



The Chiba Bank, Ltd.
Integrated Report

2020



Aiming to enhance “customer experience” as a partner to customers and regional communities

Management Policy

As a regional financial institution based in Chiba Prefecture, Chiba Bank Group recognizes that its mission is to “contribute to the sustainable development of regional economies through the provision of the latest financial services as a partner for customers and regional communities.” 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

Corporate and Investor Relations Information

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



Sustainable Management (Japanese only)

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

IR Library

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

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 enhance “customer experience.”

Reporting Period:
April 2019 – March 2020
(The document includes some information from April 2020 onwards.)

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Message from the President

Transforming into a New Financial Services Group

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

Uncertainty about the future of Japan's economy is increasing as it has been greatly affected by the worldwide COVID-19 pandemic.

Meanwhile, Chiba Prefecture, our main business area, is located within the Tokyo Metropolitan area and strong economic growth is expected in the medium to long term, along with the development of transportation infrastructure such as the Ken-O Expressway and the Kita Chiba Road and the area development surrounding Narita Airport led by its functional expansion.

We hope to play a part in revitalizing the regional economy by continuing to provide useful suggestions and support that will help solve customers' issues as well as by making every effort to assist customers affected by the COVID-19 pandemic.

Review of the Previous Medium Term Management Plan

Under our previous medium term management plan, "Best Bank 2020 Final Stage – 3 years of value co-creation," we positioned the past three years as a period to create a "best retail" banking group that can survive through harsh changes in the business environment. As a result of implementing various measures, we were able to secure a stable profit level. Additionally, we successfully strengthened our management base such as by providing solution-oriented proposals including advisory services to corporate clients, radically improving operational efficiency in lending operations as well as front-of-branch and in-branch operations, and by deepening collaboration with other banks through alliances and partnerships.

Aim of the New Medium Term Management Plan

Building on the achievement of our previous medium term management plan and recognizing the current business environment, we formulated our 14th Medium Term Management Plan, "**NEXT STEP 2023 ~ connect and go beyond, for the future ~**" covering three years starting April 2020.

We recognize the mission of the Chiba Bank Group is to “contribute to the sustainable development of regional economies through the provision of the latest financial services as a partner for customers and regional communities.” To achieve this goal, in the new medium term management plan we are pursuing a vision to “enhance customer experience by deepening financial functions and creating new models for regional finance.”

We aim to become a financial service group that remains essential to society far into the future by catering to customers’ needs beyond the framework of banking and building close relationships with customers.

The 4 Basic Policies

The new medium term management plan is comprised of four basic policies.

Basic Policy I: We will continue to evolve closely with our customers

Under the Basic Policy I, we will evolve the group’s existing operations based on the customer-oriented perspective and aim to provide truly valuable services to our customers and regional communities.

For individual customers, we aim to become an advisor who stays close to their lives. We will expand the introduction of the “Life Design System,” a simulation tool for life planning, at sales offices to provide optimal services for various life events of our customers. At the same time, through our inheritance-related services, we will offer services tailored to the asset status of each customer.

For corporate customers, we aim to be the best partner to assist solving their highly diverse management issues. Through the evaluation of business we will strive to better understand management issues and provide services such as business matching with outside partners, taking advantage of the consulting function of advisory operations.

In addition, in order to develop the community and stimulate the economy in the region, the entire Group will continue to work as one to proactively engage in regional revitalization. The “Chibagin Kominka (old Japanese style houses) Project Support Financing Program” is working to support projects that promote local tourism and create employment.

Furthermore, regarding our branches, we will review the network so that we can provide optimal services by streamlining operations while maintaining a point of contact with our customers. In April 2020, we began to restructure our branch network by area, including the opening of Tateyama Area Sales Office which oversees the branches in the Awa district of southern Chiba Prefecture. In addition, we will improve convenience and consultation functions for customers through the use of remote terminals and call centers.

Basic Policy II: We will continue to create new value for our customers’ future

Under the Basic Policy II, we aim to cultivate new services and scope of business with a view to the future.

In order to achieve the goals of the new medium term management plan, the utilization of digital technology and information resources will be particularly important. Through channels such as the “Chiba Bank App,” we will provide our customers new value, utilizing digital technology and a wide array of information to increase the variety of our functions including non-financial fields.

Message from the President

Basic Policy III: We will advance alliance strategies

In the Basic Policy III, we will further deepen collaboration with other banks, and aim for cross-industry collaboration with a variety of non-financial businesses such as elderly market business.

The TSUBASA Alliance will undertake business development through its large-scale wide-area cooperation, taking advantage of economies of scale. It will promote consolidation and advancement of various operations, including anti-money laundering.

Through the Chiba-Musashino Alliance, we aim to improve our presence in the Tokyo Metropolitan area with the goal of having bilateral cooperation in all fields. In October 2019, the Chiba Bank and the Musashino Bank opened the Ikebukuro Branch as a joint branch where both banks cover front-of-branch operations of each other.

Under the Chiba-Yokohama Partnership signed in July 2019, we will promote the creation of advanced services and new businesses utilizing the know-how of the two top regional banks. In October 2019, we established the new business co-creation project to venture into a new scope of business.

Basic Policy IV: We will realize sustainable management

The Basic Policy IV is the foundation for realizing the vision of the new medium term management plan.

Regarding human resources, we will utilize training programs to increase the expertise of our staff and establish workstyle reforms. Also, to develop a creative corporate culture, we will continue to proactively promote diversity by creating an organization where diverse human resources including motivated female employees can play active roles.

In addition, we will further improve the efficiency of our in-branch operations as well as lending and loan operations. At our branches, we will continue to promote the introduction of the “TSUBASA Smile^{*1},” a counter reception system, in addition to enhancing business productivity through the concentration of headquarter operations. We will also actively work on realigning personnel as well as improving work environment to allow our employees to focus on customer service.

The new head office building currently under construction will be a symbol for our coexistence with regional communities and will allow us to strengthen our business continuity system (BCP) in addition to serving as a contact point for local customers.

Based on the concept of sustainable management that aims to strike a balance between social value and economic value over the medium to long term, the Chiba Bank Group declared the Chiba Bank Group Declaration on SDGs^{*2} in May 2019, pursuing regional ESG^{*3} issues proactively. Regarding the environmental aspect in particular, Chiba Prefecture was hit with a series of typhoons and suffered severe damage in fall 2019. It is said that behind the occurrence of large typhoons is the impact of global warming. In December 2019, we agreed on the recommendations by TCFD (Task Force on Climate-related Financial Disclosure) which calls for making disclosures of financial risks associated with climate changes. We will strive to reduce our CO₂ (carbon dioxide) emissions, which is thought to be the main cause of global warming, and we will also analyze and disclose the effects of climate change on the Bank.

Regarding governance, we introduced the Group Chief Officer System in 2018 and, appointed the Group CDTO^{*4} (Chief Digital Transformation Officer) in April 2020.

*1: TSUBASA Smile:
A counter reception system with navigation functions which provides teller services via a touch screen panel

*2: SDGs:
Abbreviation for Sustainable Development Goals. The United Nations adopted them in 2015 to be achieved by 2030.

*3: ESG:
The three areas of Environment, Social, Governance

*4: CDTO:
Abbreviation for Chief Digital Transformation Officer

*5: Digital transformation:
A transformation of business model utilizing digital technology

The Group CDTO is responsible for overseeing group-wide digital strategies for realizing digital transformation⁵, and works to strengthen the Group's preparedness and structure for digital strategies.

To Become a New Financial Services Group Together With Customers

Many customers were severely affected by last fall's typhoons and the COVID-19 pandemic. At the Bank, we have set up a dedicated consultation counter in addition to making every possible effort to support our customers through emergency assistance loans utilizing various financing programs. We also introduced shift work as the COVID-19 pandemic broke out in Japan, striving to provide financial services while paying maximum attention to preventing customers and staff from being infected. We recognize that it is our mission to maintain various financial functions including smooth access to funds for our customers and regional communities, no matter what the circumstances.

The Bank has grown along with the development of Chiba Prefecture and has continued to evolve with customers. During the period covered by the new medium term management plan, we will have various milestones, such as the completion of the new head office building and the 80th anniversary of the founding of the Bank. As a new financial service group that goes beyond the existing framework of banking, we will continue to develop and maintain deep relationships with our customers and regional communities and progress together into the future.

Furthermore, we will create common value (value co-creation) together with various stakeholders to realize the sustainable management.

We thank you for your continuing support and patronage.

July 2020

Hidetoshi Sakuma
President, Group CEO

