

The 14th Medium-term Management Plan

In April of 2017, we commenced “‘The 14th Medium-Term Management Plan’ All For Your Smile: Providing Wholehearted Services ~ 2nd Stage ~” which will run for three years from FY2017 to FY2019. In this management plan, with “engagement first” as our cornerstone activity, we will transform our business model to create a positive cycle of “contribution to the growth of customers and local economies” and a “revenue structure with stability and permanency to support local communities” by implementing the six basic strategies of “expanding contact points with customers and offering solutions above and beyond expectations,” “actively getting involved in community tasks,” “building strategies by region,” “improving fund management capacity,” “improving management efficiency to survive competition,” and “helping each employee improve performance.”

FY2019 Year-end Targets

Earning capability	Growth potential (customer base)	Financial soundness
Net income (consolidated)	Community presence (daily-average deposits + daily-average loans)	Equity ratio (consolidated) Full implementation basis
¥10 billion	¥10,000 billion	Around 8.7%

Long-term targets

Earning capability
ROE (consolidated)
5%+

- Net income (consolidated) = Net Income Attributable to Owners of the Parent
- Core capital ratio (full implementation basis) = $\frac{\text{Core capital (before transitional arrangement)}}{\text{Risk assets (before transitional arrangement)}}$

Through these initiatives, we aim to become “a financial group that is needed by customers and grows with customers.”

We will be committed to implementing the following basic strategies under the management plan, in an effort to appropriately address the challenges that surround the Group.

Basic Strategies

• Expanding contact points with customers and offering solutions above and beyond expectations

We will develop a sales stance of sincerely tackling the diverse needs and tasks of our customers, while demonstrating our comprehensive strength as a Group.

Business customers

We will take risks appropriately and perform financial intermediary functions mainly through business performance evaluations, as well as work to solve our customers’ issues by providing support according to their growth stage.

Individual customers

We will promote comprehensive transactions by providing goods and services according to customers’ life stages to explore their needs. In addition, we will work to improve channel functions through region-specific branch operations and the expansion of non-face-to-face channels.

• Actively getting involved in community tasks

The Group will support local governments’ “comprehensive strategy for vitalizing towns, people, and jobs,” while fulfilling its responsibilities to regions through initiatives such as actively participating in regional development projects.

• Building strategies by region

In Gifu Prefecture, we will establish an absolute operational base mainly by demonstrating regional financial intermediary functions backed by an extensive branch network and a substantial volume of information.

In Aichi Prefecture, we will further demonstrate our presence including leveraging the growth potential of the market and enhancing our business base, in addition to focusing on business resources.

• Improving fund management capacity

In addition to improving our capacity to manage marketable securities primarily by diversifying investments to flexibly respond to changes in the market environment, we will work to utilize various financial techniques.

• Improving management efficiency to survive competition

In addition to accelerating business reforms, we are working to streamline branch operations in view of demographics.

We will also strive to further optimize our personnel allocation and workforce, including streamlining of the head office organization.

• Helping each employee improve performance

We will focus on developing human resources that can contribute to customers and regions, using the Bank as a means to do so. We will also carry out work style reform, such as considering mechanisms to encourage employees to take on challenges.