

# Annual Report 2017

Year ended March 31, 2017



# Overview of Japanese Regional Banks

Japan's 64 regional banks each have a dense network of branches that center on the prefecture where their head office is located. The banks accommodate the diverse financial needs of individual customers and regional small- and medium-sized and middle-market companies, playing a leading role in regional finance for the promotion and development of regional communities.

## About the Chiba Bank

The Chiba Bank is a regional bank with its main operating base in Chiba Prefecture. As of March 31, 2017, total assets on a non-consolidated basis were ¥14.0 trillion, ranking the Bank second among Japan's regional banks.

The Chiba Bank has an expansive network of branches in Chiba Prefecture and neighboring areas. We have 160 branches in Chiba Prefecture, 14 in Tokyo, 3 in Saitama Prefecture, 3 in Ibaraki Prefecture, and 1 in Osaka Prefecture, in addition to overseas branches in New York, Hong Kong and London, and representative offices in Shanghai, Singapore and Bangkok.

Our share of loans in Chiba Prefecture is approximately 40%, and our share of deposits is approximately 25%, both of which exceed all other financial institutions—we have a very powerful customer base in the region.

### Total Assets

Non-consolidated (As of March 31, 2017)

¥ **14.0** trillion

### Profit Attributable to Owners of Parent

(FY2016, ended March 31, 2017)

¥ **52.7** billion

### Total Capital Ratio

Consolidated (As of March 31, 2017)

**13.59**%

### Credit Ratings (As of March 31, 2017)

	Long-term	Short-term
Standard & Poor's	<b>A</b>	<b>A-1</b>
Moody's	<b>A1</b>	<b>P-1</b>
Rating and Investment Information	<b>AA-</b>	<b>—</b>



# Key Data for Chiba Prefecture

Gross Prefectural Product\*2

¥ **20.0** trillion  
6<sup>th</sup> among Japanese Prefectures

Population\*1

**6.2** million  
6<sup>th</sup> among Japanese Prefectures

Balance of Deposits\*3

¥ **28.1** trillion  
6<sup>th</sup> among Japanese Prefectures

Number of Households\*1

**2.6** million  
6<sup>th</sup> among Japanese Prefectures

Balance of Loans\*3

¥ **13.8** trillion  
7<sup>th</sup> among Japanese Prefectures

\*1 Statistics Bureau, Ministry of Internal Affairs and Communications "Population Census" (2015)

\*2 Economic and Social Research Institute, Cabinet Office "Prefectural Accounts" (FY2014)

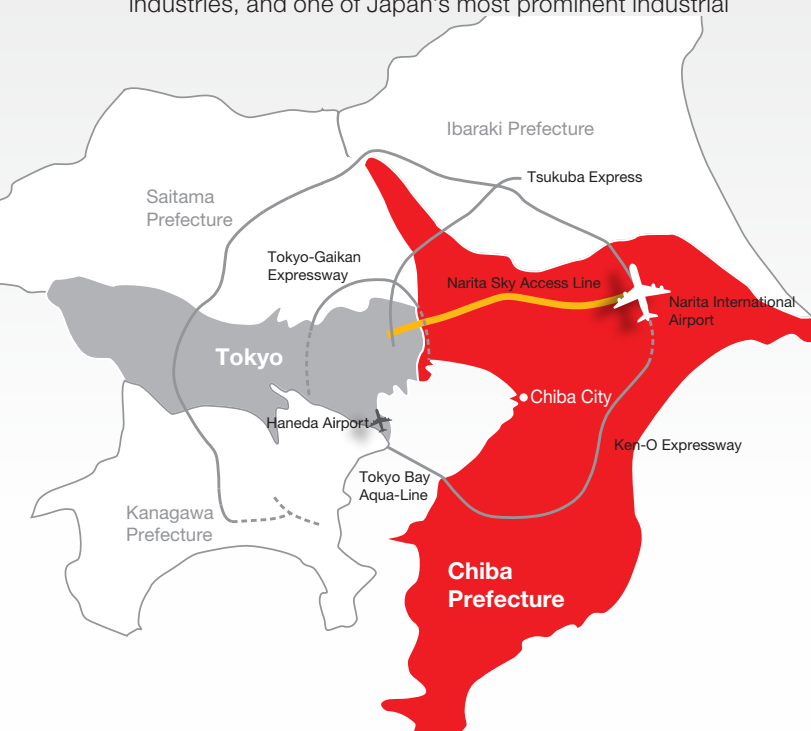
\*3 The Bank of Japan (As of March 2017)

## Growth Potential of Our Operating Area

Chiba Prefecture, the Chiba Bank's primary operating base, is Japan's sixth largest in terms of both population and GDP. With favorable geographic conditions and a warm 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.

In addition, a well-developed transportation network connected with the greater Tokyo metropolitan area, including Narita International Airport, supports people's daily lives and companies' business activities in the region. Moreover, further growth is expected going forward as various infrastructure and other development projects are carried out ahead of the Tokyo Olympic and Paralympic Games in 2020.



## National Strategic Special Zone

Narita City is conducting urban development projects that utilize the airport and has been designated a National Strategic Special Zone with the aim of becoming a world-class city in the field of medical services. The city will be responding to increasing aging-related medical needs and further enhancing medical services for foreigners, so a number of medical institutions are expected to be established, including a medical university in April 2017, and medical professionals and other personnel will be trained, and this is expected to generate major economic benefits.

# History of the Chiba Bank

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

**1943.3** | Founded the Chiba Bank  
Chiba Godo Bank, Omigawa Agricultural and Commercial Bank, and the Kujuhachi Bank merged

**1970.10** | Listed on TSE 2nd Section  
**1971.8** | Listed on TSE 1st Section  
**1973.3** | Newly built and relocated the Head Office in Chiba-minato

## Overseas offices opened

**1987.4** | New York Branch  
**1989.4** | Hong Kong Branch  
**1991.2** | London Branch  
**1995.11** | Shanghai Rep.  
**2011.3** | Singapore Rep.  
**2014.9** | Bangkok Rep.

### Balance of Deposits

¥ **247** million

### Balance of Loans

¥ **51** million

(millions of people)

7

6

5

4

3

2

1

0



**1.6** million  
(As of October 1, 1943)

1943.3

1953.3

1963.3

1973.3

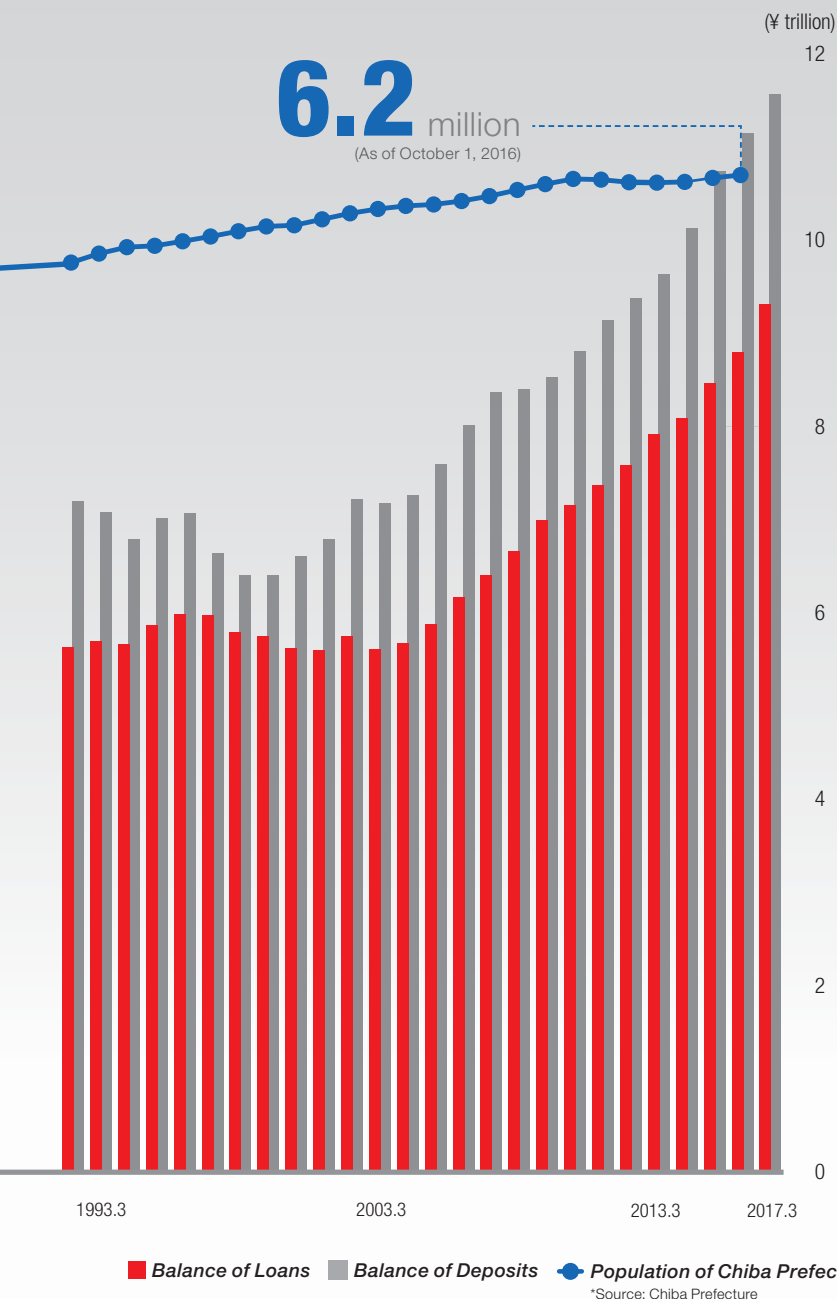
1983.3

Balance of Deposits

¥ **11.5** trillion

Balance of Loans

¥ **9.3** trillion  
Non-Consolidated (As of March 31, 2017)



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# Co-create Value with the Region and Customers

**Hidetoshi Sakuma**

*President (Representative Director)*



### Review of the Fiscal Year Ended March 31, 2017

The previous fiscal year was the final year of our previous medium-term management plan. I believe we were able to demonstrate a resolute, assertive stance on various fronts and make considerable progress. We proactively contributed to regional revitalization while offering proposals with high added value for solving issues faced by our customers. At the same time, we made substantial progress forging alliances with other banks and sharing systems and increasing productivity by streamlining and specializing work processes, all the while accurately reading the latest trends.

Meanwhile, we have laid a solid foundation for future growth. As digital technology spreads rapidly throughout society, digital banking is becoming more prevalent within the context of services, work processes and bank employees. In July 2016, we established a joint venture to assess and research FinTech. In September, we launched a prototype next-generation branch model at an actual bank branch. In October, a department to promote work style reform was created to advance work style reforms and conduct a sweeping review of IT-driven work methods. We are taking on the challenge of constructively transforming ourselves, guided by new ideas that break from traditional approaches and stereotypes.

### Financial Results for the Fiscal Year Ended March 31, 2017

Consolidated ordinary profit decreased by ¥7.9 billion year on year to ¥77.6 billion, and we reported ¥52.7 billion in profit attributable to owners of parent, a decline of ¥2.7 billion, in the fiscal year ended March 31, 2017. We posted our third-highest level of profits, despite the negative interest rate policy of the Bank of Japan and other factors. In addition, we maintained a very high degree of financial soundness with a consolidated total capital ratio of 13.59%.

As of March 31, 2017, our balance of loans increased by ¥507.9 billion from the end of the previous fiscal year to ¥9,305.3 billion, breaking above the ¥9 trillion level as a result of aggressive efforts to address customer needs, such as by extending loans to SMEs and housing loans. The balance of deposits increased by ¥425.5 billion compared with the previous fiscal year-end to ¥11,565.7 billion, due mainly to an increase in deposits from individual customers.

### Market Environment

The Japanese economy stayed on a moderate recovery trend amid continued improvement in employment conditions and household income. There are still concerns that must be addressed by continuous initiatives, however, such as the declining population in the medium

to long term and widening regional disparity between urban and rural areas.

Situated in the Tokyo metropolitan area, Chiba Prefecture, the main operating area of the Chiba Bank, is projected to continue growing strongly, thanks to upgrades in transportation infrastructure including the Ken-O Expressway and the Tokyo-Gaikan Expressway, progress on regional revitalization projects, and economic boosts from the Tokyo Olympic and Paralympic Games. In the near future, however, major changes are likely to arise in the business environment, as current forecasts predict the population in Chiba Prefecture will start shrinking around 2020, amid the rapid spread of digital technology, competitors coming from different sectors, and the increasing use of artificial intelligence.

## **New Medium Term Management Plan**

With an eye on this changing landscape, the Bank initiated its 13th Medium Term Management Plan “Best Bank 2020 Final Stage—3 years of value co-creation” for the period beginning in April 2017 and ending in March 2020. This plan is the final three-year (“Final Stage”) for reaching our goal of becoming the “best retail” banking group by 2020, continued from our previous management plan. The phrase “value co-creation” underscores our focus on solving customer issues and advancing regional revitalization, which promotes our growth as a bank with sound finances.

## **Our Vision**

Our aim is to be the “best retail” banking group, providing top-class satisfaction through advanced services, and to be highly regarded by our regional customers, both individuals and SMEs. By co-creating value with stakeholders, including customers, shareholders, employees and regional communities, we aim for sustainable growth with the region through heightened levels of productivity and unwavering trust.

In line with our goal of becoming the “best retail” banking group, the new medium term plan identifies three main issues to be addressed: “co-creating

customer value,” “realizing work style reform for all employees,” and “strengthening a sustainable management structure.” The management plan has six numerical targets for the final fiscal year, ending March 31, 2020, including profit attributable to owners of parent of ¥60 billion, a loan balance of ¥10,500 billion, and a deposit balance of ¥12,500 billion.

## **Co-creating Customer Value**

The Chiba Bank is stepping up efforts to support regional revitalization and customers’ main businesses based on evaluation of their potential. From Chiba Prefecture, our primary operating base, we aim to expand our share in the Tokyo metropolitan area by opening new branches in the strategic operating area of Tokyo’s 23 wards and deepening the Chiba-Musashino Alliance. Moreover, we are enhancing our client-oriented fiduciary duties. Latching onto digital trends throughout society, the Bank is developing advanced services with high added value that utilize FinTech.

## **Realizing Work Style Reform for All Employees**

The Chiba Bank is nurturing professional staff able to produce strong results produced by their customer-first attitude, their high level of expertise, and their broad business skills. Positioning diversity as a management strategy, we seek out diverse human resources in order to enhance our ability to flexibly and rapidly adapt to changes in the business environment. In addition, we are reassessing the way each employee works, encouraging them to focus on doing work with even higher added value in a bid to exceed the expectations of our customers.

## **Strengthening a Sustainable Management Structure**

The Chiba Bank aims to strengthen sales growth and reduce costs by deepening alliances with other banks, including the Chiba-Musashino Alliance and the TSUBASA Alliance for Enhancing Financial Systems

## Message from the President

(TSUBASA Alliance). We also aim to realize low-cost operations by undertaking a sweeping review of business processes, while enhancing corporate governance and striving to resolve issues affecting regional communities. In these and other ways, the Chiba Bank is proactively and assertively acting on environmental, social and governance (ESG) issues.

## Strategic Alliances

The Chiba-Musashino Alliance between the Chiba Bank and The Musashino Bank, Ltd., which is based in Saitama Prefecture, has already exceeded our expectations in terms of the measures undertaken thus far. This achievement reflects the high level of collaboration between the two banks in each business field and their initiative to focus on objectives that can be quickly attained. In order to organizationally and sustainably advance these undertakings, both banks established Chiba-Musashino Alliance Co., Ltd. through equal investments in April 2017 with the responsibility of advising the banks on medium- and long-term strategies and cross-organizational measures for the alliance.

Also, we are deepening partnerships across regions through the TSUBASA Alliance, an alliance between the six regional banks of the Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, and North Pacific Bank. In May 2017, we started a project to develop a shared application programming interface (API) platform with our joint venture T&I Innovation Center Co., Ltd. and IBM Japan, Ltd. In addition, we collaborated on the joint formation of syndicated loans, and the Chiba Bank, Daishi Bank and Toho Bank started cooperation in inheritance-related business.

In April 2017, we established the Alliance Management Office at our Head Office dedicated to deepening these alliances.

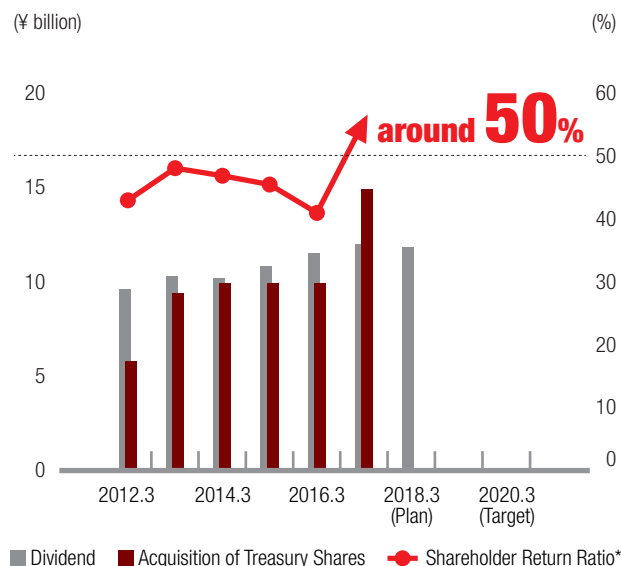
## In Conclusion

Our mission as a regional financial institution is to meet customer needs and contribute to developments in the region by providing financial services. In fulfilling this mission, we will make every effort to provide valuable products and services to customers as a unified group of companies, and work toward solving the various issues faced by regional communities.

At the same time, the Bank aims to improve its capital efficiency and shareholder returns while maintaining the financial soundness necessary for reliably supplying funds to the region. We will steadily implement the measures in the management plan by effectively using capital and investing in strategic fields, in order to build a solid business foundation resilient to changes in the operating environment and ultimately increase corporate value over the medium and long terms.

All Group directors and employees are ready to make every effort to meet the expectations of our stakeholders. We ask for your continued support and patronage.

## Aggressive Shareholder Return



\* Shareholder return ratio = Total shareholder return ÷ Non-consolidated profit



The 13th Medium Term Management Plan

# Best Bank 2020 Final Stage

— 3 years of value co-creation

2017.4.1 – 2020.3.31

## Our vision “best retail” banking group

— We will aim to be the “best retail” banking group, providing top-class satisfaction through advanced services, and to be highly regarded by our regional customers, both individuals and SMEs. —

**CS** Customer Satisfaction  
Respond speedily to customers' needs

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

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

<b>1</b>	<b>Co-creating customer value</b>	<ul style="list-style-type: none"> <li>• Conducting comprehensive evaluation of a customer's business and contributing to regional revitalization</li> <li>• Strengthening fiduciary duties</li> <li>• Providing integrated personal financial services matching the diverse needs of customers</li> <li>• Creating new services responding to digitalization</li> <li>• Upgrading the retail base in the metropolitan area</li> <li>• Strengthening international business responding to customers' globalization</li> <li>• Advancing activities for customer satisfaction</li> </ul>
<b>2</b>	<b>Realizing work style reform for all employees</b>	<ul style="list-style-type: none"> <li>• Developing a highly professional workforce</li> <li>• Accelerating diversity</li> <li>• Promoting work style reform</li> </ul>
<b>3</b>	<b>Strengthening a sustainable management structure</b>	<ul style="list-style-type: none"> <li>• Further promoting strategic alliances (Chiba-Musashino Alliance, TSUBASA Alliance)</li> <li>• Strengthening the Group management structure</li> <li>• Promoting business efficiency</li> <li>• Strengthening investment capabilities and profitability</li> <li>• Strengthening the risk management structure</li> <li>• Ensuring thorough compliance and protection of customers</li> <li>• Positive and active action on ESG issues</li> </ul>

### Target Indicators

(¥ billion)	2017/3 (Actual)	2020/3 (Target)
Profit Attributable to Owners of Parent	52.7	<b>60</b>
Consolidated ROE*	6.86%	<b>7% range</b>
Consolidated Common Equity Tier I Capital Ratio	12.65%	<b>12% range</b>
Balance of Loans	9,305.3	<b>10,500</b>
Balance of Deposits	11,565.7	<b>12,500</b>
Group Total Balance of Financial Products	2,010.0	<b>2,500</b>

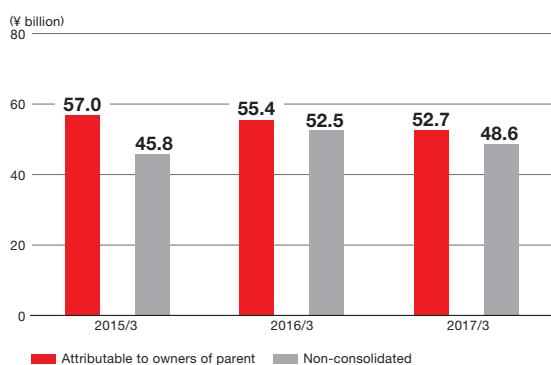
\* Consolidated ROE = Profit attributable to owners of parent ÷ Total shareholders' equity (Capital stock + Capital surplus + Retained earnings – Treasury shares)

# Financial Highlights

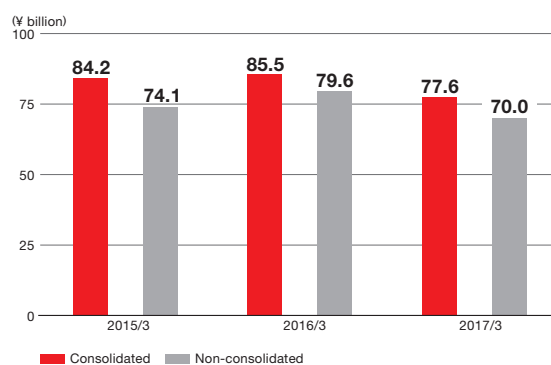
In the fiscal year ended March 31, 2017, due to the negative interest rate policy imposed by the Bank of Japan, consolidated ordinary profit decreased by ¥7.9 billion to ¥77.6 billion, profit attributable to owners of parent decreased by ¥2.7 billion to ¥52.7 billion. In general, the Chiba Bank achieved a solid performance as expected, and we were able to achieve our third-highest consolidated and non-consolidated profit.

The total capital ratio calculated based on the BIS guidelines was 13.59% on a consolidated basis and 13.03% on a non-consolidated basis.

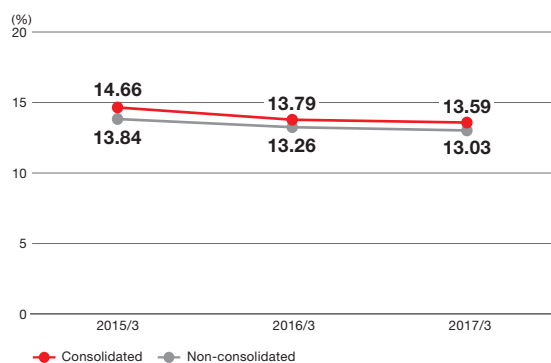
## Profit



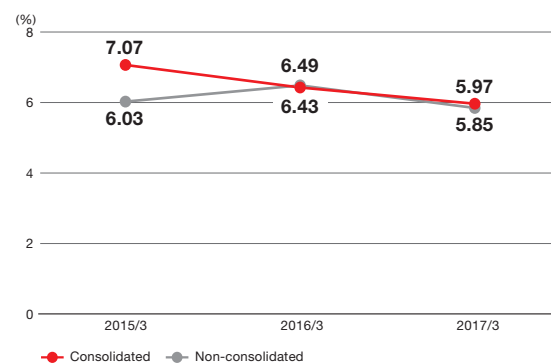
## Ordinary Profit



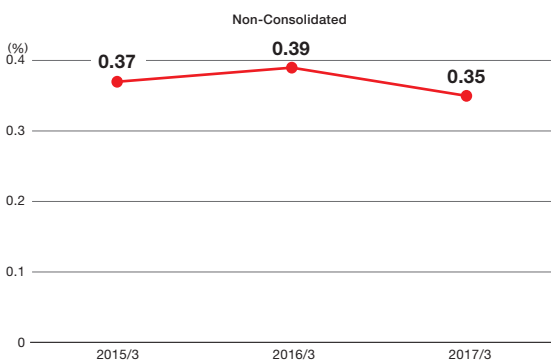
## Total Capital Ratio



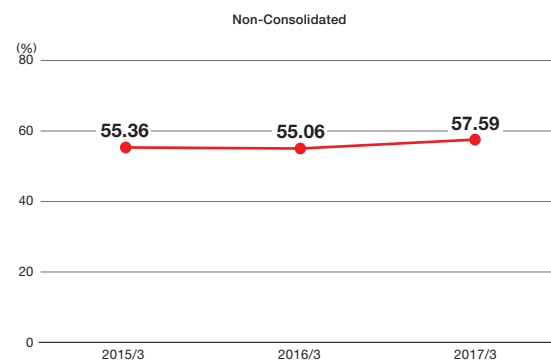
## ROE



## ROA



## OHR

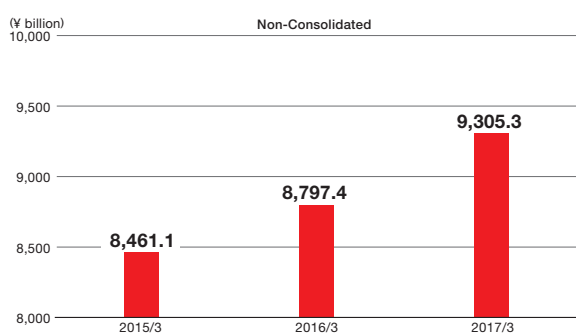


The balance of loans increased by ¥507.9 billion from the previous fiscal year-end to ¥9,305.3 billion. Among these, outstanding SME loans increased by ¥355.0 billion and outstanding housing loans increased by ¥141.2 billion from the previous fiscal year-end. Disclosed claims under the Financial Reconstruction Law decreased by ¥12.7 billion from the previous fiscal year-end to ¥139.0 billion, and the non-performing loan ratio was maintained at a low level of 1.47%.

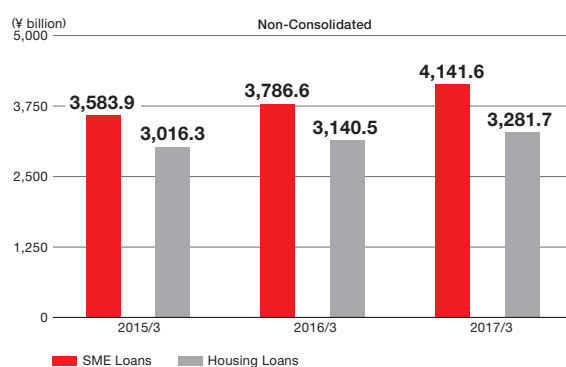
The balance of deposits, including negotiable certificates of deposit (NCDs), increased by ¥505.5 billion compared with the previous fiscal year-end to ¥12,044.7 billion.

The balance of securities decreased by ¥74.2 billion compared with the previous fiscal year-end to ¥2,373.6 billion.

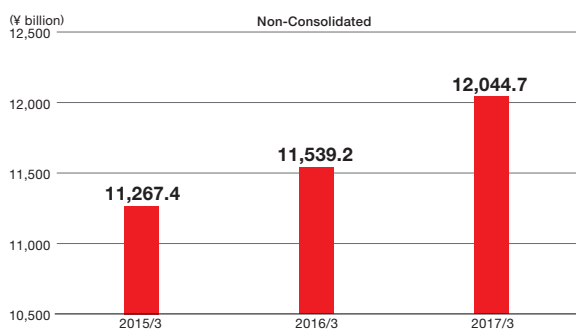
## Balance of Loans



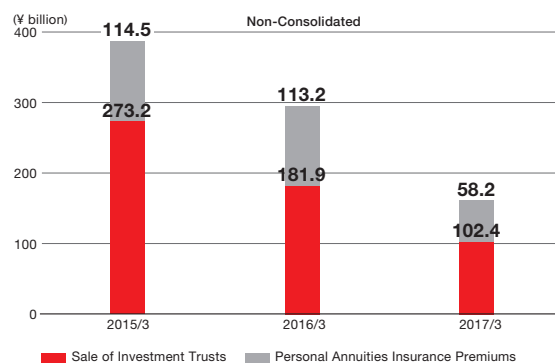
## SME Loans / Housing Loans



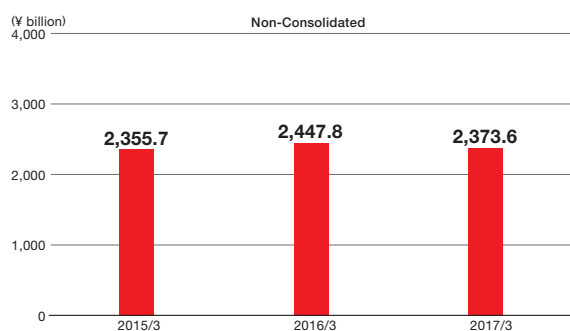
## Balance of Deposits including NCD



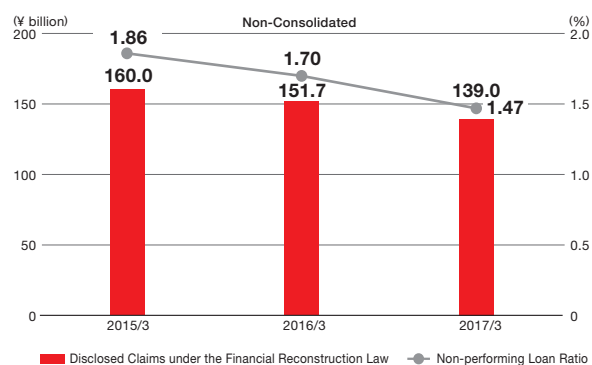
## Investment-type Financial Products



## Balance of Securities



## Disclosed Claims under the Financial Reconstruction Law / Non-performing Loan Ratio



## Corporate Banking

### Evaluations of Customers' Business Potential

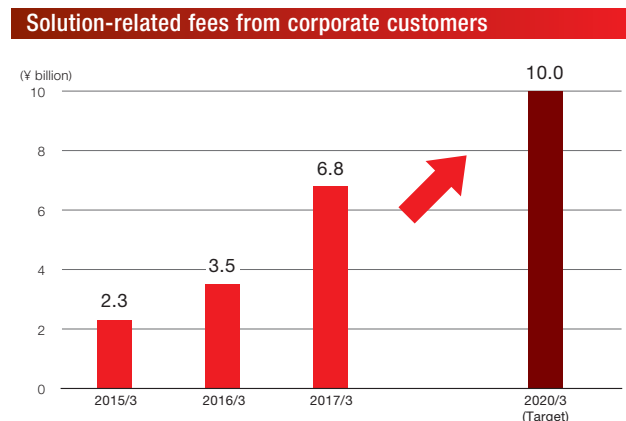
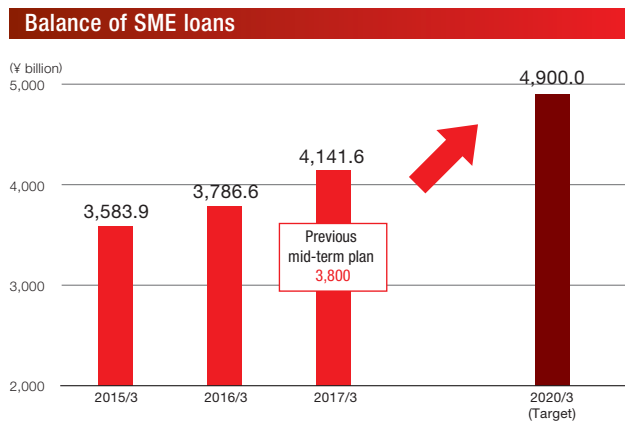
As a regional financial institution, the Chiba Bank exercises an intermediation function by closely engaging with customers involved in the regional economy, and provides valuable advice to solve management issues based on a deep understanding of their businesses.

Regarding transactions with corporate customers, we rigorously conduct activities centered on supporting their main businesses based on evaluations of their business potential. We conducted these evaluations at top-level regional banks—those with more than 10,000 customers—to understand the main businesses of our customers. In particular, we have selected core

companies that lead regional economies and industries as Designated Companies for Regional Revitalization, and we are meeting their needs with a wide range of proposals, including optimal financing schemes, M&As and business matching.

According to an annual survey of main banks by the Teikoku Databank, more than 20,000 companies use the Chiba Bank as their main bank—more than any other regional bank for the eighth consecutive year since the survey began.

In addition to supporting main businesses, we will focus on rigorous cross-selling, including by promoting credit cards for corporate owners and their employees, and on increasing fees and commissions income.



### Evaluation of customers' business potential

**Our activities**

- Lending based on evaluation of a customer's business
- Solutions responding to customers' life stages
- Expand operations with customers, supporting as a main bank

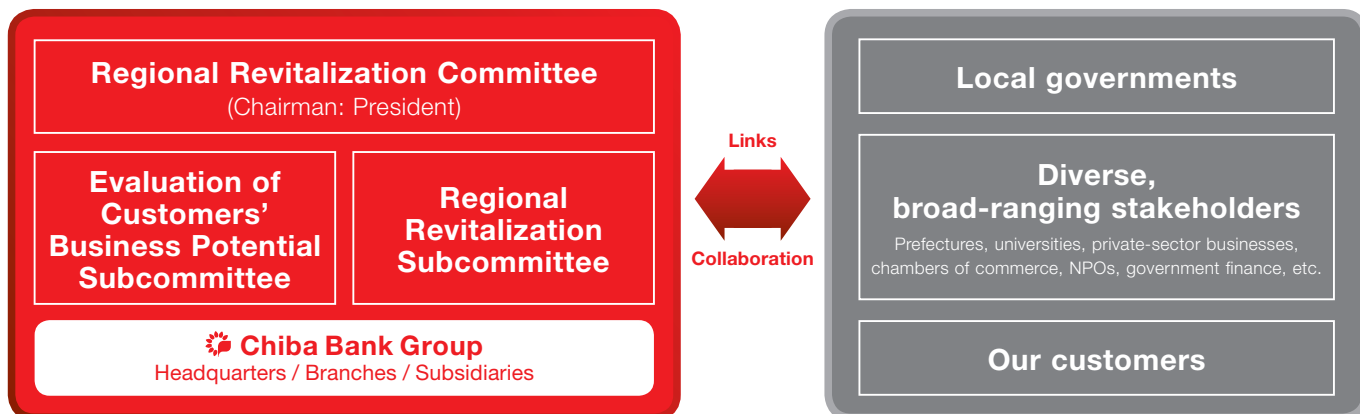


**Exercise financial intermediation function**

- Strengthen customers' management and growth potential
- Improve customers' business productivity through drastic reforms
- Change from lending based on collateral and guarantees

**Support customers' main businesses**

## Regional Revitalization



We will continue to contribute to regional revitalization through Group operations. In August 2015, the Chiba Bank established the Regional Revitalization Committee chaired by the Bank's president. With both the Regional Revitalization Subcommittee and Evaluation of Customers' Business Potential Subcommittee driving specific measures, this committee is accelerating the Bank's regional revitalization initiatives.

In order to provide financial support for initiatives that contribute to employment and population gains in the region, the Chibagin Regional Revitalization Loan Program and Private Placement Bonds for Regional Revitalization (Mirai Hagukumi Bonds) have produced numerous achievements. We will continue to support business start-ups and new businesses that contribute to regional revitalization.

By further strengthening such initiatives, we will improve the profitability of the Bank by making proposals with high added value that meet customer needs.

### Chibagin Regional Revitalization Loan Program

(Established November 2015)

- ▶ A program for start-ups and new business operators in Chiba Prefecture and neighboring regions

⇒ Loans in FY2016: **11 companies/ ¥1.0 billion**

### Private Placement Bonds for Regional Revitalization (Mirai Hagukumi Bonds)

(Started handling in June 2016)

- ▶ Part of the commission fees received from companies issuing private placement bonds are used to buy education-related supplies and so forth that are donated to schools and other institutions designated by the issuer.

⇒ Bonds issued in FY2016: **200 bonds/ ¥20.1 billion**

Donation amount **¥40 million** (including planned)



### Suggestions for developing grand design in the region



Develop strategies for taking advantage of the characteristics of various parts of Chiba Prefecture, and suggest the direction of activities toward further revitalization in the region

Researched by Chibagin Research Institute, Ltd.

Sep. 2015: "Revitalize Chiba Prefecture" strategic plan

Sep. 2016: "Revitalize Chiba Prefecture" strategic plan II

## Our Operating Base in the Tokyo Metropolitan Area

While maintaining Chiba Prefecture as our core foundation, we will further strengthen the Chiba-Musashino Alliance in order to bolster loans and expand our operating base in the Tokyo metropolitan area, especially in Tokyo, Saitama, and Ibaraki where market potential is high.

The number of branches inside the 23 wards of Tokyo, which have been positioned as a Strategic Operating Area, has increased to 14 branches. By conducting problem-solving sales activities based on our business evaluations developed in Chiba Prefecture, we are expanding our customer base while keeping appropriate interest rate levels.

Going forward, we will firmly respond to robust financial needs, while properly conducting project appraisal and risk management, and continue to approach good small- and medium-sized enterprises (SMEs) and wealthy customers, thereby expanding our retail transactions.

Furthermore, in addition to continuing to open its own branches in the Tokyo metropolitan area, the Chiba Bank is also examining sales development and other activities in cooperation with The Musashino Bank, Ltd., and aims to further expand its trading share.

## International Operations

The Chiba Bank has overseas branches in New York, London and Hong Kong, and representative offices in Shanghai, Singapore and Bangkok.

In addition to this overseas branch network of one of the largest regional banks, we are further enhancing our alliances with local financial institutions. We support the overseas business expansion of our customers, including by supporting trade transactions, providing the latest overseas information and holding business consultations aimed at developing sales channels.

At overseas branches, we accept trainees from the Musashino Bank and the TSUBASA Alliance banks, and we will work to expand our earnings opportunities by proactively responding to the finance needs of the client companies of alliance banks.

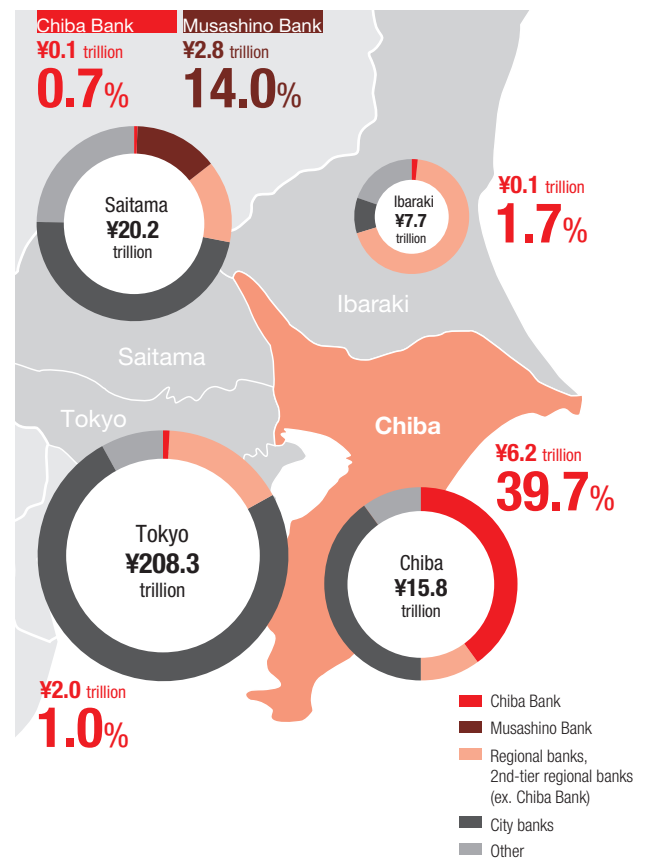
### Domestic branch network

**181** branches (As of March 31, 2017)

Of which, **160** in Chiba  
**14** in Tokyo      **3** in Ibaraki  
**3** in Saitama      **1** in Osaka

### Loan shares and market sizes in the metropolitan area

(As of March 31, 2016, by KINYU JOURNAL)



### Overseas branch network

(As of March 31, 2017)



# Retail Banking

## Fiduciary Duties

Under its customer first policy, the Chiba Bank is endeavoring to further enhance customer service improvement activities and rigorously conduct its fiduciary duties by having its Customer Service Division function as a supervisory department.

In June 2017, we announced our policy regarding customer-oriented business operations (fiduciary duties). Through a committee established at the same time, a management team will accurately understand and assist the initiatives of each subsidiary, thereby enhancing the effectiveness of efforts based on this policy.

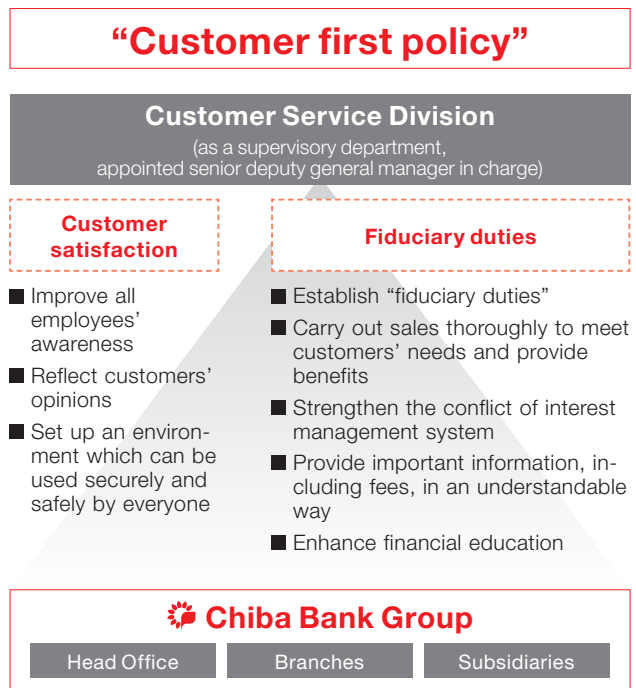
Going forward, we will work to thoroughly understand the increasingly diversifying needs of our customers, reflecting the changes in Japan's social structure, and we will provide the products and services that optimally suit them.

## Asset Management Consulting

In the field of asset management, the Chiba Bank Group will closely respond to customers' needs, resulting in an increase in investment-type financial products. We will also respond appropriately to insurance needs.

In addition to further utilizing specialized staff, the Head Office, branches, and subsidiaries will work together to conduct various activities, including strengthening the banking and securities cooperation, and expanding the fund originated by Chibagin Asset Management Co., Ltd. to other banks.

Moreover, the Chiba Bank will support customers by stably accumulating assets and providing advanced services, such as enhancing marketing that uses big data analysis and having a robot financial advisor propose advanced portfolios to customers.



## Consumer Loans

Regarding consumer loans that are customized for different life stages and events, the balance of housing loans and unsecured consumer loans has been steadily increasing.

Based on the opinions of its customers, the Chiba Bank has revised the marketability of its education and auto loans, including by expanding eligibility for and increasing the maximums of loans. We are also introducing new products such as loans to support elderly people. In addition to developing direct channels such as our Internet Branch and call center, we aim to further expand our customer base by developing effective sales promotions.

## Inheritance-related Services

The Chiba Bank expects that asset transfers across regions and generations will proceed, and customer needs related to inheritance and succession of assets and businesses will continue to increase in the future. We will further expand the inheritance-related services through alliances and collaborations with other banks, such as the Musashino Bank and the TSUBASA Alliance banks, with the aim of increasing fees and commissions income.

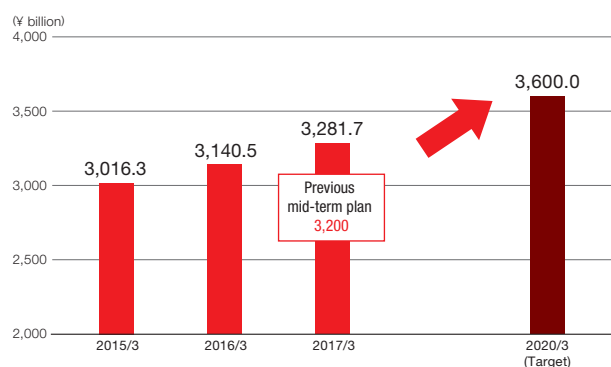
In the fiscal year ended March 31, 2017, we handled 878 inheritance-related transactions and fees and commissions income reached a record high of ¥478 million. One of the Chiba Bank's strengths is its ability to respond to the diverse needs of wealthy individuals, mainly landowners and company owners, by providing one-stop services through its main banking business, and this has earned high praise from our customers.

Moreover, we work to understand the details of our customers' assets, and this leads to the conclusion of many transactions with customers, including in asset investment and management.

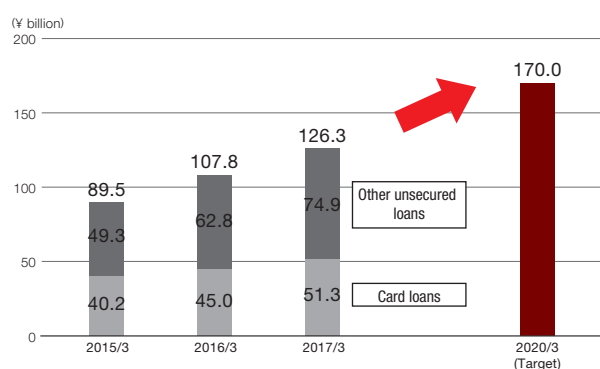
In addition, we are also responding to Japan's aging society by beginning to offer new solutions that utilize trusts tailored to financial needs associated with receiving an inheritance or succeeding real estate and businesses.

Other regional banks are also strongly interested in these initiatives concerned with our inheritance-related services. By utilizing the expertise and systems that we have cultivated to date, we can offer similar services to customers at each bank. We have already started

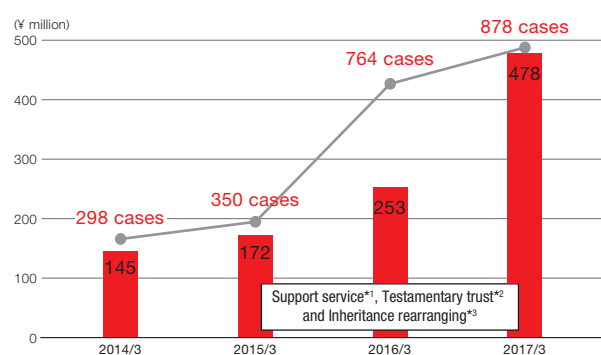
### Balance of housing loans



### Balance of unsecured customer loans



### Number of contracts and income for inheritance-related services



\*1 Support service:

Consulting for asset and business successions

\*2 Testamentary trust:

Discussing and drawing up wills while customers are alive and safekeeping and executing wills and other notarized documents

\*3 Inheritance rearranging:

Representing inheritance procedures, including other banks', entrusted by successors

collaborating with the Daishi Bank, Chugoku Bank, Musashino Bank, and Toho Bank, and we will continue to proactively respond to a wide range of customer needs in the future.



# Subsidiaries

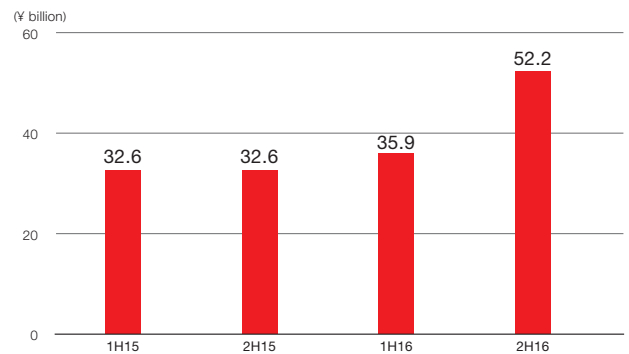
The Chiba Bank has 14 subsidiaries. This framework enables us to provide our customers with a wide-ranging lineup of financial products and services.

In addition to continuing to strengthen our connections with subsidiaries, we will promote collaborative measures with each bank with which we have alliances, including regarding securities and asset management, and we will make maximum use of the capabilities of the Chiba Bank Group.

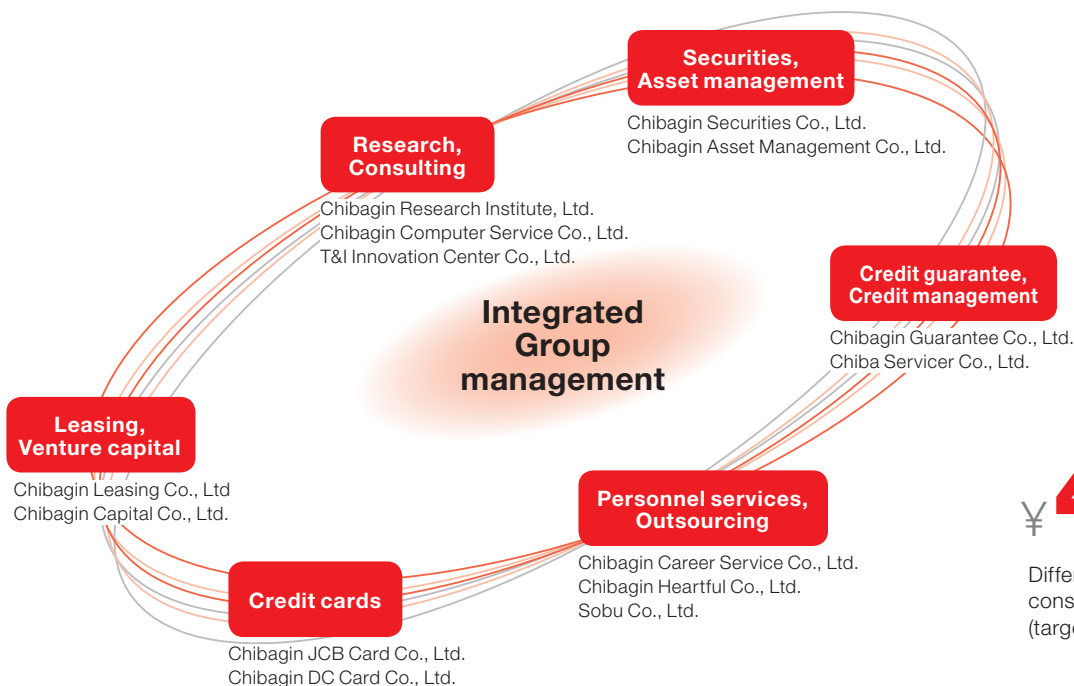
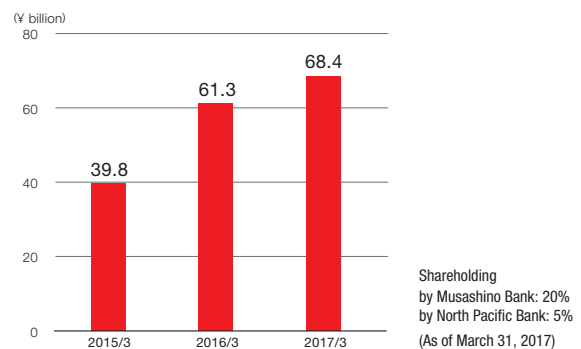
Specifically, Chibagin Securities Co., Ltd. plans to open a branch in Saitama Prefecture in 2017 and start intermediary financial instrument services with the Musashino Bank. In addition, Chibagin Asset Management Co., Ltd. has already accepted investment from the Musashino Bank and North Pacific Bank, and we will promote the development of specialized funds and suchlike.

We aim to expand consolidated revenues by strategically assigning personnel to subsidiaries for which growth is expected, and enhancing measures in such fields as securities, asset management, and leasing.

Financial product sales by intermediary services of Chibagin Securities



Asset amount of Chibagin Asset Management



¥ **4** billion

Difference in profit between consolidated/non-consolidated (target for 2020/3)

## ➤ Alliance Strategies

### Strategic Alliances

The Chiba Bank is leveraging various alliance frameworks in its pursuit to provide customers in the region with a range of benefits.

Such alliances shall have economic paybacks—in terms of improving our earnings and thereby increasing our corporate value—that are far greater than consolidating another bank in a merger.

Regional financial institutions believe these collaborations, such as the Chiba-Musashino Alliance and the TSUBASA Alliance, are optimal for enabling cooperative operations while remaining rooted in the region.

From the viewpoint of enhancing these alliances, we established the Alliance Management Office in the Corporate Planning Division in April this year. By further promoting these alliances, we will evolve our “Alliance” concept, a new form of regional bank collaboration.



#### Why with the Musashino Bank?

- We think that the Chiba Bank and the Musashino Bank can achieve a high level of synergy from the alliance and become trustworthy partners from the following perspectives.
  - (1) The banks have matching philosophies that place their regional economies and customers first.
  - (2) The banks have similar market environments and share issues that are characteristically common to the Tokyo metropolitan area.
  - (3) The banks have branch networks that do not overlap for the most part, despite their close geographic proximity.

### Chiba-Musashino Alliance

In March 2016, the Chiba Bank concluded a comprehensive alliance with the Musashino Bank, which is based in Saitama Prefecture. Under this alliance, rather than a merger, the two banks will work swiftly to prioritize the enactment of measures from which tangible economic benefits can be expected, maintaining their strong regional commitments.

The two banks conducted a thorough examination of all their divisions after signing the alliance agreement, and this has led to the rapid implementation of various measures. Among these, initiatives to increase interactions among personnel have resulted in a better understanding at the workplace level. We believe our target for cumulative synergistic benefits of ¥10 billion over a five-year period is well within reach as a result of the measures the two banks have agreed to implement. We will seek out more ways to benefit from the alliance.

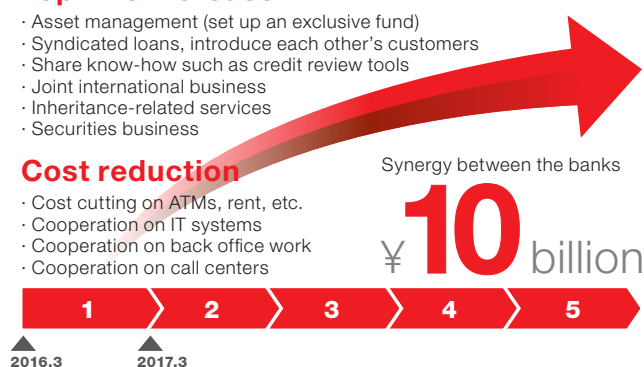
The two banks decided to jointly establish Chiba-Musashino Alliance Co., Ltd. to further advance their alliance. While keeping a subcommittee-centered structure, this new company will advise both banks on overall strategies and cross-organizational measures for the alliance. The aim is to advance this alliance in a way that benefits our regional customers while maintaining an equitable relationship between the two banks.

#### Top-line increase

- Asset management (set up an exclusive fund)
- Syndicated loans, introduce each other's customers
- Share know-how such as credit review tools
- Joint international business
- Inheritance-related services
- Securities business

#### Cost reduction

- Cost cutting on ATMs, rent, etc.
- Cooperation on IT systems
- Cooperation on back office work
- Cooperation on call centers



## TSUBASA Alliance

In January 2016, the Chiba Bank began operating a new mainframe system jointly developed with the Daishi Bank and the Chugoku Bank, in light of the increasing importance of a system strategy in banking operations. We have also reached a new agreement with the North Pacific Bank to examine the possibility of jointly using the system. There are data centers in Chiba Prefecture and Okayama Prefecture for redundant backup functions in the event of a natural disaster. Compared with operating a system like this alone, the joint operation will save about ¥0.5 billion in costs per year.

The TSUBASA Alliance was launched with the aim of enhancing top-line growth and reducing costs through the research and development of FinTech. Six regional banks with leading market shares in their main operating areas participate in the alliance (Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, and North Pacific Bank). In July 2016, these six banks, together with IBM Japan, Ltd., invested in the establishment of a new joint venture named T&I Innovation Center Co., Ltd.

Under the TSUBASA Alliance, the joint venture will research and investigate the use of FinTech, as well as coordinate efforts in fields such as artificial intelligence where joint development is likely to result in cost savings. Moreover, the alliance extends beyond systems development, encompassing the joint arrangement of syndicated loans and the welcoming of trainees from other banks at overseas branches, for example. Our partnerships, which transcend regional boundaries, will grow even deeper.

### Wider Area

- Through the TSUBASA Alliance, we will deepen our partnerships that transcend regional boundaries in fields beyond IT and FinTech.

### Metropolitan Area

- We aim to increase and enhance top-line income while reducing costs through the comprehensive Chiba-Musashino Alliance with the Musashino Bank.

### Chiba Prefecture

- We are reducing costs by pooling clerical operations with other local banks.



### Cooperation on the main frame system

#### Stable operation

- Chiba Bank (Jan. 2016)
- Daishi Bank (Jan. 2017)
- Chugoku Bank (May 2017)

#### New

- North Pacific Bank  
Basic agreement for participation in the cooperation on the main frame system (May 2017)

### FinTech subsidiary

Name	T&I Innovation Center Co., Ltd.	
Holding ratio	Chiba Bank	40%
	Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank and IBM Japan	10% each

### New alliance model for regional banks



# Digital Banking

## Digital Banking Strategy

In light of the rapid proliferation of digital technology in society, the Chiba Bank is focusing on applying digital technology across all operations, including the digitalization of “services,” such as by enhancing the features of its Chibagin app, the digitalization of “procedures,” such as by introducing a next-generation bank branch model, and the digitalization of “employees” through work style reforms.

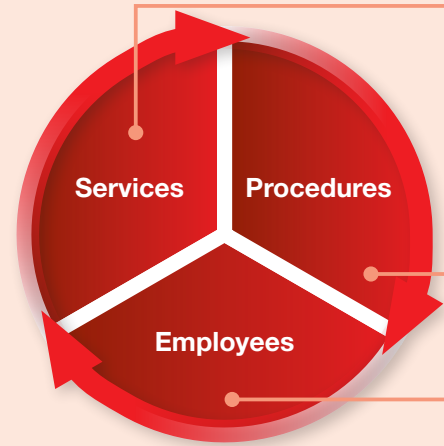
## FinTech

TSUBASA Alliance banks and T&I Innovation Center Co., Ltd. hold the TSUBASA Alliance Finovation Challenge, a business idea contest about using FinTech to solve issues faced by regional communities. During the contest, 119 submissions were received from 110 entrants inside and outside Japan for services that would create new business opportunities for local companies and ideas that would revitalize regional economies. In April 2017, six finalists gave presentations about their ideas. We are examining the feasibility of implementing these ideas.

T&I Innovation Center Co., Ltd., along with IBM Japan, Ltd., has launched a project to build the TSUBASA FinTech Platform, an open API platform. The aim of this project is to build a shared platform that can be connected to by external parties such as FinTech companies. Plans call for offering it to financial institutions who are not members of the TSUBASA Alliance. The Chiba Bank has already commenced a service for checking account balances via a smartphone app that uses the API. By providing a shared platform, we aim to collaborate with a wider range of FinTech and other companies.

In addition, the Chiba Bank is involved in a joint regional bank project with an accounting software company that aims to automate and improve the

### Response to digitalization

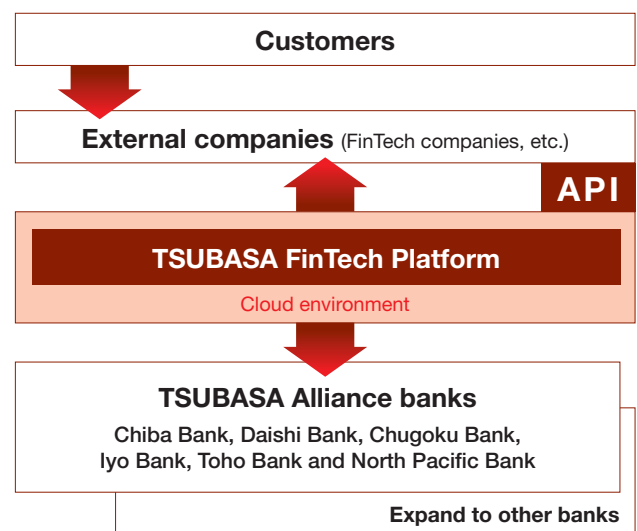


### Chibagin app for smartphones



- Search our branches
- Push notifications
- Account inquiry service

### API platform development project



accuracy of micro-credit screening for developing a credit screening model that uses AI.

Providing these advanced, high-value-added services will increase convenience for many customers, and lead to earnings growth at the Chiba Bank.

**Mar. 2017**  
Account inquiry service for the Chibagin app by utilizing the API

**Apr. 2017**  
Online application service for opening corporate accounts in cooperation with freee

**Apr. 2017**  
Robo-advisor "Himarin's asset management simulation"

**Sep. 2016 – May 2017**  
Demonstration of the next-generation branch model

**Oct. 2016**  
Trial for using the AI platform "Watson"

**Apr. 2017**  
Joint development of credit screening model utilizing AI with regional banks

**Oct. 2016**  
Established the Workplace Revolution Development Division

## Improve Business Efficiency

Without increasing the total number of employees, we plan to reallocate to growth fields the personnel who have been freed up by improvements in business efficiency.

Work reforms at the counters of bank branches are already being promoted through our next-generation branch model. Based on the outcome of these model experiments, we intend to roll out work reforms to other branches as quickly as possible. For example, customers enter their transaction details on tablets, reducing the amount of time spent filling out slips of paper and waiting in line. Moreover, we expect this innovation to reduce the volume of administrative work at the counter and in the back office. We are also reviewing loan operations in parallel with branch reforms. We aim to improve customer convenience and increase business efficiency by undertaking sweeping reforms of business processes and systems.

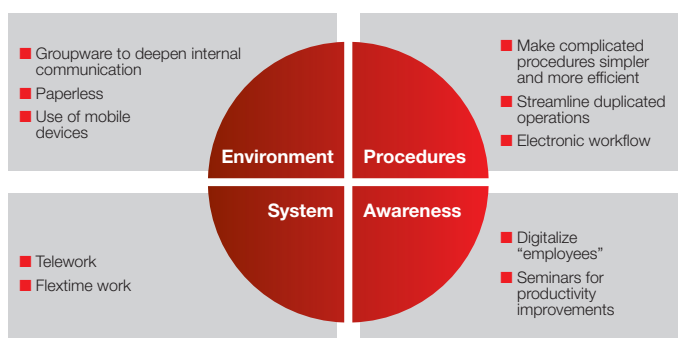
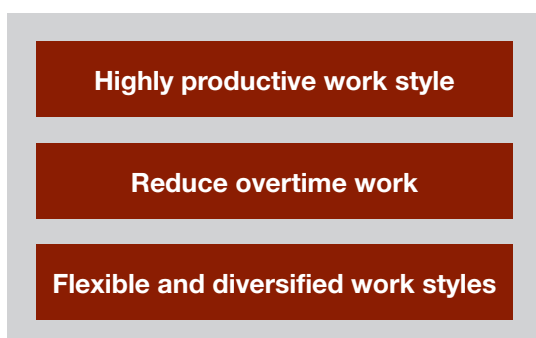
## Work Style Reforms

In Japan, employees' scope of duties is expanding, and the content of their work is progressively becoming more sophisticated. At the same time, a serious shortage of labor is expected in the future due to the decreasing working-age population, and there are strong demands for companies to institute work style reforms that will curb long working hours and improve productivity.

The Chiba Bank's initiatives to institute work style reforms have been officially recognized, including by the Bank being certified as one of the Excellent Enterprises of Health and Productivity Management (White 500) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, and being honored by a Commendation Award in the Ministry of Health, Labour and Welfare's Awards for Enterprises and Workplaces with Pleasant Working Environments and High Productivity. We will continue to proactively push forward with work style reforms, centering on the actions of the Workplace Revolution Development Division.

Going forward, on the basis of our work style reforms in the four specific areas of "environment," "procedures," "system" and "awareness," we will build a work environment that enables work to be done in a rigorously "paperless" manner, and that enables employees to do work outside the office and communicate without having to rely on the telephone. We will develop systems that specialize in enabling high-value-added work to be done.

### Work style reform for all employees



# Developing the Workforce/ Promoting Diversity

## Developing the Workforce

In addition to instilling business knowledge, the Chiba Bank will develop a professional workforce that combines business skills, such as IT and logical thinking capabilities, with leadership and management skills.

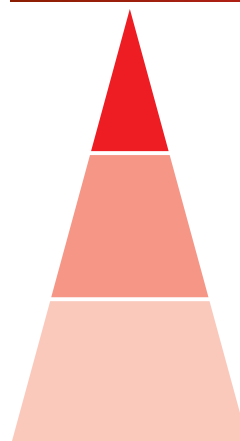
We will speed up the training of young employees, train personnel with high levels of expertise in every field, including corporate banking/retail banking and administrative sections such as planning and promotion in our headquarters, and proactively continue mid-career recruitment.

## Promoting Diversity

The Chiba Bank is further accelerating its initiatives for promoting diversity with the aim of creating an organization that fosters mutual respect for diversity, where every employee can realize their full potential.

In April 2016, the Chiba Bank formulated an action plan based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace. Having set numerical targets for promoting women to management positions, we are now working to achieve them by expanding occupational opportunities for women, supporting career development, and implementing work style reforms. In June 2017, the Chiba Bank appointed its first female executive officer. Currently, there are no women who have taken office as a director after being an employee at the 64 member banks of the Regional Banks Association of Japan. We believe that the appointment of a woman as an executive officer at the Chiba Bank will contribute to the expansion of the domain where women can play a more active role in the future.

### Develop a highly professional workforce



#### Enhance management skills

- Active use of internal and external seminars

#### Positively adopt external talent

- Set up evaluation system and career path with specialization
- Strategic staffing in subsidiaries to expand earning power

#### Nurture the young into a skilled workforce earlier

- Visualize skills and behavioral characteristics

### Women in management positions

	As of 2006/3	As of 2017/7	Target for 2020
Management position	<b>2.0%</b> (17 persons)	<b>11.4%</b> (118 persons)	<b>20%</b>
Leader position	<b>9.4%</b> (98 persons)	<b>29.9%</b> (260 persons)	<b>30%</b>

\* Leader positions refer to employees who share organizational responsibilities for managing the Chiba Bank Group in their roles as managers of their assigned operations. These employees are in positions supervising subordinates or hold an equivalent post.

## External Awards

*Mar. 2015*

Ministry of Economy, Trade and Industry  
Diversity Management Selection 100

*Dec. 2015*

Cabinet Office  
Awards to Commend Leading Companies Where Women Shine (Prime Minister's Award)

*Mar. 2016*

NPO J-Win  
2016 J-Win Diversity Award (Basic Achievement Runner-Up Award)

*Apr. 2016*

Ministry of Health, Labour and Welfare  
Top Eruboshi (L-Star) designation

# CSR Activities

## Environmentally Friendly Branches

Newly established and relocated branches have been introducing solar power generation systems, rooftop greenery, and other facilities to help reduce CO<sub>2</sub> emissions. As of June 2017, 12 branches have installed solar power generation systems and three have installed rooftop greenery.

The Bank has also introduced fuel-cell vehicles and hybrid cars for its sales fleet as a measure to counter global warming.



## Financial Education Activities

To help people of all ages to grasp the importance of money, the workings of finance, and a correct understanding as a consumer, the Bank works to provide financial education. We receive visits to our locations from school children of all ages, teaching staff, local government organizations, and companies from other industries. We also provide visiting lessons. Other initiatives include cohosting of the Chiba contest within the national high school finance and economics quiz championship called “Economics Koshien” each year. At the Chibagin Archive on Finance, established to mark our 70th anniversary, we provide educational exhibits on the history of finance and Chiba Prefecture.



## Forest Management Activities

We conduct “Chibagin Forest” forest management activities in various locations throughout Chiba Prefecture. The activities aim to regenerate coastal barrier forests that have been lost to insect damage and tsunami. The Bank’s directors, employees and former employees volunteer regularly in forest nurturing activities such as cutting the underbrush.



## Social Welfare Activities

We established the Chibagin Heartful Welfare Fund to support social welfare corporations in Chiba Prefecture by providing them with financial assistance to help realize a vibrant and warm local community. As of September 2016, the fund had donated ¥49 million in assistance to 87 organizations.

Furthermore, Chibagin Heartful Co., Ltd. celebrated its 10th anniversary of operation in April 2017. The company was founded to further promote employment of people with disabilities and currently employs 28 people with disabilities, helping to support their independence.



# Corporate Governance

## Corporate Governance Structure

The Chiba 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 undertaken, and we are working to advance the level of corporate governance.

To create a more robust and sound organizational structure, the Bank has adopted the supervisory systems below and created an efficient business execution structure.

### Directors and Board of Directors

The Board of Directors consists of 12 directors, including three outside 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 Chiba Bank also employs an executive officer system. This system provides for the clear separation of the role 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.

### Audit & Supervisory Board and Its Members

The Chiba Bank has adopted a company with 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 of the outside Audit & Supervisory Board members, are standing Audit & Supervisory Board members. They regularly attend meetings of the Board of Directors and other important meetings, check important documents, and perform other tasks to conduct objective and reasonable audits of the status of business execution. The Chiba Bank believes that this system provides an adequate management supervisory function.

### Committees

The Corporate Advisory Committee discusses important management issues, and the Appointment Advisory Committee and the Remuneration Advisory Committee, the majority of members of which are outside directors, debate the nomination and remuneration of director candidates.

### Internal Audit

The Audit and Inspection Division, which reports directly to the Board of Directors and is independent of the units subject to auditing, conducts internal audits of headquarters, branches and subsidiaries in accordance with the Internal Audit Regulations and the Internal Audit Plan, which is established each year by the Board of Directors. The division reports the results and findings of internal audits on a monthly basis to the Board of Directors, in addition to an Internal Audit Committee, which meets once a month as a rule. Problem areas from the perspective of compliance and risk management and improvement measures are examined during this process.

### Group Management Systems

The Chiba Bank maintains a system under which subsidiaries decide their own regulations, in line with the Bank’s Compliance Regulations and various risk management regulations, and the Bank’s administrative departments control subsidiary compliance and risk management. The Chiba Bank’s internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Chiba Bank Group.

### Internal Control System

The Chiba Bank introduced a basic policy for the establishment of systems to ensure the appropriateness of operations (Internal Control Systems) through the Board of Directors. In accordance with this policy, the Chiba Bank is working to establish a high-quality management structure.

Corporate governance system	Audit & supervisory board system
Number of directors	12
Of which, outside directors	3
Number of Audit & Supervisory Board members	5
Of which, outside Audit & Supervisory Board members	3
Number of independent directors and Audit & Supervisory Board members	6 (3 outside directors, 3 outside Audit & Supervisory Board members)



## Directors and Audit & Supervisory Board Members

Directors who possess the knowledge and experience needed to precisely, fairly and efficiently execute bank management duties have been appointed.

Name (Appointment)	Reason for Appointment as a Director
<b>Hidetoshi Sakuma</b> (June 2003)	President since March 2009, after serving previously as General Manager, Corporate Planning Division and General Manager, Head Office
<b>Osamu Kimura</b> (June 2012)	Previously served as General Manager, Keisei-ekimae Branch, General Manager, Inage Branch, General Manager, Matsudo Branch, and General Manager, Branch Support Division
<b>Kenichi Sawai</b> (June 2014)	Previously served as General Manager, Yagiri Branch, General Manager, Anesaki Branch, General Manager, Abiko Branch, and General Manager, Business Promotion Headquarters
<b>Daizo Iijima</b> (June 2015)	Previously served as General Manager, Kencho Branch, General Manager, Head Office and General Manager, Human Resources Division
<b>Tomoyuki Ikeda</b> (June 2015)	Previously served as General Manager, Inage-higashiguchi Branch, General Manager, Treasury Division, General Manager, Corporate Planning Division, General Manager, Mobarra Branch, and President, Chibagin Asset Management Co., Ltd. from June 2014 to June 2015
<b>Joji Sugo</b> (June 2016)	Previously served as General Manager, Makuhari Shintoshin Branch, General Manager, Treasury Division, and General Manager, Credit Division
<b>Norio Takatsu</b> (June 2016)	Previously served as General Manager, EDP System Division
<b>Yukihito Inamura</b> (June 2016)	Previously served as General Manager, New York Branch, General Manager, Public Relations and CSR Division, and General Secretariat, Human Resources Division
<b>Tsutomu Yonemoto</b> (June 2017)	Previously served as General Manager, Hong Kong Branch, General Manager, Akihabara Branch, General Manager, Corporate Planning Division, and General Manager, Business Promotion Division

Audit & Supervisory Board members who possess the knowledge and experience to audit the directors' execution of business accurately, fairly, and efficiently have been appointed.

Name (Appointment)	Reason for Appointment as an Audit & Supervisory Board Member
<b>Toshikazu Okubo</b> (June 2016)	Previously served as General Manager, Yachiyo Branch and General Manager, Corporate Planning Division. Served as a director from June 2011 to June 2016
<b>Kazuyoshi Fukushima</b> (June 2016)	Previously served as General Manager, Risk Management Division and General Manager, Audit and Inspection Division

## Outside Directors and Outside Audit & Supervisory Board Members

Outside directors have been appointed for their ability to help improve the Bank's corporate value over the medium and long term as they apply their knowledge and experience to the management of the Bank toward the strengthening of the decision-making functions and supervisory functions of the Board of Directors.

Name (Appointment)	Reason for Appointment as an Outside Director
<b>Tomoyuki Yokota</b> (June 2017)	Has a high level of expertise as a judge and attorney, with experience as a Supreme Court Justice and advisor at Nagashima Ohno & Tsunematsu Law Office
<b>Yuko Tashima</b> (June 2015)	Has a high level of expertise as an attorney, with experience as an outside director at other operating companies, and public service as an official of the Financial Services Agency
<b>Yasuko Takayama</b> (June 2015)	Has experience as a manager of customer service and CSR divisions and as a standing Audit & Supervisory Board member of Shiseido Company Limited, as well as experience as an outside director at other companies

Outside Audit & Supervisory Board members who can enhance auditing functions by applying their knowledge and experience to the management of the Bank have been appointed.

Name (Appointment)	Reason for Appointment as an Outside Audit & Supervisory Board Member
<b>Tomohiko Sakamoto</b> (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
<b>Kazuhiko Ishihara</b> (June 2017)	Has a high level of expertise and extensive knowledge of overall administration gained through experience as Deputy Director-General of the Minister's Secretariat, Ministry of Finance, Director-General, Okinawa Development and Promotion Bureau, Cabinet Office, and other positions
<b>Akio Shirato</b> (June 2011)	Has broad and deep knowledge of administration and related matters gained from experience as Vice Governor of Chiba Prefecture

#### ***(Relationship with the Chiba Bank)***

The Chiba Bank has three outside directors and three outside Audit & Supervisory Board members. None of them have any personal relationships with other directors or Audit & Supervisory Board members at the Chiba Bank, nor does the Chiba Bank have any particular beneficial relationships with them.

#### ***(Functions and roles in corporate governance)***

The Chiba Bank has appointed three outside directors to further strengthen the management decision-making and supervisory functions of business operations. The outside Audit & Supervisory Board members serve a management supervisory function for the Chiba Bank, using their impartial viewpoints from outside of the Bank to audit business operations objectively and reasonably.

They work to implement efficient and effective auditing, cooperating with the representative directors, internal audit units, independent auditor and internal control departments through periodical information exchange and holding interviews as necessary.

#### ***(Standards regarding independence)***

The Chiba Bank has established standards regarding the independence of outside directors and outside Audit & Supervisory Board members in electing members that can satisfy independence while appropriately performing their duties. All the Chiba Bank's outside directors and outside Audit & Supervisory Board members satisfy these standards regarding independence. We have submitted notification to the Tokyo Stock Exchange that the three outside directors and three outside Audit & Supervisory Board members are independent and secure from any risk of conflicts of interest with general shareholders.

#### ***(Overview of liability limitation agreements)***

Based on Article 427, Section 1 of the Companies Act, the Chiba Bank has entered into liability limitation agreements with the outside directors and outside Audit & Supervisory Board members to limit their liability for damages pursuant to Article 423, Section 1 of the Companies Act to the minimum liability amount set forth in Article 425, Section 1 of the Companies Act when they have acted in good faith and have not been grossly negligent in performing their duties.

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

Remuneration of the Chiba Bank's directors is based on remuneration regulations established by the Board of Directors, and is determined by the Board of Directors following deliberations by the Corporate Advisory Committee, whose members include a majority of outside directors, to ensure that the remuneration is transparent, fair and rational. To function as a sound incentive for the 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 Chiba 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 Chiba 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 Annual General Meeting of Shareholders.

Regarding remuneration for Audit & Supervisory Board members, a full fixed remuneration shall be determined through discussions with them in order to ensure their independence.

# Compliance

## Compliance Structure

The Chiba Bank is constantly working on making compliance activities even more effective. We are determined 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.

Specific action plans and measures to ensure compliance are formulated at regular meetings of the Compliance Committee. This committee is chaired by the president and consists of directors, executive officers, and divisional general managers.

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.

## 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.

### The Chiba Bank Code of Ethics

#### Earning Unwavering Trust

Remaining constantly aware of the social responsibility and public mission of a bank, the Chiba 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

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

#### Opposition to Antisocial Forces

The Chiba 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

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

## Protecting Customers and Personal Information

To protect customers and offer them greater convenience, employees of the Chiba 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 Law 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.

## Prevention of Money Laundering and Financial Crimes

The Chiba Bank has established the Management Policy to Prevent Money Laundering and Terrorism Financing Activities and follows this policy in making thorough efforts aimed at preventing these problems. In addition, we are reinforcing measures to protect customers from a variety of financial crimes.

## Opposition to Antisocial Forces

The Chiba 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 added organized crime disclaimers to all transaction documentation, particularly deposit account regulations, bank transaction agreements, and loan agreements, and is actively adding more measures to counteract antisocial forces.

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

The Chiba 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.

#### 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.

#### Appropriate Administrative Procedures

The Chiba Bank has established and upgraded 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.

#### 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.

#### Verification of Effectiveness

The Chiba 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.

# Risk Management

## 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 business operations, the Chiba Bank considers it necessary to not only individually manage each of these forms of risk, but also to centrally monitor those risks to control within acceptable overall limits.

Accordingly, in addition to assigning divisions to manage overall risk in the Group for each form of risk, the Chiba Bank has an integrated risk management system in which the Risk Management Division centrally monitors these risks. The division engages in detailed management and discussions of risks at meetings of the ALM Committee, Credit Risk Management Committee, and Operational Risk Management Committee and reports to the Board of Directors on risk-related matters. In addition, the division is developing an integrated risk management system for considering and implementing risk countermeasures.

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

## Integrated Risk Management

The basis of risk management at the Chiba 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, 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 division 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 Chiba Bank has introduced a risk appetite framework, 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. It also 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. Credit risk accounts for a major portion of risk in banking operations.

The Chiba 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 Chiba Bank implements appropriate write-offs and provisions and has introduced a rating and self-assessment system linked to internal credit ratings to upgrade credit risk management.

Also the Chiba Bank has long ensured the independence of the sections involved in credit risk. Specifically, the credit screening and administrative sections manage credit risk for individual business transactions in the credit executing section (banking offices and sales promotion divisions). The Credit Risk Management Department in the Risk Management Division, whose organization and operation are independent from the credit screening and administrative sections and the credit executing sections, is a credit risk management section that engages in unified management of overall credit risk. The Risk Management Department in the Risk Management Division is a unified risk management section that engages in the integrated management of all forms of risk, including credit risk. 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.

## Internal Credit Rating System

The Chiba 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, the starting point of credit risk management, by means of 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.

## Individual Asset Credit Management

The banking branches or offices and the Credit and Supervisory Department in the Credit Division take the lead with regard to examining individual applications for credit, 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 Business Support Department in the Business Support Division provides support for the financial soundness of borrowers who need to improve their operations, and the Credit Administration Department in the Business Support Division engages in resolution and collection activities with regard to Bankrupt Debtors and other borrowers. The Chiba 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.

## Credit Portfolio Management

Credit portfolio management is the management of the risk of incurring a major loss due to the concentration of individual loans in specific countries or specific industries. 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.

In credit portfolio management, the Chiba 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 business performance. We measure value at risk (VaR: the assumed maximum loss) as the amount of risk and strive to increase the soundness of the credit portfolio by accumulating and organizing default data and loan recovery data from defaulted borrowers.

By importing the quantitative results into various systems, we utilize them in loan pricing that reflects credit risk and other processes. In this way, we aim to ensure more appropriate interest rate levels than were previously possible and refine 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. Self-assessment of assets is obligatory for financial institutions under the system of prompt corrective action under the

Banking Law. The system of prompt corrective action is a system by which administrative measures are triggered in accordance with the state of the capital ratio of financial institutions. A prerequisite to the accurate calculation of capital is implementation of appropriate write-offs and provisions and the preparation of financial statements that, to the extent possible, objectively reflect the actual state of asset quality.

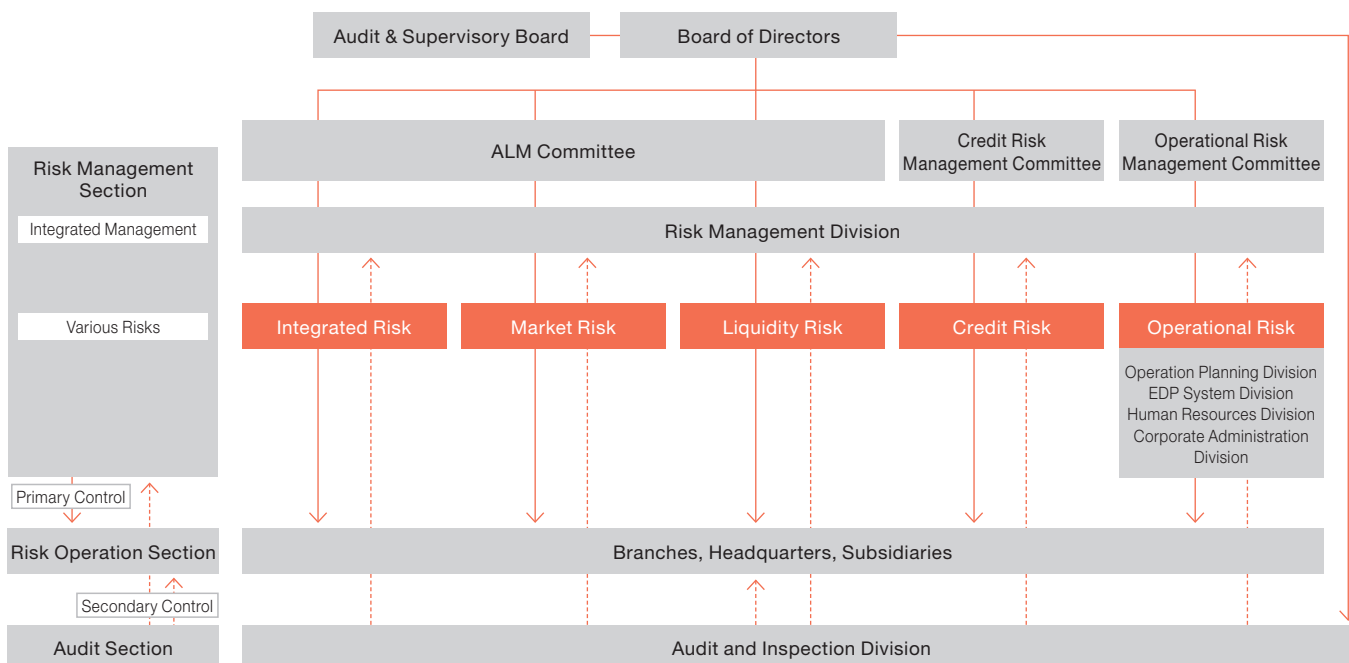
At the Chiba Bank, branches and offices conduct self-assessments of assets on the basis of Asset Self-Assessment Regulations, and the credit screening and administrative sections check details of self-assessments. Next, the Audit and Credit Assessment Department in the Audit and Inspection Division conducts an audit to verify the accuracy of the self-assessment results and process. According to the results of these assessments, the Credit Risk Management Department in the Risk Management Division calculates the amounts of provisions, and the Credit Administration Department in the Business Support Division implements write-offs. Finally, the Audit and Credit Assessment Department in the Audit and Inspection Division conducts an audit. Through this process, the Chiba Bank rigorously 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.

The Chiba Bank has introduced an ALM management system with respect to market risk. The ALM Committee meets periodically

## Risk Management System



to discuss and decide detailed measures to counter interest rate risk, foreign exchange risk and price fluctuation risk, and manage overall market risk.

Specifically, as part of the Risk Capital Allocation System, within the scope of the risk capital allocated to the business sectors, the Chiba 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 Chiba 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.

With regard to market risk for market transactions for trading purposes (trading with the aim of earning profit by means of short term fluctuations in interest rates or prices), VaR is calculated on a daily basis, periodic stress tests (the estimation and testing of losses in worst-case scenarios that assume sudden market fluctuations) are conducted, and risk is limited and the occurrence of major losses avoided through the setting of maximum trading limits and the rigorous application of stop loss rules.

The allotment of market operations among the front office (the Treasury Division and overseas branches), back office (the Treasury Operation Division), and middle office (the Market Risk Management Department in the Risk Management Division) results in the mutual control of each section.

### 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 Chiba 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. The Chiba 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. The ALM Committee meets to discuss and decide matters related to liquidity risk, as it does with market risk. The Chiba Bank also maintains a crisis management plan that provides for a rapid, network-wide response in the event of unforeseen circumstances that could affect the Chiba Bank's cash flow.

### Operational Risk Management

Operational risk is the risk of incurring losses due to the inappropriateness of business processes, employee activities, or systems or external events. The Chiba Bank classifies operational risk into clerical risk (described below), system risk (described below), 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 Chiba Bank's reputation.

In its risk management structure, the Chiba 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, the Human Resources Division for human risk, and the Corporate Administration Division for tangible asset risk), and the divisions collaborate in risk management under the overall management of the Risk Management Department in the Risk Management Division, which is responsible for central oversight of risk. The Risk Management Department in the Risk Management Division directly manages reputational risk and, the Compliance Division jointly manages legal risk and compliance-related risk included in the various risk categories with the corporate divisions that have jurisdiction.

The Chiba Bank has an Operational Risk Management Committee. On the basis of direct involvement in 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, development of management regulations, and evaluation and improvement. To ensure the effectiveness of management by means of this PDCA cycle, the Chiba Bank has introduced Control Self-Assessment (CSA), by which it formulates and implements measures to identify, assess, monitor, and manage the details of risk, as well as to reduce risk. Management by means of CSA entails responding to operational risk loss events that have occurred at the Chiba Bank as well as preventing problems from occurring by evaluating the adequacy of the Chiba Bank's management system. This is based on scenarios prepared using loss events that have occurred at other banks or in other industries and devising countermeasures as necessary.

### 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 Chiba Bank considers accurate clerical work to be essential to obtain the trust of customers, and the Operation Planning Division plays a central role in the performance of exact clerical work in accordance with basic procedures and in the effort to prevent clerical accidents.

Specifically, the division prepares clerical standards that indicate detailed clerical procedures for each operation; ensures the correct handling of cash, promissory notes, passbooks, and other important items; provides guidance on clerical management systems at branches, offices, and headquarters; and conducts training to raise the standard of clerical work.

The branches and offices periodically conduct self-assessments and strive to ensure clerical accuracy and raise the level of clerical work through monitoring and verification by the Operation Planning Division.

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

## System Risk Management

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

The Chiba 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 would result in great inconvenience to customers. For this reason, we regard system risk management as increasingly important.

The EDP System Division plays a central role in devising measures to ensure the stable operation of computer systems. Specifically, the Chiba Bank duplicates hardware and circuits for account systems, information systems, and other backbone systems and maintains a framework for rapidly switching to the backup system so that business can continue in the event of a failure. In addition, for all computer systems, including those used individually at departments, the Chiba 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.

Moreover, in terms of cyber-security, the Bank continues to take measures to ensure customer safety and security.

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

## Business Continuity System

In addition to the risk management system described above, the Chiba Bank maintains 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 influenza. Centered in the Risk Management Department in the Risk Management Division, this system focuses on the rapid restoration of operations that the Chiba Bank would be forced to suspend during an emergency.

Since the Great East Japan Earthquake, the Chiba Bank has installed emergency in-house power generators at more branches, upgraded countermeasures against tsunami risk, expanded measures for persons unable to return home due to a disaster, and taken other steps to continue business operations following a disaster.

## Basel III Compliance

The Basel III capital adequacy regulation was first applied in 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. Banks will also be required to meet minimum capital adequacy standards based on four capital ratios: total capital ratio, Tier 1 capital ratio, common equity Tier 1 capital ratio, and capital buffer ratio (applicable from the fiscal year ended March 31, 2016). 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 basic policy of the Chiba Bank is to expand its business by upgrading internal management, and it is proactively complying with the regulation as part of its policy of building an integrated risk management system. With regard to the calculation of minimum required capital, we have adopted the foundation internal ratings-based (FIRB) approach for credit risk and standardized approach for operational risk (both approaches require the approval of regulatory authorities) and more thoroughly reflect risk in capital ratios.

Furthermore, for Pillar 3, disclosure of the leverage ratio was started as an indicator to complement the capital ratios.

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

# Directors, Executive Officers and Audit & Supervisory Board Members

The Chiba Bank, Ltd.  
As of June 28, 2017

## Directors

**President** (Representative Director)

**Hidetoshi Sakuma**

**Deputy President** (Representative Director)

**Osamu Kimura**

**Director and Senior Executive Officer**

**Kenichi Sawai**

General Manager of 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

**Director and Senior Executive Officer**

**Daizo Iijima**

General Manager of Corporate Planning and Administration Headquarters  
Executive Officer in charge of Corporate Planning Division and  
Public Relations and CSR Division

**Director and Managing Executive Officer**

**Tomoyuki Ikeda**

Executive Officer in charge of Risk Management Division and Compliance Division

**Director and Managing Executive Officer**

**Joji Sugo**

Executive Officer in charge of Credit Division and Business Support Division

**Director and Managing Executive Officer**

**Norio Takatsu**

Executive Officer in charge of Operation Planning Division,  
EDP System Division, Business Operation Division and Operation Division

**Director and Managing Executive Officer**

**Yukihito Inamura**

Executive Officer in charge of Workplace Revolution Development Division,  
Corporate Administration Division, Human Resources Division and  
Diversity Management Division

**Director and Managing Executive Officer**

**Tsutomu Yonemoto**

Executive Officer in charge of Treasury Division and Treasury Operation Division

**Non-Standing Director** (Outside Director)

**Tomoyuki Yokota**

**Non-Standing Director** (Outside Director)

**Yuko Tashima**

**Non-Standing Director** (Outside Director)

**Yasuko Takayama**

## Executive Officers

**Managing Executive Officer**

**Kazuhiko Mizushima**

General Manager, Head Office

**Managing Executive Officer**

**Shigenobu Sadachi**

General Manager, Tokyo Head Office

**Executive Officer**

**Shigeo Miyauchi**

General Manager, Funabashi Branch

**Executive Officer**

**Shunichi Ishii**

General Manager, Workplace Revolution Development Division

**Executive Officer**

**Junya Wakabayashi**

General Manager, Risk Management Division

**Executive Officer**

**Satoru Maki**

General Manager, Audit and Inspection Division

**Executive Officer**

**Takayuki Hosokai**

General Manager, Public Relations and CSR Division

**Executive Officer**

**Hirofumi Kadohata**

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

**Executive Officer**

**Tadayoshi Shinozaki**

General Manager, Corporate Planning Division

**Executive Officer**

**Chigusa Saito**

General Manager, Human Resources Division

**Executive Officer**

**Arihiko Totsuka**

General Manager, Credit Division

## Audit & Supervisory Board Members

**Standing Audit & Supervisory Board Member**

**Toshikazu Okubo**

**Standing Audit & Supervisory Board Member**

(Outside Audit & Supervisory Board Member)

**Tomohiko Sakamoto**

**Standing Audit & Supervisory Board Member**

(Outside Audit & Supervisory Board Member)

**Kazuhiko Ishihara**

**Non-Standing Audit & Supervisory Board Member**

**Kazuyoshi Fukushima**

**Non-Standing Audit & Supervisory Board Member**

(Outside Audit & Supervisory Board Member)

**Akio Shirato**



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# Five-Year Summary (Consolidated)

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

	Millions of Yen					Thousands of U.S. Dollars
	2017	2016	2015	2014	2013	2017
<b>For the Year:</b>						
Total Income	¥ 227,850	¥ 228,702	¥ 229,395	¥ 217,995	¥ 222,731	\$ 2,030,933
Total Expenses	151,243	143,826	141,162	140,775	150,700	1,348,101
Profit before Income Taxes	76,606	84,875	88,232	77,220	72,030	682,832
Profit	52,730	55,444	57,033	47,382	45,046	470,013
Profit Attributable to Non-controlling Interests	—	—	—	944	894	—
Profit Attributable to Owners of Parent	52,730	55,444	57,033	46,438	44,152	470,013
<b>At Year-End:</b>						
Total Assets	¥14,095,743	¥13,333,858	¥12,969,442	¥12,023,627	¥11,373,741	\$125,641,714
Loans and Bills Discounted	9,268,854	8,769,113	8,438,684	8,061,697	7,886,033	82,617,471
Securities	2,381,490	2,455,700	2,362,229	2,180,202	2,174,866	21,227,296
Deposits	11,984,784	11,486,430	11,218,113	10,495,839	9,926,630	106,825,783
Net Assets	900,550	866,398	858,747	766,187	729,243	8,027,009
Total Capital Ratio (BIS guidelines)	13.59%	13.79%	14.66%	13.69%	14.05%	13.59%
PER (Times)	10.94	8.36	12.96	11.71	13.26	10.94
PBR (Times)	0.63	0.53	0.85	0.71	0.80	0.63
<b>Per Share:</b>						
	Yen					U.S. Dollars
Profit	¥ 65.32	¥ 67.03	¥ 68.02	¥ 54.29	¥ 50.88	\$ 0.58
Net Assets	1,128.31	1,053.76	1,030.64	895.60	839.15	10.06

Note: Japanese yen amounts less than 1 million have been rounded down.

U.S. dollar amounts are shown solely for the convenience of the readers and are translated at the rate of ¥112.19 to \$1.00, the exchange rate prevailing at March 31, 2017.

# Management's Discussion and Analysis

## Financial and Economic Environment

In the fiscal year ended March 31, 2017, the Japanese economy continued to stage a gradual recovery, as personal consumption trended firmly as a result of improved employment and income levels and other factors. Corporate earnings also trended at a high level overall, mainly supported by the progression of the yen's depreciation following the U.S. presidential election.

Economic conditions in Chiba Prefecture saw personal consumption trend firmly amid a continuing population inflow, primarily to major urban areas. Chiba Prefecture's economy performed steadily overall, mainly underpinned by progress on the development of transportation infrastructure and various development projects, in addition to an upturn in corporate business performance led by export companies.

Turning to financial market conditions, the unsecured overnight call rate stood at around minus 0.05% throughout the fiscal year. Secondary market yields on long-term government bonds declined as far as around minus 0.2% due to the impact of the negative interest rate policy of the Bank of Japan, but rose to around positive 0.1% mainly due to the impact of the U.S. presidential election. The Nikkei Stock Average had been trending at around ¥16,000, but had rallied to the ¥19,000 level by the second half of the fiscal year.

## Review of FY2016

In this financial and economic environment, the Chiba Bank pushed ahead with "Best Bank 2020—3 years of value creation," a three-year medium-term management plan running from April 2014 to March 2017. Under this plan, we have vigorously implemented various measures to become the "best retail" banking group, providing the highest satisfaction and being highly regarded by our regional customers, including individuals and small- and medium-sized enterprises.

We made a Group-wide effort to focus on regional revitalization. To support the growth of the small- and medium-sized enterprises responsible for regional industries, we proactively implemented measures such as providing loans and support for core businesses based on evaluations of customers' business potential.

Moreover, we commenced demonstration trials of the next-generation branch model as part of our efforts to enhance customer service and streamline operations at branches. Efforts were also made to upgrade and expand the branch network in the 23 wards of Tokyo, which have been positioned as a strategic operating area.

In addition, we stepped up collaborations with other banks. Measures included strengthening the Chiba-Musashino Alliance, a comprehensive alliance with The Musashino Bank, Ltd., and the TSUBASA Alliance for Enhancing Financial Systems, an alliance that transcends regional boundaries.

## Operating Results

Total income decreased by ¥0.8 billion from the previous fiscal year to ¥227.8 billion, mainly due to a decrease in interest income, including interest on loans and discounts. Total expenses increased by ¥7.4 billion from the previous fiscal year to ¥151.2 billion, mainly because there was an increase in general and administrative expenses, primarily reflecting increases in retirement benefit costs in response to a reduction in the discount rate due to the impact of

a negative interest rate policy.

As a result, profit before income taxes decreased by ¥8.2 billion from the previous fiscal year to ¥76.6 billion. Profit attributable to owners of parent decreased by ¥2.7 billion to ¥52.7 billion.

## Cash Flows

Net cash provided by operating activities was ¥361.3 billion, mainly due to an increase in deposits. Net cash provided by investing activities was ¥72.5 billion, mainly due to sales of securities. Net cash used in financing activities was ¥16.8 billion, mainly due to the purchase of treasury shares.

As a result, cash and cash equivalents was ¥1,614.2 billion as of March 31, 2017, an increase of ¥417.0 billion compared with the previous fiscal year-end.

## Financial Condition

The balance of deposits including NCD as of March 31, 2017 was ¥11,984.7 billion, an increase of ¥498.3 billion from the previous fiscal year-end. This increase reflected our efforts to provide a variety of financial products and services, as well as a campaign to encourage customers to make the Chiba Bank their main banking institution for salary and pension payments and other household needs.

The balance of loans and bills discounted increased by ¥499.7 billion from the previous fiscal year-end to ¥9,268.8 billion as of March 31, 2017, reflecting our efforts to actively respond to the borrowing needs of both corporate and individual customers. The balance of securities decreased by ¥74.2 billion from the previous fiscal year-end to ¥2,381.4 billion as of March 31, 2017.

On this basis, the balance of total assets reached ¥14,095.7 billion as of March 31, 2017, an increase of ¥761.8 billion from a year earlier. The balance of net assets amounted to ¥900.5 billion as of the fiscal year-end, an increase of ¥34.1 billion from a year earlier.

## Dividends Policy

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

In terms of the dividends for the fiscal year ended March 31, 2017, a year-end dividend of ¥7.5 per share was approved at the Annual General Meeting of Shareholders. As a result, the total annual dividend, including the interim dividend of ¥7.5 per share, was ¥15 per share.

## Outlook for FY2017

For the fiscal year ending March 31, 2018, our earnings forecasts are ordinary profit of ¥78.0 billion and profit attributable to owners of parent of ¥53.0 billion.

Our annual dividend forecast is ¥15 per share, including a projected interim dividend of ¥7.5 per share.

# Asset Quality

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

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

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

Claims disclosed under the Financial Reconstruction Law were ¥139.0 billion as of March 31, 2017, and the non-performing loan ratio was 1.47%.

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

## Self-Assessment and Debtor Classification

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

## Disposal of Non-Performing Assets

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

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

## Debtor Classification

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

## Risk-Monitored Loans

(¥ billion)

	Non-Consolidated		Consolidated	
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2016	As of March 31, 2017
Loans to Bankrupt Borrowers	3.1	2.2	2.7	1.8
Delinquent Loans	101.6	83.8	98.8	81.4
Loans Past Due 3 Months or More	1.7	1.3	1.7	1.3
Restructured Loans	44.7	51.4	44.7	51.4
Total	151.3	138.9	148.1	136.2

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

The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees stands at 71.1%, indicating a high level of security on the basis of claims disclosed under the Financial Reconstruction Law and limited cause for concern about the occurrence of future losses.

#### Disclosure of Non-Performing Assets

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

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

#### Risk-monitored Loans

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

#### Disclosed Claims under the Financial Reconstruction Law

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

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

(¥ billion)

	As of March 31, 2016	As of March 31, 2017
Bankrupt and Substantially Bankrupt Claims	19.6	17.8
Doubtful Claims	85.5	68.4
Substandard Claims	46.5	52.8
Total	151.7	139.0
Normal Claims	8,748.9	9,275.2
Non-performing Loan Ratio (%)	1.70	1.47
Coverage Ratio (%)	73.6	71.1

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

(Non-Consolidated) (As of March 31, 2017)

(¥ billion)

Asset Classification under Self-Assessment		Risk-Monitored Loans under the Banking Law		Disclosed Claims under the Financial Reconstruction Law	
Bankrupt Assets and Effectively Bankrupt Assets	17.8	Loans to Bankrupt Borrowers	2.2	Bankrupt and Substantially Bankrupt Claims	17.8
		Delinquent Loans	83.8		
Potentially Bankrupt Assets	68.4			Doubtful Claims	68.4
Assets Requiring Caution	60.5	Loans Past Due 3 Months or More	1.3	Substandard Claims	52.8
		Restructured Loans	51.4		
Other Assets Requiring Caution	895.8			Normal Claims	9,275.2
Normal Assets	8,371.6				
Total Assets	9,414.3	Loans Outstanding	9,305.3	Total Claims	9,414.3

# Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Assets</b>			
Cash and Due from Banks (Note 27)	¥ 1,806,514	¥ 1,397,413	\$ 16,102,274
Call Loans and Bills Bought	154,078	198,378	1,373,374
Receivables under Resale Agreements	14,999	4,999	133,701
Monetary Claims Bought	21,626	22,051	192,769
Trading Assets (Notes 6 and 33)	129,820	182,592	1,157,148
Money Held in Trust (Note 35)	28,140	36,893	250,829
Securities (Notes 7, 12, 33 and 34)	2,381,490	2,455,700	21,227,296
Loans and Bills Discounted (Notes 8, 12 and 33)	9,268,854	8,769,113	82,617,471
Foreign Exchanges (Note 9)	4,563	2,596	40,679
Other Assets (Notes 10 and 12)	144,579	109,881	1,288,703
Tangible Fixed Assets (Notes 11 and 20)	101,185	101,971	901,908
Intangible Fixed Assets	10,942	10,934	97,533
Deferred Tax Assets (Note 30)	5,326	5,928	47,480
Customers' Liabilities for Acceptances and Guarantees	56,172	76,214	500,690
Allowance for Loan Losses	(32,551)	(40,811)	(290,142)
<b>Total Assets</b>	<b>¥14,095,743</b>	<b>¥13,333,858</b>	<b>\$125,641,714</b>
<b>Liabilities</b>			
Deposits (Notes 12, 13 and 33)	¥11,984,784	¥11,486,430	\$106,825,783
Call Money and Bills Sold (Note 12)	250,000	134,500	2,228,363
Payables under Securities Lending Transactions (Note 12)	318,992	191,699	2,843,326
Trading Liabilities (Notes 14 and 33)	16,474	22,905	146,841
Borrowed Money (Notes 12 and 15)	279,442	268,485	2,490,799
Foreign Exchanges (Note 16)	692	640	6,174
Bonds Payable (Note 17)	117,267	107,545	1,045,257
Borrowed Money from Trust Account	62	—	558
Other Liabilities (Note 18)	108,149	121,252	963,989
Net Defined Benefit Liability (Note 19)	22,838	24,483	203,573
Provision for Directors' Retirement Benefits	169	166	1,513
Provision for Reimbursement of Deposits	2,920	2,275	26,034
Provision for Point Loyalty Programs	506	414	4,516
Reserve under Special Laws	22	27	201
Deferred Tax Liabilities (Note 30)	25,765	19,349	229,658
Deferred Tax Liabilities for Land Revaluation (Note 20)	10,930	11,069	97,431
Acceptances and Guarantees	56,172	76,214	500,690
<b>Total Liabilities</b>	<b>¥13,195,193</b>	<b>¥12,467,459</b>	<b>\$117,614,705</b>
<b>Net Assets</b>			
Capital Stock (Note 21)	¥ 145,069	¥ 145,069	\$ 1,293,066
Capital Surplus	122,134	122,134	1,088,636
Retained Earnings	566,050	524,817	5,045,463
Treasury Shares	(52,219)	(37,480)	(465,459)
Total Shareholders' Equity	781,033	754,540	6,961,707
Valuation Difference on Available-for-sale Securities (Note 36)	109,427	103,921	975,375
Deferred Gains or Losses on Hedges	1,510	231	13,461
Revaluation Reserve for Land (Note 20)	10,733	11,050	95,673
Remeasurements of Defined Benefit Plans	(2,577)	(3,861)	(22,978)
Total Accumulated Other Comprehensive Income	119,093	111,342	1,061,531
Subscription Rights to Shares	423	516	3,771
<b>Total Net Assets</b>	<b>¥ 900,550</b>	<b>¥ 866,398</b>	<b>\$ 8,027,009</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,095,743</b>	<b>¥13,333,858</b>	<b>\$125,641,714</b>

See notes to consolidated financial statements.

# Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥107,525	¥110,307	\$ 958,420
Interest and Dividends on Securities	25,282	26,278	225,358
Other Interest Income	2,725	2,215	24,297
Trust Fees	2	2	19
Fees and Commissions	48,282	48,433	430,366
Trading Income (Note 22)	4,825	4,681	43,011
Other Ordinary Income (Note 23)	5,464	4,242	48,708
Other Income (Note 24)	33,741	32,540	300,752
<b>Total Income</b>	<b>¥227,850</b>	<b>¥228,702</b>	<b>\$2,030,933</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 6,038	¥ 5,872	\$ 53,822
Interest on Borrowings and Rediscounts	734	1,023	6,543
Other Interest Expenses	9,817	8,521	87,504
Fees and Commissions Payments	17,871	17,503	159,292
Other Ordinary Expenses (Note 25)	4,237	2,014	37,769
General and Administrative Expenses	90,368	87,626	805,494
Other Expenses (Note 26)	22,177	21,263	197,677
<b>Total Expenses</b>	<b>¥151,243</b>	<b>¥143,826</b>	<b>\$1,348,101</b>
Profit before Income Taxes	76,606	84,875	682,832
Income Taxes—Current	20,050	25,037	178,715
Income Taxes—Deferred	3,826	4,393	34,104
<b>Profit</b>	<b>¥ 52,730</b>	<b>¥ 55,444</b>	<b>\$ 470,013</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 52,730</b>	<b>¥ 55,444</b>	<b>\$ 470,013</b>

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Profit</b>	<b>¥52,730</b>	<b>¥ 55,444</b>	<b>\$470,013</b>
<b>Other Comprehensive Income</b> (Note 28)			
Valuation Difference on Available-for-sale Securities	5,486	(17,390)	48,901
Deferred Gains or Losses on Hedges	1,278	(182)	11,394
Revaluation Reserve for Land	—	580	—
Remeasurements of Defined Benefit Plans	1,283	(9,346)	11,445
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	19	48	171
<b>Total Other Comprehensive Income</b>	<b>8,067</b>	<b>(26,290)</b>	<b>71,910</b>
<b>Comprehensive Income</b>	<b>¥60,798</b>	<b>¥ 29,153</b>	<b>\$541,924</b>
(Breakdown)			
Comprehensive Income Attributable to Owners of Parent	¥60,798	¥ 29,153	\$541,924

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

Millions of Yen (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income						Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	
Balance at March 31, 2015	¥145,069	¥122,134	¥480,803	¥(27,532)	¥720,474	¥121,264	¥ 414	¥10,663	¥ 5,484	¥137,826	¥446	¥858,747
Cash Dividends	—	—	(11,610)	—	(11,610)	—	—	—	—	—	—	(11,610)
Profit	—	—	55,444	—	55,444	—	—	—	—	—	—	55,444
Purchase of Treasury Shares	—	—	—	(10,065)	(10,065)	—	—	—	—	—	—	(10,065)
Disposal of Treasury Shares	—	—	(12)	116	103	—	—	—	—	—	—	103
Reversal of Revaluation Reserve for Land	—	—	193	—	193	—	—	—	—	—	—	193
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	(17,342)	(182)	386	(9,346)	(26,484)	69	(26,414)
Total of Items during FY2015	—	—	44,014	(9,948)	34,065	(17,342)	(182)	386	(9,346)	(26,484)	69	7,651
Balance at March 31, 2016	¥145,069	¥122,134	¥524,817	¥(37,480)	¥754,540	¥103,921	¥ 231	¥11,050	¥(3,861)	¥111,342	¥516	¥866,398
Cash Dividends	—	—	(11,783)	—	(11,783)	—	—	—	—	—	—	(11,783)
Profit	—	—	52,730	—	52,730	—	—	—	—	—	—	52,730
Purchase of Treasury Shares	—	—	—	(15,027)	(15,027)	—	—	—	—	—	—	(15,027)
Disposal of Treasury Shares	—	—	(31)	288	256	—	—	—	—	—	—	256
Reversal of Revaluation Reserve for Land	—	—	316	—	316	—	—	—	—	—	—	316
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	5,505	1,278	(316)	1,283	7,750	(92)	7,657
Total of Items during FY2016	—	—	41,232	(14,738)	26,493	5,505	1,278	(316)	1,283	7,750	(92)	34,151
<b>Balance at March 31, 2017</b>	<b>¥145,069</b>	<b>¥122,134</b>	<b>¥566,050</b>	<b>¥(52,219)</b>	<b>¥781,033</b>	<b>¥109,427</b>	<b>¥1,510</b>	<b>¥10,733</b>	<b>¥(2,577)</b>	<b>¥119,093</b>	<b>¥423</b>	<b>¥900,550</b>

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income						Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	
Balance at March 31, 2016	\$1,293,066	\$1,088,636	\$4,677,937	\$(334,084)	\$6,725,556	\$926,303	\$ 2,067	\$98,497	\$(34,423)	\$ 992,444	\$4,600	\$7,722,600
Cash Dividends	—	—	(105,029)	—	(105,029)	—	—	—	—	—	—	(105,029)
Profit	—	—	470,013	—	470,013	—	—	—	—	—	—	470,013
Purchase of Treasury Shares	—	—	—	(133,946)	(133,946)	—	—	—	—	—	—	(133,946)
Disposal of Treasury Shares	—	—	(283)	2,572	2,289	—	—	—	—	—	—	2,289
Reversal of Revaluation Reserve for Land	—	—	2,824	—	2,824	—	—	—	—	—	—	2,824
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	49,072	11,394	(2,824)	11,445	69,086	(829)	68,258
Total of Items during FY2016	—	—	367,526	(131,375)	236,151	49,072	11,394	(2,824)	11,445	69,086	(829)	304,409
<b>Balance at March 31, 2017</b>	<b>\$1,293,066</b>	<b>\$1,088,636</b>	<b>\$5,045,463</b>	<b>\$(465,459)</b>	<b>\$6,961,707</b>	<b>\$975,375</b>	<b>\$13,461</b>	<b>\$95,673</b>	<b>\$(22,978)</b>	<b>\$1,061,531</b>	<b>\$3,771</b>	<b>\$8,027,009</b>

See notes to consolidated financial statements.



# Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Cash Flows from Operating Activities:</b>			
Profit before Income Taxes	¥ 76,606	¥ 84,875	\$ 682,832
Depreciation and Amortization	8,020	8,169	71,486
Impairment Loss	270	233	2,415
Equity in (Earnings) Losses of Affiliates	(270)	(184)	(2,408)
Increase (Decrease) in Allowance for Loan Losses	(8,260)	(4,148)	(73,633)
Decrease (Increase) in Net Defined Benefit Asset	—	(1,102)	—
Increase (Decrease) in Net Defined Benefit Liability	(1,644)	(577)	(14,656)
Increase (Decrease) in Provision for Directors' Retirement Benefits	3	(19)	32
Increase (Decrease) in Provision for Reimbursement of Deposits	644	182	5,747
Increase (Decrease) in Provision for Point Loyalty Programs	92	(28)	825
Interest Income	(135,533)	(138,801)	(1,208,075)
Financing Expenses	16,589	15,417	147,868
Loss (Gain) Related to Securities	(384)	(5,010)	(3,423)
Loss (Gain) on Money Held in Trust	262	(409)	2,338
Foreign Exchange Losses (Gains)	43	100	390
Loss (Gain) on Disposal of Fixed Assets	726	447	6,479
Net Decrease (Increase) in Trading Assets	52,771	89,182	470,377
Net Increase (Decrease) in Trading Liabilities	(6,431)	2,117	(57,329)
Net Decrease (Increase) in Loans and Bills Discounted	(499,740)	(330,428)	(4,454,410)
Net Increase (Decrease) in Deposits (excluding Negotiable Certificates of Deposit)	423,184	404,788	3,772,032
Net Increase (Decrease) in Negotiable Certificates of Deposit	75,170	(136,471)	670,025
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	10,957	(40,227)	97,670
Net Decrease (Increase) in Due from Banks (excluding Due from BOJ)	7,960	14,220	70,954
Net Decrease (Increase) in Call Loans and Bills Bought and Others	34,723	129,115	309,508
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	—	2,091	—
Net Increase (Decrease) in Call Money and Bills Sold	115,500	94,621	1,029,504
Net Increase (Decrease) in Payables under Securities Lending Transactions	127,293	37,330	1,134,626
Net Decrease (Increase) in Foreign Exchanges—Assets	(1,966)	5,483	(17,531)
Net Increase (Decrease) in Foreign Exchanges—Liabilities	52	(126)	466
Increase (Decrease) in Issuance and Redemption of Straight Bonds	—	37,130	—
Increase (Decrease) in Borrowed Money from Trust Account	62	—	558
Interest and Dividends Received	134,100	135,636	1,195,299
Interest Paid	(16,377)	(15,426)	(145,980)
Other, Net	(28,875)	(10,741)	(257,384)
Subtotal	¥ 385,552	¥ 377,440	\$ 3,436,599
Income Taxes Paid	(24,231)	(26,531)	(215,986)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>¥ 361,320</b>	<b>¥ 350,909</b>	<b>\$ 3,220,613</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Securities	¥(1,133,369)	¥(1,544,164)	\$(10,102,234)
Proceeds from Sales of Securities	976,889	1,095,274	8,707,459
Proceeds from Redemption of Securities	227,708	306,558	2,029,672
Increase in Money Held in Trust	(5,900)	(6,300)	(52,589)
Decrease in Money Held in Trust	14,253	10,959	127,052
Purchase of Tangible Fixed Assets	(3,133)	(3,783)	(27,928)
Purchase of Intangible Fixed Assets	(3,810)	(3,237)	(33,965)
Payments for Retirement of Tangible Fixed Assets	(47)	(71)	(427)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥ 72,591</b>	<b>¥ (144,763)</b>	<b>\$ 647,039</b>
<b>Cash Flows from Financing Activities:</b>			
Issuance of Subordinated Bonds	¥ 20,000	¥ —	\$ 178,269
Redemption of Subordinated Bonds	(10,000)	—	(89,135)
Cash Dividends Paid	(11,783)	(11,610)	(105,029)
Purchase of Treasury Shares	(15,027)	(10,065)	(133,946)
Proceeds from Sales of Treasury Shares	3	9	35
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>¥ (16,806)</b>	<b>¥ (21,667)</b>	<b>\$ (149,806)</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>¥ (43)</b>	<b>¥ (100)</b>	<b>\$ (390)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥ 417,061</b>	<b>¥ 184,377</b>	<b>\$ 3,717,456</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>¥ 1,197,238</b>	<b>¥ 1,012,861</b>	<b>\$ 10,671,524</b>
<b>Cash and Cash Equivalents at End of Period (Note 27)</b>	<b>¥ 1,614,299</b>	<b>¥ 1,197,238</b>	<b>\$ 14,388,980</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Year ended March 31, 2017

## 1. Basis of Presentation

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

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

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

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥112.19 to \$1.00, the exchange rate prevailing at March 31, 2017.

## 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chibagin Securities Co., Ltd. (Chibagin Securities) and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2017 was nine (nine as of March 31, 2016).

All significant inter-company balances and transactions have been eliminated in consolidation. The consolidated financial statements do not include the accounts of Chibagin Computer Service Co., Ltd. and four other subsidiaries, since the combined total assets, total income, profit (based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Nevertheless, the investments in these unconsolidated subsidiaries, including T&I Innovation Center Co., Ltd. established in July 2017, are carried using the equity method and are included in securities in the balance sheets. Also, the consolidated financial statements do not include the accounts of nine limited partnerships (eight as of March 31, 2016). The investments in these unconsolidated subsidiaries are not accounted for by the equity method since profit (based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact

on the consolidated financial statements of the Bank. The difference between the cost and the underlying equity in the net assets measured at their market value at the dates of acquisition of consolidated subsidiaries is amortized in the year of acquisition.

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

## 3. Significant Accounting Policies

### (1) Trading Account

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

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

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

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

### (2) Securities

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

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

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

### (3) Derivatives

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

### (4) Tangible Fixed Assets

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

Buildings ..... 6 years to 50 years

Others ..... 2 years to 20 years

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

### (5) Intangible Fixed Assets

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

### (6) Allowance for Loan Losses

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

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

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

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

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

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

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

lectible and written off against the total outstanding amount of the claims. The amount of write-off as of March 31, 2017 was ¥24,004 million (¥29,621 million as of March 31, 2016). Allowance made by consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for specific claims in the amount deemed uncollectible based on the respective assessments.

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

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

### (8) Provision for Reimbursement of Deposits

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

### (9) Provision for Point Loyalty Programs

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

### (10) Reserve under Special Laws

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

### (11) Retirement Benefits

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

### (12) Translation of Foreign Currencies

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

**(13) Lease Transactions**

(As lessors)

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

**(14) Hedge Accounting**

## i) Hedge of Interest Rate Risk

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

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

## ii) Hedge of Foreign Currency Fluctuation Risk

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

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

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

**(15) Cash Flows**

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

**(16) Consumption Taxes**

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

**(17) Appropriation of Retained Earnings**

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

**4. Additional Information**

The Bank and its consolidated subsidiaries have applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the consolidated fiscal year ended March 31, 2017.

**5. Securities Purchased under Resale Agreements**

As for securities purchased under resale agreements or securities accepted as collateral for derivative transactions, ¥15,030 million was held in hand on March 31, 2017 (¥6,065 million on March 31, 2016).

**6. Trading Assets**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Trading Account Securities	¥ 8,439	¥ 9,628	\$ 75,221
Derivatives of Trading Securities	—	2	—
Trading-related Financial Derivatives	19,991	26,039	178,195
Other Trading Assets	101,389	146,921	903,732
Total	¥129,820	¥182,592	\$1,157,148

**7. Securities**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Japanese Government Bonds	¥ 660,059	¥ 834,956	\$ 5,883,408
Japanese Local Government Bonds	414,854	353,911	3,697,782
Japanese Corporate Bonds	338,174	288,236	3,014,306
Japanese Stocks	254,629	228,399	2,269,626
Other Securities	713,772	750,196	6,362,174
Total	¥2,381,490	¥2,455,700	\$21,227,296

Securities included investments in non-consolidated subsidiaries and affiliates of ¥8,737 million on March 31, 2017 (¥7,470 million on March 31, 2016).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of the Financial Instruments and Exchange Act) included in Japanese Corporate Bonds was ¥58,270 million as of March 31, 2017 (¥35,663 million as of March 31, 2016).

## 8. Loans and Bills Discounted

### (1) Loans and Bills Discounted

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Bills Discounted	¥ 14,254	¥ 16,003	\$ 127,058
Loans on Bills	141,466	119,332	1,260,955
Loans on Deeds	8,499,318	8,019,586	75,758,250
Overdrafts	613,814	614,191	5,471,208
Total	¥9,268,854	¥8,769,113	\$82,617,471

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of March 31, 2017 was ¥14,445 million (¥16,309 million as of March 31, 2016).

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥2,179,845 million relating to these contracts, including ¥2,025,470 million of which the term of contracts is less than one year or revocable at any time, as of March 31, 2017 (respective amounts were ¥2,072,563 million and ¥1,934,336 million as of March 31, 2016).

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

Additionally, the unused amount within the limits of overdraft facilities on General Accounts as of March 31, 2017 was ¥902,880 million (¥936,904 million as of March 31, 2016). General Accounts are the Ordinary Deposit Accounts that its depositors can overdraw up to the amounts calculated by multiplying incidental Time Deposits and so on by certain weight.

### (2) Risk-monitored Loans

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Loans to Bankrupt Borrowers	¥ 1,881	¥ 2,784	\$ 16,770
Delinquent Loans	81,499	98,878	726,438
Loans Past Due 3 Months or More	1,362	1,790	12,146
Restructured Loans	51,468	44,728	458,761
Total	¥136,211	¥148,182	\$1,214,114

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

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

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

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

## 9. Foreign Exchange Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Due from Foreign Banks (Our Accounts)	¥3,654	¥1,692	\$32,571
Foreign Bills Bought	190	307	1,699
Foreign Bills Receivable	719	596	6,409
Total	¥4,563	¥2,596	\$40,679

## 10. Other Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Accrued Income	¥ 13,099	¥ 13,687	\$ 116,760
Prepaid Expenses	861	710	7,683
Derivatives	5,734	14,461	51,114
Lease Investment Assets	44,178	40,236	393,782
Other	80,705	40,786	719,363
Total	¥144,579	¥109,881	\$1,288,703

### 11. Tangible Fixed Assets

Depreciation was computed using the declining-balance method. Tangible fixed assets were shown at net of the following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
	¥95,467	¥94,584	\$850,949

Deferred gain on real estate deductible for tax purposes amounted to ¥11,576 million as of March 31, 2017 (¥11,368 million as of March 31, 2016).

### 12. Assets Pledged

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Securities	¥886,594	¥947,978	\$7,902,614
Loans and Bills Discounted	299,966	—	2,673,737

Liabilities related to the above pledged assets were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Deposits	¥ 49,158	¥ 71,204	\$ 438,168
Call Money and Bills Sold	—	24,500	—
Payables under Securities Lending Transactions	318,992	191,699	2,843,326
Borrowed Money	275,841	265,427	2,458,704

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Securities	¥60,621	¥74,620	\$540,347

Initial margins of futures markets of ¥1,212 million, cash collateral paid for financial instruments of ¥26,778 million and guarantee deposits of ¥6,360 million were included in Other Assets as of March 31, 2017 (The respective amounts were ¥489 million, ¥8,098 million and ¥6,432 million as of March 31, 2016).

### 13. Deposits

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Current Deposits	¥ 248,972	¥ 228,099	\$ 2,219,207
Ordinary Deposits	7,180,337	6,681,666	64,001,586
Savings Deposits	247,038	243,218	2,201,967
Deposits at Notice	5,452	5,842	48,600
Time Deposits	3,583,043	3,665,701	31,937,279
Other Deposits	285,747	302,878	2,546,993
Subtotal	¥11,550,592	¥11,127,408	\$102,955,632
Negotiable Certificates of Deposit	434,192	359,022	3,870,152
Total	¥11,984,784	¥11,486,430	\$106,825,783

### 14. Trading Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Derivatives of Trading Securities	¥ 6	¥ 18	\$ 54
Trading-related Financial Derivatives	16,467	22,886	146,786
Total	¥16,474	¥22,905	\$146,841

### 15. Borrowed Money

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Borrowings from the Bank of Japan and Other Financial Institutions	¥279,442	¥268,485	\$2,490,799

### 16. Foreign Exchange Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Foreign Bills Sold	¥340	¥483	\$3,035
Foreign Bills Payable	352	157	3,139
Total	¥692	¥640	\$6,174

### 17. Bonds Payable

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Subordinated Bonds	¥ 50,000	¥ 40,000	\$ 445,673
Straight Bond	67,267	67,545	599,585
Total	¥117,267	¥107,545	\$1,045,257

### 18. Other Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Domestic Exchange Settlement Account, Credit	¥ 59	¥ 13	\$ 533
Accrued Expenses	10,181	9,806	90,753
Unearned Revenue	30,443	28,445	271,355
Income Taxes Payable	7,491	11,672	66,772
Derivatives	11,582	4,101	103,238
Other	48,391	67,212	431,339
Total	¥108,149	¥121,252	\$963,989

### 19. Retirement Benefit Plans

The Bank and its consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans, welfare pension fund plans and tax-qualified pension plans, as well as corporate-type defined contribution plans.

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

## I. Defined Benefit Plans

### (1) Retirement Benefit Obligation

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Balance at the Beginning of Current Period	¥82,351	¥73,429	\$734,036
Service Cost	2,836	2,463	25,279
Interest Cost	163	727	1,456
Actuarial Gain or Loss	458	9,853	4,088
Retirement Benefits Paid	(3,823)	(4,122)	(34,078)
Balance at the End of Current Period	¥81,986	¥82,351	\$730,781

### (2) Plan Assets at Fair Value

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Balance at the Beginning of Current Period	¥57,868	¥60,907	\$515,807
Expected Return on Plan Assets	1,736	1,826	15,474
Actuarial Gain or Loss	1,115	(3,267)	9,946
Contributions by the Company	814	824	7,259
Retirement Benefits Paid	(2,387)	(2,421)	(21,279)
Balance at the End of Current Period	¥59,147	¥57,868	\$527,208

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Funded Retirement Benefit Obligation	¥ 60,649	¥ 60,916	\$ 540,597
Plan Assets at Fair Value	(59,147)	(57,868)	(527,208)
Subtotal	¥ 1,502	¥ 3,047	\$ 13,389
Unfunded Retirement Benefit Obligation	21,336	21,435	190,184
Net Amount Accrued on the Balance Sheets	¥ 22,838	¥ 24,483	\$ 203,573

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Net Defined Benefit Liability	¥22,838	¥24,483	\$203,573
Net Defined Benefit Asset	—	—	—
Net Amount Accrued on the Balance Sheets	¥22,838	¥24,483	\$203,573

### (4) Retirement Benefit Cost

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Service Cost	¥ 2,836	¥ 2,463	\$ 25,279
Interest Cost	163	727	1,456
Expected Return on Plan Assets	(1,736)	(1,826)	(15,474)
Amortization of Actuarial Gain or Loss	1,193	(520)	10,641
Retirement Benefit Cost	¥ 2,457	¥ 845	\$ 21,902

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Actuarial Gain or Loss	¥1,851	¥(13,641)	\$16,499

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Unrecognized Actuarial Gain or Loss	¥(3,712)	¥(5,563)	\$(33,094)

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

	2017	2016
Stocks	42%	37%
General Accounts at Life Insurance Companies	28%	30%
Bonds	27%	32%
Other	3%	1%
Total	100%	100%

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

	2017	2016
Discount Rate	0.2%	0.2%
Expected Rate of Long-term Return on Plan Assets	3.0%	3.0%
Expected Rates of Future Salary Increases	1.1%–3.2%	1.2%–3.2%

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

## II. Defined Contribution Plans

The required contribution amount of the Bank and its consolidated subsidiaries for the fiscal year ended March 31, 2017 was ¥85 million (¥22 million as of March 31, 2016).

### 20. Revaluation Reserve for Land

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

Date of the revaluation: March 31, 1998

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

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥31,423 million as of March 31, 2017 (¥32,694 million as of March 31, 2016).

### 21. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2017 and 2016.

	Number of Shares	
	2017	2016
Shares in Issue	875,521,087	875,521,087

The number of treasury shares held by the Bank was 77,761 thousand as of March 31, 2017 (53,818 thousand as of March 31, 2016).

**22. Trading Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Gains on Trading Account Securities Transactions	¥2,962	¥2,296	\$26,403
Income from Securities and Derivatives related to Trading Transactions	141	346	1,265
Income from Trading-related Financial Derivatives Transactions	1,676	1,768	14,940
Other Trading Income	45	270	404
<b>Total</b>	<b>¥4,825</b>	<b>¥4,681</b>	<b>\$43,011</b>

**23. Other Ordinary Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Gains on Foreign Exchange Transactions	¥1,475	¥1,271	\$13,154
Gains on Sales of Bonds	3,039	2,941	27,090
Gains on Redemption of Bonds	18	29	161
Income from Derivatives other than for Trading or Hedging	931	—	8,302
Other	0	0	1
<b>Total</b>	<b>¥5,464</b>	<b>¥4,242</b>	<b>\$48,708</b>

**24. Other Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Gains on Sales of Stocks and Other Securities	¥ 1,576	¥ 3,366	\$ 14,052
Gains on Money Held in Trust	84	409	754
Revenue on Lease	14,208	13,394	126,648
Recoveries of Written-off Claims	2,071	2,680	18,466
Reversal of Allowance for Loan Losses	5,303	2,559	47,269
Equity in Earnings of Affiliates	270	184	2,408
Other	10,226	9,945	91,155
<b>Total</b>	<b>¥33,741</b>	<b>¥32,540</b>	<b>\$300,752</b>

**28. Other Comprehensive Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Valuation Difference on Available-for-sale Securities			
Gains (Losses) Arising during the Fiscal Year	¥ 8,899	¥(20,464)	\$ 79,325
Reclassification Adjustment to Profit or Loss	(1,489)	(8,094)	(13,274)
Amount before Income Tax Effect	7,410	(28,559)	66,051
Income Tax Effect	(1,924)	11,168	(17,150)
Total	¥ 5,486	¥(17,390)	\$ 48,901
Deferred Gains or Losses on Hedges			
Gains (Losses) Arising during the Fiscal Year	¥(4,332)	¥ (5,805)	\$(38,614)
Reclassification Adjustment to Profit or Loss	6,171	5,529	55,007
Amount before Income Tax Effect	1,839	(276)	16,394
Income Tax Effect	(560)	93	(5,000)
Total	¥ 1,278	¥ (182)	\$ 11,394
Revaluation Reserve for Land			
Gains (Losses) Arising during the Fiscal Year	¥ —	¥ —	\$ —
Reclassification Adjustment to Profit or Loss	—	—	—
Amount before Income Tax Effect	—	—	—
Income Tax Effect	—	580	—
Total	¥ —	¥ 580	\$ —
Remeasurements of Defined Benefit Plans			
Gains (Losses) Arising during the Fiscal Year	¥ 657	¥(13,121)	\$ 5,859
Reclassification Adjustment to Profit or Loss	1,193	(520)	10,641
Amount before Income Tax Effect	1,851	(13,641)	16,499
Income Tax Effect	(567)	4,294	(5,055)
Total	¥ 1,283	¥ (9,346)	\$ 11,445
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method			
Gains (Losses) Arising during the Fiscal Year	¥ 19	¥ 51	\$ 171
Reclassification Adjustment to Profit or Loss	—	(3)	—
Amount before Income Tax Effect	19	48	171
Income Tax Effect	—	—	—
Total	¥ 19	¥ 48	\$ 171
<b>Total Other Comprehensive Income</b>	<b>¥ 8,067</b>	<b>¥(26,290)</b>	<b>\$ 71,910</b>

**25. Other Ordinary Expenses**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Loss on Sales of Bonds	¥4,219	¥ 701	\$37,613
Loss on Devaluation of Bonds	17	37	156
Expenses on Derivatives other than for Trading or Hedging	—	1,275	—
<b>Total</b>	<b>¥4,237</b>	<b>¥2,014</b>	<b>\$37,769</b>

**26. Other Expenses**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Written-off of Loans	¥ 2,858	¥ 3,954	\$ 25,475
Losses on Sales of Stocks and Other Securities	3	562	31
Losses on Devaluation of Stocks and Other Securities	8	24	80
Losses on Money Held in Trust	346	—	3,092
Cost of Leased Assets	12,632	11,795	112,597
Provision for Reimbursement of Deposits	1,309	905	11,676
Loss on Disposal of Fixed Assets	765	456	6,823
Impairment Loss on Fixed Assets	270	233	2,415
Other	3,981	3,331	35,489
<b>Total</b>	<b>¥22,177</b>	<b>¥21,263</b>	<b>\$197,677</b>

**27. Cash and Cash Equivalents**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Cash and Due from Banks	¥1,806,514	¥1,397,413	\$16,102,274
Interest-bearing Deposits included in Due from Banks (excluding Due from BOJ)	(192,214)	(200,174)	(1,713,294)
<b>Cash and Cash Equivalents</b>	<b>¥1,614,299</b>	<b>¥1,197,238</b>	<b>\$14,388,980</b>



## 29. Lease Transactions

### Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of
	2017	2016	U.S. Dollars (Note 1)
Lessee Side (Lease Payables related to Non-cancelable Operating Lease Transactions)			2017
Amount Corresponding to Lease Payables (within 1 year)	¥143	¥166	\$1,278
Amount Corresponding to Lease Payables (over 1 year)	549	679	4,894
Total	¥692	¥845	\$6,171

## 30. Tax Effect

	Millions of Yen (Note 1)		Thousands of
	2017	2016	U.S. Dollars (Note 1)
Deferred Tax Assets:			
Allowance for Loan Losses	¥ 15,556	¥ 18,998	\$ 138,662
Net Defined Benefit Liability	6,060	6,106	54,017
Write-offs of Securities	1,081	1,072	9,637
Remeasurements of Defined Benefit Plans	1,134	1,701	10,116
Other	7,109	7,480	63,368
Subtotal	¥ 30,942	¥ 35,359	\$ 275,801
Valuation Allowance	(1,816)	(1,659)	(16,191)
Total Deferred Tax Assets	¥ 29,125	¥ 33,699	\$ 259,610
Deferred Tax Liabilities:			
Valuation Difference on Available-for-sale Securities	¥(47,621)	¥(45,697)	\$(424,469)
Net Defined Benefit Asset	(200)	(308)	(1,787)
Other	(1,742)	(1,114)	(15,532)
Total Deferred Tax Liabilities	¥(49,564)	¥(47,120)	\$(441,788)
Net Deferred Tax Assets (Liabilities)	¥(20,438)	¥(13,421)	\$(182,178)

	2017	2016
Effective Statutory Tax Rate	—	32.8%
(Adjustments)		
Decrease in Deferred Tax Assets at Year-end due to the Tax Rate Change	—	1.5%
Other	—	0.3%
Effective Income Tax Rate	—	34.6%

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

## 31. Material Subsequent Events

None.

## 32. Segment Information

### I. Segment Information of the Current Fiscal Year (from April 1, 2016 to March 31, 2017) and the Previous Fiscal Year (from April 1, 2015 to March 31, 2016)

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

### II. Related Information

#### (1) Information by Service Type

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

#### (2) Information by Geographic Areas

##### i) Ordinary Income

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

##### ii) Tangible Fixed Assets

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

#### (3) Information by Major Customers

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

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

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

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

Not applicable.

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

Not applicable.

### 33. Financial Instruments

#### I. Disclosure on Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

###### i) Credit Risk Management

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

The details of credit risk management are as follows:

###### (Individual Credit Management)

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

###### (Credit Portfolio Management)

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

###### ii) Market Risk Management

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

###### (Risk Limit Monitoring)

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

(Quantitative Information on Market Risk)

(a) Financial Instruments of Banking Account

We use VaR (the assumed maximum loss) for quantitative analysis on market risk of financial instruments such as available-for-sale securities, loans and deposits. For calculating VaR, we have adopted the variance co-variance model (holding period of 1 year; confidence interval of 99.9%; and observation period of 1 year), and the changes of interest and stock price are considered. However, the VaR based on holding period of 10 days is used for a part of tradings such as market asset trading. Those VaR are used for risk limit monitoring. Our VaR of banking business is ¥121,606 million as of March 31, 2017 (¥246,267 million as of March 31, 2016). In case of 99% confidence level, VaR is ¥96,699 million as of March 31, 2017 (¥185,390 million as of March 31, 2016).

(b) Financial Instruments of Trading Account

We use VaR for quantitative analysis on market risk of financial instruments such as securities for trading and derivatives. For calculating VaR, we have adopted the variance co-variance model (holding period of 10 days; confidence interval of 99.9%; and observation period of 1 year). Those VaR is used for risk limit monitoring. Our VaR of trading business is ¥38 million as of March 31, 2017 (¥72 million as of March 31, 2016). In case of 99% confidence level, VaR is ¥28 million as of March 31, 2017 (¥54 million as of March 31, 2016).

(c) Validity of VaR

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

iii) Liquidity Risk Management

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

(Limit Management)

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

iv) Integrated Risk Management

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

(Risk Capital Allocation Framework)

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

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

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

## II. Disclosure on Fair Value of Financial Instruments

The following table summarizes the amount stated in the consolidated balance sheets and the fair value of financial instruments as of March 31, 2017 with their difference. Note that the following table does not include unlisted equity securities and other securities for which fair value is extremely difficult to determine (Note ii). Furthermore, some items are not shown since the consolidated balance sheet amounts are insignificant.

	Millions of Yen (Note 1)					
	March 31, 2017			March 31, 2016		
	Consolidated Balance Sheet Amount	Fair Value	Difference*1	Consolidated Balance Sheet Amount	Fair Value	Difference*1
(1) Securities						
Held-to-maturity Bonds	¥ 8,064	¥ 8,254	¥ 189	¥ 8,130	¥ 8,118	¥ (11)
Available-for-sale Securities	2,350,166	2,350,166	—	2,429,756	2,429,756	—
(2) Loans and Bills Discounted	9,268,854			8,769,113		
Allowance for Loan Losses*2	(30,520)			(38,463)		
	9,238,333	9,344,521	106,188	8,730,650	8,858,282	127,631
Total Assets	¥11,596,565	¥11,702,943	¥106,377	¥11,168,537	¥11,296,157	¥127,620
(1) Deposits	11,550,592	11,551,030	(437)	11,127,408	11,128,168	(760)
(2) Negotiable Certificates of Deposit	434,192	434,192	—	359,022	359,022	—
Total Liabilities	¥11,984,784	¥11,985,222	¥ (437)	¥11,486,430	¥11,487,190	¥ (760)
Derivative Transactions*3						
Not Qualifying for Hedge Accounting	3,823	3,823	—	3,542	3,542	—
Qualifying for Hedge Accounting	1,308	1,308	—	2,016	2,016	—
Total Derivative Transactions	¥ 5,132	¥ 5,132	¥ —	¥ 5,559	¥ 5,559	¥ —

\*1 Unrealized gains (losses) are presented.

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

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

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

### Assets

#### (1) Securities

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

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

#### (2) Loans and Bills Discounted

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

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

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

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

### Liabilities

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

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

## Derivative Transactions

See "37. Derivative Transactions."

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

	Millions of Yen (Note 1)	
	March 31, 2017	March 31, 2016
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(1) Unlisted Stocks* <sup>1, 2</sup>	¥ 5,359	¥ 5,393
(2) Investments in Limited Partnerships, etc.* <sup>3</sup>	9,161	4,949
Total	¥14,521	¥10,342

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

\*2 An impairment loss of ¥8 million (¥24 million for the previous fiscal year) was recorded on these unlisted stocks in the current fiscal year.

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

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

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

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

	Millions of Yen (Note 1)					
	March 31, 2016					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 273,157	¥ 683,617	¥ 526,562	¥220,933	¥ 259,411	¥ 108,182
Held-to-maturity Bonds	—	—	—	—	7,887	—
Available-for-sale Securities with Maturities	273,157	683,617	526,562	220,933	251,524	108,182
Government Bonds	143,500	317,000	135,000	108,000	100,500	8,000
Local Government Bonds	60,827	95,469	83,856	18,827	88,668	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	21,655	63,362	115,574	73,273	2,800	7,442
Loans*	1,222,451	1,498,885	1,084,091	729,653	865,993	2,654,701
Total	¥1,495,608	¥2,182,502	¥1,610,654	¥950,587	¥1,125,404	¥2,762,884

\* These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥713,336 million in total.

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

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

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

	Millions of Yen (Note 1)					
	March 31, 2016					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits*	¥10,350,546	¥705,037	¥52,473	¥6,669	¥12,681	¥—
Negotiable Certificates of Deposit	359,022	—	—	—	—	—
Total	¥10,709,568	¥705,037	¥52,473	¥6,669	¥12,681	¥—

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

## 34. Market Value of Securities

## (1) Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2017	March 31, 2016
	Unrealized Gains (Losses) included in the Consolidated Statement of Income	Unrealized Gains (Losses) included in the Consolidated Statement of Income
Trading Securities	¥53	¥176

## (2) Marketable Securities Held-to-Maturity

	Millions of Yen (Note 1)						
	March 31, 2017			March 31, 2016			
	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference	
(a) Securities for which the fair value exceeds the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	
	Japanese Local Government Bonds	—	—	—	—	—	
	Japanese Short-term Corporate Bonds	—	—	—	—	—	
	Japanese Corporate Bonds	—	—	—	—	—	
	Other	9,403	9,595	192	3,211	3,240	29
	Foreign Bonds	8,064	8,254	189	1,153	1,177	23
	Subtotal	¥ 9,403	¥ 9,595	¥192	¥ 3,211	¥ 3,240	¥ 29
(b) Securities for which the fair value does not exceed the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	
	Japanese Local Government Bonds	—	—	—	—	—	
	Japanese Short-term Corporate Bonds	—	—	—	—	—	
	Japanese Corporate Bonds	—	—	—	—	—	
	Other	1,210	1,205	(5)	8,536	8,492	(44)
	Foreign Bonds	—	—	—	6,976	6,941	(34)
	Subtotal	¥ 1,210	¥ 1,205	¥ (5)	¥ 8,536	¥ 8,492	¥(44)
	Total	¥10,614	¥10,801	¥187	¥11,747	¥11,732	¥(15)

## (3) Marketable Securities Available for Sale

	Millions of Yen (Note 1)						
	March 31, 2017			March 31, 2016			
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	
(a) Securities for which the fair value exceeds the amortized acquisition cost	Stocks	¥ 239,168	¥ 104,515	¥134,653	¥ 206,254	¥ 92,602	¥113,652
	Bonds:	1,221,186	1,207,282	13,903	1,440,033	1,418,995	21,038
	Japanese Government Bonds	638,895	630,636	8,258	820,926	807,024	13,901
	Japanese Local Government Bonds	310,512	306,849	3,662	342,461	337,966	4,494
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	271,777	269,795	1,982	276,645	274,004	2,641
	Other	380,153	361,128	19,025	487,861	463,309	24,551
	Foreign Bonds	244,960	242,695	2,264	372,250	365,897	6,352
	Subtotal	¥1,840,508	¥1,672,925	¥167,582	¥2,134,150	¥1,974,908	¥159,242
(b) Securities for which the fair value does not exceed the amortized acquisition cost	Stocks	¥ 3,675	¥ 4,485	¥ (809)	¥ 10,973	¥ 13,062	¥ (2,089)
	Bonds:	191,902	192,976	(1,073)	37,070	37,181	(111)
	Japanese Government Bonds	21,163	21,268	(104)	14,029	14,085	(55)
	Japanese Local Government Bonds	104,341	104,974	(632)	11,449	11,459	(10)
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	66,397	66,733	(336)	11,590	11,636	(45)
	Other	316,892	325,607	(8,715)	247,563	255,205	(7,642)
	Foreign Bonds	223,427	228,046	(4,618)	169,830	173,675	(3,845)
	Subtotal	¥ 512,470	¥ 523,069	¥ (10,598)	¥ 295,606	¥ 305,449	¥ (9,843)
	Total	¥2,352,978	¥2,195,994	¥156,983	¥2,429,756	¥2,280,358	¥149,398

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

None.

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

Millions of Yen (Note 1)

	March 31, 2017			March 31, 2016		
	Proceeds from Sales	Gain	Loss	Proceeds from Sales	Gain	Loss
Stocks	¥ 4,060	¥1,562	¥ 1	¥ 6,569	¥3,075	¥ 75
Bonds:	772,076	756	1,627	981,640	2,187	377
Japanese Government Bonds	770,472	754	1,606	978,387	2,173	377
Japanese Local Government Bonds	1,336	—	21	—	—	—
Japanese Short-term Corporate Bonds	—	—	—	—	—	—
Japanese Corporate Bonds	267	2	—	3,253	13	—
Other	166,320	2,297	2,593	107,031	1,044	811
Foreign Bonds	158,578	921	2,206	93,226	583	324
Total	¥942,457	¥4,615	¥4,223	¥1,095,241	¥6,307	¥1,264

#### (6) Securities for which the Holding Purpose has been Altered

None.

#### (7) Impairment Losses on Securities

Marketable securities available for sale are subject to write-downs when the market value or reasonably estimated value of these securities (collectively, "fair value") has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. For the current fiscal year, impairment losses was ¥26 million (Corporate bonds: ¥17 million, Stocks: ¥8 million) (¥62 million (Stocks: ¥24 million, Corporate bonds, etc.: ¥37 million) for the previous fiscal year).

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

Bankrupt, effectively bankrupt and potentially bankrupt

Fair value is lower than acquisition cost.

Requiring caution

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

Normal

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

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

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

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

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

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

### 35. Money Held in Trust

#### (1) Money Held in Trust for Trading Purposes

	Millions of Yen (Note 1)		Thousands of
	2017	2016	U.S. Dollars (Note 1)
Consolidated Balance Sheet Amount	¥19,061	¥29,314	\$169,904
Unrealized Gains (Losses) included in the Consolidated Statement of Income	559	(682)	4,990

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

	Millions of Yen (Note 1)		Thousands of
	2017	2016	U.S. Dollars (Note 1)
Acquisition Cost	¥9,079	¥7,579	\$80,925
Consolidated Balance Sheet Amount	9,079	7,579	80,925
Valuation Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

### 36. Valuation Difference on Available-for-sale Securities

	Millions of Yen (Note 1)		Thousands of
	2017	2016	U.S. Dollars (Note 1)
Valuation Difference	¥156,692	¥149,282	\$1,396,673
Securities Available for Sale	156,692	149,282	1,396,673
Other Money Held in Trust	—	—	—
Deferred Tax Liabilities (Assets)	47,621	45,697	424,469
Valuation Difference, Net of Taxes	¥109,071	¥103,585	\$ 972,204
Net Unrealized Gains on Securities			
Available for Sale Owned by Subsidiaries, which is Attributable to the Parent	355	336	3,171
Valuation Difference on Available-for-sale Securities	¥109,427	¥103,921	\$ 975,375

### 37. Derivative Transactions

#### (1) Derivative Transactions to which Hedge Accounting is Not Applied

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

#### (a) Interest rate derivatives

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

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.

2. The fair value of listed transactions is based on the final price issued by Tokyo Stock Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

	Millions of Yen (Note 1)			
	March 31, 2016			
	Notional Principal or Contract Amount		Unrealized Gains (Losses)	
	Total	Over 1 Year	Fair Value	
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	901,193	772,925	25,347	25,347
Receive Float / Pay Fixed	898,993	739,733	(22,294)	(22,294)
Receive Float / Pay Float	101,560	71,060	51	51
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	7,411	5,391	(2)	(2)
Bought	700	700	0	0
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 3,102</b>	<b>¥ 3,102</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.

2. The fair value of listed transactions is based on the final price issued by Tokyo Stock Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.



## (b) Currency derivatives

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

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

	Millions of Yen (Note 1)			
	March 31, 2016			
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
Total	Over 1 Year			
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Currency Swaps	149,557	129,175	83	83
Forward Foreign Exchange:				
Sold	17,180	—	333	333
Bought	20,358	—	39	39
Currency Options:				
Sold	471	—	(5)	0
Bought	471	—	5	1
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥456</b>	<b>¥459</b>

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

## (c) Equity derivatives

None.

## (d) Bond derivatives

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

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

	Millions of Yen (Note 1)			
	March 31, 2016			
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
Total	Over 1 Year			
<b>Listed:</b>				
Futures:				
Sold	¥4,674	¥—	¥(16)	¥(16)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(16)</b>	<b>¥(16)</b>

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

## (e) Commodity derivatives

None.

## (f) Credit derivatives

None.

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

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

**(a) Interest rate derivatives**

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

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

		Millions of Yen (Note 1)		
		March 31, 2016		
		Notional Principal or Contract Amount		
	Hedged Item	Total	Over 1 Year	Fair Value
Principle Method Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
	Receive Fixed / Pay Float	¥ —	¥ —	¥ —
	Receive Float / Pay Fixed	218,428	176,042	(1,400)
	Receive Float / Pay Float	—	—	—
	Other	—	—	—
Exceptional Accrual Method Interest Swap	Loans			
	Receive Fixed / Pay Float	—	—	—
	Receive Float / Pay Fixed	24,869	20,331	*3
	Receive Float / Pay Float	—	—	—
Total		¥ —	¥ —	¥(1,400)

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

**(b) Currency derivatives**

Method of hedge accounting: Principle method

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

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

		Millions of Yen (Note 1)		
		March 31, 2016		
Hedged Item		Notional Principal or Contract Amount		Fair Value
		Total	Over 1 Year	
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥289,492	¥8,631	¥3,416
Total		¥ —	¥ —	¥3,416

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

(c) Equity derivatives

None.

(d) Bond derivatives

None.

### 38. Per Share Data

	Yen (Note 1)		U.S. Dollars (Note 1)
	2017	2016	2017
Net Assets per Share of Common Stock	¥1,128.31	¥1,053.76	\$10.06
Profit per Share of Common Stock	65.32	67.03	0.58
Diluted Net Income per Share of Common Stock	65.25	66.96	0.58

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Consolidated Net Assets	¥900,550	¥866,398	\$8,027,009
Less: Subscription Rights to Shares	423	516	3,771
Consolidated Net Assets Attributable to Common Stockholders	¥900,127	¥865,882	\$8,023,238

	Number of Shares	
	2017	2016
Number of Shares of Common Stock Used for Calculating Net Assets per Share	797,759,929	821,702,727

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Profit Attributable to Owners of Parent	¥52,730	¥55,444	\$470,013
Profit Attributable to Owners of Parent not Attributable to Common Stockholders	—	—	—
Profit Attributable to Owners of Parent Attributable to Common Stockholders	¥52,730	¥55,444	\$470,013

	Number of Shares	
	2017	2016
Average Number of Shares of Common Stock (excluding Treasury Shares)	807,250,735	827,042,109

The increased number of shares of common stock for stock options is 857 thousand (895 thousand for the previous fiscal year), which is used for calculating Diluted Profit per Share.

### 39. Related Party Transactions

None.

**40. Cash Dividends Paid****I. Cash Dividends Paid for the Fiscal Year ended March 31, 2016**

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 25, 2015	Common Stock	¥5,829	¥7.00	March 31, 2015	June 26, 2015
Board of Directors, at November 9, 2015	Common Stock	¥5,781	¥7.00	September 30, 2015	December 4, 2015

**II. Cash Dividends Paid for the Fiscal Year ended March 31, 2017**

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

**III. Cash Dividends with the Record Date in the Fiscal Year ended March 31, 2017 and the Effective Date in the Fiscal Year ending March 31, 2018**

Approval	Category of Shares	Total Amounts of Cash Dividends Paid	Source of Dividends	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)	Yen (Note 1)			
Annual General Shareholders Meeting, at June 28, 2017	Common Stock	¥5,983	Retained Earnings	¥7.50	March 31, 2017	June 29, 2017

**41. Stock Options****I. Line Item where Stock Option Expense is Presented and the Amount**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
General and Administrative Expenses	¥159	¥164	\$1,425

**II. The Stock Option Activity**

## (1) Outline of the Stock Option

		The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Number of Grantees	Directors	9	9	9	9
	Executive officers	9	9	9	11
Number of Stock Options	Common stock	311,100	343,600	344,700	229,400
Date of Grant		July 20, 2010	July 20, 2011	July 20, 2012	July 19, 2013
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	Not fixed
Target Period		Not fixed	Not fixed	Not fixed	Not fixed
Exercise Period		From July 21, 2010 to July 20, 2040	From July 21, 2011 to July 20, 2041	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043
		The fifth subscription rights	The sixth subscription rights	The seventh subscription rights	
Number of Grantees	Directors	10	10	10	
	Executive officers	10	10	10	
Number of Stock Options	Common stock	243,000	180,700	365,400	
Date of Grant		July 18, 2014	July 17, 2015	July 20, 2016	
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	
Target Period		Not fixed	Not fixed	Not fixed	
Exercise Period		From July 19, 2014 to July 18, 2044	From July 18, 2015 to July 17, 2045	From July 21, 2016 to July 20, 2046	

(2) Size and Situation of the Stock Option

(a) The number of the stock option

	Number of Shares			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Non-vested				
As of March 31, 2016	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
Vested				
As of March 31, 2016	98,100	128,800	159,700	145,500
Vested	—	—	—	—
Exercised	44,100	70,800	78,400	78,700
Forfeited	—	—	—	—
Outstanding	54,000	58,000	81,300	66,800

	The fifth subscription rights	The sixth subscription rights	The seventh subscription rights
	Non-vested		
As of March 31, 2016	—	—	—
Granted	—	—	365,400
Forfeited	—	—	—
Vested	—	—	365,400
Outstanding	—	—	—
Vested			
As of March 31, 2016	185,600	180,700	—
Vested	—	—	365,400
Exercised	82,900	65,000	—
Forfeited	—	—	—
Outstanding	102,700	115,700	365,400

(b) Price information

	Yen (Note 1)			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Exercise Price	1	1	1	1
Average Price at Exercise	485	485	485	485
Fair Value at Grant Date	467	446	403	686

	The fifth subscription rights	The sixth subscription rights	The seventh subscription rights
	Exercise Price	1	1
Average Price at Exercise	485	485	—
Fair Value at Grant Date	673	913	433

**III. The Estimations Used to Measure Fair Value of Stock Option**

## (1) Valuation Method

The Black-Scholes option pricing model

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

	The seventh subscription rights
Volatility of Stock Price* <sup>1</sup>	29.088%
Estimated Remaining Outstanding Period* <sup>2</sup>	5 years
Estimated Dividend* <sup>3</sup>	¥14 per share
Risk-free Interest Rate* <sup>4</sup>	-0.317%

\*1 Volatility of Stock Price is calculated based on the actual stock prices of Estimated Remaining Outstanding Period.

\*2 Estimated Remaining Outstanding Period is estimated based on the average administration period of the directors from the past decade.

\*3 Estimated Dividend is based on the actual results of the fiscal year ended March 31, 2016.

\*4 Risk-free Interest Rate is based on bonds' yields of the Estimated Remaining Outstanding Period.

**IV. Estimated Number of Stock Options to be Vested**

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

# Independent Auditor's Report



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## Independent Auditor's Report

The Board of Directors  
The Chiba Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Chiba Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank, Ltd and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

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

*Ernst & Young ShinNihon LLC*

June 23, 2017

# Non-Consolidated Balance Sheet (Unaudited)

The Chiba Bank, Ltd.  
As of March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Assets</b>			
Cash and Due from Banks	¥ 1,802,733	¥ 1,393,999	\$ 16,068,576
Call Loans	154,078	198,378	1,373,374
Receivables under Resale Agreements	14,999	4,999	133,701
Monetary Claims Bought	11,741	12,501	104,653
Trading Assets	129,232	182,419	1,151,905
Money Held in Trust	21,140	31,393	188,435
Securities	2,373,637	2,447,857	21,157,300
Loans and Bills Discounted	9,305,388	8,797,479	82,943,121
Foreign Exchanges	4,563	2,596	40,679
Other Assets	79,287	54,027	706,724
Tangible Fixed Assets	96,120	96,934	856,761
Intangible Fixed Assets	10,752	10,729	95,841
Prepaid Pension Cost	718	1,070	6,403
Customers' Liabilities for Acceptances and Guarantees	44,988	61,924	401,004
Allowance for Loan Losses	(23,123)	(30,464)	(206,109)
<b>Total Assets</b>	<b>¥14,026,259</b>	<b>¥13,265,847</b>	<b>\$125,022,369</b>
<b>Liabilities</b>			
Deposits	¥12,044,770	¥11,539,237	\$107,360,465
Call Money	250,000	134,500	2,228,363
Payables under Securities Lending Transactions	318,992	191,699	2,843,326
Trading Liabilities	16,474	22,905	146,841
Borrowed Money	277,646	267,573	2,474,790
Foreign Exchanges	692	640	6,174
Bonds Payable	117,267	107,545	1,045,257
Borrowed Money from Trust Account	62	—	558
Other Liabilities	53,245	73,185	474,599
Provision for Retirement Benefits	19,140	19,320	170,605
Provision for Reimbursement of Deposits	2,920	2,275	26,034
Provision for Point Loyalty Programs	268	195	2,397
Deferred Tax Liabilities	24,577	18,594	219,070
Deferred Tax Liabilities for Land Revaluation	10,930	11,069	97,431
Acceptances and Guarantees	44,988	61,924	401,004
<b>Total Liabilities</b>	<b>¥13,181,978</b>	<b>¥12,450,669</b>	<b>\$117,496,913</b>
<b>Net Assets</b>			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,293,066
Capital Surplus	122,134	122,134	1,088,636
Retained Earnings	514,303	477,182	4,584,221
Legal Retained Earnings	50,930	50,930	453,964
Other Retained Earnings	463,373	426,252	4,130,257
Treasury Shares	(52,219)	(37,480)	(465,459)
Total Shareholders' Equity	729,287	706,905	6,500,465
Valuation Difference on Available-for-sale Securities	102,326	96,475	912,086
Deferred Gains or Losses on Hedges	1,510	231	13,461
Revaluation Reserve for Land	10,733	11,050	95,673
Total Valuation and Translation Adjustments	114,570	107,757	1,021,220
Subscription Rights to Shares	423	516	3,771
<b>Total Net Assets</b>	<b>¥ 844,280</b>	<b>¥ 815,178</b>	<b>\$ 7,525,456</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,026,259</b>	<b>¥13,265,847</b>	<b>\$125,022,369</b>

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# Non-Consolidated Statement of Income (Unaudited)

The Chiba Bank, Ltd.  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥107,387	¥110,112	\$ 957,191
Interest and Dividends on Securities	27,744	28,707	247,301
Other Interest Income	2,588	2,037	23,074
Trust Fees	2	2	19
Fees and Commissions	39,444	39,052	351,585
Trading Income	2,590	3,276	23,089
Other Ordinary Income	5,447	4,233	48,556
Other Income	16,059	17,955	143,141
<b>Total Income</b>	<b>¥201,264</b>	<b>¥205,377</b>	<b>\$1,793,957</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 6,045	¥ 5,883	\$ 53,885
Interest on Borrowings and Rediscounts	732	1,021	6,531
Other Interest Expenses	9,780	8,493	87,176
Fees and Commissions Payments	20,343	20,017	181,332
Other Ordinary Expenses	4,237	2,014	37,769
General and Administrative Expenses	84,483	81,729	753,038
Other Expenses	6,636	7,185	59,153
<b>Total Expenses</b>	<b>¥132,259</b>	<b>¥126,345</b>	<b>\$1,178,886</b>
Profit before Income Taxes	69,004	79,031	615,072
Income Taxes—Current	17,218	22,172	153,478
Income Taxes—Deferred	3,167	4,323	28,229
<b>Profit</b>	<b>¥ 48,619</b>	<b>¥ 52,535</b>	<b>\$ 433,364</b>

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# Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2017

## Consolidated Capital Ratio (BIS Guidelines)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>	<b>¥870,748</b>	<b>¥816,109</b>	<b>\$7,761,372</b>
Capital Stock and Capital Surplus	267,203	267,203	2,381,703
Retained Earnings	566,050	524,817	5,045,463
Treasury Shares	52,219	(37,480)	465,459
Cash Dividends to be Paid	5,983	(5,751)	53,331
Subscription Rights to Shares	423	516	3,771
Accumulated Other Comprehensive Income and Other Disclosed Reserves	95,274	66,805	849,225
Instruments and Reserves (Transitional Arrangements)	—	—	—
<b>Common Equity Tier 1 Capital: Regulatory Adjustments</b>	<b>42,248</b>	<b>28,405</b>	<b>376,578</b>
Total Intangible Assets (excluding those Relating to Mortgage Servicing Rights)	6,081	4,557	54,204
Deferred Gains or Losses on Derivatives under Hedge Accounting	(516)	(769)	(4,606)
Shortfall of Eligible Provisions to Expected Losses	29,671	18,864	264,477
Securitization Gain on Sale	39	32	348
Investments in Own Shares (excluding those Reported in the Net Assets Section)	28	17	254
Investments in the Capital of Banking, Financial and Insurance Entities that are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank does not Own more than 10% of the Issued Share Capital (Amount above 10% Threshold)	3,657	—	32,598
Regulatory Adjustments due to Insufficient Additional Tier 1 and Tier 2	3,287	5,703	29,303
<b>Total Common Equity Tier 1 Capital</b>	<b>¥828,499</b>	<b>¥787,703</b>	<b>\$7,384,794</b>
<b>Additional Tier 1 Capital: Instruments</b>	<b>¥ 431</b>	<b>¥ 605</b>	<b>\$ 3,844</b>
Instruments (Transitional Arrangements)	431	605	3,844
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>	<b>3,718</b>	<b>6,309</b>	<b>33,147</b>
Regulatory Adjustments (Transitional Arrangements)	3,718	6,309	33,147
<b>Total Additional Tier 1 Capital</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Tier 1 Capital</b>	<b>¥828,499</b>	<b>¥787,703</b>	<b>\$7,384,794</b>
<b>Tier 2 Capital: Instruments and Provisions</b>	<b>¥ 66,447</b>	<b>¥ 71,066</b>	<b>\$ 592,273</b>
Directly Issued Qualifying Tier 2 Instruments plus Related Capital Surplus of which: Classified as Liabilities under Applicable Accounting Standards	50,000	30,000	445,673
Eligible Instruments (Transitional Arrangements)	—	10,000	—
General Allowance for Loan Losses and Eligible Provisions	348	126	3,104
Instruments and Provisions (Transitional Arrangements)	16,098	30,940	143,497
<b>Tier 2 Capital: Regulatory Adjustments</b>	<b>4,893</b>	<b>6,288</b>	<b>43,615</b>
Investments in the Capital of Banking, Financial and Insurance Entities that are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank does not Own more than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	1,181	—	10,534
Regulatory Adjustments (Transitional Arrangements)	3,711	6,288	33,080
<b>Total Tier 2 Capital</b>	<b>¥ 61,553</b>	<b>¥ 64,778</b>	<b>\$ 548,658</b>
<b>Total Capital</b>	<b>¥890,053</b>	<b>¥852,482</b>	<b>\$7,933,452</b>

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Risk-Weighted Assets:</b>			
<b>Total Risk-Weighted Assets</b>	¥6,547,655	¥6,181,872	\$58,362,201
<b>Total Required Capital</b>	¥ 523,812	¥ 494,549	\$ 4,668,976
<b>Capital Ratios:</b>			
Common Equity Tier 1 Capital Ratio	12.65%	12.74%	12.65%
Tier 1 Capital Ratio	12.65%	12.74%	12.65%
Total Capital Ratio	13.59%	13.79%	13.59%

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The following approaches were adopted to calculate the new capital ratio.

Credit Risk: Internal Ratings-Based Approach (using internal ratings for risk measurement)

Operational Risk: Standardized Approach (Gross Profits of every business line multiplied by the predetermined rate)

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

## Consolidated Leverage Ratio

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>On-Balance Sheet Exposures</b>			
On-Balance Sheet Exposures before Adjustments	¥13,986,460	¥13,204,041	\$124,667,618
Total Assets Reported in the Consolidated Balance Sheet	14,095,743	13,333,858	125,641,714
The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items)	(109,283)	(129,816)	(974,096)
The Amount of Adjustments to Tier 1 Capital	(43,147)	(29,727)	(384,593)
<b>Total On-Balance Sheet Exposures</b>	¥13,943,312	¥13,174,314	\$124,283,025
<b>Derivative Exposures</b>			
Replacement Cost Associated with Derivatives Transactions	¥ 26,156	¥ 39,250	\$ 233,142
Add-on Amounts Associated with Derivatives Transactions	24,608	17,488	219,348
The Amount of Cash Collateral Provided in Derivatives Transactions	12,385	8,098	110,395
<b>Total Derivative Exposures</b>	¥ 63,150	¥ 64,837	\$ 562,885
<b>Securities Financing Transaction (SFT) Exposures</b>			
The Amount of SFT Assets	¥ 14,999	¥ 4,999	\$ 133,701
The Exposures for Counter Party Credit Risk for SFTs	1,404	2,061	12,517
<b>Total SFT Exposures</b>	¥ 16,404	¥ 7,061	\$ 146,219
<b>Off-Balance Sheet Exposures</b>			
Notional Amount of Off-Balance Sheet Exposures	¥ 3,303,214	¥ 3,224,403	\$ 29,443,034
The Amount of Adjustments for Conversion in Relation to Off-Balance Sheets	(2,809,516)	(2,747,820)	(25,042,486)
<b>Total Off-Balance Sheet Exposures</b>	¥ 493,697	¥ 476,582	\$ 4,400,549
<b>Tier 1 Capital</b>	¥ 828,499	¥ 787,703	\$ 7,384,794
<b>Total Exposures</b>	¥14,516,564	¥13,722,796	\$129,392,677
<b>Leverage Ratio</b>	5.70%	5.74%	5.70%

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

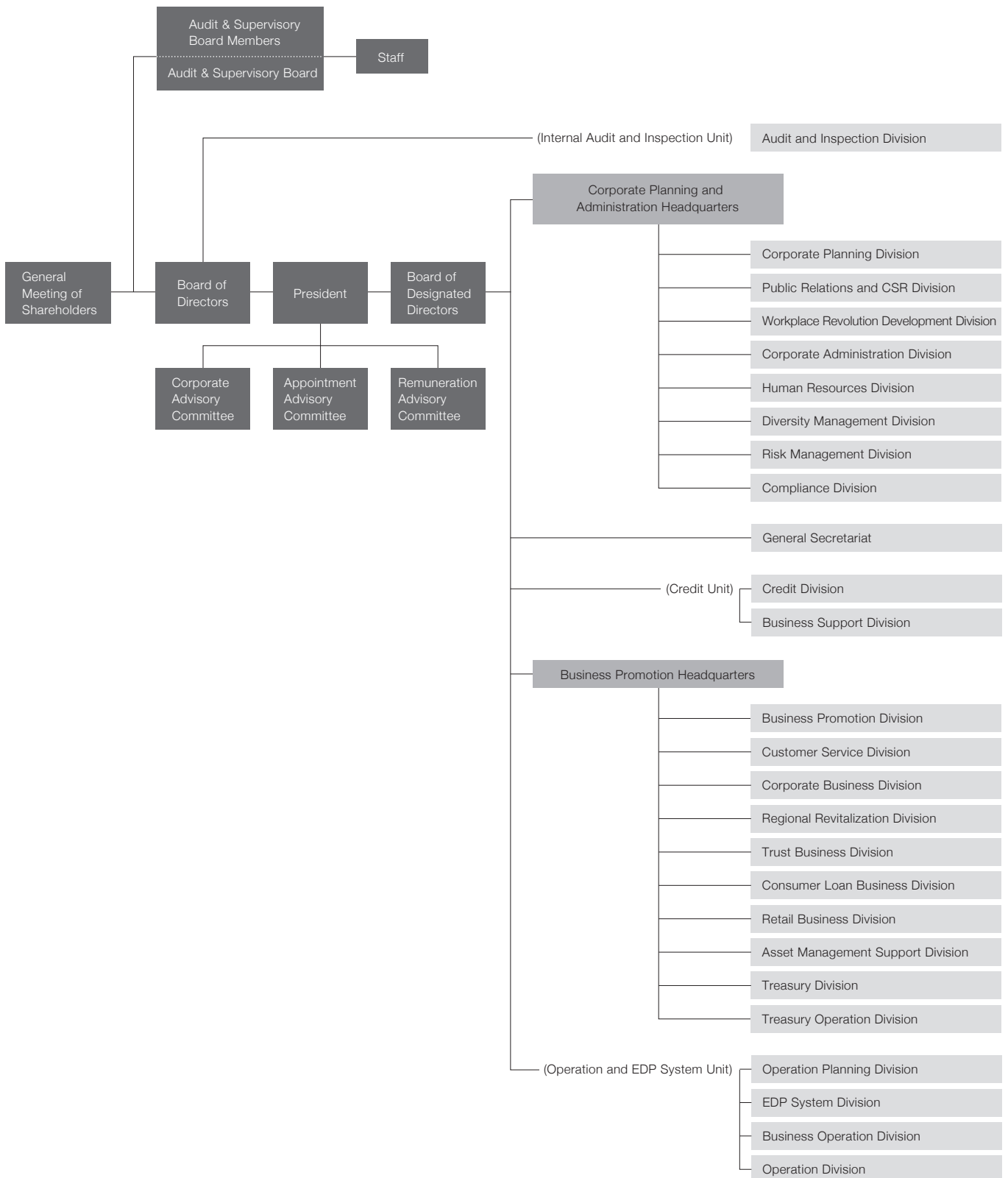
	Millions of Yen (Note 1)	
	March 31, 2017	
	Outstanding Balance	Composition
<b>Domestic Operations:</b>		
Manufacturing	¥ 693,185	7.63%
Agriculture and Forestry	9,926	0.11%
Fishery	1,298	0.01%
Mining, Quarrying and Gravel	21,624	0.24%
Construction	293,115	3.23%
Electricity, Gas, Heat Supply and Water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

	Millions of Yen (Note 1)	
	March 31, 2016	
	Outstanding Balance	Composition
<b>Domestic Operations:</b>		
Manufacturing	¥ 684,059	7.95%
Agriculture and Forestry	8,910	0.10%
Fishery	1,184	0.01%
Mining, Quarrying and Gravel	14,801	0.17%
Construction	293,673	3.42%
Electricity, Gas, Heat Supply and Water	43,718	0.51%
Information and Communications	34,538	0.40%
Transport and Postal Service	233,712	2.72%
Wholesale and Retail Trade	696,507	8.10%
Finance and Insurance	389,626	4.53%
Real Estate and Leasing	2,224,578	25.87%
Services	500,566	5.82%
Government and Local Public Sector	208,313	2.42%
Others (Mainly Consumer Loans)	3,266,266	37.98%
<b>Total</b>	<b>¥8,600,457</b>	<b>100.00%</b>
<b>Overseas Operations and JOM Account</b>	<b>¥ 168,656</b>	<b>—</b>

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# Organization

The Chiba Bank, Ltd.  
As of June 28, 2017



# Subsidiaries

The Chiba Bank, Ltd.  
As of March 31, 2017

## Sobu Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Rental and maintenance of the Chiba Bank's office buildings and welfare facilities; purchase and sale of supplies and consumer goods*

Established: September 7, 1959

Capital: ¥20 million

Equity Ownership: Chiba Bank 100%

## Chibagin Career Service Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Accounting, general administration and temporary staff services*

Established: December 22, 1989

Capital: ¥20 million

Equity Ownership: Chiba Bank 100%

## Chiba Servicer Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Management and collection of claims*

Established: October 1, 2001

Capital: ¥500 million

Equity Ownership: Chiba Bank 100%

## Chibagin Heartful Co., Ltd.

4-1-10, Masago, Mihama-ku,  
Chiba-shi, Chiba 261-0011

*Principal Business: Outsourcing of operational business*

Established: December 1, 2006

Capital: ¥10 million

Equity Ownership: Chiba Bank 100%

## Chibagin Securities Co., Ltd.

2-5-1, Chuo, Chuo-ku,  
Chiba-shi, Chiba 260-0013

*Principal Business: Securities business*

Established: March 27, 1944

Capital: ¥4,374 million

Equity Ownership: Chiba Bank 100%

## International Directory

The Chiba Bank, Ltd.  
As of March 31, 2017

### 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: CHBAJPJT

### Treasury Division

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

## Chibagin Guarantee Co., Ltd.

3-17-5, Inage-higashi, Inage-ku,  
Chiba-shi, Chiba 263-0031

*Principal Business: Housing loan guarantees and fee collection services*

Established: May 1, 1978

Capital: ¥54 million

Equity Ownership: Chiba Bank 45.6%  
its subsidiaries 54.4%

## Chibagin JCB Card Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Credit card and credit guarantee business*

Established: November 1, 1982

Capital: ¥50 million

Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

## Chibagin DC Card Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Credit card and credit guarantee business*

Established: February 16, 1989

Capital: ¥50 million

Equity Ownership: Chiba Bank 40%  
its subsidiaries 60%

## Chibagin Leasing Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Leasing*

Established: December 15, 1986

Capital: ¥100 million

Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

## Chibagin Computer Service Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Computer systems development and commissioned computation tasks*

Established: April 1, 1980

Capital: ¥150 million

Equity Ownership: Chiba Bank 48.7%  
its subsidiaries 51.3%

## Chibagin Capital Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Consulting services, IPOs, etc.*

Established: May 29, 1984

Capital: ¥100 million

Equity Ownership: Chiba Bank 30%  
its subsidiaries 70%

## Chibagin Asset Management Co., Ltd.

2-13-7, Kotobashi,  
Sumida-ku, Tokyo 130-0022

*Principal Business: Consulting for portfolio investments of clients' financial assets*

Established: March 31, 1986

Capital: ¥200 million

Equity Ownership: Chiba Bank 40%  
its subsidiaries 35%

## Chibagin Research Institute, Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Information services, surveys, and consulting*

Established: February 28, 1990

Capital: ¥150 million

Equity Ownership: Chiba Bank 31.8%  
its subsidiaries 68.2%

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

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022

*Principal Business: Investigations and research of advanced financial technologies, planning and development of financial services*

Established: July 1, 2016

Capital: ¥100 million

Equity Ownership: Chiba Bank 40%

### New York Branch

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

### Hong Kong Branch

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

### London Branch

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

### Shanghai Representative Office

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

### Singapore Representative Office

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

### Bangkok Representative Office

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

# Corporate Data

The Chiba Bank, Ltd.  
As of March 31, 2017

## Principal Shareholders

The ten largest shareholders of the Chiba Bank and their respective shareholdings as of March 31, 2017 were as follows:

	Number of shares (in thousands)*1	Percentage of total shares issued*2 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	43,000	4.91
Japan Trustee Services Bank, Ltd. (Trust Account)	36,053	4.11
Nippon Life Insurance Company	26,870	3.06
The Dai-ichi Life Insurance Company, Limited	26,230	2.99
Sompo Japan Nipponkoa Insurance Inc.	24,537	2.80
Meiji Yasuda Life Insurance Company	18,291	2.08
SUMITOMO LIFE INSURANCE COMPANY	17,842	2.03
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,707	2.02
Japan Trustee Services Bank, Ltd. (Trust Account 9)	15,325	1.75
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,981	1.59

Excluded from the figures above are 77,761 thousand (8.88%) treasury shares. (Excludes one thousand shares which, although registered in the name of the Chiba Bank on the shareholder list, are not actually owned by the Chiba Bank.)

\*1 Rounded down to the nearest thousand

\*2 Rounded down to two decimal places

## Corporate Information

Established	March 1943		
	181 branches (157 branches, 21 sub-branches and 3 virtual branches)		
	47,346 off-branch ATM locations		
Network	Domestic	(including 13,499 E-net ATM locations at convenience stores, 11,874 LAWSON ATM locations at convenience stores and 21,694 ATM locations jointly with Seven Bank, Ltd.)	
		3 money exchange counters	
	Overseas	3 branches (New York/Hong Kong/London) 3 representative offices (Shanghai/Singapore/Bangkok)	
Number of Employees*1	4,357		
Total Assets	¥14,026.2 billion		
Loans and Bills Discounted	¥9,305.3 billion		
Deposits (including NCD)	¥12,044.7 billion		
Capital Stock	¥145.0 billion		
Total Capital Ratio (BIS guidelines)	13.59% (Consolidated) 13.03% (Non-consolidated)		
Authorized Number of Shares	2,500,000 thousand		
Number of Issued Shares	875,521 thousand		
Number of Shareholders*2	24,496		
TSE Code	8331		
Transfer Agent	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi Kayabacho, Chuo-ku, Tokyo 103-8202		
		Long-term	Short-term
Credit Ratings	Standard & Poor's	A	A-1
	Moody's	A1	P-1
	Rating and Investment Information	AA-	—

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

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

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

**THE CHIBA BANK, LTD.**

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<http://www.chibabank.co.jp/>

