



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.)

**Contents**

<b>01</b>	<b>Introduction</b>	
	Our Philosophy .....	01
	Message from the President .....	03
<b>07</b>	<b>Summary</b>	
	History of the Chiba Bank Group.....	07
	Main Data of the Chiba Bank Group .....	09
	Financial Highlights .....	10
	Non-Financial Highlights .....	12
	Non-Financial Capital Supporting Growth	
	Operating Area and Customer Base .....	13
	Development and Utilization of	
	Diverse Human Resources .....	15
	Group Management Structure.....	17
<b>19</b>	<b>Growth Strategy for “Sustainable Management”</b>	
	Medium Term Management Plan.....	19
	Financial Results and Conditions.....	20
	Value Creation Process.....	25
	Businesses for Corporate Customers.....	27
	Businesses for Individual Customers .....	29
	Inheritance-Related Services and Trust Business ...	31
	Initiatives for Digitalization .....	33
	Approach to Regional Revitalization .....	35
	Strategic Alliances .....	37
	Operational Reforms .....	39
	Initiatives to Improve Customer Satisfaction ...	41
	Policy on Fiduciary Duties.....	43
	Measures for Maintaining Asset Soundness	
	and Reconstruction Support .....	45
<b>47</b>	<b>Addressing Social Issues to Achieve “Sustainable Management”</b>	
	Materiality in “Sustainable Management” .....	47
	Working to Solve Social Issues .....	49
	Communication with Stakeholders .....	53
<b>55</b>	<b>Management Base to Support “Sustainable Management”</b>	
	Corporate Governance .....	55
	Compliance .....	61
	Risk Management .....	63
	Internal Audit .....	68
	Directors, Audit & Supervisory Board Members	
	and Executive Officers .....	69
	Message from Outside Directors .....	72
<b>73</b>	<b>Financial and Corporate Data</b>	

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.”

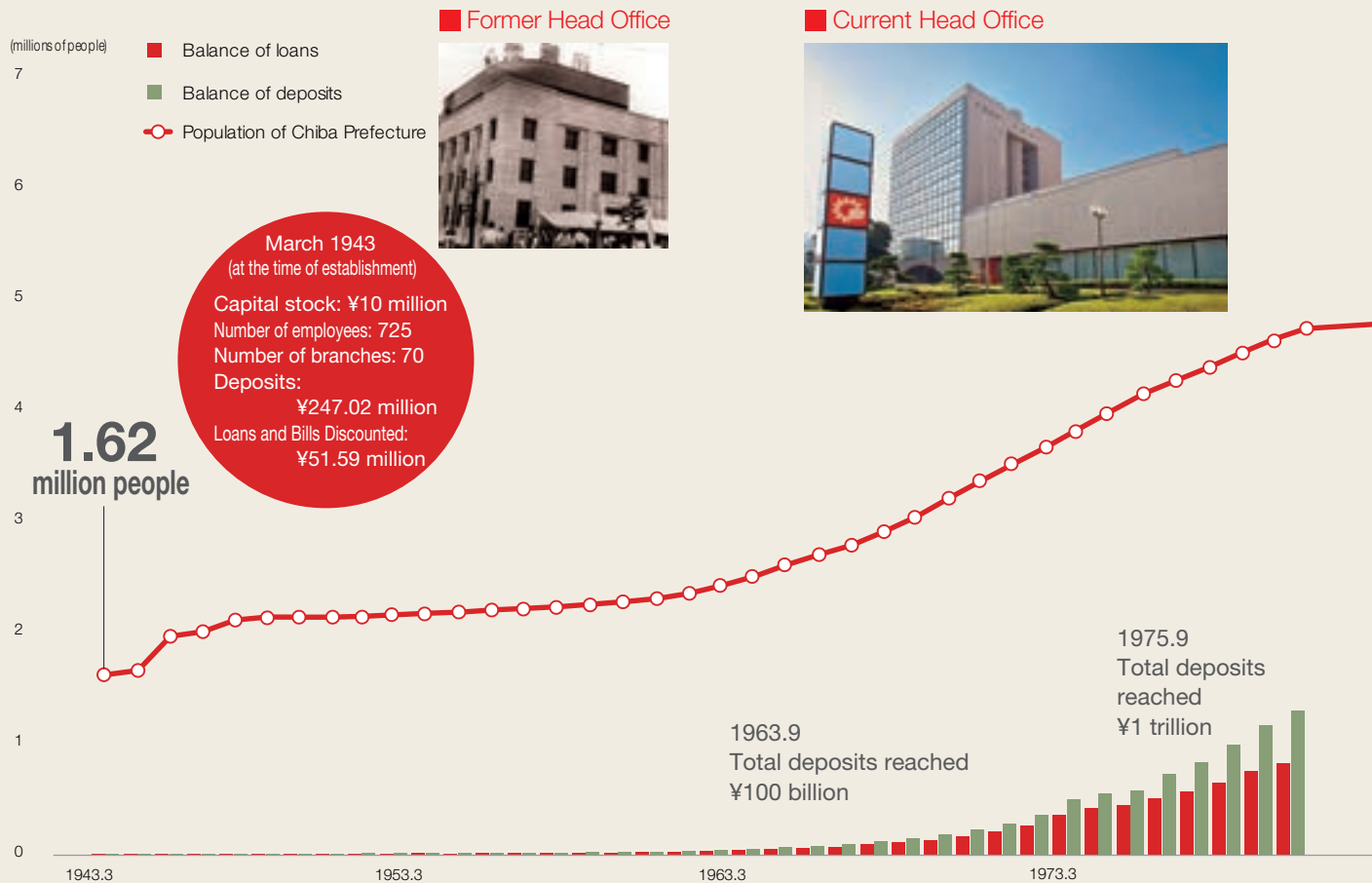
We thank you for your continuing support and patronage.

July 2019

Hidetoshi Sakuma  
President, Group CEO

# History of the Chiba Bank Group

Since its establishment in 1943, we have continued to grow in step with the region by actively responding to financial needs generated by the development of Chiba Prefecture.



## Our Transition

### 1943.3

Founded as a result of the merger of Chiba Godo Bank, Omigawa Agricultural and Commercial Bank, and the Kujuhachi Bank

### 1960-

Deposits and loans grew in response to high economic growth

### 1964.2

Set a sunflower as the bank flower

### 1970.10

Listed on the 2nd section of the Tokyo Stock Exchange (changed to 1st section in August 1971)

### 1971.10

Started the first online system

### 1973.3

Built the new Head Office building and relocated the Head Office from Chuo to Chiba-minato

## Flow of Society

### 1941-1945

Asia-Pacific War

### 1950-1953

Korean War

### 1960.12

Formulation of a construction plan for the Keiyo Coastal Industrial Zone

### 1964.10

Tokyo Olympics

### 1973.10

First oil crisis

### 1978.5

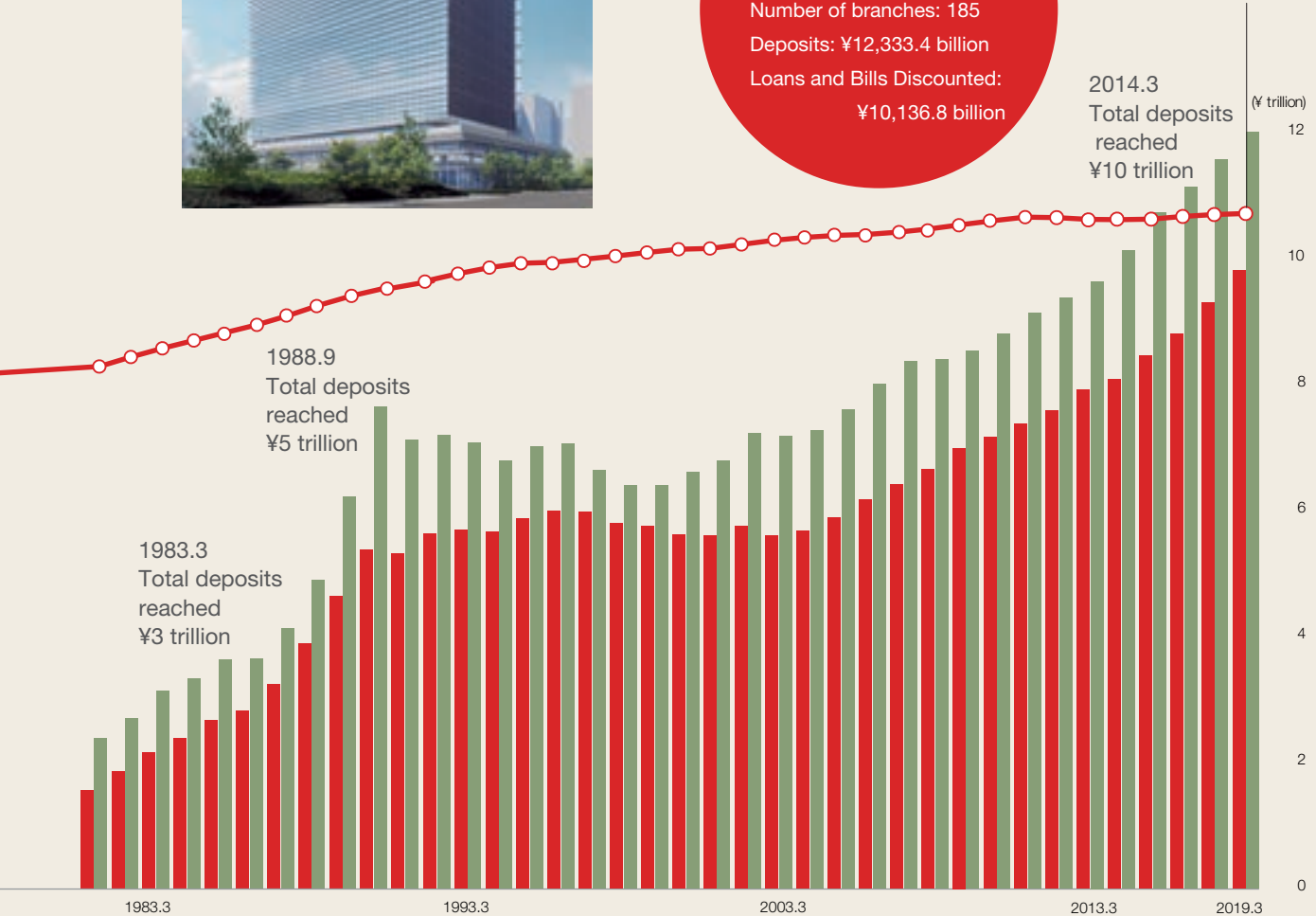
Open of New Tokyo International Airport (Narita Airport)





March 2019  
 Capital stock: ¥145 billion  
 Number of employees: 4,224  
 Number of branches: 185  
 Deposits: ¥12,333.4 billion  
 Loans and Bills Discounted: ¥10,136.8 billion

6.26 million people



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Financial and Corporate Data

**1986.10**  
Appointed the first female Branch General Manager in Japan

**1987.4**  
Opened New York Branch

**1989.4**  
Opened Hong Kong Branch

**1991.2**  
Opened London Branch

**1995.11**  
Opened Shanghai Representative Office

**1998.3**  
Acquired Chuo Securities (currently Chibagin Securities) as a Group company

**2006.12**  
Established Chibagin Heartful as a special subsidiary for the employment of people with disabilities

**2008.3**  
Launched the TSUBASA project

**2011.3**  
Opened Representative Office Registered in Singapore

**2014.9**  
Opened Bangkok Representative Office

**2015.10**  
Launched the TSUBASA Alliance

**2016.3**  
Launched the Chiba-Musashino Alliance

**1983.4**  
Open of Tokyo Disneyland

**1985.6**  
Full-scale start of financial liberalization

**1985.9**  
Plaza Accord

**1989.4**  
Introduction of consumption tax

**1989.12**  
Nikkei Stock Average recorded highest price ¥38,915.87

**1991.3**  
Collapse of bubble economy

**1995.1**  
Great Hanshin-Awaji Earthquake

**1997.12**  
Tokyo Bay Aqua-Line opened

**2002.9**  
Population in Chiba prefecture exceeded 6 million people

**2005.4**  
Full implementation of the deposit payoff system

**2008.9**  
Bankruptcy of Lehman Brothers

**2009.3**  
Nikkei Stock Average reached ¥7,054.98, lowest price after the collapse of bubble economy

**2009.12**  
Enforcement of the SME Finance Facilitation Act

**2011.3**  
Great East Japan Earthquake

**2013.4**  
The Bank of Japan decided to introduce "Quantitative and Qualitative Finance Easing Policy"

**2016.1**  
The Bank of Japan decided to introduce "Negative Interest Rate Policy"

# Main Data of the Chiba Bank Group

## Fiscal Year Ended March 31, 2019

Total Assets (Consolidated)	:	¥14,964.1 billion
Loans and Bills Discounted (Non-Consolidated)	:	¥10,136.8 billion
Deposits (Non-Consolidated)	:	¥12,333.4 billion
Profit Attributable to Owners of Parent (Consolidated)	:	¥50.4 billion
ROE (Consolidated, Based on Shareholders' Equity)	:	6.15%
Total Capital Ratio (Consolidated)	:	12.63%
Common Equity Tier 1 Capital Ratio (Consolidated)	:	11.97%
Non-Performing Loan Ratio (Non-Consolidated, Based on the Financial Reconstruction Law)	:	1.19%
OHR (Non-Consolidated)	:	54.78%
Number of Employees	:	4,224
Number of Domestic Branches	:	182
Number of Overseas Branches	:	3 (New York, Hong Kong, London)
Number of Overseas Representative Offices	:	3 (Shanghai, Singapore, Bangkok)

## Credit Ratings

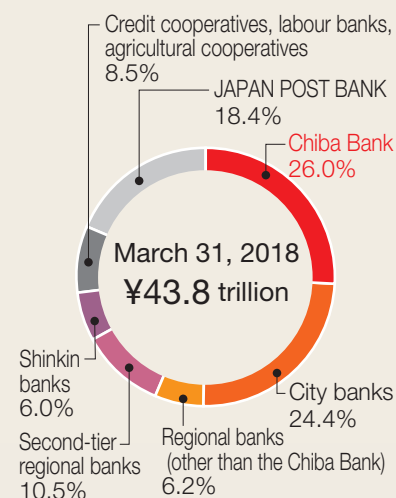
	Long-Term	Short-Term
Moody's	A1	P-1
Standard & Poor's	A	A-1
Rating and Investment Information	AA-	—

## Market Share of Loans in Chiba Prefecture



Source: The Financial Journal

## Market Share of Deposits and Savings in Chiba Prefecture

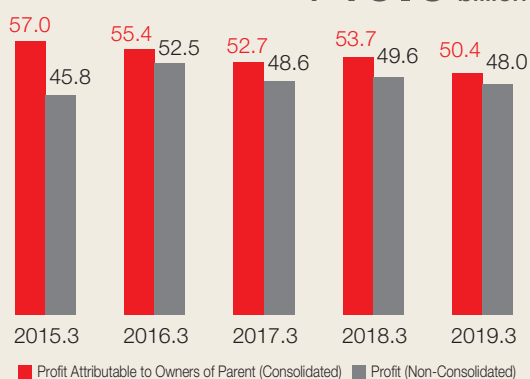


Source: The Financial Journal

# Financial Highlights

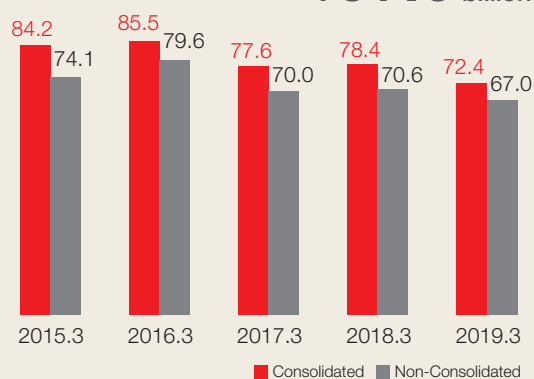
## Profit (Consolidated/Non-Consolidated/¥ billion)

Consolidated: **¥50.4 billion**  
 Non-Consolidated: **¥48.0 billion**



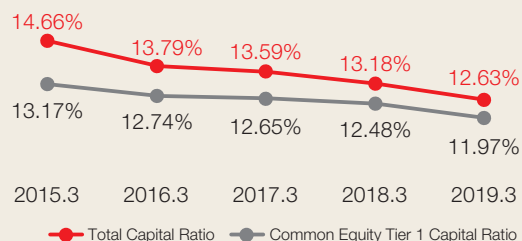
## Ordinary Profit (Consolidated/Non-Consolidated/¥ billion)

Consolidated: **¥72.4 billion**  
 Non-Consolidated: **¥67.0 billion**



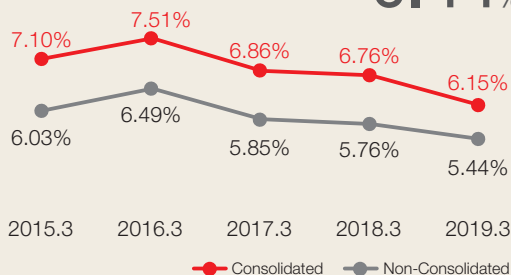
## Capital Ratio (Consolidated)

Total Capital Ratio: **12.63%**  
 Common Equity Tier 1 Capital Ratio: **11.97%**



## ROE (Consolidated/Non-Consolidated)

Consolidated: **6.15%**  
 Non-Consolidated: **5.44%**

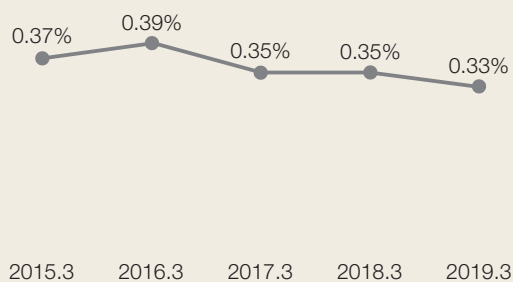


$$\text{ROE (Non-Consolidated)} = \frac{\text{Profit}}{(\text{Total Net Assets at Beginning of Fiscal Year} + \text{Total Net Assets at End of Fiscal Year}) / 2}$$

$$\text{ROE (Consolidated)} = \frac{\text{Profit Attributable to Owners of Parent}}{(\text{Total Shareholders' Equity at Beginning of Fiscal Year} + \text{Total Shareholders' Equity at End of Fiscal Year}) / 2}$$

## ROA (Non-Consolidated)

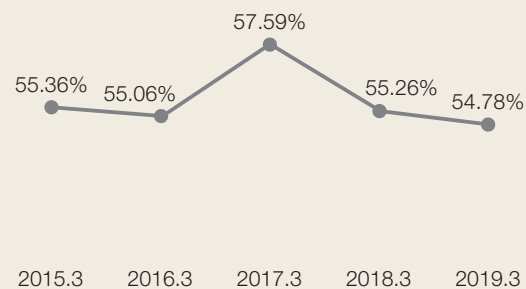
Non-Consolidated: **0.33%**



$$\text{ROA (Non-Consolidated)} = \frac{\text{Profit}}{\text{Average Total Assets}}$$

## OHR (Non-Consolidated)

Non-Consolidated: **54.78%**



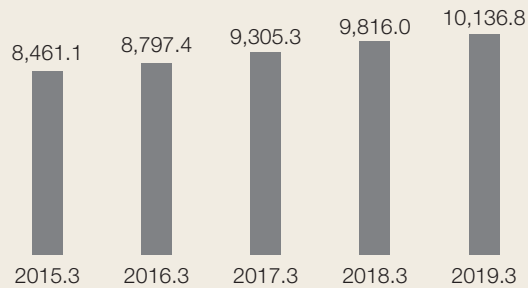
$$\text{OHR (Non-Consolidated)} = \frac{\text{Expenses}}{\text{Net Business Income - Gains (Losses) Related to Bonds, etc. + Net Transfer to General Allowance for Loan Losses + Expenses}}$$



# Financial Highlights

## Loans and Bills Discounted (Non-Consolidated/¥ billion)

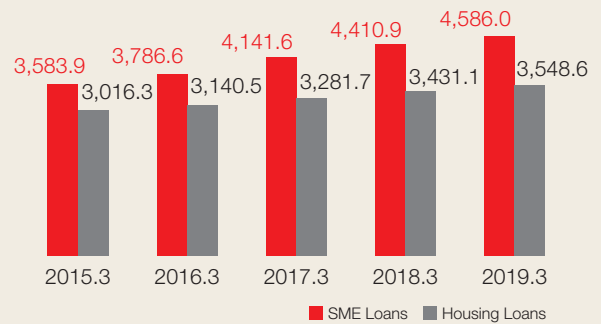
Non-Consolidated: **¥10,136.8** billion



## SME Loans/Housing Loans (Non-Consolidated/¥ billion)

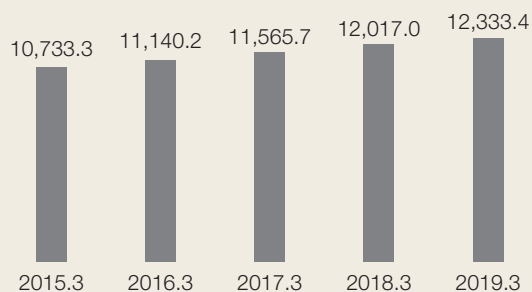
SME Loans: **¥4,586.0** billion

Housing Loans: **¥3,548.6** billion



## Deposits (Non-Consolidated/¥ billion)

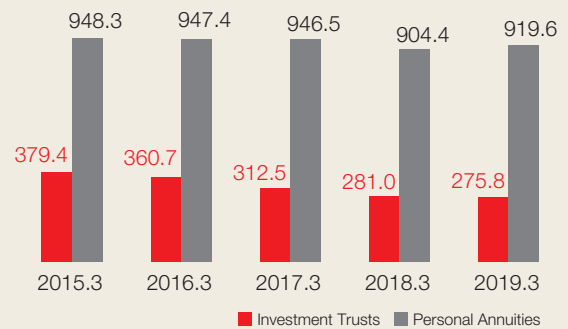
Non-Consolidated: **¥12,333.4** billion



## Investment Trusts/Personal Annuities (Non-Consolidated/¥ billion)

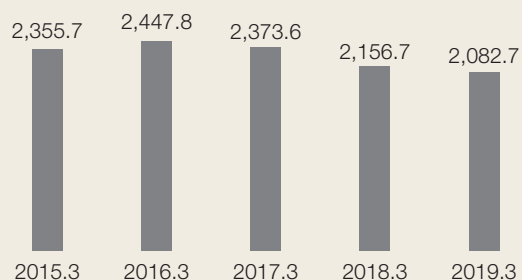
Investment Trusts: **¥275.8** billion

Personal Annuities: **¥919.6** billion



## Securities (Non-Consolidated/¥ billion)

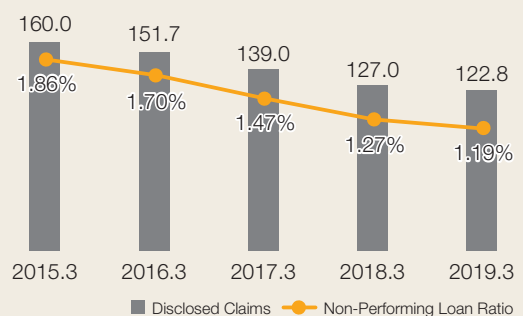
Non-Consolidated: **¥2,082.7** billion



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

Disclosed Claims under the Financial Reconstruction Law: **¥122.8** billion

Non-Performing Loan Ratio (Based on the Financial Reconstruction Law): **1.19%**



# Non-Financial Highlights

## Number of Borrowers and Balance of Loans Based on Evaluation of Business

Number of Borrowers: **31,577**

Percentage of Borrowers: **67.3%**

Balance of Loans: **¥4,303.1 billion**

(As of March 31, 2019)

## Number of Borrowers Supported in Relation to Startup/Business Succession/M&A

Number of Borrowers Supported in Relation to Startup: **2,694**

Number of Borrowers Supported in Relation to Business Succession: **538**

Number of Borrowers Supported in Relation to M&A: **242**

(Fiscal Year Ended March 31, 2019)

## Balance of Renewable Energy-Related Loans

**¥104.2 billion**

(As of March 31, 2019)

## Private Placement Bonds for Regional Revitalization\* Underwritten Amount:

Cumulative **¥42.8 billion**

## Private Placement Bonds for Sports Support\* Underwritten Amount:

Cumulative **¥3.0 billion**

## Amounts Contributed through Both Programs:

Cumulative **¥75 million**

\* Details are described on page 51. (As of March 31, 2019)

## Promotion of the Active Participation of Women

Ratio of Women in Management Positions: **15.1%** (152 people)

Ratio of Women in Leader\* Positions: **30.7%** (283 people)

(Fiscal Year Ended March 31, 2019)

\* Employees who have subordinates, such as Branch Managers, and employees with equal status, who are in charge of organizational management and are responsible for their work

## Employment of People with Disabilities

Employment Rate of People with Disabilities (Group Total): **2.75%**

(Fiscal Year Ended March 31, 2019)

Number of Employees with Disabilities at Chibagin Heartful: **29 people**

(As of March 31, 2019)

## Ratio of Outside Directors

**33.3%**  
(**3** out of **9** people)

(As of March 31, 2019)

## Efforts to Improve Financial Literacy

Number of Participants in Financial Education Related Events: **1,327 people**

Number of Visitors to the Chibagin Financial History Library: **1,015 people**

(Fiscal Year Ended March 31, 2019)

We operate mainly in Chiba Prefecture, Japan's sixth largest prefecture in terms of population. With favorable geographic conditions and a mild climate, the prefecture has thriving agriculture and fishing industries, and one of Japan's most prominent industrial areas along the coast of Tokyo Bay, giving the prefecture a well-balanced industrial structure. The prefecture is becoming a travel destination amid strong inbound tourism demand. In addition, given that multiple projects including the Ken-O Expressway, which is slated to be completed in FY2024, and the strengthening of the functions of Narita Airport will generate economic effects, the prefecture's rapid economic growth is expected to continue.

## Potential of Chiba Prefecture

### Development of transportation infrastructure

Following the opening of the Chiba section of the Tokyo-Gaikan Expressway last year, all sections of the Ken-O Expressway are scheduled to open in FY2024. It will improve access between Chiba Prefecture and other Tokyo metropolitan areas, improve the efficiency of logistics, and revitalize tourist traffic, which will promote further progress in economic integration with the Tokyo metropolitan area.

### Strengthening of the functions of Narita Airport

The Four Party Council on Narita Airport reached an agreement in March 2018 to enhance capacity of the airport including the construction of the third runway. A large increase in the working population and development of the surrounding areas can be expected through the strengthening of the functions of the airport, and the synergies between this development and the opening of the Ken-O Expressway are expected to revitalize Chiba Prefecture overall.

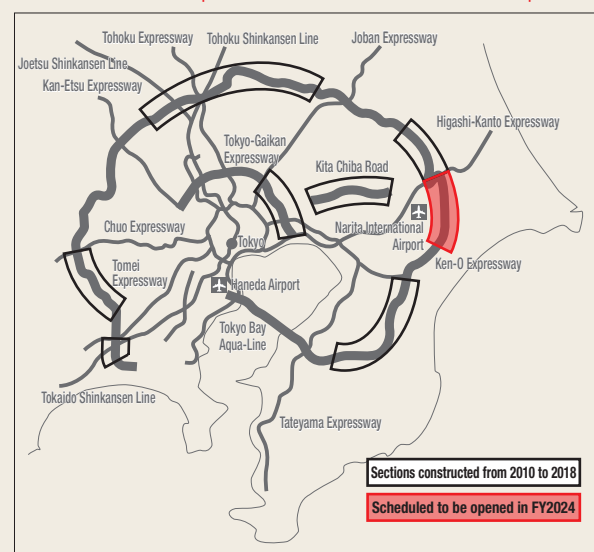
### Development as an International Medical City

Narita City, designated as a National Strategic Special Zone, is undergoing urban development in an aim to become an international medical city. Significant economic effects can be anticipated from the concentration of medical institutions including medical universities in response to healthcare needs accompanying the aging of society.

### Prefecture becoming a travel destination

The number of foreign visitors to Japan reached 31.19 million in 2018, and is forecast to increase further ahead of the Tokyo Olympic and Paralympic Games. The number of tourists visiting Chiba Prefecture increased for a sixth consecutive year as the prefecture was becoming a travel destination.

### Status of transportation Infrastructure Development



#### Extension of Ken-O Expressway

Taiei JCT to Matsuo-Yokoshiba IC (scheduled to be opened in FY2024)  
Priority development of access roads to areas in Chiba Prefecture

#### Development of Narita Area

Third runway (Runway C) at Narita Airport  
Designated as a National Strategic Special Zone (medical universities, concentration of hospitals, etc.)

#### Tokyo Olympic and Paralympic Games

Makuhari Messe in Chiba City (fencing, taekwondo, wrestling/goalball, sitting volleyball, para-taekwondo and wheelchair fencing)  
Tsurigasaki Beach in Ichinomiya Town, Chosei-gun (Surfing)



## Solid Customer Base

We maintain a large share in the prefecture compared with regional banks in other prefectures with a higher population and have a strong customer base.

As the top bank in the prefecture, customers' expectations for us are high, and over 21,000 companies use Chiba Bank as their main bank. In 2018, we were the number one regional bank for a tenth consecutive year since the survey was started.

Furthermore, in recent years, business with customers from outside the prefecture has also steadily grown as we have expanded branches into Tokyo.

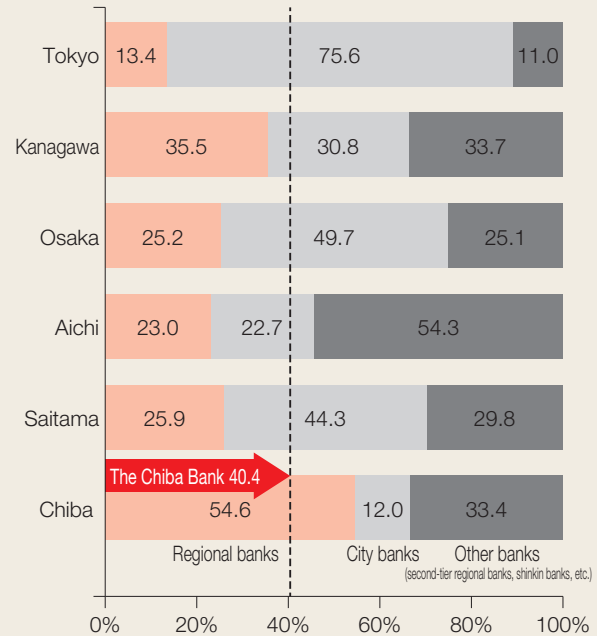
■ Number of companies that use Chiba Bank as their main bank

**21,227 companies**  
(No. 1 among the regional banks)

**20,200 of them are based**  
**in Chiba Prefecture**

(Source: 2018 Teikoku Databank Survey)

■ Loan share in the top 6 prefectures in terms of population



Source: The Financial Journal (As of March 31, 2018)

## Branch Network

We have a dense network of branches mainly in Chiba Prefecture. The Bank is reviewing branch functions and networks within the context of demographics and digitalization in society. We are engaged in branch management while taking account of convenience for our customers by reassessing the services we provide in light of the number of customers who visit our branches, integrating neighboring branches as “branches in stores,” and introducing lunch breaks at some branches.

Meanwhile, we have expanded our presence in the 23 wards of Tokyo, as a “strategic operation area.”

### Branches in collaboration with alliance banks

In June 2018, the Chiba Bank and the Musashino Bank jointly opened a sales office

in Hamamatsucho, and are planning to open the Ikebukuro Branch as a joint branch in October 2019. We are also planning to open our corporate banking office in the Toho Bank's Mito Branch in October 2019.

■ Number of branches in Japan and overseas (as of March 31, 2019)

Chiba	<b>160</b> branches
Tokyo	<b>15</b> branches
Saitama	<b>3</b> branches
Ibaraki	<b>3</b> branches
Osaka	<b>1</b> branch
Overseas	<b>3</b> branches <b>3</b> representative offices

While aiming to become the “best retail” banking group, we are pursuing the development of professional human resources as a key management issue. In addition, we promote diversity to respect and utilize every employee as we promote work style reforms to create comfortable and rewarding workplaces.

## Development of Professional Human Resources

### Visualization of skills and prompt enabling of young employees

In order to develop professional human resources with a wide range of business skills and a high level of expertise, we have developed a database of employee work skills and conduct practical training depending on the skills of each employee. In addition, we dispatch employees to specialty departments and other companies and hold workshops where participants from different industries can interact with each other.

### Trainees dispatched to inside/outside the bank (Fiscal Year Ended March 31, 2019)

#### 1. Trainings held outside the Bank

Advanced financial techniques (4 trainees), overseas business practices (2 trainees), research on overseas conditions (1 trainee), portfolio management (1 trainee), securities (1 trainee), industry research (1 trainee), different industries (8 trainees)

#### 2. Trainings held inside the Bank

Corporate credit and reconstruction (12 trainees), promotion of investment-type financial products (6 trainees), corporate business (2 trainees), markets (2 trainees), foreign exchange (1 trainee), will trusts and business succession (1 trainee)

### Hiring of external human resources

We actively engage in mid-career hiring so that we can take advantage of external human resources with expertise. We hire specialists in various fields including asset management, trusts, international business, and law (15 hires in Fiscal Year Ended March 31, 2019, including those seconded to the Bank) and we effectively use the advanced skills of such human resources.

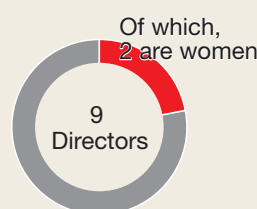
## Further Promotion of Diversity

The promotion of diversity is positioned as a management strategy for sustainable growth, and we are promoting the active participation of women that account for approximately 40% of employees and people with disabilities. In recognition of these efforts, the Bank was selected as a Nadeshiko Brand for a second consecutive year by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for a company excelling in the promotion of the active participation of women.

### Promotion of the active participation of women

We are making diligent efforts to help women form careers and expand their roles at work, with achievements that include being the first bank in Japan to promote a woman to the position of Branch General Manager (1986), and there has been considerable growth in the number of women appointed to management positions at the Bank. In addition to two female directors, there are six female General Managers including two Executive Officers, and 25 women in Branch General Manager class (including Senior Manager and Senior Deputy General Manager) positions.

### Status of participation of women



#### Number of women in senior positions

Director	2
Executive Officer (General Manager)	2
General Manager	4
Branch General Manager, Senior Manager, Senior Deputy General Manager	25

(As of July 1, 2019)

	FY2007	FY2018	FY2020 Target
Percentage <sup>*1</sup> (number) of women in management positions	2.0% (17)	15.1% (152)	20%
Percentage <sup>*1</sup> (number) of women in leader positions <sup>*2</sup>	9.4% (98)	30.7% (283)	30%

<sup>\*1</sup> For the percentage of women in management positions and percentage of women in leader positions, the figures for FY2007 are those as of March 31, 2008, and the figures for FY2018 and FY2020 are those as of July 1, 2019 and the targets for July 1, 2021, respectively.

<sup>\*2</sup> Employees who have subordinates, such as Branch Managers, and employees with equal status, who are in charge of organizational management and are responsible for their work.

## In-house nursery facilities

As part of efforts to provide an environment where employees can take care of their children while working in order to balance their careers with childrearing, the Bank has set up Himawari Nursery School for the children of Group employees. In 2018, we opened two new Himawari Nursery School in Chiba City and Kashiwa City, bringing the total of Company-led nursery facilities to three locations.

## Talent Bank for Regional Banks

We act as the secretariat for the Talent Bank for Regional Banks, an organization that assists regional bank employees in continuing their careers. In the event that an employee plans to quit due to a move into a new home as a result of life changes, such as getting married or accompanying a working spouse who is transferred to another location, the Talent Bank will introduce the employee to another regional bank in the area of their new home. As of March 2019, a total of 171 employees have found new work this way.

## Efforts toward the employment of people with disabilities

Chibagin Heartful Co., Ltd., a subsidiary founded in December 2006, has been certified as the first regional bank special subsidiary for the employment of people with disabilities. As of March 31, 2019, 29 persons with disabilities work creating slips used at the bank and entering data.

## Promotion of work style reforms

Work style reforms for us aim to make the bank a comfortable and rewarding workplace so that everyone desires to work there and we are pursuing reforms in the four areas of “environment,” “procedures,” “systems,” and “awareness.” We steadily implement measures aimed at stimulating communication between executives and employees, improving efficiency of cross-sectional operations, achieving paperless administration and approvals, and introducing systems that allow employees to flexibly choose work locations and times.

## Diversity-related awards

March 2015	Ministry of Economy, Trade and Industry “FY2014 Diversity Management Selection 100”
December 2015	Cabinet Office “Awards to Commend Leading Companies Where Women Shine (Prime Minister’s Award)”
April 2016	Ministry of Health, Labour and Welfare “L Star” (top-ranked) designation
August 2017	Ministry of Health, Labour and Welfare “Platinum Kurumin” certified
March 2018	Ministry of Economy, Trade and Industry and Tokyo Stock Exchange “FY2017 Nadeshiko Brand”
November 2018	Ministry of Health, Labour and Welfare “FY2018 Minister Prize in Equal Employment/Work-Life Balance, Excellence Award (Family-Friendly Enterprises Category)”
March 2019	Ministry of Economy, Trade and Industry and Tokyo Stock Exchange “FY2018 Nadeshiko Brand” (for a second consecutive year)



## Specific efforts of work style reforms

<b>Environment Reform</b>	Introduction of a chat tool Introduction of a digital conference tool
<b>Procedures Reform</b>	Improvement of efficiency in lending operations Introduction of digital workflow
<b>Systems Reform</b>	Introduction of telework system Introduction of flex-time system
<b>Awareness Reform</b>	Various training and awareness raising activities aimed at digitalization and productivity improvements for bank employees



We provide optimal solutions to satisfy the needs of customers through the collective strength of the 14 group companies that have a broad lineup of financial products and services. The Group Chief Officer System (CxO) was introduced in FY2018 to create a group-wide corporate management system, while strengthening the business structure of the group companies by assigning personnel strategically. We will further develop these strengths by expanding to provide functions to alliance banks.

## Chiba Bank Group Companies



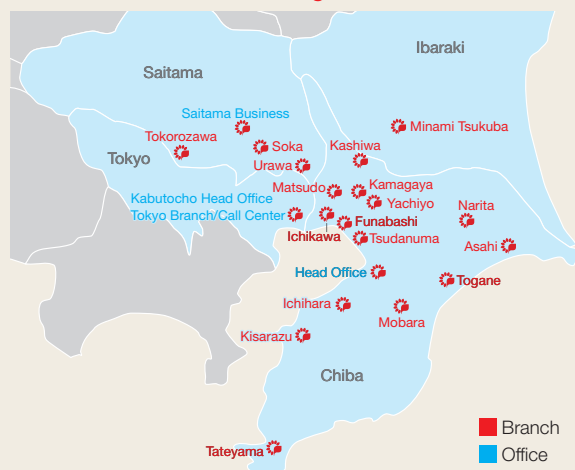
## Chibagin Securities Co., Ltd.

June 2018 marked the 135th anniversary of Chibagin Securities, originally established as a regional securities firm with a stable business foundation with 21 branches in the Tokyo metropolitan area.

It started providing financial instruments intermediary services with the Musashino Bank in 2017. We have opened four branches in Saitama Prefecture (Saitama Business Office, Urawa Branch, Soka Branch, and Tokorozawa Branch) and response to sophisticated asset management needs, including the sale of structured bonds, for the Musashino Bank’s customers.

Securities companies under some financial institutions participating in the TSUBASA Alliance are working to further improve collaboration, such as the joint sale of Green Bonds issued by the World Bank.

### Branch network of Chibagin Securities



### Chibagin Asset Management Co., Ltd.

Chibagin Asset Management currently originates dedicated funds and provides products for the Chiba Bank, the Musashino Bank, the North Pacific Bank, and the Toho Bank. Assets under management are increasing steadily.

### Chibagin Leasing Co., Ltd.

Lease intermediary services by the Bank itself were launched from April 2015. We conduct effective activities by using the Bank's customer base and functions of group companies. Number of customers with contracts and leasing assets are gradually increasing.

### Chibagin JCB Card Co., Ltd./ Chibagin DC Card Co., Ltd.

Along with the spread of cashless payments, the balances of shopping handled by Chibagin JCB Card and Chibagin DC Card are also steadily growing. We will further strive to increase the transaction volume by promoting to develop credit card member stores and corporate credit card customers.

### Chibagin Career Service Co., Ltd.

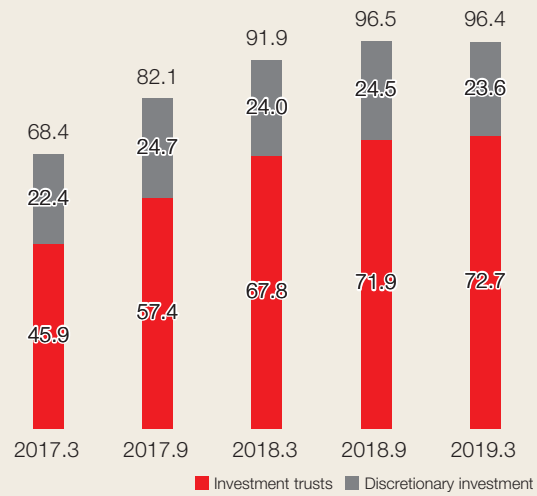
Chibagin Career Service has started staffing services in response to customers' needs for personnel such as executives to handle management, successors, and technical experts. We will actively contribute to resolving issues facing our corporate customers, including a shortage of successors and human resources.

### Chibagin Research Institute, Ltd.

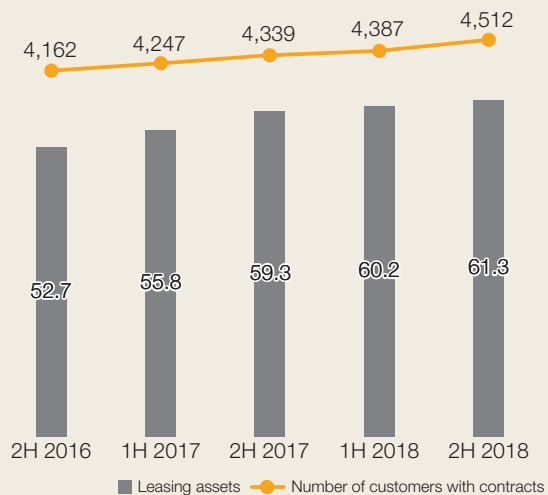
As the only think tank in the prefecture, Chibagin Research Institute has received contracts for a variety of work, including the formulation of regional revitalization measures and comprehensive planning for local governments. In addition, the company has been involved in business planning of corporate customers, as part of advisory services started by the Bank.

The collective strength of the 14 group companies, including the above companies as well as **Chibagin Computer Service**, offering IT solutions, **Chibagin Capital**, offering fund management and M&A advisory services, and **T&I Innovation Center**, conducting FinTech surveys, research, and development together with alliance banks, is combined to provide solutions to customers.

### Assets under management of Chibagin Asset Management (¥ billion)



### Number of customers with contracts and leasing assets of Chibagin Leasing (¥ billion)



### Research contracts Chibagin Research Institute has received

Major research project	Contracted by
Project for Planning Strategy to Achieve of Regional Revitalization Surrounding Narita Airport	Chiba Prefecture
Formulation of Urayasu City Industrial Promotion Vision	Urayasu City
Assistance in Asahi City Lifetime Active Community Commercialization	Asahi City
Assistance in Sodegaura City's New Comprehensive Planning	Sodegaura City
Project for Regional Resources Discovery	Tako Town

## The 13th Medium Term Management Plan

# Best Bank 2020

Final stage — 3 years of value co-creation  
 From April 1, 2017 to March 31, 2020



- This medium term management plan is for the final stage (three years) to accomplish our ultimate goal - to become the “best retail” banking group - by the target year of 2020 as set by the previous medium term management plan and to create the foundations for responding to environmental changes expected to occur over the medium to long term.
- We will bolster productivity and solidify customer confidence, and realize sustainable growth, by co-creating value (value co-creation) with our stakeholders, such as customers, shareholders, employees, and regional communities, etc.

We aim to become the **“best retail”** banking group that provides top-class customer satisfaction through advanced services, and to be highly regarded by our regional customers, both individuals and SMEs.

### CS (Customer Satisfaction)

Ensure the “Customer first policy” and respond speedily to customers’ needs by providing advanced services and solutions.

### ES (Employee Satisfaction)

Make a work environment where all employees can realize their potential with enthusiasm through diversity and work style reform.

### SS (Social Satisfaction)

Drive regional development, by gathering the entire Chiba Bank Group as the leading bank in the area.

## Key Issues

### 1 Co-creating customer value

- Providing products and services that offer more benefits to customers by resolving the management issues for corporate customers and the thorough enforcement of fiduciary duties
- Providing advanced services with high added value to respond to digitalization

### 2 Realizing work style reforms that allow all employees to shine

- Accelerating diversity to achieve an organization where all employees can shine regardless of gender and age
- Reviewing the way each employee works to develop a structure that allows them to specialize highly added value operation

### 3 Strengthening a sustainable management structure

- Further strengthening alliances with other banks such as the Chiba-Musashino Alliance and the TSUBASA Alliance
- Achieving low-cost operations through drastic reviews of business processes

## Financial Results for the Fiscal Year Ended March 31, 2019

In the fiscal year ended March 31, 2019, non-consolidated gross business profits increased ¥2.8 billion year on year to ¥152.2 billion. Real net business income increased by ¥4.5 billion as a result of ¥1.0 billion increase in net interest income, ¥5.1 billion improvement in gains (losses) related to bonds, and a significant cost reduction achieved by ¥1.7 billion decrease in expenses. Net credit costs increased by ¥10.5 billion as a result of defensive provisioning and a conservative increase in the allowance for loan losses. As a result, non-consolidated profit was ¥48.0 billion and profit attributable to owners of parent was ¥50.4 billion.

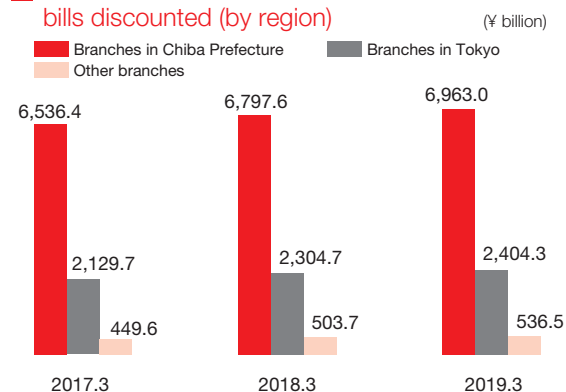
### ■ Increase in domestic loans and bills discounted

The balance of loans and bills discounted increased by ¥320.8 billion from the end of the previous fiscal year to ¥10,136.8 billion, making this the first time that the balance has exceeded the ¥10 trillion mark at the end of the fiscal year. A steady growth was maintained as SME loans increased 3.9%, housing loans increased 3.4%, and unsecured consumer loans increased 11.0%.

Looking at results by region, there was a well-balanced increase in both Chiba Prefecture and Tokyo.

\* The balance of loans and bills discounted is also described on pages 11 and 30.

### ■ Balance of domestic loans and bills discounted (by region)



### ■ Summary of financial results

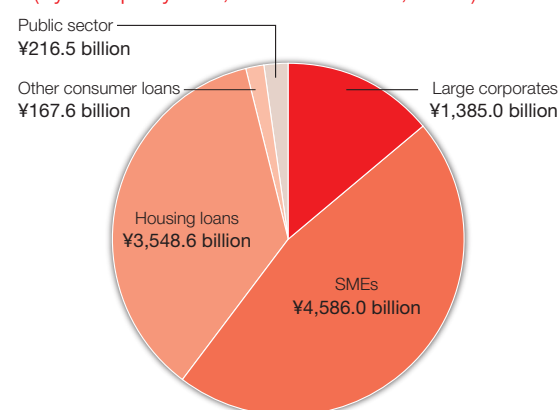
(¥ billion)

(Non-consolidated)	2018/3	2019/3	YoY
Gross business profits	149.4	152.2	2.8
Net interest income	121.5	122.6	1.0
Net fees and commissions income	23.7	22.4	(1.3)
Trading income	2.0	1.1	(0.8)
Profit from other business transactions	2.1	6.0	3.8
Gains (losses) related to bonds	(0.5)	4.5	5.1
Expenses (-)	82.8	81.1	(1.7)
Real net business income	66.5	71.1	4.5
Core net business income	67.1	66.5	(0.5)
Net transfer to general allowance for loan losses (-)	-	2.5	2.5
Net business income	66.5	68.5	2.0
Non-recurrent income and losses	4.0	(1.4)	(5.5)
Disposal of non-performing loans (-)	0.8	8.7	7.9
Gains (losses) related to stocks, etc.	1.6	1.8	0.2
Ordinary profit	70.6	67.0	(3.5)
Extraordinary income (loss)	(1.3)	(0.2)	1.1
Profit	49.6	48.0	(1.6)
Net credit costs (-)	0.8	11.3	10.5

(¥ billion)

(Consolidated)	2018/3	2019/3	YoY
Ordinary profit	78.4	72.4	(6.0)
Profit attributable to owners of parent	53.7	50.4	(3.3)

### ■ Balance of domestic loans and bills discounted (by company size, as of March 31, 2019)





# Growth Strategy for “Sustainable Management”

## Financial Results and Conditions

### Increase in solution-related fees from corporate customers

Net fees and commissions income decreased ¥1.3 billion year on year to ¥22.4 billion. Although investment trust fees and commissions decreased due in part to a weak market environment, solution-related fees from corporate customers were strong.

We will continue to provide a wide range of solutions based on evaluation of business and implement asset management proposals in light of our fiduciary duties in an effort to further strengthen profitability.

### Controlling interest rate risks while diversifying investments

The balance of securities (excluding unrealized gains (losses)) was ¥1,933.7 billion. We aim to improve yields and diversify risks through diversified investments including Japanese government bonds, local government bonds, corporate bonds, investment trusts, US bonds, and foreign bonds issued by non-Japanese blue-chip companies. The average of duration of securities is 3.5 years for yen bonds and 1.4 years for foreign bonds, and we manage our portfolio in consideration of the risk balance for each product category while carefully controlling interest rate risk.

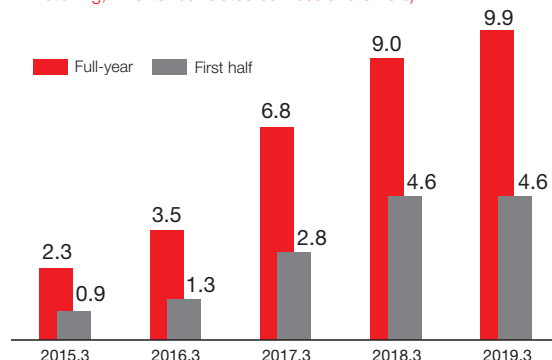
In addition, when investing in foreign currency denominated-assets, we take liquidity and funding costs into sufficient consideration as well as profitability.

### Progress of cost reductions

Expenses decreased ¥1.7 billion year on year to ¥81.1 billion. Personnel expenses decreased by ¥1.0 billion due to reductions in overtime wages achieved through improvements in operating efficiency and the establishment of a retirement benefit trust, while non-personnel expenses also decreased through cost-cutting measures including a review of system renewal costs and administrative outsourcing expenses, and expenses fell below the plan as a result. OHR was 54.7%, which indicates that we maintained a high level of efficiency.

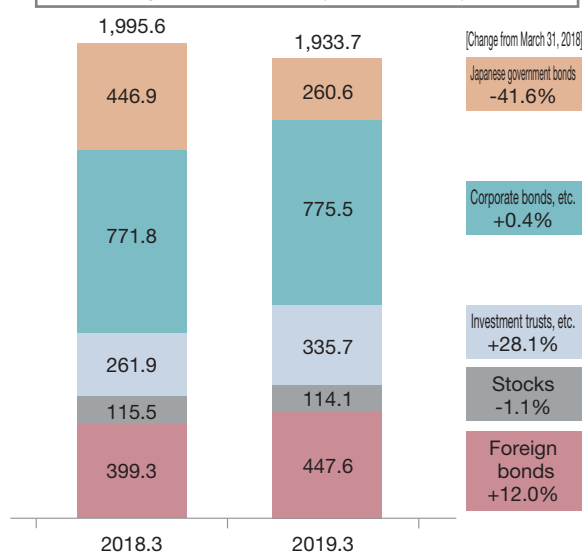
### Solution-related fees from corporate customers (¥ billion)

(Private placement bonds, syndicated loans, etc., M&As, business matching, inheritance-related services and others)

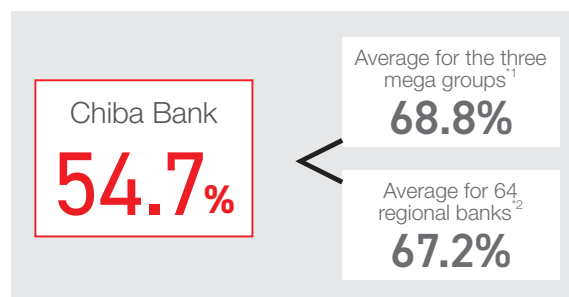


### Balance of securities (excluding unrealized gains (losses)) (¥ billion)

Average duration of securities (including floating rate bonds)		
Yen bonds	2018.3	2019.3
Foreign bonds	1.6 years	1.4 years



### OHR level comparison



\*1 Expenses ÷ (consolidated gross business profits - gains (losses) related to bonds)  
[Fiscal year ended March 2019]: Calculated by the Bank based on disclosed information

\*2 Expenses ÷ (Non-consolidated gross business profits - gains (losses) related to bonds)  
[Six months ended September 2018]: Disclosed by the Regional Banks Association of Japan

## Projections for the Fiscal Year Ending March 31, 2020

For the fiscal year ending March 31, 2020, gross business profits are projected to increase ¥0.2 billion year on year to ¥152.5 billion. For interest on loans and discounts, the negative impact from the decline in yields will be compensated for by an increase in volume. We will also continue to increase net fees and commissions income with a focus on solution-related fees from corporate customers. In addition, because an increase in expenses as a result of a hike in the consumption tax rate and a decrease in net credit costs are expected, non-consolidated profit is projected to increase ¥0.1 billion year on year to ¥48.2 billion and profit attributable to owners of parent is projected to increase ¥0.5 billion year on year to ¥51.0 billion.

Profit attributable to owners of parent for the final fiscal year of the current medium term management plan was initially projected to be ¥60.0 billion based on an assumption of gradually increasing interest rates. However, in light of changes in the environment including a low interest rate over the near term and sluggish sales of investment trusts in the entire industry, profit attributable to owners of parent for the fiscal year ending March 31, 2020 is projected to be ¥51.0 billion.

In terms of net credit costs, although new costs for disposal of non-performing loans are projected to remain largely unchanged year on year at ¥10.0 billion, net credit costs are projected to decrease by ¥3.5 billion overall. We will continue strict credit control aimed at restricting net credit costs.

### Working to further strengthen profitability

Although a challenging business environment is expected to continue as there still appears to be no exit from an easy monetary policy, we address the finishing year of the current medium term management plan and a preparation year for the next medium term management plan. As we look toward the next fiscal year and beyond, we will strengthen our consulting function including advisory services for corporate customers and fully develop cashless payment services in an effort to improve profitability.

### Earnings projections

(¥ billion)			
(Non-consolidated)	2019/3	2020/3 (Projection)	YoY
Gross business profits	152.2	152.5	0.2
Net interest income	122.6	119.8	(2.8)
Net fees and commissions income	22.4	24.0	1.5
Trading income	1.1	2.8	1.6
Profit from other business transactions	6.0	5.9	(0.1)
Gains (losses) related to bonds	4.5	3.4	(1.1)
Expenses (-)	81.1	82.0	0.8
Real net business income	71.1	70.5	(0.6)
Core net business income	66.5	67.1	0.5
Net transfer to general allowance for loan losses (-)	2.5	0.5	(2.0)
Net business income	68.5	70.0	1.4
Non-recurrent income and losses	(1.4)	0.0	1.4
Disposal of non-performing loans (-)	8.7	7.3	(1.4)
Gains (losses) related to stocks, etc.	1.8	2.5	0.6
Ordinary profit	67.0	70.0	2.9
Extraordinary income (loss)	(0.2)	(2.8)	(2.5)
Profit	48.0	48.2	0.1
Net credit costs (-)	11.3	7.8	(3.5)

(¥ billion)			
(Consolidated)	2019/3	2020/3 (Projection)	YoY
Ordinary profit	72.4	76.0	3.5
Profit attributable to owners of parent	50.4	51.0	0.5

### Net credit costs

(¥ billion)			
	2019/3	2020/3 (Projection)	YoY
Net credit costs (-)	11.3	7.8	(3.5)
Net transfer to general allowance for loan losses (-)	2.5	0.5	(2.0)
Disposal of non-performing loans (-)	8.7	7.3	(1.4)
Write-offs / Net transfer to specific allowance for loan losses, etc. (-)	10.2	8.9	(1.2)
New downgrades (-)	10.6	10.0	(0.6)
Decreases in collateral value, etc. (-)	0.4	0.4	(0.0)
Collections, etc.	0.9	1.4	0.5
Recoveries of written-off claims	1.4	1.6	0.1

(Note) To facilitate comparison, reversal of allowance for loan losses is indicated separately for net transfer to general allowance for loan losses and net transfer to specific allowance for loan losses.

### Effective Use of Management Resources

Under our current medium term management plan, we are working to effectively use management resources to enhance profitability through improvements in productivity. We are building a structure capable of focusing on work with higher added value through fundamental operations reforms while controlling the total number of employees. We are also pursuing strategic investments that contribute to the strengthening of sales capabilities and improvements in operational efficiency. In addition, we strictly manage overall expense levels through efforts to reduce overtime work and various forms of sharing through alliances.

#### Personnel

In terms of personnel, we started the current medium term management plan with a total of 4,300 personnel (as of March 31, 2017) and we have controlled this number while reducing the existing work volumes through fundamental operations reforms (pages 39 and 40) without increasing personnel size and establishing a structure that enables

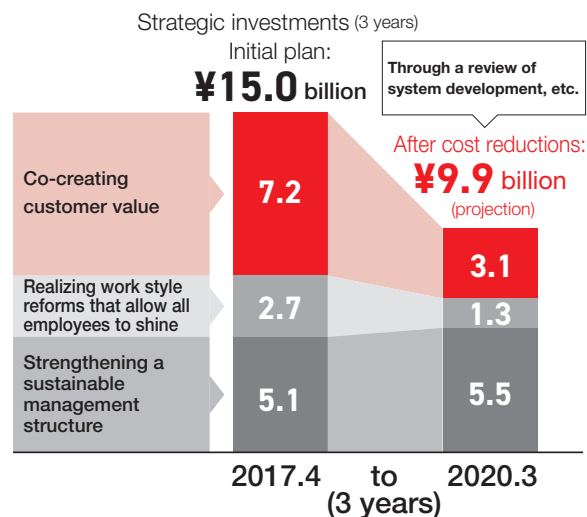
personnel to focus on work with higher added value.

When hiring personnel, we secure a stable number of new graduates and additionally strengthen mid-career recruitment with a focus on human resources with advanced specialist knowledge while also using senior staff and part-time staff.

#### Investments

In terms of investments, we make strategic investments in areas such as digital banking, the promotion of work style reforms, and the creation of systems for improvements in operational efficiency in relation to the three key issues of the current medium term management plan (page 19). Although the initial plan was to make strategic investments of ¥15.0 billion, we have reduced costs through means including a review of the contents of system development within a scope that will not have an impact on the effectiveness of measures, and we plan to invest ¥9.9 billion over a period of three years until March 31, 2020.

#### Strategic investment plan



#### Expenses

In terms of expenses, although an increase in depreciation can be expected as a result of our strategic investments, we strictly review overall expenses through efforts to reduce overtime work and various forms of sharing through alliances. Non-consolidated expenses for the fiscal year ending March 31, 2020 are projected to be ¥82.0 billion, which is below ¥83.5 billion projected in the current medium term management plan.

## Capital Policy

### Maintaining financial soundness and improving capital efficiency

Consolidated common equity Tier 1 capital ratio as of March 31, 2019 was 11.97%, which was sufficient to meet the Basel requirements.

We will continue to maintain the financial soundness required for the stable provision of funding to the region and work to improve capital efficiency and ROE through active returns to shareholders including acquisitions of treasury shares. In terms of cross-shareholdings, the ratio of the book value of stocks to Tier 1 capital has already decreased to 11% as of March 31, 2019. We manage the overall balance while appropriately verifying the validity of the rationale for holding each stock.

### Active returns to shareholders

From the perspective of further improving capital efficiency and enhancing shareholder returns, we target a shareholder return ratio\* of approximately 50% in the current medium term management plan. In the fiscal year ended March 31, 2019, the total return ratio was 56.8% as a result of paying a dividend of ¥16 per share and acquiring treasury shares worth ¥14.9 billion.

We will continue to aim for a shareholder return ratio of approximately 50% and

#### Results of and plan for shareholder returns

(¥)	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3 (projection)
Dividend per share	12	Increase 13	Increase 14	Increase 15	15	Increase 16	16

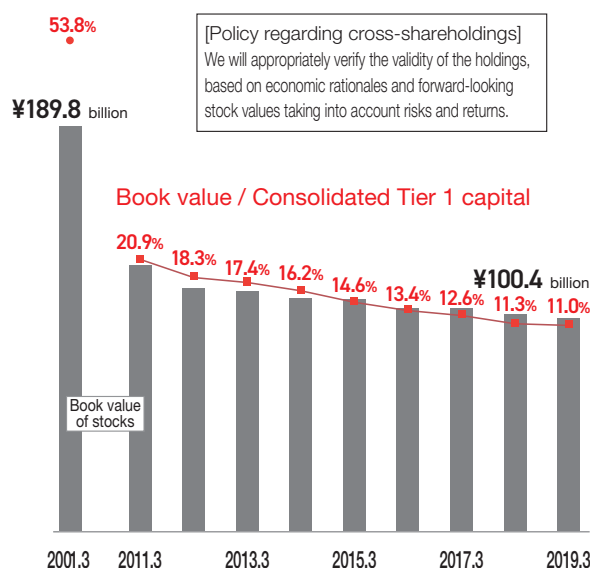
(¥ billion)	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3 (projection)
Non-consolidated profit	43.2	45.8	52.5	48.6	49.6	48.0	48.2
Annual cash dividends	10.2	10.8	11.5	12.0	11.7	12.2	11.9
Payout ratio	23.6%	23.6%	21.9%	24.7%	23.7%	25.6%	24.7%

Acquisition of treasury shares	9.9	9.9	9.9	14.9	13.9	14.9	
Total shareholder return	20.2	20.8	21.5	27.0	25.7	27.2	
<b>Shareholder return ratio</b>	<b>46.8%</b>	<b>45.4%</b>	<b>40.9%</b>	<b>55.5%</b>	<b>51.9%</b>	<b>56.8%</b>	

\* Shareholder return ratio =  $\frac{\text{Total shareholder return (amount of dividend payout + amount of acquiring treasury shares, etc.)}}{\text{Non-consolidated profit}}$

### Book value of stocks\* and ratio to Tier 1 capital (consolidated)

\* Acquisition cost of other securities with market value



consider flexible acquisition of treasury shares while endeavoring to achieve stable dividend growth as part of a capital policy that will satisfy shareholders.

We will strive to live up to the expectations of shareholders by steadily implementing various measures, increasing earnings, and providing steady returns to shareholders.

Shareholder return ratio in the current medium term management plan  
**Approximately 50%**



## Financial Services That Support the Growth of Customers and Regional Communities

### Corporate Customers

The Chiba Bank leverages its financial intermediation function to provide a variety of solutions responding to needs of each company at various life stages from founding to business succession.

#### Common initiatives for all life stages of a company

- Initiatives for evaluation of business

#### Initiatives for the founding period

- Initiatives for developing businesses: venture founding support (The Himawari Venture Development Fund, the Chibagin Research & Development Grant Program, the Student Business Idea Contest, Regional Revitalization Loans, etc.)

#### Initiatives for the growth period

- Solution proposals (Advisory service, staffing service, etc.)
- Providing various means of finance (Short-term continuous loans, syndicated loans, loans with covenants, etc.)
- Foreign exchange transactions and overseas expansion support

#### Initiatives for the revitalization period

- Revitalization support (Management improvement guidance, collaboration with external organizations such as the SME Revitalization Support Committee, etc.)

#### Initiatives for the business succession period

- Business succession support (Management succession support service, business succession fund, M&A support, etc.)

### Individual Customers

The Chiba Bank provides financial services that meet the diverse needs of customers throughout their lives.

#### Initiatives for asset building

- Holding various seminars
- Proposals for long-term investments and diversified investments (Installment Nippon Individual Savings Account (NISA), installment investment trusts)
- Strengthening proposal capability (Utilizing “Investment Trust Index”, etc.)
- Collaboration with Chibagin Securities

#### Initiatives for life plan support

- Housing purchase support (Housing loans with group credit life insurance covering 11 lifestyle diseases, premium housing loans, etc.)
- Responding to diverse needs (Unsecured consumer loans for various purposes)

#### Initiatives for asset succession and asset management

- Asset succession support (Testamentary trust, will preparation support service, inheritance sorting service, etc.)
- Asset management support (Whole life insurance, Lombard Odier Trust, etc.)
- Support for dementia, etc. (Family trust support service, guardianship support trust)

#### Initiatives to support secure living

- Sale of protection-type insurances (Healthcare and cancer insurance, nursing care insurance, etc.)
- Expansion of *Hoken No Madoguchi@Chibagin*

#### Initiatives for digitization

- Collaboration with FinTech companies
- Providing digital passbooks
- Providing Chiba Bank App
- Response to cashless payments

### Regional Communities

The Chiba Bank promotes initiatives for regional revitalization, according to the characteristics and issues of regions centered on Chiba Prefecture.

#### Approach to regional revitalization

- Coordination with local governments
- Initiatives aimed at community revitalization (Donations of sight-seeing rental bicycles, operation of an agricultural corporation, utilization of old Japanese style houses, etc.)

#### Initiatives for environmental protection

- Contributing to environmental conservation through our core business (Renewable energy related loans, etc.)
- Forest development activities (Chibagin Forest)
- Initiatives to address climate change (Energy saving measures, etc.)

#### Initiatives for community contribution

- Community contribution through improvement of school environments and sports promotion
- Initiatives to improve financial literacy
- Support for social welfare activities



## Co-creating Value with Stakeholders

Common value	
Shareholders	Improvement of corporate value in the medium to long term
Customers	Demonstration of our financial intermediation function and advanced financial services
Employees	Rewarding workplace where employees can demonstrate their full potential
Regional Communities	Regional revitalization and coexistence with the natural environment

## Growth of the Chiba Bank

**Realizing “Sustainable Management”**  
(Balancing economic value and social value)

## Framework for Growth of the Chiba Bank

Non-financial capital	Priority initiatives
<ul style="list-style-type: none"> <li>Operating area and customer base</li> <li>Development and utilization of diverse human resources</li> <li>Group management structure</li> </ul>	<ul style="list-style-type: none"> <li>Strategic alliances</li> <li>Operational reforms</li> <li>Improvement of customer satisfaction</li> </ul>
Management base	
<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Internal audits</li> </ul>

## Businesses for Corporate Customers

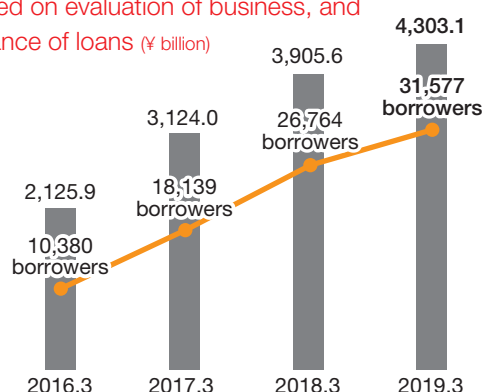
We, as a regional financial institution, exercise an intermediation function by closely engaging with customers involved in the regional economy, and proposing valuable solution to resolve management issues based on a deep understanding of their businesses. In November 2018, the Bank launched a “advisory service”, which supports the formulation of a customer’s facility plan and medium term management plan, in order to further strengthen proposal activities. Furthermore, in April 2019, Chibagin Career Service launched a “staffing service” to address issues including customers’ labor shortages. We are ready to provide high value-added solutions.

### Initiatives for Evaluation of Business

The Bank is committed to implementing activities mainly by supporting corporate customers based on evaluation of their businesses. As a result of providing a wide range of solutions, including proposals for optimal financing schemes that meet customers’ needs, the number of customers who have loans from us based on the evaluation of business exceeds 30,000, placing Chiba Bank at the top level of regional banks.

We are steadily increasing loans to SMEs as a result of evaluation of business and various solution proposals.

■ Number of borrowers whose loans are based on evaluation of business, and balance of loans (¥ billion)



### Solution Proposals

#### Advisory service

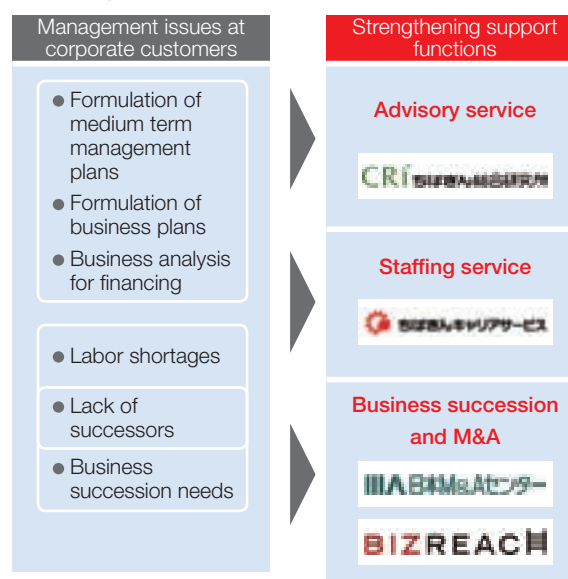
In November 2018, the Bank launched a “advisory service” that offers consulting services including support for formulating facility plans and medium term management plans, in collaboration with Chibagin Research Institute and external expert companies.

By sharing management issues with our corporate customers through this service, we can propose diverse solutions including finance, staffing, and business succession.

#### Staffing service

In April 2019, in order to respond to our corporate customers’ issues including labor shortages, Chibagin Career Service launched a “staffing service.” We will meet various recruiting needs, including executive personnel and successors responsible for management, as well as specialist engineers, etc., and contribute to resolving issues at our corporate customers who are suffering from labor shortages.

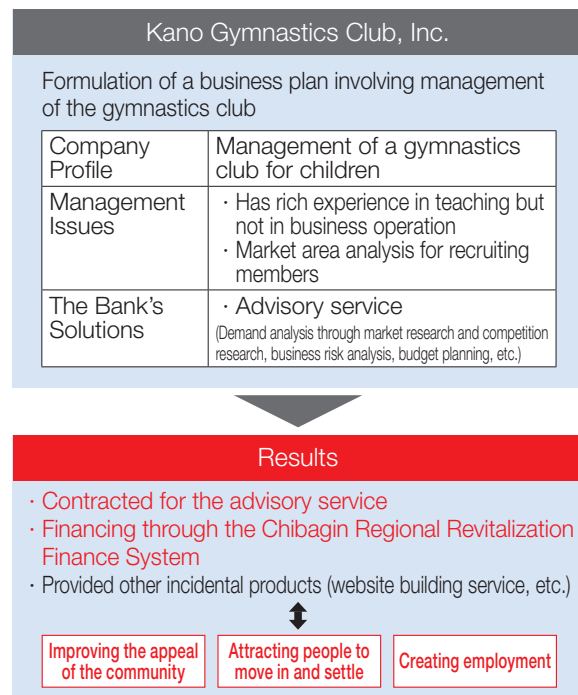
■ Strengthening support functions for resolving management issues



## Solution proposal case

Kano Gymnastics Club, Inc. (dealing with Shisui Branch) is an example of a business founded using the “advisory service” and the “Chibagin Regional Revitalization Finance Program.” The company was planning to open a gymnastics club for children, with the goal of improving children’s health and basic athletic skills. After signing a contract with the company for the advisory service, we assisted it in preparing business plans based on market research for the planned site and demand forecasts, and also offering financing based on those plans.

This business is expected to make the community more appealing to families with children, attracting people to move to the community or stay there, and is also expected to have ripple effects such as increasing local employment.



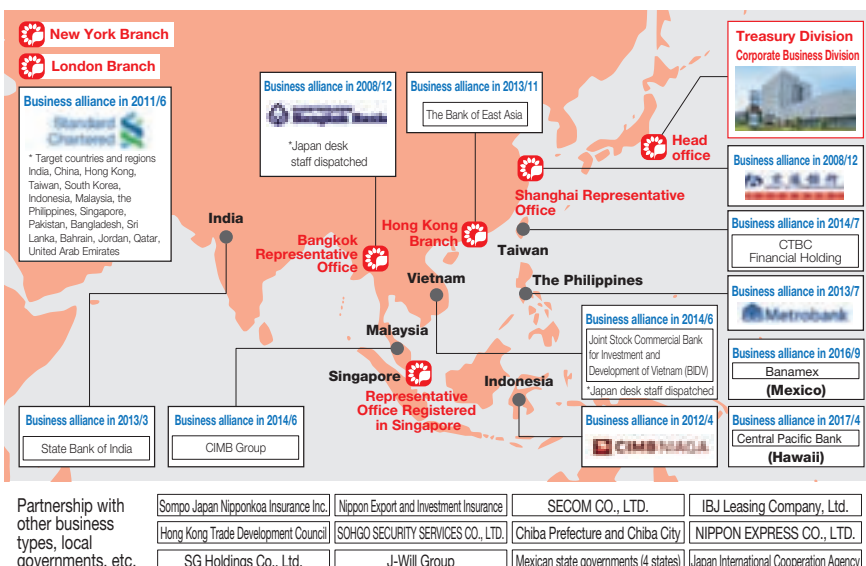
## Foreign Exchange Transactions and Overseas Expansion Support

In addition to branches in New York, Hong Kong, and London, the Bank has representative offices in Shanghai, Singapore, and Bangkok. We have also partnered with local financial institutions to support customers as they expand their businesses overseas, such as by supporting foreign trade transactions, providing the latest information on overseas markets, and holding business meetings with the aim of developing sales channels. In August 2018,

the Bank began sharing its Representative Office Registered in Singapore with the Musashino Bank, making it possible for us to serve Musashino Bank customers more smoothly.

These activities have steadily increased the balance of loans to Japanese companies at our overseas branches. In December 2018, we composed the TSUBASA Alliance’s first foreign currency denominated syndicated loan.

### Overseas network and support services



### Overseas expansion support

- Providing information on overseas investment environments
- Support for overseas sales channel development
- Securing financing at overseas expansion locations

### Foreign trade transaction support

- Sending funds overseas and receiving funds from overseas at the Chiba Bank counters
- Opening import letters of credit, import usance, notices of export letters of credit, collection and purchase of export bills and checks
- Tariff payment guarantees, bid guarantees, contract fulfillment guarantees, etc.
- Foreign exchange risk hedging (foreign exchange contracts, etc.)

Introduction

Summary

Growth Strategy for “Sustainable Management”

Addressing Social Issues to Achieve “Sustainable Management”

Management Base to Support “Sustainable Management”

Financial and Corporate Data



# Growth Strategy for “Sustainable Management” Businesses for Individual Customers

The Bank provides a wide variety of financial products and services including deposits, investment trusts, insurance, and loans in response to the life plans and diverse needs of individual customers.

In asset management proposals, we are improving the skills of personnel and developing various tools to strengthen our consulting function in order to support customers’ stable asset formation based on our policy regarding customer-oriented business operations, and are expanding sales channels.

## Initiatives for Asset Building

### Initiatives related to customer-oriented business operations

We hold various seminars (380 seminars held in FY2018 by the Bank and Chibagin Securities) in order to provide customers with a broad range of information based on our Policy Regarding Customer-oriented Business Operations (Fiduciary Duties), a policy formulated in June 2017 (pages 43 and 44).

In addition, we encourage the trend of “from savings to asset building” by proposing the optimal products based on customer needs, such as long-term and diversified investments. Using our specialized staff, we aim to meet the diverse needs of customers while satisfying a broader range of customers through products that welcome small investment amounts, such as installment investment trusts and installment NISAs.

Furthermore, we are working to improve our consulting function to support stable asset building by customers. We are strengthening investment trust proposal capabilities by increasing the rate of face-to-face meetings with customers through the use of activity management records that analyze the status of activities by sales representatives, and offering portfolio rebalancing proposals and stimulating needs for inheritance measures through the use of the Investment Trust Index.

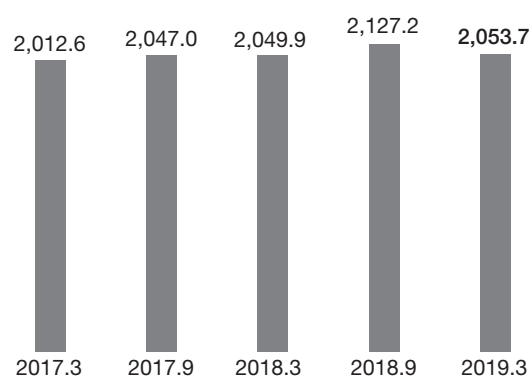
In terms of sales channels, in February 2019 we opened the Funabashi Branch of Chibagin Securities as its 15th branch in Chiba Prefecture. Chibagin Securities is working to strategically expand its business structure through efforts including an increase in the Bank’s employees seconded to Chibagin Securities, and the two companies are working together to provide a broad range of asset management products to customers.

We aim to deliver investment success stories to customers and build up the Group total balance of financial products through these efforts.

■ Asset building seminar



■ Group total balance of financial products (¥ billion)



## Initiatives to Support Secure Living

In order to support customers’ secure living, we provide annuity insurance and single premium whole life insurance, as well as protection-type insurance in preparation for unexpected events in the future, including medical and cancer insurance and nursing care insurance.

*Hoken No Madoguchi@Chibagin* has been steadily increasing the number of insurance policies, and in April 2019 we installed new stores in Kashiwa City and Narashino City,

bringing the number of stores to four. There has been a population influx in these regions mainly consisting of child-raising households thanks to residential development, and high needs for protection-based insurance can be anticipated. In addition, the “Life Design System,” an insurance product proposal tool, is being expanded to all stores, and we are strengthening proposal sales of protection-type insurance.

## Initiatives for Life Plan Support

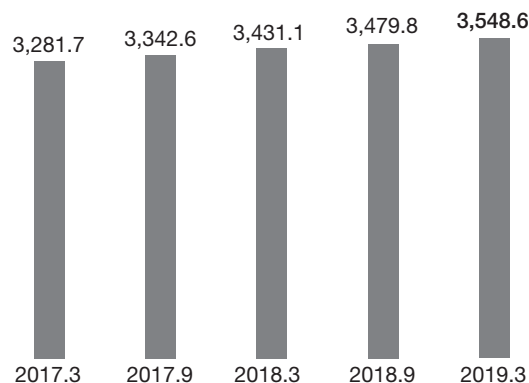
### House acquisition support (housing loans)

Chiba Prefecture is highly convenient for commuting to central Tokyo and continues to experience of influx of child-raising households, and for this reason, housing loan demand is expected to remain strong.

Advance screening through an app and the Internet is conducted in an aim to achieve a balance between improvements in customer convenience and in operational efficiency, and there are also plans to introduce digital contracts in the future.

In addition, we are working to differentiate our housing loan products from those of other banks with products that include housing loans with group credit life insurance covering 11 lifestyle diseases and premium housing loans that can provide a maximum of ¥300 million in financing, and are steadily increasing the balance of housing loans.

■ Balance of housing loans (¥ billion)

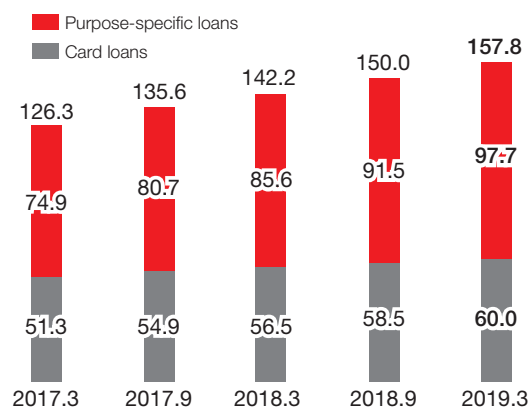


### Responding to diverse needs (unsecured consumer loans)

Unsecured consumer loans have maintained a high growth rate thanks to the strong performance of purpose-specific loans including auto loans and education loans.

In order to further increase our loan balance, we are working to improve convenience and gain a wide range of customers through the reinforcement of non-face-to-face channels such as the introduction of a system that handles all processes from application to contract signing over the Internet. In card loans, we are working to further broaden the base of users while thoroughly implementing control of ongoing credit by assessing the income situation of existing contract holders in order to prevent their borrowing from multiple lenders.

■ Balance of unsecured consumer loans (¥ billion)



## Inheritance-Related Services and Trust Business

Since being the first regional bank to enter the inheritance-related services and trust business in 2006, the Bank has been offering one-stop services in response to the diverse needs of wealthy individuals, mainly landlords and entrepreneurs.

Needs for asset management, asset succession, and consulting on business succession have grown rapidly with the advance of population aging, and we are working to enhance products and services and improve solution proposal capabilities.

### Inheritance-Related Services

The number of contracts for inheritance-related services has steadily increased, as customers appreciate our services that enable them to complete important formalities regarding their personal and family assets fully within the Bank, and to seek advice with less hesitancy.

#### Asset succession support

Customers have become increasingly interested in will writing with the revision of the Civil Code, and large numbers of customers have participated in inheritance and will seminars held at branches.

In January 2019, we expanded our inheritance sorting service and started newly offering a will execution service. This service is in response to the relaxation of writing requirements for a will by holograph document under a revision of the provisions concerning inheritance in the Civil Code (inheritance law). With this service, the Bank acts as a will executor to conduct the inheritance procedures with financial institutions and name changing procedures for real estate, insurance, etc.

We will respond to inheritance and asset succession needs going forward and actively support the needs of a broad range of customers.

#### Business succession support

Demographics in Japan are characterized by the advance of population aging along with a decrease in the working-age population, and SMEs are facing the problem of aging representatives and the lack of successors.

The Bank informs and provides proposals to managers that face such succession problems on special measures under the business succession taxation scheme. We also make proposals that match the needs of a wide range of customers, including the donation of treasury shares and the incorporation of income properties through our management succession support service, and provide total support from the formulation to execution of management succession plans.

Supporting smooth asset succession for wealthy individuals including landlords and entrepreneurs

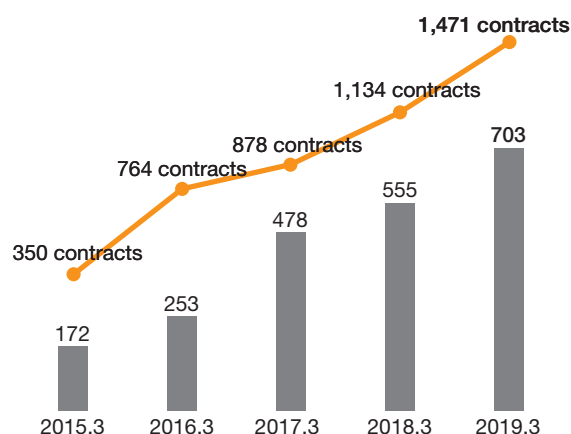
#### Inheritance-related services

- Testamentary trust
- Will preparation support service
- Inheritance sorting service
- Management succession support service
- Family trust support service

#### Trust business

- Land trust
- Public interest trust
- Specified gift trust
- Guardianship support trust
- Alternative testamentary trust

Number of contracts and profit for inheritance-related services (¥ million)



## Provision of services to alliance banks

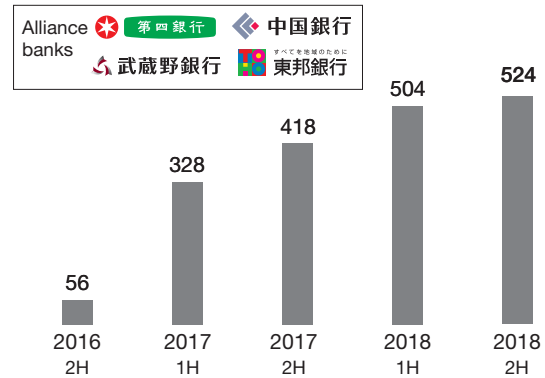
Other regional banks have shown a strong interest in our initiatives in inheritance-related services, and the Bank has already collaborated with Daishi Bank, Chugoku Bank, Musashino Bank, and Toho Bank through an agency method and an outsourcing method and supported the operations of these banks.

### Tie-up methods for inheritance-related services with alliance banks

	Daishi Bank since Oct. 2016	Musashino Bank since Apr. 2017	Chugoku Bank since Oct. 2016	Toho Bank since Jun. 2017
Tie-up method	(Agency method) Customer-facing operations, etc. are contracted out from Chiba Bank	(Outsourcing method) Chiba Bank is the subcontractor for administrative operations such as clerical work		
Benefits for alliance banks	Able to directly respond to customer inquiries	Able to enter the market without needing to have an administrative division		
Benefits for Chiba Bank	Use of accumulated operational know-how and access to new business opportunities and increased profitability			

\* Outsourcing method is used for applications from April 2019 for Musashino Bank.

### Number of applications at alliance banks (cases)



## Asset Management Support

We gain an understanding of the total assets of customers through testamentary trust services, and the effective use and maintenance of that leads to transactions involving asset management in general. We take advantage of tax-exempt frameworks for insurance, use Lombard Odier Trust for the preservation of individual assets, and provide support for the effective use of real estate.

In addition, we provide follow-up of heirs for which our inheritance sorting service has been completed and serve as the first adviser for the management of inherited assets and sale of real estate.

## Support for Dementia, etc.

### Family trust support service

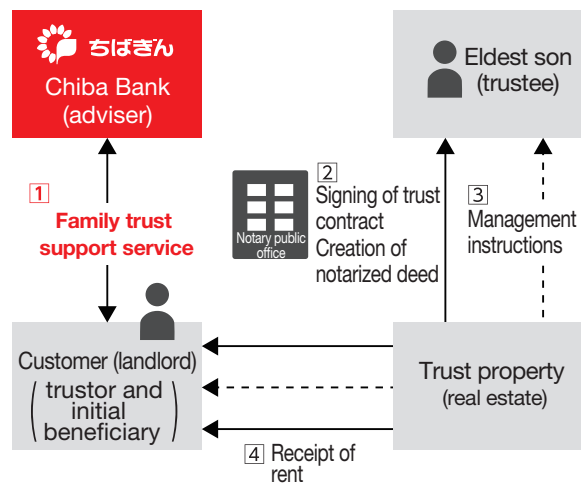
With the advance of population aging and the sudden increase in the late elderly, there is a need to support transactions with elderly people, in preparation for dementia, etc.

The Bank offers a family trust support service using a civil trust scheme to support customers and provide smooth asset succession services as a countermeasure for dementia.

### Guardianship support trust

The guardianship support trust is a system in which the guardian only manages the money required for daily life and other money besides this is managed in a trust by the Bank in order to protect the assets of the ward. Because instructions from the court are required to withdraw money from the trust, this prevents misappropriation by the guardian and keeps the assets safe.

### Family trust support service scheme





In response to the rapid digitalization of society, the Bank is building an API platform and provides a variety of financial products and services in collaboration with various external businesses. In addition, we use the alliance framework to hold a FinTech business contest. Through these efforts, we aim to provide new services that will lead to improved convenience for customers and reform of existing channels.

## Collaboration with FinTech Companies

The TSUBASA FinTech Platform (API platform), which started providing services in April 2018, is an openAPI platform that was jointly developed by the participating banks in the TSUBASA Alliance and T&I Innovation Center<sup>\*1</sup>. It is a platform that allows various FinTech companies and others to connect safely and quickly, and the platform has made it possible for more customers to use various FinTech services.

Leveraging the alliance and collaboration with external businesses, the Bank will provide progressive services with flexibility and speed to effectively accommodate diversifying customer needs and the digitalization of society in general, while also reducing costs.

<sup>\*1</sup> T&I Innovation Center was established jointly by the participating banks in the TSUBASA Alliance (Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, and North Pacific Bank) and IBM Japan and is engaged in surveys, research, and development related to FinTech.

### Services provided through API platform

<b>Automatic savings app [finbee]</b>	Service that makes it fun to save based on rules such as change and the number of steps. (Provided by NestEgg, Inc.)
<b>Automatic household accounts keeping and asset management service [Money Forward ME]</b>	Service for the automatic creation of a household account book and centralized asset management of multiple accounts in coordination with bank accounts and credit cards. (Provided by Money Forward, Inc.)
<b>Cloud service for businesses [Money Forward Cloud Accounting and Tax Return]</b>	Service that makes it possible to use deposit balance and withdrawal and deposit statement information in journal data in coordination with a bank account, etc. (Provided by Money Forward, Inc.)
<b>Automatic household accounts keeping service [Zaim]</b>	Service for the automatic creation of a household account book and centralized asset management of multiple accounts in coordination with bank accounts and credit cards. (Provided by Zaim Inc.)

## Providing the Digital Passbook (Passbook App)

The digital passbook (passbook app) we started providing in February 2019 improves convenience for customers by making it possible to confirm their balance and withdrawal and deposit statement at any time in real time, and it has also helped us reduce passbook issuance costs. We are working to expand use of the app by not issuing passbooks in principle when a new account is opened and encouraging existing account holders to switch over to the app through campaigns (36,000 downloads as of June 30, 2019).

### Image of the digital passbook (passbook app)



Jointly developed by the Bank and North Pacific Bank using the TSUBASA FinTech Platform

#### Benefits

- Enhancement of non-face-to-face channels
- Cost reductions (passbook issuance costs, etc.)
- More compact ATMs in the future

## Providing the Chiba Bank App

The Chiba Bank app, which was first provided in June 2016, is equipped with features that make it possible to search for the nearest branch or ATM and to easily check the account balance (238,000 downloads as of June 30, 2019). Going forward, we will work to improve convenience for customers by adding convenient features uniquely possible for smartphones.

■ Image of the Chiba Bank app



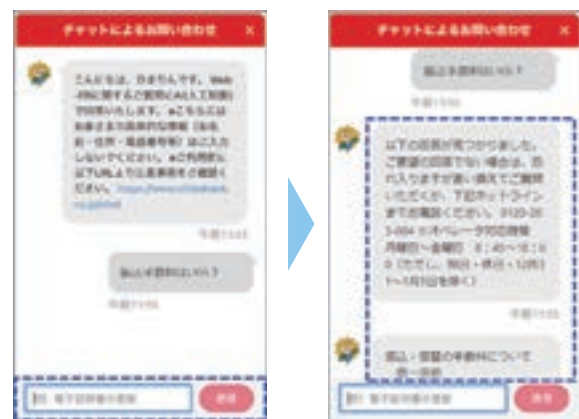
## Start of Chatbot Service

In May 2019, we introduced a system in which a chatbot<sup>\*2</sup> equipped with AI (artificial intelligence) provides automatic responses to inquiries from customers regarding corporate internet banking.

This service makes it possible for AI to provide an immediate response to customers using corporate internet banking 24 hours a day, 365 days a year. We will expand the service to other operations as necessary going forward.

\*2 Chatbot: Word coined by combining “chat” and “bot (robot)”

■ Image of Chatbot



## Response to Cashless Payments

The cashless payment market is being pushed by the government, and it can be expected to continue to expand in the future.

For this reason, the TSUBASA Cashless Payment Platform that can be used by a wide range of financial institutions including the participating banks in the TSUBASA Alliance has been established, and we will launch the TSUBASA-Chiba Bank Cashless Services for

Merchants in October 2019. In addition, there is a plan to issue the TSUBASA-Chiba Bank Visa Debit Card around the first half of FY2020. We will leverage our advantages that include a strong customer base, dense networks, and brand strength in the region to contribute to the resolution of management issues for customers and the revitalization of the regional economy through the promotion of cashless payments.

## Holding of the Second FinTech Business Contest

In October 2018, the participating banks in the TSUBASA Alliance and T&I Innovation Center jointly held the second FinTech business contest for the purpose of uncovering new businesses going beyond the framework of banking.

In this contest, 123 ideas were submitted from 104 companies across Japan, and the top award was selected in March 2019 from the six companies that remained after the final examination. Going forward, we will consider collaboration aimed at the realization of the ideas and plans from the companies.

## Approach to Regional Revitalization

We, as the top bank in the region, proactively participate in regional revitalization initiatives.

We have concluded a collaboration agreement with local governments in Chiba Prefecture and contributed to regional revitalization measures, and these efforts were certified for the second consecutive year by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan of the Cabinet Secretariat Office as a “unique example of a financial institution, etc. providing funding for regional revitalization.” In addition, we are engaged in initiatives in accordance with the characteristics of the region that include the development of local tourism through donations of bicycles for rental and tours and reuse of old Japanese style houses that are historic resources of the region, as well as the operation of an agricultural corporation aimed at resolving the challenges for regional agriculture.

### Coordination with Local Governments

We have participated in the implementation organizations for 49 local governments among Chiba Prefecture and the 54 municipalities in the prefecture, in the formulation of their respective regional comprehensive strategies. We also have concluded a coordination agreement aimed at regional economy revitalization with 21 local governments.

When implementing specific projects related to regional revitalization, our group as a whole makes proposals that will lead to regional revitalization while particularly focusing on regions that have experienced a rapid population decline and coordinating with local governments in the prefecture.

■ Coordination agreement concluded with local governments for regional revitalization (As of June 30, 2019)

Chiba City, Kimitsu City, Minamiboso City, Tateyama City, Kamogawa City, Kyonan Town, Katsuura City, Choshi City, Asahi City, Futtsu City, Kashiwa City, Shiroy City, Sosa City, Isumi City, Onjuku Town, Mobara City, Ichikawa City, Nagareyama City, Togane City, Ichihara City, Otaki Town

**21 municipalities**

### Initiatives Aimed at Regional Revitalization

In March 2019, Choshi City’s project of “rebranding disused public facilities as Sports Towns - Choshi Sports Town” we supported was certified by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan of the Cabinet Secretariat Office as a “unique example of a financial institution, etc. providing funding for regional revitalization” and received a commendation from the Minister of State for Regional Revitalization. The Bank has been awarded for these initiatives for two consecutive years.

■ Unique examples that contribute to regional revitalization

FY2017 Integrated support by our group for reuse the former Chonan Elementary School in coordination with a prefecture project

FY2018 Rebranding disused public facilities as Sports Towns - Choshi Sports Town -

#### <Case of Choshi Sports Town>

This is a case of our support for community revitalization in Choshi City. The former Choshi Nishi High School was reused as a sports training camp facility, “Choshi Sports Town,” and that became the core of sports tourism for the city. The Chibagin Research Institute conducted marketing research, and the Chiba Wide-Area Regional Revitalization Fund, partially funded by Chibagin Capital, invested in this project. These initiatives produced benefits including an increase of visitors, the creation of employment, and a

■ Choshi Sports Town



reduction in the fiscal burden.

Furthermore, as a result of sharing these initiatives with the Chiba-Musashino Alliance, Musashino Bank made a project proposal to reuse vacant public facilities in Ogano Town and has signed a comprehensive coordination agreement with the town to start providing support.

### Donations of bicycles for rental and tours

This initiative was launched from October 2015 for the purpose of achieving regional revitalization through promotion of tourism in Chiba Prefecture and wide-range cooperation between local governments. A cumulative total of 295 bicycles have been donated over a period of five years since FY2015.

### Operation of an agricultural corporation

In March 2018, the Bank established an agricultural corporation, Fresh Farm Chiba Co., Ltd., with 15 local companies and other organizations. During FY2018, nearly two hectares of rice paddies in Ichihara City were leased, and approximately 10 tons (175 bales) of Koshihikari rice was harvested. In FY2019, we have started farming on approximately 4 hectares of rice paddies, which is double the previous year.

We are pursuing new models of sustainable agriculture with joint investors in order to resolve issues faced by the agricultural community such as a lack of people to carry on farming and an increase in abandoned farmland.

### Reuse of old Japanese style houses

We have strengthened support for projects using Kominka (old Japanese style houses) that are historic resources through efforts including the formation of a specialized staff team and the establishment of the Chibagin Kominka Project Support Financing Program.

In Otaki Town, the Symposium on Community Tourism Development Using Kominka in Otaki Town was held in May 2017. After that, we supported the establishment of a destination management company (DMC) through a public-private joint investment in August 2018. The DMC is engaged in activities including community-wide promotions, the development of tourism contents, and the management of tourism-related facilities.

### Receivers of donated bicycles for rental

**FY2015** Tateyama City, Kamogawa City, Minamiboso City, and Kyonan Town (4 municipalities)

**FY2016** Choshi City, Narita City, Sakura City, Katori City, Shisui Town, Kozaki Town, and Tohnosho Town (7 municipalities)

**FY2017** Katsuura City, Sanmu City, Isumi city, Oamishirasato City, Kujukuri Town, Yokoshibahikari Town, Ichinomiya Town, Chosei Village, Shirako Town, Otaki Town, and Onjuku Town (11 municipalities)

**FY2018** Togane City, Asahi City, Sosa City, Tako Town, and Mutsuzawa Town (5 municipalities)

**FY2019** Futtsu City, Sakae Town, and Shibayama Town (3 municipalities)

### Operation of the agricultural corporation



### Reuse of an old Japanese style house





## Strategic Alliances

We aim to provide high-quality products and services to regional customers through various forms of alliances, as the best option for regional financial institutions in that allow them to cooperate with each other while maintaining roots in their respective regions. We believe that such alliances will produce even more results than integration with one bank, and lead to increased profit for us, and by extension, an improvement in corporate value.

### Overview of Alliances

The TSUBASA Alliance is the largest regional bank alliance with participating banks that have total assets of over ¥65 trillion, and this scale, which is second to only mega banks, is leveraged to provide more advanced financial services.

In the Chiba-Musashino Alliance with Musashino Bank, the two banks, both of which are based in the Tokyo Metropolitan area, work together under the policy of strengthening cooperation in the Tokyo Metropolitan market that has high growth potential.

Furthermore, the Chiba-Yokohama Partnership was entered into in July 2019 as cooperation focused on sales departments with Bank of Yokohama that also has a base in the Tokyo Metropolitan area.

The purpose of these cooperation is to speedily execute initiatives that help raise profit and service levels for local customers as a regional financial institution. While constantly considering what we can do to make this possible, we intend to further strengthen the frameworks for regional bank alliances that are differentiated from management integration.

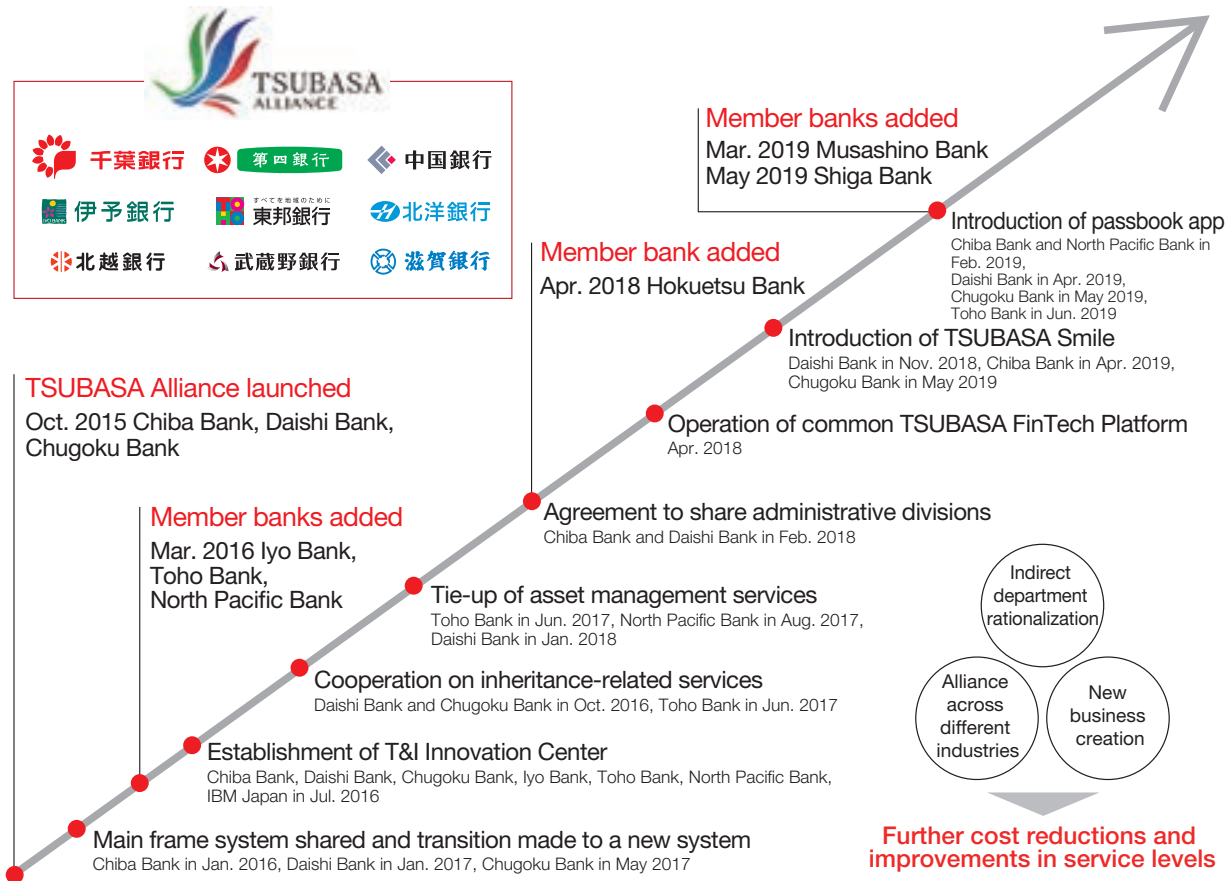
### TSUBASA Alliance

The TSUBASA Alliance has the participation of nine prominent regional financial institutions that occupy large shares of their respective operating areas (Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank, Hokuetsu Bank, Musashino Bank, and Shiga Bank). While the TSUBASA Alliance started with system sharing, the scope of the alliance is being broadly expanded to include the development of an API platform with T&I Innovation Center, cooperation in inheritance-related services and syndicated loan arrangements, and joint administration with Daishi Bank.

In terms of the main frame system, the integration project of Daishi Bank and Hokuetsu Bank aimed at January 2021 and the sharing project of North Pacific Bank aiming for operation in FY2022 are underway. In terms of the sharing of subsystems, we are working to provide advanced services while reducing the investment burden through efforts such as the new counter reception system TSUBASA Smile that uses tablets developed by Chiba Bank, Daishi Bank, and Chugoku Bank and the joint development of a digital passbook (passbook app) using the API platform.



The benefits of the alliance that primarily consist of reduced costs through system sharing have expanded since the alliance was started. The scale of the alliance will be leveraged for further development going forward as we also consider the aggregation of indirect departments as a measure to improve productivity that is a common issue for all participating banks.



Introduction

Summary

Growth Strategy for "Sustainable Management"

Addressing Social Issues to Achieve "Sustainable Management"

Management Base to Support "Sustainable Management"

Financial and Corporate Data

## Chiba-Musashino Alliance

In March 2016, Chiba Bank concluded a comprehensive alliance agreement (Chiba-Musashino Alliance) with Musashino Bank, which is based in Saitama Prefecture, and we are working swiftly to prioritize the enactment of measures from which tangible benefits can be expected.

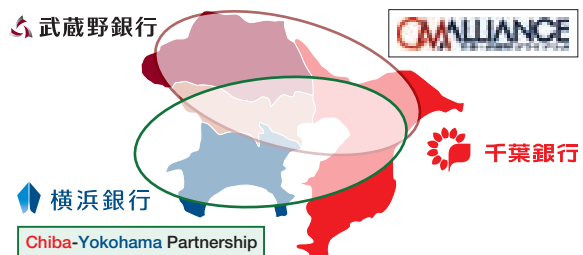
Since the start of the alliance, steady progress has been made in the principal measures achieved up until now including joint sales mainly in the Tokyo area, inheritance-related services, and the opening of Chibagin Securities branches in Saitama Prefecture. During 2018, joint sites were successively opened in Hamamatsucho and Singapore, and there is a plan to open Ikebukuro Branch as a joint branch in October 2019.

Up until now, many measures have been achieved at a faster pace than initial plans. We believe that this is the result of lively discussions at the Alliance Promotion Committee to be held on a quarterly basis under the strong leadership of top management from both banks and the thorough implementation of close coordination at subcommittees and sales locations. We will consider taking this alliance further, including the sharing of services, and pursue synergies for both banks based in the Tokyo Metropolitan area as we aim to enhance the topline by continuing to increase our market share in markets with high growth potential.

## Chiba-Yokohama Partnership

The Chiba-Yokohama Partnership aims to provide higher added value services through the mutual use and sharing of the know-how and regional information of both banks as a cooperation for customers. We will speedily implement collaborative measures including business succession and inheritance-related services centered on sales departments.

Alliance/partnership centered on the Tokyo Metropolitan area that takes advantage of the customer base of each bank

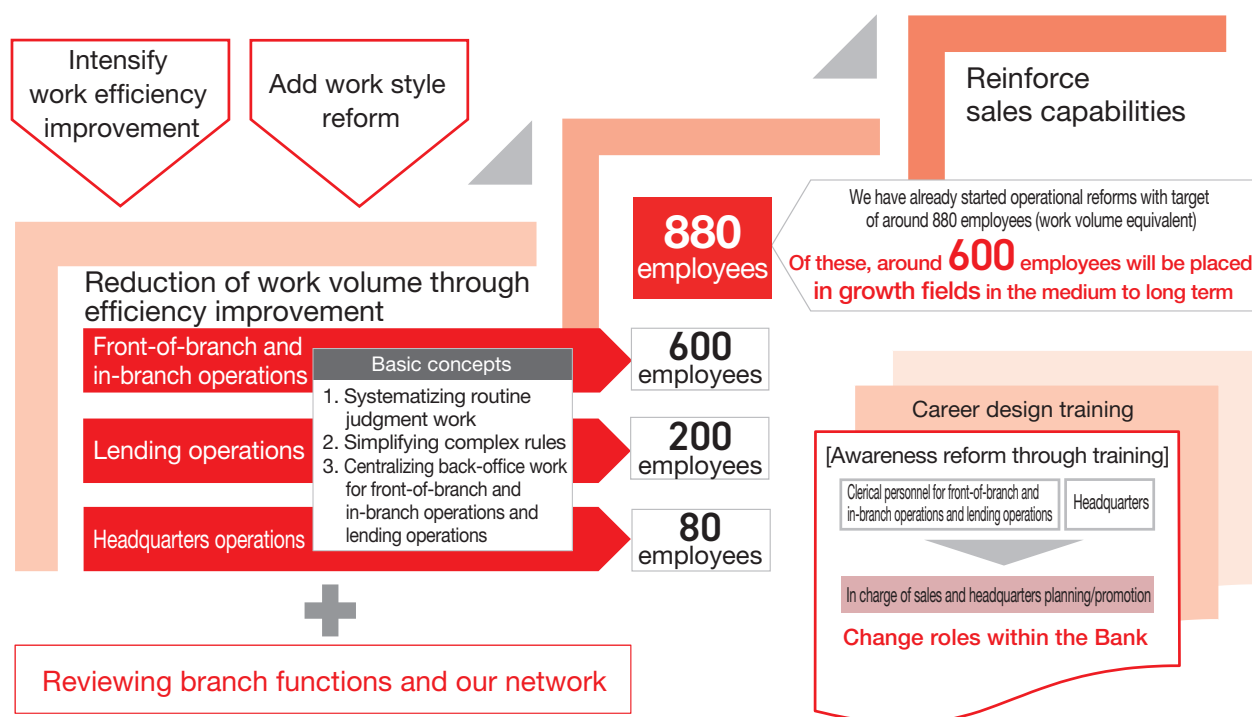


## Operational Reforms

In accordance with diversifying customer needs and the spread of digital technology throughout society, it is imperative to strategically allocate personnel in high-value-added businesses in order to steadily achieve results and improve customer satisfaction.

We aim to increase the efficiency of every operation through measures including proactive IT-related investments, and to maintain and improve its competitiveness without increasing the total headcount by reassigning personnel to growth fields and emphasizing productivity in our approach to work.

### Overview of Operational Reforms



The Bank has developed a policy of reinforcing its sales capabilities through the processes of reducing the volume of work for its 880 employees by improving efficiency in front-of-branch and in-branch operations, lending operations, and headquarters operations, and reassigning approximately 600 of these employees to growth fields including sales and headquarters, and we are

sequentially implementing these processes. In addition, by reducing the volume of work, we are building a system that enables business operations with fewer staff.

Because the roles and skills required of our staff will change significantly depending on their placement, we are promoting smooth career changes by conducting “career design training” and other measures.

### Efficiency Improvement in Front-of-Branch and In-Branch Operations

As a result of our many years’ efforts to improve efficiency in operations, our branches have transitioned from being places that simply provide “clerical procedures” to places that offer consulting

on a broad range of financial matters. We are revising our front-of-branch and in-branch operations, based on the pillars of simplification, headquarters centralization, and systematization.

## Simplification

We are making fundamental revisions to operations that have become more complex and inefficient, by soliciting ideas for operational reforms from branches. Measures taken are strictly evaluated from the perspective of staff in our branches who are the actual users, helping to make further improvements.

## Headquarters centralization

In addition to centralizing large-volume routine clerical work in the conventional operation, we consolidate small-volume high-variety clerical work at each branch in the newly established “Support Office.” Through these measures, we create a system that allows branches to operate with a small number of staff.

## Systematization

The Bank has developed “TSUBASA Smile,” a new counter reception system. As it is equipped with a navigation function and automatically makes routine judgments, even part time workers can handle complicated procedures easily.

For example, TSUBASA Smile has a mechanism to complete the new account opening procedure, which normally requires complicated processing, by simply pushing buttons on a screen while talking face-to-face with the customer. Input errors are controlled by the system, so that even inexperienced staff can handle the process smoothly.

## Efficiency Improvement in Lending Operations

In our lending operations so far, sales activities, screening, and loan execution were each conducted on separate systems. Some operations were not systematized and performed inefficiently on paper or using Excel spreadsheets. In light of these circumstances, we will integrate operations in a new loan support system for carrying out the series of operations, starting in 2020. Previously, personnel in charge of clerical work for executing loans were placed in each branch, but in the future we will reduce clerical work at each branch by establishing two loan clerical work centers in Chiba Prefecture and concentrating work there.

### Outline of TSUBASA Smile



Based on the “SmileBranch” system by Nihon Unisys, Chiba Bank, Daishi Bank, and Chugoku Bank have jointly developed a new counter reception system.

Press buttons according to guidance	More speedy processing of clerical work
Input information just once to apply for different products	More efficient cross-selling
Record information as electronic data	Paperless

### Efficiency improvement in lending operations

Development of a new loan support system	Start full-scale operation (planned for FY2020)
Establishment of clerical work centers	Opened the Soga Center (October 2018) Open the Kashiwa Center (planned for October 2019)
Expansion of headquarters centralization	Introduced in 16 core branches (as of July 2019) Expand to all branches (planned for FY2020)



## Initiatives to Improve Customer Satisfaction

We are making efforts to improve customer satisfaction by improving staff’s assisting skills and actively building branches that support senior and disabled customers to ensure that all customers can visit its branches with peace of mind.

### Establishment of the CS Action Agenda

In order to further improve customer satisfaction (CS), we have established the CS Action Agenda for all employees. Based on this agenda, we will reaffirm our intent to always meet the high expectations of our customers and continue to provide services that impress customers with our heartfelt hospitality.

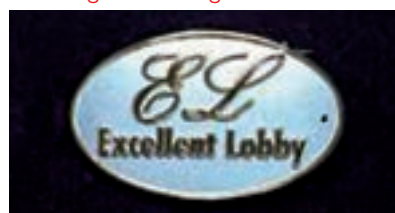
### Initiatives to Improve CS Mindset

Among initiatives conducted by our staff or divisions, offices, and branches for which “praises” are given by customers, we give “CS AWARD” to outstanding initiatives. In addition, we recognize lobby assistants who have both particularly high CS awareness and assisting skills as “Excellent Lobby Assistant.” Through these programs, we are working to improve the CS mindset of the Bank as a whole.

#### CS Action Agenda

- **Thank customers**  
Always treat customers with an attitude of gratitude and greet them with bright and heartfelt service.
- **Meet customers’ expectations**  
Sense the needs of each individual customer and meet their expectations.
- **Make a great impression on customers**  
Provide services that exceed customers’ expectations and make a great impression on them.

- **Excellent lobby assistant recognition badge**



### Initiatives to Improve Assisting Skills

We strive to improve staff’s assisting skills to ensure that all customers including senior and disabled customers can visit our branches with peace of mind. Specifically, we conduct education and training so that staff can smoothly assist customers who use wheel chairs and customers with visual disabilities.



### Training Staff as Service Assistants and Dementia Supporters

We encourage staff to receive training for service assistants, who have skills to assist senior and disabled customers, or dementia supporters, who support customers with dementia and their family members.

Certified personnel (as of March 31, 2019)

**Service assistant: 389 employees**

**Dementia supporter: 4,426 employees**

## Cooperation with the Senior Citizen Support Network

We participate in the “Senior Citizen Support Network,” in which local governments in Chiba Prefecture collaborate with business operators that are deeply involved in the community so that the community as a whole can watch over and support its senior citizens. When our staff notice something out of the ordinary with senior customers in a branch or in the vicinity, they promptly contact the local government to ensure that appropriate support is given.



## Providing Wheelchairs for Assistance at All Branches in Japan and Installing AEDs (Automatic External Defibrillators)

We provide wheelchairs for assistance at all branches in Japan, with the exception of currency exchange branches. Customers who used these wheelchairs commented that they were able to move smoothly around the branch.

We have also installed AEDs (automatic external defibrillators) in all branches in Japan, with the exception of currency exchange branches.



## Initiatives to Prevent Financial Crimes Including Wire Transfer Fraud

We are cooperating with the Chiba Prefectural Police Headquarters to prevent wire transfer fraud by conducting questionnaires compiled by the prefectural police that ask senior customers about their reason for payment when they wish to withdraw a large amount of money at a bank counter. If fraud is suspected, staff makes reports to family members and the police. This has significantly reduced the damages suffered by customers we attended to at the bank counters.

We are also working to prevent “refund scams,” in which customers are told that they will receive a refund and convinced to deposit cash to an account through an ATM, and “card fraud,” in which customers are tricked into giving up their ATM card, which is then used to fraudulently withdraw money from an ATM. To prevent these scams and fraud, we have introduced measures that

■ Letter of thanks from the Chiba Prefectural Police Headquarters



limit the amount to ¥200,000 depending on the transaction status at an ATM when customers aged 70 and older make transfers or withdrawals via an ATM.

## Policy on Fiduciary Duties

Under its “customer first policy,” we aim to be the “best retail” banking group that provides top-class satisfaction, and to be highly regarded by our regional customers by co-creating customer value.

As part of these efforts, we formulated and announced the Policy on Fiduciary Duties to strengthen customer-oriented business operations in asset management-related services.

Based on this policy, group companies\* will strengthen customer-oriented initiatives while regularly disclosing the status of these initiatives and reviewing them in an aim for achieving better business operations.

Our vision is to satisfy even more customers through such efforts.

\*The policy applies to the Bank, Chibagin Securities, and Chibagin Asset Management

The policies of the group and the Bank are as follows.

### Pursue the Best Interests of Customers

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We keep a high level of expertise and high professional ethics and conduct business in a sincere and fair manner to achieve the best interests of customers. In addition, we work to instill customer-oriented business as part of corporate culture for the group.

<Policy of the Bank>

- We put top priority on the interest of customers and propose optimal products and services that meet the needs of customers through consulting and follow-ups.
- We develop human resources with advanced specialized knowledge through means such as employee training, study sessions, and encouragement to acquire certifications so that we can propose optimal products and services that meet the needs of customers.
- The headquarters monitor to check whether we are making proposals and selling products in a customer-oriented manner as well as whether we are not attaching too much weight to specific products such as provided by group asset management companies.

### Appropriate Management of Conflicts of Interest

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We accurately assess transactions within the group that could result in conflicts of interest and manage such transactions appropriately so that the interests of customers are not damaged.

<Policy of the Bank>

- We identify and classify transactions within the group that could result in conflicts of interest and the headquarters will monitor such transactions to manage them appropriately so that the interests of customers are not damaged.

### Clarification of Fees, etc.

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We fully explain details of fees and other costs borne by customers, including the details of the service for which such fees, etc. are paid, so that customers can have a sufficient understanding.

<Policy of the Bank>

- We use tools including prospectuses, product brochures, and tablet devices to fully explain details of fees and other costs borne by customers so that even customers who have no experience in investment and elderly customers can have a sufficient understanding.

## Provision of Important Information in an Easy-to-understand Manner

We provide sufficient information on products and services so that customers can understand details, and provide careful explanations on important information related to the sales and recommendation of products and services in an easy-to-understand manner.

### <Policy of the Bank>

- When proposing products or services to customers, we provide information through conversation with customers in a clear, plain, and sincere manner that is not misleading, taking into consideration factors such as the knowledge and experience of each customer and the complexity of each product.
- For important information, including fees, basic profits (returns), losses and other risks, and terms and conditions of transactions, we provide detailed explanations in an easy-to-understand manner by using tools such as prospectuses and product brochures, as well as simulations and diagrams using tablet devices.
- We provide careful explanations in an easy-to-understand manner on the reasons why the products or services proposed are deemed to be appropriate for the customer. In addition, we provide necessary information on fees and product characteristics, etc. to help customers compare them with other products and services.
- We conduct timely and easy-to-understand follow-ups in light of factors including market trends and the investment status of each customer.
- We hold seminars, etc. on finance and investment and provide a wide variety of information to customers in a timely manner in an effort to help customers improve their financial literacy.

## Provision of Services Suitable for Customers

We gain a sufficient understanding of the state of each customer’s assets, trading experience, knowledge, purpose of the transaction, and needs through consulting, etc. to develop and provide products and services that are suitable for customers.

### <Policy of the Bank>

- We develop a broad product lineup so that customers can select appropriate products in accordance with their investment purposes and risk tolerance, etc.
- We receive proposals on many products from a wide variety of asset management companies and insurance companies, etc. and select the products that contribute to the interest of customers after sufficiently and minutely examining the characteristics and risks of such products.
- We ask customers about the state of their assets and liabilities, their trading experience and knowledge, the purposes of their transactions, and their needs before we propose optimal products and services.
- Particularly for customers who have no experience in investment and elderly customers, we carefully consider whether a proposed product or service is appropriate.
- We also work together with Chibagin Securities as necessary to use the group’s collective strength to satisfy the needs of customers.
- We actively gather customer feedback through questionnaires with customers, and use the results to improve sales systems and the product lineup.

## Frameworks, etc. for Appropriately Motivating Employees

We develop frameworks for appropriate motivation and a governance system, including performance evaluations and employee training, to promote customer-oriented business.

### <Policy of the Bank>

- We develop performance evaluation methods and employee training systems to provide appropriate motivation to employees with a view to promoting customer-oriented business.

Status of initiatives in FY2018 under the policy regarding “customer-oriented” business operations (fiduciary duties) is available on our website (Japanese only).

URL [https://www.chibabank.co.jp/company/info/fd/pdf/2018\\_01.pdf](https://www.chibabank.co.jp/company/info/fd/pdf/2018_01.pdf)



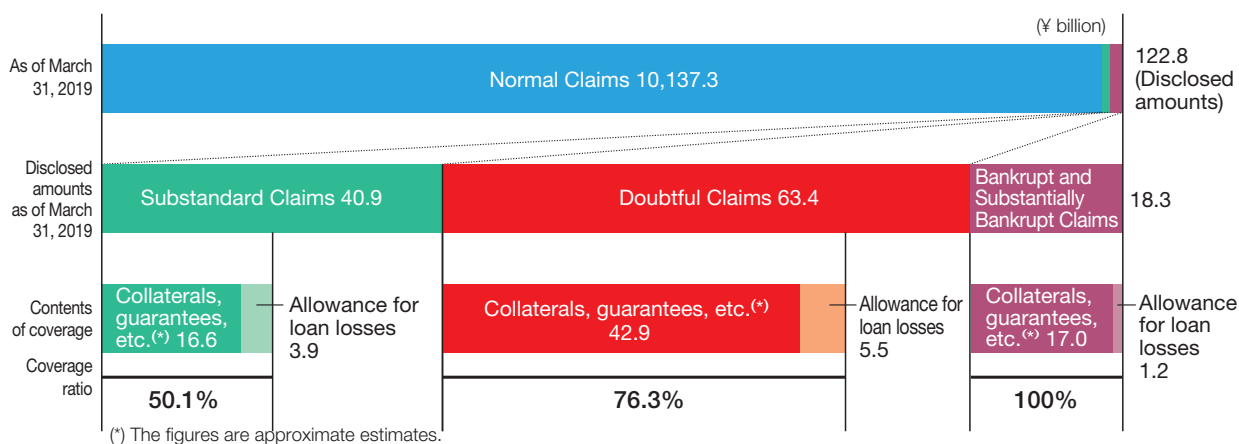
The Bank constantly strives to maintain and improve the soundness of its assets by using measures such as proper handling of non-performing loans, prevention of occurrences of non-performing loans, and support for borrowers’ business improvement. Non-performing loans are loans and other claims held by a financial institution for which the collection of principal and interest are in doubt because of borrowers’ bankruptcy or poor business performance. Interest income from loans, etc. is the primary source of income for a bank. Consequently, difficulties in the collection of loans may have a material impact on the bank’s financial condition. For this reason, we are upgrading and enhancing credit screening and risk management systems.

### Measures for Maintaining Asset Soundness

As of March 31, 2019, disclosed claims under the Financial Reconstruction Law were ¥122.8 billion and the non-performing loan ratio was 1.19%. The headquarters and branches of the Bank will continue to work

together, and in coordination with the SMEs Revitalization Support Committee and other external organizations, to extend support for customers’ business improvement.

#### Amounts of assets assessed under Article 7 of the Financial Reconstruction Law and coverage status



### 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.

#### 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

## Disposal of Non-performing Assets

The 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. The allowance for loan losses from Bankrupt Assets and Effectively Bankrupt Assets makes up the full amount of the claims not covered by collateral. The allowance for loan losses from Potentially Bankrupt Assets and Substandard Assets is equal to the amount of expected losses

\*1 DCF method: Method in which, for loans for which cash flows from the recovery of loan principle and the receipt of interest can be reasonably estimated, the allowances for loan losses are calculated as the difference between the book values of the loans and the cash flows discounted at the original contractual interest rates.

calculated on the past loan loss ratio, as a rule. With respect to major debtors, the Bank calculates the allowance for loan losses using the discounted cash flow (DCF) method<sup>1</sup> for Potentially Bankrupt Assets and Substandard Assets. The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees, stands at 71.0%, 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 Risk-Monitored Loans as defined in the Banking Law (hereinafter Risk-Monitored Loans) and 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 correspond to Bankrupt Assets under self-assessment, Delinquent Loans correspond 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 under self-assessment.

### ■ Risk-monitored loans

	(¥ billion)			
	As of March 31, 2018		As of March 31, 2019	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Loans to Bankrupt Borrowers	1.3	1.2	1.4	1.2
Delinquent Loans	84.9	82.7	80.2	78.5
Loans Past Due 3 Months or More	1.1	1.1	0.6	0.6
Restructured Loans	39.3	39.3	40.3	40.3
Total	126.7	124.4	122.6	120.8

## Disclosed Claims under the Financial Reconstruction Law

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

### ■ Disclosed claims under the Financial Reconstruction Law (non-consolidated)

	(¥ billion)	
	As of March 31, 2018	As of March 31, 2019
Bankrupt and Substantially Bankrupt Claims <sup>2</sup>	17.0	18.3
Doubtful Claims <sup>3</sup>	69.4	63.4
Substandard Claims <sup>4</sup>	40.4	40.9
Total	127.0	122.8
Normal Claims	9,803.7	10,137.3

<sup>2</sup> Bankrupt and Substantially Bankrupt Claims: Claims on debtors who have become bankrupt under various circumstances, including bankruptcy procedures, corporate liquidation, and rehabilitation, and on debtors who have substantially become bankrupt

<sup>3</sup> Doubtful Claims: Claims on debtors who have not gone bankrupt, but whose financial position and business performance has so deteriorated that there is a high likelihood that the loan principle cannot be recovered or interests based on the contract cannot be received

<sup>4</sup> Substandard Claims: Loans delinquent three months or more and loans for which repayment terms have been eased, besides Bankrupt and Substantially Bankrupt Claims and Doubtful Claims

# Materiality in “Sustainable Management”

We are working to achieve “Sustainable Management” aimed at balancing social value and economic value in the long term, based on the Chiba Bank Group Sustainability Policy. We will proactively promote initiatives that contribute to resolving social issues through its business activities, and support the sustainable growth of the region.

## Chiba Bank Group Sustainability Policy

We aim to realize sustainable regional communities through our core businesses such as demonstrating the financial intermediation function. Additionally, we engage in honest and fair corporate activities, as well as activities to solve various issues facing the region, including climate change and other environmental problems, as part of sustainable management with the aim of balancing economic value and social value.

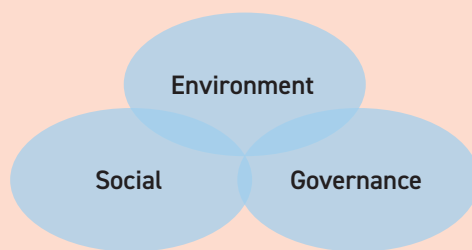
Each executive and employee of our group is actively working with awareness of their involvement in these activities. Through information disclosure, we will foster a better relationship of trust with our stakeholders and create a “new future for regional communities.”

## Concept of “Sustainable Management”

**Sustainable Management = Long-term Outlook + Social Value (Solving Social Issues) + Economic Value**



### ESG (Environment, Social, Governance)



ESG is the name of the belief that the three perspectives of environment (E), social (S), and governance (G) are all necessary to achieve the sustainable growth of a company.

### SDGs (Sustainable Development Goals)



SDGs are a set of 17 sustainable development goals adopted by the United Nations member states, which aim to achieve the goals by 2030.

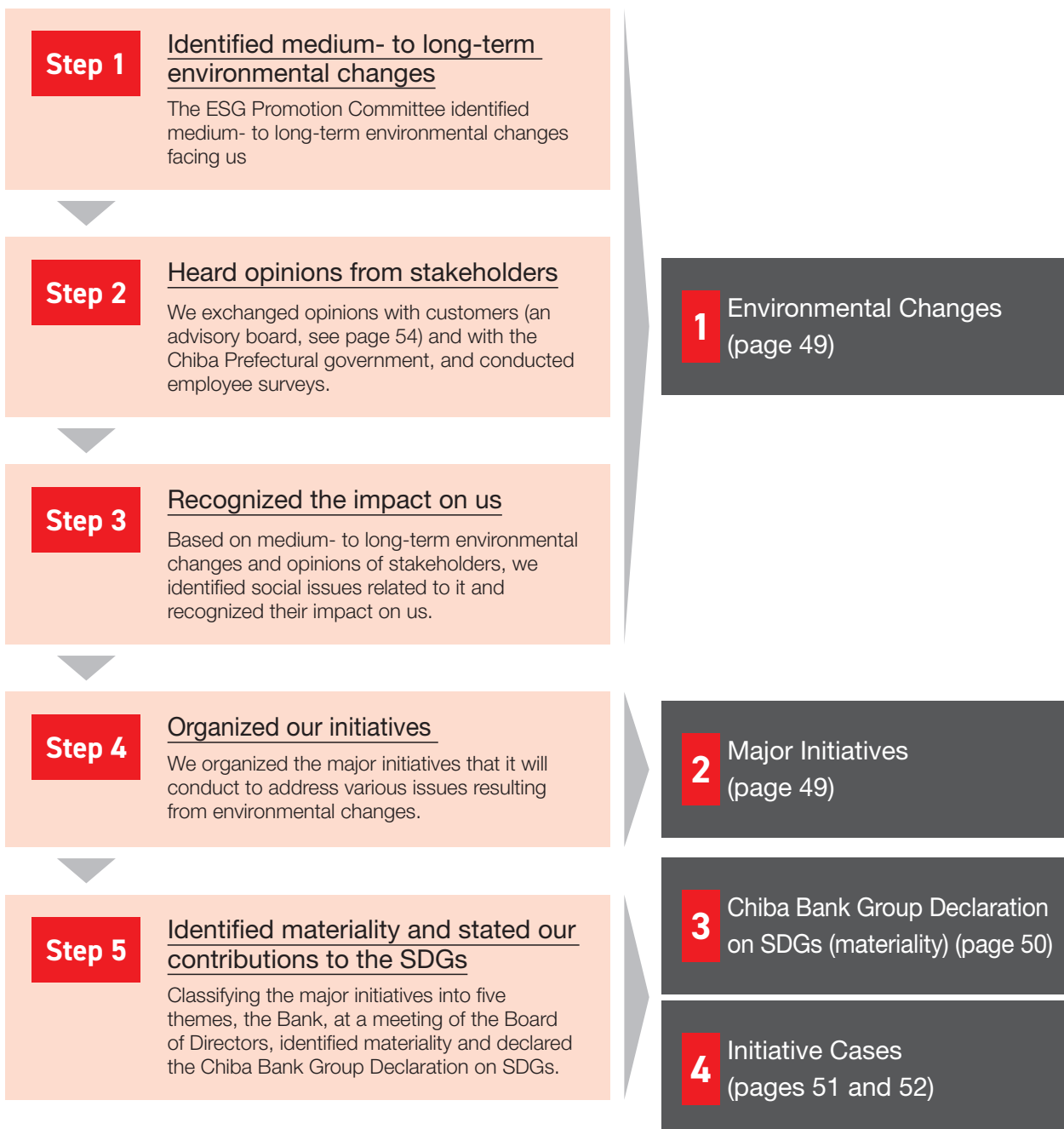
## Identifying materiality

We established the ESG Promotion Committee in October 2017, and discussed materiality\* as the premise for how we should work on issues facing our customers and regional communities, in order to achieve “Sustainable Management”.

Considering opinions from various stakeholders and recognizing the impact of

environmental changes, the Bank at a Board of Directors meeting in May 2019 identified the materiality, which fits into five themes: local economy and community, aging population, financial services, diversity, and environmental protection. Based on the materiality, we are working on specific activities to solve issues facing the region.

\* Key issues in various activities related to corporate social responsibility.





# Working to Solve Social Issues

Chiba Prefecture, the primary base of the Bank, is facing environmental changes and various accompanying social issues, including the difficulty of business succession due to a lack of successors, increasing rates of dementia and shortages of medical and nursing care supplies due to population aging, and the intensification of natural disasters caused by climate change. In addition, we also need to prepare for the prospect of the population decline in the medium to long term.

1 Environmental Changes	2 Main Initiatives	Related Pages
Local Economy and Community	<ul style="list-style-type: none"> <li>■ Lack of successors and difficulties in business succession</li> </ul>	<ul style="list-style-type: none"> <li>● Business succession support (management succession support service, M&amp;As) ... (page 31)</li> <li>● Next-generation management support, introduction of executive personnel ... (pages 18 and 27)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Reduced vitality of communities caused by medium-to long-term population decline</li> </ul>	<ul style="list-style-type: none"> <li>● Main business support based on business viability evaluation .....(pages 27 and 28)</li> <li>● Initiatives to develop industries (venture founding support, etc.) ... <b>Initiative Case ①</b> (page 51)</li> <li>● Support for regional revitalization, move-in and settlement support ..... (page 35)</li> <li>● Attracting companies (Narita Airport area, Ken-O Expressway area, etc.) ..... (page 13)</li> <li>● Creating an agricultural corporation to achieve more sophisticated management/ helping agriculture incorporate the second industry and the third industry to create more added value ..... (page 36)</li> <li>● Support for tourism-related business, promotion of transactions ..... (page 36)</li> <li>● Contributing to communities by developing school environments and promoting sports ..... <b>Initiative Case ②</b> (page 51)</li> </ul>
Aging Population	<ul style="list-style-type: none"> <li>■ Rising life expectancy, increasing late-elderly population</li> </ul>	<ul style="list-style-type: none"> <li>● Support for lifetime asset management and management needs .....(pages 29 and 32)</li> <li>● Asset succession support (testamentary trust, inheritance sorting service, etc.) ... (page 31)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Increasing rates of dementia</li> </ul>	<ul style="list-style-type: none"> <li>● Support for dementia (family trust support service, guardianship support trust, training of dementia supporters and service assistants) .....(pages 32 and 41)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Shortages of healthcare and nursing supplies</li> </ul>	<ul style="list-style-type: none"> <li>● Support for healthcare and nursing business, promotion of transactions</li> </ul>
	<ul style="list-style-type: none"> <li>■ Increase in financial crimes</li> </ul>	<ul style="list-style-type: none"> <li>● Initiatives to prevent financial crimes including wire transfer fraud ..... (page 42)</li> </ul>
Financial Services	<ul style="list-style-type: none"> <li>■ Advance of digitization</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of financial services using the internet and smartphones .....(pages 33 and 34)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Entry from different industries</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of high-quality financial services (consulting services, etc.) ..... (page 29)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Trend of “from savings to asset formation”</li> </ul>	<ul style="list-style-type: none"> <li>● Planned asset formation support with installment NISA, etc. .... (page 29)</li> <li>● Initiatives to improve financial literacy ..... <b>Initiative Case ③</b> (page 51)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Diversifying needs</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of financial services to a broader range of customers (education support loans, senior support loans, etc.)</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>■ Changes in individuals’ mindset about work and lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>● Improving motivation for the active participation of women and long-term career building support..... (page 15)</li> <li>● Utilization of diverse human resources by expanding their roles at work (increasing mid-career recruitment, hiring of senior staff and people with disabilities, etc.) .....(pages 15 and 16)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Tightening of working hours regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Developing environments where employees can work flexibly..... (page 16)</li> </ul>
Environmental Protection	<ul style="list-style-type: none"> <li>■ Intensification of natural disasters caused by climate change</li> </ul>	<ul style="list-style-type: none"> <li>● Contribution to environmental protection through the main business (promoting initiatives for renewable energy business) ..... <b>Initiative Case ④</b> (page 52)</li> <li>● Forest development activities (Chibagin Forest)..... <b>Initiative Case ⑤</b> (page 52)</li> <li>● Initiatives against climate change (saving energy, etc.) ..... <b>Initiative Case ⑥</b> (page 52)</li> <li>● Preparedness for natural disasters (BCP) ..... (page 67)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Increasing awareness of protection of the environment and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>● Support for environmental business, promotion of transactions</li> </ul>

The Bank is conducting various initiatives through its business activities based on the principal of “Sustainable Management,” with the aim of solving these social issues. We established the Chiba Bank Group Declaration on SDGs based on the belief that these activities will contribute to achieving the SDGs.



## 4 Initiative Cases ①～③

### Initiative Case ① Initiatives to develop industries

The Bank subsidizes venture companies in Chiba Prefecture through the public interest incorporated foundation “Himawari Venture Development Fund,” an organization that the bank established with the goal of contributing to the vitalization of the prefectural economy.

Through the public interest incorporated foundation “Chibagin Mirai Foundation,” we also subsidize expenses for overseas inspection tours to countries in Asia and other regions, in order to train human resources who will be responsible for the future of the economy of Chiba Prefecture.

We also subsidize expenses for the joint researches of companies that have technology and product development needs conducted with Chiba University, the Chiba Institute of Technology, and Kisarazu College of the National Institute of Technology.

In addition, we hold a business idea contest for students every year, as an initiative

#### ■ Achievements in initiatives to develop industries (FY2018)

Himawari Venture Development Fund	
July 2018	Granted ¥15 million in subsidies to 5 recipients Granted rent subsidies to 3 recipients
February 2019	Granted ¥11 million in subsidies to 3 recipients Granted rent subsidies to 2 recipients
Chibagin Mirai Foundation	
October 2018	12 people from 12 companies participated in tours of Vietnam and Thailand
Chibagin Research & Development Grant Program	
August 2018	Granted ¥4 million in subsidies to 5 companies (cumulative total of ¥37 million granted to 36 companies)
Chibagin Student Business Idea Contest	
February 2019	Gave excellence award, etc. to winners out of 45 applicants

to foster entrepreneurship among students who will be responsible for future.

### Initiative Case ② Contributing to communities by developing school environments and promoting sports

The Bank offers Private Placement Bonds for Regional Revitalization (Mirai Hagukumi Bonds) and Private Placement Bonds for Sports Support (Chiba Sports Bonds) and makes donations from part of the underwriting fee we receive from private placement bond issuing companies.

From the Mirai Hagukumi Bonds, we donate education-related goods to schools designated by the issuing company. By March 31, 2019, cumulative 439 bonds

totaling ¥42.8 billion have been issued, and donations have amounted to ¥73 million.

From the Chiba Sports Bonds, we donate money to sports promotion projects run by local governments or sporting goods to sports teams in Chiba Prefecture designated by the issuing company. By March 31, 2019, cumulative 34 bonds totaling ¥3.0 billion have been issued, and donations have amounted to ¥2 million.

### Initiative Case ③ Initiatives to improve financial literacy

The Bank conducts various financial education initiatives targeting young people with the goal of improving their financial literacy. We have endowed a course at Chiba University, and dispatched instructors from us to give lectures. We also hold the Economics Koshien Chiba Tournament for high school students, and conducts workplace experience tours and at-school lectures for elementary and junior high school students.

In addition, we opened the Chibagin Financial History Library, where people can learn the history of the Bank and the financial history in Chiba Prefecture, commemorating the 70<sup>th</sup> anniversary of the founding of us.

#### ■ State of financial education (FY2018)

Endowed course at Chiba University	Attended by 363 students
Workplace experience tours/at-school lessons	Attended by 899 students
Financial education seminars for elementary school students	Attended by 21 students
Economics Koshien Chiba Tournament	44 participants from 22 teams
Chibagin Financial History Library	Visited by 1,015 people

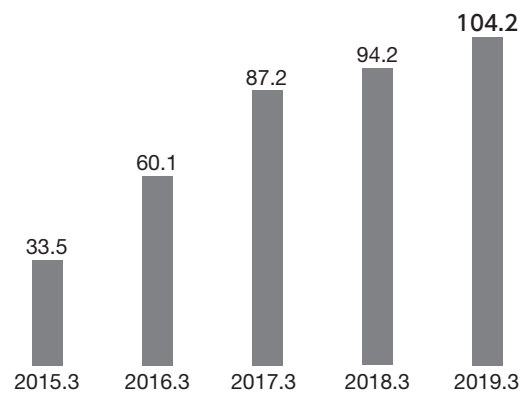
## 4 Initiative Cases ④ ~ ⑥

### Initiative Case ④ Contribution to environmental protection through our core business

The Bank offers a wide range of supports to customers increasing use of renewable energy, and is strengthening its efforts, through measures such as supporting project finance for biomass and wind power generation.

In addition, securities companies under some financial institutions participating in the TSUBASA Alliance jointly sell Green Bonds (denominated in Indian rupees) issued by the World Bank (International Bank for Reconstruction and Development (IBRD)), and we handle these bonds as part of its financial product intermediation business (cumulative total sales at Chibagin Securities by the end of FY2018: ¥4,229 million).

Renewable energy related loan balance (¥ billion)



### Initiative Case ⑤ Forest development activities

The Bank conducts “Chibagin Forest” forest development activities with the purpose of regenerating coastal barrier forests, which are being lost to damage from pine weevils and tsunami. In May 2018, about 200 volunteers from the Bank, including executives, employees, and former employees of the Bank planted 5,000 saplings of Japanese black pine and Japanese spindle tree in the fifth Chibagin Forest in the Hasunuma district of Sammu City. We will continue tree-cultivating activities such as regularly cutting the underbrush, as we do in the other Chibagin Forests.

Forest development activities (Chibagin Forest)



### Initiative Case ⑥ Initiatives against climate change

In October 2016, the Bank registered itself with Chiba Prefecture’s “CO2 Smart Declaration Business Registration Program” in support of the spirit of “promoting initiatives against global warming, starting from communities,” and worked on energy saving measures. We use vehicles with low environmental impact such as fuel cell cars, hybrid cars, and electric cars. In addition, we participated in the Ministry of the Environment’s “Turn Off the Light Campaign” in June and July 2018, turning off the lights at 7 pm at 139 locations, mainly branches in Chiba Prefecture.

Fuel cell car





## Communication with Stakeholders

Based on the Chiba Bank Group Sustainability Policy, we offer opportunities to effectively communicate with diverse stakeholders including shareholders, customers, employees, and regional communities, and listens to their opinions and provides them with information on our activities.

### Communication with Shareholders

Through general meetings of shareholders, financial results briefings, and IR meetings for individual investors, we are working to improve disclosure and seeking the opinions and needs of shareholders and investors, in order to improve management.

IR meetings for individual investors used to be held at physical venues only, but in FY2018 we held IR meetings online so that it could be viewed without the constraints of time or geography, in order to disseminate information to a wider audience.

Furthermore, the Bank participated in an IR event with Daishi Hokuetsu Financial Group, Chugoku Bank, Iyo Bank, and Toho Bank, all of which are members of the TSUBASA Alliance. The banks collaborate with each other in the shareholder program to mutually provide their shareholders with local specialty products, which were exhibited at the special booth on the day of the event.

We will take advantage of various opportunities to continue to actively disseminate information.

#### Meetings for Shareholders in FY2018

**112th Annual General Meeting of Shareholders**  
Attended by 146 shareholders

**Financial results briefings for analysts and institutional investors**

Held twice and attended by 349 people

**IR meetings for individual investors**

Held 5 times and attended by 507 investors

**IR meetings for individual investors (online)**

Held once and viewed by 845 investors

**Meetings with foreign investors**

Visited Europe, North America, and Asia

#### Financial results briefing



### Communication with Customers

#### “Customer Feedback”

Through “Customer Feedback Cards” placed in branches, a dedicated toll-free number, and our website, we receive comments and requests from customers and strive to reflect them in our services.

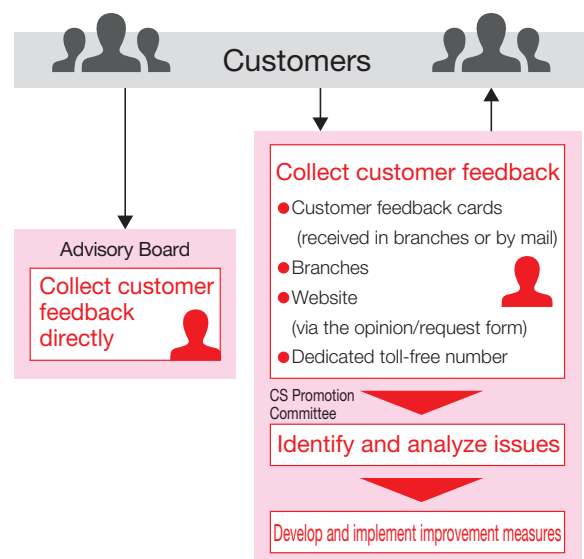
We also regularly hold meetings of the CS Promotion Committee, which is chaired by General Manager of the Business Promotion Headquarters, in order to utilize customer feedback to improve services (held 4 times in FY2018).

#### Examples of major improvements in our services based on customer feedback

- Introduced a passbook app
- Simplified application procedures for continuing fixed amount automatic wire transfers
- Established an inquiry reception using a telephone relay service\*

\* A service that allows customers with hearing or speaking disabilities to perform communication through interpreter operators from the Nippon Foundation

#### System for collecting customer feedback



## Advisory Board meetings

In order to reflect customer feedback on management strategy and others, we established the Advisory Board in June 2017, which consists of managers of the bank’s main corporate customers. They provide direct feedback and requests on the overall activities of the Bank (the status of implementation of the management policies and individual measures, etc.), as well as the operation policies and activities of the branches.

### Main feedback from the Advisory Board

- The importance of dialogue with management, the need to strengthening relationships
- The need to strengthen personnel in corporate business, etc.
- The need to strengthen information transmission through social media
- The need to strengthen utilization of Chibagin Securities
- The need to approach a wide range of customers

## Communication with Employees

The Bank holds an opinion exchange meeting with managements once a year. They visit offices, to share management policies and issues with employees and collect feedback from staff. Such feedback is used to improve various measures.

In addition to maintaining good labor-management relationships with employee unions, the Bank has conducted moral surveys since 1990, and strives to continuously track awareness trends in the workplaces as a whole and reflects them on its personnel policies.

## Communication with Regional Communities

### Volunteer efforts

The V-Net Club, an organization that consists of executives, employees, and former employees of the Bank, conducts volunteer activities in the region and works to improve communication with them.

### Support for social welfare activities

In order to communicate with local welfare organizations and support their activities, the Bank grants subsidies to them every year through the Chibagin Heartful Welfare Fund, a public charitable trust.

### Volunteer activity (Aqua-Line Marathon)



### Chibagin Heartful Welfare Fund Grant Ceremony



#### V-Net Club

Total Participants: 6,554  
(5,810 employees and 744 former employees)

#### Chibagin Heartful Welfare Fund

107 subsidy recipients  
¥61 million granted in total

## Corporate Governance



### Basic Stance

The Bank bases all of its corporate activities on the Chiba Bank Code of Ethics, which includes “earning unwavering trust,” “thorough compliance with laws, rules and other fundamental principles,” “opposition to antisocial forces,” and “transparent management.” Under the medium term management plan “Best Bank 2020 Final Stage—3 years of value co-creation” (FY2017–FY2019), we have raised “positive and active

action on ESG issues” as an initiative to be addressed, and we are working to advance the level of corporate governance.

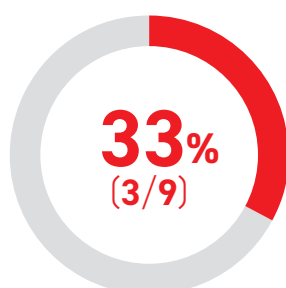
We will abide by and achieve these principals as we contribute to realizing sustainable regional communities through appropriate cooperation with diverse stakeholders, while achieving sustainable growth and enhancing corporate value over the medium to long term.

### Initiatives to Strengthen Corporate Governance

2003	Introduced the executive officer system	2015	Appointed two female outside directors Established the Corporate Advisory Committee (currently the Appointment, Remuneration and Corporate Advisory Committee)
2010	Abolished directors’ retirement benefits Introduced equity-based remuneration in the form of stock options	2018	Formulated the Information Disclosure Policy Introduced the Group Chief Officer System Raised the ratio of outside directors on the Board of Directors to one-third
2011	Put the Audit and Inspection Division under direct control of the Board of Directors		
2013	Appointed an outside director		
2015	Began evaluating the effectiveness of the Board of Directors		

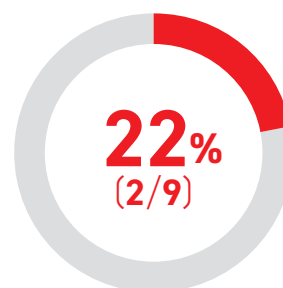
### Governance Highlights

<Ratio of Independent Outside Directors>



- Organizational structure : Company with an audit & supervisory board
- Number of Directors : 9
- Number of outside directors : 3 (All of them are independent officers.)
- Number of female directors : 2
- Number of the Audit & Supervisory Board members : 5

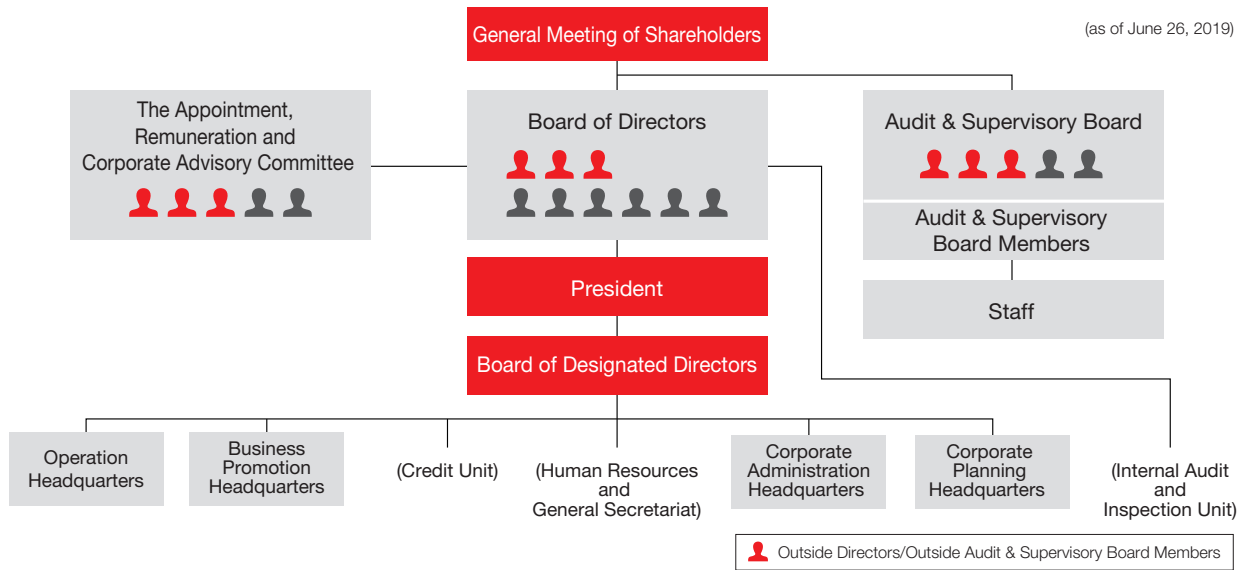
<Ratio of Female Directors>



- Number of outside Audit & Supervisory Board members : 3 (All of them are independent officers.)
- Number of executive officers : 15
- Number of female executive officers : 2
- Attendance rate of the Board of Directors meetings : 100%  
(attendance rate for outside directors: 100%)  
\*For the Board of Directors meetings held in FY2018

(As of June 26, 2019)

## Corporate Governance Structure



### Board of Directors

The Board of Directors consists of nine directors, including three independent outside directors (outside directors make up one-third of the total number of directors). The Board of Directors makes decisions about management policies and other important matters and supervises the execution of business by the directors and executive officers.

The Bank has also adopted an executive officer system. This system provides for the clear separation of the roles of the directors, who reach decisions on important matters, supervise the execution of business operations, and perform other tasks, and the role of the executive officers, who conduct business operations.

#### Main agenda items and decisions in FY2018

	Main decisions and reports	
1 <sup>st</sup> quarter	<ul style="list-style-type: none"> <li>Policy for the main frame and sub system</li> <li>Information disclosure policy</li> <li>Corporate governance system</li> <li>Status of alliance activities</li> </ul>	<ul style="list-style-type: none"> <li>Progress of the medium term management plan</li> <li>Status of management of trust business and inheritance-related services</li> </ul>
2 <sup>nd</sup> quarter	<ul style="list-style-type: none"> <li>System Development to improving operational efficiency</li> <li>Initiatives for customer-oriented business operations</li> <li>External evaluation of the internal audit system</li> </ul>	<ul style="list-style-type: none"> <li>Progress of appointment of women in management positions</li> <li>Domestic business plans for the second half</li> <li>Market and overseas business plans for the second half</li> </ul>
3 <sup>rd</sup> quarter	<ul style="list-style-type: none"> <li>Effectiveness evaluation of the Board of Directors by an external organization</li> <li>Progress of the reconstruction of the a new head office building</li> <li>Announcement of common KPIs for sales of investment trusts</li> </ul>	<ul style="list-style-type: none"> <li>Responses to organized crime, etc.</li> <li>Corporate Governance Report</li> <li>Measures to prevent money laundering and funding for terrorism</li> </ul>
4 <sup>th</sup> quarter	<ul style="list-style-type: none"> <li>Revision of the headquarters structure</li> <li>Cybersecurity management</li> <li>Business performance planning</li> </ul>	<ul style="list-style-type: none"> <li>Investment, expense budget, and personnel plan</li> <li>Compliance program</li> <li>Internal audit plan</li> </ul>



## Corporate Governance

### Audit & Supervisory Board and Its Members

The Bank has adopted an audit & supervisory board system with five Audit & Supervisory Board members, including a majority of three outside Audit & Supervisory Board members. In particular, three of the Audit & Supervisory Board members, including two outside Audit & Supervisory Board members, are standing Audit & Supervisory Board members. They

attend meetings of the Board of Directors and other important meetings, check important documents, and perform audits of the headquarters and branches to conduct objective and reasonable audits of the status of business execution. We believe that this system provides an adequate management supervisory function.

### Appointment, Remuneration and Corporate Advisory Committee

For appointment and dismissal of directors and remuneration of directors and Audit & Supervisory Board members, the Appointment, Remuneration and Corporate Advisory Committee has been established to

ensure objectivity, timeliness, and transparency of procedures. The Board of Directors selects the committee members, a majority of which are independent outside directors.

### Policies for Appointment and Dismissal of Representative Directors and Nomination of Directors

#### <Candidates for Internal Directors>

Candidates for internal directors are determined by the Board of Directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, the majority of which comprise independent outside directors, based on the President's recommendations of persons who, based on a deep understanding of the Bank's basic management policy, possess knowledge and experience to enable the appropriate, fair, and efficient execution of bank business management, as well as sufficient social trust, with the aim of achieving our management strategy. Representative directors are determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory

Committee on persons suitable for representing the Bank selected from among internal directors. In the event of occurrence of a serious obstacle to the execution of duties as a representative director or when a representative director falls under reasons for disqualification\*, dismissal of such representative director shall be determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory Committee.

\*Reasons for disqualification

- The representative director is deemed to have a relationship with antisocial forces
- The representative director is deemed to have violated laws, regulations, or internal regulations

#### <Candidates for Outside Directors>

Candidates for outside directors are determined by the Board of Directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, the majority of which comprise independent outside directors, based on the President's recommendations of persons who possess specialist knowledge and experience in areas other than the Bank's business operations and are deemed capable of contributing to the Bank's sustainable growth and corporate value enhancement over the medium to long term based on their insights.

#### <Candidates for Audit & Supervisory Board Members>

Candidates for Audit & Supervisory Board members are determined at a meeting of the Board of Directors that is participated by independent outside directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee and consent by the Audit & Supervisory Board, based on the President's recommendations of persons who possess knowledge and experience to enable the appropriate, fair, and efficient performance of audits on the execution of duties by directors, as well as sufficient social trust.

## Succession Planning

Successors to the representative directors are determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, the majority of which comprise independent outside directors, in view of

desired personnel requirements, personnel training policy and plan, as well as the status of training, etc. The status of deliberation is reported, as appropriate, to the Board of Directors.

### Desired personalities of candidates (nomination policy)

Images of desired personalities of candidates are deliberated by the Appointment, Remuneration and Corporate Advisory Committee in view of qualities and abilities required as management, as well as the business environment surrounding our group and the direction of its future business

strategies, and are shared by the Board of Directors. Whether to review the images of desired candidates for successors or not in accordance with changes in the business environment, etc. is deliberated as appropriate.

### Review of candidates’ personalities and training schemes

The Appointment, Remuneration and Corporate Advisory Committee members review personalities of candidates based on a third-party evaluation, etc. by an external

specialized organization. The committee then considers policies and plans for training candidates to help them become a person qualified for the position.

### Candidate selection process

Candidates are proposed by the President (including reappointment, replacement and dismissal of directors including representative directors) and determined by the Board of Directors following deliberations on the

consistency, etc. with the nomination policy and training policy by the Appointment, Remuneration and Corporate Advisory Committee.

## Reasons for the Appointments of Outside Directors and Audit & Supervisory Board Members

The Bank appoints outside directors who are deemed to be capable of contributing to the enhancement of corporate value over the medium to long term, through a further enhancement of the decision-making and

supervisory functions of the Board of Directors, by leveraging the knowledge and experience of said persons in the Bank’s management.

Name (Appointment)	Reasons for Appointment as Outside Director
Tomoyuki Yokota (June 2017)	Has a high level of expertise as a judge and attorney, with experience as a Supreme Court Justice and an advisor at a law firm, etc.
Yuko Tashima (June 2015)	Has a high level of expertise as an attorney, with experience as an outside director at other non-financial companies as well as experience in public service, including as a member of the Financial System Council of the Financial Services Agency
Yasuko Takayama (June 2015)	Has experience as a manager of customer service and CSR divisions and as a standing Audit & Supervisory Board member of a major cosmetics company, as well as experience as an outside director at other non-financial companies

The Bank appoints outside Audit & Supervisory Board members who are deemed to help further strengthen the audit function by

leveraging the knowledge and experience of said persons in the Bank’s management.

Name (Appointment)	Reasons for Appointment as Outside Audit & Supervisory Board Member
Tomohiko Sakamoto (June 2017)	Has a high level of expertise gained through experience as a branch manager, Director-General, Administration Department, and other positions at the Bank of Japan as well as extensive knowledge in finance overall
Kazuhiko Ishihara (June 2017)	Has a high level of expertise and extensive knowledge of overall administration gained through experience as Deputy Director-General of Minister’s Secretariat, Ministry of Finance, Director-General, Okinawa Development and Promotion Bureau, Cabinet Office, and other positions
Masakazu Yoshida (June 2019)	Has abundant experience of public administration and extensive knowledge gained through experience as Director General of the Public Enterprises Agency, Chiba Prefectural Government, etc. and has served as Representative Director and President and in other positions at a non-financial company

### Support Systems for Outside Directors and Audit & Supervisory Board Members

#### <Outside Directors>

The Bank provides outside directors with information and support necessary for the execution of their duties in an appropriate and timely manner to ensure that outside directors fully play their roles as a supervisor of the management. We continuously give outside directors opportunities for deepening their understanding about the Bank’s management strategy and activities with the aim to enhance deliberations by the Board of Directors, by means such as provision of materials and explanations for the Board of

Directors meeting in advance, provision of individual explanations on important matters, attendance to main committee meetings, visiting and holding dialogues at affiliated business offices in the group, participation in main IR events, etc., and provision of information related to the Bank’s activities whenever necessary. In addition, the Bank provides outside directors with opportunities to undergo training by third-party organizations at the Bank’s expense.

#### <Outside Audit & Supervisory Board Members>

The Bank designates assistants to Audit & Supervisory Board members who do not serve concurrently in positions involved in the execution of business operations. The assistants are employees who assist with the duties of Audit & Supervisory Board members. In order to ensure the independence from directors, the Bank obtains the consent of Audit & Supervisory Board members

regarding personnel change, etc. of such assistants to Audit & Supervisory Board members. In addition, Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings and are provided with important documents of the Bank, which ensure that information is communicated timely and properly.

### Remuneration of Directors and Audit & Supervisory Board Members

Remuneration of the Bank’s directors is determined by the Board of Directors based on the remuneration regulations established by the Board of Directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, whose members include a majority of independent outside directors, to ensure transparency, fairness, and rationality. To function as a sound incentive for directors to strive for sustainable growth and enhance

corporate value over the medium to long term, equity-based remuneration in the form of stock options, linked to the Bank’s medium- to long-term earnings performance, is provided as a component of the remuneration packages. From the standpoint of emphasizing soundness as a financial institution, the Bank has not introduced remuneration linked to short-term earnings performance.

#### ■ Remuneration Policies

- Director remuneration consists of a fixed portion comprising fixed remuneration based on rank, and a variable portion comprising fluctuating remuneration linked to stock price performance. However, outside directors only receive fixed remuneration.
- Fixed remuneration based on rank is paid to match the weight of responsibility for each position.
- The ratio of fixed remuneration based on rank to variable remuneration (equity-based remuneration in the form of stock options) is 80:20.

#### ■ Remuneration Determination Procedure

- Remuneration of a director shall be determined by resolution of the Board of Directors within the scope of the total remuneration for directors established by resolution of the General Meeting of Shareholders.

## Group Management Systems

The Group Chief Officer System\* was introduced and under the overall supervision of the Group CEO, the Group Chief Officers are assigned responsibility for their areas of supervision, thereby creating a Group-wide corporate management system. Moreover, a responsible director is assigned to supervise each group company and meetings of the Group Supervision Committee are held to strengthen understanding, administration, and supervision of the management status of group companies. In addition, the Bank’s

internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the group.

\*The following Group Chief Officers are assigned:

- Group CEO (Chief Executive Officer)
- Group COO (Chief Operating Officer)
- Group CSO (Chief Strategy Officer)
- Group CRO (Chief Risk Officer)
- Group CBO (Chief Business Officer)
- Group CIO (Chief Information Officer)

## Evaluation of the Effectiveness of the Board of Directors

Since FY2015, the Bank has been verifying whether the Board of Directors is properly performing the functions of decision making and supervision, which are expected of them. The Bank carries out an evaluation of the effectiveness of the Board of Directors annually to enhance those functions.

In FY2018, the Bank conducted a questionnaire survey and interviews of each

director and Audit & Supervisory Board member with the assistance of a third-party specialized organization to objectively verify the effectiveness of the Board of Directors, and carried out an effectiveness evaluation using their results as reference.

The overview of the results of the evaluation of the effectiveness of the Board of Directors for FY2018 is as follows.

- (1) Considering the findings below, the Bank has judged that the functions of decision making and supervision are performed properly by the Board of Directors and its effectiveness is ensured.
  - All directors and Audit & Supervisory Board members, whether they are internal or outside officers, value customers and share the common goal and recognition to work together toward the growth of the Bank and Chiba Prefecture over the medium to long term, and are fulfilling their respective responsibilities with a strong sense of unity in the Board of Directors as a whole.
  - Systems are in place and maintained to allow the Board of Directors to perform its functions, and Audit & Supervisory Board members are also contributing to the improvement of the discussion quality in the Board of Directors, by actively making comments from perspectives different from those of directors.
  - Based on the results of the effectiveness evaluation for FY2017, the Bank and its group companies strengthened the management systems, through the adoption of the Group Chief Officer System. The Bank also provided occasions to discuss medium- and long-term issues by holding meetings of directors for information sharing and by other means. As a result, discussions at the Board of Directors have become further activated.
- (2) The Bank recognizes that it is important to continue discussions on medium- and long-term issues, further strengthen the group management systems, and deepen discussions on matters related to governance at the Appointment, Remuneration and Corporate Advisory Committee, while maintaining the direction of the current initiatives. Through these efforts, the Bank will strive to further enhance the effectiveness of the Board of Directors.



## Compliance

The Bank is committed to compliance and enhancement of the administration including the protection of customers.

### Compliance Structure

The Bank positions compliance at the foundation of all its business operations, and believes it important to conduct all of our business activities fairly and in good faith, by complying with all laws and regulations relating to banking transactions, by observing all internal rules and regulatory requirements pertaining to our role in society and by avoiding actions that would fall short of normal social expectations. The Bank thus constantly works to strengthen compliance across the bank.

As for specific measures, the Bank regularly convenes the Compliance Committee, which

is chaired by the President and consists of directors, executive officers, and general managers as members, to review concrete practical plans and measures, etc. to ensure compliance.

The Compliance Division is responsible for various compliance related tasks, including the administration of compliance regulations and manuals, the preparation and monitoring of training programs, and periodic checks on the compliance situation. They also monitor branch-level compliance and provide advice.

### Consistent Implementation of Basic Policies

We have a clearly defined code of conduct for employees in the form of the Chiba Bank Code of Ethics. To ensure that these rules are

understood and observed, all employees receive a copy of our Compliance Manual, which contains specific guidelines.

### The Chiba Bank Code of Ethics

#### Earning Unwavering Trust

- ① Remaining constantly aware of the social responsibility and public mission of a bank, the Bank will strive to earn the unwavering trust of society through sound, appropriate business operations based on the principle of accountability.

#### Thorough Compliance with Laws, Rules and Other Fundamental Principles

- ② Complying strictly with all laws and rules and never deviating from social standards, the Bank will conduct fair and honest business activities.

#### Opposition to Antisocial Forces

- ③ The Bank will firmly oppose antisocial forces and groups that threaten the order and safety of society and that undermine healthy economic and social development.

#### Transparent Management

- ④ The Bank will provide active and fair disclosure of management information and manage its operations in a transparent manner.

### Formulation of Compliance Program

Every year, the Board of Directors establishes a compliance program to provide a specific action plan for achieving further improvements in

compliance activities. The execution of this program is checked on a regular basis by the Board of Directors and Compliance Committee.

### Protecting Customers and Personal Information

To protect customers and offer them greater convenience, employees of the Bank receive guidance and training designed to ensure that everyone conducts business with sincerity and fairness. We pay particular attention to complex financial products with risks that include the possible loss of principal and to derivative transactions. In these cases, we comply with the Financial Instruments and Exchange Act and always perform proper solicitation and sales activities in line with the Chiba Bank Solicitation Policy. Furthermore, we plan to upgrade follow-up activities for customers who use these types of financial products.

We sincerely listen to requests and complaints from customers and properly deal with disputes, if any, in accordance with the purport of the financial ADR system\*1. We

regard personal information\*2 as a valuable asset entrusted to us by our customers and strictly manage customer information in accordance with the Pronouncement of Policies Concerning Appropriate Protection and Utilization of Personal Information (Pronouncement Concerning Protection of Personal Information).

\*1 The financial ADR system is an out-of-court dispute settlement procedure in the financial sector, designed to solve disputes in a simplified and prompt manner without going to court through the involvement of a fair and neutral third-party organization. The Bank has signed a basic agreement to implement the procedure with the Japanese Bankers Association and the Trust Companies Association of Japan, which are designated dispute resolution organizations under laws and regulations.

\*2 Personal information includes personal identification numbers and specific personal information that includes a personal identification number.

## The Chiba Bank Solicitation Policy

Remaining constantly aware of social responsibility and public mission of a bank, the Bank strives to earn the unwavering trust of society through sound, appropriate business operations based on the principle of accountability. Complying strictly with all laws and rules and never deviating from social standards, the Bank conducts fair and honest business activities.

The Bank sets out the following policy, based on the stance of compliance with laws and regulations, for performing solicitation for sales, etc. of financial instruments in conducting day-to-day sales activities.

- 1 The Bank will solicit customers for products that are suitable for them taking into consideration the asset management experience they have, the status of financial assets they own, and the purpose and timeframe for the investment.
- 2 The Bank will provide explanations and information on matters necessary for making asset management decisions to ensure that customers can carry out transactions only after they adequately understand details of the products and possible risks involved.
- 3 The Bank will not make any solicitation that might mislead customers by providing inaccurate information, offering assertive judgment on the price trends of products, etc.
- 4 The Bank will give top priority to customers' convenience when making solicitation.
- 5 The Bank will strive to enhance training to help employees broaden their knowledge so that the Bank can provide high quality financial services to customers.
- 6 The Bank will respond to requests and feedback from customers promptly and appropriately.

## Pronouncement of Policies Concerning Appropriate Protection and Utilization of Personal Information

The Chiba Bank sets out the following policy for handling personal information of customers considering that personal information requires cautious handling with respect for personality of individuals, and pays the utmost attention to protecting the rights and interests of our customers.

- 1 The Bank will strictly observe laws, regulations, and rules related to the protection of personal information, and appropriately protect and use personal information.
- 2 Unless provided otherwise by laws and regulations, the Bank will not use personal information beyond the scope necessary for the achievement of the purpose of use that the Bank has notified customers of.
- 3 The Bank will take necessary and appropriate safety management measures to prevent leakage, loss, or damage of personal information and for other safety management of personal information.
- 4 The Bank will continuously review the systems for the protection of personal information and improve them in a timely and appropriate manner.
- 5 The Bank will appropriately and promptly respond to feedback from customers regarding handling of personal information.

## Initiatives to Prevent Money Laundering and Financial Crimes

Responding to changes in the internal and external environments, the Bank appropriately evaluates risks of money laundering and financing terrorism involved in transactions it

carries out, and takes measures responding to the risks involved. In addition, we are reinforcing measures to protect customers from a variety of financial crimes.

## Management Policy to Prevent Money Laundering and Terrorism Financing Activities

The Bank recognizes the importance of preventing money laundering and terrorism financing activities (“money laundering, etc.” hereinafter) and has established appropriate internal systems for the prevention of money laundering, etc.

- 1 **Unified Control**  
The roles and responsibilities of managers and others who are responsible for preventing money laundering, etc., are clearly defined and control is centralized based on the suitable cooperation of all related departments.
- 2 **Appropriate Administrative Procedures**  
The Bank has established and upgraded appropriate administrative procedures that are needed for the prevention of money laundering, etc., such as verification of customer identification, confirmation of frozen assets and other measures, and reports about suspicious transactions.
- 3 **Employee Training Programs**  
There are continuous employee training programs on the prevention of money laundering, etc., to ensure that all employees are aware of the related laws and regulations and administrative procedures.
- 4 **Verification of Effectiveness**  
The Bank monitors its internal management system regarding the prevention of money laundering, etc., verifies the effectiveness of these systems, and takes additional steps to upgrade these systems based on the outcomes of monitoring.

## Opposition to Antisocial Forces

The Bank maintains links with police authorities, lawyers, and other external organizations as a structure to provide appropriate countermeasures against unreasonable demands, interference, or other inappropriate approaches from antisocial forces.

Moreover, the Bank has put organized crime disclaimers in various contract documents and

deposit account regulations, and is actively taking measures to eliminate relationship with antisocial forces.

Furthermore, the group companies are also taking measures similar with those of the Bank to counteract antisocial forces, and the status of implementation of such measures is controlled and managed by the Bank.

## Risk Management

Recognizing that it is extremely important to accurately grasp and analyze risks and manage and operate them, the Bank works to strengthen and reinforce the risk management system.

### Integrated Risk Management System

The principal forms of risk to which banking operations are subject include credit risk, market risk, and operational risk.

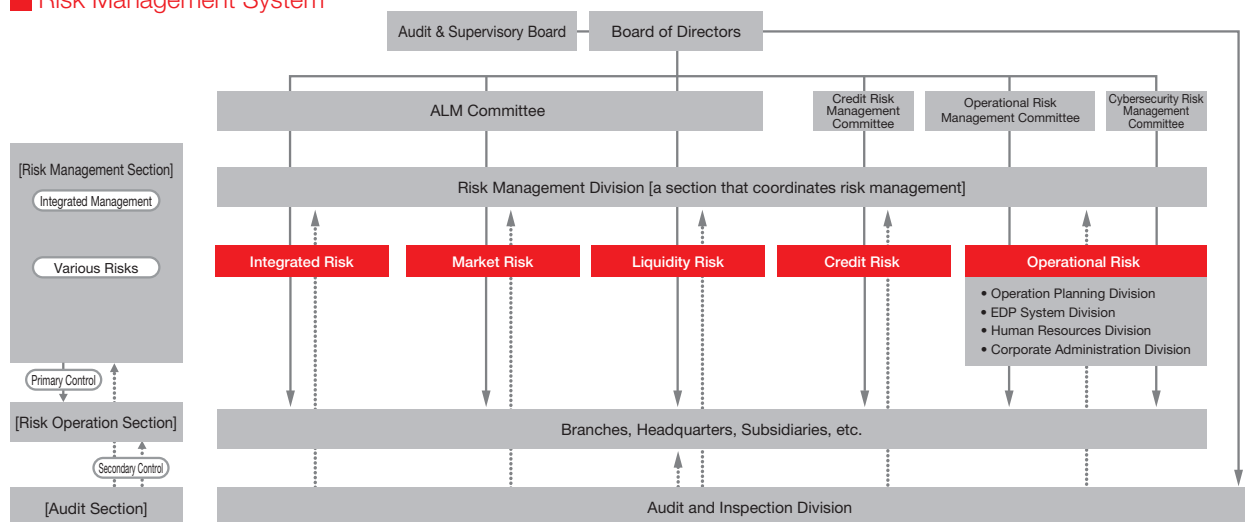
In order to improve profitability and ensure sound management, the Bank considers it necessary to not only individually manage each of these forms of risk, but also to centrally monitor those risks to control them within acceptable overall limits.

Accordingly, the Bank assigns divisions to manage risks for each form of risk, and the Risk Management Division centrally monitors these risks and discusses risk countermeasures at meetings of the ALM Committee, the Credit Risk Management

Committee, the Operational Risk Management Committee, and the Cybersecurity Risk Management Committee. The Risk Management Division controls the development and operation of the risk management system, and Group Chief Risk Officer reports the status of risks to the Board of Directors.

To ensure an effective risk management system, the Audit and Inspection Division periodically conducts audits to determine whether risk is appropriately managed and reports the audit results to the Board of Directors.

#### ■ Risk Management System



### Integrated Risk Management

The basis of risk management at the Bank is the integrated management of various risks using uniform measures to the extent possible. The term “integrated risk” refers to the sum of credit risk, market risk, and operational risk measurement, which are forms of risk that can be managed by means of risk quantification.

The Risk Management Department in the Risk Management Division, the section responsible for integrated risk management, conducts a comparison of quantified integrated risk and capital, verifies the adequacy of capital with respect to risk, and reports the results quarterly to the Board of

Directors. The department also conducts stress tests, a means of verification of capital adequacy in times of stress that involves the assumption of certain stress scenarios, such as deterioration of the corporate environment in a period of recession, or a decrease in land prices, and forecasting the increase in the amount of risk based on the scenarios.

The Bank has introduced a risk capital allocation system as a concrete framework for integrated risk management. The Chiba Bank has also introduced and utilizes a risk appetite framework (RAF) (please see page 68), which it uses to control the occurrence of losses. The framework monitors the

current status of risk capital use and risk-return performance in each business sector

and performs scenario analysis predicated on future environmental changes.

## Credit Risk Management

Credit risk is the risk of incurring a loss because of a decline in, or total loss of, the value of owned assets as a result of deterioration in the financial soundness of debtors.

The Bank has developed a rigorous credit risk management system centered on an internal credit rating system and engages in individual credit management and credit portfolio management. In the self-assessment of assets, the Bank implements appropriate write-offs and provisions.

### <Internal Credit Rating System>

The Bank uses an internal credit rating system to place borrowers into 15 credit rating categories on the basis of financial data such as financial condition and cash flow. We strive to enhance the identification and examination of the financial circumstances at companies, by means of

### <Individual Asset Credit Management>

The Bank examines individual applications for credit by engaging in rigorous investigations in accordance with screening criteria on the basis of the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Bank also provides support for the financial soundness of borrowers who need to improve their

### <Credit Portfolio Management>

The Credit Risk Management Department in the Risk Management Division monitors the state of credit risk from various perspectives, such as by country, by industry, and by customer credit rating, and works to improve the quality of the credit portfolio by taking any necessary measures, including setting the maximum credit limit.

The Bank engages in the quantification of credit risk. The quantification of credit risk is the forecasting by statistical methods of the amount of future losses (the amount of risk) forecasted to occur due to circumstances such as borrower bankruptcy or worsening

The Audit and Inspection Division audits operations in the business units involved in credit risk management.

The Credit Risk Management Committee meets regularly and considers credit risk management policy, monitors the operation of the internal credit rating system and the credit portfolio, and works to ensure the quality of loan assets.

periodic annual reviews and reviews at other times in accordance with the status of individual debtors. The internal credit rating system is the core of credit risk management and is extensively used in actual management, such as credit pricing standards and approval authorization.

operations and engages in resolution and collection activities with regard to bankrupt debtors and other borrowers. The Bank strives to accumulate high-quality loan assets and minimize future losses through this practice of advanced screening and supervision after credit has been extended.

business performance. We measure value at risk (VaR: the assumed maximum loss) as the amount of risk, and accumulate and organize default data and loan recovery data from defaulted borrowers, in order to further refine and sophisticate the quantification of credit risk to improve the accuracy of forecasting.

In addition, we strive to ensure appropriate interest rate levels that reflect credit risk by utilizing the results of quantification of credit risk in loan pricing.

#### Amount of credit risk

The amount of credit risk calculated by quantification is divided into expected loss and unexpected loss. Expected loss represents the expected average loss incurred over the next one year, while unexpected loss represents the maximum volatility from expected loss expected over the next one year. As a general rule, expected loss is to be covered by provisions, while unexpected loss is to be covered by capital as potential loss.



## Risk Management

### <Self-Assessment of Assets>

Self-assessment of assets is the practice whereby financial institutions review and analyze their own assets individually and classify them on the basis of asset value impairment and the risk of default.

At the Bank, branches conduct self-assessment of assets on the basis of Asset Self-Assessment Regulations, and the credit screening and administrative sections check details of self-assessments. According to the

results of these assessments, the Risk Management Division calculates the amounts of provisions, and the Business Support Division implements write-offs. The Audit and Inspection Division conducts an audit to verify the accuracy and appropriateness of the self-assessment results, calculation of provisions, and write-offs. Through this process, the Bank firmly maintains the soundness of its assets.

### Market Risk Management

Market risk is the risk of incurring a loss due to a change in the value of owned assets as a result of fluctuations in interest rates, prices of securities or other financial instruments, or exchange rates.

As part of the Risk Capital Allocation System, within the scope of the risk capital allocated to the business sectors, the Bank sets and manages risk limits for the amount of market risk (value at risk or VaR: the assumed maximum loss) for each product, such as securities investments and other market transactions or loans and deposits. In this way, we strive to ensure management soundness. In addition to VaR management

of market transactions, the Bank sets upper limits for market investments according to the balance and alarm point of valuation differences, and implements risk control by reviewing investment policy each quarter.

The market section is divided into the transaction execution unit (front office: the Treasury Division and overseas branches) and the business administration unit (back office: the Treasury Operation Division), and the risk management unit (middle office: the Market Risk Management Department in the Risk Management Division) has been established, creating a reciprocal and mutually reinforcing management structure.

### Liquidity Risk Management

Liquidity risk consists of cash flow risk and market liquidity risk. Cash flow risk is the risk of incurring a loss due to failure to maintain cash flow as a result of the inability to secure necessary funds or the necessity of procuring funds at significantly higher interest rates than usual due to the worsening of the financial institution's financial position or other circumstances. Market liquidity risk is the risk of incurring a loss due to the inability to trade on markets or the necessity of trading at prices significantly less favorable than usual due to market turmoil or other circumstances.

At the Bank, the Treasury Division is the section that manages cash flow. The division ascertains the market environment and analyzes the state of investment and procurement of funds. With respect to cash flow risk, the division engages in appropriate day-to-day cash flow management through such means as the establishment of upper limits to ensure that the amount of funds procured on the market is not excessive and the maintenance of a certain minimum level of

assets as a liquidity reserve that can be converted to cash in a short time. In addition, the Bank manages market liquidity risk by setting limits on daily positions taken in market trading.

As the section that manages risk, the Market Risk Management Department in the Risk Management Division strives to avoid increases in liquidity risk by identifying and assessing various factors that affect liquidity risk and monitoring the observance of limits.

For the control of foreign currency liquidity risk, in particular, the Bank holds current assets in an amount that matches cash outflow in stress scenarios, such as the financial crisis and works to reduce a mismatch in procurement and investment of funds.

The Bank has established a business continuity plan that provides for a rapid response across the Bank in the event of unforeseen circumstances that could affect the Bank's cash flow.

## Operational Risk Management

Operational risk is the risk of incurring losses due to the inappropriateness of business processes, activities of directors and employees, or systems or external events.

The Bank classifies operational risk into clerical risk, system risk, cybersecurity risk (please see page 67), human risk, tangible asset risk, and reputational risk. Human risk is the risk of a loss occurring due to workplace safety, discrimination or the like. Tangible asset risk is the risk of a loss occurring due to damage to buildings or facilities or the like. Reputational risk is the risk of a loss occurring due to loss of public confidence resulting from deterioration of the Bank’s reputation or the like.

In its risk management structure, the Bank decides the corporate divisions having jurisdiction over the various forms of operational risk (the Operation Planning Division for clerical risk, the EDP System Division for system risk and cybersecurity risk, the Human Resources Division for human risk, and the Corporate Administration Division for tangible asset risk) and these divisions collaborate in performing risk management

### <Clerical Risk Management>

Clerical risk is the risk of incurring a loss due to the failure to perform accurate clerical work, clerical accidents or fraud, or the failure to perform official obligations or provide explanations to customers.

The Bank considers accurate clerical work to be essential to obtain the trust of customers, and the Operation Planning Division collaborates with the Risk Management Division to perform exact clerical work in accordance with basic procedures in the effort to prevent clerical accidents.

Specifically, the divisions prepare clerical standards that indicate detailed clerical procedures for each operation; ensure the correct handling of cash, promissory notes, passbooks, and other important items; provide guidance on clerical management systems at branches and headquarters; and

under the overall management of the Risk Management Department in the Risk Management Division. The Risk Management Department in the Risk Management Division directly manages reputational risk and the Compliance Division and corporate divisions that have jurisdiction over operational risks jointly manage legal risk and compliance-related risk included in the various risk categories.

The Bank has an Operational Risk Management Committee in place. On the basis of direct involvement by management, the committee receives reports concerning the state of operational risk losses and develops a management structure for improving and correcting problem areas by means of a PDCA cycle involving the preparation of a risk management plan (Plan), implementation of management in accordance with the management regulations (Do), and evaluation and improvement (Check & Action). To ensure the effectiveness of management by means of this PDCA cycle, the Bank has introduced Control Self-Assessment (CSA).

conduct training to raise the standard of clerical work.

The Operation Planning Division monitors and verifies the self-assessments conducted by the branches in the efforts to ensure clerical accuracy and raise the level of clerical work.

With regard to the auditing system, the Audit and Inspection Division visits all branches, and each division and office of the headquarters at least once a year, in principle, and conducts rigorous audits of all clerical work in accordance with auditing standards. The division promptly notifies the branches, and headquarters divisions and offices of the audit results, periodically reports to the Board of Directors, and implements a framework for reflecting audit results in clerical improvements.

## Risk Management

### <System Risk and Cybersecurity Risk Management>

System risk is the risk of incurring a loss resulting from a leak or falsification of information owned by the Bank or the unauthorized use, failure, or incorrect operation of computer systems.

Cybersecurity risk is the risk of incurring a loss from the occurrence of a risk event that falls under system risk due to cyber-attacks.

The Bank possesses customer transaction data and various other types of information and has developed systems to process that information. To ensure the provision of various services to customers, the role of computer systems in banking operations is increasing year by year, and a system risk event or a cybersecurity risk event would result in great inconvenience to customers.

At the Bank, the EDP System Division collaborates with the Risk Management

Division to implement various measures to ensure the stable operation of computer systems. As specific measures against system risk, the Bank duplicates hardware and circuits for account systems and other backbone systems to ensure continuation of business even in the event of a failure. In addition, the Bank has implemented a rigorous data management system, measures to prevent unauthorized access or the introduction of viruses, and the preparation of a contingency plan to provide for unforeseen circumstances such as large-scale disasters.

The Bank has continuously taken various measures to address cybersecurity risk for the safety and security of customers.

As part of audit procedures, the Audit and Inspection Division conducts audits of the entire computer systems.

### Business Continuity System

In addition to the risk management system described above, at the Bank, the Risk Management Department in the Risk Management Division and other sections maintain a business continuity system to allow essential operations to continue for the preservation of the financial system during an unexpected disaster such as an earthquake or pandemic disease as well as the rapid

restoration of operations that the Bank would be forced to suspend during an emergency.

Currently, the Bank is upgrading its management systems, including its countermeasures against a large-scale earthquake such as an earthquake directly under the Tokyo metropolitan area, and a variety of risks such as complex disasters involving tsunami or volcanic eruptions.

### Basel III Compliance

The Basel III capital adequacy regulation has been applied since the fiscal year ended March 31, 2013. Changes to the new regulation compared with the earlier Basel II regulation include tighter rules for items included in capital and an increase in the number of items excluded with the aim of improving the quality of capital. Other changes include additional provision for risks relating to transactions with large financial institutions and derivative transactions. Basel III consists of three pillars. Pillar 1 is a minimum capital ratio, which is the level of capital required to cover a bank's risk. Pillar 2 is the development of capital strategies by banks and verification by regulatory

authorities. Pillar 3 is the assurance of market discipline through the increased disclosure of information. Under the regulation, each bank selects a method of calculating minimum required capital according to its risk profile and risk management method.

The Bank has adopted the foundation internal ratings-based (FIRB) approach for credit risk and the standardized approach for operational risk (both approaches require the approval of regulatory authorities).

A number of new requirements will be introduced going forward, including the net stable funding ratio. The Bank is currently developing and strengthening management systems to comply with these regulations.

## Risk Appetite Framework (RAF)

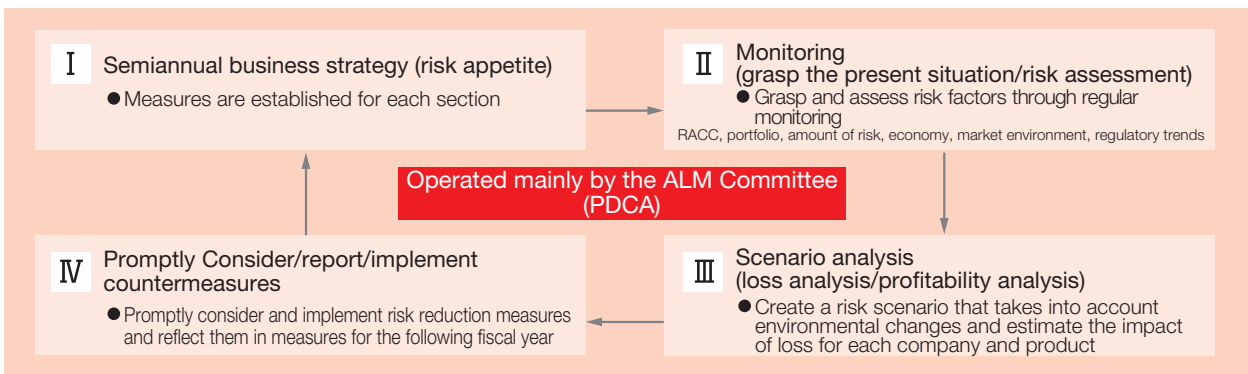
The Bank utilizes a risk appetite framework (RAF) as a system to verify the appropriateness of the risk-return balance and the estimated impact of loss in a stress scenario against its risk appetite (types and total amount of risk that needs to be assumed to achieve business plans).

Under the RAF, the Bank operates the risk capital allocation system, verifies the degree of capital adequacy by conducting stress tests, and verifies risk appetite based on concrete and highly probable scenario analysis that takes into account changes in the internal and external environment. Specifically, each division develops sales measures (risk appetite policy) at the beginning of each fiscal year, and periodically monitors changes in the external environment, such as economic conditions, markets, and regulations, and the status of the Bank’s portfolio. Based on detailed verification to see if there is any problem in the current status of

risk taking, the divisions consider and report concrete countermeasures and reflect them in measures for the following fiscal year. In addition, risk capital allocation is reviewed as necessary. RAF is thus positioned as a framework to ensure the sustainability of business model over the medium and long term and reduce the impact of loss at the time of occurrence of stress events.

The Bank monitors return after capital cost (RACC) to manage the actual amount of risk involved to earn returns. Using RACC, we verify whether or not we are earning profits that are commensurate with the amount of risk used by each division or we can withstand losses caused by economic fluctuations.

Through such operation of the RAF, the Bank is strengthening risk communication with the management team at the ALM Committee and the Board of Designated Directors.



## Management Base to Support “Sustainable Management”

### Internal Audit

At the Bank, the Audit and Inspection Division, which is independent of the units subject to auditing, verifies and evaluates the appropriateness and effectiveness of the internal management systems including compliance and risk management. The division also makes recommendations, etc. on improvement methods for problem areas, in order to ensure the sound and proper management of business operations.

The Audit and Inspection Division reports directly to the Board of Directors and conducts internal audits of branches, headquarters, Group companies, etc. in accordance with the Internal Audit Regulations and the Internal Audit Plan, a plan established every year. The division reports the results and findings of internal audits to

the Internal Audit Committee, which meets once a month, and to the Board of Directors on a monthly basis. Problem areas from the perspective of compliance and risk management and improvement measures are examined during this process.

In order to conduct efficient and effective internal audits, the Audit and Inspection Division works to conduct risk-based internal audits. In addition, the division strives to increase the sophistication of internal audits by taking measures, such as enhancing the check and supervisory functions, adapting to environmental changes, improving the audit quality, training specialized human resources, and strengthening audits of overseas branches and group companies.



(As of June 27, 2019)

Directors



**Hidetoshi Sakuma**  
President  
(Representative Director)  
Group Chief  
Executive Officer

- Apr. 1976 Joined the Bank
- Jun. 2003 Director, General Manager, Corporate Planning Division, the Bank
- Jun. 2006 Director and Managing Executive Officer, General Manager, Head Office, the Bank
- Jun. 2007 Director and Managing Executive Officer, Executive Officer in charge of Treasury Division and Treasury Operation Division, the Bank
- Mar. 2009 President, the Bank
- Jun. 2018 President, Group Chief Executive Officer, the Bank



**Yukihito Inamura**  
Deputy President  
(Representative Director)  
Group Chief  
Operating Officer

- Apr. 1986 Joined the Bank
- Jun. 2015 Executive Officer, General Manager, Human Resources Division, the Bank
- Jun. 2016 Director and Executive Officer, Executive Officer in charge of Corporate Administration Division, Human Resources Division and Diversity Management Division, the Bank
- Jun. 2017 Director and Managing Executive Officer, Executive Officer in charge of Workplace Revolution Development Division, Corporate Administration Division, Human Resources Division and Diversity Management Division, the Bank
- Jun. 2018 Director and Managing Executive Officer, Group Chief Risk Officer, General Manager, Corporate Administration Headquarters, Executive Officer in charge of New Head Office Project Office, Corporate Administration Division, Human Resources Division, Diversity Management Division, Risk Management Division and Compliance Division, the Bank
- Jun. 2019 Deputy President, Group Chief Operating Officer, Executive Officer in charge of Human Resources Division, Diversity Management Division and General Secretariat, the Bank



**Tsutomu Yonemoto**  
Director and Senior Executive Officer  
Group Chief  
Strategy Officer

- Apr. 1987 Joined the Bank
- Jun. 2016 Executive Officer, General Manager, Business Promotion Division, the Bank
- Jun. 2017 Director and Managing Executive Officer, Executive Officer in charge of Treasury Division and Treasury Operation Division, the Bank
- Jun. 2018 Director and Managing Executive Officer, Group Chief Business Officer, General Manager, Business Promotion Headquarters, Executive Officer in charge of Business Promotion Division, Customer Service Division, Corporate Business Division, Regional Revitalization Division, Trust Business Division, Consumer Loan Business Division, Retail Business Division and Asset Management Support Division, the Bank
- Jun. 2019 Director and Senior Executive Officer, Group Chief Strategy Officer, General Manager, Corporate Planning Headquarters, Executive Officer in charge of Corporate Planning Division, Public Relations Division, New Head Office Project Office and Corporate Administration Division, the Bank



**Tadayoshi Shinozaki**  
Director and Senior Executive Officer  
Group Chief  
Business Officer

- Apr. 1988 Joined the Bank
- Jun. 2017 Executive Officer, General Manager, Corporate Planning Division, the Bank
- Jun. 2018 Director and Managing Executive Officer, Group Chief Strategy Officer, General Manager, Corporate Planning Headquarters, Executive Officer in charge of General Secretariat, Corporate Planning Division and Public Relations Division, the Bank
- Jun. 2019 Director and Senior Executive Officer, Group Chief Business Officer, General Manager, Business Promotion Headquarters, Executive Officer in charge of Business Planning Division, Customer Service Division, Business Promotion Division, Corporate Business Division, Regional Revitalization Division, Trust Business Division, Consumer Loan Business Division and Payment Card Business Division, the Bank

(As of June 27, 2019)

## Directors



**Norio Takatsu**

Director and Managing Executive Officer  
Group Chief Information Officer

- Apr. 1985 Joined the Bank
- Jun. 2015 Executive Officer, General Manager, EDP System Division, the Bank
- Jun. 2016 Director and Executive Officer, Executive Officer in charge of Operation Planning Division, EDP System Division, Business Operation Division and Operation Division, the Bank
- Jun. 2017 Director and Managing Executive Officer, Executive Officer in charge of Operation Planning Division, EDP System Division, Business Operation Division and Operation Division, the Bank
- Jun. 2018 Director and Managing Executive Officer, Group Chief Information Officer, General Manager, Operation Headquarters, Executive Officer in charge of Operation Planning Division, EDP System Division, Business Operation Division and Operation Division, the Bank



**Junya Wakabayashi**

Director and Managing Executive Officer  
Group Chief Risk Officer

- Apr. 1988 Joined the Bank
- Jun. 2016 Executive Officer, General Manager, Risk Management Division, the Bank
- Jun. 2018 Managing Director, Chibagin Securities Co., Ltd.
- Apr. 2019 Senior Executive in charge of Anti-Money Laundering, the Bank
- Jun. 2019 Director and Managing Executive Officer, Group Chief Risk Officer, General Manager, Corporate Administration Headquarters, Executive Officer in charge of Risk Management Division and Compliance Division, the Bank

## Outside Directors



**Tomoyuki Yokota**

Non-Standing Director  
(Outside Director)

- Apr. 1972 Public prosecutor, Tokyo District Public Prosecutors Office
- Jan. 2002 Director-General, the Rehabilitation Bureau, Ministry of Justice
- Apr. 2003 Director-General, the Correction Bureau, Ministry of Justice
- Aug. 2005 Superintending Prosecutor, Hiroshima High Public Prosecutors Office
- Jun. 2006 Deputy Prosecutor-General, Supreme Public Prosecutors Office
- Jan. 2008 Registered as Attorney at Law, The Dai-Ichi Tokyo Bar Association
- Advisor, Nagashima Ohno & Tsunematsu
- Jan. 2010 Justice of the Supreme Court
- Mar. 2015 Re-registered as Attorney at Law, The Dai-Ichi Tokyo Bar Association
- Advisor, Nagashima Ohno & Tsunematsu (current position)
- Jun. 2016 Outside Member of the Board, Japan Nuclear Fuel Limited (current position)
- Jun. 2017 Outside Director, the Bank (current position)



**Yuko Tashima**

Non-Standing Director  
(Outside Director)

- Apr. 1979 Prosecutor, Tokyo District Public Prosecutors Office
- Apr. 1992 Registered as Attorney at Law, Tokyo Bar Association
- Attorney at Law, Sawayaka Law Office (current position)
- Jul. 2006 Outside Director, Meiji Yasuda Life Insurance Company
- Jun. 2015 Outside Director, the Bank (current position)
- Oct. 2015 Outside Company Auditor, Kyushu Financial Group Inc. (current position)
- Jun. 2016 Outside Audit & Supervisory Board Member, Tokio Marine & Nichido Life Insurance Co., Ltd. (current position)



**Yasuko Takayama**

Non-Standing Director  
(Outside Director)

- Apr. 1980 Joined Shiseido Co., Ltd.
- Apr. 2006 General Manager, Consumer Information Center, Shiseido Co., Ltd.
- Oct. 2008 General Manager, Consumer Relations Department, Shiseido Co., Ltd.
- Apr. 2009 General Manager, Social Affairs and Consumer Relations Department, Shiseido Co., Ltd.
- Apr. 2010 General Manager, Corporate Social Responsibility Department, Shiseido Co., Ltd.
- Jun. 2011 Audit & Supervisory Board Member (standing), Shiseido Co., Ltd.
- Jun. 2015 Advisor, Shiseido Co., Ltd.
- Jun. 2015 Outside Director, the Bank (current position)
- Jun. 2015 Outside Director, Nippon Soda Co., Ltd.
- Jun. 2016 Outside Audit & Supervisory Board Member, Mitsubishi Corporation (current position)
- Jun. 2017 Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation (current position)
- Jun. 2019 Outside Director, Cosmo Energy Holdings Co., Ltd. (current position)

Introduction

Summary

Growth Strategy for  
“Sustainable Management”

Addressing Social Issues to Achieve  
“Sustainable Management”

Management Base to Support  
“Sustainable Management”

Financial and Corporate Data

(As of June 27, 2019)

Audit & Supervisory Board Members



**Toshikazu Okubo**

Standing Audit & Supervisory Board Member

- Apr. 1979 Joined the Bank
- Jun. 2009 Executive Officer, General Manager, Corporate Planning Division, the Bank
- Jun. 2011 Director and Managing Executive Officer, the Bank
- Jun. 2013 Director and Senior Executive Officer, the Bank
- Jun. 2016 Audit & Supervisory Board Member, the Bank (current position)



**Tomohiko Sakamoto**

Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)

- Apr. 1980 Joined the Bank of Japan
- Apr. 2002 General Manager, Okayama Branch, the Bank of Japan
- Apr. 2009 Director-General, Administration Department, the Bank of Japan
- Jun. 2012 Senior Managing Director, the Resolution and Collection Corporation
- Jun. 2017 Outside Audit & Supervisory Board Member, the Bank (current position)



**Kazuhiko Ishihara**

Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)

- Apr. 1981 Joined the Ministry of Finance
- Jul. 2013 Director-General, Okinawa Development and Promotion Bureau, Cabinet Office
- Jul. 2015 Vice-Minister for Policy Coordination, Cabinet Office
- Oct. 2016 Advisor, Mitsui Sumitomo Insurance Company, Limited
- Jun. 2017 Outside Audit & Supervisory Board Member, the Bank (current position)



**Kazuyoshi Fukushima**

Non-Standing Audit & Supervisory Board Member

- Apr. 1982 Joined the Bank
- Jun. 2013 Executive Officer, General Manager, Audit and Inspection Division, the Bank
- Jun. 2016 Audit & Supervisory Board Member, the Bank (current position)
- Jun. 2016 Audit & Supervisory Board Member, Chibagin Securities Co., Ltd. (current position)



**Masakazu Yoshida**

Non-Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)

- Apr. 1979 Joined Chiba Prefectural Government
- Apr. 2012 Executive Director, Disaster Prevention and Crisis Management Department, Chiba Prefectural Government
- Apr. 2013 Director General, Public Enterprises Agency, Chiba Prefectural Government
- May 2016 Advisor, TOYO RAPID RAILWAY
- Jun. 2016 Representative Director and President, TOYO RAPID RAILWAY
- Jun. 2019 Outside Audit & Supervisory Board Member, the Bank (current position)

Executive Officers

**Arihiko Totsuka**  
Managing Executive Officer  
(In charge of Credit Unit)

**Satoru Maki**  
Managing Executive Officer  
(General Manager of Head Office)

**Takayuki Hosokai**  
Managing Executive Officer  
(In charge of Market and International Business)

**Shunichi Ishii**  
Executive Officer  
(General Manager of New Head Office Project Office)

**Chigusa Saito**  
Executive Officer  
(General Manager of Operation Planning Division)

**Hiroshi Seki**  
Executive Officer  
(General Manager of Audit and Inspection Division)

**Hironaga Fukuo**  
Executive Officer  
(General Manager of Human Resources Division)

**Kiyomi Yamazaki**  
Executive Officer  
(In charge of Domestic Business)

**Yuichi Katayama**  
Executive Officer  
(General Manager of EDP System Division)

**Kazuyoshi Takayama**  
Executive Officer  
(General Manager of Tokyo Head Office)

**Kazuhiko Miyagi**  
Executive Officer  
(General Manager of Business Promotion Division)

**Mutsumi Awaji**  
Executive Officer  
(General Manager of Regional Revitalization Division)

**Kenichi Koseki**  
Executive Officer  
(General Manager of Risk Management Division)

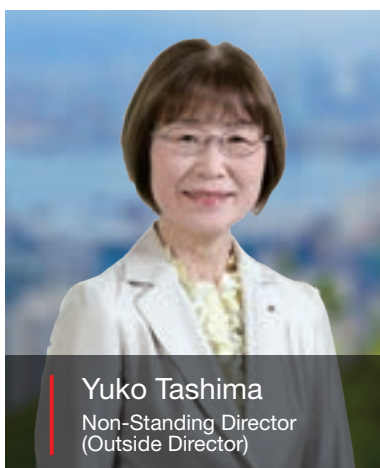
**Katsunori Uematsu**  
Executive Officer  
(General Manager of Corporate Business Division)

**Masayasu Ono**  
Executive Officer  
(General Manager of Corporate Planning Division)

## Message from Outside Directors



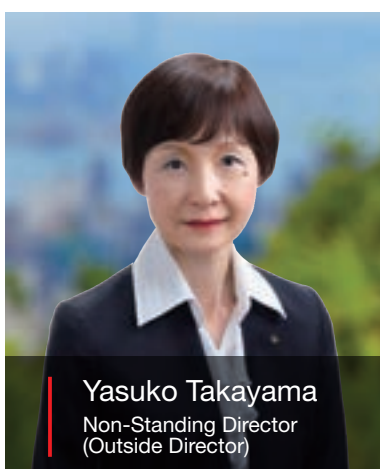
I am an attorney at law and I have about 47 years of legal career, including about 36 years as a prosecutor and about five years as a Supreme Court Justice. In the execution of duties of Outside Director, I am attempting to make the most of knowledge and experiences gained not only from criminal investigations, examinations and lawsuits but from organizational management, crisis management and human resources development which have been accumulated through my career. Meanwhile, I was born and raised in Kisarazu City, so the Bank a.k.a. “Chibagin” has been familiar to me since I was a child. Therefore, I have a special attachment for the Bank, and I would like to strongly support the Bank’s attitude to aim for making growth and development together with Chiba, my home prefecture. Recently, various corporate scandals occurred one after another, and unfortunately, regional banks are no exception. Such incidents cause me to once again think deeply about the heavy responsibilities of an Outside Director, who should oversee corporate management from an independent and objective perspective.



The Bank is active in promoting diversity, especially opening career paths to women, and it is the only regional bank selected as a Nadeshiko Brand. Based on my experiences as a prosecutor and an attorney, I have been involved in deliberating various labor bills including the Equal Employment Opportunity Act as a member of the Labor Policy Council. Making use of these experiences, I would like to focus on further promotion of diversity within the Bank.

In addition, as an attorney in a position to protect the rights of consumers, I have been involved in deliberating various financial bills at the Financial System Council. Based on these experiences, I would like to further advance the Bank’s customer-oriented operation and strengthen its role of supporting the customers’ businesses and lives from both sides of providing funds and managing assets.

I hope that the Bank will continue to meet the needs of the society in times, to be a good example of regional bank management, and to sustainably support the lives of ordinary people.



Reaching to the final stage of the medium term management plan, “Best Bank 2020,” the Chiba Bank Group is making bold efforts in multiple areas including alliances and creation of new businesses in order to respond to changes in the new business environment, while fulfilling its basic mission as a regional financial institution. I expect a great deal since these initiatives are an indication of the future of regional financial institutions.

With regard to these initiatives, I will continue to provide fairness and independence as Outside Director and give “aggressive” inspirational advice by utilizing many years of experience at non-financial companies, and at the same time, give “defensive” suggestions and advice based on my work experiences on crisis management, compliance and CSR as well as experiences as an Audit & Supervisory Board member. Through these, I would like to contribute to improving the corporate value over the medium to long term and further deepening the governance.



# Financial and Corporate Data

## Five-Year Financial Summary (Consolidated)

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

	Millions of Yen*1					Thousands of U.S. Dollars*2
	2019	2018	2017	2016	2015	2019
<b>For the Year</b>						
Total Income	¥ 238,621	¥ 234,166	¥ 227,850	¥ 228,702	¥ 229,395	\$ 2,149,933
Total Expenses	166,399	157,077	151,243	143,826	141,162	1,499,231
Profit before Income Taxes	72,221	77,089	76,606	84,875	88,232	650,702
Profit	50,478	53,796	52,730	55,444	57,033	454,799
Profit Attributable to Non-controlling Interests	—	—	—	—	—	—
Profit Attributable to Owners of Parent	50,478	53,796	52,730	55,444	57,033	454,799
<b>At Year-End</b>						
Total Assets	¥14,964,129	¥14,381,815	¥14,095,743	¥13,333,858	¥12,969,442	\$134,824,124
Loans and Bills Discounted	10,090,072	9,774,912	9,268,854	8,769,113	8,438,684	90,909,741
Securities	2,095,049	2,169,542	2,381,490	2,455,700	2,362,229	18,876,017
Deposits	12,847,994	12,468,379	11,984,784	11,486,430	11,218,113	115,758,127
Net Assets	952,267	943,236	900,550	866,398	858,747	8,579,761
Capital Ratio (BIS guidelines)	12.63%	13.18%	13.59%	13.79%	14.66%	12.63%
PER (Times)	9.20	12.57	10.94	8.36	12.96	9.20
PBR (Times)	0.48	0.70	0.63	0.53	0.85	0.48

	Yen					U.S. Dollars
	2019	2018	2017	2016	2015	2019
<b>Per Share</b>						
Profit	¥ 65.30	¥ 67.98	¥ 65.32	¥ 67.03	¥ 68.02	\$ 0.59
Net Assets	1,250.05	1,207.15	1,128.31	1,053.76	1,030.64	11.26

\*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 supplementary information 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 ¥110.99 to \$1.00, the exchange rate prevailing at March 31, 2019.

# Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2019

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
<b>Assets</b>			
Cash and Due from Banks (Note 26)	¥ 2,068,231	¥ 1,845,198	\$ 18,634,396
Call Loans and Bills Bought	109,047	75,801	982,496
Receivables under Resale Agreements	14,999	14,999	135,147
Monetary Claims Bought	22,012	21,448	198,333
Trading Assets (Notes 5 and 31)	188,905	122,069	1,702,002
Money Held in Trust (Note 33)	28,526	30,911	257,023
Securities (Notes 6, 11, 31 and 32)	2,095,049	2,169,542	18,876,017
Loans and Bills Discounted (Notes 7, 11 and 31)	10,090,072	9,774,912	90,909,741
Foreign Exchanges (Note 8)	3,829	3,187	34,500
Other Assets (Notes 9 and 11)	198,301	185,943	1,786,663
Tangible Fixed Assets (Notes 10 and 19)	107,017	99,476	964,206
Intangible Fixed Assets	12,870	11,858	115,961
Net Defined Benefit Asset (Note 18)	—	1,072	—
Deferred Tax Assets (Note 29)	4,503	4,535	40,574
Customers' Liabilities for Acceptances and Guarantees	50,608	48,569	455,972
Allowance for Loan Losses	(29,845)	(27,714)	(268,906)
<b>Total Assets</b>	<b>¥14,964,129</b>	<b>¥14,381,815</b>	<b>\$134,824,124</b>
<b>Liabilities</b>			
Deposits (Notes 11, 12 and 31)	¥12,847,994	¥12,468,379	\$115,758,127
Call Money and Bills Sold	170,000	—	1,531,670
Payables under Repurchase Agreements (Note 11)	29,404	17,085	264,930
Payables under Securities Lending Transactions (Note 11)	213,345	260,387	1,922,208
Trading Liabilities (Notes 13 and 31)	22,216	12,632	200,166
Borrowed Money (Notes 11 and 14)	374,830	334,405	3,377,156
Foreign Exchanges (Note 15)	727	587	6,557
Bonds Payable (Note 16)	116,578	113,714	1,050,350
Borrowed Money from trust account	2,383	963	21,476
Other Liabilities (Note 17)	143,217	120,458	1,290,363
Net Defined Benefit Liability (Note 18)	2,049	14,898	18,468
Provision for Directors' Retirement Benefits	155	132	1,405
Provision for Reimbursement of Deposits	2,377	3,074	21,423
Provision for Point Loyalty Programs	495	482	4,466
Reserve under Special Laws	21	21	197
Deferred Tax Liabilities (Note 29)	24,602	31,930	221,665
Deferred Tax Liabilities for Land Revaluation (Note 19)	10,850	10,852	97,764
Acceptances and Guarantees	50,608	48,569	455,972
<b>Total Liabilities</b>	<b>¥14,011,861</b>	<b>¥13,438,578</b>	<b>\$126,244,363</b>
<b>Net Assets</b>			
Capital Stock (Note 20)	¥ 145,069	¥ 145,069	\$ 1,307,047
Capital Surplus	122,134	122,134	1,100,406
Retained Earnings	621,548	600,931	5,600,042
Treasury Shares	(56,260)	(59,256)	(506,900)
Total Shareholders' Equity	832,491	808,878	7,500,596
Valuation Difference on Available-for-sale Securities (Note 34)	112,448	121,950	1,013,141
Deferred Gains or Losses on Hedges	(1,976)	1,822	(17,808)
Revaluation Reserve for Land (Note 19)	10,798	10,802	97,288
Remeasurements of Defined Benefit Plans	(1,973)	(730)	(17,778)
Total Accumulated Other Comprehensive Income	119,296	133,846	1,074,843
Subscription Rights to Shares	479	511	4,322
<b>Total Net Assets</b>	<b>¥ 952,267</b>	<b>¥ 943,236</b>	<b>\$ 8,579,761</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,964,129</b>	<b>¥14,381,815</b>	<b>\$134,824,124</b>

See notes to consolidated financial statements.

Introduction

Summary

Growth Strategy for  
"Sustainable Management"

Addressing Social Issues to Achieve  
"Sustainable Management"

Management Base to Support  
"Sustainable Management"

Financial and Corporate Data

## Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2019

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥112,603	¥108,285	\$1,014,541
Interest and Dividends on Securities	28,131	25,684	253,458
Other Interest Income	3,461	3,528	31,185
Trust Fees	23	16	216
Fees and Commissions	51,752	52,701	466,278
Trading Income (Note 21)	5,106	5,686	46,012
Other Ordinary Income (Note 22)	6,620	5,378	59,647
Other Income (Note 23)	30,921	32,885	278,596
<b>Total Income</b>	<b>¥238,621</b>	<b>¥234,166</b>	<b>\$2,149,933</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 13,083	¥ 8,374	\$ 117,882
Interest on Borrowings and Rediscounts	2,803	1,764	25,255
Other Interest Expenses	9,240	8,786	83,256
Fees and Commissions Payments	18,812	17,777	169,501
Trading Expenses	527	—	4,757
Other Ordinary Expenses (Note 24)	581	3,249	5,238
General and Administrative Expenses	89,113	91,193	802,893
Other Expenses (Note 25)	32,236	25,931	290,449
<b>Total Expenses</b>	<b>¥166,399</b>	<b>¥157,077</b>	<b>\$1,499,231</b>
<b>Profit before Income Taxes</b>	<b>72,221</b>	<b>77,089</b>	<b>650,702</b>
Income Taxes—Current	23,118	22,969	208,297
Income Taxes—Deferred	(1,375)	323	(12,394)
<b>Profit</b>	<b>¥ 50,478</b>	<b>¥ 53,796</b>	<b>\$ 454,799</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 50,478</b>	<b>¥ 53,796</b>	<b>\$ 454,799</b>

See notes to consolidated financial statements.

# Non-Consolidated Balance Sheet

The Chiba Bank, Ltd.  
As of March 31, 2019

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2019	2018	2019
<b>Assets</b>			
Cash and Due from Banks	¥ 2,063,517	¥ 1,841,522	\$ 18,591,920
Call Loans	109,047	75,801	982,496
Receivables under Resale Agreements	14,999	14,999	135,147
Monetary Claims Bought	10,981	11,328	98,938
Trading Assets	188,088	121,585	1,694,642
Money Held in Trust	22,026	22,111	198,459
Securities	2,082,715	2,156,704	18,764,889
Loans and Bills Discounted	10,136,875	9,816,065	91,331,434
Foreign Exchanges	3,829	3,187	34,500
Other Assets	123,001	114,360	1,108,225
Tangible Fixed Assets	101,861	94,415	917,755
Intangible Fixed Assets	12,726	11,675	114,667
Prepaid Pension Cost	1,558	442	14,039
Customers' Liabilities for Acceptances and Guarantees	41,689	38,477	375,618
Allowance for Loan Losses	(21,316)	(18,978)	(192,061)
<b>Total Assets</b>	<b>¥14,891,602</b>	<b>¥14,303,698</b>	<b>\$134,170,666</b>
<b>Liabilities</b>			
Deposits	¥12,915,232	¥12,530,506	\$116,363,933
Call Money	170,000	—	1,531,670
Payables under Repurchase Agreements	29,404	17,085	264,930
Payables under Securities Lending Transactions	213,345	260,387	1,922,208
Trading Liabilities	22,216	12,632	200,166
Borrowed Money	373,960	333,334	3,369,321
Foreign Exchanges	727	587	6,557
Bonds Payable	116,578	113,714	1,050,350
Borrowed money from trust account	2,383	963	21,476
Other Liabilities	83,597	62,395	753,196
Provision for Retirement Benefits	—	12,486	—
Provision for Reimbursement of Deposits	2,377	3,074	21,423
Provision for Point Loyalty Programs	246	239	2,224
Deferred Tax Liabilities	22,330	28,884	201,193
Deferred Tax Liabilities for Land Revaluation	10,850	10,852	97,764
Acceptances and Guarantees	41,689	38,477	375,618
<b>Total Liabilities</b>	<b>¥14,004,943</b>	<b>¥13,425,622</b>	<b>\$126,182,029</b>
<b>Net Assets</b>			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,307,047
Capital Surplus	122,134	122,134	1,100,406
Retained Earnings	563,190	545,044	5,074,242
Legal Retained Earnings	50,930	50,930	458,872
Other Retained Earnings	512,259	494,114	4,615,370
Treasury Shares	(56,260)	(59,256)	(506,900)
Total Shareholders' Equity	774,132	752,991	6,974,796
Valuation Difference on Available-for-Sale Securities	103,225	111,947	930,039
Deferred Gains or Losses on Hedges	(1,976)	1,822	(17,808)
Revaluation Reserve for Land	10,798	10,802	97,288
Total Valuation and Translation Adjustments	112,046	124,572	1,009,519
Subscription Rights to Shares	479	511	4,322
<b>Total Net Assets</b>	<b>¥ 886,658</b>	<b>¥ 878,076</b>	<b>\$ 7,988,637</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,891,602</b>	<b>¥14,303,698</b>	<b>\$134,170,666</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.

\*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 ¥110.99 to \$1.00, the exchange rate prevailing at March 31, 2019.

Introduction

Summary

Growth Strategy for  
"Sustainable Management"

Addressing Social Issues to Achieve  
"Sustainable Management"

Management Base to Support  
"Sustainable Management"

Financial and Corporate Data



## Non-Consolidated Statement of Income

The Chiba Bank, Ltd.  
For the year ended March 31, 2019

	Millions of Yen <sup>*1</sup>		Thousands of U.S. Dollars <sup>*2</sup>
	2019	2018	2019
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥112,600	¥108,223	\$1,014,506
Interest and Dividends on Securities	31,770	28,795	286,248
Other Interest Income	3,341	3,383	30,105
Trust Fees	23	16	216
Fees and Commissions	42,830	43,476	385,898
Trading Income	1,701	2,001	15,328
Other Ordinary Income	6,601	5,375	59,478
Other Income	11,353	13,962	102,293
<b>Total Income</b>	<b>¥210,223</b>	<b>¥205,233</b>	<b>\$1,894,072</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 13,088	¥ 8,379	\$ 117,927
Interest on Borrowings and Rediscounts	2,801	1,763	25,243
Other Interest Expenses	9,220	8,745	83,074
Fees and Commissions Payments	20,421	19,735	183,998
Trading Expenses	527	—	4,757
Other Ordinary Expenses	581	3,249	5,238
General and Administrative Expenses	82,995	85,082	747,771
Other Expenses	13,772	9,023	124,089
<b>Total Expenses</b>	<b>¥143,409</b>	<b>¥135,979</b>	<b>\$1,292,098</b>
<b>Profit before Income Taxes</b>	<b>66,813</b>	<b>69,254</b>	<b>601,973</b>
Income Taxes—Current	20,321	19,783	183,091
Income Taxes—Deferred	(1,514)	(184)	(13,647)
<b>Profit</b>	<b>¥ 48,006</b>	<b>¥ 49,655</b>	<b>\$ 432,530</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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## Group Companies

The Chiba Bank Group, which comprises the Bank and 14 group companies, provides customers with a wide-ranging lineup of financial products and services.

### ● Securities and asset management businesses

Company	Principal business	Corporate profile	
<b>Chibagin Securities Co., Ltd.*</b> Chiba Chuo Twin Building, 2nd Tower 2F, 2-5-1, Chuo, Chuo-ku, Chiba-shi, Chiba 260-0013	Securities business	Established: Capital: Bank's voting rights:	March 27, 1944 ¥4,374 million 100%
<b>Chibagin Asset Management Co., Ltd.</b> 2-13-7, Kotobashi, Sumida-ku, Tokyo 130-0022	Investment management, investment advice	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	March 31, 1986 ¥200 million 40% 30%

### ● Research and consulting business

Company	Principal business	Corporate profile	
<b>Chibagin Research Institute, Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Research, surveys, and consulting	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	February 28, 1990 ¥150 million 31.77% 68.23%
<b>Chibagin Computer Service Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Software development, commissioned computation tasks	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	April 1, 1980 ¥150 million 48.67% 51.33%
<b>T&amp;I Innovation Center Co., Ltd.</b> Muromachi Chibagin Mitsui Building, 1-5-5, Nihonbashi Muromachi, Chuo-ku, Tokyo 103-0022	Research and investigation of IT and financial technologies, development and sales of software	Established: Capital: Bank's voting rights:	July 1, 2016 ¥100 million 40%

### ● Leasing and venture capital business

Company	Principal business	Corporate profile	
<b>Chibagin Leasing Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Leasing	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	December 15, 1986 ¥100 million 49% 51%
<b>Chibagin Capital Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Operation and management of investment funds, M&A advisory business	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	May 29, 1984 ¥100 million 30% 70%

### ● Credit card business

Company	Principal business	Corporate profile	
<b>Chibagin JCB Card Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Credit card and credit guarantee business	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	November 1, 1982 ¥50 million 49% 51%
<b>Chibagin DC Card Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Credit card and credit guarantee business	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	February 16, 1989 ¥50 million 40% 60%

### ● Personnel service and outsourcing business

Company	Principal business	Corporate profile	
<b>Chibagin Career Service Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Personnel service business, accounting and general administration entrustment service business	Established: Capital: Bank's voting rights:	December 22, 1989 ¥20 million 100%
<b>Chibagin Heartful Co., Ltd.</b> 4-1-10, Masago, Mihama-ku, Chiba-shi, Chiba 261-0011	Outsourcing of operational business	Established: Capital: Bank's voting rights:	December 1, 2006 ¥10 million 100%
<b>Sobu Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Rental and maintenance of the Chiba Bank's office buildings and welfare facilities, purchase and sale of supplies and consumer goods	Established: Capital: Bank's voting rights:	September 7, 1959 ¥20 million 100%

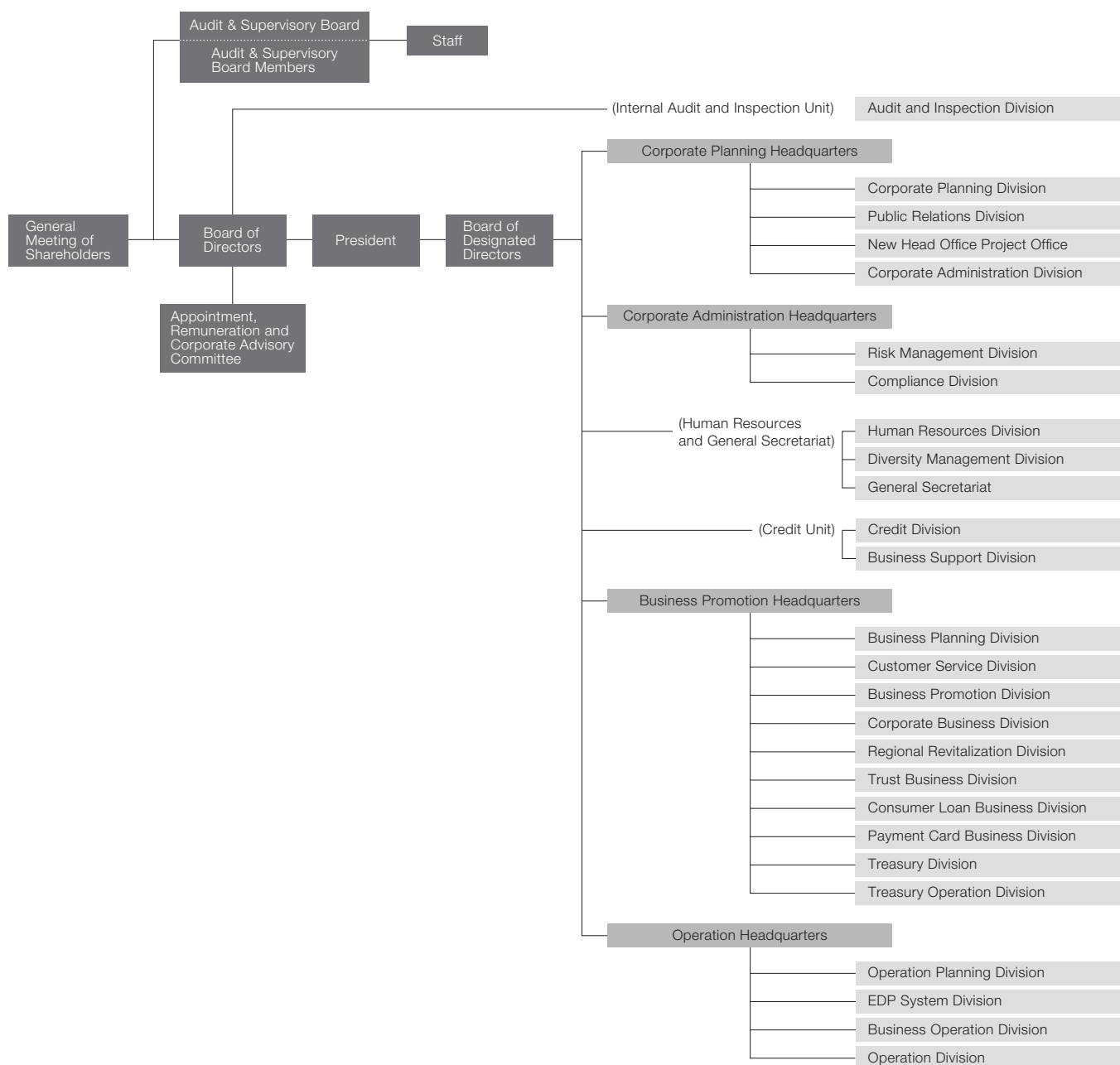
### ● Credit guarantees and credit management business

Company	Principal business	Corporate profile	
<b>Chibagin Guarantee Co., Ltd.</b> 3-17-5, Inage-higashi, Inage-ku, Chiba-shi, Chiba 263-0031	Loan guarantees, fee collection services	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	May 1, 1978 ¥54 million 45.63% 54.37%
<b>Chiba Servicer Co., Ltd.</b> Chibagin Makuhari Building, 1-10-2, Nakase, Mihama-ku, Chiba-shi, Chiba 261-0023	Management and collection of claims	Established: Capital: Bank's voting rights:	October 1, 2001 ¥500 million 100%

As part of the efforts to operate the group companies in an integrated manner, nine of the group companies have relocated their head offices to Chibagin Makuhari Building in Makuhari-shintoshin district to further enhance group collaboration.

# Organization

The Chiba Bank, Ltd.  
As of June 26, 2019



# International Directory

The Chiba Bank, Ltd.  
As of August 9, 2019

**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

**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

**Representative Office Registered in Singapore**  
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, 2019

### Principal Shareholders

The ten largest shareholders of the Bank and their respective shareholdings as of March 31, 2019 were as follows:

	Number of Shares (in thousands)*1	Percentage of Total Shares Issued*2 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,123	6.84
Japan Trustee Services Bank, Ltd. (Trust Account)	36,583	4.80
Nippon Life Insurance Company	26,870	3.52
The Dai-ichi Life Insurance Company, Limited	26,230	3.44
Sompo Japan Nipponkoa Insurance Inc.	18,537	2.43
Meiji Yasuda Life Insurance Company	18,291	2.40
SUMITOMO LIFE INSURANCE COMPANY	17,842	2.34
MUFG Bank, Ltd.	17,707	2.32
STATE STREET BANK AND TRUST COMPANY 505223	15,001	1.97
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,702	1.79

Excluded from the figures above are 79,121 thousand treasury shares in the name of the Chiba Bank, Ltd. (Excludes one thousand shares which, although registered in the name of the Chiba Bank, Ltd. on the shareholder list, are not actually owned by the Bank.)

\*1 Rounded down to the nearest thousand

\*2 Rounded down to two decimal places

### Corporate Profile

Established	March 1943
Network	182 branches (158 head office and branches, 5 special sub branches, 16 sub branches, 3 virtual branches)
	Domestic
	3 money exchange counters
	49,479 off-branch ATM locations (including 12,377 E-net ATM locations at convenience stores, 23,367 ATM locations jointly with Seven Bank, Ltd., 13,441 ATM locations jointly with Lawson Bank, Inc.)
	Overseas
	3 branches (New York/Hong Kong/London)
	3 representative offices (Shanghai/Singapore/Bangkok)
Number of Employees*1	4,224
Total Assets	¥14,891.6 billion (Non-Consolidated)
Deposits (including NCD)	¥12,915.2 billion (Non-Consolidated)
Loans and Bills Discounted	¥10,136.8 billion (Non-Consolidated)
Capital Stock	¥145.0 billion
Total Capital Ratio (BIS guidelines)	12.63% (Consolidated) 12.04% (Non-Consolidated)
Authorized Number of Shares	2,500,000 thousand
Number of Issued Shares	840,521 thousand
Number of Shareholders*2	30,001
Stock Listing (Code)	Tokyo Stock Exchange (8331)
Transfer Agent	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi Kayabacho, Chuo-ku, Tokyo 103-8202

Figures as shown are rounded down in principal.

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

\*2 Shareholders with fewer than one unit (100 shares) are excluded



## THE CHIBA BANK, LTD.

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