



We aspire to become a
“comprehensive financial
group that builds a future
with local communities and
achieves sustainable growth
with local economies”
in partnerships with our
customers and the region.

Yukio Murase
Chairman and President,
The Juroku Bank

Launch of the 15th Medium- Term Management Plan

The year ended March 31, 2021 has a particular significance as it began with the launch of the “15th Medium-Term Management Plan ~ Engagement to the future ~.”

In this plan, we uphold a long-term vision toward our 150th anniversary in 2027, aspiring to be a “comprehensive financial group that builds a future with local communities and achieves sustainable growth with local economies.”

To realize this vision, we are seeking to shift our business model by implementing three reforms: “business reform,” “operation process/channel reform” and “human resources/organization reform” while working to create shared value with an eye to the future needs of our customers and the region we serve.

Initiatives for COVID-19

The start of the year ended March 31, 2021 coincided with the outbreak of COVID-19, which triggered an unprecedented crisis for which past experience offered little guidance. Prioritizing the health and safety of our customers, officers and employees, the Group has been making its best effort to provide the required financial services as much as possible, paying more attention than ever to communities and customers.

We swiftly provided support to customers affected by and suffered damage from the COVID-19 pandemic, centering on cash flow support programs.

► Cash flow support provided by the Bank

Number of COVID-19-related loans executed	11,491
Amount of COVID-19-related loans executed	¥300.6 billion
[Of which, amount of interest free loans executed]	¥181.7 billion
Number of applications for revisions of the terms and conditions of mortgage loans in view of the impact of the COVID-19 pandemic	316
Amount of mortgage loans whose terms and conditions were revised	¥4.4 billion

(as of March 31, 2021)

In the COVID-19 pandemic, besides cash flow support programs, we strove to enhance engagement with customers while implementing the market-in approach (customer-first marketing strategy).

The Corporate Consulting Group established in April 2021 is spearheading our efforts to provide corporate customers support tailored to their individual situations in combination with the conventional core business support as well as our swift responding capability. Personnel of the head office visit corporate customers in cooperation with sales branches to ensure close communication with their management.

■ Holding of business matchmaking conferences

We hold business matchmaking conferences in which the general managers of the Bank's branches, on behalf of their customers' sales managers, make presentations on their customers' products and services to general managers of other branches of the Bank in the vicinity. Preparing presentation materials is a great opportunity to gain in-depth understanding of customers. At the conferences, likely partners are proposed and efforts are made to speed cooperation, leading to deals. The Bank's conferences are increasingly viewed as valuable opportunities for new business matching and fruitful engagement.



■ Serving as an intermediary for utilization of human resources

We are aware that certain customers who have a steady stream of orders are in need of additional human resources. Meanwhile, there are customers whose human resources exceed their needs because of decreased production amid the COVID-19 pandemic. We are endeavoring to serve as an intermediary between these customers. We made referrals in cooperation with our branches, and by pairing customers with matching needs, we were able to arrange for the employment of some 20 people. Both customers were also able to use the government's subsidy system. This is an example of fruitful engagement with customers.



The Citrus Ribbon Project aims to eliminate discrimination and prejudice associated with COVID-19 throughout the region, whether at home or in workplaces, and contribute to the resumption of a happy carefree life. In February 2021, the Bank endorsed the Citrus Ribbon Project and is working to realize a compassionate community.

Every member of the Bank is resolved to engage with people in the communities and take action, always mindful of what they can usefully do now.

Review of the First Year of the 15th Medium-Term Management Plan

Progress of the 15th Medium-Term Management Plan

Numerical targets		FY2022 targets	At the launch of the plan (FY2019 results)	FY2020 results
Profitability	Net income (consolidated)	¥12.0 billion	¥12.8 billion	¥14.7 billion
Efficiency	Adjusted OHR (non-consolidated)	Around 67%	67.18%	65.38%

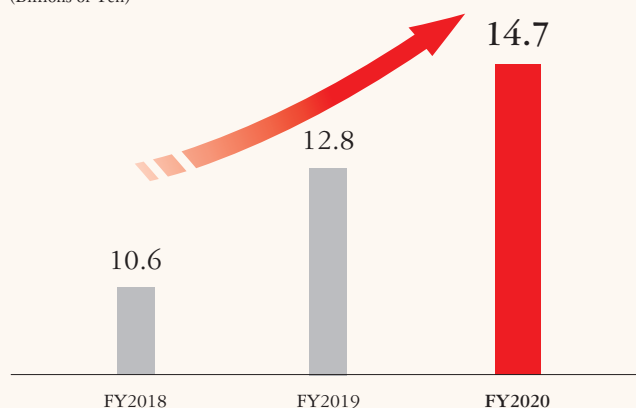
Long-term targets		Targets	At the launch of the plan (FY2019 results)	FY2020 results
Profitability	ROE (consolidated)	5% or more	3.65%	3.98%
Soundness	Core capital ratio (consolidated)	10% or more	9.27%	9.93%

In the year ended March 31, 2021, the first year of the 15th Medium-Term Management Plan, we refrained from face-to-face sales so as to prevent the spread of COVID-19 and our business was affected, particularly in the first half. However, our financial performance recovered in the second half once we had established a sales system in response to the COVID-19 pandemic. On a non-consolidated basis, net core operating profit increased by ¥1.0 billion year on year to ¥21.5 billion, ordinary profit increased by ¥4.0 billion year on year to ¥22.5 billion, and net income increased by ¥1.4 billion to ¥14.1 billion.

On a consolidated basis, ordinary profit increased by ¥5.2 billion year on year to ¥24.6 billion and net income attributable to owners of the parent increased by ¥1.9 billion to ¥14.7 billion. Regarding both “net income (consolidated)” and “adjusted OHR (non-consolidated),” which are the key performance indicators for our numerical targets of the 15th Medium-Term Management Plan, our results in the first year of the plan exceeded the targets for FY2022, the final year of the plan.

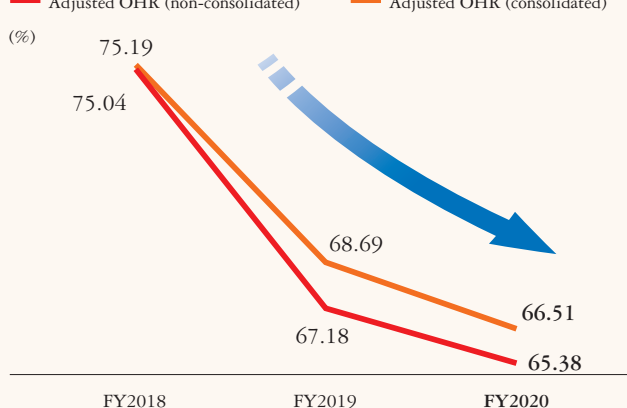
Net income attributable to owners of the parent

(Billions of Yen)



Adjusted OHR

(%)



Capital Policy

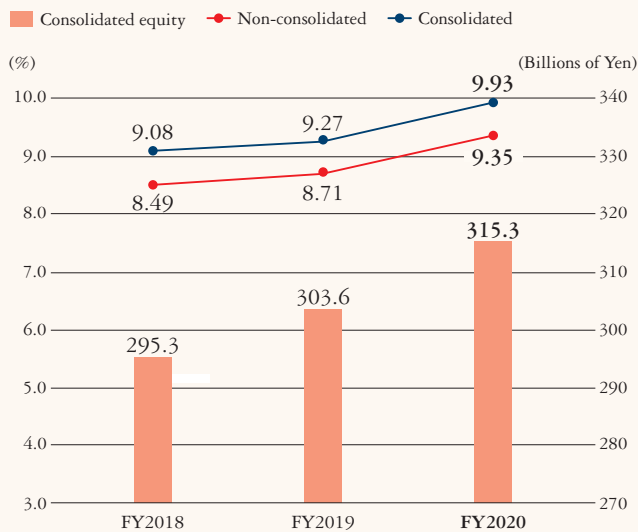
In regard to our capital, as profits have been accumulated, a consolidated core capital ratio of 10% or above, which is a long-term target under the 15th Medium-Term Management Plan, is within reach.

Regarding dividends for the year ended March 31, 2021, we paid a year-end dividend of ¥55 per share. Whereas our initial plan was to pay a year-end dividend of ¥35, we revised it in November 2020 to ¥45, an increase of ¥10 per share. However, since our business results for the year ended March 31, 2021 exceeded the forecast announced in November and in view of the imminent transition to a holding company structure in October 2021, we added another ¥10 per share as a commemorative dividend.

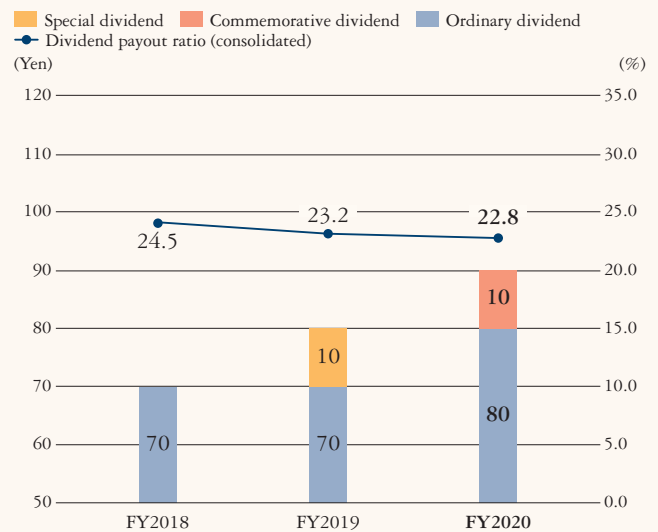
As a result, annual dividends amounted to ¥90, including the interim dividend of ¥35.



Core capital ratio



Changes in dividends



Reorganization

In April 2021, we executed a reorganization to upgrade the organizational structure of the Bank's headquarters in view of the imminent transition to a holding company structure in October 2021.

As well as transforming the Bank's organizational structure to facilitate effective collaboration with the holding company, we will continue to implement the market-in approach (customer-first marketing strategy) and strengthen our initiatives for "digital transformation," "regional revitalization," and the "SDGs."

1. Implementation of the market-in approach (customer-first marketing strategy)

Change of the Personal Business Division to the **Retail Business Division**
Reorganization within the division: Establishment of the Retail Planning Group, the Retail Business Group, and the Personal Loan Group

Change of the Corporate Business Division to the **Solutions Business Division**
Reorganization within the division: Establishment of the Finance Group and the Solutions Group

Establishment of the **Corporate Consulting Group** within the Enterprise Support Division

2. Strengthening of the initiatives for "digital transformation"

Change of the Operational Reform Division to the **Digital Reform Division**
Establishment of the **Digital Transformation Promotion Group** within the division

3. Strengthening of the initiatives for "regional revitalization"

Change of the Public Business Division to the **Regional Revitalization Division**
Establishment of the **Regional Revitalization Group** within the division

4. Strengthening of the initiatives for the "SDGs"

Establishment of the **SDGs Promotion Office** within the Regional Revitalization Division

▶ Promoting digital transformation



Digital technology can dramatically enhance the productivity of existing industry and drive economic growth by contributing to the transformation of business models and the creation of new businesses. Responding to these developments, we changed the Operational Reform Division to the Digital Reform Division and established the Digital Transformation Promotion Group within the division.

We will vigorously promote digital transformation (DX) to achieve two principal objectives: "improvement of usability" through enrichment of non-face-to-face channels and data-driven mass-marketing and "improvement of productivity" by expanding the scope of centrally executed business processes and through business process reengineering utilizing digital technology.

▶ Promoting regional revitalization



To step up our initiatives contributing to sustainable growth of the regional economy in collaboration with local governments and community development organizations and earn Gifu and Aichi prefectures' deep and enduring confidence in the Bank, since those prefectures constitute our main field of our business operations, we changed the Public Business Division to the Regional Revitalization Division and established the Regional Revitalization Group within the division.

We will identify and analyze issues for sustainable growth of the region and implement effective measures to resolve the issues in collaboration with Group companies, local governments, community development organizations, etc. by leveraging not only our financial intermediary functions but also our knowledge and network.

▶ Addressing the SDGs

In accordance with The Juroku Bank Group SDGs Declaration announced in February 2020, the Group has been addressing the Sustainable Development Goals (SDGs). To step up the initiatives, we established the SDGs Promotion Office within the Regional Revitalization Division.

In June 2021, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with the aim of providing useful information to our stakeholders while strengthening our climate change countermeasures. We are working to establish systems and ensure information disclosure in accordance with the TCFD recommendations.

In view of the growing interest in the SDGs throughout society, addressing the SDGs may become a precondition for doing business or a crucial factor in being chosen by investors and consumers.

The Group is committed to playing a central role in inculcating the SDGs among customers and people in the region by offering diverse solutions through financial services. All officers and employees of the Group will address the SDGs to help achieve a sustainable society.



Transition to a Holding Company Structure

As a financial institution with its operating bases in Gifu and Aichi prefectures, the Bank's aim has been to become a comprehensive financial group that achieves sustainable growth with local economies by creating shared value through dialogues with people in the local communities so as to contribute to revitalization of the local economy.

At the same time, there have been major changes in the business environment in which regional financial institutions operate, such as the ongoing low-interest policy, and intensifying competition across industries and business categories. In order to contribute to the realization of a sustainable society, regional financial institutions must transform their business models and adapt to deregulation.

For these reasons, the Group has decided to transition to a holding company structure in order to expand its business domain such as by establishing new businesses, strengthen collaboration and optimize the allocation of resources within the Group by reforming the thinking and behavior of our officers and employees, enhance auditing and supervisory functions, and accelerate business execution.

Under the holding company structure, the Group will create a business structure that can respond flexibly to changes in the business environment in order to support its customers' businesses by concentrating the Group's management resources and to fulfill its obligations toward sustainable growth of the region so as to enhance corporate value.



Establishment of NOBUNAGA Capital Village Co., Ltd.



In April 2021, ahead of the transition to a holding company structure, NOBUNAGA Capital Village Co., Ltd., a wholly-owned subsidiary of the Bank, was established as a company specializing in investment, and commenced its operations.

Through corporate venture capital firms investing in startups that can unleash synergies with “regional economies” and “finance,” and regional venture capital firms investing in “future leaders in

the region,” NOBUNAGA Capital Village will vigorously support and foster startups while also tackling business succession and business rehabilitation. By offering new services and products through collaboration between the Group and the enterprises in which NOBUNAGA Capital Village invests, we will contribute to the growth and development of customers and the regional economy.

To Achieve Sustainable Growth Together with Stakeholders

By transitioning to a holding company structure to achieve further development of the Group and sustainable growth with its stakeholders, we will redouble our efforts to create shared value with our stakeholders and enhance corporate value so as to meet their expectations.

I would greatly appreciate the continued support of our stakeholders.