



# ANNUAL REPORT 2019

## Profile

As moves to establish new banks that were more community-based gathered momentum, the Chiba Kogyo Bank was founded in 1952 with the spirit of “acting as a reliable adviser to small- and medium-sized enterprises in Chiba Prefecture” and opened for business in Chiba City, Chiba Prefecture.

By putting into practice its corporate philosophy of “Moving Forward with the Region, with Heartfelt Kindness Toward Customers,” the Bank has gained trust from regional customers and has promoted community-based finance rooted in the regional area and contributed to the local economy and local society, striving to be “a bank that continues to be chosen, with an absolute presence indispensable to the area and our customers.”

## Corporate Outline (As of March 31, 2019)

<b>Name:</b>	The Chiba Kogyo Bank, Ltd.
<b>Date of Establishment:</b>	January 18, 1952 (Start of Business: March 3, 1952)
<b>Head Office:</b>	1-2, Saiwaicho 2-chome, Mihama-ku, Chiba 261-0001 Telephone: +81-43-243-2111 URL: <a href="https://www.chibakogyo-bank.co.jp">https://www.chibakogyo-bank.co.jp</a>
<b>Financial Market Division:</b>	2-2, Saiwaicho 2-chome, Mihama-ku, Chiba 261-0001 Telephone: +81-43-243-0852 SWIFT Address: CHIK JP JT Fax Number: +81-43-243-0235
<b>Network</b>	
<b>Head Office and Branches:</b>	74
<b>Number of Employees:</b>	1,356
<b>Stock Exchange Listing:</b>	1st Section of Tokyo Stock Exchange
<b>Paid-in Capital:</b>	¥62,120 million
<b>Number of Common Stock:</b>	Authorized: 296,000 thousand shares Issued and outstanding: 62,222,045 shares
<b>Number of Common Stock Shareholders:</b>	11,299

The Chiba Kogyo Bank, Ltd. is an affiliate under the equity method of Mizuho Financial Group, Inc.

Name	Location	Business category	Capital (Millions of yen)	Founded	Percentage of voting rights of the Bank
Mizuho Financial Group, Inc.	Chiyoda-ku, Tokyo	Holding company for financial service companies	2,256,767	Jan. 8, 2003	16.9% (16.9%)

Note: Figures in parentheses in the column “Percentage of voting rights of the Bank” represent the Bank’s shares held by subsidiaries of Mizuho Financial Group, Inc.

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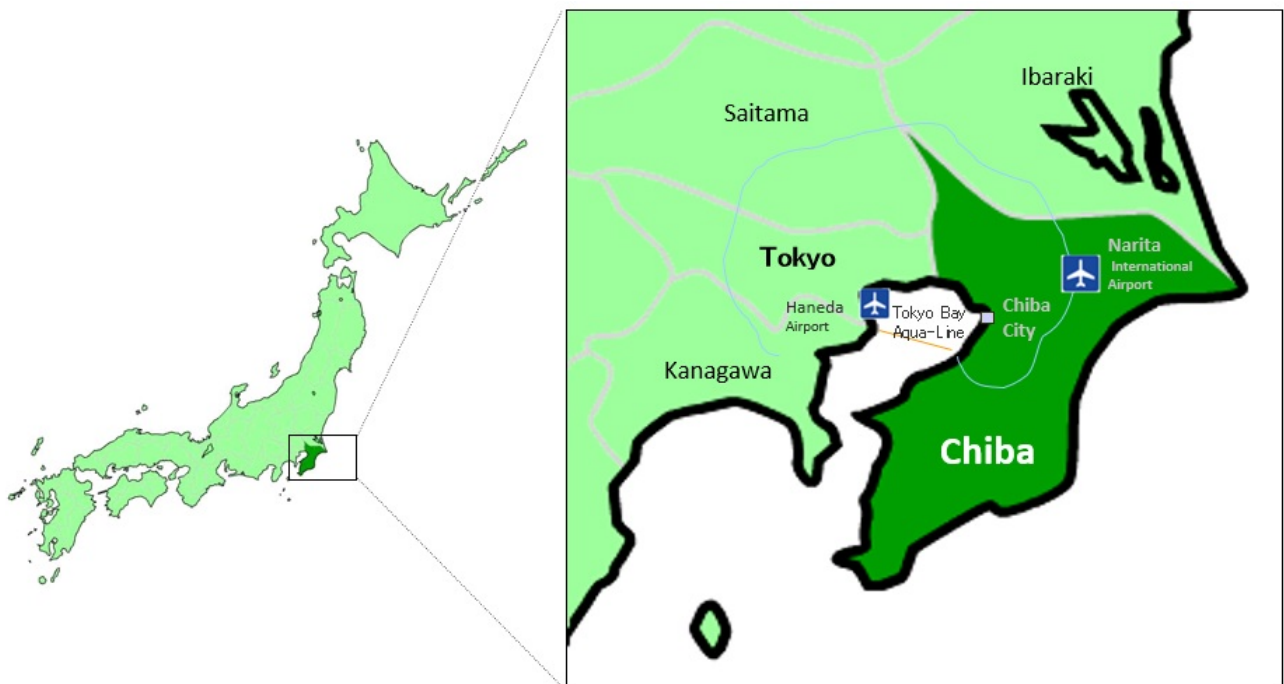
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# Chiba Prefecture – Our Business Base

Chiba Prefecture, the Chiba Kogyo Bank's business base, is located adjacent to Tokyo, and plays an important role in the functions of the Greater Tokyo Area.

Industry inside the prefecture is extremely active and well-balanced, and the prefecture is in the top rank nationally -- in agriculture, marine products, industrial products, commercial trade and also gross prefectural product. Chiba Prefecture is also home to many of Japan's preeminent facilities, including Makuhari Messe, one of Japan's largest convention facilities, and Narita International Airport.

In addition, with the enhanced development of the Tokyo Bay Aqua-Line Expressway (Trans-Tokyo Bay Highway connecting Chiba Prefecture and Kanagawa Prefecture) and the beltway connecting the core cities of the Greater Tokyo Area, accessibility to the metropolitan center has been greatly improved, and thus the number of sightseeing visitors to Chiba Prefecture is on an increasing trend. As preparations advance for the Tokyo Olympics and Paralympics in 2020, Chiba Prefecture is a prospering market, and is predicted to grow further in the future.



<b>Population</b> <b>6.25 Million</b> 6 th among Japanese Prefectures	<b>Balance Deposit</b> <b>¥ 29.7 Trillion</b> 6 th among Japanese Prefectures	<b>Balance of Loan</b> <b>¥ 14.6 Trillion</b> 7 th among Japanese Prefectures	<b>Gross Prefecture Product (nominal)</b> <b>¥ 20.2 Trillion</b> 7 th among Japanese Prefectures
<b>Agricultural Output</b> <b>¥ 470 Billion</b> 4 th among Japanese Prefectures	<b>Fishery Production Volume</b> <b>132K Tons</b> 6 th among Japanese Prefectures	<b>Manufacturing Output</b> <b>¥ 12.0 Trillion</b> 8 th among Japanese Prefectures	<b>Retail Sales</b> <b>¥ 0.8 Trillion</b> 7 th among Japanese Prefectures

Source: 2018, Population Estimates, Report on Internal Migration in Japan, Statistics Bureau of Japan, Mar.31.2019 Bank of Japan, Annual Report on Prefectural Accounts, 2015, Cabinet Office, Statistics of Agricultural Income Produced, 2017, Production Statistics for the Fishing and Aquaculture industries, 2017, Ministry of Agriculture, Forestry and Fisheries, Census of Manufactures 2017, Current Survey of Commerce 2018, Ministry of Economy, Trade and Industry



# Message from the President



**Hitoshi Umeda**

*President(CEO)*

As always, I would like to express my sincere gratitude for your continued patronage and support for the Chiba Kogyo Bank (the “Bank”).

On this occasion, we have formulated the “Annual Report 2019,” which highlights the Bank’s management activities and operating results, and provides an overview of our CSR and other initiatives. We would be pleased if stakeholders could take the time to peruse this document.

Chiba Prefecture, the basis for business of Chiba Kogyo Bank, has been seeing a continual influx of residents, and as of FY2018, it is home to over 6.26 million people. Moreover, the prefecture has plenty of potential to sustain and increase its growth at this time, amid a situation where it is expected to reap economic benefits associated with the Tokyo Olympic and Paralympic Games, and has also been steadily developing its expressways and other infrastructure.

However, there are expectations for a shift to a medium- to long-term trend for a shrinking population and progressive fall in the birthrate and aging population, which will also see an increase in the elderly as a proportion of the population.

Furthermore, backed by the business challenges of the prefecture’s small and medium enterprises and individual customer needs becoming increasingly diverse and sophisticated, in addition to currently continuing low interest rate environment, we anticipate an expansion of financial competition, including that involving other business lines, such as the progress in financial technology.

Amid that environment, the Bank commenced its new Medium-Term Management Plan “Consulting Kodo Project 2022 ~Together towards the future – Closer and Deeper – ~” in April 2019.

The Bank aims for sustained growth by making strong progress in the Bank’s strength in consulting and capacity to meet needs, by accomplishing the “Upgrade to Consulting Kodo”, and transforming to a business to prepare for the future together with shareholders, customers and everyone in the region.

I look forward to your further support in the future.

# Medium Term Management Plan

## Consulting Kodo Project 2022

~Together towards the future  
-Closer and Deeper- ~

Long Term Management Vision

"A bank that continues to be chosen, with an absolute presence indispensable to the area and our customers"

"Consulting Kodo Project 2022" is taken to be the stage for accomplishing the "Evolution to a Highly Profitable Consulting Bank" that is relevant for the times founded on initiatives under the previous Medium Term Management Plan.

Weighing up the evolution of "Consulting Kodo" to date, we clarified our stance towards building a future more closely with our customers.

An initiative taken as one by all employees to achieve the Long Term Business Vision of being "A bank that continues to be chosen, with an absolute presence indispensable to the area and our customers", striving for sustained growth of customers and the Bank and to improve corporate value.



### Become genuine partners through co-creation

Improving Customer Intimacy and Reliability

Further together with our customers

#### Human Resources

Ensuring Consulting System

Train various consulting personnel through OJT to foster self-sustained growth

Shift from training that is mainly in-house to training through interaction with different types of industry

Shift from a uniform working style to a more flexible working style

#### Sales Strategy

Enhance Consulting

Shift from a superficial understanding of customers to practicing a thorough understanding of the actual conditions

Shift from sporadic response to issues and needs to a business that creates a future together with customers

Shift from a focus differentiated by products and services to a business posture differentiated by individual companies and customers

#### Optimization

Ensuring Consulting System

100% consulting stores through thorough review of operations

Achieve complete paperless environment through progress in digitalization

Shift to an early end of work system by eliminating inefficiencies in the business and administration

# Business Highlight

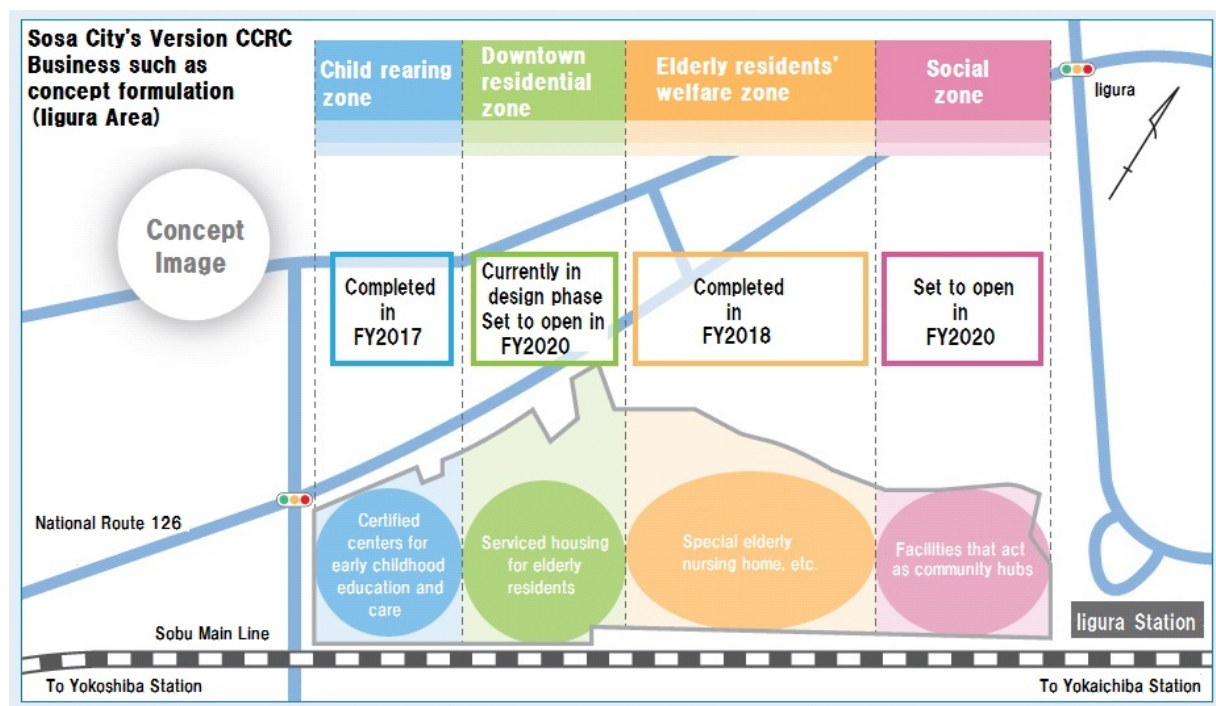
## Initiatives for promotion of “regional regeneration” and community revitalization

### ■ Support for the Sosa City’s version of the “Quality Lifelong Living” urban planning project

Apart from financial support, the Bank cooperated with business partners having expertise in regional regeneration and participated as the secretariat for the “Iigura Ekimae Chiku Community Association.”

As a result of discussion with members of the local community spanning a year, a business plan incorporating multifaceted ideas was completed, and the construction of certified center for early childhood education and care was completed in March 2018, which opened in April.

In March 2019, the special elderly nursing home was also completed, and progress is being made on the development of healthcare and nursing environment that allows multi generations to live in peace of mind.



## Support for development of next-generation managers

### ■ Managed by Chiba Kogin “Cosmos Keiei Juku”

The Chiba Kogin “Cosmos Keiei Juku” was established and launched in September 2004 with the objective of training successor managers at the Bank’s customers. We provide a learning opportunity to private students such as the young and next generation managers who will be responsible for the future Chiba prefecture economy.

The opening ceremony for the 8<sup>th</sup> Chiba Kogin “Cosmos Keiei Juku” was held in May 2019.

## Human resources and consulting support

### ■ “Consultation Center for Securing Personnel” established in the Bank (2018.7)

To strengthen our personnel consulting capacity for customers, the Bank established the “Consultation Center for Securing Personnel” within the bank in cooperation with business partners.

### ■ “Workplace Mental Health Care Seminar” (2019.1)

We invited specialists and held free seminars concerning matters such as the mental health care of employees that should be considered by corporate management and preparation by companies to employ people with disabilities.

From the basic details, we received an easy to understand explanation concerning matters such as initiatives leading to revitalization and improving the expertise of companies by lifting the “mental health” level of the entire organization.

### ■ “New Visa Status [Specific Skills] Seminar” (2019.3)

As one way to provide information to everyone at companies within the prefecture who are considering the use of foreign nationals, we held a seminar with the objective of understanding the details of the “Amended Immigration Control and Refugee Recognition Act.”



# Corporate Social Responsibility (CSR)

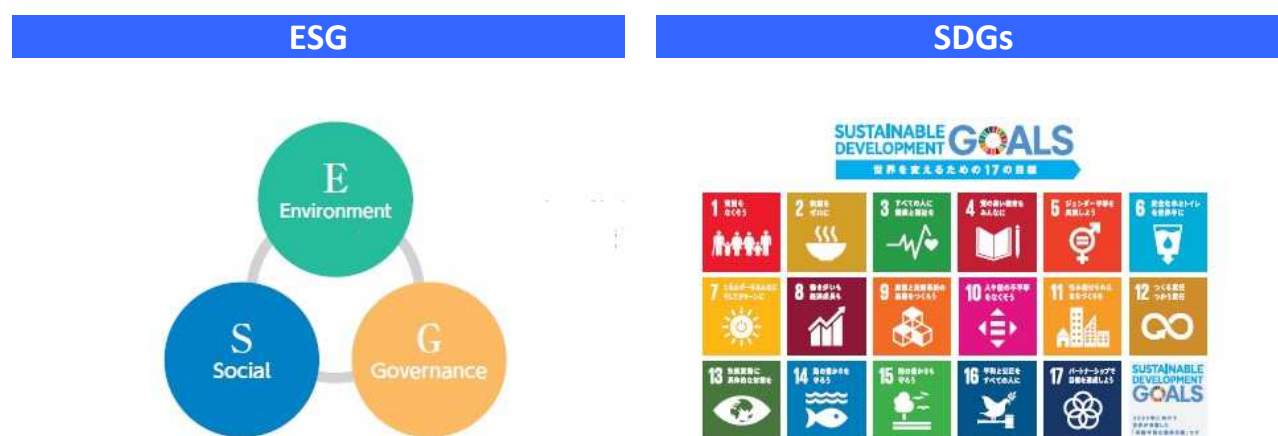
## The Chiba Kogyo Bank's CSR

Having established the corporate philosophy of “Moving Forward with the Region, with Heartfelt Kindness Toward Customers,” the Bank takes a community-based approach to conducting its business activities on the basis of the corporate philosophy with respect to its social responsibility as a regional financial institution that develops in step with its communities. In so doing, we aim to contribute to the growth and development of all our stakeholders, which includes our customers, shareholders, employees and communities.

In recent years, there have been increasing efforts to address prevailing challenges on a global scale, in part by incorporating Sustainable Development Goals (SDGs) contained in the “2030 Agenda” which was adopted by the UN General Assembly in 2015. Going forward, it is hoped that greater regional sustainability will be achieved from both an environmental and economic perspective.

Accordingly, given its aims of helping to bring about sustainable growth of communities and local economies while also creating new forms of corporate value, the Bank will actively take on environmental, social and governance (ESG) challenges as part of its “The Chiba Kogyo bank's CSR” activities.

The Bank's CSR initiatives are grouped on the basis of an ESG perspective, as follows:



## Environment

### Environmental initiatives

The Bank strives to preserve and beautify the environment, and engages in activities to pass down the abundant natural environment of Chiba Prefecture to the future.

#### ■ Environmentally-sound bank branch design

We promote design of bank branches that are earth-friendly and readily accessible to all of our customers. In order to help reduce carbon dioxide emissions while addressing global warming, renovated bank branches have been equipped with hybrid street lighting that uses two forms of clean energy, wind and solar, as well as solar power generation systems.

#### ■ Environmental volunteer activities

Bank employees, staff and their family members have taken part in a prefectural-level “zero waste” campaign (approx. 1,000 participants).

#### ■ Forest preservation and cultivation activity “Chiba Kogin Forest”

We engage in activities to regenerate prefectural forests at the Niibori coast of Sosa City. This has involved cutting underbrush and planting 5,000 trees thus far.

## Social

### Financial education activities

We are involved in dissemination activities concerning financial education activities for children and students who will be responsible for the future of the local economy.

#### ■ “Summer Kids School 2018” summer camp

We held the “Summer Kids School” for the 12th time, for elementary school students in Chiba Prefecture. Children attending learned about money and gained hands-on experience “working” at ZOZO Marine Stadium.

#### ■ Convened work experience studies

We convened “work experience studies” to provide students of the Junior High School affiliated to the Faculty of Education of Chiba University with experience of working in a bank such as the creation of passbooks.

### Cultural and sports activities

For many years we have sponsored and held various events to develop local arts and culture and promote sports.

#### ■ The 26th “Chiba Kogin Cosmos Concert”

We held a mini concert by the Chiba Prefectural Chiba Girl’s High School Orchestra.

#### ■ Sponsored the “Chiba Aqualine Marathon 2018”

We participated as an official sponsor with 113 bank employees and staff supporting the operation of the event as volunteers.



### Initiatives to promote activities of various people

#### ■ Obtained “Platinum Kurumin” Certification

We obtained the “Platinum Kurumin” Certification from the Minister of Health, Labour and Welfare in recognition for undertaking superior level initiatives as a “Company Supporting Childrearing.”





## Governance

### Corporate governance

#### ■Basic views

The Bank's corporate governance framework enables us to make decisions in a manner that is transparent, fair, expeditious, and resolute, upon having considered our shareholders, customers, officers and employees, community members and other stakeholders.

We regard the matter of strengthening and enhancing the Bank's corporate governance practices as one of our key managerial challenges, in order to put the basic values of our corporate philosophy into practice with respect to "Moving Forward with the Region, with Heartfelt Kindness Toward Customers."

### Framework for business execution and internal audit, etc.

The Bank has adopted the structure of a company with a Board of Corporate Auditors, and in terms of institutions the Bank has the General Meeting of Shareholders, Board of Directors, Board of Corporate Auditors and Governance Committee.

#### ■Board of Directors

The Board of Directors is the management's highest decision-making body and supervisory body, determines management policies and other matters in accordance with the Board of Directors rules, receives reports on the status of business execution and supervises such status of execution.

The Management Committee is established as a subordinate organization to the Board of Directors, and the aim is to improve efficiency of management and speed of execution by assigning it with part of the Board of Directors authority.

#### ■Board of Corporate Auditors

Corporate Auditors conduct audits of matters such as the status of construction and operation of internal control systems including the status of decision-making by Directors, compliance with laws and regulations, risk management and corporate disclosures in accordance with Corporate Auditors Audit Standards.

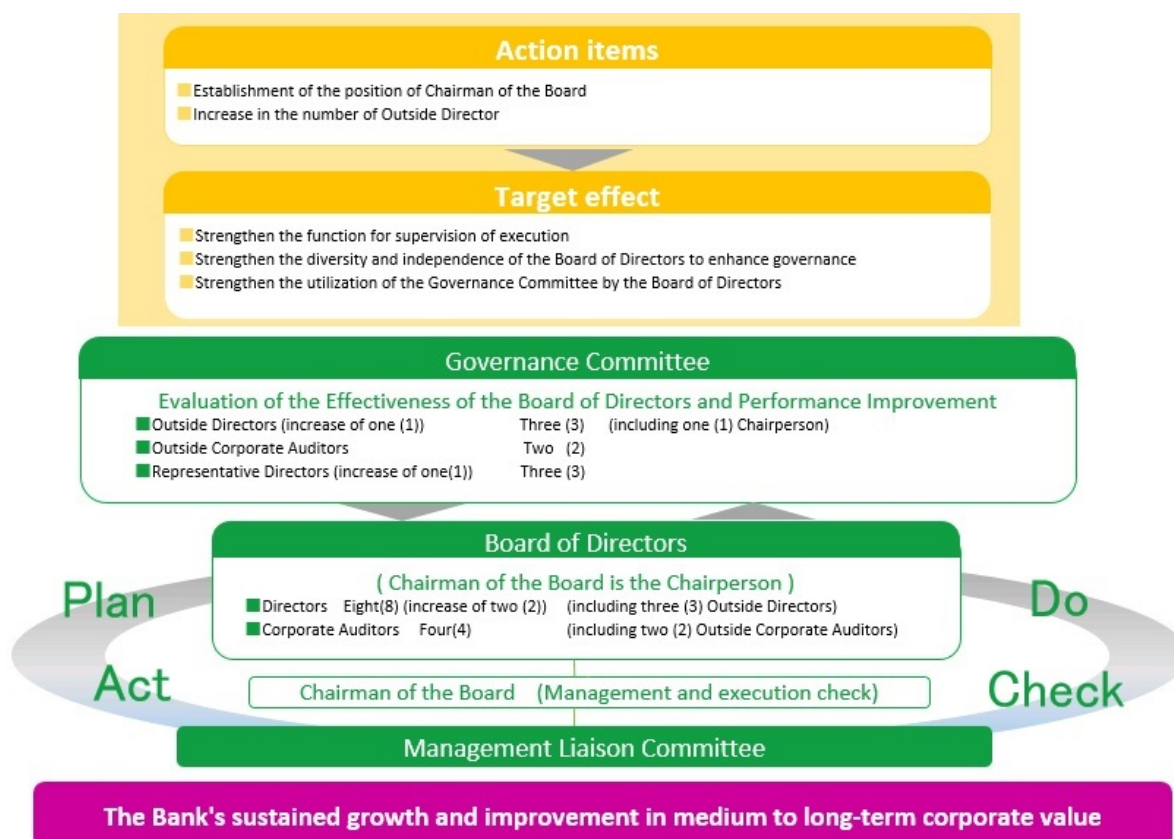
#### ■Governance Committee

The Bank has established a Governance Committee comprised mainly of outside executives as an advisory body to the Board of Directors.

At the Governance Committee matters such as the nomination, appointment and dismissal of executives such as directors and corporate executives as well as the remuneration of executives such as directors are discussed from a fair and objective perspective.

By constructing a scheme that fulfils the Governance Committee function to its utmost, the bank strives to improve the performance of the Board of Directors, and consequently achieve sustained growth of the Bank and increase medium- to long-term corporate value.

### Enhancing Governance Framework



## Summary of Selected Financial Data (Consolidated)

Fiscal year ended March 31	2015	2016	2017	2018	2019	
Consolidated ordinary income (Millions of yen) (Thousands of U.S. dollar)	¥53,262	¥53,884	¥52,255	¥50,525	¥50,831	\$457,896
Consolidated ordinary profit (Millions of yen) (Thousands of U.S. dollar)	13,182	12,566	9,322	9,489	8,335	75,083
Consolidated profit attributable to owners of parent (Millions of yen) (Thousands of U.S. dollar)	8,442	7,901	6,388	6,771	5,183	46,689
Consolidated comprehensive income (Millions of yen) (Thousands of U.S. dollar)	19,785	1,174	3,631	7,934	9,592	86,407
Consolidated net assets (Millions of yen) (Thousands of U.S. dollar)	139,269	146,737	150,724	156,621	172,583	1,554,662
Consolidated total assets (Millions of yen) (Thousands of U.S. dollar)	2,502,720	2,612,058	2,694,580	2,739,444	2,814,394	25,352,617
Net assets per share (Yen) (U.S. dollar)	1,635.99	1,449.71	1,465.62	1,554.72	1,674.88	15.09
Basic earnings per share (Yen) (U.S. dollar)	127.46	101.99	67.41	78.79	53.36	0.48
Diluted earnings per share (Yen) (U.S. dollar)	79.34	75.03	45.34	52.35	33.61	0.30
Capital adequacy ratio (%)	5.46	5.51	5.48	5.59	6.01	
Consolidated capital adequacy ratio (under Japanese standards) (%)	8.42	8.81	8.68	8.40	8.70	
Consolidated return on equity (%)	6.45	5.62	4.37	4.49	3.21	
Consolidated price earnings ratio (Times)	6.28	4.99	9.12	5.83	5.60	
Cash flows from operating activities (Millions of yen) (Thousands of U.S. dollar)	6,871	18,108	23,856	(19,686)	30,659	276,182
Cash flows from investing activities (Millions of yen) (Thousands of U.S. dollar)	(16,538)	34,279	(10,978)	14,263	(4,367)	(39,339)
Cash flows from financing activities (Millions of yen) (Thousands of U.S. dollar)	(7,264)	6,231	273	(2,060)	1,184	10,666
Cash and cash equivalents at end of period (Millions of yen) (Thousands of U.S. dollar)	¥54,946	¥113,766	¥127,073	¥119,772	¥147,441	\$1,328,178
Number of employees [Separately, average number of temporary employees] (Persons)	1,393 [1,113]	1,422 [1,106]	1,442 [1,095]	1,461 [1,057]	1,464 [1,015]	

- Notes: 1. U.S. dollar amounts are the yen equivalent, calculated, for convenience only, at a rate of ¥111.01 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of March 29, 2019.
2. In the accounting treatment for consumption taxes and local taxes of the Bank and its consolidated subsidiaries, the tax-excluded method is used with the exception of some consolidated subsidiaries.
3. Capital adequacy ratio is calculated by dividing (total net assets at the end of current period - subscription warrant at the end of current period - non-controlling interests at the end of current period) by total assets at the end of current period.
4. The "Consolidated capital adequacy ratio (under Japanese standards)" has been calculated based on the "Criteria for Banks to Judge Whether Their Capital Adequacy Status Is Appropriate in Light of Their Assets, etc. Under Article 14-2 of the Banking Act" (Financial Services Agency Public Notice No. 19 of 2006).

## Business Performance (Consolidated)

In FY2018, the Japanese economy maintained a track of mild recovery amid factors that included ongoing improvements in employment conditions throughout the year despite some weakness in areas such as exports in the second half of the fiscal year. However, the outlook was increasingly unclear largely due to uncertainties regarding situations overseas with respect to issues such as the U.K.'s exit from the European Union and trade frictions between the United States and China.

The economy of Chiba Prefecture, which forms the basis for the Bank's business, showed signs of a mild recovery, despite some partial weakness. It maintained low bankruptcy numbers and continued on an upward trend with respect to employment.

Against this financial and economic backdrop, in April 2016, the Bank started the three-year Medium-Term Management Plan, "**Consulting Kodo Project 2019**," and has been actively carrying out specific strategic measures to overcome business challenges.

As a result, the Group's financial position and performance for FY2018 were as follows.

Regarding the financial position, total assets were ¥2,814.3 billion, an increase of ¥74.9 billion compared with the end of FY2017. In addition, total net assets were ¥172.5 billion, an increase of ¥15.9 billion compared with the end of FY2017. The balances of key accounts were as follows. Deposits totaled ¥2,499.0 billion, an increase of ¥61.1 billion compared with the end of FY2017, primarily due to an increase in individual deposits. Loans and bills discounted totaled ¥2,084.5 billion, an increase of ¥31.0 billion compared with the end of FY2017, as a result of efforts to discover latent financing needs through consulting sales activities, and proactive efforts toward financial needs of business partners. In addition, securities holdings totaled ¥506.1 billion, an increase of ¥9.0 billion compared with the end of FY2017.

Regarding the business performance, ordinary income increased ¥305 million year on year to ¥50.831 billion, primarily due to an increase in fund management profits. Ordinary expenses increased ¥1.460 billion year on year to ¥42.496 billion, primarily due to an increase in loan write-offs associated with the disposal of nonperforming loans. As a result, the Group posted ordinary profit of ¥8.335 billion, a decrease of ¥1.154 billion year on year. Profit attributable to owners of parent decreased ¥1.588 billion year on year to ¥5.183 billion.

Regarding the business performance by segment, ordinary income from banking business increased ¥637 million year on year to ¥42.399 billion, while its segment profit decreased ¥659 million year on year to ¥7.764 billion. Ordinary income from leasing business decreased ¥9 million year on year to ¥8.313 billion, while its segment profit decreased ¥37 million to ¥104 million. Ordinary income from credit guarantee and credit card business decreased ¥50 million year on year to ¥2.038 billion, while its segment profit decreased ¥252 million to ¥910 million. Ordinary income from other business segment decreased ¥207 million year on year to ¥2.260 billion, while its segment profit increased ¥90 million to ¥186 million.

The consolidated capital adequacy ratio (under Japanese standards) at the end of FY2018 rose 0.30 percentage points from the end of FY2017 to 8.70%.



# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2018	As of March 31, 2019	As of March 31, 2019
<b>Assets</b>			
Cash and due from banks	¥120,519	¥148,100	\$1,334,114
Monetary claims bought	103	97	874
Trading account securities	69	102	919
Securities	497,174	506,188	4,559,841
Loans and bills discounted	2,053,457	2,084,516	18,777,732
Foreign exchanges	3,107	2,981	26,853
Other assets	33,930	44,090	397,171
Tangible fixed assets	21,420	20,906	188,325
Buildings, net	7,098	6,897	62,130
Land	12,187	12,144	109,396
Leased assets, net	67	60	540
Construction in progress	—	—	—
Other tangible fixed assets	2,066	1,803	16,242
Intangible fixed assets	2,622	2,575	23,196
Software	2,062	2,075	18,692
Leased assets	170	111	1,000
Other intangible fixed assets	388	388	3,495
Deferred tax assets	6,281	2,860	25,763
Customers' liabilities for acceptances and guarantees	11,951	11,439	103,045
Allowance for loan losses	(11,193)	(9,463)	(85,245)
<b>Total assets</b>	<b>2,739,444</b>	<b>2,814,394</b>	<b>25,352,617</b>
<b>Liabilities</b>			
Deposits	2,437,904	2,499,075	22,512,161
Negotiable certificates of deposit	65,000	72,500	653,094
Call money and bills sold	—	4,440	39,996
Payables under securities lending transactions	18,346	11,026	99,324
Borrowed money	24,354	18,589	167,453
Foreign exchanges	79	65	586
Other liabilities	15,349	15,848	142,762
Net defined benefit liability	8,524	7,941	71,534
Provision for directors' retirement benefits	57	62	559
Provision for reimbursement of deposits	1,093	740	6,666
Deferred tax liabilities	163	81	730
Acceptances and guarantees	11,951	11,439	103,045
<b>Total liabilities</b>	<b>2,582,823</b>	<b>2,641,811</b>	<b>23,797,955</b>
<b>Net assets</b>			
Capital stock	62,120	62,120	559,589
Capital surplus	9,402	17,798	160,328
Retained earnings	73,818	76,942	693,109
Treasury shares	(39)	(15)	(135)
<b>Total shareholders' equity</b>	<b>145,301</b>	<b>156,845</b>	<b>1,412,891</b>
Valuation difference on available-for-sale securities	9,996	14,277	128,610
Remeasurements of defined benefit plans	(1,974)	(1,891)	(17,035)
<b>Total accumulated other comprehensive income</b>	<b>8,022</b>	<b>12,386</b>	<b>111,576</b>
Subscription warrant	59	69	622
Non-controlling interests	3,237	3,281	29,556
<b>Total net assets</b>	<b>156,621</b>	<b>172,583</b>	<b>1,554,662</b>
<b>Total liabilities and net assets</b>	<b>¥2,739,444</b>	<b>¥2,814,394</b>	<b>\$25,352,617</b>

\* Please refer to the note 1 on page 9.

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### (Consolidated Statements of Income)

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2019
Ordinary income	¥50,525	¥50,831	\$457,896
Interest income	27,628	27,883	251,176
Interest on loans and discounts	22,288	22,061	198,730
Interest and dividends on securities	5,031	5,444	49,041
Interest on call loans and bills bought	11	7	63
Interest on deposits with banks	144	113	1,018
Other interest income	152	255	2,297
Fees and commissions	10,312	10,070	90,713
Other ordinary income	1,461	1,414	12,738
Other income	11,123	11,463	103,261
Reversal of allowance for loan losses	66	1,346	12,125
Recoveries of written off claims	824	269	2,423
Other	10,231	9,846	88,695
Ordinary expenses	41,036	42,496	382,812
Interest expenses	1,185	1,006	9,062
Interest on deposits	619	376	3,387
Interest on negotiable certificates of deposit	7	6	54
Interest on call money and bills sold	(4)	46	414
Interest on payables under securities lending transactions	276	369	3,324
Interest on borrowings and rediscounts	279	200	1,802
Other interest expenses	6	6	54
Fees and commissions payments	3,494	3,746	33,745
Other ordinary expenses	1,176	1,584	14,269
General and administrative expenses	25,785	25,627	230,853
Other expenses	9,393	10,531	94,865
Ordinary profit	9,489	8,335	75,083
Extraordinary losses	104	117	1,054
Loss on disposal of non-current assets	55	60	540
Impairment loss	48	56	504
Profit before income taxes	9,384	8,217	74,020
Income taxes - current	1,341	1,436	12,936
Income taxes - deferred	1,126	1,419	12,783
Total income taxes	2,467	2,855	25,718
Profit	6,917	5,361	48,293
Profit attributable to non-controlling interests	145	178	1,603
Profit attributable to owners of parent	¥6,771	¥5,183	\$46,689

\* Please refer to the note 1 on page 9.

## (Consolidated Statements of Comprehensive Income)

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2019
Profit	¥6,917	¥5,361	\$48,293
Other comprehensive income	1,017	4,230	38,105
Valuation difference on available-for-sale securities	566	4,147	37,357
Remeasurements of defined benefit plans, net of tax	451	83	748
Comprehensive income	¥7,934	¥9,592	\$86,407
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	7,617	9,547	86,001
Comprehensive income attributable to non-controlling interests	317	44	396

\* Please refer to the note 1 on page 9.



**(3) Consolidated Statements of Changes in Equity**  
**Fiscal year ended March 31, 2018**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	62,120	9,413	69,105	(60)	140,579
Changes of items during period					
Dividends of surplus			(2,059)		(2,059)
Profit attributable to owners of parent			6,771		6,771
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(11)		21	10
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(11)	4,712	20	4,722
Balance at end of current period	62,120	9,402	73,818	(39)	145,301

	Accumulated other comprehensive income			Subscription warrant	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	9,602	(2,425)	7,177	47	2,919	150,724
Changes of items during period						
Dividends of surplus						(2,059)
Profit attributable to owners of parent						6,771
Purchase of treasury shares						(0)
Disposal of treasury shares						10
Net changes of items other than shareholders' equity	393	451	845	12	317	1,175
Total changes of items during period	393	451	845	12	317	5,897
Balance at end of current period	9,996	(1,974)	8,022	59	3,237	156,621

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	62,120	9,402	73,818	(39)	145,301
Changes of items during period					
Issuance of new shares	16,325	16,325			32,650
Transfer to other capital surplus from capital stock	(16,325)	16,325			—
Dividends of surplus			(2,059)		(2,059)
Profit attributable to owners of parent			5,183		5,183
Purchase of treasury shares				(24,242)	(24,242)
Disposal of treasury shares		(12)		24	12
Retirement of treasury shares		(24,242)		24,242	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	8,395	3,124	24	11,543
Balance at end of current period	62,120	17,798	76,942	(15)	156,845

	Accumulated other comprehensive income			Subscription warrant	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	9,996	(1,974)	8,022	59	3,237	156,621
Changes of items during period						
Issuance of new shares						32,650
Transfer to other capital surplus from capital stock						—
Dividends of surplus						(2,059)
Profit attributable to owners of parent						5,183
Purchase of treasury shares						(24,242)
Disposal of treasury shares						12
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	4,281	83	4,364	9	44	4,418
Total changes of items during period	4,281	83	4,364	9	44	15,962
Balance at end of current period	14,277	(1,891)	12,386	69	3,281	172,583

Fiscal year ended March 31, 2019

(Thousands of U.S. dollars)\*

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	559,589	84,695	664,967	(351)	1,308,900
Changes of items during period					
Issuance of new shares	147,059	147,059			294,118
Transfer to other capital surplus from capital stock	(147,059)	147,059			—
Dividends of surplus			(18,548)		(18,548)
Profit attributable to owners of parent			46,689		46,689
Purchase of treasury shares				(218,377)	(218,377)
Disposal of treasury shares		(108)		216	108
Retirement of treasury shares		(218,377)		218,377	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	75,624	28,142	216	103,982
Balance at end of current period	559,589	160,328	693,109	(135)	1,412,891

	Accumulated other comprehensive income			Subscription warrant	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	90,046	(17,782)	72,264	531	29,160	1,410,873
Changes of items during period						
Issuance of new shares						294,118
Transfer to other capital surplus from capital stock						—
Dividends of surplus						(18,548)
Profit attributable to owners of parent						46,689
Purchase of treasury shares						(218,377)
Disposal of treasury shares						108
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	38,564	748	39,312	81	396	39,798
Total changes of items during period	38,564	748	39,312	81	396	143,789
Balance at end of current period	128,610	(17,035)	111,576	622	29,556	1,554,662

\* Please refer to the note 1 on page 9.



#### (4) Consolidated Statements of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>			
Profit before income taxes	¥9,384	¥8,217	\$74,020
Depreciation	2,155	1,949	17,557
Impairment loss	48	56	504
Increase (decrease) in allowance for loan losses	(1,061)	(1,729)	(15,575)
Increase (decrease) in net defined benefit liability	(931)	(582)	(5,243)
Increase (decrease) in provision for directors' retirement benefits	11	4	36
Increase (decrease) in provision for reimbursement of deposits	36	(352)	(3,171)
Gain on fund management	(27,628)	(27,883)	(251,176)
Financing expenses	1,185	1,006	9,062
Loss (gain) related to securities	(911)	(21)	(189)
Foreign exchange losses (gains)	(182)	(192)	(1,730)
Loss (gain) on disposal of non-current assets	55	60	540
Net decrease (increase) in trading account securities	(25)	(32)	(288)
Net decrease (increase) in loans and bills discounted	(63,737)	(31,058)	(279,777)
Net increase (decrease) in deposit	47,428	61,171	551,040
Net increase (decrease) in negotiable certificates of deposit	(700)	7,500	67,561
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(1,729)	(765)	(6,891)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	721	87	784
Net decrease (increase) in call loans	28	6	54
Net increase (decrease) in call money	—	4,440	39,996
Net increase (decrease) in payables under securities lending transactions	1,115	(7,319)	(65,931)
Net decrease (increase) in foreign exchanges - assets	(606)	126	1,135
Net increase (decrease) in foreign exchanges - liabilities	(8)	(14)	(126)
Proceeds from fund management	27,761	28,198	254,013
Payments for finance	(1,322)	(1,030)	(9,278)
Other, net	(10,144)	(10,240)	(92,244)
Subtotal	(19,054)	31,603	284,686
Income taxes paid	(631)	(943)	(8,495)
Net cash provided by (used in) operating activities	(19,686)	30,659	276,182
<b>Cash flows from investing activities</b>			
Purchase of securities	(158,906)	(194,740)	(1,754,256)
Proceeds from sales of securities	84,230	115,065	1,036,528
Proceeds from redemption of securities	92,348	76,754	691,415
Purchase of tangible fixed assets	(2,613)	(729)	(6,567)
Proceeds from sales of tangible fixed assets	0	4	36
Purchase of intangible assets	(795)	(722)	(6,504)
Net cash provided by (used in) investing activities	14,263	(4,367)	(39,339)
<b>Cash flows from financing activities</b>			
Decrease in subordinated borrowings	—	(5,000)	(45,041)
Proceeds from issuance of common shares	—	32,486	292,640
Purchase of treasury shares	(0)	(24,242)	(218,377)
Proceeds from sales of treasury shares	0	0	0
Cash dividends paid	(2,059)	(2,059)	(18,548)
Net cash provided by (used in) financing activities	(2,060)	1,184	10,666
Effect of exchange rate change on cash and cash equivalents	182	192	1,730
Net increase (decrease) in cash and cash equivalents	(7,300)	27,669	249,248
Cash and cash equivalents at beginning of period	127,073	119,772	1,078,930
Cash and cash equivalents at end of period	¥119,772	¥147,441	\$1,328,178

\* Please refer to the Note 1 on page 9.

- Cash Flows

Cash flows during FY2018 and their causes are as follows.

*Cash flows from operating activities*

Net cash provided by operating activities amounted to ¥30.6 billion (an increase of ¥50.3 billion from ¥19.6 billion used in FY2017). The main contributory factors were ¥8.2 billion in profit before income taxes, an increase of ¥31.0 billion in loans and bills discounted and an increase of ¥61.1 billion in deposit.

*Cash flows from investing activities*

Net cash used in investing activities amounted to ¥4.3 billion (a decrease of ¥18.6 billion from ¥14.2 billion provided in FY2017). The main contributory factors were ¥191.8 billion in proceeds from sales and redemption of securities, ¥194.7 billion in purchase of securities.

*Cash flows from financing activities*

Net cash provided by financing activities amounted to ¥1.1 billion (an increase of ¥3.2 billion from ¥2.0 billion used in FY2017). The main contributory factors were ¥32.4 billion in proceeds from the issuance of common shares following the issuance of First Series of Class 7 Preferred Stock and ¥24.2 billion expended on the purchase of treasury shares of Class 4 Preferred Stock.

As a result, cash and cash equivalents at the end of FY2018 amounted to ¥147.4 billion (an increase of ¥27.6 billion year on year).

## Consolidated Subsidiaries (As of March 31, 2019)

### Chiba Kogin Card Service Co., Ltd.

Main business line: Credit card business, guarantees of housing and other loans  
 Established: April 1979  
 Capital: ¥100 million  
 Equity share of the Bank and subsidiaries: 100.0%

### Chiba Kogin Business Service Co., Ltd.

Main business line: Clerical operations for the Bank  
 Established: January 1986  
 Capital: ¥10 million  
 Equity share of the Bank and subsidiaries: 100.0%

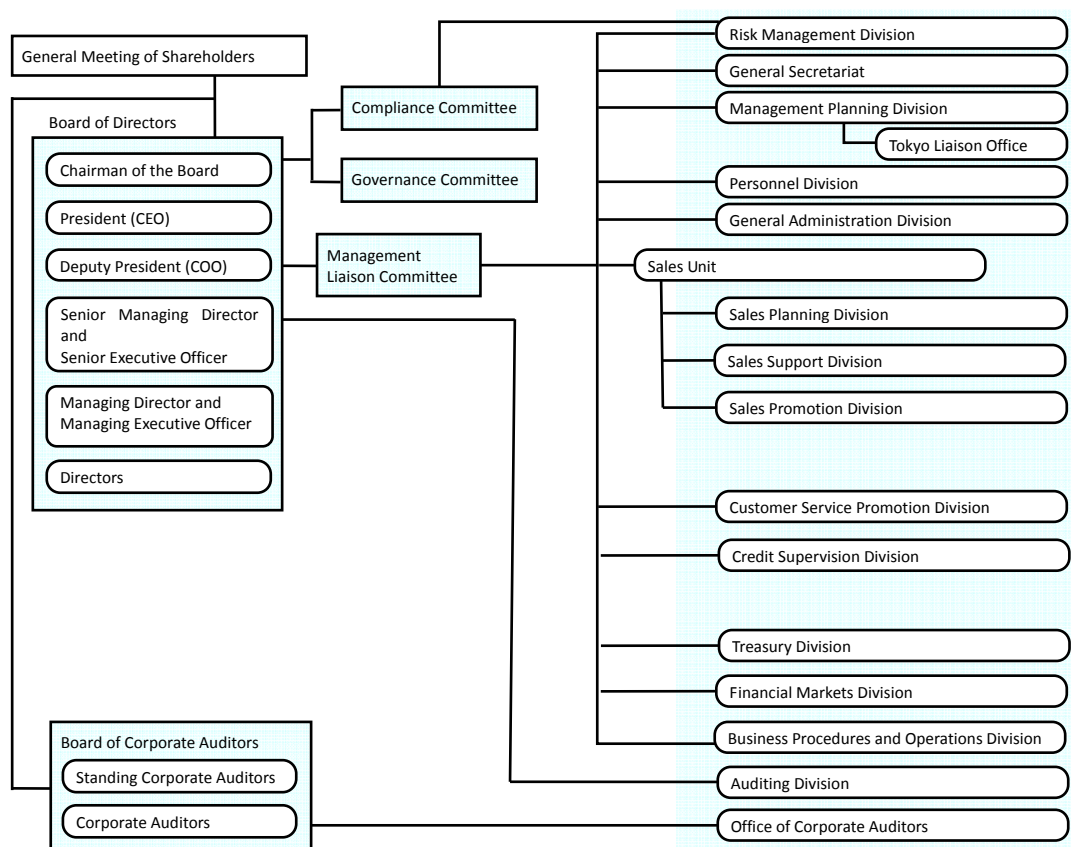
### Chiba General Lease Co., Ltd.

Main business line: Leasing, loans  
 Established: December 1982  
 Capital: ¥90 million  
 Equity share of the Bank and subsidiaries: 26.1%

### Chiba Kogin Computer Soft Co., Ltd.

Main business line: Development, sale and maintenance of computer systems  
 Established: July 1991  
 Capital: ¥30 million  
 Equity share of the Bank and subsidiaries: 55.0%

## Organization Chart (As of April 1, 2019)





## Board of Directors, Corporate Auditors and Executive Officers

(As of June 26, 2019)

<b>Chairman of the Board</b>	Shunichi Aoyagi
<b>President (CEO):</b>	Hitoshi Umeda
<b>Deputy President (COO):</b>	Ryuichi Matsumaru
<b>Senior Managing Director and Senior Executive Officer:</b>	Yoshiaki Tateno
<b>Managing Director and Managing Executive Officer:</b>	Shigeki Ikeda
<b>Directors (Outside Directors):</b>	Hisako Toya Eiji Yamada Tetsuro Sugiura
<b>Managing Executive Officers:</b>	Yasumitsu Kanda Hitoshi Yokoyama Akio Shimoma Katsumi Shirai
<b>Standing Corporate Auditors:</b>	Satoshi Hoshino Shigeto Kato
<b>Corporate Auditors (Outside Corporate Auditors):</b>	Masanori Ando Junichi Sakamoto
<b>Executive Officers:</b>	Hiroshi Tanaka Takashi Furuyama Kouichi Kyoumasu Akira Miyamoto Osamu Koda Masahiko Miyamoto

## Major Shareholders (Common Stock) (As of March 31, 2019)

Name	Number of Shares Owned	Proportion of Total Shares (%)
Mizuho Bank, Ltd.	9,583,910	15.40
Japan Trustee Services Bank, Ltd. (trust account)	2,897,700	4.65
The Master Trust Bank of Japan, Ltd. (trust account)	2,643,600	4.24
Japan Trustee Services Bank, Ltd. (trust account-9)	1,289,300	2.07
Sakamoto Feeds Co., Ltd.	1,249,700	2.00
Meiji Yasuda Life Insurance Co.	1,158,200	1.86
DFA Intl Small Cap Value Portfolio (Standing proxy: Citibank, N.A., Tokyo Branch)	1,104,700	1.77
Chiba Kogyo Bank Employee Ownership	1,067,417	1.71
Japan Trustee Services Bank, Ltd. (trust account-5)	1,054,800	1.69
Government of Norway (Standing proxy: Citibank, N.A., Tokyo Branch)	1,013,600	1.62

Note: The proportion of the number of shares owned to total shares was calculated after deducting treasury shares (14,931 shares).

\* This document follows the Annual Select format for English-language disclosure developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Bank does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.