

➤ Alliance Strategies

Strategic Alliances

The Chiba Bank is leveraging various alliance frameworks in its pursuit 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.

Regional financial institutions believe these collaborations, such as the Chiba-Musashino Alliance and the TSUBASA Alliance, are optimal for enabling cooperative operations while remaining rooted in the region.

From the viewpoint of enhancing these alliances, we established the Alliance Management Office in the Corporate Planning Division in April this year. By further promoting these alliances, we will evolve our “Alliance” concept, a new form of regional bank collaboration.



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 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.

Chiba-Musashino Alliance

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.

The two banks conducted a thorough examination of all their divisions after signing the alliance agreement, and this has led to the rapid implementation of various measures. Among these, initiatives to increase interactions among personnel have resulted in a better understanding at the workplace level. We believe our target for cumulative synergistic benefits of ¥10 billion over a five-year period is well within reach as a result of the measures the two banks have agreed to implement. We will seek out more ways to benefit from the alliance.

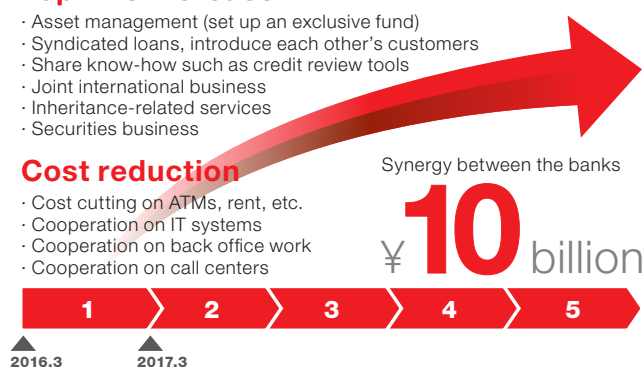
The two banks decided to jointly establish Chiba-Musashino Alliance Co., Ltd. to further advance their alliance. While keeping a subcommittee-centered structure, this new company will advise both banks on overall strategies and cross-organizational measures for the alliance. The aim is to advance this alliance in a way that benefits our regional customers while maintaining an equitable relationship between the two banks.

Top-line increase

- Asset management (set up an exclusive fund)
- Syndicated loans, introduce each other's customers
- Share know-how such as credit review tools
- Joint international business
- Inheritance-related services
- Securities business

Cost reduction

- Cost cutting on ATMs, rent, etc.
- Cooperation on IT systems
- Cooperation on back office work
- Cooperation on call centers



TSUBASA Alliance

In January 2016, the Chiba Bank began operating a new mainframe system jointly developed with the Daishi Bank and the Chugoku Bank, in light of the increasing importance of a system strategy in banking operations. We have also reached a new agreement with the North Pacific Bank to examine the possibility of jointly using the system. There are data centers in Chiba Prefecture and Okayama Prefecture for redundant backup functions in the event of a natural disaster. Compared with operating a system like this alone, the joint operation will save about ¥0.5 billion in costs per year.

The TSUBASA Alliance was launched with the aim of enhancing top-line growth and reducing costs through the research and development of FinTech. Six regional banks with leading market shares in their main operating areas participate in the alliance (Chiba Bank, Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, and North Pacific Bank). In July 2016, these six banks, together with IBM Japan, Ltd., invested in the establishment of a new joint venture named T&I Innovation Center Co., Ltd.

Under the TSUBASA Alliance, the joint venture will research and investigate the use of FinTech, as well as coordinate efforts in fields such as artificial intelligence where joint development is likely to result in cost savings. Moreover, the alliance extends beyond systems development, encompassing the joint arrangement of syndicated loans and the welcoming of trainees from other banks at overseas branches, for example. Our partnerships, which transcend regional boundaries, will grow even deeper.

Wider Area

- Through the TSUBASA Alliance, we will deepen our partnerships that transcend regional boundaries in fields beyond IT and FinTech.

Metropolitan Area

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

Chiba Prefecture

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



Cooperation on the main frame system

Stable operation

- Chiba Bank (Jan. 2016)
- Daishi Bank (Jan. 2017)
- Chugoku Bank (May 2017)

New

- North Pacific Bank
Basic agreement for participation in the cooperation on the main frame system (May 2017)

FinTech subsidiary

Name	T&I Innovation Center Co., Ltd.	
Holding ratio	Chiba Bank	40%
	Daishi Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank and IBM Japan	10% each

New alliance model for regional banks

