

Progress of the Medium Term Management Plan and Alliance Strategy

Chiba Bank IR Day

April 2018

THE CHIBA BANK, LTD.

(TSE Section 1: 8331)

Progress of the Medium Term Management Plan

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Progress of the Medium Term Management Plan



Creating the “Best Retail” banking group*

“Co-creating value” with a wide variety of stakeholders

*A financial group which provides top-class satisfaction through advanced services and is highly regarded by local customers, both individuals and SMEs.

Key issues involved in “Best Bank 2020 Final Stage – 3 years of value co-creation”

Co-creating customer value

- Further enhancement of initiatives that offer core business support for business partners based on **evaluation of their businesses** and that contribute to **regional revitalization**
- Extensive focus on **“fiduciary duties”** in the asset management business
- Creating advanced services with high added-value that utilize **FinTech**, etc. in response to the digitalization of society as a whole

Realizing work style reforms that allow all employees to shine

- Developing a **professional workforce**
- Promoting further **diversity**
- Review **the way individual employees work** to develop a structure that allows them to specialize in business with a high added-value

Strengthening a sustainable management structure

- Further strengthen alliances with other banks such as **the “Chiba-Musashino Alliance”** and the **“TSUBASA Alliance”**
- Achieve low-cost operations through drastic reviews of **business processes**
- Positive and pro-active response to **ESG** issues

Improved efficiency of business operations and digitalization

OTC and in-store efficiency improvements, introduction of teleworking



Redistribution of personnel to growth sectors/divisions

Initiatives to enhance business functions, promote growth sectors

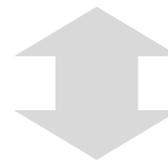


Improving sales capacity

Improve sales capacity in strategic sales areas (23 wards in Tokyo) etc.



Strengthen cooperation with alliance channels such as securities and asset management, etc.

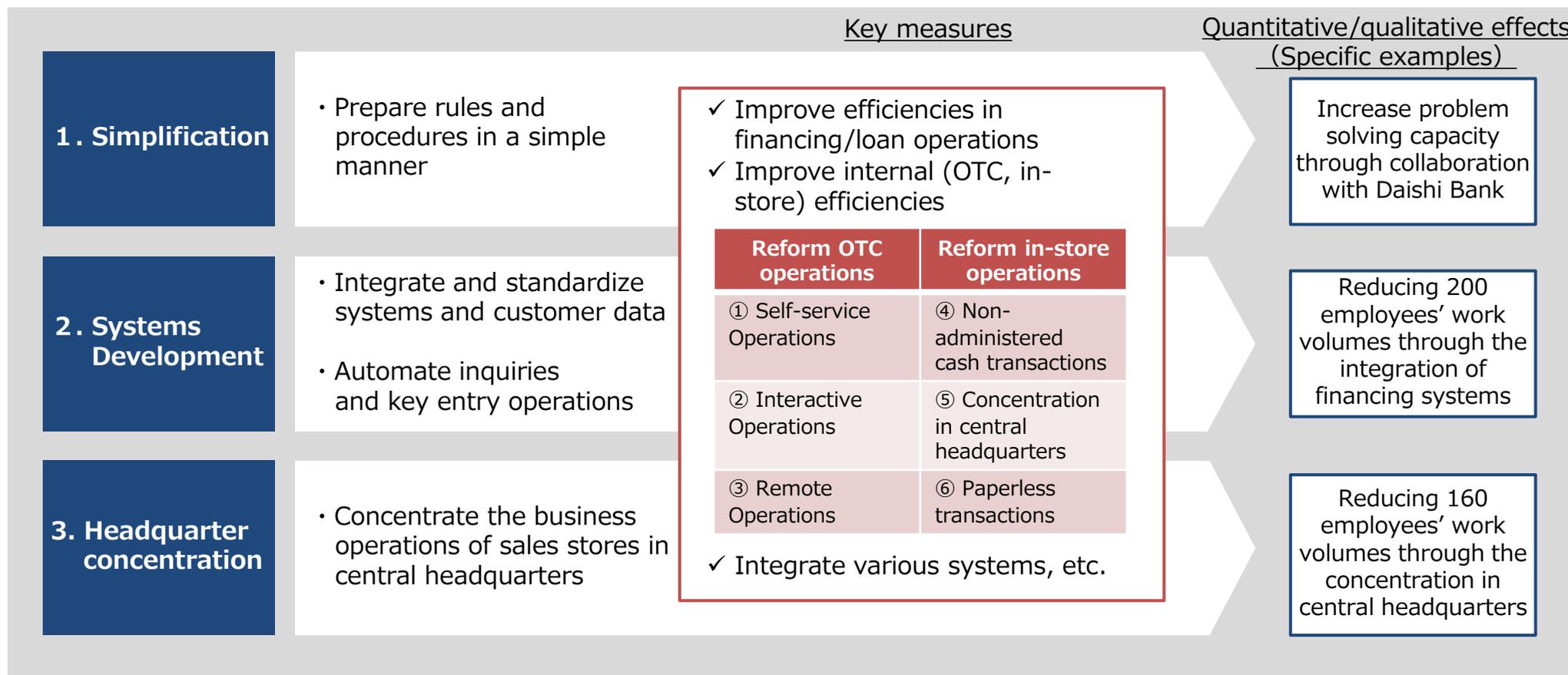


Focus on business operations with high added-value in order to realize the co-creation of value

Create a vibrant working environment for personnel with specialist skills

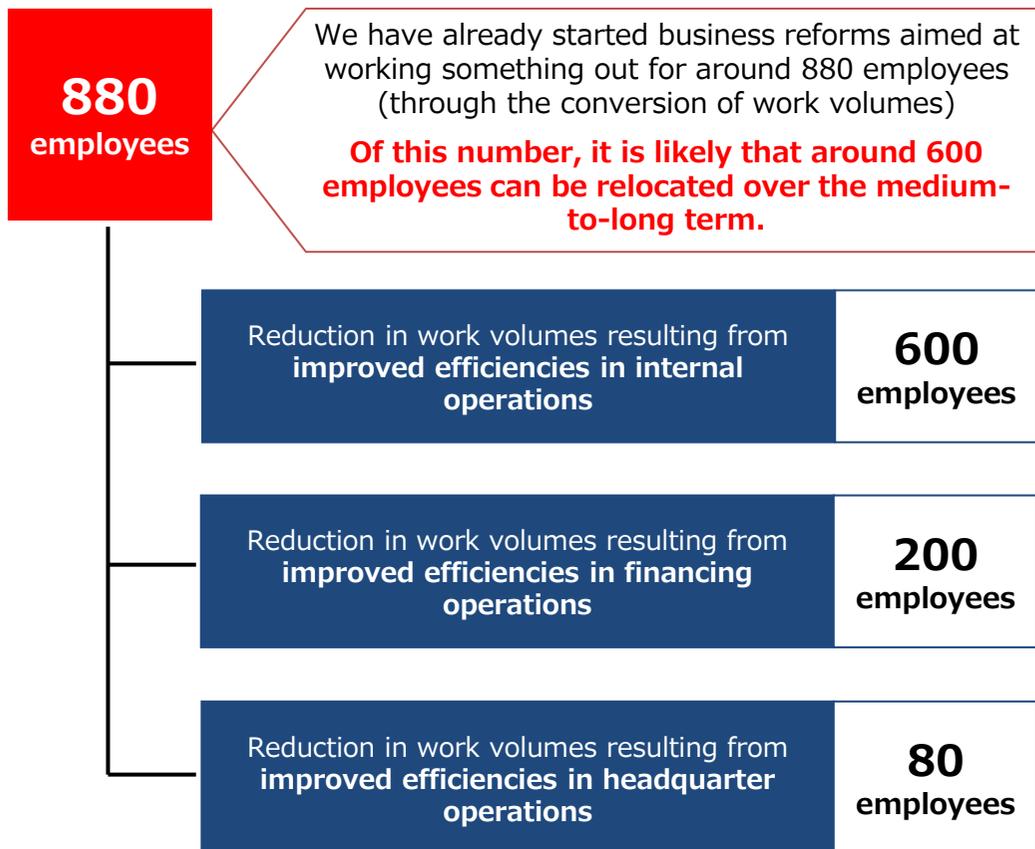
Build a structure where it is possible to operate with fewer members of staff

The concept of improved business efficiencies

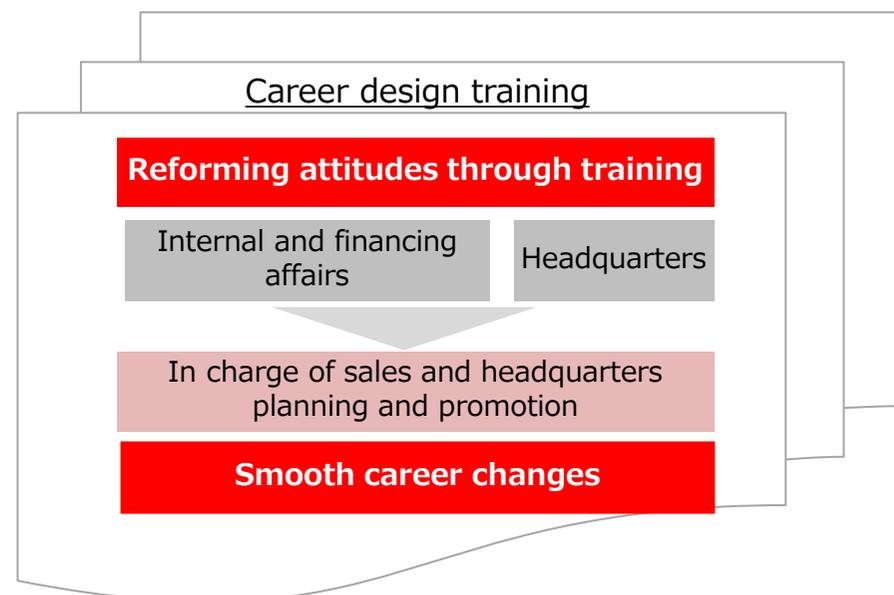


- **Reducing administrative costs**
- **Provide an environment and relocate personnel to allow us to focus on customer support**

Relocation plan



➤ **Enhancing sales capacity and increasing earnings**

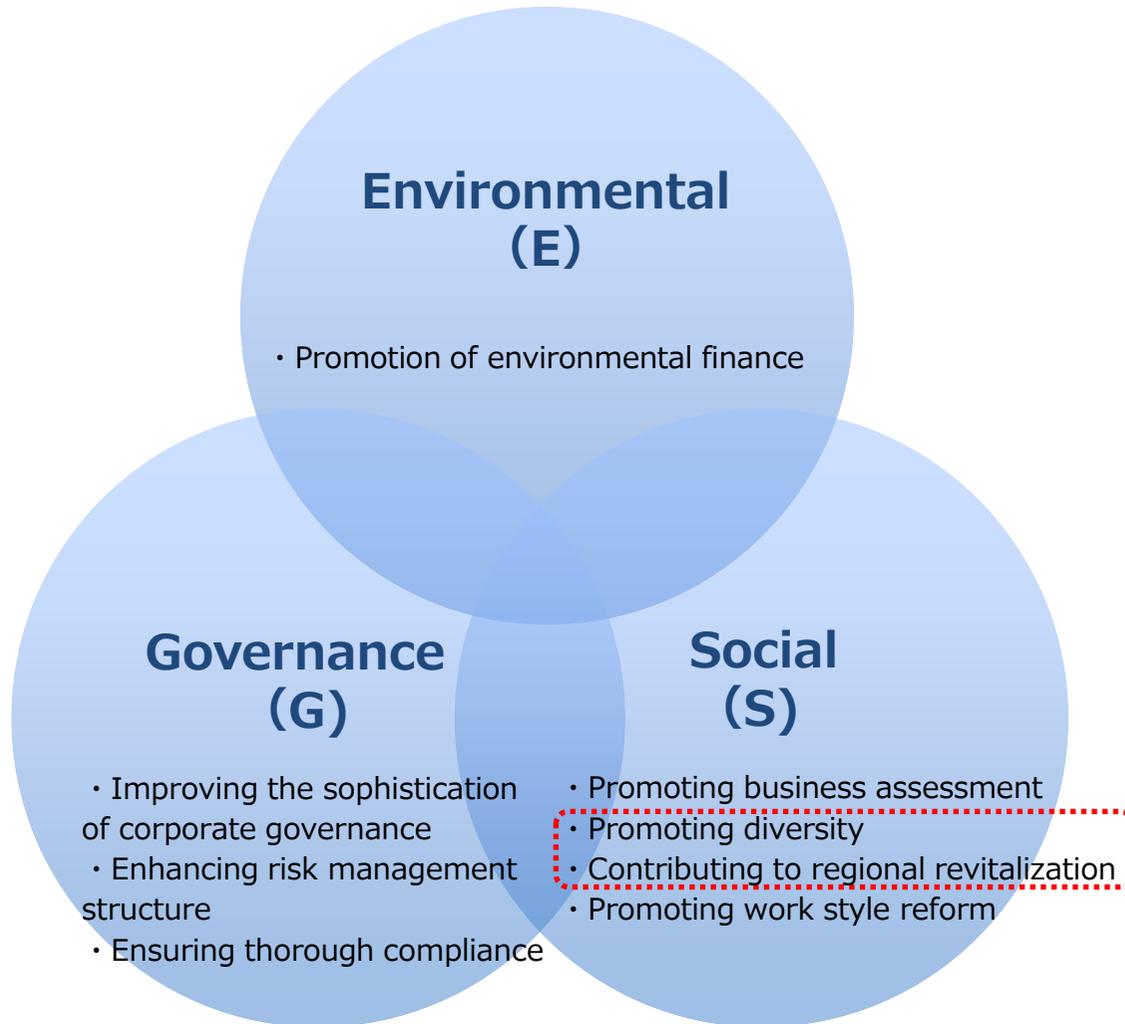


【Key opinions from trainees】

- As the environment surrounding banks has changed, I feel that the skills required of bankers are changing.
- I can understand the need for career changes.
- It is inevitable that there will be a reduction in staff with IT developments.
- I am worried about the new business and sales targets.

(Trainees: over 500)

ESG Initiatives



ESG Promotion Committee

(Chair of the Committee) President

(Committee Members) Members of the Management Board; general managers of Corporate Planning Division; Public Relations Division; Human Resources Division; Diversity Management Division; Corporate Business Division; Regional Revitalization Division, etc.

(Secretariat) Corporate Planning Division

The ESG Promotion Committee develops the Bank's ideas

- Our initiatives
- Activities to the regional community

ESG Perspectives

➤ **By improving the disclosure of information we can enhance investors' understanding**

Example ① Diversity

Promote women in the workplace as a management strategy

Proportion by women	2006 End March	2017 As of July	FY2020 Target
Management positions (No. of persons)	2.0% (17)	11.4% (118)	20%
Leadership positions (No. of persons) *	9.4% (98)	29.9% (260)	30%

*This includes staff in jobs with subordinates such as deputy branch managers, etc. and other staff in similar positions, and persons who, as those responsible for supervising business, have responsibility for organizational management.

First regional bank



FY2017 - the "Nadeshiko Brand" "MSCI Japan Empowering Women Index"



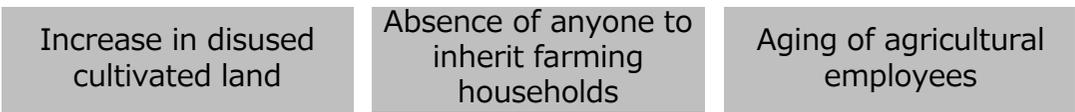
Ministry of Health, Labor and Welfare
"Eruboshi" (top ranked)



Ministry of Health, Labor and Welfare
"Platinum Kurumin"

Example ② Regional revitalization

Agricultural issues



Resolutions



(14.5% investment by the Chiba Bank Group)

- Establishing a sustainable framework for agriculture
- Contributing to the development of local farming and revitalization of the regional economy

➤ **An approach that both resolves social issues and increases our earnings**

<Target indicators for 2020/3>

Profit Attributable to
Owners of Parent
¥60Bil.

Consolidated ROE
(shareholder equity base)
7% range

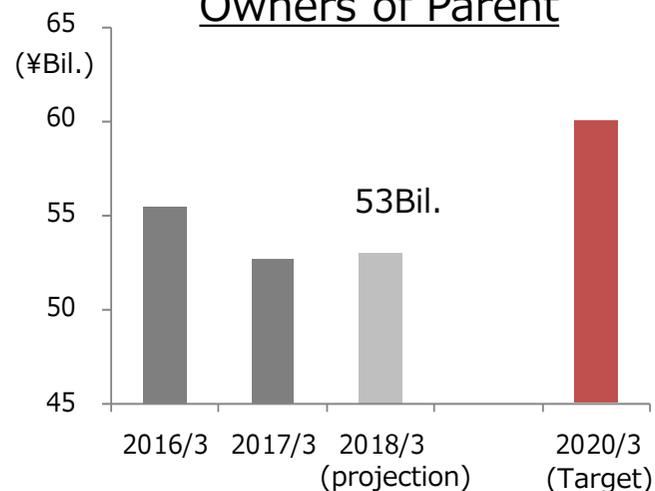
Consolidated CET1 capital ratio
12% range

Balance of Loans
¥10.5Tri.

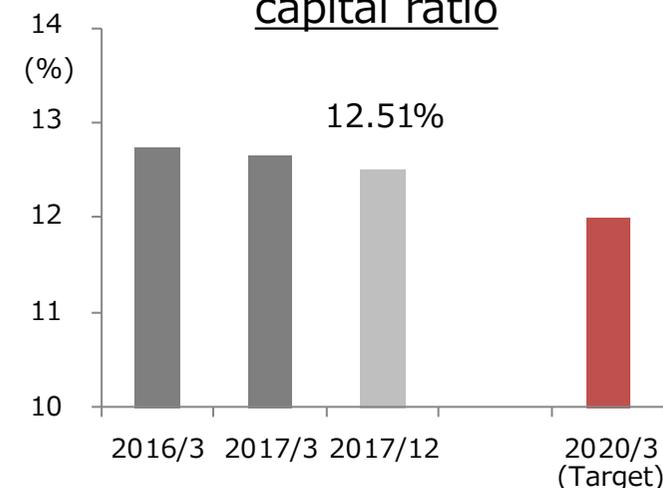
Balance of Deposits
¥12.5Tri.

Group Total Balance of
Financial Products
¥2.5Tri.

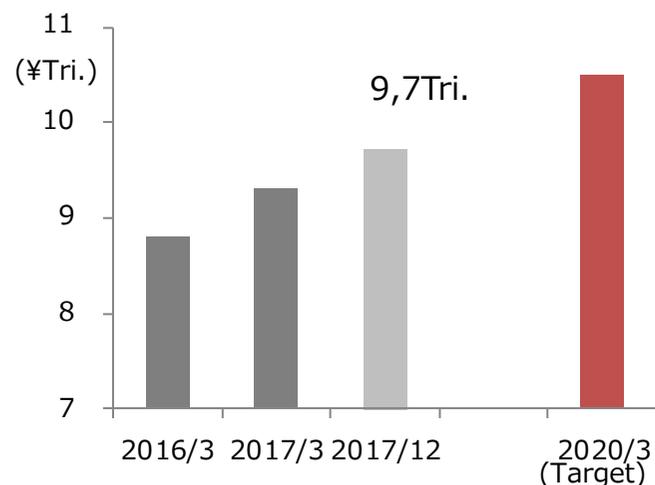
Profit Attributable to Owners of Parent



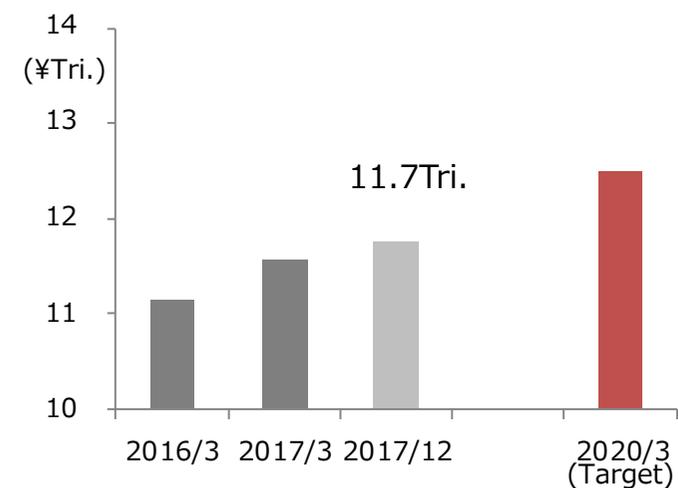
Consolidated CET1 capital ratio



Balance of Loans



Balance of Deposits



Alliance Strategy

Chiba-Musashino Alliance



Tokyo Metropolitan Area

Collaborating in all sorts of ways to improve the level of products and services and share back office operations, etc.

(End of March 2017)	Total for the 2 banks
Total Assets	¥18.5Tri.
Total loans	¥12.7Tri.
Total deposits	¥15.5Tri.
Market capitalization	¥737.6Bil.

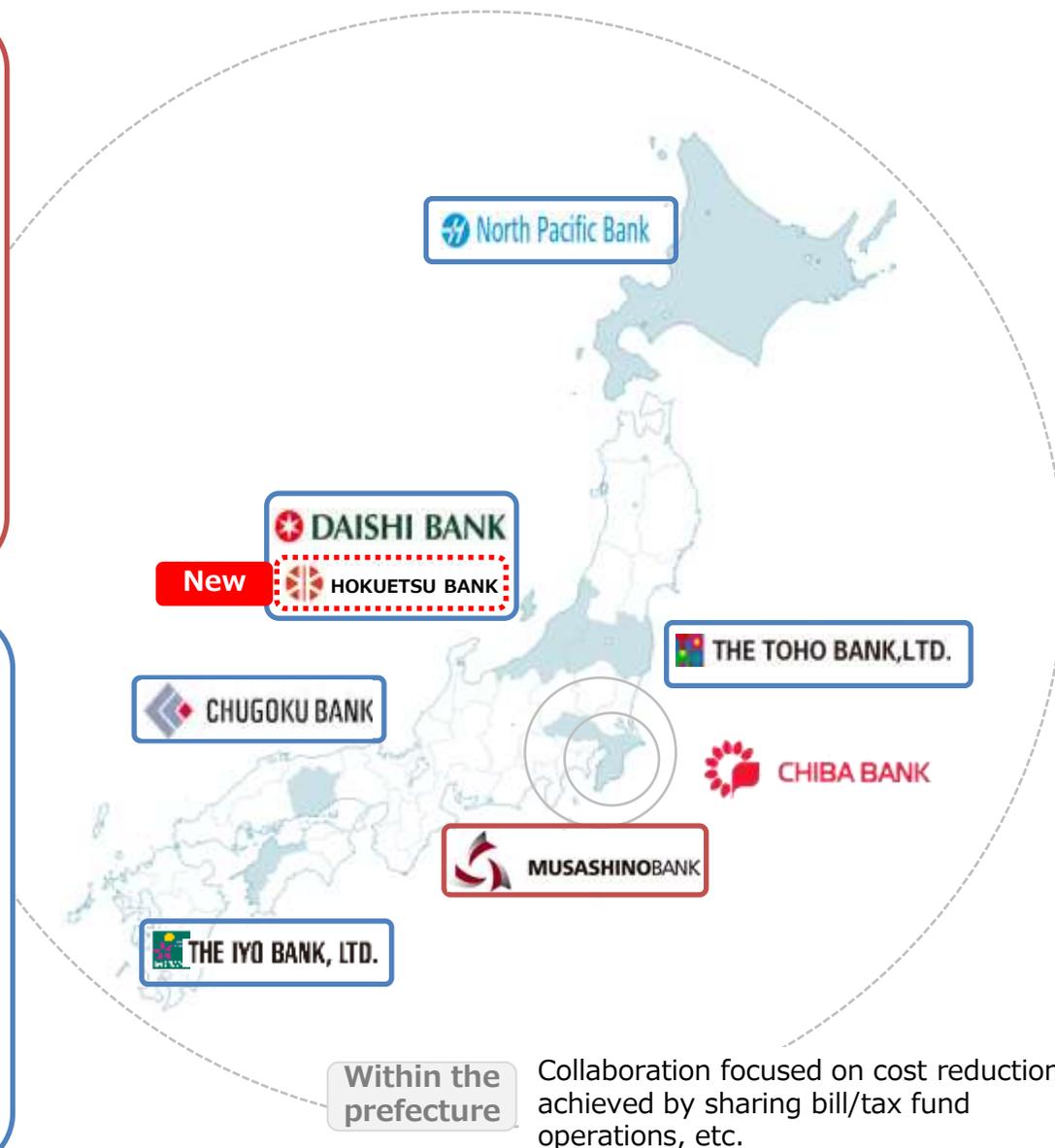
TSUBASA Alliance



Broader based areas

Expanding from IT-focused collaboration to also include business operations

(end of March 2017)	Total for the 7 banks
Total Assets	¥52.5Tri.
Total loans	¥31.7Tri.
Total deposits	¥42.9Tri.
Market capitalization	¥1,690.2Bil.



Within the prefecture

Collaboration focused on cost reductions achieved by sharing bill/tax fund operations, etc.



Sales platform/brand in the Tokyo Metropolitan Area

Establishment of the “Chiba-Musashino Alliance Co., Ltd.”
– a joint investment by both banks



Sharing of know-how
Leveraging of group companies
Personnel exchanges

Contributing to the local economy and providing services that are very customer-friendly

Increasing top-line earnings and reducing costs
Numerical results (for the two banks combined)
to exceed ¥10Bil. cumulatively over 5 years

Year 1 / Year 2
(FY2016 · FY2017)

Year 3
(FY2018)

Year 4/Year 5
(FY2019 · FY2020)

Sharing of know-how
Development of new initiatives
Establishment of a framework to promote the alliance

Raising the strategic importance of the alliance
Investigation into the sharing of subsystems and rules
Stable operation of collaborative initiatives

Broader collaboration
Recording the steady effects of the alliance in the accounts

Business Succession Fund

Chiba-Musashino Alliance
- Limited Investment Partnership No.1
(Total value: ¥3,000Mil.)

Project No. 1

Company Name	Mt. Fuji Springs Inc.
Key Business Profile	Water server and Mineral water business
Investment amount	¥120Mil.

Supporting smooth business successions
for customers of Chiba Bank and Musashino Bank

Changes in store functions

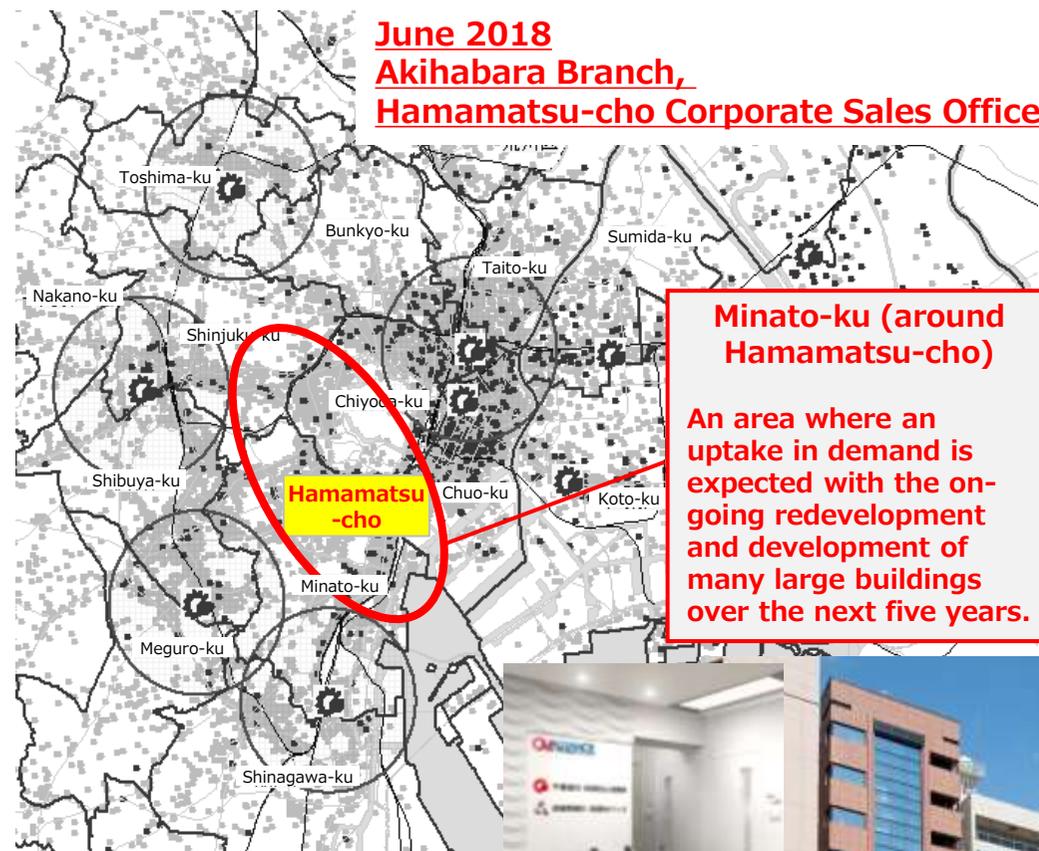
Type of store	Details of operations	Trends
General stores	All operations	↓
Personalized model	Deposits, financial products and consumer loans	↑
Money plaza model	Deposits and financial products	↑

- Review of help-desk operating hours
Introduction of a lunch break (11:30 - 12:30)
in some branches in the prefecture

- Store consolidation

Cooperative sales in Tokyo

June 2018
Akihabara Branch,
Hamamatsu-cho Corporate Sales Office



Installation of joint ATMs



Installation of joint ATMs
across a total of
17 locations such as
Ikebukuro station, etc.





Main frame system cooperation

Chiba Bank	Daishi Bank	Chugoku Bank	North Pacific Bank
January 2016~	January 2017~	May 2017~	Toho Bank
Main frame system cooperation (Mutual back ups)			Reaching a basic agreement on participating in the cooperation

Sharing of administrative operations

- Enactment/abolition of administrative affairs
- Inquiries from sales stores
- Training
- Concentration to administrative centers, etc.

Personnel solutions/
cost savings

Consolidation/succession
of know-how

Retention and training of
professional personnel

Studies and research on FinTech

Title	T&I Innovation Center Co., Ltd.	
Investment Ratio	Chiba Bank	40%
	Daishi Bank; Chugoku Bank; Iyo Bank; Toho Bank; North Pacific Bank; and IBM Japan	10% each

TSUBASA FinTech Platform

External operators (FinTech firms, etc.)

Various apps



TSUBASA Alliance Banks

Financial institutions outside the Tsubasa Alliance banks

New



Chiba-Musashino Alliance

TSUBASA Alliance

Inheritance-related services	Musashino Bank April 2017~	Daishi Bank October 2016~	Chugoku Bank October 2016~	Toho Bank June 2017~
Method of collaboration	Customer support services, etc. are contracted out from Chiba Bank		Management services for administrative affairs, etc. are contracted in by Chiba Bank	
Features	Able to offer direct support for customer consultations		Main agent is able to participate without going through the administrative division	
No. of customers	Total number since the start of collaboration: 314			

Asset Management



Securities

Chibagin Securities:
Introductory brokerage business
4 centers opened in Saitama
August 2017~ Saitama Sales
Department (Omiya)
September 2017~ Urawa Branch
December 2017~ Soka Branch /
Tokorozawa Branch



Co-marketing of "Green Bonds
(denominated in Indian Rupees)"
issued by the World Bank

Chibagin Securities; Daishi Securities;
Chugin Securities; Iyogin Securities;
Toho Securities

Please contact IR as listed below if you have any opinions, impressions or queries on this material.

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