

2021

The Chiba Bank, Ltd.
Integrated Report

Our Philosophy

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

Management Policy

As a regional financial institution based in Chiba Prefecture, Chiba Bank Group recognizes that its mission is to “contribute to the sustainable development of regional economies through the provision of the latest financial services as a partner for customers and regional communities.” We will continue to maintain this stance and the entire Chiba Bank Group will work together to develop activities that improve customer satisfaction, such as providing high quality financial services and products, while also actively contributing to the development of the regional community. Through these efforts, we will work to gain support from our shareholders and stakeholders.



Our Website

Corporate and Investor Relations Information

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



Sustainable Management (Japanese only)

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

IR Library

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

Note on Forward-looking Statements

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

[Editorial Policy]

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

Reporting Period:

April 2020 – March 2021

(The document includes some information from April 2021 onwards.)

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Message from the Chairman



Hidetoshi Sakuma Chairman, Group CEO

Joined the Chiba Bank in 1976.
Director since June 2003, President since March 2009, and
Chairman since June 2021, after serving as General Manager
of Treasury Division and Corporate Planning Division.

Business Environment

We are starting to see some signs of improvement in the Japanese economy in terms of capital investment, production, exports, and other factors, but the outlook remains unclear due to the prolonged disruption caused by the COVID-19 pandemic.

Meanwhile, we are starting to see a gradual recovery from the COVID-induced slump in Chiba Prefecture, where there is a potential for medium- to long-term economic growth thanks to a wealth of public and private-sector projects related to transport infrastructure development and a recovery in demand following recent natural disasters.

Chiba Bank is committed to helping promote the revitalization of the local economy by providing optimal financial services and solutions, while prioritizing the funding and management concerns of businesses that have been affected by COVID-19.

Medium Term Management Plan Progress

Under our 14th medium term management plan launched in April 2020 entitled “NEXT STEP 2023 ~ connect and go beyond, for the future ~,” we are developing various customer-centric initiatives based on our vision to “enhance customer experience by deepening financial functions and creating new models for regional finance.”

In particular, we are working to enhance digital channels. We have completely renewed the functioning of our Chiba Bank app, which is a daily trading channel for personal banking customers, and have started providing our Chibagin Business Portal to corporate customers.

In order to promote cashless payments across the region, we are also striving to expand merchant services by offering TSUBASA-Chiba Bank Visa Debit Cards and multi-payment terminals.

In addition to appointing a Group Chief Digital Transformation Officer (CDTO), we have also established a new Digital Innovation Division in order to help realize digital transformation (DX) not only in our customer services, but in many other areas from promoting business efficiency to reforming work styles.

As a result of these efforts, we were able to maintain a largely steady year-on-year performance for the year ended March 31, 2021, with Chiba Bank's balance of deposits as of March 31, 2021 increasing by ¥1.3155 trillion to ¥14.1045 trillion, and the balance of loans rising by ¥589.9 billion to ¥11.2064 trillion. Consolidated ordinary profit declined by ¥0.7 billion to ¥71.8 billion, while profit attributable to owners of parent increased by ¥1.6 billion to ¥49.6 billion.

New Initiatives

After the general meeting of shareholders held in June 2021, Mr. Tsutomu Yonemoto took over from me as President of the bank and I was appointed Chairman and Group CEO. In conjunction with the announcement of our new management structure, we are also working to strengthen Chiba Bank Group management by adding a Group Chief Human Resources Officer (CHRO) to our list of Group Chief Officers.

Recently, we are seeing a dramatic increase in digitalization in all aspects of society in the wake of the COVID-19 pandemic and the importance of DX strategies to all companies is growing day by day. Chiba Bank has recently added Human Resources Strategy Reform to our two pillars of Business Model Reform and Work Style Reform and we intend to proactively train the human resources required to drive our DX promotion.

We have also started our ICT Consulting Service, which is designed to support digitalization among our corporate customers. We pinpoint issues with business processes and propose solutions using IT tools to help improve productivity.

In addition, we intend to continue tackling ESG issues through our core business by providing transition support and sustainable finance based on the Japanese government's declaration to achieve carbon neutrality by 2050.

In terms of new businesses, we launched Chibagin Market Co., Ltd. in July 2021, a regional trading company that is fully funded by the Bank. The company aims to become a hub for regional economic activity by constructing a business model that combines digital and real elements into the planning and development of new products, e-commerce, and purchasable cloud financing. Chiba Bank is also considering establishing a joint venture company with other TSUBASA Alliance members Daishi Hokuetsu Bank, Chugoku Bank, and Nomura Holdings to provide remote financial consulting services for personal banking customers.

Realizing Sustainable Management

I became President of the Bank in March 2009, right in the middle of the global financial crisis following the collapse of Lehman Brothers. In the twelve years I served as President before becoming Chairman this year, we experienced various difficulties, including the introduction of negative interest rates and the economic stagnation caused by COVID-19. However, during my tenure, the Chiba Bank Group's total consolidated assets increased by more than ¥7 trillion to ¥17.8 trillion following the building of a branch network in the Tokyo metropolitan area and the forging of alliances with other banks. We also worked to improve our corporate culture by promoting diversity.

The Chiba Bank has always operated on the premise that the customer comes first and we have grown in tandem with the development of Chiba Prefecture. We will continue to directly serve our regional customers, and, with the new head office building completed in fall 2020 serving as our base of operations, we will take a fresh step forward as a financial services group that offers solutions that are not bound by traditional banking concepts.

Going forward, my mission is to firmly maintain and develop the Bank's sense of organizational unity, which is one of our key strengths, and to support Mr. Yonemoto as our new President as we work together to achieve the Bank's goal of sustainable management.

We thank you for your continuing support and patronage.

July 2021

Hidetoshi Sakuma
Chairman, Group CEO

Message from the President



Tsutomu Yonemoto President, Group COO

Joined the Chiba Bank in 1987.
Director since June 2017 and President since June 2021, after serving as General Manager of the Bank's Hong Kong Branch and General Manager of the Corporate Planning Division and the Business Promotion Division.

Taking Up the Reins as President

I became President of the Chiba Bank on June 25, 2021. Based on our customer-first principles, I want to continue contributing to the mission of the Chiba Bank Group to “contribute to the sustainable development of regional economies through the provision of the latest financial services as a partner for customers and regional communities.”

I have three aspirations as I take up my position as President.

The first is to firmly support regional customers that have been hit hard by COVID-19 and to channel our energies into fulfilling our responsibilities as a regional financial institution. The second is to maintain an environment in which all Group employees can work happily and comfortably. And finally, my third aspiration is to both deeply explore our existing businesses and challenge new business initiatives in order to manifest the Bank's full potential.

I intend to pursue these aspirations in order to firmly fulfill our role as a regional financial institution.

Management Issues to be Addressed

I believe the Bank should concentrate on the following three priority issues.

The first is our COVID-19 response.

We will continue to support the funding of customers affected by COVID-19 as a top priority. As the impact of the pandemic becomes increasingly prolonged, the needs of our customers are also changing, with a greater focus being placed on strengthening financial soundness, core business support, and business restructuring. We will further strengthen our accompanying advisory support services. While conditions remain tough for the restaurant and hotel industries, many of our customers are working hard to spark a recovery in corporate performance and I believe it is our duty as a regional financial institution to respond in a detailed and attentive way.

The second is our digitalization response.

Teleworking and remote conferences have become the norm in the wake of COVID-19 and customers' remote or contactless needs have increased. The Bank has also shifted many aspects of our own bank business to contactless modes by exploiting digital channels such as our Chiba Bank app and Chibagin Business Portal, and we are creating an environment that makes it easier for customers to use the Bank by providing the latest financial services through various channels.

We are determinedly promoting business efficiency initiatives, such as paperless operations and removing the need to use traditional personal stamps, and advancing the transition to digital operations in all aspects of our operations. We will also work to support our corporate customers' digitalization journey through our ICT Consulting Service.

Finally, our ESG and SDGs response.

The Japanese government has declared its aim to achieve carbon neutrality by 2050. Several major companies are starting to make 2050 declarations of their own or set accelerated targets for 2030, and begin evaluating their entire supply chains. If a major company starts to move toward decarbonization, companies along its supply chain will also likely be affected. All companies need to think ahead and decide how to factor climate-change perspectives into their businesses, which may also prompt new business opportunities. We want to help our customers review their management structures and incorporate these developments through sustainable financing, etc.

As regards renewable-energy-related loans, we will continue to work proactively to ensure electricity generated by renewable energy facilities financed by the Bank can be delivered to more households.

We are also committed to reducing our own emissions. We will work to reduce CO₂ emissions by introducing the latest equipment with low environmental burden at our new head office building and reforming the way our employees work by encouraging paperless operations, etc.

A Final Note

Given today's tough environmental changes, designed to constantly improve existing businesses, challenge new future-oriented business areas, and promote self-initiated organizational reform are becoming increasingly important.

Based on our customer-first principles, we will strive to incorporate customer feedback into improving our business strategies, products, and service to help us develop as a bank that is easy to use and provides useful support to customers. We also remain committed to providing the latest financial services as a regional partner dedicated to promoting the sustainable growth of our regional economy.

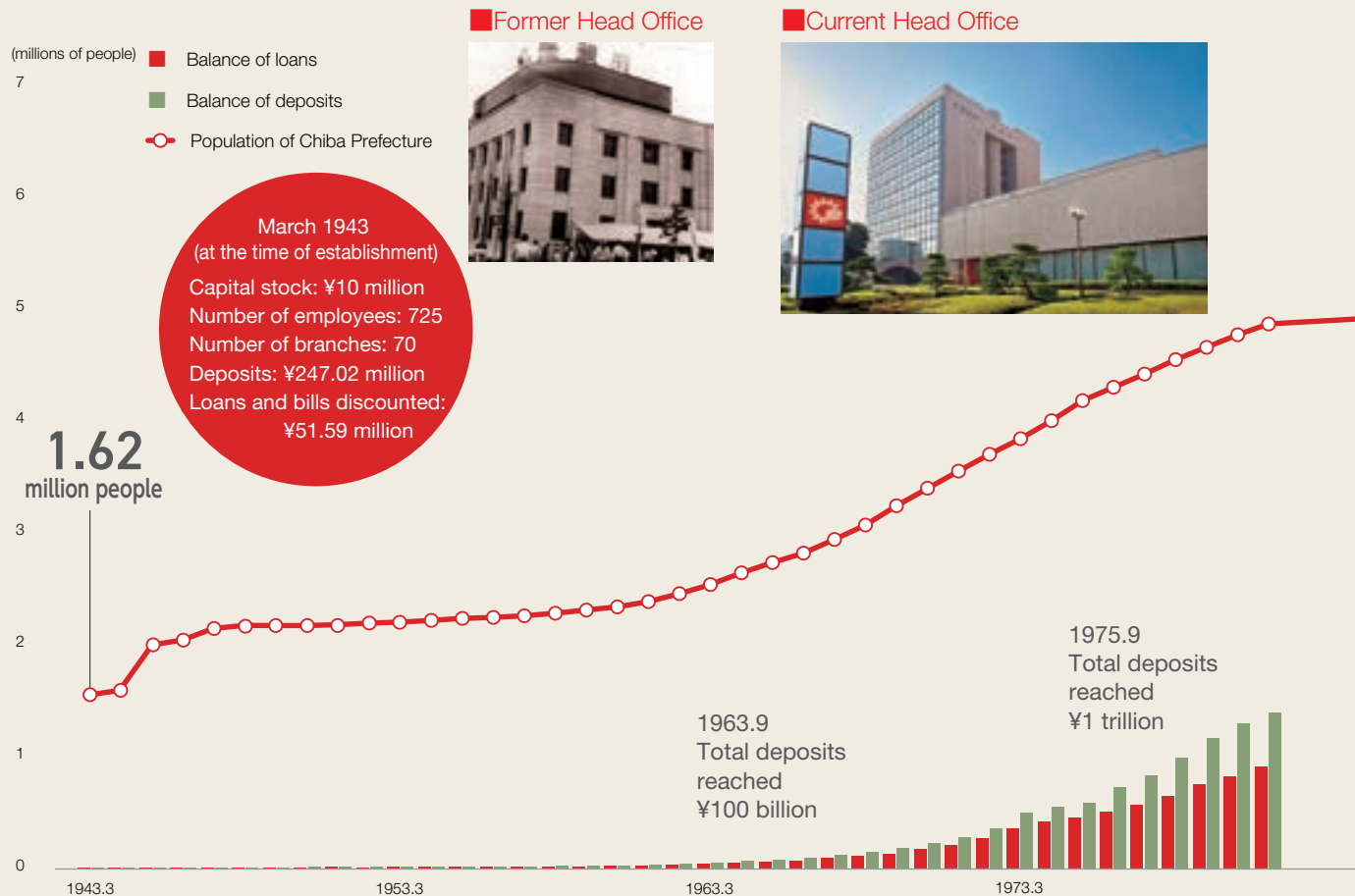
July 2021

Tsutomu Yonemoto
President, Group COO



History of the Chiba Bank Group

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



Our Transition

1943.3

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

1960-

Deposits and loans grew in response to high economic growth

1964.2

Set a sunflower as the bank flower

1970.10

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

1971.10

Started the first online system

1973.3

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

1986.10

Appointed the first female Branch General Manager in Japan

1987.4

Opened New York Branch

1989.4

Opened Hong Kong Branch

1991.2

Opened London Branch

1995.11

Opened Shanghai Representative Office

Flow of Society

1941 - 1945

Asia-Pacific War

1950 - 1953

Korean War

1960.12

Formulation of a construction plan for the Keiyo Coastal Industrial Zone Formulation of business plans

1964.10 - 11

Tokyo Olympics and Paralympics

1973.10

First oil crisis

1978.5

Open of New Tokyo International Airport (Narita Airport)

1983.4

Open of Tokyo Disneyland

1985.6

Full-scale start of financial liberalization

1985.9

Plaza Accord

1989.4

Introduction of consumption tax

1989.12

Nikkei Stock Average recorded highest price
¥38,915.87

1991.3

Collapse of bubble economy

1995.1

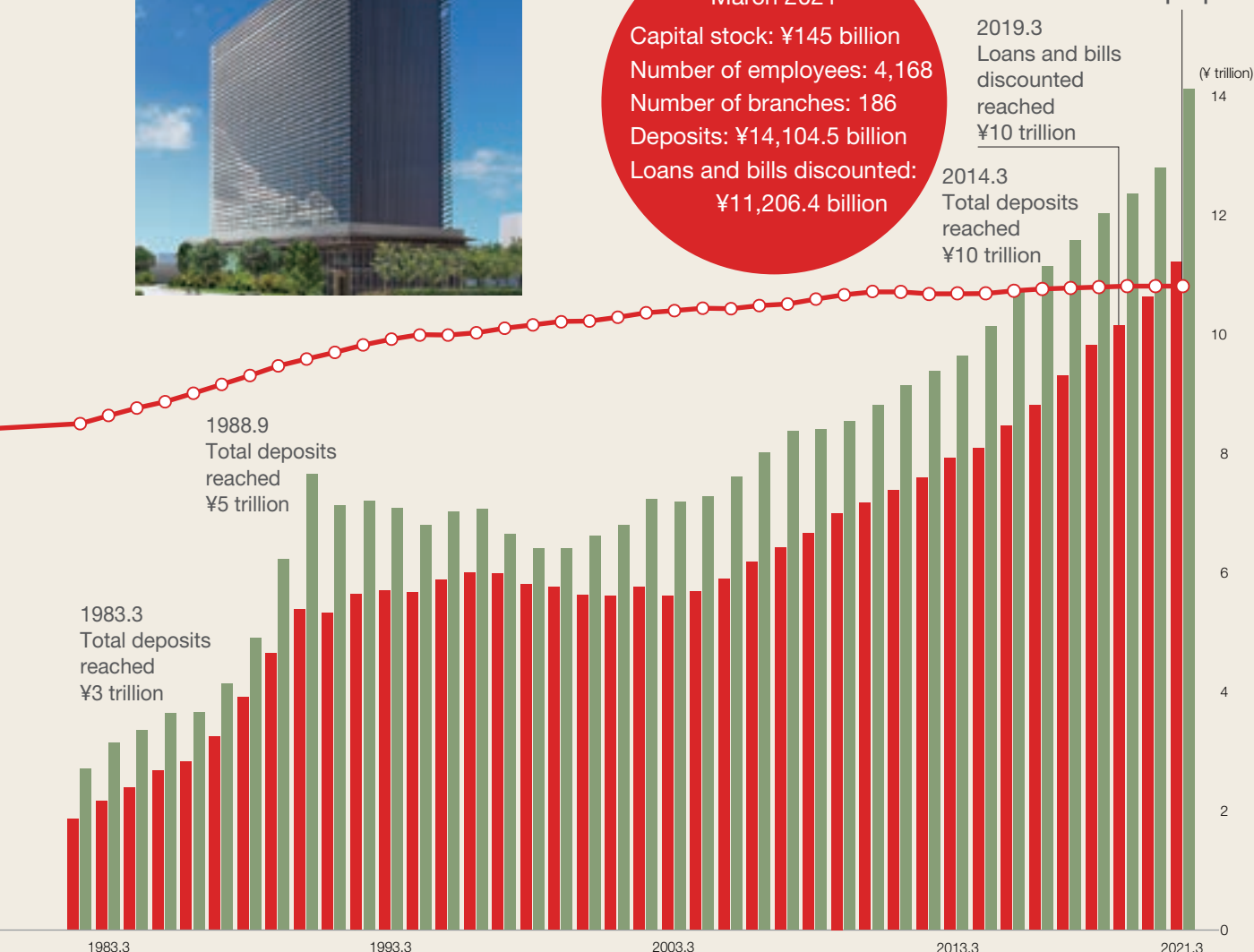
Great Hanshin-Awaji Earthquake



March 2021

Capital stock: ¥145 billion
Number of employees: 4,168
Number of branches: 186
Deposits: ¥14,104.5 billion
Loans and bills discounted:
¥11,206.4 billion

6.27
million people



- | | | | |
|---|--|--|---|
| <p>1998.3
Acquired Chuo Securities (currently Chibagin Securities) as a Group company</p> <p>2006.12
Established Chibagin Heartful as a special subsidiary for the employment of people with disabilities</p> <p>2008.3
Launched the TSUBASA project</p> | <p>2011.3
Opened Representative Office Registered in Singapore</p> <p>2014.9
Opened Bangkok Representative Office</p> <p>2015.10
Launched the TSUBASA Alliance</p> <p>2016.3
Launched the Chiba-Musashino Alliance</p> | <p>2016.5 - 9
9 group companies relocated to Chibagin Makuhari Building</p> <p>2016.7
T&I Innovation Center Head of Loan Center</p> <p>2019.7
Launched the Chiba-Yokohama Partnership</p> | <p>2020.9
Completed construction of Chibagin Head Office Building</p> <p>2021.5
Established Chibagin Market</p> |
| <p>1997.12
Tokyo Bay Aqua-Line opened</p> <p>2002.9
Population in Chiba prefecture exceeded 6 million people</p> <p>2005.4
Full implementation of the deposit payoff system</p> <p>2008.9
Bankruptcy of Lehman Brothers</p> | <p>2009.3
Nikkei Stock Average reached ¥7,054.98, lowest price after the collapse of bubble economy</p> <p>2011.3
Great East Japan Earthquake</p> <p>2013.4
The Bank of Japan decided to introduce "Quantitative and Qualitative Finance Easing Policy"</p> | <p>2016.1
The Bank of Japan decided to introduce "Negative Interest Rate Policy"</p> <p>2019.9
Typhoon Faxai</p> <p>2019.10
Consumption tax raised to 10 %</p> | <p>2020.1
UK left the EU</p> <p>2020.3
COVID-19 pandemic declared</p> <p>2021.7 - 8
Tokyo Olympics and Paralympics</p> |



Our community-oriented head office building is now complete and boasts a comfortable working atmosphere and the highest level of safety and environmental performance.

Feature I

Completion of Our New Head Office Building

The Chiba Bank's new head office building (Chibagin Head Office Building) was completed in September 2020. Designed around the concept of a sailing ship forging across the ocean, the building is a bold expression of Chibagin's strong desire to pioneer the future as a new financial services group that goes beyond the existing framework of banking. We are planning a grand opening for the new building in 2023 to mark the completion of the whole site's construction and the Bank's 80th anniversary.

Overview of Chibagin Head Office Building

Total site	24,992.98m ²
Building site	6,595.80m ²
Total floor space	46,878.25m ²
Structure	Steel construction (base-isolation structure)
Scale	16 floors, 2 penthouse floors (height approx. 90 m)

RF			
16F			
15F			
14F	Work place		
13F	Work place		
12F	Free area		
11F	Work place		
10F	Work place		
9F	Conference room floor		
8F	Disaster Response Office		
7F	Cafeteria		
6F	Knowledge Center		
5F	Machine room		
4F	Foyer hall		
3F			
2F	Office entrance	Financial History Library	
1F		Public space	Head Office

Internal staircase

Coexist with Regional Communities

Built facilities that will serve as a new hub for interacting with local customers



Main hall and foyer

Can host concerts and be rented out to local customers*. In the event of an emergency, the hall, along with the main entrance area on the first floor, is designed to serve as a temporary refuge facility and a regional disaster prevention base.



PORT Chibagin Co-working Space

A space for forging local start-up companies, inter-company co-creation communities, and business-matching*.

FinTERRACE Chibagin Financial History Library



Offering written materials and videos that introduce the history of Chiba Bank, the world of finance, and the development of the Chiba prefectural economy*.



* The use of these facilities have been postponed in order to prevent the spread of COVID-19 infections.

Improve Productivity Through Work Style Reforms

Created a smooth-functioning, highly communicative work environment



Work place, internal staircase, free area, Knowledge Center

The office floors use a free-address system for each group. The desks are arranged in a hexagon grid formation to ensure an equal amount of distance between employees and encourage incidental communication. We have built an internal staircase that links the work place floors and created a free area on the middle floor that anyone can use freely. The Knowledge Center can house approximately 10,000 volumes and offers a wide range of books to help staff deepen their expertise and understanding. The adjacent service counter lends focused stationery and equipment.



Strengthen BCP

Attained a similar S rank earthquake-resistance grade as disaster prevention bases and base hospitals



Liquefaction countermeasures and base isolation

We have taken every possible measure to prevent liquefaction by improving the ground foundations. We have also used a base-isolation structure to reduce the intensity of a size 7 earthquake to that of a size 3 earthquake on the Japanese seismic measurement scale.



Emergency power generation room and cogeneration generator

The building boasts multiplex sources of electricity thanks to the installation of a private power generators that can operate uninterrupted for 72 hours and a cogeneration generator that can create electricity from gas.



Disaster Response Office

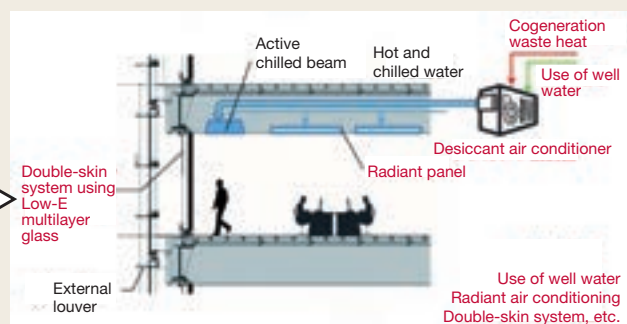
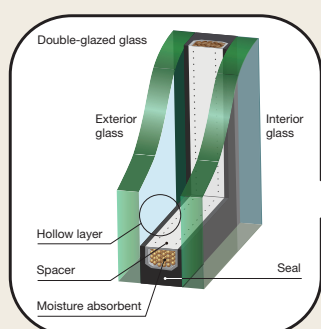
We have built a multi-display of eighteen 55-inch screens to strengthen business continuity measures in the event of a large-scale disaster.

Protect the Environment

Created a comfortable office environment while also reducing the building's environmental impact

Complex air-conditioning system and glass structure for superior environmental performance

The building utilizes natural energy and promotes energy conservation. It boasts an S-rank equivalent performance rating under Japan's Comprehensive Assessment System for Building Environmental Efficiency (CASBEE).



Realizing “Sustainable Management”

Social Issues

Society at Large

- Realization of sustainable society
- Countermeasures for global warming and climate change
- Regional revitalization

Monetary Environment

- Prolonged negative interest rate policy and overcome deflation
- Building assets in the 100-Year Life Society

Super-Aging Society

- Smooth business succession
- Financial services for the elderly

Technological Innovation

- Digitalization
- Cashless

Lifestyles

- Response to diversifying values

Human Resources

- Utilization of diverse human resources
- Response to increasing labor mobility

Natural Disasters

- Mitigating loss from intensification of natural disasters
- Development of social infrastructure

**Social Issues Contributing
to Solve Social Issues**

Financial Services That Support the Growth

The Chiba Bank Group's Mission

~ Strategies ~

Title

The 14th Medium Term Management Plan
NEXT STEP 2023

~ connect and go beyond, for the future ~
(Plan period: April 1, 2020 to March 31, 2023)

Basic Policy I

“We will continue to evolve closely with our customers”

- We will be a consulting partner that is closely linked to the lives of individual customers
- We will be the best partner as solving the diverse management issues of corporate customers
- We will continue to build branches that are both convenient and able to consult

Basic Policy III

“We will advance alliance strategies”

Basic Policy IV

“We will realize sustainable management”

Framework for Growth

~ Strengths of the Chiba Bank Group ~

Financial Capital

- Top-class asset size and earning capability among the regional banks
- Robust capital
- Low expense ratio

Intellectual Capital

- Industry-academia collaboration initiatives
- Specialized products and services utilizing expertise
- Comprehensive financial services offered by the entire group

(Balancing economic value and social value)

of Customers and Regional Communities

Contribute to the sustainable development of regional economies through the provision of the latest financial services as a partner for customers and regional communities

Vision

Enhance “customer experience” by deepening financial functions and creating new models for regional finance

Basic Policy II

“We will continue to create new value for our customers’ future”

- We will provide new value to our customers by using digital technology and all kinds of information resources
- We will create new value by taking on challenges that go beyond the framework of banking
- In order to provide new value and stand with our customers, we will further strengthen collaboration with other banks and companies in other industries
- We will strive to build a rewarding company by enhancing human resource development and realizing diverse work styles
- We will further strengthen our internal control structures, including governance, compliance, and risk management

Social Capital

- Solid business base
- Deeply diverse customer base
- Growth potential of Chiba Prefecture, the Group’s major market

Human Capital

- Human resource development with a focus on building expertise
- Extensive training program
- Utilization of employees with significant expertise

Management Base

- Improved productivity by achieving operational reforms
- Solid internal control structures

Co-creating Value with Stakeholders

Shareholders

Improvement of corporate value in the medium to long term

Customers

Demonstration of our financial intermediation function and advanced financial services

Employees

Rewarding workplace where employees can demonstrate their full potential

Regional Communities

Regional revitalization and coexistence with the natural environment

Contributing to Achieve the SDGs

“The Chiba Bank Group Declaration on SDGs”

Contribute to the vitalization of regional economy and communities



Support safe and secure lives for the elderly



Provide financial services for a better life



Promote diversity and work style reforms



Contribute to the protection of a sustainable environment



Strengths of the Chiba Bank Group

The Chiba Bank Group makes the best possible use of its resources, including financial capital, intellectual capital, social capital, and human capital, in order to continue to provide regional customers with valuable products and services.

Such capital consists the strengths of the Chiba Bank Group to realize sustainable management.

(As of March 31, 2021 or for the fiscal year ended March 31, 2021, unless otherwise noted)

Financial Capital

Top-Class Asset Size Among the Regional Banks

Total Assets (Consolidated):

¥17,898.1 billion

Loans and Bills Discounted (Non-Consolidated):

¥11,206.4 billion

Deposits (Non-Consolidated):

¥14,104.5 billion

Robust Capital

Total Capital Ratio
(Consolidated)

12.79%

Common Equity Tier 1
Capital Ratio (Consolidated)

12.28%

Excellent Ratings^{*1}

Moody's A1 (Long-Term) P-1 (Short-Term)

Standard & Poor's A- (Long-Term) A-2 (Short-Term)

Rating and
Investment
Information AA- (Long-Term)

^{*1} As of July 1, 2021

Top-Class Profitability Among the Regional Banks

Profit Attributable to Owners
of Parent (Consolidated)

¥49.6 billion

ROE (Consolidated, Based
on Shareholders' Equity)

5.65%

Low Expense Ratio

OHR (non-consolidated)

55.00%

Sound Loan Assets

Non-Performing Loan Ratio
(Non-Consolidated, Based on the
Financial Reconstruction Law)

1.02%

Intellectual Capital

Industry-Academia Collaboration Initiatives

Cumulative Number of Recipients of
Grants and Awards ^{*2}

543

Status of Fiduciary Duty Initiatives

Customer-Oriented Investment Trust
Sales Company Evaluation (R&I) ^{*3}

S

Specialized Products and Services Utilizing Expertise

Number of Contracts for Inheritance-
Related Services
(Excludes Contracts Signed for Other
Banks in the Alliance)

1,578

Comprehensive Financial Services Offered by the Entire Group

Number of Group Companies

15 companies

Difference Between
Consolidated and
Non-Consolidated Profit

¥3.9 billion

^{*2} The figure represents the cumulative number of recipients as of FY2020. It includes the number of recipients of grant and award from the Chiba Bank as well as public interest corporations to which the Chiba Bank makes donations.

^{*3} Ratings are given by Rating and Investment Information, Inc. (R&I) to financial institutions, etc. upon request, based on the evaluation of their policies and efforts as to how they perform their customer-oriented business operations in their investment trust sales activities.

Social Capital

Solid Business Base

Domestic Network ^{*4} **186** locations

Overseas Network **6** locations

Branches: New York, Hong Kong, London
Representative Offices: Shanghai, Singapore, Bangkok

Market Share of Loans in Chiba ^{*5} **40.9** %

Market Share of Deposits and Savings in Chiba Prefecture ^{*5} **26.4** %

Designated Financial Institution for **44** out of 55 local governments

Coordination Agreement for Regional Revitalization Concluded with **22** out of 55 local governments

^{*4} 183 branches and 3 money exchange counters

^{*5} Source: The Kinryu Journal

^{*6} Source: Teikoku Databank

Deeply Diverse Customer Base

Number of Accounts Used to Receive Salaries **870 thousand** accounts

Number of Accounts Used to Receive Pensions **490 thousand** accounts

Number of Customers Receiving Housing Loans **200 thousand** customers

Number of Companies Using Chiba Bank as Their Main Bank ^{*6} **21 thousand** companies

Growth Potential of Chiba Prefecture, the Group's Major Market

Population of Chiba Prefecture **6,270 thousand**
(Sixth largest in Japan)

Increase in the Population of Chiba Prefecture **64 thousand**
(October 2015 → October 2020: Fourth largest increase in Japan)

Human Capital

Human Resource Development With a Focus on Building Expertise

Number of Trainees Dispatched

External Trainee **21**

Internal Trainee **39**

Extensive Training Program

Total Number of Training Sessions Taken by Employees (per annum) **11,722** times

Total Number of Employees Participated in Seminars on Days Off (per annum) **2,868**

Utilization of Employees with Significant Expertise

Real Estate Transaction Agent **416**

1st Grade Certified Skilled Professional of Financial Planning **210**

CMA **72**

Small and Medium Sized Enterprise Consultant **59**

Others ^{*7} **19**

^{*7} Labor and Social Security Attorney, Certified Public Tax Accountant, Certified Public Accountant, and Licensed Real Estate Appraiser

Strengths of the Chiba Bank Group

The Chiba Bank Group has many strengths as a regional financial institution, including its robust branch network and customer base, its operating base in thriving and growing Chiba Prefecture, and its ability to fulfill various needs as a unified group.

Backed by these major strengths, we will pursue sustainable management.

Strength 1 Solid Branch Network and Deeply Diverse Customer Base

The Chiba Bank has a branch network of 186 domestic locations and 6 overseas locations as of March 31, 2021.

In recent years, we have maintained a certain number of locations, secured contact points with customers, and provided optimal services by opening new branches in central Tokyo, which is adjacent to Chiba Prefecture, while also consolidating existing branches and reorganizing our branch network in the region.

With this branch network, we have won an overwhelming share of the market in Chiba Prefecture (40.9% share of lending and 26.4% share of deposits in the prefecture), our main operating base, and built a deeply diverse customer base. We play a role as the top bank in the region by supporting business activities as the main bank of more than 20,000 companies and strengthening coordination with local governments in the prefecture for regional revitalization.

Strength 2 Chiba Prefecture, a Thriving Operating Base

Chiba Prefecture, the Chiba Bank Group's main operating base, has a well-balanced industrial structure comprised of commerce, agriculture, and fishing industries.

In terms of commerce, Chiba Prefecture has oil refineries, petrochemical, steel, and other companies, which form an industrial complex in the Keiyo Industrial Zone, as well as airport-related industries and international distribution, which are concentrated in the area around Narita Airport, the gateway to Japan. The Makuhashi New City area is anchored by Makuhashi Messe, one of Asia's leading convention centers, and forms a multifunctional international business city, while Kazusa Akademia Park is anchored by the Kazusa DNA Research Institute and is home to international-level research and development.

With its mild climate, Chiba Prefecture also is foremost among Japan's agricultural prefectures and is developing highly productive urban agriculture. Surrounded by Tokyo Bay and the Pacific Ocean, Chiba Prefecture is also one of Japan's leading fishing prefectures with diverse and thriving fishing grounds.

In addition, Chiba Prefecture, which is part of the metropolitan region adjacent to the Tokyo capital, not only boasts Japan's sixth largest population at more than 6.27 million people, but also has high potential for economic growth. Construction on the Kita Chiba Road and the Ken-O Expressway is underway, and other new road networks such as a second Bayshore Route and a northwest access road (Chiba Kashiwa Road) are also in mind, which are expected to further expand distribution.

Backed by such a prosperous operating base, and as the top bank in the region, the Chiba Bank Group satisfies the basic conditions for sustainable growth.

Strength 3 Comprehensive Financial Services Offered by the Entire Group to Meet the Diverse Needs of the Region

At the Chiba Bank Group, 15 group companies work together to meet the diverse needs of regional customers, utilizing functions of each company such as securities and asset management, research and consulting, leasing and venture capital, credit cards, outsourcing and staffing services, credit guarantees and management, and a regional trading company.

Chibagin Securities has established a stable business foundation with 20 branches in the Tokyo Metropolitan area. It is also strengthening a group collaboration with securities companies of the financial institutions participating in the TSUBASA Alliance.

Chibagin Asset Management

has been expanding its investment product portfolio and assets under management, such as ESG funds provided for the Bank of Yokohama and the Musashino Bank in February 2020. Highly commended for its performance, Chiba Asset Management won a Refinitiv Lipper Fund Awards Japan 2021 for best company in the investment trust equity category.

As the only think tank in the prefecture, **Chibagin Research Institute** has been entrusted with the formulation of comprehensive plans for local governments, etc. **Chibagin Computer Service** offers IT solutions and **T&I Innovation Center** conducts FinTech surveys, research, and development.

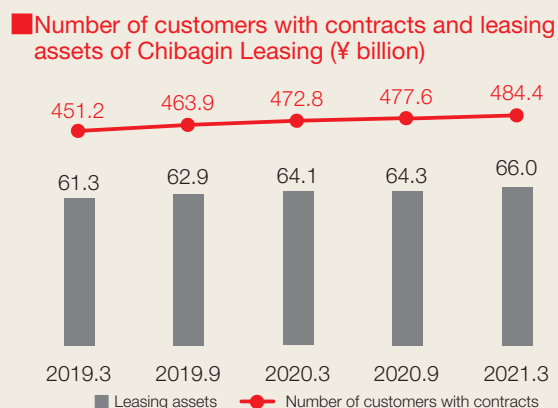
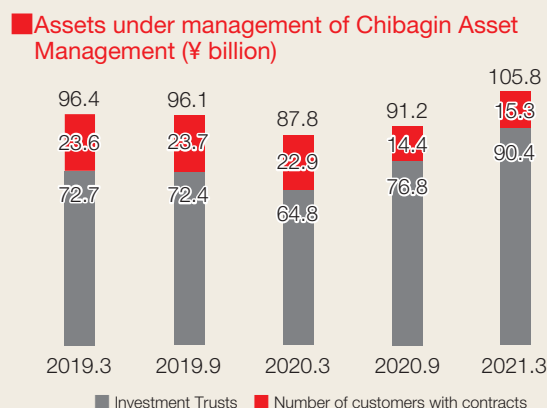
Chibagin Leasing leverages on the Bank's customer base, and the number of customers with contracts and leasing assets are steadily increasing. **Chibagin Capital** offers management and M&A advisory services for business succession and corporate value improvement funds.

Chibagin JCB Card and **Chibagin DC Card** recruit member stores and offers corporate credit cards for cashless payments.

Chibagin Career Service is strengthening its staffing services in response to customers' needs for personnel. **Chibagin Heartful**, a special subsidiary for the employment of people with disabilities, performs contracted clerical services for the Company, as well as makes business cards and rubber stamps, stuffs envelopes, and sends direct mails. **Sobu** is engaged in the rental and maintenance of the Bank's office buildings and welfare facilities.

Chibagin Guarantee provides loan guarantee and fee collection services for housing loans and unsecured loans, and **Chiba Servicer** manages and collects claims under entrustment and purchases such claims.

In addition, **Chibagin Market** was established in May 2021 as a regional trading company. This company operates e-commerce and crowdfunding sites, and conducts planning and development for regional brand products.



Combating COVID-19

COVID-19, continuing to spread since last year, has seriously affected society and the economy, and caused major changes in human behavior. We have many loan customers whose business activities have been severely damaged.

In order to fulfill its mission as the top bank in the region, the Chiba Bank will do its best to provide financial and other support to customers who are affected by COVID-19, as well as create an environment where bank transactions can be trusted, including Internet, smartphone, and other remote transactions.

Measures to Prevent the Spread of Infection and Activities to Provide Support

●Branch Initiatives

The Bank has been working to prevent the spread of COVID-19 with the top priority on the health and safety of our customers. We have taken various measures so that our customers can visit branches and use ATMs safely, such as placing hand alcohol disinfectants in all branches and installing acrylic shields at teller counters.

We ask customers to wear masks and offer remote transactions using the Chiba Bank app, internet banking, and the Chibagin Business Portal.

●Measures within the Bank

Banks are part of the social infrastructure, and as such, we believe it is very important to stop the spread of COVID-19 within the Bank Group.

We have made efforts to prevent the spread of infection, such as having all employees wear masks, placing alcohol disinfectants in all branches and offices, installing acrylic shields in offices, promoting telework, introducing split shifts, and switching to online meetings.

●Support for Medical Institutions

In May 2020, in order to support medical personnel on the frontlines, we donated 8,000 face shields to Chiba University Hospital, which has actively accepted patients infected with COVID-19.

In February 2021, we also donated 10 million yen to this hospital. This fall, the hospital plans to purchase an ambulance that will be used to transport critically ill patients who need ECMO (extracorporeal membrane oxygenation) and for DMAT (disaster medical assistant team) activity during emergencies such as natural disasters, and our donation will be used to help purchase these.

■Face shield donation ceremony



Loans related to COVID-19

●Chibagin Disaster Restoration Financing Program (COVID-19)

In February 2020, the Bank added COVID-19 to the Chibagin Disaster Restoration Financing Program, which had previously covered natural disasters such as typhoons and earthquakes. Then in May, we extended loan terms, and in February 2021, we extended the availability of this financing program for another year.

●Fee waivers

Since March 2020, the Bank has waived fees to change loan conditions for corporate and individual customers affected by COVID-19. In March 2021, we extended the fee waiver period to September 30 due to the prolonged effects of the pandemic.

The fee waiver includes business loans, housing loans, and other consumer loans (home renovation loans, car loans, and student loans).

●Loans related to COVID-19

We have launched many initiatives, including primarily cash flow support, to customers affected by COVID-19.

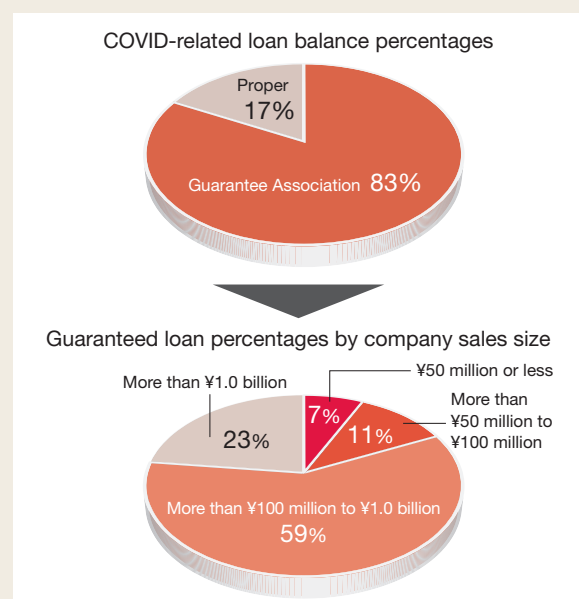
Through March 31, 2021, we provided approximately 16,000 loans related to COVID-19, amounting to 700.0 billion yen.

Guaranteed loans comprise 83% of the total loan balance, of which 77% have been provided to small and mid-sized enterprises (SMEs) with net sales of 1.0 billion yen or less.

The Bank will continue to solidly support customers, fulfilling its role and mission as the top bank in the region even during the COVID-19 pandemic.

■Loans related to COVID-19 and changes in loan conditions (as of March 31, 2021)

	Loan execution	
	Number of loans provided	Amount (¥ billion)
New loans	15,997 cases	¥696.4 billion
Proper	797 cases	¥330.8 billion
Guarantee Association	15,200 cases	¥365.6 billion
Change of conditions	1,122 cases	—
Corporations	391 cases	—
Loans	731 cases	—



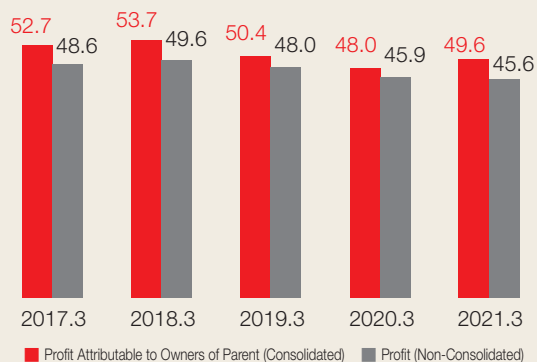
Financial Highlights

Profit

(Consolidated/Non-Consolidated/¥ billion)

Consolidated: ¥49.6 billion

Non-Consolidated: ¥45.6 billion

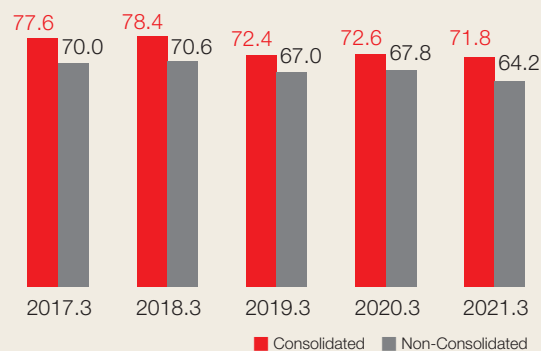


Ordinary Profit

(Consolidated/Non-Consolidated/¥ billion)

Consolidated: ¥71.8 billion

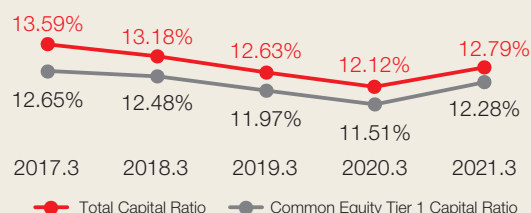
Non-Consolidated: ¥64.2 billion



Capital Ratio (Consolidated)

Total Capital Ratio: 12.79%

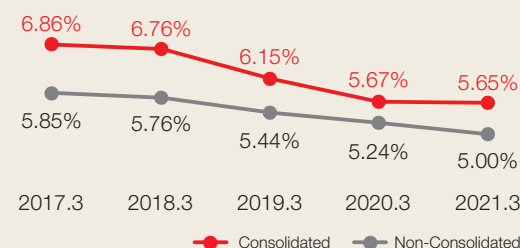
Common Equity Tier 1 Capital Ratio: 12.28%



ROE (Consolidated/Non-Consolidated)

Consolidated: 5.65%

Non-Consolidated: 5.00%

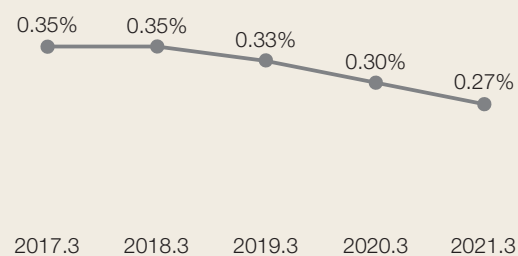


$$\text{ROE (Non-Consolidated)} = \frac{\text{Profit}}{(\text{Total Net Assets at Beginning of Fiscal Year} + \text{Total Net Assets at End of Fiscal Year}) / 2}$$

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

ROA (Non-Consolidated)

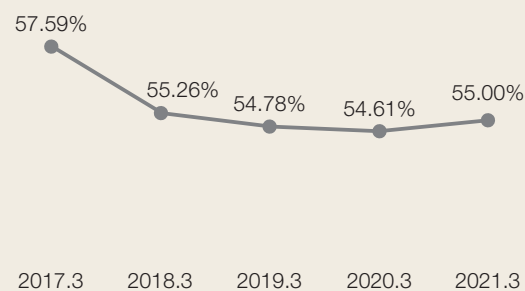
Non-Consolidated: 0.27%



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

OHR (Non-Consolidated)

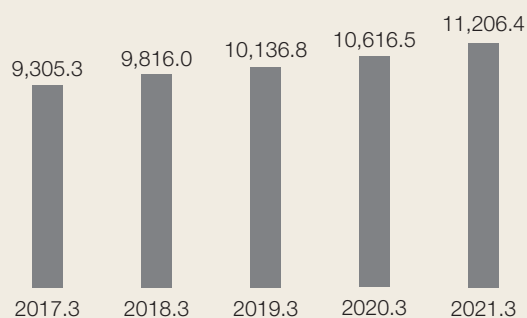
Non-Consolidated: 55.00%



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

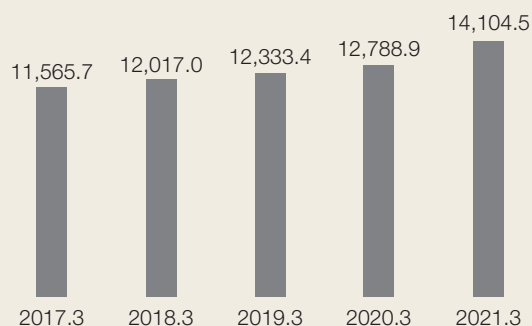
Loans and Bills Discounted (Non-Consolidated/¥ billion)

Non-Consolidated: **¥11,206.4** billion



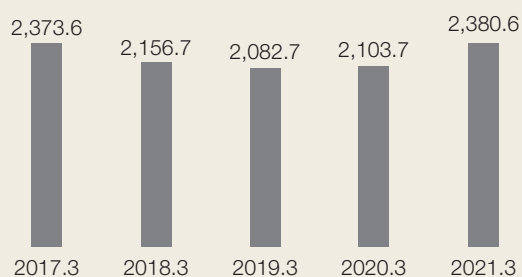
Deposits (Non-Consolidated/¥ billion)

Non-Consolidated: **¥14,104.5** billion



Securities (Non-Consolidated/¥ billion)

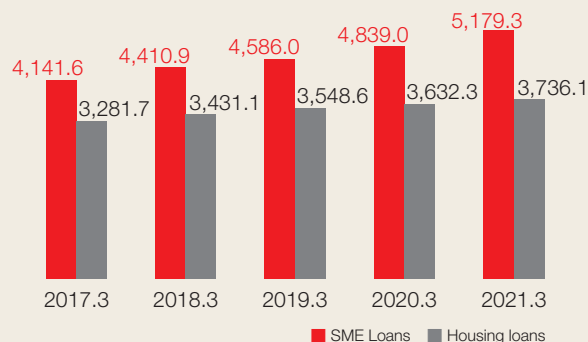
Non-Consolidated: **¥2,380.6** billion



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

SME Loans: **¥5,179.3** billion

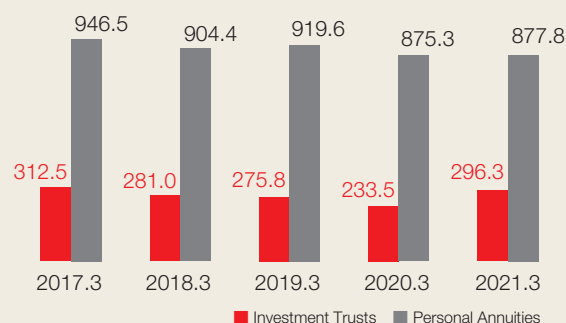
Housing Loans: **¥3,736.1** billion



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

Investment Trusts Outstanding Balance: **¥296.3** billion

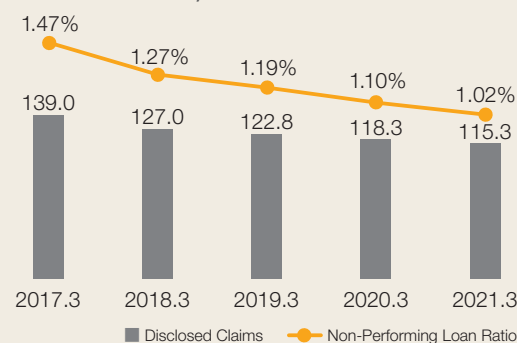
Personal Annuities Outstanding Balance: **¥877.8** billion



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

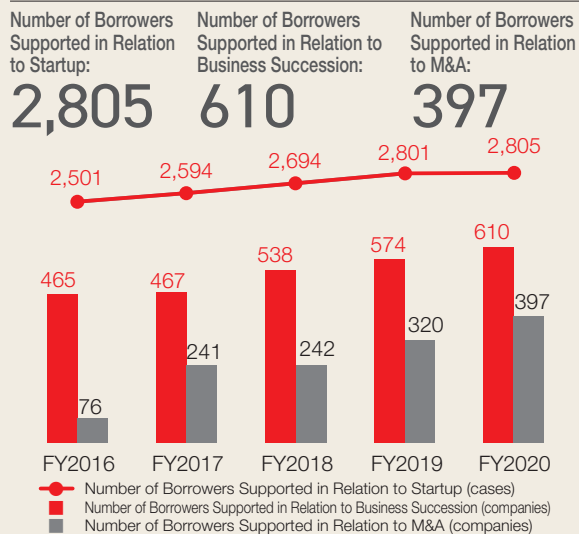
Disclosed Claims under the Financial Reconstruction Law: **¥115.3** billion

Non-Performing Loan Ratio (Based on the Financial Reconstruction Law): **1.02%**

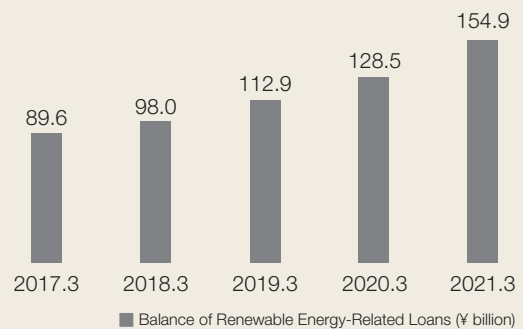


Non-Financial Highlights

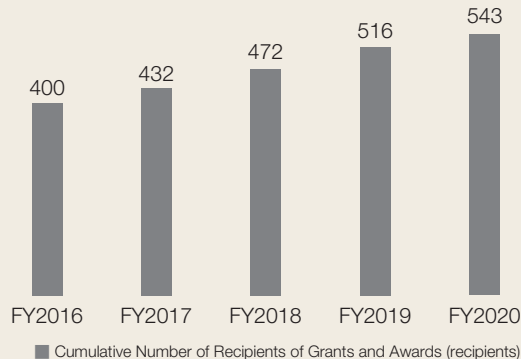
Number of Borrowers Supported in Relation to Startup/Business Succession/M&A



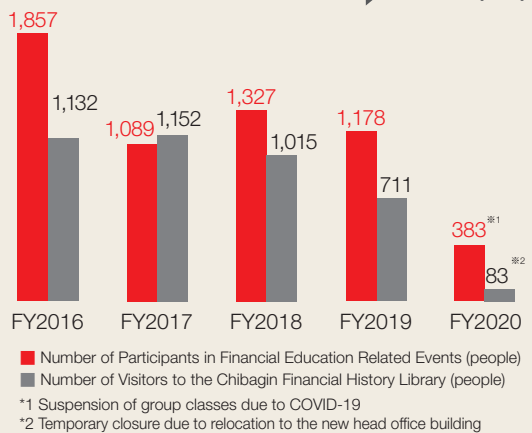
Initiatives to Promote Renewable Energy

Renewable Energy Related Loan Balance **¥154.9 billion**

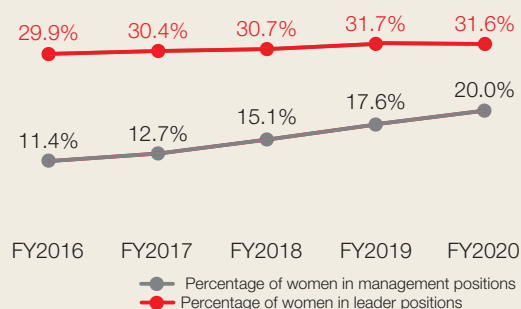
Support for Industrial Development and Technological Innovation

Cumulative Number of Recipients of Grants and Awards: **543 recipients**

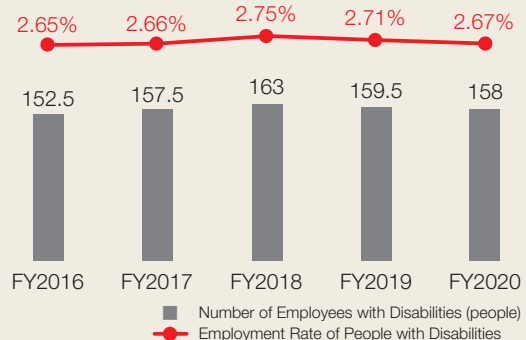
Efforts to Improve Financial Literacy

Number of Participants in Financial Education Related Events (5-year cumulative total) **5,834 people**Number of Visitors to the Chibagin Financial History Library (5-year cumulative total) **4,093 people**

Initiatives to Promote the Active Participation of Women

Percentage of Women in Leader Positions: **31.6%**Percentage of Women in Management Positions: **20.0%**

Efforts Toward the Employment of People With Disabilities

Number of Employees with Disabilities (Group)*: **158 people**Employment Rate of People with Disabilities (Group): **2.67%**

*The numbers of employees with disabilities may include a fraction of less than one as they are the figures used for calculating the employment rate of people with disabilities.

Financial Results and Conditions

Financial Results for the Fiscal Year Ended March 31, 2021

Summary of financial results

In the fiscal year ended March 31, 2021, non-consolidated gross business profit increased ¥3.3 billion year on year to ¥156.0 billion. Net interest income increased by ¥0.9 billion, net fees and commissions income increased by ¥3.5 billion, and core net business income excluding gains (losses) on cancellation of investment trusts increased by ¥2.0 billion.

Net credit costs increased by ¥0.9 billion due in part to making preventive provisions.

As a result, non-consolidated profit was ¥45.6 billion and profit attributable to owners of parent was ¥49.6 billion.

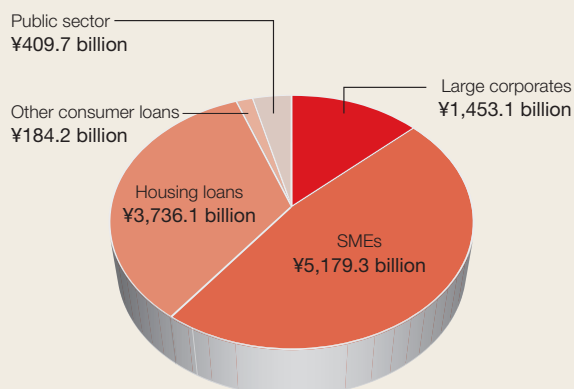
Increase in domestic loans and bills discounted

The balance of domestic loans and bills discounted increased by ¥586.4 billion or 5.6% from the end of the previous fiscal year to ¥10,962.6 billion.

A steady growth was maintained as loans for business operations increased 7.7% and housing loans increased 2.8% due to efforts made in loans related to COVID-19.

Domestic loans and bills discounted by region saw 4.0% increase in branches in Chiba Prefecture and 9.1% in branches outside Chiba Prefecture, showing a steady increase in both regions.

Balance of domestic loans and bills discounted (by category)



Summary of financial results

(¥ billion)

(Non-consolidated)	2020/3	2021/3	YoY
Gross business profit	152.7	156.0	3.3
Net interest income	123.6	124.5	0.9
Net fees and commissions income	22.6	26.1	3.5
Trading income	1.8	1.7	(0.0)
Profit from other business transactions	4.5	3.5	(1.0)
Gains (losses) related to bonds	3.2	(0.3)	(3.6)
Expenses (-)	81.9	86.0	4.1
Real net business income	70.8	70.0	(0.7)
Core net business income	67.5	70.3	2.8
Excluding gains (losses) on cancellation of investment trusts	64.2	66.2	2.0
Net transfer to general allowance for loan losses (-)	1.2	3.2	1.9
Net business income	69.5	66.7	(2.7)
Non-recurrent income and losses	(1.6)	(2.5)	(0.8)
Disposal of non-performing loans (-)	8.2	7.1	(1.0)
Gains (losses) related to stocks, etc.	2.6	5.8	3.1
Ordinary profit	67.8	64.2	(3.6)
Extraordinary income (loss)	(3.8)	(0.3)	3.5
Profit	45.9	45.6	(0.2)
Net credit costs (-)	9.5	10.4	0.9

(¥ billion)

(Consolidated)	2020/3	2021/3	YoY
Ordinary profit	72.6	71.8	(0.7)
Profit attributable to owners of parent	48.0	49.6	1.6

Balance of domestic loans and bills discounted (by region)

(¥ billion)

	2020/3	2021/3	Change	% of Change
Domestic loans and bills discounted	10,376.2	10,962.6	586.4	5.6%
Branches in Chiba Prefecture	7,172.1	7,465.0	292.9	4.0%
Branches outside Chiba Prefecture	3,204.0	3,497.5	293.5	9.1%

Financial Results and Conditions

Financial Results for the Fiscal Year Ended March 31, 2021

● Increase in net fees and commissions income

Net fees and commissions income increased ¥3.5 billion year on year to a record high of ¥26.1 billion.

Corporate solution-related fees led overall with an increase of ¥1.7 billion due to multiple large syndicate loans made in collaboration with alliance banks.

We will continue to strengthen our earning capability by providing a wide range of solutions for customer issues.

● Controlling interest rate risks while diversifying investments

The balance of securities (excluding unrealized gains (losses)) increased ¥187.1 billion from the end of the previous fiscal year to ¥2,198.4 billion.

Although the average duration of securities has become somewhat longer due to the low interest rate environment, we manage our portfolio by diversifying risks and pay close attention to the balance between liquidity and profitability.

● Low OHR

Expenses increased by ¥4.1 billion year on year to ¥86.0 billion due in part to recording expenses related to the new head office building.

OHR increased by 0.3 points year on year to 55.0%, but we still maintain a high enough efficiency compared with the averages of other banks.

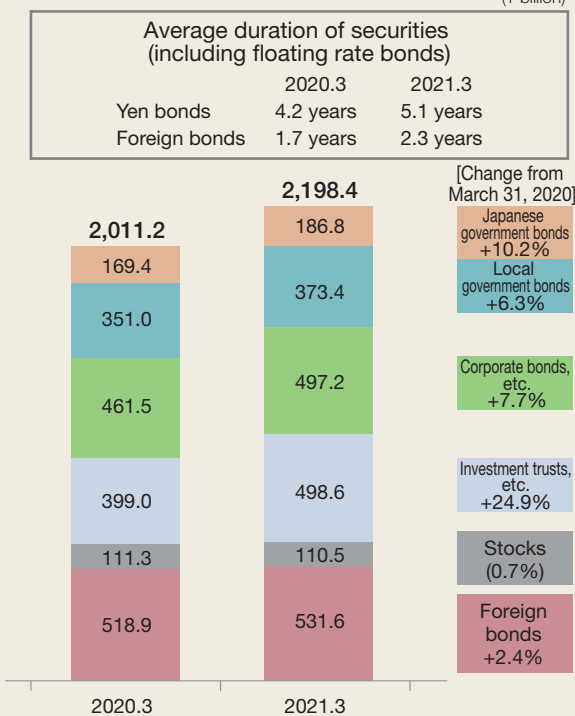
■ Breakdown of net fees and commissions income

(¥ billion)

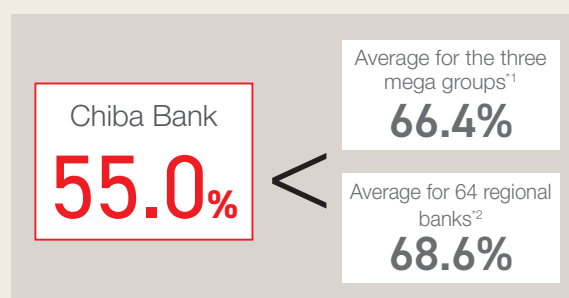
	2020/3	2021/3	YoY
Net fees and commissions income	22.6	26.1	3.5
(Primary items)			
Corporate solutions related	9.8	11.6	1.7
Financial products related	7.7	8.1	0.4
Trust business and inheritance-related services related	1.2	1.3	0.0
Cashless business related*	0.5	0.6	0.0

*The existing payment card business related guarantee payment fees were reclassified from "loan payment insurance premiums and guarantee fees" to "cashless business related" (including the past fiscal year).

■ Balance of securities (excluding unrealized gains (losses))



■ OHR level comparison



*1 Expenses ÷ (Consolidated gross business profit – Gains (losses) related to bonds)
[Fiscal year ended March 2021]: Calculated by the Bank based on disclosed information

*2 Expenses ÷ (Non-consolidated gross business profit – Gains (losses) related to bonds)
[Six months ended September 2020]: Disclosed by the Regional Banks Association of Japan

Earnings Projections for the Fiscal Year Ending March 31, 2022

Summary of earnings projections

For the fiscal year ending March 31, 2022, gross business profit is projected to increase ¥3.4 billion year on year to ¥159.5 billion.

Net interest income is projected to be ¥126.4 billion owing in part to an expected increase in domestic interest on loans and bills.

Net fees and commissions income is projected to increase ¥1.8 billion to ¥28.0 billion, primarily owing to continued increases in solution-related income from corporate customers and income related to the cashless business.

As we expect a ¥0.4 billion decrease in expenses and a ¥0.4 billion decrease in net credit costs, non-consolidated profit is projected to be ¥49.0 billion, up ¥3.3 billion year on year, and profit attributable to owners of parent is projected to increase ¥2.3 billion year on year to ¥52.0 billion.

Despite the difficult economic environment, we will continue to strengthen our earning capability by putting together various measures.

Earnings projections

(¥ billion)

(Non-consolidated)	2021/3	2022/3 (Projection)	YoY
Gross business profit	156.0	159.5	3.4
Net interest income	124.5	126.4	1.8
Net fees and commissions income	26.1	28.0	1.8
Trading income	1.7	2.5	0.7
Profit from other business transactions	3.5	2.6	(0.9)
Gains (losses) related to bonds	(0.3)	1.0	1.4
Expenses (-)	86.0	85.5	(0.4)
Real net business income	70.0	73.9	3.9
Core net business income	70.3	72.9	2.5
Excluding gains (losses) on cancellation of investment trusts	66.2	68.9	2.6
Net transfer to general allowance for loan losses (-)	3.2	1.0	(2.2)
Net business income	66.7	72.9	6.1
Non-recurrent income and losses	(2.5)	(3.9)	(1.4)
Disposal of non-performing loans (-)	7.1	9.0	1.8
Gains (losses) related to stocks, etc.	5.8	3.5	(2.3)
Ordinary profit	64.2	69.0	4.7
Extraordinary income (loss)	(0.3)	(0.5)	(0.1)
Profit	45.6	49.0	3.3
Net credit costs (-)	10.4	10.0	(0.4)

(¥ billion)

Net credit costs

(¥ billion)

	2021/3	2022/3 (Projection)	YoY
Net credit costs (-)	10.4	10.0	(0.4)
Net transfer to general allowance for loan losses (-)	3.2	1.0	(2.2)
Disposal of non-performing loans (-)	7.1	9.0	1.8
Write-offs / Net transfer to specific allowance for loan losses, etc. (-)	8.3	10.5	2.1
New downgrades (-)	8.7	11.0	2.2
Decreases in collateral value, etc. (-)	0.4	0.5	0.0
Collections, etc.	0.7	1.0	0.2
Recoveries of written-off claims	1.2	1.5	0.2

(Consolidated)	2021/3	2022/3 (Projection)	YoY
Ordinary profit	71.8	75.5	3.6
Profit attributable to owners of parent	49.6	52.0	2.3

Medium Term Management Plan Progress

The 14th Medium Term Management Plan

NEXT STEP 2023

~ connect and go beyond, for the future ~ April 1, 2020 to March 31, 2023

Vision Enhance “customer experience” by deepening financial functions and creating new models for regional finance

The term “customer experience (CX)” refers “not only to the value of products we offer and the satisfaction gained at the moment of transactions with the Bank but also to the total experience, spanning from present to future, including the emotion and sense gained by the customer as a result of interacting with the Bank.”

Basic Policy I “We will continue to evolve closely with our customers” “Four key strategies” for evolving existing businesses

Key Strategy 1 Personal Business

Strengthen consulting functions that are closely linked to the lives of individuals

Key Strategy 2 Corporate Business

Increase capabilities for solving management issues as a partner

Key Strategy 3 Regional Revitalization

Strengthen initiatives for regional revitalization by increasing capabilities for solving regional issues

Key Strategy 4 Branches and Channels

Optimize branch functions and other aspects that support the enhancement of customer contact

Basic Policy II “We will continue to create new value for our customers’ future” “Two key strategies” for creating new services and businesses

Key Strategy 5 Digital and Information

Provide new value through the use of digital technologies and all types of information resources

Key Strategy 6 New Businesses

Create new services and operate new businesses beyond the existing framework

Basic Policy III “We will advance alliance strategies”

“Two key strategies” for realizing Basic Policy I and Basic Policy II

Key Strategy 7 Collaboration with Other Banks

Advance collaboration with other banks

Key Strategy 8 Cross-Industry Collaboration

Enhance collaboration with companies in other industries

Basic Policy IV “We will realize sustainable management”

“Four key strategies” that are the foundations for realizing the vision of the Medium Term Management Plan

Key Strategy 9 Human Resources

Build a rewarding company and enhance human resource development (organizational culture and human resources)

Key Strategy 10 BPR

Improve productivity and promote flexible work styles

Key Strategy 11 SDGs

Enhance SDGs initiatives together with the region

Key Strategy 12 Business Management Structures

Establish solid management foundation

Target Figures

●Progress toward targets

	Targets for FY2022 (Final Fiscal Year)	Results for FY2020	(Reference) Results for FY2019
Profit attributable to owners of parent	¥60.0 billion	¥49.6 billion	¥48.0 billion
Consolidated ROE (based on shareholders' equity)	Mid- 6%	5.65%	5.67%
OHR (non-consolidated)	Lower 50% range	55.00%	54.61%

The medium term management plan “NEXT STEP 2023 ~ connect and go beyond, for the future ~” is a three-year plan starting in April 2020 with the following figures as its target indicators: (1) profit attributable to owners of parent, (2) consolidated ROE (based on shareholders' equity), and (3) OHR (non-consolidated).

The effects of COVID-19 have been prolonged, and there is still no end in sight, but we have made efforts to meet the financing needs of corporate and individual customers, accumulate fees and commissions income from corporations through large-scale biomass power generation equipment projects, and reduce expenses. Overall profit has also grown for Group companies, and the difference between consolidated and non-consolidated profit has expanded to ¥3.9 billion.

All figures in the first year of the Medium Term Management Plan made good progress, including ¥49.6 billion in profit attributable to owners of parent versus a target of ¥48.5 billion.

In new business, we established Chibagin Market Co., Ltd. as a regional trading company and began to consider establishing a remote financial consulting company with Daishi Hokuetsu Bank, Chugoku Bank, and Nomura Holdings.

We also set three moonshot goals ((1) provide the best app and portal; (2) make it possible to obtain the desired information in the desired format at any time; and (3) eliminate the use of paper and seals), and we are pressing forward with our digital transformation (DX) strategy.

●Responding to future issues

Performance results in the first year of the Medium Term Management Plan were steady, but the effects of COVID-19 have been prolonged, and the declining birthrate, aging population, continued low interest rate policy, and so forth continue to create a harsh environment for the Bank, so we recognize the need to further strengthen group-wide management.

In addition, while restructuring our personnel strategy of training and recruitment that is more flexible than ever before, we will pursue management with a focus on sustainability, such as strengthening our response to SDGs including decarbonization.

Capital Policy

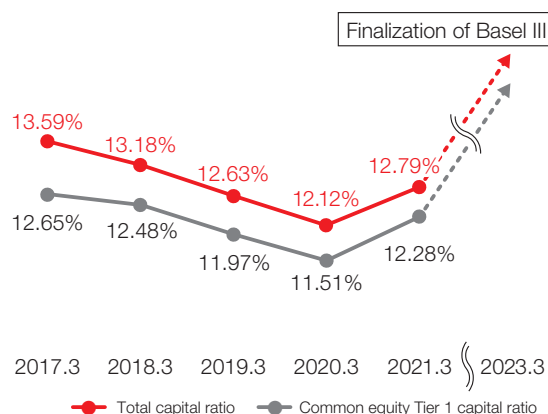
● Capital management ~ Maintaining financial soundness and improving capital efficiency

Consolidated common equity Tier 1 capital ratio as of March 31, 2021 was 12.28%, which was sufficient to meet the Basel requirements.

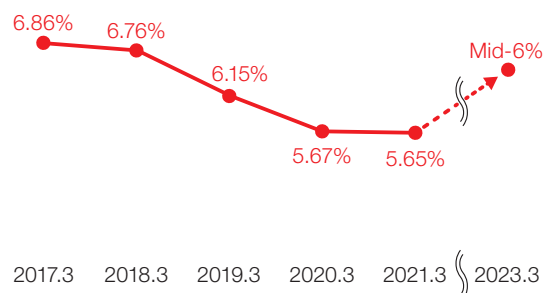
In addition, in the process of finalizing Basel III which is scheduled to be implemented in FY2022, consolidated common equity Tier 1 capital ratio and other ratios are expected to further improve.

We will continue to maintain the financial soundness required for the stable provision of funding to the region while working to improve capital efficiency through active returns to shareholders including acquisitions of treasury shares and improve ROE to achieve the target figures for the final fiscal year of the plan.

■ Consolidated capital ratio



■ Consolidated ROE



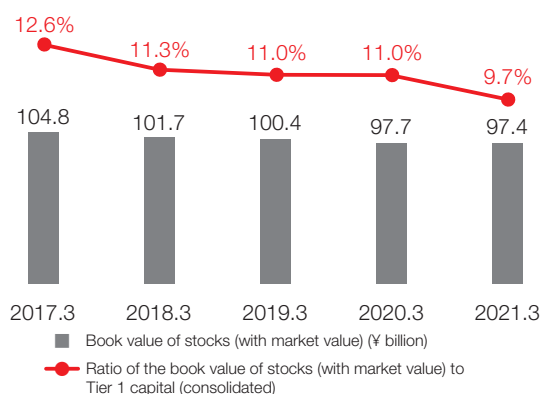
● Reduction of cross-shareholdings

In terms of cross-shareholdings, our basic policy is to maintain cross-shareholdings on a limited basis if a meaningful rationale for holding the shares is recognized, such as maintaining and expanding transactions and relationships with customers, etc. as a regional financial institution, while reducing overall cross-shareholdings after having sufficient dialogue with customers.

The ratio of the book value of stocks (with market value) to Tier 1 capital has decreased to 9.7% as of March 31, 2021.

We will continue working to reduce cross-shareholdings further while appropriately verifying the validity of the rationale for holding each stock.

■ Book value of stocks and ratio to common equity Tier 1 capital (consolidated)



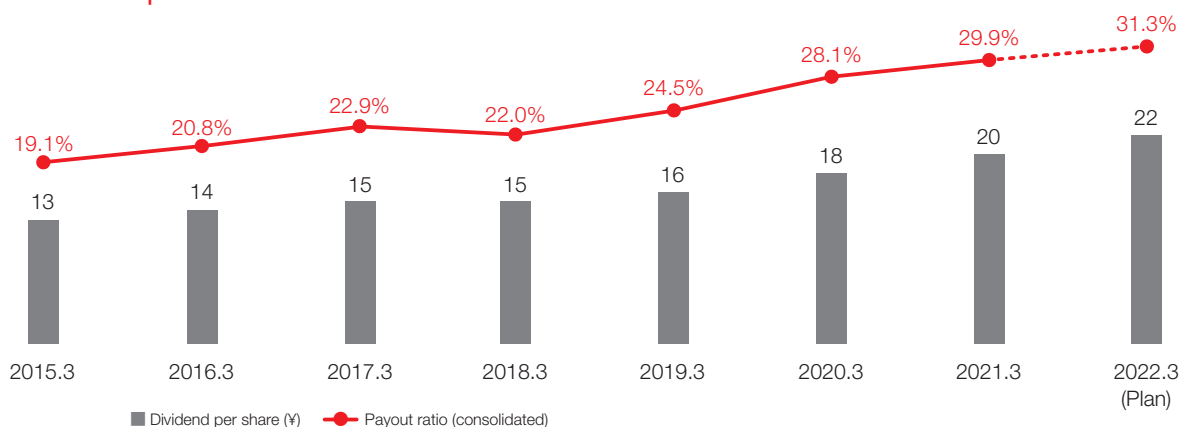
Shareholder Returns

● Returns to shareholders ~ Implement shareholder returns that take into consideration the balance between investment for growth and capital base

From the perspective of enhancing shareholder returns, in the fiscal year ended March 31, 2021, a dividend of ¥20 per share, an increase of ¥2 year on year, was paid. In the fiscal year ending March 31, 2022, as profit attributable to owners of parent is expected to increase to ¥52.0 billion, the dividend is forecasted at ¥22 per share, an increase of ¥2 year on year.

We will improve earnings by steadily carrying out various measures and continue to implement shareholder returns that take into consideration the balance between investment for growth and a sound capital base.

■ Dividends paid



■ Results of shareholder returns (consolidated)

(¥ billion)

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3 (forecast)
Profit attributable to owners of parent	57.0	55.4	52.7	53.7	50.4	48.0	49.6	52.0
Total cash dividends	10.8	11.5	12.0	11.7	12.2	13.3	14.8	16.2
Payout ratio	19.1%	20.8%	22.9%	22.0%	24.5%	28.1%	29.9%	31.3%
Total acquisition of treasury shares	9.9	9.9	14.9	13.9	14.9	9.9	—	TBD
Shareholder return ratio	36.6%	38.8%	51.2%	47.9%	54.0%	48.6%	29.9%	TBD

Regarding lifestyles in general including consumer behavior and work styles, individual values have diversified and the way customers think when choosing financial services has changed. In addition, with the advent of a super-aged society, banks are increasingly playing a vital role such as through post-retirement life planning and responses to dementia.

In order to grasp the status and needs of customers to provide optimal services to them, we deem it a key strategy to “strengthen consulting functions that are closely linked to the lives of individuals.”

Main Initiatives

● Additional features for the Chiba Bank app

The Bank considers the Chiba Bank app as our most basic trading channel and, as such, we seek to create the best app that connects with our customer's lives and can be used at any time.

The app underwent a complete overhaul in April 2020 and then, in November, we added new functions such as making inter-branch transfers within the Bank and depositing money into or cancelling time deposits.

In June 2021, we added the ability to transfer money to other banks, borrow or repay card loans, and display TSUBASA-Chiba Bank Visa Debit Card statements.

On the security front, we will continue to make improvements that seek to achieve the optimum balance of convenience and safety, such as introducing additional identity authentication layers using social media or interactive voice response (IVR) at the time of money transfer, and enabling customers to lower bank transfer limits themselves.

■ Chiba Bank app



● “TSUBASA Smile” at all branches to improve branch procedure efficiency

The Bank started operating the TSUBASA Smile tablet-based counter reception system at all branches from August 2020.

TSUBASA Smile is programmed with features such as navigation functions and automated routine judgements that have improved customer convenience by enabling onsite staff to confirm details on the screen together with customers when completing complex procedures such as applying for a new account, changing their address details or reporting a lost card, etc.

■ Example of TSUBASA Smile input screen



● Housing loans can also be handled remotely

The Bank introduced our Housing Loans Electronic Contract System in some branches from February 2020 and we plan to extend the system to all branches by the end of 2021. All procedures on the Housing Loans Electronic Contract System are completed online, so customers do not need to visit the branch to sign a contract and can save on the document stamp tax. Measures to improve customer convenience are in place such as responding to questions via online live chat.

● Established the Issue Resolution Consortium in 100-Year Life

In November 2020, the Bank joined forces with Chiba University to set up the Issue Resolution Consortium in 100-Year Life as a new framework to address the needs and resolving issues of a longevity society.

With the advent of Japan's 100-year life society, the second-life needs of senior citizens are becoming increasingly diverse and issues such as inequalities in health and daily living, are also coming into focus. The Consortium seeks to serve as a platform for responding to such needs and solving problems through cross-border collaboration among regional companies from different industries and combining their respective strengths and expertise with Chiba University's academic knowledge.

● Launch of Chibagin Asset Management Trust

In December 2020, the Bank launched a new product leveraging the trust function called the Chibagin Asset Management Trust: Monitoring as a Family for Peace of Mind. This trust product enables family members and banks to work together to help the elderly manage their property and deal with the risk of a decline in cognitive and judgement skills as people age. It also serves to alleviate anxiety over future concerns about health or dementia.

Depending on the contract holder's cognitive and judgement abilities, the trust offers four functions that offer peace of mind on various fronts for customers in different situations: self-managing pensions, crime-prevention for the whole family, delegating to a family member, and monitoring as a family.

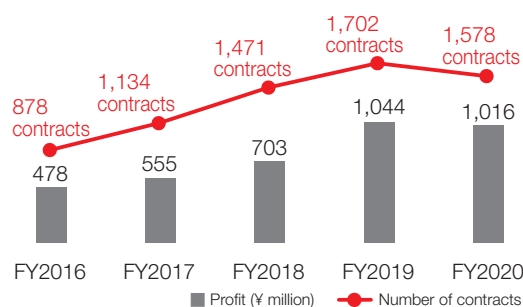
The Bank also engages in a variety of other inheritance-related services and trust business activities.

Customers appreciate the sense of security they feel when seeking advice because we are able to fully complete all the important procedures regarding their personal and family assets within the Bank.

■ Inheritance-related services and trust business

Inheritance-related services	Trust business
<ul style="list-style-type: none"> ● Testamentary trust ● Will preparation support service ● Inheritance sorting service ● Management succession support service ● Family trust support service 	<ul style="list-style-type: none"> ● Land trust ● Public interest trust ● Specified gift trust ● Guardianship support trust ● Alternative testamentary trust ● Asset management trust

■ Number of contracts for inheritance-related services (excludes contracts signed for other banks in the alliance)



● Concluded agreement with Chiba University Hospital on testamentary bequests

In January 2021, the Bank concluded an agreement with Chiba University Hospital regarding bequests using wills.

Under the agreement, people who wish to make bequests to Chiba University Hospital will be referred to Chiba Bank, which will respond to individual consultations as the financial institution designated to give specific advice on related procedures. The agreement is designed to respond to the increasing number of customers who wish to leave their assets as bequests to specific organizations rather than to individuals.

It is the fourth such agreement that the Bank has concluded following similar agreements concluded with Chiba City, Matsudo City, and the Japanese Red Cross Society CHIBA.

To realize a sustainable society, business operators are required to become aware of and respond to management issues based on the medium- to long-term outlook for the sustainability of their business environment and supply chain.

We conduct sophisticated consulting after sharing management issues with customers through in-depth dialogues with them, and deem it a key strategy to “increase capabilities for solving management issues as a partner.”

Main Initiatives

● Development of the Chibagin Business Portal

The Bank began providing the Chibagin Business Portal in April 2021 with the aim of further strengthening relations with business operators and expanding opportunities to offer solutions.

The Chibagin Business Portal is a new digital channel that serves as a hub for all services that link business operators and the Bank. In addition to regularly providing various information that is useful in business activities, the portal enables customers to view balances and transactions of registered accounts on a graph and to chat with bank representatives.

We will continue to add features to provide indirect support to our customers with their main businesses.

■ Snapshot of the Chibagin Business Portal screen

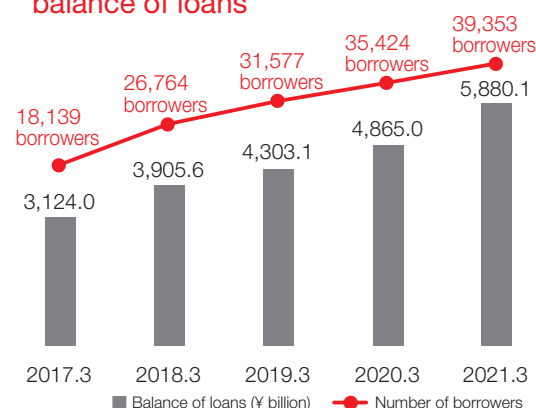


● Loans based on business evaluation

As a partner (advisor) of our customers, we proactively identify potential issues through ongoing dialogues and conduct advisory activities to solve such issues in providing various solutions.

As a result of such activities, “the number of borrowers whose loans are based on the evaluation of business” is approximately 40,000, placing the Chiba Bank at the top level of regional banks. The balance of loans, too, is increasing steadily.

■ Number of borrowers whose loans are based on evaluation of business, and balance of loans



● Launch of ICT consulting service

The Bank launched its ICT consulting service in April 2021.

The service targets customers who have a management issue in productivity, identifies tasks in their business processes and offers solutions leveraging IT tools for a fee. The scope of the service is not limited to giving advice and suggestions. Upon customer request, we also provide support for the introduction and use of IT tools, so business operators without in-house IT personnel can rest assured.

● Launch of the Chiba Bank SDGs Friends Loan

In October 2020, the Bank began offering the Chiba Bank SDGs Friends Loan, which we co-developed with the Bank of Yokohama.

This is a loan program for businesses that want to incorporate sustainable development goals (SDGs) in their operations, and it features the “SDGs Checklist,” which enables businesses to link their business activities/operating issues with SDGs and visualize them. Users of this loan product are introduced on the Bank’s website as “Chiba Bank SDGs Friends.”

● Financial support utilizing the overseas network

With our overseas network of three branches and three representative offices, the Bank supports customers as they expand their business overseas. We handle a wide range of currencies not limited to major currencies such as the U.S. dollar.

■ Overseas network



Growth Strategy for “Sustainable Management”

Regional Revitalization

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

We have made efforts such as contributing to regional revitalization measures in coordination with local governments in the prefecture, and these efforts were selected by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan of the Cabinet Secretariat Office also as a “unique example of a financial institution, etc. providing funding for regional revitalization.”

Moreover, we deem it a key strategy to “strengthen initiatives for regional revitalization by increasing capabilities for solving regional issues” including support for ongoing restoration/recovery from disasters caused by typhoons and heavy rains that occurred in 2019.

Main Initiatives

● Ichihara MIRAI Design Lab

March 2021 saw the hosting of the Ichihara MIRAI Design Lab, a forum for innovating regional revitalization initiatives held together with Ichihara City in Chiba Prefecture. With the cooperation of Ichihara Chuo High School, Bank staff, Ichihara City officials, and students from the school, people of various positions and generations, came together to create teams. Three teams used AI tools to come up with new attractions and stories for Ichihara City, and then each presented their ideas on building an attractive community.

The project takes advantage of the Brainstorming Class on Innovation for Regional Revitalization framework under the Regional Revitalization College subsidy program hosted by Japan's Cabinet Office.

The Bank will work with Ichihara City to help bring to life the ideas conceived through this process.

■ Debate at the Design Lab



● Concluded a comprehensive partnership agreement with Tonosho Town

In March 2021, we concluded a comprehensive partnership agreement for regional revitalization with Tonosho Town in Chiba Prefecture.

The agreement is designed to effectively use the resources of both the Bank and Tonosho Town to further develop the local community, revitalize the regional economy, and improve town services.

The Bank and Tonosho Town commit to cooperate in a wide range of areas, including encouraging the effective use of vacant public facilities, reconstruction and restoration measures in the event of a natural disaster, measures to counteract infectious diseases, supporting the creation of new businesses and business succession as well as the business matching and sales channel support of regional industries and products.

● Operating the agricultural corporation Fresh Farm Chiba Co., Ltd.

The agricultural corporation Fresh Farm Chiba Co., Ltd. that the Bank established together with 15 local companies in March 2018 celebrated its third year of harvest, which produced 33 tons of Koshihikari and Fusakogane rice.

In FY2021, we plan to cultivate 11.4 hectares of rice paddy area and produce 57 tons of rice.

While strengthening cooperation with local communities, we will continue to pursue models of sustainable agriculture by increasing the amount of cultivated areas that had been left by farmers who abandoned the land, strengthening profit-earning capabilities by expanding sales channels, and branding the corporation's own-produced rice.

■ Harvest at Fresh Farm Chiba



Thanks to the ongoing deregulation of Japan’s Banking Law, we are now able to create new businesses and services that transcend existing business frameworks. The Chiba Bank Group is looking to promote new business initiatives by not only exploiting the multi-faceted expertise accumulated across the Group, but also cooperating with highly specialized external partners and other members of our banking alliance.

Main Initiatives

● Establishing our own regional trading company, Chibagin Market Co., Ltd.

In May 2021, the Bank set up a wholly owned regional trading company called Chibagin Market Co., Ltd.

Deregulation and other factors has enabled banking groups to engage in new business initiatives and the roles that regional financial institutions are expected to play are becoming increasingly diverse and significant. In view of rapidly advancing digitalization across all aspects of society and changing consumer behavior in the wake of COVID-19, we decided to establish a regional trading company that help revitalize the local community and provide core business support to business partners from a non-financial perspective reflecting the changing environment and challenges facing business operators.

Chibagin Market will start with operating e-commerce and purchasing-type crowdfunding websites to provide a series of services to support local businesses ranging from product development, cultivating sales channels, to marketing promotion.

In the future, the company will gradually expand its target area to include life events and daily living, such as housing, automobiles, health and nursing care as part of its aim to become a hub for regional economic circulation.

■ Chibagin Market's initial business lineup

1	EC operating business	Sales support, such as promotion and marketing of local products and services through the operation of e-commerce websites
2	Crowdfunding operating businesses	Support for the development of new products and services by regional business operator and the structuring of projects to resolve regional issues through the operation of purchasing-type crowdfunding websites
3	Planning, development, and sales of regional brand products	Providing know-how on new product development and branding and supporting market development
4	Planning and operation of various events incidental to the above	Holding markets and event sales at bank branches, etc.



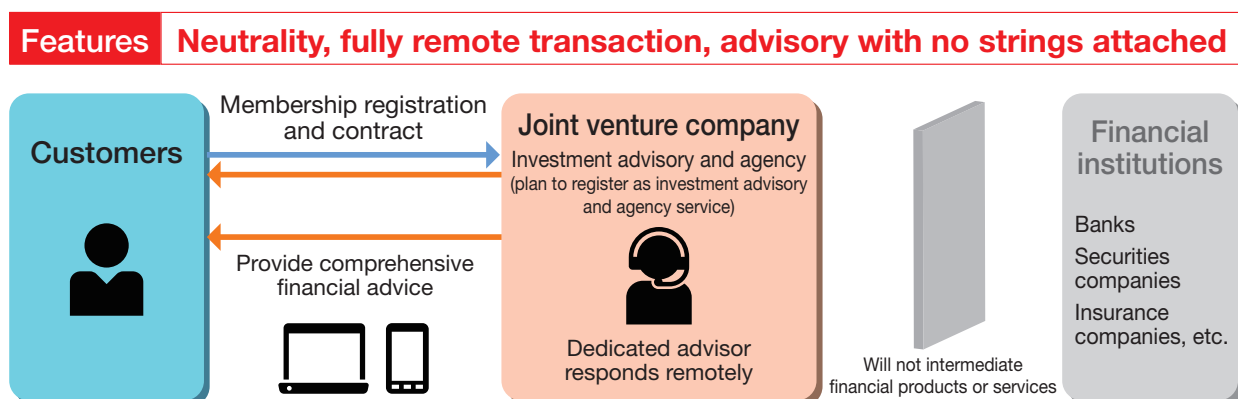
● A possible joint venture to provide remote financial consulting services in the works

In May 2021, Chiba Bank began considering the establishment of a joint venture company for the provision of remote financial consulting services among four parties: Daishi Hokuetsu Bank, Chugoku Bank, Nomura Holdings, Inc., and the Chiba Bank. The four companies have concluded basic agreements that stipulate basic policies and other necessary matters and we plan to conclude final agreements and establish a preparatory company in the second quarter of FY2021.

We have seen increasing interest in asset building through self-help efforts in preparation for the 100-year life society, and in the wake of COVID-19, remote interviews and transactions through digital channels have been expanding. The joint venture company will support long-term asset building and asset management as a familiar advisor to customers by leveraging its distinctive neutrality that comes from not belonging to a specific financial institution to offer remote consultation by dedicated advisors, and fee-based consulting specializing in advisory services. Unlike financial instruments intermediaries, we do not plan to intermediate financial products or services.

The venture aims to combine all four partners’ expertise in the banking and securities businesses to provide comprehensive financial consulting services that transcend traditional business categories.

■ Joint venture scheme



● New joint study to provide services utilizing electricity usage data

In June 2021, the Bank and Grid Data Bank Lab. LLP (GDBL)*1 concluded a Basic Agreement for the Consideration of Power Data Utilization and began studying concrete new services that utilize electricity usage data. This initiative was born from the new businesses co-creation project*2 run by the Bank and its partner.

Thanks to the June 2020 amendment of Japan’s Electricity Business Act, going forward, we expect to be able to provide various services that utilize electricity usage data subject to the receipt of consent from the contract holder and compliance with Japan’s Act on the Protection of Personal Information.

The Bank and GDBL conducted a survey to ascertain the needs of our customers from August through November 2020. Going forward, we will work to develop services linked to our Chiba Bank app assuming various potential usage such as the visualization of electricity usage in order to enhance energy-saving awareness, or the proposal of banking products that match customer lifestyles and life events.

*1 GDBL is a business entity established by TEPCO Power Grid, Incorporated, Chubu Electric Power Company, Incorporated, Kansai Transmission and Distribution, Inc., and NTT DATA Corporation. GDBL seeks to solve social issues and create new services by linking data such as electricity usage by business or household, and the styles of activity that can be deduced from trends in such data, with data from other industries.

*2 A project team established under the Chiba-Yokohama Partnership to tackle new business areas.

The TSUBASA Alliance, launched in 2015 by three regional banks, has since expanded into a wide-reaching alliance with 10 participating banks. In the Tokyo Metropolitan area, we seek to forge multiple collaborative measures, including a cooperative sales framework through our Chiba-Musashino Alliance and Chiba-Yokohama Partnership.

Recognizing the importance of maintaining our existence in the region while constantly improving our business management, we aim to enhance collaboration in a wide range of areas rather than in the form of integration.

Main Initiatives

● TSUBASA Alliance expands further with the participation of Gunma Bank

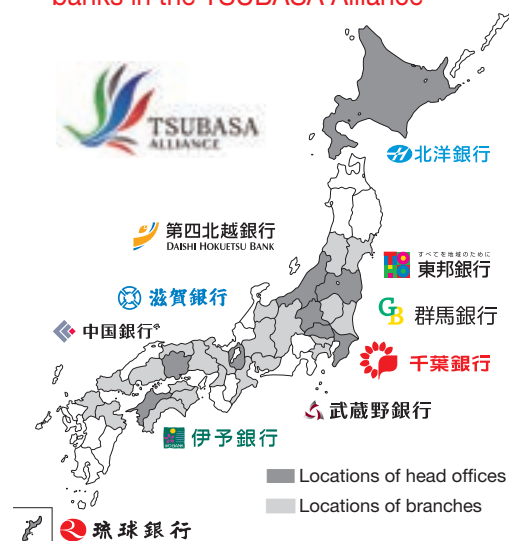
Gunma Bank joined the TSUBASA Alliance in December 2020.

As of the end of July 2021, the TSUBASA Alliance had expanded into Japan’s largest and most far-reaching regional bank alliance comprising 10 participating banks¹.

The 10 banks boast consolidated total assets of ¥90 trillion (as of March 31, 2021) and profit of ¥133.2 billion.

¹ Chiba Bank, Daishi Hokuetsu Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank, Musashino Bank, Shiga Bank, Bank of The Ryukyus, and Gunma Bank.

■ Locations of branches of the participating banks in the TSUBASA Alliance



● Established the AML Center in TSUBASA Alliance Co., Ltd.

In October 2020, an Anti-Money Laundering (AML) Center was established in TSUBASA Alliance Co., Ltd., the company jointly funded by TSUBASA Alliance participating banks.

The AML Center pools the knowledge and expertise related to anti-money-laundering operations of all participating banks and consolidates overlapping tasks, while jointly enhancing operations based on international demands.

● Chiba-Musashino Alliance announces new five-year plan

The Chiba-Musashino Alliance, which was launched in March 2016, celebrated its fifth anniversary in March 2021 by formulating a new five-year plan.

The concept of the new five-year plan is Create, Match, and Advance, taking the initials of the Chiba-Musashino Alliance, i.e., C, M, and A. We will accelerate collaboration in the digital field, such as smartphone apps and cashless payments, expansion of joint and common areas such as back office operations, sharing of information and expertise, and human resource exchanges.

We expect the partnership will generate a total of ¥15.0 billion in collaboration benefits for the two banks over the next five years by expanding the top line and reducing costs.

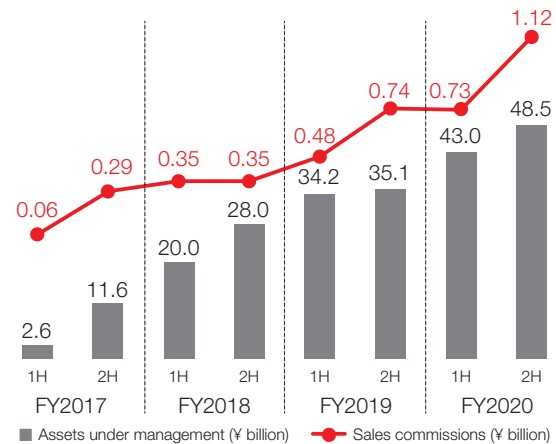


● Chiba-Musashino Alliance collaborative measure ~ Securities business in Saitama Prefecture

Over the five years since forming the Chiba-Musashino Alliance, we have seen key measures, such as securities business in Saitama Prefecture, joint sales, inheritance-related business, and other initiatives, steadily bear fruit, resulting in cumulative total benefits over the five years of ¥14.3 billion, well above our initial target of ¥10.0 billion.

In particular, thanks to Musashino Bank's customer referral to Chibagin Securities Co., Ltd., the balance of assets under management of Chibagin Securities' four branches in Saitama Prefecture totaled ¥48.5 billion at the end of March 2021.

■ Assets under management of Chibagin Securities' four branches in Saitama Prefecture



● Established Chiba-Yokohama Partnership No.1 Fund

In April 2021, we set up the Chiba-Yokohama Partnership No.1 Investment Limited Partnership (Chiba-Yokohama Partnership No. 1 Fund) with Chibagin Capital Co., Ltd. and Yokohama Capital Co., Ltd. as unlimited liability partners based on our Chiba-Yokohama Partnership business collaboration with the Bank of Yokohama.



The No.1 Fund totals ¥3.0 billion and targets a wide range of companies that need business succession and growth support in the areas covered by the two banks. The aim is to increase the corporate value of investees through collaborative initiatives between the banks and external experts post-investment to provide hands-on support for the formulation of business plans, management advisory, and other assistance.

● Chiba-Yokohama Partnership ~ launched exclusive variable whole-life insurance product

In July 2021, we launched My Select Life, an exclusive variable whole-life insurance product for the two banks as a collaborative measure under the Chiba-Yokohama Partnership.

To date, the two banks have collaborated in the field of personal financial services, such as housing loans and investment trusts. This will be the second exclusive insurance product following the launch of Gift for 10 Years Ahead personal annuity insurance launched in July 2020.

My Select Life is a variable whole-life insurance product co-designed with T&D Financial Life Insurance Company based on the concept of enjoying life in old age while extending the life of your assets in anticipation of the 100-year life society. The main benefit of this product is that users can receive assets according to plan while continuing to manage primarily long-term diversified investment.

It is said that a company is its people. The Chiba Bank Group is working on the allocation of personnel so that all employees can make use of their expertise and maximize their potential as well as development programs to enhance their abilities.

Against the backdrop of rapidly changing times including advancements in digital technology, in order to become a new financial services group that goes beyond the boundaries of existing banks, it is very important to develop and secure personnel with higher expertise.

Main Initiatives

● Human resource development policy

In order to develop human resources with a professional attitude, we have established various training and development systems, especially focusing on the early development of young employees. They learn a broad range of knowledge about banking through planned job rotations and develop advanced expertise at overseas branches and external institutions through our trainee system.

To take on the challenge of new business areas, it is also our mission to develop human resources who have specialized knowledge in areas such as IT and linguistic abilities that can be used globally. To that end, we are committed to a variety of initiatives.

● Establishment of a quota for human resource development

For the purpose of developing specialized personnel, we have set up a quota for human resource development of some 50 persons every year, and stepped up dispatch of personnel to headquarters training and external companies.

In addition, by promoting improvement of operational efficiency mainly through a review of operational flows and the utilization of RPA^{*1}, we reallocated 200 employees to planning/promotion units of the headquarters, branches, and group companies to realize various measures of the medium term management plan.

*1 RPA is an abbreviation for Robotic Process Automation. System for automating routine administrative tasks through software using robot technology.

● Digitalization of human resource data

We have introduced a talent management system that will serve as a platform for human resource data. We are working to collect and accumulate personal data of employees and realize the strategic allocation and development of human resources through analysis using IT systems.

● Planned development and hiring of DX personnel

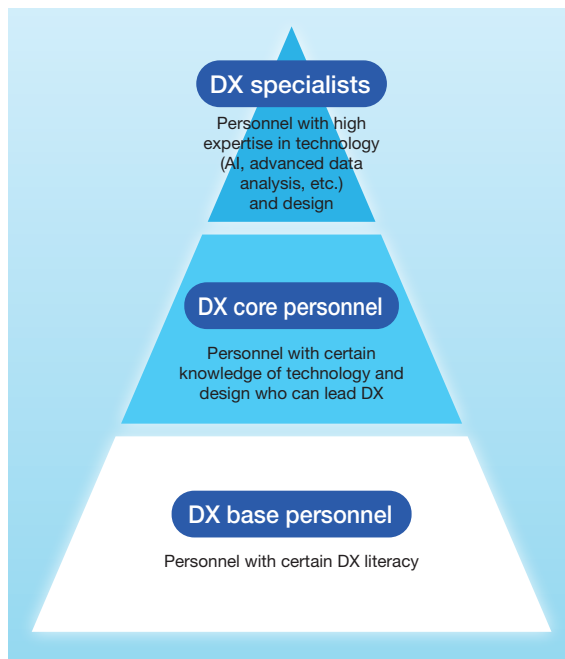
To transform the Bank through digital transformation (DX), it is essential to develop and hire DX personnel that supports the process.

In addition to securing specialists through mid-career hiring from outside the Bank, we will actively work to use and absorb knowledge by collaborating with outside organizations such as IT partners, consulting companies, universities, and venture companies.

Within the Bank, we are considering the introduction of a DX certification system for DX skills in order to raise awareness of DX promotion. We will also internally seek self-recommendations of motivated personnel for external assignments under the DX trainee system and create new opportunities for them to acquire new technologies and ideas.

In addition, we aim to secure and train 1,000 employees who hold the Information Technology Passport, a national certification, to serve as a basis for DX.

■ DX certification system



● Realization of work style reforms

In response to COVID-19, telework from home primarily by head office employees has become well-established in the Group. We have also expanded the eligibility for our flex-time system and have made it possible for employees to select a work style without setting a core time.

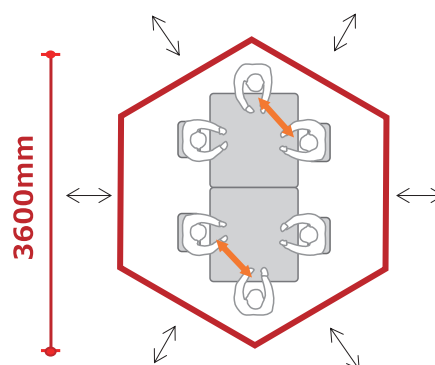
Initiatives such as telework and the flex-time system, as well as online meetings and video conferencing, allow employees to work without being bound by place or time, thus leading to a balance between work and family and an increase in the number of hours that men spend on housework and childcare. We will further improve productivity by firmly establishing such flexible work styles.

The office floors of the Chibagin Head Office Building completed last September have also been designed with this in mind. The office floors use a free-address system for each group. The desks are arranged in a hexagon grid formation to generate interaction within the floors, creating an office environment that is functional and activates communication.

■ Free-address offices



■ Hexagon grid



Feature III

Strengthening Our DX Strategy

DX strategy has always been a priority for the Chiba Bank Group. The TSUBASA Alliance has been promoting study and research on advanced financial technologies. In 2016, participating banks established the T&I Innovation Center together with IBM Japan and, in 2018, we developed a common platform for open application programming interfaces (API).

In the Bank’s medium term management plan launched in April 2020, we declared digital strategy as the most important policy and strengthened our promotion of DX. Given the progress of digitalization in society, we believe it is essential for us to transform into a digital bank.

Background

● Need for non-face-to-face communication is expanding further with the persisting impact of COVID-19

The Bank was already proactively promoting digital strategies before COVID-19 in order to energize our business by increasing touchpoints for customers who we were not able to meet through traditional channels.

Currently, with the persisting impact of COVID-19, the number of customers visiting our counters and ATMs continues to decline, and remote interaction needs are expanding faster than expected. Going forward, the main point of contact with personal banking customers will be via apps and we expect that, in two years from now, more than 70% of interactions will be performed remotely.

So far, we have been able to respond to various needs amid the COVID-19 pandemic to a certain extent through our existing digital strategy initiatives. However, as the digitalization of our society is progressing significantly, going forward, we need to take an even greater leap into digitalization and strengthen our structures with the aim of reshaping the Chiba Bank itself into a digital bank through DX.

Overview of Our DX Strategy

● Adding transformation of HR strategy to the axis of DX promotion

Our current medium term management plan cites two DX strategy pillars of transforming customer services and transforming business operations. However, this time, we decided to add transforming human resources strategy as a third pillar to help realize DX fundamentally. We intend to systematically develop and recruit DX human resources in order to transform the Bank itself.

* See page 40 for more on systematic development and recruitment of DX human resources ►

● Key issues

We have determined the following seven areas as key issues that need to be specifically addressed. We intend to address these issues comprehensively across the whole Group in order to achieve our aims of improving customer experience (CX) and productivity.

- Digitize customer services
- Utilize data
- Improve operational efficiency
- Launch new businesses
- Digitalize business operations
- Enhance risk management
- Secure DX human resources

■ What we want to achieve through DX

Improve CX*

* Customer experience



Improve productivity

● Positioning of face-to-face and digital communication channels

We expect more customers to use online apps as their preferred channel for accessing bank services rather than the bank counter or ATMs. Accordingly, we will ramp up the convenience of online apps as a major point of customer contact to increase the number of our digital customers and boost digital revenue as a percentage of overall profits.

For face-to-face communication mainly at our branches, we will strive to further improve efficiency and boost our consulting capabilities by thoroughly promoting DX in business operations and data utilization.

In areas with declining populations, such as the southern part of Chiba Prefecture, we plan to promote branch strategies that suit the characteristics of each region by, for instance, possibly expanding the area sales office system that we have implemented in the Tateyama area. However, we do intend to maintain a certain number of branches as differentiating channels designed to strengthen customer contact.

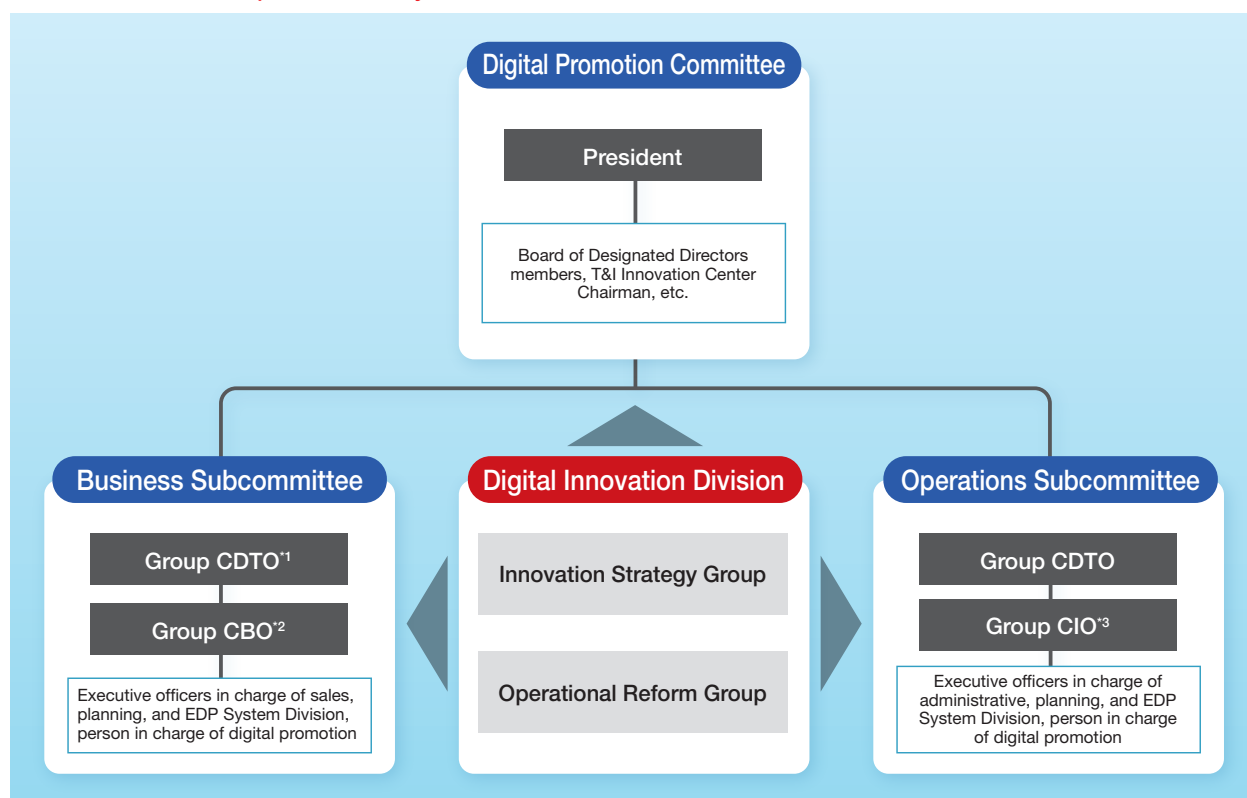
Organizational Reform

● Established the Digital Innovation Division

In order to address the seven key issues across the Bank, we set up a Digital Innovation Division staffed by DX specialists in April 2021 and further strengthened our DX promotion structure.

We will promote DX by having the division take the lead in advancing reforms based on discussions in the Digital Promotion Committee, to realize improved service convenience, increased revenue, and reduced costs.

■ Chiba Bank DX promotion system



*1 Chief Digital Transformation Officer

*2 Chief Business Officer

*3 Chief Information Officer

Feature III: Strengthening Our DX Strategy

Moonshot Goals

- **Moonshot goals are grand targets or challenges that involve great difficulties but have a great impact if achieved.**

The Chiba Bank has three moonshot goals:

- (1) To provide the best apps and the best portals to all customers,
- (2) To realize a centralized system that enables customers to access any desired information from both inside and outside the Bank whenever and in whatever format they want, and
- (3) To eliminate the use of paper and stamps completely within the Bank.

Moonshot goal 1 To provide the best apps and the best portals to all customers

We aim to provide the best app for individual customers and the best portal for corporate customers.

The best app refers to our Chiba Bank app^{*1} that connects with customer's daily lives and can always be used for different situations. The best portal refers to our Chibagin Business Portal^{*2} that is designed to be an indispensable hub of various services for business activities.

The app and corporate portal will enable us to deliver personalized information to our customers in order to improve customer experience.

By promoting the app, the Bank aims to triple our number of high-margin digital customers to 1.50 million during the current medium term management plan period and expand the digital customers' contribution to 50% of overall profits.

* 1, 2 See page 29 for more on the Chiba Bank app and page 31 for more on the Chibagin Business Portal ►

Moonshot goal 2 To realize a centralized system that enables customers to access any desired information from both inside and outside the Bank whenever and in whatever format they want

While it has been possible to utilize information loaded into a database to date, the system was fragmented so, in July 2021, we introduced a new database that centralizes all our customer data and offers a new search application. This has enabled us to create personalized and highly satisfying proposals that are tailored to individual customers as well as refine our targeting and marketing.

Going forward, we intend to expand the scope of the search system, not only for internal data but also for external data and data on the common API platform, to further enhance our data analysis.

Moonshot goal 3 To eliminate the use of paper and stamps completely within the Bank

We have set a target of eliminating the use of paper and stamps completely by June 2022 by liberating employees from routine tasks and judgements and locational restraints on their work.

We have created paperless, no-seal reception areas in our branches by introducing TSUBASA Smile reception terminals, and we are currently working to make our back-office operations completely paper free. Achieving this goal would allow us to perform checks in separate locations, centralize all administrative work at our headquarters and, potentially at some point, share joint administration divisions with other alliance banks.

We also aim to reduce the volume of administrative work by 300,000 hours, or 150 people, during the medium term management plan period by improving operational efficiency through RPA, and have reduced workloads by 87,000 hours in FY2020.

In addition to reducing the amount of work, we have sought to optimize our branch network and ensure appropriate allocation of administrative staff in our branches in the wake of COVID-19. In FY2020, we relocated approximately 100 staff primarily to the sales and planning divisions. We believe this will help improve our future profitability and service capabilities.

New DX Initiatives

● Regional trading company

In May 2021, we established Chibagin Market Co., Ltd.*3

The purpose of this regional trading company is to build an economic circulation system within the region. By initially promoting four businesses, including e-commerce and purchasing-type crowdfunding, we will combine digital and physical elements in a series of services designed to help develop products, sales channels, and marketing promotion.

*3 See page 35 for more on Chibagin Market Co., Ltd. ►

● Cashless operations

Cashless operations is one of our key pillars for strengthening earnings growth in the medium term management plan as part of our new initiatives for DX. The initiative is progressing smoothly. For example, we achieved our initial six-month target to attract 60,000 users for our TSUBASA-Chiba Bank Visa Debit Card, introduced in October 2020, within the first four months.

We have also been improving the convenience of our TSUBASA-Chiba Bank Cashless Services for Merchants by launching a string of new services, such as ticket-vending machines, POS cash registers, B-to-B payments, and recurring billing systems in the second half of FY2020.

Going forward, we aim to build a cashless economic zone within the region by referring our app and card users to member merchants and providing other sales support.

● ICT consulting service

We launched our ICT consulting service*4 in April 2021 because we consider it one of our important roles as a regional financial institution to help promote IT not only within the Bank but also among regional customers given the great strides in DX we are seeing in society at large.

The Group, including Chibagin Computer Service and Chibagin Research Institute, will work together to promote operational efficiency using IT tools and help improve customer productivity.

*4 See page 32 for more on our ICT consulting service ►

Addressing Social Issues to Achieve “Sustainable Management”

Materiality in “Sustainable Management”

We at the Chiba Bank Group are working to achieve “Sustainable Management” aimed at balancing social value and economic value in the long term, based on the Chiba Bank Group Sustainability Policy.

We, as a unified group, proactively promote initiatives that contribute to solving social issues through its business activities, focusing on five “materiality” (key) issues identified in the Chiba Bank Group Declaration on SDGs.

Chiba Bank Group Sustainability Policy and the Concept of “Sustainable Management”

Chiba Bank Group Sustainability Policy

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

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

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

ESG Promotion Committee






The Bank has the ESG Promotion Committee in place to discuss and advance ESG and other sustainability initiatives from a broad perspective beyond divisional boundaries. The committee is chaired by the President and meets semiannually. The issues it works on include climate change risks, which are a matter of particular concern to the international community at present. To address this issue, the committee discusses how to assess and manage those risks and devise the necessary measures.

Process for Identifying Materiality (Key Issues)



Chiba Bank Group Declaration on SDGs (Five Materiality Issues) and Main Initiatives

We identified materiality in the five fields of “regional economy and community,” “aging population,” “financial services,” “diversity,” and “environmental protection,” in the Chiba Bank Group Declaration on SDGs enacted in May 2019. They are incorporated into the key strategies of the medium term management plan, and we are working on specific activities to solve local problems.

Chiba Bank Group Declaration on SDGs		Main Initiatives	Related Pages	Corresponding SDGs
Theme	Materiality			
Regional Economy and Community	Contribute to the vitalization of regional economy and communities	<ul style="list-style-type: none"> ● Combatting COVID-19 (pages 17, 18, and 54) ● Establishment of a regional trading company ... (pages 35 and 44) ● Fostering industry and new technology (pages 49 and 50) ● Support for regional revitalization..... (pages 33 and 34) ● Operation of an agricultural corporation (page 33) ● Table For Two (TFT) initiative..... (page 48) ● Awarding grants from the Chibagin Heartful Welfare Fund ... (page 54) ● Strengthening BCP (pages 10 and 73) 		
Aging Population	Support safe and secure lives for the elderly	<ul style="list-style-type: none"> ● Launch of Chibagin Asset Management Trust (page 30) ● Inheritance-related services and trust business..... (page 30) ● Establishment of the Issue Resolution Consortium in 100-Year Life ... (page 30) ● Development of dementia supporters..... (page 67) ● Elderly Citizen Support Network (page 67) ● Installation of AEDs and wheelchairs (page 67) ● Support for medical institutions (pages 17, 48, and 54) ● Initiatives to prevent financial crimes including wire transfer fraud... (page 66) 		
Financial Services	Provide financial services for a better life	<ul style="list-style-type: none"> ● Addition of new features to the Chiba Bank app (pages 29 and 43) ● Launch of the Chibagin Business Portal..... (pages 31 and 43) ● ICT consulting service (pages 32 and 44) ● TSUBASA Smile counter reception system (pages 29 and 44) ● Housing Loans Electronic Contract System (page 29) ● TSUBASA-Chiba Bank Visa Debit Card (page 44) ● TSUBASA-Chiba Bank Cashless Services for Merchants (page 44) ● Provision of remote financial consulting services (page 36) ● Provision of services utilizing electricity usage data (page 36) 		
Diversity	Promote diversity and work style reforms	<ul style="list-style-type: none"> ● Establishment of Human Rights Policy (page 51) ● Corporate Code of Conduct (page 65) ● Health and Productivity Management Declaration..... (page 54) ● Promotion of active participation of women (pages 51 and 52) ● Utilization of diverse human resources (page 51) ● Realization of work style reforms (pages 10 and 40) 		
Environmental Protection	Contribute to the protection of a sustainable environment	<ul style="list-style-type: none"> ● Completion of the new environment-friendly head office building (pages 10 and 47) ● Initiatives against climate change (disclosure in compliance with the TCFD recommendations) (pages 55 to 58) ● Changes in CO₂ emissions (page 57) ● Establishment of Environmental Policy (page 47) ● Renewable energy-related loans (page 58) ● Setting of sustainable finance targets (page 58) ● Introduction of environment-friendly vehicles (page 47) ● Forest development activities (Chibagin Forest)..... (page 48) ● Cleanup activities (holding clean-walk events, etc.) (page 48) 		

Addressing Social Issues to Achieve “Sustainable Management”

Environmental Initiatives and Social Contribution

The general sense of crisis regarding environmental issues is increasing to unprecedented levels faced by ongoing global warming. In addition, while the SDGs’ main principle is to leave no one behind, many people are still suffering from hunger.

With the recognition that global environmental problems are a universal issue for all human beings, the Chiba Bank Group focuses on social contribution activities to provide food aid and other measures in order to realize a sustainable local community.

Main Initiatives

● Established a Chiba Bank Group Environmental Policy

In November 2020, we established our Chiba Bank Group Environmental Policy.

It clarifies the Group’s stance on environmental conservation in view of the unprecedented and expanding sense of crisis regarding the environment as global warming continues.

When it comes to climate change risks in particular, we recognize the importance of these issues and clarified that the group “will take initiatives aimed at realizing a carbon-free society.”

Going forward, we will continue to focus not only on reducing the Group’s own CO₂ emissions, but also on reducing CO₂ emissions in society in general through financial support and other initiatives.

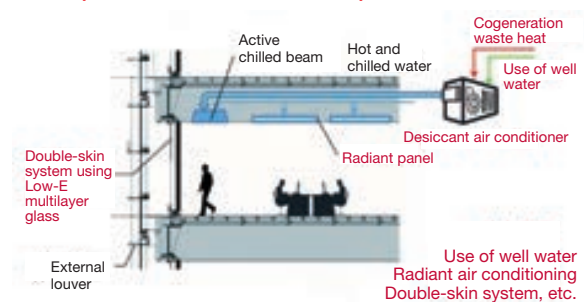
For details of the Chiba Bank Group Environmental Policy, see our website:
<https://www.chibabank.co.jp/english/corporate/policy/environmental/>

● Completion of the new environment-friendly head office building

Our new head office building, which was completed last year, boasts an S-rank equivalent rating under Japan’s Comprehensive Assessment System for Building Environmental Efficiency (CASBEE), an environmental indicator that covers initiatives such as solar power generation facilities or complex air-conditioning systems with improved environmental performance.

Furthermore, we designed the building on the assumption that it would be opened up to the local community in the event of a disaster, and it can also function as a regional disaster prevention base.

■ Complex air-conditions system for superior environmental performance



*See page 9 “Feature I Completion of Our New Head Office Building” for more information ►

● Proactive introduction of environment-friendly vehicles

The Bank is actively introducing environment-friendly vehicles, such as hydrogen-fueled vehicles, electric vehicles, and hybrid vehicles.

In 2014, we began introducing hydrogen-fueled vehicles (Toyota “Mirai”), with hydrogen being a great example of new energy of the next-generation. We have also introduced over 200 electric and hybrid vehicles that are used for sales activities at all our branches.

■ The new Mirai model



● Forest development and cleanup activities

The Bank has been involved in forest development activities such as tree planting and cultivation in the Chibagin Forests since 2003.

In the past, we have conducted Chibagin Forest tree planting sessions at its five locations. Executives, current and former employees of the Bank, and other volunteers regularly cut back the underbrush and nurture the trees.

Executives and current and former employees of the Bank have also been regularly holding the Kujukuri Beach Clean Walk since June 2003 as part of our efforts to create a beautiful environment. In addition, we also hold clean-walk activities all over the prefecture, including Lake Inbanuma, and clean up the areas around our branches.

● Joined the Table For Two (TFT) initiative

In today's society, many people are still suffering from hunger in developing countries and other areas, while developed countries are witnessing the emergence of health problems, such as life-style diseases, caused by excessive nutrition. The Table For Two (TFT) initiative seeks to address both these problems.

TFT is a food aid program in which ¥20 per meal is donated to developing countries through the TFT secretariat when someone orders off the designated healthy menu. The staff cafeteria in the head office building joined the scheme in January 2021. The ¥20 donation is considered sufficient to provide one meal in a developing country.

■ An example of the TFT healthy menu



● Providing food aid through food banks

In September 2020, the Bank concluded a comprehensive partnership agreement with Foodbank Chiba and the Chiba Council of Social Welfare and has been engaged in social contribution activities to provide food to people in need.

Group company Chibagin Securities has also recently endorsed this activity and has concluded a similar three-way partnership agreement of its own.



● Helping society by offering donation-type private placement bonds

The Bank offers Private Placement Bonds for Regional Revitalization (Mirai Hagukumi Bonds), Private Placement Bonds for Sports Support (Chiba Sports Bonds), and Private Placement Bonds for Healthcare Support (Gratitude to Healthcare Workers Bonds) and commits to donate a portion of the bond issuance commission to a school, local authority, or other organization of the bond issuer's choice.

As of the end of March 2021, we have underwritten the issuance of ¥70.0 billion in private placement bonds and donated a total of ¥113 million yen.

	Private Placement Bonds for Regional Revitalization	Private Placement Bonds for Sports Support	Private Placement Bonds for Healthcare Support	Total
Number of issuers	585	53	63	701
Amount of bonds issued (¥ billion)	57.2	4.8	7.9	70.0
Contribution or donation (¥ million)	97	7	8	113

Addressing Social Issues to Achieve “Sustainable Management” Fostering Industry and New Technology

In the Chiba Bank Group Declaration on SDGs, the Chiba Bank Group deems “contribute to the vitalization of regional economy and communities” as one of its key issues (materiality). Fostering and supporting industries and new technologies that will sustain the future regional economy is our mission as the top bank in the region.

To date, we have engaged in initiatives including grants and support to FinTech and venture companies, grants for research and development through industry-academic collaboration, holding contests for students who want to become entrepreneurs, and human resource development for companies through donations to overseas training programs.

Initiatives to Develop Industries

● Grant, support, and award systems for industry and new technology

The Bank and the public interest foundations funded by the Bank donates to a broad range of grants, support, and award systems to assist industries and new technologies. The history of grants, support, and awards through March 31, 2021 is as follows.

■ History of grants, support, and awards (total through March 31, 2021)

FinTech Business Contest	12 cases, ¥5 million
Himawari Venture Development Fund	Grants: 221 cases, ¥676 million Rent assistance: 119 cases, ¥64 million
Chibagin Research & Development Grant Program	48 cases, ¥48 million
Chibagin Student Business Idea Contest	36 cases

● T&I Innovation Center ~ Supporting commercialization of FinTech

With the rapid advancement of information technology in recent years, innovative financial services called FinTech have been developed in Japan and overseas. The T&I Innovation Center is a joint investment company established by the six regional banks, including the Bank, in the TSUBASA Financial System Sophisticated Alliance and IBM Japan, Ltd. in 2016 for the purpose of conducting expert FinTech surveys, research, and planning and developing new financial services using FinTech.

T&I Innovation Center is working to speedily achieve excellent financial services by widely collaborating with many venture companies that already provide innovative financial services.

The FinTech Business Contest is organized by the T&I Innovation Center in collaboration with banks participating in the TSUBASA Alliance. We have awarded 12 companies in the past two contests, with the aim of using FinTech to solve a variety of issues faced by regional communities.

● Himawari Venture Development Fund ~ Supporting venture companies

The Himawari Venture Development Fund aims to contribute to the sound development and revitalization of Chiba Prefecture's economy by supporting venture companies in Chiba Prefecture, which will in turn contribute to the improvement of the lives of the citizens in the prefecture.

Donations from the Bank and its supporting members have supported venture businesses and provide rent assistance to a total of more than 300 companies to date.

● Chibagin Research & Development Grant Program ~ Supporting research and development through industry-academia collaboration

The “Chibagin Research & Development Grant Program” provides some financial support for research and development of a new project conducted by a company in collaboration with Chiba University, Chiba Institute of Technology, or Kisarazu College of the National Institute of Technology.

We will contribute to the industrial and economic development of the region by supporting the growth of companies through matching the research results of universities and technical colleges with the new technology and product development needs of SMEs.

● Chibagin/Hamagin Student Business Idea Contest 2020 ~ Developing student entrepreneurs and recognizing them

The Bank has held the Chibagin Student Business Idea Contest eight times since 2012, with an aim to improving the entrepreneurship of students who will be the future leaders of the regional economy.

In FY2020, we co-hosted the Chibagin/Hamagin Student Business Idea Contest 2020 with the Bank of Yokohama as part of the Chiba-Yokohama Partnership.

Eight of the past contest winners have started up their businesses, and awardees who wish to start their own businesses are supported through individual consultations and introduction to various public support measures.

■ Chibagin/Hamagin Student Business Idea Contest 2020 awards ceremony



Initiatives for Developing Human Resources That Support Industry

● Chibagin Mirai Foundation ~ Supporting human resource development through overseas training programs

The Chibagin Mirai Foundation funds expenses for dispatching personnel to countries in Asia and other regions that are experiencing remarkable growth, with the aim of developing the human resources who will bear the future of Chiba Prefecture's economy. To date, human resources from more than 100 SMEs have been dispatched overseas.

This initiative aims to train local industrialists with a broad international perspective through means such as researching industrial and economic trends in fast growing economies such as in Asian countries and elsewhere, visiting Japanese companies overseas to collect information, and dialogue with local economic organizations.

Companies are made up of people; it is vital to eliminate all forms of discrimination and base all activities on respect for human rights to enable executives and employees to demonstrate their true power and potential. In addition, by having people with diverse skills and backgrounds join forces and fully draw on each other's unique characteristics, an organization will become capable of responding flexibly and quickly to changes in the business environment.

The Chiba Bank Group has positioned the promotion of diversity as a key management strategy for sustainable growth in order to help foster a culture in which diverse human resources respect each other and play active roles. We are actively working to build a structure that facilitates diversity.

Main Initiatives

● Established the Chiba Bank Group Human Rights Policy

We established the Chiba Bank Group Human Rights Policy in November 2020.

The policy states that the Bank will not tolerate any form of discrimination or human rights violations, and also asks our customers and suppliers to respect, and not infringe, human rights.

For details of the Chiba Bank Group Human Rights Policy, see our website:
https://www.chibabank.co.jp/english/corporate/policy/human_rights/

● Having diverse human resources thrive throughout the Group

The Chiba Bank Group has introduced an Elderly Staff System that reemploys employees who retired at the age of 60. Experienced and capable elderly staff are actively working in various workplaces.

In July 2019, we established the Elderly Partner System to employ former employees of the Bank over the age of 65.

Also, in September 2019, at Chibagin Heartful Co., Ltd., a special subsidiary for the employment of people with disabilities, an employee received a prize for excellence as a professional with disability who achieved exemplary performance in the Minister of Health, Labour and Welfare Award to Commend Excellent Workplaces that Employ People with Disabilities.

■ Data on number of employees with disabilities

Number of employees with disabilities*1 **158**

*1 Figure for calculating the Group's employment rate of people with disabilities in FY2020

● Selected as a FY2020 Unique Example of a Financial Institution, etc. Providing Funding for Regional Revitalization

In March 2021, the Bank's participation in the Chiba Leaders Association for the Acceleration of Women's Participation in Society^{*2} was selected by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan of the Cabinet Secretariat Office as a FY2020 Unique Example of a Financial Institution, etc. Providing Funding for Regional Revitalization.

Members of the Chiba Leaders Association for the Acceleration of Women's Participation in Society include leaders from the region's public, private, and academic sectors. The selection recognized the fact that, as a supporting corporate member, the Bank makes efforts to promote female participation while enhancing regional networking through actively engaging in the Association's cross-industry exchange meetings.



^{*2} An organization that seeks to create a social movement led by leaders in Chiba Prefecture to expand the base for promoting women's participation in the prefecture and encourage the active promotion of motivated, capable women in society, with the ultimate aim of revitalizing the regional economy.

● Won the Grand Prize in the Advanced Division of the 2021 J-Win Diversity Award

In March 2021, the Bank received the Grand Prize in the Advanced Division at the 2021 J-Win Diversity Award sponsored by nonprofit organization Japan Women's Innovative Network (J-Win). This is the first time that a regional bank has received a grand prize in any division of this award.

The prize recognized the fact that Chiba Bank positions the promotion of diversity as a key management strategy, as executives and employees unite to raise awareness of career-building in women and promote female employees as well as enlighten employees on the matter under the strong leadership of the management. J-Win also appreciated the Bank's positive influence on the industry and the region.



■ Data on active participation of women

(1) Number of women in senior positions	
Director	3
Executive Officer (General Manager)	1
General Manager, Senior Deputy General Manager	6
Branch General Manager, Senior Manager, Senior Deputy General Manager	25
(2) Percentage of women in management positions	20.0%
(3) Percentage of women in leader positions	31.6%
(all items as of July 2021)	

■ Data on supporting balance between work and childcare

(4) In-house nursery facilities	3 in the prefecture
(5) Percentage of men taking childcare leave	114.8%
(as of FY2020)	



■ External evaluation of diversity



Selected as New Diversity Management Selection 100 Prime

2021 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

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Constituent of MSCI Japan Empowering Women (WIN) Select Index



Selected as Nadeshiko Brand (4th consecutive year)



Platinum Kurumin certified



Eruboshi (stage three) designation

We believe that first and foremost, a deep understanding of what stakeholders require from us and applying it to product and service improvement is the most important for achieving sustainable management.

The Chiba Bank Group has created frameworks that facilitate frequent communication with a range of stakeholders, including customers, shareholders, employees, and regional communities. Through these frameworks, we proactively incorporate stakeholders' feedback to improve management.

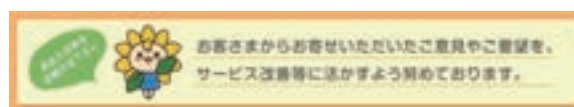
Communication with Customers

● Applying customer feedback to management

The Bank harnesses customer feedback to improve management.

We make an ongoing effort to collect comments and requests from customers through multiple channels, such as Customer Feedback Cards placed in branches, a dedicated toll-free number, and our website. The results are reported to the Quality Improvement Committee to be used to provide better services.

■ Customer Feedback section of the Bank's website



Communication with Shareholders

● General meetings of shareholders and financial results briefings

The Bank is working to improve disclosure through general meetings of shareholders, financial results briefings, and IR meetings for individual investors.

In FY2020, due mainly to the impact of COVID-19, IR meetings for analysts and institutional investors, briefings for individual investors, and meetings with foreign investors, were conducted online.

We will continue to take various opportunities in the future to actively disseminate information and listen to the opinions and requests of our shareholders and investors in order to improve management.

■ Meetings for shareholders in FY2020

114th Annual General Meeting of Shareholders	Attended by 39 shareholders
Financial results briefings for analysts and institutional investors*	Held twice and participated by 296 people
Other IR meetings for analysts and institutional investors*	Held three times and participated by 182 people
IR meetings for individual investors*	Held twice and participated by 3,209 investors
Meetings with foreign investors*	Conducted online

* Held online

● Enhancing the shareholder benefit system

The Bank's shareholder benefit system was introduced in November 2007 as a means of expressing gratitude for continuous support from shareholders and encouraging more shareholders to retain their stake in the Bank for the long term. Recently, we have enhanced this system in response to shareholder feedback.

Specifically, an option to make donations was added to the shareholder benefit system starting from benefits with the record date of March 31, 2021. The new course enables shareholders to donate a sum of money equivalent thereto either to Japanese Red Cross Society CHIBA or to Chiba Environmental Restoration Fund, instead of receiving gifts.

Communication with Employees

● Applying feedback from branches to management

Each year, we hold opinion exchange meetings with executives at our branches. These meetings provide opportunities for executives and branch employees to share management policies and issues. At the same time, the Bank collects feedback directly from frontline staff to reflect it in improving various measures.

In addition, we have been conducting morale surveys since 1990 to understand trends in awareness throughout the workplace. The findings from the surveys are reflected in a variety of personnel measures.

● Practicing health and productivity management

Health and productivity management refers to an approach whereby companies actively implement employee well-being initiatives to maintain and enhance the health of individual employees and make their work more rewarding. We believe that creating a workplace where employees are physically and mentally healthy and find their work rewarding leads to the provision of higher quality services to customers. Based on this belief, we promote health and productivity management under our Health and Productivity Management Declaration.

■ Health education to new hires



Health and Productivity Management Declaration: Chiba Bank is creating a company that enables all employees to take pride and pleasure in their job by promoting the approach for maintaining and increasing physical and mental health and preventing infectious disease. Thus, we will contribute to the sustainable development of the regional economy as a partner of customers and regional communities.

Communication with Regional Communities

● Contributing to regional communities amid the COVID-19 pandemic

In June 2020, the Bank donated ¥5 million to Chiba Prefecture to help with its fight against COVID-19. The donation will be used for the medical, welfare, business support, education, and other prefectural programs carried out in response to the pandemic. Furthermore, the Bank donated face shields in May 2020 and ¥10 million in February 2021 to Chiba University Hospital, which plays a central role in regional healthcare.

These were part of our efforts to support the surrounding communities as a regional financial institution. We will continue with those efforts, along with support through our main business.

● Awarding grants from the Chibagin Heartful Welfare Fund

In September 2020, the Bank granted a total of ¥8 million to 14 organizations as the FY2020 grants from the Chibagin Heartful Welfare Fund, a public charitable trust. The fund financially helps social welfare and volunteer organizations operating primarily in Chiba Prefecture to provide social welfare programs for people in need—such as those with disabilities, the elderly, and children—and parasport programs. Including the FY2020 grants, the fund has awarded 133 grants totaling ¥76 million, to date.

Feature IV Response to Climate Change

In October 2020, Japanese Prime Minister Yoshihide Suga declared that Japan aims to achieve carbon neutrality by 2050. The impacts of climate change, as seen in extreme weather events caused by global warming, are a matter of worldwide concern. In this environment, the major powers pursue the common goal of achieving decarbonization by the middle of the century.

Recognizing decarbonization initiatives as a key issue that requires urgent attention, the Bank reinforces its response to climate change risks.

Commitment to the Task Force on Climate-related Financial Disclosures (TCFD)

The Bank announced its endorsement of the TCFD recommendations in December 2019, and has since proactively disclosed information on climate change impacts.

Governance

- The Chiba Bank Group Sustainability Policy has been established to promote environmental initiatives including climate change throughout the entire Group.
- In addition, the Chiba Bank Group Declaration on SDGs stipulates that environmental protection that includes measures against climate change is a key priority issue (materiality) to be dealt with.
- The enhancement of SDGs initiatives, including response to climate change, is a key strategy incorporated in our current medium term management plan that was adopted after discussion by the Board of Designated Directors and the Board of Directors meetings.
- How to assess and manage climate change risks is discussed by the ESG Promotion Committee that is chaired by the President. In particular, key initiatives for climate change risks are submitted and reported to the Board of Directors after discussion by the Board of Designated Directors.
- We developed the Chiba Bank Group Environmental Policy in November 2020. Based on the recognition that addressing climate change risks is an important issue on the global environment, the policy states that the Group takes initiatives aimed at realizing a carbon-free society.

Strategy

- We qualitatively analyze climate change risks (physical and transition risks) and opportunities over short-, medium-, and long-term time horizons, which are defined as five, 10, and 30 years, respectively.
- Identifying the climate change risks and opportunities indicated below, the Group works primarily toward reducing its CO₂ emissions and bolstering sustainable financing represented by renewable energy-related loans, as part of the initiatives aimed at realizing a carbon-free society.

Risks	
Physical risks	<p>Credit risk that arises primarily as a result of large-scale storm and flood damage to real estate collateral (short to long term)</p> <p>Credit risk that arises as a result of customers' operations being hampered by damage from such disasters to their business locations (short to long term)</p> <p>Operational risk that arises as a result of damage from such disasters to the Bank's branch locations (short to long term)</p> <p>Credit risk that arises as a result of customers closing down their operations due to damage from sea level rises to their business locations (long term)</p>
Transition risks	<p>Credit risk that arises as a result of revision to climate change regulations and taxes affecting customers' businesses (medium to long term)</p> <p>Credit risk that arises as a result of decarbonization technology failures and market changes affecting customers' businesses (medium to long term)</p>
Opportunities	<p>Increases in business opportunities, such as provision of renewable energy-related loans and other financial products and services helping customers transition to a carbon-free society (short to long term)</p> <p>Reduction of the Bank's business costs through conservation of resources and energy and utilization of renewable energy (short to long term)</p> <p>Increases in demand for funds driven chiefly by infrastructure investment for disaster countermeasures (medium to long term)</p>

● Scenario analysis

I Physical risks

- In regard to physical risks, we have analyzed the impact of storm and flood damage from typhoons and heavy rainfall on the value of real estate collateral the Bank holds in Chiba Prefecture.
- In the fall of 2019, Chiba Prefecture, where the Bank primarily operates, experienced unprecedented storm and flood damage from Typhoon Faxai, Typhoon Hagibis, and subsequent heavy rainfall. Using data on damage from these storms and floods in Chiba Prefecture, as well as simulations of damage from future typhoons based on the 2°C and 4°C scenarios, among other information, we have analyzed physical risks for the period up to 2050.
- The results of our physical risk analysis are as follows:

Data and scenarios	Data on damage to buildings in Chiba Prefecture from Typhoon Faxai, Typhoon Hagibis, and subsequent heavy rainfall in the fall of 2019 RCP2.6 scenario (2°C scenario) and RCP8.5 scenario (4°C scenario) of the Intergovernmental Panel on Climate Change (IPCC)
Analysis objective	Measure the impact of storm and flood damage from typhoons and heavy rainfall on the value of the Bank's real estate (building) collateral
Analysis target	Real estate collateral (only that for non-mortgage, general lending) located in Chiba Prefecture
Analysis period	Up to 2050
Quantity of risk	Impact on the value of collateral that affects net credit costs: ¥3.0 to 4.0 billion

I Transition risks

- As a result of the qualitative analysis of the sectors and industries suggested by the TCFD recommendations, we have identified the oil and gas and coal industries and the electric utilities industry as ones deemed to be exposed to the highest transition risk.
- Carbon-related assets^{*1}, which are determined based on the definition suggested by the TCFD recommendations, account for only 1.1% or so of the Bank's loans and other receivables as of March 31, 2021. Still, given that these carbon-related assets correspond to assets related to the oil and gas and coal industries and the electric utilities industry mentioned above, we have chosen those industries in Japan as the target of our transition risk analysis.
- In analyzing transition risks, we have used the resource demand projections, energy mix forecasts, carbon tax estimates, and other data in the Sustainable Development Scenario (SDS) of the International Energy Agency (IEA)'s World Energy Outlook reports among others; predicted changes in the borrowers' financial conditions and operating results up to 2050; and analyzed changes in our net credit costs.
- The results of our transition risk analysis are as follows:

Scenario	IEA's SDS
Analysis target	Japan's oil and gas and coal industries and electric utilities industry
Analysis period	Up to 2050
Quantity of risk	Increase in net credit costs: maximum ¥14.0 billion

**Percentage of carbon-related assets in the Bank's loans and other receivables:
around 1.1%**

^{*1} Carbon-related assets:

The total of loans, acceptances and guarantees, foreign exchange, private placement bonds, etc. for the energy and utility industries as of March 31, 2021, based on the definition recommended by the TCFD recommendations. Note, however, this excludes water supply businesses and renewable energy power generation businesses.

Feature IV: Response to Climate Change

Risk Management

Climate change risk identification and management structure

- The Bank recognizes climate change risks as vital risks that could have a serious impact on the global environment.
- In light of the results of qualitative and quantitative analyses of the physical and transition risks associated with climate change, we conduct comprehensive management focusing on credit risk over customers' business activities and operational risk of our branch locations.

Announcement of policies on loans reflecting climate change risks

- In May 2020, the Bank announced its Policies on Loans to Specific Sectors, which apply to industries that affect the global environment in the form of climate change risk including global warming.
- The Policies clarify the Bank's approach to credit, most notably its stricter attitude to lending to coal-fired thermal power plants that have a direct impact on global warming. This can be seen in the statement that “in principle, we will not extend credit to newly established coal-fired thermal power plants.”

For details on the Policies on Loans to Specific Sectors, see our website:
https://www.chibabank.co.jp/english/corporate/policy/specific_sectors/

Metrics and Targets

Changes in CO₂ emissions

The Group's CO₂ emissions have changed as shown in the graph on the right.

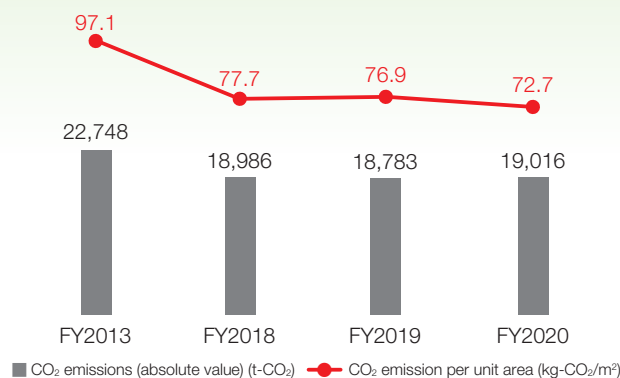
For FY2020, our CO₂ emissions totaled 19,016 t-CO₂; CO₂ emissions per unit area* were 72.7 kg-CO₂/m², marking a 25.1% reduction compared to FY2013 levels. (The rise in total CO₂ emissions was due to increased floor space resulting from the September 2020 completion of the new head office building.)

As its CO₂ emissions reduction goal, the Group has aimed to reduce CO₂ emissions by 2030 by 26% compared to FY2013. However, to ramp up the initiatives for realizing a carbon-free society, we are currently considering resetting the goal.

* CO₂ emissions (absolute value) were calculated by first adding emissions derived from the use of the Bank's company cars to the Bank's CO₂ emissions given in regular reports pursuant to the Act on the Rational Use of Energy; and then adding to that amount the Group companies' CO₂ emissions measured using the same standard.

FY2020 CO₂ emissions decreased by 25.1% compared to FY2013

Changes in CO₂ emissions



Emissions by Scope over the past three years

	(t-CO ₂)		
	FY2018	FY2019	FY2020
Scope 1	2,591	2,493	2,425
Scope 2	16,395	16,290	16,591
Scope 3*	—	—	—
Total CO₂ emissions	18,986	18,783	19,016

* Scope 3 emissions are yet to be calculated.

Sustainable finance targets

The greatest social contribution financial institutions can make to realizing a carbon-free society is through loans and other forms of financing. Based on this belief, we have set the following targets for the amounts of sustainable finance and environmental finance:

Target for the amount of sustainable finance (FY2019–FY2030)	¥2 trillion
Of which target for the amount of environmental finance	¥1 trillion

Sustainable finance refers to the type of financing where proceeds are used to solve environmental and social issues, including financing to support customers' ESG and SDGs initiatives.

Reference: Renewable energy-related loans

The Bank is financing a number of renewable energy-related projects ranging from solar energy, biomass to wind power generation.

The projects financed by the Bank's renewable energy-related loans generate electricity totaling around 5,500 GWh, which can theoretically power about 1.5 million households.

Moreover, those projects have the effect of reducing CO₂ emissions by around 2.5 million t-CO₂ in total.

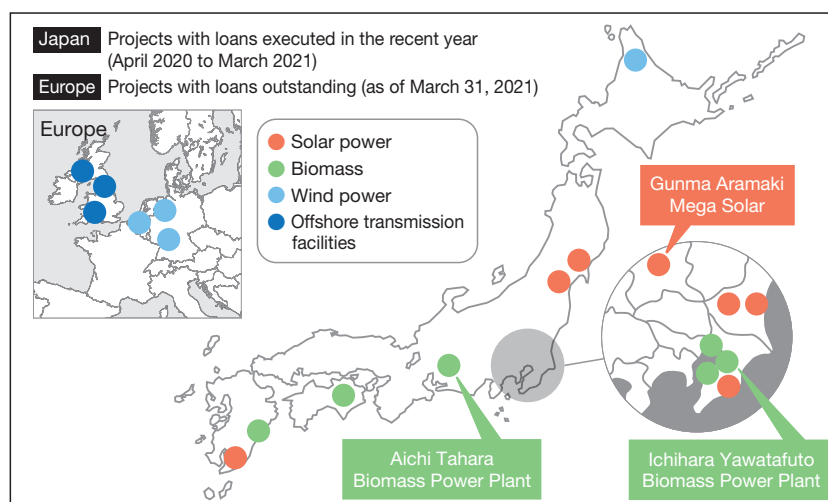
Renewable energy-related loan balance (as of March 31, 2021)

Solar power generation	¥130.1 billion
Biomass power generation	¥13.2 billion
Wind power generation	¥11.3 billion
Hydroelectric power generation	¥0.3 billion
Total	¥154.9 billion

Power capacity of renewable energy-related loan projects (approximate number of households)

	Japan	
		Of which Chiba Prefecture
Annual electricity generation	5,500 GWh	1,800 GWh
Power capacity in number of households	1.5 million	0.5 million
CO ₂ emissions reduction	2.5 million t-CO ₂	0.8 million t-CO ₂

Major environmental projects financed



Management Base to Support “Sustainable Management”

Corporate Governance

The Chiba Bank Group bases all of its corporate activities on the The Chiba Bank Group’s Corporate Code of Conduct, which includes “earning unwavering trust,” “thorough compliance with laws, rules and other fundamental principles,” “opposition to antisocial forces,” and “transparent management.”

In our FY2020-FY2022 medium term management plan, we have included a commitment to “realize sustainable management” as one of our basic policies as part of our drive to advance the level of corporate governance.

Initiatives to Strengthen Governance

Corporate governance has been enhanced through such measures as the executive officer system introduced in 2003 and the appointment of outside directors which began in 2013.

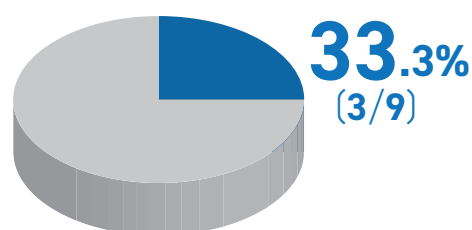
Currently as of June 25, 2021, we have a 33.3% ratio of outside directors (3 out of 9) and 33.3% ratio of female directors (3 out of 9).

History of Initiatives Taken to Enhance Corporate Governance

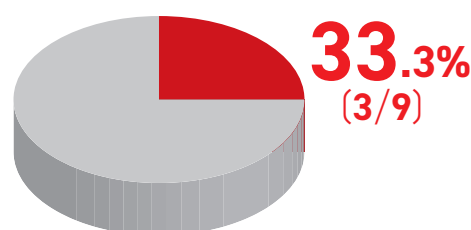
2003	Introduced the executive officer system	2019	Conducted evaluation on the effectiveness of the Board of Directors by collaborating with an external evaluation firm
2010	Abolished directors’ retirement benefits Introduced equity-based remuneration in the form of stock options		Formulated the “Fundamental Policy on Corporate Governance”
2011	Put the Audit and Inspection Division under direct control of the Board of Directors	2020	Assigned Group Chief Digital Transformation Officer (CDTO)
2013	Appointed an outside director	2021	Assigned Group Chief Human Resources Officer (CHRO)
2015	Began evaluating the effectiveness of the Board of Directors Appointed two female outside directors Established the Corporate Advisory Committee (currently the Appointment, Remuneration and Corporate Advisory Committee)		Revised the director remuneration framework Abolished the position of Advisor role and reviewed the content of Advisor to the President
2018	Formulated the Information Disclosure Policy Introduced the Group Chief Officer System Raised the ratio of outside directors on the Board of Directors to one-third		

Governance Highlights

<Ratio of Independent Outside Directors>



<Ratio of Female Directors>



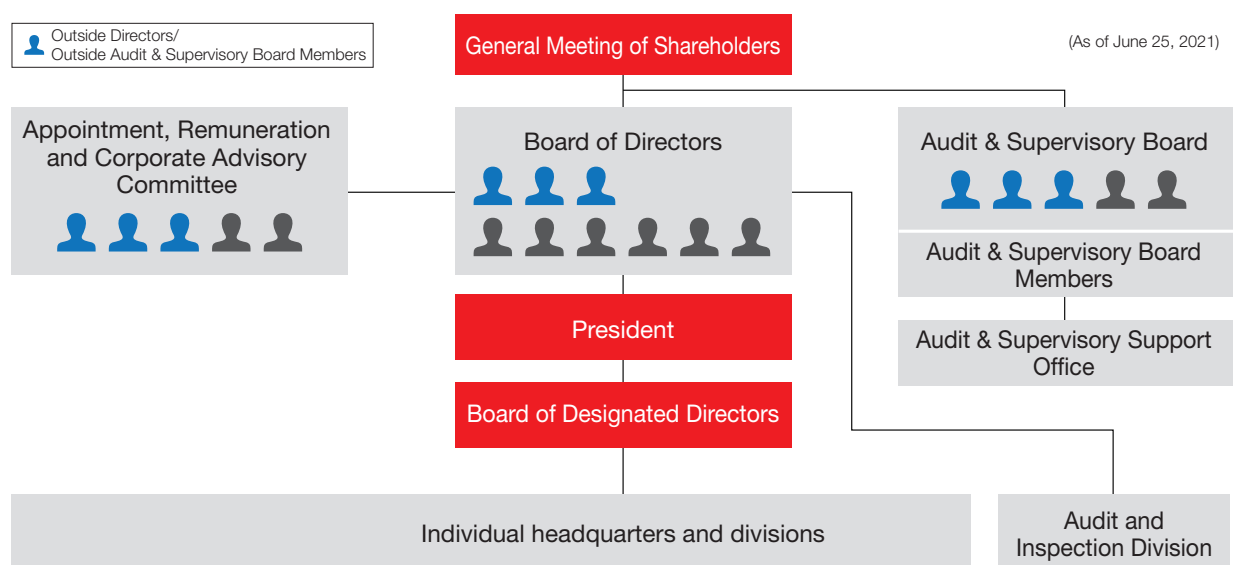
- Organizational structure: Company with an audit & supervisory board
- Number of Directors: 9
- Number of outside directors: 3 (All of them are independent officers)
- Number of female directors: 3
- Number of Audit & Supervisory Board members: 5

- Number of outside Audit & Supervisory Board members: 3 (All of them are independent officers)
- Number of executive officers: 15
- Number of female executive officers: 1
- Attendance rate of the Board of Directors meetings: 100% (attendance rate for outside directors: 100%)

*For the Board of Directors meetings held in FY2020

(As of June 25, 2021)

Corporate Governance Structure



Board of Directors

The Board of Directors consists of nine directors, including three independent outside directors (the ratio of outside directors is 33.3%). The Board of Directors makes decisions about management policies and other important matters and supervises the execution of business by the directors and executive officers.

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

Main Agenda Items and Decisions in FY2020

	Main decisions and reports	
1 st quarter	<ul style="list-style-type: none"> Measures to prevent money laundering and funding for terrorism Status of cross-shareholdings Review of the previous medium term management plan 	<ul style="list-style-type: none"> Evaluating the effectiveness of internal controls over financial reporting Results of evaluation of the effectiveness of the Board of Directors Status of management operations of trust business and inheritance-related services
2 nd quarter	<ul style="list-style-type: none"> Status of cybersecurity risk management The signing of consignment agreement and other contracts with TSUBASA Alliance Co., Ltd. Complying with the 2015 UK Modern Slavery Act 	<ul style="list-style-type: none"> Progress status of Act on Promotion of Women's Participation and Advancement in the Workplace Dialogue with shareholders Ordering demolition work for reconstruction of the head office building
3 rd quarter	<ul style="list-style-type: none"> Participation of Gunma Bank in the TSUBASA Alliance Formulation of human rights and environmental policies Status of initiatives for customer-oriented business operations 	<ul style="list-style-type: none"> Status of compliance program implementation Progress status of medium term management plan Status of integrated risk management
4 th quarter	<ul style="list-style-type: none"> Status of alliance and partnership activities Establishment of a regional trading company 	<ul style="list-style-type: none"> Revisions to compliance rules Business performance plan Investment, expense budget, and personnel plan

Audit & Supervisory Board

The Bank has adopted an audit & supervisory board system with five Audit & Supervisory Board members, including a majority of three outside Audit & Supervisory Board members. In particular, three of the Audit & Supervisory Board members, including two outside Audit & Supervisory Board members, are standing Audit & Supervisory Board members. They attend meetings of the Board of Directors and other important meetings, check important documents, and perform audits of the headquarters and branches to conduct objective and reasonable audits of the status of business execution. We believe that this system provides an adequate management supervisory function.

Appointment, Remuneration and Corporate Advisory Committee

For the appointment of directors and Audit & Supervisory Board members, and remuneration of directors and Audit & Supervisory Board members, the Appointment, Remuneration and Corporate Advisory Committee has been established as an advisory body to the Chairman of the Board to ensure objectivity, timeliness, and transparency of procedures. The Board of Directors selects the members of the committee, a majority of which are independent outside directors.

Policies for Appointment and Dismissal of Directors and Nomination of Directors and Audit & Supervisory Board Members

<Candidates for Internal Directors>

Candidates for internal directors are determined by the Board of Directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, the majority of which comprise independent outside directors, based on the President's recommendations of persons who, based on a deep understanding of the Bank's basic management policy, possess knowledge and experience to enable the appropriate, fair, and efficient execution of bank business management, as well as sufficient social trust, with the aim of achieving our management strategy. Representative directors are determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory Committee on persons suitable for representing the Bank selected from among internal directors. In the event of occurrence of a serious obstacle to the execution of duties as a representative director or when a representative director falls under reasons for disqualification*, dismissal of such representative director shall be determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory Committee.

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

<Candidates for Outside Directors>

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

<Candidates for Audit & Supervisory Board Members>

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

Succession Planning

Successors to the representative directors are determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, the majority of which comprise independent outside directors, in view of desired personnel requirements, personnel training policy and plan, as well as the status of training, etc. The status of deliberation is reported, as appropriate, to the Board of Directors.

<Desired personalities of candidates (nomination policy)>

Images of desired personalities of candidates are deliberated by the Appointment, Remuneration and Corporate Advisory Committee in view of qualities and abilities required as management, as well as the business environment surrounding our group and the direction of its future business strategies, and are shared by the Board of Directors. Whether to review the images of desired candidates for successors or not in accordance with changes in the business environment, etc. is deliberated as appropriate.

<Review of candidates' personalities and training schemes>

The Appointment, Remuneration and Corporate Advisory Committee members review personalities of candidates based on a third-party evaluation, etc. by an external specialized organization. The committee then considers policies and plans for training candidates to help them become a person qualified for the position.

<Candidate selection process>

Candidates are proposed by the President (including reappointment, replacement and dismissal of directors including representative directors) and determined by the Board of Directors following deliberations on the consistency, etc. with the nomination policy and training policy by the Appointment, Remuneration and Corporate Advisory Committee.

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

The Bank appoints outside directors who are deemed to be capable of contributing to the enhancement of corporate value over the medium to long term, through a further enhancement of the decision-making and supervisory functions of the Board of Directors, by leveraging the knowledge and experience of said persons in the Bank's management.

Name (Appointment)	Reasons for Appointment as Outside Director
Yuko Tashima (June 2015)	Has a high level of expertise as an attorney, with experience as an outside director at other non-financial companies as well as experience in public service, including as a member of the Financial System Council of the Financial Services Agency
Yasuko Takayama (June 2015)	Has experience as a manager of customer service and CSR divisions and as a standing Audit & Supervisory Board member of a major cosmetics company, as well as experience as an outside director at other non-financial companies
Takahide Kiuchi (June 2020)	Has both domestic and international experience as an economist and, in addition to having accumulated significant expertise, was responsible for carrying out deliberations regarding monetary policies as a member of the Policy Board, the Bank of Japan

The Bank appoints outside Audit & Supervisory Board members who are deemed to help further strengthen the audit function by leveraging the knowledge and experience of said persons in the Bank's management.

Name (Appointment)	Reasons for Appointment as Outside Audit & Supervisory Board Member
Kazuhiro Kikuchi (newly appointed, June 2021)	Has a high level of expertise gained through experience as Councillor of Cabinet Secretariat and Senior Executive Director of the Federation of National Public Service Personnel Mutual Aid Associations, etc., as well as extensive knowledge in public administration overall.
Norikazu Takahashi (newly appointed, June 2021)	Has a high level of expertise gained through experience as General Manager of branches and General Manager of Information System Services Department of the Bank of Japan, etc., as well as extensive knowledge in finance overall.
Wataru Takahashi (newly appointed, June 2021)	Has extensive knowledge mainly in public administration gained through holding numerous important positions including Vice-Governor of Chiba Prefecture.

Support Systems for Outside Directors and Audit & Supervisory Board Members

<Outside Directors>

The Bank provides outside directors with information and support necessary for the execution of their duties in an appropriate and timely manner to ensure that outside directors fully play their roles as a supervisor of the management. We continuously give outside directors opportunities for deepening their understanding about the Bank's management strategy and activities with the aim to enhance deliberations by the Board of Directors, by means such as provision of materials and explanations for the Board of Directors meeting in advance, provision of individual explanations on important matters, attendance to main committee meetings, engaging in dialogues with directors as well as general managers, visiting and holding dialogues at affiliated business offices in the group, participation in main IR events, etc., and provision of information related to the Bank's activities whenever necessary. In addition, the Bank provides outside directors with opportunities to undergo training by third-party organizations at the Bank's expense.

<Outside Audit & Supervisory Board Members>

In order for Audit & Supervisory Board members to conduct audits, etc., and to operate the Audit & Supervisory Board smoothly, staff had been placed in the Audit & Supervisory Board members' office. To further increase independence from executives, the Audit & Supervisory Support Office was established in April 2020, and a general manager of the Audit & Supervisory Support Office serves as an assistant to Audit & Supervisory Board members who does not serve concurrently in positions involved in the execution of business operations. In order to ensure the independence from directors, the Bank obtains the consent of Audit & Supervisory Board members regarding personnel change, etc. of such assistants to Audit & Supervisory Board members. In addition, Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings and are provided with important documents of the Bank, which ensure that information is communicated timely and properly.

Remuneration of Directors and Audit & Supervisory Board Members

The remuneration system for Directors and the percentage of remuneration by type are considered by the Appointment, Remuneration and Corporate Advisory Committee, the majority of which comprise independent Outside Directors, as appropriate in response to changes in the business environment, with reference to companies of similar size to the Bank and related industries and business categories.

Remuneration of the Bank's directors is determined by the Board of Directors based on the remuneration regulations established by the Board of Directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee to ensure transparency, fairness, and rationality.

● Remuneration Structure and Components

■ Directors (Excluding Outside Directors)

- Remuneration consists of basic compensation (75%), bonuses (5%), and equity-based remuneration (20%).
- The amount of basic compensation, bonuses, and equity-based remuneration is determined based on rank.
- Equity-based remuneration takes the form of a restricted stock remuneration system to strengthen the linkage of stock price of the Bank and remuneration for Directors, and to raise management awareness for improvement of corporate value through further value sharing with shareholders.

■ Outside Directors

- Based on the role in supervising the execution of business, the remuneration system is not linked to performance, but rather is limited to “basic remuneration.”

■ Audit & Supervisory Board Members

- In order to ensure independence, remuneration for Audit & Supervisory Board members is not linked to performance, but is limited to “basic remuneration.”

Group Management Systems

The Group Chief Officer System* was introduced and under the overall supervision of the Group CEO, the Group Chief Officers are assigned responsibility for their areas of supervision, thereby creating a Group-wide corporate management system. In April 2021, we also assigned a new Group Chief Human Resources Officer (CHRO) to oversee the human resources strategy for the whole Group in order to ensure our management strategy keeps pace with digitalization and other environmental changes. A responsible director is assigned to supervise each Group company and meetings of the Group Supervision Committee are held to strengthen understanding, administration, and supervision of the management status of Group companies. In addition, the Bank's internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Group.

*The following Group Chief Officers are assigned:

- Group Chief Executive Officer (CEO)
- Group Chief Operating Officer (COO)
- Group Chief Strategy Officer (CSO)
- Group Chief Risk Officer (CRO)
- Group Chief Business Officer (CBO)
- Group Chief Information Officer (CIO)
- Group Chief Digital Transformation Officer (CDTO)
- Group Chief Human Resources Officer (CHRO)

Evaluation of the Effectiveness of the Board of Directors

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

In FY2020, the Bank conducted a questionnaire survey of each director and Audit & Supervisory Board member to evaluate effectiveness from both quantitative and qualitative aspects.

The overview of the results of the evaluation of the effectiveness of the Board of Directors for FY2020 is as follows.

- (1) Considering the findings below, the Bank has judged that the functions of decision making and supervision are performed properly by the Board of Directors and its effectiveness is ensured.
 - The Board of Directors was able to maintain normal operations even during the COVID-19 pandemic thanks to the introduction of a TV conferencing system and the creation of an environment that enabled directors to participate in Board meetings remotely.
 - All directors and Audit & Supervisory Board members, whether they are internal or outside officers, value customers and have shared values and goal to aim for the continuous growth of the Chiba Bank Group and regional communities, and with a strong sense of unity, exchange freely their opinions based on mutual understanding.
 - Board discussions are displaying increasing depth as internal directors voice opinions based on their rich experience in every area of the financial business, outside directors make recommendations based on their specialized knowledge and giving opinions from an independent and objective standpoint, and Audit & Supervisory Board members make multi-faceted recommendations based on the actual business situations.
 - Based on the results of the FY2020 effectiveness evaluation, revisions to the executive remuneration system were discussed more deeply in the Appointment, Remuneration and Corporate Advisory Committee, and then determined by the Board of Directors with both bodies performing their roles in an appropriate manner.
- (2) The Bank recognizes the importance of deepening the medium to long-term discussion reflecting environmental changes surrounding the Chiba Bank Group, such as progress towards a decarbonized society and digitalization, and to further strengthen group-wide management through the engagement of Group Chief Officers, while maintaining the direction of current initiatives. Through these efforts, the Bank will strive to further enhance the effectiveness of the Board of Directors.

The Chiba Bank Group has been committed to thorough compliance and enhancement of administrative capabilities including protection of customers. In April 2021, in order to raise awareness of compliance and instill it further, we established The Chiba Bank Group’s Corporate Code of Conduct through which we publicly stated a basic policy we abide by in undertaking business activities in an ethical and responsible way as a company that is a member of our society and as the Chiba Bank Group that is a bank with social responsibility and a public mission.

Compliance Structure

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

As for specific measures, the Bank regularly convenes the Compliance Committee, which is chaired by the Chairman and consists of directors, executive officers, and general managers as members, to review concrete practical plans and measures, etc. to instill compliance. The Compliance and Risk Management Division oversees compliance-related tasks within the Group such as through the administration of compliance regulations and manuals, the preparation and monitoring of training programs, and periodic checks on the compliance management situation. In addition, each division of the headquarters monitors branch-level compliance and provides advice.

Consistent Implementation of Basic Policies and Formulation of Compliance Program

In April 2021, we publicly stated The Chiba Bank Group’s Corporate Code of Conduct and established a clearly defined code of conduct for executives and employees. To instill these rules, we work to ensure that all executives and employees are aware of our Compliance Manual, which contains specific guidelines.

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 the Compliance Committee.

The Chiba Bank Group’s Corporate Code of Conduct

1. Establishing Unwavering Trust
2. Providing High-Quality Financial Services
3. Contribution to Regional Economy and Community
4. Thorough Compliance with Laws, Rules and Other Fundamental Principles
5. Transparent Management
6. Respecting Human Rights
7. Responsibility to Help Realize a Sustainable Society
8. Opposition to Antisocial Forces and Prevention of Money Laundering, Etc.

Protecting Customers and Personal Information

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

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

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

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

^{*2} Personal information includes personal identification numbers and specific personal information that includes a personal identification number.

Initiatives to Prevent Money Laundering and Financial Crimes

Responding to changes in the internal and external environments, the Bank appropriately evaluates risks of money laundering and financing terrorism involved in transactions it carries out, and takes measures responding to the risks involved, based on the “Management Policy to Prevent Money Laundering and Terrorism Financing Activities.” In addition, we are reinforcing measures to protect customers’ assets from a variety of financial crimes such as wire transfer fraud.

Moreover, to respond appropriately to the expected increase in complexity and sophistication of money laundering and financial crime techniques, we are working out measures to address them in collaboration with the banks participating in the TSUBASA Alliance, aiming to enhance the measures and improve efficiency.

Initiatives to Strengthen Compliance and Risk Management of the Group Companies

We are enhancing capabilities to oversee and manage Group companies by determining the status of compliance and the risk management of each Group company in a timely and appropriate manner and providing necessary support and guidance, etc. through mutual and detailed exchanges of opinions between the companies and the “Affiliates and Subsidiaries Support Department” in the Compliance and Risk Management Division.

Opposition to Antisocial Forces

The Bank maintains links with police authorities, lawyers, and other external organizations as a structure to provide appropriate countermeasures against unreasonable demands, interference, or other inappropriate approaches from antisocial forces. Moreover, the Bank has put organized crime disclaimers in various contract documents and deposit account regulations, and is actively taking measures to eliminate relationship with antisocial forces. Furthermore, the group companies are also taking measures similar with those of the Bank to counteract antisocial forces, and the status of implementation of such measures is controlled and managed by the Bank.

Our Service Quality Management Division centrally manages quality-related operations including the collection of, and responses to, customer requests/complaints and feedback from sales offices; various monitoring on functions such as customer protection; and provision of guidance to the headquarters and branches based on the monitoring results. With this structure, we will work to further improve customer satisfaction and reinforce our customer-oriented business operations.

Efforts to Improve Service Quality by Listening to Customer Feedback

We will step up guidance and oversight for the headquarters and branches with an aim to improve the quality of the Group’s products and services by compiling a wide variety of feedbacks including requests and complaints from customers and opinions of branches. Specifically, we will gather information on customer requests and complaints through questionnaires and other means, and after analyzing the trends and causes we will create or revamp products and services from the customer’s perspective. We will also test the effectiveness of these efforts and strive to further improve quality.

Initiatives to Improve Customer Satisfaction

We strive to improve staff’s assisting skills to ensure that all customers including elderly and persons with disabilities can visit our branches safely and comfortably. Specifically, we provide education and training for our staff to ensure that they understand how to smoothly assist customers in wheelchairs or those who are visually impaired.

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

[Certified personnel as of March 31, 2021] Service assistant: 374 employees,

Dementia supporter: 4,740 employees

Establishment of the CS Action Agenda

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

*CS is an abbreviation for Customer Satisfaction.

Monitoring of Elderly and Other Persons Who May Need Care, and Installation of AEDs and Wheelchairs

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

In addition, we have installed automatic external defibrillators (AEDs) and wheelchairs for assistance at all branches in Japan, with the exception of currency exchange branches.

■ An AED and a wheelchair



Efforts to Contain the Spread of Infectious Diseases

To ensure our customers can visit our branches with peace of mind, the Bank takes a broad range of infection countermeasures. Specifically, we provide alcohol disinfectants, install acrylic board barriers, ensure customers maintain distance from each other when they are seated in the lobby or stand in line to use ATMs, and sterilize writing tables with sanitizer liquid.

In addition, we encourage customers to use the Chiba Bank app, internet banking, etc. through our website, posters, in-branch announcements, etc. to prevent branches from becoming crowded.

■ Placing acrylic board barriers



Policy on Customer-Oriented Business Operations (Fiduciary Duties)

The Chiba Bank Group will strive to create a deeper connection with its customers and build a long-standing relationship with even more customers by deploying customer-oriented business activities and providing truly useful and high-quality services.

In asset management-related services, based on the Policy Regarding Customer-oriented Business Operations (Fiduciary Duties), which we formulated and announced in June 2017, we will further strengthen customer-oriented initiatives while regularly disclosing the status of these initiatives and reviewing them in an effort to further improve business operations.

■ Policy on Customer-Oriented Business Operations (Fiduciary Duties)

[Policy items]

1. Pursuing the Best Interests of Customers
2. Appropriate Management of Conflicts of Interest
3. Clarification of Fees, etc.
4. Provision of Important Information in an Easy-to-understand Manner
5. Provision of Services Suitable for Customers
6. Frameworks, etc. for Appropriately Motivating Employees

The Policy Regarding Customer-oriented Business Operations (Fiduciary Duties) and the Status of Initiatives in FY2020 under the Policy Regarding Customer-oriented Business Operations (Fiduciary Duties) are available on our website (Japanese only).

Policy (URL) <https://www.chibabank.co.jp/company/info/fd/>
Status of Initiatives (URL) <https://www.chibabank.co.jp/company/info/fd/pdf/fd.pdf>

● Holding Investment Education Seminars

We hold various seminars on asset management in order to provide customers with a broad range of timely information.

In FY2020, we held eight such seminars online to prevent the spread of infection. A total of 3,073 customers participated.

As part of its efforts to maintain sound management, the Chiba Bank Group has developed a Basic Policy on Risk Management, which focuses on accurate understanding and analysis of risks, promotion of risk quantification and management through figures, and timely and appropriate reporting. We are working in line with this basic policy to build a robust risk management system to manage credit risk, market risk, liquidity risk, operational risk as well as integrated risk.

Integrated Risk Management System

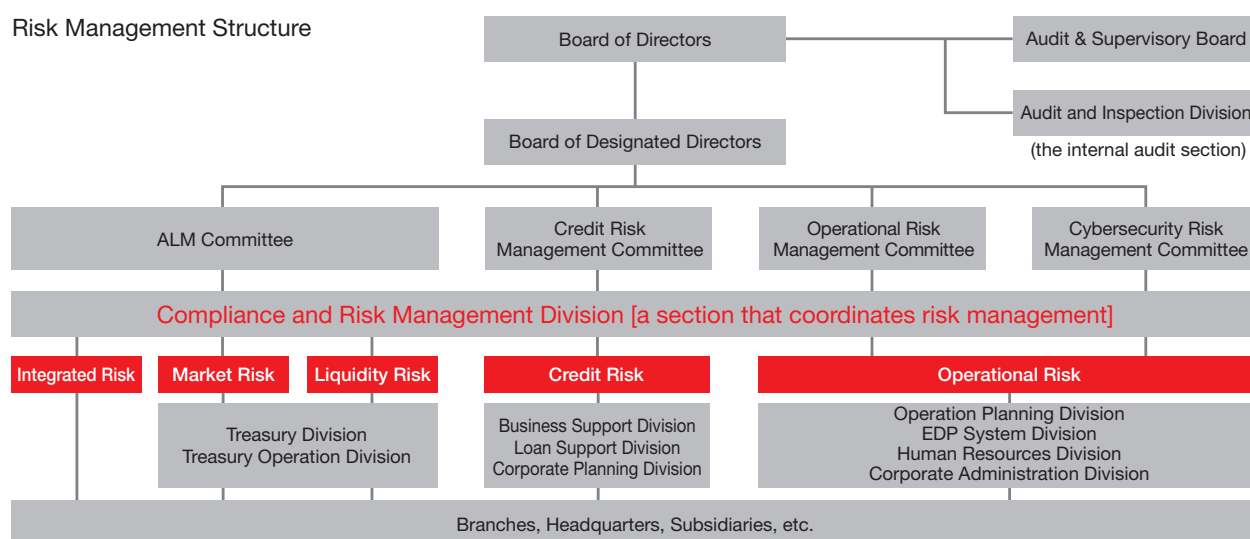
The principal forms of risk to which banking operations are subject include credit risk, market risk, and operational risk.

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

Accordingly, the Bank assigns divisions to manage risks for each form of risk, and the Compliance and Risk Management Division centrally monitors these risks and discusses risk countermeasures at meetings of the relevant committees. The Group Chief Risk Officer reports the status of risks to the Board of Directors.

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

Risk Management Structure



Three lines of defense: The Bank’s risk management system has been built in accordance with the three lines of defense model that the Basel Committee on Banking Supervision recommends in its Corporate Governance Principles for Banks.

First line: Operations divisions, which autonomously manage risks while conducting business operations in compliance with regulations, procedures, and other rules.

Second line: Corporate divisions that have jurisdiction over individual operational risks and the section that comprehensively oversees and manages the broader risks of the Group.

Third line: The internal audit section that evaluates and verifies the appropriateness and effectiveness of the Group’s internal management systems from an independent standpoint.

● Integrated Risk Management

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

The Risk Management Department in the Compliance and Risk Management Division conducts a comparison of quantified integrated risk and capital, verifies the adequacy of capital with respect to risk, and

reports the results regularly to the Board of Directors. The department also conducts stress tests, a means of verification of capital adequacy 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 results of stress tests are also reflected in capital policies such as dividends and acquisitions of treasury shares.

Furthermore, as frameworks for integrated risk management, the Bank has introduced and utilizes a risk capital allocation system to set and manage the maximum amount of risk capital used, along with a risk appetite framework (RAF) to control the occurrence of losses as detailed below.

● Credit Risk Management

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

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

The Credit Risk Management Committee meets regularly, in order primarily to consider credit risk management policy and to monitor the operation of the internal credit rating system and the credit portfolio. The Audit and Inspection Division audits the appropriateness of operations, self-assessment, and other matters by the business units involved in credit risk management, in an effort to ensure the quality of loan assets.

<Internal Credit Rating System>

The Bank uses the internal credit rating system to place debtors into 15 credit rating categories on the basis of financial data such as financial condition and cash flow. We strive to accurately identify credit conditions, by means of periodic annual reviews and reviews at other times in accordance with the status of companies. 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 Bank rigorously examines individual applications for credit in accordance with screening criteria on the basis of the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Bank also provides support for the financial soundness of borrowers who need to improve their operations and engages in resolution and collection activities with regard to bankrupt debtors and other borrowers. The Bank strives to accumulate high-quality loan assets and minimize future losses through this practice of advanced screening and supervision after credit has been extended.

<Credit Portfolio Management>

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

The Bank engages in the quantification of credit risk. The quantification of credit risk is the forecasting by statistical methods of the amount of future losses (the amount of risk) forecasted to occur due to circumstances such as borrower bankruptcy or worsening business performance. We measure the assumed maximum loss (VaR: value at risk) as the amount of risk, and accumulate and organize default data and loan recovery data from defaulted borrowers, in order to further refine and sophisticate the quantification of credit risk to improve the accuracy of forecasting.

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

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

Risk Management

<Self-Assessment of Assets>

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

At the Bank, branches conduct self-assessment of assets on the basis of Asset Self-Assessment Regulations, and the credit screening and administrative sections check details of self-assessments; according to the results of these assessments, the Credit Risk Management Department in the Compliance and Risk Management Division calculates the amounts of provisions, and the Business Support Division implements write-offs. Through this process, the Bank firmly maintains the soundness of its assets.

● Market Risk Management

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

As part of the risk capital allocation system, the Bank sets and manages risk limits, within the scope of the risk capital allocated to the business sectors, for the amount of market risk determined by VaR for each product, such as securities investments and other market transactions or loans and deposits, in an effort to ensure management soundness. In regard to market transactions, moreover, the Bank sets upper limits for market investments according to the balance and alarm point of valuation differences, and implements risk control by reviewing investment policy each quarter.

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

● Liquidity Risk Management

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

At the Bank, the Treasury Division is the section that manages cash flow. The division ascertains the market environment and analyzes the state of investment and procurement of funds. At the same time, it manages cash flow risk by investing funds within a set limit so as not to procure excessive amounts of funds on the market and by maintaining a certain minimum level of assets that can be converted to cash in a short time. In addition, the Bank manages market liquidity risk by setting limits on daily positions taken in market trading.

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

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

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

● Operational Risk Management

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

The Bank classifies operational risk into clerical risk, system risk, cybersecurity risk, human risk, tangible asset risk, and reputational risk. Human risk is the risk of a loss occurring due to workplace safety,

discrimination, or the like. Tangible asset risk is the risk of a loss occurring due to damage to buildings or facilities, or the like. Reputational risk is the risk of a loss occurring due to loss of public confidence resulting from deterioration of the Bank’s reputation or the like.

In its risk management structure, the Bank decides the corporate divisions having jurisdiction over the various forms of operational risk (the Operation Planning Division for clerical risk, the EDP System Division for system risk and cybersecurity risk, the Human Resources Division for human risk, and the Corporate Administration Division for tangible asset risk) and these divisions collaborate in performing risk management under the overall management of the Risk Management Department in the Compliance and Risk Management Division. The Risk Management Department in the Compliance and Risk Management Division directly manages reputational risk and the Compliance Management Department in the Compliance and Risk Management Division and corporate divisions that have jurisdiction over operational risks jointly manage legal risk and compliance related risk included in the various risk categories.

The Bank has established an Operational Risk Management Committee and developed a management structure for monitoring the state of operational risk losses and improving and correcting problem areas.

To ensure the effectiveness of management by means of this PDCA cycle, the Bank has introduced Control Self Assessment (CSA).

<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.

At the Bank, the Operation Planning Division prepares clerical standards that indicate detailed clerical procedures for each operation and promptly and thoroughly informs each branch regarding matters such as the introduction of new products and the establishment or revision of clerical procedures due to the amendment of laws. In addition, through monitoring, we verify and collect information regarding loss events and identify, evaluate, understand, and manage information regarding clerical risk as well as formulate measures to reduce risk and give guidance for improvement.

With regard to the auditing system, the Audit and Inspection Division comprehensively verifies the management structure of individual corporate divisions that have jurisdiction over operational risks, while conducting rigorous on-site audits at branches, headquarters divisions and offices, and other places of business. The division notifies the branches, and headquarters divisions and offices of the audit results, periodically reports to the Board of Directors, and implements a framework for reflecting audit results in clerical improvements.

<System Risk and Cybersecurity Risk Management>

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

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

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

Therefore, we make every possible effort to prevent the occurrence of risk event and to prevent the expansion if such an event occurs by managing the various risks related to computer systems appropriately in response to changes in the environment.

At the Bank, the EDP System Division and the Risk Management Department in the Compliance and Risk Management Division work together to implement various measures to ensure the stable operation of computer systems.

As specific measures against system risk, the Bank duplicates hardware and circuits for backbone systems to ensure continuation of business even in the event of a failure. In addition, the Bank has implemented a rigorous data management system and the preparation of a contingency plan to provide for unforeseen circumstances such as large-scale disasters.

Risk Management

As measures against cybersecurity risk, we have implemented measures to prevent the intrusion of unauthorized programs including computer viruses and have developed steps to ensure the data protection of important computer systems. We also carry out regular training to ensure the effectiveness of the management systems that we have developed for the event of a cyber-attack.

Regarding the internet based services that we provide to customers, we take measures to prevent denial-of-service attacks and computer system access by unauthorized persons. Regarding internet banking, we provide environmental support for the terminals used by providing anti-virus software to prevent unauthorized use by anyone other than the customer as well as strictly confirm that each transaction is made by the actual customer.

We regularly make efforts to raise the awareness of our employees to the increasing sophistication of fraudulent business mails such as “fake supplier invoices” and the “impersonation of company management.”

As a result of the various measures, we have not experienced a cyber risk event such as a data breach (including information leakage). However, as cyber-attacks are becoming more sophisticated each year, we will continue to collect information and implement measures at appropriate times.

Furthermore, we endeavor to ensure the security of the laptops, video teleconferencing software, and other tools that the employees use when working from home or remotely. With these and many other measures, we seek to enhance customer safety and security.

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

Business Continuity System

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

Currently, the Bank is upgrading its management systems, including its countermeasures against the COVID-19 pandemic, a large-scale earthquake such as an earthquake directly under the Tokyo Metropolitan area, and a variety of risks such as complex disasters involving tsunami or volcanic eruptions.

As COVID-19 infections rise, we take thorough measures to prevent the spread, which include distributing alcohol disinfectants to all divisions and offices and installing acrylic board barriers at the service counters so that our customers can feel safe in using our ATMs and branches, and promoting the use of non-face-to-face transactions via the Chiba Bank app, internet banking, and our corporate portal. In addition, we are working to maintain banking functions such as promptly conducting customer consultations and meeting their financing needs, etc. while preventing the spread of infection by reviewing work styles such as promoting telecommuting and split work at the headquarters.

The Bank was forced to suspend business at some branches in 2019 due to equipment damage as a result of Typhoon Faxai in September as well as Typhoon Hagibis and heavy rainfall in October, which caused significant damage to Chiba Prefecture. Based on the damage inflicted then, and keeping in mind that “human life is the first priority,” we strengthened our systems by revamping our office emergency operation plan and increasing the availability of emergency equipment, including the introduction of a mobile branch vehicle, in order to provide stable financial services to customers. We will continue to strive to make additional improvements and advancements.

Basel III Compliance

The Basel III capital adequacy regulation has been applied since the fiscal year ended March 31, 2013. Changes to the new regulation compared with the earlier Basel II regulation include tighter rules for items

included in capital and an increase in the number of items excluded with the aim of improving the quality of capital. Other changes include additional provision for risks relating to transactions with large financial institutions and derivative transactions.

Basel III consists of three pillars. Pillar 1 is a minimum capital ratio, which is the level of capital required to cover a bank’s risk. Pillar 2 is the development of capital strategies by banks and verification by regulatory authorities. Pillar 3 is the assurance of market discipline through the increased disclosure of information. Under the regulation, each bank selects a method of calculating minimum required capital according to its risk profile and risk management method.

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

To comply with the net stable funding ratio and other new requirements that will apply in the future, the Bank is developing and strengthening management systems.

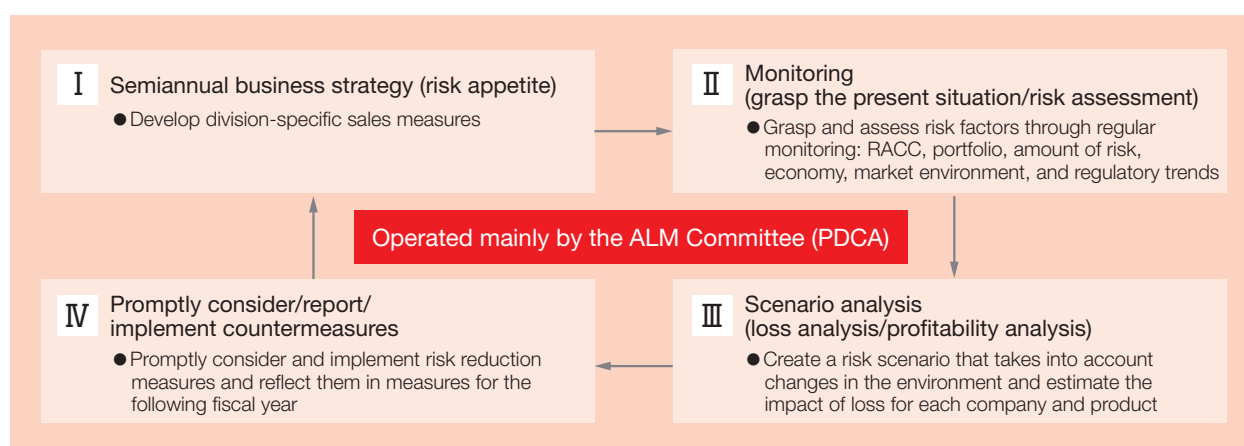
Risk Appetite Framework (RAF)

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

Under the RAF, the Bank operates the risk capital allocation system, verifies the degree of capital adequacy by conducting stress tests, and verifies risk appetite based on highly probable scenario analysis that takes into account changes in the internal and external environment. Specifically, each division develops sales measures (risk appetite policy) at the beginning of each fiscal year, and periodically monitors changes in the external environment, such as economic conditions, markets, and regulations, and the status of the Bank’s portfolio. Based on detailed verification to see if there is any problem in the current status of risk taking, the divisions consider concrete countermeasures and reflect them in measures for the following fiscal year. In addition, risk capital allocation is reviewed as necessary. As such, the RAF is a framework to ensure the sustainability of business model over the medium and long term and reduce the impact of loss at the time of occurrence of stress events.

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

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



Measures for Maintaining Asset Soundness

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

Self-assessment and Debtor Classification

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

Debtor Classification

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

Disposal of Non-performing Assets

The Bank has taken appropriate measures to dispose of non-performing assets by implementing write-offs and providing allowances at the end of each quarter on the basis of the results of a rigorous self-assessment of assets. The allowance for loan losses from Bankrupt Assets and Effectively Bankrupt Assets makes up the full amount of the claims not covered by collateral. The allowance for loan losses from Potentially Bankrupt Assets and Substandard Assets is equal to the amount of expected losses calculated on the past loan loss ratio, as a rule. With respect to major debtors, the Bank calculates using the discounted cash flow (DCF) method* for Potentially Bankrupt Assets and Substandard Assets.

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

Disclosure of Non-performing Assets

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

Risk-monitored Loans

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

	As of March 31, 2020		As of March 31, 2021	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Loans to Bankrupt Borrowers	1.3	1.1	1.3	1.2
Delinquent Loans	71.8	70.0	71.1	69.6
Loans Past Due 3 Months or More	1.6	1.6	1.0	1.0
Restructured Loans	42.5	42.5	41.1	41.1
Total	117.5	115.5	114.6	113.1

(¥ billion)

Disclosed Claims under the Financial Reconstruction Law

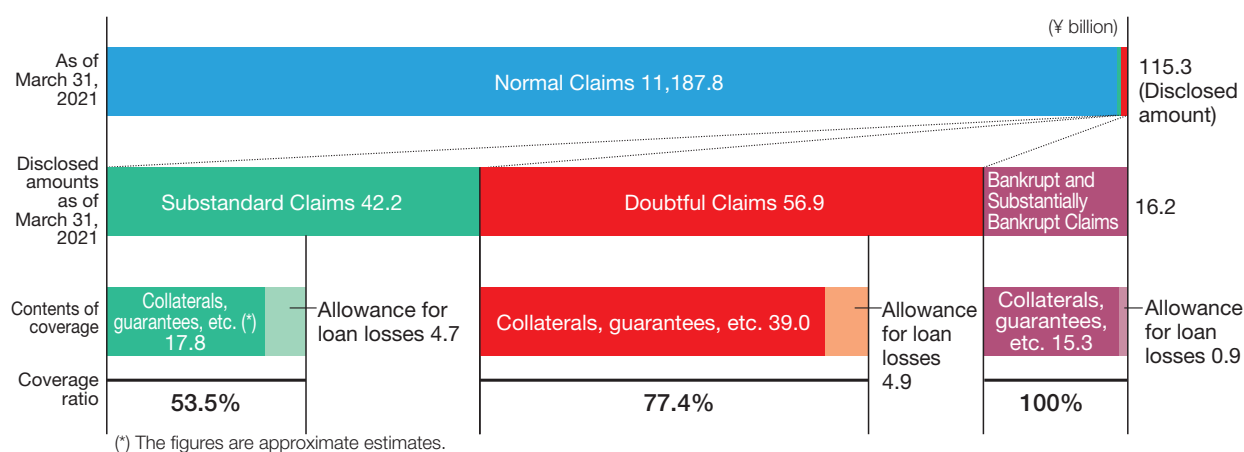
Disclosed claims under the Financial Reconstruction Law include customers' liabilities for acceptances and guarantees other than loans, accrued interest, foreign exchange, and other assets, with the exception of Substandard Claims. The Bank discloses Bankrupt Assets and Effectively Bankrupt Assets under self-assessment as Bankrupt and Substantially Bankrupt Claims, Potentially Bankrupt Assets under self-assessment as Doubtful Claims, and loans delinquent three months or more and loans for which repayment terms have been eased in Assets Requiring Caution under self-assessment as Substandard Claims.

	As of March 31, 2020	As of March 31, 2021
Bankrupt and Substantially Bankrupt Claims	18.5	16.2
Doubtful Claims	55.5	56.9
Substandard Claims	44.2	42.2
Total	118.3	115.3
Normal Claims	10,616.4	11,187.8

(¥ billion)

Amounts of Assets Assessed under Article 7 of the Financial Reconstruction Law and Coverage Status

As of March 31, 2021, disclosed claims under the Financial Reconstruction Law were ¥115.3 billion and the non-performing loan ratio was 1.02%. The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees, stands at 71.8%, 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.



Management Base to Support “Sustainable Management” Internal Audit

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

The Audit and Inspection Division reports directly to the Board of Directors and conducts internal audits of branches, headquarters, group companies, etc. in accordance with the Internal Audit Regulations and the Internal Audit Plan, a plan established every year and approved by the Board of Directors. The division reports the results and findings of internal audits to the Internal Audit Committee and the Board of Directors, both of which, as a general rule, meet once a month. Problem areas from the perspective of compliance and risk management and improvement measures are examined during this process.

In order to conduct efficient and effective internal audits, the Audit and Inspection Division works to conduct risk-based internal audits which determine the themes, frequencies and depths of audits based on the types and degrees of risk while taking into account the management team's recognition of risk. In addition, the division strives to increase the sophistication of internal audits by taking measures, such as enhancing the check and supervisory functions, adapting to environmental changes, improving the audit quality, training specialized human resources, strengthening audits of overseas branches and group companies, and collaborating on audits with alliance banks.

(As of June 25, 2021)

Directors



Chairman
(Representative Director)
Group Chief Executive Officer
Hidetoshi Sakuma



President
(Representative Director)
Group Chief Operating Officer
Tsutomu Yonemoto

Apr. 1976 Joined the Bank
Jun. 2003 Director, General Manager, Corporate Planning Division, the Bank
Jun. 2006 Director and Managing Executive Officer, General Manager, Head Office, the Bank
Jun. 2007 Director and Managing Executive Officer, Executive Officer in charge of Treasury Division and Treasury Operation Division, the Bank
Mar. 2009 President, the Bank
Jun. 2018 President, Group Chief Executive Officer, the Bank
Jun. 2021 Chairman, Group Chief Executive Officer, the Bank

Apr. 1987 Joined the Bank
Jun. 2016 Executive Officer, General Manager, Business Promotion Division, the Bank
Jun. 2017 Director and Managing Executive Officer, Executive Officer in charge of Treasury Division and Treasury Operation Division, the Bank
Jun. 2018 Director and Managing Executive Officer, Group Chief Business Officer, General Manager, Business Promotion Management Division, the Bank
Jun. 2019 Director and Senior Executive Officer, Group Chief Strategy Officer, General Manager, Corporate Planning Headquarters, Executive Officer in charge of Corporate Planning Division, Public Relations Division, New Head Office Project Office and Corporate Administration Division, the Bank
Apr. 2020 Director and Senior Executive Officer, Group Chief Strategy Officer, Group Chief Digital Transformation Officer, General Manager, Corporate Planning Headquarters, Executive Officer in charge of Corporate Planning Division, Public Relations Division, New Head Office Project Office and Corporate Administration Division, the Bank
Apr. 2021 Director and Senior Executive Officer, the Bank
Jun. 2021 President, Group Chief Operating Officer, the Bank



Director and Senior Executive Officer
Group Chief Strategy Officer
Group Chief Digital Transformation Officer
Tadayoshi Shinozaki



Director and Senior Executive Officer
Group Chief Business Officer
General Manager, Business Promotion Management Division
Kiyomi Yamazaki

Apr. 1988 Joined the Bank
Jun. 2017 Executive Officer, General Manager, Corporate Planning Division, the Bank
Jun. 2018 Director and Managing Executive Officer, Group Chief Strategy Officer, General Manager, Corporate Planning Headquarters, Executive Officer in charge of General Secretariat, Corporate Planning Division and Public Relations Division, the Bank
Jun. 2019 Director and Senior Executive Officer, Group Chief Business Officer, General Manager, Business Promotion Management Division, the Bank
Apr. 2021 Director and Senior Executive Officer, Group Chief Strategy Officer, Group Chief Digital Transformation Officer, Executive Officer in charge of Corporate Planning Division, Digital Innovation Division, Public Relations Division and Corporate Administration Division, the Bank

Apr. 1988 Joined the Bank
Jun. 2014 General Manager, Sakura Branch, the Bank
Jun. 2016 General Manager, Consumer Loan Business Division, the Bank
Jun. 2017 General Manager, Business Promotion Division, the Bank
Jun. 2018 Executive Officer, General Manager, Chuo Branch and Keisei-ekimae Branch, the Bank
Apr. 2019 Executive Officer, Deputy to Executive Officer in charge of Prefectural Block, the Bank
Jun. 2019 Executive Officer in charge of Domestic Business, the Bank
Jun. 2020 Managing Executive Officer, General Manager, Head Office and Saiwaicho Sub Branch, the Bank
Apr. 2021 Senior Executive Officer, General Manager, Business Promotion Management Division, Group Chief Business Officer, the Bank
Jun. 2021 Director and Senior Executive Officer, General Manager, Business Promotion Management Division, Group Chief Business Officer, the Bank

Directors



Director and Managing Executive Officer
Group Chief Information Officer
Norio Takatsu



Director and Managing Executive Officer
Group Chief Human Resources Officer
Mutsumi Awaji

Apr. 1985 Joined the Bank
Jun. 2015 Executive Officer, General Manager, EDP System Division, the Bank
Jun. 2016 Director, Executive Officer in charge of Operation Planning Division, EDP System Division, Business Operation Division and Operation Division, the Bank
Jun. 2017 Director and Managing Executive Officer, Executive Officer in charge of Operation Planning Division, EDP System Division, Business Operation Division and Operation Division, the Bank
Jun. 2018 Director and Managing Executive Officer, Group Chief Information Officer, General Manager, Operation Headquarters, Executive Officer in charge of Operation Planning Division, EDP System Division, Business Operation Division and Operation Division, the Bank
Apr. 2021 Director and Managing Executive Officer, Group Chief Information Officer, Executive Officer in charge of Operation Planning Division, EDP System Division, Business Operation Division and Operation Division, the Bank

Apr. 1989 Joined the Bank
Jun. 2018 General Manager, Regional Revitalization Division, the Bank
Jun. 2019 Executive Officer, General Manager, Regional Revitalization Division, the Bank
Apr. 2020 Executive Officer, General Manager, Corporate Business Division, the Bank
Apr. 2021 Managing Executive Officer, Group Chief Human Resources Officer, Executive Officer in charge of Human Resources Division and Diversity Management Division, the Bank
Jun. 2021 Director and Managing Executive Officer, Group Chief Human Resources Officer, Executive Officer in charge of Human Resources Division, Diversity Management Division and General Secretariat, the Bank

(As of June 25, 2021)

Outside Directors



Non-Standing Director (Outside Director)
Yuko Tashima

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



Non-Standing Director (Outside Director)
Yasuko Takayama

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



Non-Standing Director (Outside Director)
Takahide Kiuchi

Apr. 1987 Joined Nomura Research Institute, Ltd.
Jun. 2002 Head, Japanese Economic Research Unit, Economic Research Department, Nomura Research Institute, Ltd.
Jun. 2004 Deputy Head, Economic Research Department and Head, Japanese Economic Research Section, Financial & Economic Research Center, Nomura Securities Co., Ltd.
Jun. 2007 Managing Director, Head, Economic Research Department and Chief Economist, Financial & Economic Research Center, Nomura Securities Co., Ltd.
Jul. 2012 Member of the Policy Board, the Bank of Japan
Jul. 2017 Executive Economist, Nomura Research Institute, Ltd. (current position)
Jun. 2020 Outside Director, the Bank (current position)

(As of June 25, 2021)

Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member Daizo Iijima

Apr. 1984 Joined the Bank
Jun. 2014 Executive Officer, General Manager, Human Resources Division, the Bank
Jun. 2015 Director and Managing Executive Officer, the Bank
Jun. 2017 Director and Senior Executive Officer, the Bank
Jun. 2018 Director and President, Chibagin Heartful Co., Ltd.
Jun. 2020 Audit & Supervisory Board Member, the Bank (current position)



Standing Audit & Supervisory Board Member Kazuhiro Kikuchi

Apr. 1983 Joined the Ministry of Finance
Jul. 2011 Director General, Fukuoka Local Finance Branch Bureau
Jul. 2012 Director, Urban Renaissance Agency
Jul. 2014 Councillor, Cabinet Secretariat
Jul. 2016 Executive Director, Federation of National Public Service Personnel Mutual Aid Associations
Jul. 2017 Senior Executive Director, Federation of National Public Service Personnel Mutual Aid Associations
Jun. 2021 Outside Audit & Supervisory Board Member, the Bank (current position)



Standing Audit & Supervisory Board Member Norikazu Takahashi

Apr. 1985 Joined the Bank of Japan
Aug. 2008 General Manager, Okayama Branch, the Bank of Japan
May 2012 Deputy Director-General, Currency Issue Department, the Bank of Japan
Nov. 2013 General Manager, Sendai Branch, the Bank of Japan
May 2015 General Manager, Information System Services Department, the Bank of Japan
Jun. 2016 Executive Director, The Center for Financial Industry Information Systems
Auditor, The Financial Futures Association of Japan
Jun. 2021 Outside Audit & Supervisory Board Member, the Bank (current position)



Non-Standing Audit & Supervisory Board Member Yuichi Katayama

Apr. 1988 Joined the Bank
May 2014 General Manager, Matsugaoka Branch, the Bank
Jun. 2015 General Manager, Operation Planning Division, the Bank
Jun. 2018 Executive Officer, General Manager, EDP System Division, the Bank
Apr. 2021 Advisor to the President, Chibagin Computer Service Co., Ltd.
Jun. 2021 Audit & Supervisory Board Member, the Bank (current position)
Audit & Supervisory Board Member, Chibagin Computer Service Co., Ltd. (current position)
Audit & Supervisory Board Member, Chibagin Securities Co., Ltd. (current position)



Non-Standing Audit & Supervisory Board Member Wataru Takahashi

Apr. 1975 Joined the Chiba Prefectural Government
Apr. 2008 Secretary General, Prefectural Assembly, Chiba Prefectural Government
Apr. 2009 Executive Director, Commerce, Industry and Labor Department, Chiba Prefectural Government
Apr. 2010 Executive Director, Policy and Planning Department, Chiba Prefectural Government
Apr. 2012 Executive Director, General Affairs Department, Chiba Prefectural Government
Apr. 2013 Vice-Governor, Chiba Prefecture
Jun. 2021 Outside Audit & Supervisory Board Member, the Bank (current position)

Executive Officers

Arihiko Totsuka

Managing Executive Officer (Group Chief Risk Officer)

Kazuyoshi Takayama

Managing Executive Officer (General Manager of Head Office and Saiwaicho Sub Branch)

Kazuhiko Miyagi

Managing Executive Officer (In charge of Outside the Chiba Prefecture Business, Market and International Business)

Hironaga Fukuo

Managing Executive Officer (In charge of Credit Unit)

Hiroaki Aso

Managing Executive Officer (In charge of Chiba Prefecture Business)

Nobukazu Odaka

Executive Officer (General Manager of Corporate Planning Division)

Yusuke Nishimura

Executive Officer (General Manager of Tokyo Head Office)

Yoichi Mataki

Executive Officer (General Manager of Payment Card Business Division)

Tokiko Nakayama

Executive Officer (General Manager of Consumer Loan Business Division)

Kyota Izumi

Executive Officer (General Manager of Business Support Division)

Kazunari Tanaka

Executive Officer (General Manager of EDP System Division)

Junji Nakamura

Executive Officer (General Manager of Corporate Administration Division)

Takashi Makinose

Executive Officer (General Manager of Human Resources Division)

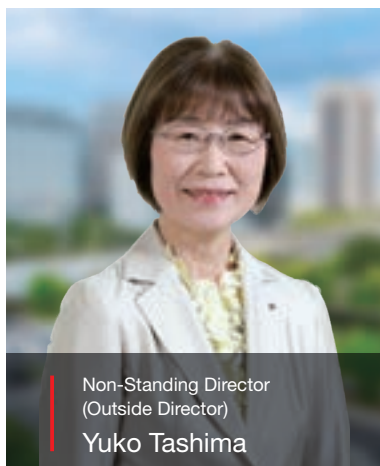
Yukio Mikami

Executive Officer (General Manager of Akihabara Branch)

Masayuki Sugihara

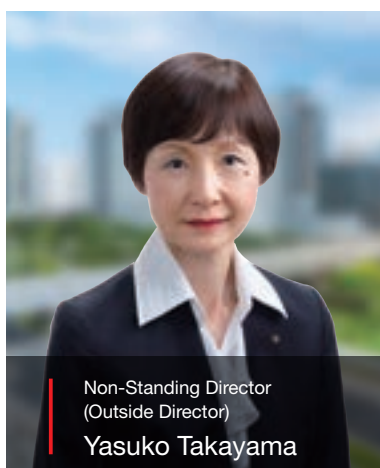
Executive Officer (General Manager of Chuo Branch and Keisei-ekimae Branch)

Message from Outside Directors



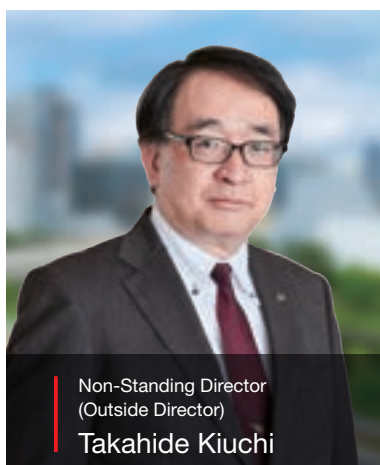
The Chiba Bank is active in promoting diversity, especially opening career paths to women and improving the working environment. The Bank was selected as the “Nadeshiko Brand” for four consecutive years and became the first financial institution selected as “New Diversity Management Selection 100 Prime” last year. This year, we witnessed the appointment of our first home-grown female director at the general meeting of shareholders and a female executive officer thriving in the Bank. I would like to use my experience in deliberating bills such as the Act on Promotion of Women’s Participation and Advancement in the Workplace as a member of the Labour Policy Council at Japan’s Ministry of Health, Labour and Welfare to vigorously promote further diversity within the Bank.

In recent years, regional banks have been required to transform themselves swiftly and boldly in order to fulfill its role in regional community affairs amid a rapidly changing social environment. I would also like to draw on my experience as a member of the Financial System Council at Japan’s Financial Services Agency to channel our knowledge and expertise from the customer’s perspective so that we can fulfill these expectations.



Today’s major trends in social reform present various opportunities and risks for the Chiba Bank Group, such as the pursuit of decarbonization and digitalization as well as the deregulation of financial institutions. Under the current medium term management plan, we are boldly tackling challenges, such as creating new customer value and building a new business model that is possible because we are a regional financial institution. However, as changes in our external environment accelerate, it is becoming increasingly important for the Board of Directors to indicate a clear direction for our medium to long-term management strategy and, at the same time, strengthen the Board’s supervisory function to monitor its progress.

I intend to fulfill my responsibilities as an outside director by drawing on my experience at non-financial companies in marketing, sustainability, corporate governance, and other fields to give suggestions and proposals from an objective and fair perspective.



Society’s expectations of the roles and functions banks should play are increasing day by day. Recently, banks are being expected to proactively encourage their corporate customers to help realize a decarbonized society. In such an environment, the role of outside directors is growing in significance as members who always deeply consider a bank’s social role from an external perspective and make useful proposals to fulfil that role.

I have worked as an economist at think tanks and securities companies for many years. I have also been involved in monetary policy decisions at the Bank of Japan. Drawing on these economic and financial skills, I will do my utmost to help promote the sustainable growth of the Chiba Bank Group, revitalize the regional economy, and promote decarbonization and other positive social change.

Financial and Corporate Data

Five-Year Summary (Consolidated)

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

	Millions of Yen*1					Thousands of U.S. Dollars*2
	2021	2020	2019	2018	2017	2021
For the Year						
Total Income	¥ 232,943	¥ 242,984	¥ 238,621	¥ 234,166	¥ 227,850	\$ 2,104,084
Total Expenses	161,481	174,208	166,399	157,077	151,243	1,458,595
Profit before Income Taxes	71,462	68,775	72,221	77,089	76,606	645,489
Profit	49,641	48,037	50,478	53,796	52,730	448,394
Profit Attributable to Non-controlling Interests	—	—	—	—	—	—
Profit Attributable to Owners of Parent	49,641	48,037	50,478	53,796	52,730	448,394
At Year-End						
Total Assets	¥17,898,168	¥15,609,936	¥14,964,129	¥14,381,815	¥14,095,743	\$161,667,136
Loans and Bills Discounted	11,166,329	10,565,697	10,090,072	9,774,912	9,268,854	100,861,070
Securities	2,401,246	2,118,588	2,095,049	2,169,542	2,381,490	21,689,519
Deposits	14,543,283	13,216,977	12,847,994	12,468,379	11,984,784	131,363,777
Net Assets	1,041,756	929,334	952,267	943,236	900,550	9,409,778
Capital Ratio (BIS guidelines)	12.79%	12.12%	12.63%	13.18%	13.59%	12.79%
PER (Times)	10.85	7.39	9.20	12.57	10.94	10.85
PBR (Times)	0.51	0.37	0.48	0.70	0.63	0.51

	Yen					U.S. Dollars
Per Share						
Profit	¥ 66.82	¥ 63.99	¥ 65.30	¥ 67.98	¥ 65.32	\$ 0.60
Net Assets	1,401.40	1,250.41	1,250.05	1,207.15	1,128.31	12.66

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

*2 U.S. dollar amounts are shown solely for the convenience of the readers of this Integrated Report and are translated at the rate of ¥110.71 to \$1.00, the exchange rate prevailing at March 31, 2021.

Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2021

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2021	2020	2021
Assets			
Cash and Due from Banks	¥ 3,615,356	¥ 1,928,656	\$ 32,656,102
Call Loans and Bills Bought	81,039	152,307	732,000
Receivables under Resale Agreements	19,999	19,999	180,652
Monetary Claims Bought	20,600	21,245	186,076
Trading Assets	157,955	418,373	1,426,746
Money Held in Trust	21,647	28,684	195,533
Securities	2,401,246	2,118,588	21,689,519
Loans and Bills Discounted	11,166,329	10,565,697	100,861,070
Foreign Exchanges	6,725	6,394	60,748
Other Assets	248,729	199,995	2,246,672
Tangible Fixed Assets	126,881	116,118	1,146,067
Intangible Fixed Assets	14,447	14,593	130,497
Net Defined Benefit Asset	13,662	536	123,409
Deferred Tax Assets	4,015	4,776	36,269
Customers' Liabilities for Acceptances and Guarantees	32,388	45,259	292,550
Allowance for Loan Losses	(32,855)	(31,291)	(296,773)
Total Assets	¥17,898,168	¥15,609,936	\$161,667,136
Liabilities			
Deposits	¥14,543,283	¥13,216,977	\$131,363,777
Call Money and Bills Sold	463,298	220,000	4,184,790
Payables under Repurchase Agreements	10,792	30,657	97,486
Payables under Securities Lending Transactions	279,072	287,159	2,520,751
Trading Liabilities	16,792	25,641	151,683
Borrowed Money	1,198,092	522,514	10,821,900
Foreign Exchanges	505	834	4,564
Bonds Payable	83,160	115,229	751,159
Borrowed Money from Trust Account	3,743	2,790	33,815
Other Liabilities	177,239	195,755	1,600,934
Net Defined Benefit Liability	727	1,655	6,570
Provision for Directors' Retirement Benefits	190	192	1,717
Provision for Reimbursement of Deposits	1,140	1,692	10,298
Provision for Point Loyalty Programs	634	576	5,727
Reserve under Special Laws	21	21	198
Deferred Tax Liabilities	34,858	3,129	314,863
Deferred Tax Liabilities for Land Revaluation	10,470	10,511	94,577
Acceptances and Guarantees	32,388	45,259	292,550
Total Liabilities	¥16,856,412	¥14,680,602	\$152,257,358
Net Assets			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,310,353
Capital Surplus	122,134	122,134	1,103,190
Retained Earnings	676,994	641,387	6,115,028
Treasury Shares	(49,121)	(49,194)	(443,696)
Total Shareholders' Equity	895,076	859,396	8,084,874
Valuation Difference on Available-for-sale Securities	139,614	73,231	1,261,083
Deferred Gains or Losses on Hedges	(5,762)	(8,504)	(52,051)
Revaluation Reserve for Land	9,931	10,025	89,707
Remeasurements of Defined Benefit Plans	2,268	(5,330)	20,490
Total Accumulated Other Comprehensive Income	146,051	69,423	1,319,230
Subscription Rights to Shares	628	514	5,675
Total Net Assets	¥ 1,041,756	¥ 929,334	\$ 9,409,778
Total Liabilities and Net Assets	¥17,898,168	¥15,609,936	\$161,667,136

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Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2021

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2021	2020	2021
Income			
Interest Income:			
Interest on Loans and Discounts	¥103,665	¥111,429	\$ 936,373
Interest and Dividends on Securities	28,876	31,163	260,826
Other Interest Income	1,555	2,088	14,048
Trust Fees	23	8	213
Fees and Commissions	55,094	52,666	497,649
Trading Income	5,989	5,457	54,099
Other Ordinary Income	6,043	6,544	54,590
Other Income	31,694	33,625	286,285
Total Income	¥232,943	¥242,984	\$2,104,084
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 2,350	¥ 11,380	\$ 21,230
Interest on Borrowings and Rediscounts	692	2,251	6,259
Other Interest Expenses	9,547	10,517	86,237
Fees and Commissions Payments	18,316	19,669	165,449
Trading Expenses	—	10	—
Other Ordinary Expenses	2,506	1,952	22,643
General and Administrative Expenses	93,955	89,029	848,665
Other Expenses	34,111	39,396	308,112
Total Expenses	¥161,481	¥174,208	\$1,458,595
Profit before Income Taxes	71,462	68,775	645,489
Income Taxes—Current	22,667	21,204	204,742
Income Taxes—Deferred	(846)	(465)	(7,647)
Profit	¥ 49,641	¥ 48,037	\$ 448,394
Profit Attributable to Owners of Parent	¥ 49,641	¥ 48,037	\$ 448,394

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Non-Consolidated Balance Sheet

The Chiba Bank, Ltd.
As of March 31, 2021

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2021	2020	2021
Assets			
Cash and Due from Banks	¥ 3,609,203	¥ 1,923,761	\$ 32,600,522
Call Loans	81,039	152,307	732,000
Receivables under Resale Agreements	19,999	19,999	180,652
Monetary Claims Bought	10,120	10,650	91,416
Trading Assets	157,387	412,833	1,421,617
Money Held in Trust	12,147	21,684	109,723
Securities	2,380,625	2,103,737	21,503,257
Loans and Bills Discounted	11,206,449	10,616,525	101,223,462
Foreign Exchanges	6,725	6,394	60,748
Other Assets	166,114	122,124	1,500,447
Tangible Fixed Assets	121,234	110,990	1,095,065
Intangible Fixed Assets	14,129	14,377	127,625
Prepaid Pension Cost	10,398	7,284	93,928
Customers' Liabilities for Acceptances and Guarantees	25,125	37,204	226,949
Allowance for Loan Losses	(24,882)	(22,815)	(224,750)
Total Assets	¥17,795,820	¥15,537,059	\$160,742,661
Liabilities			
Deposits	¥14,613,955	¥13,285,206	\$132,002,128
Call Money	463,298	220,000	4,184,790
Payables under Repurchase Agreements	10,792	30,657	97,486
Payables under Securities Lending Transactions	279,072	287,159	2,520,751
Trading Liabilities	16,792	25,641	151,683
Borrowed Money	1,185,635	521,711	10,709,378
Foreign Exchanges	505	834	4,564
Bonds Payable	83,160	115,229	751,159
Borrowed money from Trust Account	3,743	2,790	33,815
Other Liabilities	110,185	130,781	995,266
Provision for Reimbursement of Deposits	1,140	1,692	10,298
Provision for Point Loyalty Programs	328	278	2,965
Deferred Tax Liabilities	29,493	2,316	266,405
Deferred Tax Liabilities for Land Revaluation	10,470	10,511	94,577
Acceptances and Guarantees	25,125	37,204	226,949
Total Liabilities	¥16,833,700	¥14,672,016	\$152,052,213
Net Assets			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,310,353
Capital Surplus	122,134	122,134	1,103,190
Retained Earnings	612,593	580,928	5,533,316
Legal Retained Earnings	50,930	50,930	460,033
Other Retained Earnings	561,663	529,998	5,073,283
Treasury Shares	(49,121)	(49,194)	(443,696)
Total Shareholders' Equity	830,674	798,937	7,503,161
Valuation Difference on Available-for-Sale Securities	126,647	64,068	1,143,955
Deferred Gains or Losses on Hedges	(5,762)	(8,504)	(52,051)
Revaluation Reserve for Land	9,931	10,025	89,707
Total Valuation and Translation Adjustments	130,816	65,590	1,181,612
Subscription Rights to Shares	628	514	5,675
Total Net Assets	¥ 962,119	¥ 865,042	\$ 8,690,448
Total Liabilities and Net Assets	¥17,795,820	¥15,537,059	\$160,742,661

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Non-Consolidated Statement of Income

The Chiba Bank, Ltd.
For the year ended March 31, 2021

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2021	2020	2021
Income			
Interest Income:			
Interest on Loans and Discounts	¥103,693	¥111,440	\$ 936,621
Interest and Dividends on Securities	31,971	34,370	288,782
Other Interest Income	1,464	1,998	13,229
Trust Fees	23	8	213
Fees and Commissions	45,013	43,235	406,586
Trading Income	1,763	1,812	15,929
Other Ordinary Income	6,034	6,548	54,508
Other Income	9,244	12,855	83,506
Total Income	¥199,208	¥212,270	\$1,799,374
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 2,353	¥ 11,385	\$ 21,261
Interest on Borrowings and Rediscounts	669	2,250	6,047
Other Interest Expenses	9,525	10,496	86,037
Fees and Commissions Payments	18,865	20,601	170,402
Trading Expenses	—	10	—
Other Ordinary Expenses	2,506	1,952	22,643
General and Administrative Expenses	87,415	82,560	789,589
Other Expenses	13,950	18,982	126,010
Total Expenses	¥135,286	¥148,240	\$1,221,989
Profit before Income Taxes	63,922	64,030	577,385
Income Taxes—Current	19,464	18,318	175,816
Income Taxes—Deferred	(1,240)	(225)	(11,209)
Profit	¥ 45,698	¥ 45,937	\$ 412,777

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Group Companies

The Chiba Bank Group, which comprises the Bank and 15 group companies, provides customers with a wide-ranging lineup of financial products and services.

● Securities and asset management businesses

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

● Research and consulting business

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

● Leasing and venture capital business

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

● Credit card business

Company	Principal business	Corporate profile	
Chibagin JCB Card Co., Ltd. World Business Garden Marive East 9F, 2-6-1, Nakase, Mihama-ku, Chiba-shi, Chiba 261-7109	Credit card and credit guarantee business	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	November 1, 1982 ¥50 million 49% 51%
Chibagin DC Card Co., Ltd. World Business Garden Marive East 9F, 2-6-1, Nakase, Mihama-ku, Chiba-shi, Chiba 261-7109	Credit card and credit guarantee business	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	February 16, 1989 ¥50 million 40% 60%

● Staffing service and outsourcing business

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

● Credit guarantees and management business

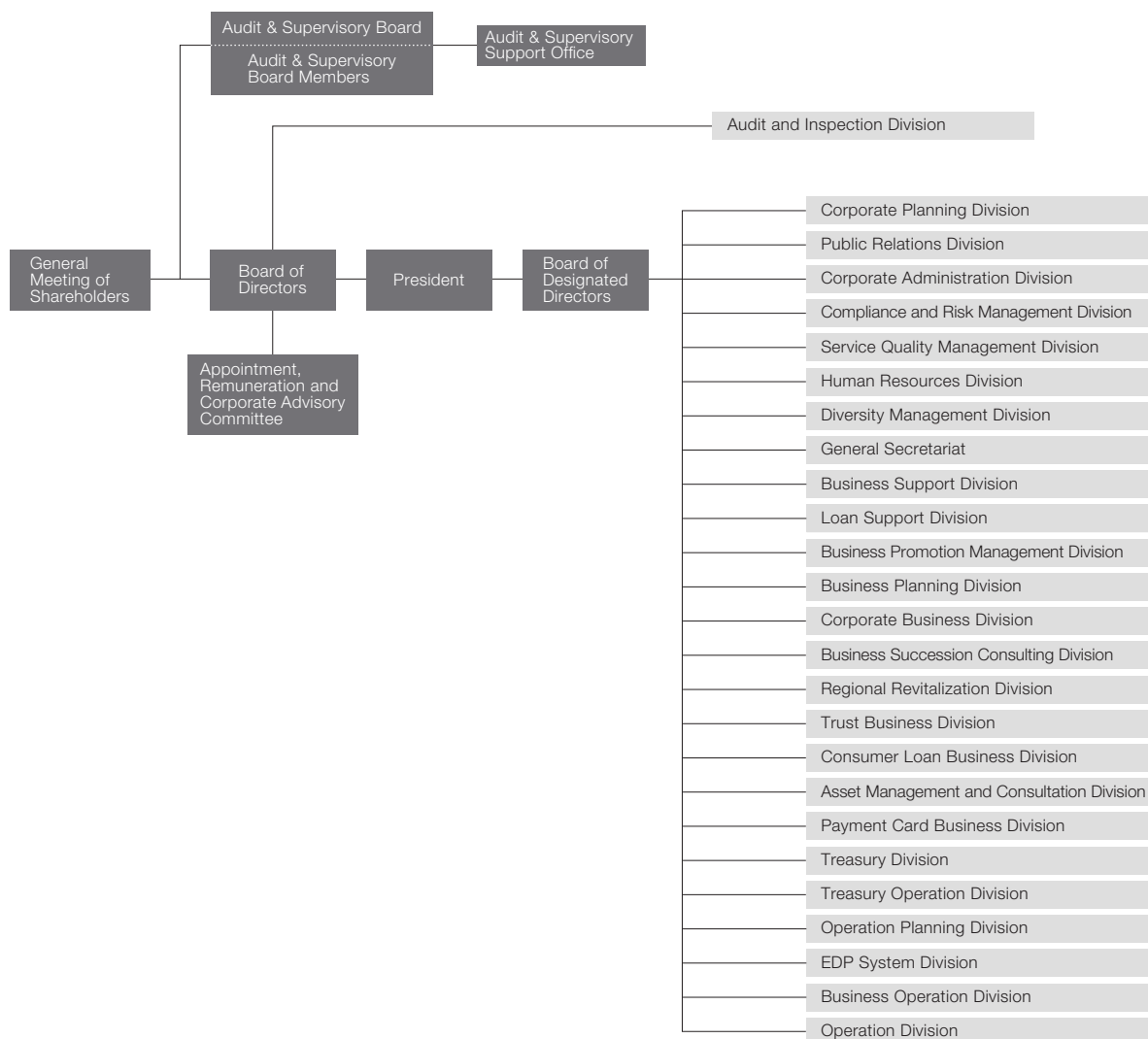
Company	Principal business	Corporate profile	
Chibagin Guarantee Co., Ltd. 3-17-5, Inage-higashi, Inage-ku, Chiba-shi, Chiba 263-0031	Loan guarantees, fee collection services	Established: Capital: Bank's voting rights: Subsidiaries' voting rights:	May 1, 1978 ¥54 million 45.63% 54.37%
Chiba Servicer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

● Regional trading company

Company	Principal business	Corporate profile	
Chibagin Market Co., Ltd. Tsukamoto Dai-chiba Building 2F, 2-3-1 Fujimi, Chuo-ku, Chiba-shi, Chiba 260-0015	Regional trading company	Established: Capital: Bank's voting rights:	May 10, 2021 ¥100 million 100%

Organization

The Chiba Bank, Ltd.
As of June 25, 2021



International Directory

The Chiba Bank, Ltd.
As of July 1, 2021

Head Office

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

Treasury Operation Division

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

Treasury Division

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

New York Branch

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

Hong Kong Branch

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

London Branch

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

Shanghai Representative Office

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

Representative Office Registered in Singapore

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

Bangkok Representative Office

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

Corporate Data

The Chiba Bank, Ltd.
As of March 31, 2021

Principal Shareholders

The ten largest shareholders of the Bank and their respective shareholdings as of March 31, 2021 were as follows:

	Number of Shares (in thousands)*1	Percentage of Total Shares Issued*2 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	68,577	9.23
Custody Bank of Japan, Ltd. (Trust Account)	33,344	4.48
Nippon Life Insurance Company	26,870	3.61
The Dai-ichi Life Insurance Company, Limited	26,230	3.53
Sompo Japan Insurance Inc.	18,537	2.49
Meiji Yasuda Life Insurance Company	18,291	2.46
SUMITOMO LIFE INSURANCE COMPANY MUFG Bank, Ltd.	17,842	2.40
MUFG Bank, Ltd.	17,707	2.38
STATE STREET BANK AND TRUST COMPANY 505223	14,507	1.95
Custody Bank of Japan, Ltd. (Trust Account 7)	11,195	1.50

Excluded from the figures above are 72,602 thousand treasury shares in the name of the Chiba Bank, Ltd. (Excludes one thousand shares which, although registered in the name of the Chiba Bank, Ltd. on the shareholder list, are not actually owned by the Bank.)

*1 Rounded down to the nearest thousand

*2 Rounded down to two decimal places

Corporate Profile

Established	March 1943
Network	183 offices (159 branches, 21 sub branches, 3 virtual branches)
	Domestic
	3 money exchange counters
	49,781 off-branch ATM locations (including 12,213 E-net ATM locations at convenience stores, 23,820 ATM locations jointly with Seven Bank, Ltd., 13,448 ATM locations jointly with Lawson Bank, Inc.)
	Overseas
	3 branches (New York/Hong Kong/London)
	3 representative offices (Shanghai/Singapore/Bangkok)
Number of Employees*1	4,168
Total Assets	¥17,795.8 billion (Non-Consolidated)
Deposits	¥14,104.5 billion (Non-Consolidated)
Loans and Bills Discounted	¥11,206.4 billion (Non-Consolidated)
Capital Stock	¥145.0 billion
Total Capital Ratio (BIS guidelines)	12.79% (Consolidated) 12.09% (Non-Consolidated)
Authorized Number of Shares	2,500,000 thousand
Number of Issued Shares	815,521 thousand
Number of Shareholders*2	33,026
Stock Listing (Code)	Tokyo Stock Exchange (8331)
Transfer Agent	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi Kayabacho, Chuo-ku, Tokyo 103-8202

Figures as shown are rounded down in principal.

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

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

THE CHIBA BANK, LTD.

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