



Chiba Kogyo Bank

# ANNUAL REPORT 2024



# Corporate Philosophy

Moving Forward with the Region,  
with Heartfelt Kindness Toward Customers

We have promoted community- based finance rooted in the regional area and contributed to the local economy and society, with the spirit of "acting as a reliable adviser to small- and medium-sized enterprises in Chiba Prefecture".  
Putting our corporate philosophy into practice, we will strive to be a bank that provides useful support to customers.

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\*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.



# Message from the President

We aim for the sustainable growth and enhancement of corporate value of the Bank through co-creation with stakeholders.

**Hitoshi Umeda**  
President (CEO)



## Committing to the three transformations to increase corporate value

Although the Tokyo Stock Exchange has asked companies to implement management that is conscious of cost of capital, the PBRs of most of regional banks are still below 1x. The Bank's PBR was around 0.45x at the end of May 2024, and we will first work to improve our ratio to the 0.6x level as soon as possible.

□ P19  
Initiatives for  
Improving  
Corporate Value

The most important thing in achieving an increase in corporate value is utilizing capital from a medium- to long-term perspective to sustainably enhance the growth potential of our business. In November 2023, the Bank announced a more concrete path toward improving corporate value as an action toward achieving management that is conscious of cost of capital and stock price. As a result of extensive discussions by the Board of Directors, we have once again summarized our challenges for improving corporate value into three transformations. The first is transforming our capital structure to achieve net zero preferred stock as soon as possible. The second is transforming existing businesses, including taking drastic measures in the housing and other loan business, in order to improve ROE. The third is creating new value by strengthening financial and non-financial functions in order to improve PER. These actions are described in a document published by the Tokyo Stock Exchange as good examples of actions that capture the key points that investors expect from companies. I believe that my ultimate responsibility and role is to thoroughly commit to these three transformations and further increase corporate value without settling for the status quo. Since announcing our plan to increase corporate value, we have been steadily putting measures into action. We will continue to allocate the capital and risk-weighted assets generated by the review of our business portfolio and the sale of cross-shareholdings to growth areas and initiatives for regional development so that we can achieve sustainable growth together with the region.

## The CKB Community: A circle of links among stakeholders

Our Long Term Management Strategy calls for the establishment of the "CKB Community," which designs everyone's happiness together and is built based on solid relationships with stakeholders. This CKB Community does not refer to something closed that surrounds our customers, but rather to an open circle of links among stakeholders that continues to expand infinitely. The CKB Community is designed to create new value and innovation by linking business partners and all stakeholders within the region using the trust, information, and network that the Bank possesses as a hub to help solve regional and social issues and achieve sustainable regional growth.

□ P15  
Making the CKB  
Community a Reality

We are focusing on the creation of organic links in order for this CKB Community to generate greater effectiveness. As such, we are creating a variety of mechanisms and venues to link stakeholders through online platforms such as various social networking services, as well as by operating the local information website "Chibatoku!" and opening up vacant spaces in the training facility Makuhari Gakumonjo and the Consulting Plaza to the local community. All of these initiatives are based on our stakeholders sharing our desire to work together to make the region thrive. I believe that this shared understanding is the most important factor in forming the CKB Community. The reason I believe that shared understanding is important is that people from different backgrounds feel a sense of familiarity and trust when they find common ground. Chibatoku! was launched in March 2023 as a website that primarily provides information on the products and services of our business partners. Many of our business partners have supported the objectives of Chibatoku!, and the website has grown to include information on approximately 500 business partners as of the end of May 2024. I am convinced that we can successfully solve social issues and revitalize the region by continuing to make efforts that resonate with our stakeholders, as well as by refining the CKB Community into a strong and powerful entity.

Message from the President

Contributing to issue resolution and development in Chiba Prefecture

We established the regional trading company CHIBACOOL in April 2024. CHIBACOOL has three core businesses: farm business, consulting business, and trading business. It aims to help solve local economic and social issues and contribute to sustainable development, and ultimately, to the creation and cultivation of local brands.

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Established

CHIBACOOL Co., Ltd.

Chiba Prefecture, the base of the Group’s business, is blessed with a mild climate and rich land. It is one of the leading agricultural prefectures in Japan. In order to take advantage of these characteristics and promote further regional revitalization, our Bank established a dedicated agri-food business team more than 10 years ago that supports business partners who are entering the agricultural industry, mainly from other industries. The strength of our dedicated team is that they are involved in the start-up of agricultural businesses from the very beginning, and provide comprehensive technical, operational, and managerial support thereafter. While supporting our business partners in their entry into agriculture, we have witnessed the reality that production sites for agriculture, a major industry in Chiba Prefecture, are facing a critical situation. The business environment surrounding agriculture is extremely challenging, facing issues such as lack of know-how, labor shortages due to an aging and shrinking population, soaring resource prices, and low income due to the low prices of agricultural products. There are very high barriers in both entering the farming industry as well as continuing business. Japan as a whole is facing similar challenges, and I feel a strong sense of urgency that agriculture will continue to decline if we do not take action now.

We must stop this decline by creating a new business model that can generate high earnings and make agriculture attractive so that an increasing number of people want to become farmers. We therefore established CHIBACOOL based on the experience we have gained through trial and error over the past 10 years with the belief that now is the time for us to implement advanced agricultural initiatives ourselves. CHIBACOOL will support new agri-food businesses in order to promote the sustainability of agriculture as a whole in Chiba Prefecture as well as the shift to high-value-added and profitable agriculture.

CHIBACOOL first started with the farm business, but it is also responsible for increasing opportunities for contact with local communities and digging deeper into their needs in collaboration with local businesses. I believe it is of great significance to accumulate an immense amount of information about local communities, to serve as a bridge for information to and from outside these communities, and to create synergy with our Bank’s mainstay deposit and loan business. We will fully utilize the advantage of having companies from various industries and business sectors as our business partners, and going forward, we will boldly take on the challenge of establishing new business models, such as developing local products and sales channels through collaboration with unexpected industries and business sectors.

Implementing appropriate risk management and countermeasures in a world with interest rates

In FY2023, the Japanese economy reached a major turning point as the Bank of Japan lifted its negative interest rate policy and raised interest rates for the first time in 17 years. I believe that the Japanese economy has finally created an environment in which a virtuous cycle of wages and prices can be realized and where monetary policy has begun moving toward normalization. In Chiba Prefecture, the base of the Bank’s business, the economy is slowly recovering as employment and income conditions improve. However, I have strongly felt throughout my dialogues with customers that the business environment surrounding small- and medium-sized enterprises (SMEs) in the prefecture remains challenging, as they face various issues such as labor shortages as well as cost increases due to soaring material prices.

While a world with interest rates will benefit the earnings of banks in the medium to long term, on the procurement side, competition for deposits will intensify, especially from online banks. Furthermore, higher interest rates on loans will lead to an increased burden on customers, and valuation gains and losses on securities investments are expected to deteriorate due to higher interest rates. In our internal control system, we will be more thorough than ever in inspecting and improving the overall management and positioning of assets and liabilities as well as in appropriately controlling the valuation gains/losses on securities and status of interest rate risks. Our customers expect us to enhance the growth potential and profitability of their businesses by providing high-value-added consulting and information that is tailored to them. We will continue to engage in dialogue with our customers to gain a firm understanding of their issues and needs. We will also create links with our customers by improving convenience and providing local information, which will lead to the acquisition of highly stable deposits that are not affected by interest rates.



Medium term management plan progress

Our current Medium Term Management Plan, which started in FY2022, is positioned as a stage for building a platform for the establishment of the CKB Community, as stated in our Long Term Management Strategy. We are proceeding with building our three bases: organizational base, operating base, and management base. We achieved record-high ordinary profit and profit in the fiscal year ended March 31, 2024, reflecting the effects of our efforts to strengthen our operating and organizational bases in particular. I am proud to say that our efforts to come together as an organization more than ever before and achieve our targets have paid off. FY2024 is the final year of the current Medium Term Management Plan. We will be sure to achieve our target management indices and KPIs, and link them to the next Medium Term Management Plan.

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Medium Term

Management Plan

In value support operations and life planning, the core of our operating base, we are deepening our understanding of our customers’ business structures, trends, and life events going forward based on the concept of providing consulting services based on having a firm grasp of each customer’s actual situation. In doing so, we are working together through dialogue to create a vision of the future that our customers are aiming for. In FY2023, we thoroughly discussed with our customers about their visions for the future and were able to provide solutions that were truly useful to them. This led to financial results in the form of a record-high 8.2 billion yen in net fees and commissions for the third consecutive fiscal year and a steady increase in the number of core customers.

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Corporate Business

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Retail Business

The role of brick-and-mortar branches has changed dramatically over the past few years as the number of online transactions has increased due to rapid advances in digital technology. In our digitalization and channel strategies, which aim to strengthen the Bank’s organizational base, we are strongly promoting the establishment of a system that does not require customers to visit or be present at branches, the improvement of branch operation efficiency through B in B (Branch-in-Branch), and the consolidation of branches that handle corporate lending. These initiatives not only reduced costs, but also enabled the smooth sharing of information among full and retail banks, which has greatly enhanced our ability to respond to customer needs and contributed to both increased efficiency and business performance. We will continue to promote the digitization of transactions and the improvement of branch operation efficiency, investing the management resources generated by these initiatives into the development of an environment that allows us to focus on consulting services.

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Digitalization Strategy

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Channel Strategy



Message from the President



We are taking various measures to improve our corporate value, but such measures cannot be realized without a sustainable management base. In our Long Term Financial Base Strategy announced in January 2022, we stated that we would reduce the total amount of preferred stock issued, thereby increasing both the value of our common stock and our capacity to return common stock to shareholders. Since then, we have steadily reduced the balance of preferred stock. We have begun to further reduce the balance of preferred stock ahead of schedule as our recent business performance has been strong and our equity ratio has exceeded the 8% range that we consider to be stable. The ratio of issued preferred stock is expected to be reduced to 26% by the end of the final year of the current Medium Term Management Plan. We have also set the target of reducing our cross-shareholdings by at least 10 billion yen on a market value basis by the end of March 2029, and to reduce the ratio of cross-shareholdings to consolidated net assets to less than 20%. In the future, we are aiming for zero cross-shareholdings, excluding unlisted shares.

With regard to the year-end dividend for the fiscal year ended March 31, 2024, we have increased the dividend per share of common stock from 5 yen to 10 yen, taking into account a comprehensive review of performance trends and financial conditions. However, the Bank’s dividend yield remains at around 0.9%, not yet reaching the mid-2% range that is the average dividend yield of regional banks. I do not believe that this is an adequate level by any means. We will build up capital reserves, reduce preferred stock, and increase the value of common stock. I am determined that we will achieve these goals and continue to work to increase returns to shareholders.

Working hand in hand with local communities to achieve sustainability

Climate change is causing an increase in the number of serious disasters in various regions due to rising temperatures and torrential rains. As is still fresh in our minds, Chiba Prefecture has also experienced a series of major disasters in recent years due to heavy rains and wind storms brought by typhoons. We recognize that risks arising from climate change will have a significant impact on not only the global environment and local economies, but also on the sustainable development of our customers and the Group. Thus, it is essential that not only the Bank, but also local communities, corporations, governments, and other stakeholders work hand in hand to address climate change.

P21  
Transformation of capital structure

p39  
Our Sustainability Initiatives

The concept of incorporating climate change countermeasures into corporate management to actively address it and thereby create opportunities for growth and increase corporate value has become much more widespread than in the past. However, many SMEs have not yet taken concrete steps to address climate change due to lack of funds, human resources, know-how, and other factors. Our role is to support our business partners in solving these issues. We are committed to contributing to our customers’ growth and ultimately to the realization of a decarbonized society by providing financing to meet their needs and by providing solutions to help them reduce their CO2 emissions and improve their energy efficiency.

The Bank itself is actively working to combat climate change through measures such as improving the sophistication of CO<sub>2</sub> emissions measurement and declaring that we will achieve carbon neutrality by FY2050. The CDP, an international non-governmental organization in the environmental field, gave us a “B score”—which is in the top 30% of all Japanese companies—for our initiatives and information disclosure regarding climate change. As a regional financial institution, it is natural for us to take the lead in sustainability initiatives. I believe that by proactively implementing a wide range of initiatives in cooperation with local communities, such as participating in domestic and international alliances for environmental protection and biodiversity preservation, we will have the power to change local communities and society for the better. We will continue to strongly promote sustainability initiatives in order to fulfill our responsibility to pass on a rich environment in which people can live with peace of mind to future generations.

People are the source of corporate value improvement

People are the source of our ability to achieve our Long Term Management Vision and Long Term Management Plan without fail and to improve our corporate value. I believe that the realization of the Bank’s vision depends first and foremost on the ability of each employee to correctly understand the purpose of their work and to boldly tackle challenges on their own initiative at a high level, rather than passively accepting them. I recognize that one of management’s missions is to create an environment that maximizes the abilities of each individual, to create an organizational climate that allows employees to take on the challenge of self-realization through their work, and to further enhance the strength of the organization by enabling each individual to demonstrate their abilities in the same direction. To this end, we are working to improve employee engagement as our top management priority.

I actively participate in social events for young employees and seminars at the Kogin Kodokan, a corporate university established within the Bank, to increase opportunities for direct dialogue with employees. When I use such opportunities to express my honest thoughts about the Bank’s current position and future, I am very thankful for the candid and diverse opinions I receive from employees, which I take seriously as a manager. I am also pleased to see that young employees, including new hires, are not afraid to actively speak up. I hope that employees will share our management philosophy and policies through such dialogue, and at the same time, I will listen carefully to their opinions and reflect them in our management policies in order to ensure the happiness of our employees, who are members of the CKB Community.



A discussion with young employees at the Kogin Kodokan.

Lastly, the Bank will make further efforts to improve its corporate value through management that contributes to the growth and development of its various stakeholders and through the sustainable and stable growth of the Bank. I am determined to solve each issue with the united efforts of all executives and employees so that we can meet the expectations of our stakeholders to an even greater extent, and I would like to ask for your continued guidance and support.

P31  
Human Resource Strategy

# History of the Chiba Kogyo Bank

1952～

In 1952, during the post-war reconstruction, our bank was established in response to strong local demand, with the founding spirit of “acting as a reliable adviser to small- and medium-sized enterprises in Chiba Prefecture,” to eliminate the drawbacks of the wartime financial control policy of one bank per prefecture.

1970’s～

In its 21st year since establishment, in 1973, the Bank was listed on the First Section of the Tokyo Stock Exchange. It was the third company based in Chiba Prefecture to be listed, significantly enhancing the Bank’s recognition and corporate image. Benefiting from the prosperous market of Chiba Prefecture and Japan’s rapid economic growth, we steadily expanded our business operations, and in 1987, our deposit balance surpassed 1 trillion yen.

1990’s～

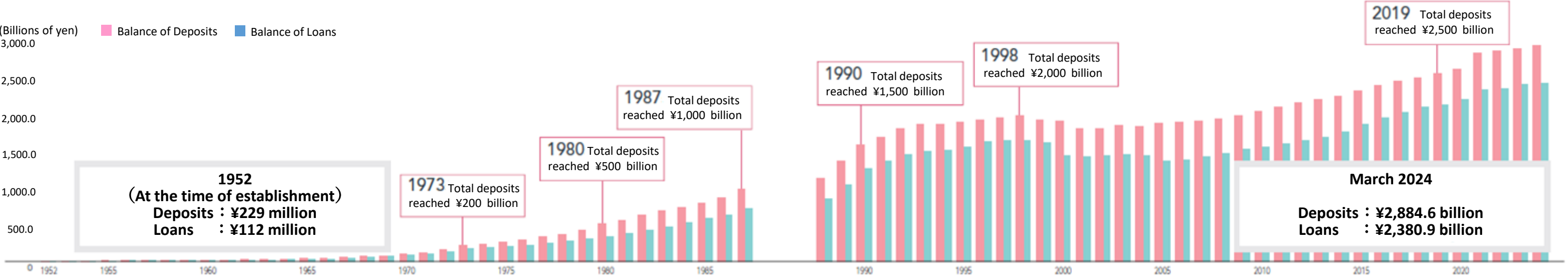
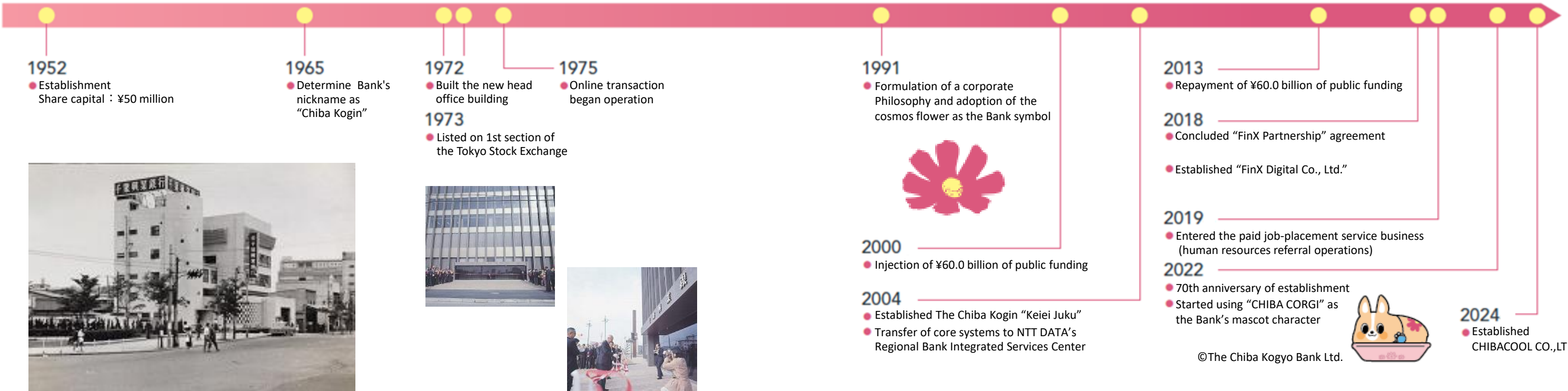
In 1991, ahead of our 40th anniversary, we established our corporate philosophy which continue to this day “Moving Forward with the Region, with Heartfelt Kindness Toward Customers” and symbol mark, to more clearly define the founding spirit. The late 1990s was a period when the problem of non-performing loans in Japanese financial institutions became apparent, leading to widespread financial system instability. In 2000, the Bank also recorded significant losses due to the disposal of non-performing loans and injected 60 billion yen in public funds to strengthen our capital base.

2010’s～

Since the introduction of public funds, we have initiated the challenge of revitalization, thoroughly implementing measures to achieve a core bank that is trusted by the community with a small, elite, and highly profitable team. In 2013, we repaid the public funds. As the management issues of businesses and the needs of individual customers become more diverse and sophisticated, we have strengthened our proposal capabilities and focused more than ever on measures aimed at becoming a true consulting bank to differentiate ourselves from competing banks. This commitment continues to this day.

2022～

In 2022, we celebrated our 70th anniversary. Without losing the founding spirit, we have set a long-term management vision of “Continue to design everyone’s happiness together as a reliable partner,” and we are committed to the development of Chiba Prefecture as a community-based financial institution.





# Chiba Prefecture – Our Business Base

## The population of Chiba Prefecture

Chiba Prefecture has a population of 6.25 million, the 6th largest in Japan. While the population is declining nationwide, the population of Chiba Prefecture remains at the same level.

The net population influx into Chiba Prefecture in 2023 is 4,785, which is the 5th place in Japan. The prefecture remains attractive as a relocation destination.

## Infrastructure of Chiba Prefecture

Chiba Prefecture is a hub of human flow and logistics, with access to all land, sea, and air networks. An extensive transportation network, including the Tokyo Bay Aqua-Line and the beltway, connects the core cities of the Tokyo metropolitan area with Narita International Airport, Japan’s air gateway, and the Chiba Port, one of Japan’s leading trading ports.

Chiba Prefecture is rich in tourism resources with various characteristics depending on the region, such as the bay area, which is close to central Tokyo and contains large amusement parks, international convention centers, and commercial facilities, and the Minami-Boso area, which offers warm and beautiful sea and verdant hills.

The prefecture strives to attract companies and support immigration and it is expected to create more jobs and the local economy growth.



## Diverse industries in Chiba Prefecture, which rank among the top in Japan

Industries inside the prefecture are extremely active and well-balanced, and the prefecture is in the top rank nationally - in agriculture, fishery, manufacture, commerce and also gross prefectural product.

Gross Prefecture Product (nominal)	¥ 20.7 Trillion	7 th among Japanese Prefecture	FY2020
Agricultural Output	¥ 367.6 Billion	4 th among Japanese Prefecture	2022
Fishery Production Volume	103K Tons	6 th among Japanese Prefecture	2022
Manufacturing Output	¥ 13.0 Trillion	8 th among Japanese Prefecture	2021
Retail Sales	¥ 1.0 Trillion	7 th among Japanese Prefecture	2023

Source: 2023 Population Estimates, Report on Internal Migration in Japan, Statistics Bureau of Japan, 2020 Cabinet Office, 2022 Statistics of Agricultural Income Produced, 2022 Production Statistics for the Fishing and Aquaculture Industries, Ministry of Agriculture, Forestry and Fisheries, Economic Census 2021, Statistics Bureau of Japan, Current Survey of Commerce 2023, Ministry of Economy, Trade and Industry

## TOPICS | Established CHIBACOO Co., Ltd., a regional trading company fully funded by the Bank

The Bank established CHIBACOO Co., Ltd. (Representative Director: Masaharu Mera), a regional trading company fully funded by the Bank, on April 1, 2024. This company aims to revitalize the region by focusing on farm business, consulting business, and trading business.

Chiba Prefecture, which is the business base of the Bank, has seen balanced development in agriculture, fisheries, industry, and commerce. However, with the declining working-age population due to the aging population and low birth rate, various business challenges, including a shortage of successors, are becoming apparent. Chiba Prefecture has many attractive regional resources, and we believe that combining our network as a regional financial institution with the functions of a regional trading company will create significant business opportunities.

As the first initiative, we plan to start a demonstration experiment of a farm business utilizing the knowledge accumulated in the agri-food business by the Bank. Specifically, we will work on (1) a demonstration experiment aimed at reducing the use of fossil fuels and realizing sustainable agricultural management, and (2) adding high value to agriculture through a long-term strawberry production project that extends the harvest period until the summer, when stable production becomes difficult.



# Partnership with Regional Banks

## Signed a business matching agreement with OKB Consulting Vietnam Co., Ltd.

The Bank has entered into a business matching agreement with OKB Consulting Vietnam Co., Ltd., a local subsidiary of Ogaki Kyoritsu Bank, Ltd. in Vietnam.

In recent years, the Vietnamese economy has continued to develop, maintaining a stable GDP growth rate against the backdrop of increased foreign direct investment, export expansion, and industrialization. Interest in expanding into Vietnam among Japanese companies is growing.

With this agreement, we can provide consulting services utilizing the network of the Ogaki Kyoritsu Bank Group, the only regional bank with bases in both Hanoi and Ho Chi Minh City.

We will significantly enhance our solutions for customers considering business expansion in Vietnam, including support for the establishment and operation of local subsidiaries, assistance in investigating and negotiating with manufacturing contractors and raw material suppliers, and support for market development.



## Investment in “Regional Future co-creation Search Fund”

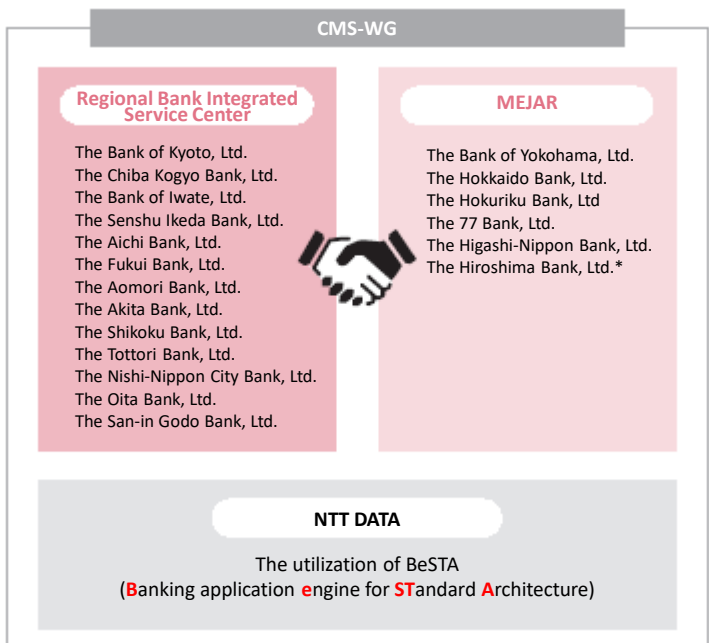
In an effort to contribute to solving regional and social issues such as the lack of successors for small and medium-sized businesses, the Bank has invested in the Regional Future Co-Creation Search Fund established by YAMAGUCHI CAPITAL Co., Ltd., a subsidiary of Yamaguchi Financial Group, Inc.

Search fund is an investment model that originated in the U.S. and was established with the purpose of solving business succession issues and supporting business growth of regional companies.

## Next accounting system platform for the Regional Bank Integrated Service Center

The Regional Bank Integrated Service Center\*1, which includes 13 regional banks including our bank, has been working with NTT Data to develop the next-generation platform for the core banking system. We have decided to build the core banking system on the “Integrated Banking Cloud,” an open shared platform, by January 2028, making it the first of its kind in Japan. This system platform can be applied not only to the Regional Bank Integrated Service Center but also to other financial institutions, contributing to the efficient operation of the core banking system. By safely streamlining the core banking system through openness, we aim to focus management resources on strategic areas and provide high value-added services to our customers.

This initiative is part of efforts to achieve efficient operation of accounting systems, which is the main theme of the joint research group CMS-WG\*2 with MEJAR\*3, consisting of six regional banks including The Bank of Yokohama, Ltd.



\*The Hiroshima Bank, Ltd. plans to join the MEJAR system sharing from FY2030

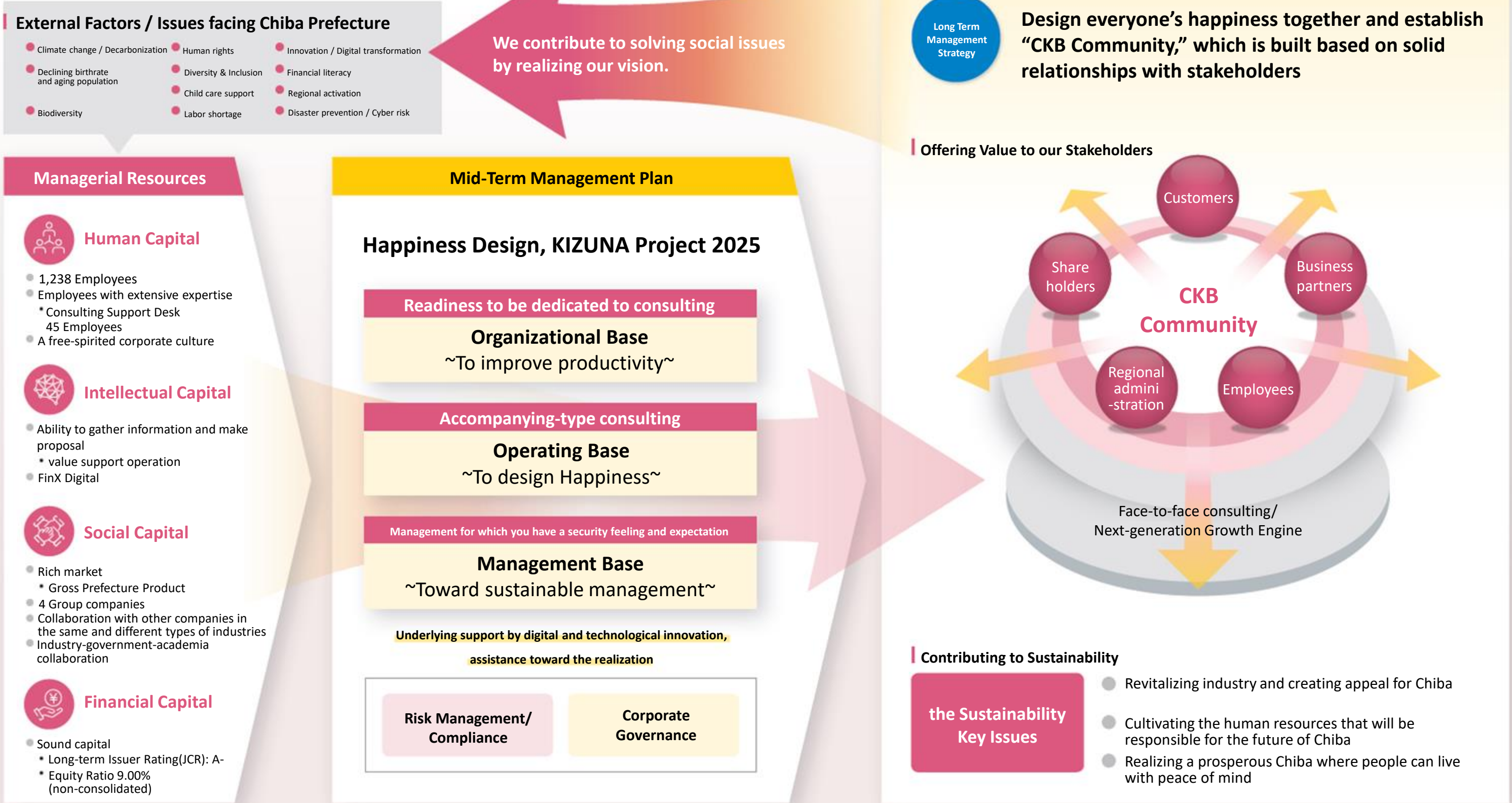
\*1 The Regional Bank Integrated Service Center : A core system joint center for regional banks and second-tier regional banks, constructed and operated by NTT Data.

\*2 CMS-WG : The working group established in November 2021 by the Regional Bank Integrated Service Center and MEJAR to consider the efficiency of system operations beyond the framework of the joint group.

\*3 MEJAR : A core banking joint center for regional banks and second-tier regional banks, built by NTT Data and operated mainly by banks.

# Value Creation Process

By effectively and efficiently investing the know-how we have cultivated, along with the trust, information, and network resources unique to a regional financial institution, we aim to establish the “CKB Community” through various corporate activities aimed at solving diverse challenges. This will enable us to provide value to our stakeholders, contribute to the sustainable development of the local community, and continue to design everyone’s happiness together as a reliable partner.





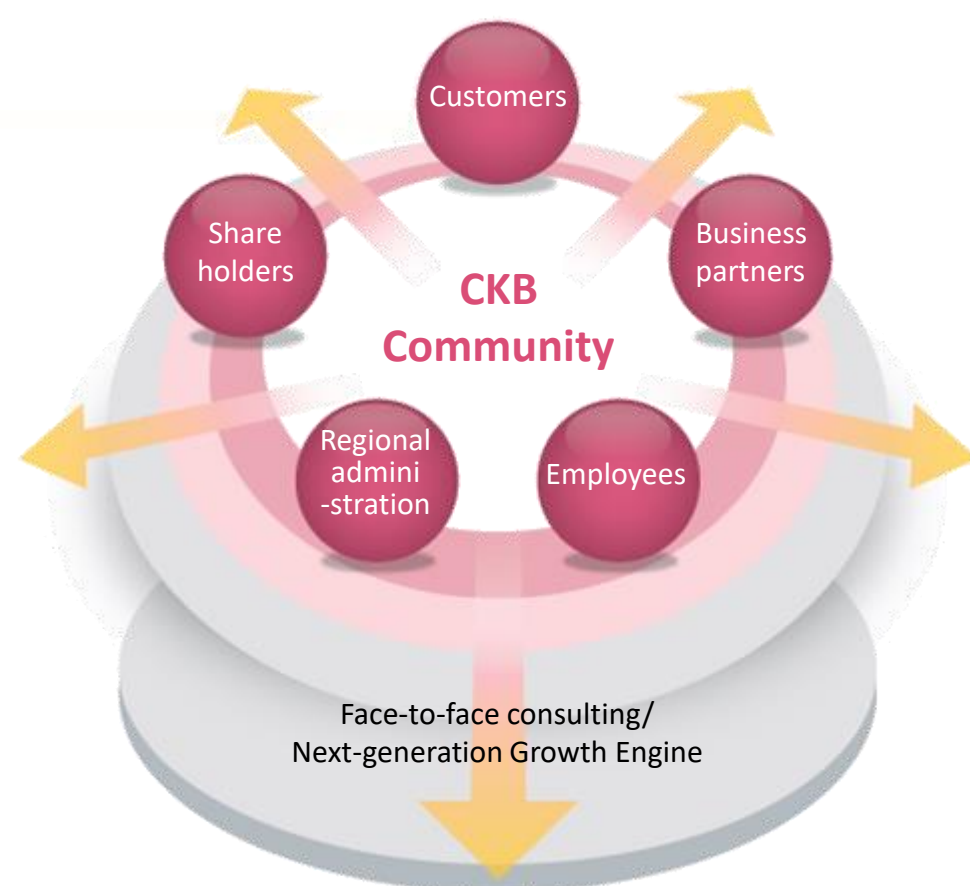
# Making the CKB Community a Reality

## “CKB Community”

Our long-term management strategy is to “Design everyone’s happiness together and establish “CKB Community,” which is built based on solid relationships with stakeholders.”

“CKB Community” refers not only to the relationship between the Bank and its stakeholders, but also to the circle of links among all stakeholders, including business partners, customers, and local communities.

The “CKB Community” is created through the practice of “Consulting Kodo,” which involves accompanying stakeholders towards their growth and happiness. We believe that as the links among stakeholders increase, new value and innovation will be generated.



## Objectives to be achieved by establishing the CKB Community

The Bank has been committed to “Consulting Kodo” for many years. “Consulting Kodo” involves identifying the true issues and needs of our partners, including local communities and customers, and seriously considering and presenting solutions. By leveraging the know-how, information, and networks we have cultivated, we will connect the new values and innovations created within the “CKB Community” to solving social issues, revitalizing local areas, and fostering growth.

By continuously expanding the “CKB Community” beyond traditional finance into various scenes, we aim to not only achieve growth and happiness for our stakeholders but also to become an indispensable corporate group with an absolute presence for the region and our customers.

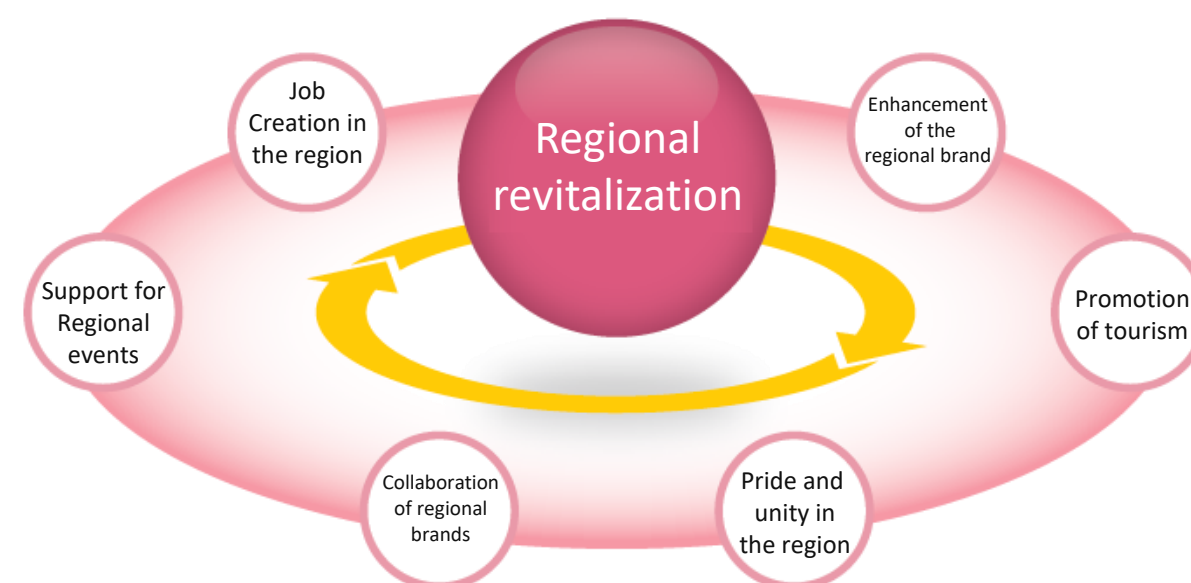
## Providing new value beyond just financial functions

The Bank creates various mechanisms and venues to link stakeholders. For example, our regional information website “Chibatoku!” not only promotes the products and services of business partners but also shares information about events happening across Chiba Prefecture.

“Chibatoku!” was launched from our desire to leverage our strength of knowing many small and medium-sized enterprises with attractive products and services, built through years of close relationships with the community. We aim to help our business partners who face difficulties in advertising on major websites due to various circumstances.

We are expanding the scope of consulting proposals related to business support by understanding the actual situation of our business partners through the browsing status of our website. “Chibatoku!” is developing towards regional revitalization by helping business partners acquire new customers and increase sales, and by providing “Chibatoku!” users with a place to discover attractive local information not listed on major websites.

In this way, we are focusing on building an information platform that can collect, accumulate, and utilize various information while utilizing digital technology, providing new value beyond just financial functions.



## To establish and expand the CKB Community

To expand the “CKB Community” and strengthen its links, we must enhance our consulting services to enable the growth and happiness of more stakeholders, thereby making it valuable for stakeholders to connect with us.

We will transform all transactions to a digital basis and establish an organizational foundation that allows us to focus more on “Consulting Kodo.” Through dialogues based on “Consulting Kodo”, we will deeply understand each customer, strengthen our links and bonds, and increase intimacy. Additionally, we will respond to the diverse expectations and demands of society by building a transparent and efficient management foundation that is more highly regarded by stakeholders than ever before.

# Long Term Management Vision and Strategy

While customer needs have changed and been diversified constantly, the feeling of “hoping to be happy” that is the essence of those needs never changes. Based on this recognition, we have decided to call for continuing to accompany customers toward realizing happiness through “Consulting Kodo” of always thinking and acting in the Long Term Management Vision. By continuing to design everyone’s happiness we aim to be a bank that continues to be chosen, with an absolute presence indispensable to the area and our customers.

Under the Long Term Management Strategy based on the Long Term Management Vision, we aim to establish “CKB Community,” a circle of links created by designing many “happiness” through trust and the utilization of information/networks that we can have because of being a regional financial institution, in not just traditional finance but various scenes.

FY2031  
Establish CKB Community

FY2028-2030  
Complete entrenchment

FY2025-2027  
Building up a posture

FY2022-2024  
Establishing the base

Long Term Management Vision

Continue to design everyone’s happiness together as a reliable partner

”Designing Happiness”

Sharing diverse potential needs that bring happiness to customers as a reliable advisor, and continuing to accompany them toward the realization

”Group image that we aim to be”

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

Long Term Management Strategy based on Long Term Management Vision

Design everyone’s happiness together and establish “CKB Community,” which is built based on solid relationships with stakeholders

Vision of consulting a decade from now

**Positive feedback model for consultancy through face-to-face and digital interaction**  
We provide an inspirational level of information and consulting optimally aligned with our customers, based on data as well as accompanying-type, face-to-face consulting closely tailored to challenges addressed by each and every one of our customers.

Next-generation Growth Engine

This serves as the starting point for banking transactions that provide solutions and region-specific information enlisting digital technologies centered on addressing evident customer needs.

Vision of new value creation a decade from now

**Positive feedback model for mutual growth enlisting a Next-generation Growth Engine**  
Achieving links and growth among stakeholders enlisting a Next-generation Growth Engine

Basic Strategies ① Sales Strategy

Relentless pursuit of consulting that brings happiness to customers

Basic Strategies ② Productivity Improvement

Devise sources and reallocation of managerial resources to ensure the structure for sales strategies and a management base

Basic Strategies ③ Management Base

Solve business challenges and establish a management base recognized by stakeholders while fulfilling social responsibilities

Mid-Term Management Plan

Happiness Design, KIZUNA Project 2025 ~ Toward Establishment of CKB Community 1st Stage ~



# Initiatives for Improving Corporate Value

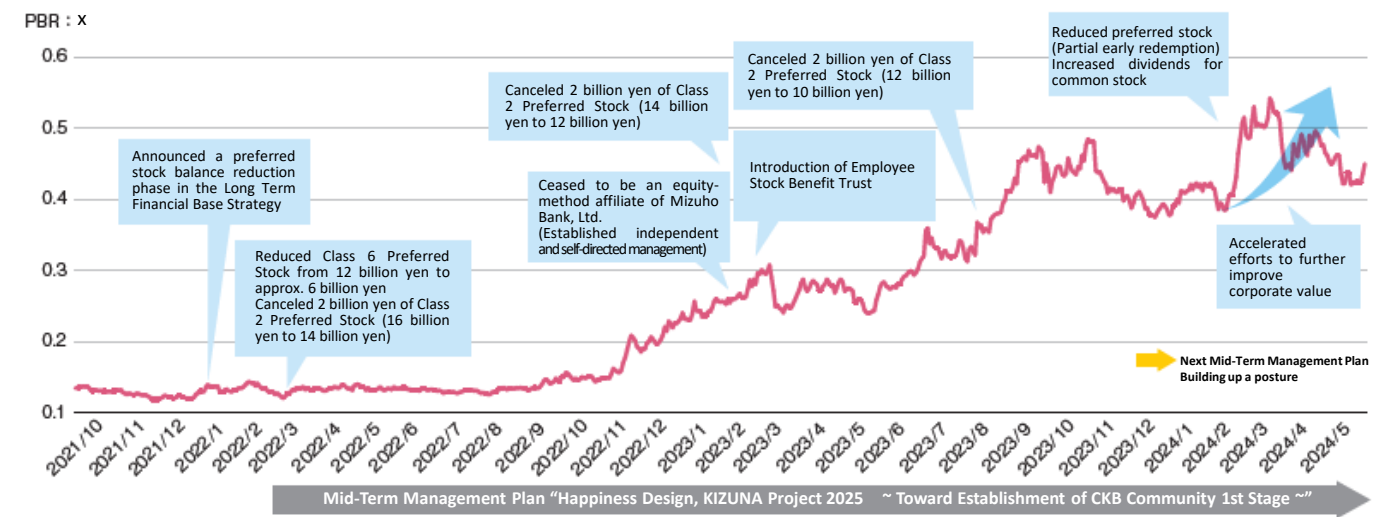
We are working to improve our corporate value by transforming our capital structure, transforming existing businesses, and creating new value based on an analysis of our current cost of capital and return on capital. We will improve corporate value by promoting growth strategies such as transforming our capital structure and existing businesses, as well as through initiatives that involve a progressive review of our business portfolio.

## Awareness of current situation

The Bank’s PBR has remained low due to its unique capital structure, in which preferred stock accounts for more than 30% of the Bank’s equity capital. We also recognize that the housing loan business, which is in a highly competitive environment, is pushing down ROE and return on risk-weighted assets (RORA) , and that in the category of conventional financial business, the continued decline in RORA in an environment of prolonged low interest rates is a factor impacting ROE and PER. We thus recognize that further efforts are required to achieve stable and sustainable growth.

In November 2023, we announced our actions toward achieving management that is conscious of cost of capital and stock price, and stated that we would first target a PBR of 0.6x, with the transformation of our capital structure, transformation of existing businesses, and new value creation as the axes of our corporate value improvement measures. As a result of promoting initiatives for the steady growth of core business profit and transformation of existing businesses, the Bank’s PBR has increased to 0.45x (as of May 31, 2024).

## Trends in PBR



\* The PBR is calculated by the Bank based on various figures published at each points in time.

## Current and targeted PBR

Factors determining PBR	ROE (Profitability)	PER (Market valuation)	PBR
Awareness of current situation	ROE of common stock : 3.7%	Around 12.0x (as of May 31, 2024) *Cost of capital in a broad sense : Around 8.2%	Around 0.45x (as of May 31, 2024)
Specific initiatives for improving corporate value	<p><b>[Financial target]</b> ROE of common stock : 5% or higher (Timing: Stable from FY2026 onward)</p> <p>1. Achieve net zero preferred stock as soon as possible</p> <p>2. Improve RORA through efficient replacement of RWA</p> <p>3. Improve earnings on the rising level of interest rates</p>	<p>Sustainable growth through steady execution of non-financial strategies and reduction of cost of capital in a broad sense ⇒ Aim for PER of 12x or higher</p> <p>4. Further strengthen consulting services for corporate customers to achieve both fundamental solutions to regional issues and sustainable growth</p> <p>5. Stabilize earnings by expanding the business axis</p>	Start by aiming for PBR of 0.6x

\*1 The above figures are calculated by the Bank based on figures disclosed as of June 10, 2024.  
\*2 Cost of capital in a broad sense = 1 / PER  
\*3 ROE of common stock = Profit per share excluding preferred stock / Net assets per share excluding preferred stock  
\*4 The Bank’s cost of capital is managed internally using CAPM (safe interest rate + equity risk premium x equity beta).

# Factors behind low PBR, challenges, and measures for improving corporate value

Challenges	Factors behind low PBR	Future response	Progress of measures
Transformation of existing businesses	<ul style="list-style-type: none"><li>The housing loan business, which is in a highly competitive environment, is pushing down ROE and return on risk-weighted assets (RORA) .</li></ul>	<ul style="list-style-type: none"><li>In the housing and other loan business, we will shift from a policy of volume expansion and improve the operational efficiency of the Bank’s consolidated subsidiary that provides credit guarantee services for housing and other loans, and in conjunction with these changes, we will reexamine our business portfolio to ensure a more balanced allocation of management resources.*</li></ul>	<ul style="list-style-type: none"><li>Transfer of shares in consolidated subsidiaries</li><li>Review of the business portfolio, strengthening of the promotion system to improve RWA efficiency</li><li>Gain on sale of cross-shareholdings and reduction of risk-weighted assets</li></ul>
Transformation of capital structure	<ul style="list-style-type: none"><li>The future outlook for ROE is expected to be influenced by the future handling of preferred stock.</li><li>The outlook for the redemption and buyback of preferred stock is believed to affect the perception of PER from the perspective of cost of capital in a broad sense.</li></ul>	<ul style="list-style-type: none"><li>We will secure sufficient funds for preferred stock redemption by reducing risk-weighted assets through the reduction of unprofitable assets and shifting management resources to the corporate consulting field, which has higher added value and profitability, to quickly achieve net zero preferred stock.</li><li>We will improve ROE through steady preferred stock redemption and share buybacks.</li></ul>	<ul style="list-style-type: none"><li>Achieve net zero preferred stock as soon as possible</li><li>Strengthen shareholder returns</li></ul>
New value creation	<ul style="list-style-type: none"><li>In the category of conventional financial businesses, the prolonged low-interest-rate environment has continued to erode risk-weighted assets(RORA), necessitating further efforts towards stable and sustainable growth.</li></ul>	<ul style="list-style-type: none"><li>We will contribute to the development of the regional economy by increasing our ability to provide solutions in the areas of finance and non-finance, and work together with local communities to ensure the sustainable growth of the Group.</li></ul>	<ul style="list-style-type: none"><li>Concentrate management resources on high RORA and regional solutions</li></ul>

\* In reviewing the business portfolio, we will also consider the possibility of transferring the consolidated subsidiary concerned.

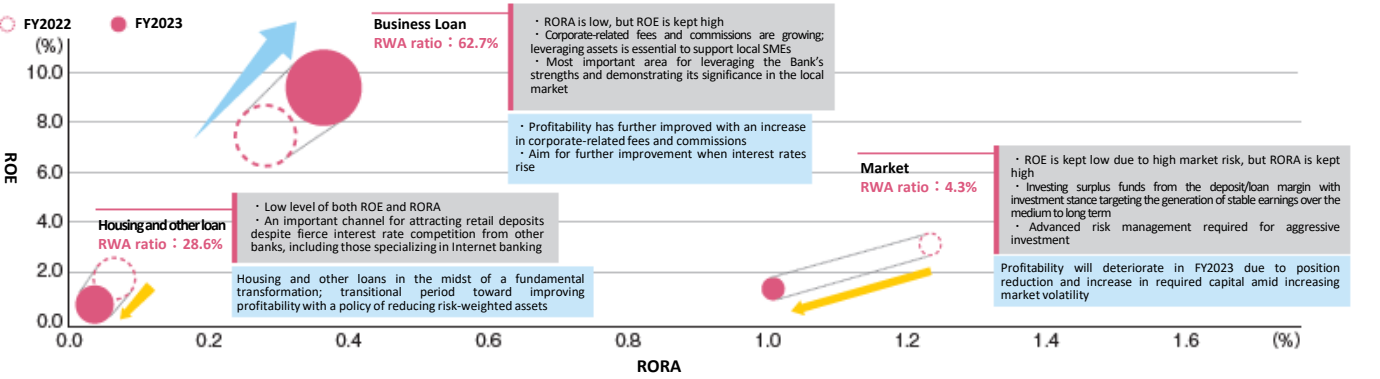
## Transformation of existing businesses

### Transformation to a Profitable Loan Portfolio

The personal loan business, including housing loans, accounts for about 30% of the Bank’s total risk-weighted assets. However, increasing competition from online banks and other competitors has made it difficult to differentiate this business other than by interest rates, and because it includes many mass customers, both RORA and ROE profitability are lower than those of other business segments. Meanwhile, the corporate business uses a substantial proportion of risk-weighted assets, as it mainly lends to SMEs, but since it is able to provide high-value-added solution services through multi-layered transactions, fees and commissions are on the rise.

We will expand the scale of our business by investing management resources in the corporate business, which has a high ROE and requires a high level of consulting, in order to transform our loan portfolio into a more profitable one, with an awareness of RORA. In addition, we will provide a greater variety of financial and high value-added services, building a structure that will enable us to generate earnings by supporting corporate business growth and supplying risk money for business succession. The personal loan business, including housing loans, remains an important opportunity for individual customers to initiate lifelong transactions with us. We thus recognize the importance of using such opportunities to propose asset formation and asset management that will lead to building a more stable customer base and earnings base.

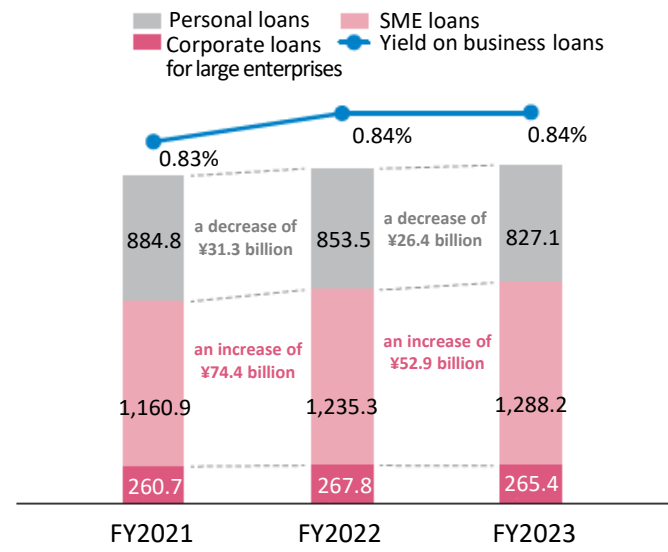
## Direction of RORA and ROE strategies by business segment



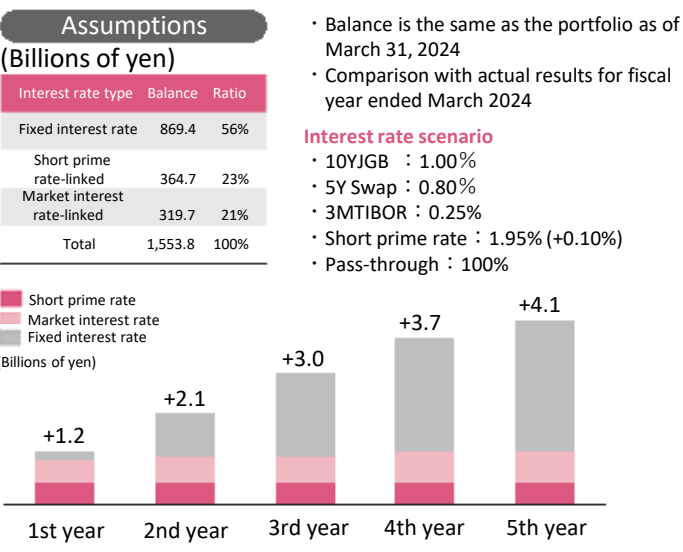
\*1 Size of bubble = size of risk-weighted assets  
\*2 RWA ratio is the ratio used by the segment (business category) to the Bank’s non-consolidated risk-weighted assets

Initiatives for Improving Corporate Value

Review of loan portfolio



Simulation of business loan profitability



Improvement in the value of common stock

With regard to the year-end dividend for the fiscal year ended March 31, 2024, we have increased the ordinary dividend by 5 yen to 10 yen per share in order to express our gratitude to our shareholders for their continued cooperation and support. The decision to increase the ordinary dividend was based on a comprehensive review of the Bank’s performance trends, financial condition, and other factors, including the recent strong performance and the equity ratio exceeding the 8% range, in addition to the reduction in the total amount of preferred stock issued, which will reduce the burden of future preferred dividend payments.

The Bank’s capital structure still has preferred stock that accounts for more than 30% of the Bank’s equity capital, and the Bank will steadily and quickly reduce such preferred stock to further increase the value of its common stock.

Strengthening of IR activities

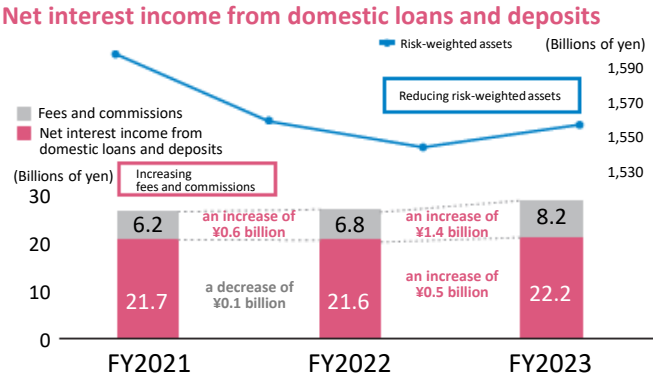
We are strengthening IR activities through large meetings, small (theme-based) meetings, and 1-on-1 meetings, among others. We also discuss opinions received from investors in close cooperation with executive officers, the IR department, and other related departments. In addition, we utilize a reporting service provided by Shared Research Inc. to disseminate information overseas and engage in in-depth dialogue with a wide range of investors.

In FY2023, we engaged in dialogue with 53 institutional investors and analysts, mainly on matters related to business performance and initiatives to improve corporate value.

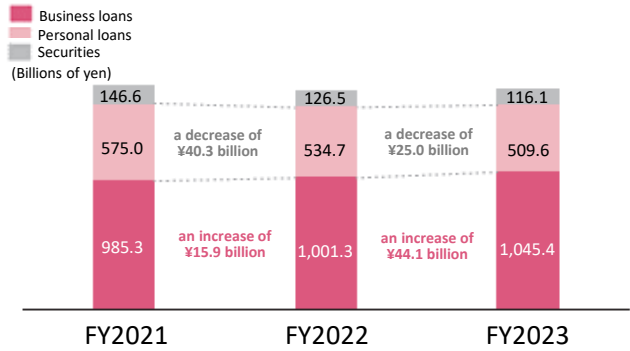
Improvement of RORA

We will increase the number of high-RORA borrowers by pursuing capital efficiency and increasing earnings generated by providing services to customers, mainly through fees and commissions. We will also increase RORA by reducing risk-weighted assets for low RORA borrowers. Specifically, we will reduce risk-weighted assets for personal loans and concentrate the reduced risk-weighted assets in priority areas such as loans to SMEs.

Fees and commissions



Risk-weighted assets



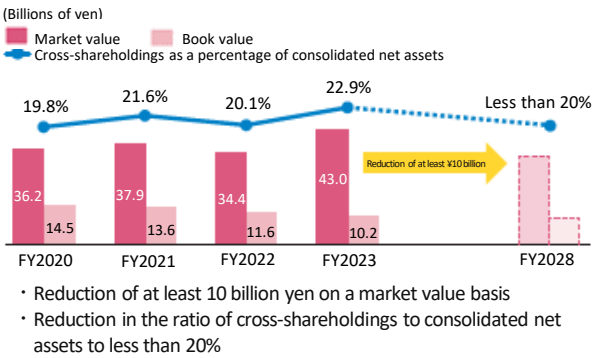
Reduction of cross-shareholdings

We have established a basic policy regarding cross-shareholdings, and after examining the significance of each shareholding, we have decided to reduce the number of cross-shareholdings except for those that we consider reasonable to hold.

We have also set targets for reducing our cross-shareholdings, including a reduction of at least 10 billion yen on a market value basis by the end of March 2029, and a reduction in the ratio of cross-shareholdings to consolidated net assets to less than 20%.

We will further reduce cross-shareholdings to further improve capital efficiency and strengthen our financial position in order to improve corporate value.

Targets for reducing our cross-shareholdings



New value creation

We will improve productivity by concentrating our limited capital and human resources into priority areas, and contribute to the development of Chiba Prefecture by going beyond the boundaries of the banking business to discover and utilize yet-unused local resources and attractions.

Transformation of capital structure

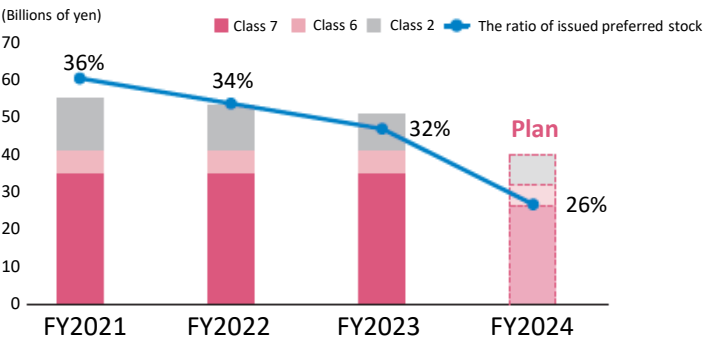
We are working to increase the value of our common stock by reducing the balance of preferred stock in order to realize management that is conscious of improving our capital structure and market valuation.

Reduction of issued preferred stock

In our Long Term Financial Base Strategy announced in January 2022, we stated that we would reduce the total amount of preferred stock issued. Since then, we have steadily reduced the balance of preferred stock. We believe that the Bank’s recent performance has been strong and that the Bank will maintain a stable equity ratio. We have begun to further reduce the balance of preferred stock ahead of schedule as a result of the fact that our equity ratio has exceeded the 8% range.

Factoring in the 8.5 billion yen repurchase of the first series of Class 7 Preferred Stock in May 2024, the ratio of issued preferred stock is expected to decline to 26% at the end of March 2025.

The total amount of preferred stock issued



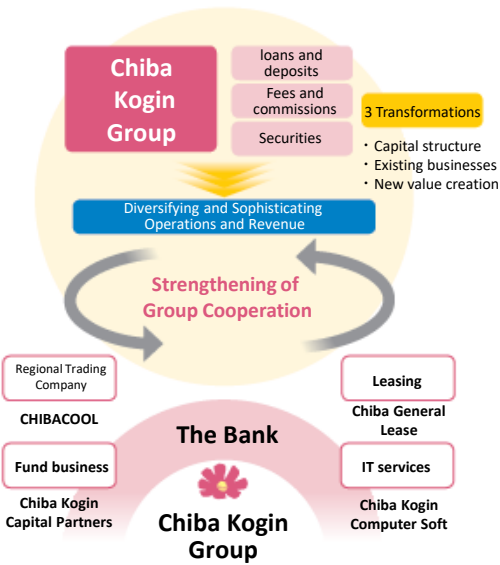
Transfer of shares in Chiba Kogin Card Service

The Bank’s housing loan strategy is expected to result in a decrease in the balance of housing loans. The Bank therefore entered into a share transfer agreement with ZENKOKU HOSHO Co., Ltd. for Chiba Kogin Card Service Co., Ltd., a consolidated subsidiary of the Bank engaged in the housing loan and other guarantee business and credit card business, with a view to concentrating the investment of management resources on high RORA and regional solutions.

Strengthening of Group cooperation

We established CHIBACOOL Co., Ltd. with the aim of helping to develop local communities and solve issues utilizing the knowledge we have accumulated as a consulting bank beyond the framework of our banking business. We will contribute to the development of new sales channels and the expansion of our customers’ businesses by not only creating attractive local products ourselves, but also by uncovering local resources and creating and proposing new value-added products. We will enhance our solution capabilities in financial and non-financial fields by further strengthening cooperation among the Group, including CHIBACOOL.

Strengthening of Group Cooperation

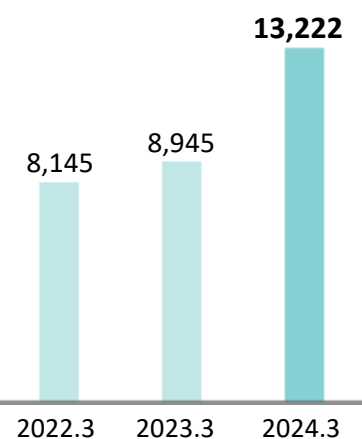




# Financial Highlights (Non-Consolidated)

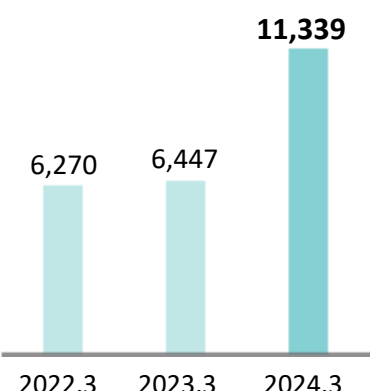
## Ordinary profit

(Millions of yen)



## Profit

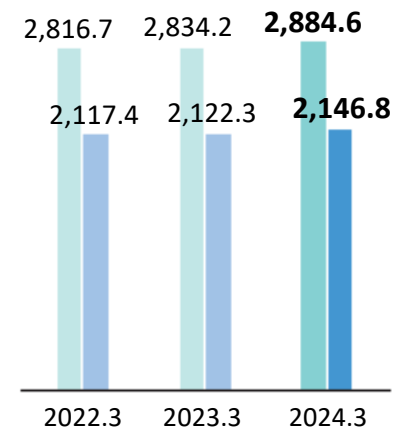
(Millions of yen)



## Deposits

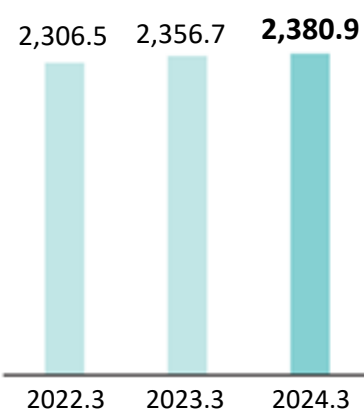
(Billions of yen)

Deposits Personal Deposits



## Loans and Bills Discounted

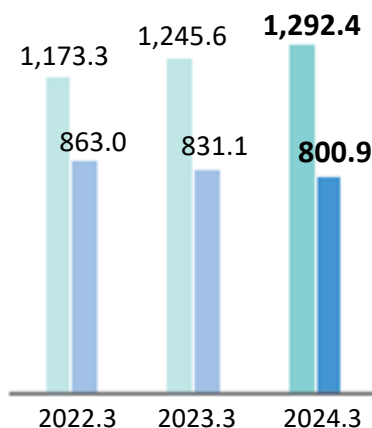
(Billions of yen)



## SME Loans / Housing Loans

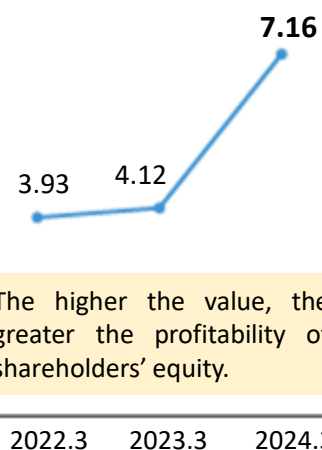
(Billions of yen)

SME Loans Housing Loans



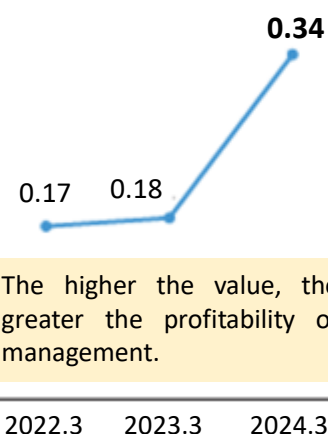
## ROE (Net income basis)

(%)



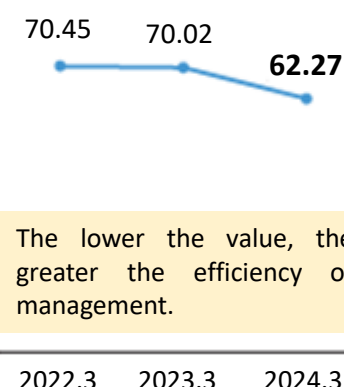
## ROA (Net income basis)

(%)



## Core OHR

(%)



## Equity Ratio

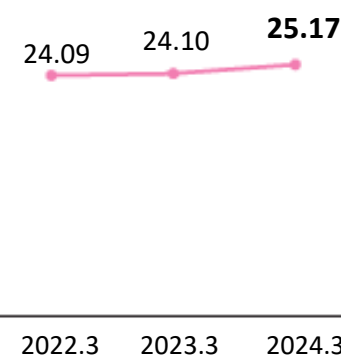
(%)



# Non-Financial Highlights

## Ratio of Female Managers

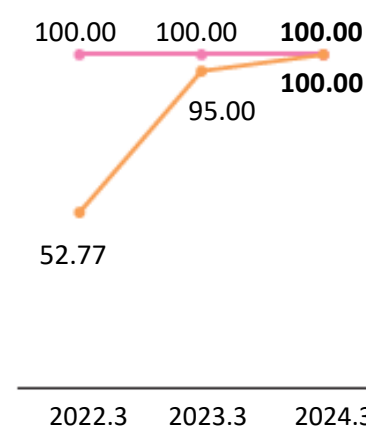
(%)



## Percentage of Employees Taking Childcare Leave

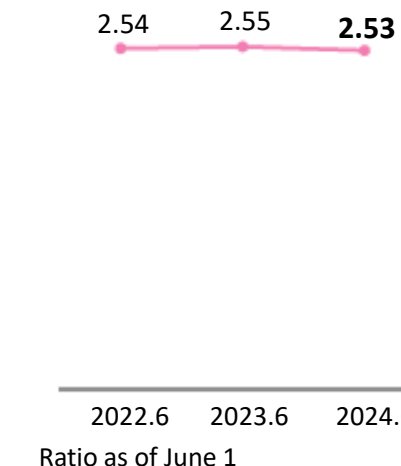
(%)

Women Men



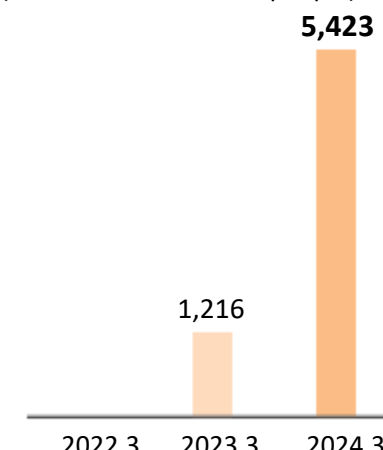
## Employment Rate of People with Disabilities

(%)



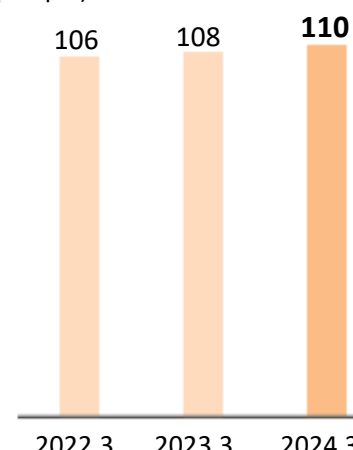
## Number of Participants in Financial Education

(Cumulative number of people)



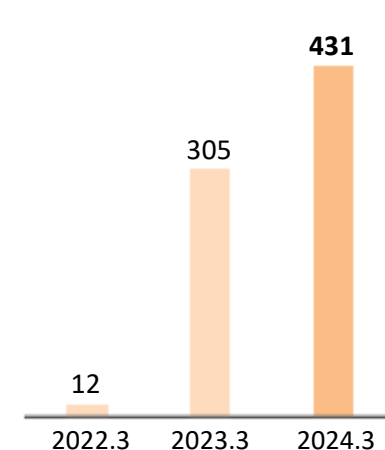
## Number of Employees Acquired 1st Grade Certified Skilled Professional of Financial Planning

(People)



## Number of Employees Acquired Information Technology Passport Examination

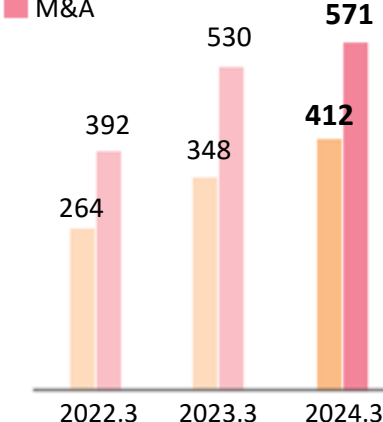
(People)



## Number of Companies Supported by Consulting Services

(Number of cases)

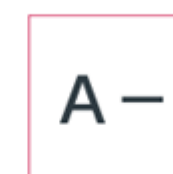
Business Succession M&amp;A



## External Evaluation



We received  
a B score  
(CDP)



Long-term  
Issuer Rating: A-  
Outlook: Stable  
(JCR)



"Platinum  
Kurumin Plus"  
certified  
(June 2022)



"Eruboshi"  
highest grade  
designation  
(April 2016)

Medium Term Management Plan

Happiness Design, KIZUNA Project 2025

~ Toward Establishment of CKB Community 1st Stage ~

The Medium Term Management Plan “Happiness Design, KIZUNA Project 2025 ~ Toward Establishment of CKB Community 1st Stage ~” is taken to be the stage for building three bases toward the establishment of the Long Term Management Strategy “CKB Community,”

Medium Term Management Plan

Happiness Design, KIZUNA Project 2025

Readiness to be dedicated to consulting

Organizational Base

~To improve productivity~

- Freed from and unrestricted by time and location
- Diversification of employment and work conditions
- Raising the level of experience and know-how

We will promote efficiency by digitizing all transactions, including deposits, loans, and exchange, which are unique to banks, and develop an environment where management resources that have been spent on them can be focused on face-to-face consulting. Furthermore, we will diversify employment and working conditions, and strengthen the organizational base by actively developing and utilizing human resources based on meritocracy.

Accompanying-type consulting

Operating Base

~To design Happiness~

- To an efficiency-oriented sales style
- Enhance provision of non-finance and information
- Embody a reliable advisor digitally

We aim to increase the number of core business partners by further expanding "value support operation" for corporate customers and "life planning proposals" for individual customers, while emphasizing an efficient sales style that utilizes digital technology based on “consulting Kodo”. In addition, by analyzing and utilizing a wide range of accumulated data, we will understand the latent needs beyond financial field of customers, and improve both the quality and quantity of our consulting services.

Management for which you have a security feeling and expectation

Management Base

~Toward sustainable management~

- Open up to markets and shareholders
- Response to recycling-based communities and society
- To management pursuing total optimization

While fulfilling all various social responsibilities and new requests required to be met, we will promote more transparent and efficient management than ever to strengthen the management base. Especially, the Medium Term Management Plan calls for enhance measures for return to common shareholders and reduction of preferred stock and cross-shareholdings as priority issues.

Underlying support by digital and technological innovation, assistance toward the realization

Targets for management indicators and main business management items

	Main targets for management indicators	As of the end of March 2024	Plans (As of the end of March 2025)	Achievement ratio
profitability	Profit	¥11.3 billion yen	¥6.7 billion yen	168.6%
efficiency	Core OHR	62.2%	69%	110.9%
	ROE	7.1%	4%	177.5%
soundness	Equity Ratio	9.00%	Mid- 8% range	—
	Ratio of issued preferred stock	31.6%	30%	94.9%

\*All of the above items are figures on a non-consolidated basis.

Although there were special factors such as the receipt of special dividends from subsidiaries, the net income for the current period was 11.3 billion yen, compared with the planned 6.7 billion yen (achievement ratio 168.6%). The core OHR was 62.2% compared with the planned 69% (achievement ratio 110.9%), ROE was 7.1% compared with the planned 4% (achievement ratio 177.5%), and the equity ratio was 9.00% compared with the planned mid-8% range, which we evaluate as good progress.

		As of the end of March 2024	Plans (As of the end of March 2025)	Achievement ratio
Corporate indicators	Increase in core corporate business partners	+ 639	+ 1,000 compared with March 31, 2022	63.9%
	Number of cases sharing five major needs*1	7,113 cases	Cumulative number of sharing cases for three years: 10,000 cases	71.1%
	Number of management improvement plans formulated	161 cases	Cumulative number of formulated plans for three years: 250 cases	64.4%
Individual indicators	Increase in core customers	+942	+ 1,400 compared with March 31, 2022	67.2%
	Increase in balance of assets under custody	+ ¥71.2 billion	+ ¥45.0 billion compared with March 31, 2022	158.2%
	Number of cases in which we were able to respond to the inheritance needs	1,725 cases	Cumulative number of cases in which we were able to respond for three years: 1,000 cases	172.5%
Efficiency indicators	Reduction in administrative work time through digitalization	(71) thousand hours	(133) thousand hours compared with FY2021	53.3%
	Reduction in administrative operations at branches	(24)%	(50)% compared with FY2019*3	48.0%
Human resources-related	Number of those who passed the Information Technology Passport Examination	431	550	78.3%
	Number of those who passed the second grade of the Official Business Skills Test in Bookkeeping	210	200	105.0%
	Number of those who are the first grade Certified Skilled Worker of Financial Planning	110	110	100.0%
	Number of workshops for cross-industrial exchange held	26 times	Cumulative number of workshops held for three years: 36 times	72.2%
	Ratio of women in leadership positions*2	36.7%	30%	122.3%

\*1 Business succession, labor shortages, management streamlining, DX, decarbonization

\*2 Calculated by dividing the number of female managers by the number of managers

\*3 The comparison target is FY 2019 in order to exclude the period when a state of emergency was declared and there were restrictions on going out and moving.

Although the achievement rate of efficiency indicators has been sluggish, we will steadily advance the release plans for FY2024, including the expansion of internet banking functions and the web-based processing of loan applications. By doing so, we aim to reduce administrative hours by 133,000 hours (compared with FY2021) and cut in-store operational tasks by 50% (compared with FY2019). Other items are progressing smoothly, and we believe that these efforts have significantly contributed to the increase in core business profits for the fiscal year ending March 2024.

Achievement status of sustainability goals

		As of the end of March 2024	Plans (As of the end of March 2025)	Achievement ratio
Economy	the Amount of ESG Investment and Finance / Sustainable Finance	¥430.2 billion yen	More than ¥350.0 billion yen	122.9%
Society	Ratio of Woman in Leadership Positions	36.7%	More than 30%	122.3%
	Number of Participants in Financial Education	5,423 people	Total 3,000 people	180.7%
Environment	Reduction in CO <sub>2</sub> Emissions	Reducing by (28.9)% compared with FY2019	Reducing by (20)% compared with FY2019	144.5%

By the end of March 2023, We have generally achieved the cumulative targets for ESG investments, sustainable finance, and CO<sub>2</sub> emission reductions that we initially set as our mid-term management plan. To more actively support our business partners who wish to advance sustainability management, and because decarbonizing the region is a top priority for preventing global warming, we revised upward our cumulative targets for ESG investments, sustainable finance, and CO<sub>2</sub> emission reductions in August 2023. We evaluate that the achievement rate has significantly exceeded the revised plan, and we are progressing smoothly with our efforts.



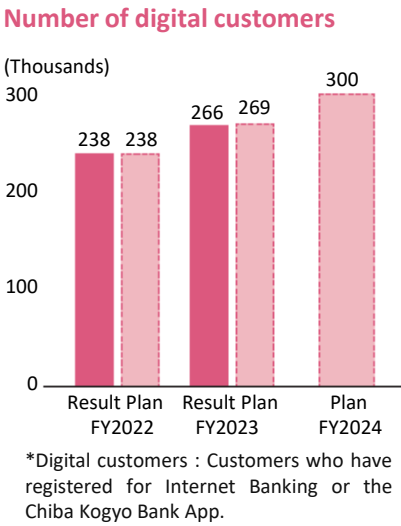
# Digitalization Strategy

We consider the establishment of a solid operational foundation for the creation of the ‘CKB Community’ as our most important pillar. By effectively utilizing digital tools to enhance productivity and leveraging various data in our sales activities, we aim to further expand the quality and quantity of our consulting actions that we have been working on.

## Establishing a system that does not require customers to visit or employee to stay in the branch

We have renewed the Chiba Kogin Business Portal and the Chiba Kogin App to strengthen non-face-to-face transactions for both corporate and individual customers. Additionally, we have enhanced our devices and network environment, including video conferencing systems and workflows. This allows us to establish a ‘no-visit-required’ system where customers can conduct banking transactions without being constrained by time or location, and a ‘no-stay-required’ system where employees can perform their duties from outside the branch as if they were in the branch. By doing so, we are freeing our sales activities from the constraints of place, time, and distance, and creating more time to focus on consulting activities.

Establishing a system that doesn’t require customers to visit or employees to stay in the branch will lead to an increase in both the quality and quantity of consulting services, contributing to the growth of our core clientele and ultimately enhancing our overall profitability.



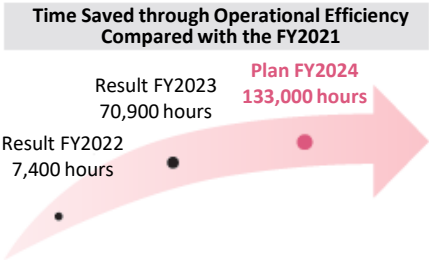
## Initiatives for improving business efficiency through digitalization

The Bank is committed to “transforming existing business” by focusing on reducing the administrative burden of traditional tasks such as deposits, loans, and foreign exchange through digitalization.

In the FY2023, we reduced administrative hours by 70,900 hours compared with the FY2021 by expanding the functionality of in-store tablets.

In the FY2024, we aim to reduce 133,000 hours compared with the FY2021 by promoting digitalization in various operations, which is equivalent to an annual effect of approximately 75 full-time employees (1 person = 7 hours/day × 20 business days × 12 months).

Release Achievements for FY2023	Release Plans for FY2024	Other Major Initiatives
The Chiba Kogin App Renewal	Digitization of financing agreements	Generative AI <ul style="list-style-type: none"> <li>Commenced the construction of a dedicated environment for the Bank</li> <li>Started the development of a business support system (AI chat)</li> </ul>
In-store Tablet Functionality Expansion	Internet banking expansion (housing loans / consumer loans)	
Electronic housing loan contract	Web-based loan application procedures (guarantee association / housing loan)	BI tools <ul style="list-style-type: none"> <li>Implemented MotionBoard to achieve efficiency in reporting and aggregation tasks</li> <li>Initiated enhancements for internal data integration and sharing functions</li> </ul>
Web-based reception services	Chiba Kogin Business Portal Function Expansion	Data Utilization <ul style="list-style-type: none"> <li>Commencement of developing a future prediction model using internal data</li> <li>Collaboration with an external company (FinX Digital) for model development</li> </ul>
The Chiba Kogin Business Portal Renewal	Automation of back office work	
Pre-registration for overseas remittance via web		



## Consulting support for digitalization

### Selected as a subcontractor for the “Regional Digitalization Promotion Support Project”

The Bank has been selected as an indirect subsidy operator for the “FY2023 Regional Digitalization Promotion Support Project” promoted by the Cabinet Office. It is believed that small and medium-sized enterprises (SMEs) face challenges in digitalization, such as lacking the know-how and expertise to independently implement digitalization and finding it difficult to secure profitability, which prevents them from receiving support from private companies like IT vendors. The Regional Digitalization Promotion Support Project aims to support digitalization promotion projects conducted by regional financial institutions, which have strong relationships with local businesses and understand their business challenges and operational realities. The Cabinet Office supports these projects to achieve the growth and productivity improvement of local businesses, ultimately revitalizing the regional economy.

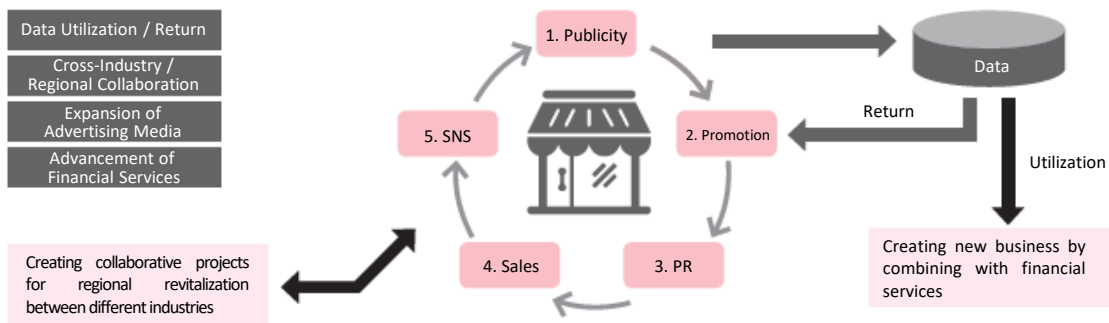
We have strengthened our efforts to address the five major needs of corporate customers (business succession, labor shortage, management efficiency, DX, and decarbonization) and are implementing “accompaniment-type consulting” that closely aligns with our client companies. In promoting DX, which aims to enhance customer productivity, our goals aligned with this project, leading to our application. We have assigned several experienced SEs with over 20 years of experience and certified SME consultants to our headquarters (Consulting Support Desk) to strengthen our system for providing “consulting support for digitalization” under this project.

### Supporting customers’ digital marketing through “Chibatoku!” and social media management.

On our regional information website, “Chibatoku!”, we provide various information including details about our stakeholders’ products, services and exclusive coupons. Additionally, we offer information on events such as product exhibitions, art exhibitions, and festivals held across Chiba Prefecture. By using our website as a starting point, we aim to encourage visitors to these events to explore surrounding spots, thereby promoting further regional revitalization.

To help more people learn about the products and attractions of our stakeholders, the information about stakeholders posted on Chibatoku! is also shared on our official social media accounts, which have a total of approximately 43,000 followers. This allows us to coordinate and utilize the content we possess.

#### Contribute to the business development of stakeholders by utilizing various contents



### Support for introduction of VR store and VR campsite to CAMPAL JAPAN Co., Ltd.

We supported CAMPAL JAPAN Co., Ltd., which operates the long-established domestic outdoor brand “Ogawa,” in introducing VR store and VR campsite. This initiative, utilizing VR, aims to differentiate from competitors and enhance customer experience value to increase customer attraction. This support case was realized by introducing STUDIO55 Inc., which handles digital solution businesses, to CAMPAL JAPAN Co., Ltd. through Chiba Kogin Computer Soft Co., Ltd., a related company of the Bank that develops systems.



# Channel Strategy

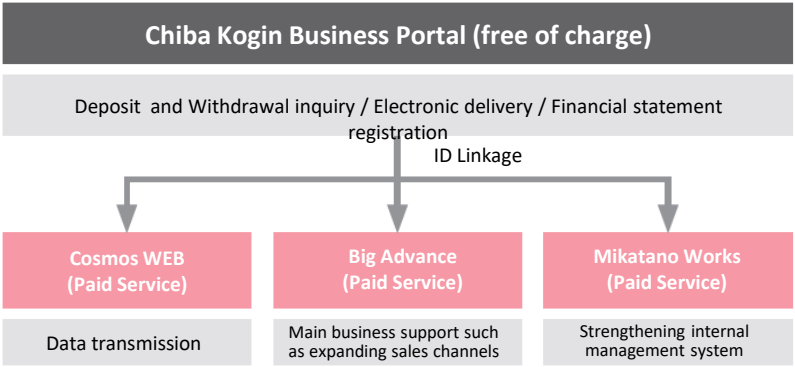
We will further strengthen transactions through non-face-to-face channels while thoroughly reducing and simplifying in-store procedures to enhance customer convenience. Additionally, we will restructure our operations by reorganizing branches based on regional characteristics and consolidating corporate transactions. The workforce capacity freed up through the digitalization of transactions will be redirected towards face-to-face consulting at branches and Consulting Plazas.

## Non-face-to-face channels

Starting with the Chiba Kogin Business Portal, Internet Banking, and the Chiba Kogin App, we will expand services that allow customers to complete various procedures online, thereby enhancing convenience. Additionally, by utilizing online meeting tools that are not restricted by time or location, we will further streamline our business activities while continuing to focus on face-to-face consulting, which we have been committed to.

### Chiba Kogin Business Portal

As part of our efforts to digitize transactions with corporate and individual business customers, we offer the free portal site “Chiba Kogin Business Portal.” This service allows corporate and individual business customers to complete various procedures online, such as checking transaction details for deposits and other electronic documents, acquiring electronic forms, and electronically submitting financial statements. By linking ID, customers can also use other web services provided by the Bank without having to re-enter ID or password. We are gradually adding electronic delivery forms to improve convenience and enhance our services and consulting.



### Chiba Kogin App

The “Chiba Kogin App” is a smartphone application provided by the Bank for individual customers. It allows easy access to features such as balance inquiries, transaction details, transfers, and more. In June 2023, the app underwent a renewal, enhancing convenience by enabling transactions that previously required internet banking (such as time deposits, foreign currency deposits, and investment trusts) to be completed within the app. Additionally, new features were introduced, including purpose-specific savings accounts and a “Family Account Monitoring Service” that allows family members to view transaction details from the account holder’s account. We also conduct surveys to measure satisfaction and further improve functionality for customers who have registered with the Chiba Kogin app.



## Face-to-face channels

We aim to enhance our responsiveness to customer needs by streamlining branch operations through Branch-in-Branch (B in B) and strengthening collaboration across blocks, thereby maximizing financial results.

### Streamlining branch operations through Branch-in-Branch

We suppress expenses and personnel through B in B, and allocate the resulting funds and personnel to growth investments and consulting. In each branch, we promote low-cost operations by streamlining tasks using digital technology (paperless, no passbooks or seals, cashless, and less of back office working), allowing us to focus on face-to-face consulting. Additionally, branches relocated by B in B are transformed into specialized Consulting Plazas for asset management consultations and applications, enhancing customer convenience while creating additional touchpoints.

Branch Numbers	FY2021	FY2023	Changes in the number of branches
Full-service banks	48	27	(21)
Retail banks (including B in B)	26	47	21
Consulting Plazas	1	6	5
Total	75	80	5
Total (Excluding B in B)	69	64	(5)

\*There was no change in the number of branches from FY2022 to FY2023.

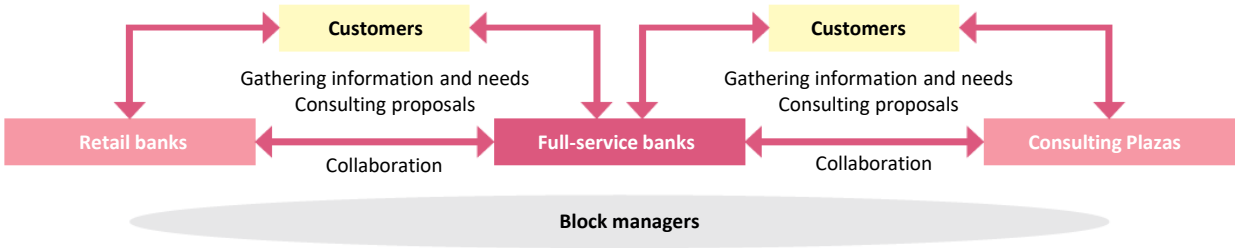
### Consulting Plazas

The Consulting Plazas are specialized branches that focus on providing convenient banking services and handling various consultations and applications related to asset management for individual customers. We have multiple private booths available to ensure customers can discuss their needs comfortably. At the Consulting Plazas, we prioritize reservations for consultations and applications related to asset management for individual customers. Please note that as branches specialized in handling consultations and applications related to asset management, we do not handle cash deposits, withdrawals, transfers, tax payments, or currency exchange at the Consulting Plazas.

List of the Consulting Plazas
Kemigawa
Edogawadai
Takane
Oami
Chiba New Town
Natsumi

### Strengthening collaboration across blocks

We implement operations that clearly define the roles of each branch based on its characteristics and locations. For corporate customers, we enhance responsiveness by consolidating information, personnel, and expertise that were previously dispersed across full-service banks and corporate sales departments. Furthermore, by sharing customer needs, regional information, and activity status between full-service and retail banks, we enhance the effectiveness of daily sales activities.





# Human Resource Strategy

Human resources are the most important assets for the Bank. We are strongly promoting the enhancement of human resources capabilities and the optimal placement of diverse talents to maximize the value of employees.

By having each irreplaceable individual think and act autonomously and achieve solid results one by one, we contribute to the growth of all stakeholders related to the Bank and to the stable and sustainable development of our home base, Chiba Prefecture.

## Consulting professionals who practice “Consulting Kodo”

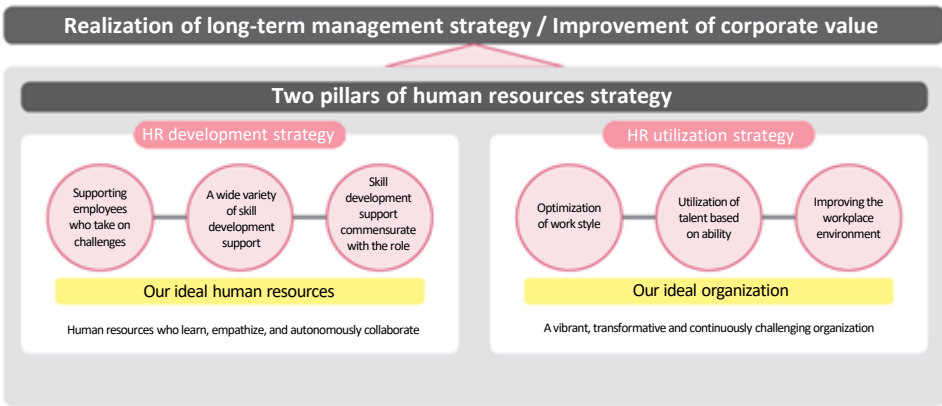
In order to realize our long-term management vision of “continue to design everyone’s happiness together as a reliable partner”, each employee practices “Consulting Kodo,” always thinking and acting as a considerate advisor to our customers. The Bank defines consulting professionals as human resources who practice “Consulting Kodo.” We aim for all of our employees to become high-quality consulting professionals who are responsible for impressing customers and creating new value.

Our employees are constantly improving their expertise in order to share the ever-changing and diversifying latent needs of our customers and solve their issues. Additionally, in human resource development, we foster an organizational culture that enables employees to understand management policies and strategies and respond to changes in the external environment. We recognize that it is essential to effectively utilize human resources and create an environment that allows diverse employees to perform at their best in a variety of situations.

## Two pillars of human resources strategy: “HR development strategy” and “HR utilization strategy”

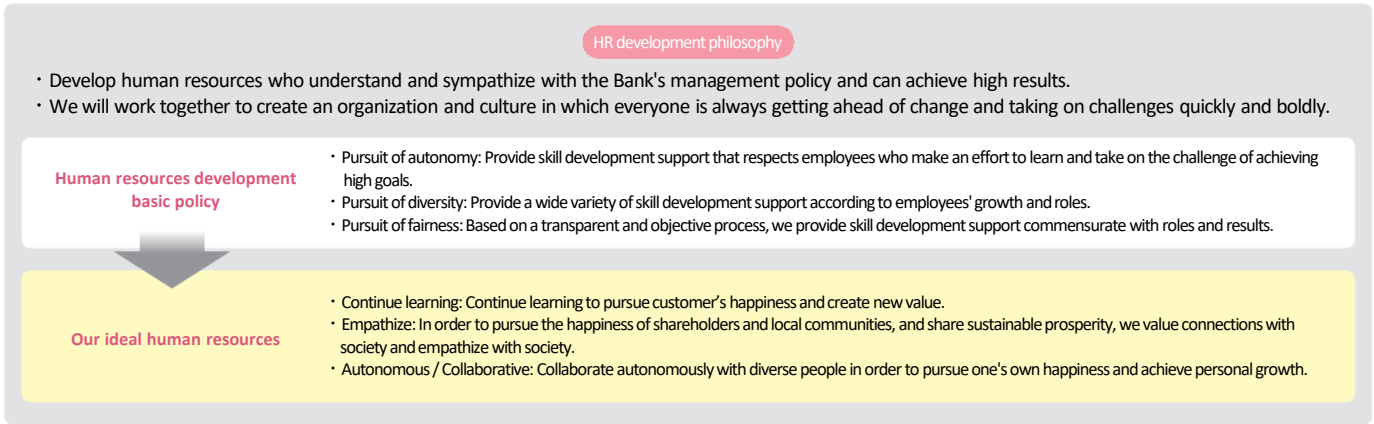
In order to realize long-term management strategy and enhance corporate value, we have constructed human resources strategy centered on HR development and HR utilization strategies.

Additionally, to strengthen the link between management strategy and human resource strategy, we aim to enhance employee engagement.



## Human resources development strategy

The Bank is working to strengthen the skill development of its employees based on the following philosophy and basic policy.



## Specific initiatives

We are working on the following two points to enhance “Consulting Kodo” and to improve the speed and quality of “accompanying-type consulting.”

### Providing continuous and various skill development opportunities

To enhance the "Consulting Kodo" and improve the speed and quality of accompanying-type consulting, it is essential for employees to continuously learn and grow autonomously while collaborating with diverse individuals. Therefore, we are strongly promoting continuous learning through over 8,000 video materials, collaborative group learning, and a mix of face-to-face and remote training. Additionally, we are expanding skill-specific open recruitment programs, critical thinking enhancement programs, and management and leadership development programs. At the Bank, we implement three types of training: On-the-Job Training (OJT), Off-the-Job Training (OFF-JT), and self-development, maximizing their effectiveness by complementing each other’s advantages and disadvantages.

OJT	<ul style="list-style-type: none"> <li>Emphasizing on "reflection" and "approval/feedback" from superiors and colleagues regarding employees' work</li> <li>Conducting training at each level to improve the skills of branch executives (management, leadership development)</li> <li>Strengthening headquarters support</li> </ul>
OFF-JT	<ul style="list-style-type: none"> <li>Utilizing various media to learn efficiently and effectively.</li> <li>Designing a program that emphasizes practicality by repeating learning and practice, so that what is learned can be quickly acquired and applied in work.</li> <li>Implementing cross-industry exchange training to learn from employees of other companies.</li> </ul>
Self-development support system	<ul style="list-style-type: none"> <li>Learning opportunities such as seminars at the corporate university within the Bank</li> <li>More than 8,000 video teaching materials</li> <li>Financial assistance such as qualification acquisition incentives</li> </ul>

### Cross-industry exchange

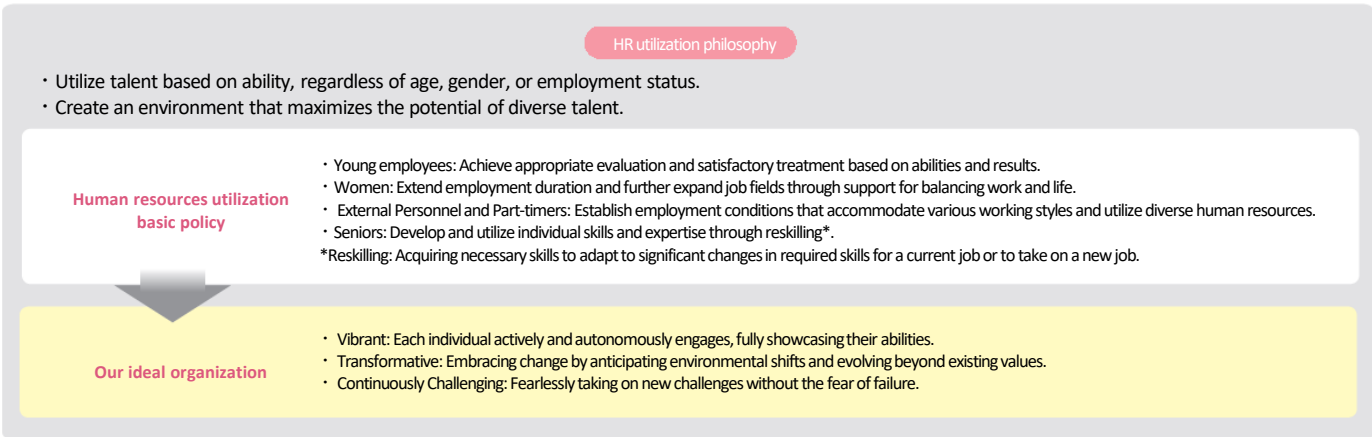
To enhance the speed and quality of face-to-face consulting in our accompanying-style consulting, it is essential to expand and provide information in non-financial areas to our customers. It is necessary to empathize with our customers more than ever, deepen connections and bonds, and increase intimacy, while also acquiring “new perspectives and ideas” and “creating new value” beyond conventional boundaries.

Therefore, since the FY2022, we have started offering our training programs to the employees of our business partners and launched cross-industry exchange workshops. Using the training facility “Makuhari Gakumonjo,” established in January 2023, as a base, we will further expand these cross-industry exchange workshops.

	Elements for realizing human resources strategy	KPIs	Result FY2022	Result FY2023	Target FY2024
Training	Opportunity for skill development	Annual training sessions per employee (Average annual training hours per employee)	34.8 times (47.7hours)	45.5 times (47.2hours)	26.5 times (—)
	Cross-industry exchange	Number of cross-industry exchange workshops held	12 times	14 times	12 times

## Human resources utilization strategy

The Bank is committed to creating a system where each employee can fully utilize their abilities and thrive based on the following philosophy and basic policy.



## Human Resource Strategy

### Specific initiatives

We are implementing the following initiatives to secure diverse talent capable of value creation and addressing specialized fields.

#### Encouragement of young employees’ performance

At our bank, we foster a sense of career autonomy among young employees from the moment they join, through career development training and interviews with the HR department. Every year, we have a system where employees self-report their career aspirations, and based on these reports, we assign them to appropriate positions to encourage them to take on new challenges. We also adopt a system of open recruitment for positions.

#### Advancing women’s roles in the workplace

The Bank has been actively promoting the advancement of women and supporting the balance between work and personal life, as well as expanding job opportunities. As a result of these efforts, the percentage of women in executive positions, classified as senior management, has reached 10.3%. There is no wage gap between men and women under our system. The wage difference between male and female regular employees is due to men receiving more allowances (overtime pay, family allowances, housing allowances, etc.). Our efforts have received high external evaluations, such as the highest “Eruboshi” certification and the “Platinum Kurumin Plus” certification, which was the first for a financial institution nationwide. We will continue to operate recruitment and personnel systems without gender differences and promote support for childbirth and childcare for women, as well as encourage men’s participation in childcare.

Elements for realizing human resources strategy		KPIs	Result FY2022	Result FY2023	Target FY2024
Diversity	Women	Female ratio (regular employees only)	40.1%	40.3%	—
		Ratio of women in leadership positions	35.1%	36.7%	35%
		Ratio of female managers	24.1%	25.2%	—
		Ratio of female executives	8.7%	10.3%	10%
	Part-timers	Cumulative Number of Employees Transitioned to Permanent Positions	58	60	—

Female manager ratio, percentage of male employees taking childcare leave, and gender wage gap in FY2023				
Ratio of female managers(%) *1	Percentage of male employees taking childcare leave (%) *2	Gender wage gap (%) *1		
		All employees	Permanent employees*3	Non-permanent employees
25.2%	108.0%	57.0%	73.4%	61.1%

\*1 Data regarding the female manager ratio and the gender wage gap are calculated and disclosed based on the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).  
\*2 The percentage of male employees taking childcare leave is calculated according to the method stipulated in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) .  
\*3 Gender wage gap among regular employees categorized by qualifications is as follows

Executives	Managers	Specialist I	Section chiefs	Assistant section chiefs	Non-management level
96.2	88.8	94.0	88.2	90.8	101.9

#### Advancing external personnel and part-timers’ roles in the workplace

The Bank has established a work system that allows us to accept external personnel under various conditions, enabling them to work without restrictions on days, hours, or location. Additionally, we actively promote the conversion of part-time employees to regular employees, and so far, 60 individuals have been transitioned to permanent positions.

#### Advancing seniors’ roles in the workplace

To enable senior personnel to progressively utilize their skills and expertise through reskilling, the Bank conducts career training and provides a variety of training content. Additionally, we define the requirements for senior personnel and offer opportunities for them to thrive regardless of age.

### Creating an environment to enhance employee engagement

Employee engagement leads to improved motivation and performance for each individual, as well as higher quality service for our customers. Therefore, the Bank is committed to fostering employee development, enhancing their attachment to the company, and inspiring their enthusiasm for work.

#### Introduction of employee stock benefit trust

The employee stock benefit trust is a new incentive plan that distributes the Bank’s shares to employees based on their roles and contributions to performance. By enhancing the linkage between the Bank’s stock price and performance with employee treatment, and sharing the economic benefits with shareholders, we aim to encourage employees to further efforts towards increasing corporate value. The introduction of this system serves as an opportunity to promote the delegation of authority to employees covered by the system, fostering a greater sense of participation in management, and ultimately striving to enhance the Bank’s corporate value more than ever before.

#### Increase in wages and starting salary

The Bank will implement an average annual wage increase of 6% for all employees in FY2024 through regular salary raises, base pay increases, and bonuses. This will mark the second consecutive year of 5-6% wage increases. Additionally, we will raise the starting salary for new employees joining in April 2025.

#### Introduction of telecommuting and flextime system

The Bank promotes a flexible working style that allows employees to choose their work location by using mobile devices. We have also introduced a flextime system that allows employees to set their working hours flexibly, based on their own discretion. Many employees utilize these systems to balance their private lives, such as hobbies and childcare, with their work.

#### Permitting side jobs and concurrent employment

To bring diverse values into the company and foster the creation of new innovations, we have become the first bank in Chiba Prefecture to allow employees to engage in side jobs and concurrent employment. Several employees are working in fields such as consulting.

#### A leave system for employees undergoing fertility treatment

The Bank offers a leave system of up to one year for employees undergoing fertility treatment. Additionally, we conduct training sessions aimed at deepening understanding of balancing fertility treatment and work. In 2022, we became the first financial institution in Japan to receive the “Platinum Kurumin Plus” certification from the Chiba Labor Bureau, recognizing our efforts to create a workplace environment conducive to balancing fertility treatment and work.

#### Childcare support


To ensure that our employees can fully focus on childcare, the Bank has established internal regulations that exceed the relevant legal standards. Additionally, we support employees in obtaining qualifications and acquiring product sales skills through regular information exchange meetings during leave and a home study system. We have also implemented special leave for childcare, raised the eligible age of children under the short-time work system, removed the limit on the number of times childcare leave can be taken, extended special leave for spouses’ childbirth to the prenatal period, and introduced paid childcare leave at the time of birth for employees who are becoming fathers.

“VOICE”

The telecommuting and flextime system enables me to balance work and childcare.

Ayami Daito, Management Planning Division

I returned to work after parental leave in 2023. My supervisor and colleagues understand my situation well and support me, allowing me to work full-time while utilizing telecommuting and the flextime system. This flexibility enables me to balance work and childcare, allowing me to participate in weekday nursery school events and handle sudden child illnesses. Moving forward, I aim to continue my self-improvement, build my career, and cherish the time spent with my family, fully enjoying the experience of raising my children.





# Corporate Business

The Bank is promoting value support operations, an initiative that seeks to enhance our corporate customers' value, and we will further evolve our dialogue and issue-sharing with them. Additionally, we will provide added value to address the management issues of our corporate customers through the region's top-level response capabilities, centered on a consulting support desk staffed with specialized personnel, contributing to the resolution of social and medium- to long-term issues.

By strengthening these initiatives, we will establish the Chiba Kogin Model of our consulting points, which are multifaceted, unified, and continuous support.

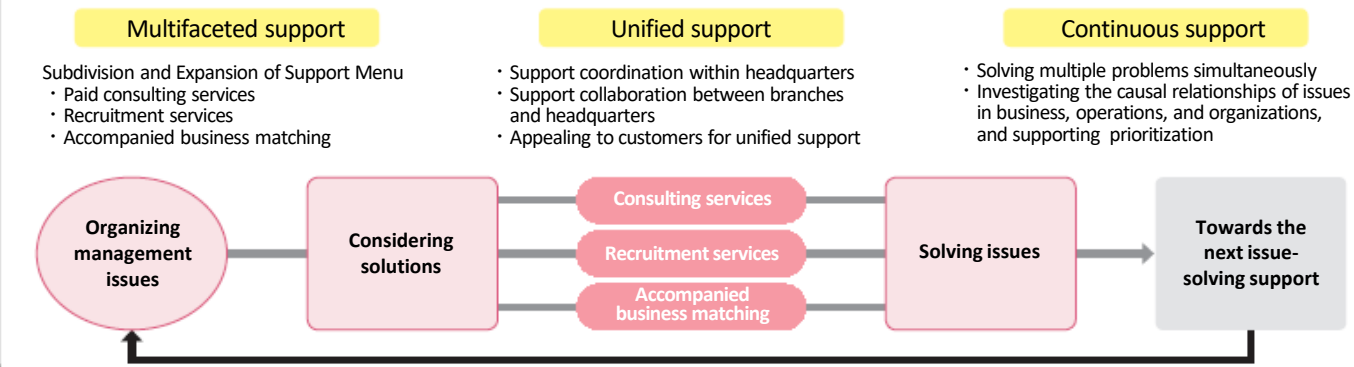
## Value support operation

Value support operations is a core of our consulting sales approach, based on the idea of implementing consulting by thoroughly grasping the actual situation of each individual company, rather than on a case-by-case basis. In our value support operation services, we carry out discussions with individual corporate customers to gauge the situation on the ground, working to develop a shared vision for the company going forward and proposing and providing support measures to enhance value to realize the vision.

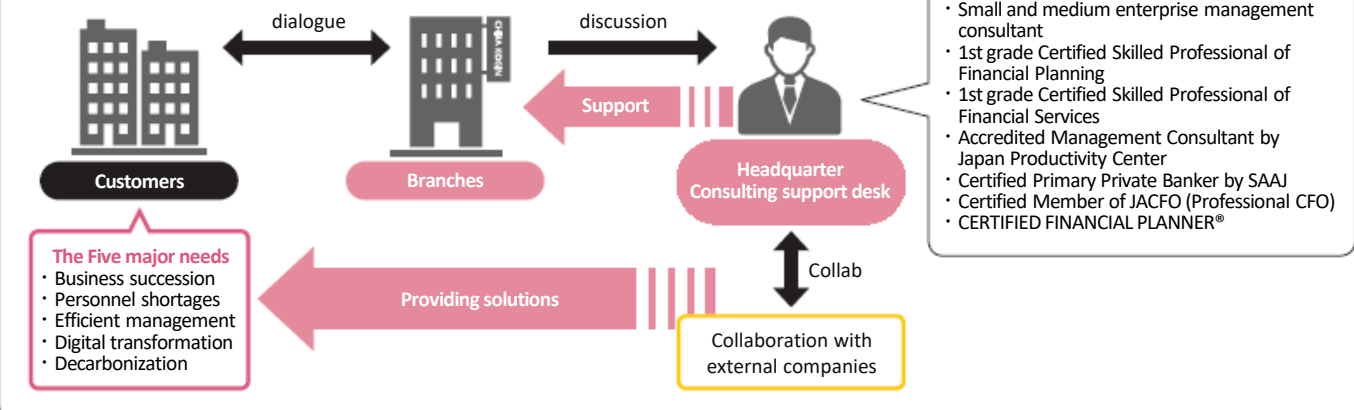
In our medium-term management plan, we address management issues that many small and medium-sized businesses face, like business succession, personnel shortages, efficient management, digital transformation needs and initiatives to achieve carbon neutrality. We provide optimal solutions for these issues through a consulting support desk staffed with personnel holding specialized qualifications such as SME consultants, in collaboration with external specialized companies.

Additionally, to further improve the quality of our solutions, we are focusing on strengthening our internal system, including enhancing the skills of our employees in the sales field through consulting training and enriching our consulting tools.

### Multifaceted, unified, and continuous support



### In-house consulting support framework



## TOPICS | Case study of support for corporate customer

Since its founding in 1973, Kimura Yousetu Kogyo celebrated its 50th anniversary. The company's management challenges include the need for customized personnel evaluations and preparations for future business succession. To address these two issues, they utilized our consulting services.

Our consultants conducted interviews and proposed the introduction of a "personnel evaluation system" and the digitization of monthly report management, which had previously been done on paper or via email. Starting from the summer of 2023, they have gradually begun operations and are experiencing the benefits.



"VOICE"

— The hands-on consulting approach, from articulating the issues to providing aftercare, was highly beneficial.

Tomoyuki Kimura, Kimura Yousetu Kogyo

We did not approach the Bank with a specific problem and asked for a solution. Instead, through casual conversations, the Bank's consultant identified our issues, proposed solutions, assisted with the implementation, and provided aftercare at an astonishing speed.

When I think of consulting, I usually imagine consultants proposing solutions and leaving the rest to the client. However, even after the implementation, the Bank's consultant continues to provide feedback based on our opinions, which has been extremely helpful.

## TOPICS | Our employee received the "BEST CONSULTANT Award" at the "doda Valuable Partner Award 2023"

To further enhance our ability to meet our customers' staffing needs, we entered the paid job-placement service business (human resources referral operations) in 2019, becoming the first regional bank in Chiba Prefecture to do so. We have strived to provide attentive support to job seekers in line with our corporate philosophy.

Recently, our employee, Naoki Nishimori, received the "BEST CONSULTANT Award" at the "doda Valuable Partner Award 2023" hosted by PERSOL CAREER CO., LTD., with whom we have a partnership in the human resources referral operations. The "BEST CONSULTANT Award" is given to 10 consultants who have received high satisfaction ratings as career consultants from over 600 domestic recruitment agencies and more than 5,000 consultants.

"VOICE"

— I will continue to be fully committed to providing consulting services to help our clients achieve their envisioned ideal state.

Naoki Nishimori, Sales Support Division

Our bank specializes in a hands-on approach to human resources referral operations, focusing on matching key executive talent with regional small and medium-sized enterprises. I am responsible for supporting the matching process between these enterprises, which are seeking to address management challenges, and job seekers looking to change careers.

Matching executive talent is critical and significantly impacts a company's management. To propose the best solutions, it is essential to understand the customer's situation and latent needs. Therefore, I strive to listen sincerely to customers every day. I will continue to be fully committed to providing consulting services to help regional small and medium-sized enterprises and job seekers achieve their envisioned ideal state.



# Retail Business

As we enter an era often referred to as the “100-year life,” characterized by a super-aged society and diverse lifestyles, the life events people encounter vary greatly. To help our customers lead a fulfilling life, we aim to increase the number of core customers who use the Bank as their main bank by enhancing intimacy and building trust through life plan proposals that anticipate future life events. Life plan proposals involve getting to know our customers well, sharing their dreams and hopes for the future, and drawing up life plans together.

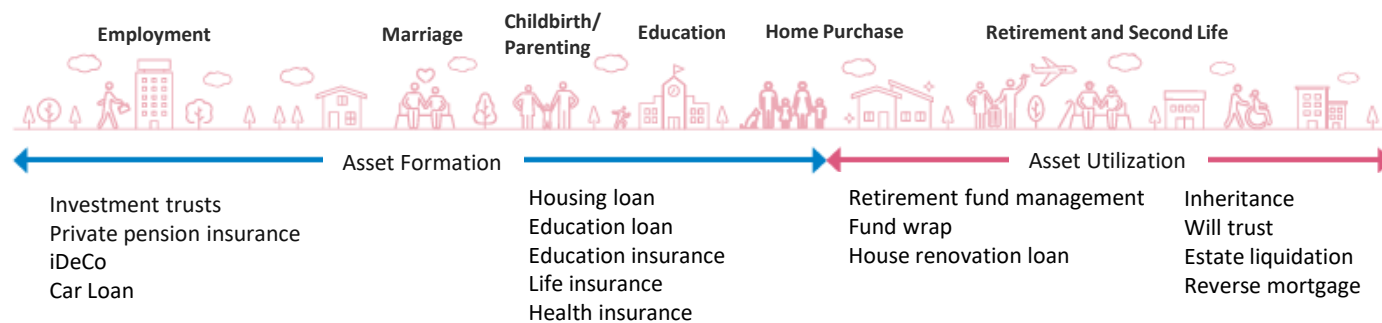
By strengthening our system to better understand customer needs, improving the skills of our employees, and leveraging information platforms, we will evolve our proposals to become more prompt and accurate, thereby building a more stable customer base and revenue foundation.

## Implementing optimal proposals according to customers' life events and improving face-to-face consulting

### Enhancing the lineup of financial products

To meet the diverse needs of our customers in asset formation and asset management, we strive to enhance our lineup of products, such as deposits, investment trusts, and insurance products. In selecting products, we have established committees for selecting investment trusts and insurance products, and we introduce products that meet customer needs, based on the economic environment and market trends.

Additionally, to alleviate various concerns during different life events, from asset formation to asset utilization, we understand and share our customers' intentions. We propose financial products that suit our customers' purposes, not only for investment needs but also for preparations for “gifts,” “inheritance,” and “nursing care.”

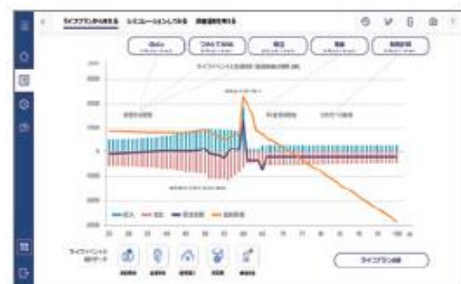


### Utilizing life planning tools

When we make consulting proposals, we utilize life planning tools such as inheritance, business succession, and life planning simulations. These tools help us check the status of our customers' assets in response to changes in the investment environment and conduct portfolio diagnostics based on each customer's goals. By sharing and discussing the diagnostic results with our customers, we delve into potential needs and work to solve issues. A life planning simulation visualizes future funding shortages, while inheritance and business succession simulations provide estimates and information on inheritance tax based on assumptions.

To provide clear information to our customers, we also create and use informational booklets and other materials to offer thorough explanations.

#### Life planning tools



#### Informational booklets



## Specialized team to support salespersons

We have established a specialized team at the headquarters to support branch salespersons. The branch sales persons actively pass on customer information to the headquarters' specialized team, enabling us to promptly respond to our customers' diverse needs through joint visits and other means. After meetings with customers, the headquarters' specialized team provides feedback to the branch salespersons. Additionally, we conduct practical support activities such as role-playing and study sessions with external partners to enhance the skills of our young employees.

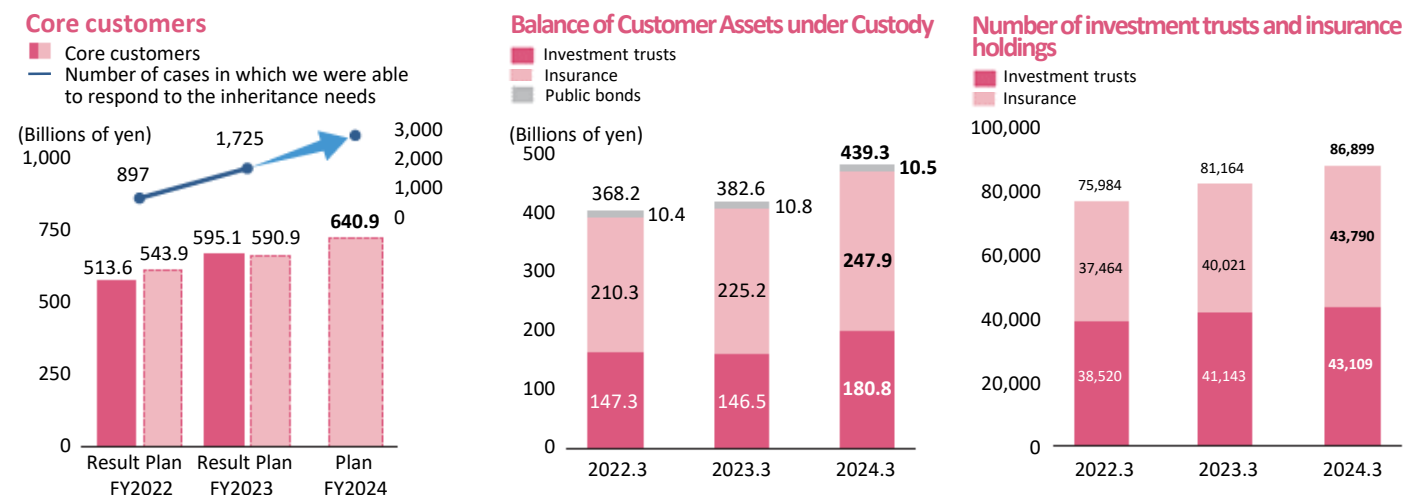
## Holding a variety of seminars

To enhance our customers' knowledge and understanding of asset formation, asset management, inheritance, and caregiving, the Bank holds a variety of seminars at all branches. In FY2023, we held 1,054 seminars on topics such as “The Mechanism of iDeCo\*1 and NISA\*2” and “Welcoming a Prosperous Life in the ‘Era of 100-Year Life.’”

As part of our after-sales follow-up for life insurance policyholders, we also hold “Individual Consultation Sessions for Policyholders” and “Inheritance Individual Consultation Sessions.” The opportunities to provide the consulting tailored to each customer's thoughts, intentions, and diverse needs have significantly increased.

\*1 The individual-type defined contribution pension plan

\*2 Nippon (Japan) Individual Savings Account, a tax exemption program for small investments by individuals



### TOPICS | Marines Supporters Fixed Deposit

The Bank offers annually the “Marines Supporters Fixed Deposit,” which provides premium interest rates based on the performance of the Chiba Lotte Marines, the local professional baseball team. This year marks the 24th edition of this fixed deposit, and it has been well-received by many customers every year.

We have signed a uniform sponsorship agreement with the Chiba Lotte Marines, displaying our bank's logo on the left sleeve of their uniforms. Along with supporting the Chiba Lotte Marines and the local community, we will continue to develop various initiatives related to the team, aiming to expand our customer base, particularly among asset-building and younger demographics.



### TOPICS | NISA Asset Management Support Campaign

NISA is a tax exemption program for small investments by individuals, where dividends and capital gains from mutual funds and other investments purchased through a NISA account are tax-exempt. With the aim of encouraging asset formation and management in an era of 100-year lifespans, we conducted the “NISA Asset Management Support Campaign” for customers who opened a new NISA account with the Bank. In this campaign, to expand the reach among asset-building and younger generations, we offered cash and official replica uniforms of the Chiba Lotte Marines based on the transaction amount in the NISA account.





# Our Sustainability Initiatives

Regarding various challenges related to sustainability, the Chiba Kogyo Bank Group recognizes both risks and opportunities. We have established our corporate philosophy “Moving Forward with the Region, with Heartfelt Kindness Toward Customers” and, as part of the social responsibility of a regional financial institution that is rooted in and develops alongside the local community, we aim to contribute to the growth and development of stakeholders by conducting business activities based on our corporate philosophy and are committed to promoting sustainability.

## Chiba Kogyo Bank Sustainability Statement

We will work to realize management that takes into account value creation for a variety of stakeholders and to increase corporate value through the continuous and stable growth of the Bank by tackling “Sustainability Key Issues” from a long-term perspective, in order to put the basic values of our corporate philosophy into practice. As a result, we will contribute to the sustainable development and prosperity of the region’s economy, industry, and society.

## Governance

### Policies and guidelines for our sustainability initiatives

The Bank promotes sustainability management throughout the Group and has established policies and guidelines regarding sustainability initiatives in order to realize a sustainable society.

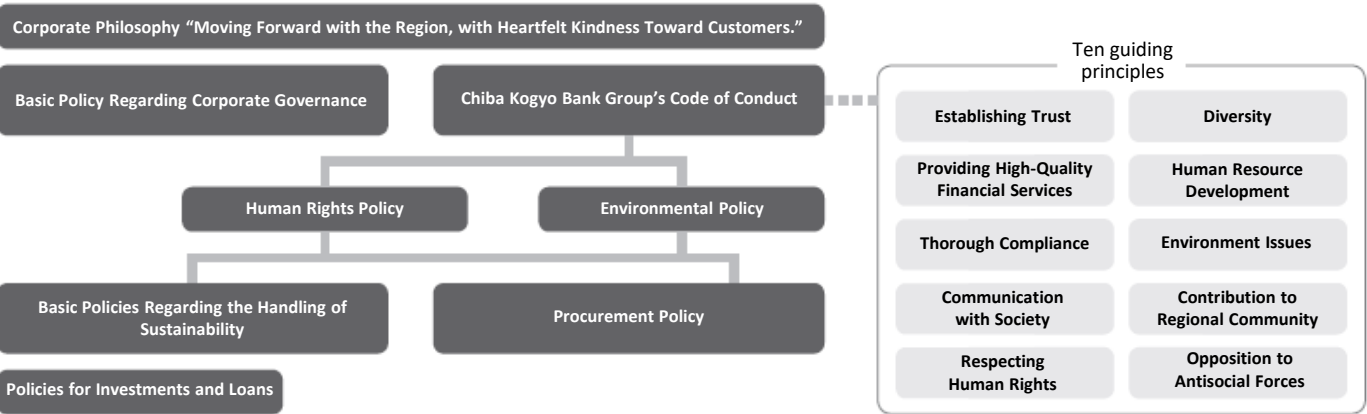
In our group’s code of conduct, based on our corporate philosophy, we strengthen our commitment to addressing social issues such as environmental and human rights concerns in our community. We provide ten guidelines to ensure that all employees of our group fulfill their responsibility toward creating a sustainable society.

Furthermore, we have established an “Environmental Policy” to promote initiatives that contribute to solving environmental issues and create a sustainable environment and society in collaboration with local communities. As a member supporting the regional economy, we are committed to further promoting efforts that address social challenges. Additionally, we have defined a “Human Rights Policy” to foster a corporate culture that respects human rights and works alongside stakeholders.

In accordance with these Environmental and Human Rights Policies, we have established the “Basic Policy Regarding the Handling of Sustainability” as a guideline for fundamental matters related to sustainability. Additionally, we have defined the “Procurement Policy” as a specific set of actions to conduct responsible procurement activities across our entire group.

Please refer to our website (Japanese) for details of our policies and guidelines for our sustainability initiatives.  
<https://www.chibakogyo-bank.co.jp/csr/policies/>

### Chart

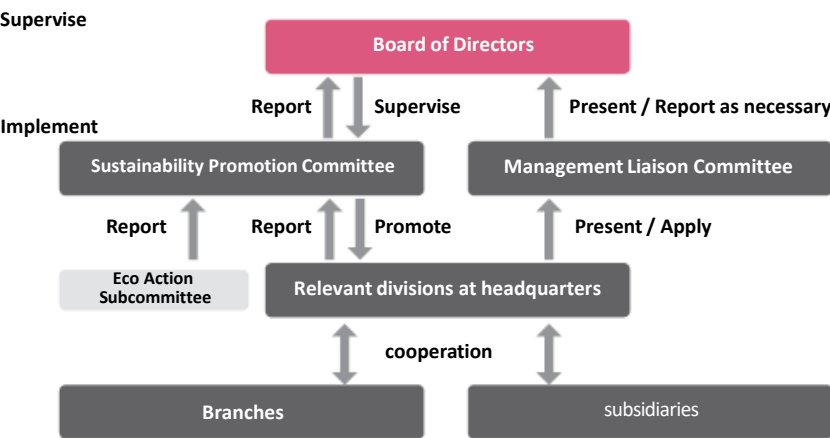


## Sustainability promotion framework

In the Chiba Kogyo Bank Group, we have established a “Sustainability Committee” with the President serving as the chairman. This committee focuses on deliberating and making decisions related to sustainability initiatives within the company, and it regularly reports to the Board of Directors, thus building our governance structure.

We have established the Eco Action Subcommittee as a sub-organization of the Sustainability Promotion Committee to manage and promote a wide range of environmental conservation efforts within the Group. Headquarters departments, branches, and subsidiaries have been collaborating to advance sustainability initiatives.

### Organization chart



## Sustainability Promotion Committee Meeting status in FY2023

The date of meeting	Main Deliberation and Reporting Items
The 3rd committee April 25, 2023	<ul style="list-style-type: none"> <li>Initiatives for FY2023</li> <li>Disclosure of Non-Financial Information</li> </ul>
The 4th committee May 22, 2023	<ul style="list-style-type: none"> <li>Scenario Analysis Results Report</li> <li>Mid- to Long-Term Sustainability KPI Report</li> </ul>
The 5th committee July 20, 2023	<ul style="list-style-type: none"> <li>Review of Mid- to Long-Term KPIs and Issuance of Carbon Neutral Declaration</li> <li>Efforts for CDP Responses</li> </ul>
The 6th committee September 12, 2023	<ul style="list-style-type: none"> <li>Collaborative Initiatives with Other Companies</li> <li>Consideration of Initiatives with Business Partners</li> </ul>
The 7th committee November 20, 2023	<ul style="list-style-type: none"> <li>Participation in GX League and PCAF</li> <li>Calculation of FE</li> <li>Initiatives for Biodiversity Conservation</li> <li>Enhancement of Scenario Analysis Disclosure</li> <li>Promotion of Financial Literacy Education</li> </ul>
The 8th committee January 26, 2024	<ul style="list-style-type: none"> <li>Future Developments in Sustainability Information Dissemination</li> <li>Consideration of Risk Management System for Climate Change</li> </ul>
The 9th committee March 19, 2024	<ul style="list-style-type: none"> <li>Initiatives for FY2024</li> <li>Establishment of Eco Action Subcommittee and Revision of Sustainability Promotion Committee Regulations</li> </ul>

## Incorporating sustainability factors into executive compensation

Recognizing that strengthening incentives related to executive efforts on climate-related issues contributes to the medium- to long-term improvement of corporate value, we have incorporated an evaluation system for performance-linked compensation that is paid in monetary terms based on the achievement status of climate-related Key Performance Indicators (KPIs) within our sustainability KPIs.

For climate-related KPIs, we have selected sustainable finance execution amounts and CO<sub>2</sub> emission reduction.

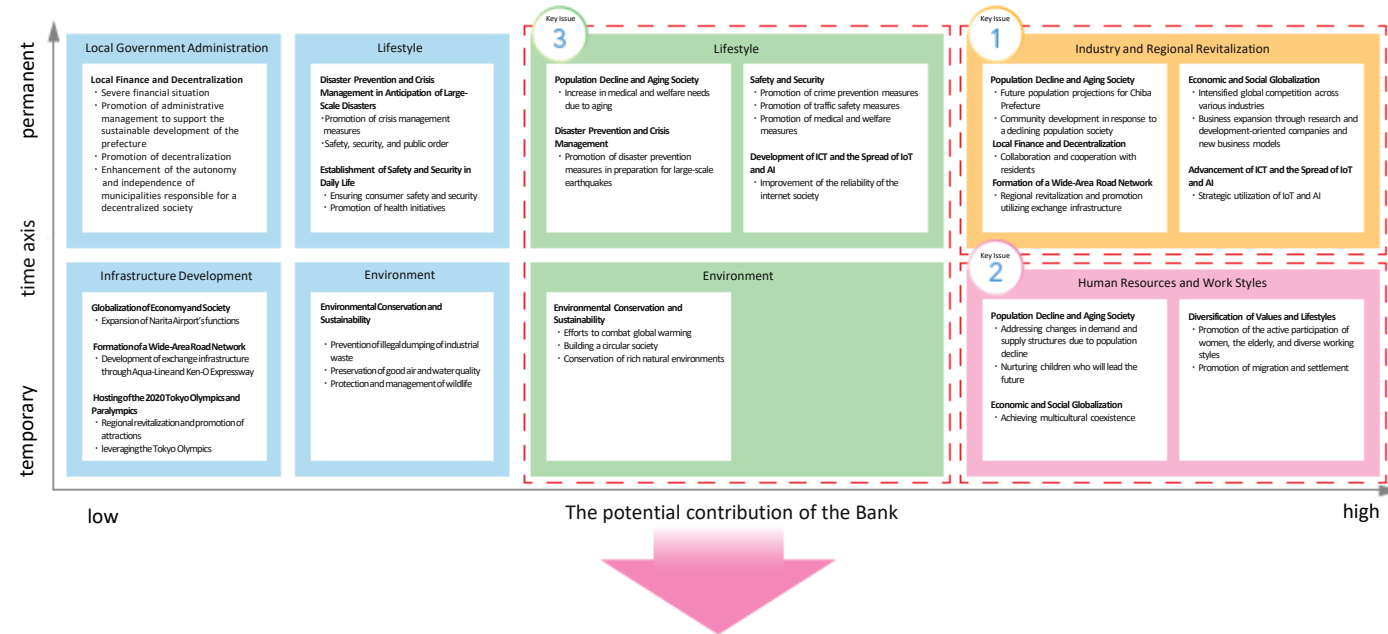
Our Sustainability Initiatives

Strategy

Approach to setting the Sustainability Key Issues

Based on the concept that as a regional financial institution, realizing sustainability for Chiba Prefecture will lead to the growth and development of the Bank and our stakeholders, we have whittled down the key issues by identifying which of the various issues facing the prefecture are priority issues for which we can leverage the Bank’s strengths to contribute to a solution, so that we can make a further leap toward achieving a glistening Chiba that future generations can be proud of.

<Chiba Prefecture Issues Matrix>



<Our Sustainability Key Issues>

Key Issue 1

1

**Revitalizing industry and creating appeal for Chiba**

We will work to revitalize the local economy and create new appeal for Chiba through initiatives such as developing unique products that use local resources and nurturing local industries.

Key Issue 2

2

**Cultivating the human resources that will be responsible for the future of Chiba**

We will work to cultivate human resources who can support the growth of the region, as well as to improve work satisfaction and economic conditions for each individual.

Key Issue 3

3

**Realizing a prosperous Chiba where people can live with peace of mind**

We will engage in the development of a prosperous region where people can live with peace of mind through initiatives that prepare the region for disasters and for prevention of crimes, the establishment of healthcare systems, and initiatives that reduce impact on the environment.

Risk management

We recognize that there are various risks, including climate change, in achieving the sustainable development and prosperity of the region’s economy, industry, and society. Among these, we recognize that climate change risks are not a new risk category but rather a “risk driver” that generates and amplifies risks within existing risk categories that have been traditionally identified and managed, as they pose significant impacts not only on the global environment and regional economies but also on our Group’s business strategies and financial plans. Additionally, we categorize the risks arising from climate change into two major types: “transition risks” and “physical risks.” We share the analysis results from credit risk management and operational risk management with the Sustainability Promotion Committee and the Risk Management Committee to enhance risk management. For investments and loans in specific sectors that may have negative impacts on the environment and society, we have established and published an “Policies for Investments and Loans.” Through responsible investments and loans based on this policy, we, as a regional financial institution, strive to achieve a sustainable society together with our customers who are working to solve environmental and social issues.

Indicators and targets

The Bank has set the following medium- to long-term KPIs based on three sustainability key issues, in order to improve corporate value through management that takes into account value creation for various stakeholders and the Bank’s sustainable and stable growth. The progress status of each KPI will be confirmed by the Sustainability Promotion Committee.

	Targets		Results	
	FY2024	FY2030	FY2022	FY2023
Key Issue 1 : Revitalizing industry and creating appeal for Chiba				
the Amount of ESG Investment and Finance / Sustainable Finance	More than 350.0 billions of yen	1 trillion yen	141.6 billions of yen	430.2 billions of yen
Key Issue 2 : Cultivating the human resources that will be responsible for the future of Chiba				
Ratio of Women in Leadership Positions	More than 30%	More than 35%	35.1%	36.7%
Number of Participants in Financial Education	Total 3,000 people	Total 10,000 people	1,216 people	5,423 people
Key Issue 3 : Realizing a prosperous Chiba where people can live with peace of mind				
Reduction in CO <sub>2</sub> Emissions (compared with FY2019)	Reducing by (20)%	Reducing by (48)%	Reducing by (16)%	Reducing by (28)%

\* In August 2023, we upwardly revised our ESG investment/sustainable finance and CO<sub>2</sub> emissions reduction targets, which are important elements in promoting decarbonization among medium- to long-term KPIs.

Participation in and endorsement of domestic and international initiatives

We participate in and endorse a variety of domestic and international initiatives to contribute to the realization of a sustainable society.

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ちばSDGsパートナー 93号

環境パートナーシップちば

\*The key sustainability issues and the process for setting them are based on the various issues identified by the Bank’s analysis.  
\*The “Chiba Prefecture Issues Matrix” was determined based on the Chiba Prefecture Comprehensive Plan 「次世代への飛躍 輝け！ちば元気プラン」 (published in October 2017), taking into account the potential contribution of the Bank.



## Our Sustainability Initiatives

Key Issue

1

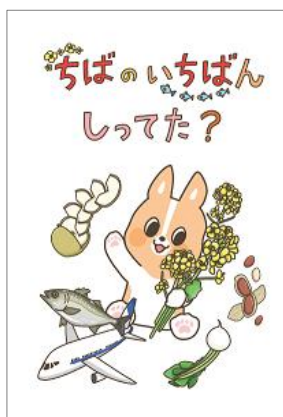
### Revitalizing industry and creating appeal for Chiba

#### ◆“Chiba no Ichiban Shitteta?” Picture Book for Children

We created a picture book for children and their parents with the aim of widely spreading the charms of Chiba, which the next generation can be proud of. In the picture book, our mascot character "Chiba Corgi" serves as a guide and introduces local specialties and tourist attractions in Chiba.

We donated the picture books to 157 nursery schools, kindergartens, day care centers, etc. in the prefecture, mainly by our business partners, and at the presentation ceremony, our bank employee, who were the original creator of the Chiba Corgi, read aloud the picture book to the children.

Digital BOOK  
version



#### ◆Joint project with artists from Chiba prefecture “Chiba no Otonami”

The Bank has initiated a project to promote the charm of Chiba Prefecture through music created by artist Yunami, who hails from Sakura City, Chiba. Using natural and region-specific environmental sounds recorded within Chiba Prefecture, Yunami produces music that reflects the imagery of various local areas. The project aims to contribute to regional revitalization, combining the bank's efforts with Yunami's compositions that uniquely capture the appeal of Chiba Prefecture.

In February 2024, the bank organized a charity concert titled “Chiba no Otonami Special Project” to support victims of the Noto Peninsula earthquake.



#### ◆“Chibatoku!” participated in the “Go To Michi-no-Eki Campaign”

We have posted coupons offering discounts on popular products as part of the “Go To Michi-no-Eki (roadside station) Campaign” conducted by Meiji Yasuda Life Insurance Company, Chiba Headquarters, on the Chibatoku! special page. Chibatoku! is a regional information website operated by the Bank, featuring products, services, and coupon information from our business partners.

The campaign was implemented at five roadside stations: Roadside Station Yachiyo, Roadside Station Mutsuzawa Tsudoi no Sato, Roadside Station Ichikawa, Roadside Station Furari Tomiyama, and Roadside Station Shonan, contributing to industrial and tourism promotion.



Key Issue

2

### Cultivating the human resources that will be responsible for the future of Chiba

#### ◆Holding financial outreach classes at schools in Chiba Prefecture

In order to promote financial and economic education for the next generation of children and young people, our bank employees visit elementary, junior high, high schools, and universities in Chiba Prefecture as lecturers to conduct outreach classes on financial education. Through these classes, students learn about the value of money, the workings of the economy, the importance of life planning, and asset formation, incorporating games to make the learning process engaging.

In FY2023, we conducted these classes at five schools, with a total of 540 students participating.



#### ◆“Summer Kids School,” a financial education and work experience event

We held the “Summer Kids School 2023”, a financial education and work experience event for 5th and 6th grade elementary school students in Chiba Prefecture, at ZOZO Marine Stadium. Due to the spread of COVID-19, the event had been canceled since 2020, making this the first time in four years it was held.

The participating students learned about the role of money, the importance of working, and how to use money. After that, they experienced working by helping at the Chiba Lotte Marines fan club booth and preparing to welcome customers by cleaning the stadium.



#### ◆Fraud prevention activities in collaboration with the Chiba Prefectural Police

In collaboration with the Chiba Prefecture Gateball Federation, we hosts the “Chiba Kogyo Bank Cup Friendship Gateball Tournament” annually. At the 34th tournament in 2023, we conducted an “Awareness Campaign on Preventing Telephone Fraud” in cooperation with the Chiba Prefectural Police.

We recognize that providing information on preventing fraud to the community is a crucial element in enhancing financial literacy.



#### ◆Effective utilization of the second floor of Consulting Plaza Chiba New Town

By converting the Chiba New Town Branch into a Consulting Plaza, we have leased the resulting vacant space on the second floor to the Inzai City Family Support Center. This space is being effectively utilized as a base for activities that contribute to regional childcare support, as well as for yoga classes and other purposes.

The Family Support Center is a membership organization where people who want to help with childcare and those who need help with childcare can become members and engage in mutual assistance activities. The center is operated by each municipality.





Our Sustainability Initiatives

Key Issue 3 Realizing a prosperous Chiba where people can live with peace of mind

Received a “B score,” in the survey on climate change conducted by CDP

In the 2023 survey on climate change conducted by CDP, an international non-governmental organization in the environmental field, the Bank received a “B score,” which represents excellent efforts in addressing climate change and information disclosure. This places us among the top approximately 30% of Japanese companies. CDP’s climate change survey evaluates companies’ initiatives in areas such as goal setting, business strategy, risk and opportunity recognition, and greenhouse gas emissions disclosure, using an eight-level scale (A, A-, B, B-, C, C-, D, D-). This was the Bank’s first participation in CDP’s climate change survey, and we received high marks for risk disclosure and governance.



Strengthening biodiversity conservation

The Bank has become the first local bank in Chiba Prefecture to participate in the “30by30 Alliance” for biodiversity, initiated by the Ministry of the Environment and others. Additionally, we are also participating in “The Environment Partnership Chiba”, which aims to enhance environmental activities through partnerships with citizens, organizations, businesses, government, and schools.

The second phase of “Chiba Kogin Forest” has started

Since 2014, the Bank has supported the "Corporation Forest" project promoted by Chiba Prefecture. As the first phase, we had proceeded the “Chiba Kogin Forest”, a forest maintenance activity including planting 5,000 trees and clearing underbrush, aiming to regenerate 1.0ha of prefectural forest in Sosa City which was damaged by pine weevils and the tsunami from the Great East Japan Earthquake. The activity cite has been moved to Sammu City, and the second phase of “Chiba Kogin Forest” has started since 2023. We will plant 4,500 trees over 5 years, with the aim of regenerating 0.9ha of protected forests.



Eco Festival in Lake Inbanuma

We held "Eco-festival in Lake Inbanuma" at the Sakura Furusato Square and Lake Inbanuma. On that day, in addition to our bank’s executives, employees and their families, members of the nonprofit organization the Environment Partnership Chiba participated in a seminar on the Lake Imbanuma watershed and biodiversity, as well as engaged in environmental beautification activities around the Lake Imbanuma area with the purpose of garbage collection. The importance of conserving the environment of Lake Inbanuma, which serves as a habitat for diverse organisms and is closely linked to people’s lives, was learned by all participants, providing an opportunity for action.



Annual initiatives rooted in the community

Clean-up activities

Bank employees, staff and their family members participate in clean-up activities on the sidewalk from the head office parking lot to the Chiba Port Tower and inside the Chiba-port park.



Sponsoring the “Chiba Aqua-Line Marathon”

We support the Chiba Aqua-Line Marathon as an official sponsor and dispatch bank employees as volunteer staff to prepare drinks and light meals for the athletes.



Chiba Kogin Cosmos Concert

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



Economics Koshien

Together with Chiba Bank, Ltd., we hold Chiba Tournament of the National High-School Financial and Economic Quiz Championship "Economics Koshien"



Bicycle reflectors donation

We donate bicycle reflectors with a wish of protection against traffic accidents to new junior high school students in Chiba Prefecture, and have donated a total of 496,400 such reflectors so far, over the last 30 years.



Holding a Chiba Kogyo Bank Cosmos Theater Performance

We sponsor the “Parent and Child Opera Viewing Debut Project” staged by the Chiba Prefectural Cultural Promotion Foundation as a Chiba Kogyo Bank Cosmos Theater Performance.

Chiba Kogin Tomoshibi no Kai

A donation activity that contributes to the welfare of the local community based on the funds collected from employees on the payday of each month.

Blood donation drive campaign

As a Japanese Red Cross Society supporter, we hold a blood donation drive campaign at the head office twice in a year.



# Climate Change Initiatives

Due to the occurrence of extreme weather events caused by climate change, significant damage is occurring frequently. In Chiba Prefecture as well, disasters caused by torrential rainfall are happening, and we recognize that measures against climate change are a major issue for the region.

The Bank has endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in September 2022. We will appropriately respond to climate change, as enhancing the disclosure of information and improving the system based on the disclosure framework of the TCFD recommendations.



## Governance

Governance regarding climate change is incorporated into the governance of sustainability initiatives. For details, please refer to “Our Sustainability Initiatives —Governance” (P39).

## Strategy

### Awareness of risks and opportunities

The Bank deems that there are both risks(transition risks/physical risks) and opportunities associated with its efforts to address climate change in seeking to help achieve a sustainable society, and accordingly recognizes the following risks and opportunities based on three time horizons: 5-year short term (S) , 10-year medium term (M), and 30-year long term (L).

Classification	Type	Description	Time Horizon
Transition risks	Governmental policy and regulatory	Escalating credit costs associated with effects on customer business derived from implementation of more stringent government policy and regulation regarding climate change	M-L
	Technology and market	Difficulties raising funds or increasing fundraising costs due to market changes attributable to climate change	M-L
		Impairment of existing assets, etc. and deterioration of earnings due to introduction of new technologies, etc. and changes in industrial structure associated with the transition to a decarbonized society	M-L
	Reputational	Deteriorating reputation due to ongoing investment and lending to carbon-emitting sectors	S-L
Physical risks	Acute Chronic	Escalating credit costs attributable to effects of deteriorating financial performance and impairment of collateral value due to stagnation of customer business associated with wind- and water-related disaster due to typhoon or torrential rainfall	S-L
		Increasing administrative costs due to effects on business continuity associated with impairment of the Bank's assets caused by extreme weather events, etc.	S-L
		Occurrence of loss associated with damage to customer and Bank business locations due to rising sea levels	L
Opportunities	Products and services	Increasing volume of consultancy and financing support involving sustainability initiatives related to climate change	S-L
	Resource efficiency	Decreasing business costs by reducing resource and energy consumption and using renewable energy	S-L

## Risk

### 【Implementation of scenario analysis】

The Bank conducted scenario analysis that entailed analyzing risks under certain scenarios pursuant to the TCFD recommendations, with respect to heightened transition risk posed by revaluation of GHG-intensive financial assets accompanying transition to a low-carbon economy, and with respect to heightened physical risk posed by effects of flood risk due to climate change.

### 【Transition risks】

Upon having selected the energy sector characterized by relatively high GHG emissions for analysis, the Bank identified individual energy-related (enterprises associated with electric power, natural gas, coal, and petroleum), steel-related, transportation-related enterprises.

The risk assessment entailed assessing risk materiality and business impact. Analysis of individual companies was performed with respect to large companies and publicly traded companies(Bottom-up approach), and estimates were extrapolated with respect to entities for which access to extensive information such as that pertaining to business plans and financial affairs was otherwise unavailable (Top-down approach).

Item	Description
Risk event	<ul style="list-style-type: none"><li>Increased costs due to introduction of carbon tax</li><li>Increase in capital expenditures and R&amp;D expenses associated with the transition to a decarbonized society</li><li>Effect on market associated with conversion to renewable energy, etc.</li></ul>
Scenarios	Among the NGFS (Network for Greening the Financial System) scenarios (NGFS Phase4), Net Zero 2050, Below 2°C scenario <ul style="list-style-type: none"><li>Net Zero 2050 : limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO<sub>2</sub> emissions around 2050</li><li>Below 2°C : gradually increases the stringency of climate policies, limiting global warming to below 2°C.</li></ul>
Analytical method	<ul style="list-style-type: none"><li>Bottom-up approach : Estimates made of financial position through to 2050 on an individual company basis</li><li>Top-down approach : Estimates made based on averages of profit margins and cost ratios derived from results of individual company analysis</li></ul>
Target of analysis	Energy-related enterprises (enterprises associated with electric power, natural gas, coal, and petroleum) and steel-related enterprises, Transportation-related enterprises
Analysis period	Through to 2050 with December 31, 2022 as the baseline
Analysis results	Credit cost: ¥3.4 billion to ¥3.6 billion cumulative

### 【Physical risks】

In relation to locations of business partners and collateral, the Bank performed analysis regarding impact on borrower classification (borrower classification impact) and impact on preservation of such assets (preservation impact) at the time of a calamity, taking into account multiple probabilities of a flood occurring in a given year in conjunction with hazard maps (incorporating assumed maximum and estimated scales).

Calculation of borrower classification impact entailed estimating monetary damage to buildings and tangible fixed assets owned by an enterprise (amount of direct damage) and estimating monetary damage associated with business suspension (amount of indirect damage). Then, an amount of increase in provisions was calculated upon having calculated the impact on the financial position of the enterprise assigning a borrower classification. Calculation of preservation impact entailed calculating an amount of increase in provisions attributable to collateral impairment of buildings, etc.

Amounts of increase in provisions were calculated enlisting multiple scenarios, taking into account probabilities of the calculated amounts of provision increase occurring by the year 2050 and increases in flood frequency attributable to climate change.

In addition, estimates were similarly made with respect to impairment of fixed assets caused by flooding of Bank head office and branches.

Item	Description
Risk event	Flooding <ul style="list-style-type: none"><li>1.Financial deterioration due to interruption of the client's business or direct damage to business locations</li><li>2.Damage to collateral 3.Impairment of Bank head office and branch assets</li><li>3. Impairment of Bank head office and branch assets</li></ul>
Scenarios	RCP (Representative Concentration Pathway) scenarios by IPCC (Intergovernmental Panel on Climate Change) (RCP2.6: 2°C scenario, RCP8.5: 4°C scenario)
Analytical method	<ul style="list-style-type: none"><li>Calculate amount of increase in credit costs taking into account amount of increase in flood probability and flood frequency up through 2050 as estimated based on respective scenarios, upon having enlisted hazard map data (incorporating assumed maximum and estimated scales) to calculate impact on financial position and impact on collateral (preservation) based on amount of direct damage and amount of indirect damage incurred by a business partner upon occurrence of flood</li><li>Calculate amount of building damage incurred by Bank head office and branches</li></ul>
Target of analysis	Fixed assets of domestic corporations, individual business owners with loans, and housing loans as well as those of Bank head office and branches
Analysis period	Through to 2050 with December 31, 2023 as the baseline
Analysis results	Credit cost: ¥0.5 billion to ¥0.8 billion, Amount of damage incurred by Bank head office and branches : maximum ¥0.2billion

### 【Analysis results】

Findings of scenario analysis indicate a limited impact on the overall portfolio based on the scope of analysis and the assumptions of the scenarios. Accordingly, credit costs range from a cumulative total of ¥3.4 billion to ¥3.6 billion with respect to transition risk, ¥0.5 billion to ¥0.8 billion with respect to physical risk, and maximum impairment of Bank head office and branch assets of ¥0.2 billion. We will continue to make improvements in part by increasing the number sectors subject to scenario analysis.

\*The scenario analysis summary is analyzed based on the various risks identified by the Bank.

# Climate Change Initiatives

## 【Carbon-related assets】

Carbon-related assets\*2 account for 38.02% of the Bank’s credit balance\*1.

\*1 The credit balance is the total of loans and bills discounted, acceptances and guarantees, foreign exchange, and bank-guaranteed private placement bonds as of March 31, 2024. The sector classification is based on industry classification listings prepared by the Bank of Japan, as determined by the bank (excluding solar power generation projects that serve as renewable energy projects).

\*2 Carbon-related assets: The Bank defines carbon-related assets across 18 separate sectors, taking into account partial revision of the TCFD recommendations of October 2021.

The proportion of each sector in the Bank’s credit balance is as shown on the right. Due to a review of the target companies in each sector, this figure has increased from the carbon-related asset disclosed last year. We will continue to refine sector classification.

Sector	Carbon-related assets (%)
Energy	1.01
Oil and Gas	0.85
Coal	—
Electric power	0.16
Transportation	3.74
Air cargo	1.43
Air passengers	—
Maritime	0.05
Railroads	0.92
Trucking service	0.25
Automobile, components	1.09
Materials & buildings	30.01
Chemicals	0.80
Building materials	0.53
Metals and mining	1.73
Capital goods(buildings, etc.)	1.70
Real estate management and development	25.25
Agriculture, food, and forest products	3.25
Packaged foods and meat	2.74
Beverages	0.06
Agriculture	0.28
Paper and forest products	0.17
Total carbon-related assets	38.02

## Opportunities

The bank actively engages in initiatives for reducing environmental impact and achieving decarbonization both regionally and among its customers, thereby enabling the Bank to help bring about a sustainable society and increase its corporate value, while contributing to resolution of environmental and social challenges.

Furthermore, the Bank is committed to realizing a decarbonized society by providing financing aligned with customer demand for funds and by offering consulting services and other such solutions associated with the transition to a decarbonized society. The Bank seeks to create even more business opportunities going forward by enhancing its services that support decarbonization, including those that assist customers in their efforts to reduce greenhouse gas emissions and increase energy efficiency.

### ● Our sustainability support solution

Customer Issues	Our Solution Lineup
Commencing effective initiatives towards sustainability	Providing sustainable finance <ul style="list-style-type: none"><li>Positive impact finance</li></ul>
Identifying decarbonization priorities, setting targets, and etc.	Visualizing customer greenhouse gas emissions, setting decarbonization targets <ul style="list-style-type: none"><li>Support for calculating GHG emissions</li><li>Support for Science Based Targets initiative (SBTi) certification</li></ul>
Commencing initiatives associated with SDGs	Supporting initiatives related to the SDGs <ul style="list-style-type: none"><li>Promotion of Chiba SDGs Partner registration</li></ul>

## Risk management

Main risks regarding climate change are incorporated into the risk management of sustainability initiatives. For details, please refer to “Our Sustainability Initiatives —Risk Management” (P42).

## Indicators and targets

### ESG Investment and Finance/Sustainable Finance

The Bank defines “ESG investment and finance/sustainable finance” as financing that aims to contribute to regional environmental conservation and the sustainable development and prosperity of the economy, industry, and society and has strengthened our initiatives.

### 【 Main ESG investment and finance/sustainable finance products 】

- Loan products and bonds (purchased) provided in compliance with international principle such as Green Loan Principles and Sustainability Linked Loan Principles
  - Loan products to support customers’ efforts to achieve SDGs
  - Underwriting of SDGs-related private placement bonds
  - Financing and other services that contribute to sustainable development and prosperity of the region, in part by reducing environmental impact, promoting community revitalization, and developing human resources
- \*They include other products than the above.

Target for the amount of ESG investment and finance/sustainable finance and its results are as follows.

the Amount of ESG investment and finance /Sustainable Finance	Targets	As of the end of March 2023	As of the end of March 2024
Targets for FY2024	More than 350 billion yen	141.6 billion yen	430.2 billion yen
Targets for FY2030	1 trillion yen		

## CO<sub>2</sub> emissions reduction

### 【The Chiba Kogyo Bank Group CO<sub>2</sub> emissions and reduction rate】

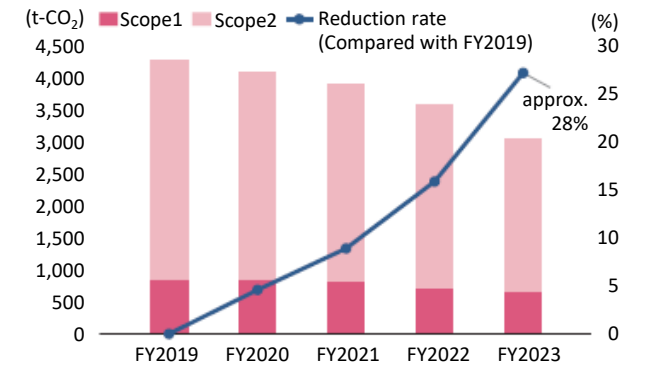
We have set the reduction rate of CO<sub>2</sub> emissions as a medium- to long-term KPI and are undertaking initiatives towards decarbonization, including energy conservation.

### ● Scope 1 and 2 emissions

CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	FY2019	FY2020	FY2021	FY2022	FY2023
Scope1	846	843	824	724	658
Scope2	3,554	3,347	3,169	2,953	2,467

\*Scope 1 and Scope 2 CO<sub>2</sub> emissions are based on periodic reports in accordance with the Act on Rationalizing Energy Use (commonly known as the Energy Conservation Act).

\*The total amount of Scope 2 emissions is calculated based on market standards.



### ● CO<sub>2</sub> emissions in FY2023

CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	FY2023
Scope1	658
Scope2 location-based	2,701
market-based	2,467
Scope3	4,050,552
Total (Scopes 1, 2 and 3)	4,053,677

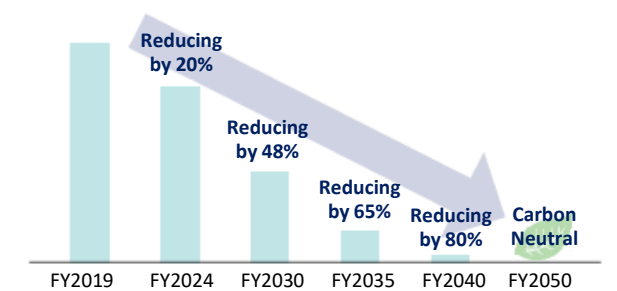
\*Market standard values are used for Scope 2 emissions in the overall total.

\*Please refer to the “Scope 3 calculation status” for details on the calculation methods and scope of Scope 3.

### 【The Chiba Kogyo Bank Group carbon neutrality declaration】

In August 2023, our group declared a carbon-neutral goal to achieve zero CO<sub>2</sub> emissions by FY2050, and revised our CO<sub>2</sub> emission reduction targets (covering Scope1 and 2) to realize a sustainable society.

We will continue to further promote initiatives that contribute to solving environmental issues, including climate change, and contribute to the sustainable development and prosperity of the regional economy, industry, and society.





## Climate Change Initiatives

### 【Scope 3 calculation status】

In addition to the previously calculated Scope 1 and 2 emissions, we have started calculating Scope 3 emissions, which encompass the entire supply chain, from FY2023. We will continue to strive to expand the scope of calculation and refine the accuracy of emission measurements.

● Scope 3 emissions (t-CO <sub>2</sub> )	
Category	Emissions in FY2023 (t-CO <sub>2</sub> )
1 (Purchased goods and services)	12,292
2 (Capital goods)	3,134
3 (Fuel- and energy-related activities)	582
4 (Upstream transportation)	922
5 (Waste generated in operations)	337
6 (Business travel)	49
7 (Employee commuting)	753
12 (End-of-life treatment of sold products)	661
15 (Investments and loans)	4,031,822

### <Reference> Calculation methods and targets of Scope 3

- Calculation scope for Scope 3 emissions  
Scope 3 is calculated for The Chiba Kogyo Bank on a stand-alone basis for all categories except Category 3, and for The Chiba Kogyo Bank Group as a whole for Category 3. Category 8, 9, 10, 11, 13 and 14 is not calculated because it is assumed that there are no activities producing CO<sub>2</sub> emissions.
- Basic items other than Category 2, 3, 7, 12 and 15  
The data obtained from the expense management system used by the Bank is used to calculate each category after determining the expense expenditure items and whether they need to be calculated or not based on the account title. Consumption tax is not deducted from the calculation.
- Emissions intensity for categories other than 3 and 15  
The emission intensity database published by the Ministry of the Environment is used to calculate the greenhouse gas emissions of organizations through the supply chain. The most appropriate emissions intensity is selected in light of each expenditure item.
- Category 1 (Purchased goods and services)  
Out of the expense expenditure items managed by the Bank’s expense management system, activities that involve CO<sub>2</sub> emissions and do not belong to any other category are selected, and the emission intensity is multiplied by the amount of payment.
- Category 2 (Capital goods)  
Tangible fixed assets acquired in each fiscal year is multiplied by the emission intensity capital formation category finance and insurance.
- Category 3 (Fuel- and energy-related activities)  
Gasoline, gas, diesel, and heavy oil consumption is multiplied by the emission intensity from the LCI database IDEAv2 (for calculating supply chain greenhouse gas emissions). Electricity consumption is multiplied by the emission intensity from the emission intensity database for calculating greenhouse gas emissions of organizations through the supply chain.
- Category 4 (Upstream transportation)  
Out of the expense expenditure items, transportation and postage expenses are multiplied by emission intensity.
- Category 5 (Waste generated in operations)  
Out of the expense expenditure items, sanitation expenses are multiplied by emission intensity.
- Category 6 (Business travel)  
Out of the expense expenditure items, travel expenses are multiplied by emission intensity.
- Category 7 (Employee commuting)  
Emission intensity for train, bus, and car is multiplied based on the amount of commuting allowance and the means of commuting managed by the personnel salary information system, respectively.
- Category 12 (End-of-life treatment of sold products)  
Emission intensity is multiplied by the physical volume data of passbooks, assuming that passbooks kept at the Bank are used for withdrawals.

- Category 15 (Investments and loans, financed emissions/FE)  
Since indirect GHG emissions through investments and loans account for a large portion of the Scope 3 emissions of financial institutions, estimates were made for the Bank’s domestic corporate lending in FY2023 in accordance with the PCAF standard measurement methodology.

	Energy			Transportation						Materials and buildings					Agriculture, food, and forest products				Others	Total
	Electric power	Coal	Oil and Gas	Air cargo	Air passengers	Maritime	Rail	Trucking service	Automobile, components	Metals, mining	Chemicals	Building materials	Capital goods (building materials etc.)	Real estate management and development	Beverages	Agriculture	Packaged foods and meat	Paper and forest products		
Financed Emissions (Mt-CO2)																				
Scope 1 and 2	0.03	—	0.08	0.31	—	0.00	0.01	0.02	0.00	0.29	0.06	0.02	0.02	0.05	—	0.04	0.06	0.01	0.18	1.19
Scope 3	0.02	—	0.30	0.08	—	0.00	0.01	0.01	0.02	0.38	0.09	0.06	0.31	0.62	—	0.02	0.26	0.01	0.65	2.85
Data Quality Score*																				
Scope 1 and 2	3.31	—	1.74	3.64	—	4.00	2.05	4.00	2.25	3.39	3.14	3.91	3.85	3.72	—	4.00	3.78	3.36	3.73	3.65
Scope 3	3.57	—	2.88	3.67	—	4.00	2.99	4.00	3.08	3.04	3.47	3.91	3.85	3.73	—	4.00	3.78	3.36	3.84	3.73
Loan balance used for calculation (¥100 million)																				
Scope 1, 2, and 3	89	—	136	334	—	3	237	56	43	441	189	106	400	5,545	—	39	1,108	42	4,077	12,847
Number of loans																				
Scope 1, 2, and 3	35	0	14	400	0	4	17	95	18	208	40	102	837	2,707	0	48	1,090	47	2,915	8,577
Calculation coverage ratio (loan balance used for calculating GHG emissions for each sector/loan balance for that sector)																				
Scope 1, 2, and 3	100.0%	—	100.0%	100.0%	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%	98.6%	—	98.6%	99.9%	100.0%	99.0%	99.0%

\*Numerical value indicating the quality of GHG emission data on a 5-point scale; The closer to 1, the higher the quality of the data, and the closer to 5, the more estimates are used.

### ● Data quality score

Data quality	Category		Overview
1	Disclosed information		Emissions data from corporate disclosures (With third-party certification)
2			Emissions data from corporate disclosures (Without third-party certification)
3	Estimated information	Physical activity-based	Estimated emissions data based on corporate energy consumption and emission factors
4			Estimated emissions data based on corporate production volume and emission factors
5		Financial indicator-based	Estimated emissions data based on corporate sales and emission factors
			Estimated emissions data based on balance of corporate investments and loans and emission factors

- \*1 The data covers loans to domestic corporations as of December 2023, and is classified based on the sectors recommended for disclosure in the TCFD recommendations. Loans with insufficient financial data are not included in the calculation.
- \*2 Calculations are based on PCAF standards and utilize corporate disclosure data. In cases where data is not available, emission factors and other data taken from the PCAF database are used for estimation. Note that the PCAF database does not include emission factors for downstream Scope 3 emissions.
- \*3 Financed emissions = Attribution factor x GHG emissions of invested company (Attribution factor: Amount of investment / total financing (enterprise value including cash (EVIC) for listed companies, debt + equity for non-listed companies of each invested company))

Calculation results may change significantly in the future due to expanded disclosure of GHG emissions by customers, changes in PCAF calculation standards and industry classifications, expansion of calculation targets, and other factors. We will continue to refine our calculation methods.

# Stakeholder Communication

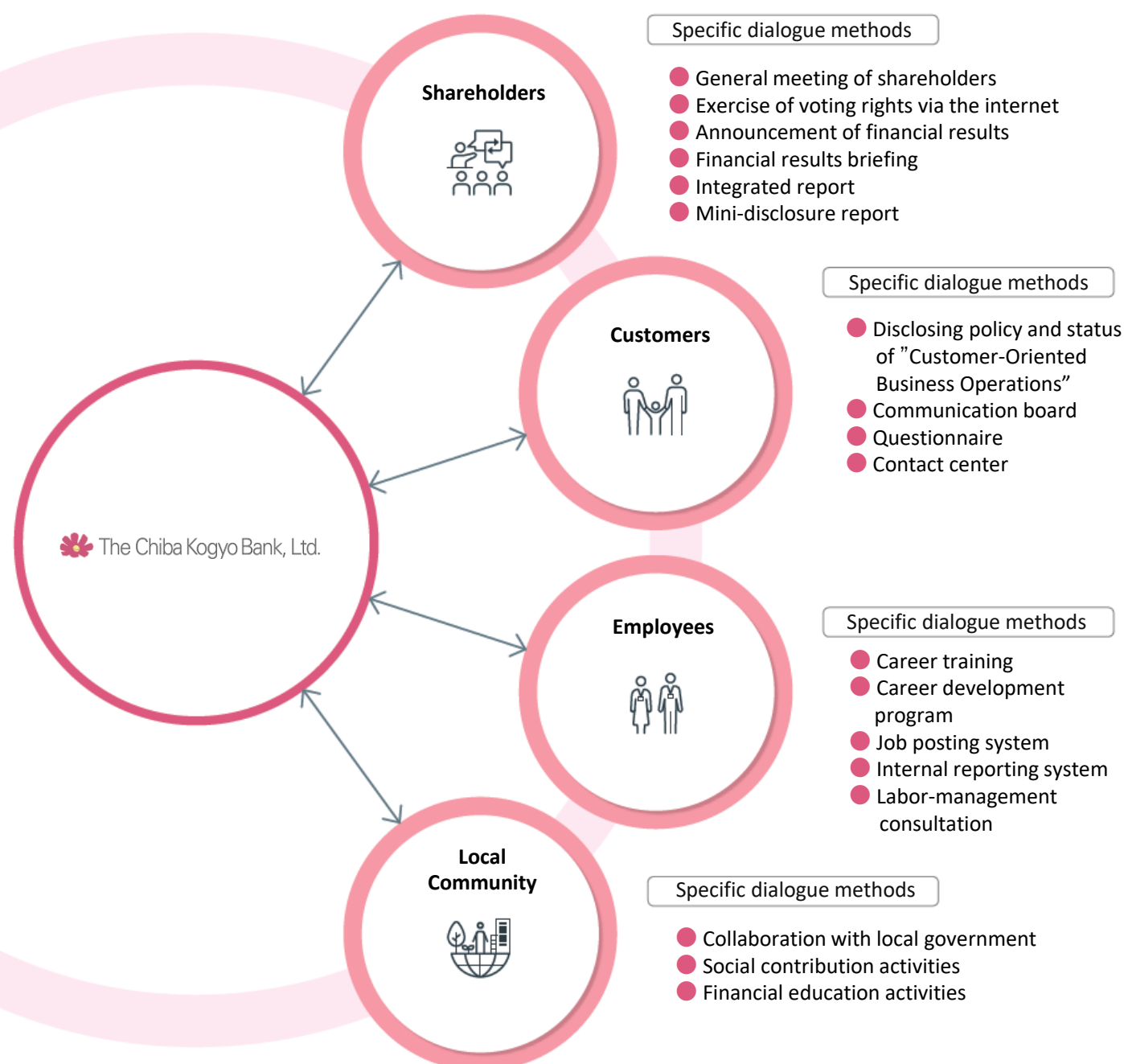
The Chiba Kogyo Bank Group is committed to transparent management by actively and fairly disclosing management information. Through constructive dialogue with a wide range of stakeholders, we aim to enhance our corporate value and establish understanding and trust from society. We strive to maintain transparent management by engaging with local communities and customers.

In addition to appropriately disclosing information based on laws and regulations, we have established an information disclosure policy from the perspective of achieving effective corporate governance.

## Information Disclosure Policy

### Basic Views

The Bank recognizes its social responsibility and public mission as a regional financial institution. We strive to enhance transparency in our information disclosure and to gain the trust and evaluation of our customers, shareholders, investors, and the local community by providing timely, appropriate, and easy-to-understand disclosures of financial and other information.



## Shareholders

The Bank recognizes the sustainable enhancement of corporate value and the maintenance of transparent and sound management as responsibilities to our shareholders. In accordance with our information disclosure policy, we actively engage in dialogue with shareholders through analyst and institutional investor briefings and various meetings. In FY2023, we engaged in discussions with 53 institutional investors and analysts, mainly on matters related to performance and initiatives corporate value.

	Overview	Number of participants/meetings
Institutional investors and analysts	Large meetings	35 people/1 time
	Small (theme-based) meetings	7 people/1 time
	1-on-1 meetings	11 times



## Customers

The Bank operates with the recognition that we are a company that grows together with our customers. We consider contributing to the growth and development of our customers as one of our most important tasks.

We actively collect customer opinions and requests through various contact points such as in-store, visits, and phone calls. Based on the feedback received, we strive to improve our products and services and revise our procedures from the customer's perspective.

In order to provide a clear understanding of our efforts based on the "Policy on Customer-Oriented Business Operations," we disclose our KPIs. For more details, please visit our website(Japanese).

### Policy on the Customer-Oriented Business Operations

<https://www.chibakogyo-bank.co.jp/other/fiduciary.html>

### Status of Initiatives Related to the Policy on Customer-Centric Business Operations -FY2023-

[https://www.chibakogyo-bank.co.jp/other/pdf/fiduciary\\_2023.pdf](https://www.chibakogyo-bank.co.jp/other/pdf/fiduciary_2023.pdf)



## Employees

The Bank recognizes that having diverse perspectives and values, reflecting different experiences, skills, and attributes within the organization, can be a strength in ensuring the Bank's sustainable growth. Therefore, we strive to ensure diversity in all human resources, including the utilization of women within the organization.

Additionally, we are committed to providing an environment where our employees can actively work on improving their abilities and fully demonstrate their capabilities.

The Bank has established and appropriately operates an internal reporting system to ensure that our officers and employees can convey information or sincere concerns about illegal or inappropriate acts and disclosures without fear of suffering disadvantages. This system ensures that the conveyed information or concerns are objectively verified and appropriately utilized.



## Local Community

Based on our corporate philosophy, the Bank is committed to being a financial institution rooted in the community, growing and developing alongside it. We engage in business activities and initiatives that contribute to sustainability, such as the SDGs. Each of our employees strives to address the challenges faced by our community and customers with sincerity and dedication. We continuously respond to societal expectations in an ever-changing environment and aim to contribute to the local community and economy by collaborating with local governments, ultimately working towards the realization of a sustainable society.



# Directors, Audit & Supervisory Board Members and Executive Officers

## Directors



Chairman of the Board

Shunichi Aoyagi

Apr. 1980 Joined the Bank  
Aug. 1996 Assistant General Manager of International Division, General Manager of New York Representative Office  
  
Oct. 2000 Deputy General Manager of Management Planning Division  
July 2003 Associate Director-General, General Manager in charge of Management Planning Division  
May 2004 Associate Director-General, General Manager of Management Planning Division  
June 2004 Executive Officer, General Manager of Management Planning Division  
May 2007 Managing Executive Officer  
June 2007 Managing Director, Managing Executive Officer  
June 2009 President (CEO)  
Apr. 2019 Chairman of the Board (current position)



President (CEO)  
(Representative Director)

Hitoshi Umeda

Apr. 1986 Joined the Bank  
Jan. 2004 Deputy General Manager of Financial Markets Division  
Apr. 2006 General Manager of Yakuendai Branch  
Oct. 2010 Deputy General Manager of Management Planning Division  
July 2012 Associate Director-General, General Manager in charge of Management Planning Division  
  
Apr. 2014 Associate Director-General, General Manager of Management Planning Division  
June 2014 Executive Officer, General Manager of Management Planning Division  
Apr. 2016 Executive Officer, General Manager of Sales Division of Head Office  
May 2016 Managing Executive Officer, General Manager of Sales Division of Head Office  
  
Apr. 2017 Managing Executive Officer  
June 2018 Managing Director, Managing Executive Officer  
Apr. 2019 President (CEO) (current position)



Director  
(Outside Director)

Hisako Toya

Apr. 1975 Joined Chiba Prefectural Government  
Apr. 2000 Assistant General Manager of Children and Families Division of Health and Welfare Department, Head of Declining Birthrate Countermeasure Office  
Apr. 2002 Director-General of Women's Support Center of General Planning Department  
Apr. 2004 Manager of Gender Equality Division of General Planning Department, Deputy Counselor of General Affairs Department  
Apr. 2007 Deputy Director of Commerce and Labor Department, Counselor of General Affairs Department  
Apr. 2008 Deputy Director of Health and Welfare Department  
Apr. 2009 Director of Health and Welfare Department  
Apr. 2011 Director of Environmental and Community Affairs Department  
Mar. 2013 Retired from Chiba Prefectural Government  
Apr. 2013 Executive Advisor of Federation of National Health Insurance Associations of Chiba Prefecture  
June 2015 Outside Director of the Bank (current position)



Director  
(Outside Director)

Eiji Yamada

Apr. 1978 Joined Nippon Telegraph and Telephone Public Corporation (current Nippon Telegraph and Telephone Corporation)  
June 2001 General Manager of Financial Business Planning Division of Financial Systems Sector of NTT DATA Corporation (current NTT DATA Group Corporation)  
Apr. 2002 General Manager of Payment Business Division of IT Business Development Sector  
May 2004 Deputy General Manager of Payment Solutions Sector  
June 2005 Senior Vice President  
June 2011 Director, Executive Vice President  
June 2012 Representative Director and Senior Executive Vice President  
June 2015 Advisor  
President and Representative Director of Japan Information Processing Service Co., Ltd.  
June 2017 Outside Director of the Bank (current position)  
June 2021 Advisor of Japan Information Processing Service Co., Ltd.  
June 2022 External Director of Kyokuyo Co., Ltd. (current position)  
External Director, Heiwa Real Estate Co., Ltd. (current position)



Vice President (COO)  
(Representative Director)

Ryuichi Matsumaru

Apr. 1983 Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.)  
Oct. 1989 Seconded to Fuji Bank (Schweiz) AG  
Nov. 1994 Seconded to Fuji Securities Co., Ltd. (current Mizuho Securities Co., Ltd.)  
Apr. 2002 General Manager of Capital Markets Department IV of Mizuho Securities Co., Ltd.  
Feb. 2008 General Manager of Funabashi Branch, Mizuho Bank, Ltd.  
Aug. 2010 Executive Officer of Mizuho Investors Securities Co., Ltd. (current Mizuho Securities Co., Ltd.)  
June 2014 President and Representative Director of Defined Contribution Plan Services Co., Ltd.  
May 2017 Managing Executive Officer of the Bank  
June 2017 Vice President (COO) (current position)



Director,  
Managing Executive Officer

Yasumitsu Kanda

Apr. 1986 Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.)  
Nov. 2002 Deputy General Manager of Takadanobaba Ekimae Branch, Mizuho Bank, Ltd.  
Jan. 2005 Deputy General Manager of Section IV of Nagoya Sales Department of Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)  
Apr. 2007 Promotion Chief of Administration Department  
Apr. 2010 Associate Director-General of Finance and Public Corporation Administration Department of Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)  
Seconded to the Bank, Vice General Manager of Management Planning Division  
Seconded to the Bank, General Manager of Management Planning Division  
Apr. 2016 Executive Officer, General Manager of Management Planning Division  
June 2016 Managing Executive Officer, General Manager of Management Planning Division  
May 2017 Managing Executive Officer  
Apr. 2019 Managing Executive Officer  
June 2020 Managing Director, Managing Executive Officer  
June 2024 Director, Managing Executive Officer  
\*due to change in title (current position)



Director  
(Outside Director)

Tetsuro Sugiura

Apr. 1977 Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.)  
Apr. 2002 Related Business Department of Mizuho Bank, Ltd.  
Seconded to Fuji Research Institute Corporation (current Mizuho Research & Technologies, Ltd.) Executive Board Member and Chief Economist  
Apr. 2003 Group Strategy Department I of Mizuho Financial Group, Inc.  
Seconded to Mizuho Research Institute, Ltd. (current Mizuho Research & Technologies, Ltd.) Chief Economist  
Apr. 2004 Corporate Planning Department  
Seconded to Mizuho Research Institute, Ltd. (current Mizuho Research & Technologies, Ltd.) Chief Economist  
Apr. 2005 Executive Officer of Corporate Planning Department  
Managing Executive Officer, Chief Economist of Mizuho Research Institute, Ltd. (current Mizuho Research & Technologies, Ltd.)  
Apr. 2007 Senior Executive Officer of Mizuho Research Institute Ltd. (current Mizuho Research & Technologies, Ltd.)  
July 2011 Vice-chairman  
Apr. 2014 Senior Director of Japan Economic Research Institute  
June 2019 Outside Director of the Bank (current position)  
Nov. 2019 Research Committee Chairman of Japan Economic Research Institute (current position)



Director  
(Outside Director)

Yumiko Kinoshita

Apr. 1984 Joined the Bank of Japan  
Sept. 1991 Joined McKinsey & Company  
Apr. 2004 Joined The National Museum of Emerging Science and Innovation of Japan Science and Technology Agency (current National Research and Development Agency; Japan Science and Technology Agency)  
June 2011 General Manager of Corporate Planning Department of KCI GROUP INC.  
Feb. 2016 Full-time Director of JAPAN PROFESSIONAL FOOTBALL LEAGUE  
Mar. 2018 Senior Adviser to Chairman, International Outreach of JAPAN PROFESSIONAL FOOTBALL LEAGUE  
July 2020 Director of Tokyo Football Association (current position)  
Mar. 2021 External Director of Tokyo Tatemono Co., Ltd. (current position)  
Apr. 2022 Member of Administrative Council of Hitotsubashi University (current position)  
June 2024 Outside Director of the Bank (current position)



Director,  
Managing Executive Officer

Katsumi Shirai

Apr. 1987 Joined the Bank  
Nov. 2004 General Manager of Regional Corporation Department of Kashiwa Branch  
Apr. 2007 General Manager of Urayasu Branch  
Apr. 2010 Deputy General Manager of Sales Management Division  
Apr. 2012 General Manager of Goi Branch  
July 2013 Associate Director-General, General Manager of Goi Branch  
Apr. 2014 Associate Director-General, General Manager in charge of Branch Support Division, and Manager of Group I of Branch Support Division  
Apr. 2015 Associate Director-General, General Manager of Branch Support Division  
June 2015 Executive Officer, General Manager of Branch Support Division  
Apr. 2016 Executive Officer, General Manager of Corporate Strategy Division  
May 2016 Executive Officer, Deputy General Manager of Sales Unit, and General Manager of Corporate Strategy Division  
Apr. 2019 Managing Executive Officer,  
Regional Manager, and General Manager of Sales Division of Head Office  
Apr. 2020 Managing Executive Officer, General Manager of Sales Unit  
June 2020 Managing Director, Managing Executive Officer  
Apr. 2024 Director, Managing Executive Officer  
\*due to change in title (current position)

Directors, Audit & Supervisory Board Members and Executive Officers

Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member

Hitoshi Yokoyama

Apr. 1984 Joined the Bank  
Jan. 2003 Deputy General Manager of Financial Markets Division  
Jan. 2004 General Manager of Yotsukaido Branch  
May 2005 General Manager of Umesato Branch  
Jan. 2007 Deputy General Manager of Sales Management Division  
Apr. 2008 Vice General Manager of Sales Management Division  
Apr. 2009 General Manager of Financial Markets Division  
July 2010 Associate Director-General, General Manager of Financial Markets Division  
Oct. 2010 Associate Director-General, General Manager of Kashiwa Branch  
Apr. 2013 Associate Director-General, General Manager of Risk Management Division  
June 2014 Executive Officer, General Manager of Risk Management Division  
Apr. 2017 Executive Officer, General Manager of General Administration Division  
Apr. 2018 Managing Executive Officer  
Apr. 2019 Managing Executive Officer, Regional Manager  
Apr. 2020 Executive Officer  
June 2020 Audit & Supervisory Board Member (current position)



Standing Audit & Supervisory Board Member

Tsuyoshi Kanasugi

Apr. 1989 Joined the Bank  
Apr. 2009 General Manager of Barakinakayama Branch  
May 2010 Senior Assistant General Manager of Personnel Division (seconded externally)  
Oct. 2012 General Manager of Tsudanuma Branch  
Apr. 2015 Deputy General Manager of Credit Supervision Division  
July 2015 Associate Director-General, General Manager in charge of Credit Supervision Division  
Oct. 2017 Associate Director-General, General Manager of Business Strategy Division  
Oct. 2018 Associate Director-General in charge of Personnel Division (seconded externally)  
Apr. 2020 Executive Officer, General Manager of Credit Supervision Division  
Apr. 2022 Executive Officer, Regional Manager, Area Manager of Chiba-West Block, and General Manager of Sales Division of Head Office  
Apr. 2024 Executive Officer  
June 2024 Audit & Supervisory Board Member (current position)



Outside Audit & Supervisory Board Member

Takashi Kikugawa

Apr. 1983 Joined The Yasuda Mutual Life Insurance Company (current Meiji Yasuda Life Insurance Company)  
Apr. 2001 General Manager of Kanazawa Branch  
Jan. 2004 General Manager of Shinjuku Branch of Meiji Yasuda Life Insurance Company  
Apr. 2006 General Manager of Sapporo Branch  
Apr. 2009 General Manager of Compliance Control Department  
Apr. 2012 General Manager of Agency Department  
Apr. 2014 Operating Officer of Osaka Marketing Headquarters  
Apr. 2016 Managing Executive Officer  
Apr. 2020 Senior Managing Executive Officer  
Apr. 2021 Full-time Advisor  
June 2021 Outside Audit & Supervisory Board Member of the Bank (current position)  
July 2021 Director of Meiji Yasuda Life Insurance Company (current position)



Outside Audit & Supervisory Board Member

Tatsuya Toyoshima

Apr. 1982 Joined Yasuda Fire & Marine Insurance Co., Ltd. (current Sampo Japan Insurance Inc.)  
Apr. 2005 General Manager of Shizuoka Automobile Sales Department of former Sampo Japan Insurance Inc. (current Sampo Japan Insurance Inc.)  
Apr. 2008 General Manager of Osaka Automobile Sales I Department  
Apr. 2011 Executive Officer, General Manager of Tokyo Chuo Branch  
Apr. 2014 Representative Director and President of Sampo Credit Inc.  
June 2014 Audit & Supervisory Board Member (part-time) of Penta-Ocean Construction Co., Ltd.  
June 2017 Audit & Supervisory Board Member of Universe Development Co., Ltd.  
June 2018 Audit & Supervisory Board Member of Marubeni Safenet Co., Ltd.  
June 2020 Audit & Supervisory Board Member (part-time) of ZAIKEISHINYOHOSYO Co., Ltd. (current position)  
June 2022 Outside Audit & Supervisory Board Member of the Bank (current position)

\*Hisako Toya, Eiji Yamada, Tetsuro Sugiura, Yumiko Kinoshita, Takashi Kikugawa and Tatsuya Toyoshima are independent officers pursuant to Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

Managing executive officers

- Hiroshi Tanaka

Osamu Koda

Akira Miyamoto

Shoichi Mori

Kunito Ozeki

Junji Nakamura
- Deputy General Manager of Sales Unit, Regional Manager

Regional Manager

Regional Manager, Area Manager of Chiba-West Block, and General Manager of Sales Division of Head Office

General Manager of Management Planning Division

Executive officers

- Masahiko Miyamoto

Tsuyoshi Aoki

Zenji Yoshikoshi

Maki Okada

Hiroto Inoue

Manabu Koiwai

Minoru Shibata

Nobuhiro Nishimura

Hiroshi Taguchi

Junko Kaji

Kazuhiro Seki
- Regional Manager

General Manager of Credit Supervision Division

Area Manager of Funabashi Block, General Manager of Funabashi/Natsumi Branch

General Manager of Intensive Operation Division

General Manager of Personnel Division

Area Manager of Ichikawa Block, General Manager of Yawata Branch

Regional Manager, Area Manager of Chiba-Central Block, General Manager of Chiba Branch

General Manager of Sales Planning Division

General Manager of Risk Management Division

General Manager of Ichikawa Branch

General Manager of Sales Support Division



# 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.

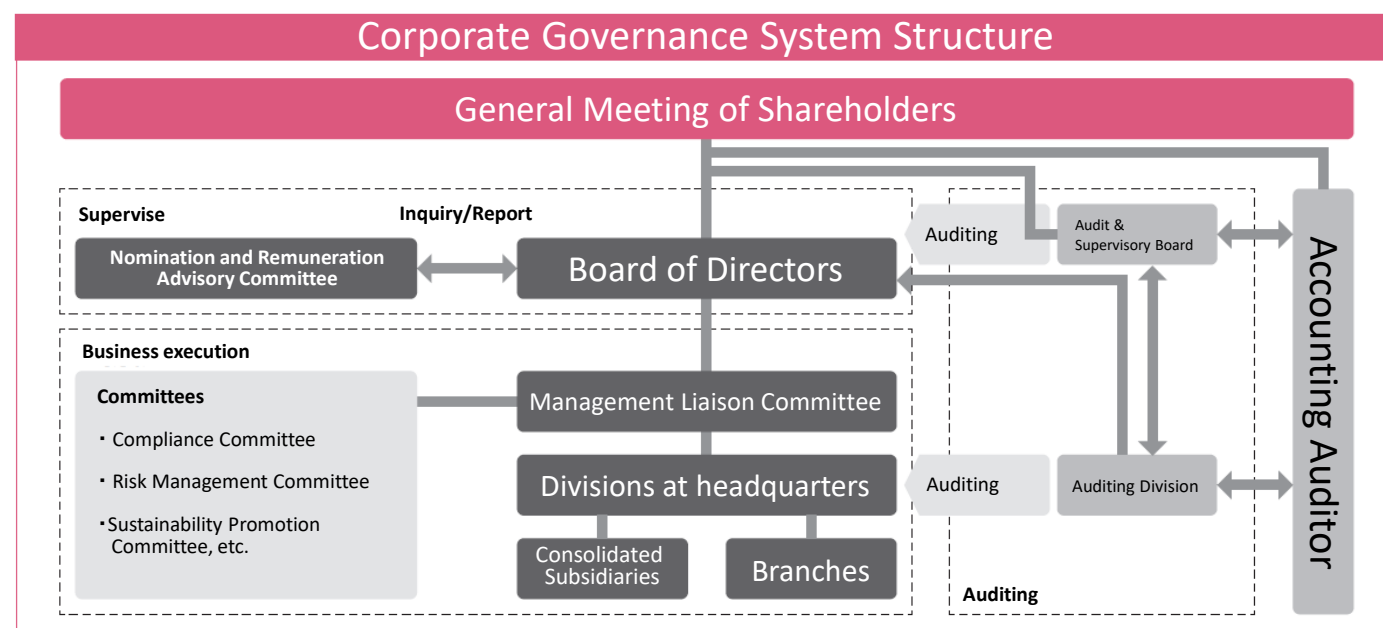
We regard the matter of strengthening and enhancing the Bank's corporate governance practices as one of our key managerial challenges, in order to put the basic values of our corporate philosophy into practice with respect to "Moving Forward with the Region, with Heartfelt Kindness Toward Customers."

Basic policy regarding corporate governance (Japanese)

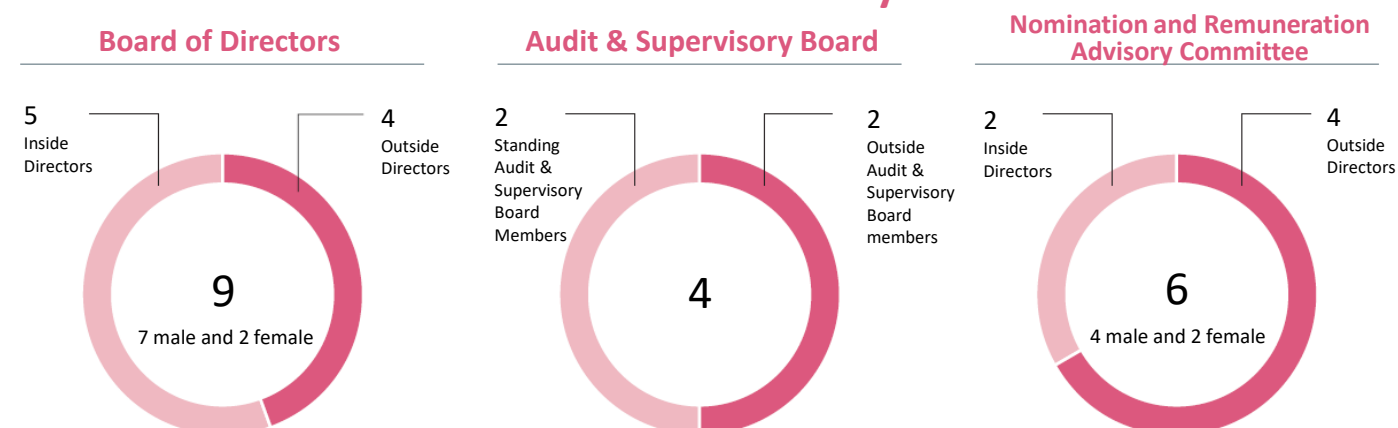
[https://www.chibakogyo-bank.co.jp/company/pdf/governance\\_03.pdf](https://www.chibakogyo-bank.co.jp/company/pdf/governance_03.pdf)

## Corporate governance system

The Bank has adopted the organizational form of a company with an Audit & Supervisory Board, including outside Audit & Supervisory Board members, to ensure effective management oversight. We have established a system with a General Meeting of Shareholders, a Board of Directors, an Audit & Supervisory Board, and an Accounting Auditor. Additionally, we have set up a Nomination and Remuneration Advisory Committee as an advisory body to the board of directors.



## Composition of the Board of Directors, the Audit & Supervisory Board, and Nomination and Remuneration Advisory Committee



The ratio of Outside Directors is 44%

The ratio of Outside Audit & Supervisory Board members is 50%

The ratio of Outside Directors is 67%

### Board of Directors

Number of meetings in FY2023 : 16 times

It is management's highest decision-making body and supervisory body which determines management policies and other matters, receives reports on the status of business execution, and supervises such in accordance with rules such as the Board of Directors rules. The Board of Directors consists of nine Directors of which four are appointed as Outside Directors.

### Nomination and Remuneration Advisory Committee

Number of meetings in FY2023 : 7 times

As for the Nomination and Remuneration Advisory Committee, of which a majority of members are independent Outside Directors, a structure that enables the committee to appropriately engage in and provide advice from a fair and objective perspective on matters such as the appointment and dismissal of executives and matters related to remuneration has been established. By developing this structure, the Bank strives to improve the effectiveness of the Board of Directors, and consequently achieve sustainable growth and increase the medium- to long-term corporate value of the Bank.

Members of this committee comprise four independent Outside Directors, the Representative Director and President (CEO), and the Representative Director and Vice President (COO), to give a total of six people, and it is chaired by an independent Outside Director.

### Accounting Auditor

We have appointed Ernst & Young ShinNihon LLC as our accounting auditor and receive audits from a fair standpoint.

We are expanding and strengthening the auditing function of audits by the accounting auditor etc. in order to verify the effectiveness and efficiency of operations, the reliability of financial statements, and the appropriateness and effectiveness of internal controls such as compliance with laws and regulations.

### Management Liaison Committee

Number of meetings in FY2023 : 48 times

The Management Liaison Committee is set up as a subordinate organization to the Board of Directors. By partially assigning the Board of Directors authority to the committee, the Bank pursues to improve management efficiency and speed up business execution.

### Audit & Supervisory Board

Number of meetings in FY2023 : 14 times

The Audit & Supervisory Board consists of four Audit & Supervisory Board members of which two are appointed as Outside Audit & Supervisory Board members. Audit & Supervisory Board members conduct audits of matters such as the status of development and operation of internal control systems including the status of decision-making by Directors, compliance with laws and regulations, risk management and disclosure of corporate information in accordance with the Auditing Standards.

## Major initiatives for improving corporate governance

2014	● Abolition of retirement benefits for directors (and other officers), Introduction of share remuneration-type stock options
2015	● Formulation of the Basic Policy Regarding Corporate Governance, Appointment of one Outside Director
2016	● Establishment of the Governance Committee, Increase of the number of Outside Directors by one ● Start of evaluations on the efficiency of the Board of Directors through a self-assessment method using anonymous questionnaires
2018	● Establishment of the Disclosure Policy
2019	● Assumption of office by Chairman, Increase of the number of Outside Directors by one
2022	● Establishment of the Nomination and Remuneration Advisory Committee
2024	● Increase of the number of Outside Directors by one ● Incorporating sustainability factors into executive compensation

## Corporate Governance

### Directors / Audit & Supervisory Board Members

#### Policies and procedures for nomination of candidates for Directors and Audit & Supervisory board Members, and appointment and dismissal of Directors and Audit & Supervisory Board Members

When nominating candidates for Directors and Audit & Supervisory Board Members, we consider their past experience, insight, abilities, and other factors comprehensively, based on the Bank’s corporate philosophy, and nominate persons who can be expected to contribute to the Bank’s sustainable growth and improvement in corporate value.

Candidates for Directors are proposed by the President based on reports from the Nomination and Remuneration Advisory Committee, nominated by the Board of Directors, and resolved at the General Meeting of Shareholders. Candidates for Audit & Supervisory Board Members are proposed by the President based on reports from the Nomination and Remuneration Advisory Committee, nominated by the Board of Directors, and resolved at the General Meeting of Shareholders after approval from the Audit & Supervisory Board is received.

If any Director or Audit & Supervisory Board Member performs an act that violates laws and regulations or public policy during his or her term of office, or brings significant damage to the Bank’s corporate value, or if it is deemed that duties expected of him or her are not performed appropriately after his or her appointment, the Board of Directors determines a proposal for his or her dismissal upon deliberation by the Nomination and Remuneration Advisory Committee, and the proposal is resolved by the General Meeting of Shareholders.

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

Name (Appointment)	Reasons for the Appointments as Outside Directors	Attendance at Board of Directors Meetings in FY 2023
Hisako Toya (June 2015)	The Bank has appointed her considering that she is a suitable person with knowledge and experience to serve as Outside Director of the Bank, based on her long-term experience, performance, etc. in the area of regional administration in Chiba Prefecture.	16 of 16
Eiji Yamada (June 2017)	The Bank has appointed him considering that he is a suitable person with knowledge and experience to serve as Outside Director of the Bank, based on his experience and achievements in system development, etc. at Japan Information Processing Service Co., Ltd.	16 of 16
Tetsuro Sugiura (June 2019)	He has ample business experience and is familiar with overall business operations as he has engaged in corporate planning business, etc. since he joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.) in 1977. He also has ample experience in corporate management, having served as Vice chairman of Mizuho Research Institute Ltd. (current Mizuho Research & Technologies, Ltd.). The Bank has appointed him considering that he is a suitable person with knowledge and experience to serve as Outside Director of the Bank, based on his experience and achievements.	16 of 16
Yumiko Kinoshita (June 2024)	The Bank has appointed her considering that she is a suitable person with knowledge and experience to serve as Outside Director of the Bank, based on her international viewpoint developed from working overseas, etc., and her wide-ranging business experience at public interest corporations.	—

Name (Appointment)	Reasons for the Appointments as Outside Audit & Supervisory Board Members	Attendance at Board of Directors Meetings (Audit & Supervisory Board Meeting) in FY 2023
Takashi Kikugawa (June 2021)	The Bank has appointed him considering that he is a suitable person with knowledge and experience to serve as Outside Audit & Supervisory Board Member of the Bank from objective perspectives, based on his long-term experience at Meiji Yasuda Life Insurance Company.	16 of 16 (14 of 14)
Tatsuya Toyoshima (June 2022)	The Bank has appointed him considering that he is a suitable person with knowledge and experience to serve as Outside Audit & Supervisory Board Member of the Bank from objective perspectives, based on his long-term experience at Yasuda Fire & Marine Insurance Co., Ltd. (current Sampo Japan Insurance Inc.) and other companies.	16 of 16 (14 of 14)

#### Independence criteria for Outside officers

When appointing independent Outside Directors and independent Outside Audit & Supervisory Board Members, the Bank effectively ensures that those appointed to serve as independent Outside Directors and independent Outside Audit & Supervisory Board Members are independent from the Bank based on its criteria for determining independence of outside officers.

Criteria for determining independence of outside officers (Japanese)  
[https://www.chibakogyo-bank.co.jp/company/pdf/governance\\_04.pdf](https://www.chibakogyo-bank.co.jp/company/pdf/governance_04.pdf)

#### System for supporting Outside Directors and Outside Audit & Supervisory Board Members

Employees from the General Secretariat and the Office of Audit & Supervisory Board Members provide support for facilitating activities of the Outside Directors and Outside Audit & Supervisory Board Members. Prior to holding meetings of the Board of Directors, agendas are provided to the Outside Directors and Outside Audit & Supervisory Board Members, and individual explanations are furnished to heads of the General Secretariat and Office of Audit & Supervisory Board Members, and also to the Standing Audit & Supervisory Board Members. This enables the Bank to ensure adequate dissemination of information, accurate and fair business management, as well as rigorous execution of audits.

#### Views on balance, diversity and size of the Board of Directors

The Board of Directors is the highest decision-making body and supervisory body of the Bank’s management. For Directors who constitute the Board of Directors, the Bank formulates a skills matrix for their knowledge, experience and abilities based on the management strategies and management plan, and appoints them in view of the overall balance and diversity to ensure that its functions work effectively. With regard to diversity, the Bank has also taken into account gender, and two of its independent Outside Directors are currently female.

#### Skill matrix of Directors and Audit & Supervisory Board Members

Name	Position	Independence (outside officers)	Corporate management/ Business administration	Legal affairs/ Risk management	Accounting/ Finance	Financing	Information/ Digital technology	Corporate governance/ Sustainability	Sales promotion	Administration / Regional economy
Shunichi Aoyagi	Director		●	●	●	●	●	●	●	●
Hitoshi Umeda	Director		●	●	●	●	●	●	●	●
Ryuichi Matsumaru	Director		●	●	●	●		●	●	●
Yasumitsu Kanda	Director		●	●	●	●	●	●		
Katsumi Shirai	Director		●					●	●	●
Hisako Toya	Director	Outside						●		●
Eiji Yamada	Director	Outside	●				●	●		
Tetsuro Sugiura	Director	Outside				●		●		●
Yumiko Kinoshita	Director	Outside		●	●	●		●		●
Hitoshi Yokoyama	Audit & Supervisory Board Member			●	●	●		●		
Tsuyoshi Kanasugi	Audit & Supervisory Board Member			●	●			●		
Takashi Kikugawa	Audit & Supervisory Board Member	Outside	●	●	●			●		
Tatsuya Toyoshima	Audit & Supervisory Board Member	Outside	●	●	●			●		

#### Policy for training of Directors and Audit & Supervisory Board Members

The Bank provides its newly appointed and other Directors and Audit & Supervisory Board Members with sufficient quality and quantity of workshops, training, and other such learning opportunities as deemed necessary in order for them to gain and adequately update their knowledge, and it furthermore covers the associated costs. The Bank provides its outside officers in particular with sufficient quality and quantity of workshops, training, and other such learning opportunities taking into consideration the Bank’s distinctive operations, and it furthermore covers the associated costs.

The Board of Directors periodically confirms whether or not the aforementioned training opportunities are being provided to the Directors and Audit & Supervisory Board Members.

#### Evaluating the effectiveness of the Board of Directors

The Bank has evaluated the effectiveness its Board of Directors from the perspective of assessing the extent to which the Bank’s Directors have been adequately fulfilling the roles of the Board of Directors as stipulated particularly in laws and regulations. Given that the evaluation consequently did not identify any events that would clearly serve as impediments to the process by which the Board of Directors fulfills its roles, we accordingly deem that the effectiveness of the Bank’s Board of Directors has been ensured.

Recognizing the recent trend of increasing roles for the Board of Directors, we acknowledge the need to enhance its functionality beyond traditional levels. We will continue to explore and implement necessary measures to maximize the effectiveness of the Board of Directors.



## Corporate Governance

### Evaluation method

- (1) Questionnaires on matters that include operational status and deliberation content of the Board of Directors were administered to Directors and Audit & Supervisory Board Members who are members of the Board of Directors (hereinafter, the “FY3/24 Questionnaire”).
- (2) The Nomination and Remuneration Advisory Committee analyzed and evaluated aggregated content of the FY3/24 Questionnaire.
- (3) Results of analysis and evaluation, and proposals from the Nomination and Remuneration Advisory Committee on improving effectiveness of the Board of Directors were appropriately reported to the Board of Directors.

### Initiatives for improving effectiveness during the fiscal year ended March 31, 2024

- To invigorate discussions and enhance deliberations in the Board of Directors meetings, we took measures to streamline key points of the agenda items and increase the provision of information regarding the internal discussion process.
- To improve the quality of deliberations on particularly important proposals, we implemented initiatives to ensure sufficient deliberation time by minimizing the time spent explaining the proposals, thereby creating a more dynamic discussion environment.

### Further initiatives for improving effectiveness of the Board of Directors

- Going forward, we will continue taking action to improve quality of deliberations on agenda items that are important for improving corporate value by arranging workshops as warranted and forums for exchanging opinions to serve as sessions for sharing information with Outside Directors.
- We will seek to further improve administrative aspects of the Board of Directors in part by ensuring ample time for deliberations by taking action that includes preparing more clearly defined documents that outline the essential points of deliberations.

## Officer remuneration

### Basic views

When it comes to officer remuneration, the Bank establishes remuneration structures that function by providing Directors and Audit & Supervisory Board Members with incentive to perform their roles to the fullest extent to ensure that the Bank achieves management outcomes that help create value for various stakeholders and that it increases its corporate value through sustained and consistent growth, pursuant to its basic policies of management and underpinned by the Bank’s corporate philosophy. Meanwhile, the Bank furthermore pays remuneration to its Directors and Audit & Supervisory Board Members as consideration for the responsibilities they are expected to assume and for their achievements in carrying out such duties.

### Composition of remuneration for Directors and Audit & Supervisory Board Members

The remuneration for Directors consists of basic remuneration (fixed remuneration and performance-linked remuneration) and share remuneration-type stock options. For Audit & Supervisory Board Members and Outside Directors, remuneration is limited to fixed remuneration to enhance neutrality and independence. The fixed remuneration for Directors is determined on a monthly basis, taking into account their position, responsibilities, and tenure, as well as the standards of other companies, the Bank’s performance, and the level of employee salaries. Performance-linked remuneration is paid in cash once a year in June. The performance-linked remuneration indicators for the Chairman, the President, and the Vice President are based on the achievement of the current profit plan and the status of sustainability initiatives. For other Directors, the performance-linked remuneration indicators are based on the achievement of the current profit plan and the execution status of their duties for the fiscal year.

### Procedures for determining remuneration for Directors and Audit & Supervisory Board Members

The total amount of remuneration for Directors and Audit & Supervisory Board Members is resolved at the General Meeting of Shareholders, which sets the range of officer remuneration limits. Within the range, individual remuneration for Directors is determined by the Board of Directors based on the recommendations of the Nomination and Compensation Advisory Committee, while individual remuneration for Audit & Supervisory Board Members is determined by the Audit & Supervisory Board.

●Total amount of remuneration for Directors and Audit & Supervisory Board Members

(Millions of yen)

Classification	Number of recipients (Number of eligible officers)	Total remuneration	Monetary remuneration		Non-monetary remuneration
			Base remuneration		Share remuneration-type stock options
			Fixed remuneration	Performance-linked remuneration	
Directors (excluding Outside Directors)	5	134	92	30	12
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members )	2	30	30	—	—
Outside officers	5	32	32	—	—

## Risk Management

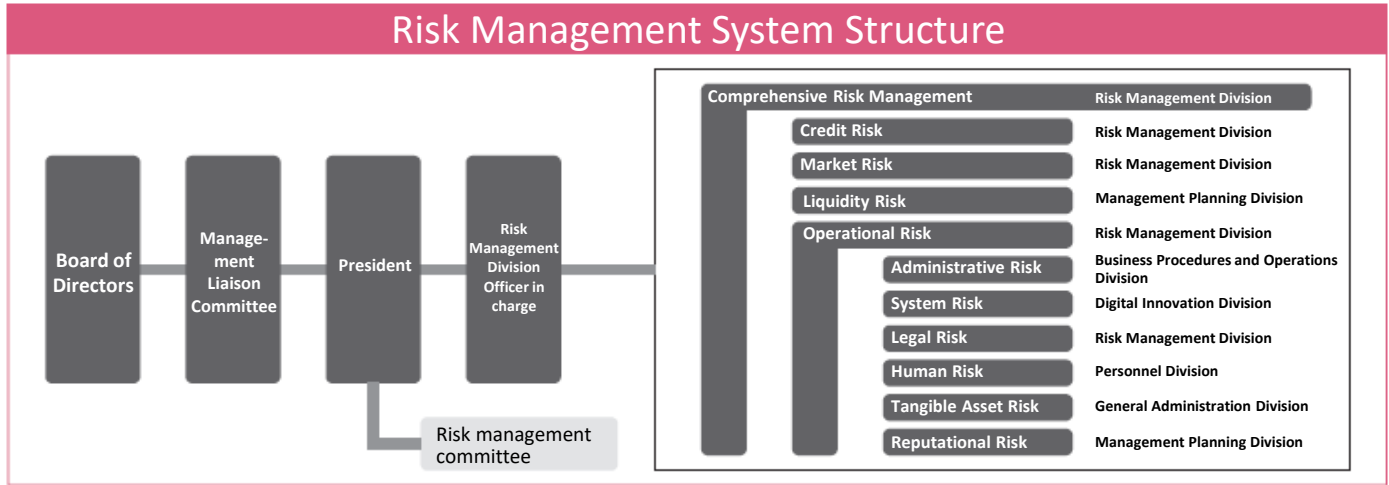
### Basic views

The Bank considers risk management to be a critical management issue. We have established an appropriate risk management framework in line with the location, degree, and quality of risks inherent in our banking operations. Our policy is to strive to maintain and improve sound management and strengthen the operating base by accurately gauging and appropriately managing risks. Additionally, these principles are defined in our “Risk Management Policies” and are determined by the Board of Directors.

### Comprehensive risk management

To manage risks appropriately in line with the Risk Management Policy, the Bank has established separate divisions to manage each type of major risk inherent in its banking operations, as well as setting up a Risk Management Division to comprehensively monitor the risks managed by each division. The Bank has also established a Risk Management Committee that spans the entire organization. Its comprehensive risk management also involves using certain methods to measure the degree of risk it faces and controlling these risks appropriately to avoid them overrunning its capital adequacy and other management capacities.

The Bank’s risk management system is shown in the diagram below.



### Credit risk management

The Bank defines credit risk as the risk of incurring losses due to a decrease or disappearance of asset value caused by the deterioration of the financial condition of the credit recipient. Recognizing that credit risk is the most important risk in management, the important matters related to credit risk management are defined in our “Credit Risk Management Regulations”, and are determined by the Board of Directors.

The Risk Management Division is an independent division in charge of credit risk management, and is responsible for planning the Bank’s basic policy and management framework for credit risk management. Additionally, the Credit Supervision Division, which is independent of the Sales Unit, is designated as the division related to credit risk management, overseeing matters related to the examination and management of credit recipients. The Risk Management Division and the Credit Supervision Division work together to manage credit risk.

As specific credit risk management methods, we conduct individual credit management and self-assessment based on a credit rating system. Furthermore, we have a system in place for credit portfolio management and credit concentration risk management through the measurement of credit risk volume.

The status of credit risk management is regularly reported to the Risk Management Committee, and continuous efforts are made to ensure the soundness of the credit portfolio and to enhance the credit risk management system.

## Risk Management

### Market risk management

The Bank defines market risk as the risk of loss due to fluctuations in various market risk factors, such as interest rates, securities prices, and exchange rates, which affect the value of our assets and liabilities. The important matters related to market risk management are defined in our “Market Risk Management Regulations”, and are determined by the Board of Directors. In terms of our management structure, we have organizationally separated the Treasury Division, the Financial Markets Division, and the Risk Management. At the same time, we have established an ALM committee that spans the entire organization.

Market risk is measured using methods such as interest rate gap analysis, BPV(basis point value) method, and VaR(value at risk) method, and we manage it by setting position limits, risk capital, and loss limits.

On the other hand, the overall interest rate risk of the Bank is managed through ALM management, and the ALM Committee considers necessary countermeasures based on reports of measured risk amounts and market trends.

### Liquidity risk management

Liquidity risk consists of funding liquidity risk and market liquidity risk. Funding liquidity risk refers to the risk of incurring losses due to difficulties in securing necessary funds or being forced to procure funds at significantly higher interest rates than usual, caused by mismatches in the duration of investments and funding or unexpected outflows of funds. Market liquidity risk, on the other hand, refers to the risk of incurring losses due to being unable to trade in the market or being forced to trade at significantly disadvantageous prices due to market disruptions.

The Bank manages funding liquidity risk by conducting appropriate fund management through the ALM Committee, taking into account the business environment, funding situation, and liquidity status. Daily funding operations are managed with the basic policy of “Maintaining Loan Positions,” and efforts are made to secure liquidity by holding marketable securities. Additionally, position limits are set for each market transaction to control market liquidity risk.

### Operational risk management

The Bank defines operational risk as the risk of tangible or intangible losses resulting from inadequate or failed internal processes(banking operations), people(including officers, permanent and temporary employees), systems, or from external events. The important matters related to operational risk are defined in our “Operational Risk Management Regulations”, and are determined by the Board of Directors.

We manage operational risk by dividing it into six categories: 1.Administrative Risk, 2.System Risk, 3.Legal Risk, 4. Human Risk, 5.Tangible Asset Risk, and 6.Reputational Risk. We have established the Risk Management Division as the division responsible for overseeing operational risk management.

The Risk Management Division monitors the occurrence of operational risk loss events, evaluates various operational risks, and takes measures to control and reduce operational risks through discussions at the Risk Management Committee.

The management systems for the major operational risks, namely administrative risk and system risk, are as follows on the next page.

#### The management system for administrative risk

The Bank fully recognizes the presence of operational risks in all our activities and the importance of mitigating these risks, and is committed to strengthening our management system. Specifically, we have established administrative regulations and other rules, and have developed management tools. We are also striving to ensure strict adherence to office regulations and improve employees’ administrative performance levels through the implementation of various training programs and examinations, and by strengthening on-site guidance and support systems. Additionally, to eliminate human errors and fraud while processing tasks efficiently, we are working on improving administrative processes, mechanization, and centralization.

#### The management system for system risk

In light of the advancements of IT within banking operations, we fully recognize the importance of system risk management and strive to strengthen it, considering the significant impact that failures, disasters, mishandling, misuse, destruction, leakage, and tampering of computer and network systems can have on management.

In terms of facilities, we operate our core systems with the latest functions at the Regional Bank Integrated Service Center, ensuring a backup center in a remote area within the country. Additionally, we have implemented safety measures such as duplicating lines and equipment, significantly reducing system risks.

Operationally, both the Bank and the Regional Bank Integrated Service Center have established rules for handling system failures, preventing mishandling and misuse due to accidents or crimes, and ensuring proper system operation and its organizational structure. We also undergo regular internal audits and external audits by third parties.

### Cyber security

Cybercrimes and cyberattacks targeting financial institutions are on the rise. To protect our customers from increasingly sophisticated cyberattacks, the Bank participates in the collaborative cybersecurity organization “CMS-CSIRT” (comprising The Regional Bank Integrated Service Center member banks, MEJAR member banks, and NTT Data).

We regularly conduct cybersecurity training and continuous IT literacy education to enhance the skills of our cybersecurity personnel and improve the response capabilities of both the organization and individuals.

Additionally, for our online services, we have implemented systems to detect unauthorized access and misuse at an early stage and conduct regular vulnerability assessments to strengthen our security measures.

### Crisis management

At the Bank, the Board of Directors has determined the “Basic Policy for Business Continuity” as a fundamental guideline for responding to emergencies and ensuring business continuity. Our primary policy is to prioritize the safety of our customers and employees. Recognizing our social responsibility and the public nature of our operations as a financial institution, we are committed to ensuring business continuity and the prompt recovery of operations.

In the event of an emergency, we will establish an Emergency Response Headquarters, headed by the President, to centrally manage the response situation.

Additionally, to respond swiftly in emergencies, the Crisis Management Committee regularly reviews various response measures and training related to business continuity. We also strive to strengthen our crisis management system by developing contingency plans tailored to various risk scenarios.



# Overview of the Compliance Framework

The Bank considers strict compliance as a fundamental management principle. We constantly recognize the high public nature and heavy social responsibility of banks, and we define compliance as “executives and employees adhering to laws and regulations, and engaging in sincere and fair corporate activities that do not deviate from social norms.” Additionally, these principles are established as our basic compliance policy and are determined by the Board of Directors.

## Compliance framework

At the Bank, the Board of Directors makes resolutions on important matters, such as compliance standards. The Compliance Committee is responsible for enhancing the compliance framework and deliberates on important matters from a cross-organizational perspective.

Under the Officer in charge of compliance, we have established a division that plans and promotes compliance initiatives, overseeing the bank’s overall efforts.

Regarding the compliance management of our Group, we monitor compliance status through reports and take appropriate actions as necessary.

## Compliance activities

We clearly define compliance activities to be practiced, including our corporate philosophy, specific behavioral standards for ethics as outlined in the “Chiba Kogyo Bank Group’s Code of Conduct”, and other laws and regulations that must be observed. We have developed a compliance manual as a guide for specific compliance standards and ensure thorough dissemination through compliance training and other means.

We formulate a “Compliance Program” each fiscal year as a concrete implementation plan for the entire Bank to carry out compliance-related arrangements, training, monitoring, and other activities.

We will continue to thoroughly understand and accurately respond to the enactment and revision of laws and regulations in response to changes in the social environment, and will further enhance our compliance system by ensuring thorough dissemination within the Bank.

## Internal reporting system

In line with the intent of the Whistleblower Protection Act, the Bank has established regulations regarding internal reporting to facilitate the early detection and correction of legal violations and to strengthen compliance management. Additionally, we have set up internal reporting channels within the Bank and at an external law firm to enhance the effectiveness of the internal reporting system.

## Basic policy and implementation status for the severance of ties with anti-social forces

The Bank has included the severance of ties with anti-social forces as one of the items in the ‘Chiba Kogyo Bank Group’s Code of Conduct’ and has published our basic policy against anti-social forces on our website. We have established regulations and manuals regarding the severance of ties with anti-social forces, clearly indicating specific response procedures, and have thoroughly disseminated the basic concepts within the bank through training and other means. Additionally, by coordinating between branches and headquarters, and with the police authorities, we have established a system that allows us to promptly discuss and appropriately respond to any contact from anti-social forces.

As the stance of severing ties with anti-social forces becomes increasingly important, we will continue to work on building and strengthening a sufficient internal system.

## Efforts to prevent money laundering, terrorist financing, and financial crimes

The Bank positions anti-money laundering and counter-terrorist financing measures as one of the key issues in our management strategy. We have established a dedicated Anti-Money Laundering (AML) division within the Risk Management Division to address these issues professionally. Under the “Standards for the Prevention of Money Laundering and Other Financial Crimes,” we are working to build a management system that captures changes in both internal and external environments to prevent money laundering and other financial crimes.

Additionally, we continuously conduct training and other initiatives to promote understanding of the importance of preventing money laundering and other financial crimes among all officers and employees. We also strive to ensure proper handling of related administrative tasks. Furthermore, we are strengthening measures to protect our customers’ assets from various financial crimes, such as remittance fraud and refund fraud.

# Overview of Customer Protection Management System

The Bank prioritizes its customers and aims to earn their trust by establishing the “Basic Policy on Customer Protection Management,” which has been determined by the Board of Directors. To ensure the appropriateness of our operations from the customer’s perspective and to improve convenience, we are committed to customer protection initiatives such as “Product Explanation,” “Customer Service Management,” “Customer Information Management,” “Outsourcing Management,” and “Conflict of Interest Management.”

In “Customer Service Management,” we aggregate and manage the status of responses at the headquarters to appropriately and sufficiently address inquiries, consultations, and requests from customers. Additionally, we comply with the Financial ADR system for complaints and dispute resolution requests from customers.

In “Customer Information Management,” we implement various safety management measures based on the Act on the Protection of Personal Information and the Financial Services Agency guidelines, and we have established an information management system. We also conduct annual information management training for all employees to ensure strict adherence to information handling rules.

Regarding these customer protection initiatives, the “Customer Protection Management Committee,” which includes executives and heads of relevant departments as members, is held quarterly to deliberate on the current status, issues, and improvement measures in each initiative.

We will continue to strive for further enhancement of customer protection through cross-organizational efforts.

## Customer-oriented business operations

### Customer-Oriented Business Operation Policy

Based on our corporate philosophy, all our employees share the fundamental values of prioritizing our customers in our business activities. To fulfill our fiduciary duty, we are committed to accurately responding to the diverse needs of our customers and providing consulting functions.

We will continue to offer products that truly benefit our customers and strive to be the most trusted bank. To achieve this, we have formulated and published policies for customer-oriented business operations related to asset management and will implement measures from the customer’s perspective.

- 1.Building a product lineup that meets customer needs
- 2.Providing investment products through customer consulting
- 3.Conducting follow-up to achieve each customer’s goals
- 4.Establishing a foundation for customers to achieve stable and secure asset formation

## Overview of Customer Protection Management System

Status of initiatives related to the Policy on Customer-Oriented Business Operations

We have compiled and published key performance indicators (KPIs) to provide a clear understanding of the initiatives based on this policy. For more details, please visit our website.

Customer-Oriented Business Operation Policy(Japanese)  
<https://www.chibakogyo-bank.co.jp/other/fiduciary.html>  
Status of Initiatives Related to the Policy on Customer-Oriented Business Operations – FY2023 —  
[https://www.chibakogyo-bank.co.jp/other/pdf/fiduciary\\_2023.pdf](https://www.chibakogyo-bank.co.jp/other/pdf/fiduciary_2023.pdf)

The Financial ADR system

The Financial ADR (Alternative Dispute Resolution) system refers to procedures for resolving disputes outside of court. It is a method of resolving disputes based on the agreement of the parties involved, such as mediation, conciliation, and arbitration, as an alternative to litigation.

There are various systems and frameworks within ADR, but unlike litigation, it generally aims to provide a quick, simple, and flexible resolution of disputes according to the nature of the case and the circumstances of the parties involved. Through complaints and dispute resolution requests from customers, efforts are made to resolve issues in a fair and neutral manner.

Designated Dispute Resolution Organization Contracted by the Bank: The Japanese Bankers Association(JBA)	
Contact	JBA Customer Relations Center
Phone Number	0570-017109 or 03-5252-3772
Reception Hours	9:00 AM to 5:00 PM (excluding Saturdays, Sundays, holidays, and bank holidays)



# Corporate Data

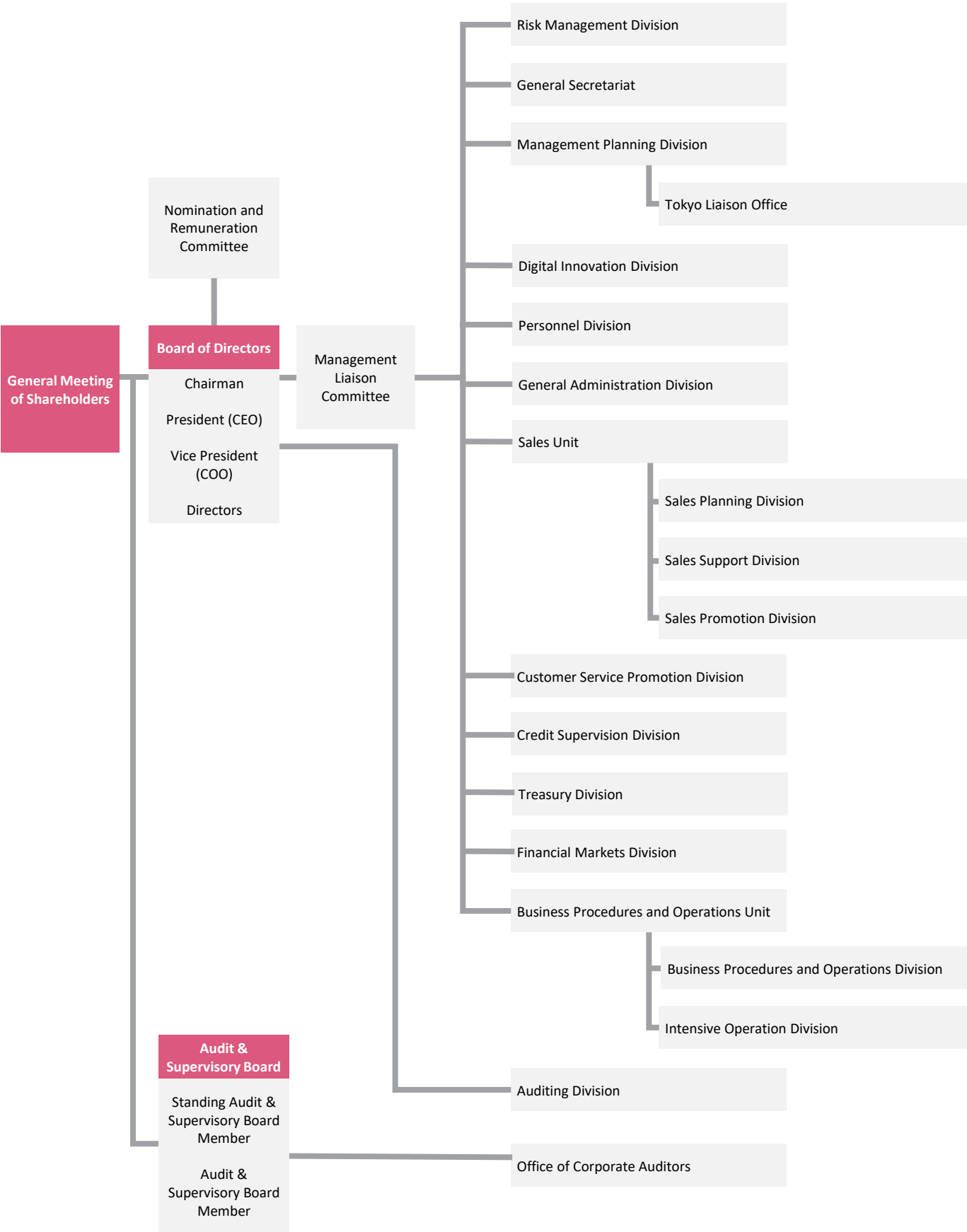
## Overview(As of March 31, 2024)

Name	The Chiba Kogyo Bank, Ltd.
Head Office	1-2, Saiwaicho 2-chome, Mihama-ku, Chiba City, Chiba JAPAN 261-0001
SWIFT Address	CHIK JP JT
Date of Establishment	January 18, 1952 (Start of Business: March 3, 1952)
Stock Exchange Listing	Prime Market of Tokyo Stock Exchange
Share Capital	¥62,120 million
Network(Head office and Branches)	80
Number of Employees	1,238
Number of Temporary Employees	655
Average age	39 years, 10 months
Average Years of Service	15 years, 9 months
Average Monthly Salary	JPY 404,000

## Business operations(As of June 30, 2024)

	Description	
Deposit services	Deposits	We offer current deposits, ordinary deposits, savings deposits, deposits at notice, time deposits, separate deposits, tax payment reserve deposits, and foreign currency deposits, etc.
	Negotiable certificates of deposit	We offer negotiable fixed time deposits.
Lending business services	Loans	We offer loans on bills, loans on deeds, and overdrafts.
	Bill discounting	We handle discounting of bank acceptance drafts, commercial paper, and documentary drafts.
Trading account securities	We are engaged in the trading of government bonds and other public bonds.	
Securities investment services	We invest in government bonds, municipal bonds, corporate bonds, equities and other securities to provide for the payment of deposits and for fund management.	
Domestic exchange services	We handle remittance exchange, transfers, and payment collections, etc.	
Foreign exchange services	We provide various services related to exports, imports, foreign remittances, and various other foreign exchange services.	
Bonds and other fiduciary services	We engage in operations related to bond fiduciary services, consignment of government bond offerings, and other services.	
Ancillary business operations	Agency business operations	(1) Acting branch of the Bank of Japan, Revenue agency for the Bank of Japan (2) Public funds handling services for local governments (3) Agency services for the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, Independent Administrative Agency, etc. (4) Agency for receiving payments for shares and payment of stock dividends, as well as principal and interest on government and corporate bonds (5) Loan services on behalf of the Japan Housing Finance Agency, etc. (6) Trust agency services (7) Insurance agency services
	Secure custody and safe-deposit box services, Lending of securities, Debt guarantee (payment acceptance), Underwriting of government bonds, Over-the-counter sales of government bonds and other public bonds and investment trusts, Defined contribution pension plan services, Derivative transactions such as interest rates, currencies, products, etc.	

## Organization chart(As of June 30, 2024)



Corporate Data

Consolidated subsidiaries(As of June 30, 2024)

Name	Chiba Kogin Card Service Co., Ltd.
Address	4-5, Honchibacho, Chuo-ku, Chiba City, Chiba JAPAN
Phone	043-224-7811
Main business line	Credit card business, guarantees of housing and other loans
Website	<a href="http://www.cuccard.co.jp/">http://www.cuccard.co.jp/</a>
Established	April 1979
Capital	¥100 million
Equity share of the Bank and subsidiaries	100.0%

Name	Chiba General Lease Co., Ltd.
Address	1-17, Fujimicho 1-chome, Chuo-ku, Chiba City, Chiba JAPAN
Phone	043-227-9361
Main business line	Leasing, loans
Website	<a href="http://www.chiba-general-lease.co.jp/">http://www.chiba-general-lease.co.jp/</a>
Established	December 1982
Capital	¥90 million
Equity share of the Bank and subsidiaries	26.1%

Name	Chiba Kogin Computer Soft Co., Ltd.
Address	2-2, Saiwaicho 2-chome, Mihama-ku, Chiba City, Chiba JAPAN
Phone	043-242-9111
Main business line	Development, sale and maintenance of computer systems
Website	<a href="http://www.chibakogin-cs.co.jp/">http://www.chibakogin-cs.co.jp/</a>
Established	July 1991
Capital	¥30 million
Equity share of the Bank and subsidiaries	55.0%

Name	CHIBACOOl CO., LTD.
Address	1-2, Saiwaicho 2-chome, Mihama-ku, Chiba City, Chiba JAPAN
Phone	043-243-2111
Main business line	Farm business, consulting business, and trading business.
Established	April 2024
Capital	¥100 million
Equity share of the Bank and subsidiaries	100.0%

\*1 The Bank transferred all shares of Chiba Kogin Card Service Co., Ltd. to ZENKOKU HOSHO Co., Ltd. as of July 1st, 2024.  
\*2 The Bank established CHIBAKOGIN CAPITAL PARTNERS CO.,LTD. on July 1, 2024, and has included it within the scope of consolidation.

Stock Information

Total number of shares authorized to be issued

Common Stock	296,000,000	Class 2 Preferred Stock	5,000,000
Class 4 Preferred Stock	7,500,000		
1st Series of Class 5 Preferred Stock	700,000	2nd Series of Class 5 Preferred Stock	700,000
3rd Series of Class 5 Preferred Stock	700,000	4th Series of Class 5 Preferred Stock	700,000
5th Series of Class 5 Preferred Stock	700,000	6th Series of Class 5 Preferred Stock	700,000
7th Series of Class 5 Preferred Stock	700,000	8th Series of Class 5 Preferred Stock	700,000
9th Series of Class 5 Preferred Stock	700,000	10th Series of Class 5 Preferred Stock	700,000
1st Series of Class 6 Preferred Stock	700,000	2nd Series of Class 6 Preferred Stock	700,000
3rd Series of Class 6 Preferred Stock	700,000	4th Series of Class 6 Preferred Stock	700,000
5th Series of Class 6 Preferred Stock	700,000	6th Series of Class 6 Preferred Stock	700,000
7th Series of Class 6 Preferred Stock	700,000	8th Series of Class 6 Preferred Stock	700,000
9th Series of Class 6 Preferred Stock	700,000	10th Series of Class 6 Preferred Stock	700,000
1st Series of Class 7 Preferred Stock	700,000	2nd Series of Class 7 Preferred Stock	700,000
3rd Series of Class 7 Preferred Stock	700,000	4th Series of Class 7 Preferred Stock	700,000
5th Series of Class 7 Preferred Stock	700,000		

The total number of Class 5 Preferred Stocks that can be issued for the 1st to 10th Series shall not exceed 2,500,000 shares. The total number of Class 6 Preferred Stocks that can be issued for the 1st to 10th Series shall not exceed 2,500,000 shares. The total number of Class 7 Preferred Stocks that can be issued for the 1st to 5th Series shall not exceed 2,500,000 shares.

Major shareholders(Common Stock)

Name	Number of shares held (thousand shares)	Proportion of total shares(%)
Mizuho Bank, Ltd.	7,483	12.60
ARIAKE MASTER FUND	5,094	8.58
The Master Trust Bank of Japan, Ltd. (trust account)	4,227	7.12
Tachibana Securities Co., Ltd.	3,508	5.91
Custody Bank of Japan, Ltd. (trust account-E)	2,095	3.53
JAPAN SECURITIES FINANCE CO., LTD.	1,763	2.97
Custody Bank of Japan, Ltd. (trust account)	1,389	2.34
Chiba Kogyo Bank Employee Ownership	1,281	2.15
Sakamoto Feeds Co., Ltd.	1,249	2.10
Meiji Yasuda Life Insurance	1,158	1.95

(As of March 31, 2024)  
Number of shares held are displayed rounded down to the nearest thousand.  
The proportion of the number of shares owned to total shares is calculated after deducting treasury shares(2,867,435 shares) and is shown rounded down to three decimal places. The number of treasury shares in the proportion of shares owned to total shares does not include the Bank's shares held by Custody Bank of Japan, Ltd. (trust account-E) as trust assets in the Employee Stock Benefit Trust (2,095,280 shares).

Stock details

Fiscal year	From April 1 to March 31 of the following year
Record date for dividends of surplus	Year-end dividend March 31    Interim dividend September 30
Annual General Meeting of Shareholders	June
Number of shares constituting one unit	100
Shareholder Registry Administrator Mailing address and contact point for inquiries	Mizuho Trust & Banking Co., Ltd. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo, Japan
Notification method	Electronic public notices will be posted on our website. ( <a href="https://www.chibakogyo-bank.co.jp/">https://www.chibakogyo-bank.co.jp/</a> ) However, if electronic public notices cannot be provided, they will be published in the Nihon Keizai Shimbun.

Total number of issued shares

Common Stock	62,222,045	Class 2 Preferred Stock	2,500,000
2nd Series of Class 6 Preferred Stock	301,000	1st Series of Class 7 Preferred Stock	653,000
2nd Series of Class 7 Preferred Stock	4,733		

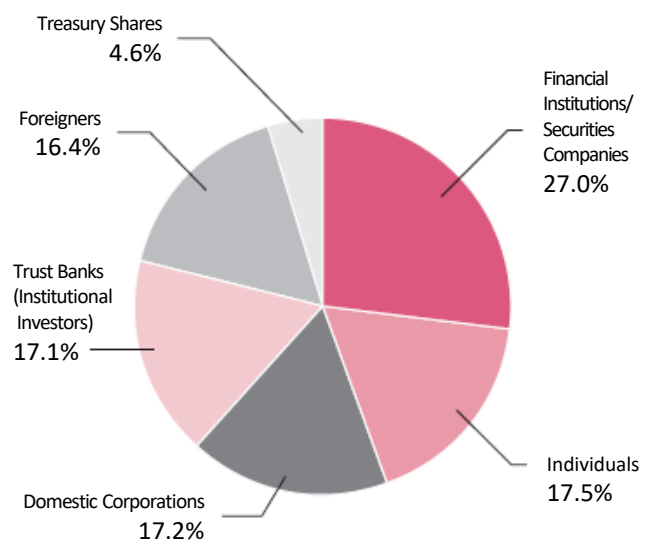
(As of March 31, 2024)

Number of shareholders at the end of the fiscal year

Common Stock	9,984	Class 2 Preferred Stock	1
2nd Series of Class 6 Preferred Stock	13	1st Series of Class 7 Preferred Stock	177
2nd Series of Class 7 Preferred Stock	383		

(As of March 31, 2024)

Breakdown of share ownership (Common Stock)



(As of March 31, 2024)  
Shareholding ratio are truncated to one decimal places.



## Summary of Selected Financial Data (Consolidated)

Fiscal year ended March 31	2020	2021	2022	2023	2024	
Consolidated ordinary income (Millions of yen) (Thousands of U.S. dollar)	¥50,391	¥49,986	¥51,248	¥51,303	¥54,584	\$360,528
Consolidated ordinary profit (Millions of yen) (Thousands of U.S. dollar)	6,725	7,224	9,005	9,671	10,250	67,701
Consolidated profit attributable to owners of parent (Millions of yen) (Thousands of U.S. dollar)	4,530	4,763	6,385	6,477	7,428	49,062
Consolidated comprehensive income (Millions of yen) (Thousands of U.S. dollar)	(1,717)	16,770	2,770	(275)	19,860	131,176
Consolidated net assets (Millions of yen) (Thousands of U.S. dollar)	166,892	182,491	175,445	170,718	187,280	1,236,988
Consolidated total assets (Millions of yen) (Thousands of U.S. dollar)	2,851,390	3,248,236	3,570,502	3,180,129	3,229,226	21,329,102
Net assets per share (Yen) (U.S. dollar)	1,687.69	1,938.72	1,950.75	1,964.23	2,279.01	15.05
Basic earnings per share (Yen) (U.S. dollar)	51.75	57.34	85.75	92.07	112.62	0.74
Diluted earnings per share (Yen) (U.S. dollar)	20.27	17.56	26.63	28.90	52.79	0.35
Equity ratio (%)	5.73	5.50	4.80	5.23	5.65	
Consolidated equity ratio (under Japanese standards) (%)	8.26	8.49	8.58	8.86	9.11	
Consolidated return on equity (%)	2.72	2.78	3.64	3.83	4.25	
Consolidated price earnings ratio (Times)	4.88	5.17	3.06	5.83	9.65	
Cash flows from operating activities (Millions of yen) (Thousands of U.S. dollar)	(17,954)	256,027	333,925	(430,231)	13,187	87,100
Cash flows from investing activities (Millions of yen) (Thousands of U.S. dollar)	6,526	(28,049)	2,326	10,813	(12,785)	(84,445)
Cash flows from financing activities (Millions of yen) (Thousands of U.S. dollar)	(3,998)	(1,261)	(9,885)	(4,479)	(3,331)	(22,001)
Cash and cash equivalents at end of period (Millions of yen) (Thousands of U.S. dollar)	¥132,233	¥359,075	¥685,448	¥261,551	¥258,622	\$1,708,203
Number of employees [Separately, average number of temporary employees] (People)	1,452 [950]	1,428 [891]	1,387 [854]	1,350 [773]	1,322 [713]	

- Notes: 1. U.S. dollar amounts are the yen equivalent, calculated, for convenience only, at a rate of ¥151.40 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of March 31, 2024.
2. Equity ratio is calculated by dividing (total net assets at end of period – share acquisition rights at end of period - non-controlling interests at end of period) by total assets at end of period.
3. The “Consolidated equity 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 FY2023, the domestic economy in Japan has been gradually recovering from the impact of the COVID-19 pandemic. Despite the effects of the price increase and a depreciating yen, the favorable corporate performance has led to an increase in wage growth, and policy interest rates have been raised for the first time in 17 years. Overall, the economy is showing a moderate recovery trend.

The economy of Chiba Prefecture, the base of the Bank’s business, has been also gradually recovering. Despite some weaknesses in individual consumption, housing construction, corporate investment, and business sentiment, overall trends have improved, especially with the record-high number of international passengers at Narita Airport after travel restrictions were lifted.

Under this business environment, the Bank has been seeking to become a corporate group with an absolute presence by sharing diverse potential needs that bring happiness to customers as a reliable advisor and continuing to accompany them in that regard, underpinned by its Long Term Management Vision.

To such ends, we have been actively engaging in various measures under our Medium Term Management Plan, which was launched in 2022 and is positioned as the stage for building a platform toward establishing the CKB Community, which serves as our Long Term Management Strategy.

As a result, the Group’s financial position and performance for FY2023 were as follows.

Ordinary income increased ¥3,280 million year on year to ¥54.584 billion, amid gains in both interest income and fees and commissions. Ordinary expenses increased ¥2,701 million year on year to ¥44.334 billion, due to increases in personnel costs, property costs, credit-related costs, etc. As a result, the Group posted ordinary profit of ¥10,250 million, an increase of ¥578 million year on year. Profit attributable to owners of parent increased ¥951 million year on year to ¥7,428 million.

Regarding the business performance by segment, ordinary income from banking business increased ¥6,639 million year on year to ¥49.665 billion, while its segment profit increased ¥4,276 million year on year to ¥13.222 billion. Ordinary income from leasing business increased ¥110 million year on year to ¥7,945 million, while its segment profit decreased ¥81 million to ¥114 million. Ordinary income from credit guarantee and credit card business decreased ¥96 million year on year to ¥1,719 million, while its segment profit decreased ¥120 million to ¥965 million. Ordinary income from other business segment decreased ¥15 million year on year to ¥1,681 million, while its segment profit decreased ¥96 million year on year to ¥97 million.

Deposits totaled ¥2,876.4 billion, an increase of ¥54.6 billion year on year, primarily due to an increase in corporate and individual deposits. Loans and bills discounted totaled ¥2,371.1 billion, an increase of ¥22.8 billion year on year, as a result of efforts to discover latent financing needs through consulting sales activities, and proactive efforts toward financial needs of business partners. Securities holdings totaled ¥525.4 billion, an increase of ¥25.7 billion year on year.

As a result, total assets increased ¥49.0 billion year on year to ¥3,229.2 billion, and total net assets increased ¥16.5 billion year on year to ¥187.2 billion at the end of FY2023.

The consolidated equity ratio (under Japanese standards) at the end of FY2023 rose 0.25 percentage points from the end of FY2022 to 9.11%.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

	(Millions of yen) As of March 31, 2023	(Millions of yen) As of March 31, 2024	(Thousands of U.S. dollars)* As of March 31, 2024
<b>Assets</b>			
Cash and due from banks	261,918	258,928	1,710,225
Monetary claims bought	97	97	641
Trading securities	89	136	898
Securities	499,635	525,434	3,470,502
Loans and bills discounted	2,354,293	2,377,146	15,701,096
Foreign exchanges	3,174	3,246	21,440
Other assets	40,289	42,177	278,580
Tangible fixed assets	19,033	18,915	124,934
Buildings, net	6,045	6,066	40,066
Land	11,398	10,806	71,374
Leased assets, net	77	60	396
Construction in progress	58	—	—
Other tangible fixed assets	1,455	1,982	13,091
Intangible fixed assets	2,704	2,865	18,923
Software	2,451	2,613	17,259
Leased assets	5	3	20
Other intangible fixed assets	247	247	1,631
Retirement benefit asset	—	1,154	7,622
Deferred tax assets	1,117	76	502
Customers' liabilities for acceptances and guarantees	6,463	7,167	47,338
Allowance for loan losses	(8,687)	(8,121)	(53,639)
<b>Total assets</b>	<b>3,180,129</b>	<b>3,229,226</b>	<b>21,329,102</b>
<b>Liabilities</b>			
Deposits	2,821,828	2,876,448	18,998,996
Negotiable certificates of deposit	129,700	105,200	694,848
Borrowed money	21,830	27,217	179,769
Foreign exchanges	128	135	892
Other liabilities	25,533	21,600	142,668
Retirement benefit liability	3,420	132	872
Provision for retirement benefits for directors (and other officers)	33	35	231
Provision for share awards	105	224	1,480
Provision for reimbursement of deposits	70	44	291
Provision for contingent loss	—	265	1,750
Deferred tax liabilities	296	3,473	22,939
Acceptances and guarantees	6,463	7,167	47,338
<b>Total liabilities</b>	<b>3,009,410</b>	<b>3,041,946</b>	<b>20,092,114</b>
<b>Net assets</b>			
Share capital	62,120	62,120	410,304
Capital surplus	6,971	6,971	46,044
Retained earnings	92,795	96,889	639,954
Treasury shares	(2,350)	(2,338)	(15,443)
Total shareholders' equity	159,536	163,643	1,080,865
Valuation difference on available-for-sale securities	7,291	15,902	105,033
Deferred gains or losses on hedges	47	284	1,876
Remeasurements of defined benefit plans	(398)	2,680	17,701
Total accumulated other comprehensive income	6,940	18,867	124,617
Share acquisition rights	122	145	958
Non-controlling interests	4,119	4,624	30,542
<b>Total net assets</b>	<b>170,718</b>	<b>187,280</b>	<b>1,236,988</b>
<b>Total liabilities and net assets</b>	<b>3,180,129</b>	<b>3,229,226</b>	<b>21,329,102</b>

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

### (Consolidated Statements of Income)

	(Millions of yen) Fiscal year ended March 31, 2023	(Millions of yen) Fiscal year ended March 31, 2024	(Thousands of U.S. dollars)* Fiscal year ended March 31, 2024
Ordinary income	51,303	54,584	360,528
Interest income	26,961	27,830	183,818
Interest on loans and discounts	21,819	22,401	147,959
Interest and dividends on securities	4,357	4,533	29,941
Interest on call loans and bills bought	145	468	3,091
Interest on deposits with banks	490	235	1,552
Other interest income	148	190	1,255
Fees and commissions	12,436	13,736	90,727
Other ordinary income	1,088	175	1,156
Other income	10,817	12,842	84,822
Reversal of allowance for loan losses	—	244	1,612
Recoveries of written off receivables	1,021	376	2,483
Other	9,796	12,221	80,720
Ordinary expenses	41,632	44,334	292,827
Interest expenses	414	755	4,987
Interest on deposits	142	157	1,037
Interest on negotiable certificates of deposit	2	2	13
Interest on call money and bills sold	(20)	(8)	(53)
Interest expenses on cash collateral received for securities lent	17	2	13
Interest on borrowings and rediscounts	87	84	555
Other interest expenses	184	517	3,415
Fees and commissions payments	4,003	4,005	26,453
Other ordinary expenses	3,567	3,891	25,700
General and administrative expenses	24,413	25,145	166,083
Other expenses	9,234	10,536	69,590
Provision of allowance for loan losses	470	—	—
Other	8,763	10,536	69,590
<b>Ordinary profit</b>	<b>9,671</b>	<b>10,250</b>	<b>67,701</b>
Extraordinary income	12	9	59
Gain on disposal of non-current assets	12	9	59
Extraordinary losses	419	822	5,429
Loss on disposal of non-current assets	158	99	654
Impairment losses	261	722	4,769
Profit before income taxes	9,264	9,437	62,332
Income taxes - current	1,920	3,070	20,277
Income taxes - deferred	624	(1,190)	(7,860)
<b>Total income taxes</b>	<b>2,545</b>	<b>1,880</b>	<b>12,417</b>
<b>Profit</b>	<b>6,719</b>	<b>7,557</b>	<b>49,914</b>
Profit attributable to non-controlling interests	242	128	845
<b>Profit attributable to owners of parent</b>	<b>6,477</b>	<b>7,428</b>	<b>49,062</b>

\* Please refer to the note 1 on page 75.



## Consolidated Financial Statements

### (Consolidated Statements of Comprehensive Income)

	(Millions of yen) Fiscal year ended March 31, 2023	(Millions of yen) Fiscal year ended March 31, 2024	(Thousands of U.S. dollars)* Fiscal year ended March 31, 2024
Profit	6,719	7,557	49,914
Other comprehensive income	(6,995)	12,303	81,262
Valuation difference on available-for-sale securities	(7,044)	8,986	59,353
Deferred gains or losses on hedges	47	236	1,559
Remeasurements of defined benefit plans, net of tax	1	3,079	20,337
Comprehensive income	(275)	19,860	131,176
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	(677)	19,355	127,840
Comprehensive income attributable to non-controlling interests	401	505	3,336

\* Please refer to the note 1 on page 75.

### (3) Consolidated Statements of Changes in Equity

#### Fiscal year ended March 31, 2023

	(Millions of yen)				
	Share capital	Capital surplus	Shareholders' equity Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	62,120	7,889	88,440	(937)	157,512
Changes during period					
Dividends of surplus			(1,298)		(1,298)
Profit attributable to owners of parent			6,477		6,477
Purchase of treasury shares				(4,318)	(4,318)
Disposal of treasury shares		257		906	1,164
Cancellation of treasury shares		(2,000)		2,000	—
Transfer from retained earnings to capital surplus		823	(823)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	(918)	4,354	(1,412)	2,023
Balance at end of period	62,120	6,971	92,795	(2,350)	159,536

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	14,495	—	(400)	14,094	120	3,718	175,445
Changes during period							
Dividends of surplus							(1,298)
Profit attributable to owners of parent							6,477
Purchase of treasury shares							(4,318)
Disposal of treasury shares							1,164
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity	(7,203)	47	1	(7,154)	1	401	(6,751)
Total changes during period	(7,203)	47	1	(7,154)	1	401	(4,727)
Balance at end of period	7,291	47	(398)	6,940	122	4,119	170,718

## Consolidated Financial Statements

## Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	62,120	6,971	92,795	(2,350)	159,536
Changes during period					
Dividends of surplus			(1,329)		(1,329)
Profit attributable to owners of parent			7,428		7,428
Purchase of treasury shares				(2,002)	(2,002)
Disposal of treasury shares		(4)		14	9
Cancellation of treasury shares		(2,000)		2,000	—
Transfer from retained earnings to capital surplus		2,004	(2,004)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	4,094	12	4,106
Balance at end of period	62,120	6,971	96,889	(2,338)	163,643

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	7,291	47	(398)	6,940	122	4,119	170,718
Changes during period							
Dividends of surplus							(1,329)
Profit attributable to owners of parent							7,428
Purchase of treasury shares							(2,002)
Disposal of treasury shares							9
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity	8,610	236	3,079	11,927	23	505	12,455
Total changes during period	8,610	236	3,079	11,927	23	505	16,561
Balance at end of period	15,902	284	2,680	18,867	145	4,624	187,280

## Fiscal year ended March 31, 2024

(Thousands of U.S. dollars)\*

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	410,304	46,044	612,913	(15,522)	1,053,738
Changes during period					
Dividends of surplus			(8,778)		(8,778)
Profit attributable to owners of parent			49,062		49,062
Purchase of treasury shares				(13,223)	(13,223)
Disposal of treasury shares		(26)		92	59
Cancellation of treasury shares		(13,210)		13,210	—
Transfer from retained earnings to capital surplus		13,236	(13,236)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	27,041	79	27,120
Balance at end of period	410,304	46,044	639,954	(15,443)	1,080,865

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	48,157	310	(2,629)	45,839	806	27,206	1,127,596
Changes during period							
Dividends of surplus							(8,778)
Profit attributable to owners of parent							49,062
Purchase of treasury shares							(13,223)
Disposal of treasury shares							59
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity	56,869	1,559	20,337	78,778	152	3,336	82,266
Total changes during period	56,869	1,559	20,337	78,778	152	3,336	109,386
Balance at end of period	105,033	1,876	17,701	124,617	958	30,542	1,236,988

\* Please refer to the note 1 on page 75.



## Consolidated Financial Statements

### (4) Consolidated Statements of Cash Flows

	(Millions of yen) Fiscal year ended March 31, 2023	(Millions of yen) Fiscal year ended March 31, 2024	(Thousands of U.S. dollars)* Fiscal year ended March 31, 2024
Cash flows from operating activities			
Profit before income taxes	9,264	9,437	62,332
Depreciation	2,084	2,093	13,824
Impairment losses	261	722	4,769
Increase (decrease) in allowance for loan losses	(93)	(566)	(3,738)
Decrease (increase) in retirement benefit asset	—	(1,154)	(7,622)
Increase (decrease) in retirement benefit liability	(572)	(3,288)	(21,717)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5)	1	7
Increase (decrease) in provision for share awards	105	119	786
Increase (decrease) in provision for reimbursement of deposits	(84)	(25)	(165)
Increase (decrease) in provision for contingent loss	—	265	1,750
Interest income	(26,961)	(27,830)	(183,818)
Interest expenses	414	755	4,987
Loss (gain) related to securities	1,394	240	1,585
Foreign exchange losses (gains)	(0)	—	—
Loss (gain) on disposal of non-current assets	145	90	594
Net decrease (increase) in trading securities	64	(47)	(310)
Net decrease (increase) in loans and bills discounted	(49,515)	(22,853)	(150,945)
Net increase (decrease) in deposits	18,492	54,620	360,766
Net increase (decrease) in negotiable certificates of deposit	—	(24,500)	(150,945)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(401,815)	5,387	35,581
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(87)	60	396
Net increase (decrease) in cash collateral received for securities lent	(1,243)	—	—
Net decrease (increase) in foreign exchanges - assets	576	(71)	(469)
Net increase (decrease) in foreign exchanges - liabilities	(36)	7	46
Interest received	27,017	27,517	181,750
Interest paid	(544)	(740)	(4,888)
Other, net	(9,123)	(5,435)	(35,898)
Subtotal	(430,264)	14,805	97,787
Income taxes paid	(451)	(1,617)	(10,680)
Income taxes refund	485	—	—
Net cash provided by (used in) operating activities	(430,231)	13,187	87,100
Cash flows from investing activities			
Purchase of securities	(90,303)	(147,062)	(971,347)
Proceeds from sale of securities	68,595	74,539	492,332
Proceeds from redemption of securities	34,469	62,623	413,626
Purchase of tangible fixed assets	(1,098)	(1,777)	(11,737)
Proceeds from sale of property, plant and equipment	88	38	251
Purchase of intangible assets	(936)	(1,147)	(7,576)
Net cash provided by (used in) investing activities	10,813	(12,785)	(84,445)
Cash flows from financing activities			
Purchase of treasury shares	(4,318)	(2,002)	(13,223)
Proceeds from sale of treasury shares	1,138	0	0
Dividends paid	(1,298)	(1,329)	(8,778)
Net cash provided by (used in) financing activities	(4,479)	(3,331)	(22,001)
Effect of exchange rate change on cash and cash equivalents	0	—	—
Net increase (decrease) in cash and cash equivalents	(423,896)	(2,929)	(19,346)
Cash and cash equivalents at beginning of period	685,448	261,551	1,727,550
Cash and cash equivalents at end of period	261,551	258,622	1,708,203

\* Please refer to the note 1 on page 75.

### - Cash Flows

Cash flows during FY2023 and their causes are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥13.1 billion (an increase of ¥443.4 billion from ¥430.2 billion used in FY2022). The main contributory factors were ¥9.4 billion in profit before income taxes, an increase of ¥22.8 billion in loans and bills discounted, an increase of ¥54.6 billion in deposit and a decrease of ¥24.5 billion in negotiable certificates of deposit.

#### Cash flows from investing activities

Net cash used in investing activities amounted to ¥12.7 billion (a decrease of ¥23.5 billion from ¥10.8 billion provided by FY2022). The main contributory factors were ¥137.1 billion in proceeds from sales and redemption of securities, and ¥147.0 billion in purchase of securities.

#### Cash flows from financing activities

Net cash used in financing activities amounted to ¥3.3 billion (an increase of ¥1.1 billion from ¥4.4 billion used in FY2022). The main contributory factors were ¥2.0 billion expended on the purchase of treasury shares. As a result, cash and cash equivalents at the end of FY2023 amounted to ¥258.6 billion (a decrease of ¥2.9 billion year on year).