Risks and Opportunities

—Recognition of Issues and Strategic Measures of the Bank—

Business environment

- Depopulation, low birthrate and aging population
- Widening regional disparities
- Changes in lifestyle
  Work style reform
- Prolonged ultra-low interest rate environment
  Diversifying settlement methods
- Social requirements for corporate management
- Expansion of global environmental issues
- Advancement of technology and changes in industrial structure

Risks

Society

- Regional community stagnation due to depopulation
- Progress of aging population
- Decrease in working age population
- Financial instability in Japan
- Mounting anxiety for the future

Economy

- Prolonged ultra-low interest rate environment
- Change and contraction of existing industrial structure
- Regional economic downturn due to depopulation
- Shortage of successors in SMEs
- Changes in social and economic structures due to advancement of digitalization

Environment

- Progress of climate change and global warming
- Loss of operational foundations due to deterioration in natural capital
- Damage caused by large-scale natural disasters
- Tightening environmental regulations relative to control of greenhouse gas emissions and waste plastics

Technology

- Rapid progress in digital innovation
- Diversifying settlement methods, such as cashless payment
- Entry of different industry players such as FinTech providers
- Homogenization of services due to intensified competition
- Loss of existing business domains due to digital transformation

Opportunities

Society

- Growing needs for businesses that serve as platforms for resolving social issues
- Expansion of businesses that create social impact
- Increase in businesses for the elderly
- Advent of regional revitalization opportunities via cross-industry collaboration
- Offering products and services tailored to lifestyles
- Advice regarding decent work

Economy

- Expansion of new business domains such as circular economy
- Increase in needs for new businesses and relaunching
- Expansion of environment-related business such as renewable energy
- Development of businesses that are related to business succession such as M&A
- Improving regional productivity

Environment

- Advice on addressing climate change and global warming
- Providing ESG investment and financing, environment-related products and services
- Provide solutions for environmental regulations
- Expansion of the energy-saving market and needs for new materials and new technologies
- Creation of a resilient society

Technology

- Providing new products with the use of digital technologies
- Providing diversifying settlement methods
- Expanding new business domains through collaboration with different industry players
- Streamlining business operations at stores, etc.
- Implementing work style reform

Recognition of issues and strategic measures of the Bank

Issues

Society

- Identifying social issues and needs
- Enhancing lineup of new financial instruments and solutions
- Training "problem-solution type human resources" and accumulate expertise
- Enriching alliances with professional institutions
- Thorough implementation of fiduciary duty

Economy

- Strengthening consulting capabilities
- Promoting problem-solution type businesses
- Deepening business assessments
- Further cooperation among industry, academia, government and financial sector
- Utilizing risk appetite framework
- Boosting profitability through productivity improvement

Environment

- Promoting SDGs businesses
- Spreading and expanding SDGs management with the use of environmental rating
- Enriching human resources and solutions toward achieving a decarbonized society
- Arranging an environment to reduce greenhouse gas emissions
- Raising awareness of and promote SDGs literacy

Technology

- Delivering new values via digital innovation
- Developing efficient and competitive services
- Cooperating with other companies to strengthen settlement functions
- Utilizing big data

Evolve toward a problem-solution type financial information services provider

- **Promotion of problem-solution type business** (Turning SDGs into business)
- **Realization of recycling-oriented society**
- **Collaborative creation with the community**
- **Utilization of digital technology**

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