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Financial Results for the Six Months (First Half) of FY2024 ending March 2025



November 22, 2024

Good morning, everyone. I am Yonemoto, President of The Chiba Bank. Without further ado, let me begin my explanation, following the materials provided.

Summary of Financial Results

To create a local community better suited to bringing each person's hope to life

Strong top-line results in steady progress in net income

Non-consolidated (Billion yen)	FY2023	FY2024	Change	FY2024	
	1H	1H		Plan*	Progress
Gross business profit	86.9	96.8	9.9	189.8	51.0%
Net interest income	70.2	78.8	8.6	153.9	
Net fees and commissions	14.9	16.7	1.8	32.2	
Net Trading income	0.8	0.5	-0.3	1.4	
Net other ordinary income	0.8	0.7	-0.1	2.2	
Gains/losses related to bonds	-2.0	-0.9	1.0	-0.2	
G&A expenses (-)	42.1	44.6	2.4	89.5	49.8%
Net business income (before provisions to general allowance for loan losses)	44.7	52.2	7.4	100.3	52.0%
Core business income	46.8	53.2	6.3	100.5	52.9%
Excl. gains/losses on the cancellation of investment trusts	46.0	51.7	5.6	97.2	53.2%
Net provisions to general allowance for loan losses (-)	-	1.4	1.4	2.7	
Net business income	44.7	50.8	6.0	97.6	52.0%
Non-recurring gains/losses	5.4	4.2	-1.1	1.2	
Disposal of non-performing loans (-)	-0.7	4.2	5.0	10.8	
Reversal of loan loss reserves	1.9	-	-1.9	-	
Gains/losses related to stocks, etc.	4.6	8.5	3.8	12.0	
Ordinary profit	50.1	55.0	4.8	98.8	55.7%
Extraordinary gains/losses	-0.0	-0.0	-0.0	-0.3	
Net income	36.4	39.8	3.3	70.0	56.8%
Credit-related expenses (-)	-0.7	5.6	6.4	13.5	42.1%

Consolidated (Billion yen)	FY2023	FY2024	Change	FY2024	
	1H	1H		Plan*	Progress
Ordinary profit	49.9	54.3	4.3	98.8	54.9%
Profit attributable to owners of parent (Ref.)	34.7	37.7	2.9	70.0	53.9%
Consolidated net business income (before provisions to general allowance for loan losses)	47.0	54.0	6.9	108.6	49.6%

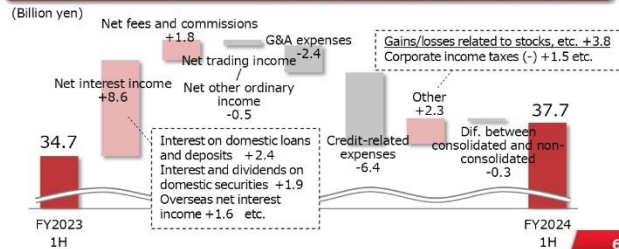
*Plan for FY2024 is revised from the figures disclosed on May 10, 2024 (disclosed on November 11, 2024)

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- ◆ **Net interest income YoY +8.6 billion yen**
Balance of loans at term-end (YoY +4.1%)
Domestic operations yield of loans and bills discounted (YoY +0.04%)
- ◆ **Net Fees and Commissions YoY +1.8 billion yen (5th consecutive record high for 1H)**
Corporate solutions (YoY +1.5 billion yen)
Cashless operations (YoY +1.0 billion yen)
- ◆ **G&A expenses YoY +2.4 billion yen**
- ◆ **Credit-related expenses YoY +6.4 billion yen**
- ◆ **Net income reached record highs on non-consolidated and consolidated basis**
- ◆ **Raised full-year consolidated net income plan to 70.0 billion yen**

**Results: Capturing rising interest rates
Increase in net fees and commissions
Challenges: Reducing credit-related expenses**

**Breakdown of Profit Attributable to Owners of Parent
(non-consolidated + difference between consolidated and non-consolidated results)**



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First, I will outline our performance. Net interest income increased by JPY8.6 billion compared to the previous period, driven by a 4.1% YoY increase in loan balances at the end of the period and a 0.04% YoY rise in domestic lending spreads, marking a reversal after 16 years. Net fees and commissions rose by JPY1.8 billion, achieving a record high for the fifth consecutive period.

In addition, we recorded JPY8.5 billion in gains from the sale of stocks. Credit-related expenses increased by JPY6.4 billion compared to the previous period, due to the increase in new downgrades and general loan-loss provisions. As a result, the Bank's non-consolidated net income increased by JPY3.3 billion to JPY39.8 billion, while consolidated profit attributable to owners of parent rose by JPY2.9 billion to JPY37.7 billion, with both figures marking record highs.

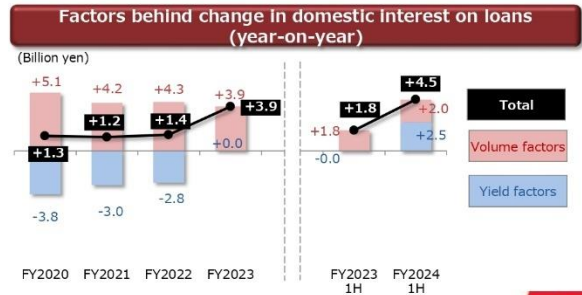
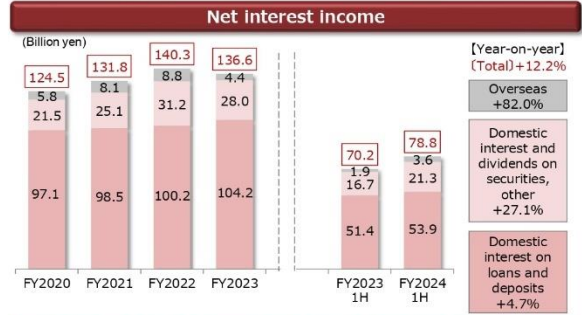
Net Interest Income

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Net interest income increased as a result of steady growth in domestic interest on loans and deposits

(Billion yen)	FY2023	FY2024	Change	FY2024	
	1H	1H		Plan	Change
Net interest income	70.2	78.8	8.6	153.9	17.2
Domestic	68.2	75.2	6.9	146.6	14.4
Interest on loans and deposits	51.4	53.9	2.4	109.5	5.3
Loans and bills discounted	51.6	56.1	4.5		
Deposits incl. NCDs (-)	0.1	2.2	2.1		
Interest and dividends on securities	15.9	17.9	1.9	30.6	4.5
Bonds	2.3	3.4	1.1		
Stock dividends	8.1	8.7	0.5		
Investment funds	0.8	1.6	0.7		
Investment trusts	4.6	4.1	-0.4		
Gains on cancellations	0.8	0.9	0.0	2.4	0.7
Other (market operations, etc.)	0.8	3.3	2.5		
Overseas	1.9	3.6	1.6	7.2	2.7
Loans and bills discounted	12.5	14.9	2.4		
Foreign securities	12.5	16.2	3.6		
Foreign securities	11.6	14.4	2.7		
Foreign currency funds	0.7	1.0	0.2		
Investment trusts	0.1	0.7	0.6		
Gains on cancellations	-0.1	0.5	0.7	0.8	1.0
Other (funding, market operations, etc.)	-23.0	-27.5	-4.4		
Net interest income (excluding gains on the cancellation of investment trusts)	69.4	77.3	7.8	150.5	15.4
Gains on the cancellation of investment trusts	0.7	1.5	0.7	3.3	1.7

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Regarding net interest income, we captured the effects of rising interest rates following changes in the policy interest rate, resulting in an overall increase of JPY8.6 billion. In the domestic segment, interest income from loans and deposits increased by JPY2.4 billion, interest and dividend income from securities grew by JPY1.9 billion, and interest income on deposits with the Bank of Japan included in “others” rose by JPY2.9 billion, contributing to a total increase of JPY6.9 billion.

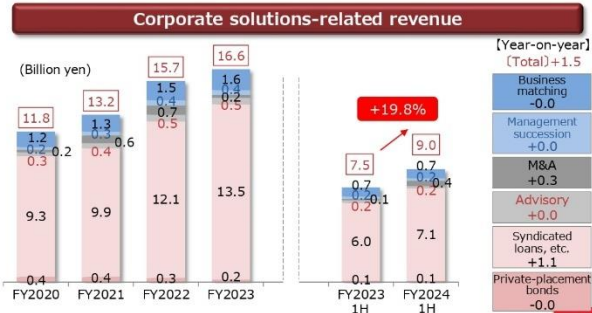
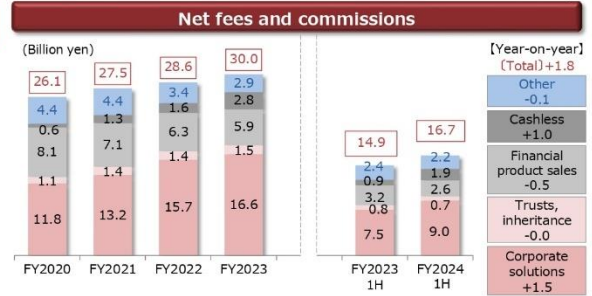
Net Fees and Commissions

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Achieved record highs for the fifth consecutive fiscal year due to favorable trends in corporate solutions and cashless services

(Billion yen)	FY2023 1H	FY2024 1H	Change	FY2024 Plan	Change
Net fees and commissions	14.9	16.7	1.8	32.2	2.2
Fees and commissions received	25.0	28.5	3.4	59.2	5.7
Fees and commissions payments (-)	10.1	11.7	1.6	27.0	3.5
<Main breakdown>					
Investment trusts and personal annuities	3.2	2.6	-0.5	5.6	-0.3
Investment trusts (trust fees)	0.9	0.9	0.0	1.9	0.1
Investment trusts (sales fees)	0.3	0.5	0.1	1.1	0.3
Annuities and whole-life insurance	0.8	0.5	-0.2	1.2	-0.0
Level-premium life insurance	0.8	0.5	-0.3	1.1	-0.5
Financial instrument intermediary	0.1	-	-0.1	-	-0.1
Corporate solutions	7.5	9.0	1.5	18.3	1.7
Private placement bonds	0.1	0.1	-0.0	0.2	0.0
Syndicated loans	6.0	7.1	1.1	14.6	1.1
Advisory contracts	0.2	0.2	0.0	0.5	0.0
M&A	0.1	0.4	0.3	0.8	0.5
Management succession	0.2	0.2	0.0	0.5	0.0
Business-matching	0.7	0.7	-0.0	1.5	-0.0
Trust/inheritance-related business	0.8	0.7	-0.0	1.6	0.0
Cashless operations	0.9	1.9	1.0	4.3	1.4
Payment and settlement transactions	6.4	6.6	0.2	13.0	0.1
Guarantee charges and group insurance costs (-)	5.8	6.2	0.3	14.7	0.8

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Net fees and commissions increased by JPY1.8 billion to JPY16.7 billion, achieving a record high for the fifth consecutive period. Fee revenue related to asset management saw an increase in mutual fund commissions, although insurance commissions decreased, resulting in a net decline of JPY0.5 billion. Meanwhile, corporate solutions-related revenue rose by JPY1.5 billion to JPY9.0 billion, also reaching a record high.

General & Administrative Expenses

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Expenses increased due to implementation of strategic investment, but OHR improved due to increase of top-line

G&A expenses / OHR

Non-consolidated (Billion yen)	FY2023		FY2024		FY2024	
	1H	1H	Change	Plan	Change	
G&A expenses	42.1	44.6	2.4	89.5	4.3	
Personnel expenses	20.2	20.7	0.5	41.6	1.1	
Non-personnel expenses	18.7	20.4	1.7	41.3	2.9	
Taxes	3.2	3.4	0.2	6.6	0.2	
OHR	47.82%	45.41%	-2.41%	46.9%	-2.3%	

Consolidated	
OHR	48.50% 46.19% -2.30% 46.6% -2.1%

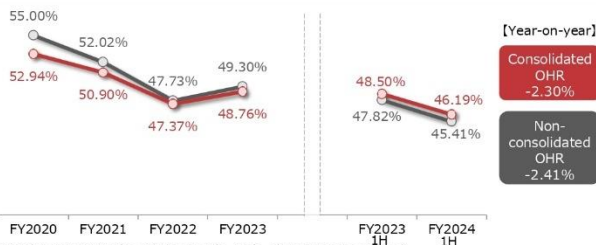
*OHR: Expenses / (net business income - bond-related gains/losses, etc. + net provisions to general allowance for loan losses + expenses)

*Plan for FY2024 is revised from the figures disclosed on May 10, 2024 (disclosed on November 11, 2024)

Major factors behind increase in G&A expenses

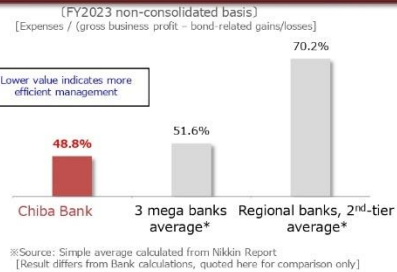
(Billion yen)	FY2024 1H (results)		FY2024 (plan)	
Personnel (-)	+0.5	Pay raises +0.5	+1.1	Pay raises +0.8 Expansion of the system to continue employment as a regular employee +0.7 Reduction of retirement benefit expenses -0.7
Non-personnel (-)	+1.7	Strategic investments +0.6 Increase in depreciation +0.8 New investments +0.4 Efficiency and cost reduction -0.1	+2.9	Strategic investments +1.5 Increase in depreciation +0.8 New investments +0.8 (improvement of work environment, etc.) Efficiency and cost reduction -0.4
Taxes (-)	+0.2	Increase in consumption tax +0.2	+0.2	Increase in consumption tax +0.2

OHR



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OHR comparison with other banks



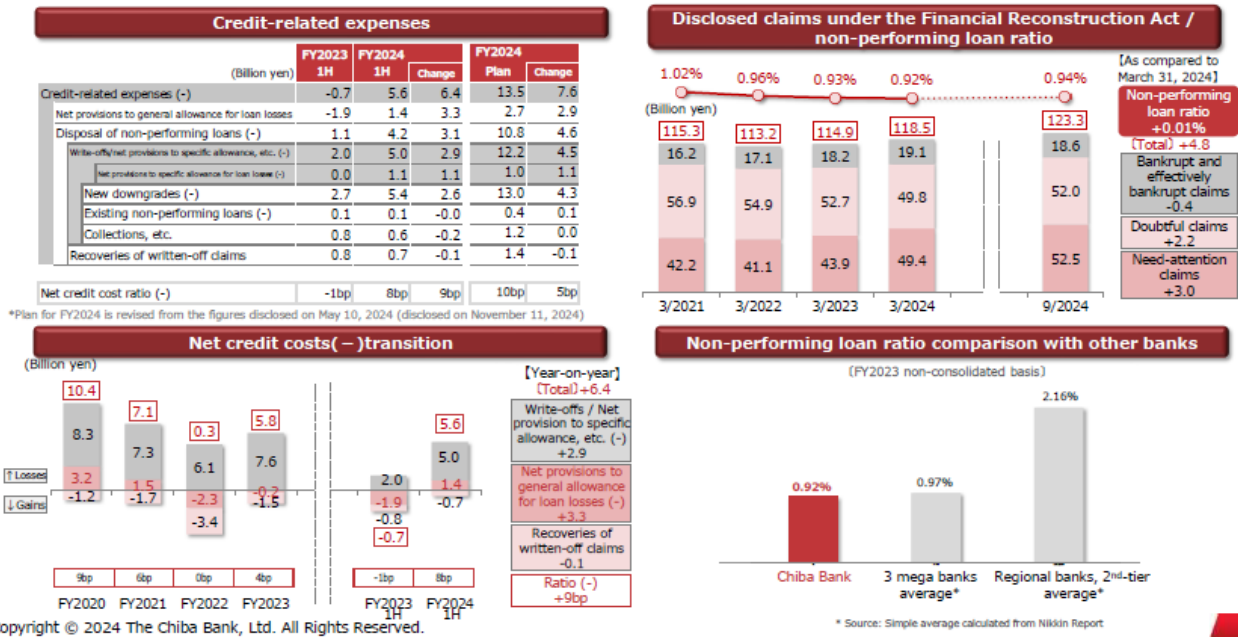
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General and administrative expenses increased by JPY2.4 billion due to higher personnel costs from wage increases and an increase in non-personnel expenses driven by strategic investments. However, the OHR (overhead ratio) decreased by 2.3 percent on a consolidated basis, thanks to an improvement in the topline. Details on expense control will be explained later.

Credit-related Expenses / FRA Claims

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Despite an increase in credit-related expenses, the NPL ratio remains low



Credit-related expenses totaled JPY5.6 billion. The non-performing loan (NPL) ratio stands at 0.94%, maintaining a high level of asset soundness. Further details regarding credit-related expenses will also be provided later.

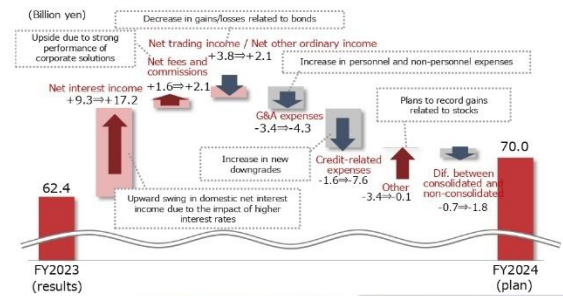
Earnings Forecast

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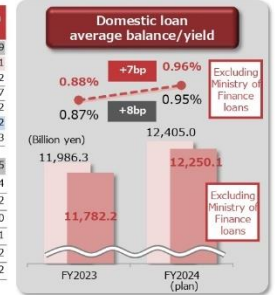
Non-consolidated	(Billion yen)	FY2023	FY2024			Change from initial plan	
			1H results	2H plan	Full year plan		
Gross business profit	168.2	96.8	92.9	189.8	21.5	51.0%	6.8
Net interest income	136.6	78.8	75.0	153.9	17.2		7.9
Net fees and commissions	30.0	16.7	15.4	32.2	2.1		0.5
Net Trading income	1.1	0.5	0.8	1.4	0.2		-0.8
Net other ordinary income	0.3	0.7	1.5	2.2	1.8		-0.8
Gains/losses related to bonds	-5.8	-0.9	0.7	-0.2	5.6		-1.6
G&A expenses (-)	85.1	44.6	44.8	89.5	4.3	49.8%	0.9
Net business income (before provisions to general allowance for loan losses)	83.1	52.2	48.0	100.3	17.1	52.0%	5.8
Core business income (excl. gains/losses on the cancellation of investment trusts)	88.9	53.2	47.3	100.5	11.5	52.9%	7.4
Net provisions to general allowance for loan losses (-)	87.4	51.7	45.4	97.2	9.7	53.2%	6.8
Net business income	83.1	50.8	46.7	97.6	14.4	52.0%	4.0
Non-recurring gains/losses	2.9	4.2	-3.0	1.2	-1.7		0.4
Disposal of non-performing loans (-)	5.8	4.2	6.5	10.8	4.9		4.2
Reversal of loan loss reserves	0.3	-	-	-	-0.3		-
Gains/losses related to stocks, etc.	9.3	8.5	3.4	12.0	2.6		5.0
Ordinary profit	86.0	55.0	43.7	98.8	12.7	55.7%	4.5
Extraordinary gains/losses	-0.2	-0.0	-0.2	-0.3	-0.0		-0.0
Net income	60.5	39.8	30.1	70.0	9.4	56.8%	3.1
Credit-related expenses (-)	5.8	5.6	7.8	13.5	7.6	42.1%	6.0

Consolidated	(Billion yen)	FY2023	FY2024			Change from initial plan	
			1H results	2H plan	Full year plan		
Ordinary profit	90.2	54.3	44.4	98.8	8.5	54.9%	0.9
Profit attributable to owners of parent (Ref.)	62.4	37.7	32.2	70.0	7.5	53.9%	2.0
Consolidated net business income (before provisions to general allowance for loan losses)	91.7	54.0	54.6	108.6	16.9	49.6%	3.4

Breakdown of Profit Attributable to Owners of Parent (difference between consolidated and non-consolidated results)



(Billion yen)	FY2023	FY2024 Plan	Change	Change from initial plan
Net interest income	136.6	153.9	17.2	7.9
Domestic	132.2	146.6	14.4	8.1
Interest on loans and deposits	104.2	109.5	5.3	1.2
Interest and dividends on securities	26.0	30.6	4.5	3.7
Gains/losses on cancellations	1.7	2.4	0.7	0.2
Overseas	4.4	7.2	2.7	-0.2
Gains/losses on cancellations	-0.1	0.8	1.0	0.3
Net fees and commissions	30.0	32.2	2.1	0.5
Investment trusts and personal annuities	5.9	5.6	-0.3	-0.4
Corporate solutions	16.6	18.3	1.7	1.2
Trust/inheritance-related business	1.5	1.6	0.0	0.0
Cashless operations	2.8	4.3	1.4	-0.1
Payment and settlement transactions	12.9	13.0	0.1	0.2
Guarantee charges and group insurance costs (-)	13.9	14.7	0.8	0.2



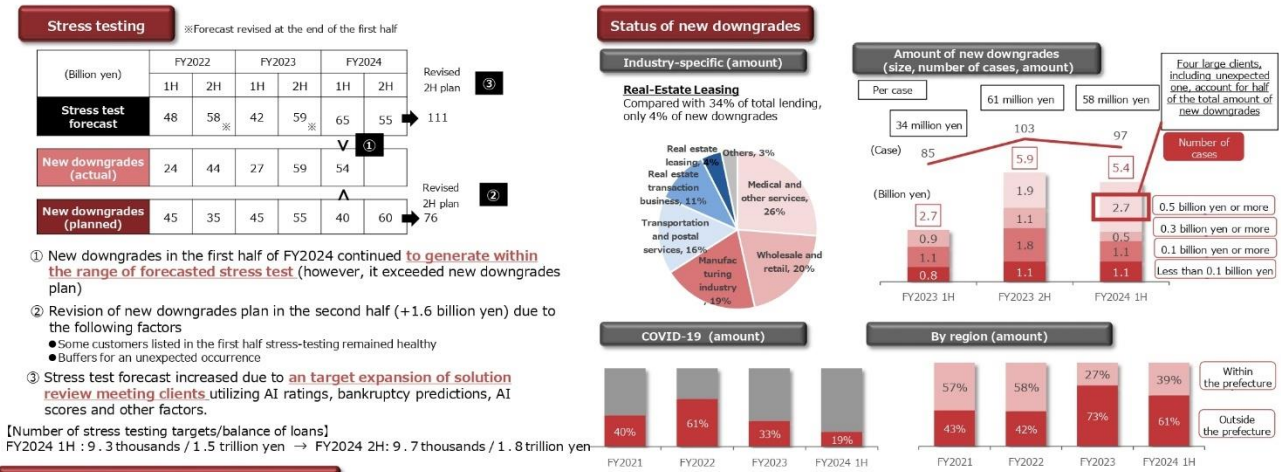
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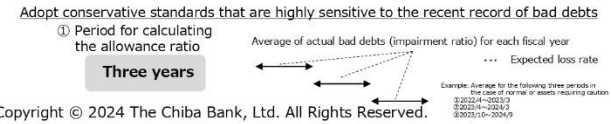
Taking into account progress in H1 and changes in the operating environment, we have revised our earnings forecast upward for this fiscal year. Compared to the initial plan, net interest income is expected to increase by JPY7.9 billion, primarily from interest income on domestic loans and deposits. Net fees and commissions are projected to grow by JPY0.5 billion. As a result, gross business profit is expected to increase by JPY6.8 billion, reaching JPY189.8 billion. Gains related to stocks are forecast to rise by JPY5.0 billion, and credit-related expenses are anticipated to increase by JPY6.0 billion.

As a result of these factors, consolidated net income for the year is planned to increase by JPY2.0 billion from the initial forecast, reaching JPY70.0 billion. It is important to note that this plan does not factor in any policy interest rate hikes.

New downgrades in the first half are within the stress-test forecast range



Increase in general allowance for loan losses



To a wide range of subjects for evaluation by the DCF

② Scope of application of DCF method (mainly loans to borrowers requiring substandard loans or less)

0.5 billion yen or more

Many of the loans are evaluated based on detailed cash flows and reflect the impact of the cumulative default rate applied to the DCF method counterparties

Today's key points include credit-related expenses, the enhancement of corporate value, interest rate hike simulations, and the utilization of DX and AI.

Let me begin with credit-related expenses. In the top left corner, you can see a timeline detailing projections from stress testing, actual new downgrades, and plans. Point one shows that the amount of new downgrades in H1 of FY2024 was within the range predicted by the initial stress test, and we believe the stress testing continues to function effectively.

Regarding the plan for new downgrades in H2, point two shows that of the JPY6.5 billion projected by the stress test for H1, JPY5.4 billion has been realized, leaving JPY1.1 billion carried forward. Additionally, taking into account certain unexpected downgrades, we have raised the total by JPY1.6 billion, increasing the original plan of JPY6.0 billion to JPY7.6 billion.

As shown in the pie chart on the top right, when analyzed by industry, there are no signs of significant concentration in any particular sector. In the real estate leasing industry, for example, the proportion of downgrades relative to the loan balance was only 4%, despite accounting for 34% of total loans.

In the bar chart on the top right, you can see that there were four instances of new downgrades exceeding JPY0.5 billion, with the average amount per downgrade increasing compared to the same period last year. New downgrades stemming from borrowers affected by COVID-19 have decreased. As of mid-November, the amount of new downgrades is lower YoY.

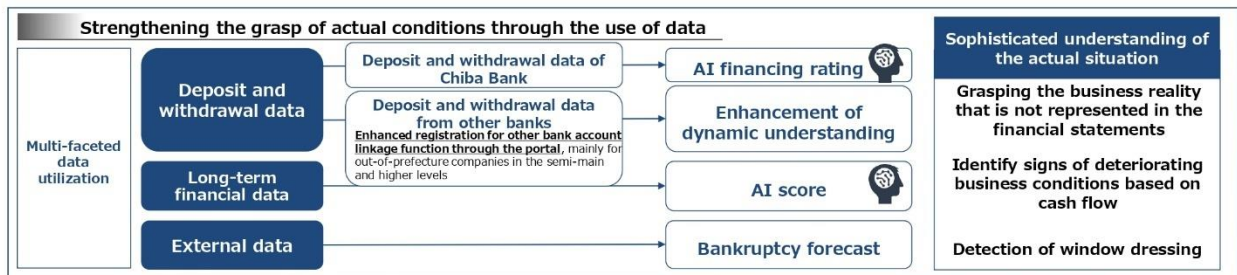
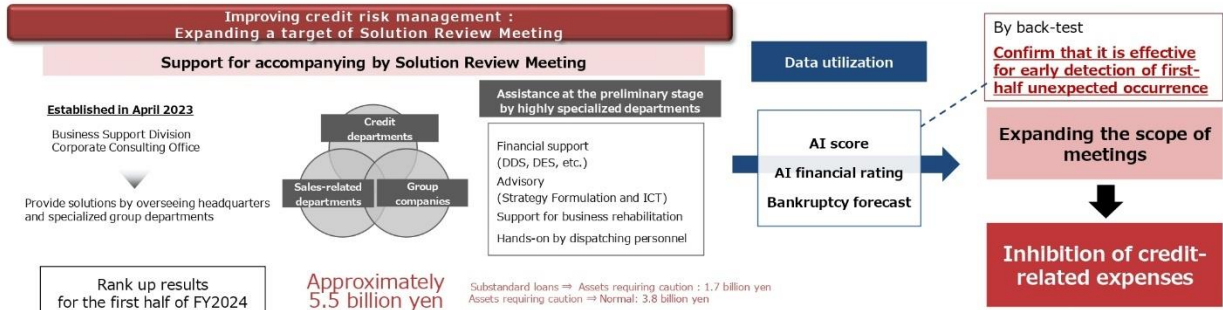
Additionally, factors contributing to the increase in general loan-loss provisions are outlined below. At our bank, the calculation period for determining the provision rate of general loan-loss reserves is three years, allowing for a highly sensitive reflection of current conditions. While many banks calculate provisions based on a 10-year period, if we were to adopt a 10-year calculation standard, the YoY increase in general loan-loss reserves would be approximately JPY2.0 billion lower.

Furthermore, the lower bar for amounts subject to the DCF method, set at JPY0.5 billion, reflects our meticulous evaluation based on cash flow, which we believe also has an impact.

Improving Credit Risk Management

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Managing credit-related expenses by further strengthening support for accompanying and utilizing data



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Let me explain the enhancing credit risk management. In H1, there were two new downgrades that were not anticipated by our stress test. As a result, we expanded the criteria for selecting cases for our Solution Review Meetings, incorporating tools such as AI scores, AI-based credit ratings, and bankruptcy prediction values. Backtesting has confirmed that these proactive detection measures were effective even for new downgrades that were not initially captured by the stress test.

As noted below, we are utilizing multifaceted data to strengthen our understanding of actual conditions and early warning detection. This includes leveraging our own cash flow data, interbank transaction data via corporate portals, long-term financial statement data, and bankruptcy prediction values from Teikoku Databank.

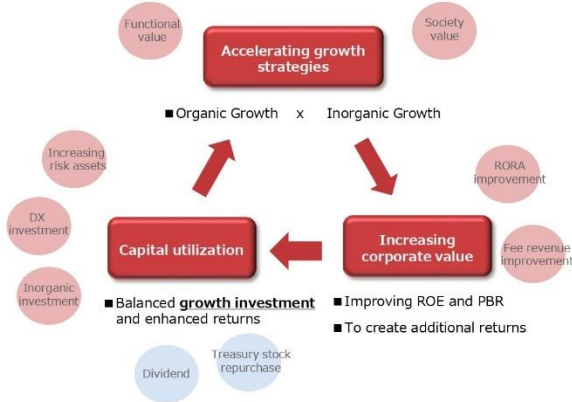
Through these efforts, we aim to further enhance our ability to identify signs of potential business deterioration and detect fraudulent accounting practices. This will enable us to more effectively control credit-related expenses as part of a proactive risk management strategy.

Increase Corporate Value through Capital Utilization

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Accelerate growth strategies while making effective use of capital. A virtuous circle that generates further growth and returns while increasing corporate value

Cycle of increasing corporate value through capital utilization



Major Initiatives in the first half of FY2024

Increase in risk assets / inorganic investment	Profitability	CET1 ratio ^{※1} effect
Investments and loans in privately placed real estate funds backed by the World Business Garden (WBG) (September 2024)	(For loans and investment) Net income RORA Lower 2% range ^{※2}	▲0.13%
Acquisition of renewable energy power generation facilities by Himawari Green Energy (April 2024)	(For investment) FY2024 Net income RORA Approximately 3% ^{※2}	
TOB to EDGE Technology (September 2024)	(For investment) FY2027 Operating profit RORA Approximately 6% ^{※2, ※3}	
Shareholder Returns Treasury stock repurchase 10.0 billion yen		▲0.12%

※1 Impact of Basel III finalization basis in FY2024
 ※2 Basel III finalization basis / estimate using RW including floor adjustment
 ※3 DD base case / synergy inclusion

In the future Accelerate growth investment

Accumulation of risk assets based on the advancement of RAF
 DX investment and utilization of AI
 Further inorganic investment

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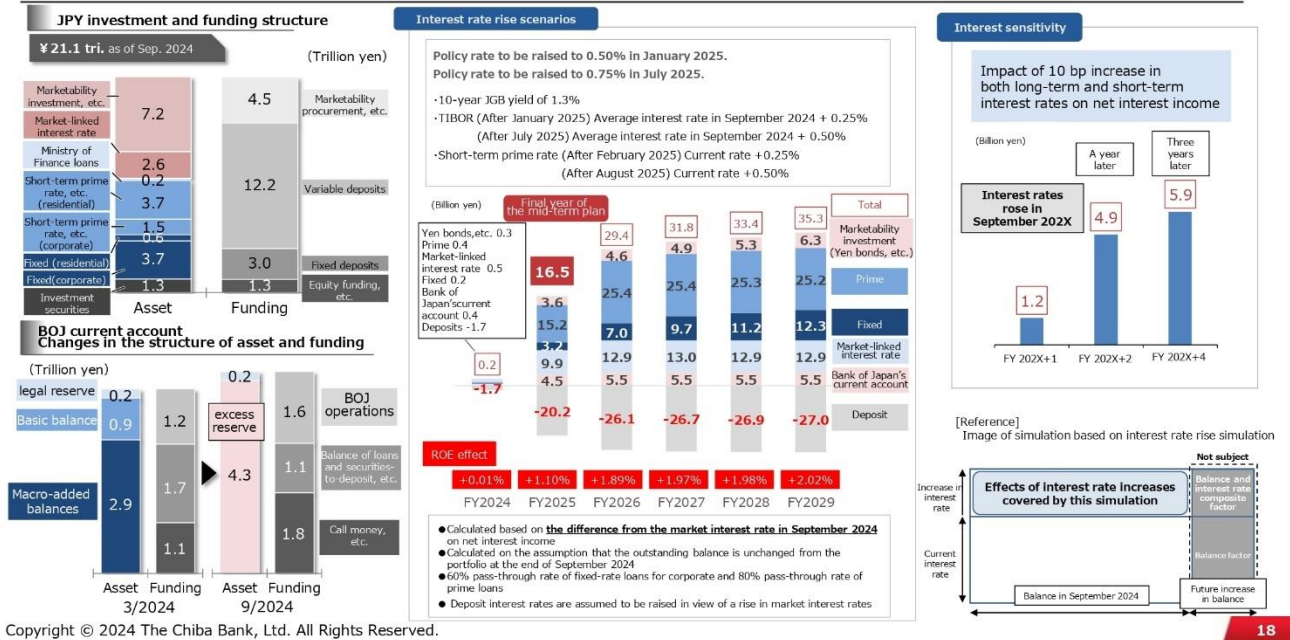
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Let me explain the capital utilization. We are accelerating our growth strategy and increasing corporate value by pursuing balanced growth investments and strengthened shareholder returns.

In H1, we made various strategic investments. These included providing financing for a private real estate fund backed by World Business Garden, a landmark tower in Makuhari, acquiring renewable energy facilities through Himawari Green Energy, and executing a tender offer (TOB) for EDGE Technology, an AI-related company, which became a subsidiary in October.

While these projects are expected to significantly contribute to profitability, they will also result in a 0.13% reduction in our CET1 ratio under Basel III fully implemented standards by the end of this fiscal year. Combined with shareholder returns, this capital utilization amounts to 0.25%, contributing to improved profitability and higher ROE.

Simulation of interest rate increase due to change in BOJ's policy rate



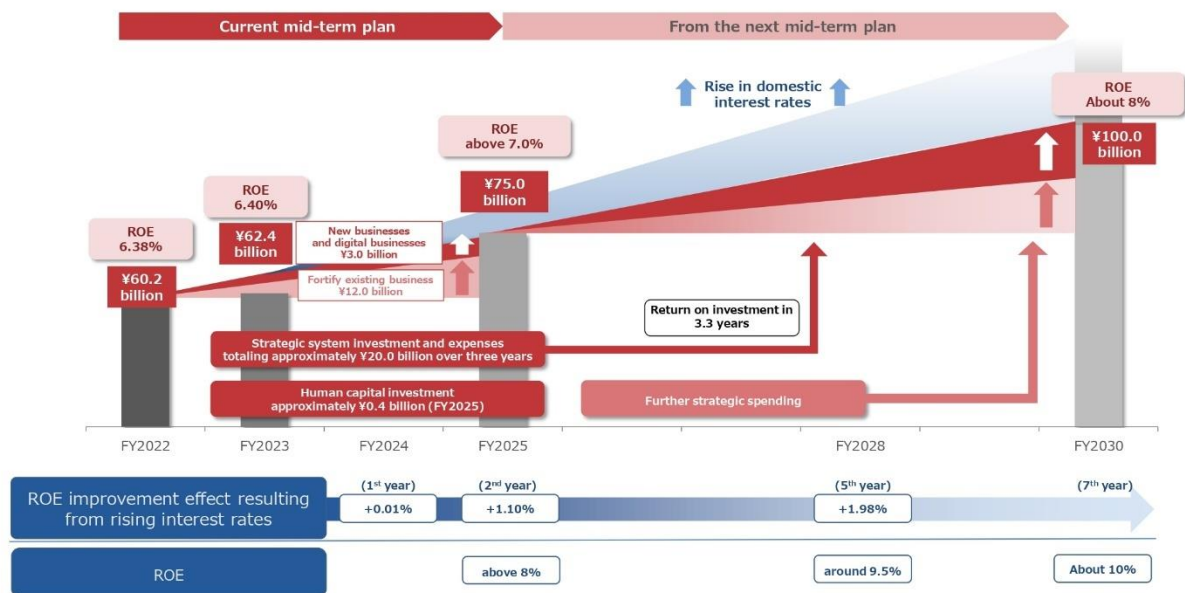
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In the center, you'll find an interest rate simulation based on potential policy rate hikes in January and July next year. Compared to a scenario where rates remain flat at their September 2024 levels, the rate hikes are expected to result in a JPY16.5 billion increase in net interest income and an approximately JPY11.5 billion bottom-line benefit after taxes.

As shown in the diagram at the bottom right, this simulation does not factor in the potential volume growth effects. When volume effects are included, the total bottom-line benefit is expected to exceed JPY15.0 billion compared to our medium-term plan, potentially surpassing JPY90.0 billion.

Continuing Growth toward FY2030 (Simulation) *To create a local community better suited to bringing each person's hope to life*

Fortify existing business, strengthen new businesses and digital initiatives. Capture domestic interest rates hike as upside.

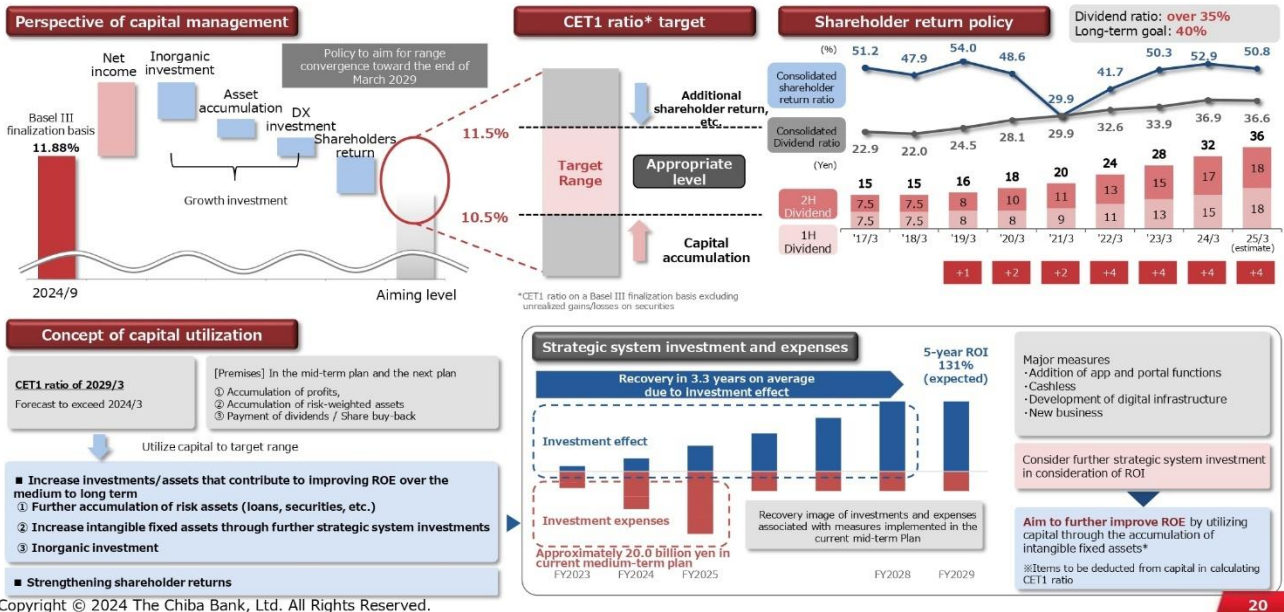


Copyright © 2024 The Chiba Bank, Ltd. All Rights Reserved. (TSE base) about 7% (TSE base) above 8.0% (TSE base) around 8.5%

We are strategically advancing our efforts toward achieving consolidated net income of JPY100.0 billion and an ROE of 8% by the fiscal year ending March 2031. Adding volume effects to the earlier interest rate hike scenario, we anticipate an ROE of 8% or higher by the fiscal year ending March 2026, with a level exceeding 7% based on Tokyo Stock Exchange standards.

Currently, our PER stands at approximately 12x to 13x. Through IR activities and detailed explanations of our strategies, we believe we can enhance our PER and potentially reach a PBR of 1x.

Based on the level of the CET1 ratio*, implementing growth investment and strengthening shareholder returns



Let me explain our capital management. Alongside the announcement of our interim financial results, we resolved and disclosed a plan to repurchase JPY10.0 billion worth of treasury shares. This is expected to result in a total shareholder return ratio of 50.8%.

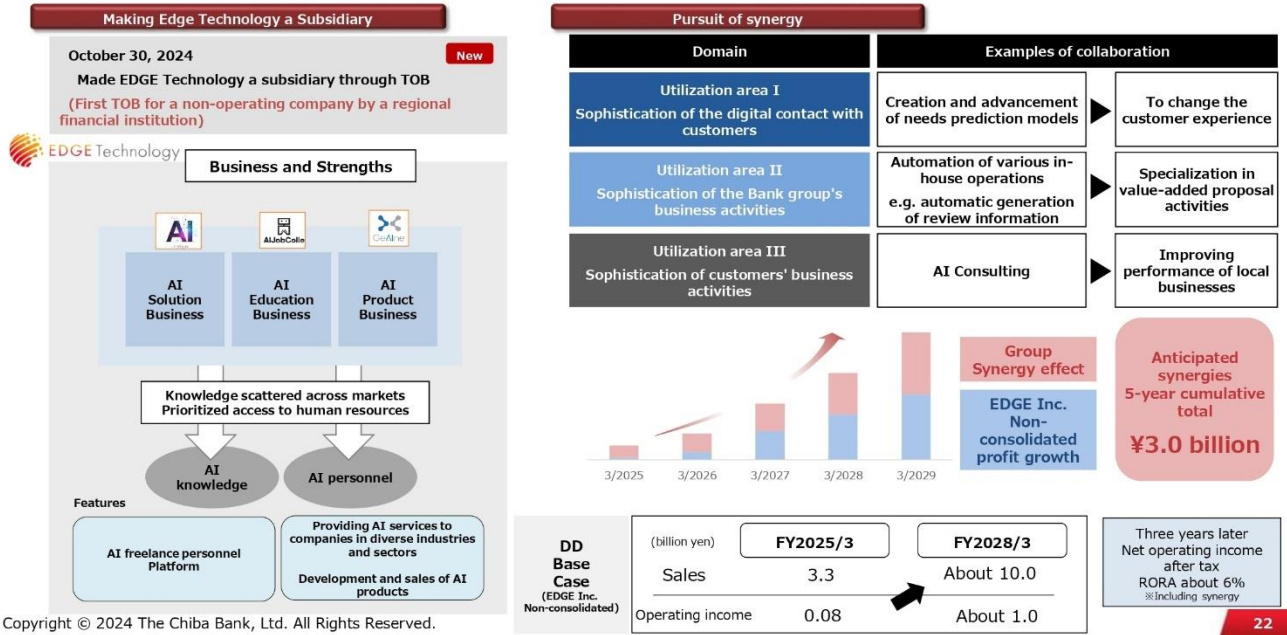
Regarding dividends, we announced a JPY4 increase at the start of the fiscal year, with the current dividend yield at around 3%. We will continue to monitor business progress and consider further dividend increases as appropriate.

The upper limit of our CET1 ratio is currently 0.38% above target, equating to an excess of approximately JPY30.0 billion in capital. As explained earlier, we will accelerate growth investments utilizing this excess capital.

Making EDGE Technology a Subsidiary

To create a local community better suited to bringing each person's hope to life

By making EDGE Inc. a subsidiary, it secures access to AI freelance personnel. Promote the use of AI for customer contact, operations, and consulting



As part of our growth investments, we conducted a TOB in September for EDGETechnology, an AI-related company, and made it a subsidiary as of October 30. We are now proceeding with its delisting in December and full conversion into a wholly owned subsidiary. This process is being driven by three subcommittees and an overarching project management team for PMI.

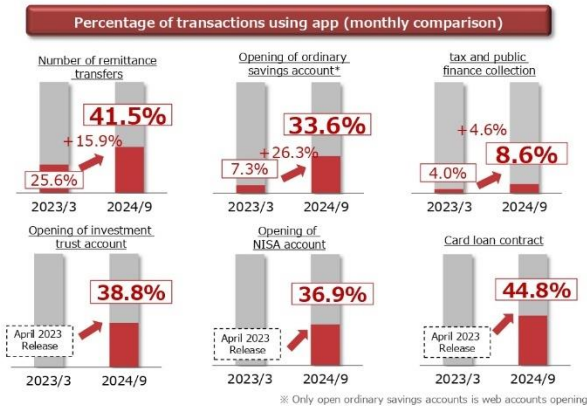
Through collaboration and synergy with EDGE Technology, we aim to: first, enhance customer digital touchpoints and services by leveraging AI; second, integrate AI into the operational activities of our group; third, elevate customer business operations through AI adoption; and fourth, advance AI education for our customers, including municipalities and our group.

As part of the base case in our due diligence, EDGE Technology is projected to achieve JPY10.0 billion in sales and JPY1.0 billion in operating profit within three years as a standalone entity. Additionally, as a group, we aim to realize cumulative synergy effects of JPY3.0 billion over five years by deepening collaboration.

Transforming Customer Experience Through DX

To create a local community better suited to bringing each person's hope to life

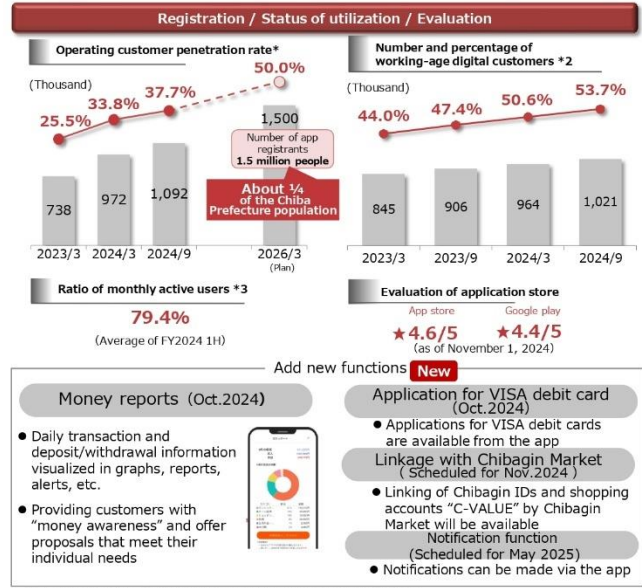
Transforming customer experience by achieving proposals that meet customer needs in a timely manner in all channels



Effect of digitization on outgoing transfers

	FY2020 1H	FY2024 1H	Rate of increase
Overall outgoing transfers			
Number of cases	2.69 million	3.76 million	+39%
Fees	0.76 billion yen	1.01 billion yen	+32%

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*1 Number of borrowers registered to the corporate portal ÷ number of corporate borrowers
 *2 Number of digital customers aged 15 to 64 ÷ number of customers aged 15 to 64
 *3 Number of users who launched the app at least once a month / Number of registered users of the app at the end of the month

Our goal is to continuously provide attractive, useful products and services that improve the customer experience. We view DX as the means to drive this change.

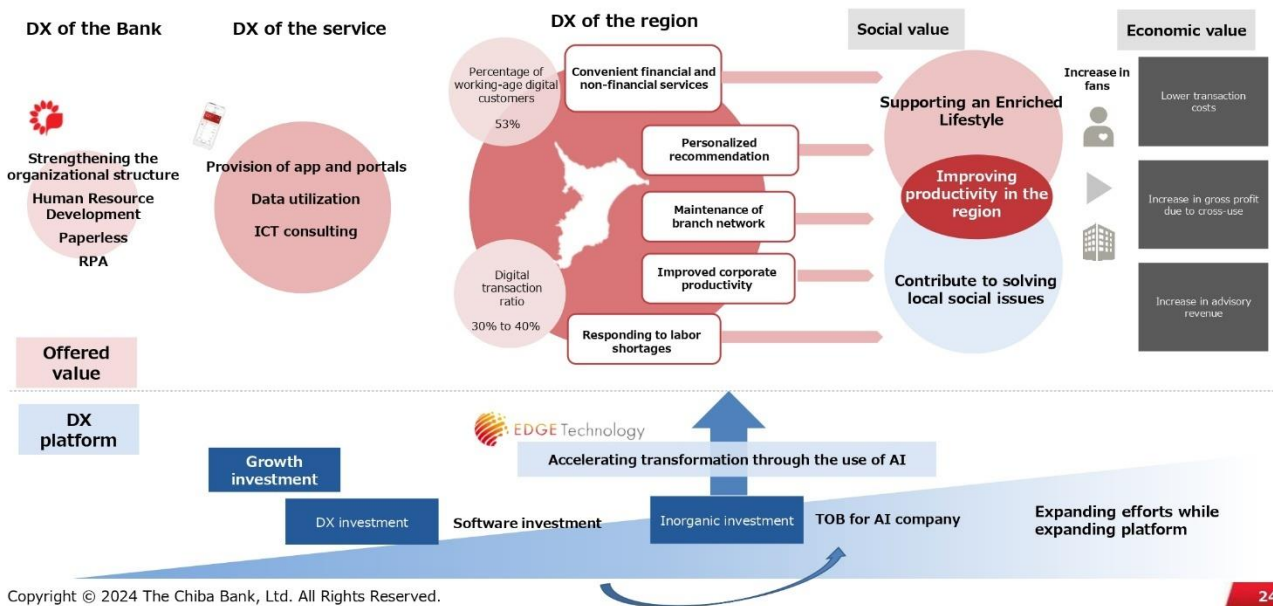
Let me update you on the progress we've made in transforming the customer experience through DX. As shown in the center top section, our app penetration rate has reached 37% among active customers, leading to a significant migration of transactions to the app. Currently, approximately 30% to 40% of transactions are conducted via the app.

As noted in the bottom left section, as app penetration continues, the number of outward remittances has increased, with fees rising by 32% compared to four years ago.

Compared to H1 of the previous fiscal year, total foreign exchange fees have increased by approximately JPY0.2 billion, of which JPY70 million is attributable to transfer fees through the app. The increase in app-based transactions is helping to lower the cost per transaction, thus enhancing productivity.

In October, we added a money report feature, introduced ID integration for Chibagin Market, and integrated with VISA Debit. Moving forward, we plan to expand the range of financial and non-financial services we offer, while promoting regional ecosystems through initiatives such as TSUBASA Points.

Aiming for the "Region-wide DX" to improve productivity in the region



Our overarching goal is to advance DX within the Bank, in our services, and in the broader community, thereby improving regional productivity. Currently, approximately 60% of Chiba Prefecture residents hold accounts with us, and based on active accounts, about 42% of residents use our bank.

We aim to provide highly convenient financial and non-financial services to transform the customer experience. Increasing the ratio of digital customers and the proportion of digital transactions will contribute to regional productivity growth.

Additionally, we intend to further enhance productivity for businesses and municipalities by providing DX and AI consulting.

To accelerate this "region-wide DX" initiative, we will make growth investments to achieve further transformation.

Clarification of policy to reduce cross-shareholdings

Status of holdings and reduction of cross-shareholdings

Reduction policy

By the end of the next medium-term management plan period (end of March 2029), reduce the number of cross-shareholdings to less than 15% of consolidated net assets, while paying attention to market price fluctuations caused by the rise in stock prices.

※Non-consolidated basis for cross-shareholdings



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For cross-shareholdings

As a regional financial institution, through maintaining and developing good relationships with customers

Significance of holding

Development of the regional economy

Increase the Bank's corporate value

In principle, voting rights shall be exercised on all the proposals of the stockholders. Based on the governance conditions of the policy holders, we will decide whether to approve or not on a proposal-by-proposal basis from the standpoint of enhancing the corporate value of the Bank and its cross-shareholders. As for the following important agenda items that can significantly affect the medium-to long-term improvement of corporate value and the economic profit of the Bank, the decision to approve or reject such agenda items shall be made as necessary through dialogue with the cross-shareholders.

Exercising for voting right

- Proposal for appropriation of surplus (Significant imbalance between financial soundness and retained earnings)
- Bill to revise executive compensation
- Proposals for the election of directors and corporate auditors and for the presentation of retirement benefits (In the event of a scandal or in the event of a deficit for a certain period in succession etc.)
- Proposals for organizational restructuring
- Proposals related to policies for dealing with acquisitions etc.

Verification by the board of directors

Verification of the validity of retention

TSR (based on market value)*1 183.1%

Profitability Dividend Yield (based on market value)*2 1.79%

※1 Standard as of the end of the most recent fiscal year, 5-year term ※2 September 30 2024 base

Regarding cross-shareholdings, we have maintained a basic policy of reducing them after sufficient dialogue with our business partners. This time, we have established a concrete reduction policy. By the end of the next medium-term plan period, in March 2029, we aim to reduce the ratio of cross-shareholdings to less than 15% of consolidated net assets, while paying close attention to market fluctuations resulting from share price increases.

Regarding the exercise of voting rights, we will exercise voting rights for all proposals at companies in which we hold shares. For cross-shareholdings, we will make decisions on proposals based on the perspective of enhancing corporate value for both our bank and the companies in which we hold shares.

Net Investment Shares

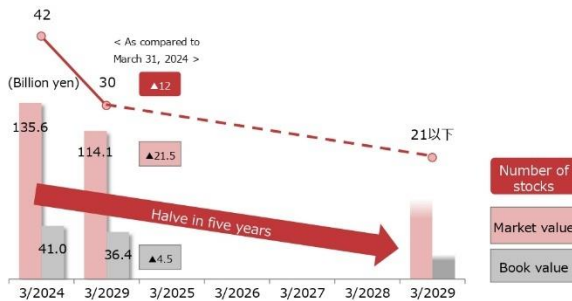
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We have also formulated a policy to reduce net investment shares. Exercise of voting rights from the perspective of maximizing the Bank's economic interests

Status of holdings and reduction of net investment shares

Reduction policy

We will proceed with the sale by the end of the next medium-term management plan (March 2029) and halve the number of outstanding stocks and stocks by the end of March 2024.



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For net investment shares

Significance of holding

The Bank's economic interests

Selling gradually after discussing the specific timing of sale with customers, etc., taking into account the impact on profit plans, etc.

From the perspective of maximizing the Bank's economic interests, we will decide whether to approve or disagree with each proposal. Important proposals that may have a significant impact on the maximization of the Bank's economic interests will be decided in favor of or against the following proposals, if necessary, through dialogue with net investment destinations.

Exercising for voting right

- Proposal for appropriation of surplus (Significant imbalance between financial soundness and retained earnings)
- Bill to revise executive compensation
- Proposals for the election of directors and corporate auditors and for the presentation of retirement benefits
- (In the event of a scandal or in the event of a deficit for a certain period in succession)
- Proposals for organizational restructuring
- Proposals related to policies for dealing with acquisitions etc.

Verification by the board of directors

Verification of holding and sale status

TSR (based on market value)*1 204.6%

Profitability Dividend Yield (based on market value)*2 2.73%

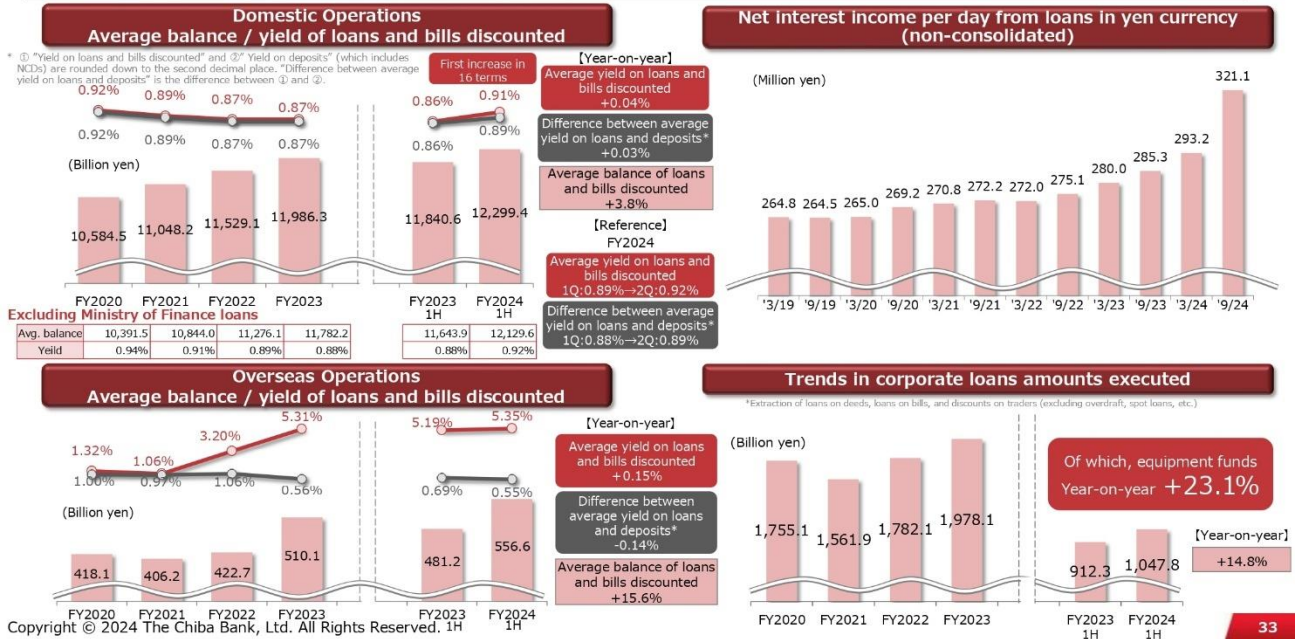
*1 Standard as of the end of the most recent fiscal year, 5-year term *2 September 30 2024 base

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Regarding pure investments, we have established a policy to reduce the balance and number of holdings by half compared to March 2024 by the end of the next medium-term plan period in March 2029. This effort will accelerate reductions alongside cross-shareholdings.

Regarding the exercise of voting rights, we will continue to exercise voting rights on all proposals of companies in which we hold shares. Decisions will be made from the perspective of maximizing the Bank's economic benefits. Pure investment stocks are held with a focus on economic returns. As noted in the bottom right, market cap-based TSR and dividend yields are higher than those of cross-shareholdings, as outlined on the previous page. Taking into account our profit plans, we intend to proceed with sales in a manner that reflects these economic considerations.

Domestic loan yields improved by 4 basis points, and the amount of loans extended to private-sector firms has been favorable, particularly for equipment funds



From here, I will provide an update on our current situation, focusing on our strengths.

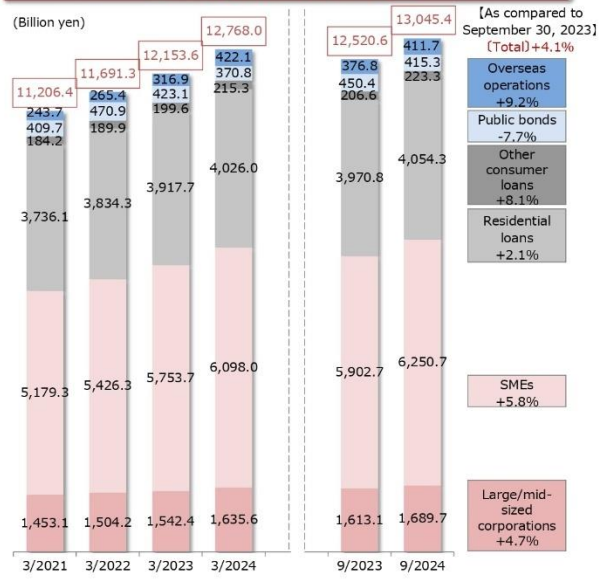
First, let's discuss our business foundation. As shown in the graph at the top left, the domestic segment's lending spread reversed for the first time in 16 periods. In the graph at the bottom right, you can see that loan execution amounts for general businesses have exceeded pre-COVID levels. Loan executions for capital investments reflect strong demand for equipment in Chiba Prefecture, resulting in a 23.1% YoY increase, contributing to the growth of total loans.

Operating Base (Balance of Loans / Deposits at Term-end)

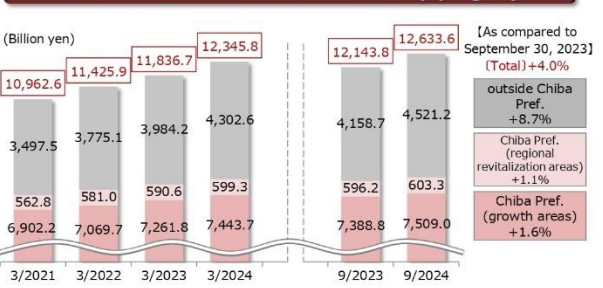
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Loans to corporation loans, residential loans, and other consumer loans continued to increase, and deposits have also steadily increased

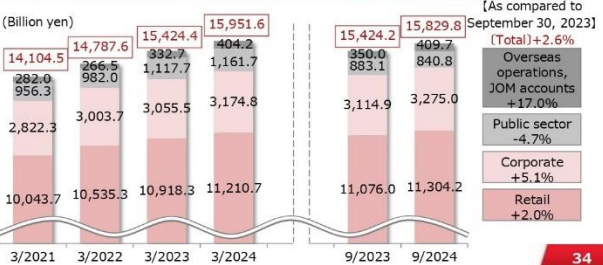
Balance of loans at term-end



Balance of domestic loans at term-end (by region)



Balance of deposits at term-end



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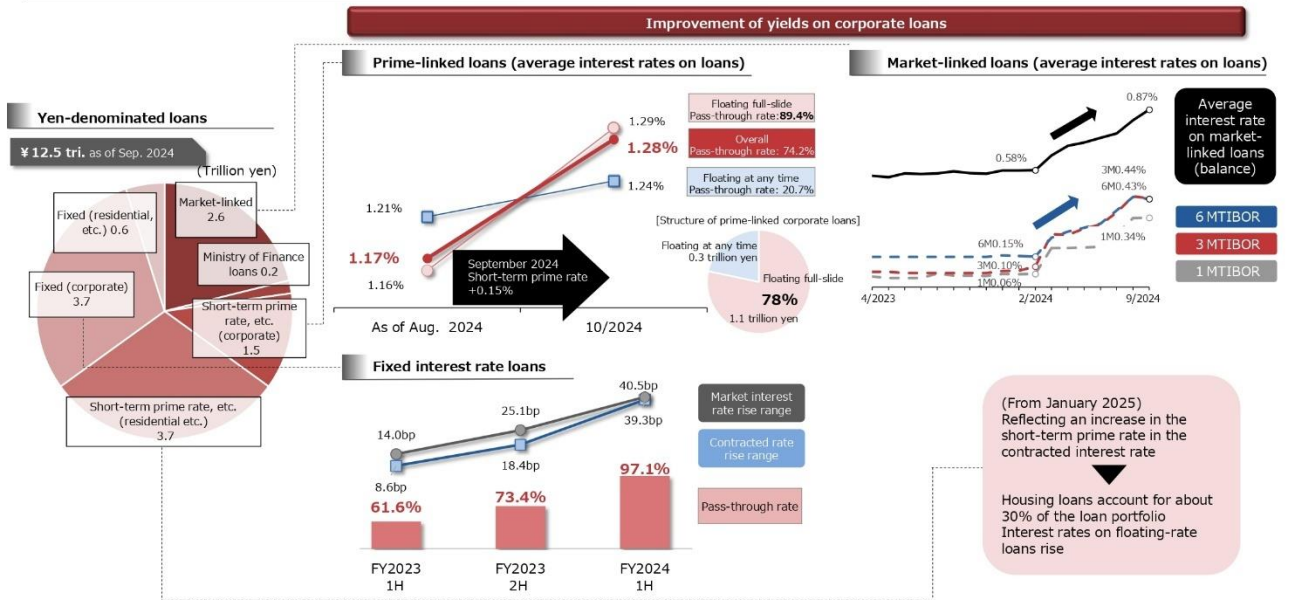
Loan balances at the end of the period increased by JPY520.0 billion or 4.1% YoY, maintaining steady growth. Loans to small and medium-sized enterprises, as well as loans to large and medium-sized corporations, have grown steadily. Additionally, housing loans and other consumer loans continue to expand.

Deposits, as shown in the bottom right graph, also grew steadily, increasing by JPY400.0 billion or 2.6% YoY. Of this growth, 56% was driven by an increase in individual deposits.

Operating Base (Incorporating Interest Rate Hikes)

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As policy interest rates rose, loan interest rates rose steadily. Increase in all loan interest rates regardless of interest rate sensitivity.



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Let's discuss the effects of the recent rise in interest rates. Following the increase in the prime rate in September 2024, corporate prime rate-linked loans have steadily followed suit.

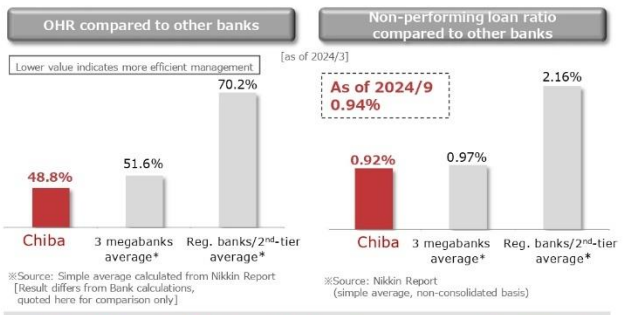
From January next year, variable-rate housing loans, which account for 30% of our loan portfolio, are expected to increase significantly. This will lead to a rise in the overall interest rates across our loan portfolio.

Financial Base (Efficiency / Soundness / Stability)

To create a local community better suited to bringing each person's hope to life

Building strong financial base through efficient business management and high soundness at the top level of Japanese banks, and stable capital management

Low OHR/ Low non-performing loan ratio

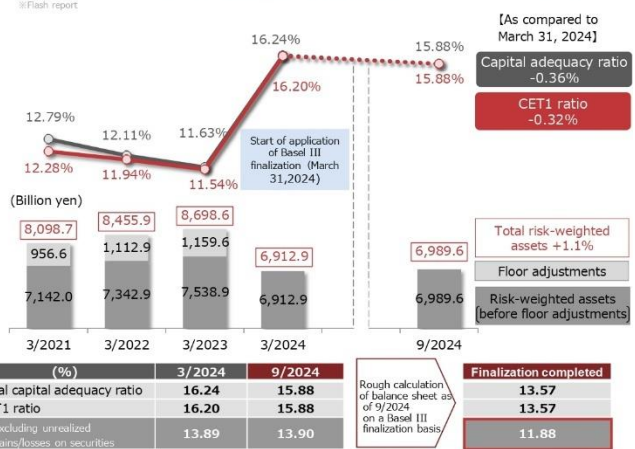


■ Achieve high cost-efficient and stable performance due to low OHR and low Non-performing loan ratio

↓

Controlling capital cost

Consolidated capital adequacy ratio / risk-weighted asset total

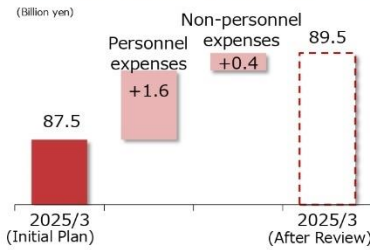


As shown in the top left, we believe our OHR remains at a low level compared to other banks, reflecting cost-efficient operations. Regarding the medium-term expense reduction target of JPY3.0 billion, we have achieved JPY2.2 billion so far this fiscal year, with an outlook to exceed the target by the final year.

The non-performing loan (NPL) ratio, as of the end of September 2024, remains low at 0.94%, maintaining strong asset quality. Supported by this robust financial position, our CET1 ratio under Basel III fully implemented standards, excluding valuation gains on securities, stood at 11.88% as of September 2024. This is sufficient to support a total shareholder return ratio exceeding 50%.

Improvement of net business income per employee through strict discipline on investment and expenses

Major Factors of Increase/Decrease in Expenses (Compared to Medium-Term Plan)



Non-personal expenses

- Strategically important new expenditures
- Curtailment of expenses for existing and new measures

Additional strategic expenses, etc. **+¥0.6 billion**

- Ex.) Reinforcing mid-career Employment and engaging employees
- Strengthening web advertising with Google and JBP
- New site construction costs

Human capital reinforcement
Top-line improvement

Increase in non-personal expenses
Reduction to +¥0.4 billion

Additional investment cost control and new cost reduction measures **-¥0.2 billion**

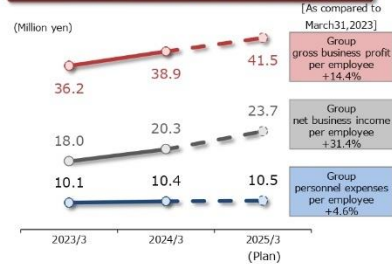
Personnel expenses

- Engagement and productivity improvement through optimal allocation
- Strategic personnel increases based on the business environment

- Continued promotion to positions of 55 years old or above
 - Over 100 post managers, including branch managers and deputy branch managers
- Raise starting salary, younger bears
 - Increase in the number of entries for new graduates and decrease in the turnover rate
- Establishment of specialist course
 - DX, M&A personnel, etc. appointed over 20 persons
- Personnel plan for growth
 - Group total and medium-term plan + 200 employees

2024 Rate of pay raises Average of 5.6%

Indicator per group employee and employee



Strict investment and expense disciplines



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Let me explain our current expense situation. Non-personnel expenses increased by JPY0.6 billion, reflecting investments in human capital needed for growth and expenditures aimed at enhancing the topline. However, additional cost control measures have been implemented to limit the extent of the increase.

Personnel expenses have also risen, as wage increases were necessary given the macroeconomic environment. Nevertheless, we are thoroughly executing strategic allocation of resources to improve productivity across our group.

As illustrated in the line graph at the bottom left, net business income per employee has been steadily increasing, and we aim to continue this upward trend in the future.

Expanding collaboration in a wide range of areas, starting with system linkages

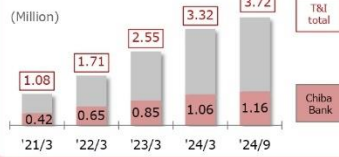
System linkage

Improved development capabilities and cost reduction effects

- **Main frame system: five banks installed**
Reducing development costs and mutual use of backup locations
- **App: seven banks installed and one bank is planning to install the system (in the second half of 2024).**
- **Other: collaboration at the time of introduction of the following system**

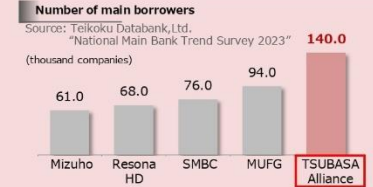
System overview	Corresponding banks (excluding Chiba)
Responding to the "My Number" new law	Daishi Hokuetsu, Chugoku, Toho, and North Pacific
Response to invoice system	Chugoku, North Pacific
Transfer control system	Daishi Hokuetsu
Broadcast for zengin more time system	Daishi Hokuetsu, Chugoku and North Pacific
TSUBASA general purpose paperless system	Daishi Hokuetsu, Chugoku and North Pacific
Loan management system	Daishi Hokuetsu, North Pacific and Toho

- **API linkage: developing services that leverage our customer base**
- **"T&I" Number of individual user IDs on the API platform**



Sales collaboration and administrative collaboration

- **Sales collaboration using a wide-area information network**
To strengthen business matching, LBO loans, and real estate non-recourse loans
- **Cooperation with regional trading companies**
Support for the establishment of regional trading companies by Gunma Bank Joint store openings in Marche
- **Ten-Bank Joint Seminar**
Simultaneous revision of medical fees and nursing care fees web seminar



Activities of the joint venture company

Company name	Investor	Description of business
TSUBASA Alliance Co., Ltd.	All 10 banks in the alliance	Advice and recommendations to improve operational efficiency, entrustment of office work
T&I innovation Center Co., Ltd.	6 banks in the alliance IBM Japan, Ltd	Fintec's research, planning and development of services
Onad Co., Ltd.	3 banks in the alliance Nomura Securities Co., Ltd.	Financial advisory specialization See page 69 for details
TSUBASA-AML Center Co., Ltd.	3 banks in the alliance Nomura Research Institute, Ltd.	Advanced and more efficient AML See page 69 for details

SDGs and Human Resource Development

- **Clear folder collection and recycling campaign**
All TSUBASA member banks participate
- **TSUBASA Trainee System**
Strengthen mutual understanding and cooperation of the alliance (Chiba Bank accepted eight participants)
- **TSUBASA cross-mentor system (second time as in the previous year)**
Each bank's director serves as a mentor to other banks' female executives.

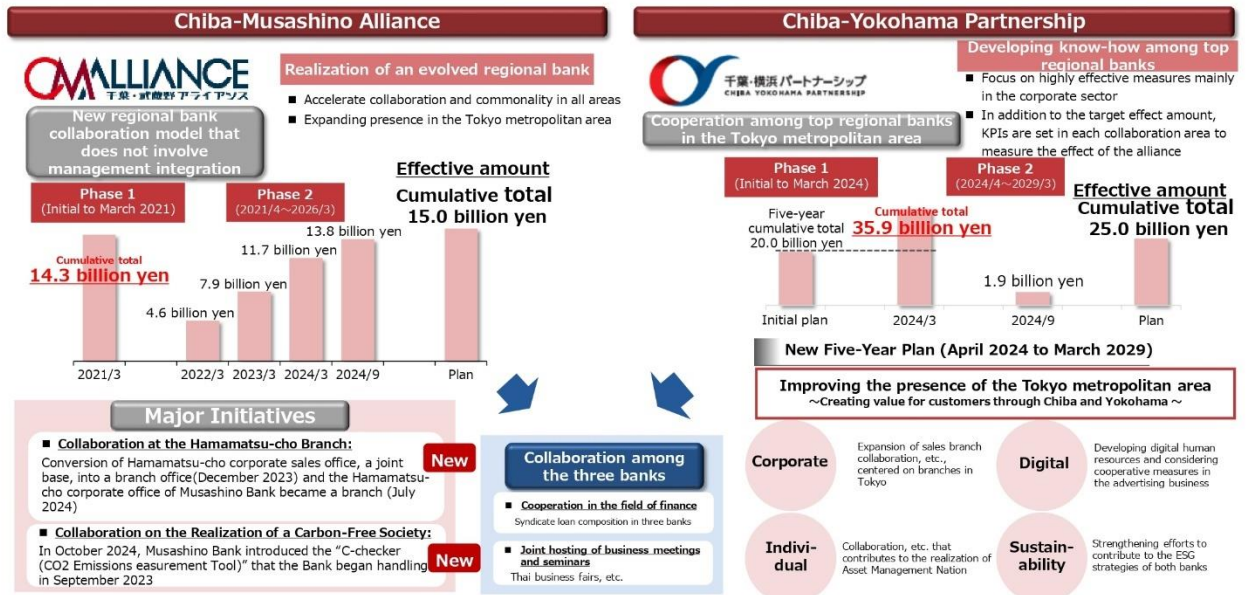
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The TSUBASA Alliance, starting with core systems, has demonstrated effects in improving the topline and controlling expenses through collaboration in various areas. The app developed by our bank is set to be adopted by eight other banks. In addition, we are strengthening cooperation on subsystems such as paperless platforms.

Alliance / Chiba-Musashino Alliance and Chiba-Yokohama Partnership

To create a local community better suited to bringing each person's hope to life

Leveraging collaboration in the Tokyo metropolitan area, we will further increase our presence in the sales area and accumulate results



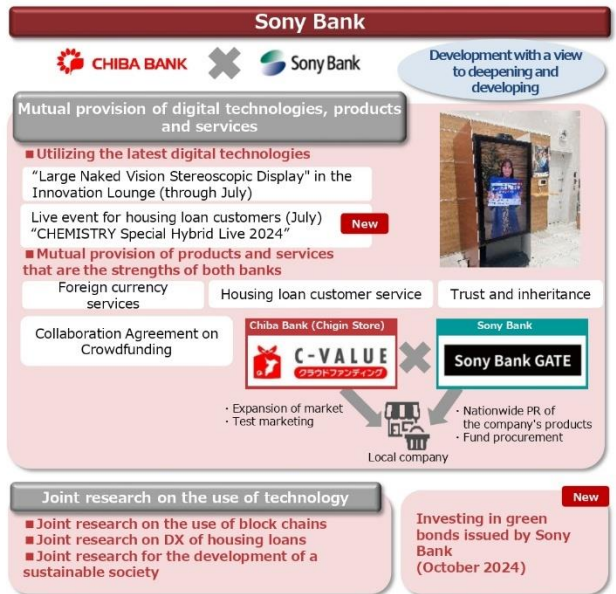
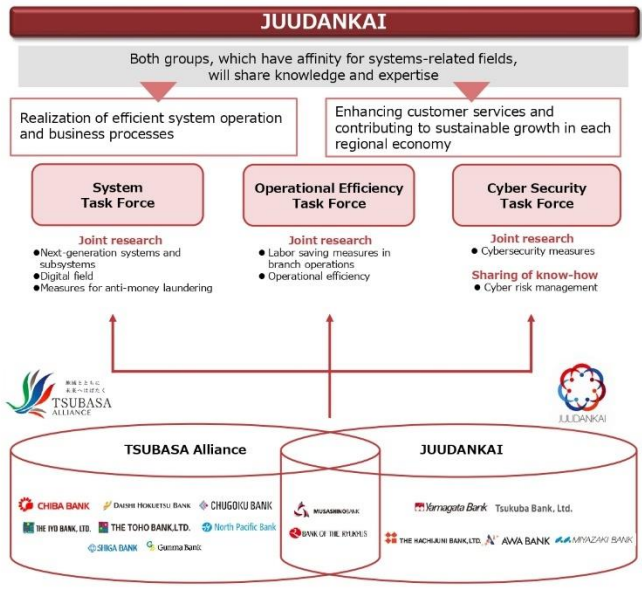
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The Chiba-Musashino Alliance has entered its second phase and continues to progress steadily, achieving results in line with its objectives.

As part of the Chiba-Yokohama Partnership, we have launched a new five-year plan. This plan aims to create customer value in various fields beyond just corporate divisions, leveraging the unique strengths of both banks to enhance our presence in the Tokyo metropolitan area.

Improve the organization's ability to deliver value through diverse collaboration

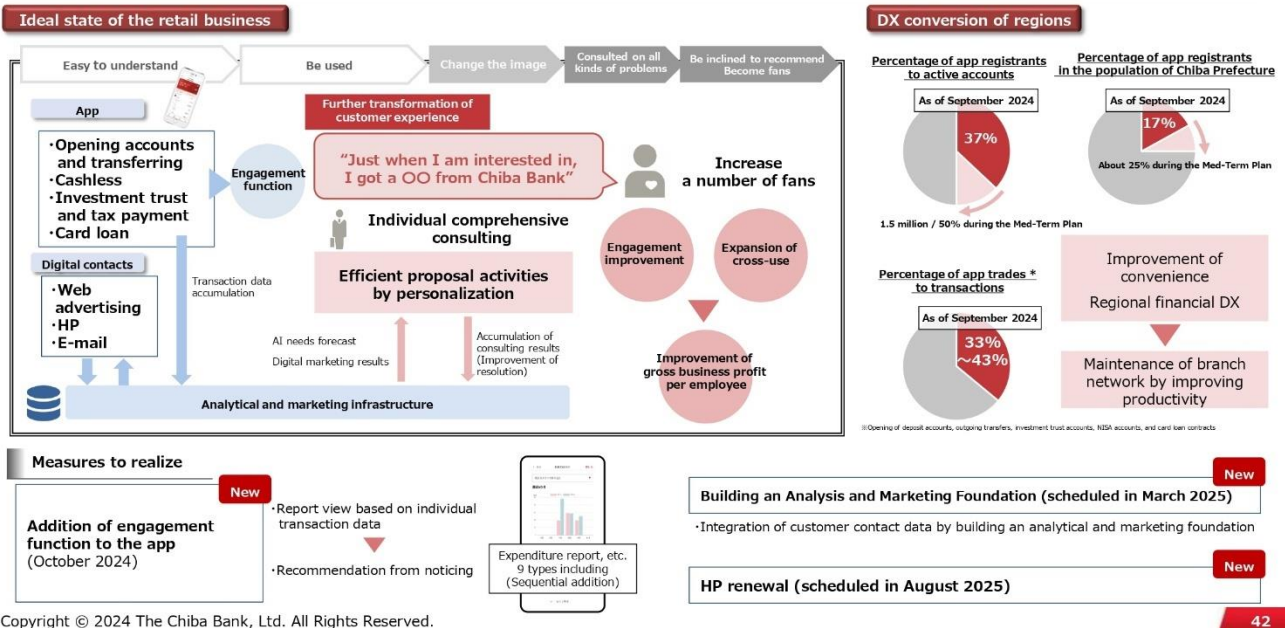


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The TSUBASA Alliance and JUUDANKAI kicked off a joint research project in April. Task forces have been established in three key areas: systems, operational efficiency, and cybersecurity, to conduct collaborative research. Regarding our partnership with Sony Bank, we have formed various working groups and continue discussions at the operational level.

In July, as a measure to enhance customer engagement by utilizing content from the Sony Group, we co-hosted a music live event featuring CHEMISTRY [a Japanese R&B duo], for housing loan holders of both banks.

Increasing Digital Transactions by Increasing the Convenience of Apps/Increasing Customer Resolution and Reforming Customer Experiences



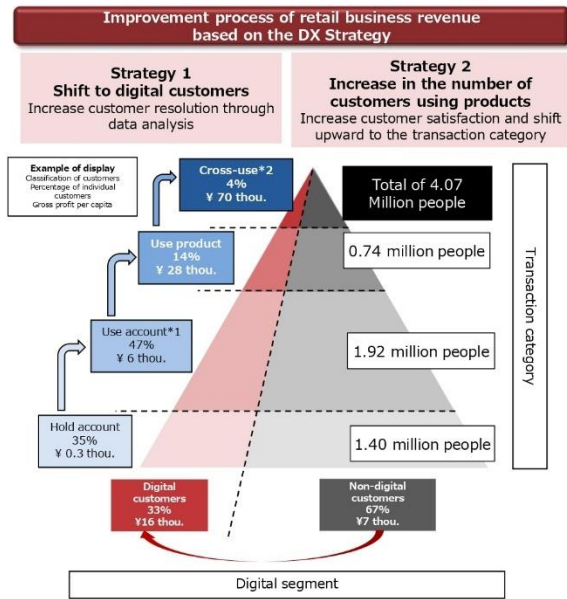
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In our retail business, we are developing an integrated analysis and marketing platform by consolidating data obtained through digital touchpoints such as our app, website, homepage, and emails.

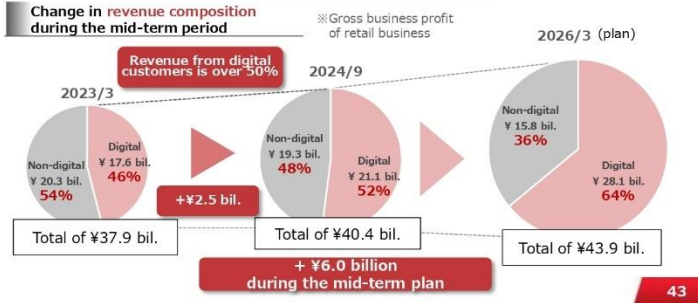
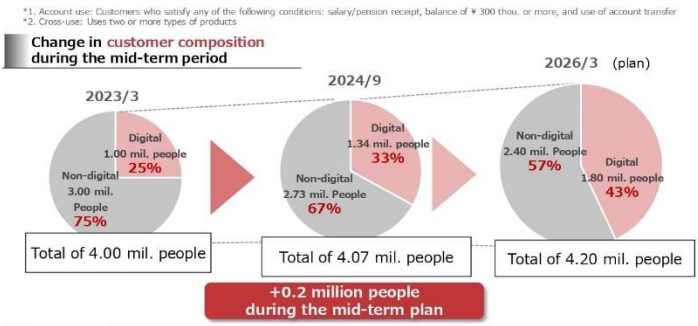
By further advancing data utilization, we aim to transform the customer experience in both face-to-face and non-face-to-face channels, so customers feel that “just when I am interested in, I got a ○○ from Chiba Bank .”

In October, we introduced a personalized recommendation service provided by Singapore’s Moneythor. This service leverages our app as a touchpoint to enhance customer engagement.

Aim to increase the number of digital customers and increase the unit price of customers by promoting the use of products and services



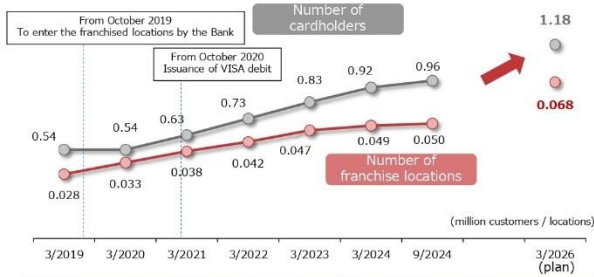
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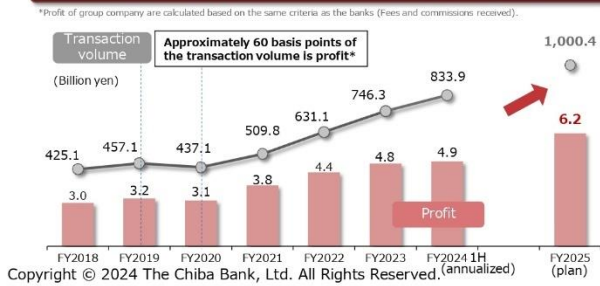
As shown in the top right, the number of customers increased by approximately 0.07 million compared to the end of March 2023, with digital customers reaching 1.34 million, or 33% of the total. As seen in the bottom right, during this period, gross business profit in the retail business increased by JPY2.5 billion, from JPY37.9 billion to JPY40.4 billion. By increasing the number of digital customers and utilizing data to enhance customer understanding, we aim to promote the use of products and services, thereby increasing gross business profit per customer.

Expanding transactions with local governments and large chain stores to further strengthen the cashless base

Number of group cardholders and franchise locations



Group transaction volume and profits



Various measures

franchise locations business

Expansion to alliance banks



Support for introduction to local governments

25 local governments
308 locations

Visa debit card

Integration of apps and payments

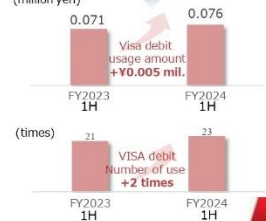


Digitization of the card issuance business

- Virtual cards (cardless)
- Invitation upgrading

Usage by new account openers

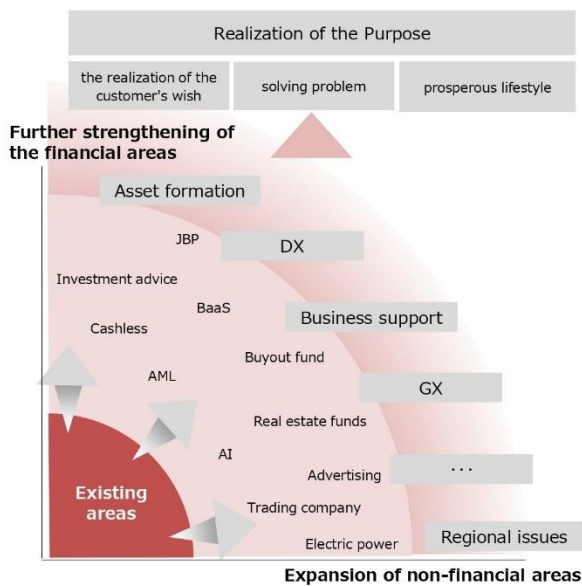
Implementation of digital marketing (Distribution of promotional e-mails to new account openers)



Regarding cashless transactions, as shown in the graph on the left, the total number of card members, merchants, and transaction volume across the Group continues to grow.

We are steadily progressing toward achieving a total transaction volume of JPY1 trillion for the Group by the final year of the medium-term plan. Additionally, we are expanding our cashless platform to other alliance banks.

Enhance problem-solving capabilities in various fields by strengthening new businesses



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Major initiatives since the start of the mid-term management plan (Details: page 67)

Chibagin Market	Continued from previous mid-term plan	Expansion of EC and crowdfunding businesses
	Continued from previous mid-term plan	Housing concierge service (under trial)
		Developing car concierge and services linked to and lifestyle
Himawari Green Energy Establishment of company 4/2023	12/2023	Launch of power plant operations
	3/2024	Launch of FIT non-fossil certificate intermedation
		Consideration of acquiring large-scale facilities such as offshore and onshore wind power
On-ad	5/2023	Launch of the corporate services contract (financial wellness)
Advertising business	10/2023	Launch of advertising business ·Advertising media business ·Advertising consulting business
	1H FY2025 (scheduled)	Starting the business Creating a platform for regional financial institutions
Anti-Money laundering Establishment of company 11/2023		
Buyout fund	9/2024	Established Chiba Engagement Fund 1
JBP*	1/2024	Use of Google's marketing tool, Google Cloud

*joint business plan with Google Cloud

Next, I will explain our new business initiatives. We are expanding our business domains in both financial and non-financial areas to develop more sophisticated solutions for regional social issues.

Our major initiatives are listed on the right side. Regarding Chibagin Market, our e-commerce and crowdfunding business became profitable last fiscal year, and we are currently trialing a housing concierge service.

Using various data owned by the Bank, we approach customers with high demand for housing loans. At the stage where customers are considering a purchase, we provide advice on home buying. This upstream service leads to referrals to real estate companies, resulting in actual transactions. We are preparing to fully launch this service next fiscal year.

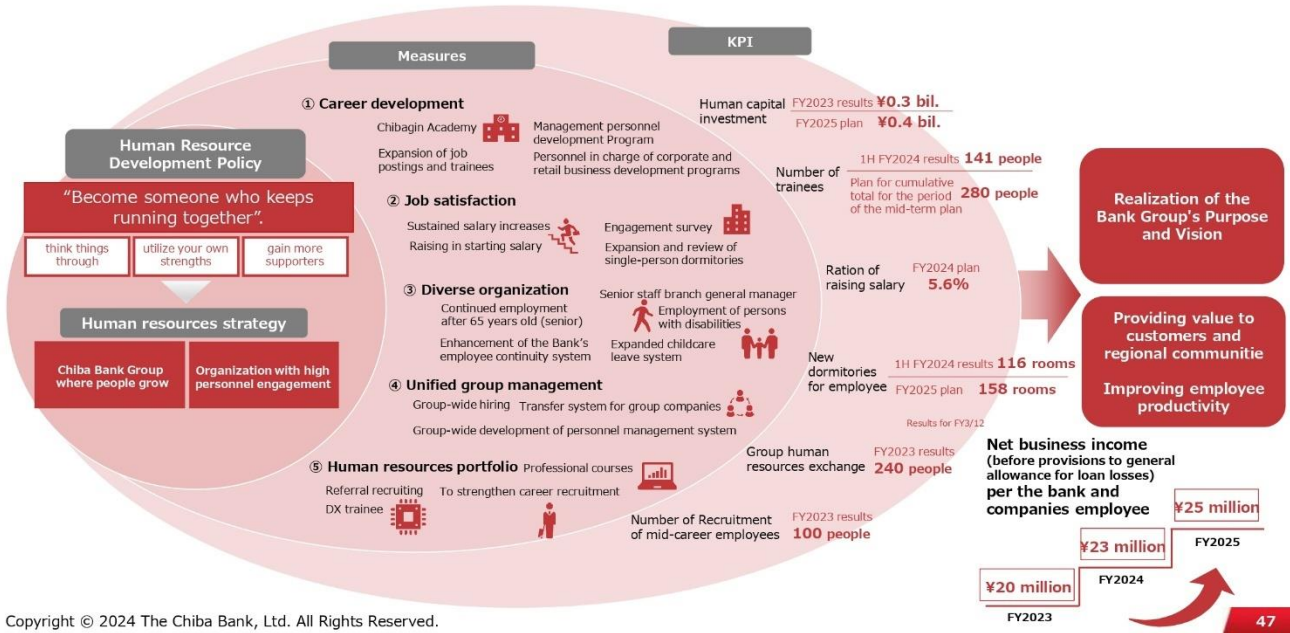
As for our advertising business, we launched an advertising media business in October last year. This includes running advertisements from business partners in locations such as our branches, ATMs, and apps, as well as on digital signage at the Chiba Station Innovation Lounge and Nihonbashi COREDO Muromachi. Gross business profit for H1 amounted to JPY0.11 billion

Additionally, in September, we established the Chiba Engagement Fund No. 1, a buyout fund, to enhance full-scale hands-on support.

Human Capital Supporting Transformation ①

To create a local community better suited to bringing each person's hope to life

Build an organization that creates new social value based on the "two human resources strategies"



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Our initiatives focus on five areas: career development, job satisfaction, diverse organization, unified group management, and human resource portfolios. We are progressing with various measures in these areas.

As noted in the KPIs on the bottom right, productivity per employee is improving, and we will continue efforts to enhance this further.

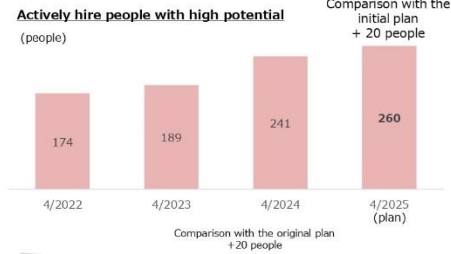
Human Capital Supporting Transformation ③

To create a local community better suited to bringing each person's hope to life

Expansion of investment amount and number of employees trained (investment target) / Development of the system that enables diverse human resources to play an active role

Reinforcing the hiring of new graduates and mid-career employees

New graduate hiring (results and plan)



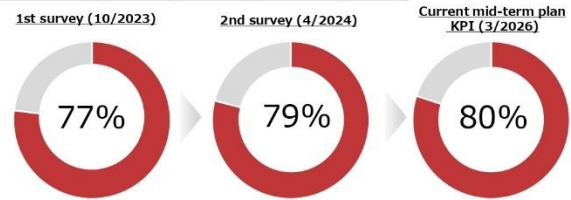
Career hiring (results and plan)



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Improvement of employee engagement

Changes in engagement scores (total scores / percentage of and positive responses)

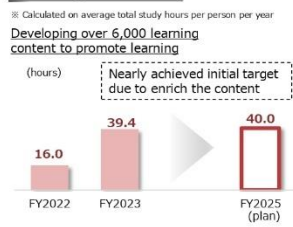


Increase in in-house professional personnel / Facilitate learning by providing infrastructure

Number of professionals certification



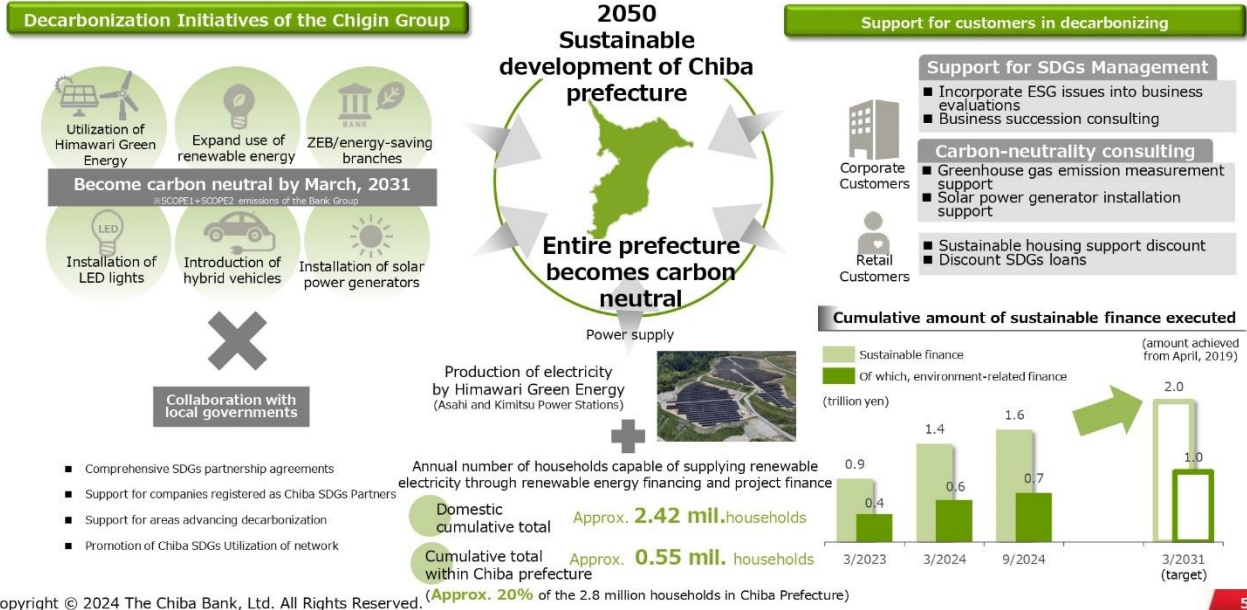
Learning time results



49

As shown on the left, while labor shortages continue to advance in the macro environment, our competitiveness in hiring new graduates remains strong. Additionally, we are actively recruiting specialist talent across various industries for career positions. As a result of our investments in human capital, our engagement score has risen steadily.

Contribute to the sustainable development of the entire Chiba prefecture through regional decarbonization



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Toward achieving carbon neutrality by 2031, we are intensifying our efforts in sustainable finance. The annual power generation capacity from renewable energy-related loans and project finance corresponds to approximately 20% of the electricity demand for 2.80 million households in Chiba Prefecture. We are also strengthening the power generation projects acquired through Himawari Green Energy and advancing investments in additional renewable energy facilities. As part of our “region-wide GX” initiative, we aim to contribute to supplying power to the region.

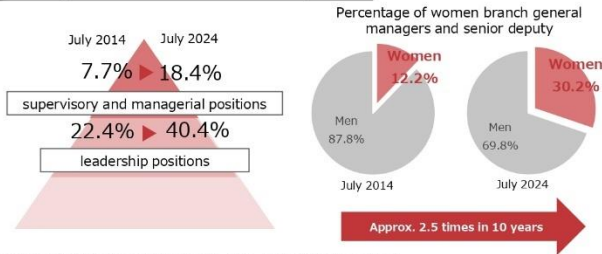
Strengthening the promotion of diversity as a corporate strategy / addressing regional issues as a group

Indicators related to diversity

	FY2021	FY2022	FY2023	Target in 2026 July
Percentage of leadership positions held by women (No. of persons)	27.2% (523)	28.4% (551)	29.4% (590)	30%
Percentage of supervisory and managerial positions held by women (No. of persons)	17.9% (120)	18.8% (126)	18.4% (126)	-
Percentage of employees taking paid leave	77.1%	83.5%	-	80%
Percentage of men taking child-care leave	113.8%	112.4%	-	100% ongoing

*Staff with subordinates and staff in equivalent positions, such as branch manager, who are responsible for organizational management as responsible for operations.

Percentage of women in each level and position



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Regional development

C-VALUE

Purchasing-type crowdfunding site



Boso Cross Railway Tasuki Project (The project is scheduled to start in Dec. 2024)



SAKURA Five-Sense Fireworks



Cloud Funding Target achievement rate 838%

"Only" Aqua-Line Marathon



Cloud Funding Target achievement rate 156%

NFT

Aqua-Line Marathon "Digital race completion certificate" issued



- Provision of experience records that do not disappear.
- Change of the commemorative certificate to the completion certificate

Agricultural corporation "Fresh Farm Chiba"

March 2018, Established the agricultural corporation with 15 regional companies



Cultivation Scale (FY2023)

- 11 hectares of cultivated area
- 37 tons of Koshihikari and 14 tons of Fusakoqame

Mayoshi-Mail(rice) Chibagin Market
 Rice Koji Minayoshi Amazake rice → To consumers cracker

Demonstration experiment

- Demonstration tests of automation for mowing of slopes, etc., with high workload and danger

On the right-hand side, under regional revitalization, we issued digital certificates of completion as NFTs for participants in the Aqua Line Marathon crowdfunding project. We envision expanding the use of NFTs as a new means of delivering value in the future.

Strengthen efforts to enhance governance

Initiatives since April 2024

- April 2024 Changed the Chairman of the Board of Directors
Internal Director → Outside Director
(The Chairman of the Advisory Committee has been an outside director since October 2022)
- April 2024 Appointed the Bank's first female representative director
- June 2024 Shorted terms of the Board of Directors
2 years → 1 year
- June 2024 Increase in the ratio of outside directors
33% → 44%
- June 2024 Introduced Performance-Linked Restricted Stock Remuneration Plan

Advanced governance

Diversification of the Board of Directors

Structure of the Board

Ratio of independent outside directors Ratio of female directors



Performance-Linked Restricted Stock Remuneration Plan

System of Remuneration for directors

- basic remuneration*
- Bonuses
- stock remuneration
 - fixed restricted stock
 - performance-linked restricted stock

■ **Financial items** (weight 50% / range of linkage 0-150%)

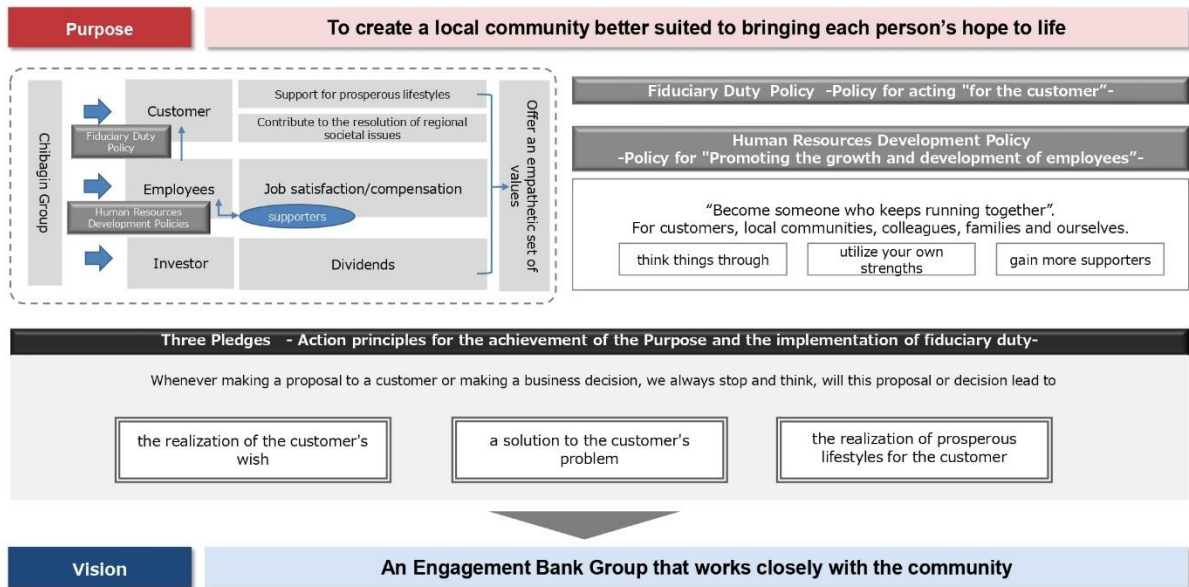
Financial indicators	Consolidated ROE
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■ **Non-financial items** (weight 50% / range of linkage 0-150%)

Customer experience	·Customer engagement
Human capital	·Employee engagement ·Percentage of leadership positions held by women
Sustainability	·Carbon neutral ·Community decarbonisation support

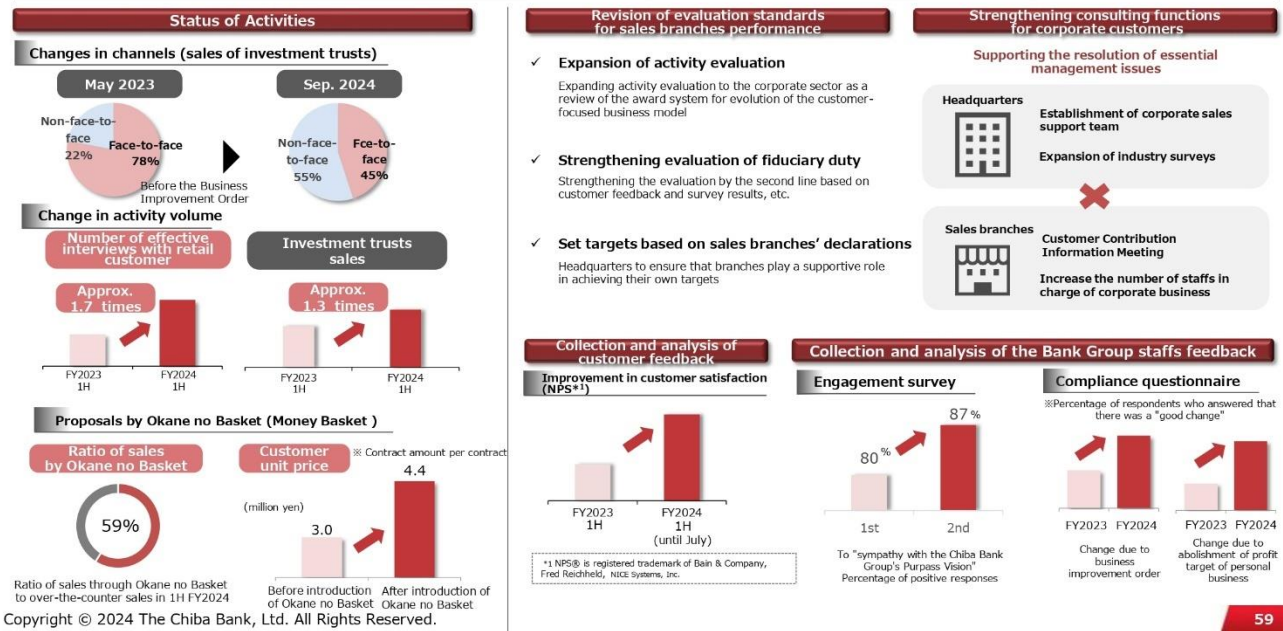
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Regarding governance enhancement and board diversity, in April, we appointed an outside director as the chair of our board of directors and selected our bank's first female representative director. Furthermore, in June, we shortened the term for directors to one year, increased the ratio of outside directors, and introduced performance-linked restricted stock (RS).



Here, we discuss the progress of our business improvement plan. Guided by our purpose and vision, we are committed to restoring trust with our customers and all stakeholders. This is being achieved by making purpose and vision the cornerstone of our management and the basis for decision-making by every officer and employee.

Business improvement measures have significantly changed how individual business should be/ Internal and external indicators are monitored to promote effective improvements



As noted on the left, in financial product sales, the proportion of non-face-to-face transactions has increased to 55%, with activity levels rising as well. Additionally, the introduction of the portfolio proposal tool "Okane no Basket (Money Basket)" has led to an increase in customer unit value, significantly transforming the nature of our business.

In H2, we revised the performance evaluation standards for our branches and shifted to self-established goals for their performance targets. To strengthen our consulting functions for corporate clients, we are conducting "Customer Contribution Information Meetings" and other initiatives.

As noted below, scores from external feedback, such as NPS, and internal feedback, such as engagement surveys and compliance questionnaires, have improved. We recognize these initiatives as effective and will continue to collect feedback from both internal and external sources to advance our improvement measures.

That concludes my explanation. Thank you very much.