



Chiba Kogyo Bank

**ANNUAL  
REPORT  
2017**



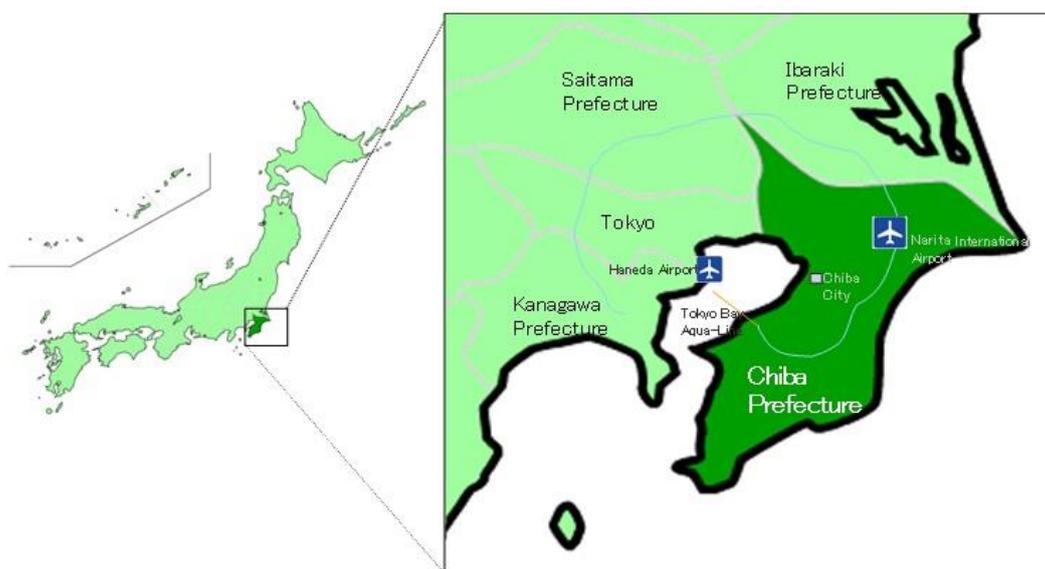
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## Chiba Prefecture – Our Business Base

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

Industry inside the prefecture is extremely active and well-balanced, and the prefecture is in the top rank nationally -- in agriculture, marine products, industrial products, commercial trade and also gross prefectural product. Chiba Prefecture is also home to many of Japan's preeminent facilities, including Makuhari Messe, one of Japan's largest convention facilities, and Narita International Airport. In addition, with the enhanced development of the Tokyo Bay Aqua-Line Expressway (Trans-Tokyo Bay Highway connecting Chiba Prefecture and Kanagawa Prefecture) and the beltway connecting the core cities of the Greater Tokyo Area, accessibility to the metropolitan center has been greatly improved, and thus the number of sightseeing visitors to Chiba Prefecture is on an increasing trend. As preparations advance for the Tokyo Olympics and Paralympics in 2020, Chiba Prefecture is a prospering market, and is predicted to grow further in the future.



<b>Population</b> <b>6.23 Million</b> 6 <sup>th</sup> among Japanese Prefectures	<b>Balance Deposits</b> <b>¥28.1 Trillion</b> 6 <sup>th</sup> among Japanese Prefectures	<b>Balance of Loans</b> <b>¥13.8 Trillion</b> 7 <sup>th</sup> among Japanese Prefectures	<b>Gross Prefecture Product (nominal)</b> <b>¥19.8 Trillion</b> 6 <sup>th</sup> among Japanese Prefectures
<b>Agricultural Output</b> <b>¥440 Billion</b> 4 <sup>th</sup> among Japanese Prefectures	<b>Fishery Production Volume</b> <b>110K Tons</b> 7 <sup>th</sup> among Japanese Prefectures	<b>Manufacturing Output</b> <b>¥13.8 Trillion</b> 6 <sup>th</sup> among Japanese Prefectures	<b>Retail Sales</b> <b>¥909 Billion</b> 7 <sup>th</sup> among Japanese Prefectures

Source: Oct.1.2016 Estimated Population, Ministry of Internal Affairs and Communications, Mar.31.2017 Bank of Japan, Annual Report on Prefectural Accounts,2013, Cabinet Office, Statistics of Agricultural Income Produced,2015, Production Statistics for the Fishing and Aquaculture Industries,2016, Ministry of Agriculture, Forestry and Fisheries, Census of Manufactures,2014, Current Survey of Commerce,2016, Ministry of Economy, Trade of Industry

## Corporate Profile

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

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



The Chiba Kogyo Bank, Ltd. H.O.  
Chiba City

## Corporate Outline (As of March 31, 2017)

<b>Date of Establishment:</b>	January 18, 1952 (Start of Business: March 3, 1952)
<b>Head Office:</b>	1-2, Saiwaicho 2-chome, Mihama-ku, Chiba 261-0001 Telephone: +81-43-243-2111
<b>Financial Market Division:</b>	2-2, Saiwaicho 2-chome, Mihama-ku, Chiba 261-0001 Telephone: +81-43-243-0852 SWIFT Address: CHIK JP JT Fax Number: +81-43-243-0235
<b>Network</b>	
<b>Head Office and Branches:</b>	73
<b>Number of Employees:</b>	1,326
<b>Stock Exchange Listing:</b>	1st Section of Tokyo Stock Exchange
<b>Paid-in Capital:</b>	¥62,120 million
<b>Number of Common Stock:</b>	Authorized: 296,000 thousand shares Issued and outstanding: 62,222,045 shares
<b>Number of Common Stock Shareholders:</b>	11, 638

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

Name	Location	Business category	Capital (Millions of yen)	Founded	Percentage of voting rights of the Bank
Mizuho Financial Group, Inc.	Chiyoda-ku, Tokyo	Holding company for financial service companies	2,256, 275	Jan. 8, 2003	16.9% (16.9%)

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

## Message from the President



**Shunichi Aoyagi**  
**President (CEO)**

As always, I would like to extend my sincerest appreciation for your patronage of the Chiba Kogyo Bank (the “Bank”).

On this occasion, we have formulated the “Annual Report 2017,” which highlights the Bank’s management activities and operating results for FY2016, and provides an overview of our CSR and other initiatives. We would be pleased if stakeholders could take the time to peruse this document.

The Japanese economy in FY2016 continued on the track of a mild recovery and improvements were seen in corporate earnings and the employment situation as a result of the Government’s economic measures and the Bank of Japan’s monetary policies, despite lackluster consumer spending.

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

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

As a result of supporting local companies’ efforts to overcome their business challenges through consulting sales activities and actively responding to the funding needs of business partners, the loan balance, etc., increased steadily, centering on residential loans and financing to small and medium enterprises.

With your support, the Bank celebrated the 65th anniversary of its founding in March 2017. In realizing this achievement, all of us at the Chiba Kogyo Bank would like to express our sincerest gratitude for the many years of goodwill we received from our customers, shareholders and everyone in the region.

The history and experiences that the Bank has shared up to now with everyone it has been involved with are an asset to the Bank. Leveraging this asset, the Bank will make concerted efforts toward realizing the “Establishment as a Consulting Bank” in order to be of greater help to the community and customers and to achieve sustained growth together.

I look forward to your further support in the future.

# Medium Term Management Plan

## Consulting Kodo 2019 (FY2016-2018)

Since April 2016, the Bank has carried out numerous initiatives with the "Implementation of Consulting Kodo," in which the customer is considered first, as its core strategy.

**Core Strategy**  
**"Implementation of Consulting Kodo"**  
*to consider the customer first*

### Long Term Management Vision

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

**Establishment as a Consulting Bank < 3 years hence >**

### Personnel and organizational foundation reinforcement

To enforce the promotion of "Consulting Kodo," the Bank established the headquarters support system and expanded initiatives for regional regeneration and community revitalization.

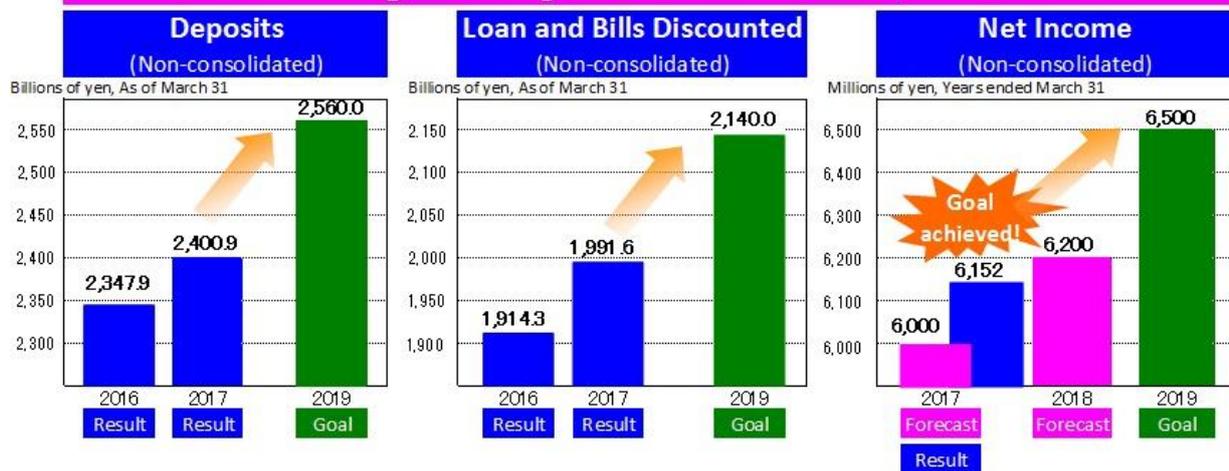
- The Bank improved flexibility, which includes planning, promotion and support, by reorganizing the section in charge of sales promotion from two departments into four, introducing a "Sales Unit System," and improving strategy extension speed.
- The Bank reinforced collaboration between the four departments by appointing managing director to the Head of the Sales Unit.
- To develop the human resources that implement Consulting Kodo, the Bank promoted the acquisition of FP certification, etc., and improved human skills.
- The Bank reinforced collaboration with expert organizations by accepting human resources from external organizations such as tax accountant corporations, and by carrying out initiatives such as dispatching employees and training.

### Sales foundation reinforcement

To deepen the relationship with communities and customers and provide high-quality financial services, the Bank supported the growth of companies by making proposals that are in line with customers' needs, understanding actual situations, and evaluating business feasibility.

- The Bank introduced a block sales system by dividing Chiba Prefecture into 18 blocks and assigning a Block Chief to each main branch. The Bank enhanced and diversified its ability to meet the needs of all corporate and private customers as well as its solution functions, by restructuring the role of sales branches while taking into account the community's unique attributes.
- The Bank established a "Consulting Department" in some block main branches and further strengthened the connection to the community. This allowed the Bank to make consulting proposals that take into account the community's unique attributes by improving the ability to gather information and be aware of trends in the community.

### Target Management Index (March 31, 2019)



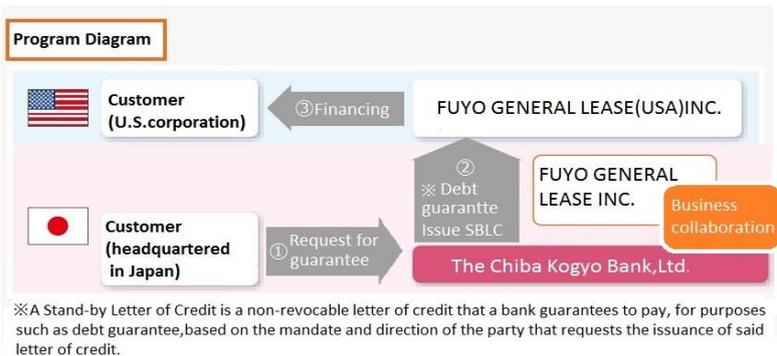
## Business Highlights

### Assistance to deploy overseas operations

#### Supported local fund procurement for customers that are deploying overseas operations!

The Bank provided loan guarantee for a customer's U.S. corporation. This was made possible by a business collaboration for overseas financing that was entered into with Fuyo General Lease Co., Ltd. in December 2016.

Consequently, the customer is planning to expand the rental car market in the U.S. market.



### Business continuation support

#### Received two awards! The “Regional Contribution Award” and “Banker of the Year”

The Bank is strengthening the “M&A Consulting Business” as one measure for overcoming challenges associated with local companies succeeding and expanding business. Specifically, the Bank assigned a team of specialists to headquarters and is actively proposing solutions.

As a result of these efforts, the Bank received the “Regional Contribution Award” at the “Fifth M&A Bank of the Year Award Ceremony” held by Nihon M&A Center Inc., as recognition for its outstanding achievements in the Kanto region.

Also, receiving recognition for nationwide top-class achievements, one of the Bank's employees was chosen as the “Banker of the Year,” an award given to a bank officer who was the most active and effective in the previous fiscal year, along with the bank that employs him or her. As such, the Bank received two awards.

This is the third time, and third year in a row, that the Bank has received an award at the “M&A Bank of the Year Award Ceremony.”



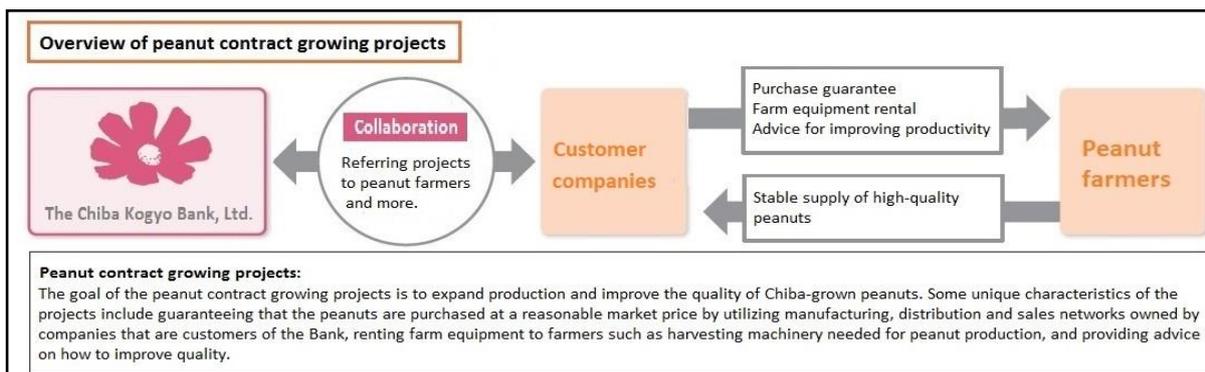
### Support for Agri-food Businesses

#### Revitalize agriculture with peanuts, a Chiba-grown specialty, and bring them to market

To revitalize agriculture through expansion of production and improvement of the quality of Chiba-grown peanuts (Chiba Prefecture is the No.1 producer of peanuts in Japan and produces just under 80% of Japan's peanuts), customer companies and an expert team from the Bank's “Agri-food Business Division” collaborated and started the “peanut contract growing projects.”

This project is in its second year and the number of farmers participating is increasing.

Also, with help from local pastry chefs, the Bank supported the development and the market expansion of the first product using Chiba-grown peanuts.



## Topics

The Bank aims to build systems that use innovative technologies, and strives to provide new financial services that are more convenient and easy to use for customers.

### Installed an ATM at the Narita Branch that is compatible with foreign-issued cards!

As a new service for customers that are visiting from overseas, the Bank installed an ATM that is compatible with foreign-issued cards at the Narita Branch, in collaboration with Seven Bank, Ltd.

Japanese yen can be withdrawn directly using credit cards and cash cards that were issued overseas. Cards issued by domestic financial institutions and credit card companies, including the Bank, can also be used.

<Overview of ATM compatible with foreign-issued cards>

Compatible brands	VISA (including PLUS), Mastercard (including Maestro and Cirrus), China UnionPay, American Express, JCB, Discover, Diners Club
Transactions that can be handled	• Withdrawals in yen and balance inquiries using credit cards and cash cards that were issued overseas and are from the aforementioned compatible brands. • Various transactions for cards issued by domestic financial institutions and credit card companies, including the Bank.
Hours of operation	6:00 - 23:00
Display languages	Japanese, English, Chinese (Simplified/Traditional), Korean, Thai, Malay, Indonesian, Vietnamese, French, German, Portuguese



**Narita Branch Appearance**

The Narita Branch is near JR Narita station on the road leading to Naritasan Shinshoji Temple.

Its appearance is reminiscent of a warehouse and the name of the Bank is inscribed in English on a cloth banner with the intention that it might also draw the attention of foreign customers.

Also, because Naritasan Shinshoji Temple has a strong link with Ichikawa Danjuro, kabuki paintings of the Ichikawa Danjuro family are on display throughout the interior of the branch.

## Corporate Social Responsibility (CSR)

### Culture and sports activities

The Bank has supported and hosted a variety of events over many years to promote cultural and sports activities in the community.

### Social service activities

With hopes for safety and sound development of future generations, the Bank has made active efforts for donation and fund-raising activities, etc.

### Environmental effort

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

### Participation in local events

The Bank participates and cooperates in local events with emphasis on communication with local people.

## Summary of Selected Financial Data (Consolidated)

Fiscal year ended March 31	2013	2014	2015	2016	2017	
Consolidated ordinary income (Millions of yen) (Thousands of U.S. dollar)	¥53,990	¥52,555	¥53,262	¥53,884	¥52,255	\$465,731
Consolidated ordinary profit (Millions of yen) (Thousands of U.S. dollar)	11,046	11,864	13,182	12,566	9,322	83,084
Consolidated profit attributable to owners of parent (Millions of yen) (Thousands of U.S. dollar)	8,675	8,555	8,442	7,901	6,388	56,934
Consolidated comprehensive income (Millions of yen) (Thousands of U.S. dollar)	16,482	7,960	19,785	1,174	3,631	32,362
Consolidated net assets (Millions of yen) (Thousands of U.S. dollar)	181,741	126,493	139,269	146,737	150,724	1,343,351
Consolidated total assets (Millions of yen) (Thousands of U.S. dollar)	2,405,813	2,397,895	2,502,720	2,612,058	2,694,580	24,015,865
Net assets per share (Yen) (U.S. dollar)	1,207.85	1,289.27	1,635.99	1,449.71	1,465.62	13.06
Basic earnings per share (Yen) (U.S. dollar)	137.11	124.37	127.46	101.99	67.41	0.60
Diluted earnings per share (Yen) (U.S. dollar)	64.63	76.11	79.34	75.03	45.34	0.40
Capital adequacy ratio (%)	7.47	5.18	5.46	5.51	5.48	
Consolidated capital adequacy ratio (under Japanese standards) (%)	12.95	8.91	8.42	8.81	8.68	
Consolidated return on equity (%)	5.54	5.62	6.45	5.62	4.37	
Consolidated price earnings ratio (Times)	6.63	5.75	6.28	4.99	9.12	
Cash flows from operating activities (Millions of yen) (Thousands of U.S. dollar)	(28,331)	86,807	6,871	18,108	23,856	212,620
Cash flows from investing activities (Millions of yen) (Thousands of U.S. dollar)	1,426	19,288	(16,538)	34,279	(10,978)	(97,843)
Cash flows from financing activities (Millions of yen) (Thousands of U.S. dollar)	35,385	(67,456)	(7,264)	6,231	273	2,433
Cash and cash equivalents at end of period (Millions of yen) (Thousands of U.S. dollar)	¥32,839	¥71,626	¥54,946	¥113,766	¥127,073	\$1,132,558
Number of employees	1,368	1,371	1,393	1,422	1,442	
[Separately, average number of temporary employees] (Persons)	[1,095]	[1,115]	[1,113]	[1,106]	[1,095]	

- Notes:
1. U.S. dollar amounts are the yen equivalent, calculated, for convenience only, at a rate of ¥112.20 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of March 31, 2017.
  2. In the accounting treatment for consumption taxes and local taxes of the Bank and its consolidated subsidiaries, the tax-excluded method is used with the exception of some consolidated subsidiaries.
  3. Capital adequacy ratio is calculated by dividing (total net assets at the end of current period - subscription warrant at the end of current period - non-controlling interests at the end of current period) by total assets at the end of current period.
  4. The "Consolidated capital adequacy ratio (under Japanese standards)" has been calculated based on the "Criteria for Banks to Judge Whether Their Capital Adequacy Status Is Appropriate in Light of Their Assets, etc. Under Article 14-2 of the Banking Act" (Financial Services Agency Public Notice No. 19 of 2006). From the fiscal year ended March 31, 2014 it has been calculated using the new standards (Basel III).

## Business Performance (Consolidated)

The Japanese economy in FY2016 continued on the track of a mild recovery, and improvements were seen in corporate earnings and the employment situation as a result of the Government's economic measures and the Bank of Japan's monetary policies, despite lackluster consumer spending. However, future predictions for the economy are difficult to make due to increasing uncertainty surrounding overseas economies as a result of policy trends primarily in the U.K. and U.S.

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

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

As a result, the Group's performance was as follows.

From an operational standpoint, deposits totaled ¥2,390.4 billion, an increase of ¥52.1 billion compared with the end of FY2015, primarily due to an increase in individual deposits. Loans and bills discounted amounted to ¥1,989.7 billion, an increase of ¥77.1 billion compared with the end of FY2015, 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 amounted to ¥515.7 billion, up ¥3.3 billion from the end of FY2015.

From a profit and loss standpoint, although loans and bills discounted increased steadily, ordinary income decreased ¥1.628 billion year on year to ¥52.255 billion due to sluggish interest income amid the prolonged low interest rate environment. Ordinary expenses increased ¥1.615 billion year on year to ¥42.932 billion, owing to an increase in general and administrative expenses, etc. As a result, the Group posted ordinary profit of ¥9.322 billion, a decrease of ¥3.244 billion year on year. Profit attributable to owners of parent decreased ¥1.512 billion year on year to ¥6.388 billion.

Business performance by segment was as follows. Ordinary income from banking business decreased ¥1.422 billion year on year to ¥43.713 billion, while its segment profit decreased ¥3.355 billion to ¥8.389 billion. Ordinary income from leasing business decreased ¥461 million year on year to ¥8.178 billion, while its segment profit decreased ¥66 million to ¥178 million. Ordinary income from credit guarantee and credit card business increased ¥1 million year on year to ¥2.057 billion, while its segment profit increased ¥38 million to ¥977 million. Ordinary income from other business segment increased ¥90 million year on year to ¥2.474 billion, while its segment profit increased ¥121 million to ¥243 million.

The consolidated capital adequacy ratio (under Japanese standards) at the end of FY2016 dropped 0.13 percentage points from the end of FY2015 to 8.68%.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
<b>Assets</b>			
Cash and due from banks	¥121,844	¥128,541	\$1,145,642
Monetary claims bought	564	131	1,168
Trading account securities	153	44	392
Securities	512,436	515,741	4,596,622
Loans and bills discounted	1,912,615	1,989,720	17,733,690
Foreign exchanges	3,868	2,501	22,291
Other assets	28,346	28,172	251,087
Tangible fixed assets	19,903	19,958	177,879
Buildings, net	6,554	6,724	59,929
Land	10,955	10,923	97,353
Leased assets, net	44	45	401
Construction in progress	9	25	223
Other tangible fixed assets	2,339	2,240	19,964
Intangible fixed assets	2,416	2,633	23,467
Software	2,004	2,018	17,986
Leased assets	22	226	2,014
Other intangible fixed assets	388	389	3,467
Deferred tax assets	7,770	7,750	69,073
Customers' liabilities for acceptances and guarantees	14,159	11,638	103,725
Allowance for loan losses	(12,021)	(12,254)	(109,216)
<b>Total assets</b>	<b>2,612,058</b>	<b>2,694,580</b>	<b>24,015,865</b>

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
<b>Liabilities</b>			
Deposits	2,338,359	2,390,475	21,305,481
Negotiable certificates of deposit	56,100	65,700	585,561
Payables under securities lending transactions	—	17,230	153,565
Borrowed money	23,485	26,084	232,478
Foreign exchanges	74	88	784
Other liabilities	21,493	22,037	196,408
Net defined benefit liability	10,562	9,455	84,269
Provision for directors' retirement benefits	49	46	410
Provision for reimbursement of deposits	1,036	1,056	9,412
Deferred tax liabilities	—	43	383
Acceptances and guarantees	14,159	11,638	103,725
<b>Total liabilities</b>	<b>2,465,320</b>	<b>2,543,856</b>	<b>22,672,513</b>
<b>Net assets</b>			
Capital stock	62,120	62,120	553,654
Capital surplus	6,971	9,413	83,895
Retained earnings	64,831	69,105	615,909
Treasury shares	(67)	(60)	(535)
<b>Total shareholders' equity</b>	<b>133,856</b>	<b>140,579</b>	<b>1,252,932</b>
Valuation difference on available-for-sale securities	13,278	9,602	85,579
Remeasurements of defined benefit plans	(3,090)	(2,425)	(21,613)
<b>Total accumulated other comprehensive income</b>	<b>10,188</b>	<b>7,177</b>	<b>63,966</b>
Subscription warrant	31	47	419
Non-controlling interests	2,661	2,919	26,016
<b>Total net assets</b>	<b>146,737</b>	<b>150,724</b>	<b>1,343,351</b>
<b>Total liabilities and net assets</b>	<b>¥2,612,058</b>	<b>¥2,694,580</b>	<b>\$24,015,865</b>

\* Please refer to the note 1 on page 7.

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

### (Consolidated Statements of Income)

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Ordinary income	¥53,884	¥52,255	\$465,731
Interest income	30,787	28,828	256,934
Interest on loans and discounts	24,652	23,244	207,166
Interest and dividends on securities	5,625	5,084	45,312
Interest on call loans and bills bought	51	11	98
Interest on deposits with banks	287	242	2,157
Other interest income	170	245	2,184
Fees and commissions	9,465	9,314	83,012
Other ordinary income	2,140	3,101	27,638
Other income	11,491	11,011	98,137
Recoveries of written off claims	835	1,129	10,062
Other	10,655	9,881	88,066
Ordinary expenses	41,317	42,932	382,638
Interest expenses	1,512	1,098	9,786
Interest on deposits	1,127	755	6,729
Interest on negotiable certificates of deposit	54	7	62
Interest on call money and bills sold	49	10	89
Interest on payables under securities lending transactions	8	52	463
Interest on borrowings and rediscounts	256	261	2,326
Other interest expenses	15	10	89
Fees and commissions payments	2,983	3,104	27,665
Other ordinary expenses	1,081	2,625	23,396
General and administrative expenses	24,807	25,804	229,982
Other expenses	10,932	10,299	91,791
Provision of allowance for loan losses	930	1,082	9,643
Other	10,001	9,216	82,139
Ordinary profit	12,566	9,322	83,084
Extraordinary income	—	2	18
Gain on disposal of non-current assets	—	2	18
Extraordinary loss	90	427	3,806
Loss on abandonment of non-current assets	29	91	811
Impairment loss	61	336	2,995
Profit before income taxes	12,476	8,896	79,287
Income taxes - current	622	904	8,057
Income taxes - deferred	3,738	1,363	12,148
Total income taxes	4,360	2,268	20,214
Profit	8,116	6,628	59,073
Profit attributable to non-controlling interests	214	240	2,139
Profit attributable to owners of parent	¥7,901	¥6,388	\$56,934

\* Please refer to the note 1 on page 7.

## (Consolidated Statements of Comprehensive Income)

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Profit	¥8,116	¥6,628	\$59,073
Other comprehensive income	(6,941)	(2,996)	(26,702)
Valuation difference on available-for-sale securities	(4,153)	(3,660)	(32,620)
Remeasurements of defined benefit plans, net of tax	(2,788)	664	5,918
Comprehensive income	¥1,174	¥3,631	\$32,362
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	957	3,377	30,098
Comprehensive income attributable to non-controlling interests	216	254	2,264

\* Please refer to the note 1 on page 7.

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

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	57,941	2,792	59,011	(69)	119,677
Changes of items during period					
Issuance of new shares	4,178	4,178			8,357
Dividends of surplus			(2,079)		(2,079)
Profit attributable to owners of parent			7,901		7,901
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(1)		3	2
From retained earnings to capital surplus		1	(1)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	4,178	4,178	5,820	1	14,179
Balance at end of current period	62,120	6,971	64,831	(67)	133,856

	Accumulated other comprehensive income			Subscription warrant	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	17,433	(301)	17,131	15	2,444	139,269
Changes of items during period						
Issuance of new shares						8,357
Dividends of surplus						(2,079)
Profit attributable to owners of parent						7,901
Purchase of treasury shares						(1)
Disposal of treasury shares						2
From retained earnings to capital surplus						-
Net changes of items other than shareholders' equity	(4,154)	(2,788)	(6,943)	15	216	(6,711)
Total changes of items during period	(4,154)	(2,788)	(6,943)	15	216	7,467
Balance at end of current period	13,278	(3,090)	10,188	31	2,661	146,737

## Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	62,120	6,971	64,831	(67)	133,856
Changes of items during period					
Issuance of new shares	5,760	5,760			11,520
Transfer to other capital surplus from capital stock	(5,760)	5,760			—
Dividends of surplus			(2,114)		(2,114)
Profit attributable to owners of parent			6,388		6,388
Purchase of treasury shares				(9,075)	(9,075)
Disposal of treasury shares		(2)		7	4
Retirement of treasury shares		(9,074)		9,074	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	2,442	4,273	6	6,723
Balance at end of current period	62,120	9,413	69,105	(60)	140,579

	Accumulated other comprehensive income			Subscription warrant	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	13,278	(3,090)	10,188	31	2,661	146,737
Changes of items during period						
Issuance of new shares						11,520
Transfer to other capital surplus from capital stock						—
Dividends of surplus						(2,114)
Profit attributable to owners of parent						6,388
Purchase of treasury shares						(9,075)
Disposal of treasury shares						4
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	(3,675)	664	(3,011)	16	258	(2,736)
Total changes of items during period	(3,675)	664	(3,011)	16	258	3,987
Balance at end of current period	9,602	(2,425)	7,177	47	2,919	150,724

## Fiscal year ended March 31, 2017

(Thousands of U.S. dollars)\*

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	553,654	62,130	577,816	(597)	1,193,012
Changes of items during period					
Issuance of new shares	51,337	51,337			102,674
Transfer to other capital surplus from capital stock	(51,337)	51,337			—
Dividends of surplus			(18,841)		(18,841)
Profit attributable to owners of parent			56,934		56,934
Purchase of treasury shares				(80,882)	(80,882)
Disposal of treasury shares		(18)		62	36
Retirement of treasury shares		(80,873)		80,873	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	21,765	38,084	53	59,920
Balance at end of current period	553,654	83,895	615,909	(535)	1,252,932

	Accumulated other comprehensive income			Subscription warrant	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	118,342	(27,540)	90,802	276	23,717	1,307,816
Changes of items during period						
Issuance of new shares						102,674
Transfer to other capital surplus from capital stock						—
Dividends of surplus						(18,841)
Profit attributable to owners of parent						56,934
Purchase of treasury shares						(80,882)
Disposal of treasury shares						36
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	(32,754)	5,918	(26,836)	143	2,299	(24,385)
Total changes of items during period	(32,754)	5,918	(26,836)	143	2,299	35,535
Balance at end of current period	85,579	(21,613)	63,966	419	26,016	1,343,351

\* Please refer to the note 1 on page 7.

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
<b>Cash flows from operating activities</b>			
Profit before income taxes	¥12,476	¥8,896	\$79,287
Depreciation	2,151	2,143	19,100
Impairment loss	61	336	2,995
Increase (decrease) in allowance for loan losses	(825)	233	2,077
Increase (decrease) in net defined benefit liability	3,563	(1,106)	(9,857)
Increase (decrease) in provision for directors' retirement benefits	(6)	(3)	(27)
Increase (decrease) in provision for reimbursement of deposits	20	19	169
Gain on fund management	(30,787)	(28,828)	(256,934)
Financing expenses	1,512	1,098	9,786
Loss (gain) related to securities	(1,532)	(720)	(6,417)
Foreign exchange losses (gains)	(201)	(155)	(1,381)
Loss (gain) on disposal of non-current assets	29	89	793
Net decrease (increase) in trading account securities	(24)	108	963
Net decrease (increase) in loans and bills discounted	(90,461)	(77,104)	(687,201)
Net increase (decrease) in deposit	69,241	52,115	464,483
Net increase (decrease) in negotiable certificates of deposit	43,900	9,600	85,561
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(14,336)	2,598	23,155
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(433)	6,610	58,913
Net decrease (increase) in call loans	182	432	3,850
Net increase (decrease) in call money	(2,405)	—	—
Net increase (decrease) in payables under securities lending transactions	—	17,230	153,565
Net decrease (increase) in foreign exchanges - assets	(636)	1,366	12,175
Net increase (decrease) in foreign exchanges - liabilities	61	13	116
Proceeds from fund management	31,358	29,288	261,034
Payments for finance	(1,531)	(1,232)	(10,980)
Other, net	(2,840)	1,309	11,667
Subtotal	18,533	24,340	216,934
Income taxes paid	(425)	(484)	(4,314)
Net cash provided by (used in) operating activities	18,108	23,856	212,620
<b>Cash flows from investing activities</b>			
Purchase of securities	(134,407)	(170,748)	(1,521,818)
Proceeds from sales of securities	75,710	95,736	853,262
Proceeds from redemption of securities	94,798	66,214	590,143
Purchase of tangible fixed assets	(1,121)	(1,459)	(13,004)
Proceeds from sales of tangible fixed assets	—	19	169
Purchase of intangible assets	(700)	(740)	(6,595)
Net cash provided by (used in) investing activities	34,279	(10,978)	(97,843)

	(Millions of yen)	(Thousands of U.S. dollars)*	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
<b>Cash flows from financing activities</b>			
Proceeds from issuance of common shares	8,312	11,461	102,148
Purchase of treasury shares	(1)	(9,075)	(80,882)
Proceeds from sales of treasury shares	0	1	9
Cash dividends paid	(2,079)	(2,114)	(18,841)
Net cash provided by (used in) financing activities	6,231	273	2,433
Effect of exchange rate change on cash and cash equivalents	201	155	1,381
Net increase (decrease) in cash and cash equivalents	58,820	13,306	118,592
Cash and cash equivalents at beginning of period	54,946	113,766	1,013,957
Cash and cash equivalents at end of period	¥113,766	¥127,073	\$1,132,558

\* Please refer to the Note 1 on page 7.

#### - Cash Flows

Cash flows during FY2016 and their causes are as follows.

##### *Cash flows from operating activities*

Net cash provided by operating activities amounted to ¥23.8 billion (an increase of ¥5.7 billion year on year). The main contributory factors were ¥8.8 billion in profit before income taxes, an increase of ¥77.1 billion in loans and bills discounted, an increase of ¥52.1 billion in deposit, an increase of ¥9.6 billion in negotiable certificates of deposit and an increase of ¥17.2 billion in payables under securities lending transactions.

##### *Cash flows from investing activities*

Net cash used in investing activities amounted to ¥10.9 billion (a decrease of ¥45.2 billion from ¥34.2 billion provided in FY2015). The main contributory factors were ¥161.9 billion in proceeds from sales and redemption of securities, ¥170.7 billion in purchase of securities and ¥1.4 billion in purchase of tangible fixed assets.

##### *Cash flows from financing activities*

Net cash provided by financing activities amounted to ¥200 million (a decrease of ¥5.9 billion year on year). The main contributory factors were ¥11.4 billion in proceeds from issuance of common shares following the issuance of First Series of Class 6 Preferred Stock through a public offering, ¥9.0 billion in purchase of treasury shares of Class 4 Preferred Stock, and ¥2.1 billion in cash dividends paid.

As a result, cash and cash equivalents at the end of FY2016 amounted to ¥127.0 billion (an increase of ¥13.3 billion year on year).

## Consolidated Subsidiaries (As of March 31, 2017)

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

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

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

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

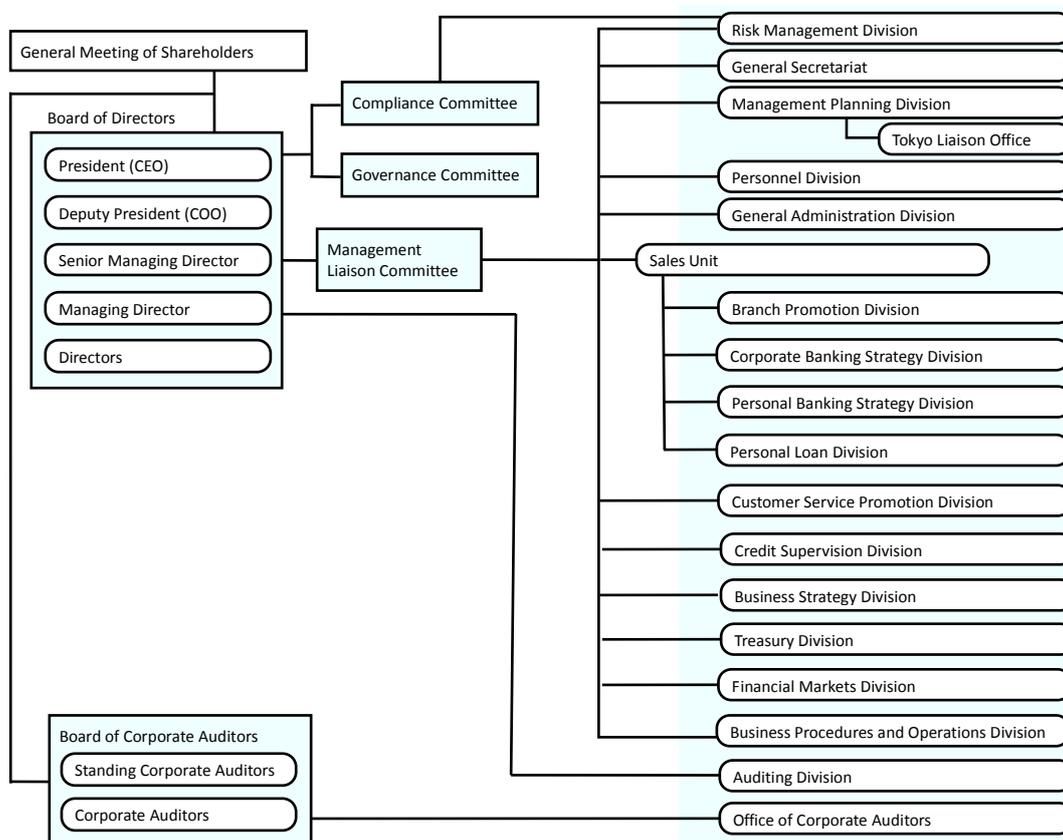
### Chiba General Lease Co., Ltd.

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

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

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

## Organization Chart (As of June 30, 2017)



## Board of Directors, Corporate Auditors and Executive Officers

(As of June 30, 2017)

<b>President (CEO):</b>	Shunichi Aoyagi
<b>Deputy President (COO):</b>	Ryuichi Matsumaru
<b>Senior Managing Director:</b>	Satoshi Hoshino
<b>Managing Director:</b>	Yoshiaki Tateno
<b>Directors (Outside Directors):</b>	Hisako Toya Eiji Yamada
<b>Managing Executive Officers:</b>	Shigeto Katoh Ryu-ichiro Ochi Hitoshi Umeda Shigeki Ikeda Yasumitsu Kanda
<b>Standing Corporate Auditors:</b>	Yasumi Inaba Kazuto Matsui
<b>Corporate Auditors (Outside Corporate Auditors):</b>	Takahiro Itsukaichi Masanori Ando
<b>Executive Officers:</b>	Yasuo Toda Hitoshi Yokoyama Akio Shimoma Katsumi Shirai Hiroshi Tanaka Takashi Furuyama

## Major Shareholders (Common Stock) (As of March 31, 2017)

Name	Number of Shares Owned	Proportion of Total Shares (%)
Mizuho Bank, Ltd.	9,583,910	15.41
The Master Trust Bank of Japan, Ltd. (trust account)	2,957,900	4.75
Japan Trustee Services Bank, Ltd. (trust account)	2,634,900	4.23
Chase Manhattan Bank GTS Clients Account Escrow (Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department)	1,349,047	2.17
Sakamoto Feeds Co., Ltd.	1,249,700	2.01
Meiji Yasuda Life Insurance Co.	1,158,200	1.86
DFA Intl Small Cap Value Portfolio (Standing proxy: Citibank, N.A., Tokyo Branch)	1,022,400	1.64
Japan Trustee Services Bank, Ltd. (trust account-9)	1,004,900	1.61
Japan Trustee Services Bank, Ltd. (trust account-5)	993,200	1.59
Chiba Kogyo Bank Employee Ownership	940,117	1.51

Note: The proportion of the number of shares owned to total shares was calculated after deducting treasury shares (54,674 shares).

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

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