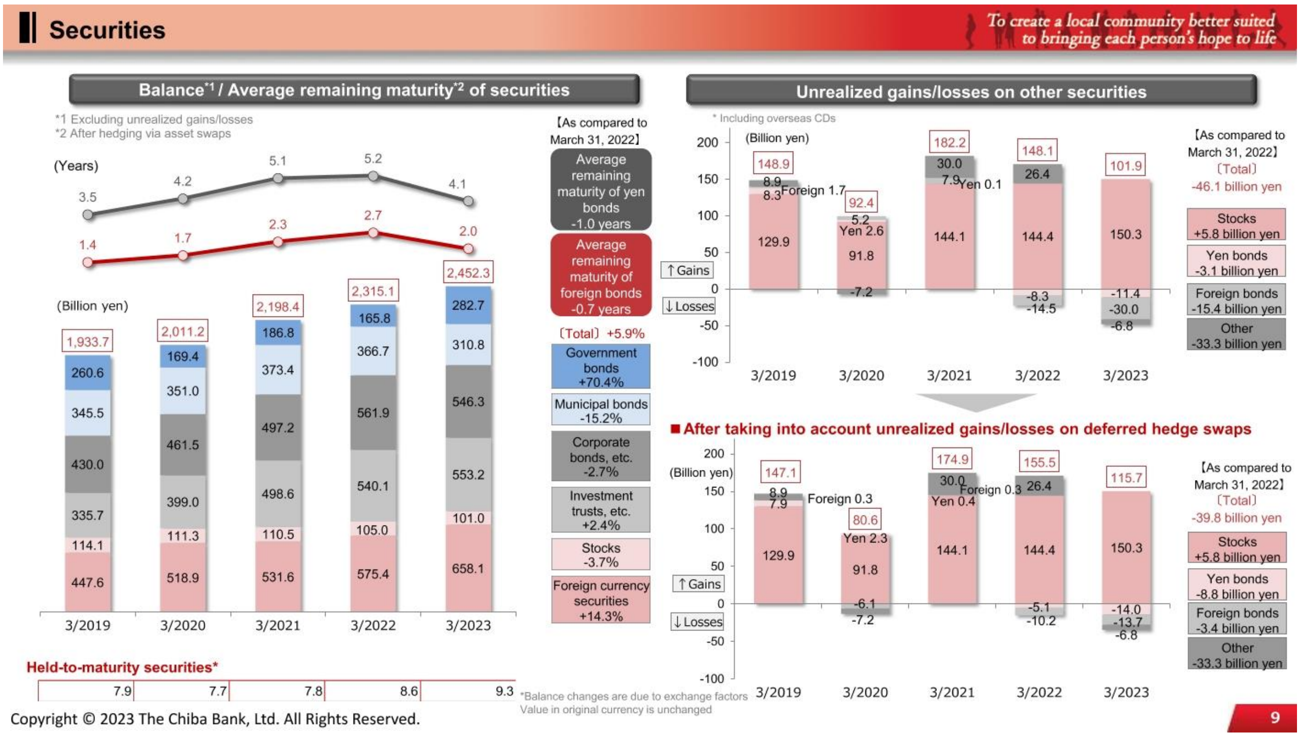


Please turn to page seven. Loans increased JPY460 billion, or 3.9%, from the end of the previous fiscal year to JPY12,100 billion. Loans to small and medium-sized enterprises (SMEs) and housing loans increased by 6% and 2.1%, respectively.

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

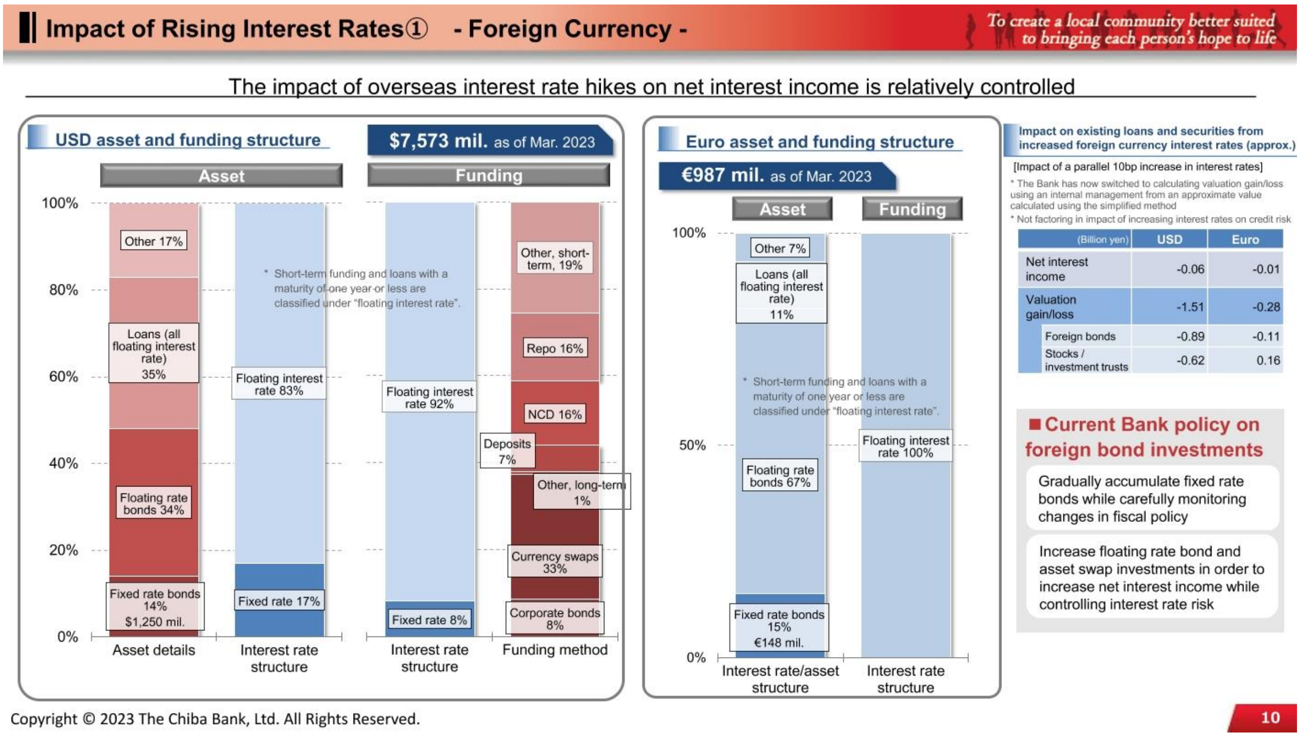


Please turn to page eight. As noted on the bottom right, approximately 60% of the interest-free and no-guarantee fee loans (zero-zero loans) have already begun to be repaid. Percentage of total proxy payment amount is less than 1% of the total; so far, we have not seen any significant deterioration in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



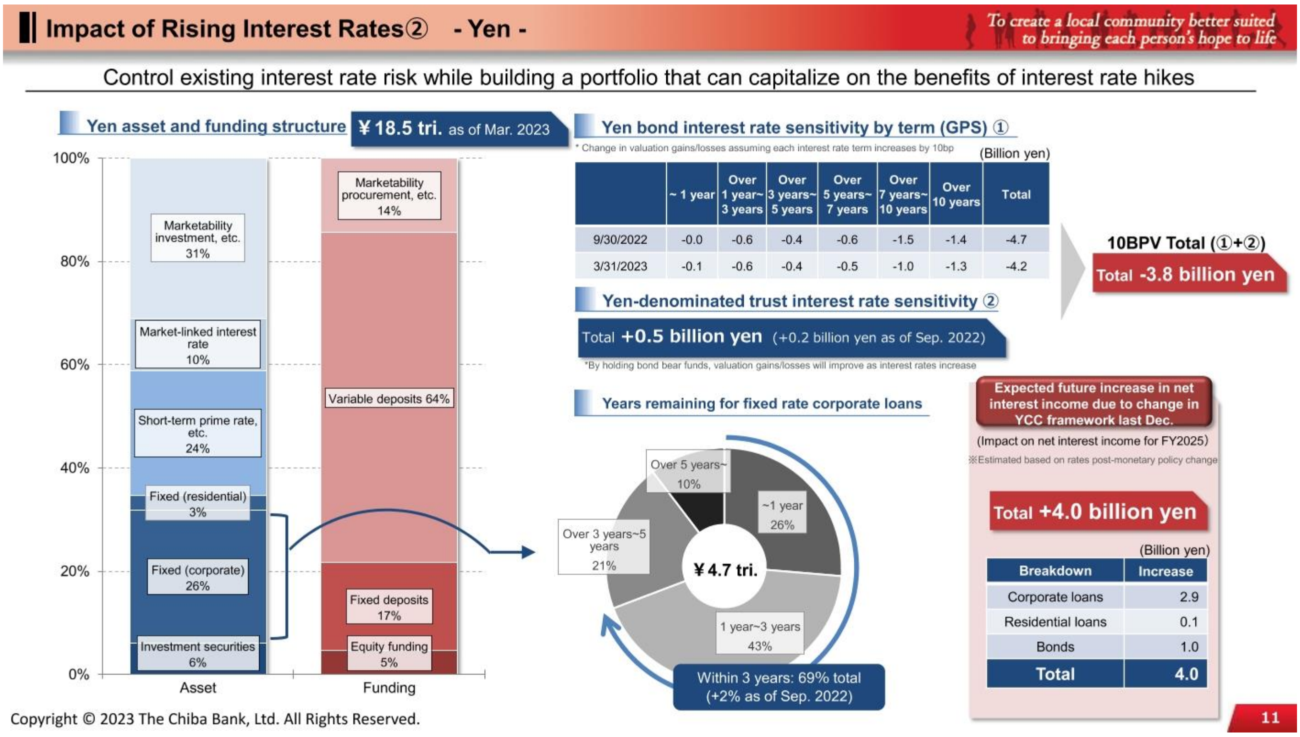
Please turn to page nine. The balance of securities was approximately JPY2.4 trillion. With domestic and overseas interest rates seeing significant fluctuations, hawse have worked to control interest rate risk by rebalancing our portfolio while also utilizing hedging instruments such as interest rate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

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



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

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



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

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

Net Fees and Commissions

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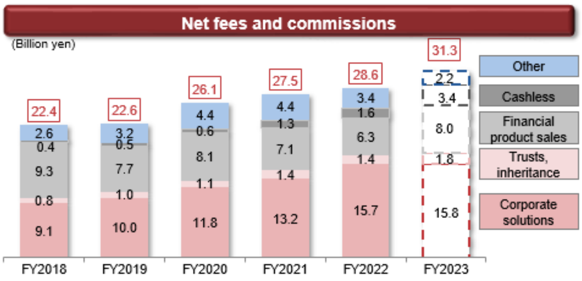
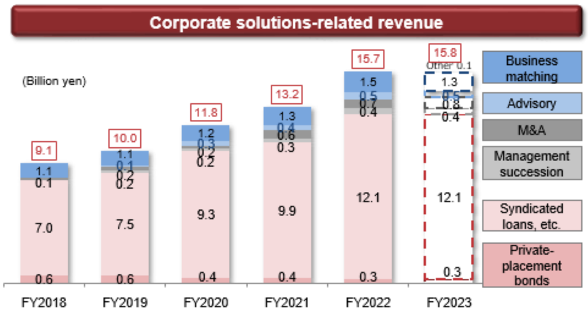
(Billion yen)	FY2021	FY2022	Change	FY2023 (plan)	Change
Net fees and commissions	27.5	28.6	1.0	31.3	2.6
Fees and commissions received	46.4	49.0	2.6	53.2	4.1
Fees and commissions payments (-)	18.8	20.4	1.5	21.9	1.5
<Main breakdown>					
Investment trusts and personal annuities	7.1	6.3	-0.7	8.0	1.6
Investment trusts (trust fees)	1.7	1.7	0.0	1.8	0.0
Investment trusts (sales fees)	2.0	0.8	-1.1	1.6	0.7
Annuities and whole-life insurance	1.1	1.9	0.7	2.6	0.7
Level-premium life insurance	1.4	1.2	-0.1	1.4	0.1
Financial instrument intermediary	0.6	0.3	-0.2	0.4	0.1
Corporate solutions	12.8(13.2)	15.2(15.7)	2.3(2.4)	15.8	0.5(-0.1)
Private placement bonds	0.4	0.3	-0.0	0.3	0.0
Syndicated loans	9.9	12.1	2.1	12.1	0.0
M&A	0.6	0.7	0.1	0.8	0.0
Advisory contracts	0.4	0.5	0.0	0.5	0.0
Business-matching	1.3	1.5	0.1	1.3	-0.1
Trust/inheritance-related business	1.7(1.4)	1.8(1.4)	0.1(0.0)	1.8	-0.0(0.3)
Cashless operations	1.3	1.6	0.3	3.4	1.7
Payment and settlement transactions	12.6	12.5	-0.1	12.4	-0.1
Guarantee charges and group insurance costs (-)	12.1	13.0	0.9	13.9	0.8

*1 Starting from March, 2024, management succession advisory services will be recategorized as corporate solutions from trust/inheritance-related business. (Figures in brackets indicate the result after recategorization.)
*2 FY2023 cashless revenue includes 1.2 billion yen from the transfer of Chibagin JCB Card business operations
*3 Starting from the FY2021 full-year results, trust/inheritance-related business includes trust benefits (updated retroactively)





*Including management succession advisory operations (updated retroactively)

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

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

General & Administrative Expenses

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G&A expenses / OHR

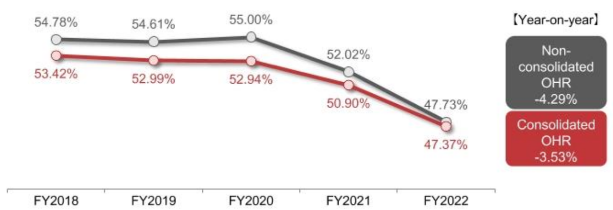
Non-consolidated (Billion yen)	FY2021	FY2022	Change	FY2023 (plan)	Change
G&A expenses (-)	84.5	82.5	-2.0	84.8	2.2
Personnel (-)	39.9	39.3	-0.5	40.1	0.7
Non-personnel (-)	38.2	36.8	-1.4	38.5	1.6
Taxes (-)	6.3	6.2	-0.1	6.1	-0.1
OHR	52.02%	47.73%	-4.29%	50.2%	+2.5%
Consolidated					
OHR	50.90%	47.37%	-3.53%	48.9%	+1.6%

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

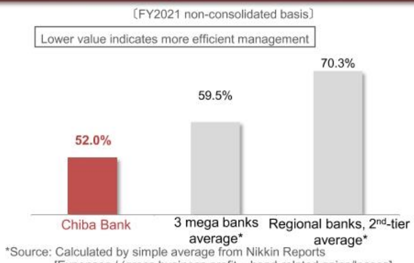
Major factors behind increase in G&A expenses

(Billion yen)	FY2022 (results)		FY2023 (plan)	
Personnel (-)	-0.5	Reduction of retirement benefit-related expenses -0.3	+0.8	Pay raises +0.5 Increased health insurance premiums +0.4 Reduced G&A expenses -0.2
Non-personnel (-)	-1.4	Lower deposit insurance premiums -1.9	+1.6	Revenue strengthening measures, strategic investments +1.0 Transfer from Chibagin JCB card +0.4 Increased amortization, running costs, etc. +0.8 Rationalization, cost reduction -0.7
Taxes (-)	-0.1	New head office building real estate acquisition tax, etc. -0.2	-0.1	Lower taxes, etc.

OHR



OHR comparison with other banks



*Source: Calculated by simple average from Nikkin Reports [Expenses / (gross business profit – bond-related gains/losses]

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

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

Credit-related Expenses / FRA Claims

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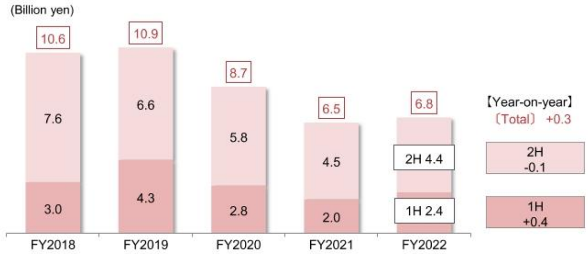
Credit-related expenses

(Billion yen)	FY2021	FY2022	Change	FY2023 (plan)	Change
Credit-related expenses (-)	7.1	0.3	-6.7	7.0	6.6
Net provisions to general allowance for loan losses (-)	1.5	-2.3	-3.8	-0.2	2.1
Disposal of non-performing loans (-)	5.6	2.7	-2.9	7.2	4.4
Write-offs/net provisions to specific allowance, etc. (-)	7.3	6.1	-1.2	10.1	4.0
Net provisions to specific allowance for loan losses (-)	2.2	1.4	-0.8	1.5	0.1
New downgrades (-)	6.5	6.8	0.3	10.0	3.1
Existing non-performing loans (-)	1.1	0.4	-0.6	0.7	0.2
Collections, etc.	0.3	1.2	0.9	0.5	-0.6
Recoveries of written-off claims	1.7	3.4	1.6	2.9	-0.4
Net credit cost ratio (-)	6bp	0bp	-5bp	5bp	+5bp

*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 (-)

New non-performing loans



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

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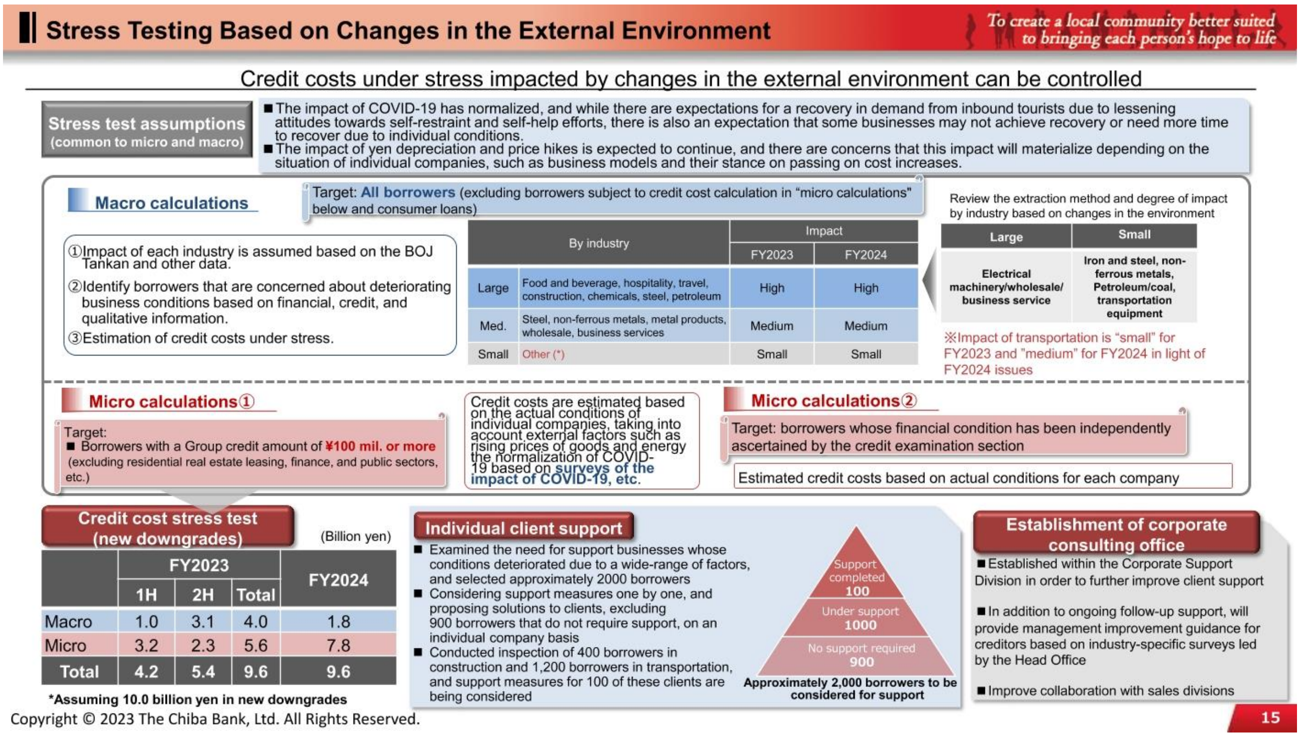
Please turn to page 14. Credit-related expenses decreased JPY6.7 billion to JPY0.3 billion, mainly due to a reversal of the general allowance for loan losses. The NPL ratio has remained strong at 0.93%, down 0.02%, as shown in the graph below right, as the emergence of NPLs remains contained.



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

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

Earnings Forecast

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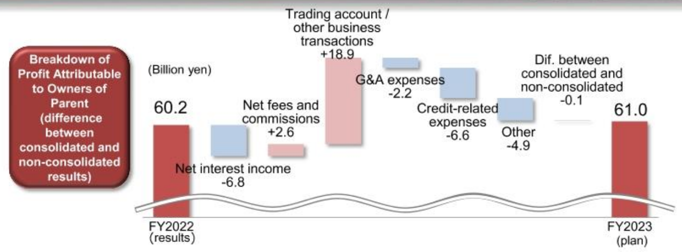
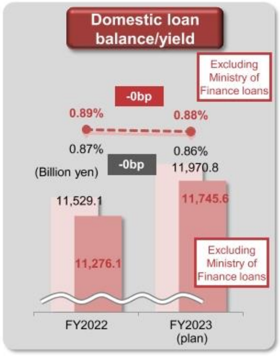
Non-consolidated (Billion yen)	FY2022	FY2023 (plan)	Change
Gross business profit	155.5	170.3	14.7
Net interest income	140.3	133.5	-6.8
Net fees and commissions	28.6	31.3	2.6
Trading account income	1.3	2.2	0.8
Net other ordinary income	-14.8	3.2	18.0
Bond-related gains/losses	-20.0	1.5	21.5
G&A expenses (-)	82.5	84.8	2.2
Business profit (before provisions to general reserves)	73.0	85.5	12.4
Core business income	93.0	83.9	-9.0
Excl. gains/losses on the cancelation of investment trusts	85.3	81.6	-3.7
Net provisions to general allowance for loan losses (-)	-	-0.2	-0.2
Net business income	73.0	85.7	12.6
Non-recurring gains/losses	8.7	-2.7	-11.4
Disposal of non-performing loans (-)	0.3	7.2	6.8
Reversal of allowance for loan losses	0.9	-	-0.9
Gains/losses related to stocks, etc.	8.3	5.0	-3.3
Ordinary profit	81.7	83.0	1.2
Extraordinary profit/loss	-0.3	-0.2	0.1
Net income	58.1	59.0	0.8
Credit-related expenses (-)	0.3	7.0	6.6

Consolidated (Billion yen)	FY2022	FY2023 (plan)	Change
Ordinary profit	86.9	88.0	1.0
Profit attributable to owners of parent	60.2	61.0	0.7
(Ref.)			
Consolidated net business income (before provisions to general reserves)	81.8	96.3	14.4



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

(Billion yen)	FY2022	FY2023 (plan)	Change
Net fees and commissions	28.6	31.3	2.6
Investment trusts and personal annuities	6.3	8.0	1.6
Corporate solutions*1	15.2 (15.7)	15.8	0.5(0.1)
Trust/inheritance-related business*2	1.8 (1.4)	1.8	-0.0(0.3)
Cashless operations*2	1.6	3.4	1.7
Payment and settlement transactions	12.5	12.4	-0.1
Guarantee charges and group insurance costs (-)	13.0	13.9	0.8



*1 Starting from FY2023, management succession advisory business will change from trust/inheritance-related to corporate solutions. (Figures in parentheses are results after the classification change.)
*2 Cashless planned value includes 1.2 billion yen associated with absorption-type merger with JCB

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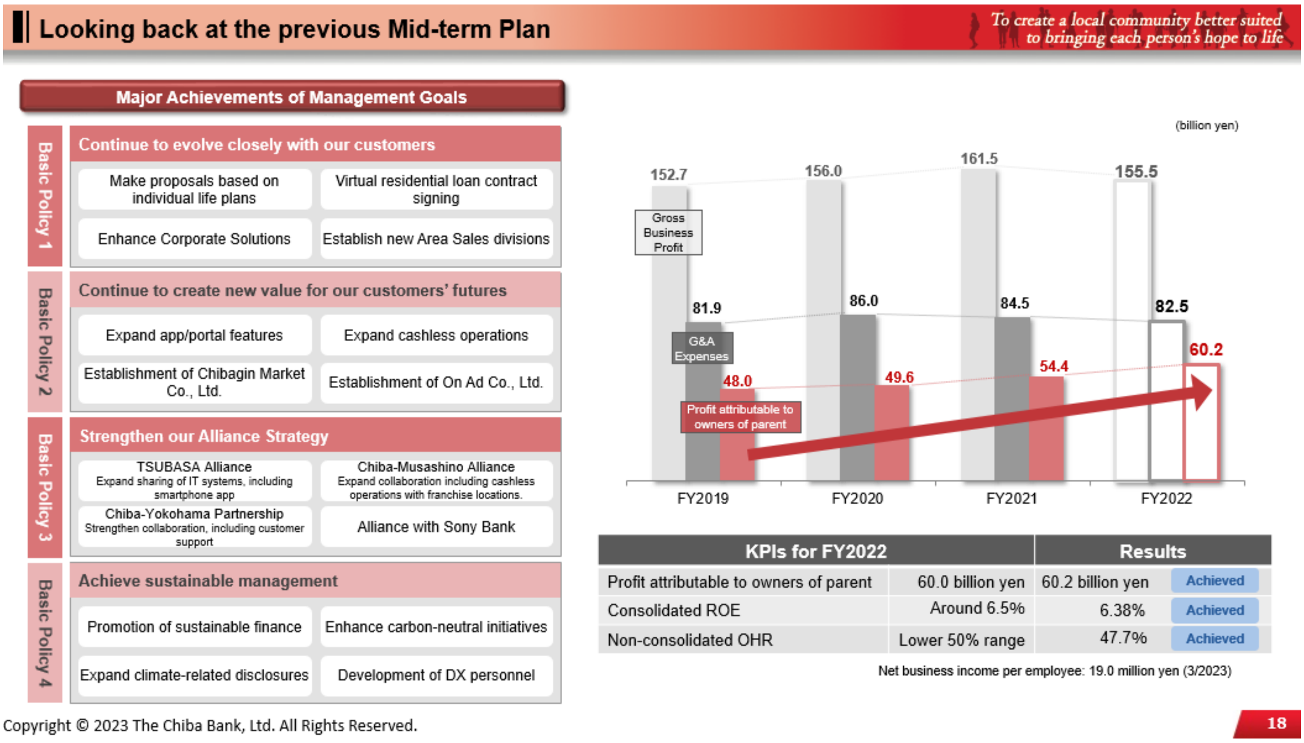
Please turn to page 16. I will explain our earnings forecast for FY2023.

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

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

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

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

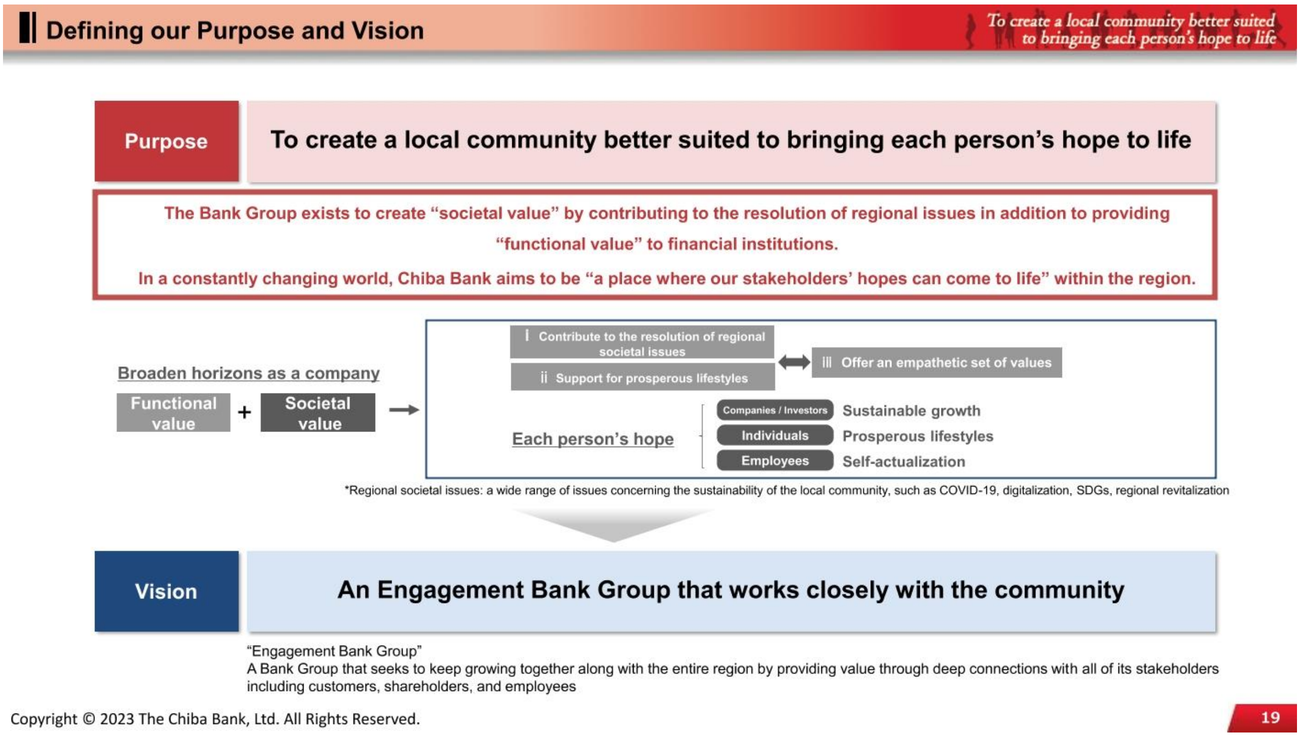


KPIs for FY2022		Results	
Profit attributable to owners of parent	60.0 billion yen	60.2 billion yen	Achieved
Consolidated ROE	Around 6.5%	6.38%	Achieved
Non-consolidated OHR	Lower 50% range	47.7%	Achieved

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

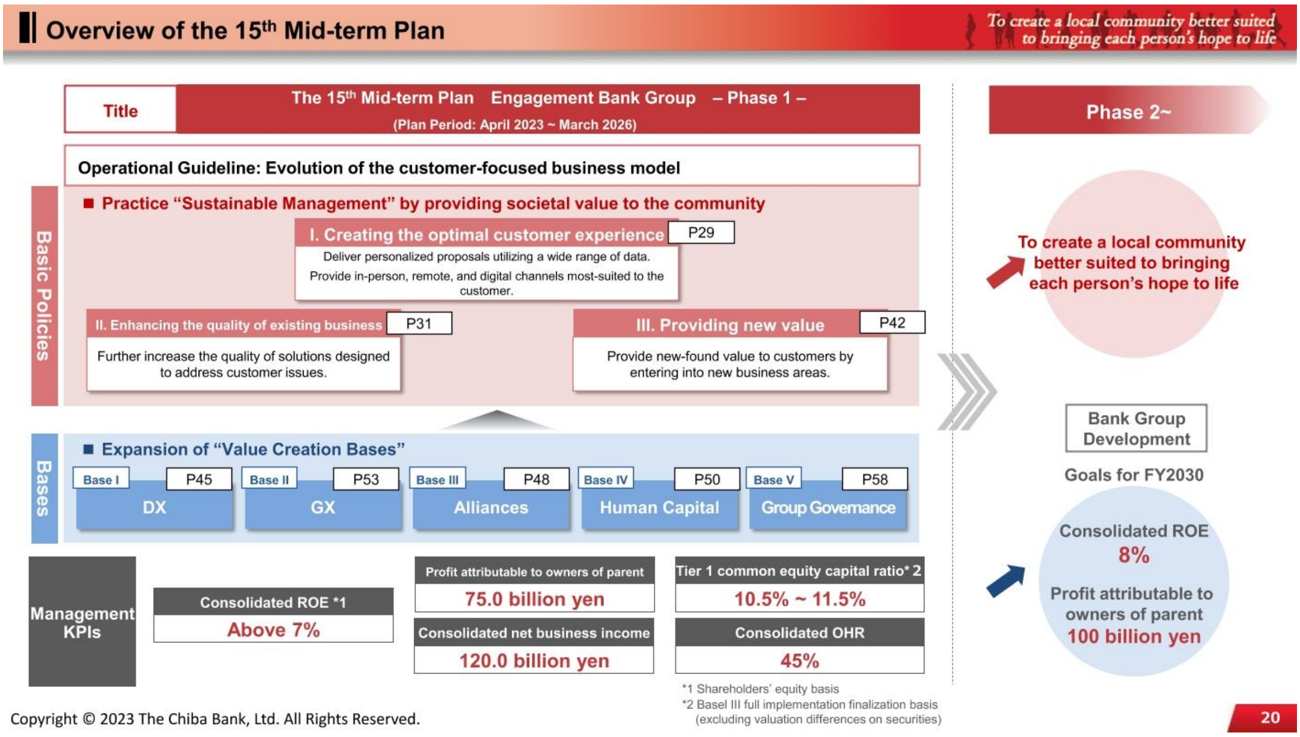
Page 18 contains a summary of the previous Mid-term Plan.

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



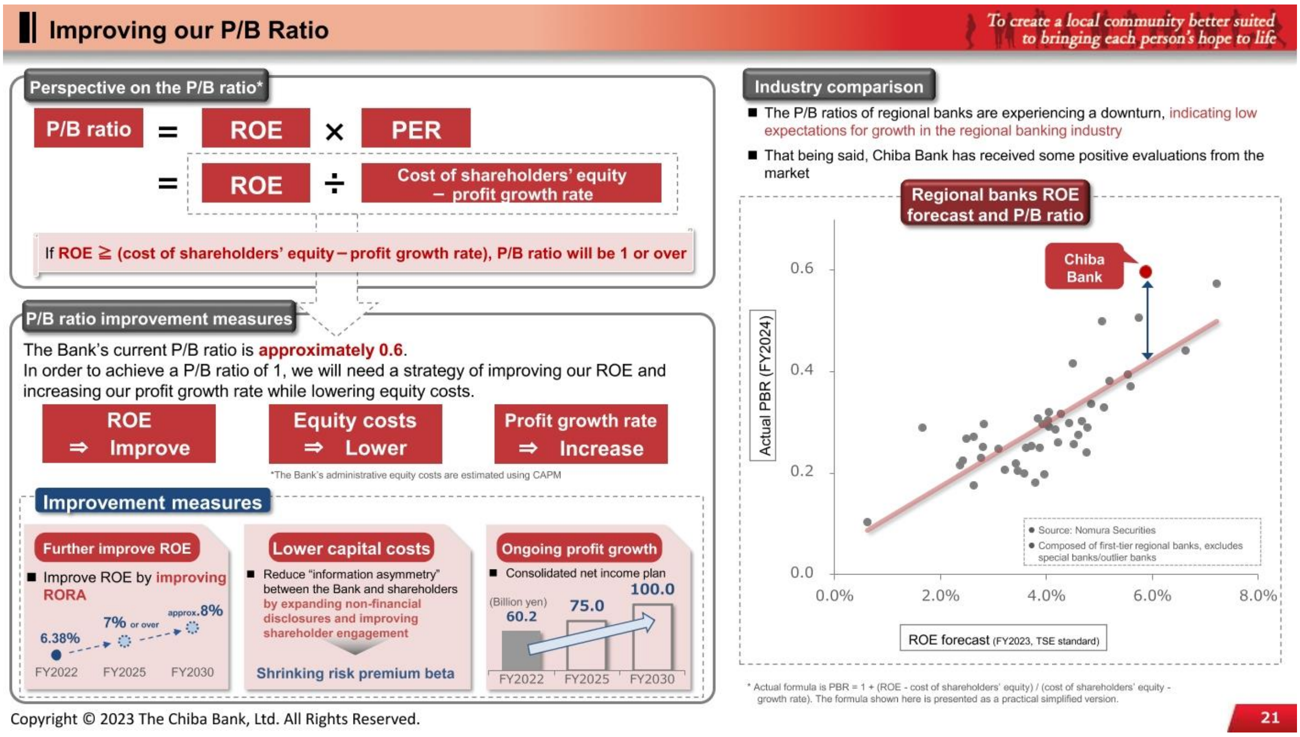
Please turn to page 19. In formulating the new Mid-term plan, we have established a purpose and vision that act as the foundations of our corporate philosophy.

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



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

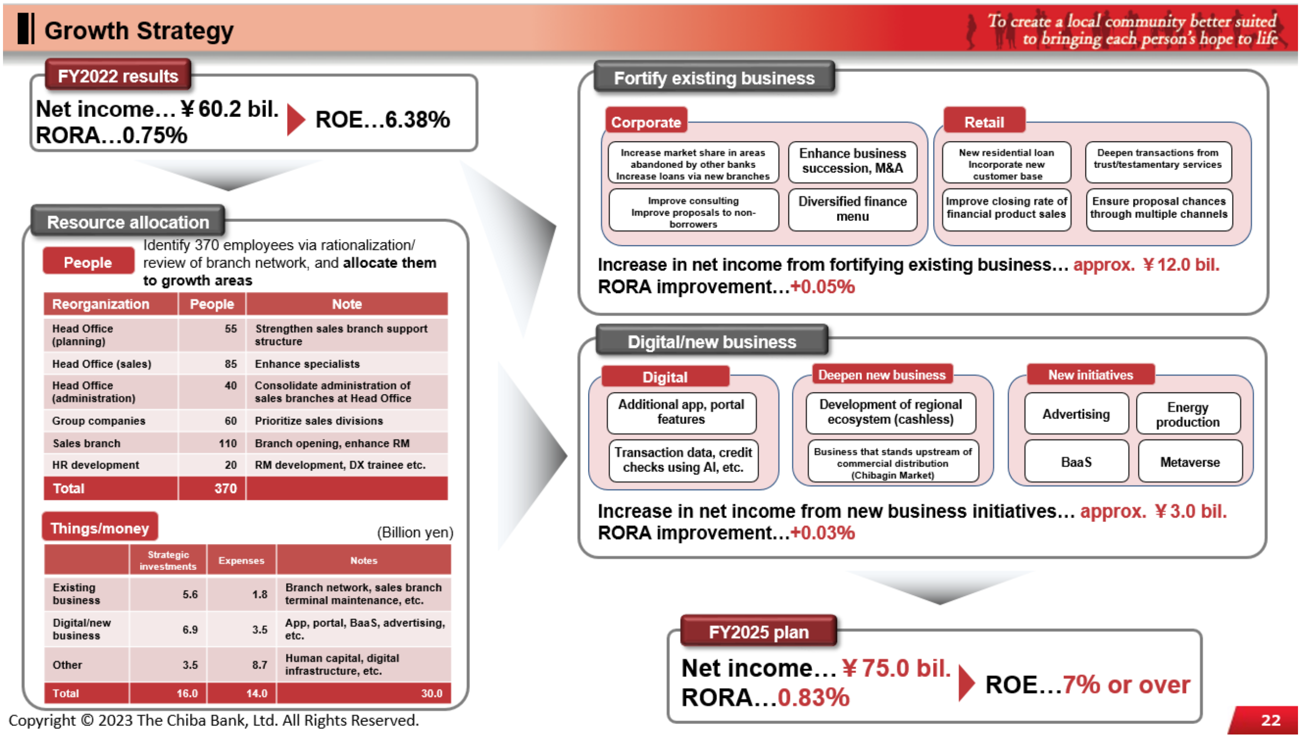
Under the operational guideline of the "evolution of the customer-focused business model," we have established three basic policies and five value creation bases to support these policies. In addition, we have set five management KPIs: consolidated ROE of above 7%, profit attributable to owners of parent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



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

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

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

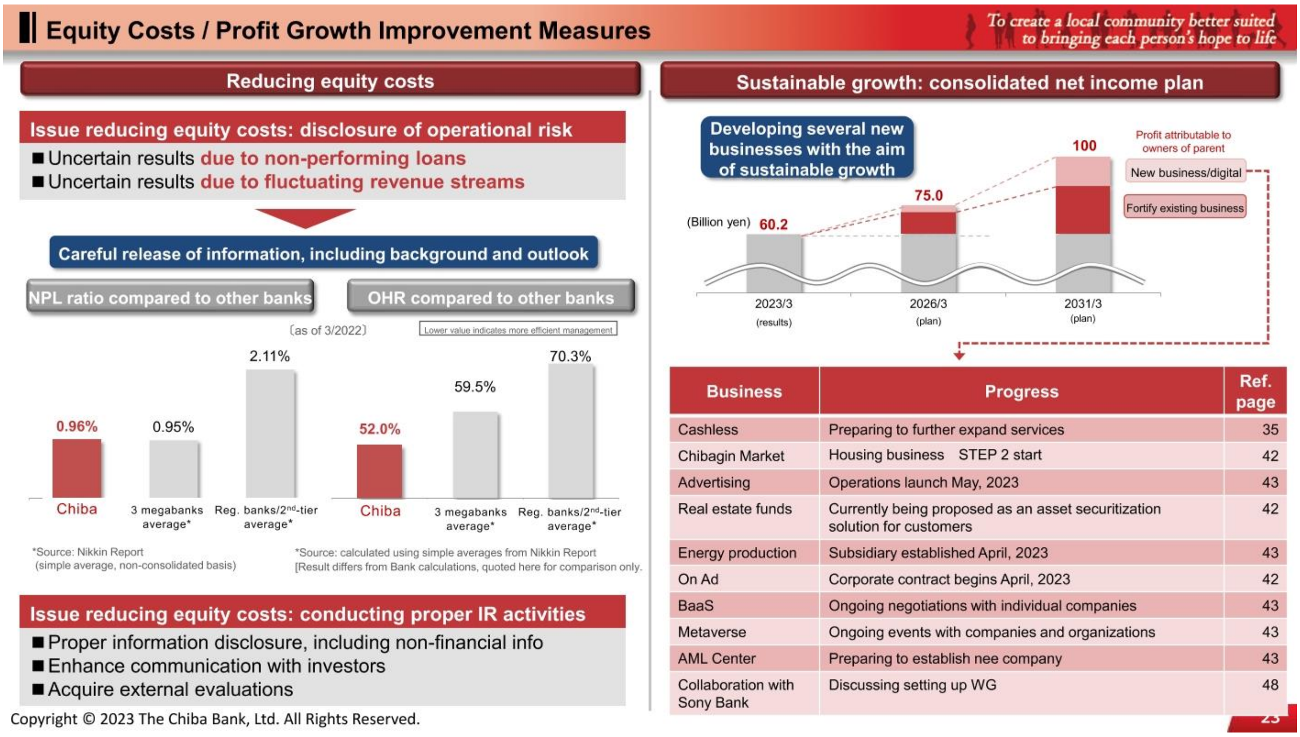


The following is an explanation of the improvement measures for each item. Please turn to page 22.

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

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

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



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

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

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

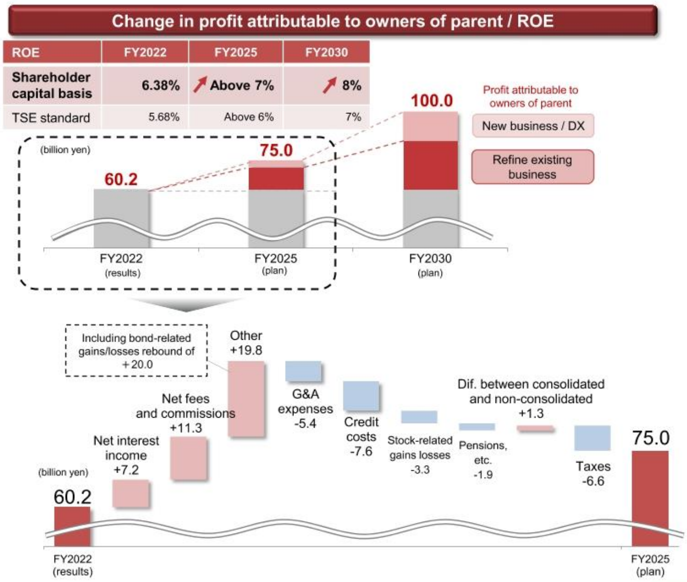
Earnings Targets①

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

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

Non-consolidated

(Billion yen)	FY2022 (results)	FY2025 (plan)	Change
Gross business profit	155.5	194.0	38.4
Net interest income	140.3	147.6	7.2
Net fees and commissions	28.6	40.0	11.3
Other gross business profit	-13.4	6.3	19.8
Bond-related gains/losses	-20.0	2.1	22.1
G&A expenses (-)	82.5	88.0	5.4
Business profit	73.0	106.0	32.9
Core business income	93.0	103.9	10.8
Excl. gains/losses on the cancelation of trusts	85.3	100.4	15.1
Net business income	73.0	105.8	32.7
Extraordinary profit/loss	8.7	-4.2	-12.9
Stock-related gains/losses	8.3	5.0	-3.3
Ordinary profit	81.7	101.6	19.8
Net income	58.1	71.5	13.3
Credit-related expenses (-)	0.3	8.0	7.6
Consolidated			
Consolidated net business income (before provisions to general reserves)	81.8	120.0	38.1
Profit attributable to owners of parent	60.2	75.0	14.7



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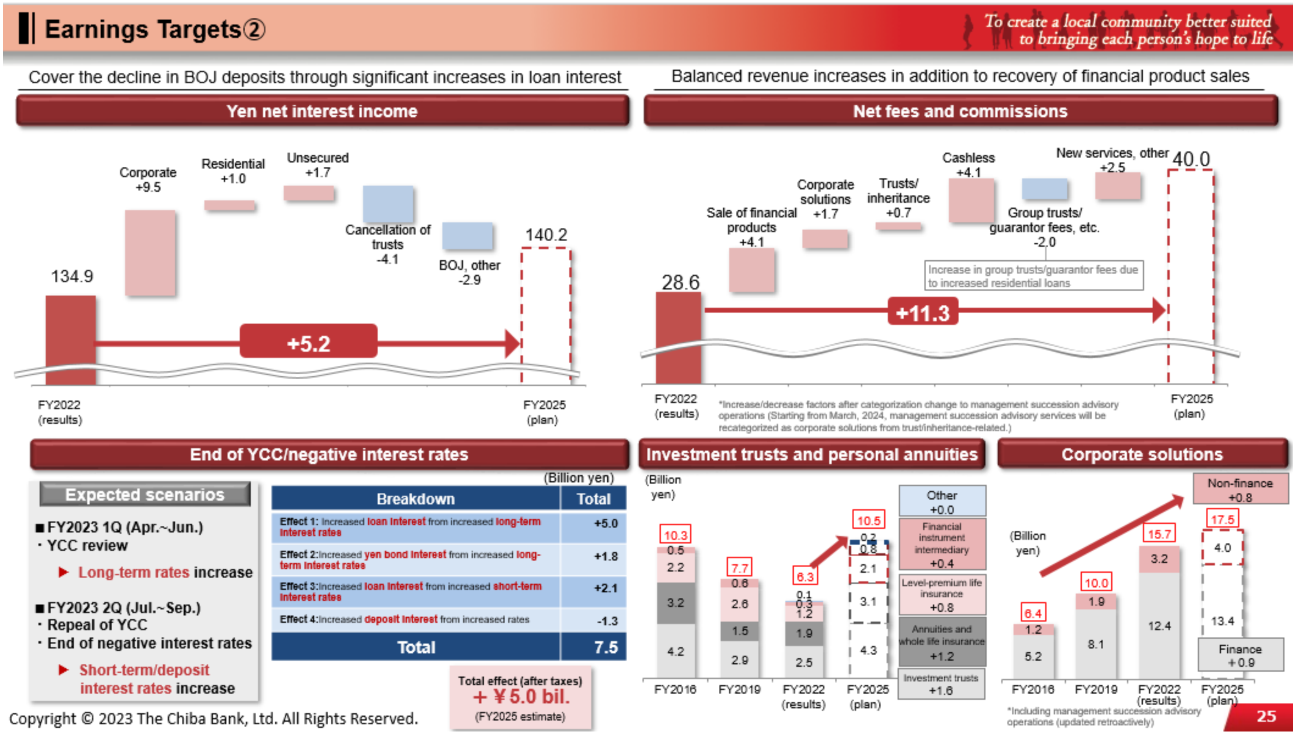
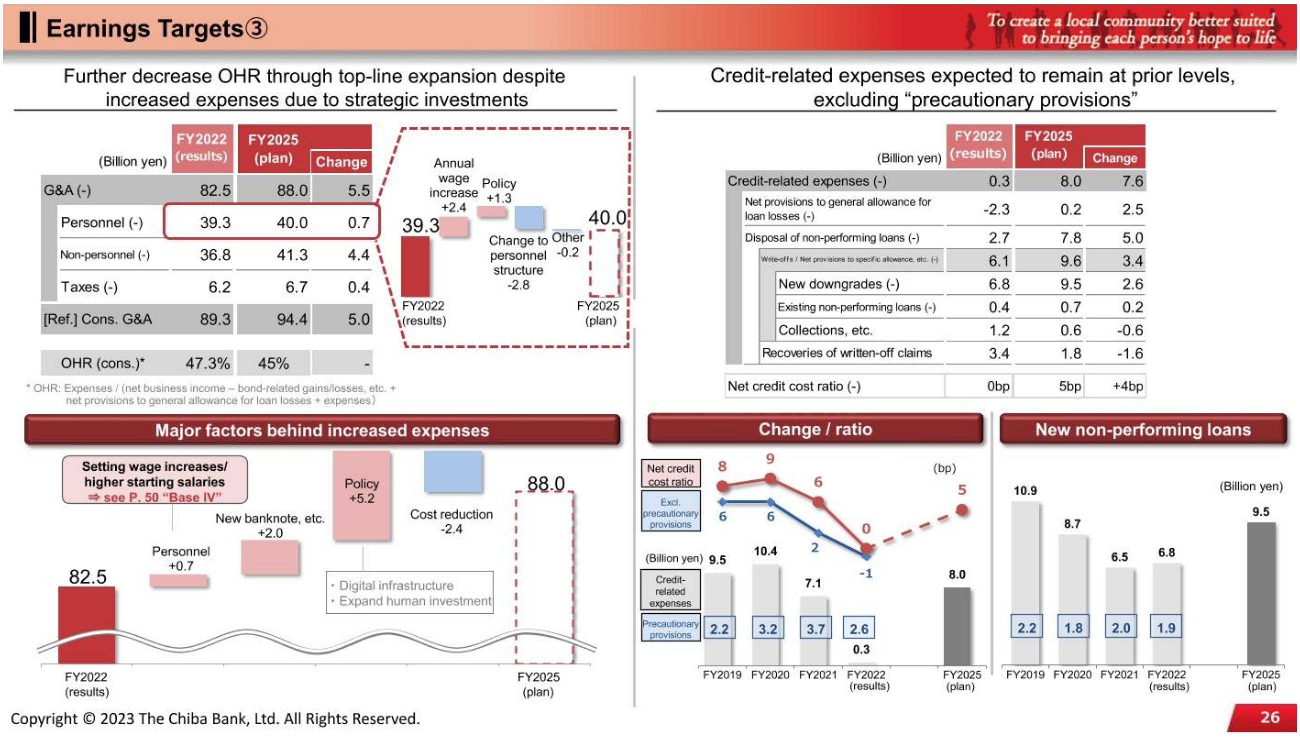
Please turn to page 24. I would like to explain about our earnings targets.

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



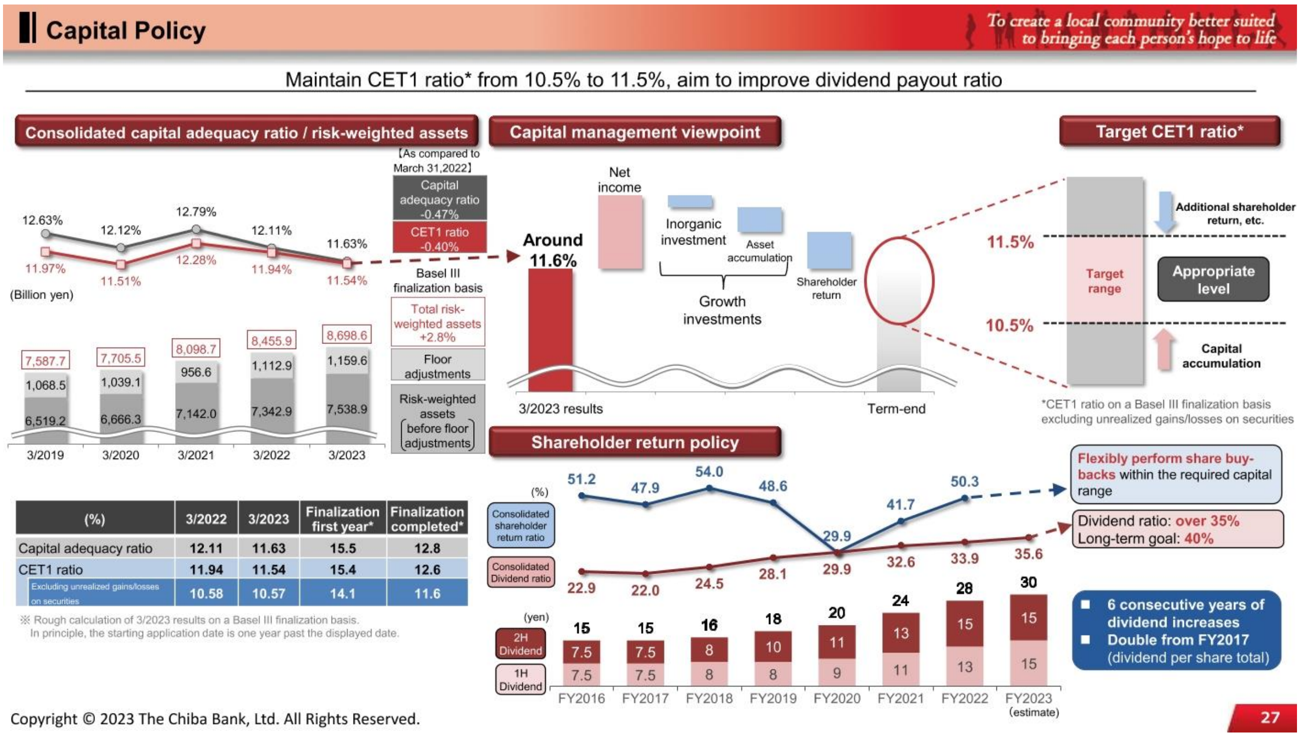
Please turn to page 25. We plan to increase yen net interest income by JPY5.2 billion to JPY140.2 billion. Corporate loans, for which lending rates are expected to rise, will be a significant driver of net interest income. In addition, the Bank will also increase its net interest income by compensating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

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



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

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

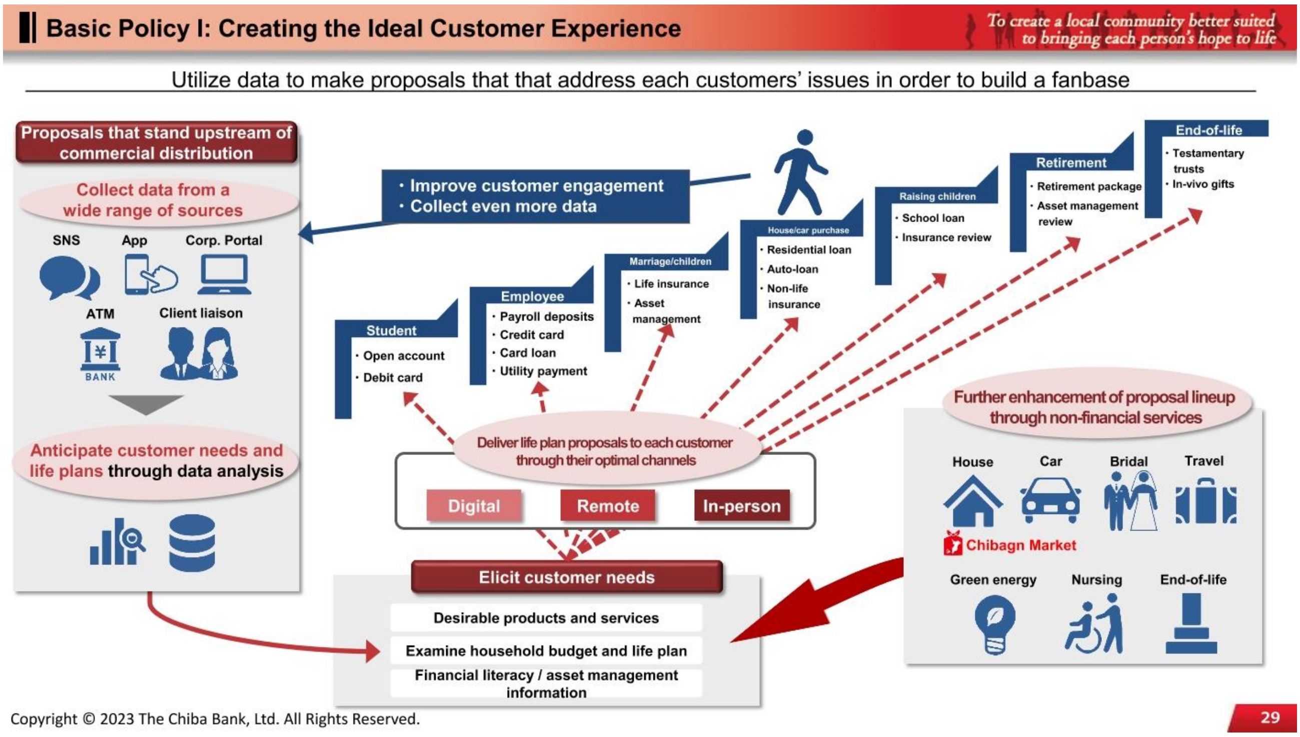


(%)	3/2022	3/2023	Finalization first year*	Finalization completed*
Capital adequacy ratio	12.11	11.63	15.5	12.8
CET1 ratio	11.94	11.54	15.4	12.6
Excluding unrealized gains/losses on securities	10.58	10.57	14.1	11.6

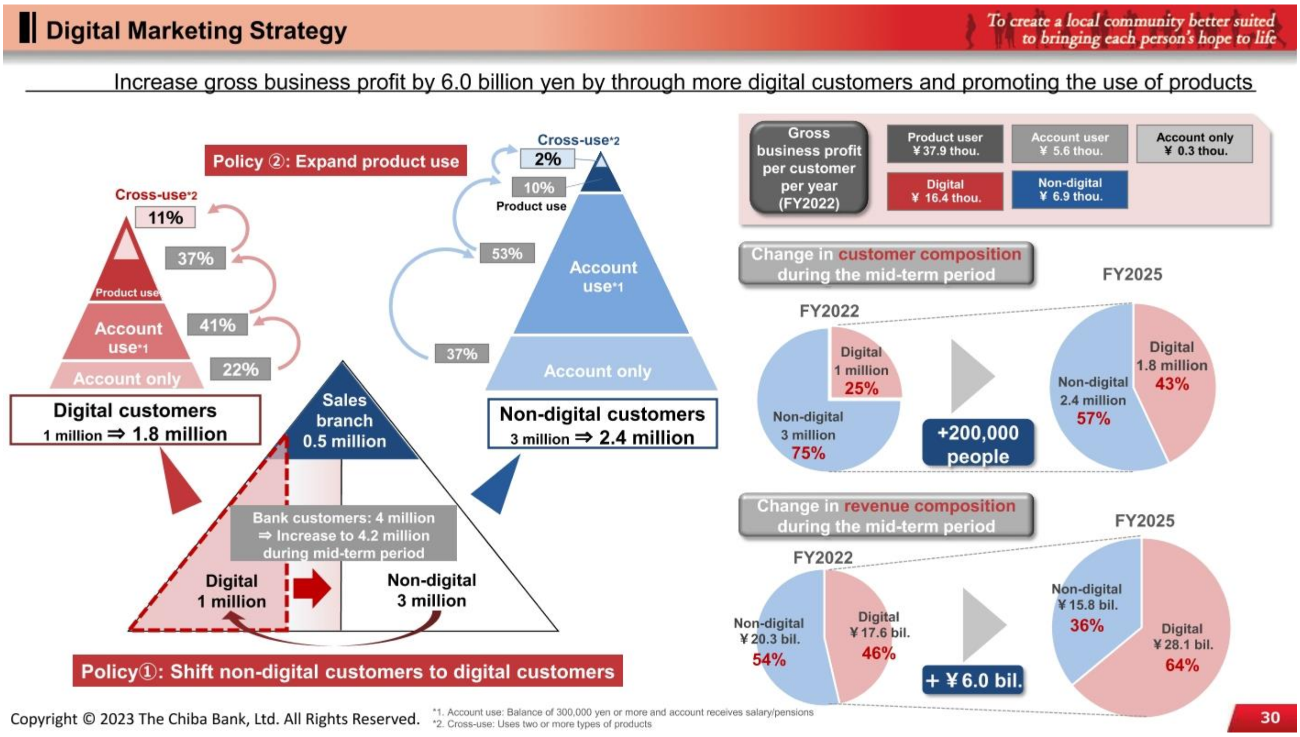
※ Rough calculation of 3/2023 results on a Basel III finalization basis.
In principle, the starting application date is one year past the displayed date.

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

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



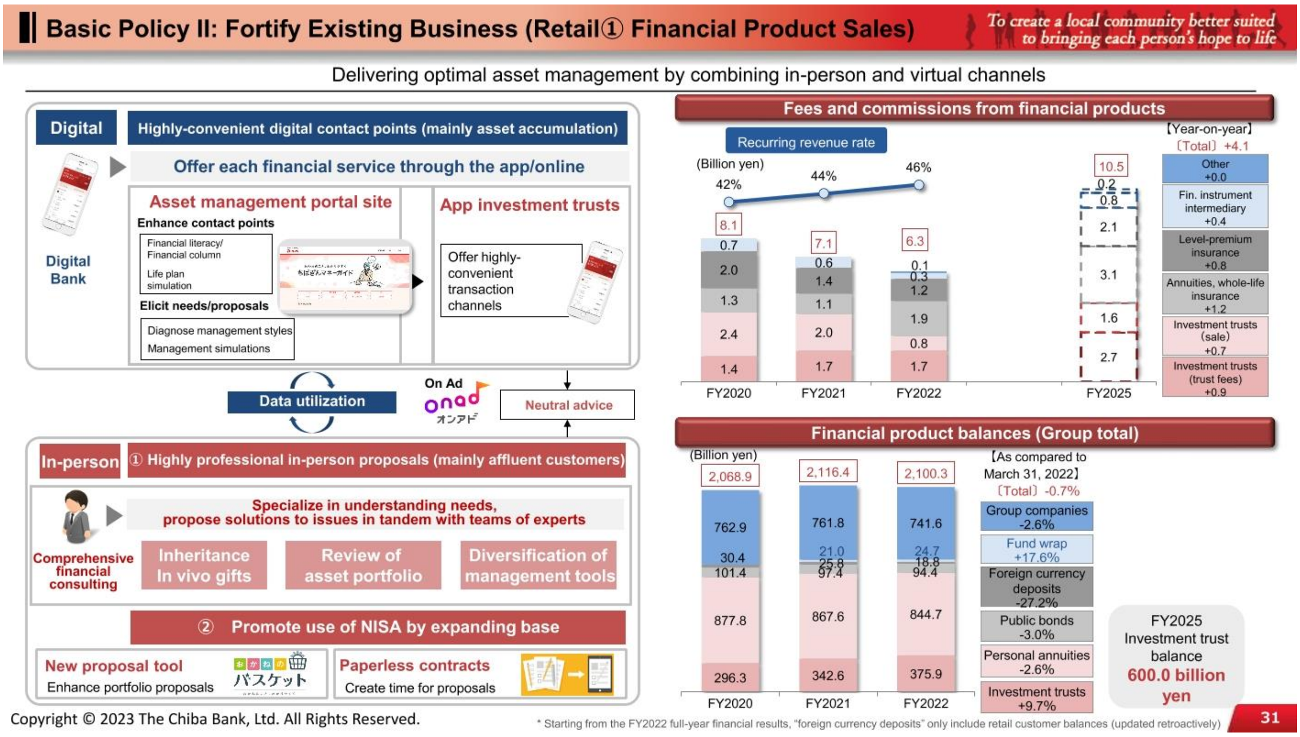
An overview of the first basic policy in our new Mid-term Plan is shown on page 29, but we will skip it because it was discussed on our IR Day.



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

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

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

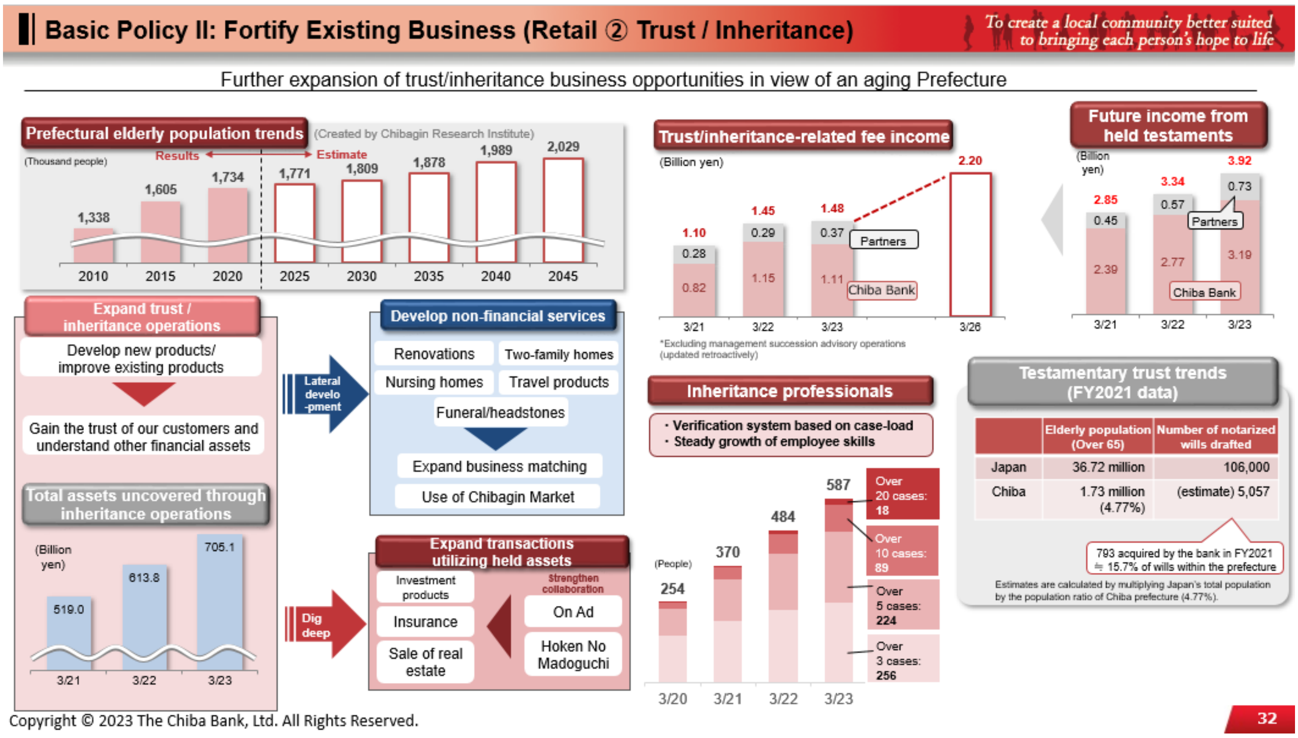


I will continue with an explanation of business strategies for retail and corporate business.

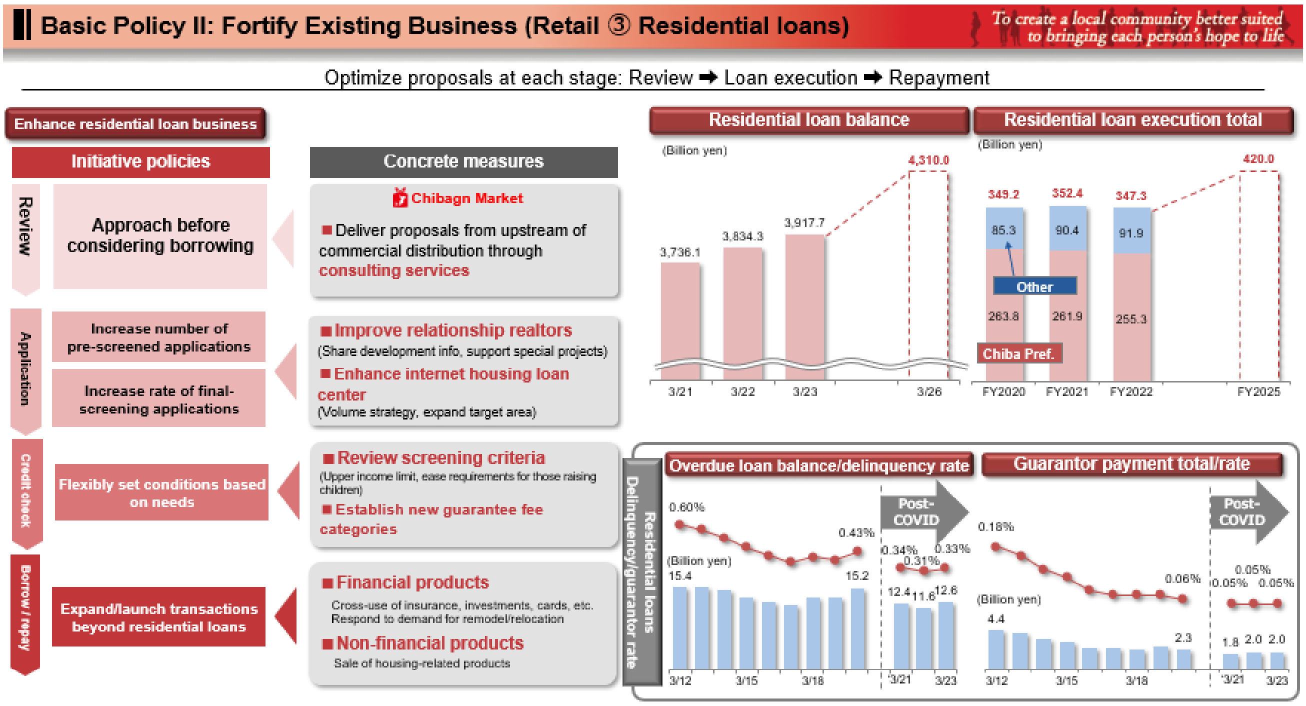
Please turn to page 31. First, let's talk about the retail business.

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

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

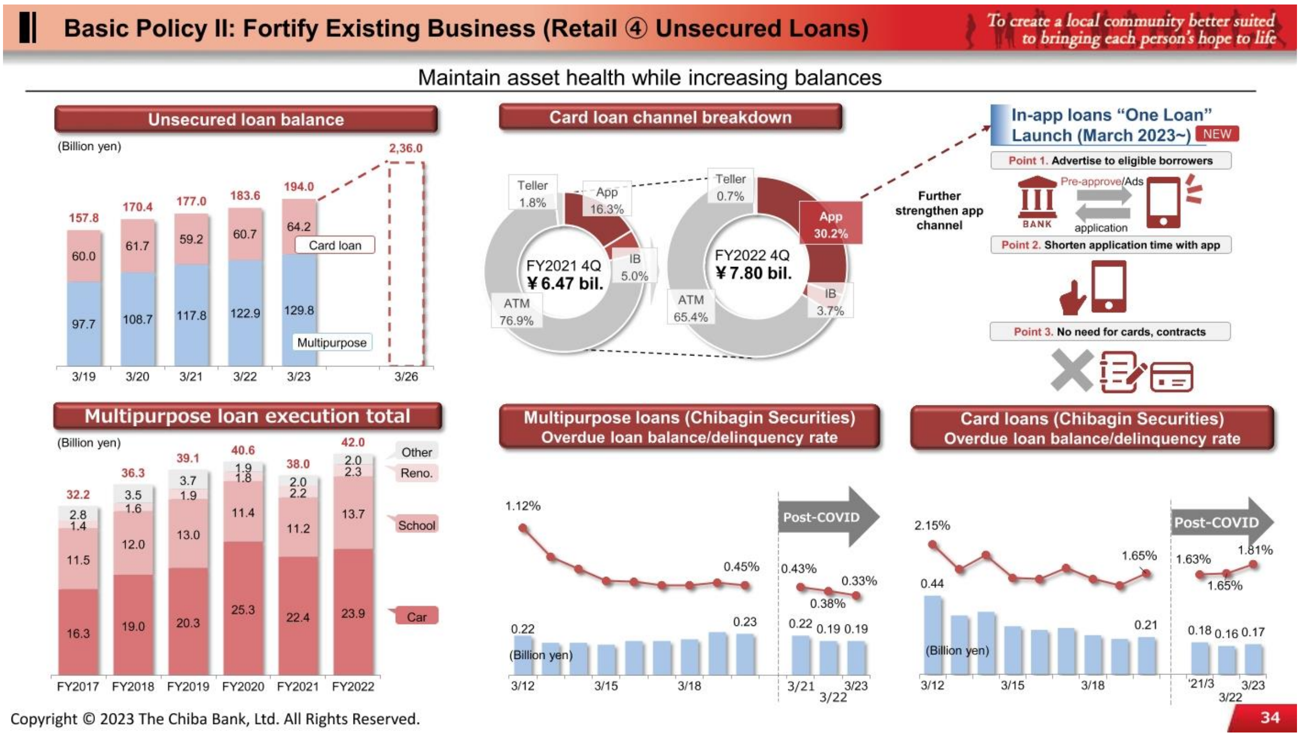


Please turn to page 32. In the trust and inheritance-related business, we have established a structure designed to meet the needs of our clients, given the prospect of a steady increasing elderly population within Chiba Prefecture, and our goal is to achieve fee income totaling JPY2.2 billion in FY2025.

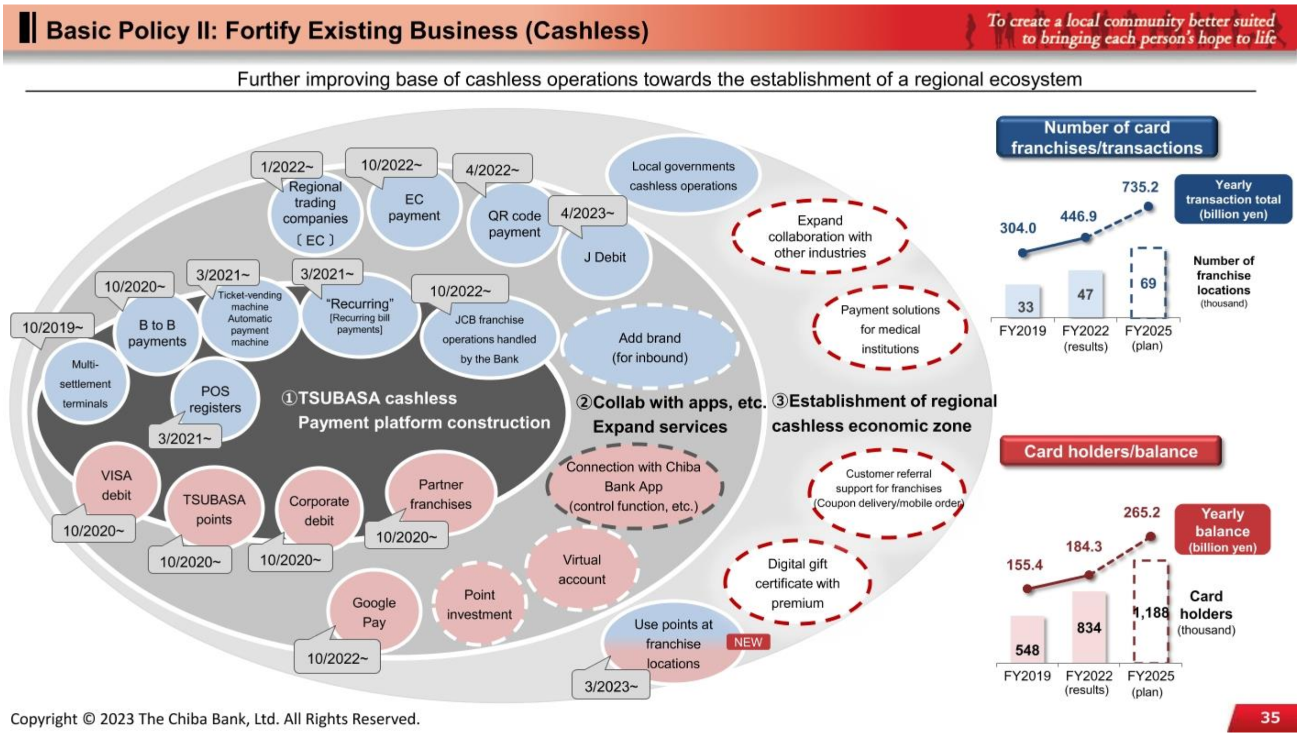


33

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

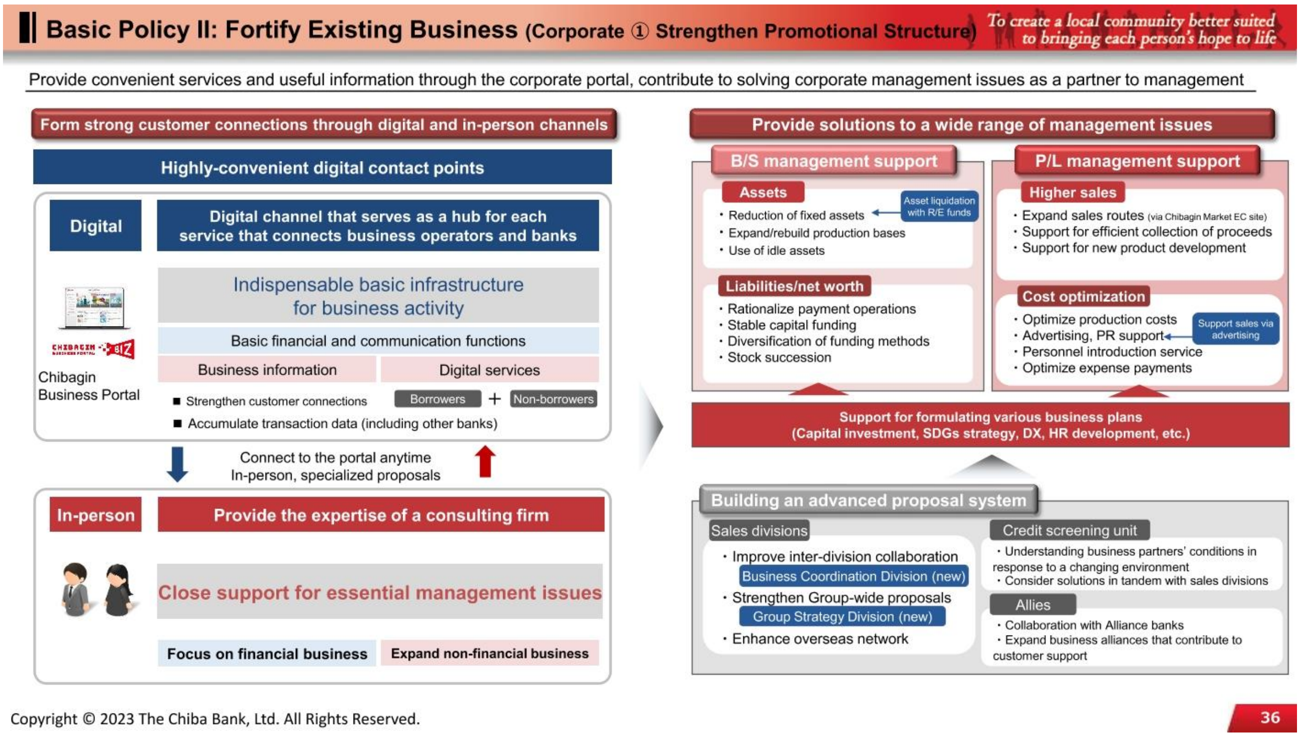


Please turn to page 34. In the area of unsecured loans, as noted on the right side of the upper row, we expect an increase in the number of card loan users with the Chibagin app One Loan launched in February this year, in which transactions can be completed only with an app. In addition, we are aiming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



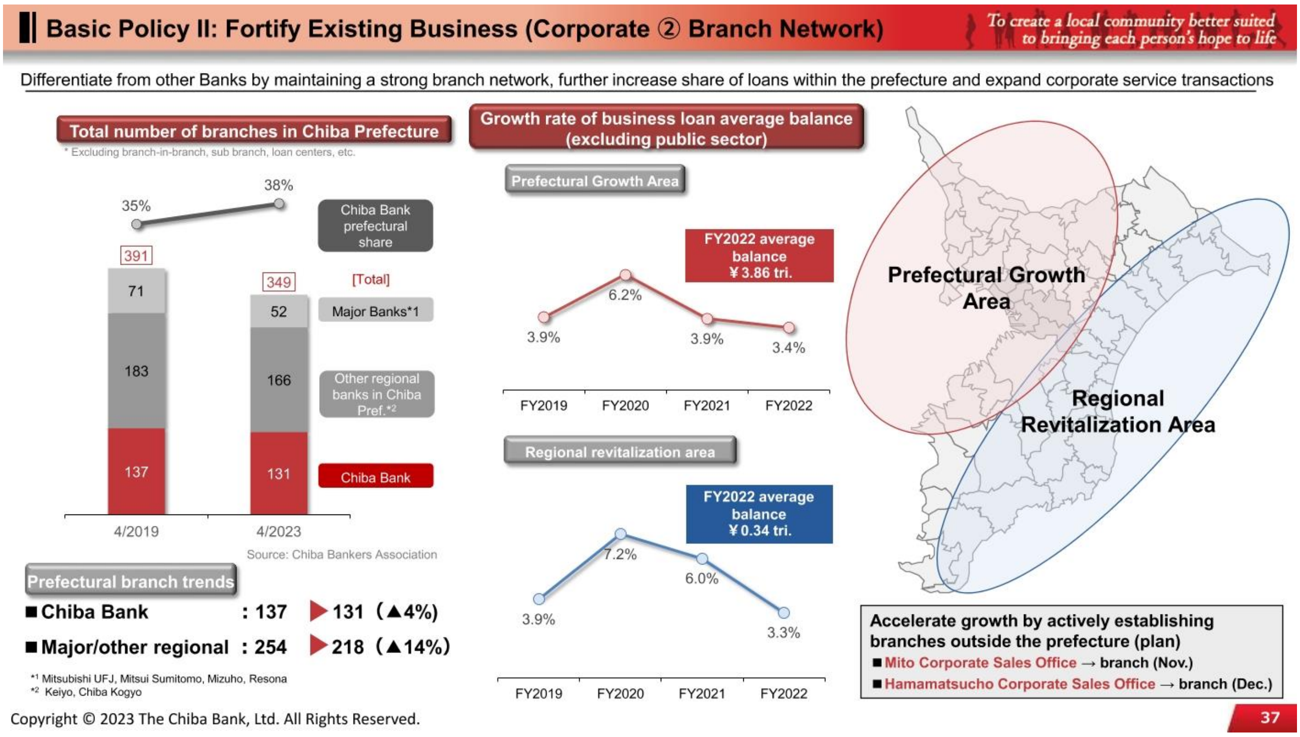
Please turn to page 35. We will further strengthen our cashless system by reorganizing Group companies.

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



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

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

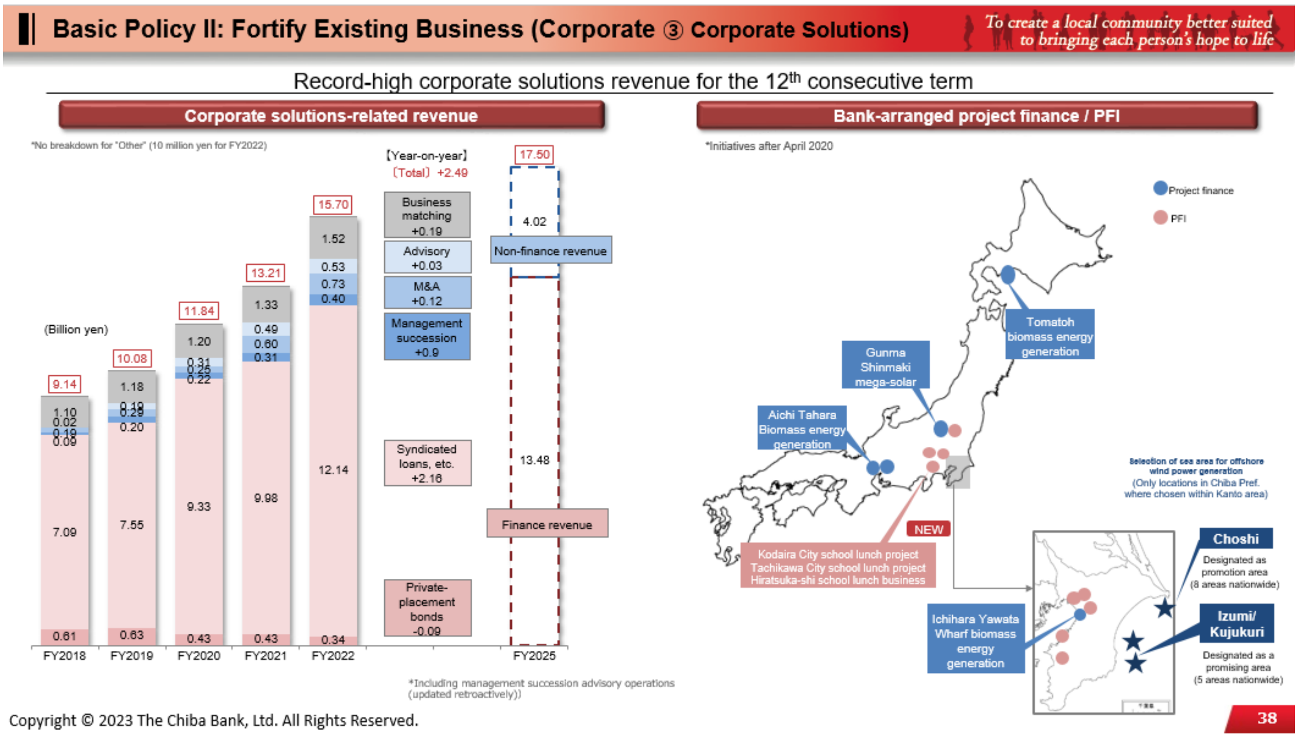


Please turn to page 37. As a bank with a policy of enhancing both online and in-person customer contact, a strong branch network is a weapon that differentiates us from other banks.

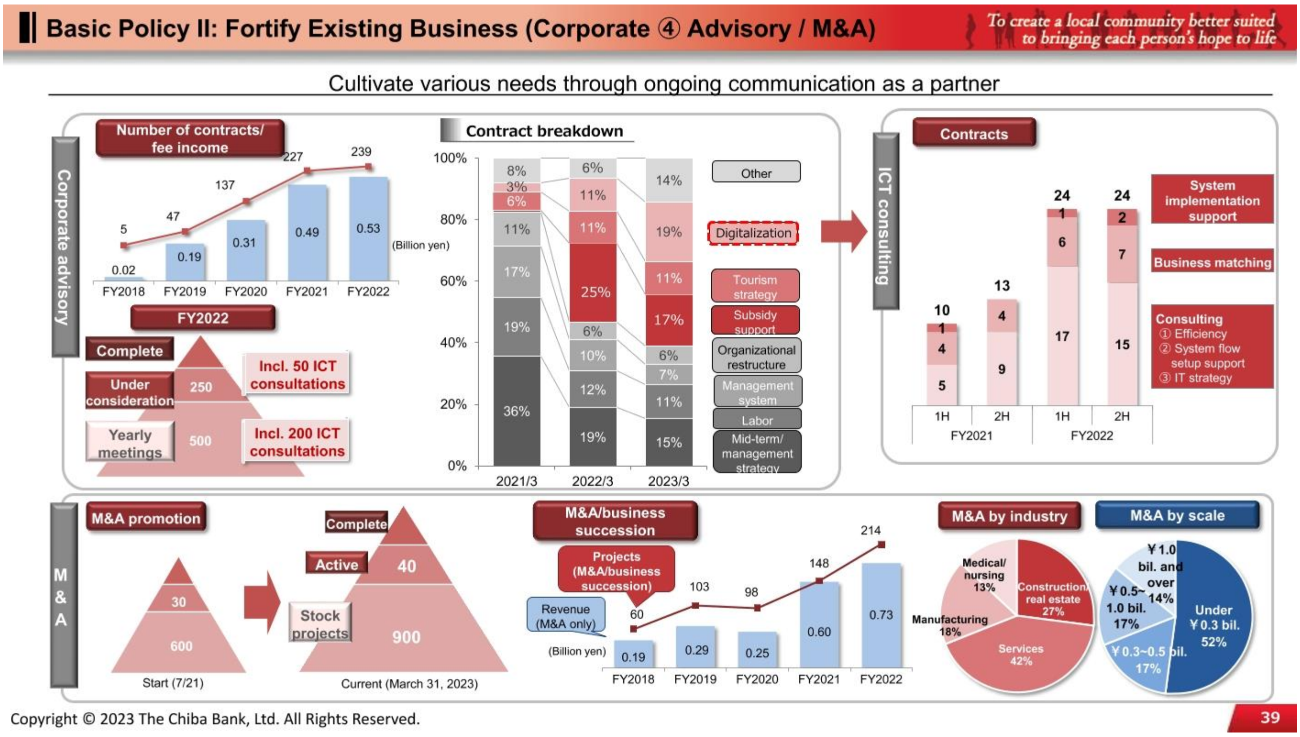
In Chiba Prefecture, while other banks have reduced their number of branches in recent years, we have maintained our network of branches. As a result, our share of the number of branches in the prefecture has increased by about 3% over the past 4 years.

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

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



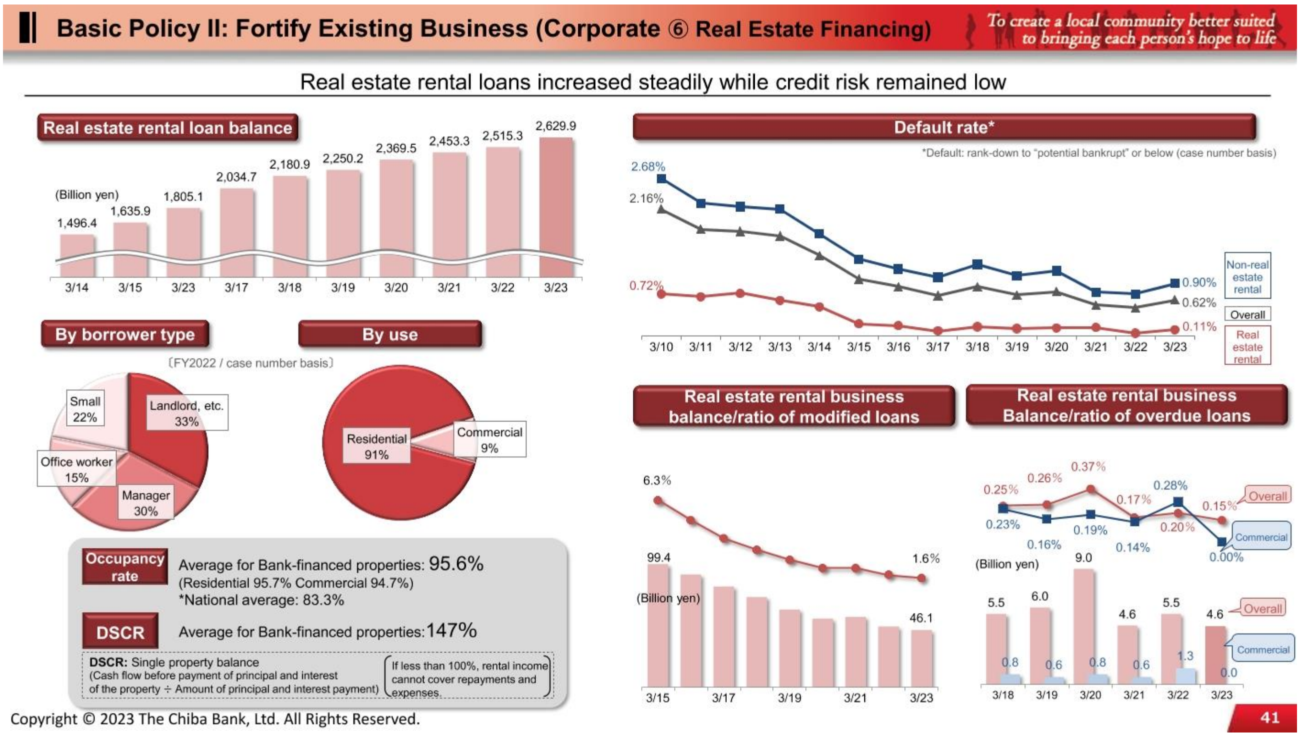
Please see page 38. Corporate-solution-related revenue has reached record highs for 12 consecutive fiscal years, and we are targeting JPY17.5 billion for FY2025.



39

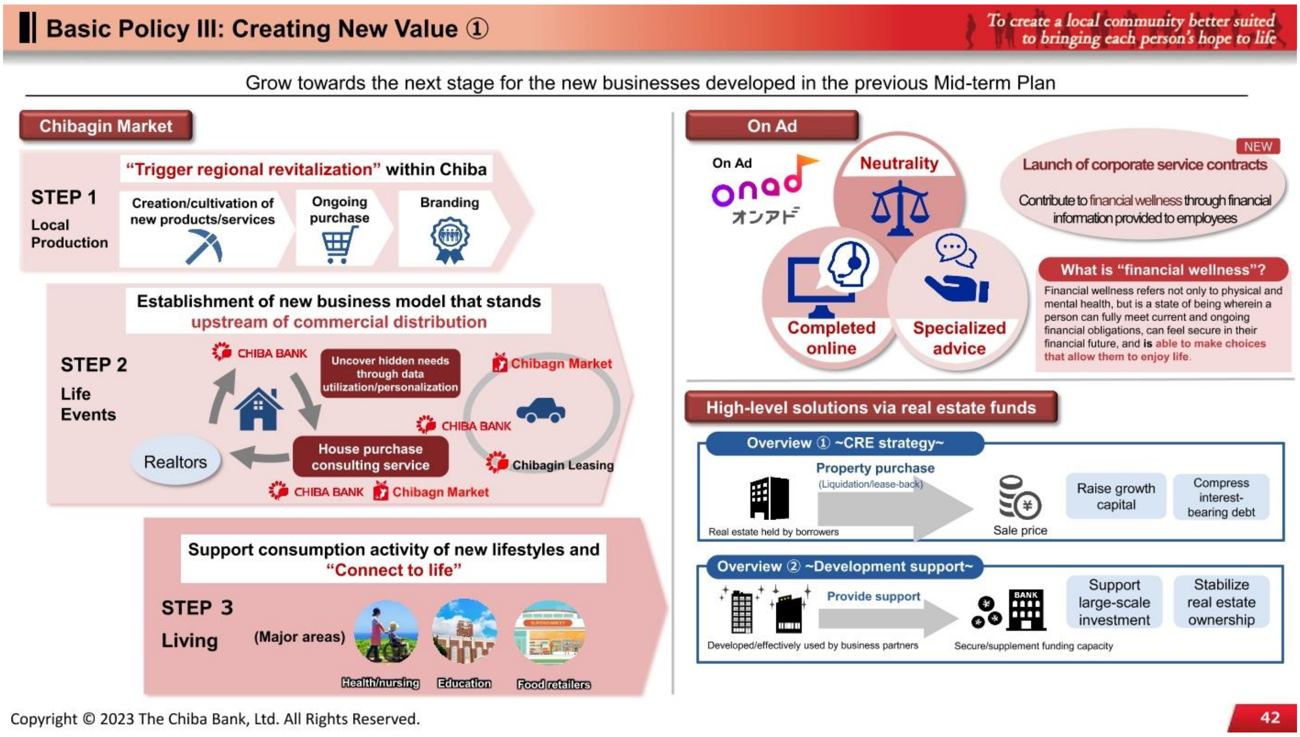
Please turn to page 39. Advisory services for businesses continue to grow steadily. The number of consultations per year is expected to be about 4005, and we can expect further increases in revenue going forward. In particular, the number of ICT consultations is growing, leading to IT support for our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

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



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

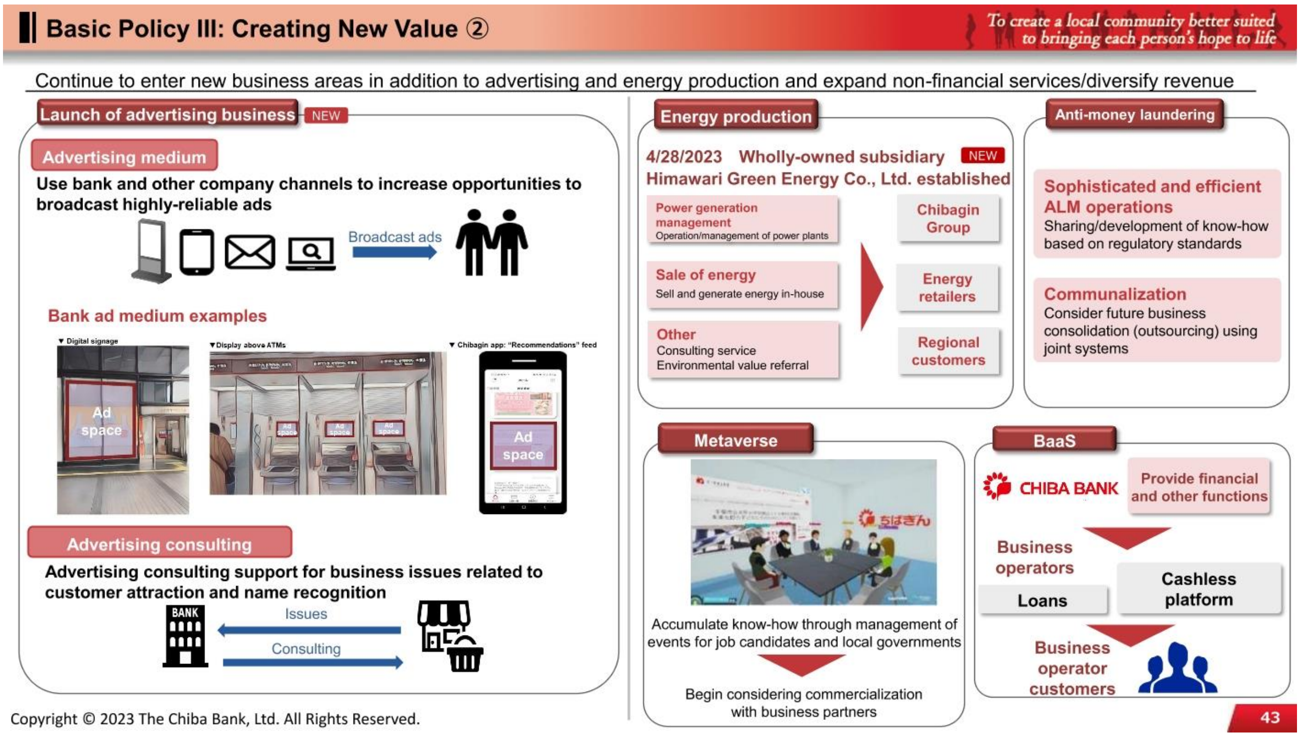
We also have a strong credit management system. The delinquency rate in the real estate leasing business is low at 0.15%, with zero delinquencies for commercial real estate.



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

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

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

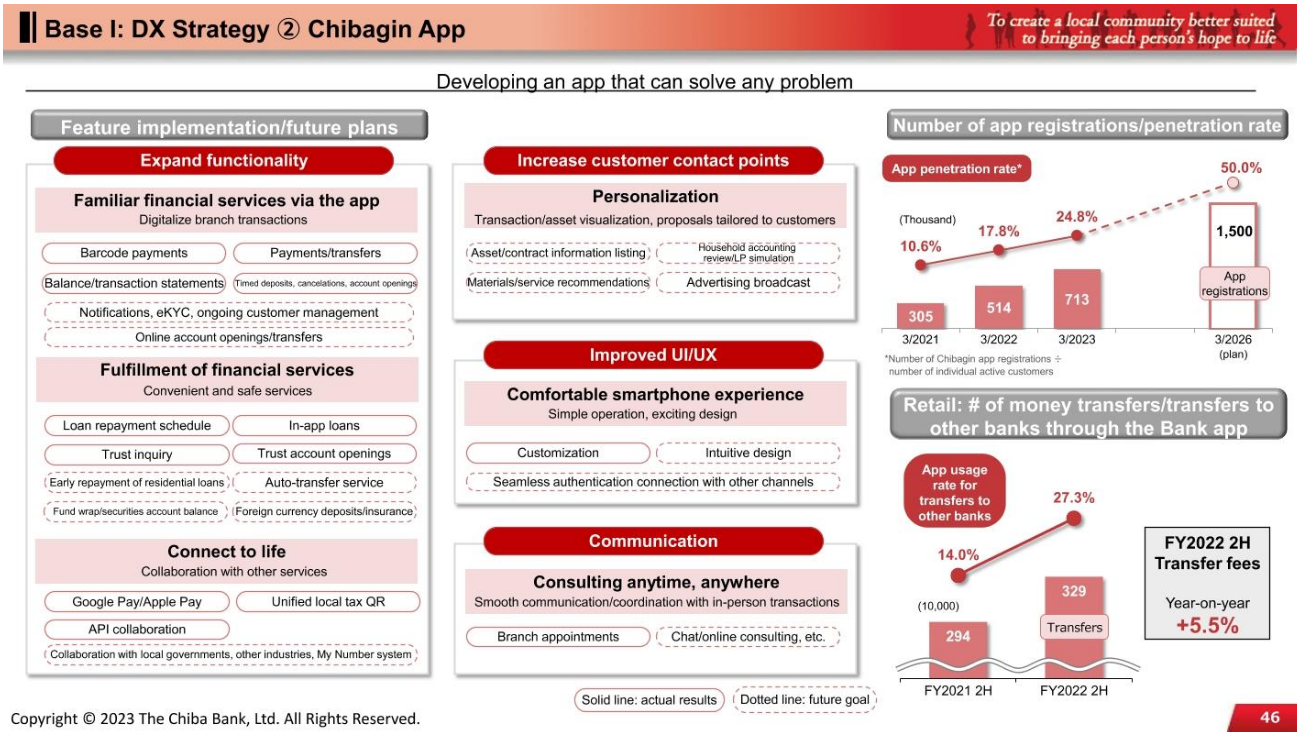


Please turn to page 43. Speaking of our advertising business, we launched advertising medium operations in May.

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

I would like to discuss our value creation bases.

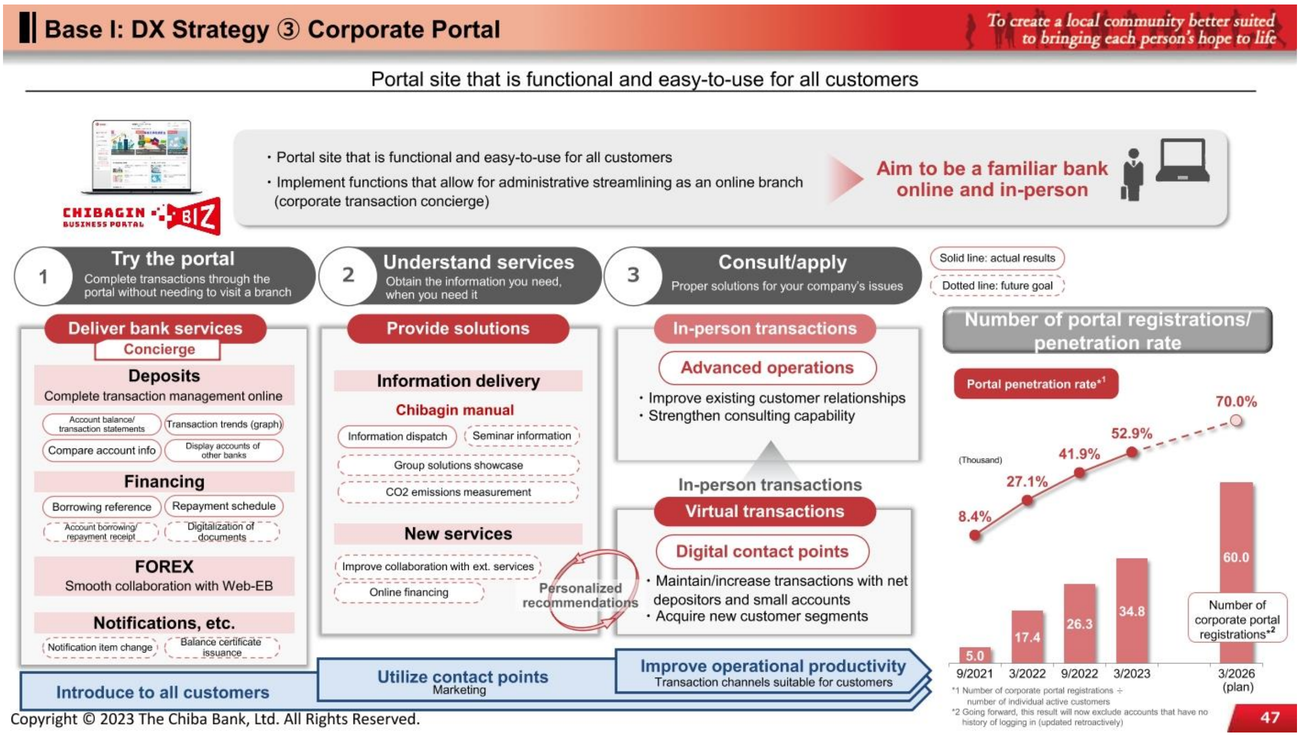
Please turn to page 45. Since we have already explained about Base I, DX strategy, during our IR Day, I will not go into further details.



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

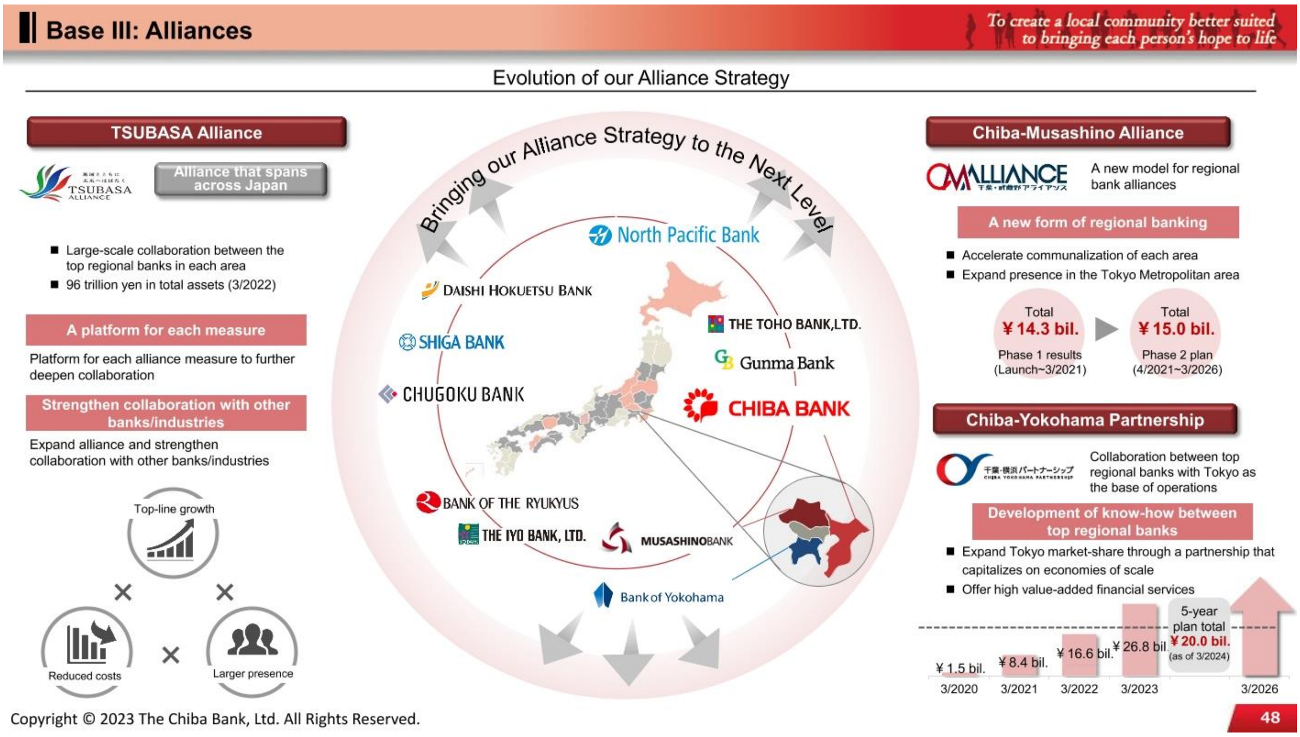
In August, we plan to launch a new virtual account opening function service. The number of registered accounts exceeded 730,000 at the end of March, and we plan to increase the number of registered accounts to 1.5 million, or half of the approximately 3 million active accounts, over the three years of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

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



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

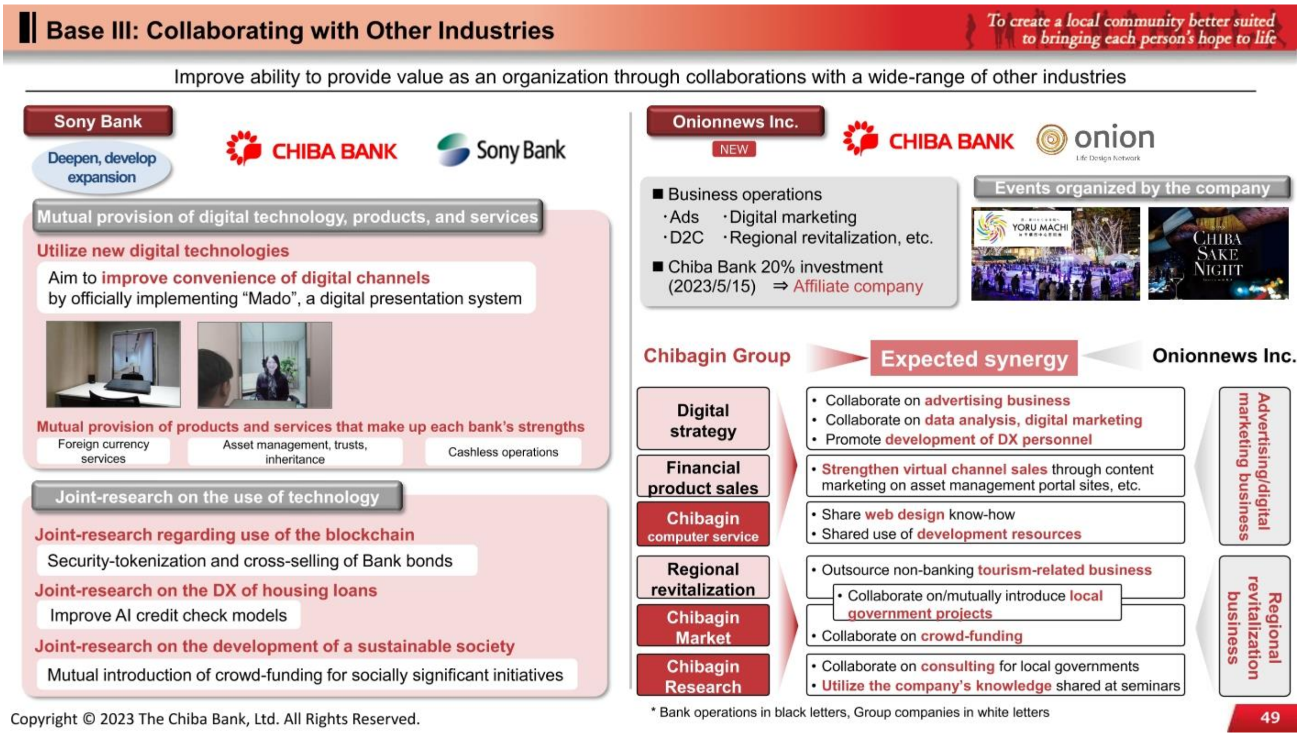
Base II of the new Mid-term Plan is related to GX, which I will explain later in the sustainability management section.



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

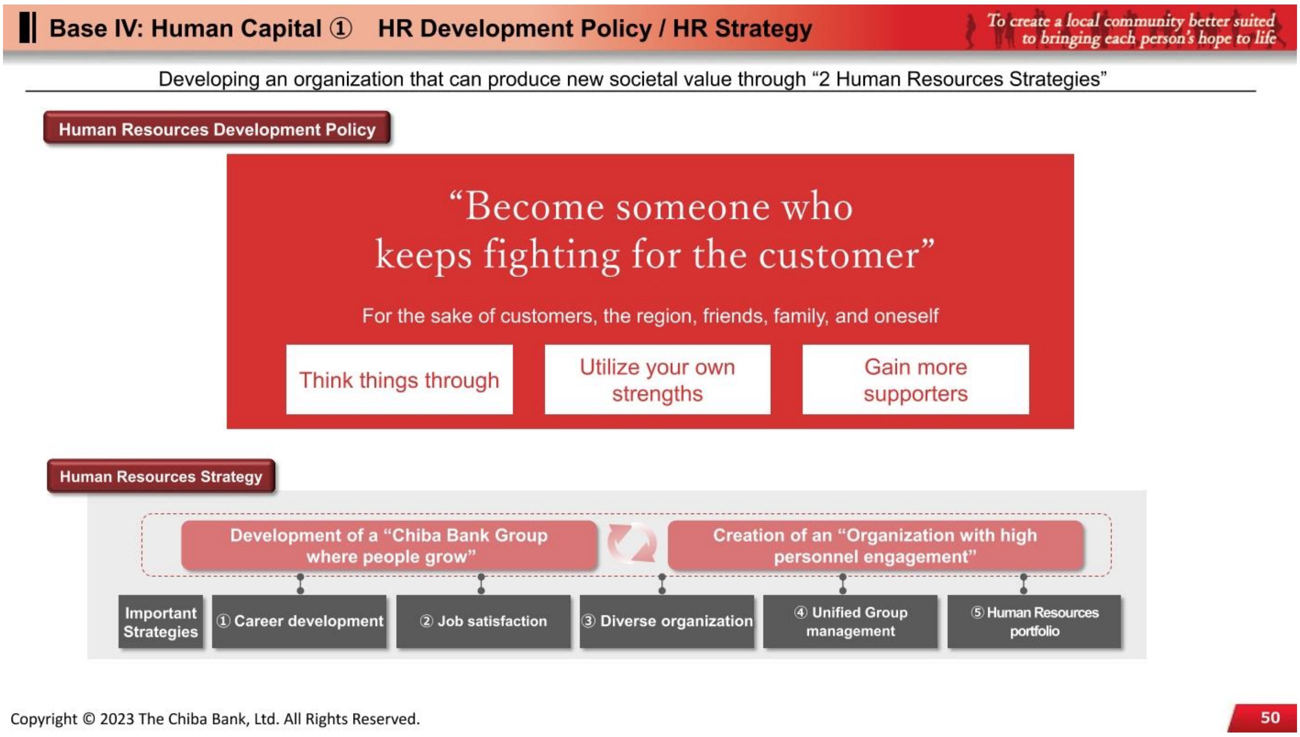
The TSUBASA Alliance, Chiba-Musashino Alliance, and Chiba-Yokohama Partnership each have different strengths and play a major role in raising the Bank's top line revenue and reducing costs.

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



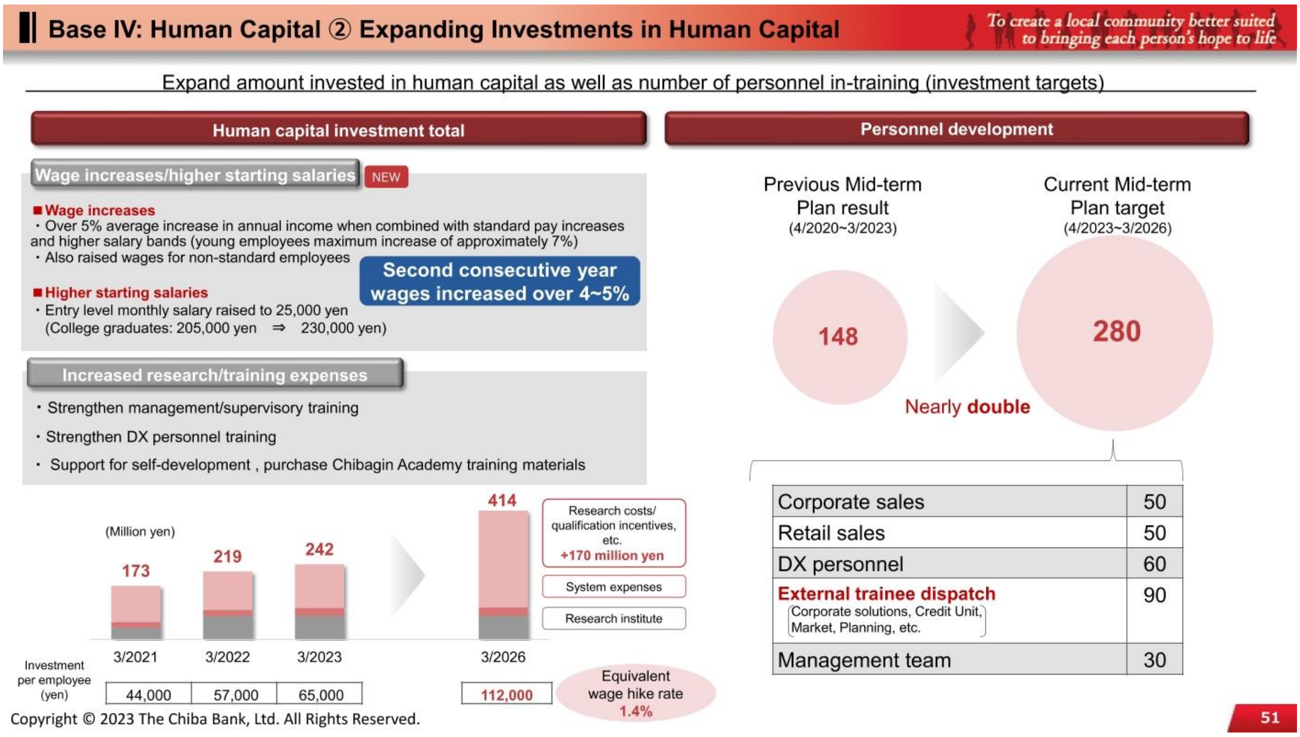
Please see page 49. We have established various subcommittees with Sony Bank, with whom we formed an alliance last year, to continue discussions at the field level toward the creation of new value. First, for the conversion of the Mito and Hamamatsucho branches, we will introduce a "telepresence" system,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

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



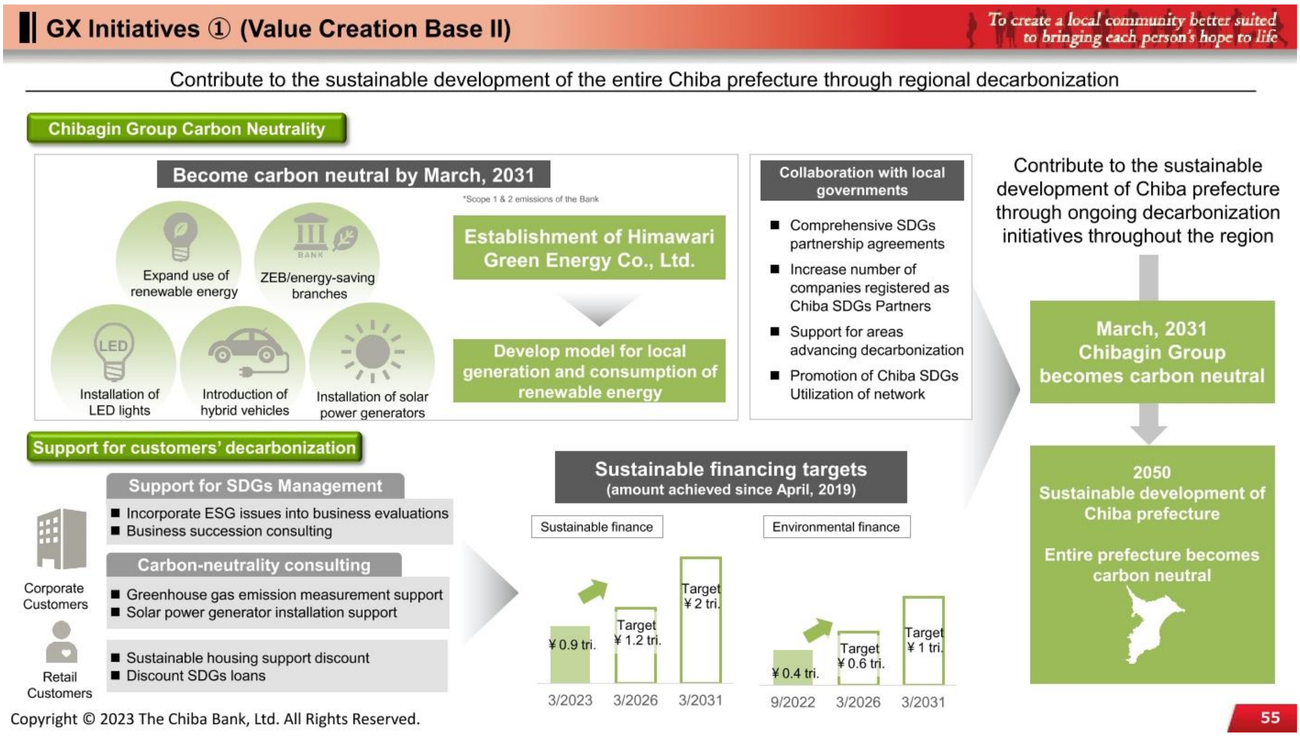
Please turn to page 50. In the area of human resources strategy, we have established a new human resources development policy, "become someone who keeps fighting for the customer." The three core elements are “think things through”, “utilize your own strengths”, and “gain more supporters”.

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



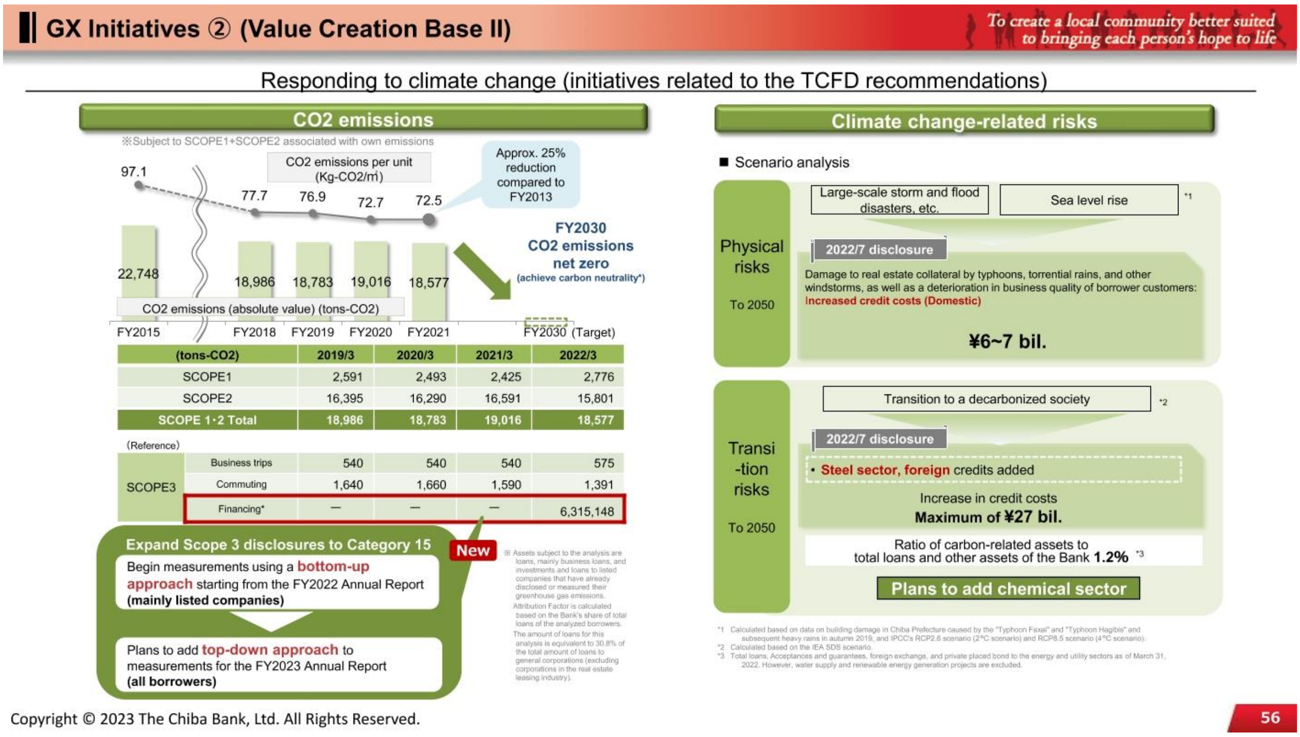
Please turn to page 51. The Bank plans to increase wages and starting salaries this year. The average wage increase is over 5% in total when standard pay increases and base pay increases are combined, and we have raised wages by 4% to 5% for two consecutive years. In addition, we plan to accelerate our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

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

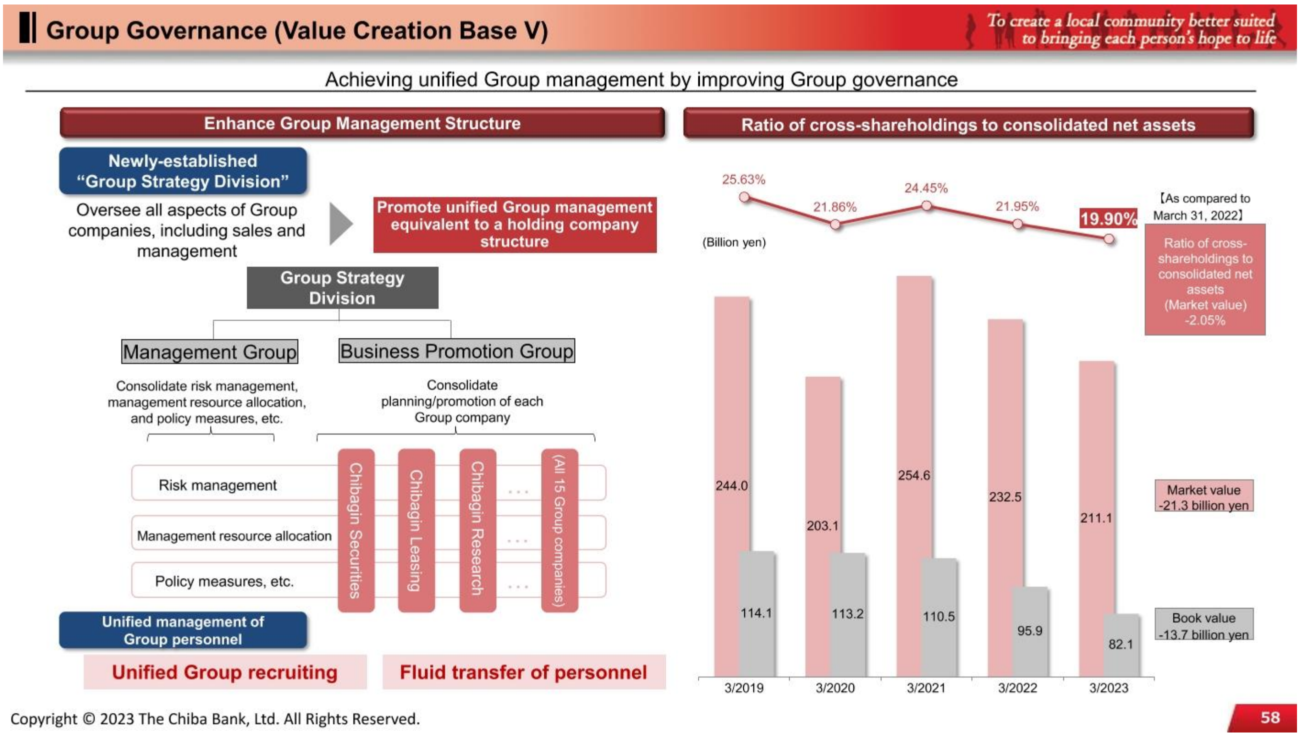


I will explain only the main points regarding sustainability management. Please turn to page 55.

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



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



Please skip one page and go to page 58.

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

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