



Hidetoshi Sakuma
President (Representative Director)

Aiming for Together

Chiba Prefecture Is Livening Up

Last fiscal year, the year ended March 31, 2016, was full of good news for livening up Chiba Prefecture. For example, our prefecture gained a lot of attention when a low-cost carrier (LCC) terminal was opened at Narita International Airport in April 2015. I was happy to learn that Makuhari Messe, our local convention center, had been selected as a venue for the Tokyo 2020 Olympic and Paralympic Games to host three Olympic and four Paralympic events and that the Ken-O Expressway was extended in June.

Committing the Entire Group to Regional Revitalization

Last fiscal year was a year in which the Chiba Bank Group united to focus in particular on initiatives for revitalizing the region. Our subsidiary, Chibagin Research Institute, Ltd., formulated a “Strategic Plan for the Revitalization of Chiba Prefecture.” The analysis of local characteristics and recommended courses of action for communities in Chiba contained in this plan were highlighted by the government, Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, as a unique and outstanding example for others to emulate. We launched the operation of our Wider Chiba Regional Revitalization Fund and Chibagin Regional Revitalization Loan Program to provide various projects for starting companies and creating new businesses with financial support for contributing to regional revitalization. We also donated rental bicycles for use by tourists to promote tourism in Chiba.

Sustainable Growth with the Region

Comprehensive Alliance with The Musashino Bank

We also announced a comprehensive alliance with The Musashino Bank, Ltd. in March 2016. Under this alliance, we will leverage each other's expertise and business base with an eye to providing services with high added value, while maintaining management independence in our respective regions. We are expecting a high degree of synergy from this alliance because as regional banks, we are unique in that our branch networks do not overlap for the most part, even though we are both based in the Tokyo metropolitan area and share many issues. Hundreds of ideas for the alliance have already been proposed by both banks, and we plan to act swiftly on them going forward.

Steady Progress in Line with the Medium Term Management Plan

The fiscal year ended March 31, 2016 was also the second year in our medium term management plan, "Best Bank 2020—3 years of value creation." After making steady progress toward achieving the key upward performance indicators (KPIs), the plan was partially revised in November 2015, adding subjects to enhance our response to regional revitalization, as well as to address financial technology (FinTech) among other new issues.

Financial Results for the Fiscal Year Ended March 31, 2016

As of March 31, 2016, our balance of loans increased by ¥336.2 billion from the end of the previous fiscal year to ¥8,797.4 billion after we saw a steady increase primarily in loans to SMEs and housing loans. Total

deposits, including negotiable certificates of deposit (NCD), increased by ¥271.7 billion to ¥11,539.2 billion, mainly due to an increase in deposits from individual customers. As a result, consolidated ordinary profit increased by ¥1.3 billion year on year to ¥85.5 billion, and we reported ¥55.4 billion of profit attributable to owners of parent in the fiscal year ended March 31, 2016. Excluding a gain on negative goodwill, etc., recognized in the previous fiscal year, our profit level reached a new record high after increasing for seven consecutive years. In addition, we maintained a very high degree of financial soundness with a consolidated total capital ratio of 13.79% as of March 31, 2016.

Promotion of Diversity

We are also putting an effort into creating workplaces where women can have developing careers as a component of promoting diversity in our medium term management plan. There are limits to how much we can grow if we cling, as we have in the past, to a male-oriented mindset. Instead, we believe that the innovative ideas generated by a diverse workforce are crucial to ensuring the Bank's sustainable growth. So, we are now rethinking workstyles, including implementing operational reforms aimed at reducing overtime work. Other initiatives for providing our employees with career continuity support include taking part in the establishment of a talent pool among Japanese regional banks. If an employee must relocate because of marriage or their spouse being transferred, we can now introduce that person for re-employment at another regional bank in the area to which they relocate. We were praised for these initiatives and won a Prime Minister's Award at the Cabinet Office's Awards to Commend Leading Companies Where Women Shine in December 2015.

Promotion of Services Leveraging FinTech

FinTech, which is short for financial technology, refers to the use of IT in various innovative financial services. In November 2015, we established a new FinTech Business Promotion Office. Since then we have been developing advanced services that make use of big data and artificial intelligence. Smartphones and social networking services (SNS) are now the most ubiquitous communications channel among younger people. Having launched a LINE account in March 2016, we have also begun to use this channel to transmit information on the campaigns we are conducting, as well as on Chiba. In June 2016, we launched the Chibagin smartphone app to provide users with an optimum and timely information portal for checking our campaigns and notices.

Proactive Investments for the Future

As a branch strategy, we are now aggressively developing branches inside the 23 wards of Tokyo, which have been positioned as the strategic operating area. In 2015, we opened Shinagawa Branch in July and Ebisu Corporate Banking Office in October. In 2016, we plan to open Ikebukuro Corporate Banking Office in October as our 14th branch in Tokyo, which as a network

will provide us with full coverage of the 23 wards. Meanwhile, we are making headway with the renewal of our branches in Chiba Prefecture. The Kashiwanoha Campus Branch we relocated and reopened in June 2016 became our first branch open to the general public with extended bank teller hours on weekdays and bank tellers open for business on Saturdays, Sundays and holidays. We hope to respond to the needs of a wider range of customers through these and other investments for the future.

Activities for Proposing Solutions to Customers

In addition to engaging in regional revitalization as a regional bank, we at the Chiba Bank are also thinking of further expanding our business model for providing customers with solutions. We are nurturing human resources and reinforcing our structure so that we can propose management solutions important to our customers, including for expanding sales channels, streamlining business operations, and planning business succession as well as accepting deposits and providing loans. We want to play an increasingly important role in developing Chiba Prefecture and will do our best to live up to the expectations of investors and our other stakeholders in the region.

Regional Revitalization

In December 2014, the Cabinet of Japan approved a Comprehensive Strategy for Overcoming Population Decline and Vitalizing Local Economy in Japan as a measure for revitalizing local societies.

Chiba Prefecture is a region with high growth potential. However in areas of the prefecture far from Tokyo, populations and land prices have continued to decline, and regional revitalization has become a major issue for the local governments in the remote areas. As a result, the local governments are looking to the Chiba Bank Group with high expectations for help in forming local versions of the Cabinet's comprehensive strategy.

Of the 55 Local Governments in Chiba Prefecture

Chiba Bank's participation in promoting revitalization:

47 local governments

Consulting by Chibagin Research Institute:

12 local governments