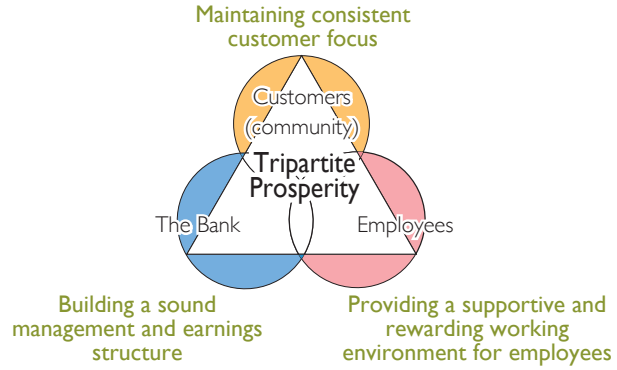


Management Principles

Management Philosophy: Tripartite Prosperity

“Tripartite prosperity” is a concept in which Osaka City Shinkin Bank, its customers and its employees are regarded as a single, tripartite entity. The Bank nurtures mutual growth and happiness based on mutually supportive relationships. We always consider what we do within this conceptual framework, and strive in our business activities to balance the interests of each element.



Basic Management Policies for Fiscal 2021

Fiscal 2021 marks the midway point for our medium-term management plan, Smart Shinkin 2022. The year will be a vital one as we work to develop and evolve the information cycle aimed at problem resolution that we established in the plan's first year.

Last year, we undertook a range of initiatives in order to establish that cycle. These included thoroughly applying the TSPE (Task, Solution, Planning, Execute) cycle, establishing the IT Strategy Office to promote DX, bringing in lobby concierges to provide better two-way communication with customers, introducing an online business negotiation system, and launching online management consultations, among other things. We have been seeing results from our approach of establishing an information cycle aimed at resolving a variety of problems.

As a new part of our branch strategy, we started new collaborative businesses with companies in other business fields with the goal of creating a cyclical economy that can revitalize the region. Examples thus far include direct sales of local produce and bicycle-sharing stations.

We are heading toward the final year of our plan, an important year for making sure these initiatives take root and lead to business development. We sum up our basic policy with a slogan: “Closer and deeper relationships, faster responses.” We will carry out thorough measures, such as promoting problem-solving financing to ensure we are the main financial institution people turn to; enhancing our marketing through the use of IT; gathering and analyzing various kinds of data; strengthening customer contact points by integrating sales and finance tasks; and improving the efficiency of branch operations. More specifically, we are able to gather information via our liaison clerks or lobby concierges and analyzing that data can lead to new strategies. In this way we can promote targeted sales in fields such as problem-resolution financing or deposits. To improve our consulting capabilities, we have continued to train staff by sending them for training outside the Bank and we are further reinforcing head office backup capabilities (management support, business succession support, M&A, etc.) and our ability to make proposals.

In terms of risk management, we continue to bolster our efforts to improve the efficacy of our business continuation system, our cyber-security responses, and our measures to protect our customers from financial crime. Furthermore, by grasping the potential risks involved in our work processes and by reviewing how we screen such risks at head office, we will establish a resilient risk management system that garners the trust of the community. By linking together these various initiatives, we will improve the results these synergies provide to fulfill our goal of becoming our customers' number one financial partner for problem resolution and for close ties to the region.

Based on the above, we have formulated the following basic management policies for fiscal 2021.

Basic Management Policies

- Overcoming difficulties together
- Closer and deeper relationships, faster responses

 1. Strengthen our problem resolution proposal capabilities and develop customer services, both through improved data analysis
 2. Promote DX to allow better interaction with customers
 3. Expand customer services founded on the UN's Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) perspectives
 4. Develop the capabilities of team personnel with whom the philosophy has been shared
 5. Improve overall risk control, reliability, and soundness of the Bank

Key Measures

1. Strengthen our problem resolution proposal capabilities and develop customer services, both through improved data analysis
 - (1) Enhance profitability by offering high-added-value problem resolution support through implementation of the TSPE cycle and data accumulation
 - (2) Push preparations toward achieving profitability for our lineup of problem resolution support services
 - (3) Collect, share, and analyze data related to problem resolution and use it to make proposals, which will strengthen our head office backup functions
2. Promote DX to allow better interaction with customers
 - (1) Achieve greater efficiencies for work tasks and advance the level of efficient, targeted marketing by utilizing AI
 - (2) Bolster the support we offer customers through life plans
 - (3) Augment customer contact points by integrating sales and loan tasks and increasing the efficiency of liaison clerk activities
3. Expand customer services founded on the UN's Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) perspectives
 - (1) Boost customer satisfaction levels by improving efficiency, such as by allowing counter tasks to be performed on tablets
 - (2) Resolve regional and partners' problems by developing new services and products that take the SDGs into consideration
 - (3) Create branches that can gather information and act as communication hubs through measures such as rebuilding and undertaking renovations
4. Develop the capabilities of team personnel with whom the philosophy has been shared
 - (1) Bolster training toward problem resolution support and to produce digitally literate staff and encourage employees' participation in various projects
 - (2) Upgrade measures designed to support employees, who are aware of the Bank's philosophy, as they expand their capabilities, discover new talents, and have the motivation to develop themselves
 - (3) Foster working environments where a variety of people want to work and can demonstrate their capabilities as part of a team
5. Improve overall risk control, reliability, and soundness of the Bank
 - (1) Make our business continuity system better to respond to the risk of infectious diseases, natural disasters, or other problems
 - (2) Introduce rational risk control that is highly sensitive to credit risk, operational risk, and other types of risk
 - (3) Cultivate an awareness of compliance based on a high sense of work ethics