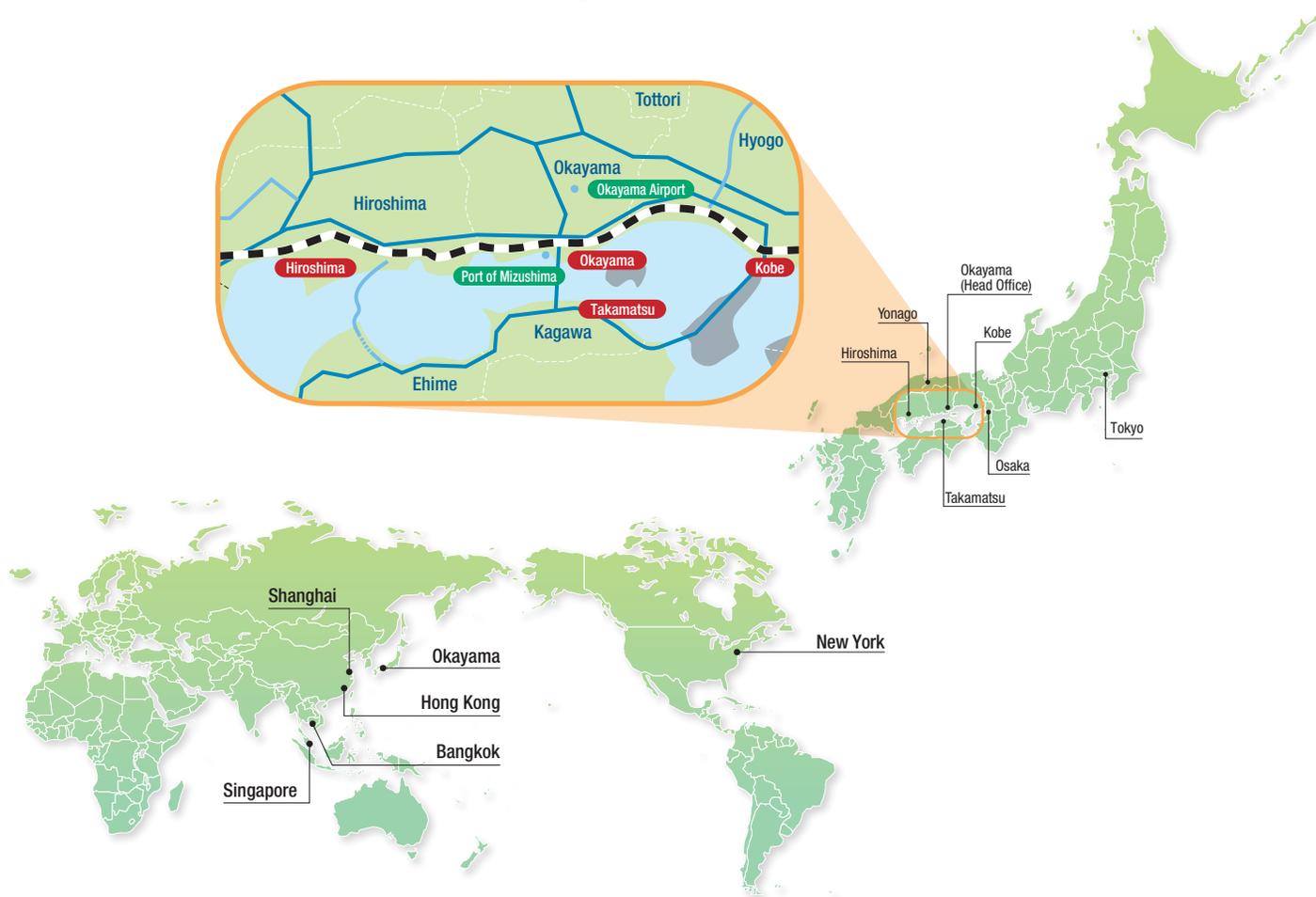


Profile

Okayama Prefecture, home to the head office of the Chugoku Bank, is situated approximately 700 kilometers west of Tokyo. Facing the Seto Inland Sea, the prefecture is known throughout Japan as “the sunny land” due to its mild climate and consistently nice weather.

With a population of 1.92 million people, Okayama Prefecture yields a gross prefectural product of over ¥7,788 billion (U.S.\$73,305 million), or an impressive 1.42% of Japan’s GDP. Manufacturing is the core industry in Okayama, having evolved around the Mizushima Waterfront Industrial District—the world’s leading petrochemical complex—which was constructed in the 1960s. Given the prefecture’s ever-improving highways, airports, and harbors, there is further growth anticipated, with the area serving as an important economic and cultural center for the Eastern Setouchi region.

*The amounts in this document have been rounded down to the nearest figure.



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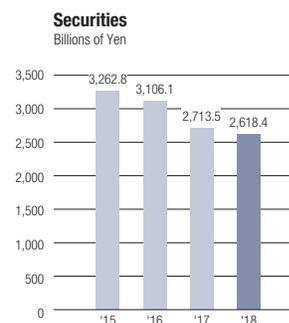
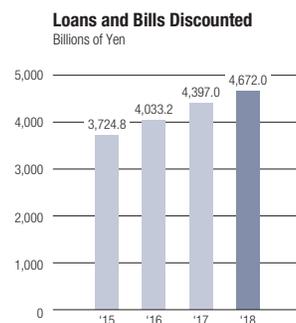
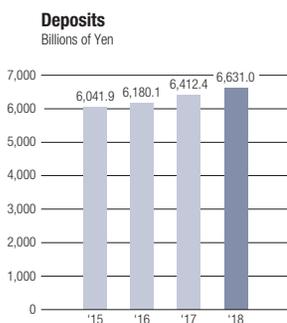
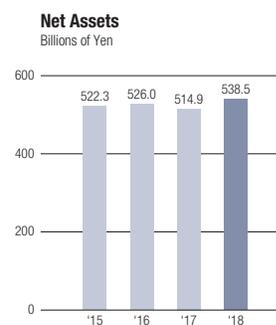
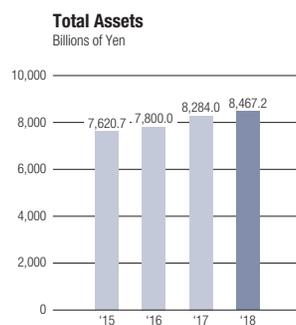
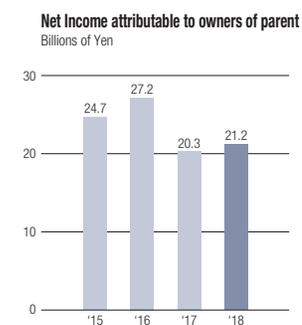
Consolidated Financial Highlights

The Chugoku Bank, Limited and its Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of Yen (except per share amounts)		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
For the year:			
Total income	¥ 132,459	¥ 142,872	\$ 1,246,790
Total expenses	101,733	111,736	957,577
Net income attributable to owners of parent	21,258	20,323	200,094
Per share of common stock (yen/U.S. dollars):			
Basic net income	¥ 111.19	¥ 105.34	\$ 1.046
Diluted net income	111.05	105.18	1.045
At year-end:			
Deposits	¥ 6,631,082	¥ 6,412,468	\$ 62,416,057
Loans and bills discounted	4,672,001	4,397,009	43,975,913
Securities	2,618,448	2,713,527	24,646,536
Total assets	8,467,295	8,284,008	79,699,689
Net assets	538,534	514,975	5,069,032
For the year:			
Cash flows used in operating activities	(101,208)	(24,041)	(952,635)
Cash flows provided by investing activities	73,151	351,353	688,544
Cash flows used in financing activities	(6,654)	(13,585)	(62,631)
Cash and cash equivalents at end of year	760,451	795,168	7,157,859

Notes: 1. U.S. dollar amounts represent translations from yen, for convenience only, at the rate of ¥106.24 = US\$1 in effect on March 31, 2018.

2. Net income per share is based on the weighted average number of shares of common stock outstanding during the year (excluding treasury stock).



Corporate Principles

Remain firm in self-driven sound management to develop in step with regional society by providing unwavering trust and superior comprehensive financial services

The Chugoku Bank has designated “self-driven sound management” as its corporate principles, and all employees actively work to improve business results and contribute to the region based on this philosophy.

“Self-driven sound management” refers to maintaining unwavering soundness in any type of environmental changes, not seeking quick gains but aiming to enrich equity via expansion of business types from our own knowledge and actions that are balanced in quality and volume, thorough cost saving, and implementation of a personnel policy that values small numbers with superior talent, all in an effort to maintain and develop a firm management foundation. This is also an expression of our strong commitment to “protect with our lives the money entrusted to us by our customers.” This way of thinking originated from important lessons learned from events such as the financial crisis at the beginning of the Showa era and the chaotic period following the close of the World War II, and is carried on by each and every employee to this day.

Amid changes to regional economic structures due to factors such as future advancement of population decline, a low birth rate, and an aging society, competition among financial institutions is becoming increasingly fierce. Under such a management environment, demands on financial institutions to secure soundness and transparency have become increasingly strong. While firmly maintaining its traditions in self-driven sound management, the Bank will appropriately and swiftly respond to changes in the environment and customer needs, working to strengthen its financial standing.

Corporate Vision

A bank that is “chosen” and “trusted” by regional customers

Chugin-no-kokoro (Philosophy of Chugoku Bank)

“Chugin-no-kokoro” was formulated as a guide and set of values that each individual in the Chugoku Bank Group should hold when engaging in self-motivated work. With all employees across the Group facing the same direction, organizational strength will be enhanced, with the goal of providing satisfaction and emotion to our customers.

To Customers

We will aim for a Win-Win relationship with customers

[Added value]

We will deliver satisfaction and emotion to our customers through “mindful service”

- We will provide superior proposals from a customer’s standpoint and through an understanding of true expectations
- We will provide fresh and comfortable service
- We will do work that is memorable, chosen by “people” and welcomed by customers and the region

[S t a n c e]

We will work toward mutual growth with customers

- We will think with our customers and act together
- While attaining further strength to enable our customers to grow, we will work closely and deepen customer ties

As Individuals

We will realize dreams through our work

[Growth]

We will hold high motivation and challenge ourselves to grow

- Each individual will represent the Chugoku Bank Group, executing duties with responsibility
- Skills will be continuously polished as professionals in our respective standpoints
- We will aim to be members of society with sincerity and humanity

[Concentration of strength]

We will recognize, respect, and cooperate with each other

- Through teamwork, we will create an active workplace that understands and respects colleagues
- We will create new value with “All Chugin,” cooperation that exceeds organizational boundaries

As a Company

We will provide motivating work and a place to grow

[Culture]

The Chugoku Bank Group will provide a motivating workplace

- We will foster a workplace culture with open communication, freedom, and vigor
- We will fully support challenges that each individual undertakes
- We will empower positive risk-taking, and value earnest effort

[Organizational strength]

The Chugoku Bank Group will collect diverse strengths to raise its organizational strength

- By respecting various individuality and workstyles, we will create a strong and flexible organization
- Through mutual harmony, we will aim to improve organizational strength through teamwork
- From the viewpoint of emphasizing the actual situation of the workplace, we will all support each other

Message from the Management

We aim to “Create with Our Community, Customers and Employees a Rich Future that We Can All Share.”

At our Bank, we aim to realize a long-term vision: “Create with Our Community, Customers and Employees a Rich Future that We Can All Share.” This vision forms the basis of our 10-year management plan, “Vision 2027: Plan for Creating the Future Together,” which we launched in the fiscal year ended March 31, 2018. We are proposing a variety of measures in our endeavor to see this vision become a reality.

Here we introduce our main activities of this term.

1) Improving quality of services provided

[Enhancing regional support activities]

In the corporate business sector, by using our commercial viability evaluations as a base to more deeply understand our customers’ businesses and management issues, etc., we actively developed our “regional support activities” to better provide optimal solutions geared towards resolving various issues.

Furthermore, regarding our start-up support activities, in addition to developing the “Okayama Innovation Project” and implementing innovation schools and contests, we have established the “Chugin Innovation Fund” and strengthened our endeavors towards the revitalization of regional economies via dynamization of business start-ups.

[Strengthening life planning sales]

In the individual sales sector, we focused on our “Life plan support activities,” which provide optimal products based on each individual customer’s asset conditions, family structure, and future life events.

In our operations of assets in custody, following our “customer-centric operational management principles” and in cooperation with our group company Chugin Securities Co., Ltd., we’ve carried out active sales activities to propose our customers’ future asset creation.

[Maximizing group synergies, cultivating new business domains]

Working to enter new business domains, starting April this year, we launched corporate auto-lease business in our group company The Chugin Lease Company, Limited.

We, as the entire Chugoku Bank Group, continually maintain a policy to strive to provide a wide range of financial services.

Furthermore, in the “TSUBASA Alliance,” we are conducting joint development of open APIs for customers to safely use FinTech providers’ services. The alliance initiatives cover not only such a system development, but also the fields such as business matching and syndicated loans.

2) Expanding opportunities to provide services

[Revising and recreating channels]

In November of last year, we established the “Chugin Kurashiki Insurance Plaza” as an annex of the Kurashiki Housing Loan Center, making it the third dedicated insurance consultation counter for our Bank.

We are working hard to expand our life plan-oriented weekend operations to help customers who cannot contact us during weekdays, regardless of loans or insurance status.

[Rethinking operating hours and sales staff, reassigning personnel]

In April of last year, we launched the “BPR Promotion Project” with the goal of reforming our corporate structure by rethinking operating hours and sales staff and improving productivity, and are considering fundamental revision, headquarters concentration, and systemization of various administrative operations.

In the fiscal year ended March 31, 2018, we reassigned roughly 100 back office personnel to sales branches and the strategic divisions of the headquarters.

3) Strengthening power to provide services

[Strengthening personnel development]

We’ve implemented a variety of measures for our personnel development programs, including long-term training for new employees, expansion of external personnel secondment and long-term training dispatch for young employees, support for acquiring advanced certifications, and the introduction of 360-degrees evaluations and home study support systems.

[Organizational reforms]

As for the headquarters organization, with the goal of improving the effectiveness of our “regional support activities” and “life plan support activities,” we implemented a restructuring of our headquarters organization

on April 2, this year. The sales division, which previously had three sections, has been restructured to consist of two sections: the “Solution Business Department” for corporate sales; and the “Sales Headquarters” for individual customer sales.

Additionally, as part of our endeavor to strengthen our corporate governance, we established a “Nominating and Compensation Committee” in December of last year to act as a voluntary advisory body for the Board of Directors, which improved the supervisory functions of the Board of Directors and strengthened the framework to obtain appropriate involvement and counsel from Outside Directors.

4) Changing individual ways of thinking and reforming organizational culture

[Reforming ways of thinking and organizational culture, CS and ES improvement]

We’ve conducted human resource system reforms targeted at improving diversity and reforming the work style, including new systems and establishments for expanding participation opportunities for senior personnel, and greater flexibility in staggered work hours.

Furthermore, aiming towards revitalizing in-office communication, we launched the “Flat Meeting System.” The goal of flat meetings is to engage in mutual discussion that surpasses the individual viewpoints and positions of each section, and bring about a work climate that is open, natural, and spirited. We, as a policy, will strengthen our endeavors towards the realization of our Bank’s philosophy, “Chugin-no-kokoro.”



June 2018

Masato Miyanaga

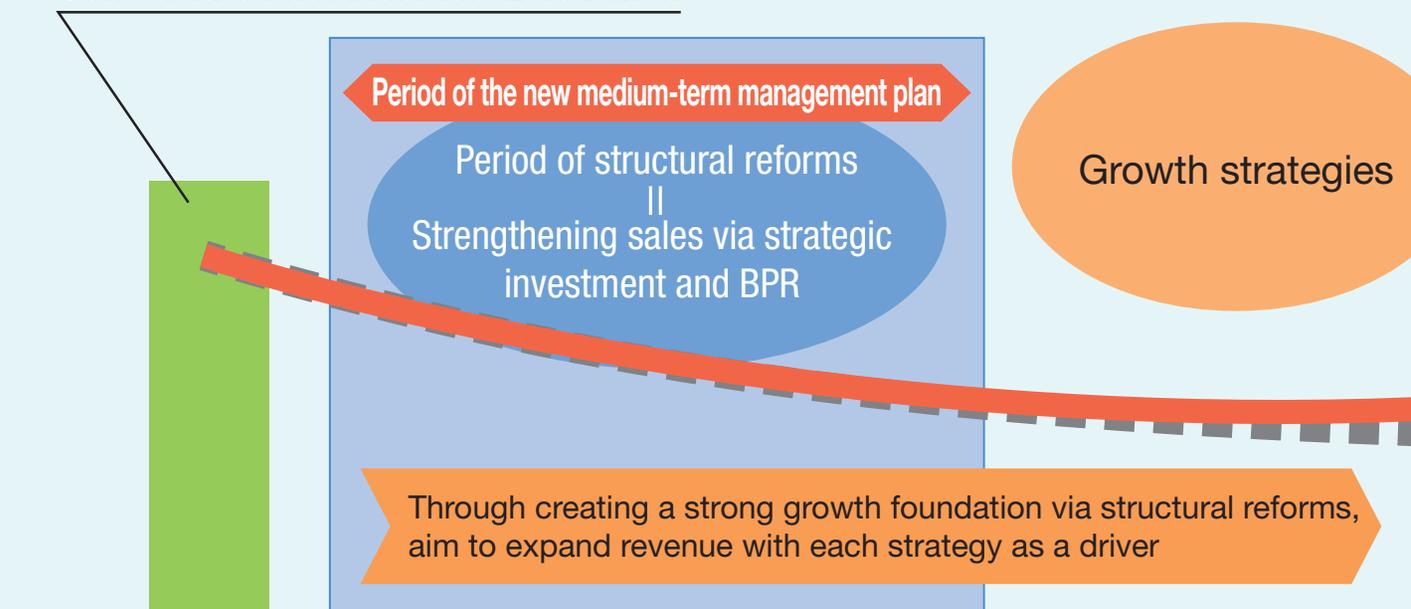
Masato Miyanaga,
President

Chugin 10-year Strategy, “Vision 2027: Plan for Creating the Future Together”

Long-term Vision Create with Our Community, Customers and Employees a Rich Future that We Can All Share

On the current course, revenues can be expected to decline in line with changes to Japan’s but the Bank will aim to expand revenues through realizing growth strategies borne of

***Consolidated net income: ¥20.3 billion**



Fiscal year ended March 31, 2017

Medium-Term Management Plan, “Plan for Creating the Future Together: Stage I”

Overview of Medium-Term Management Plan

Period: April 2017 – March 2020 (3 years)

- The name “Plan for Creating the Future Together: Stage I” designates its positioning as the first stage of the 10-year strategy (Vision 2027: Plan for Creating the Future Together).
- The main theme of the new medium-term management plan shall be “Create with Our Community, Customers and Employees a Rich Future that We Can All Share,” which is the same as the long-term vision defined in the 10-year strategy (Vision 2027: Plan for Creating the Future Together).

Four key strategies for the three years of “Plan for Creating the Future Together: Stage I”

Measures to create a rich future

Improving quality of services provided

We will provide superior services through strict adoption of a customer-first mindset

- 1) Enhancing regional support activities
- 2) Strengthening life planning sales
- 3) Maximizing group synergies
- 4) Cultivating new business domains

Expanding opportunities to provide services

We will create a structure that can provide services “anytime,” “anywhere,” aiming to become a bank that is closest and most convenient for customers

- 5) Revising and recreating channels
- 6) Rethinking operating hours and sales staff
- 7) Reassigning personnel

Measures to create management foundations

Strengthening power to provide services

While developing personnel to support the Bank, we will strengthen corporate management functions

- 8) Strengthening personnel development
- 9) Organizational reforms
- 10) Strengthening ALM functions
- 11) Cost management

Changing individual way of thinking and reforming organizational culture

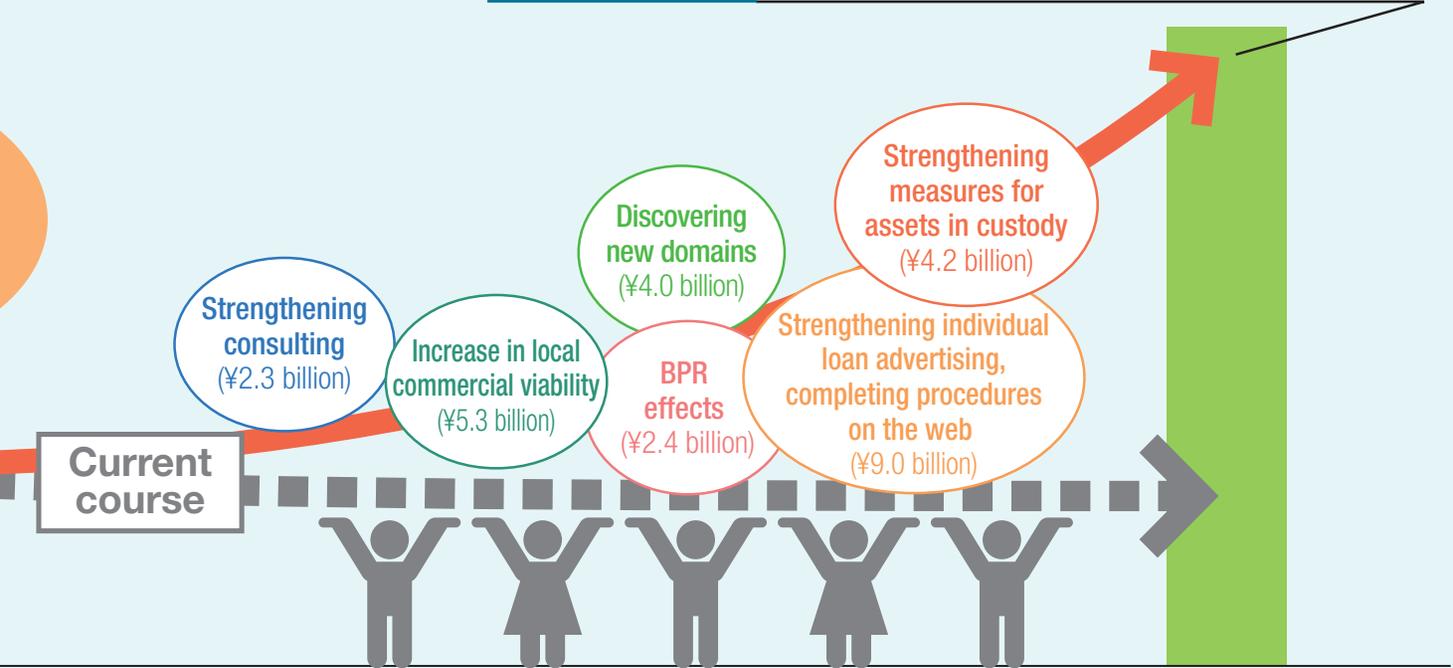
This will serve as the base for embarking on positive challenges with all managers and employees of the Group united as one

- 12) Reforming way of thinking and organizational culture, CS and ES improvement
- 13) Compliance

societal structure,
structural reforms

**What the Bank
aims to be**

***Consolidated net income: ¥30.0 billion**



Plan for fiscal year ending March 31, 2027

*Consolidated net income: net income attributable to owners of parent

Target figures of the medium-term management plan

* The medium-term management plan will use target figures defined in the 10-year strategy (Vision 2027: Plan for Creating the Future Together)

3 years later

10 years later

“Region Support Project” comprehensive points

15,000pt

20,000pt

“Region Support Project comprehensive points” are a unique index used by the Bank to measure activities that provide optimal solutions for needs and issues of communities and customer companies by appropriately evaluating the business content, management issues, and growth possibilities, etc. (evaluating commercial viability) of customer companies according to life stages.

“Life plan support activities” comprehensive points

Continuous improvement

Continuous improvement

“Life plan support activities comprehensive points” are a unique index used by the Bank to measure activities that provide optimal products and services after careful examination of life events for each individual customer and providing pertinent information in view of the customer’s life plan.

Customer satisfaction survey

Continuous improvement

Continuous improvement

The standard shall be “transaction satisfaction” as indicated on surveys conducted by the Bank.

Net income attributable to owners of parent

¥16.0 billion

¥30.0 billion

Consolidated capital adequacy ratio (Basel III)

Maintain stable 12%

Maintain stable 12%

Consolidated ROE

(Single year for the fiscal year ending March 31, 2027) 5% or more