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President (Representative Director), Group CEO

Co-Create Value with the Region and Customers

Our Vision

The Chiba Bank's role and mission as a regional financial institution based in Chiba Prefecture is to meet customer needs and contribute to development in the region by providing financing services. Under a customer-first policy of constantly thinking from the customer's perspective and acting for the customer's sake, the Bank strives to actively propose solutions to the issues that customers face while participating in regional revitalization efforts in order to be a financial group that provides top-class customer satisfaction and is highly regarded by our region's customers, both individuals and SMEs.

The Chiba Bank's customer-first policy is the unwavering principle at the heart of the Bank's operations no matter the circumstances, and the entire Chiba Bank Group intends to continue to abide fully by this principle going forward, and provide high-quality financial products and services. We will work to create new value in every way possible alongside our customers and with all other stakeholders, including shareholders, employees and local communities, and thereby achieve sustainable growth.

Market Environment

The Japanese economy continues to maintain a moderate recovery, but caution is still required in light of concerns over the declining and aging population, soundness of public finances, and political and economic uncertainties overseas. Although fiscal policy is beginning to normalize in the U.S. and Europe, the operating environment for banks in Japan remains challenging due in part to continuation of the negative interest rate policy. Further, structural factors in the

form of population decline and widening disparities between urban and rural areas, combined with rapid digitalization and market entry by companies in other sectors, are making it necessary to drastically transform the business models of financial institutions.

At the same time, Chiba Prefecture, the primary base of the Bank's operations, continues to see an increase in population, largely in urban areas. In response, the prefecture is currently making progress with its transportation infrastructure projects and its public-private projects for regional revitalization. There is much cause for optimism ahead of the Tokyo Olympic and Paralympic Games, from hotel construction to inbound demand, and the Chiba Bank intends to steadily expand its share of this buoyant market.

Review of the Fiscal Year Ended March 31, 2018

As of March 31, 2018, our balance of loans increased by ¥510.6 billion from the end of the previous fiscal year to ¥9,816.0 billion, and the balance of deposits increased by ¥451.2 billion year on year to ¥12,017.0 billion. Profit attributable to owners of parent for the year ended March 31, 2018 increased by ¥1.0 billion compared to the previous fiscal year to ¥53.7 billion, the third highest level of net profit for the Bank on both a consolidated and non-consolidated basis.

In corporate banking, fees and commissions income continues to increase as a result of the strengthening of solution proposals for business succession and business matching. In retail banking, we focused on reinforcing non-face-to-face channels, such as by enhancing services that could be used from our app and website, as we worked to provide progressive and highly convenient services. In addition, our efforts to actively support the regional revitalization measures of local governments and promote the use of land previously occupied by elementary schools have received the Minister's Commendation as a unique and outstanding example for others to emulate. It was a year of making steady progress in terms of achieving sustainable growth together with the region.

Accelerating Alliance Strategies

In the second year of the Chiba-Musashino Alliance, we continued to carry out various initiatives at an accelerated pace, including the opening of four Chibagin Securities branches in Saitama Prefecture, and we also collaborated in inheritance-related operations. In June 2018, the two banks opened a sales base in the Hamamatsucho area of Tokyo's Minato Ward and conducted joint operations. Going forward, the banks will work to further increase market share in the Tokyo metropolitan area as a whole.

With respect to the TSUBASA Alliance, the Hokuetsu Bank became a member of the alliance in April 2018, and the seven banks are deepening their partnership beyond regional boundaries. The application programming interface (API) platform being developed with the joint venture T&I Innovation Center Co., Ltd. was completed, thereby enabling a range of FinTech services to be provided to customers. The Bank also continues working with the Daishi Bank to establish shared administrative operation.

Through our strategy of forming alliances without conducting management integration, the Chiba Bank will pursue benefits for regional customers and work to build a new model for the sustainable growth of regional banks.

Best Bank 2020 Final Stage — 3 years of value co-creation

The first fiscal year of our 13th medium term management plan, "Best Bank 2020 Final Stage—3 years of value co-creation," covering the period from April 2017 to March 2020, has now been completed. In most respects, steady progress has been made as regards the plan's main numerical targets. The balance of loans in particular is increasing beyond expectations, and as a result of working to actively supply funds based on evaluation of businesses and to propose diverse solutions, the number of companies making the Chiba Bank their main bank has steadily increased.

We are also steadily carrying out initiatives for continuing to grow over the next 10 to 20 years and thereby beat the competition, including raising

productivity through major business reforms and implementing a more advanced human resources strategy. We intend to maintain our current workforce of 4,300 employees while redeploying personnel to growth areas. By boosting administrative efficiency in internal clerical work and in loans and headquarters operations and by introducing robotic process automation (RPA), we will build a structure that allows existing work operations to be conducted by a smaller number of people over the medium to long term.

Personnel Development and Diversity

The Chiba Bank will put even more focus on personnel development to maximize the abilities of each and every employee as well as on creating comfortable, rewarding workplaces. To create a strong, flexible organization responsive to future changes, the Bank has positioned diversity promotion as a key management strategy, striving to make the most of its diverse personnel.

In particular, in the area of women's participation and advancement in the workplace, we have actively carried out related initiatives, such as promoting women to executive officer and branch manager positions in Japan and abroad. In 2018, as a part of our efforts to establish the infrastructure for helping workers balance career development with raising children, Himawari Nurseries were opened in two new locations, thereby expanding the Bank's company-led nursery facilities to three locations. This initiative was rated highly by an outside institution, and in March 2018, we became the first regional bank to be selected as a FY2017 Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

Addressing Social Issues through Business Activities

Addressing social issues in the region is an activity indispensable to realizing sustainable growth in corporate value, and we intend to continue to give importance to responding to local issues.

For example, Chiba Prefecture is Japan's fourth leading agricultural producer, but in recent years, the

farming population has declined and aged, and more and more farmland is being abandoned. To help in solving this problem, in March 2018, the Chiba Bank established an agricultural corporation, Fresh Farm Chiba Co., Ltd., with 15 local companies and other organizations, and began participating in agricultural management. While incorporating IoT and other advanced agricultural technologies, we will work to expand the scale of operations through corporate management. Moreover, by utilizing our customer network to support the development of new sales channels, we will establish a framework for conducting sustainable agriculture that is profitable as a business, thereby working to further develop the region's agriculture and bolster its competitiveness.

In Conclusion

The Chiba Bank believes its own growth depends ultimately on the region's development. Based on this thinking, we intend to pool the Group's strengths to help revitalize the region's economy. While maintaining the financial soundness necessary for reliably supplying funds to local communities, we intend to effectively use capital and invest in strategic fields, in order to improve capital efficiency and raise shareholder returns.

With the Group playing an increasingly important role in the region's development, all of our directors and employees intend to give maximum effort to meeting customer expectations at even higher levels of precision.

We thank you for your continuing support and patronage.



The 13th Medium Term Management Plan

“Best Bank 2020 Final Stage”

— 3 years of value co-creation —

2017.4.1 – 2020.3.31

Our vision “best retail” banking group

— We will aim 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. —

CS Customer Satisfaction
Respond speedily to customers' needs

ES Employee Satisfaction
Make a work environment where all employees can realize their potential

SS Social Satisfaction
Drive regional development, concentrating our Group's capabilities

1 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

2 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 high added value

3 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 proactive response to ESG issues

Target Indicators

(¥ billion)	2018/3 (Actual)	2020/3 (Target)
Profit Attributable to Owners of Parent	53.7	60
Consolidated ROE*	6.76%	7% range
Consolidated Common Equity Tier 1 Capital Ratio	12.48%	12% range
Balance of Loans	9,816.0	10,500
Balance of Deposits	12,017.0	12,500
Group Total Balance of Financial Products	2,049.9	2,500

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