

# **Progress and Measures of the Medium Term Management Plan / Alliance Strategy**

**Chiba Bank IR Day**

**April 2019**

**THE CHIBA BANK, LTD.**

**(TSE Section 1: 8331)**

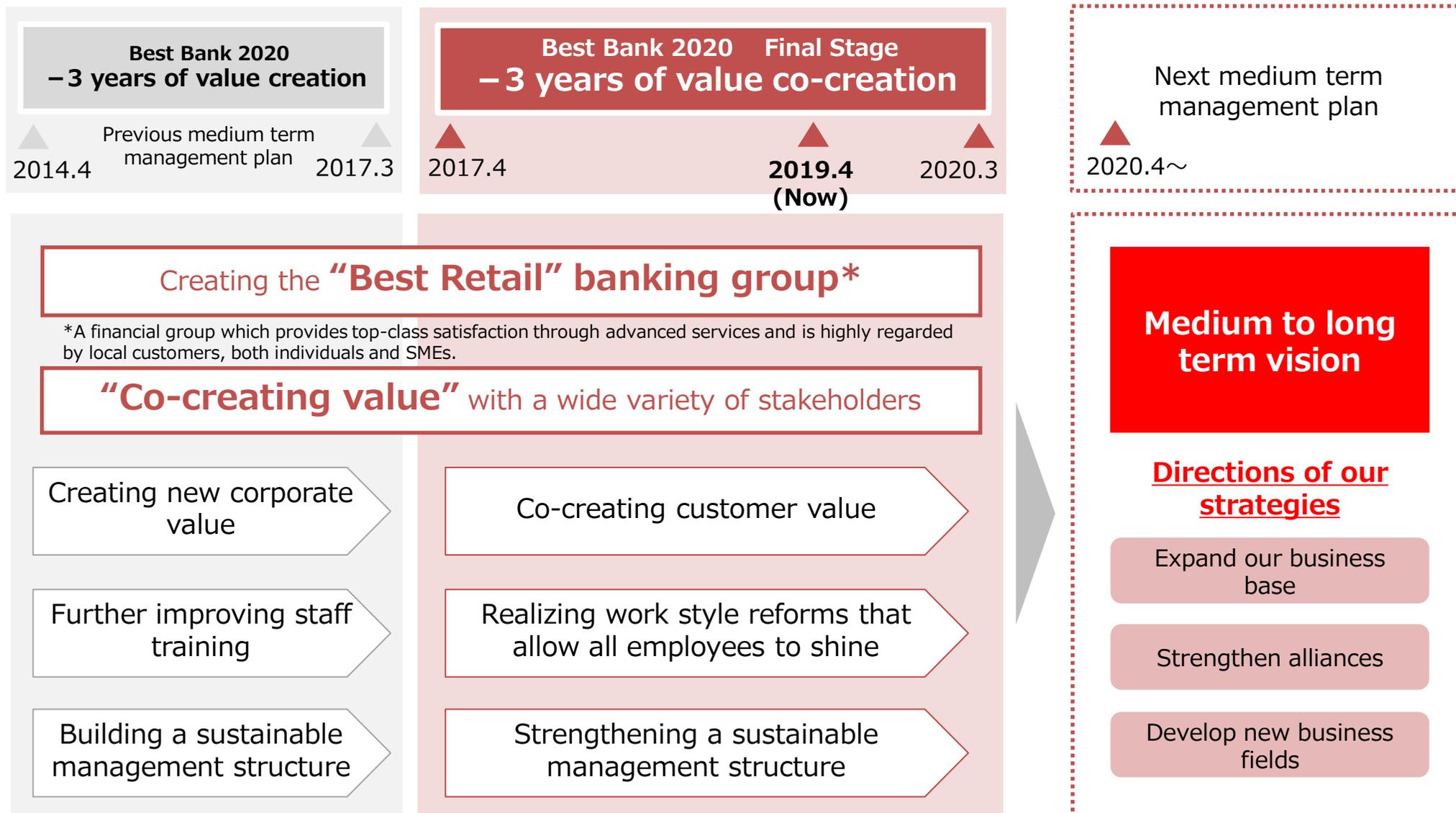
## Progress and Measures of the Medium Term Management Plan

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# Progress and Measures of the Medium Term Management Plan

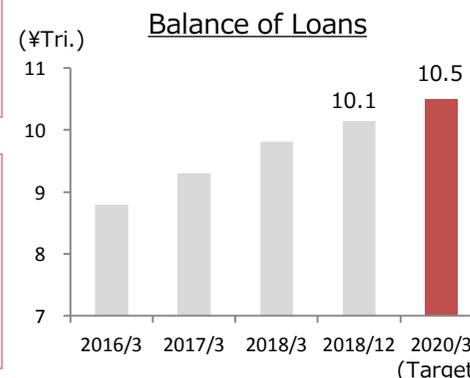


## <Already Achieved>

Co-creating customer value	<ul style="list-style-type: none"> <li>■ Evaluation of businesses and that contribute to regional revitalization                             <ul style="list-style-type: none"> <li>- Start offering Chiba Sports bond</li> </ul> </li> <li>■ Provision of comprehensive financial services for individual customers                             <ul style="list-style-type: none"> <li>- Promoting new accounts with approach to funded investment trusts and NISAs</li> </ul> </li> <li>■ New services to support digitalization                             <ul style="list-style-type: none"> <li>- Introduction of <b>digital passbooks</b> and entirely web-based investment trust schemes</li> </ul> </li> <li>■ Expansion of retail base in Tokyo metropolitan area                             <ul style="list-style-type: none"> <li>- Opening of <b>Ebisu Branch</b> and <b>Hamamatsucho Corporate Banking Office</b></li> <li>- <b>Steady increase in balance of loans</b></li> </ul> </li> </ul> <p style="background-color: #ff0000; color: white; padding: 5px; text-align: center;">Medium term management plan target for balance of loans interim progress 57.7% (Increase target of ¥1,190Bil. → Actual figure of ¥690Bil.)</p>
Realizing work style reforms that allow all employees to shine	<ul style="list-style-type: none"> <li>■ Diversity                             <ul style="list-style-type: none"> <li>- Opened Himawari Nursery School Chiba</li> <li>- Held a Diversity Forum</li> </ul> </li> <li>■ Workplace reform                             <ul style="list-style-type: none"> <li>- Increase in electronic workflow</li> </ul> </li> </ul>
Strengthening a sustainable management structure	<ul style="list-style-type: none"> <li>■ Strategic alliance                             <ul style="list-style-type: none"> <li>- Supported establishing Musashino bank's Singapore rep-office</li> </ul> </li> <li>■ Integrated Group management                             <ul style="list-style-type: none"> <li>- Creation of Group Chief Officer positions</li> </ul> </li> </ul>

## Change of environment

- Shortages of labor and business succession needs against the backdrop of aging population
- Social development in digitalization and popularization of cashless transactions
- Continued increase in population in Tokyo metropolitan area
- Government-led promotion of workplace reform
- Difficult business environment for regional banks (lower interest rate and concerns about worsening corporate performance)

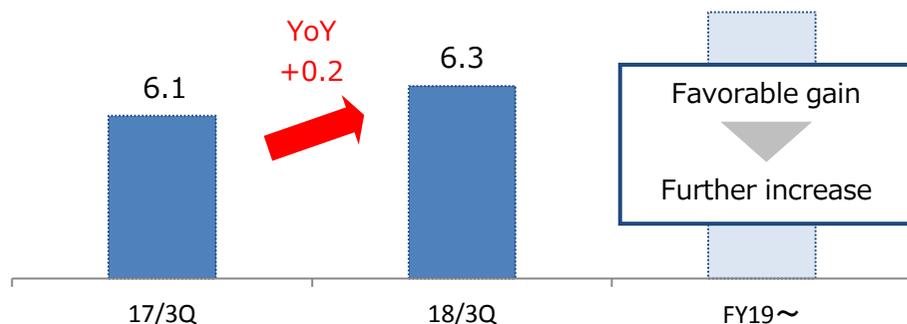


## <Future>

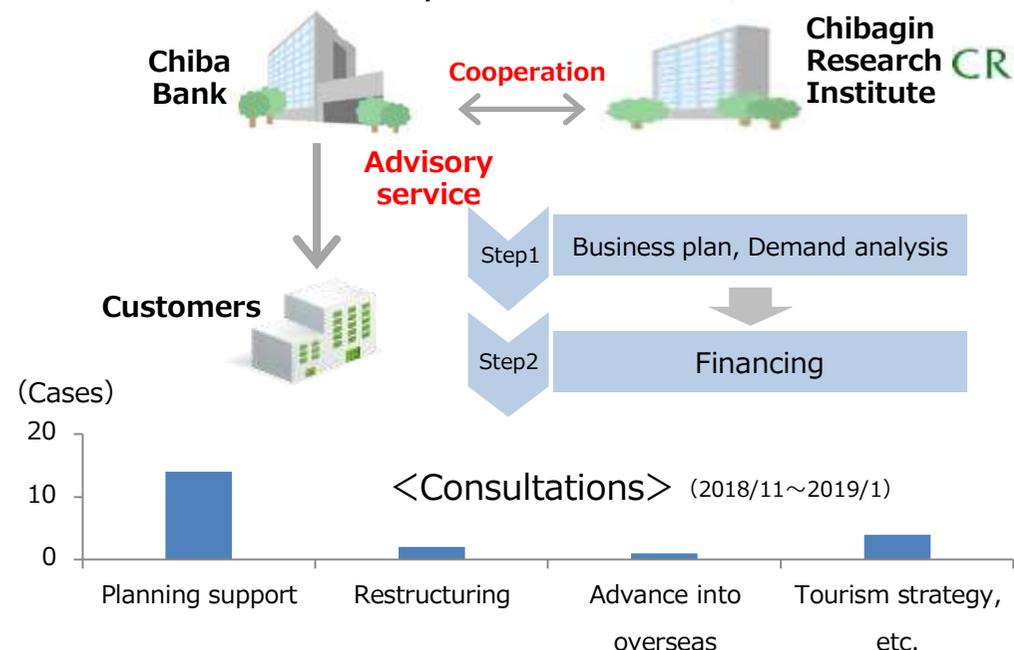
Part 1	<ul style="list-style-type: none"> <li>■ Evaluation of businesses and that contribute to regional revitalization                             <ul style="list-style-type: none"> <li>- <b>Consulting functions</b></li> </ul> </li> </ul>
Part 2	<ul style="list-style-type: none"> <li>■ New services to support digitalization                             <ul style="list-style-type: none"> <li>- <b>collaboration with partners in different sectors</b></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>■ Workplace reform                             <ul style="list-style-type: none"> <li>- <b>Implementation of front-of-branch reform (tablet devices etc.)</b></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>■ Strategic alliance                             <ul style="list-style-type: none"> <li>- <b>Opening of Ikebukuro branch</b></li> </ul> </li> </ul>

## ● Create new business opportunity, proposing complex solutions for management issues

Solution-related fees from corporate customers (¥Bil.)



Advisory service (2018/11~)



### Strengthen support to resolve management issues

#### Management issues

- Medium term management plan
- Business plan
- Business analysis with financing

- Labor shortage
- Absence of successor
- Needs for succession

#### Support menu

##### Advisory service

CRI Chibagin Research Institute

##### Personnel placement

Chibagin career service

##### Succession · M&A

Nihon M&A Center Inc  
BIZREACH

### Strengthening solution-based proposals

New

#### Advisory Department, Corporate Business Division

Promote advisory service and M&As

## ● Support customers' entrepreneurship and contribute to revitalization

### Kano Gymnastics Club

Business plan to establish the club

Company overview	Manage a gymnastics club
Management issue	Lack of management experience and know-how for attracting child
Our solution	Advisory service (Demand analysis by market and competition, business risk analysis and make a financing plan, etc.)

### Results

- **Received consignment of advisory service**
- **Provided "Chibagin revitalization loan"**
- Other services (Creating a webpage, etc)



### Choshi Sports Town

Sports town branding through utilization of vacant public facilities

### Results

- **Provided "Chibagin revitalization loan"**

Reduced the financial burden

Maintenance cost reduction: ¥3Mil./year

Creating jobs

6 Full time and 3-10 Part time jobs

Rising in population

Cycle tourism "Tour de Chiba 2018" (participants: 885)

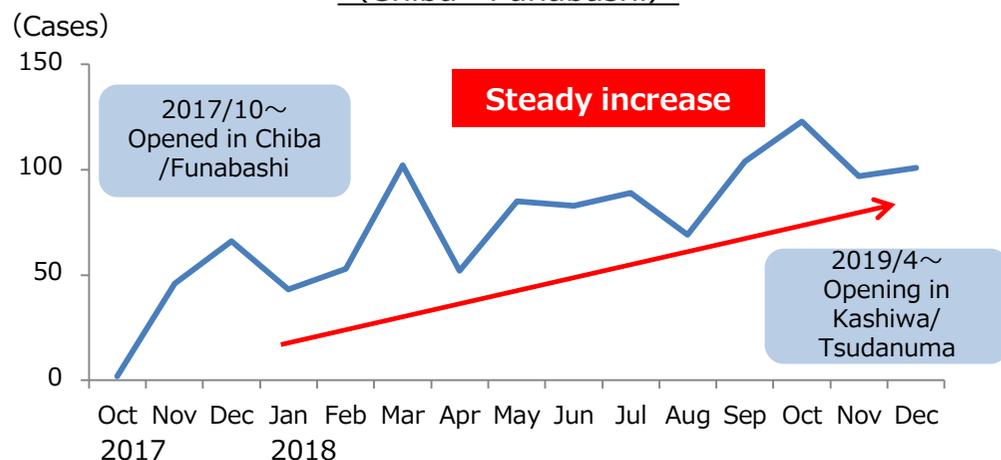
**Concrete results due to our group's financing and branding were highly regarded.**

"Significant cases" of financial institutions contributing to revitalization (2019/3)



## ● Promote closer cooperation with group companies and external operators to help customers' asset growth

Number of new contracts at Hokennomadoguchi  
(Chiba · Funabashi)



Life Design System (LDS)

New



Matching tool to provide best insurance products for each customers

**Expanding installed branch**

### Strengthen cooperation

● Wealthy individuals

■ Opened Funabashi Branch (Chibagin Securities) (2019/2)



● Other individuals

■ Opening (Hokennomadoguchi@Chibagin) Kashiwanoha-campus Branch and Himawari Lounge Tsudanuma (scheduled 2019/4)



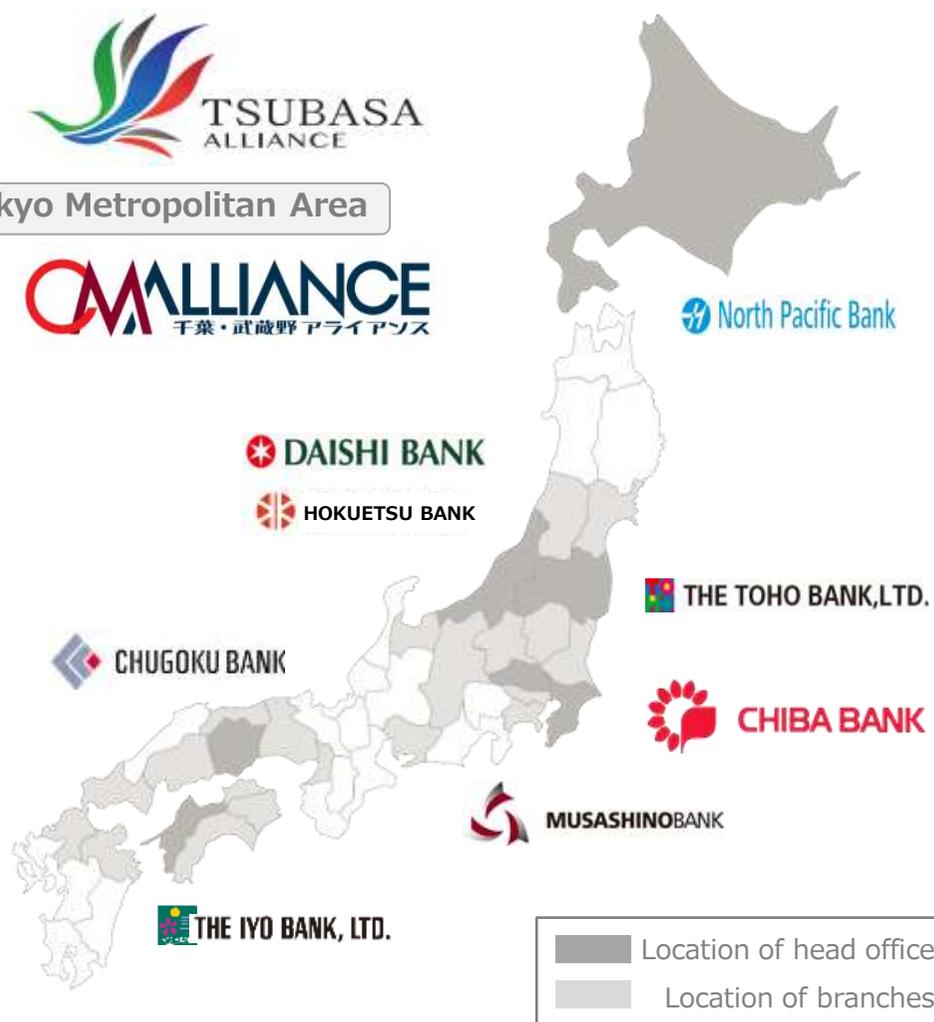
# Alliance Strategy

## ● Pursue the synergies, evolving the largest alliance with regional banks greater than management integration effects

Broader based areas



Tokyo Metropolitan Area



< Ranking of banks in consolidated asset size as of 2018/12 >

(¥Tri.)	Total assets	Deposits	Loans
MUFG	307.1	184.7	108.4
SMFG	202.0	131.6	77.6
Mizuho FG	201.6	134.9	78.5
<b>TSUBASA</b> ※4	<b>59.2</b>	<b>50.7</b>	<b>37.6</b>
Resona HD ※1	58.9	51.4	35.7
SMTrust HD ※2	57.0	37.6	28.6
TSUBASA ※3	54.7	46.5	34.1
Fukuoka FG	20.9	14.4	12.8
Concordia FG	18.5	15.8	12.6
Mebuki FG	17.2	14.6	10.6

- ※1 Consolidated Kansai Mirai FG from 2018/4
- ※2 Deconsolidated three entities from 2018/10
- ※3 DAISHI HOKUETSU FG from 2018/10
- ※4 Joined Musashino Bank from 2019/3

**Comparable to mega banks in total assets**



## Year 4 and 5

- Co-branch (Ikebukuro Branch)
- Tie-up with TSUBASA Alliance

Stable operation of realized initiatives and deeper tie-up from the long-term perspective

### FY2018 (year 3)

- Co-location of branches (Akihabara Branch Hamamatsucho Corporate Banking Office, Singapore Rep.)
- API (TSUBASA FinTech Platform)

Building a "New tie-up model for regional banks" and achieve major initiatives such as inheritance and securities

### FY2017 (year 2)

- Chiba-Musashino Alliance Co., Ltd.
- Inheritance-related services
- Intermediary services
- Insurance call center
- Business Succession Funds
- Joint ATM

Quickly implement initiatives through mainly work groups

### FY2016 (year 1)

- Asset management
- Lease intermediary
- Private placement
- Customer introduction
- Syndicate loans
- Joint purchase of ATM/deposit machines
- Reduction in rent for branches
- Screening tools
- Partner fund
- Establishment of foreign currency lines
- etc.



Chibagin Securities;  
Saitama (Omiya),  
Urawa, Soka, Tokorozawa



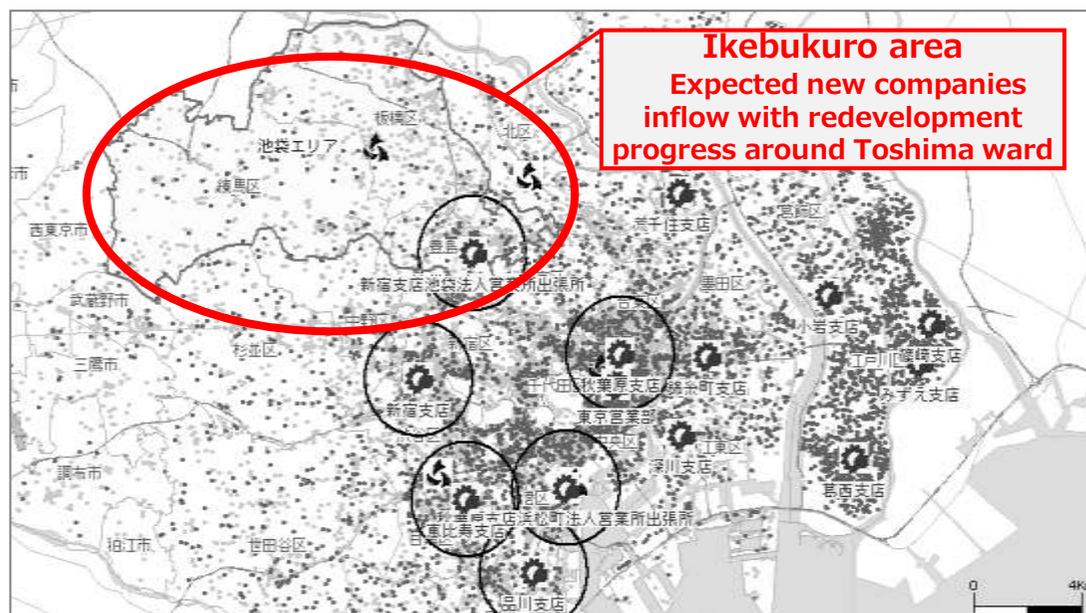
Singapore Rep.



Hamamatsucho Corporate  
Banking Office

## ● Work together to expand market share in Tokyo metropolitan area and improve branch operating efficiency

### Branch network in Tokyo



Balance of loans of Ikebukuro Corporate Banking Office



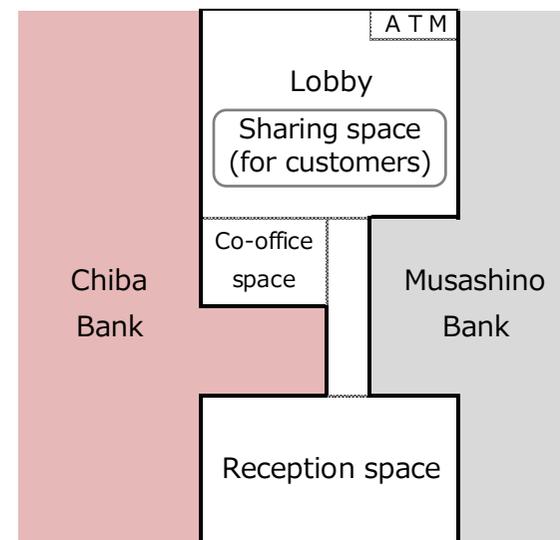
Ikebukuro Corporate Banking Office (opened 2016/10)

**Upgrade to branch (scheduled 2019/10)**

### Co-branch (Ikebukuro Branch)

- Strengthen sales (in North Tokyo)**
  - Effective utilization of information and solution
- Enhancement efficiency**
  - Correspond to the easing regulation (bank agency)
- Reduce costs**
  - Set sharing space (for customers)

#### <Layout image>



Entrance



Lobby



## Increase top-line

- Asset management business
- Syndicated loans
- Inheritance-related services

New

The first syndication in foreign currency with alliances (2018/12)  
【Chiba · Daishi · Chugoku · Iyo · Musashino】

## Reduce costs

- Sharing administrative operations
- Main frame system cooperation

New

Full-scale roll-out of telegraphic fund transfer entry services  
【Chiba · Daishi】 (2019/3~)

Started 【Chiba · Daishi · Chugoku】  
To be 【Hokuetsu】 (scheduled 2021/1) 【Hokuyo】 (scheduled 2023/1)  
Under evaluation towards final agreement 【Toho】

- Shared subsystems

### Counter reception system "TSUBASA Smile"

Under development 【Chiba · Daishi · Chugoku】

New

### Joint development of digital passbooks

Released 【Chiba · Hokuyo · Daishi】  
Under development 【Chugoku · Toho】



## Other

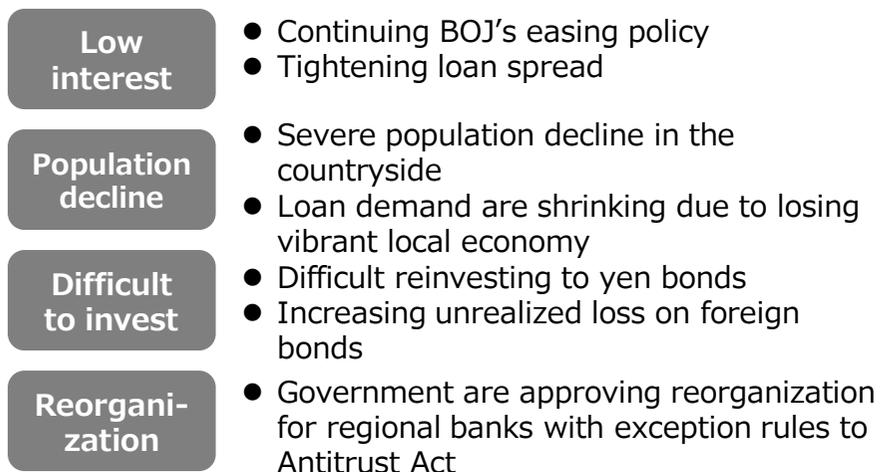
- Diversity mission



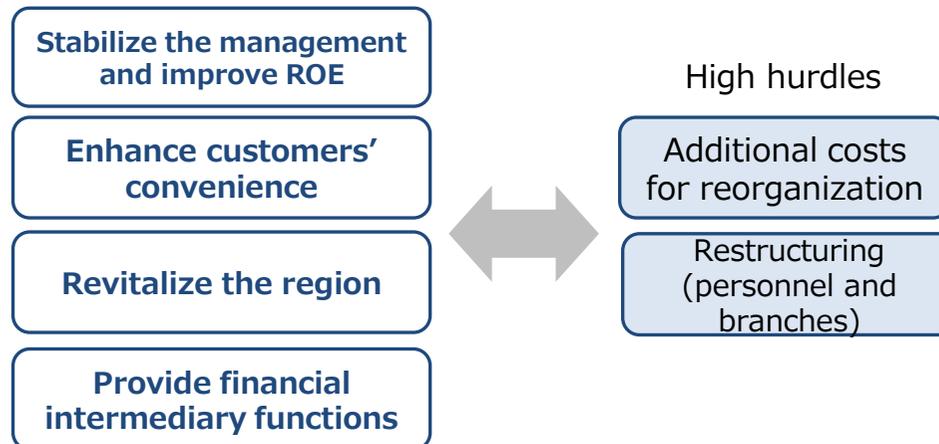
- FinTech business contest



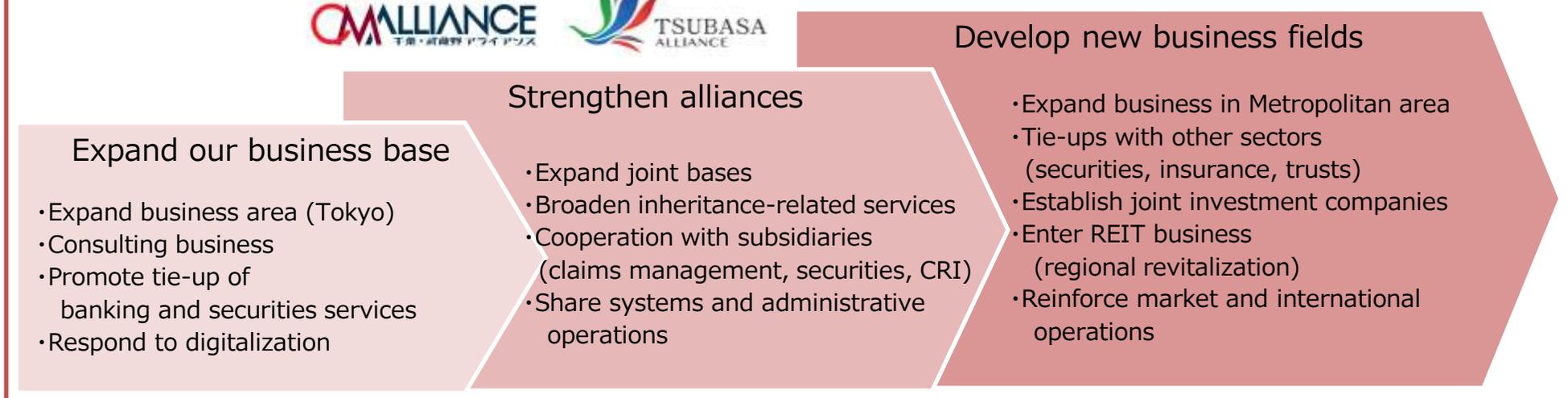
## Regional banks' management task



## To set out reorganization



## Directions of medium term growth strategy



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

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