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## Financial and Corporate Information

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## Five-Year Summary (Consolidated)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
Years ended March 31

	Millions of Yen <sup>1</sup>					Thousands of U.S. Dollars <sup>2</sup>
	2018	2017	2016	2015	2014	2018
<b>For the Year</b>						
Total Income	¥ 234,166	¥ 227,850	¥ 228,702	¥ 229,395	¥ 217,995	\$ 2,204,129
Total Expenses	157,077	151,243	143,826	141,162	140,775	1,478,516
Profit before Income Taxes	77,089	76,606	84,875	88,232	77,220	725,613
Profit	53,796	52,730	55,444	57,033	47,382	506,363
Profit Attributable to Non-Controlling Interests	—	—	—	—	944	—
Profit Attributable to Owners of Parent	53,796	52,730	55,444	57,033	46,438	506,363
<b>At Year-End</b>						
Total Assets	¥14,381,815	¥14,095,743	¥13,333,858	¥12,969,442	¥12,023,627	\$135,371,001
Loans and Bills Discounted	9,774,912	9,268,854	8,769,113	8,438,684	8,061,697	92,007,839
Securities	2,169,542	2,381,490	2,455,700	2,362,229	2,180,202	20,421,147
Deposits	12,468,379	11,984,784	11,486,430	11,218,113	10,495,839	117,360,499
Net Assets	943,236	900,550	866,398	858,747	766,187	8,878,353
Capital Ratio (BIS guidelines)	13.18%	13.59%	13.79%	14.66%	13.69%	13.18%
PER (Times)	12.57	10.94	8.36	12.96	11.71	12.57
PBR (Times)	0.70	0.63	0.53	0.85	0.71	0.70
<b>Per Share</b>						
	Yen					U.S. Dollars
Profit	¥ 67.98	¥ 65.32	¥ 67.03	¥ 68.02	¥ 54.29	\$ 0.64
Net Assets	1,207.15	1,128.31	1,053.76	1,030.64	895.60	11.36

\*1 Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the consolidated financial statements do not necessarily agree with the sums of individual amounts.

\*2 U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥106.24 to \$1.00, the exchange rate prevailing at March 31, 2018.

## Financial and Economic Environment

In the fiscal year ended March 31, 2018, the Japanese economy continued to stage a gradual recovery, as personal consumption trended firmly as a result of improved employment and income levels and other factors. Corporate earnings also trended at a high level overall, mainly supported by a buoyant global economy.

Turning to financial market conditions, the unsecured overnight call rate stood at around -0.05% throughout the fiscal year. Secondary market yields on long-term government bonds trended at around +0.05%. The Nikkei Stock Average had been trending at above ¥23,000 from the second half of the fiscal year supported by strong corporate earnings, but had fallen to the ¥21,000 level by the end of the fiscal year due to the impact of interest rate hikes in the U.S.

## Review of FY2017

In this financial and economic environment, the Chiba Bank pushed ahead with "Best Bank 2020 Final Stage—3 years of value co-creation," the Bank's 13th medium term management plan running from April 2017. Under this plan, we have vigorously implemented various measures to become a "Best Retail" Banking Group, providing the highest satisfaction and impressing our regional customers, including individuals and small- and medium-sized enterprises through advanced services.

Among these efforts, we accelerated initiatives under the Chiba-Musashino Alliance and the TSUBASA Alliance, which are our two strategic alliances.

Under the Chiba-Musashino Alliance, we established Chiba-Musashino Alliance Co., Ltd. in April 2017 through equal joint investment by both banks, and conducted strategic decision-making, management of initiatives, and so forth. In addition, Chibagin Securities Co., Ltd. opened four branches in Saitama Prefecture and started collaborating in the securities business.

In the TSUBASA Alliance, we continued discussions toward starting provision of API and FinTech services using the TSUBASA FinTech Platform. In addition, the Bank and The Daishi Bank, Ltd. concluded a basic agreement toward sharing their administrative operations.

In operations, the entire Group focused on regional revitalization. Furthermore, we took proactive initiatives to offer loans and core business support for business partners based on evaluation of their businesses. In the asset management business, we formulated and announced our policy regarding customer-oriented business operations (fiduciary duties) and implemented measures from the customer's perspective.

In other areas, we took steps to achieve high productivity by promoting work style reform, improving the efficiency of loan operations, and enhancing the effectiveness of branches and their operations. At branches, we strove to make further advances in customer service by utilizing IT to reduce wait times and so forth. We also reallocated staff and created an environment where they can focus completely on customer service by reducing their clerical workload.

## Operating Results

Total income increased by ¥6.3 billion from the previous fiscal year to ¥234.1 billion, mainly due to increases in interest income, including interest on loans and discounts, and fees and commissions. Total expenses increased by ¥5.8 billion from the previous

fiscal year to ¥157.0 billion, mainly due to increases in other expenses including write-offs of loans.

As a result, profit before income taxes increased by ¥0.4 billion from the previous fiscal year to ¥77.0 billion. Profit attributable to owners of parent increased by ¥1.0 billion to ¥53.7 billion.

## Cash Flows

Net cash used in operating activities was ¥100.8 billion, mainly due to an increase in loans and bills discounted. Net cash provided by investing activities was ¥210.1 billion, mainly due to sales of securities. Net cash used in financing activities was ¥25.9 billion, mainly due to the purchase of treasury shares.

As a result, cash and cash equivalents was ¥1,697.7 billion as of March 31, 2018, an increase of ¥83.4 billion compared with the previous fiscal year-end.

## Financial Condition

The balance of total assets reached ¥14,381.8 billion as of March 31, 2018, an increase of ¥286.0 billion from a year earlier. The balance of net assets amounted to ¥943.2 billion as of the fiscal year-end, an increase of ¥42.6 billion from a year earlier.

Looking at the main account balances, the balance of deposits including NCDs as of March 31, 2018 was ¥12,468.3 billion, an increase of ¥483.5 billion from the previous fiscal year-end. This increase reflected our efforts to provide a variety of financial products and services, as well as a campaign to encourage customers to make the Chiba Bank their main banking institution for salary and pension payments and other household needs.

The balance of loans and bills discounted increased by ¥506.0 billion from the previous fiscal year-end to ¥9,774.9 billion as of March 31, 2018, reflecting our efforts to actively respond to the borrowing needs of both corporate and individual customers. The balance of securities decreased by ¥211.9 billion from the previous fiscal year-end to ¥2,169.5 billion as of March 31, 2018.

## Dividends Policy

In light of the vital public role of the banking sector, the Bank's basic policy is to actively return profits to shareholders through stable dividends and share buybacks while maintaining sound financial health, in conjunction with effectively deploying capital to drive growth. Moreover, our basic dividend policy is to pay out dividends twice a year via an interim dividend and a year-end dividend, with record dates of September 30 and March 31 every year, respectively. The interim dividend is approved by resolution of the Board of Directors, while the year-end dividend is approved by resolution at the Annual General Meeting of Shareholders.

In terms of the dividends for the fiscal year ended March 31, 2018, a year-end dividend of ¥7.5 per share was approved at the Annual General Meeting of Shareholders. As a result, the total annual dividend, including an interim dividend of ¥7.5 per share, was ¥15 per share.

## Outlook for FY2018

For the fiscal year ending March 31, 2019, our earnings forecasts are ordinary profit of ¥80.0 billion and profit attributable to owners of parent of ¥54.5 billion.

Our annual dividend forecast is ¥16 per share, including a projected interim dividend of ¥8 per share.

## Asset Quality

The Chiba Bank is constantly working on preserving and improving the quality of its assets by using measures such as proper handling of non-performing loans, prevention of new occurrences of non-performing loans, and support to the financial rehabilitation of borrowers.

Non-performing loans are loans and other claims for which the collection of principal and interest are in doubt because of a bankruptcy or poor business performance.

Interest income from loans and other assets is the primary source of income for a bank. Consequently, difficulties in the collection of loans may have a material impact on a bank's financial condition. To maintain the quality of assets, we have upgraded and enhanced thorough credit screening and risk management systems.

Claims disclosed under the Financial Reconstruction Law were ¥127.0 billion as of March 31, 2018, and the non-performing loan ratio was 1.27%.

The Head Office and branches of the Chiba Bank will continue to work together, while using the resources of Small and Medium Enterprises Revitalization Support Councils and other external organizations, to extend support that enables customers to improve their business operations.

### Self-Assessment and Debtor Classification

Self-assessment of assets is the process whereby financial institutions individually review and analyze assets and classify them on the basis of asset value impairment and the risk of default. Loans and other assets are classified into five categories according to debtor creditworthiness: Normal Debtors, Debtors Requiring Caution, Potentially Bankrupt Debtors, Effectively Bankrupt Debtors, and Bankrupt Debtors. In the Debtors Requiring Caution category, borrowers for whom loan repayment terms have been eased are classified as Substandard Debtors.

### Disposal of Non-Performing Assets

The Chiba Bank has taken appropriate measures to dispose of non-performing assets by implementing write-offs and providing allowances at the end of each quarter on the basis of the results of a rigorous self-assessment of assets. With respect to major debtors, the Chiba Bank calculates the allowance for loan losses using the Discounted Cash Flow (DCF) method for Substandard Assets and Potentially Bankrupt Assets.

Moreover, the allowance for loan losses from Bankrupt Debtors and Effectively Bankrupt Debtors makes up the full amount of the

### Debtor Classification

Normal Debtors	Debtors whose business situation is good and whose financial position gives no cause for concern.
Debtors Requiring Caution	Debtors who are viewed with concern because of stagnant or unstable business performance, including losses.
Potentially Bankrupt Debtors	Debtors who are not currently bankrupt but are seen as being at serious risk of bankruptcy.
Effectively Bankrupt Debtors	Debtors who are bankrupt in real terms, even though legal and formal bankruptcy proceedings have not been implemented.
Bankrupt Debtors	Debtors who have become bankrupt under various circumstances, including bankruptcy procedures, corporate liquidation, corporate rehabilitation and civil rehabilitation.

### Risk-Monitored Loans

(¥ billion)

	Non-Consolidated		Consolidated	
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018
Loans to Bankrupt Borrowers	2.2	1.3	1.8	1.2
Delinquent Loans	83.8	84.9	81.4	82.7
Loans Past Due 3 Months or More	1.3	1.1	1.3	1.1
Restructured Loans	51.4	39.3	51.4	39.3
Total	138.9	126.7	136.2	124.4

claims not covered by collateral. The allowance for loan losses from Potentially Bankrupt Debtors is equal to the amount of expected losses calculated on the past loan loss ratio, as a rule.

The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees stands at 72.0%, indicating a high level of security on the basis of claims disclosed under the Financial Reconstruction Law and limited cause for concern about the occurrence of future losses.

#### Disclosure of Non-Performing Assets

Under banking regulations, disclosure of non-performing assets includes reporting of 1) Risk-Monitored Loans as defined in the Banking Law (hereinafter Risk-Monitored Loans) and 2) disclosed claims under the Financial Reconstruction Law.

Disclosure of Risk-Monitored Loans includes only the amount of such loans, while disclosed claims under the Financial Reconstruction Law include customers' liabilities for acceptances and guarantees other than loans, accrued interest, foreign exchange, and other assets, with the exception of Substandard Claims.

#### Risk-Monitored Loans

In the classification of Risk-Monitored Loans, Loans to Bankrupt Borrowers corresponds to Bankrupt Assets under self-assessment, Delinquent Loans corresponds to Effectively Bankrupt Assets and Potentially Bankrupt Assets under self-assessment, and Loans Past Due Three Months or More and Restructured Loans correspond to loans delinquent three months or more and loans for which repayment terms have been eased, respectively, in Assets Requiring Caution.

#### Disclosed Claims under the Financial Reconstruction Law

With regard to disclosure of claims under the Financial Reconstruction Law, the Chiba Bank discloses Claims of Bankrupt Debtors and Effectively Bankrupt Debtors under self-assessment as Bankrupt and Substantially Bankrupt Claims, Claims of Potentially Bankrupt Debtors under self-assessment as Doubtful Claims, and loans delinquent three months or more and loans for which repayment terms have been eased in Claims of Debtors Requiring Caution under self-assessment as Substandard Claims.

#### Disclosed Claims under the Financial Reconstruction Law (Non-Consolidated)

(¥ billion)

	As of March 31, 2017	As of March 31, 2018
Bankrupt and Substantially Bankrupt Claims	17.8	17.0
Doubtful Claims	68.4	69.4
Substandard Claims	52.8	40.4
Total	139.0	127.0
Normal Claims	9,275.2	9,803.7
Non-Performing Loan Ratio (%)	1.47	1.27
Coverage Ratio (%)	71.1	72.0

#### Comparison of Classifications under Self-Assessment, Financial Reconstruction Law and Risk-Monitored Loans

(Non-Consolidated) (As of March 31, 2018)

(¥ billion)

Asset Classification under Self-Assessment		Risk-Monitored Loans under the Banking Law		Disclosed Claims under the Financial Reconstruction Law	
Bankrupt Assets and Effectively Bankrupt Assets	17.0	Loans to Bankrupt Borrowers	1.3	Bankrupt and Substantially Bankrupt Claims	17.0
		Delinquent Loans	84.9		
Potentially Bankrupt Assets	69.4			Doubtful Claims	69.4
Assets Requiring Caution	871.9	Loans Past Due 3 Months or More	1.1	Substandard Claims	40.4
		Restructured Loans	39.3		
Other Assets Requiring Caution	826.2			Normal Claims	9,803.7
Normal Assets	8,972.2				
Total Assets	9,930.7	Loans Outstanding	9,816.0	Total Claims	9,930.7

## Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2018

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>Assets</b>			
Cash and Due from Banks (Note 26)	¥ 1,845,198	¥ 1,806,514	\$ 17,368,207
Call Loans and Bills Bought	75,801	154,078	713,489
Receivables under Resale Agreements	14,999	14,999	141,189
Monetary Claims Bought	21,448	21,626	201,889
Trading Assets (Notes 5 and 32)	122,069	129,820	1,148,996
Money Held in Trust (Note 34)	30,911	28,140	290,958
Securities (Notes 6, 11, 32 and 33)	2,169,542	2,381,490	20,421,147
Loans and Bills Discounted (Notes 7, 11 and 32)	9,774,912	9,268,854	92,007,839
Foreign Exchanges (Note 8)	3,187	4,563	30,007
Other Assets (Notes 9 and 11)	185,943	144,579	1,750,223
Tangible Fixed Assets (Notes 10 and 19)	99,476	101,185	936,340
Intangible Fixed Assets	11,858	10,942	111,619
Net Defined Benefit Asset (Note 18)	1,072	—	10,100
Deferred Tax Assets (Note 29)	4,535	5,326	42,689
Customers' Liabilities for Acceptances and Guarantees	48,569	56,172	457,172
Allowance for Loan Losses	(27,714)	(32,551)	(260,863)
<b>Total Assets</b>	<b>¥14,381,815</b>	<b>¥14,095,743</b>	<b>\$135,371,001</b>
<b>Liabilities</b>			
Deposits (Notes 11, 12 and 32)	¥12,468,379	¥11,984,784	\$117,360,499
Call Money and Bills Sold	—	250,000	—
Payables under Repurchase Agreements (Note 11)	17,085	—	160,824
Payables under Securities Lending Transactions (Note 11)	260,387	318,992	2,450,937
Trading Liabilities (Notes 13 and 32)	12,632	16,474	118,906
Borrowed Money (Notes 11 and 14)	334,405	279,442	3,147,646
Foreign Exchanges (Note 15)	587	692	5,528
Bonds Payable (Note 16)	113,714	117,267	1,070,354
Borrowed Money from Trust Account	963	62	9,072
Other Liabilities (Note 17)	120,458	108,149	1,133,838
Net Defined Benefit Liability (Note 18)	14,898	22,838	140,231
Provision for Directors' Retirement Benefits	132	169	1,249
Provision for Reimbursement of Deposits	3,074	2,920	28,941
Provision for Point Loyalty Programs	482	506	4,541
Reserve under Special Laws	21	22	206
Deferred Tax Liabilities (Note 29)	31,930	25,765	300,551
Deferred Tax Liabilities for Land Revaluation (Note 19)	10,852	10,930	102,155
Acceptances and Guarantees	48,569	56,172	457,172
<b>Total Liabilities</b>	<b>13,438,578</b>	<b>13,195,193</b>	<b>126,492,648</b>
<b>Net Assets</b>			
Capital Stock (Note 20)	145,069	145,069	1,365,485
Capital Surplus	122,134	122,134	1,149,606
Retained Earnings	600,931	566,050	5,656,361
Treasury Shares	(59,256)	(52,219)	(557,758)
Total Shareholders' Equity	808,878	781,033	7,613,694
Valuation Difference on Available-for-sale Securities (Note 35)	121,950	109,427	1,147,878
Deferred Gains or Losses on Hedges	1,822	1,510	17,158
Revaluation Reserve for Land (Note 19)	10,802	10,733	101,682
Remeasurements of Defined Benefit Plans	(730)	(2,577)	(6,872)
Total Accumulated Other Comprehensive Income	133,846	119,093	1,259,846
Subscription Rights to Shares	511	423	4,813
<b>Total Net Assets</b>	<b>943,236</b>	<b>900,550</b>	<b>8,878,353</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,381,815</b>	<b>¥14,095,743</b>	<b>\$135,371,001</b>

See notes to consolidated financial statements.

## Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2018

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥108,285	¥107,525	\$1,019,257
Interest and Dividends on Securities	25,684	25,282	241,760
Other Interest Income	3,528	2,725	33,210
Trust Fees	16	2	154
Fees and Commissions	52,701	48,282	496,060
Trading Income (Note 21)	5,686	4,825	53,526
Other Ordinary Income (Note 22)	5,378	5,464	50,622
Other Income (Note 23)	32,885	33,741	309,540
<b>Total Income</b>	<b>234,166</b>	<b>227,850</b>	<b>2,204,129</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	8,374	6,038	78,825
Interest on Borrowings and Rediscounts	1,764	734	16,609
Other Interest Expenses	8,786	9,817	82,709
Fees and Commissions Payments	17,777	17,871	167,330
Other Ordinary Expenses (Note 24)	3,249	4,237	30,587
General and Administrative Expenses	91,193	90,368	858,369
Other Expenses (Note 25)	25,931	22,177	244,086
<b>Total Expenses</b>	<b>157,077</b>	<b>151,243</b>	<b>1,478,516</b>
<b>Profit before Income Taxes</b>	<b>77,089</b>	<b>76,606</b>	<b>725,613</b>
Income Taxes—Current	22,969	20,050	216,204
Income Taxes—Deferred	323	3,826	3,045
<b>Profit</b>	<b>¥ 53,796</b>	<b>¥ 52,730</b>	<b>\$ 506,363</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 53,796</b>	<b>¥ 52,730</b>	<b>\$ 506,363</b>

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2018

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>Profit</b>	<b>¥53,796</b>	<b>¥52,730</b>	<b>\$506,363</b>
<b>Other Comprehensive Income (Note 27)</b>			
Valuation Difference on Available-for-sale Securities	12,371	5,486	116,453
Deferred Gains or Losses on Hedges	312	1,278	2,943
Remeasurements of Defined Benefit Plans	1,847	1,283	17,393
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	151	19	1,424
<b>Total Other Comprehensive Income</b>	<b>14,683</b>	<b>8,067</b>	<b>138,213</b>
<b>Comprehensive Income</b>	<b>¥68,479</b>	<b>¥60,798</b>	<b>\$644,577</b>
(Breakdown)			
Comprehensive Income Attributable to Owners of Parent	¥68,479	¥60,798	\$644,577

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2018

	Millions of Yen (Note 1)											
	Shareholders' Equity					Accumulated Other Comprehensive Income						
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Total Net Assets
Balance at March 31, 2016	¥145,069	¥122,134	¥524,817	¥(37,480)	¥754,540	¥103,921	¥ 231	¥11,050	¥(3,861)	¥111,342	¥516	¥866,398
Cash Dividends	—	—	(11,783)	—	(11,783)	—	—	—	—	—	—	(11,783)
Profit	—	—	52,730	—	52,730	—	—	—	—	—	—	52,730
Purchase of Treasury Shares	—	—	—	(15,027)	(15,027)	—	—	—	—	—	—	(15,027)
Disposal of Treasury Shares	—	—	(31)	288	256	—	—	—	—	—	—	256
Reversal of Revaluation Reserve for Land	—	—	316	—	316	—	—	—	—	—	—	316
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	5,505	1,278	(316)	1,283	7,750	(92)	7,657
Total of Items during FY2016	—	—	41,232	(14,738)	26,493	5,505	1,278	(316)	1,283	7,750	(92)	34,151
Balance at March 31, 2017	¥145,069	¥122,134	¥566,050	¥(52,219)	¥781,033	¥109,427	¥1,510	¥10,733	¥(2,577)	¥119,093	¥423	¥900,550
Cash Dividends	—	—	(11,900)	—	(11,900)	—	—	—	—	—	—	(11,900)
Profit	—	—	53,796	—	53,796	—	—	—	—	—	—	53,796
Purchase of Treasury Shares	—	—	—	(14,058)	(14,058)	—	—	—	—	—	—	(14,058)
Disposal of Treasury Shares	—	—	(14)	91	77	—	—	—	—	—	—	77
Retirement of Treasury Shares	—	—	(6,930)	6,930	—	—	—	—	—	—	—	—
Reversal of Revaluation Reserve for Land	—	—	(69)	—	(69)	—	—	—	—	—	—	(69)
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	12,523	312	69	1,847	14,752	88	14,841
Total of Items during FY2017	—	—	34,881	(7,036)	27,844	12,523	312	69	1,847	14,752	88	42,686
<b>Balance at March 31, 2018</b>	<b>¥145,069</b>	<b>¥122,134</b>	<b>¥600,931</b>	<b>¥(59,256)</b>	<b>¥808,878</b>	<b>¥121,950</b>	<b>¥1,822</b>	<b>¥10,802</b>	<b>¥ (730)</b>	<b>¥133,846</b>	<b>¥511</b>	<b>¥943,236</b>

	Thousands of U.S. Dollars (Note 1)											
	Shareholders' Equity					Accumulated Other Comprehensive Income						
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Total Net Assets
Balance at March 31, 2017	\$1,365,485	\$1,149,606	\$5,328,035	\$(491,527)	\$7,351,599	\$1,030,001	\$14,215	\$101,031	\$(24,265)	\$1,120,982	\$3,982	\$8,476,564
Cash Dividends	—	—	(112,016)	—	(112,016)	—	—	—	—	—	—	(112,016)
Profit	—	—	506,363	—	506,363	—	—	—	—	—	—	506,363
Purchase of Treasury Shares	—	—	—	(132,327)	(132,327)	—	—	—	—	—	—	(132,327)
Disposal of Treasury Shares	—	—	(133)	858	725	—	—	—	—	—	—	725
Retirement of Treasury Shares	—	—	(65,238)	65,238	—	—	—	—	—	—	—	—
Reversal of Revaluation Reserve for Land	—	—	(651)	—	(651)	—	—	—	—	—	—	(651)
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	117,877	2,943	651	17,393	138,864	830	139,695
Total of Items during FY2017	—	—	328,325	(66,231)	262,095	117,877	2,943	651	17,393	138,864	830	401,789
<b>Balance at March 31, 2018</b>	<b>\$1,365,485</b>	<b>\$1,149,606</b>	<b>\$5,656,361</b>	<b>\$(557,758)</b>	<b>\$7,613,694</b>	<b>\$1,147,878</b>	<b>\$17,158</b>	<b>\$101,682</b>	<b>\$ (6,872)</b>	<b>\$1,259,846</b>	<b>\$4,813</b>	<b>\$8,878,353</b>

See notes to consolidated financial statements.



## Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2018

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>Cash Flows from Operating Activities</b>			
Profit before Income Taxes	¥ 77,089	¥ 76,606	\$ 725,613
Depreciation and Amortization	8,605	8,020	81,000
Impairment Loss	107	270	1,014
Equity in (Earnings) Losses of Affiliates	(380)	(270)	(3,583)
Increase (Decrease) in Allowance for Loan Losses	(4,836)	(8,260)	(45,528)
Decrease (Increase) in Net Defined Benefit Asset	(1,072)	—	(10,100)
Increase (Decrease) in Net Defined Benefit Liability	(7,940)	(1,644)	(74,744)
Increase (Decrease) in Provision for Directors' Retirement Benefits	(37)	3	(349)
Increase (Decrease) in Provision for Reimbursement of Deposits	153	644	1,449
Increase (Decrease) in Provision for Point Loyalty Programs	(24)	92	(228)
Interest Income	(137,498)	(135,533)	(1,294,227)
Financing Expenses	18,925	16,589	178,143
Loss (Gain) Related to Securities	(1,022)	(384)	(9,624)
Loss (Gain) on Money Held in Trust	(604)	262	(5,692)
Foreign Exchange Losses (Gains)	(16)	43	(155)
Loss (Gain) on Disposal of Fixed Assets	379	726	3,571
Loss on Reconstruction of the Head Office	907	—	8,546
Net Decrease (Increase) in Trading Assets	7,751	52,771	72,959
Net Increase (Decrease) in Trading Liabilities	(3,841)	(6,431)	(36,158)
Net Decrease (Increase) in Loans and Bills Discounted	(506,058)	(499,740)	(4,763,354)
Net Increase (Decrease) in Deposits (excluding Negotiable Certificates of Deposit)	452,815	423,184	4,262,196
Net Increase (Decrease) in Negotiable Certificates of Deposit	30,779	75,170	289,713
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	54,963	10,957	517,350
Net Decrease (Increase) in Due from Banks (excluding Due from BOJ)	44,723	7,960	420,968
Net Decrease (Increase) in Call Loans and Bills Bought and Others	78,455	34,723	738,478
Net Increase (Decrease) in Call Money and Bills Sold	(232,914)	115,500	(2,192,339)
Net Increase (Decrease) in Payables under Securities Lending Transactions	(58,605)	127,293	(551,630)
Net Decrease (Increase) in Foreign Exchanges—Assets	1,375	(1,966)	12,950
Net Increase (Decrease) in Foreign Exchanges—Liabilities	(105)	52	(992)
Increase (Decrease) in Borrowed Money from Trust Account	901	62	8,483
Interest and Dividends Received	134,598	134,100	1,266,927
Interest Paid	(19,071)	(16,377)	(179,513)
Other, net	(20,786)	(28,875)	(195,659)
Subtotal	(82,284)	385,552	(774,516)
Income Taxes Paid	(18,563)	(24,231)	(174,733)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(100,848)</b>	<b>361,320</b>	<b>(949,249)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Securities	(459,681)	(1,133,369)	(4,326,820)
Proceeds from Sales of Securities	489,124	976,889	4,603,958
Proceeds from Redemption of Securities	192,439	227,708	1,811,362
Increase in Money Held in Trust	(11,600)	(5,900)	(109,187)
Decrease in Money Held in Trust	10,191	14,253	95,932
Purchase of Tangible Fixed Assets	(4,632)	(3,133)	(43,605)
Purchase of Intangible Fixed Assets	(5,809)	(3,810)	(54,682)
Proceeds from Sales of Tangible Fixed Assets	165	—	1,557
Payments for Retirement of Tangible Fixed Assets	—	(47)	—
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>210,197</b>	<b>72,591</b>	<b>1,978,516</b>
<b>Cash Flows from Financing Activities</b>			
Issuance of Subordinated Bonds	—	20,000	—
Redemption of Subordinated Bonds	—	(10,000)	—
Cash Dividends Paid	(11,900)	(11,783)	(112,016)
Purchase of Treasury Shares	(14,058)	(15,027)	(132,327)
Proceeds from Sales of Treasury Shares	1	3	10
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(25,957)</b>	<b>(16,806)</b>	<b>(244,333)</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>16</b>	<b>(43)</b>	<b>155</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>83,407</b>	<b>417,061</b>	<b>785,088</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>1,614,299</b>	<b>1,197,238</b>	<b>15,194,839</b>
<b>Cash and Cash Equivalents at End of Period (Note 26)</b>	<b>¥1,697,707</b>	<b>¥ 1,614,299</b>	<b>\$15,979,927</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2018

## 1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its consolidated subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The classification of accounts is in conformity with the Ordinance for Enforcement of Banking Act of Japan.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications and rearrangements have been made to the financial statements for the previous year to conform to the classification used in the financial statements for the current year. In addition, the accompanying notes include information that is not required under accounting principles generally accepted in Japan, but is presented herein for the convenience of readers.

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the accompanying consolidated financial statements do not necessarily agree with the sums of individual amounts.

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥106.24 to \$1.00, the exchange rate prevailing at March 31, 2018.

## 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chibagin Securities Co., Ltd. (Chibagin Securities) and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2018 was nine (nine as of March 31, 2017).

All significant inter-company balances and transactions have been eliminated in consolidation. The consolidated financial statements do not include the accounts of the Chibagin Computer Service Co., Ltd. and four other subsidiaries, since the combined total assets, total income, profit (based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Nevertheless, the investments in these unconsolidated subsidiaries are carried using the equity method and are included in securities in the consolidated balance sheet. Also, the consolidated financial statements do not include the accounts of nine limited partnerships (nine as of March 31, 2017). The investments in these unconsolidated subsidiaries and affiliates, including the Chiba-Musashino Alliance Co., Ltd. and the Chiba-Musashino Alliance Series 1 Investment Limited Partnership established in the current fiscal year, are not accounted for by the equity method since profit (based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive

income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. The difference between the cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries is amortized in the year of acquisition.

Fiscal year-ends of all consolidated subsidiaries are at the end of March.

## 3. Significant Accounting Policies

### (1) Trading Account

The following criteria are applied in accounting for the Bank's trading assets and liabilities, and trading income and expenses:

Transactions that aim to gain a profit by arbitraging short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitraging differentials between markets (hereafter "trading purposes") are accounted for under "Trading Assets" or "Trading Liabilities" on the balance sheet. Profit or loss from such transactions is recorded under "Trading Income" or "Trading Expenses" on the consolidated statement of income.

Trading securities and monetary claims, etc., held for trading purposes are stated at market value at the end of the fiscal year. Trading-related financial derivatives such as swaps, futures or options are valued on the assumption that they were settled at the end of the fiscal year.

In the case of trading-related financial derivatives, "Trading Income/Expenses" includes the interest received/paid during the fiscal year and the difference between the amount of profit/loss based on the assumption that transactions were settled at the end of the current fiscal year and that at the end of the previous fiscal year.

### (2) Securities

Held-to-maturity bonds are stated at amortized cost determined by the moving average method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost determined by the moving average method. Available-for-sale equity shares and investment trusts listed on Japanese markets are stated at the average market value during the last month of the fiscal year, and other available-for-sale securities whose fair value can be estimated are stated at fair value at the fiscal year-end while their costs are calculated mainly by the moving average method. Other non-marketable securities whose fair value cannot be reliably estimated are stated at cost determined by the moving average method or amortized cost.

Unrealized gains and losses on available-for-sale securities are included in net assets, net of income taxes.

Moreover, the same way as above (1) and fair value method based upon the market value at the fiscal year-end are applied for the valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management.

### (3) Derivatives

Derivatives for purposes other than trading are stated at fair value.

### (4) Tangible Fixed Assets

Depreciation of tangible fixed assets of the Bank is computed using the declining-balance method. Principal useful lives are as follows:

Buildings .....	6 years to 50 years
Others .....	2 years to 20 years

Tangible fixed assets of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives.

### (5) Intangible Fixed Assets

Depreciation of intangible fixed assets is computed using the straight-line method. Depreciation for capitalized software for internal use is computed using the straight-line method based on useful lives determined by the Bank and its consolidated subsidiaries (5 years).

### (6) Allowance for Loan Losses

Allowance for Loan Losses made by the Bank is provided in accordance with the internally established standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("Bankrupt Borrowers"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively Bankrupt Borrowers"), an allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but likely to become bankrupt in the future ("Potentially Bankrupt Borrowers"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on Potentially Bankrupt Borrowers and on borrowers whose loans are classified as "Loans past due 3 months or more" or "Restructured Loans" over a certain amount, if future cash flows from the collection of principal and interest are reasonably estimated, the allowances for loan losses are calculated by "Discounted Cash Flow Method," by which the allowances for loan losses are calculated as the difference between the booked amounts of the loans and the cash flows discounted by the original contractual interest rates.

For other claims, an allowance is provided based on the historical loan-loss ratio.

The operating divisions assess all claims in accordance with the Bank's policy and guidelines for the self-assessment of asset quality, and the internal Audit and Inspection Division, which is independent from the operating divisions, audits these assessments. The allowance for loan losses is provided based on the results of these assessments.

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncol-

lectible and written off against the total outstanding amount of the claims. The amount of write-off as of March 31, 2018 was ¥23,993 million (¥24,004 million as of March 31, 2017). Allowance made by consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for specific claims in the amount deemed uncollectible based on the respective assessments.

### (7) Provision for Directors' Retirement Benefits

Provision for directors' retirement benefits is provided for payment of retirement benefits to directors and corporate auditors of consolidated subsidiaries, in the amount deemed accrued until the fiscal year-end.

### (8) Provision for Reimbursement of Deposits

Provision for reimbursement of deposits, which were derecognized from liabilities, is based on the possible losses on the future claims of withdrawal to prepare for depositor's needs of withdrawal.

### (9) Provision for Point Loyalty Programs

Provision for point loyalty programs which is provided for accumulation of points granted to customers using the credit card of the Bank or the consolidated subsidiaries is based on the estimated amounts equivalent to expected future usage of the points.

### (10) Reserve under Special Laws

Reserve under special laws is a Reserve for Financial Products Transaction Liabilities provided by Chibagin Securities. This reserve is provided for losses from securities transactions pursuant to Paragraph 46-5-1 of the Financial Instruments and Exchange Act and Paragraph 175 of the Cabinet Office Ordinance on Financial Instrument Business Operators, etc.

### (11) Retirement Benefits

In retirement benefit obligation calculations, the method of allocating the estimated value of retirement benefits to the current fiscal year is based on the benefit formula method. The net actuarial gain (loss) is amortized using the straight-line method over 10 years from following fiscal year. Consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments assuming the voluntary retirement of all employees at the fiscal year-end.

### (12) Translation of Foreign Currencies

The Bank's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate at the balance sheet date. Consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end of each company.

**(13) Lease Transactions**

(As lessors)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for as installment sales.

**(14) Hedge Accounting**

## i) Hedge of Interest Rate Risk

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

The Bank assesses the effectiveness of such hedges by monitoring offsetting fluctuation of fair value by changes in interest rates, of the hedged items (such as deposits and loans) and hedging instruments (such as interest rate swaps) classified by their maturity.

## ii) Hedge of Foreign Currency Fluctuation Risk

As for the hedge accounting method applied to hedging transactions for foreign currency fluctuation risk arising from foreign-currency-denominated financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

The Bank designates certain currency swaps and foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from foreign-currency monetary claims and debts, and assesses the effectiveness of such hedges by verifying that the Bank holds foreign currency positions of the hedged items corresponding to the positions of the hedging instruments.

In addition to the above accounting, the Bank applies for a part of assets and liabilities the deferral hedge accounting method or exceptional treatments permitted for interest rate swaps.

**(15) Cash Flows**

In preparing the consolidated statement of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents.

**(16) Consumption Taxes**

Consumption tax and municipal consumption tax of the Bank and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.

**(17) Appropriation of Retained Earnings**

Dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the Board of Directors and by the general meeting of shareholders. There is a limit for dividend by Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

**4. Securities Purchased under Resale Agreements**

As for securities purchased under resale agreements or securities accepted as collateral for derivative transactions, ¥14,998 million was held in hand on March 31, 2018 (¥15,030 million on March 31, 2017).

**5. Trading Assets**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Trading Account Securities	¥ 8,317	¥ 8,439	\$ 78,294
Trading-Related Financial Derivatives	16,057	19,991	151,145
Other Trading Assets	97,693	101,389	919,557
Total	¥122,069	¥129,820	\$1,148,996

**6. Securities**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Japanese Government Bonds	¥ 452,069	¥ 660,059	\$ 4,255,168
Japanese Local Government Bonds	394,301	414,854	3,711,418
Japanese Corporate Bonds	364,620	338,174	3,432,043
Japanese Stocks	272,504	254,629	2,564,987
Other Securities	686,048	713,772	6,457,531
Total	¥2,169,542	¥2,381,490	\$20,421,147

Securities included investments in non-consolidated subsidiaries and affiliates of ¥10,112 million on March 31, 2018 (¥8,737 million on March 31, 2017).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in Japanese Corporate Bonds were ¥69,673 million as of March 31, 2018 (¥58,270 million as of March 31, 2017).

## 7. Loans and Bills Discounted

### (1) Loans and Bills Discounted

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Bills Discounted	¥ 14,739	¥ 14,254	\$ 138,740
Loans on Bills	153,645	141,466	1,446,208
Loans on Deeds	8,906,301	8,499,318	83,831,907
Overdrafts	700,226	613,814	6,590,983
Total	¥9,774,912	¥9,268,854	\$92,007,839

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of March 31, 2018 was ¥15,066 million (¥14,445 million as of March 31, 2017).

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥2,279,632 million relating to these contracts, including ¥2,091,728 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2018 (respective amounts were ¥2,179,845 million and ¥2,025,470 million as of March 31, 2017).

Since many of these commitments expire without being utilized, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Bank can refuse customers' application of loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities, etc., as collateral if considered to be necessary. Subsequently, the Bank performs periodic review of the customers' business results based on initial rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

Additionally, the unused amount within the limits of overdraft facilities on General Accounts as of March 31, 2018 was ¥878,875 million (¥902,880 million as of March 31, 2017). General Accounts are the Ordinary Deposit Accounts that its depositors can overdraw up to the amounts calculated by multiplying incidental Time Deposits and so on by certain weight.

### (2) Risk-Monitored Loans

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Loans to Bankrupt Borrowers	¥ 1,210	¥ 1,881	\$ 11,396
Delinquent Loans	82,737	81,499	778,781
Loans Past Due 3 Months or More	1,137	1,362	10,706
Restructured Loans	39,359	51,468	370,477
Total	¥124,445	¥136,211	\$1,171,360

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96 (1) (iii) and (iv) of the Corporation Tax Act Enforcement Ordinance (Article 97 of 1965 Cabinet Order).

Delinquent loans represent non-accrual loans other than (i) loans to bankrupt borrowers and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans past due 3 months or more represent loans on which the payment of principal and/or interest has not been received for 3 months or more from the due date, and which are not included in Loans to bankrupt borrowers or Delinquent loans.

Restructured loans are loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by providing easier repayment terms for the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, etc.) and are not classified in any of the above categories.

### 8. Foreign Exchange Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Due from Foreign Banks (Our Accounts)	¥1,946	¥3,654	\$18,320
Foreign Bills Bought	327	190	3,079
Foreign Bills Receivable	914	719	8,608
Total	¥3,187	¥4,563	\$30,007

### 9. Other Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Accrued Income	¥ 13,142	¥ 13,099	\$ 123,707
Prepaid Expenses	1,043	861	9,820
Derivatives	14,668	5,734	138,069
Lease Investment Assets	47,714	44,178	449,120
Other	109,374	80,705	1,029,507
Total	¥185,943	¥144,579	\$1,750,223

## 10. Tangible Fixed Assets

Depreciation was computed using the declining-balance method.

Tangible fixed assets were shown at net of the following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
	¥97,070	¥95,467	\$913,694

Deferred gain on real estate deductible for tax purposes amounted to ¥11,698 million as of March 31, 2018 (¥11,576 million as of March 31, 2017).

## 11. Assets Pledged

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Securities	¥701,216	¥886,594	\$6,600,305
Loans and Bills Discounted	572,648	299,966	5,390,143

Liabilities related to the above pledged assets were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Deposits	¥ 47,327	¥ 49,158	\$ 445,479
Payables under Repurchase Agreements	17,085	—	160,824
Payables under Securities Lending Transactions	260,387	318,992	2,450,937
Borrowed Money	330,835	275,841	3,114,037

In addition, the following was pledged as collateral for settlements of exchange or margins for futures transactions.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Securities	¥17,345	¥60,621	\$163,269

Initial margins of futures markets of ¥1,883 million, cash collateral paid for financial instruments of ¥67,229 million and guarantee deposits of ¥7,284 million were included in Other Assets as of March 31, 2018 (respective amounts were ¥1,212 million, ¥26,778 million and ¥6,360 million as of March 31, 2017).

## 12. Deposits

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Current Deposits	¥ 272,048	¥ 248,972	\$ 2,560,702
Ordinary Deposits	7,673,786	7,180,337	72,230,671
Savings Deposits	250,625	247,038	2,359,052
Deposits at Notice	5,350	5,452	50,362
Time Deposits	3,527,993	3,583,043	33,207,773
Other Deposits	273,602	285,747	2,575,325
Subtotal	12,003,407	11,550,592	112,983,886
Negotiable Certificates of Deposit	464,971	434,192	4,376,614
Total	¥12,468,379	¥11,984,784	\$117,360,499

## 13. Trading Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Derivatives of Trading Securities	¥ 1	¥ 6	\$ 14
Trading-related Financial Derivatives	12,631	16,467	118,892
Total	¥12,632	¥16,474	\$118,906

## 14. Borrowed Money

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Borrowings from the Bank of Japan and Other Financial Institutions	¥334,405	¥279,442	\$3,147,646

## 15. Foreign Exchange Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Foreign Bills Sold	¥428	¥340	\$4,036
Foreign Bills Payable	158	352	1,492
Total	¥587	¥692	\$5,528

## 16. Bonds Payable

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Subordinated Bonds	¥ 50,000	¥ 50,000	\$ 470,633
Straight Bond	63,714	67,267	599,722
Total	¥113,714	¥117,267	\$1,070,354

## 17. Other Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Domestic Exchange Settlement Account, Credit	¥ 36	¥ 59	\$ 340
Accrued Expenses	11,667	10,181	109,822
Unearned Revenue	32,143	30,443	302,553
Income Taxes Payable	11,897	7,491	111,983
Derivatives	11,277	11,582	106,149
Other	53,437	48,391	502,991
Total	¥120,458	¥108,149	\$1,133,838

## 18. Retirement Benefit Plans

The Bank and its consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans, welfare pension fund plans and tax-qualified pension plans, as well as corporate-type defined contribution plans. The Bank has retirement benefit trusts for lump-sum payment plans since the end of March 2018.

Net retirement benefit liability and retirement benefit cost of the consolidated subsidiaries' lump-sum payment plans are calculated by the simplified method.

## I. Defined Benefit Plans

### (1) Retirement Benefit Obligation

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Balance at the Beginning of Current Period	¥81,986	¥82,351	\$771,709
Service Cost	2,815	2,836	26,500
Interest Cost	162	163	1,530
Actuarial Gain or Loss	993	458	9,348
Retirement Benefits Paid	(4,147)	(3,823)	(39,040)
Balance at the End of Current Period	¥81,809	¥81,986	\$770,047

### (2) Plan Assets at Fair Value

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Balance at the Beginning of Current Period	¥59,147	¥57,868	\$556,734
Expected Return on Plan Assets	1,774	1,736	16,702
Actuarial Gain or Loss	2,418	1,115	22,765
Contributions by the Company	811	814	7,634
Retirement Benefits Trusts	6,300	—	59,300
Retirement Benefits Paid	(2,466)	(2,387)	(23,219)
Balance at the End of Current Period	¥67,984	¥59,147	\$639,916

### (3) Net Defined Benefit Liability/Asset

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Funded Retirement Benefit Obligation	¥ 81,236	¥ 60,649	\$ 764,651
Plan Assets at Fair Value	(67,984)	(59,147)	(639,916)
Subtotal	13,251	1,502	124,735
Unfunded Retirement Benefit Obligation	573	21,336	5,395
Net Amount Accrued on the Balance Sheet	¥ 13,825	¥ 22,838	\$ 130,131

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Net Defined Benefit Liability	¥14,898	¥22,838	\$140,231
Net Defined Benefit Asset	(1,072)	—	(10,100)
Net Amount Accrued on the Balance Sheet	¥13,825	¥22,838	\$130,131

### (4) Retirement Benefit Cost

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Service Cost	¥ 2,815	¥ 2,836	\$ 26,500
Interest Cost	162	163	1,530
Expected Return on Plan Assets	(1,774)	(1,736)	(16,702)
Amortization of Actuarial Gain or Loss	1,236	1,193	11,643
Retirement Benefit Cost	¥ 2,440	¥ 2,457	\$ 22,971

### (5) Remeasurements of Defined Benefit Plans Included in Other Comprehensive Income (before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Actuarial Gain or Loss	¥2,662	¥1,851	\$25,060

### (6) Remeasurements of Defined Benefit Plans Included in Accumulated Other Comprehensive Income (before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Unrecognized Actuarial Gain or Loss	¥(1,050)	¥(3,712)	\$(9,888)

## (7) Components of Plan Assets at Fair Value

	2018	2017
Stocks	44%	42%
General Accounts at Life Insurance Companies	24%	28%
Bonds	31%	27%
Other	1%	3%
Total	100%	100%

## (8) Assumptions Used in Accounting for the Above Plans

	2018	2017
Discount Rate	0.2%	0.2%
Expected Rate of Long-Term Return on Plan Assets	3.0%	3.0%
Expected Rates of Future Salary Increases	1.1%–3.4%	1.1%–3.2%

The expected rates of long-term return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

## II. Defined Contribution Plans

The required contribution amount of the Bank and its consolidated subsidiaries for the fiscal year ended March 31, 2018 was ¥299 million (¥85 million as of March 31, 2017).

## 19. Revaluation Reserve for Land

Pursuant to the Law concerning Revaluation of Premises, premises used for business operations have been revalued as of March 31, 1998. Premises revaluation gain was included in Net Assets, net of income taxes.

Date of the revaluation: March 31, 1998

The method of the revaluation (set forth in Article 3 (3) of the Law): Pursuant to Article 2 (4) of the Enforcement Ordinance for the Law concerning Revaluation of Premises, the premises price for the revaluation is determined based on the method established and published by the Director General of National Tax Agency in order to calculate the premises value for a basis of determining the taxable amount subject to premises value tax prescribed by Article 16 of the Premises Value Tax Law, reflecting appropriate adjustments for land shape and timing of the assessment.

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥29,182 million as of March 31, 2018 (¥31,423 million as of March 31, 2017).

## 20. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2018 and 2017.

	Number of Shares	
	2018	2017
Shares in Issue	865,521,087	875,521,087

The number of treasury shares held by the Bank was 84,573 thousand as of March 31, 2018 (77,761 thousand as of March 31, 2017).

**21. Trading Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Gains on Trading Account Securities Transactions	¥4,201	¥2,962	\$39,551
Income from Securities and Derivatives related to Trading Transactions	309	141	2,918
Income from Trading-Related Financial Derivatives Transactions	1,159	1,676	10,910
Other Trading Income	15	45	148
Total	¥5,686	¥4,825	\$53,526

**22. Other Ordinary Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Gains on Foreign Exchange Transactions	¥2,690	¥1,475	\$25,325
Gains on Sales of Bonds	2,662	3,039	25,063
Gains on Redemption of Bonds	—	18	—
Income from Derivatives other than for Trading or Hedging	24	931	232
Other	0	0	1
Total	¥5,378	¥5,464	\$50,622

**23. Other Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Gains on Sales of Stocks and Other Securities	¥ 1,903	¥ 1,576	\$ 17,914
Gains on Money Held in Trust	604	84	5,692
Revenue on Lease	14,833	14,208	139,619
Recoveries of Written-Off Claims	1,662	2,071	15,652
Reversal of Allowance for Loan Losses	3,476	5,303	32,724
Equity in Earnings of Affiliates	380	270	3,583
Other	10,024	10,226	94,357
Total	¥32,885	¥33,741	\$309,540

**27. Other Comprehensive Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Valuation Difference on Available-for-Sale Securities:			
Gains (Losses) Arising during the Fiscal Year	¥22,293	¥ 8,899	\$209,838
Reclassification Adjustment to Profit or Loss	(4,317)	(1,489)	(40,640)
Amount before Income Tax Effect	17,975	7,410	169,197
Income Tax Effect	(5,603)	(1,924)	(52,744)
Total	12,371	5,486	116,453
Deferred Gains or Losses on Hedges:			
Gains (Losses) Arising during the Fiscal Year	(5,276)	(4,332)	(49,670)
Reclassification Adjustment to Profit or Loss	5,726	6,171	53,905
Amount before Income Tax Effect	449	1,839	4,235
Income Tax Effect	(137)	(560)	(1,292)
Total	312	1,278	2,943
Remeasurements of Defined Benefit Plans:			
Gains (Losses) Arising during the Fiscal Year	1,425	657	13,417
Reclassification Adjustment to Profit or Loss	1,236	1,193	11,643
Amount before Income Tax Effect	2,662	1,851	25,060
Income Tax Effect	(814)	(567)	(7,667)
Total	1,847	1,283	17,393
Share of Other Comprehensive Income of Entities Accounted for by the Equity Method:			
Gains (Losses) Arising during the Fiscal Year	151	19	1,424
Reclassification Adjustment to Profit or Loss	—	—	—
Amount before Income Tax Effect	151	19	1,424
Income Tax Effect	—	—	—
Total	151	19	1,424
Total Other Comprehensive Income	¥14,683	¥ 8,067	\$138,213

**24. Other Ordinary Expenses**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Loss on Sales of Bonds	¥2,583	¥4,219	\$24,317
Loss on Redemption of Bonds	666	—	6,271
Loss on Devaluation of Bonds	—	17	—
Total	¥3,249	¥4,237	\$30,587

**25. Other Expenses**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Written-Off of Loans	¥ 5,339	¥ 2,858	\$ 50,260
Losses on Sales of Stocks and Other Securities	69	3	658
Losses on Devaluation of Stocks and Other Securities	224	8	2,109
Losses on Money Held in Trust	—	346	—
Cost of Leased Assets	13,286	12,632	125,064
Provision for Reimbursement of Deposits	894	1,309	8,424
Loss on Disposal of Fixed Assets	449	765	4,233
Impairment Loss on Fixed Assets	107	270	1,014
Loss on Reconstruction of the Head Office	907	—	8,546
Other	4,650	3,981	43,778
Total	¥25,931	¥22,177	\$244,086

**26. Cash and Cash Equivalents**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Cash and Due from Banks	¥1,845,198	¥1,806,514	\$17,368,207
Interest-Bearing Deposits included in Due from Banks (excluding Due from BOJ)	(147,490)	(192,214)	(1,388,280)
Cash and Cash Equivalents	¥1,697,707	¥1,614,299	\$15,979,927



## 28. Lease Transactions

### Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Lessee Side (Lease Payables related to Non-Cancelable Operating Lease Transactions):			
Amount Corresponding to Lease Payables (within 1 Year)	¥207	¥143	\$1,952
Amount Corresponding to Lease Payables (over 1 Year)	624	549	5,882
Total	¥832	¥692	\$7,834

## 29. Tax Effect

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Deferred Tax Assets:			
Allowance for Loan Losses	¥ 14,205	¥ 15,556	\$ 133,708
Net Defined Benefit Liability	5,957	6,060	56,080
Write-Offs of Securities	1,046	1,081	9,853
Remeasurements of Defined Benefit Plans	320	1,134	3,016
Other	7,902	7,109	74,384
Subtotal	29,432	30,942	277,040
Valuation Allowance	(1,454)	(1,816)	(13,686)
Total Deferred Tax Assets	27,978	29,125	263,354
Deferred Tax Liabilities:			
Valuation Difference on Available-for-Sale Securities	(53,224)	(47,621)	(500,986)
Net Defined Benefit Asset	(115)	(200)	(1,085)
Other	(2,033)	(1,742)	(19,145)
Total Deferred Tax Liabilities	(55,373)	(49,564)	(521,215)
Net Deferred Tax Assets (Liabilities)	¥(27,395)	¥(20,438)	\$(257,862)

For the fiscal years ended March 31, 2017 and 2018, as the difference between the statutory tax rate and the effective income tax rate was less than 5 percent of the statutory tax rate, the reconciliation of the effective income tax rate is not disclosed.

## 30. Subsequent Events

At the Board of Directors meeting held on May 9, 2018, the Bank resolved to acquire its own shares under Article 156 of the Companies Act, as applied pursuant to Paragraph 3, Article 165, to enhance shareholder returns by improving its capital efficiency.

- |   |                                    |
|---|------------------------------------|
| (1) Type of shares to be acquired         | Common stock                       |
| (2) Total number of shares to be acquired | Up to 7,000,000 shares             |
| (3) Total cost of acquisition             | Up to ¥5,000 million               |
| (4) Period of acquisition                 | From May 10, 2018 to June 11, 2018 |

The Bank acquired its own shares during the period as follows.

- |                                     |                  |
|-------------------------------------|------------------|
| (1) Type of acquired shares         | Common stock     |
| (2) Total number of acquired shares | 5,803,000 shares |
| (3) Total cost of acquisition       | ¥4,999 million   |

## 31. Segment Information

### I. Segment Information of the Current Fiscal Year (from April 1, 2017 to March 31, 2018) and the Previous Fiscal Year (from April 1, 2016 to March 31, 2017)

Since the Bank and its consolidated subsidiaries (the "Group") operate solely within the banking segment, segment information is omitted.

### II. Related Information

#### (1) Information by Service Type

Since the ordinary income of banking business from external customers of the Group exceeds 90% of ordinary income in the consolidated statement of income, segment information is omitted.

#### (2) Information by Geographic Areas

##### i) Ordinary Income

Since the ordinary income from domestic external customers of the Group exceeds 90% of ordinary income in the consolidated statement of income, segment information is omitted.

##### ii) Tangible Fixed Asset

Since the balance of the Group's tangible fixed assets located in Japan exceeds 90% of the balance of those in the consolidated balance sheet, segment information is omitted.

#### (3) Information by Major Customers

Since there is no single customer with which the Group earns ordinary income exceeding 10% of ordinary income in the consolidated statement of income, segment information by major customer is omitted.

### III. Information about Impairment Loss of Fixed Assets by Reporting Segments

Since the Group operates solely within the banking segment, segment information is omitted.

### IV. Information about Amortization Expense and Unamortized Balance of Goodwill by Reporting Segments

Not applicable.

### V. Information about Gains from Negative Goodwill by Reporting Segment

Not applicable.

### 32. Financial Instruments

#### I. Disclosure on Financial Instruments

##### (1) Policy on Financial Instruments

The Group conducts market businesses such as deposit-taking, lending and securities investments as a regional bank which is mainly based in Chiba Prefecture.

The Group takes deposits, which are its main financing source, and invests those deposits in corporate loans, personal housing loans and securities. In order to manage these assets and liabilities and also to make management plan in response to changes in market environment, we have established ALM management system led by ALM Committee.

##### (2) Types of and Risks Associated with Financial Instruments

Because of corporate and housing loans being our main financial assets, we are exposed to credit risk which is the risk of losses on receivable such as those arising from nonperformance of borrowers.

We hold securities primarily comprising bonds, stocks and investment trusts for investment and operating purposes. These securities have credit risk of the issuers and market risk arising from changes in interest rates, prices and exchange rates.

The Group's financial liabilities are mainly deposits from our individual customers in Chiba Prefecture which consist of liquid deposits and time deposits. These deposits have liquidity risk arising from unexpected outflows of fund in certain situations.

The Group has interest rate risk caused by a mismatch in terms of interest rates or time period between the assets (e.g., loans) and liabilities (e.g., deposits). We in part hedge the risk using interest rate swaps.

We also have foreign exchange risk arising from a position mismatch between the foreign currency denominated assets and liabilities, which we in part hedge using currency swaps.

We utilize derivatives for purposes of: addressing customer's various needs for investments and financing, managing risks from the assets and liabilities, and trading (i.e., for a gain from sales in a short term). We enter into derivatives transactions to hedge interest rate and exchange rate risks from the assets and liabilities as follows:

	Hedged Item	Hedging Instrument
Interest rate risk hedge	Loans and bills discounted	Interest rate swaps
Foreign exchange risk hedge	Receivables and payables denominated in foreign currencies	Currency swaps Forward foreign exchange

We apply hedge accounting to these transactions. Derivatives bear market risk and credit risk like other transactions in markets.

Some of our subsidiaries have leasing credit and installment receivables which are subject to interest rate risk and credit risk.

##### (3) Risk Management Relating to Financial Instruments

###### i) Credit Risk Management

We have established the system of self-assessment of assets to provide appropriate allowance and write-offs. We also perform rigid credit risk management through individual credit management and credit portfolio management based on internal rating system. The Risk Management Division, which is responsible for credit risk management, has been placed as a division independent of the Credit Unit (including the Credit Division) for a check-and-balance effect. Further, the Credit Risk Management Committee discusses plans and actions on credit portfolios based on consideration of credit risk situations.

The details of credit risk management are as follows:

###### (Individual Credit Management)

Branches and the Credit Division take the lead in credit review in accordance with credit review standards under the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Division provides support for customers who need to improve business operations and engages in resolution and collection activities with regard to Bankrupt Borrowers and others. The Bank strives to accumulate high-performing loan assets and minimize future losses through these in-advance review and after-the-fact administration.

###### (Credit Portfolio Management)

Credit portfolio management is to control risk of incurring a major loss at a time due to concentration of individual loans in specific countries or specific industries. The Risk Management Division monitors the state of credit risk from various perspectives, such as by country, by industry, and by customer credit rating. They also establish policies and take actions such as setting credit limits to control an increase in credit risk.

###### ii) Market Risk Management

We have established strict market risk management system including risk limit monitoring. The Risk Management Division, which is responsible for market risk management, has been placed as a division independent of the Treasury Division and overseas branches in business operation unit and the Treasury Operation Division in business management unit, for a check-and-balance effect. The ALM Committee chaired by the President discusses plans and actions on overall management of the assets and liabilities based on market risk situations. The following is how we set and monitor the upper guideline limits: (Risk Limit Monitoring)

We set and monitor upper guideline limits to control market risk of financial assets such as securities, loans and deposits. In order to control an increase in market risk, we also set upper limits on investment balances, average duration, 10BPV and unrealized gains (losses) according to risk characteristics of transactions and products, and utilize such limits as additional management indicators. For trading, we set and monitor upper guideline limits on positions and losses.

(Quantitative Information on Market Risk)

(a) Financial Instruments of Banking Account

We use VaR (the assumed maximum loss) for quantitative analysis on market risk of financial instruments such as available-for-sale securities, loans and deposits. For calculating VaR, we have adopted the variance co-variance model (holding period of 1 year; confidence interval of 99.9%; and observation period of 1 year), and the changes of interest and stock price are considered. However, the VaR based on a holding period of 10 days is used for a part of tradings such as market asset trading. Those VaR are used for risk limit monitoring. Our VaR of banking business is ¥116,524 million as of March 31, 2018 (¥121,606 million as of March 31, 2017). In case of 99% confidence level, VaR is ¥92,012 million as of March 31, 2018 (¥96,699 million as of March 31, 2017).

(b) Financial Instruments of Trading Account

We use VaR for quantitative analysis on market risk of financial instruments such as securities for trading and derivatives. For calculating VaR, we have adopted the variance co-variance model (holding period of 10 days; confidence interval of 99.9%; and observation period of 1 year). Those VaR are used for risk limit monitoring. Our VaR of trading business is ¥18 million as of March 31, 2018 (¥38 million as of March 31, 2017). In case of 99% confidence level, VaR is ¥13 million as of March 31, 2018 (¥28 million as of March 31, 2017).

(c) Validity of VaR

We check the validity of the market risk measurement made by VaR approach by the back-test which compares VaR calculated using the model with actual profit and loss. Since VaR estimates possible losses statistically under the certain probability from the past market changes, risk might not be complemented under anomalous market situations.

iii) Liquidity Risk Management

We have established strict liquidity risk management system including limit monitoring. The Risk Management Division, which is responsible for liquidity risk management, has been placed as a division independent of Treasury Division in financing management unit for a check-and-balance effect. The ALM Committee chaired by the President discusses plans and actions on overall management of the assets and liabilities based on liquidity risk situations. Upon an event with a significant impact on the cash flows, we would immediately have a conference chaired by the President and discuss plans to address the event. The following is how we set and monitor limits for liquidity management:

(Limit Management)

We set and monitor the minimum level of liquid assets such as government bonds that can be converted to cash in a short time. We also set upper limits on financing from inter-bank and other markets in order to facilitate stable cash flows with our fund-raising capacity.

iv) Integrated Risk Management

We have established rigid integrated risk management system including risk capital allocation framework. The Risk Management Division is responsible for integrated risk management and is the unit that monitors various risks including credit and market risks. In order to ensure that we have capital sufficient for the risks we bear, the Risk Management Division also conducts stress test, the results of which the Board of Directors monitors on a regular basis and discuss actions to take as necessary. The following is the details of risk capital allocation framework:

(Risk Capital Allocation Framework)

Risk capital allocation framework is to distribute risk capital (tolerable risk) within the capital representing our financial strength, to divisions such as domestic business divisions and treasury divisions in advance. Each division then controls risks within the allocated risk capital. Through this framework, each division conducts its operations focusing on risk-return spectrum (e.g., improves profitability and/or utilize the capital in a more efficient manner) while the entire Bank's strength is maintained.

**(4) Supplementary Explanation on Fair Value of Financial Instruments**

The fair value of financial instruments includes, in addition to values determined based on market prices, those calculated on a reasonable basis if no market price is available. Since certain assumptions are used for the calculations, the result may vary if different assumptions are used.

## II. Disclosure on Fair Value of Financial Instruments

The following table summarizes the amount stated in the consolidated balance sheet and the fair value of financial instruments as of March 31, 2018 with their difference. Note that the following table does not include unlisted equity securities and other securities for which fair value is extremely difficult to determine (Note ii). Furthermore, some items are not shown since the consolidated balance sheet amounts are insignificant.

	Millions of Yen (Note 1)					
	March 31, 2018			March 31, 2017		
	Consolidated Balance Sheet Amount	Fair Value	Difference*1	Consolidated Balance Sheet Amount	Fair Value	Difference*1
(1) Securities:						
Held-to-Maturity Bonds	¥ 7,608	¥ 7,643	¥ 34	¥ 8,064	¥ 8,254	¥ 189
Available-for-Sale Securities	2,133,398	2,133,398	—	2,350,166	2,350,166	—
(2) Loans and Bills Discounted	9,774,912			9,268,854		
Allowance for Loan Losses*2	(25,382)			(30,520)		
	9,749,530	9,849,630	100,100	9,238,333	9,344,521	106,188
Total Assets	¥11,890,537	¥11,990,673	¥100,135	¥11,596,565	¥11,702,943	¥106,377
(1) Deposits	¥12,003,407	¥12,003,612	¥ (204)	¥11,550,592	¥11,551,030	¥ (437)
(2) Negotiable Certificates of Deposit	464,971	464,971	—	434,192	434,192	—
Total Liabilities	¥12,468,379	¥12,468,583	¥ (204)	¥11,984,784	¥11,985,222	¥ (437)
Derivative Transactions*3:						
Not Qualifying for Hedge Accounting	¥ 3,664	¥ 3,664	¥ —	¥ 3,823	¥ 3,823	¥ —
Qualifying for Hedge Accounting	1,250	1,250	—	1,308	1,308	—
Total Derivative Transactions	¥ 4,915	¥ 4,915	¥ —	¥ 5,132	¥ 5,132	¥ —

\*1 Unrealized gains (losses) are presented.

\*2 General and specific allowance for Loans and bills discounted is deducted here.

\*3 Presents derivative transactions included in Trading assets/liabilities as well as those in Other assets/liabilities. Also presents assets or liabilities arising from derivative transactions on a net basis. Net liability positions are presented with brackets [ ].

(Note i) Methods used for determining the estimated fair value of financial instruments

### Assets

#### (1) Securities

The fair value of stocks is determined based on price quoted by the exchanges. The fair value of bonds is determined based on the Trading Reference Statistical Data published by Japanese Securities Dealers Association or prices provided by financial institutions. The fair value of investment trusts is determined based on the net asset value provided by financial institutions.

The fair value of domestic stocks and domestic investment trusts is based on the average market price during the month preceding the consolidated fiscal year-end. The fair value of privately placed bonds guaranteed by the Bank is determined based on a market interest rate adjusted with projected default rate.

#### (2) Loans and Bills Discounted

Because a floating-rate loan reflects market interest rate within a short term, its fair value approximates the carrying amount unless the credit-worthiness of the borrower has changed significantly since the loan origination. As such the carrying amount is deemed as the fair value. With respect to fixed rate loans, the fair value is calculated as total of principal and interest discounted at market interest rate adjusted with projected default rate for each category of loans based on type, internal rating and maturity length.

As for short-term loans with maturity of one year or less, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount.

For loans to Bankrupt, Effectively Bankrupt and Potentially Bankrupt Borrowers, Allowance for loan losses is estimated based on present value of expected future cash flows or expected amount to be collected from collaterals and guarantees. Accordingly, the fair value approximates the consolidated balance sheet amount less the allowance, which is then deemed and used as the fair value in the above table.

For loans without a fixed maturity due to loan characteristics such as limiting loans to within the value of collateral, the carrying amount is deemed as the fair value since the fair value is considered to approximate such carrying amount in terms of expected duration and interest rate.

### Liabilities

#### (1) Deposits and (2) Negotiable Certificates of Deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date is considered to be the fair value. The fair value of time deposits and negotiable certificates of deposit are calculated as future cash flows discounted by time period. The discount rate used in the calculation is the interest rate that would be applied to newly accepted deposits. For short-term deposits, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount because of the short contract term of one year or less.

## Derivative Transactions

See "36. Derivative Transactions."

(Note ii) The following table summarizes financial instruments whose fair value is extremely difficult to be estimated. These securities are not included in the amount presented under "Assets, (1) Available-for-Sale Securities" in the above table.

	Millions of Yen (Note 1)	
	March 31, 2018	March 31, 2017
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(1) Unlisted Stocks* <sup>1, 2</sup>	¥ 5,354	¥ 5,359
(2) Investments in Limited Partnerships, etc.* <sup>3</sup>	13,068	9,161
Total	¥18,422	¥14,521

\*1 Unlisted stocks do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, the fair value is not disclosed.

\*2 An impairment loss of ¥2 million (¥8 million for the previous fiscal year) was recorded on these unlisted stocks in the current fiscal year.

\*3 Fair value of investments in limited partnerships, etc., is not disclosed since such partnerships invest in assets, such as unlisted stocks, of which fair value is extremely difficult to be estimated.

(Note iii) Redemption schedule of monetary claims and securities with maturities:

	Millions of Yen (Note 1)					
	March 31, 2018					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 287,660	¥ 477,570	¥ 399,164	¥ 275,384	¥ 211,824	¥ 92,326
Held-to-Maturity Bonds	—	—	—	6,374	1,062	—
Available-for-Sale Securities with Maturities	287,660	477,570	399,164	269,009	210,761	92,326
Government Bonds	144,500	129,500	98,000	55,000	16,500	—
Local Government Bonds	31,347	84,057	39,876	122,429	109,587	637
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	30,808	104,452	138,666	57,582	3,500	26,426
Loans*	1,290,029	1,576,276	1,149,104	853,878	985,785	3,136,778
Total	¥1,577,689	¥2,053,846	¥1,548,268	¥1,129,262	¥1,197,609	¥3,229,105

\* These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥783,060 million in total.

	Millions of Yen (Note 1)					
	March 31, 2017					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 334,484	¥ 600,613	¥ 482,188	¥138,387	¥ 329,774	¥ 93,902
Held-to-Maturity Bonds	—	—	—	5,609	2,243	—
Available-for-Sale Securities with Maturities	334,484	600,613	482,188	132,777	327,531	93,902
Government Bonds	172,500	247,500	112,000	22,500	83,500	7,700
Local Government Bonds	63,906	72,647	69,612	44,264	157,402	679
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	28,607	80,075	143,586	59,582	6,450	16,227
Loans*	1,187,867	1,568,392	1,147,274	813,808	925,233	2,930,110
Total	¥1,522,352	¥2,169,006	¥1,629,462	¥952,195	¥1,255,008	¥3,024,012

\* These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥696,166 million in total.

(Note iv) Repayment schedule of interest-bearing liabilities:

	Millions of Yen (Note 1)					
	March 31, 2018					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits*	¥11,279,230	¥669,323	¥39,137	¥7,184	¥8,531	¥—
Negotiable Certificates of Deposit	464,971	—	—	—	—	—
Total	¥11,744,201	¥669,323	¥39,137	¥7,184	¥8,531	¥—

\* Demand deposits are included in "Within 1 year."

	Millions of Yen (Note 1)					
	March 31, 2017					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits*	¥10,815,306	¥667,794	¥50,349	¥6,496	¥10,645	¥—
Negotiable Certificates of Deposit	434,192	—	—	—	—	—
Total	¥11,249,498	¥667,794	¥50,349	¥6,496	¥10,645	¥—

\* Demand deposits are included in "Within 1 year."

**33. Market Value of Securities****(1) Trading Securities**

	Millions of Yen (Note 1)	
	March 31, 2018	March 31, 2017
	Unrealized Gains (Losses) included in the Consolidated Statement of Income	Unrealized Gains (Losses) included in the Consolidated Statement of Income
Trading Securities	¥7	¥53

**(2) Marketable Securities Held to Maturity**

	Millions of Yen (Note 1)					
	March 31, 2018			March 31, 2017		
	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
(a) Securities for which the Fair Value Exceeds the Consolidated Balance Sheet Amount	Bonds:					
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —
	Japanese Local Government Bonds	—	—	—	—	—
	Japanese Short-Term Corporate Bonds	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—
	Other	8,418	8,454	35	9,403	9,595
	Foreign Bonds	7,608	7,643	34	8,064	8,254
	Subtotal	8,418	8,454	35	9,403	9,595
(b) Securities for which the Fair Value Does Not Exceed the Consolidated Balance Sheet Amount	Bonds:					
	Japanese Government Bonds	—	—	—	—	—
	Japanese Local Government Bonds	—	—	—	—	—
	Japanese Short-Term Corporate Bonds	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—
	Other	978	974	(3)	1,210	1,205
	Foreign Bonds	—	—	—	—	—
	Subtotal	978	974	(3)	1,210	1,205
	Total	¥9,397	¥9,429	¥32	¥10,614	¥10,801

**(3) Marketable Securities Available for Sale**

	Millions of Yen (Note 1)					
	March 31, 2018			March 31, 2017		
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
(a) Securities for which the Fair Value Exceeds the Amortized Acquisition Cost	Stocks					
	¥ 252,844	¥ 93,974	¥158,870	¥ 239,168	¥ 104,515	¥134,653
	Bonds:					
	1,052,129	1,042,222	9,906	1,221,186	1,207,282	13,903
	Japanese Government Bonds	451,037	445,895	5,141	638,895	630,636
	Japanese Local Government Bonds	300,823	297,687	3,135	310,512	306,849
	Japanese Short-Term Corporate Bonds	—	—	—	—	—
	Japanese Corporate Bonds	300,268	298,639	1,628	271,777	269,795
	Other	320,183	302,081	18,101	380,153	361,128
	Foreign Bonds	153,311	151,994	1,317	244,960	242,695
	Subtotal	1,625,157	1,438,278	186,878	1,840,508	1,672,925
(b) Securities for which the Fair Value Does Not Exceed the Amortized Acquisition Cost	Stocks					
	6,965	7,824	(859)	3,675	4,485	(809)
	Bonds:					
	158,860	159,423	(562)	191,902	192,976	(1,073)
	Japanese Government Bonds	1,031	1,032	(0)	21,163	21,268
	Japanese Local Government Bonds	93,477	93,806	(328)	104,341	104,974
	Japanese Short-Term Corporate Bonds	—	—	—	—	—
	Japanese Corporate Bonds	64,351	64,584	(232)	66,397	66,733
	Other	345,072	355,606	(10,533)	316,892	325,607
	Foreign Bonds	229,644	234,020	(4,375)	223,427	228,046
	Subtotal	510,898	522,854	(11,955)	512,470	523,069
	Total	¥2,136,056	¥1,961,133	¥174,923	¥2,352,978	¥2,195,994

#### (4) Securities Held to Maturity Sold during the Fiscal Year

None.

#### (5) Securities Available for Sale Sold during the Fiscal Year

	Millions of Yen (Note 1)					
	March 31, 2018			March 31, 2017		
	Proceeds from Sales	Gain	Loss	Proceeds from Sales	Gain	Loss
Stocks	¥ 8,810	¥1,886	¥ 59	¥ 4,060	¥1,562	¥ 1
Bonds:	286,909	1,046	55	772,076	756	1,627
Japanese Government Bonds	262,337	1,038	41	770,472	754	1,606
Japanese Local Government Bonds	22,760	4	14	1,336	—	21
Japanese Short-Term Corporate Bonds	—	—	—	—	—	—
Japanese Corporate Bonds	1,810	2	—	267	2	—
Other	156,669	1,632	2,537	166,320	2,297	2,593
Foreign Bonds	136,780	473	1,694	158,578	921	2,206
Total	¥452,389	¥4,565	¥2,653	¥942,457	¥4,615	¥4,223

#### (6) Securities for which the Holding Purpose Has Been Altered

None.

#### (7) Impairment Losses on Securities

Marketable securities available for sale are subject to write-downs when the market value or reasonably estimated value of these securities (collectively, "fair value") has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. For the current fiscal year, impairment losses was Stocks; ¥224 million (¥26 million (Corporate bonds; ¥17 million, Stocks; ¥8 million) for the previous fiscal year).

"Considerable decline in fair value" is determined based on the classification of issuers in accordance with the internal standards for self-assessment of assets as follows:

Bankrupt, effectively bankrupt and potentially bankrupt

Fair value is lower than acquisition cost.

Requiring caution

Fair value has declined by 30% or more from acquisition cost.

Normal

Fair value has declined by 50% or more from acquisition cost, or fair value has declined by more than 30% but less than 50% from acquisition cost and stayed below a certain level.

Bankrupt issuer means one who has entered into bankruptcy, special liquidation proceedings, corporate rehabilitation, civil rehabilitation or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses.

Effectively bankrupt issuer means one who is not legally or formally bankrupt but regarded as substantially in a similar condition.

Potentially bankrupt issuer means one who is not legally bankrupt but deemed to have high possibility of becoming bankrupt.

Requiring caution issuer means one who is financially weak and under close monitoring conducted by the Bank.

Normal issuer means one who does not belong to the other categories.

**34. Money Held in Trust****(1) Money Held in Trust for Trading Purposes**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Consolidated Balance Sheet Amount	¥20,032	¥19,061	\$188,557
Unrealized Gains (Losses) Included in the Consolidated Statement of Income	60	559	567

**(2) Money Held in Trust for Other Purposes**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Acquisition Cost	¥10,879	¥9,079	\$102,400
Consolidated Balance Sheet Amount	10,879	9,079	102,400
Valuation Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

**35. Valuation Difference on Available-for-Sale Securities**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Valuation Difference	¥174,668	¥156,692	\$1,644,091
Securities Available for Sale	174,668	156,692	1,644,091
Other Money Held in Trust	—	—	—
Deferred Tax Liabilities (Assets)	53,224	47,621	500,986
Valuation Difference, Net of Taxes	121,443	109,071	1,143,105
Net Unrealized Gains on Securities Available for Sale Owned by Subsidiaries, which is Attributable to the Parent	507	355	4,773
Valuation Difference on Available-for-Sale Securities	¥121,950	¥109,427	\$1,147,878

**36. Derivative Transactions****(1) Derivative Transactions to which Hedge Accounting Is Not Applied**

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by transaction type as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

**(a) Interest Rate Derivatives**

	Millions of Yen (Note 1)			
	March 31, 2018			
	Notional Principal or Contract Amount			Unrealized Gains (Losses)
	Total	Over 1 Year	Fair Value	
<b>Listed</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-Counter</b>				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,283,538	1,094,297	12,021	12,021
Receive Float / Pay Fixed	1,282,993	1,061,683	(8,644)	(8,644)
Receive Float / Pay Float	55,680	30,680	22	22
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	3,616	1,765	(1)	(1)
Bought	700	—	0	0
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 3,398</b>	<b>¥ 3,398</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

	Millions of Yen (Note 1)			
	March 31, 2017			
	Notional Principal or Contract Amount			Unrealized Gains (Losses)
	Total	Over 1 Year	Fair Value	
<b>Listed</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-Counter</b>				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	¥1,073,916	974,336	14,247	14,247
Receive Float / Pay Fixed	1,073,445	942,025	(10,682)	(10,682)
Receive Float / Pay Float	80,580	48,780	(2)	(2)
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	5,584	3,624	(1)	(1)
Bought	700	700	0	0
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 3,560</b>	<b>¥ 3,560</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.



(b) Currency Derivatives

	Millions of Yen (Note 1)			
	March 31, 2018			
	Notional Principal or Contract Amount			Unrealized Gains
	Total	Over 1 Year	Fair Value	(Losses)
<b>Listed</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-Counter</b>				
Currency Swaps	535,870	392,591	136	136
Forward Foreign Exchange:				
Sold	14,192	—	130	130
Bought	8,751	—	(0)	(0)
Currency Options:				
Sold	70,492	—	(7,217)	1,344
Bought	70,492	—	7,217	143
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 267</b>	<b>¥1,755</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value is based on the discounted cash flow method or option pricing models.

	Millions of Yen (Note 1)			
	March 31, 2017			
	Notional Principal or Contract Amount			Unrealized Gains
	Total	Over 1 Year	Fair Value	(Losses)
<b>Listed</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-Counter</b>				
Currency Swaps	425,332	407,121	110	110
Forward Foreign Exchange:				
Sold	13,220	—	(27)	(27)
Bought	30,137	—	185	185
Currency Options:				
Sold	2,259	—	(36)	8
Bought	2,259	—	36	2
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥268</b>	<b>¥279</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value is based on the discounted cash flow method or option pricing models.

(c) Equity Derivatives

None.

(d) Bond Derivatives

	Millions of Yen (Note 1)			
	March 31, 2018			
	Notional Principal or Contract Amount			Unrealized Gains
	Total	Over 1 Year	Fair Value	(Losses)
<b>Listed</b>				
Futures:				
Sold	¥3,164	¥—	¥(1)	¥(1)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-Counter</b>				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(1)</b>	<b>¥(1)</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

	Millions of Yen (Note 1)			
	March 31, 2017			
	Notional Principal or Contract Amount			Unrealized Gains
	Total	Over 1 Year	Fair Value	(Losses)
<b>Listed</b>				
Futures:				
Sold	¥3,149	¥—	¥(6)	¥(6)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-Counter</b>				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(6)</b>	<b>¥(6)</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

(e) Commodity Derivatives

None.

(f) Credit Derivatives

None.

**(2) Derivative Transactions to which Hedge Accounting Is Applied**

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by hedge accounting method as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

**(a) Interest Rate Derivatives**

		Millions of Yen (Note 1)		
		<b>March 31, 2018</b>		
		Notional Principal or Contract Amount		
Principle Method:	Hedged Item	Total	Over 1 Year	Fair Value
Interest Swap:	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		243,429	205,749	1,887
Receive Float / Pay Float		—	—	—
Other		—	—	—
Exceptional Accrual Method:				
Interest Swap:	Loans			
Receive Fixed / Pay Float		—	—	
Receive Float / Pay Fixed		34,726	25,722	*3
Receive Float / Pay Float		—	—	
<b>Total</b>		<b>¥ —</b>	<b>¥ —</b>	<b>¥1,887</b>

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "32. Financial Instruments."

		Millions of Yen (Note 1)		
		<b>March 31, 2017</b>		
		Notional Principal or Contract Amount		
Principle Method:	Hedged Item	Total	Over 1 Year	Fair Value
Interest Swap:	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		228,737	162,067	1,208
Receive Float / Pay Float		—	—	—
Other		—	—	—
Exceptional Accrual Method:				
Interest Swap:	Loans			
Receive Fixed / Pay Float		—	—	
Receive Float / Pay Fixed		33,611	32,489	*3
Receive Float / Pay Float		—	—	
<b>Total</b>		<b>¥ —</b>	<b>¥ —</b>	<b>¥1,208</b>

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "32. Financial Instruments."

(b) Currency Derivatives

Method of hedge accounting: Principle method

Millions of Yen (Note 1)				
March 31, 2018				
Hedged Item	Notional Principal or Contract Amount		Fair Value	
	Total	Over 1 Year		
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥160,534	¥105,820	¥(637)
Total		¥ —	¥ —	¥(637)

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
2. The fair value is based on the discounted cash flow method or option pricing models.

Millions of Yen (Note 1)				
March 31, 2017				
Hedged Item	Notional Principal or Contract Amount		Fair Value	
	Total	Over 1 Year		
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥260,663	¥76,427	¥100
Total		¥ —	¥ —	¥100

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
2. The fair value is based on the discounted cash flow method or option pricing models.

(c) Equity Derivatives

None.

(d) Bond Derivatives

None.

### 37. Per Share Data

	Yen (Note 1)		U.S. Dollars (Note 1)
	2018	2017	2018
Net Assets per Share of Common Stock	¥1,207.15	¥1,128.31	\$11.36
Profit per Share of Common Stock	67.98	65.32	0.64
Diluted Net Income per Share of Common Stock	67.91	65.25	0.64

#### I. Basis on Calculating Net Assets per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Consolidated Net Assets	¥943,236	¥900,550	\$8,878,353
Less: Subscription Rights to Shares	511	423	4,813
Consolidated Net Assets Attributable to Common Stockholders	¥942,724	¥900,127	\$8,873,540

	Number of Shares	
	2018	2017
Number of Shares of Common Stock Used for Calculating Net Assets per Share	780,947,638	797,759,929

#### II. Basis on Calculating Net Income per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Profit Attributable to Owners of Parent	¥53,796	¥52,730	\$506,363
Profit Attributable to Owners of Parent Not Attributable to Common Stockholders	—	—	—
Profit Attributable to Owners of Parent Attributable to Common Stockholders	¥53,796	¥52,730	\$506,363

	Number of Shares	
	2018	2017
Average Number of Shares of Common Stock (excluding Treasury Shares)	791,243,837	807,250,735

The increased number of shares of common stock for stock options is 915 thousand (857 thousand for the previous fiscal year), which is used for calculating diluted profit per share.

**38. Related Party Transactions****I. Related Party Transactions****(1) Transactions between the Bank and Related Parties**

Directors of the Bank or major shareholders (individuals only), etc.

**For the Fiscal Year Ended March 31, 2017**

None.

**For the Fiscal Year Ended March 31, 2018**

Party Classification	Name of Company or Individual	Address	Capital	Type of Business	Percentage of Voting Rights Held by the Bank	Relations with Related Party	Type of Transaction	Amounts of the Transactions	Account Classification	Balance at the Fiscal Year-End
Company, a majority of whose voting rights are owned by the close members of directors' respective families	Daimaru Foods Co., Ltd.	Choshi-shi, Chiba Pref.	¥35 million	Food Manufacturing	0.00%	—	Lending	Average balance of ¥56 million	Loan	¥56 million

The terms of transactions and policies of determining the terms are similar to general cases.

**(2) Transactions between Subsidiaries of the Bank and Related Parties**

None.

**II. Notes to the Parent Company or Major Affiliated Companies**

None.

**39. Cash Dividends Paid****I. Cash Dividends Paid for the Fiscal Year Ended March 31, 2017**

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid Millions of Yen (Note 1)	Cash Dividends per Share Yen (Note 1)	Record Date	Effective Date
Annual General Shareholders Meeting, at June 28, 2016	Common Stock	¥5,751	¥7.00	March 31, 2016	June 29, 2016
Board of Directors, at November 9, 2016	Common Stock	6,031	7.50	September 30, 2016	December 5, 2016

**II. Cash Dividends Paid for the Fiscal Year Ended March 31, 2018**

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid Millions of Yen (Note 1)	Cash Dividends per Share Yen (Note 1)	Record Date	Effective Date
Annual General Shareholders Meeting, at June 28, 2017	Common Stock	¥5,983	¥7.50	March 31, 2017	June 29, 2017
Board of Directors, at November 8, 2017	Common Stock	5,917	7.50	September 30, 2017	December 5, 2017

**III. Cash Dividends with the Record Date in the Fiscal Year Ended March 31, 2018 and the Effective Date in the Fiscal Year ending March 31, 2019**

Approval	Category of Shares	Total Amounts of Cash Dividends Paid Millions of Yen (Note 1)	Source of Dividends	Cash Dividends per Share Yen (Note 1)	Record Date	Effective Date
Annual General Shareholders Meeting, at June 27, 2018	Common Stock	¥5,857	Retained Earnings	¥7.50	March 31, 2018	June 28, 2018

**40. Stock Options****I. Line Item where Stock Option Expense Is Presented and the Amount**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
General and Administrative Expenses	¥164	¥159	\$1,546

## II. Stock Option Activity

### (1) Outline of Stock Options

		The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Number of Grantees	Directors	9	9	9	9
	Executive officers	9	9	9	11
Number of Stock Options	Common stock	311,100	343,600	344,700	229,400
Date of Grant		July 20, 2010	July 20, 2011	July 20, 2012	July 19, 2013
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	Not fixed
Target Period		Not fixed	Not fixed	Not fixed	Not fixed
Exercise Period		From July 21, 2010 to July 20, 2040	From July 21, 2011 to July 20, 2041	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043

		The fifth subscription rights	The sixth subscription rights	The seventh subscription rights	The eighth subscription rights
Number of Grantees	Directors	10	10	10	9
	Executive officers	10	10	10	11
Number of Stock Options	Common stock	243,000	180,700	365,400	230,500
Date of Grant		July 18, 2014	July 17, 2015	July 20, 2016	July 20, 2017
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	Not fixed
Target Period		Not fixed	Not fixed	Not fixed	Not fixed
Exercise Period		From July 19, 2014 to July 18, 2044	From July 18, 2015 to July 17, 2045	From July 21, 2016 to July 20, 2046	From July 21, 2017 to July 20, 2047

### (2) Size and Situation of Stock Options

#### (a) Number of Stock Options

	Number of Shares			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Non-Vested:				
As of March 31, 2017	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
Vested:				
As of March 31, 2017	54,000	58,000	81,300	66,800
Vested	—	—	—	—
Exercised	—	—	14,400	8,800
Forfeited	—	—	—	—
Outstanding	54,000	58,000	66,900	58,000

	Number of Shares			
	The fifth subscription rights	The sixth subscription rights	The seventh subscription rights	The eighth subscription rights
Non-Vested:				
As of March 31, 2017	—	—	—	—
Granted	—	—	—	230,500
Forfeited	—	—	—	—
Vested	—	—	—	230,500
Outstanding	—	—	—	—
Vested:				
As of March 31, 2017	102,700	115,700	365,400	—
Vested	—	—	—	230,500
Exercised	21,100	22,600	67,700	—
Forfeited	—	—	—	—
Outstanding	81,600	93,100	297,700	230,500

## (b) Price Information

	Yen (Note 1)			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Exercise Price	1	1	1	1
Average Price at Exercise	—	—	817	817
Fair Value at Grant Date	467	446	403	686

	Yen (Note 1)			
	The fifth subscription rights	The sixth subscription rights	The seventh subscription rights	The eighth subscription rights
Exercise Price	1	1	1	1
Average Price at Exercise	817	817	817	—
Fair Value at Grant Date	673	913	433	721

**III. Estimations Used to Measure Fair Value of Stock Options**

## (1) Valuation Method

Black-Scholes option pricing model

## (2) Main Figures and the Way of Estimation

	The eighth subscription rights
Volatility of Stock Price* <sup>1</sup>	31.127%
Estimated Remaining Outstanding Period* <sup>2</sup>	5 years
Estimated Dividend* <sup>3</sup>	¥15 per share
Risk-Free Interest Rate* <sup>4</sup>	-0.058%

\*<sup>1</sup> Volatility of Stock Price is calculated based on the actual stock prices of Estimated Remaining Outstanding Period.\*<sup>2</sup> Estimated Remaining Outstanding Period is estimated based on the average administration period of the directors from the past decade.\*<sup>3</sup> Estimated Dividend is based on the actual results of the fiscal year ended March 31, 2017.\*<sup>4</sup> Risk-Free Interest Rate is based on bonds' yields of the Estimated Remaining Outstanding Period.**IV. Estimated Number of Stock Options to be Vested**

The actual number of forfeited stock options alone is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.



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## Independent Auditor's Report

The Board of Directors  
The Chiba Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Chiba Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank, Ltd and its consolidated subsidiaries as at March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

*Ernst & Young ShinNihon LLC*

June 22, 2018

## Non-Consolidated Balance Sheet (Unaudited)

The Chiba Bank, Ltd.  
As of March 31, 2018

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2018	2017	2018
<b>Assets</b>			
Cash and Due from Banks	¥ 1,841,522	¥ 1,802,733	\$ 17,333,603
Call Loans	75,801	154,078	713,489
Receivables under Resale Agreements	14,999	14,999	141,189
Monetary Claims Bought	11,328	11,741	106,632
Trading Assets	121,585	129,232	1,144,439
Money Held in Trust	22,111	21,140	208,127
Securities	2,156,704	2,373,637	20,300,307
Loans and Bills Discounted	9,816,065	9,305,388	92,395,191
Foreign Exchanges	3,187	4,563	30,007
Other Assets	114,360	79,287	1,076,438
Tangible Fixed Assets	94,415	96,120	888,700
Intangible Fixed Assets	11,675	10,752	109,897
Prepaid Pension Cost	442	718	4,166
Customers' Liabilities for Acceptances and Guarantees	38,477	44,988	362,172
Allowance for Loan Losses	(18,978)	(23,123)	(178,637)
<b>Total Assets</b>	<b>¥14,303,698</b>	<b>¥14,026,259</b>	<b>\$134,635,721</b>
<b>Liabilities</b>			
Deposits	¥12,530,506	¥12,044,770	\$117,945,275
Call Money	—	250,000	—
Payables under Repurchase Agreements	17,085	—	160,824
Payables under Securities Lending Transactions	260,387	318,992	2,450,937
Trading Liabilities	12,632	16,474	118,906
Borrowed Money	333,334	277,646	3,137,559
Foreign Exchanges	587	692	5,528
Bonds Payable	113,714	117,267	1,070,354
Borrowed Money from Trust Account	963	62	9,072
Other Liabilities	62,395	53,245	587,304
Provision for Retirement Benefits	12,486	19,140	117,533
Provision for Reimbursement of Deposits	3,074	2,920	28,941
Provision for Point Loyalty Programs	239	268	2,253
Deferred Tax Liabilities	28,884	24,577	271,884
Deferred Tax Liabilities for Land Revaluation	10,852	10,930	102,155
Acceptances and Guarantees	38,477	44,988	362,172
<b>Total Liabilities</b>	<b>13,425,622</b>	<b>13,181,978</b>	<b>126,370,698</b>
<b>Net Assets</b>			
Capital Stock	145,069	145,069	1,365,485
Capital Surplus	122,134	122,134	1,149,606
Retained Earnings	545,044	514,303	5,130,317
Legal Retained Earnings	50,930	50,930	479,388
Other Retained Earnings	494,114	463,373	4,650,929
Treasury Shares	(59,256)	(52,219)	(557,758)
Total Shareholders' Equity	<b>752,991</b>	<b>729,287</b>	<b>7,087,650</b>
Valuation Difference on Available-for-Sale Securities	111,947	102,326	1,053,720
Deferred Gains or Losses on Hedges	1,822	1,510	17,158
Revaluation Reserve for Land	10,802	10,733	101,682
Total Valuation and Translation Adjustments	<b>124,572</b>	<b>114,570</b>	<b>1,172,560</b>
Subscription Rights to Shares	511	423	4,813
<b>Total Net Assets</b>	<b>878,076</b>	<b>844,280</b>	<b>8,265,023</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,303,698</b>	<b>¥14,026,259</b>	<b>\$134,635,721</b>

\*1 Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-consolidated financial statements do not necessarily agree with the sums of individual amounts.

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## Non-Consolidated Statement of Income (Unaudited)

The Chiba Bank, Ltd.  
For the year ended March 31, 2018

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2018	2017	2018
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥108,223	¥107,387	\$1,018,671
Interest and Dividends on Securities	28,795	27,744	271,039
Other Interest Income	3,383	2,588	31,844
Trust Fees	16	2	154
Fees and Commissions	43,476	39,444	409,232
Trading Income	2,001	2,590	18,837
Other Ordinary Income	5,375	5,447	50,594
Other Income	13,962	16,059	131,421
<b>Total Income</b>	<b>205,233</b>	<b>201,264</b>	<b>1,931,791</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	8,379	6,045	78,870
Interest on Borrowings and Rediscounts	1,763	732	16,597
Other Interest Expenses	8,745	9,780	82,316
Fees and Commissions Payments	19,735	20,343	185,764
Other Ordinary Expenses	3,249	4,237	30,587
General and Administrative Expenses	85,082	84,483	800,853
Other Expenses	9,023	6,636	84,936
<b>Total Expenses</b>	<b>135,979</b>	<b>132,259</b>	<b>1,279,924</b>
<b>Profit before Income Taxes</b>	<b>69,254</b>	<b>69,004</b>	<b>651,867</b>
Income Taxes—Current	19,783	17,218	186,212
Income Taxes—Deferred	(184)	3,167	(1,739)
<b>Profit</b>	<b>¥ 49,655</b>	<b>¥ 48,619</b>	<b>\$ 467,394</b>

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## Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2018

### Consolidated Capital Ratio (BIS Guidelines)

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2018	2017	2018
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>	<b>¥937,379</b>	<b>¥870,748</b>	<b>\$8,823,222</b>
Capital Stock and Capital Surplus	267,203	267,203	2,515,091
Retained Earnings	600,931	566,050	5,656,361
Treasury Shares	59,256	52,219	557,758
Cash Dividends to be Paid	5,857	5,983	55,131
Subscription Rights to Shares	511	423	4,813
Accumulated Other Comprehensive Income and Other Disclosed Reserves	133,846	95,274	1,259,846
Instruments and Reserves (Transitional Arrangements)	—	—	—
<b>Common Equity Tier 1 Capital: Regulatory Adjustments</b>	<b>43,780</b>	<b>42,248</b>	<b>412,087</b>
Total Intangible Assets (Excluding Those Relating to Mortgage Servicing Rights)	8,238	6,081	77,542
Deferred Gains or Losses on Derivatives under Hedge Accounting	(381)	(516)	(3,588)
Shortfall of Eligible Provisions to Expected Losses	35,066	29,671	330,073
Securitization Gain on Sale	44	39	415
Net Defined Benefit Asset	765	—	7,205
Investments in Own Shares (Excluding Those Reported in the Net Assets Section)	46	28	440
Investments in the Capital of Banking, Financial and Insurance Entities that Are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank Does Not Own more than 10% of the Issued Share Capital (Amount above 10% Threshold)	—	3,657	—
Regulatory Adjustments due to Insufficient Additional Tier 1 and Tier 2	—	3,287	—
<b>Total Common Equity Tier 1 Capital</b>	<b>893,598</b>	<b>828,499</b>	<b>8,411,135</b>
<b>Additional Tier 1 Capital: Instruments</b>	<b>—</b>	<b>431</b>	<b>—</b>
Instruments (Transitional Arrangements)	—	431	—
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>	<b>—</b>	<b>3,718</b>	<b>—</b>
Regulatory Adjustments (Transitional Arrangements)	—	3,718	—
<b>Total Additional Tier 1 Capital</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Tier 1 Capital</b>	<b>893,598</b>	<b>828,499</b>	<b>8,411,135</b>
<b>Tier 2 Capital: Instruments and Provisions</b>	<b>50,120</b>	<b>66,447</b>	<b>471,766</b>
Directly Issued Qualifying Tier 2 Instruments plus Related Capital Surplus of which: Classified as Liabilities under Applicable Accounting Standards	50,000	50,000	470,633
General Allowance for Loan Losses and Eligible Provisions	120	348	1,134
Instruments and Provisions (Transitional Arrangements)	—	16,098	—
<b>Tier 2 Capital: Regulatory Adjustments</b>	<b>—</b>	<b>4,893</b>	<b>—</b>
Investments in the Capital of Banking, Financial and Insurance Entities that Are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank Does Not Own more than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—	1,181	—
Regulatory Adjustments (Transitional Arrangements)	—	3,711	—
<b>Total Tier 2 Capital</b>	<b>50,120</b>	<b>61,553</b>	<b>471,766</b>
<b>Total Capital</b>	<b>¥943,719</b>	<b>¥890,053</b>	<b>\$8,882,901</b>

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2018	2017	2018
<b>Risk-Weighted Assets</b>			
Total Risk-Weighted Assets*3	¥7,159,997	¥6,547,655	\$67,394,551
Total Required Capital*4	572,799	523,812	5,391,564
<b>Capital Ratios</b>			
Common Equity Tier 1 Capital Ratio	12.48%	12.65%	12.48%
Tier 1 Capital Ratio	12.48%	12.65%	12.48%
Total Capital Ratio	13.18%	13.59%	13.18%

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\*3 The following approaches were adopted to calculate Total Risk-Weighted Assets.

Credit Risk: Foundation Internal Ratings-Based Approach

Operational Risk: Standardized Approach

\*4 Total Required Capital is calculated by multiplying Total Risk-Weighted Assets by 8%.

## Consolidated Leverage Ratio

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2018	2017	2018
<b>On-Balance Sheet Exposures</b>			
On-Balance Sheet Exposures before Adjustments	¥14,278,955	¥13,986,460	\$134,402,823
Total Assets Reported in the Consolidated Balance Sheet	14,381,815	14,095,743	135,371,001
The Amount of Assets that Are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items)	(102,859)	(109,283)	(968,178)
The Amount of Adjustments to Tier 1 Capital	(44,117)	(43,147)	(415,259)
<b>Total On-Balance Sheet Exposures</b>	<b>14,234,838</b>	<b>13,943,312</b>	<b>133,987,563</b>
<b>Derivative Exposures</b>			
Replacement Cost Associated with Derivatives Transactions	30,739	26,156	289,342
Add-On Amounts Associated with Derivatives Transactions	34,841	24,608	327,954
The Amount of Cash Collateral Provided in Derivatives Transactions	8,563	12,385	80,603
<b>Total Derivative Exposures</b>	<b>74,144</b>	<b>63,150</b>	<b>697,898</b>
<b>Securities Financing Transaction (SFT) Exposures</b>			
The Amount of SFT Assets	14,999	14,999	141,189
The Exposures for Counter-Party Credit Risk for SFTs	1,393	1,404	13,121
<b>Total SFT Exposures</b>	<b>16,393</b>	<b>16,404</b>	<b>154,310</b>
<b>Off-Balance Sheet Exposures</b>			
Notional Amount of Off-Balance Sheet Exposures	3,352,753	3,303,214	31,558,293
The Amount of Adjustments for Conversion in Relation to Off-Balance Sheets	(2,866,253)	(2,809,516)	(26,979,042)
<b>Total Off-Balance Sheet Exposures</b>	<b>486,499</b>	<b>493,697</b>	<b>4,579,251</b>
<b>Consolidated Leverage Ratio</b>			
Tier 1 Capital	893,598	828,499	8,411,135
Total Exposures	14,811,876	14,516,564	139,419,023
<b>Leverage Ratio</b>	<b>6.03%</b>	<b>5.70%</b>	<b>6.03%</b>

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## Loans and Bills Discounted, Borrower Classification by Industry (Consolidated)

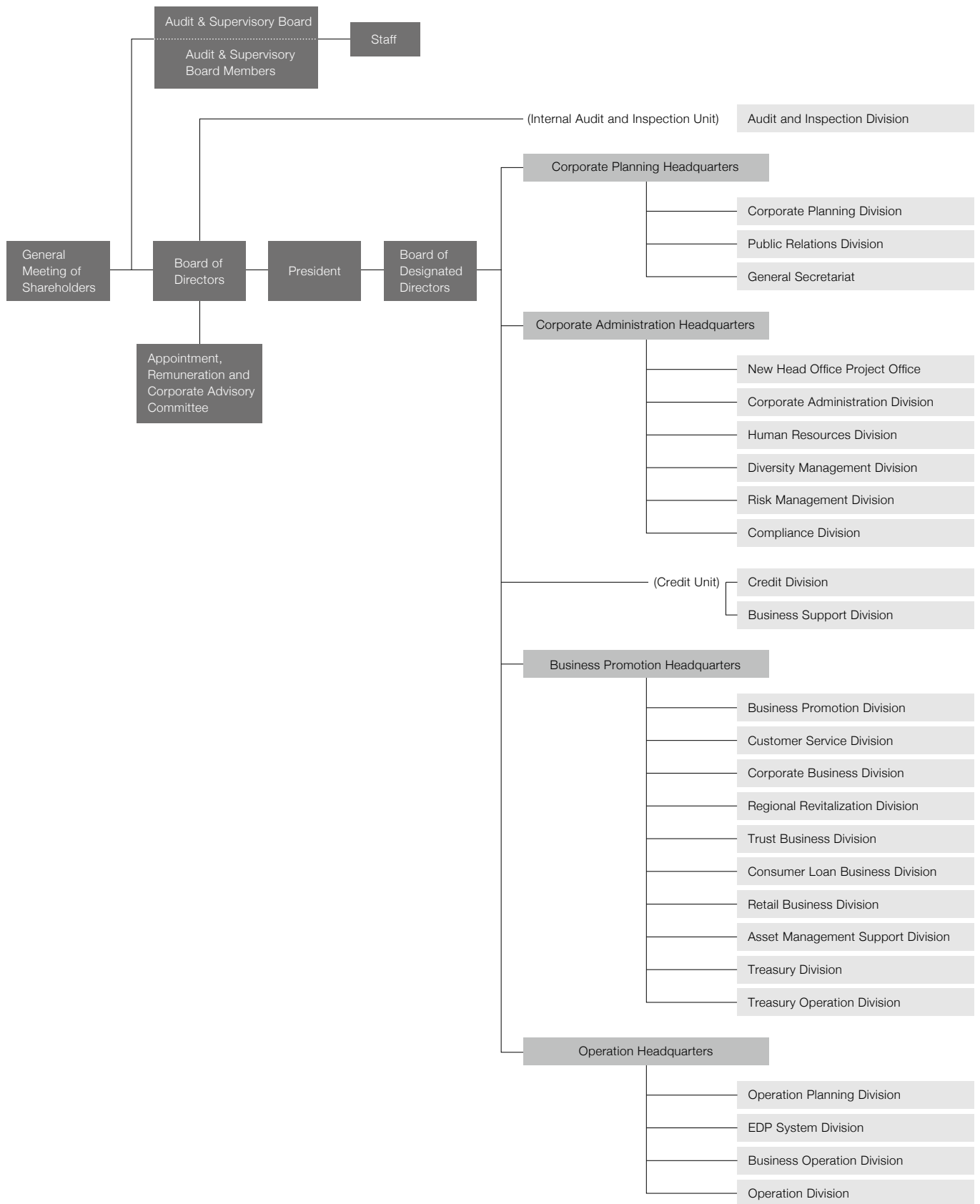
	Millions of Yen*	
	March 31, 2018	
	Outstanding Balance	Composition
<b>Domestic Operations</b>		
Manufacturing	¥ 698,625	7.30%
Agriculture and Forestry	11,493	0.12%
Fishery	1,185	0.01%
Mining, Quarrying and Gravel	18,720	0.20%
Construction	314,284	3.29%
Electricity, Gas, Heat Supply and Water	67,090	0.70%
Information and Communications	71,966	0.75%
Transport and Postal Service	244,173	2.55%
Wholesale and Retail Trade	749,431	7.84%
Finance and Insurance	377,026	3.94%
Real Estate and Leasing	2,666,533	27.88%
Services	561,396	5.87%
Government and Local Public Sector	204,587	2.14%
Others (Mainly Consumer Loans)	3,578,470	37.41%
<b>Total</b>	<b>¥9,564,985</b>	<b>100.00%</b>
<b>Overseas Operations and JOM Account</b>	<b>¥ 209,926</b>	<b>—</b>

	Millions of Yen*	
	March 31, 2017	
	Outstanding Balance	Composition
<b>Domestic Operations</b>		
Manufacturing	¥ 693,185	7.63%
Agriculture and Forestry	9,926	0.11%
Fishery	1,298	0.01%
Mining, Quarrying and Gravel	21,624	0.24%
Construction	293,115	3.23%
Electricity, Gas, Heat Supply and Water	60,703	0.67%
Information and Communications	39,791	0.44%
Transport and Postal Service	236,991	2.61%
Wholesale and Retail Trade	726,519	8.00%
Finance and Insurance	389,095	4.28%
Real Estate and Leasing	2,484,089	27.36%
Services	516,238	5.69%
Government and Local Public Sector	188,754	2.08%
Others (Mainly Consumer Loans)	3,418,024	37.65%
<b>Total</b>	<b>¥9,079,360</b>	<b>100.00%</b>
<b>Overseas Operations and JOM Account</b>	<b>¥ 189,493</b>	<b>—</b>

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# Organization

The Chiba Bank, Ltd.  
As of June 27, 2018



## Subsidiaries

The Chiba Bank, Ltd.  
As of March 31, 2018

### Sobu Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Rental and maintenance of the  
Chiba Bank's office buildings and welfare facilities;  
purchase and sale of supplies and consumer goods*  
Established: September 7, 1959  
Capital: ¥20 million  
Equity Ownership: Chiba Bank 100%

### Chibagin Career Service Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Accounting, general  
administration and temporary staff services*  
Established: December 22, 1989  
Capital: ¥20 million  
Equity Ownership: Chiba Bank 100%

### Chiba Servicer Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Management and  
collection of claims*  
Established: October 1, 2001  
Capital: ¥500 million  
Equity Ownership: Chiba Bank 100%

### Chibagin Heartful Co., Ltd.

4-1-10, Masago, Mihama-ku,  
Chiba-shi, Chiba 261-0011  
*Principal Business: Outsourcing of  
operational business*  
Established: December 1, 2006  
Capital: ¥10 million  
Equity Ownership: Chiba Bank 100%

### Chibagin Securities Co., Ltd.

2-5-1, Chuo, Chuo-ku,  
Chiba-shi, Chiba 260-0013  
*Principal Business: Securities business*  
Established: March 27, 1944  
Capital: ¥4,374 million  
Equity Ownership: Chiba Bank 100%

## International Directory

The Chiba Bank, Ltd.  
As of March 31, 2018

### Head Office

1-2, Chiba-minato, Chuo-ku,  
Chiba-shi, Chiba 260-8720, Japan  
Telephone: 81-43-245-1111  
<http://www.chibabank.co.jp/english/>

### Treasury Operation Division

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3270-8459  
Fax: 81-3-3242-1735  
SWIFT Address: CHBA JPJT

### Treasury Division

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3231-1285  
Fax: 81-3-3242-1736

### Chibagin Guarantee Co., Ltd.

3-17-5, Inage-higashi, Inage-ku,  
Chiba-shi, Chiba 263-0031  
*Principal Business: Housing loan guarantees and  
fee collection services*  
Established: May 1, 1978  
Capital: ¥54 million  
Equity Ownership: Chiba Bank 45.6%  
its subsidiaries 54.4%

### Chibagin JCB Card Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Credit card and  
credit guarantee business*  
Established: November 1, 1982  
Capital: ¥50 million  
Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

### Chibagin DC Card Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Credit card and  
credit guarantee business*  
Established: February 16, 1989  
Capital: ¥50 million  
Equity Ownership: Chiba Bank 40%  
its subsidiaries 60%

### Chibagin Leasing Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Leasing*  
Established: December 15, 1986  
Capital: ¥100 million  
Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

### Chibagin Computer Service Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Computer systems development  
and commissioned computation tasks*  
Established: April 1, 1980  
Capital: ¥150 million  
Equity Ownership: Chiba Bank 48.7%  
its subsidiaries 51.3%

### Chibagin Capital Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Consulting services, IPOs, etc.*  
Established: May 29, 1984  
Capital: ¥100 million  
Equity Ownership: Chiba Bank 30%  
its subsidiaries 70%

### Chibagin Asset Management Co., Ltd.

2-13-7, Kotobashi,  
Sumida-ku, Tokyo 130-0022  
*Principal Business: Consulting for portfolio  
investments of clients' financial assets*  
Established: March 31, 1986  
Capital: ¥200 million  
Equity Ownership: Chiba Bank 40%  
its subsidiaries 30%

### Chibagin Research Institute, Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023  
*Principal Business: Information services,  
surveys, and consulting*  
Established: February 28, 1990  
Capital: ¥150 million  
Equity Ownership: Chiba Bank 31.8%  
its subsidiaries 68.2%

### T&I Innovation Center Co., Ltd.

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022  
*Principal Business: Investigations and research  
of advanced financial technologies, planning and  
development of financial services*  
Established: July 1, 2016  
Capital: ¥100 million  
Equity Ownership: Chiba Bank 40%

### New York Branch

1133 Avenue of the Americas, 15th Floor,  
New York, N.Y. 10036, U.S.A.  
Telephone: 1-212-354-7777  
Fax: 1-212-354-8575  
SWIFT Address: CHBAUS33

### Hong Kong Branch

Unit 2510, One Pacific Place,  
88 Queensway, Hong Kong  
Telephone: 852-2840-1222  
Fax: 852-2840-0507  
SWIFT Address: CHBAHKHH

### London Branch

3rd Floor, Regina House,  
1 Queen Street, London EC4N 1SW,  
United Kingdom  
Telephone: 44-20-7315-3111  
Fax: 44-20-7236-2205  
SWIFT Address: CHBAGB2L

### Shanghai Representative Office

Room 707, Shanghai International Trade Center,  
2201 Yan-An Road (West),  
Shanghai, P.R.C. 200336  
Telephone: 86-21-62780482  
Fax: 86-21-62780422

### Singapore Representative Office

50 Raffles Place, #10-06 Singapore Land Tower,  
Singapore 048623  
Telephone: 65-6438-4525  
Fax: 65-6438-6890

### Bangkok Representative Office

No.98 Sathorn Square Office  
Tower, 20th Floor, Room 2008,  
North Sathorn Road, Silom, Bangrak,  
Bangkok 10500, Thailand  
Telephone: 66-2-163-2723  
Fax: 66-2-163-2725

## Corporate Data

The Chiba Bank, Ltd.  
As of March 31, 2018

### Principal Shareholders

The ten largest shareholders of the Chiba Bank and their respective shareholdings as of March 31, 2018 were as follows:

	Number of Shares (in thousands)*1	Percentage of Total Shares Issued*2 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,687	5.39
Japan Trustee Services Bank, Ltd. (Trust Account)	36,004	4.15
Nippon Life Insurance Company	26,870	3.10
The Dai-ichi Life Insurance Company, Limited	26,230	3.03
Sompo Japan Nipponkoa Insurance Inc.	21,537	2.48
Meiji Yasuda Life Insurance Company	18,291	2.11
SUMITOMO LIFE INSURANCE COMPANY	17,842	2.06
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,707	2.04
STATE STREET BANK AND TRUST COMPANY 505223	14,939	1.72
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,432	1.55

Excluded from the figures above are 84,573 thousand (9.77%) treasury shares. (Excludes one thousand shares which, although registered in the name of the Chiba Bank on the shareholder list, are not actually owned by the Chiba Bank.)

\*1 Rounded down to the nearest thousand

\*2 Rounded down to two decimal places

### Corporate Information

Established	March 1943		
	181 branches (158 branches, 20 sub-branches and 3 virtual branches)		
	48,635 off-branch ATM locations		
Network	Domestic	(including 12,894 E-net ATM locations at convenience stores, 12,783 LAWSON ATM locations at convenience stores and 22,668 ATM locations jointly with Seven Bank, Ltd.)	
		3 money exchange counters	
	Overseas	3 branches (New York/Hong Kong/London) 3 representative offices (Shanghai/Singapore/Bangkok)	
Number of Employees*1	4,343		
Total Assets	¥14,303.6 billion		
Loans and Bills Discounted	¥9,816.0 billion		
Deposits (including NCD)	¥12,530.5 billion		
Capital Stock	¥145.0 billion		
Total Capital Ratio (BIS guidelines)	13.18% (Consolidated) 12.55% (Non-consolidated)		
Authorized Number of Shares	2,500,000 thousand		
Number of Issued Shares	865,521 thousand		
Number of Shareholders*2	22,406		
TSE Code	8331		
Transfer Agent	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi Kayabacho, Chuo-ku, Tokyo 103-8202		
		Long-Term	Short-Term
Credit Ratings	Standard & Poor's	A	A-1
	Moody's	A1	P-1
	Rating and Investment Information	AA-	—

Figures as shown are presented on a non-consolidated basis.

\*1 Number of employees includes transferred employees but excludes temporary staff and one-year contract employees.

\*2 Shareholders with fewer than 1,000 shares are excluded

**THE CHIBA BANK, LTD.**

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