

Financial Results for FY2016

May 23, 2017

THE CHIBA BANK,LTD.

Summary of Financial Results

Summary of Financial Results	3
Net Interest Income	4
Deposit and Loan Portfolios	5
Securities Portfolio	6
Net Fees and Commissions Income	7
Expenses	8
Net Credit Costs	9
Earnings Projections	10

Medium Term Management Plan

Review of the 12 th Medium Term Management Plan	12
Economic Environment	13
Summary of the 13 th Medium Term Management Plan	14
Numerical Targets	15
Breakdown of Earnings Projections	16
Allocation of Management Resources	17

Business Strategies

Loans for Corporate Customers	19
Loans to Real-estate Leasing sector	20
Branch Network Strategy	21
Housing Loans	22
Unsecured Consumer Loans	23
Group Total Balance of Financial Products	24
Group Subsidiaries	25
Trust Business and Inheritance-related Services	26
International Business	27
Work Style Reform	28
FinTech	29
Alliance Strategies I	30
Alliance Strategies II	31

Governance / Capital Policy

Governance	33
Capital Policy I	34
Capital Policy II	35

Summary of Financial Results

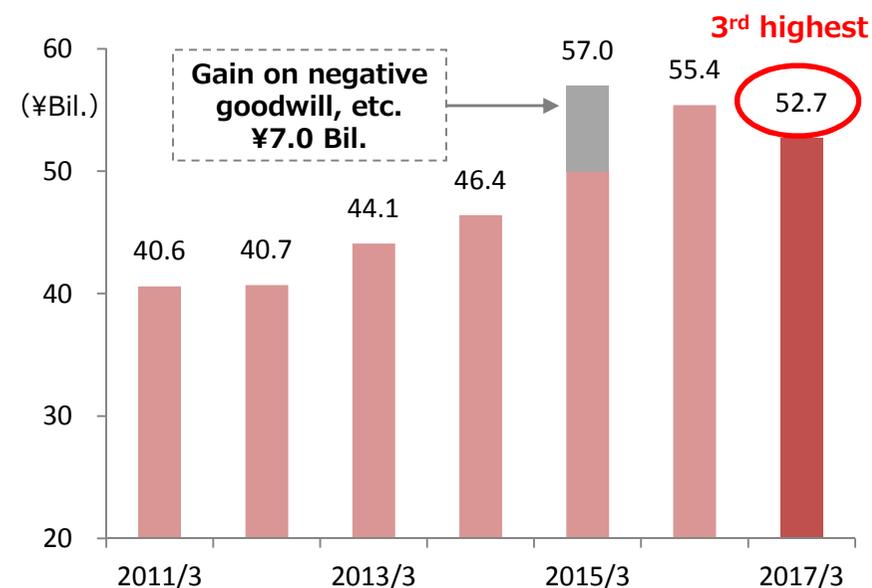
Summary of Financial Results

Non-consolidated		2016/3	2017/3	Change from 2016/3	Change from projection
(¥Bil.)					
Gross business profits		150.0	144.0	△ 5.9	△ 3.4
Net interest income		125.4	121.1	△ 4.3	△ 0.4
Net fees and commissions income		19.0	19.1	△ 0.0	△ 0.8
Trading income		3.2	2.5	△ 0.6	△ 0.4
Profit from other business transactions		2.2	1.2	△ 1.0	△ 2.5
Gains (losses) related to bonds		2.2	△ 1.1	△ 3.4	△ 2.6
Expenses (△)		82.0	83.1	1.0	△ 0.3
Real net business income		67.9	60.9	△ 6.9	△ 3.0
Core net business income		65.7	62.1	△ 3.5	△ 0.3
Net transfer to general allowance for loan losses (△)		-	-	-	-
Net business income		67.9	60.9	△ 6.9	△ 3.0
Non-recurrent income and losses		11.7	9.0	△ 2.6	2.5
Disposal of non-performing loans (△)		△ 2.3	△ 3.7	△ 1.4	△ 1.4
Gains (losses) related to stocks, etc.		2.7	1.5	△ 1.2	0.8
Ordinary profit		79.6	70.0	△ 9.6	△ 0.4
Extraordinary income (loss)		△ 0.6	△ 1.0	△ 0.3	△ 0.0
Profit		52.5	48.6	△ 3.9	△ 0.3
Net credit costs (△)		△ 2.3	△ 3.7	△ 1.4	△ 1.4
Consolidated					
(¥Bil.)					
Ordinary profit		85.5	77.6	△ 7.9	0.1
Profit attributable to owners of parent		55.4	52.7	△ 2.7	0.2

Summary of 2017/3

- ◆ Net interest income; exceeded our projection (achievement rate 100.3%)
- ◆ Net fees and commissions income; increased from 2016/3 (due to growth in corporate sector; covered decrease in financial product sales)
- ◆ Partial sales of foreign bonds in preparation for interest rate rise (¥3.1Bil. of losses on sales)
- ◆ Net credit cost; remained at low level

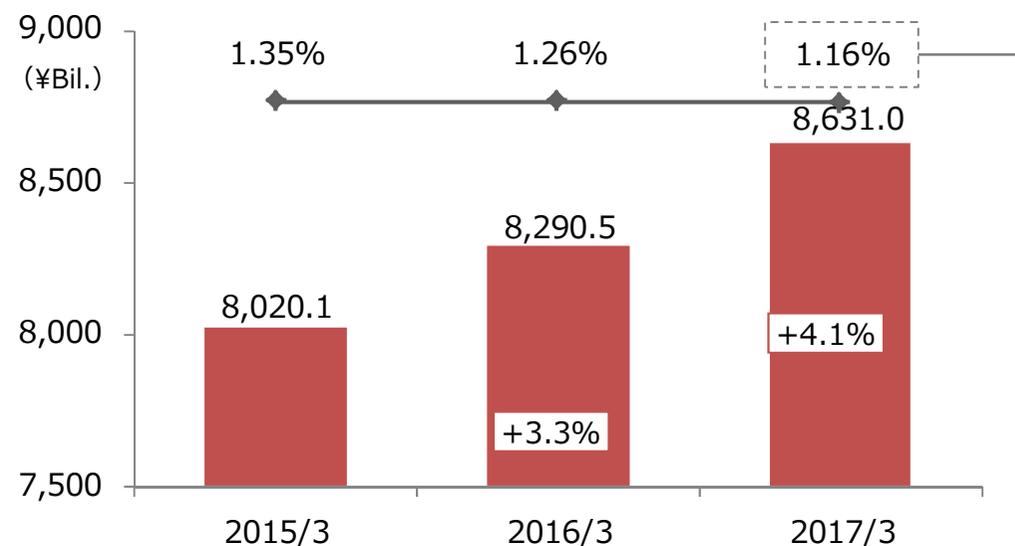
Profit attributable to owners of parent



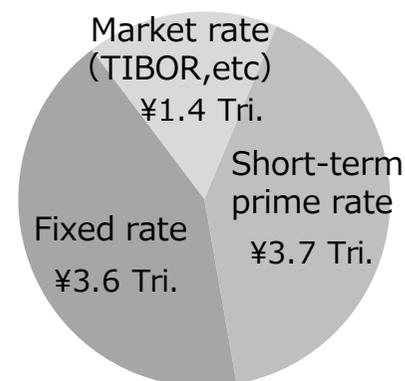
Slowing interest rate drop ex. NIR impact, accelerating growth of domestic loans

(¥Bil.)	2016/3	2017/3	Change
Net interest income	125.4	121.1	△ 4.3
Domestic	119.4	115.9	△ 3.5
Loans and deposits	101.5	98.8	△ 2.6
Loans	105.1	100.1	△ 4.9
Deposits (△)	3.5	1.3	△ 2.2
Securities	18.4	17.0	△ 1.3
Bonds	5.5	5.4	△ 0.1
Stocks	6.4	6.9	0.4
Investment trusts (dividends)	3.1	3.3	0.1
Investment trusts (sold)	3.2	1.3	△ 1.8
International	5.9	5.2	△ 0.7
Loans and deposits	2.0	2.6	0.5
Loans	3.5	5.7	2.2
Deposits (△)	1.4	3.1	1.6
Bonds	10.2	10.6	0.3
Bonds (△)	6.3	8.0	1.6

Avg. balance and yield of domestic loans



Breakdown of balance of JPY domestic loans (2017/3)



Compared to previous period
△0.10%

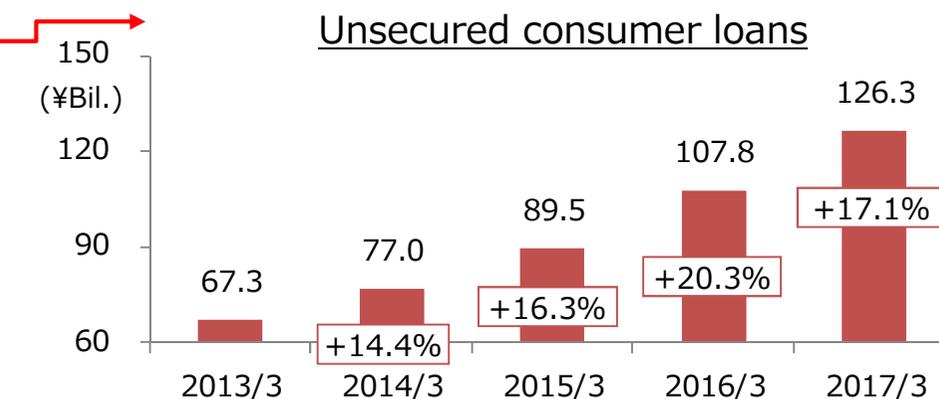
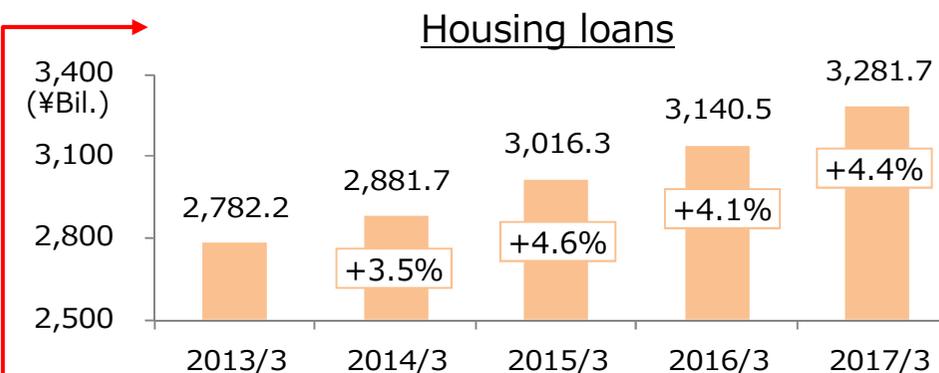
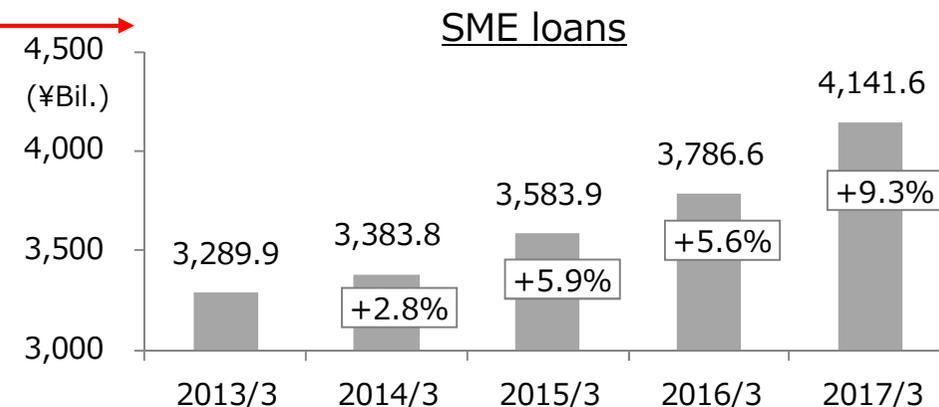
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ex. Negative interest rate factors
△0.05%

Deposit and Loan Portfolios

Steady growth of SME loans within and outside Chiba, large increase in unsecured consumer loans

(¥Bil.)	2016/3	2017/3	Change	%
Deposits	11,140.2	11,565.7	425.5	3.8%
Domestic Deposits	10,689.0	11,116.2	427.1	3.9%
Personal Deposits	8,071.9	8,350.3	278.4	3.4%
(¥Bil.)	2016/3	2017/3	Change	%
Loans	8,797.4	9,305.3	507.9	5.7%
Domestic loans	8,628.8	9,115.8	487.0	5.6%
ex.Public sector	8,399.2	8,912.2	512.9	6.1%
Corporate loans	5,135.8	5,491.2	355.4	6.9%
Large corporates	1,349.2	1,349.6	0.4	0.0%
SMEs	3,786.6	4,141.6	355.0	9.3%
Consumer loans	3,263.4	3,420.9	157.4	4.8%
Housing loans	3,140.5	3,281.7	141.2	4.4%
Unsecured consumer loans	107.8	126.3	18.4	17.1%
Public sector	229.5	203.6	△ 25.8	△ 11.2%
Domestic loans	8,628.8	9,115.8	487.0	5.6%
Branches in Chiba	6,280.8	6,536.4	255.5	4.0%
Branches outside Chiba	2,347.9	2,579.4	231.4	9.8%
Special Branches*	1,333.3	1,395.5	62.1	4.6%
Retail Branches	1,014.5	1,183.8	169.2	16.6%

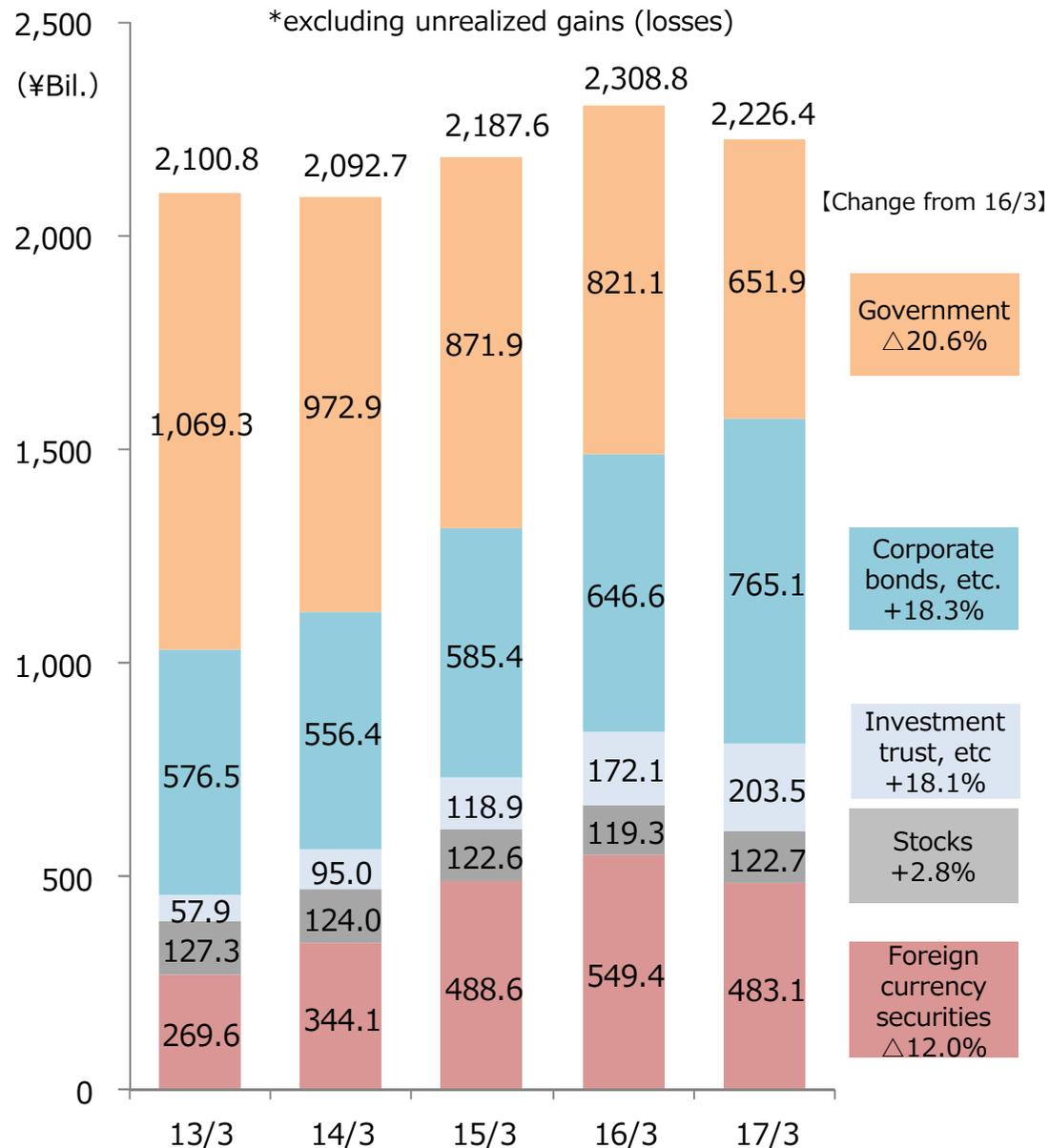


*Tokyo Head Office, Shinjuku Branch and Osaka Branch

Controlling interest rate risk and diversifying investment

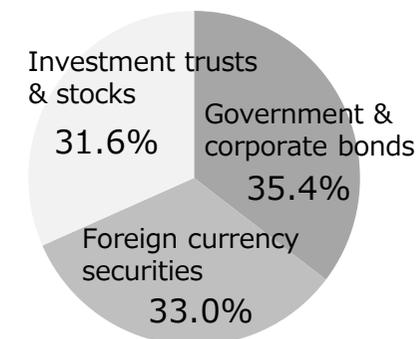
Balance of securities*

*excluding unrealized gains (losses)



Breakdown of securities by risk amount (2017/3)

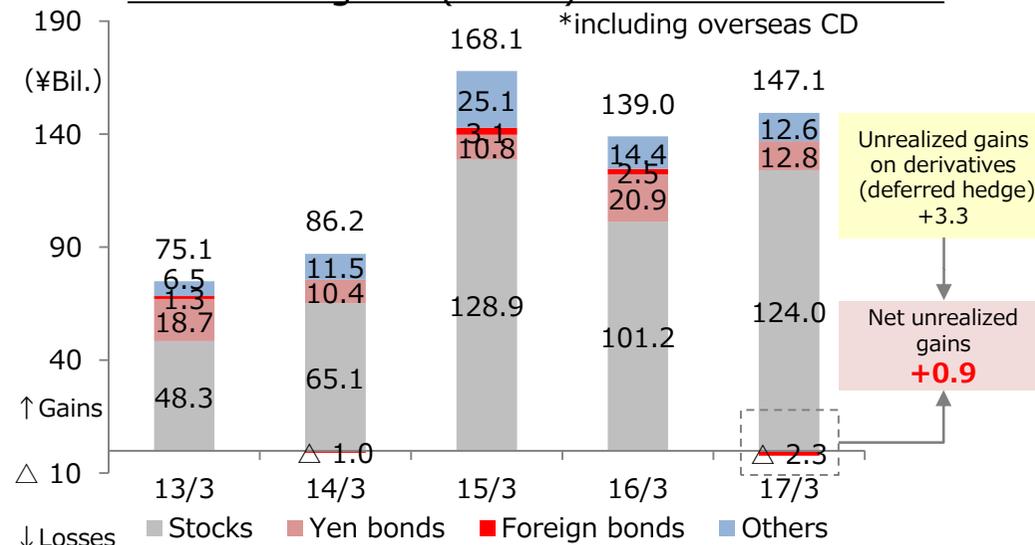
To control potential risks of securities, we keep a risk-parity portfolio.



Duration of securities* *after hedging with asset swap

	2013/3	2014/3	2015/3	2016/3	2017/3
Yen bonds	3.3Yr	2.9Yr	3.2Yr	3.5Yr	3.6Yr
Foreign bonds	1.7Yr	2.2Yr	2.3Yr	2.4Yr	1.8Yr

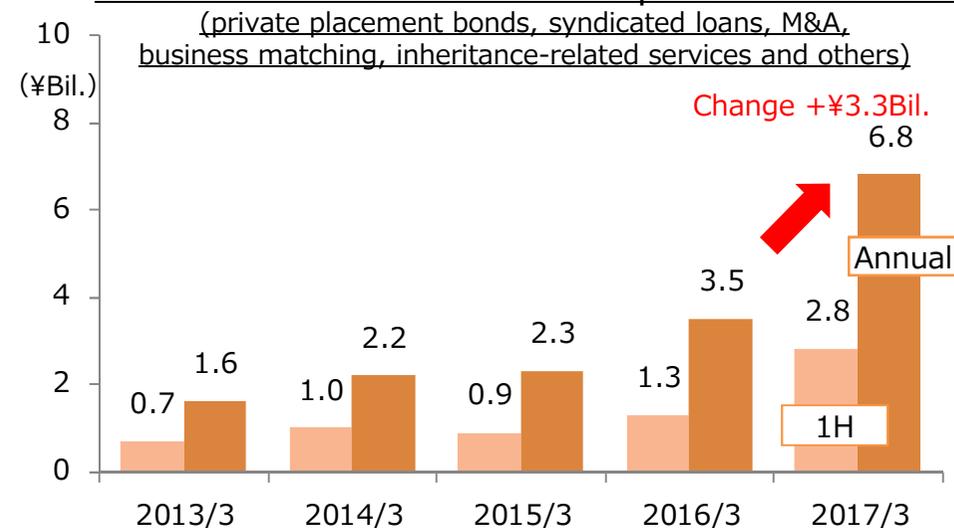
Unrealized gains (losses) on other securities*



Higher net fees and commissions income, increasing fees from corporate customers

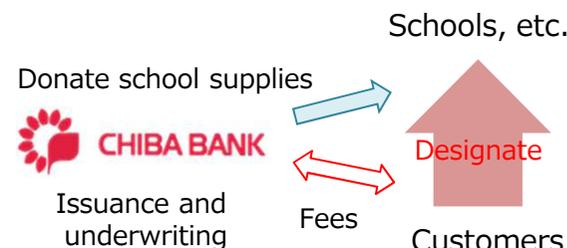
(¥Bil.)	2016/3	2017/3	Change
Net fees and commissions income	19.0	19.1	0.0
Fees and commissions income	39.0	39.4	0.3
Fees and commissions payments (△)	20.0	20.3	0.3
<Main items>			
Investment trusts and personal annuities	13.4	10.3	△ 3.0
Investment trusts	5.9	4.2	△ 1.7
Personal annuities	5.9	3.2	△ 2.6
Indemnity-type insurance	1.0	2.2	1.2
Introduction based agency business	0.4	0.5	0.1
Solution-related fees from corporate customers	3.5	6.8	3.3
Private placement bonds	0.4	0.8	0.3
Syndicated loans	2.1	4.3	2.2
Business matching	0.5	0.9	0.3
Inheritance	0.2	0.4	0.2
Payment and settlement transactions	11.8	11.9	0.1
Guarantee charges and group insurance costs (△)	12.9	13.2	0.3
(Reference) Other non-recurrent income and loss			
Dividends from group credit life insurance	3.3	3.4	0.1

Solution-related fees from corporate customers

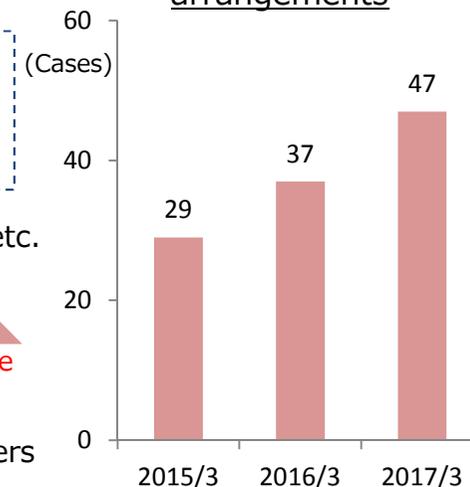


Private placement bonds for regional revitalization

✓ Purchase and donate school supplies to designated schools using bond issuance fees
⇒200 cases / ¥20.1Bil. (2016.6~)



Number of syndicated loan arrangements



Further improving job efficiency and controlling expenses

(¥Bil.)	2016/3	2017/3	Change	2018/3 Projection	Change
Expenses (△)	82.0	83.1	1.0	83.0	△ 0.1
Personnel (△)	41.7	42.1	0.4	42.4	0.2
Non-personnel (△)	34.9	35.0	0.0	34.7	△ 0.3
Tax (△)	5.3	5.9	0.5	5.9	△ 0.0

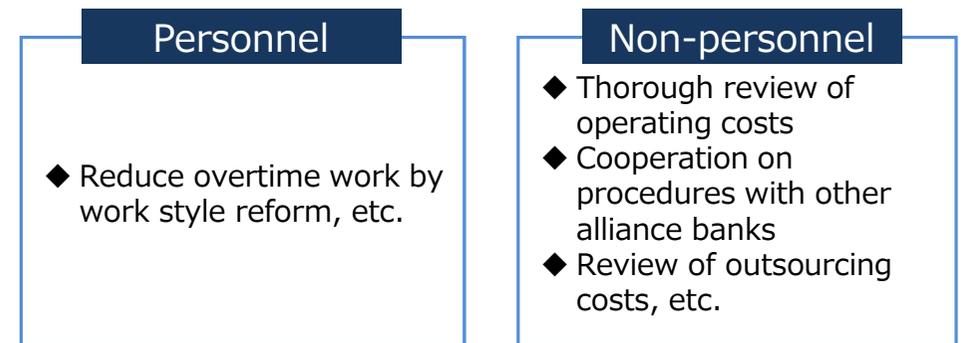
Main increase / decrease factors in expenses

(¥Bil.)	2017/3 (Actual)	2018/3 (Projection)
Personnel (△)	Salaries +0.3 + 0.4 Social insurance premium +0.1 Retirement benefit costs △0.1	Salaries +0.1 + 0.2 Social insurance premium +0.0
Non-personnel (△)	System renewal +0.5 + 0 Deposit insurance fees +0.1 Depreciation △0.5	New branch model +0.1 △ 0.3 Deposit insurance fee rate down △0.5
Tax (△)	+ 0.5 Proforma standard taxation +0.7 Consumption tax △0.1	△ 0

Cost reduction measures

Cost Management Committee

✓ Planning and implementation of cost reduction measures on a company-wide basis and strict monitoring by management



Radical cost reduction

IT investments for improving efficiency and growth

⇒ Control expenses strictly at current level

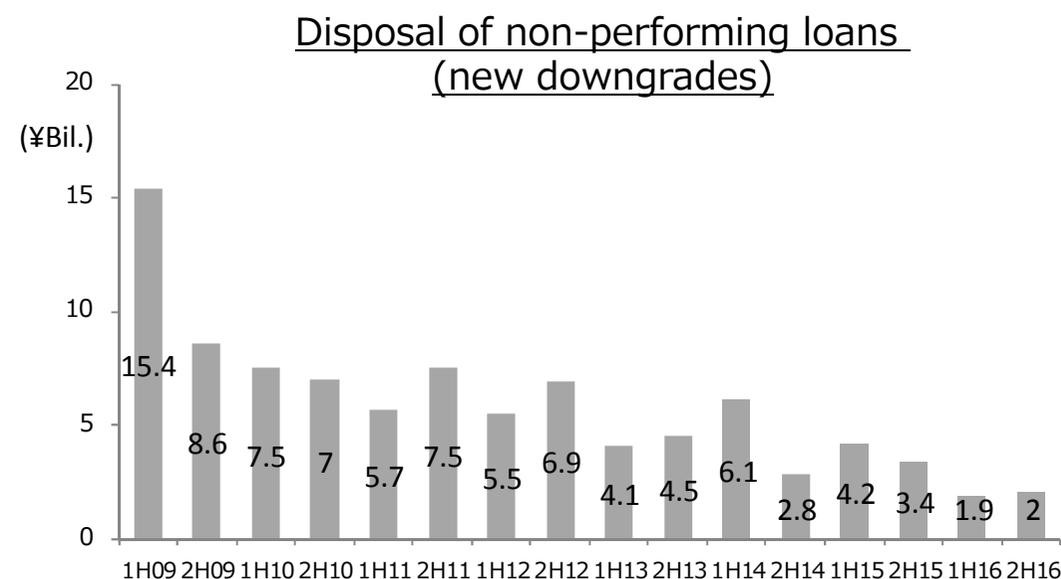
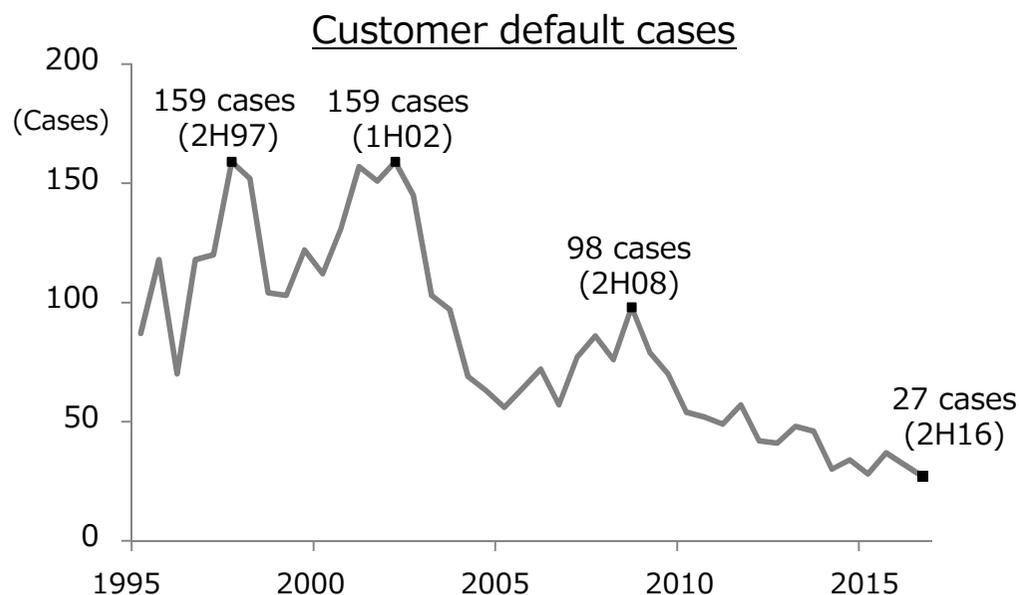
Net credit costs remain low for the time being

	(¥Bil.)	2016/3	2017/3	Change	2018/3	Change
					Projection	
Net credit costs (△)		△ 2.3	△ 3.7	△ 1.4	△ 1.0	2.7
Net transfer to general allowance for loan losses (△)		△ 4.3	△ 0.0	4.3	△ 4.5	△ 4.4
Disposal of non-performing loans (△)		2.0	△ 3.7	△ 5.7	3.5	7.2
Write-offs / Net transfer to specific allowances, etc. (△)		4.6	△ 1.6	△ 6.3	5.5	7.1
New downgrades (△)		7.7	3.9	△ 3.7	7.0	3.0
Decreases in collateral value, etc. (△)		0.4	0.2	△ 0.2	0.4	0.1
Collections, etc.		3.0	5.9	2.8	2.2	△ 3.7
Recoveries of written-off claims		2.6	2.0	△ 0.6	2.0	△ 0.0
Net credit cost ratio (△)		△2bp	△4bp	△1bp	△1bp	2bp

(Note)

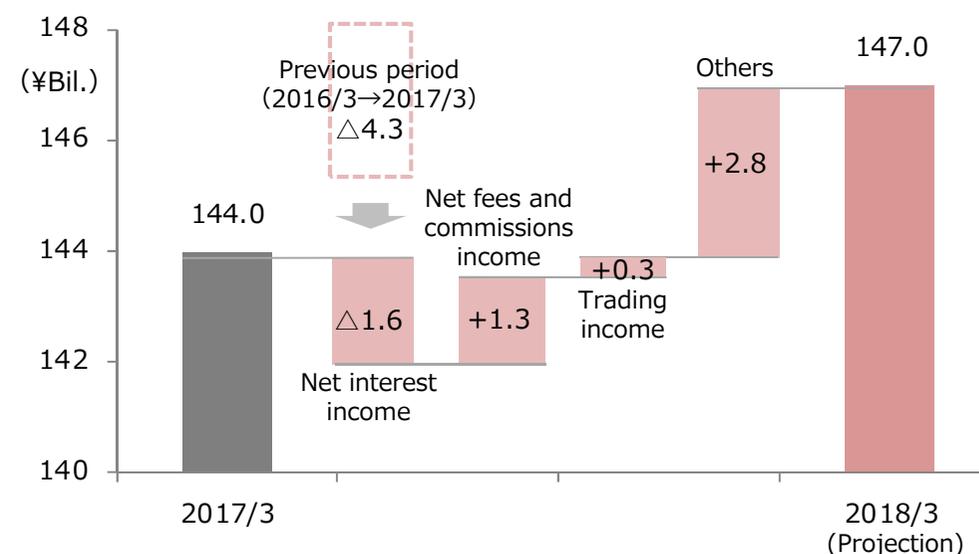
The total sum of transfer to allowance for loan losses is expressed as "Reversal of allowance for loan losses", in the case of a reversal.

However, it is indicated separately as Net transfer to general allowance for loan losses and Net transfer to specific allowance for loan losses in the left-hand table to enable comparison with previous figures.

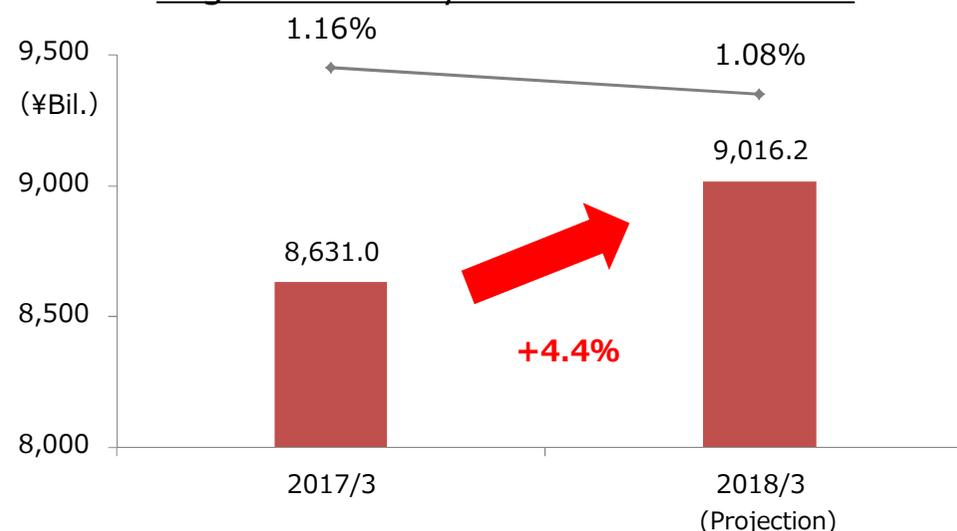


Non-consolidated			
(¥Bil.)	2017/3	2018/3 Projection	Change
Gross business profits	144.0	147.0	2.9
Net interest income	121.1	119.5	△ 1.6
Net fees and commissions income	19.1	20.5	1.3
Trading income	2.5	2.9	0.3
Profit from other business transactions	1.2	4.1	2.8
Gains (losses) related to bonds	△ 1.1	2.2	3.3
Expenses (△)	83.1	83.0	△ 0.1
Real net business income	60.9	64.0	3.0
Core net business income	62.1	61.8	△ 0.3
Net transfer to general allowance for loan losses (△)	-	-	-
Net business income	60.9	64.0	3.0
Non-recurrent income and losses	9.0	6.5	△ 2.5
Disposal of non-performing loans (△)	△ 3.7	△ 1.0	2.7
Gains (losses) related to stocks, etc.	1.5	2.5	0.9
Ordinary profit	70.0	70.5	0.4
Extraordinary income (loss)	△ 1.0	△ 0.7	0.3
Profit	48.6	49.5	0.8
Net credit costs (△)	△ 3.7	△ 1.0	2.7
Consolidated			
(¥Bil.)	2017/3	2018/3 Projection	Change
Ordinary profit	77.6	78.0	0.3
Profit attributable to owners of parent	52.7	53.0	0.2

Breakdown of changes in gross business profits



Avg. balance & yield of domestic loans



Medium Term Management Plan



● Economic recession after the Lehman shock

● Great East Japan Earthquake

● Progress of Abenomics

Pursued business vigorously

Review of the previous medium term management plan “Best Bank 2020 – 3 years of value creation”

Subject I

Creating new corporate value

- Measures for evaluation of customers’ business potential and regional revitalization (specialized staff for corporate sales, established a committee and division for regional revitalization)
- Effective sales team (collaboration in blocks for housing loans and financial products sales)
- New profitable businesses (unsecured consumer loans, inheritance-related business)
- Upgraded operating base (new branches in Strategic Operating Area, Bangkok Rep. office)
- Strategic alliances (“Chiba-Musashino Alliance” and “TSUBASA Alliance”)

Subject II

Further improving staff training

- Sophisticated staff training (visualized skills, positively adopted external talent)
- Promotion of diversity (started an in-house child care center, increased number of women in management positions)

Subject III

Building a sustainable management structure

- Cooperation on the mainframe system
- Review of operating processes in branches (started a new branch model, new screening tools, cooperation on back office work with other banks)
- Group integrated management (started investment trust management business at Chibagin Asset Management, intermediation of lease transactions, relocated nine subsidiaries to the Chibagin Makuhari Bldg.)

Continuous high growth in Chiba, progressing developments for 2020

Progress of major developments



Narita City
(National Strategic
Special Zone)

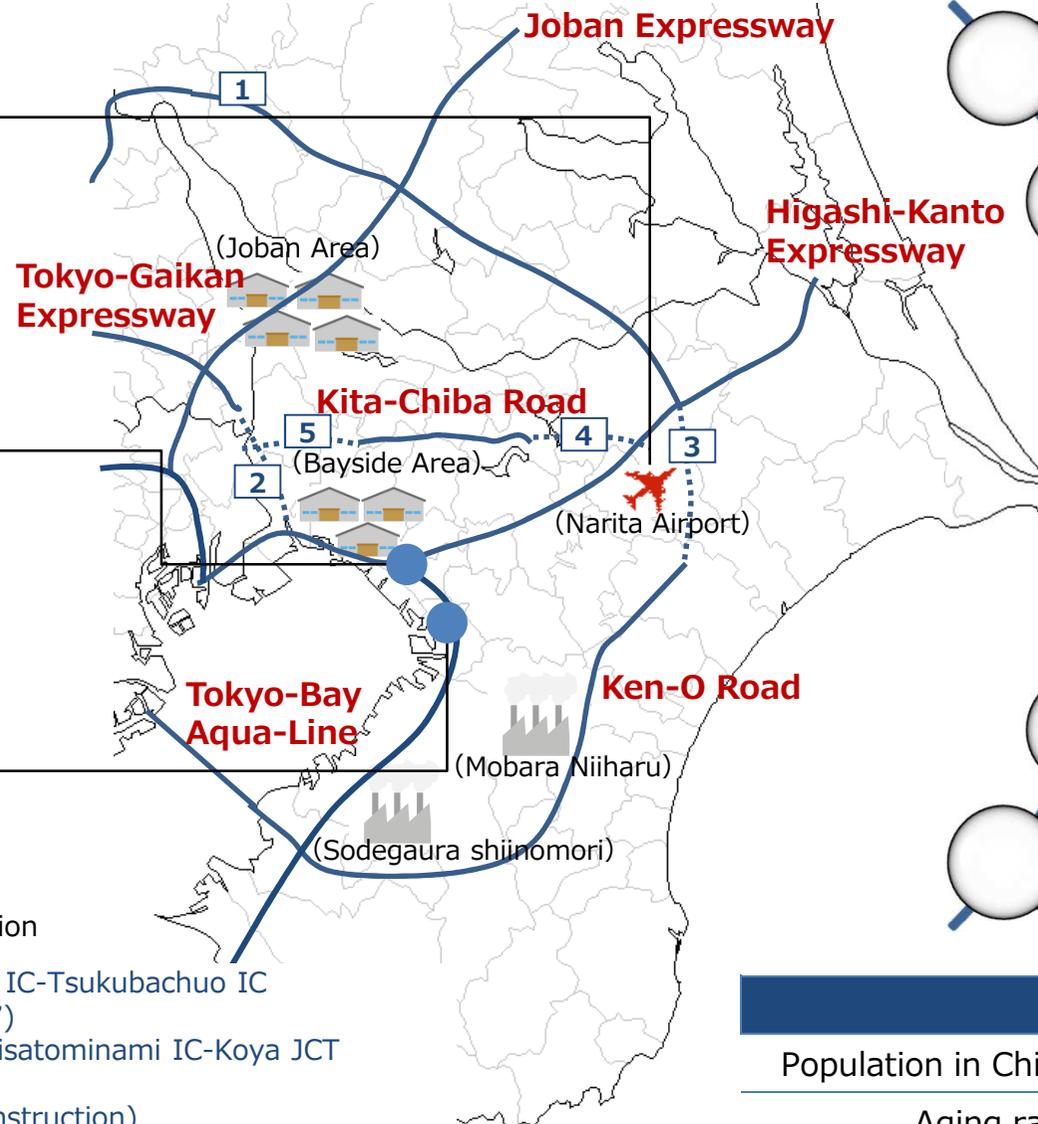


Tokyo Olympic and
Paralympic Games
in 2020

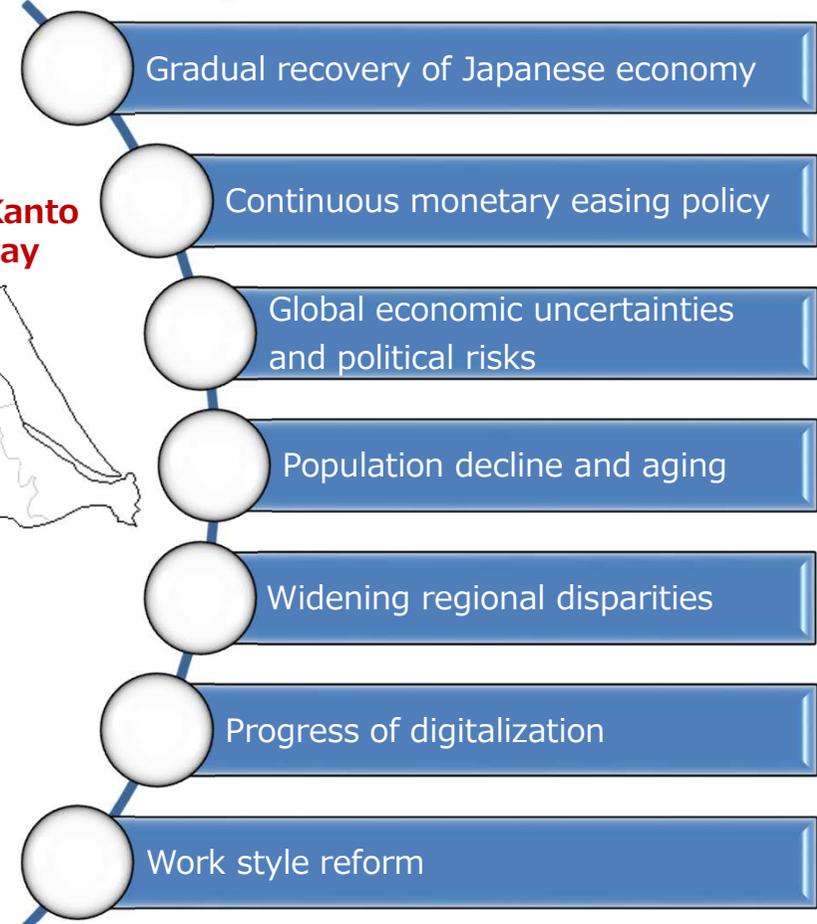


Redevelopment of
East Gate of Chiba Station

1. Ken-O Rd. Sakaikoga IC-Tsukubachuo IC
(opened in Feb. 2017)
2. Tokyo-Gaikan Exp. Misatominami IC-Koya JCT
(planned for FY2017)
3. Ken-O Rd. (under construction)
- 4, 5. Kita-Chiba Rd. (under construction)



Changes in external environment



※estimated by Chibagin Research Institute

	2015	2020*	2025*
Population in Chiba (Thou.)	6,222	6,227	6,149
Aging rate	25.9%	29.3%	30.8%



Subjects of the new medium term management plan "Best Bank 2020 – 3 years of value co-creation"

Subject I

Co-creating customer value

- Conducting comprehensive evaluation of a customer's business and contributing to regional revitalization
- Strengthening fiduciary duties
- Providing integrated personal financial services matching the diverse needs of customers
- Creating new services responding to digitalization
- Upgrading the retail base in the Metropolitan area
- Strengthening international business responding to customers' globalization
- Advancing activities for customer satisfaction

Subject II

Realizing work style reform for all employees

- Developing a highly professional workforce
- Accelerating diversity
- Promoting work style reform

Subject III

Strengthening a sustainable management structure

- Further promoting the strategic alliances (Chiba-Musashino Alliance, TSUBASA Alliance)
- Strengthening the group management structure
- Progressing business efficiency
- Strengthening investment capabilities and profitability
- Strengthening the risk management structure
- Ensuring thorough compliance and protection of customers
- Positive and active action on ESG issues

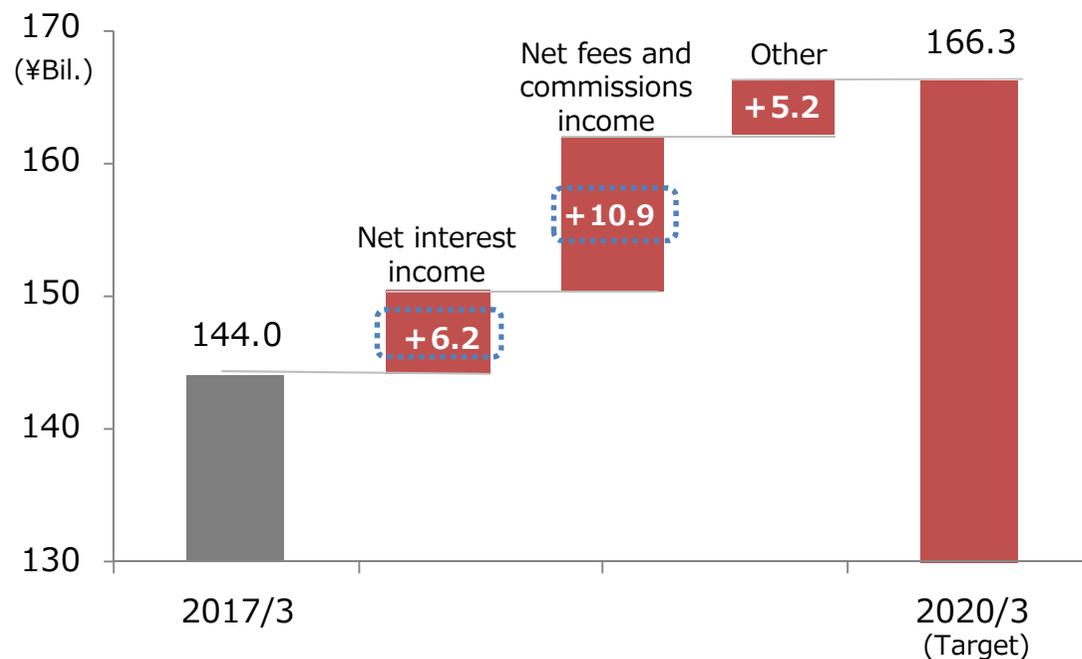
Aim to achieve ¥60 billion in profit attributable to owners of parent, enhancing the top-line

	Items (¥Bil.)	2017/3 [Actual]	2020/3 [Targets]
	Gross business profits	144.0	166.3
	Net interest income	121.1	127.3
	Expenses (△)	83.1	83.5
	Real net business income	60.9	82.8
	Core net business income	62.1	80.2
	Net credit costs (△)	△ 3.7	6.5
	Ordinary profit	70.0	80.0
	Profit	48.6	56.0
<KPI>	Profit attributable to owners of parent	52.7	60.0
	Consolidated ROE^{※1}	6.86%	In 7% range
	Consolidated CET1 capital ratio	12.65%	In 12% range
	Balance of loans	9,305.3	10,500.0
	Balance of deposits	11,565.7	12,500.0
	Group total balance of financial products	2,010.0	2,500.0
<Numerical targets>	Balance of SME loans	4,141.6	4,900.0
	Number of new corporate loan customers	5,075	5,000
	Net fees and commissions income	19.1	30.0
	Balance of housing loans	3,281.7	3,600.0
	Balance of unsecured consumer loans	126.3	170.0

※1 Consolidated ROE = Profit attributable to owners of parent ÷ Total shareholders' equity (Capital stock + Capital surplus + Retained earnings - Treasury shares)

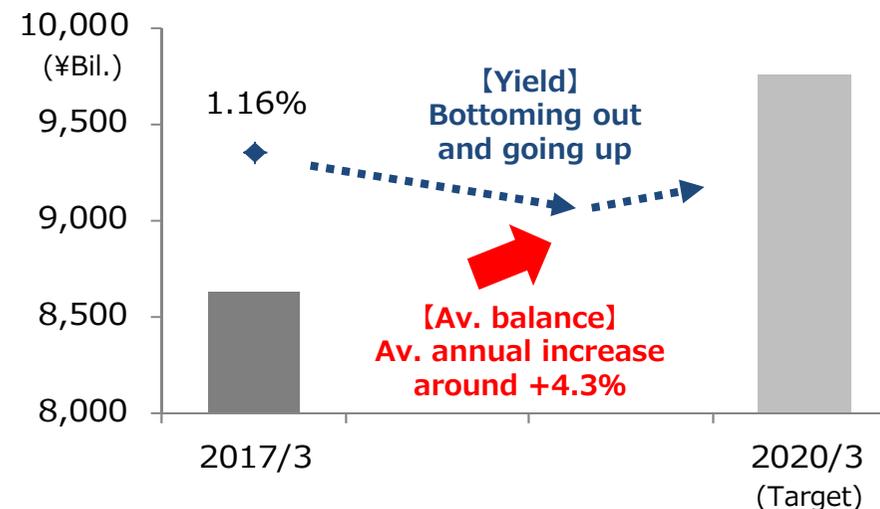
Plan to increase the top-line, enhancing deposit and loan volumes and fee income

Breakdown of changes in gross business profits

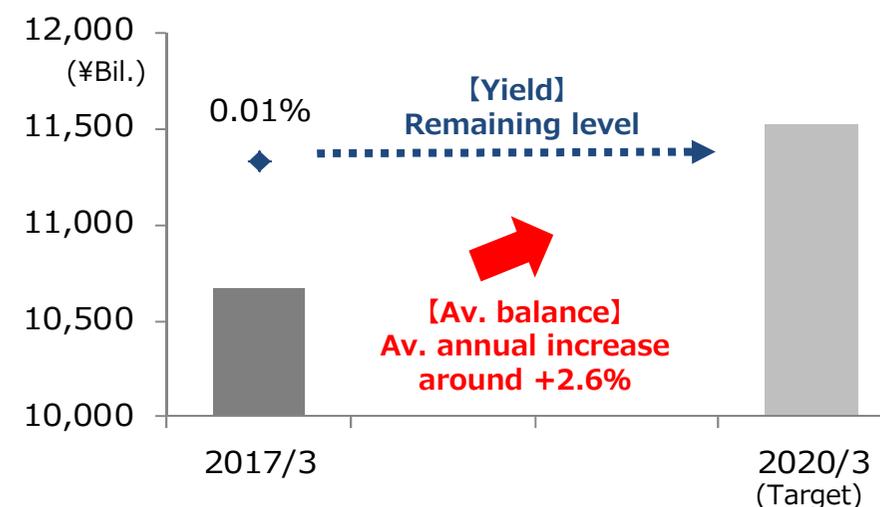


Aim to achieve ¥60.0Bil. in net income attributable to owners of parent for 2020/3 (an increase of ¥7.3Bil. from 2017/3), mainly by increasing net fees and commissions income

Avg. balance and yield of domestic loans



Avg. balance and yield of domestic deposits



Allocate management resources, focusing on key areas - personnel, investments and costs

Personnel

Reallocate to branches, group subsidiaries and planning and sales promoting headquarters

250 persons

Shift

【Branches】 170 persons

- Centralize operations
- Progress business efficiency using IT
- Streamline duplicated branches

【Headquarters】 80 persons

- Make business more efficient by using outside consulting

Costs

Total costs for 2020/3 **¥83.5Bil.**

【Personnel】 ¥42.2Bil.

- Reduce overtime work through work style reform

【Non-personnel】 ¥35.0Bil.

- Streamline branch functions and cooperate with other banks

Investments

Total investments **¥30.0Bil.**

Of which strategic investments **¥15.0Bil.**

【Co-creating customer value】 ¥7.2Bil.

- A new branch model to increase sales force
- Create new services using FinTech
- Open new branches

【Realizing work style reform for all employees】 ¥2.7Bil.

- Accelerating diversity
- Promoting work style reform

【Strengthening a sustainable management structure】 ¥5.1Bil.

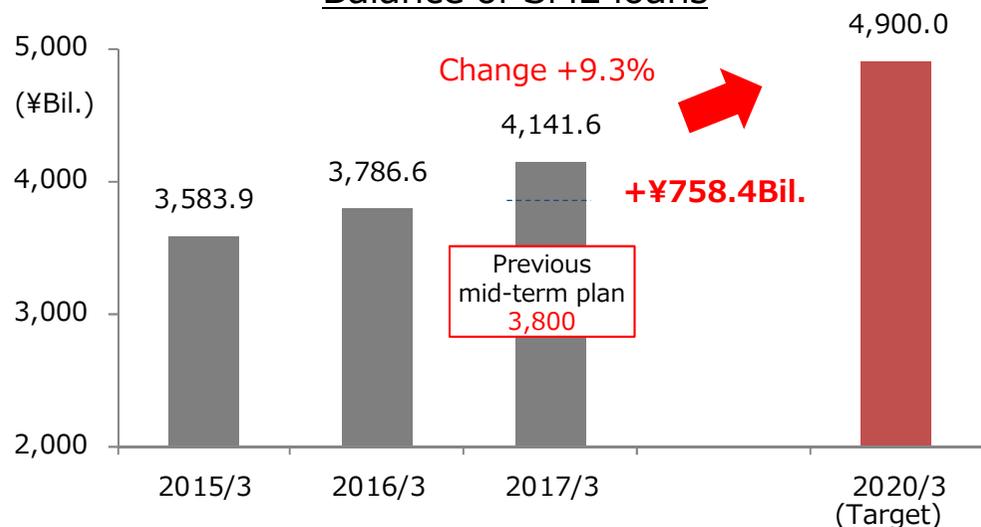
- Cooperate on back office work with other banks
- Rationalize operations by centralizing and systemizing
- Integrate operating systems
- Speed up screening of loans

Of which IT investments **¥12.0Bil.**

Business Strategies

Strengthen corporate loans, positive approach to meeting financial needs and providing solutions

Balance of SME loans

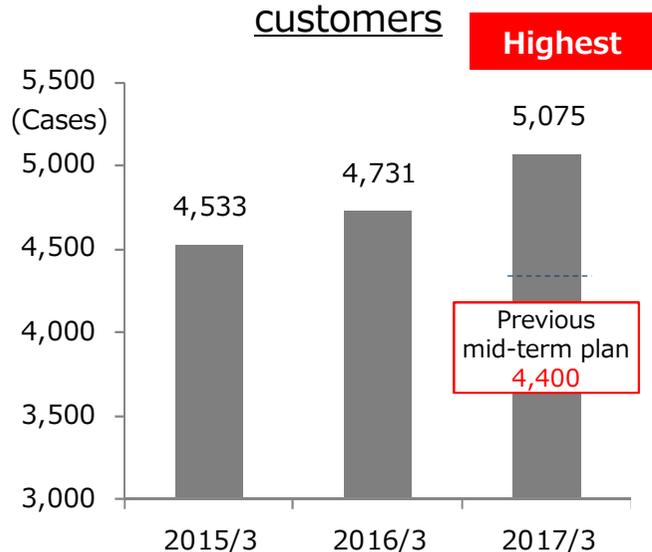


Domestic loans by sector

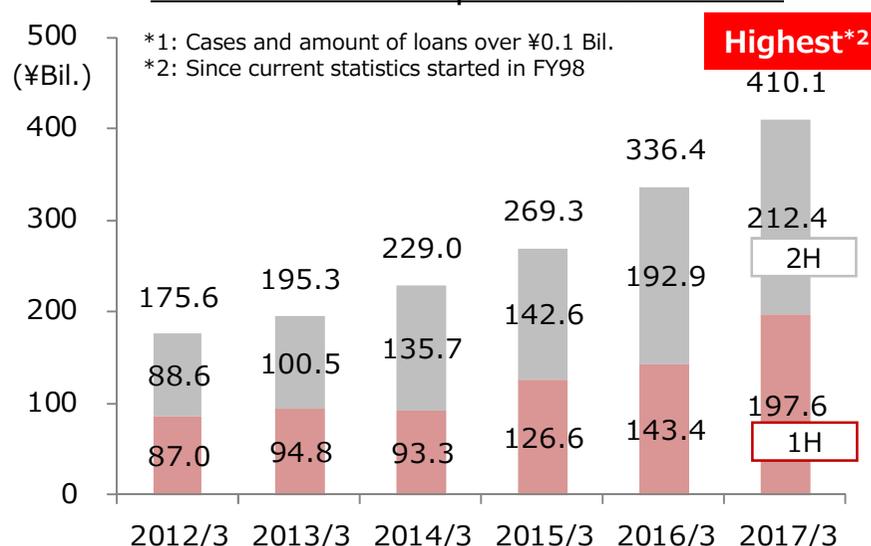
✓ Responding to a wide range of customers' needs

(¥Bil.)	2016/3	2017/3	前期末比	増減率
Domestic loans	8,628.8	9,115.8	487.0	5.6%
SMEs	7,050.0	7,562.5	512.4	7.2%
Real estate leasing	1,738.6	1,967.6	229.0	13.1%
Personal (housing loans, etc.)	3,260.5	3,413.9	153.3	4.7%
Others	2,050.8	2,181.0	130.1	6.3%

Number of new corporate loan customers



New loans for capital investment*1



*1: Cases and amount of loans over ¥0.1 Bil.
*2: Since current statistics started in FY98

Financial intermediation benchmarks (as at 2016/3)

Lending based on evaluation of their business	10,380
Support their main business (improve their corporate value)	2,949
Support as a main bank	24,230
Percentage of the total	55.0%

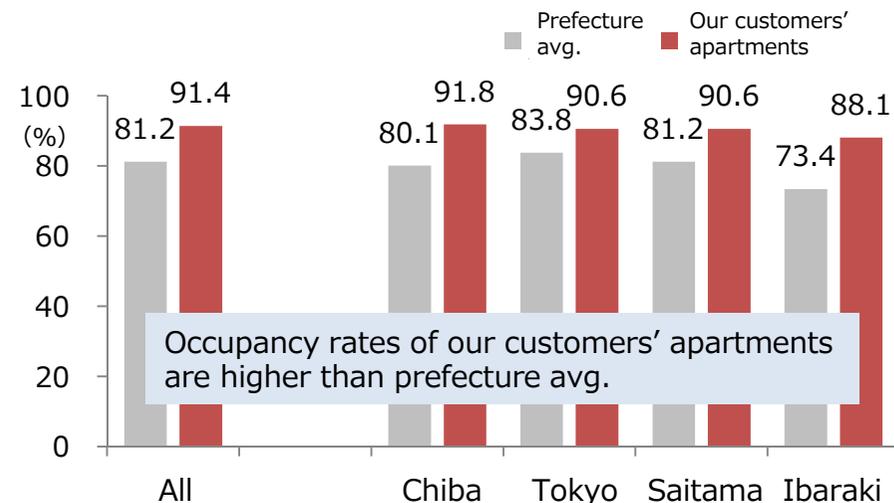
◆ Main Bank Survey
#1 for eight successive years
(as a regional bank)

Expanding exposures with risk management

Approach to real estate leasing sector

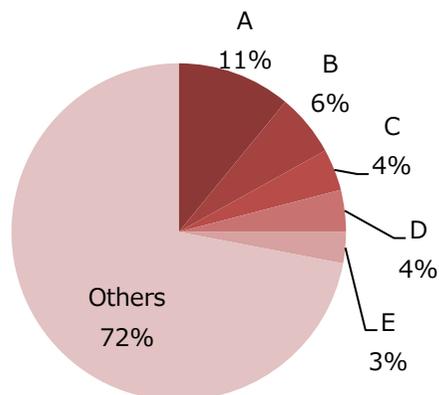
Credit risk control	<ul style="list-style-type: none"> ✓ Evaluate customers' business growth ✓ Monitor cash flow, occupancy rate, etc.
Risk analysis	<ul style="list-style-type: none"> ✓ Analyze impact on the portfolio effected by the market environment, future cash flow
Occupancy rate	<ul style="list-style-type: none"> ✓ Occupancy rates of our customers' apartments are higher than avg. ✓ Provide a consulting service to improve PL

Occupancy rate of our customers' apartments by region

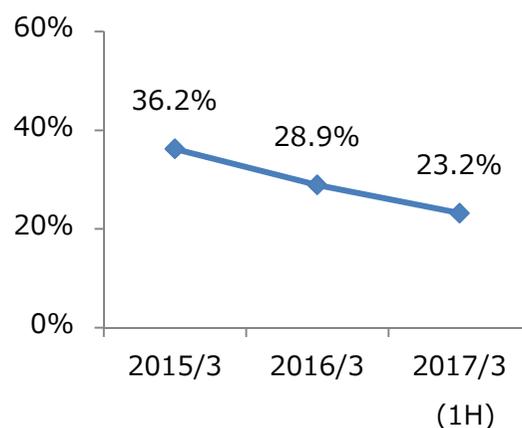


*Prefecture avg. by Ministry of International Affairs and Communications "Housing and Land Survey" (2013)
*Our customers' apartments (2015)

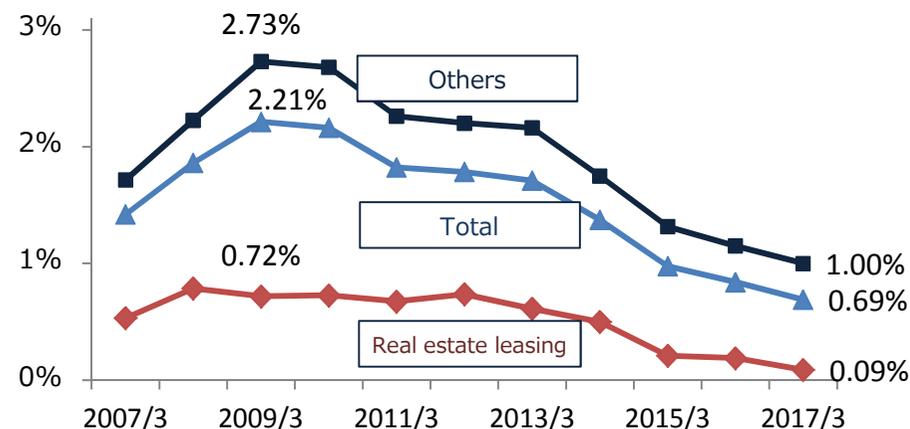
Breakdown by property management companies



Percentage of properties with sublease contract regarding new loans

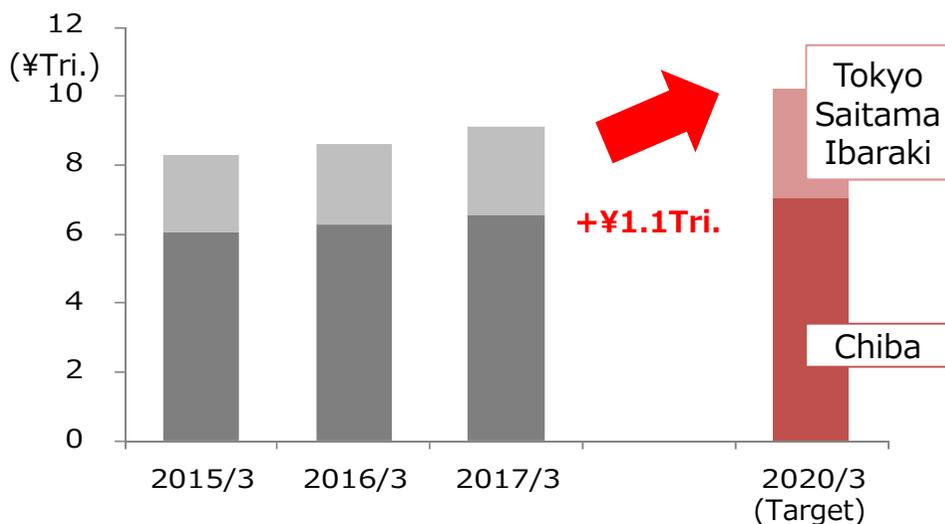


Default ratio* *downgrade to potentially bankrupt debtors



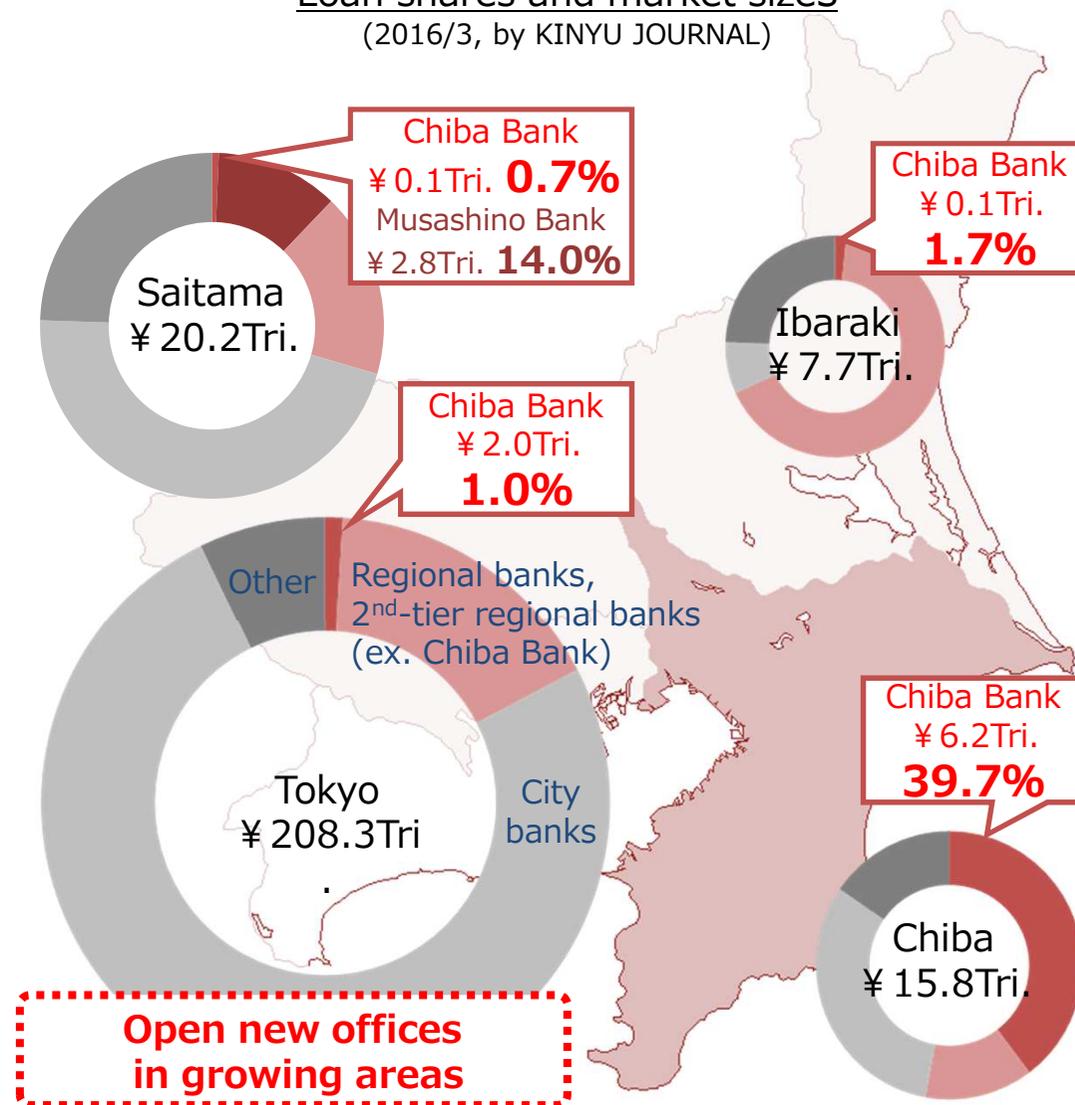
Upgrade the operating base, opening new offices in growing areas with high market potential

Balance of loans in the Metropolitan area

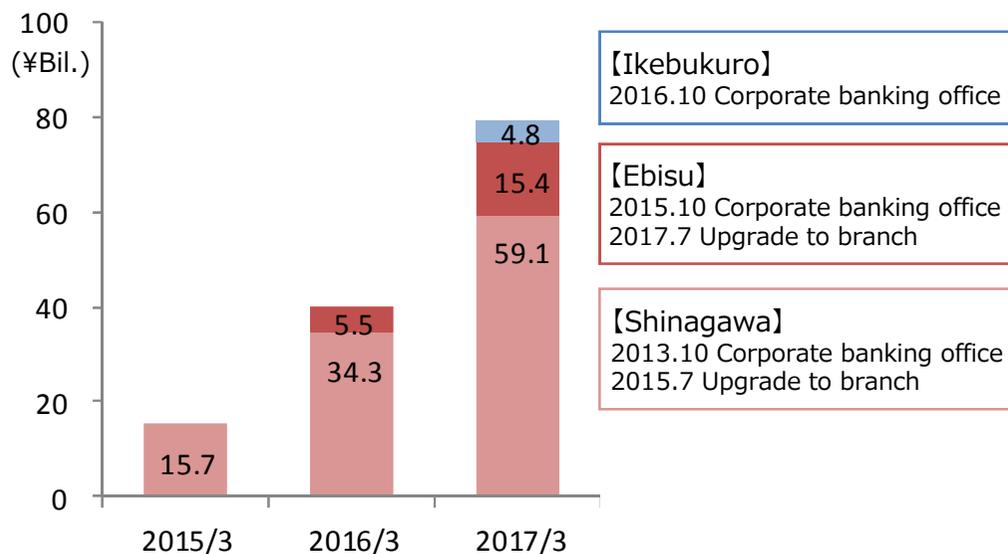


Loan shares and market sizes

(2016/3, by KINYU JOURNAL)

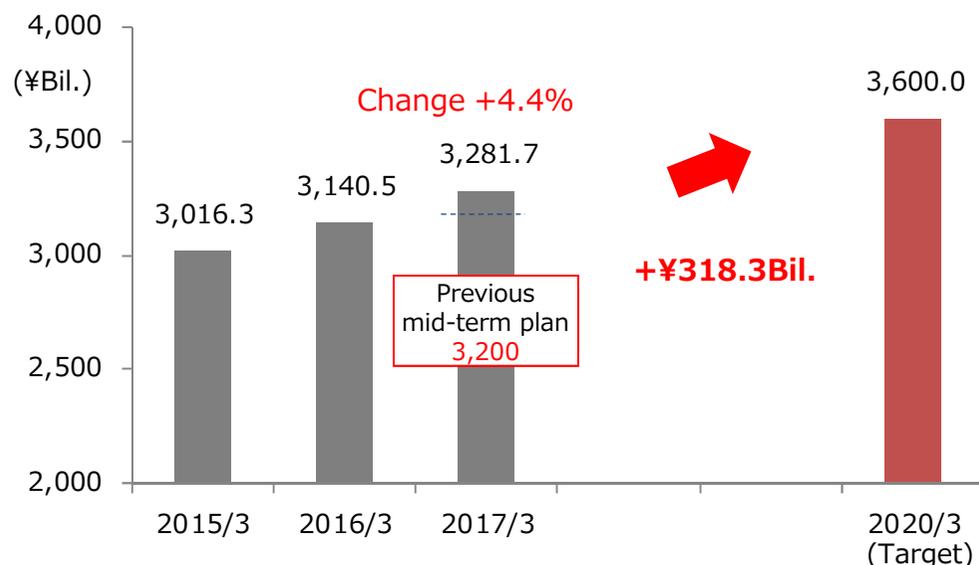


Balance of loans of new branches in Tokyo

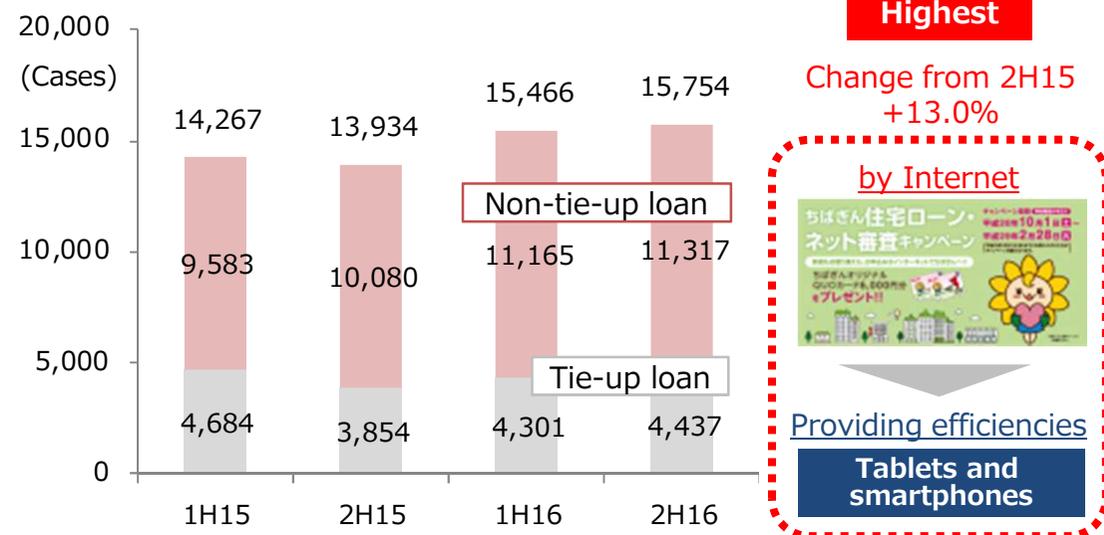


Highest executed amount of housing loans, responding to customers' needs

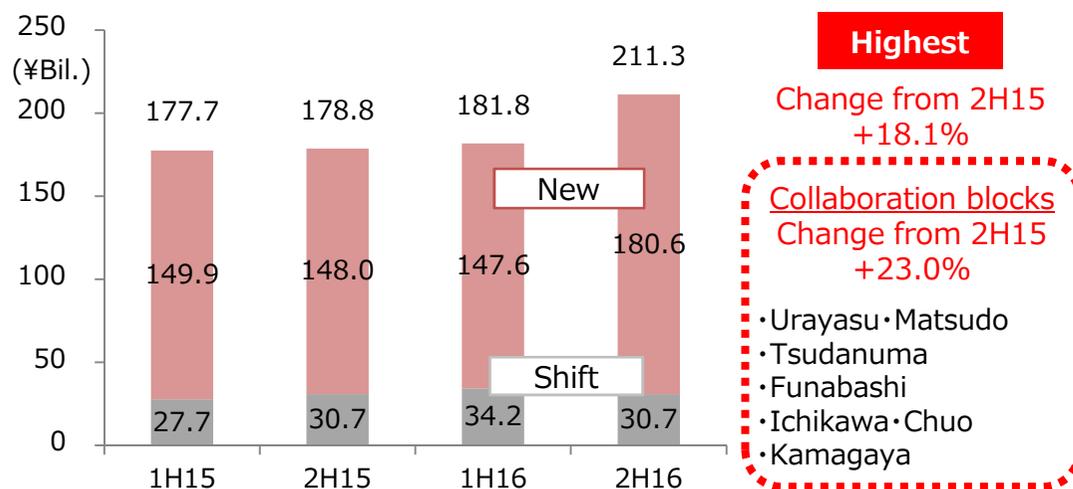
Balance of housing loans



Number of pre-applications received



Executed amount of housing loans

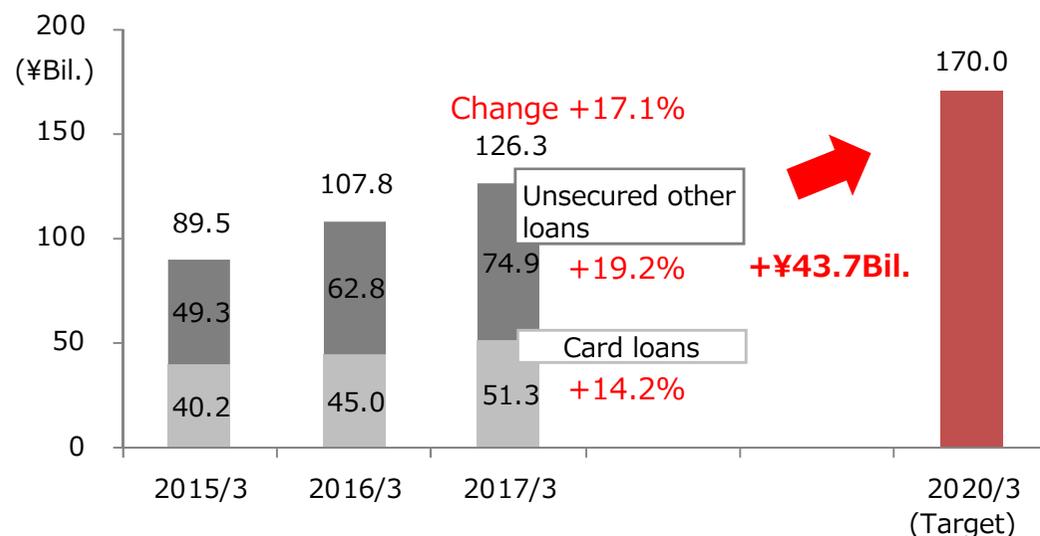


Condominium market trend in the Metropolitan area (FY2016)

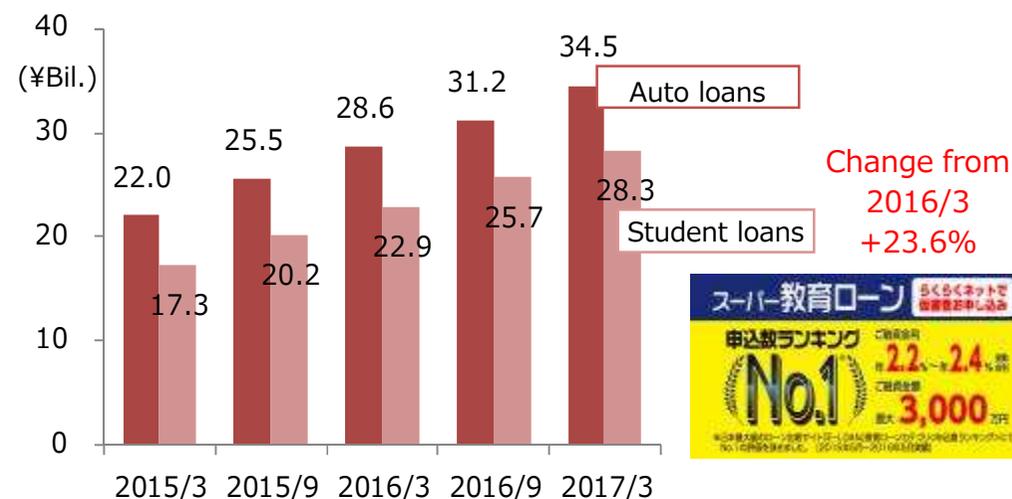
	Number of supply	Change from FY2015	Avg. price (¥Mil.)	Change from FY2015
Chiba	4,407	+15.2%	40.89	+7.5%
Tokyo 23 wards	14,931	▲14.4%	67.62	▲1.2%
Tokyo others	4,455	▲5.4%	49.71	+4.3%
Saitama	3,690	▲16.5%	42.59	+1.2%
Kanagawa	8,967	+15.7%	50.31	▲0.9%

Respond to the diverse needs of customers with risk management

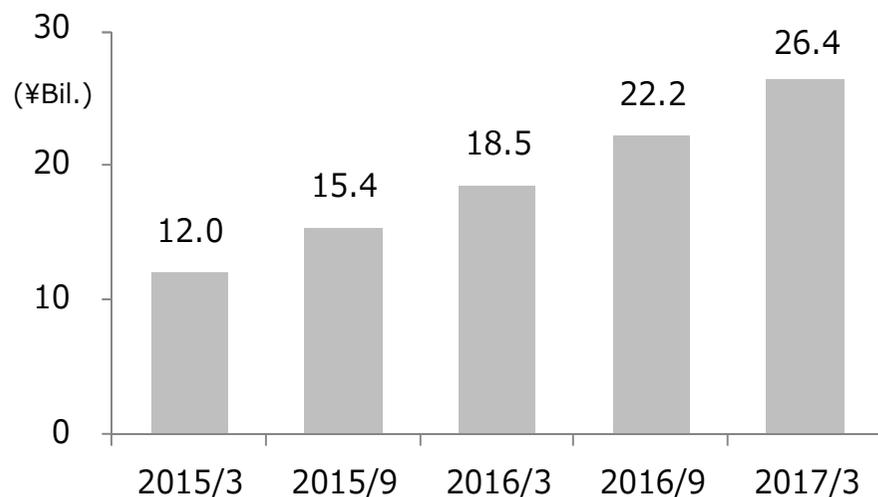
Balance of unsecured consumer loans



Balance of auto and student loans



Balance of card loan "Quick Power"



Credit screening of card loan "Quick Power"

- Prevent over lending**
 - ◆ Proper screening to prevent over lending, taking into account the amount of debt including card loans from other banks
- Improve screening accuracy**
 - ◆ Close contact with guarantee companies, check and analyze subrogation trend and improve screening accuracy
- Control credit risk**
 - ◆ Guarantee companies take personal credit information regularly, and monitor delinquencies to control credit risk

Strengthen fiduciary duties

"Customer first policy"

Customer Service Division (as a supervisory department, appointed Senior Deputy General Manager to be in charge)

Fiduciary duties

Chiba Bank Group Headquarters Branches Group subsidiaries

Specialized staff (PB·AC)

Seminars, support at branches

Chibagin Asset Management

Product development

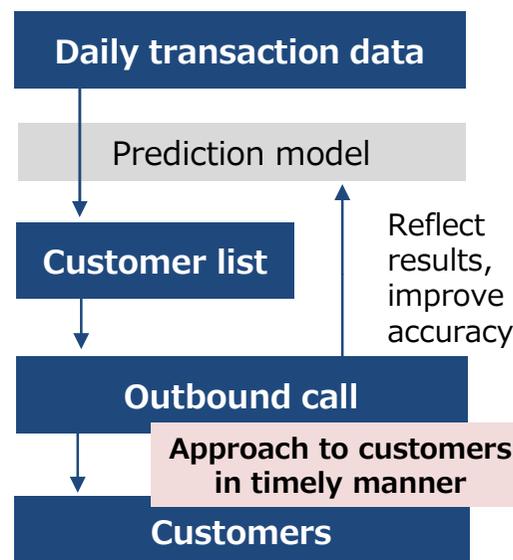
Chibagin Securities

Banking and securities cooperation

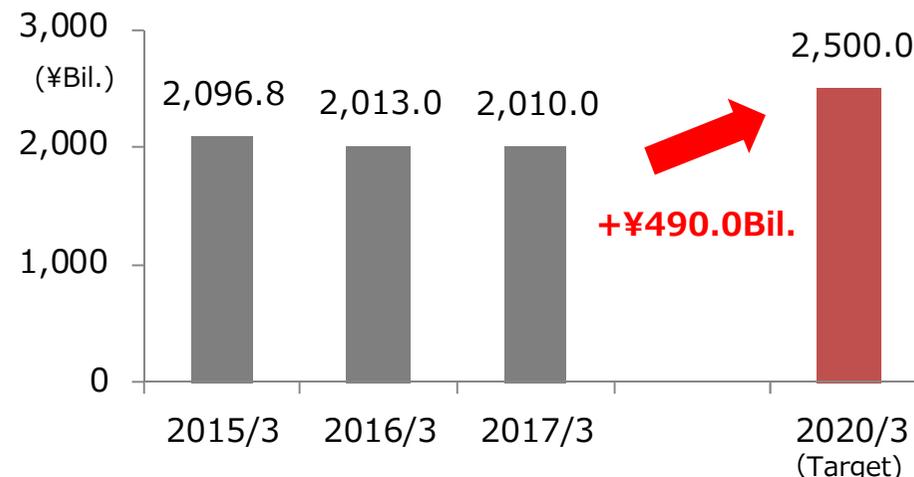
"Himarin's asset management simulation" utilizing robo-advisor



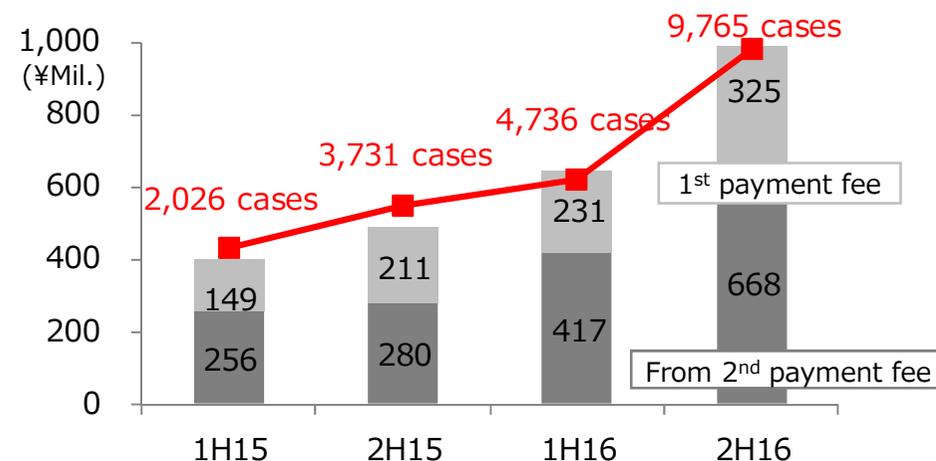
Marketing activities by big data analysis



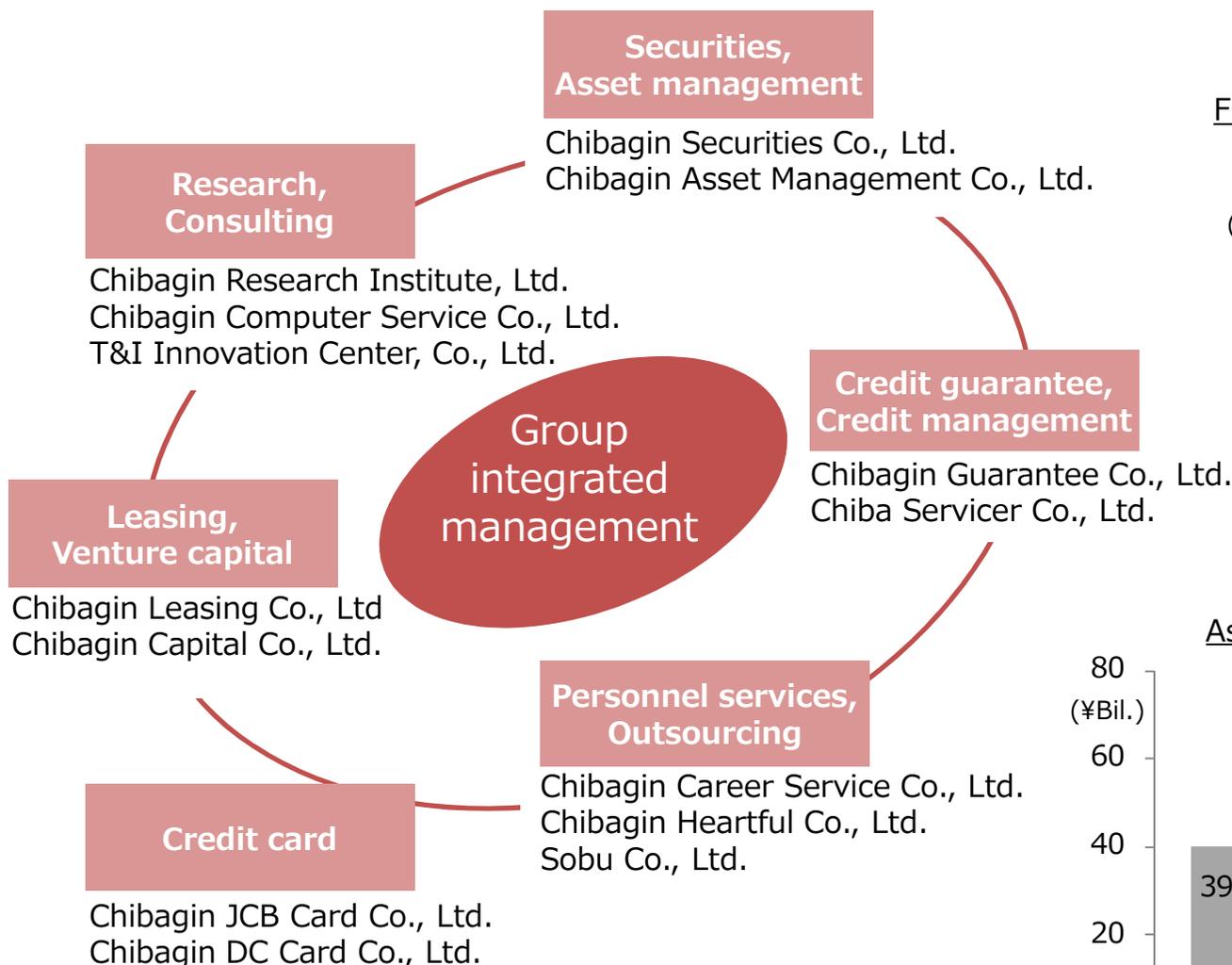
Group total balance of financial products



Level-paying life Insurance



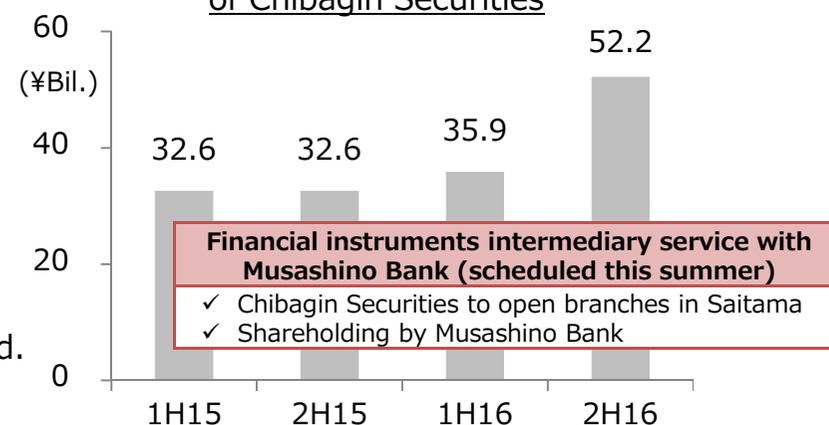
Expand total operations with group subsidiaries, strengthening earning opportunities and cooperation



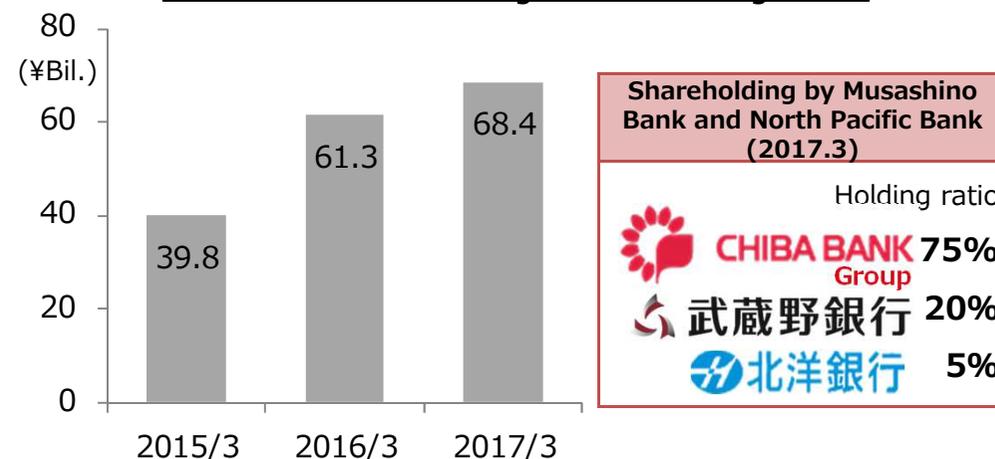
Difference in profit between consolidated/non-consolidated (target for 2020/3) **¥4.0Bil.**

Cooperation on securities and asset management businesses

Financial product sales by intermediary services of Chibagin Securities

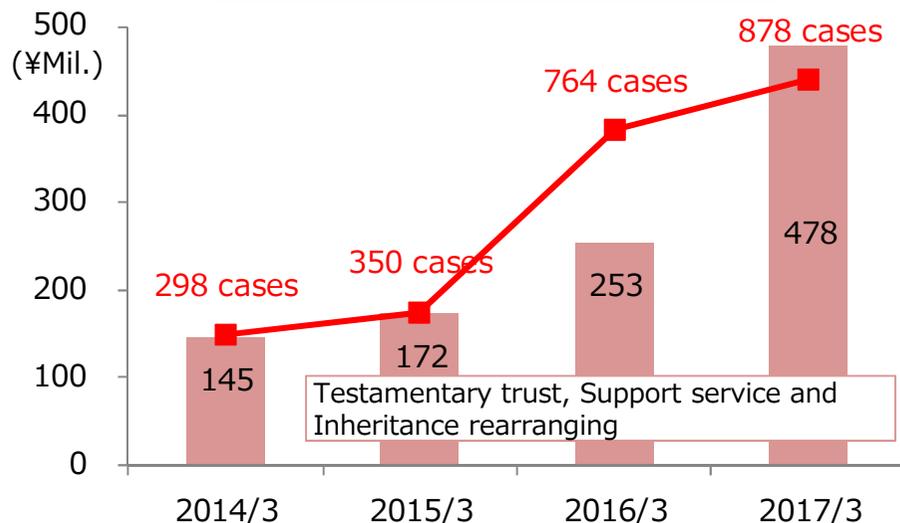


Asset amount of Chibagin Asset Management



Further expanding business with alliance banks, widening products to address aging society

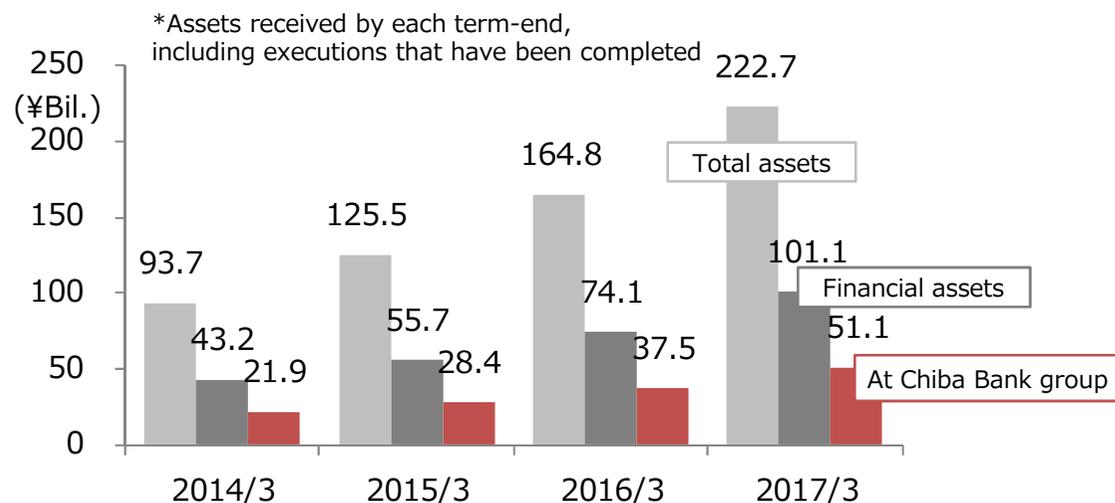
Number of contracts and income for inheritance-related services



New products and inheritance-related solutions



Customers' total assets for testamentary trusts with Chiba Bank

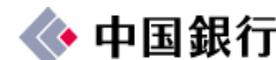


Expand alliance with other banks for inheritance-related services

Started from

Alliance banks

Oct. 2016



Apr. 2017

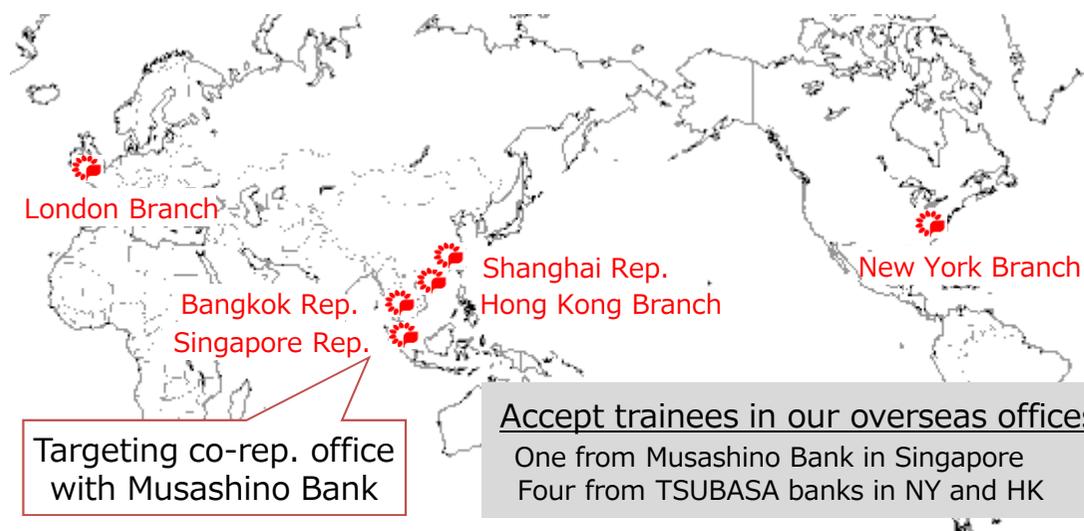


Jun. 2017

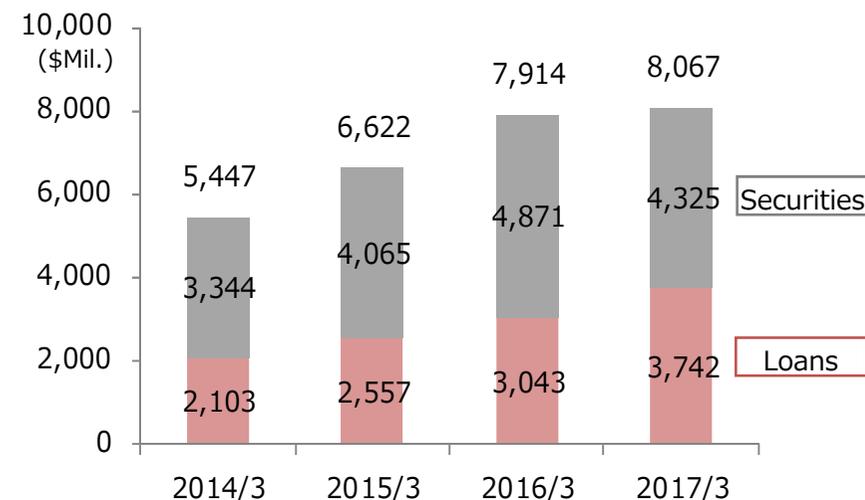


Enhance international business, conscious of diverse funding

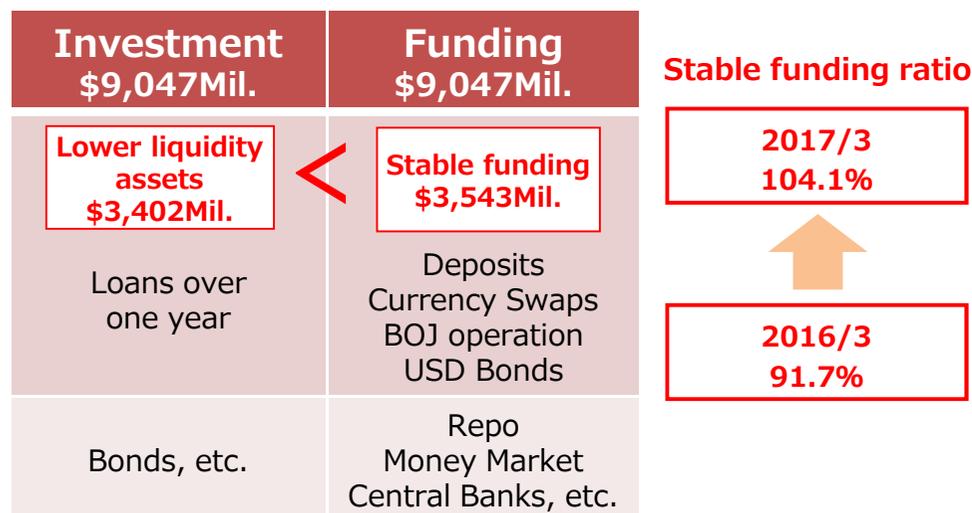
Overseas branch network



Balance of loans and securities in foreign currencies (exchanged to USD)

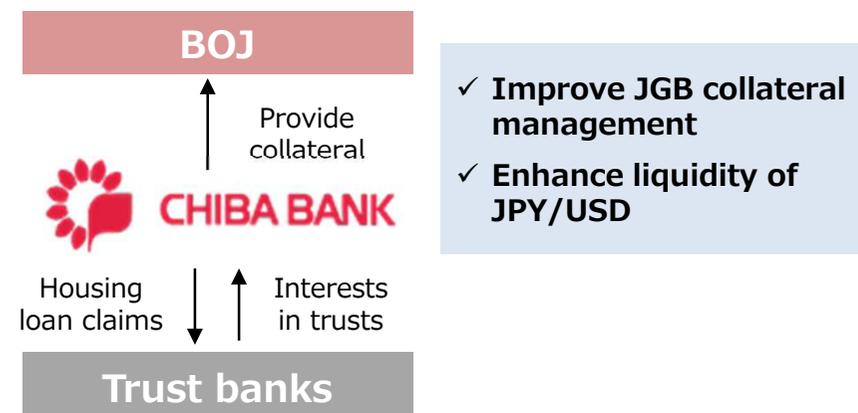


USD funding (2017/3)



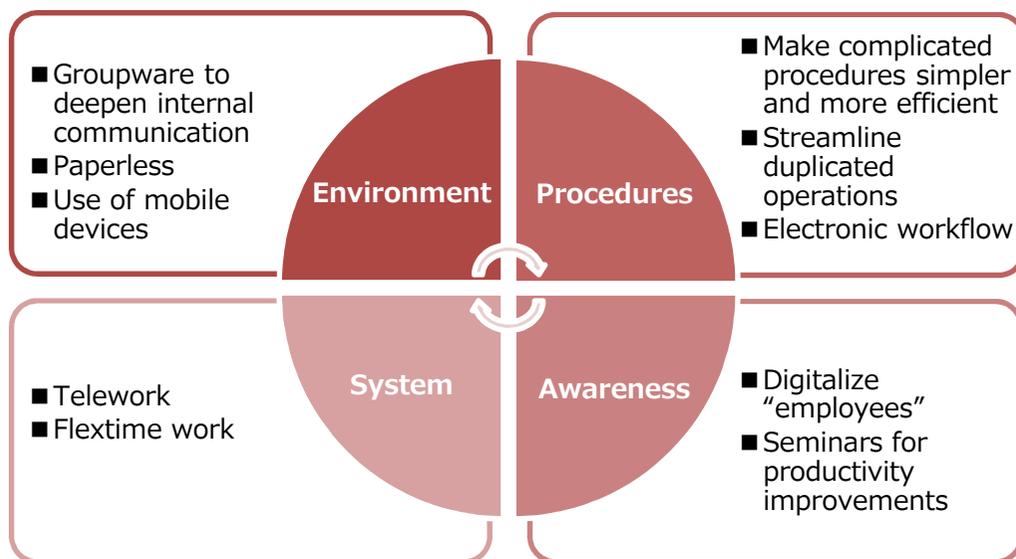
1st regional bank

New funding scheme with collateral to BOJ



Promote work style reform and accelerate improving job efficiency

Promote work style reform



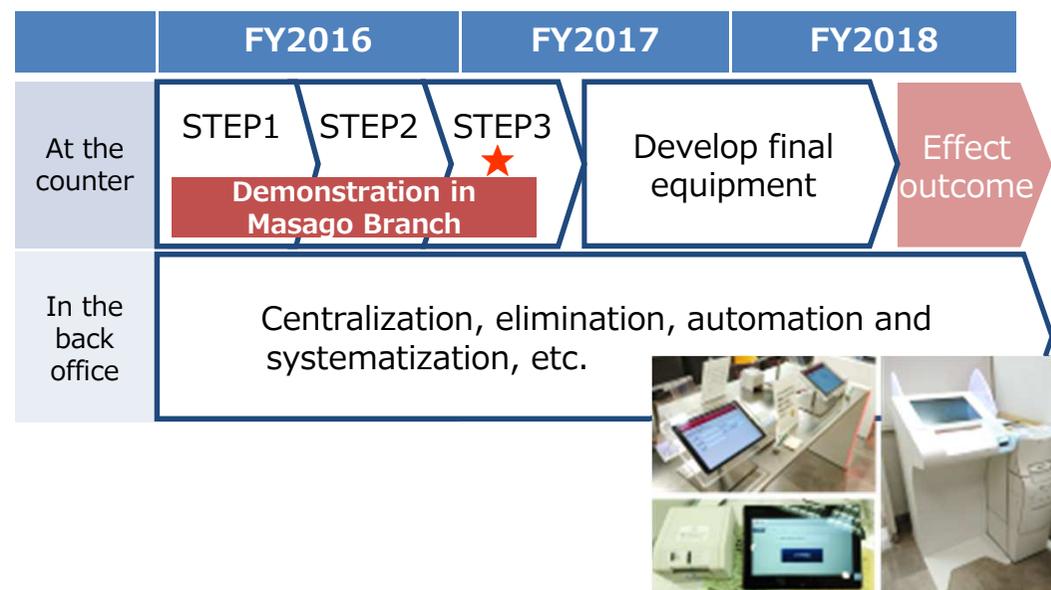
- **"Excellent company for health management – White 500"** certified by METI and NIPPON KENKO KAIGI
- Won the **"Incentive award"** as a **"Friendly working and high productivity company"** by MHLW

Highly productive work style

Reduce overtime work

Flexible and diversified work style

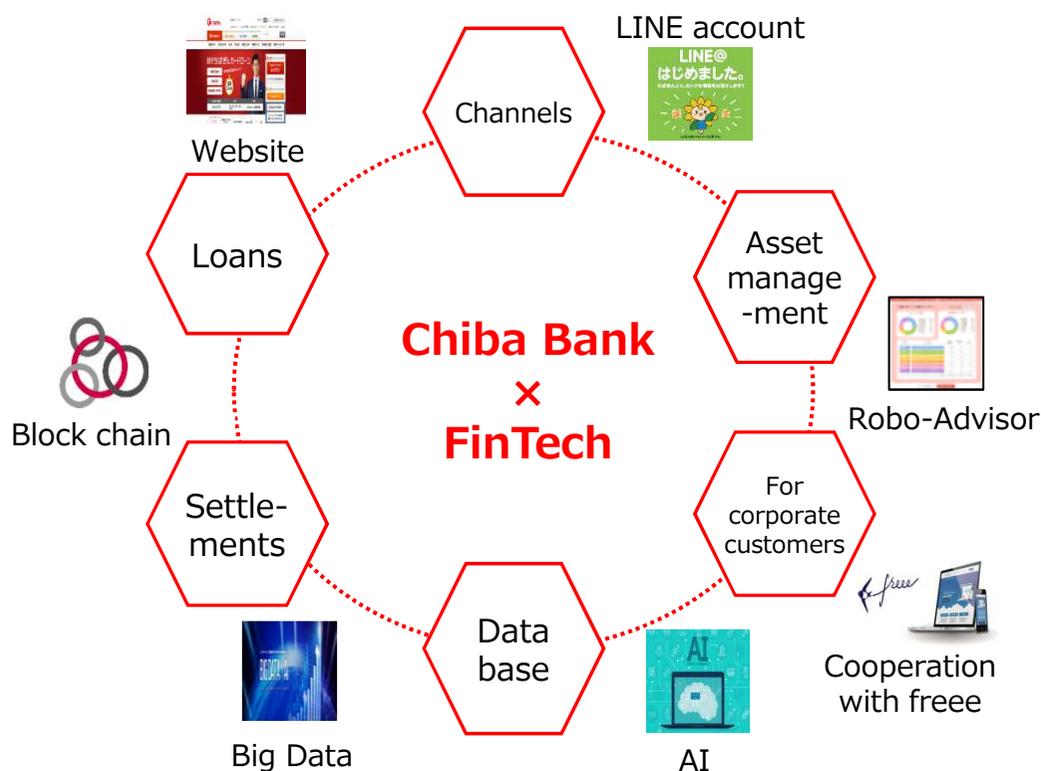
Next-generation branch model



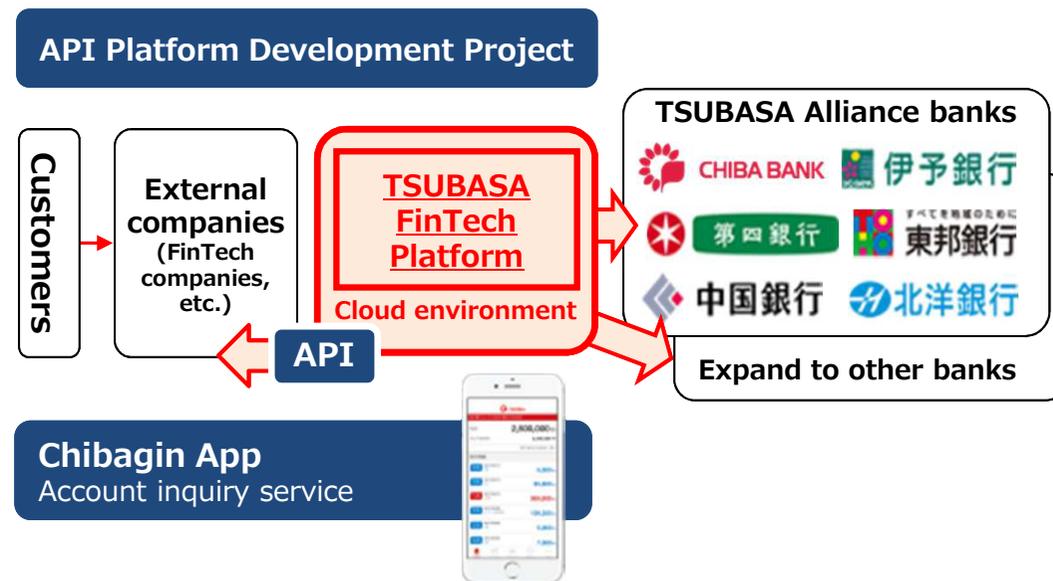
Improve loan job efficiency

Streamline procedures	<ul style="list-style-type: none"> • Make complicated rules simpler and organize procedures
Reconstruct systems	<ul style="list-style-type: none"> • Consolidate customer data base • Streamline duplicated operations • Sophisticate marketing
Centralize operations	<ul style="list-style-type: none"> • Centralize back office work

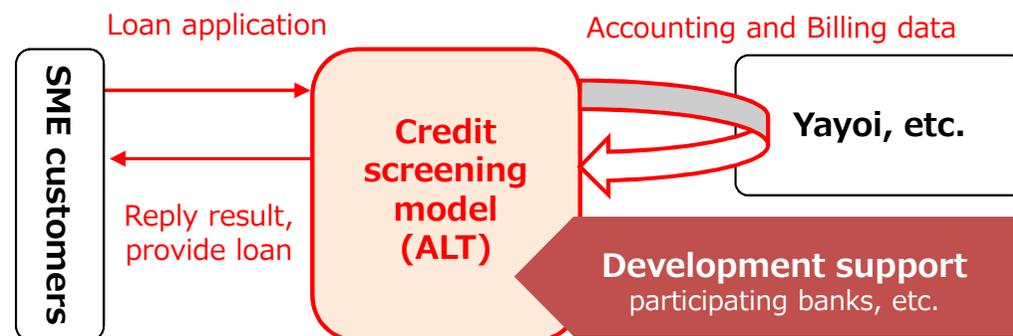
Drive towards digital banking, using FinTech



Provide advanced services utilizing API



Develop credit screening model utilizing AI



Fintech business contest

“TSUBASA Alliance Finovation Challenge”

- Number of application: 110 companies / 119 cases
- Final presentation: 6 companies

TSUBASA banks and T&I Innovation Center will aim to put ideas into practical use with prized companies.



Further strengthening the Chiba-Musashino Alliance with a common strategic structure



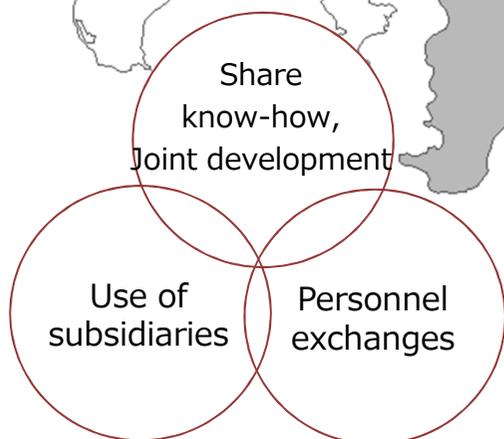
New

Established a common strategic structure for the Chiba-Musashino Alliance



Chiba-Musashino Alliance, Co., Ltd.

Provide merits for customers in the region

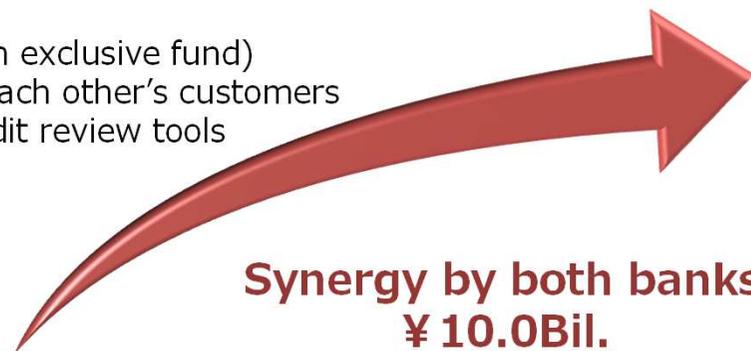


Top-line increase

- Asset management (set up an exclusive fund)
- Syndicated loans, introduce each other's customers
- Share know-how such as credit review tools
- Joint international business
- Inheritance-related services
- Securities business

Cost reduction

- Cost cutting on ATMs and rent, etc.
- Cooperation on IT systems
- Cooperation on back office work
- Cooperation on call center



Accelerate alliance strategies

TSUBASA Alliance

Cooperation on main frame system

Stable operation

■ 2016.1 Chiba Bank ■ 2017.1 Daishi Bank ■ 2017.5 Chugoku Bank

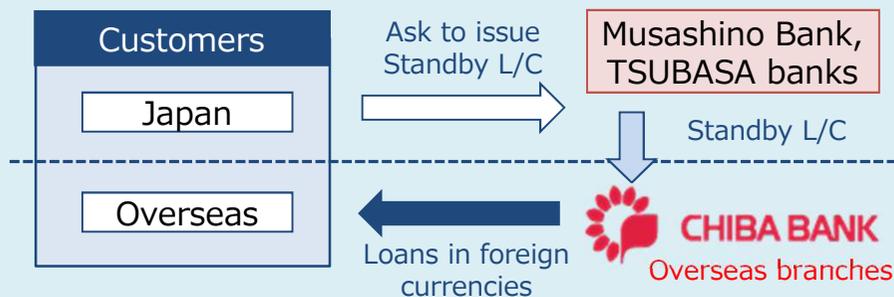
New

■ **North Pacific Bank**
Basic agreement for participation in the cooperation on main frame system (2017.5)

IT and FinTech

Name	T&I Innovation Center, Co., Ltd.	
Holding ratio	Chiba Bank	40%
	Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank and IBM Japan	10% each

International businesses



Cooperation with Central Pacific Bank (Hawaii, USA)

New

New

Alliance Management Office (six persons),
Corporate Planning Division

Overall operations of the strategic alliances,
including coordination of activities, etc.

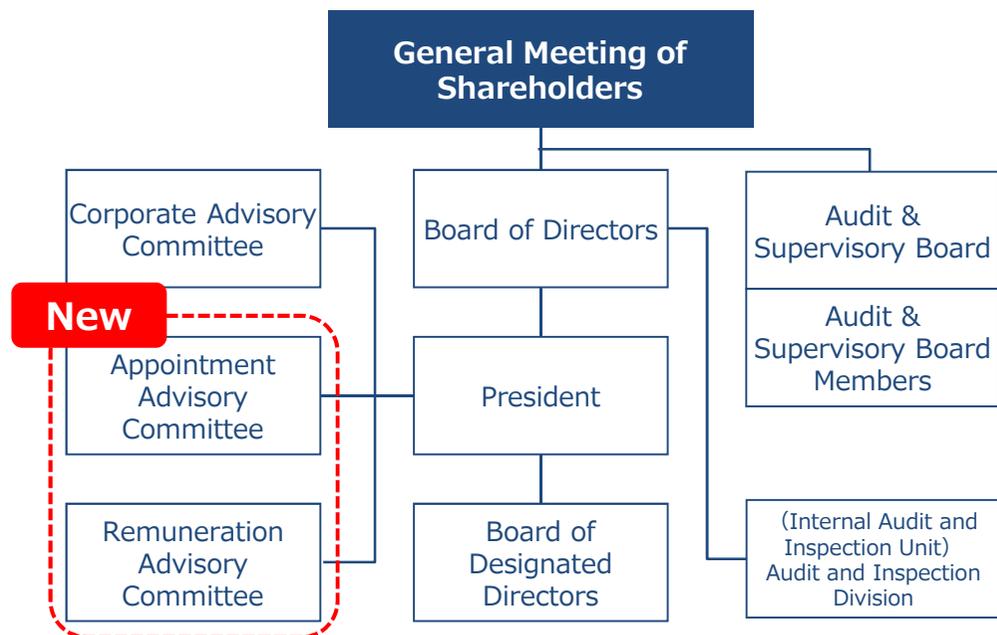
TSUBASA Alliance



Governance / Capital Policy

Positive and active action on more sophisticated corporate governance

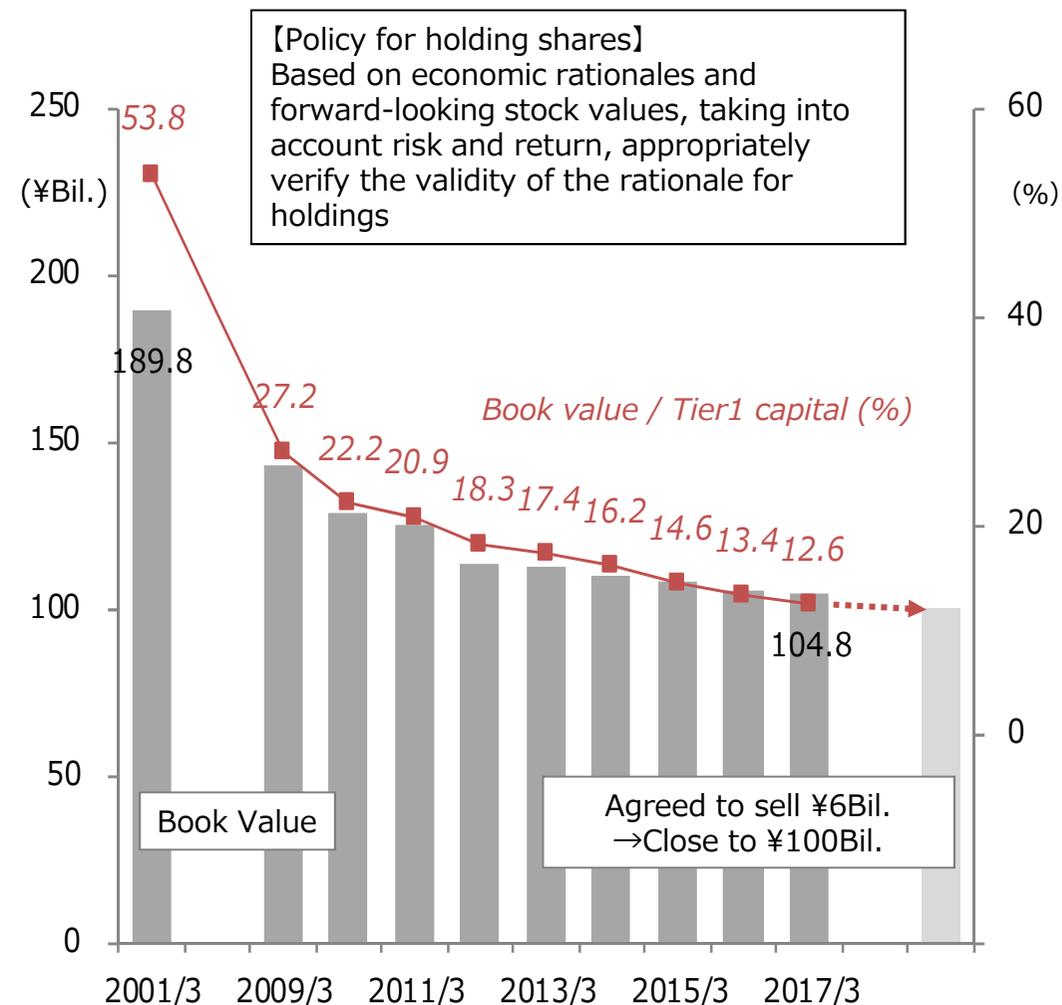
Corporate Governance



- Appropriate involvement, advice and monitoring by outside directors
- Sophisticated corporate governance through effectiveness evaluations of Board of Directors
- Set up a system to reflect stakeholders' opinions regarding management strategies
- Reduce strategic shareholdings

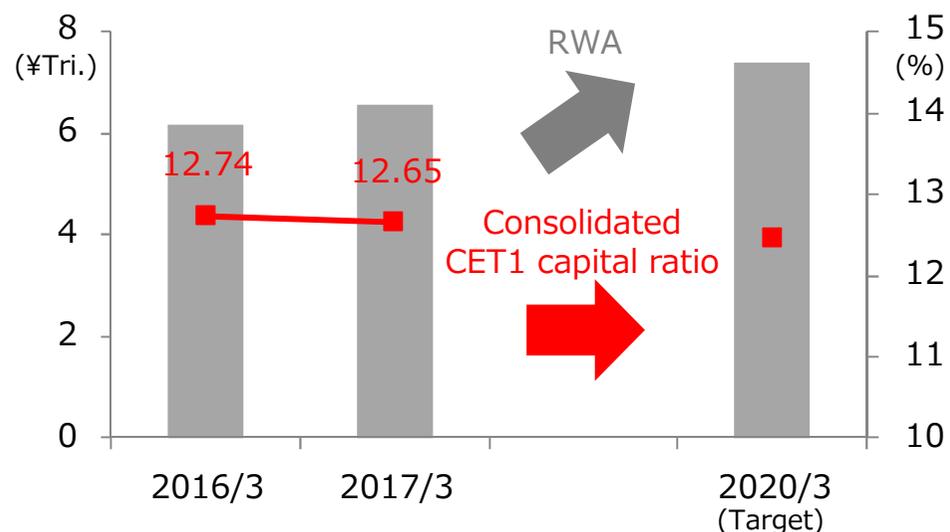
Book value* of stocks and ratio to Tier1 capital (Consolidated)

*acquisition cost of other securities with market value

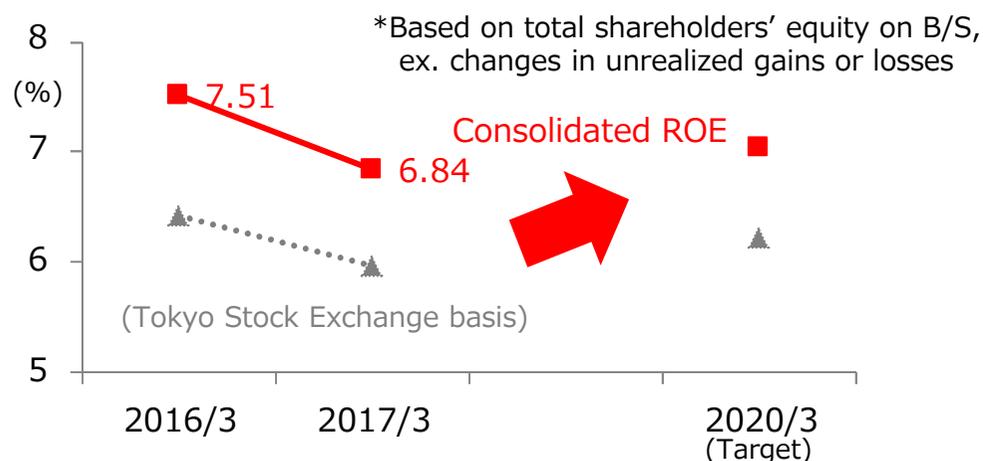


Maintain solid capital and improve capital efficiency

Consolidated CET1 capital ratio **in range of 12%**



Consolidated ROE* **in range of 7%**



Capital and risk-weighted assets (Consolidated)

(¥Bil.)	2016/3	2017/3	Change
Total capital	852.4	890.0	37.5
Tier1 capital	787.7	828.4	40.7
CET1 capital	787.7	828.4	40.7
Other Tier1 capital	-	-	-
Tier2 capital	64.7	61.5	△ 3.2
Total risk-weighted assets	6,181.8	6,547.6	365.7
Credit risk	5,326.9	5,739.5	412.6
Market risk	61.5	68.1	6.6
Operational risk	296.9	294.9	△ 1.9

Other Basel regulations (Consolidated)

	2017/3	Reference
Leverage ratio	5.70%	Not less than 3% (Basel Committee guidance) Final standard from 2018
Liquidity coverage ratio (LCR)	134.1%	Not less than 80% (phase-in applying) (Final standard from 2019: Not less than 100%)
Net stable funding ratio (NSFR)	122%	Not less than 100% from 2018

Active approach toward shareholder returns, targeting around 50% of profit

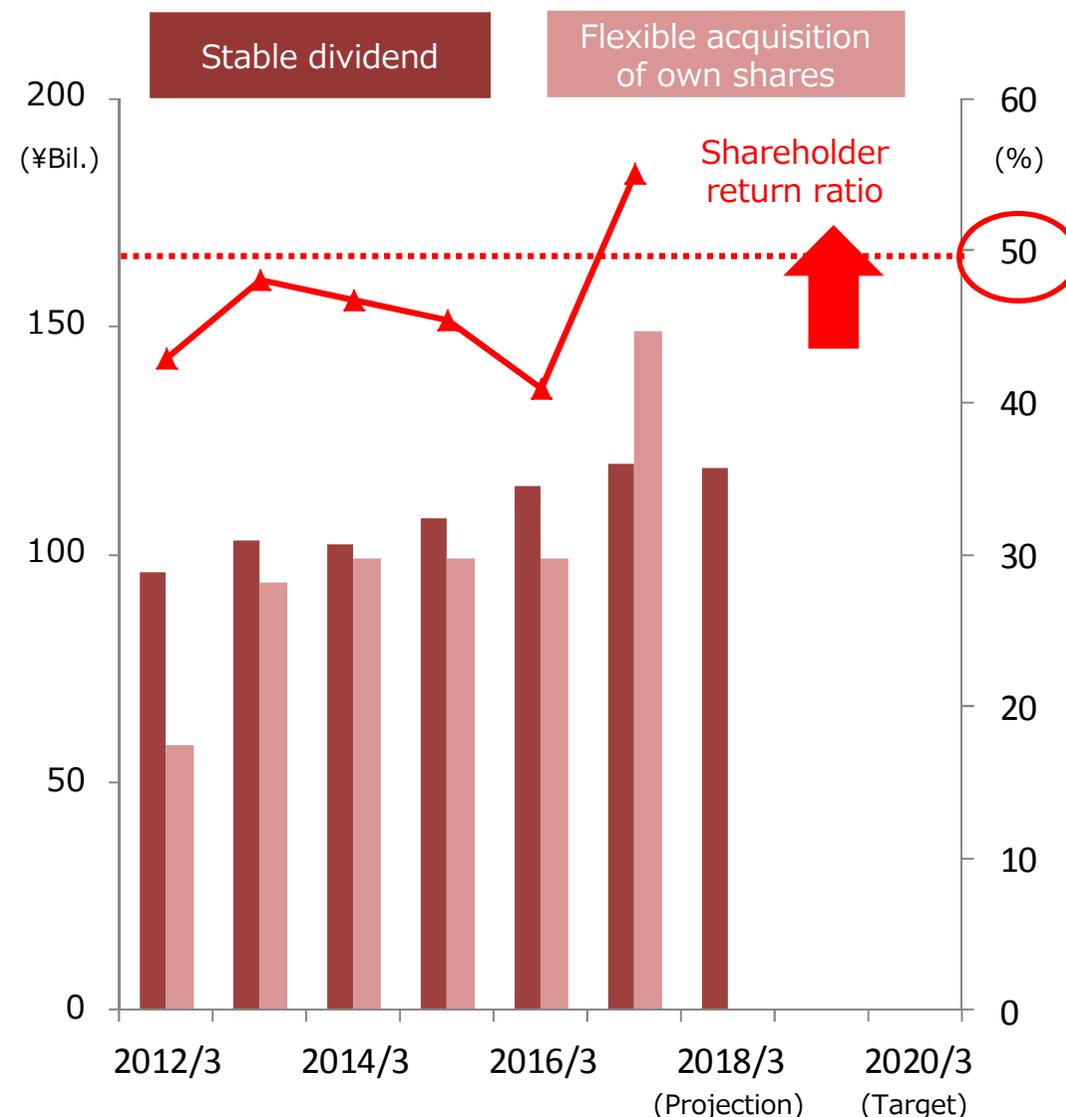
Shareholder returns

(¥)	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3 Projection
Annual cash dividend per share	11	12	12	13	14	15	15
		Increase		Increase	Increase	Increase	
(¥Bil.)							
Non-consolidated profit	36.0	41.2	43.2	45.8	52.5	48.6	49.5
Annual cash dividend	9.6	10.3	10.2	10.8	11.5	12.0	11.8
Payout ratio	26.7%	25.1%	23.6%	23.6%	21.9%	24.7%	24.0%
Acquisition of own shares	5.8	9.4	9.9	9.9	9.9	14.9	
Total shareholder return	15.4	19.8	20.2	20.8	21.5	27.0	
Shareholder return ratio	42.9%	48.0%	46.8%	45.4%	40.9%	55.5%	



Shareholder return ratio* **around 50%**

$$*\text{Shareholder return ratio} = \frac{\text{Total shareholder return}}{\text{Non-consolidated profit}}$$



**Inquiries related to this presentation should be
addressed to**

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