

Coalition of TSUBASA System Infrastructure

**July 26, 2022
THE CHIBA BANK, LTD.**

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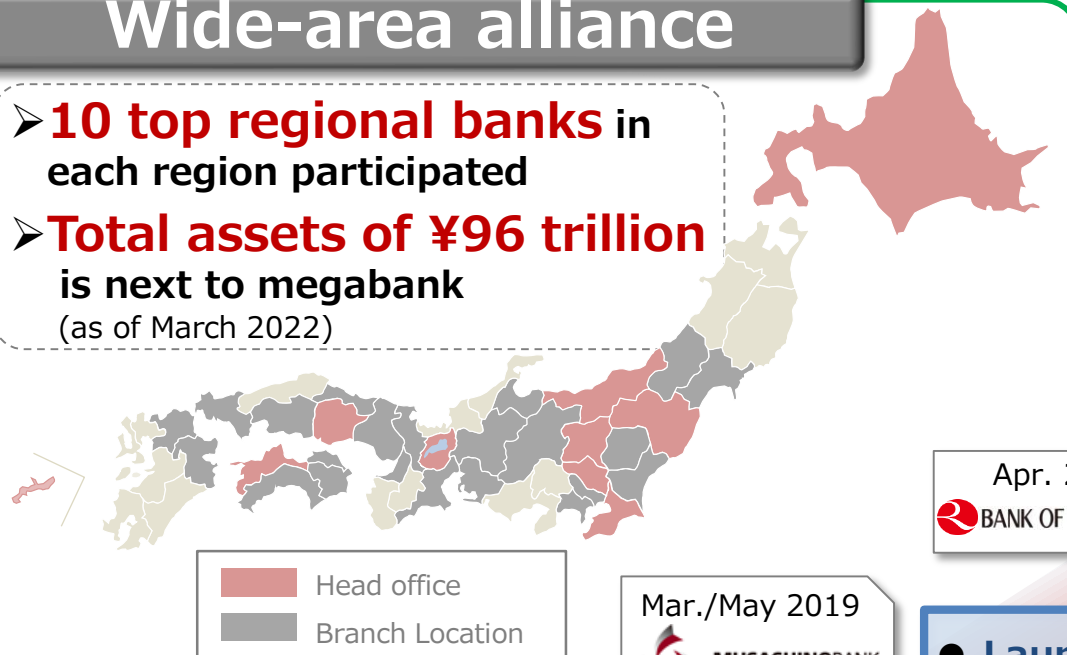
Alliance Strategy

Alliance Strategy for Chiba Bank

Developing three alliances

Wide-area alliance

- **10 top regional banks** in each region participated
- **Total assets of ¥96 trillion** is next to megabank (as of March 2022)



Head office
 Branch Location



Dec. 2020
 Gunma Bank

- Established Business Strategy Office within TSUBASA Alliances Co., Ltd. (Oct. 2021)

Apr. 2020
 BANK OF THE RYUKYUS

- Established TSUBASA Alliances Co., Ltd. (Jul. 2020)
- Established AML Center within the company (Oct. 2020)

Mar./May 2019
 MUSASHINO BANK
 SHIGA BANK

- Launched the Chiba-Yokohama Partnership (Jul. 2019)

Mar. 2016
 THE IYO BANK, LTD.
 THE TOHO BANK, LTD.
 North Pacific Bank

- Started operation of TSUBASA FinTech platform (Apr. 2018)

- Established T&I Innovation Center (Jul. 2016)
※FinTech company established by TSUBASA Alliance



Tokyo metropolitan area alliance

Oct. 2015
 CHIBA BANK
 DAISHI HOKUETSU BANK
 CHUGOKU BANK

- Launched the Chiba-Musashino Alliance (Mar. 2016)



- Launched the TSUBASA Alliance (Oct. 2015)

Amount of Alliance Effect

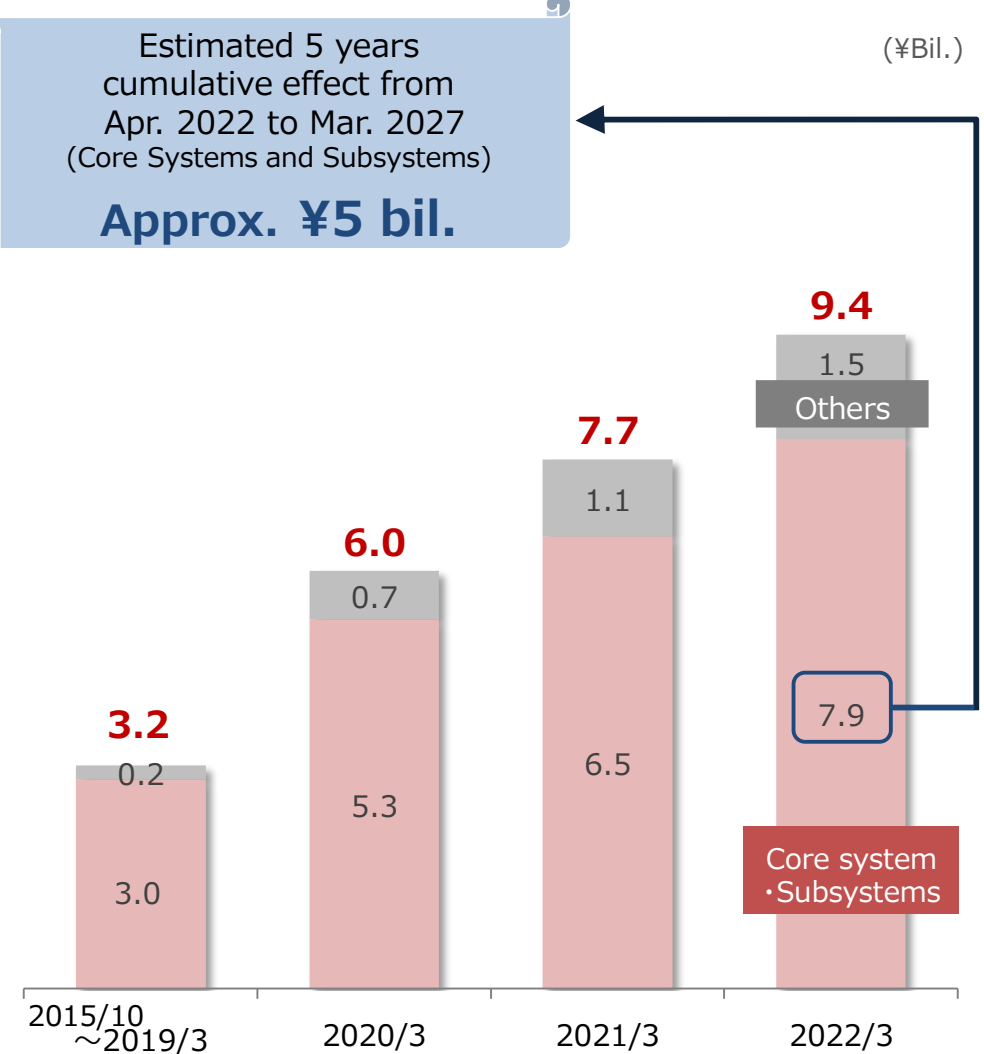
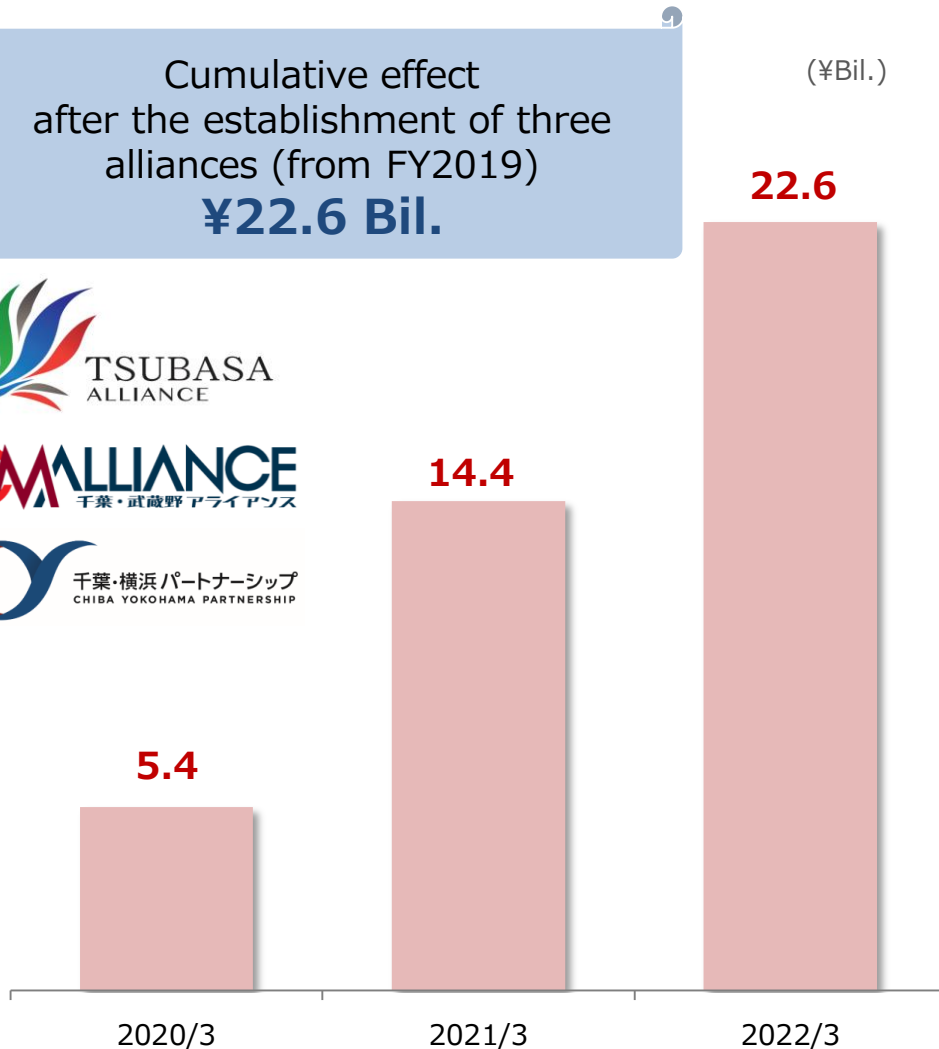
Accumulated alliance effects of over 20 billion yen in three years

Total cumulative effect of three alliances
(only the Bank)

Of which, TSUBASA Alliance cumulative cost reduction effect (only the Bank)

Cumulative effect after the establishment of three alliances (from FY2019)
¥22.6 Bil.

Estimated 5 years cumulative effect from Apr. 2022 to Mar. 2027 (Core Systems and Subsystems)
Approx. ¥5 bil.



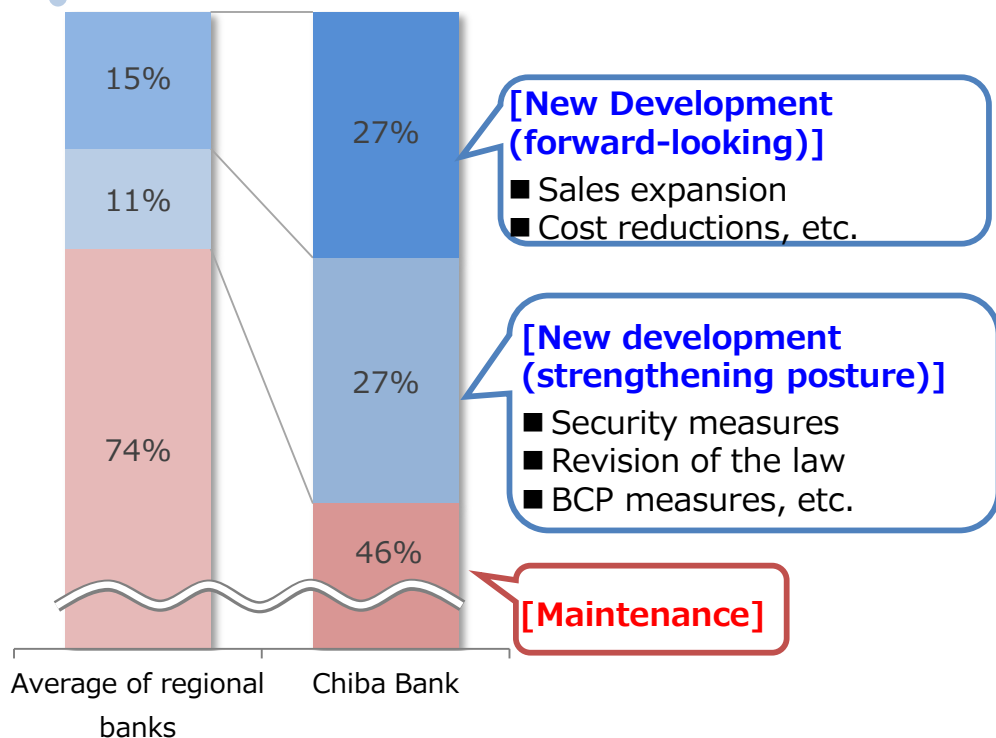
System Expenses

Restrain system expenses by utilizing alliances and thoroughly implementing low-cost operations from the past

Ratio of IT-related investments and expenses by Purpose

Restrain system expenses by utilizing alliances and thoroughly implementing low-cost operations from the past

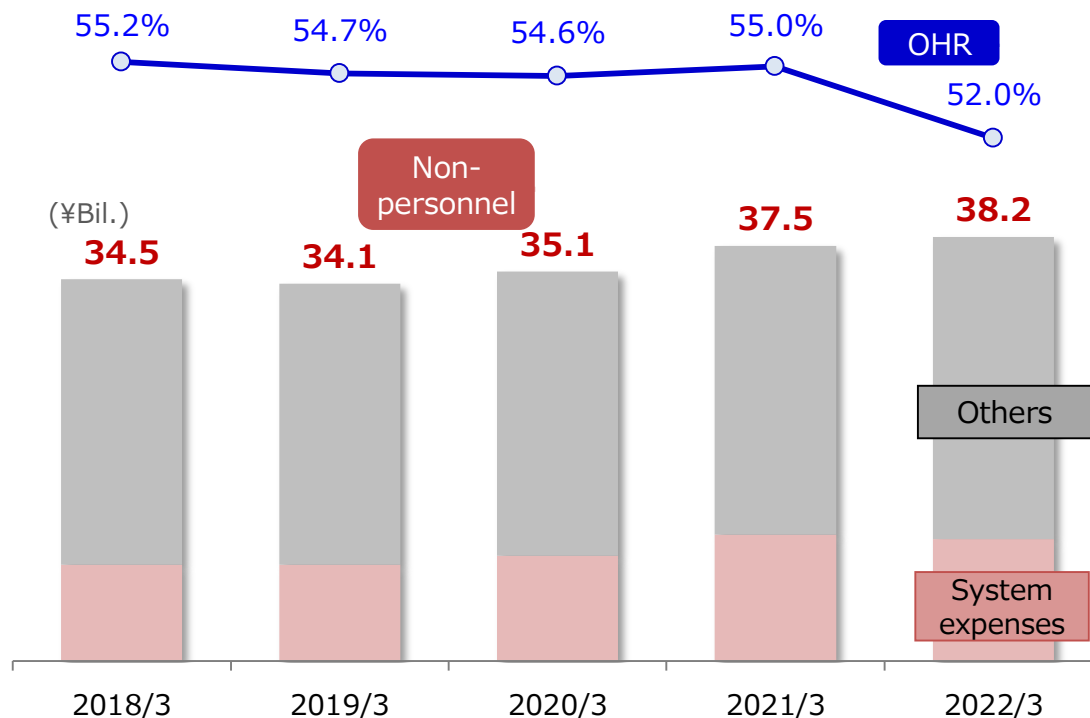
Allocate a large amount of management resources to new development, mainly positively, by controlling maintenance cost



Average of regional banks: FSA, Survey Report on IT Governance, etc. of Financial Institutions

Chiba Bank: Results in FY2022/3

Trends in OHR, Non-personnel, and System Expenses



Screening system for system investment projects

Cost estimate	Method of Approval
Over ¥30 million	System Investment Review Committee
Over ¥50 million	System Investment Review Committee and Board of Designated Directors

At System Investment Review Committee and Board of Designated Directors, **investment effectiveness is verified for up to 5 years** to validate the investment

TSUBASA FinTech Platform

New services and functions are developed on the platform, and all services are provided through the platform

TSUBASA FinTech platform concept

Enable broad external collaboration, without being limited to existing Internet Banking (IB)

Expansion of "possible transactions" and "target users"

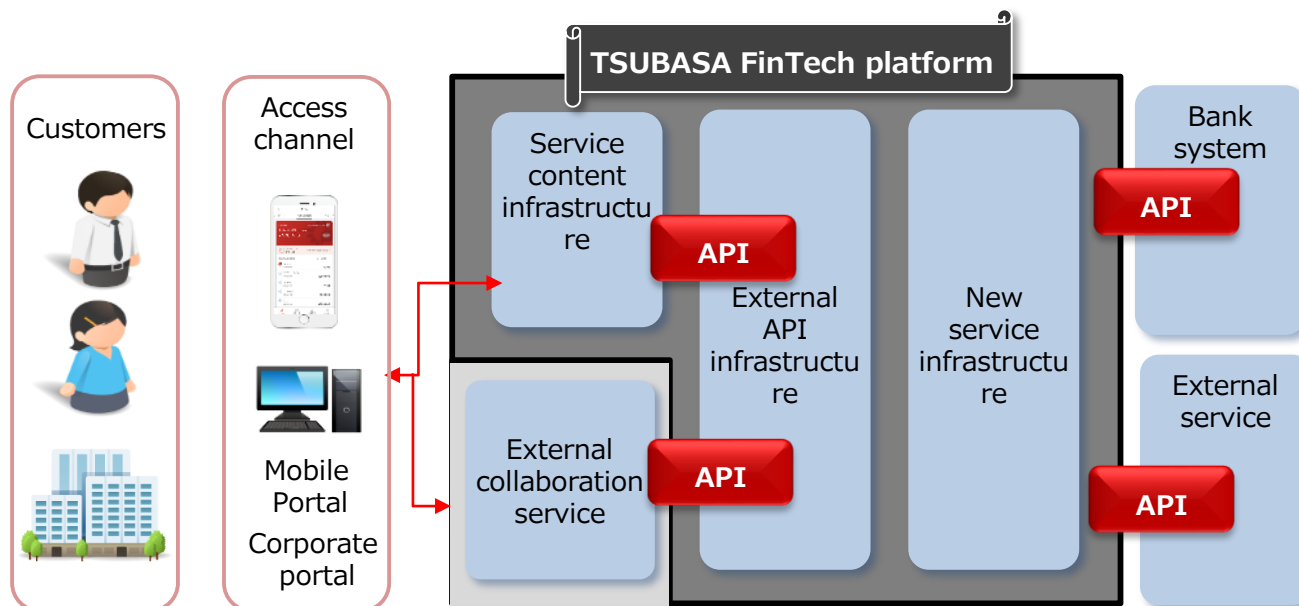
Escape from existing IB constraints, and position the system as the self-contained system

"Flexible and speedy development"

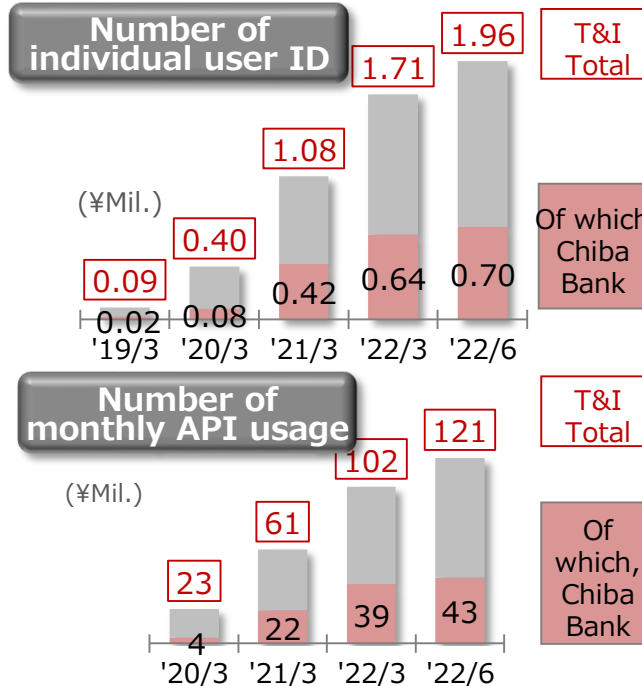
Be released from the measured rate on existing IB

"Accelerate collaboration through fixed charges"

Overview

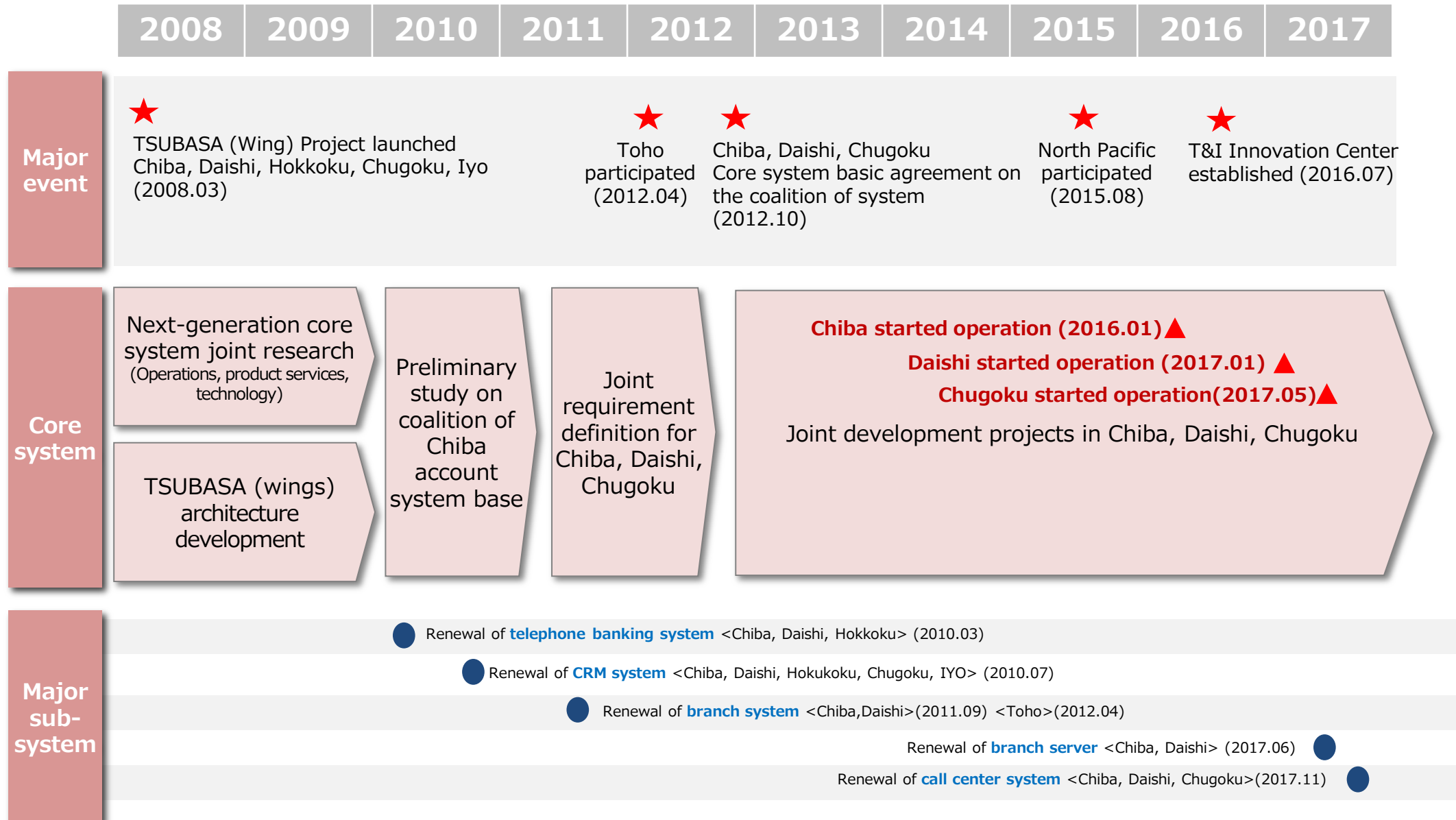


Results related to API



Coalition of TSUBASA System Infrastructure

History of Coalition of TSUBASA System Infrastructure ①



※ Introduction period is based on the Bank

History of Coalition of TSUBASA System Infrastructure ②

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
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Major event

★ North Pacific basic agreement on the coalition of core system (2018.07)

★ Toho basic agreement on the coalition of core system (2019.09)

Core system

Integration of the Daishi and Hokuetsu systems ▲ Daishi Hokuetsu in service (2021.01)

Chiba/Chugoku host infrastructure renewal ▲ Chugoku in service (2022.01/03) ▲ Chiba in service (2022.03/05)

North Pacific coalition project of TSUBASA core system ▲ North Pacific in service (2023.01)

Toho coalition project of TSUBASA core system ▲ Toho in service (2024.01)

Internal API infrastructure, Zengin RC (More), Zengin RC (Core)

Consider next-generation core system

Major sub-system

- Digital passbook <Chiba,Hokuyo> (2019.02), <Daishi Hokuetsu> (2019.04), <Chugoku> (2019.05), <Toho> (2019.10), <Ryukyus> (2021.09)
- TSUBASA Smile <Chiba, Daishi Hokuetsu, Chugoku> (2020.01)
- Individual app <Chiba>(2020.04), <Musashino>(2021.01), <Chugoku>(2021.07), <Ryukyus>(2021.11), and <Gunma>(2022.04)
- General-purpose paperless system <Chiba,Chugoku> (2022.06)
- ATM software <Chiba,Toho>

※ Introduction period is based on the Bank

Coalition of TSUBASA System Infrastructure

Joint development, shared use, and joint operation and maintenance outsourcing of core system and subsystems from an equal standpoint for each bank

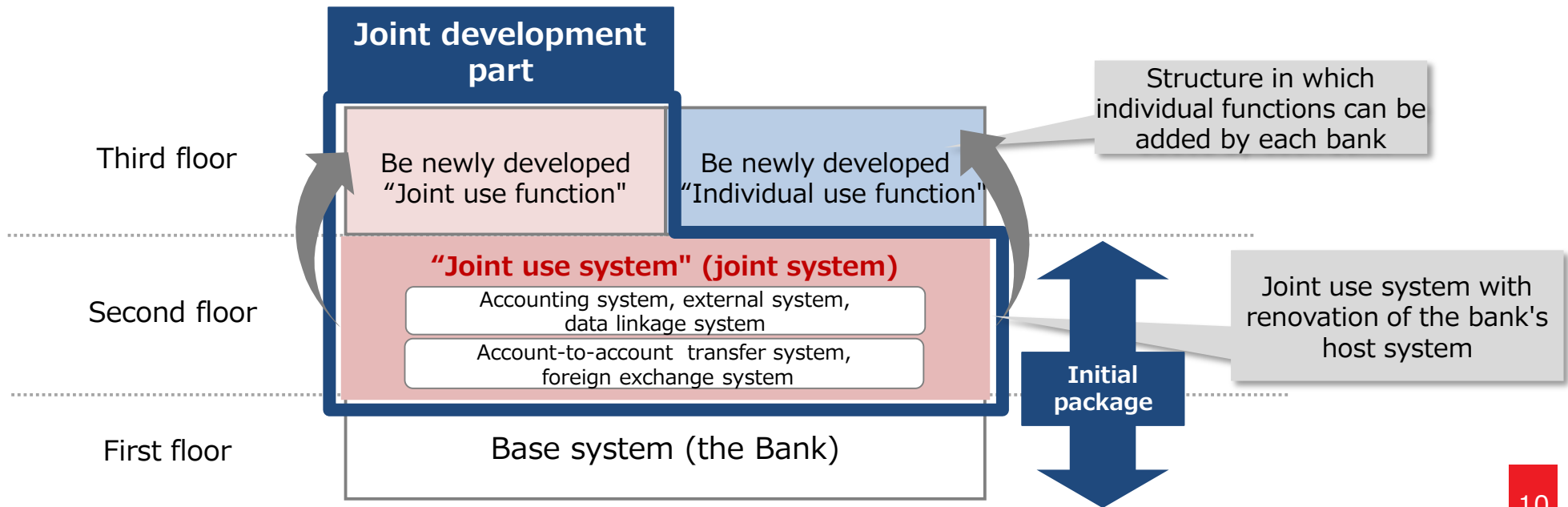
Benefits of coalition of core systems

Cost reductions through economies of scale
 Aiming to maximize cost-containment effects in the strategic investment area of subsystems by commonizing core system

Development of system personnel

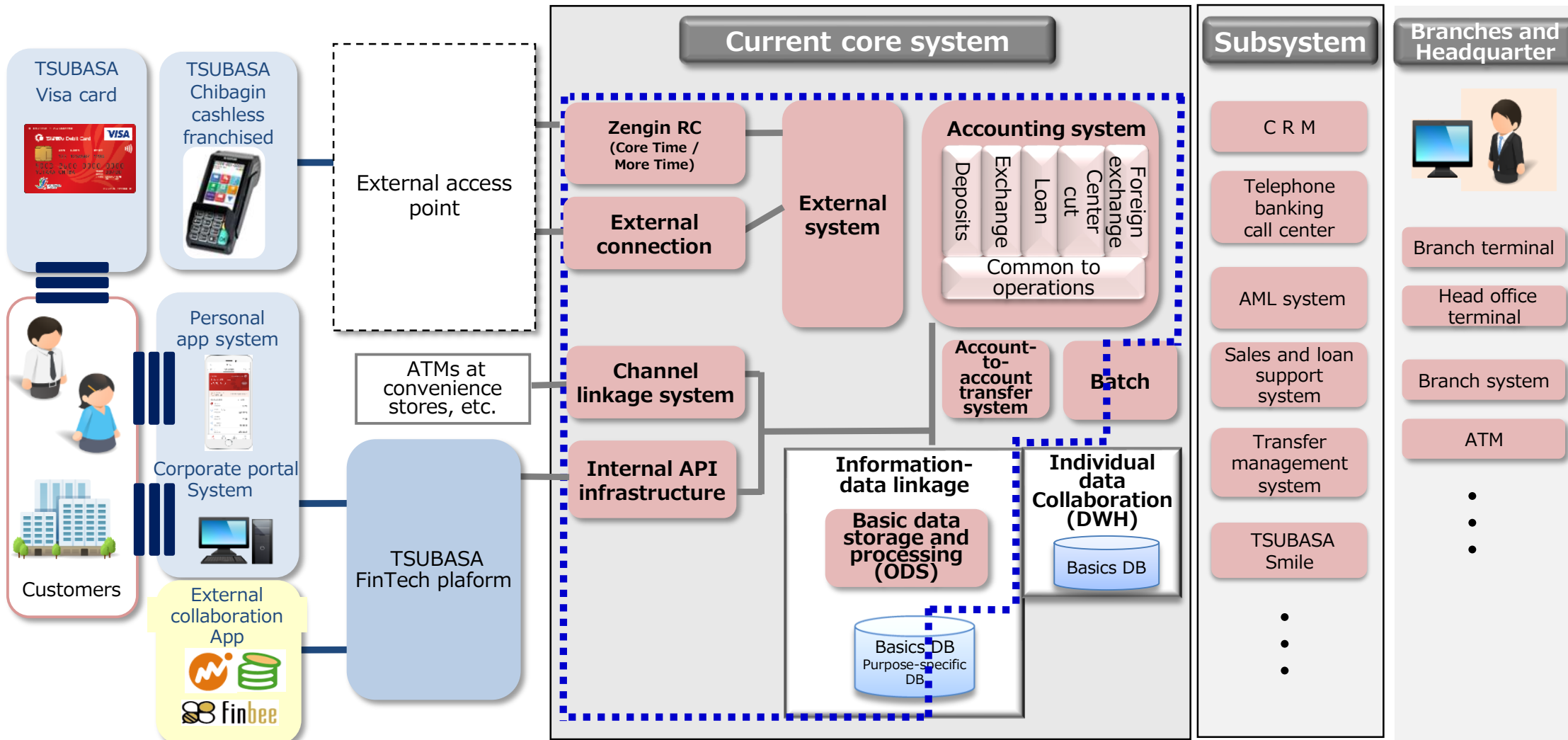
Accelerate product development and service provision

Structure of coalition of core systems



Scope of Coalition of Core System

Joint accounting and external online batches, channel collaboration, internal API infrastructure, etc.



Overall Scheme for Coalition of Core System

Jointly outsource application development and maintenance to IBM Japan and infrastructure operations to Kyndryl Japan, and prorate development and operation costs



Outsourcing of development and operation
Maintain core skills and ensure governance by seconding personnel

Joint project management

Joint management consultative group (Council of Companies)

- Planning and operation of joint development schemes
- Coordination of joint development projects
- Information exchange among divisions, etc.

Joint development organization (IBM Japan)

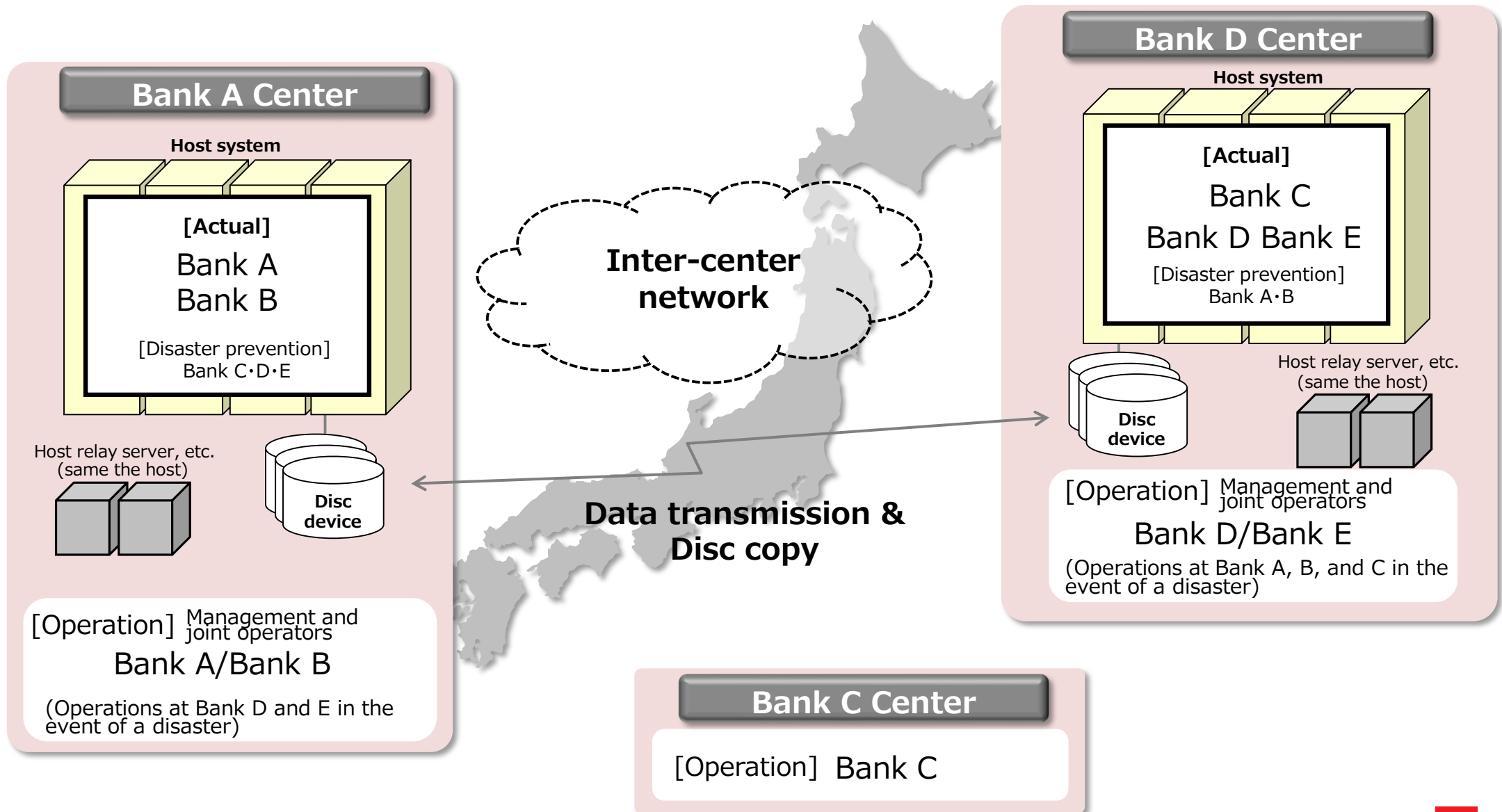
- Main entity of system development
- Acceptance of temporary transfer of personnel from each bank , etc.

Joint management organization (Kyndryl Japan)

- Main entity of system operation
- Acceptance of temporary transfer of personnel from each bank , etc.

Site Composition

Back-up system through establishment of hosts at two locations and system operation at three locations



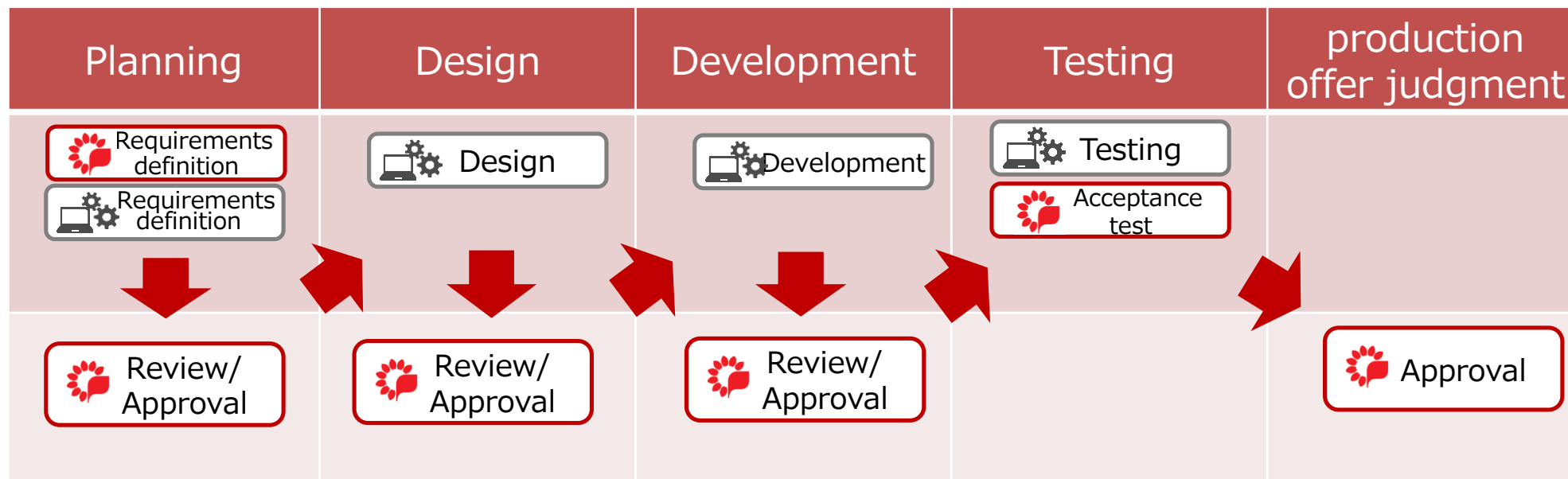
Development Structure

Maintain key areas of know-how, with the Bank's staff conducting requirements review, review and approval, and acceptance examinations

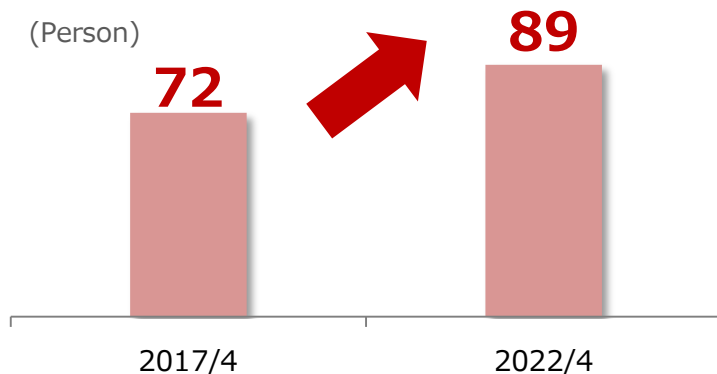
Division of roles in the development process

Bank

Outsourcing Partner



Number of personnel in the system division



- No workforce reductions are implemented to maintain skills and management and checking functions
- Increase the number of personnel in the system division in order to promote DX and facilitate the smooth change of generations

Joint Development and Use of Core Systems (Regional Banks)

IBM Japan

(25 Banks → 26 Banks)

TSUBASA (3 → 5 Banks)

Chiba, Chugoku,
Daishi Hokuetsu,
Toho, North Pacific

Chance (8 banks)

Joyo, Ashikaga,
Hyakujushi,
Juroku, Nanto,
KITAKYUSHU,
Yamaguchi, Momiji

Flight21 (4 Banks)

FUKUOKA, Hiroshima,
JUHACHI-SHINWA,
Kumamoto

JUUDANKAI (7 banks)

Hachijuni, Yamagata,
Musashino, Tsukuba,
Awa, Ryukyus, Miyazaki

Single

(3 → 2 Banks)

IYO, SHIMANE,
North Pacific→TSUBASA

Fujitsu

(7 Banks → 3 Banks)

PROBANK (3 → 0 Bank)

Toho→TSUBASA,
SHIMIZU
→STELLA CUBE,
SAIKYO →BankVision

Single

(4 → 3 Banks)

Gunma, TOWA,
FIRST BANK OF TOYAMA,
SHIGA→Next-generation
open account system

NTT DATA

(39 Banks → 40 Banks)

Regional Banks Joint Center (13 Banks)

Kyoto, Iwate, Senshu
Ikeda, Aomori, Fukui,
Chiba Kogyo, AKITA,
Shikoku, San-in Godo,
TOTTORI, OITA, Aichi
NISHI-NIPPON CITY

STELLA CUBE (10 → 11 Banks)

TOHOKU, TOYAMA,
Kiraboshi, Tajima,
KANAGAWA, Sendai,
Nagoya, FUKUHO,
NAGANO, Kirayaka,
SHIMIZU

MEJAR (5 Banks)

Yokohama, Hokuriku,
77, Hokkaido,
Higashi-Nippon

BeSTAcloud (9 Banks)

SHONAI, Hokuto,
FUKUOKA CHUO,
Nagasaki, SAGA KYOEI,
Minami-Nippon,
HOWA, Miyazaki Taiyo,
OKINAWA KAIHO

Resona Holdings (2 Banks)

Kansai Mirai, MINATO

BIPROGY (formerly Nihon Unisys)

(10 Banks → 11 Banks)

BankVision (10 → 11 Banks)

Yamanashi Chuo,
Hokkoku, Suruga,
Ogaki Kyoritsu,
Hyakugo, Kiyo,
KAGOSHIMA, Chikuho,
SAGA, SAIKYO

Single (1 Bank)

FUKUSHIMA

Hitachi

(15 Banks → 16 Banks)

Banks'ware (2 Banks)

Higo, MICHINOKU

Next-generation open account system (1 → 3 Banks)

SHIZUOKA, SHIGA,
Keiyo

Single

(1 → 0 Bank)

Keiyo
→Next-generation
open account system

NEXTBASE (11 Banks)

San ju San,
Kita-Nippon,
DAITO, TOCHIGI,
TAIKO,
SHIZUOKACHUO,
Chukyo,
TOMATO,
KAGAWA,
TOKUSHIMA
TAISHO,
KOCHI

NEC

(3 banks)

Single (3 Banks)

Okinawa, Ehime,
Tokyo Star

Banks that are scheduled to change their core system in the future

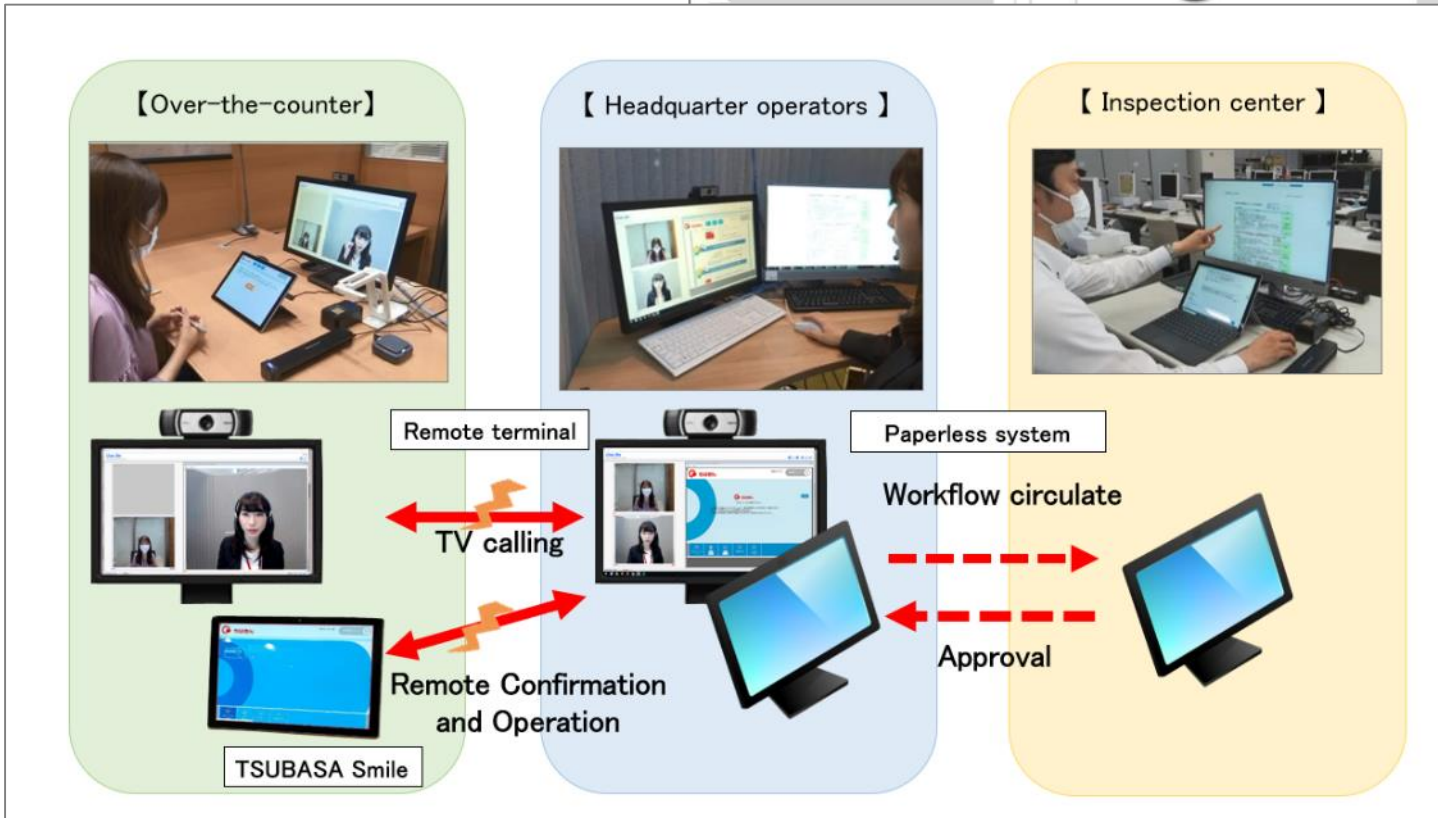
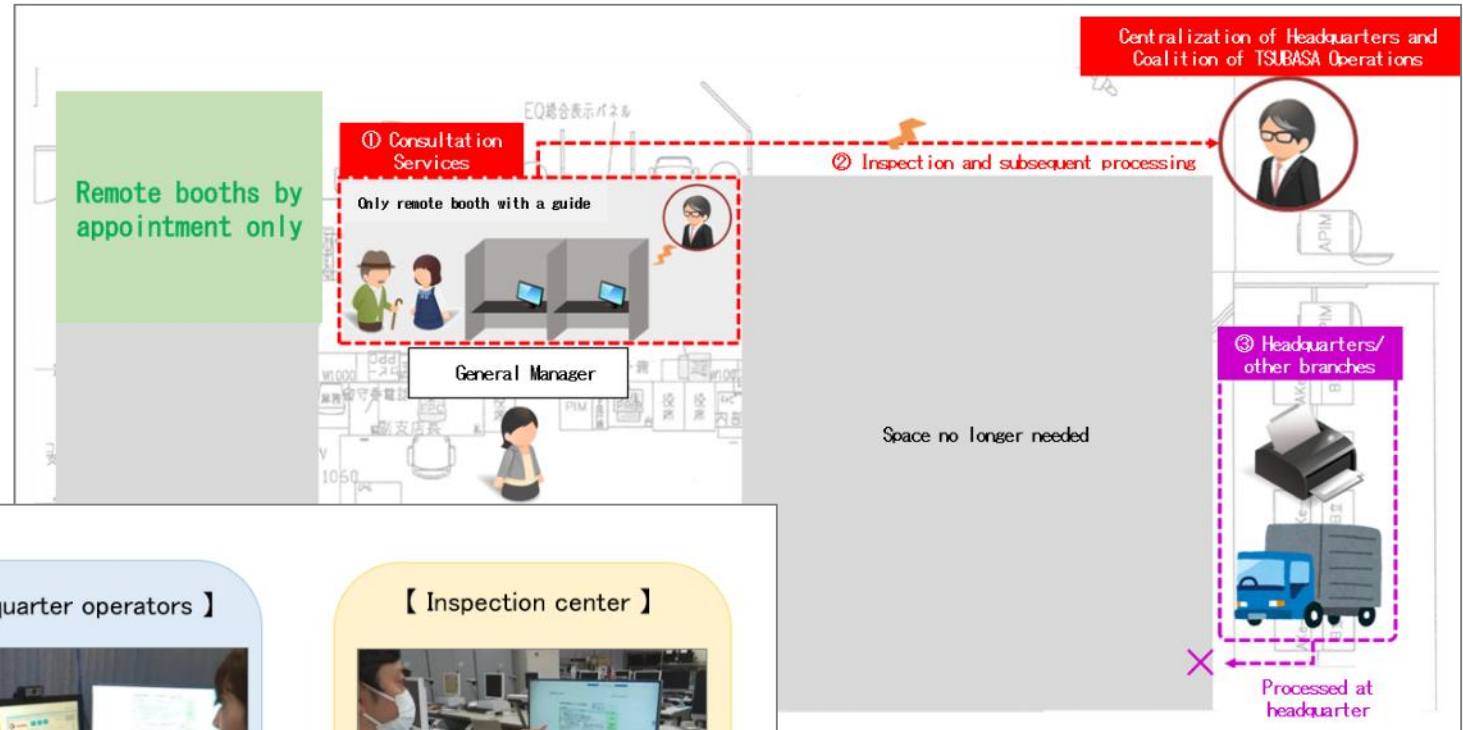
Before change (current)

After change (planned)

TSUBASA Smile / Paperless System

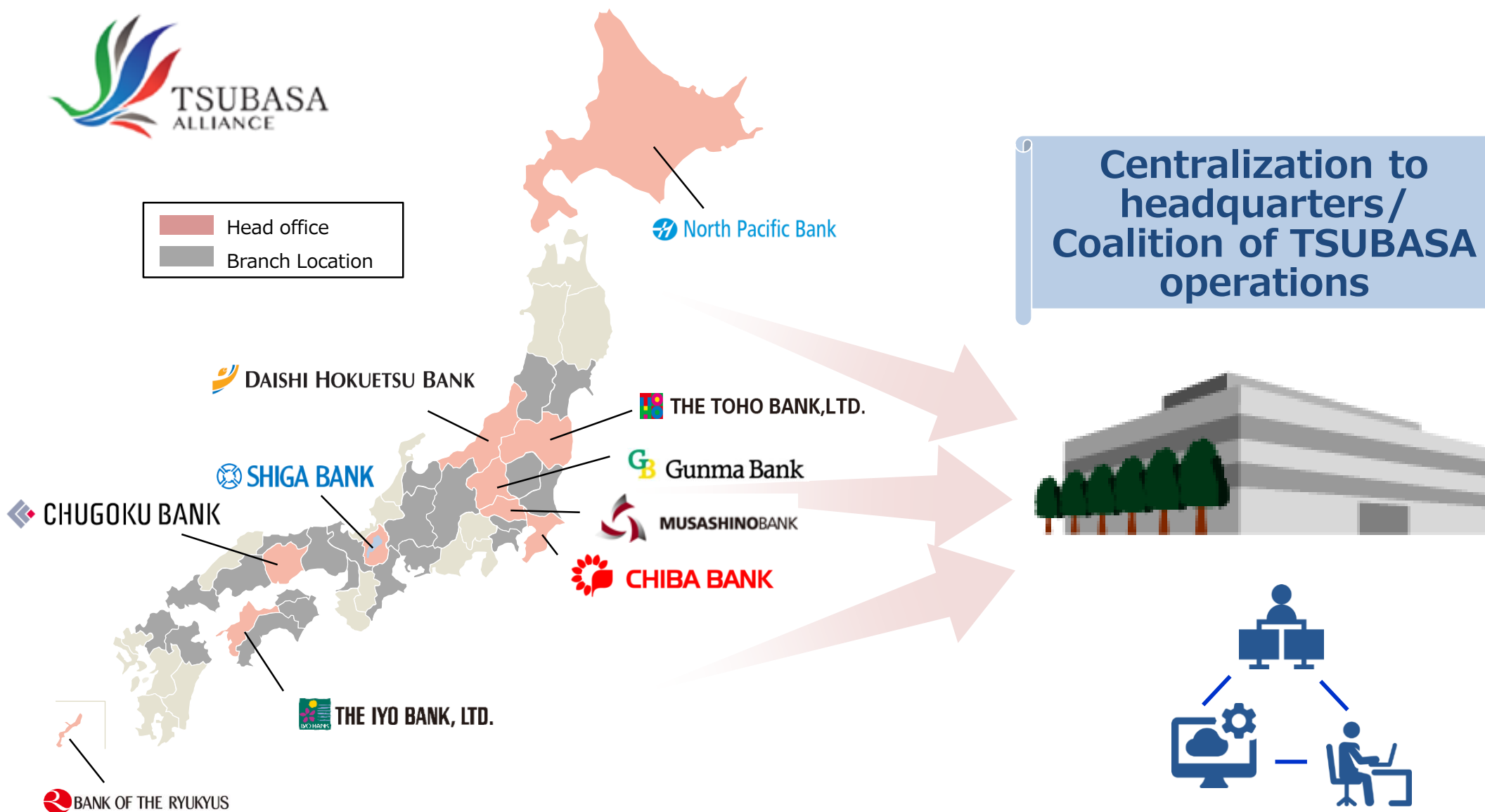
Video viewing

Watch the video



Centralization of Headquarters and Coalition of TSUBASA Operations

Building a more efficient business processing system



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