

Interim Financial Results for FY2011

Frontier 70



November 25, 2011
THE CHIBA BANK, LTD.

» Summary of Financial Results

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“Frontier 70”

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» Summary of Financial Results

» » Progress in Medium Term Management Plan "Frontier 70"

Summary of Financial Results

	<¥Bil.>	Interim FY10	Interim FY11	Change	
1	Gross business profits	81.2	78.1	(3.0)	
2	Net interest income	69.5	67.9	(1.5)	
3	Net fees and commissions income	7.3	7.0	(0.3)	⇒(P7)
4	Trading income	0.7	0.6	(0.1)	
5	Profit from other business transactions	3.5	2.5	(1.0)	
6	Gains (losses) related to bonds	2.4	1.7	(0.6)	
7	Expenses (-)	40.0	39.9	(0.0)	⇒(P8)
8	Real net business income	41.2	38.2	(2.9)	Original Projections
9	Core net business income	38.8	36.5	(2.2)	38.0
10	Net transfer to general allowance for loan losses (-)	-	-	-	
11	Net business income	41.2	38.2	(2.9)	
12	Non-recurrent income and losses	(7.5)	(2.5)	5.0	
13	Disposal of non-performing loans (-)	7.9	(5.7)	(13.7)	
14	Gains (losses) related to stocks, etc.	(0.8)	(9.5)	(8.6)	
15	Ordinary profit	33.6	35.7	2.0	36.5
16	Extraordinary income (loss)	3.4	(0.2)	(3.7)	
17	Net income	22.6	23.0	0.3	23.0
18	Net credit costs (-)	3.9	(5.7)	(9.6)	
19	Consolidated ordinary profit	36.5	37.4	0.9	38.0
20	Consolidated net income	23.3	23.4	0.1	23.5

Net interest income ⇒(P4)

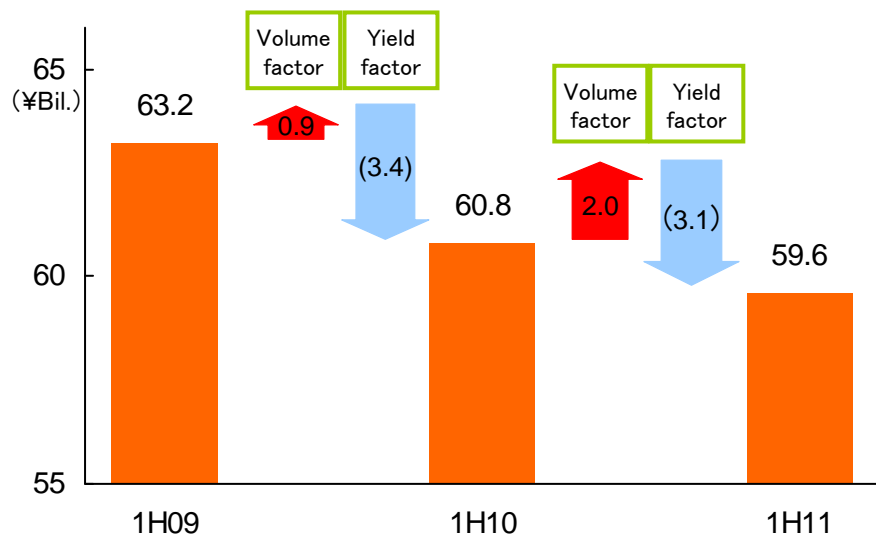
<¥Bil.>	Interim FY10	Interim FY11	Change
Net interest income	69.5	67.9	(1.5)
Domestic	68.0	66.5	(1.4)
Loans and deposits	60.8	59.6	(1.1)
Loans	65.1	62.5	(2.5)
Deposits	4.3	2.8	(1.4)
Securities	8.3	7.8	(0.4)
International	1.4	1.3	(0.0)

Net credit costs ⇒(P9)

<¥Bil.>	Interim FY10	Interim FY11	Change
Net transfer to general allowance for loan losses	(2.0)	(9.3)	(7.2)
Disposal of non-performing loans	9.2	5.1	(4.0)
New downgrades	7.5	5.7	(1.7)
Decreases in collateral value, etc.	1.6	0.5	(1.1)
Recoveries	(0.7)	(1.5)	(0.8)
Others	0.7	0.3	(0.3)
Recoveries of written-off claims	(3.2)	(1.6)	1.6
Net credit costs	3.9	(5.7)	(9.6)

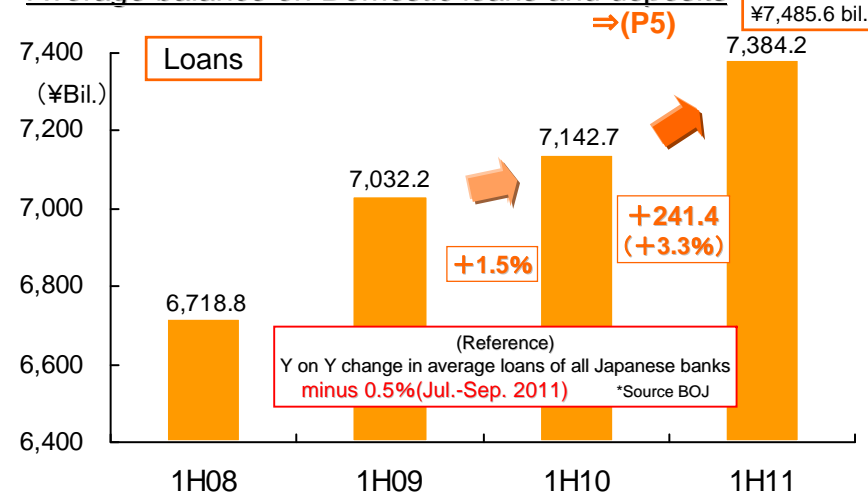
Net interest income shows signs of recovery with an increasing loan balance and improving spreads

Net interest income on domestic loans and deposits



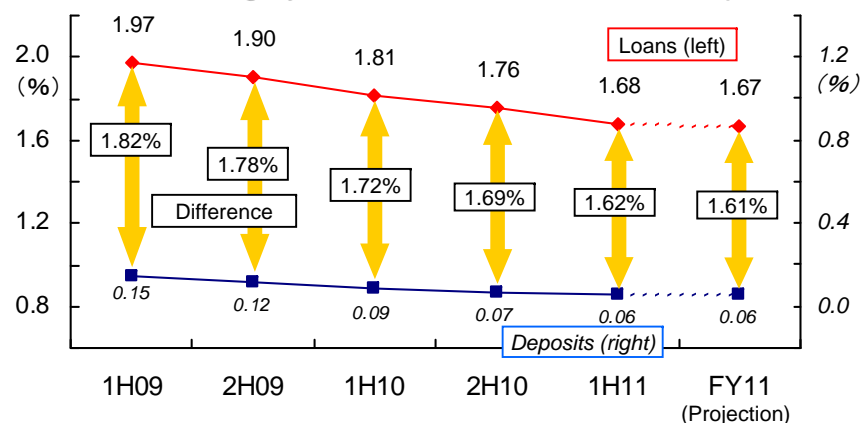
Volume factor

Average balance on Domestic loans and deposits

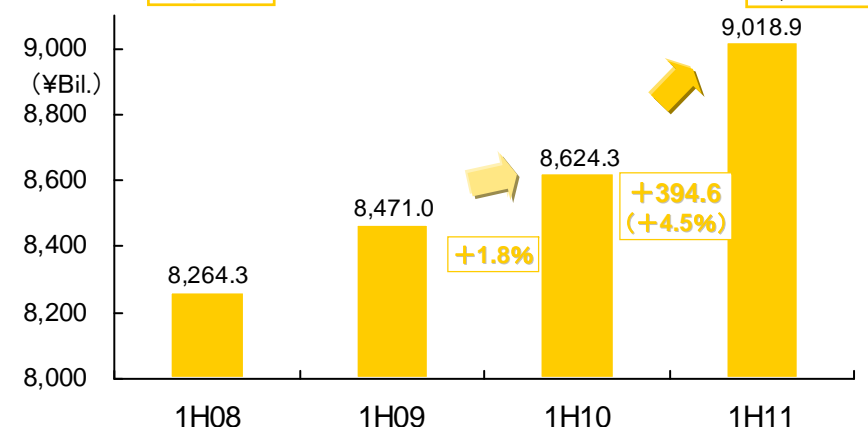


Yield factor

Average yield on domestic loans and deposits



Deposits



The speed of growth of the loan balance was up, with strong financial demand from ongoing development projects in “Wider Chiba”

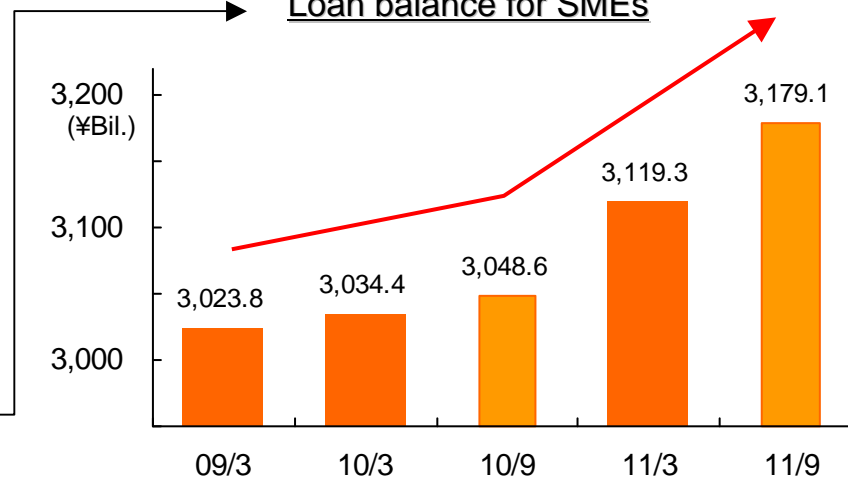
Breakdown of increase in loans and bills discounted

<¥Bil.>	11/3	11/9	Change	
				(%)
Domestic loans	7,321.1	7,461.5	140.3	1.9%
ex. Public sector	7,039.5	7,151.0	111.4	1.5%
Corporate	4,396.0	4,475.5	79.5	1.8%
Large Corporates	1,276.6	1,296.4	19.7	1.5%
SMEs	3,119.3	3,179.1	59.7	1.9%
Guaranteed by Chiba Guarantee Corp.	526.9	579.2	52.3	9.9%
Consumer Loans	2,643.5	2,675.5	31.9	1.2%
Housing Loans	2,545.6	2,580.8	35.1	1.3%
Public sector	281.5	310.4	28.8	10.2%

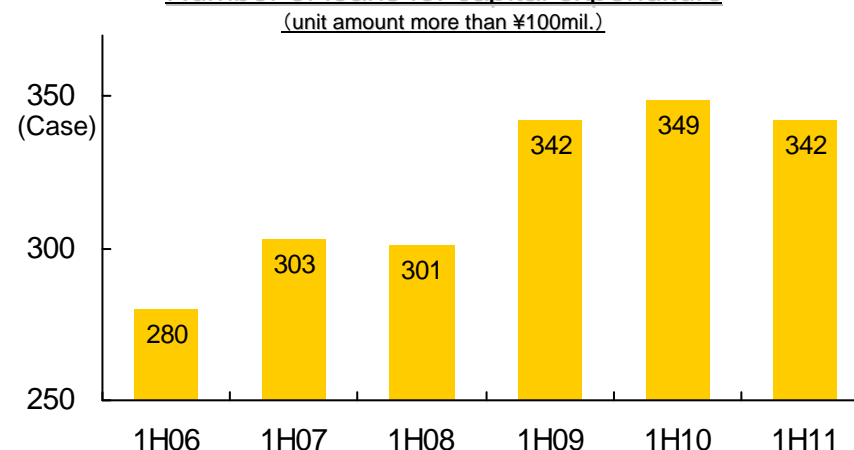
Domestic loans	7,321.1	7,461.5	140.3	1.9%
Branches in Chiba	5,554.0	5,630.1	76.0	1.3%
Branches outside Chiba	1,767.1	1,831.4	64.3	3.6%
Wholesale Branches (Special Branches*)	1,212.8	1,236.2	23.3	1.9%
Retail Branches (ex. Special Branches*)	554.2	595.1	40.9	7.3%

* Tokyo Head Office, Shinjuku branch and Osaka branch

Loan balance for SMEs



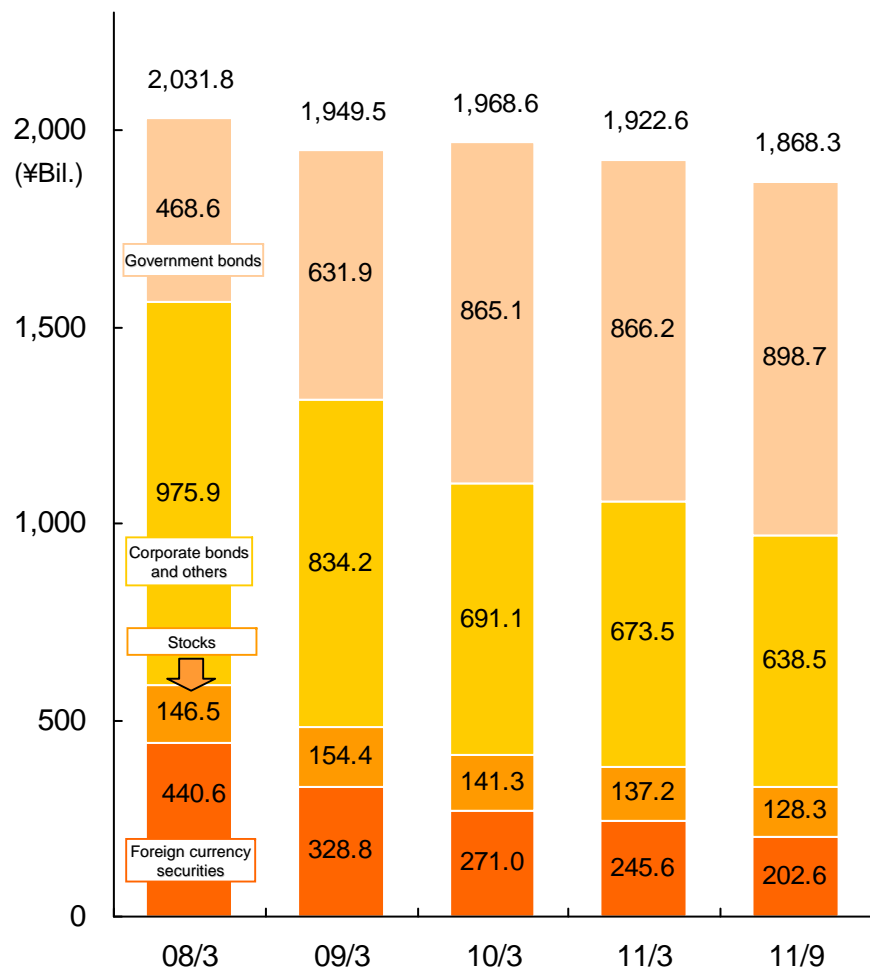
Number of loans for capital expenditure



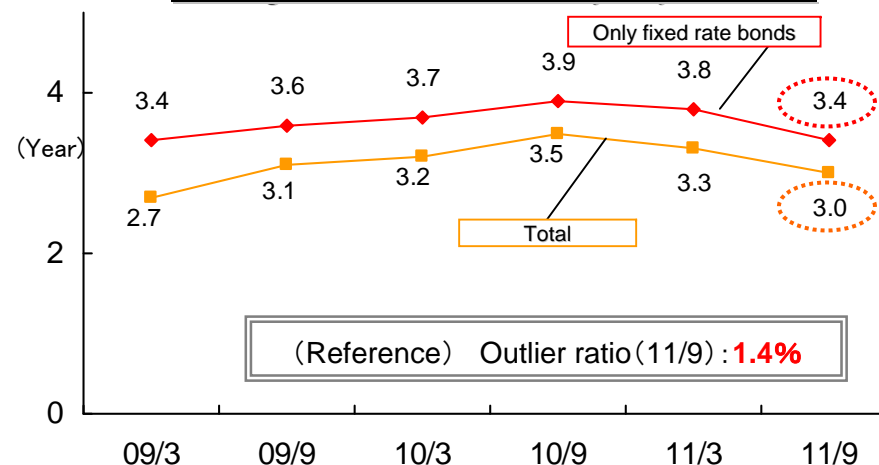
Impairment loss on stock holdings is limited by controlling interest rate risk

Balance of investment securities

(excluding valuation gains/losses)

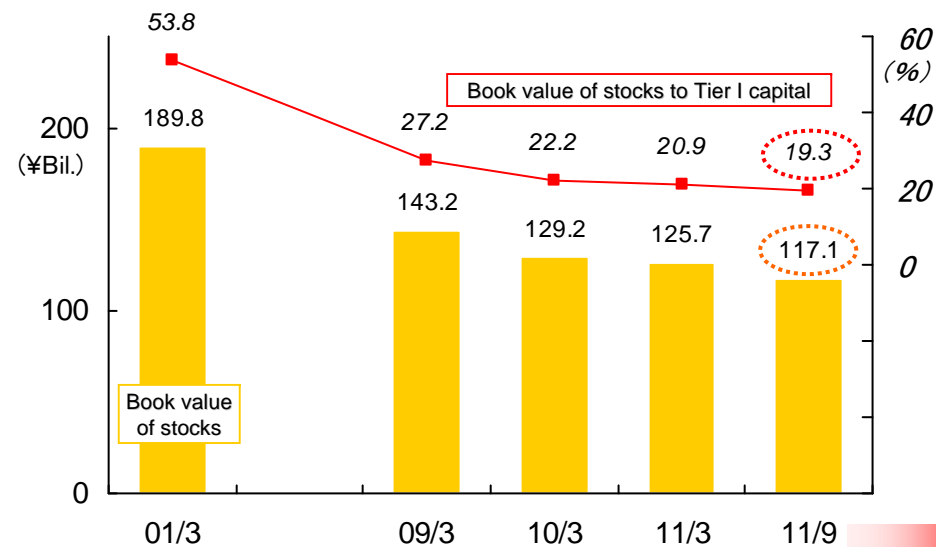


Average duration to maturity of yen bonds



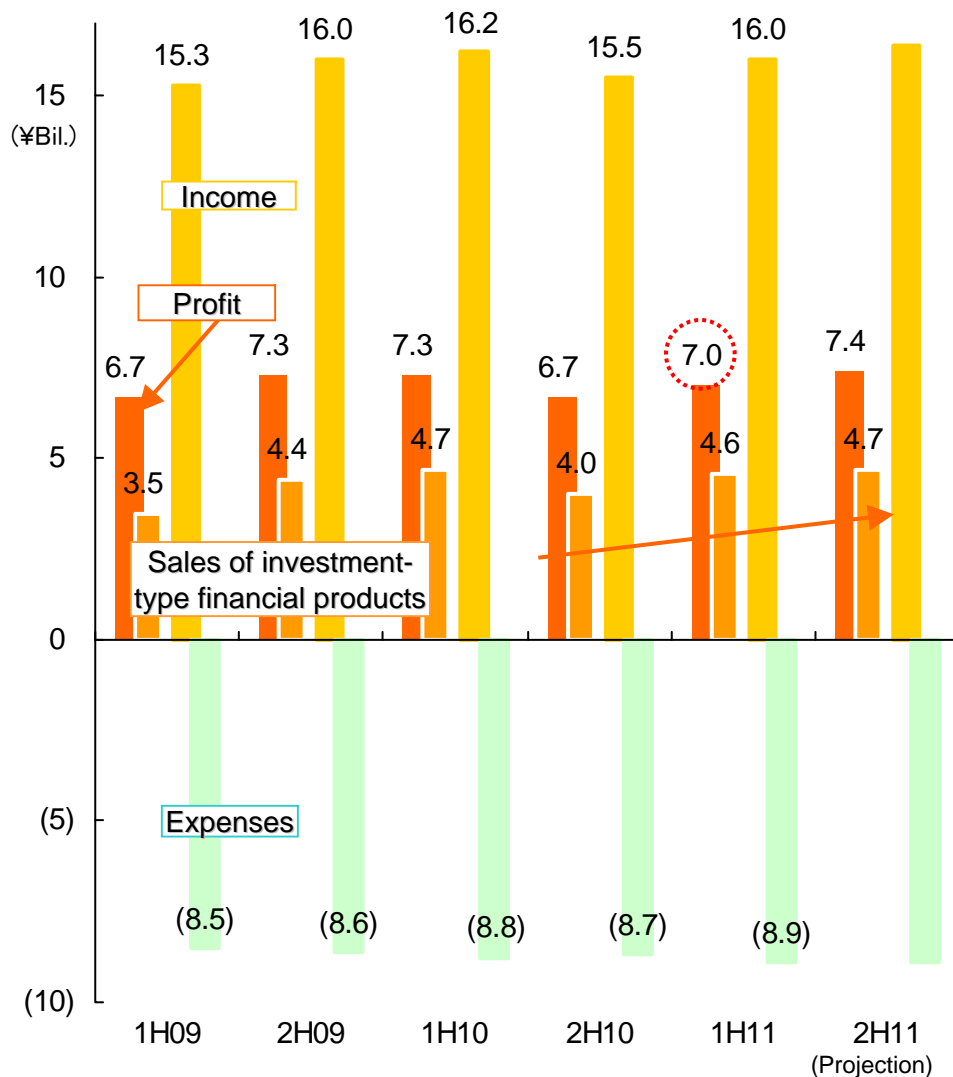
Book value* of stocks and ratio to Tier I capital (Consolidated)

*Acquisition cost of other securities with market value

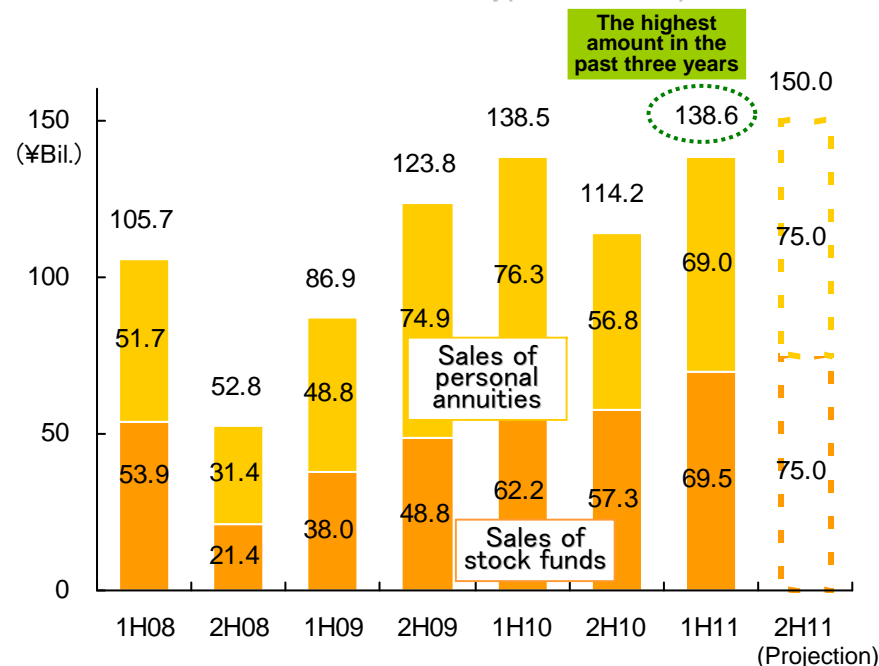


Stable income by strengthening sales of investment-type financial products

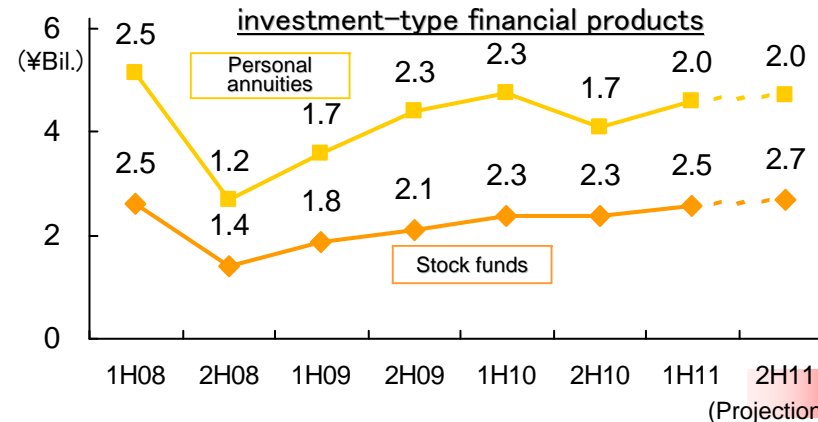
Fees and commissions income



Sales of investment-type financial products



Fees and commissions income on sales of investment-type financial products



Radical cost-cuts offset the rise in depreciation costs from investment in new branches and IT systems

Breakdown of increase/decrease in expenses

<¥Bil.>	Interim			FY11	
	FY10	FY11	Change	(Projection)	Change
Expenses	40.0	39.9	(0.0)	83.0	2.2
Personnel	20.8	20.7	(0.0)	41.5	0.0
Non-personnel	17.2	17.0	(0.1)	37.1	1.9
Tax	2.0	2.1	0.1	4.4	0.3

Main factors of increase/decrease in personnel and non-personnel expenses

<¥Bil.>	Interim FY11 (Results)	FY11 (Projections)
Personnel	(0.0)	+ 0.0 Regular salaries (-0.1) Bonuses (-0.1) Social insurance (+0.1)
Non-personnel	(0.1) Cost-cuts (-0.6) Renewal of branch systems (+0.2) Opening new branches and renovating branches (+0.2) Deposit insurance (+0.1)	+ 1.9 Cost-cuts (-1.0) Renewal of branch systems (+1.2) Opening new branches and renovating branches (+0.5) Other new projects (+0.3) BCP related (+0.1) Deposit insurance (+0.1)

Newly opened and renovated branches

Yachiyo branch
 10/10 Renovated

Nakayama branch
 11/1 Renovated

Kamagaya branch
 11/2 Renovated

Ajiki branch
 11/2 Renovated

Misato-chuo branch
 11/3 Newly Established

Chiba-newtown branch
 11/3 Renovated

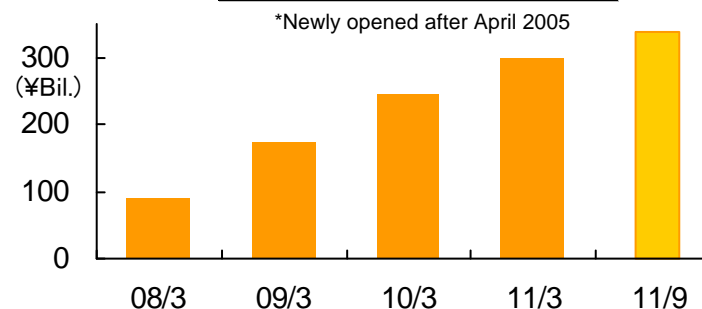
Koshigaya-laketown branch
 11/6 Newly Established

Kisarazu-higashi branch
 11/11 Renovated

Newly opening

11/12 Inzai-makinohara branch
 12/2 Yotsukaido-minami branch
 12/2 Kisarazu branch (renovation)

Loan balance at new branches



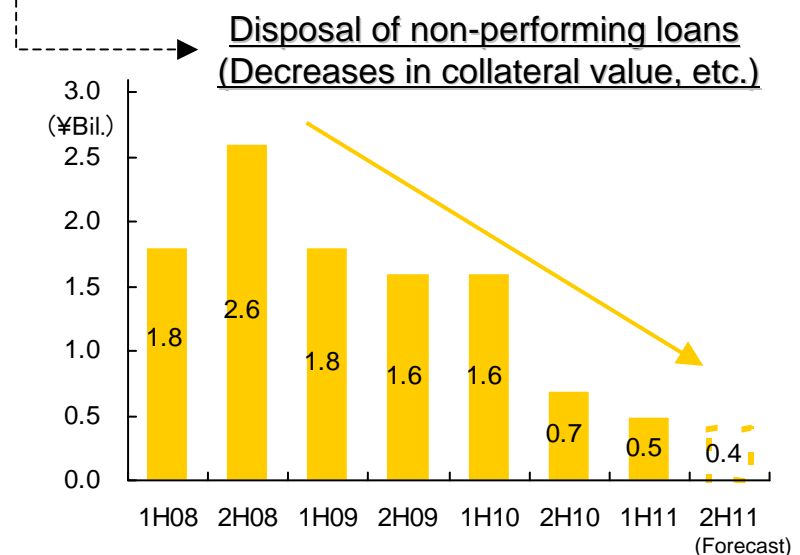
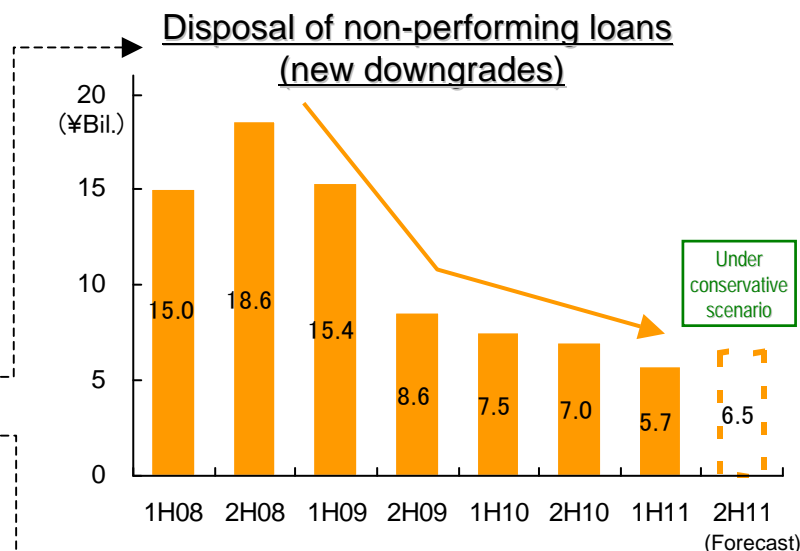
Net credit costs kept at a low level by appropriate control of credit risks

Breakdown of net credit costs

	FY10		FY11		
	1H (Actual)	2H (Actual)	Original projection	1H (Actual)	2H (Forecast)
Net transfer to general allowance for loan losses	(2.0)	1.5	(7.5)	(9.3)	0.0
Disposal of non-performing loans	9.2	7.0	10.0	5.1	7.6
New downgrades	7.5	7.0	8.5	5.7	6.5
Decreases in collateral value, etc.	1.6	0.7	1.5	0.5	0.4
Recoveries	(0.7)	(1.3)	(0.6)	(1.5)	0.2
Others	0.7	0.5	0.6	0.3	0.4
Recoveries of written-off claims	(3.2)	(2.1)	(2.0)	(1.6)	(1.3)
Net credit costs	3.9	6.4	0.5	(5.7)	6.2
	14bp	10.3		0bp	0.5

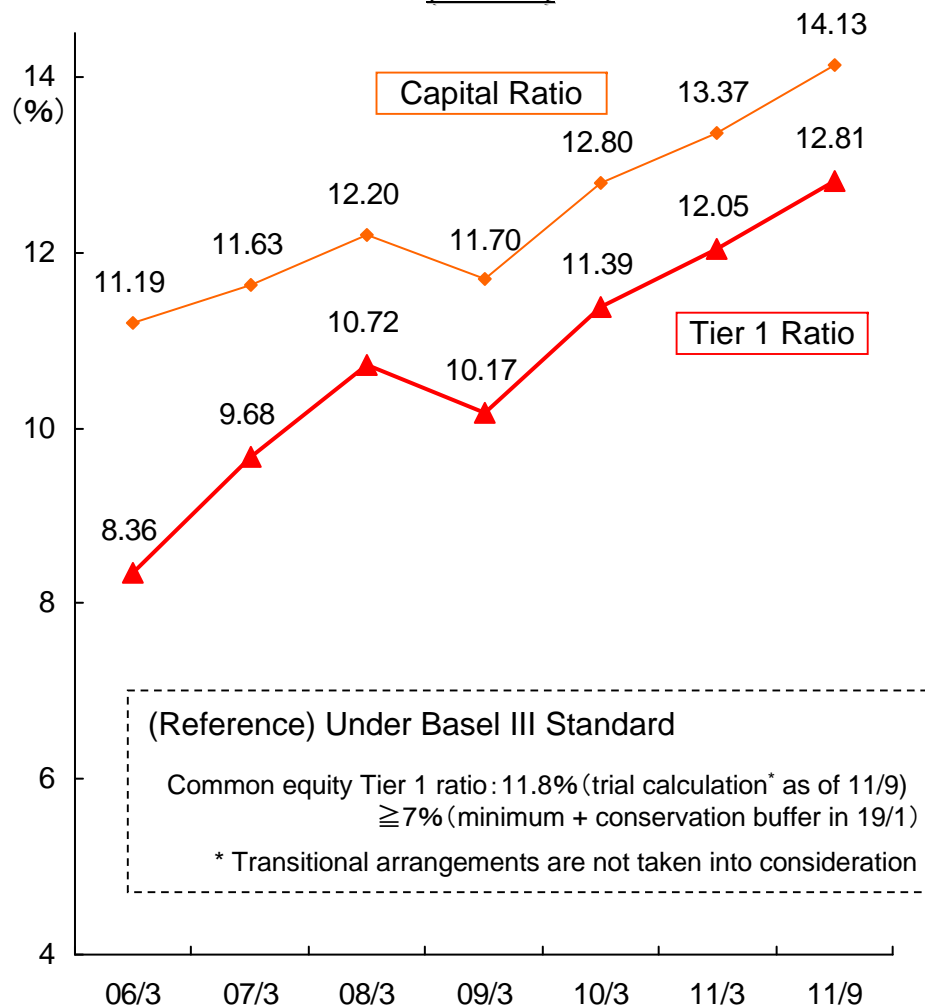
*Net credit costs ratio
(vs. Term-end balance)*

* From the interim period of fiscal year 2011, 'Reversal of allowance for loan losses' and 'Recoveries of written-off claims' are included in 'Disposal of non-performing loans' based on the "Practical Guidelines on Accounting Standards for Financial Instruments." However, it is not applied to the above table to enable comparison with previous figures.



Sufficient capital both in quality and quantity for the new Basel III Standard

Capital ratio, tier 1 ratio (Consolidated)
(Basel II)



Breakdown of tier 1 capital

	(¥Bil.)
Tier 1 capital	604.9
Capital stock (fully composed of common stocks), Capital surplus	268.4
Retained earnings	363.4
Amount of minority interests held by consolidated subsidiaries (holding no preferred securities)	13.7
Others	(40.8)

(Reference)	
Deferred tax assets (B/S amount)	45.2
Intangible fixed assets	10.0
Risk assets	4,721.2

Earnings Projections for FY2011

	<¥Bil.>	FY10	FY11		2H (Projection)	
		(Actual)	(Projection)	Change		
1	Gross business profits	159.2	155.5	(3.7)	77.3	
2	Net interest income	137.6	135.0	(2.6)	67.0	
3	Net fees and commissions income	14.1	14.5	0.3	7.4	
4	Trading income	1.1	1.5	0.3	0.8	
5	Profit from other business transactions	6.3	4.5	(1.8)	2.0	
6	Gains (losses) related to bonds	3.9	2.5	(1.4)	0.7	
7	Expenses (-)	80.7	83.0	2.2	43.0	Original projection
8	Real net business income	78.4	72.5	(5.9)	34.2	
9	Core net business income	74.5	70.0	(4.5)	33.4	74.5
10	Net transfer to general allowance for loan losses (-)	0.4	-	(0.4)	0.0	
11	Net business income	78.9	72.5	(6.4)	34.2	
12	Non-recurrent income and losses	(19.1)	(7.5)	11.6	(4.9)	
13	Disposal of non-performing loans (-)	16.2	0.5	(15.7)	6.2	
14	Gains (losses) related to stocks, etc.	(4.5)	(8.2)	(3.6)	1.3	
15	Ordinary profit	59.7	65.0	5.2	29.2	62.0
16	Extraordinary income (loss)	4.3	(0.8)	(5.1)	(0.5)	
17	Net income	38.1	40.0	1.8	16.9	40.0
18	Net credit costs (-)	10.3	0.5	(9.8)	6.2	
19	Consolidated ordinary profit	65.3	68.5	3.1	31.0	65.5
20	Consolidated net income	40.6	45.0	4.3	21.5	41.5

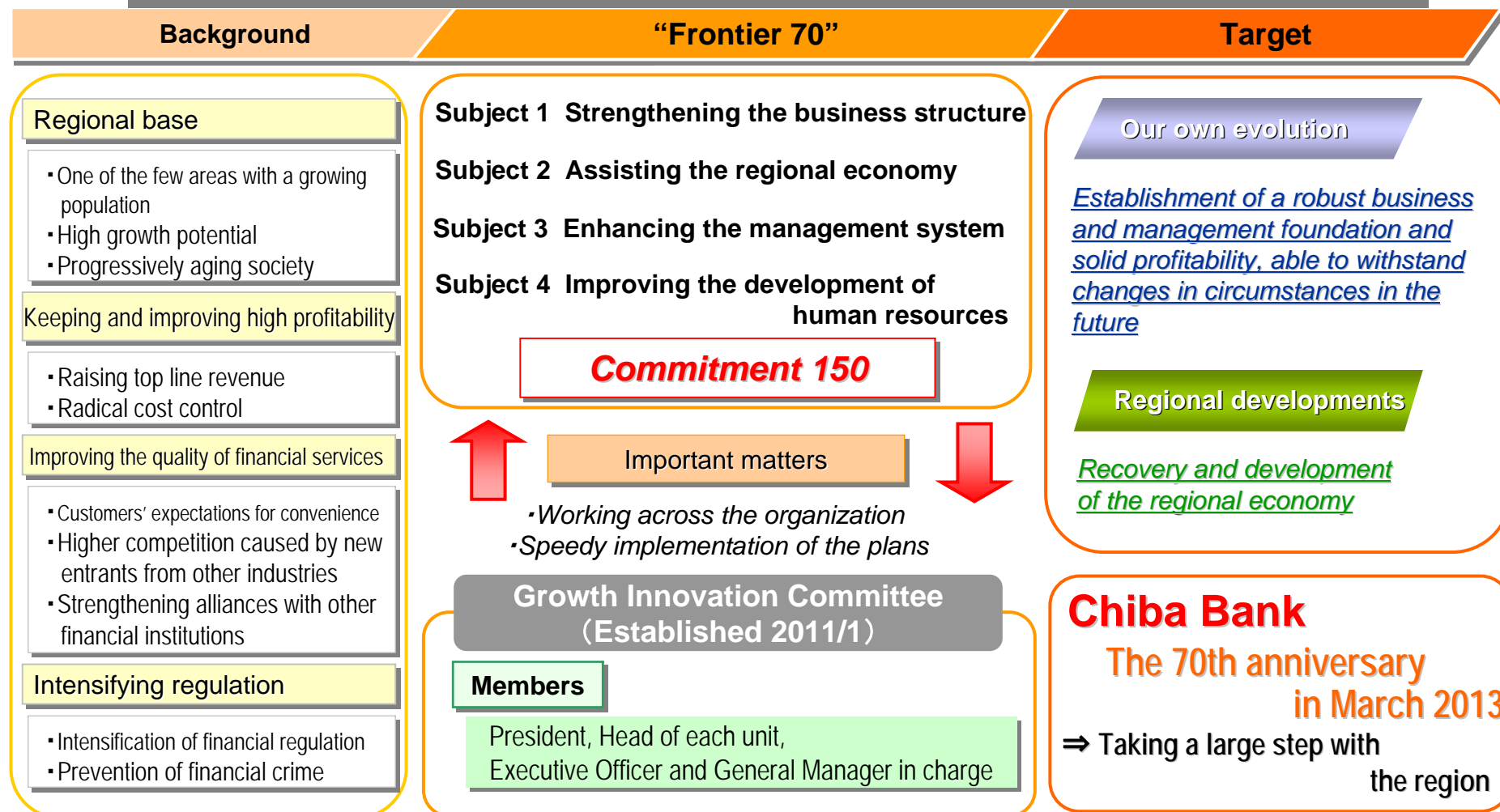
» Summary of Financial Results

» » Progress in Medium Term Management Plan "Frontier 70"

The 11th Medium Term Management Plan “Frontier 70”

- From April 2011 to March 2014 (3 years) -

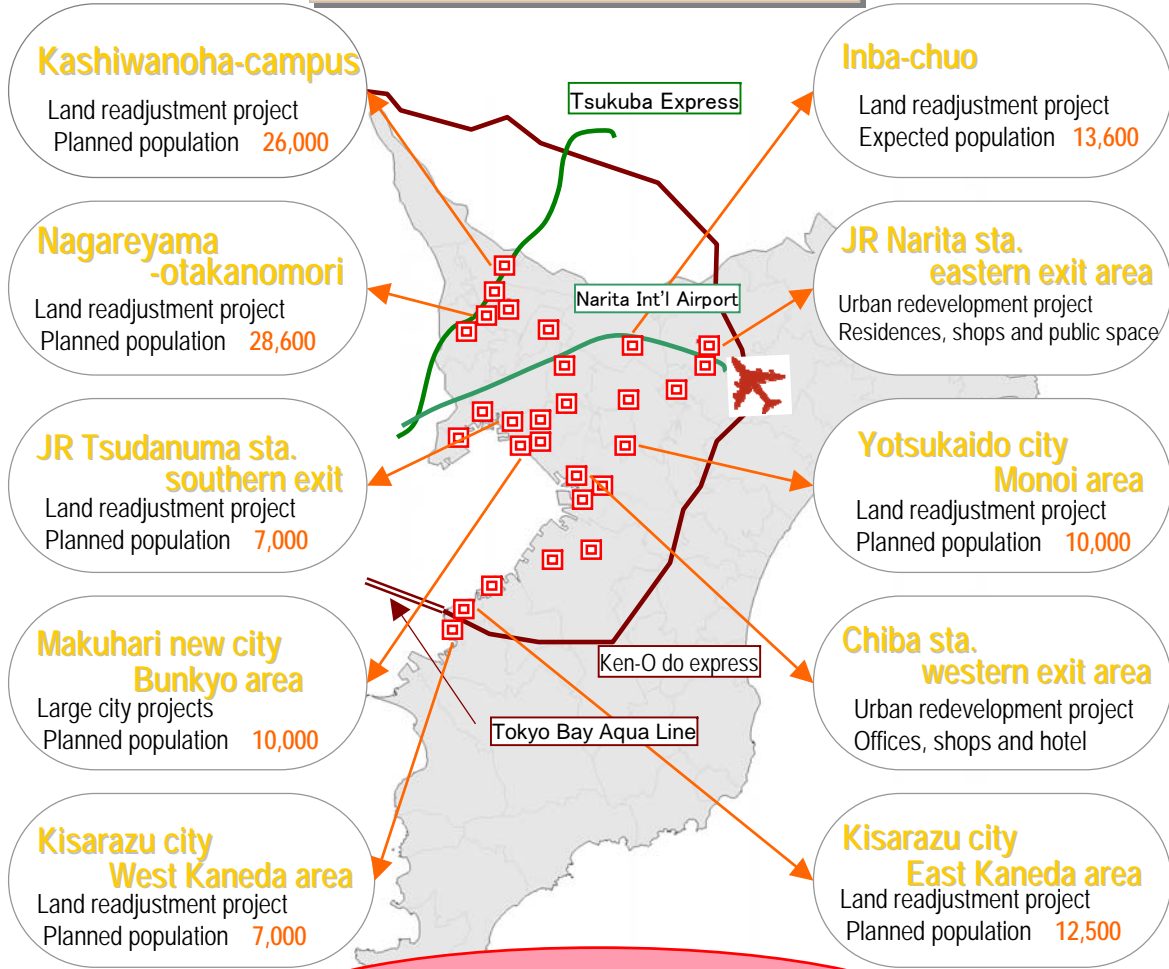
We shall implement a customer first policy and aim to be a first-rate retail bank, full of creativity, which will meet the expectations of customers in the region



Development Projects and Strong Financial Needs

Contributing to the development of the regional economy by actively giving regional information

Major development projects in Chiba



Tsukuba Express
Opened 2005/8



Kashiwanoha-campus sta. area

Narita Sky Access
Opened 2010/7



Tokyo Bay Aqua Line
Fare discount
(2009/8~)



Kisarazu
Stimulating industry by the internationalization of Haneda Airport



Narita Int'l Airport
Economic effect
about ¥1tri.



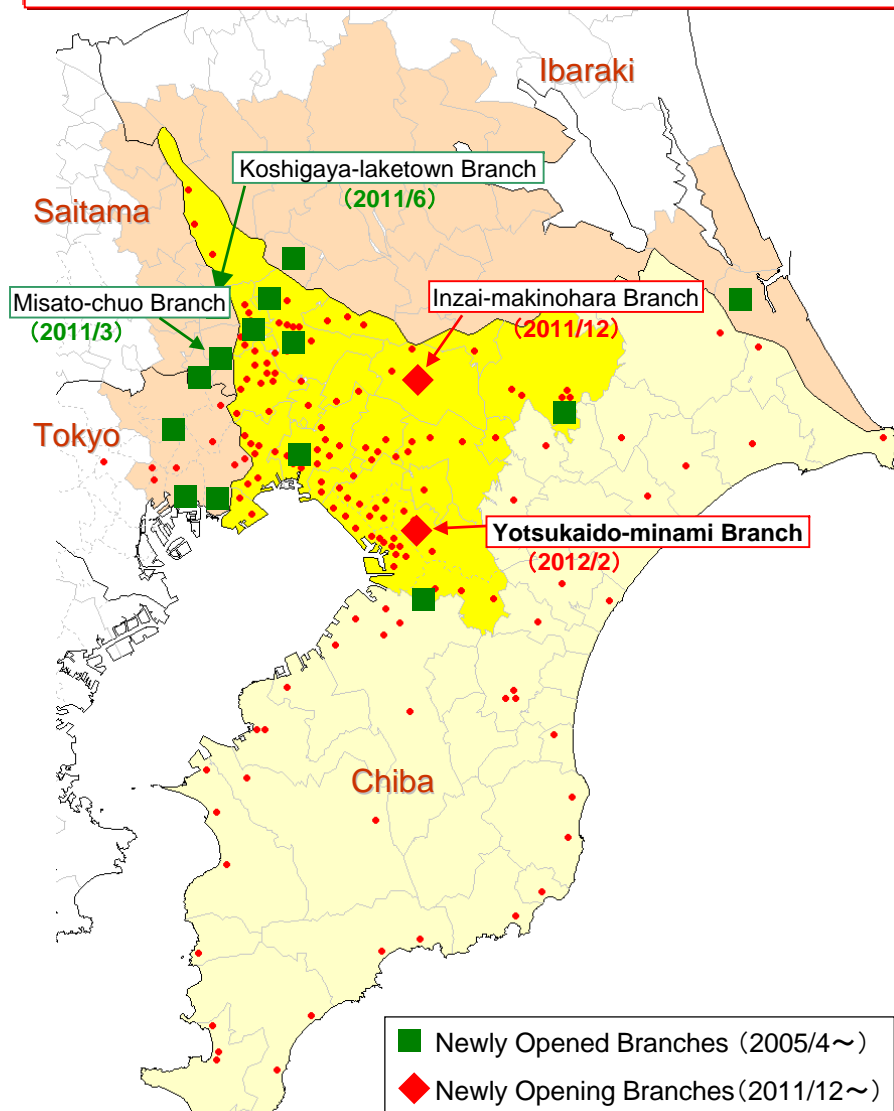
Ken-O do express
Opening FY2012
Togane IC・JCT —
— Kisarazu higashi IC



Total project costs **About ¥1 tri.**
Planned population **About 0.2 mil.**

Branch Network Strategy

Increasing market share in the western area of Chiba by expanding the branch network, taking into account the appropriate allocation of business resources



■ Newly Opened Branches (2005/4~)
 ◆ Newly Opening Branches (2011/12~)

Branch network strategy in the growth area

Population and our business share by area

	Population	Share of deposits*	Share of loans*
Western area of Chiba	About 4.5 mil.	18%	35%
Other areas in Chiba	About 1.7 mil.	50%	45%
Neighboring area	About 6.0 mil.	-	-

*Our own calculation



Aiming for more growth in the western area of Chiba, developing our business and expanding our branch network to increase our market share.

✓ Newly opened and renovated branches in the growth area

Opening		Renovation	
11/3	Misato-chuo Branch	11/11	Kisarazu-higashi Branch
11/6	Koshigaya-laketown Branch	12/2(Scheduled)	Kisarazu Branch
11/12(Scheduled)	Inzai-makinohara Branch	13/7(Scheduled)	Motoyawata Branch
12/2(Scheduled)	Yotsukaido-minami Branch	14/3(Scheduled)	Tokyo Head Office

Branch network strategy taking into account the appropriate allocation of business resources

- ✓ Planning the renovation of run down branches
- ✓ Changing branch functions according to market characteristics

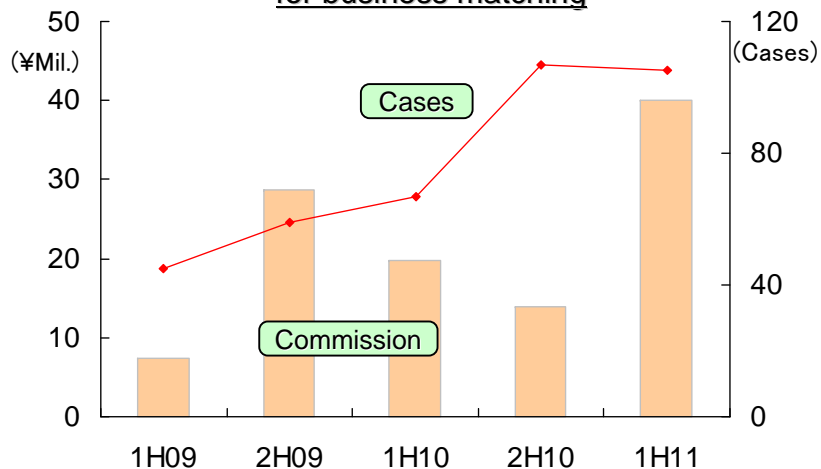
Assignment of specialized staff to support customers in growing sectors such as agriculture, tourism, PFI, medical & nursing and environment

Growth Business Support Office (Established 2010/10)

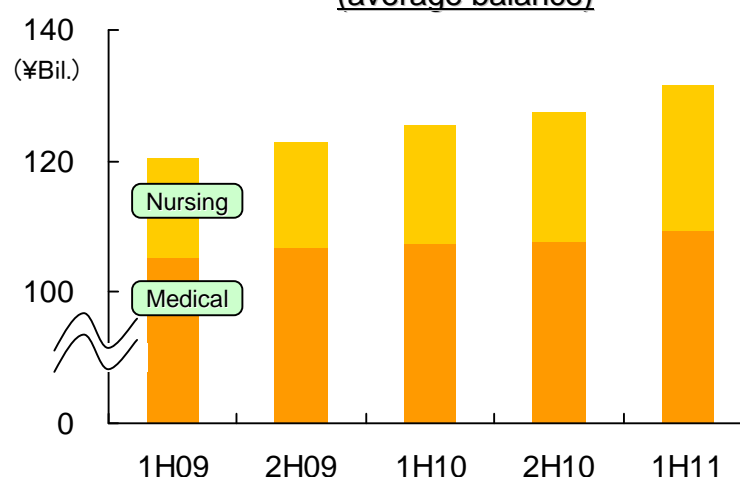
- Agriculture**
 - ✓ Continuously hosting "Agri-Business Matching"
 - ✓ Supporting the establishment of agri-corporations
- PFI**
 - ✓ Market expansion of PFI (¥3 tril.)
 - ✓ Chiba Pref.:No.3 market in Japan in terms of the number of cases, following Tokyo and Osaka
 - ✓ Renewal demand for social infrastructure
- Environment**
 - ✓ Market expansion of advanced environmental technologies, such as electric cars, solar and biomass power generation
 - ✓ Adoption of "Certified Emission Reduction Scheme"

- Tourism**
 - ✓ Helping customers to recover from the earthquake
 - ✓ Hosting "Management-reform Seminar for Hotel businesses"
- Medical Nursing**
 - ✓ Medical business analysis program for customers
 - ✓ Starting "Chibagin Medical Loan with life insurance"
- Business Matching**
 - ✓ Hosting "Chibagin Marche" sales fair of farmers' products in Chiba
 - ✓ "Itochu Food and Drink Sampling Conference"
 - ✓ "Seven-net Shopping Conference"

Number of cases and commissions income for business matching



Loan balance in medical and nursing industries (average balance)



Supporting customers' overseas business through cooperation with overseas branches and alliance partners and strengthening trade finance

Expansion of Asia network

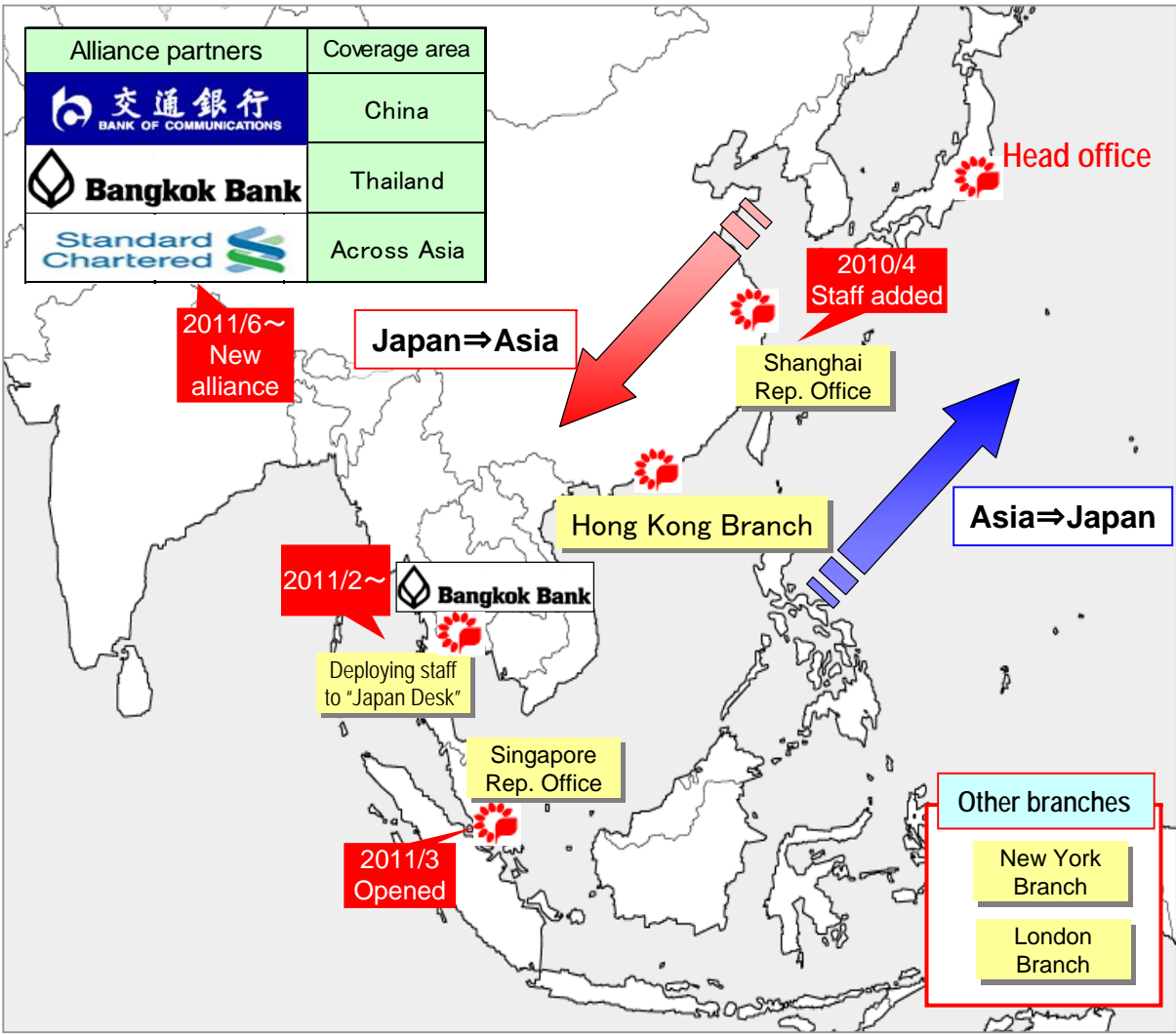
- ✓ Supporting customers from both domestic and overseas branches
- ✓ 3 offices in Asia
 - 1 branch (Hong Kong)
 - 2 rep. offices (Shanghai and Singapore)
- ✓ 3 alliance partners (Standard Chartered Bank 11/6 ~)

Hosting overseas business seminars

- ✓ "The investment environment in Thailand and trends relating to Japanese companies" (Bangkok Bank)
- ✓ "Business strategy in Vietnam ~ Successes and failures ~" (SME Support, Japan)

Assigning staff responsible for foreign exchange promotion and developing human resources

- ✓ Assigning staff responsible for trade finance to 10 main foreign exchange branches (Strengthening business promotion)
- ✓ Starting practical training for trade finance and increasing the number of trainees



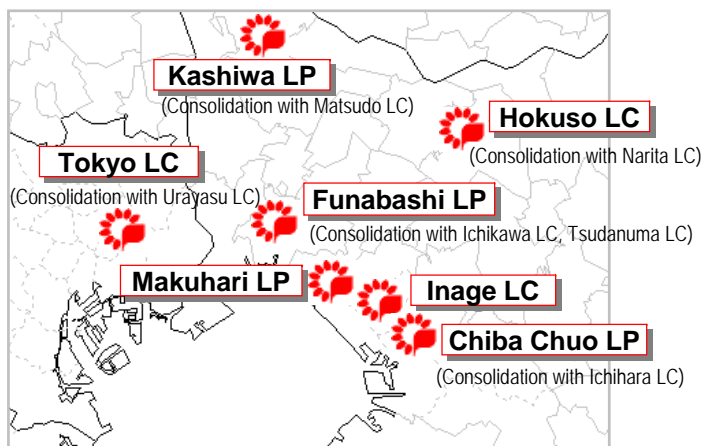
Strengthening loan promotion functions; the balance of loans continues to increase steadily

Establishing "Consumer Loan Office" (Established 11/6)

- ✓ Strengthening loan business by directly approaching major housing related companies (developers, brokers and constructors) and closely supporting branch offices.

Strengthening the function of Loan Centers

- ✓ Rearranging "loan centers" to deal with housing related companies, particularly on non-business days.



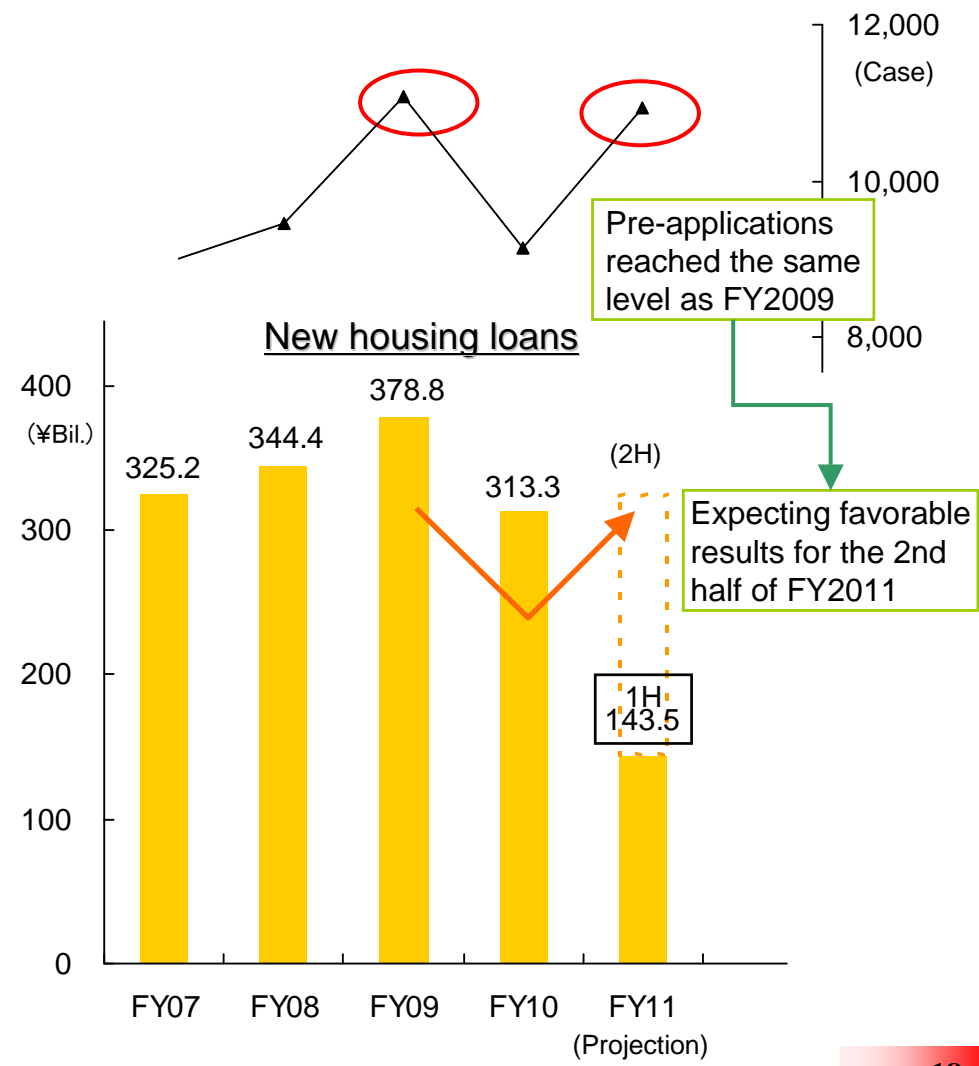
LP: Loan Plaza, LC: Loan Center

Increasing female staff on loan business

- ✓ Deploying well-trained female sales staff from loan centers to branch offices (Number of female staff : 30 ⇒ 60)

Pre-applications at Loan Centers

(From June to October)



Investment-type Financial Products

Starting new business actively and promptly after deregulation and offering proposals to meet the customers' needs

«Responding to deregulation»

- Investment trusts** 98/10 Permission
- Personal annuities** 01/4 1st permission
- Trust business** 06/6 Will trusts and inheritance arranging business
The first among regional banks

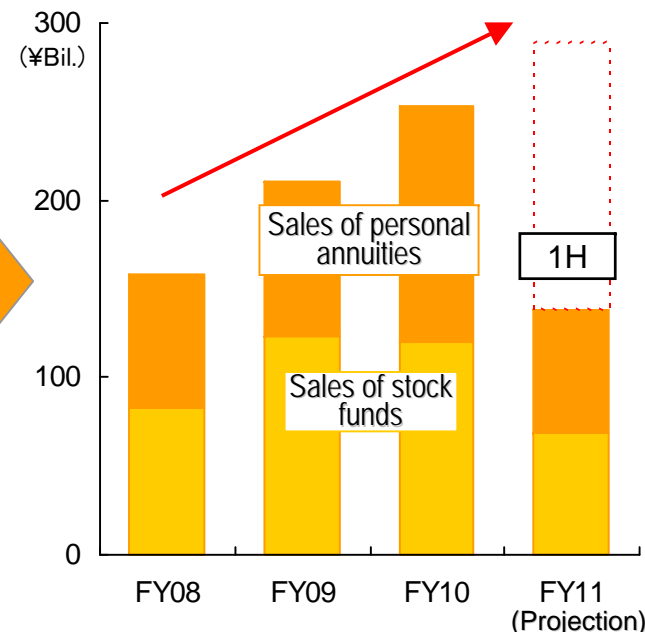
«Expanding the product line-up»

- Investment trusts and personal annuities → Single premium perpetual annuity sales No.1 among regional banks (1H11)
- Alliances with foreign financial institutions (Lombard Odier, etc.) → Trust contracts (1H11) 3.5 times compared with 2H10

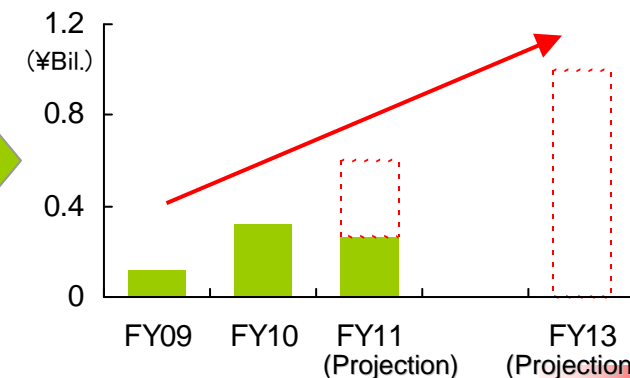
«Strengthening sales functions»

- 05/2~ Started agent business for financial products (via Chibagin Securities) → Wholly-owning Chibagin Securities
- 3 Consulting plazas, 5 Consulting Lounges

Sales of investment-type financial products



Fees from sales of indemnify-type insurance



Consulting plazas

Consulting Plazas: Chiba, Kashiwa, Funabashi

- Seminars
- Open on holidays → Renewal (11/10)

Strengthening Indemnify-type insurance business

Number of staff in charge of insurance
 2 (09/9) ⇒ 6 (10/4) ⇒ 10 (11/4)

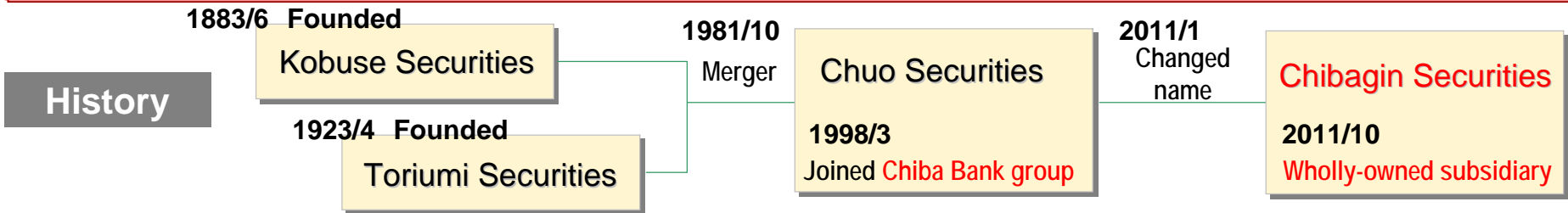
2012/4~
 Relaxing regulations on sale of insurance ⇒ Starting training

(1H11)	
Introduction from branches	+62%
Indemnified-type insurance	+5%
Brokerage fees	+23%

*Comparison with 2H10

Chibagin Securities — Wholly-owned subsidiary (2011/10/1~)

**Making Chibagin Securities into a wholly-owned subsidiary
and strengthening securities business through group synergy**



Branches 16 branches Chiba: 12 [the most in Chiba Pref.] Tokyo:1 Saitama: 1 Ibaraki: 1 Nagano: 1

Employees 253 staff (as of March 31, 2011) *Including temporary employees (commission staff, contract dealers, temporary staff and seconded staff)

Financials

Operating revenue	¥3,333 mil.
Net income	¥28 mil.
Capital ratio	1,100.2%

Background

Number of recorded accounts	64,755
Balance of AUM	¥444.3 bil.

Chiba Bank 2011/9
Issued public offering of subordinated debentures (Total ¥10.0 bil.)

➔

Chibagin Securities

Introduction based agency business ➔ Sales to customers

Chibagin Securities underwrote ¥2.0 bil.

Progress in introduction based agency business

Date	Cases
10/10	70
10/12	110
11/2	50
11/4	75
11/6	55
11/8	260

Target

- Increase AUM from personal customers

AUM of Chiba Bank group from personal customers

¥1.5 tri. ➔ ¥2.0 tri.

- Enhance profitability of securities business

Enhancing sales promotion skills and improving business efficiency by launching new branch IT systems and use of the internet

Systems investment

Counter (branches)

Launch of new branch IT systems

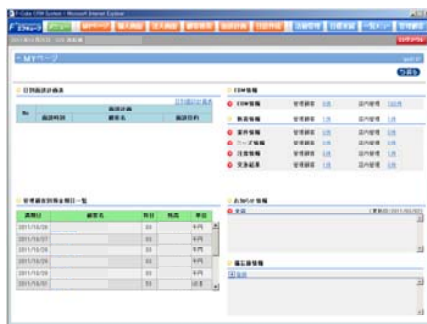


Customer-facing touch panel

- Touch panel (Easy for customers)
- Shorten interview time

- Enhancing sales promotion skills (FP function)
- Improving business efficiency

Launch of CRM system (Added EBM function)



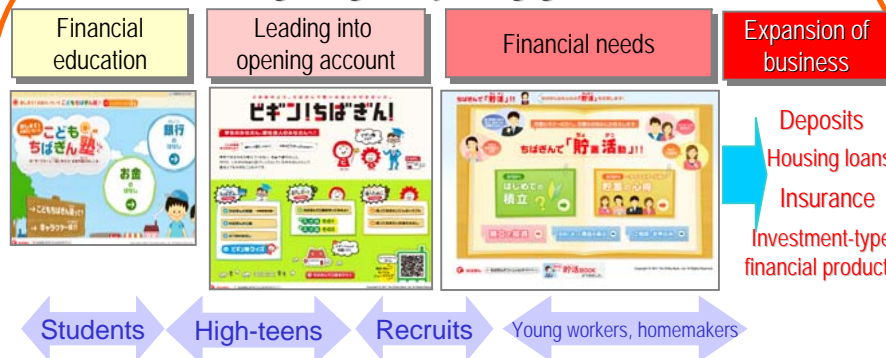
Notification of customer event information (Receipt of large sums of money, repayment completion of housing loans, etc.)

- Capturing account movements
- Added event information

- Select recommended products
- Consistency of promotional skills

Internet

Targeting the young generation



Website access for smartphones

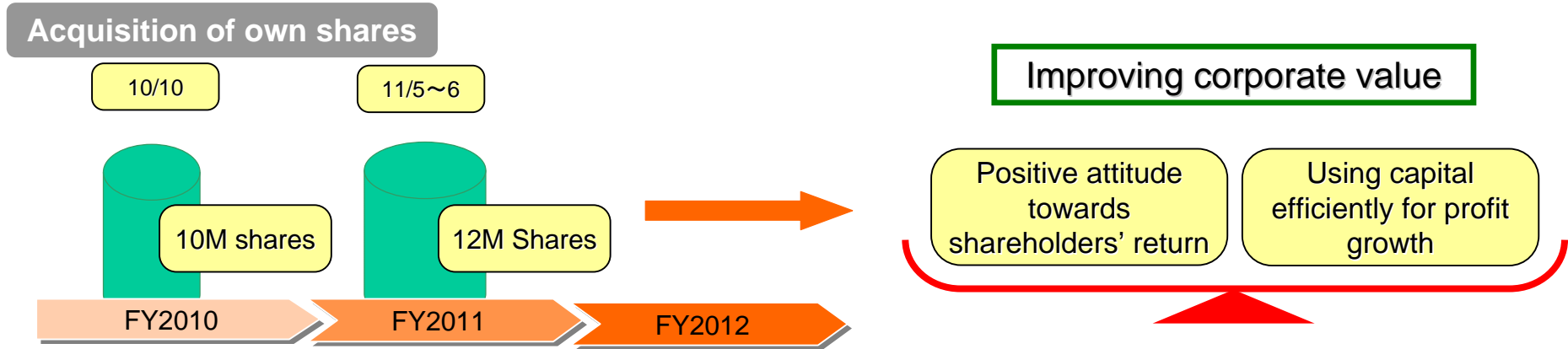


Gomez website ranking among regional banks

1	The Chiba Bank
2	The Tokyo Star Bank
3	The Bank of Fukuoka
3	The Shizuoka Bank
5	The Shinwa Bank
5	The Kumamoto Family Bank

No.1 : Performance and ease of use
No.1 : Information about products and services

Using capital effectively for additional growth,
as well as shareholders' return, while keeping capital sufficiency



Cash dividends paid

	04/3	05/3	06/3	07/3	08/3	09/3	10/3	11/3	12/3(Projection)
Cash dividends paid per share (annual)	¥6	¥6	¥7	¥9	¥11	¥11	¥11	¥11	¥11

Shareholders' return

	04/3	05/3	06/3	07/3	08/3	09/3	10/3	11/3	12/3(Projection)
Annual cash dividends paid ①	5.0	5.0	6.1	8.0	9.8	9.8	9.8	9.7	9.6
Own share acquisition ②	-	-	-	-	-	-	-	5.0	5.8
Shareholders' return ③=①+②	5.0	5.0	6.1	8.0	9.8	9.8	9.8	14.8	15.4
Consolidated net income ④	27.5	36.3	48.9	52.5	45.9	12.3	37.5	40.6	45.0
Payout ratio ①/④×100	18.3%	13.8%	12.2%	15.2%	21.3%	79.3%	26.1%	24.0%	21.4%
Shareholders' return ratio ③/④×100	18.3%	13.8%	12.2%	15.2%	21.3%	79.3%	26.1%	36.5%	34.3%

(¥Bil.)