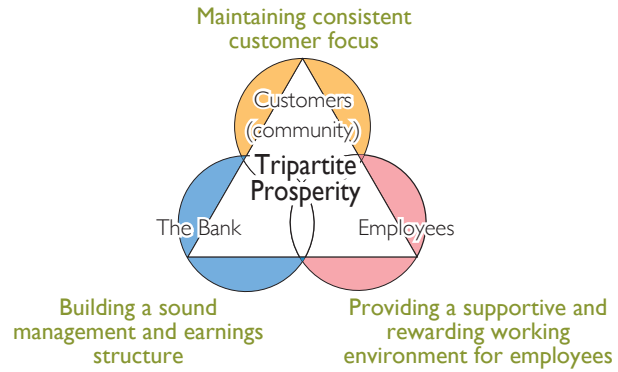


Management Principles

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 2025

Fiscal 2025 is the final year of the medium-term management plan Smart Shinkin Stock 2025, and the year in which we bring to completion our efforts to be our customers’ number one financial partner for problem resolution and for close ties to the region, and our building up of resources in three key types of capital. We will make use of these three—human capital, regional capital, and equity capital—that we have accumulated over the last two years, to create value to provide to customers and advance our highly sophisticated, comprehensive solutions.

Last fiscal year, we strategically ran personnel training cycles, developed dedicated staff and certified certain employees as masters of their profession. These and other activities helped to boost our ability to resolve issues. The establishment, and then expansion, of a support office inside the Business Support Department successfully accelerated support for these efforts. With a multitude of other initiatives—including launching community brunches, starting trials of generative AI and digital signage ads, and paying back priority investments in their entirety—the middle year of the medium-term management plan was effective in implementing the approach that had been prepared in the first.

This year is positioned as a vital one to create the results from these initiatives. Specifically, this means turning initiatives listed as the most important in the medium-term management plan—further enhancing personnel development, and improving consulting capabilities and IT literacy—into problem-solving results. We will work as a team with the goal of speeding up and promoting support for problem resolution, and advance diverse management consultations. Additionally, in line with our hope for Expo 2025 to open up the future for the world from here in Osaka, we plan to use these initiatives to build up even more regional capital.

More than anything else, this fiscal year is one on which to work together as a bank to optimize our core systems. This will involve promote measures to improve operational efficiency and productivity, such as by updating groupware and moving to paperless operations. As a result, we will raise top-line revenue, and strategically implement initiatives aimed at cutting costs, while simultaneously building up equity capital so we can withstand a certain degree of risk-taking. By doing so, we will further improve our financial soundness.

The year 2027 is a major milestone for us, marking as it does the 100th anniversary of our bank. As we work comprehensively toward this landmark, we will further enhance our efforts in the field of problem-solving finance, to act as an engine for growth going into the future.

In terms of risk management, we will work to raise our ability to counter risks associated with major market environment fluctuations, and further enhance our governance approach. To protect customers, employees, and the region, we will go further to enhance our ability to adapt to a multitude of risks, such as financial crime, money laundering,

and cyber-attacks.

These will help us to be our customers’ number one financial partner for problem resolution and for close ties to the region, and our building up of resources in three key types of capital—two aspects of our current medium-term management plan—and will lead into our next plan.

Based on the above, we have formulated the following basic management policies for fiscal 2025.

Basic Management Policies & Key Measures

Opening up the future for the world from here in Osaka

This fiscal year, as the third and final year of the current medium-term management plan, we will make it a year of creating results from the construction and implementation phases of the first and second years, and will focus our energies on the five points below.

Amidst a harsh economic environment, we will look to our 100th anniversary and ensure all employees, including executives, respect one another and demonstrate their combined strengths to be our customers’ number one financial partner for problem resolution and for close ties to the region.

1. Promote initiatives to maximize and optimally utilize human capital
 - (1) Advance efforts to make personnel growth cycles more effective
 - (2) Develop personnel and teams that are flexible and full of a spirit of taking on challenges
 - (3) Reform personnel systems to adapt to environmental changes to enhance desire to, and ease of, work
2. Create business models and stable revenue bases by improving productivity and problem-solving capabilities
 - (1) Expand top-line revenue to strengthen communication and problem-solving capabilities
 - (2) Provide new services and improved productivity through constructing new network systems, AI use, and operational multitasking.
 - (3) Make advancements in fund management capabilities by implementing flexible market operations
3. Drive support for problem solving to help improve corporate value
 - (1) Bolster our information utilization and problem-solving support approach by developing support offices and AI and other DX efforts
 - (2) Secure appropriate revenue levels by pushing commercialization of problem-solving support options
 - (3) Propose solutions that balance speed and quality and enhance continuous, accompanied support
4. Encourage regional revitalization activities based around Expo 2025
 - (1) Put forward continuous efforts to open up the future with the region, such as by spreading awareness of SMEs’ technologies through Expo 2025
 - (2) Offer business partners continuous SDGs support in areas such as climate change and decarbonization, and propel regional contribution activities
 - (3) Strengthen face-to-face relationships by using our branches as regional information hubs
5. Enact compliance efforts to build trust and enhance risk management
 - (1) Conduct integrated risk management to respond to environmental changes and ensure effectiveness of business continuity planning
 - (2) Build trust by advancing measures to combat money laundering, prevent financial crime, and boost cyber-security
 - (3) Toughen our internal controls and compliance posture by embodying our management philosophy