

# **Financial Results for the First Half of FY2018**

**November 22, 2018**

**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

## Business Strategies

Summary of Medium Term Management Plan	12
Progress toward Numerical Targets in the Plan	13
Loans for Corporate Customers (1)	14
Loans for Corporate Customers (2)	15
Rental Real Estate Loans (1)	16
Rental Real Estate Loans (2)	17
Rental Real Estate Loans (3)	18
Rental Real Estate Loans (4)	19
Housing Loans	20
Unsecured Consumer Loans	21
Group Total Balance of Financial Products	22

## Alliance Strategies

Chiba-Musashino Alliance	24
TSUBASA Alliance	25
FinTech	26
Trust Business and Inheritance-related Services	27
Market and International Business	28
Net Fees and Commissions Projections	29
Our Strategy	30

## Initiatives Aimed at Efficiency and Productivity Enhancement

Improving Work Efficiency	32
Reassigning Personnel	33
Branch Network Strategy	34

## ESG and Capital Policy

ESG (1)	36
ESG (2)	37
ESG (3)	38
Capital Policy (1)	39
Capital Policy (2)	40

## Summary of Financial Results

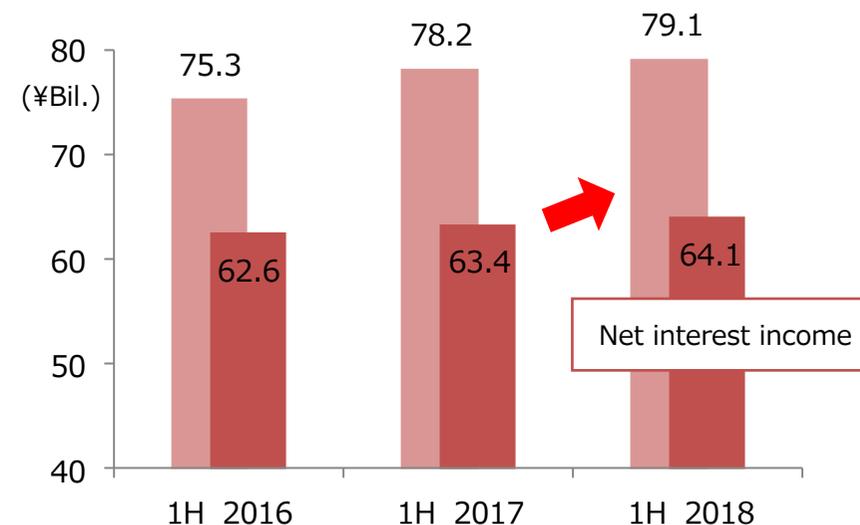
## Non-consolidated

(¥Bil.)	2017/9	2018/9	Change	
Gross business profits	78.2	79.1	0.8	
Net interest income	63.4	64.1	0.6	p.4
Net fees and commissions income	11.4	10.9	- 0.4	p.7
Trading income	0.7	0.5	- 0.1	
Profit from other business transactions	2.6	3.4	0.8	
Gains (losses) related to bonds	1.9	2.3	0.4	
Expenses (-)	41.2	40.6	- 0.5	p.8
Real net business income	37.0	38.4	1.4	
Core net business income	35.0	36.0	0.9	
Net transfer to general allowance for loan losses (-)	-	0.6	0.6	p.9
Net business income	37.0	37.7	0.7	
Non-recurrent income and losses	6.5	3.5	- 3.0	
Disposal of non-performing loans (-)	- 1.3	1.4	2.8	p.9
Gains (losses) related to stocks, etc.	1.8	1.0	- 0.7	
Ordinary profit	43.5	41.3	- 2.2	
Extraordinary income (loss)	- 0.2	- 0.1	0.0	
Profit	31.7	30.0	- 1.6	
Net credit costs (-)	- 1.3	2.1	3.4	p.9

## Consolidated

(¥Bil.)	2017/9	2018/9	Change
Ordinary profit	44.9	42.1	- 2.8
Profit attributable to owners of parent	31.5	29.2	- 2.2

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



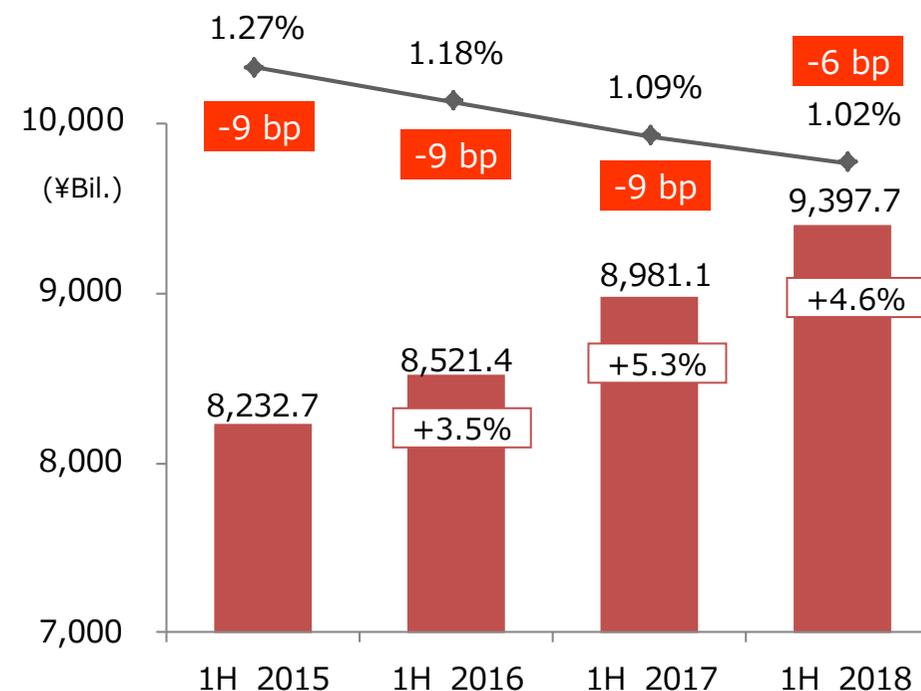
## Key Points of first-half of FY2018 results

- ◆ Owing primarily to an increase in interest income, gross business profits increased by ¥0.8 Bil. YoY
- ◆ Expenses and net credit costs both within first-half projections
- ◆ Non-consolidated profit at third highest level ever, and profit attributable to owners of parent at the fifth highest level ever.

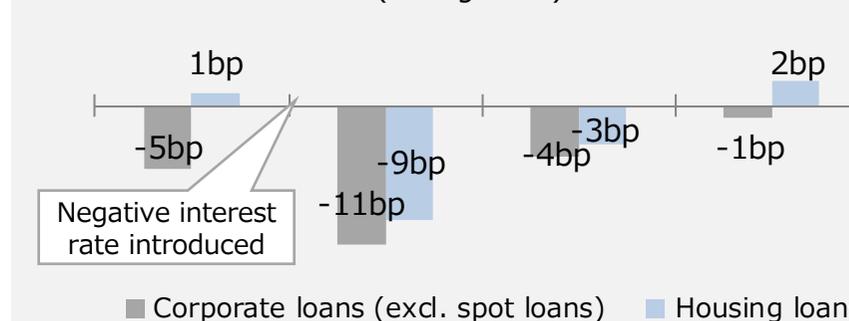
## Firm increase in domestic loans, and marginal yield declined at a slower pace

(¥Bil.)	2017/9	2018/9	Change
Net interest income	63.4	64.1	0.6
Loans and deposits	50.7	51.1	0.3
Loans	53.3	55.2	1.9
Domestic	49.0	48.3	-0.7
International	4.2	6.8	2.6
Deposits	2.5	4.0	1.5
Domestic	0.5	0.4	-0.0
International	2.0	3.6	1.6
Securities	17.1	18.5	1.3
Bonds	6.9	7.2	0.3
Domestic	1.9	1.7	-0.2
International	4.9	5.5	0.5
Stocks	6.0	6.7	0.7
Investment trusts (dividends)	2.1	1.9	-0.1
Investment trusts (sold)	2.1	2.5	0.4
Market ops, financing, other (incl. NCD)	-4.5	-5.6	-1.0
Domestic	60.6	60.4	-0.2
International	2.7	3.7	0.9

## Average balance and yield of domestic loans



## Rate of new transactions (Change YoY)



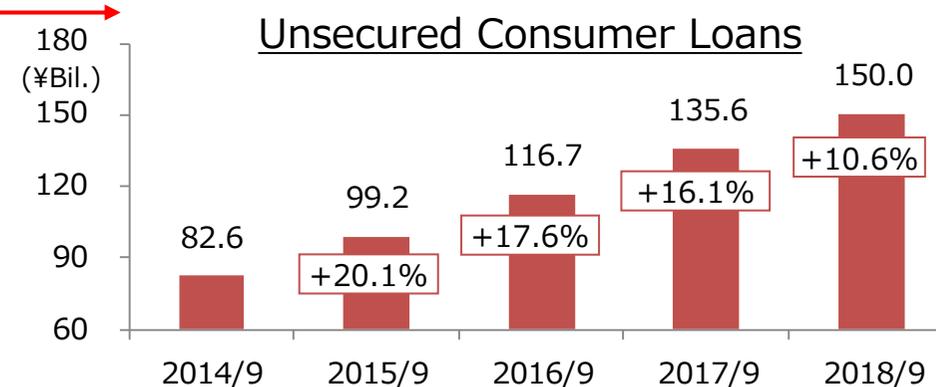
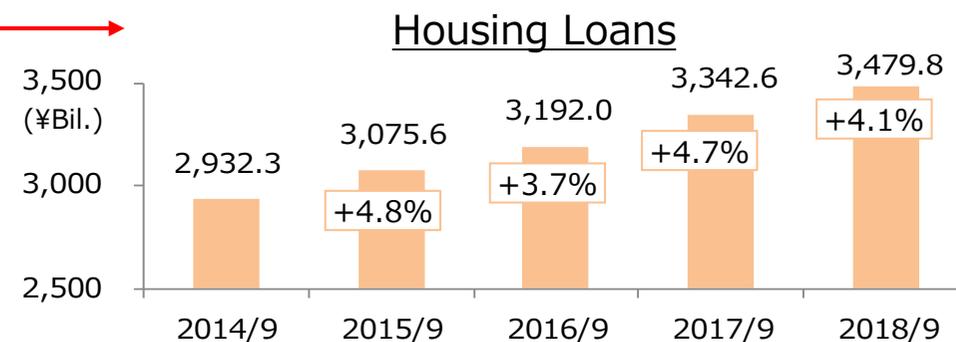
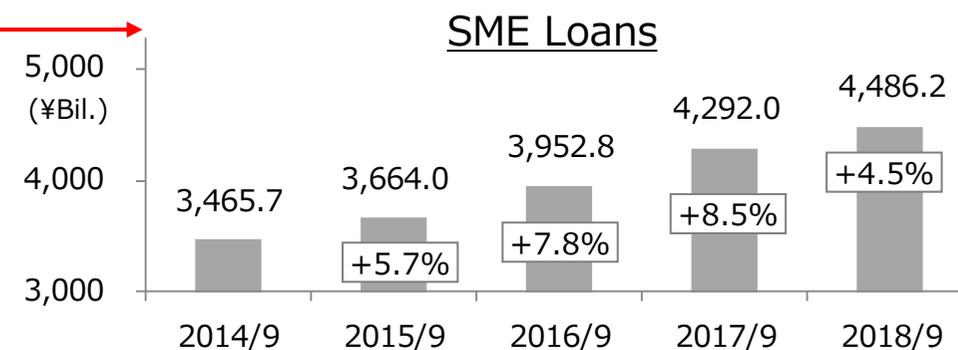
## SME loans, housing loans and unsecured consumer loans growth remain strong

(¥Bil.)	2017/9	2018/9	Change	%
<b>Deposits</b>	11,588.3	12,032.2	443.8	3.8%
Domestic deposits	11,138.6	11,634.2	495.6	4.4%
Personal deposits	8,521.1	8,804.9	283.8	3.3%

(¥Bil.)	2017/9	2018/9	Change	%
<b>Loans</b>	9,567.4	9,995.8	428.3	4.4%
Domestic loans	9,370.5	9,761.4	390.8	4.1%
ex. Public sector	9,142.1	9,536.3	394.1	4.3%
Corporate loans	5,651.8	5,896.0	244.2	4.3%
Large corporates	1,359.7	1,409.8	50.0	3.6%
SMEs	4,292.0	4,486.2	194.1	4.5%
Consumer loans	3,490.3	3,640.2	149.8	4.2%
Housing loans	3,342.6	3,479.8	137.1	4.1%
Unsecured consumer loans	135.6	150.0	14.4	10.6%
Public sector	228.3	225.1	-3.2	-1.4%

Domestic loans	9,370.5	9,761.4	390.8	4.1%
Branches in Chiba	6,682.0	6,855.5	173.5	2.5%
Branches outside Chiba	2,688.5	2,905.8	217.2	8.0%
Special Branches*	1,408.1	1,502.2	94.0	6.6%
Retail Branches	1,280.3	1,403.5	123.2	9.6%

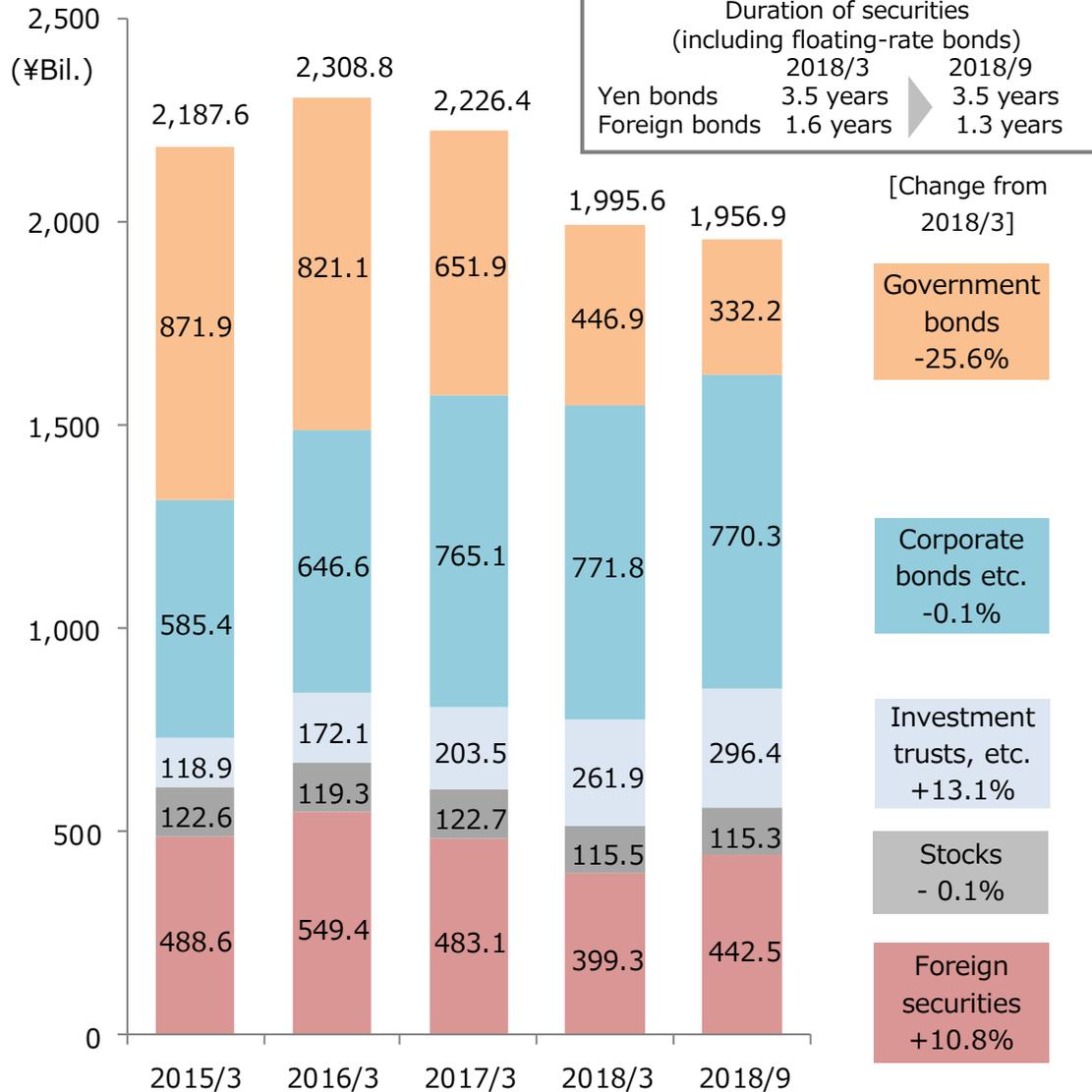
\*Tokyo Head Office, Shinjuku Branch and Osaka Branch



## Controlling interest rate risk while diversifying investment

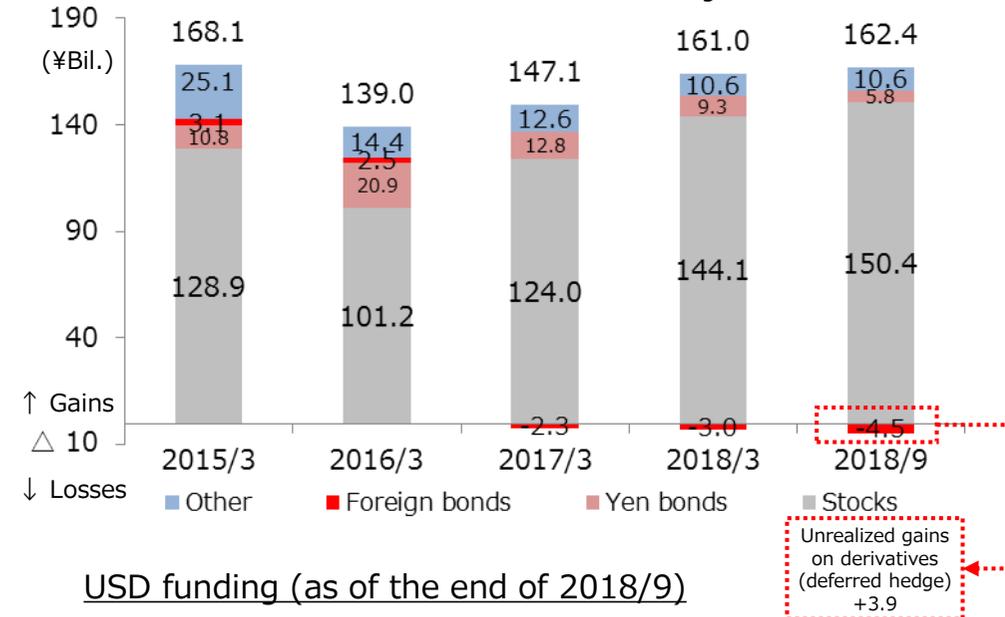
### Balance of securities at term-end\*

\* Excluding unrealized gains (losses)



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

\* Including overseas CDs



### USD funding (as of the end of 2018/9)

Investment	Funding
<p><b>Lower liquidity assets \$3,039 Mil.</b></p> <p>Loans more than one year</p>	<p><b>Stable funding \$3,949 Mil.</b></p> <p>Deposits Currency Swaps BOJ operation Foreign bonds, etc.</p>
<p>Loans of one year or less Foreign bonds, etc.</p>	<p>Repo, Money Market Central Bank deposits, etc.</p>

Long-term stable funding ratio\*

**As of the end of 2018/9**  
**129.9%**

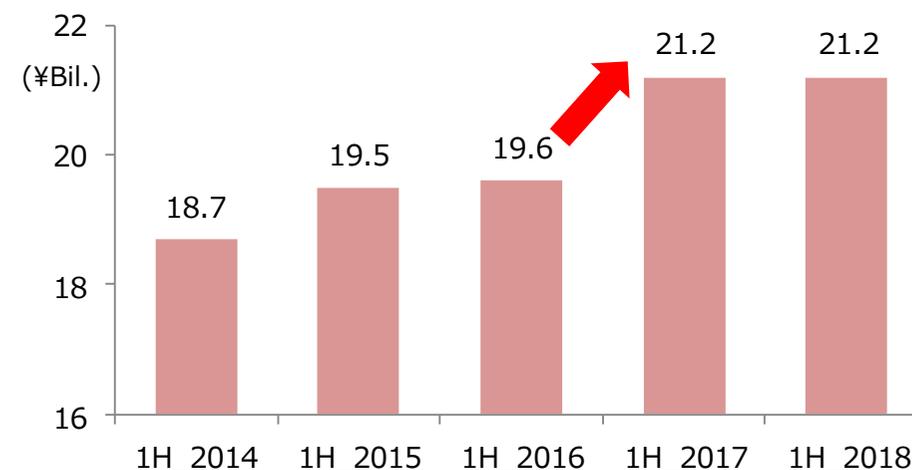
\* Long-term stable funding ratio: Ratio of stable funding (incl. foreign-currency deposits, bonds and terms of more than one year) to loans of more than one year

# Net Fees and Commissions Income

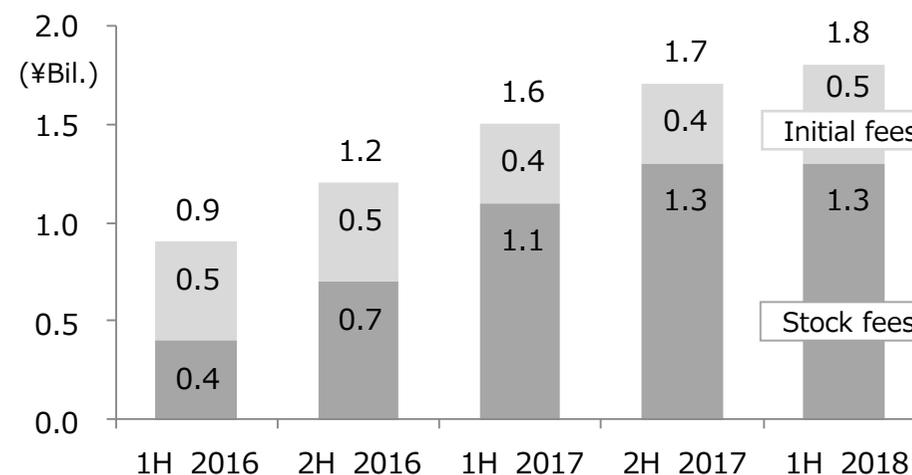
Fees and commissions income remain high at the same level as in the first half of FY2017

(¥Bil.)	2017/9	2018/9	Change
Net fees and commissions income	11.4	10.9	-0.4
Fees and commissions income	21.2	21.2	-0.0
Fees and commissions payments (-)	9.8	10.2	0.4
<Main items>			
Investment trusts and personal annuities	5.3	5.0	-0.3
Investment trusts	2.4	1.6	-0.8
Annuities and whole life insurance	0.9	1.1	0.1
Level-paying life insurance	1.6	1.8	0.2
Financial products intermediary	0.3	0.3	0.0
Solution-related fees from corporate customers	4.6	4.6	-0.0
Private placement bonds	0.3	0.2	-0.0
Syndicated loans	3.0	3.2	0.2
Business matching	0.8	0.5	-0.2
Inheritance	0.2	0.3	0.1
Payment and settlement transactions	6.0	6.0	-0.0
Fee improvement items	0.4	0.7	0.3
Guarantee charges and group insurance costs (-)	6.3	6.7	0.4
(Reference) Other non-recurrent income and loss			
Dividends from group credit life insurance	3.0	2.1	-0.9

Fees and commissions income (1H trend)



Level-paying life insurance fees



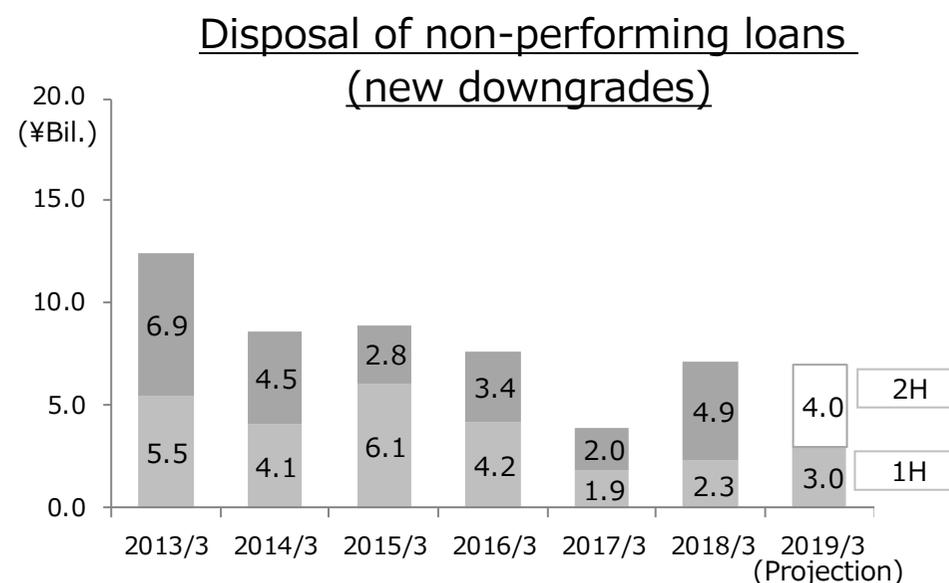
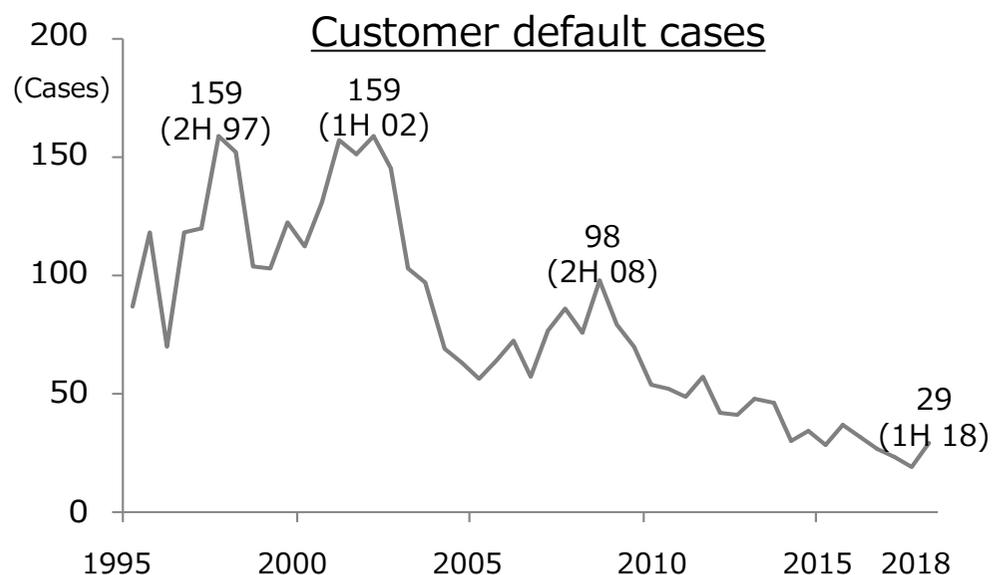


# Net Credit Costs

Maintain a sound loan portfolio through strict credit controls

(¥Bil.)	2017/9	2018/9	Change	2019/3 (Projection)	Change
Net credit costs (-)	-1.3	2.1	3.4	3.8	3.0
Net transfer to general allowance for loan losses (-)	-1.9	0.6	2.5	0.0	3.0
Disposal of non-performing loans (-)	0.5	1.4	0.8	3.8	-0.0
Write-offs / Net transfer to specific allowances, etc. (-)	1.2	2.3	1.1	5.6	0.1
New downgrades (-)	2.3	3.0	0.7	7.0	-0.2
Decreases in collateral value, etc. (-)	0.1	0.1	-0.0	0.2	0.0
Collections, etc.	1.2	0.8	-0.4	1.6	-0.3
Recoveries of written-off claims	0.6	0.9	0.2	1.8	0.1
Net credit cost ratio (-)	△2bp	4bp	7bp	3bp	2bp

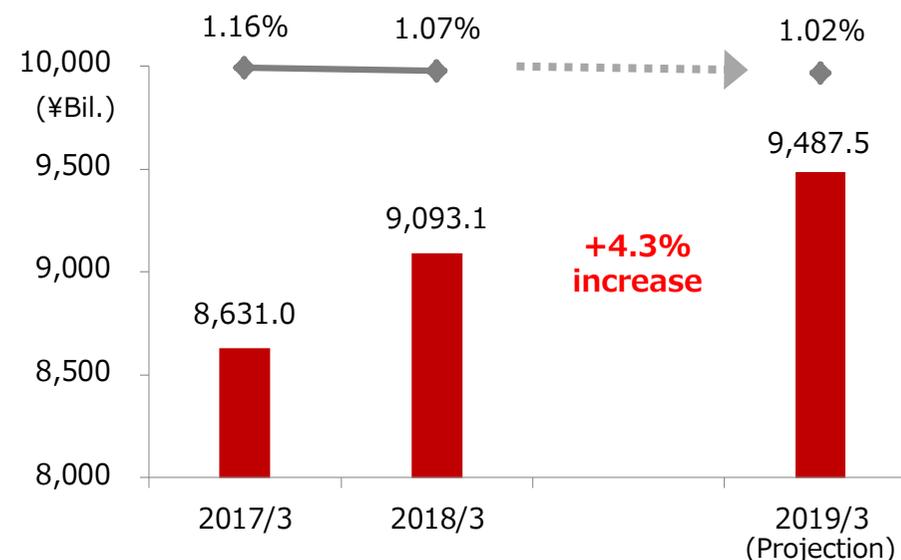
(Note) The total sum of transfer to allowance for loan losses is expressed as "Reversal of allowance for loan losses," in the case of a reversal. However, it is indicated separately as Net transfer to general allowance for loan losses and Net transfer to specific allowance for loan losses in the left hand table to enable comparison with previous figures.



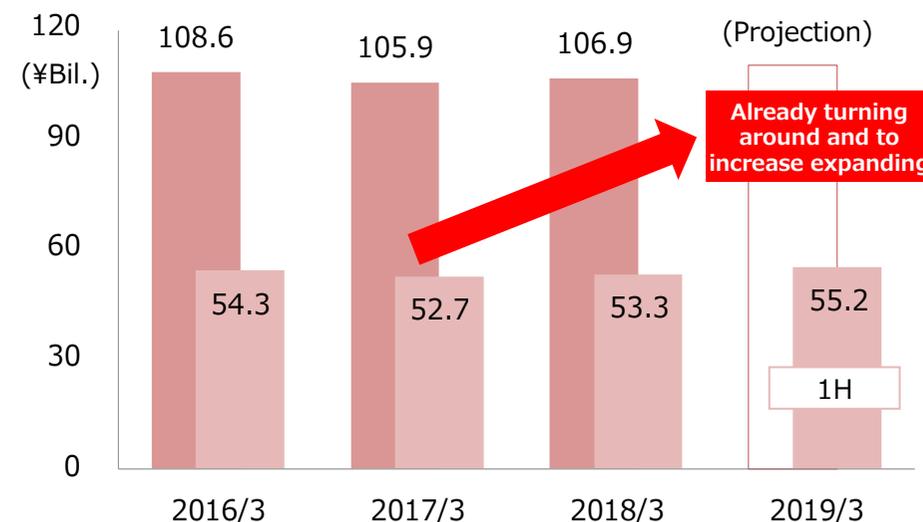
# Earnings Projections

Non-consolidated	(¥Bil.)	2018/3	2019/3	Change	2H 2018	Compared to original projections
			(Projection)		(Projection)	
Gross business profits		149.4	152.5	3.0	73.3	±0.0
Net interest income		121.5	121.5	0.0	57.4	+0.7
Net fees and commissions income		23.7	24.0	0.2	13.0	±0.0
Trading income		2.0	2.0	0.0	1.4	-1.3
Profit from other business transactions		2.1	4.9	2.7	1.4	+0.6
Gains (losses) related to bonds		-0.5	2.9	3.4	0.5	
Expenses (-)		82.8	82.5	-0.3	41.8	-0.5
Real net business income		66.5	70.0	3.4	31.5	+0.5
Core net business income		67.1	67.1	-0.0	31.0	+0.2
Net transfer to general allowance for loan losses (-)		-	-	-	-0.6	
Net business income		66.5	70.0	3.4	32.2	
Non-recurrent income and losses		4.0	2.5	-1.5	-1.0	
Disposal of non-performing loans (-)		0.8	3.8	3.0	2.3	
Gains (losses) related to stocks, etc.		1.6	2.5	0.9	1.4	
Ordinary profit		70.6	72.5	1.8	31.1	±0.0
Extraordinary income (loss)		-1.3	-0.3	1.0	-0.1	
Profit		49.6	51.0	1.3	20.9	±0.0
Net credit costs (-)		0.8	3.8	3.0	1.7	△0.6
Consolidated						
	(¥Bil.)	2018/3	2019/3	Change	2H 2018	
			(Projection)		(Projection)	
Ordinary profit		78.4	80.0	1.5	37.8	±0.0
Profit attributable to owners of parent		53.7	54.5	0.7	25.2	±0.0

## Average balance and yield of domestic loans plan



## Interest income



# Business Strategies



## Creating the "Best Retail" banking Group\*

## "Co-creating value" with a wide variety of stakeholders

\*A financial group which provides top-class satisfaction through advanced services and is highly regarded by local customers, both individuals and SMEs.

### Key issues involved in "Best Bank 2020 Final Stage – 3 years of value co-creation"

#### Co-creating customer value

- Further enhancement of initiatives that offer core business support for business partners based on **evaluation of their businesses** and that contribute to **regional revitalization**
- Extensive focus on **"fiduciary duties"** in the asset management business
- Creating advanced services with high added-value that utilize **FinTech**, etc. in response to the digitalization of society as a whole

#### Realizing work style reforms that allow all employees to shine

- Developing a **professional workforce**
- Promoting **further diversity**
- Review **the way individual employees work** to develop a structure that allows them to specialize in business with a high added-value

#### Strengthening a sustainable management structure

- Further strengthen alliances with other banks such as **the "Chiba-Musashino Alliance"** and **the "TSUBASA Alliance"**
- Achieve low-cost operations through drastic reviews of **business processes**
- Positive and pro-active response to **ESG** issues

# Progress toward Numerical Targets in the Plan

## <Target indicators for 2020/3>

Profit attributable to owners of parent  
**¥60.0Bil.**

Consolidated ROE  
(based on total shareholders' equity)  
**7% range**

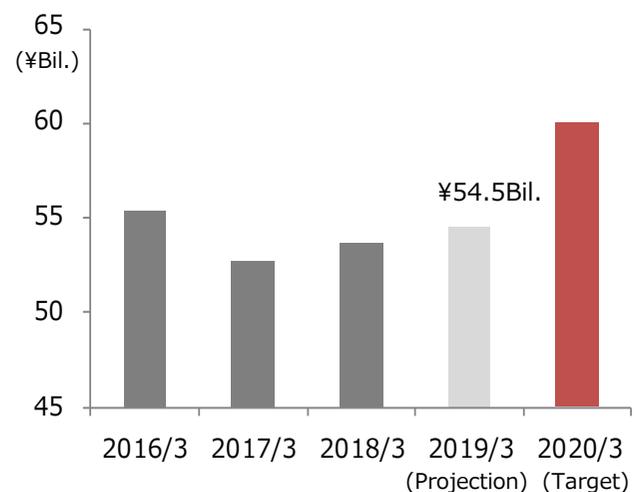
Consolidated CET1 capital ratio  
**12% range**

Balance of loans  
**¥10.5Tri.**

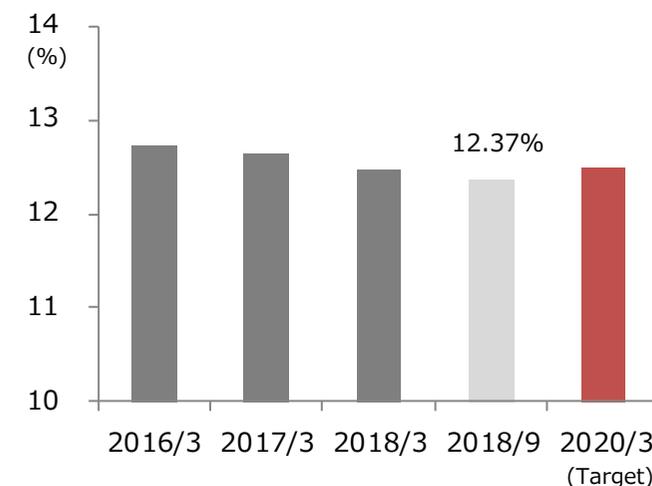
Balance of deposits  
**¥12.5Tri.**

Group total balance of financial products  
**¥2.5Tri.**

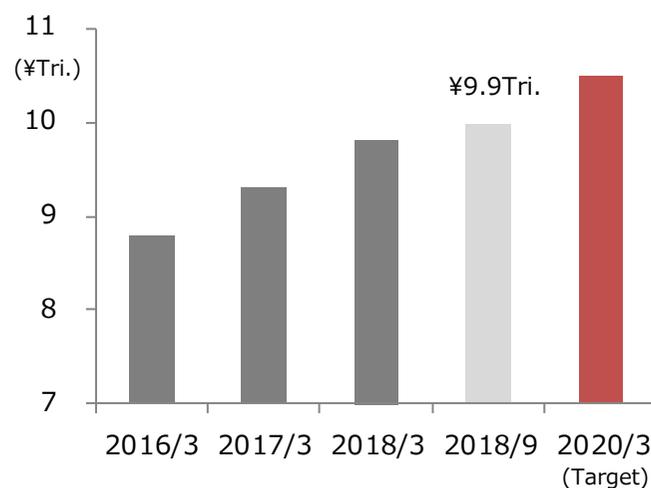
### Profit attributable to owners of parent



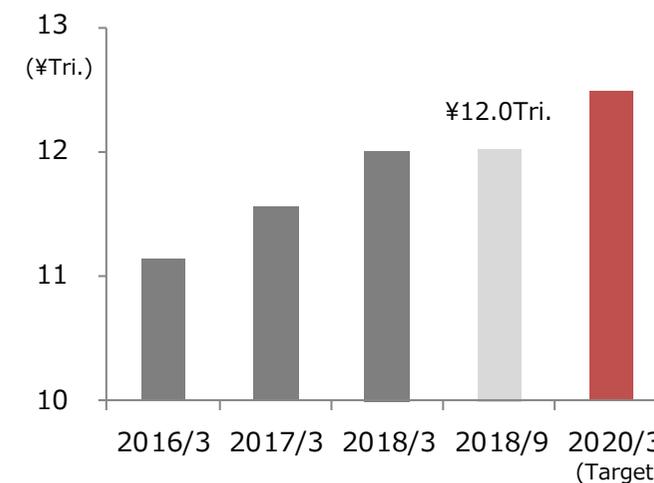
### Consolidated CET1 capital ratio



### Balance of loans



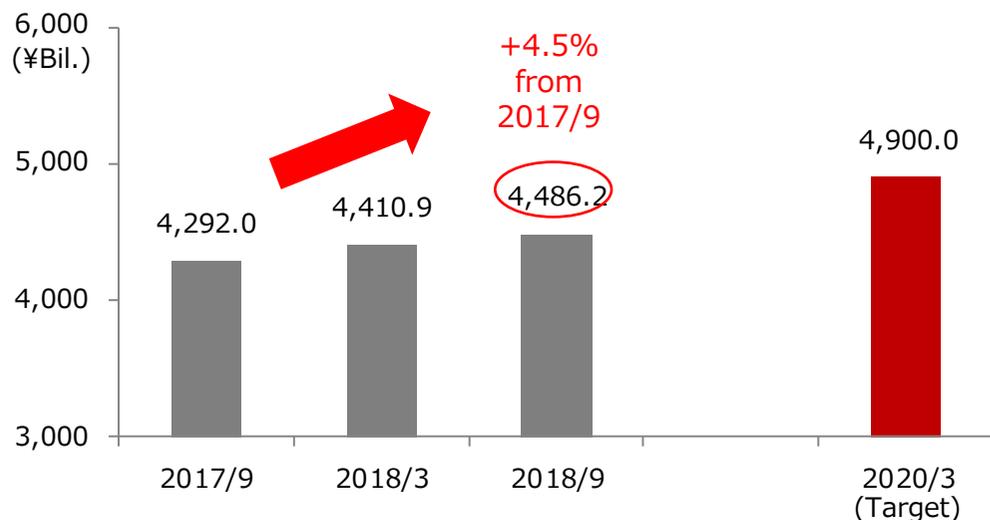
### Balance of deposits



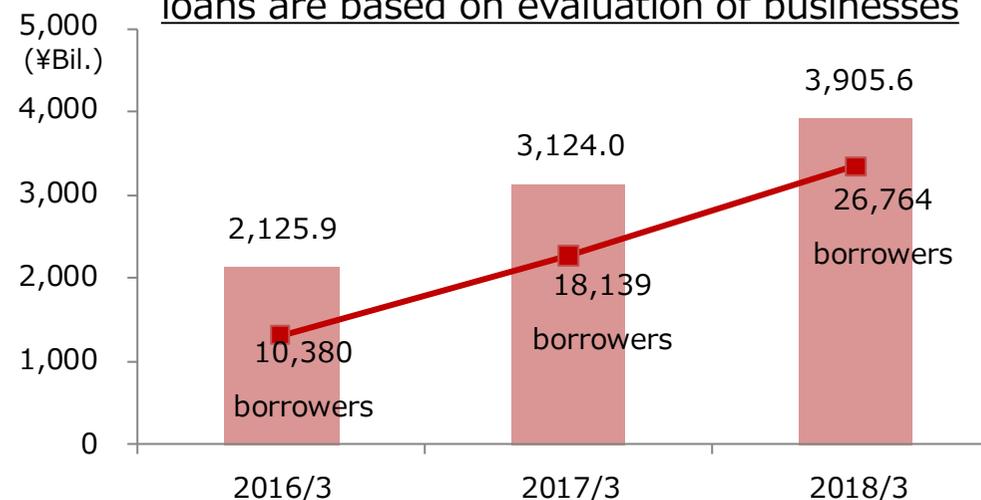
# Loans for Corporate Customers (1)

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

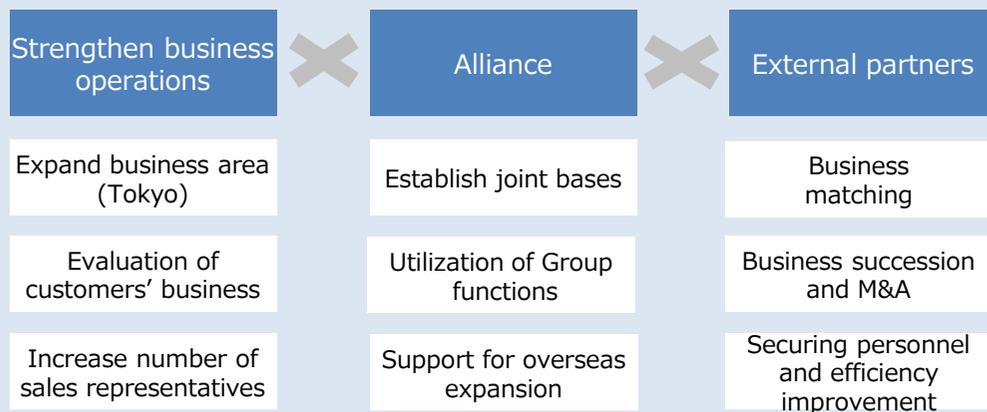
Balance of SME loans



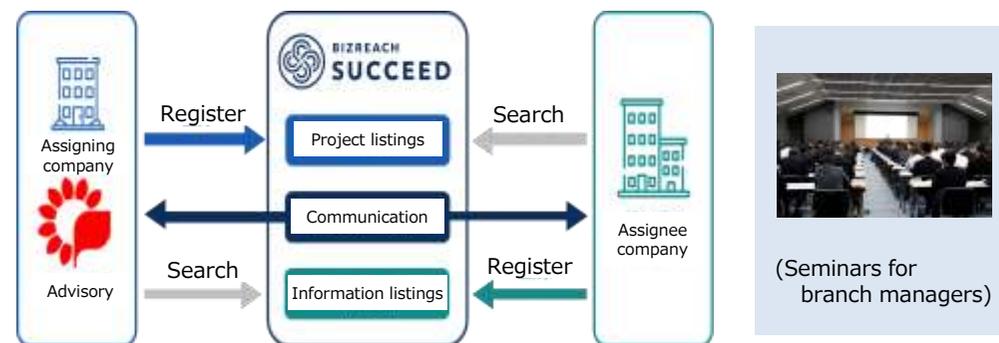
Loan balances and number of borrowers for whom loans are based on evaluation of businesses



## Strategy for strengthening corporate loans

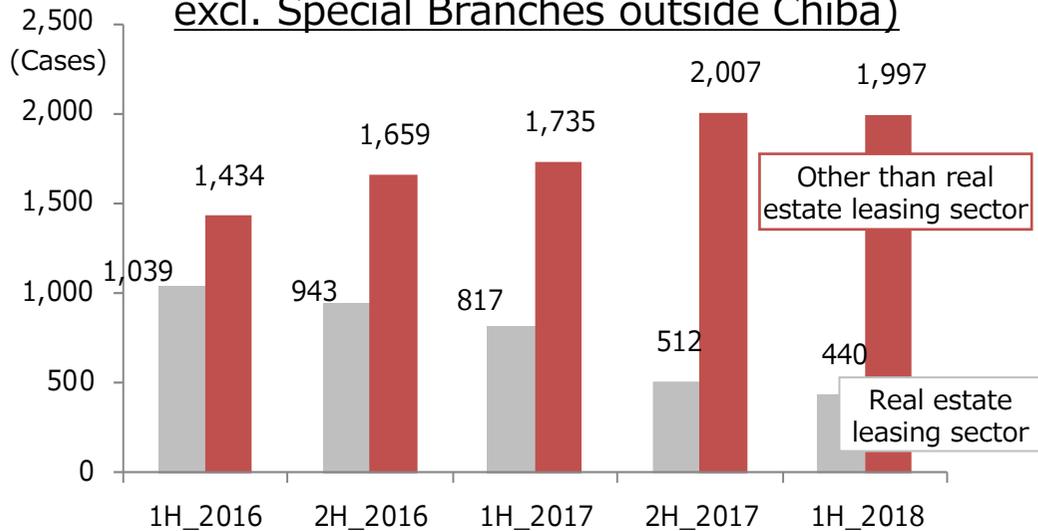


## Examples of utilization of external partners

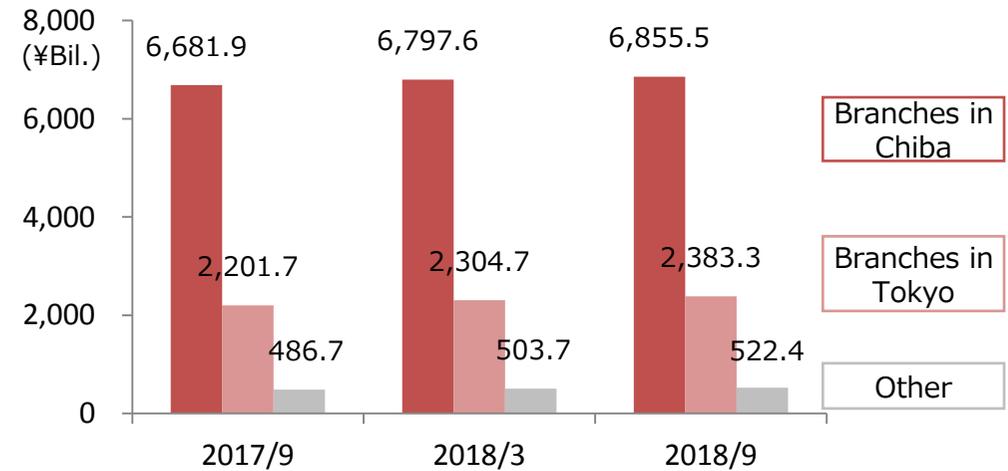


## Further expansion of retail bases within and outside Chiba Prefecture

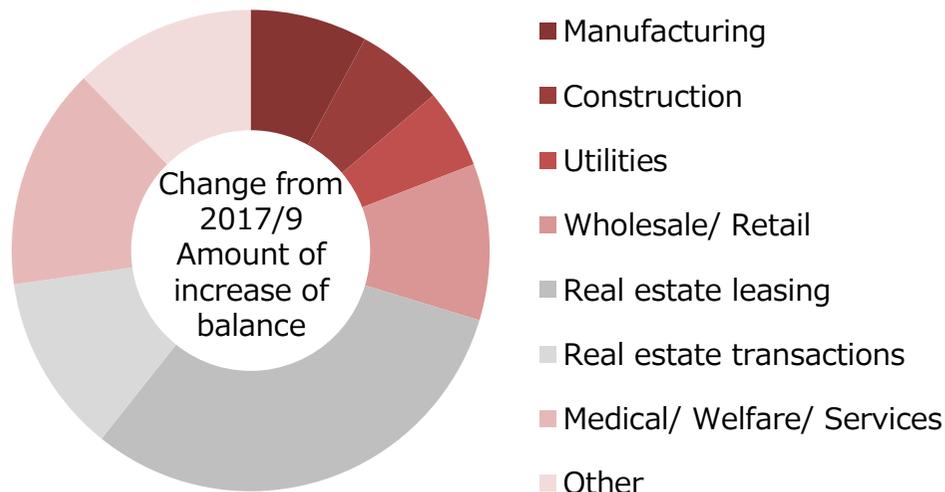
Number of new loans (by sector, excl. Special Branches outside Chiba)



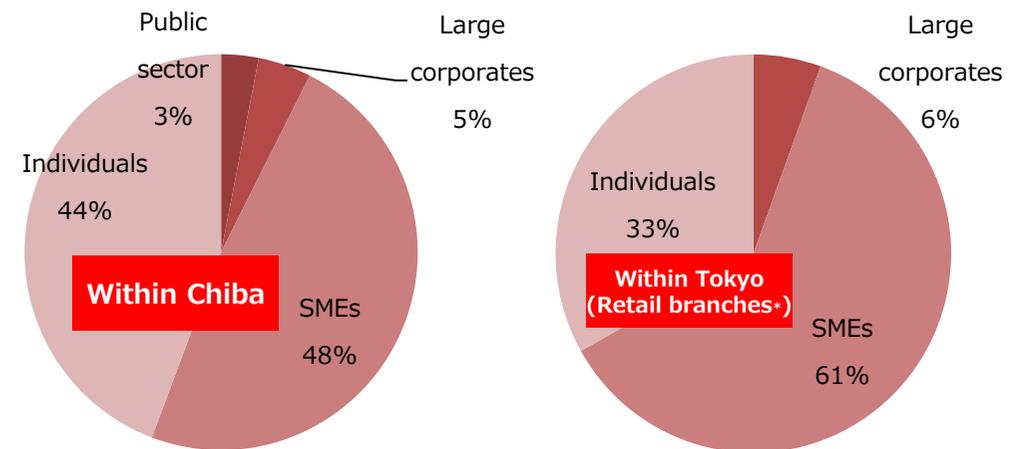
Balance of domestic loans (by area)



Amount of increase of SME loan balance and composition by sector



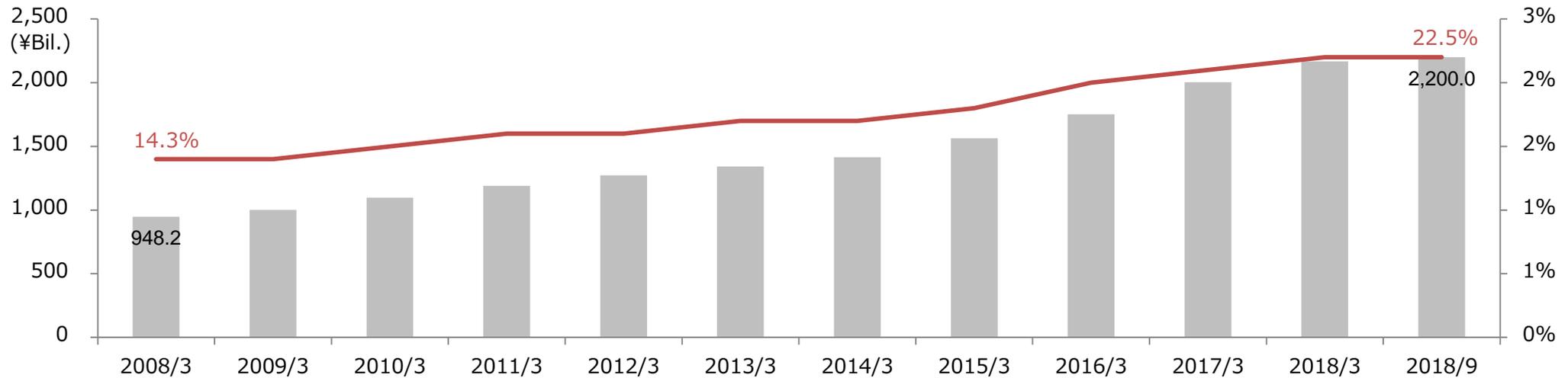
Domestic loans (by size of company)



\* Of which Special Branches within Tokyo (Tokyo Head Office, Shinjuku Branch) excluded

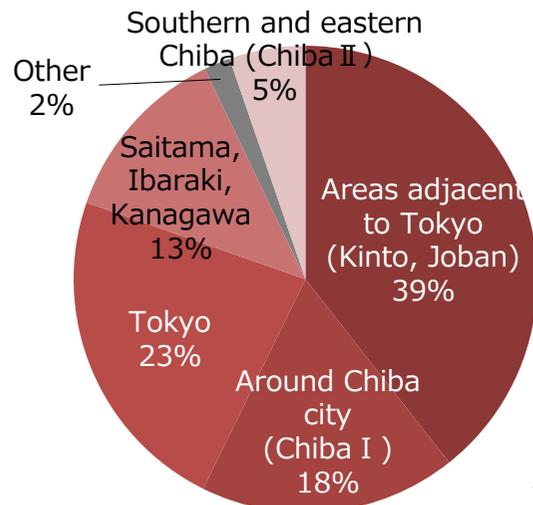
## Responding to the actual demands of communities while accumulating know-how

### Rental real estate loan balances and share of balance of domestic loans

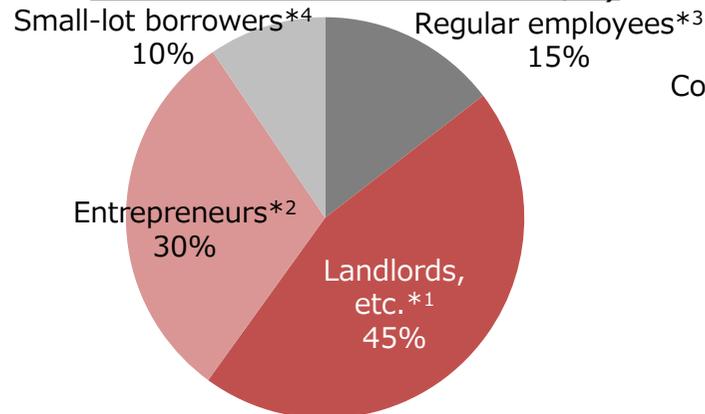


\* Including rental real estate loans to other than real estate leasing sector (excl. repair costs and funds for tax payments, etc.)

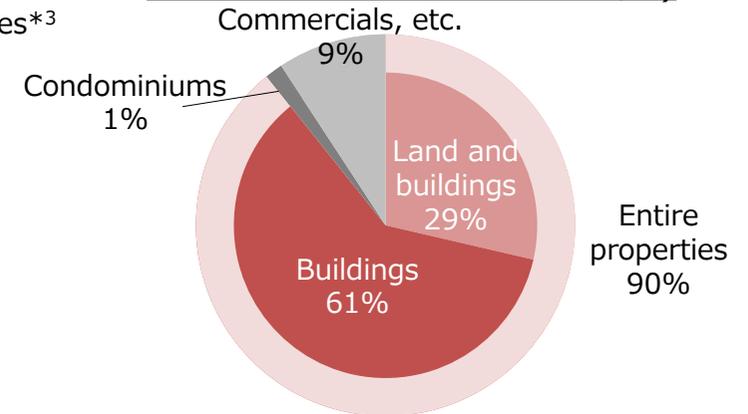
### Property location (on the basis of amount as of end of 2018/9)



### Borrower attributes (on the basis of amount as of end of 2018/9)



### Use of funds (on the basis of amount as of end of 2018/9)



\*1 Landowners who have owned land since the generation of their great grandparents and earlier / ¥100Mil. or more in financial assets / ¥500Mil. or more in net assets

\*2 Business owners who operate a business other than real estate leasing/Owners who own more than 10 units for leasing

\*3 Employees that do not fall under 1 and 2 above

\*4 Small-lot investors of amounts less than ¥50Mil.

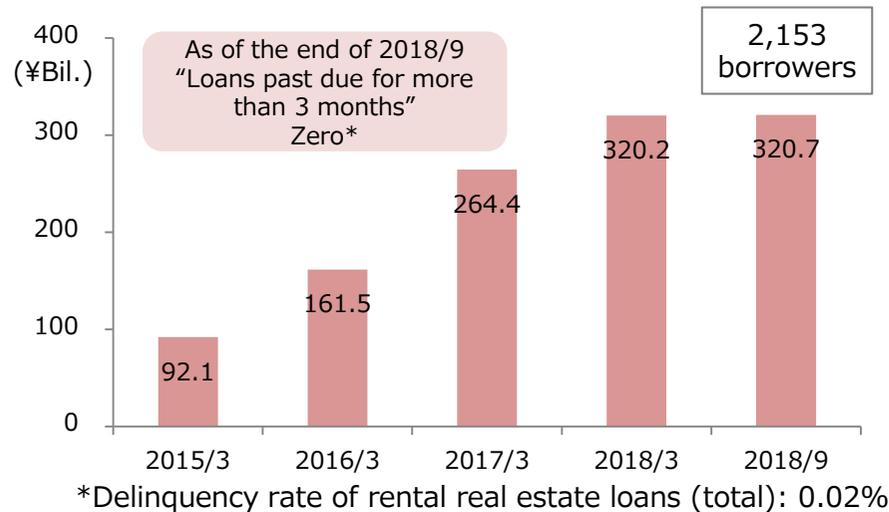
Corporate customers are also classified each segment by taking into account their background assets

\*Applies to individual customers

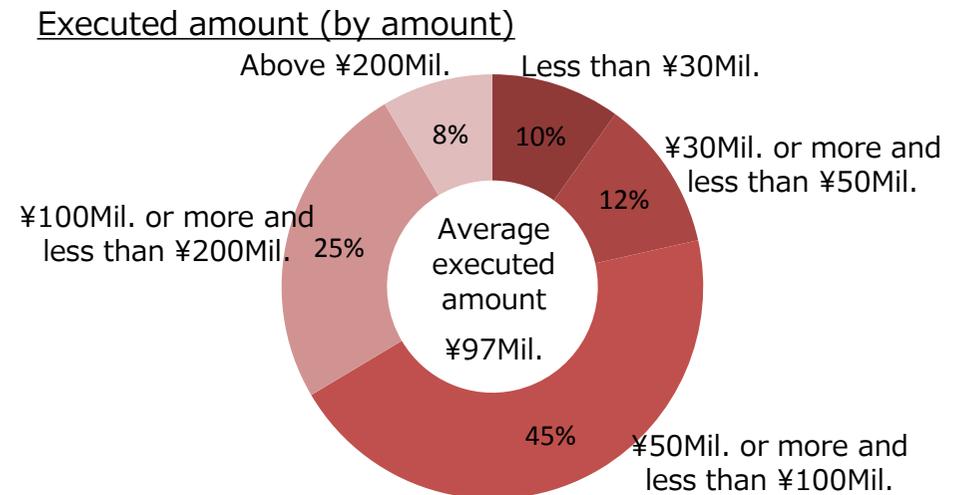
# Rental Real Estate Loans (2)

## No concerns about loans to regular employees as well

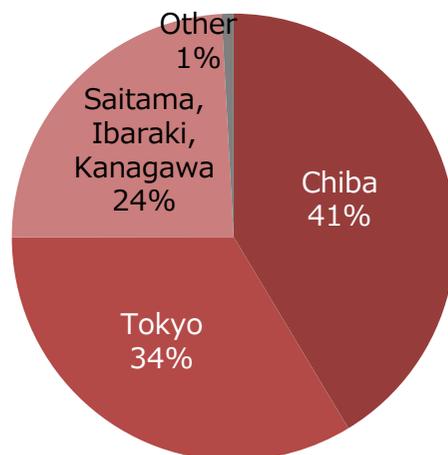
### Rental real estate loans to regular employees (stock)



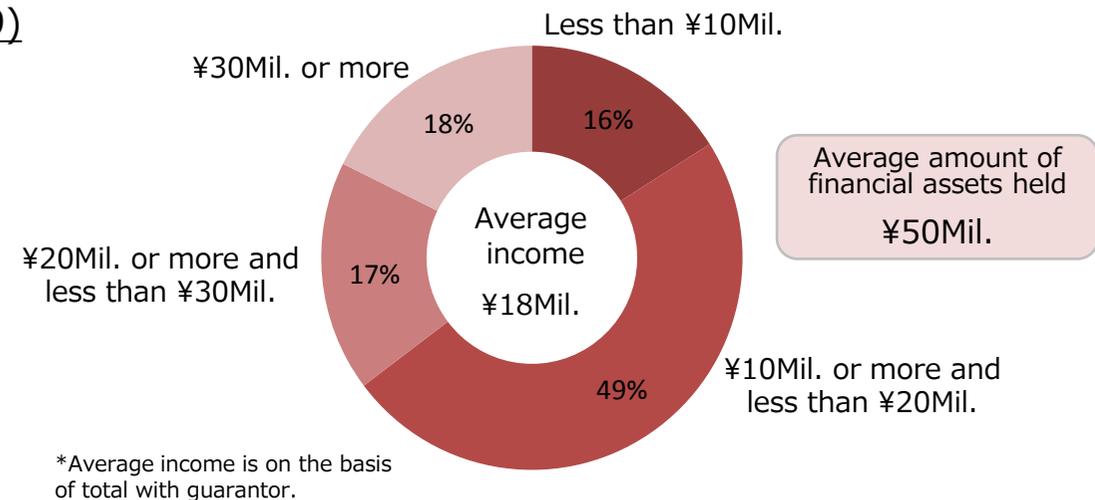
### Summary of cases of rental real estate loans to regular employees (portion executed in FY2017)



### Property location of rental real estate loans to regular employees (on the basis of amount as of end of 2018/9)

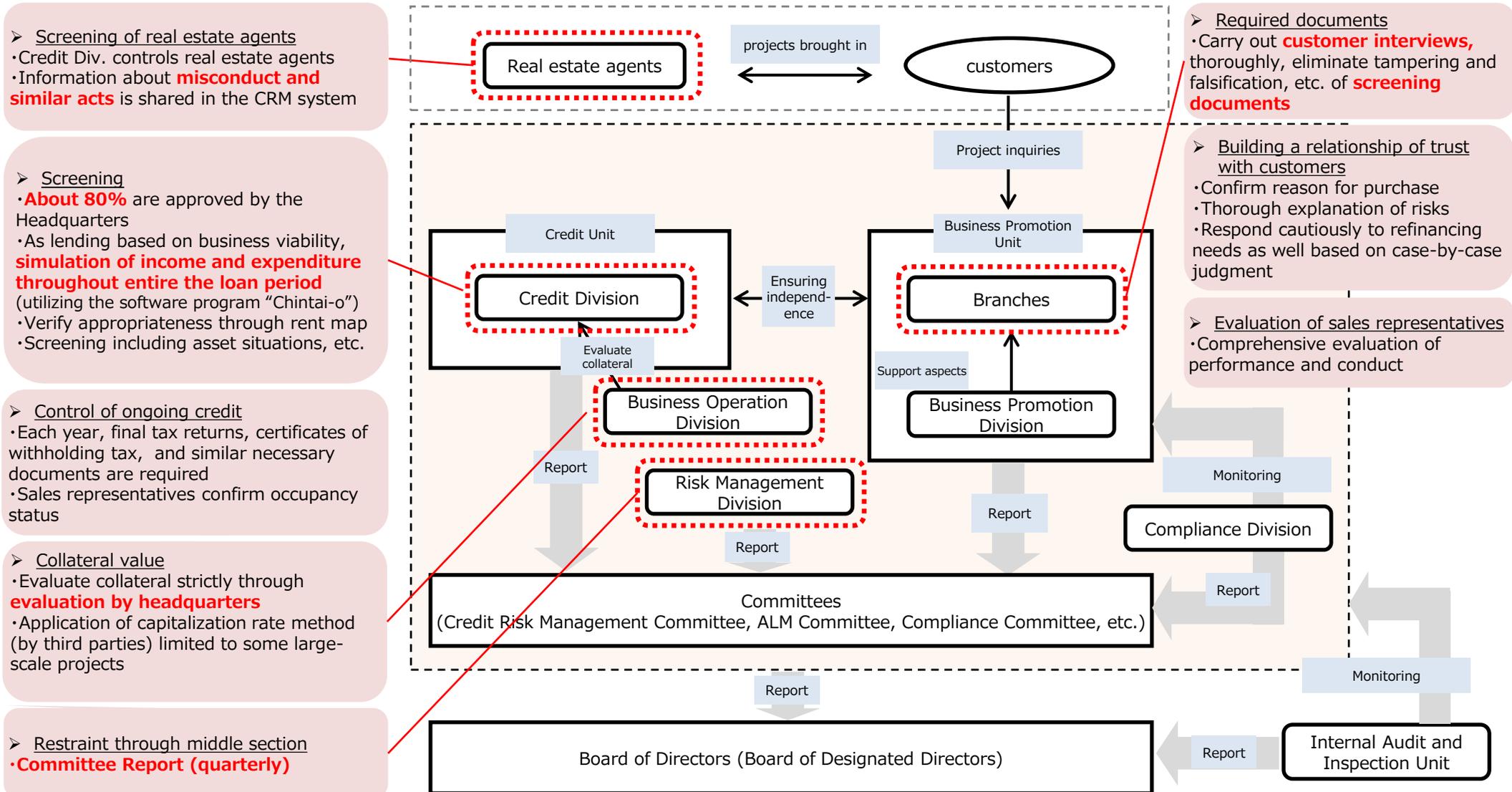


### Distribution of borrower income



# Rental Real Estate Loans (3)

Response based on strict review, operations flow, and internal controls system



➤ Screening of real estate agents  
 • Credit Div. controls real estate agents  
 • Information about **misconduct and similar acts** is shared in the CRM system

➤ Screening  
 • **About 80%** are approved by the Headquarters  
 • As lending based on business viability, **simulation of income and expenditure throughout entire the loan period** (utilizing the software program "Chintai-o")  
 • Verify appropriateness through rent map  
 • Screening including asset situations, etc.

➤ Control of ongoing credit  
 • Each year, final tax returns, certificates of withholding tax, and similar necessary documents are required  
 • Sales representatives confirm occupancy status

➤ Collateral value  
 • Evaluate collateral strictly through **evaluation by headquarters**  
 • Application of capitalization rate method (by third parties) limited to some large-scale projects

➤ Restraint through middle section  
 • **Committee Report (quarterly)**

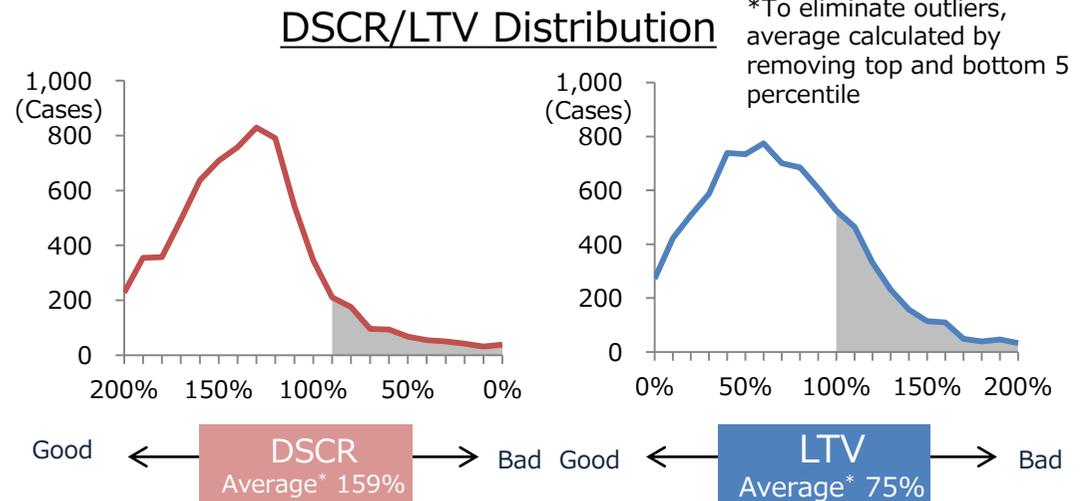
➤ Required documents  
 • Carry out **customer interviews**, thoroughly, eliminate tampering and falsification, etc. of **screening documents**

➤ Building a relationship of trust with customers  
 • Confirm reason for purchase  
 • Thorough explanation of risks  
 • Respond cautiously to refinancing needs as well based on case-by-case judgment

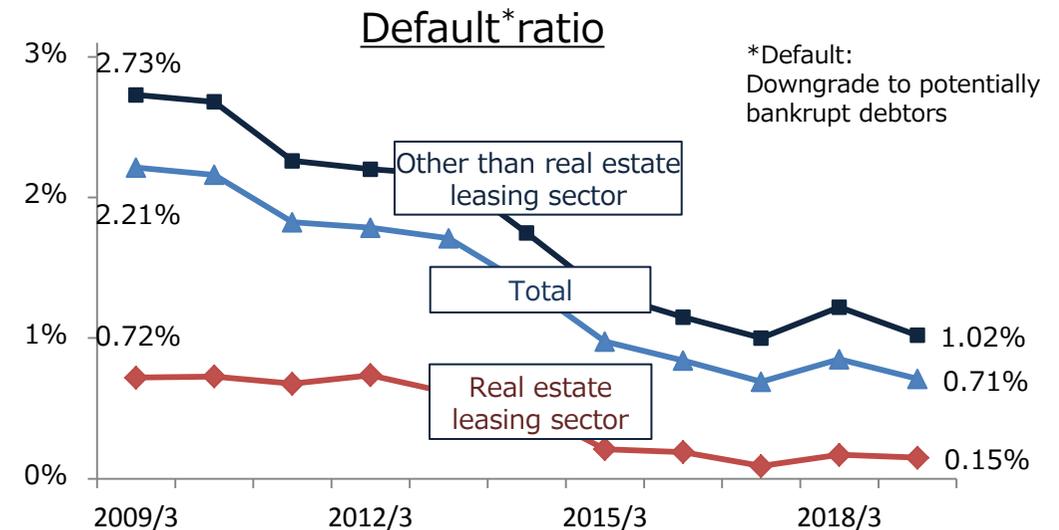
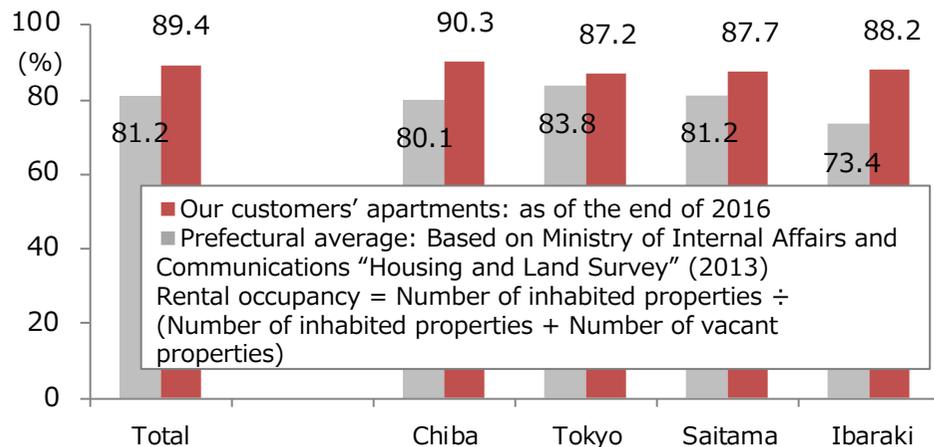
➤ Evaluation of sales representatives  
 • Comprehensive evaluation of performance and conduct

## Performing ongoing credit management thoroughly

Control of ongoing credit	<ul style="list-style-type: none"> <li>Annual survey of revenue, occupancy rates, and status of maintenance and repairs (accumulate data in headquarters)</li> </ul>
Stress test	<ul style="list-style-type: none"> <li>Build our own evaluation model (evaluate effect on customer finances and credit costs) Evaluation model: financial stress model Example scenario: macroeconomic stress, population decrease</li> </ul>

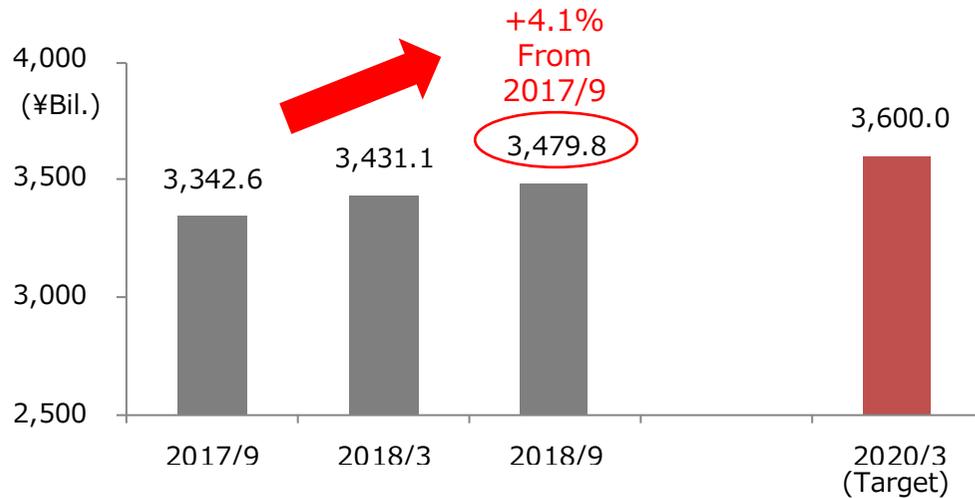


### Occupancy rates of our customers' apartments by property location



## Improving response time by enhancing working efficiency

### Balance of housing loans

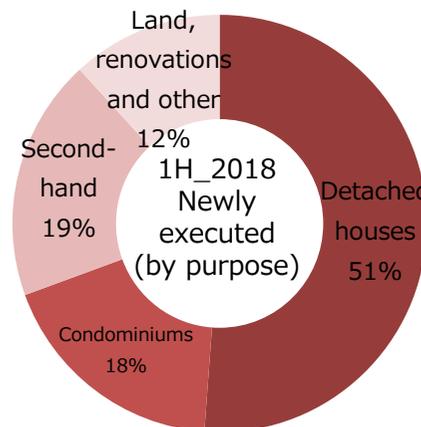
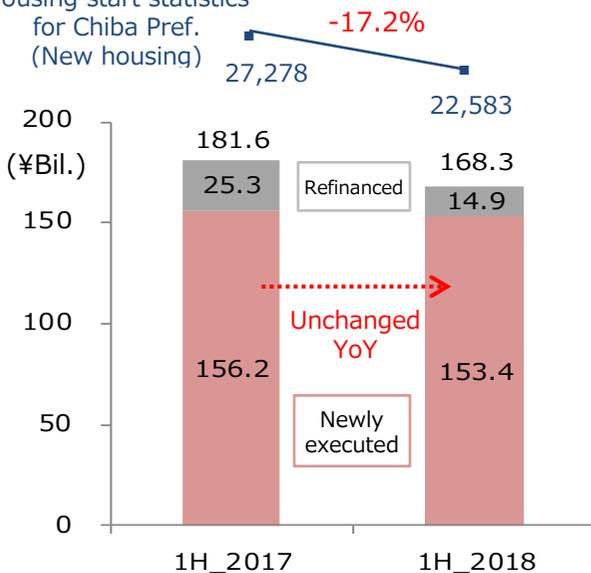


### Strategy for strengthening housing loans

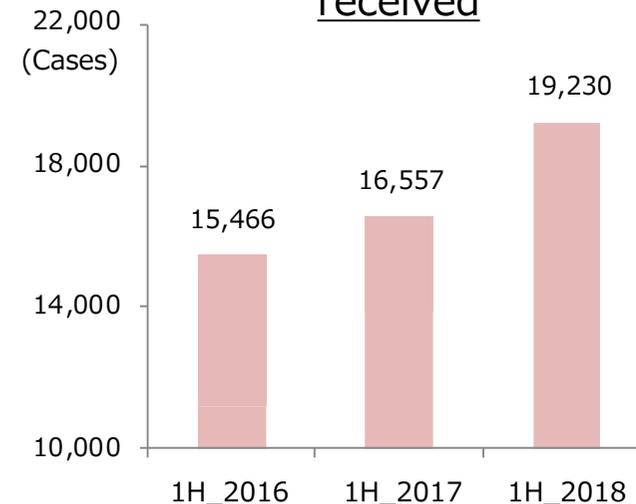
Review of sales structure	<ul style="list-style-type: none"> <li>Strengthen tie-ups with branches and housing companies</li> <li>Cooperative activities in blocks</li> <li>Strengthen sales in urban areas</li> </ul>
Improved Work Efficiency	<ul style="list-style-type: none"> <li>Expand integration of back office work in headquarters</li> <li>Receive pre-applications via app and online</li> </ul>
Differentiate from other banks	<ul style="list-style-type: none"> <li>Group credit life insurance for 11 lifestyle diseases</li> </ul>

### Executed amount of housing loans

Housing start statistics for Chiba Pref. (New housing)



### Number of pre-applications received

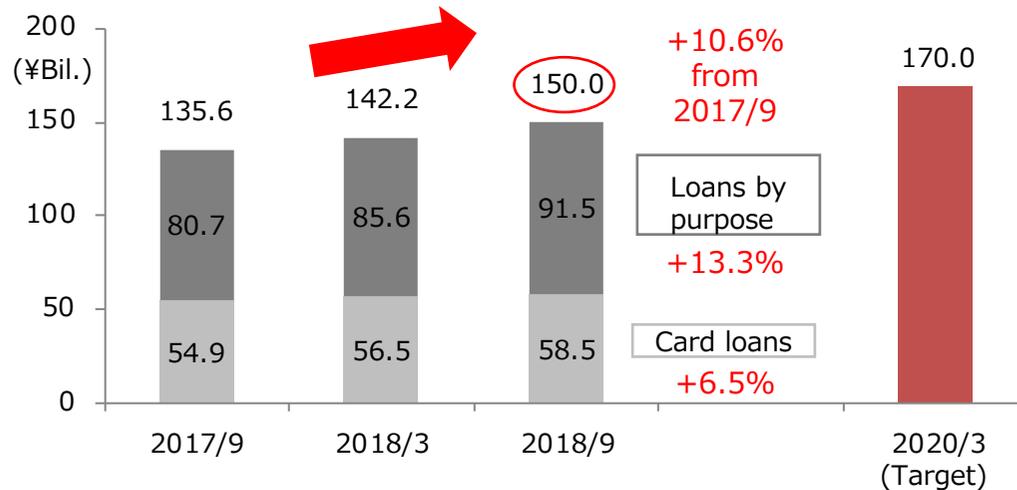


Received by app and online  
94.1% (1H 2018)  
Response time in principle within 15 min.

➤ Improve response time and work efficiency

## Responding precisely to the customers' needs with risk management

### Balance of unsecured consumer loans



### Promotion of loans by purpose

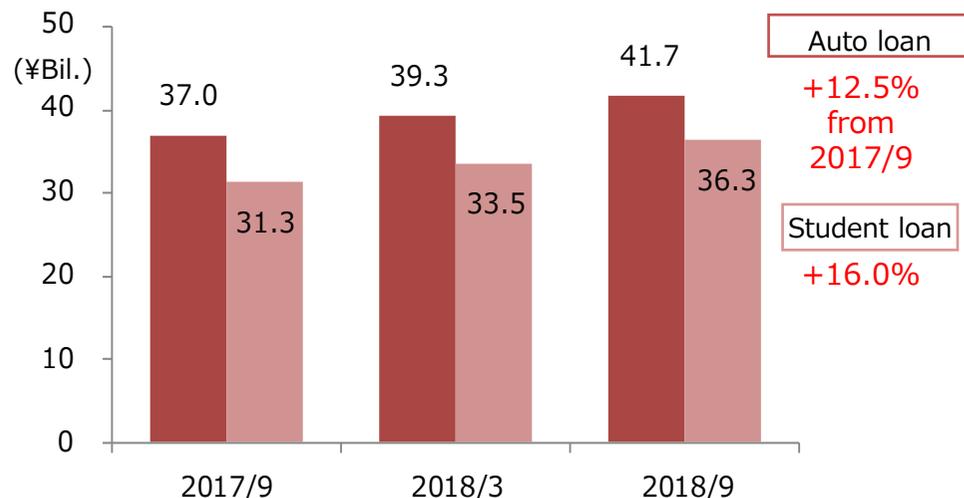
- Reinforcement of non face-to-face channels
- Improve product marketability



### Card loans

- Cross-selling to housing loan customers
- Approach to employees of our business partners

### Balance of auto loans and student loans



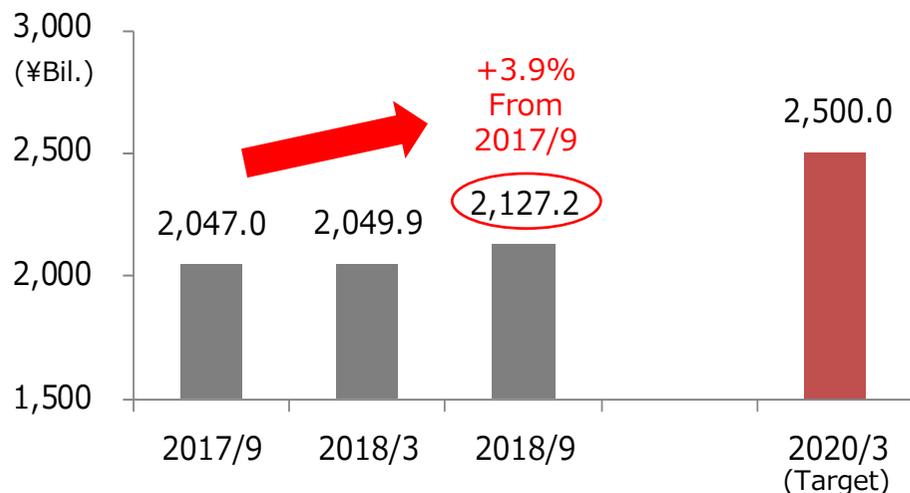
### Our actions

Confirmation of earnings	<ul style="list-style-type: none"> <li>● Receiving written proof of income if "lending over ¥0.5Mil." (since October 2017).</li> <li>● Reinforcement of the web system for convenience (uploading the identification documents, written proof of income, etc.).</li> </ul>
Confirmation of repayment ability	<ul style="list-style-type: none"> <li>● Considering competing debts such as card loans from us and other banks, etc., conduct appropriate screening to prevent over-lending.</li> </ul>
Control of ongoing credit	<ul style="list-style-type: none"> <li>● Regular information exchange with guaranteeing company, and building a system that does not depend solely on guaranteeing companies.</li> </ul>

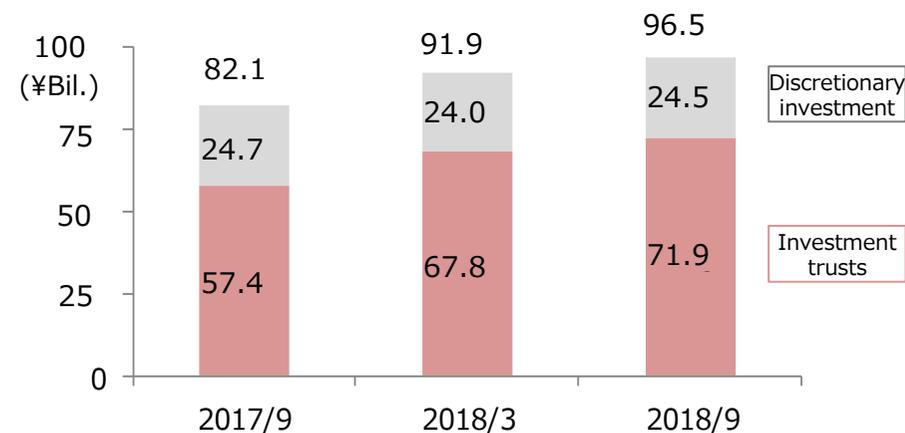
# Group Total Balance of Financial Products

## Ensuring "customer-focused" business management (fiduciary duties)

Group total balance of financial products



Balance of assets under management of Chibagin Asset Management



Clarify target of approach

- Efficient approach to high net worth clients
- Utilize activity control records and various lists
- Assign order of priority to improve interview rates

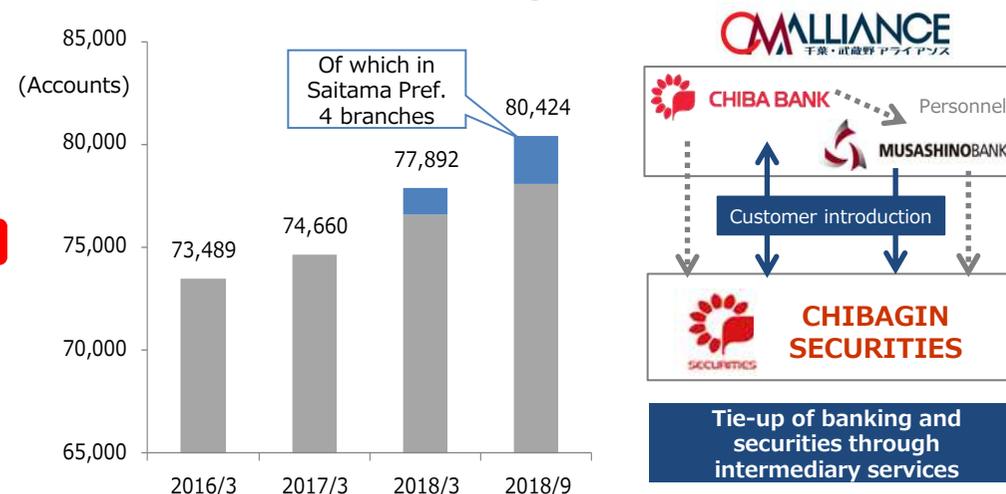
Consulting function

- Discovering needs of beginner investors and growing the customer base
- Web-based services to open accounts and start funded investment trusts and funded NISA
- Increase sales of insurance
- Awakening needs that arise from inheritance or inter vivo gifts

New

An investment business with fiduciary duties focused on stocks

Number of Registered Accounts at Chibagin Securities



# Alliance Strategies

# Chiba-Musashino Alliance

## Strengthen joint sales within Tokyo area

Tokyo 23 Wards "Strategic Operating Area"

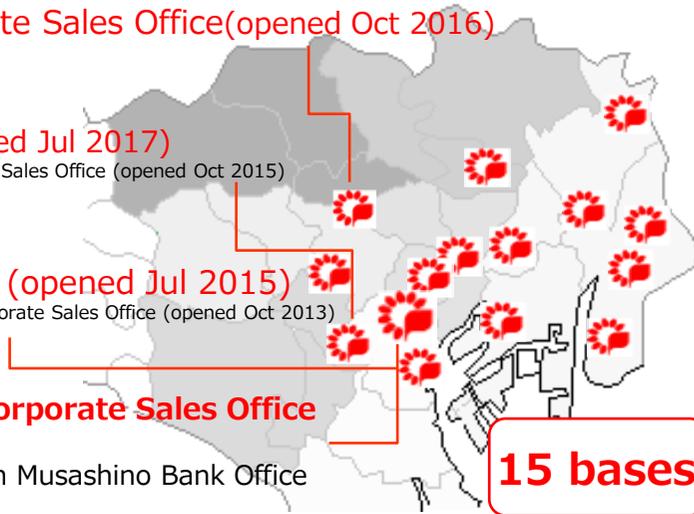
Ikebukuro Corporate Sales Office (opened Oct 2016)

Ebisu Branch (opened Jul 2017)  
Upgraded from Ebisu Corporate Sales Office (opened Oct 2015)

Shinagawa Branch (opened Jul 2015)  
Upgraded from Shinagawa Corporate Sales Office (opened Oct 2013)

**New**

Hamamatsu-cho Corporate Sales Office (opened Jun 2018)  
Jointly established with Musashino Bank Office



### Chiba-Musashino Alliance Award

- Sharing examples that show success through utilization of the alliance

[Examples of Awards] Building a system that takes advantage of the monthly meeting where project introductions can take place quickly among personnel of both banks led to results such as many syndicate loans, co-financing, etc.

### Strengthen alliance promotion system in Tokyo

**New**

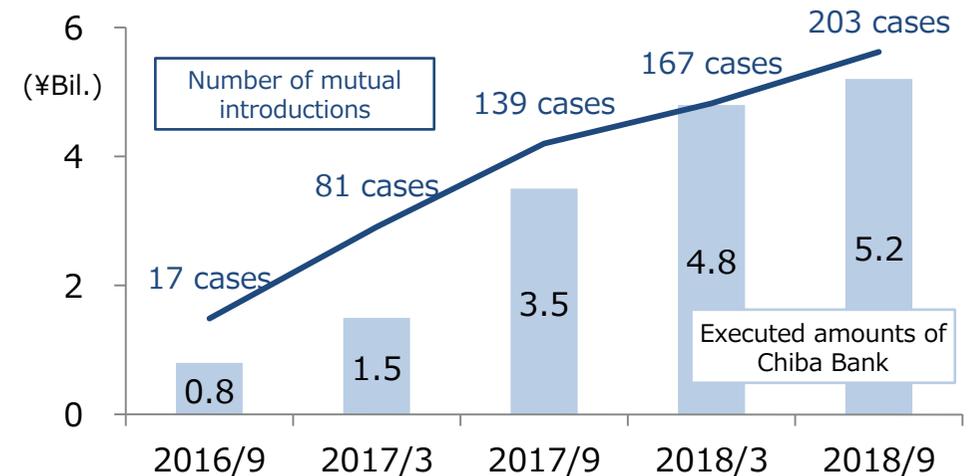
- Assign alliance promotion specialist to Akihabara Branch
- Hold regular (weekly) meetings and share project information, etc.
- Considering study groups and exchange meetings held by the Tokyo branch managers of both banks



### Reasons for expansion of transactions within Tokyo

- Expansion of sales bases (sales development in that aspect)
- Propositions for various solutions including support for overseas expansion
- SME needs for increasing transaction banks and diversification of funding
- Active utilization of alliances

### Customer introductions and executed amount (cumulative total)



## Deepen cooperation in a wide range of fields

### Shared systems

Chiba Bank	Daishi Bank	Chugoku Bank	Hokuyo Bank	Toho Bank
Since Jan 2016	Since Jan 2017	Since May 2017	From FY2022 (planned)	-
Main frame system cooperation			Basic Agreement on Cooperation	Full evaluation towards participating in the shared system
Joint development of TSUBASA Smile (New counter reception system)			New	



### Dispatched personnel from each TSUBASA Bank

As of the end of 2018/9	System (incl. IBM)	T&I	Trust	Asset Management	Overseas
Daishi Bank	6	1	1		2
Chugoku Bank	7	1	1		
Iyo Bank		1			
Toho Bank	2	1	2	1	1
Hokuyo Bank		1		1	1

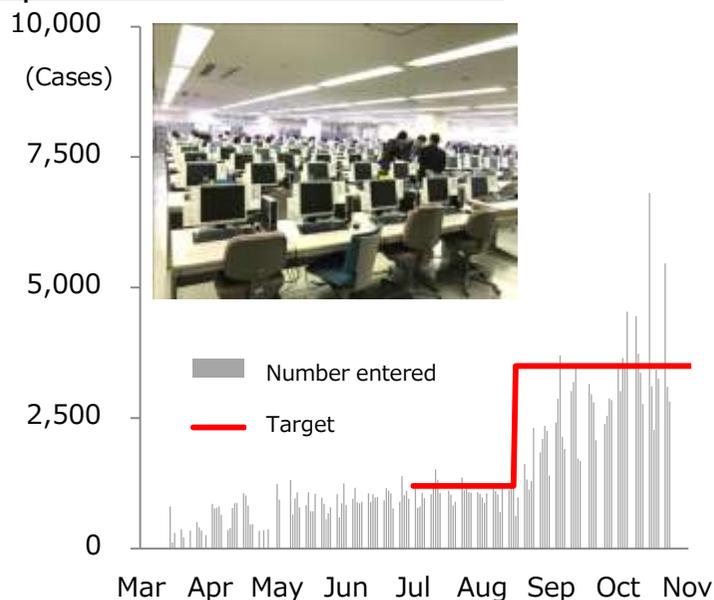
### Sharing administrative operations with Daishi Bank

#### Sharing administrative operations

- Administration establishment, changes and abolishment
- Inquiries from branches
- Training
- Service center centralization, etc.

Since Mar 2018: Chiba Bank has provided telegraphic fund transfer entry services for Daishi Bank

Based on the strong results, the number of terminals were increased, and to be a full-scale roll-out from next spring



### TSUBASA Presidents' Meeting

Purpose	Develop initiatives with a sense of speed and strengthen the alliance through candid exchange of opinions
Agenda	Activity reports of Executive Officers' and General Managers' Meetings of each division, and policy discussions, etc.
Members	The Presidents of each bank (associate members: each bank's executive officers in charge of corporate planning)
Frequency of meetings	Basically once every three months



- ✓ Sharing of information about IT, marketing, development of new products and advanced financial techniques
- ✓ Exchanges with think tanks, study groups

New

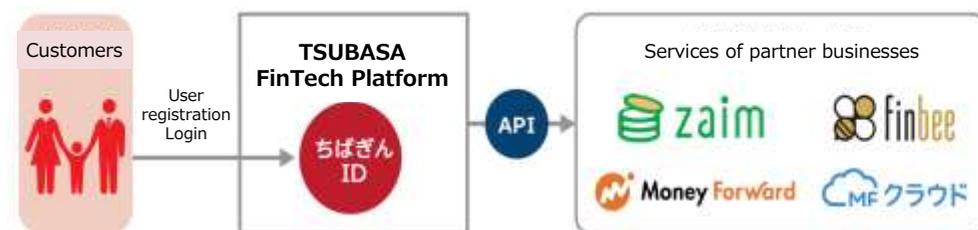
### TSUBASA Financial Study Group (under consideration)

## Positively consider to develop advanced services using FinTech

### Research into FinTech

Name	T&I Innovation Center Co., Ltd.	
Investment ratio	Chiba Bank	40%
	Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, Hokuyo Bank, IBM Japan	10% each

### TSUBASA FinTech Platform



**Launched services**

CHIBA BANK
 THE IYO BANK, LTD.  
 DAISHI BANK
 THE TOHO BANK, LTD.  
 CHUGOKU BANK
 North Pacific Bank

**MUSASHINO BANK**  
 (to launch in next spring)

[Main use cases under consideration]

- Addition of PFM connections
- Development of digital passbooks
- API banking
- Tie-ups with payment and accounting software companies
- Shifting internal bank administrative processing to API
- Addition of biometric authentication functions

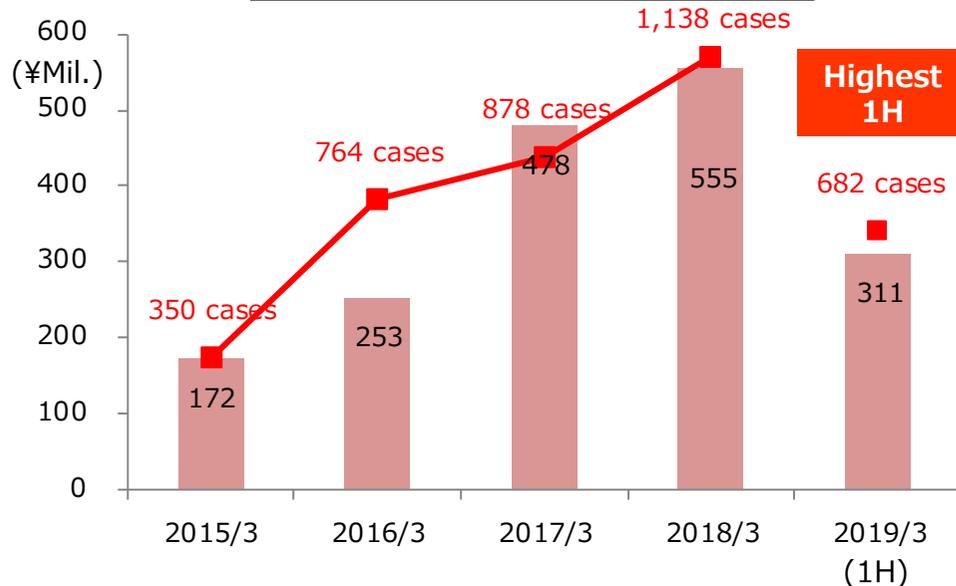
### Second FinTech Business Contest

Name	TSUBASA Alliance Finovation Challenge 2018-2019
Organizer	T&I Innovation Center Co., Ltd.
Co-organizers	Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, Hokuyo Bank, Hokuetsu Bank (Special sponsors) Musashino Bank, Shiga Bank
Period (planned)	Applications begin: from mid-October Review period: Dec - Jan (review of documents and presentations) Final presentation tournament: Mar
Themes	New services that use FinTech platform
Review criteria	Comprehensive review from the points of view of user-friendliness, feasibility, and innovation

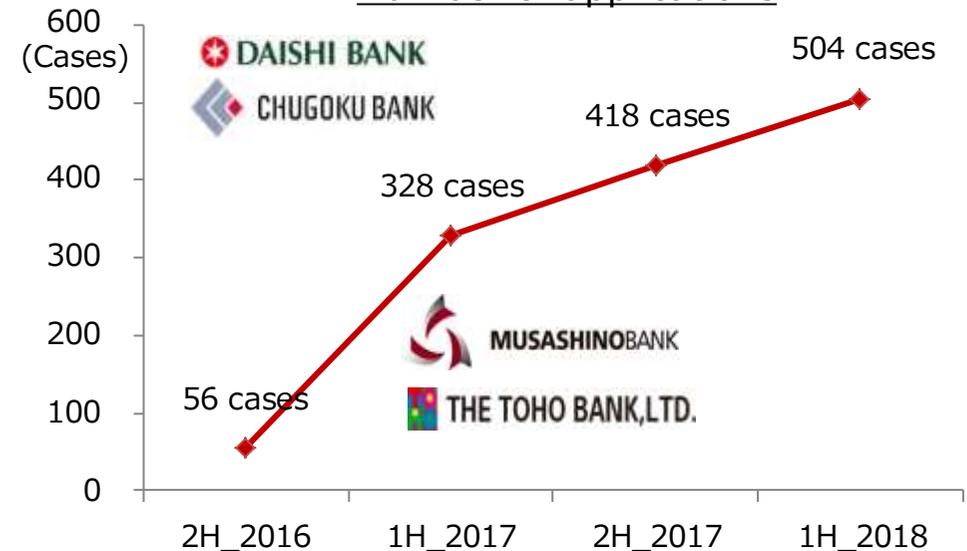
# Trust Business and Inheritance-related Services

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  
Number of applications



Support for smooth asset succession of high net-worth clients such as landlords and entrepreneurs

Inheritance-related services		Trust business
Testamentary trust	Management succession support service	Land trust public interest trust Specified gift trust Guardianship support trust Alternative testamentary trust
Will preparation support service	Family trust support service	
Inheritance sorting service		

➤ Expand income opportunities through utilization of new support tools and knowhow

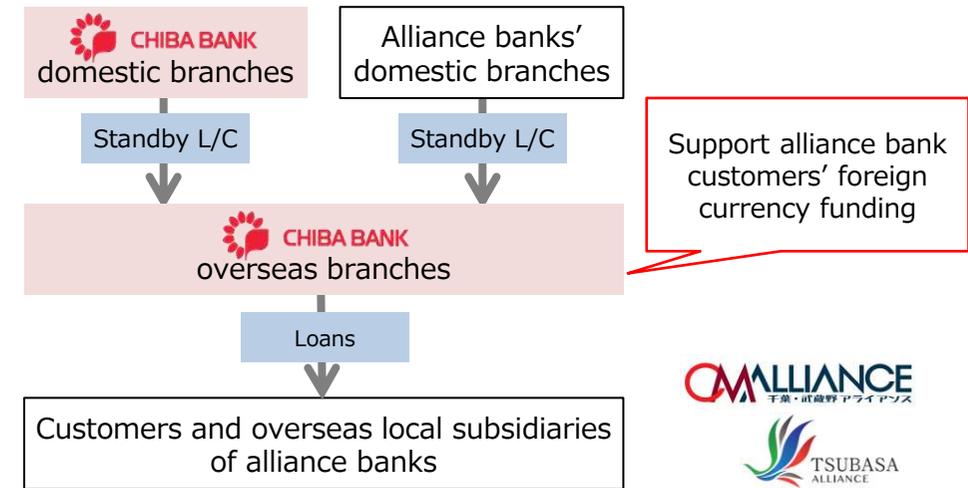
	Daishi Bank Since Oct 2016	Musashino Bank Since Apr 2017	Chugoku Bank Since Oct 2016	Toho Bank Since Jun 2017
Tie-up method	(Agency method) Customer-facing operations are contracted out by Chiba Bank		(Contracting out method) Chiba Bank is the subcontractor for administrative tasks such as clerical work	
Advantages for alliance banks	Being able to directly respond to customer inquiries		They can enter the market without needing to have an administrative division	
Advantages for Chiba Bank	Utilization of accumulated operational know-how and access to new business opportunities and increased profitability			

## Take advantage of the largest overseas network of regional banks

### Our overseas network



### Co-financing scheme with alliance banks



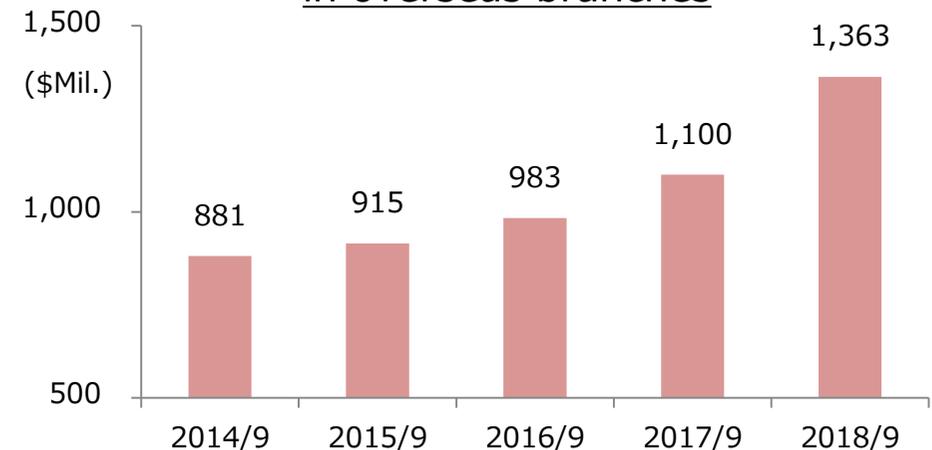
### Market and international operations partnerships with alliance banks



Domestic	Foreign currency transactions Shared use of securities system Acceptance of trainees	Foreign currency transactions
Overseas	Financing with standby L/C Holding joint promotional events and seminars Turn Singapore into co-rep. office	Financing with standby L/C Holding joint promotional events and seminars Acceptance of trainees at foreign bases (New York, Hong Kong branches)

"Sixth Chiba Bank Business Matching Meeting in Ulan Bator"  
(Organizer) Chiba Bank (Support) Musashino Bank, etc.

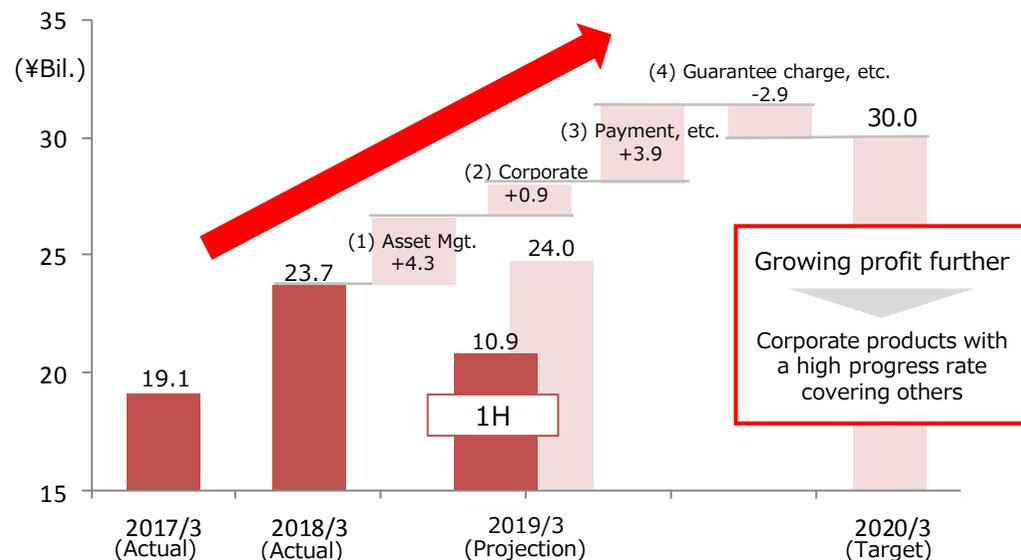
### Balance of loans to Japanese companies in overseas branches



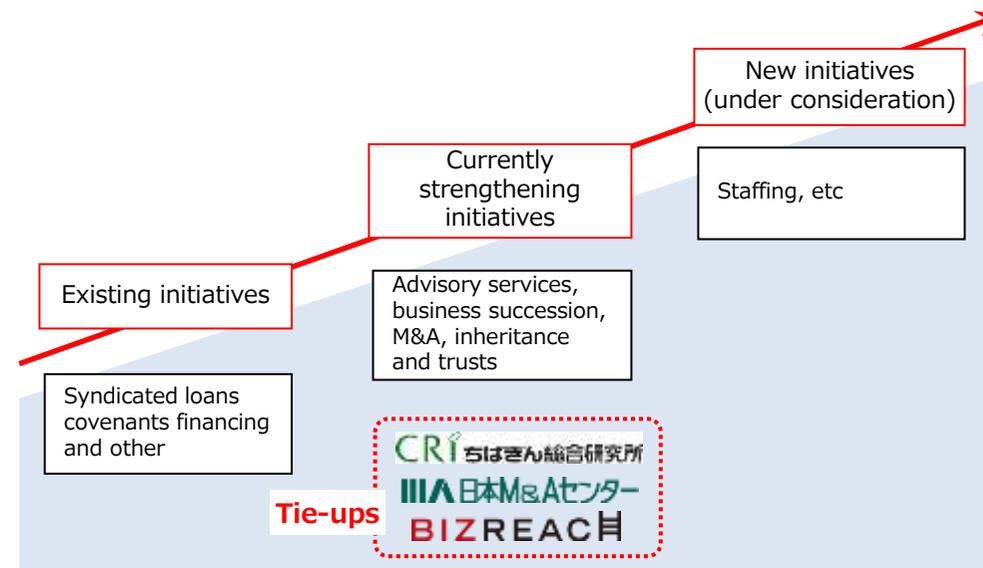
# Net Fees and Commissions Projections

Growing profit further, focusing on asset management and corporate financial consulting

**Net fees and commissions income**  
(initiatives for meeting medium term plan target)



## (2) Solutions to corporate customers



## (1) Asset management consulting

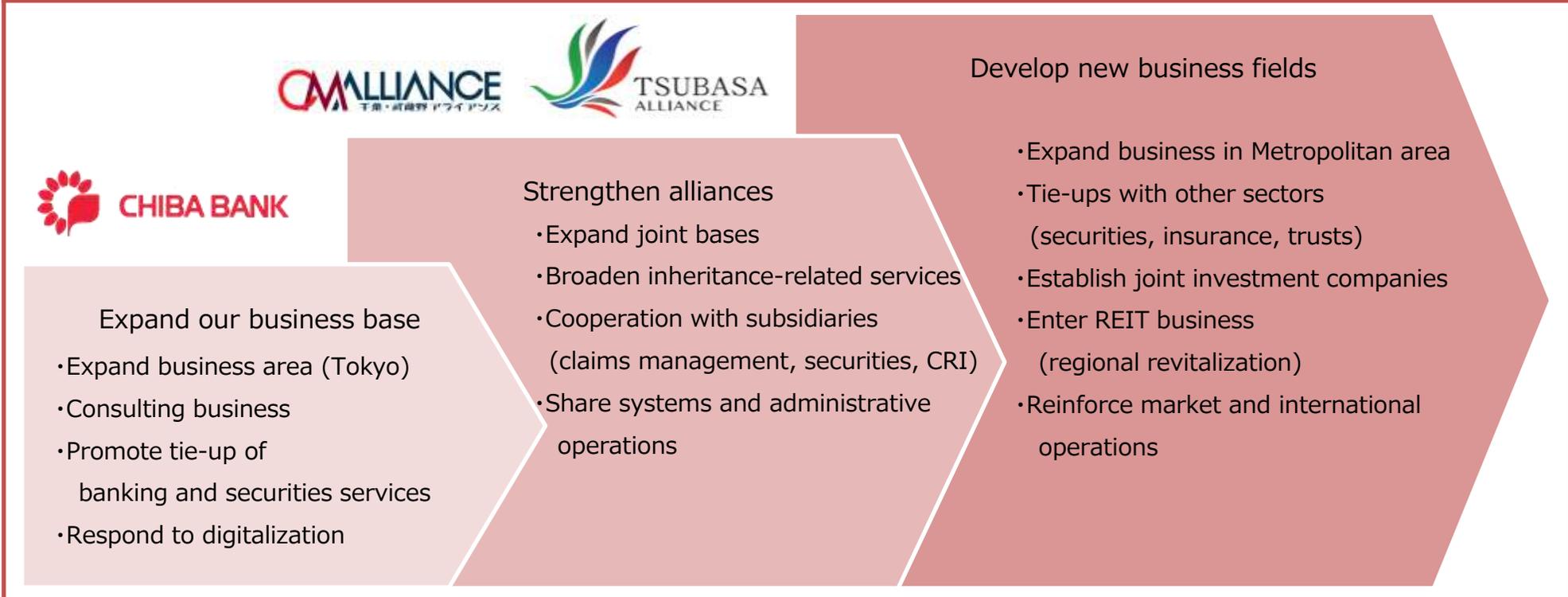
<b>Investment trusts</b>	<ul style="list-style-type: none"> <li>✓ Collaborate with Chibagin Securities</li> <li>✓ Enhance funded investment trusts and core-funds to increase balances of assets</li> </ul>	<p>Entirely web-based scheme for funded investment trust</p>
<b>Financial product Intermediary services</b>	<ul style="list-style-type: none"> <li>✓ Strengthen tie-up of banking and securities services utilizing alliances</li> </ul>	
<b>Insurance</b>	<ul style="list-style-type: none"> <li>✓ Further use of "Hoken no Madoguchi"</li> <li>✓ Reinforcement of non face-to-face channels</li> </ul>	<p>Tablet-based insurance policy application system</p>

## (3) Payment and settlement transactions

<b>Payment</b>	<ul style="list-style-type: none"> <li>✓ Cashless platform utilizing alliances</li> </ul>	
<b>Various fees and commissions</b>	<ul style="list-style-type: none"> <li>✓ Fees and commissions on financing, loans and other</li> </ul>	
<b>API</b>	<ul style="list-style-type: none"> <li>✓ Tie-ups with FinTech companies utilizing API platform</li> </ul>	



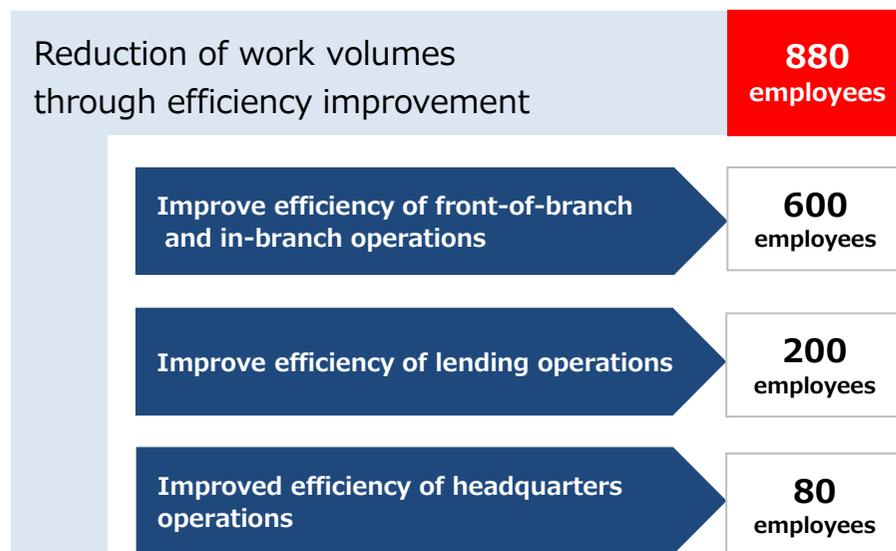
## Directions of medium term growth strategy



**Utilize the predominance of the alliance to develop even more sophisticated financial services through tie-ups with each sector**

## Initiatives Aimed at Efficiency and Productivity Enhancement

## Reduction of work volumes through efficiency improvement



### Front-of-branch and in-branch operations

**New**

Initiatives	Effect of reduction of work volumes
Low counter •Introduction of TSUBASA Smile* •Introduction of remote terminals	7.4%
High counter •Introduction of reception tablets (linked to teller machines)	2.5%
In-branch operations •Concentration in support office •Systematization of cash management, etc.	25.7%
Total	<b>35.6%</b>



\* TSUBASA Smile  
Based on "Smile Branch" by Nihon Unisys, joint development by three banks (Chiba Bank, Daishi Bank, and Chugoku Bank) of a new counter reception system

**Personnel exchange ca. 600 employees**

Strategic reassigning 100 employees  
More functionalizing 100 employees

### Lending operations

Initiatives	Details and status of progress
Simplification and standardization of operations	•Sequential revision of operations rules
System integration	•Basic design of new system completed (May 2018)
Centralization at headquarters	•Soga Center established (Oct 2018) •Broaden the scope sequentially to core branches

(After completion of initiatives) Effect of reduction of work volumes **47.0%**

**Personnel exchange ca. 200 employees**

### Headquarters operations

Utilize RPA	Utilize AI
Customer transaction inquiries from Tax Offices (since Feb 2018) Effect of reduction of work volumes (in annual terms): 3,680 hours	Chat bot test (since Sep 2018) Response processing rate to FAQs related to corporate IB: ca. 80%

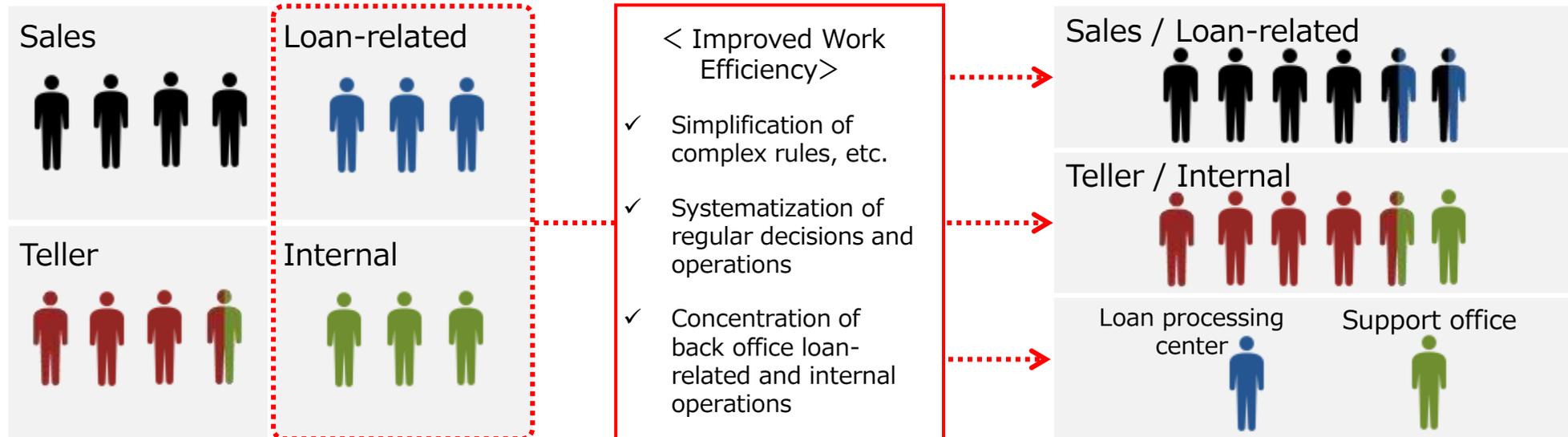
**New**

**Expand the scope of operations sequentially**

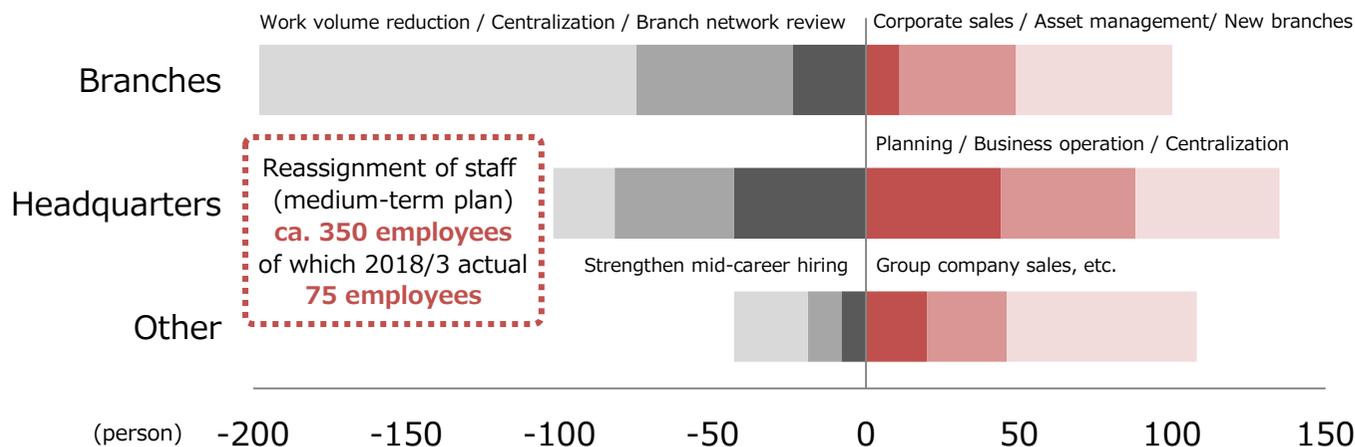
Maintain the total number of personnel and reassign to growth fields through business reforms

< Current >

< Ideal structure >



Capacity creation    2020/3   2019/3   2018/3    Reassignment    2018/3   2019/3   2020/3



Career change support

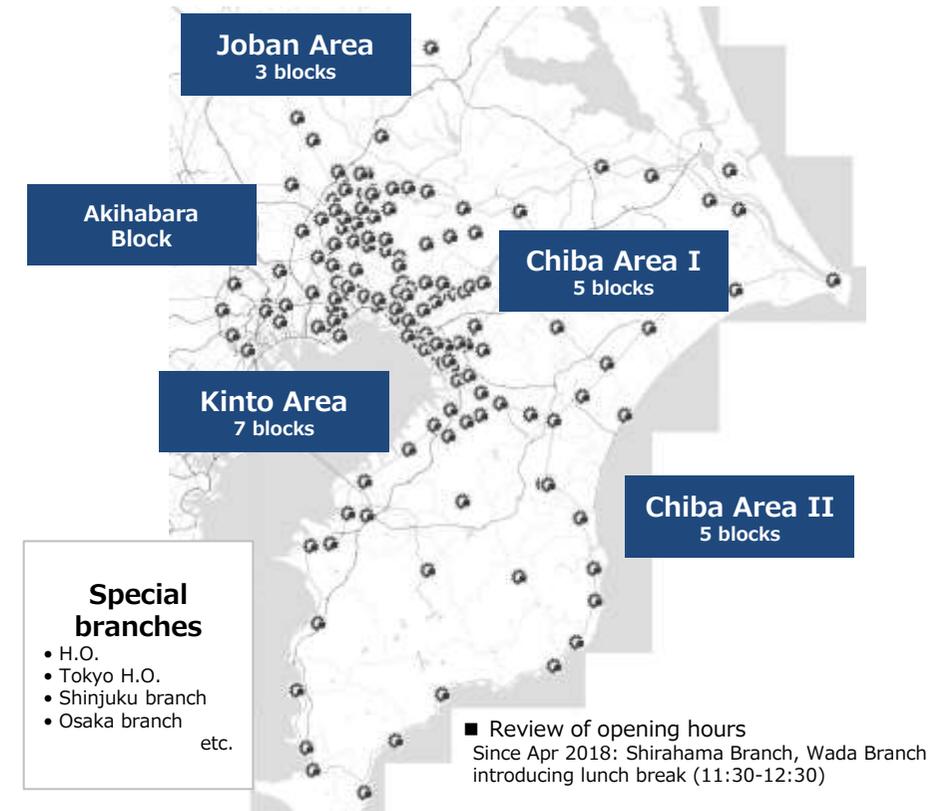
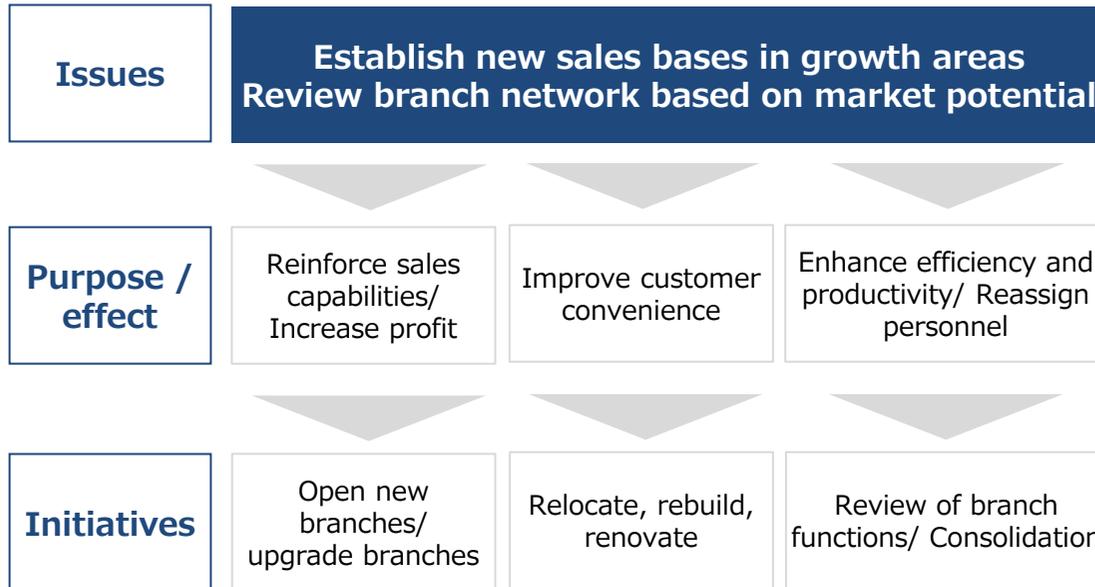
Career design training

- Promote understanding of operations reforms and awareness changes

Revision of career path system (general / area career track)

- Eliminate restrictions on operations due to career path

## Improve efficiency in branch operation based on customers' needs



### Branch restructuring image

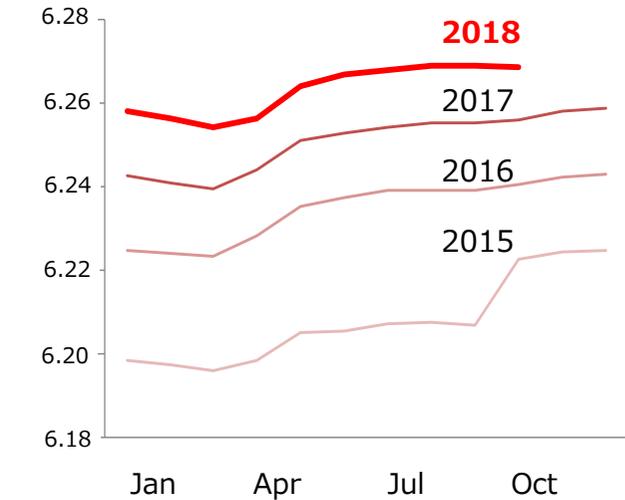
Initiatives	Completed	Under consideration
Open branches within Tokyo (part since 2005)	7 branches (incl. corporate sales offices)	About 1 branch per year
Revise functions (Personal finance specialization, money plaza format) (started in 1999)	26 branches	10 branches
Branches in stores (started in 2013)	6 branches	11 branches
Enhanced efficiency (introduction of lunch breaks, etc.) (started in 2018)	2 branches	33 branches

Branch type	Services	No. of domestic branches As of Oct 2018	Direction
General branch	All services	128	↓
Personal finance specialization	Deposits, financial products and consumer loans	12	↓
Money plaza format	Deposits and financial products	14	↑
Others (Rep. office, plaza, branch-in-store, etc.)		28	—

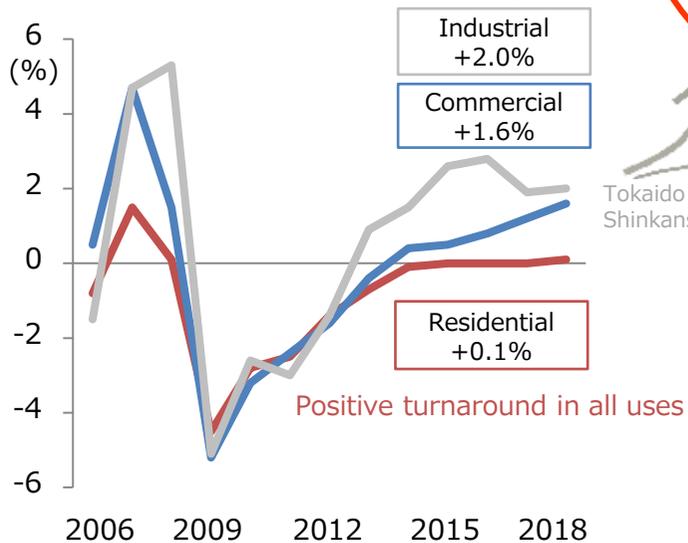
## ESG and Capital Policy

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

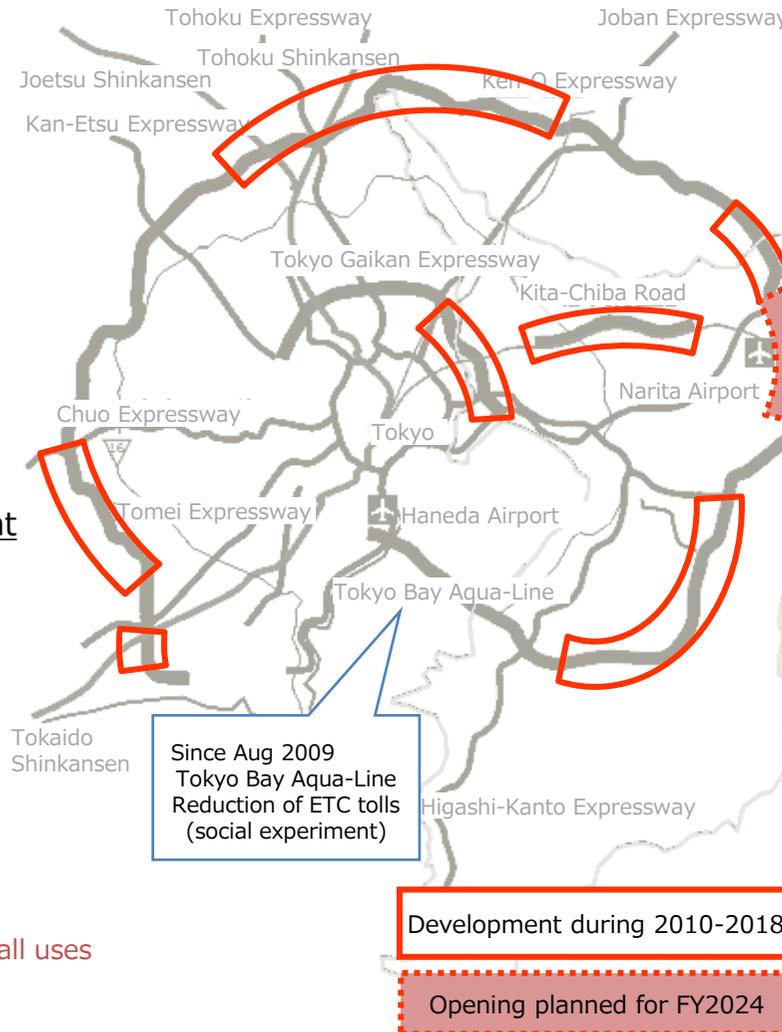
Population of Chiba Prefecture  
(Monthly living population survey)



Rate of change in Chiba Prefecture benchmark land prices, by use segment



Status of improvements in transportation infrastructure



Major developments in Chiba

### Narita area development

Third runway of Narita Airport (C runway)  
University Hospital (opening planned for 2020) of the International University of Health and Welfare (Medical School opened in 2017)

### Ken-O Expressway extension

Taiei JCT - Matsuo-Yokoshiba IC (opening planned for FY2024)  
Improvements of key access roads to each area of Chiba Pref.

### Increase in outlet floorspace

Shisui Premium Outlets (Third Phase opened Sep 2018)  
Mitsui Outlet Park Kisarazu (Third Phase opened Oct 2018)

### Olympics, Paralympics

Chiba City, Makuhari Messe (fencing, taekwondo, wrestling/ goalball, sitting volleyball, taekwondo, wheelchair fencing)  
Tsurigasaki beach, Chosei-gun, Ichinomiya-town (Surfing)

## Actual activity examples

### Contribution to regional revitalization

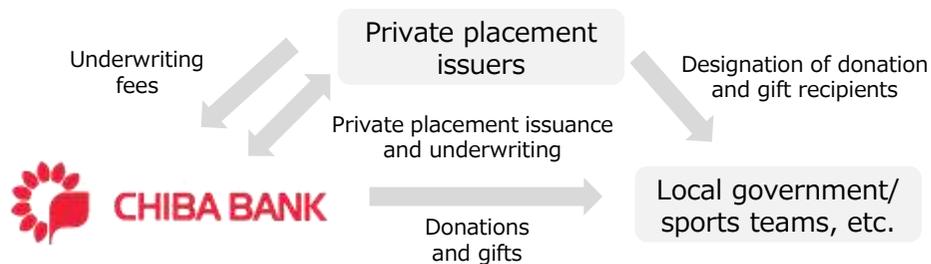
#### Private placement bonds for regional revitalization (Mirai Hagukumi Bonds)

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.

#### Private placement bonds for supporting sporting activities (Chiba Sports Bonds)

**New**

We donate money and goods such as sporting goods to local governments and sports teams designated by the issuer for the purpose of contributing to the local community via support for the encouragement of sporting activities.



#### Establishment of agricultural corporations

Resolving issues such as increase in disused agricultural land, lack of successor for farmers, aging farm workers, etc., and contributing to establishing sustainable agricultural mechanisms and development of regional agriculture and revitalization of regional economy.

Fresh Farm Chiba Co., Ltd.  
(14.5% investment from Chiba Bank Group)



### Diversity promotion

Status of promotion of women in the workplace



Executive officers (general managers)	1
General managers (H.Q.)	5
General managers (Branch)	19
(As of Oct 2018)	

	End of Mar 2006	As of Jul 2018	Target for FY2020
<b>Management positions</b> (No. of persons)	2.0% (17)	12.7% (129)	<b>20%</b>
<b>Leadership positions</b> (No. of persons)*	9.4% (98)	30.4% (273)	<b>30%</b>

\*Staff members who are in a position with subordinates such as deputy branch managers, etc. and those in an equivalent position with organizational management responsibilities as the person in charge of assigned work.

First Regional Bank



FY2017 Nadeshiko Brand



MSCI Japan Empowering Women (WIN) Select Index



MHLW  
"Eruboshi" (top rank)



MHLW  
Platinum Kurumin

#### Nursery facilities at business offices

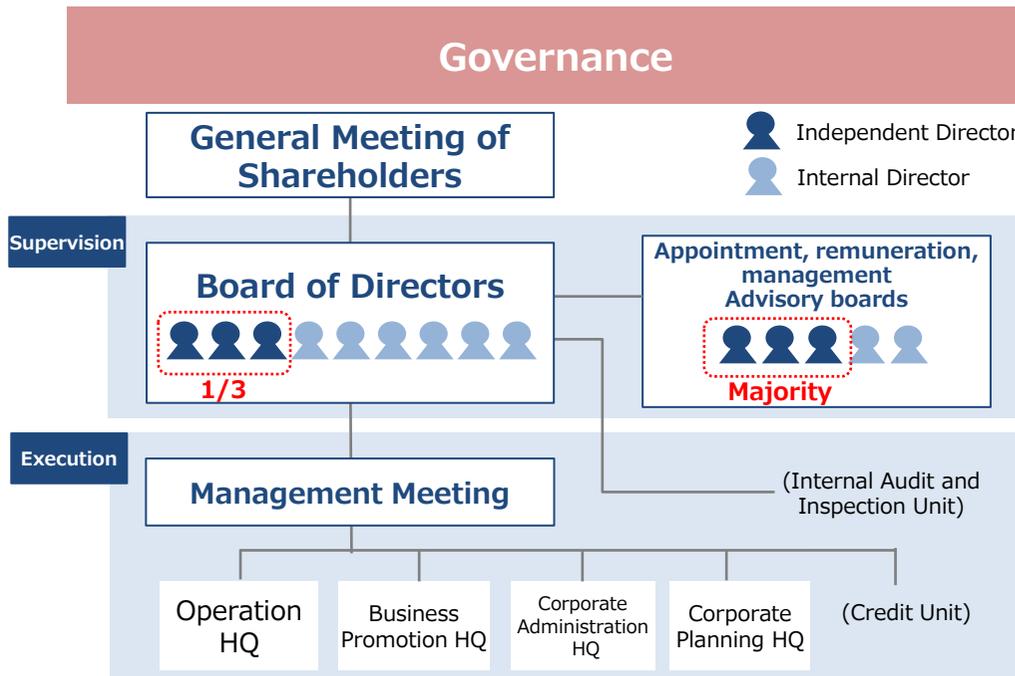
Support for balancing career development and child raising

- Chiba Institute of Technology Himawari Nursery School (opened Mar 2015)
- Himawari Nursery School Kashiwa (opened April 2018)
- Himawari Nursery School Chiba (opened July 2018)



**New**

## Develop sophisticated integrated Group management

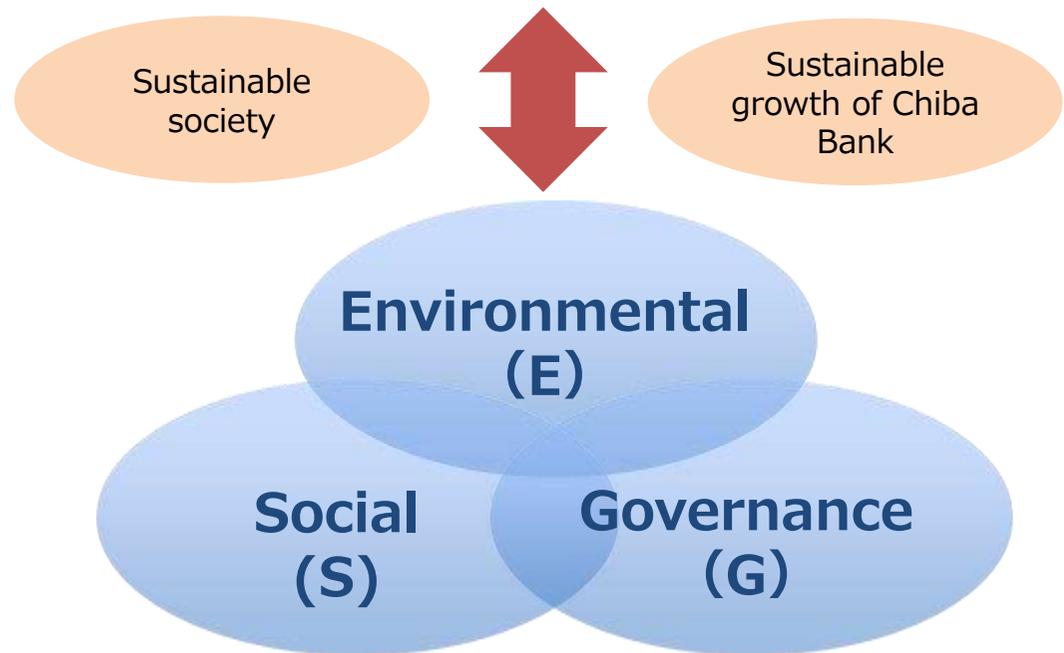


### Group Chief Officer system

<b>Group CEO</b> Chief Executive Officer	<b>Bank</b>	<b>14 Group Companies</b> Each group company will be allocated an executive officer
<b>Group COO</b> Chief Operating Officer	Oversight of operational execution	
<b>Group CSO</b> Chief Strategy Officer	Oversight of management strategies, personnel, investments and expense allocation	
<b>Group CRO</b> Chief Risk Officer	Oversight of risk management, compliance, human resource development	
<b>Group CBO</b> Chief Business Officer	Oversight of sales strategies and implementation	
<b>Group CIO</b> Chief Information Officer	Oversight of back office work and systems	

### Promoting initiatives aimed at realization of sustainable society

Sustainable management = "long-term aims" + "social value (solving social issues) + economic value"

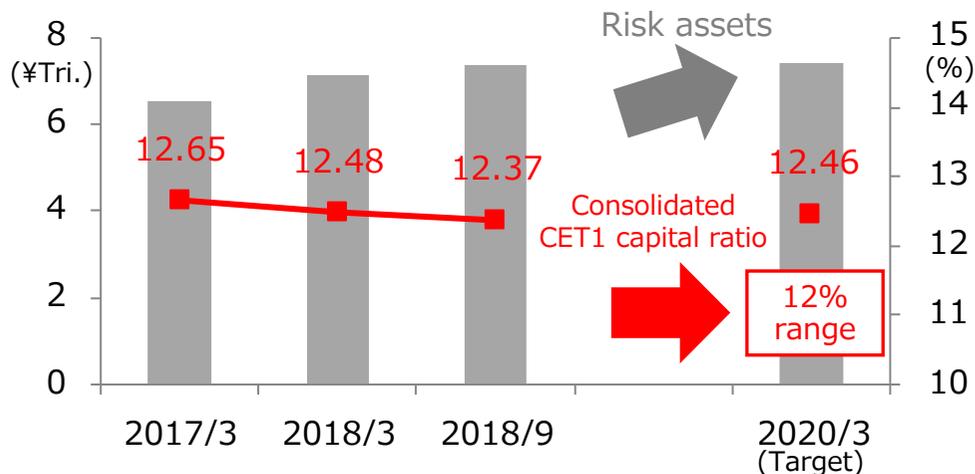


### ESG Promotion Committee (established Oct 2017)

- Discussed to specify materiality that the bank must engage with over the medium and long term, held in 1H FY2018

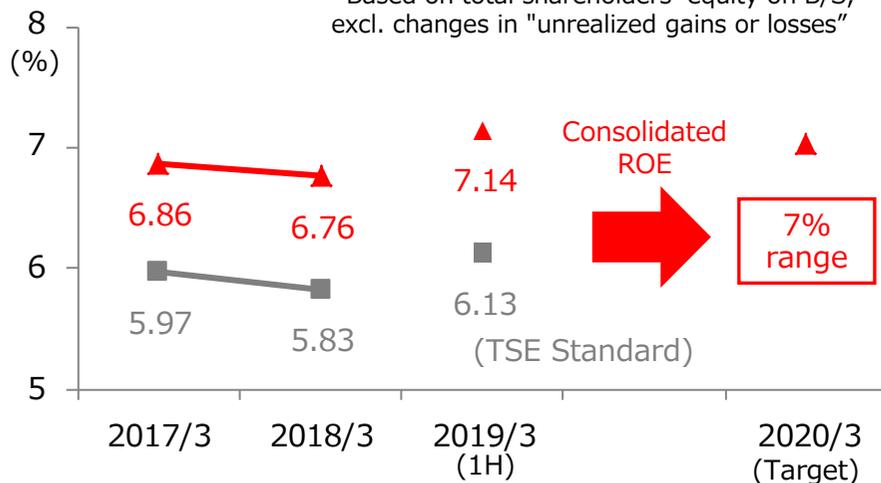
## Maintain solid capital ratio and improve capital efficiency

### Consolidated CET1 capital ratio



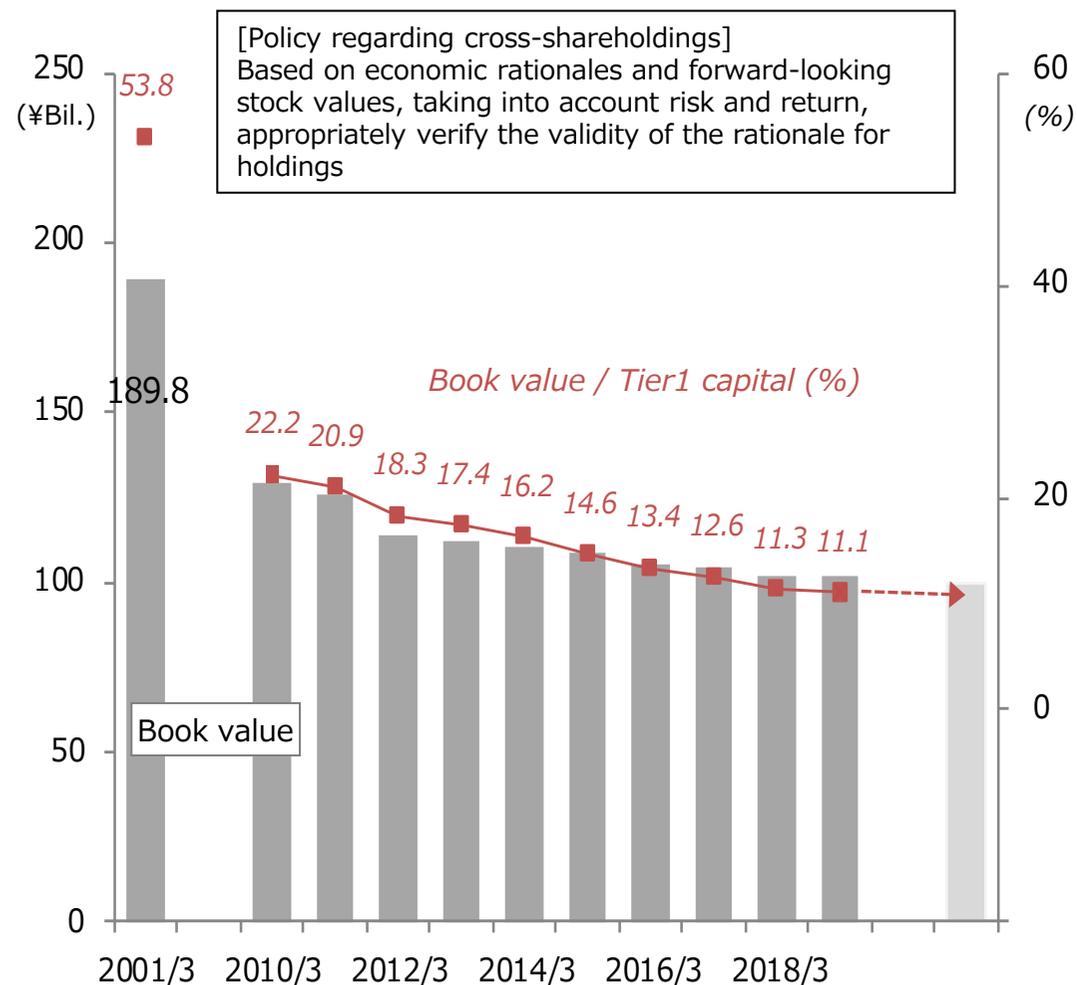
### Consolidated ROE\*

\*Based on total shareholders' equity on B/S, excl. changes in "unrealized gains or losses"



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

\*acquisition cost of other securities with market value



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

### Shareholder returns

(¥)	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3 (Projection)
<b>Dividend per share</b>	<b>12</b>	<b>13</b> Increase	<b>14</b> Increase	<b>15</b> Increase	<b>15</b>	<b>16</b> Increase
(¥Bil.)						
Non-consolidated profit	43.2	45.8	52.5	48.6	49.6	51.0
Annual cash dividends	10.2	10.8	11.5	12.0	11.7	12.3
Payout ratio	23.6%	23.6%	21.9%	24.7%	23.7%	24.2%
Acquisition of own shares	9.9	9.9	9.9	14.9	13.9	9.9
Total shareholder return	20.2	20.8	21.5	27.0	25.7	22.3
<b>Shareholder return ratio</b>	<b>46.8%</b>	<b>45.4%</b>	<b>40.9%</b>	<b>55.5%</b>	<b>51.9%</b>	<b>43.8%</b>

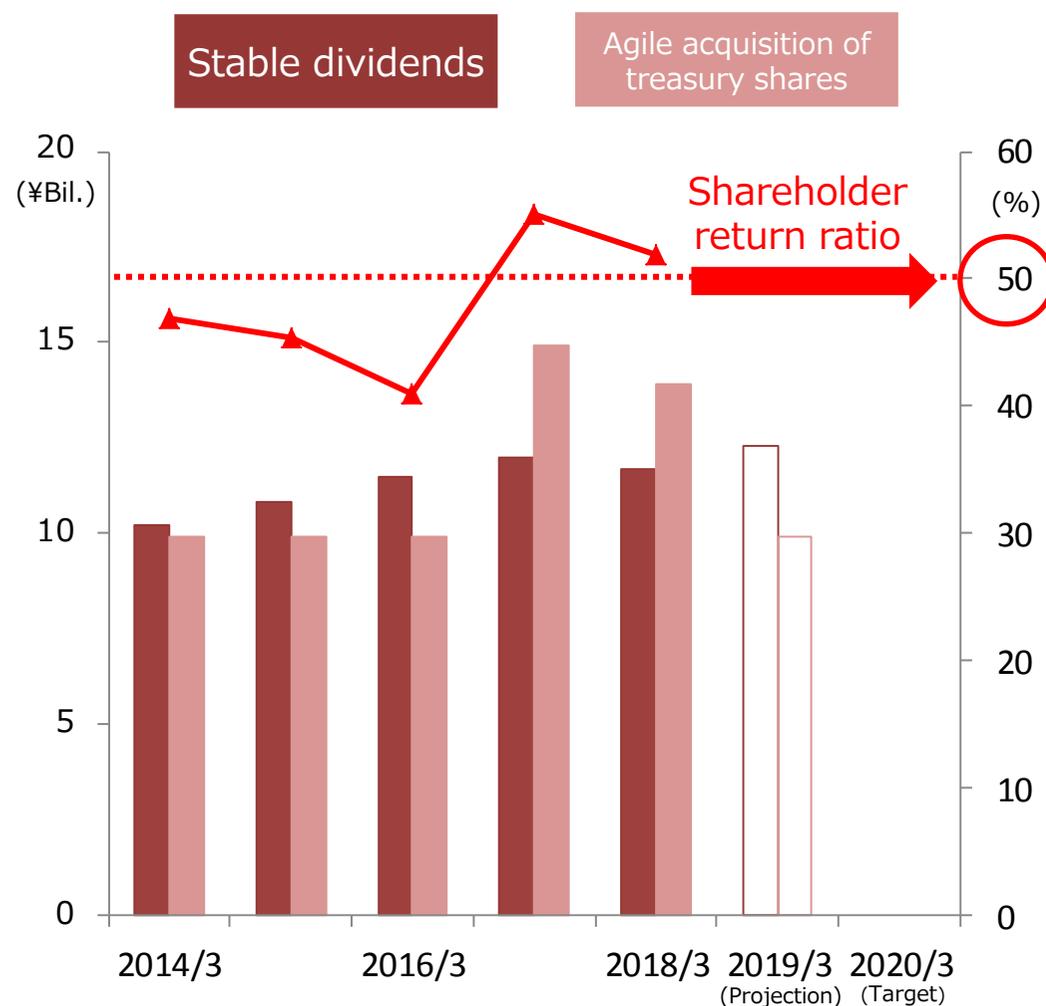
During the current medium term management plan

**Shareholder return ratio\*2 Around 50%**

\*1 Acquisition of own shares includes only the amount of ¥4.9Bil. finished in May-Jun 2018 and the amount of ¥4.9Bil. finished in Oct 2018

\*2 Shareholder return =  

$$\frac{\text{Total shareholder return (amount of dividend payout + amount of acquiring treasury stocks, etc.)}}{\text{Non-consolidated net income}}$$



Inquiries related to this presentation should be addressed to:

The Chiba Bank, Ltd.  
Corporate Planning Division  
Investor Relations

Tel: 043-301-8459

Fax: 043-242-9121

E-Mail: [ir@chibabank.co.jp](mailto:ir@chibabank.co.jp)

This material was prepared only for the purpose of providing information and does not solicit the purchase or sale of any specific securities.

All or part of the matters described in this material may be revised or changed without prior notice. This material contains forward-looking statements. These statements are not represented as providing a guarantee of the Bank's future performance, and actual results may be subject to risks and uncertainties. Please note that future performance may differ due to change in business environment, etc.

