

# Strategic Alliances

The Chiba Bank is leveraging various alliance frameworks in seeking to provide customers in the region with a range of benefits. Such alliances shall have economic paybacks—in terms of improving our earnings and thereby increasing our corporate value—that are far greater than consolidating another bank in a merger.

## Wider Area

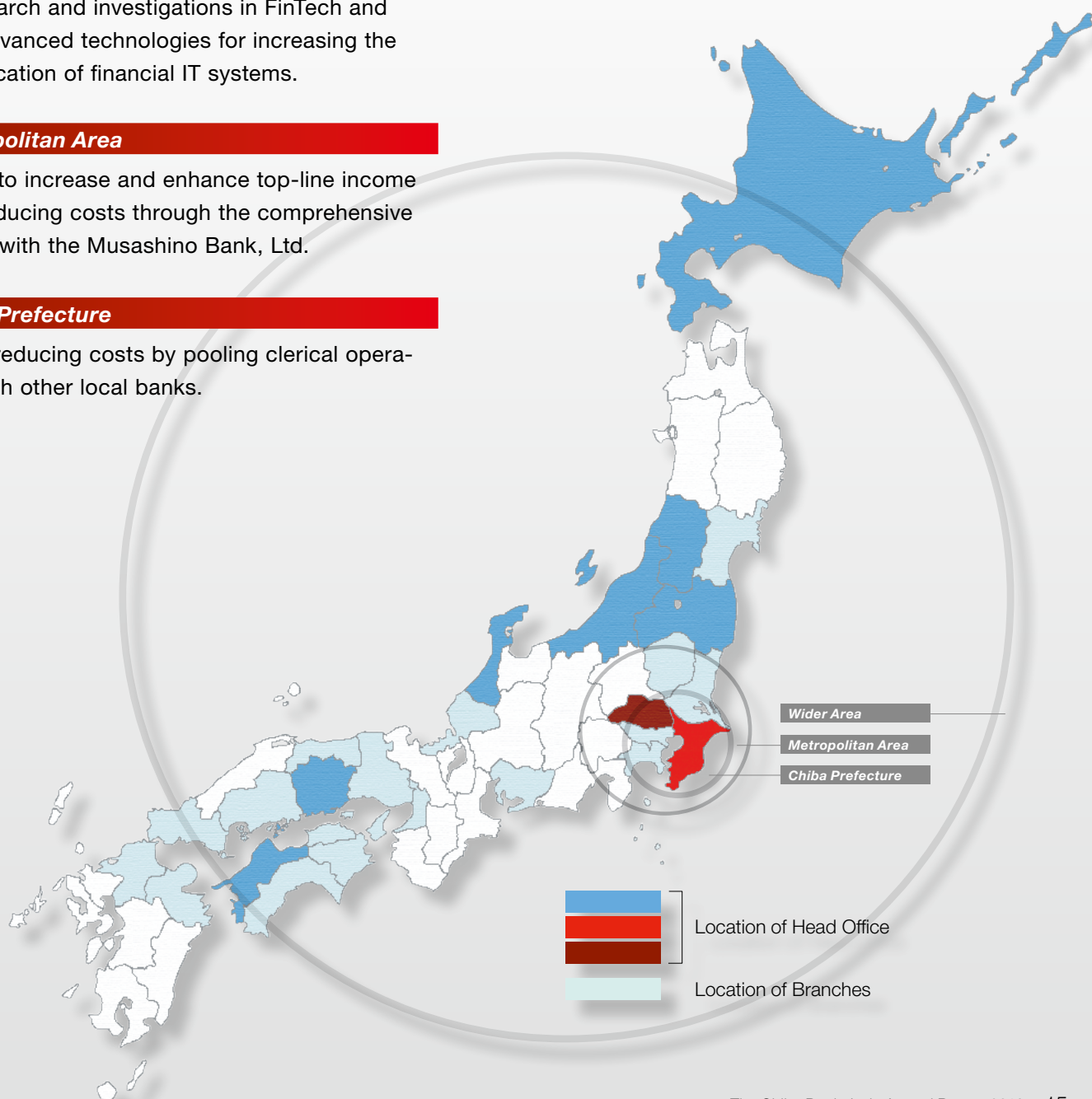
We will explore new venues of banking by strengthening the TSUBASA Alliance for conducting research and investigations in FinTech and other advanced technologies for increasing the sophistication of financial IT systems.

## Metropolitan Area

We aim to increase and enhance top-line income while reducing costs through the comprehensive alliance with the Musashino Bank, Ltd.

## Chiba Prefecture

We are reducing costs by pooling clerical operations with other local banks.



# TSUBASA Alliance

## TSUBASA Project

In March 2008, we launched the TSUBASA Project to address the importance of an IT system strategy in banking operations. The project was launched for numerous banks to jointly conduct systems development. The seven banks participating in the project (Chiba Bank, The Daishi Bank, Ltd., The Chugoku Bank, Ltd., The Iyo Bank, Ltd., The Toho Bank, Ltd., North Pacific Bank, Ltd., and The Hokkoku Bank, Ltd.) are all prominent regional banks with top market shares in their respective operating regions.

We began operating a new jointly-developed mainframe system in January 2016, which the Daishi Bank and the Chugoku Bank are also subsequently scheduled to launch for operation in 2017. Data centers will be established in Chiba Prefecture and Okayama Prefecture to provide mutual backup in the event of a natural disaster and other emergencies. The savings from operating the jointly developed mainframe system will amount to ¥0.5 billion a year for Chiba Bank compared to the cost of operating a system of its own.

Apart from systems development, TSUBASA has entered into a broad range of partnerships with the participating banks, jointly originating syndicated loans and the Chiba Bank accepting trainees from the other banks at its overseas branches.

## TSUBASA Alliance

The TSUBASA Alliance was launched with the aim of enhancing top-line income and reducing costs through the research and development of FinTech.

In July 2016, six banks in the alliance (Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, and North Pacific Bank) invested together with IBM Japan, Ltd. to establish a new joint venture named T&I Innovation Center Co., Ltd. The joint venture will conduct research and investigations on FinTech, as well as in fields such as the use of artificial intelligence where joint development can be expected to result in cost savings.

### Participating banks

	Participating banks	Location of head office
Mar. 2008	Chiba Bank	Chiba
	Daishi-Bank	Niigata
	Chugoku Bank	Okayama
	Iyo Bank	Ehime
	Hokkoku Bank	Ishikawa
Apr. 2012	Toho Bank	Fukushima
Aug. 2015	North Pacific Bank	Hokkaido

### Initiatives undertaken

Apr. 2014

Agreement on Emergency Backup

Sep. 2014

Cooperation in Market and International Businesses

### TSUBASA Alliance for Enhancing Financial System



Investment



Research Investigations

#### T&I Innovation Center, Co. Ltd.

Established: Jul. 2016

Investment ratio:

Chiba Bank

40%

Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank and IBM Japan

10% each

# Chiba-Musashino Alliance

## New alliance model for regional banks

In March 2016, the Chiba Bank concluded a comprehensive alliance with the Musashino Bank, which is based in Saitama Prefecture. Under this alliance, rather than a merger, the two banks will work swiftly to prioritize the enactment of measures from which tangible economic benefits can be expected, maintaining their strong regional commitments.



### For what purpose?

Both banks aim to contribute further to regional revitalization and the development of their local economies by pooling their expertise for effective use and by maximizing their regional brand and operating base at the same time. The banks will provide their local customers with more convenient services while working in various ways to reduce their costs.

### What to do?

The banks plan to co-market asset management products developed by subsidiaries of the Chiba Bank, as well as to jointly conduct research and investigations in the FinTech field. From a cost-cutting perspective, the banks are also examining the possibility of unifying back office operations, such as concentrating the processing divisions in their headquarters and call centers. The Chiba Bank and the Musashino Bank aim to realize cumulative alliance benefits of around ¥10 billion over the next five years from the hundreds of alliance measures and ideas they plan on commercializing.

### Why with the Musashino Bank?

We think that the Chiba Bank and the Musashino Bank can achieve a high level of synergy from the alliance and become trustworthy best partners from the following perspectives.

- (1) The banks have matching philosophies that place their regional economies and customers first.
- (2) The banks have similar market environments and share issues that are characteristically common to the Tokyo metropolitan area.
- (3) The banks have branch networks that do not overlap for the most part, despite their close geographic proximity.

