

Last Update: July 1, 2019
The Chiba Bank, Ltd.

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Securities Code: 8331
<http://www.chibabank.co.jp/english/>

The corporate governance of The Chiba Bank, Ltd. (the “Bank”) is described below.

I. Basic Stance on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

1. Basic Stance

The Bank bases all of its corporate activities on the Chiba Bank Code of Ethics, which includes “earning unwavering trust,” “thorough compliance with laws, rules and other fundamental principles,” “opposition to antisocial forces,” and “transparent management.” Under the medium term management plan “Best Bank 2020 Final Stage—3 years of value co-creation” (FY2017–FY2019), we have raised “positive and active action on ESG issues” as an initiative to be addressed, and we are working to advance the level of corporate governance.

The Bank shall abide by and achieve these principles as it strives to further strengthen and enhance corporate governance, thereby contributing to realizing sustainable regional communities through appropriate cooperation with diverse stakeholders, while achieving sustainable growth and enhancing corporate value over the medium- to long-term.

The Policy on Corporate Governance is posted on the Bank’s website.

(https://www.chibabank.co.jp/english/corporate/governance/pdf/20190701_01.pdf)

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Bank complies with all of the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4] Cross-shareholdings

- Policy on Cross-shareholdings

The Bank’s basic policy is to maintain cross-shareholdings on a limited basis if a meaningful rationale for holding the shares is recognized, such as maintaining and expanding transactions and relationship with clients, etc. as a regional financial institution, while reducing overall cross-shareholdings after having sufficient dialogue with clients, etc. from the perspective of controlling the risk of holding shares and capital efficiency, etc.

The quantitative effect of holding listed shares is determined using indicators that are calculated by deducting deemed reserves and capital costs for such shareholdings from the profit from loans and deposits, fees and commissions, and dividend income for each business partner. The Board of Directors verifies the validity of the rationale for cross-shareholdings every year based on the economic rationale of cross-shareholding for each issuer of the cross-held shares and projections of future share value, taking into consideration the financial structure and the business performance of the issuers of the cross-held shares.

For the current fiscal year, validations were made using March 31, 2019 as the base date.

- Standards for Exercising Voting Rights

When exercising voting rights for cross-held shares, the Bank decides whether to vote for or against proposals in a comprehensive manner, from the perspective of enhancing the corporate value of the Bank and the issuer of those shares, taking account of the status of governance at the issuer. For important proposals shown below, which may have significant impact on the medium- to long-term enhancement of corporate value of the issuer of cross-held shares and the economic interests of the Bank, the Bank engages in dialogue, etc. with the issuer as required to decide whether to vote for or against those proposals.

- Proposals for the election of Directors and Audit & Supervisory Board Members, and proposals for the payment of retirement benefits (on occasions where scandals occur at the issuer or the issuer has posted an operating loss for certain consecutive periods, etc.)
- Proposals for organizational restructuring
- Proposals for anti-takeover measures, etc.

[Principle 1.7] Related Party Transactions

The Bank has set forth the following procedures to prevent transactions between the Bank and Directors, etc. of the Bank from harming shareholders' interests.

In accordance with the Bank's Board of Directors Regulations, the Bank requires Directors to obtain prior approval of the Board of Directors for competitive transactions by Directors and important transactions between the Bank and Directors.

After the completion of such transactions, the Board of Directors receives reports of the results of the transaction and monitors the status thereof.

[Principle 2.6] Roles as Asset Owner of Corporate Pension Fund

The Bank has established a corporate pension fund (the "fund") to conduct management, payment, and other related administration of pension assets related to the defined benefit pension plan.

The Bank allocates personnel with professional experience of asset management to the Fund Secretariat so that the fund can perform functions expected of an asset owner, such as deciding on concrete management methods and proactively considering risk control, etc.

Important matters such as modifications of terms, the budget for each fiscal year, business reports, financial reports, and management of the pension fund are decided by resolutions of the fund's Board of Representatives consisting of members selected by the employer (the Bank) and those chosen by the beneficiaries, each accounting for half of the Board, to appropriately control conflicts of interest between the beneficiaries of the corporate pension fund and the company. In addition, the Bank has established a system to ensure appropriate management of the pension finances by taking measures including deliberating the allocation of portfolio assets, strategies for newly added funds, and other matters at the Asset Management Committee, which consists of persons with expertise in human resources, finance, risk management, market operations, etc.

[Principle 3.1] Enhancing Disclosure

(i) Basic management policy and management strategy

- Basic management policy

The Chiba Bank Group's role and mission as a regional financial institution based in Chiba Prefecture is to meet customer needs and contribute to development in the region by providing financing services. The entire Chiba Bank Group intends to continue to maintain this stance going forward and engage in activities that will enhance customer satisfaction, including the provision of high-quality financial products and services while actively contributing to the development of regional communities. Through these activities, we strive to win the support of shareholders and investors.

- Medium-term management strategy

Under the medium term management plan, "Best Bank 2020 Final Stage—3 years of value co-creation," the Bank aims to become a "Best Retail" Banking Group, providing the highest satisfaction and impressing our regional customers, including small- and medium sized enterprises.

To achieve the three goals of "Co-creating customer value," "Realizing work style reforms that allow all employees to shine" and "Strengthening a sustainable management structure," the Bank is working as one on each initiative.

Details of the medium term management plan are posted on the Bank's website.

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

(ii) Basic stance and basic policy on corporate governance

The basic stance on corporate governance is described in "I 1. Basic Stance" in this report. In accordance with the Basic Stance, the Bank positions establishment of appropriate supervisory systems and efficient business execution structure as its basic policies.

(iii) Policy and procedures for determination of remuneration

Remuneration of the Bank's Directors is determined by the Board of Directors based on the remuneration regulations established by the Board of Directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, whose members include a majority of independent Outside Directors, to ensure transparency, fairness, and rationality. To function as a sound incentive for Directors to strive for sustainable growth and enhance corporate value over the medium to long term, equity-based remuneration in the form of stock options, linked to the Bank's medium- to long-term earnings performance, is provided as a component of the remuneration packages. From the standpoint of emphasizing soundness as a financial institution, the Bank has not introduced remuneration linked to short-term earnings performance.

- Remuneration Policies

- (1) Director remuneration consists of a fixed portion comprising fixed remuneration based on rank, and a variable portion comprising fluctuating remuneration linked to stock price performance. However, Outside Directors only receive fixed remuneration.
- (2) Fixed remuneration based on rank is paid to match the weight of responsibility for each position.
- (3) The ratio of fixed remuneration based on rank to variable remuneration (equity-based remuneration in the form of stock options) is 80:20.

- Remuneration Determination Procedure

Remuneration of a Director shall be determined by resolution of the Board of Directors within the scope of the total remuneration for Directors established by resolution of the General Meeting of Shareholders.

(iv) Policies and procedures for appointment and dismissal of senior managements and nomination of candidates for Directions and Audit & Supervisory Board Members

- Selection of candidates for internal Directors (meaning Directors other than Outside Directors; the same shall apply hereafter.)

Candidates for internal Directors are determined by the Board of Directors, following deliberations by the Appointment, Remuneration and Corporate Advisory Committee, the majority of which comprise independent Outside Directors, based on the President's recommendations of persons who, based on a deep understanding of the Bank's basic management policy, possess knowledge and experience to enable the appropriate, fair, and efficient execution of bank business management, as well as sufficient social trust, with the aim of achieving our management strategy.

Representative Directors are determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory Committee on persons suitable for representing the Bank selected from among internal Directors. In the event of occurrence of a serious obstacle to the execution of duties as a Representative Director or when a Representative Director falls under reasons for disqualification*, dismissal of such Representative Director shall be determined by the Board of Directors following deliberations by the Appointment, Remuneration and Corporate Advisory Committee.

*Reasons for disqualification

- The Representative Director is deemed to have a relationship with antisocial forces
- The Representative Director is deemed to have violated laws, regulations, or internal regulations

- Nomination of candidates for Outside Directors

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

- Nomination of candidates for Audit & Supervisory Board Members

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

(v) Reasons for Appointment and dismissal of senior managements and selection, dismissal and nomination of candidates for Directors and Audit & Supervisory Board Members

- Candidates for Directors (elected as Directors at the 113th Annual General Meeting of Shareholders held on June 26, 2019)

- Hidetoshi Sakuma (Re-nominated)

Hidetoshi Sakuma has been Director since June 2003. He has also been President since March 2009, and has the knowledge and experience necessary to perform the business administration of a bank in an appropriate, fair and efficient manner. As he has properly executed the duties of Director, the Bank has nominated him as a candidate for Director.

- Tsutomu Yonemoto (Re-nominated)

Tsutomu Yonemoto has the knowledge and experience necessary to perform the business administration of a bank in an appropriate, fair and efficient manner because he has served in various important positions including General Manager of Akihabara Branch, General Manager of Corporate Planning Division and General Manager of Business Promotion Division, and has been Director since June 2017. As he has properly executed the duties of Director, the Bank has nominated him as a candidate for Director.

- Junya Wakabayashi (Newly nominated)

Junya Wakabayashi has the knowledge and experience necessary to perform the business administration of a bank in an appropriate, fair and efficient manner because he has served in various important positions including General Manager of Asset Management Support Division and General Manager of Risk Management Division, and has been Managing Director of Chibagin Securities Co., Ltd. since June 2018. The Bank has thus nominated him as a candidate for Director.

- Tomoyuki Yokota (Re-nominated)

Tomoyuki Yokota has a high level of expertise as a judge and attorney at law. He is a former Justice of the Supreme Court and currently serves an advisor for Nagashima Ohno & Tsunematsu. The Bank determined that the corporate value of the Bank would increase over the mid- to long-term through further enhancement of the decision-making function and the supervisory function of the Board of Directors by leveraging his knowledge and experience in the management of the Bank.

He does not have experience of engaging in the business management of a company by any means other than by serving as an Outside Officer of a company in the past; however, for the reasons above, the Bank believes that he will appropriately perform his duties as an Outside Director and has thus nominated him as a candidate for the position.

He will have served as Outside Director of the Bank for a period of two years as of the conclusion of this General Meeting of Shareholders.

- Yuko Tashima (Re-nominated)

Yuko Tashima has a high level of expertise as an attorney at law and experience as Outside Director at other companies, as well as in government positions including as a member of the Financial System Council of the Financial Services Agency. The Bank determined that the corporate value of the Bank would increase over the mid- to long-term through further enhancement of the decision-making function and the supervisory function of the Board of Directors by leveraging her knowledge and experience in the management of the Bank.

She does not have experience of engaging in the business management of a company by any means other than by serving as an Outside Officer of a company in the past; however, for the reasons above, the Bank believes that she will appropriately perform her duties as an Outside Director and has thus nominated her as a candidate for the position.

She will have served as Outside Director of the Bank for a period of four years as of the conclusion of this General Meeting of Shareholders.

- Yasuko Takayama (Re-nominated)

Yasuko Takayama has been in charge of the Consumer Relations and Corporate Social Responsibility Departments as well as served as an Audit & Supervisory Board Member (standing) of Shiseido Co., Ltd., and gained experience as Outside Director at other companies. The Bank has determined that the corporate value of the Bank would increase over the mid- to long-term through further enhancement of the decision-making function and the supervisory function of the Board of Directors by leveraging her knowledge and experience in the management of the Bank, and has thus nominated her as a candidate for the position.

She will have served as Outside Director of the Bank for a period of four years as of the conclusion of this General Meeting of Shareholders.

- Candidate for Audit & Supervisory Board Member (elected as Audit & Supervisory Board Member at the 113th Annual General Meeting of Shareholders held on June 26, 2019)
- Masakazu Yoshida (Newly nominated)

Masakazu Yoshida has abundant experience of public administration and extensive knowledge gained through experience as Executive Director of Disaster Prevention and Crisis Management Department, and Director General, Public Enterprises Agency, Chiba Prefectural Government, etc. He has been Representative Director and President of TOYO RAPID RAILWAY since June 2016, and has properly executed his management duties as a manager. Based on this experience, the Bank has determined that further enhancement of the audit function would be ensured by leveraging his knowledge and experience in the management of the Bank, and has thus nominated him as a candidate for the position.

[Supplementary Principle 4.1.1] Scope of delegation to the management

In addition to matters stipulated in laws and regulations, the Board of Directors decides on matters related to the formulation of the medium term management plan and important business initiatives in light of the plan pursuant to Board of Directors Regulations, etc.

Matters related to business execution operations other than those subject to resolutions by the Board of Directors are decided by Representative Directors. In addition, pursuant to internal regulations, authority for business execution operations is delegated to Executive Officers, etc. within an appropriate scope, and the Board of Directors supervise the execution status.

[Supplementary Principle 4.1.3] Succession planning

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

- Desired personalities of candidates (nomination policy)

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

- Review of candidates' personalities and training schemes

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

- Candidate selection process

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

[Principle 4.9] Independence Standards for independent Outside Directors

The Independence Standards primarily intended to ensure the independence of Outside Directors are provided in "II 1. [Independent Directors/ Audit & Supervisory Board Members] Matters relating to Independent Directors/ Audit & Supervisory Board Members" in this report.

[Supplementary Principle 4.11.1] Stance on the balance, diversity and size of the Board of Directors

The Bank's stance on the balance, diversity, and size of the Board of Directors as a whole is as follows.

- (1) In order to ensure that the Board of Directors performs its functions in an effective and efficient manner, the Board of Directors selects the required number of candidates for Director, which shall not exceed 18 persons, as set forth in the Articles of Incorporation.
- (2) The Board of Directors consists of internal Directors with expertise in the Bank's business operations and Outside Directors who perform supervision from an independent and objective standpoint, taking into consideration the balance and diversity of the knowledge, experience, and abilities of the Board of Directors as a whole.

[Supplementary Principle 4.11.2] Positions concurrently held by Directors and Audit & Supervisory Board Members

The Bank discloses the status of significant positions concurrently held by its Directors and Audit & Supervisory Board Members in the Reference Documents attached to the Notice of Convocation of the General Meeting of Shareholders, and the Business Report, etc. As of the submission date of this report, the positions at other listed companies, etc. concurrently held by Directors and Audit & Supervisory Board Members are as follows.

- Tomoyuki Yokota: Outside Member of the Board, Japan Nuclear Fuel Limited
- Yuko Tashima: Outside Company Auditor, Kyushu Financial Group Inc.
Outside Audit & Supervisory Board Member, Tokio Marine & Nichido Life Insurance Co., Ltd.
- Yasuko Takayama: Outside Audit & Supervisory Board Member, Mitsubishi Corporation
Audit & Supervisory Board Member, Yokogawa Electric Corporation
Outside Director, Cosmo Energy Holdings Co., Ltd.

[Supplementary Principle 4.11.3] Analysis and evaluation of the effectiveness of the Board of Directors as a whole

- Since FY2015, the Bank has been verifying whether the Board of Directors is properly performing the functions of decision making and supervision, which are expected of them. The Bank carries out an evaluation of the effectiveness of the Board of Directors annually to enhance those functions.
- In FY2018, the Bank conducted a questionnaire survey and interviews of each Director and Audit & Supervisory Board Members with the assistance of a third-party specialized organization to objectively verify the effectiveness of the Board of Directors, and carried out an effectiveness evaluation using their results as reference.
- The overview of the results of the evaluation of the effectiveness of the Board of Directors for FY2018 is as follows.
 - (1) Considering the findings below, the Bank has judged that the functions of decision making and supervision are performed properly by the Board of Directors and its effectiveness is ensured.
 - All Directors and Audit & Supervisory Board Members, whether they are internal or outside officers, value customers and share the common goal and recognition to work together toward the growth of the Bank and Chiba Prefecture over the medium to long term, and are fulfilling their respective responsibilities with a strong sense of unity in the Board of Directors as a whole.
 - Systems are in place and maintained to allow the Board of Directors to perform its functions, and Audit & Supervisory Board Members are also contributing to the improvement of the discussion quality in the Board of Directors, by actively making comments from perspectives different from those of Directors.
 - Based on the results of the effectiveness evaluation for FY2017, the Bank and its group companies strengthened the management systems, through the adoption of the Group Chief Officer System. The Bank also provided occasions to discuss medium- and long-term issues by holding meetings of Directors for information sharing and by other means. As a result, discussions at the Board of Directors have become further activated.
 - (2) The Bank recognizes that it is important to continue discussions on medium- and long-term issues, further strengthen the group management systems, and deepen discussions on matters related to governance at the Appointment, Remuneration and Corporate Advisory Committee, while maintaining the direction of the current initiatives. Through these efforts, the Bank will strive to further enhance the effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2] Training policy for Directors and Audit & Supervisory Board Members

To ensure that Directors and Audit & Supervisory Board Members can appropriately fulfill the roles and responsibilities expected of them, the Bank offers opportunities for training for individual Directors and Audit & Supervisory Board Members, including the provision of information regarding the Bank's business operations, participation in training held by external institutions, etc., and supports the costs thereof, when and after Directors and Audit & Supervisory Board Members are appointed, on an ongoing basis.

The support system for Outside Directors and Outside Audit & Supervisory Board Members are as follows.

- Outside Directors

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

- Outside Audit & Supervisory Board Members

The Bank designates assistants to Audit & Supervisory Board Members who do not serve concurrently in positions involved in the execution of business operations. The assistants are employees who assist with the duties of Audit & Supervisory Board Members. In order to ensure the independence from Directors, the Bank obtains the consent of Audit & Supervisory Board Members regarding personnel change, etc. of such assistants to Audit & Supervisory Board Members. In addition, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, and are provided with important documents of the Bank, which ensure that information is communicated timely and properly.

[Principle 5.1] Policy for Constructive Shareholder Engagement

- Constructive shareholder engagement

For constructive shareholder engagement, the President and each Director engage in dialogue to a reasonable extent. Additionally, the Director in charge of the Corporate Planning Division, serving as a responsible person for IR activities, supervises the overall management of operations related to IR activities.

- System to support constructive engagement

The Corporate Planning Division, the division in charge of IR, discloses information in an appropriate manner in coordination with sales promotion departments and risk management sections.

- Enriching means of shareholder engagement

To enrich the means of shareholder engagement, the Bank engages in the following initiatives.

- (1) Disclosure through the IR website, annual reports, etc.
- (2) Visits to major institutional investors both in Japan and abroad after earnings announcements
- (3) Regular briefings for individual investors
- (4) Semiannual financial results briefings by the President for analysts and institutional investors, etc.

- Opinions and feedback from shareholders

Feedback received from shareholders through the dialogue is reported to Directors.

- Management of insider information

Upon engaging with shareholders, we keep insider information under strict control based on internal regulations established to prevent insider trading.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,123,000	6.20
Japan Trustee Services Bank, Ltd. (Trust Account)	36,583,000	4.35
Nippon Life Insurance Company	26,870,393	3.19
The Dai-ichi Life Insurance Company, Limited	26,230,799	3.12
Sompo Japan Nipponkoa Insurance Inc.	18,537,968	2.20
Meiji Yasuda Life Insurance Company	18,291,495	2.17
SUMITOMO LIFE INSURANCE COMPANY	17,842,000	2.12
MUFG Bank, Ltd.	17,707,873	2.10
STATE STREET BANK AND TRUST COMPANY 505223	15,001,877	1.78
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,702,500	1.63

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Banks
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

The Bank has no parent company and listed subsidiaries, and there are no other facts which may have material impact on corporate governance.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board System
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	18
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	9
Status of appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Bank (1)

Name	Attribute	Relationship with the Bank*											
		a	b	c	d	e	f	g	h	i	j	k	
Tomoyuki Yokota	Lawyer									○			
Yuko Tashima	Lawyer									○			
Yasuko Takayama	From another company									○			

* Categories for "Relationship with the Bank"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Bank or its subsidiaries

b. Non-executive Director or executive of a parent company of the Bank

c. Executive of a fellow subsidiary company of the Bank

d. A party whose major client or supplier is the Bank or an executive thereof

e. Major client or supplier of the Bank or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Bank besides compensation as a Director/ Audit & Supervisory Board Member

g. Major shareholder of the Bank (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Bank (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, with which the Bank mutually appoints outside officers (the Executive himself/herself only)

j. Executive of a company or organization that receives a donation from the Bank (the Executive himself/herself only)

k. Others

Outside Directors' Relationship with the Bank (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tomoyuki Yokota	○	Tomoyuki Yokota has transactions with the Bank, but they are normal transactions as a general depositor. Description of the details of the transactions is omitted as the transactions are judged to have no impact on the decisions of shareholders and investors in light of their size and characteristics.	Tomoyuki Yokota has a high level of expertise as a judge and attorney at law. He is a former Justice of the Supreme Court and currently serves an advisor for a law office. The Bank expects that the corporate value of the Bank would increase over the mid- to long-term through further enhancement of the decision-making function and the supervisory function of the Board of Directors by leveraging his knowledge and experience in the management of the Bank. Accordingly, he was appointed as an Outside Director. He also satisfies the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange to protect general shareholders, and has no risk for conflict of interest with general shareholders. Accordingly, he was designated as an Independent Director.
Yuko Tashima	○	Yuko Tashima has transactions with the Bank, but they are normal transactions as a general depositor. Description of the details of the transactions is omitted as the transactions are judged to have no impact on the decisions of shareholders and investors in light of their size and characteristics.	Yuko Tashima has a high level of expertise as an attorney at law and experience as Outside Director at other companies, as well as in government positions including as a member of the Financial System Council of the Financial Services Agency. The Bank expects that the corporate value of the Bank would increase over the mid- to long-term through further enhancement of the decision-making function and the supervisory function of the Board of Directors by leveraging her knowledge and experience in the management of the Bank. Accordingly, she was appointed as an Outside Director. She also satisfies the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange to protect general shareholders, and has no risk for conflict of interest with general shareholders. Accordingly, she was designated as an Independent Director.

Yasuko Takayama	○	Yasuko Takayama has transactions with the Bank, but they are normal transactions as a general depositor. Description of the details of the transactions is omitted as the transactions are judged to have no impact on the decisions of shareholders and investors in light of their size and characteristics.	Yasuko Takayama has been in charge of the Consumer Relations and Corporate Social Responsibility Departments as well as served as an Audit & Supervisory Board Member (standing) of a major cosmetic company, and gained experience as Outside Director at other companies. The Bank expects that the corporate value of the Bank would increase over the mid- to long-term through further enhancement of the decision-making function and the supervisory function of the Board of Directors by leveraging her knowledge and experience in the management of the Bank. Accordingly, she was appointed as an Outside Director. She also satisfies the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange to protect general shareholders, and has no risk for conflict of interest with general shareholders. Accordingly, she was designated as an Independent Director.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Appointment, Remuneration and Corporate Advisory Committee	Appointment, Remuneration and Corporate Advisory Committee
All Committee Members	5	5
Full-time Members	0	0
Internal Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Internal Director	Internal Director

Supplementary Explanation

The Bank has established the Appointment, Remuneration and Corporate Advisory Committee, whose members include a majority of independent Outside Directors, in order to ensure appropriate involvements of independent Outside Directors and advice from them when considering proposals related to the selection and remuneration of candidates for Directors and other matters.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

- (1) Audit & Supervisory Board Members monitor and validate whether proper audits are carried out through opinion exchange, which was held 17 times in FY2018, by measures including receiving explanation on the audit policy, the audit plans, and the audit methods from the Accounting Auditor, as well as attending the onsite audits and audit reviews by the Accounting Auditor. At the same time, Audit & Supervisory Board Members work to ensure efficient and effective audits taking account of the Accounting Auditor's opinions.
- (2) Audit & Supervisory Board Members exchange information as necessary with the Audit and Inspection Division, an internal audit unit independent from units subject to audit. Audit & Supervisory Board Members also receive reports on the results of internal audits at monthly meetings of the Internal Audit Committee (met 12 times in FY2018). In this manner, close cooperation is sought between these parties.
- (3) Audit & Supervisory Board Members, the Internal Audit and Inspection Unit and the Accounting Auditor hold a Three-Pillar Audit Liaison Meeting to ensure sufficient cooperation.
- (4) Information on the Accounting Auditor
 Audit compensation paid to Ernst & Young ShinNihon LLC, the Bank's Accounting Auditor, is as follows.
- | | |
|--|----------------|
| Compensation for audit certification services: | 71 million yen |
| Compensation for non-audit services: | 4 million yen |
| Total: | 75 million yen |
- (Notes) 1. Compensation for non-audit services is compensation paid for financial consultation services, etc.
 2. The total compensation, etc. to be paid by the Bank and its consolidated subsidiaries to the Accounting Auditor is 99 million yen.
 3. The above amount is exclusive of consumption tax and local consumption tax.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Bank (1)

Name	Attribute	Relationship with the Bank*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tomohiko Sakamoto	From another company											○		
Kazuhiko Ishihara	From another company											○		
Masakazu Yoshida	From another company											○	○	

* Categories for "Relationship with the Bank"

* "○" when the Member presently falls or has recently fallen under the category;

"△" when the Member fell under the category in the past

* "●" when a close relative of the Member presently falls or has recently fallen under the category;

"▲" when a close relative of the Member fell under the category in the past

a. Executive of the Bank or its subsidiaries

b. Non-executive Director or accounting advisor of the Bank or its subsidiaries

c. Non-executive Director or executive of a parent company of the Bank

d. Audit & Supervisory Board Member of a parent company of the Bank

e. Executive of a fellow subsidiary company of the Bank

f. A party whose major client or supplier is the Bank or an executive thereof

g. Major client or supplier of the Bank or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Bank besides compensation as an Audit & Supervisory Board Member

i. Major shareholder of the Bank (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Bank (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, with which the Bank mutually appoints outside officers (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Bank (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Member's Relationship with the Bank (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Tomohiko Sakamoto	○	<p>Tomohiko Sakamoto has transactions with the Bank, but they are normal transactions as a general depositor. In addition, the Bank has transactions such as deposits and borrowings with the Bank of Japan where he served as an executive. The Bank also has a deposit transaction with The Resolution and Collection Corporation where he served as an executive.</p> <p>Description of the details of the transactions is omitted as the transactions are judged to have no impact on the decisions of shareholders and investors in light of their size and characteristics.</p>	<p>Tomohiko Sakamoto has a high level of expertise gained through experience as a branch manager, Director-General, Administration Department, and other positions at the Bank of Japan as well as extensive knowledge in finance overall. The Bank expects that further enhancement of the audit function would be ensured by leveraging his knowledge and experience in the management of the Bank. Accordingly, he was appointed as an Outside Audit & Supervisory Board Member.</p> <p>He also satisfies the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange to protect general shareholders, and has no risk for conflict of interest with general shareholders. Accordingly, he was designated as an Independent Audit & Supervisory Board Member.</p>
Kazuhiko Ishihara	○	<p>Kazuhiko Ishihara has transactions with the Bank, but they are normal transactions as a general depositor. Description of the details of the transactions is omitted as the transactions are judged to have no impact on the decisions of shareholders and investors in light of their size and characteristics.</p>	<p>Kazuhiko Ishihara has a high level of expertise and extensive knowledge of overall administration gained through experience as Deputy Director-General of Minister's Secretariat, Ministry of Finance, Director-General of Okinawa Development and Promotion Bureau, Cabinet Office, etc. The Bank expects that further enhancement of the audit function would be ensured by leveraging his knowledge and experience in the management of the Bank. Accordingly, he was appointed as an Outside Audit & Supervisory Board Member.</p> <p>He also satisfies the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange to protect general shareholders, and has no risk for conflict of interest with general shareholders. Accordingly, he was designated as an Independent Audit & Supervisory Board Member.</p>

<p>Masakazu Yoshida</p>	<p>○</p>	<p>Masakazu Yoshida has transactions with the Bank, but they are normal transactions as a general depositor and a borrower. In addition, the Bank has a deposit transaction with TOYO RAPID RAILWAY, where he served as Representative Director and President, as well as a relationship of mutual appointment of outside officers. Also, with Chiba Prefectural Government, where he served as Director General of Public Enterprises Agency, the Bank has transactions as a designated financial institution, transactions such as deposits and loans, and temporarily dispatches to and accepts personnel from the said government. Description of the detail of each transaction noted above is omitted as they are judged to have no impact on the decisions of shareholders and investors in light of their size and characteristics.</p>	<p>Masakazu Yoshida has served in positions including Director General of Public Enterprises Agency, Chiba Prefectural Government as well as Representative Director and President at other company. The Bank expects that further enhancement of the audit function would be ensured by leveraging his knowledge and experience in the management of the Bank. Accordingly, he was appointed as an Outside Audit & Supervisory Board Member. He also satisfies the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange to protect general shareholders, and has no risk for conflict of interest with general shareholders. Accordingly, he was designated as an Independent Audit & Supervisory Board Member.</p>
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[Independent Directors/ Audit & Supervisory Board Members]

Number of Independent Directors/ Audit & Supervisory Board Members
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6

Matters relating to Independent Directors/ Audit & Supervisory Board Members

- The Bank has designated all Outside Directors as Independent Directors as long as they satisfy the criteria for Independent Directors.
- Independence Standards stipulated by the Bank is as follows.

<Independence Standards>

Candidates for Outside Directors and Outside Audit & Supervisory Board Members of the Bank must, in principle, not fall under any of the following currently or recently (Note 1).

- (1) A person whose major business partner is the Bank (Note 2), or an executive of such entity if it is a corporation, etc.
- (2) A person who is a major business partner of the Bank (Note 3), or an executive of such entity if it is a corporation, etc.
- (3) A consultant, an accounting professional or a legal professional receiving money or other property benefits, other than remuneration of Directors and Audit & Supervisory Board Members, of average 10 million yen or more per annum for the past three years
- (4) A member or an employee of a consulting firm, an accounting firm or a legal office, etc., whose major business partner (Note 2) is the Bank
- (5) A person who received donations, etc. of average 10 million yen or more per annum for the past three years from the Bank, or an executive of such entity if it is a corporation, etc.
- (6) The Bank's major shareholder (Note 4) or an executive of such entity if it is a corporation, etc.
- (7) A close relative (Note 5) of a person falling under any of the following (excluding those who are not an important person (Note 6))
 - A. A person falling under any of the items (1) through (6) above
 - B. A Director, an Audit & Supervisory Board Member, an Executive Officer or an important employee, etc. of the Bank or its subsidiary

- Notes:
1. Refers to a person who could be substantially deemed to fall under the items currently; e.g. a person who fell under the items when the contents are resolved for the agenda of the general meeting of shareholders, where such person is to be selected as an Outside Director or an Outside Audit & Supervisory Board Member
 2. A business partner who has received payments from the Bank in an amount of 1% or more of such partner's consolidated net sales during the most recent fiscal year
 3. A business partner who has made payments to the Bank in an amount of 1% or more of the Bank's consolidated gross business profits during the most recent fiscal year
 4. A shareholder who holds 10% or greater of the total voting rights
 5. An officer or an employee who is equivalent to a general manager of a department of a company, or a certified public accountant or a lawyer in case of those affiliated with an accounting firm or a legal office
 6. A relative within the second degree of kinship

[Incentives]

Incentive Policies for Directors	Stock Options
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Supplementary Explanation

The Bank has introduced an equity-based remuneration in the form of stock options to enhance the linkage between the stock price of the Bank and the remuneration of Directors and Executive Officers and raise their motivation to contribute to corporate value enhancement and awareness of shareholder-oriented management.

(Note) At the Annual General Meeting of Shareholders held on June 29, 2010, it was resolved to allot share acquisition rights as equity-based remuneration in the form of stock options to Directors within the range of an annual amount of 140 million yen, and to deliver a portion equivalent to approximately 20% of the remuneration to each Director in the form of stock options.

Recipients of Stock Options	Internal Directors and Others
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Supplementary Explanation

Recipients of Stock Options are Internal Directors and Executive Officers.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

The Bank does not disclose individual Directors' remuneration.
Remuneration for Directors and Audit & Supervisory Board Members of the Bank are as follows.

Remuneration, etc. for Directors:	408 million yen
Remuneration, etc. for Audit & Supervisory Board Members:	105 million yen
Total:	514 million yen

(Notes)

1. The upper limits on the annual remuneration for Directors and Audit & Supervisory Board Members that were determined at a General Meeting of Shareholders are 560 million yen and 150 million yen, respectively.
The upper limit on the annual remuneration based on share acquisition rights as stock options for Directors is 140 million yen, apart from the remuneration noted above.
2. Remuneration, etc. for Directors includes remuneration based on share acquisition rights as stock options for Directors of 74 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remuneration for Directors is provided in "I [Disclosure Based on the Principles of the Corporate Governance Code] Principle 3.1 (iii)" in this report.

Remuneration for Audit & Supervisory Board Members is a fully fixed remuneration determined through discussion among the Audit & Supervisory Board Members in order to ensure their independence.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

- **Outside Directors**
 The Bank provides Outside Directors with information and support necessary for the execution of their duties in an appropriate and timely manner to ensure that Outside Directors fully play their roles as a supervisor of the management. We continuously give Outside Directors opportunities for deepening their understanding about the Bank’s management strategy and activities with the aim to enhance deliberations by the Board of Directors, by means such as provision of materials and explanations for the Board of Directors meeting in advance, provision of individual explanations on important matters, attendance to main committee meetings, visiting and holding dialogues at affiliated business offices in the group, participation in main IR events, etc., and provision of information related to the Bank’s activities whenever necessary. In addition, the Bank provides Outside Directors with opportunities to undergo training by third-party organizations at the Bank’s expense.
- **Outside Audit & Supervisory Board Members**
 The Bank designates assistants to Audit & Supervisory Board Members who do not serve concurrently in positions involved in the execution of business operations. The assistants are employees who assist with the duties of Audit & Supervisory Board Members. In order to ensure the independence from Directors, the Bank obtains the consent of Audit & Supervisory Board Members regarding personnel change, etc., of such assistants to Audit & Supervisory Board Members. In addition, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, and are provided with important documents of the Bank, which ensure that information is communicated timely and properly.

[Retired presidents/CEOs holding advisory positions (Counsellor, Advisor, etc.)]

Information on retired presidents/CEOs holding advisory positions (Counsellor, Advisor, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Tsuneo Hayakawa	Senior Advisor	Business association activities, social contribution activities, etc. (not involved in management)	[Employment term] Part time [Compensation] Paid	June 29, 2004	Not determined
Tadashi Takeyama	Counsellor	Business association activities, social contribution activities, etc. (not involved in management)	[Employment term] Part time [Compensation] Paid	March 1, 2009	Not determined

Number of retired presidents/CEOs holding advisory positions (Counsellor, Advisor, etc.)

2

Others

Neither Senior Advisors nor Counsellors are involved in managerial decision-making or periodic reports by managements.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

- Directors and Board of Directors

The Board of Directors consists of nine Directors, including three Outside Directors. The Board of Directors makes decisions about management policies and other important matters and supervises the execution of business by Directors and Executive Officers. The Bank strives to enhance the effectiveness of the Board of Directors through measures including having Outside Directors make up one-third of the Board of Directors and holding free, active, and constructive discussions.

In addition, the Bank holds a meeting of the Board of Designated Directors, consisting of Directors and Executive Officers who were nominated by the Board of Directors, three times a month as a rule, to discuss policies on important matters related to the execution of business operations, thereby responding to changes in the business environment accurately and promptly.

Moreover, the Bank has adopted an executive officer system. This system provides for the clear separation of the roles of the Directors, who reach decisions on important matters, supervise the execution of business operations, and perform other tasks, and the role of the executive officers, who conduct business operations. The Bank also holds a meeting of the Board of Directors and Executive Officers, consisting of Directors and Executive Officers, once a month as a rule, to confirm the status of business execution by Executive Officers and facilitate accurate and prompt decision-making by Directors and business execution by Executive Officers.

- Audit & Supervisory Board and Its Members

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

- Committees, etc.

For appointment and remuneration of Directors and Audit & Supervisory Board Members, the Appointment, Remuneration and Corporate Advisory Committee has been established to ensure objectivity, timeliness, and transparency. The Board of Directors selects the committee members, a majority of which are independent Outside Directors.

In order to establish a compliance structure and risk management system that cover group companies, the Bank convenes the Compliance Committee once a month as a rule, which deliberates on important matters regarding compliance, the ALM Committee once a month as a rule, the Credit Risk Management Committee once a quarter as a rule, the Operational Risk Management Committee semiannually as a rule, and the Cybersecurity Risk Management Committee once a quarter as a rule, which deliberate on important matters, while the Bank's internal audit units verify the adequacy and effectiveness of these committees.

- Group Management Systems

The Group Chief Officer (CxO) System* was introduced and under the overall supervision of the Group CEO, the Group Chief Officers are assigned responsibility for their areas of supervision, thereby creating a group-wide corporate management system. Moreover, a responsible Director is assigned to supervise each group company and meetings of the Group Supervision Committee are held to strengthen understanding, administration, and supervision of the management status of group companies. In addition, the Bank's internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the group.

*The following Group Chief Officers are assigned:

- Group CEO (Chief Executive Officer)
- Group COO (Chief Operating Officer)
- Group CSO (Chief Strategy Officer)
- Group CRO (Chief Risk Officer)
- Group CBO (Chief Business Officer)
- Group CIO (Chief Information Officer)

3. Reasons for Adoption of Current Corporate Governance System

The Bank has adopted a company with Audit & Supervisory Board System under which the Board of Directors and Audit & Supervisory Board Members are responsible for management supervisory functions. Three Standing Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, attend meetings of the Board of Directors, the Board of Designated Directors, and other important meetings, check important documents, and perform audits of the headquarters and branches on a regular basis to conduct objective and reasonable audits of the status of business execution. The Bank believes that this system provides an adequate management supervisory function. In addition, the Bank appoints Outside Directors to further strengthen the management decision-making and supervisory functions of business operations.

Considering that these systems are fully providing audit and supervisory functions, the Bank has adopted the current corporate governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of convocation of the 113th Annual General Meeting of Shareholders held on June 26, 2019 was dispatched on June 4, 2019 or 22 days before the meeting.
Scheduling AGMs Avoiding the Peak Day	The 113th Annual General Meeting of Shareholders was held on June 26, 2019 to avoid the day on which AGMs are most concentrated.
Allowing Electronic Exercise of Voting Rights	The electromagnetic means of exercising voting rights have been available since the 100th Annual General Meeting of Shareholders held on June 29, 2006. A simplified method via smartphone has also been available as a means of exercising voting rights since the 113th Annual General Meeting of Shareholders.
Participation in Electronic Voting Platform	The Bank has used an electronic voting platform for institutional investors operated by ICJ, Inc. since the 102nd Annual General Meeting of Shareholders held on June 27, 2008.
Providing Convocation Notice in English	The notice of convocation has been available in English since the 108th Annual General Meeting of Shareholders held on June 27, 2014. It was posted on the Bank's website, the Timely Disclosure network of the Tokyo Stock Exchange, and the electronic voting platform.
Other	Notices of convocation of the General Meeting of Shareholders, etc. have been posted on the Bank's website since the 102nd Annual General Meeting of Shareholders held on June 27, 2008. Extraordinary reports containing the results of the exercise of voting rights have been posted on the Bank's website since the 104th Annual General Meeting of Shareholders held on June 29, 2010.

2. IR Activities

	Supplementary Explanations	Availability of explanation by the representative
Preparation and Publication of Disclosure Policy	The Bank's disclosure policy describing the stance on disclosure, information subject to disclosure, and method of disclosure is posted on the Bank's website.	
Regular Investor Briefings for Individual Investors	In FY2018, the Bank held briefings for individual investors six times. (An on-line briefing viewed by 845 persons and five face-to-face briefings attended by 507 persons in total in January and February 2019)	No
Regular Investor Briefings for Analysts and Institutional Investors	Briefings are held for analysts and institutional investors after semiannual earnings announcements. (In FY2018, briefings were held twice in May and November, attended by 349 persons in total.)	Yes
Regular Investor Briefings for Overseas Investors	Representatives of the Bank regularly make overseas visits to have one-on-one meetings for investors. (In FY2018, briefings were held three times to meet investors in Europe, North America, and Asia in May and October 2018 and March 2019.)	Yes
Posting of IR Materials on Website	In addition to posting of materials such as financial summary reports, securities reports (Japanese only), and financial results briefing materials, audio data (in Japanese) of the briefings for investors is available on the website. https://www.chibabank.co.jp/english/ir/library/	
Establishment of Department and/or Manager in Charge of IR	The Financial Management Department of the Corporate Planning Division is in charge of IR. The Executive Officer responsible for Corporate Planning Division is the officer in charge of IR.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Bank sets forth management strategies that will contribute to enhanced value for diverse stakeholders, including customers, shareholders, employees, and regional communities, and works to achieve those strategies from a medium- to long-term perspective so that the Bank can grow steadily together with stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	<p><Chiba Bank Group Sustainability Policy> We aim to realize sustainable regional communities through our core businesses such as demonstrating the financial intermediation function. Additionally, we engage in honest and fair corporate activities, as well as activities to solve various issues facing the region, including climate change and other environmental problems, as part of sustainable management with the aim of balancing economic value and social value. Each executive and employee of our group is actively working with awareness of their involvement in these activities. Through information disclosure, we will foster a better relationship of trust with our stakeholders and create a “new future for regional communities.”</p> <p><Approach to environmental issues> [Contribution to environmental protection through our core business] The Bank offers a wide range of supports to customers increasing use of renewable energy, and is strengthening its efforts, through measures such as supporting project finance for biomass and wind power generation.</p> <p>[Forest development activities] The Bank conducts “Chibagin Forest” forest development activities with the purpose of regenerating coastal barrier forests, which are being lost to damage from pine weevils and tsunami. In May 2018, about 200 volunteers from the Bank, including executives, employees, and former employees of the Bank planted 5,000 saplings of Japanese black pine and Japanese spindle tree in the fifth area of the Chibagin Forest in the Hasunuma district of Sammu City. We will continue tree-cultivating activities such as regularly cutting the underbrush, as we do in the other Chibagin Forests.</p> <p>[Initiatives against climate change] The Bank works on energy saving measures, participating in Chiba Prefecture’s “CO₂ Smart Declaration Business Registration Program” in support of the spirit of “promoting initiatives against global warming, starting from communities,” since October 2016. We use many vehicles with low environmental impact such as fuel cell cars, hybrid cars, and electric cars. In addition, we participated in the Ministry of the Environment’s “Turn Off the Light Campaign” in June and July 2018, turning off the lights at 7 pm at 139 locations.</p>
Development of Policies on Information Provision to Stakeholders	In the Chiba Bank Code of Ethics, it is set forth that the Bank will provide active and fair disclosure of management information and manage its operations in a transparent manner as a basic policy. To that end, the Bank strives to provide information to stakeholders in a timely and appropriate manner by using financial results briefings, general meetings of shareholders, annual reports, the corporate website, materials related to financial results, and other tools.
Other	Positioning the promotion of diversity as a management strategy for sustainable growth, the Bank has taken a proactive approach. With the aim of creating an organization capable of responding to changes in the environment flexibly and swiftly through encouraging cooperation among diverse personnel and making the most of the abilities of individuals, the

Bank has focused on initiatives for active participation of women in the workplace as a first step.

As well as establishing the Diversity Promotion Committee, a cross-organizational body, in July 2014, the Bank set and disclosed in August 2014 the numerical targets for promoting women to management positions as a first step to promote diversity management. In October 2014, we spun off the Women's Empowerment Support Team from the Human Resources Division, into a separate division named the Diversity Management Division. In coordination with the Diversity Promotion Committee, the division has worked to foster awareness of diversity and help female employees form careers, while establishing and improving various internal programs.

Positioning “Realizing work style reforms that allow all employees to shine” as one of the key issues in the “Best Bank 2020 Final Stage—3 years of value co-creation,” the Bank has further promoted diversity so as to make a rewarding, attractive workplaces where all employees can realize their potential.

In addition, we are stepping up work style reforms. In October 2016, the Bank established the Workplace Revolution Development Division (renamed in November 2017 as the Workplace Revolution Development Office under the Corporate Planning Division), which was followed by the launch of the Workplace Revolution and Business Efficiency Promotion Committee in January 2017. Under this structure, we are promoting improvement in the work environment with the use of IT and operational reforms by reviewing operating processes on a company-wide basis.

Information on specific initiatives is provided on the Bank’s website. (<http://www.chibabank.co.jp/company/info/diversity/>)

<Major initiatives for promoting active participation of women>

[Promotion and career development of women]

- Active promotion of women to management positions
- Seminars to help women form careers
- Career counseling for women by women in management positions
- Preparation and distribution of Women’s Advancement Promotion Handbook targeting those in management positions
- Introduction of a career support program (mentor system) for women in management positions

[Support for balancing careers and family life]

- Seminars to Support Return to Work targeting employees taking childcare leave and their spouses
- Holding of a symposium, “Chibagin Mothers’ Association,” for female employees with children
- Enhancement of return to work programs (online home learning tools and subsidy for babysitting expenses when attending seminars, etc.)
- Implementation of Family Education Support Course by Chiba Prefectural Education Board
- Establishment of three nursery facilities at business offices (CIT Himawari Nursery jointly established with Chiba Institute of Technology, and Himawari Nursery Kashiwa and Himawari Nursery Chiba independently operated by the Bank)
- Provision of the Seminar and Guidebook for Supporting the Balance of Careers and Nursing Care
- Introduction of the Re-career Plan, a re-employment system to support return to work after compulsory retirement

	<p>[Review of work style and men's participation in childcare]</p> <ul style="list-style-type: none"> - Establishment of the Workplace Revolution and Business Efficiency Promotion Committee and Business Efficiency Promotion Committee (review of operational processes and work style to improve productivity) - Flexible working arrangements (introduction of a staggered working hours system whereby employees can flexibly change the time when they start and finish working at their discretion; a substitute day off system on half-day basis; and promotion of morning work style) - Encouraging male employees to take childcare leave - Establishment of Fantastic Fathers' Declaration: Pursuing both Careers and Childrearing (a program whereby male employees with expectant spouses prepare specific action plans toward participating in child rearing, and the entire workplace supports the efforts) - Ikumen and Ikumama Seminar for employees rearing children to encourage men's participation in childcare - October 2014: Received Special Encouragement Award in Ikumen Award 2014 from the Ministry of Health, Labour and Welfare - February 2017: Certified as an Excellent Enterprise of Health and Productivity Management (White 500) by the Ministry of Economy, Trade and Industry - March 2017: Received Encouragement Award in Excellent Workplace Award for companies with pleasant working environment and high productivity from the Ministry of Health, Labour and Welfare - November 2018: Received Minister Prize in Equal Empowerment/Work-Life Balance Excellence Award (Family-Friendly Enterprises Category) from the Ministry of Health, Labour and Welfare <p>[Other]</p> <ul style="list-style-type: none"> - Holding of Diversity Forum attended by Directors and Audit & Supervisory Board Members, General Managers of headquarters and branches, and workplace representatives (held annually) - Formulation of Diversity Declaration of Conduct <ol style="list-style-type: none"> 1. We respect the personalities of each employee, strive for diversification of values, and aim to become a bank that creates new ideas. 2. We place importance on employees' willingness to form their own careers and aim to become a bank where all of them can realize their potential. 3. We promote work life management to become a bank where all employees can shine. <ul style="list-style-type: none"> - March 2015: Received "Diversity Management Selection 100" from the Ministry of Economy, Trade and Industry - December 2015: Received "Awards to Commend Leading Companies Where Women Shine (Prime Minister's Award)" from the Cabinet Office - April 2016: Received Excellent Enterprise Certification Mark "L-Star" (top-ranked) based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Chibagin Securities Co., Ltd. and Chibagin Computer Service Co., Ltd. also received L-Star in June and August in the same year, respectively.) - December 2016: Received "Awards to Commend Leading Companies Where Women Shine (Prime Minister's Award)" from the Cabinet Office
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	<ul style="list-style-type: none"> - June 2017: Elected a female Executive Officer - August 2017: Certified as “an entrepreneur that has complied with the standards” based on the Act on Advancement of Measures to Support Raising Next-Generation Children (nickname: Platinum Kurumin) - March 2018 and March 2019: Selected as a “Nadeshiko Brand” by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange <p><Status of promotion of women> As of July 1, 2019</p> <ul style="list-style-type: none"> - Two of the nine Directors are women. - There are two female Executive Officers concurrently serving as General Managers, four female General Managers, and 84 female employees in positions such as branch General Manager and Senior Deputy General Manager. - Four of the Directors of 14 group companies are women. - Number of women in management positions is 152 (ratio of women: 15.1%). - Number of women in leadership positions is 283. (ratio of women: 30.7%). - <p>[Numerical targets for promoting women to management positions] By July 1, 2021, we aim to (1) Raise the ratio of women in leader positions to 30%; and (2) Raise the ratio of women in management position to 20%. * Leader positions refer to employees who share organizational responsibilities in their roles as managers of their assigned operations. These employees are in positions supervising subordinates or hold an equivalent post.</p>
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IV. Matters Related to the Internal Control System

1. Basic Stance on Internal Control System and the Progress of System Development

- Development of systems for ensuring the proper operations
The Bank engages in the development and enhancement of internal control as shown below based on the basic policies regarding the development of systems for ensuring proper operations (internal control systems) set forth by the Board of Directors.
1. Systems for ensuring that business execution by Directors and employees comply with laws and regulations, as well as the Articles of Incorporation
 - (1) We have a clearly defined code of conduct for employees in the form of the Chiba Bank Code of Ethics and the Compliance Regulations that set forth Action Guidelines. Our Compliance Manual, which contains specific guidelines, is used to ensure that these rules are understood and observed by officers and employees.
 - (2) We firmly oppose antisocial forces that threaten the order and safety of society and that undermine healthy economic and social development.
 - (3) We reinforce a compliance structure by initiatives including setting up the Compliance Committee that deliberates on important matters concerning compliance and by defining a division responsible for compliance.
 - (4) We formulate a compliance program on a regular basis to provide a specific action plan for achieving improvements in compliance and implement it.
 - (5) The Board of Directors decides on important matters concerning compliance and receives regular reports on compliance.
 - (6) Audit & Supervisory Board Members and internal audit units, which are independent from business operating units, conduct audits on compliance regarding the effectiveness and appropriateness of the compliance structure.
 - (7) We have a whistle-blowing system to receive reports directly from employees, etc., concerning violations of laws committed by officers and employees, and the employees who made reports based on the system are not treated disadvantageously. In this manner, we are operating the system properly.
 2. Systems concerning storage and control of information related to the execution of duties by Directors
Concerning information related to the execution of duties by Directors, important documents such as minutes of meetings and requests for approval are stored and controlled properly in accordance with relevant laws, regulations, and internal rules, and are kept in an accessible condition as necessary.
 3. Rules and other systems for managing risk of losses
 - (1) We have set forth the Basic Policy on Risk Management and other risk management rules and clearly define the divisions responsible for the management of each risk as well as the division in charge of the overall management of risks faced by the Bank, thereby developing a risk management system.
 - (2) The Board of Directors decides on important matters concerning risk management and receives regular reports on risk management.
 - (3) Audit & Supervisory Board Members and internal audit units conduct audits on risk management regarding the effectiveness and appropriateness of the risk management structure.
 - (4) We have set forth a contingency plan that anticipates unforeseen circumstances such as large-scale disasters and large-scale system failures, and conduct drills as necessary.
 4. Systems for ensuring the efficient execution of duties by Directors
 - (1) The Board of Directors decides on the execution of important business matters such as the medium term management plan and business measures and receives reports on their progress, etc.
 - (2) The Board of Designated Directors, consisting of Directors and Executive Officers who are appointed by resolution of the Board of Directors, discusses a wide range of matters concerning the execution of duties by Directors.
 - (3) Adopting an executive officer system, we have separated decision-making and the Directors' supervisory functions from executive functions, thereby expediting and streamlining decision-making and business execution.
 - (4) Concerning Directors' execution of business, we set forth executive authorities and execution procedures, etc., in the Organizational Regulations, the Administrative Authorities Regulations, the Division of Duties Regulations, etc. to ensure efficient operations.

5. Systems for ensuring the proper operations at the corporate group consisting of the Bank and its subsidiaries
 - (1) To ensure the proper operations at a corporate group consisting of the Bank and its subsidiaries (the "Chiba Bank Group"), the Bank dispatches Directors and Audit & Supervisory Board Members to its subsidiaries as necessary, thereby developing an integrated management system.
 - (2) A system is in place whereby subsidiaries set forth their own regulations in accordance with the Bank's Compliance Regulations and other risk management regulations, and their compliance and risk management are supervised by the Bank's management sections. In addition, the Bank's internal audit units conduct internal audits of each subsidiary to ensure the proper operations of the Chiba Bank Group as a whole.
 - (3) We have a system in which important business operations of subsidiaries are discussed with and reported to the Bank in a timely and appropriate manner. In addition, officers of the Bank and subsidiaries exchange opinions regularly to share information on management issues faced by the Chiba Bank Group.
 - (4) The Bank and its subsidiaries comply with the arm's length rule set forth by the Banking Act not to cause disadvantages to each other.
 - (5) The Bank and its subsidiaries set forth the Internal Control Regulations concerning financial reporting and define the divisions responsible for internal control, thereby developing a system for ensuring the reliability of financial reporting.
6. Matters concerning employees who support the duties of Audit & Supervisory Board Members and matters concerning the independence of such employees from Directors
 - (1) The Bank appoints assistants to Audit & Supervisory Board Members as employees to support the duties of Audit & Supervisory Board Members under the direction by Audit & Supervisory Board Members.
 - (2) Assistants to Audit & Supervisory Board Members do not concurrently serve in positions involved in business execution, and their personnel changes, etc., require the consent of Audit & Supervisory Board Members. Their independence from Directors is ensured in this manner.
7. Systems for reporting from Directors and employees to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members
 - (1) Directors immediately report to the Audit & Supervisory Board if they find any facts that may cause severe damage to the Bank.
 - (2) Notwithstanding the foregoing, the Audit & Supervisory Board may request Directors and employees to make reports as necessary.
8. Other systems for ensuring the effective audit by Audit & Supervisory Board Members
 - (1) The Bank ensures effective audits by Audit & Supervisory Board Members by having them attend Board of Directors' meetings and other important meetings while coordinating with internal audit units and the Accounting Auditor.
 - (2) Representative Directors exchange opinions with Audit & Supervisory Board Members regularly to maintain mutual understanding and relationship of trust.
 - (3) Expenses necessary for the execution of duties by Audit & Supervisory Board Members are borne by the Bank upon request by the Audit & Supervisory Board Members.

- Overview of the implementation status of the systems for ensuring proper operations

An overview of the implementation status of the systems for ensuring proper operations at the Bank in FY2018 is as follows.

1. Execution of duties by Directors

To improve the effectiveness of the Board of Directors, the ratio of Outside Directors was set at one-third of the Board of Directors. Apart from this, to establish objective, timely, and transparent procedures for matters concerning the appointment and dismissal of Directors and remuneration, etc. for Directors and Audit & Supervisory Board Members, the Appointment, Remuneration and Corporate Advisory Committee was set up as a result of constructive revision of the Appointment Advisory Committee, the Remuneration Advisory Committee, and the Corporate Advisory Committee. In addition, to speed up decision-making concerning business execution and facilitate coordination among divisions,

we reviewed the two-headquarters structure made up of the Business Promotion Headquarters, and the Corporate Planning and Administration Headquarters and transitioned to a four-headquarters structure comprising the Business Promotion Headquarters, the Corporate Planning Headquarters, the Corporate Administration Headquarters, and the Operation Headquarters. Under this system, we held a Regular Meeting of the Board of Directors 12 times and an Extraordinary Meeting of the Board of Directors four times, whereby decisions were made on important business execution and reports were made on the progress of the medium term management plan. Through these efforts, we properly supervise the execution of duties by Directors. Also, the Board of Designated Directors, consisting of Directors and Executive Officers appointed by the Board of Directors, met 41 times in total to discuss a wide range of matters concerning the execution of duties by Directors. (Basic Policy 1, 2, 3 and 4)

2. Risk management system

The ALM Committee met 12 times, the Credit Risk Management Committee met four times, and the Operational Risk Management Committee met twice to discuss policies for each risk. Reports were also made to the Board of Directors on the status of integrated risk management on a quarterly basis, and on the status of market liquidity risk and credit risk semiannually. In addition, the state of cyber-attack occurrence and strengthening of countermeasures thereto, and management systems for cyber-attacks, etc., were regularly reported to the Board of Directors. We also conducted drills to set up an emergency headquarters in anticipation of the occurrence of critical situations and other drills to handle important businesses. (Basic Policy 3 (1), (2) and (4))

3. Compliance structure

The compliance program was established by the Board of Directors and the Compliance Committee met 12 times to deliberate as needed on matters such as the status of the execution of the program, measures to prevent recurrence of compliance violations based on root cause analysis, and efforts for further enhancement of countermeasures against money laundering and terrorism financing activities. Important matters related thereto were reported to the Board of Directors. We also established whistle-blowing contact points within and outside the Bank to strengthen the system, and properly operated rules to protect informants. (Basic Policy 1 (1) – (5) and (7))

4. Ensuring the proper operations at the Chiba Bank Group

Under the overall supervision of the Group CEO, the newly introduced Group Chief Officers are assigned responsibility for their areas of supervision, thereby creating a group-wide corporate management system. Moreover, we assigned responsible Directors to supervise each group company, dispatched Audit & Supervisory Board Members, oversaw the compliance and risk management of each company via the Bank's management sections, and conducted internal audits at each company via the Bank's internal audit units, thereby ensuring proper operations at the Chiba Bank Group. In addition, the execution of important businesses at each group company was discussed with and reported to the Bank in a timely and appropriate manner, and meetings of the Group Supervision Committee were held to understand the management status and issues of each group company. In this way, we worked to strengthen management of and support for group companies. (Basic Policy 5)

5. Ensuring the effective audit by Audit & Supervisory Board Members

The Bank has adopted an Audit & Supervisory Board system. Audit & Supervisory Board Members conducted objective and reasonable audits through means such as attendance at meetings of the Board of Directors and other important meetings, checks on important documents, onsite audits at headquarters and branches, holding of interviews with Directors and General Managers, and having group-wide Audit & Supervisory Board Members Meetings. In addition, Audit & Supervisory Board Members regularly exchange opinions with Representative Directors and Outside Directors. Audit & Supervisory Board Members also maintain close coordination with internal audit units and the Accounting Auditor. (Basic Policy 1 (6), 3 (3), 6, 7 and 8)

2. Basic Stance on Eliminating Antisocial Forces and the Progress of System Development

1. Basic stance on eliminating antisocial forces (basic policies)

The Bank's basic policy is to firmly oppose and eliminate antisocial forces that threaten the order and safety of society and that undermine healthy economic and social development.

2. Progress of system development for eliminating antisocial forces

(1) Responsible divisions and persons in charge of prevention of damage from antisocial forces

The division responsible for compliance manages and administrates efforts to eliminate antisocial forces. We also allocate persons in charge of prevention of damage from antisocial forces at all business bases.

(2) Links with external organizations

The Bank maintains links with police authorities and lawyers on a regular basis as a structure to provide appropriate countermeasures against unreasonable demands.

(3) Collection and management of information concerning antisocial forces

We concentrate information concerning antisocial forces at the division responsible for compliance to allow unified management of such information by the division.

(4) Development of the response manual

We have the Compliance Manual and the Regulations Concerning the Prevention of Damage from Antisocial Forces, which set forth basic matters toward eliminating antisocial forces, and a practical manual that covers specific methods to respond to antisocial forces.

(5) Status of implementation of trainings

We provide thorough training to employees on basic policies for firmly opposing and eliminating antisocial forces and specific methods to respond to antisocial forces through level-specific and operation-specific training and e-learning programs, etc.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

Not applicable.

2. Other Matters Concerning Corporate Governance System

1. Basic stance on information disclosure

In order to establish the trust of stakeholders including customers, shareholders, employees, and regional communities and to enhance the transparency of management, the Bank will disclose information in a fair, timely, and appropriate manner so that stakeholders can understand it easily.

2. Information subject to disclosure and method of disclosure

The Bank will disclose information in accordance with the Companies Act, the Banking Act, the Financial Instruments and Exchange Act, the Timely Disclosure Rules set forth by the Tokyo Stock Exchange, and other related rules and regulations, etc. If important corporate information is found, the Bank will make proper public announcement immediately pursuant to the Timely Disclosure Rules, and posts the same content on the Bank's website promptly.

Aside from such information, in response to the needs of stakeholders, we will actively disclose information voluntarily on such matters as management policies and business content through the use of the Internet and printed publications, etc.

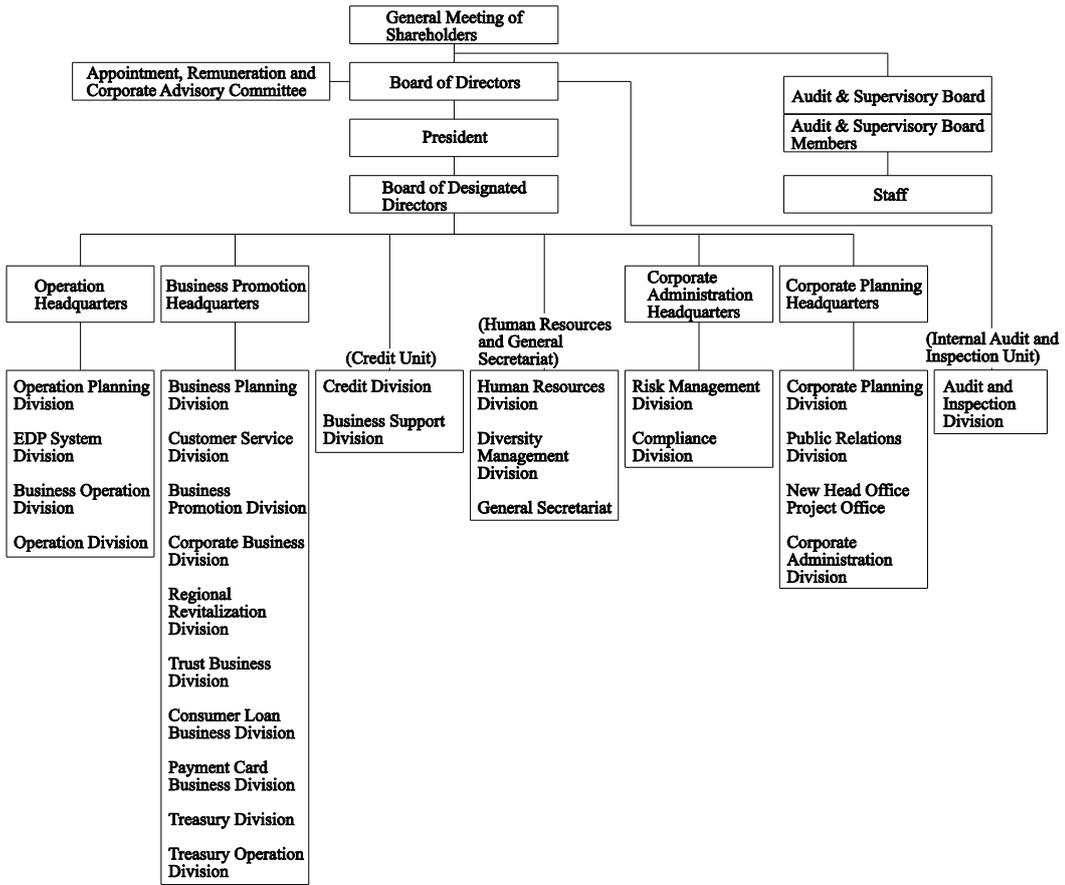
3. Internal structure concerning disclosure

The Bank complies with laws and regulations and to establish and pursue corporate ethics. Disclosure required by related laws and regulations and voluntary disclosure are conducted properly pursuant to the provisions of various regulations.

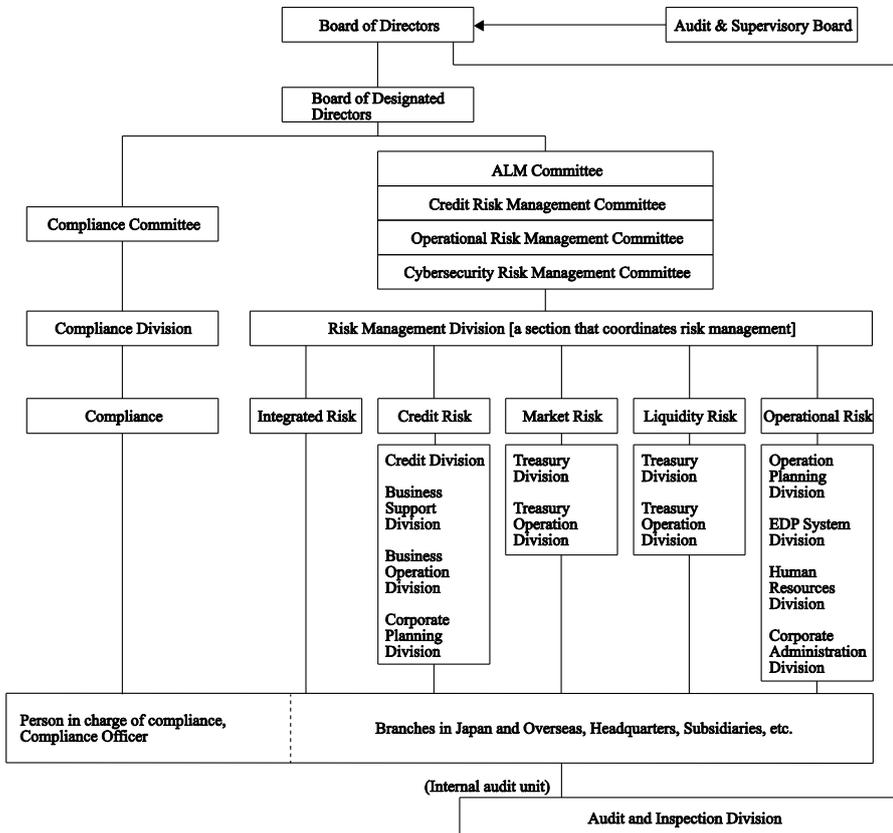
Corporate information subject to timely disclosure is concentrated at Corporate Planning Division and is monitored and managed pursuant to internal rules. The Corporate Planning Division discloses information in a timely manner based on the approval of President and responsible Directors in charge for disclosure, timing of disclosure and contents, obtained in accordance with internal rules (including reports to the Board of Directors and the Board of Designated Directors as appropriate), after the compliance divisions examine the legal requirements, etc. as necessary.

In addition, the properness of the procedures for disclosure is validated and assessed by the Audit and Inspection Division, which is the division responsible for internal audits, and is reported to management.

[Corporate Governance System] (As of July 1, 2019)



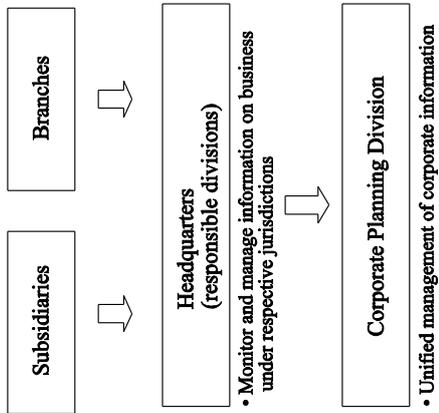
[Risk Management System] (As of July 1, 2019)



[Internal systems relating to timely disclosure of corporate information] (As of July 1, 2019)

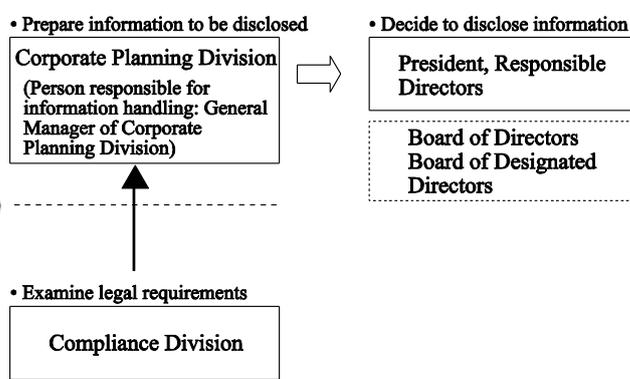
<Monitor and manage corporate information>

- Concentrate information at Corporate Planning Division at any time



<Corporate information disclosure procedure>

- Decide on preparation, examination, and implementation of information disclosure



<Disclosure>

Timely disclosure of corporate information

<Verification of internal management structure>

- Audit of legal compliance structure

