

Interim Financial Results for FY2012

Frontier 70



November 21, 2012
THE CHIBA BANK, LTD.

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» Summary of Financial Results

» » Business Strategy

Consolidated	(¥ Bil.)	Interim FY11	Interim FY12	Change
Ordinary profit		37.4	36.7	(0.7)
Net income		23.4	22.0	(1.4)
Difference with non-consolidated net income		0.4	1.2	0.7

Non-consolidated	(¥ Bil.)	Interim FY11	Interim FY12	Change	
Gross business profits		78.1	77.2	(0.9)	
Net interest income		67.9	66.2	(1.6)	p.4
Net fees and commissions income		7.0	7.2	0.1	p.7
Trading income		0.6	0.5	(0.0)	
Profit from other business transactions		2.5	3.1	0.5	
Gains (losses) related to bonds		1.7	2.3	0.5	
Expenses (-)		39.9	41.2	1.3	p.8
Real net business income		38.2	35.9	(2.3)	
Core net business income		36.5	33.6	(2.9)	
Net transfer to general allowance for loan losses (-)		-	-	-	p.9
Net business income		38.2	35.9	(2.3)	
Non-recurrent income and losses		(2.5)	(2.3)	0.2	
Disposal of non-performing loans (-)		(5.7)	0.7	6.5	p.9
Gains (losses) related to stocks, etc.		(9.5)	(3.7)	5.7	
Ordinary profit		35.7	33.6	(2.1)	
Extraordinary income (loss)		(0.2)	(0.3)	(0.0)	
Net income		23.0	20.7	(2.2)	
Net credit costs (-)		(5.7)	0.7	6.5	p.9

1

Favorable progress towards annual earnings projections for FY12

【Consolidated】

- Interim ordinary profit: ¥36.7 bil.
(Progress 53.2%)
[Annual projection ¥69.0 bil.]
- Interim net income: ¥22.0 bil.
(Progress 52.4%)
[Annual projection ¥42.0 bil.]

【Non-consolidated】

- Interim ordinary profit: ¥33.6 bil.
(Progress 52.5%)
[Annual projection ¥64.0 bil.]
- Interim net income: ¥20.7 bil.
(Progress 51.8%)
[Annual projection ¥40.0 bil.]

2

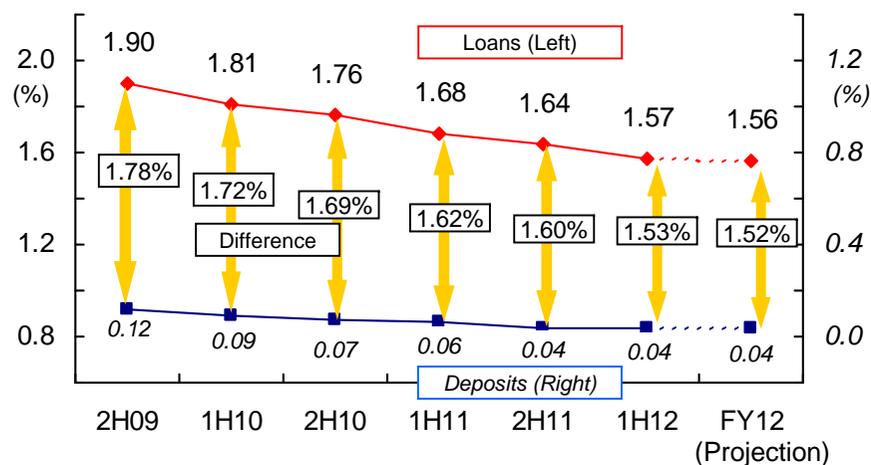
Average balance of domestic loans and deposits increased steadily

(¥ Bil.)	Interim FY11	Interim FY12	Change	%
Loans	7,384.2	7,620.1	235.8	+3.1%
Deposits	9,018.9	9,155.0	136.0	+1.5%

(¥ Bil.)	Interim FY11	Interim FY12	Change
Net interest income	67.9	66.2	(1.6)
Domestic	66.5	64.5	(2.0)
Loans and deposits	59.6	58.0	(1.6)
Loans	62.5	60.1	(2.3)
Deposits	2.8	2.1	(0.6)
Securities	7.8	7.6	(0.2)
International	1.3	1.7	0.3

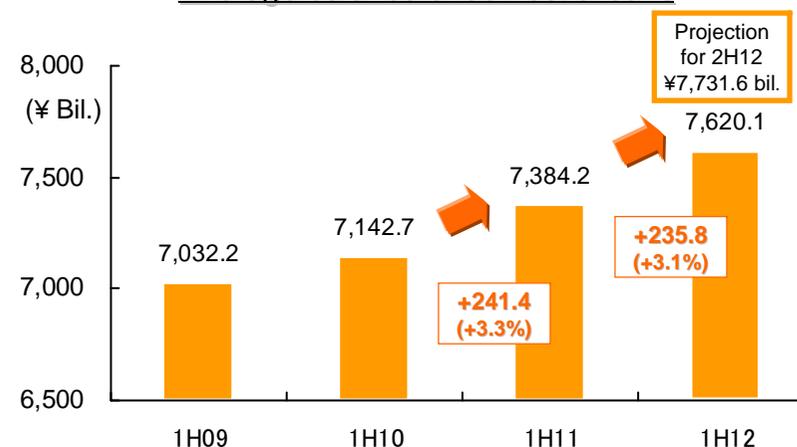
1 Yield factor

Average yield on domestic loans and deposits

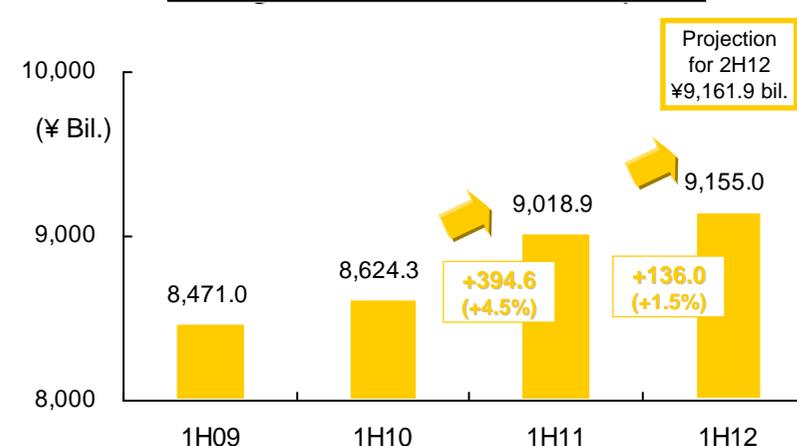


2 Volume factor

Average balance of domestic loans



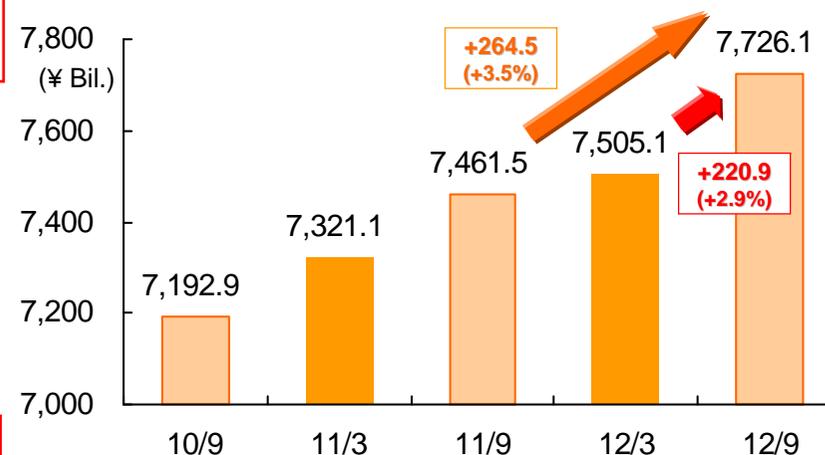
Average balance of domestic deposits



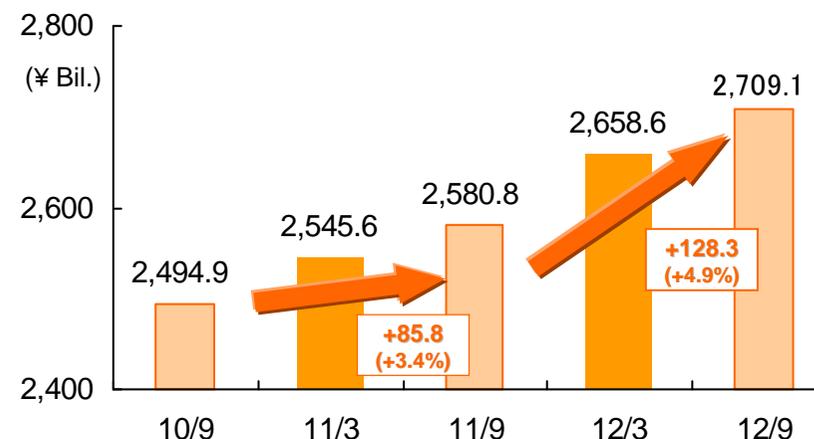
(¥ Bil.)	11/9	12/9	Change	%
Loans	7,518.7	7,806.7	288.0	3.8%
Domestic loans	7,461.5	7,726.1	264.5	3.5%
ex. Public sector	7,151.0	7,369.3	218.2	3.0%
Corporate loans	4,475.5	4,569.6	94.0	2.1%
Large corporates	1,296.4	1,330.8	34.4	2.6%
SMEs	3,179.1	3,238.7	59.6	1.8%
Consumer loans	2,675.5	2,799.7	124.2	4.6%
Housing loans	2,580.8	2,709.1	128.3	4.9%
Public sector	310.4	356.7	46.2	14.9%
Domestic loans	7,461.5	7,726.1	264.5	3.5%
Branches in Chiba	5,630.1	5,781.2	151.1	2.6%
Branches outside Chiba	1,831.4	1,944.8	113.4	6.1%
Wholesale branches (Special Branches*)	1,236.2	1,251.1	14.9	1.2%
Retail branches (ex. Special Branches*)	595.1	693.6	98.5	16.5%

* Tokyo Head Office, Shinjuku branch and Osaka branch

1 Domestic loans increased favorably

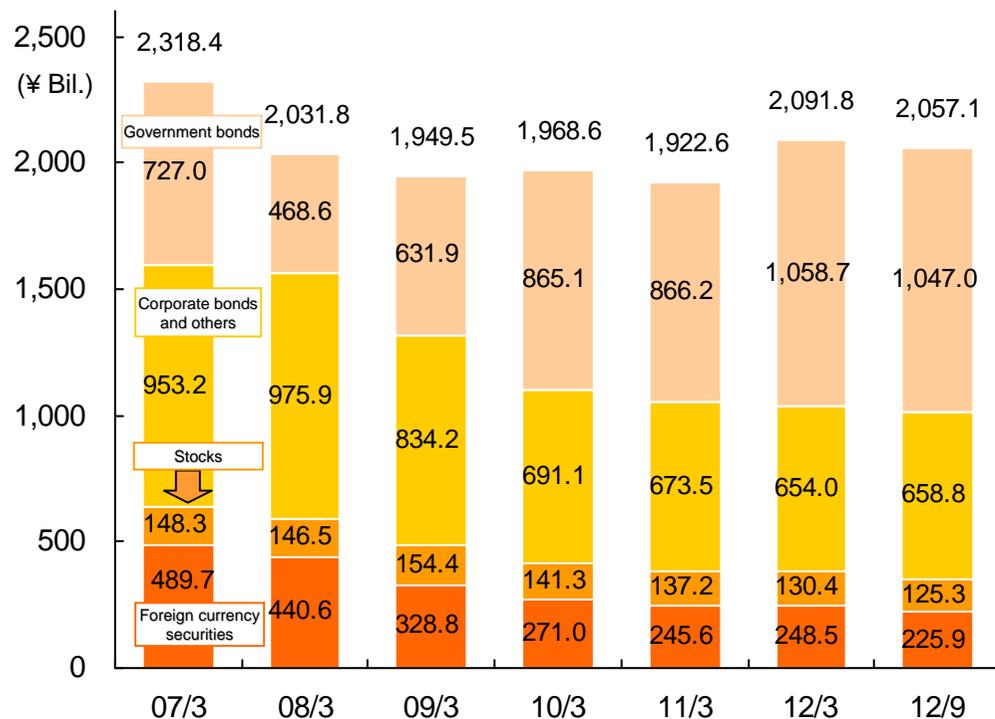


2 The growth of the housing loan balance has accelerated

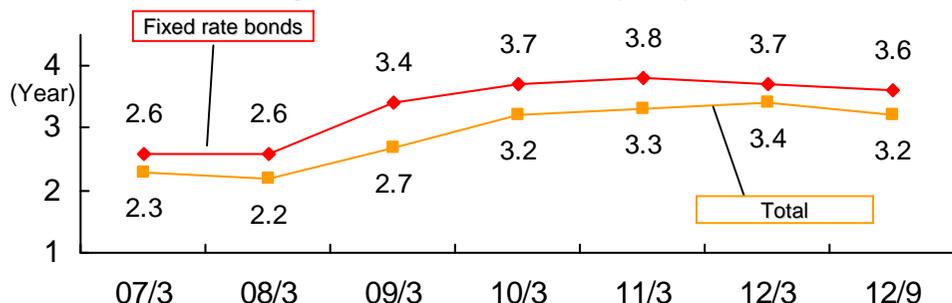


Balance of investment securities

(excluding valuation gains/losses)



Average duration to maturity of yen bonds



1 Investment policy to control interest rate risk

1% parallel shift up of the yield curve:

⇒ Non-consolidated capital ratio : 13.86%→13.39%
(the impact is minus 0.47% only)

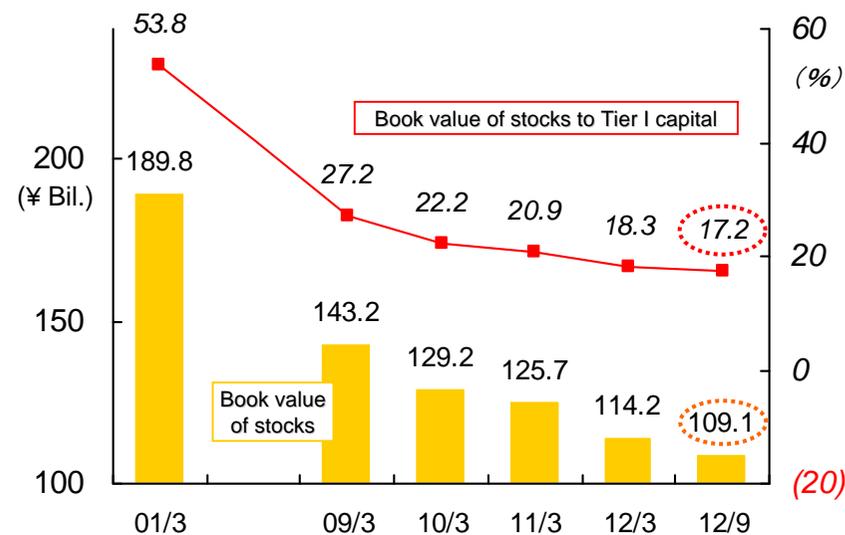
Outlier ratio (12/9)

1.5% (≤20% : Level of FSA regulatory monitoring)

2 Mitigating market risk by reducing stock exposure

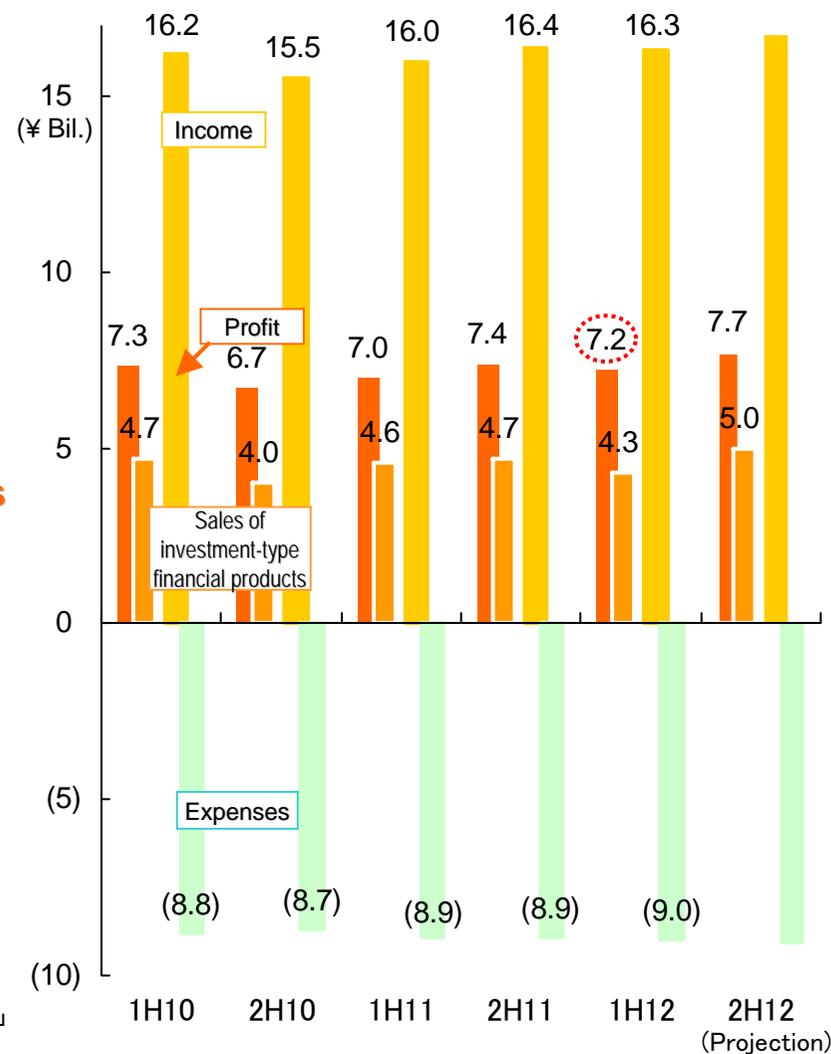
Book value* of stocks and ratio to Tier I capital (Consolidated)

*Acquisition cost of other securities with market value

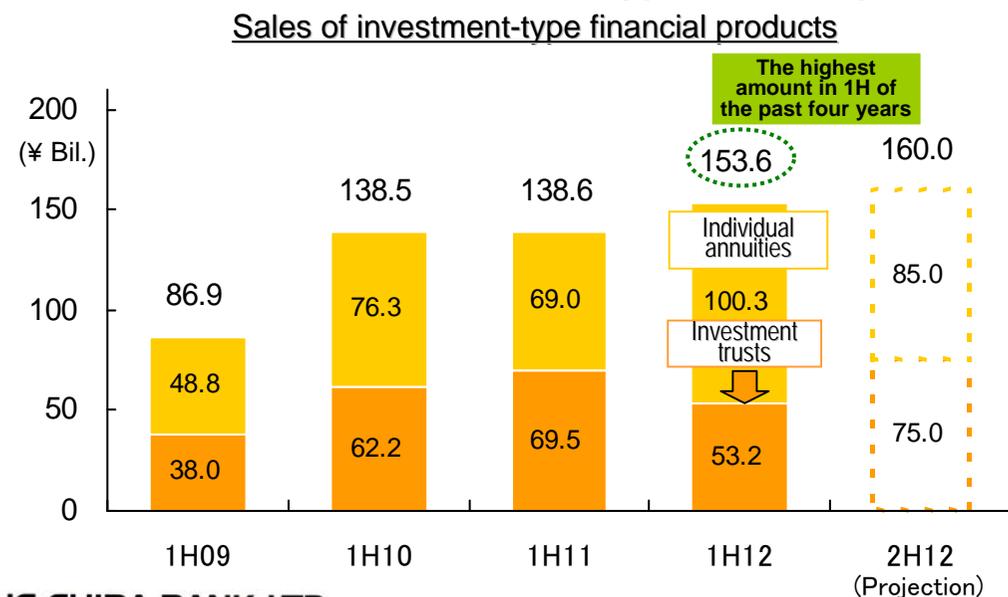


(¥ Bil.)	Interim FY10	Interim FY11	Interim FY12	Change
Net fees and commissions income	7.3	7.0	7.2	0.1
Fees and commissions	16.2	16.0	16.3	0.2
Investment trusts and individual annuities	4.7	4.6	4.3	(0.2)
Investment trusts	2.3	2.5	1.9	(0.6)
Individual annuities	2.3	2.0	2.3	0.3
Indemnity-type insurance	0.1	0.2	0.3	0.0
Corporate customers	0.3	0.4	0.6	0.1
Fees and commissions payments	8.8	8.9	9.0	0.0
Guarantee charges and group insurance costs	5.2	5.4	5.5	0.1

2 Net fees and commissions income increased steadily



1 Maintained stable increase in sales of investment-type financial products



(¥ Bil.)	Interim FY11	Interim FY12	Change	FY12 (Projections)	Change
Expenses	39.9	41.2	1.3	83.0	1.7
Personnel	20.7	20.5	(0.2)	41.0	(0.2)
Non-personnel	17.0	18.6	1.5	37.8	1.9
Tax	2.1	2.1	(0.0)	4.2	0.0

Projection for 1H12 ¥42.0 bil.

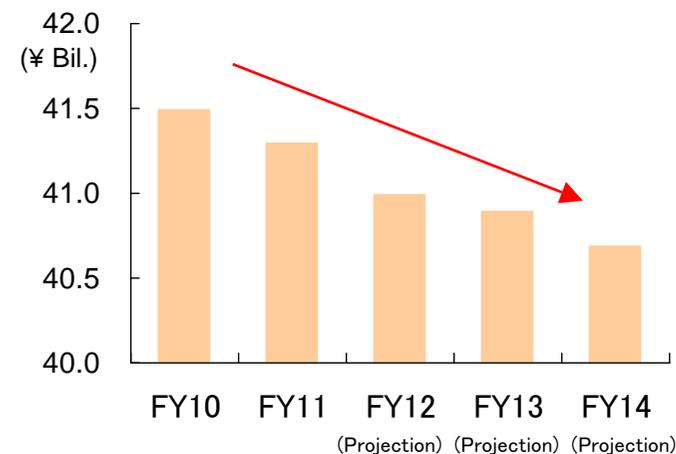
Main increase/decrease factors in personnel and non-personnel expenses

(¥ Bil.)	1H12 (Actual)	FY12 (Projections)
Personnel	-0.2	-0.2
	<ul style="list-style-type: none"> Regular salaries (-0.1) Bonuses (-0.1) 	<ul style="list-style-type: none"> Regular salaries (-0.2) Bonuses (-0.1) Retirement benefit costs (+0.1)
Non-personnel	1.5	1.9
	<ul style="list-style-type: none"> Cost-cuts (-0.2) Renewal of branch systems (+0.9) Opening new branches and renovating branches (+0.1) Provisions (+0.6) Deposit insurance (+0.1) 	<ul style="list-style-type: none"> Cost-cuts (-0.3) Renewal of branch systems (+0.9) Opening new branches and renovating branches (+0.2) Provisions (+0.6) Deposit insurance (+0.3) Outsourcing (+0.1)

1 Reduced expenses ¥0.7 bil. from the projection for 1H12

- Increase in expenses for improving business efficiency
 - Launched new branch IT systems for all branches
 - Established new business center in Soga
 - Outsourcing credit card business to subsidiaries
- Introduced headquarters' evaluation program and assigned radical cost-cuts to all divisions

2 Keeping control of personnel expenses

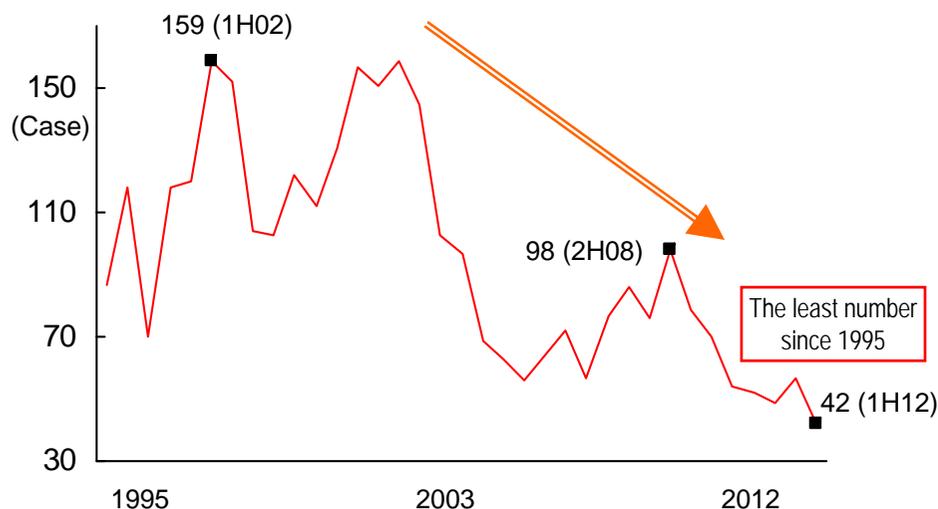


	FY11		FY12	
	1H (Actual)	2H (Actual)	1H (Actual)	2H (Forecast)
Net credit costs	(5.7)	7.9	0.7	6.2
Net transfer to general allowance for loan losses	(9.3)	1.3	(2.5)	0.0
Disposal of non-performing loans	3.5	6.7	3.3	6.2
Write-offs / allowances, etc.	5.1	8.3	5.1	7.8
New downgrades	5.7	7.5	5.5	7.0
Decreases in collateral value, etc.	0.5	0.5	0.8	0.6
Loan collection, etc.	(1.0)	(0.7)	(1.5)	(0.8)
Recoveries of written-off claims	(1.6)	(1.6)	(1.8)	(1.6)

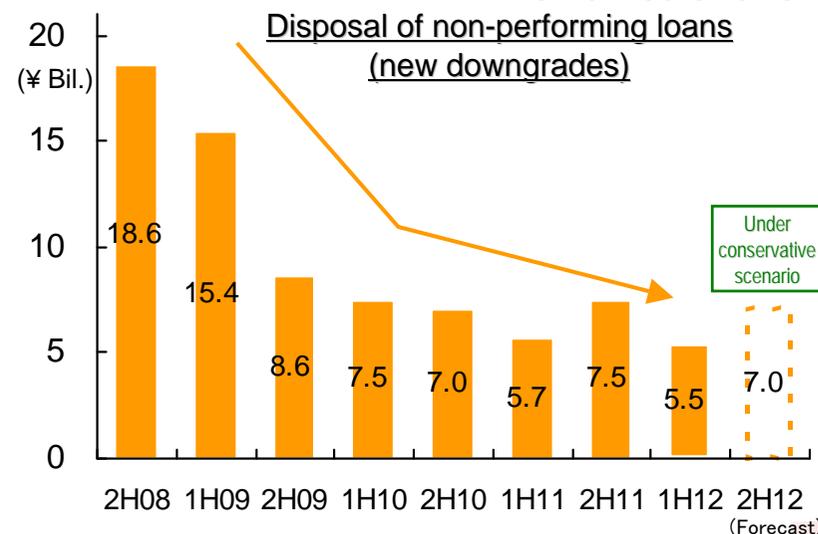
Net credit costs ratio	(15bp)	21bp	2bp	15bp
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(Note)
According to "Practical Guidelines on Accounting Standards for Financial Instruments," the total sum of transfer to allowance for loan losses is expressed as "Reversal of allowance for loan losses", in the case of a reversal. However, it is not applied in the left-hand table to enable comparison with previous figures.

1 The fewest default cases since 1995



2 Disposal of non-performing loans (new downgrades) remained at a low level

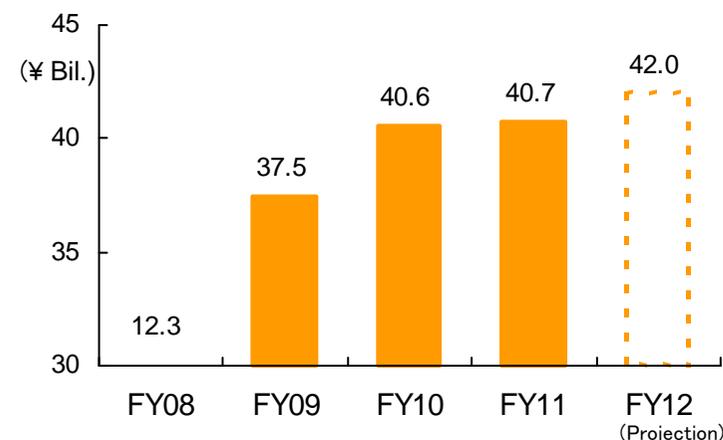


Earnings Projections for FY2012

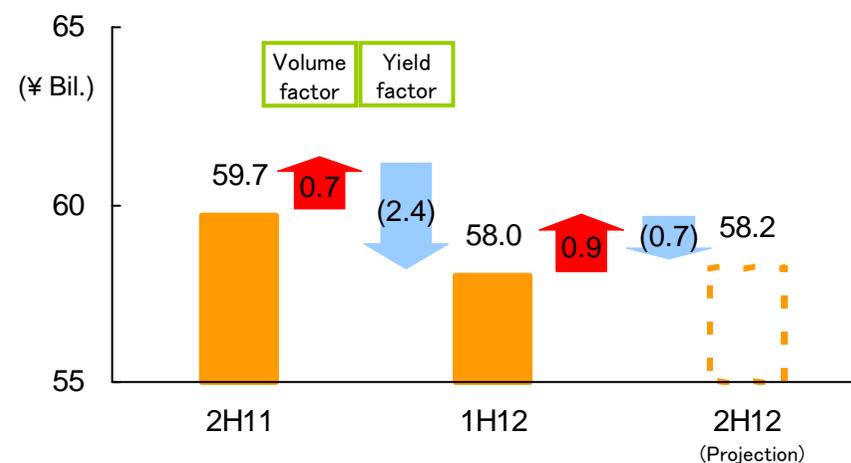
Consolidated	(¥Bil.)	FY11	FY12 (Projection)	Change	2H12 (Projection)
Ordinary profit		66.9	69.0	2.0	32.2
Net income		40.7	42.0	1.2	19.9

Non-consolidated	(¥Bil.)	FY11	FY12 (Projection)	Change	2H12 (Projection)
Gross business profit		153.3	153.5	0.1	76.2
Net interest income		134.5	131.0	(3.5)	64.7
Domestic loans and deposits		119.4	116.2	(3.2)	58.2
Net fees and commissions income		14.5	15.0	0.4	7.7
Trading income		1.4	1.5	0.0	0.9
Profit from other business transactions		2.7	6.0	3.2	2.8
Gains (losses) related to bonds		0.9	4.0	3.0	1.6
Expenses (-)		81.2	83.0	1.7	41.7
Real net business income		72.0	70.5	(1.5)	34.5
Core net business income		71.0	66.5	(4.5)	32.8
Net transfer to general allowance for loan losses (-)		-	(2.5)	(2.5)	(2.5)
Net business income		72.0	73.0	0.9	37.0
Non-recurrent income and losses		(10.2)	(9.0)	1.3	(6.6)
Disposal of non-performing loans (-)		2.2	9.5	7.2	8.7
Gains (losses) related to stocks, etc.		(9.2)	(3.3)	5.9	0.4
Ordinary profit		61.7	64.0	2.2	30.3
Extraordinary income (loss)		(0.7)	(0.6)	0.1	(0.2)
Net income		36.0	40.0	3.9	19.2
Net credit costs (-)		2.2	7.0	4.7	6.2

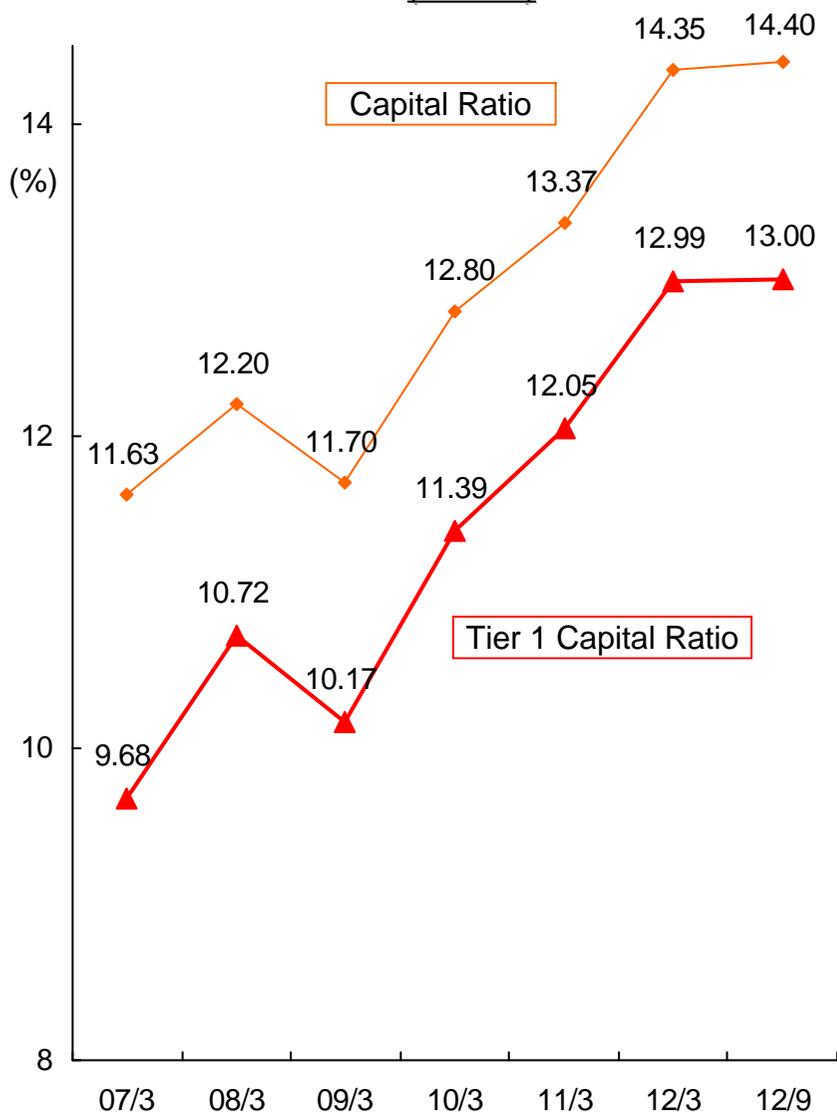
1 Consolidated net income for FY12: ¥42.0 bil.
— Growing for four successive terms



2 Net interest income in domestic loans and deposits is expected to hit the bottom



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

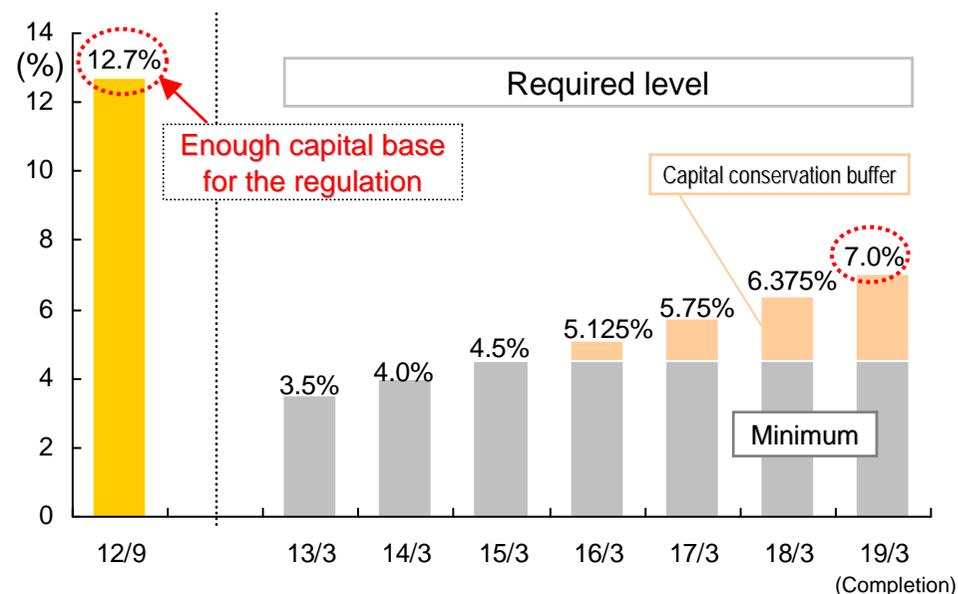


1 Solid capital base in quality and quantity

Breakdown of tier 1 capital

	(¥Bil.)
Tier 1 capital	633.4
Capital stock (common stocks only), Capital surplus	267.2
Retained earnings	384.8
Amount of minority interests held by consolidated subsidiaries (common stocks only)	6.7
Others	(25.3)

2 Common equity Tier 1 capital ratio under Basel III



» Summary of Financial Results

»» **Business Strategy**

High Growth Potential in Our Region

Airport projects

Narita International Airport



2011/10
Expanding annual arrival and departure slots
(200,000⇒220,000
⇒**250,000**⇒300,000)
FY2014

Economic effect: about ¥1 tri.
Employment: about 30,000 ppl

High convenience in area access

Tokyo Bay Aqua-Line



Ken-O Express Way

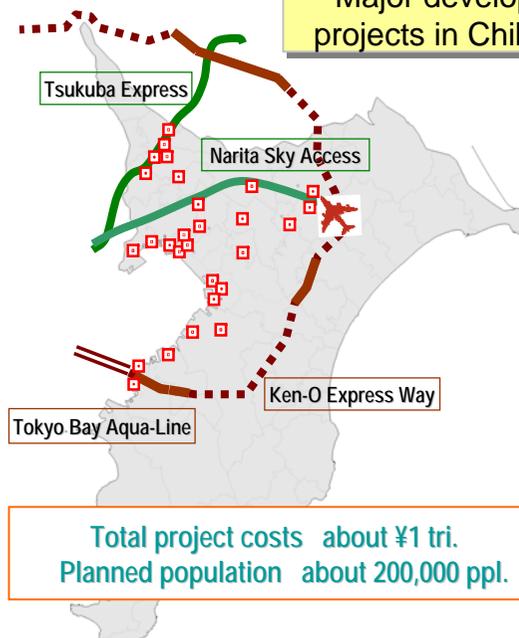


Narita Sky Access



Development projects

Major development projects in Chiba Pref.



Total project costs about ¥1 tri.
Planned population about 200,000 ppl.

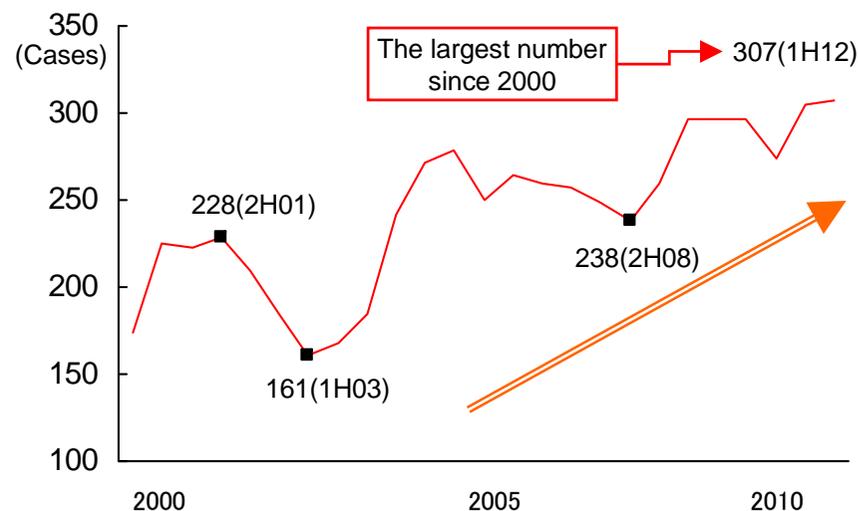
Smart cities



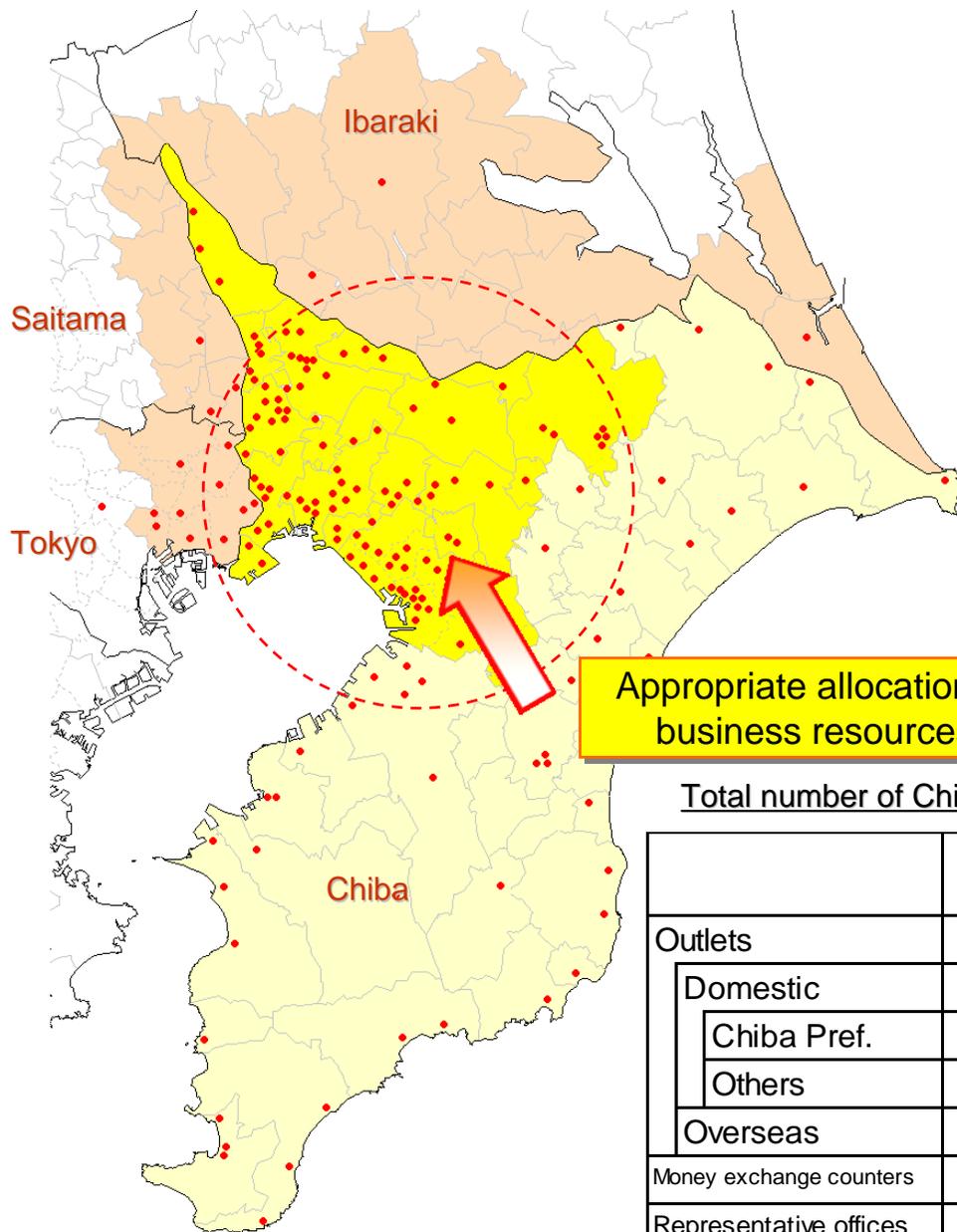
Attracting companies



Number of loans for capital expenditure in Chiba Pref.
(unit amount more than ¥100mil.)



Increasing Market Share in Growth Area



Loan share in Chiba pref. by area

	06/03	11/03	Change
Chiba prefecture	36.1%	39.0%	+2.9%
Western area of Chiba	32.2%	36.1%	+3.9%
Other areas in Chiba	44.1%	45.1%	+1.0%

※ Source: KINYU JOURNAL
(Western area of Chiba is based on our own calculation)

Appropriate allocation of business resources

Total number of Chiba Bank outlets

	12/9	Change from 05/3
Outlets	177	+15
Domestic	174	+15
Chiba Pref.	157	+7
Others	17	+8
Overseas	3	0
Money exchange counters	3	+1
Representative offices	2	+1

Consulting Plaza Kashiwa



Inzai-makinohara Branch



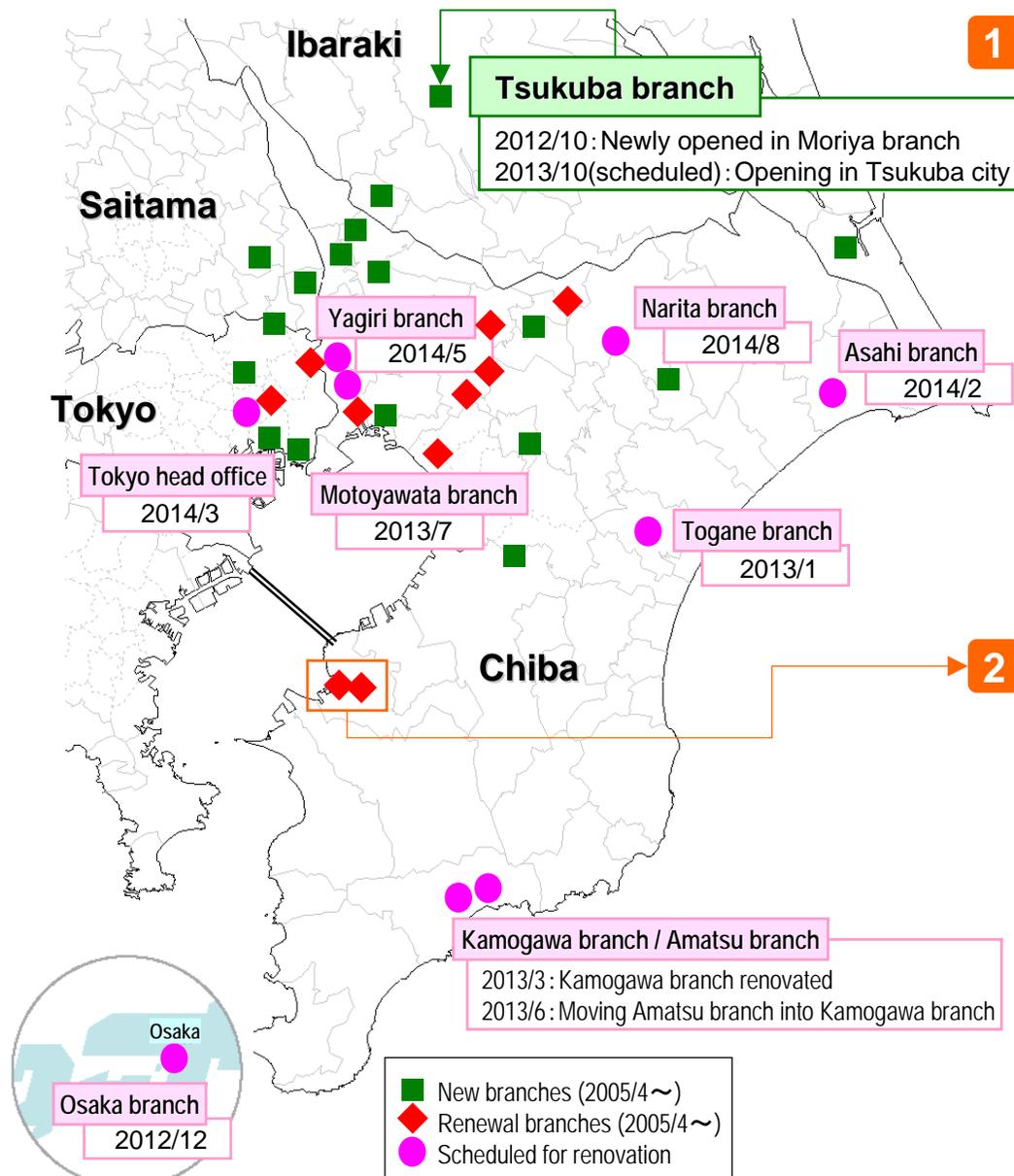
Nagareyama-otakanomori Branch



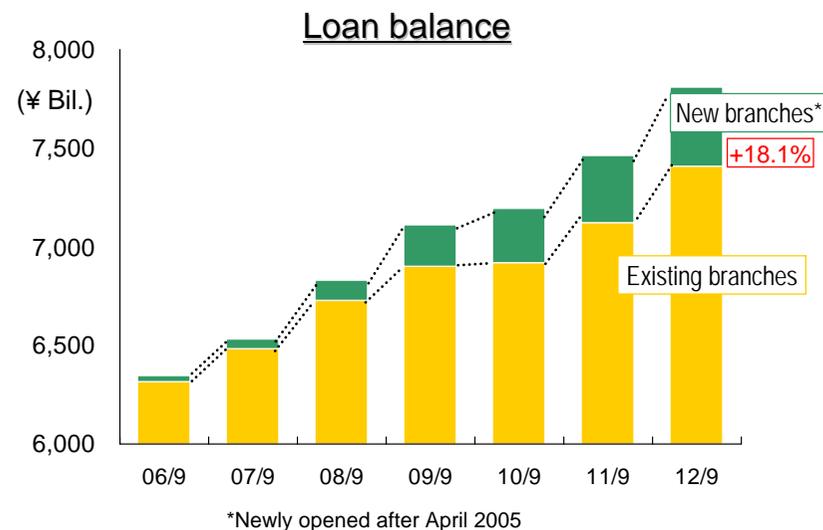
Yotsukaido-minami Branch



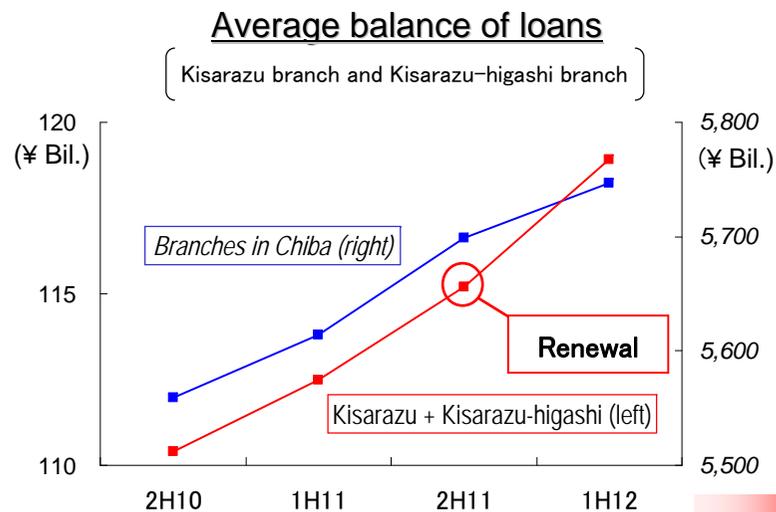
Branch Network Strategy

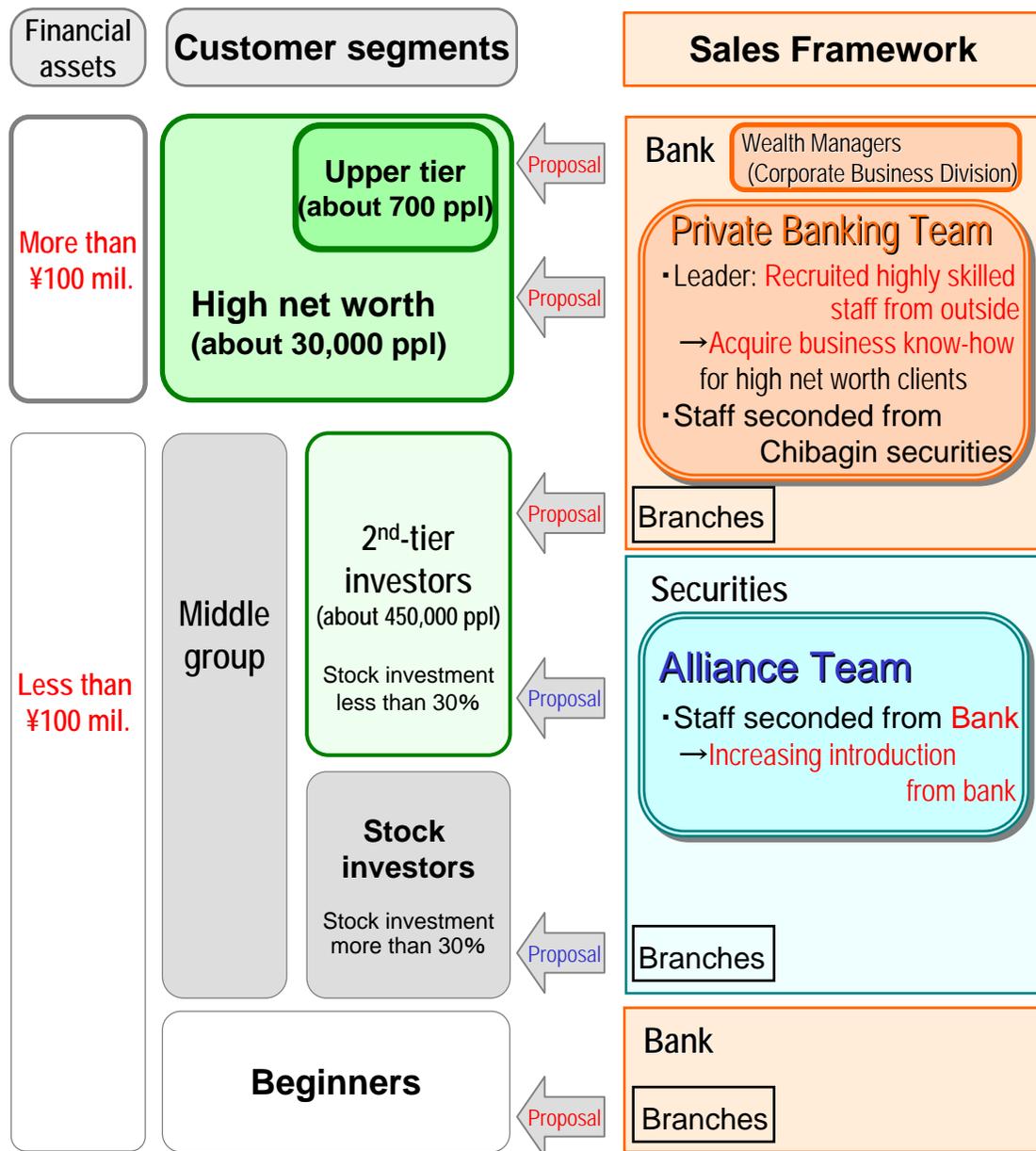


1 Expanding the branch network into growth areas

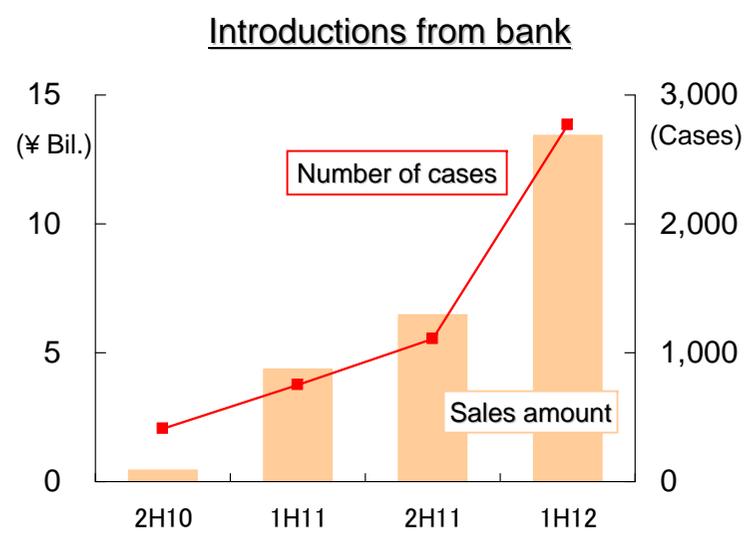


2 Effect of renewal on branches

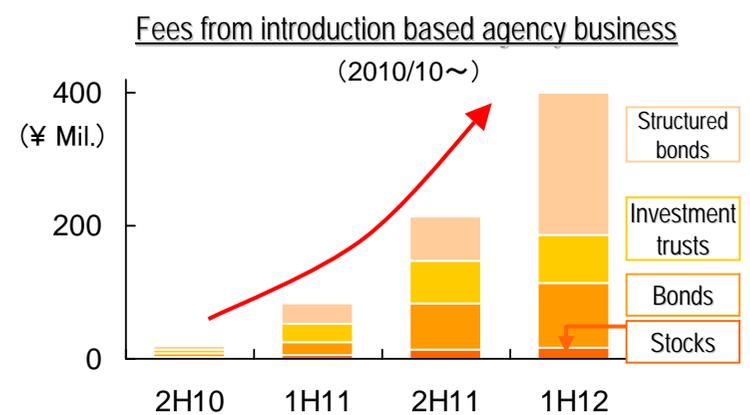




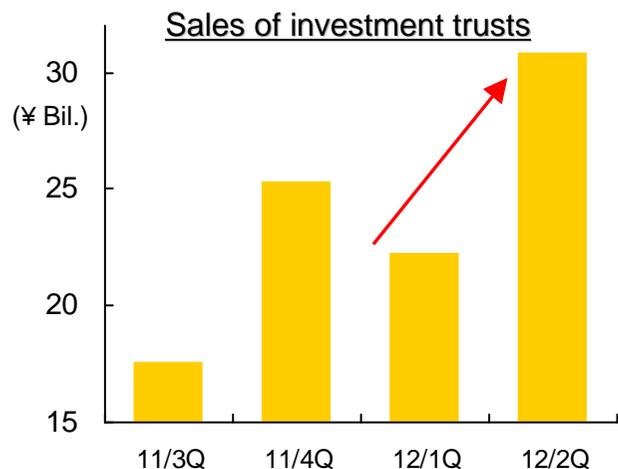
1 Effect of alliance teams



2 Introduction based agency business



1 Increasing sales through enhancing promotion skills



Utilizing IT system

Tablet PC

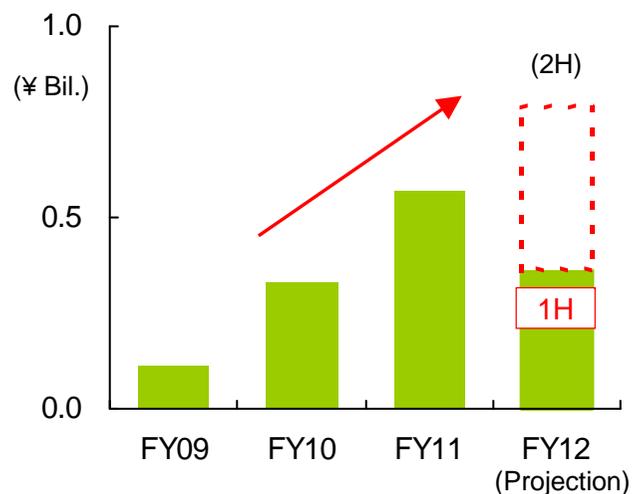
- Acquired 200 tablet for sales staff (12/7)
- Enhancing sales promotion skills

EBM (Event Based Marketing) system

- Strengthen proposals matching to customers' life events
- Rate of reaching contracts 7.6% (2H11) → 10.6%(12/9)

2 Increasing fees from sales of indemnity-type insurance

Fees from sales of indemnity-type insurance



Sales framework

Number of staff handling insurance
2 ⇒ 6 ⇒ 10 ⇒ 15
 (09/9) (10/4) (11/4) (12/10)

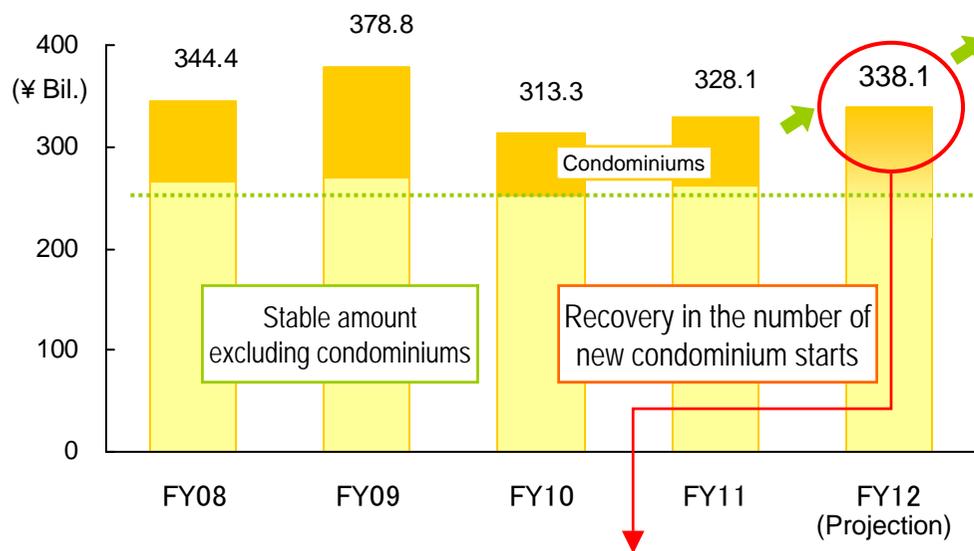
Consulting Plaza Chiba

Number of introductions from branches to consulting plazas

Period	Number of Introductions (Cases)
1H11	1,200
2H11	1,600
1H12	2,000

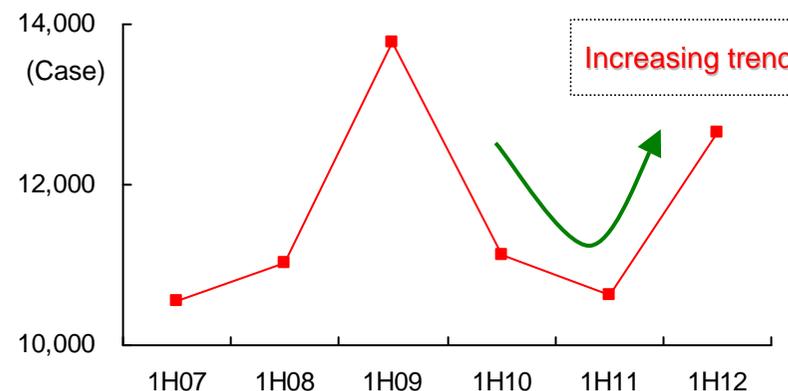
1 Housing loans are expected to increase

New housing loans

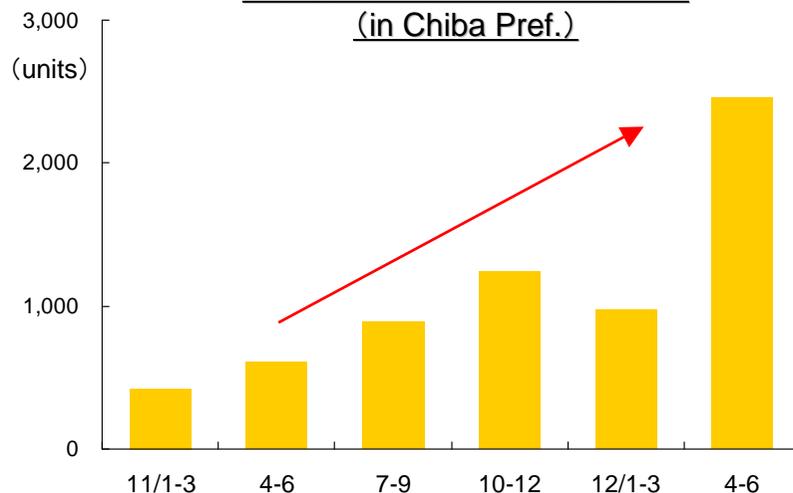


- Condominium supply in Chiba pref. is expected to increase
 Direct approaches to major housing related companies (developers, brokers and constructors) by Loan Centers

Pre-applications at Loan Centers



Number of Condominium Starts (in Chiba Pref.)

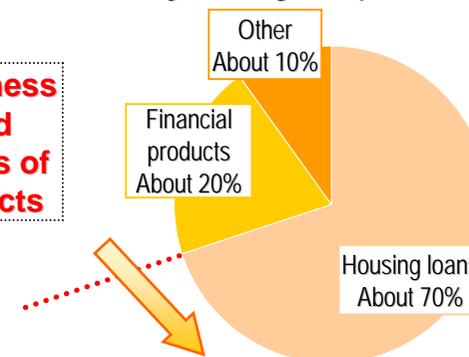


2 Improving business efficiency for housing loans

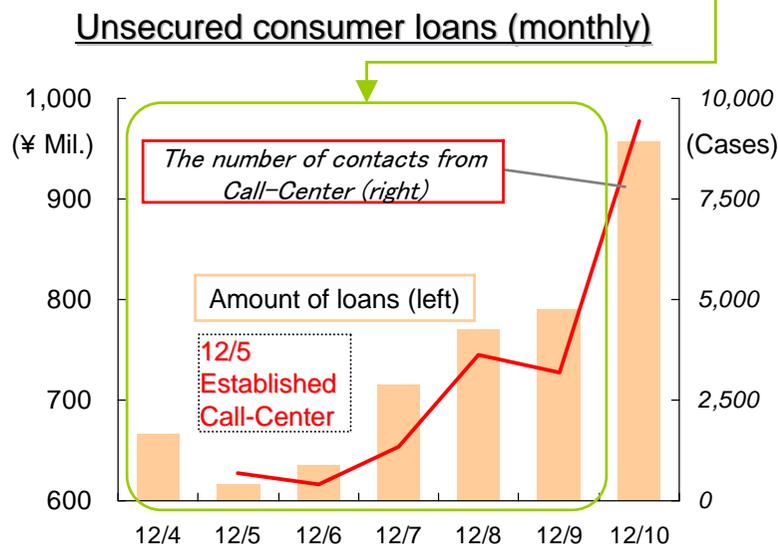
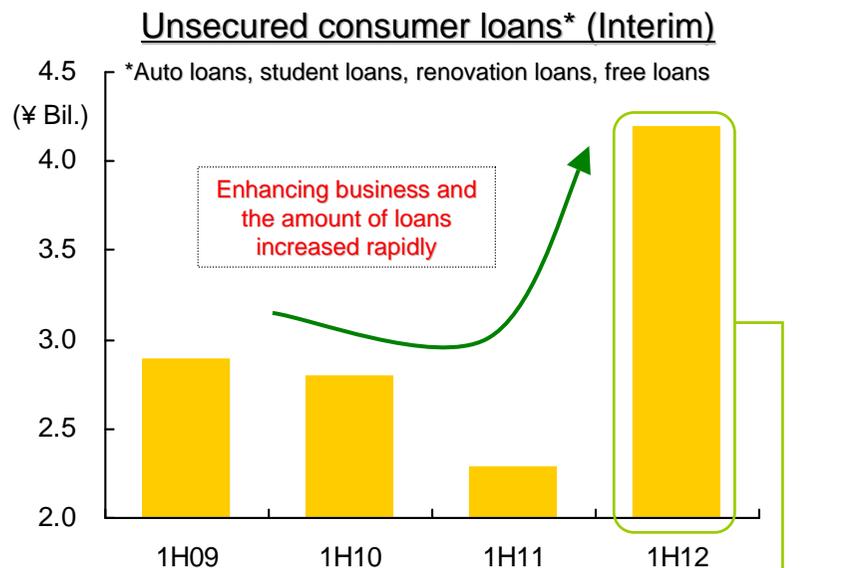
IT systems for screening of housing loans and **simplify business processes**

Distribution of work undertaken by housing loan promotion staff

Improving business efficiency and enhancing sales of financial products



1 Enhancing unsecured consumer loan business



2 Credit card business

Alliance partners

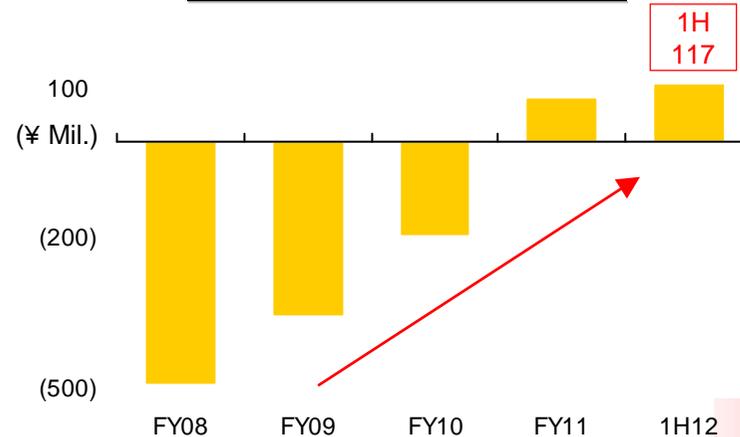
- Card Holders receiving special benefits by using our credit cards at shops of alliance partners
- Advertisement of special benefits on behalf of alliance partners



Effect

- Encourage customers to use their credit cards
- Procure young people and make them regular customers in the future (cf. housing loans and investment-type financial products)
- Strengthen relationships between bank and the partners in the region

Profit from credit card business



Business in Growth Area

Corporate Business Div.

Growth Business Support Office

Medical · Nursing

Tourism

Agriculture

PFI

Environment

International business

Business matching

Business Solution and Support Department

Defined contribution pensions

Private placement bonds

Liquidation of credit receivable

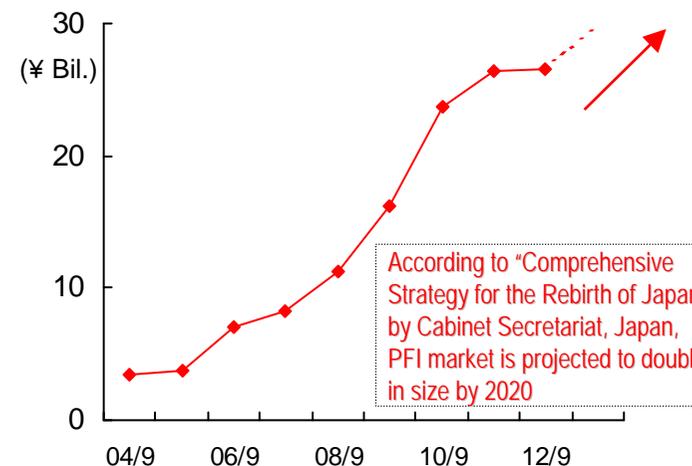
Syndicated loans

Wealth Management Group

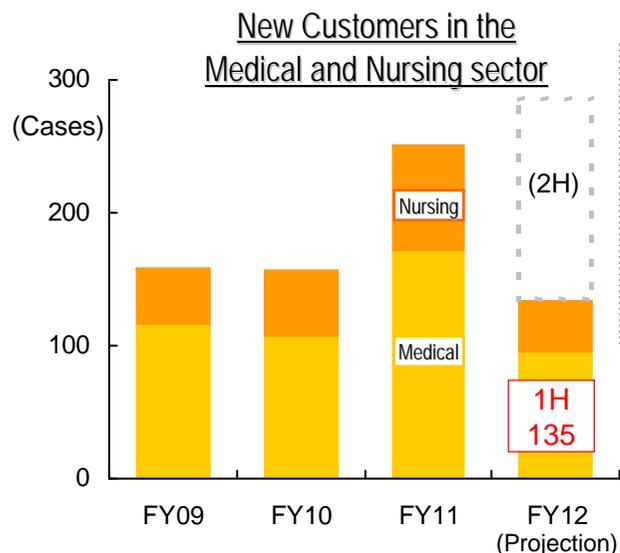
Business Center Group

2 Expanding business in growth area

Loan balance of PFI



1 Enhancing business for medical · nursing



- Hospital Bed Plan for Chiba Prefecture in (3,206 new beds / 54 medical institutions)
- Chiba Prefecture "The Act on Stable Supply of Residences for the Elderly" The number of nursing homes with care service 1,519 (2011) ⇒ 9,000 (2015)

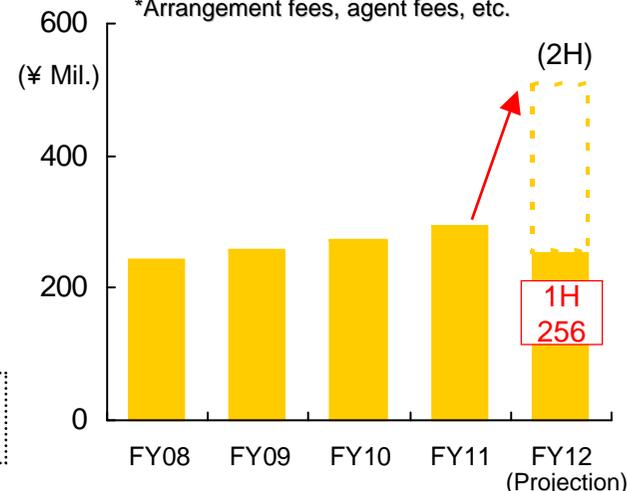


Financial needs from new hospital beds and nursing homes with care service for the elderly

3 Fees income from companies

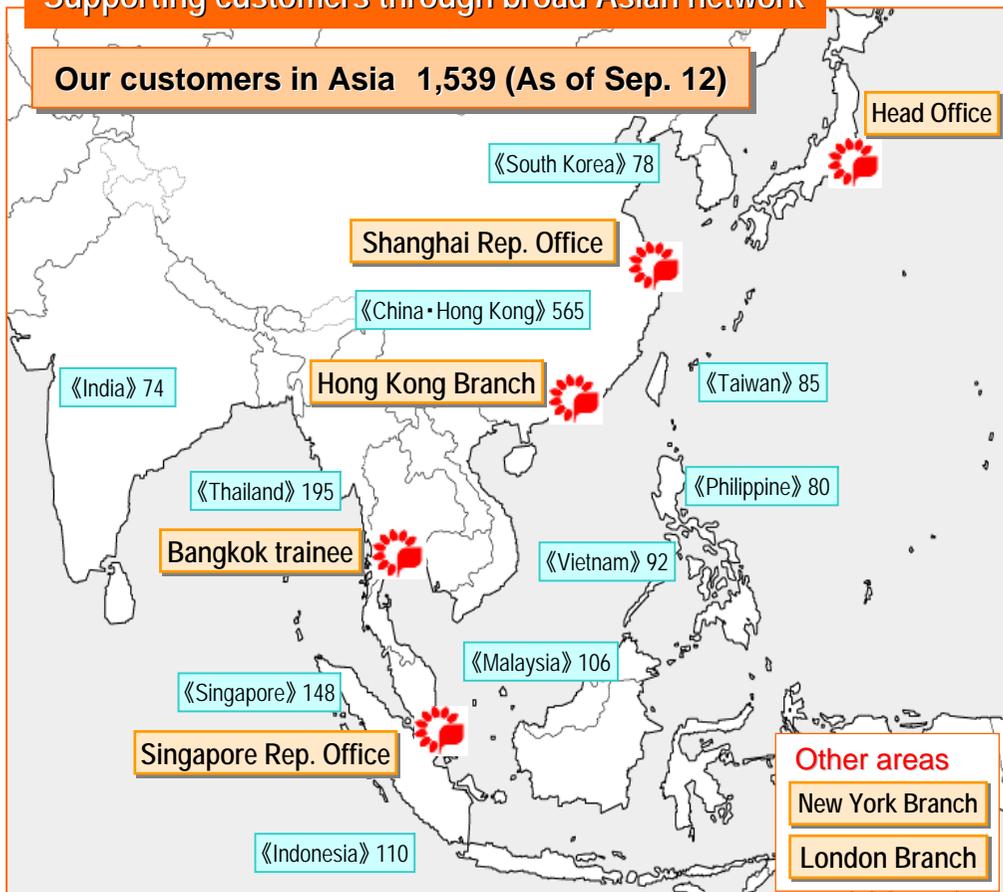
Fees income from syndicated loans*

*Arrangement fees, agent fees, etc.



Supporting customers through broad Asian network

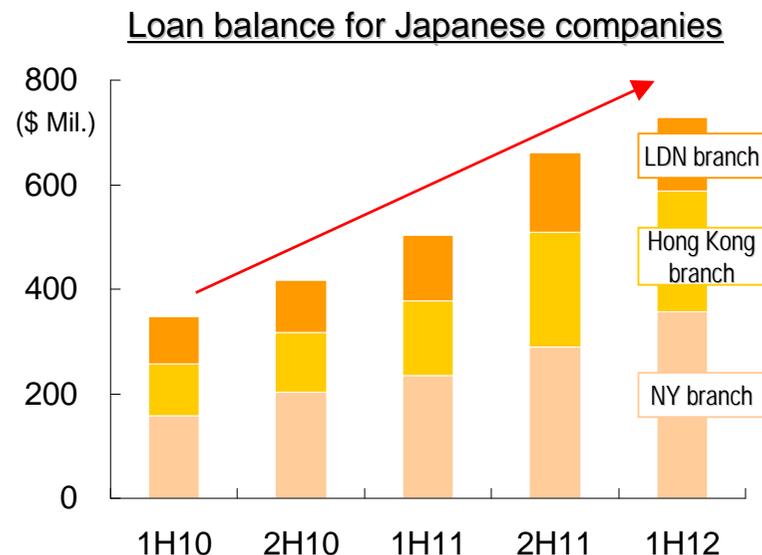
Our customers in Asia 1,539 (As of Sep. 12)



Increasing Alliance partners



1 Loan balance at 3 overseas branches



2 Overseas business matching

Food-business talk association (Singapore / Mongolia)

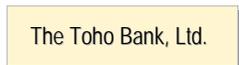


TSUBASA Project

2008/3~



2012/4~



Cooperation on subsystems

▪ **Cost-saving: ¥1.3 bil.**

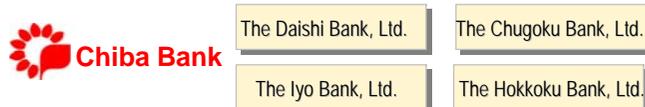
Call-Center system

<2010/3>



CRM system

<2010/7>



Branch system

<2011/4-6>



Cooperation on mainframe

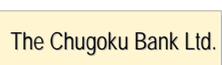
<2012/10 Agreement>



<2016/1~>



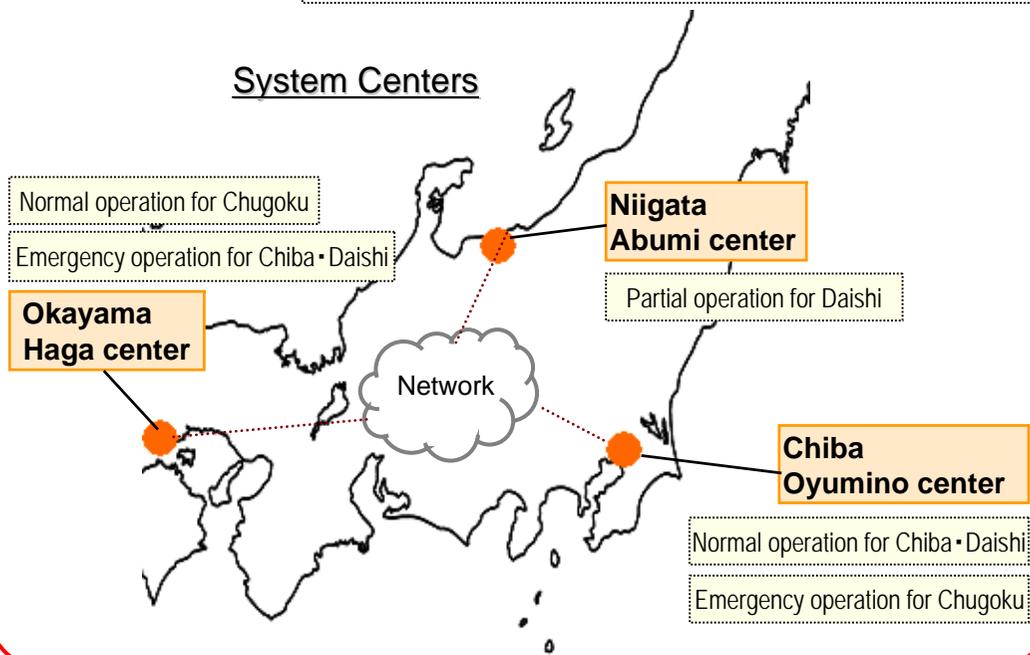
<2017/1~>



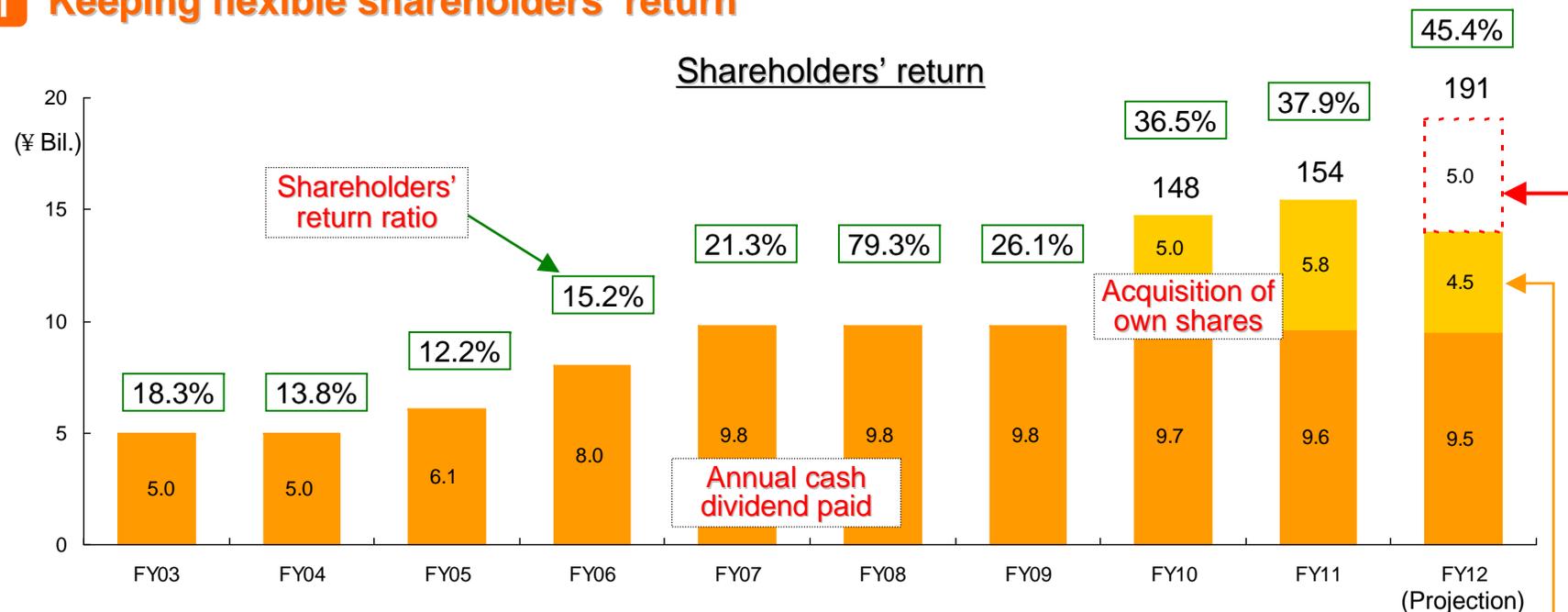
<2017/5~>

- Development of systems for long-term running
- Reduction in cost of IT systems
- Cooperation and training of IT system staff
- Speeding-up the development of products and services
- Enhancing backup systems in case of emergency

▪ **Cost saving: about ¥500 mil per year**
(Compared with sole development)



1 Keeping flexible shareholders' return



2 Effective usage toward our development

- Increasing loan balance
- Enhancing alliance strategy



→ 2011/10~
Wholly-owned subsidiary

3 Announced the second acquisition of own shares in FY12

・2012/5~6 Acquisition of own shares
 (Shares to be acquired: 10 million shares
 Total cost of acquisition: ¥4.58 billion)

・2012/11 Announcement of acquisition
 (Period of acquisition: 2012/11/13~12/20
 Total number of acquisition: up to 10million shares
 Total cost of acquisition: up to ¥5 bil.)