

*Best Bank 2020*

*3 years of value creation*

# Chiba Bank IR Day

**April 2016**

**THE CHIBA BANK, LTD.**

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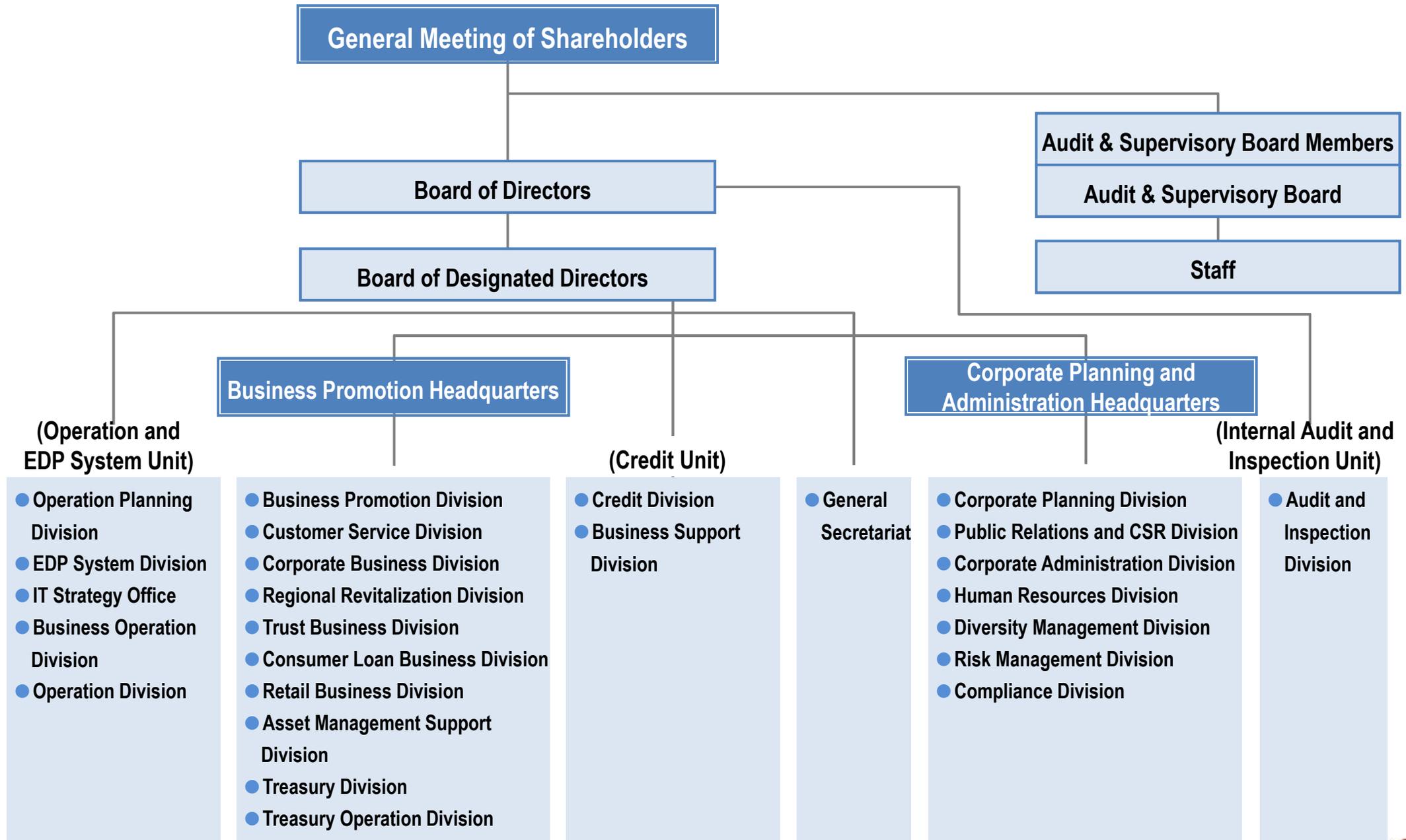
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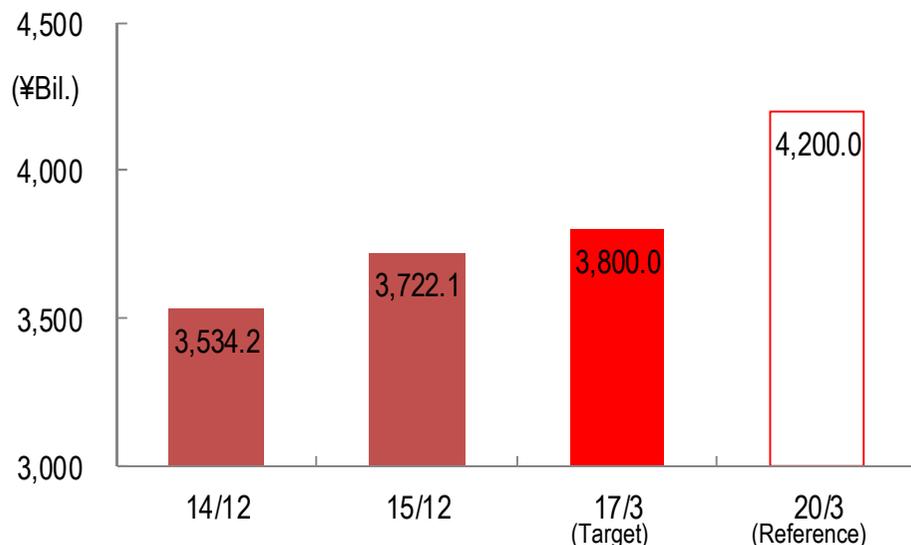
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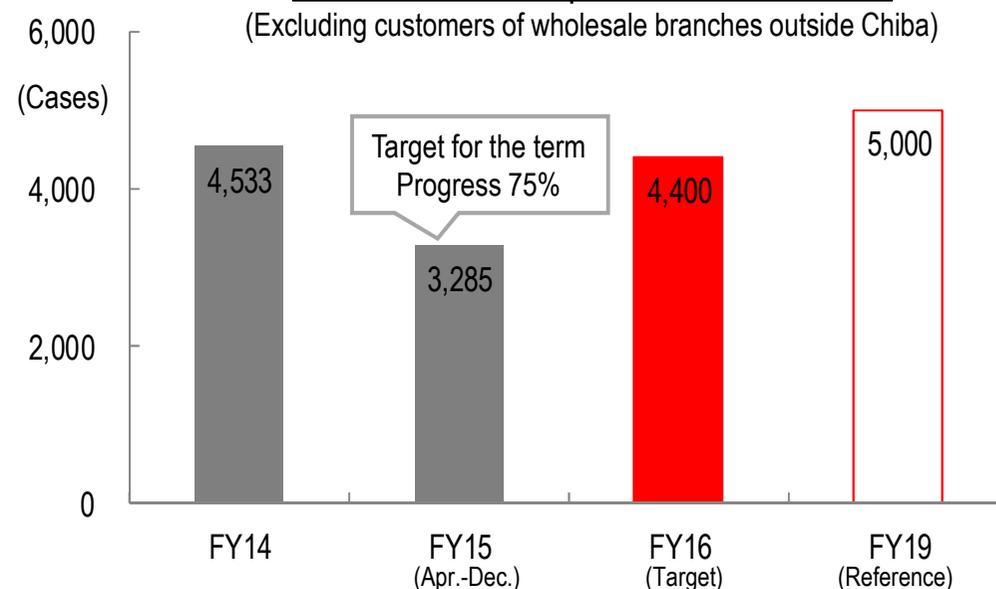
**Business Strategy**



Balance of SME loans



Number of new corporate loan customers



Lending based on the Evaluation of Customers' Business Potential and Support for their Main Business

**Regional Revitalization / Regional Vitalization Committee (2015.8)**

Regional Revitalization Subcommittee

Evaluation of Customers' Business Potential Subcommittee

**Provide effective solutions for core companies in the region**

Business matching and M&A, etc.

Wider Chiba regional vitalization fund (2015.10)

Chibagin regional revitalization loan program (2015.11)

Main Bank Survey (Regional Banks)

Rank	Bank	Number of Customers in 2015
1	Chiba Bank	20,915
2	Nishi-Nippon City Bank	19,933
3	Fukuoka Bank	19,589
4	Shizuoka Bank	16,564
5	Joyo Bank	15,940

Source: Teikoku Databank

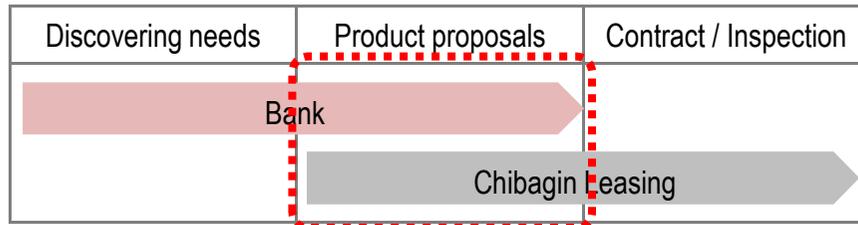
### Integrated Group Management

#### “Revitalize Chiba Pref.” strategic plan (2015.9)

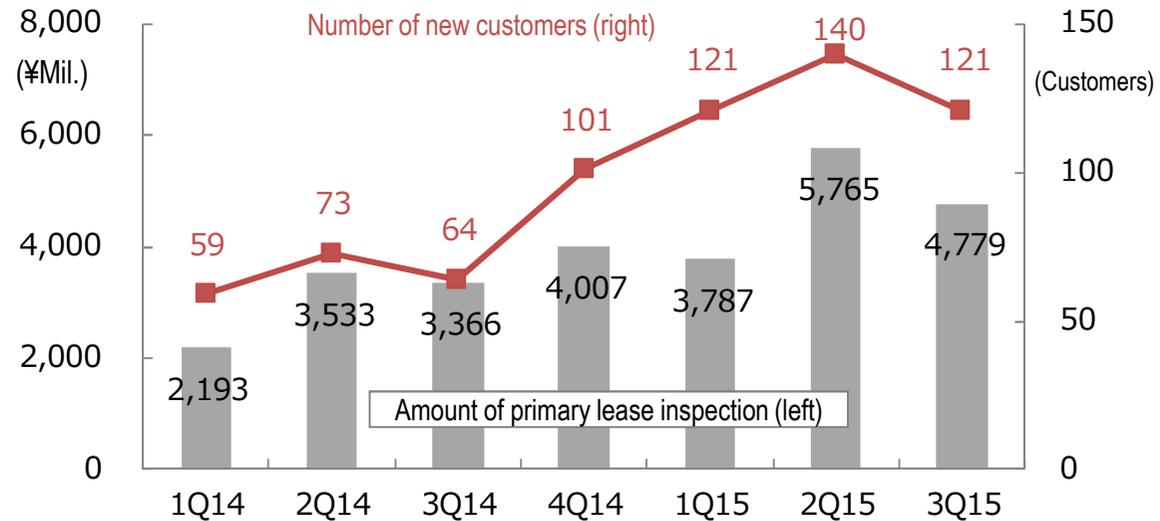
- Chibagin Research Institute takes on consulting services for planning strategies

#### Intermediation of lease transactions (2015.4)

- Discovering needs and concrete lease proposals by Bank



### Operating results of Chibagin Leasing



### CHIBA BANK 13 Group companies

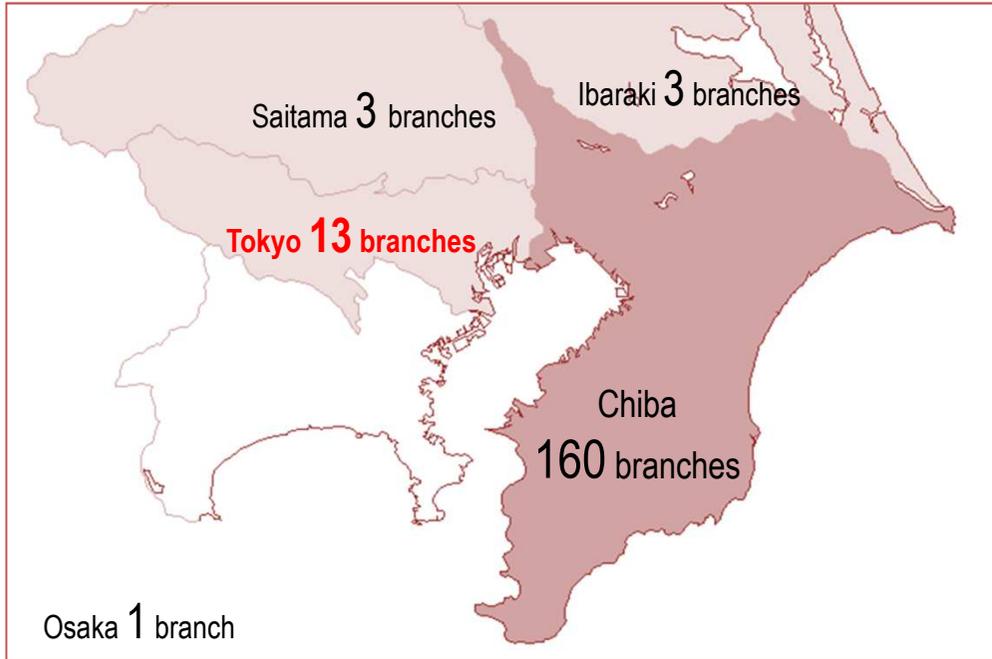
◆ Relocate nine subsidiaries to the same building (Scheduled 2016.5)

Securities, Credit Card and Leasing	Research and Consulting
Chibagin Securities Co., Ltd. ◆ Chibagin JCB Card Co., Ltd. ◆ Chibagin DC Card Co., Ltd. ◆ Chibagin Leasing Co., Ltd.	◆ Chibagin Research Institute, Ltd. ◆ Chibagin Capital Co., Ltd. Chibagin Asset Management Co., Ltd. ◆ Chibagin Computer Service Co., Ltd.
Personnel Services and Outsourcing	Credit Guarantee and Credit Management
◆ Chibagin Career Service Co., Ltd. Chibagin Heartful Co., Ltd. ◆ Sobu Co., Ltd.	Chibagin Guarantee Co., Ltd. ◆ Chiba Servicer Co., Ltd.

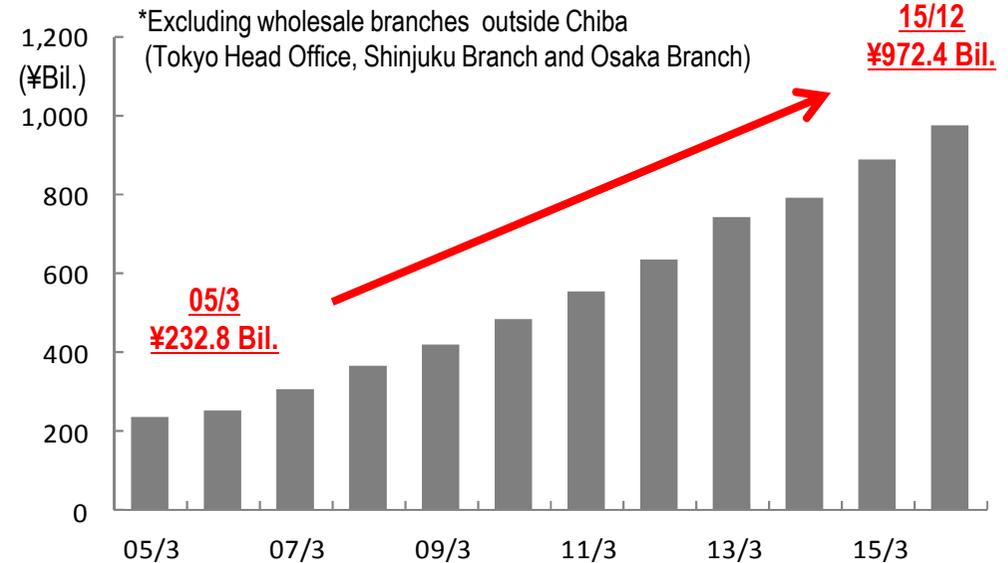
### Chibagin Makuhari Building



### Domestic Branches (as of 2015.12)



### Balance of loans for retail branches outside Chiba\*

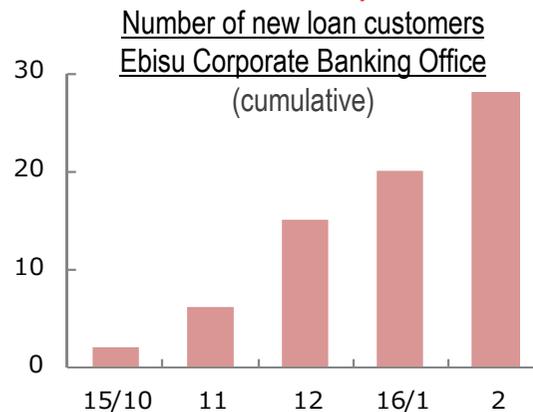


### Tokyo 23 wards "Strategic Operating Area"

#### Shinagawa Branch (Upgraded to branch in 2015.7)

#### Shinjuku Branch Ebisu Corporate Banking Office (2015.10)

- SME Loans
- High-net-worth clients



### Review of branch functions and renewals

- Chibagin Consulting Plaza
- Chibagin Loan Plaza
- Chibagin Himawari Lounge



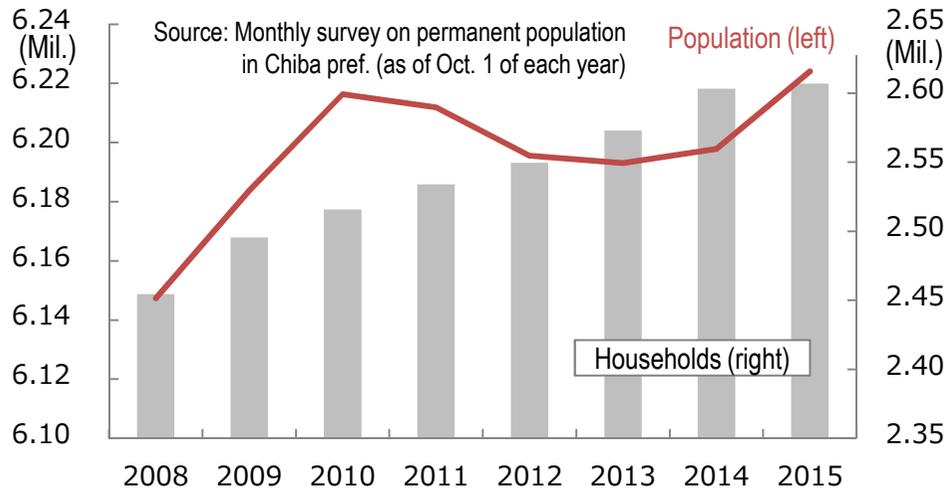
#### Kashiwa-no-ha Campus Branch (Renewal opening in 2016.6)

- Extend opening hours on weekdays
- Starting operation on Saturdays and holidays

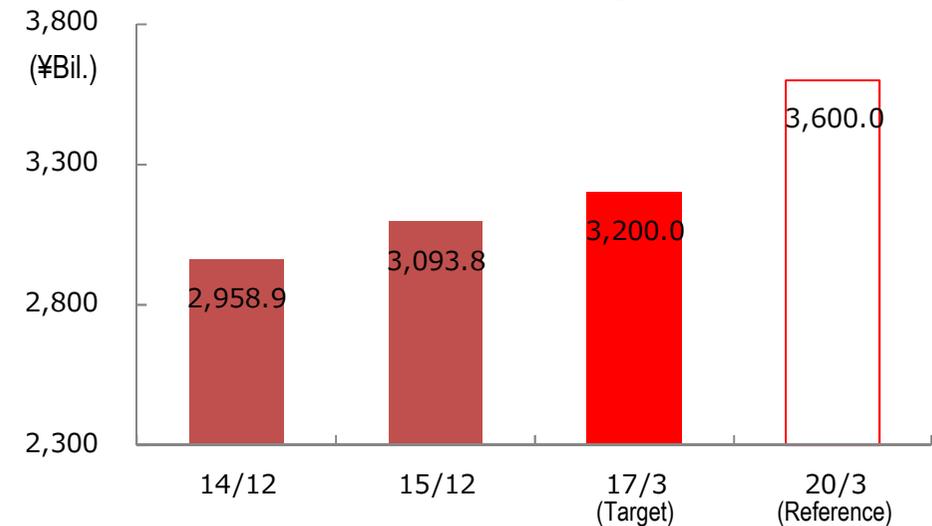
1<sup>st</sup> as our branch



### Population and households in Chiba pref.



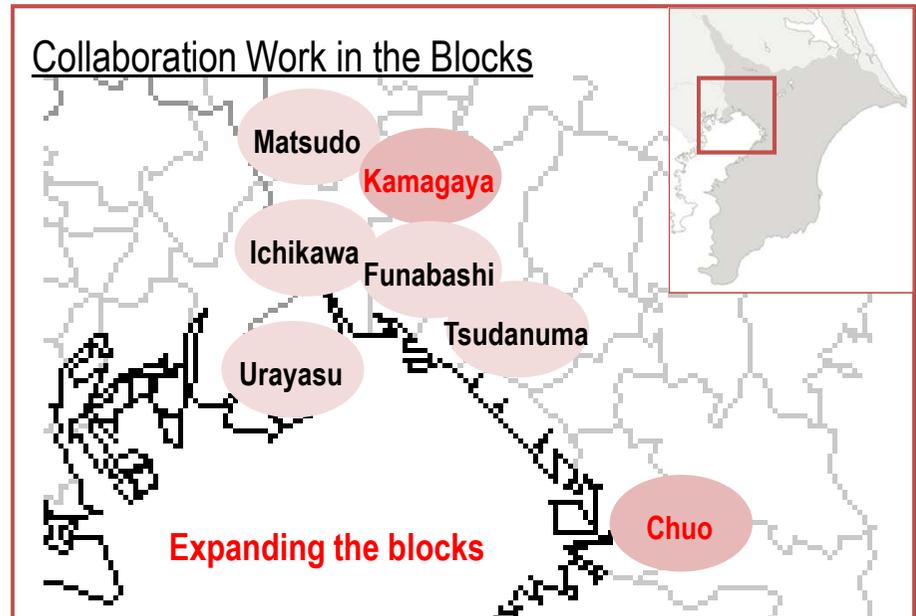
### Balance of housing loans



### 2015 Population Census

2015 Rank	Pref.	2010 (Thou.)	2015 (Thou.)	Change
1	Tokyo	13,159	13,514	2.7%
2	Kanagawa	9,048	9,127	0.9%
3	Osaka	8,865	8,839	▲0.3%
4	Aichi	7,411	7,484	1.0%
5	Saitama	7,195	7,261	0.9%
<b>6</b>	<b>Chiba</b>	<b>6,216</b>	<b>6,224</b>	<b>0.1%</b>
9	Fukuoka	5,072	5,103	0.6%
25	Okinawa	1,393	1,434	3.0%
26	Shiga	1,411	1,413	0.2%
	Japan	128,057	127,110	▲0.7%

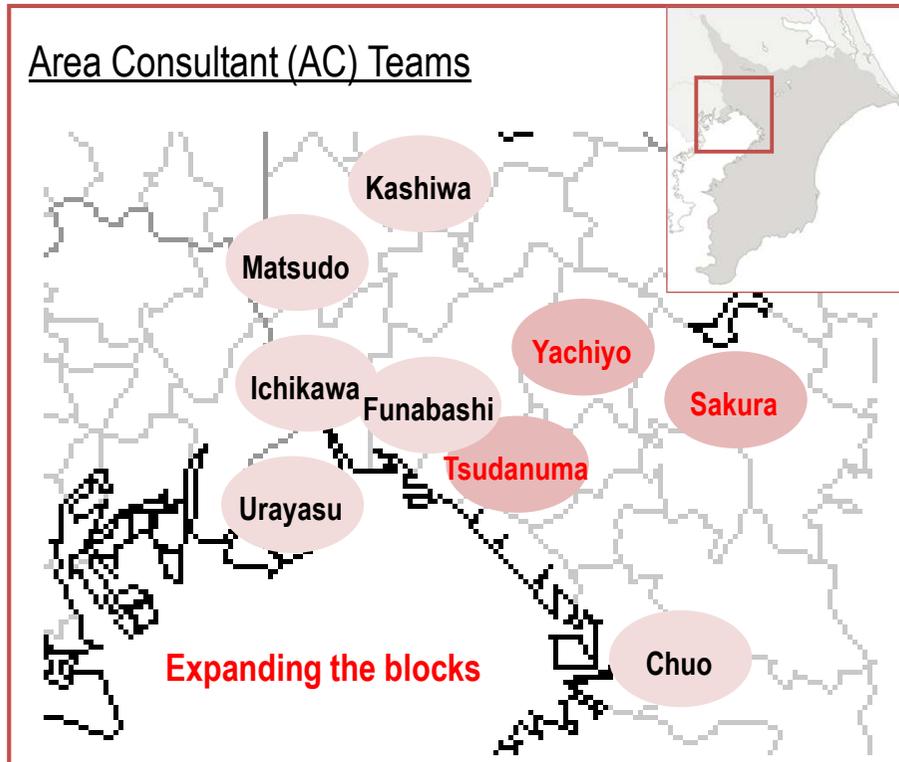
Four cities from Chiba prefecture ranked in top 20 of net population inflow (#14:Funabashi, #18:Chiba, #19:Nagareyama, #20:Kashiwa)



### Framework

Concentrate specialized staff

#### Area Consultant (AC) Teams



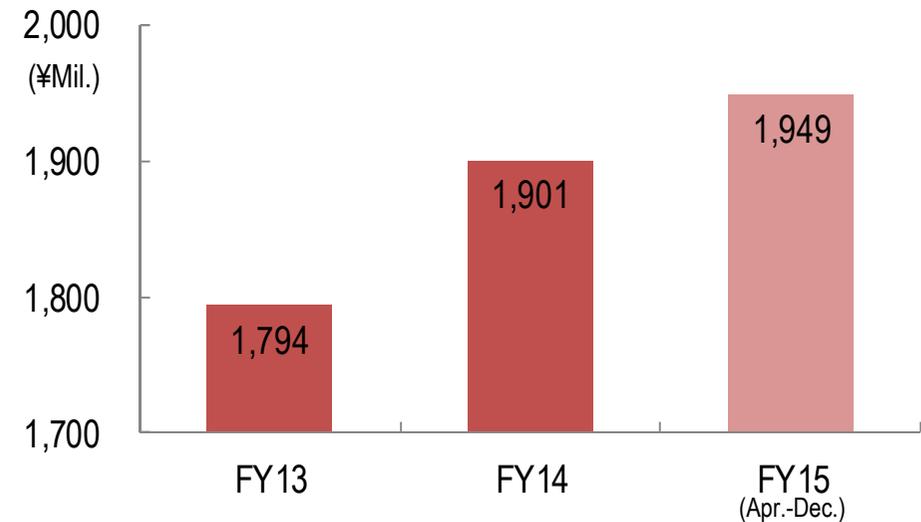
### Improving Efficiency of Operations

Simplify administration work

Enhance functions of Contact Center



### First-year Premium for Level-paying Life Insurance



### Core fund proposals

Long-term and stable investments

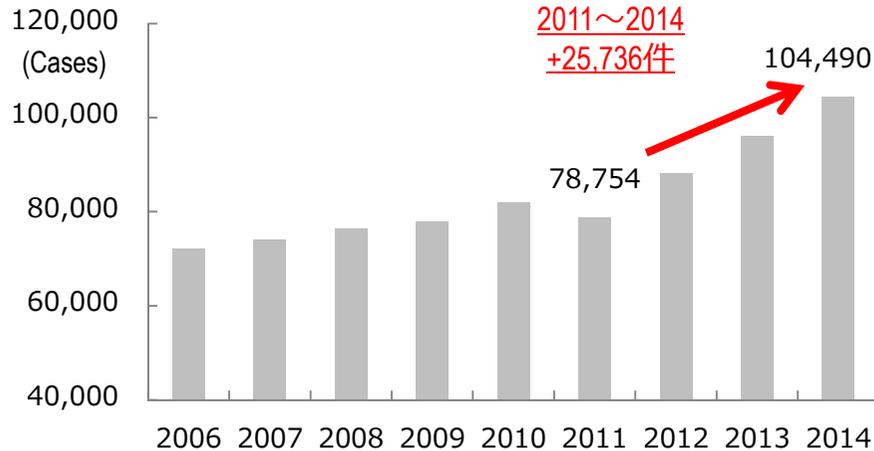
Diverse investments

**ちばぎんコア投資ファンド**  
 (安定型 / 成長型)  
 愛称: ちばぎんラップ・ファンド  
 追加型投信 / 内外 / 資産複合

▶ 安定型    ▶ 成長型

Inheritance-related Business

### Number of notarized wills prepared in Japan



Source: Japan National Notaries Association

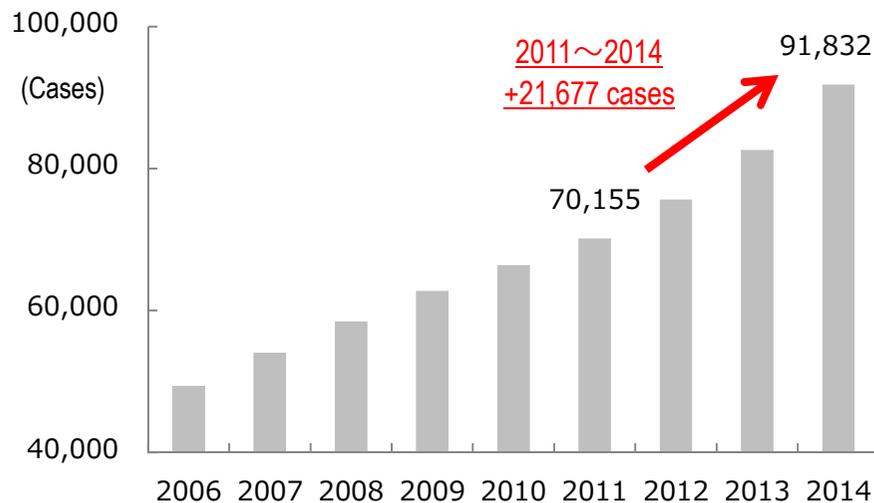
### Factors for Rapid Increase

FY2013 Tax revision  
(Revision of the Inheritance Tax Act)

Sharp increase in media reports

Prevailing attitude "Inheritance is troublesome"  
"Take measures while one's health is still good"

### Number of Testamentary Trusts with Executions kept by Trust Banks and others in Japan



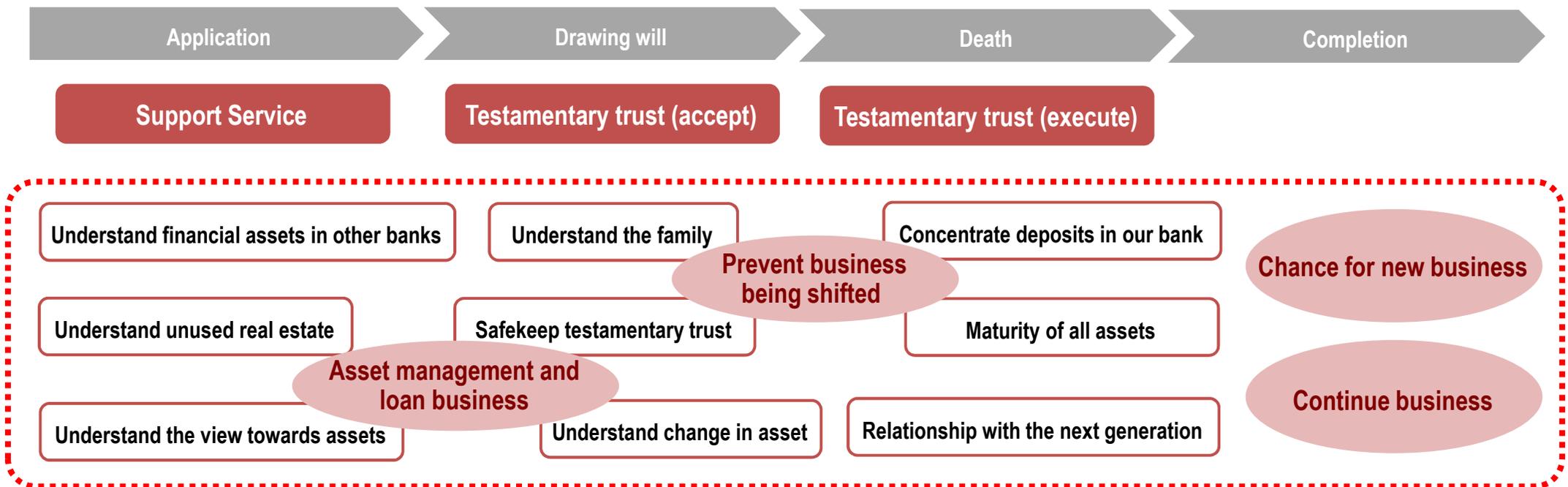
Source: Trust Companies Association of Japan

### Elderly Population (over 65 years old) in Chiba Pref.

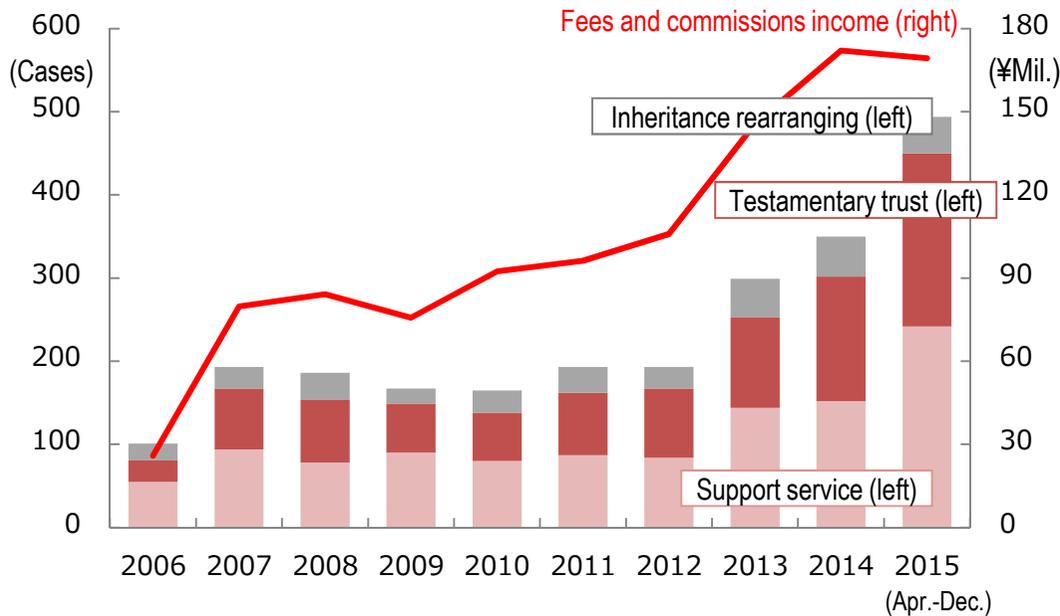


Source: Chiba Pref.

【Point】	【Keyword】	【Tangible Effects】
<b>Strengthen Relationship</b>	“Grand sum of one’s life” “Talking about family”	Relationship between the bank and customers becomes close Dare to entrust the will to the bank ⇒ <b>Shifting loans to another bank will be prevented</b>
<b>Get the picture of Assets</b>	“Transactions with other banks” “Total real estate”	Proposal by getting the whole picture of assets ⇒ <b>Features a high level of customer satisfaction</b> Opportunities to make lending and investing proposals ⇒ <b>Enhancing bank business</b>
<b>Continue Business</b>	“Approach to the next generation” “Maturity of all assets”	Chance to communicate with the next generation Ownership of assets changes ⇒ <b>Chance for expanding business</b>



### Number of contracts and income for inheritance-related services



### Expected Income from contracted services

Expected income from services in progress

Remuneration for execution in the future

**As of 15/12**

Income from contracted services on completion of procedures

**Almost ¥240 Mil.**

Remuneration for execution of safekeeping wills when inheritance occurs in the future

**Almost ¥620 Mil.**

### Trust business products and inheritance related services

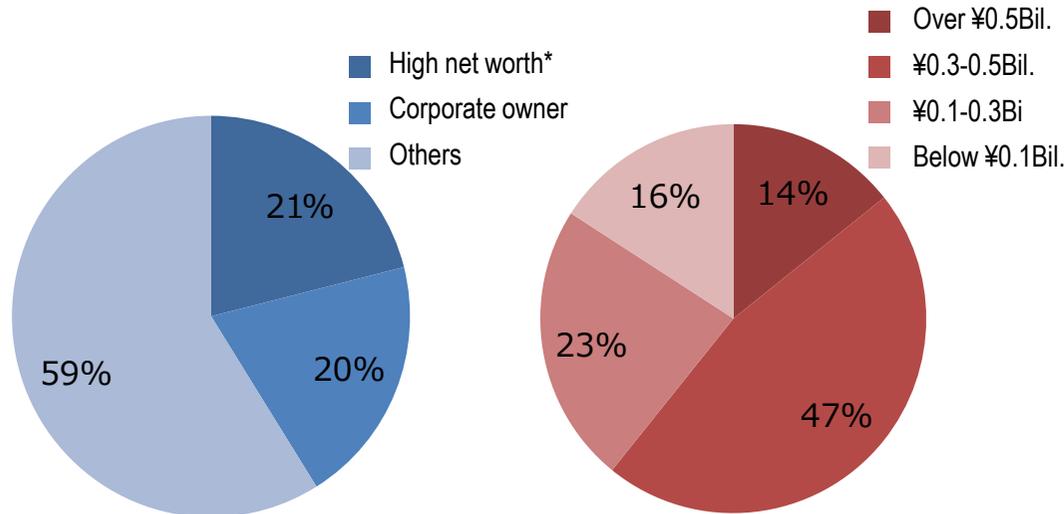
<b>Support Service (Prepare will, Business Successions)</b>	Consulting for asset and business successions
<b>Testamentary Trust</b>	Support for drawing wills by notarized documents, safekeeping will documents and executing wills, discussed during lifetime
<b>Inheritance Rearranging</b>	Representing inheritance procedures, including other banks', entrusted by successors

### Trust Business Division (2015.10)

	2006.6	2012.4	2016.4
<b>Number of staff for inheritance and trust business</b>	5	20	26
Sales	2	10	12
Administration	-	7	11
Examination	3	3	3
(Bank staff)	(5)	(17)	(18)
(Senior staff*)	(-)	(1)	(3)
(Temporary staff)	(-)	(2)	(5)

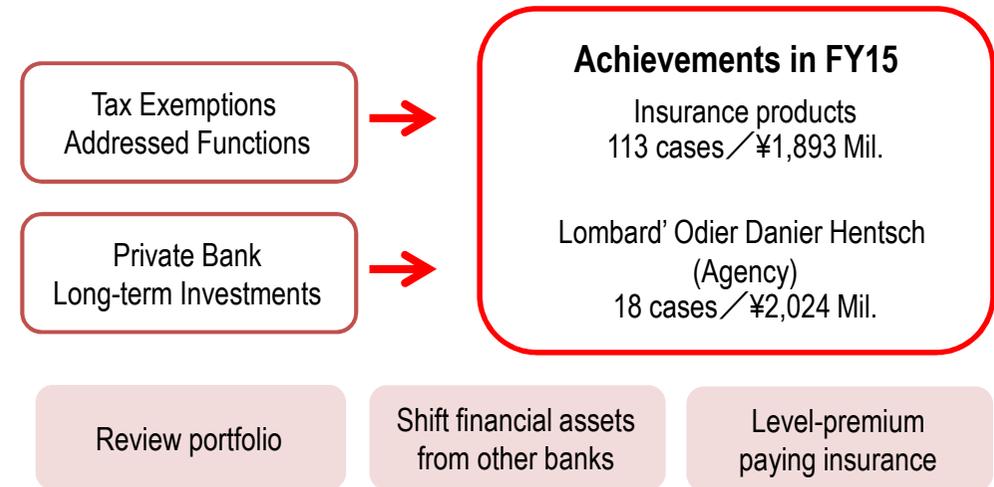
\* 'Senior staff' refers to staff over 60 years old belonging to subsidiaries

### Attribution and asset size of customers for inheritance-related services

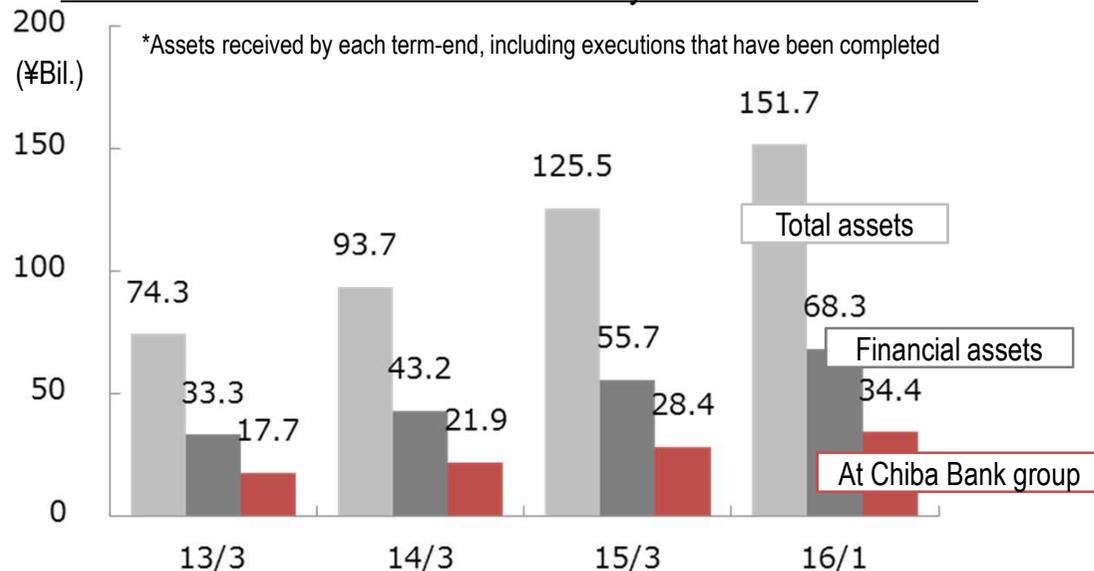


\*Customer fulfills the following requirement:  
over ¥0.5Bil. of total assets or ¥0.1Bil. of financial assets, etc.

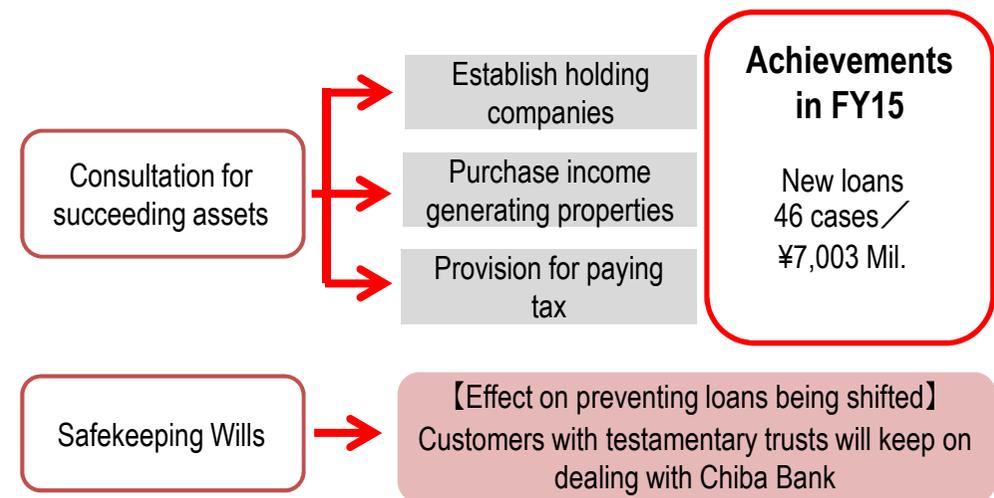
### Spreading effect on sales of financial products



### Customers' total assets for testamentary trusts with Chiba Bank

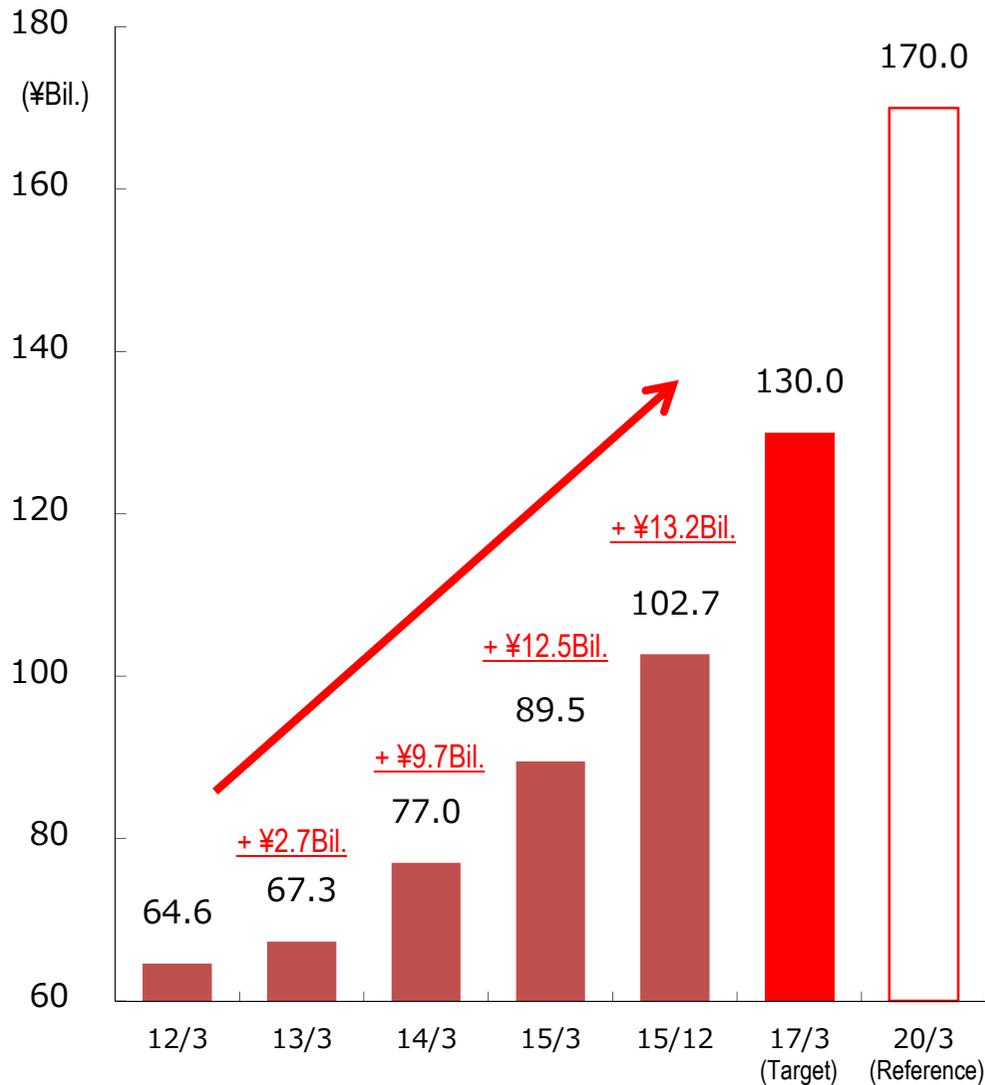


### Spreading effect on loans

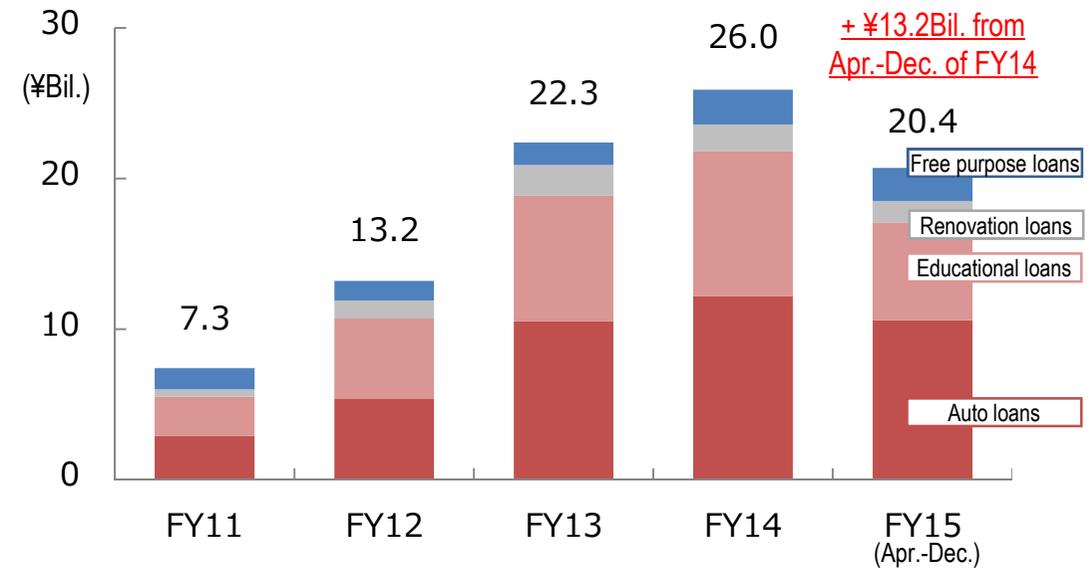


Unsecured Consumer Loans

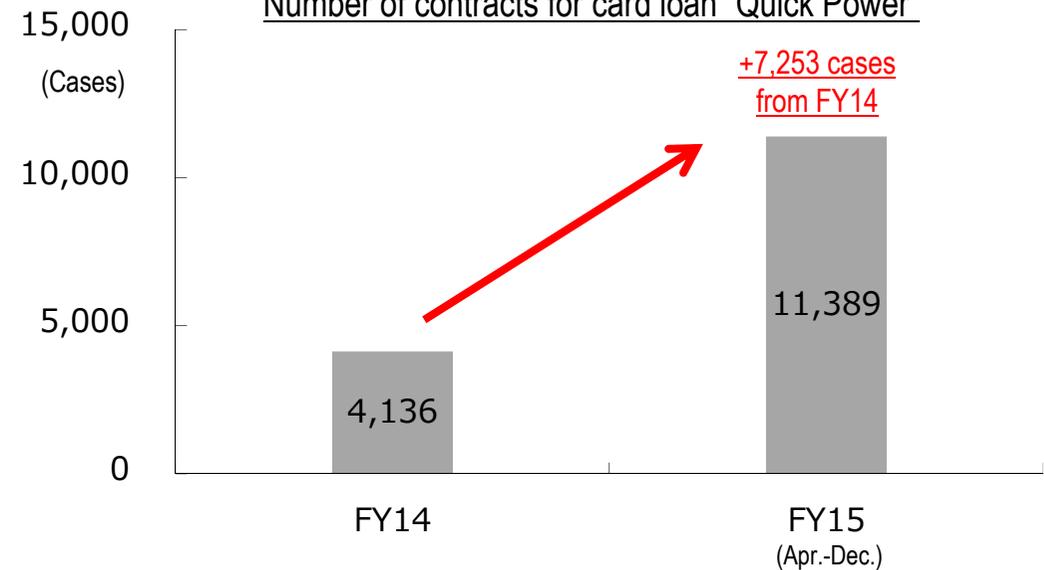
### Balance of unsecured loans



### New unsecured consumer loans

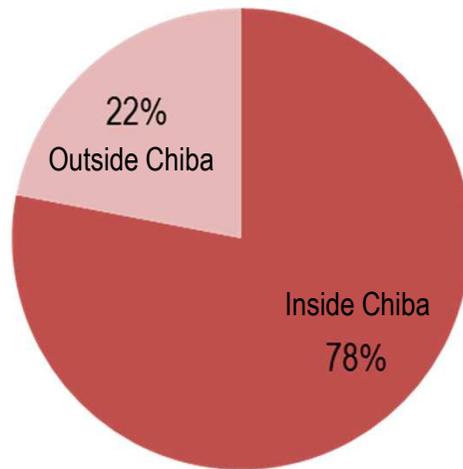


### Number of contracts for card loan "Quick Power"

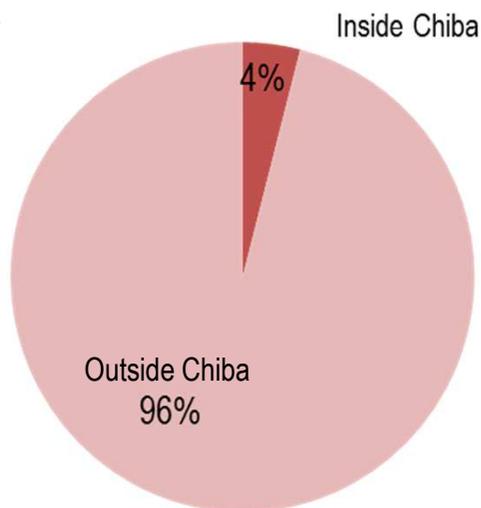


New Unsecured Consumer Loans by Area

All Branches

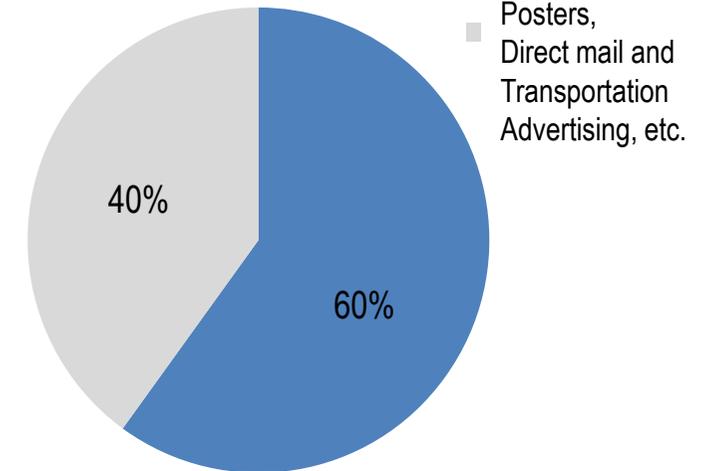


Internet Branch

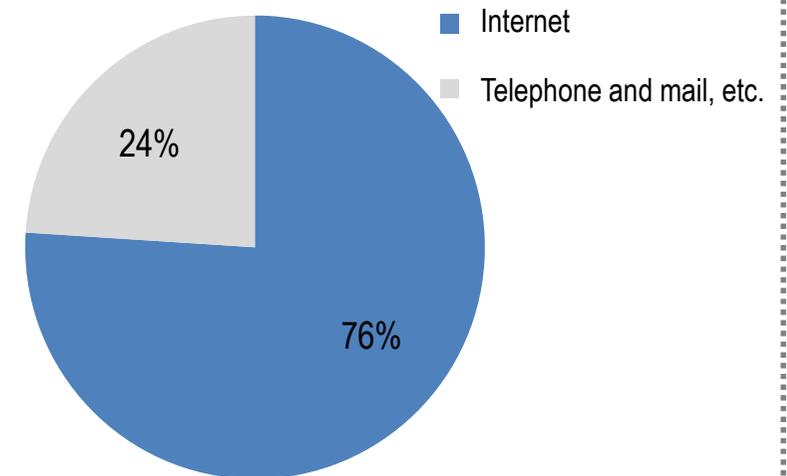


Application ratio of "Quick Power" by channel

Recognition ratio of advertisements (based on customer surveys)



Application ratio by channel



Advertisements for "Quick Power"

Banner advertisements on internet homepage



Poster



Advertisements for unsecured consumer loans by purposes

Banner advertisement on internet homepage



Lobby (Pamphlet Stand)



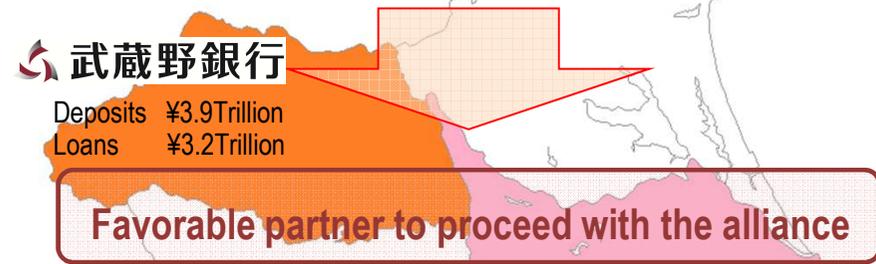


Management Policy

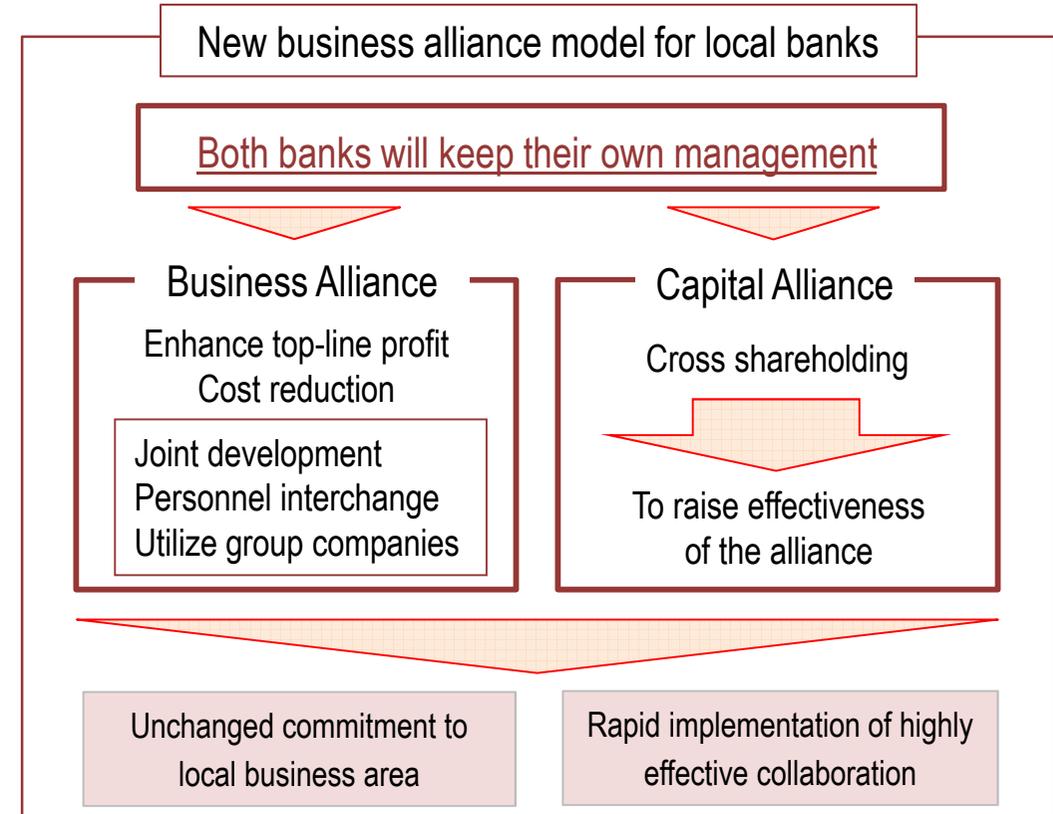
### Develop a new business alliance model for local banks



- Banks rooted in local business area
- Very little duplication in branches
- Common issues, located in metropolitan area

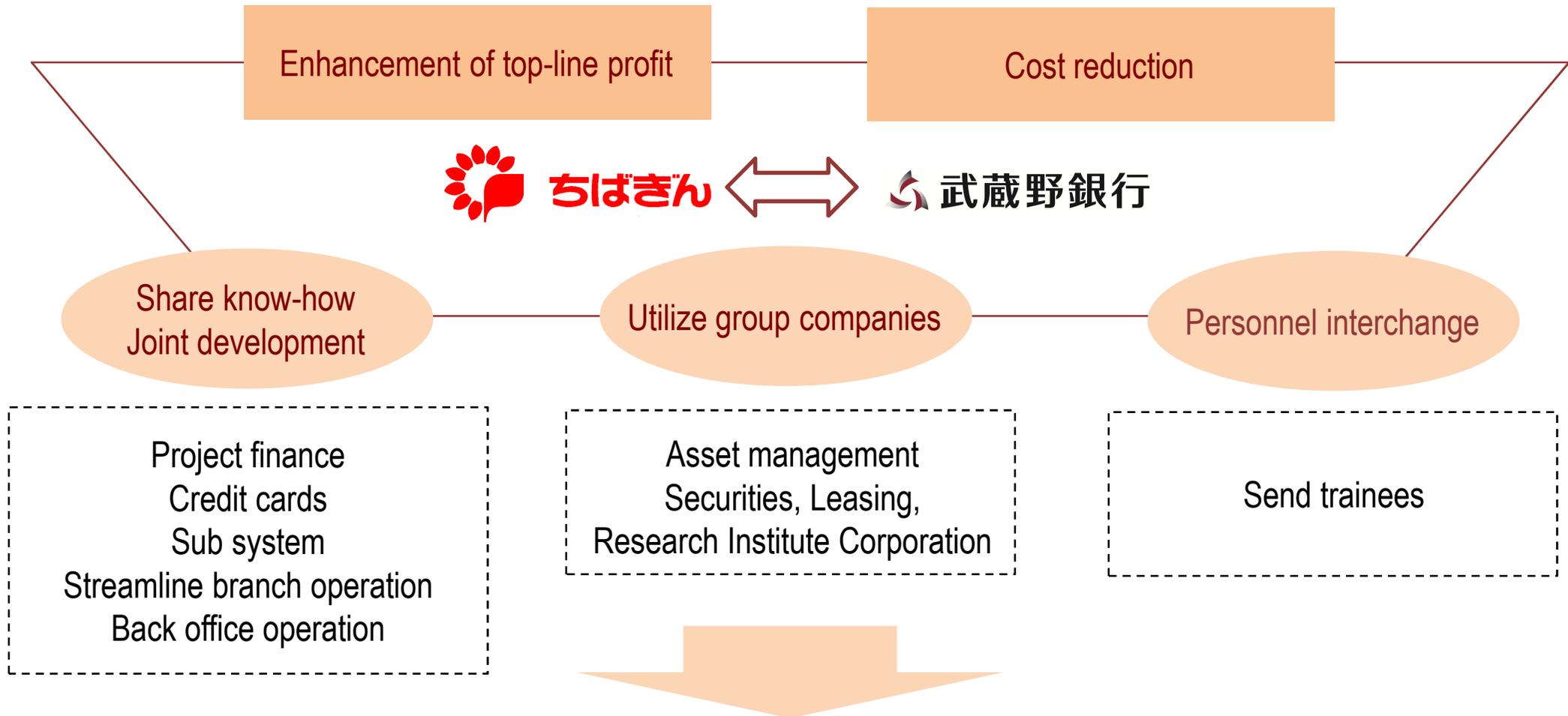


**ちばきん**  
 Deposits 11.2Trillion  
 Loans 8.4Trillion



Administrative divisions of Japan	Population (Thousand)	Households (Thousand)	GDP (¥Trillion)	Corporates (Thousand)
Chiba prefecture	6,224	2,607	19	190
Saitama prefecture	7,261	2,969	20	244
<b>Sum of Chiba and Saitama</b>	<b>13,485</b>	<b>5,576</b>	<b>39</b>	<b>435</b>
Tokyo metropolitan area	13,514	6,692	91	627
(Ref.)Percentage of whole Japan	10.6%	10.4%	7.9%	7.9%

Consider comprehensive alliance in every business field to realize enhancement of top-line profit and cost reduction



Expect ¥10bn in cumulative alliance benefits within five years by realizing the collaboration

### Actively consider design of new FinTech-driven business model

#### TSUBASA alliance for enhancing financial system



Chiba Bank



第四銀行

Daishi Bank



中国銀行

Chugoku Bank

Basic agreement with three banks (2015.10)



伊予銀行

Iyo Bank



すべてを地域のために  
東邦銀行

Toho Bank



北洋銀行

North Pacific Bank

Joined in March 2016

Considering phase

Formulation phase

Start of operation

Case study / Workshop  
October - December

Classify the needs  
January-February

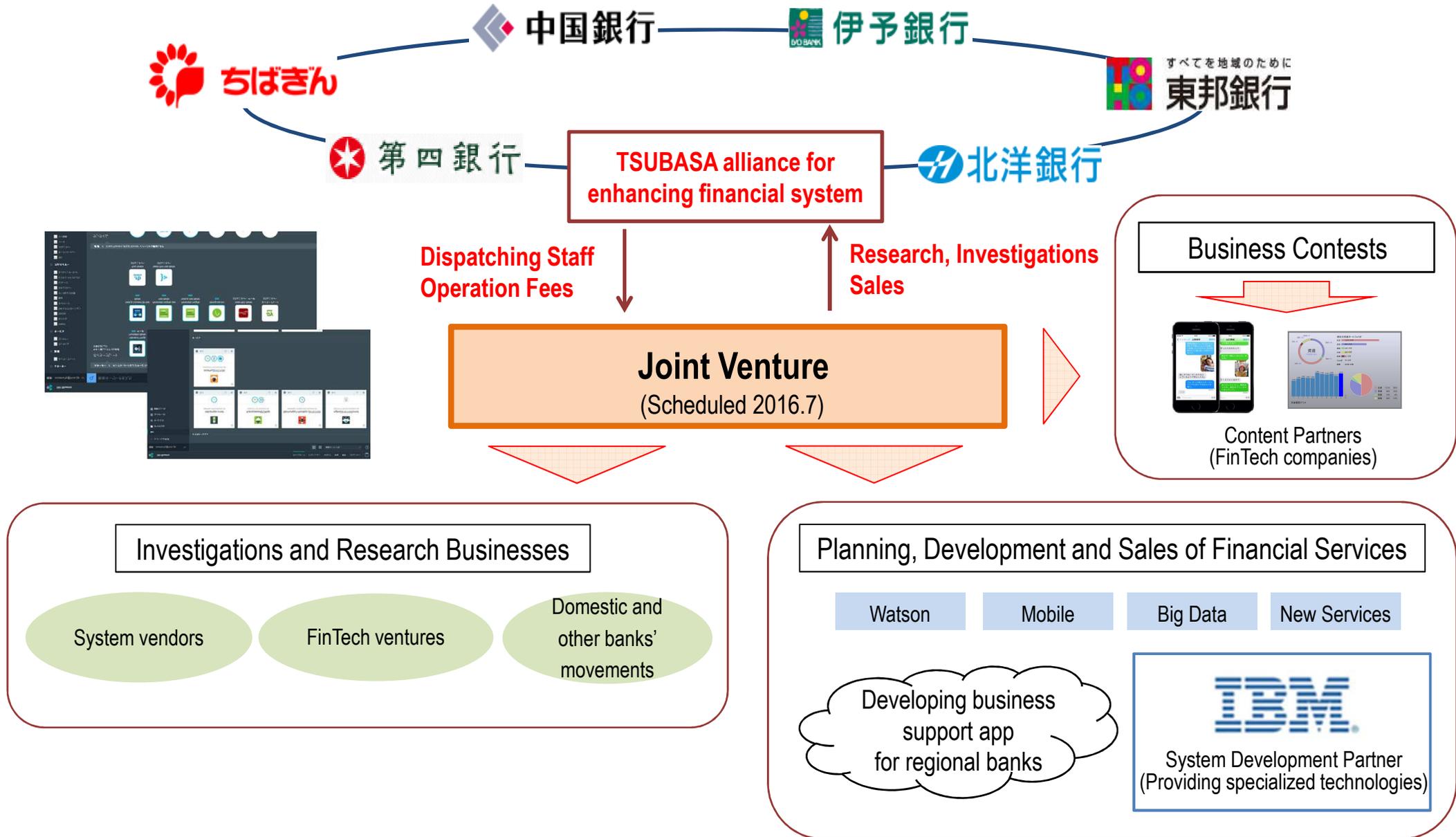
Plan / Verification  
March -

#### Corporate Planning Division FinTech Business Promotion Office

Smartphone to be the starting point for banking transactions, shopping and settlements



Establish a joint venture and consider the planning and development of financial services



### Pursue merits for customers in the region and deliver improvement in corporate value

Provide merits for customers in the region

Improve corporate value by increasing profit

#### Wider Area

#### TSUBASA Alliance

- Investigations and research of information technologies for enhancing financial system

#### TSUBASA Project

- Cooperation on mainframe system, in market and International Business, etc.

Intensify Top-line

Cost reduction

#### Metropolitan Area

#### Chiba – Musashino Alliance

- Enhancement of products and services, cooperation in back office work, etc.
- Sharing know-how, joint development products, services and IT systems, exchanging human resources and mutually utilizing group subsidiaries, etc.

Intensify Top-line

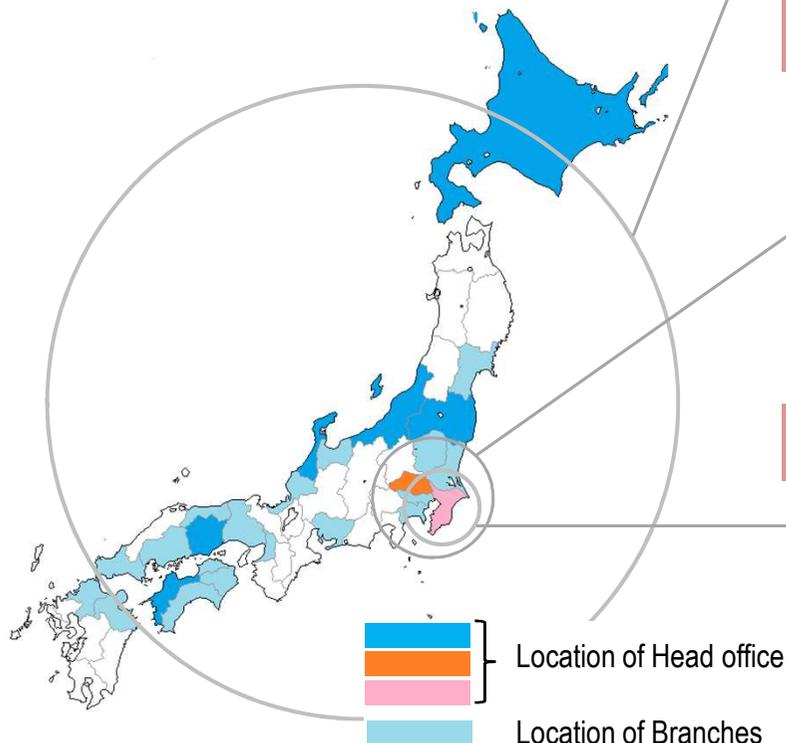
Cost reduction

#### In Chiba Prefecture

#### Cooperation with banks in the same region

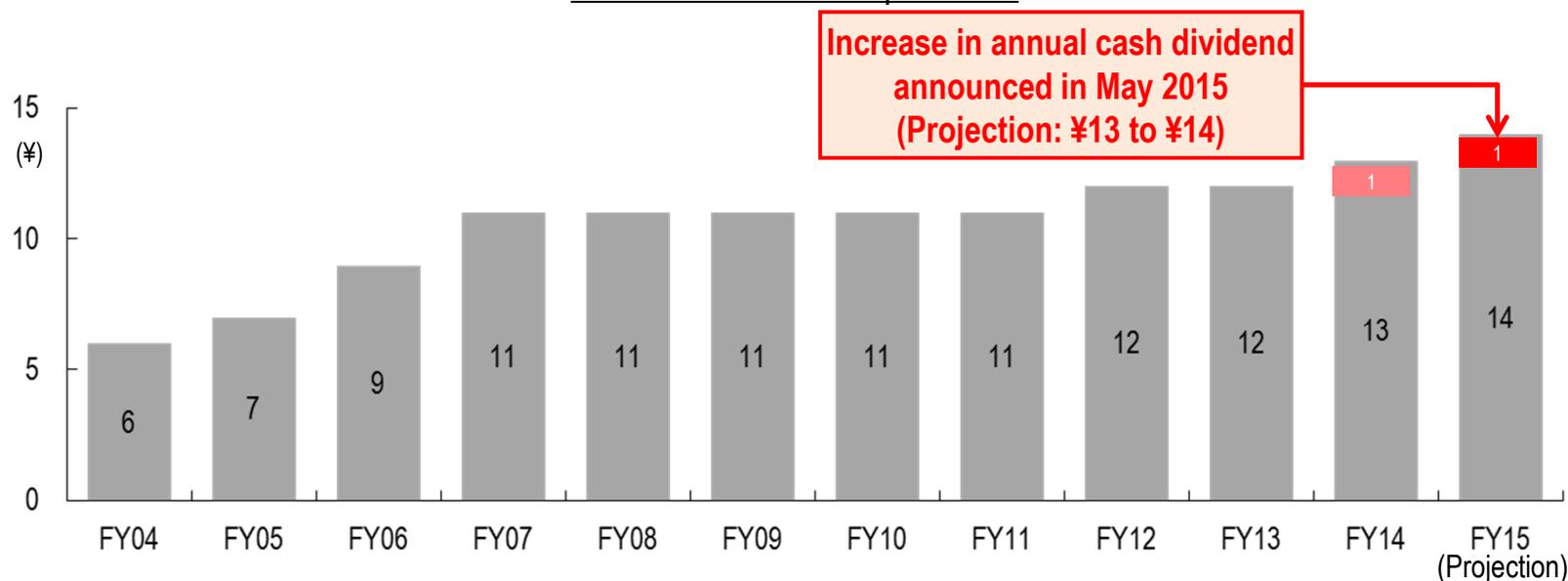
- Cooperation on outsourcing of bills and public payment operations, joint operating of mailing cars

Cost reduction



### Effective use of capital for our development, steady increase in dividend keeping a stable dividend policy

Annual cash dividend per share



Steady increase in dividend keeping a stable dividend policy

Flexible acquisition of own shares

Keep proactive approach toward shareholder returns

(¥Bil.)	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 (Projection)
Annual cash dividend (a)	5.0	6.1	8.0	9.8	9.8	9.8	9.7	9.6	10.3	10.2	10.8	11.5
Acquisition of own shares (b)	-	-	-	-	-	-	5.0	5.8	9.4	9.9	9.9	9.9
Shareholder returns (c)=(a)+(b)	5.0	6.1	8.0	9.8	9.8	9.8	14.8	15.4	19.8	20.2	20.8	21.5
Non-consolidated net income (d)	34.3	46.7	50.1	44.6	11.3	36.2	38.1	36.0	41.2	43.2	45.8	50.0
Payout ratio (a)/(d)*100	14.7%	13.0%	16.0%	22.0%	86.8%	27.1%	25.6%	26.7%	23.5%	23.6%	23.6%	23.0%
Shareholder return ratio (c)/(d)*100	14.7%	13.0%	16.0%	22.0%	86.8%	27.1%	38.9%	42.9%	48.0%	46.8%	45.4%	43.0%

2015.4~ Acquisition of own shares up to ¥5 Bil.

# (Reference) Financial Results for the Third Quarter of FY2015

Consolidated	(¥ Bil)	3Q	3Q	Change	Annual Projection	Progress
		FY2014	FY2015			
Ordinary Profit		65.4	68.2	2.7	84.5	80.7%
Net income attributable to equities of parent		48.3	45.7	(2.5)	54.0	84.7%

Non-consolidated	(¥ Bil)	3Q	3Q	Change	Annual Projection	Progress
		FY2014	FY2015			
Gross business profit		116.2	113.6	(2.5)		
Net interest income		96.6	96.2	(0.4)		
Net fees and commissions income		14.3	13.8	(0.4)		
Trading income		1.9	1.8	(0.1)		
Profit from other business transactions		3.2	1.6	(1.5)		
Gains (losses) related to bonds		1.9	0.8	(1.1)		
Expenses (-)		62.9	60.6	(2.2)		
Real net business income		53.3	52.9	(0.3)		
Core net business income		51.3	52.1	0.8		
Net transfer to general allowance for loan losses (-)		-	-	-		
Net business income		53.3	52.9	(0.3)		
Non-recurrent income and losses		4.2	10.4	6.1		
Disposal of non-performing loans (-)		0.4	(2.0)	(2.5)		
Gains (losses) related to stocks, etc.		1.3	2.7	1.4		
Ordinary profit		57.6	63.4	5.7	77.0	82.3%
Extraordinary income (loss)		(0.2)	(0.2)	0.0		
Net income		38.3	43.5	5.2	50.0	87.0%
Net credit costs(-)		0.4	(2.0)	(2.5)		

### Net interest income

	3Q	3Q	Change
	FY2014	FY2015	
Net interest income	96.6	96.2	(0.4)
Domestic	92.1	91.4	(0.7)
Loans and deposits	79.3	76.2	(3.1)
Loans	82.2	79.1	(3.0)
Deposits	(2.8)	(2.9)	(0.0)
Securities	13.2	15.6	2.3
Bonds	5.0	4.4	(0.5)
Stocks	5.0	6.2	1.2
Investment trusts	3.2	4.9	1.6
International	4.4	4.8	0.3

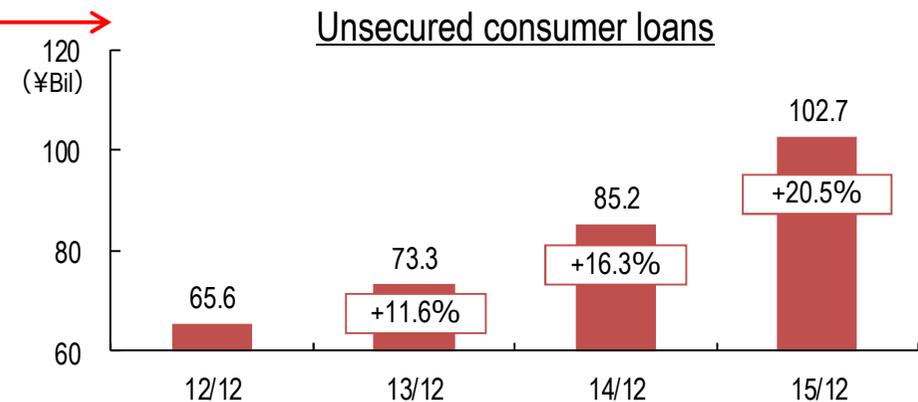
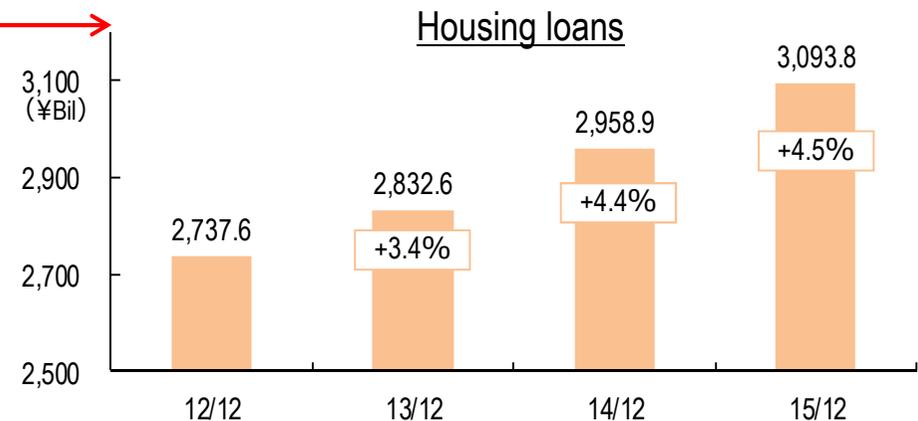
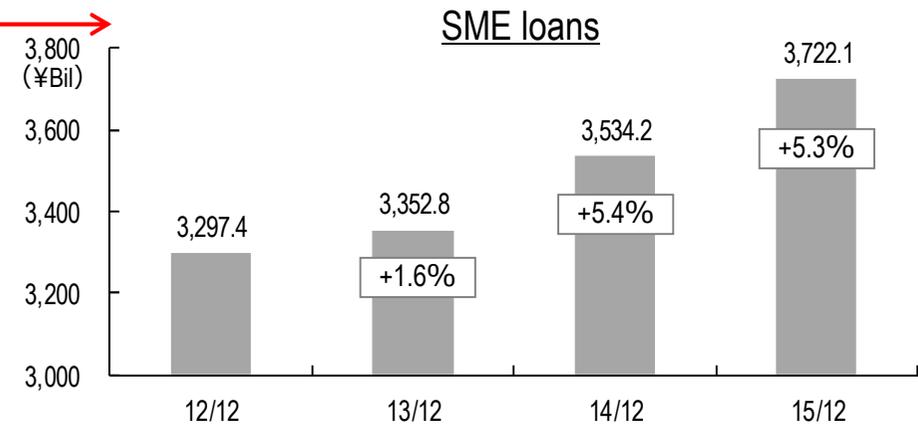
### Net fees and commissions income

	3Q	3Q	Change
	FY2014	FY2015	
Net fees and commissions income	14.3	13.8	(0.4)
Fees and commissions income	28.4	28.8	0.3
Fees and commissions payments	(14.1)	(14.9)	(0.8)
<Major items>			
Investment trusts and personal annuities	9.4	9.1	(0.3)
Investment trusts	5.8	4.7	(1.0)
Personal annuities	3.6	4.3	0.7
Solution-related fees from corporate customers	1.4	2.0	0.5
Guarantee charges and group insurance costs	(8.9)	(9.6)	(0.7)

# (Reference) Deposit and Loan Portfolios as of December 2015

(¥ Bil)	3Q		Change	Ratio
	FY2014	FY2015		
Deposits	10,359.3	10,963.1	603.7	5.8%
Domestic deposits	10,141.9	10,435.4	293.4	2.8%
Personal deposits	7,985.9	8,166.3	180.3	2.2%

(¥ Bil)	3Q		Change	Ratio
	FY2014	FY2015		
Loans	8,383.3	8,746.2	362.8	4.3%
Domestic loans	8,235.9	8,573.0	337.0	4.0%
ex. Public sector	8,011.8	8,293.0	281.2	3.5%
Corporate loans	4,949.8	5,081.1	131.2	2.6%
Large corporates	1,415.6	1,358.9	(56.6)	(4.0%)
SMEs	3,534.2	3,722.1	187.9	5.3%
Consumer loans	3,062.0	3,211.9	149.9	4.8%
Housing loans	2,958.9	3,093.8	134.8	4.5%
Unsecured consumer loans	85.2	102.7	17.5	20.5%
Public sector	224.0	279.9	55.8	24.9%
Domestic loans	8,235.9	8,573.0	337.0	4.0%
Branches in Chiba	6,036.5	6,238.2	201.6	3.3%
Branches outside Chiba	2,199.4	2,334.8	135.3	6.1%
Special Branches*	1,343.9	1,362.3	18.3	1.3%
ex. Special Branches	855.4	972.4	116.9	13.6%



\*Tokyo Head Office, Shinjuku Branch and Osaka Branch