



Financial Results for FY 2016 and Overview of the New Mid-term Plan

- IR Presentation -

The Hiroshima Bank Ltd.



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President Koji Ikeda



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1. Highlights of FY 2016

1

Net income on both parent and consolidated basis succeeded in **maintaining the level in the previous FY that recorded the historical high**

2

Average balance of both loans and deposits, etc. (deposits + NCD) steadily **increased** year-on-year

3

Average balance of focused areas of loans to SMEs and personal loans **increased** year-on-year

4

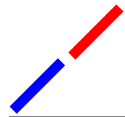
The non-performing loan ratio was at a **favorable level that was at a historical low of 1.28%** thanks to the support for management improvement

5

ROE, an indicator of management efficiency, **maintained the latter half of 6%**

6

The year-end dividend is **planned to be 5.5 yen (11.0 yen annually)**, which is the same as the projection announced at the end of the interim period* (*initial projection +1.0 yen)



2. Overview of Financial Results in FY 2016

(1) Summary of business performance in FY 2016

- As for profit and loss in FY 2016, net income decreased by 0.1 billion yen (-0.0%) on a year-on-year basis to 29.9 billion yen due to an increase in losses on securities, and profit attributable to owners of the parent was down by 0.2 billion yen (-0.5%) to 31.2 billion yen from the year earlier.
- We succeeded in maintaining a high level of profits on both parent and consolidated basis that are similar to those in the previous FY when we recorded the historical high.

(Billion yen)

	Results in FY 2016	YoY change		Difference from the announcement in November
			(Change rate)	
Net interest income	71.4	-3.3		1.9
Net fees and commissions income	17.7	-1.1		-0.6
Core gross banking profit	89.1	-4.4	(-4.6%)	1.3
- Expenses	54.7	1.0		-0.4
Core banking profit	34.4	-5.4	(-13.4%)	1.8
Gains/Losses on securities	11.5	6.5		-3.4
- Credit costs	2.7	1.0		-0.7
Ordinary profit	43.2	-1.9	(-4.2%)	0.0
Net income	29.9	-0.1	(-0.0%)	-0.8
Consolidated net income	45.0	-2.2	(-4.5%)	0.2
Profit attributable to owners of parent	31.2	-0.2	(-0.5%)	-0.5

(2) Net interest income

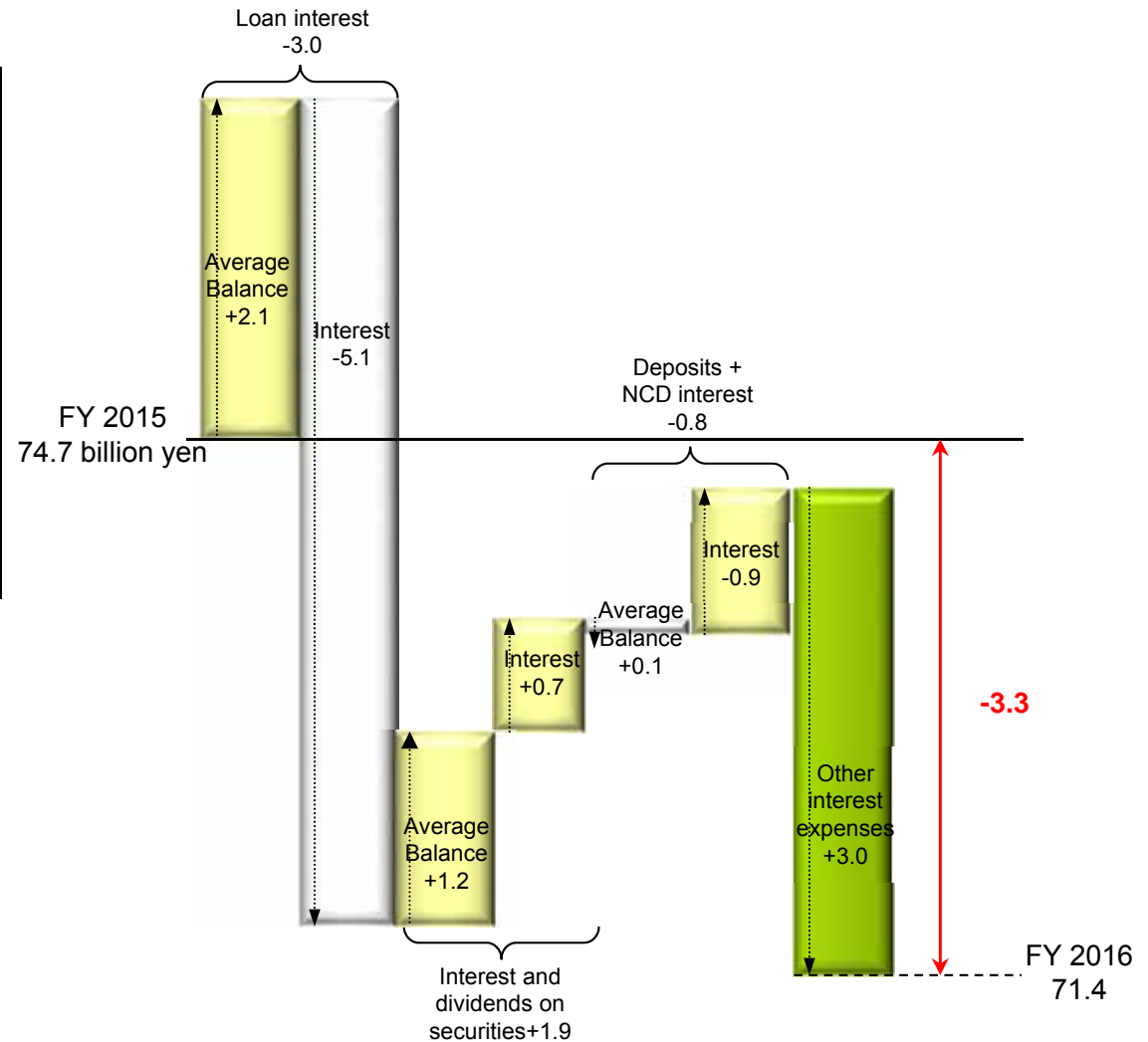
Net interest income was down by 3.3 billion yen from the previous year, due to a decrease in loan interest under the low interest-rate environment and an increase of other interest expenses.

Breakdown of net interest income

(Billion yen)

	Result for FY 2016	
	FY 2016	YoY change
Interest on loans	60.9	-3.0
Interest and dividends on securities	18.6	1.9
Deposits + NCD interest (-)	3.0	-0.8
Other interest expenses (-)	5.1	3.0
Net interest income	71.4	-3.3

Details of each item in net interest income (average balance and interest)



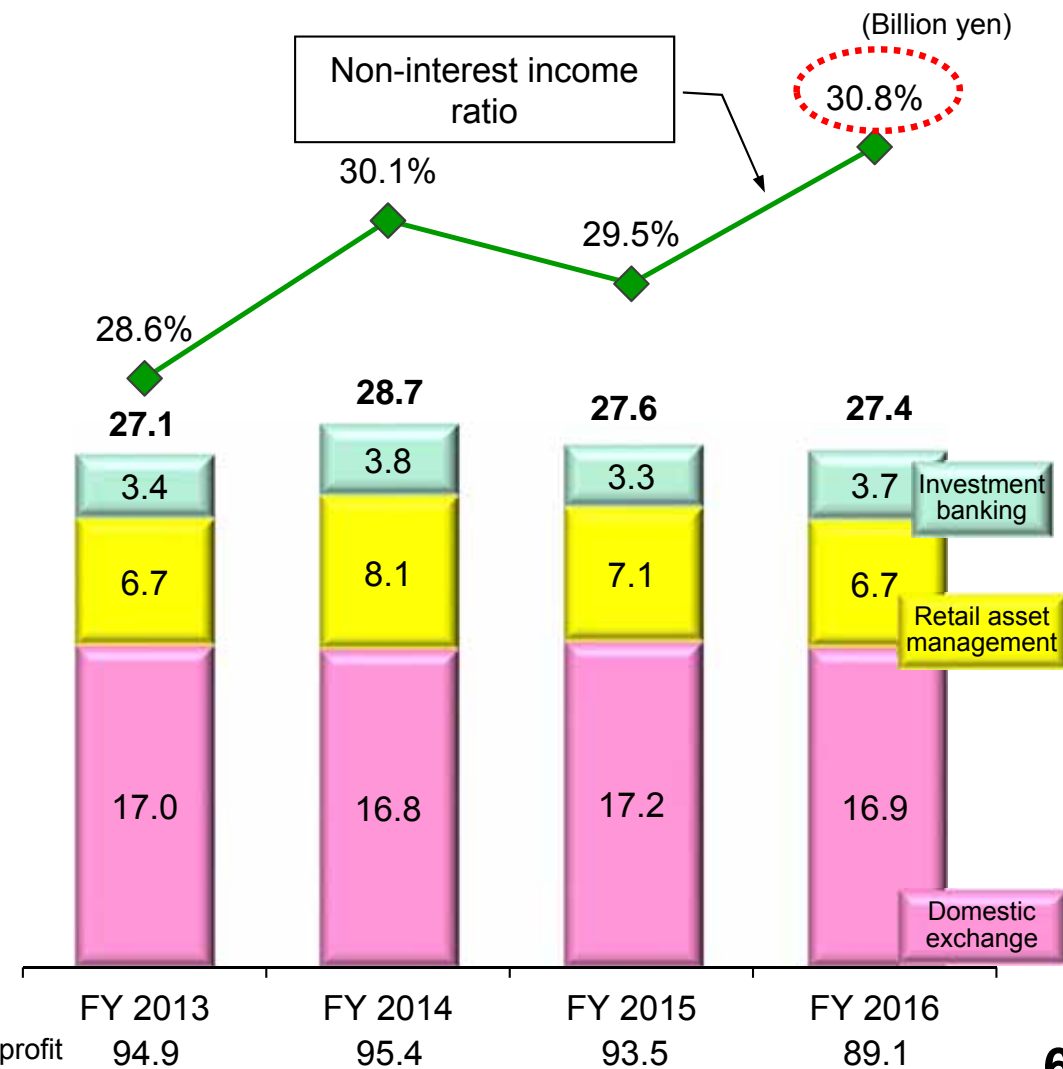
(3) Net fees and commissions income

- Net fees and commissions income decreased by 1.1 billion yen on a year-on-year basis mainly due to a decrease in commissions related to insurance.
- The ratio of non-interest income to core gross banking profit **reached 30%**.

Breakdown of net fees and commissions income

	Results for FY 2016 (Billion yen)	
	FY 2016	YoY Change
Investment banking	3.7	0.4
Syndicated loans, etc.	2.1	0.3
Sales of derivatives to customers	0.6	0.0
Retail asset management	6.7	-0.4
Insurance products	3.1	-0.5
Investment trusts	2.1	-0.3
Personal loan-related	-4.0	-0.5
Group insurance premium	-2.7	-0.5
Others	11.3	-0.6
Net fees and commissions income	17.7	-1.1

Trend of non-interest income and its ratio

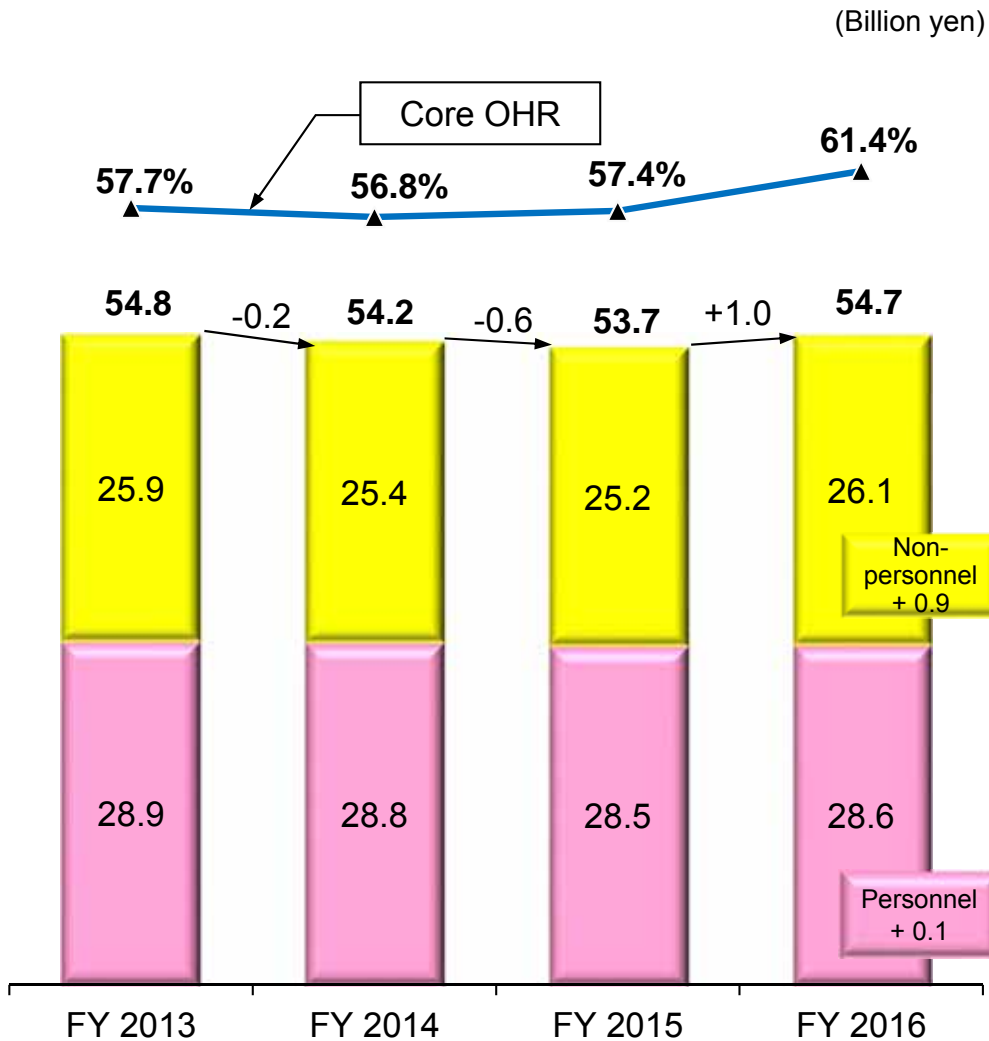


Core gross banking profit

(4) Expenses

Expenses were **up by 1 billion yen from the previous year** mainly due to an increase in depreciation cost associated with a large investment for improving the customer services (such as renewal of all the ATMs and renewal of Internet banking service for retail customers).

Trend of expenses and core OHR



*Core HR – Expenses/Core gross banking profit

Breakdown of expenses

(Billion yen)

Non-personnel expenses	
Major factors	Change
Increase in depreciation costs	+0.4
Pro-forma standard taxation and others	+0.4
	+0.9

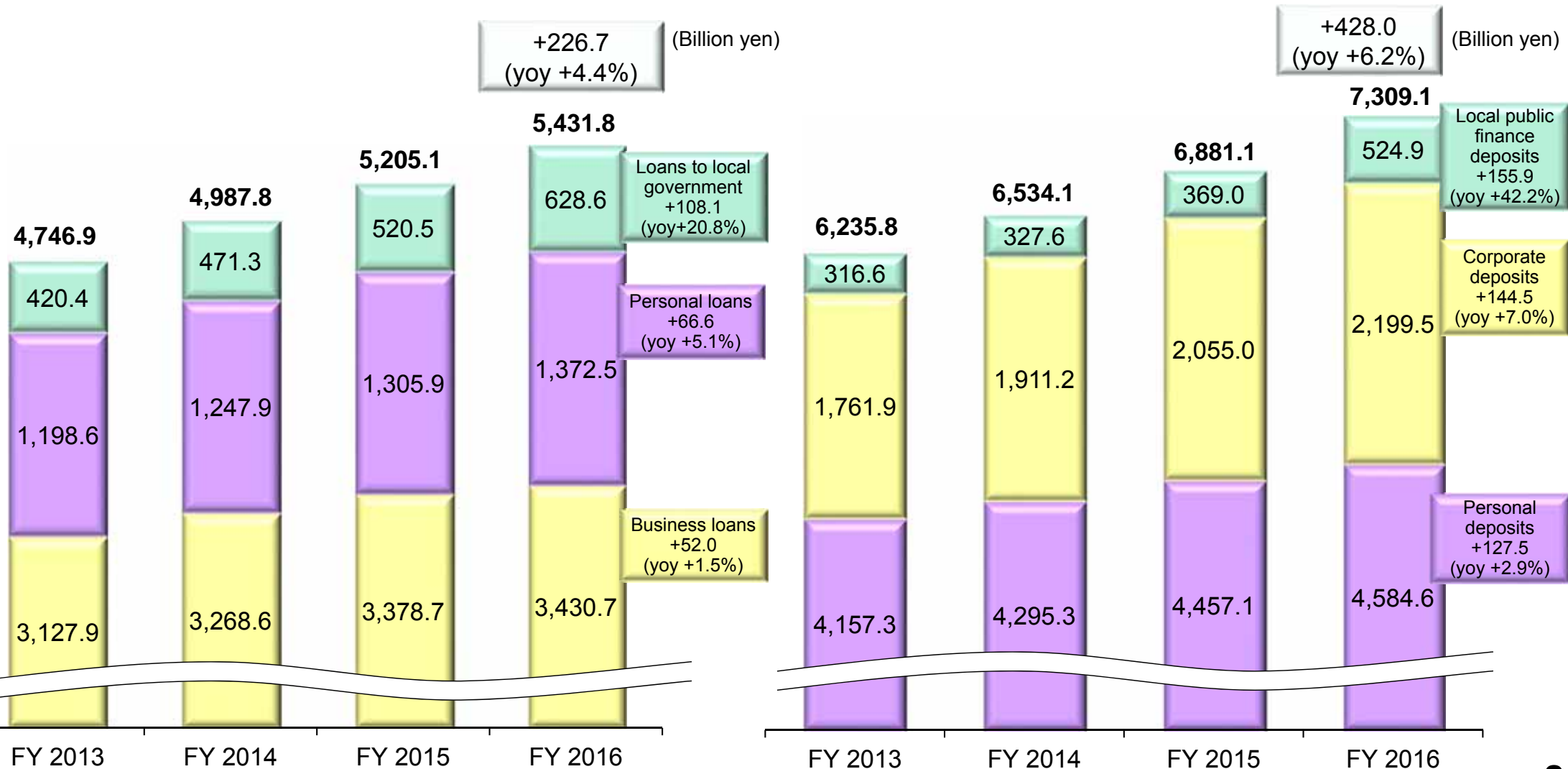
Personnel expenses	
Major factors	Change
Decrease in overtime pay	-0.2
Revision of personnel system	-0.1
Increase in retirement benefit costs	+0.4
	+0.1

(5) Balance of loans, deposits, etc. (deposits + NCD)

- Average balance of loans significantly increased in business, personal, and local public sectors, **up by 226.7 billion yen (+4.4% yoy)**.
- Average balance of deposits increased in all the personal, corporate, and public sectors, **up by 428.0 billion yen (+6.2% yoy)**

Trend of average balance of loans

Trend of average balance of deposits, etc. (deposits +NCD)

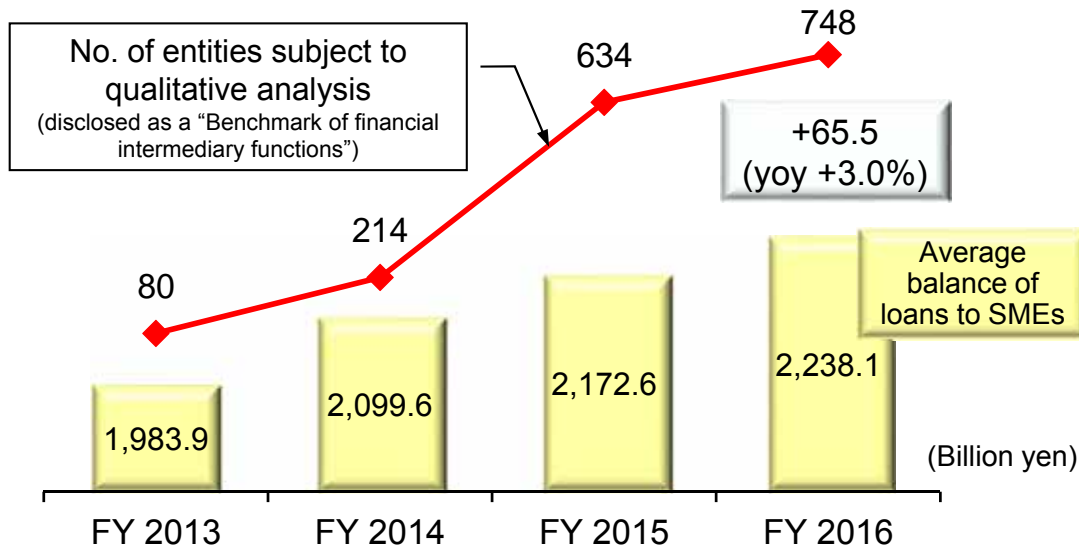


*Loans to local governments include public corporations.

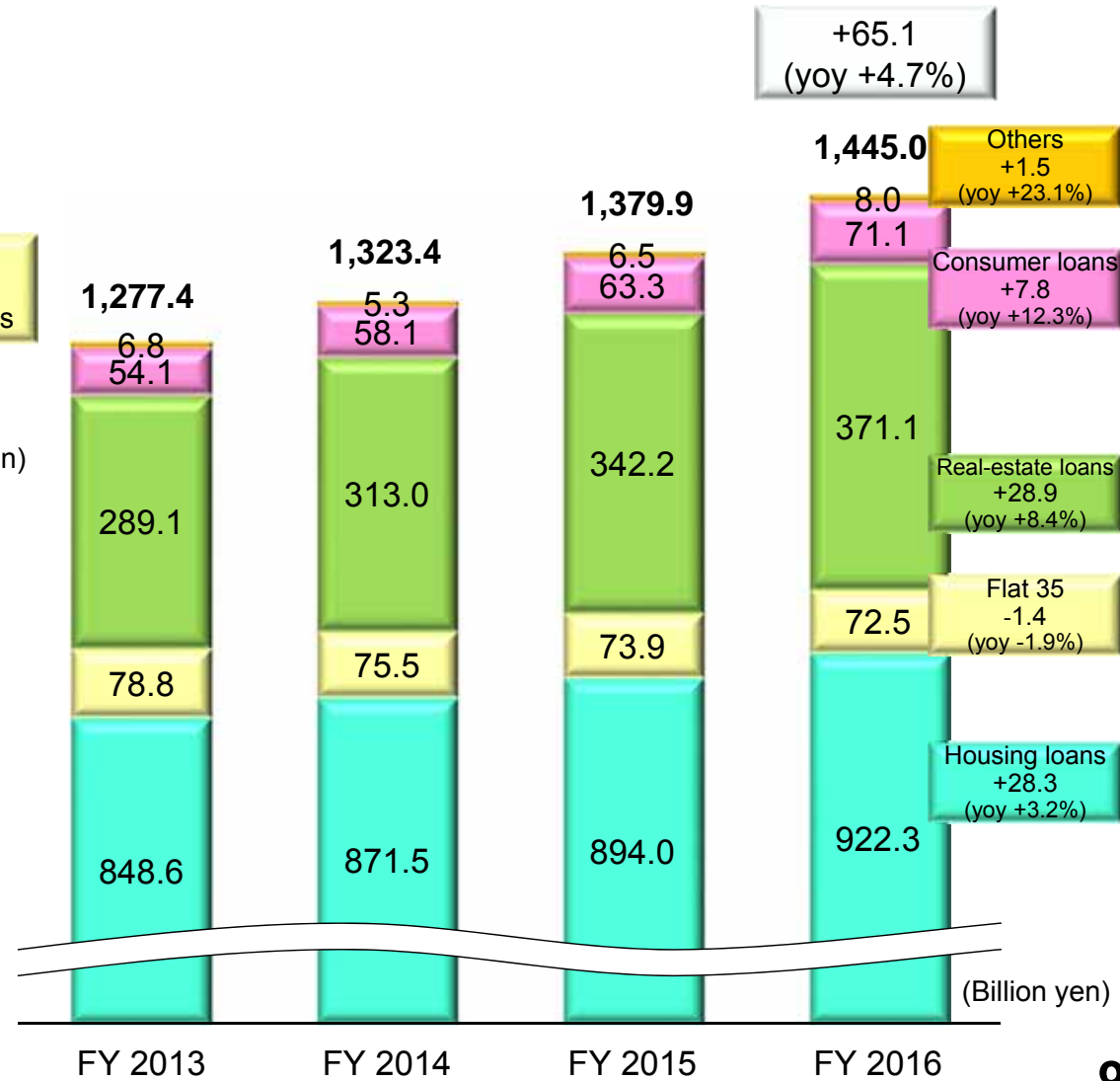
(6) Loans to SMEs and personal loans

- The average balance of loans to SMEs and the number of business loan borrowers steadily **increased**, supported by the enhancement of consulting sales including qualitative analysis.
- The balance of personal loans significantly **increased by 65.1 billion yen (+4.7% yoy)** as a result of bank-wide promotions.

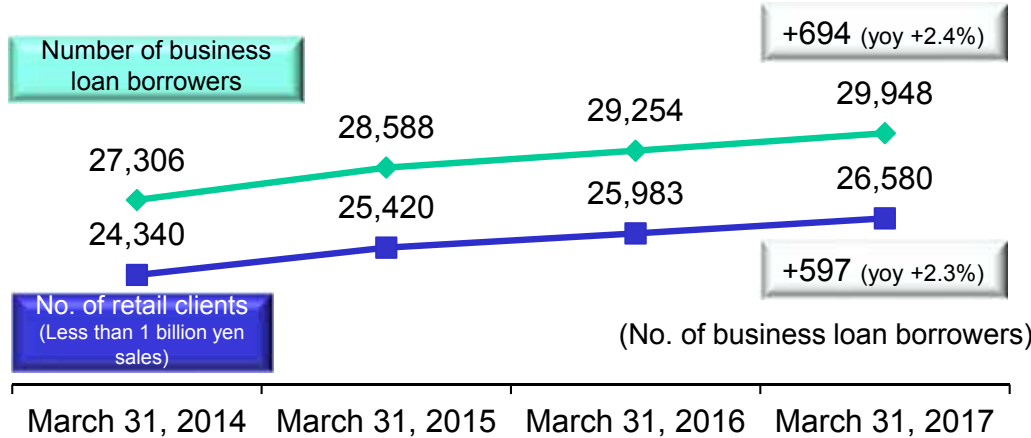
Trend of loans to SMEs (average balance) and the number of entities subject to qualitative analysis



Trend of personal loans (average balance including Flat 35)



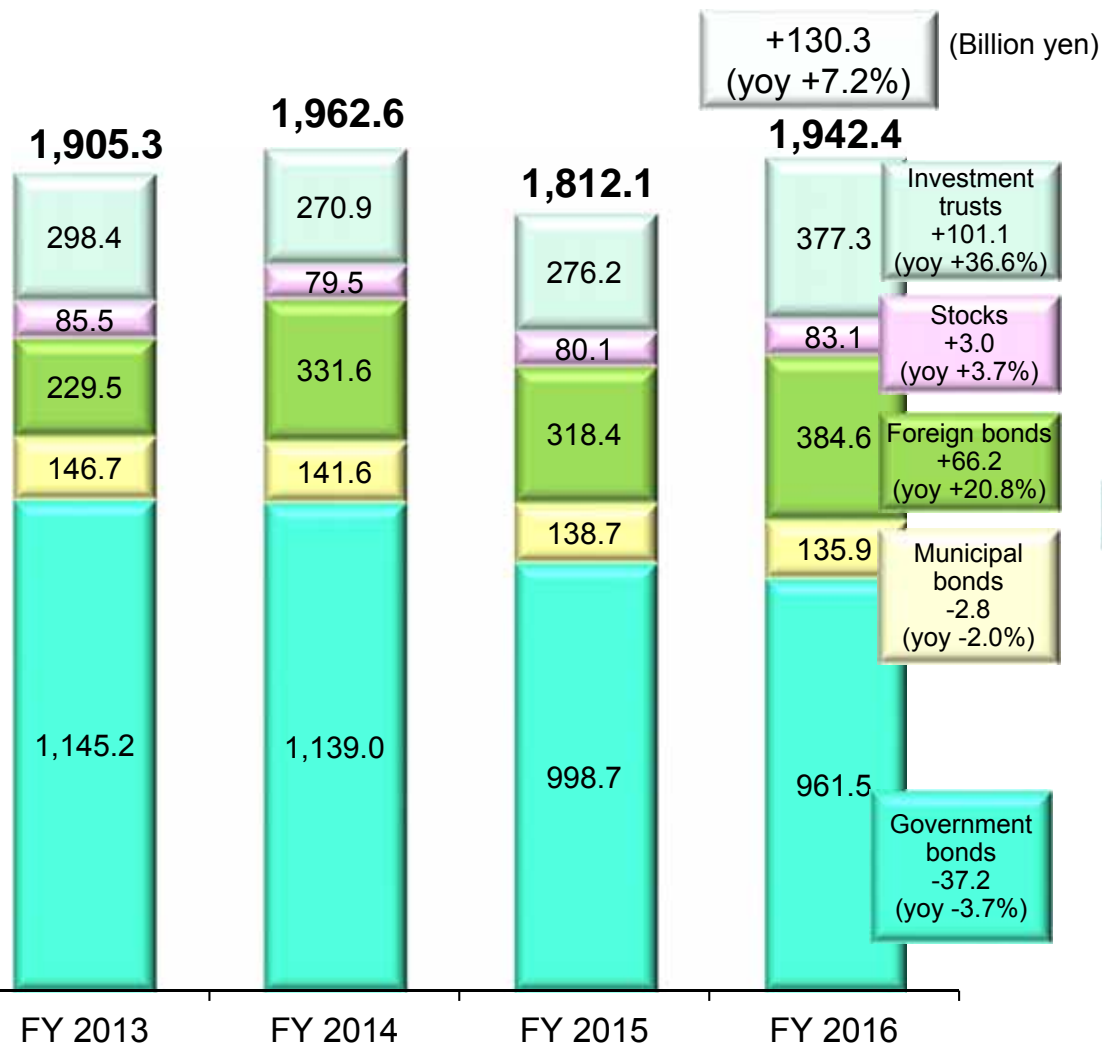
Trend of No. of business loan borrowers



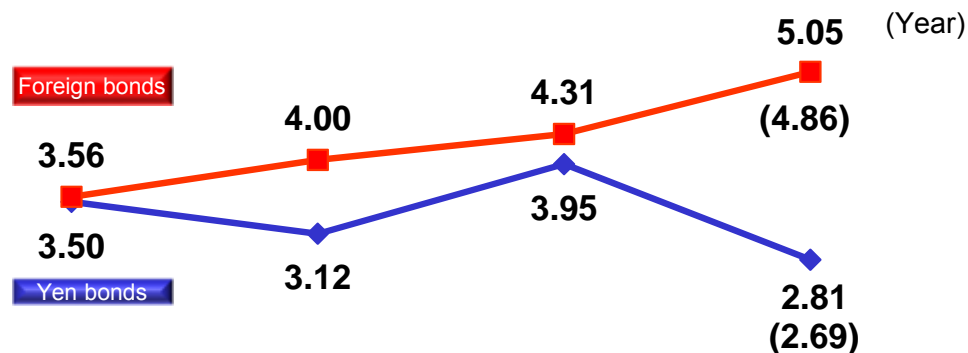
(7) Securities

- Average balance of securities **increased by 130.3 billion yen on a year-on-year basis**, thanks to the re-investment of redeemed government bonds in investment trusts.
- Yen bond duration was **shortened by more than one year**.
- Balance of cross-shareholdings **reduced by 2.2 billion yen on a year-on-year basis** through dialogues with issuing entities

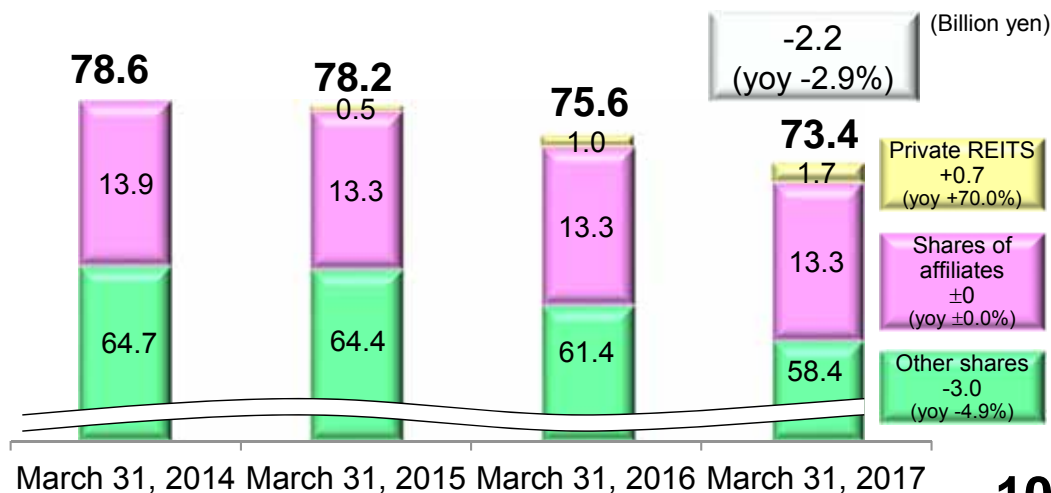
Trend of average balance of securities



Trend of bond duration



Trend of cross-shareholdings (including private REITs)

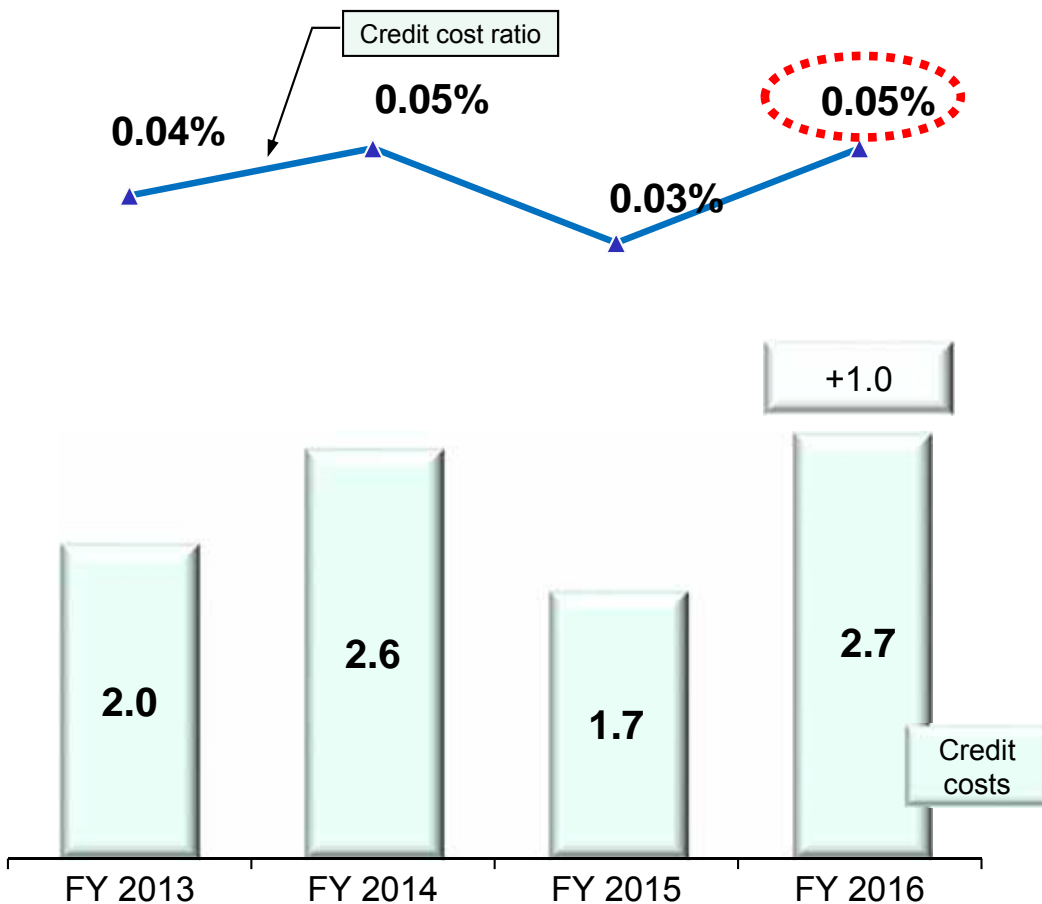


(8) Credit costs and non-performing loans

- Credit costs **remain continuously low** as a result of active support for management improvement of clients, including business revitalization.
- NPLs (term-end balance) decreased by 0.9 billion yen to **72.6 billion yen** on a year-on-year basis, with NPL ratio **hitting the historical low of 1.28%**.

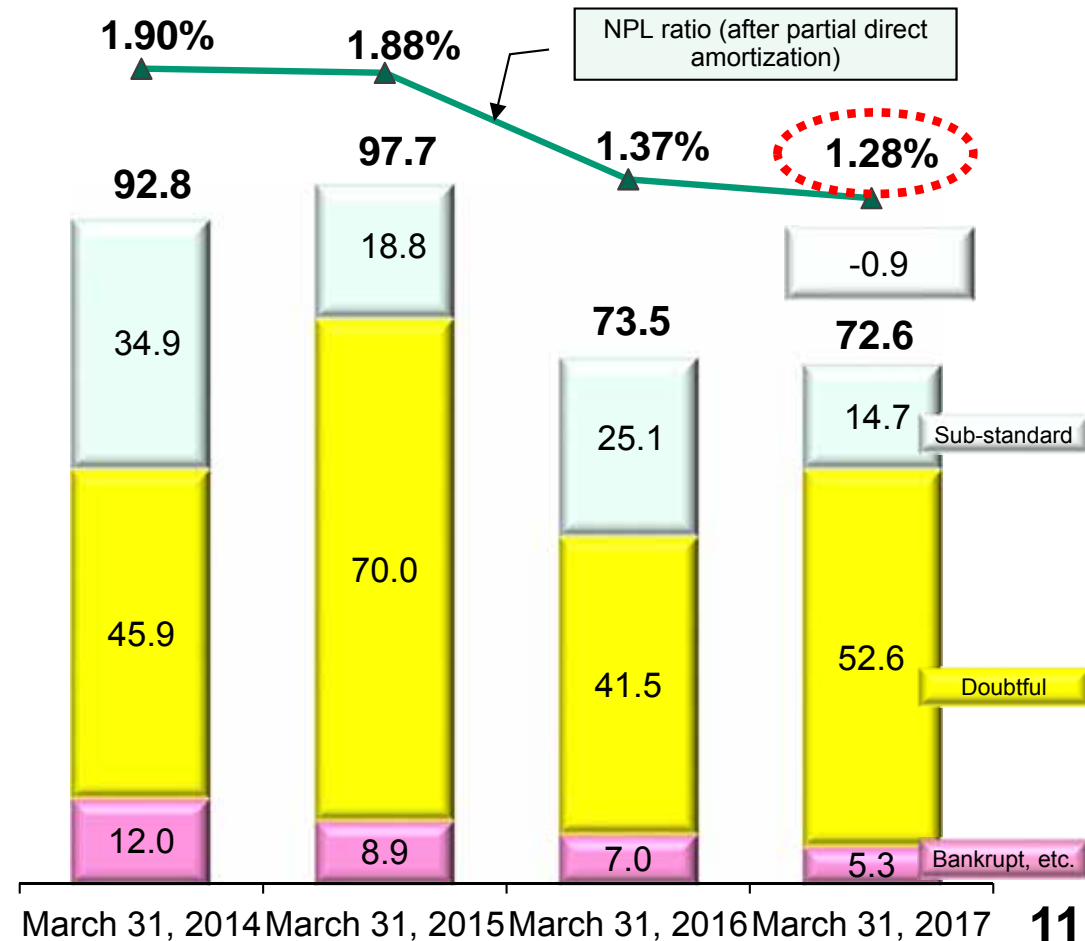
Trend of credit costs

(Billion yen)



Trend of NPLs (term-end balance) and NPL ratio

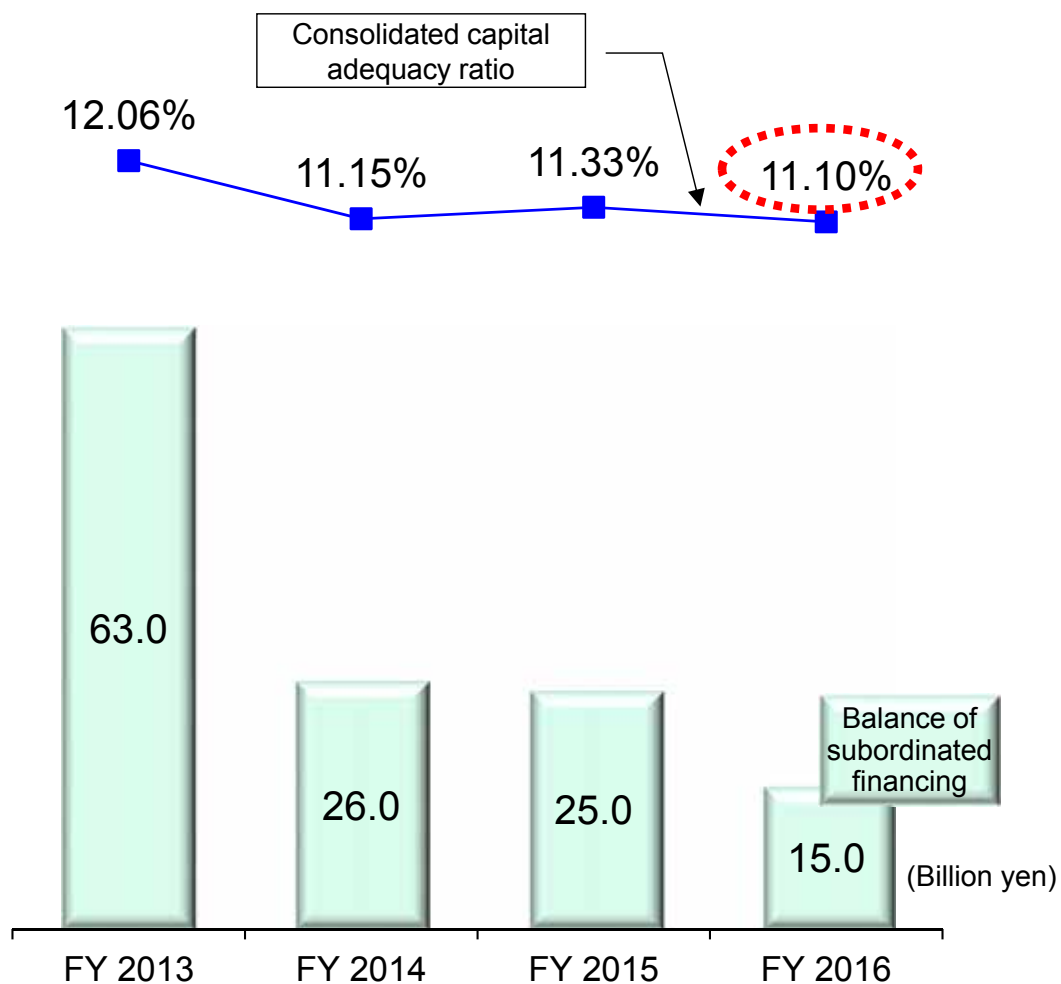
(Billion yen)



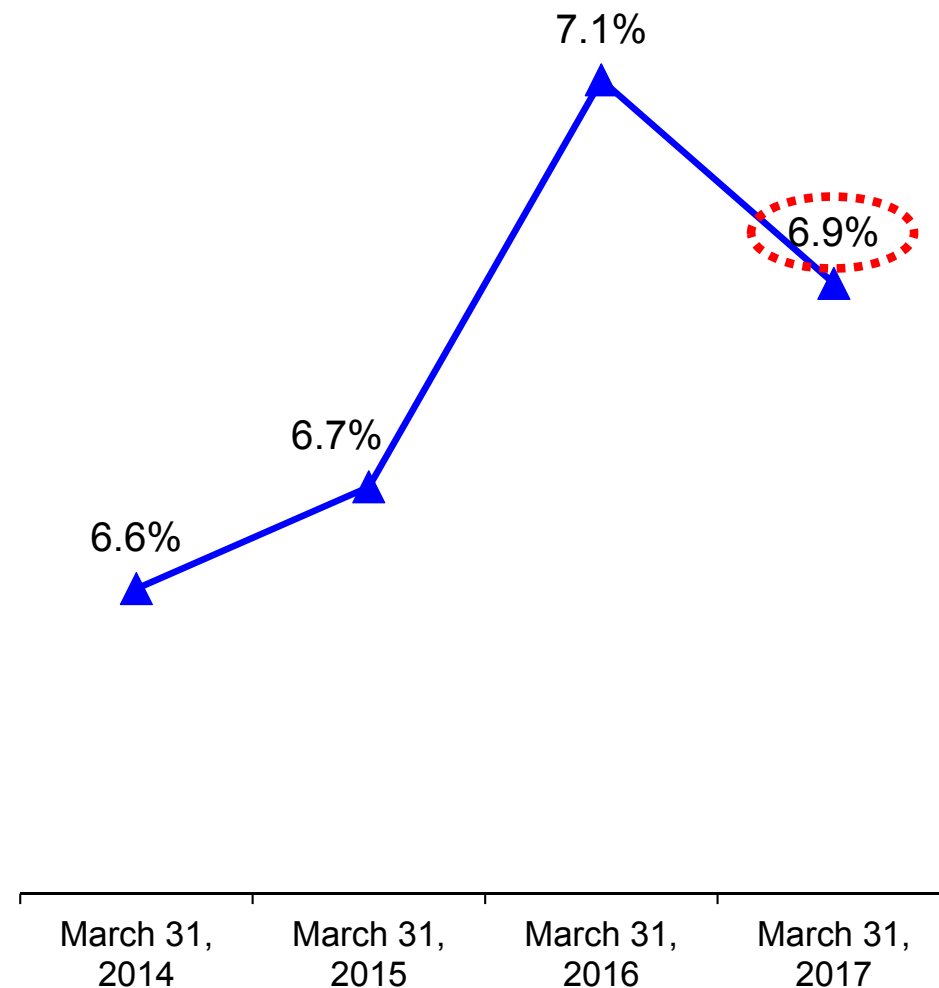
(9) Capital adequacy ratio and ROE

- Consolidated capital adequacy ratio was at a sufficient level of 11.10%.
- ROE was maintained at a level of latter half of 6%.

Trend of consolidated capital adequacy ratio and the balance of subordinated financing



Trend of ROE (consolidated)





3. Business Forecasts for FY 2017

(1) Forecast of business performance and dividend in FY 2017

- For the performance in FY 2017, we expect that **net income will be 21.8 billion yen and profit attributable to owners of parent 23.1 billion yen**, due to a decrease of net interest income under the ongoing low interest rate environment.
- The dividend in this FY is expected to be **8 yen per year** in accordance with the Payout Table.

Business forecast for FY 2017

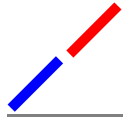
(Billion yen)

	Forecast in FY 2017	YoY
Net interest income	65.8	-5.6
Net fees and commissions income	16.0	-1.7
Core gross banking profit	81.8	-7.3
- Expenses	55.3	0.6
Net banking profit	26.5	-7.9
- Gains/losses on securities	4.5	-7.0
- Credit costs	1.0	-1.7
Ordinary profit	31.0	-12.2
Net income	21.8	-8.1
Profit attributable to owners of parent	23.1	-8.1

Payout Table and estimated dividend in FY 2017

Profit attributable to owners of parent	Dividend per share			Consolidated payout ratio
	(1) Fixed	(2) Performance based	(1) + (2)	
Over 33 billion yen	6 yen	6 yen	12 yen	Less than 22.7%
Over 30 – 33 billion yen	6 yen	5 yen	11 yen	20.8% - less than 22.9%
Over 27 – 30 billion yen	6 yen	4 yen	10 yen	20.8% - less than 23.2%
Over 24 – 27 billion yen	6 yen	3 yen	9 yen	20.8% - less than 23.4%
Over 21 – 24 billion yen	6 yen	2 yen	8 yen	20.8% - less than 23.8%
Over 18 – 21 billion yen	6 yen	1 yen	7 yen	20.8% - less than 24.3%
18 billion yen and less	6 yen	0 yen	6 yen	20.8% and over

(Note) As announced on May 10, 2017, we plan to conduct reverse split of stocks by combining two ordinary shares into one with the expected effective date of October 1, 2017, subject to the approval at the 106th General Shareholders Meeting to be held on June 28, 2017. However, annual dividend per share in FY ended March 2016 (estimated) and the payout ratio (consolidated) do not take into account the reverse split. If the reverse split is conducted, annual dividend per share would be 16 yen.



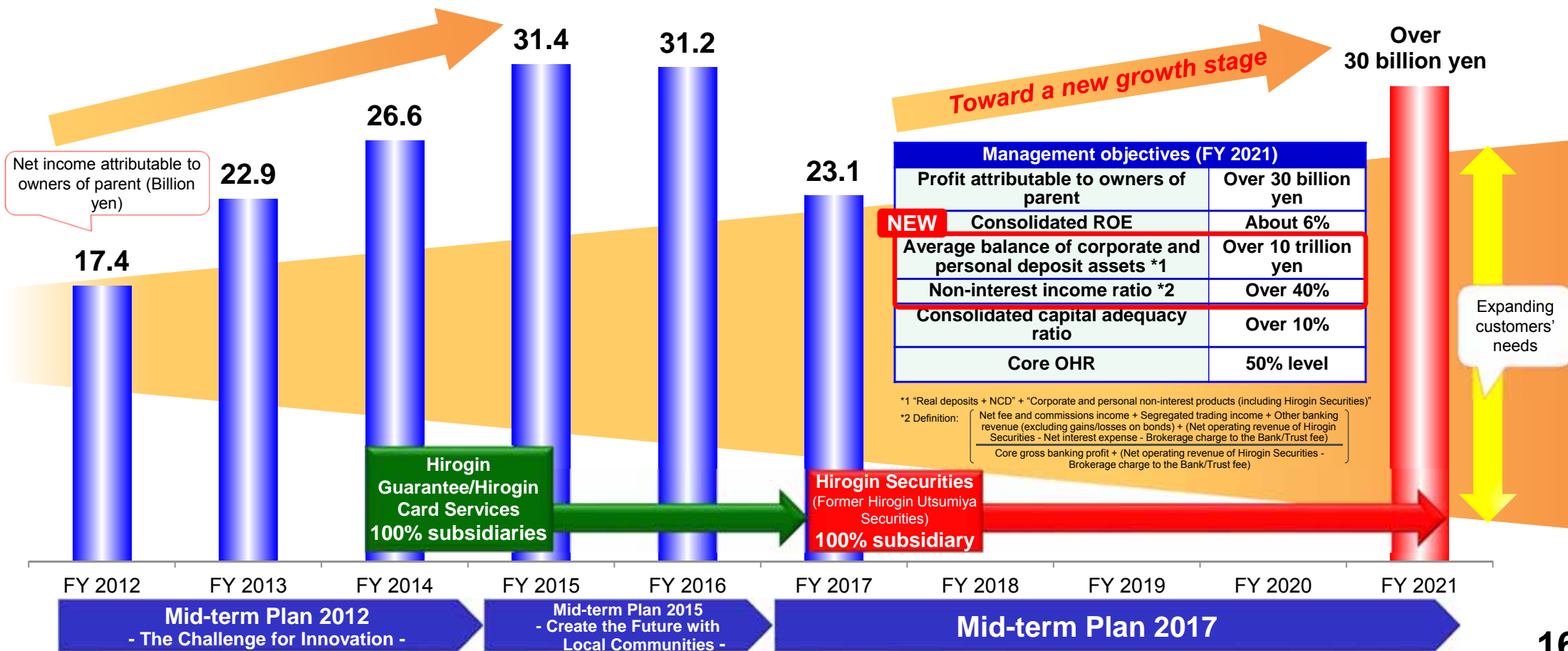
4. Overview of "Mid-term Plan 2017"

(1) Position of the "Mid-term Plan 2017"

Management environment						What financial institution is expected		
Stable but low domestic growth rate, declining birth rate and aging population	Ongoing low interest environment	Intensifying competition, participation by different industries	IT development (such as FinTech)	Enhanced Basel accords	Request for working style reform	Active financial intermediary functions	Growth and development of customers	Stable income

In addition to maintain the existing actions, as we believe that "Create a Better Cycle" in a local economy cannot be achieved only by extending the existing business, we reviewed a mid-term plan one year ahead of schedule

Position	Bringing together all the powers in the Hirogin Group and conducting the customer-first business operation for establishing a new growth driver in the next five years
Slogan	Growing to be the "Comprehensive Financial Service Group" together with entire local communities - "True First Call Bank Group" is our mission -



(2) Numerical targets/Capital policy

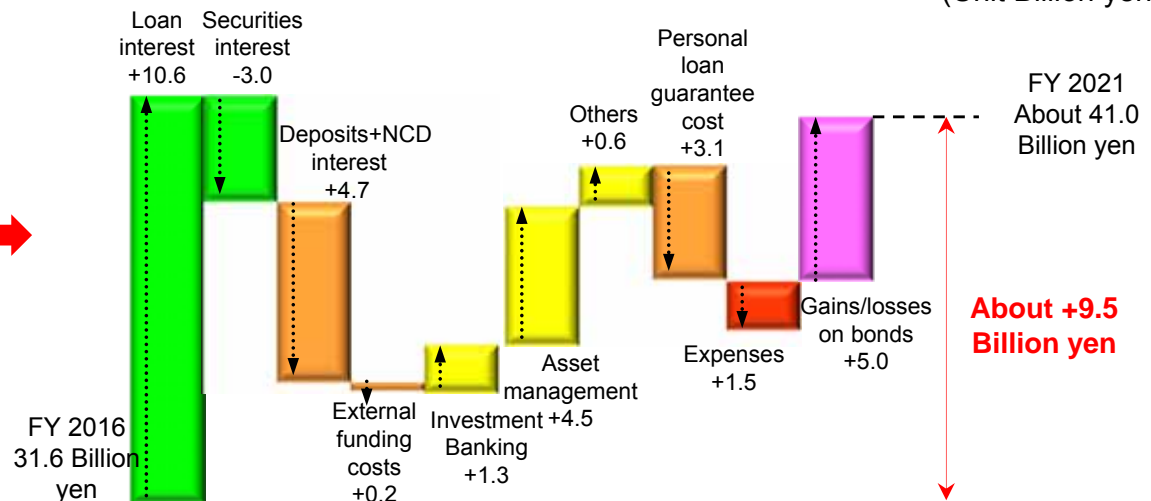
Numerical targets

(Unit: Billion yen, %)

		FY 2021 in the Mid-term Plan 2017	Change in five years
Profit plan	Core banking profit	About 39.0	About +4.5
	Net banking profit	About 41.0	About +9.5
	Ordinary profit	About 41.0	About -2.0
	Net income	About 29.0	About -1.0
	Profit attributable to owners of parent	Over 30 billion yen	About -1.0
Various indicators	Consolidated ROE	About 6%	About -1%
	Non-interest income ratio (including Hirogin Securities)	Over 40%	About +6%
	Non-interest income (including Hirogin Securities)	Over 39 billion yen	About +8.0
	Consolidated capital adequacy ratio	Over 10%	About -1%
	Core OHR	50% Level	—
	Credit cost ratio	About 0.03%	About -0.02%
	Funding plan (average balance)		
Loans	Avg. yoy 2.9%	About 6,280.0	About +850.0
Loans to SMEs	Avg. yoy 6.2%	About 2,780.0	About +720.0
Deposits + NCD	Avg. yoy 1.1%	About 7,700.0	About +350.0
Balance of corporate and personal retail assets (including Hirogin Securities)	Avg. yoy 2.6%	Over 10 trillion yen	About +1.2 trillion yen

Breakdown of changes in substantial net banking profit

(Unit: Billion yen)



Estimated dividend under the Mid-term Plan 2017 (FY 2021)

Profit attributable to owners of parent	Dividend per share			Consolidated payout ratio
	(1) Fixed	(2) Performance based	(1) +(2)	
Over 33 billion yen	6 yen	6 yen	12 yen	Less than 22.7%
Over 30 - 33 billion yen	6 yen	5 yen	11 yen	20.8% - less than 22.9%
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18 billion yen and less	6 yen	0 yen	6 yen	20.8% and over

Note) For the change in Payout Table following the reverse split, please see the note on page 14.

(3) Strategies in the “Mid-term Plan 2017”

Major points

- I. Further development of measures toward high value-added banking business*1
- II. Promotion of measures for asset management business that meet the asset formation needs from customers*2
- III. Enhancement of profit base

*1 Definition of “banking business”: Businesses related to loan/deposit transactions and fees and commissions business such as investment banking and foreign exchange (excluding asset management business)

*2 Definition of “asset management business.” Business related to asset management for customers (including inheritance and business succession) (including loan business related to inheritance and business succession)

Major strategies

1. Marketing strategy	(1) Enhance “Value-added sales activities based on the customers’ needs” Pp. 19 - 23 (i) Enhance consulting sales (such as feasibility studies) and provide comprehensive solutions (ii) Expand asset management business based on a long-term relationship including the next generation (iii) Promote efforts for “Regional development/Tourism promotion/Local medical support”
2. Securities strategy	(1) Ensure a stable income with proper risk-taking based on the market condition P. 24
3. Reform of working style	(1) Promote a thorough reduction of labor burden Pp. 25 - 26 (2) Improve labor productivity using Tomorrow Navi
4. Human resource strategy	(1) Foster human resources who can quickly respond to changes and create values for the local communities (2) Conduct human resources development measures that fits the banking and asset management business framework and establish a career path (3) Promote diversity P. 27 (i) Employ professional people with various values and skills (ii) Conduct career-up support measures for female workers
5. New business development	(1) Conduct ITC*3 mainly based on the FinTech *3 “ICT” means “Information and Communication Technology.” (2) Extend the range of services in collaboration with other industries (non-financial) P. 28

(4) Enhancement of high value-added banking business 1

- Promotion of feasibility studies -

- Enhance high value-added banking business that meets the customer needs and provide comprehensive solutions for corporate customers
- Increase the balance of loans to SMEs and income from investment banking business

Classification by sales (sales)	Ratio to corporate loans (Upper: No. of cases Lower: Balance)	Staff in-charge
Listed large scale (Over 3 billion yen)	About 5% (About 65%)	Specific corporate staff
Upper-middle scale (1 - 3 billion yen)	About 6% (About 16%)	
Lower-middle scale (0.2 - 1 billion yen)	About 18% (About 11%)	Area retail staff
Small scale (Less than 0.2 billion yen)	About 71% (About 8%)	
Sales less than 0.01 billion yen	About 16% (---)	Mass

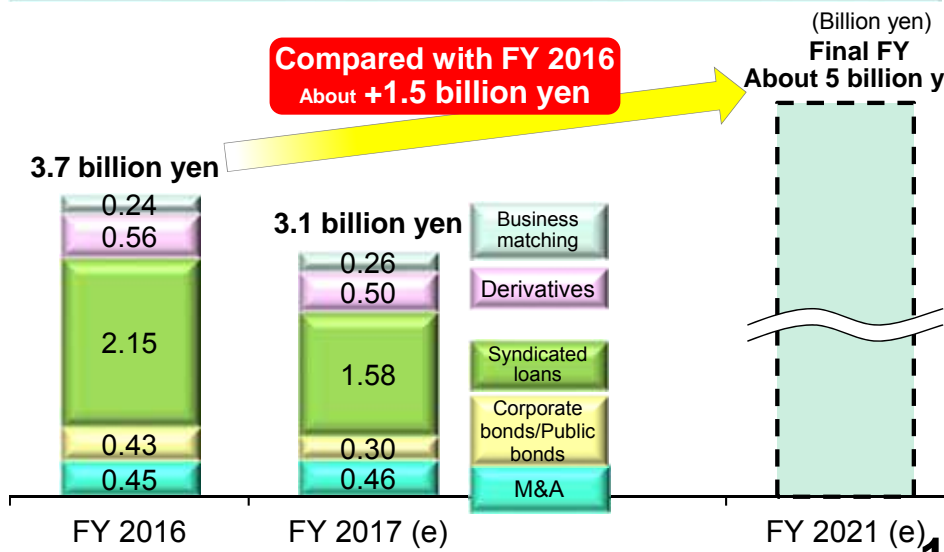
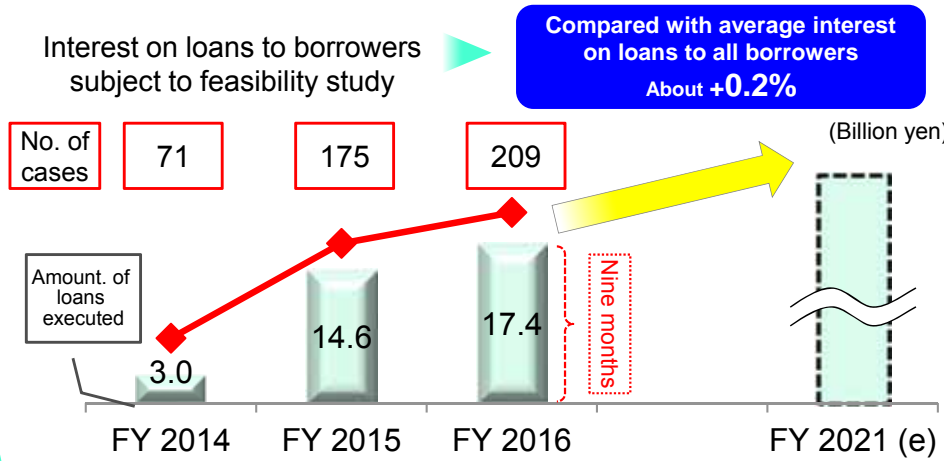
Major target in strategies for corporate customers

Points for promotion

Expand "Volume" and "Income" by providing comprehensive solutions based on the feasibility studies

- Specific measures**
- ✓ Use our unique consulting-type loans
 - Loans with principal-exempted in case of large earthquake
 - Loans for supporting cyber security measures, etc.
 - ✓ Promote a mid-term planning support service
 - ✓ Foster HR development by increasing training courses for feasibility study

Results of feasibility studies based on qualitative analysis



(5) Enhancement of high value-added banking business 2

- Promotion of personal loans -

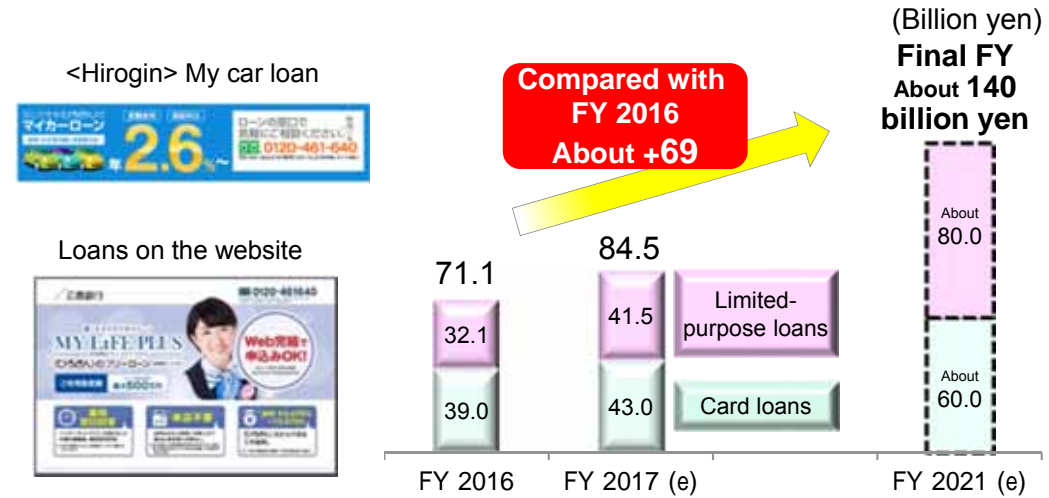
- Expand/enhance housing loan business by providing attractive products and services as well as promoting Flat 35.
- For consumer loans, establish a promotion system driven by the headquarters without involving a branch office, and improve efficiency by concentrating the administrative function in the headquarters.

Housing loans with enhanced coverage and riders

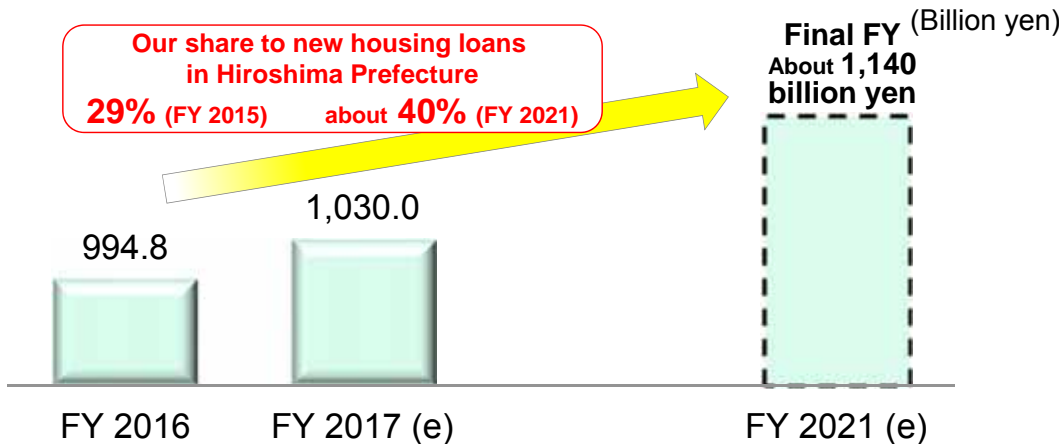
Insured	Conditions	Coverage
Debtor	<ul style="list-style-type: none"> ✓ Death or serious disability ✓ Three major diseases 	Loan balance is reduced to zero (Fully repaid by claim)
	<ul style="list-style-type: none"> ✓ Hospitalization 	One-time benefit of 100,000 yen and Repayment forgiven during hospitalization
	<ul style="list-style-type: none"> ✓ Cancer in situ/skin cancer 	One-off benefit of 300,000 yen
Spouse (Female)	<ul style="list-style-type: none"> ✓ Advanced medical care for cancer 	Technical fee for advanced medical care up to 0.01 billion yen totally
	<ul style="list-style-type: none"> ✓ Female-specific cancer 	One-off benefit of 1 million yen

First in Japan (females insured)

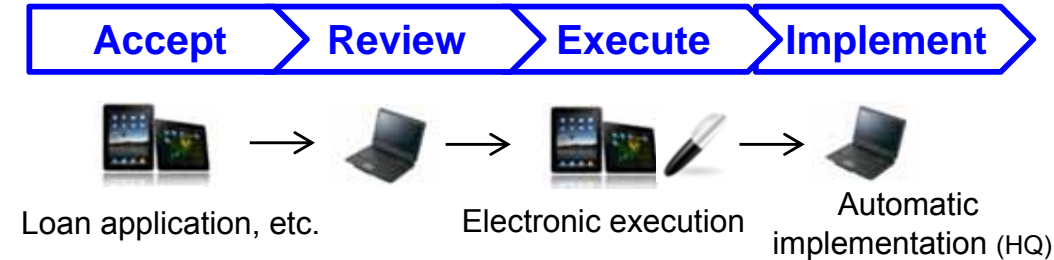
Accumulation of average balance of consumer loans



Accumulation of average balance of housing loans (including Flat 35)



Improve administrative efficiency for personal loans



- ✓ Shorten a review period
- ✓ Without papers and signatures
- ✓ Everything is done by the HQ

(6) Enhancement of asset management business 1 - Overview -

- Enhance the business targeting the elderly based on services for inheritance/donation, and actively propose various services to corporate owners.
- Shift "From flow-type to stock-type business" through the efforts that can contribute to stable asset formation for customers.

Enhancement of inheritance-related services

Increasing needs of inheritance-related services

(in Hiroshima Prefecture)

Personal allowance of inheritance tax

No. of taxable heirs (ratio to the total)

<By December 2014>
50 million yen
+ 10 million yen
x No. of legal heirs

<2014>
2,839
(3.3%)

<From January 2015>
30 million yen
+ **6 million yen**
x No. of legal heirs

Double

<2015>
5,724
(6.6%)

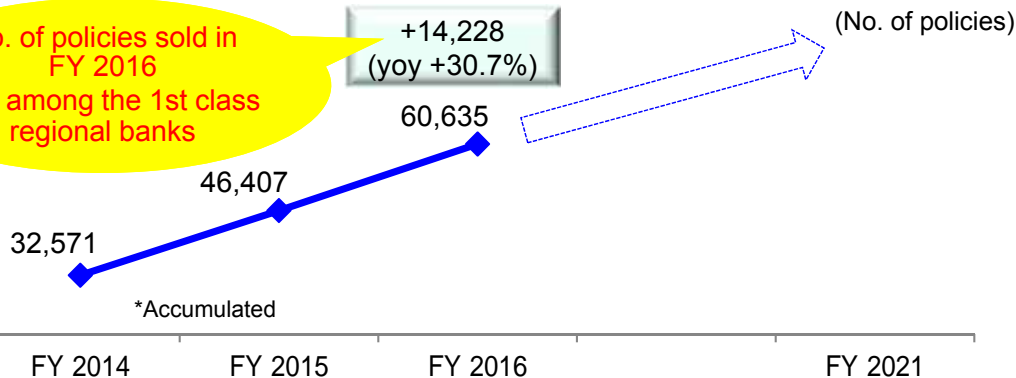
(Source: Hiroshima Regional Taxation Bureau)

Providing services that meet the needs

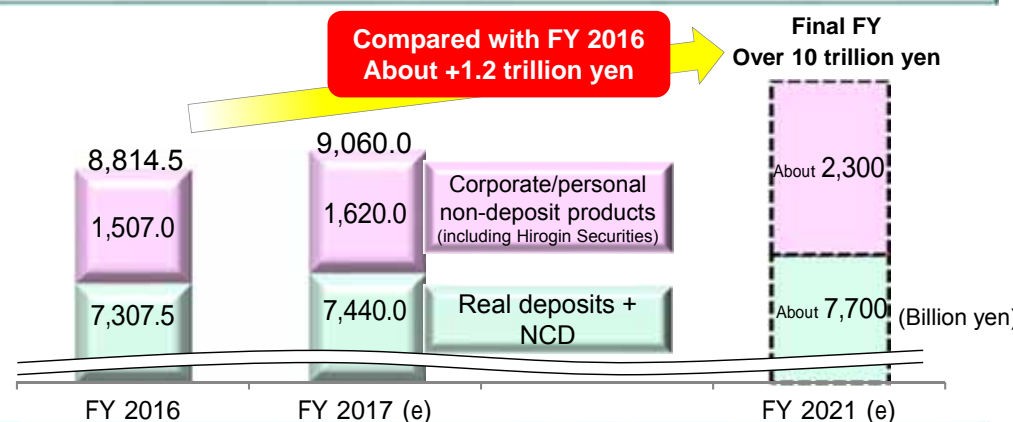
What	<ul style="list-style-type: none"> ✓ Private trust ✓ Living trust ✓ Testamentary trust ✓ Calendar year gift trust, etc.
By whom	<ul style="list-style-type: none"> ➤ Private banker (HQ) ➤ Salespersons in branch offices <p>No. 1 among regional banks</p> <p>No. of employees with the 1st grade financial planner qualification (asset consultation business) About 280 (as of April 2017)</p>

Obtaining level premium insurance for strengthening income from the stock

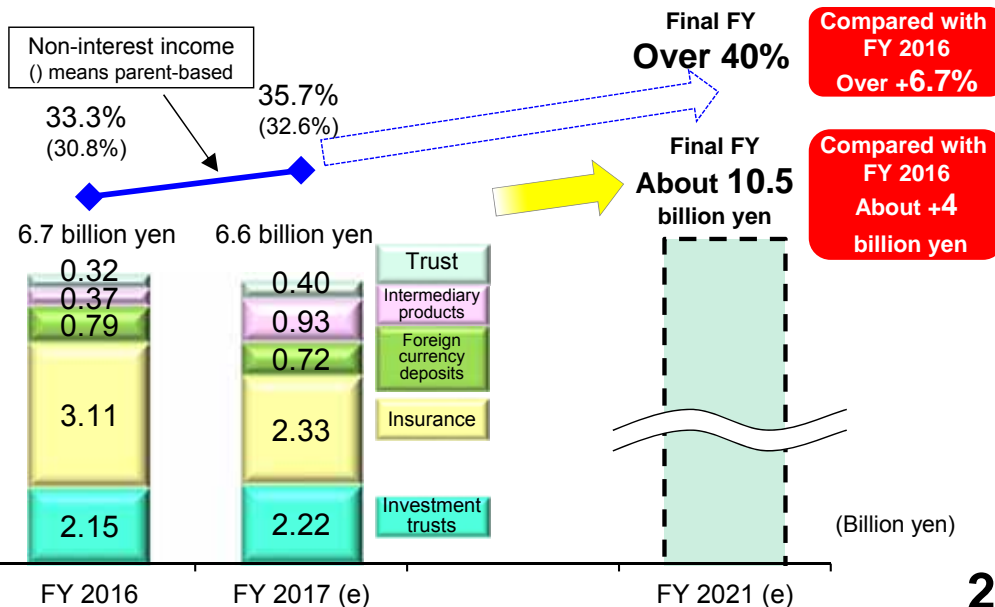
No. of policies sold in FY 2016
3rd among the 1st class regional banks



Accumulation of average balance of corporate/personal deposit assets (including Hirogin Securities)



Improvement of non-interest income through the accumulation of asset management business income (deposit assets)



(7) Enhancement of asset management business 2 - Collaboration between banking and securities businesses -

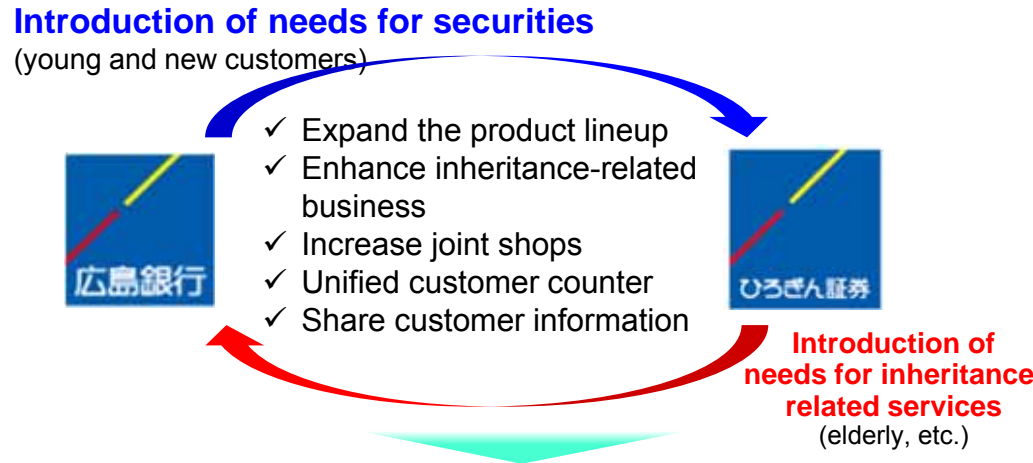
- As of June 1, Hirogin Utsumiya Securities becomes a 100% subsidiary of Hiroshima Bank, Co., Ltd. (from 50% to 100%) and its trade name is to be changed to “Hirogin Securities.”
- For implementing the customer-first operations (fiduciary duty), provide products and services that can meet the customers’ needs and profit with the unified efforts by the “Hirogin Group.”
- More concretely, promote the collaboration between banking and securities businesses with focusing on “Expanding product lineup,” “Enhancing inheritance-related business,” and “Increasing joint shops.”

Promotion framework under the BK/SE collaboration

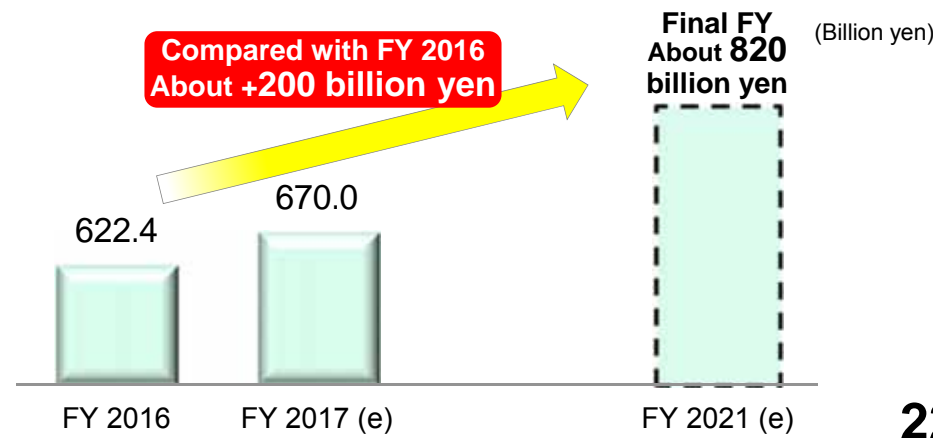
Customer Classification (by deposit assets)	%		Promotion framework	
	Bank	Hirogin Securities	Bank	Hirogin Securities
Wealthy-class Investor-type customers (0.03 billion yen or more) High	0.8% (21.8%)	3.8% (38.6%)		Active management products Stock Structured bond Foreign bond Theme-type fund, etc.
Middle-class Asset management customers (0.01 – 0.03 billion yen) Risk tolerance	5.5% (36.4%)	11.4% (30.4%)	Stable management products	Expand product lineup
Mass-class Asset formation customers (Less than 0.01 billion yen) Low	93.7% (41.8%)	84.8% (31.0%)	Deposit Public bond Foreign currency deposits Core fund (active trust) Insurance, etc.	

Realize stable asset formation for customers by providing high quality financial products and services with unified efforts by the Group

Promotion of BK/SE unified management



Accumulation of average balance of deposited assets (Hirogin Securities)



(8) Enhancement of efforts for regional development

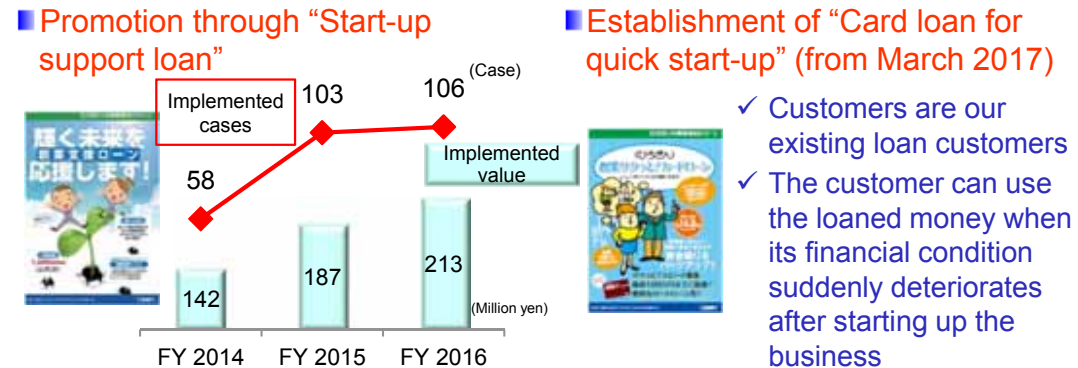
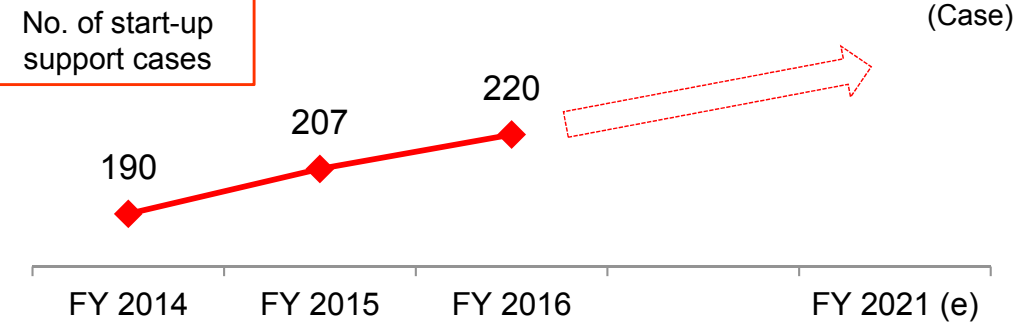
- Strengthen collaboration with the administrative agencies, and become actively engaged in “Regional development,” “Tourism promotion,” and “Local medical support” ahead of other banks
- Ensure profit opportunities through becoming the core player of regional development

Promote efforts for “Regional development/Tourism promotion/Local medical support”

Promote start-up support measures to create “Jobs”

	Actions	Business development/ Expected return
Regional development	<ul style="list-style-type: none"> Prepare “Town creation plan (for Kamiya-cho/ Hatchobori Areas)” for the promotion of “Central area revitalization plan” 	<ul style="list-style-type: none"> Use loan funds for development Support the development of water infrastructure Support local companies for participation in a regional development plan, etc. <p>Expected return (five years total) About 0.4 billion yen</p>
Tourism promotion	<ul style="list-style-type: none"> Develop infrastructure for tourism Support the establishment of DMO Establish a loan system for tourist agents 	<ul style="list-style-type: none"> Support start-up/growth of tourist agents Develop infrastructure for airport privatization Support local tourist agents to participate in the tourist infrastructure development business <p>Expected return (five years total) About 0.5 billion yen</p>
Local medical support	<ul style="list-style-type: none"> Collaborate with the administrative agencies through regular communications Identify problems held by medical institutions and provide solutions 	<ul style="list-style-type: none"> Business succession due to the aging business owners Support capital investment, etc. <p>Expected return (five years total) About 0.1 billion yen</p>

*Central area planning for revitalizing the center of the city prepared by Hiroshima City and Prefecture.



Start-up support seminar for women (in March 2017)



- Jointly held by Hiroshima Industrial Promotion Organization
- Provide a forum for creating a vision of the future

- Establishment of “Card loan for quick start-up” (from March 2017)
 - Customers are our existing loan customers
 - The customer can use the loaned money when its financial condition suddenly deteriorates after starting up the business

■ Aiming at obtaining a stable income with proper risk-taking depending on the market condition, in consideration of the Basel Accords (interest rate risk and regulations on capital adequacy ratio) and fund position

Check Points

(1) Uncertain market environment

- ✓ Signs of getting out of “Low inflation,” “Low interest rate,” and “Low growth”
- ✓ Policy management by new US President

(2) Basel Accords

- ✓ New interest rate risk regulation (introduction of IRRBB)
- ✓ Capital adequacy rule

(3) Fund position

- ✓ Avoid the application of negative interest rate to current account deposits at the BOJ

(4) Liquidity, profitability, and safety of individual investment instruments

Securities management strategy

		Trend of balance	Management policy
Interest rate	Yen bonds	↓	✓ Reduce the holding of government bonds and actively purchase/sell bonds with an eye on the market condition
	Foreign bonds	↓	✓ Reduce the holding of US government bonds and actively purchase/sell bonds with an eye on the market condition
Credit		→	✓ Purchase highly liquid and safe products such as Government Housing Loan Corporation mortgage-backed securities
Stocks/J-REIT, etc. (including cross-held shares)		↑	✓ Increase the holding of issues that are highly liquid and can provide a stable and high dividend
Equity business		↑	✓ Increase the balance by structuring of and contribution to (under consideration) subsidiary funds
Investment trust, etc.		↑	✓ Increase the holding of multi asset-type investment funds to ensure a stable income
Total		↓	✓ The balance of securities declines due to the reduction of yen bonds and foreign bonds

(10) Reform of working style 1

- Promotion of thorough reduction of labor burden -

Provide highly value-added services using time effectively as much as possible, and improve business efficiency by thoroughly reduce the labor burden

“Reform of working style”

- Review the working process
- Promote flexible working style

Ideal style

- Working culture that encourages effective working style
- Increase sales/marketing staff
- Hire excellent people, etc.

Reform of “Culture”

- ✓ Reform awareness and actions of all the employees
- ✓ Encourage to reduce meetings, materials, and reporting

Reform of “Operation”

Thoroughly reduce the labor burden boldly and speedily

Eliminating Concentrating Systemizing

Use of FinTech Outsourcing

Reform of “System”

- ✓ Enhance measures to reduce the working hours
- ✓ Prepare an environment for promoting diversity

See page 27

<Branch Offices>

- (1) Promote self-services for front-office tasks at branch offices
- (2) Change to “consulting-Oriented” business

- Reduce the use of papers and signatures on various documents
- Reduce back-office tasks (in loan and sales sections) See page 20
- Low-cost operation for personal loans
- Review branch-office strategies

<HQ>

- (1) Drastically improve the speed of decision-making
- (2) Promote collaborate beyond the borders of sections

Advance implementation
(See next page)

- Prepare an environment where people can work effectively both internally and with external partners
- Make an environment where everyone can work creatively and share information
- Improve the operation efficiency by reviewing the operation process

Based on the advance implementation at the HQ, consider implementing various measures for improving productivity throughout the company

Further efforts for improving productivity (HQ)



*Information sharing system using a corporate-wide network

At the timing of re-building of HQ building (move to a temporary office)

New HQ Building (image)



- No. of floors/Height: 19 floors/one basement (94 m)
- Architectural area: Approximately 47,000 m²
- Structure: Basement 1 - Parking
- 1st to 3rd floors: HQ sales department, etc.
- 4th to 5th floors: Drawing room, meeting room, large meeting room, etc.
- 6th to 18th floors: Office space

Basic concept of new building

- Deepen regional development and CSR (Contribute to local community)
- Provide cutting-edge financial services (Improve customer satisfaction)
- Enhance BCP (Improve safety for customers)
- Realize group synergy (Sustainable improvement of corporate value)
- Improve productivity and efficiency (Provide better working environment)

Improve productivity by company-wide efforts

■ For achieving the “Mid-term Plan 2017,” actively promote various measures for “Enhancing human resource development” and “Promoting diversity,” and improve job satisfaction for all employees

Focusing points

Major measures

Enhance HR development

Foster professional personnel who can meet the requirements for banking/asset management operation

Support

- Establish a career path for each job that can show the vision of the future
- Increase professional training and use the “Meister system”*
- Review the performance evaluation system that can improve motivation, and newly establish an awarding system → Newly create the “**Dream Challenging System**”

“Dream Challenging System” ...A system that provides an opportunity to employees who are excellent in their current position and can be a role model, to try to move to a position they want to be in without limitation.

* It is a system to recognize an employee who shows excellent “Knowledge” and “Practice” in six operations; i.e. “Corporate loans,” “Personal loans,” “International business,” “Financial planning,” “Deposits,” and Sales administration,” and can conduct OJT training in the company.

Encourage female workers

Support

- Enhance career-up support for female workers to cope with both working and family life
- Employ female managers who have experience in other companies (managers at the HQ)

Target No. of female managers

126

(As of April 1, 2017)

170

(Target in FY 2021)

Strategically allocate mid-career managers

(Reference) Example of strategic allocation





Date of employment	Former job	Assignment	Task
June 2015	IT company	IT Planning & Administration Division	Cyber security
April 2016	HR service company	Personnel & General Affairs Division	Recruitment
June 2016	Lawyer	Investment Banking Division	M&A Support

Promote diversity

(13) Enhancement of new service development

■ Create new services and collaborate with promising external services using FinTech to create a new profit opportunity and improve operation efficiency

Actions for ICT mainly using FinTech

FinTech technical element	Projects under consideration
Cloud/Mobile 	<ul style="list-style-type: none"> ➢ Continuously develop and provide new services such as mobile applications of “Family budgeting/Asset management” and “Shop visit reservation.” ➢ Consider constructing a platform for business customers that can provide a loan application and management support menus. ➢ Use systems on a cloud basis, especially for distributed and internal operation systems
AI/Robotics 	<ul style="list-style-type: none"> ➢ Use an application with high AI function that enables dialogue style consultation and recommendation ➢ Improve efficiency of loan review by “Constructing an AI-based loan review model,” and enhance the earning power in the banking business ➢ Implement measures for improving operation efficiency at branch offices and centers <ul style="list-style-type: none"> - Improve operation efficiency by introducing the “RPA” (Robotic Process Automation) - Use the FAQ system with AI function as a support function for DMC and branch offices - Save labor and sophisticate the customer reconciliation operation/internal reconciliation operation using speech recognition and text mining
API 	<ul style="list-style-type: none"> ➢ Provide accounting/family budgeting services in collaboration with a cloud accounting service companies and PFM (personal financial management) services ➢ Consider providing a small-amount loan product with a simplified (automatic) review process using a cloud accounting system ➢ Prepare for providing an innovative service by continuously conducting Hackathon/Ideathon
Block Chain 	<ul style="list-style-type: none"> ➢ Consider and realize a low-cost and convenient small amount settlement system that can be an alternative to Zengin System/SWIFT

New services in collaboration with other industries

➢ Promote a partnership with other industries (non-financial) and **Provide a service that cannot be realized only by us to customers at a one-stop center.**

Utilize the management resources (information and credibility) held by the Group



This material contains statements about future business performance.

These statements do not guarantee future business performance and are subject to uncertainties.

Please note that actual future business performance may differ from our goals, depending on changes in the business environment and other factors.

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