



**THE CHIBA BANK, LIMITED**  
(Incorporated in Japan with limited liability)  
Hong Kong Branch

**Financial Disclosure Statement**  
As at 31 March 2021

## Section A – Hong Kong Branch Information

### I. General Information

The Chiba Bank, Limited is a company incorporated in Japan with limited liability. Its Hong Kong Branch is an overseas-incorporated Authorized Institution in Hong Kong. The branch mainly provides banking and financial services to corporate and banking customers.

### II. Income Statement Information

	For the year ended <b>31-03-2021</b> HK\$'000	For the year ended <b>31-03-2020</b> HK\$'000
Interest income	102,457	275,486
Interest expense	53,235	222,352
Net interest income	49,222	53,134
Gross fees and commission income	2,245	3,520
Gross fees and commission expense	1,629	1,597
Net fees and commission income	616	1,923
Gains less losses arising from non-trading in foreign currencies	1,019	752
Gains less losses arising from non-trading investments	144	927
Other income	91	28
Total other operating income	1,870	3,630
Staff and rental expense	20,438	21,540
Other operating expense	4,697	7,100
Total operating expense	25,135	28,640
Profit before taxation	25,957	28,124
Tax expense	2,619	2,416
Profit after taxation	23,338	25,708

## Section A – Hong Kong Branch Information (Continue)

### III. Balance Sheet Information

	<b>31-03-2021</b>	<b>30-09-2020</b>
	HK\$'000	HK\$'000
<b>Assets</b>		
Cash and balances with banks (except those included in amount due from overseas offices)	118,836	88,234
Due from Exchange fund	15,985	12,067
Amount due from overseas offices	0	3,379
Loans and advances to customers	3,452,704	3,542,508
Loans and advances to banks	491,957	550,986
Accrued interest and other accounts	131,658	172,738
Investment securities	4,673,474	4,957,409
Property, plant and equipment and investment properties	1,340	1,417
Total assets	<u>8,885,954</u>	<u>9,328,738</u>
<b>Liabilities</b>		
Deposits and balances from banks (except those included in amount due to overseas offices)	3,014,144	3,197,507
Demand deposits and current accounts	31,818	44,465
Savings deposits	180,365	195,640
Time, call and notice deposits	63,054	94,406
Amount due to overseas offices	5,002,859	5,512,064
Amount payable under repos*	344,887	0
Other liabilities	248,827	284,656
Total liabilities	<u>8,885,954</u>	<u>9,328,738</u>
* Value of securities sold under repo agreements	<u>360,446</u>	<u>0</u>

## Section A – Hong Kong Branch Information (Continue)

### IV. Additional Balance Sheet Information

	31-03-2021	30-09-2020
	HK\$'000	HK\$'000
<b>1. Loans and receivables</b>		
Loans and advances to customers	3,452,704	3,542,508
Loans and advances to banks	491,957	550,986
Accrued interest	34,279	36,956
Other accounts	97,379	135,782
Provisions for impaired loans and receivables	0	0
Total	<u>4,076,319</u>	<u>4,266,232</u>
<b>Provision booked for Hong Kong Branch at Head Office</b>		
General provision	2,074	1,731
Specific provision	0	0
Total	<u>2,074</u>	<u>1,731</u>

#### Allowance for loan losses

The general allowances on loans are made centrally by the Head Office in Japan in accordance with the group policy.

#### Provision Policy

Chiba Bank records allowance for loan losses in accordance with internally established standards for write-offs and allowance for loan losses.

All claims are assessed by the branches and relevant departments at the Head Office based on the criteria for self-assessment of asset quality. Compliance and Risk Management Department, which is independent from the operating sections, monitors the results of such assessments and an allowance is provided based on the results of such assessments.

#### 2. Impaired loans and advances to customers

There were no impaired loans and advances to customers (or banks) as at 31 March 2021 and 30 September 2020.

#### 3. Overdue and rescheduled assets

There were no overdue and rescheduled assets as at 31 March 2021 and 30 September 2020.

#### 4. Repossessed assets

There were no repossessed assets as at 31 March 2021 and 30 September 2020.

## Section A – Hong Kong Branch Information (Continue)

### IV. Additional Balance Sheet Information (Continue)

#### 5. Loans and advances to customers by geographical area

The following are advances to customers by geographical areas which are classified according to the location of the counterparties after taking into account any recognized risk transfer. Countries to which not less than 10% of total advances to customers are shown as follows:

	31-03-2021	30-09-2020
	HK\$'000	HK\$'000
Japan	2,391,666	2,395,621
Other	1,061,038	1,146,887
Total	<u>3,452,704</u>	<u>3,542,508</u>

#### 6. Loans and advances to customers by major sectors

	31-03-2021	30-09-2020
	HK\$'000	HK\$'000
Loans and advances for use in Hong Kong		
Industrial, commercial and financial:		
- Property development	0	0
- Property investment	0	0
- Financial concerns	194,155	370,560
- Stockbrokers	0	0
- Wholesale and retail trade	8,553	9,300
- Manufacturing	15,500	18,500
- Transport and transport equipment	66,062	73,564
- Recreational activities	0	0
- Information technology	0	0
- Others	2,450	2,800
Individuals	0	0
Total loans and advances for use in Hong Kong	<u>286,720</u>	<u>474,724</u>
Trade financing	0	0
Loans and advances for use outside Hong Kong	<u>3,165,984</u>	<u>3,067,784</u>
Total	<u>3,452,704</u>	<u>3,542,508</u>

## Section A – Hong Kong Branch Information (Continue)

### IV. Additional Balance Sheet Information (Continue)

#### 7. Mainland Activities

Mainland exposure to non-bank counterparties are disclosed according to the categories in the Return of Mainland Activities submitted to HKMA:

	HK\$'000		
	On-balance sheet exposure	Off- balance sheet exposure	Total exposure
<b>As at 31-03-2021</b>			
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	898	0	898
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	11,434	0	11,434
Total	<u>12,332</u>	<u>0</u>	<u>12,332</u>
Total assets after provisions	8,885,954		
On-balance sheet exposures as percentage of total assets	0.14%		

	HK\$'000		
	On-balance sheet exposure	Off- balance sheet exposure	Total exposure
<b>As at 30-09-2020</b>			
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,151	0	1,151
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	11,510	0	11,510
Total	<u>12,261</u>	<u>0</u>	<u>12,261</u>
Total assets after provisions	9,328,738		
On-balance sheet exposures as percentage of total assets	0.14%		

## Section A – Hong Kong Branch Information (Continue)

### IV. Additional Balance Sheet Information (Continue)

#### 8. International Claims

International claims refers to the sum of the branch's cross border claims in all currencies and local claims in foreign currencies determined based on the calculation methodology specified in the Return of International Banking Statistics submitted to HKMA.

The following are international claims classified according to the locations of counterparties after taking into account any recognized risk transfer. Country to which not less than 10% of total international claims are disclosed.

	HK\$ Million					
	Banks	Official sector	Non-bank financial institutions	Non-bank private financial sector	Others	Total
<b>As at 31-03-2021</b>						
Developed countries:	719	0	170	804	0	1,693
- Australia	533	0	170	557	0	1,260
- Japan	0	0	0	66	0	66
Offshore centres	696	358	2,085	1,109	0	4,248
- Hong Kong	250	72	304	223	0	849
- Singapore	362	286	1,476	349	0	2,473
Developing Asia and Pacific countries	659	432	1,027	727	0	2,845
- Thailand	223	0	522	93	0	838
<b>Total</b>	<b>2,074</b>	<b>790</b>	<b>3,282</b>	<b>2,640</b>	<b>0</b>	<b>8,786</b>
<b>As at 30-09-2020</b>						
Developed countries:	684	0	164	808	0	1,656
- Australia	528	0	164	553	0	1,245
- Japan	3	0	0	74	0	77
Offshore centres	756	356	2,424	1,198	0	4,734
- Hong Kong	311	67	481	227	0	1,086
- Singapore	361	289	1,428	433	0	2,511
Developing Asia and Pacific countries	499	536	1,067	701	0	2,803
- Thailand	226	0	460	133	0	819
<b>Total</b>	<b>1,939</b>	<b>892</b>	<b>3,655</b>	<b>2,707</b>	<b>0</b>	<b>9,193</b>

## Section A – Hong Kong Branch Information (Continue)

### IV. Additional Balance Sheet Information (Continue)

#### 9. Currency risk

The net positions of the foreign currencies, which individually constitutes not less than 10% of the branch's total net position in all foreign currencies, are disclosed as follow:

	USD	JPY	AUD	HK\$ Million Total
<b>As at 31-03-2021</b>				
Spot assets	8,008	338	262	8,608
Spot liabilities	8,304	357	90	8,751
Forward purchases	332	16	0	348
Forward sales	17	0	170	187
Net long (or net short) position	<u>19</u>	<u>-3</u>	<u>2</u>	<u>18</u>
<b>As at 30-09-2020</b>				
Spot assets	8,302	295	280	8,877
Spot liabilities	8,772	297	121	9,190
Forward purchases	480	1	0	481
Forward sales	1	0	158	159
Net long (or net short) position	<u>9</u>	<u>-1</u>	<u>1</u>	<u>9</u>

Notes:

There is neither structured position nor option position held as at 31 March 2021 and 30 September 2020.



## Section A – Hong Kong Branch Information(Continue)

### V. Off-Balance Sheet Exposures

	31-03-2021 HK\$'000	30-09-2020 HK\$'000
<b>1. Contingent liabilities and commitments</b>		
Contractual amounts:		
Commitments	1,449,556	1,411,999
Others	0	0
	<u>1,449,556</u>	<u>1,411,999</u>
<b>2. Derivative transactions</b>		
Notional amounts:		
Exchange rate contracts	359,547	482,422
Interest rate contracts	3,982,889	4,359,851
Others	233,267	20,000
	<u>4,575,703</u>	<u>4,862,273</u>
Fair value assets:		
Exchange rate contracts	174	490
Interest rate contracts	87,198	129,292
	<u>87,372</u>	<u>129,782</u>
Fair value liabilities:		
Exchange rate contracts	11	157
Interest rate contracts	5,162	0
	<u>5,173</u>	<u>157</u>

Notes:

No bilateral netting agreement for derivative transaction has been made as at 31 March, 2021 and 30 September, 2020.

## Section A – Hong Kong Branch Information (Continue)

### VI. Liquidity information

The average value of Liquidity Maintenance Ratio (LMR) for the reporting periods are calculated based on the arithmetic mean of the average value of the ration for each calendar month as reported in the Liquidity Position Return submitted to HKMA for the reporting periods.

	For the quarter ended <b>31-03-2021</b>	For the quarter ended <b>31-03-2020</b>
3 months average	<u>121.92%</u>	<u>97.87%</u>

#### Liquidity risk

Liquidity risk consist of cash flow risk and market liquidity risk. Cash flow risk is the risk of incurring a loss due to failure to maintain cash flow as a result on the inability to secure necessary funds or the necessity of procuring funds at significantly higher interest rates than usual due to worsening of the financial institution's financial position or other circumstances. Market liquidity risk is the risk of incurring a loss due to the inability to trade on markets or the necessity of trading at prices significantly less favorable than usual due to market turmoil or other circumstances.

#### Liquidity risk management policy

Chiba Bank Group's basic policy is to implement proper funding liquidity risk management with two pillars:

- 1) "to pursue the balance between funding cost and stability" by various means of procurement, and
- 2) "emergency preparedness" by verifying procurement capability and countermeasures under stress environment and formulation of countermeasures in advance.

The Branch manages liquidity risk in accordance with Chiba Bank Group's basic policy and HKMA requirement to ensure sufficient liquidity is available for loans and repayments of deposits to customers and satisfy the branch's own cash flow needs.

#### Risk management framework and approaches for the liquidity risk

Chiba Bank takes global base liquidity risk management. The Branch, in accordance with related internal policies established by Head Office, will follow these policies in order to control, monitor and report our current and future funding situation, minimize liquidity risk, take proper action in an unexpected funding situation, etc.

#### Liquidity Stress testing

The Branch monitors cash flow mismatch on a daily basis for the net funding requirements under normal business conditions and conducts regular liquidity stress testing based on stress scenarios. Based on the results of the cash flow mismatch monitoring and liquidity stress testing, the Branch analyzes the soundness of liquidity position, otherwise takes countermeasures to improve condition.

#### Contingency Funding Plan

The Branch maintains Contingency Funding Plan in case the Branch faces difficulties in raising fund from money market. The plan specifies an approach for monitoring and evaluation of actual and potential liquidity events. The plan also specifies possible measures to secure cash liquidity in the event of the liquidity contingencies.

## **Section A – Hong Kong Branch Information (Continue)**

### **VI. Liquidity information (Continue)**

#### **Funding Diversification and Liquidity Cushion**

The Branch takes corporate customer deposits as important funding source and the Branch also broadens funding sources from money market with interbank deposits, asset swap transactions, etc. The Branch holds a pool of highly liquid, unencumbered assets that can be readily sold and pledged to secure borrowing under stressed conditions.

#### **Oversight and Reporting**

The results of LMR, daily cash flow mismatch and stress testing are reported to the senior managements of the Branch and head office on a regular basis.

### **VII. Remuneration policy**

Pursuant to section 3.1.2 of Supervisory Policy Manual CG-5 “Guideline on a Sound Remuneration System” issued by HKMA, The Chiba Bank, Ltd., Hong Kong Branch as an overseas- incorporated Authorized Institution is not required to make separate disclosures in relation to its own remuneration system as Chiba Bank Group will provide the relevant disclosures in its annual report.

## Section B – Consolidated Group Level information

### Consolidated Group: Chiba Bank

All figures stated below are compiled with Japanese Generally Accepted Accounting Principles.

#### I. Capital and capital adequacy

	31-03-2021	30-09-2020
<b>1. Capital Ratio</b>		
Total capital ratio	12.79%	12.44%
Tier 1 capital ratio	12.28%	11.89%
Common equity Tier 1 capital ratio	12.28%	11.89%
	JPY Million	JPY Million
<b>2. Shareholders' funds</b>	895,076	879,089

The capital adequacy ratio is computed in accordance to the capital adequacy guidelines adopted by Financial Services Agency in Japan, applicable to Japanese banks with international operations, and has incorporated an allowance for Market Risk. The guidelines closely follow the risk-weighted approach proposed by the Basel Committee on Banking and Supervisory Practices of the Bank for the International Settlements.

#### II. Other financial information

	31-03-2021	30-09-2020
	JPY Million	JPY Million
Total assets	17,898,168	16,890,430
Total liabilities	16,856,412	15,906,547
Total advances (including loans and bills discounted)	11,166,219	10,912,406
Total deposits (including Negotiable Certificates of Deposit)	14,543,283	13,903,432
	31-03-2021	31-03-2020
	JPY Million	JPY Million
Pre-tax profit	71,462	68,775

This statement is readily accessible at our office located at Unit 2510, One Pacific Place, 88 Queensway, Hong Kong. This statement is also available on the website of The Chiba Bank Limited ([https://www.chibabank.co.jp/english/corporate/pdf/HK\\_FDS202101.pdf](https://www.chibabank.co.jp/english/corporate/pdf/HK_FDS202101.pdf)).