

Interim Financial Results for FY2016

November 15, 2016

THE CHIBA BANK, LTD.

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Summary of Financial Results

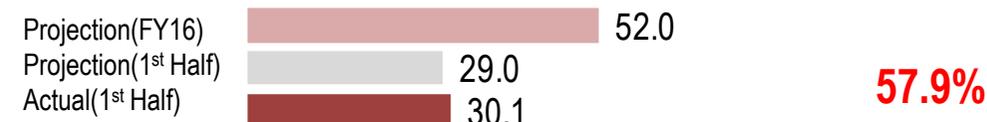
Non-consolidated	(¥Bil.)	Interim	Interim	Change
		FY15	FY16	
Gross business profits		76.4	75.3	△ 1.1
Net interest income		64.7	62.6	△ 2.0 p4
Net fees and commissions income		9.5	9.4	△ 0.1 p7
Trading income		1.0	1.6	0.5
Profit from other business transactions		1.0	1.5	0.5
Gains (losses) related to bonds		0.4	0.2	△ 0.1
Expenses (-)		40.2	41.1	0.9 p8
Real net business income		36.2	34.1	△ 2.0
Core net business income		35.7	33.9	△ 1.8
Net transfer to general allowance for loan losses (-)		-	-	-
Net business income		36.2	34.1	△ 2.0
Non-recurrent income and losses		10.5	7.3	△ 3.1
Disposal of non-performing loans (-)		△ 2.8	△ 4.1	△ 1.2 p9
Gains (losses) related to stocks, etc.		2.6	△ 0.2	△ 2.9
Ordinary profit		46.7	41.5	△ 5.1
Extraordinary income (loss)		△ 0.1	△ 0.3	△ 0.2
Profit		32.2	29.5	△ 2.7
Net credit cost (-)		△ 2.8	△ 4.1	△ 1.2
Consolidated	(¥Bil.)	Interim	Interim	Change
Ordinary profit		48.6	43.7	△ 4.9
Profit attributable to owners of parent		32.6	30.1	△ 2.5

Achievement Rate to Financial Projections disclosed in May

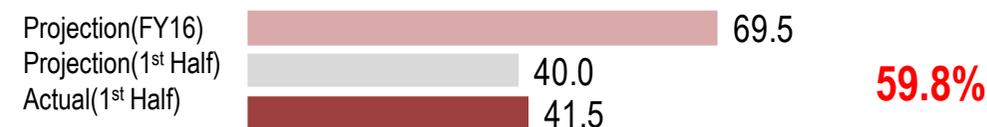
Ordinary profit (consolidated)



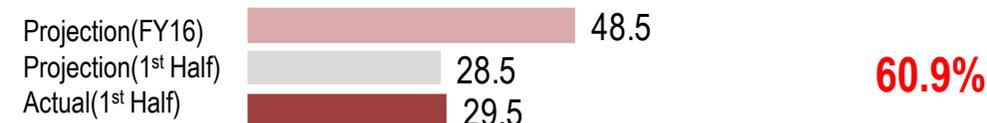
Profit attributable to owners of parent



Ordinary profit (Non-consolidated)



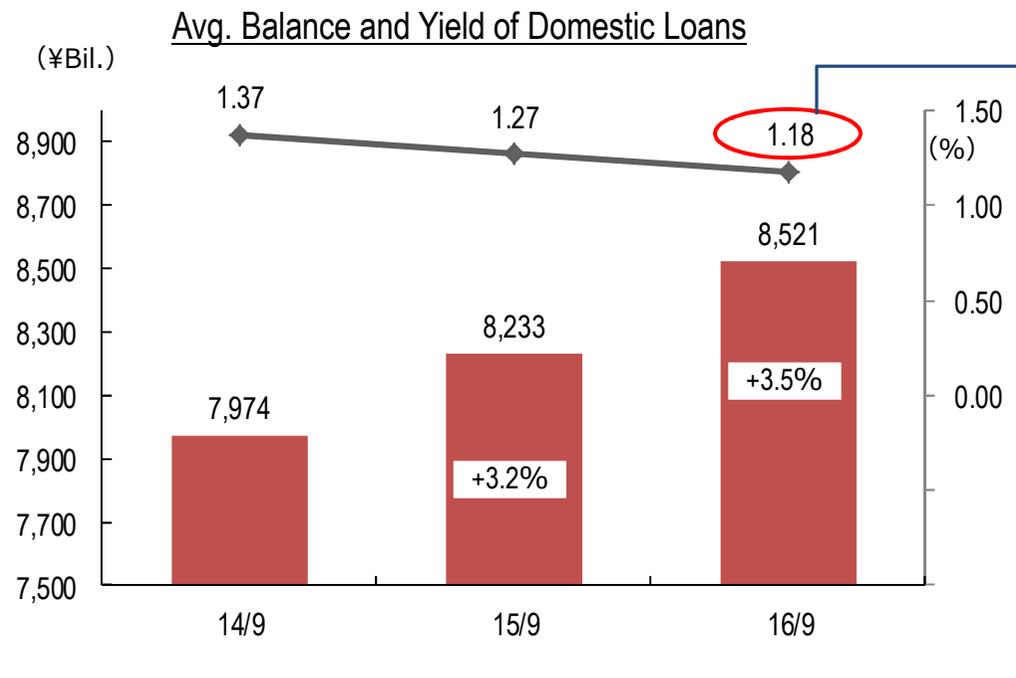
Profit (Non-consolidated)



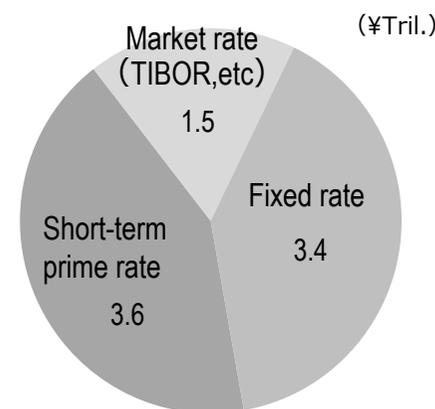
- ◆ “Net interest income” - just as we planned. (Rate 51.8%)
- ◆ “Net fees and commissions income” - about the same level due to corporate sector’s growth.
- ◆ “Net credit cost” - less than our expectation.

Interest on loans declined due to Negative interest rate policy, interest rate drop slowing

	(¥Bil.)	Interim FY15	Interim FY16	Change
Net interest income		64.7	62.6	△ 2.0
Domestic		61.5	59.8	△ 1.7
Loans and deposits		50.6	49.6	△ 1.0
Loans		52.7	50.4	△ 2.3
Deposits (-)		2.0	0.8	△ 1.2
Securities		11.1	10.2	△ 0.8
Bonds		2.9	2.7	△ 0.2
Stocks		4.8	5.0	0.1
Investment trusts(dividends)		1.5	1.6	0.0
Investment trusts(sold)		1.7	0.8	△ 0.8
International		3.1	2.7	△ 0.3
Loans and deposits		1.0	1.1	0.1
Loans		1.6	2.3	0.7
Deposits (-)		0.5	1.1	0.5
Bonds		5.1	5.1	△ 0.0
Bonds (-)		3.0	3.5	0.4



Term-end balance of JPY Domestic Loans (Interim FY2016)



Compared to previous period
△0.09%

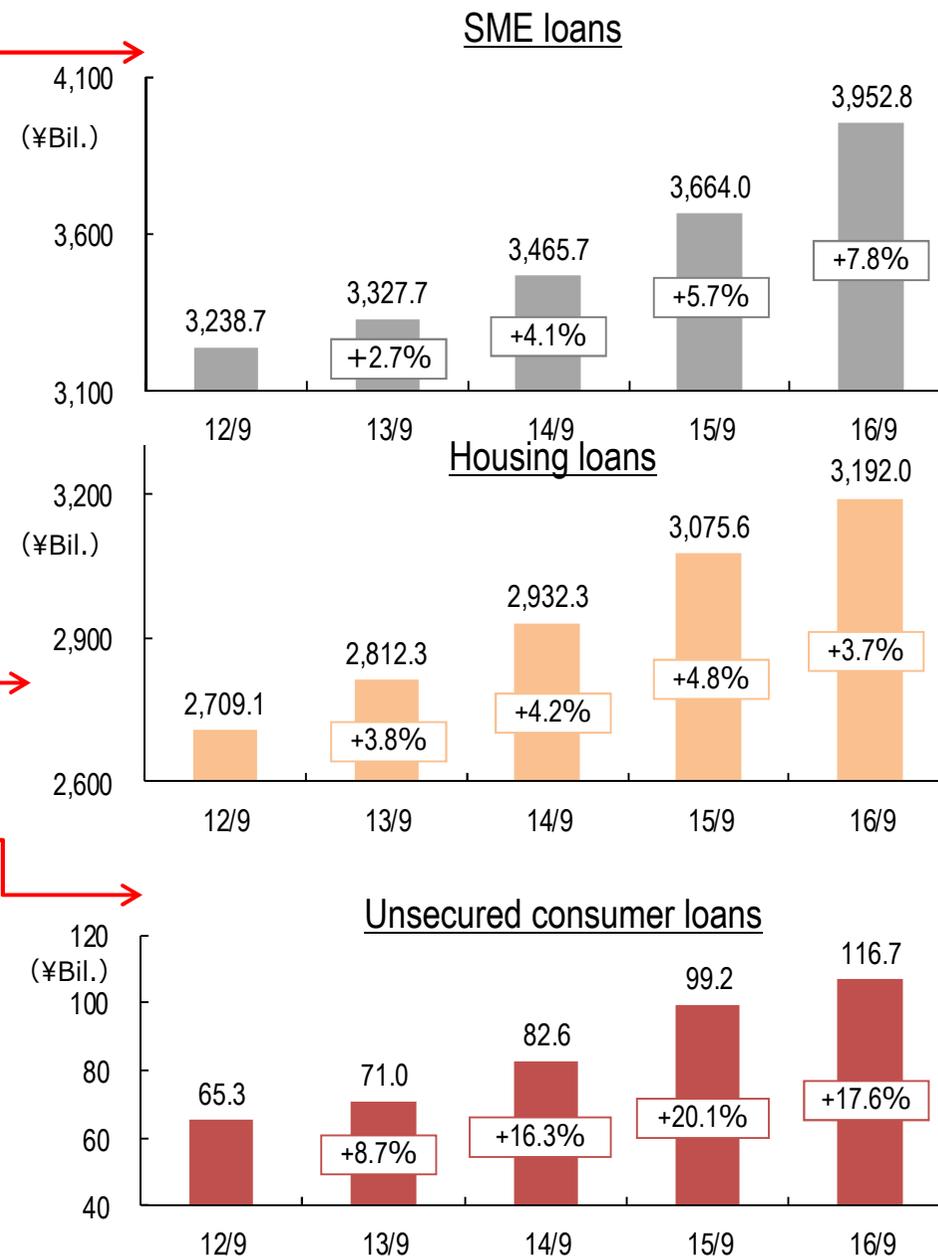
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ex. Negative interest rate factors
△0.06%

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

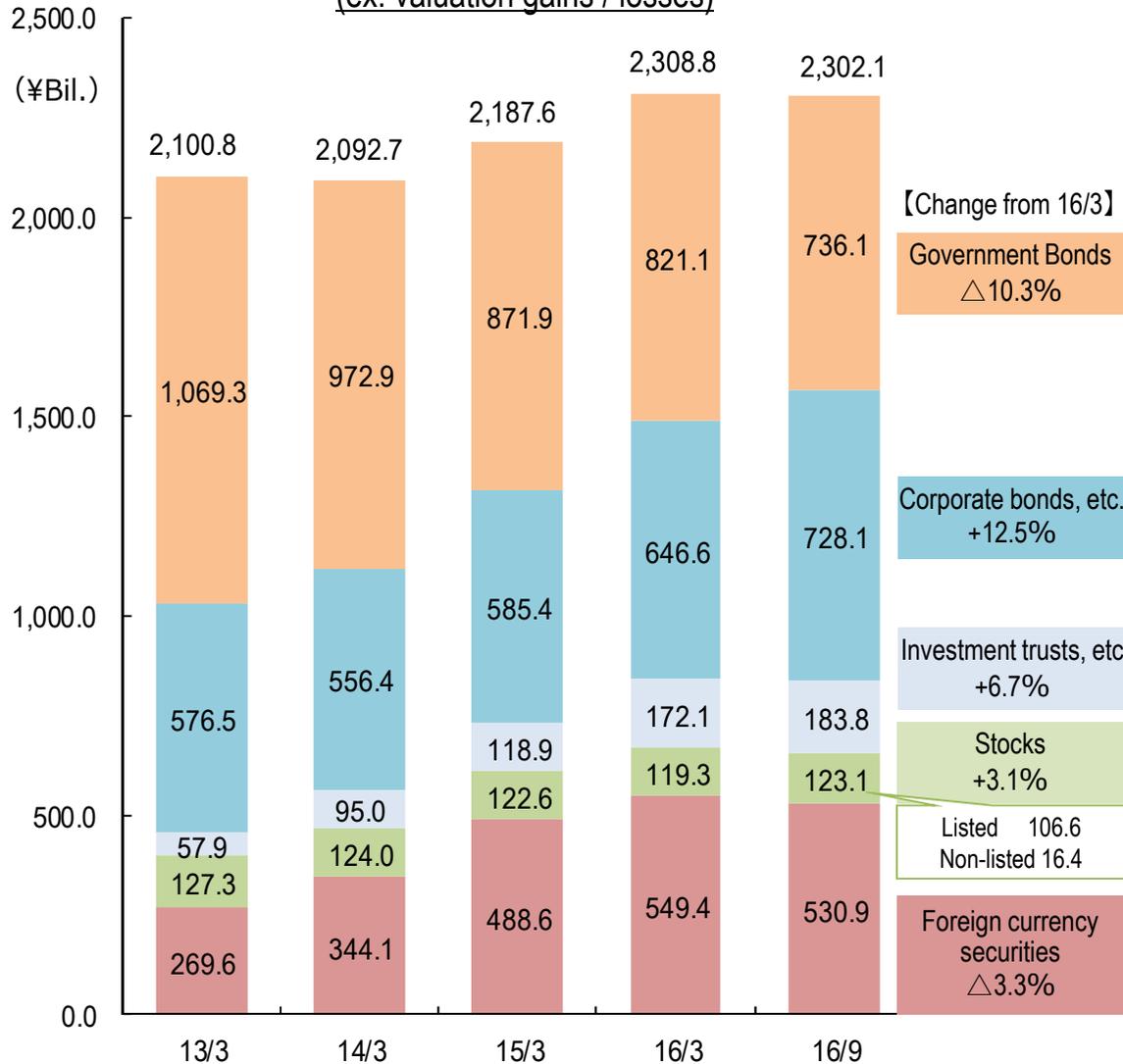
(¥Bil.)	15/9	16/9	Change	%
Deposits	10,669.5	10,966.9	297.3	2.7%
Domestic Deposits	10,325.7	10,619.3	293.5	2.8%
Personal Deposits	8,007.0	8,159.6	152.6	1.9%
Loans	8,643.0	8,994.3	351.3	4.0%
Domestic loans	8,474.0	8,829.8	355.7	4.1%
ex.Public sector	8,216.1	8,588.4	372.2	4.5%
Corporate loans	5,025.3	5,265.9	240.5	4.7%
Mid and large corporates	1,361.3	1,313.0	△ 48.2	△ 3.5%
SMEs	3,664.0	3,952.8	288.7	7.8%
Consumer loans	3,190.8	3,322.5	131.7	4.1%
Housing loans	3,075.6	3,192.0	116.4	3.7%
Unsecured consumer loans	99.2	116.7	17.5	17.6%
Public sector	257.8	241.3	△ 16.5	△ 6.4%
Domestic loans	8,474.0	8,829.8	355.7	4.1%
Branches in Chiba	6,187.1	6,391.8	204.6	3.3%
Branches outside Chiba	2,286.9	2,437.9	151.0	6.6%
Special Branches*	1,342.3	1,347.9	5.5	0.4%
ex. Special Branches	944.5	1,090.0	145.5	15.4%

*Tokyo Head Office, Shinjuku Branch and Osaka Branch



Controlling interest rate risk and diversifying investment

Term-end balance of investment securities
(ex. valuation gains / losses)

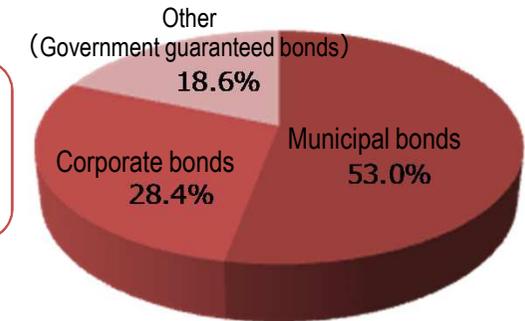


Average duration of yen bonds (yrs)

	13/3	14/3	15/3	16/3	16/9
Fixed rate bonds	3.6	3.1	3.4	3.7	3.9
Total	3.3	2.9	3.2	3.5	3.7

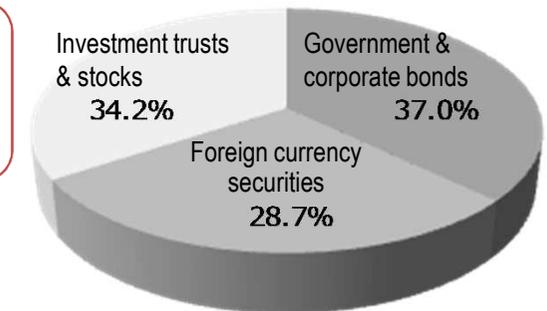
Breakdown of securities by type (16/9)

Re-invest JGB redemptions in Municipal bonds and Corporate bonds due to negative interest rate



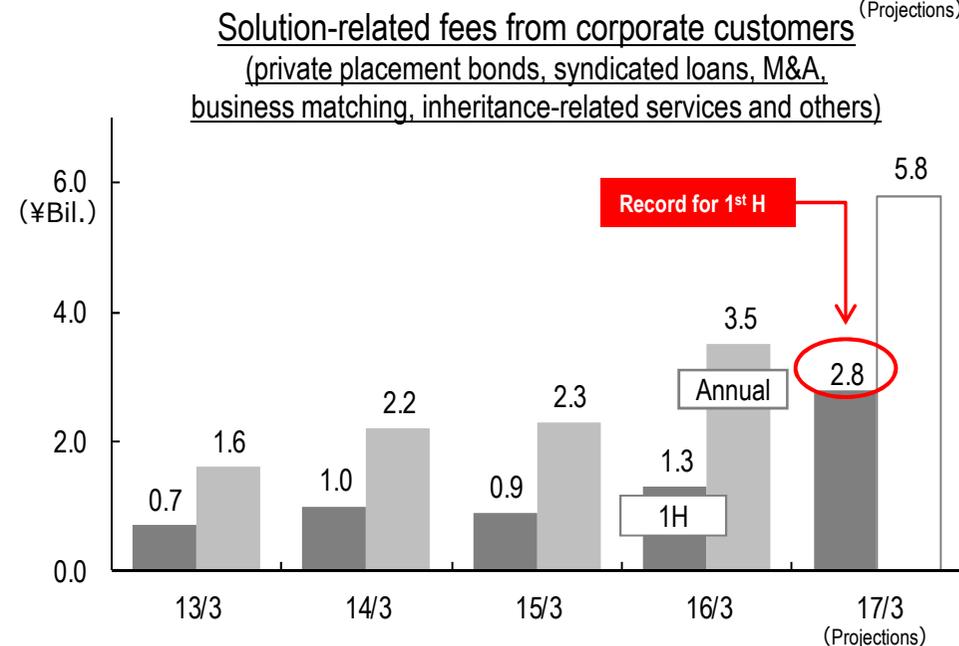
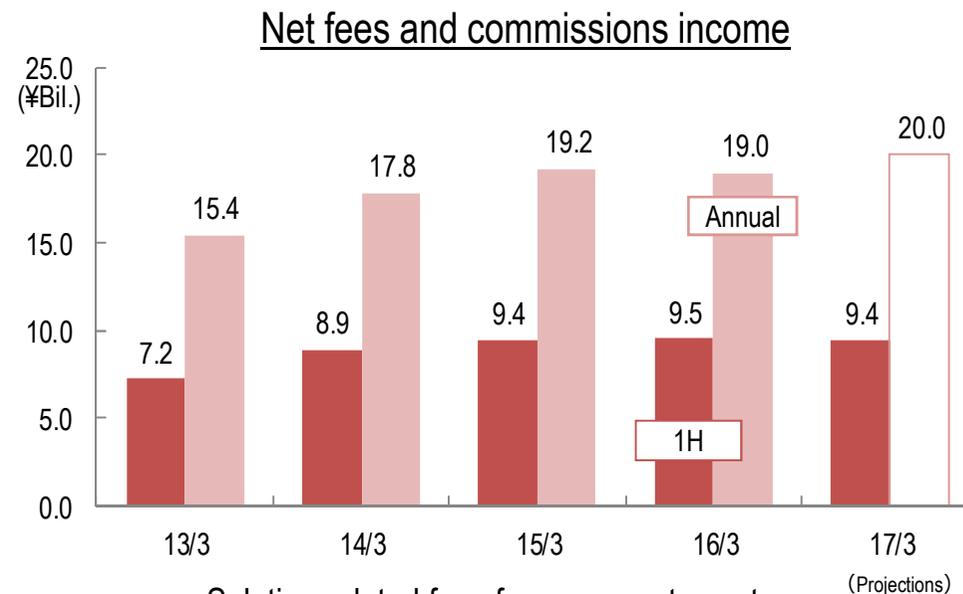
Breakdown of securities by risk amount (16/9)

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



Favorable net fees and commissions income, increasing solution-related fees from corporate customers

(¥Bil.)	Interim FY15	Interim FY16	Change
Net fees and commissions income	9.5	9.4	△ 0.1
Fees and commissions income	19.5	19.6	0.1
Fees and commissions payments	△ 9.9	△ 10.1	△ 0.2
<Main items>			
Investment trusts and personal annuities	7.0	5.6	△ 1.3
Investment trusts	3.6	1.9	△ 1.6
Personal annuities	2.7	2.5	△ 0.2
Indemnity-type insurance	0.4	0.9	0.5
Introduction based agency business	0.2	0.1	△ 0.0
Solution-related fees from corporate customers	1.3	2.8	1.4
Private placement bonds	0.1	0.4	0.3
Syndicated loans	0.8	1.6	0.7
Business matching	0.2	0.4	0.1
Inheritance	0.1	0.2	0.1
Payment and settlement transactions	5.9	5.9	0.0
Guarantee charges and group insurance costs	△ 6.3	△ 6.5	△ 0.1
(Reference) Other non-recurrent income and loss			
Dividends from group credit life insurance	3.3	3.4	0.1



Further improving job efficiency and controlling expenses

(¥Bil.)	Interim	Interim	Change	17/3	Change
	FY15	FY16		(Projection)	
Expenses	40.2	41.1	0.9	83.5	1.4
Personnel	20.9	21.0	0.1	42.2	0.4
Non-personnel	16.8	17.1	0.3	35.3	0.3
Tax	2.5	2.9	0.4	5.9	0.6

Demonstration of a new branch model was initiated

from Sep 20th at Masago Branch



Main increase / decrease factors in expenses

(¥Bil.)	Interim FY16	FY16(Projection)
Personnel	+ 0.1 Salaries+0.1	+ 0.4 Enhancing sales staff+0.1 Extra payments+0.1
Non-Personnel	+ 0.3 Systems renewal+0.5 Integration of bill operation+0.1 Depreciation*△0.3	+ 0.3 Systems renewal+0.5 Deposit insurance fee+0.1 Depreciation*△0.3
Tax	+ 0.4 Pro forma standard taxation +0.3 Consumption tax+0.1	+ 0.6 Pro forma standard taxation +0.7 Consumption tax △0.1

*Excluding depreciation for systems renewal



Reacting to future changes in the structure of staffed branches

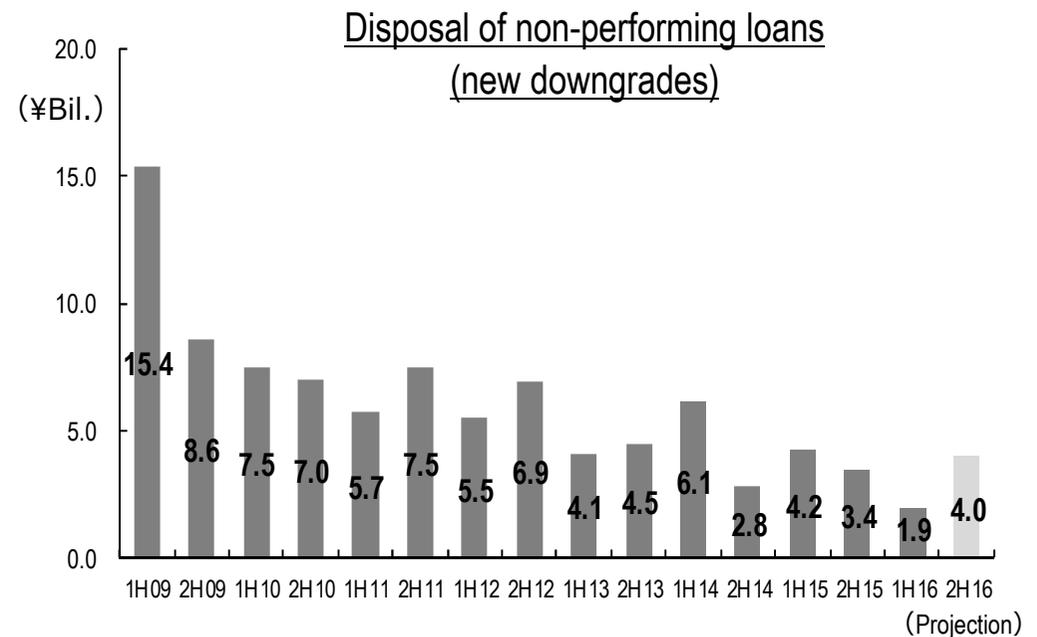
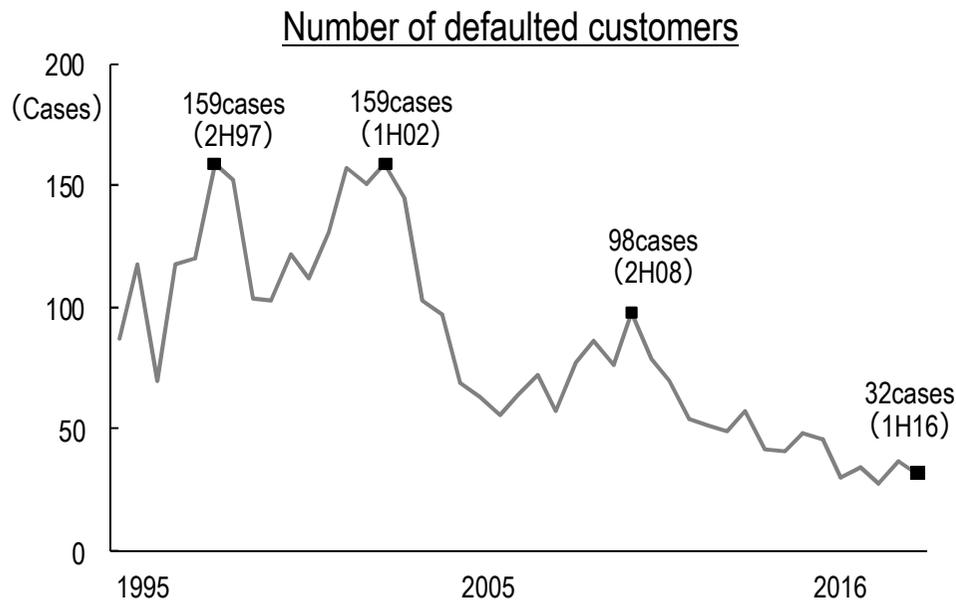
Generating about 600 staff when implemented in all branches, able to enhance branch sales

Net credit costs remain low for the time being

(¥Bil.)	FY15		FY16	
	1H	2H	1H	2H (Projection)
Net credit costs	△ 2.8	0.5	△ 4.1	1.8
Net transfer to general allowance for loan losses	△ 4.2	△ 0.1	△ 1.8	-
Disposal of non-performing loans	1.3	0.7	△ 2.3	1.8
Write-offs / allowances, etc.	2.9	1.7	△ 1.4	2.8
New downgrades	4.2	3.4	1.9	4.0
Decreases in collateral value, etc.	0.2	0.2	0.1	0.3
Collections, etc.	△ 1.8	△ 1.1	△ 4.0	△ 1.2
Recoveries of written-off claims	△ 1.6	△ 0.9	△ 0.8	△ 1.0

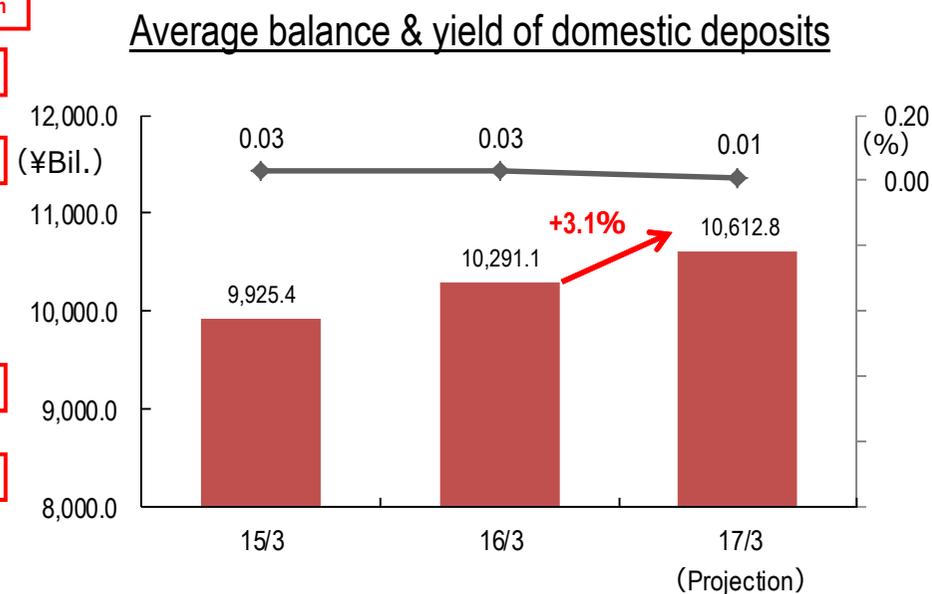
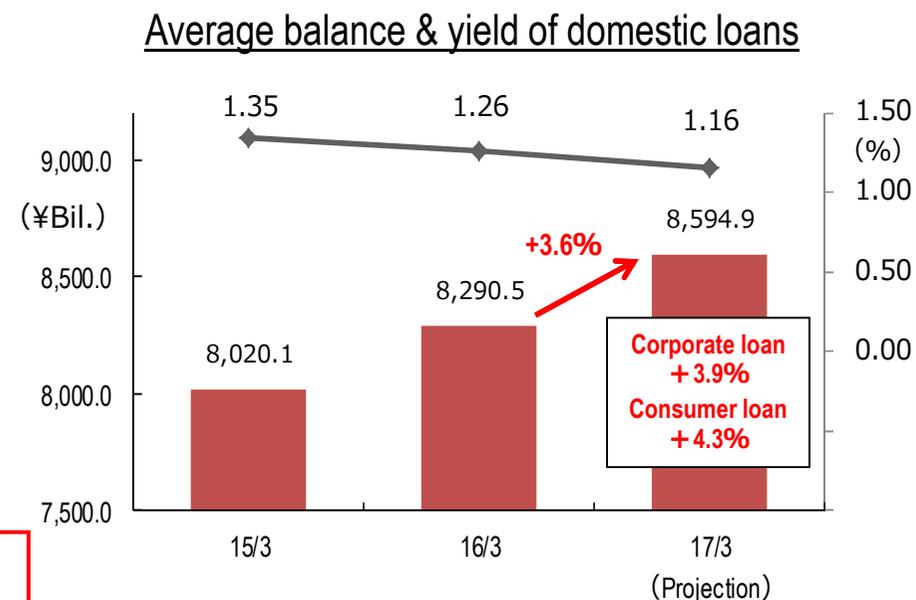
(Note)

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.)	FY15	FY16 (Projection)		2H (Projection)
		Change		
Gross business profits	150.0	147.5	△ 2.5	72.1
Net interest income	125.4	120.7	△ 4.7	58.0
Net fees and commissions income	19.0	20.0	0.9	10.5
Trading income	3.2	3.0	△ 0.2	1.3
Profit from other business transactions	2.2	3.8	1.5	2.2
Gains (losses) related to bonds	2.2	1.5	△ 0.7	1.2
Expenses (-)	82.0	83.5	1.4	42.3
Real net business income	67.9	64.0	△ 3.9	29.8
Core net business income	65.7	62.5	△ 3.2	28.5
Net transfer to general allowance for loan losses (-)	-	-	-	-
Net business income	67.9	64.0	△ 3.9	29.8
Non-recurring income and losses	11.7	6.5	△ 5.2	△ 0.8
Disposal of non-performing loans (-)	△ 2.3	△ 2.3	0.0	1.8
Gains (losses) related to stocks, etc.	2.7	0.7	△ 2.0	0.9
Ordinary profit	79.6	70.5	△ 9.1	28.9
Extraordinary income (loss)	△ 0.6	△ 1.0	△ 0.3	△ 0.6
Profit	52.5	49.0	△ 3.5	19.4
Net credit costs (-)	△ 2.3	△ 2.3	0.0	1.8

Consolidated (¥Bil.)	FY15	FY16 (Projection)		2H (Projection)
		Change		
Ordinary profit	85.5	77.5	△ 8.0	33.7
Difference from non-consolidated ordinary profit	5.8	7.0	1.1	4.8
Profit attributable to owners of parent	55.4	52.5	△ 2.9	22.3
Difference from non-consolidated net income	2.9	3.5	0.5	2.9



Progress of the Medium Term Management Plan

The 12th Medium Term Management Plan

Best Bank 2020

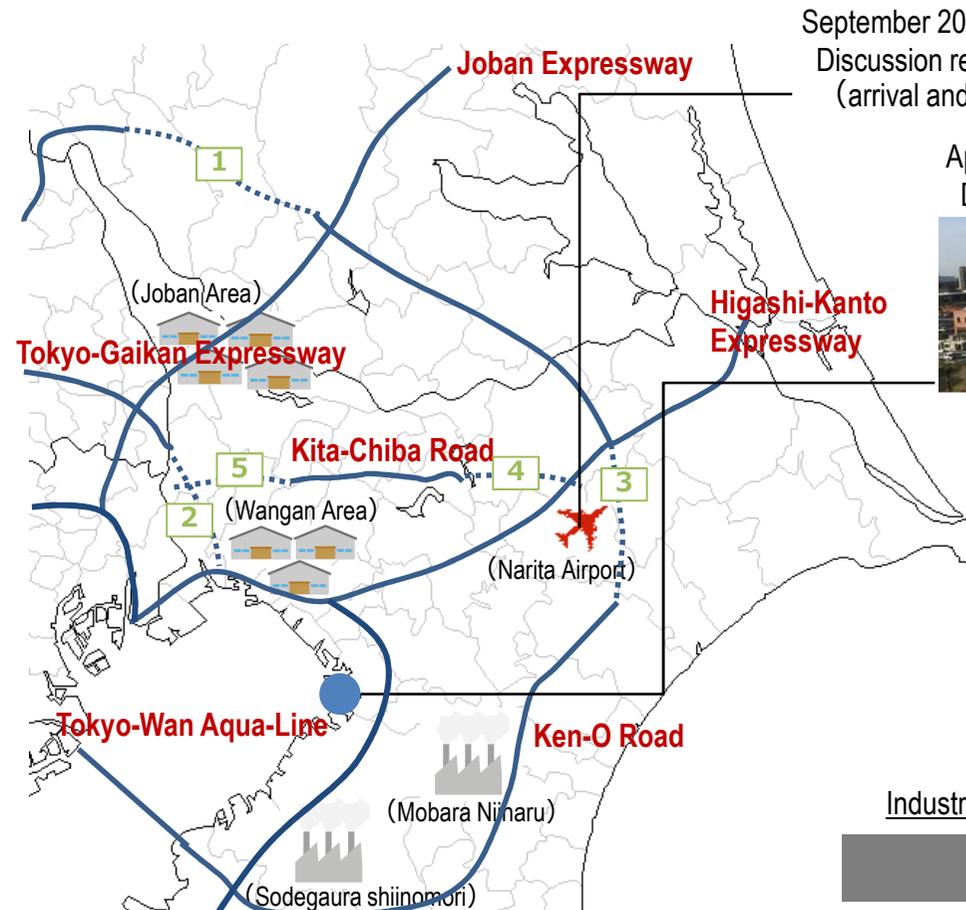
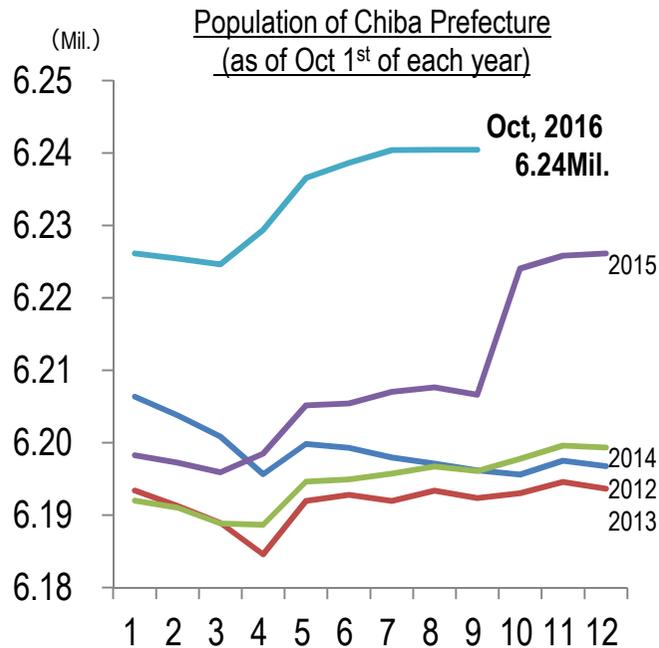
3 years of value creation

	Previous Plan		This Medium Term Plan					Vision as of year 2020	
	2014/3	2015/3	2016/3	2016/9	Progress (Target for the term)	Revised Plan 2017/3 [Target]	Changes from 2014/3	2020/3 [Reference]	Changes from 2017/3
Balance of loans	8,083.0	8,461.1	8,797.4	8,994.3	99.3% (83.3%)	9,000.0	+917.0	10,000.0	+1,000.0
Balance of loans for SMEs	3,383.8	3,583.9	3,786.6	3,952.8	136.7% (83.3%)	3,600 → 3,800.0	+416.2	3,900 → 4,200.0	+400.0
Number of new corporate loan customers	4,150	4,533	4,731	2,473 1st Half	56.2% (50.0%)	4,400	+250	5,000	+600
Balance of housing loans	2,881.7	3,016.3	3,140.5	3,192.0	97.5% (83.3%)	3,200.0	+318.3	3,600.0	+400.0
Balance of unsecured consumer loans	77.0	89.5	107.8	116.7	75.0% (83.3%)	120 → 130.0	+53.0	150 → 170.0	+40.0
Balance of deposits	10,121.8	10,733.3	11,140.2	10,966.9	96.2% (83.3%)	11,000.0	+878.2	12,000.0	+1,000.0
Group total balance of financial products	1,966.2	2,096.8	2,013.0	1,969.0	0.6% (83.3%)	2,400.0	+433.8	3,000.0	+600.0
Profit attributable to owners of parent	46.4	57.0	55.4	30.1 1st Half	57.9% (50.0%)	50 → 57.0	+10.6	60 → 65.0	+8.0
Net fees and commissions income	17.8	19.2	19.0	9.4 1st Half	44.0% (50.0%)	18.5 → 21.5	+3.7	20 → 30.0	+8.5
Consolidated ROE (excluding gain on negative goodwill, etc.)	6.27%	7.07% (6.20%)	6.43%	6.90% 1st Half	-	in 6% range	±0%	in 7% range	+1%
Consolidated Common Equity Tier 1 Capital Ratio	12.85%	13.17%	12.74%	12.58%	-	in 13% range	-	in 13% range	-

*Progress for 2016/9 is based on the revised Medium Term Management Plan. (Progress for Consolidated profit attributable to owners of parent, Net fees and commissions income, Number of new corporate loan customers is based on the plan for FY2016)

Business Strategy

Contribute to regional vitalization by enhancing measures for "Regional Revitalization"



September 2016
Discussion regarding expanding facilities
(arrival and departure capacity, runway)

April 2016
Development of Chiba Port



Land capacity

Pref.	Habitable land (per population)	Residential land (per population)
Chiba	567m²	116m²
Tokyo	103m ²	42m ²
Kanagawa	160m ²	91m ²
Saitama	354m ²	64m ²

2016 Land price change by use
(as of Jul 1st)

Pref.	Residential	Commercial	Industrial
Chiba	0.0%	0.8%	2.8%
Tokyo	1.5%	4.1%	2.7%
Kanagawa	△0.2%	1.3%	2.3%
Saitama	△0.1%	0.2%	1.8%
Ibaraki	△1.1%	△1.2%	0.2%
Total	△0.8%	0.0%	△0.5%

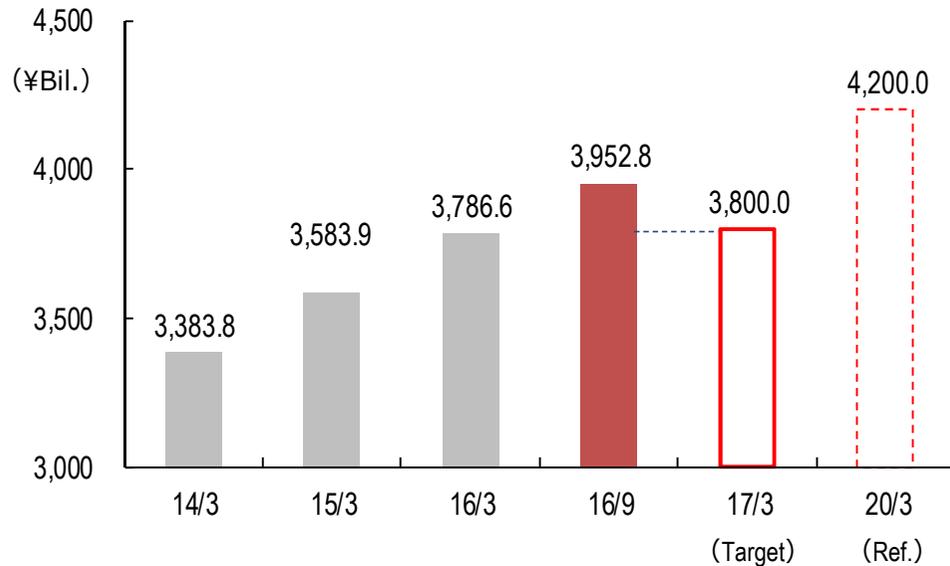
Industrial parks planned for sale in 2017

	Mobara Niiharu	Sodegaura Shiinomori
Access	Ken-O Road • Mobara-Kita IC (2.5km)	Tateyama Expressway • Anesaki-Sodegaura IC (2.5km)
Total area	42ha	50ha
(for sale)	(19ha)	(32ha)
To Narita Airport	60min	45min
To Haneda Airport	60min	30min

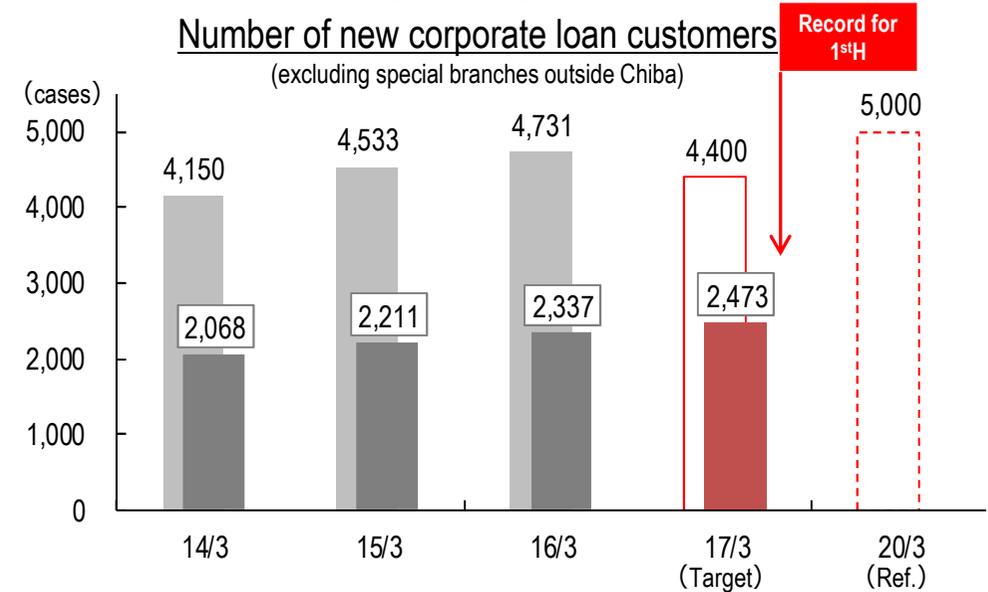
1. Ken-O Rd. • Sakaikoga IC-Tsukubachuo IC (inauguration is planned for FY2016)
2. Tokyo-Gaikan Exp. • Misatominami IC-Koya JCT (planned for FY2017)
3. Ken-O Road (under construction)
4. & 5. Kita-Chiba Road (under construction)

Positive approach towards meeting the financial needs in our all operating areas

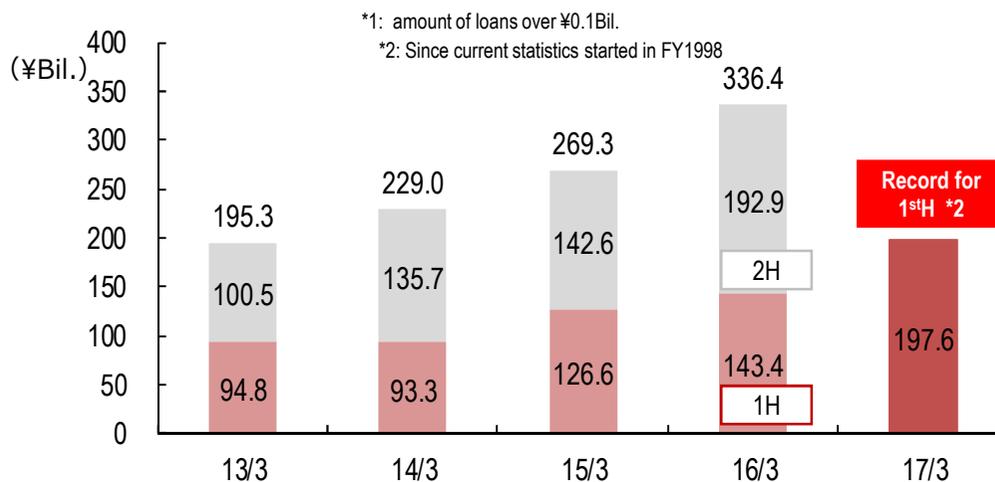
Balance of loans for SMEs



Number of new corporate loan customers



New loans for capital investments(*1)

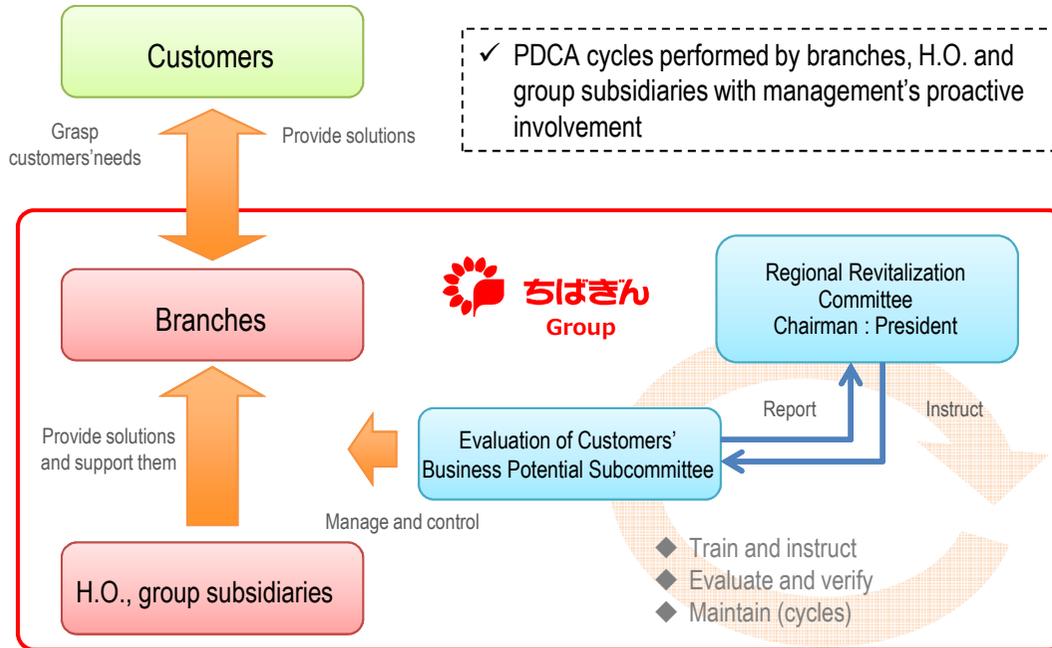


Domestic loans by sector

Sector	15/9		16/9		Change	%
	(¥Bil.)		(¥Bil.)			
Domestic loans	8,474.0		8,829.8		355.7	4.1%
SMEs	6,854.8		7,275.3		420.5	6.1%
Real Estate leasing	1,648.7		1,854.0		205.3	12.4%
Personal (housing loans, etc)	3,191.0		3,318.1		127.0	3.9%
Other	2,014.9		2,103.1		88.1	4.3%

✓ Responding to a wide range of customers' needs

Achieve "Regional Revitalization" by lending based on the evaluation of customers' business potential

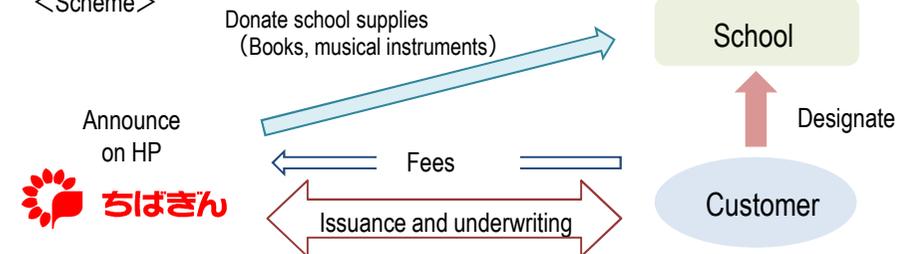


New funding schemes

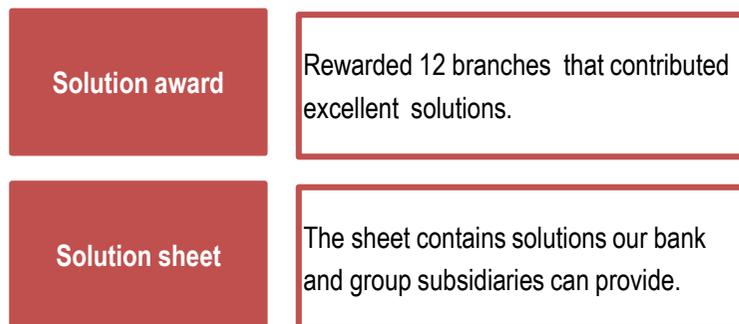
「Mirai-Hagukumi bond (Private placement bond)」 (Jun 2016~)

- ✓ Purchase and donate school supplies to designated school by using bond issuance fees
⇒ 1H 2016 : 98 issuance or JPY 9.69 Bil.

<Scheme>



Tools to enhance solution sales



「Chibagin Regional Revitalization loan program」 (Nov 2015~)

- ✓ Evaluating customers' start-ups and new business potential, and lending flexible long-term loan.
⇒ 1H2016 : 7 cases/JPY0.98 Bil.



<Recent cases>

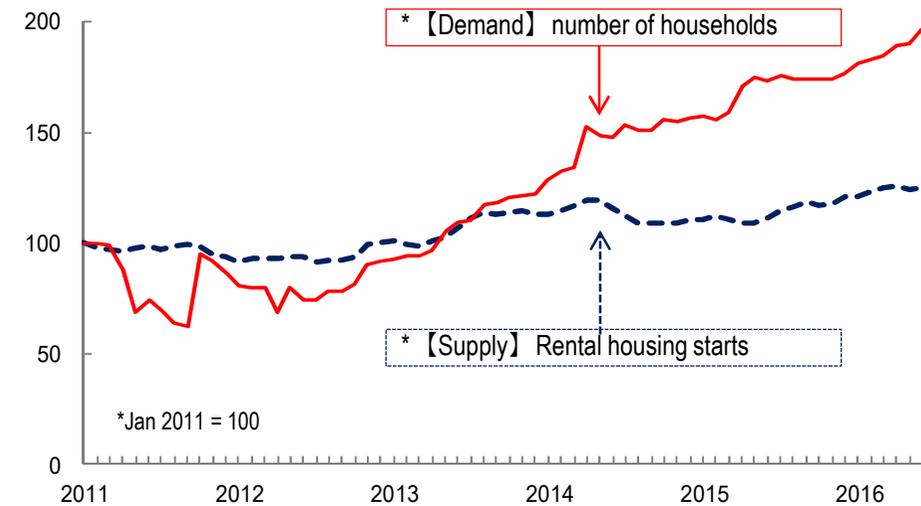
Reuse closed-school, establish farmers resort and restaurant, renovate luxury hotel, etc.

Expanding exposures with risk analysis as a regional bank of populated area

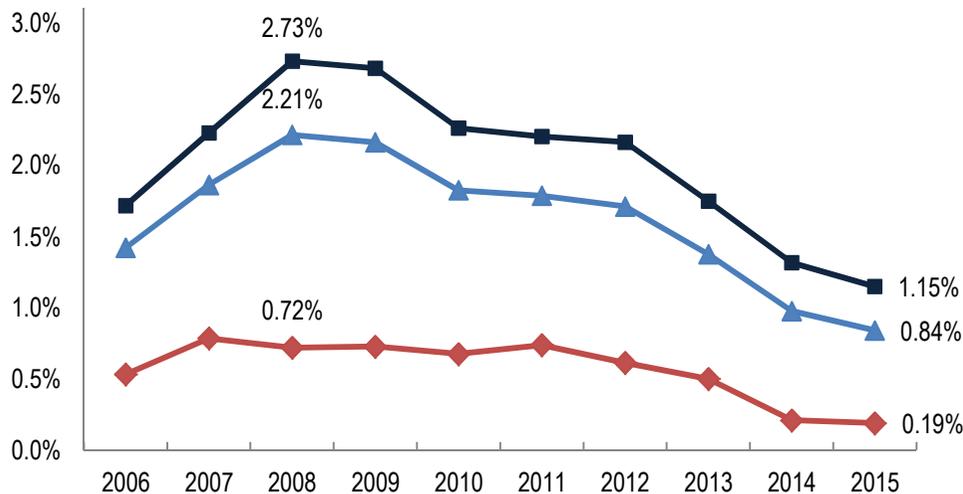
Approach to Real Estate Leasing Sector

Credit risk control	<ul style="list-style-type: none"> ✓ Evaluate customers' business growth ✓ Manage 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 rate of our customers' apartments are higher than avg. (94% our customers > 81% prefecture avg.) ✓ Provide a consulting service to improve PL

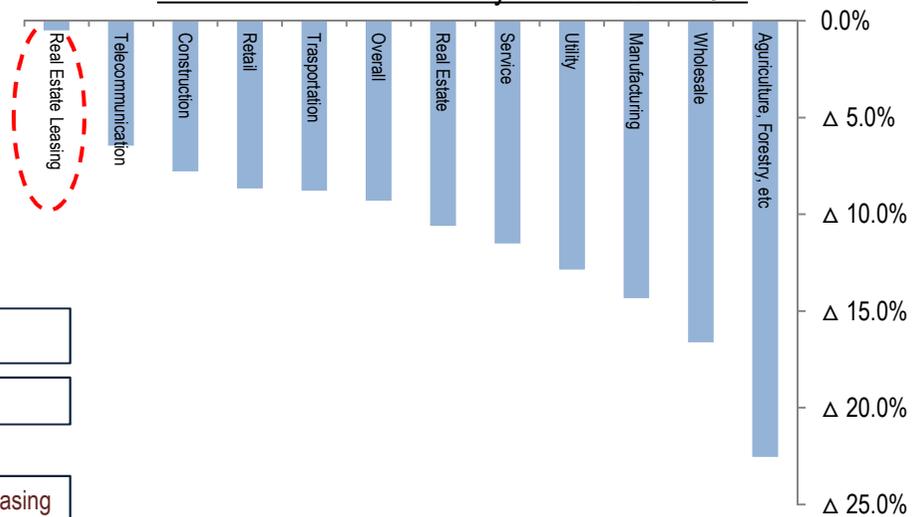
Supply and Demand of Real Estate Leasing in Chiba Pref.



Default ratio



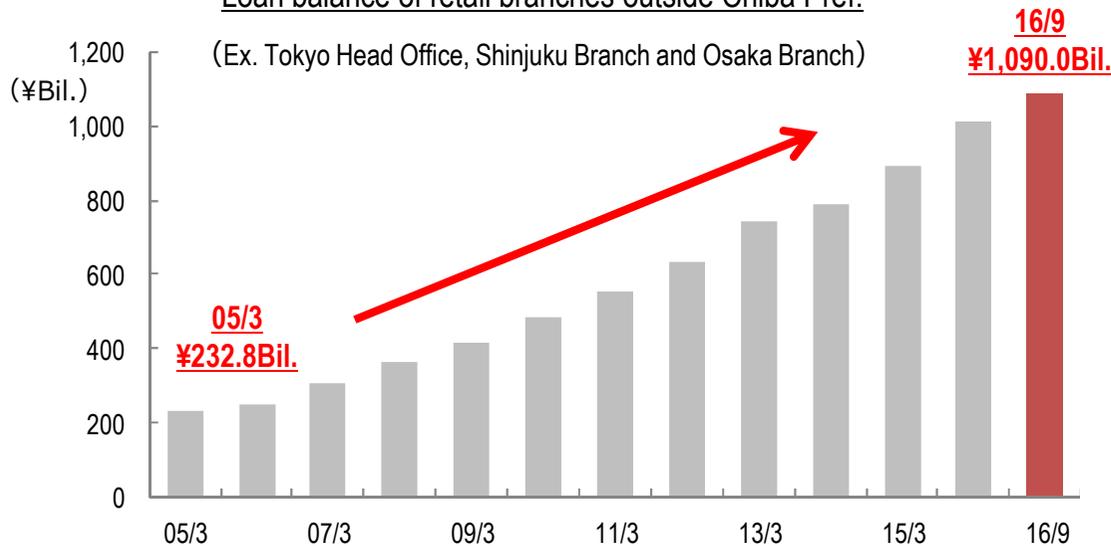
Decrease ratio in sales by sector (YonY)



Opening branches in strategic business areas to capture customers' needs

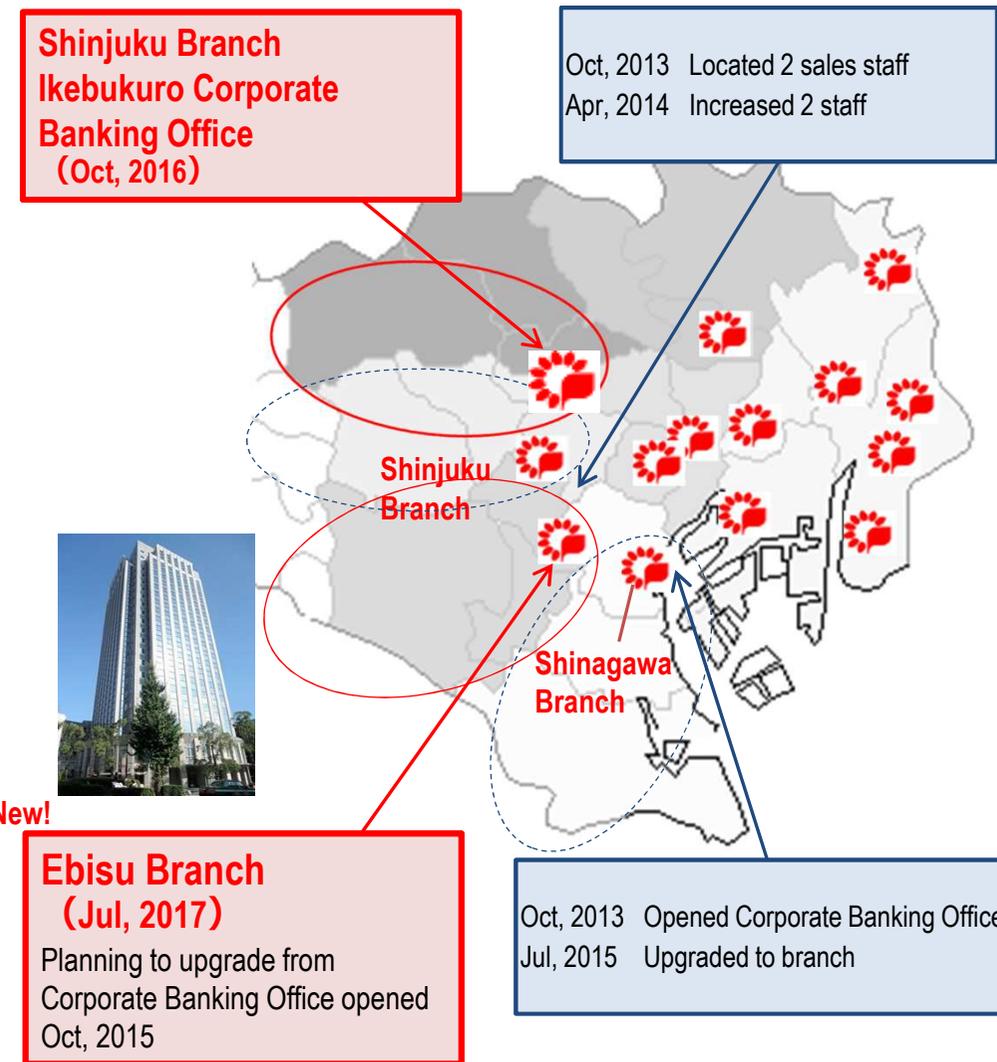
Loan balance of retail branches outside Chiba Pref.

(Ex. Tokyo Head Office, Shinjuku Branch and Osaka Branch)

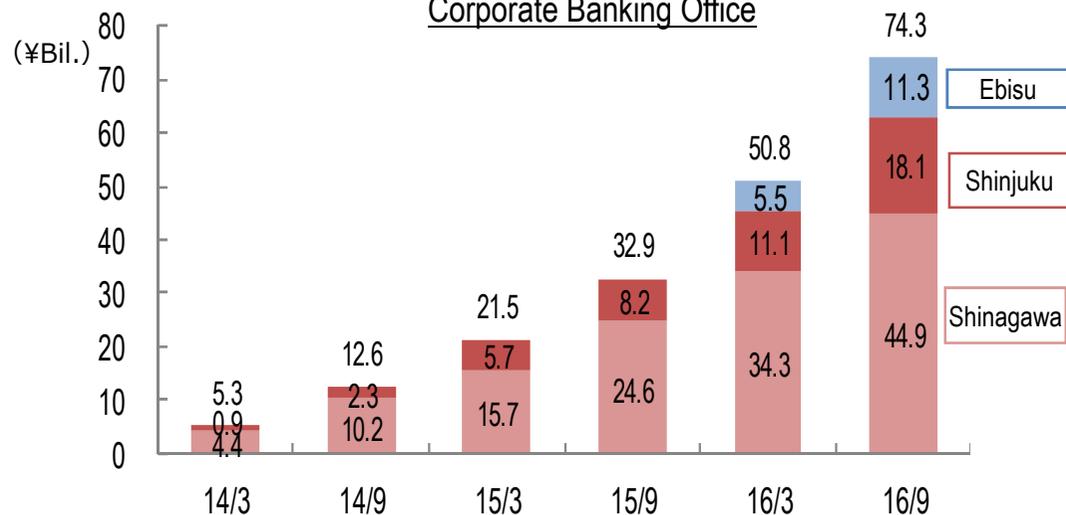


Branch development in strategic business area

“23 wards of Tokyo”



Loan balance of Shinagawa Branch, Shinjuku Branch and Ebisu Corporate Banking Office



Expanding operations with group subsidiaries, earning opportunities

ちばきん group subsidiaries (14 companies)

● Securities, asset management

Chibagin Securities Co., Ltd.
Chibagin Asset Management Co., Ltd.

● Research, consulting

◆ Chibagin Research Institute, Ltd.
◆ Chibagin Computer Service Co., Ltd.

New! T&I Innovation Center, Co. Ltd.

● Leasing, venture capital

◆ Chibagin Leasing Co., Ltd.
◆ Chibagin Capital Co., Ltd.

● Credit card

◆ Chibagin JCB Card Co., Ltd.
◆ Chibagin DC Card Co., Ltd.

● Staffing, insourcing

◆ Chibagin Career Service Co., Ltd.
Chibagin Heartful Co., Ltd.
◆ Sobu Co., Ltd.

● Guarantee, managing credit

Chibagin Guarantee Co., Ltd.
◆ Chiba Servicer Co., Ltd.



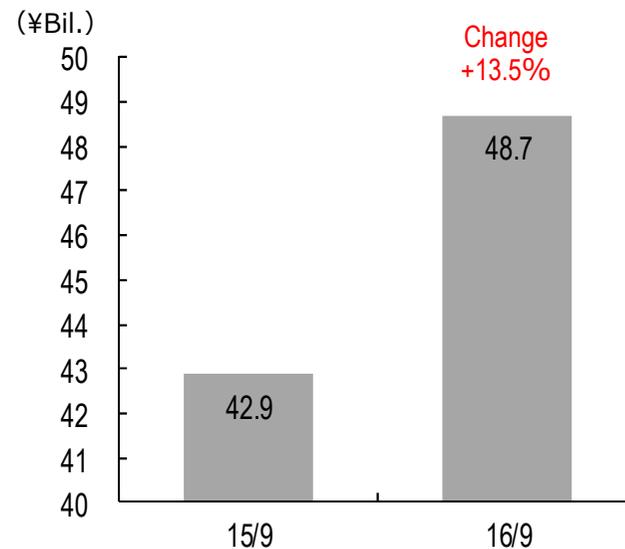
◆ 9 of 14 subsidiaries were transferred.

➡ Maximizing profit opportunities

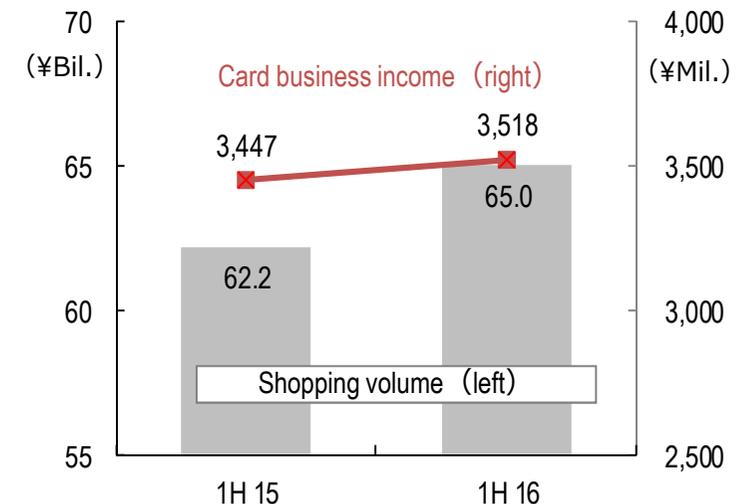
Operating income of main subsidiaries

(¥Bil.)	15/9	16/9	change
Operating Income	6.5	7.5	0.9
Chibagin Guarantee	2.8	3.8	1.0
Chibagin Securities	0.7	0.1	△ 0.5
Chibagin Leasing	0.5	0.6	0.1
Chibagin JCB Card	1.1	1.1	0.0
Chibagin DC Card	0.2	0.3	0.0
Others	0.9	1.3	0.3

Chibagin Leasing's outstanding balance

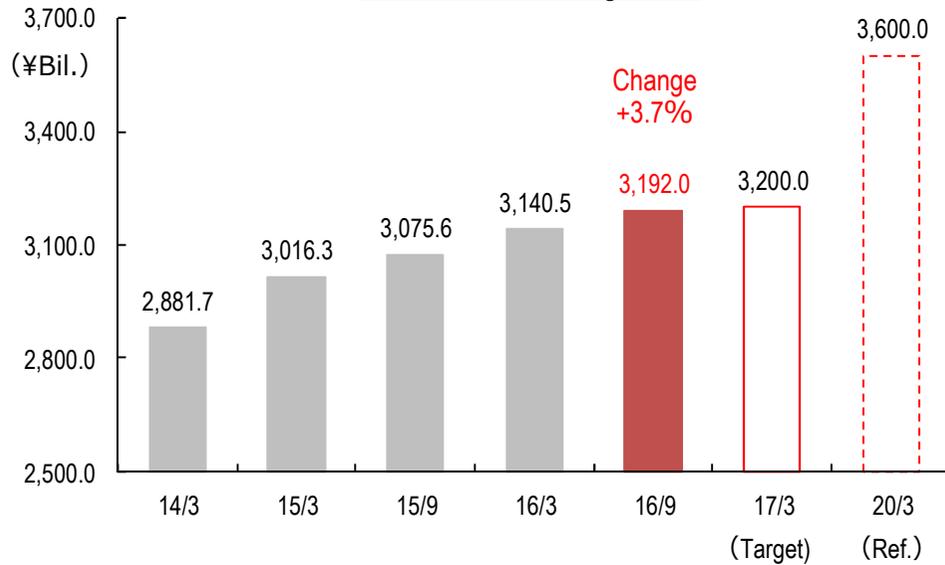


Card business income and shopping amount (group total)

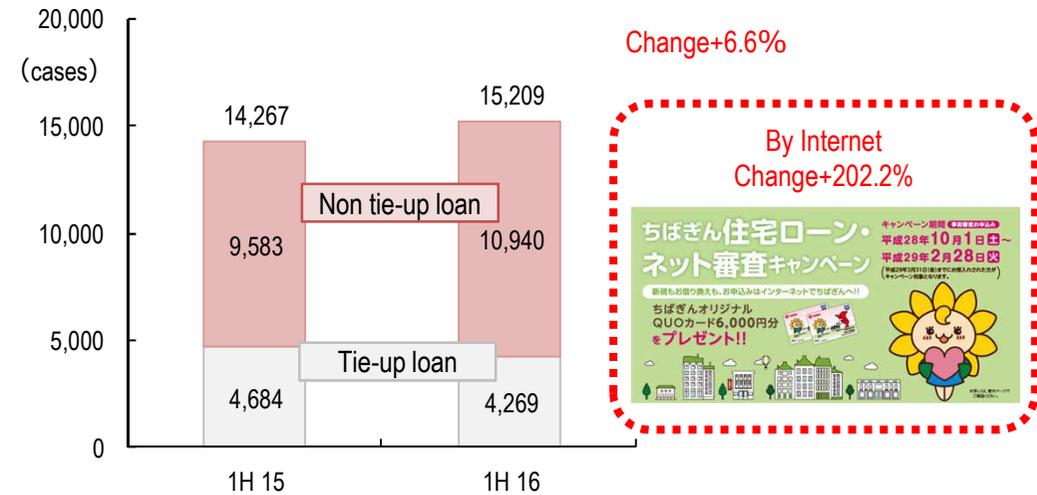


Responding to various customers' needs, increasing loan balance

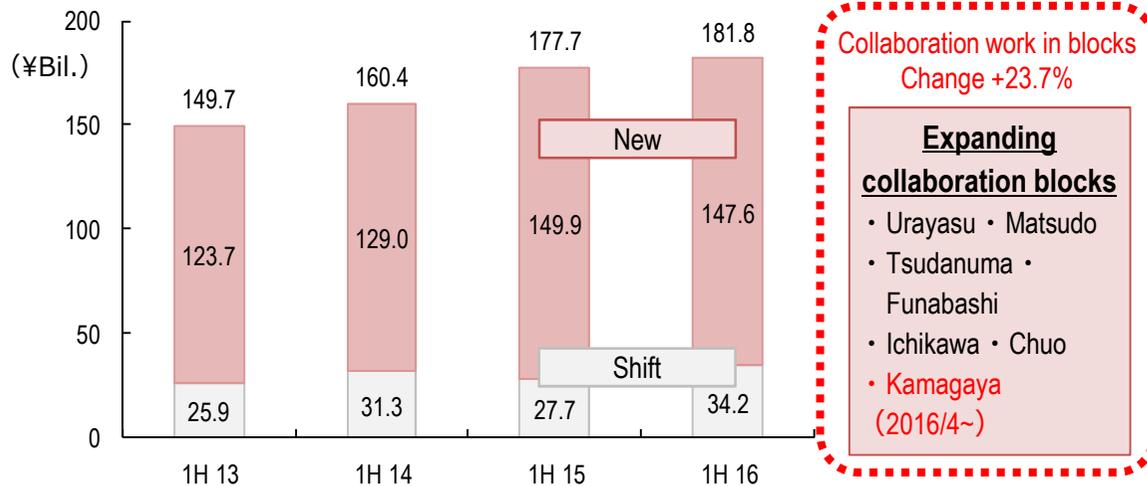
Balance of housing loans



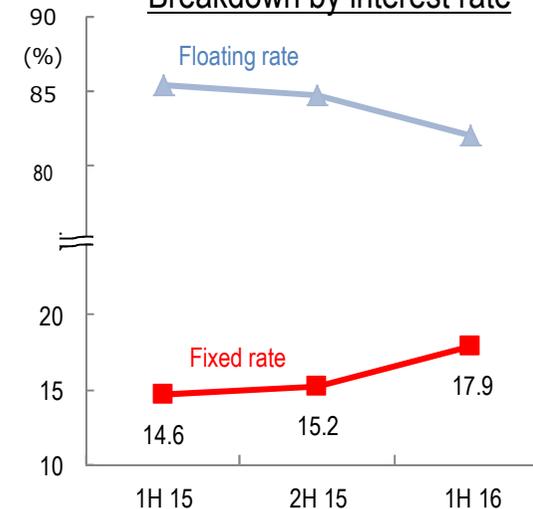
Number of pre-applications received



Executed amount of housing loans



Breakdown by interest rate

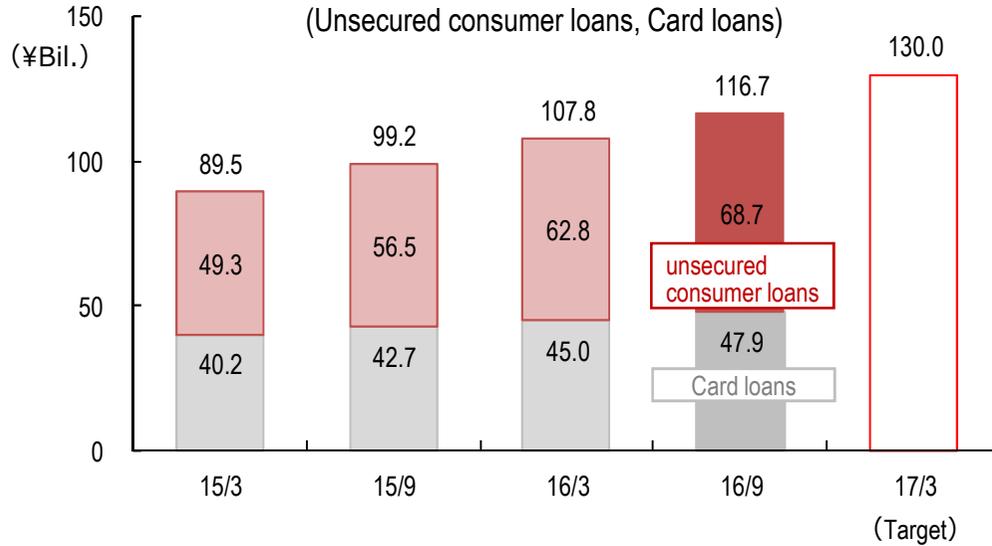


Campaign brochure

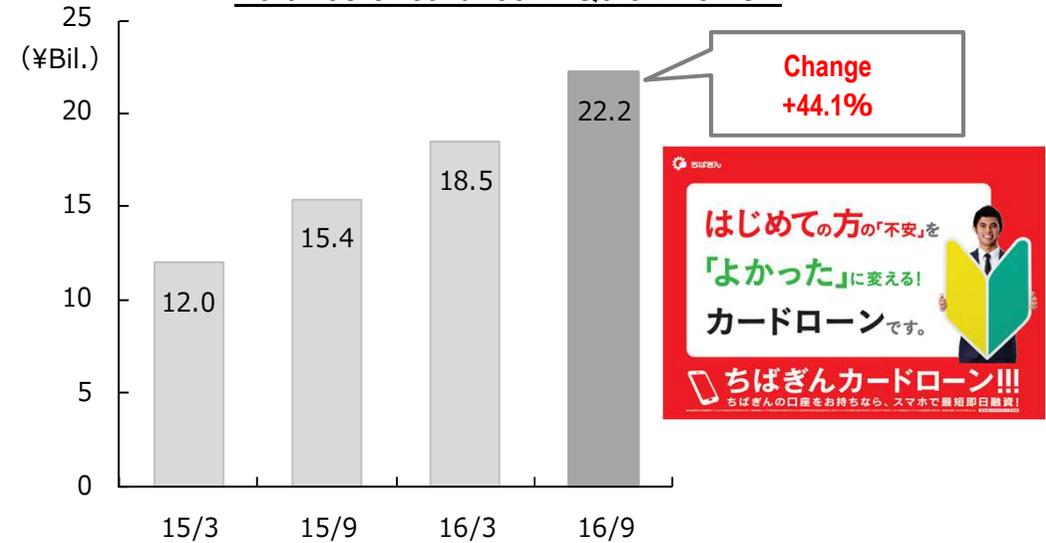


Utilize direct channels, increase unsecured consumer loans by enhancing marketing

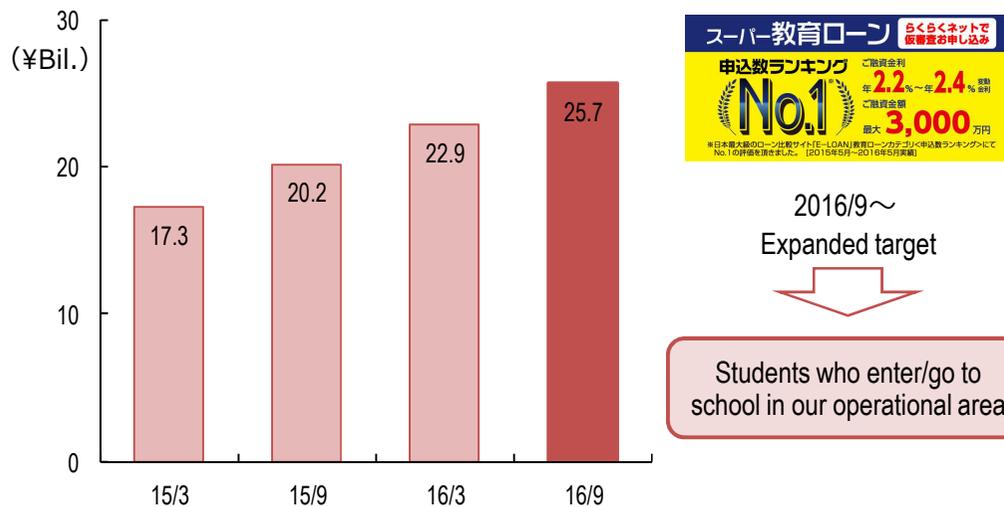
Balance of unsecured consumer loans
(Unsecured consumer loans, Card loans)



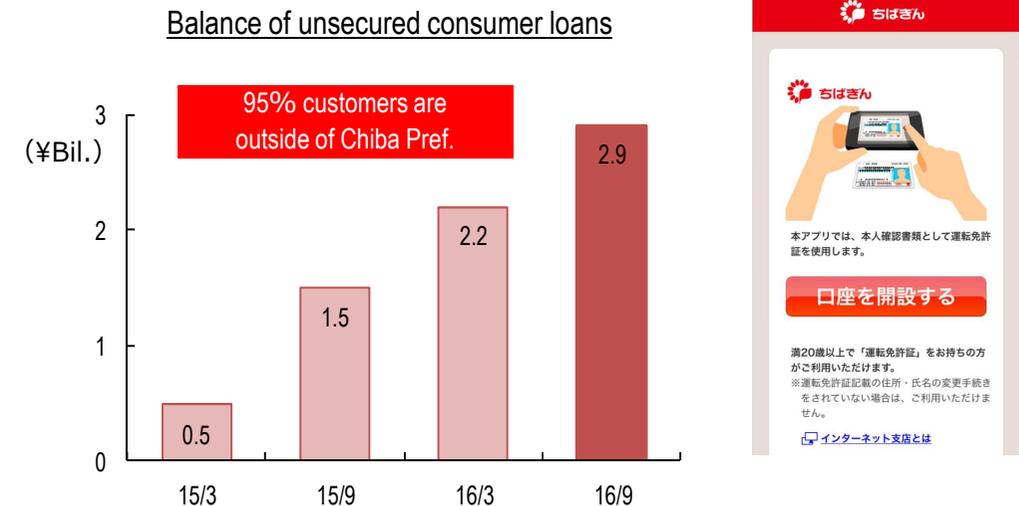
Balance of card loan "Quick Power"



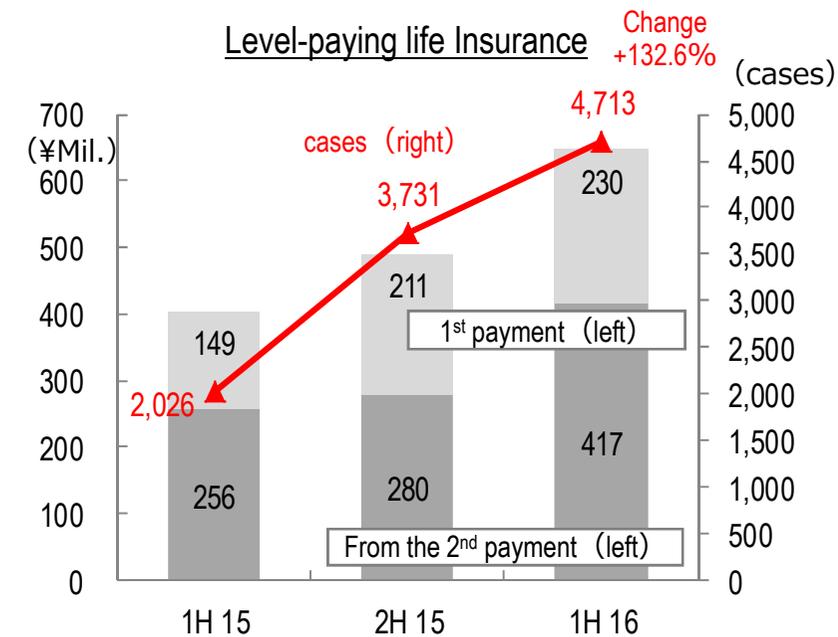
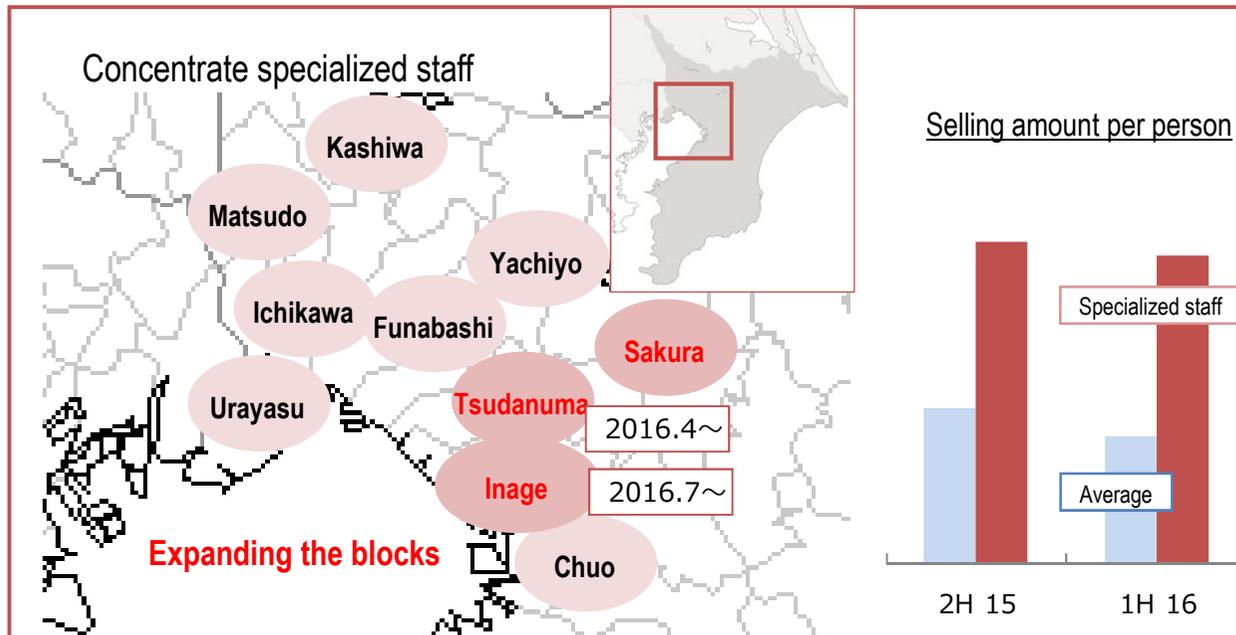
Balance of student loans



Internet Branch



Support steady asset building for customers with Fiduciary Duty



Providing a broad range of services

Chibagin Securities Co., Ltd.

Jul, 2016 Opened Matsudo Branch
(Deal with customers introduced by the bank)

Chibagin Asset Management Co., Ltd.

Jul, 2016 Introduced 2nd fund named 「Haito-Meijin」
Sep, 2016 Introduced fund exclusively for Musashino Bank's customers, named 「Musashino wrap」 (Collaboration)



IT-related services

Jul, 2016 「PORT STAR」 (Robo-Advisor)



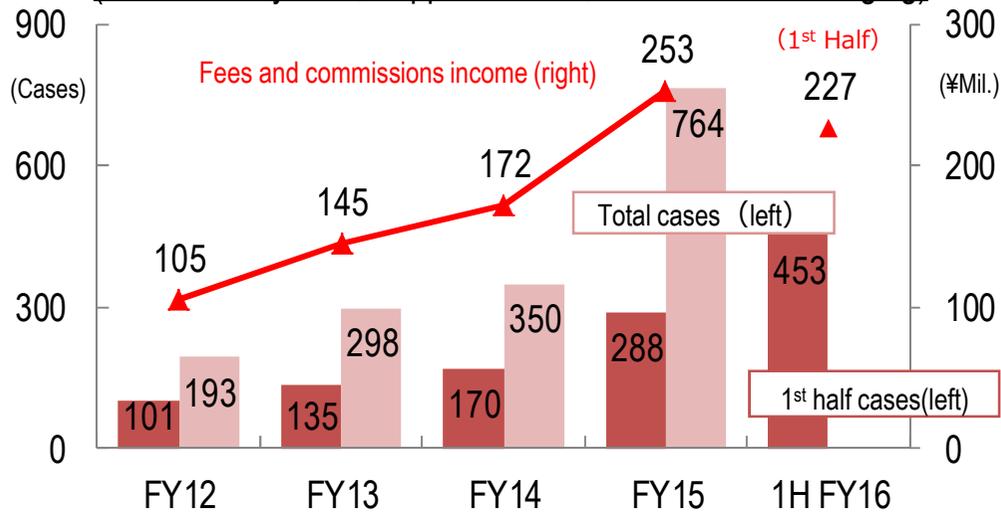
Jul, 2016 Added new function to tablet platform

Nov, 2016 Installed Demand projection model using big-data



Expand inheritance-related business through alliance with other banks, expand products to meet with aging society

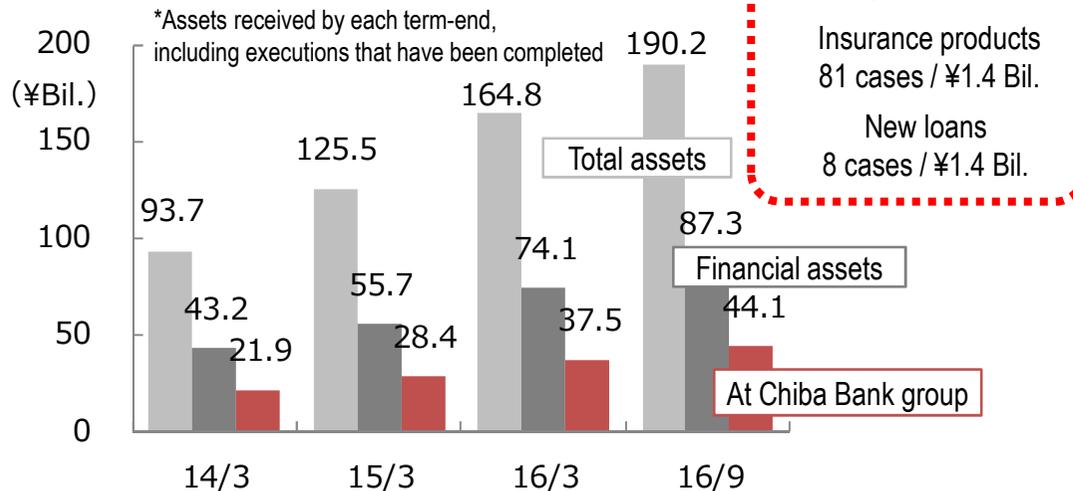
Number of contracts and income for inheritance-related services
(Testamentary trust, Support service, Inheritance rearranging)



Alliance with other banks for inheritance-related services
(Daishi Bank, Chugoku Bank)



Customers' total assets for testamentary trusts
with Chiba Bank



Expansion of asset maintenance product

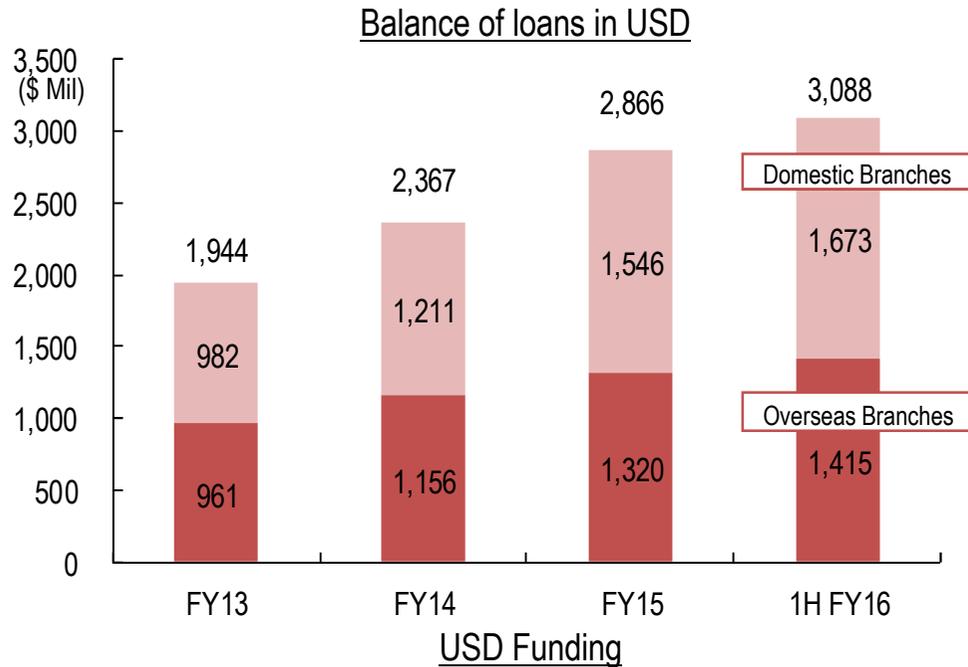
May 2016 Chibagin Family Trust Support Service

Jun 2016 Chibagin Gift Support Service (Legacies)

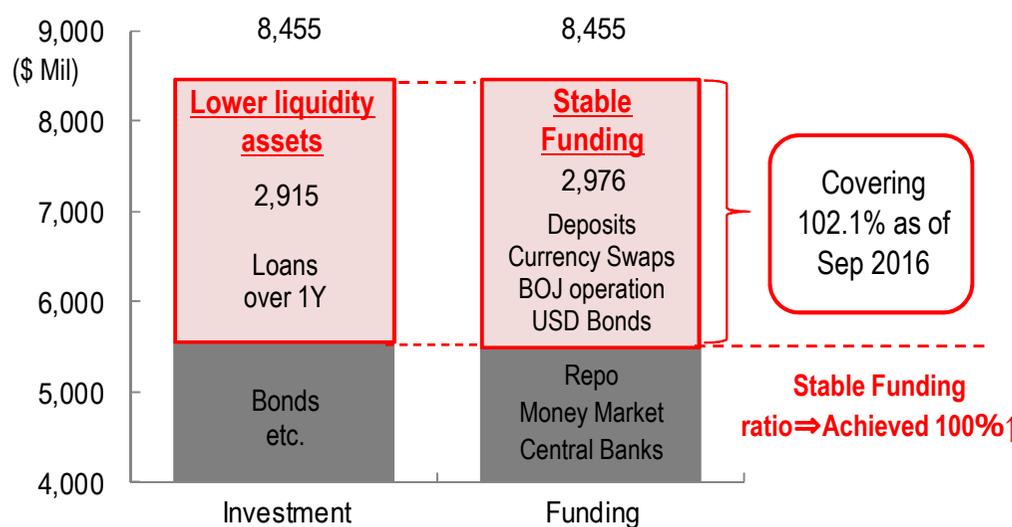
Jul 2016 Chibagin Guardianship Support Service **First case for a regional bank**

➔ Enhance relationship with the next generation, gather new business opportunities

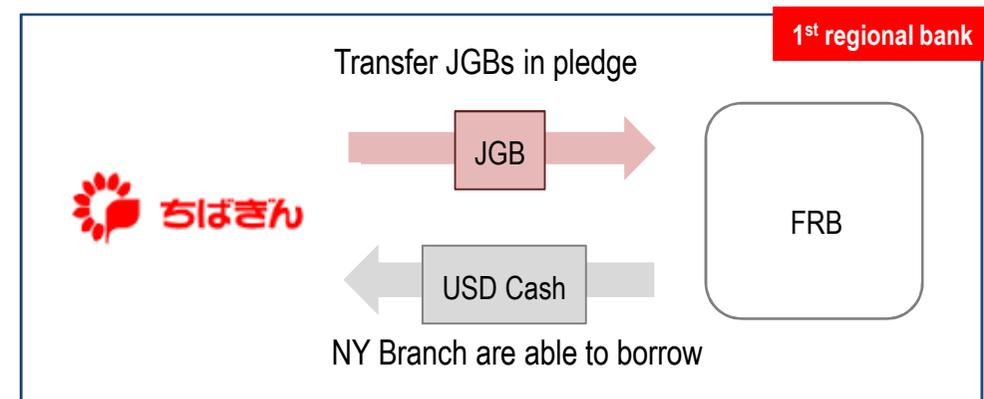
Increasing foreign currency investment, conscious of stable funding



Investment in USD denominated PE fund

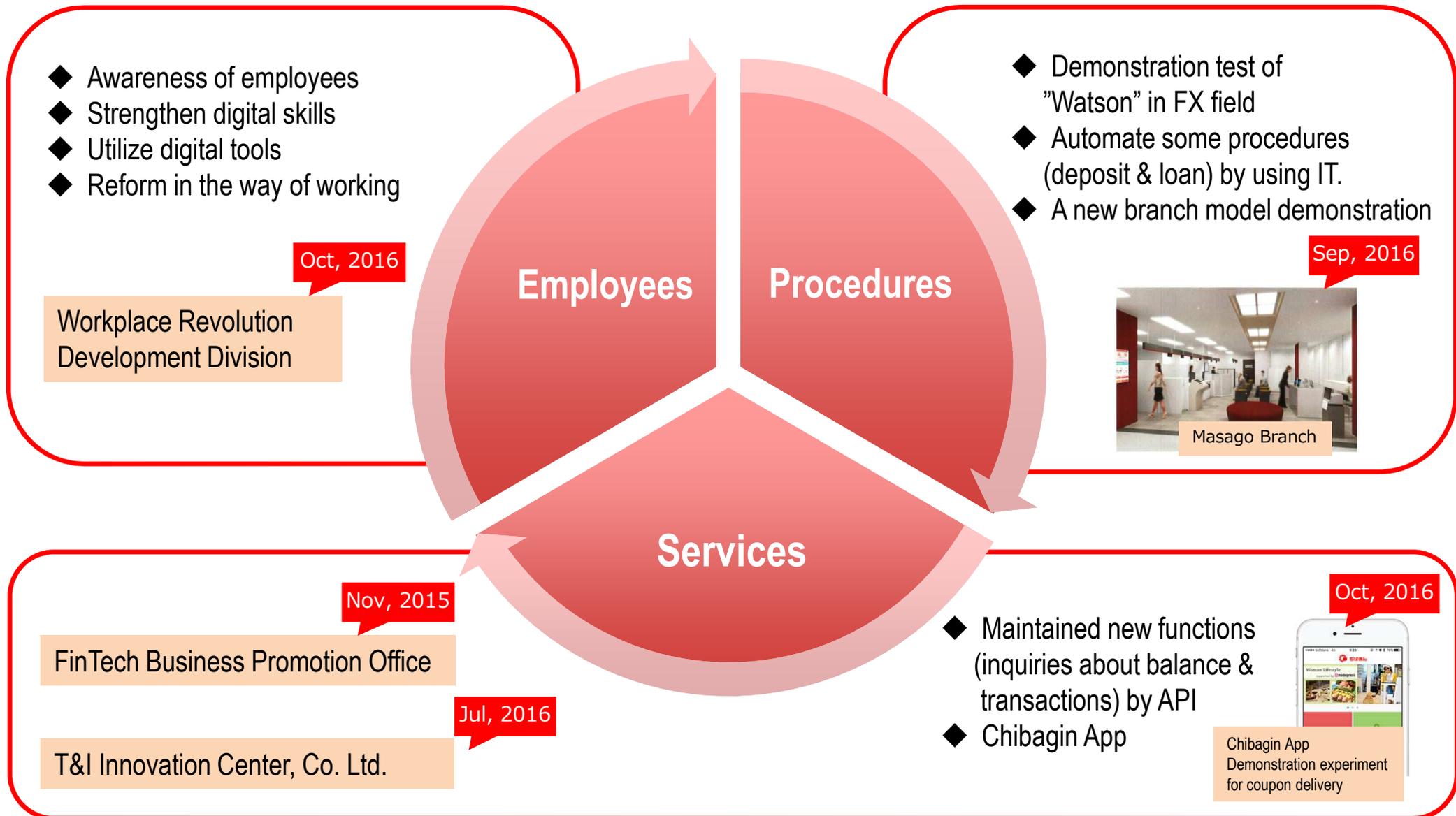


USD funding using JGB collateral



Expand USD Funding sources in case of emergency

Shifting to “Digital Banking” targeting 2020 to deal with social digitization



Enhancing ties focusing on IT and FinTech

➤ **FinTech subsidiary**

Name	T&I Innovation Center, Co. Ltd.	
Established	Jul 1 st , 2016	
Capital	0.1 ¥Bil.	
Holding ratio	Chiba Bank	40%
	Daishi Bank • Chugoku Bank Iyo Bank • Toho Bank North Pacific Bank • IBM	10% each

➤ **AI (IBM Watson)**

1st regional bank

- Demonstration test of "IBM Watson" in FX field
⇒ initiated the test from Oct, 2016

➤ **Fin Tech business competition**

- 「TSUBASAAlliance Finovation Challenge」
- Solution to specific issues each area has
 - Regional economy revitalization by collaboration of specific industry and IT
⇒ will be offered from Dec, 2016

➤ **New settlement service using biometrics**

- starting palm vein authentication
⇒ will start from Jan, 2017



TSUBASA Alliance for Enhancing Financial System

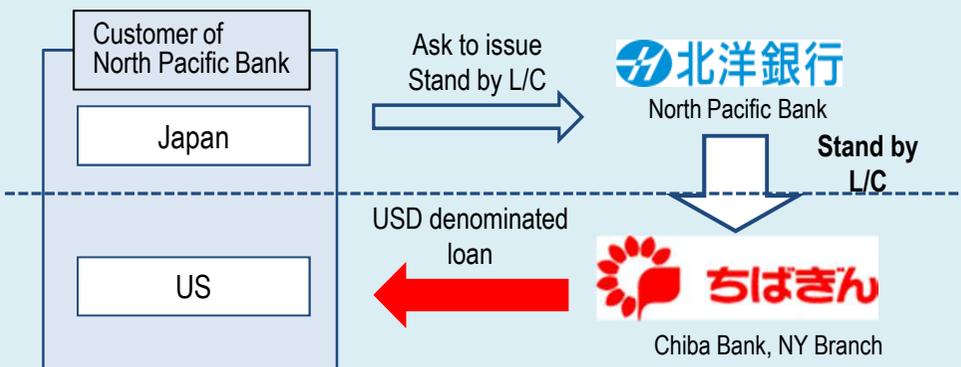
ちばぎん Chiba Bank
第四銀行 Daishi Bank
中国銀行 Chugoku Bank
伊予銀行 Iyo Bank
東邦銀行 Toho Bank
北洋銀行 North Pacific Bank

TSUBASA金融システム高度化アライアンス 調印式
伊予銀行 東邦銀行 北洋銀行 加盟 共同出資会社の設立検討 開始

Traditional business

➤ **Inheritance business (Daishi Bank • Chugoku Bank)**

➤ **Cross-border loan with stand by letter of credit (North Pacific Bank)**



Accomplished more than 10 subjects in last six months, deepening alliance

More subjects will be concretized soon. The alliance is to be deepened.

- ✓ Chibagin Asset Management makes an exclusive fund for Musashino Bank for their customers.
- ✓ Promotional campaign together
- ✓ Musashino Bank is planning to have an interest in Chibagin Asset Management (Now co-ordinating)

- ✓ A trainee from Musashino Bank will be sent to our Singapore office
- ✓ Introduce our overseas offices to Musashino Bank's customers

New!
2016/11

Collaboration on overseas business

2016/10

Logo release



2016/7

Collaboration of asset management business



2016/3

Announced Chiba-Musashino Alliance



<Completed & ongoing>

- ◆ Syndicated loans (5 cases, 8.6¥Bil.)
- ◆ Introduce own customers to each other
- ◆ Allow to use credit review tool
- ◆ Seminars and research
- ◆ New services by providing know-how
- ◆ Integration of securities' system
- ◆ Cost cutting on system
- etc.

<Now negotiating>

- Securities
- Inheritance
- Credit Card
- Call Center
- Deposit product
- Support for restructuring
- Subsystem
- New branch model
- etc.

Governance / Capital Strategy

Building the management structure for sustainable growth and increasing corporate value

Constitution of Directors

	Directors	Auditors	Total
Total number	13	5	18
Outside	3	3	6/18
Female	2	—	2
Outside%	23.0%	60.0%	33.3%
Female%	15.3%	—	11.1%

Improving effectiveness
of the Board of Directors

Held 8 times in 1H 2016
(% of attendance 100%)

Providing sufficient information to outside directors

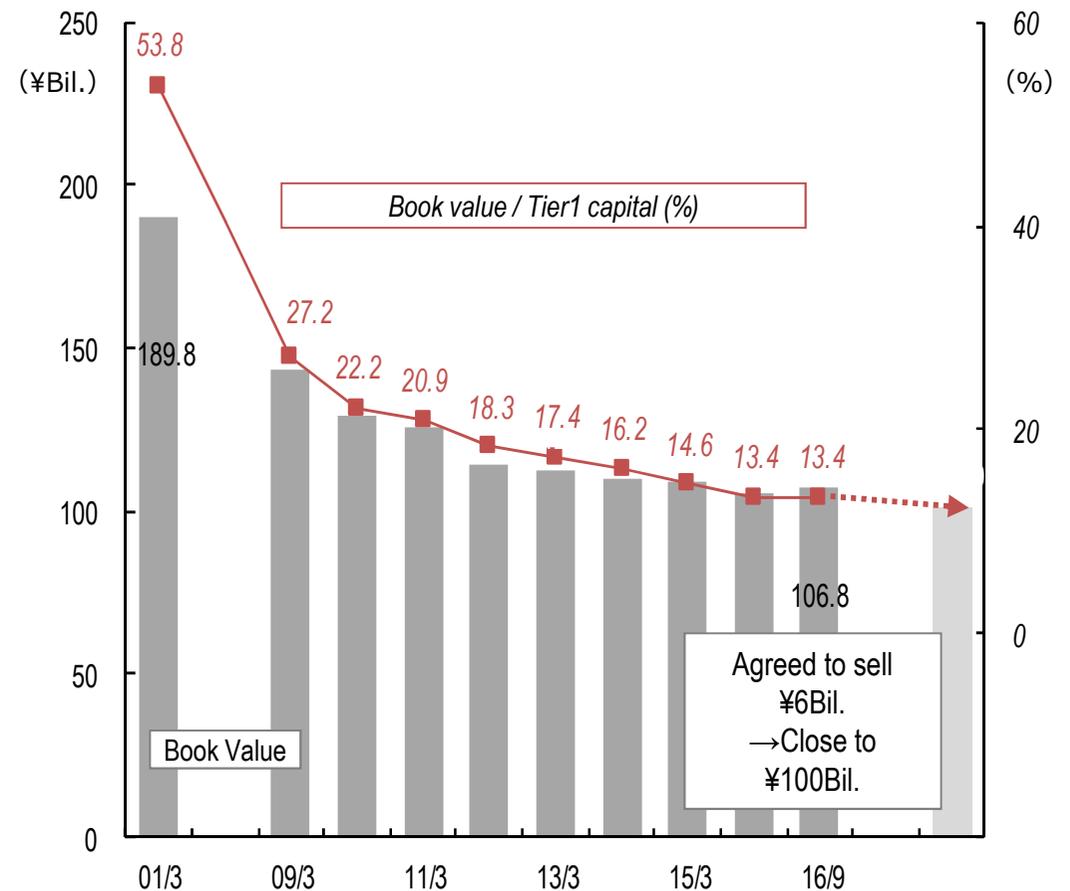
Attending committees as observers	<ul style="list-style-type: none"> Customer Satisfaction Promotion Committee Diversity Promotion Committee Compliance Committee ALM Committee
Site visits	<ul style="list-style-type: none"> Oyumino Center Masago Branch (New branch model)
Attending seminars	<ul style="list-style-type: none"> Study group held by Regional Banks Association of Japan

Book Value* of stocks and ratio to Tier 1 capital (Consolidated)

*Acquisition cost of other securities with market value

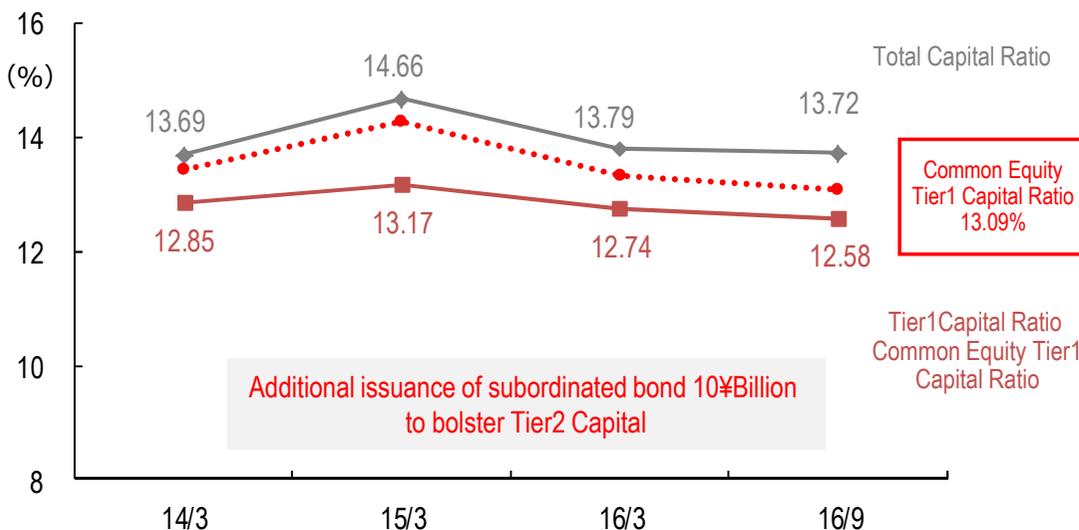
【Policy of holding shares】

Based on economic rationales and forward-looking stock values with risk and return, appropriately verify the validity of the holding rationale



Maintain solid capital in terms of quality and quantity, complying with BIS regulations

Consolidated capital ratio



Capital and risk-weighted assets (Consolidated)

(¥Bil.)	16/3	16/9	Change
Total Capital	852.4	866.8	14.3
Tier 1 Capital	787.7	794.7	7.0
Common Equity Tier 1 Capital	787.7	794.7	7.0
Other Tier 1 Capital	-	-	-
Tier 2 Capital	64.7	72.1	7.3
Total Risk-weighted Assets	6,181.8	6,315.9	134.0
Credit Risk	5,326.9	5,388.0	61.1
Market Risk	61.5	66.5	5.0
Operational Risk	296.9	295.7	△ 1.2

1st regional bank

Subordinated bonds

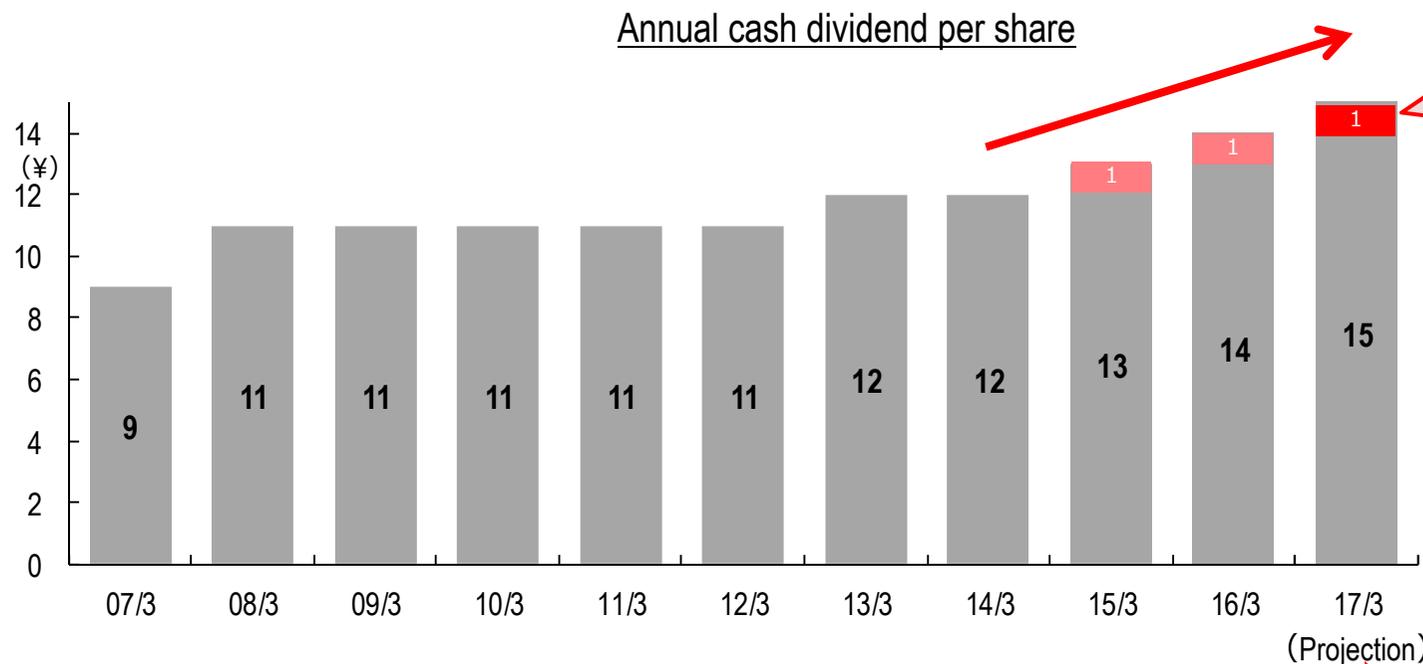
1st regional bank

Basel III qualified	#1	#2 New!	#3 New!
To	Institutional investors	Institutional investors	Individual investors
Amount	¥30Bil.	¥10Bil.	¥10Bil.
Yield	0.911%	①Y1-Y5 : 0.36% ②Y6-Y10 : 6M EuroJPY LIBOR+0.43%	③Y1-Y5 : 0.36% ④Y6-Y10 : 5Y SWAP Mid+0.43%
Issue date	2014/8/29	2016/9/15	2016/9/27
Early repayment	-	2021/9/15 After that date every interest payment date	2021/9/28
Final maturity	2024/8/29	2026/9/15	2026/9/28

Other Basel III regulations (Consolidated)

	16/9	Reference
Leverage ratio	5.68%	Not less than 3% (Basel Committee guidance) Final standard from 2018
Liquidity coverage ratio (LCR)	131.6%	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 FY17

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



Announced an increase in annual cash dividend (three successive years)

Steady increase in dividend keeping a stable dividend policy

Flexible acquisition of own shares

Keep proactive approach toward shareholder returns

(¥Bil.)	07/3	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3 (Projection)
Annual cash dividend (a)	8.0	9.8	9.8	9.8	9.7	9.6	10.3	10.2	10.8	11.5	12.0
Acquisition of own shares (b)	-	-	-	-	5.0	5.8	9.4	9.9	9.9	9.9	9.9
Shareholder return (c)=(a)+(b)	8.0	9.8	9.8	9.8	14.8	15.4	19.8	20.2	20.8	21.5	22.0
Non-consolidated net income (d)	50.1	44.6	11.3	36.2	38.1	36.0	41.2	43.2	45.8	52.5	49.0
Payout ratio (a)/(d)*100	16.0%	22.0%	86.8%	27.1%	25.6%	26.7%	23.5%	23.6%	23.6%	21.9%	24.6%
Shareholder return ratio (c)/(d)*100	16.0%	22.0%	86.8%	27.1%	38.9%	42.9%	48.0%	46.8%	45.4%	40.9%	45.0%

Acquisition of own shares in April and August 2016 Total ¥9.9 Bil.