

The New Medium-Term Management Plan, “Plan for Creating the Future Together: Stage II”

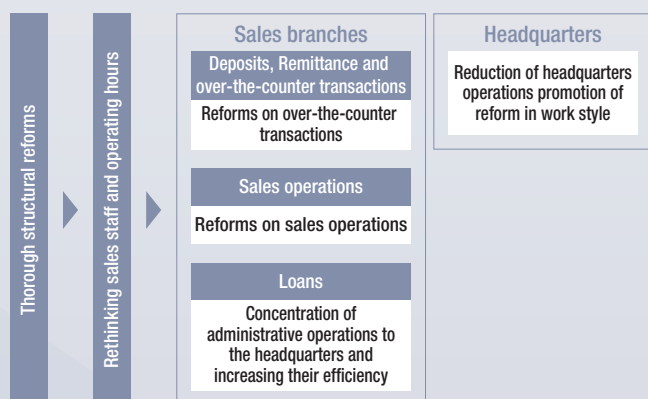
Through our 5 pillars of activities, we will create new value by addressing

The medium-term management plan, which focuses on strengthening software aspects (Stage II)

Under our medium-term management plan, “Plan for Creating the Future Together: Stage II” (fiscal year ending March 31, 2021 through fiscal year ending March 31, 2023), we will endeavor to enhance the human resources and organizational capability of the Group in order to improve our capacity of solving regional and customers’ problems. We will also implement many reforms ranging from strategies, organizations, systems to structures. For corporate customers, we will build a system under which solutions can be developed by one-stop and speedy measures, and for individual customers, a system under which customers may experience comprehensive lifelong services including non-financial services through a wide scope of services and channels. In order to realize these sales systems, we will also conduct a drastic review of the “human resource system, internal training system, and performance award system, etc.” We will establish a business model that allows mutual growth, shared between the regional society and the Bank, which will lead to further growth at the next final stage.

Positioning of “Plan for Creating the Future Together: Stage II” in Vision 2027

HOP Strengthening hardware aspects



STEP Strengthening software aspects (organization and human resources)

Building a business model for growth

- ▶ Based on the results of the structural reforms carried out during the preceding medium-term management plan, we will respond quickly to changes in the external environment and build a “business model unique to the Bank” that allows mutual growth, shared between the regional society and the Bank.
- ▶ The Chugoku Bank Group considers “revitalization of regional economies and SDGs” to be a top priority, and will provide more “human resources,” “information,” “funds,” and “know-how” than ever before, while aiming to build a “platform for co-creation” by playing a key role in cooperation with the regional society. We will accelerate the resolution of regional issues and link the growth of the regional society to the growth of the Chugoku Bank Group.
- ▶ To achieve this goal, we will strengthen our organizational capabilities and human resource development.

5 pillars

- We will face up to various issues surrounding local communities, and aim to solve issues, create new businesses, and put the SDGs into practice.
 - We are committed to solving social and environmental issues by offering customers our know-how, collaborating with various organizations, and conducting businesses practicing the SDGs.
- The Chugoku Bank Group is committed to providing new value to customers and solving their various issues.
 - We will push ahead with strengthening the integrated sales activities of our sales branches and headquarters, expanding our services including non-financial services, participating in new business domains such as recruitment agency, regional trading company and business consulting services, and enhancing our group synergy.
- We will recognize our employees as one of the most important stakeholders of the Group, increase their job satisfaction, and help realize their self-fulfillment and growth.
 - We will build an organizational structure that enables our employees to work with greater satisfaction than ever before, by reforming our human resource system, reviewing the performance award system, and transferring more authority to the Block and sales branches.
- We consider the rapid development of digitalization of financial services to be a major business opportunity for the Group.
 - We will aim to expand customer contact and to create new customer experiences utilizing digital technology, by enhancing smartphone applications for individual customers and launching a portal site for corporate customers. We will further improve the efficiency of banking operations through digitalization.
- In order to cope with the challenging market environment, such as the prolonged negative interest rates, we will aim to achieve sustainable profit growth by stabilizing profit levels in our core businesses including the new business domains and fundamentally reviewing our cost structure.

various challenges of customers from the regional community



Advance to a comprehensive service bank centering on financing

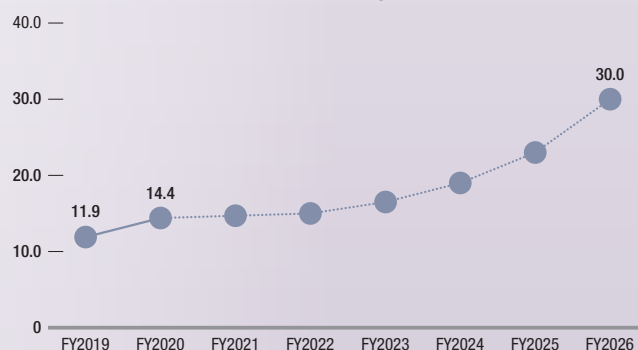
JUMP Compilation

Establishing a business model that allows mutual growth, shared between the regional society and the Bank



The Chugoku Bank Group to become a regional platform

Net income attributable to owners of parent (Billions of Yen)



stage III / FY2023

FY2026

KPI

Stakeholders	KPI	Results in FY 2020	Final year of the medium-term management plan (FY 2022)
Regional society	Number of projects to address regional issues that contributed to the SDGs	Continuous improvement	Continuous improvement
	(1) Total of the number of start-ups for which we provided support ¹ and the number of companies for which we provided support in business succession ²	65 customers	Total of 3 years: 200 customers
	(2) Activities contributing to the improvement of financial literacy, etc. ³	195 events (over 3,000 attendees)	Continuous improvement
Customers	Customer satisfaction ⁴ (individuals and corporate)	Corporate Survey FY2020 Customer satisfaction: 74% (previously, 70% in FY2018)	Continuous improvement
Employees	Labor share in core business net profit before payment of personnel expenses ⁵	54.03%	54% or more
Shareholders, etc. (all stakeholders)	Net income attributable to owners of parent	¥14.4 billion	¥15.0 billion
	Consolidated capital adequacy ratio (Basel III)	13.44%	Maintained stably at 12%
	Consolidated ROE	2.68%	—

¹ Number of start-ups for which we provided support: Number of supported customers that started business through our events for start-up support

² Number of companies for which we provided support in business succession: Number of entrusted contracts for business succession consulting services

³ Activities contributing to the improvement of financial literacy, etc.: Number of events and study meetings held for the improvement of financial literacy and business skills, etc.

⁴ Customer satisfaction: Number of answers indicating "Satisfied" or "Almost satisfied" in the customer questionnaires

⁵ Labor share in core business net profit before payment of personnel expenses: Personnel expenses divided by (core business net profit + personnel expenses)