

## Message from the Management



Masao Kawamura  
Chairman



Satoshi Takahashi  
President

While the Japanese economy was adversely affected by natural disasters in the last fiscal year, higher inbound tourist spending and strong exports led to improvements in the employment situation and a gentle economic recovery overall.

Our home turf of Osaka will host not only Rugby World Cup 2019 matches this autumn but also Expo 2025 Osaka–Kansai in a few years' time. Events such as these have people talking excitedly about the region, and these are expected to stimulate activity and lead to an expansion of the local economy in the future.

On the other hand, smaller businesses are facing structural issues that include soaring raw material costs and high purchase prices, as well as labor shortages and other issues related to business succession due to a shrinking population. Resolving these problems will require business support to improve productivity, together with wide-ranging assistance from the public and private sectors working together, covering every phase from company setup to business succession.

The Bank of Japan's extension of its monetary easing policies has resulted in more fierce competition over interest rates for loans. At the same time, the market is calling for financing services able to cater to ever more diverse customer needs. We are also rapidly approaching a time of dramatic change for the world of finance as greater automation is achieved through technologies such as AI and the Internet of Things. This shift is being augmented by acceleration toward a cashless society and the entry of companies from other industries into the financial services sector.

In such an environment, Osaka City Shinkin Bank has been focusing on steady, sound management as we strive to be our customers' number one financial partner for problem resolution. Toward this end, we have been working to expand our consulting services, which include setting up a Business Succession Support Center. Other efforts include providing a smartphone app that allows customers to check their bank balances and a partnership with Origami Inc. to promote cashless systems. In these ways, we have been enhancing our ability to provide more convenient financial services that meet the varying needs of customers. Also, we are bolstering our internal control systems by strengthening cybersecurity and money laundering countermeasures as well as measures to protect customers from bank transfer fraud. All of these efforts have led to good financial results in fiscal 2018, as stable and vigorous as the previous year.

Fiscal 2019 is the final year of our Medium-Term Management Plan. As part of this plan, aimed at becoming our customers' number one financial partner for problem resolution, we set out four main policies for the year: enhancing productivity through greater operational efficiency; developing more convenient financial services; taking measures to enhance the consulting abilities of all employees; and constructing a robust internal control system to maintain customers' trust. We will work with all of our employees at the Osaka City Shinkin Bank to achieve our goals and fulfill the mission we have taken upon ourselves as a regional financial institution.

This report outlines the management policies and current condition of the Osaka City Shinkin Bank in an easy-to-understand format. We hope this will enhance your understanding of our activities at the Bank, and that we will be able to rely on your continued support and patronage.

July 2019

A handwritten signature in black ink that reads "M. Kawamura".

Masao Kawamura  
Chairman

A handwritten signature in black ink that reads "S. Takahashi".

Satoshi Takahashi  
President