

**FY2018 “Chiba Bank IR Day”
Main Questions and Answers**

1. “Initiatives for FinTech using the API”

**Masao Morimoto, Chairman - Representative Director,
T&I Innovation Center**

Q. What are the risks and benefits for the Bank associated with the opening of the API?

A. Security risks are limited because the service we are beginning to provide is for transfers between a person’s accounts without the movement of funds to a third party. A benefit is the ability to reduce fees paid by the Bank according to the amount of usage of Internet banking by utilizing the API developed by the Bank. Furthermore, we will consider the provision of services for premium members through collaboration with FinTech companies with the aim of obtaining new fees.

Q. How will it be utilized as a sales tool for young people?

A. For example, it will be possible to propose the Bank’s loan products and the opening of accounts via the Internet to users of the savings service for the purpose of purchasing vehicles. Furthermore, this will lead to timely proposals of asset management utilizing robo-advisors.

Q. What kind of services are you considering providing in the future?

A. We are considering a variety of services. For example, if paper passbooks can be abolished due to the development of digital passbooks, this would lead to the reduction of passbook issuing expenses, etc. and the improvement of customer convenience. In addition, we are also considering coordination with external business operators related to payment, and accounting software.

Q. Does this mean you will create a new internal API for connecting with banking systems. In that case, will it be necessary to develop account systems?

A. We developed a new internal API. There is no need to redevelop account systems, and the time required for development can be reduced by utilizing it in combination with existing transaction information. We believe uniqueness can be exhibited by considering development vendors on each occasion without being limited to IBM.

2. “Initiatives to Expand of Corporate Business”

Katsunori Uematsu, General Manager, Corporate Business Division

Q. Are earnings from corporate services sustainable?

A. We have accumulated know-how unique to the Bank in the finance field, and believe it is sufficiently sustainable. We are increasing headquarters support such as the introduction of training and commendation systems aimed at improvement of proposal skills of corporate personnel such as the launch of a Regional Revitalization Committee. Sales branches are also sharing their successes, which has led to an increase in the overall level of corporate sales capabilities.

Q. Please tell me about the training program on corporate sales.

A. For example, we provide training on business succession for branch managers. Providing specific examples and explanations of approach methods such as the effective utilization of checklists without having preconceptions has led to a subsequent increase in M&A deals. Furthermore, we conduct various training and provide detailed support for each perspective such as conducting training on covenants finance to credit officers.

3. “Progress of the Medium Term Management Plan and Alliance Strategy”
Hidetoshi Sakuma, President

Q. What management issues do you face in the very long term?

A. The external environment is constantly changing, and we will address all issues while appropriately perceiving this. We will utilize alliances while expanding our share in the Tokyo Metropolitan Area, in addition to continuing to realize a variety of ideas based on the foundation we have established to address issues such as further enhancing business efficiency and responding to digitization.

Q. How will you reassign the 600 people freed up by the reduction of the work volumes?

A. We will establish a stance of revising the personnel system and concentrating operations in headquarters, and reassign personnel to profit centers such as corporate business and asset management along with the headquarters planning division. We are conducting career design training mainly for administrative personnel, and have felt a good response. The Bank has been promoting the active participation of women as a management strategy, and is improving its support systems such as the establishment of workplace nurseries. Employees have a high level of awareness and can be smoothly reassigned.

Q. Is there a possibility of a reduction in personnel due to advances in business efficiency?

A. Compared to the present, we expect to be able to reduce administration in sales branches by approximately 40 percent. Furthermore, the volume of administrative work can be further reduced by making revisions to branch functions. While reassigning the 600 people freed up through such reductions in the volume of operations, we plan to reduce the total number of employees in the medium term from the current level of 4,300 to 4,000 due to a natural increase in the number of people retiring, etc.

Q. Please tell me about the changes to branch functions.

A. We have implemented lunch breaks in some branches within the prefecture from the perspective of efficient branch operation. While carefully considering consolidation from the perspective of providing financial infrastructure, we will proceed to consolidate functions in regions where the distance between branches is close. We plan to reduce the total number of branches from the current level of 128 by about 10 percent during the period of the medium term management plan. However, we will proceed to make revisions based on actual conditions because reducing the number too much would have an impact on initiatives based on the evaluation of business. Furthermore, we will consider the effective utilization of the freed space such as working with retailers due to the high likelihood of total floor space also decreasing. We would like to proceed while listening to the comments and needs of customers considering the profitability, etc. of each branch.

Q. What is the positioning of overseas operations?

A. In addition to detailed business operations within Chiba and Tokyo, having overseas offices is one of the Bank's strengths. We have received trainees from TSUBASA Alliance banks in the New York Branch and from Musashino Bank in the Singapore Representative Office. We also actively support the borrowing needs of customers of alliance banks operating overseas. In future, we would like to consider conducting joint operations overseas with alliance banks.

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