

Co-create Value with the Region and Customers

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President (Representative Director)



Review of the Fiscal Year Ended March 31, 2017

The previous fiscal year was the final year of our previous medium-term management plan. I believe we were able to demonstrate a resolute, assertive stance on various fronts and make considerable progress. We proactively contributed to regional revitalization while offering proposals with high added value for solving issues faced by our customers. At the same time, we made substantial progress forging alliances with other banks and sharing systems and increasing productivity by streamlining and specializing work processes, all the while accurately reading the latest trends.

Meanwhile, we have laid a solid foundation for future growth. As digital technology spreads rapidly throughout society, digital banking is becoming more prevalent within the context of services, work processes and bank employees. In July 2016, we established a joint venture to assess and research FinTech. In September, we launched a prototype next-generation branch model at an actual bank branch. In October, a department to promote work style reform was created to advance work style reforms and conduct a sweeping review of IT-driven work methods. We are taking on the challenge of constructively transforming ourselves, guided by new ideas that break from traditional approaches and stereotypes.

Financial Results for the Fiscal Year Ended March 31, 2017

Consolidated ordinary profit decreased by ¥7.9 billion year on year to ¥77.6 billion, and we reported ¥52.7 billion in profit attributable to owners of parent, a decline of ¥2.7 billion, in the fiscal year ended March 31, 2017. We posted our third-highest level of profits, despite the negative interest rate policy of the Bank of Japan and other factors. In addition, we maintained a very high degree of financial soundness with a consolidated total capital ratio of 13.59%.

As of March 31, 2017, our balance of loans increased by ¥507.9 billion from the end of the previous fiscal year to ¥9,305.3 billion, breaking above the ¥9 trillion level as a result of aggressive efforts to address customer needs, such as by extending loans to SMEs and housing loans. The balance of deposits increased by ¥425.5 billion compared with the previous fiscal year-end to ¥11,565.7 billion, due mainly to an increase in deposits from individual customers.

Market Environment

The Japanese economy stayed on a moderate recovery trend amid continued improvement in employment conditions and household income. There are still concerns that must be addressed by continuous initiatives, however, such as the declining population in the medium

to long term and widening regional disparity between urban and rural areas.

Situated in the Tokyo metropolitan area, Chiba Prefecture, the main operating area of the Chiba Bank, is projected to continue growing strongly, thanks to upgrades in transportation infrastructure including the Ken-O Expressway and the Tokyo-Gaikan Expressway, progress on regional revitalization projects, and economic boosts from the Tokyo Olympic and Paralympic Games. In the near future, however, major changes are likely to arise in the business environment, as current forecasts predict the population in Chiba Prefecture will start shrinking around 2020, amid the rapid spread of digital technology, competitors coming from different sectors, and the increasing use of artificial intelligence.

New Medium Term Management Plan

With an eye on this changing landscape, the Bank initiated its 13th Medium Term Management Plan “Best Bank 2020 Final Stage—3 years of value co-creation” for the period beginning in April 2017 and ending in March 2020. This plan is the final three-year (“Final Stage”) for reaching our goal of becoming the “best retail” banking group by 2020, continued from our previous management plan. The phrase “value co-creation” underscores our focus on solving customer issues and advancing regional revitalization, which promotes our growth as a bank with sound finances.

Our Vision

Our aim is to be the “best retail” banking group, providing top-class satisfaction through advanced services, and to be highly regarded by our regional customers, both individuals and SMEs. By co-creating value with stakeholders, including customers, shareholders, employees and regional communities, we aim for sustainable growth with the region through heightened levels of productivity and unwavering trust.

In line with our goal of becoming the “best retail” banking group, the new medium term plan identifies three main issues to be addressed: “co-creating

customer value,” “realizing work style reform for all employees,” and “strengthening a sustainable management structure.” The management plan has six numerical targets for the final fiscal year, ending March 31, 2020, including profit attributable to owners of parent of ¥60 billion, a loan balance of ¥10,500 billion, and a deposit balance of ¥12,500 billion.

Co-creating Customer Value

The Chiba Bank is stepping up efforts to support regional revitalization and customers’ main businesses based on evaluation of their potential. From Chiba Prefecture, our primary operating base, we aim to expand our share in the Tokyo metropolitan area by opening new branches in the strategic operating area of Tokyo’s 23 wards and deepening the Chiba-Musashino Alliance. Moreover, we are enhancing our client-oriented fiduciary duties. Latching onto digital trends throughout society, the Bank is developing advanced services with high added value that utilize FinTech.

Realizing Work Style Reform for All Employees

The Chiba Bank is nurturing professional staff able to produce strong results produced by their customer-first attitude, their high level of expertise, and their broad business skills. Positioning diversity as a management strategy, we seek out diverse human resources in order to enhance our ability to flexibly and rapidly adapt to changes in the business environment. In addition, we are reassessing the way each employee works, encouraging them to focus on doing work with even higher added value in a bid to exceed the expectations of our customers.

Strengthening a Sustainable Management Structure

The Chiba Bank aims to strengthen sales growth and reduce costs by deepening alliances with other banks, including the Chiba-Musashino Alliance and the TSUBASA Alliance for Enhancing Financial Systems

Message from the President

(TSUBASA Alliance). We also aim to realize low-cost operations by undertaking a sweeping review of business processes, while enhancing corporate governance and striving to resolve issues affecting regional communities. In these and other ways, the Chiba Bank is proactively and assertively acting on environmental, social and governance (ESG) issues.

Strategic Alliances

The Chiba-Musashino Alliance between the Chiba Bank and The Musashino Bank, Ltd., which is based in Saitama Prefecture, has already exceeded our expectations in terms of the measures undertaken thus far. This achievement reflects the high level of collaboration between the two banks in each business field and their initiative to focus on objectives that can be quickly attained. In order to organizationally and sustainably advance these undertakings, both banks established Chiba-Musashino Alliance Co., Ltd. through equal investments in April 2017 with the responsibility of advising the banks on medium- and long-term strategies and cross-organizational measures for the alliance.

Also, we are deepening partnerships across regions through the TSUBASA Alliance, an alliance between the six regional banks of the Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, and North Pacific Bank. In May 2017, we started a project to develop a shared application programming interface (API) platform with our joint venture T&I Innovation Center Co., Ltd. and IBM Japan, Ltd. In addition, we collaborated on the joint formation of syndicated loans, and the Chiba Bank, Daishi Bank and Toho Bank started cooperation in inheritance-related business.

In April 2017, we established the Alliance Management Office at our Head Office dedicated to deepening these alliances.

In Conclusion

Our mission as a regional financial institution is to meet customer needs and contribute to developments in the region by providing financial services. In fulfilling this mission, we will make every effort to provide valuable products and services to customers as a unified group of companies, and work toward solving the various issues faced by regional communities.

At the same time, the Bank aims to improve its capital efficiency and shareholder returns while maintaining the financial soundness necessary for reliably supplying funds to the region. We will steadily implement the measures in the management plan by effectively using capital and investing in strategic fields, in order to build a solid business foundation resilient to changes in the operating environment and ultimately increase corporate value over the medium and long terms.

All Group directors and employees are ready to make every effort to meet the expectations of our stakeholders. We ask for your continued support and patronage.

Aggressive Shareholder Return

