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Financial Highlights for the Nine Months of FY2023 ending March 2024



February 2, 2024

Financial Results for the Nine Months of FY2023

Summary of Financial Results	3
Summary of Financial Results (Consolidated)	4
Net Interest Income	5
Average Balance / Yield of Loans and Bills Discounted	6
Balance of Loans / Deposits at Term-end	7
Securities ①②	8-9
Net Fees and Commissions ①②③	10-12
Credit-related Expenses / FRA Claims	13
General & Administrative Expenses	14
Capital Adequacy Ratio / ROE / Shareholder Return	15
DX	16

Supplementary Materials

Improvement of Foreign Bond Portfolio	18
Impact of Rising Interest Rates on Interest on Loans and Deposits	19



Summary of Financial Results

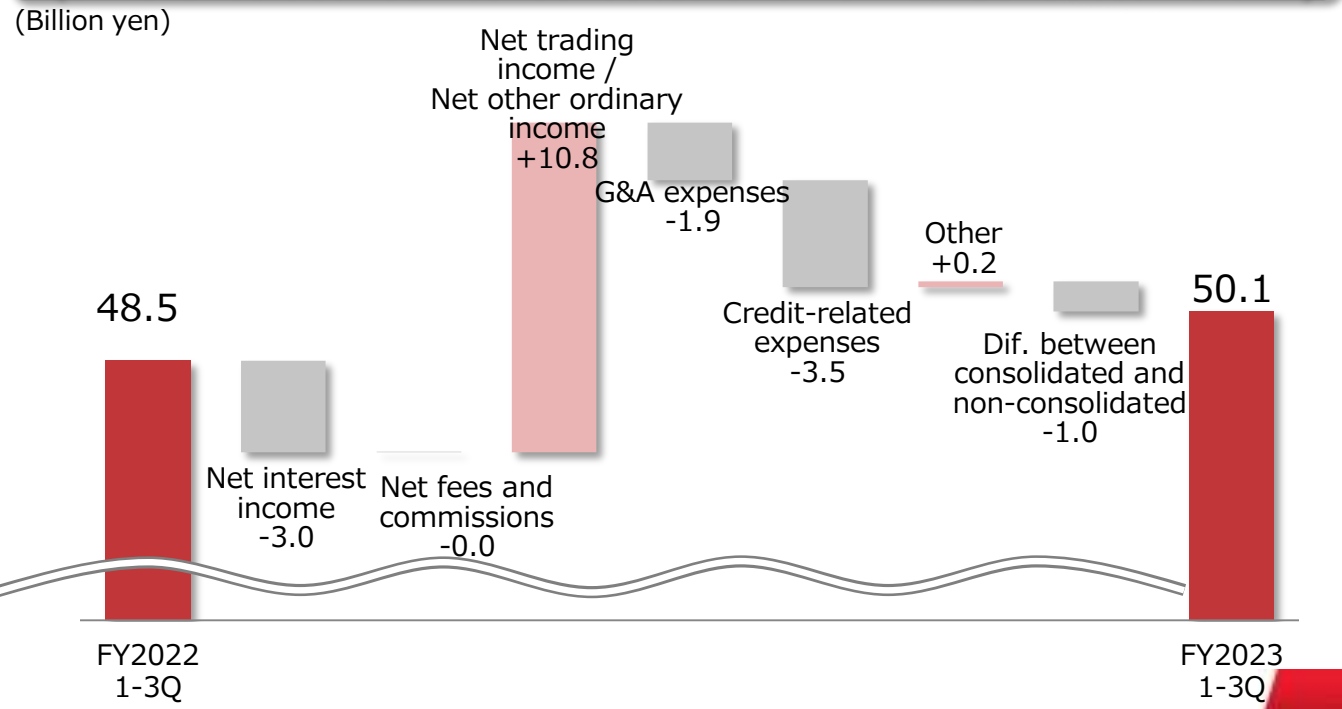
To create a local community better suited to bringing each person's hope to life

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

Consolidated	(Billion yen)	FY2022	FY2023	Change	FY2023	
		1-3Q	1-3Q		Plan	
Ordinary profit		69.8	72.5	2.6	88.0	82.4%
Profit attributable to owners of parent (Ref.)		48.5	50.1	1.6	61.0	82.1%
Consolidated net business income (before provisions to general allowance for loan losses)		62.4	68.4	5.9	92.1	74.2%

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

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



Summary of Financial Results (Consolidated)

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

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

Subsidiaries

*Showing profit/loss after reclassification for consolidated financial statements

[Consolidated subsidiaries]

(Billion yen)

Company name	Investment ratio (including indirect)	Profit items (after deduction of inter-subsidiary dividends)	FY2022	FY2023	Change
			1-3Q	1-3Q	
Chibagin Securities Co., Ltd.	100%	Ordinary profit	0.0	-0.3	-0.4
		Net income	0.0	-0.3	-0.4
Chibagin Leasing Co., Ltd.	100%	Ordinary profit	0.8	0.5	-0.2
		Net income	0.5	0.3	-0.1
Chibagin Guarantee Co., Ltd.	100%	Ordinary profit	4.9	3.9	-1.0
		Net income	3.2	2.5	-0.7
Chibagin JCB Card Co., Ltd.	100%	Ordinary profit	0.8	1.2	0.3
		Net income	0.5	0.8	0.2
Total of 5 other companies	100%	Ordinary profit	0.5	0.4	-0.1
		Net income	0.3	0.3	0.0
Total		Ordinary profit	7.3	5.8	-1.4
		Net income	4.8	3.7	-1.1

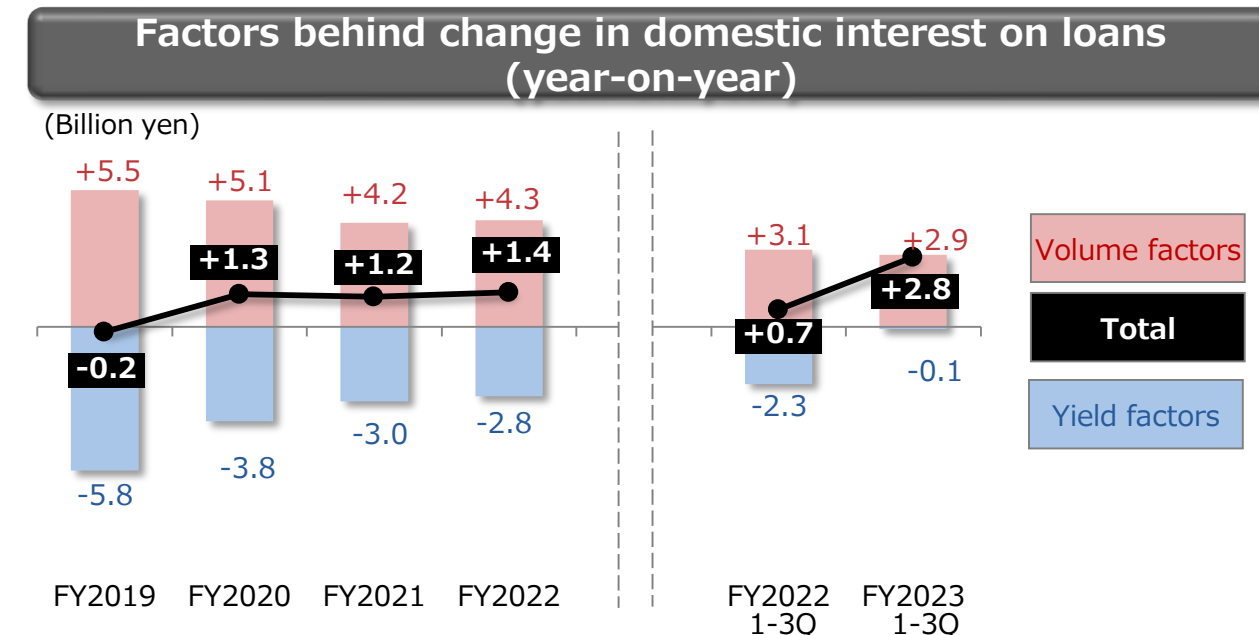
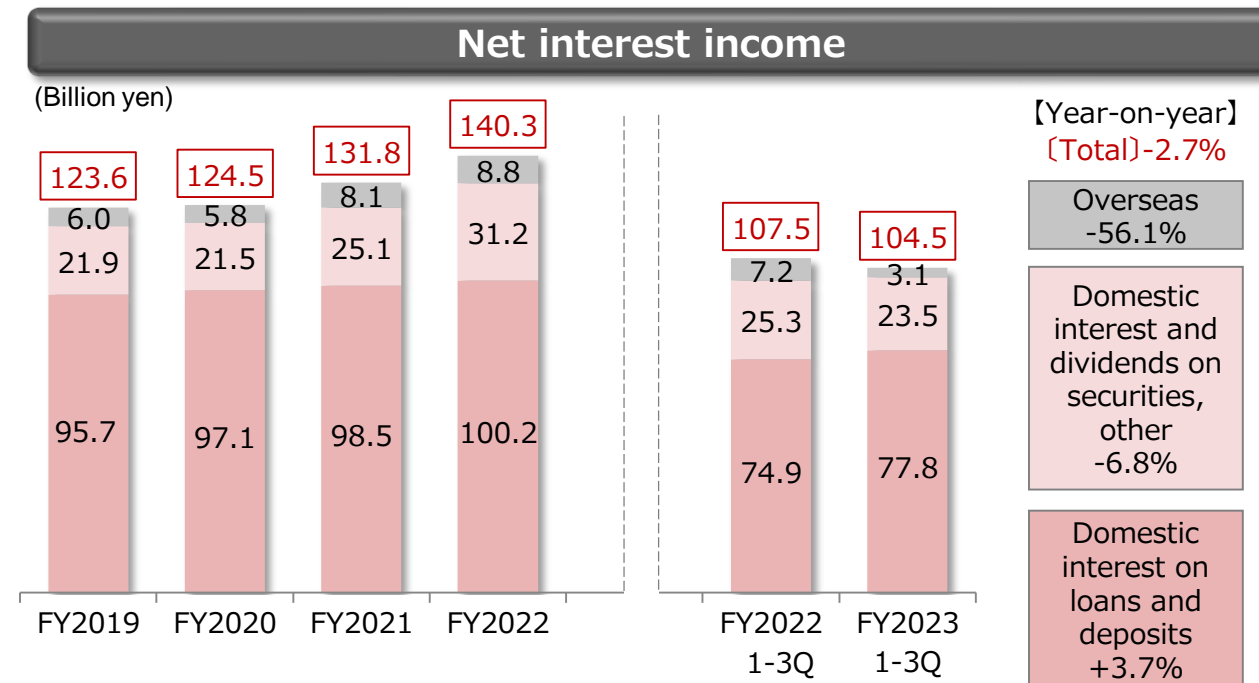
[Equity method subsidiaries]

Total of 6 companies	Net income according to equity method	0.0	0.1	0.1
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Dividends to parent company (-)	4.4	4.4	0.0
Dif. between consolidated and non-consolidated*	0.4	-0.5	-1.0

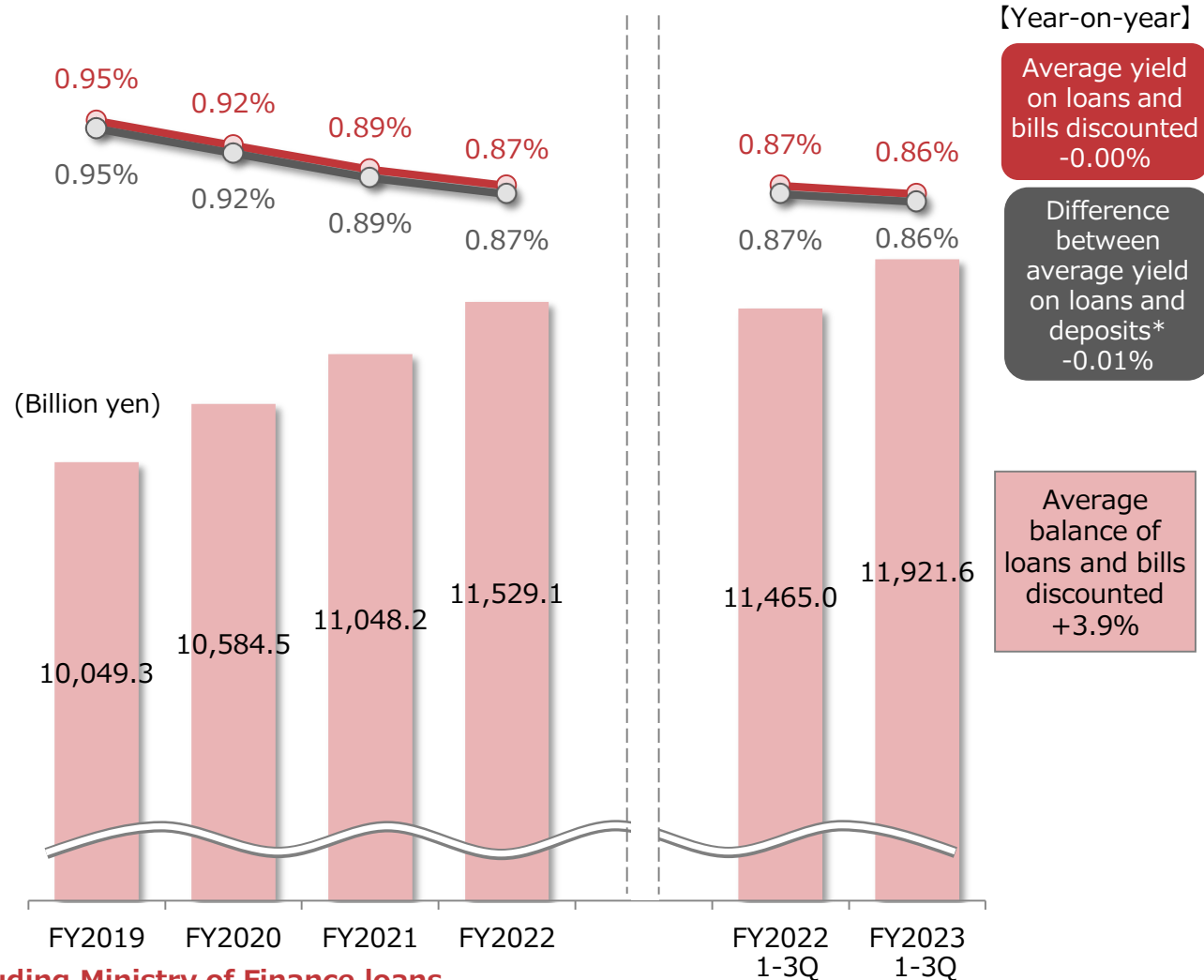
*After adjusting for unrealized gains, etc.

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

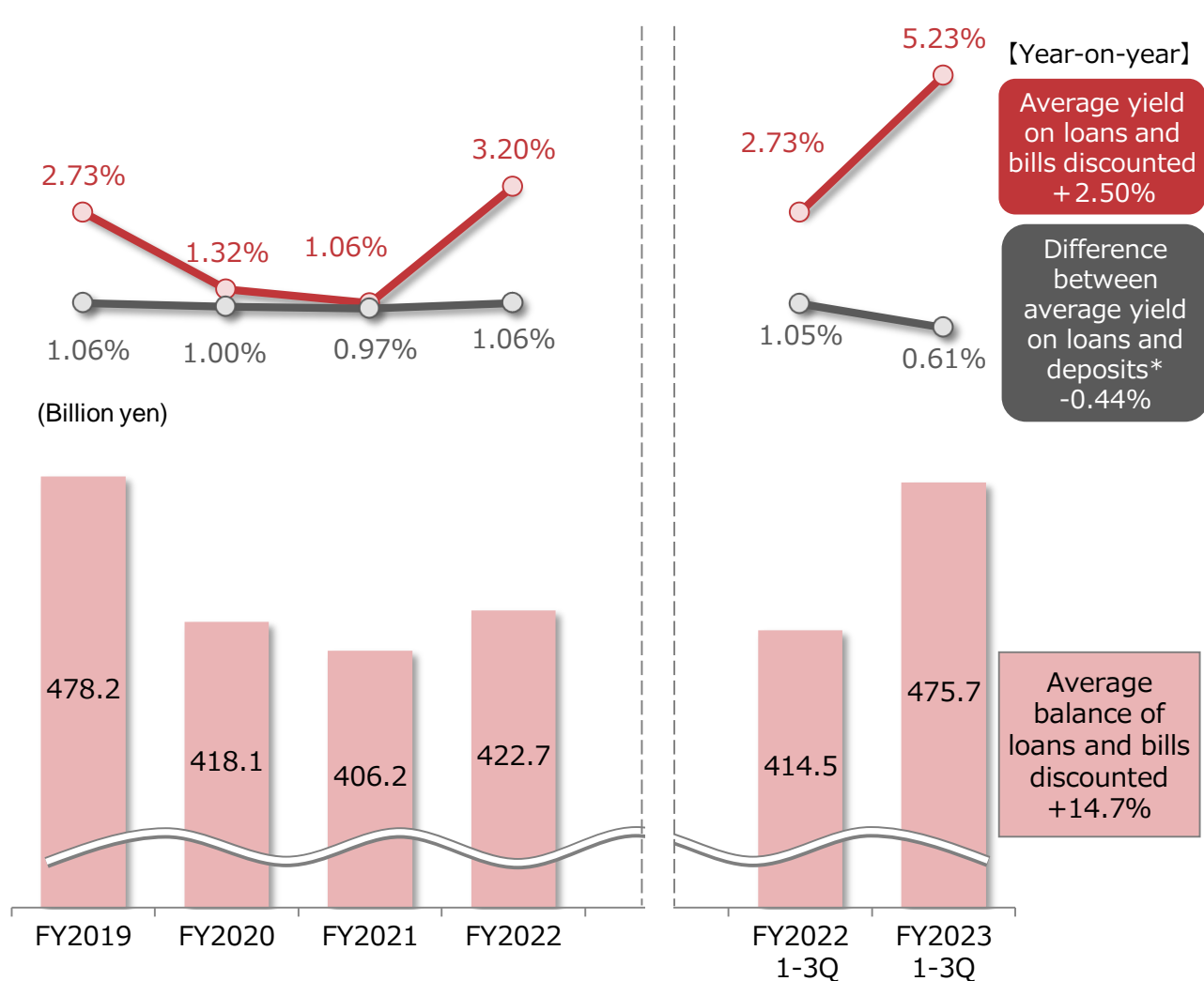


Domestic Operations Average balance / yield of loans and bills discounted

* 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.



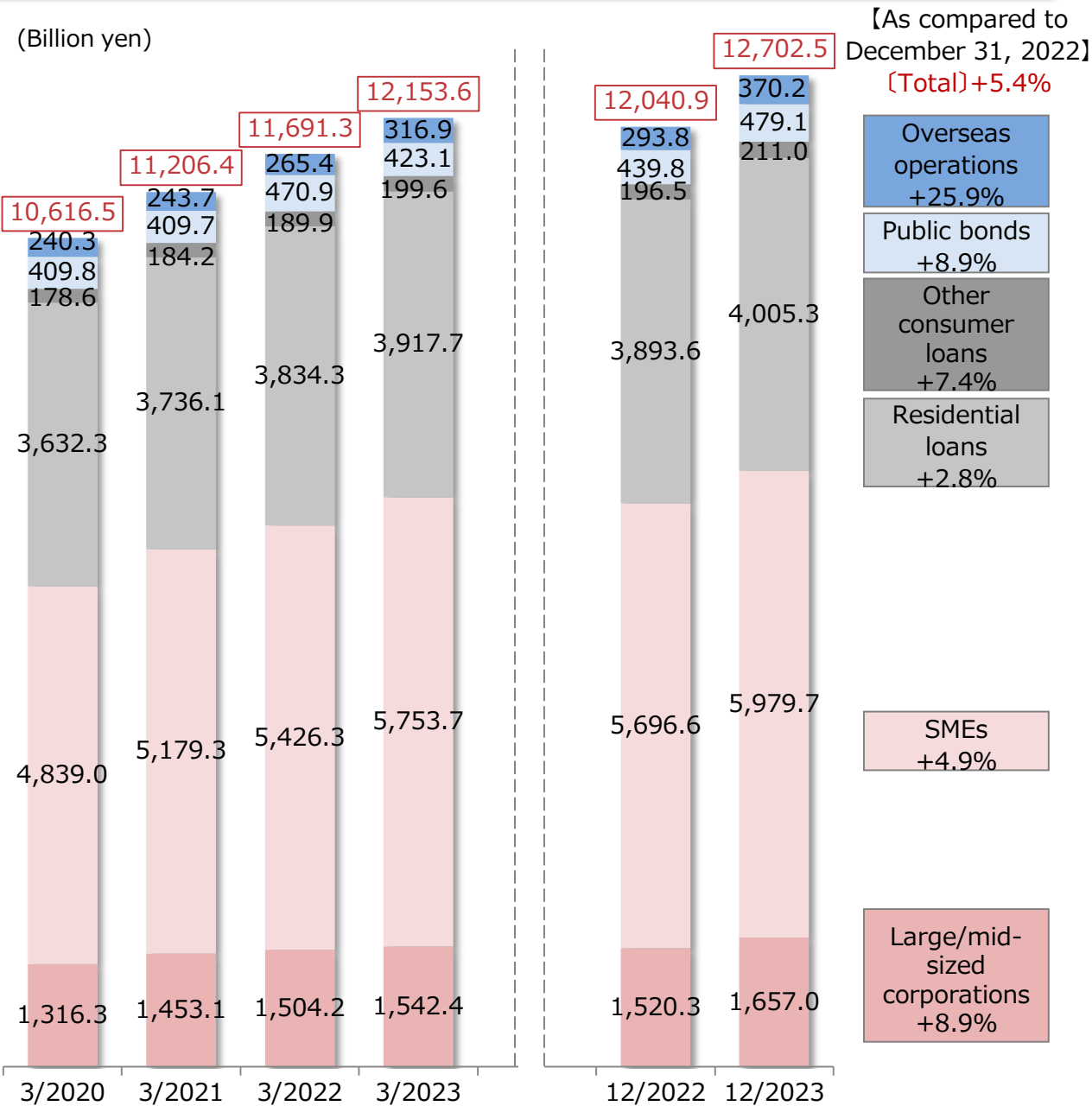
Overseas Operations Average balance / yield of loans and bills discounted



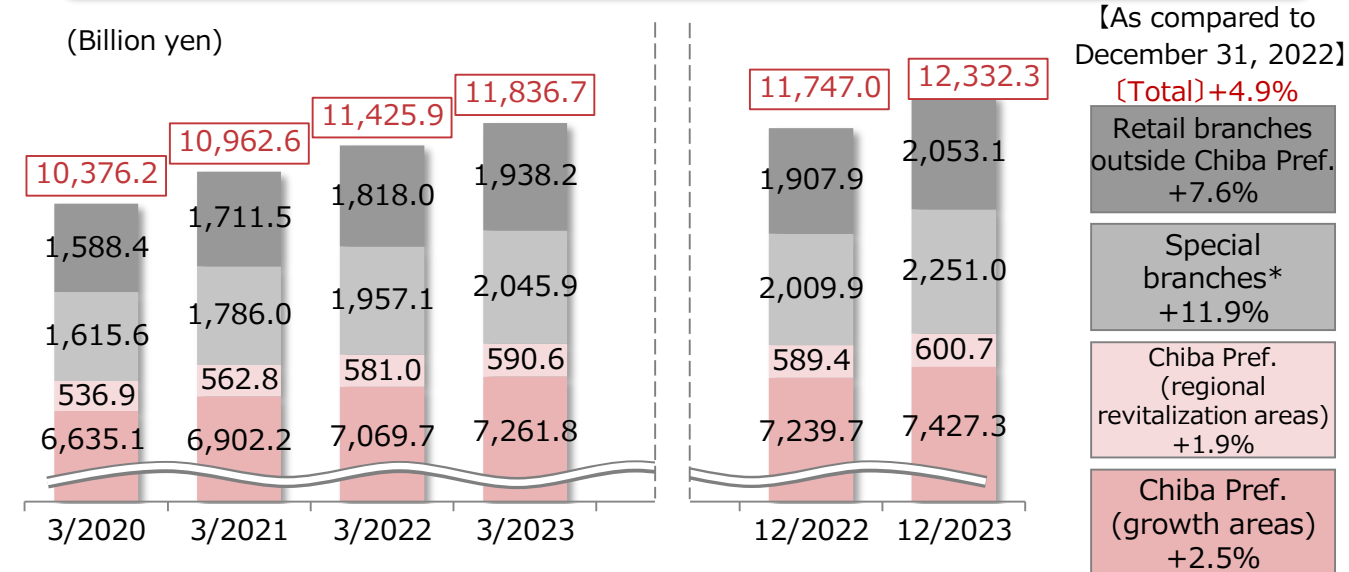
Excluding Ministry of Finance loans

Avg. balance	9,891.9	10,391.5	10,844.0	11,276.1	11,233.9	11,719.6
Yield	0.97%	0.94%	0.91%	0.89%	0.88%	0.88%

Balance of loans at term-end

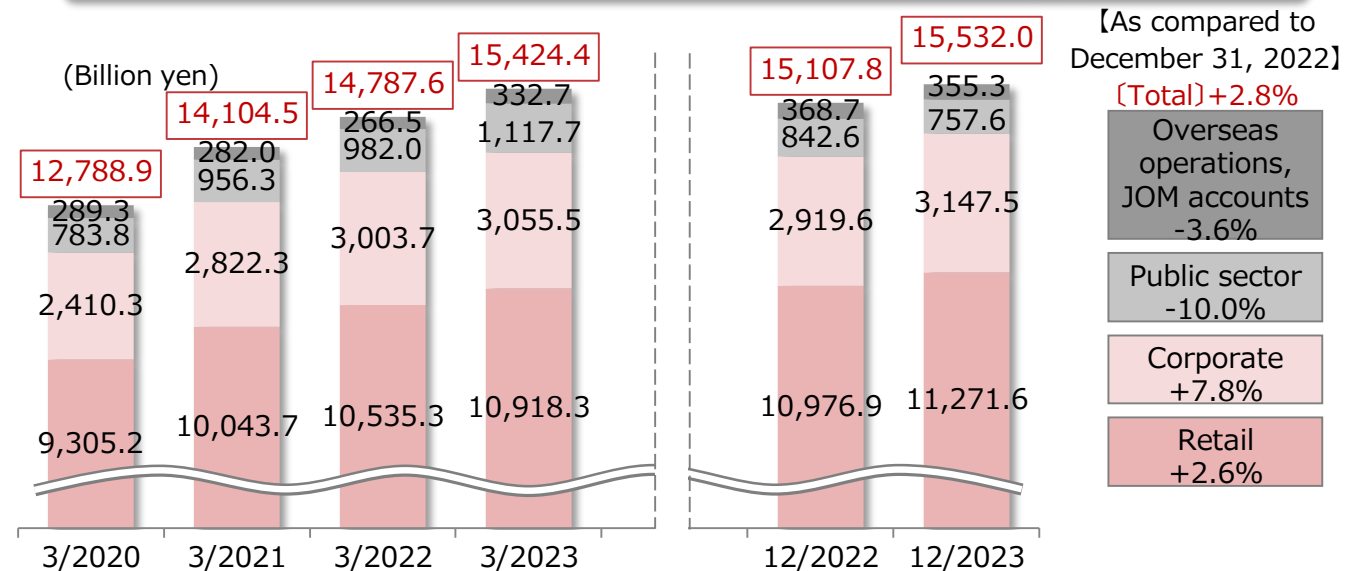


Balance of domestic loans at term-end (by region)



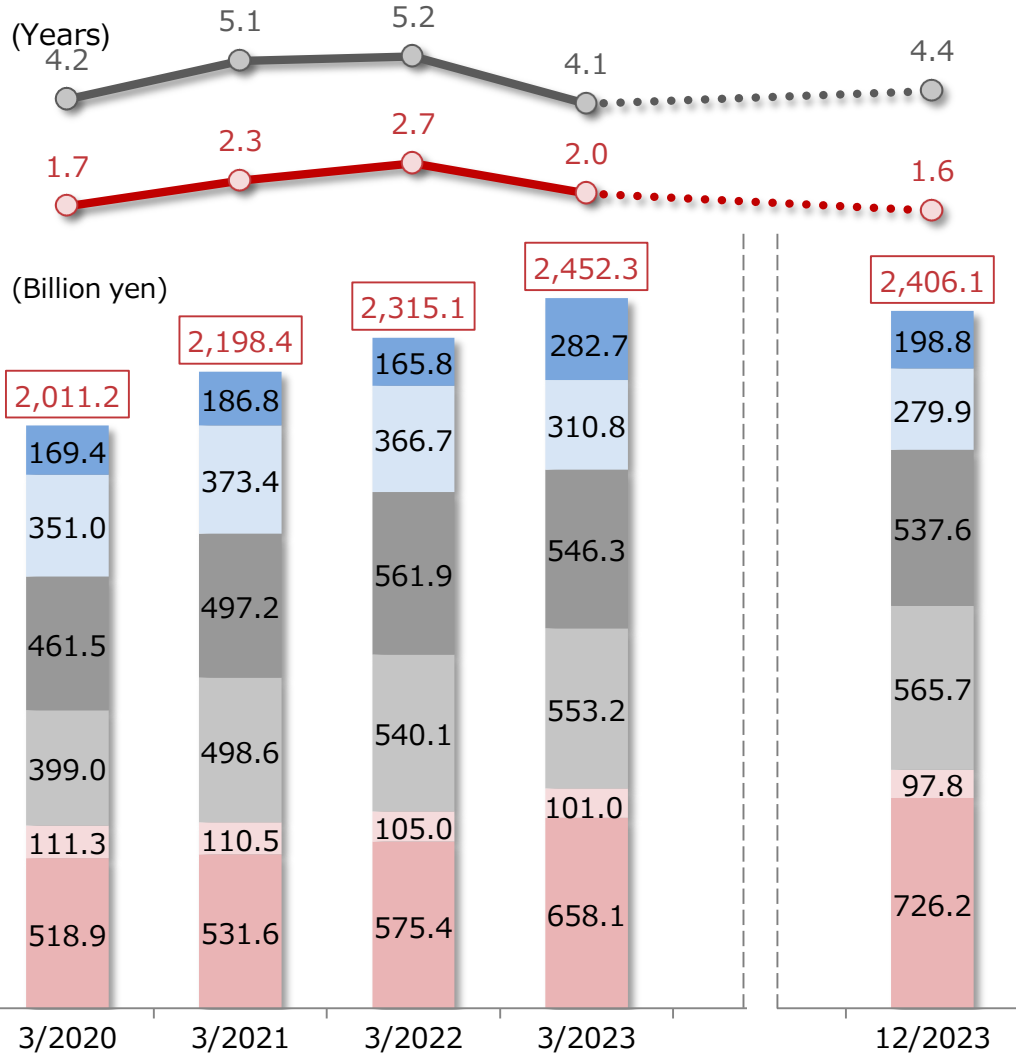
*Tokyo Head Office, Shinjuku Branch, and Osaka Branch

Balance of deposits at term-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 +0.2 years

Average remaining maturity of foreign bonds -0.4 years

[Total] -1.8%

Government bonds -29.6%

Municipal bonds -9.9%

Corporate bonds, etc. -1.5%

Investment trusts, etc. +2.2%

Stocks -3.2%

Foreign currency securities +10.3%

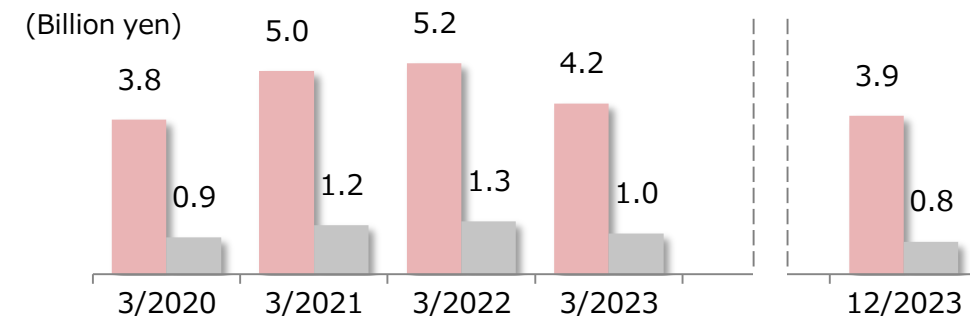
Held-to-maturity securities

7.7	7.8	8.6	9.3	9.9
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Gains/losses on securities

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

10 BPV



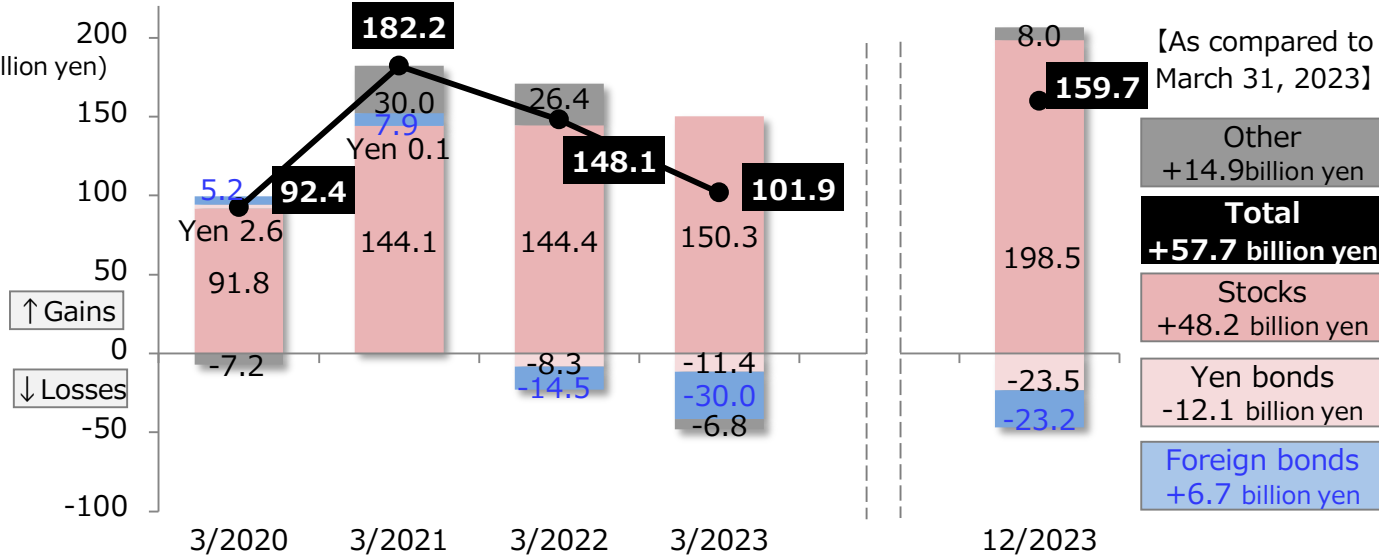
[As compared to March 31, 2023]

Yen bonds -0.3 billion yen

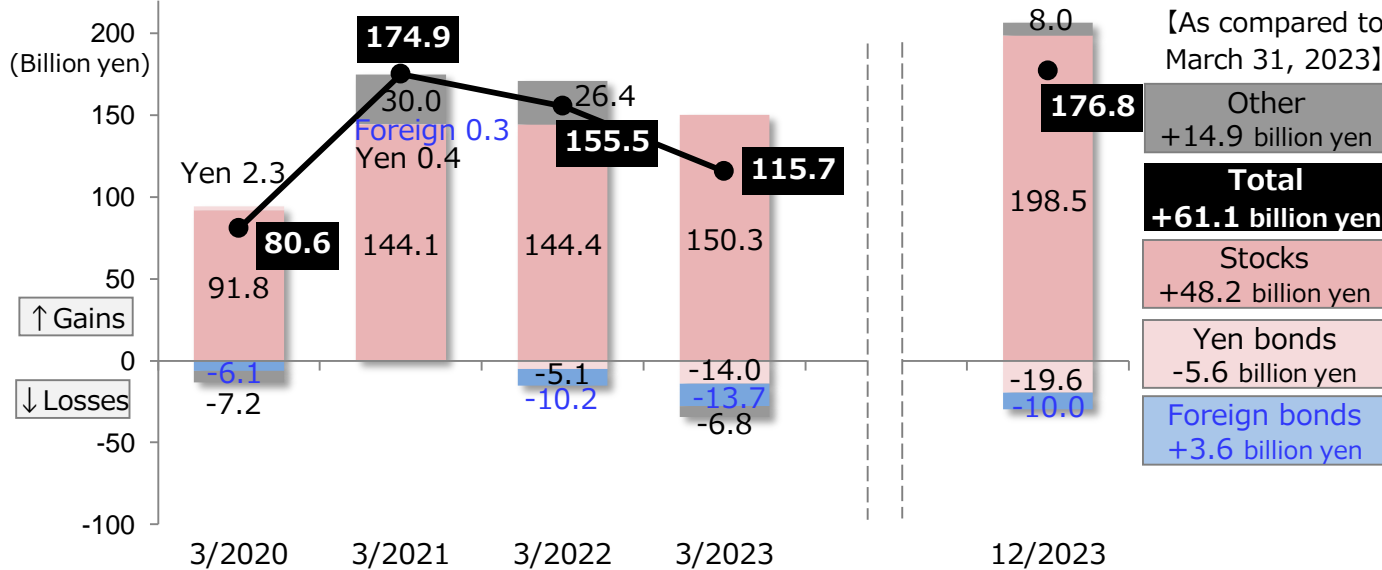
Foreign bonds -0.1 billion yen

Unrealized gains/losses on other securities

* Including overseas CDs

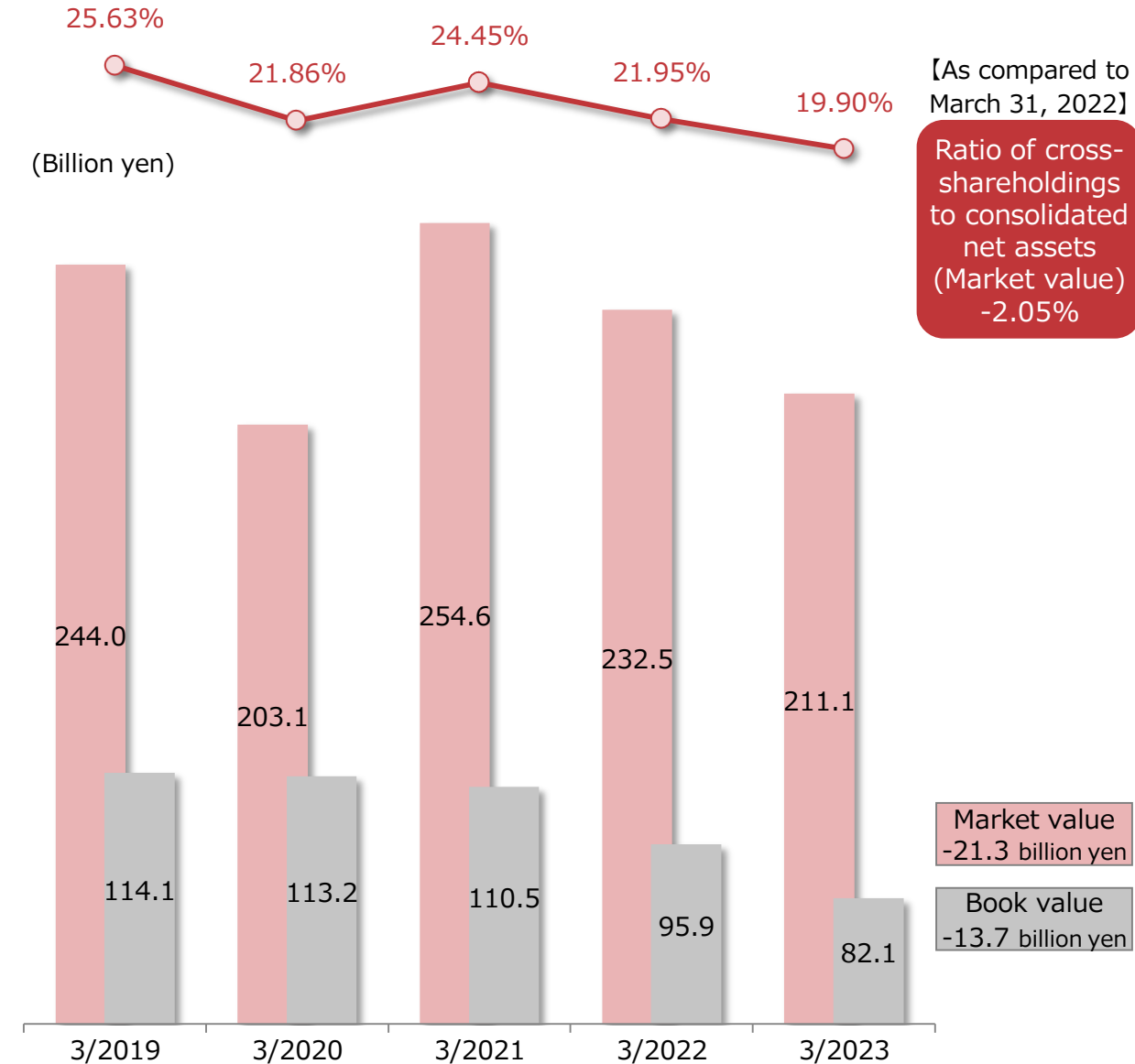


After taking into account unrealized gains/losses on deferred hedge swaps



Ratio of cross-shareholdings to consolidated net assets

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



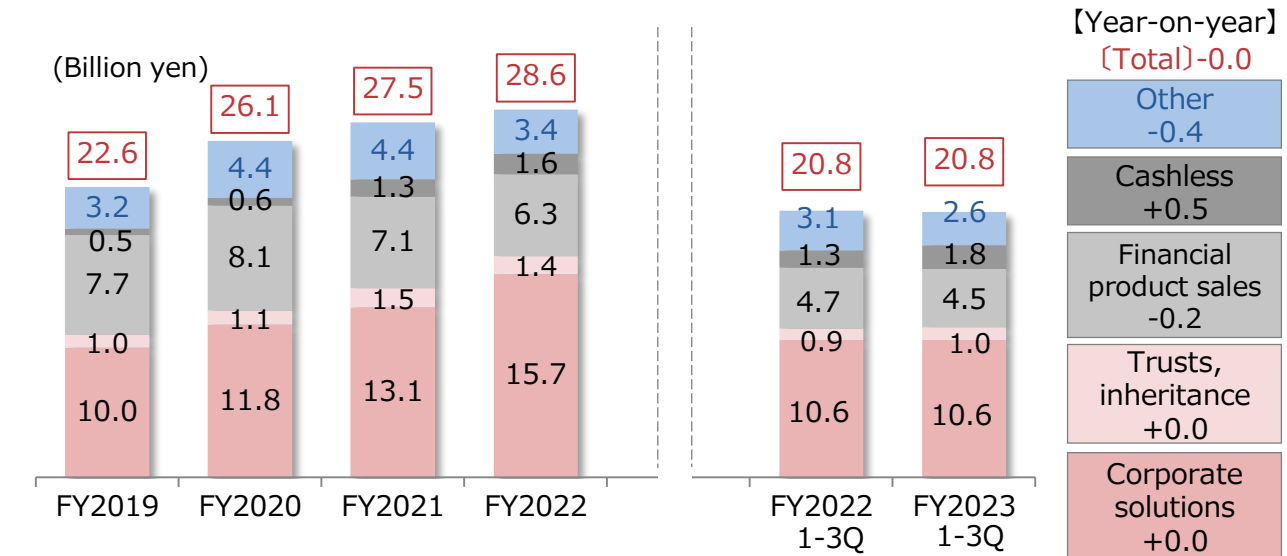
Net Fees and Commissions ①

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

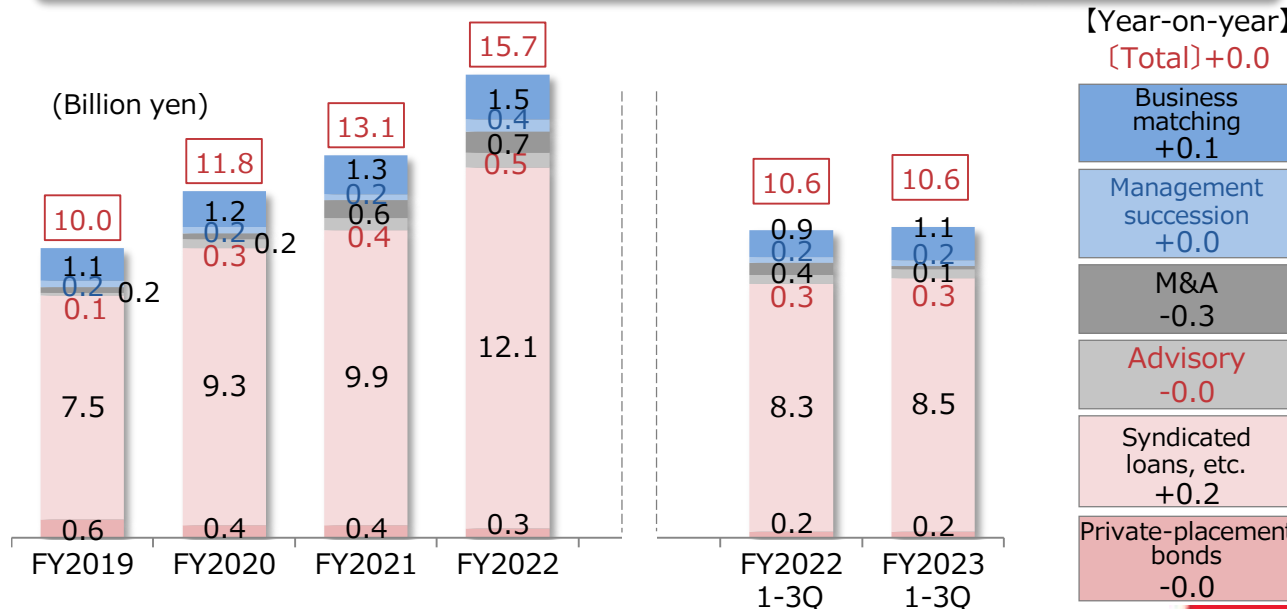
(Billion yen)	FY2022	FY2023	Change
	1-3Q	1-3Q	
Net fees and commissions	20.8	20.8	-0.0
Fees and commissions received	35.4	37.6	2.2
Fees and commissions payments (-)	14.6	16.8	2.2
<Main breakdown>			
Investment trusts and personal annuities	4.7	4.5	-0.2
Investment trusts (trust fees)	1.3	1.3	0.0
Investment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

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

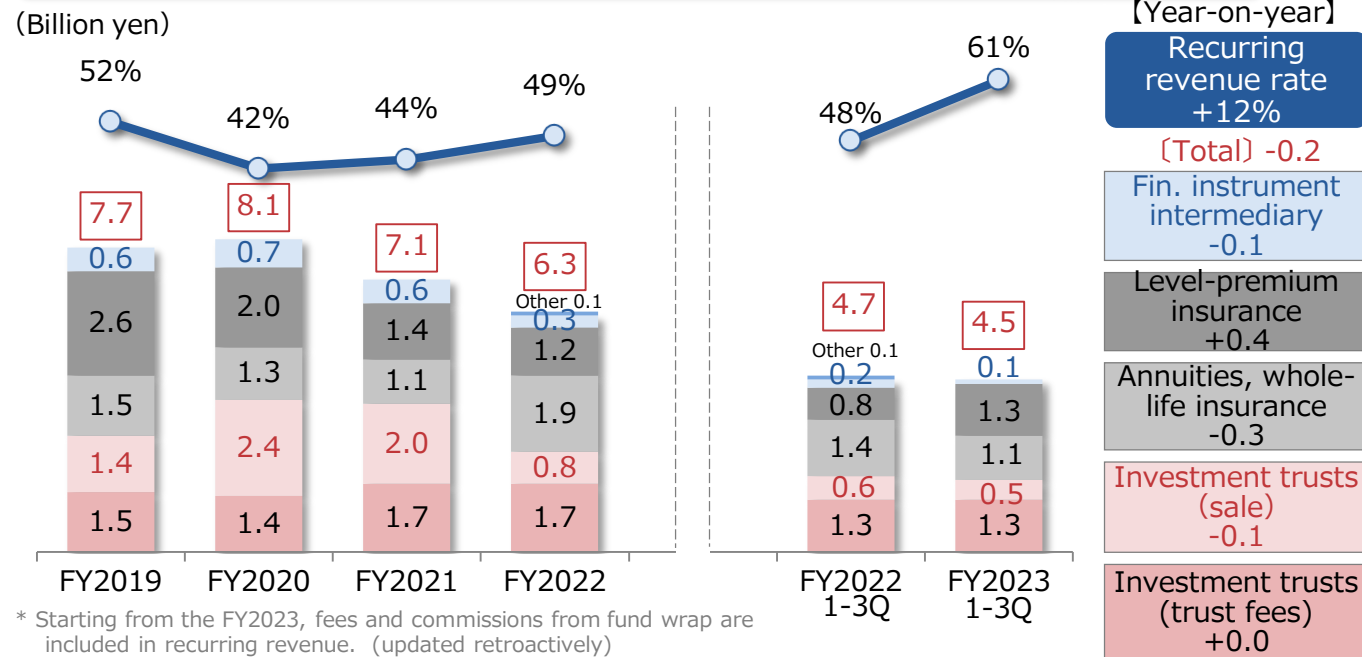
Net fees and commissions



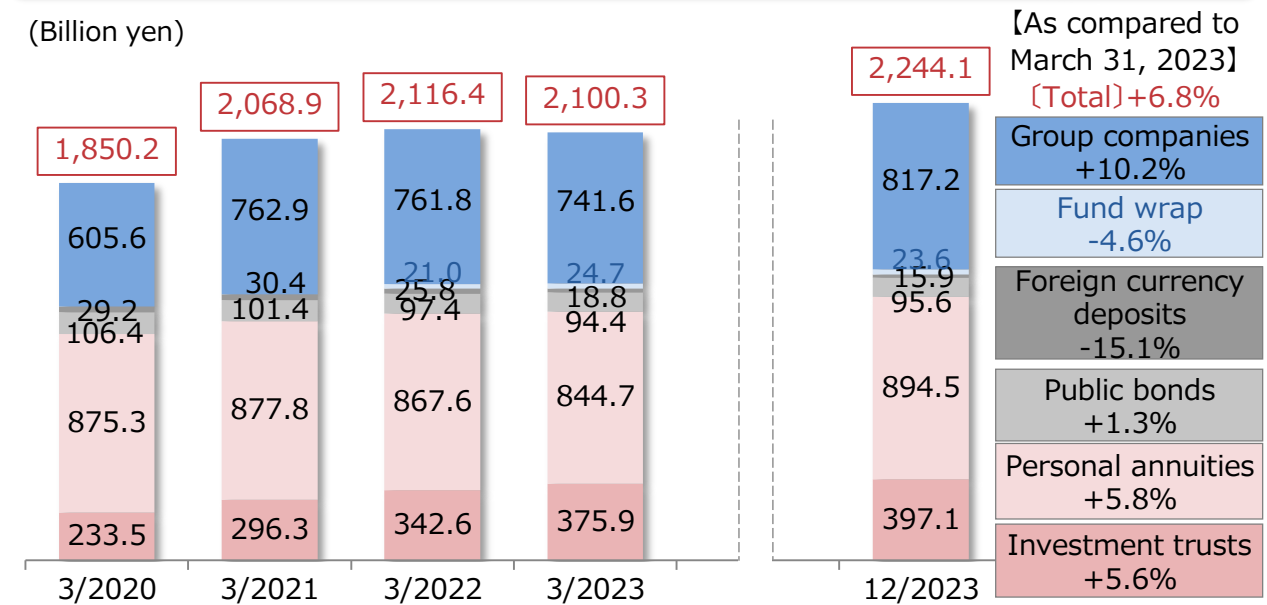
Corporate solutions-related revenue



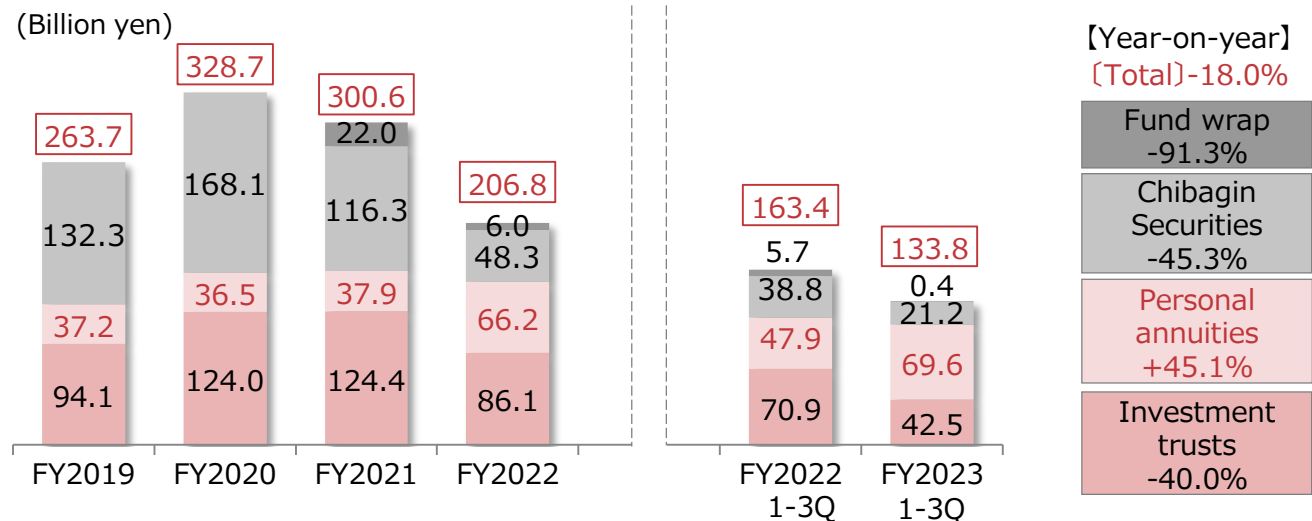
Fees and commissions from financial products



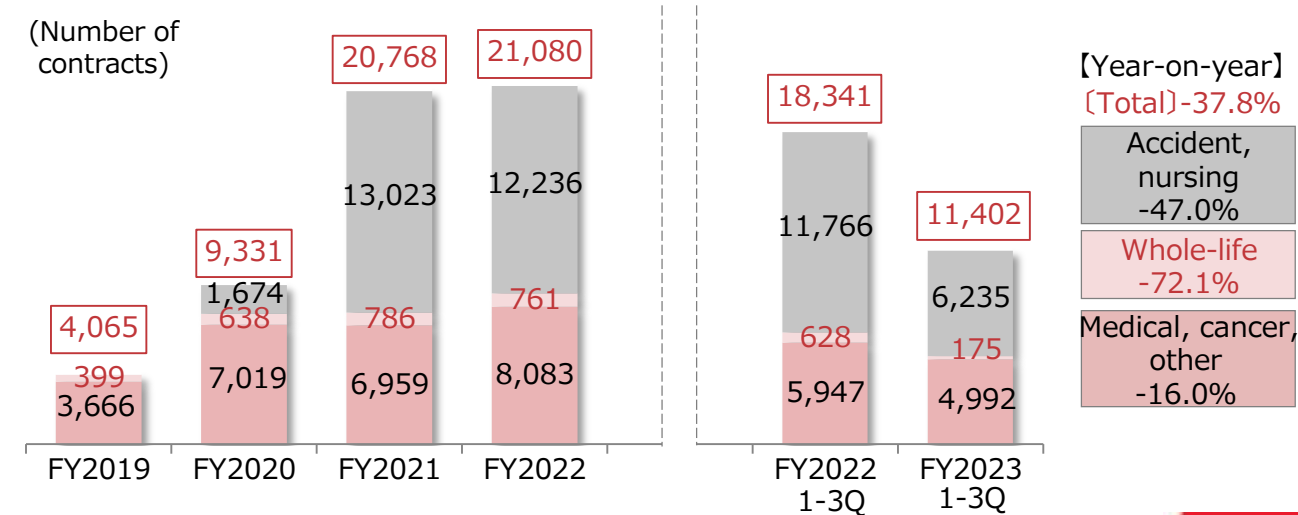
Financial product balances (Group total)



Financial product sales (Group total)



Number of protection-type insurance contracts

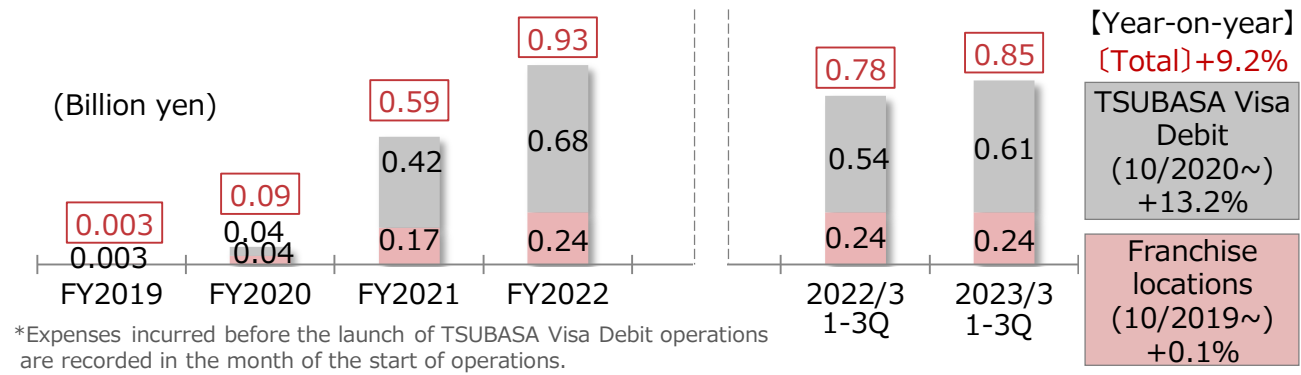


Income and expenditure of cashless operations

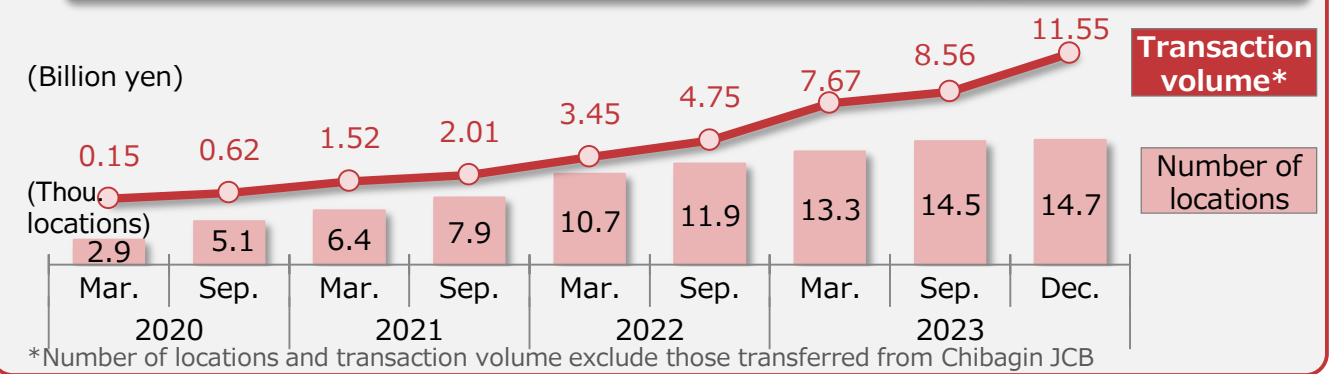
		(Billion yen)			
		FY2022	FY2023	Change	
		1-3Q	1-3Q		
Total of cashless operations	Profit	1.34	1.86	0.51	
	Revenue	3.41	5.05	1.64	
	Expenses (-)	2.06	3.19	1.13	
Total of new cashless operations	Profit	0.78	0.85	0.07	
	Revenue	1.78	2.68	0.90	
	Expenses (-)	0.99	1.83	0.83	
Franchise locations	Profit	0.24	0.24	0.00	
	Revenue	1.12	1.93	0.80	
	Expenses (-)	0.88	1.68	0.80	
TSUBASA Visa Debit	Profit	0.54	0.61	0.07	
	Revenue	0.65	0.75	0.10	
	Expenses (-)	0.11	0.14	0.03	
Existing cashless operations	Profit	2.04	2.06	0.56	1.00
	Revenue	3.84	3.95	1.63	2.36
	Expenses (-)	1.80	1.89	1.06	1.36
		0.01	0.44	0.10	0.73
		0.08	0.29		
Figures based on retroactive recognition of revenues and expenses of Chibagin JCB transferred to the Bank in October 2023.					
Subsidiaries (Chibagin JCB Chibagin Card)	Profit	0.98	0.61	- 0.37	
	Revenue	3.92	3.32	- 0.59	
	Expenses (-)	2.93	2.70	- 0.22	
(Ref.)					
Group Total	Profit	2.33	2.47	0.14	
	Revenue	7.33	8.37	1.04	
	Expenses (-)	5.00	5.90	0.90	
Transaction amount (cumulative total)		468.4	552.0	83.5	

* Subsidiary expenses include personnel expenses and other operating expenses.

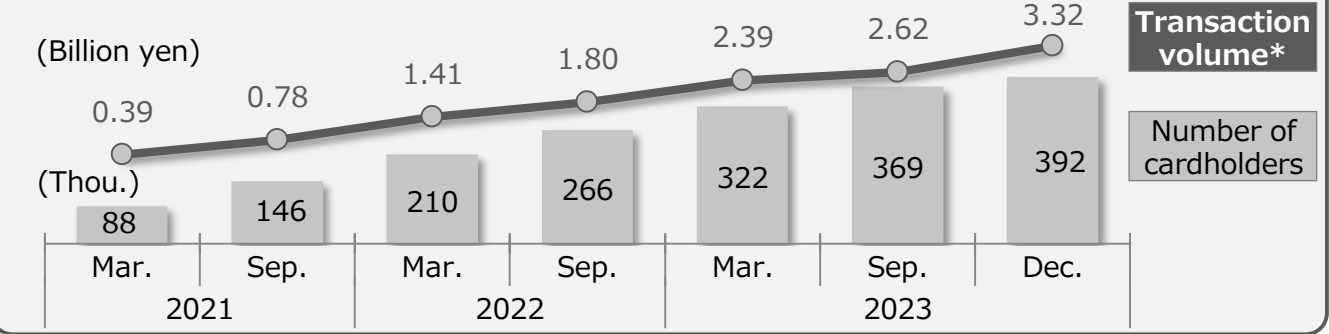
Profit from new cashless operations



Number of franchise locations and transaction volume



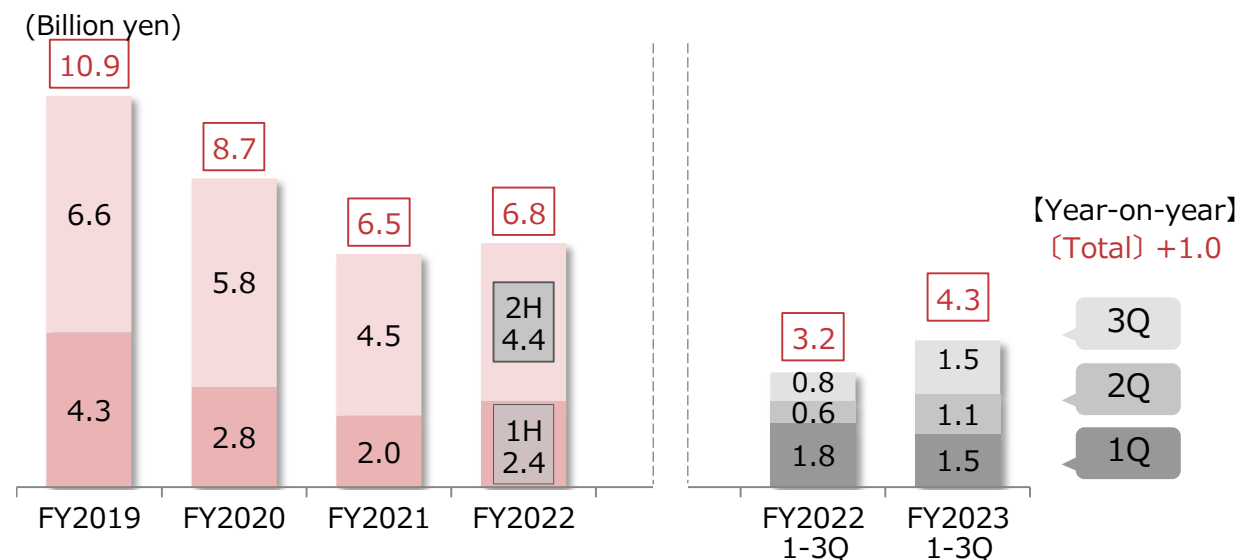
Number of TSUBASA Visa Debit cardholders and transaction amount



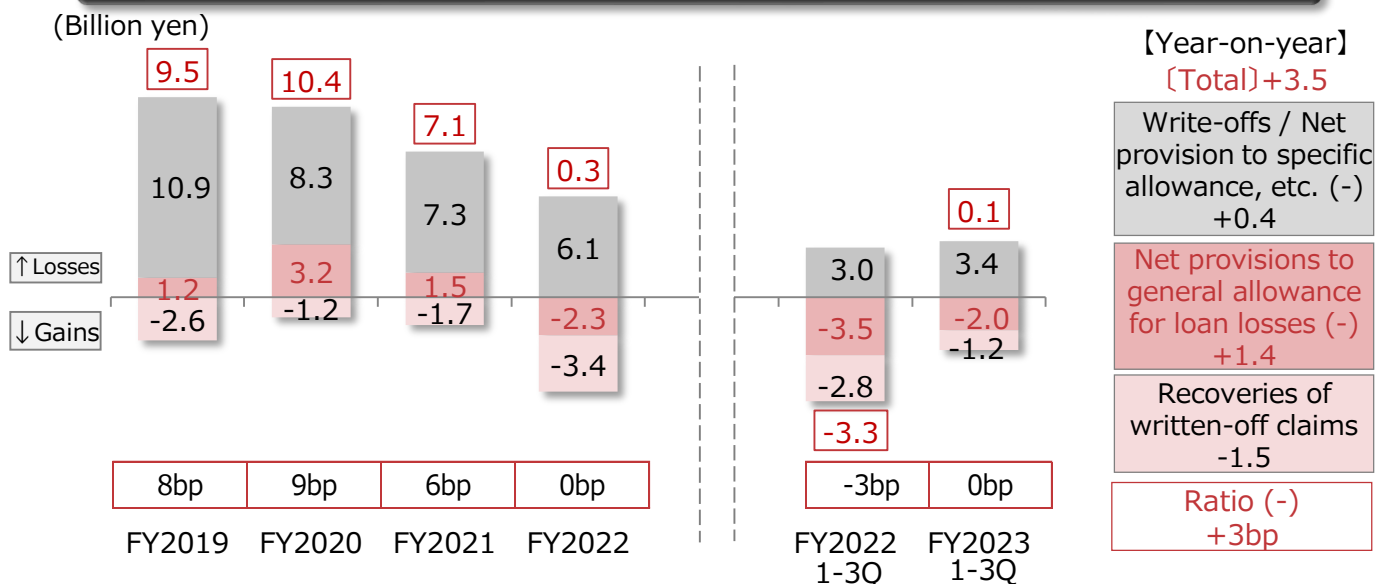
Credit-related expenses

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

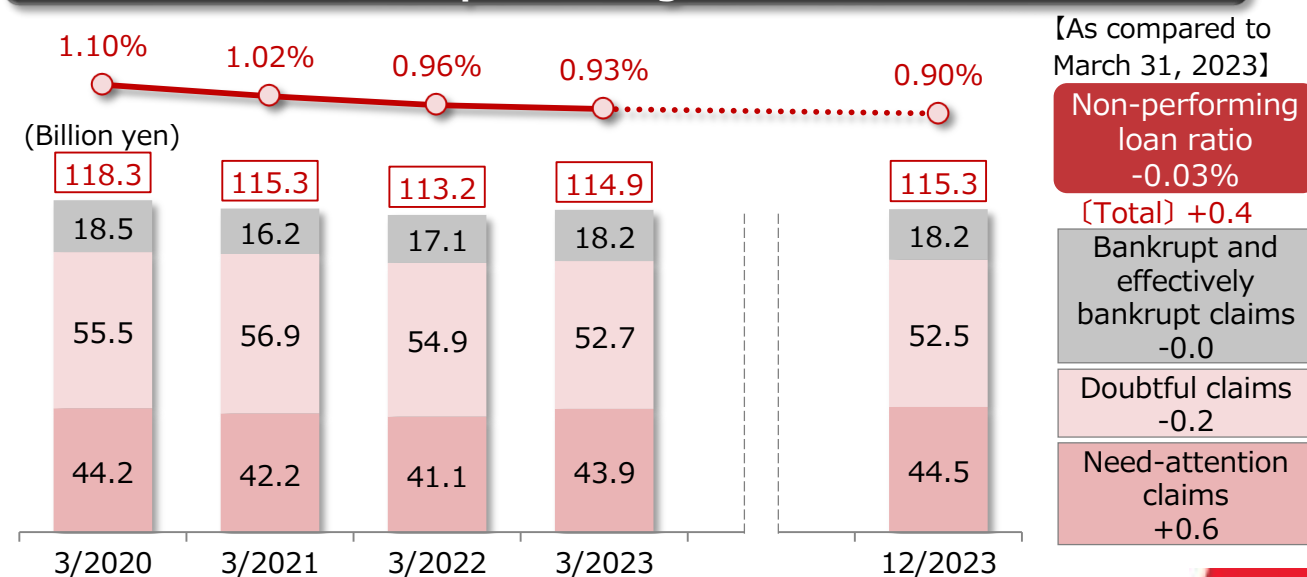
New non-performing loans



Net credit costs(-) transition



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



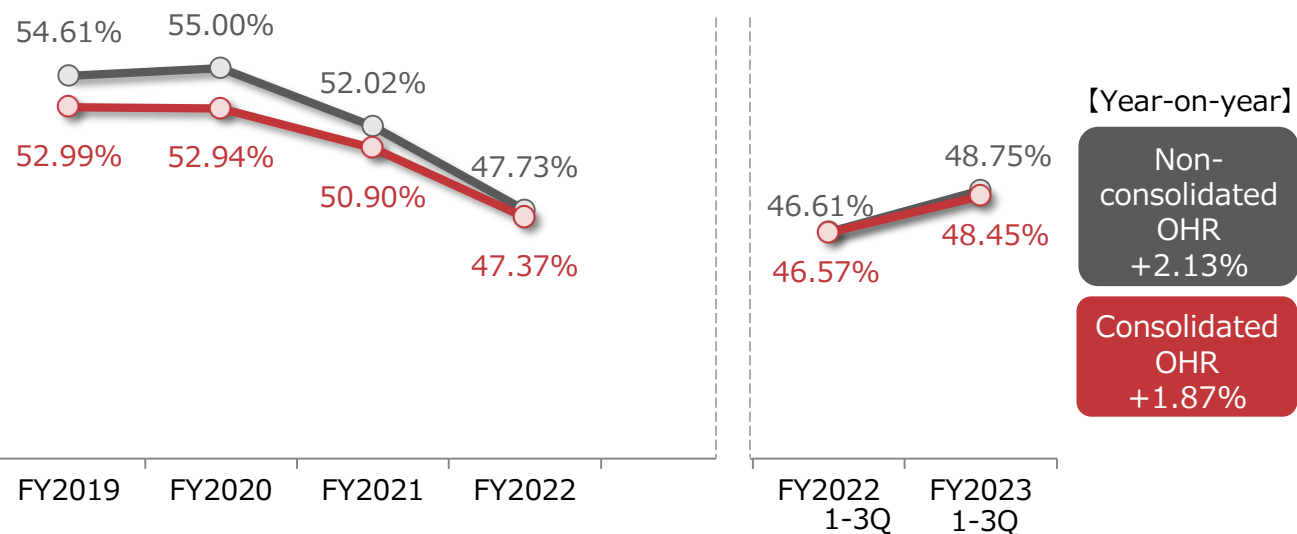
G&A expenses / OHR

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

Consolidate	FY2022	FY2023	Change
OHR	46.57%	48.45%	1.87%

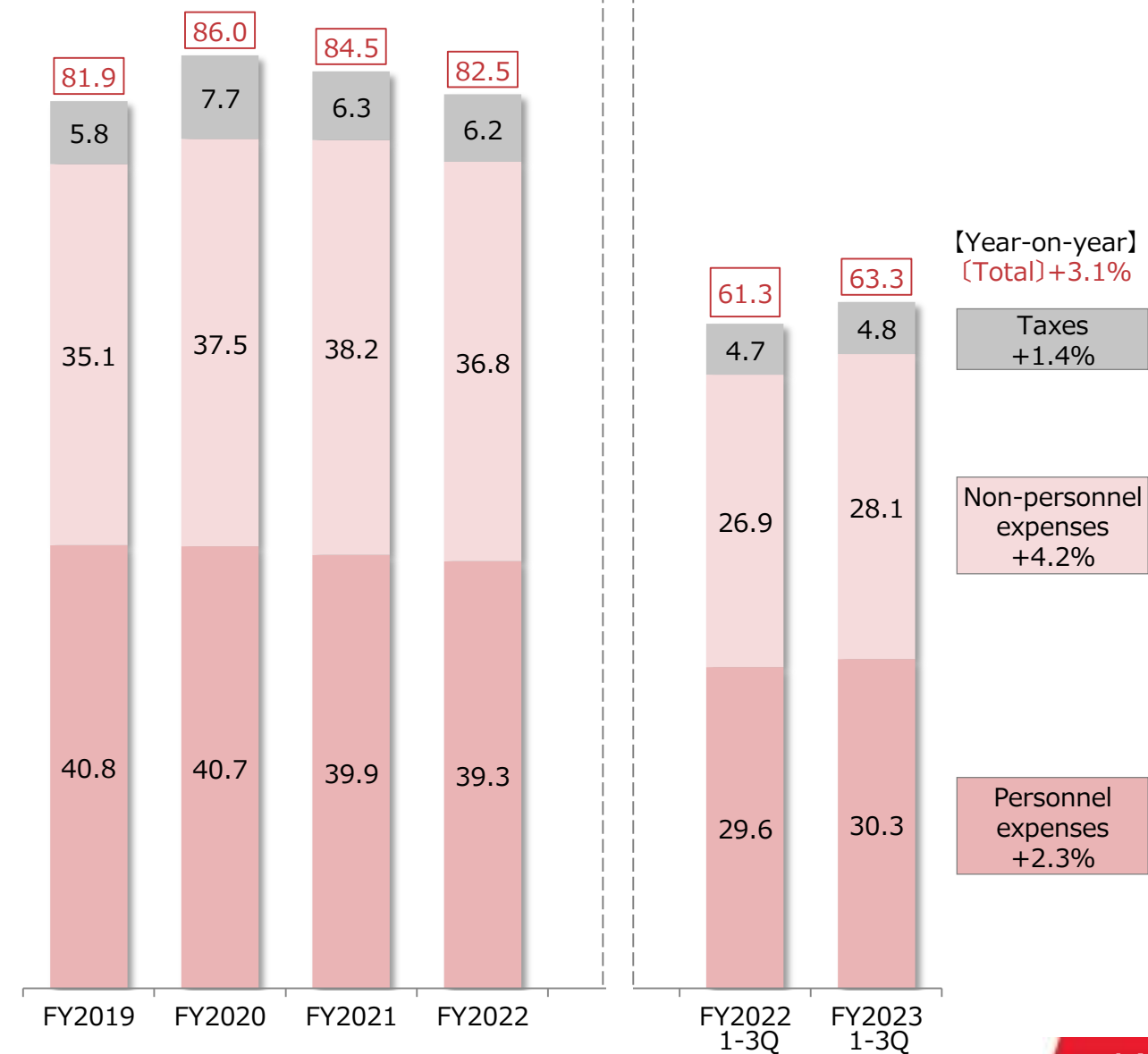
※ OHR: Expenses / (net business income – bond-related gains/losses, etc. + net provisions to general allowance for loan losses + expenses)

OHR

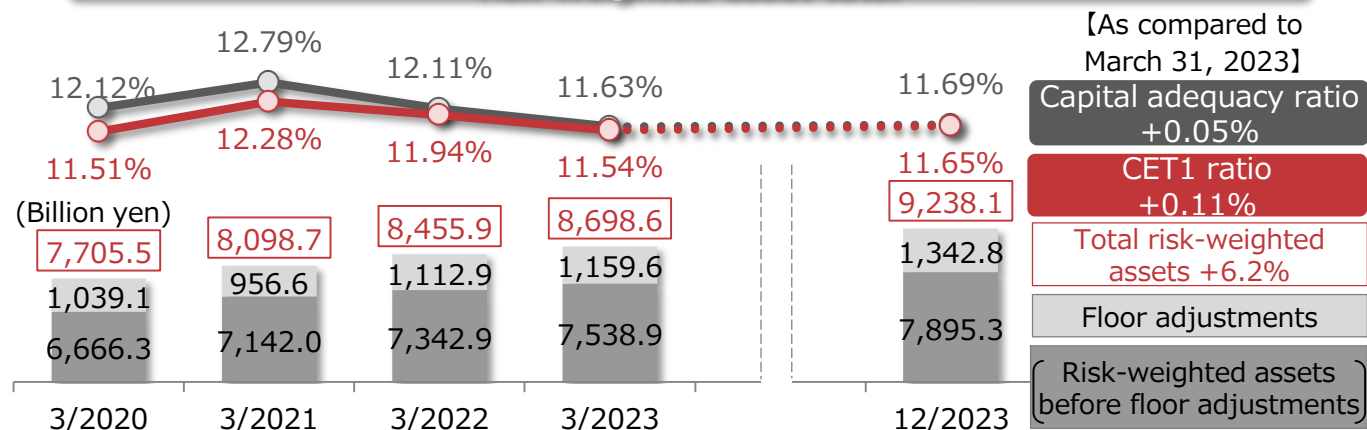


Non-consolidated G&A expenses

(Billion yen)



Consolidated capital adequacy ratio / risk-weighted asset total

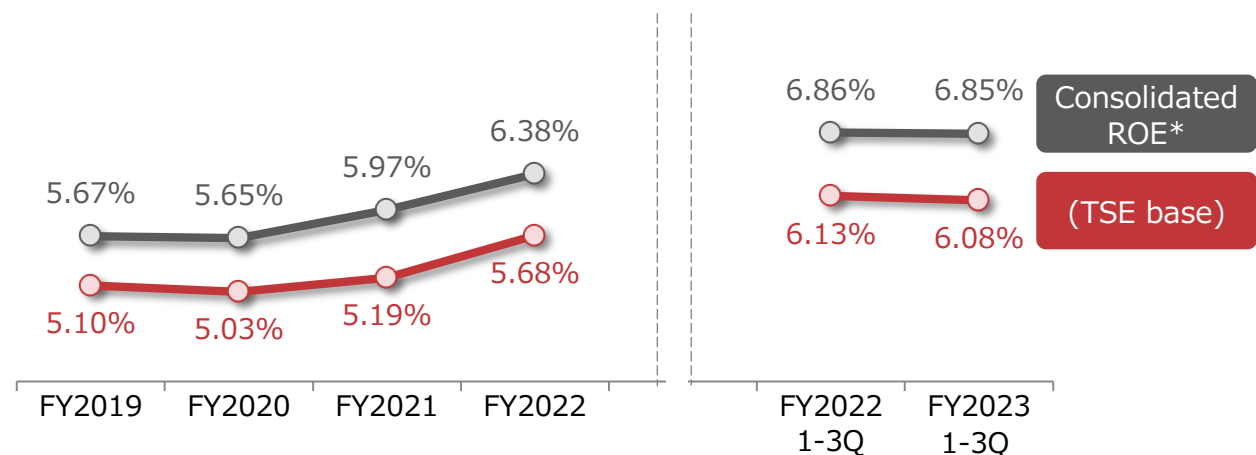


(%)	2023/3	2023/12	Finalization First year*	Finalization completed*
Capital adequacy ratio	11.63	11.69	15.99	13.66
CET1 ratio	11.54	11.65	15.93	13.61
Excluding unrealized gains/losses on securities	10.57	10.28	14.03	11.98

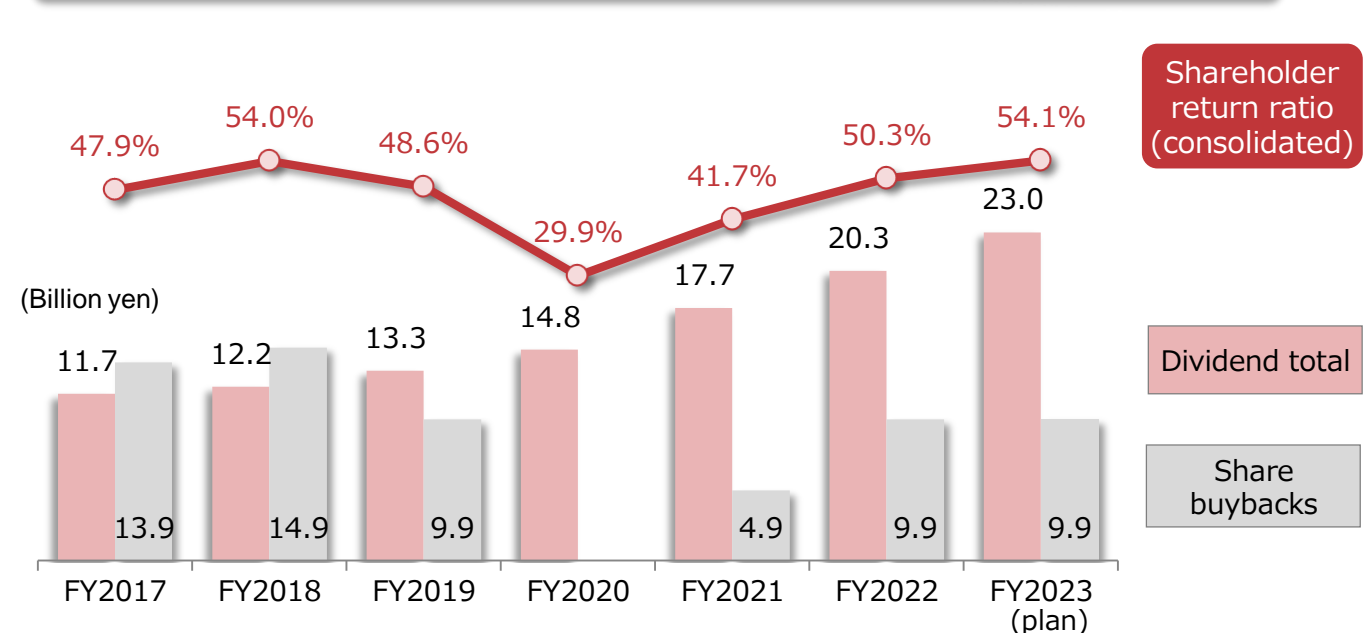
*Rough calculation of 9/2023 results on a Basel III finalization basis. Risk weights in the calculation are currently under scrutiny.

ROE

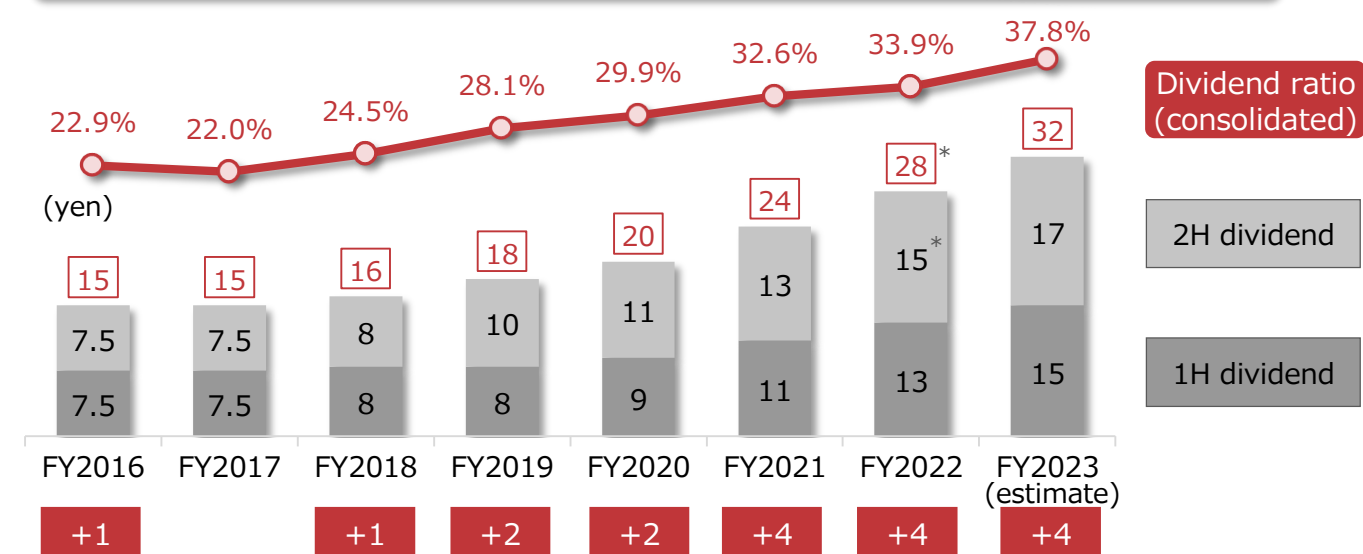
*Presented on a "total shareholders' equity" basis, a B/S calculation unaffected by changes in unrealized gains/losses



Shareholder return



Dividend payments

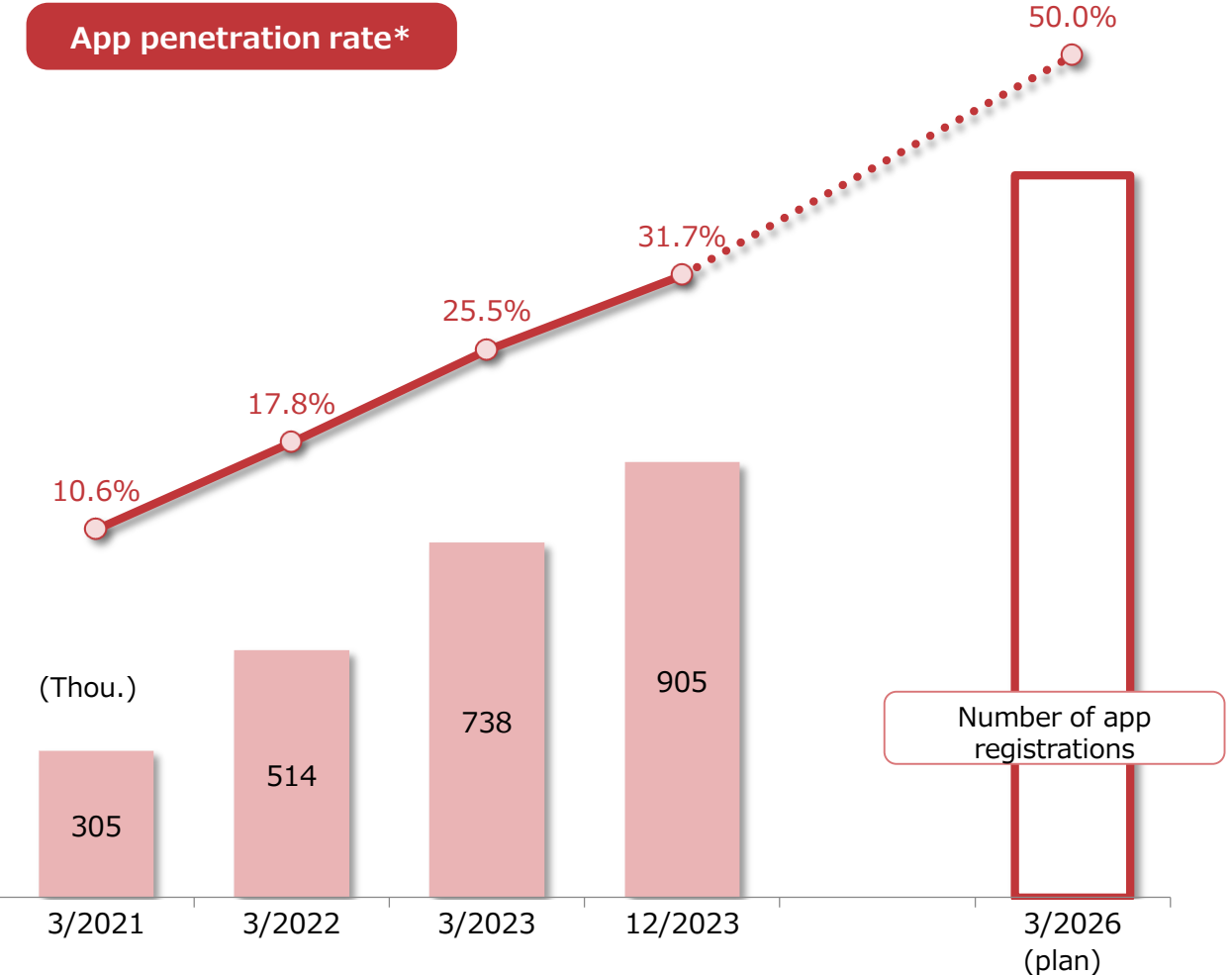


*includes commemorative dividend of 2 yen

Number of app registrations / penetration rate

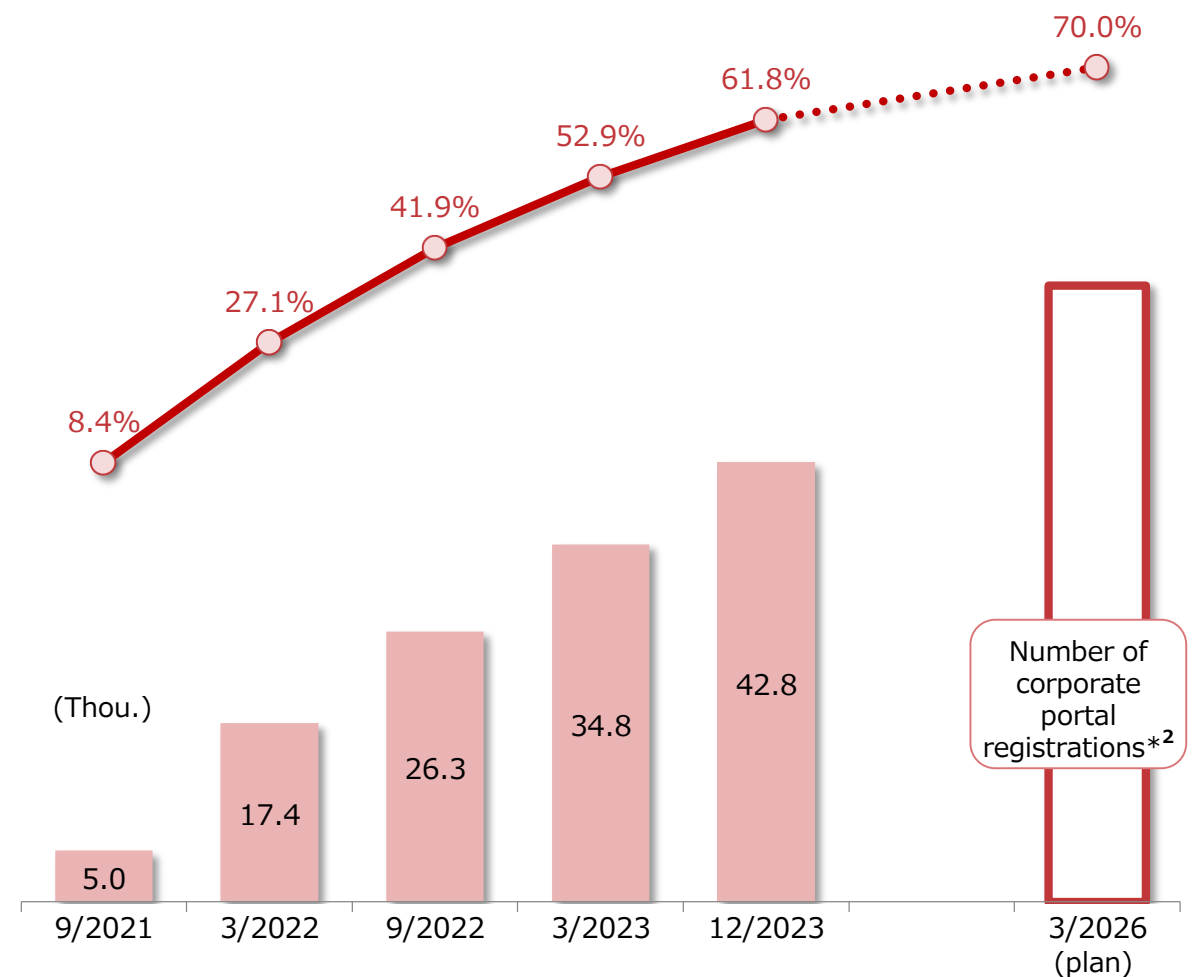
Number of portal registrations / borrower penetration rate

App penetration rate*



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

Corporate portal borrower penetration rate*¹



*¹ *Number of borrowers registered to the corporate portal ÷ number of corporate borrowers

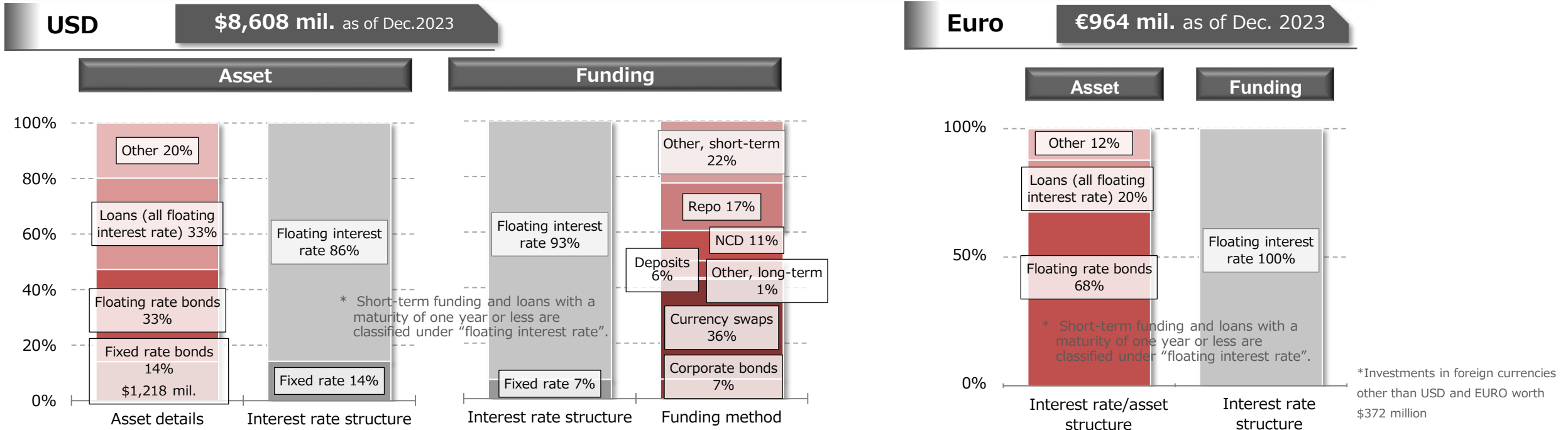
*² Going forward, this result will now exclude accounts that have no history of logging in

Supplementary Materials



Sold low-yielding fixed bonds as planned, and overall foreign bond margins were in positive range

Asset and funding structure



Changes in the foreign bond portfolio

USD fixed bonds	9/30/2023
Balance (Billion yen)	186.4
Yield (%)	3.5%~4.0%
Procurement costs (%)	About 5.0%
Total foreign bonds	9/30/2023
Balance (Billion yen)	739.4
Interest margin (%)	About -0%
Unrealized gains/losses (Billion yen)	-57.6
After Hedge (Billion yen)	-20.5

Foreign bonds operations in the third quarter of the year			
	Purchase	Sale and redemption	Foreign exchange factor
USD fixed bonds (Billion yen)	0.0	-11.2	-9.7
Yield (%)	-	2.0%~2.5%	-
Losses on sales (Billion yen)		-1.5	
	Purchase	Sale and redemption	
EURO fixed bonds (Billion yen)	0.0	-18.6	
Yield (%)	-	Around 0.5%	
Losses on sales (Billion yen)		-1.7	

Sold all low-yielding Euro fixed bond

USD fixed bonds	12/31/2023
Balance (Billion yen)	165.5
Yield (%)	3.5%~4.0%
Procurement costs (%)	Around 5.5%
Total foreign bonds	12/31/2023
Balance (Billion yen)	704.2
Interest margin (%)	About +0%
Unrealized gains/losses (Billion yen)	-23.2
After Hedge (Billion yen)	-10.0

To capture upside in a rising yen interest rate environment

Estimated increase in net interest income in the event the Bank of Japan terminates negative interest rates

Target Assets	Reference rate	Increase in net interest income	Impact on ROE
Market-linked loans	①TIBOR	+ 2.5 billion yen per year	+0.15%

Assumptions

- TIBOR is expected to rise 10bp due to the end of negative interest rates

Estimated increase in net interest income in FY2025 for each 10bp increase in future long-term interest rates

Target Assets	Reference rate	Increase in net interest income	Impact on ROE
Fixed interest rate loans	②Swap rate	+0.8 billion yen in FY2025	+0.05%

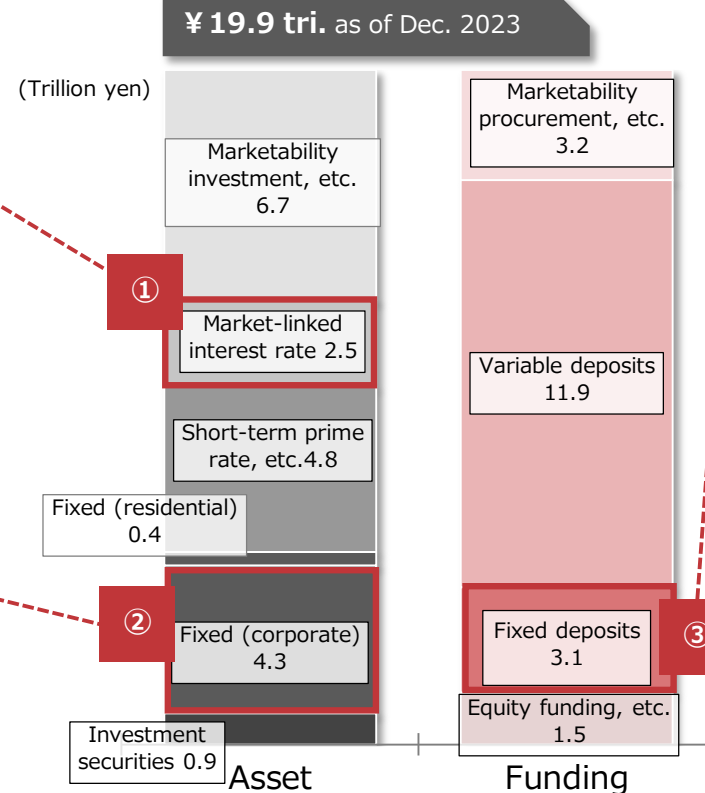
Assumptions

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

Transfer from marketable investment

- Policy to reduce market-based funding and gradually reduce current account balances at the Bank of Japan
- Transferred from the current account balance to 5-year JGB investments, net interest income is expected to increase by **0.4 billion yen per 100.0 billion yen** [assumed to be the purchase yield of 0.4%] (ROE: +0.02%)

Yen investment and funding structure



Increase in interest rates on time deposits

0.05 billion yen increase in interest expense expected due to higher interest rates on time deposits (ROE:-0.00%)

Period	Before change		After change	
	Rate	Expense	Rate	Expense
5 years	0.002%		0.07%	
10 years	0.002%		0.2%	

Increased from Nov. 13

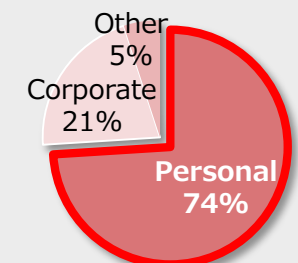
Items excluded from trial calculation in this simulation

- Short-term prime rate-linked loans
- Investment securities (Due to the difficulty of comparison with the initial plan due to the change in the investment plan)
- Variable deposit

Deposit stickiness

Stable funding structure mainly from highly sticky retail deposits

- Advantage in a rising interest rate environment
- Further improvement of stickiness through expanded cross-use and to use as main bank



Inquiries related to this presentation should be addressed to:

The Chiba Bank, Ltd.
Corporate Planning Division
Investor Relations

Tel: 043-301-8459

Fax: 043-242-9121

E-Mail: ir@chibabank.co.jp

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