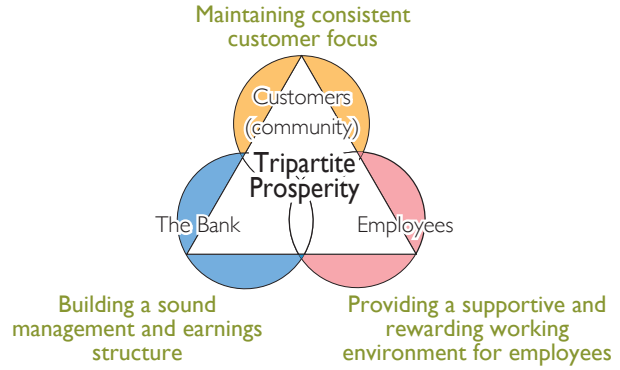


# Management Principles

## 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 2020

The current fiscal year will become an important year in light of the start of the Bank's new Medium-Term Management Plan "Smart Shinkin 2022."

Based on the theme of "Continuing to Be a Shinkin Bank," the plan calls to further expand the two-way communication between the Bank and our customers by creating a system designed to put us in close contact with the community and in one-stop fashion quickly solve the problems of the community and our business partners.

Six years have passed since the merger, and in order to continue reinforcing our management base, we will further strengthen the Bank's soundness by creating frameworks for stable earning power and thorough operational efficiency, meet the responsibilities assigned us by our customers, and keep contributing to the development of the local economy.

To this end, with the current fiscal year as the first year of our new medium-term management plan, in order to establish problem-solving finance as an earnings-enhancing business model, we will thoroughly apply the TSPE cycle (Task, Solution, Planning, Execute), develop human resources through practical training to enhance our consulting abilities, and will build frameworks that enable us to demonstrate our high team strength by promoting the right person to the right place and by sharing our management philosophy.

In addition, in order to improve productivity, we will promote operational efficiency through measures such as centralizing administrative office work and transitioning to paperless operations by using IT applications. Through the deployment of lobby concierges our bank branches will be transformed from a place of clerical processing to a place of communication, associated with the integration of face-to-face transactions and non-face-to-face transactions. Additionally, we will strengthen our customer service representatives' ability to back up dealings with long-standing customers, and work to enhance the consultation capabilities at bank branches.

Customer account representatives will likewise intensify the communication with customers involving both traditional face-to-face and digital technology-supported non-face-to-face interaction with a view to reinforcing the information provision and proposal capabilities surrounding issues such as management support, business succession, and M & A.

In terms of risk management, we will continue to strengthen our risk management systems by utilizing RAF (Risk Appetite Framework: a system for actively managing risks to achieve the Bank's management goals), address the prevention of financial crime such as money laundering, and provide for cyber security.

With regard to these issues, all officers and employees will act swiftly in concert with a strong sense of responsibility to

ensure thorough implementation so as to realize the objective of being our customers' number one financial partner for problem resolution, as proposed under our new medium-term management plan.

Based on the above, the Bank has formulated the following basic management policies for fiscal 2020.

### Basic Management Policies

Becoming our customers' number one financial partner for problem resolution

1. Enhance financial services and establish frameworks for stable earning power
2. Enhance productivity through greater efficiency
3. Rebuild the Bank's branch strategy as a point of contact with customers
4. Enhance consulting abilities and promote the right person to the right place through personnel sourcing
5. Improve risk management capabilities and reinforce response capacity

### Key Measures

1. Enhance financial services and establish frameworks for stable earning power
  - (1) Establish a problem-solving finance model through thorough TSPE cycle implementation
  - (2) Acquire commission revenue by providing comprehensive services
  - (3) Strengthen our ability to make proposals to customers by utilizing an integrated database
2. Enhance productivity through greater operational efficiency
  - (1) Promote work efficiency through centralization, a transition to paperless operations, and IT
  - (2) Make productivity improvements by establishing a task rotation system and by creating a backup system for our dealings with long-standing customers.
  - (3) Promote greater business process efficiency, such as through store layout reviews and promotion of control transfers
3. Rebuild the Bank's branch strategy as a point of contact with customers
  - (1) Implement strategic branch layouts that take advantage of branch characteristics
  - (2) Improve convenience for customers and reduce paperwork by streamlining bank counter operations
  - (3) Create a branch office lobby strategy based on integration of face-to-face and non-face-to-face transactions
4. Enhance consulting abilities and promote the right person to the right place through personnel sourcing
  - (1) Strengthen practical training for problem solving
  - (2) Foster a workplace culture that maximizes team strength
  - (3) Pursue the activation of human potential and promotion of the right person to the right place
5. Improve risk management capabilities and reinforce response capacity
  - (1) Improve management capacity and utilization of RAF by identifying potential risks
  - (2) Prevent financial crimes, such as money laundering; implement cyber security measures; and strengthen BCP response capacity
  - (3) Increase compliance awareness and prevention of malfeasance through governance propagation