

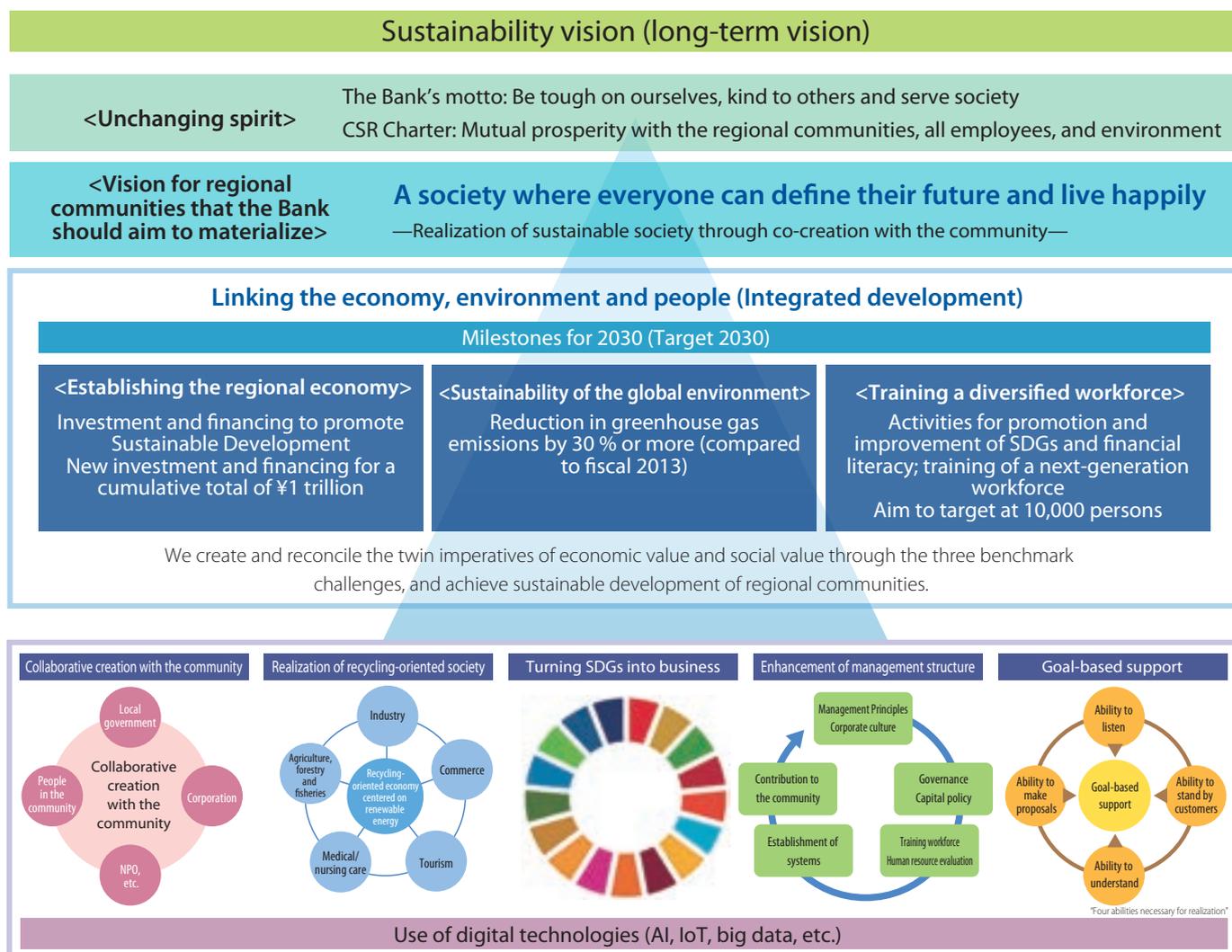
# The 7th Medium-Term Business Plan

## Sustainability Vision (long-term vision)

With major changes in people's values and economic structures, the society of today is said to be at a turning point. What is expected of companies is for management to maximize corporate value with a long-term perspective, instead of short-term for-profit management. In the financial industry, in addition to the role as a provider of funds necessary for economic activities, importance is now attached on the impact it gives to society through financing.

In light of this social demand, the Bank, upon compilation of the 7th Medium-Term Business Plan, thoroughly discussed topics such as "What is the vision for regional communities that we should aim to materialize?" and "What should be done to create social impacts necessary to achieve that vision?" and formulated the Sustainability Vision (long-term vision) as the vision for regional communities the Bank should aim to materialize.

In order for the Bank to continue development in partnership with local communities, it strives for a sustainable society by resolving issues facing regions based on the concept of backcasting.



\*Co-creation with the community: creation based on shared values

Collaborative creation with the community: creation through collaboration

The Bank's unchanging motto carries on the "Sampo yoshi" philosophy, a management philosophy embraced by Merchants in the Omi region.

The three types of mutual prosperity upheld in the CSR Charter (Management Principles) are the mission the Bank continues to pursue and the source of social meaning of its existence.

This represents a materialized vision of a regional community after the Bank's motto and the CSR Charter are achieved. It can be rephrased as "a sustainable society in the eyes of the Bank."

With the concept of backcasting, we uphold three indicators to realize the vision of a regional community. Exerting efforts toward achieving these indicators will bring us closer to the realization of the regional society we aim for.

"Linking economy, environment and people (Integrated development)" indicates that these three indicators will not develop independently but in an integrated manner by mutually interacting each other.

The word "Milestone" represents that the achievement of the target is merely a stepping stone toward a sustainable society.

#### (1) Establishing the regional economy

Investment and financing to promote Sustainable Development for a cumulative total of ¥1 trillion

A commitment to creating sustainable regions through concentrating management resources on the local economy and resolving issues facing each region.

#### (2) Sustainability of the global environment

Reduction of the Bank's greenhouse gas emissions by at least 30% compared with fiscal 2013

A commitment to realizing fossil fuel-independent regional communities by increasing the use of renewable energy toward creating a decarbonized society.

#### (3) Training a diversified workforce

Activities for promotion and improvement of SDGs and financial literacy, and training of a next-generation workforce targeted at 10,000 persons

A commitment to fostering a workforce capable of design thinking\* and with literacy required for resolving regional issues, along with expertise in AI and IoT.

\*Design thinking: An ability to grasp the essence of issues based on the needs of customers and to think through every possible measure for resolution

Corporate value is the sum of economic value and social value. Not just by generating economic value through operations, but also by generating and raising social value to the utmost extent, the Bank strives to become a company indispensable to the region.

These are the basic measures for achievement of the indicators. Through implementing them comprehensively with the use of digital technologies, we will achieve the indicators and move closer to the realization of an ideal society.

#### ■ Collaborative creation with the community

In collaboration with stakeholders, we will create a sustainable society.

#### ■ Realization of recycling-oriented society

With a focus on renewable energy, we realize a regional cycle based on overall harmony and with independent individuals.

A recycling-oriented society can be achieved by having regions complement each other according to their characteristics.

#### ■ Turning SDGs into business

Positioning SDGs as a management foundation, we will create a business model that transforms risks into opportunities.

#### ■ Enhancement of management structure

We will redefine the Bank's business model based on design thinking and transition to a consistent management structure aimed at realizing the vision.

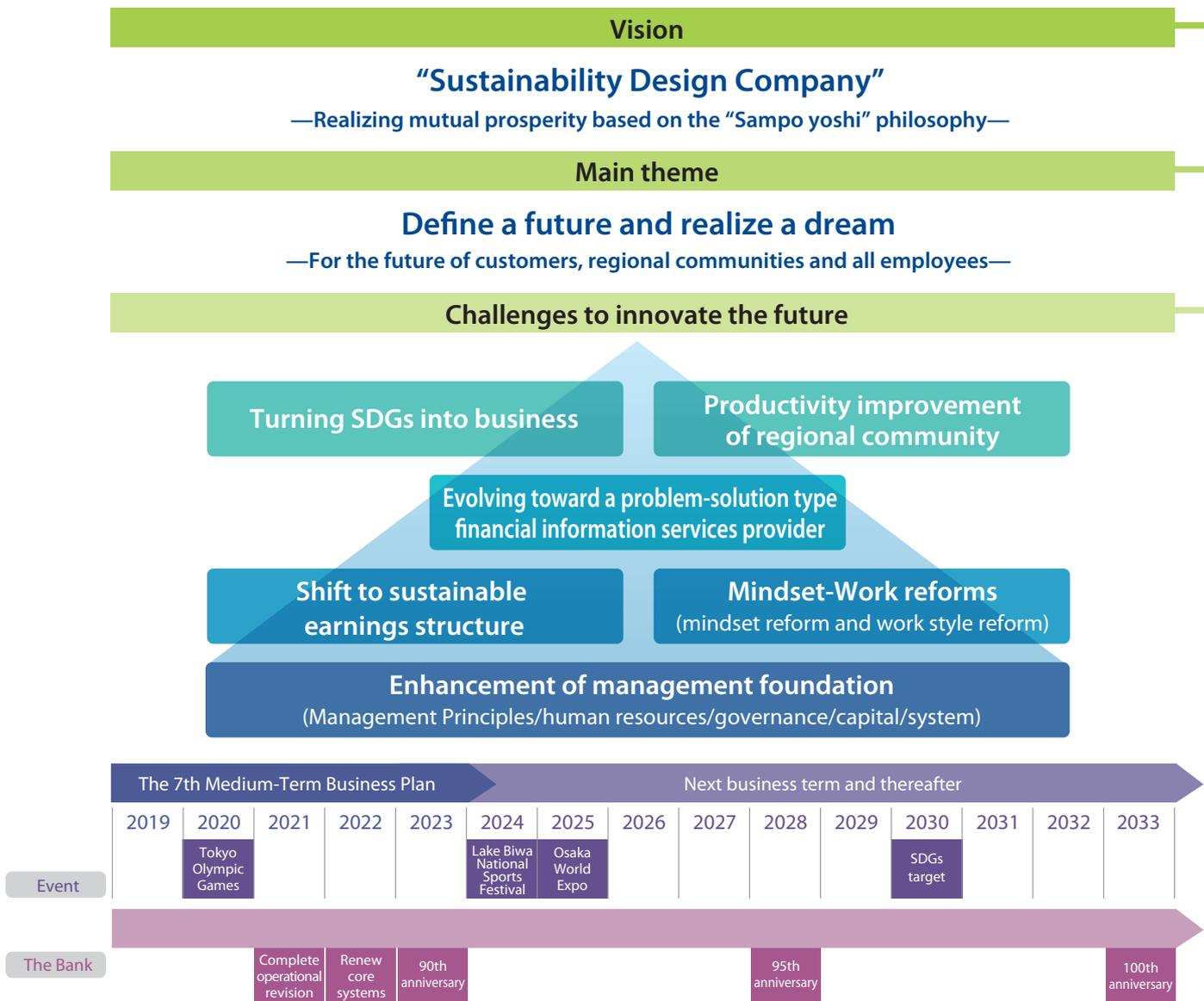
#### ■ Goal-based support

Sharing the "goals (ideal visions for the future)" of customers, we will move closer to them and provide support for realizing goals.

## Outline of the Business Plan

### —Change of viewpoints and challenge toward sustainable development—

In the course of formulating the 7th Medium-Term Business Plan, we placed emphasis on “Change of viewpoints.” Previously, most of our targets and initiatives focused on what the Bank (ourselves) wants to be, or how the numerical targets of the Bank should be, all from the perspective of the Bank; however, this is to be changed to a viewpoint from regional communities and customers. The fundamental concept of the new plan is meeting the challenge to create sustainable development of regions based on this perspective.



## Vision

### “Sustainability Design Company”

—Realizing mutual prosperity based on the “Sampo yoshi” philosophy—

Inheriting the spirit of the Vision “The Regional Bank that innovates the future ‘The Regional Bank’” upheld under the 6th Medium-Term Business Plan, the vision has been set as the “Sustainability Design Company.” “Sustainability Design” manifests our resolve to plan and create sustainable development of customers and regional communities, and “Company” expresses our intention to go beyond traditional frameworks and ideas.

## Main theme

### Define a future and realize a dream

—For the future of customers, regional communities and all employees—

To achieve the vision of “Sustainability Design Company,” it is vital to define the future of customers, regional communities and all employees, and realize their respective dreams.

Our belief is that taking on the following challenges to innovate the future will bring us closer to the realization of the main theme.

## Challenges to innovate the future

Society  
(customer)-  
oriented  
challenges

### ■ Productivity improvement of regional communities

Supporting response to the shift to ICT and cashless services in the regional communities, we will contribute to increasing productivity of regional communities.

### ■ Turning SDGs into business

By having not only the Bank but also customers turn SDGs into business, we will drive sustainable development of regional communities.

### ■ Evolving into a problem-solution type financial information services provider

Through listening to customers’ ideal visions for the future and dreams and providing support for realization, we will evolve into a problem-solution type financial information services provider.

### ■ Mindset-Work reforms (mindset reform and work style reform)

Diversity of our employees and reforms in their mindset and work styles should be sought out first in order for us to cater to the needs of customers and regional communities.

### ■ Shift to sustainable earnings structure

The Group will boost its earnings power and productivity with an aim to shift to a sustainable earnings structure.

### ■ Enhancement of management foundation

(Management Principles/human resources/governance/capital/system)

To create the future of customers, regional communities and all employees, our management foundations must be enhanced.

The Bank-  
oriented  
challenges

From the top, in decreasing order of the society-oriented degree.

Through enhancing its own management foundation, and achieving a shift to a sustainable earnings structure and via Mindset-Work reforms, the Bank will strive to evolve into a problem-solution type financial information services provider. The ultimate goals are to help turn SDGs into business for customers as well as for the Bank, and boost productivity of regional communities.

## Numerical targets for the 7th Medium-Term Business Plan —Achieving revenue target through achieving SD targets—

The benchmark challenges under the 7th Medium-Term Business Plan are classified into three categories: SD targets, revenue targets, and long-term benchmark challenges.

The SD targets are a set of numerical indicators for sustainable development of customers, regional communities and the Bank, of which achievement will also bring us to the achievement of the revenue target. The long-term benchmark challenge are long-term benchmarks in a time frame unrelated to the 7th Medium-Term Business Plan.

Also, for the current Medium-Term Business Plan, we changed the plan period from three years to five years. Making a profound shift to a business model and structure capable of sustainable development requires investment in an ICT system including the introduction of tablet devices, productivity improvement measures, and development of “problem-solution type human resources.” We changed the plan period so as to have these elements established in the first half of the period, and move into a growth trajectory in the second half.

|                 | Benchmark challenges   | Year ending March 31, 2022   | Year ending March 31, 2024 |
|-----------------|--|--|----------------------------|
| SD targets*     | Investment and financing to promote Sustainable Development  | (Cumulative amount of new investment and financing) ¥500.0 billion |                            |
|                 | Support for value improvement of regional customers (number of requests for consultation per year)   | 850 cases  | 1,000 cases                |
|                 | Support for asset formation of regional customers (balance of assets under custody*investment trust + financial instruments intermediary*) | ¥220.0 billion   | ¥300.0 billion             |
|                 | Reduction in greenhouse gas emissions (compared to fiscal 2013)  | 25%  |                            |
|                 | Activities for promotion and improvement of SDGs and financial literacy<br>Training of next-generation workforce                           | (The number of participants of training, etc.) 5,000 persons       |                            |
| Revenue targets | Net income attributable to owners of parent (consolidated)   | ¥10.0 billion or more in the final year                            |                            |
|                 | Income from services for customers   | ¥2.0 billion   | ¥3.0 billion               |

\*SD (Sustainable Development) targets: Targets that will lead to the regional sustainable development

| Long-term benchmark challenges |               |
|--------------------------------|---------------|
| ROE (consolidated)             | 5.0% or more  |
| OHR                            | Less than 65% |

## SD targets

### ■ Investment and financing to promote Sustainable Development

We aim to provide new financing to Ratings Communication Service clients, make new investments and financing of SDGs-type products and make new ESG investments for a cumulative total of ¥500.0 billion in five years. As Ratings Communication Service clients are subject to our business feasibility study, we believe that financially supporting their businesses will also drive sustainable development of regions and customers. The SDGs-type products and ESG investments express the Bank's commitment to its active engagement in SDGs initiatives.

### ■ Support for value improvement of regional customers

The Bank strives to raise the number of consultations per year to 1,000 cases in the final year of the plan from the current 700. Through steadily providing consultation that leads to customers' value improvement, we aim to support the sustainable development of customers.

### ■ Support for asset formation of regional customers

This target represents our goal of accumulating customers' balance of assets under custody to ¥300.0 billion in five years. With life-spans of over 100 years, not for the sake of commission income, but through steadily addressing such issues as national pension problems and those indicated by financial gerontology amid an ongoing low birthrate and aging population, we will contribute to realizing sustainable development of regions and customers.

### ■ Reduction in greenhouse gas emissions

As part of initiatives for environmental management, we will continue efforts by setting specific targets.

### ■ Activities for promotion and improvement of SDGs and financial literacy

Targeted at the region, customers and human resources bearing the next generation, in addition to those at the Group, the Bank is stepping up activities to increase their knowledge of SDGs and financial literacy, which is requisite to survive the age to come.

## Revenue targets

### ■ Net income attributable to owners of parent of ¥10.0 billion or more

This is a level necessary for the Bank to continue its own sustainable development.

### ■ Income from services for customers of ¥3.0 billion

This is based on our belief that in order to build a sustainable earnings structure, it is necessary to cover expenses with interest income from deposits and loans, and fees and commissions.

## Long-term benchmark challenges

These are long-term benchmarks in a time frame unrelated to the 7th Medium-Term Business Plan. They are stretch goals in light of the current economic environment, and the Bank will continue its efforts to achieve them.