



CHIBA BANK



The Chiba Bank, Ltd.  
Integrated Report

2019

Aiming to be  
the “best retail” banking group  
that provides top-class satisfaction  
and is highly regarded by  
customers of the region

Management Policy

As a regional financial institution based in Chiba Prefecture, our role and mission are to “meet the needs of regional customers and contribute to regional development by providing financial services.” We will continue to maintain this stance and the entire Chiba Bank Group will work together to develop activities that improve customer satisfaction, such as providing high quality financial services and products, while also actively contributing to the development of the regional community. Through these efforts, we will work to gain support from our shareholders and stakeholders.



**Our Website**

English

<https://www.chibabank.co.jp/english/>

Japanese (Company Overview / Investor Relations)

<https://www.chibabank.co.jp/company/>

**Note on Forward-looking Statements**

This report contains forward-looking statements, including financial outlook. They are based on future outlook, assumptions and forecasts that form the basis for plans, which the Bank deems reasonable at the time of publication. They do not constitute a promise by the Bank that these will be realized. Actual results may differ from those expressed in the forward-looking statements due to changes in conditions.

**[ Editorial Policy ]**

This document has been edited in order for stakeholders to easily understand our initiatives aimed at achieving “Sustainable Management.” We hope that by reading this report you can understand our basic concept as we aim to become the “best retail” banking group.

Reporting Period : April 2018 – March 2019  
(The document includes some information from April 2019 onwards.)

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Introduction

Summary

Growth Strategy for “Sustainable Management”

Addressing Social Issues to Achieve “Sustainable Management”

Management Base to Support “Sustainable Management”

Financial and Corporate Data



## Realizing “Sustainable Management”

Hidetoshi Sakuma  
President, Group CEO

### Profile

Joined the Bank in 1976. Director since June 2003 and President since March 2009, after serving as General Manager of Treasury Division and Corporate Planning Division.

## Business Environment

Chiba Prefecture, the primary base of our operations, continues to see an increase in population, largely in urban areas. There are also development projects of transportation infrastructure, including the Ken-O Expressway and the Tokyo-Gaikan Expressway, as well as progress in the strengthening of the airport function and urban development toward an international medical city in Narita area. As the Tokyo Olympic and Paralympic Games will have a positive economic impact, the prefecture is expected to maintain a high growth trend.

Meanwhile, our customers, who lead the regional economy, face various management

issues, including business succession due to the lack of successors. It is important for us to come face-to-face with customers and provide beneficial proposals and support them to solve those issues. We are working to improve productivity through fundamental operational reforms in order to offer products and services valuable to customers.

Through such efforts, we aim to further improve the potential of the region and contribute to the revitalization of the regional economy.

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

Under our medium term management plan, “Best Bank 2020 Final Stage – 3 years of value co-creation,” covering the three years to March 2020, we aim to become the “best retail” banking group that provides top-class satisfaction and is highly regarded by our regional customers, both individuals and SMEs, and to create value together (value co-creation) with diverse stakeholders, in face of difficult changes in the business environment.

Now that two years have elapsed since the beginning of the plan, we have made steady progress in measures based on the key issues: “co-creating customer value,” “realizing work style reforms that allow all employees to shine,” and “strengthening a sustainable management structure.” As the final year of the plan, we will wrap up in the current term.

## Enhancing Consulting Capabilities

We started advisory services for business operators in November 2018 as part of our efforts to enhance the consulting capabilities aimed at the resolution of management issues facing customers. In addition, we started offering staffing services through our group company in April 2019 to satisfy the human resources needs of customers.

In March 2019, a sports town rebranding project by using disused public facilities in Choshi City, which the entire Chiba Bank Group was supporting, was certified by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan of the Cabinet Secretariat as a “unique example of a financial institution contributing to regional revitalization” and received a commendation from the Minister of State for Regional Revitalization.

In addition, to support stable asset building by individual customers, we worked to strengthen financial product proposal capabilities while expanding sales channels through means such as the opening of

securities subsidiary’s new branch and expansion of life insurance retail stores that sell protection-type insurance policies.

Furthermore, we are promoting inheritance-related services and trust business to enable the smooth succession of the assets of customers.

## Initiatives to Digitalization

In response to the rapid digitalization of society, the Bank offers a wide variety of financial products and services. In February 2019, we began offering a digital passbook (a smartphone app) to improve customer convenience. We are expanding non-face-to-face channels that use the Internet and smartphones in order to increase contacts with customers who do not visit branches frequently.

In an effort to expand cashless transactions, we are building the TSUBASA Cashless Payment Platform that will be open to a wide variety of financial institutions.

## Operational Reforms

We have been steadily implementing plans to improve productivity through fundamental operational reforms and to reallocate personnel to growth areas. We will improve operational efficiency through efforts including the introduction of RPA\*1 and the expansion of paperless operations at three units, namely, the front-of-branch and in-branch operations, the lending operations, and the headquarters operations.

\*1 Robotic Process Automation: System for automating routine administrative tasks through software using robot technology

## Development and Utilization of Diverse Human Resources

The development of professional human resources and the diversification of the workplace are key management strategies for the creation of a flexible and strong organization that can respond to future changes in the environment. We are also

## Message from the President

engaged in work style reforms with a view to creating comfortable, rewarding workplace.

In the area of women's participation and advancement in the workplace, we promoted women to executive officer and branch manager positions in Japan and abroad. In addition, as part of our efforts to establish the infrastructure for helping workers balance career development with raising children, we currently operate three in-house nursery facilities.

As a result of these initiatives, we were selected for the second consecutive year as a Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in recognition of our excellence in promoting the active participation of women.

### Group Management Structure

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The Bank provides sophisticated solutions to customers through the combined strengths of 14 group companies.

We also provide securities and asset management products for alliance banks. Going forward we will continue to enhance the group management structure and strengthen our total capabilities.

### Accelerating Alliance Strategies

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#### TSUBASA Alliance

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The TSUBASA Alliance, a regional bank framework for wide-range cooperation, welcomed the Musashino Bank in March 2019 and the Shiga Bank in May 2019 as new members. The alliance now consists of nine banks.

The alliance agreed with the North Pacific Bank in July 2018 to use a common main frame system, and worked with the Daishi Bank and the Chugoku Bank to develop TSUBASA Smile, a new counter reception system. In addition, we began providing various FinTech services using the TSUBASA FinTech Platform, a jointly developed OpenAPI<sup>2</sup> platform.

Taking advantage of this alliance framework, we also plan to open our

corporate banking office in the Toho Bank's Mito Branch in October 2019.

The combined total assets of the nine banks exceed ¥65 trillion, which is second only to the mega banks. We plan to leverage the scale of this alliance to offer even higher quality financial services.

<sup>\*2</sup> Application Programming Interface: Interface that enables external connections to the bank system for the safe acquisition of data.

#### Chiba-Musashino Alliance

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The Chiba-Musashino Alliance with the Musashino Bank, a bank based in Saitama Prefecture, is taking various measures expeditiously. We have further strengthened approach to corporate customers in Tokyo through efforts including the joint establishment of our Hamamatsucho Corporate Banking Office and their Hamamatsucho Office in June 2018. We also established a cooperation structure in Singapore in August 2018 to deepen collaboration in international operations. We plan to establish the Ikebukuro Branch as a joint branch in October 2019, and aim to expand our market share in the Tokyo metropolitan area going forward.

#### Chiba-Yokohama Partnership

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We formed the Chiba-Yokohama Partnership with the Bank of Yokohama in July 2019. This partnership was designed as cooperation for customers, with a focus on sales departments to expeditiously implement collaborative measures in areas including M&As, business succession, and inheritance-related services.

### Response to ESG Issues and Declaration on SDGs

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"Positive and active action on ESG<sup>\*3</sup> issues" is an objective of the current medium term management plan. Chiba Prefecture faces many social challenges, including a short supply of healthcare and nursing care as the late elderly (those over 75 years old) increase and the necessity to respond to dementia. In addition, as the impact of climate change is

materializing, the role that financial institutions should play is expanding and becoming increasingly important.

Based on the concept of “Sustainable Management” that aims to strike a balance between social value and economic value over the long term, the Bank established the ESG Promotion Committee. In May 2019, we established and announced the Chiba Bank Group Declaration on SDGs<sup>\*4</sup>.

In addition, the TSUBASA Alliance announced the TSUBASA Declaration of SDGs to accelerate efforts to resolve common regional issues while combining and utilizing the knowledge of each participating bank. We are proactively working to address social and environmental issues in the regions through these efforts.

<sup>\*3</sup> Three perspectives of environment (E), social (S), and governance (G)

<sup>\*4</sup> SDGs is the abbreviation for the Sustainable Development Goals that were adopted by the United Nations in 2015 as goals for sustainable development by 2030.

## Efforts to Strengthen Governance

Transparent management forms part of the Chiba Bank Code of Ethics, which defines the basics of our corporate behavior, and we are working to further strengthen our corporate governance accordingly.

The Group Chief Officer System was introduced in FY2018, thereby creating a Group-wide corporate management system. In addition, the ratio of outside directors at the Board of Directors was raised to one-third of the total number of directors, and we worked to further improve the effectiveness of the Board of Directors through verification and evaluation using an external organization, while actively promoting information disclosure through IR activities aimed at constructive engagement with shareholders.

## Toward the Next Medium Term Management Plan

The next medium term management plan starts in FY2020. Under the plan, we aim to achieve high productivity through operational reforms while increasing contact points with

customers and providing sophisticated solutions and services. We will also work to develop new business domains using alliances.

## Realizing “Sustainable Management”

We have grown together with the development of Chiba Prefecture and supported the realization of the hopes and dreams of customers.

Looking out ten years or twenty years into the future, we aim to become a financial group that closely supports customers in any era in response to changes in the social environment such as the further declining birthrates, aging population and the evolution of technology including artificial intelligence, as we strive to provide advanced financial services that take advantage of the abundant customer information we have accumulated.

Furthermore, we will create value together (value co-creation) with diverse stakeholders and achieve “Sustainable Management.”

We thank you for your continuing support and patronage.

July 2019

Hidetoshi Sakuma  
President, Group CEO