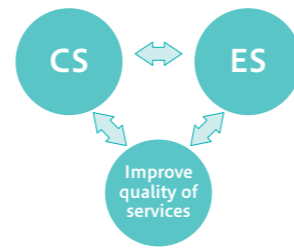


# Transforming Our Business Platform through Three Reform Initiatives

## Strategic Theme 1 Innovation of the process to improve the quality of jobs

To allow our employees to focus on customer-centered activities, we have overhauled work distribution and clerical duties as well as promoted the use of new digital technologies, and we aim to create a virtuous cycle for both equity-method subsidiaries and consolidated subsidiaries, beginning with improving the quality of service.



### Business reform project initiatives

For the business reform project, we gathered feedback regarding elimination or revision of business operations from all of our employees, and as of the end of March 2021, 673 proposals have been implemented. Workload reduction equivalent to the workload for 157 employees.

### Projected reduction in workload

Fiscal year ended March 2020	Approx. 126,271 hours/year (cumulative total)	⇒ Workload for 72 employees
Fiscal year ended March 2021	Approx. 276,574 hours/year (cumulative total)	⇒ Workload for 157 employees
Fiscal year ended March 2022	Approx. 386,446 hours/year (cumulative total)	⇒ Workload for 220 employees

\* Assuming 7.5 hours x (245 working days - 11 days of leave) of work allotted per employee per year.

### Utilizing RPA

Full-scale implementation of Robotic Process Automation (RPA) began in January 2019, and approximately 150 RPA robots have been automating routine tasks at the head office. We have thus far reduced the workload by 13,000 hours per year for 189 operations.

	Approach (1)	Approach (2)
Difficulty of work	High	Low
Initiative policy	<ul style="list-style-type: none"> <li>○ The Corporate Planning Department will gradually integrate robots into each department's operations, beginning with those where the effect is significant and the level of difficulty is high</li> </ul>	<ul style="list-style-type: none"> <li>○ Personnel capable of creating robots will be trained in each department to support insourcing</li> <li>○ Utilize them as a tool for convenience, similar to Excel macros</li> </ul>

- Continuous support provided by RPA engineers
- Share know-how such as robot parts and useful examples

### Utilizing digital technology

We are working to digitize our business and administrative operations to enhance customer convenience, reduce our environmental impact by going paperless, and improve the efficiency and productivity of our operations. We are particularly looking to completely digitize financing contracts and loan contracts going forward.

May 2017	Digitized various investment trust transaction-related procedures
November 2018	Expanded the range of products covered by the web-based completion service for unsecured loans
January 2021	Distributed lightweight laptops to employees that combine the functions of tablets and office PCs
June 2021	Introduced custody management systems
July 2021	Digitized life insurance policy application procedures
October 2021 (planned)	Digitization of loan contracts (general loans and housing loans)



Meeting held while using lightweight laptops

### Various measures implemented by Fincross Digital

We are promoting the provision of new financial services and the implementation of technologies that make use of big data.

April 2019	Implemented AI-based internal digital document retrieval system
October 2019	Introduced AI-based financial product recommendation system
October 2021 (planned)	Introduction of electronic contracts

## Strategic Theme 2 Innovation of the channel to expand customer interface channels

In response to changes in customers' lifestyles, we are promoting channel innovation to expand our points of contact with customers. In addition to improving the convenience of non-direct channels, such as expanding online banking transactions; enhancing ATM networks, including those at convenience stores; and distributing information using social media, we are building an optimal sales structure that aims to improve efficiency and expertise in each region to fulfill the needs of our customers.

### Optimization of branch network and strengthening of consultation functions

To respond to the decrease in the number of customers visiting our branches and the growing need for consultations regarding inheritance, asset formation, and so on, we are working on restructuring branch functions and selection and consolidation of the branch network. Consolidating branch functions and specialized human resources in each region will allow us to improve the efficiency of branch operations and offer high-quality, meticulous financial services.

#### ○ Restructuring of branch functions

Flagship branches, which are the core branches in each region, and satellite branches, which have a lighter operation load, are working together to provide optimal financial services to customers by leveraging the regional branch network.

Flagship Branch	Tatebayashi Branch
Satellite Branch	Itakura Branch, Ouramachi Branch, Tatebayashi-minami Branch

#### ○ Selection and consolidation of bank network

We are promoting consolidation (branch-in-branch) while making a comprehensive assessment of trends in the number of customers visiting our banks and the need to renovate existing neighboring banks.

#### Store consolidations and renovations

March 2016	Takasaki-Tamachi Branch, Takasaki-kita Branch
April 2019	Honjo Branch, Honjo-minami Branch
March 2020	Kiryu Branch, Kiryu-minami Branch
May 2021	Annaka Branch, Isobe Branch
June 2021	Nakanojo Branch, Haramachi Branch



Annaka and Isobe branches (relocated and consolidated in May 2021)

### Utilizing digital technology

The Digital Innovation Group within the Corporate Planning Department, which was established in June 2020, is leading the Group's digital initiatives to expand points of contact with customers, improve convenience, and generate new financial services using digital technology. In March 2021, we decided to implement the TSUBASA FinTech Common Platform developed primarily by the participating banks of the TSUBASA Alliance. We are currently developing systems to revamp the API platform and smartphone applications for individual customers.

#### ○ Future development of digital measures

Expanding points of contact with customers and improving convenience

Personal customers	Introducing a banking app using the framework provided by the TSUBASA Alliance
Corporate customers	Introducing a portal site that lets corporate customers make various inquiries and complete procedures without having to visit a bank
Banks	Introducing tablets that allow customers to perform various in-store procedures without using paper

#### Creating new financial services

- Promoting open APIs and enhancing cooperation with external businesses
- Utilizing contract information, payment information, and other information

**Strategic Theme 3 Innovations in human resources aimed at making the best use of creativity**

To nurture employees who can exercise their creativity and offer what customers truly need, we are shifting from uniform personnel development to personnel development that is tailored to the motivations, abilities, and aptitudes of each individual employee. We are accomplishing this through the formulation of a professional personnel development plan, the implementation of a Career Goals Declaration, and the utilization of a talent management system, among other efforts. We are also striving to create an environment where a variety of personnel can harness their individual abilities to the fullest by promoting diversity and flexible work styles.

**Improve job satisfaction through a talent management process**

**Implementing a talent management process**

Along with the introduction of a new personnel information system in April 2020, we introduced a talent management system to centralize management of personnel information. This will enhance the search, query, and extraction functions for personnel and allow effective use of human resource information, thus leading to individual skill development, proper placement, and increased employee motivation.

**Career development support tailored to the individual**

We have introduced the Career Goals Declaration to encourage employees to identify their aspirations and work to achieve them. This provides an opportunity for employees who wish to take on active roles as specialists to let their intentions be known, and these declarations (regarding self-improvement and achievements thus far) are used to designate personnel for assignments, training, and more.

**Establish a foundation for mid- and long-term fostering of specialized human resources**

**Training based on professional personnel development plans**

As banking operations become more sophisticated and diversified, there is an increasing need to enhance the development of human resources with specialized skills. Each of our departments formulates and presents a professional personnel development plan, indicating the career paths available in each field. They also promote the development of professional personnel by having employees take part in external training programs and encouraging them to acquire useful qualifications.

**Establishing new positions to leverage specialized human resources**

In June 2020, we established new job titles (Professional, Senior Expert, and Expert) to make the most of those personnel who possess specialized skills. We will reward employees with high levels of expertise and help them develop over the medium- to long-term so that we can fulfill the increasingly sophisticated and diverse needs of our customers.

**Build on the collective strengths of human resources and transform the organization into one where staff members can act on their own initiative**

**Implementing systematic training**

We are making efforts to improve both personnel and their business skills by systematically implementing training based on rank and job type.

One of our main initiatives is the “Systematic Program for the Development of Younger Employees,” which targets employees who have been with us for up to six years and supports the development of those who can think and act independently based on themes such as contributing to regional communities and thinking about customer satisfaction.

**Introducing 1-on-1 meetings**

In October 2020, we began holding 1-on-1 meetings in which supervisors can meet with their subordinates individually to foster an environment where young employees can have a more positive outlook toward their work and gain a sense of fulfillment. Moreover, by fostering a culture that emphasizes personnel development, we will work to create a virtuous cycle to improve both employee satisfaction and customer satisfaction.

**Promote diversity that leads to enhancing the vitality of the company**

**Updating the personnel system**

In June 2020, we updated our personnel system to allow employees to continue to hold a variety of positions even after the mandatory retirement age of 56, thus allowing them to utilize their abundant knowledge and experience more than ever and demonstrate their abilities.

**Promoting the active participation of women in the workplace (see page 37 for details)**

We are working to allocate human resources and train managers so that women can play an active role in a wider range of areas. We are also developing a system that enables women to balance work and family life and maximize their potential.

**Implement reforms in workstyle to support the lifestyle of each staff member**

**Finding new ways to work that utilize IT tools, etc.**

We fully implemented telecommuting (telework) in August 2018 and are actively working to improve our infrastructure. This includes using lightweight laptops and the providing satellite spaces (in the Ikebukuro and Kugayama dormitories), the Ota Lab satellite office (in the Morita sub-branch of the Ota branch), and an open space (on the fourth floor of the head office). To prevent the spread of COVID-19, many of our employees have been working from home using lightweight laptops and other devices.

Going forward, we will continue to improve the teleworking environment to achieve a better work-life balance, reform work styles, and support the activities of a diverse array of personnel.

**Ota Lab satellite office**



**Health management initiatives**

In September 2018, we enhanced measures for maintaining and improving health by establishing the Health Management Declaration. This declaration fosters an environment in which employees can play an active role in maintaining good physical and mental health, as well as encourages permanent revitalization and development of regional communities.

In March 2021, we were certified as a “Health and Productivity Management Organization (White 500)” under the Certified Health & Productivity Management Outstanding Organizations Recognition Program sponsored by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council), making it three consecutive years that we’ve been certified.



**Main personnel development support systems**

