

‘TOWARDS “CREATING VALUE”, 100 WEEKS OF CHALLENGE AND INNOVATION’

-LAUNCH OF A NEW MEDIUM-TERM MANAGEMENT PLAN AND REVISION OF THE HEADQUARTERS ORGANIZATION -

The Chiba Bank, Ltd. (President - Tadashi Takeyama) has launched its new medium-term management plan entitled “100 weeks of Challenge and Innovation”, whereby the bank takes a positive view of the changes facing financial institutions in the business management environment and sees them as an opportunity for business expansion. The key phrase of the plan is “Creating Value” and the bank aims to be a financial services group that is highly regarded by all stakeholders by creating value for customers, shareholders and the region. The main priority of the plan is to focus on further improvement in market share, profitability and the corporate brand by ensuring a solid business base and constant attention to the management system. The bank will shift its management resources quickly to categories and regions of business growth. The bank is, at present, actively responding to areas of deregulation such as credit card issuance, securities agency business and insurance business with the aim of obtaining a dominant market share in all products and in all areas of Chiba Prefecture.

Furthermore, to accomplish the targets of the medium-term management plan “100 weeks of Challenge and Innovation”, and to take firm steps towards achieving “What Chiba Bank would like to become in 5 years”, the bank is revising the organization of its headquarters.

1. New medium-term management plan “100 weeks of Challenge and Innovation”

- (1) Time frame: 100 weeks (from April 2005 to March 2007)

Taking “speed” as a distinguishing factor, the bank is continuing to monitor the achievement of its individual business plans on a weekly basis over a two-year period.

- (2) Effective date: April 1, 2005

- (3) Setting the target image of “What Chiba Bank would like to become in 5 years”

To clarify the long-term strategy of The Chiba Bank Group and how to achieve it, the bank has established a concrete image of “What Chiba Bank would like to become in 5 years” and has targeted profit levels, capital ratios, credit ratings etc. The new medium-term management plan “100 weeks of Challenge and Innovation” is the first step towards achieving “What Chiba Bank would like to become in 5 years”.

- (4) Management goal: To keep evolving as an integrated regional financial services group

To keep evolving as an integrated regional financial services group means that the Chiba Bank Group will respond steadily to change and will strive to be the best financial services group at all times for the customers in the region.

- (5) Main issues

The main priority of the plan is to focus on further improvement in market share, profitability, and the corporate brand by ensuring a solid business base and constant attention to the management system. The details are as follows:

A. Ensuring a solid business base

- (i) Expand profit by shifting management resources to retail market business
- (ii) Accurately identify customers’ needs and provide rapid and complete solutions for corporate market business
- (iii) Reinforce proficiency in market investment

B. Constant attention to the management system

- (i) Improvement of the internal management system
- (ii) Quick and responsive allocation of management resources
- (iii) Maintenance of a streamlined and strong management structure
- (iv) Practicing strategic profit management

(6) Establishment of project teams

To plan, execute and monitor the key measures of the medium-term management plan, the issues will be thoroughly debated and reviewed by 6 cross-organizational project teams incorporating younger members of staff, including those meeting customers everyday at branch offices, so that new and flexible ideas can be reflected.

The six project teams (hereafter ‘PT’) will consist of the following; ‘Financial product sales promotion PT’, ‘Fees and commission income PT’, ‘Business execution system review PT’, ‘Proficiency in market investment PT’, ‘Right staff, right place, right time PT’, and ‘Expense reduction PT’.

(7) Numerical targets

	FY 2005 (Plan)	FY 2006 (Plan)	FY 2009*2
Consolidated net income	¥38 billion	¥44 billion	¥56 billion
Non-consolidated business income	¥74 billion	¥81 billion	¥100 billion
Return on assets (ROA)*1	Around 0.4%	Over 0.4%	0.5%
Return on equity (ROE)*1	Over 8.0%	Over 8.5%	10%
Overhead ratio	Around 50%	Below 50%	45%
Tier I ratio	Around 8%	Over 8%	8%

*1: Net income base

*2: Numerical target image of “what Chiba Bank would like to become in 5 years”

2. Revision of headquarters organization

To accomplish the targets of the medium-term management plan “100 weeks of Challenge and Innovation”, and to take firm steps towards achieving “What Chiba Bank would like to become in 5 years”, the bank is revising the organization of its headquarters.

(1) Sales Promotion Unit

A. Purpose

Under changing management circumstances, a widening of customers’ financial needs, stronger competition from other institutions and an expansion of business through deregulation, it is important to enhance and tighten the relationships between customers, branch offices and headquarters and to improve the ability to provide products and services. These are essential elements in expanding the customer base and improving profitability. Therefore, the bank is revising its Sales Promotion Unit. Although it is still based on the present sales organization of “Corporate banking section” and “Consumer banking section”, the Chiba Bank recognizes that specialized knowledge and skills are required in planning policies, strategies and measures, in motivating staff in sales promotion and in providing swift responses to the market and customers’ needs.

B. Changes

- (i) Establishment of “Branch Support Division”

This new division is to be established to reinforce sales promotion and to enhance and tighten the relationships between customers, branch offices and headquarters, with branch offices reporting regional conditions and customers' views in order that headquarters can take appropriate action in terms of product development and branch strategy.

(ii) Review of the Consumer Banking Division and Corporate Banking Division

The function of advising branch offices is to be transferred to the "Branch Support Division" from the Consumer Banking Division and Corporate Banking Division. These two divisions will specialize in sales promotion and planning sales promotion strategy and measures.

(iii) Establishment of the "Information and Marketing Department" in Business Coordination Division

This department is intended to make effective use of the information collected from the branch network and to strengthen the marketing function.

(2) Other Units

To further improve business efficiency at headquarters, the bank is to revise its headquarters organization.

A. Credit II Division is to be closed as its activities in supporting customers for their management improvement have become part of ordinary branch activity and its function has been transferred to a newly established department in Credit Division to ensure continuing support for our customers.

B. Departments in Credit Planning Division are to be merged.

C. A Credit Assessment Department is to be established in the Audit & Inspection Division to reinforce the auditing of self-assessments.

(3) Others

The credit screening related divisions will continue reviewing the business flow to speed up credit screening. These departments will also try to reduce personnel with staff being transferred to branch offices.

(4) Effective date: April 1, 2005

(Press release dated March 22, 2005)

The Chiba Bank, Ltd.

This is an English translation of the Japanese original. Please be advised that there may be some disparities due to such things as differences in nuance that are inherent to the difference in languages although the English translation is prepared to mirror the Japanese original as accurately as possible.

This information 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 be different from the views presented here owing to changes in the operating environment and other factors.