

## Capital Policy

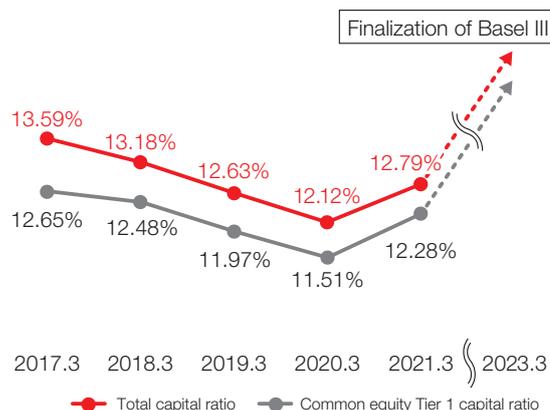
### ● Capital management ~ Maintaining financial soundness and improving capital efficiency

Consolidated common equity Tier 1 capital ratio as of March 31, 2021 was 12.28%, which was sufficient to meet the Basel requirements.

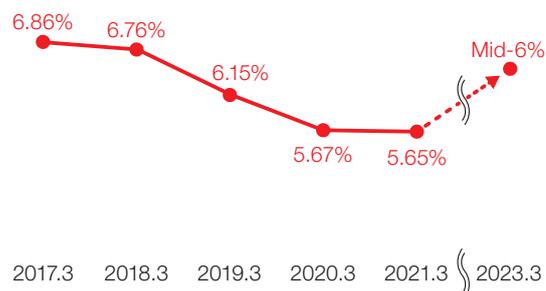
In addition, in the process of finalizing Basel III which is scheduled to be implemented in FY2022, consolidated common equity Tier 1 capital ratio and other ratios are expected to further improve.

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.

#### ■ Consolidated capital ratio



#### ■ Consolidated ROE



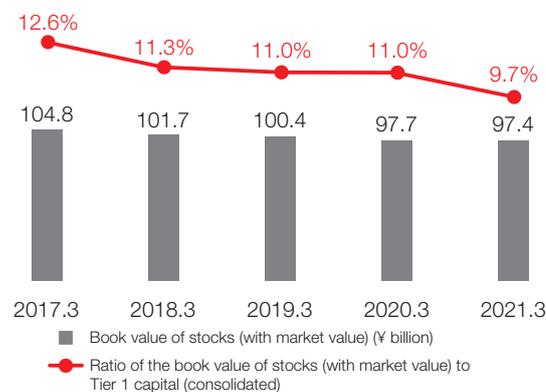
### ● Reduction of cross-shareholdings

In terms of cross-shareholdings, our basic policy is to maintain cross-shareholdings on a limited basis if a meaningful rationale for holding the shares is recognized, such as maintaining and expanding transactions and relationships with customers, etc. as a regional financial institution, while reducing overall cross-shareholdings after having sufficient dialogue with customers.

The ratio of the book value of stocks (with market value) to Tier 1 capital has decreased to 9.7% as of March 31, 2021.

We will continue working to reduce cross-shareholdings further 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)



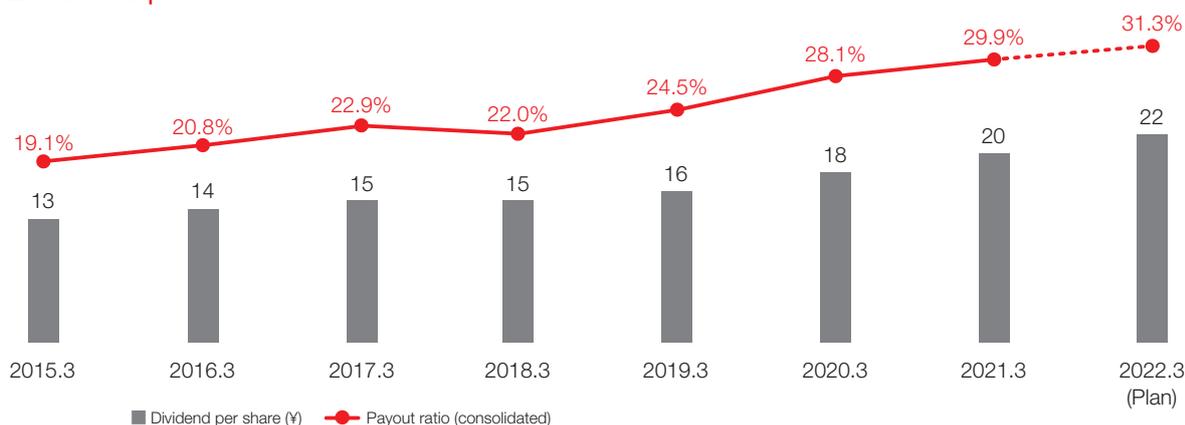
## Shareholder Returns

### ● 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, 2021, a dividend of ¥20 per share, an increase of ¥2 year on year, was paid. In the fiscal year ending March 31, 2022, as profit attributable to owners of parent is expected to increase to ¥52.0 billion, the dividend is forecasted at ¥22 per share, an increase of ¥2 year on year.

We will improve earnings by steadily carrying out various measures and continue to implement shareholder returns that take into consideration the balance between investment for growth and a sound capital base.

#### ■ Dividends paid



#### ■ Results of shareholder returns (consolidated)

(¥ billion)

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3 (forecast)
Profit attributable to owners of parent	57.0	55.4	52.7	53.7	50.4	48.0	49.6	52.0
Total cash dividends	10.8	11.5	12.0	11.7	12.2	13.3	14.8	16.2
Payout ratio	19.1%	20.8%	22.9%	22.0%	24.5%	28.1%	29.9%	31.3%
Total acquisition of treasury shares	9.9	9.9	14.9	13.9	14.9	9.9	—	TBD
Shareholder return ratio	36.6%	38.8%	51.2%	47.9%	54.0%	48.6%	29.9%	TBD

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.”

## Main Initiatives

### ● Additional features for the Chiba Bank app

The Bank considers the Chiba Bank app as our most basic trading channel and, as such, we seek to create the best app that connects with our customer’s lives and can be used at any time.

The app underwent a complete overhaul in April 2020 and then, in November, we added new functions such as making inter-branch transfers within the Bank and depositing money into or cancelling time deposits.

In June 2021, we added the ability to transfer money to other banks, borrow or repay card loans, and display TSUBASA-Chiba Bank Visa Debit Card statements.

On the security front, we will continue to make improvements that seek to achieve the optimum balance of convenience and safety, such as introducing additional identity authentication layers using social media or interactive voice response (IVR) at the time of money transfer, and enabling customers to lower bank transfer limits themselves.

### ■ Chiba Bank app



### ● “TSUBASA Smile” at all branches to improve branch procedure efficiency

The Bank started operating the TSUBASA Smile tablet-based counter reception system at all branches from August 2020.

TSUBASA Smile is programmed with features such as navigation functions and automated routine judgements that have improved customer convenience by enabling onsite staff to confirm details on the screen together with customers when completing complex procedures such as applying for a new account, changing their address details or reporting a lost card, etc.

### ■ Example of TSUBASA Smile input screen



### ● Housing loans can also be handled remotely

The Bank introduced our Housing Loans Electronic Contract System in some branches from February 2020 and we plan to extend the system to all branches by the end of 2021. All procedures on the Housing Loans Electronic Contract System are completed online, so customers do not need to visit the branch to sign a contract and can save on the document stamp tax. Measures to improve customer convenience are in place such as responding to questions via online live chat.

### ● Established the Issue Resolution Consortium in 100-Year Life

In November 2020, the Bank joined forces with Chiba University to set up the Issue Resolution Consortium in 100-Year Life as a new framework to address the needs and resolving issues of a longevity society.

With the advent of Japan’s 100-year life society, the second-life needs of senior citizens are becoming increasingly diverse and issues such as inequalities in health and daily living, are also coming into focus. The Consortium seeks to serve as a platform for responding to such needs and solving problems through cross-border collaboration among regional companies from different industries and combining their respective strengths and expertise with Chiba University’s academic knowledge.

### ● Launch of Chibagin Asset Management Trust

In December 2020, the Bank launched a new product leveraging the trust function called the Chibagin Asset Management Trust: Monitoring as a Family for Peace of Mind. This trust product enables family members and banks to work together to help the elderly manage their property and deal with the risk of a decline in cognitive and judgement skills as people age. It also serves to alleviate anxiety over future concerns about health or dementia.

Depending on the contract holder’s cognitive and judgement abilities, the trust offers four functions that offer peace of mind on various fronts for customers in different situations: self-managing pensions, crime-prevention for the whole family, delegating to a family member, and monitoring as a family.

The Bank also engages in a variety of other inheritance-related services and trust business activities.

Customers appreciate the sense of security they feel when seeking advice because we are able to fully complete all the important procedures regarding their personal and family assets within the Bank.

#### ■ Inheritance-related services and trust business

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

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



### ● Concluded agreement with Chiba University Hospital on testamentary bequests

In January 2021, the Bank concluded an agreement with Chiba University Hospital regarding bequests using wills.

Under the agreement, people who wish to make bequests to Chiba University Hospital will be referred to Chiba Bank, which will respond to individual consultations as the financial institution designated to give specific advice on related procedures. The agreement is designed to respond to the increasing number of customers who wish to leave their assets as bequests to specific organizations rather than to individuals.

It is the fourth such agreement that the Bank has concluded following similar agreements concluded with Chiba City, Matsudo City, and the 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.”

## Main Initiatives

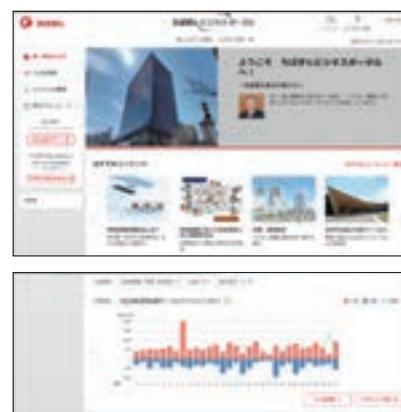
### ● Development of the Chibagin Business Portal

The Bank began providing the Chibagin Business Portal in April 2021 with the aim of further strengthening relations with business operators and expanding opportunities to offer solutions.

The Chibagin Business Portal is a new digital channel that serves as a hub for all services that link business operators and the Bank. In addition to regularly providing various information that is useful in business activities, the portal enables customers to view balances and transactions of registered accounts on a graph and to chat with bank representatives.

We will continue to add features to provide indirect support to our customers with their main businesses.

### ■ Snapshot of the Chibagin Business Portal screen

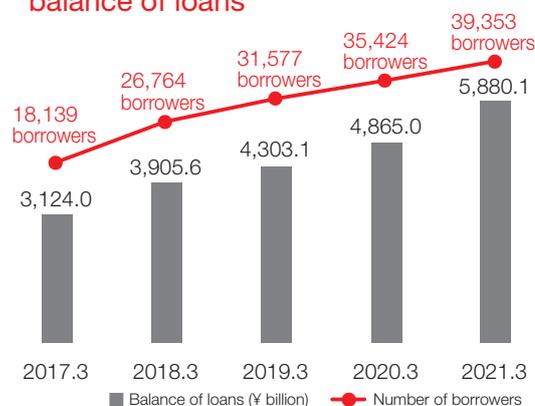


### ● Loans based on business evaluation

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” is approximately 40,000, placing the Chiba Bank at the top level of regional banks. The balance of loans, too, is increasing steadily.

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



## ● Launch of ICT consulting service

The Bank launched its ICT consulting service in April 2021.

The service targets customers who have a management issue in productivity, identifies tasks in their business processes and offers solutions leveraging IT tools for a fee. The scope of the service is not limited to giving advice and suggestions. Upon customer request, we also provide support for the introduction and use of IT tools, so business operators without in-house IT personnel can rest assured.

## ● Launch of the Chiba Bank SDGs Friends Loan

In October 2020, the Bank began offering the Chiba Bank SDGs Friends Loan, which we co-developed with the Bank of Yokohama.

This is a loan program for businesses that want to incorporate sustainable development goals (SDGs) in their operations, and it features the “SDGs Checklist,” which enables businesses to link their business activities/operating issues with SDGs and visualize them. Users of this loan product are introduced on the Bank’s website as “Chiba Bank SDGs Friends.”

## ● Financial support utilizing the overseas network

With our overseas network of three branches and three representative offices, the Bank supports customers as they expand their business overseas. We handle a wide range of currencies not limited to major currencies such as the U.S. dollar.

### ■ Overseas network



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.

## Main Initiatives

### ● Ichihara MIRAI Design Lab

March 2021 saw the hosting of the Ichihara MIRAI Design Lab, a forum for innovating regional revitalization initiatives held together with Ichihara City in Chiba Prefecture. With the cooperation of Ichihara Chuo High School, Bank staff, Ichihara City officials, and students from the school, people of various positions and generations, came together to create teams. Three teams used AI tools to come up with new attractions and stories for Ichihara City, and then each presented their ideas on building an attractive community.

The project takes advantage of the Brainstorming Class on Innovation for Regional Revitalization framework under the Regional Revitalization College subsidy program hosted by Japan’s Cabinet Office.

The Bank will work with Ichihara City to help bring to life the ideas conceived through this process.

### ■ Debate at the Design Lab



### ● Concluded a comprehensive partnership agreement with Tonosho Town

In March 2021, we concluded a comprehensive partnership agreement for regional revitalization with Tonosho Town in Chiba Prefecture.

The agreement is designed to effectively use the resources of both the Bank and Tonosho Town to further develop the local community, revitalize the regional economy, and improve town services.

The Bank and Tonosho Town commit to cooperate in a wide range of areas, including encouraging the effective use of vacant public facilities, reconstruction and restoration measures in the event of a natural disaster, measures to counteract infectious diseases, supporting the creation of new businesses and business succession as well as the business matching and sales channel support of regional industries and products.

### ● Operating the agricultural corporation Fresh Farm Chiba Co., Ltd.

The agricultural corporation Fresh Farm Chiba Co., Ltd. that the Bank established together with 15 local companies in March 2018 celebrated its third year of harvest, which produced 33 tons of Koshihikari and Fusakogane rice.

In FY2021, we plan to cultivate 11.4 hectares of rice paddy area and produce 57 tons of rice.

While strengthening cooperation with local communities, we will continue to pursue models of sustainable agriculture by increasing the amount of cultivated areas that had been left by farmers who abandoned the land, strengthening profit-earning capabilities by expanding sales channels, and branding the corporation’s own-produced rice.

### ■ Harvest at Fresh Farm Chiba



## ● Utilizing vacant public facilities ~ Supporting the Takataki Lake Glamping Resort

We supported the building of a glamping resort facility on the site of the former Takataki Elementary School in Ichihara City, which was closed.

The business is operated by HAMIRU Co., Ltd., a group company of Granver Co., Ltd., which is a business partner of the Bank’s Yagiri Branch. The Bank provided advisory services on commission and helped submit applications to the Regional Economic Circulation Creation Project Grant (The Local 10,000 Project) operated by Japan’s Ministry of Internal Affairs and Communications. The business was launched thanks to the grant and the Bank also provided loans.

It is expected to increase the number of overnight tourists to Ichihara City, while also making more effective use of local resources, such as vacant public facilities, and expanding regional employment.

### ■ Takataki Lake Glamping Resort



### ■ Business scheme



## ● Supporting sustainable agriculture and harmful wildlife control

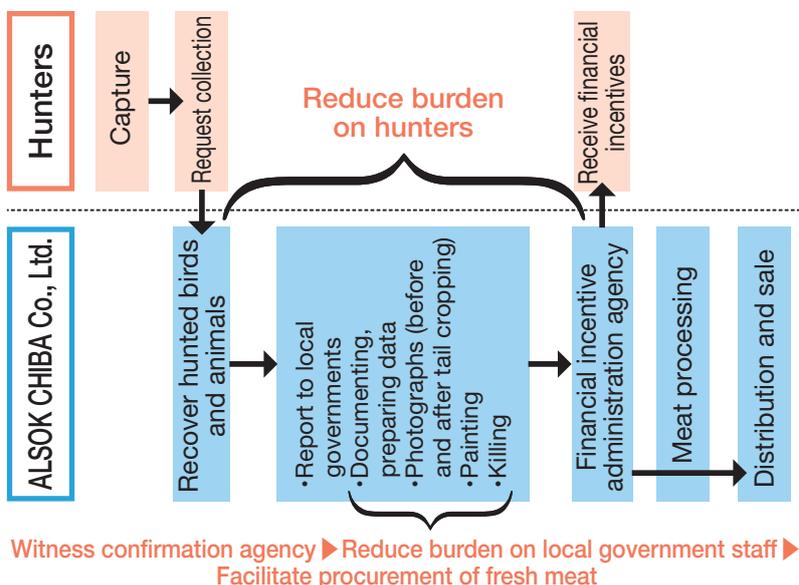
In recent years, the damage to crops caused by harmful birds and animals, such as wild boar, has become an issue in Chiba Prefecture.

The Bank has been supporting a hazardous birds and animal extermination agency and game meat distribution business run by a local firm, ALSOK CHIBA Co., Ltd.

We started studying feasibility of the business in April 2018 and launched operations in Mobara and Futtsu cities in July 2020.

Since January 2021, product categories have gradually expanded from fresh meat and processed products to processed pet food. Going forward, Chibagin Market Co., Ltd. will support marketing.

### ■ Business scheme



## New Businesses

Thanks to the ongoing deregulation of Japan’s Banking Law, we are now able to create new businesses and services that transcend existing business frameworks. The Chiba Bank Group is looking to promote new business initiatives by not only exploiting the multi-faceted expertise accumulated across the Group, but also cooperating with highly specialized external partners and other members of our banking alliance.

### Main Initiatives

#### ● Establishing our own regional trading company, Chibagin Market Co., Ltd.

In May 2021, the Bank set up a wholly owned regional trading company called Chibagin Market Co., Ltd.

Deregulation and other factors has enabled banking groups to engage in new business initiatives and the roles that regional financial institutions are expected to play are becoming increasingly diverse and significant. In view of rapidly advancing digitalization across all aspects of society and changing consumer behavior in the wake of COVID-19, we decided to establish a regional trading company that help revitalize the local community and provide core business support to business partners from a non-financial perspective reflecting the changing environment and challenges facing business operators.

Chibagin Market will start with operating e-commerce and purchasing-type crowdfunding websites to provide a series of services to support local businesses ranging from product development, cultivating sales channels, to marketing promotion.

In the future, the company will gradually expand its target area to include life events and daily living, such as housing, automobiles, health and nursing care as part of its aim to become a hub for regional economic circulation.

#### ■ Chibagin Market’s initial business lineup

<b>1</b>	<b>EC operating business</b>	Sales support, such as promotion and marketing of local products and services through the operation of e-commerce websites
<b>2</b>	<b>Crowdfunding operating businesses</b>	Support for the development of new products and services by regional business operator and the structuring of projects to resolve regional issues through the operation of purchasing-type crowdfunding websites
<b>3</b>	<b>Planning, development, and sales of regional brand products</b>	Providing know-how on new product development and branding and supporting market development
<b>4</b>	<b>Planning and operation of various events incidental to the above</b>	Holding markets and event sales at bank branches, etc.



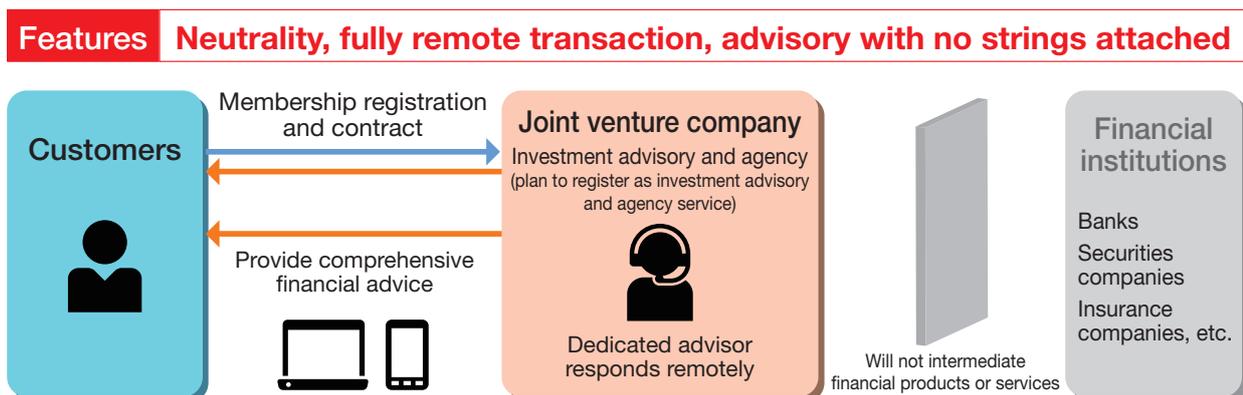
## ● A possible joint venture to provide remote financial consulting services in the works

In May 2021, Chiba Bank began considering the establishment of a joint venture company for the provision of remote financial consulting services among four parties: Daishi Hokuetsu Bank, Chugoku Bank, Nomura Holdings, Inc., and the Chiba Bank. The four companies have concluded basic agreements that stipulate basic policies and other necessary matters and we plan to conclude final agreements and establish a preparatory company in the second quarter of FY2021.

We have seen increasing interest in asset building through self-help efforts in preparation for the 100-year life society, and in the wake of COVID-19, remote interviews and transactions through digital channels have been expanding. The joint venture company will support long-term asset building and asset management as a familiar advisor to customers by leveraging its distinctive neutrality that comes from not belonging to a specific financial institution to offer remote consultation by dedicated advisors, and fee-based consulting specializing in advisory services. Unlike financial instruments intermediaries, we do not plan to intermediate financial products or services.

The venture aims to combine all four partners’ expertise in the banking and securities businesses to provide comprehensive financial consulting services that transcend traditional business categories.

### ■ Joint venture scheme



## ● New joint study to provide services utilizing electricity usage data

In June 2021, the Bank and Grid Data Bank Lab. LLP (GDBL)<sup>\*1</sup> concluded a Basic Agreement for the Consideration of Power Data Utilization and began studying concrete new services that utilize electricity usage data. This initiative was born from the new businesses co-creation project<sup>\*2</sup> run by the Bank and its partner.

Thanks to the June 2020 amendment of Japan’s Electricity Business Act, going forward, we expect to be able to provide various services that utilize electricity usage data subject to the receipt of consent from the contract holder and compliance with Japan’s Act on the Protection of Personal Information.

The Bank and GDBL conducted a survey to ascertain the needs of our customers from August through November 2020. Going forward, we will work to develop services linked to our Chiba Bank app assuming various potential usage such as the visualization of electricity usage in order to enhance energy-saving awareness, or the proposal of banking products that match customer lifestyles and life events.

<sup>\*1</sup> GDBL is a business entity established by TEPCO Power Grid, Incorporated, Chubu Electric Power Company, Incorporated, Kansai Transmission and Distribution, Inc., and NTT DATA Corporation. GDBL seeks to solve social issues and create new services by linking data such as electricity usage by business or household, and the styles of activity that can be deduced from trends in such data, with data from other industries.

<sup>\*2</sup> A project team established under the Chiba-Yokohama Partnership to tackle new business areas.

## Alliances

The TSUBASA Alliance, launched in 2015 by three regional banks, has since expanded into a wide-reaching alliance with 10 participating banks. In the Tokyo Metropolitan area, we seek to forge multiple collaborative measures, including a cooperative sales framework through our Chiba-Musashino Alliance and Chiba-Yokohama Partnership.

Recognizing the importance of maintaining our existence in the region while constantly improving our business management, we aim to enhance collaboration in a wide range of areas rather than in the form of integration.

### Main Initiatives

#### ● TSUBASA Alliance expands further with the participation of Gunma Bank

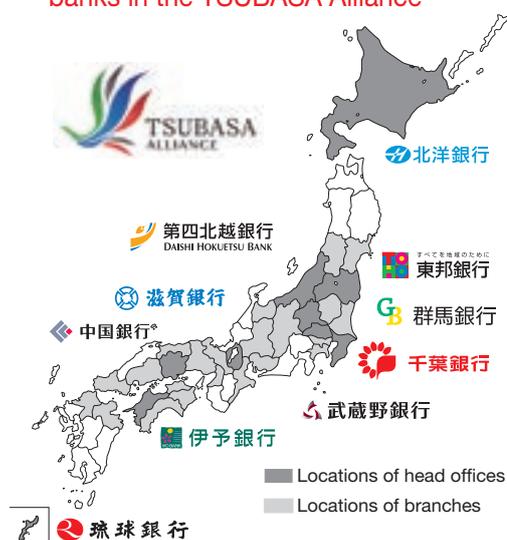
Gunma Bank joined the TSUBASA Alliance in December 2020.

As of the end of July 2021, the TSUBASA Alliance had expanded into Japan’s largest and most far-reaching regional bank alliance comprising 10 participating banks<sup>\*1</sup>.

The 10 banks boast consolidated total assets of ¥90 trillion (as of March 31, 2021) and profit of ¥133.2 billion.

<sup>\*1</sup> Chiba Bank, Daishi Hokuetsu Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank, Musashino Bank, Shiga Bank, Bank of The Ryukyus, and Gunma Bank.

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



#### ● Established the AML Center in TSUBASA Alliance Co., Ltd.

In October 2020, an Anti-Money Laundering (AML) Center was established in TSUBASA Alliance Co., Ltd., the company jointly funded by TSUBASA Alliance participating banks.

The AML Center pools the knowledge and expertise related to anti-money-laundering operations of all participating banks and consolidates overlapping tasks, while jointly enhancing operations based on international demands.

#### ● Chiba-Musashino Alliance announces new five-year plan

The Chiba-Musashino Alliance, which was launched in March 2016, celebrated its fifth anniversary in March 2021 by formulating a new five-year plan.

The concept of the new five-year plan is Create, Match, and Advance, taking the initials of the Chiba-Musashino Alliance, i.e., C, M, and A. We will accelerate collaboration in the digital field, such as smartphone apps and cashless payments, expansion of joint and common areas such as back office operations, sharing of information and expertise, and human resource exchanges.

We expect the partnership will generate a total of ¥15.0 billion in collaboration benefits for the two banks over the next five years by expanding the top line and reducing costs.

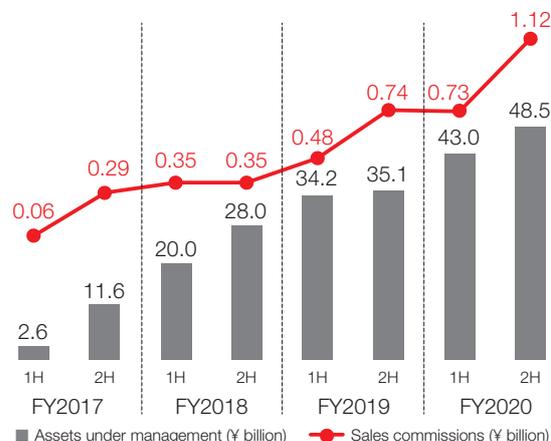


### ● Chiba-Musashino Alliance collaborative measure ~ Securities business in Saitama Prefecture

Over the five years since forming the Chiba-Musashino Alliance, we have seen key measures, such as securities business in Saitama Prefecture, joint sales, inheritance-related business, and other initiatives, steadily bear fruit, resulting in cumulative total benefits over the five years of ¥14.3 billion, well above our initial target of ¥10.0 billion.

In particular, thanks to Musashino Bank's customer referral to Chibagin Securities Co., Ltd., the balance of assets under management of Chibagin Securities' four branches in Saitama Prefecture totaled ¥48.5 billion at the end of March 2021.

### ■ Assets under management of Chibagin Securities' four branches in Saitama Prefecture



### ● Established Chiba-Yokohama Partnership No.1 Fund

In April 2021, we set up the Chiba-Yokohama Partnership No.1 Investment Limited Partnership (Chiba-Yokohama Partnership No. 1 Fund) with Chibagin Capital Co., Ltd. and Yokohama Capital Co., Ltd. as unlimited liability partners based on our Chiba-Yokohama Partnership business collaboration with the Bank of Yokohama.



The No.1 Fund totals ¥3.0 billion and targets a wide range of companies that need business succession and growth support in the areas covered by the two banks. The aim is to increase the corporate value of investees through collaborative initiatives between the banks and external experts post-investment to provide hands-on support for the formulation of business plans, management advisory, and other assistance.

### ● Chiba-Yokohama Partnership ~ launched exclusive variable whole-life insurance product

In July 2021, we launched My Select Life, an exclusive variable whole-life insurance product for the two banks as a collaborative measure under the Chiba-Yokohama Partnership.

To date, the two banks have collaborated in the field of personal financial services, such as housing loans and investment trusts. This will be the second exclusive insurance product following the launch of Gift for 10 Years Ahead personal annuity insurance launched in July 2020.

My Select Life is a variable whole-life insurance product co-designed with T&D Financial Life Insurance Company based on the concept of enjoying life in old age while extending the life of your assets in anticipation of the 100-year life society. The main benefit of this product is that users can receive assets according to plan while continuing to manage primarily long-term diversified investment.

It is said that a company is its people. The Chiba Bank Group is working on the allocation of personnel so that all employees can make use of their expertise and maximize their potential as well as development programs to enhance their abilities.

Against the backdrop of rapidly changing times including advancements in digital technology, in order to become a new financial services group that goes beyond the boundaries of existing banks, it is very important to develop and secure personnel with higher expertise.

### Main Initiatives

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#### ● Human resource development policy

In order to develop human resources with a professional attitude, we have established various training and development systems, especially focusing on the early development of young employees. They learn a broad range of knowledge about banking through planned job rotations and develop advanced expertise at overseas branches and external institutions through our trainee system.

To take on the challenge of new business areas, it is also our mission to develop human resources who have specialized knowledge in areas such as IT and linguistic abilities that can be used globally. To that end, we are committed to a variety of initiatives.

#### ● Establishment of a quota for human resource development

For the purpose of developing specialized personnel, we have set up a quota for human resource development of some 50 persons every year, and stepped up dispatch of personnel to headquarters training and external companies.

In addition, by promoting improvement of operational efficiency mainly through a review of operational flows and the utilization of RPA<sup>\*1</sup>, we reallocated 200 employees to planning/promotion units of the headquarters, branches, and group companies to realize various measures of the medium term management plan.

\*1 RPA is an abbreviation for Robotic Process Automation. System for automating routine administrative tasks through software using robot technology.

#### ● Digitalization of human resource data

We have introduced a talent management system that will serve as a platform for human resource data. We are working to collect and accumulate personal data of employees and realize the strategic allocation and development of human resources through analysis using IT systems.

### ● Planned development and hiring of DX personnel

To transform the Bank through digital transformation (DX), it is essential to develop and hire DX personnel that supports the process.

In addition to securing specialists through mid-career hiring from outside the Bank, we will actively work to use and absorb knowledge by collaborating with outside organizations such as IT partners, consulting companies, universities, and venture companies.

Within the Bank, we are considering the introduction of a DX certification system for DX skills in order to raise awareness of DX promotion. We will also internally seek self-recommendations of motivated personnel for external assignments under the DX trainee system and create new opportunities for them to acquire new technologies and ideas.

In addition, we aim to secure and train 1,000 employees who hold the Information Technology Passport, a national certification, to serve as a basis for DX.

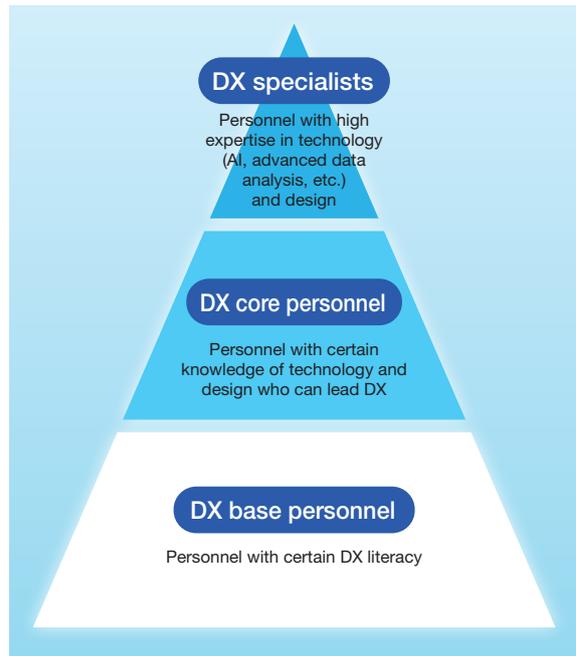
### ● Realization of work style reforms

In response to COVID-19, telework from home primarily by head office employees has become well-established in the Group. We have also expanded the eligibility for our flex-time system and have made it possible for employees to select a work style without setting a core time.

Initiatives such as telework and the flex-time system, as well as online meetings and video conferencing, allow employees to work without being bound by 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.

The office floors of the Chibagin Head Office Building completed last September have also been designed with this in mind. The office floors use a free-address system for each group. The desks are arranged in a hexagon grid formation to generate interaction within the floors, creating an office environment that is functional and activates communication.

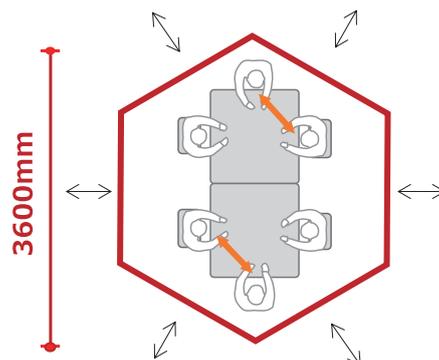
### ■ DX certification system



### ■ Free-address offices



### ■ Hexagon grid



# Strengthening Our DX Strategy

DX strategy has always been a priority for the Chiba Bank Group. The TSUBASA Alliance has been promoting study and research on advanced financial technologies. In 2016, participating banks established the T&I Innovation Center together with IBM Japan and, in 2018, we developed a common platform for open application programming interfaces (API).

In the Bank’s medium term management plan launched in April 2020, we declared digital strategy as the most important policy and strengthened our promotion of DX. Given the progress of digitalization in society, we believe it is essential for us to transform into a digital bank.

## Background

### ● Need for non-face-to-face communication is expanding further with the persisting impact of COVID-19

The Bank was already proactively promoting digital strategies before COVID-19 in order to energize our business by increasing touchpoints for customers who we were not able to meet through traditional channels.

Currently, with the persisting impact of COVID-19, the number of customers visiting our counters and ATMs continues to decline, and remote interaction needs are expanding faster than expected. Going forward, the main point of contact with personal banking customers will be via apps and we expect that, in two years from now, more than 70% of interactions will be performed remotely.

So far, we have been able to respond to various needs amid the COVID-19 pandemic to a certain extent through our existing digital strategy initiatives. However, as the digitalization of our society is progressing significantly, going forward, we need to take an even greater leap into digitalization and strengthen our structures with the aim of reshaping the Chiba Bank itself into a digital bank through DX.

## Overview of Our DX Strategy

### ● Adding transformation of HR strategy to the axis of DX promotion

Our current medium term management plan cites two DX strategy pillars of transforming customer services and transforming business operations. However, this time, we decided to add transforming human resources strategy as a third pillar to help realize DX fundamentally. We intend to systematically develop and recruit DX human resources in order to transform the Bank itself.

\* See page 40 for more on systematic development and recruitment of DX human resources ▶

### ● Key issues

We have determined the following seven areas as key issues that need to be specifically addressed. We intend to address these issues comprehensively across the whole Group in order to achieve our aims of improving customer experience (CX) and productivity.

- Digitize customer services
- Utilize data
- Improve operational efficiency
- Launch new businesses
- Digitalize business operations
- Enhance risk management
- Secure DX human resources

### ■ What we want to achieve through DX



## ● Positioning of face-to-face and digital communication channels

We expect more customers to use online apps as their preferred channel for accessing bank services rather than the bank counter or ATMs. Accordingly, we will ramp up the convenience of online apps as a major point of customer contact to increase the number of our digital customers and boost digital revenue as a percentage of overall profits.

For face-to-face communication mainly at our branches, we will strive to further improve efficiency and boost our consulting capabilities by thoroughly promoting DX in business operations and data utilization.

In areas with declining populations, such as the southern part of Chiba Prefecture, we plan to promote branch strategies that suit the characteristics of each region by, for instance, possibly expanding the area sales office system that we have implemented in the Tateyama area. However, we do intend to maintain a certain number of branches as differentiating channels designed to strengthen customer contact.

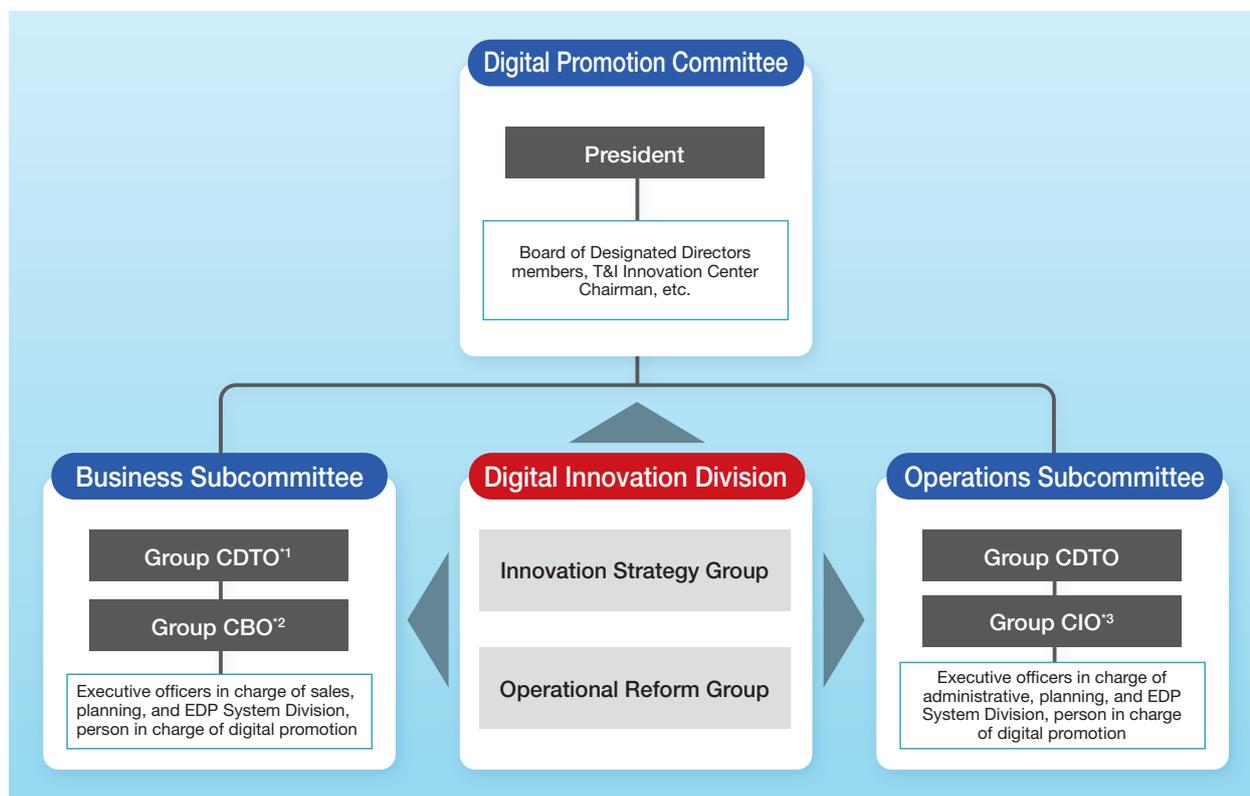
## Organizational Reform

### ● Established the Digital Innovation Division

In order to address the seven key issues across the Bank, we set up a Digital Innovation Division staffed by DX specialists in April 2021 and further strengthened our DX promotion structure.

We will promote DX by having the division take the lead in advancing reforms based on discussions in the Digital Promotion Committee, to realize improved service convenience, increased revenue, and reduced costs.

### ■ Chiba Bank DX promotion system



\*1 Chief Digital Transformation Officer

\*2 Chief Business Officer

\*3 Chief Information Officer

## Feature III: Strengthening Our DX Strategy

### Moonshot Goals

- **Moonshot goals are grand targets or challenges that involve great difficulties but have a great impact if achieved.**

The Chiba Bank has three moonshot goals:

- (1) To provide the best apps and the best portals to all customers,
- (2) To realize a centralized system that enables customers to access any desired information from both inside and outside the Bank whenever and in whatever format they want, and
- (3) To eliminate the use of paper and stamps completely within the Bank.

#### **Moonshot goal 1 To provide the best apps and the best portals to all customers**

We aim to provide the best app for individual customers and the best portal for corporate customers.

The best app refers to our Chiba Bank app<sup>\*1</sup> that connects with customer's daily lives and can always be used for different situations. The best portal refers to our Chibagin Business Portal<sup>\*2</sup> that is designed to be an indispensable hub of various services for business activities.

The app and corporate portal will enable us to deliver personalized information to our customers in order to improve customer experience.

By promoting the app, the Bank aims to triple our number of high-margin digital customers to 1.50 million during the current medium term management plan period and expand the digital customers' contribution to 50% of overall profits.

\* 1, 2 See page 29 for more on the Chiba Bank app and page 31 for more on the Chibagin Business Portal ▶

#### **Moonshot goal 2 To realize a centralized system that enables customers to access any desired information from both inside and outside the Bank whenever and in whatever format they want**

While it has been possible to utilize information loaded into a database to date, the system was fragmented so, in July 2021, we introduced a new database that centralizes all our customer data and offers a new search application. This has enabled us to create personalized and highly satisfying proposals that are tailored to individual customers as well as refine our targeting and marketing.

Going forward, we intend to expand the scope of the search system, not only for internal data but also for external data and data on the common API platform, to further enhance our data analysis.

#### **Moonshot goal 3 To eliminate the use of paper and stamps completely within the Bank**

We have set a target of eliminating the use of paper and stamps completely by June 2022 by liberating employees from routine tasks and judgements and locational restraints on their work.

We have created paperless, no-seal reception areas in our branches by introducing TSUBASA Smile reception terminals, and we are currently working to make our back-office operations completely paper free. Achieving this goal would allow us to perform checks in separate locations, centralize all administrative work at our headquarters and, potentially at some point, share joint administration divisions with other alliance banks.

We also aim to reduce the volume of administrative work by 300,000 hours, or 150 people, during the medium term management plan period by improving operational efficiency through RPA, and have reduced workloads by 87,000 hours in FY2020.

In addition to reducing the amount of work, we have sought to optimize our branch network and ensure appropriate allocation of administrative staff in our branches in the wake of COVID-19. In FY2020, we relocated approximately 100 staff primarily to the sales and planning divisions. We believe this will help improve our future profitability and service capabilities.

## New DX Initiatives

### ● Regional trading company

In May 2021, we established Chibagin Market Co., Ltd.\*<sup>3</sup>

The purpose of this regional trading company is to build an economic circulation system within the region. By initially promoting four businesses, including e-commerce and purchasing-type crowdfunding, we will combine digital and physical elements in a series of services designed to help develop products, sales channels, and marketing promotion.

\*<sup>3</sup> See page 35 for more on Chibagin Market Co., Ltd. ▶

### ● Cashless operations

Cashless operations is one of our key pillars for strengthening earnings growth in the medium term management plan as part of our new initiatives for DX. The initiative is progressing smoothly. For example, we achieved our initial six-month target to attract 60,000 users for our TSUBASA-Chiba Bank Visa Debit Card, introduced in October 2020, within the first four months.

We have also been improving the convenience of our TSUBASA-Chiba Bank Cashless Services for Merchants by launching a string of new services, such as ticket-vending machines, POS cash registers, B-to-B payments, and recurring billing systems in the second half of FY2020.

Going forward, we aim to build a cashless economic zone within the region by referring our app and card users to member merchants and providing other sales support.

### ● ICT consulting service

We launched our ICT consulting service\*<sup>4</sup> in April 2021 because we consider it one of our important roles as a regional financial institution to help promote IT not only within the Bank but also among regional customers given the great strides in DX we are seeing in society at large.

The Group, including Chibagin Computer Service and Chibagin Research Institute, will work together to promote operational efficiency using IT tools and help improve customer productivity.

\*<sup>4</sup> See page 32 for more on our ICT consulting service ▶