

CSR Activities

The Bank has established a CSR Committee with the president as chairman. We consider our stakeholders to be current and future customers, shareholders, the regional community and bank employees, and the Bank's approach to CSR activities underlines this broad view.

At the heart of CSR activities is the Bank's integrity upheld through compliance and corporate governance in order to ensure the Bank is an upstanding corporate citizen when conducting its operations.

In activities contributing to society, the Bank places the highest priority on contributions to the region in its capacity as a regional financial institution. We are continuously considering bold, new approaches beyond our core operations in order to contribute to society.

Through these activities we will grow and develop hand in hand with our local communities.

Social Contribution through Business

Policy on Initiatives Related to Management Support for SMEs (Basic policy concerning promotion of regional financing)

▶ As its corporate principles, the Bank strives to "Remain firm in self-driven sound management to develop in step with regional society by providing unwavering trust and superior comprehensive financial services." By providing superior comprehensive financial services to regional customers, the Bank will work to contribute to the revitalization and continuous growth of regional society.

▶ To achieve this, in addition to its role as a provider of funds marked most significantly by loans, the Bank recognizes as an important issue the revitalization of regional economies through consulting that corresponds to the life stage of customers, which includes start-up and new business support, growth support, management improvement and business renovation support, and business continuity.

▶ The following three items have been defined as the "policy on initiatives concerning promotion of regional financing," and the Bank will work to expand its activities in these areas.

Making Full Use of Our Consulting Function According to the Life Stage of Our Customers

- The Bank's policy is to fully comprehend customer companies' management challenges on business and financial terms by evaluating their commercial viability, and also to commit to fulfilling our consulting function in coordination with outside experts.
- In "supporting start-ups/new businesses, growth support such as development of sales channels and support for overseas expansion, and business continuity support," we are strengthening our consulting functions through unified support from the start-up consideration stage until commercialization, various business meetings, and business matching, etc.
- In "management improvement and business rehabilitation supporting," we further enhance our supporting activities for management improvement through integration among the Bank's branches and headquarters to propose the right solutions at the right time, based on comprehension of the business content of our customers. In addition, we actively employ outside expert organizations such as REVIC and the Revitalization Support Council and various funds to provide more advanced methods of assistance in the management improvement and business rehabilitation supporting field.

Contributing to Regional Creation and Revitalization of Regional Economies

- By setting up a "Comprehensive Town, Person, and Work Creation Strategy Structure," the Bank actively participates in each local government from the regional comprehensive strategic planning stage.
- In the strategy execution stage as well, the Bank continues to work in

cooperation with local governments for regional creation via initiatives such as new business proposals and participation in business operation conferences that leverage its knowledge and networks.

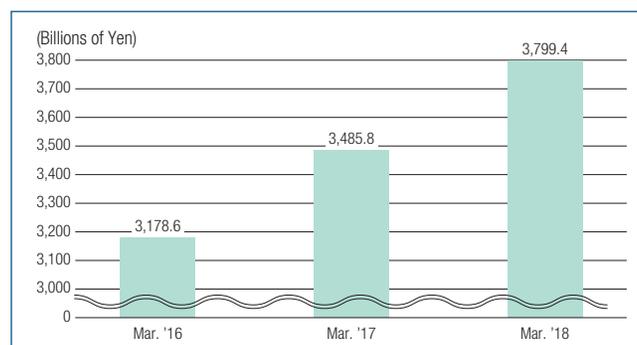
- The Bank collects and analyzes various forms of information from the region, and actively promotes industry-academia-government-finance cooperation. In addition, the Bank is strengthening efforts to support the cultivation of growth fields and efforts to promote the region.

Actively Offering Information to the Regional Society and Our Customers

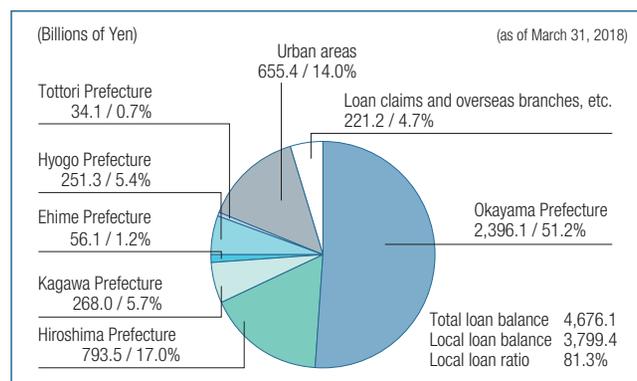
- The Bank actively offers information about specific activities and their results with regard to efforts related to community-based financial services. We will strive to improve our services even further in order to earn the trust and support of our regional customers.

Loan Balance to Regionals

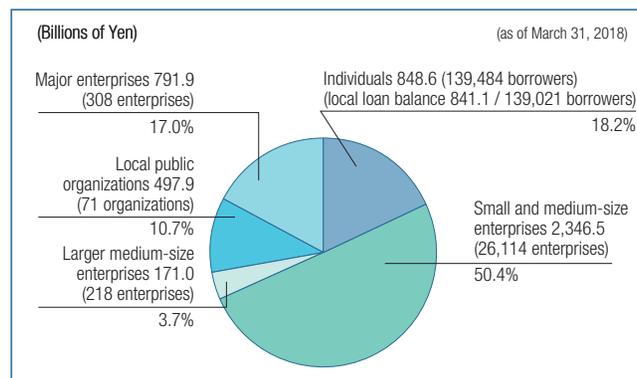
The Bank will take on risks proactively to meet the financing needs of customers.



Breakdown of Loans to the Regional Community



Loan Balance by Type and Number of Borrowers



Loans to Individuals

We have established housing loan centers to actively address individual client needs to acquire a home and provide support for financing plans based on the client's life plan.

In addition to housing loans, we provide card loans, automobile loans and student loans, as well as loans for construction of apartments and other residential property to make the most effective use of underutilized real estate.

As a result of these efforts, the balance of loans to individuals increased ¥73.8 billion for the year compared with the fiscal year ended March 31, 2017, to ¥1,097.8 billion.

Loan Balance to Individuals



Wide-reaching Social Contribution beyond Business

The Bank is engaged in a wide range of activities to contribute to the regional community.

These activities include a think-tank run by the Group's Okayama Economic Research Center, and support for sports, culture, education, and community events, as well as providing time deposits in aid of the Association of Medical Doctors of Asia (AMDA), parenting support, and environmental conservation activities.

Compliance System Overview

All the officers of the Chugoku Bank are aware of the social responsibilities that are required of us. We believe that a critical challenge in our operations is strengthening our compliance framework to meet the expectations of our local customers and stockholders. This is seen as one of our CSR activities.

Some of our compliance activities are as follows:

1. We concrete measures such as the enactment of the Corporate Code of Conduct as the basis for ethical conduct in the course of management and operations; the Guidelines for the Conduct of Bank Clerks, which bank clerks should observe in the course of their duties; the Compliance Manual which are the reference manuals for compliance at the Bank.
2. We establish the Compliance Committee and assign Legal Compliance Supervisors at the various branches and offices.
3. We try to ensure that an awareness of compliance permeates the organization by various types of seminars.
4. We create a Compliance Program each year as a plan for the practical implementation of compliance and verify the progress on and degree of achievement on a regular basis.
5. With the objective of preventing inappropriate behavior by bank staff and facilitating the early detection of unethical activities, we have adopted a system wherein employees may report any wrongdoing directly to top management.
6. The Chugoku Bank Group is taking a firm stance against anti-social forces that threaten social order and safety and prevent the development of a sound economy and society. As an organization, we also collaborate with external bodies with expertise in this area, such as the police, in dealing with

inappropriate demands by such anti-social forces.

The Bank takes the approach of giving compliance and morals the highest priority and is emphasizing compliance within its corporate culture.

Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism

As global threats of nuclear weapons, missiles, and terrorism continue to increase, cutting off financial sources leading to criminals and terrorists is an issue that needs to be addressed jointly by the Japanese and international communities, and measures to prevent money laundering and terrorist financing now bear greater importance.

The Financial Services Agency established and released the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism which outlines the basic approach that financial institutions should take in implementing effective countermeasures. In such climate, the Bank formulated the following policy and takes measures to prevent the flow of funds to criminal syndicates, to maintain safe and convenient financial services, and to create an environment making it difficult for criminal syndicates to engage in activities.

Policy on the Prevention of Money Laundering, etc.

The Chugoku Bank, Limited
The Chugoku Bank, Limited (hereinafter, the "Bank"), based on the recognition that prevention of money laundering and terrorist financing is a priority task required not only domestically but also from the rest of the global community, has set up a management system in order to strictly address this task and has set forth the following policy as a basis for execution of operations.

1. Management Policy

The Bank shall clarify roles and responsibilities associated with the prevention of money laundering and terrorist financing (*1 hereinafter collectively, "Money Laundering, etc.") and establish an internal system capable of responding to Money Laundering, etc. in a timely and accurate manner.

2. Verification at the Time of Transaction (*2)

- The Bank shall establish an internal system capable of conducting verifications at the time of transaction in a timely and accurate manner.
- The Bank shall continually give training to its officers and make them thoroughly understand related laws, regulations and administrative rules, in order to conduct verifications at the time of transaction in a timely and accurate manner.

3. Confirmation of Sanctions Including Freezing of Assets (*3)

- The Bank shall establish an internal system capable of confirming sanctions including the freezing of assets of terrorists, etc., in a timely and accurate manner.
- The Bank shall continually give training to its officers and make them thoroughly understand related laws, regulations and administrative rules, in order to confirm sanctions including the freezing of assets of terrorists, etc., in a timely and accurate manner.

4. Notification of Suspicious Transactions (*4)

- The Bank shall establish an internal system capable of notifying suspicious transactions in a timely and accurate manner.
- The Bank shall promptly notify the authorities of suspicious transactions in accordance with laws and regulations.
- The Bank shall continually give training to its officers and make them thoroughly understand related laws, regulations and administrative rules, in order to notify suspicious transactions in a timely and accurate manner.

5. Verification of the Status of Compliance

The Bank shall inspect the status of compliance with regard to the prevention of Money Laundering, etc., and based on the results of such inspections, shall continually make efforts to improve its internal system.

*1. Money laundering refers to "the act of concealing the source of funds obtained from criminal activities, in order to make them appear as though they were obtained from legitimate transactions," and terrorist financing refers to "the act of providing terrorists with funds necessary for committing terrorist acts, including bomb attacks and hijacking."