

Five Future Goals

Long-term vision

Digital & consulting bank that opens up the future to customers and the region

Envision the future to be realized from the perspectives of our five stakeholders based on fulfilling our social roles (ESG and SDGs).

Customers' perspective

Maximize benefits of financial intermediary capability and provide high-quality consulting solutions.

The Bank's perspective

Establish solid management foundations by building a sustainable business model and ensuring stable profits and soundness.

Regional perspective

Contribute to the development of the regional economy by creating new value and become a vital resource of the region.

Shareholders' perspective

Aim to increase share price, market capitalization, ROE, and shareholder returns through sustainable growth and enhancing corporate value.

Employees' perspective

Create workplaces where employees can fulfill their potential to the maximum and experience job satisfaction from being appreciated by customers.

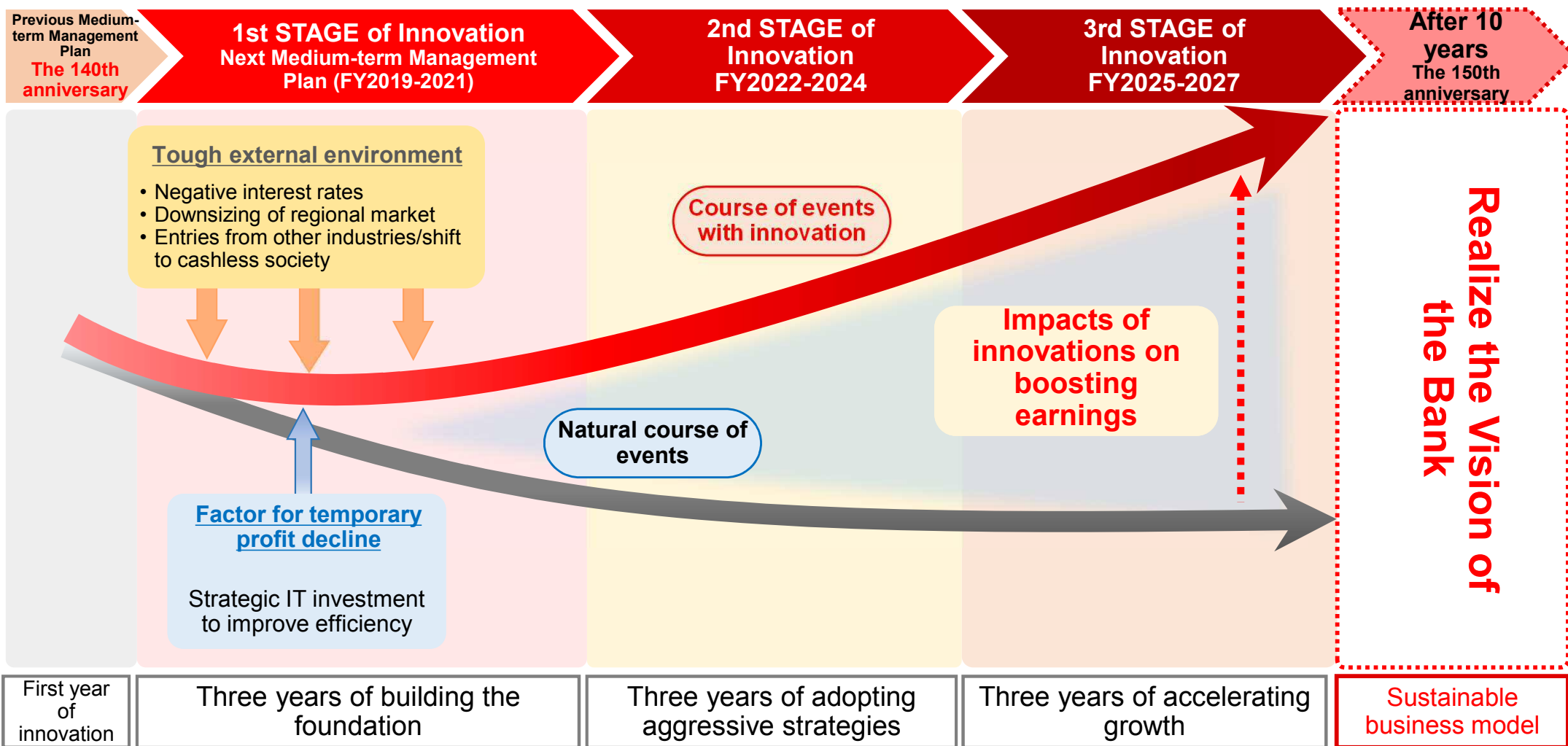


Five future goals to be pursued

- After three years building the foundation, the Bank will shift to a sustainable business model and realize the vision of the Bank within 10 years

Vision of the Bank within 10 years (numerical targets)

Item	Core OHR	Capital adequacy ratio	Net income
Targets	In the 60% range	10% or more	15.0 billion yen or more



- Steadily achieve the milestones set to realize the vision of the Bank within 10 years

Timeline/ Target item	Previous Medium-term Management Plan The 140th anniversary	1st STAGE of Innovation FY2019-2021	2nd STAGE of Innovation FY2022-2024	3rd STAGE of Innovation FY2025-2027	After 10 years The 150th anniversary
	FY2018 (actual)	FY2021 (targets)	FY2024 (targets)	FY2027 (targets)	FY2028 (targets)
Net income	10.7 billion yen	10.0 billion yen or more	12.0 billion yen or more	14.0 billion yen or more	15.0 billion yen or more
Core OHR	74.4%	Less than 79%	Approx. 75%	Approx. 70%	In the 60% range
Market share of loans in Mie Prefecture	36.8% (*as of September 2018)	Approx. 39%	Approx. 40%	Approx. 41%	41% or more
Number of personnel with professional qualifications	161 persons	300 persons or more	450 persons or more	600 persons or more	650 persons or more

- Number of personnel with professional qualifications ⇒ 1st Grade Certified Skilled Professional of Financial Planning, CFP, Small and Medium Enterprise Management Consultant

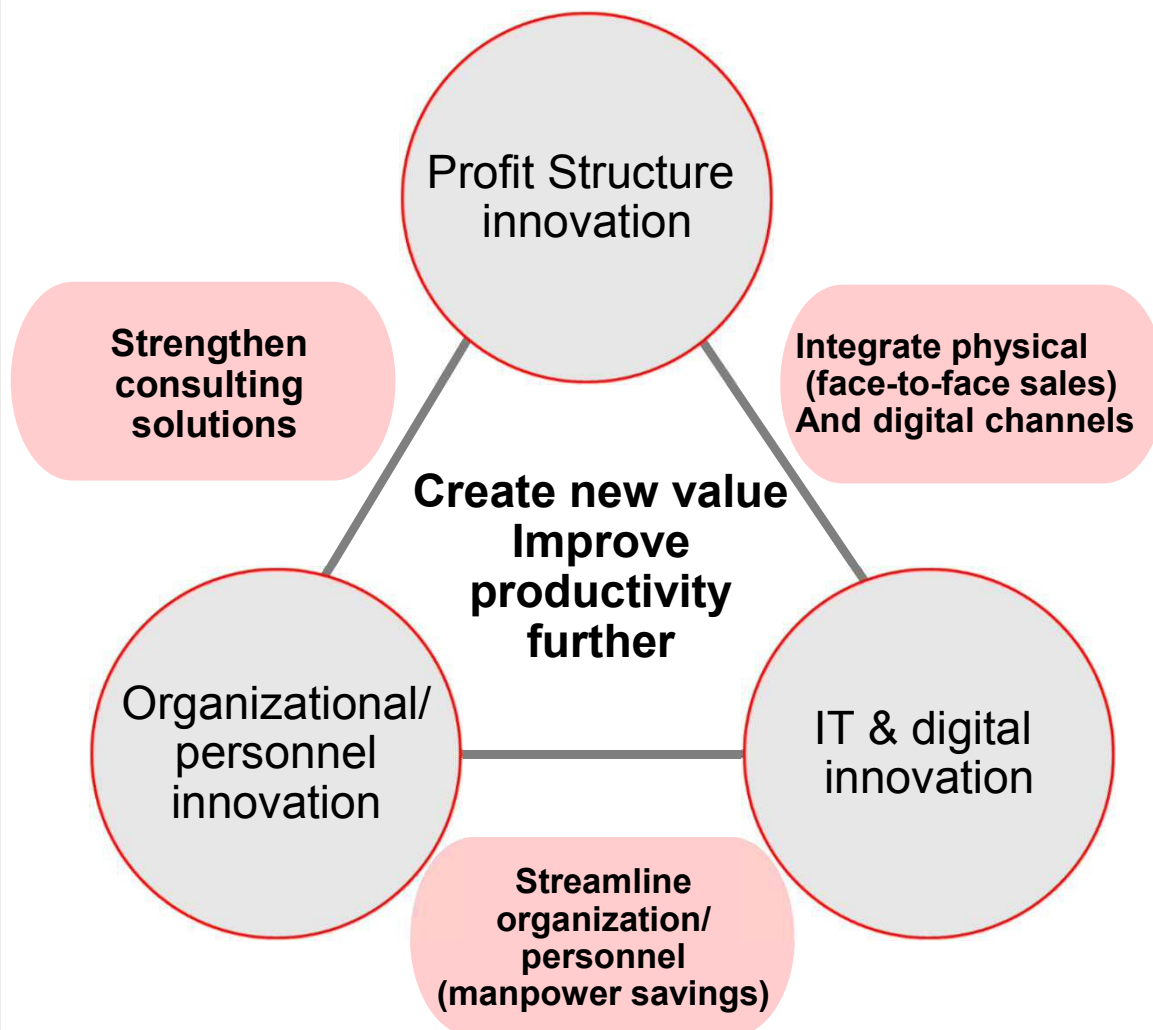
Three years of building
the foundation

Three years of
adopting aggressive
strategies

Three years of
accelerating growth

- Overview of the Medium-term Management Plan “KAI-KAKU 150 1st STAGE—Gateway to the Future” comprising three reform measures and 14 basic strategies

Three innovation measures



14 basic strategies

Profit Structure	(1) Strengthen topline (loan income)	(14) Initiatives for ESG/SDGs
	(2) Strengthen topline (fees and commissions)	
	(3) Develop new businesses/new fields	
	(4) Rebuild securities portfolio	
	(5) Thoroughly review cost structure	
Organization/ personnel	(6) Reform organizational culture (promote diversity)	
	(7) Increase efficiency of organization/personnel	
	(8) Develop professional human resources	
	(9) Strengthen business management system	
IT & digital	(10) Mobile channel strategy	
	(11) New business strategy	
	(12) Operations digitization strategy	
	(13) Branch office digitization strategy	
	(14) [Blank]	

- We set numerical targets designed to further strengthen the Bank's management structure over three years in order to build the foundation while looking 10 years into the future.

Numerical Targets of the Medium-term Management Plan

		Item	FY 3/19 (actual)	Final year FY 3/22 (target)
Target achievement indicators	Profitability indicator	Net income	10.7 billion yen	10.0 billion yen or more
	Capital efficiency indicator	ROE (Shareholders' equity base)	4.32%	3.7% or more
	Efficiency indicator	OHR (Core gross operating profit base)	74.43%	Less than 79%
	Soundness indicator	Capital adequacy ratio	9.74%	9.5% or more
Performance evaluation indicators	Growth indicator	Average balance of total deposit (including negotiable certificates of deposit)	4,992.9 billion yen	5,230 billion yen or more
		Average balance of total loans	3,246.2 billion yen	3,700 billion yen or more
		Loan-to-deposit ratio (average balance base)	65.0%	70.8% or more
	Profit indicator	Operating income from services to customers	1.5 billion yen	3.7 billion yen
		Corporate solutions fees	941 million yen	2,000 million yen
	Human resources development indicator	Number of personnel with professional qualifications	161 persons	300 persons

- Increase average balance of loans, such as loans to local medium-sized companies/SMEs and consumer loans, by approx. 500 billion yen.

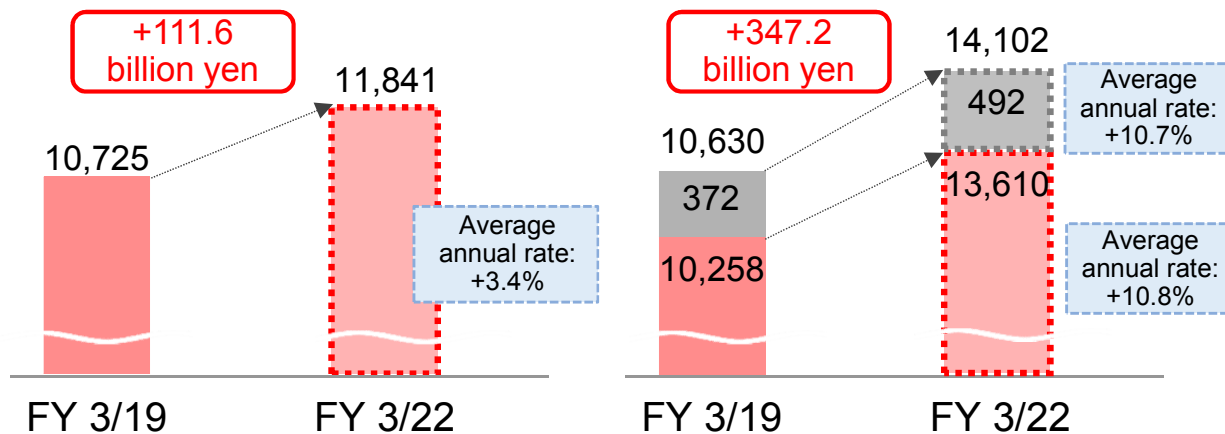
JPY-denominated loans Average balance plan

Loans to medium-sized companies and SMEs in the region

Consumer loans

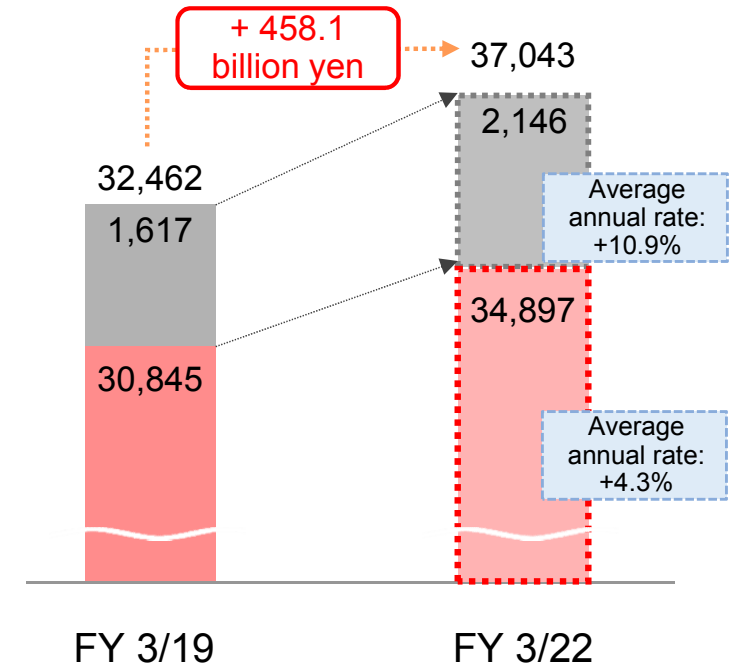
(Unit: 100 million yen)

Housing loans Unsecured loans



Total loans Average balance plan

(Unit: 100 million yen)
JPY-denominated loans Foreign currency-denominated loans



Foreign currency-denominated loans Average balance plan

- Increase average balance of loans by approx. 50.0 billion yen by further strengthening the operation system and based upon careful risk analysis.
- Provide loans for excellent floating-rate loan deals that offer reasonable spreads.

Improve loan-to-deposit ratio

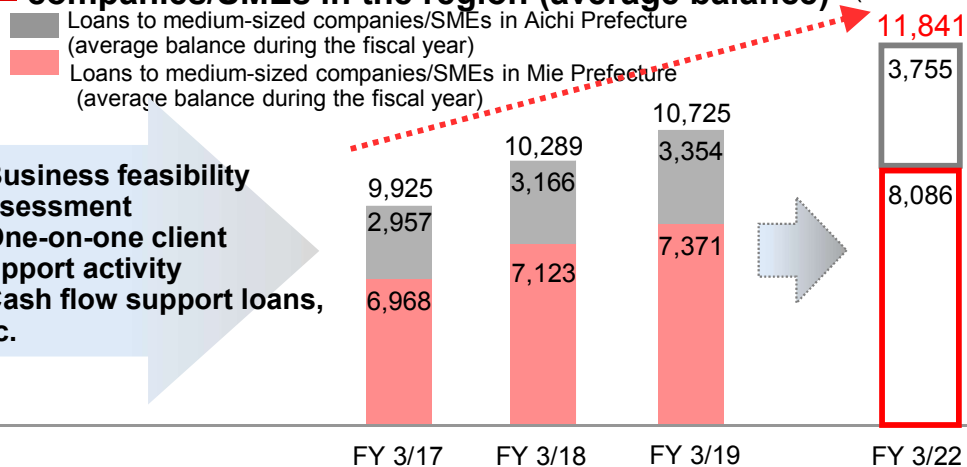
	FY 3/19 (actual)	FY 3/22 (final year of the Medium-term Management Plan)	Comparison with FY 3/19
Loan-to-deposit ratio	65.0%	70.8% or more	+5.8P or more

- Deepen business feasibility assessment to further strengthen financial intermediary capability and increase market share for loans.

Toward More Sophisticated Business Feasibility Assessments

Change in volume of loans to medium-sized companies/SMEs in the region (average balance)

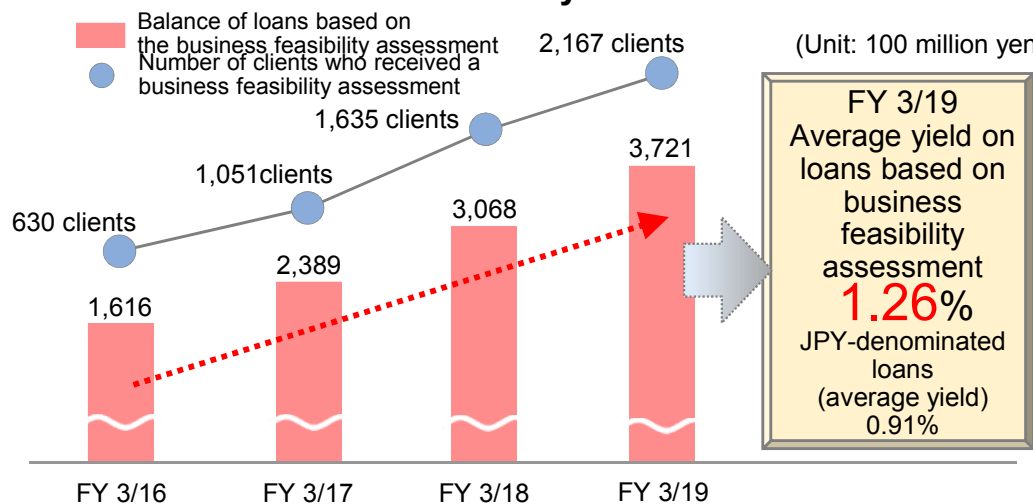
(Unit: 100 million yen)



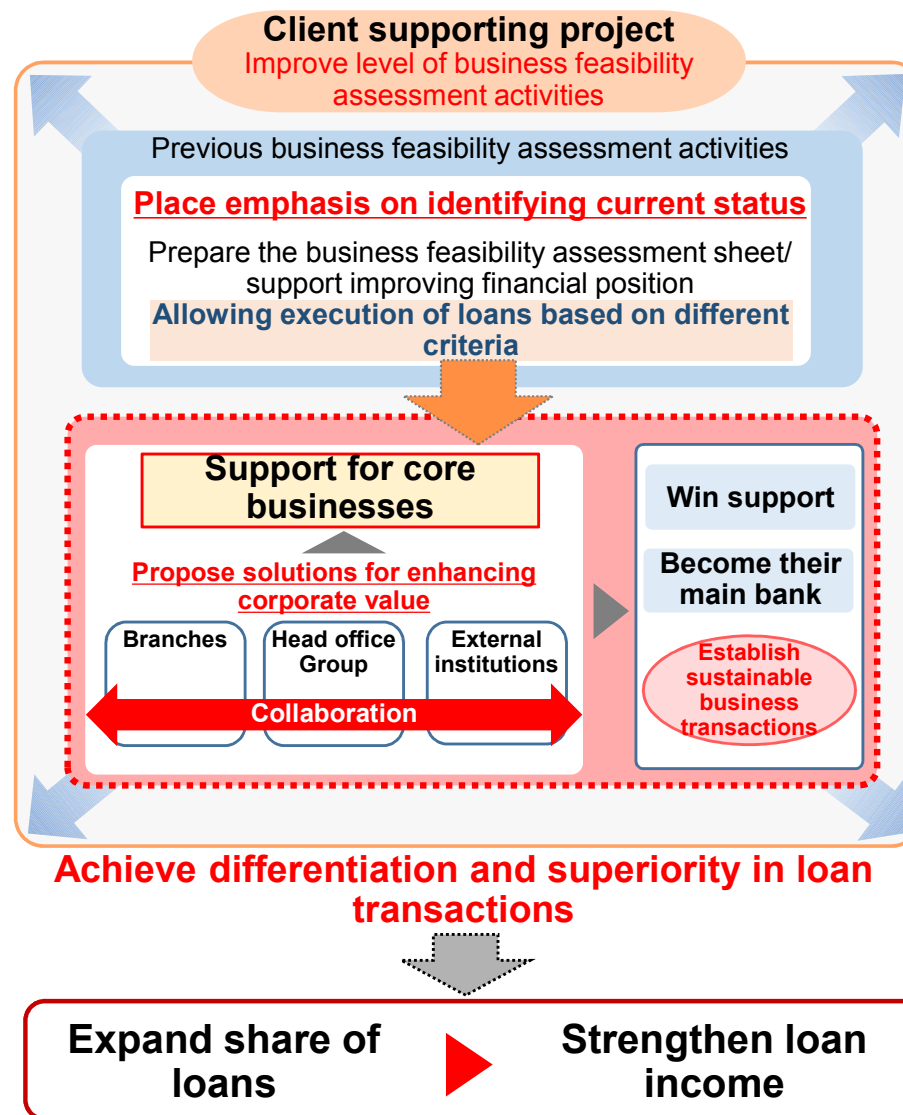
- Business feasibility assessment
- One-on-one client support activity
- Cash flow support loans, etc.

Change in the loan balance based on business feasibility assessment and number of clients who received a business feasibility assessment

(Unit: 100 million yen)

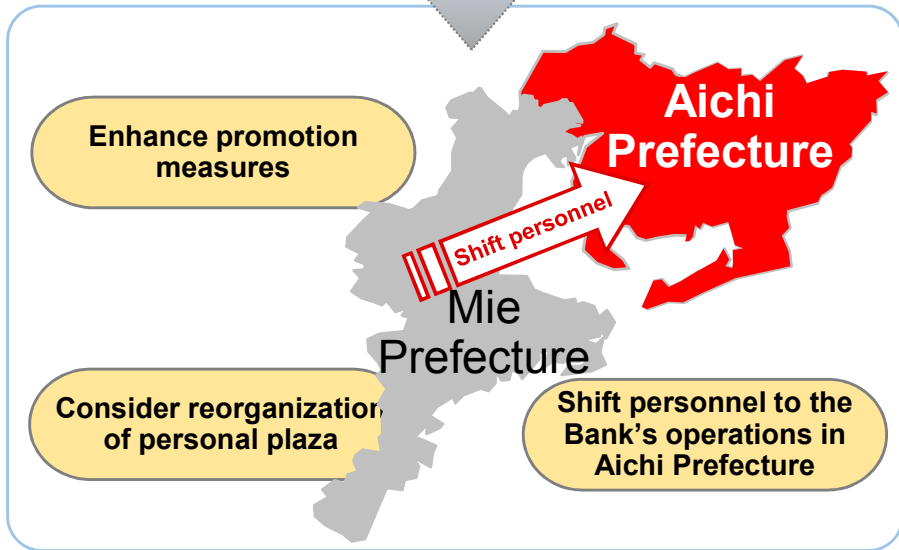
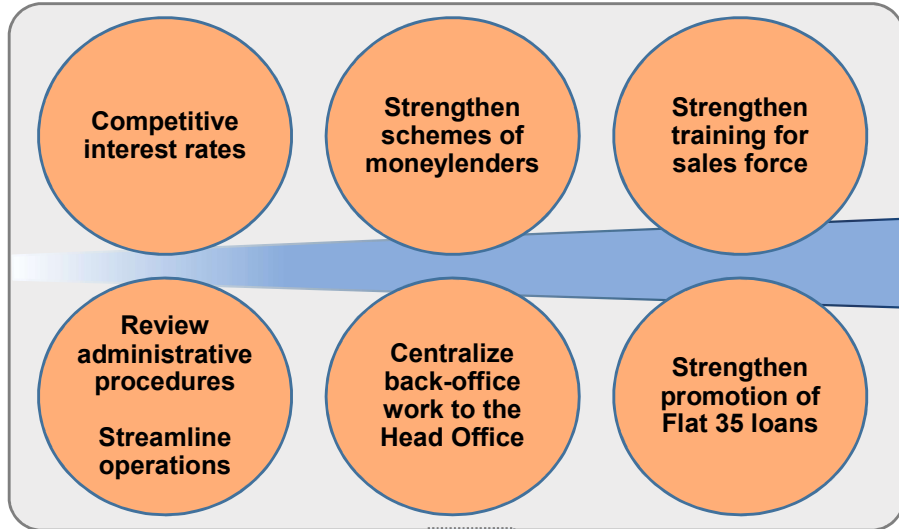


FY 3/19
Average yield on loans based on business feasibility assessment **1.26%**
JPY-denominated loans (average yield) 0.91%



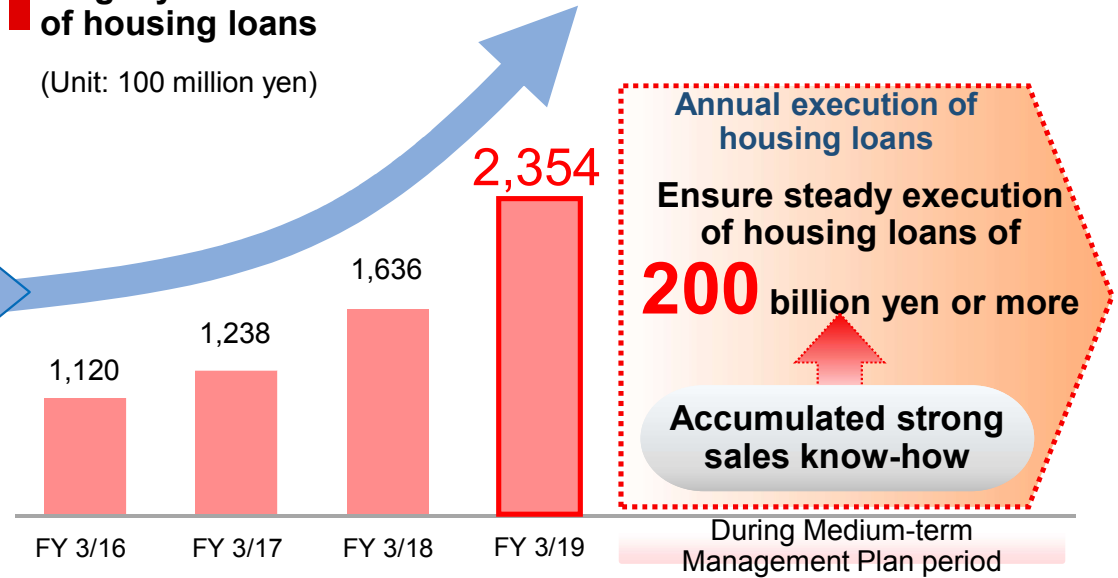
- Improve sales force and productivity to establish a system that secures an annual loan volume of 200 billion yen.

Housing loan promotion measures and numerical targets



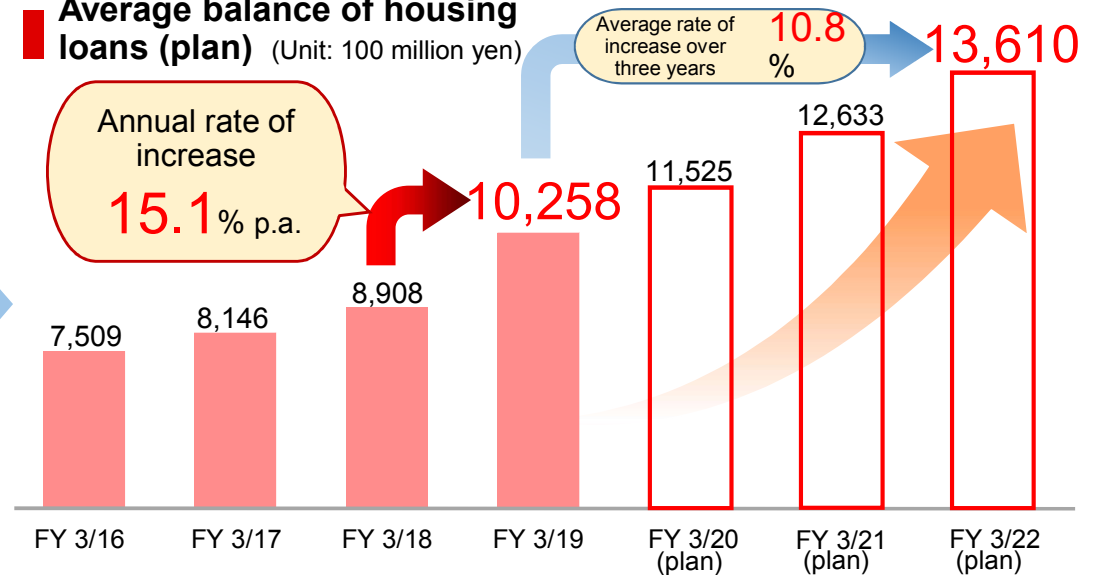
Single-year execution of housing loans

(Unit: 100 million yen)



Average balance of housing loans (plan)

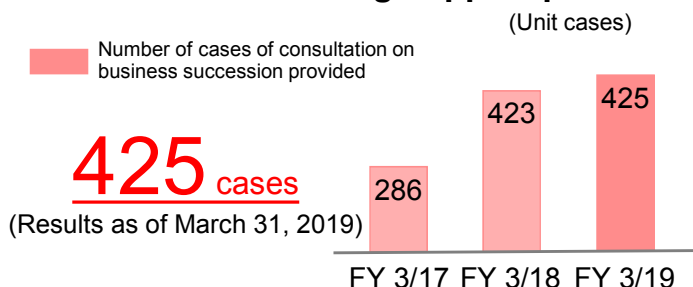
(Unit: 100 million yen)



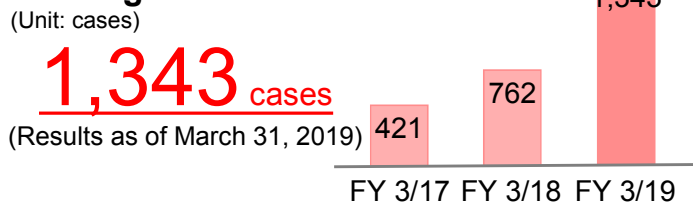
- Enhance offerings of solutions and support system to address customers' management issues and strengthen non-interest income

Corporate solutions fees

Number of cases of business succession consulting support provided



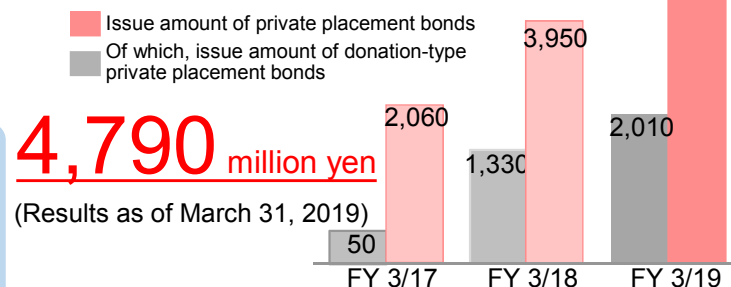
Number of business matching meetings held



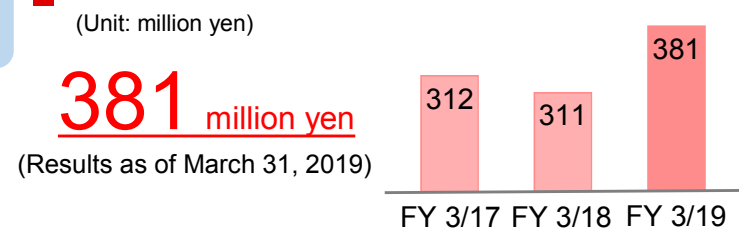
Newly established
Solution Business Division

Personnel in charge of corporate customers
Personnel in charge of individual customers
60 staff organization

Change in issue amount of private placement bonds

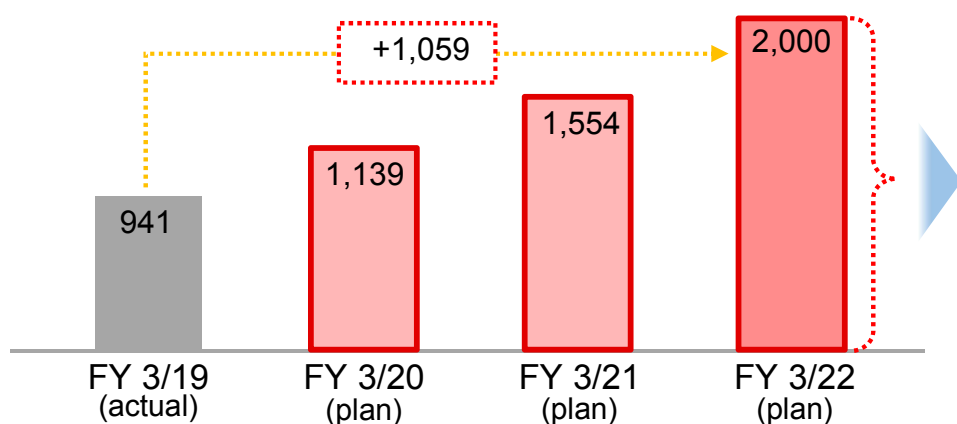


Structured finance-related fees



Corporate solutions fees (plan)

(Unit: Million yen)



Breakdown for FY 3/22 (Unit: million yen)	FY 3/22 (plan)	Comparison with FY 3/19
M&A	630	+422
Structured finance-related	478	+96
Business matching	300	+215
Derivatives	240	+189
Private placement bonds	150	+90
IT & digital-related	20	+20
Other	182	+24

- Make customer-oriented proposals for depository assets according to their needs in order to increase the penetration ratio of depository assets and strengthen depository assets-related fees

Depository assets sales strategy to increase penetration ratio

Depository assets penetration ratio

Depository assets penetration ratio (%)

II

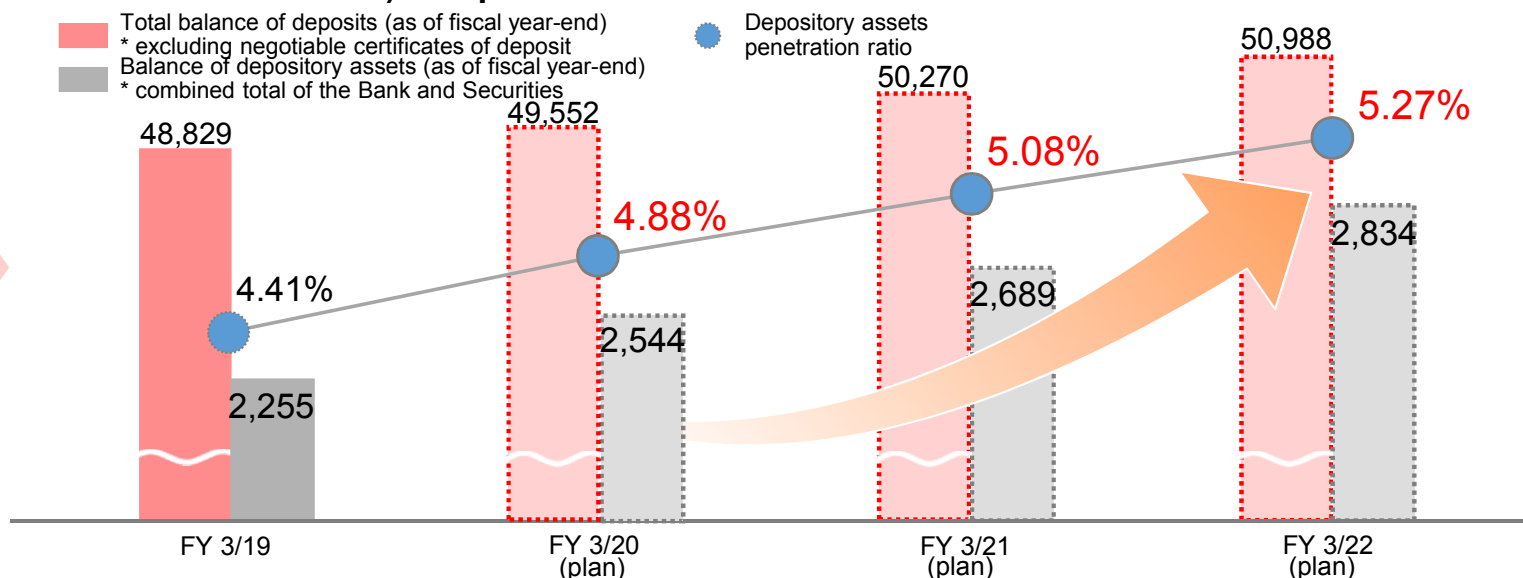
Balance of depository assets

Total balance of deposits + Balance of depository assets

Integrated management of deposits and depository assets through collaboration between the Bank and Securities

Trend of depository assets penetration ratio (combined total of the Bank and Securities) and plan

(Unit: 100 million yen)



Sales system and change of awareness

Allocation of sales force by segment

New sales system based on collaboration between the Bank and Securities

Improve efficiency of insurance consultation service locations

Based on customer-oriented principle

Propose importance of asset formation

Shift from deposits to asset formation

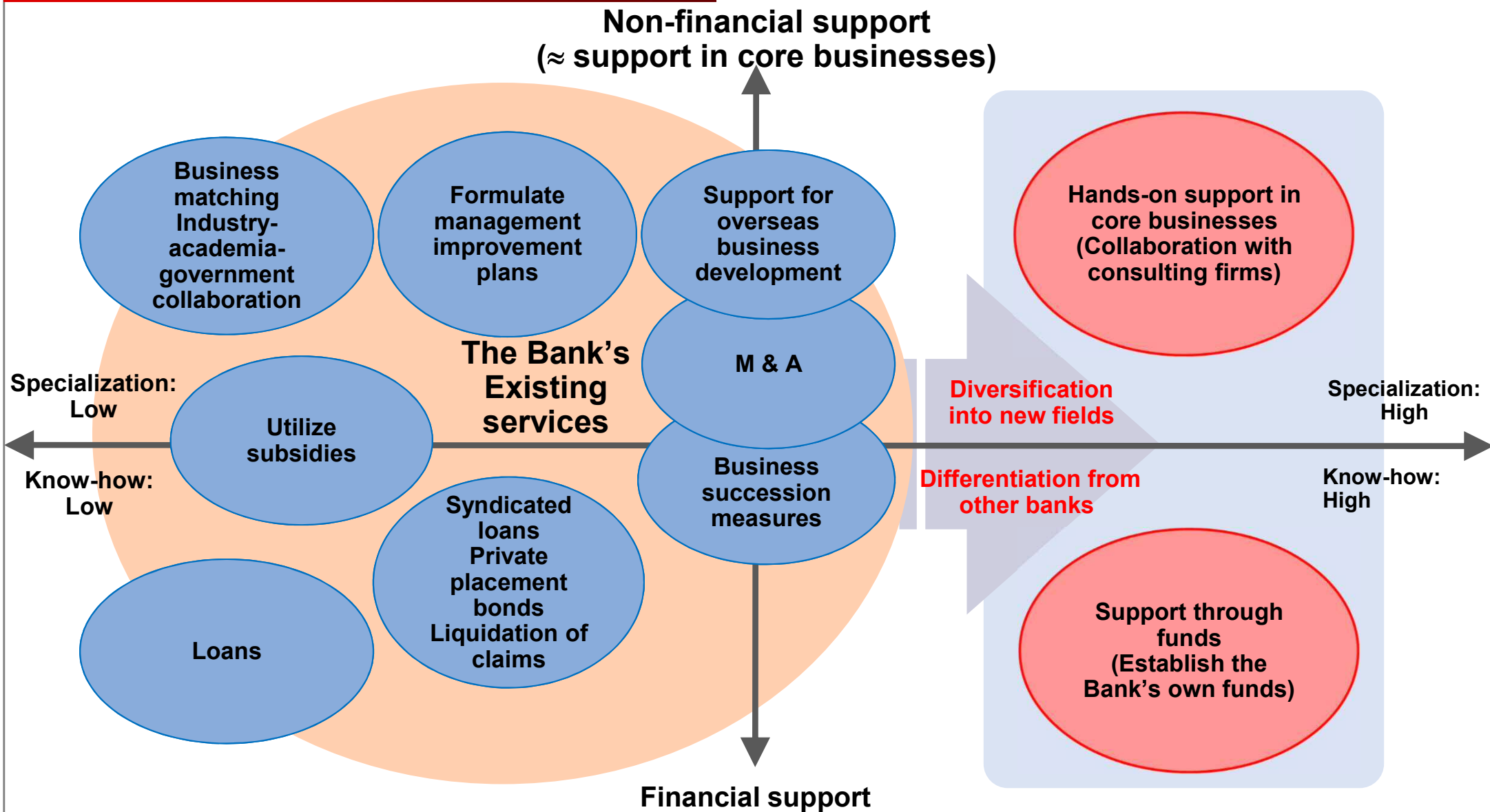
Numerical targets for depository assets-related fees

(Unit: million yen)

	FY 3/19 (actual)	FY 3/22 (plan)	Increase
Investment trusts	820	1,176	+356
Insurance	1,143	1,496	+353
Financial instruments brokerage	68	225	+157
401K (defined contribution pension)	79	100	+21
Total	2,110	2,997	+887

- Provide new financial service capabilities to establish a presence and ensure a sustainable competitive advantage in the sales area

Integrated financial service capabilities



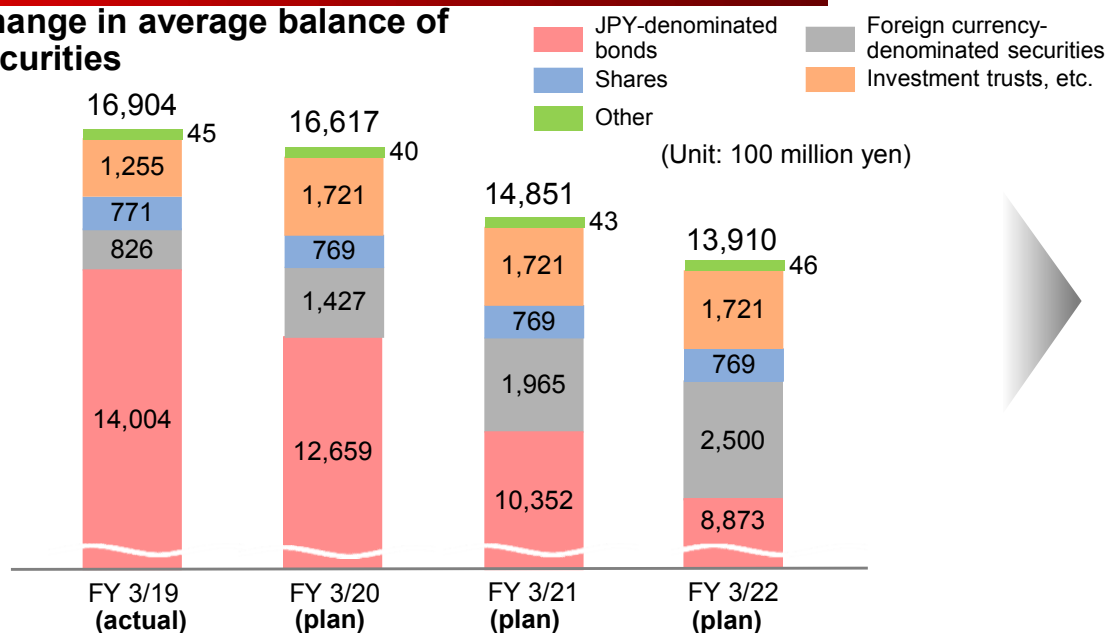
- Aim to rebuild the Bank's portfolio in order to earn stable income by reinvesting proceeds from large volumes of redemptions of JPY-denominated bonds and secure income

Investment policy by investment target

Investment target	Future investment policy	Direction
JPY-denominated bonds	<ul style="list-style-type: none"> Under the negative interest rate policy, the Bank will reduce JPY-denominated bond investments. 	↓
Foreign currency-denominated bonds	<ul style="list-style-type: none"> The Bank will mainly invest in high-liquidity bonds, such as Ginnie Mae bonds and European government bonds. 	↗
Securities	<ul style="list-style-type: none"> The Bank will maintain the balance at its current level and buy and sell individual stocks flexibly while capturing the right timing. 	→
Investment trusts, etc.	<ul style="list-style-type: none"> The Bank will increase investment trust holdings depending on timing from the perspectives of both income and capital gains. 	↗

Plan for the securities portfolio

Change in average balance of securities



Alternative investment targets for proceeds from redemptions of JPY-denominated bonds (500 billion yen)

Shift to loans such as loans to medium-sized companies/SMEs and housing loans

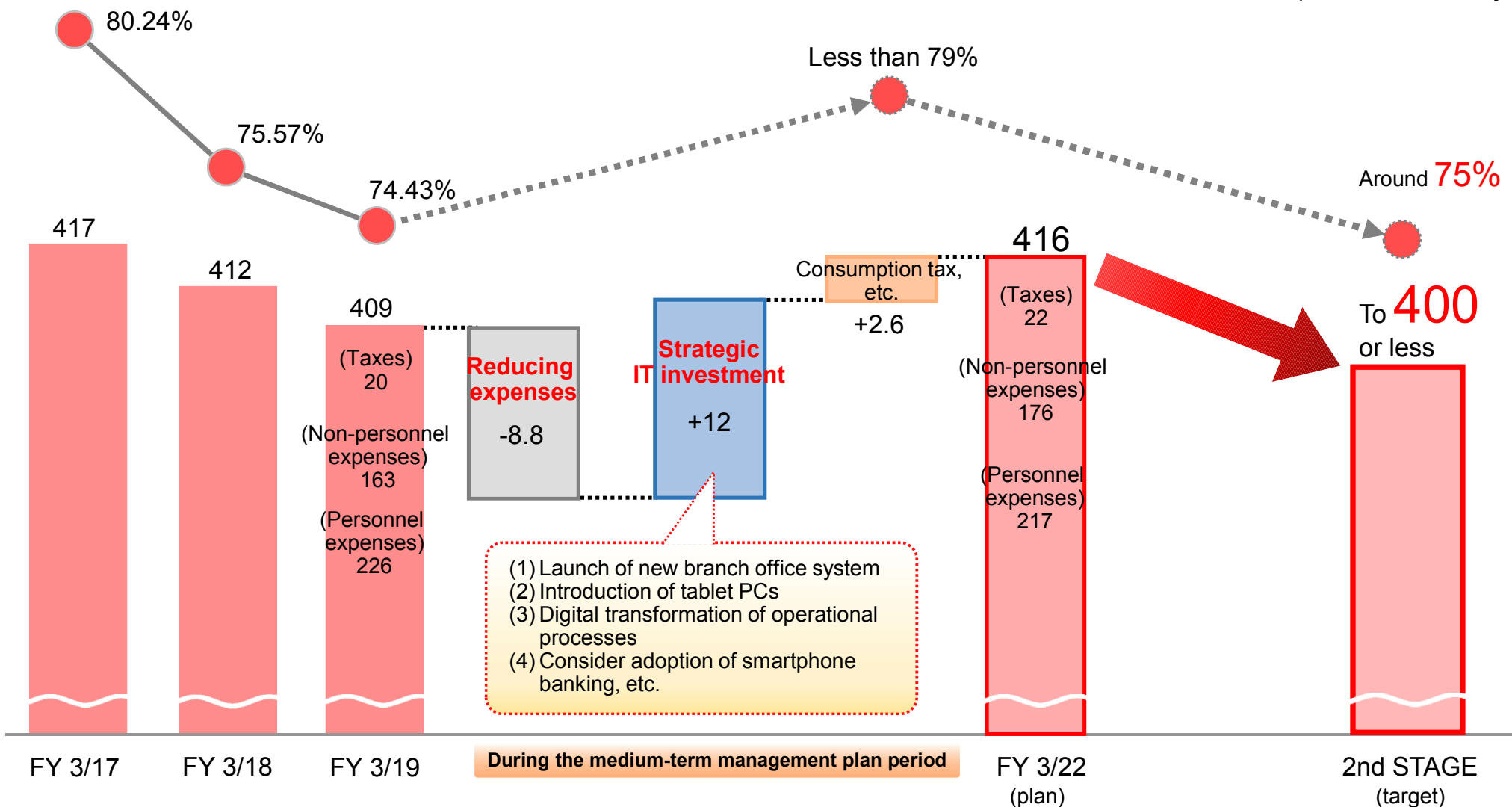
**Investment stance focusing on RORA/
Rebalance into a portfolio that is less susceptible to market fluctuations**

- Continue strategic IT investments and productivity improvement project to achieve reductions of expenses in the future

Trend of expenses and core OHR and plan

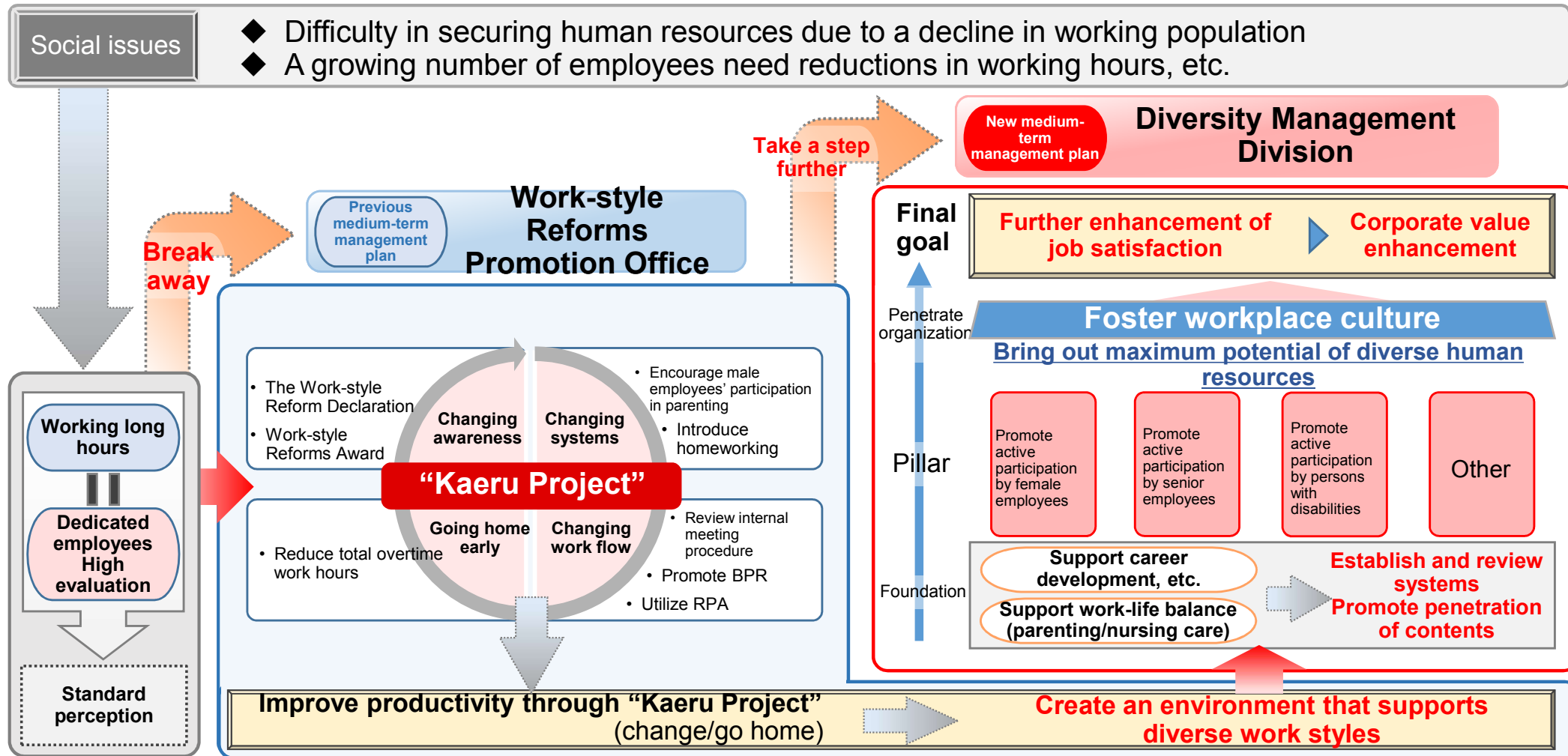
● Core OHR

(Unit: 100 million yen)



- Create workplaces that support employees with diverse work styles to achieve their full potential and build an organization that offers job satisfaction and a sense of unity

Promoting diversity centered on work-style reforms



Previous work-style model

Realize work-style reforms
Previous Medium-term Management Plan (FY2016-2018)

Realize diversity management
New Medium-term Management Plan (FY2019-2021)

- Increase efficiency of branch network by eliminating inefficient overlapping of sales areas, while maintaining branch network and convenience for customers

Consolidate functions by adopting branch-in-branch method

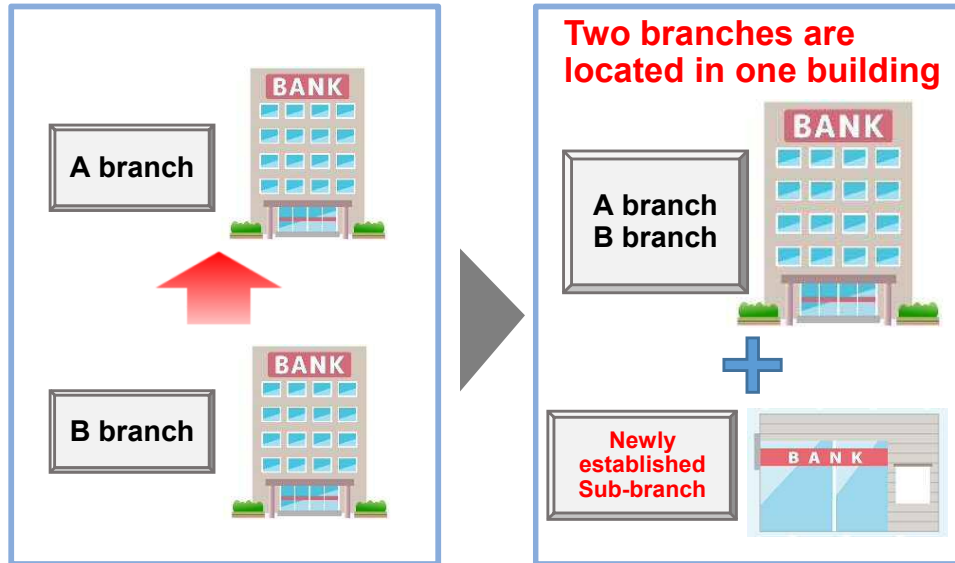
Eliminate overlaps in branches in sales areas

Maintain and secure convenience of customers

No changes to branch code and account number.

Number of branches consolidated through the branch-in-branch method

16 branches over three years



Downsizing of Sub-branches

Distance from main branches and neighboring branches

Trends of customers visiting branches

Study/
review

- (1) Limiting the services offered
- (2) Changing business hours
- (3) Setting non-business days on weekdays

10 branches over three years

Rollout of "105 Plaza"

BANK

Branch operation with a small staff
(Two employees and two-four part-timers)

Introduced first to Kiyamachi Plaza
(one employee and two part-timers)

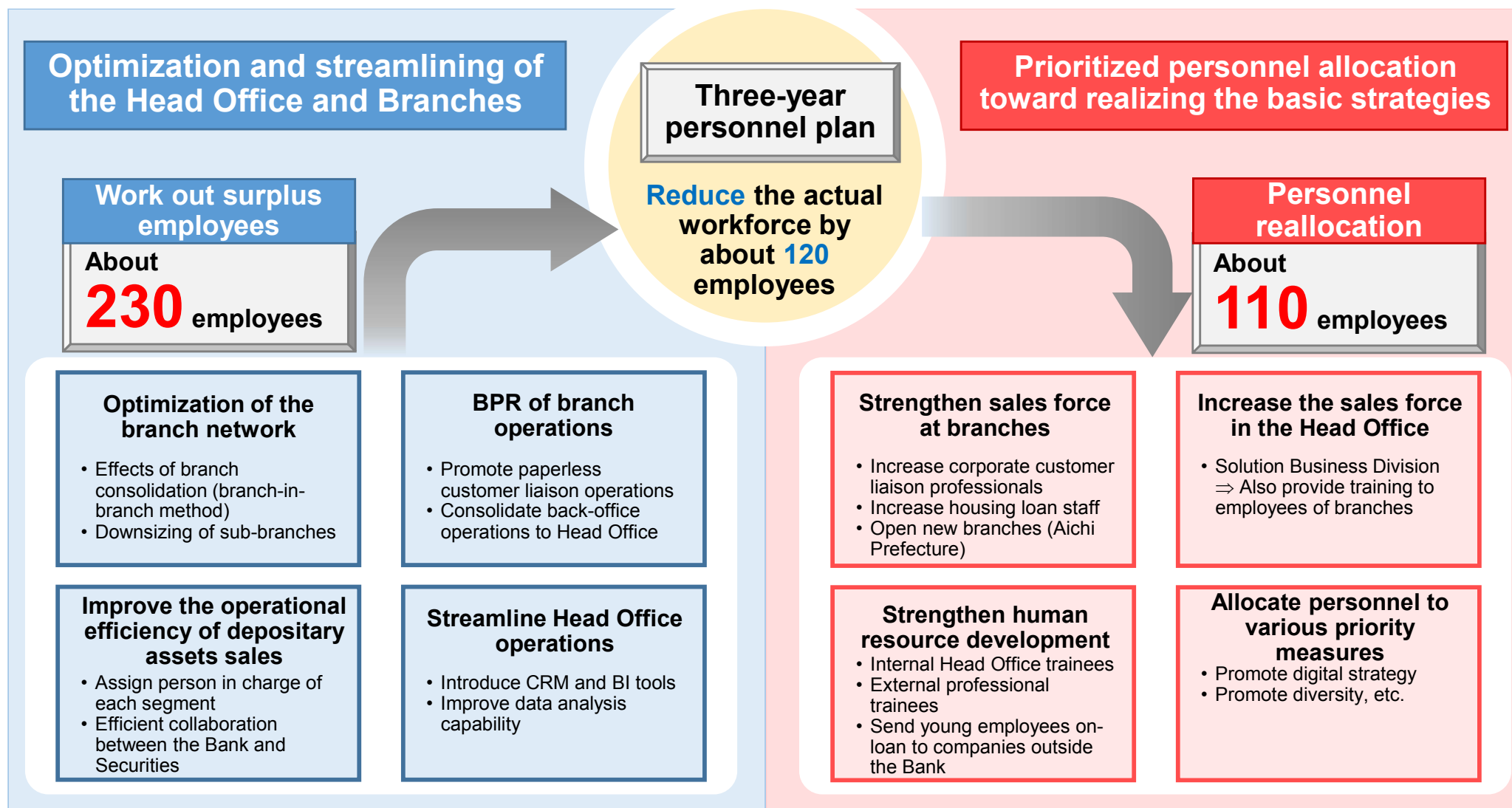
- Limited services offered
⇒ Cash handling services and consulting services
- Closed during lunch hours
⇒ 12:00 - 13:30



Promote improved operational efficiency by downsizing sales force and sharing and transfer of sales know-how.

- Set direction of branch strategy and aim for systematic reallocation of personnel while looking 10 years into the future

Personnel plan (reallocation) in the Medium-term Management Plan



- The Bank will implement four strategies using IT & digital and create new value and profit opportunities

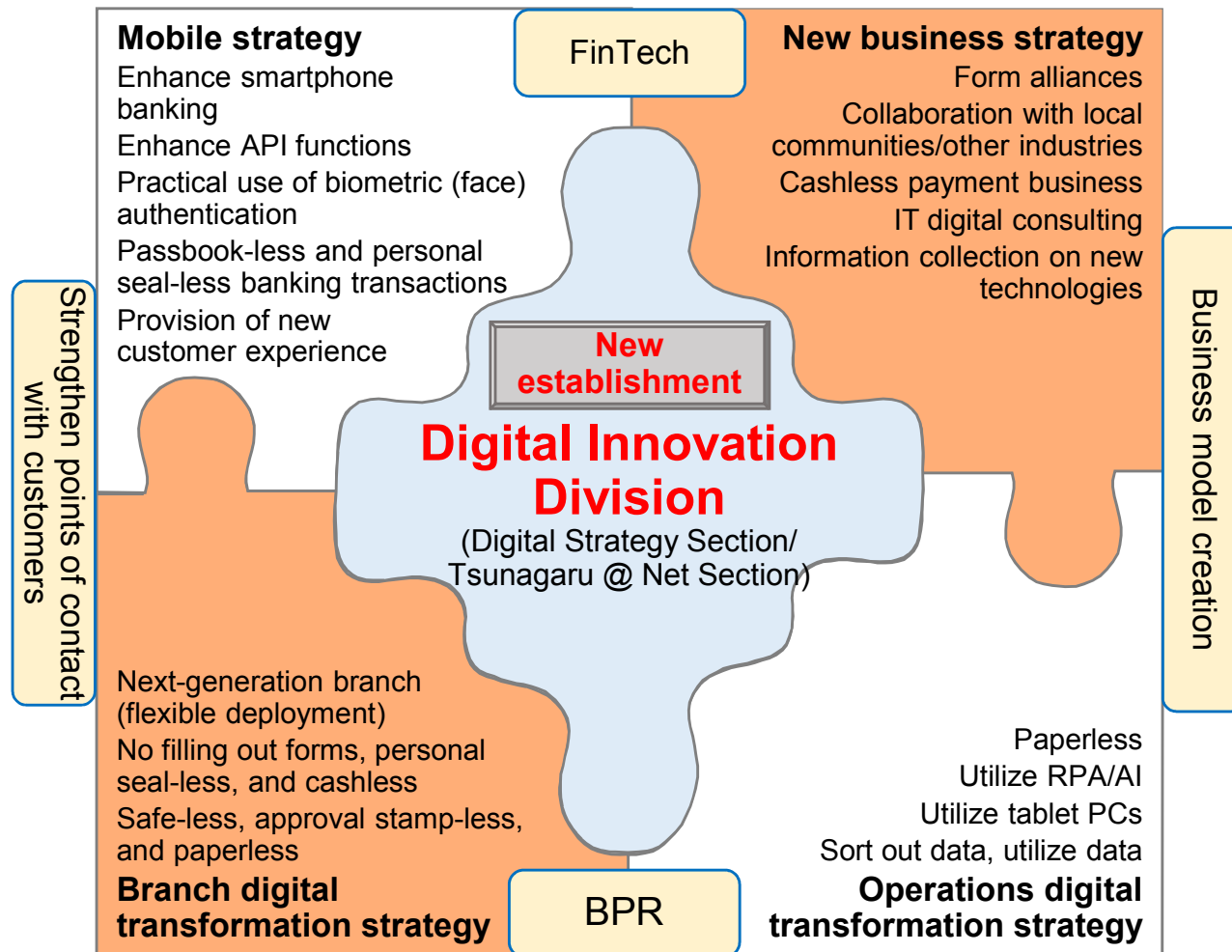
Four strategies in IT & Digital innovation

Mobile strategy
“Accessible anytime, anywhere”





















New business strategy
“Creative responses to environmental changes”

Operations digital transformation strategy
“From partial optimization to total optimization”

Branch digital transformation strategy
“from clerical work base to consulting base”



- The Bank will implement the 13 management strategies set out in the Medium-term Management Plan as initiatives for ESG/SDGs and practice sustainable management.

	Priority issues	SDGs to be addressed	Specific action items
 Environment	Protecting global and regional environments	    	<ul style="list-style-type: none"> Provide investments and loans/support for renewable energy-related projects Provide environmentally sensitive products Conduct forest preservation activities Conduct energy saving, recycling, and CO2-reducing activities
Social	Creating regional economy	    	<ul style="list-style-type: none"> Support regional companies to resolve issues (business succession, etc.) Support regional companies to increase added value Adapt to and support a cashless, digital society Provide support to individual customers for asset management/inheritance, etc. Conduct customer-oriented business operations
	Sustainably developing regional societies	    	<ul style="list-style-type: none"> Support persons with disabilities to live independently/participate in society Conduct contribution activities to support regional societies Provide support for financial education and asset management education, etc.
	Work-style reforms Promoting diversity	  	<ul style="list-style-type: none"> Promote women's active participation in workplaces, employment of persons with disabilities, and work-style reforms Support development of sophisticated human resources
Governance	Strengthening business management systems		<ul style="list-style-type: none"> Strengthen corporate governance Strengthen risk management system Strengthen compliance