

Business Operational Reforms and Digitalization

Chiba Bank IR Day

April 2019

THE CHIBA BANK, LTD.

(TSE Section 1: 8331)

Business Operation Reforms

Key measures from the med-term management plan	3
Overview of business operational reforms	4
Front-of-branch and in-branch operations	
- future of bank counters	5
Framework for improving efficiency of	
front-of-branch and in-branch operations	6
TSUBASA Smile	7
Improving efficiency of lending operations	8
Joint operations with alliance banks	9
Reassigning personnel	10
Improving efficiency of branch networks	11

Digitalization of Services

TSUBASA FinTech Platform	13
Digital passbooks	14
Digital banking roadmap	15
Collaboration with external partners	16
Sustainability	17

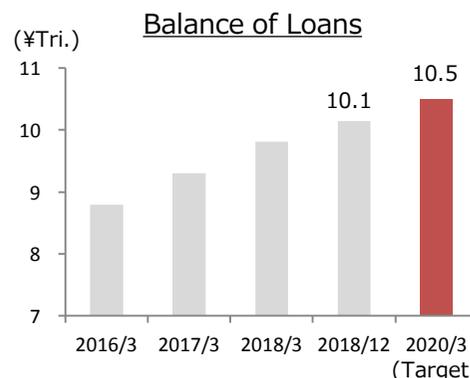
Business Operational Reforms

<Already Achieved>

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

Change of environment

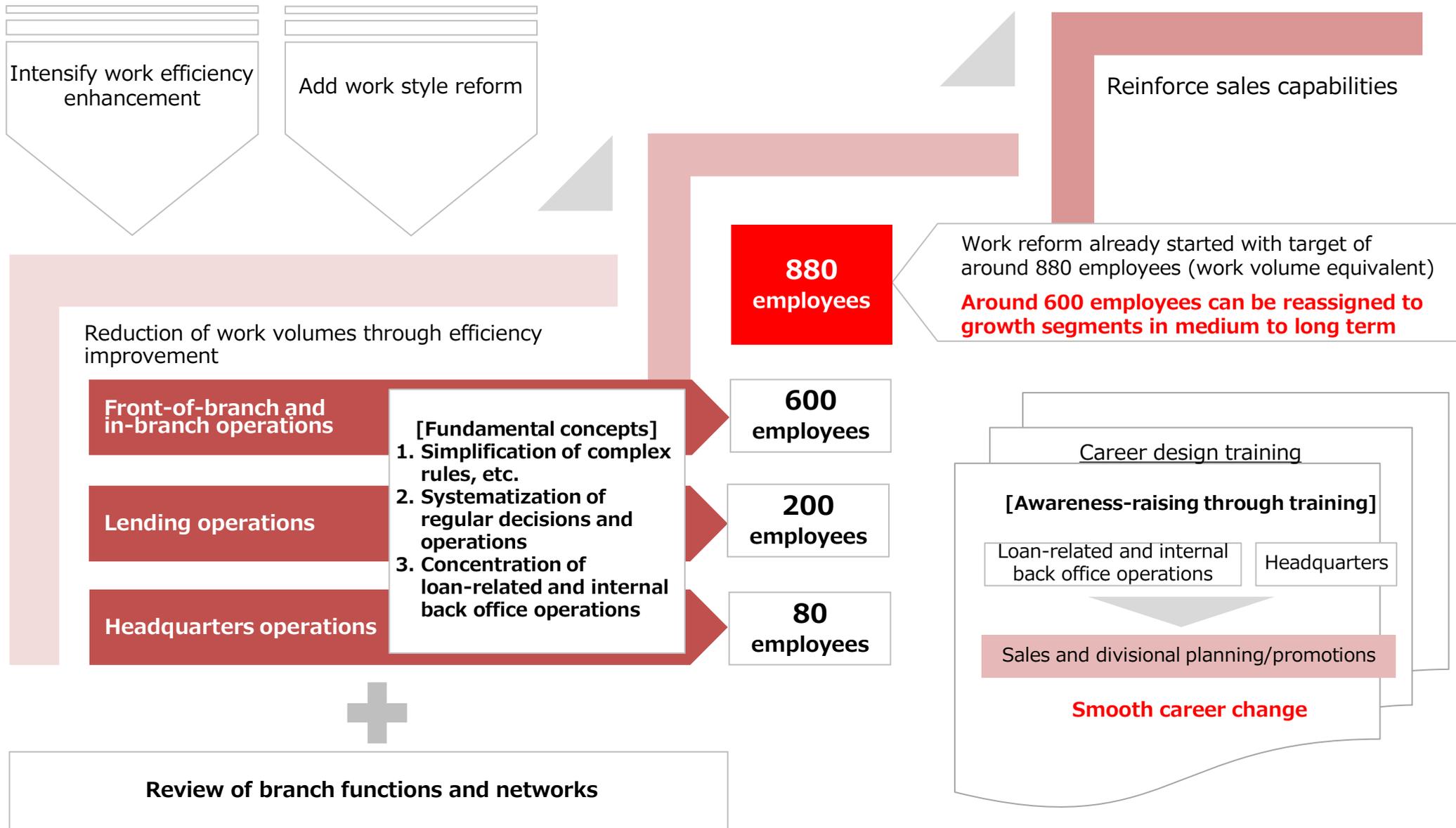
- Shortages of labor and business succession needs against the backdrop of aging population
- Social development in digitalization and popularization of cashless transactions
- Continued increase in population in Tokyo metropolitan area
- Government-led promotion of workplace reform
- Difficult business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



<Future>

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

Overview of business operations reforms



Future change of environment surrounding bank counters

Society

Popularization of **cashless payments**
(Decline in % of cash transactions)
Payment of taxes and public dues
go cashless
Public sectors go **paperless**

Customers

Almost everyone will have a **mobile device** and fully utilize the internet
Hold a My Number card
Utilize **cashless payments**

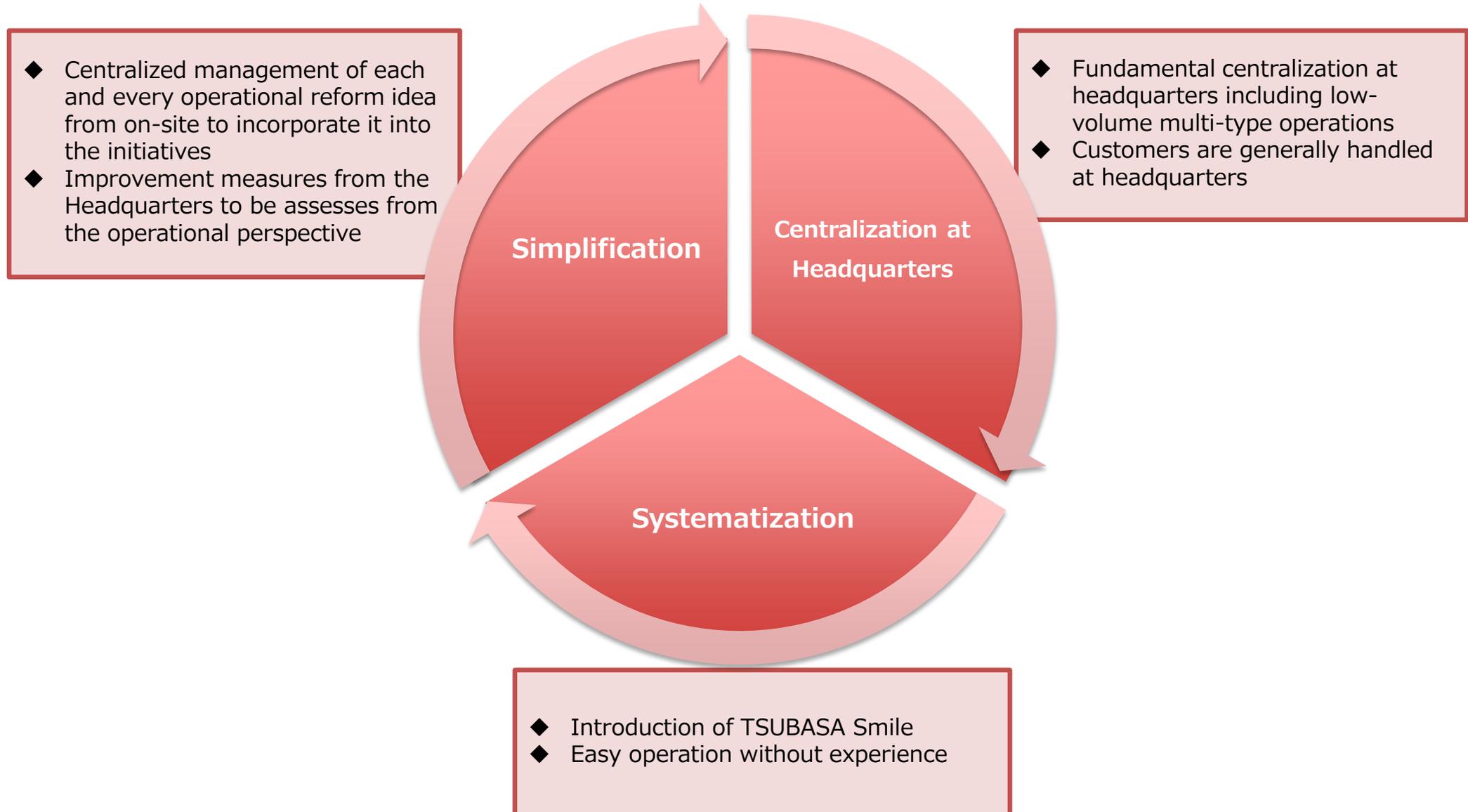
Bank

Biometric authentication becomes common
Almost all transactions can be handled on a **mobile device**
Electronic passbooks, promissory notes and checks

Role of bank counters change from "administrative processing" to "consulting"



Forecast the future change of environment and
conduct a fundamental review of operational processes



TSUBASA Smile



Joint development of a new counter reception system by Chiba Bank, Daishi Bank and Chugoku Bank based on "Smile Branch" by Nihon Unisys

Introduced at some branches from April 2019

Roll-out to all branches (scheduled for FY2020)

<Transactions within scope>

9 types of transactions are trialed

- New ordinary deposit account
- Cash card issuance
- Various notifications

Sequentially expanding the transaction types

Button operations following the guide

Faster administrative processing

A single input can handle application for various products

Effective cross-selling

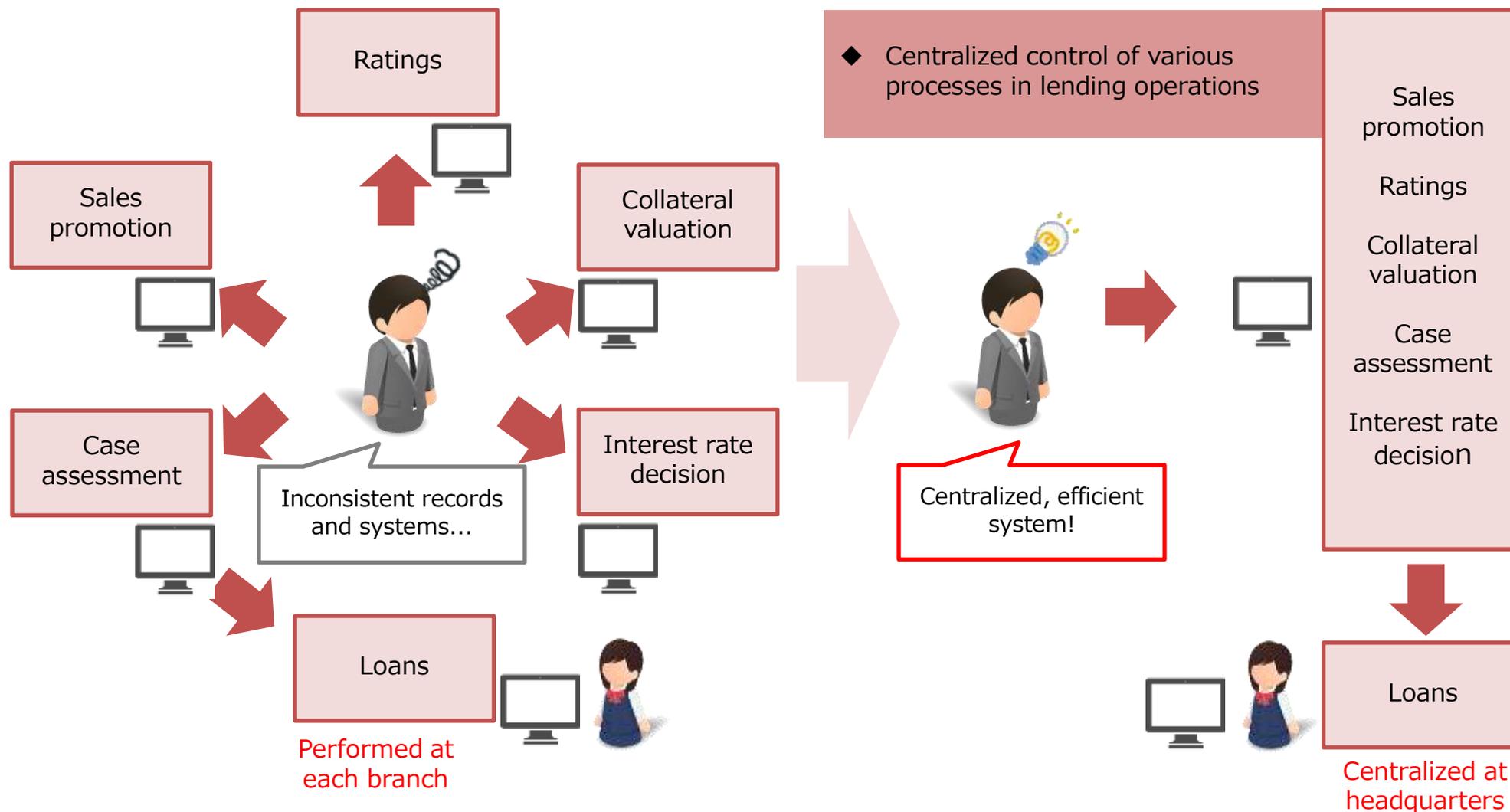
Record as electronic data

Paperless

Illustration of improved efficiency of lending operations

<Current>

<new systems>



Sharing administrative operations with Daishi Bank

Main frame system cooperation

Chiba Bank (January 2016~),
Daishi Bank (January 2017 ~)

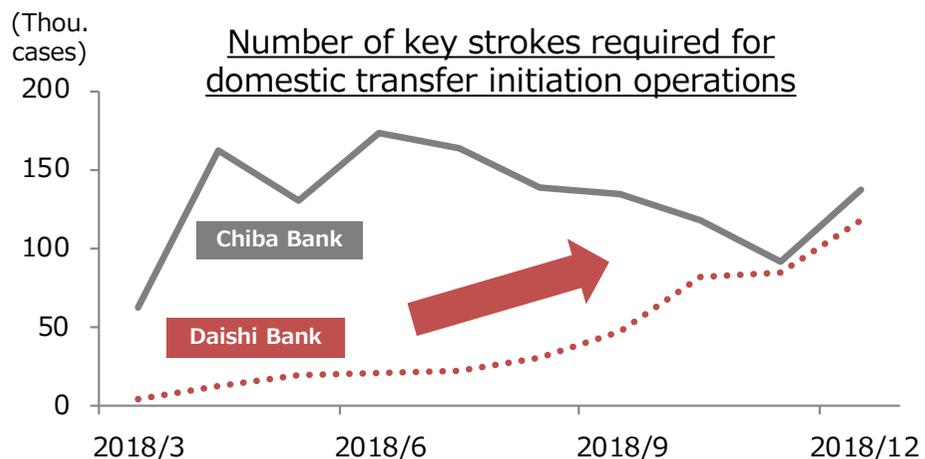
Sharing administrative operations

(agreed in February 2018)

- ✓ Administration establishment, changes and abolishment
- ✓ Inquiries from branches
- ✓ Training
- ✓ Service center centralization, etc.



Expansion of operations covered and to other banks

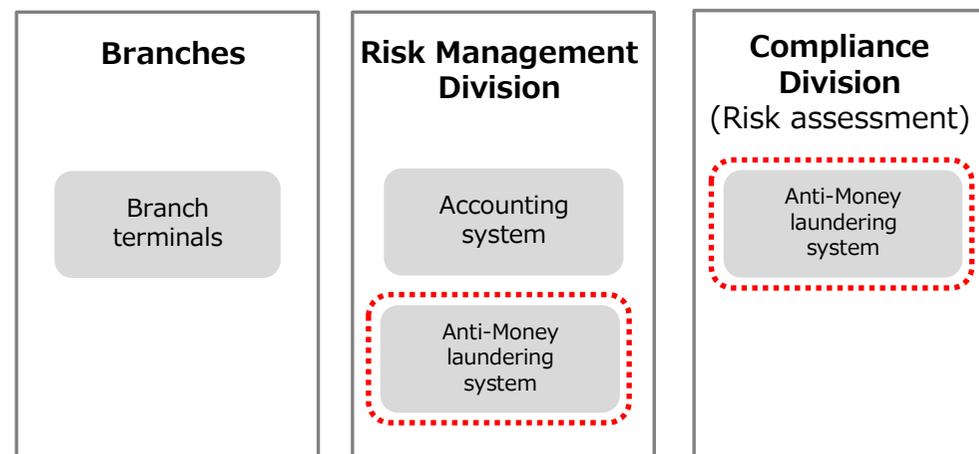


Evaluation of FATF handling etc.

- ✓ Complete compliance with obligations under the laws and regulations
- ✓ Advanced mechanism in place as required by the guidelines



Advanced monitoring with utilization of IT systems



Considering joint projects with TSUBASA banks for utilization of IT systems

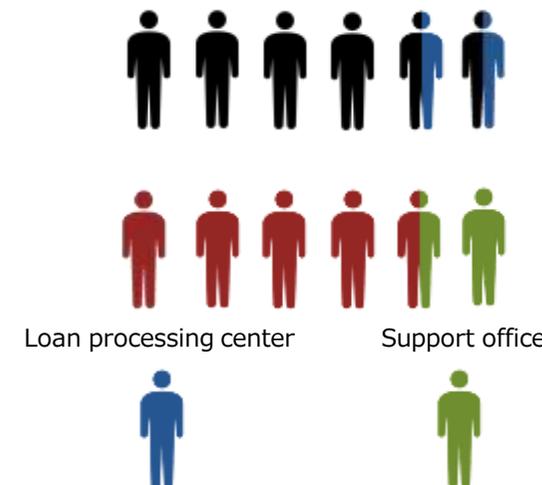
<Current >



<Improved Work Efficiency>

- ✓ Simplification of complex rules, etc.
- ✓ Systematization of regular decisions and operations
- ✓ Concentration of back office loan-related operations and internal operations

<Ideal structure>



Career change support

Career design training

- Promote understanding of operations reforms and awareness changes

Reform of career path system (general / area career track)

- Eliminate restrictions on operations due to career path

Capacity creation

2020/3 2019/3 2018/3

Reassignment

2018/3 2019/3 2020/3

Administrative work reduction / Centralization / Branch network review

Corporate sales/ Asset management/ New branches

Branch

Headquarters

Others

(Number of persons)

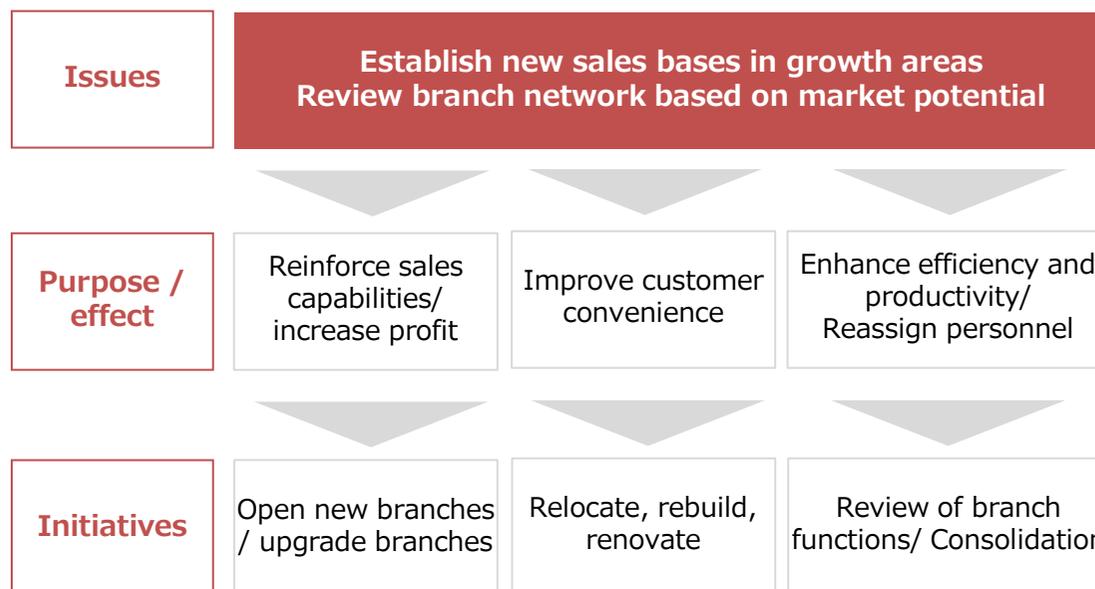
-200 -150 -100 -50 0 50 100 150

Staff reassignment (medium-term plan)
Approx. 350
 actual up to 2019/3
Approx. 150

Strengthen mid-career hiring

Group company sales, etc.

Planning/ Business operation / Centralization



New

Joint branch with Musashino Bank (Ikebukuro Branch)

First ever joint branch with an alliance bank



- ✓ Staff reduction and effective utilization of floor space
- ✓ Strengthen alliances cooperation
- ✓ Improve customer convenience (Roll-out to existing branches in the future)

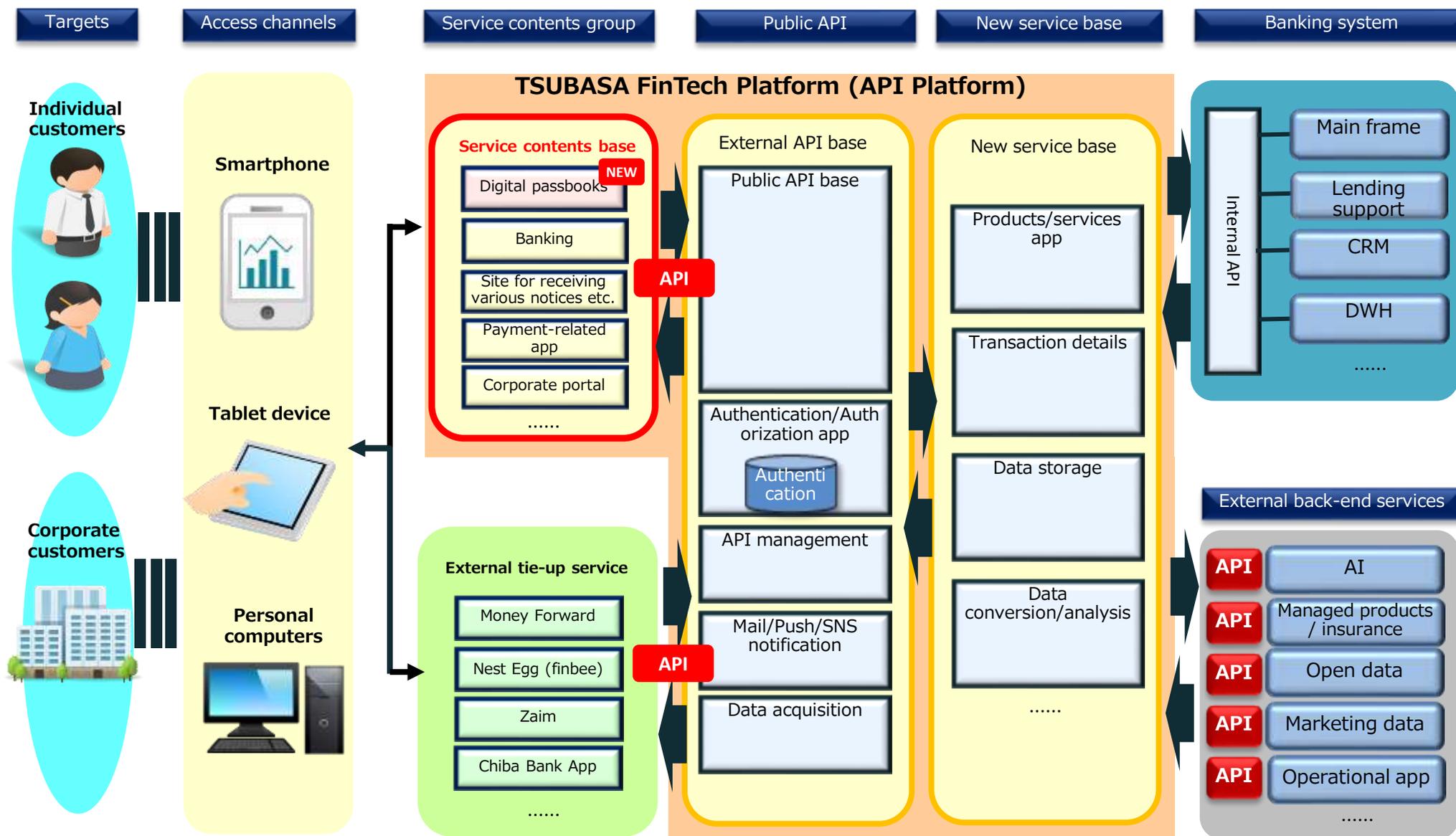
Minimum cost burden, enhanced efficiency of operating the base

Collaboration to increase market share
in Tokyo metropolitan area

Initiatives	Results in 2H_FY2018	Under consideration
Enhanced efficiency (introduction of lunch breaks, etc.)	12 branches	17 branches
Consolidation	3 branches	8 branches
Revise functions	-	8 branches

Digitalization of Services

Putting various transactions on the TSUBASA API Platform in stages and increase the range of service that can be finalized without face-to-face interactions



Digital passbooks



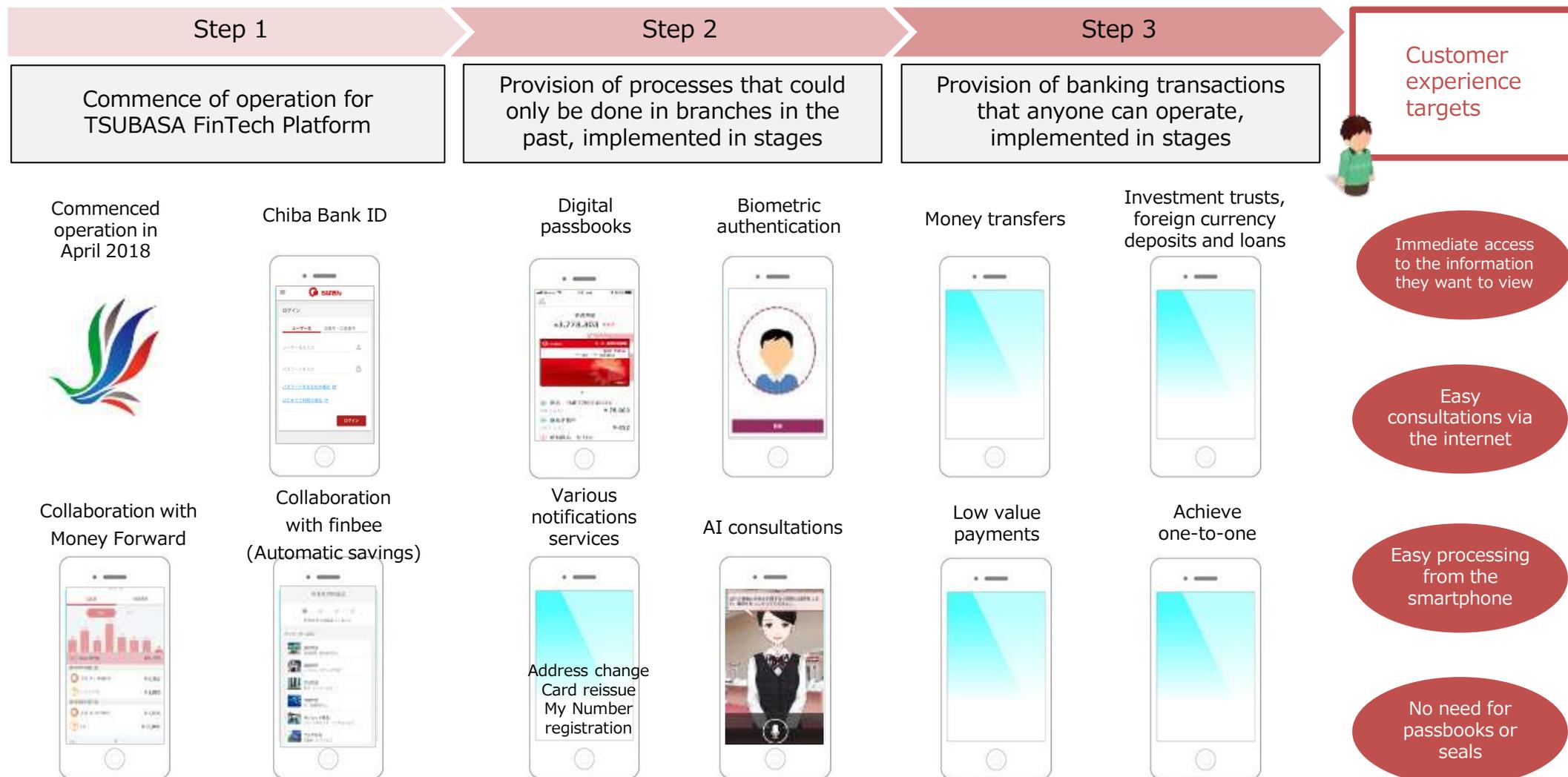
普通預金				
¥3,778,303				
先月 2017年12月				
年月日	お引き出し	お預け入れ	お取り扱い内容	残高
2017/12/27	75,000		振込 ENET1587457111 メセ	3,778,303
2017/12/27	432		振込手数料 メセ	3,853,303
2017/12/25		265,331	給料振込 片倉行 メセ	3,853,735
2017/12/24	20,000		カード コレ BK195C メセ	3,588,404

Joint development by Chiba Bank and Hokuyo Bank, utilized TSUBASA FinTech Platform

Introduced in February 2019

- ✓ Reinforcement of non-face-to-face channels
- ✓ Cost reduction (cost of issuing passbooks etc.)
- ✓ More compact ATMs in the future





Provide unique digital customer experience. Non-face-to-face service at the face-to-face level

Second Fintech Business Contest



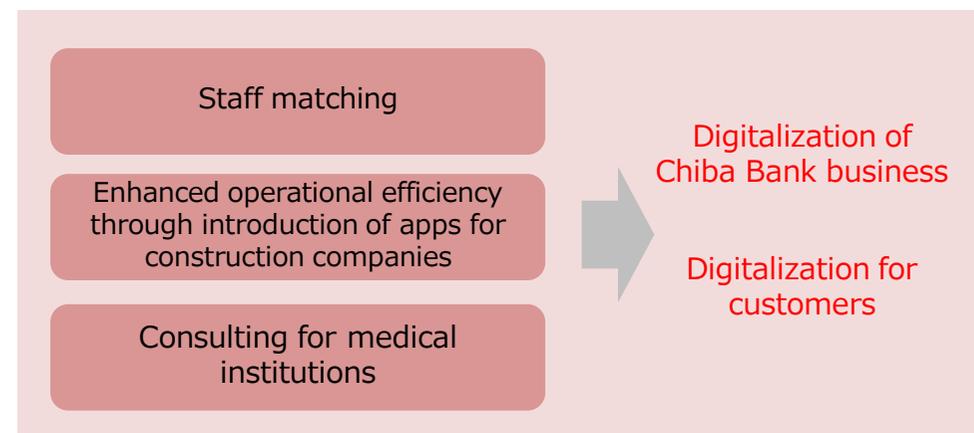
Name	TSUBASA Alliance Finovation Challenge 2018-2019
Organizer	T&I Innovation Center Co., Ltd.
Co-organizers	Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, Hokuyo Bank, Hokuetsu Bank (Special sponsors) Musashino Bank, Shiga Bank
Period	Applications begin: from mid-October Review period: December – January (review of documents and presentations) Final presentation tournament: March
Themes	New services that use FinTech platform
Assessment criteria	User-friendliness, feasibility and innovation point of view, etc.

Winner

bspr Inc.

Overview of ideas: Popularization and expansion of "Comprehensive Dementia Prevention Service" that utilizes the network of regional financial institutions

Collaboration with venture businesses



Enhanced solution offerings for our customers

Strengthening the drive force for digital-related initiatives

New

**Digital Planning Office,
Business Planning Division**

(Reorganized FinTech Business Promotion Office,
Corporate Planning Division)

Comprehensive coverage of projects including digital banking, FinTech, EB/IB, payment transactions, inter-sectorial collaborations, etc.

ESG efforts

- ✓ Clarifying our initiatives from the ESG perspective, and handling various lending policies and international frameworks

New

Sustainability Manager

Assigned to Corporate Planning Division to strengthen our ESG efforts
Promoting projects and initiatives for sustainability management

New

Integrated Reports

Preparing integrated reports in accordance with various guidance
Active involvement in disclosure of non-financial information

New

Information provision activities including non-financial information

Strengthening our governance through engagement with institutional investors



Further active engagement in ESG efforts
Aiming for our sustainable growth
through development of local economy

Selected as FY2018 "Nadeshiko Brand"

2 consecutive years



"Significant cases" for financial institutions contributing to regional revitalization

New

Sports town branding through utilization of vacant public facilities
- Choshi Sports Town -

- ✓ Supporting the local government in town revitalization, reusing a disused school as a sports camp facility
- ✓ The facility will be positioned at the core of the local government sports tourism
- ✓ Investments and loans from the Group and branding have resulted in increased population, employment creation and reduction in burdens on public finance, and these have been highly regarded.



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

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