March 28, 2022

# Long-Term Vision 2030

# Third Medium-Term Group Business Plan

(Plan Period: April 1, 2022 ~ March 31, 2025)



### 1. Long-Term Vision



- In order to achieve sustainable growth together with local communities amidst a drastically changing business environment, we have formulated a long-term vision targeting the year 2030 as a major direction for the Group to aim for.
- "Long-Term Vision 2030" is based on our desire to "continue to create new value by working together with local stakeholders to solve their various issues" and to "contribute to the realization of sustainable local communities through value creation, and remain an essential presence in local communities."

Group Philosophy

Together with local communities, we will continue to build a more prosperous future by providing high-quality comprehensive financial services.

### Long-Term Vision 2030

[Vision]

# A Value Creation Group Working Together with Local Communities

Vision and target level in 2030 based on external environment

and future prospect

[Target Level]

Consolidated Fee Income Ratio(\*1): 50% or more

Consolidated Ordinary Profit : ¥100 bn or more

# Third Medium-Term Group Business Plan

Three-year plan (Phase 1) for realizing our vision and target level in 2030

[Plan Period]

April 1, 2022 ~ March 31, 2025

[Position]

Period for Taking on Challenges for Sustainable Growth

Formulated considering external environment factors recognized while formulating the long-term vision

### **Sustainability Policy**

#### [Materiality]

- Revitalization of regional economy and society
- Response to climate change and environmental conservation
- Promoting digitalization
- Initiatives for an aging society
- Promoting diversity

#### [Numerical Target]

- Sustainable Finance ¥ 3,000bn (cumulative FY2021~FY2030)
   [o/w, environmental field ¥2,000bn]
- CO2 emission reduction target Net zero in FY2030
- (\*1) Consolidated Fee Income Ratio = Consolidated fee income\*2 ÷ Income from customers\*3
- (\*2) Consolidated fee income = Fee from customers of Banks + Gross profit from customers of other group companies
- (\*3) Income from customers = Difference of interests between loans and deposits + Consolidated fee income \*\*excluding securities' income

# 2. Approach to Realization of Long-Term Vision 2030



- To realize our long-term vision, we will strengthen our core business areas such as traditional banking and comprehensive financial services and take effort to expand our business areas by leveraging our strengths.
- We will create new value by taking on challenges to solve regional issues beyond the framework of conventional financial services and returning the expertise obtained through these initiatives to our core business.

#### Strengthen core business / Develop new business areas by leveraging our strengths

#### **New Business Areas**

Cultivating

new

customers

Deepening

relationships

with existing

customers

Take on the challenge to solve regional issues, going beyond the conventional framework

- We will contribute to realize sustainable local communities by taking on challenges to solve regional issues going beyond the conventional framework.
- We will return the expertise obtained through our initiatives in new businesses to core business, which will lead to the growth of our Group and local communities.

#### [Comprehensive Financial Services Area]

Strengthen our consulting and group functions and contribute to solve more customers' issues

- We will expand the range of services to solve financial issues by strengthening consulting and group companies' functions.
- We will contribute to solve diverse financial issues of more customers by collaborating with our group companies and external institutions.

#### **[Traditional Banking Services Area]**

Change the way of providing services and increase their value

- We will realize thorough efficiency and services that continue to be selected by customers, through digitalization and business innovation.
- We will increase added value by providing integrated financial services together with new business areas, and maintain and expand our customer base.



Loan

Settlement / Money Transfer

Securities Management



Expanding

business

# 3. Summary of the Third Medium-Term Group Business Plan



- The Third Medium-Term Group Business Plan is positioned to be a "Period for Taking on Challenges for Sustainable Growth."
- While strengthening our management structure by innovating traditional banking services and deepening comprehensive financial services, we will take effort to sow and nurture in "New Business Areas" and aim to contribute to local communities beyond the framework of conventional financial services.

Future ( ~ 2030 Third Medium-Term Group Business Plan (FY2022 ~ FY2024) (5 th medium-term group plan) (4th medium-term group plan) "Period for Taking on Challenges for Sustainable Growth" Period for accelerating Period for realizing long-term evolution vision 1 . Pursue a business model to support local communities **Long-Term Vision Basic** 2030 2 . Build a sustainable management base **Strategies A Value Creation Group** 3. Develop human resources and promote active participation **Working Together with Local Communities** Consolidated net income ¥52.0 bn or more (Attributable to owners of the parent) **Developing them into Business** core businesses Core OHR (bank total)\*1 Less than 58% **Objectives Expanding new** Consolidated ROE 5.5% or more businesses (based on shareholders' equity) Sowing and nurturing new businesses (New Business Areas) **Expansion of** business area and profit Increase customer usage **Expansion of Financial** Products/Services (Comprehensive Financial Consolidated Fee Income Ratio **Services Area)** 50 % or more Consolidated **Ordinary Profit** (Traditional Banking **Thorough Efficiency** Increasing added value by providing ¥100.0 bn or more

**Services Area)** 

integrated services with solving issues

<sup>\*1</sup> Core OHR = Expenses ÷Core gross business profit (Gross business profit \*2-gain/losses on bond transactions)

<sup>\* 2</sup> Excluding gains/losses on cancellation of investment trusts and remuneration from "Special Deposit Facility to enhance the resilience of the regional financial system" and "Special Funds-applying Operations to facilitate financing in response to COVID-19 " by Bank of Japan

### 4. Basic Strategies of the Third Medium-Term Group Business Plan



- In the Third Medium-Term Business Plan, we will pursue a business model to support local communities aimed at contributing to them through new value creation.
- Toward new value creation, we will work to build a sustainable management base by promoting Digital Transformation(DX), etc., and to develop human resources and promote their active participation.

Basic Strategy 1

Pursue a business model to support local communities

Basic Strategy 2
Build a sustainable management base

Basic Strategy 3

Develop human resources and promote active participation

### New Business Areas

Comprehensive

**Financial** 

[Specific Strategy 1-3]
Challenges to expand business areas

 Provide value beyond the conventional framework utilizing the strengths of our Group and investments

[Specific Strategy 1-2]

Deepening comprehensive financial services

 Strengthen consulting and group functions and contribute to solve more customers' issues

**Traditional** 

**Services Area** 

**Banking** 

**Services Area** 

Specific Strategy 1-1

Innovating traditional banking services

- Enhance customers' convenience utilizing digital technology and non-face-to-face services
- Increase the value of services by strengthening consulting function and providing integrated services for solving issues

[Specific Strategy 1-4]

Diversification of securities management / investments and financing

• Strengthen profitability with appropriate risk-taking

[Specific Strategy 2-1]

**Promoting DX** 

 Provide new services by utilizing digital technology and data, increase the added value of conventional services

 Accumulate, analyze and utilize data obtained through digital channel and face-to-face channel

- Accelerate business innovation
- Expand non-face-to-face and remote procedures

[Specific Strategy 2-2]

# Enhancing group management

- Organizational development related to DX and sustainability
- Business management response to expansion of business areas

Shifting human resources to focus area **200 people** (3 year cumulative)

New digitalization investments

¥7.0 bn (3 year cumulative)

Generating
 management resources
 by promoting DX etc.

Reducing and reviewing business operations
About **580 people**(3 year cumulative)

Cost reduction ¥3.0 bn (compared to FY21, the final year of 2nd medium-term plan)

## Developing and securing human resources who can create value

- Trainee dispatch
   About 120 people
   (3 year cumulative)
- Developing employees' digital skills

DX personnel

**400 people** (end of Mar.2025)

Basis of DX personnel

**3,000 people** (end of Mar.2025)

\* Expected at the end of Mar. 2022 : 1,000 people

# Implementing diversity / Initiatives for job satisfaction

• Expanding working opportunities for female employees

Female employees ratio in positions equivalent to assistant manager or higher

35% or more (end of Mar.2025)

\* Expected at the end of Mar. 2022 : 31%