



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

Financial Disclosure Statement
As at 31 March 2022

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 31-03-2022 HK\$'000	For the year ended 31-03-2021 HK\$'000
Interest income	67,319	102,457
Interest expense	21,660	53,235
Net interest income	<u>45,659</u>	<u>49,222</u>
Gross fees and commission income	2,333	2,245
Gross fees and commission expense	1,452	1,629
Net fees and commission income	881	616
Gains less losses arising from non-trading in foreign currencies	754	1019
Gains less losses arising from non-trading investments	0	144
Other income	23	91
Total other operating income	<u>1,658</u>	<u>1,870</u>
Staff and rental expense	20,986	20,438
Other operating expense	4,033	4,697
Total operating expense	<u>25,019</u>	<u>25,135</u>
Profit before taxation	22,298	25,957
Tax expense	1,364	2,619
Profit after taxation	<u><u>20,934</u></u>	<u><u>23,338</u></u>

Section A – Hong Kong Branch Information (Continue)

III. Balance Sheet Information

	31-03-2022	30-09-2021
	HK\$'000	HK\$'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices)	138,844	143,181
Due from Exchange Fund	10,879	20,031
Amount due from overseas offices	2,361	7,211
Loans and advances to customers	3,400,162	3,399,981
Loans and advances to banks	330,930	338,051
Accrued interest and other accounts	140,142	91,373
Investment securities	3,626,724	3,788,401
Property, plant and equipment and investment properties	1,226	1,266
Total assets	<u>7,651,268</u>	<u>7,789,495</u>
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices)	1,778,107	2,022,714
Demand deposits and current accounts	30,409	36,783
Savings deposits	159,096	174,419
Time, call and notice deposits	152,468	100,544
Amount due to overseas offices	5,429,015	5,300,276
Other liabilities	102,173	154,759
Total liabilities	<u>7,651,268</u>	<u>7,789,495</u>

Section A – Hong Kong Branch Information (Continue)

IV. Additional Balance Sheet Information

	31-03-2022	30-09-2021
	HK\$'000	HK\$'000
1. Loans and receivables		
Loans and advances to customers	3,400,162	3,399,981
Loans and advances to banks	330,930	338,051
Accrued interest	25,306	27,603
Other accounts	114,836	63,770
Provisions for impaired loans and receivables	0	0
Total	<u>3,871,234</u>	<u>3,829,405</u>
Provision booked for Hong Kong Branch at Head Office		
General provision	1,337	1,547
Specific provision	0	0
Total	<u>1,337</u>	<u>1,547</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 2022 and 30 September 2021.

3. Overdue and rescheduled assets

There were no overdue and rescheduled assets as at 31 March 2022 and 30 September 2021.

4. Repossessed assets

There were no repossessed assets as at 31 March 2022 and 30 September 2021.

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:

	31-03-2022 HK\$'000	30-09-2021 HK\$'000
Japan	2,193,595	2,370,483
Other	1,206,567	1,029,498
Total	<u>3,400,162</u>	<u>3,399,981</u>

6. Loans and advances to customers by major sectors

	31-03-2022 HK\$'000	30-09-2021 HK\$'000
Loans and advances for use in Hong Kong		
Industrial, commercial and financial:		
- Property development	0	0
- Property investment	0	0
- Financial concerns	144,820	165,991
- Stockbrokers	0	0
- Wholesale and retail trade	7,045	7,787
- Manufacturing	9,500	12,500
- Transport and transport equipment	50,449	58,246
- Recreational activities	0	0
- Information technology	0	0
- Others	65,802	2,100
Individuals	0	0
Total loans and advances for use in Hong Kong	<u>277,616</u>	<u>246,624</u>
Trade financing	0	0
Loans and advances for use outside Hong Kong	3,122,546	3,153,357
Total	<u>3,400,162</u>	<u>3,399,981</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
As at 31-03-2022			
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	10,028	0	10,028
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,002	0	10,002
Total	<u>20,030</u>	<u>0</u>	<u>20,030</u>
Total assets after provisions	7,651,268		
On-balance sheet exposures as percentage of total assets	0.26%		

	HK\$'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposure
As at 30-09-2021			
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	642	0	642
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,503	0	10,503
Total	<u>11,145</u>	<u>0</u>	<u>11,145</u>
Total assets after provisions	7,789,495		
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 sector	Others	Total
As at 31-03-2022						
Developed countries	527	0	168	562	0	1,257
- Australia	321	0	168	395	0	884
- Japan	2	0	0	51	0	53
Offshore centres	689	342	1,709	1,024	0	3,764
- Hong Kong	248	66	144	250	0	708
- Singapore	361	276	1,346	284	0	2,267
Developing Asia and Pacific countries	563	262	950	739	0	2,514
- Thailand	214	0	492	206	0	912
Total	1,779	604	2,827	2,325	0	7,535
As at 30-09-2021						
Developed countries	629	0	165	702	0	1,496
- Australia	415	0	165	523	0	1,103
- Japan	7	0	0	58	0	65
Offshore centres	620	360	1,867	904	0	3,751
- Hong Kong	176	75	275	195	0	721
- Singapore	360	285	1,368	333	0	2,346
Developing Asia and Pacific countries	604	248	940	685	0	2,477
- Thailand	222	0	506	106	0	834
Total	1,853	608	2,972	2,291	0	7,724

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	HK\$ Million Total
As at 31-03-2022			
Spot assets	6,755	481	7,236
Spot liabilities	6,751	483	7,234
Forward purchases	17	0	17
Forward sales	1	0	1
Net long (or net short) position	20	-2	18
As at 30-09-2021			
Spot assets	7,020	343	7,363
Spot liabilities	7,027	344	7,371
Forward purchases	17	0	17
Forward sales	0	0	0
Net long (or net short) position	10	-1	9

Notes:

There is neither structured position nor option position held as at 31 March 2022 and 30 September 2021.

Section A – Hong Kong Branch Information (Continue)

V. Off-Balance Sheet Exposures

	31-03-2022 HK\$'000	30-09-2021 HK\$'000
1. Contingent liabilities and commitments		
Contractual amounts:		
Commitments	1,404,043	1,324,271
Others	0	0
	<u>1,404,043</u>	<u>1,324,271</u>
2. Derivative transactions		
Notional amounts:		
Exchange rate contracts	18,468	17,472
Interest rate contracts	3,186,309	3,325,191
Others	289,195	233,598
	<u>3,493,972</u>	<u>3,576,261</u>
Fair value assets:		
Exchange rate contracts	324	491
Interest rate contracts	5,976	55,229
	<u>6,300</u>	<u>55,720</u>
Fair value liabilities:		
Exchange rate contracts	0	0
Interest rate contracts	53,374	4,744
	<u>53,374</u>	<u>4,744</u>

Notes:

No bilateral netting agreement for derivative transaction has been made as at 31 March 2022 and 30 September 2021.

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 31-03-2022	For the quarter ended 31-03-2021
3 months average	<u>106.51%</u>	<u>121.92%</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

	31-03-2022	30-09-2021
1. Capital Ratio		
Total capital ratio	12.11%	12.60%
Tier 1 capital ratio	11.94%	12.39%
Common equity Tier 1 capital ratio	11.94%	12.39%
	JPY Million	JPY Million
2. Shareholders' funds	928,550	919,028

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

	31-03-2022	30-09-2021
	JPY Million	JPY Million
Total assets	19,104,764	18,471,662
Total liabilities	18,045,673	17,392,369
Total advances (including loans and bills discounted)	11,646,721	11,477,558
Total deposits (including Negotiable Certificates of Deposit)	15,324,161	14,567,045
	31-03-2022	31-03-2021
	JPY Million	JPY Million
Pre-tax profit	78,378	71,462

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_FDS202201.pdf).