

Operational and Financial Highlights



The Juroku Bank
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 (Deputy President, Juroku Financial Group, Inc.)

Performance for FY2021

The Japanese economy in the current fiscal year remained in a difficult situation, as was the case in the previous fiscal year, due to the impact of the COVID-19 global pandemic.

In both Gifu and Aichi prefectures, which make up the main business base of the Bank, strong downward pressure continued to prevail in the personal consumption of services such as lodging and dining. In the corporate sector, production and exports of the automobile-related industry, which is concentrated in this area, remained at a standstill. Meanwhile, the soaring prices of natural resources and raw materials also adversely affected corporate earnings.

In such an economic environment, the Group demonstrated its comprehensive capabilities and made efforts to provide a broad range of support to its customers amid the COVID-19 pandemic, including cash flow support and core business support, while engaging in high-value-added consulting activities, among others. As a result, consolidated core gross operating profit increased by ¥7.0 billion year on year to ¥78.2 billion.

In addition, expenses including personnel expenses and non-personnel expenses decreased by ¥1.4 billion year on year to ¥46.0 billion. As a result, consolidated core net operating profit increased significantly by ¥8.3 billion year on year to ¥32.1 billion.

Although consolidated net business profit decreased, as a result of reporting a realized loss on the portion of the deteriorating valuation gains and losses of securities reflecting the rise in U.S. interest rates since the beginning of the calendar year, ordinary profit increased by ¥2.1 billion year on year to ¥26.7 billion, and net income attributable to owners of the parent increased by ¥2.4 billion year on year to ¥17.1 billion, both representing increases in profits for the fourth consecutive term.

Summary of Consolidated Financial Results of the Juroku Financial Group

	March 2022	(Year-on-year)
Consolidated core gross operating profit	78.2	7.0
Net interest income	54.3	3.8
Fees and commissions	17.1	1.6
Other operating profit (Excluding profit on JGBs and other debt securities)	6.7	1.6
Expenses	46.0	(1.4)
Personnel expenses	24.7	(0.8)
Non-personnel expenses	18.3	(0.5)
Consolidated core net operating profit	32.1	8.3
Profit on JGBs and other debt securities	(10.8)	(10.8)
Consolidated net business profit	21.3	(2.6)
Credit-related costs	2.8	(1.4)
Profit on equities	6.5	2.0
Ordinary profit	26.7	2.1
Net income attributable to owners of the parent	17.1	2.4

(*) The Juroku Financial Group was established on October 1, 2021. As such, the financial results for FY2021 contain the financial results for the six months ended September 30, 2021 of The Juroku Bank, which became a wholly-owned subsidiary through a sole-share transfer. The year-on-year figures represent the comparison with the consolidated financial results of the Juroku Bank Group, which has The Juroku, as the parent company.

The Juroku Bank, the core company of the Group, reported expansion in fees and commissions as a result of record highs in individual-related revenues and corporate-related revenues, in addition to increases in net interest income, resulting in core gross operating profit of ¥68.4 billion, an increase of ¥6.2 billion year on year.

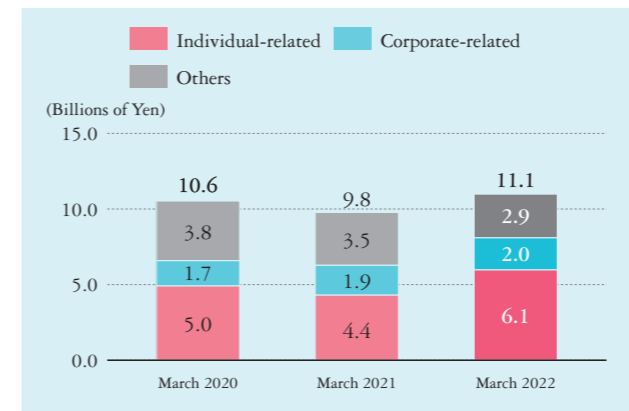
Additionally, due to a decrease in expenses of ¥1.3 billion year on year to ¥39.4 billion, core net operating profit increased by ¥7.4 billion year on year to ¥28.9 billion, which reached a record high.

Ordinary profit increased by ¥2.0 billion year on year to ¥24.5 billion, and net income increased by ¥3.2 billion to ¥17.3 billion, both representing increases in profits for the fifth consecutive term.

Profit of customer services, one of the Group's key performance indicators for profits from the Bank's main business, is also increasing steadily.

In FY2021, profit of customer services increased by ¥3.2 billion year on year to ¥11.4 billion, reaching levels exceeding ¥10 billion.

Trends in fees and commissions of the non-consolidated Juroku Bank



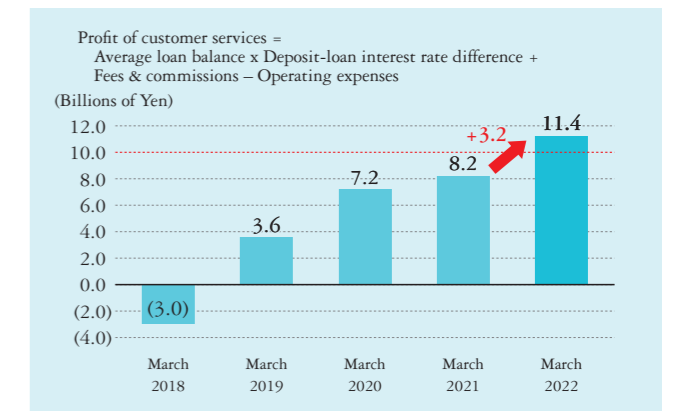
Business Projections for FY2022

In FY2022, based on conservative estimates of credit-related costs and estimated decreases in profit on equities, we expect Group consolidated ordinary profit of ¥25.5 billion, a decrease of ¥1.2 billion year on year. Meanwhile, net income attributable to owners of the parent is expected to increase by ¥0.4 billion year on year to ¥17.5 billion, due to the contribution of consolidated interests in the Group companies throughout the year.

The Juroku Bank Summary of non-consolidated results

	March 2022	(Year-on-year)
Core gross operating profit	68.4	6.2
Net interest income	54.5	3.7
Fees and commissions	11.1	1.3
Other operating profit (Excluding profit on JGBs and other debt securities)	2.6	1.1
Expenses	39.4	(1.3)
Personnel expenses	19.5	(1.4)
Non-personnel expenses	17.1	0.1
Core net operating profit	28.9	7.4
Profit on JGBs and other debt securities	(10.8)	(10.8)
Net business profit	18.0	(3.5)
Credit-related costs	2.5	(1.6)
Profit on equities	6.7	2.2
Ordinary profit	24.5	2.0
Net income	17.3	3.2

Trends in profit of customer services of the non-consolidated Juroku Bank



Juroku Financial Group Consolidated Business Projection

	March 2023 (projection)	(Year-on-year)
Consolidated core gross operating profit	72.4	(5.8)
Net interest income	49.6	(4.7)
Fees and commissions	17.5	0.4
Other operating profit (Excluding profit on JGBs and other debt securities)	5.3	(1.4)
Expenses	45.9	(0.1)
Personnel expenses	24.6	(0.1)
Non-personnel expenses	18.3	0.0
Consolidated core net operating profit	26.5	(5.6)
Ordinary profit	25.5	(1.2)
Net income attributable to owners of the parent	17.5	0.4

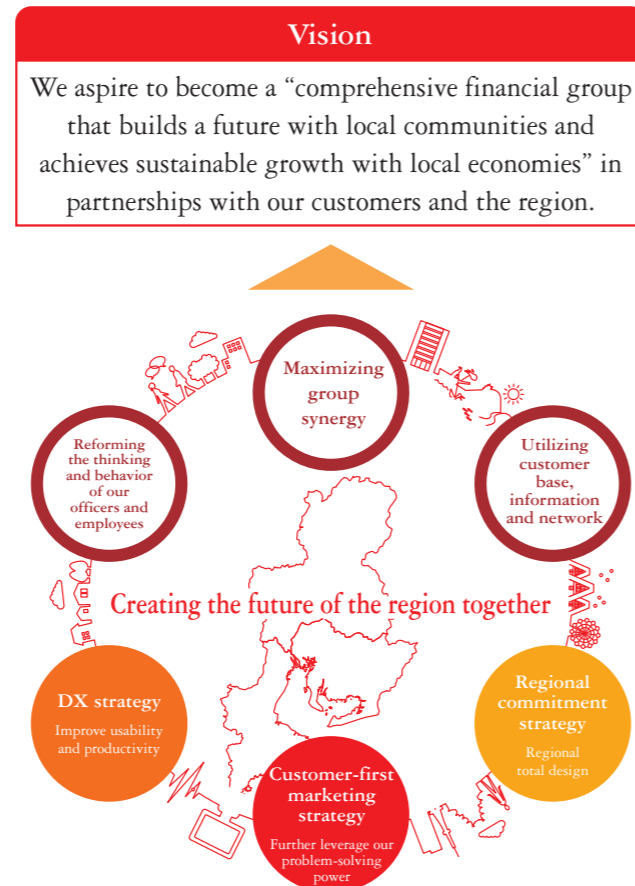
Progress of the 1st Management Plan

The Group commenced the 1st Management Plan from October 2021.

Under the Plan, we will engage in three management strategies of the “Customer-first marketing strategy” to further leverage our problem-solving power, the “DX strategy” to improve usability and productivity, and the “Regional commitment strategy” to handle regional total design, thereby aiming to become a “comprehensive financial group that builds a future with local communities and achieves sustainable growth with local economies.”

As a result of engaging in business activities based on the 1st Management Plan, we exceeded the numerical targets for “consolidated net income,” “consolidated capital adequacy ratio,” “consolidated adjusted OHR,” and “consolidated non-interest profit ratio” set for FY2022, the final year of the Plan, ahead of time in FY2021.

Additionally, “consolidated ROE,” which has been set as a long-term indicator has also been rising each year, while profitability, fiscal integrity, and efficiency, which form the management foundation, have also been steadily improving.



Shareholder Returns

As disclosed in its “Juroku Financial Group’s Shareholder Return Policy” at its founding, the Company’s basic policy is to pay stable dividends continuously while striving to further improve its fiscal robustness in the face of diversifying risks surrounding financial transactions. In view of the business environment and income levels, the Company has determined that shareholder returns will aim to achieve a total payout ratio of at least 25%.

In FY2021, in consideration of the completion of a shift to a holding company structure on October 1, 2021, the Company paid an annual dividend (the total amount of the interim dividend for FY2021 paid by The Juroku Bank and the year-end dividend paid by the Juroku Financial Group for FY2021) of ¥120 comprising the ordinary dividend and a commemorative dividend of ¥20. Together with the acquisition of treasury shares, the total payout ratio reached 32.3% on a consolidated basis.

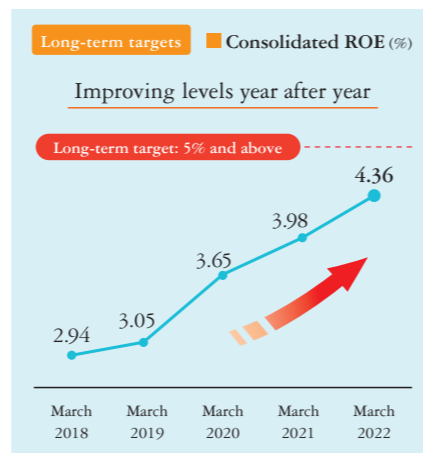
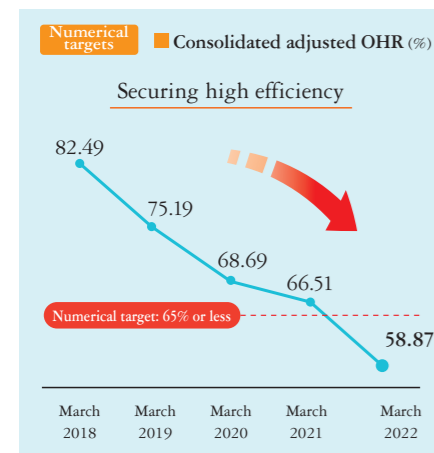
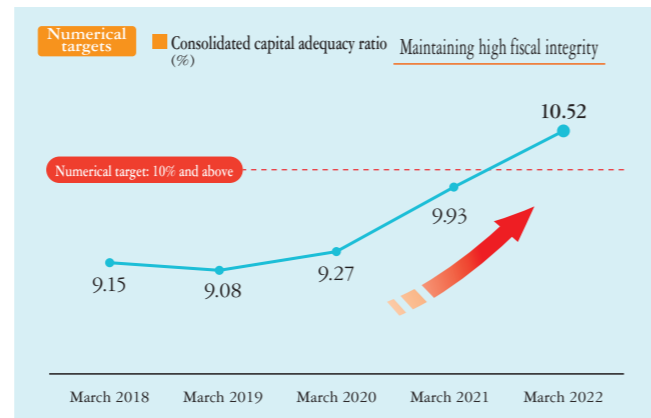
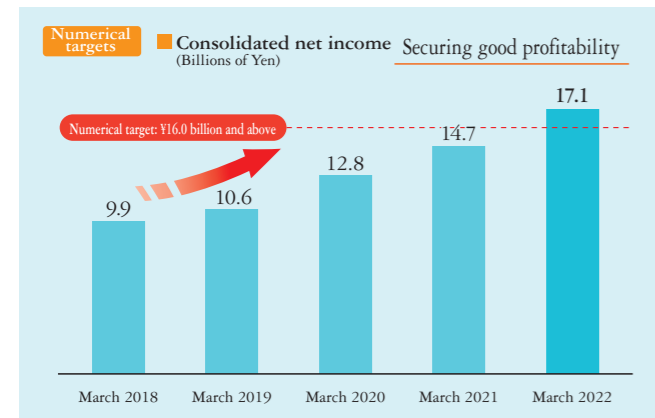
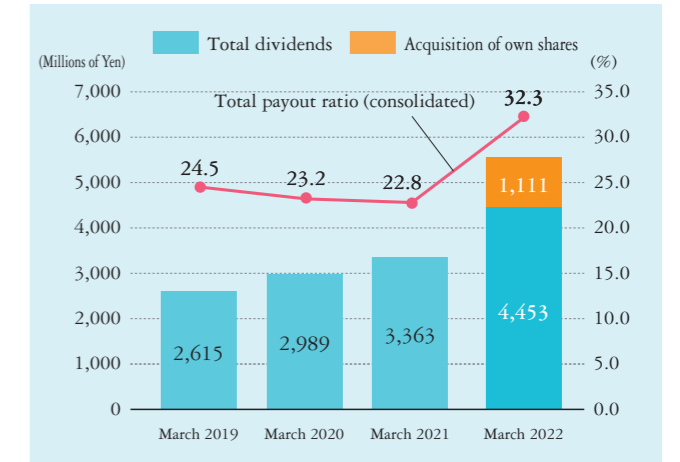


Dividends

	March 2019	March 2020	March 2021	March 2022
Annual dividends	¥70	¥80	¥90	¥120
Interim	Ordinary dividend	¥35	¥35	¥50
	End-of-year	Ordinary dividend	¥35	¥45
Other	—	¥10 (Special dividend)	¥10 (Commemorative dividend)	¥20 (Commemorative dividend)

(*) Figures before the interim of FY2021 are the actual dividends paid by The Juroku Bank

Trends in total dividends and total payout ratio (consolidated)



Reduction of Cross-shareholdings

The Group, since FY2009, has been engaged in efforts to reduce its cross-shareholdings. Accordingly, the balance of cross-shareholdings including listed and unlisted stock decreased from ¥88.3 billion as of March 31, 2009, to ¥47.8 billion as of March 31, 2022.

In addition, since FY2012, we have been verifying the profitability of cross-shareholdings based on the risks and returns of holding these stocks while reviewing our shareholding policy.

Going forward, we will continue to reduce our cross-shareholdings, aligning with the purpose of the Corporate Governance Code.

Trends in cross-shareholdings (book value)

