

The 14th Medium Term Management Plan

NEXT STEP 2023

~ connect and go beyond, for the future ~

From April 1, 2020 to March 31, 2023

Basic Policy I “We will continue to evolve closely with our customers”

Four key strategies for evolving existing businesses

Key Strategy 1 Personal Business

Strengthen consulting functions that are closely linked to the lives of individuals

Key Strategy 2 Corporate Business

Increase capabilities for solving management issues as a partner

Key Strategy 3 Regional Revitalization

Strengthen initiatives for regional revitalization by increasing capabilities for solving regional issues

Key Strategy 4 Branches and Channels

Optimize branch functions and other aspects that support the enhancement of customer contact

Basic Policy III

“We will advance alliance strategies”

Two key strategies for realizing Basic Policies I and II

Basic Policy IV

“We will realize sustainable management”

Four key strategies that are the foundations for realizing the vision of the medium term management plan

Key Strategy 9 Human Resources

Build a rewarding company and enhance human resource development (organizational culture and human resources)

Vision

Enhance “customer experience” by deepening financial functions and creating new models for regional finance

The term “customer experience” refers not only to the value of products we offer and the satisfaction gained at the moment of transactions with the Bank but also to the total experience, spanning from present to future, including the emotion and sense gained by the customer as a result of interacting with the Bank.

Basic Policy II “We will continue to create new value for our customers’ future”

Two key strategies for creating new services and businesses

Key Strategy 5 Digital and Information

Provide new value through the use of digital technologies and all types of information resources

Key Strategy 6 New Businesses

Create new services and operate new businesses beyond the existing framework

Key Strategy 7 Collaboration with Other Banks

Advance collaboration with other banks

Key Strategy 8 Cross-Industry Collaboration

Enhance collaboration with companies in other industries

Key Strategy 10 BPR

Improve productivity and realize diverse work styles

Key Strategy 11 SDGs

Enhance SDGs initiatives together with the region

Key Strategy 12 Business Management Structures

Establish solid management foundation

In the medium term management plan “NEXT STEP 2023 ~ connect and go beyond, for the future ~” which commenced in April 2020, executives and employees of our group are working together to achieve the plan based on the Chiba Bank Group’s mission which is to “contribute to the sustainable development of regional economies through the provision of the latest financial services as a partner for customers and regional communities.”

Target Figures

● Target indicators

The medium term management plan “NEXT STEP 2023 ~ connect and go beyond, for the future ~” is a three-year plan starting in April 2020 with the following figures as its target indicators: (1) profit attributable to owners of parent, (2) consolidated ROE (based on shareholders’ equity), and (3) OHR (non-consolidated).

	Results for FY2019	FY2022 (Final Fiscal Year)
Profit attributable to owners of parent	¥48.0 billion	¥60.0 billion
Consolidated ROE (based on shareholders’ equity)	5.67%	Mid- 6%
OHR (non-consolidated)	54.61%	In the lower 50% range

Allocation of Management Resources



Personnel ~ Supporting growth of employees and strengthening development of specialists

In terms of personnel, for the purpose of developing personnel with special skills, we have set up a training system for human resource development, with a quota of some 50 persons every year, and will step up dispatch of personnel to headquarters training and other companies. In addition, by promoting improvement of operational efficiency mainly through a review of operational flow and the utilization of RPA*, we will reallocate 300 employees to planning/promotion units of the headquarters, branches, and group companies to realize various measures of the medium term management plan.



Investments ~ Investing heavily in strategic fields such as digital strategies and efficiency improvement measures

In terms of investments, the investment budget (excluding reconstruction of the head office building) during the period of the plan is set at ¥25.0 billion. Of this amount, ¥13.0 billion will be allocated for focused investment in strategic fields such as strengthening digital-based services, reviewing information utilization and branch network, and further improving operational efficiency.



Expenses ~ Strengthening expense control

While expenses are expected to increase due to a rise in depreciation cost mainly as a result of the reconstruction of the head office building and the release of new systems, cost reduction measures are also planned to be carried out. Expenses of ¥85.5 billion are planned for the fiscal year ending March 31, 2023.

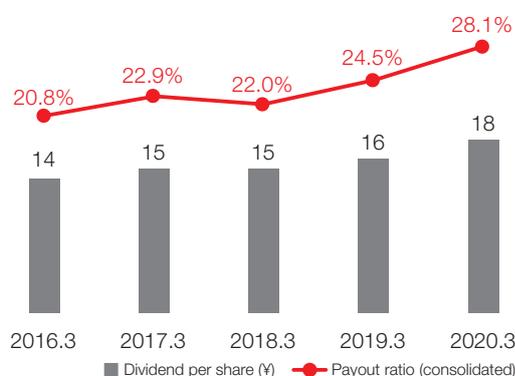
*RPA is an abbreviation for Robotic Process Automation. System for automating routine administrative tasks through software using robot technology.

Capital Policy

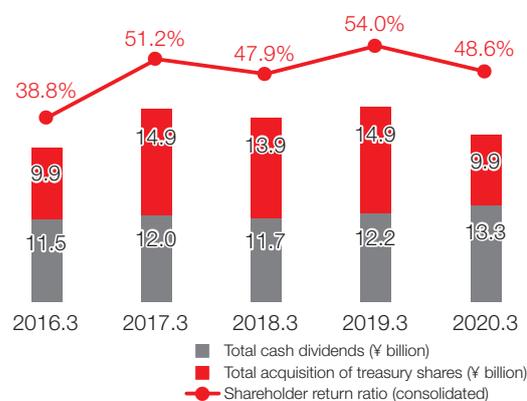
● Returns to shareholders ~ Implement shareholder returns that take into consideration the balance between investment for growth and capital base

From the perspective of enhancing shareholder returns, in the fiscal year ended March 31, 2020, a dividend of ¥18 per share, an increase of ¥2 year on year, was paid. During the period of the plan, we will improve earnings by steadily carrying out various measures and implement shareholder returns that take into consideration the balance between investment for growth and a sound capital base. We will continue to aim to stably increase dividend per share through earnings growth while working to improve capital efficiency through flexible and agile acquisition of treasury shares.

■ Dividends paid



■ Results of shareholder returns

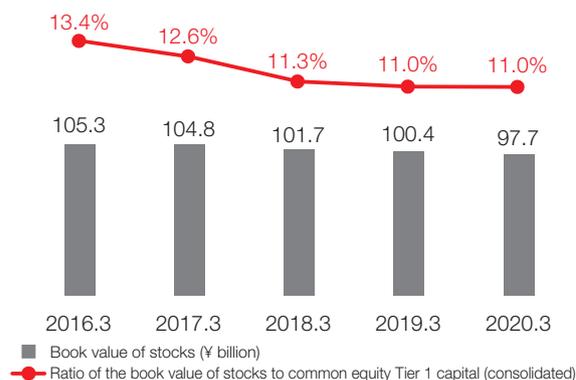


● Capital management ~ Maintaining financial soundness and improving capital efficiency

Consolidated common equity Tier 1 capital ratio as of March 31, 2020 was 11.51%, which was sufficient to meet the Basel requirements. In the process of finalizing Basel III which is scheduled to be implemented in or after 2023, consolidated common equity Tier 1 capital ratio and other ratios are expected to further improve. We will continue to maintain the financial soundness required for the stable provision of funding to the region while working to improve capital efficiency through active returns to shareholders including acquisitions of treasury shares and improve ROE to achieve the target figures for the final fiscal year of the plan.

In terms of cross-shareholdings, the ratio of the book value of stocks to common equity Tier 1 capital (consolidated) has decreased to 11.0% as of March 31, 2020. We manage the overall balance while appropriately verifying the validity of the rationale for holding each stock.

■ Book value of stocks and ratio to common equity Tier 1 capital (consolidated)



Personal Business

Regarding lifestyles in general including consumer behavior and work styles, individual values have diversified and the way customers think when choosing financial services has changed. In addition, with the advent of a super-aged society, banks are increasingly playing a vital role such as through post-retirement life planning and responses to dementia.

In order to grasp the status and needs of customers to provide optimal services to them, we deem it a key strategy to **“strengthen consulting functions that are closely linked to the lives of individuals.”**

Major Initiatives

● Supporting customers’ lives through proposal of insurance products using the Life Design System

The Bank is gradually expanding the introduction of the “Life Design System,” which is capable of conducting simulations of customers’ life plans and proposing optimal insurance products while confirming customers’ intentions.

The Bank will propose insurance products suitable for individual customers, as well as other various products and services, through consulting using the “Life Design System.”

● Response to financial needs at the time of housing purchase and other life events

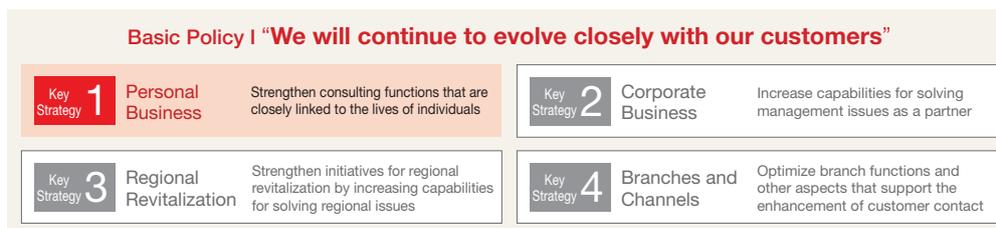
Chiba Prefecture offers commuters good access to central Tokyo and continues to experience an influx of child-raising households, and for this reason, housing loan demand is expected to remain strong.

In housing loans, advance screening through an app and the Internet is conducted to improve customer convenience. Moreover, we are improving the product lineup such as by introducing the “housing loan with special clause for support in the event of a natural disaster” which reimburses the homeowner for the monthly housing loan repayment up to 24 times when his or her home is completely or partially destroyed by a specified natural disaster, and also by expanding reverse mortgage type loans that support elderly customers lead a fulfilling life.

With regard to unsecured consumer loans, we are working to improve convenience for customers mainly through further penetration of the scheme that handles all processes over the Internet, and also continue to respond to a wide range of customer needs by strengthening our proposal capabilities using AI. In particular, we are working to expand card loans based on an assumption of sound use by those who need such loans, while thoroughly implementing control of ongoing credit by assessing the income situation of existing contract holders in order to prevent their borrowing from multiple lenders.

● Issuance of TSUBASA-Chiba Bank Visa Debit Card

In FY2020, we plan to issue the TSUBASA-Chiba Bank Visa Debit Card which can be used at Visa merchants and on the Internet. This card has various features including email notification of the account statement, contactless payment which allows users to pay by simply holding the card over a terminal, and TSUBASA Point which offers various perks.



Major Initiatives

● Supporting asset management/succession of elderly customers by using trust function

The Bank has obtained approval to engage in inheritance-related services and trust business. The number of contracts for inheritance-related services has remained strong, as customers appreciate our services that enable them to complete important formalities regarding their personal and family assets fully within the Bank, and to seek advice with less hesitancy.

As a countermeasure for dementia, etc., which has been seeing an increase in cases, the Bank offers a scheme that enables customers’ families to smoothly manage customers’ assets by a family trust support service using a civil trust scheme.

Also, in the guardianship support trust, the guardian only manages the money required for daily life and other money is managed by the Bank.

■ Inheritance-related services and trust business

Inheritance-related services	Trust business
<ul style="list-style-type: none"> ● Testamentary trust ● Will preparation support service ● Inheritance sorting service ● Management succession support service ● Family trust support service 	<ul style="list-style-type: none"> ● Land trust ● Public interest trust ● Specified gift trust ● Guardianship support trust ● Alternative testamentary trust

■ Number of contracts for inheritance-related services (excludes contracts signed for other banks in the alliance)

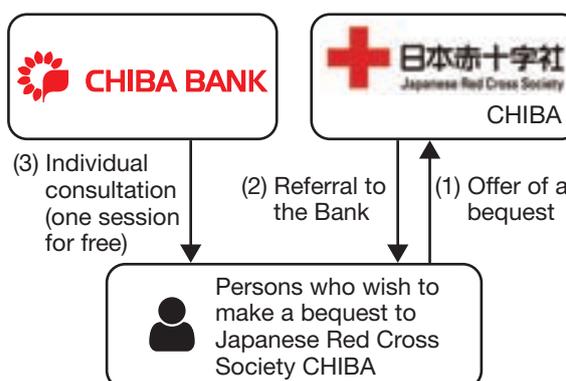


● Individual consultation services for those requesting bequests

There are increasing number of customers who wish to leave their assets as bequests to specific organizations rather than to individuals.

In March 2020, we concluded an agreement on bequests using wills with Japanese Red Cross Society CHIBA and commenced individual consultation services for those who wish to make bequests to the said organization. This represents the third such agreement concluded following similar agreements exchanged with Chiba City and Matsudo City.

■ Agreement scheme with Japanese Red Cross Society CHIBA



To realize a sustainable society, business operators are required to become aware of and respond to management issues based on the medium- to long-term outlook for the sustainability of their business environment and supply chain.

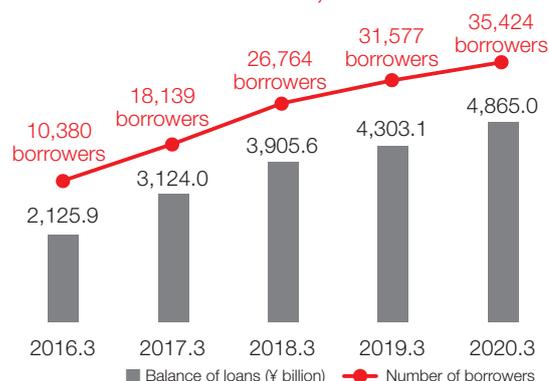
We conduct sophisticated consulting after sharing management issues with customers through in-depth dialogues with them, and deem it a key strategy to **“increase capabilities for solving management issues as a partner.”**

Major Initiatives

● Initiatives for evaluation of business

As a partner (advisor) of our customers, we proactively identify potential issues through ongoing dialogues and conduct advisory activities to solve such issues in providing various solutions. As a result of such activities, “the number of borrowers whose loans are based on the evaluation of business” exceeds 35,000, placing Chiba Bank at the top level of regional banks, and accounts for more than 70% of customers (74.0%). The balance of loans, too, is increasing steadily.

■ Number of borrowers whose loans are based on evaluation of business, and balance of loans



● Providing solutions to management issues through advisory services for business operators

The number of contracts for advisory services for business operators which mainly formulate business plans to solve customers’ issues has been increasing steadily since the advisory services started in November 2018.

By sharing management issues with our corporate customers through this service and collaborating with group companies and external expert companies as necessary, we propose diverse solutions including staffing services, business succession, and M&A.

(As of March 31, 2020: Cumulative total of 51 contracts)

■ Strengthening support functions for solving management issues



● Offering of private placement bonds contributing to community

The Bank offers Private Placement Bonds for Regional Revitalization (Mirai Hagukumi Bonds) and Private Placement Bonds for Sports Support (Chiba Sports Bonds) which companies contribute to communities through procurement of funds. The Bank makes donations from part of the underwriting fee we receive from private placement bond issuing companies. In June 2020, we started offering Private Placement Bonds for Healthcare Support (Gratitude to Healthcare Workers Bonds) with the aim of making contributions and donations to medical institutions, etc. engaged in response to COVID-19.

■ Amount of private placement bonds issued (cumulative total until March 31, 2020)

	Number of bonds issued	Amount of bonds issued	Contribution amount
Private Placement Bonds for Regional Revitalization [Mirai Hagukumi Bonds] ¹	547 bonds	¥53.1 billion	¥89 million
Private Placement Bonds for Sports Support [Chiba Sports Bonds] ²	45 bonds	¥4.2 billion	¥5 million

¹ Education-related goods are donated to schools designated by the issuing company.

² Money is donated to sports promotion projects run by local governments or sporting goods are donated to sports teams in Chiba Prefecture designated by the issuing company.



Major Initiatives

● Development of M&A service platform by the participating banks in the TSUBASA Alliance

We developed the M&A service platform among the participating banks in the TSUBASA Alliance as a collaborative measure of TSUBASA Alliance in October 2019. The M&A service platform is a common database which registers the M&A needs of each bank’s corporate customers and enables the exchange of information on suitable candidate companies with other participating banks for the selection of companies referred to.

We will increase opportunities mainly for M&A and business matching by utilizing the wide-area network of the participating banks in the TSUBASA Alliance, which have different operating areas, to provide more accurate solutions.

● Establishment of capital loans

In September 2019, we established the Chibagin Capital Loan as a new financing program to strengthen management support initiatives for customers who are facing such issues as undercapitalization or cash flow shortages.

Through the provision of long-term loans based on careful examination of due diligence and business plans, we will further strengthen relationships with customers by solving management issues including improving customers’ cash flow.

● Supporting the expansion of overseas businesses

The Bank has three branches and three representative offices overseas.

The Bank has taken initiatives to provide financial support to overseas subsidiaries of the Bank’s customers and alliance customers by means of the standby letter of credit system based on the Chiba-Musashino Alliance and the Chiba-Yokohama Partnership.

Customer needs for overseas expansion are growing every year. We have partnered with the alliance banks to support customers as they expand their businesses overseas, such as by providing the latest local information on overseas markets and supporting foreign trade transactions.



Regional Revitalization

We, as the top bank in the region, proactively participate in regional revitalization initiatives.

We have made efforts such as contributing to regional revitalization measures in coordination with local governments in the prefecture, and these efforts were selected by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan of the Cabinet Secretariat Office also as a “unique example of a financial institution, etc. providing funding for regional revitalization.”

Moreover, we deem it a key strategy to **“strengthen initiatives for regional revitalization by increasing capabilities for solving regional issues”** including support for ongoing restoration/recovery from disasters caused by typhoons and heavy rains that occurred in 2019.

Major Initiatives

● Supporting the formation of compact cities and the development of diversified energy systems – Support for “Mutsuzawa Smart Wellness Town” –

We have participated in the “Smart Wellness Town Development Project^{*1},” which is deemed a priority project of the regional comprehensive strategies by Mutsuzawa Town, from the initial planning stage and assisted in commercialization including investment in CHIBA Mutsuzawa Energy CO., LTD., a new regional electric power company.

In recognition of these efforts, the project was selected by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan of the Cabinet Secretariat Office as a “FY2019 unique example of a financial institution, etc. providing funding for regional revitalization” in May 2020.

■ Mutsuzawa Smart Wellness Town (Michi-no-Eki “Mutsuzawa Tsudoi-no-Sato”)



Provided by PACIFIC CONSULTANTS CO., LTD.

^{*1} A site building project to develop “rental housing for settlement” mainly for child-raising households together with health support type Michi-no-Eki (roadside station).

● Operation of an agricultural corporation

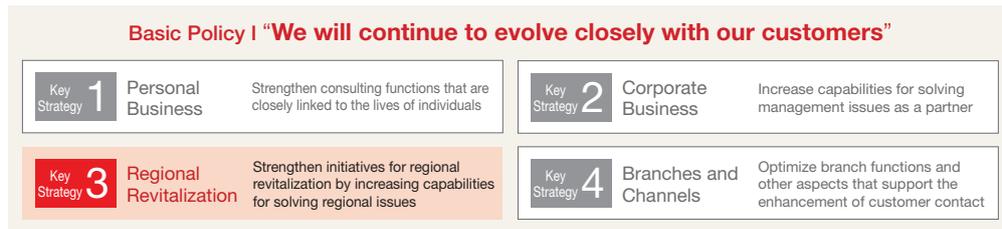
In March 2018, the Bank established an agricultural corporation, Fresh Farm Chiba Co., Ltd., with 15 local companies and other organizations. During FY2019, approximately 18 tons of Koshihikari and other rice were harvested on nearly four hectares of rice paddies. In FY2020, we have started farming Koshihikari rice and Fusakogane rice after expanding the rice paddy area to approximately 8.2 hectares.

The corporation is pursuing models of sustainable agriculture with joint investors in order to solve issues faced by the agricultural community such as a lack of people to carry on farming and an increase in abandoned farmland.

● Supporting projects utilizing Kominka (old Japanese style houses)

In March 2020, Komin Co., Ltd. (headquartered in Chonan Town) opened Guest House REN, Chiba Prefecture’s first old Japanese style house accommodation facility equipped with a music studio, in Chonan Town using the Chibagin Kominka Project Support Financing Program. This program is a financing program for business operators engaged in projects that promote tourism and create employment locally by using old Japanese style houses. A salient feature of this program is the flexible response suited to the characteristics of business including setting a deferment period by the Bank for the repayment of principal of up to three years in accordance with a plan by evaluating business factors such as business growth potential and validity of the plan.

The company renovates vacant old Japanese style houses into unique hybrid old Japanese style houses[®] with a view to leaving attractive woodland near a village with old Japanese style houses for future generations, and is utilizing them as business assets. The Bank will support the company’s projects going forward and also continue to support projects using historic resources such as old Japanese style houses within the prefecture.



Major Initiatives

● Implementation of financial support for disaster restoration/recovery

As a result of the typhoons and heavy rains that occurred in 2019, Chiba Prefecture suffered enormous damage and some branches of the Bank, too, were damaged. We promptly provided financing to customers affected by such disasters through the Chibagin Disaster Restoration Financing Program.

In addition, in January 2020, the Bank established the Chiba Disaster Restoration Support Fund Investment Limited Liability Partnership (Chiba Disaster Restoration Support Fund) jointly with five regional financial institutions headquartered in Chiba Prefecture (Keiyo Bank, Chiba Kogyo Bank, Boso Credit Union, Choshi Shoko Credit Union, Kimitsu Credit Union), Chiba Credit Guarantee Association and Development Bank of Japan.

This fund provides medium- to long-term support to SME operators who are temporarily experiencing worsening business performance as a result of being affected by natural disasters and SME operators engaged in regional revitalization projects aimed at supporting recovery through such means as corporate bond underwriting and acquisition of shares. From June 2020, this fund has started to newly cover SME operators who are experiencing worsening business performance as a result of COVID-19 pandemic.

● Supporting recovery of affected areas through cycling stamp rally around Minami-Boso and Miura Peninsula

As a collaborative measure of the Chiba-Yokohama Partnership, we hosted a cycling stamp rally event in which cyclists biked around Boso Peninsula and Miura Peninsula during the period from February to early April 2020. Participants of this event biked through an approximately 200 km cycling road, which is connected by the Tokyo Bay Ferry, in a stamp rally. At the stamp site, participants also used “Miyagetto,” which sends online catalog gifts of local specialties by reading the QR code.

Through such events, we will support regional revitalization and recovery in collaboration with neighboring local governments and tourist facilities.

■ Operations by means of mobile branch^{*2}



*2 The mobile branch is provided by Toho Bank

■ Minami-Boso & Miura Peninsula Cycling Stamp Rally



Branches and Channels

As the channels for providing financial services are changing amid the diversification of customers’ lifestyles, the Bank is reviewing the position and functions of branches.

Meanwhile, branches remain as “important contact points with customers.” As such, in order to ensure a balance in the branch network to maintain relations with customers while improving the efficiency of branch operation, we deem it a key strategy to **“optimize branch functions and other aspects that support the enhancement of customer contact.”**

Major Initiatives

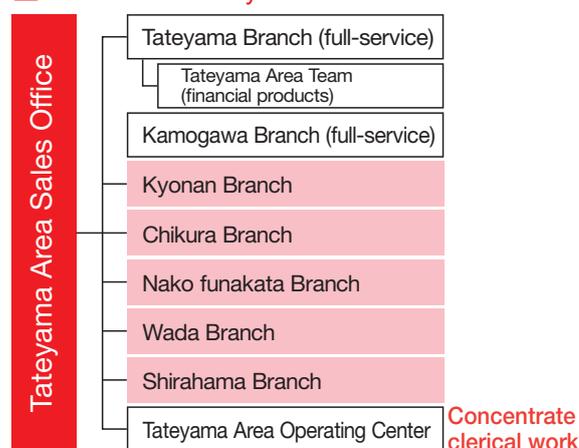
● Optimizing the branch network for each area

In order to provide optimal services while ensuring contact points with customers, we are rebuilding the branch network for each area.

As the first initiative, we newly established the Tateyama Area Sales Office which oversees the seven branches of the Awa district in April 2020. By doing so, we will share know-how through further collaboration among branch general managers and conduct cross-area information gathering while utilizing the dense branch network within the area, as well as actively and swiftly conduct community-based activities such as regional revitalization to provide higher quality services.

As for clerical work, we established the Tateyama Area Operating Center to centralize branch clerical work within the area in July 2020. We are proceeding with centralizing clerical work within the area while also conducting efficient branch operation by flexibly assigning personnel.

■ Structure of Tateyama Area Sales Office



● Opening *Hoken No Madoguchi@Chibagin* within the Bank’s branches

In order to support customers’ secure living, we provide protection-type insurance products in preparation for unexpected events in the future, including medical and cancer insurance and nursing care insurance.

In April 2020, we opened the insurance shop *Hoken No Madoguchi@Chibagin* in the Bank’s Inage Branch through business alliance with the Hoken-no-Madoguchi Group. This is the fifth location of *Hoken No Madoguchi@Chibagin* since the simultaneous opening of two locations in October 2017.

At *Hoken No Madoguchi@Chibagin*, specialist staff introduces insurance products according to the customer’s life plan from among an extensive product lineup.

■ *Hoken No Madoguchi@Chibagin*





Major Initiatives

● Introducing “TSUBASA Smile” to all branches to improve efficiency of branch procedures

“TSUBASA Smile,” a counter reception system that the Bank jointly developed with Daishi Bank and Chugoku Bank of the TSUBASA Alliance, is equipped with a navigation function and automatically makes routine judgments, enabling the easy handling of complicated procedures. For example, “TSUBASA Smile” completes the new account opening procedure by simply pushing buttons on a screen while talking face-to-face with the customer, thereby enabling the system to control input errors and smooth handling of the process.

Following the trial which began in April 2019, we started introducing “TSUBASA Smile” in January 2020, aiming to equip all branches with the system, which would improve efficiency of branch procedures.

We are also expanding the headquarters centralization of wide-ranging clerical work with a low number of cases handled at each branch in developing an operation structure consisting of a small number of staff at our branches.

■ Branch procedures using “TSUBASA Smile”



● Strengthening the consultation structure at branches by means of remote terminals

The use of remote terminals allows customers at branches and specialized staff at the headquarters to have audio-visual communication and engage in consultations while sharing materials.

We are working to improve customer satisfaction through the provision of consulting services requiring a high level of expertise by specialized staff at the headquarters by means of remote terminals.

Remote devices have been installed at 26 branches as of March 31, 2020. We plan to expand the use of such devices to all branches going forward.

■ Consultation structure by means of remote terminals



With the digitalization of society, new services using digital technologies centered on non-face-to-face channels are expanding in financial transactions as well.

In addition to this, we deem it a key strategy to “provide new value through the use of digital technologies and all types of information resources” including the provision of high-value-added services through analysis of information utilizing a vast amount of transaction records processed every day.

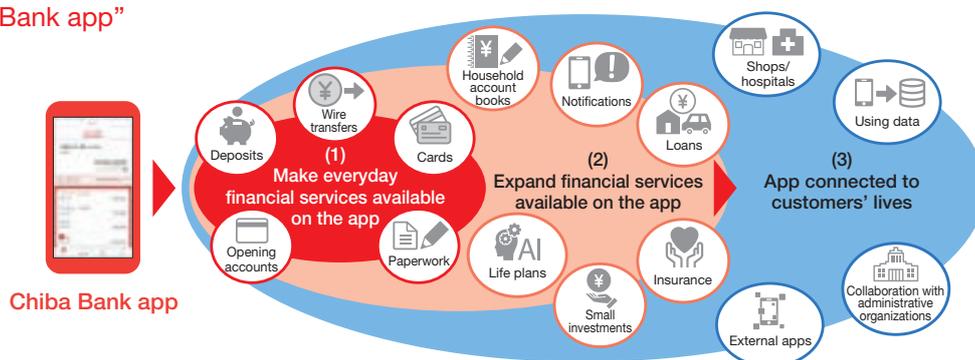
Major Initiatives

● Expanding service offerings of the “Chiba Bank app”

The Bank positions the “Chiba Bank app” as the most important channel for realizing digitalization. In the renewal of the app in April 2020, we further enhanced convenience mainly by adding individual authentication by means such as fingerprint and facial recognition, balance inquiry and deposit/withdrawal statement inquiry features, and features for transfer between one’s own accounts. Going forward, we will continue making improvements to enhance convenience while reflecting customer feedback.

Furthermore, we will aim to make the “Chiba Bank app” an app connected to living that can be used in various life situations and become the starting point for customers’ lives in the community through small amount payment and cashless payment, dissemination of information according to the transaction status, and strengthening of collaboration with various external businesses by taking advantage of the characteristics of smartphones that people carry around all the time.

■ “Chiba Bank app”



● Providing the TSUBASA-Chiba Bank Cashless Services for Merchants

We started providing the TSUBASA-Chiba Bank Cashless Services for Merchants for business operators in October 2019. In this service, all-in-one multi-payment terminals compatible with major payment brands in Japan and overseas are provided, making it unnecessary for customers to install multiple dedicated terminals according to the payment method. The transfer statement can be checked online, rendering it unnecessary to use paper. The number of merchants has been increasing steadily since the launch of this service, with the number standing at 3,064 as of March 31, 2020.

In February 2020, we provided this service for the payment of issuance fees such as for certificates of residence and tax certificates at the city office of Narashino City as the first initiative for the local government in the prefecture.

■ Multi-payment terminal for the TSUBASA-Chiba Bank Cashless Services for Merchants



Basic Policy II “We will continue to create new value for our customers’ future”

<p>Key Strategy 5 Digital and Information</p> <p>Provide new value through the use of digital technologies and all types of information resources</p>	<p>Key Strategy 6 New Businesses</p> <p>Create new services and operate new businesses beyond the existing framework</p>
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Major Initiatives

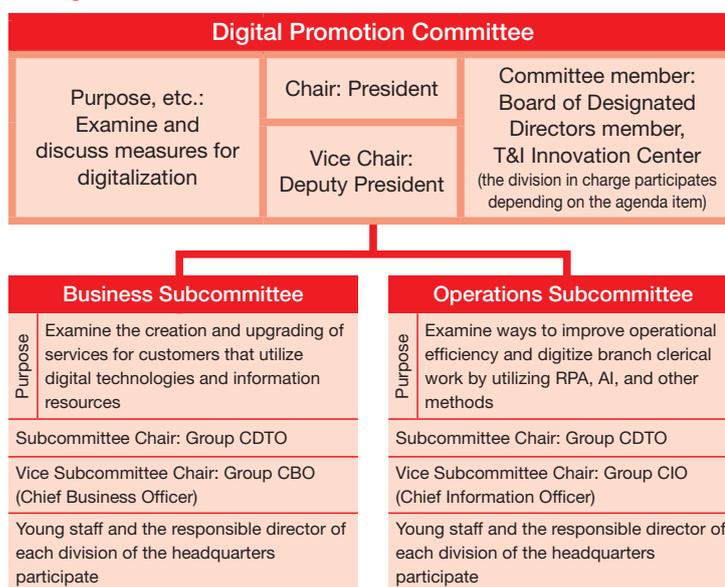
● Assignment of Group CDTO and establishment of Digital Promotion Committee

In April 2020, the Bank appointed the Group CDTO (Chief Digital Transformation Officer) to reinforce the group structure for promoting digital strategies. The Group CDTO is responsible for overseeing the group-wide digital strategies for realizing digital transformation.

Furthermore, the Digital Promotion Committee chaired by the President was newly established. The Digital Promotion Committee is committed to dramatically advancing the digitalization across our group by invigorating discussions while the management team appropriately monitoring the implementation status of digital-related measures. This committee has two subcommittees, the Business Subcommittee and the Operations Subcommittee, which are chaired by the Group CDTO.

The Business Subcommittee examines the creation and upgrading of services for customers that utilize digital technologies and information resources, and the Operations Subcommittee examines ways to improve operational efficiency and digitize branch office operations by utilizing RPA, AI, and other methods. At these subcommittees we will utilize ideas solicited from young staff in discussing digital-related measures.

■ Digital Promotion Committee



Growth Strategy for “Sustainable Management”

● Established the Information Strategy Office to support advanced usage of information

In April 2020, the Information Strategy Office was newly established in the Business Planning Division with an aim to enhance the sophistication of information usage.

The Information Strategy Office, which oversees marketing strategies, performs marketing activities via website, social media, CRM and database as well as proposes plans and provides support for divisions regarding usage of customer data. Through such operations, the office aims to promote advanced use of information.

In addition, by developing a system that centrally manages and effectively uses various information, we will accurately grasp the needs of customers with a view to making proposals and providing information in a customer-oriented manner more than before.

New Businesses

Owing to deregulation and progress in FinTech, the Chiba Bank Group is working to create new businesses through cooperation with external partners amid the expansion of financial services beyond the boundaries of the industry.

In addition, we have started to provide know-how and functions accumulated by the group to other financial institutions and organizations, and deem it a key strategy to **“create new services and operate new businesses beyond the existing framework.”**

Major Initiatives

● Creation of new services using the TSUBASA FinTech Platform

The Bank developed the TSUBASA FinTech Platform jointly with the participating banks in the TSUBASA Alliance and T&I Innovation Center^{*1} in April 2018.

This platform is an open API platform^{*2} that allows FinTech companies and other external businesses to connect under the same specifications, and currently coordinates with PFM^{*3}, automatic savings service and various other FinTech services.

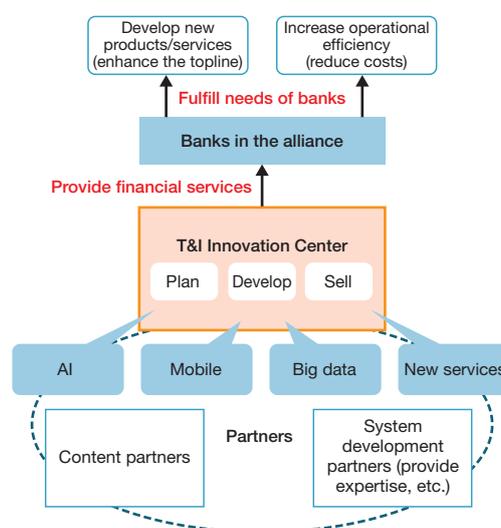
Going forward, we will use the TSUBASA FinTech Platform to promote open innovation in collaboration with external businesses.

^{*1} T&I Innovation Center was established jointly by the participating banks in the TSUBASA Alliance (Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, and North Pacific Bank) and IBM Japan in July 2016 and is engaged in surveys, research, and development related to FinTech.

^{*2} API is an abbreviation for Application Programming Interface, and refers to interface that enables external connections to the bank system for the safe acquisition of data with the customer's consent. In open API, the specifications, etc. are disclosed to FinTech companies and other external businesses.

^{*3} PFM is an abbreviation for Personal Financial Management and refers to personal asset management.

■ Creation of new services



● Aiming to create new businesses with FinTech ideas

T&I Innovation Center and the participating banks in the TSUBASA Alliance hold FinTech business contests, through which they aim to create new businesses for the transformation of the banking business.

In this contest, we widely solicit ideas and plans that may transform the banking business itself by fully utilizing management resources including big data, system infrastructure, and customer networks of regional banks.

In the second FinTech business contest held in March 2019, bspr co., Ltd. (headquartered in Shibuya-ku, Tokyo), which aims to expand the use of comprehensive services for preventing dementia by means of the networks of regional financial institutions, received the top award, and a total of six companies, including bspr co., Ltd., were commended.

T&I Innovation Center and the participating banks in the TSUBASA Alliance jointly consider collaboration with the companies that were commended with a view to realizing the ideas and plans from the companies.

Basic Policy II “We will continue to create new value for our customers’ future”

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Major Initiatives

● Chibagin Servicer Co., Ltd. (Chiba Servicer) started the management and collection of claims of other companies under entrustment

In July 2019, Chibagin Servicer Co., Ltd. (Chiba Servicer) started the management and collection of claims of other financial institutions, etc. under entrustment as well as the purchase of such claims.

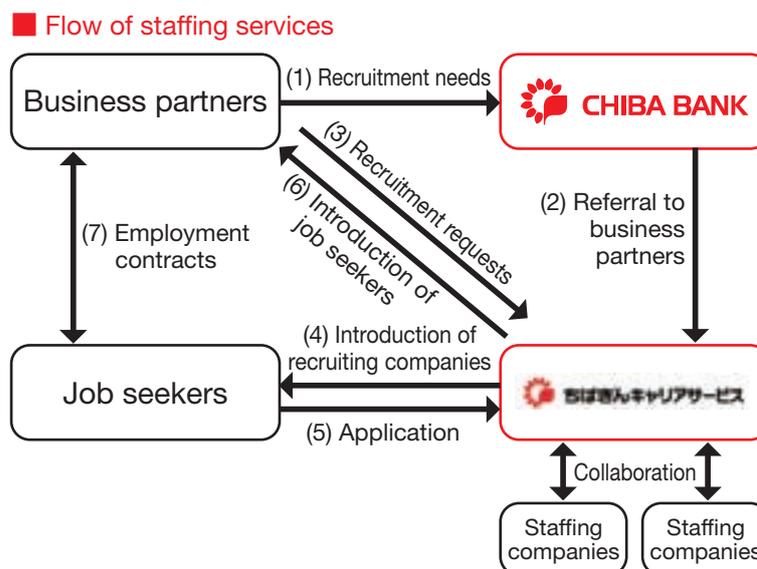
In the management and collection of claims under entrustment, claims are managed and collected efficiently and staff with a high level of awareness of compliance and a wealth of practical experience provides courteous services. The claim purchasing service utilizes know-how accumulated by the Bank.

Chibagin Servicer Co., Ltd., as the only regional bank-affiliated servicer in the Kanto region, aims at regional revitalization through outsourcing of non-performing loans and rehabilitation projects in the region in collaboration with other financial institutions.

● Chibagin Career Service Co., Ltd. started staffing services for corporate customers

In April 2019, Chibagin Career Service Co., Ltd. started staffing services for corporate customers. The company had been offering staffing services to our group up until now. By making use of its experience and know-how, the company responds to various personnel needs of corporate customers such as for management executives, successors, and staff in charge of practical matters.

Also, in April 2020, the company began offering job search services mainly for executives in management divisions (general administration, human resources, accounting, etc.) and staff in management positions. Chibagin Career Service Co., Ltd. has up to now been engaged in staffing services centered on recruitment. Going forward, it will provide the full spectrum of services from identifying personnel needs to follow-up after entering companies in an effort to improve the accuracy of personnel matching.



● Establishment of New Business Strategy Team

In April 2020, we newly established the New Business Strategy Team within the Planning Department of the Corporate Planning Division. This team oversees new businesses and plans policies for cross-industry collaboration to strengthen new business planning.

The Bank has implemented collaborative measures through the Chiba-Musashino Alliance and the Chiba-Yokohama Partnership in the Tokyo Metropolitan area, and the TSUBASA Alliance has expanded in scale to 10 participating regional banks. The Bank endeavors to “**advance collaboration with other banks**” with an eye to collaboration in a wide range of domains not only on the system front. Deeming “**enhance collaboration with companies in other industries**” as a key strategy, we will also challenge ourselves in new business domains that are not extensions of existing banking operations to create new advanced services.

Major Initiatives

● TSUBASA Alliance* expands with the participation of new banks

The TSUBASA Alliance, which is a framework for wide-area cooperation among regional banks, reached a final agreement with Toho Bank to use a common main frame system in September 2019.

Bank of The Ryukyus newly participated in April 2020, making the TSUBASA Alliance the largest regional bank alliance with a total of 10 participating banks. The consolidated total assets of the 10 banks amount to approximately ¥70 trillion (as of March 31, 2020).

* Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank, Hokuetsu Bank, Musashino Bank, Shiga Bank, and Bank of The Ryukyus are participants of the alliance.

■ Locations of branches of the participating banks in the TSUBASA Alliance



● Establishment of the jointly funded company TSUBASA Alliance Co., Ltd.

In July 2020, TSUBASA Alliance agreed to establish TSUBASA Alliance Co., Ltd. through joint investment by the participating banks in order to realize the strongest regional bank alliance that is differentiated from management integration while sharing the vision of the alliance. For the purpose of proceeding with initiatives that are one step ahead in the financial industry, the company seeks to realize platformization of the functions held by each bank and utilize the accumulated know-how based on the recognition that the banks will adapt to changes in the external environment by combining their wisdom.

● Enhance collaboration through the Chiba-Musashino Alliance

Collaborative measures through the Chiba-Musashino Alliance are making steady progress particularly with respect to services such as inheritance-related services, syndicated loan arrangements, and customer introduction.

In October 2019, the Chiba Bank and the Musashino Bank opened the Ikebukuro Branch as a joint branch and enhanced collaboration mainly through efficient branch operation by offering some front-of-branch operations on each other's behalf by mutual outsourcing and subcontracting of bank agency operations.

■ Chiba Bank/Musashino Bank Ikebukuro Branch





Major Initiatives

● Strengthening collaboration through the Chiba-Yokohama Partnership

In the Chiba-Yokohama Partnership, which started in July 2019, measures for regional customers led by sales departments of both banks are steadily implemented in such fields as corporate, personal, and regional revitalization as collaboration among top regional banks that are both located in the Tokyo Metropolitan area.

The synergistic effects are expected to total approximately ¥20.0 billion for the two banks over the next five years.

■ Main collaborative measures

(Corporate field)

Expand market share of both banks in the Tokyo area based on appropriate risk management

(Personal field)

Utilization of the base of transactions with approximately 9.3 million individual customers of both banks

(Regional revitalization)

Support regional revitalization and disaster recovery through joint measures

(Other)

Consideration of new businesses, sharing of know-how



[Synergy amount]
Total of ¥20.0 billion over five years

● Establishment of “New Businesses Co-creation Project” through the Chiba-Yokohama Partnership

In October 2019, we launched the “New Businesses Co-creation Project” as a collaborative measure of the Chiba-Yokohama Partnership. We are pursuing sophistication and diversification of solutions to customers by assigning three employees each from both banks (a total of six employees) to the co-working space in Shibuya, where various companies gather, to consider new businesses and work on service collaboration with external companies.

■ Shibuya co-working space



● Increasing mid-career recruitment from the perspective of enhancing interaction with different industries

We have been strengthening mid-career recruitment on an ongoing basis since the previous medium term management plan. Given the active career-change market and the ongoing need for specialists and personnel who possess practical skills in order to execute the key strategies described in the current medium term management plan, our policy is to further step up mid-career recruitment activities in a wide range of fields such as IT/digital, M&A, management consulting, inheritance and trust, and risk management and improve both the quality and quantity of such activities.

Human Resources

The Chiba Bank Group is working on development programs and allocation of personnel so that all employees can make use of their expertise and maximize their potential with a view to improving customer experience.

Deeming **“build a rewarding company and enhance human resource development (organizational culture and human resources)”** as a key strategy, we are actively working to build a rewarding organization for employees where diverse human resource can play active roles.

Major Initiatives

● Improve expertise of employees (set a quota for human resource development and newly establish Human Resources Development Office)

We hold training inside and outside the Bank and workshops where participants from different industries can interact with each other in order to improve the expertise of employees. During the period of the medium term management plan, we set a quota for human resource development of 150 persons to focus on their development.

We also newly established the Human Resources Development Office in the Human Resources Division in April 2020 in an effort to advance human resource strategies including hiring, development, allocation, evaluation and working conditions.

● Utilization of personal data and effective human resource development

We will work to accumulate personal data of employees and realize the strategic allocation and development of human resources through system analysis.

We will also engage in development by including training outside the Bank, external trainees, and dispatch to other companies and adding programs that provide practical experience in a shift from human resource development which had been centered on training held inside the Bank.

● Firmly establish work style reforms and improve productivity

Many employees experienced working from home in response to COVID-19.

We believe that work from home mainly through telework and flex-time system, as well as online meetings and video conferencing, allow employees to work without being bound by the place or time, thus leading to a balance between work and family and an increase in the number of hours that men spend on housework and childcare.

We will further improve productivity by firmly establishing such flexible work styles.

● Make group-wide use of diverse human resources

The Chiba Bank Group has introduced the Elderly Staff System that reemploys employees who retired at the age of 60 and uses experienced and capable elderly staff in various workplaces.

In July 2019, we established the Elderly Partner System to employ former employees of the Bank over the age of 65.

At Chibagin Heartful Co., Ltd., a special subsidiary for the employment of people with disabilities, an employee received a prize for excellence as a professional with disability who achieved exemplary performance in the Minister of Health, Labour and Welfare Award to Commend Excellent Workplaces that Employ People with Disabilities in September 2019.

■ Symbol/logo for promotion of diversity



(Utilization of diverse human resources)

· Number of employees with disabilities*1

159.5

*1 Figure for calculating the group's employment rate of people with disabilities in FY2019



Major Initiatives

● Support the active participation of women and balance between work and childcare

In the Chiba Bank Group Declaration on SDGs, promotion of diversity is deemed as one of the key priority issues as a management strategy.

With regard to supporting the active participation of women and balance between work and childcare, we implement various measures including enhanced female development programs such as the mentor system for nurturing managers, leave for morning sickness and infertility treatment, and a work re-acustoming system for employees planning to return to work after taking childcare leave.

We also act as the secretariat for the Talent Bank for Regional Banks³, an organization that assists regional bank employees in continuing their careers.

In March 2020, we became the first financial institution to be selected as “FY2019 New Diversity Management Selection 100 Prime” by the Ministry of Economy, Trade and Industry. The Bank was selected as “FY2014 Diversity Management Selection 100.” In this year’s selection, we were recognized for expanding the roles of women and changing the organizational culture through work style reforms and our efforts to promote diversity management by involving the regional banking industry and local communities.

(Active participation of women)

(1) Number of women in senior positions	
Director	2
Executive Officer (General Manager)	1
Corporate Officer (General Manager)	1
Headquarters General Manager	4
Branch General Manager, Senior Manager, Senior Deputy General Manager	25
(2) Percentage of women in management positions	17.6%
(3) Percentage of women in leader positions	31.7%

(Supporting balance between work and childcare)

(4) In-house nursery facilities	3 in the prefecture
(5) Percentage of men taking childcare leave ²	112.9%

(1)-(3) are figures as of July 2020, and (4) and (5) are figures as of March 2020

*2 Calculated by dividing the number of men who took childcare leave within the year by the number of male employees whose spouses gave birth within the year.

Growth Strategy for “Sustainable Management”

■ External evaluation of diversity



Selected as “FY2019 New Diversity Management Selection 100 Prime”



Constituent of FY2019 MSCI Japan Empowering Women (WIN) Select Index



Selected “FY2019 Nadeshiko Brand”



“Platinum Kurumin” certified



“L Star” designation

BPR (Business Process Re-engineering: Operational Reforms)

System development has completed for improving efficiency in front-of-branch and in-branch operations and lending operations in operational reforms which have been pursued since the previous medium term management plan, and the transition from trial to implementation at all branches will be made gradually from FY2019 to FY2020. Simplification, headquarters centralization, and systematization drastically reduce branch operations. It is our policy to proceed with improving operational efficiency mainly by expanding operations using RPA for the headquarters operations too, and to deem **“improve productivity and realize diverse work styles”** as a key strategy.

Major Initiatives

● Drastic reform of sales and lending operations by using the sales and lending operation support system

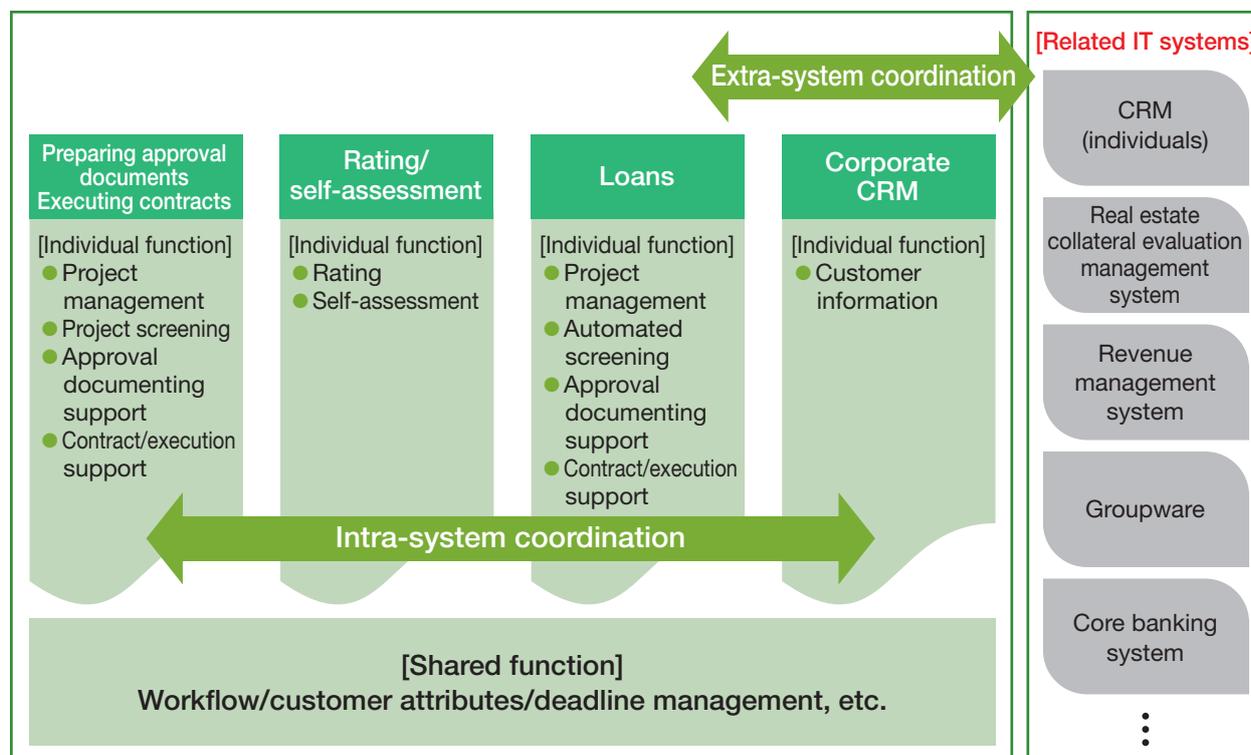
In February 2020, the sales and lending operation support system was introduced into all branches. This system was developed with the aim of integrating multiple existing systems (lending operation management, credit rating, self-assessment*1, automatic screening for loan*2, CRM) and developing the necessary functions to improve screening efficiency, realize headquarters centralization and paperless transactions, as well as enhancing coordination with related systems.

The introduction of this system eliminates inefficient existing operations that use multiple systems while also aiming to improve productivity to cut the branch operation processing time roughly in half by enhancing coordination of sales activities and loan screening operations.

The clerical work for loan execution operations will be concentrated in two loan clerical work centers in Chiba Prefecture, and headquarters centralization will also be implemented.

*1, *2 The system release for the functions of credit rating, self-assessment, and automatic screening for loan is scheduled for August 2020.

■ Sales and lending operation support system





Major Initiatives

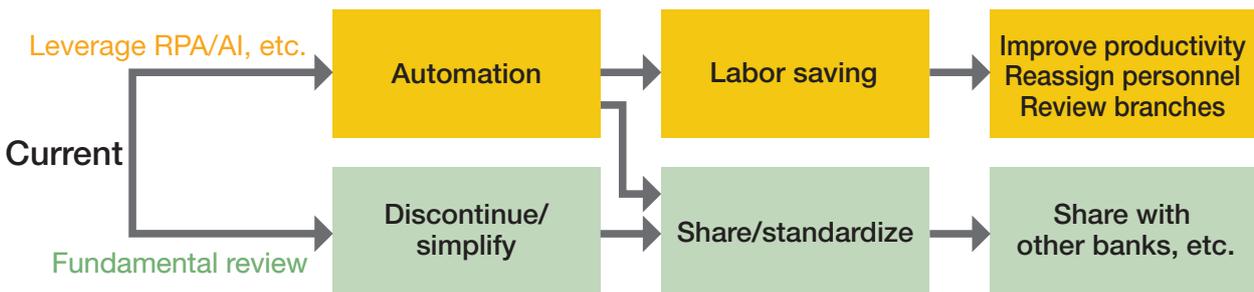
● Improve productivity by using RPA and AI

With the introduction of RPA^{*3} in April 2018, we have been improving operational efficiency mainly for divisions of the headquarters in which clerical work is concentrated.

Along with centralization of headquarters clerical work, we will expand the use of RPA and AI and work to improve overall productivity of the Chiba Bank Group while collaborating with group companies.

By establishing the Work Efficiency Promotion Office in the Corporate Planning Division in April 2020, we aim to improve efficiency by 200,000 hours (equivalent to 100 employees) during the period of the medium term management plan.

■ Initiatives to improve productivity



^{*3} RPA is an abbreviation for Robotic Process Automation. System for automating routine administrative tasks through software using robot technology.

● Realize flexible work styles

We promote flexible work styles according to the lifestyles of employees and have introduced telework and flex-time system. The new head office building scheduled to be completed in September 2020 will have a free area where employees from different floors and departments can interact with each other and environments developed for improving productivity.

■ Free area of the new head office building (image)

