

# **Financial Results for the First Half of FY2017**

**November 17, 2017**  
**THE CHIBA BANK, LTD.**

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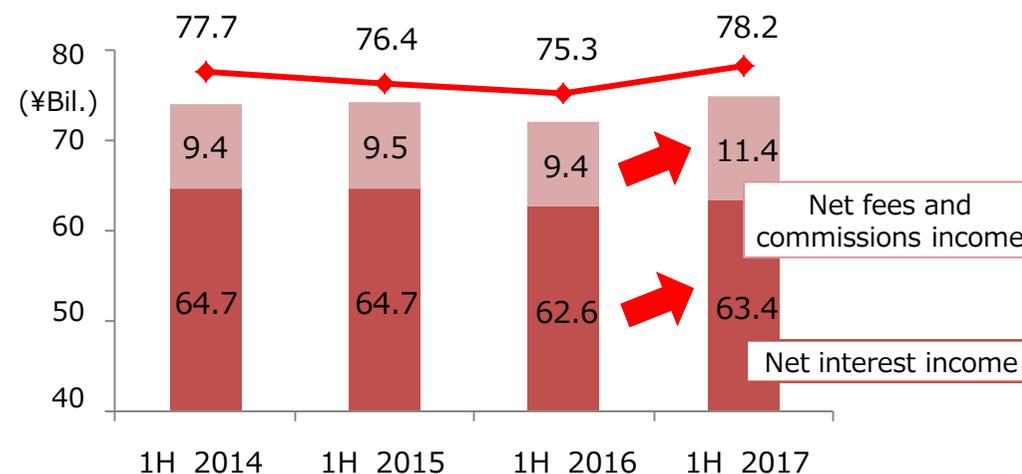
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## Summary of Financial Results

<b>Non-consolidated</b>	(¥Bil.)	2016/9	2017/9	Change
Gross business profits		75.3	78.2	2.9
Net interest income		62.6	63.4	0.7
Net fees and commissions income		9.4	11.4	1.9
Trading income		1.6	0.7	-0.8
Profit from other business transactions		1.5	2.6	1.0
Gains (losses) related to bonds		0.2	1.9	1.6
Expenses (-)		41.1	41.2	0.1
Real net business income		34.1	37.0	2.8
Core net business income		33.9	35.0	1.1
Net transfer to general allowance for loan losses (-)		-	-	-
Net business income		34.1	37.0	2.8
Non-recurrent income and losses		7.3	6.5	-0.8
Disposal of non-performing loans (-)		-4.1	-1.3	2.7
Gains (losses) related to stocks, etc.		-0.2	1.8	2.0
Ordinary profit		41.5	43.5	2.0
Extraordinary income (loss)		-0.3	-0.2	0.1
Profit		29.5	31.7	2.1
Net credit costs (-)		-4.1	-1.3	2.7
<b>Consolidated</b>	(¥Bil.)	2016/9	2017/9	Change
Ordinary profit		43.7	44.9	1.2
Profit attributable to owners of parent		30.1	31.5	1.4

## Non-consolidated gross business profits (1H trend)

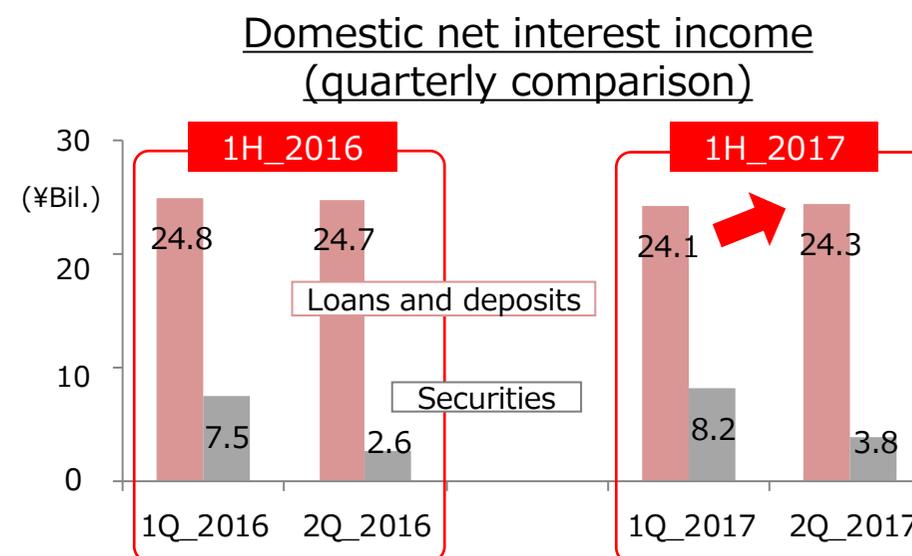
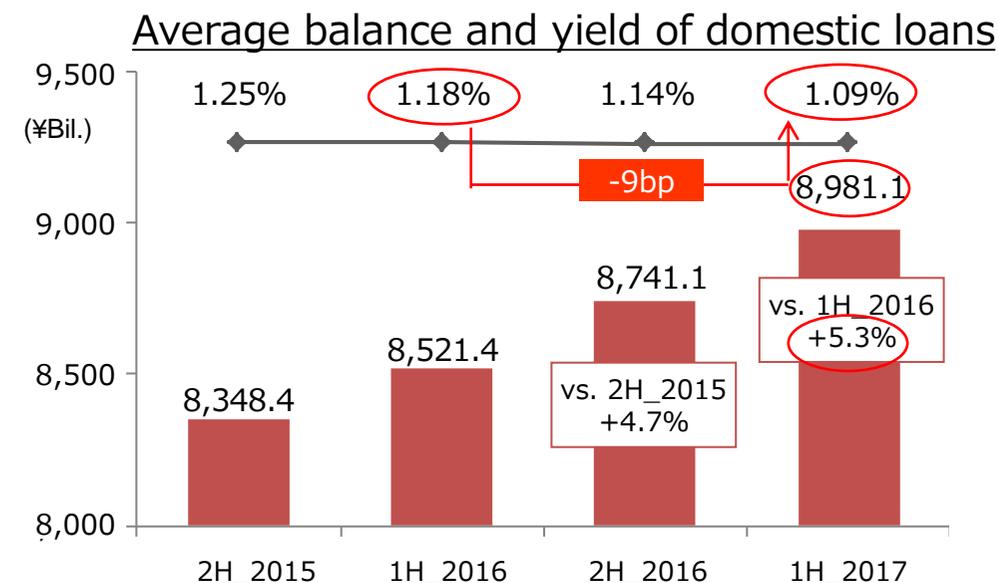


## Key points of first-half of FY2017 results

- ◆ Owing to an increase in net interest income and net fees and commissions income, gross business profits increased by ¥2.9 billion YoY
- ◆ Expenses controlled at target level (achievement rate: 49.7%)
- ◆ Net credit costs continued low level
- ◆ Secured non-consolidated profit at second highest level ever and profit attributable to owners of parent at third highest level ever

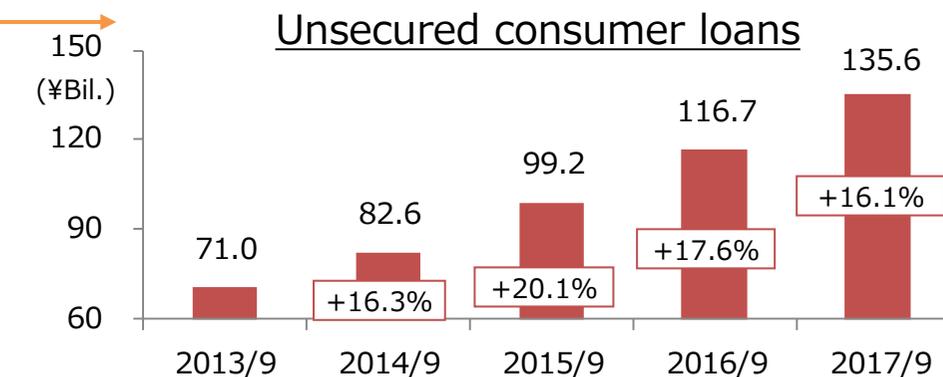
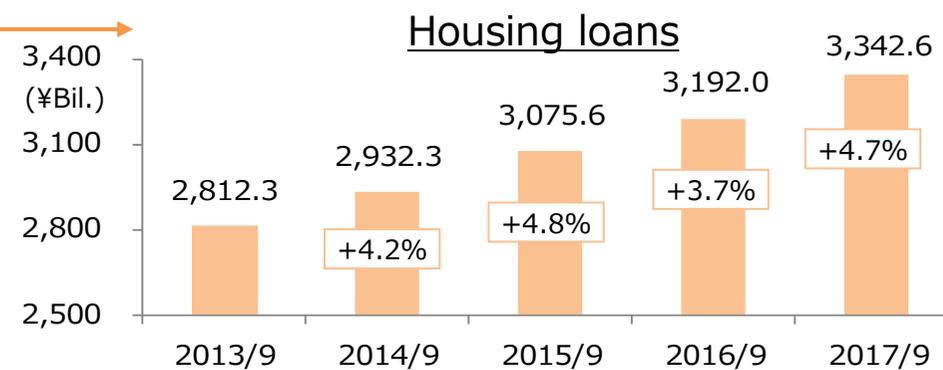
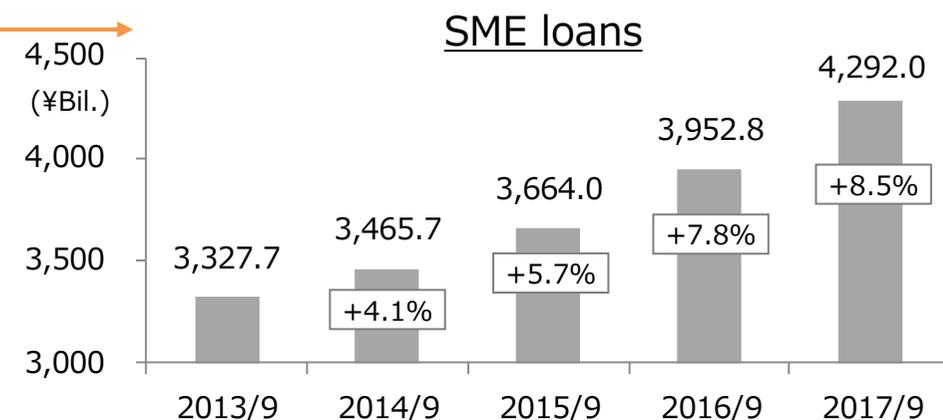
Accelerating domestic loan growth, marginal yield declined at a slower pace

(¥Bil.)	2016/9	2017/9	Change
Net interest income	62.6	63.4	0.7
Domestic	59.8	60.6	0.8
Loans and deposits	49.6	48.5	-1.0
Loans	50.4	49.0	-1.3
Deposits (-)	0.8	0.5	-0.2
Securities	10.2	12.0	1.7
Bonds	2.7	1.9	-0.7
Stocks	5.0	6.0	0.9
Investment trusts (dividends)	1.6	2.0	0.3
Investment trusts (sold)	0.8	2.0	1.1
International	2.7	2.7	-0.0
Loans and deposits	1.1	2.2	1.0
Loans	2.3	4.2	1.9
Deposits (-)	1.1	2.0	0.8
Bonds	5.1	5.1	0.0
Bonds (-)	3.5	4.5	1.0



## Steady growth of SME loans within and outside Chiba, consumer loans growth remains strong

(¥Bil.)	2016/9	2017/9	Change	%
<b>Deposits</b>	10,966.9	11,588.3	621.4	5.6%
Domestic deposits	10,619.3	11,138.6	519.3	4.8%
Personal deposits	8,159.6	8,521.1	361.5	4.4%
<b>Loans</b>	8,994.3	9,567.4	573.1	6.3%
Domestic loans	8,829.8	9,370.5	540.7	6.1%
ex. Public sector	8,588.4	9,142.1	553.7	6.4%
Corporate loans	5,265.9	5,651.8	385.9	7.3%
Large corporates	1,313.0	1,359.7	46.6	3.5%
SMEs	3,952.8	4,292.0	339.2	8.5%
Consumer loans	3,322.5	3,490.3	167.7	5.0%
Housing loans	3,192.0	3,342.6	150.5	4.7%
Unsecured consumer loans	116.7	135.6	18.8	16.1%
Public sector	241.3	228.3	-13.0	-5.3%
Domestic loans	8,829.8	9,370.5	540.7	6.1%
Branches in Chiba	6,391.8	6,682.0	290.1	4.5%
Branches outside Chiba	2,437.9	2,688.5	250.5	10.2%
Special Branches*	1,347.9	1,408.1	60.2	4.4%
Retail Branches	1,090.0	1,280.3	190.2	17.4%

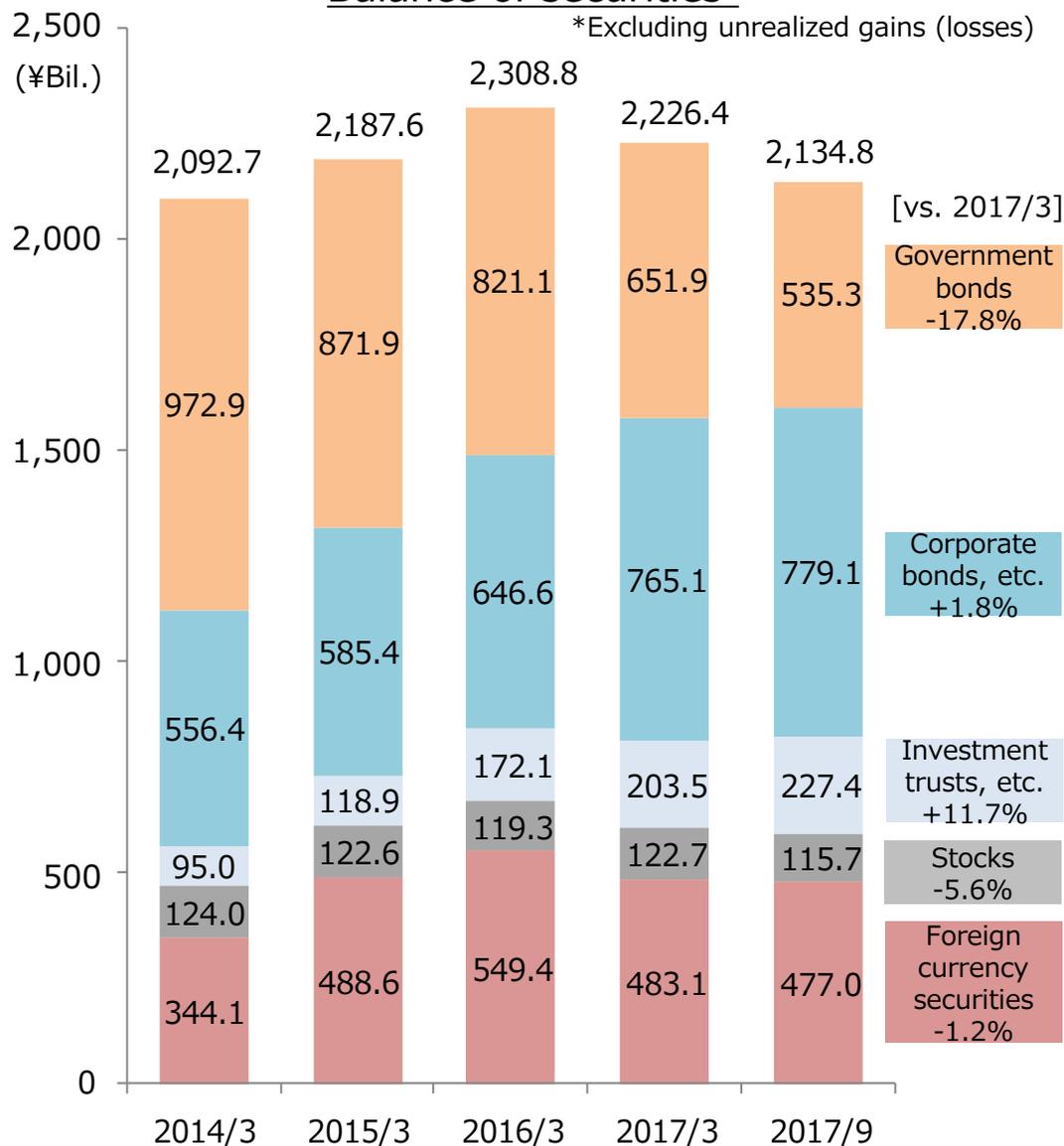


\*Tokyo Head Office, Shinjuku Branch and Osaka Branch

## Controlling interest rate risk while diversifying investment

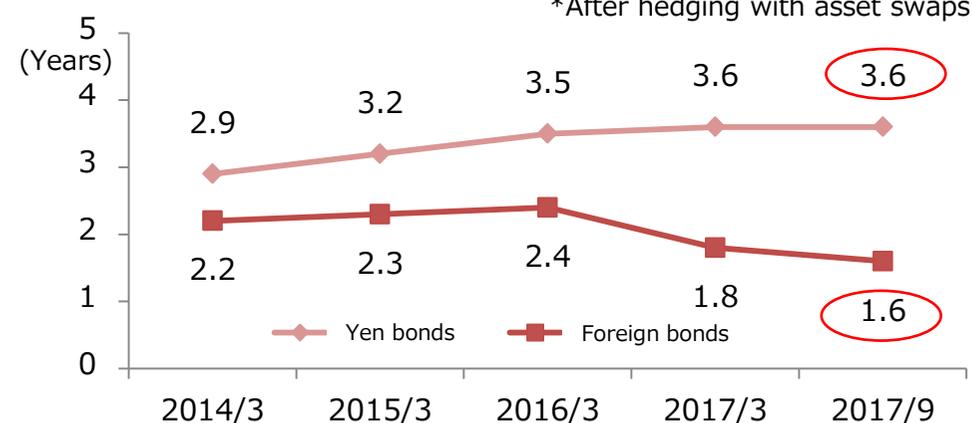
### Balance of securities\*

\*Excluding unrealized gains (losses)



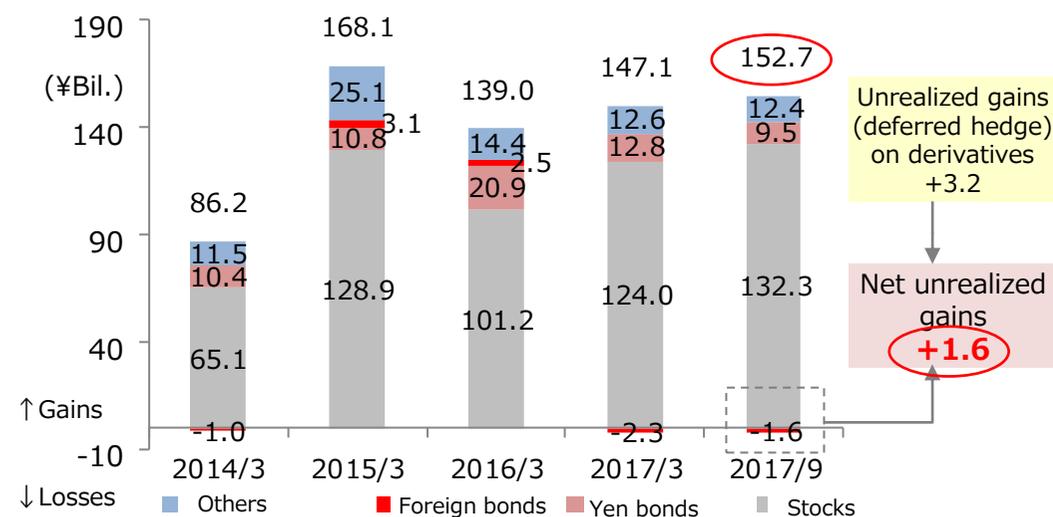
### Duration of securities\*

\*After hedging with asset swaps



### Unrealized gains (losses) on other securities\*

\*Including overseas CDs



Solution-related fees from corporate customers are increasing steadily

(¥Bil.)	2016/9	2017/9	Change
Net fees and commissions income	9.4	11.4	1.9
Fees and commissions income	19.6	21.2	1.6
Fees and commissions payments (-)	10.1	9.8	-0.3

<Main items>

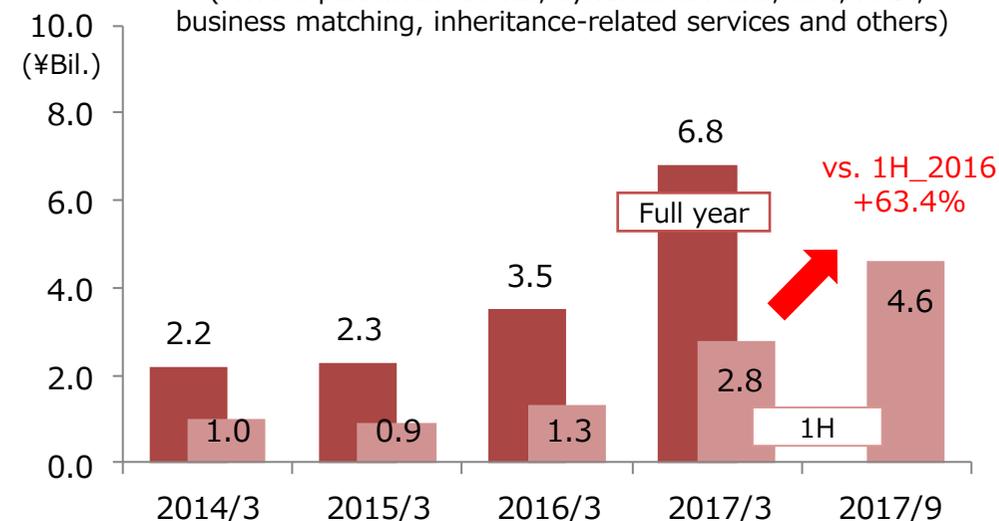
Investment trusts and personal annuities	5.6	5.3	-0.2
Investment trusts	1.9	2.4	0.5
Personal annuities	2.5	0.9	-1.6
Indemnity-type insurance	0.9	1.6	0.6
Introduction based agency business	0.1	0.3	0.1
Solution-related fees from corporate customers	2.8	4.6	1.7
Private placement bonds	0.4	0.3	-0.1
Syndicated loans	1.6	3.0	1.4
Business matching	0.4	0.8	0.3
Inheritance	0.2	0.2	0.0
Payment and settlement transactions	5.9	6.0	0.0
Guarantee charges and group insurance costs (-)	6.5	6.3	-0.2

(Reference) Other non-recurrent income and loss

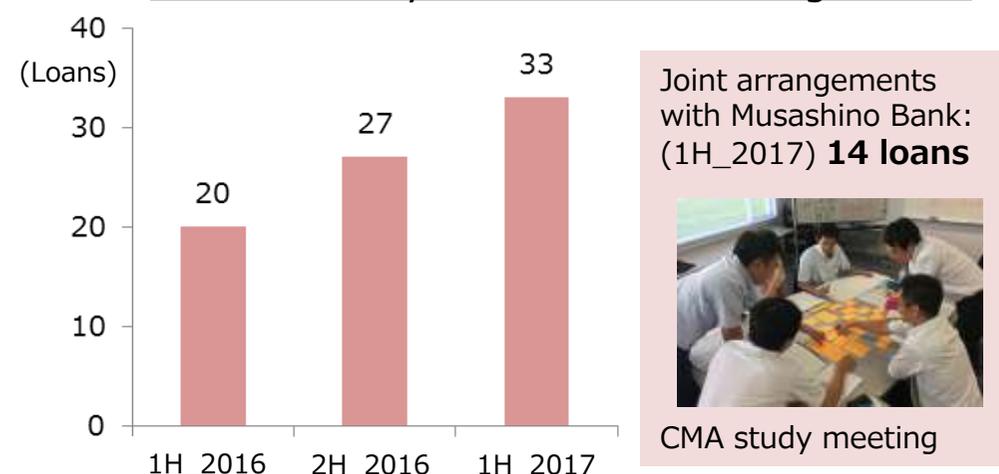
Dividends from group credit life insurance	3.4	3.0	-0.3
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## Solution-related fees from corporate customers

(Private placement bonds, syndicated loans, etc., M&A, business matching, inheritance-related services and others)



## Number of syndicated loan arrangements



## Further improving work efficiency and controlling expenses

(¥Bil.)	2016/9	2017/9	Change	2018/3 Projection	Change
Expenses (-)	41.1	41.2	0.1	83.0	-0.1
Personnel (-)	21.0	21.3	0.2	42.4	0.3
Non-personnel (-)	17.1	17.0	-0.1	34.5	-0.5
Tax (-)	2.9	2.9	-0.0	6.0	0.0
<b>OHR</b>	<b>55.10%</b>	<b>54.11%</b>	<b>-0.98%</b>		

✓ Income growth with high efficiency than other banks

### OHR

Chiba Bank  
**54%**

Ave. of 3 mega group\*1 :69%

Ave. of 64 regional banks\*2:68%

\*1 Expenses ÷ (Consolidated gross business profits – Gains/losses related to bonds)  
[2017/9] : Calculation based on disclosed information

\*2 Expenses ÷ (Non-consolidated gross business profits – Gains/losses related to bonds)  
[2017/3] : Disclosed by Regional Banks Association of Japan

## Main factors behind increase/decrease in expenses

(¥Bil.)	2017/9 (Actual)	2018/3 (Projection)
Personnel (-)	Salaries +0.2 0.2	Salaries +0.1 Social insurance premium +0.0 0.3
Non-personnel (-)	Work style reform +0.1 Deposit insurance fees -0.1 -0.1	Work style reform +0.1 Work efficiency +0.1 Deposit insurance fees -0.3 Depreciation -0.2 -0.5
Tax (-)	Business tax +0.1 Stamp duty -0.1 -0.0	Same as previous term 0.0

## Cost Management Committee

### Personnel expenses

- ◆ Reduce overtime work through work style reform, etc.

### Non-personnel expenses

- ◆ Thorough review of operating costs
- ◆ Integrating operations with alliance banks
- ◆ Review of outsourcing costs, etc.

Radical cost reduction

IT investments aimed at improving efficiency and growth

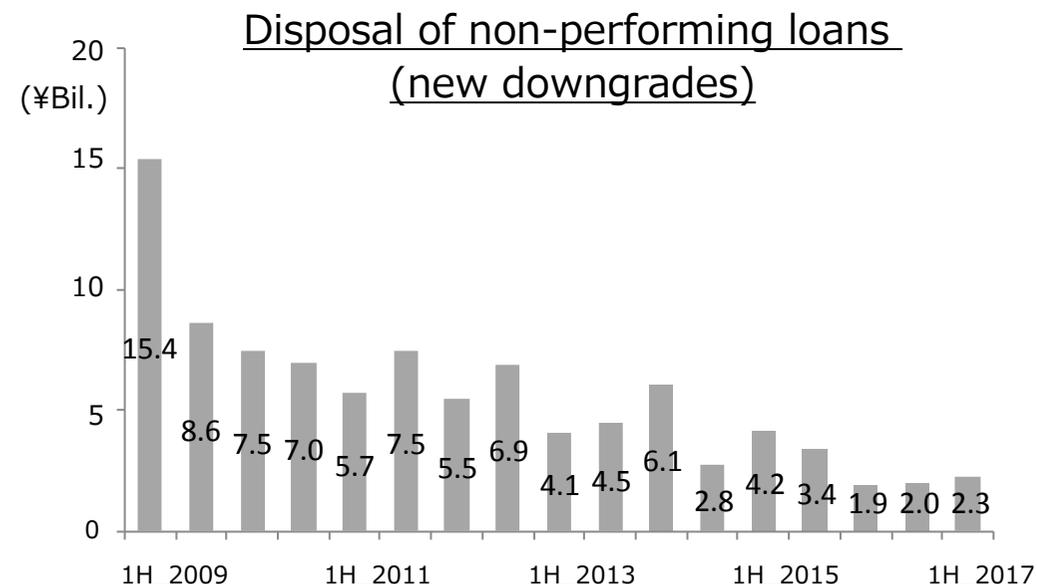
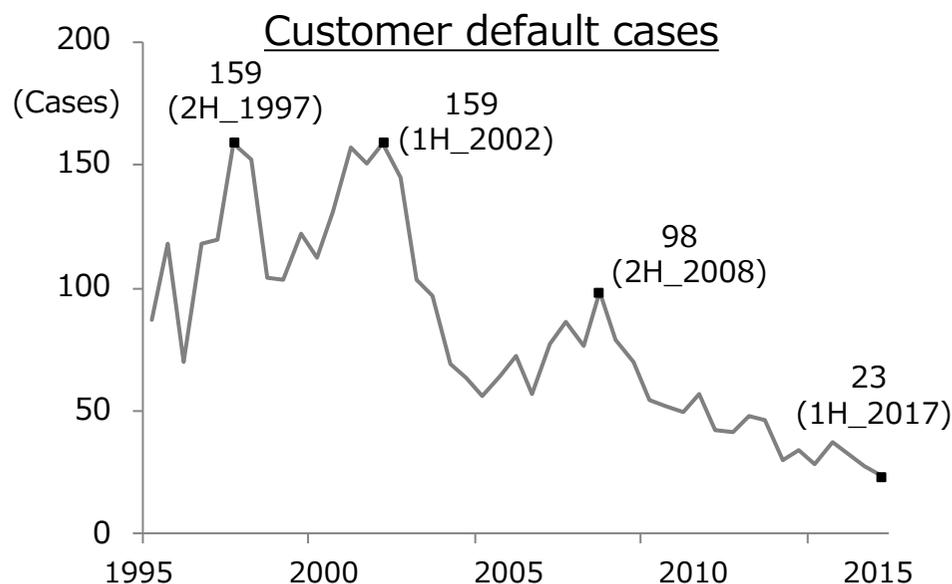
⇒ Expenses strictly controlled at current level

## Net credit costs remained low level

(¥Bil.)	2016/9	2017/9	Change	2018/3 Projection	Change
Net credit costs (-)	-4.1	-1.3	2.7	0.0	3.7
Net transfer to general allowance for loan losses (-)	-1.8	-1.9	-0.1	-2.9	-2.8
Disposal of non-performing loans (-)	-2.3	0.5	2.9	2.9	6.6
Write-offs / Net transfer to specific allowances, etc. (-)	-1.4	1.2	2.7	4.3	5.9
New downgrades (-)	1.9	2.3	0.4	5.8	1.9
Decreases in collateral value, etc. (-)	0.1	0.1	-0.0	0.2	0.0
Collections, etc.	3.5	1.2	-2.3	1.8	-4.0
Recoveries of written-off claims	0.8	0.6	-0.1	1.4	-0.6
Net credit cost ratio (-)	-9bp	-2bp	6bp	0bp	4bp

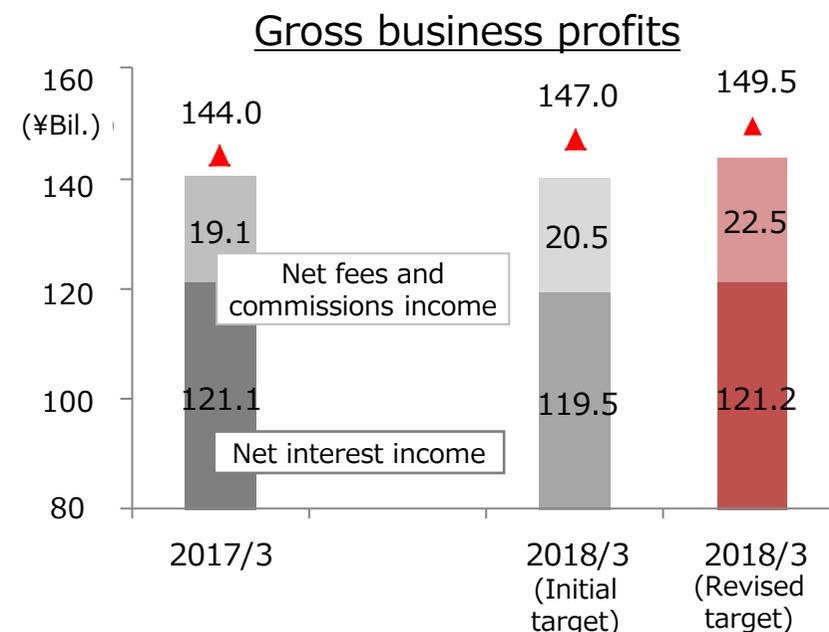
(Note)

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.

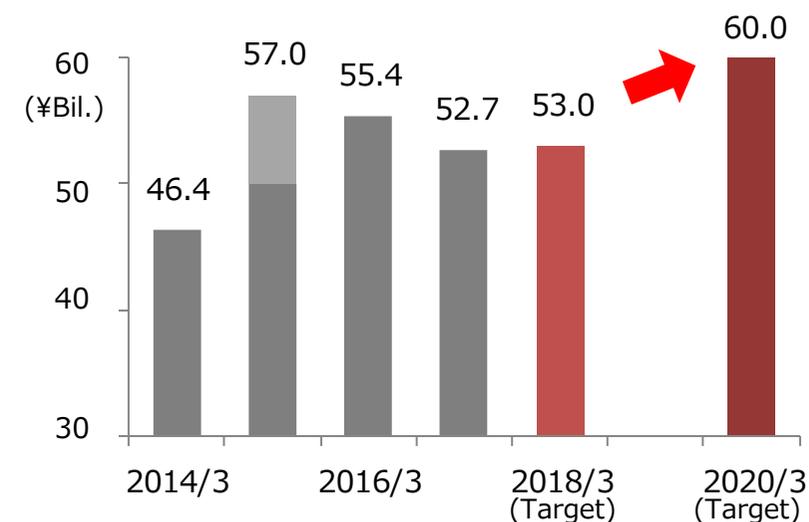


# Earnings Projections

Non-consolidated (¥Bil.)	2017/3	2018/3		2H Projection	vs. initial target
		Projection	Change		
Gross business profits	144.0	149.5	5.4	71.3	+2.5
Net interest income	121.1	121.2	0.0	57.8	+1.7
Net fees and commissions income	19.1	22.5	3.3	11.1	+2.0
Trading income	2.5	1.6	-0.9	0.9	-1.2
Profit from other business transactions	1.2	4.1	2.9	1.5	
Gains (losses) related to bonds	-1.1	2.6	3.7	0.7	
Expenses (-)	83.1	83.0	-0.1	41.8	
Real net business income	60.9	66.5	5.5	29.5	
Core net business income	62.1	63.9	1.7	28.9	+2.1
Net transfer to general allowance for loan losses (-)	-	-	-	-	
Net business income	60.9	66.5	5.5	29.5	+2.5
Non-recurrent income and losses	9.0	4.0	-5.0	-2.5	-2.5
Disposal of non-performing loans (-)	-3.7	0.0	3.7	1.3	
Gains (losses) related to stocks, etc.	1.5	1.8	0.2	0.0	
Ordinary profit	70.0	70.5	0.4	27.0	
Extraordinary income (loss)	-1.0	-0.7	0.2	-0.5	
Profit	48.6	49.5	0.8	17.8	±0.0
Net credit costs (-)	-3.7	0.0	3.7	1.3	
<b>Consolidated</b> (¥Bil.)	<b>2017/3</b>	<b>2018/3</b>		<b>2H</b>	
		Projection	Change	Projection	
Ordinary profit	77.6	78.0	0.3	33.1	
Profit attributable to owners of parent	52.7	53.0	0.2	21.5	



### Profit attributable to owners of parent



# Progress toward Numerical Targets of Medium Term Management Plan

The 13<sup>th</sup> Medium Term Management Plan  
Best Bank 2020

Final Stage - 3 years of value co-creation

Aiming to achieve ¥60 billion in profit attributable to owners of parent by strengthening top line

Items (¥Bil.)	2017/3 [Actual]	2017/9		2020/3		
		[Actual]	vs. 2017/3	Progress <sup>*2</sup>	[Targets]	vs. 2017/3
Gross business profits	144.0	78.2	-	52.3%	166.3	22.3
Net interest income	121.1	63.4	-	52.3%	127.3	6.2
Expenses (-)	83.1	41.2	-	49.7%	83.5	0.4
Real net business income	60.9	37.0	-	55.6%	82.8	21.9
Core net business income	62.1	35.0	-	54.9%	80.2	18.1
Net credit costs (-)	-3.7	-1.3	-	-	6.5	10.2
Ordinary profit	70.0	43.5	-	61.8%	80.0	10.0
Interim profit	48.6	31.7	-	64.0%	56.0	7.4
<b>&lt;KPI&gt;</b>						
Profit attributable to owners of parent	<b>52.7</b>	<b>31.5</b>	<b>-</b>	<b>59.4%</b>	<b>60.0</b>	<b>7.3</b>
Consolidated ROE <sup>*1</sup>	<b>6.86%</b>	<b>7.95%</b>	<b>1.08%</b>	<b>-</b>	<b>7% range</b>	<b>-</b>
Consolidated CET1 capital ratio	<b>12.65%</b>	<b>12.43%</b>	<b>-0.21%</b>	<b>-</b>	<b>12% range</b>	<b>-</b>
Balance of loans	<b>9,305.3</b>	<b>9,567.4</b>	<b>262.0</b>	<b>21.9%</b>	<b>10,500.0</b>	<b>1,194.7</b>
Balance of deposits	<b>11,565.7</b>	<b>11,588.3</b>	<b>22.6</b>	<b>2.4%</b>	<b>12,500.0</b>	<b>934.3</b>
Group total balance of financial products	<b>2,012.6</b>	<b>2,047.0</b>	<b>34.4</b>	<b>7.0%</b>	<b>2,500.0</b>	<b>487.4</b>
<b>&lt;Numerical targets&gt;</b>						
Balance of SME loans	<b>4,141.6</b>	<b>4,292.0</b>	<b>150.4</b>	<b>19.8%</b>	<b>4,900.0</b>	<b>758.4</b>
Number of new corporate loan customers	<b>5,075</b>	<b>2,552</b>	<b>-</b>	<b>51.0%</b>	<b>5,000</b>	<b>-</b>
Net fees and commissions income	<b>19.1</b>	<b>11.4</b>	<b>-</b>	<b>55.8%</b>	<b>30.0</b>	<b>10.9</b>
Balance of housing loans	<b>3,281.7</b>	<b>3,342.6</b>	<b>60.8</b>	<b>19.1%</b>	<b>3,600.0</b>	<b>318.3</b>
Balance of unsecured consumer loans	<b>126.3</b>	<b>135.6</b>	<b>9.3</b>	<b>21.4%</b>	<b>170.0</b>	<b>43.7</b>

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

\*2 Progress for items of income and number of new loan customers are based on the plan for FY2017

The 13<sup>th</sup> Medium Term Management Plan Best Bank 2020  
Final Stage - 3 years of value co-creation

## Business Strategy

## Chiba Prefecture economy remains favorable due to progress in various kinds of projects



International University of Health and Welfare Faculty of Medicine (Narita City)  
(Established in Apr. 2017)



Chiba station building "Perie Chiba" (Chiba City)  
(Opened in Sep. 2017)



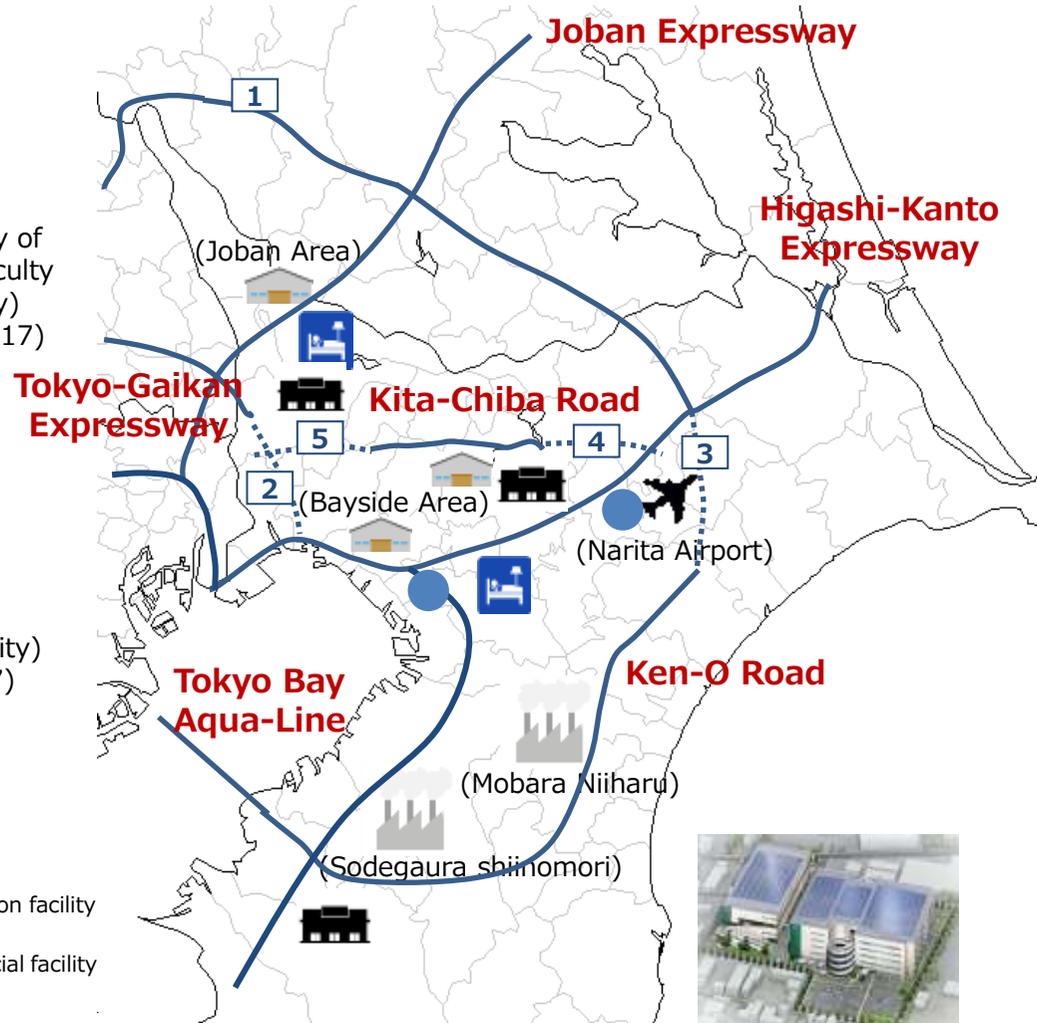
Hotel



Distribution facility



Commercial facility

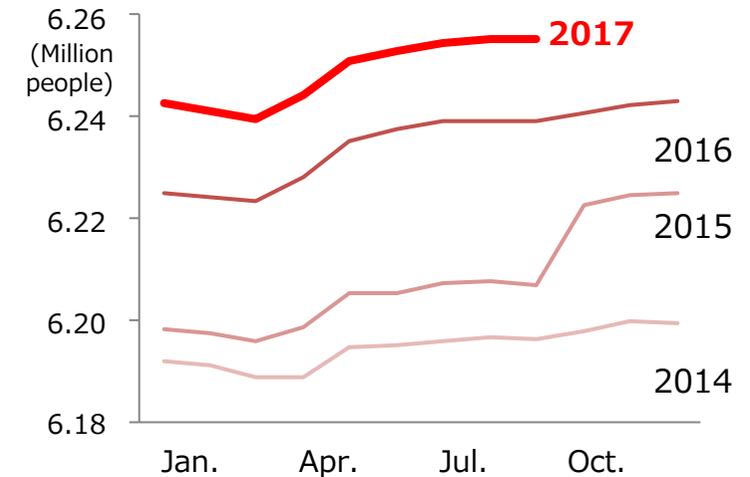


1. Ken-O Rd. Sakaikoga IC-Tsukubachuo IC (opened in Feb. 2017)
2. Tokyo-Gaikan Exp. Misatominami IC-Koya JCT (planned for FY2017)
3. Ken-O Rd. Matsuoyokoshiba IC-Taiei JCT (under construction)
4. Kita-Chiba Rd. Inzai City-Narita City (under construction)
5. Kita-Chiba Rd. Ichikawa City-Kamagaya City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



Large-scale distribution facility to develop  
(Chiba City)  
"Prologis Park Chiba 1・2"

### Population of Chiba Prefecture (Monthly living population survey)

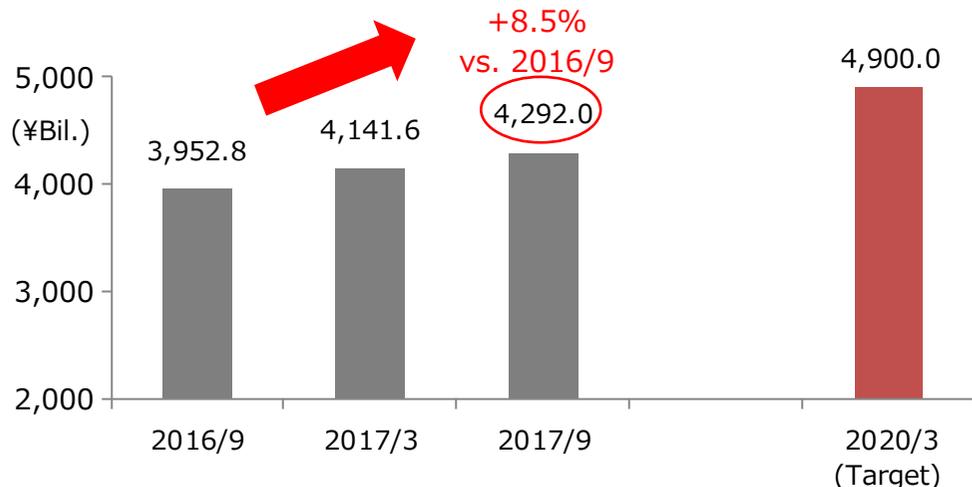


### Benchmark land prices Average rate of change vs. prior year (2017) by prefecture and use

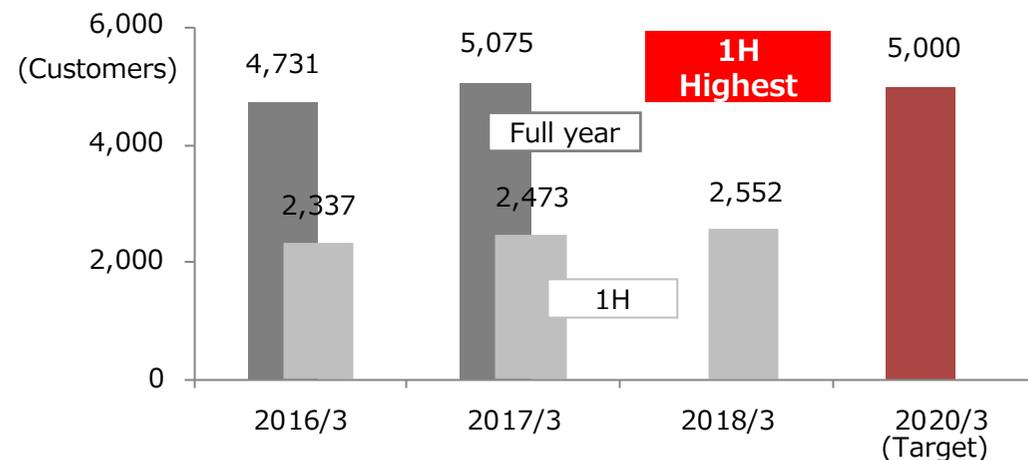
	Residential areas	Commercial areas	Industrial areas
Chiba	0.0%	1.2%	1.9%
Tokyo	1.8%	4.9%	3.9%
Saitama	0.1%	0.5%	3.1%
Ibaraki	-0.8%	-0.7%	0.8%
Kanagawa	-0.2%	1.5%	2.0%

Strengthening corporate loans, proactive approach to meet client's need and provide solutions

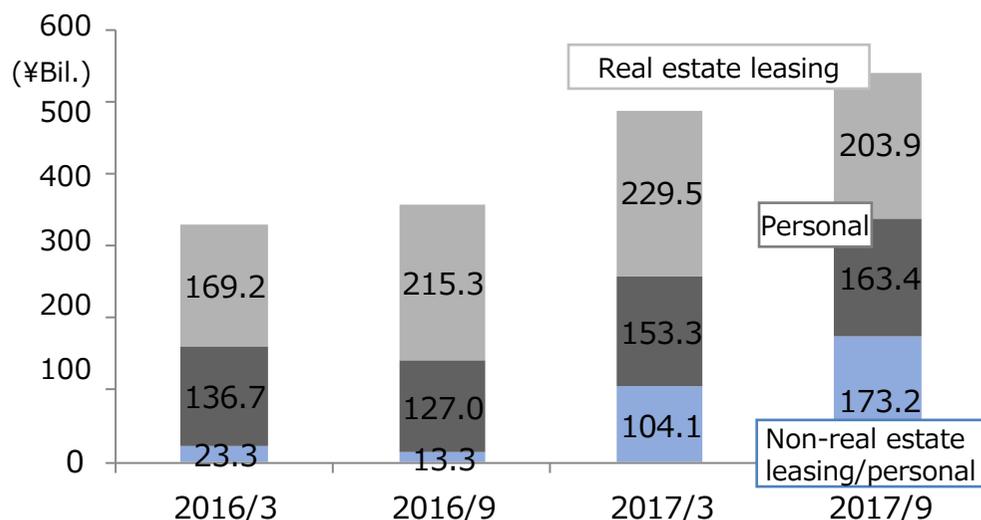
Balance of SME loans



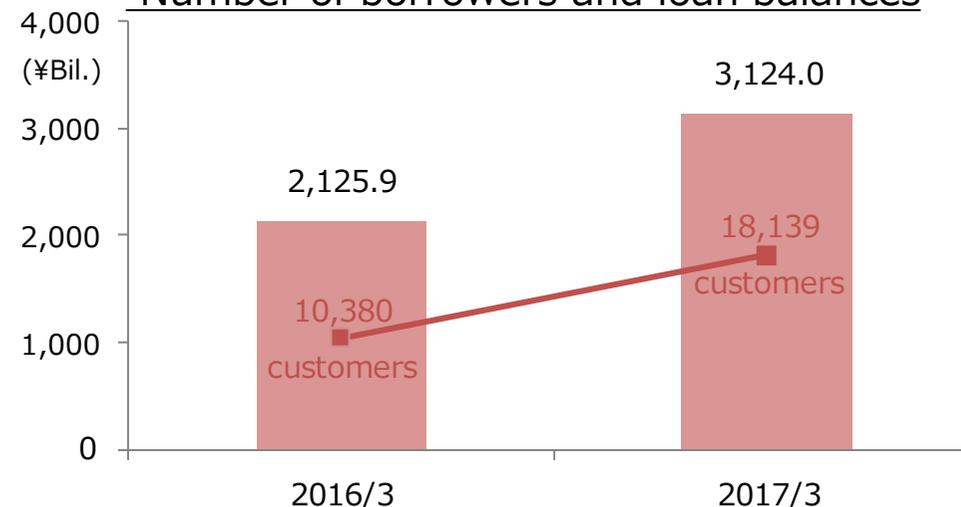
Number of new corporate loan customers



Domestic loans Increase by business segment (vs. end of same period of previous year)

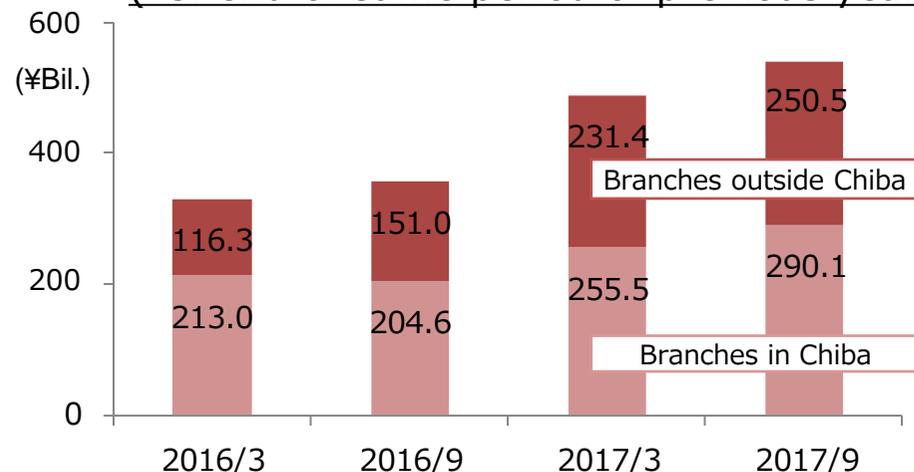


Lending based on evaluation of business  
Number of borrowers and loan balances

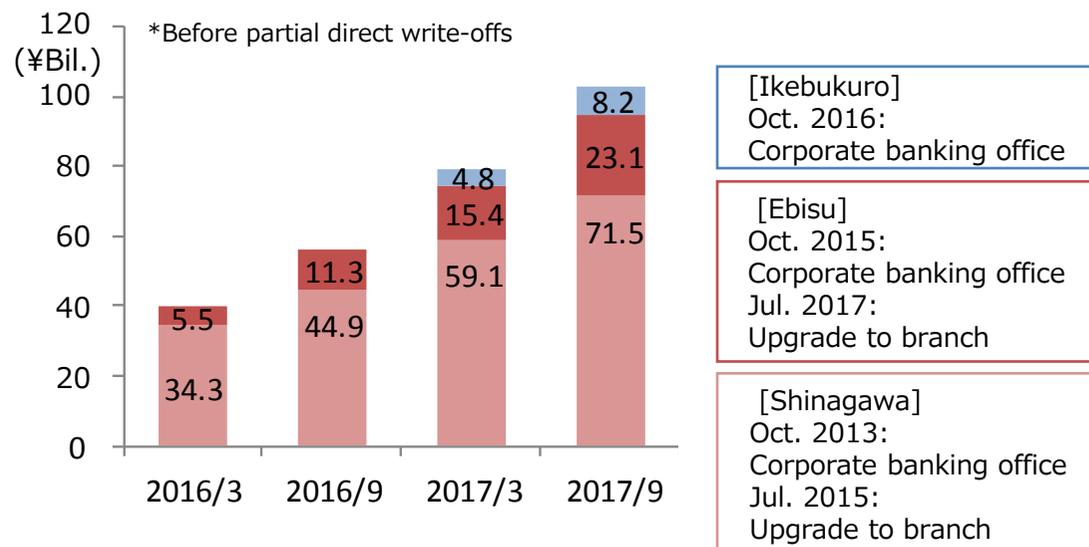


## Expanding retail network in and outside Chiba Prefecture

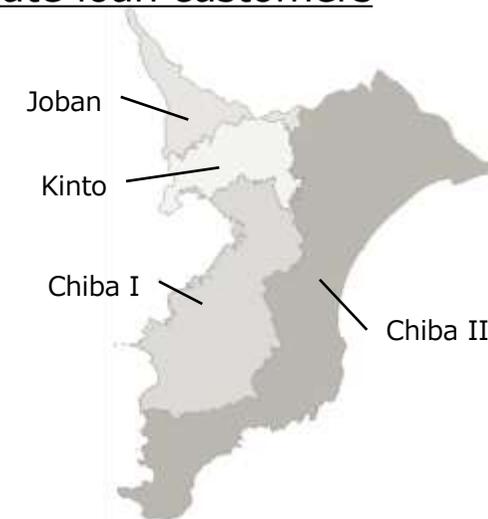
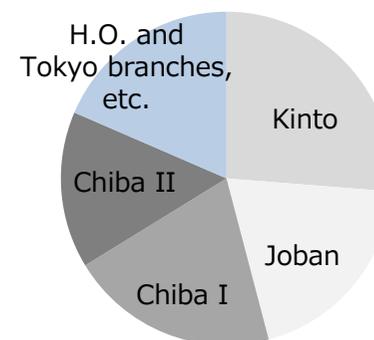
Domestic loans Increase by region  
(vs. end of same period of previous year)



Loan balances at newly opened branches  
in Tokyo metropolitan area



Number of new corporate loan customers  
by region (1H 2017)



Number of customers by region

Customers at branches in Chiba, Tokyo, Ibaraki and Saitama  
(excluding special branches outside prefectures)

	Chiba	Tokyo	Ibaraki	Saitama	Metro total
2016.3	37,984	3,588	988	774	43,334
2017.3	38,327	3,951	1,136	871	44,285
Change	343	363	148	97	951

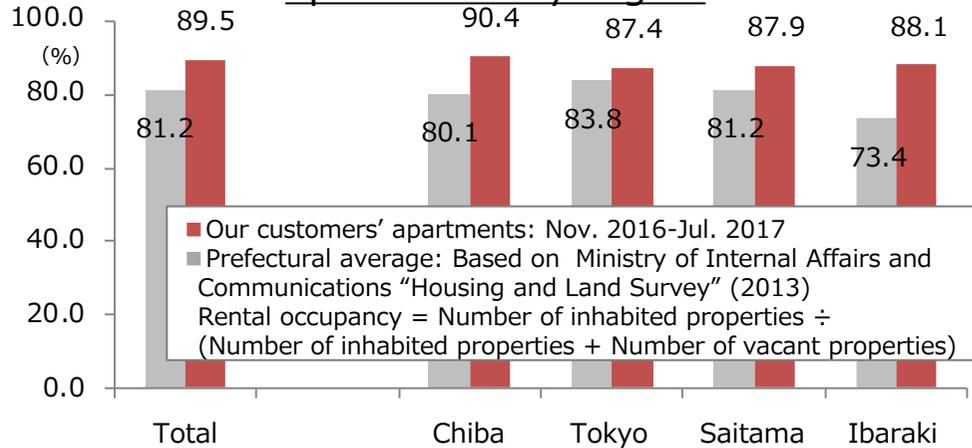
◆ **2017 "Ranking by Number of Companies Using Bank as Main Bank"**

(Tokyo Shoko Research): **No. 1 Regional Bank**  
**21,924 companies (41.3% share within prefecture / 5.4% share of Tokyo metro\*)**

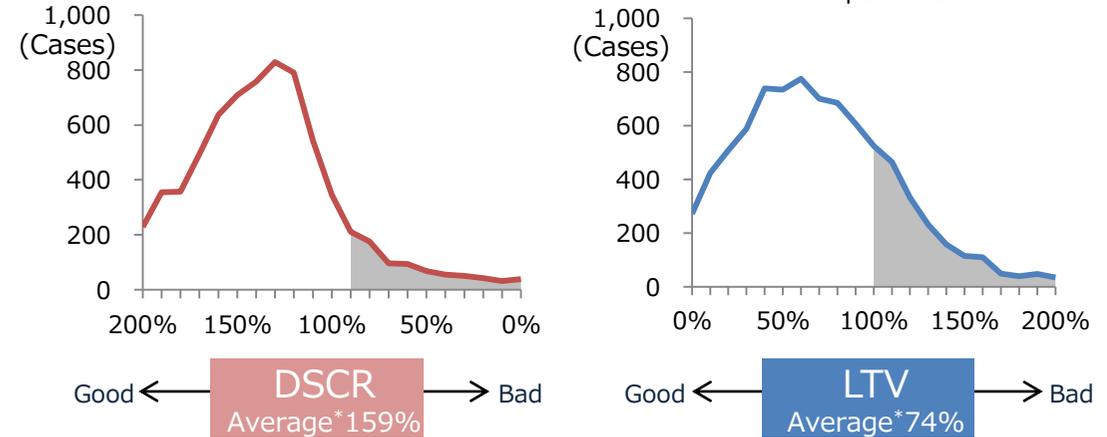
\*Tokyo, Chiba, Saitama, Kanagawa

## Proactive approach to meet customers' financial needs

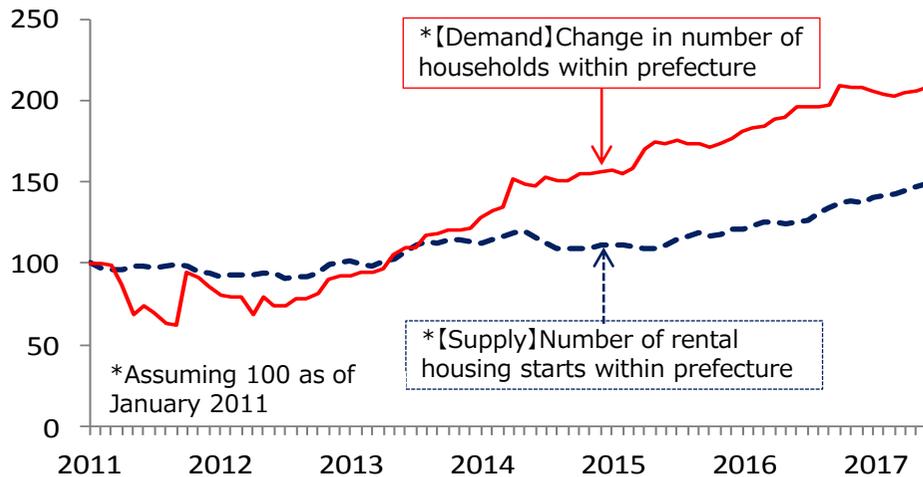
### Occupancy rates of our customers' apartments by region



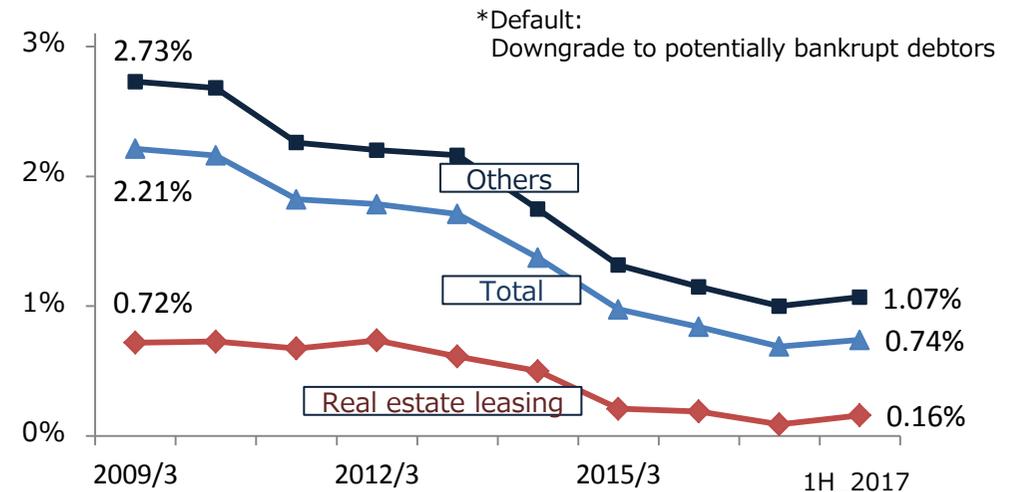
### Distribution of DSCR and LTV



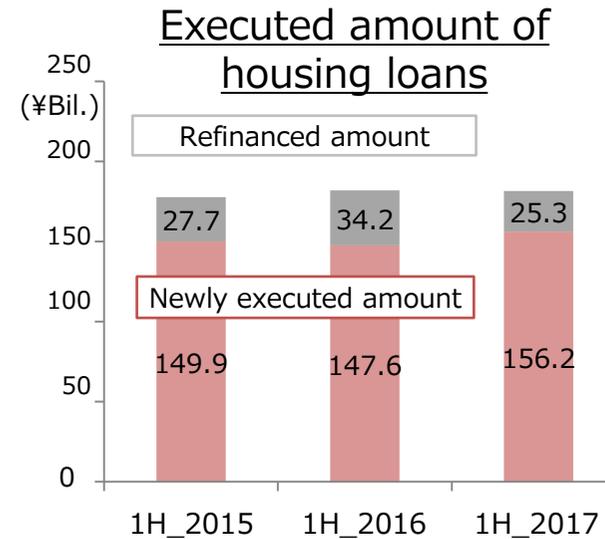
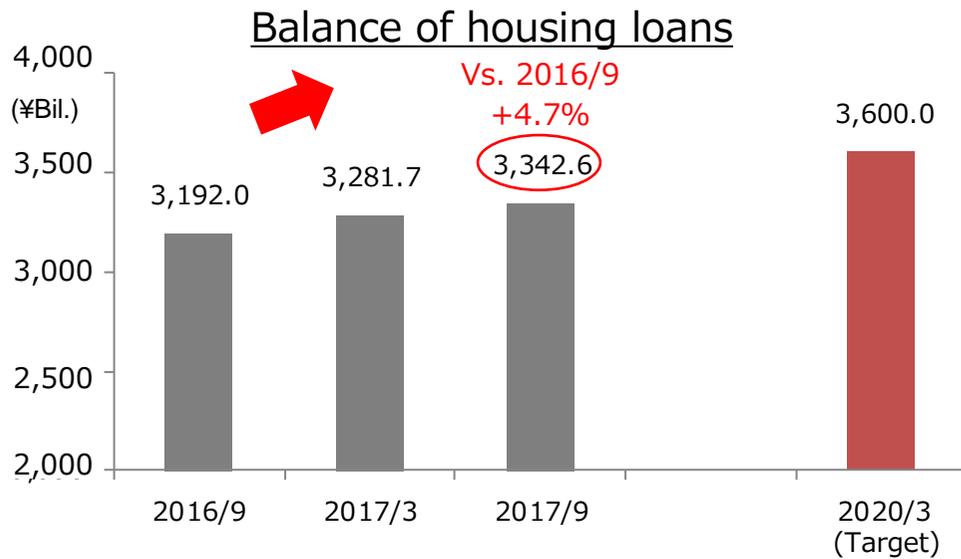
### Supply/demand in rental market in Chiba



### Default\*ratio



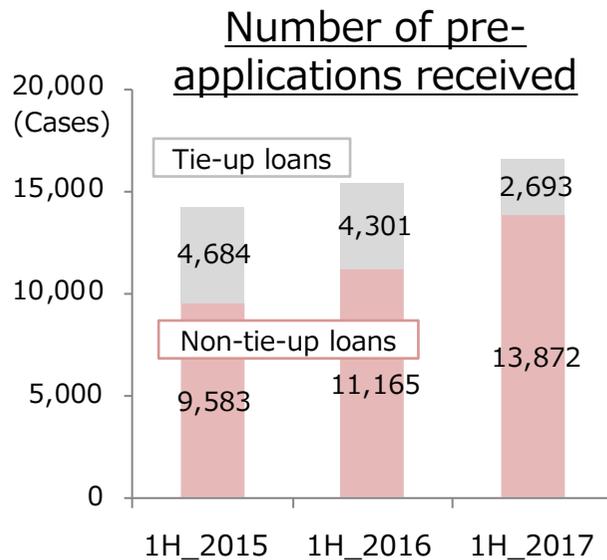
## Improving response time by enhancing working efficiency



### Housing start statistics

(Ministry of Land, Infrastructure and Transport)

2017 Apr-Sep	Number of owner-occupied/built-for-sale units	Change %
Chiba	16,898	+10.0
Tokyo	37,883	-3.9
Saitama	18,326	-7.2
Ibaraki	6,632	-0.8
Kanagawa	22,919	+5.0



### Enhancement of work efficiency through review of preliminary acceptance method and review system

Percentage of time reduction vs. total work including data entry

**54%**

**Online acceptance**  
(assuming 70% online acceptance)

Percentage of time reduction vs. total work including official screening

**49%**

**Screening automation**  
(assuming 60% immediate reply rate)

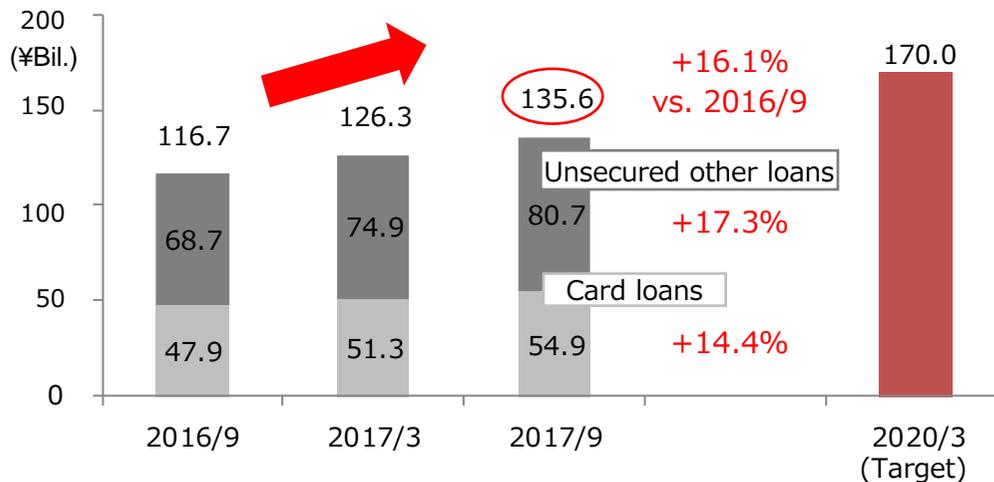
**Consolidation of screening function of bank and guarantee companies**

**Reassignable staff (incl. bank staff and CAs)**

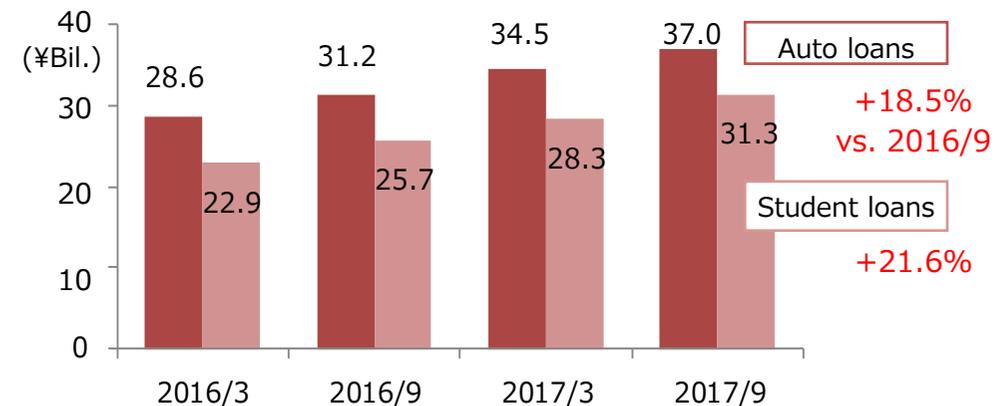
**18 people**

## Responding precisely to the diverse needs of customers with risk management

### Balance of unsecured consumer loans



### Balance of auto loan and student loans



### Credit screening of card loan "Quick Power"

<b>Prevent over-lending</b>	Take into account amount of debt including card loans from other banks. Proper screening to prevent over-lending.
<b>Improve screening accuracy</b>	<b>Close contact</b> with guarantee companies. Check and analyze subrogation trend and improve screening accuracy.
<b>Control credit risk</b>	Guarantee companies obtain personal credit information from credit information organizations regularly. <b>They monitor the delinquency situation at the Bank</b> to control credit risk.
<b>Acceptance method</b>	Strengthen online application system (incl. e-mail notification of results, uploading of personal identification data and income evidence data)

### Reinforcement of non-face-to-face channels

- ✓ Use of Internet and Loan Direct (call center), etc.
- ✓ Response late hours on weekdays as well as on weekends and public holidays



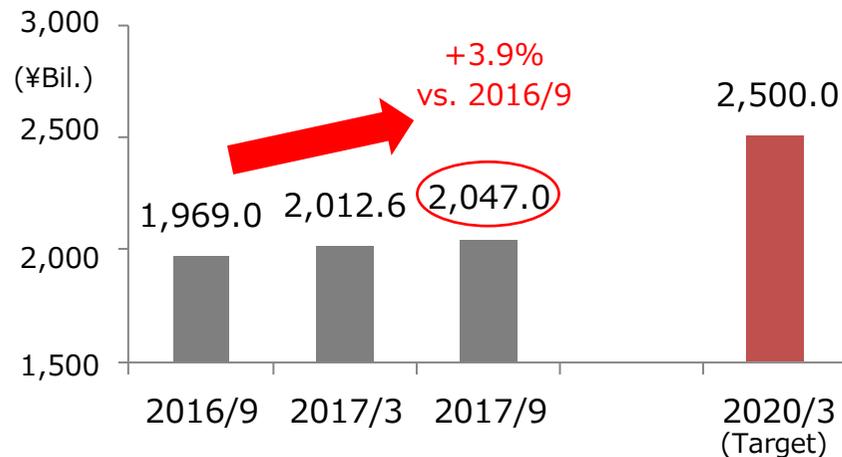
### Securing a solid customer base in consumer finance sector

- ✓ Carrying out appropriate management based on relevant regulations, etc.
- ✓ Responding to financing needs after considering income status of customer and loans from other banks

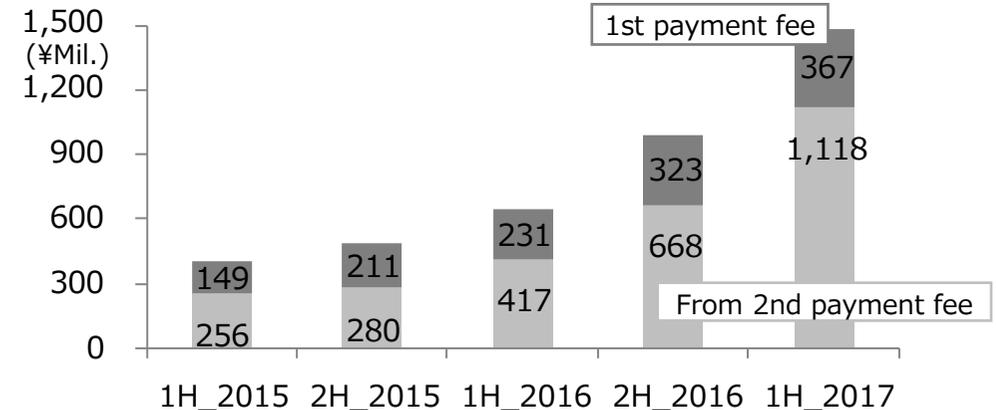
# Group Total Balance of Financial Products

Thoroughly implementing “customer-focused” business management (fiduciary duties)

Group total balance of financial products



Level-paying life insurance income (excluding whole term prepayment)



## “Customer-focused” business management (fiduciary duty)

- ✓ Policy regarding “Customer-focused” Business Management (Fiduciary Duties) (Jun. 30, 2017)

Chiba Bank

Chibagin Securities

Chibagin Asset Management

- ✓ “Customer-focused” Business Management (Fiduciary Duties) Committee (Jul. 2017~)
- ✓ Customer questionnaire (Jul. 2017~)
- ✓ Investment-type Financial Product Selection Committee (Sep. 2017~)

## Hokennomadoguchi@Chibagin

Chiba Plaza branch, Funabashi Plaza branch (Oct. 25, 2017)

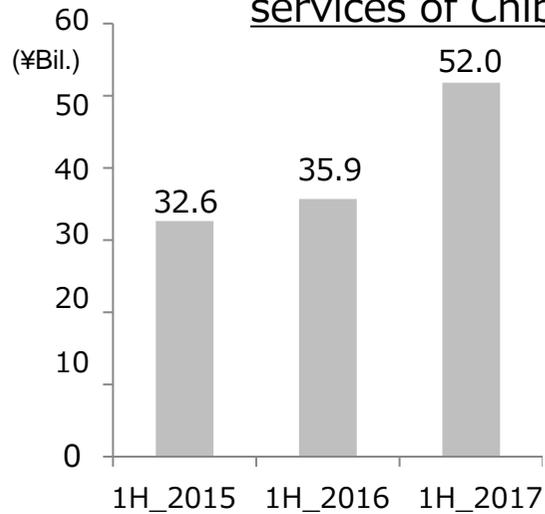
- ✓ 17 insurance companies/ 86 products
- ✓ Serviced by specialist staff
- ✓ Weekdays 10:00-18:00  
Weekends and public holidays 10:00-17:00



ほけんの窓口 @ちばぎん

## Strengthening cooperation with group subsidiaries and explore new opportunities

### Financial product sales through intermediary services of Chibagin Securities

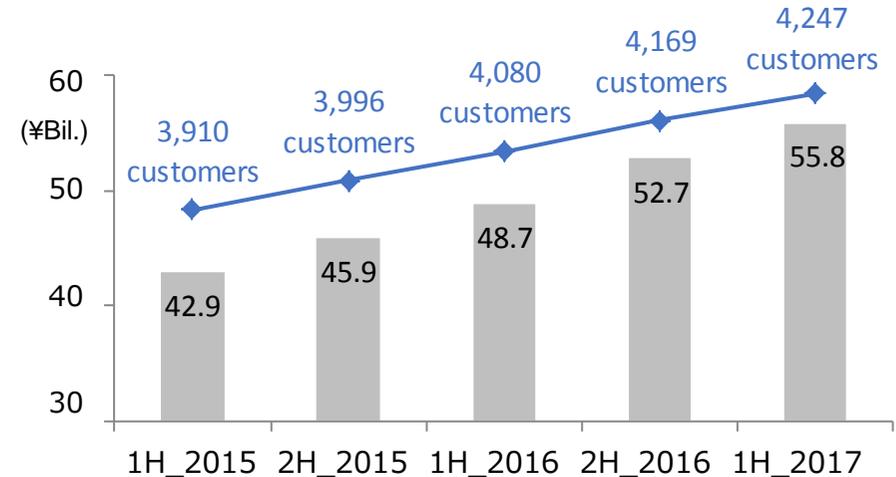


#### Start of financial product intermediary business with Musashino Bank

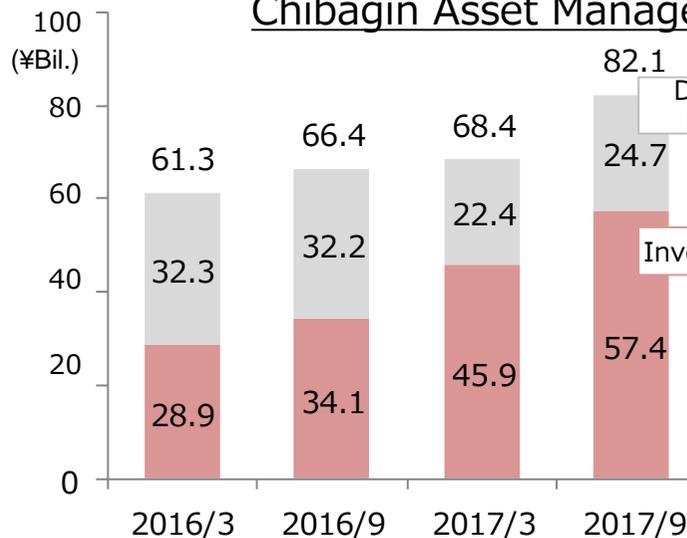
Opened offices in Saitama Prefecture  
Aug. 2017: Saitama Sales Bra.(Omiya)  
Sep. 2017: Urawa Branch  
Dec. 2017 (planned):  
Soka and Tokorozawa



### Contract balance and number of Chibagin Leasing



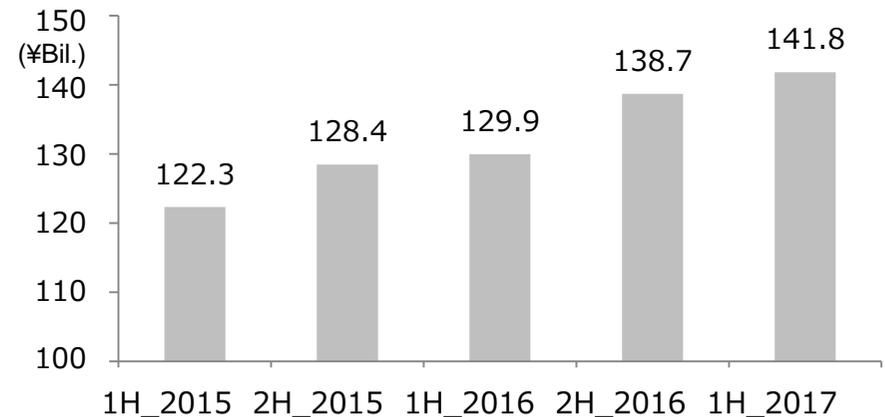
### Balance of assets under management of Chibagin Asset Management



#### Expanding business with alliance banks

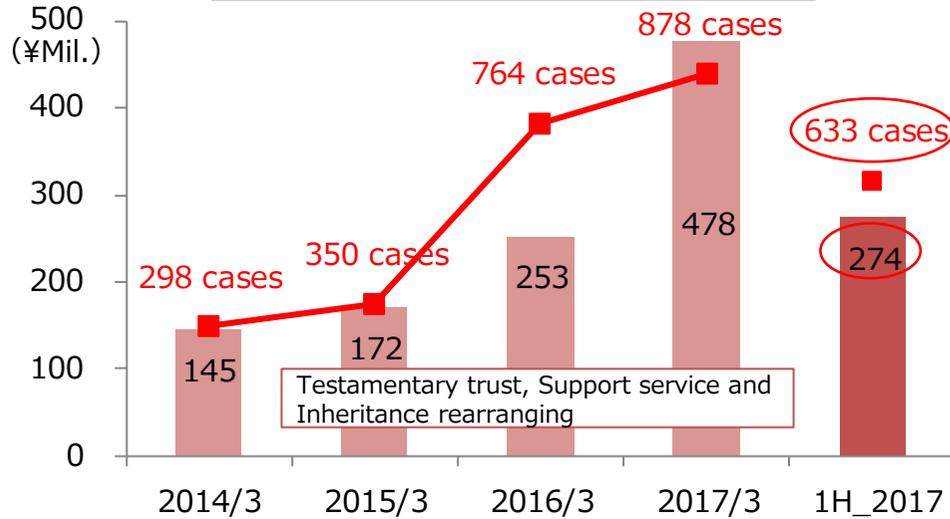
Sep. 2016: Musashino Bank  
Jun. 2017: Toho Bank  
Aug. 2017: North Pacific Bank

### Credit card shopping turnover of Chibagin JCB Card and DC Card

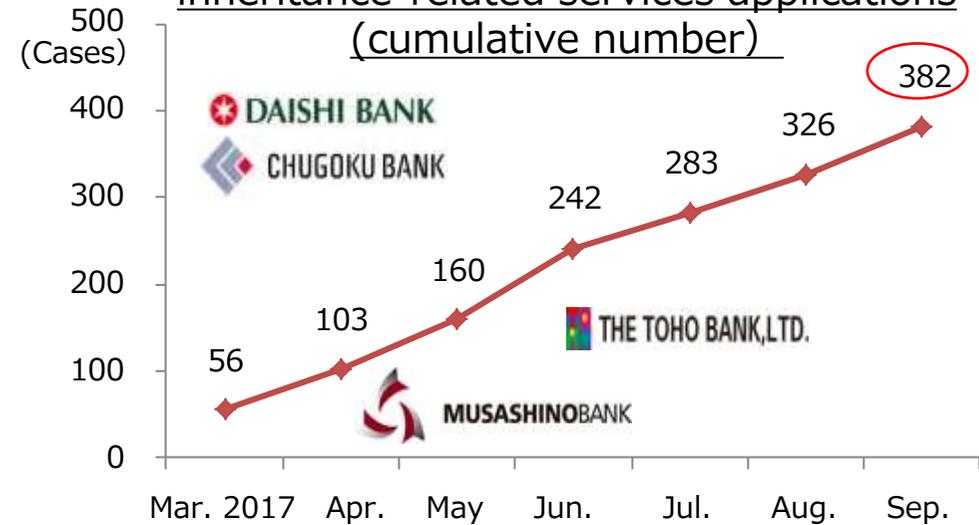


Further expanding business with alliance banks, broadening products to address aging society

Number of contracts and income for inheritance-related services

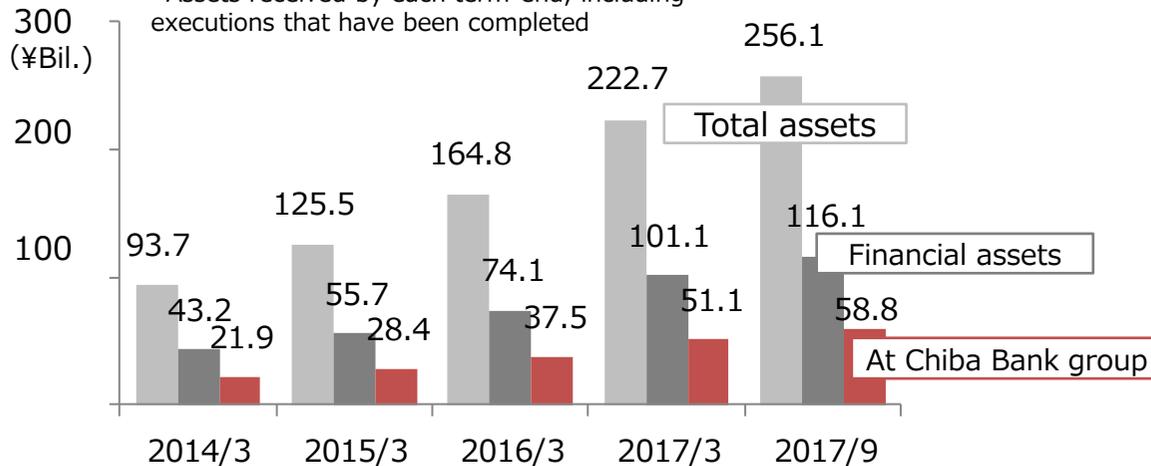


Alliances with other banks for inheritance-related services applications (cumulative number)



Customers' total assets for testamentary trusts with Chiba Bank

\*Assets received by each term-end, including executions that have been completed



## Expanding handling of testamentary trusts

Responding to financial needs after inheritance occurrence

	Applicable customers	Acceptance method
Apr. 2017~	Testamentary trust applicants	Visits by divisional specialist staff
Oct. 2017~	All depositors	All branches (Domestic branches excluding sub-branches)

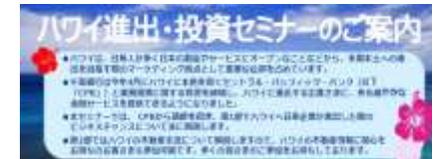
## Expanding income sources while diversifying funding

### Overseas Office network



### Cooperation with alliance banks in international business

Acceptance of overseas trainees	Musashino Bank: 1 person (SGP) TSUBASA banks: 4 people (NY, HK)
Business alliance with Central Pacific Bank (Hawaii)	Entry into Hawaii, holding investment seminar



### USD funding (Sep. 2017)

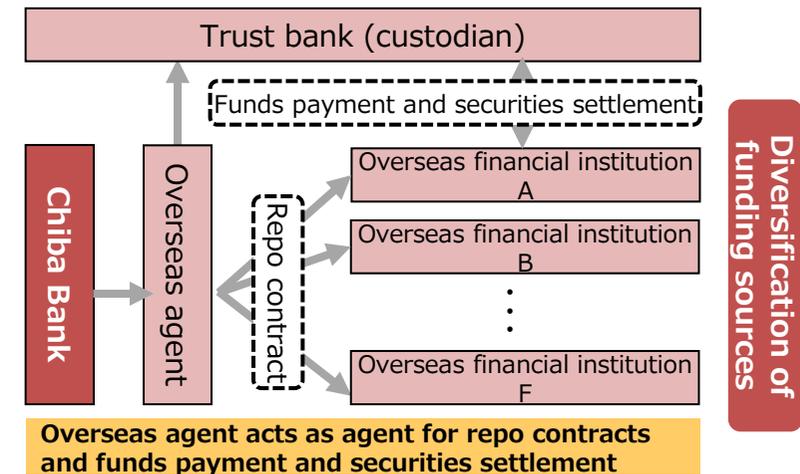
Investment	Funding
<p><b>Lower liquidity assets</b> \$2,935 Mil.</p> <p>Loans over one year</p>	<p><b>Stable funding</b> \$3,629 Mil.</p> <p>Deposits Currency Swaps BOJ operation USD Bonds</p>
<p>Loans of one year or less Bonds, etc.</p>	<p>Repo Money Market Central Banks, etc.</p>

**Long-term stable funding ratio\***

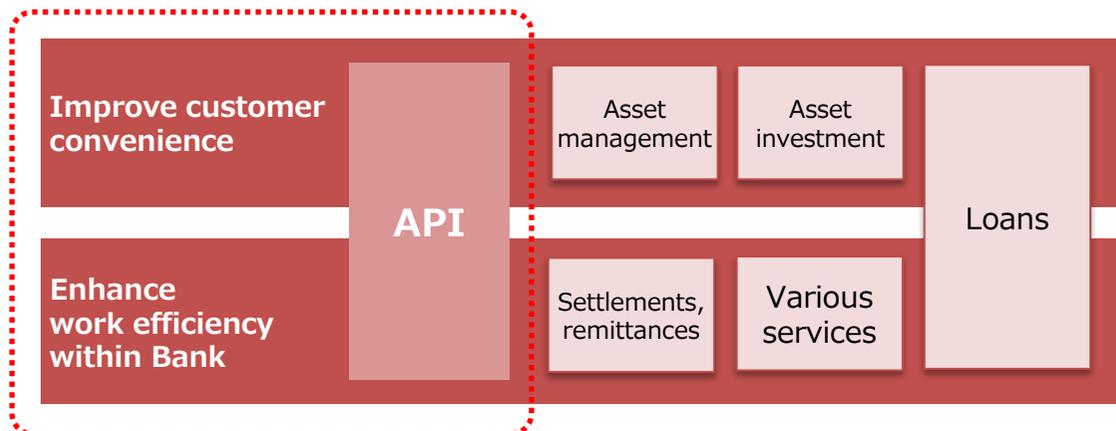
**Sep. 2017**  
**123.6%**

\*Long-term stable funding ratio: Ratio of stable funding (incl. foreign-currency deposits, bonds and terms of more than one year) to loans of more than one year

### New foreign currency funding scheme (Agent Repo)



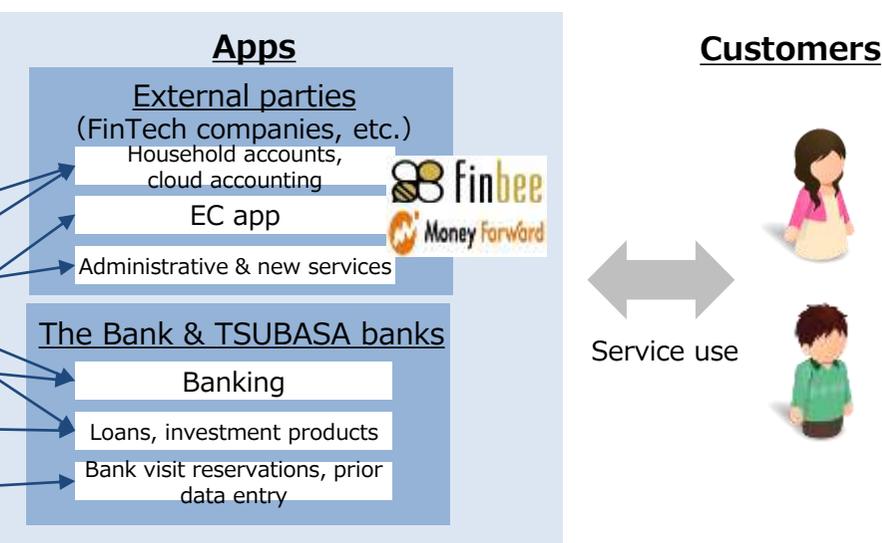
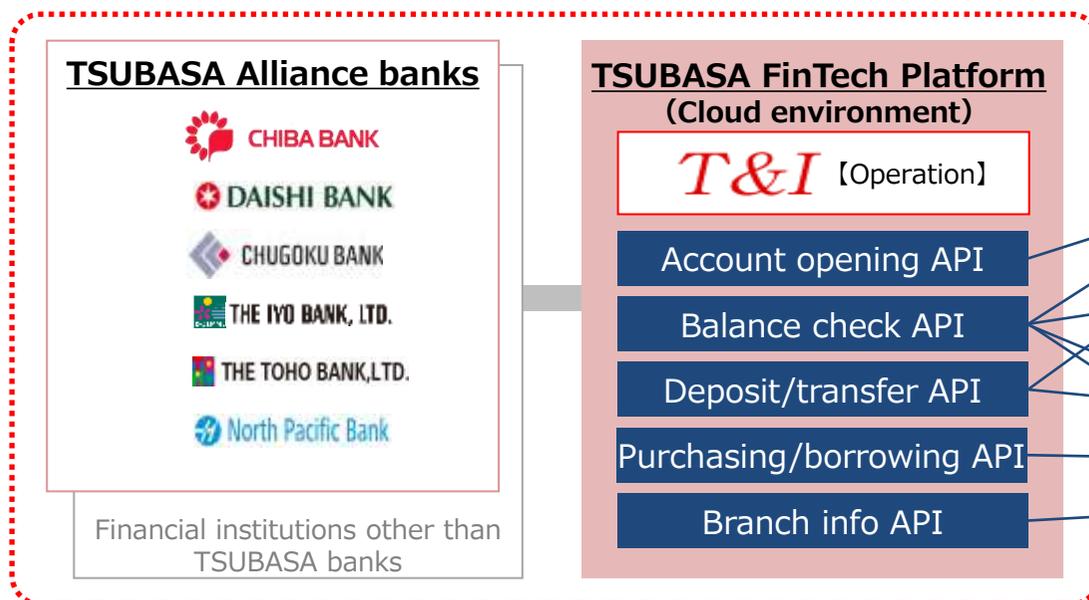
## Drive towards digital banking, utilizing FinTech



- Home page renewal (smartphone compatible)
- Chibagin app "simple account check" function addition
- Linkage with online household accounts services 
- Robo-advisor "Himarin's asset management simulation"
- Major accounting software co. Yayoi  online lending joint project
- "Regional stamp rally" using blockchain technology demonstration test
- Robotics trial aimed at improving business efficiency



## Construction of TSUBASA FinTech Platform



- ✓ Open API response associated with revision of Banking Act
- ✓ Diversification of services through connection with external companies
- ✓ Acceleration of development and cost reduction

Expect to exceed initial targets and pursuing further results

## Chiba-Musashino Alliance

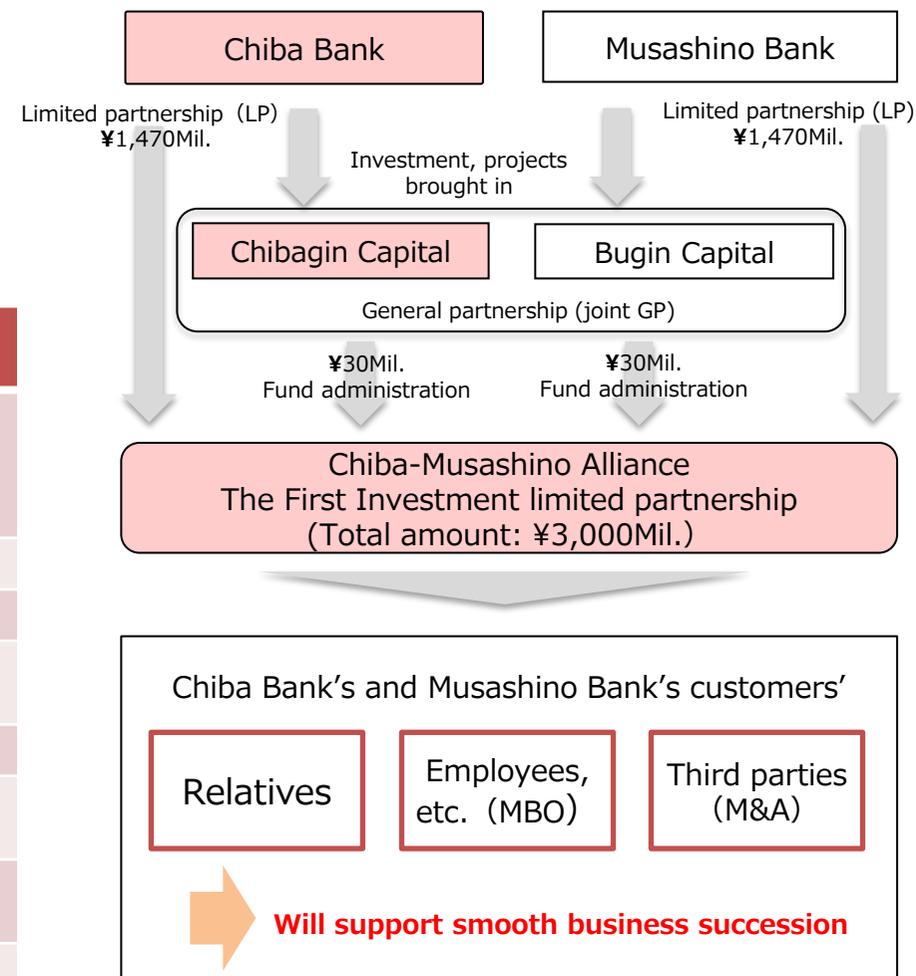
### Key Points



**Synergies**  
(for two banks combined)  
**More than ¥10.0Bil. in total**  
**over 5 years**

Main alliance areas	Details
Securities	○ <b>Chibagin Securities started financial product intermediary business with Musashino Bank</b> Aug. 22 Saitama Sales Bra. (Omiya), Sep. 7 Urawa Branch opened In December, Soka and Tokorozawa branches to open (planned)
Asset management	○ Chibagin Asset Management set up exclusive funds, etc.
Inheritance	○ Cooperation in inheritance-related services
Funds	○ <b>Establish business succession fund "Chiba-Musashino Alliance The First Investment Limited Partnership"</b>
Finance	○ Joint arrangement of syndicated loans
International Business	○ Accept trainees, consider sharing resources with Singapore office
Customer introduction	○ Customer mutual introduction scheme
Cost reduction, etc.	○ Joint purchasing of ATMs, subsystem cooperation, know-how sharing for revitalization schemes (use of partner funds)

## Overview of business succession fund



## Seeking for further cooperation

### TSUBASA Alliance



Main alliance areas	Details
Securities	○ <b>Joint sales of Indian rupee "Green Bond" issued by World Bank</b> (Daishi, Chugoku, Iyo, Toho)
Asset management	○ Chibagin Asset Management set up exclusive funds, etc. (Toho, North Pacific Bank)
Inheritance	○ Cooperation in inheritance-related services (Daishi, Chugoku, Toho)
Finance	○ Joint arrangement of syndicated loans
International Business	○ Accept trainees, hold Hawaii investment seminar
Customer introduction	○ Customer mutual introduction scheme
Cost reduction, etc.	○ Main frame system cooperation (Daishi, Chugoku), <b>administrative operation cooperation (Daishi)</b> , subsystem and call center cooperation, etc.

### Sharing administrative operations with Daishi Bank

◆ Owing to completion of cooperation on main frame system, clerical work and ledger sheets virtually being shared



◆ As next step, start cooperation in administrative operations

Goal ① **Cost reduction**

Goal ② Know-how consolidation and succession, maintenance and nurturing of professional staff

Goal ③ **Expansion to each TSUBASA bank**

### Synergies (Chiba Bank) More than ¥6.0Bil. in total

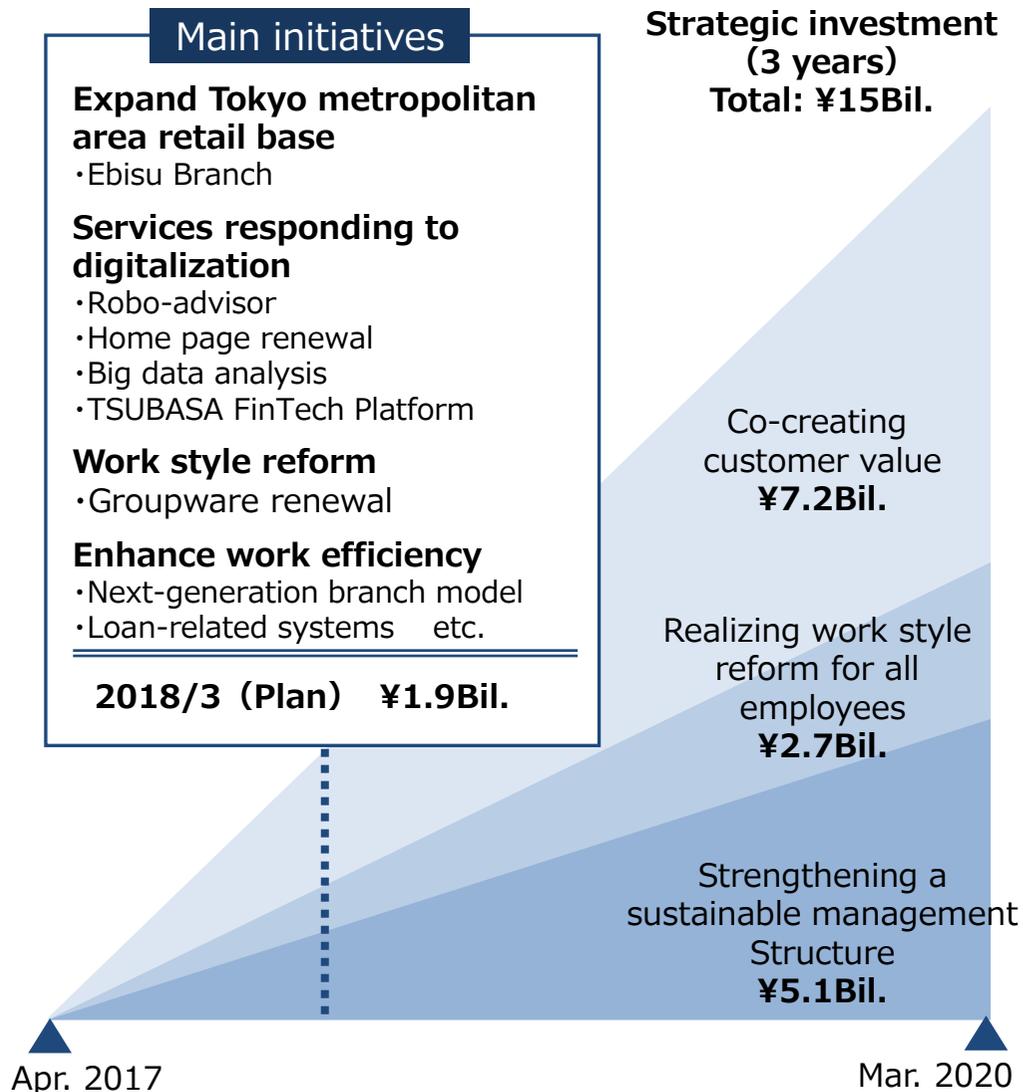
**Top-line increase ¥1.0Bil. approx**  
(securities, asset management, syndicated loans and inheritance-related services, etc.)  
**Cost reduction ¥5.0Bil. approx**  
(main frame system and subsystem cooperation, etc.)

## Initiatives Aimed at Efficiency and Productivity Enhancement

# Strategic Investment and Work Style Reform

## Improve work efficiency through strategic investment

### Progress of strategic investment plan



### Work style reform

“Work friendly and rewarding” company where “everyone wants to work”

- ① Can choose various work styles according to individual values and environment
- ② Work flow is stress free and efficient, company is work friendly and highly productive

4 reforms	Specific initiatives
<b>Environment</b>	Mobile terminal function enhancement, groupware renewal, paperless (digitization and centralization of stored documents)
	<b>Reconstruction of HQ building &lt;Basic concept&gt;</b>
	<b>Coexist with regional communities</b>
	<b>Reinforce BCP</b>
	<b>Consider environment</b>
	<b>Enhance productivity through work style reform</b>
<b>Work</b>	Simplify and systematize all work, RPA trial
<b>Systems</b>	Expand telework trial, consider introduction of flex-time system
<b>Awareness</b>	Internal sharing of successful cases and effective utilization cases

## Strengthen sales capacity by managing human resources effectively



Main initiatives	Details	Number of personnel that can be reduced (work volume equivalent)
Enhance internal work efficiency (Next-generation branch model)	Reduce & centralize at HQ back office work by using IT equipment	600 approx.
Improve loan work efficiency	Streamline procedures Reconstruct systems Centralize operation	200 approx.
Review HQ work	Review work by introducing consultants	80 approx.
	Total	880 approx.

### Reassign staff to growth areas and divisions

**Branches**

Strengthen sales in strategic business area (Tokyo 23 wards), etc.



**Group subsidiaries**

Strengthen cooperation with alliance banks in securities and asset management, etc.



**HQ**

Strengthen planning function and respond to growth areas (e.g., trusts)

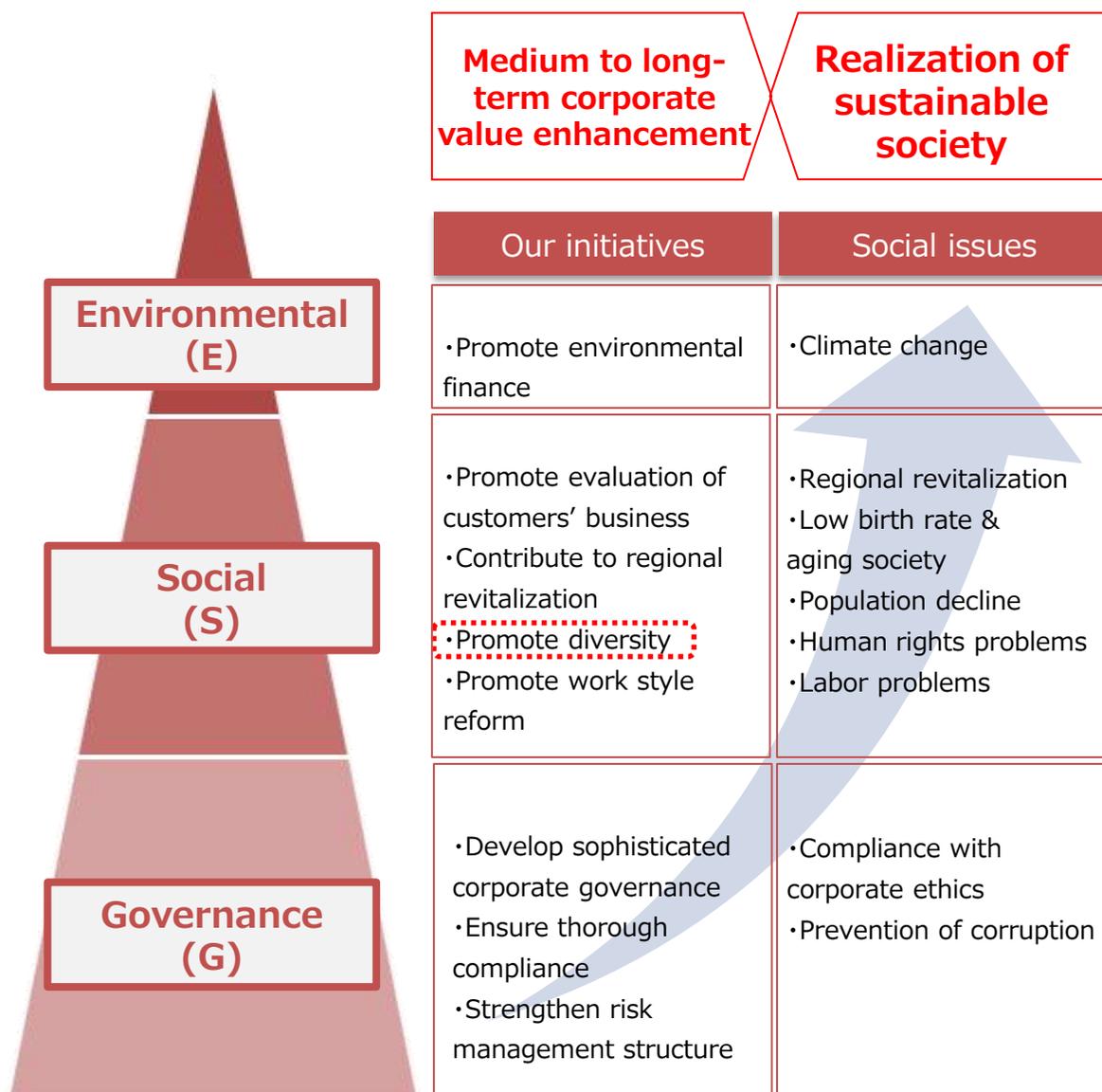


Work reform already started with target of about 880 people (work volume equivalent)

About 600 can be reassigned in medium to long term

## ESG and Capital Policy

Promoting initiatives aimed at realization of sustainable society



Evaluation by external parties

ESG Index (used by GPIF)	State of incorporation of Bank's shares
<b>MSCI Japan ESG Select Leaders Index</b>	○
<b>MSCI Japan Empowering Women Index (WIN)</b>	○
FTSE Blossom Japan Index	—

**Other commendations, etc.**

Excellent company for health management – White 500”

Platinum Kurumin

Enhance disclosure of non-financial information (especially environmental and social)

Review standards and policies from viewpoint of ESG

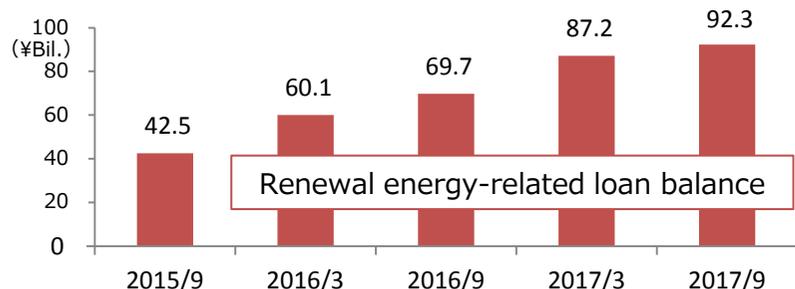
Name	ESG Promotion Committee	New
Members	President (Chairman) Management Committee members, managers of departments concerned, etc.	
Agenda	Formulation of activity policy regarding ESG and priority measures, etc.	

Examples of specific activities

Environmental

**Promoting environmental finance**

Promote loans related to renewable energies



**Support for establishment of renewable energy local production for local consumption system**

Investment in CHIBA Mutsuzawa Energy Co., Ltd, which aims to supply electricity based on natural gas and solar power generation (Established: Matsuzawa town)

Social

**Supporting restoration of old Japanese-style houses**

Promote establishment of model to Support old Japanese-style houses Project in cooperation with local Government  
"Old-style Japanese house use team"  
"Chibagin Old Japanese-style House Project Support System"



**Private placement bonds for regional revitalization (Mirai Hagukumi Bonds)**

We donate goods such as books and musical instruments to schools designated by the issuer for the purpose of contributing to the local community via the development of school environments.

1H_2016	2H_2016	1H_2017
98 cases/¥9.6Bil.	102 cases/¥10.4Bil.	71 cases/¥7.2Bil.

Governance

**Developing sophisticated corporate governance**

Name	Advisory Board	New
Members	Outside advisors (executives of clients) Chiba Bank officers, branch managers, etc.	
Details	Explain initiatives related to various measures and obtain advice First theme: "Regional revitalization and evaluation of customers' business"	

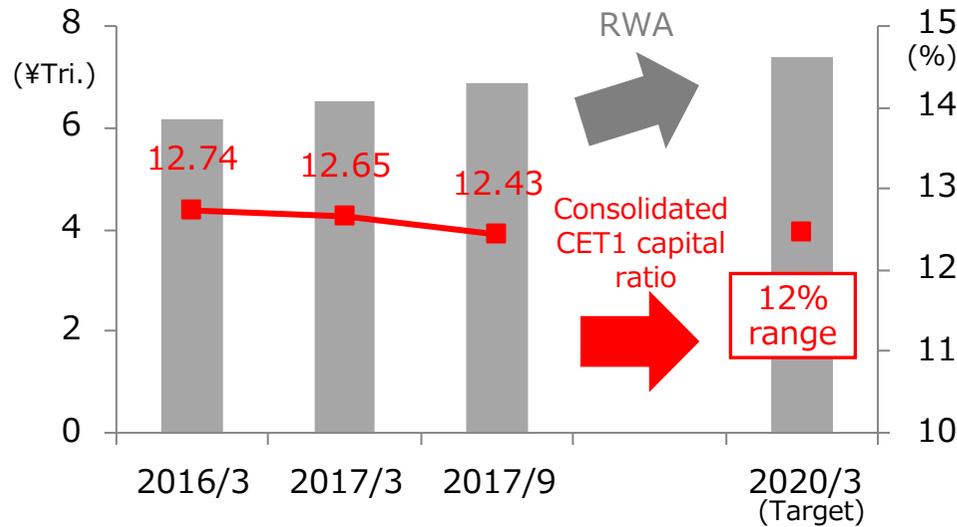


Promoting ESG initiatives

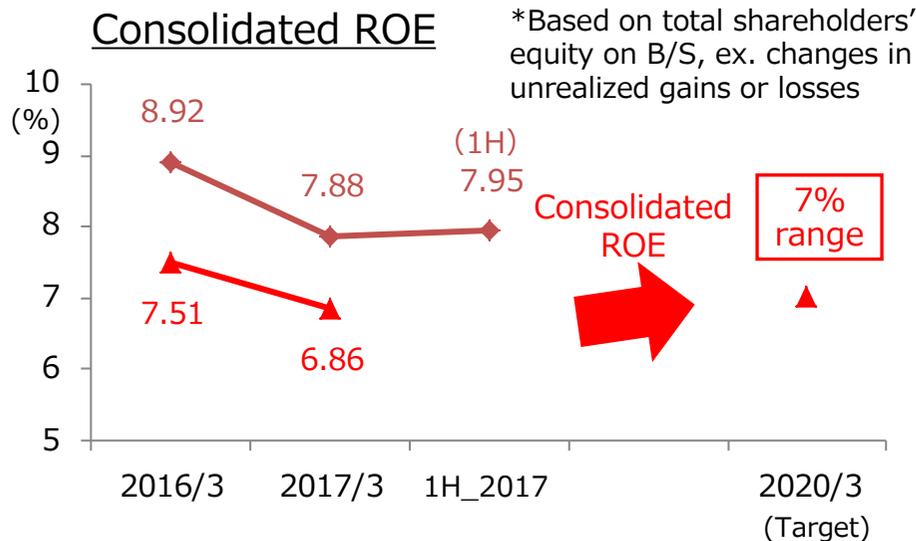
**Contribute to the realization of a sustainable society through the core business**

## Maintain solid capital ratio and improve capital efficiency

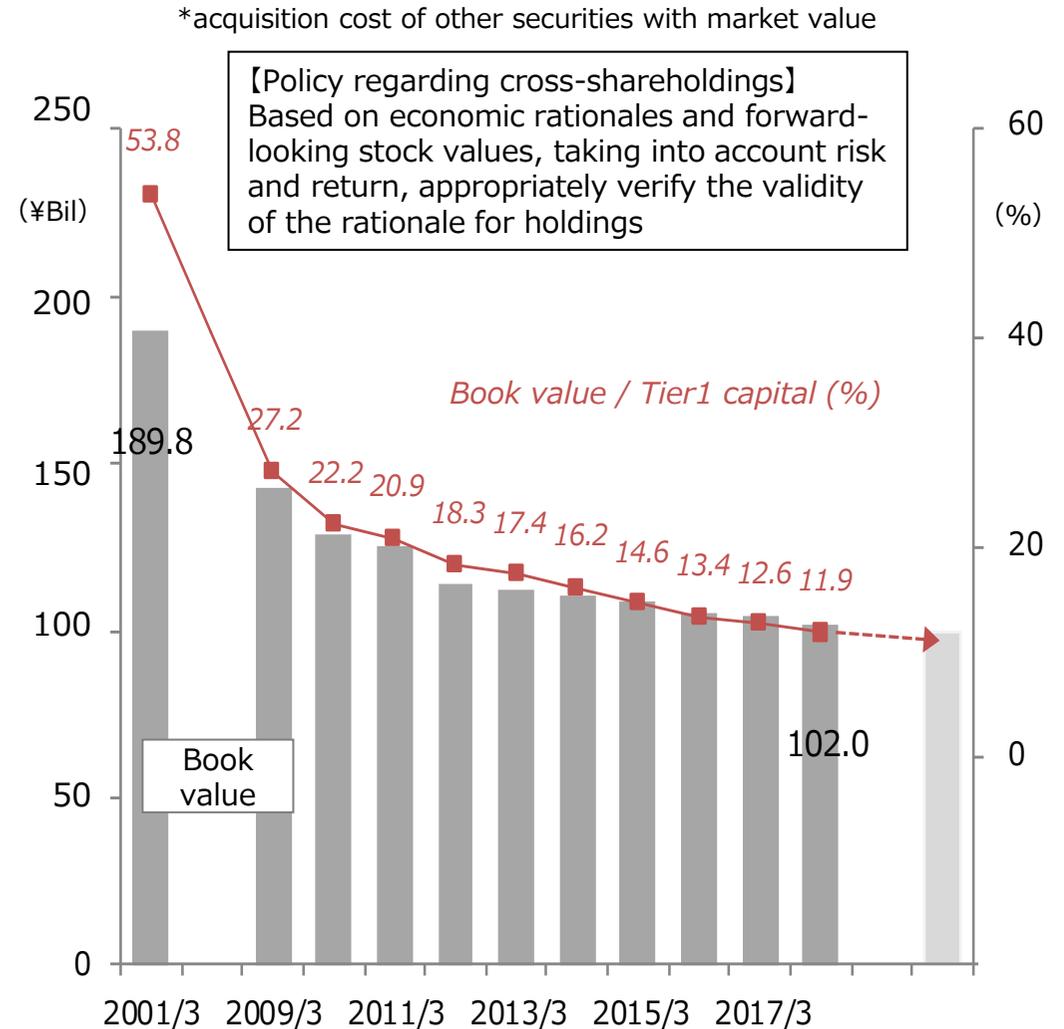
### Consolidated CET1 capital ratio



### Consolidated ROE



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



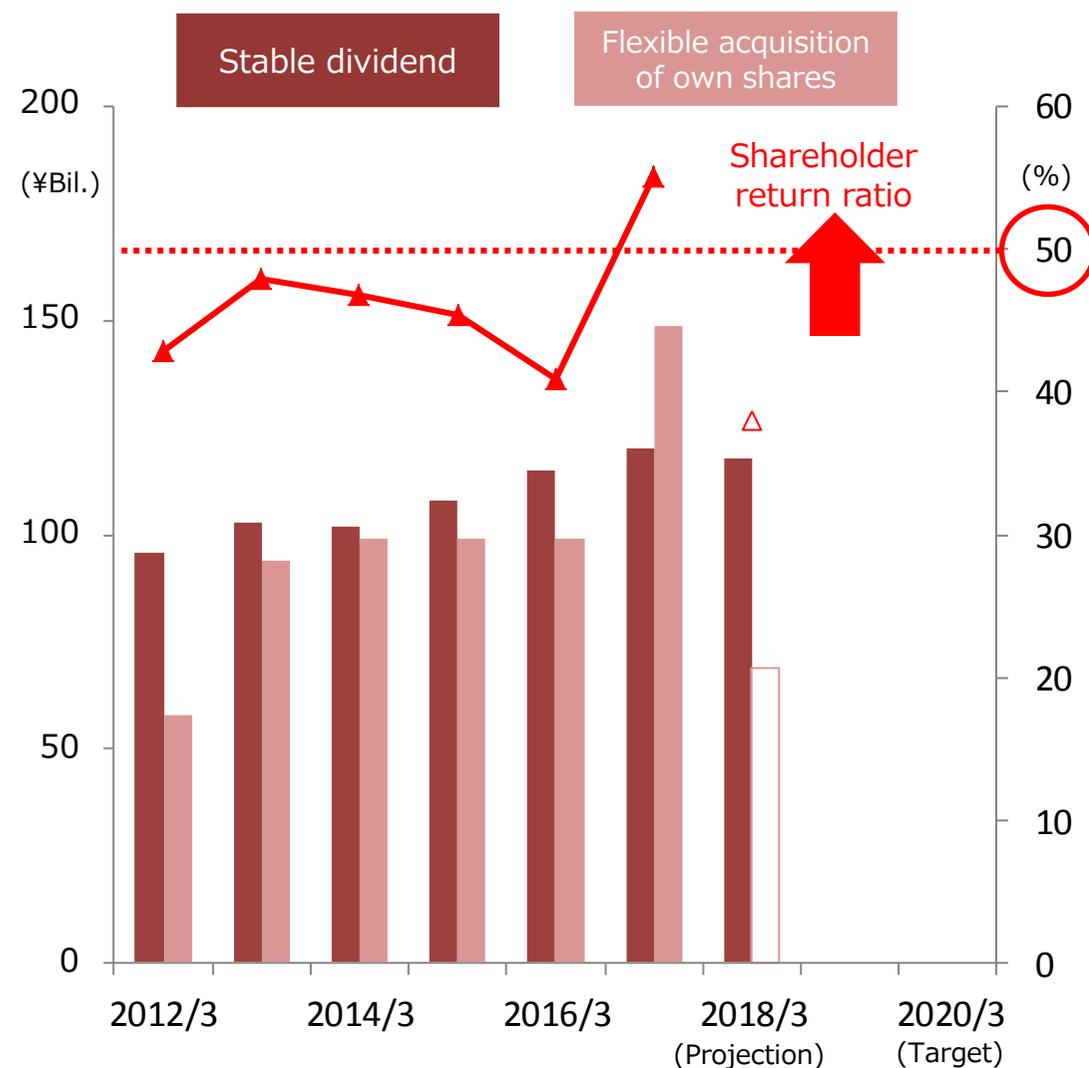
Active approach toward shareholder returns, targeting around 50% of profit

## Shareholder returns

(¥)	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3 Projection
Annual cash dividend per share	11	12 Increase	12	13 Increase	14 Increase	15 Increase	15
(¥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%	23.9%
Acquisition of own shares	5.8	9.4	9.9	9.9	9.9	14.9	6.9
Total shareholder return	15.4	19.8	20.2	20.8	21.5	27.0	18.8
Shareholder return ratio	42.9%	48.0%	46.8%	45.4%	40.9%	55.5%	38.0%

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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