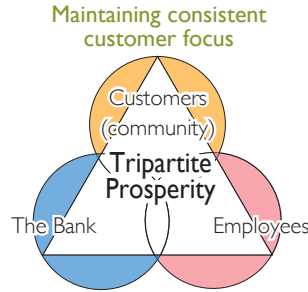


Management Principles

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.



Building a sound management and earnings structure

Providing a supportive and rewarding working environment for employees

Basic Management Policies for Fiscal 2023

This fiscal year marks the launch of our new medium-term management plan, Smart Shinkin Stock 2025.

Under Smart Shinkin 2022, we developed information cycle systems as well as quality and consulting capabilities to help us resolve issues. Now we will go further, by constructing information networks that upgrade those with the aims of becoming a bank that can offer business partners and the region speedy problem resolution, and raising customer satisfaction.

In the last fiscal year, we enhanced our menu of problem-resolution support options and promoted ongoing support for fundraising since the outbreak of COVID-19 that takes each customer’s situation into account, M&A and business succession support, and digital transformation (DX) support through Kei-Yell. Through these efforts, we helped SMEs resolve their issues and worked to improve their productivity. Elsewhere, for individual customers, we also created the role of senior trust adviser and expanded our systems for customer asset formation and inheritance measures.

To further raise the efficiency of tasks within Osaka City Shinkin Bank, we introduced online meeting systems, switched out work mobile phones for smartphones, and pushed forward with measures such as improving marketing through the use of AI. In this and other ways, we were able to raise productivity.

As the first fiscal year of the new medium-term management plan, this year we will ramp up efforts to accumulate three key types of capital (“stock”): human capital, regional capital, and equity capital.

We will improve our human capital by enhancing our employees’ problem-resolution ability and IT literacy, as well as promoting support for their personal growth, such as through reskilling. At the same time, we will develop a system to offer sustainable problem-resolution support that aims to revitalize the region, such as through stronger DX support, business startup support, or collaborations with external bodies.

By pursuing these initiatives and greater task efficiency, we will raise productivity even further and work hard to accumulate equity capital through risk management that strikes a good balance between earnings, risk, and equity capital.

Alongside this, on the risk management front, we will ensure that our governance systems are robust and we will continue to strengthen efforts to protect customers.

We will also raise the level of trust customers have in us by working hard to tackle money laundering and to improve the effectiveness of our risk management systems.

In addition, we will make sure our regional contribution activities—which consider the SDGs and decarbonization—are effective, and contribute to the sustainable development of the regional economy.

Through these kinds of efforts, all executives and other employees will work as one team to steadily implement the measures outlined in the medium-term management plan. We will also press ahead systematically with initiatives that help us to be 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 2023.

Basic Management Policies

Customers’ number one financial partner for problem resolution and for close ties to the region

Marking a new start with the region

Forging full steam ahead toward the future

1. Improve employee motivation and capabilities through greater investment in personnel development
2. Promote measures aimed at sustainable support for resolving problems
3. Contribute to sustainable regional productivity improvements by supporting technical development that considers the SDGs and decarbonization
4. Promote productivity improvement measures by raising topline revenue and task efficiency
5. Strengthen risk governance systems and improve compliance effectiveness

Key Measures

1. Improve employee motivation and capabilities through greater investment in personnel development
 - (1) Expand wide-ranging and diverse training opportunities aimed at improving our problem-resolution capabilities
 - (2) Boost motivation by uncovering diverse personnel and allocating the right people to the right places
 - (3) Improve ease of working and motivation in a way that suits employees’ life plans, and enhance employee welfare systems
2. Promote measures aimed at sustainable support for resolving problems
 - (1) Discover new businesses and advanced technologies coming out of Expo 2025 Osaka, Kansai
 - (2) Promote support for SMEs, including business startup support, sales channel expansion, business succession, and collaborations with external bodies
 - (3) Bolster service proposal capabilities by gathering information via customer databases
3. Contribute to sustainable regional productivity improvements by supporting technical development that considers the SDGs and decarbonization
 - (1) Support improved productivity for business partners using Kei-Yell and other digital channels, as well as DX
 - (2) Redevelop a network of next-generation branches to act as regional bases
 - (3) Support decarbonization by business partners and work continuously on our own SDGs activities
4. Promote productivity improvement measures by raising topline revenue and task efficiency
 - (1) Secure appropriate revenue levels by improving customer satisfaction through problem resolution and turn this into a business
 - (2) Reorganize our portfolio in order to strengthen market operation capabilities
 - (3) Promote measures aimed at improving productivity, such as strategic IT investments and integrating sales and financing
5. Strengthen risk governance systems and improve compliance effectiveness
 - (1) Reinforce risk management to consider market environment changes such as rising interest rates
 - (2) Implement thorough initiatives to protect customers through cyber-security or money laundering countermeasures, etc.
 - (3) Ensure compliance through a deeper understanding of elements such as high ethical standards, management principles, etc.