

Best Bank 2020

3 years of value creation

Chiba Bank IR Day

April 2015

THE CHIBA BANK, LTD.

Progress of the Medium Term Management Plan

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Progress of the Medium Term Management Plan

The 12th Medium Term Management Plan **Best Bank 2020 - 3 years of value creation** April 1, 2014 → March 31, 2017 (3 years)

We shall aim to be a “best retail” banking group, providing first-class value with the implementation of a “customer first policy”, and pursuing business vigorously.

Subjects to be addressed in the “3 years of value creation”

Creating new corporate value

- 【Corporate customers】 Strengthening functions to support business growth and resolution of management issues
- 【Individual customers】 Providing carefully tailored services in response to diversified lifestyles
- Strengthening the channel strategy
- Strengthening international business in response to globalization and enhancing investment in the market
- Improving customer satisfaction

Further improving staff training

- Developing a highly professional workforce
- Making the most of human resources to bring out the motivation and skills of staff, such as support for the active participation of women
- Creating a corporate culture that generates new ideas

Building a sustainable management structure

- Further promoting the TSUBASA project and ensuring the steady implementation of cooperation on the mainframe system
- Increasing business efficiency and profitability
- Strengthening the risk management structure
- Ensuring thorough compliance and protection of customers
- Strengthening the group management structure
- Enhancing CSR management and increasing sustainable shareholder value

Targets to be achieved in the “3 years of value creation”

Consolidated Net Income
¥50 billion

Consolidated ROE
In 6% range

Consolidated Common
Equity Tier1 Capital Ratio
In 13% range

Balance of Loans
Around ¥9 trillion

Balance of Deposits
Around ¥11 trillion

Group Total Balance of
Financial Products
Around ¥2.4 trillion

Visions as of year 2020 (6 years later)

Consolidated Net Income
¥60 billion

Consolidated ROE
Around 7%

Consolidated Common
Equity Tier1 Capital Ratio
In 13% range

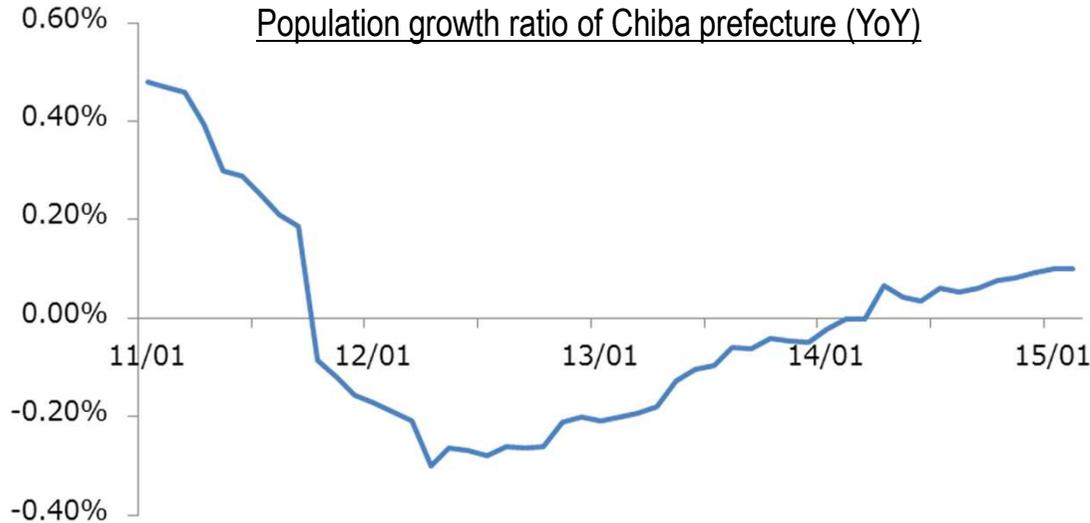
Balance of Loans
Around ¥10 trillion

Balance of Deposits
Around ¥12 trillion

Group Total Balance of
Financial Products
Around ¥3 trillion

Chiba prefecture had the largest net population inflow in 2014

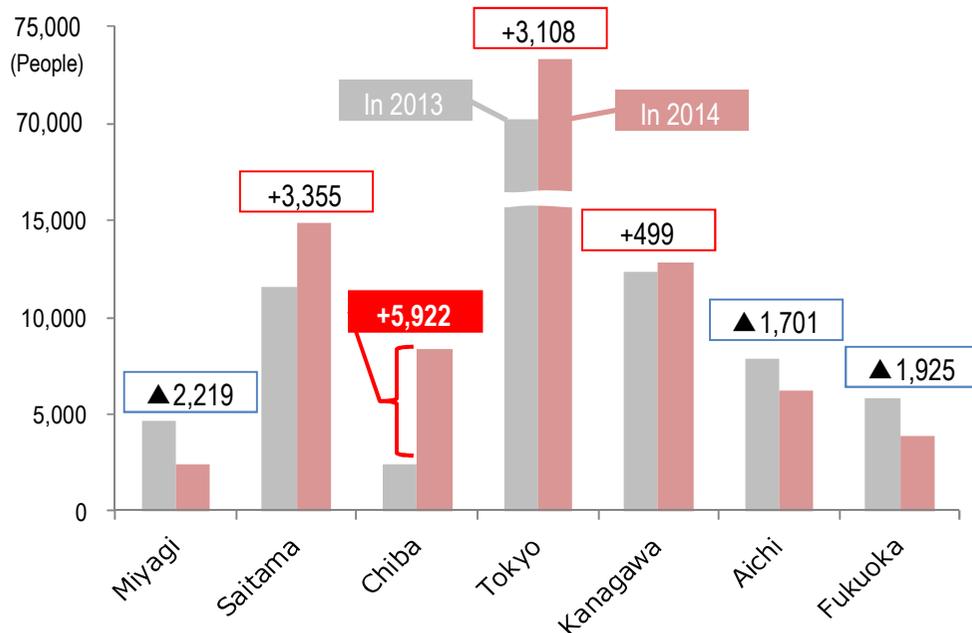
Population growth ratio of Chiba prefecture (YoY)



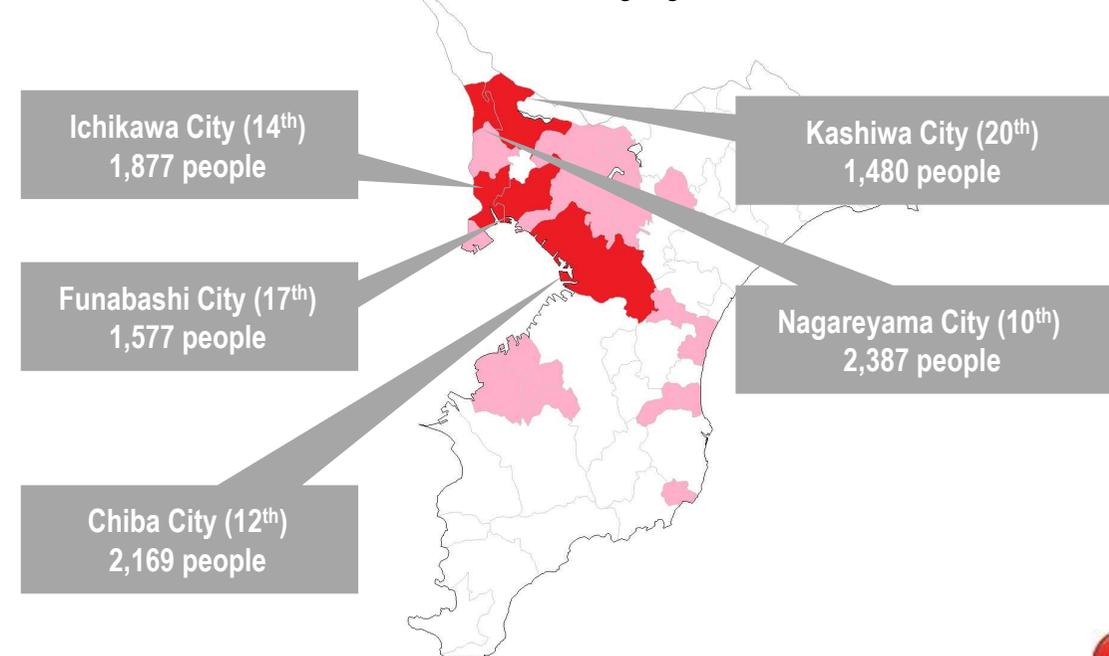
Five cities ranked in top 20 of net population inflow (the largest number in Japan)

1	Tokyo Special Ward	Tokyo	11	Sendai City	Miyagi
2	Sapporo City	Hokkaido	12	Chiba City	Chiba
3	Fukuoka City	Fukuoka	13	Suita City	Osaka
4	Osaka City	Osaka	14	Ichikawa City	Chiba
5	Kawasaki City	Kanagawa	15	Fujimino City	Saitama
6	Saitama City	Saitama	16	Koshigaya City	Saitama
7	Yokohama City	Kanagawa	17	Funabashi City	Chiba
8	Nagoya City	Aichi	18	Fujisawa City	Kanagawa
9	Kawaguchi City	Saitama	19	Mitaka City	Tokyo
10	Nagareyama City	Chiba	20	Kashiwa City	Chiba

Net population inflow of seven prefectures



Net inflow of highlighted cities



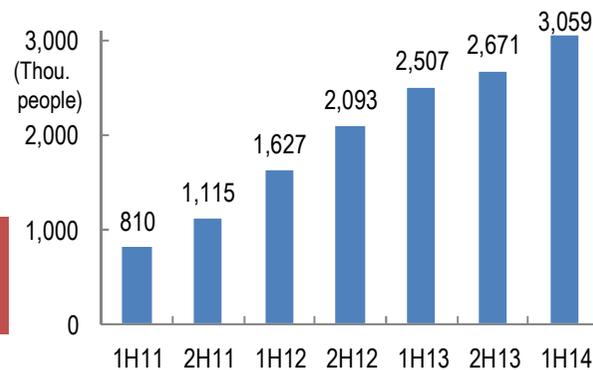
Region being revitalized by increase in population flows

“National Strategic Special Zone” - Narita City **“City Development with Airport”**



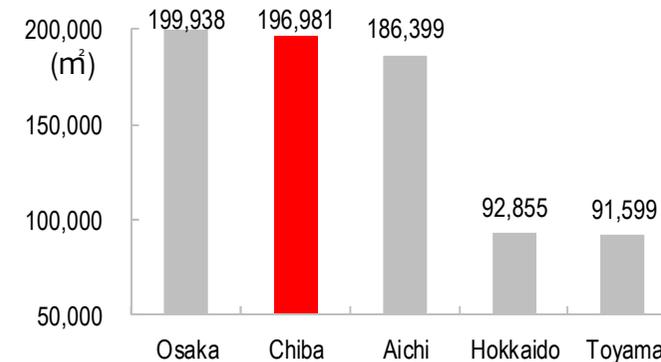
Narita International Airport Terminal 3 for LCCs (Opened 2015/4)

Number of domestic passengers



Large-scale retail stores

Floor space of new applications based on Large-scale Retail Store Law (2014/4 – 2015/1)



Average floor space #1 (20,957m²)

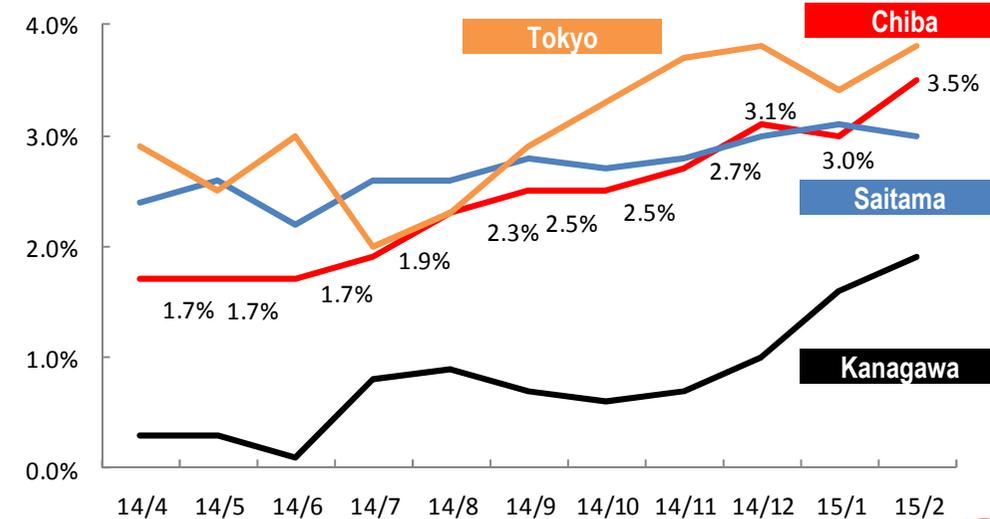
Increase in in-bound tourism

Number of foreign hotel guests

	In 2012	In 2013	Rank	In 2014	(Thou. People)
					Change
Tokyo	8,292	9,831	1	13,452	+36.8%
Osaka	3,061	4,315	2	5,837	+35.3%
Hokkaido	2,012	3,070	3	4,482	+31.4%
Kyoto	2,305	2,626	4	3,409	+29.8%
Chiba	1,795	2,048	5	2,750	+34.3%
Japan	26,314	33,496	-	44,822	+33.8%

Increase in loans by prefecture

Loan growth ratio by prefecture – South Kanto area (YoY)



Source: Bank of Japan

Consolidated	(¥Bil.)	3Q	3Q	Change	Annual Projection	Progress
		FY13	FY14			
Ordinary profit		62.9	65.4	2.5	79.0	82.8%
Net Income		38.2	48.3	10.0	54.0	89.5%

Non-consolidated	(¥Bil.)	3Q	3Q	Change	Annual Projection	Progress
		FY13	FY14			
Gross Business Profits		114.9	116.2	1.3		
Net interest income		97.1	96.6	(0.4)		
Net fees and commissions income		13.0	14.3	1.2		
Trading income		1.1	1.9	0.8		
Profit from other business transactions		3.6	3.2	(0.3)		
Gains(losses) related to bonds		2.3	1.9	(0.3)		
Expenses(-)		62.3	62.9	0.5		
Real net business income		52.5	53.3	0.7	65.5	78.3%
Core net business income		50.1	51.3	1.1		
Net transfer to general allowance for loan losses(-)		-	-	-		
Net business income		52.5	53.3	0.7		
Non-recurrent income and losses		4.3	4.2	(0.0)		
Disposal of non-performing loans(-)		0.4	0.4	0.0		
Gains(losses) related to stocks, etc.		0.9	1.3	0.3		
Ordinary profit		56.9	57.6	0.6	70.5	81.7%
Extraordinary income (loss)		(0.5)	(0.2)	0.2		
Net Income		35.7	38.3	2.5	44.0	87.0%
Net credit costs(-)		0.4	0.4	0.0		

Net interest income

(¥Bil.)	3Q	3Q	Change
	FY13	FY14	
Net interest income	97.1	96.6	(0.4)
Domestic	93.8	92.1	(1.6)
Loans and deposits	82.7	79.3	(3.4)
Loans	85.8	82.2	(3.6)
Deposits	3.1	2.8	(0.2)
Securities	11.9	13.2	1.3
International	3.2	4.4	1.1

Net fees and commissions income

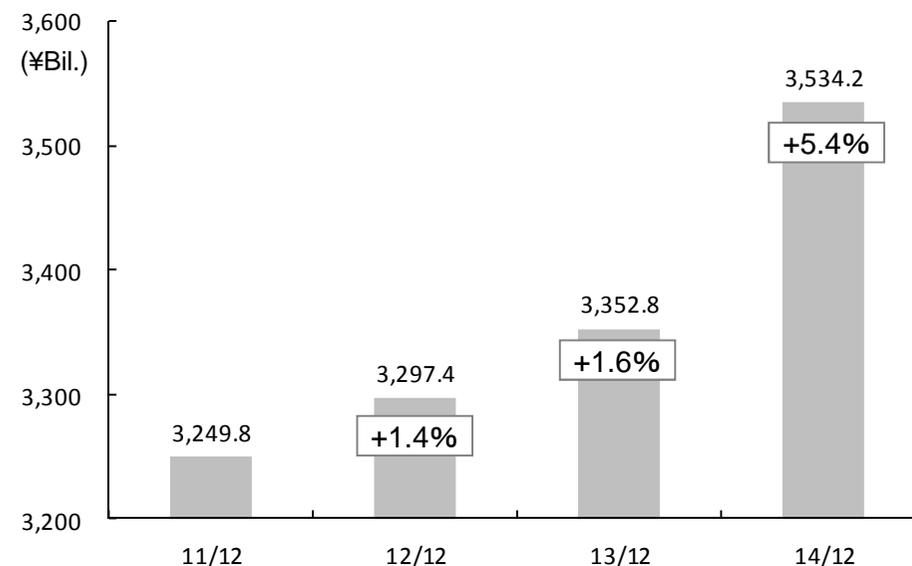
(¥Bil.)	3Q	3Q	Change
	FY13	FY14	
Net fees and commissions income	13.0	14.3	1.2
Fees and commissions income	26.7	28.4	1.7
Investment trusts and personal annuities	7.6	9.4	1.8
Investment trusts	5.2	5.8	0.6
Personal annuities	2.4	3.6	1.2
Indemnity-type insurance	0.7	0.6	(0.1)
Corporate customers	1.0	1.1	0.0
Fees and commissions payments(-)	13.6	14.1	0.4
Guarantee charges and group insurance costs	8.5	8.9	0.4

Breakdown of increase in loans and bills discounted

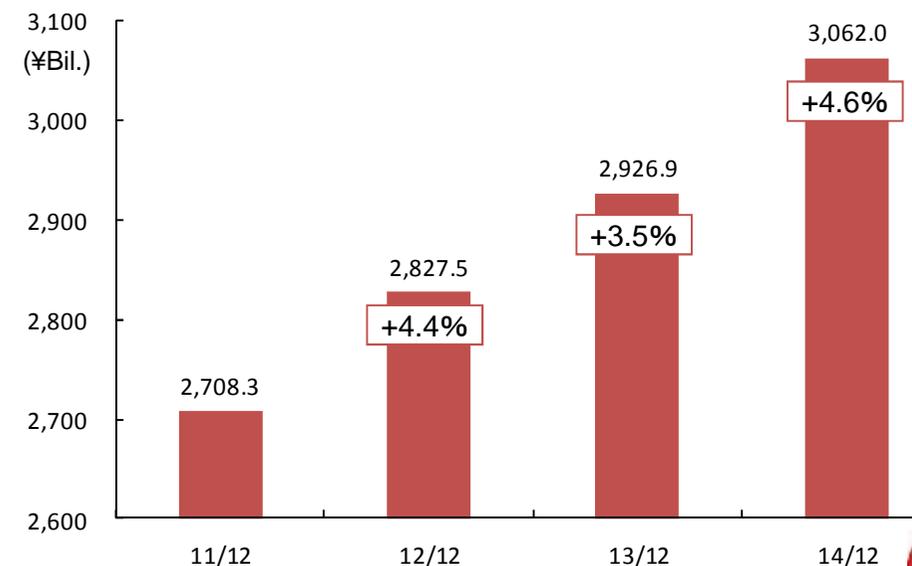
(¥Bil.)	13/12	14/12	Change	Ratio
Loans	8,124.1	8,383.3	259.2	3.1%
Domestic loans	8,008.5	8,235.9	227.4	2.8%
ex. Public sector	7,697.7	8,011.8	314.1	4.0%
Corporate loans	4,770.8	4,949.8	179.0	3.7%
Large corporates	1,417.9	1,415.6	(2.2)	(0.1%)
SMEs	3,352.8	3,534.2	181.3	5.4%
Consumer loans	2,926.9	3,062.0	135.0	4.6%
Housing loans	2,832.6	2,958.9	126.2	4.4%
Unsecured loans	73.3	85.2	11.9	16.3%
Public sector	310.7	224.0	(86.6)	(27.8%)
Domestic loans	8,008.5	8,235.9	227.4	2.8%
Branches in Chiba	5,861.0	6,036.5	175.4	2.9%
Branches outside Chiba	2,147.4	2,199.4	51.9	2.4%
Wholesale branches (Special branches*)	1,377.6	1,343.9	(33.6)	(2.4%)
Retail branches (ex. Special branches*)	769.8	855.4	85.6	11.1%

*Tokyo Head Office, Shinjuku branch, Osaka branch

Loan balance for SMEs



Consumer loans



Progress for the Numerical Targets of Medium Term Management Plan

The 12th Medium Term Management Plan

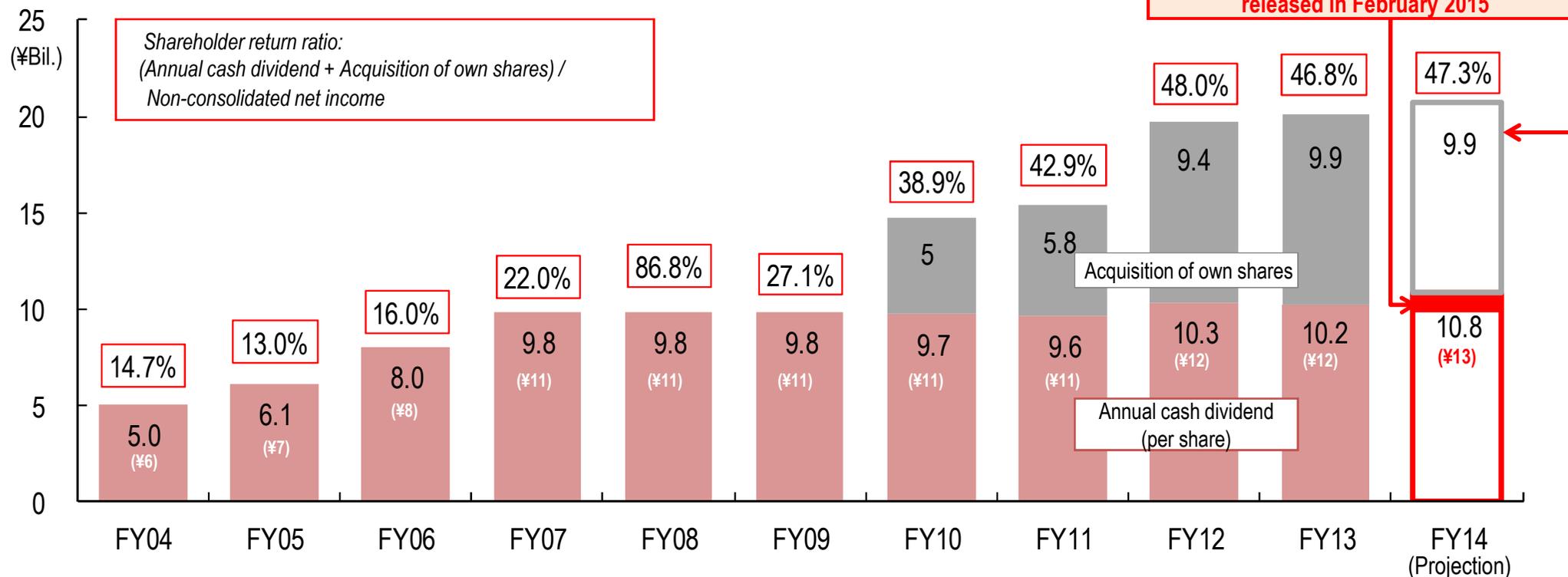
Best Bank 2020

3 years of value creation

	Previous Plan			Current Plan		Visions as of year 2020	
	2014/3 [Actual]	2014/12 [Actual]	Progress (Target for the term)	2017/3 [Target]	Change from 2014/3	2020/3 [Reference]	Change from 2017/3
Balance of loans	8,083.0	8,383.3	32.7% (0.25%)	9,000.0	+917.0	10,000.0	+1,000.0
Balance of loans for SMEs	3,383.8	3,534.2	69.5% (0.25%)	3,600.0	+216.2	3,900.0	+300.0
Number of new corporate loan customers	4,150	3,315	75.3% For annual target (0.75%)	4,400	+250	5,000	+600
Balance of housing loans	2,881.7	2,958.9	24.2% (0.25%)	3,200.0	+318.3	3,600.0	+400.0
Balance of unsecured loans	77.0	85.2	19.1% (0.25%)	120.0	+43.0	150.0	+30.0
Balance of deposits	10,121.8	10,359.3	27.0% (0.25%)	11,000.0	+878.2	12,000.0	+1,000.0
Group total balance of financial products	1,966.2	2,060.4	21.7% (0.25%)	2,400.0	+433.8	3,000.0	+600.0
Consolidated net income	46.4	48.3	0.895 For FY projection (0.75%)	50.0	+3.5	60.0	+10.0
Net fees and commissions income	17.8	14.3	77.3% For annual target (0.75%)	18.5	+0.7	20.0	+1.5
Consolidated ROE	6.27%	8.09%	-	In 6% range	±0	Around 7%	Around +1%

(¥ Bil.)

Shareholder returns



Acquisition of own shares

[2010/10]
10 million shares
¥5.06 billion

[2011/5-6]
12 million shares
¥5.82 billion

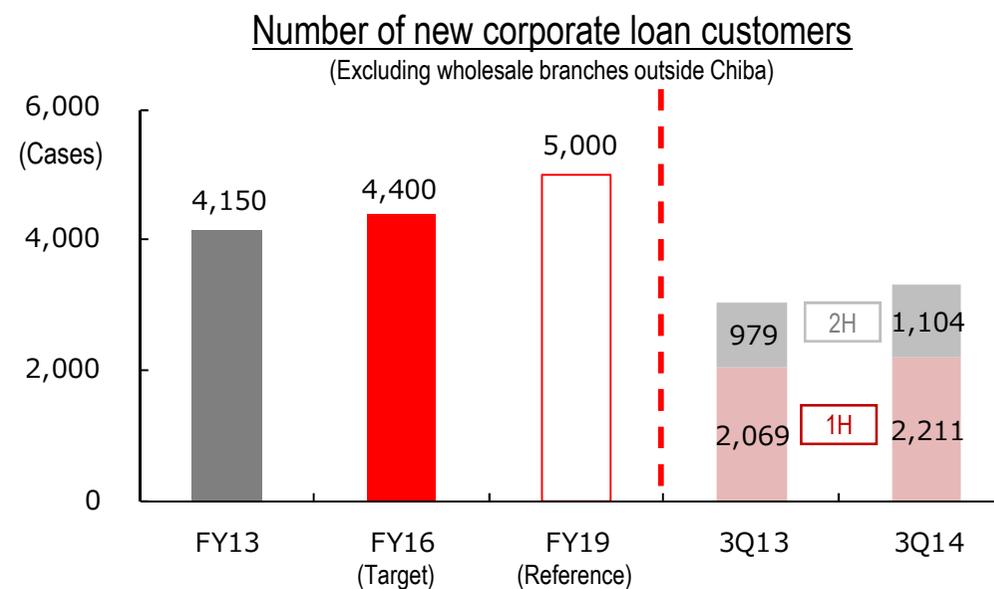
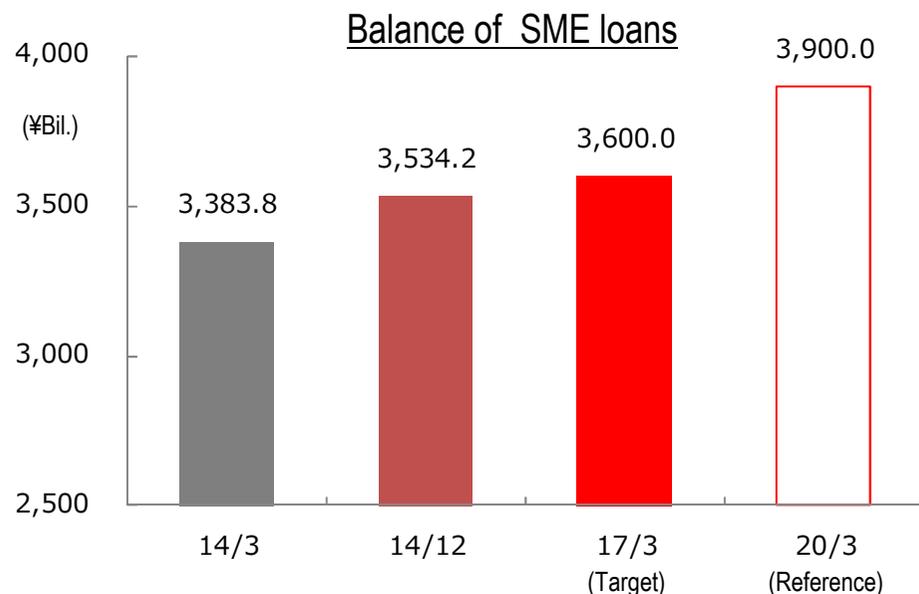
[2012/5-6]
10 million shares
¥4.58 billion
[2012/11-12]
10 million shares
¥4.85 billion

[2013/11/12]
13.9 million shares
¥9.99 billion

[2014/7-9]
13.3 million shares
¥9.99 billion

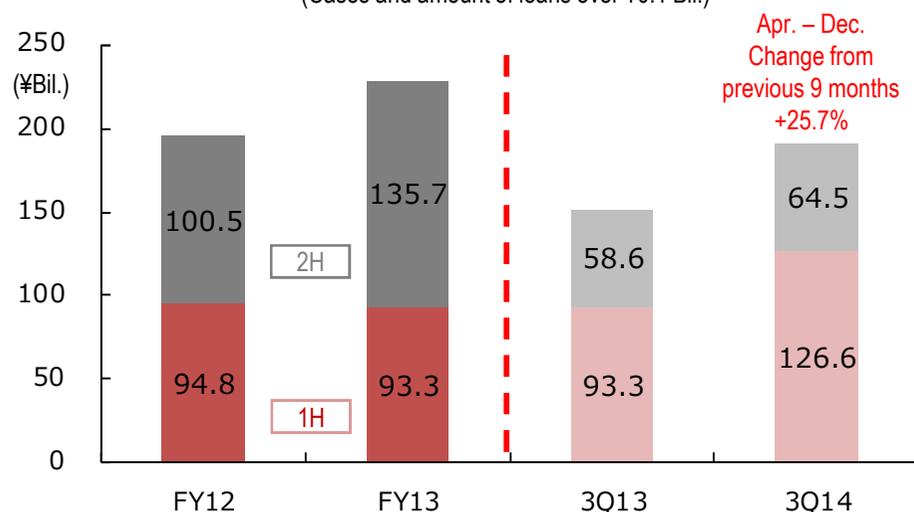
Business Measures

Enhance corporate sales workforce; Increase balance of loans and expand customer base



New loans for capital investment

(Cases and amount of loans over ¥0.1 Bil.)



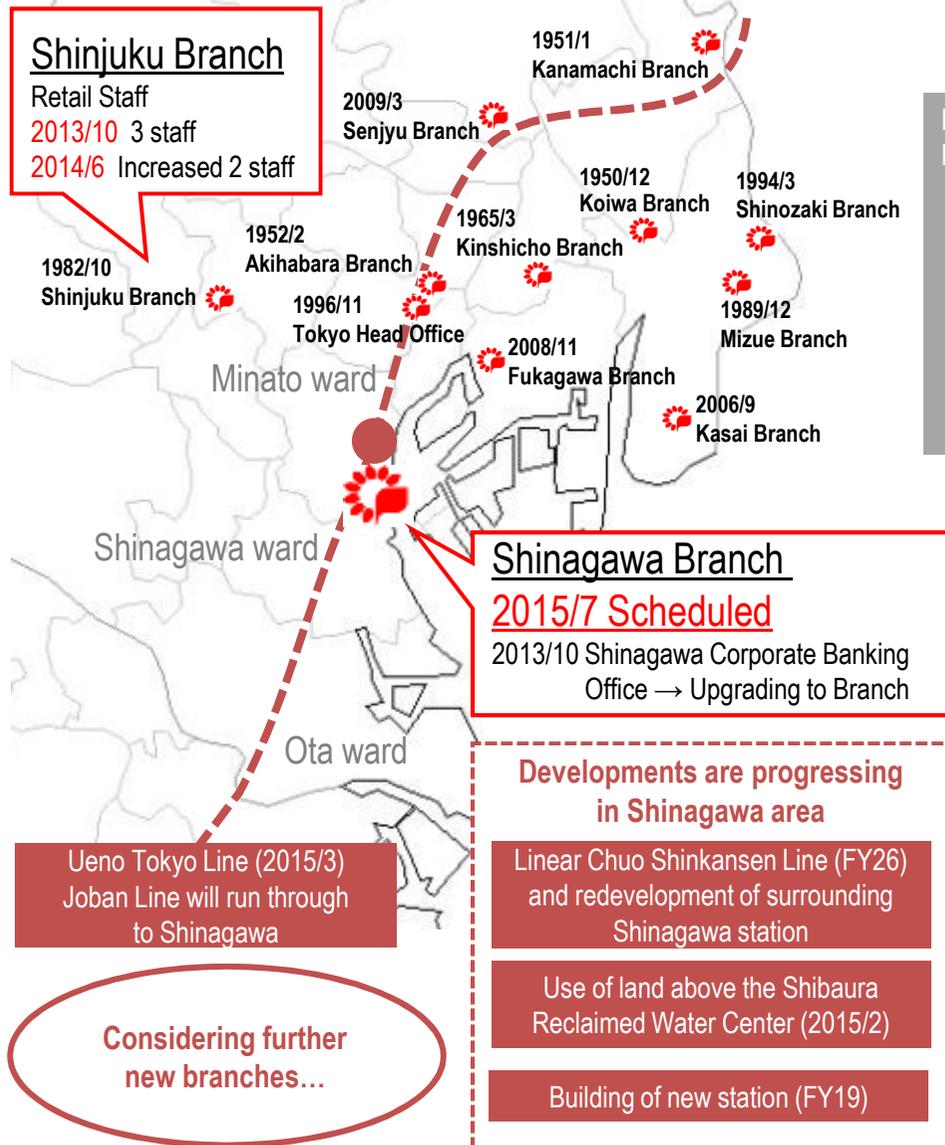
Main Bank Survey (Regional Banks)

Rank	Bank	Number of customers in 2014	Change	Number of customers in 2013
1	Chiba Bank	20,828	+326	20,502
2	Nishi-Nippon City Bank	19,560	▲121	19,681
3	Fukuoka Bank	19,059	+27	19,032
4	Shizuoka Bank	16,683	▲96	16,779
5	Joyo Bank	15,820	+250	15,570

Source: Teikoku Databank

Enhance retail business in Tokyo, considering further new branches

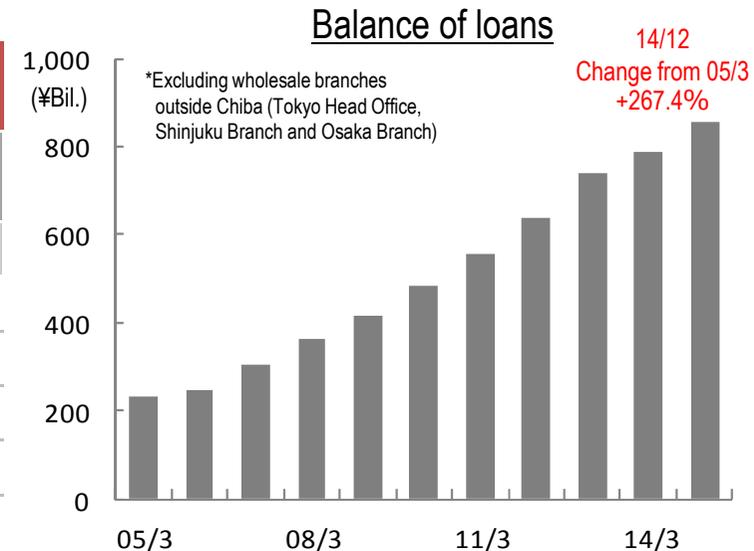
Branch network in Tokyo metropolitan area as the "Strategic Operating Area"



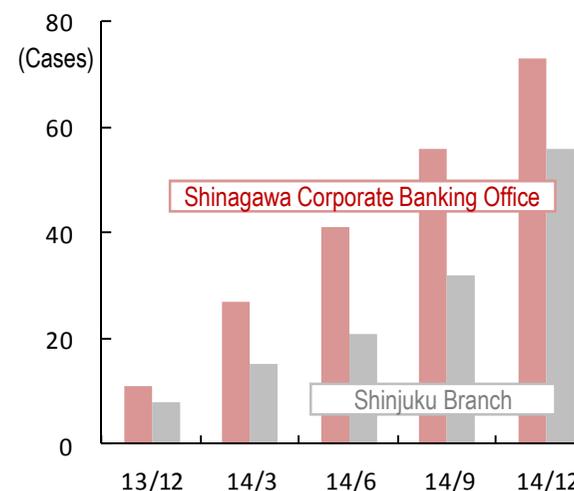
Number of domestic branches

	14/12	Change from 05/3
Domestic Branches	179	+20
Chiba	160	+10
Tokyo	12	+4
Saitama	3	+3
Ibaraki	3	+3
Osaka	1	0

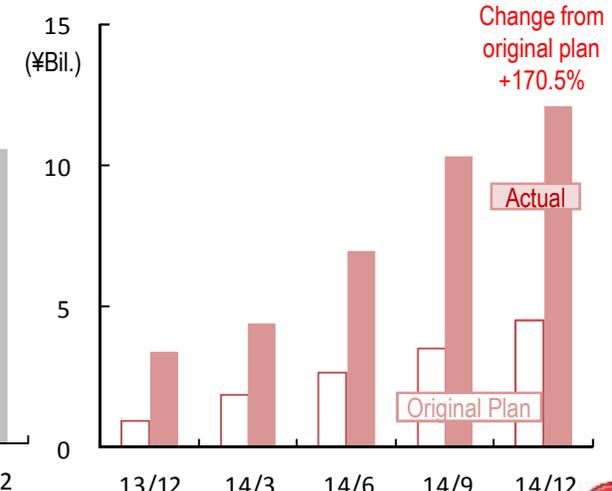
Retail branches outside Chiba*



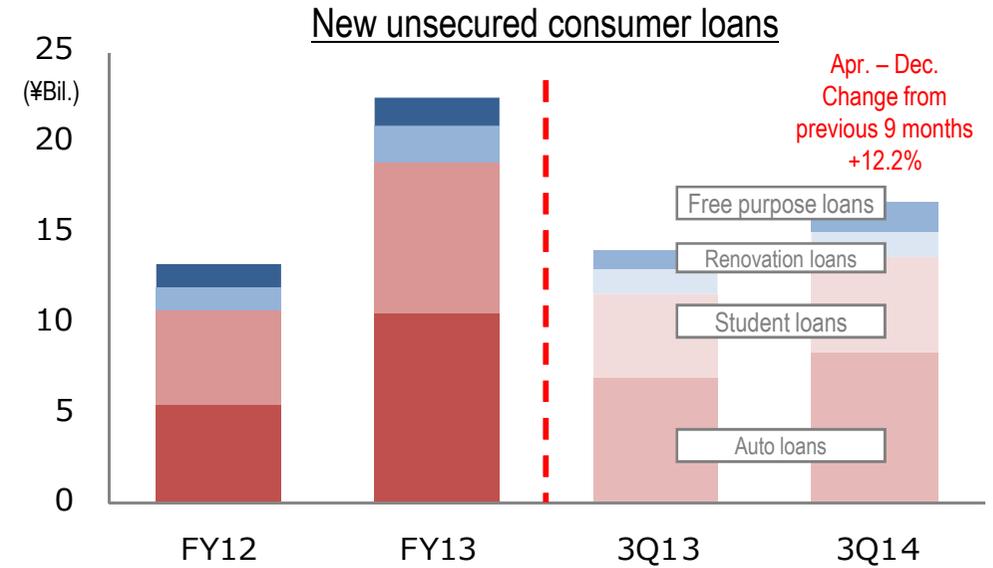
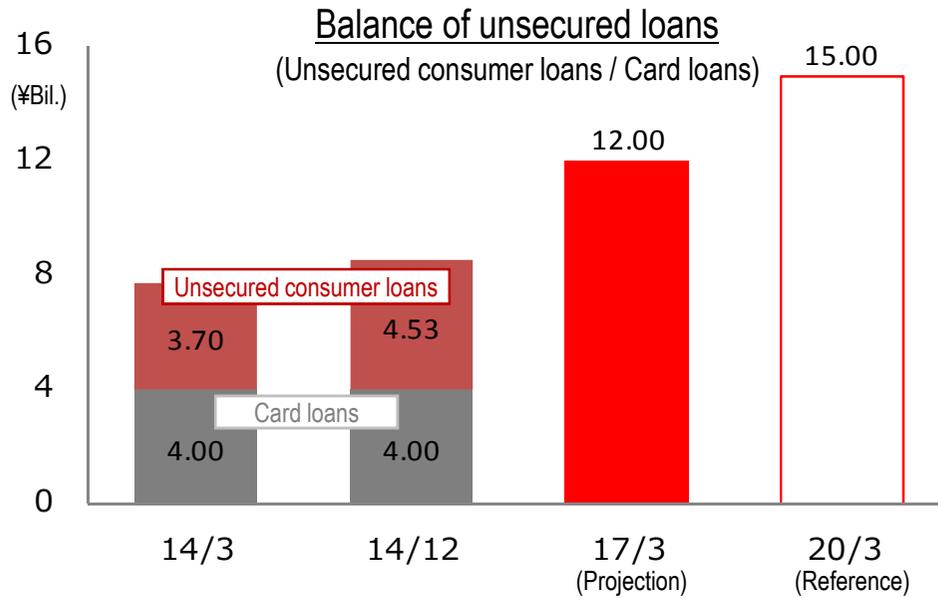
Number of new loan customers (cumulative since 2013/10)



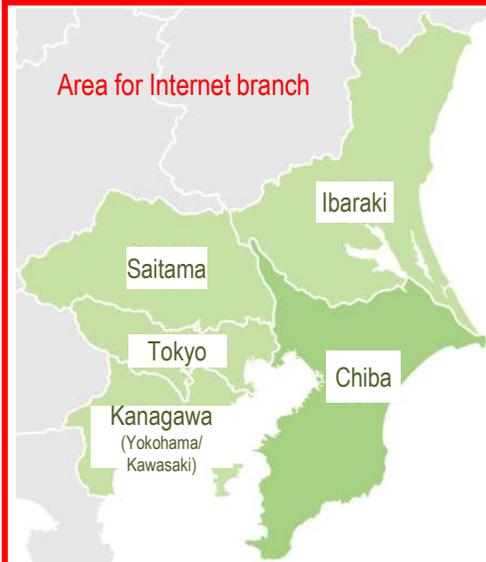
Shinagawa Corporate Banking Office Balance of loans



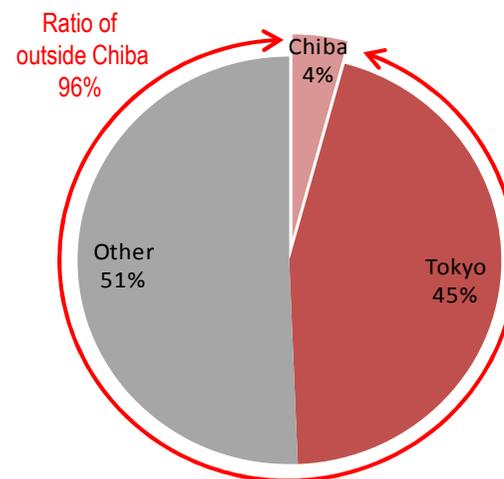
Steady increase in unsecured loans, utilizing direct channels



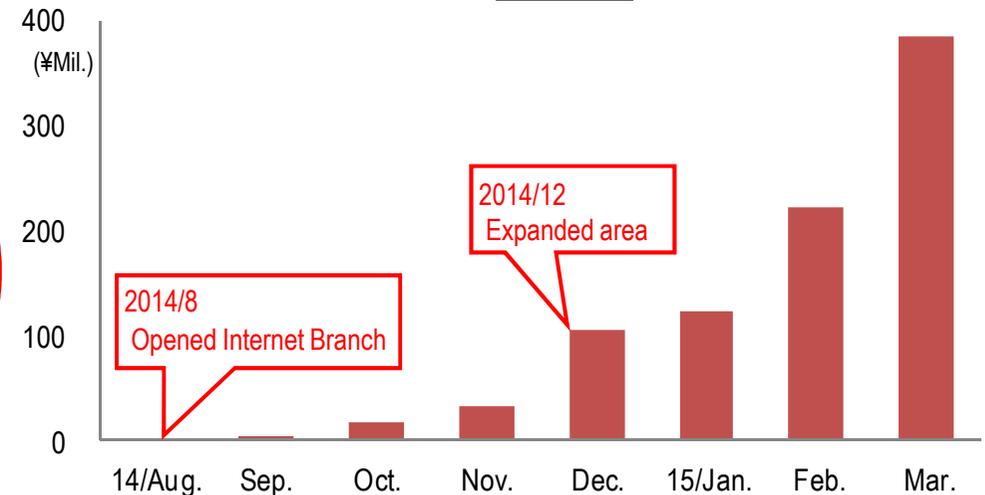
Internet Branch



New unsecured consumer loans by area (14/8-15/3)



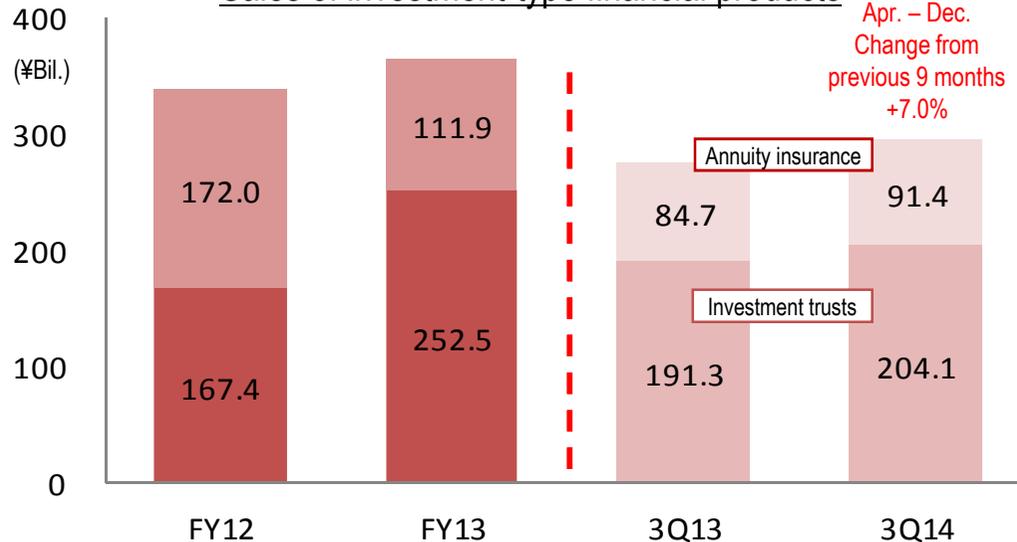
New unsecured consumer loans each month



Raise fees and commissions income; strengthen ability to respond promptly to diverse needs

Investment-type Financial Products

Sales of investment-type financial products



(¥Bil.)	FY12	FY13	Change	3Q13	3Q14	Change
Fees and commissions income	9.3	10.3	+10.1%	7.6	9.4	+23.8%
Investment trusts	5.2	6.8	+30.7%	5.2	5.8	+11.7%
Personal annuities	4.1	3.4	△15.8%	2.4	3.6	+49.9%

Concentrating financial products sales staff

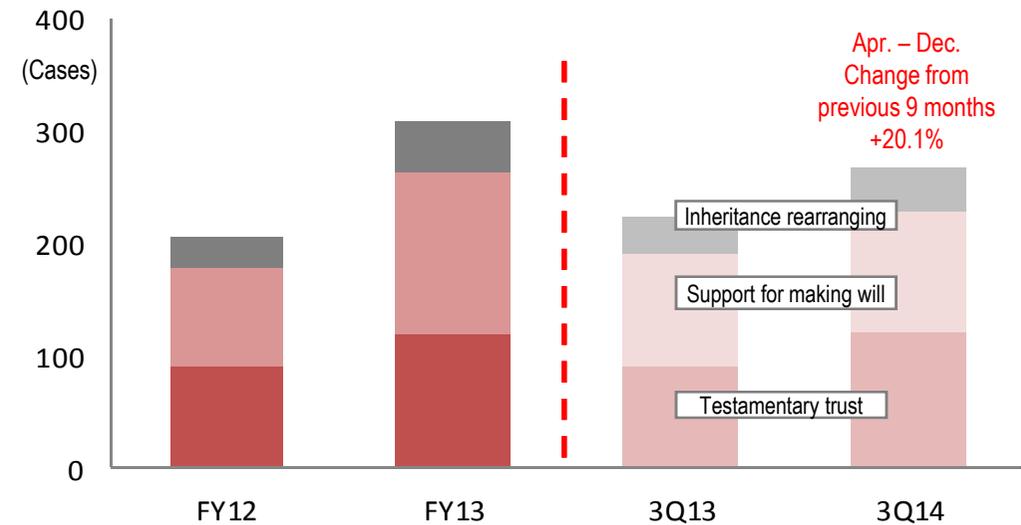
Area Consultant (AC) Team
2014/10 Started trial in the Kashiwa block

Enhance product lineup

GS Nenkin-Gata Investment Strategy Fund called "Mirai Wrap"
2015/3 Started our first wrap-type fund
*Nenkin-Gata' means 'pension-type', 'Mirai' means 'future'.

Inheritance related services

Number of contracts for inheritance related services

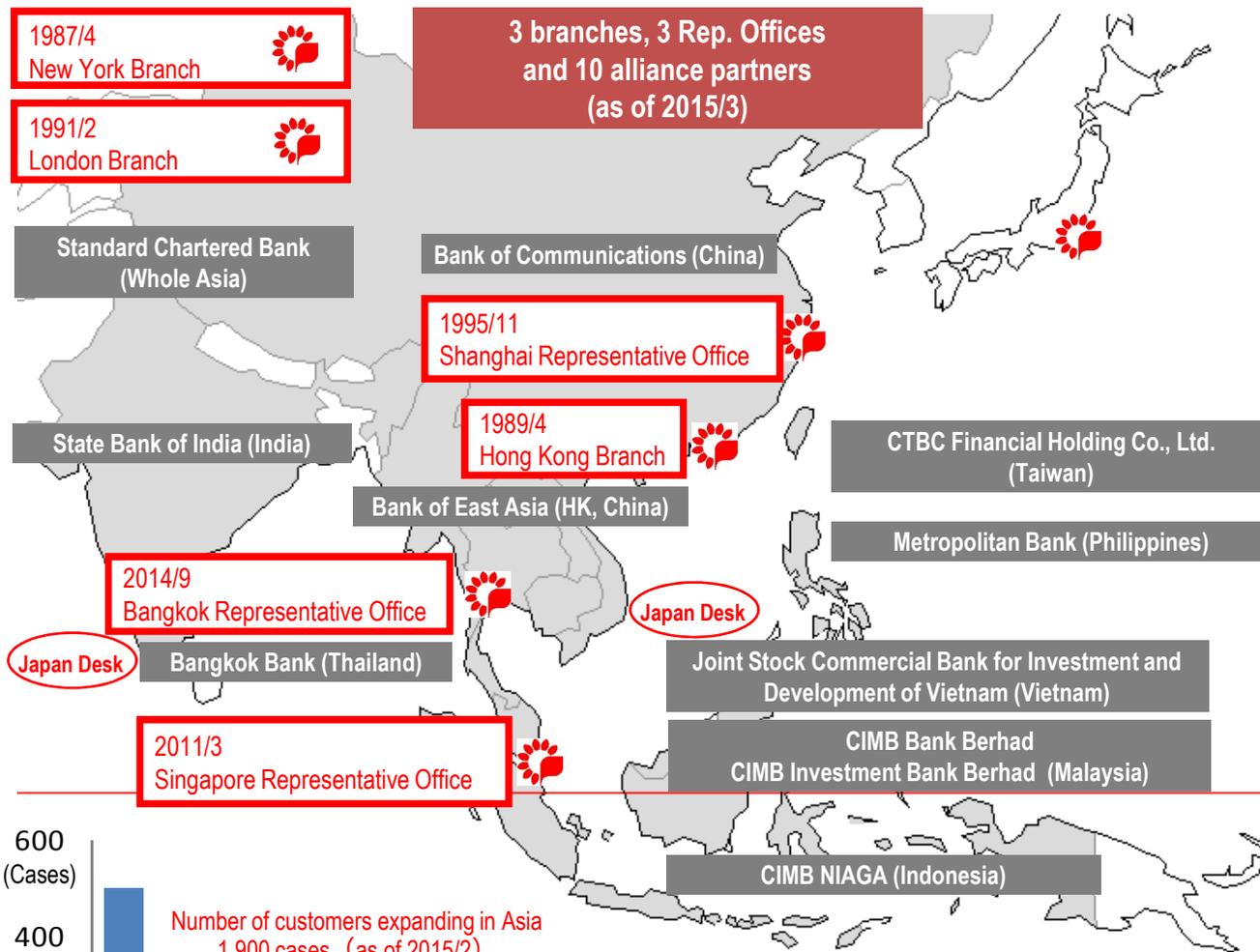


(¥Mil.)	FY12	FY13	Change	3Q13	3Q14	Change
Fees and commissions income for inheritance related services	105	145	+37.6%	89	126	+41.6%

	06/6 Started	14/12	Change from 06/6
Number of staff for inheritance and trust business	5	23	+18
Front (Sales)	3	12	+9
Middle (Procedures)	-	6	+6
Back (Management)	2	4	+2
Planning	-	1	+1

International Business

Enhancing Asian network, including Bangkok Representative Office and expansion of alliances with foreign banks



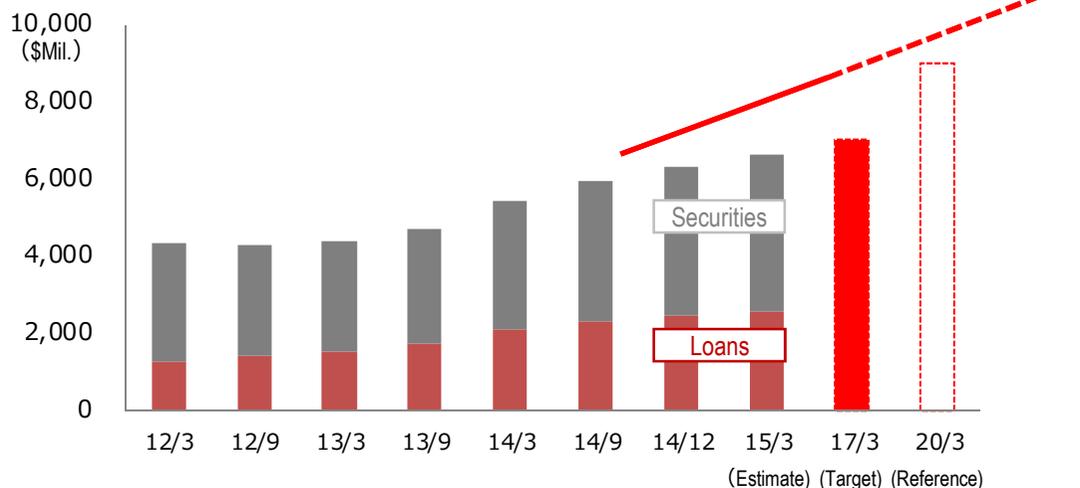
Date	Our Offices	Main Area
1987/4	New York Branch	North America
1989/4	Hong Kong Branch	South China
1991/2	London Branch	Europe
1995/11	Shanghai Rep. Office	East China
2011/3	Singapore Rep. Office	ASEAN / India / Oceania
2014/9	Bangkok Rep. Office	Greater Mekong Subregion

Date	Alliance Partners	Country
2008/12	Bank of Communications	China
2008/12	Bangkok Bank	Thailand
2011/6	Standard Chartered Bank	Whole Asia
2012/4	CIMB NIAGA	Indonesia
2013/3	State Bank of India	India
2013/7	Metropolitan Bank	Philippines
2013/11	Bank of East Asia	HK, China
2014/6	Joint Stock Commercial Bank for Investment and Development of Vietnam	Vietnam
2014/6	CIMB Bank Berhad CIMB Investment Bank Berhad	Malaysia
2014/7	CTBC Financial Holding Co., Ltd.	Taiwan

TSUBASA "Cooperation in Market and International Businesses"
Exchange of human resources / Joint overseas seminars and business conventions

Increasing good quality assets with high efficiency of risk-return

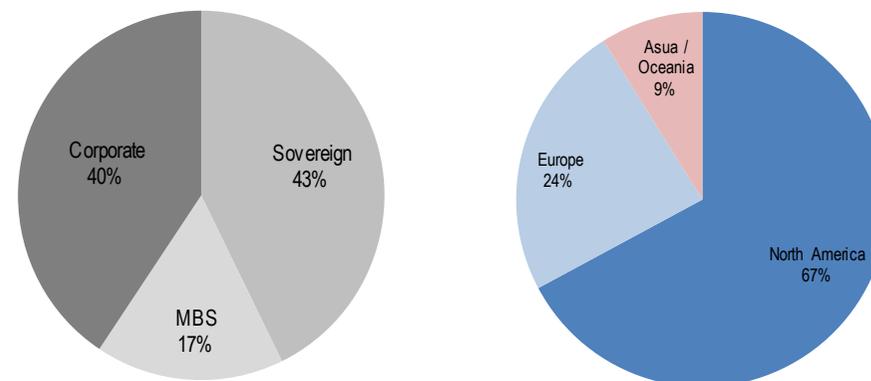
Balance of loans and securities in foreign currency



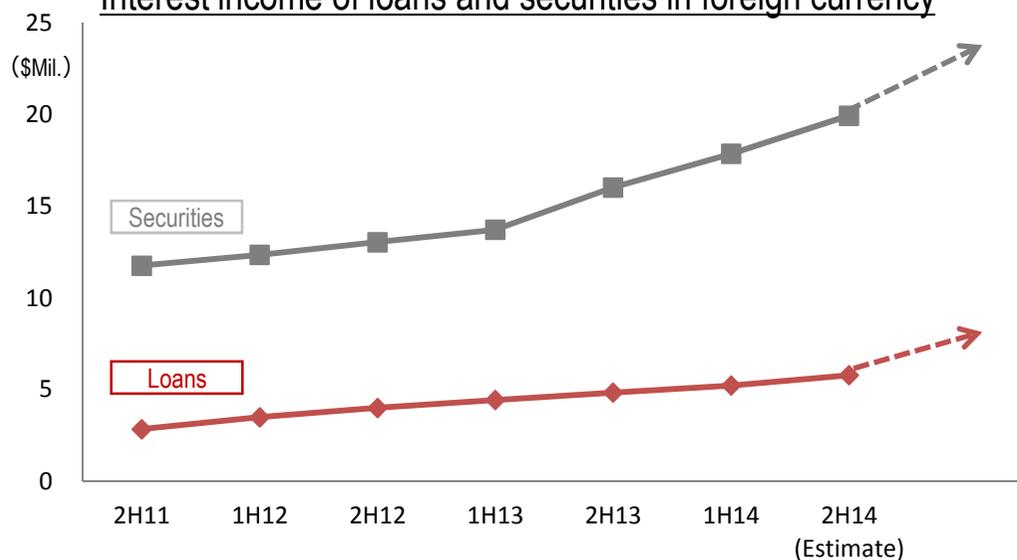
Securities

Securities with lower credit risk and high liquidity such as USTs, Bunds and corporate bonds (issued by large non-Japanese companies)

Breakdown of securities by type and risk area (14/12)



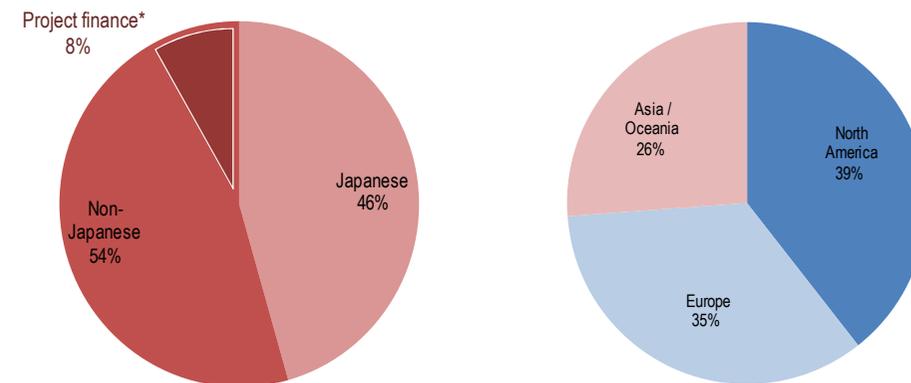
Interest income of loans and securities in foreign currency



Loans

Loans for local subsidiaries of Japanese customers, overseas infrastructure projects, aviation finances and loans for non-Japanese companies with high profitability

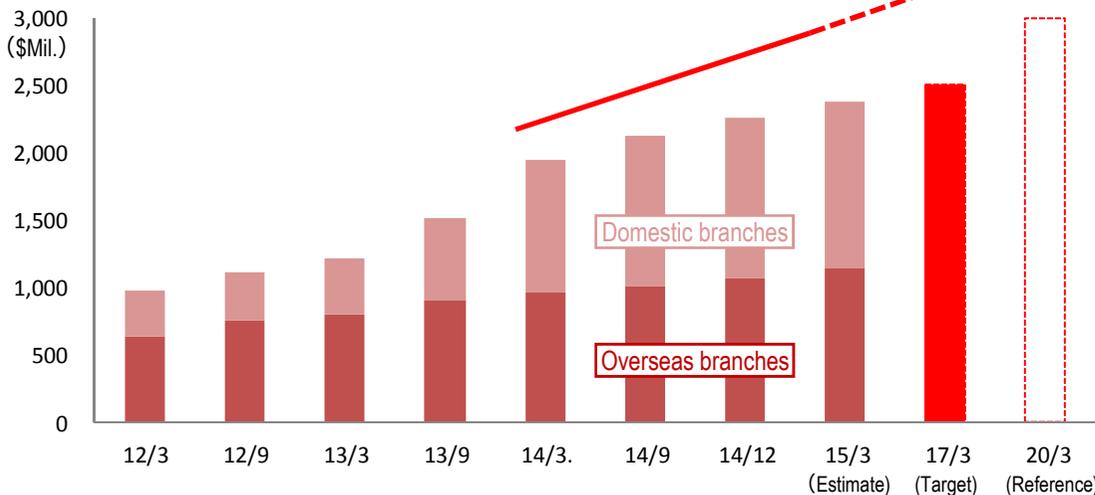
Breakdown of loans by Japanese/Non-Japanese and risk area (14/12)



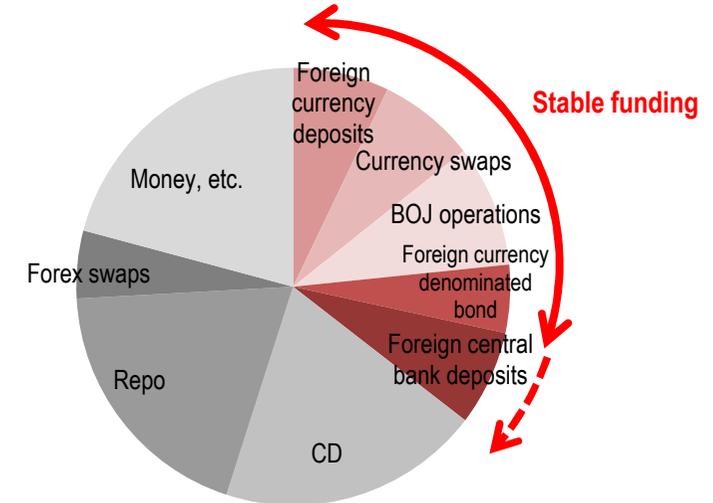
*Overseas infrastructure projects, aviation finance, etc.

Increase profit by strengthening loans and stabilize funding by expanding funding sources in foreign currencies

Balance of loans in foreign currencies (USD)



Funding portfolio in USD (14/12)

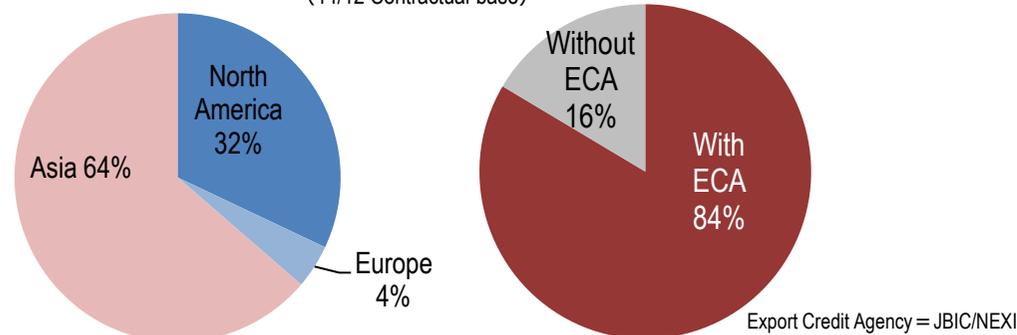


Measures for increasing loans in foreign currencies

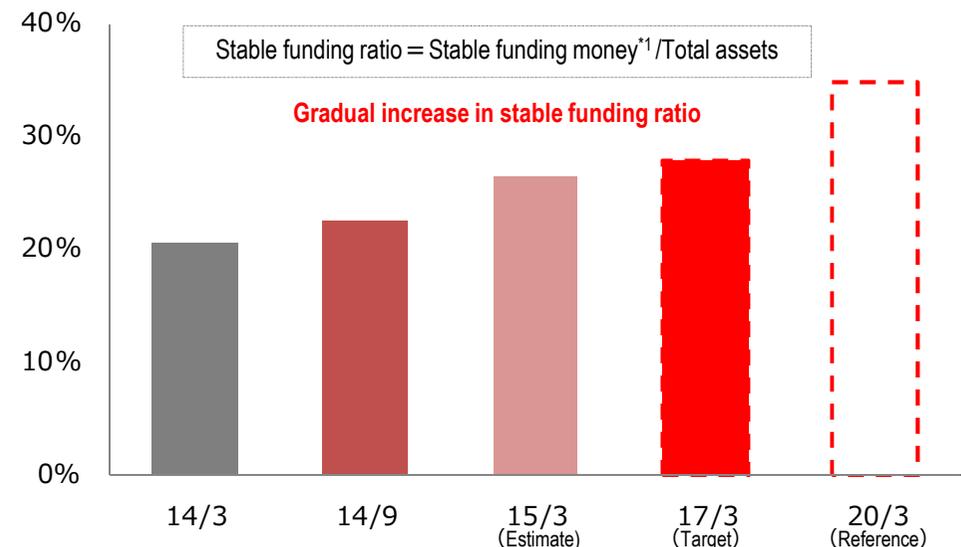
- Diversification by type : Overseas infrastructure projects and aviation finance
- Diversification by area : Southeast Asia → Middle East → Latin America
- Strengthen promotion : loans to non-residents / Support for customers' overseas operations (Increase the number of staff, etc.)

<Overseas infrastructure projects and aviation finance>

(14/12 Contractual base)



Stable funding ratio (USD)



*1 : Stable funding money = Core foreign currency deposits² + Funding more than 1 year

*2 : Foreign currency deposits excludes large amount corporate deposits

Group Strategy

Efforts towards regional revitalization by integrated group management



13 Group companies

- Chibagin JCB Card Co., Ltd.
- Chibagin DC Card Co., Ltd.
- Chibagin Leasing Co., Ltd.
- Chibagin Securities Co., Ltd.
- Chibagin Asset Management Co., Ltd.
- Chibagin Research Institute, Ltd.
- Chibagin Computer Service Co., Ltd.
- Chibagin Capital Co., Ltd.
- Chibagin Guarantee Co., Ltd.
- Chiba Servicer Co., Ltd.
- Chibagin Career Service Co., Ltd.
- Chibagin Heartful Co., Ltd.
- Sobu Co., Ltd.

Enhancing credit card related business

P21

Starting lease intermediation

P22

Integration of Bank and Securities / Branch strategies

P23

Starting investment trust management business

P23

“Comprehensive Creative Strategy focused on Town, People, Work”

Solving regional problems by the group



“Regional creation” conference for related divisions
 Regional Business Information Div., Corporate Planning Div.,
 Corporate Business Div., Retail Business Div.,
 Business Promotion Div., Credit Div., Business Support Div.

Utilize knowledge of the think tank

Chibagin Research Institute, Ltd.

Population estimate and regional economic analysis

Chibagin JCB Card Co., Ltd.

Chibagin DC Card Co., Ltd.

Enhancement of alliance partners
 Acquisition of member shops

Chibagin Computer Service Co., Ltd.

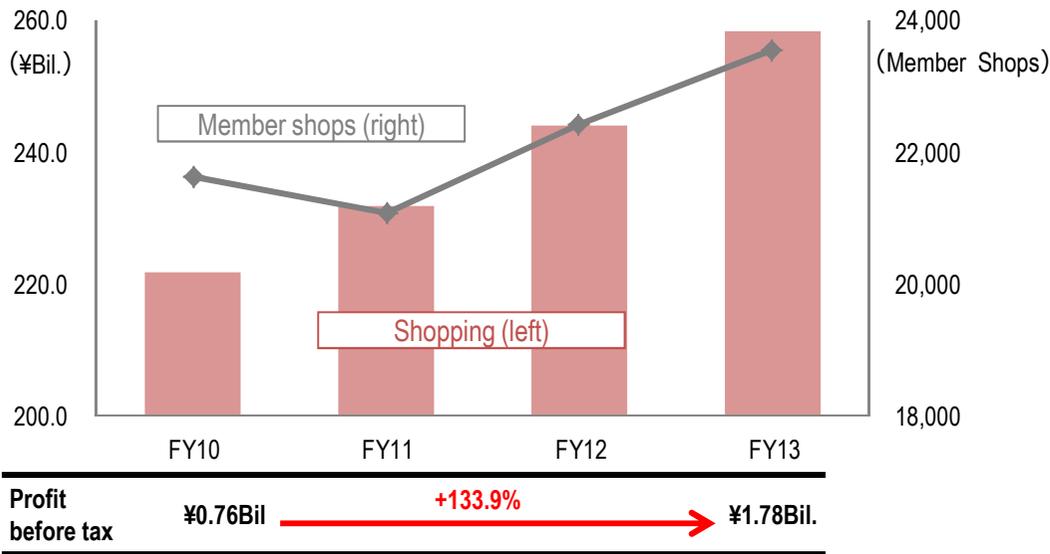
Management system for new regional voucher with premiums

Chibagin Capital Co., Ltd.

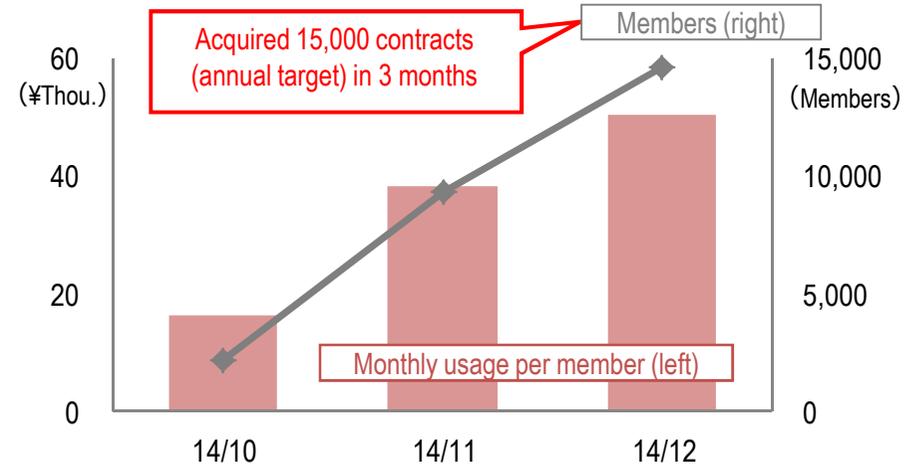
Funds for venture companies
 Revitalization funds (Chiba SME Revitalization Fund)
 Agriculture funds (The 6th Sector Industrialization Fund for Agriculture,
 Forestry and Fisheries in Chiba)

Debit card scheme for Chiba City's regional voucher with premiums – the first in Japan; Contributing to the revitalization of the region

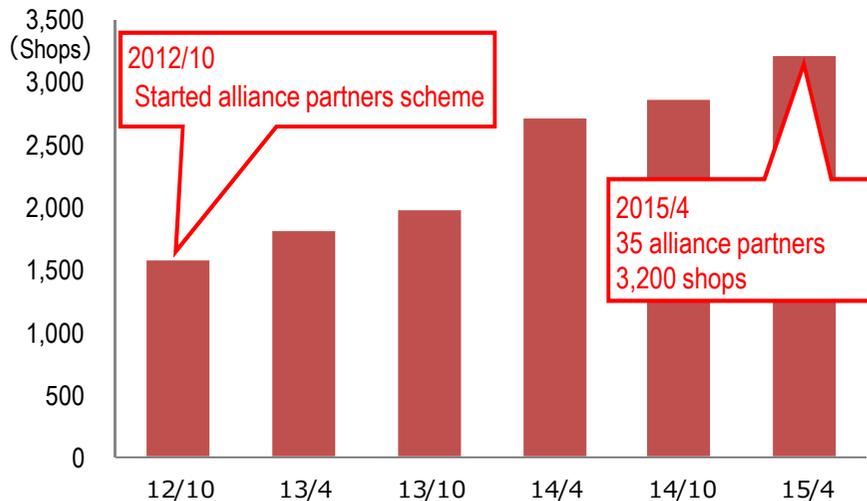
Group credit card business
(ChibaginJCB + ChibaginDC + Bank)



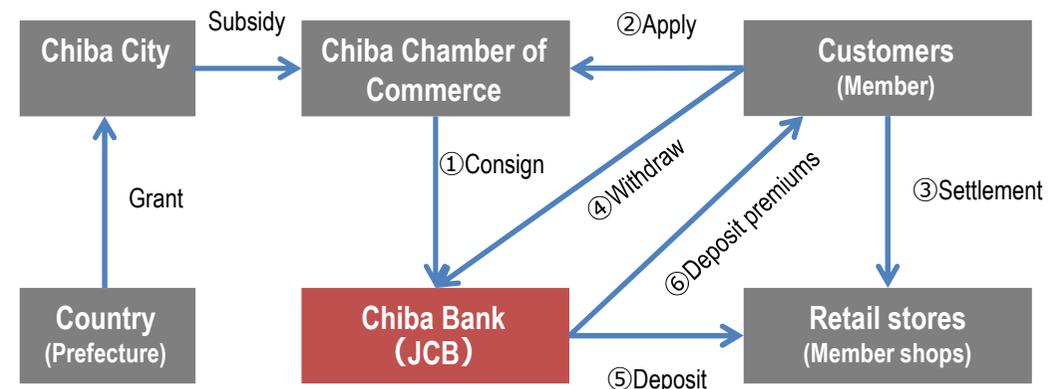
Super Card <Debit> (2014/10)



Number of alliance partner shops

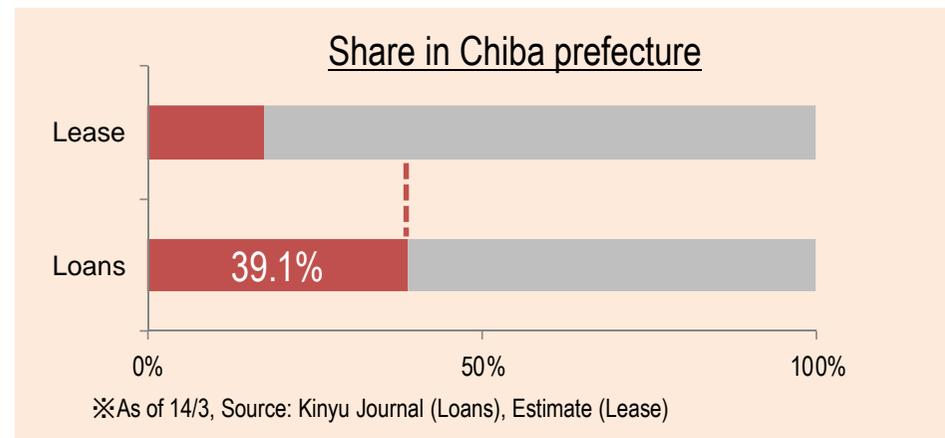
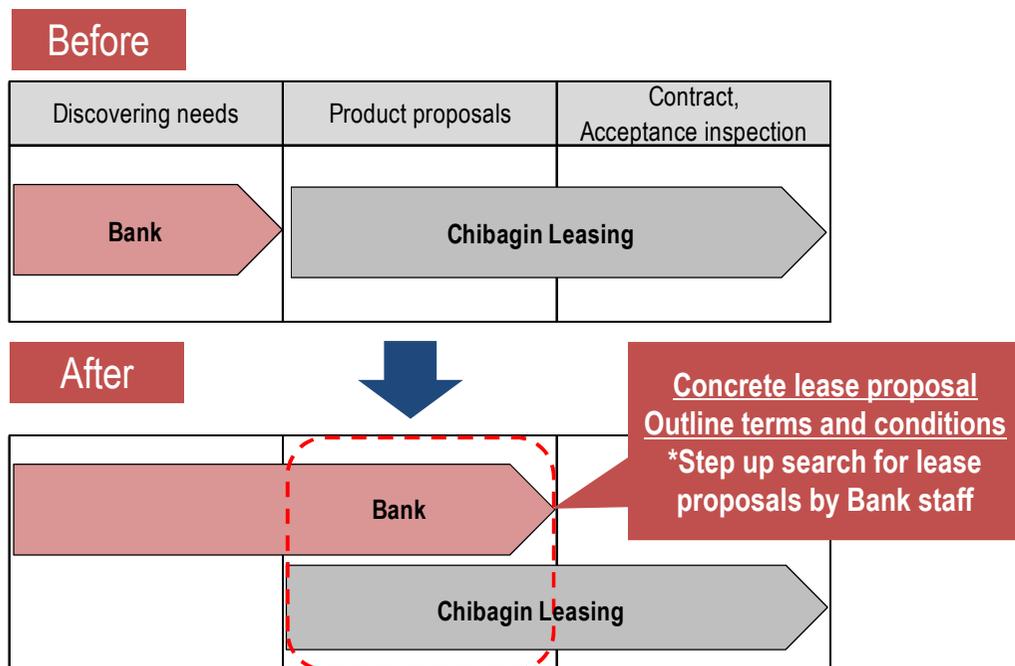


Chiba City's regional voucher with premiums
Super Card<Debit> scheme



Started intermediation of lease transactions through main body of Bank (2015/4); Increasing market share to same level as loans

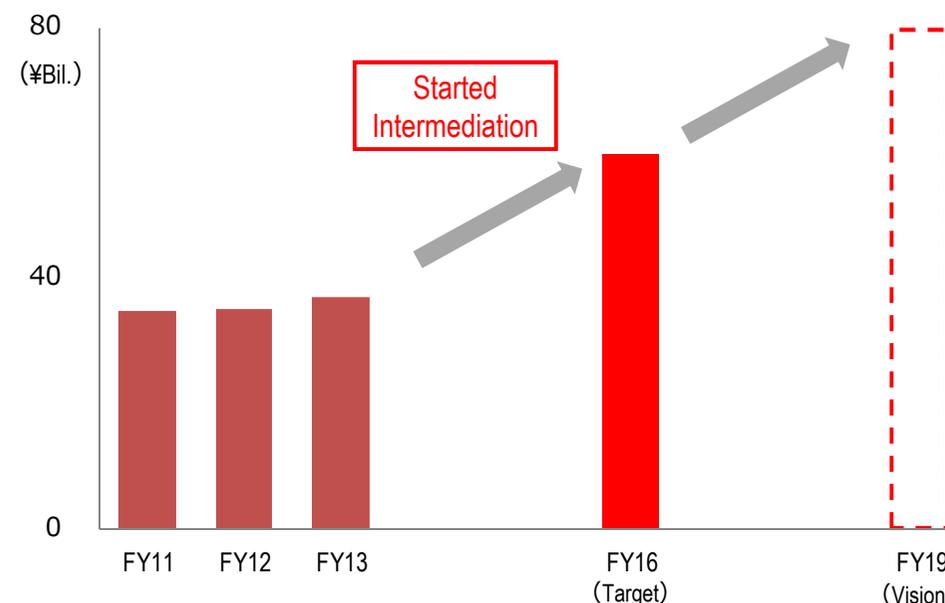
Intermediation of lease transactions



Wide range of products

Computers <p>Computers, Copying machines, POS systems</p>	Cars, trucks <p>Cars, Trucks, Refrigerated vehicles</p>	Construction Machinery <p>Construction and construction work machines, Food processing machines, Industrial robots</p>	Equipment for shops <p>Freezing refrigerators, Kitchen facilities, Air-conditioning facilities</p>	Medical instruments <p>C.T. scanners, X-ray Apparatus, Medical examination tables, Beds</p>
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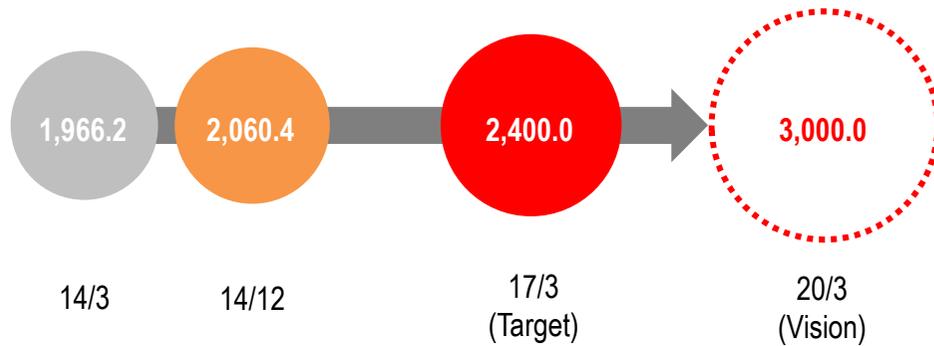
Lease Assets



Increasing Group Total Balance of Financial Products - Chibagin Securities / Chibagin Asset Management

Increasing group total balance of financial products, utilizing biggest branch network in Chiba

Group total balance of financial products (¥Bil.)



Group total balance of financial products to be ¥3 Tri. as of 2020/3

Channels

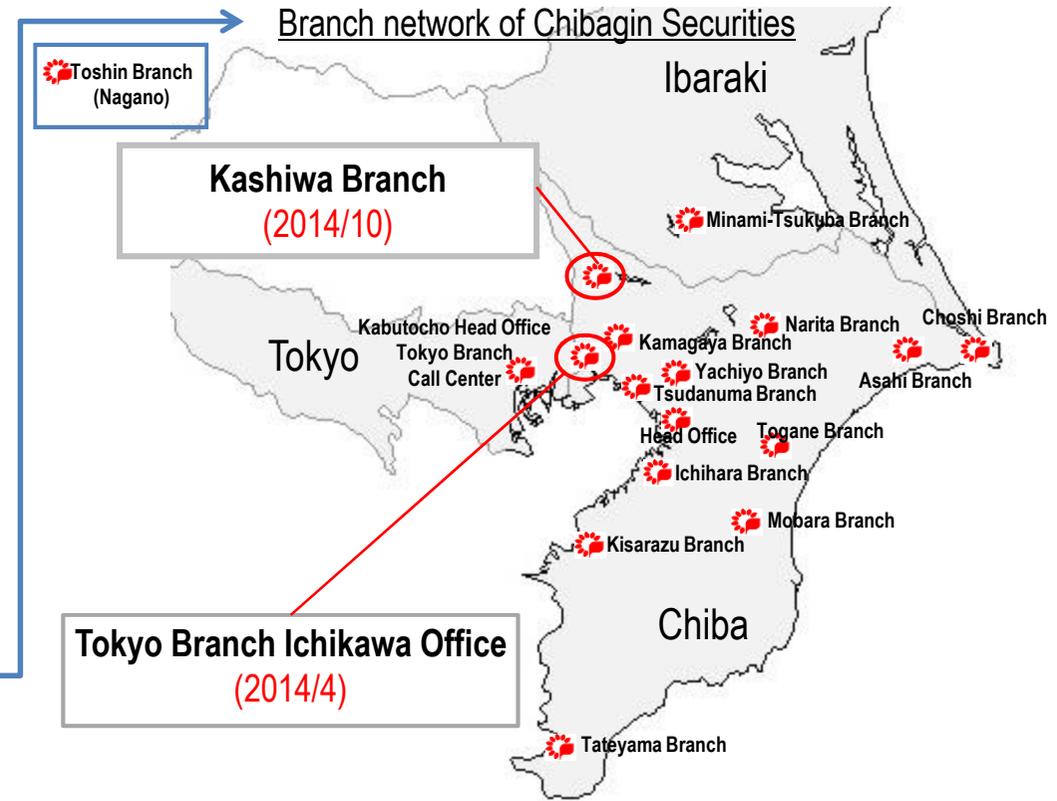
Expanding branch network of Chibagin Securities
Enhancement of internet channel

Products

Introducing wrap-type funds
Establishing Investment Trust by Chibagin Asset Management

Framework

Expanding Area Consultant Team
Integration between Bank and Securities
Utilizing Private Banking Team



Starting investment trust management business

