

DX Strategy Corporate Solutions

**September 28, 2021
THE CHIBA BANK, LTD.**

Table of Contents

DX Strategy

DX Strategy under the Current Medium Term Management Plan	3
Moonshot Goals	
~ Chibagin App~	4
~ Chibagin Business Portal ~	5
~ Centralization of Date ~	6
~ Operational Efficiency ~	7
DX Human Resources Development	8
Future Vision	
~ Regional Ecosystem ~	9
~ Integration of Real and Digital ~	10

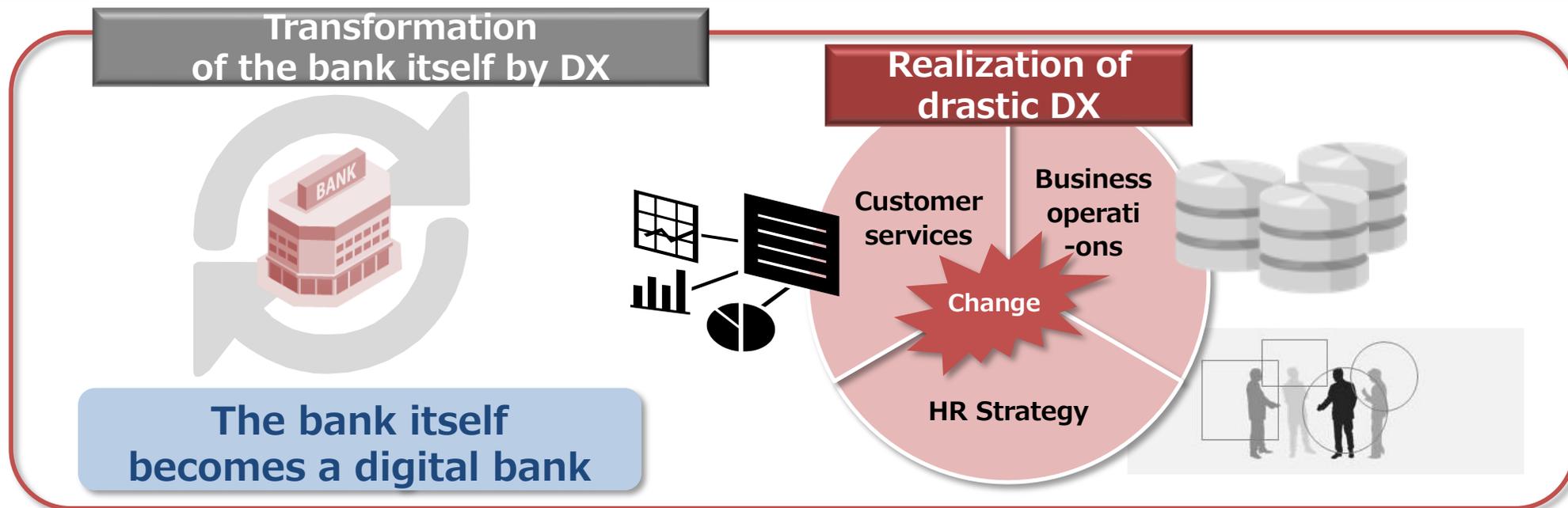
Corporate Solutions

Revenue Trends	12
Efforts to Expand Corporate Solutions	13
Project Finance ①②	14-15
Environmental Finance ①②	16-17
Advisory Services for Corporate Customers	18
Environmental Awareness of Business Succession and M&A	19
Overview of Business Succession Advisory Services	20

DX Strategy

DX Strategy under the Current Medium Term Management Plan

Added "Change of Human Resources Strategy" to the axis of DX promotion in order to transform the bank itself



Seven key issues

Digitize customer services

- **App**
- **Corporate portal**
- ICT consulting
- Online lending

Utilization of data

- Utilization of big data
- Date search system

Improvement of operating efficiency

- Eliminate the use of paper and stamps completely

New businesses launch

- Regional trading company
- Response to deregulation

Digitize business operations including headquarter operations

- Drastic review of operations using digital

Enhancement of risk management

- Thorough risk management in response to digitalize

Securing DX human resources

- Planned development and recruitment of DX personnel

Underlined in red: Moonshot goals

What we want to achieve through DX

Improve CX*

* Customer Experience

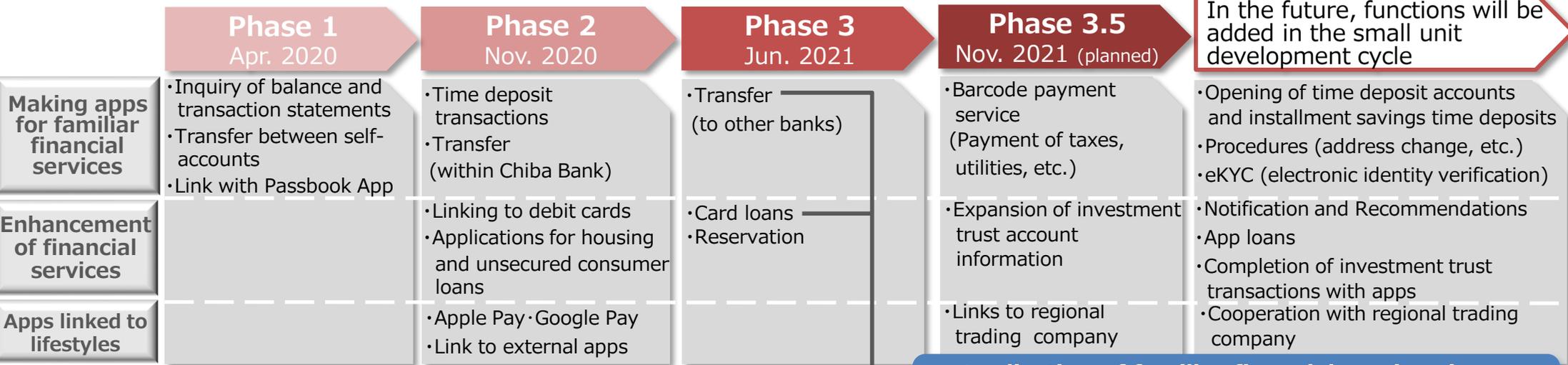


Improve productivity

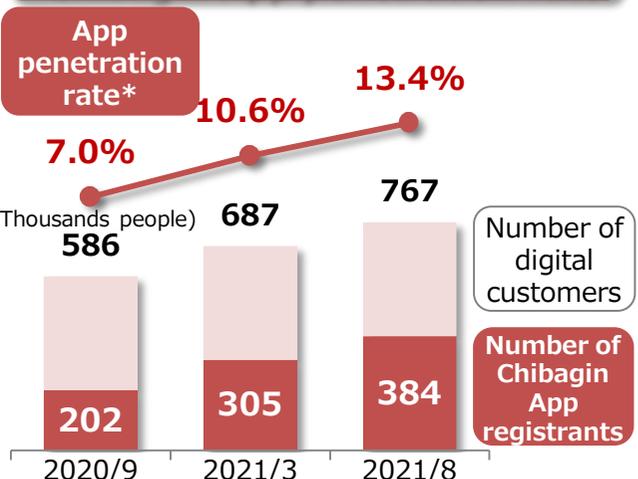
Steady upgrading for "apps linked to lifestyles"



Provide "best apps" to all customers
~ Apps connected to customers' lifestyles and used always ~

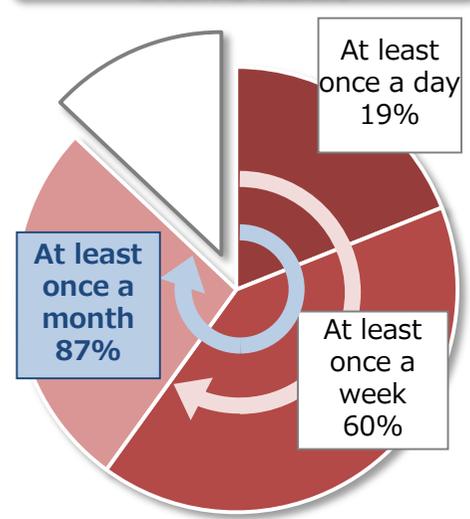


Digital customers and Chibagin App penetration rate



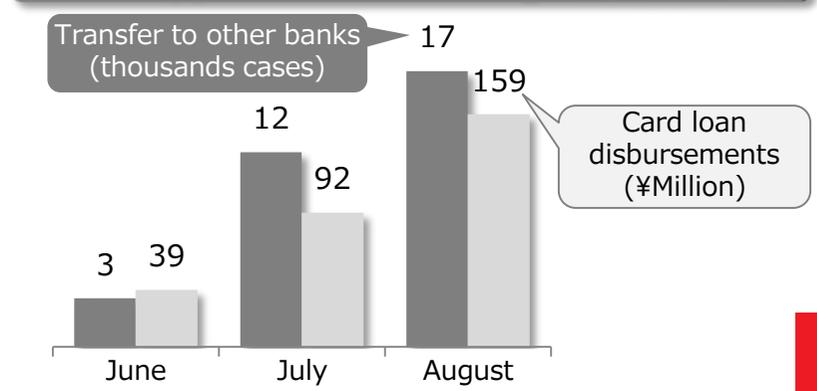
*Number of Chibagin App registrants ÷ Number of individual active customers

Chibagin App active Ratio



- Application of familiar financial services is expected to be realized
- Developing to enhance financial services

App new service usage status



Launched corporate portal service and steadily increased subscribers



Providing **“Best corporate portal”** to all customers
 ~ Corporate Portal as a hub for all services and indispensable for business ~

Phase 1 Apr. 2021

Phase 2 Sep.2021~May 2022 planned

Phase 3 ~

- Connect with digital
- Digitize financial services
- Resolving management issues

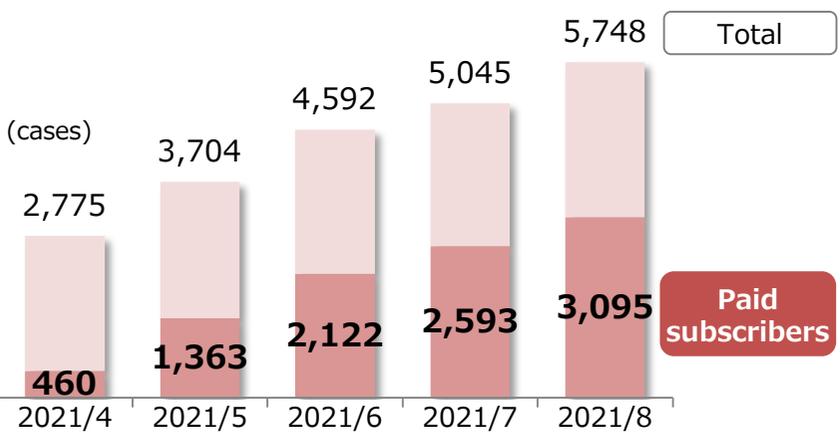
- Chat
- Disseminating useful information for management
- Balance and transaction statements (within Chiba Bank)
- Link to Web-EB
- Cooperation with BigAdvance

- Web conferencing
- Alert notification function
- Collaboration with other banks' accounts
- Comparison function of account information
- Digital Delivery of repayment schedule
- Cooperation with ICT Consulting
- To portals of group companies

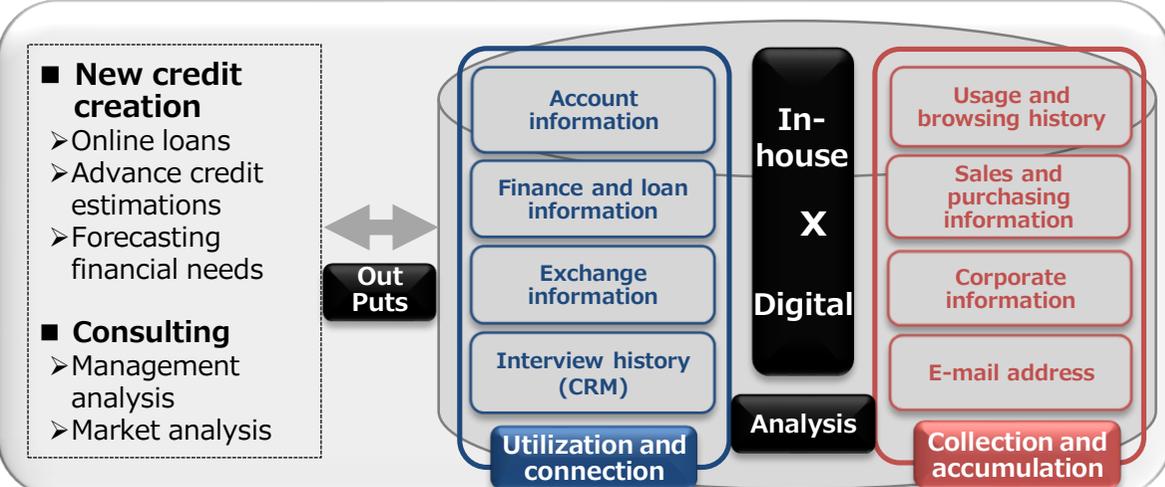
- Sales utilizing browsing history
- Cash flow visualization
- Electronic contract
- Link to cashless business
- Link to business functions such as sales management and personnel and labor management



Number of members



Future vision



Completed the centralization of data and the development of a search system, and started the use of this system in branch sales

Moonshot Goal

Realization of a data search system to obtain information **"anytime", "what you want", and "in what you want"**.

Centralization of data and introduction the search system
Jul. 2021

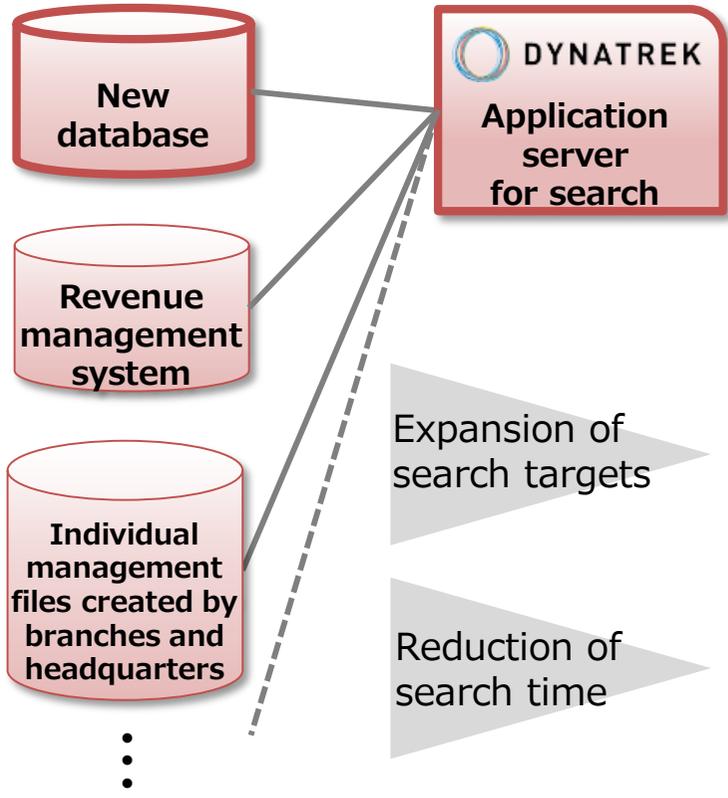
Data analysis and marketing
From Jul. 2021

Use of external data
Future

Achievement of Moonshot Goal

Data aggregation in the Bank

Search system



- **List and model construction based on correlations, etc.**
- Recruitment of data analysis personnel and development of data scientists
- Introduction of data analysis tools
- **Distribution of sales talk scripts** at the same time as lists

- Big data utilization
- Data on the API Platform
- Data analysis infrastructure
- Alarm delivery based on scenario
- Understanding Web activity history
⇒ Sophistication of data analysis

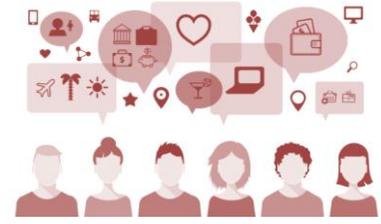
Example of a list sent to the branches

Individual

- Large payroll deposit recipients and assets in custody of the Bank are less than ¥10 million
⇒ Promotion of financial products
- Net of monthly income and expenditures are positive for a certain period and more than a certain amount, or full repayment of the loan is expected.
⇒ Promotion of saving products

Corporate

- There is no borrowing from the Bank, although there is repayment to a government-affiliated financial institution.
⇒ Promotion of new financing
- Total borrowings increased and the share of the Bank's borrowings decreased
⇒ Promotion of financing



- Personalized high-satisfying proposals for each customer
- Expanding the scope of sales and improving efficiency through new approaches

Automate operations and judgments, releases from job location constraints

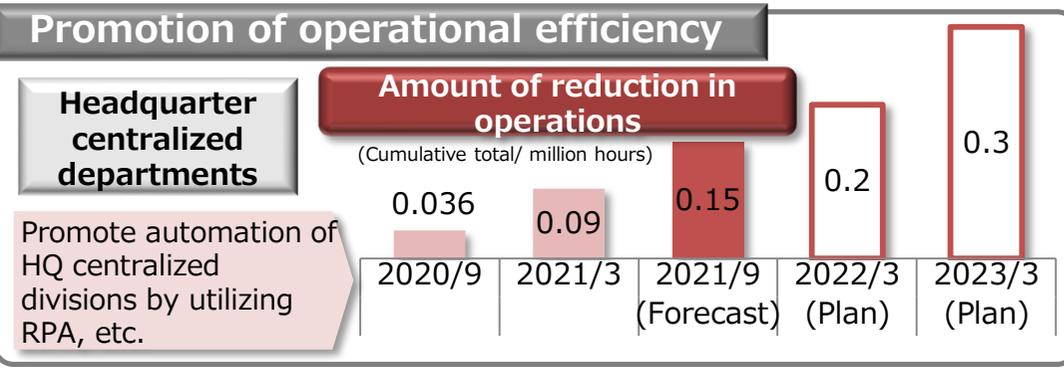
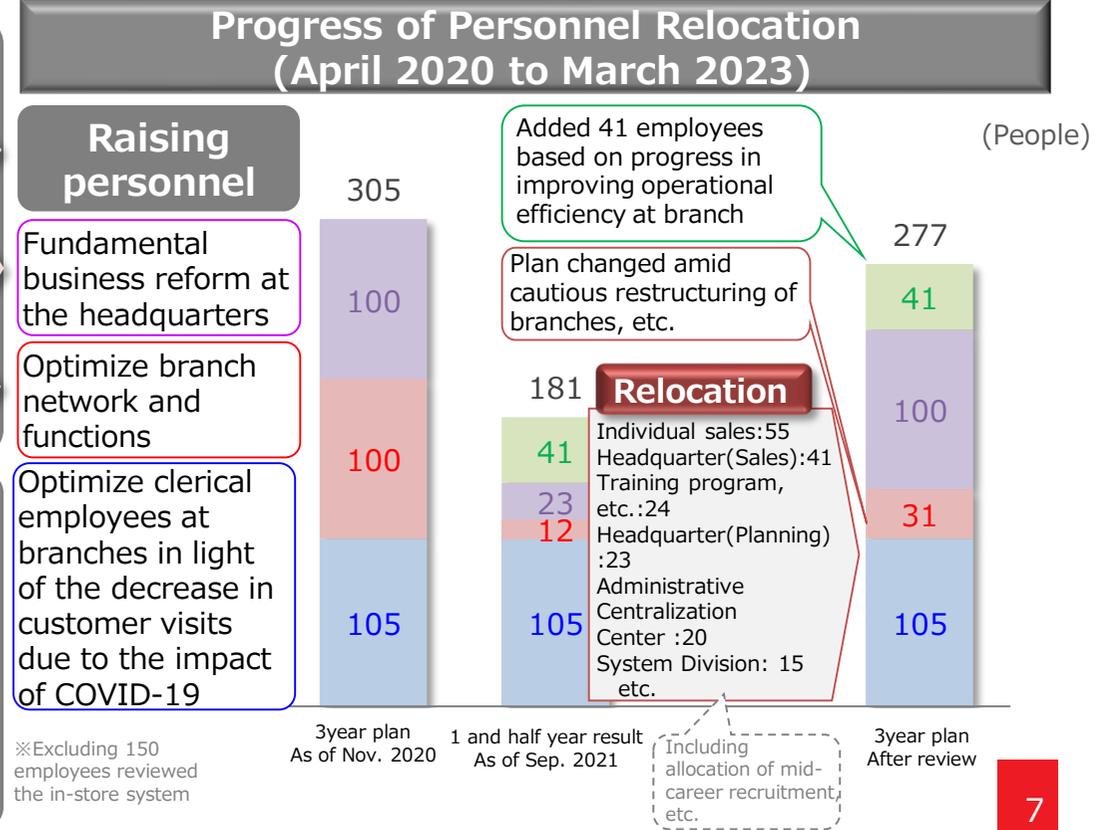


Eliminate the use of paper and stamps completely within the bank

By doing so

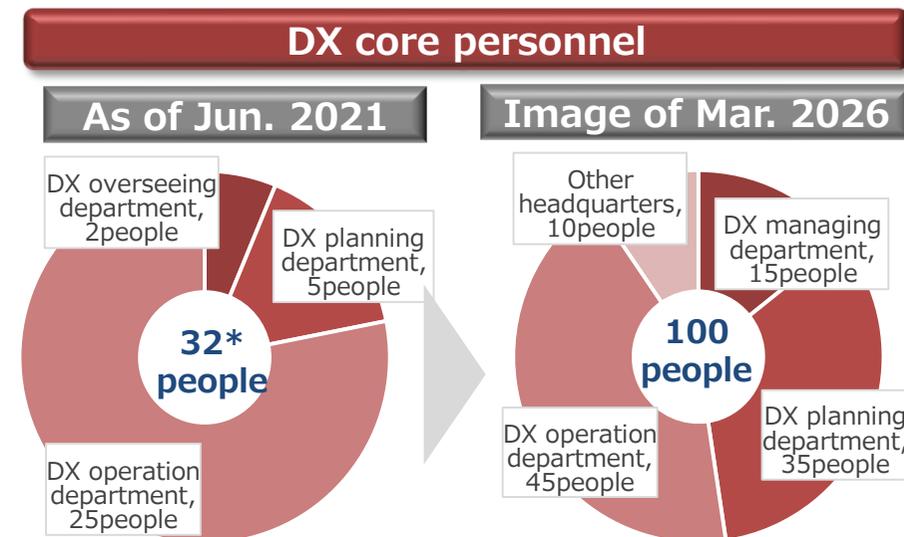
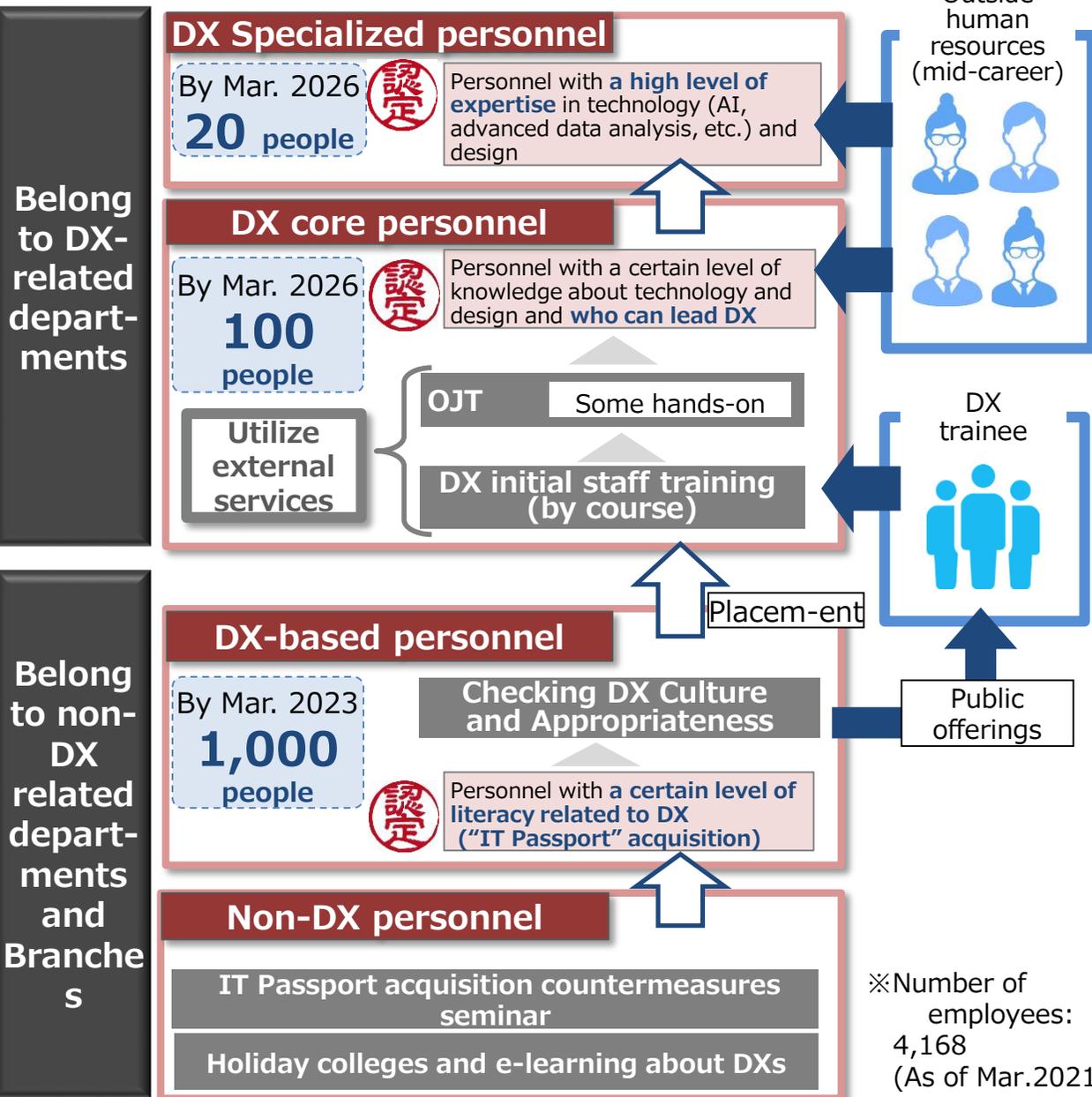
- **Release staff from routine work and judgment**
Routine work and judgment are performed automatically by using data ⇒ Eliminate errors
- **Release staff from the location constraints**
A series of jobs can be completed in remote locations as well.

Moonshot goal	Actual	Going forward
Branch in-store	<ul style="list-style-type: none"> "TSUBASA Smile" makes reception operations paperless and stamp-less 	<ul style="list-style-type: none"> Shift to a system of centralizing and collaborating clerical work by back-office operations paperless
Branch Sales representative	<ul style="list-style-type: none"> Web completion for unsecured loans Housing loans electronic contract 	<ul style="list-style-type: none"> Web completion for housing loans Digitalization of corporate contract
Headquarter planning / management	<ul style="list-style-type: none"> Completely paperless and stamp-less in headquarter approval documents Headquarter⇒Customer digitalization of information documents 	<ul style="list-style-type: none"> Branch ⇒ Headquarter paperless of applications, etc. Addition of subject documents in the same left



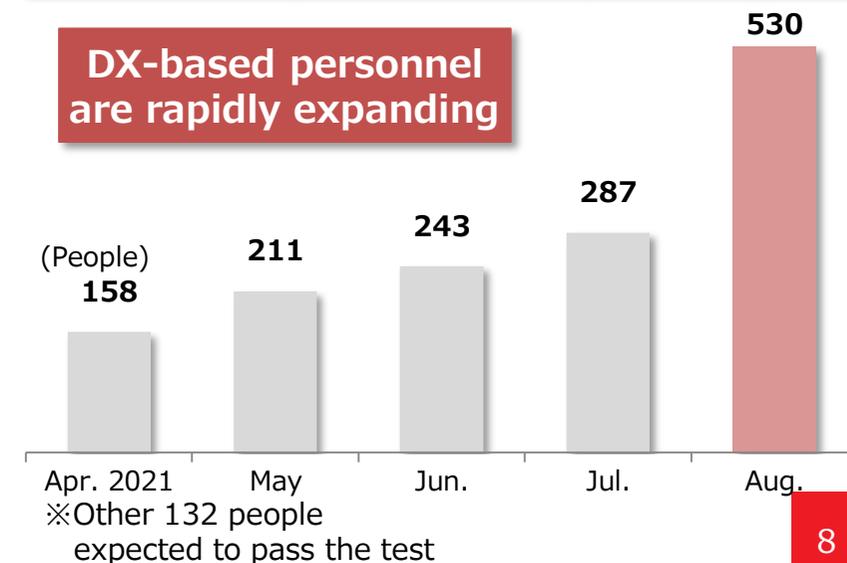
DX Human Resource Development

Dividing DX human resources into three levels and establishing certification requirements for each category



※Provisional figures counted in practical experience

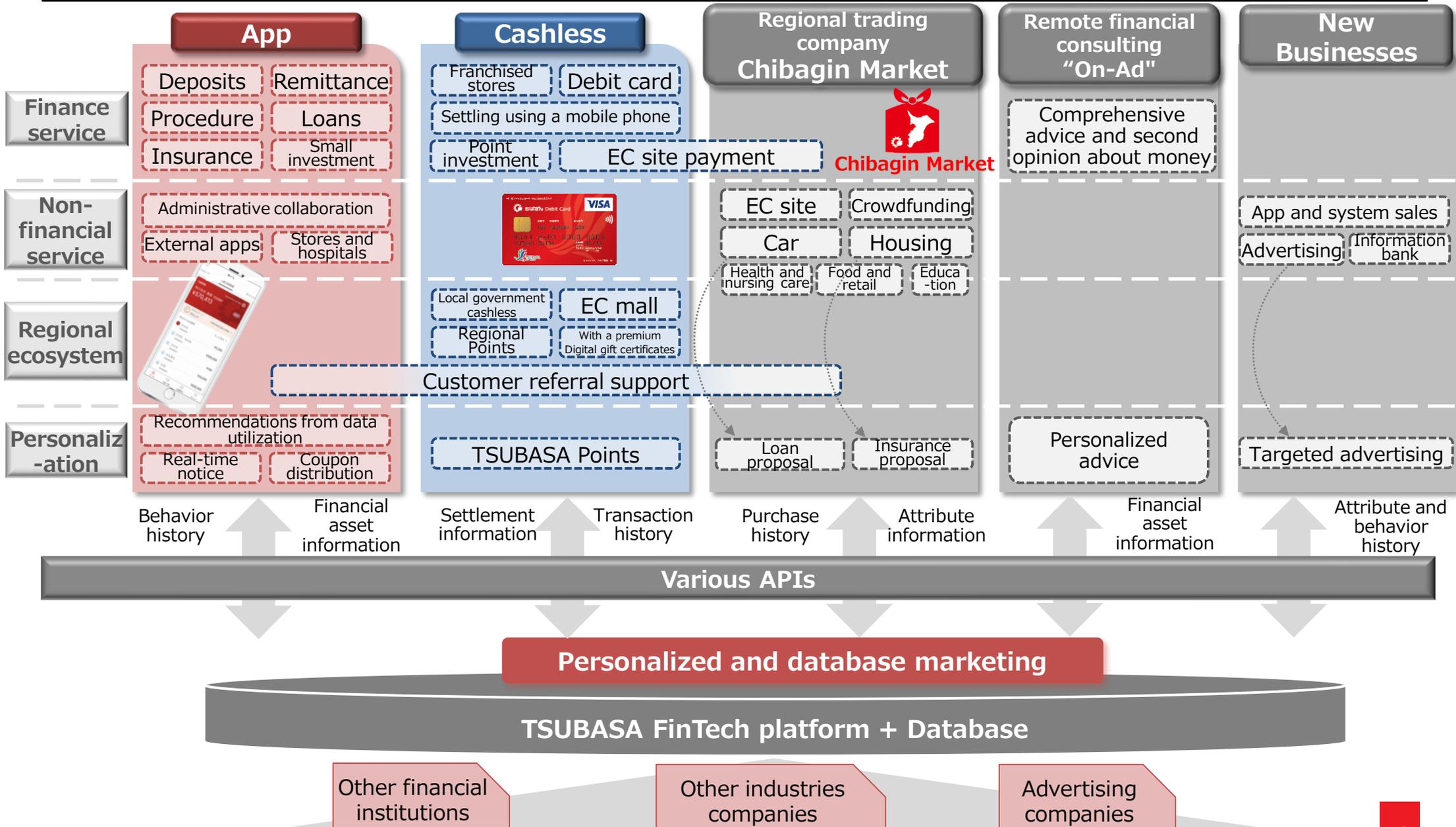
Cumulative number of people who have acquired "IT Passport"



※Number of employees: 4,168 (As of Mar.2021)

Future Vision ~Regional Ecosystem~

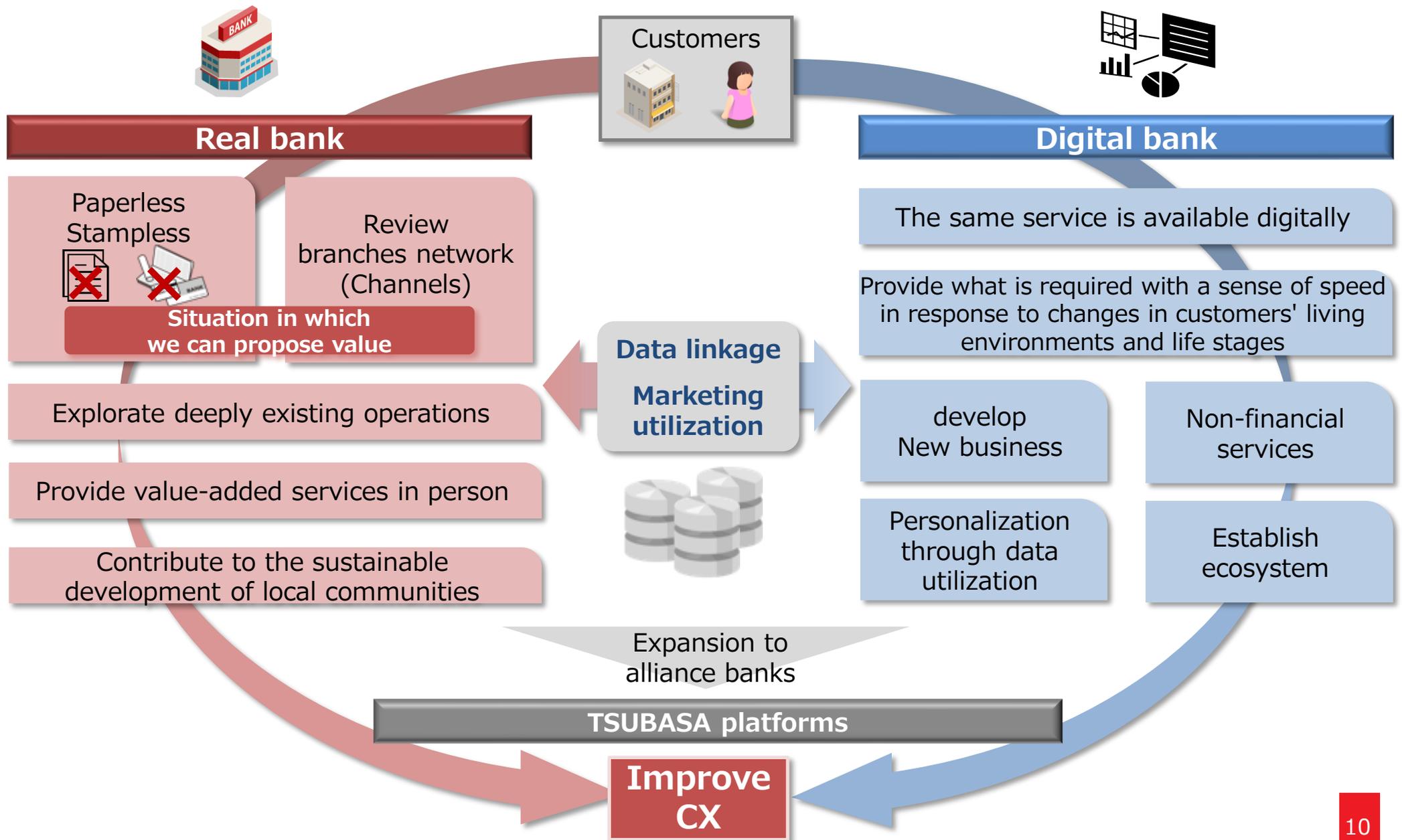
Aiming to "always convenient" as the ultimate, construct a regional ecosystem that "exceeds" the bank's framework



Future Vision

~Integration of Real and Digital

Achieve "always close by" and "always convenient" at the same time and become the bank of choice

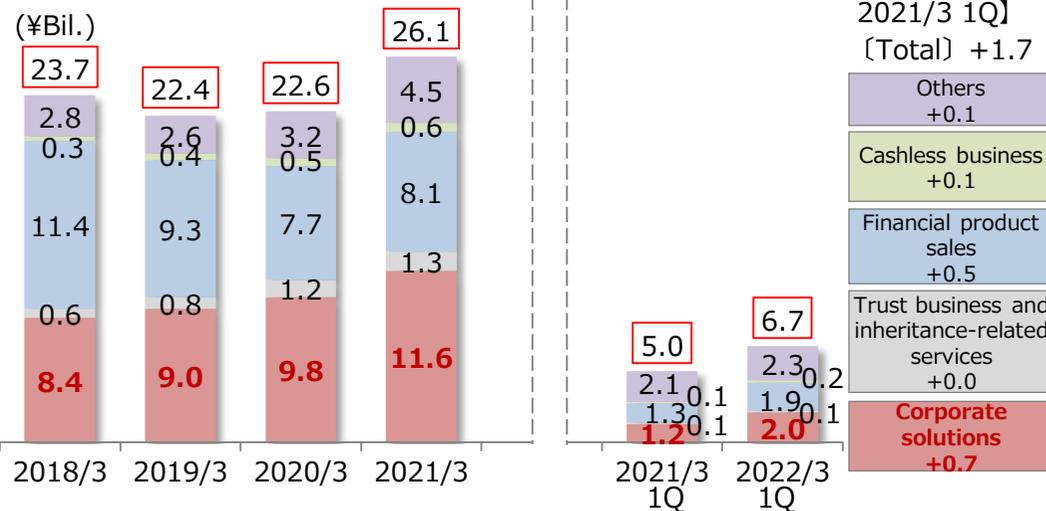


Corporate Solutions

Revenue Trends

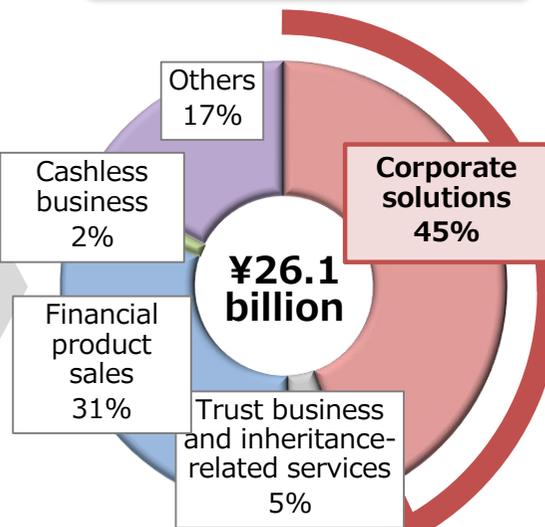
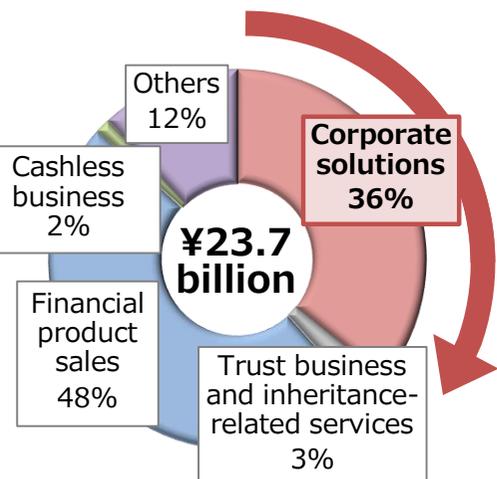
Fees and commissions income in the corporate solutions hit a record high for the 10th consecutive fiscal year

Net fees and commissions income



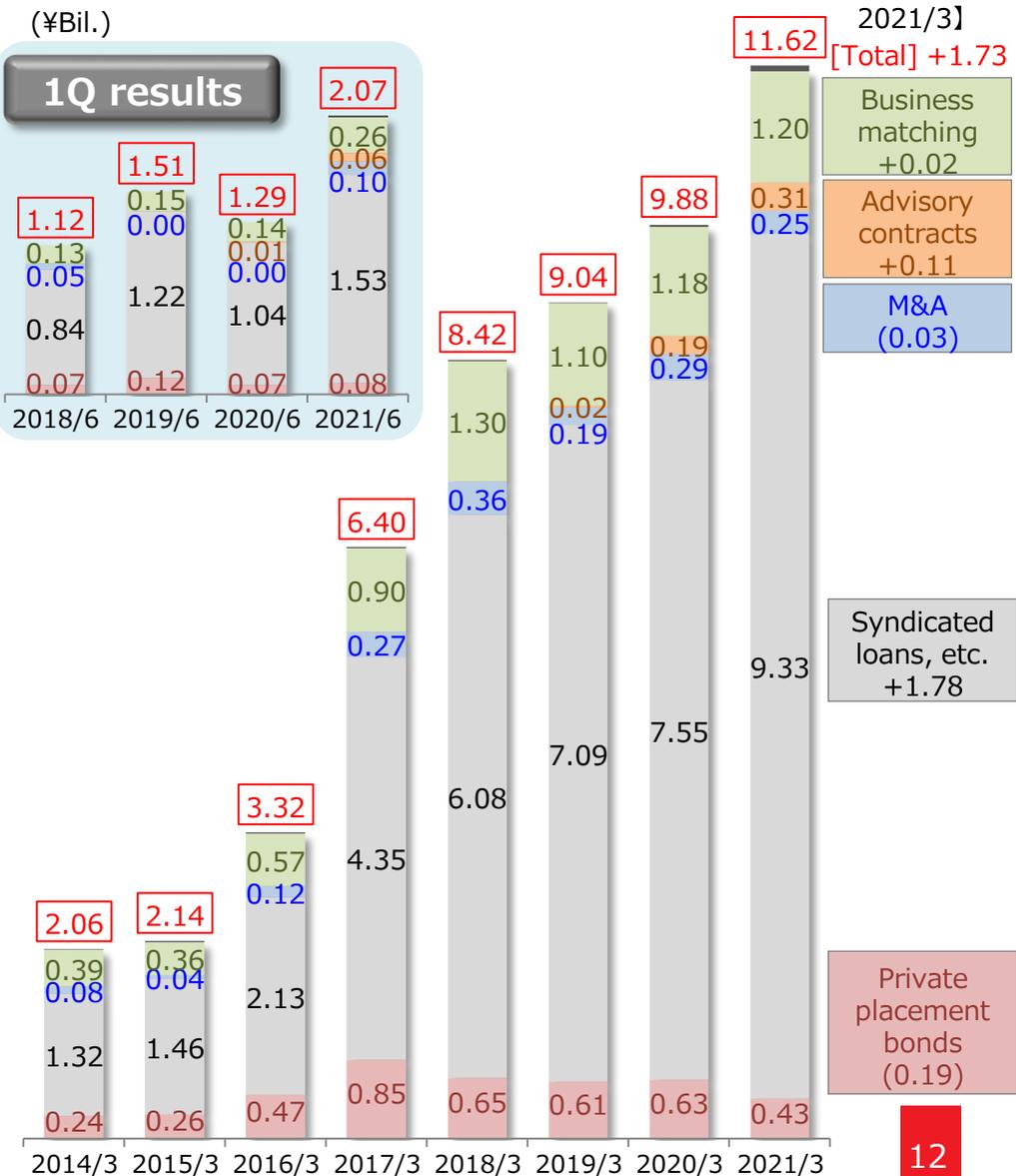
FY2017

FY2020



Corporate solutions revenue

※There is "Others" without a breakdown (¥0.06 billion in FY2020)



Efforts to Expand Corporate Solutions

Implementing initiatives to solve management issues as a partner of customers

Medium Term Management Plan "NEXT STEP 2023"

~ Connect and go beyond, for the future ~

<Vision>

Enhance customer experience by deepening financial functions and creating new models for regional finance

Basic Policy I

We will continue to evolve closely with our customers

Basic Policy II

We will continue to create new value for our customers' future

Basic Policy III

We will advance alliance strategies

Basic Policy IV

We will realize sustainable management



Increase capabilities for solving management issues as partner

Further identify management issues and business description through evaluation of business

Strengthen consulting functions to respond to a wide variety of corporate management issues

Strengthen coordination capabilities by utilizing external partner companies for business matching, etc.

Strengthen support for overseas business of client companies by utilizing overseas networks

Strengthen the provision of comprehensive solutions by upgrading the functions of group companies

Efforts to solve customers' management issues

As developing evaluation of business, creating corporate value by providing optimal solutions

As a partner continuous dialogue to identify potential challenges

Sharing of issues, initiatives aimed at solutions

Evaluation of business (analysis and evaluation)

Utilize corporate portals

Provide total solutions

- Corporate Business Division
- Business Succession Consulting Division
- Payment card Business Division
- Regional Revitalization Division

- Group companies
- Alliance banks, etc.
- Overseas network, etc.

Creating customers' corporate value

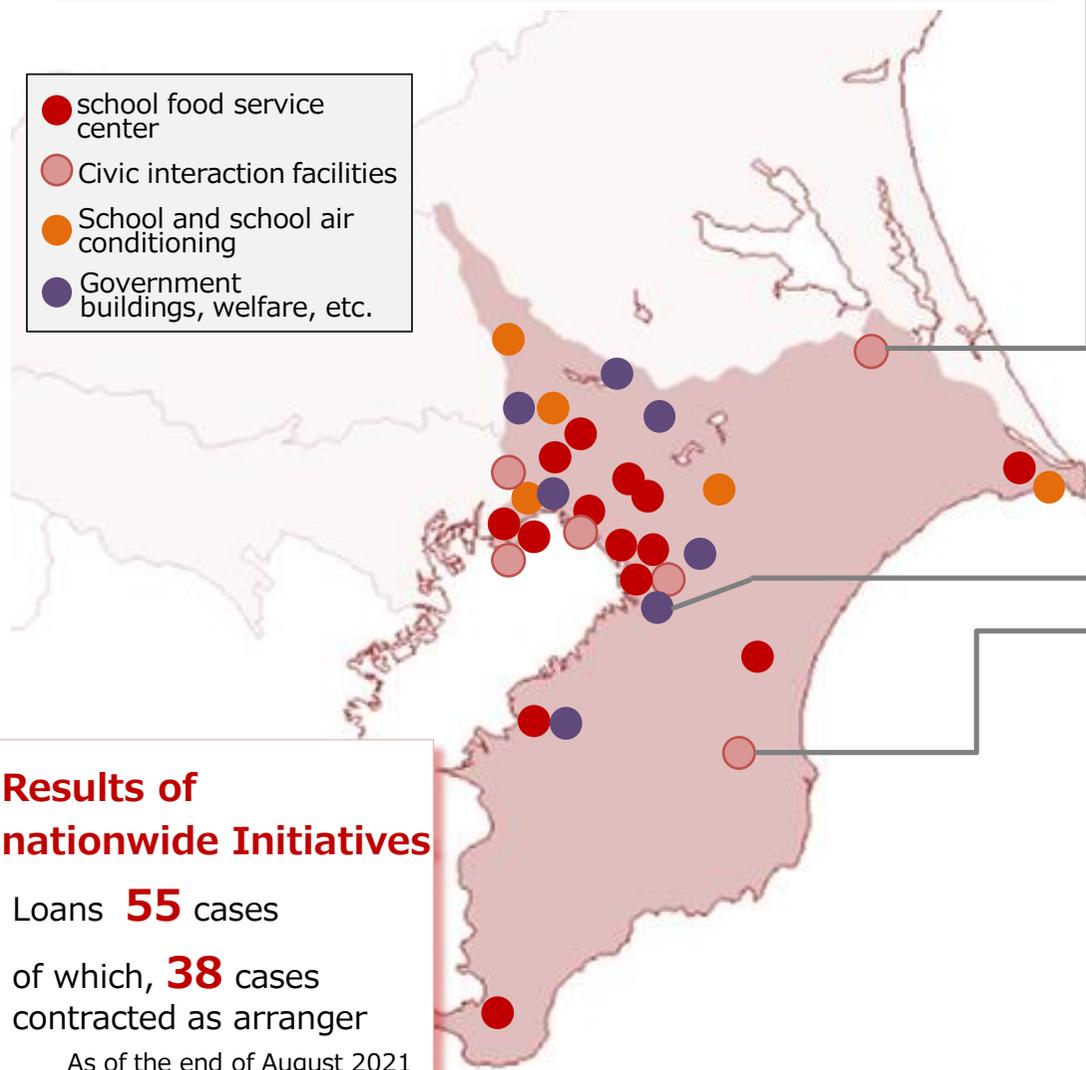


Project Finance ①

Project finance for PFI projects is among the top regional banks

Contracted arranger results for PFI projects in Chiba Prefecture

- school food service center
- Civic interaction facilities
- School and school air conditioning
- Government buildings, welfare, etc.



Sawara Wide-Area Interaction Base PFI Project



- Organized financing as an arranger for PFI projects jointly conducted by the Ministry of Land, Infrastructure, Transport and Tourism and the City of Katori
- This project is the development, maintenance, and operation of public facilities equipped with flood prevention functions and disaster prevention awareness in normal times, as well as functions that contribute to the promotion of industrial tourism. This is the first PFI project nationwide conducted by the national government in a river area.

Chiba Prefectural Police Headquarters New Building Construction Project



- Organized financing as arrangers with Mitsubishi UFJ Bank in the PFI project conducted by Chiba Prefecture

Mutsuzawa Smart Wellness Town Base Formation

- Participated in "the Smart Wellness Town Development Project*" in Mutsuzawa Town from the early stages of the project and made financing.
 - Including investment in the new regional power company "CHIBA Mutsuzawa Energy Co., Ltd." (utilizing solar power generation, etc.), comprehensively supporting the formation of compact cities and the construction of distributed energy systems
- ⇒ "Examples of Distinctive Efforts by Financial Institutions Contributing to Regional Revitalization in FY2019" selected by the Cabinet Secretariat, the Headquarters for Overcoming Population Decline and Vitalizing Local Economy



※The project to form a base for integrated development of a health support-oriented "Roadside Station" and a "Settlement Rental Housing" for mainly child-rearing generations

Results of nationwide Initiatives

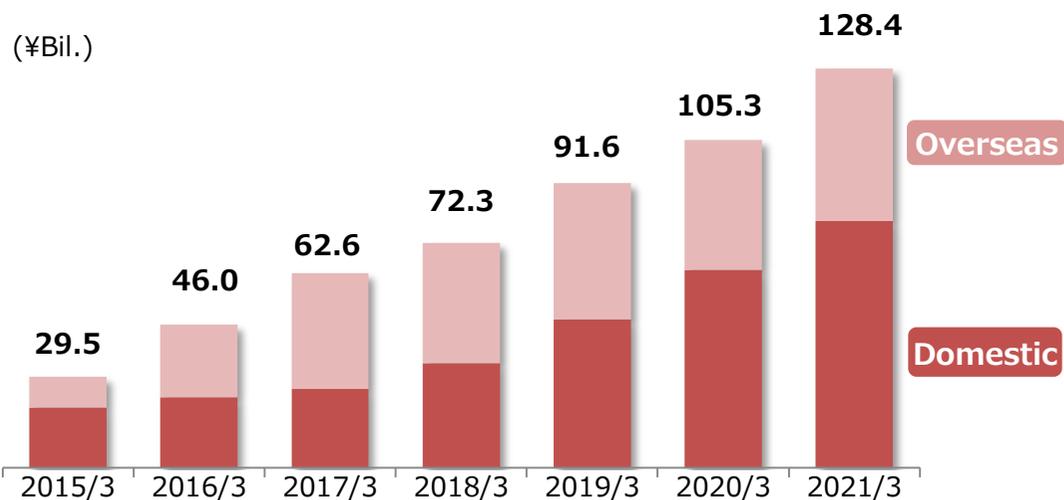
Loans **55** cases

of which, **38** cases contracted as arranger

As of the end of August 2021

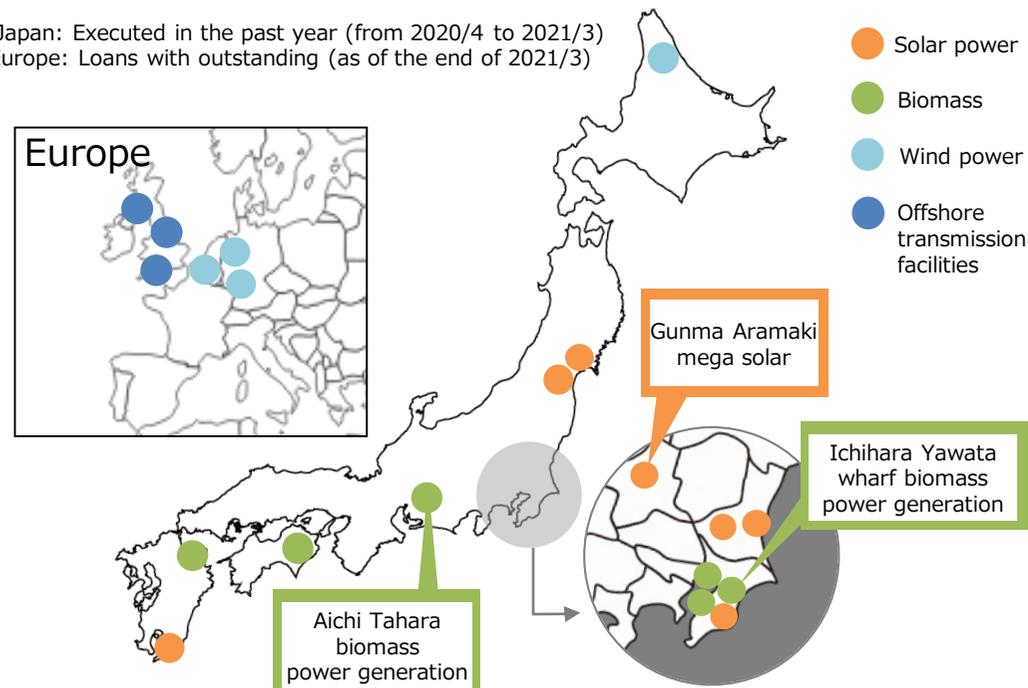
Proactive response to domestic and overseas project finance

Loans balance in project finance



Of which, renewable energy-related initiatives*

※Japan: Executed in the past year (from 2020/4 to 2021/3)
 Europe: Loans with outstanding (as of the end of 2021/3)



Involvement results in project finance

Energy-related projects

Loans **38** cases
 of which, **14** cases
 contracted as arranger

Vessel finance projects

Loans **7** cases
 of which, **3** cases
 contracted as arranger

Overseas infrastructure projects

Loans **29** cases

Aircraft finance projects

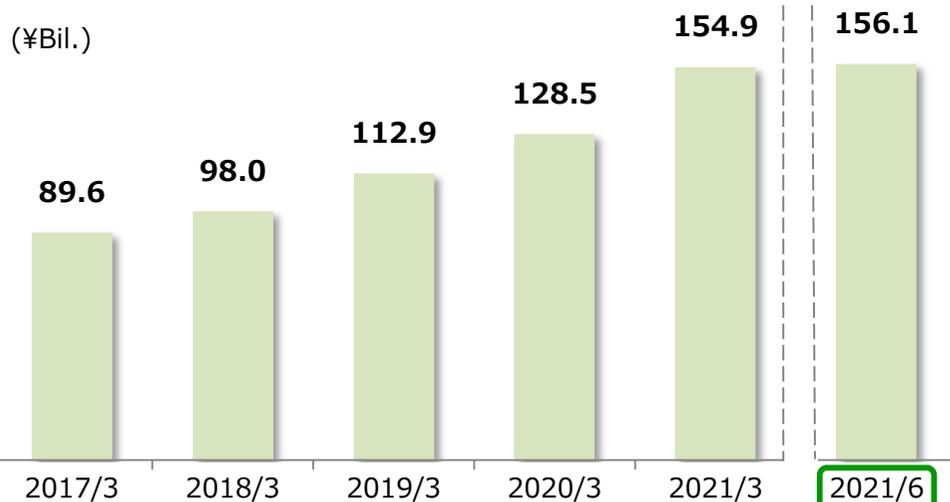
Loans **7** cases



Environmental Finance ①

Steady increase in environment-related loans

Renewable energy-related loans balance



2021.6 breakdown	Loans balance
Solar power generation	¥128.9 billion
Biomass generation	¥13.9 billion
Wind power generation	¥12.7 billion
Water power generation	¥0.6 billion
Total	¥156.1 billion

Amount of renewable energy generated from loans provided by the Bank (cumulative)*

- Annual power generation : Approx. 5.5 millionMWh
- Converted to households : **Approx. 1.5 million households**
- CO2 savings : Approx. 2.5 million

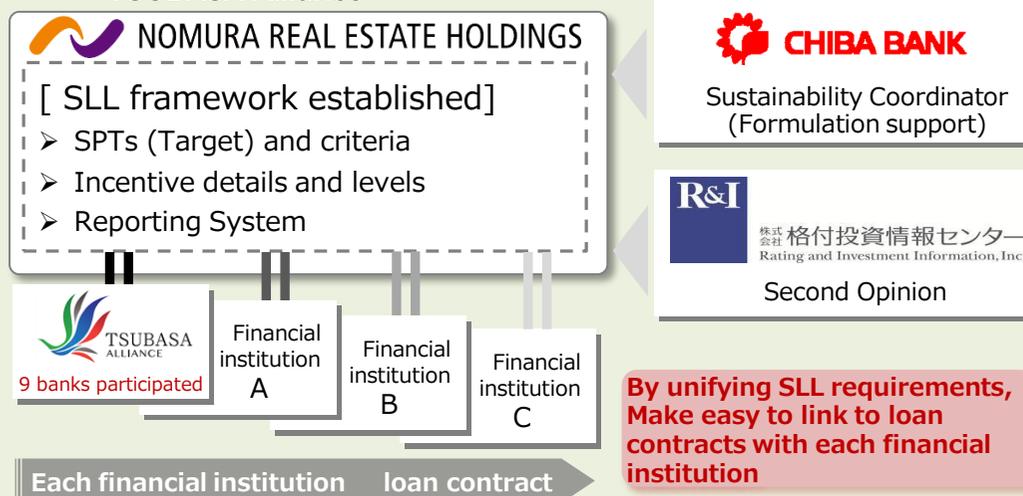


*Include projects under construction

Sustainability linked loan initiatives

July 2021 SLL for Nomura Real Estate Holdings, Inc.

- The first SLL initiative that utilizes the SLL framework in Japan
- ¥11.0 billion in total loans provided by banks participating in TSUBASA Alliance



Initiatives to support the introduction of in-house consumption-type renewable energy

December 2019 Financing for the introduction of in-house-consumption solar power facilities at a local shopping center

- Supporting the introduction of self-consumed solar power facilities through financing, which reduce CO2 by around 300 tons per year
- As a business operator in Chiba Prefecture, the first decision to issue the Ministry of the Environment's "Interest Subsidy Project for Promoting Regional ESG Loans**"

** Established by the Ministry of the Environment to promote capital expenditures that contribute to reducing CO2 emissions as well as to popularize and expand ESG-related financing. Interest subsidy of up to 1% for up to 3 years for businesses that make capital investments for energy-saving and renewable energy businesses.

Environmental Finance ②

Supporting customers' decarbonization through financing

Target of sustainable finance

Sustainable Finance※
Execution amount target
(from April, 2019 to March, 2031) **¥ 2 tri.**

Of which, environmental finance
Execution amount target
(from April, 2019 to March, 2031) **¥ 1 tri.**

※ Finance for solving environmental and social issue
(Including financing to support customers' ESG and SDGs initiatives)

Strengthening the promotion system

New

- **Established "SDGs Promotion Office"**
 - **Assigned concurrently to major related departments**
 - **Appointment of SDGs promotion officers in all headquarters divisions and group companies**
(Scheduled in October 2021)

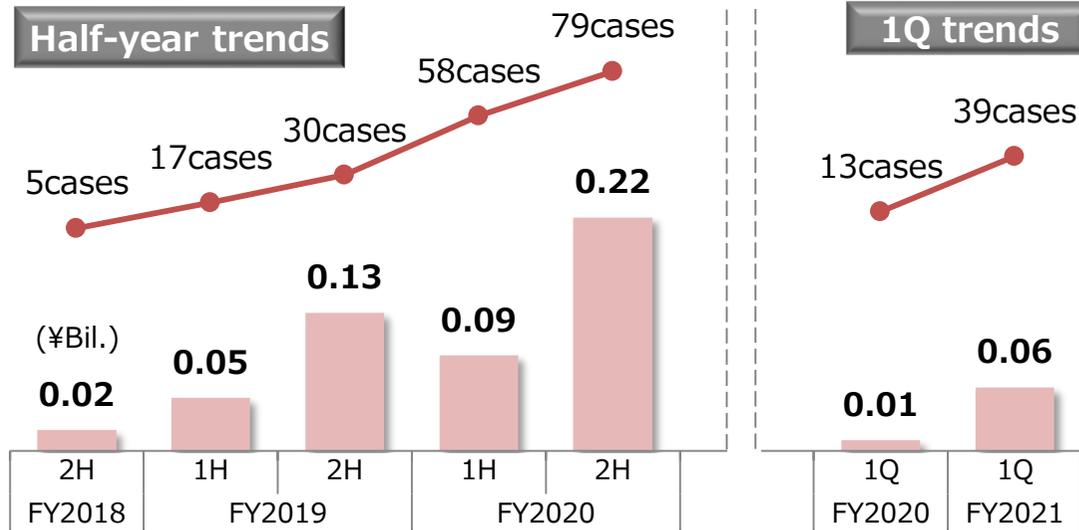
Further accelerate efforts to "promote sustainable financing", "reduce group-wide CO2", and "reduce carbon-related assets" **through providing consulting services to customers and collaborating with local governments**



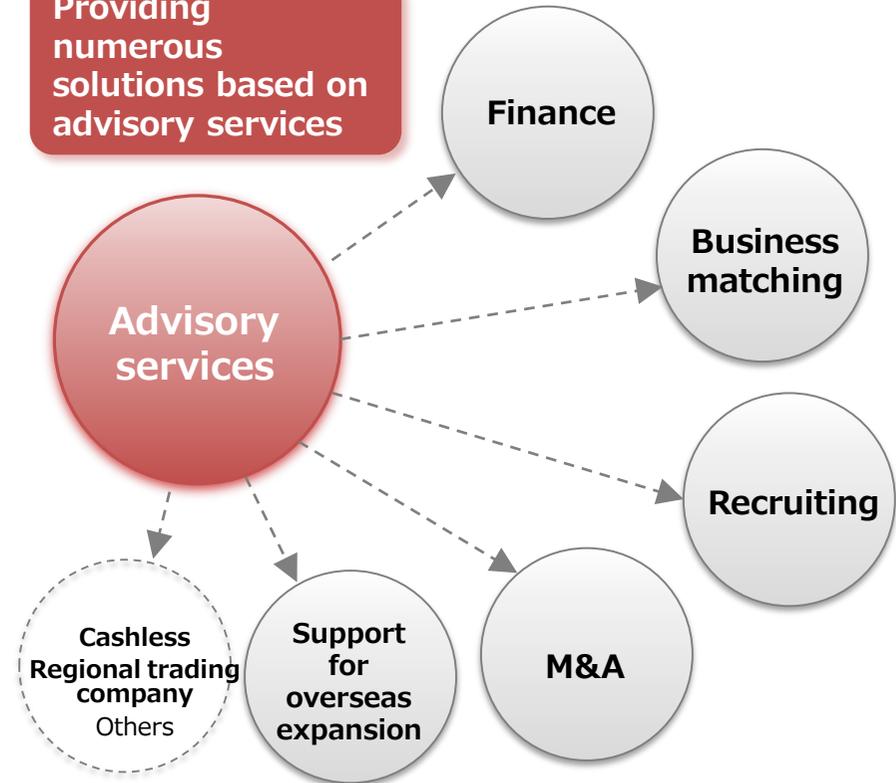
Advisory Services for Corporate Customers

Discovering potential needs as a partner for customers

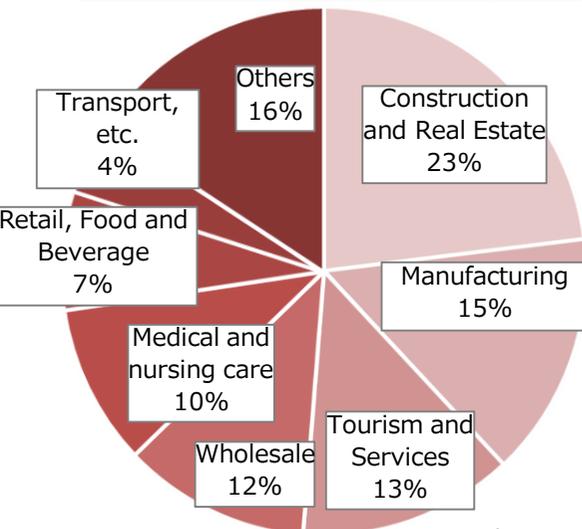
Number of contracts and commissions



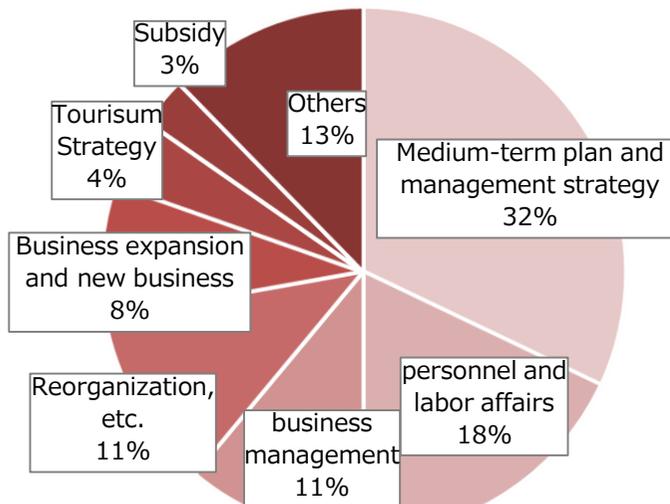
Providing numerous solutions based on advisory services



Breakdown of industries



Advisory content



ICT consulting

IT Diagnosis

Organize issues in customers' business processes and formulate optimal solutions

Support for introduction of IT tools

Support for system development and implementing cloud IT tools required for business efficiency improvement

Support for customers' business efficiency

Cumulative total at end of June 2021

Environmental Awareness of Business Succession and M&A

Demand for business succession is growing further

The biggest concern faced by SMEs is the difficulty of successors

Progress in the aging of business owners

- The average age of business owners is steadily rising, reaching **62.4**, exceeding the retirement age of 60 for salaried workers

Worsening of the shortage of successors

- Family succession accounted for **34.2%** of all business successions in recent years, 1/3 of the total
- ※ In the 1980s, it was over 90%

Recent external factors have added to the pressure

COVID-19

- Change of industry
- Business downsizing

Responding to ICT

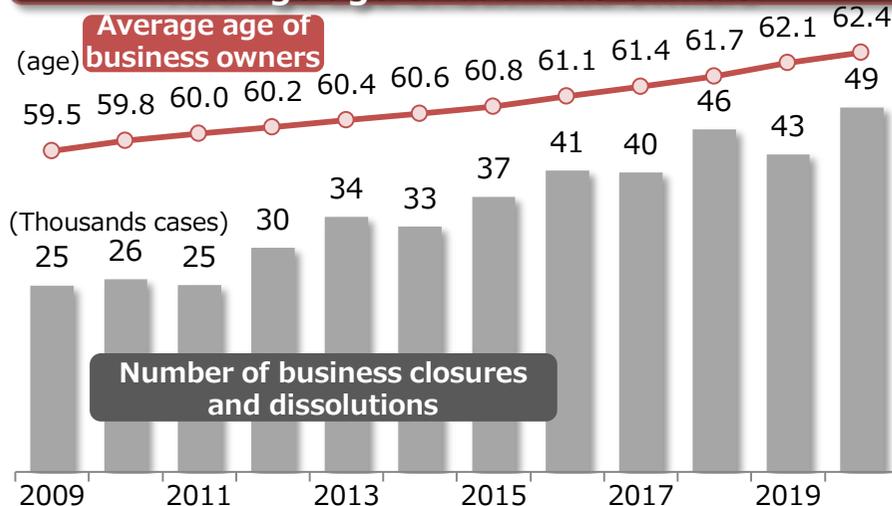
- Capital expenditures
- Personnel education

Work style innovation

- Personnel Resources
- Efficiency improvement

There is a sharp increase in events requiring improvement from a long-term perspective and the burden on management is increasing

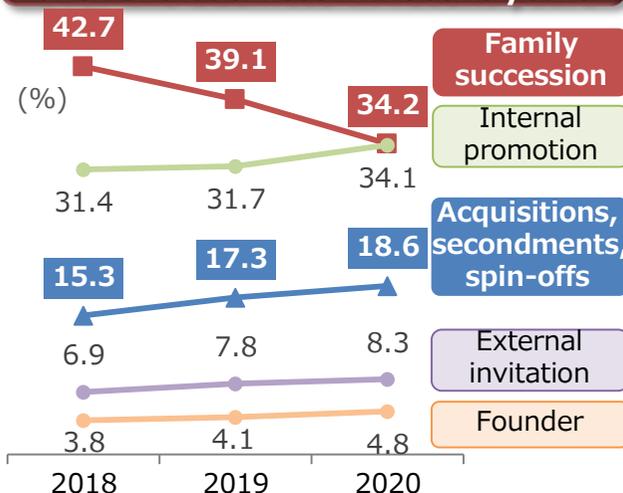
Number of business closures and dissolutions / Average age of business owners



Source: Tokyo Shoko Research, Ltd., "Survey on trends in closed and dissolved companies" and "National survey on the age of company presidents"

Number of closed business doubled in 10 years

Background of the appointment of business owners who have taken over the business in recent years



Source: Teikoku Databank, Ltd., "Survey on trends of national enterprises in "absence of successor" (2020)"

- The hard work of older business owners is approaching its limit
- For the sustainable growth of the next generation, it is necessary to seriously consider business succession

Overview of Business Succession Advisory Services

One-stop support for family succession, employee succession, and third-party succession (M&A)

The truth of SME business owners

Understanding **the necessity** of business succession...
I can't make a decision.

The Bank's Mission

Leveraging the relationships built over many years as a partner in management, and from a long-term perspective, align with business succession

Make the best proposals in the best timing

Support for smooth succession procedures with expertise

Legal counsel

Accountant

Consulting

Business Succession Consulting Division

Succession to relatives

Succession to external parties

Succession to Employees

Provide MBO and EBO schemes as a package

Branches

Chibagin Capital

Head-quarter

External funds

Widespread matching through Alliances

Number of customers who chose the banks as main bank



21 thousand customers



140 thousand customers



37 thousand customers

Volume of information exceeds the megabanks ※

※Each banks has approx. 60 to 100 thousands customers

Source: Teikoku Databank, Ltd. "National Main Bank Survey (2020)"

Number of potential business succession deals

Closed

President's age

Age 80-

Approx. 240 customers

Age 70-80

Approx. 1,030 customers

Age 60-70

Approx. 1,540 customers

Potential deals: approx. 2,800 customers

※Shareholders' equity: ¥100 million or more

Number of M&A deals

Closed

Under activity

30 cases

Stock deals ※Needs information from branches is available

Approx. 560 cases

Aim at 1,000 Stock deals

Inquiries related to this presentation should be addressed to:

The Chiba Bank, Ltd.
Corporate Planning Division
Investor Relations

Tel: 043-301-8459

Fax: 043-242-9121

E-Mail: ir@chibabank.co.jp

This material was prepared only for the purpose of providing information and does not solicit the purchase or sale of any specific securities.

All or part of the matters described in this material may be revised or changed without prior notice. This materials contains forward-looking statements. These statements are not represented as providing a guarantee of the Bank's future performance, and actual results may be subject to risks and uncertainties. Please note that future performance may differ due to change in business environment, etc.