

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

In March 2017, we formulated and released a 10-year long-term management plan, in what was then considered an extremely rare action for a regional bank. Titled “Vision 2027: Plan for Creating the Future Together,” the plan maps out our goal to build a sustainable business model for tackling social challenges such as population decline and creating a rich future—not just for the Chugin Group, but one that we can share with our community, customers, and employees. We defined the Group’s Corporate Principles of “Create with our community, customers and employees a rich future that we can all share” as our long-term vision. We also established and have been implementing a framework for achieving that vision through two approaches: actions for creating a rich future, and actions for building a management foundation. The current medium-term management plan (four years) represents Stage III of the 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.

Actions Taken in Stages I & II

Stage I focused on carrying out structural reforms and strengthening tangible aspects and included implementing the BPR Promotion Project. We worked to secure personnel and time for sales activities via thorough structural reforms. In Stage II, our focus shifted to behavioral change initiatives and strengthening intangible aspects. We stepped up efforts to incorporate revitalization of regional economies, SDGs, and digitalization in the plan’s framework, and took actions such as introducing the Regional Headquarter System and self-imposed targets and carrying out a major overhaul of the human resource system. Also, we worked to expand our business axis through the launch of subsidiaries capable of offering solutions for diverse challenges. In October 2022 we established Chugin Financial Group, Inc. and transitioned to a holding company structure headed by that company.

Actions for Creating a Rich Future	Launched BPR Promotion Project	Launched corporate vehicle leasing business	Entered staffing agency business	Launched new business development project	Established new business development center	Established Chugin Capital Partners Co., Ltd.
	BPR	Introduced offsite sales tablets	Introduced TSUBASA Smile	Established OnAd Co., Ltd.	Expanded into other business areas	Established Chugin Human Innovations Co., Ltd.
		Introduced sales office system	Launched new loan support system	Sustainability	Launched Regional Headquarter System aligned with administrative divisions	Established C Cube Consulting Co., Ltd.
		Began centralizing loan-related operations to head office	Concluded Okayama Co-creation Partnership			Formulated Basic Policy on Sustainability
	Launched Okayama Innovation Contest	Established Okayama Tech Planter	Issued Chugin SDGs Declaration	Launched regional revitalization & SDGs project	Declared support for TCFD	Established sustainability committee
					Established Regional Revitalization & SDGs Promotion Department	
Actions for Building a Management Foundation	Established Nominating and Compensation Committee	Jointly developed TSUBASA Fin Tech common infrastructure		Jointly established TSUBASA ALLIANCE Co., Ltd.	Major overhaul to human resource system	Formulated the Group’s Corporate Principles
	Transitioned to TSUBASA mission-critical system					
	Corporate culture reforms & human resource development	Introduced head office recruitment system	Began proactive recruitment of specialized talent	Reviewed performance award system & introduced sales branch self-imposed targets	Integrated managerial career tracks	Transitioned to holding group structure
	Introduced flat meetings				Established new specialized courses	Moved to Prime Market of TSE
					Major overhaul to evaluation system	

October 2022 - Transitioned to a holding company structure

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.

1 “Deepening” the Revitalization of Regional Economies and SDGs

2 Creating Innovation

3 Strengthening our Group Management Foundation

Regional Societies

Customers

Employees

Shareholders

Added Value

Returns

Collaborative Creation of the Future

The rich Collaborative Creation of the Future

An area where happiness circulates. The future of dreams come true.

Stage III KPI

Materiality-related KPIs (sustainability KPIs) have been defined for Stage III in addition to financial KPIs. Under the three growth strategies that form the plan framework (see following page), we will strive to achieve the financial KPIs through the actions taken on materialities. Of the financial KPIs, the FY 2026 targets of ¥30.0 billion in net income attributable to owners of parent and ROE of 5% or higher are also included among the long-term management plan’s KPIs.

Financial KPI	Results in FY 2023	Targets for FY 2026
Net income attributable to owners of parent	¥21.3 billion	¥30.0 billion
ROE	3.85%	5% or higher
Ratio of common equity Tier 1 (excluding valuation difference on available-for-sale securities, etc.)	12.12%	11% to 12%

Materiality	Growth strategy	Sustainability KPI	Results in FY 2023	Targets for FY 2026
Environmental management promotion	“Deepening” the revitalization of regional economies and SDGs	CO2 emissions reduction	△46%	△72%
Revitalization of regional economy and society		Cumulative execution amount of sustainable financing ^{*2}	¥942.2 billion	¥1 trillion
Response to low birthrate and aging society		Number of entrusted contracts for consultations ^{*3}	356	460
		Number of owners of 5 products in custody and housing loans	214,000	260,000
		Number of inheritance-related projects ^{*4}	553	800
DX promotion	Creating innovation	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)	17.7%	25%
		Amount of human capital investment ^{*5}	¥0.41 billion	¥0.5 billion

*1 Reduction rate 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) compared to FY 2013

*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