# The Chiba Bank, Ltd.

Financial Results Briefing for the First Half of FY2022 ending March 2023

November 21, 2022

## Event Summary

| | | |
|---|---|---|
| **[Company Name]** | The Chiba Bank, Ltd. | |
| **[Fiscal Period]** | FY2022 Semi-annual | |
| **[Date]** | November 21, 2022 | |
| **[Time]** | 15:00 – 16:14<br>(Total: 74 minutes, Presentation: 30 minutes, Q&A: 44 minutes) | |
| **[Venue]** | Hybrid | |
| **[Number of Speakers]** | 3 | |
| | Tsutomu Yonemoto | President, Group Chief Operating Officer |
| | Tadayoshi Shinozaki | Director and Senior Executive Officer, Group Chief Strategy Officer |
| | Taro Kanzawa | General Manager of Corporate Planning Division |

**Yonemoto:** Good afternoon, everyone. I'm Yonemoto, President of the Bank. I would like to start my explanation.

## Summary of Financial Results ①

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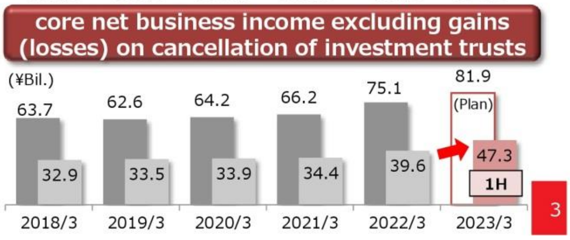
| Non-consolidated (¥Bil.) | 2022/3 1H | 2023/3 1H | Change | |
|---|---|---|---|---|
| Gross business profits | 86.4 | 82.6 | (3.8) | |
| Net interest income | 69.7 | 72.3 | 2.6 | P.6 |
| Net fees and commissions income | 14.7 | 14.7 | 0.0 | P.13 |
| Trading income | 0.5 | 0.6 | 0.0 | |
| Profit from other business transactions | 1.4 | (5.1) | (6.6) | |
| Gains (losses) related to bonds (Government bonds, etc.) | 0.7 | (8.5) | (9.3) | |
| Expenses (-) | 42.9 | 41.0 | (1.9) | P.14 |
| Real net business income | 43.5 | 41.6 | (1.9) | |
| Core net business income | 42.7 | 50.2 | 7.4 | |
| Excluding gains (losses) on cancellation of investment trusts | 39.6 | 47.3 | 7.6 | |
| Net transfer to general allowance for loan losses (-) | 0.5 | - | (0.5) | |
| Net business income | 42.9 | 41.6 | (1.3) | |
| Non-recurrent income and losses | 2.2 | 8.2 | 5.9 | |
| Disposal of non-performing loans (-) | 1.2 | (2.9) | (4.2) | |
| Reversal of allowance for loan losses | - | 2.0 | 2.0 | |
| Gains (losses) related to stocks, etc. | 2.7 | 4.8 | 2.1 | |
| Ordinary profit | 45.2 | 49.8 | 4.5 | |
| Extraordinary income (loss) | 0.0 | (0.1) | (0.1) | |
| Profit | 33.1 | 36.1 | 3.0 | |
| Net credit costs (-) | 1.8 | (2.9) | (4.8) | P.15 |

| Consolidated (¥Bil.) | 2022/3 1H | 2023/3 1H | YoY |
|---|---|---|---|
| Ordinary profit | 45.4 | 50.7 | 5.2 |
| Profit attributable to owners of parent | 31.8 | 35.2 | 3.3 |

**Key results for the first half of FY2022 ending March 31 2023**

- Net interest income increased by ¥2.6 billion YoY, while gains (losses) related to bonds decreased ¥9.3 billion YoY due to the replacement of the foreign bond portfolio. As a result, gross business profits decreased by ¥3.8 billion.
- Core net business income increased by ¥7.4 billion YoY, record high as a first half for the first time in 14 years since 2008.
- Credit costs decreased significantly by ¥4.8 billion YoY.
- Non-consolidated and consolidated interim profit reached a record high for the first time, and progress toward the full-year plan was steady at 63.3% and 58.7%.


**Yonemoto:** Hello everyone. I am Yonemoto, President of the Bank. I would like to begin with an explanation of our business activities based on the materials presented here.

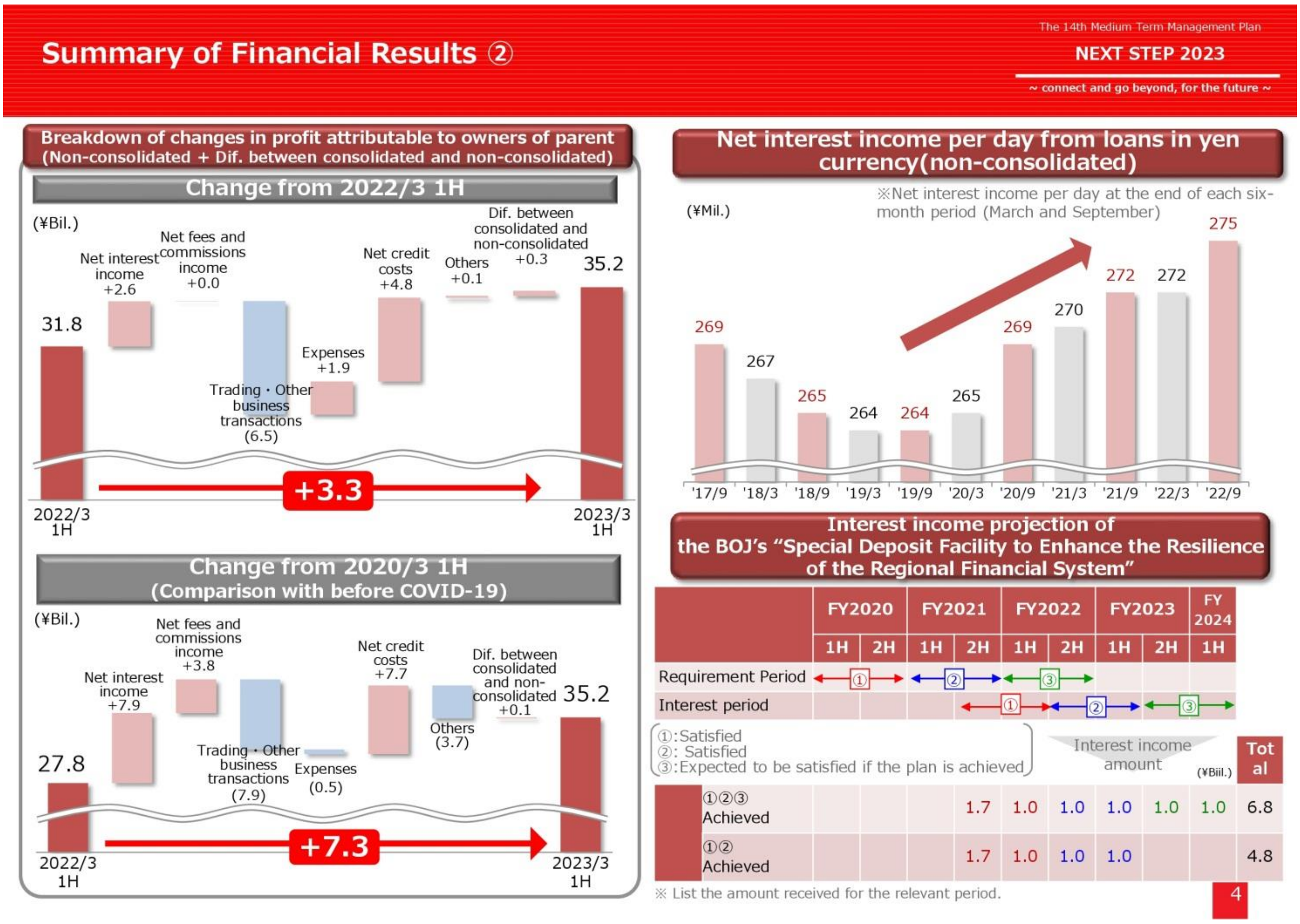
Please refer to page three. First, I would like to give you an overview of our business performance.

Net interest income increased by JPY2.6 billion YoY, and net fees and commissions income continued to be strong as in the previous year. On the other hand, we recorded a loss on the sale of foreign bonds of JPY7.8 billion, and bond-related gains and losses deteriorated. As a result, gross business profits decreased by JPY3.8 billion to JPY82.6 billion from the record high of JPY86.4 billion in H1 of the previous year.

However, expenses decreased by JPY1.9 billion due to the reduction of deposit insurance premiums and the absence of one-time expenses related to the new head office building. As a result, core net business income increased by JPY7.4 billion. We maintained the strong performance of our core earnings, with H1 results reaching a record high for the first time in 14 years, since FY2008.

Reversal of net credit costs amounted to JPY2.9 billion, and we were able to keep credit costs under control.

As a result, non-consolidated profit increased by JPY3.0 billion to JPY36.1 billion and consolidated profit increased by JPY3.3 billion to JPY35.2 billion, setting all-time highs in both categories.




Please see page four.

Comparing consolidated profit to pre-COVID-19's interim results for H1 of FYE 3/2020, the increase in net interest income and service income contributed to the increase in profit, showing the positive results of the core business through various growth strategies.

In addition, as shown in the graph at the top of the right-hand side, net interest income per day on yen-denominated loans has been increasing for the past three years, and the trend of increasing yen-denominated net interest income continues.

# Summary of Financial Results ③
## ～ Consolidated Financial Results and Status of Subsidiaries～

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**Consolidated** (¥Bil.)

| | 2022/3 1H | 2023/3 1H | Change |
|---|---|---|---|
| Gross business profits | 89.6 | 84.7 | (4.8) |
| Net interest income | 65.7 | 68.2 | 2.5 |
| Net fees and commissions income | 20.1 | 20.4 | 0.3 |
| Trading income | 2.3 | 1.1 | (1.1) |
| Profit from other business transactions | 1.4 | (5.1) | (6.5) |
| General and administrative expenses (-) | 46.1 | 44.2 | (1.9) |
| Net credit costs (-) | 2.4 | (3.6) | (6.1) |
| Net transfer to general allowamce for loan losses (-) | 0.7 | - | (0.7) |
| Disposal of non-performing loans (-) | 1.7 | (3.6) | (5.3) |
| Gains (losses) related to stocks, etc. | 2.6 | 5.2 | 2.6 |
| Equity gains (losses) of affiliated companies | 0.0 | 0.0 | (0.0) |
| Others | 1.6 | 1.2 | (0.4) |
| Ordinary profit | 45.4 | 50.7 | 5.2 |
| Extraordinary income (loss) | (0.0) | (0.1) | (0.1) |
| Pre-Tax Profit | 45.4 | 50.6 | 5.1 |
| Total income taxes (-) | 13.5 | 15.3 | 1.7 |
| Profit | 31.8 | 35.2 | 3.3 |
| Profit attributable to non-controlling interests | - | - | - |
| Profit attributable to owners of parent | 31.8 | 35.2 | 3.3 |
| (reference) | | | |
| Consolidated net business income | 45.7 | 43.8 | (1.9) |

### Status of Subsidiaries

【Consolidated subsidiaries】 ※Showing the income after reclassification for consolidated financial statements (¥Bil.)

| Company name | Investment ratio (Including indirect) | Profit items (After deduction of inter-subsidiary dividends) | 2022/3 1H | 2023/3 1H | YoY |
|---|---|---|---|---|---|
| Chibagin Securities Co.,Ltd. | 100% | Ordinary profit | 0.7 | 0.1 | (0.6) |
| | | Profit | 0.5 | 0.1 | (0.4) |
| Chibagin Leasing Co.,Ltd. | 100% | Ordinary profit | 0.4 | 0.5 | 0.0 |
| | | Profit | 0.3 | 0.3 | 0.0 |
| Chibagin Guarantee Co.,Ltd | 100% | Ordinary profit | 2.3 | 3.5 | 1.2 |
| | | Profit | 1.5 | 2.3 | 0.8 |
| Chibagin JCB Card Co.,Ltd | 100% | Ordinary profit | 0.4 | 0.5 | 0.0 |
| | | Profit | 0.3 | 0.3 | 0.0 |
| Total of 5 other companies | 100% | Ordinary profit | 0.3 | 0.3 | 0.0 |
| | | Profit | 0.2 | 0.2 | 0.0 |
| Total | | Ordinary profit | 4.4 | 5.2 | 0.8 |
| | | Profit | 2.9 | 3.4 | 0.5 |

【Equity method subsidiaries】

| | | 2022/3 1H | 2023/3 1H | YoY |
|---|---|---|---|---|
| Total of 6 companies | Profit according to equity method | 0.0 | 0.0 | (0.0) |
| | Dividends to parent company(-) | 4.2 | 4.4 | 0.1 |
| | Difference between consolidated and non-consolidated ※ | (1.2) | (0.8) | 0.3 |

※After adjustment for unrealized gains, etc.

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Please see page five.

The right-hand side shows the financial results of subsidiaries. Profit at Chibagin Securities declined due to the impact of the suspension of sales of structured bonds. However, the increase in profit of Chibagin Guarantee, which had a reversal of credit costs, compensated for this decline, resulting in an increase in subsidiary profit. As a result, the difference between consolidated and non-consolidated profits improved by JPY0.3 billion.

## Net Interest Income

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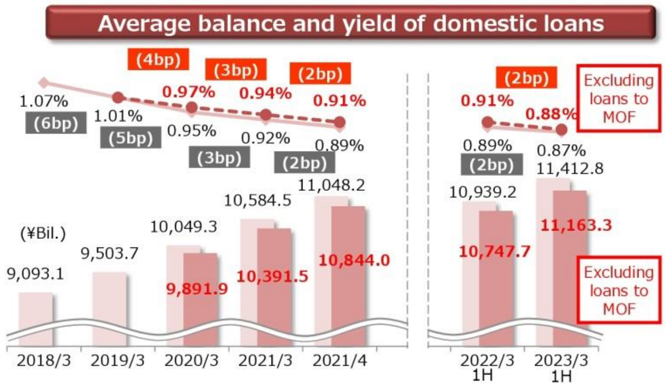
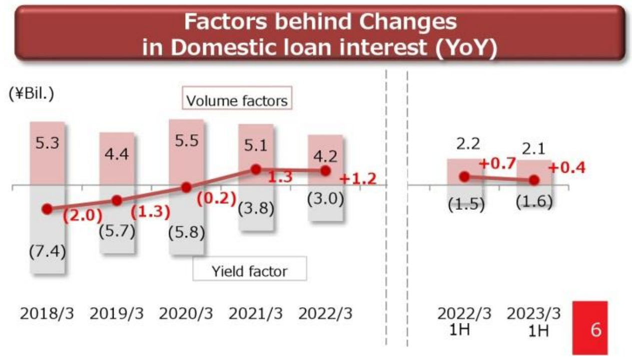
Interest on loans in domestic business, which reversed in FY2020, increased steadily.

| (¥Bil.) | 2022/3 1H | 2023/3 1H | Change |
|---|---|---|---|
| Net interest income | 69.7 | 72.3 | 2.6 |
| Domestic | 64.4 | 66.2 | 1.7 |
| Interest on Loans | 49.0 | 49.6 | 0.6 |
| Loans and bills discounted | 49.3 | 49.7 | 0.4 |
| Deposit (incl. NCD) | 0.3 | 0.1 | (0.1) |
| Interest and dividends on securities | 14.8 | 14.9 | 0.1 |
| Bonds | 1.2 | 1.8 | 0.5 |
| Stock dividends | 7.2 | 8.3 | 1.0 |
| Investment funds | 0.5 | 0.6 | 0.0 |
| investment trusts | 5.7 | 4.1 | (1.5) |
| Gains (losses) on cancellation | 2.3 | 0.9 | (1.4) |
| Others (Market opertation, etc.) | 0.6 | 1.7 | 1.0 |
| International | 5.2 | 6.0 | 0.8 |
| Loans and bills discounted | 2.0 | 4.8 | 2.7 |
| Foreign Securities | 7.1 | 10.1 | 3.0 |
| Foreign Securities | 4.1 | 6.6 | 2.5 |
| Foreign currency funds | 2.2 | 1.5 | (0.6) |
| Investment trusts | 0.8 | 2.0 | 1.1 |
| Gains (losses) on cancellation | 0.7 | 1.9 | 1.1 |
| Others (Funding and market operation, etc.) | (4.0) | (8.9) | (4.9) |
| Net interest income (Excluding gains (losses) on cancellation of investment trusts) | 66.5 | 69.4 | 2.9 |
| Gains (losses) on cancellation of investment trusts | 3.1 | 2.8 | (0.2) |

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Regarding net interest income in the domestic business, interest on loans and bills discounted increased by JPY0.4 billion, as factors increasing volume offset factors decreasing yield. In addition, stock dividends increased by JPY1.0 billion, and interest income from the Bank of Japan's special coupon interest of JPY1.0 billion was recorded, resulting in an overall increase in net interest income of the domestic business of JPY1.7 billion.

Net interest income in the international business also increased by JPY0.8 billion, and overall net interest income rose by JPY2.6 billion, driving top-line growth.

## Deposits and Loans Portfolio

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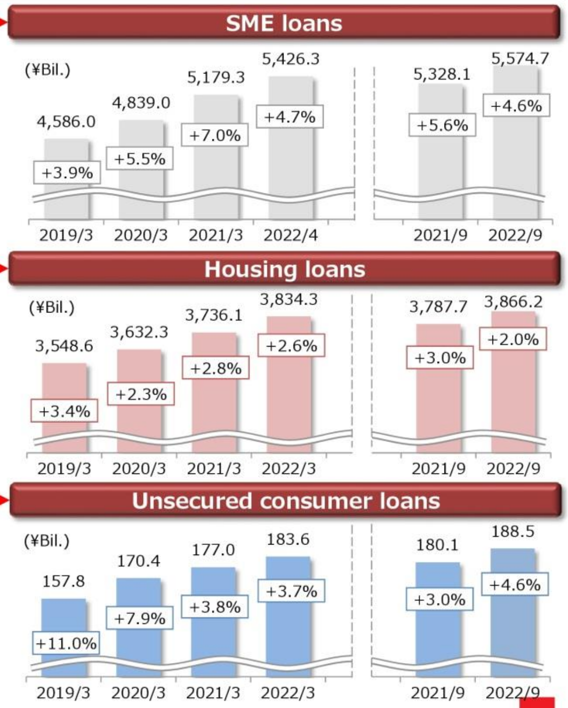
### Steady increase in SME loans, housing loans, and unsecured consumer loans

| (¥Bil.) | 2022/3 1H | 2023/3 1H | YoY | % |
|---|---|---|---|---|
| **Deposits** | 14,138.8 | 15,024.5 | 885.6 | 6.2% |
| Domestic deposits | 13,867.6 | 14,652.2 | 784.6 | 5.6% |
| Personal deposits | 10,290.9 | 10,746.9 | 455.9 | 4.4% |

| (¥Bil.) | 2022/3 1H | 2023/3 1H | YoY | % |
|---|---|---|---|---|
| **Loans** | 11,521.1 | 11,934.4 | 413.3 | 3.5% |
| Domestic loans | 11,280.6 | 11,623.5 | 342.9 | 3.0% |
| Excl. public sector | 10,828.7 | 11,183.3 | 354.5 | 3.2% |
| Corporate loans | 6,854.1 | 7,122.5 | 268.3 | 3.9% |
| Large corporations | 1,526.0 | 1,547.7 | 21.7 | 1.4% |
| SMEs | 5,328.1 | 5,574.7 | 246.5 | 4.6% |
| Consumer loans | 3,974.5 | 4,060.7 | 86.1 | 2.1% |
| Housing loans | 3,787.7 | 3,866.2 | 78.5 | 2.0% |
| Unsecured consumer loa | 180.1 | 188.5 | 8.3 | 4.6% |
| Public sector | 451.8 | 440.2 | (11.5) | (2.5%) |
| Domestic loans | 11,280.6 | 11,623.5 | 342.9 | 3.0% |
| Excl. public sector | 10,828.7 | 11,183.3 | 354.5 | 3.2% |
| Branches in Chiba | 7,371.9 | 7,539.8 | 167.9 | 2.2% |
| Branches outside Chiba | 3,456.8 | 3,643.4 | 186.6 | 5.3% |
| Special branches* | 1,701.6 | 1,768.1 | 66.5 | 3.9% |
| Retail branches | 1,755.2 | 1,875.3 | 120.0 | 6.8% |

*Tokyo Head Office, Shinjuku Branch and Osaka Branch

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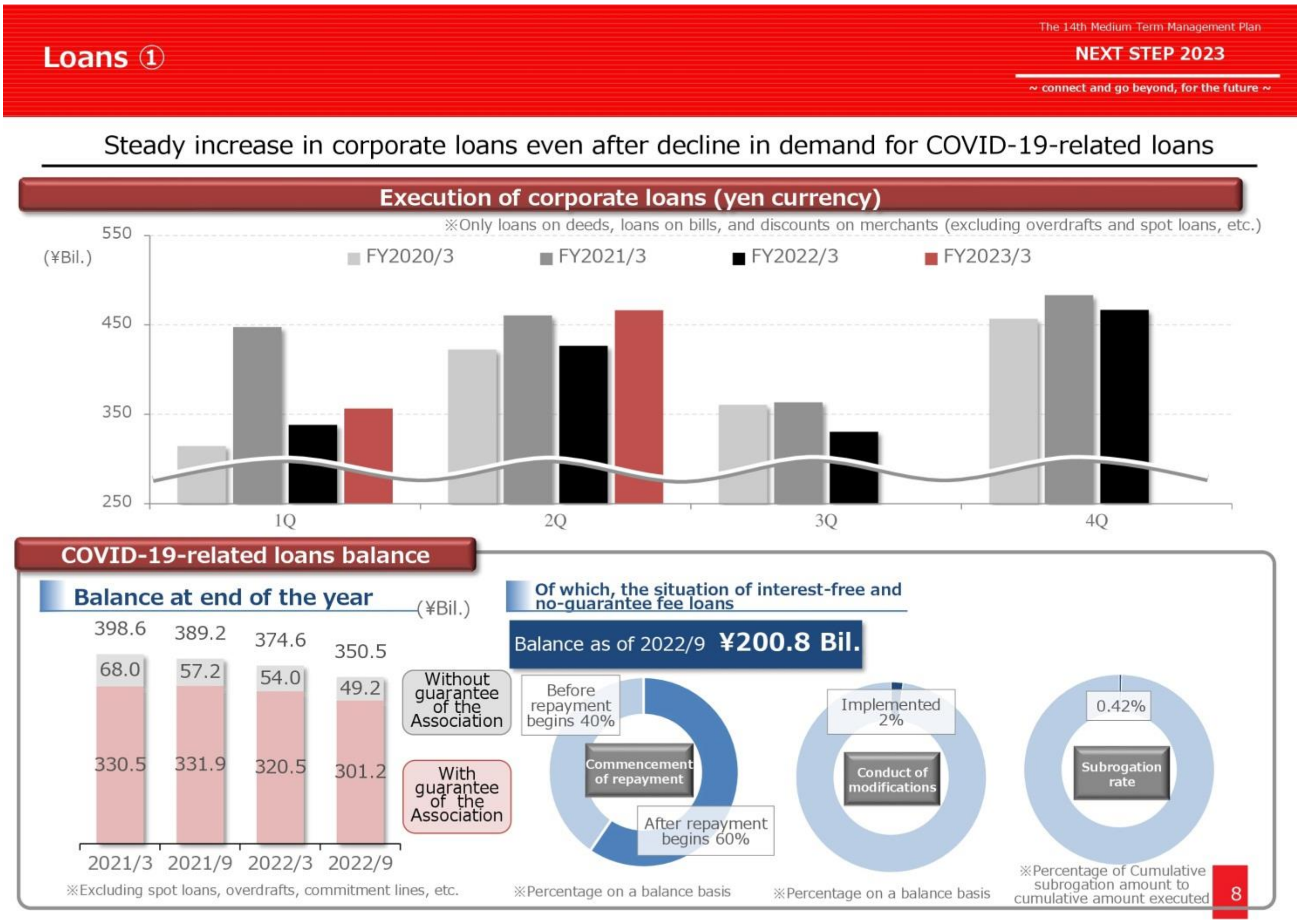
Please see page seven.

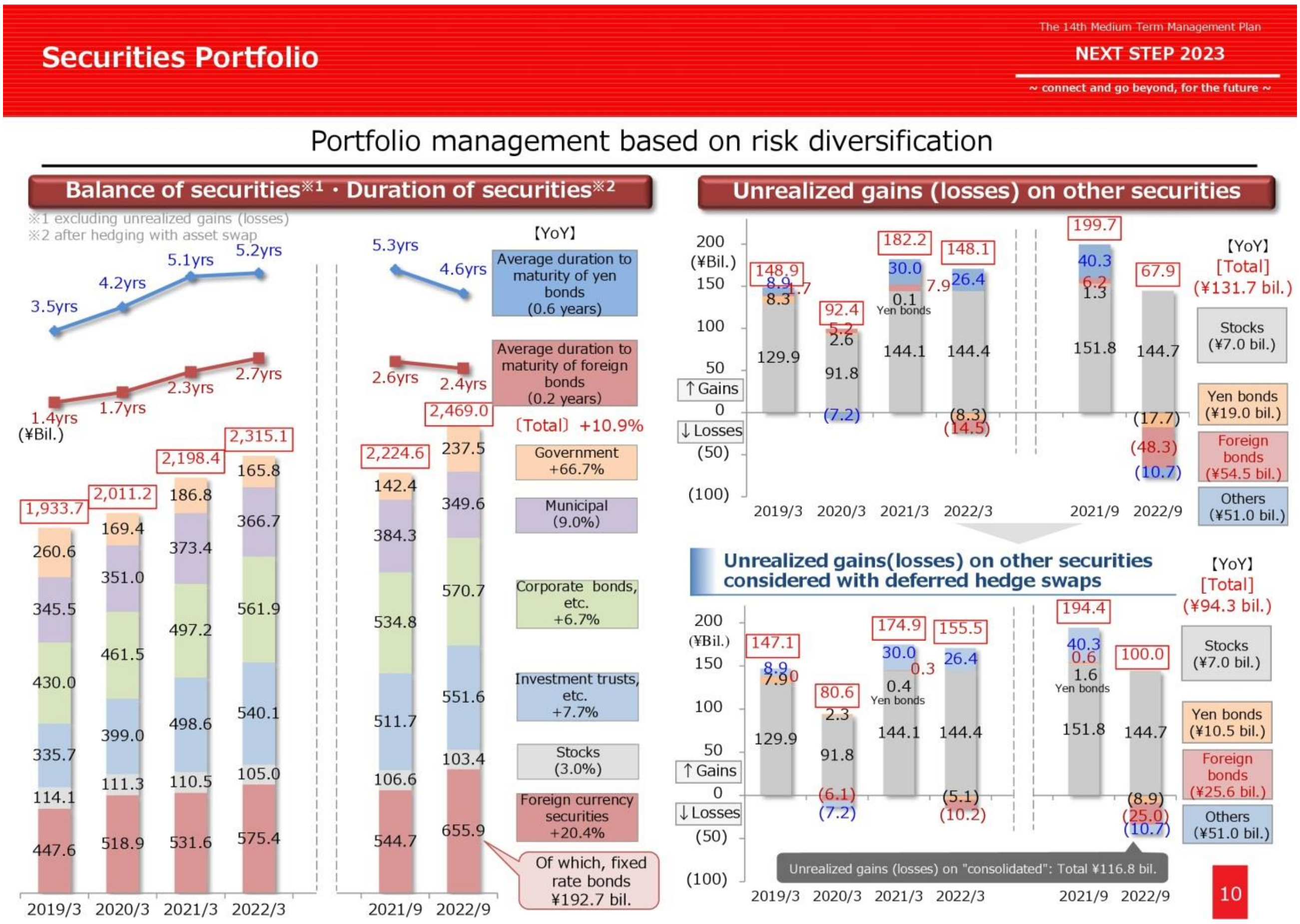
Deposits increased 6.2% to JPY15 trillion. Loans increased 3.5% to JPY11.9 trillion.

Corporate loans increased 3.9% as we actively responded to the financing needs of our customers. We also maintained our momentum with housing loans up 2% and unsecured consumer loans up 4.6%.




Please see page eight.

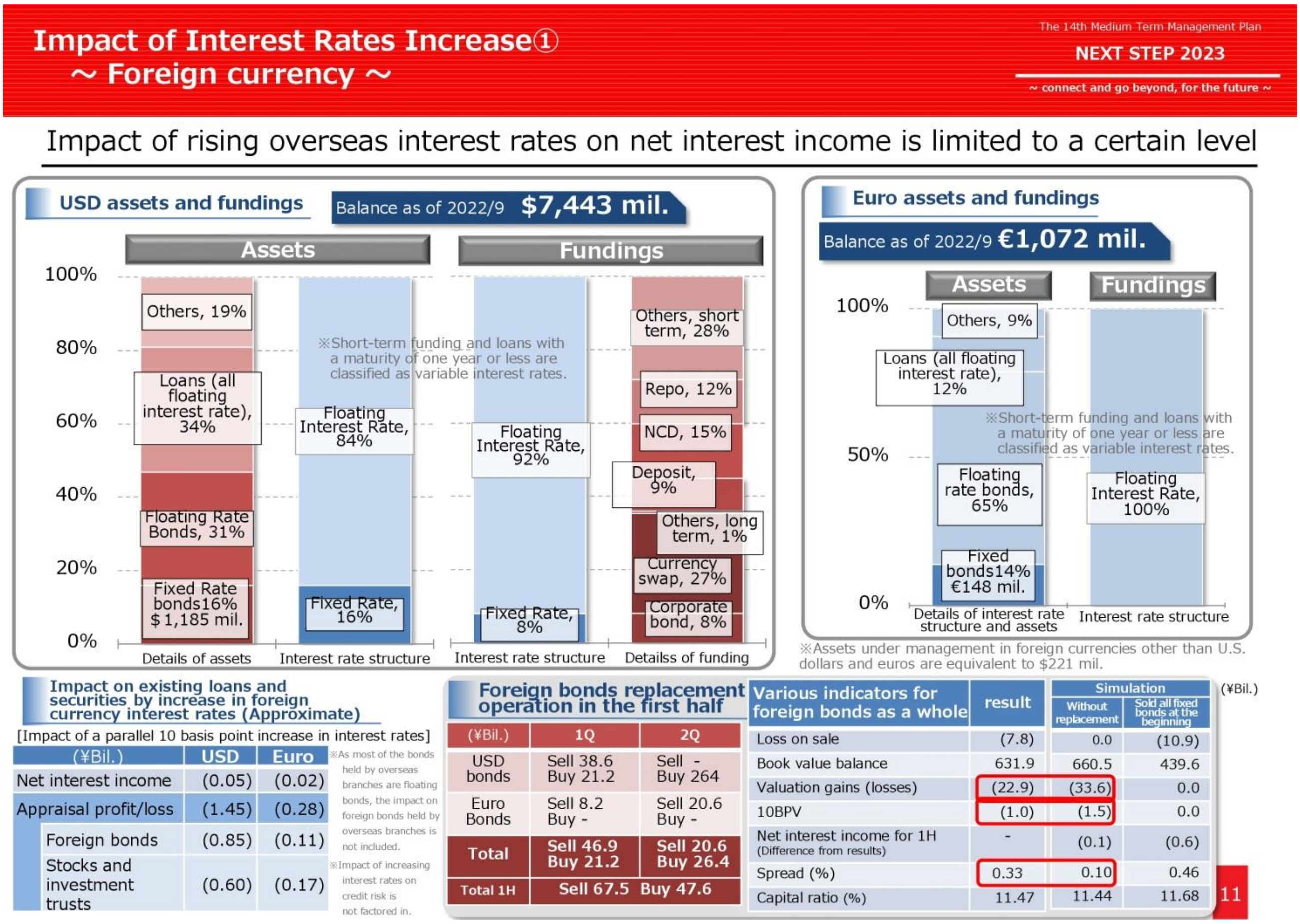
As noted on the right side of the bottom line, 60% of the zero-zero loans have already begun to be repaid. However, the subrogation rate is only 0.4%, indicating no significant deterioration in the creditworthiness of the customers we have helped to finance with zero-zero loans.




Please skip one page and see page 10.

The balance of securities outstanding is approximately JPY2.4 trillion.

As shown in the graph on the right, unrealized gains or losses have worsened due to the impact of rising interest rates. However, we have been able to control the amount of decrease in unrealized gains to a certain degree because we have curbed interest rate risk through hedging. Overall, including equities, we secured JPY100.0 billion in unrealized gains.

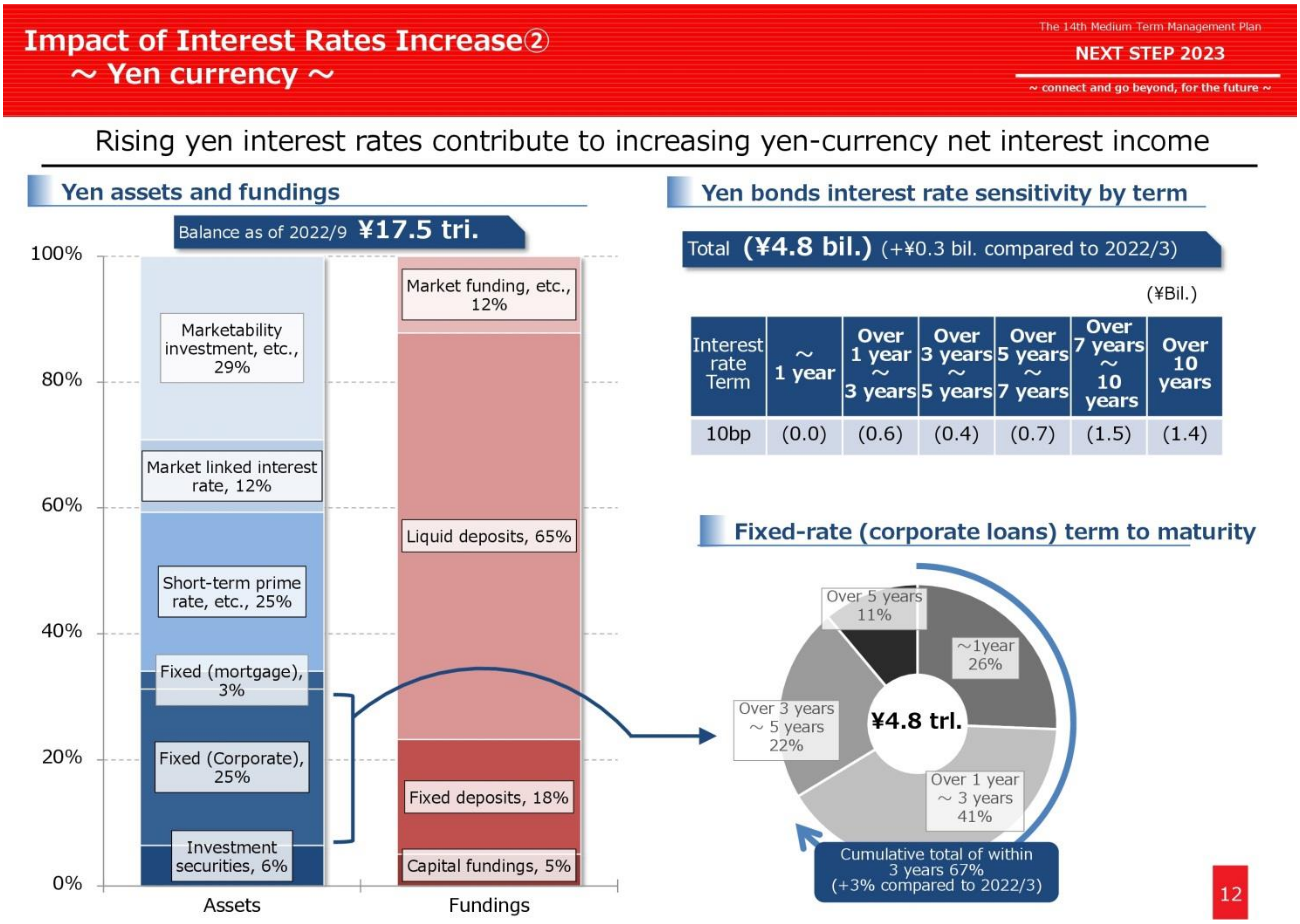



I will continue by explaining the impact of rising interest rates; please see page 11.

First, let me explain the impact of rising foreign currency interest rates.

As shown in the upper left graph, our total USD assets and fundings are approximately USD7.4 billion, but all of our lending is at floating rates and the majority of our bonds are invested in floating rate bonds. Therefore, only 16% of our assets and fundings are at fixed interest rates, which allow us to control our risk to a certain degree.

As shown in the lower part of the table, we have been replacing foreign bonds in order to reduce risk and improve yields, and have recorded a loss of JPY7.8 billion on the sale of foreign bonds. However, compared to the case where we did not replace the bonds, we were able to reduce unrealized losses by JPY10.7 billion and improve spreads by 23 basis points. We have also been able to improve our net interest income. Thus, we believe we have conducted our operations in an appropriate manner.




Please see page 12.

As I explained at the May financial results meeting, a rise in yen interest rates is expected to lead to an increase in our net interest income.

If negative interest rate is lifted, we expect our current account in the Bank of Japan, which currently stands at about JPY3.3 trillion, to decline to about JPY2.1 trillion. We expect to allocate the amount that has been reduced to yen bonds and marketable investments.

## Net Fees and Commissions Income

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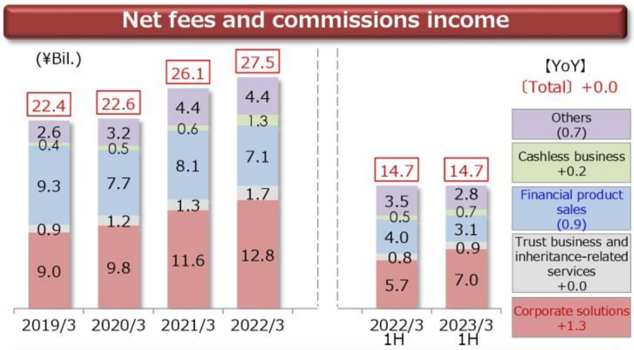
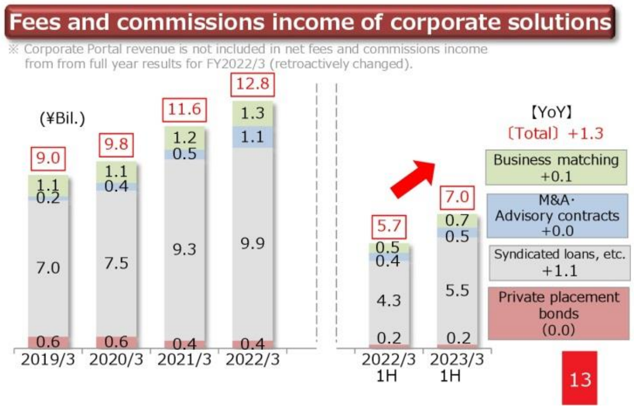
### Fees and commissions set a record high for the third consecutive year in the first half

| (¥Bil.) | 2022/3 1H | 2023/3 1H | YoY |
|---|---|---|---|
| Net fees and commissions income | 14.7 | 14.7 | 0.0 |
| Net fees and commissions revenue | 23.0 | 23.6 | 0.5 |
| Net fees and commissions payments (-) | 8.3 | 8.9 | 0.5 |
| <Main breakdown> | | | |
| Investment trusts and personal annuities | 4.0 | 3.1 | (0.9) |
| Investment trusts | 2.2 | 1.3 | (0.9) |
| Annuities and whole life insurance | 0.6 | 0.9 | 0.2 |
| Level paying life insurance | 0.7 | 0.6 | (0.1) |
| Financial instrument intermediary | 0.3 | 0.2 | (0.1) |
| Corporate solutions | 5.7 | 7.0 | 1.3 |
| Private placement bonds | 0.2 | 0.2 | (0.0) |
| Syndicated loans | 4.3 | 5.5 | 1.1 |
| M&A and advisory contracts | 0.4 | 0.5 | 0.0 |
| Business matching | 0.5 | 0.7 | 0.1 |
| Trust business and inheritance-related services | 0.8 | 0.9 | 0.0 |
| Cashless payment and card business | 0.5 | 0.7 | 0.2 |
| Payment and settlement transactions | 6.4 | 6.2 | (0.2) |
| Guarantee charges and group insurance costs (-) | 4.7 | 5.3 | 0.5 |

※ Trust business and inheritance-related services include trust fees from full year results for FY2022/3 (retroactively changed).

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Please see page 13.

Our net fees and commissions income totaled JPY14.7 billion, a record high for the third consecutive year.

While fees on investment trusts and personal annuities decreased by JPY0.9 billion, corporate solutions income increased by JPY1.3 billion to a new record high, mainly due to strong sales of syndicated loans. This was the main driver of the overall increase in profits.

We also posted record highs in trust business and inheritance-related services and cashless payment and card business.

## Expenses

### Maintain efficient operations at the top-level expense ratio (OHR) for Japanese banks

| (¥Bil.) | 2022/3 1H | 2023/3 1H | YoY | 2023/3 (Projection) | YoY |
|---|---|---|---|---|---|
| Expenses (-) | 42.9 | 41.0 | (1.9) | 82.5 | (2.0) |
| Personnel expenses (-) | 20.0 | 19.7 | (0.2) | 39.3 | (0.6) |
| Non-personnel expenses (-) | 18.8 | 18.0 | (0.7) | 37.1 | (1.1) |
| Taxes (-) | 4.0 | 3.1 | (0.8) | 6.1 | (0.2) |
| OHR (Non-consolidated)※1 | 50.0% | 45.7% | (4.2pt) | 49.0% | (2.9pt) |
| OHR (Consolidated)※2 | 51.9% | 47.3% | (4.5pt) | | |

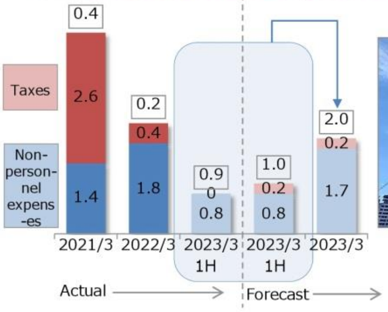
※1 Expenses / (Net business income − Gains (Losses) related to bonds, etc. + Net transfer to general allowance for loan losses + Expense)

※2 General and administrative expenses / (Gross business profits − Gains (Losses) related to bonds, etc.)

#### Main factors of change in expenses

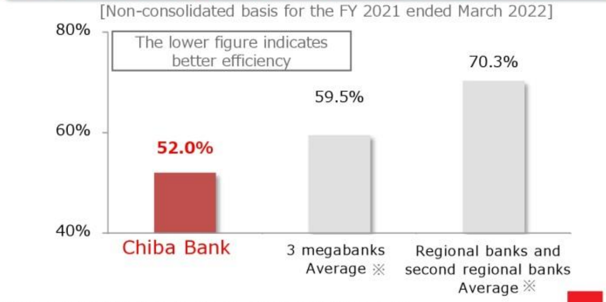
| (¥Bil.) | 2023/3 1H (Actual) | | 2023/3 (Projection) | |
|---|---|---|---|---|
| Personnel expenses (-) | (0.2) | Decrease in retirement benefit expenses (0.2) | (0.6) | Cost reduction (0.4)<br>Decrease in personnel (0.4) |
| Non-personnel expenses (-) | (0.7) | Reduction of deposit insurance premiums (0.9) | (1.1) | Revenue enhancement measures and strategic investment +1.4<br>Reduction of deposit insurance premiums (1.9)<br>Realization of efficiency and cost reduction (0.6) |
| Taxes (-) | (0.8) | New HQ building (Recoil reduction of real estate acquisiton tax) (0.9) | (0.2) | New HQ building (Recoil reduction of real estate acquisiton tax) (0.2) |

#### Expenses result and expectation associated with the new headquarters office building




Completed in September 2020

#### Expense ratio (OHR) compared with other banks




※Source: Calculated by simple average from Nikkin Report [Expenses ÷ (Gross business profits - Gains (Losses) related to bonds)]

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Please see page 14.

Expenses decreased by JPY0.9 billion due to the absence of one-time expenses related to the new head office building. In addition, a reduction in the deposit insurance premium rate also contributed to the overall decrease in expenses of JPY1.9 billion. For the full year, we expect OHR to remain below 50% as we maintain efficient operations.

## Net Credit Cost

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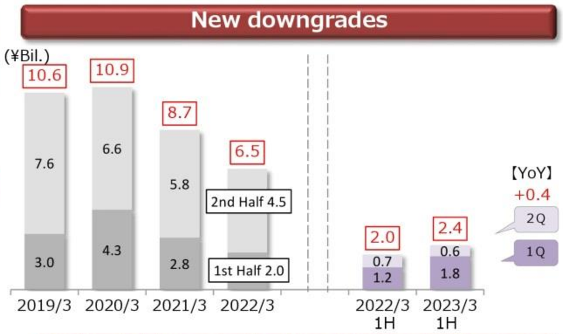
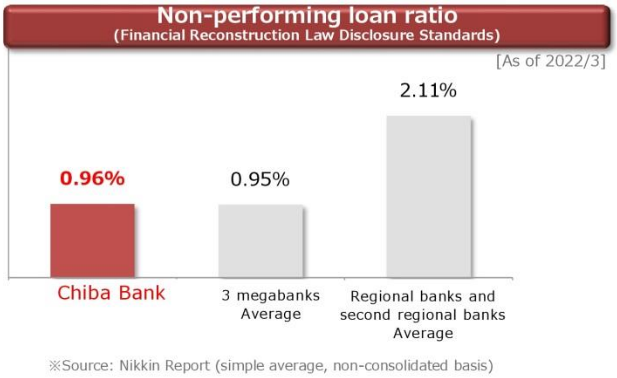
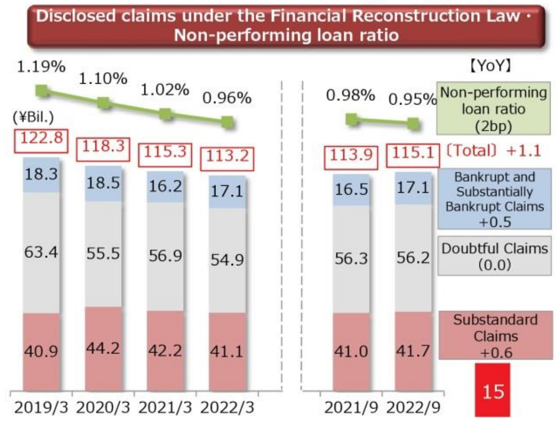
Net credit costs have been kept low, and the Non-performing loanratio has fallen to below 1%

| (¥Bil.) | 2022/3 | 2023/3 | YoY | 2023/3 (Projection) | YoY |
|---|---|---|---|---|---|
| Net credit costs (-) | 1.8 | △ 2.9 | (4.8) | 2.5 | (4.5) |
| Net transfer to general allowance for loan losses (-) | 0.5 | △ 3.2 | (3.7) | (2.6) | (4.1) |
| Disposal of non-performing loans (-) | 1.2 | 0.2 | (1.0) | 5.1 | (0.4) |
| Write-offs / Net transfer to specific allowance, etc. (-) | 2.2 | 2.4 | 0.2 | 8.3 | 0.9 |
| New downgrades (-) | 2.0 | 2.4 | 0.4 | 8.0 | 1.4 |
| Existing non-performing loans (-) | 0.4 | 0.4 | 0.0 | 0.8 | (0.3) |
| Collections etc. | 0.2 | 0.4 | 0.2 | 0.4 | 0.1 |
| Recoveries of written-off claims | 0.9 | 2.2 | 1.3 | 3.2 | 1.4 |
| Net credit costs ratio (-) | 3bp | (4bp) | (8bp) | 2bp | (4bp) |

※In this table, in comparison with the previous year, reversal of allowance for loan losses is presented separately as net transfer to general allowance for loan losses and net provision for specific loan losses.

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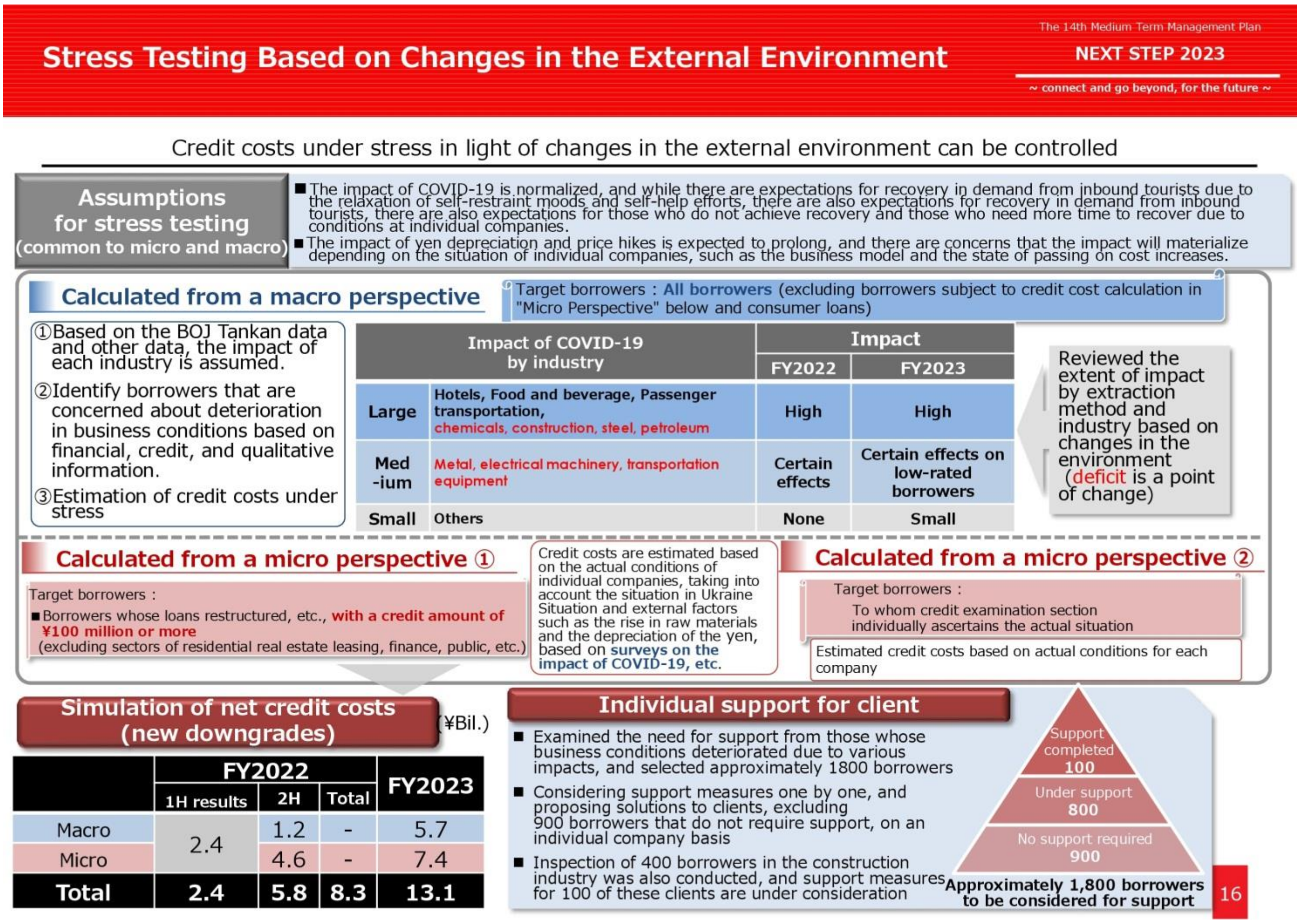
Reversal of net credit cost amounted to JPY2.9 billion, an improvement of JPY4.8 billion from the same period last year. The expected loss ratio declined due to a decrease in the number of bankruptcies, leading to a reversal of the general allowance for loan losses of JPY3.2 billion, which helped control credit costs.

As for new downgrades, we continued to control downgrades at a low level with only JPY0.6 billion recorded in the three-month period of Q2.

Our NPL ratio has decreased to 0.95%, as indicated in the lower right-hand corner. Even though our loans are mainly to small and medium-sized enterprises, we have the same level of lending soundness as the three megabanks.




| Impact of COVID-19 by industry | | Impact FY2022 | Impact FY2023 |
|---|---|---|---|
| Large | Hotels, Food and beverage, Passenger transportation, chemicals, construction, steel, petroleum | High | High |
| Med-ium | Metal, electrical machinery, transportation equipment | Certain effects | Certain effects on low-rated borrowers |
| Small | Others | None | Small |

| | FY2022 1H results | FY2022 2H | FY2022 Total | FY2023 |
|---|---|---|---|---|
| Macro | 2.4 | 1.2 | - | 5.7 |
| Micro | | 4.6 | - | 7.4 |
| Total | 2.4 | 5.8 | 8.3 | 13.1 |

Please see page 16.

We continue to conduct stress tests, but we have reviewed how they are extracted and the degree to which different sectors are affected. This is because the current situation is influenced not just by COVID-19 and the situation in Ukraine but also by a variety of complex factors.

In our simulation, we assume that new downgrades in H2 will be JPY5.8 billion, or JPY8.3 billion over the full year. Considering that we expect new downgrades for the current fiscal year to be JPY8.0 billion, we believe that our plan for the current fiscal year is conservative in light of this simulations.

In addition, we have identified 1,800 customers for solution consideration, including those in need of financial support and those with declining loan and deposit ratios. We have carefully considered solutions for each customer, one by one. For those customers that we determined to be in need of assistance, we have responded with a sense of urgency by assisting in the formulation of management plans, debt restructuring, and the provision of capital-based loans.

We have already completed support for 100 customers and provided solutions for 800 customers. Based on the current situation, we are considering providing the same solution support to another 100 customers in the construction industry.

The 14th Medium Term Management Plan
NEXT STEP 2023
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## Earning Projections

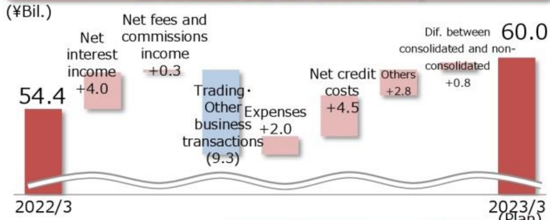
**Non-consolidated** (¥Bil.)

| | 2022/3 | 2023/3 1H results | 2023/3 2H projections | 2023/3 Full year projections | 2023/3 YoY | Change from initial projections |
|---|---|---|---|---|---|---|
| Gross business profits | 161.5 | 82.6 | 74.0 | 156.7 | (4.8) | (5.3) |
| Net interest income | 131.8 | 72.3 | 63.5 | 135.9 | 4.0 | 1.5 |
| Net fees and commissions income | 27.5 | 14.7 | 13.2 | 27.9 | 0.3 | (0.3) |
| Trading income | 1.1 | 0.6 | 1.2 | 1.9 | 0.8 | (0.4) |
| Profit from other business transactions | 1.0 | (5.1) | (3.9) | (9.1) | (10.1) | (6.0) |
| Gains (losses) related to bonds (Government bonds, etc.) | (1.4) | (8.5) | (4.6) | (13.2) | (11.7) | (8.9) |
| Expenses (-) | 84.5 | 41.0 | 41.5 | 82.5 | (2.0) | – |
| Real net business income | 76.9 | 41.6 | 32.5 | 74.1 | (2.7) | (5.3) |
| Core net business income | 78.3 | 50.2 | 37.1 | 87.3 | 8.9 | 3.5 |
| Excluding gains (losses) on cancellation of investment trusts | 75.1 | 47.3 | 34.6 | 81.9 | 6.7 | 3.4 |
| Net transfer to general allowance for loan losses (-) | 1.5 | 0.0 | (2.6) | (2.6) | (4.1) | (2.7) |
| Net business income | 75.4 | 41.6 | 35.1 | 76.7 | 1.3 | (2.6) |
| Non-recurrent income and losses | (1.7) | 8.2 | (4.9) | 3.2 | 5.0 | 2.6 |
| Disposal of non-performing loans (-) | 5.6 | (2.9) | 8.1 | 5.1 | (0.4) | (3.7) |
| Reversal of allowance for loan losses | – | 2.0 | (2.0) | – | – | – |
| Gains (losses) related to stocks, etc. | 2.7 | 4.8 | 2.6 | 7.5 | 4.8 | (0.4) |
| Ordinary profit | 73.6 | 49.8 | 30.1 | 80.0 | 6.3 | – |
| Extraordinary income (loss) | (0.3) | (0.1) | 0.0 | (0.2) | 0.1 | (0.1) |
| Profit | 52.3 | 36.1 | 20.8 | 57.0 | 4.6 | – |
| Net credit costs (-) | 7.1 | (2.9) | 5.5 | 2.5 | (4.5) | (6.4) |

**Consolidated** (¥Bil.)

| | 2022/3 | 2023/3 1H results | 2023/3 2H projections | 2023/3 Full year projections | 2023/3 YoY | Change from initial projections |
|---|---|---|---|---|---|---|
| Ordinary profit | 78.8 | 50.7 | 35.7 | 86.5 | 7.6 | – |
| Profit attributable to owners of parent | 54.4 | 35.2 | 24.7 | 60.0 | 5.5 | – |

**Breakdown of changes in profit attributable to owners of parent** (Non-consolidated + Dif. between consolidated and non-consolidated)




| (¥Bil.) | 2022/3 | 2023/3 (Projections) | YoY | Change from initial projections |
|---|---|---|---|---|
| Net interest income | 131.8 | 135.9 | 4.0 | 1.5 |
| Domestic | 123.6 | 127.9 | 4.2 | 1.7 |
| Interest on loans | 98.5 | 99.6 | 1.0 | 0.1 |
| Interest and dividends on securities | 22.0 | 24.0 | 1.9 | 0.4 |
| Gains (losses) on cancellation of investment trusts | 2.7 | 3.4 | 0.6 | (0.6) |
| International | 8.1 | 7.9 | (0.1) | (0.2) |
| Gains (losses) on cancellation of investment trusts | 0.4 | 1.9 | 1.5 | 0.7 |
| Net fees and commissions income | 27.5 | 27.9 | 0.3 | (0.3) |
| Investment trusts and personal annuities | 7.1 | 6.7 | (0.3) | (1.4) |
| Corporate solutions | 12.8 | 14.0 | 1.1 | 1.0 |
| Trust business and inheritance-relted services | 1.7 | 2.0 | 0.2 | (0.1) |
| Cashless payment and card business | 1.3 | 1.8 | 0.5 | (0.0) |
| Payment and settlement transactions | 12.6 | 12.4 | (0.2) | 0.3 |
| Guarantee charges and group insurance costs (-) ※ | 12.1 | 13.1 | 1.0 | (0.0) |

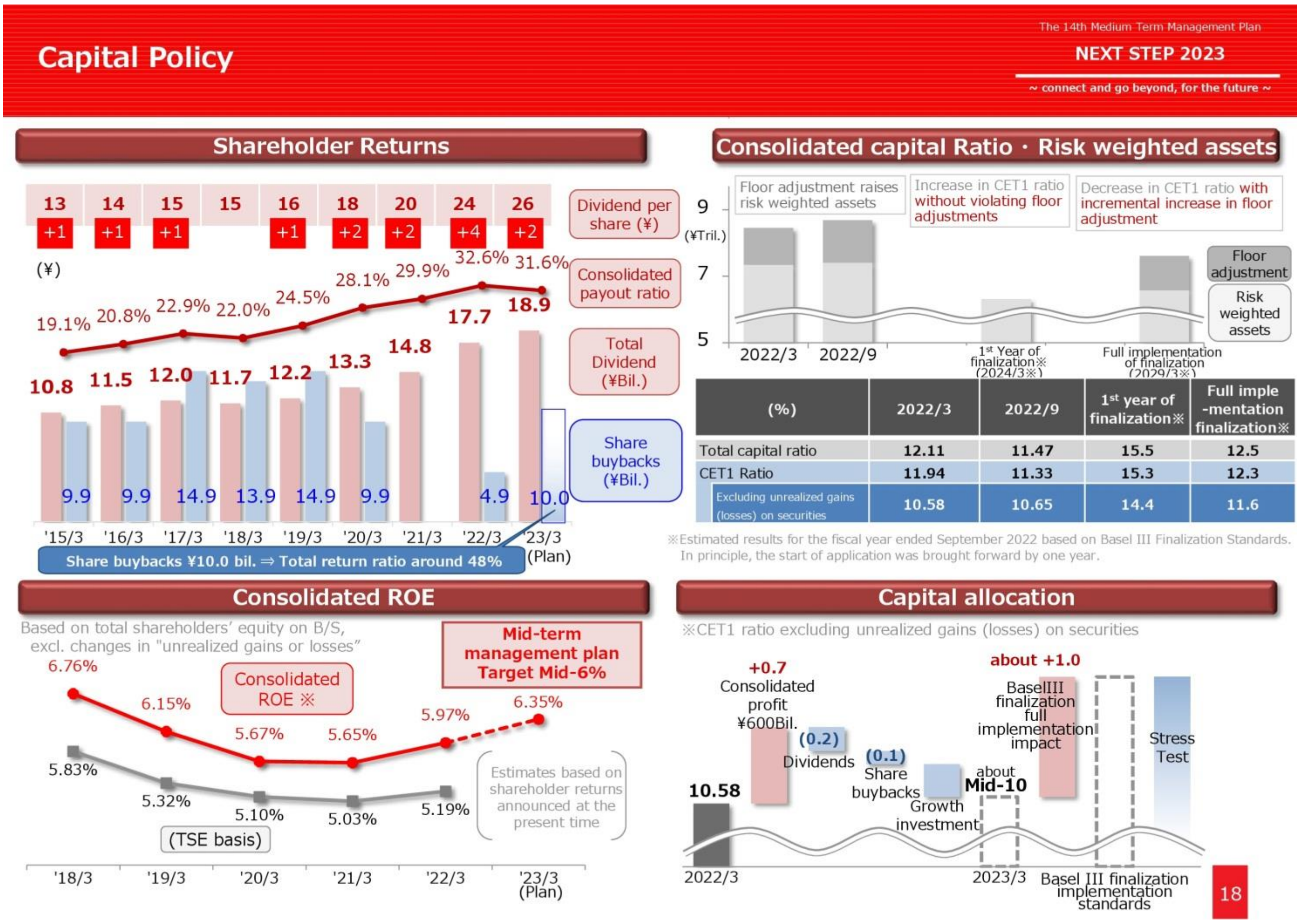
17

Please see page 17.

We have not changed our bottom-line forecast of JPY60.0 billion, but we have changed the contents of our performance plan for the current term in light of the current situation.

While we have increased our plan for net interest income, which has been steadily increasing, we have decreased our plan for gains or losses on bond transactions by JPY8.9 billion from the initial plan. We have included in our plan a loss of about JPY5.0 billion on foreign bonds in H2, and we will continue our efforts to improve our portfolio.

We expect to achieve the consolidated profit target of JPY60.0 billion set forth in our medium-term management plan, which would be a new record high.




Please see page 18.

Our currently announced total shareholder return ratio is 48%.

We have also included a conceptual diagram of our capital allocation in the lower right-hand corner. Based on the CET1 ratio excluding unrealized gains or losses on securities, this year's profit is the reason for the 0.7% increase. However, we plan to return about half of this amount to shareholders and use the other half for lending and growth investments. As a result, the CET1 ratio is expected to land at about the same level as at the end of the previous period this fiscal year.

We expect the CET1 ratio to increase by about 1% with the full implementation of the Basel III finalization, but we also need to have a buffer under stress. We will continue our internal discussions on the appropriate level of capital adequacy in preparation for the next medium-term management plan.

## Progress of the Plan

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

### The 14th Medium Term Management Plan NEXT STEP 2023 ~ connect and go beyond, for the future ~ (Plan period: April 1, 2020 to March 31, 2023)

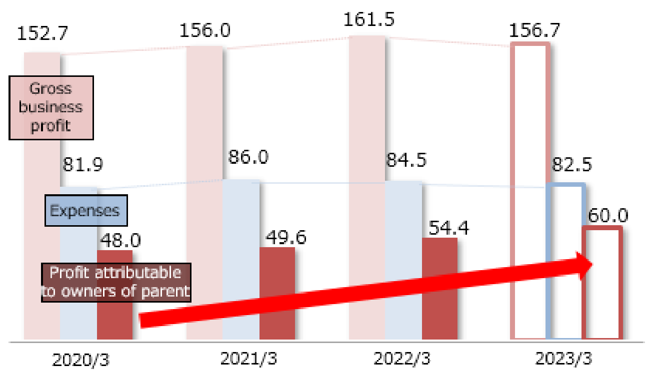
<Major achievements in major issues>

**Basic Policy I** — "We will continue to evolve closely with our customers"
- Proposals in accordance with individual life plans
- Non-face-to-face contract of housing loan
- Strengthen corporate solutions
- Establishment of Area sales office

**Basic Policy II** — "We will continue to create new value for our customers' future"
- Expansion of app and portal functions
- Expansion of cashless business
- Establishment of Chibagin Market
- Establishment of On ad

**Basic Policy III** — "We will advance alliance strategies"
- TSUBASA Alliance: Expansion of shared systems for apps, etc.
- Chiba-Musashino Alliance: Expand tie-ups with cashless franchise stores, etc.
- Chiba-Yokohama partnership: Strengthen cooperation such as support for clients
- Partnership with Sony Bank

**Basic Policy IV** — "We will realize sustainable management"
- Promoting Sustainable Finance
- Strengthen efforts to achieve carbon neutrality
- Expansion of disclosure on climate change
- Developing DX human resources



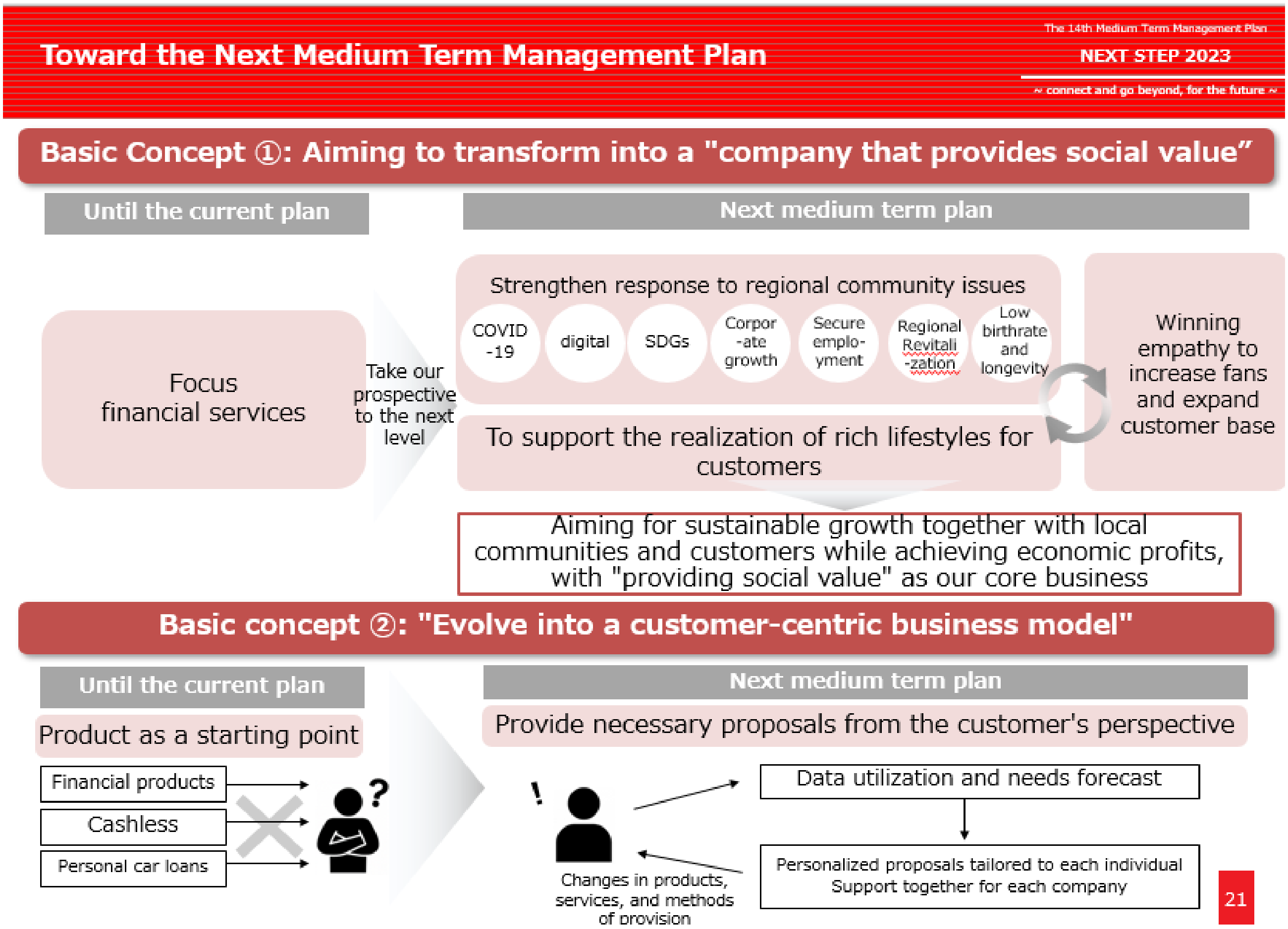

| Target Indicators for the FY2022 | | Progress |
|---|---|---|
| Profit attributable to owners of parent | ¥60.0 bil. | ¥60.0 bil. (disclosed on September 2022) |
| Consolidated ROE | Mid-6% | 6.35% (disclosed on September 2022) |
| Non-Consolidated OHR | Lower 50% range | 49.0% (disclosed on September 2022) |

Net business income per employee : ¥19.0 mil. (disclosed on September 2022)

20

Please refer to page 20 for an explanation of our medium-term management plan.

In the current medium-term management plan, we have set targets for profit attributable to owners of parent, ROE, and OHR, all of which we expect to achieve in the current fiscal year, the final year of the plan.



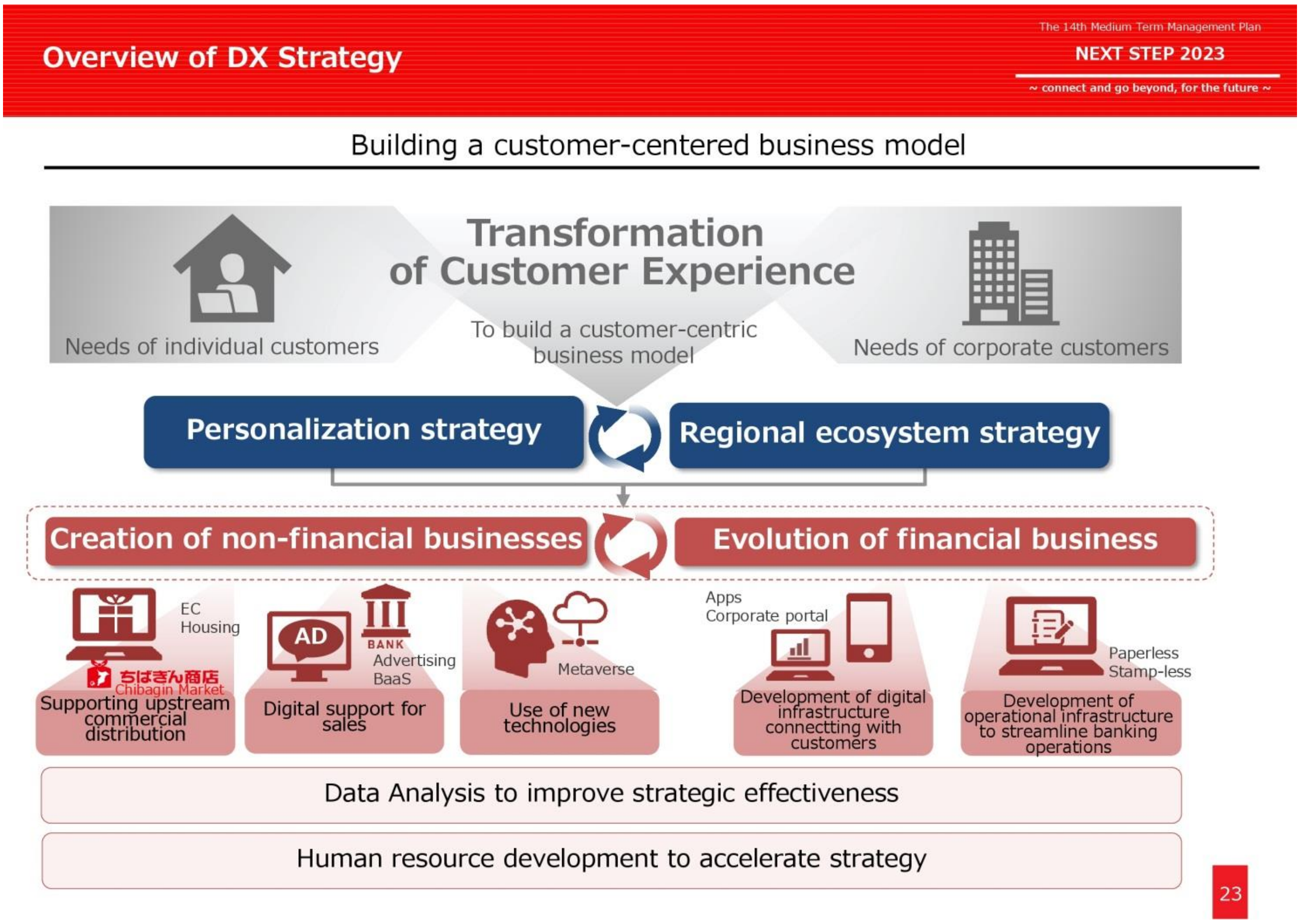

Please see page 21.

I would like to explain the two basic concepts of our next medium-term management plan, which will start next year.

The first is to transform ourselves into a "company that provides social value." We will move from a focus on financial services to a more focused approach to solving social issues in local communities. We will also focus on helping our customers realize affluent lifestyles. With these as our core business, we aim to achieve sustainable growth together with local communities and customers.

Our second concept is to "evolve into a customer-centric business model." We will listen carefully to our customers, understand them deeply, and provide services tailored to each and every one of them and their companies.

We are currently discussing how we should proceed over the next three years, and will formulate our next medium-term management plan based on these two concepts.



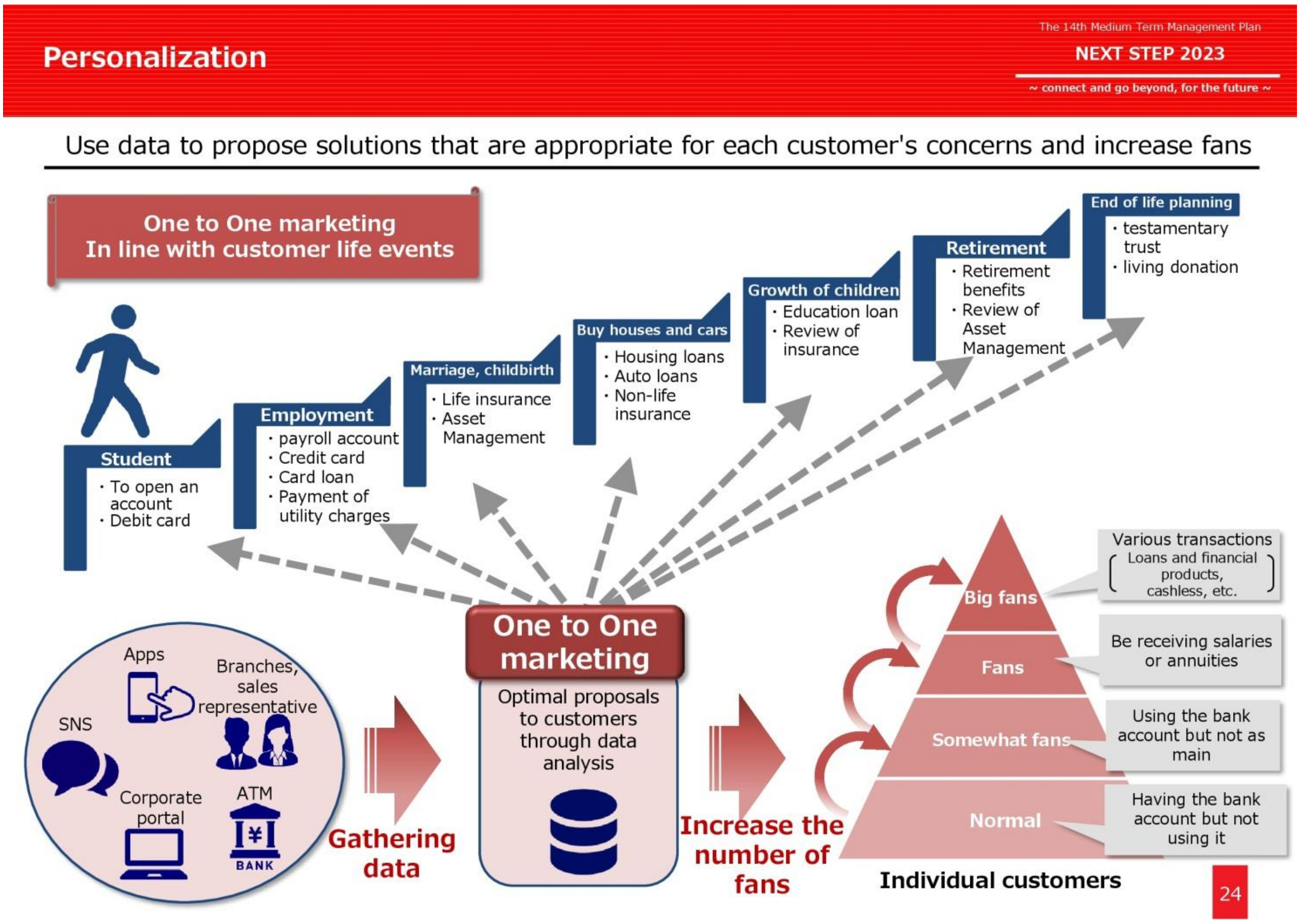

I will continue by explaining individual measures; please see page 23.

First, I will explain our DX strategy.

We are pursuing a DX-based personalization strategy and a regional ecosystem strategy to build a customer-centric business model.

Based on these two strategies, we will create non-financial businesses, such as Chibagin Market, advertising business, and metaverse. At the same time, we will evolve our financial business by further improving the convenience of our apps and corporate portals and developing operational infrastructure to improve banking efficiency.

In order to effectively implement these strategies, it is essential to further strengthen data analysis and human resource development.




I will explain our specific measures; please see page 24.

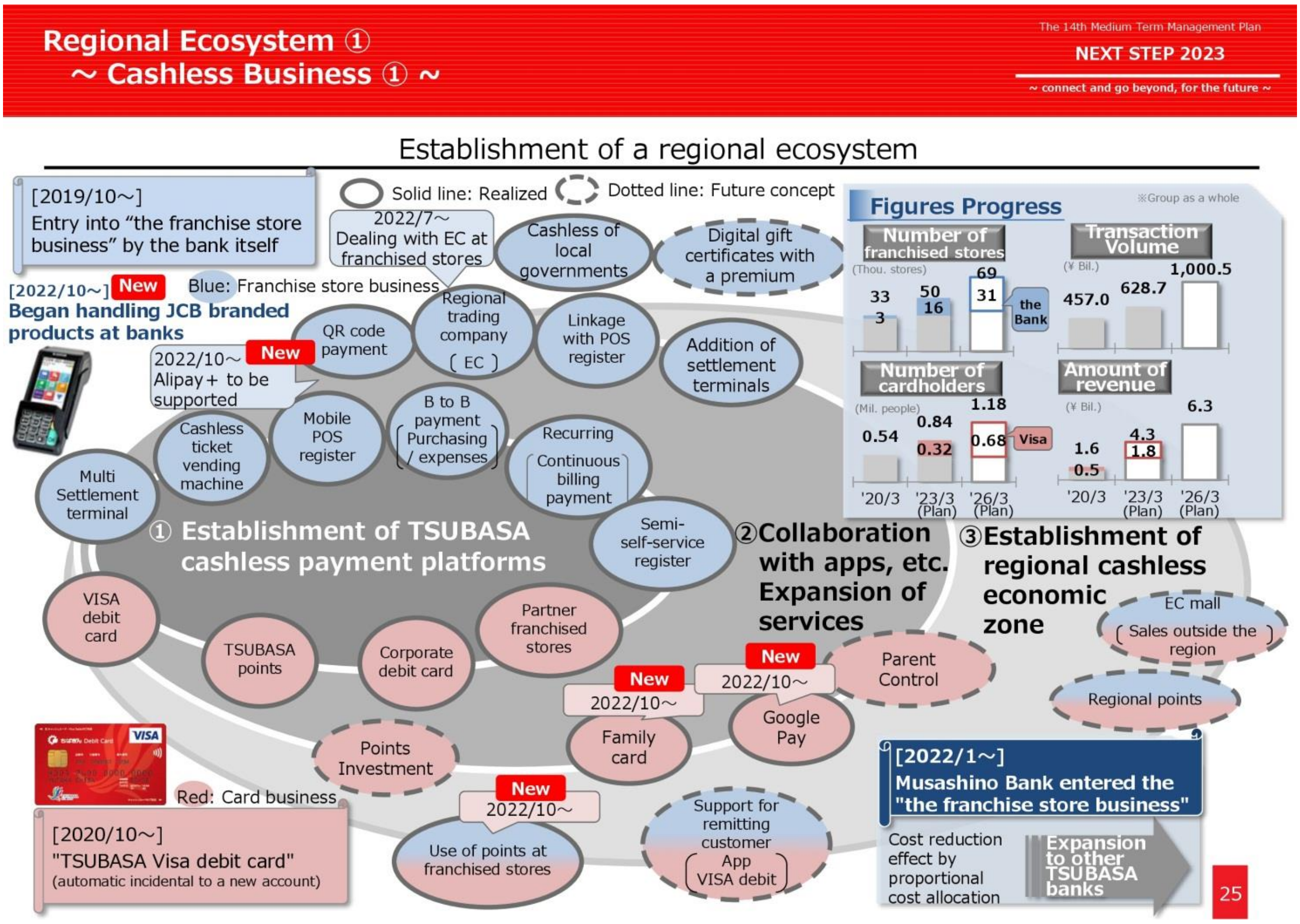
The personalization strategy is an essential strategy for building a customer-centric business model.

Of the approximately 2.9 million retail customers in operation, we have 0.9 million customers who use our bank's products such as mortgage loans and investment trusts, or to put it in other words, customers who are big fans. The gross profit per customer for big fans is JPY34 thousand per year, which accounts for 70% of the gross profit from retail business.

The gross profit per customer for the 0.8million normal fans is JPY7,thousand per year, and the gross profit per customer for the 1.2 million moderate fans is JPY6 thousand per year.

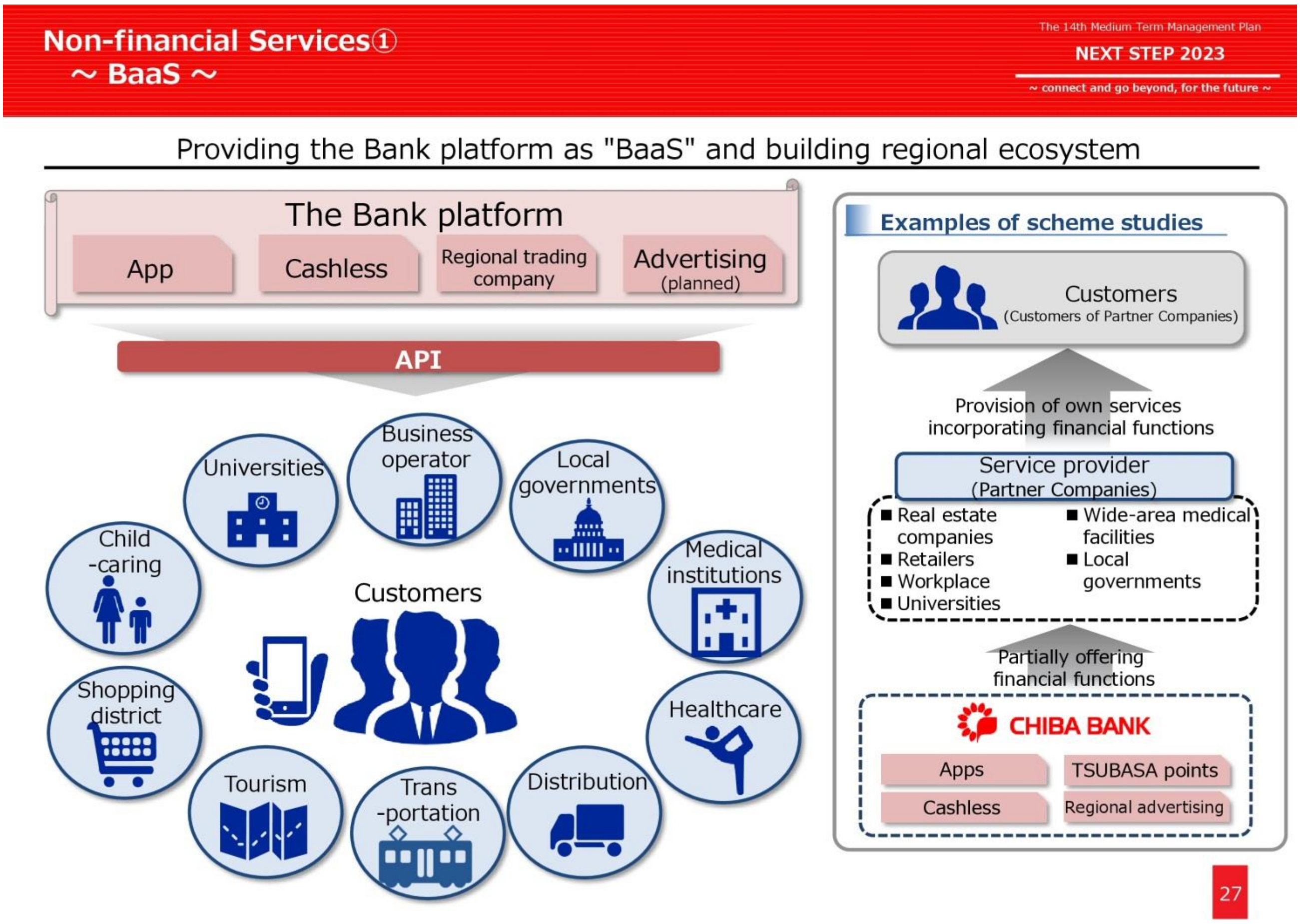
We are working to increase the number of customers who are our big fans by offering solutions to their daily activities and various life events, no matter which channel is best suited for them. Increasing customer satisfaction in this way will also lead to an increase in the Bank's revenues.

Toward this end, we are currently implementing a strategy to fully utilize the data base, apps, portals, and other digital channels that we developed through our DX initiatives, as well as the tablet reception function at the point of sale.




Please see page 25.

In our cashless business, we aim to expand the number of merchants and cardholders by further expanding functions and increasing convenience, thereby creating a cashless economic zone in the region.

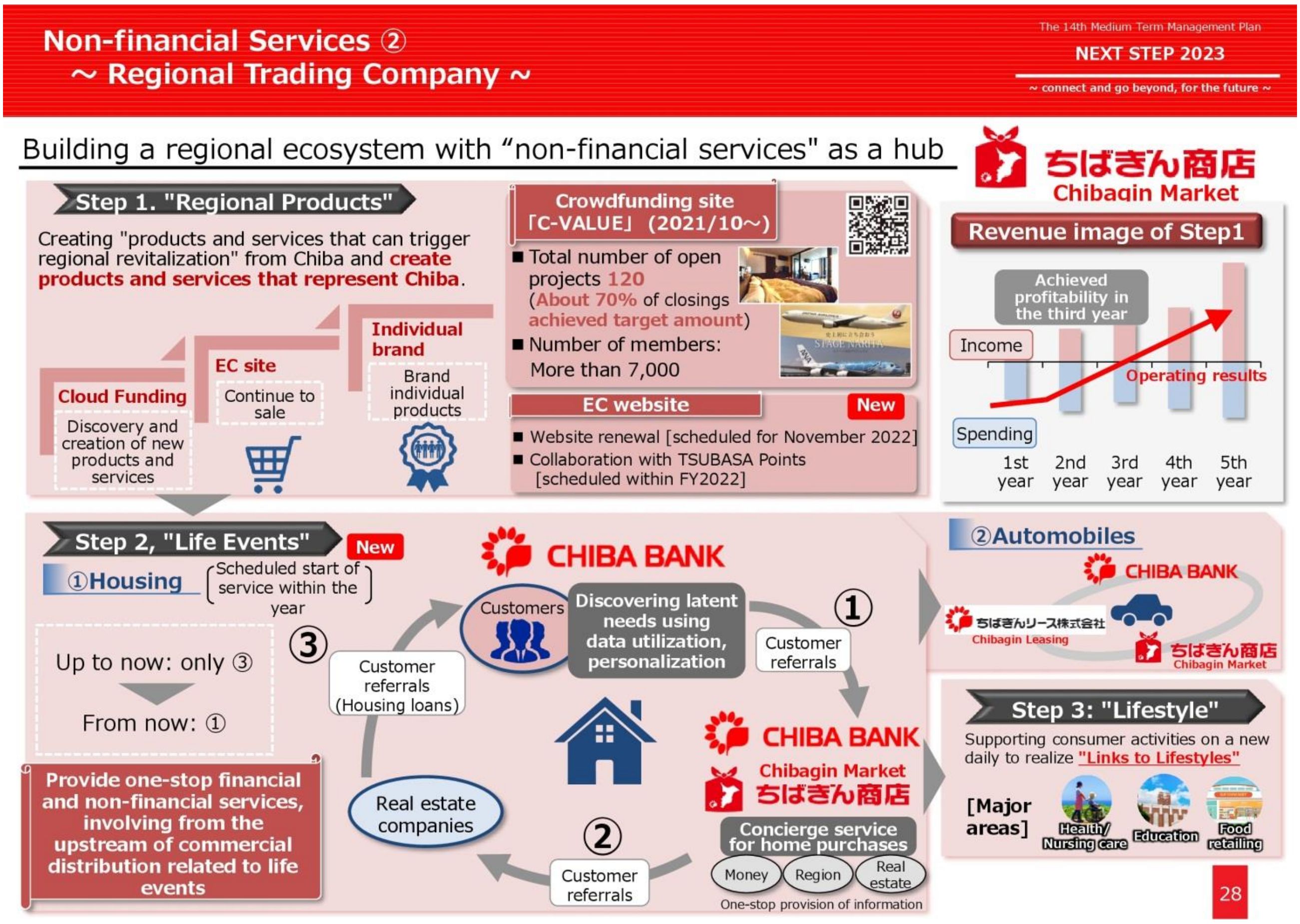



Please see page 27.

We have already built a platform for apps and cashless services, and will consider offering these as BaaS to create an economic circulation system and a regional ecosystem within the region.

While personalization is an activity that connects each individual, this project is holistically focused on the local community. We aim to activate economic activities by connecting individuals and businesses.

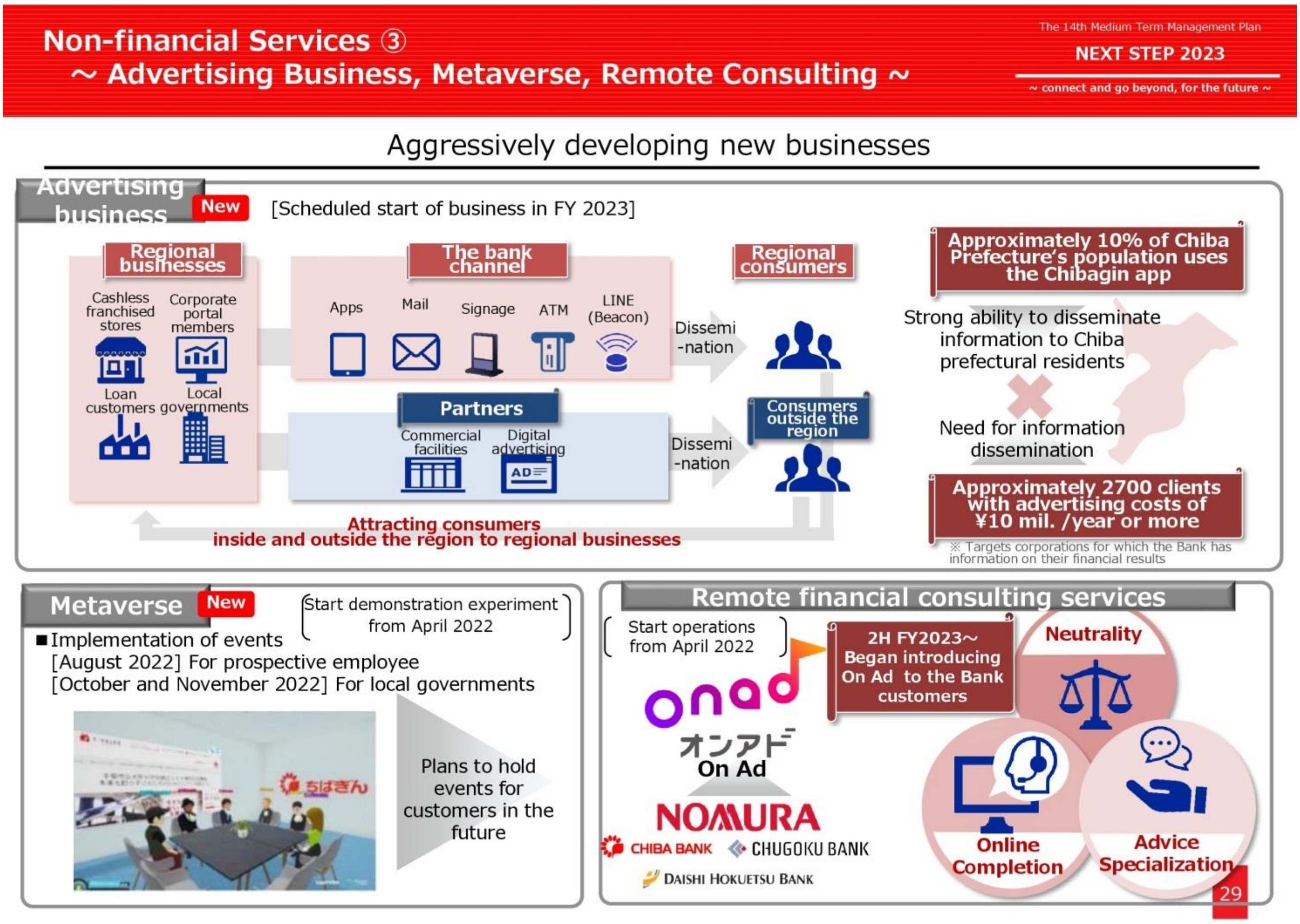
Specifically, we will incorporate functions provided by our financial and non-financial platforms, such as financial services and lifestyle-related services, through APIs to leading local businesses and universities. We will then ask each customer to provide these functions to their own customers in order to establish a system that allows money to circulate within the regional economic sphere.




Please see page 28.

One year has passed since Chibagin Market, a regional trading company, launched its crowdfunding website. This month, the company plans to relaunch its e-commerce site to sell products that have gained popularity through crowdfunding. The company continues to search for attractive local products to turn a profit in its third year.

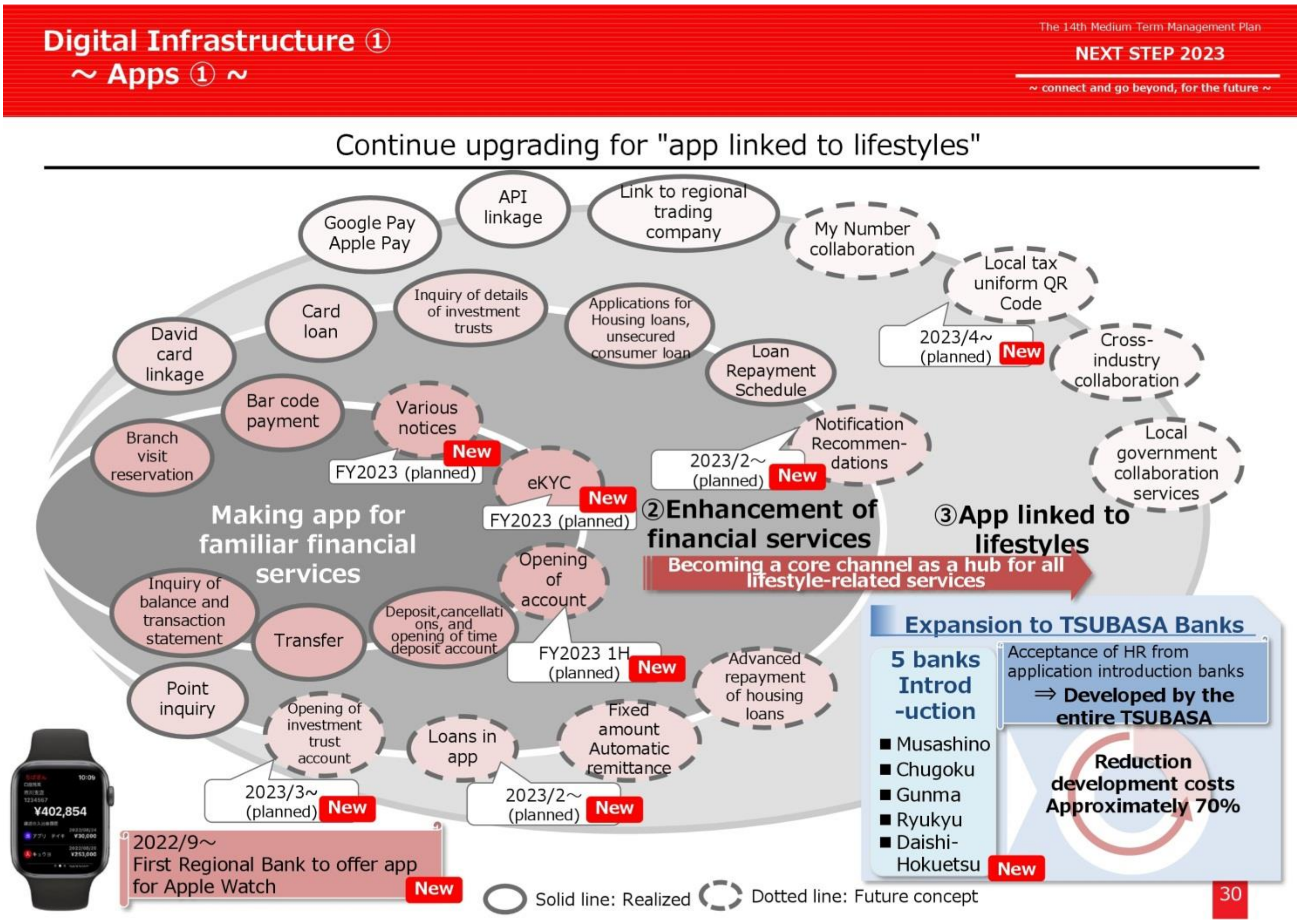
As Step two of Chibagin Market, the company is moving forward with the business of shaping commercial distribution related to life events. First, in the housing sector, Chibagin Market will use data to personalize its customer base and identify customers who are more likely to purchase a home. At the same time, the company plans to make use of its local information network to provide a full range of services, from identifying customers' home-buying needs to mortgage financing. A trial was already conducted in H1, and the company plans to officially launch the service by the end of the year after reflecting feedback from customers.




Please see page 29.

We are preparing to launch our advertising business in the next fiscal year.

The number of users of the Chiba Bank app has exceeded 0.6million, which is equivalent to 10% of the population of Chiba Prefecture. We plan to utilize this infrastructure to attract customers to local businesses. Among our corporate customers, 2,700 of them spend more than JPY10 million annually on advertising. Therefore, we expect that there is a certain level of need for our advertising business.

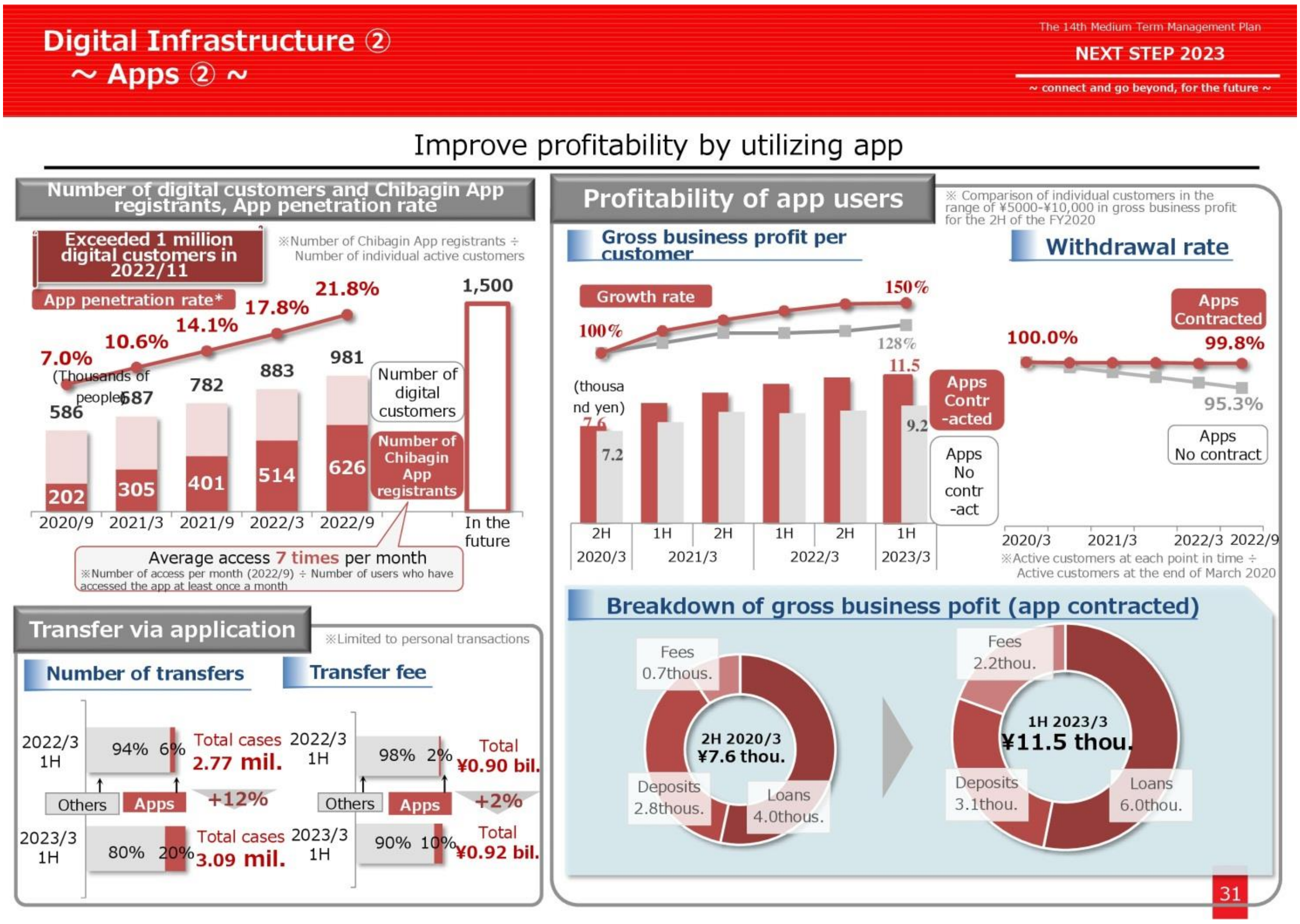



Please see page 30.

Our app reached over 0.6million registered users at the end of September 2022. We continue to upgrade our apps with the goal of providing the best app for our customers.

In September, we became the first regional bank to launch an app for the Apple Watch, which has further enhanced convenience for our customers.

In September, Daishi Hokuetsu Bank introduced our app, bringing the total number of TSUBASA banks to five. By sharing the app, we have been able to reduce development costs by approximately 70%, and the strengthened structure has also led to faster addition and improvement of functions.



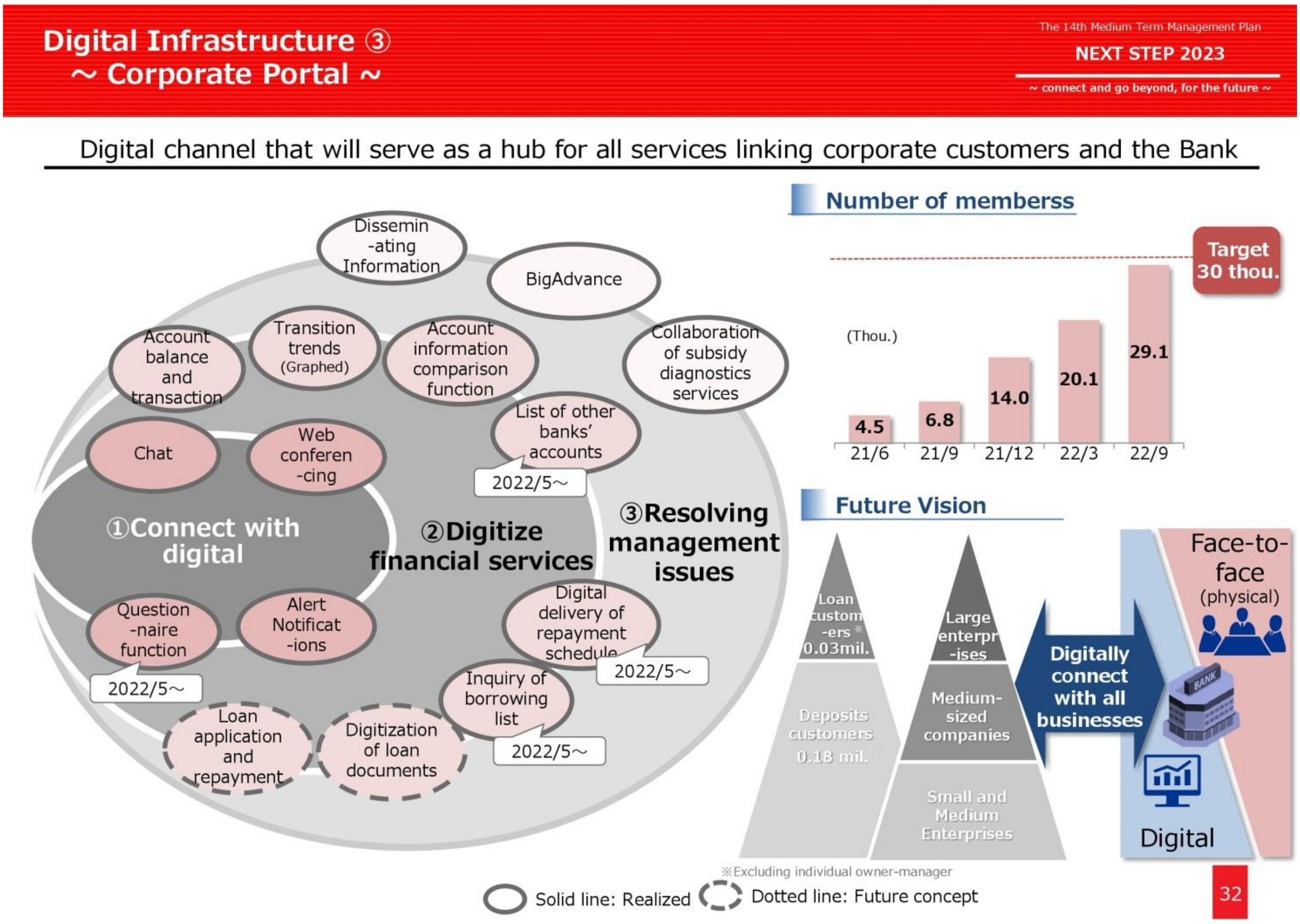

Please see page 31.

This month, the number of the Bank's digital customers using the app and online banking exceeded one million. The app in particular has become an important tool for increasing contact with customers, with users accessing the app an average of seven times per month.

Gross business profit per user of the application is also on an increasing trend. As shown in the graph below right, gross profit from service transactions and loans is increasing.

Taking transfers as an example, as shown in the graph below left, app users accounted for 20% of transfers in H1, exceeding the number of transfers made over the counter and expanding 14 percentage points YoY. As a result, despite the increase in transfers made via apps, which have a lower transfer fee, the number of transfers itself increased by 12%, resulting in a 2% increase in transfer fee revenues.

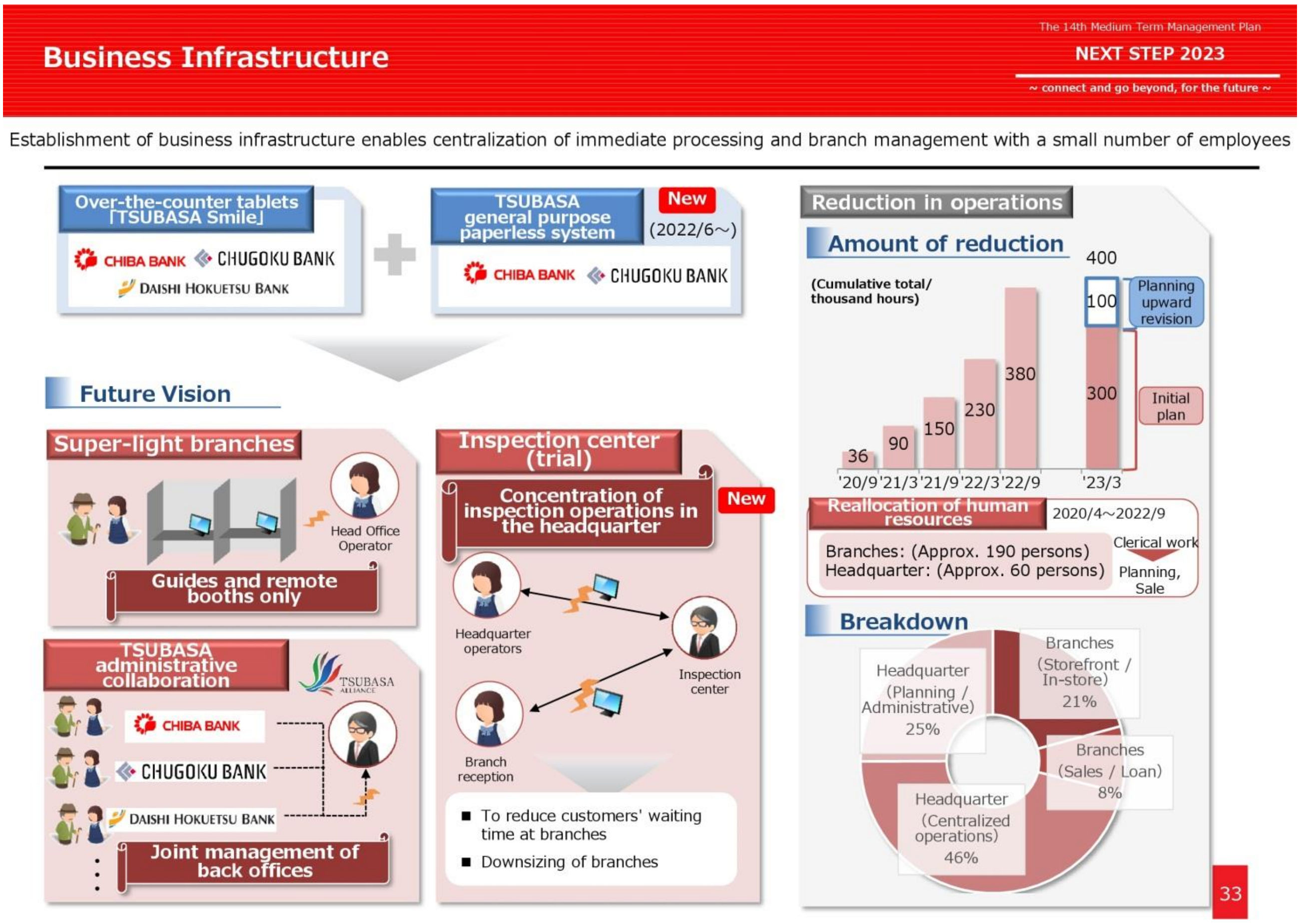
We will continue to enhance the functionality of the application by, for example, making it possible to complete investment trust transactions via the app.




Please see page 32.

In the area of corporate transactions, we released the Chibagin corporate portal in April of last year as a tool to connect not only with customers who have loan transactions, but also with customers who have net deposits with us. We have placed this portal as the foundation of our business expansion, and the number of subscribing companies is steadily increasing.

In the future, we aim to become a digital channel that connects all businesses and serves as a hub for all services.

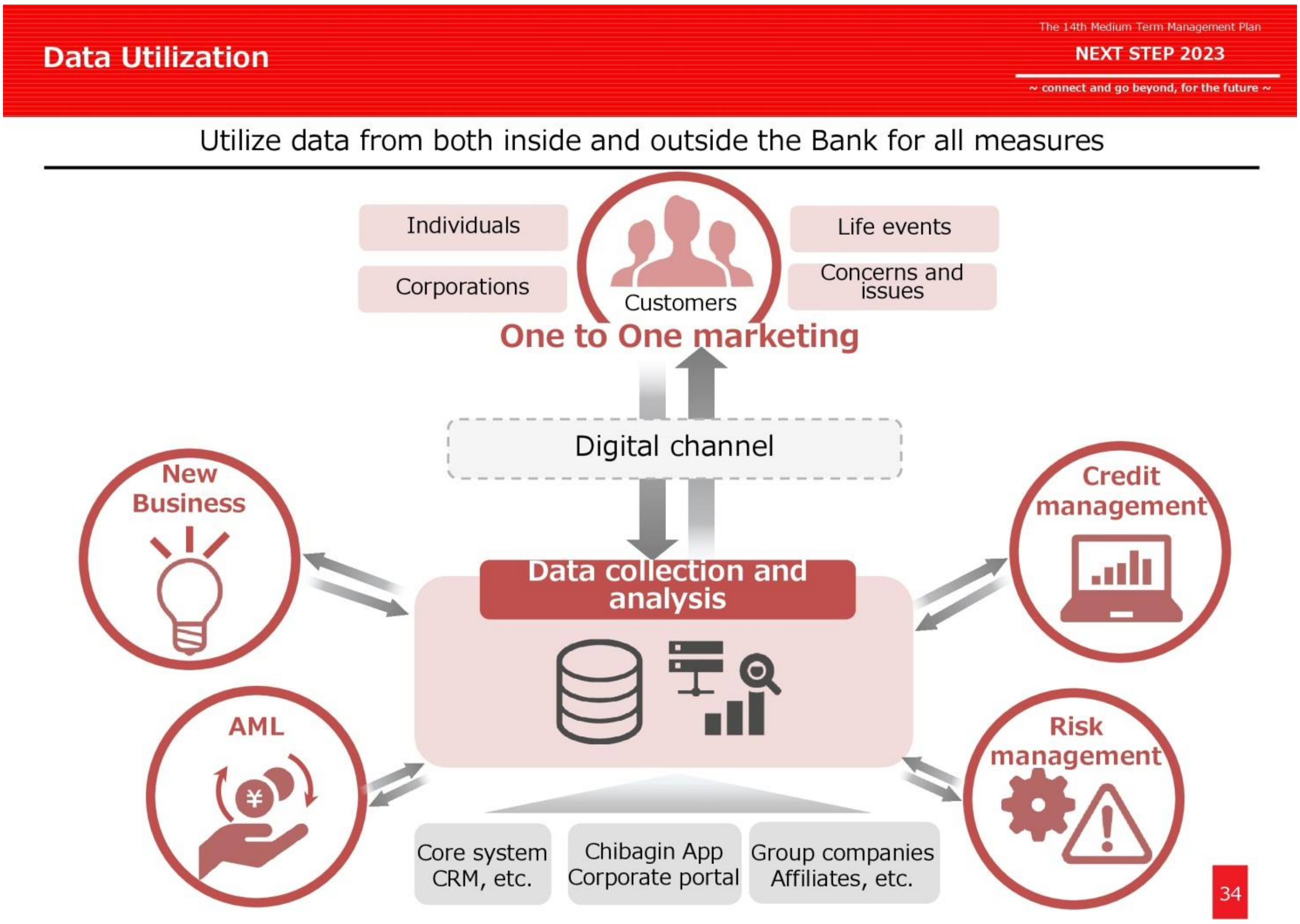



Please see page 33.

The establishment of a business infrastructure is an important measure in formulating the Bank's branch strategy.

We have established the infrastructure for completely paperless and seal-less teller operations at our sales branches. As a next step, we are currently testing the establishment of an inspection center that will centralize the checking functions of sales branches at the head office. Once this center is operational, we will be able to reduce the number of personnel involved in store operations, allowing us to formulate more flexible store strategies.

By utilizing this infrastructure, we will consider measures such as further downsizing of stores and joint branch operations with TSUBASA banks.

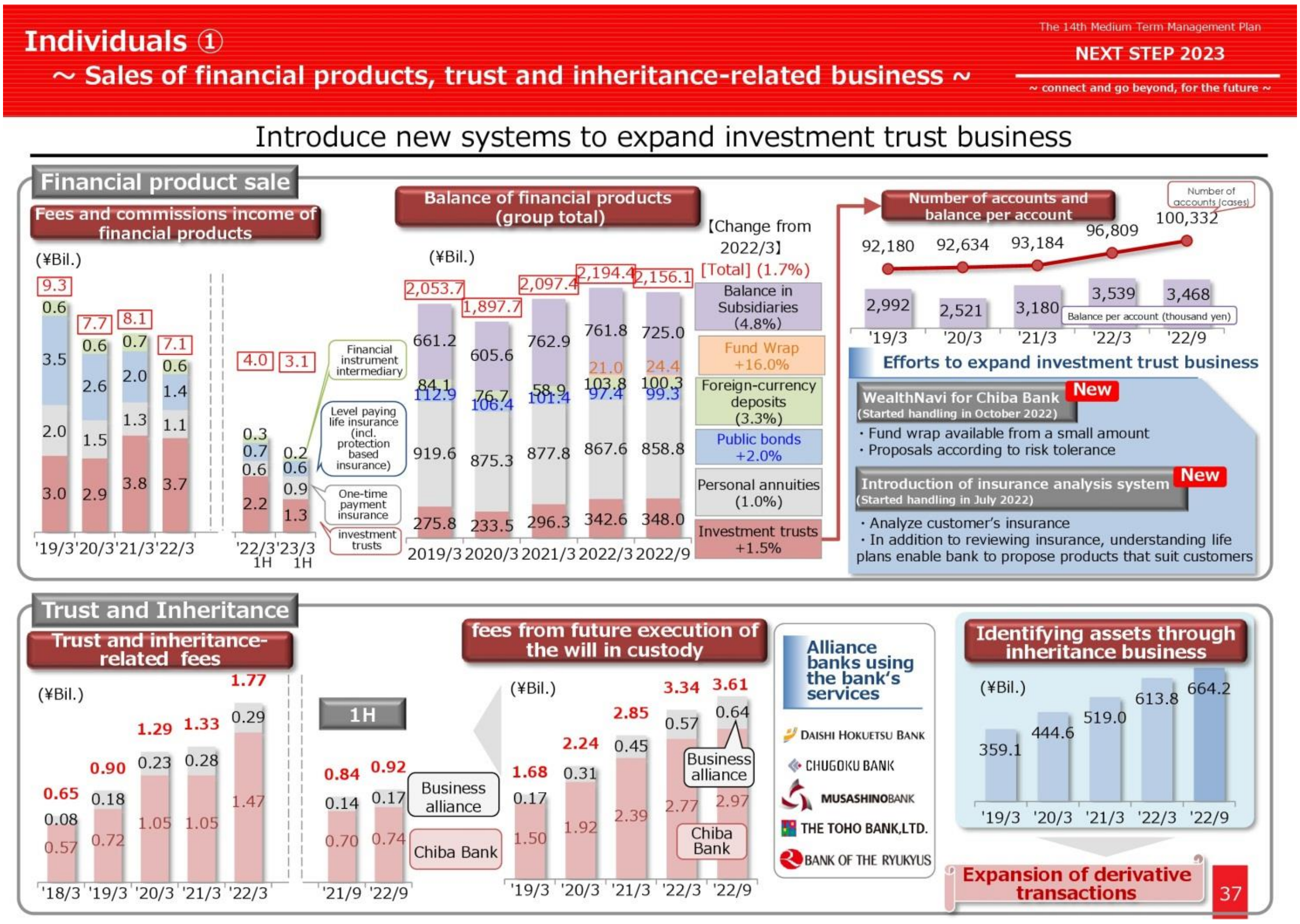



Please see page 34.

We consider the use of data to be at the heart of the DX strategy we have described.

We are currently working with IBM to analyze customer profitability in order to calculate the impact of one-to-one marketing. We are clustering the profitability of customers to visualize their profit structure and analyze what it takes to move them into more profitable segments. This would allow us to determine the best sales approach for each of our customers.

In addition to the sales department, data is also being utilized in the administrative departments, such as credit and risk. Furthermore, we will make the most of the data we have accumulated to create new businesses.



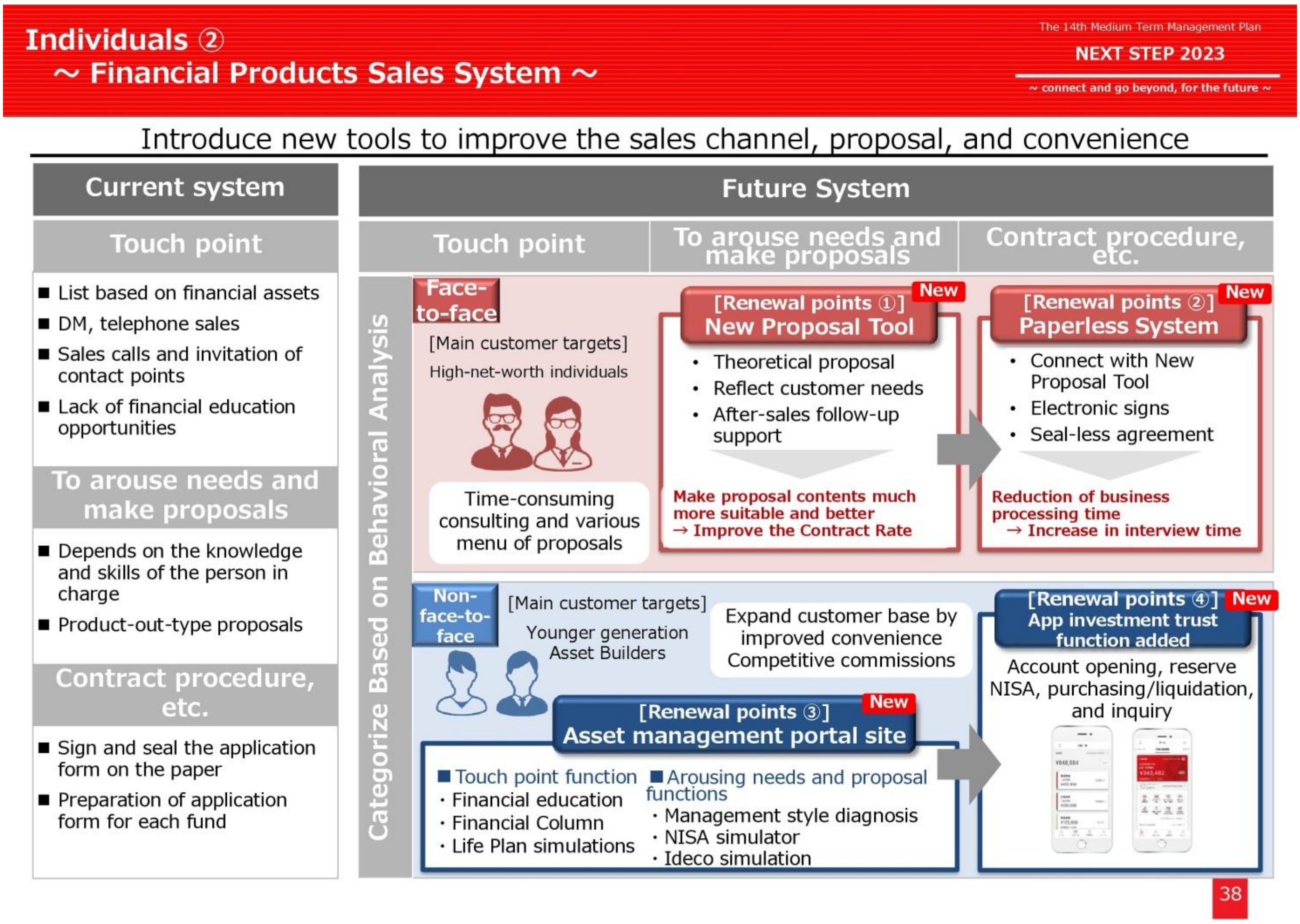

Next, I will explain the various measures; please refer to page 37.

Regarding sales of financial products, we are in a period of transition to a system emphasizing recurring revenue, and sales decreased by JPY0.9 billion YoY. Due to the market environment, the Group's assets under custody declined, but mutual fund balances and the number of accounts grew, demonstrating the steady progress we are making in our strategy to focus on recurring revenue.

In order to further expand the range of assets under custody, we have introduced two new systems to increase contact with our customers.

The first system is WealthNavi, which we implemented in October. This service offers fund wraps that can be used from small amounts, and customers can make purchases and manage their balances from their smartphones. We believe that this will lead to the expansion of our customer base, especially among the younger generation.

Another system is an insurance analysis system introduced in July. By analyzing insurance currently in force, we aim to gain an understanding of customers' life plans and propose financial and other products. With the introduction of this system, the number of level-payment insurance policies, including protection-type insurance, exceeded 11thousand in H1.



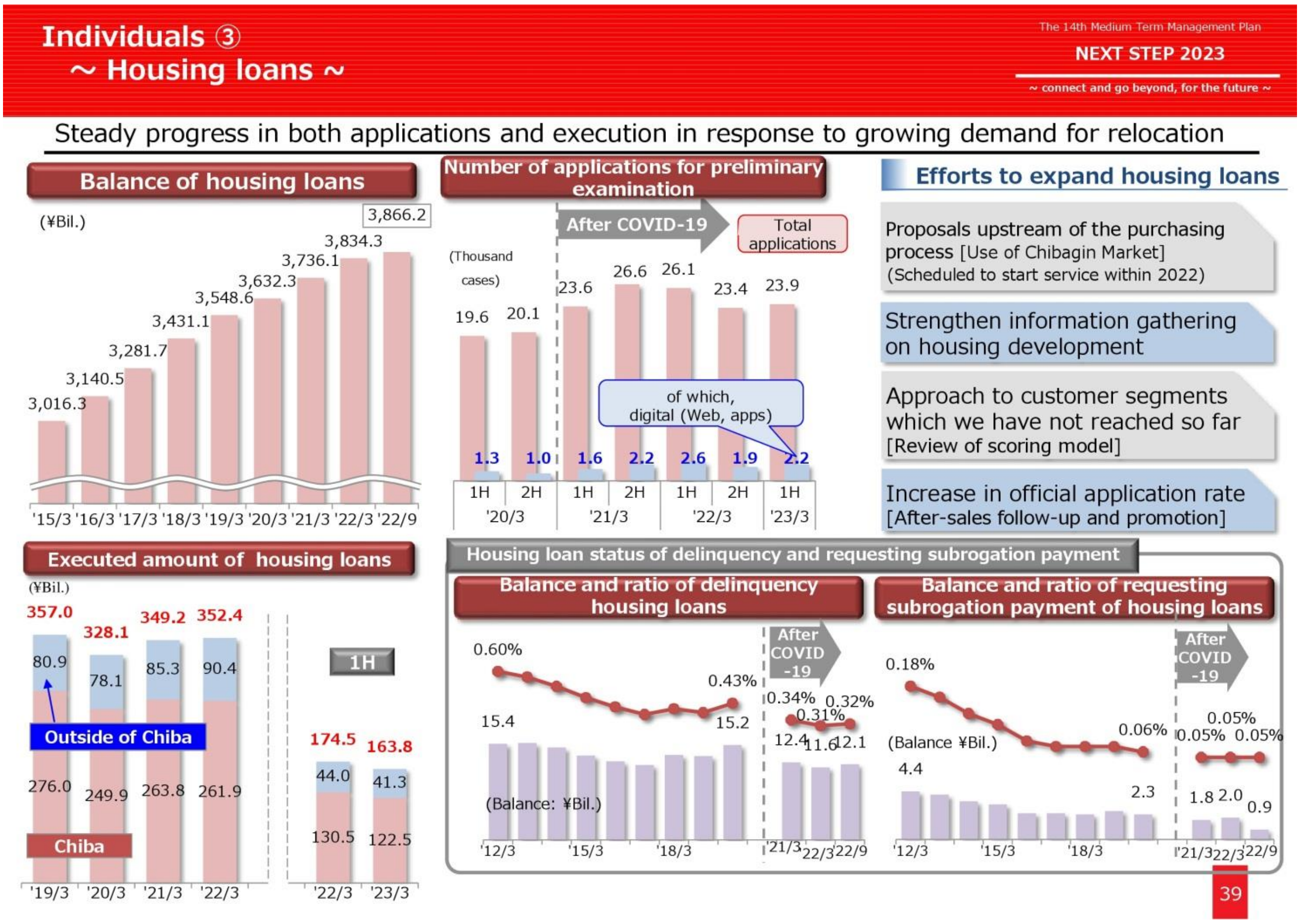

Please see page 38. This chart shows our future financial product sales structure.

In order to realize a customer-centric business model, we will introduce four tools simultaneously from next April, the start of the new medium-term business plan. Through analysis of customer behavior, we will categorize whether face-to-face or non-face-to-face touch points are preferred, and take a different approach for each.

In the face-to-face contact, we will take the time to listen to the customer's needs and make proposals suited to the customer, utilizing the new proposal tools. In addition, the paperless execution process will significantly reduce the customer's workload and paperwork time.

For non-face-to-face contact, our asset management portal site will greatly increase the number of touch points and stimulate customer needs. At the same time, we will add an investment trust transaction function to the app to create a system that allows transactions to be completed online. By doing so, we will improve convenience for our customers and expand our customer base. We aim to increase the balance of investment trusts to JPY600 billion under the new medium-term management plan.

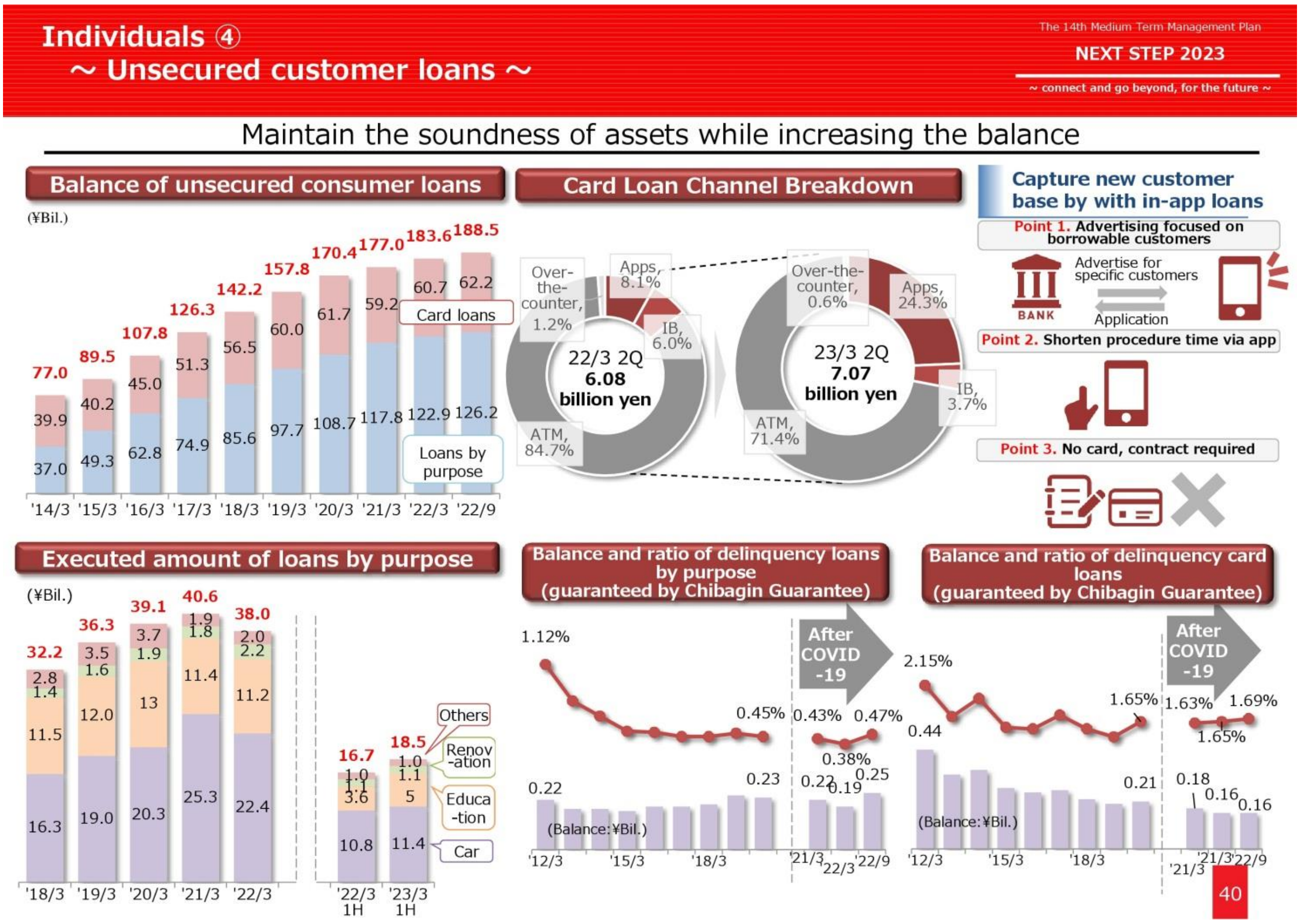
In the future, by utilizing insurance policy analysis tools and Life Design Systems to gain a detailed understanding of customers' needs, we will establish a system to meet a wide range of needs, including not only financial products but also protection-type insurance, mortgage loans, and trust contracts.




Please see page 39.

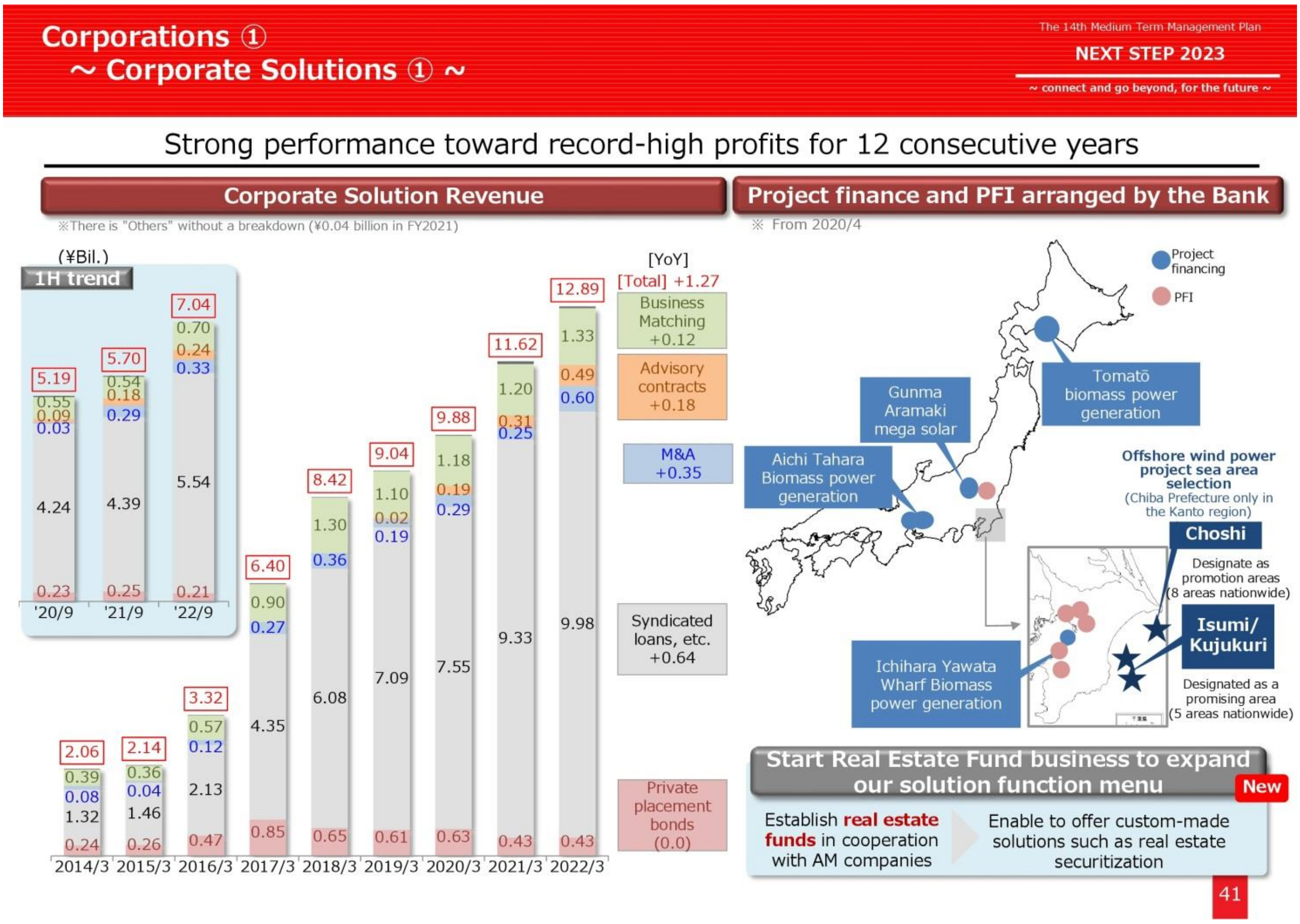
We are steadily increasing our mortgage loan balance. In H1, the amount of mortgage loans executed declined slightly YoY, but there are signs of a turnaround, as the number of applications for prequalification has recently turned positive YoY.

In the future, we will also review our scoring model and cultivate new customer segments that we have not been working on until now. At the same time, we will work on a scheme utilizing the Chibagin Market, which I explained earlier.




Please see page 40.

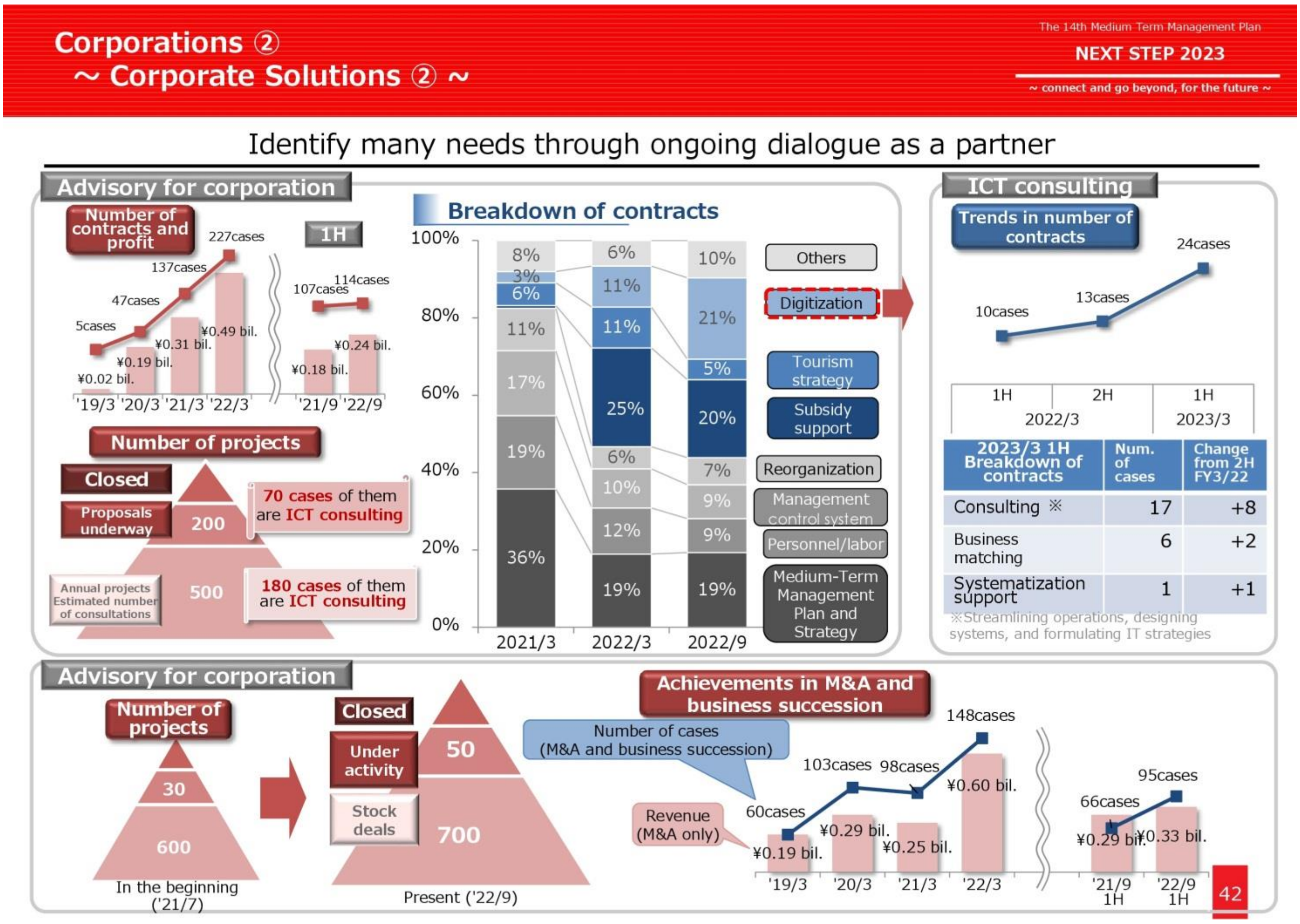
As shown in the graph in the middle of the upper row, we have seen an increase in applications for unsecured loans as a result of the implementation of the card loan borrowing function in our app. In February 2023, we plan to further enhance our services by launching an in-app loan service that allows transactions to be completed only through the app and eliminates the need for a card.




Please see page 41. From here, I will explain corporate-related transactions.

Corporate solution revenue has reached a record high for the 11th consecutive year, and H1 results were also significantly higher than the previous record.

In the future, we will also upgrade our solution function through real estate funds.

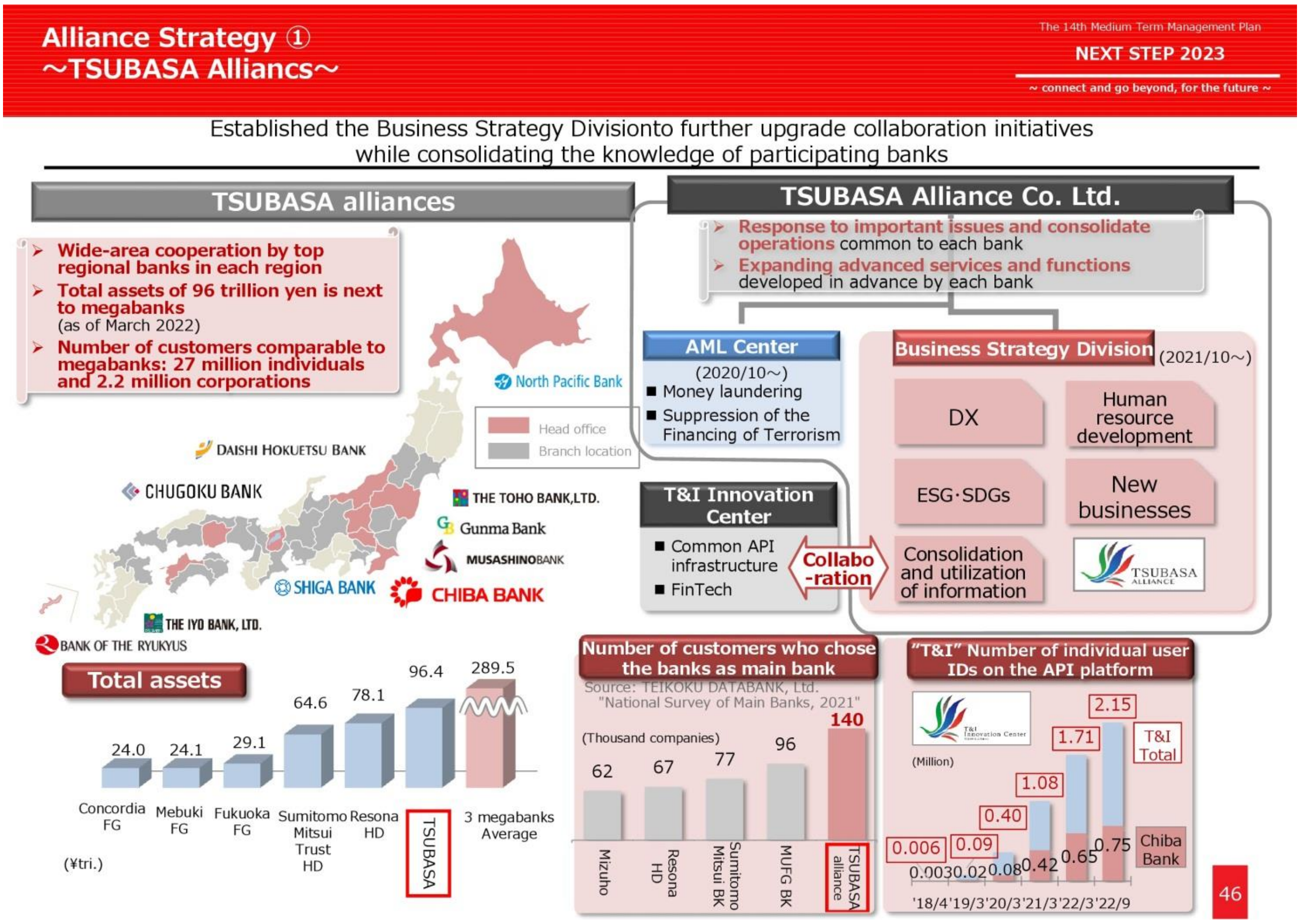



Please see page 42.

Our advisory service for corporations continues to grow steadily. We expect to receive about 500 consultations per year, and expect revenues to continue to increase in the future.

In terms of the breakdown of contracts, the number of ICT consultations has been growing, and we are also supporting our customers' digital shift.

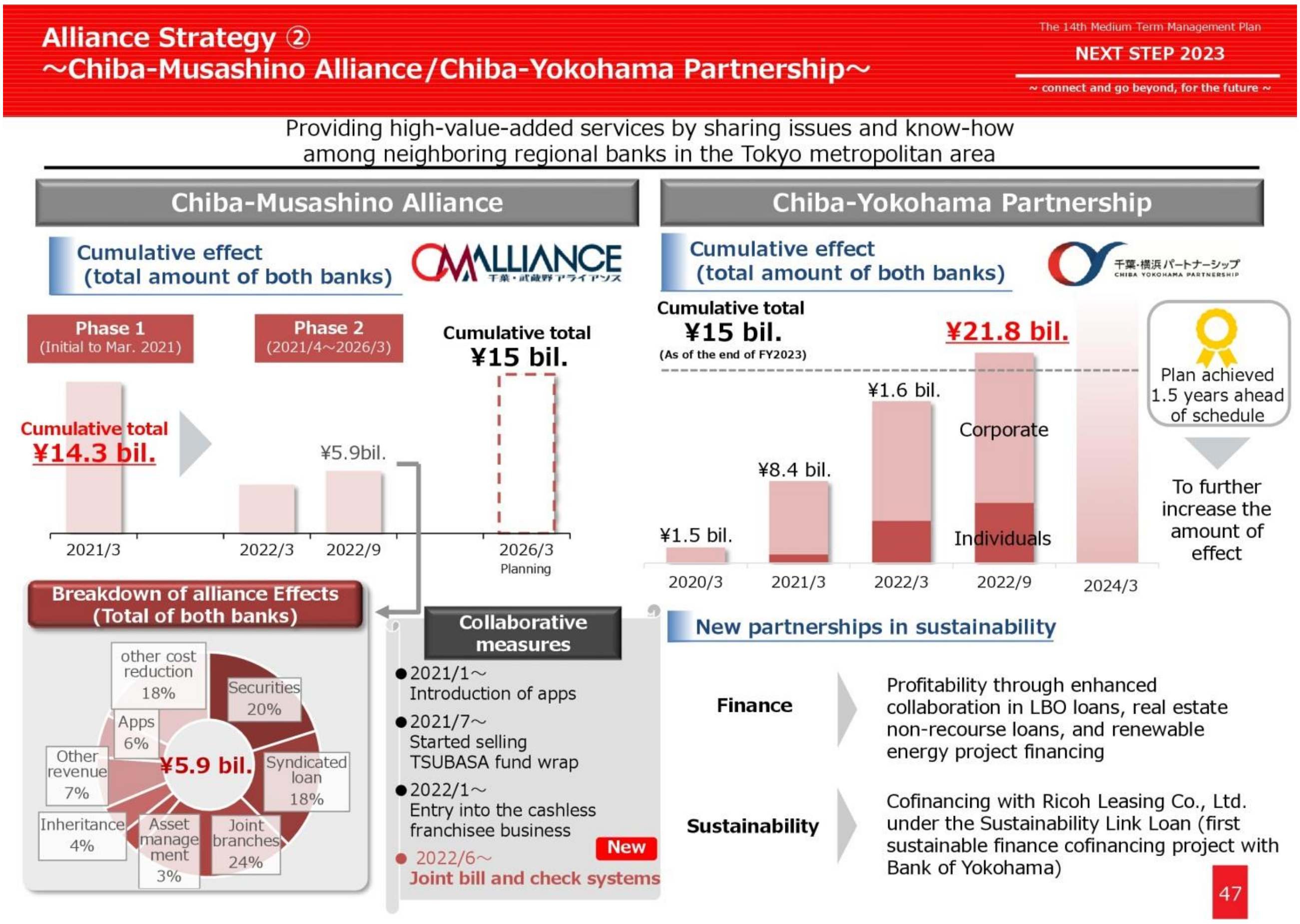
The M&A business, which is shown in the bottom row, is also expanding steadily as we are able to make smooth proposals that meet the needs of our customers. We have about 700 leads in stock based on information from our branches, and we expect profit to increase in the current fiscal year as well.




Next, I will explain our alliance strategy; please see page 46.

The TSUBASA Alliance, in which the top regional banks in each region participate, has total assets of JPY96 trillion. The total number of customers of this alliance is extensive, comparable to that of megabanks.

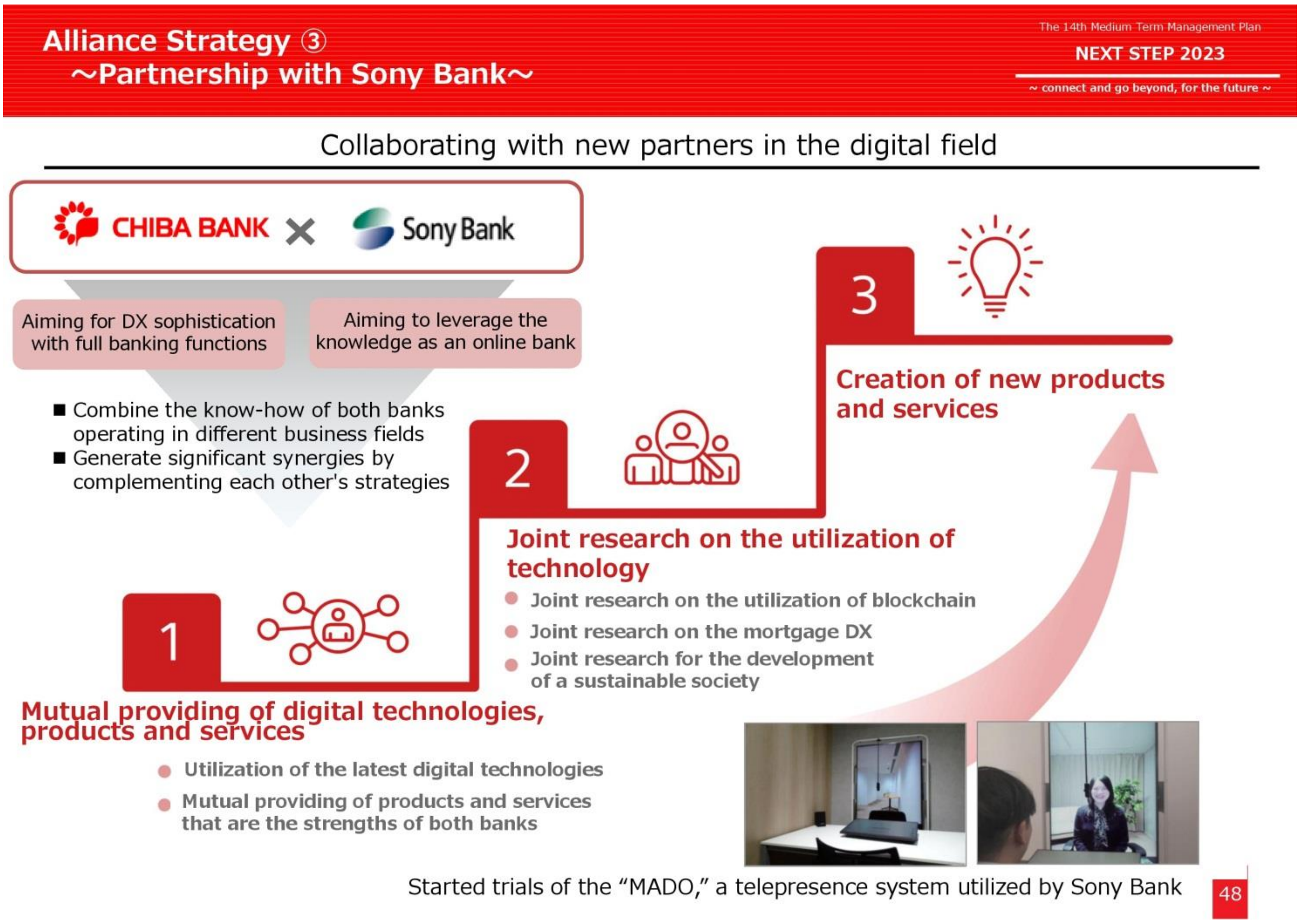
We are both reducing costs and consolidating knowledge, as evidenced by the introduction of Chibagin app by six banks. In the future, we will further enhance our collaboration efforts through the TSUBASA Alliance.




Please see page 47.

The Chiba-Musashino Alliance is entering its seventh year. In the first year and a half since entering the second phase, we have achieved JPY5.9 billion of effects from our collaboration, and we are making steady progress toward the JPY15.0 billion plan for the five-year cumulative effects of Phase II. We are also collaborating with Musashino Bank in its regional trading company business, which started in October of this year, and our collaboration is further deepening.

In the Chiba-Yokohama Partnership, the cumulative effect of the partnership in three and a half years has reached JPY21.8 billion, driven by initiatives such as syndicated loans and SDGs Friends loans. We also achieved our five-year cumulative total of JPY20.0 billion one and a half years ahead of schedule. In order to further increase the amount of benefits, our partnerships cover a wide range of areas, including the sharing of know-how related to carbon neutrality, in addition to projects that lead to the enhancement of the top line.

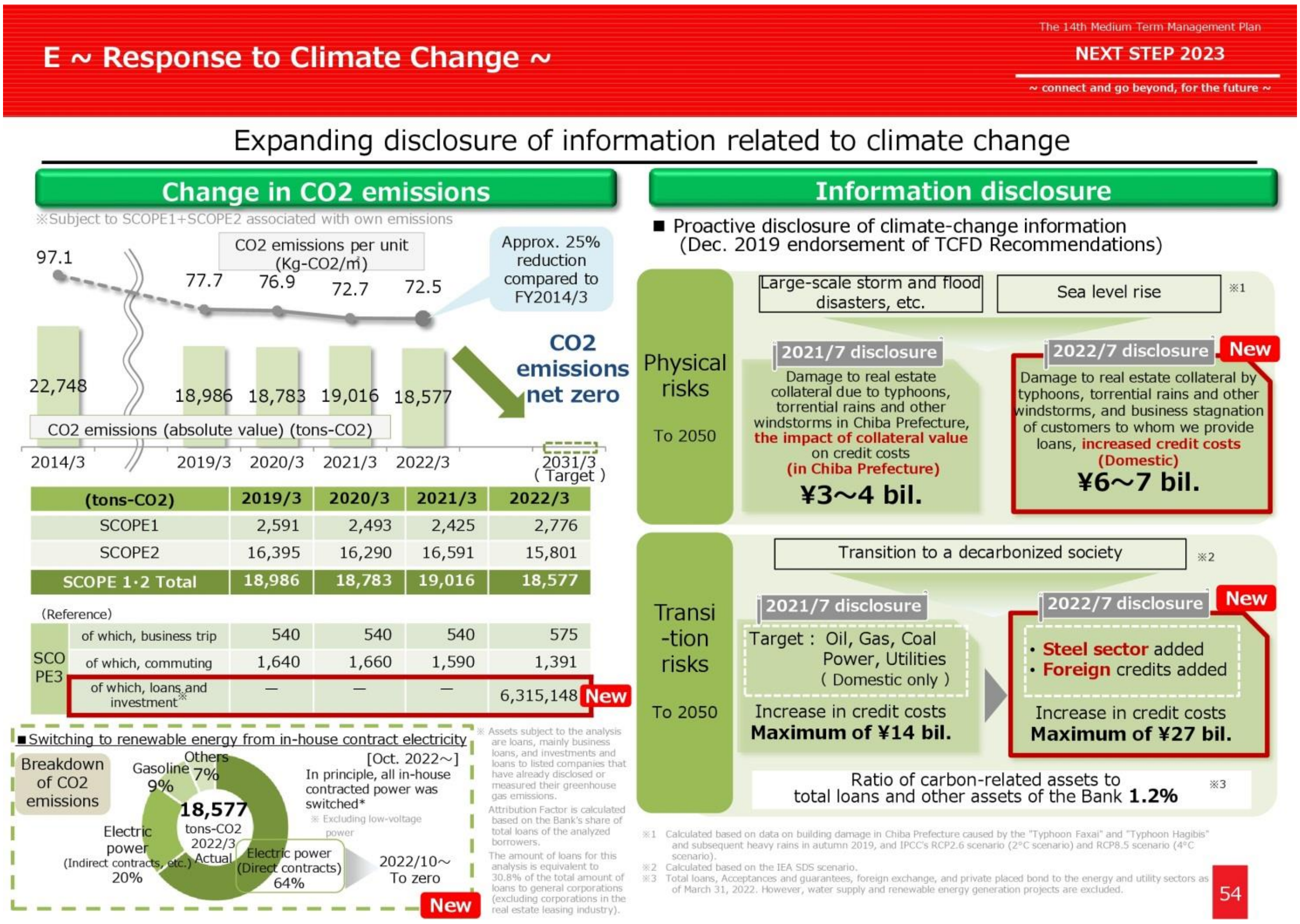



Please see page 48.

On October 31, we announced a business alliance with Sony Bank.

As a regional bank and an internet bank, we have different product and service offerings. However, both banks share the same basic strategy of improving customer service by promoting DX. We believe that by combining our existing efforts to further advance DX with Sony Bank's technology, we can create new value together.

As part of our efforts to utilize the latest digital technology, Chiba Bank has begun trials of Sony Bank's telepresence system MADO. We will also quickly set up study groups in other areas as well.




I will continue by explaining our new initiatives regarding our sustainability strategy. Please skip to page 54.

As you can see on the lower left, we have switched to electricity derived from renewable energy sources for our electricity contracts since October. We expect to be able to reduce CO2 emissions by 64% of the total CO2 emissions in the last fiscal year.

## S ～ Diversity・Regional Revitalization～

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

### Utilization of diverse human resources and initiatives for regional revitalization

#### Promotion of diversity

**Numerical targets**

| | FY2020 | FY2021 | Oct. 2022 | Target in 2026 July |
|---|---|---|---|---|
| Percentage of leadership positions held by women (No. of persons)※ | 24.4% (453) As of April 1, 2021 | 25.4% (465) As of April 1, 2022 | 27.3% (517) As of October 1, 2022 | 30% |
| Percentage of employees taking paid leave | 70% | 72% | - | 80% |
| Percentage of men taking child-care leave | 112.7% | 102.9% | - | 100% Continued |

**External Evaluation**

CHIBA BANK "Nadeshiko Brand" selected by METI and Tokyo Stock Exchange — NADESHIKO BRAND 2022

CHIBA BANK, ちばぎん証券 Chibagin Securities — Platinum Eruboshi acquisition

**TSUBASA cross-mentor system** (from 2022/8) New

Mentee: Female bank employees at the department/branch manager and deputy general manager level

TSUBASA ALLIANCE — Matching between other banks

Mentor: Director class (regardless of gender)

#### Regional revitalization

**Special feature on the Chiba Monorail Area** (scheduled to start in late January 2023) New

C-VALUE
- ➢ Crowd Funding
- ➢ Various types of support
  - Product and service development
  - Promotions
  - Events
  - Support for formulation of strategies, etc.

Aim to revitalize areas along railway lines


**Creating revitalization in road spaces** New

Comprehensive Partnership Agreement for the Creation of Vitality on National Highway 357

CHIBA BANK　千葉市 CHIBA CITY　国土交通省 Ministry of Land, Infrastructure, Transport and Tourism 関東地方整備局 Kanto Regional Development Bureau

■2022/11/3～6
Jointly sponsored social experimental event "STAY STREET"

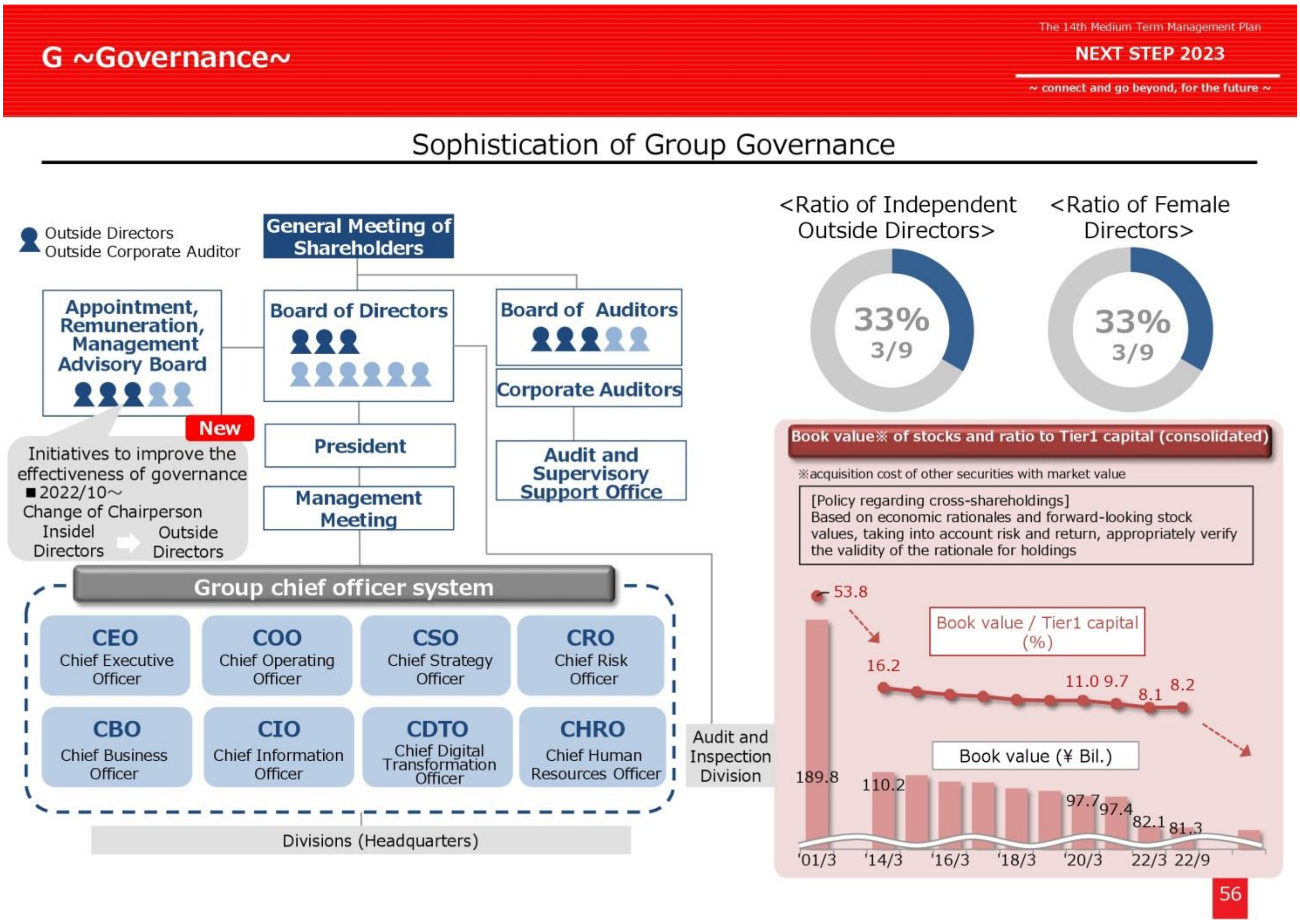
Utilization of road space

55

Please see page 55.

As you can see on the lower right, in the area of regional development, we have concluded a comprehensive cooperation agreement with the Ministry of Land, Infrastructure, Transport and Tourism and the Chiba City to create a lively atmosphere on Route 357, which runs in front of our head office.

We will verify the effectiveness of the experiment and consider how to utilize the road space in conjunction with the grand opening of the new head office next year and the new Chiba City office building.




Please see page 56.

In order to enhance the effectiveness of governance, we have changed the chairmanship of the Appointment, Remuneration, and Management Advisory Board, which currently consists of two internal directors and three external directors, from an internal director to an external director.

In addition, we are steadily reducing our policy shareholdings, as described below right. The ratio of the book value of policy shareholdings to consolidated Tier 1 capital was 8.2%, down approximately half from 16.2% in the year ended March 31, 2014.

We will continue to reduce the balance of our equity holdings in line with the Corporate Governance Code, and we will do so in full dialogue with our business partners and other stakeholders.

This concludes my explanation. Thank you very much for your attention.