



The Chiba Bank, Ltd.

Small Meeting After Q3 Release for the FY2021 Ending March 2022

February 7, 2022

Event Summary

[Company Name]	The Chiba Bank, Ltd.	
[Fiscal Period]	FY2021 Q3	
[Date]	February 7, 2022	
[Number of Pages]	25	
[Time]	15:30 – 16:24 (Total: 54 minutes, Presentation: 13 minutes, Q&A: 41 minutes)	
[Venue]	Webcast	
[Number of Speakers]	2	
	Tadayoshi Shinozaki	Director and Senior Executive Officer, Group CSO, Group CDTO
	Taro Kanzawa	General Manager of Corporate Planning Division

Kanzawa: Hello, everyone. I am Taro Kanzawa from Corporate Planning Division of Chiba Bank. Thank you for participating in today's small meeting.

Now, Mr. Tadayoshi Shinozaki, Director and Senior Executive Officer, will provide an overview of the financial results for Q3 of the fiscal year ending March 31, 2022 for about 10 minutes, followed by a question and answer session. The entire meeting is scheduled for a maximum of 60 minutes.

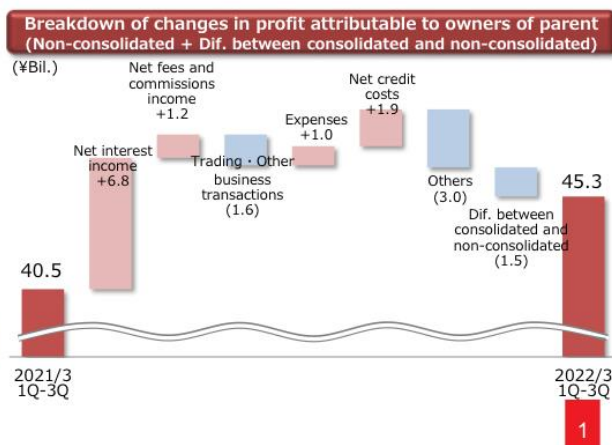
For the materials to be used, please refer to the Financial Highlights for the Third Quarter of FY2021 Ending March 2022, posted on the Bank's website. Thank you.

The 14th Medium Term Management Plan
NEXT STEP 2023
~ connect and go beyond, for the future ~

Summary of Financial Results

Non-consolidated	(¥Bil.)	2021/3 1Q-3Q	2022/3 1Q-3Q	YoY
Gross business profits		118.4	124.8	6.4
Net interest income		95.1	101.9	6.8
Net fees and commissions income		18.2	19.5	1.2
Trading income		1.2	0.8	(0.3)
Profit from other business transactions		3.7	2.4	(1.3)
Gains (losses) related to bonds (Government bonds, etc.)		0.1	0.8	0.7
Expenses (-)		64.7	63.7	(1.0)
Real net business income		53.6	61.1	7.4
Core net business income		53.5	60.2	6.7
Excluding gains (losses) on cancellation of investment trusts		49.7	57.0	7.2
Net transfer to general allowance for loan losses (-)		1.3	0.3	(0.9)
Net business income		52.3	60.7	8.3
Non-recurrent income and losses		0.9	1.3	0.3
Disposal of non-performing loans (-)		3.3	2.3	(1.0)
Gains (losses) related to stocks, etc.		4.4	2.4	(2.0)
Ordinary profit		53.3	62.0	8.7
Extraordinary income (loss)		(0.0)	(0.0)	(0.0)
Profit		38.4	44.8	6.3
Net credit costs (-)		4.6	2.7	(1.9)
Consolidated	(¥Bil.)	2021/3 1Q-3Q	2022/3 1Q-3Q	YoY
Ordinary profit		58.1	65.0	6.8
Profit attributable to owners of parent		40.5	45.3	4.8

- ◆ Net interest income increased by ¥6.8 billion YoY, the highest level in 10 years. Net fees and commissions income increased by ¥1.2 billion YoY to a record high. As a result, Gross business profits increased by ¥6.4 billion YoY, reaching a record high for the first time in 12 years.
- ◆ Expenses decreased by ¥1.0 billion YoY due to decrease expenses related to the new head office building.
- ◆ Core net business income excluding gains (losses) on cancellation of investment trusts increased by ¥7.2 billion YoY, and core business were remained strong.
- ◆ Credit costs decreased by ¥1.9 billion, and new downgrades were only ¥3.2 billion, decreased by 1.2 billion YoY.
- ◆ Profit were progressing steadily against the projection, with 91% of non-consolidated profit, reaching a record high for the first time in 4 years and 87% of consolidated profit.



Shinozaki: Hello, everyone. This is Tadayoshi Shinozaki. I will explain the financial results according to the materials. Please see page one. First, here is a summary of our financial results.

Gross business profits increased by JPY6.4 billion YoY, reaching a record high for the first nine months of a fiscal year for the first time in 12 years.

Net interest income and net fees and commissions income increased by JPY6.8 billion and JPY1.2 billion, respectively, contributing to the YoY rise in gross business profits. On the other hand, as a result of a decrease of JPY1 billion in expenses, core net business income excluding gains on cancellation of investment trusts also increased by JPY7.2 billion YoY, maintaining the strong performance of the core banking business.

Net credit costs decreased by JPY1.9 billion YoY. Against the projection for the full year, the progress of non-consolidated net profit accounted for 91% and consolidated profit attributable to owners of parent for 87%.

Summary of Financial Results (Consolidated)

The 14th Medium Term Management Plan

NEXT STEP 2023

~ connect and go beyond, for the future ~

Consolidated	(¥Bil.)	2021/3	2022/3	YoY
		1Q-3Q	1Q-3Q	
Gross business profits		126.1	132.0	5.8
Net interest income		92.0	98.2	6.1
Net fees and commissions income		26.2	27.9	1.6
Trading income		4.0	3.5	(0.5)
Profit from other business transactions		3.7	2.3	(1.3)
General and administrative expenses (-)		70.4	68.5	(1.9)
Net credit costs (-)		4.6	3.3	(1.2)
Net transfer to general allowance for loan losses (-)		1.5	0.4	(1.0)
Disposal of non-performing loans (-)		3.0	2.8	(0.2)
Gains (losses) related to stocks, etc.		4.4	2.3	(2.1)
Equity gains (losses) of affiliated companies		0.1	0.0	(0.0)
Others		2.4	2.3	(0.1)
Ordinary profit		58.1	65.0	6.8
Extraordinary income (loss)		(0.0)	(0.1)	(0.0)
Pre-Tax Profit		58.0	64.9	6.8
Total income taxes (-)		17.5	19.5	1.9
Profit		40.5	45.3	4.8
Profit attributable to non-controlling interests		-	-	-
Profit attributable to owners of parent (reference)		40.5	45.3	4.8
Consolidated net business income		60.1	67.5	7.4

Status of Subsidiaries

[Consolidated subsidiaries]

(¥Bil.)

Company name	Investment ratio (Including indirect)	Profit items (After deduction of inter-subsidiary dividends)	2021/3	2022/3	YoY
			1-3Q	1-3Q	
Chibagin Securities Co.,Ltd.	100%	Ordinary profit	1.2	1.2	(0.0)
		Profit	0.8	0.8	0.0
Chibagin Leasing Co.,Ltd.	100%	Ordinary profit	1.1	0.6	(0.4)
		Profit	0.7	0.4	(0.2)
Chibagin Guarantee Co.,Ltd.	100%	Ordinary profit	4.6	3.9	(0.6)
		Profit	2.9	2.5	(0.4)
Chibagin JCB Card Co.,Ltd.	100%	Ordinary profit	0.7	0.7	0.0
		Profit	0.4	0.5	0.0
Total of 5 other companies	100%	Ordinary profit	0.5	0.5	(0.0)
		Profit	0.3	0.3	(0.0)
Total		Ordinary profit	8.2	7.2	(1.0)
		Profit	5.4	4.7	(0.6)

[Equity method subsidiaries]

Total of 6 companies	Profit according to equity method	2021/3	2022/3	YoY
		0.1	0.0	(0.0)

Dividends to parent company(-)	3.5	4.2	0.7
Difference between consolidated and non-consolidated ※	2.0	0.5	(1.5)

※After adjustment for unrealized gains, etc.

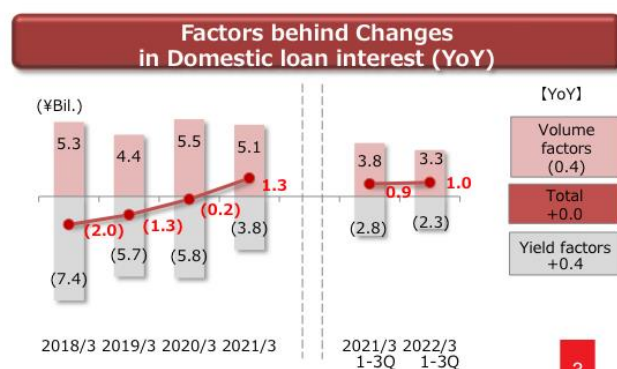
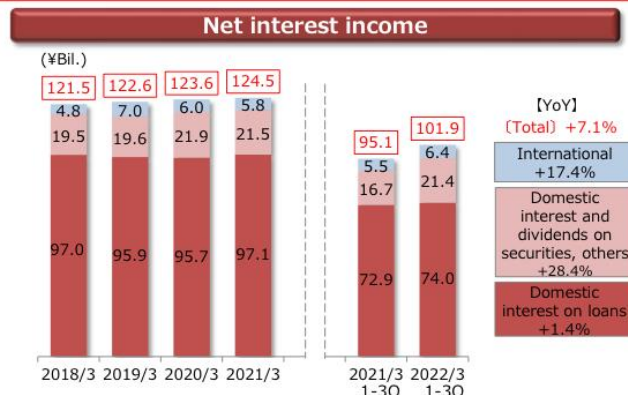
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Please see page two. From H1 of the current fiscal year, we disclosed a summary of the consolidated financial results.

The table on the right shows the status of subsidiaries. Profits at Chibagin Leasing decreased YoY due to a decline in mid-term cancellations, and those at Chibagin Guarantee declined YoY in reaction to the previous year's reversal of credit costs.

In addition, due to the increase in dividends paid to the parent company in response to the subsidiaries' strong performance in the previous fiscal year, the difference between the consolidated and non-consolidated results shrank by JPY1.5 billion YoY.

(¥Bil.)	2021/3 1Q-3Q	2022/3 1Q-3Q	YoY
Net interest income	95.1	101.9	6.8
Domestic	89.6	95.4	5.8
Interest on Loans	72.9	74.0	1.0
Loans and bills discounted	73.3	74.4	1.0
Deposit (incl. NCD)	0.4	0.4	(0.0)
Interest and dividends on securities	16.0	19.5	3.4
Bonds	1.9	1.9	(0.0)
Stock dividends	8.1	9.4	1.2
Investment funds	(0.0)	0.5	0.5
Investment trusts	5.8	7.5	1.6
Gains (losses) on cancellation	2.4	2.7	0.2
Others (Market operation, etc.)	0.6	1.9	1.2
International	5.5	6.4	0.9
Loans and bills discounted	4.3	3.0	(1.2)
Foreign Securities	9.5	9.5	(0.0)
Foreign Securities	6.7	6.3	(0.3)
Foreign currency funds	1.3	2.5	1.2
Investment trusts	1.5	0.6	(0.8)
Gains (losses) on cancellation	1.3	0.5	(0.8)
Others (Funding and market operation, etc.)	(8.3)	(6.1)	2.2
Net interest income (Excluding gains (losses) on cancellation of investment trusts)	91.3	98.7	7.4
Gains (losses) on cancellation of investment trusts	3.8	3.2	(0.5)

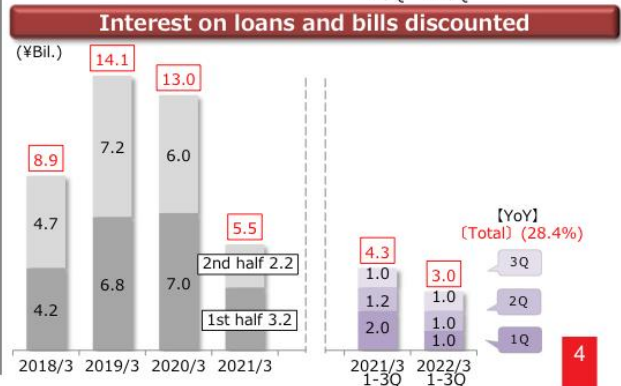
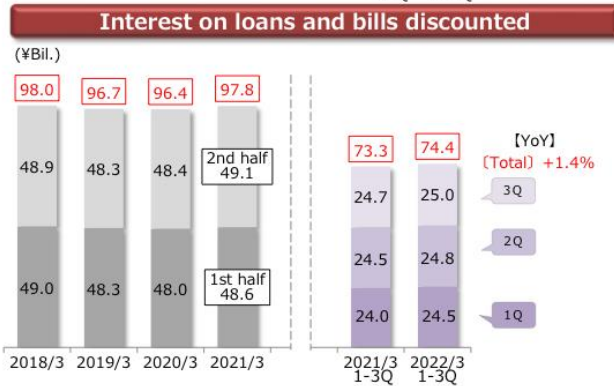
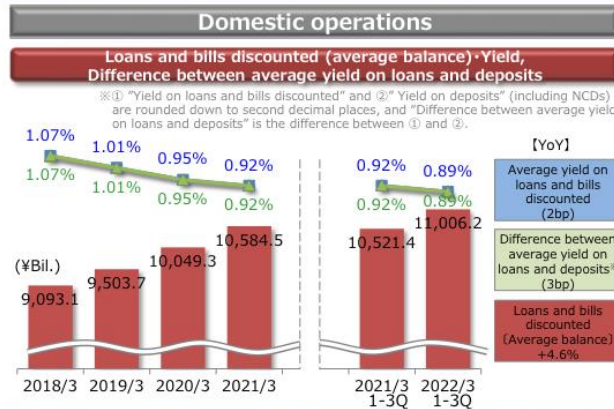


Please see page three.

Net interest income in domestic operations increased by JPY5.8 billion YoY, due to a favorable increase in interest and dividends on securities of JPY3.4 billion, stemming from an increase in stock dividends and investment trust distributions, and a favorable increase in interest on loans of JPY1 billion.

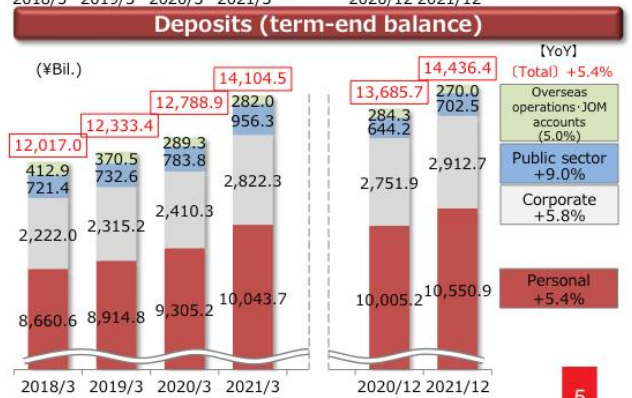
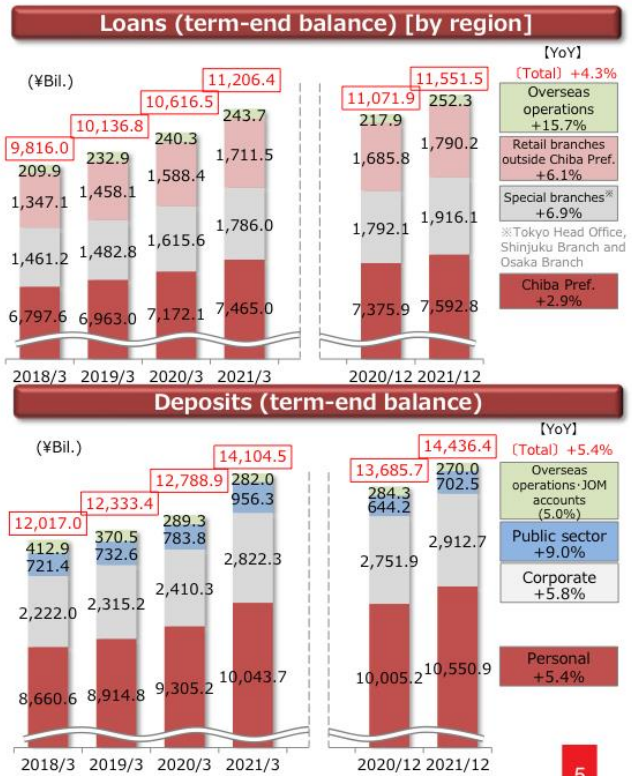
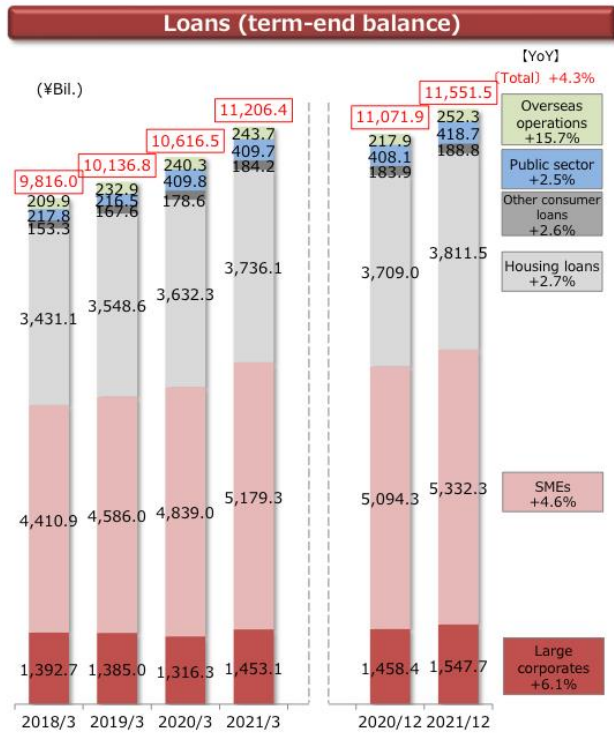
Net interest income in international operations increased by JPY900 million as costs decreased as a result of the normalization of larger and longer funding, which had been implemented in the same period last year. In addition, there were favorable distributions from foreign currency funds. As a result, overall net interest income increased by JPY6.8 billion YoY, which was the highest level for cumulative Q3 in 10 years.

Yield · Interest on Loans



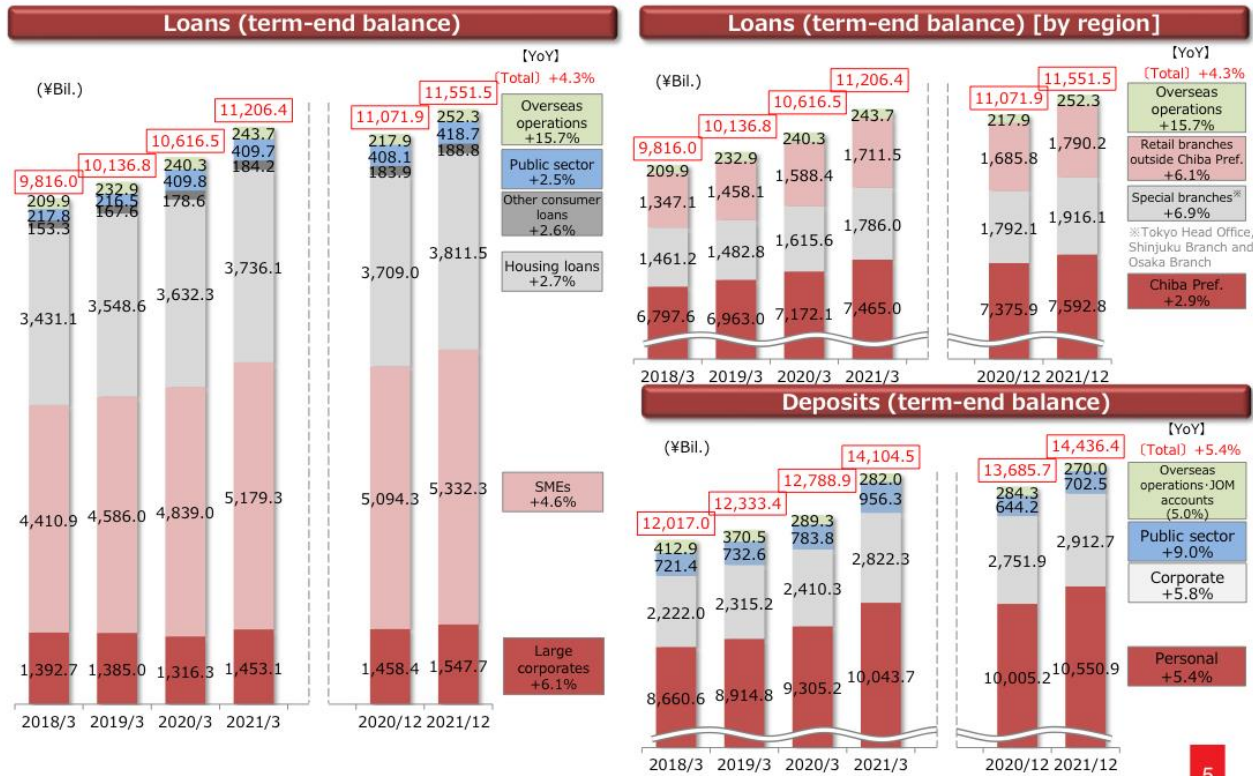
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The yield on loans in the domestic operations has continued to decline, but the extent of the decline has been narrowing. In the international operations, the loan yield has been declining due to the global fall in interest rates, but spreads have been stable.



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The term-end balance of overall loans increased 4.3% YoY. Loans to large corporate customers and small and medium-sized enterprises, housing loans, and unsecured loans each maintained a steady pace. Deposits also grew steadily by 5.4% YoY.

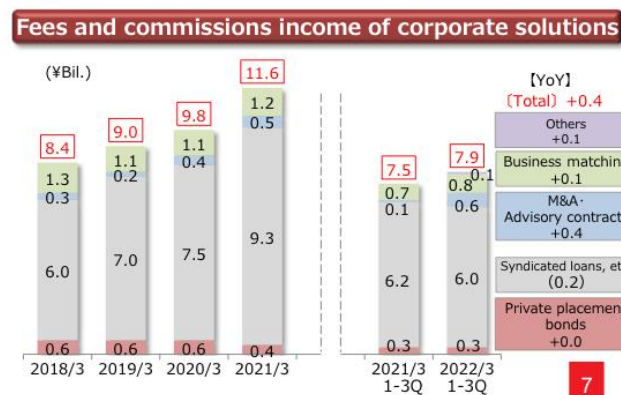
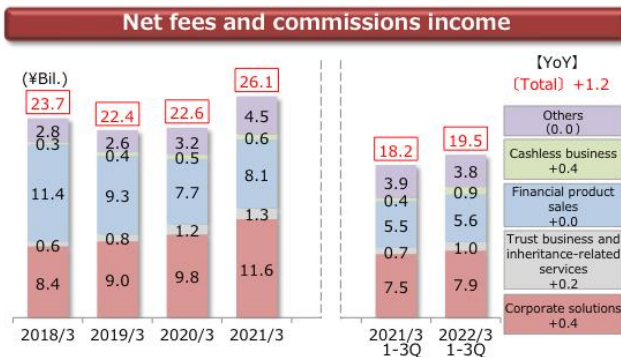


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The balance of marketable securities came to approximately JPY2.26 trillion. Unrealized gains on other securities improved by JPY5.2 billion from the end of March.

Net Fees and Commissions Income

	2021/3		2022/3	
	(¥Bil.)	1-3Q	1-3Q	YoY
Net fees and commissions income		18.2	19.5	1.2
Net fees and commissions revenue		31.9	33.1	1.2
Net fees and commissions payments (-)		13.6	13.6	(0.0)
<Main breakdown>				
Investment trusts and personal annuities		5.5	5.6	0.0
Investment trusts		2.5	3.0	0.5
Annuities and whole life insurance		0.9	0.9	(0.0)
Level paying life insurance		1.5	1.0	(0.4)
Financial instrument intermediary		0.5	0.5	0.0
Corporate solutions		7.5	7.9	0.4
Private placement bonds		0.3	0.3	0.0
Syndicated loans		6.2	6.0	(0.2)
M&A and advisory contracts		0.1	0.6	0.4
Business matching		0.7	0.8	0.1
Trust business and inheritance-related services		0.7	1.0	0.2
Cashless payment and card business		0.4	0.9	0.4
Payment and settlement transactions		9.9	9.5	(0.3)
Guarantee charges and group insurance costs (-)		8.5	8.4	(0.0)

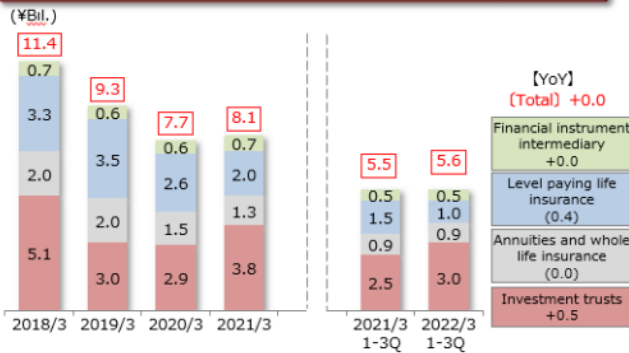


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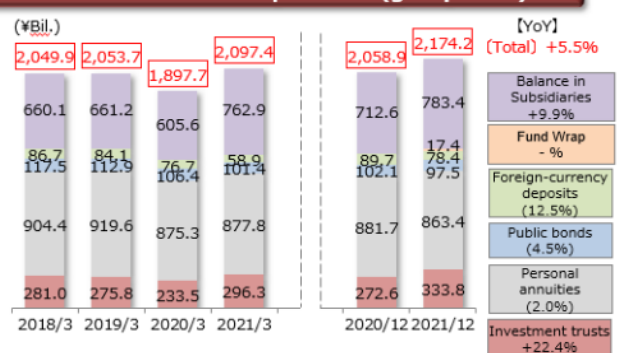
Net fees and commissions income increased by JPY1.2 billion YoY to JPY19.5 billion, a record high for cumulative Q3. There was a steady increase of JPY400 million in corporate solutions, which was driven by strong performance in non-finance-related businesses, such as M&A and advisory and business matching.

In addition, income in the cashless payment and card business increased by JPY400 million YoY, doubling the year-before level. The use of the cashless payment system advanced in the medical field, although it had been struggling somewhat due to the fact that the use of the system at restaurants was not as strong as expected due to COVID-19.

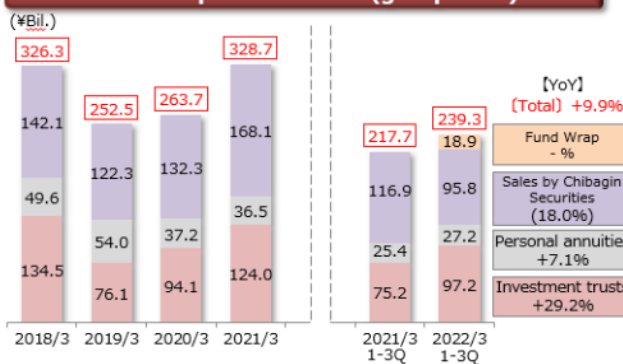
Fees and commissions income of financial products



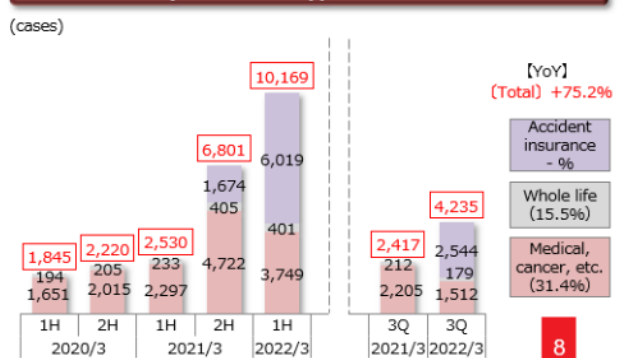
Balance of financial products (group total)



Financial products sales (group total)



Number of protection-type insurance contracts



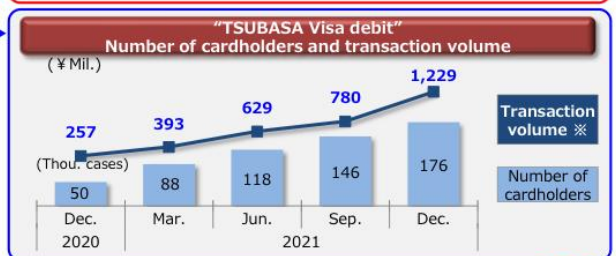
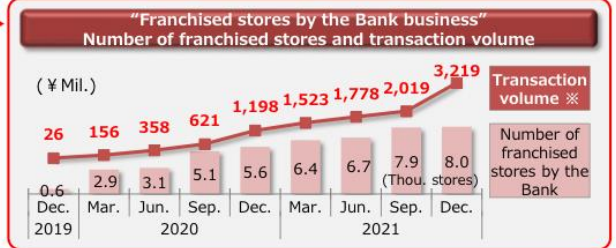
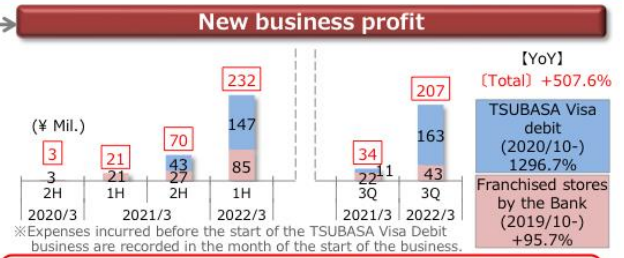
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In the area of financial products, both fees and commissions income from them and their sales were flat YoY. Commissions income from level paying life insurance, whose yields have been declining due to low interest rates worldwide, was sluggish, resulting in a decline in commissions.

Meanwhile, the number of protection-type insurance contracts increased substantially and we aim to expand them further. For the product, we have strengthened our proposals to asset-building customers by opening insurance corners and appointing some members at branch offices to work as a dedicated staff.

		2021/3		2022/3	
		1-3Q		1-3Q	
		YoY			
Total of new and existing business by the Bank	Profit	488	965	477	
	Revenue	1,725	2,436	711	
	Expenses(-)	1,236	1,471	234	
Total of new business by the Bank	Profit	55	439	384	
	Revenue	174	850	675	
	Expenses(-)	118	410	291	
Franchised stores by the Bank	Profit	44	129	84	
	Revenue	154	495	341	
	Expenses(-)	109	366	256	
TSUBASA Visa debit	Profit	11	310	299	
	Revenue	20	354	334	
	Expenses(-)	8	43	35	
Existing business by the Bank	Profit	432	525	93	
	Revenue	1,550	1,586	35	
	Expenses(-)	1,118	1,060	(57)	
Subsidiaries (Chibagin JCB Card Chibagin DC Card)	Profit	869	875	6	
	Revenue	3,582	3,640	57	
	Expenses(-)	2,713	2,764	50	
(reference)					
Total of group	Profit	1,357	1,841	483	
	Revenue	5,307	6,077	769	
	Expenses(-)	3,950	4,236	285	

※Expenses of subsidiaries include personnel expenses and other operating expenses.



※Transaction volume : settlement amount for one month in the relevant month

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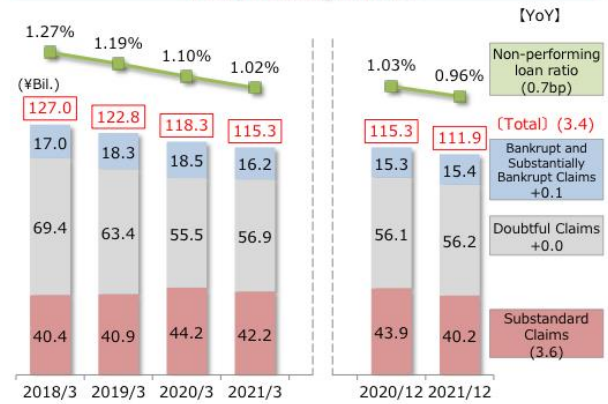
As for the cashless business, the number of member stores and members has been steadily increasing, and the transaction volume is also expanding. Cumulative revenue through Q3 increased by nearly JPY500 million YoY for both the total of our Bank and the total of the Group, and the degree of contribution to earnings has become larger.

In the future, we expect major customer companies to use our services, and we will work to further increase our earnings.

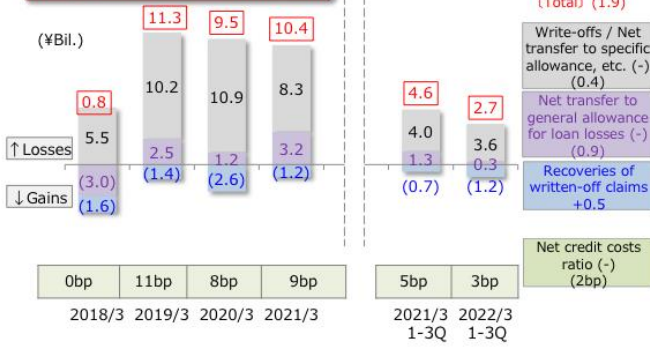
Net credit costs

	2021/3		2022/3	
	(¥Bil.)	1-3Q	1-3Q	YoY
Net credit costs (-)		4.6	2.7	(1.9)
Net transfer to general allowance for loan losses (-)		1.3	0.3	(0.9)
Disposal of non-performing loans (-)		3.3	2.3	(1.0)
Write-offs / Net transfer to specific allowance, etc. (-)		4.0	3.6	(0.4)
New downgrades (-)		4.4	3.2	(1.2)
Existing non-performing loans (-)		0.3	0.8	0.4
Collections etc.		0.7	0.4	(0.3)
Recoveries of written-off claims		0.7	1.2	0.5
Net credit costs ratio (-)		5bp	3bp	(2bp)

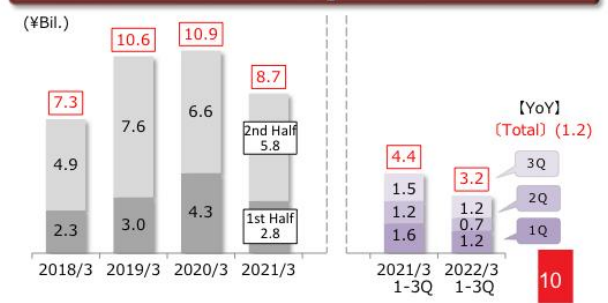
Disclosed claims under the Financial Reconstruction Law · Non-performing loan ratio



Net credit costs(-) transition



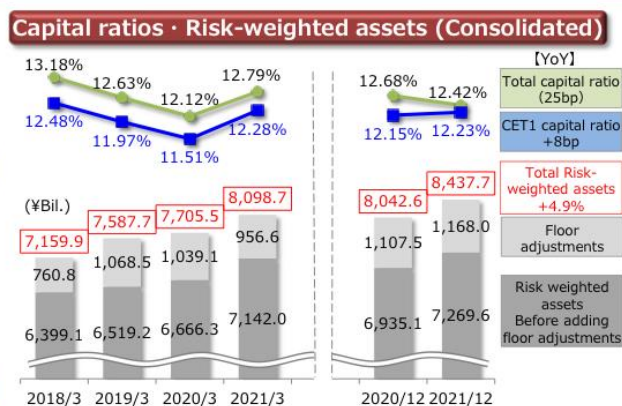
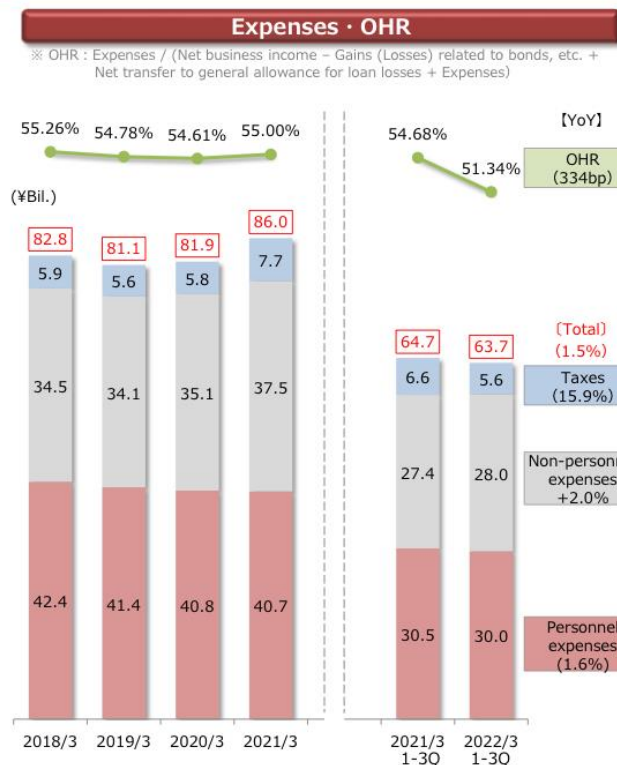
New downgrades



Please see page 10.

Net credit costs decreased by JPY1.9 billion YoY to JPY2.7 billion. Due to a decrease in the reserve ratio for normal borrowers, the net transfer to general allowance for loan losses decreased by JPY900 million, and we were able to curb new downgrades to JPY3.2 billion against the planned JPY11 billion for the year.

The NPL ratio fell to 0.96%, maintaining the top level of soundness among regional banks.



Please turn to page 11.

Expenses decreased by JPY1 billion YoY due to a decrease in expenses related to the new Head Office building. The OHR declined to the 51% range due in part to an increase in net business profits, and we continued to maintain one of the highest levels of efficiency among Japanese banks.

The consolidated common equity Tier 1 ratio was 12.23%, which was an adequate level. In conjunction with the announcement of these financial results, we also announced an increase in dividend payment of JPY2 per share, and the annual dividend is expected to be JPY24, up JPY4 YoY.

As a result of this, the consolidated dividend payout ratio is expected to increase to 34%, and we will continue to return profits to shareholders while maintaining the soundness necessary to provide a stable supply of funds to the region and balancing the use of capital for further growth, including the acquisition of treasury stock.

ESG external evaluation

CDP[®] score for climate change

Received "A-" rating, the highest level for a Japanese bank **New**

	Regional banks	Major banks
A-	Chiba	Mizuho FG
B	Fukuoka FG Hachijuni	MUFG SMFG Resona HD
B-	1 company	1 company
C	1 company	2 companies
F	Numerous (Unanswered companies)	

※Carbon Disclosure Project : A British NGO that operates an information disclosure system to manage the environmental impact of companies.
◆ global average : 「B-」

MSCI ESG Rating

Received "A" rating, the same level as the three mega banks **New**

Providing the Chiba Bank Training Center as a temporary medical facility and overnight treatment facility for the COVID-19

◆ Indoor: 110 beds for short-term hospitalization **New**
◆ Outdoor: 50 prefabricated residential treatment facilities




Chiba SDGs Promotion Network **New**

(Launched in January 2022)

千葉県 chiba prefecture

Establishment of the Chiba SDGs partner registration system

Customers in Chiba Prefecture

- Dissemination, awareness-raising of SDGs, **working together to support**
- Information sharing and collaboration among network members
- Informing customers of the "Chiba SDGs partner registration system" and encouraging them to register

CHIBA BANK

The Keiyo Bank

Chiba Kogyo Bank

- Chiba Chamber of Commerce and Industry
- Chiba Association of Corporate Executives
- Chiba Employers' Association
- Chiba Economic Council
- Chiba Federation of Societies of Commerce and Industry
- Chiba Prefectural Federation of small Business Association
- Chiba Conference of Association of Small Business Entrepreneurs
- Chiba Credit Guarantee Corporation

ちばSDGs推進ネットワーク 発足式 2022.1.7



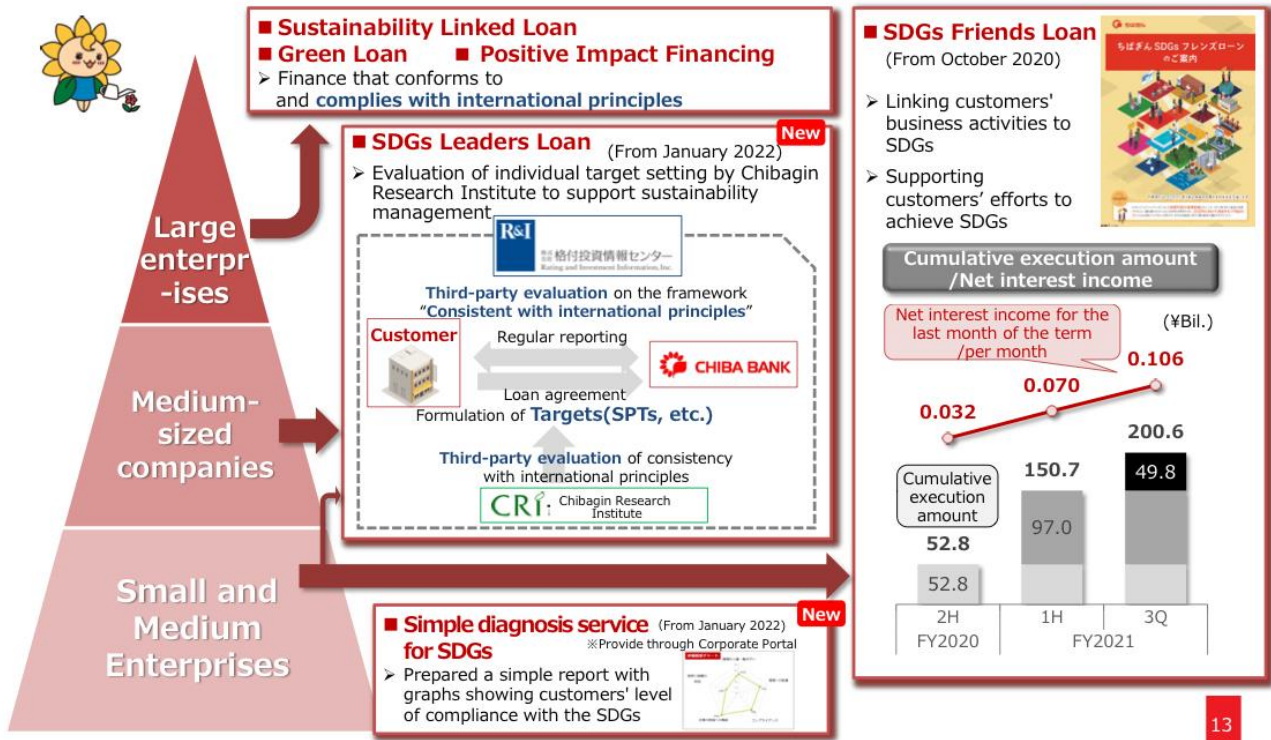
Please turn to page 12. Here are some of the recent initiatives related to the SDGs.

First of all, as mentioned in the upper left-hand corner, in December last year, the Bank received an A- climate change rating from CDP, a UK-based information agency on the environmental impact of companies. The rating is the highest score for a Japanese bank, indicating that our environmental initiatives have been highly evaluated.

In addition, as shown in the bottom left corner, we provide our Inage Training Center to Chiba Prefecture as a temporary medical and accommodation facility for COVID-19. The center is being used amid the spread of the Omicron variant.

Please see the right side. In January, the Chiba SDGs Promotion Network was launched with the participation of Chiba Prefecture, the three regional banks in the prefecture, and economic organizations as its members. By utilizing this network, we will further strengthen our activities to spread awareness of the SDGs and support SDG initiatives, thereby contributing to sustainable growth for local communities.

Providing SDGs products that match each customer



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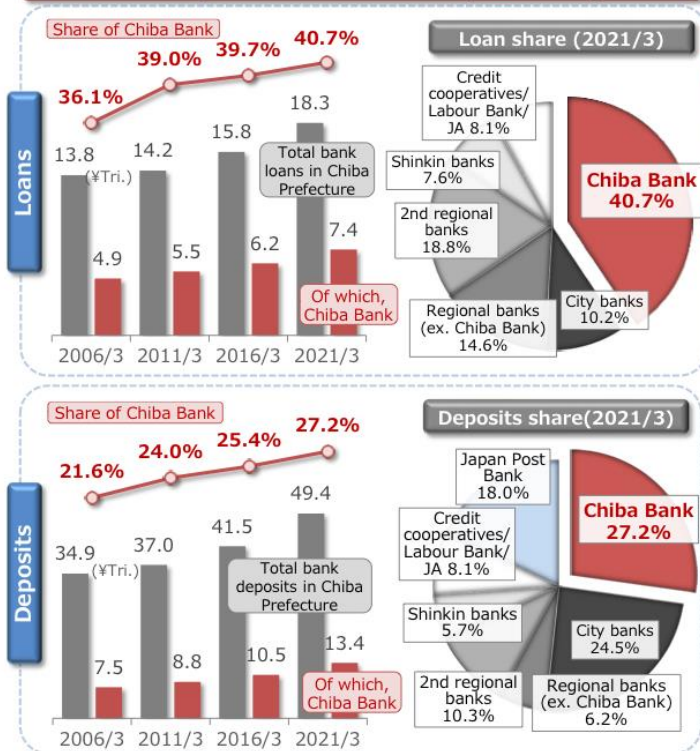
Please turn to page 13. The following is a lineup of SDGs products we offer to corporate customers.

For large corporations, we are actively promoting Sustainability Linked Loans that conform to the international principles. SDGs Friends Loans for small- and medium-sized companies have also steadily gained momentum, with the cumulative execution amount totaling JPY200 billion in 15 months since the launch.

In this context, in January, we started offering SDGs Leaders Loans to medium-sized companies. In this product, a third-party evaluation on the framework for consistency with the international principles is obtained from Rating and Investment Information, Inc., and a third-party evaluation of individual target setting is conducted by the Chiba Bank Research Institute. This evaluation system enables customers to achieve sustainability management while reducing their cost burden.

In addition, as described in the lower part of this page, we are strengthening our support for our customers' efforts to address the SDGs by providing a simple diagnosis service for the SDGs on our corporate portal.

Loans and deposits balance in Chiba prefecture / share



Economic Scale in Chiba Prefecture (Compared with major world countries), Total assets of Chiba bank (Compared with the largest bank)

Country	GDP	Largest domestic bank	Total assets (U.S.\$ Bil.)
Czech Republic	248.9	CSOB Czech Republic	82.1
Portugal	242.4	Caixa Geral de Depositos	112.8
Greece	212.3	National Bank of Greece	95.6
New Zealand	210.0	ANZ Bank New Zealand	119.0
Chiba Prefecture	177.0	Chiba Bank	161.6
Hungary	160.4	OPT Bank	78.4

Sources: <Major world countries> IMF World Economic Outlook for major countries (Date from 2018/1 to 2018/12)
 <Chiba Prefecture> Cabinet Office statistics (Date from 2018/4 to 2019/3)
 <Total assets of the largest domestic banks> The Bankers (2021 edition)

Credit Rating (Moody's long-term)

(as of January 31, 2022)

	Regional banks	Major banks
A1	Chiba Shizuoka	MUFG Mizuho SMBC SMTB
A2	Yokohama Chugoku	Resona
A3	JOYO	

Please turn to page 14. Finally, I would like to briefly explain our Bank's position.

In line with the development of Chiba Prefecture, the balances of bank loans and deposits in the prefecture have been on an upward trend, and the Bank has been expanding its share of this market with a current share of 40.7% in loans and 27.2% in deposits, establishing its position as the top bank in Chiba Prefecture.

In addition, Chiba Prefecture's economy is comparable to those of New Zealand, Hungary, and Greece, and when compared to the largest banks in those countries in terms of total assets, our Bank is 1.5 times to 2 times larger. This shows once again that we are a bank of global standing.

Reflecting these strengths of Chiba Bank, its overwhelming market share in the growing Chiba Prefecture, sound financial base, and stable profit structure, the Bank has received high external evaluations, including an external rating of A1 from Moody's, which is the same level as that of Japanese mega banks.

That's all for my explanation. Thank you for listening.