



NEWS RELEASE

Dec 20, 2021

R&I Affirms AA-, Stable: The Chiba Bank, Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: The Chiba Bank, Ltd.
Issuer Rating: AA-, Affirmed
Rating Outlook: Stable

RATIONALE:

The Chiba Bank, Ltd. secures a strong market position in Chiba Prefecture, which has a large economy. The bank has been carrying out aggressive sales activities mainly for small and medium-sized enterprise (SME) customers in Tokyo's 23 wards, which it positions as a strategic operating area, and thereby established a certain size of franchise in the eastern part of the area. Collaborations with several financial institutions through its alliance strategies and implementation of initiatives that are expeditious compared to management integration have helped the bank promote marketing activities and enhance productivity. Its franchise is extremely strong.

With prudent credit management in place, the asset quality of the bank is sound. Its credit portfolio is diversified into small accounts, primarily consisting of lending to SMEs and mortgage loans. In terms of industry sector, the proportion of its loans extended to real estate leasing and management businesses is larger than the average ratio of regional banks, reflecting the characteristics of the Tokyo metropolitan area. With a conservative credit screening policy, the default rate of the real estate leasing sector is low compared to the bank's average. Rental occupancy rates and the LTV (loan to value) ratio are at a sound level. Amid the prolonged COVID-19 pandemic, the bank has been evaluating the impacts on the quality of assets under stress scenarios from both macro and micro perspectives. While attention needs to be paid to developments in the future, R&I considers that the bank has relatively strong stress resilience for mortgage loans and loans to real estate leasing and management businesses.

The risk resilience stays commensurate with the rating. Capital is ample both in quality and quantity relative to risks the bank bears. With a low securities to deposit ratio, an increase in market risk is kept in check owing to a risk-parity strategy for its securities portfolio, in which risk amounts of yen bonds, foreign bonds, stocks and mutual funds, etc. are controlled to be almost equivalent. While earning capacity of the bank is somewhat weak for the rating, its earnings from customers are high and stable among regional banks. The bank has been working on a digital strategy aimed at enhancing convenience of transactions and productivity, as well as expanding and deepening its alliance strategies.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Depository Financial Institutions" and "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: The Chiba Bank, Ltd. (Sec. Code: 8331)
Issuer Rating
RATING: AA-, Affirmed
RATING OUTLOOK: Stable

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**Unsec. Sub. Bonds with a Non-
viability Write-off Clause No.1**

Aug 29, 2014

Maturity Date

Aug 29, 2024

Issue Amount (mn)

JPY 30,000

RATING:

A+, Affirmed

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