

The long-term management plan, “Vision 2027: Plan for Creating the Future Together”

Create with Our Community, Customers and Employees a Rich Future that We Can All Share

In March 2017, we established our 10-year long-term management plan, “Vision 2027: Plan for Creating the Future Together.” Our aim with this plan is to build a sustainable business model that can rise to meet the challenges presented by a shrinking population and other societal changes, and one that will enable everyone, not just the Chugin Financial Group, but also the entire region, our customers, and employees to share in a prosperous future.

The current four-year medium-term management plan is Stage III of this long-term management plan.

Stage I

FY 2017 to FY 2019

Structural Reforms

(Strengthen tangible aspects)

- Secure personnel and time for sales activities through thorough structural reforms (BPR Promotion Project)
- Launched Okayama Innovation Project and Okayama Tech Planter
- Concluded Okayama Co-creation Partnership
- Transitioned to TSUBASA mission-critical system and jointly developed TSUBASA Fin Tech common infrastructure
- Introduced flat meetings (invigorating internal communication)
- Introduced head office recruitment system

Stage II

FY 2020 to FY 2022

Behavioral Change

(Strengthening intangible aspects)

Strengthening our efforts in revitalization of regional economies and SDGs

- Establishing a dedicated department and sustainability committee
- Promoting revitalization of regional economies together with regions and customers

“Deepening” the sales with customers first spirit

- Introducing Regional Headquarter System and self-imposed targets
- Deepening consulting sales business and acceleration of new businesses
- Established Group companies (regional trading companies, investment specialists, staffing agencies, consulting)

Revitalization of organization

- “Major overhaul” to human resource system for the first time in 17-years
- Promoting diversity

Strengthening the digital strategies

- Accelerating digitalization of sales, administrative, and headquarters operations
- Launched Chugin App and Chugin Business Portal

Establishing a sustainable growth model

- Controlling expenses, reorganizing branches, reallocating staff, etc.

KPI Review on Stage II

Stakeholders	KPIs	Targets for FY 2022	Results in FY 2022
Regional societies	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}	Total of three years 200 customers	Total of three years 222 customers
	② Activities contributing to the improvement of financial literacy, etc. ^{*3}	Continuous improvement	Total of three years 805 events over 16,000 attendees
Customers	Customer satisfaction ^{*4} (individuals and corporate)	Continuous improvement	Corporate Survey FY 2022 Customer satisfaction: 69% Individual Survey FY2021 Customer satisfaction: 65%
Employees	Labor share in core business net profit before payment of personnel expenses ^{*5}	54% or higher	44%
Shareholders, etc. (all stakeholders)	Net income attributable to owners of parent	¥15.0 billion	¥20.4 billion
	Consolidated capital adequacy ratio (Basel III)	Remain stable at 12%	12.87%
	Consolidated ROE	—	3.79%

*1 **Number of start-ups for which we provided support:** Number of supported customers that started business through events for start-up support held by the Chugoku Bank

*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)

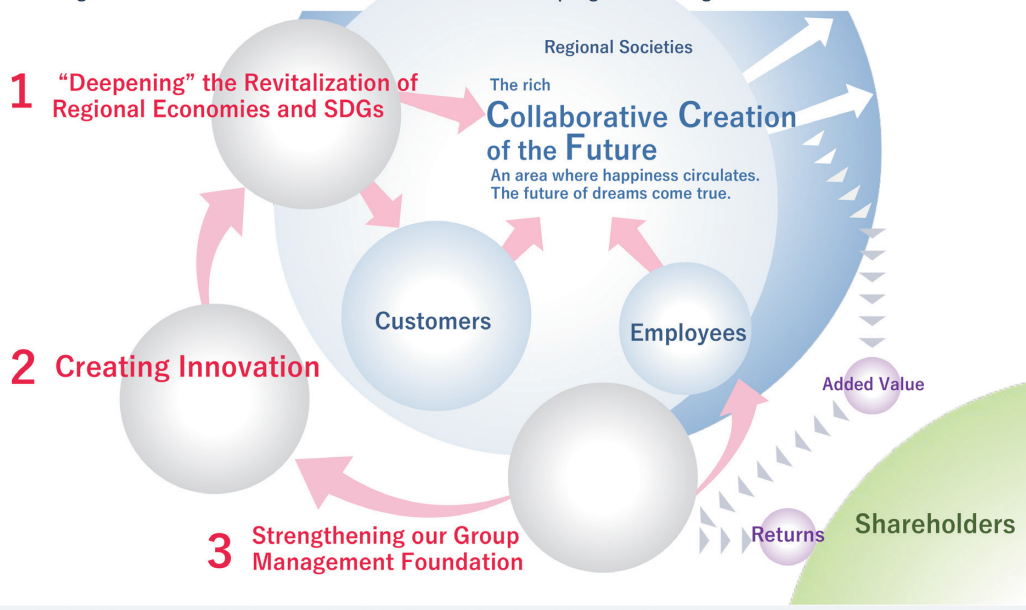
Stage III

FY 2023 to FY 2026

Demonstrating the Results and Taking on New Challenges

Plan framework

The three growth strategies of this plan are ““Deepening” the revitalization of regional economies and SDGs,” “Creating innovation,” and “Strengthening our Group management foundation.” The plan will create a virtuous cycle, thereby enabling us to realize a sustainable business model that will develop together with regional societies and customers alike.



October 2022 - Transitioned to a holding company structure

Stage III KPI

Reason for selection	Financial KPI	Results in FY 2022	Targets for FY 2026
Profitability	Net income attributable to owners of parent	¥20.4 billion	¥30.0 billion
Capital efficiency	ROE	3.79%	5% or higher
Soundness	Capital adequacy ratio	12.87%	11% to 13%

Materiality	Growth strategy	Sustainability KPI	Results in FY 2022	Targets for FY 2026
Environmental management promotion	“Deepening” the revitalization of regional economies and SDGs	CO2 emissions reduction	Carbon neutrality by FY 2030 ^{*1}	
Revitalization of regional economy and society		Cumulative execution amount of sustainable financing ^{*2}	¥641.8 billion	¥1 trillion
Response to low birthrate and aging society		Number of entrusted contracts for consultations ^{*3}	256	460
		Number of owners of 5 products in custody and housing loans	206,000	260,000
DX promotion	Creating innovation	Number of inheritance-related projects ^{*4}	487	800
		Business model transformation (operations, channels, and organizations)	—	(Qualitative assessment)
Promotion of diverse human resources	Strengthening our Group management foundation	Percentage of management/supervisory personnel that are women (bank only)	13.4%	25%
		Amount of human capital investment ^{*5}	¥0.3 billion	¥0.5 billion

*1 Achieve net zero for Scope 1 (direct emissions from combustion consumption of gas, gasoline, light oil, etc.) and Scope 2 (indirect emissions from use of electricity, heat, etc., supplied by another company) by the end of FY 2030

*2 Investment subjected is the execution amount from FY 2020 onward in social fields (medicine, nursing care, childcare, education, etc.), environmental fields (solar power, wind power, biomass power, EVs, etc.), and support for revitalization of regional economies and SDGs/ESG initiatives

*3 Annual number of entrusted contracts of consulting project for business succession, environmental, and other consultation areas

*4 Annual number of testamentary trusts, inheritance support, and similar projects

*5 Amount of money invested in employees, such as training and education expenses, academic scholarship expenses, Chugin Open Lab activity expenses, and personnel expenses for taking training and secondment