

JUROKU Financial Group

2023

ANNUAL REPORT

Overview of Juroku Financial Group

Group Management Philosophy

Our group management philosophy is inherited from the basic philosophy of The Juroku Bank, and represents the fundamental spirit of the Juroku Financial Group and the foundation for all of our officers' and employees' activities. It consists of three parts: Mission, Vision, and Values. When putting our philosophy into practice, the specific conduct of our staff is governed by the Code of Conduct.



Juroku Financial Group: Creating the future of the region together

Group Structure

After our transition to a holding company structure, as a general rule, each group company except joint ventures was made a wholly owned subsidiary of Juroku Financial Group or The Juroku Bank, and a group management system was established for the purpose of strengthening consolidated profitability and group governance.

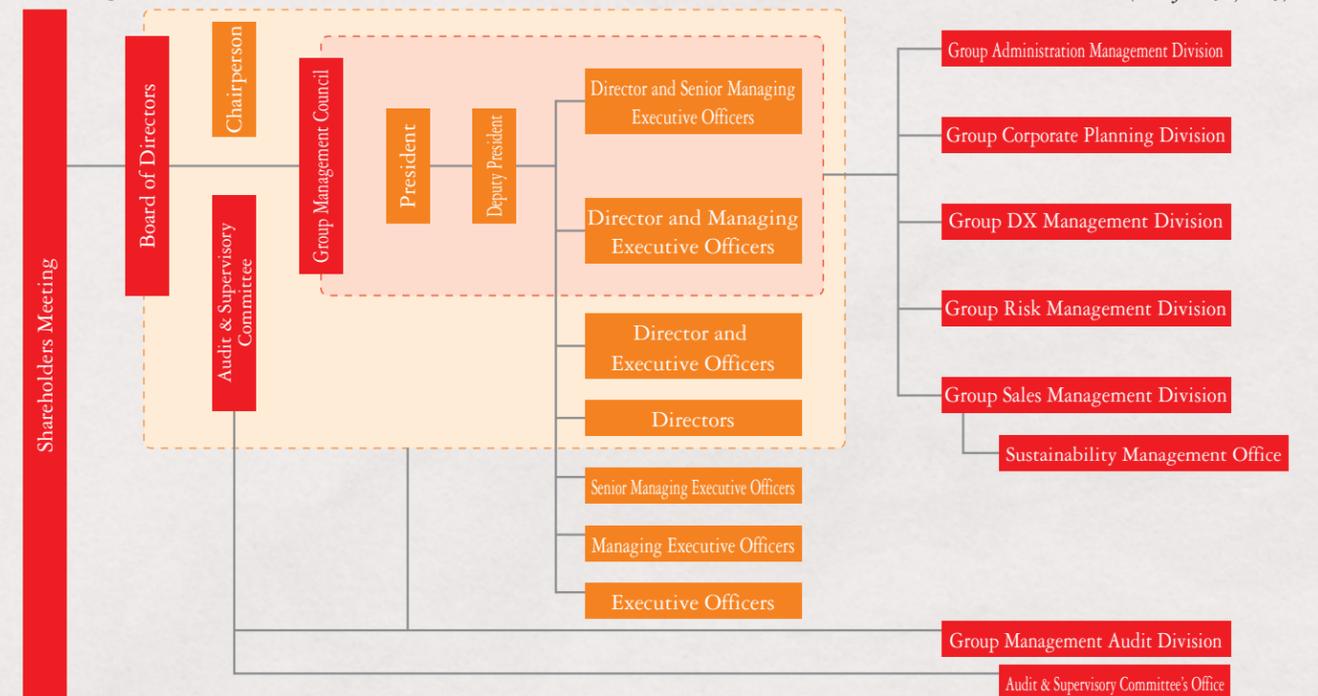
(as of July 3, 2023)

Juroku Financial Group	Investment Ratio (Financial Group / Bank)	Business Lines
The Juroku Bank	100%	Banking service
Juroku Business Service Co., Ltd.	100%	Clerical work service
Juroku Credit Guarantee Co., Ltd.	100%	Credit guaranty service
Juroku Research Institute Co., Ltd.	100%	Business consulting service, Survey and research service
Juroku Tokai Tokyo Securities Co., Ltd.	60%	Financial instruments service
Juroku Card Co., Ltd.	100%	Credit card flotation service
Juroku Lease Co., Ltd.	100%	Leasing service
Juroku Densan Digital Service Co., Ltd.	60%	Payments and digital solutions service
NOBUNAGA Succession Inc.	60%	Management succession and M&A advisory service
NOBUNAGA Capital Village Co., Ltd.	100%	Operation and management of Investment business Limited partnership
Kanda Machi Okoshi Co., Ltd.	99%	Consulting services related to local revitalization

Corporate Data

Organizational Structure

(as of June 30, 2023)



External ratings

Both Juroku Financial Group and The Juroku Bank have obtained long-term issuer rating "A+" from the Japan Credit Rating Agency, Ltd. (JCR).

Rated companies	Juroku Financial Group	The Juroku Bank
Long-term issuer rating	A+ (Unchanged)	A+ (Unchanged)
Rating outlook	Stable	Stable
Rating date	November 9, 2022	

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Juroku Financial Group, Inc.
Naoki Ikeda
Representative Director and President

Staying Ahead of the Curve to Always Serve the Region

In April 2023, we launched our Long-Term Vision “16Vision-10” and our 2nd Medium-Term Management Plan “Staying Ahead of the Curve to Always Serve the Region: First Stage.”

The environment surrounding the Group is changing dramatically, not only due to issues specific to Japan such as population decline and the development of a hyper-aged society, but also due to lifestyle changes caused by the global spread of COVID-19, and we are entering an era where the future is unpredictable. In these times, it is not the prediction of the future that is important, but the creation of the future through our own will.

With this in mind, in formulating our 2nd Medium-Term Management Plan, we decided to break away from received ideas and formulate a new long-term vision that will serve as a compass for the future management of the Group.

The theme of the Long-Term Vision “16Vision-10,” which is a blueprint of where the Group wants to be in a decade from now, is “Staying Ahead of the Curve to Always Serve the Region.”

The Group will leverage the broad and deep customer base, daily accumulated information, and extensive human network cultivated by The Juroku Bank with a history of over 140 years. At the same time, it will become a regional comprehensive financial services group that stays ahead of the curve to always serve the region with the strength of its complete environment for expanding its business domains. In this manner, we will contribute to “achieving growth and prosperity for our customers and the local community.”

Achieving Sustainability and Growth, Harnessing Purpose as a Driving Force

We have newly established “16 Group Energy” as an activity to realize our Long-Term Vision “16Vision-10.”

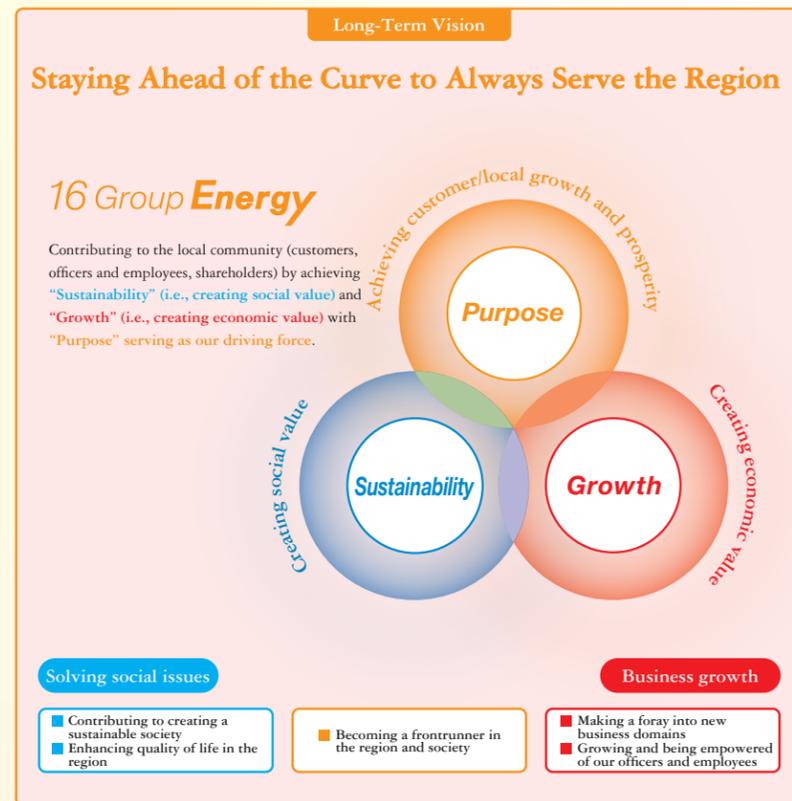
As this diagram shows, we aim to be a regional comprehensive financial services group that stays ahead of the curve to always serve the region as a frontrunner in the local community and society. To that end, we will create social value through our efforts to solve social issues in the local community (=Sustainability) and create economic value through the growth of the Group’s businesses and our own growth and success (=Growth), driven by our Purpose of “Achieving growth and prosperity for our customers and the local community,” which is our great ambition.

Our Long-Term Vision designs the future of the Group and serves as a compass for all officers and employees of the Group to work as one to move forward. We hope to achieve this through a firm understanding by all of us and through our daily activities.

The 2nd Medium-Term Management Plan, which covers the first five years of this Long-Term Vision, is positioned as the “First Stage.”

By promoting the four basic strategies of “Transformation Strategy,” “Human Innovation Strategy,” “Customer-First Marketing Strategy,” and “Region-Producing

Strategy,” which we have created through a backcasting approach based on our blueprint of where we want to be in a decade from now, as Group-wide efforts, we will take on the challenge of speedy reform and create new value.



A Feeling of Being Rooted in the Region

In formulating our Long-Term Vision, we reconsidered how we should deal with our customers and what is an ideal for our officers and employees should look like, which we naturally take as a given in our daily lives.

First, for us, “core customers” are “people who live and undertake activities in the region,” such as those who actively take on challenges in the region for the growth of both their business and themselves and those who show leadership in the region. It is important for us to understand our customers well and identify with them by giving attention to, connecting with, and closely supporting them.

Next, we considered our “shared hope and thoughts” as we interact with our customers. We believe that the feeling that all officers and employees had when they joined the Group was “a feeling of being rooted in the region,” such as an aspiration to

live up the region and aspiration to give back to the region. We are committed to providing an environment in which our officers and employees with these desires and aspirations can perform at their full potential.

Each and every employee thoroughly performs at his or her full potential and voluntarily takes on challenges. They also act voluntarily for the region by embracing what they wish and hope for the region. In this manner, it is important for the officers and employees themselves to demonstrate diversity and ultimately realize a productive life as a person living in the region while experiencing their growth first-hand.

By ensuring that each and every officer and employee understands and shares these values, the entire Group will work in the same direction to achieve our Long-Term Vision.



The Keyword is “Gratitude”

The Long-Term Vision is the blueprint of where we want to be in a decade from now, and to realize this vision, it is important for each and every employee to be highly motivated to work with “job satisfaction.”

“What’s the most rewarding part of your job?”

This was one of the themes addressed at our “Sustainability Meetings.” The “Sustainability Meetings,” in which the Bank’s President and I exchange views on the theme of sustainability with the Group’s employees, started in August of last year. Because we want to focus on listening to the opinions of each and every employee, we hold these meetings in very small groups, with only five or six participants each time. In terms of age, more than 90% of the participants were in their 20s and 30s combined, and the average age was 32, meaning a lot of relatively young employees took part. We believe that the small size and close proximity of the group allow for a real exchange of views and opinions.

At such meetings, when participants were asked to list when “you felt rewarded for your work,” the same trend was observed each time, amidst a variety of opinions.

The keyword is “gratitude.”

More than half of the respondents answered, “When customers thank me.” All participants also cited things related to contributing to customers and the local community as job satisfaction, such as “when customers are happy,” “when I feel their trust,” “when I am the first person they consult,” and “when I can contribute to the local community.”

Employees view communication with customers, appreciation, and smiles as job satisfaction. This way of thinking is precisely what is linked to our group management philosophy of “achieving growth and prosperity for our customers and the local community.”

To Realize a Productive Life as a Person Living in the Region

The Group introduced a new human resources (HR) system in April 2023.

The purpose of the introduction is threefold. The first is to ensure that all employees share and embody the three values set forth in the group management philosophy: “Trust & Integrity,” “Creation & Innovation,” and “Diversity & Inclusion.” The second is to foster a change in awareness and behavior in terms of challenges, creativity, and innovation. The third is to encourage each and every employee to take voluntary action and realize his or her own growth, so that he or she can achieve an irreplaceable and productive life as a person living in the region.

In order for us to fulfill our group management philosophy of “achieving growth and prosperity for our customers and the local community,” it is extremely important that we ourselves grow and realize prosperous lifestyles.

As the corporate manager of the Group, I am committed to helping all of our officers and employees achieve a productive life.

The most important management resource of the Group is its human resources, each and every employee. By understanding each and every employee’s values and linking what is important to them to the group management philosophy, we will help them to take voluntary action and experience their growth first-hand.

Based on this, in order to achieve growth, prosperity, and sustainability for our customers and the local community, we will strive to develop human resources so that all officers and employees can perform at their full potential, build relationships of trust with our customers, and proactively meet the challenges of the Group’s various strategies.

Corporate activities are driven by “people,” and the Group can only move forward with “people” in place. Under the Human Innovation Strategy, the entire Group is firmly committed to valuing such “people.”

Contributing to Sustainable Growth of the Local Economy through Management Succession Support

On July 3, 2023, NOBUNAGA Succession Inc. was established as a joint venture with Nihon M&A Center Holdings Inc. to contribute to solving management succession issues faced by local companies and to support sustainable growth of the local economy.

The number of companies in Gifu and Aichi prefectures, where the Company has its business base, is decreasing due to the lack of successors and other factors. If nothing is done, the vitality of the local community will be lost.

In the past, a long-established sake brewery with a history of over 200 years in the old town of Takayama was considering closing down due to a lack of successors. Through our mediation, a local upscale Japanese inn took over the management of the company, which has now quintupled its annual sales, created new jobs, and transformed it into a thriving enterprise. Had they

chosen to close the business, the building would have been demolished and the employees would have lost their jobs.

Based on this first-hand experience, we believe that management succession is a very important factor in achieving growth and prosperity in this region and a social issue that needs to be addressed.

The establishment of this joint venture demonstrates our willingness to work to resolve these issues with even greater determination.

The Company’s growth strategy is to collaborate and form joint ventures with partners from different industries with whom we have trust and mutual understanding. Against this backdrop, we decided to ask Nihon M&A Center Holdings to help us establish this joint venture as a partner with more specialized knowledge and solutions. Nihon M&A Center Holdings has provided us with a variety of support since 2000, when we began working on M&A operations at The Juroku Bank, and we have deepened our relationship of trust and mutual understanding. While there have been initiatives to establish specialized companies or business tie-ups in which the Bank has solely invested, this is the first time in Japan that a joint venture has been established.

By combining Nihon M&A Center Holdings’ extensive know-how in management succession with the Group’s broad and deep customer base in this region and the information it accumulates on a daily basis, we will respond to the “management succession” needs of companies in various stages and realize growth and prosperity in the local community.

We Seek to Create the Future Together with the Local Community

On July 6, 2023, we announced that we had been selected as the preferred bidder as a result of our participation in a public call for proposals in support of the purpose of the “Gifu-shi Main Government Building Site Utilization Project” promoted by Gifu-shi.

It has been 46 years since the current head office building was completed in 1977, which was then the Bank’s 100th anniversary. Therefore, we were considering the construction of a new headquarters building to mark the upcoming milestone of The Juroku Bank’s 150th anniversary in 2027. Against this background, in March 2023, Gifu-shi presented the application guidelines for a project to utilize the site of the main government building. After reviewing the details, we decided to participate in the proposal process because we believed that Gifu-shi’s basic idea for the project was in line with our group management philosophy of “achieving growth and prosperity for our customers and the local community.”

The concept is “‘16FG Office & Park’ for creating the future of ‘#GIFU’ together.” We will establish a base with both a “beautiful and comfortable common space” and a “workplace that is ahead of its time” to enhance the attractiveness and circulation of the downtown area.

This is an extremely important project that embodies our group management philosophy of “achieving growth and prosperity for our customers and the local community.”

Since our establishment, we have been growing together with the citizens of Gifu. Going forward, we want to continue to stay ahead of the curve to always serve the region.

We would like to create a beautiful and comfortable common space and a workplace that is ahead of its time on the site of the main government building loved by the citizens of Gifu, and create the future together with the people of the region.



Q (Quality) × A (Acceptance) = E (Effect)

Professor Kazuo Ichijo, who has been our Executive Advisor since May 2022, gave us a lecture on the idea of the “Formula for Change,” which is “Q × A = E,” that is, “No matter how great the plan for change is, it will not produce an effect unless people accept it.” “Q” stands for Quality, “A” for Acceptance, and “E” for Effect.

The strategies set forth in the Long-Term Vision and the 2nd Medium-Term Management Plan can only be implemented if each and every employee accepts them as his or her own. Without such implementation, our Purpose, “achieving growth and prosperity for our customers and the local community,” is not possible. We would like to share this idea with all officers and employees and align our collective direction.

In addition, the local community is currently facing a variety of problems and is entering an era where the future is uncertain. In these times, it is difficult to look ahead with conventional received ideas, and all officers and employees must move forward with one

heart in the same direction based on a new sense of values. If all officers and employees hold fast to our beliefs as a group and accept risk, we will see the light at the end of our journey, filled with our strong spirit of challenge.

Driven by our Purpose of “achieving growth and prosperity for our customers and the local community,” we, the Juroku Financial Group, will be a comprehensive regional financial services group that stays ahead of the curve to always serve the region by making solid progress in creating social and economic value.

We have a common desire to contribute to this local community where we were born and raised. With this in mind, all officers and employees will grow together and move forward together by demonstrating “16 Group Energy.”

We ask you to look forward to “the Juroku Financial Group creating the future of the region together” and also would greatly appreciate your continued support.

Dialogue between Chairperson and Directors



**Naohiko
Ishikawa**
Director (Member of the
Audit & Supervisory
Committee)
Juroku Financial Group, Inc.

× **Yukio
Murase**
Representative Director and
Chairperson
Juroku Financial Group, Inc.

× **Satoko
Ito**
Outside Director
Juroku Financial Group, Inc.

× **Satoe
Tsuge**
Outside Director (Member
of the Audit & Supervisory
Committee)
Juroku Financial Group, Inc.

Utilizing the Diversity of the Region to Achieve a Brighter Future Together

The dialogue was held on the theme of the diverse issues faced by local communities and diversity and inclusion (D&I), a key to solving those issues.

Regional Revitalization × D&I

Murase: With the declining birthrate, the question being asked is “how to create an environment that actively welcomes a diverse workforce” in order to revitalize the region.

Ishikawa: Yes, that is correct. In the Company, we encourage our employees to find their own value and grow autonomously while making the most of their individuality in the new HR system that began in April 2023.

Tsuge: Given the growing trend toward human capital management, the new HR system, which embraces diversity and maximizes the value of all employees, will also enhance the medium- to long-term value of the Juroku Financial Group.

Ito: In today’s business scene, “sensitivity” is increasingly required in addition to mere expertise and technical skills. For this reason, I think it is very important to have an environment where people can feel close to “abundant nature, history, and culture.” In that sense, I think there are more opportunities to develop “sensitivity” in rural areas.

Ishikawa: Efforts are being made to combine the unique geographical advantages of this region, with its abundant nature and adjacent major cities, with business. However, we also need to make efforts to improve our “sensitivity” as it is our role to enhance the diversity of the region.

Murase: The environment is becoming more conducive for people to draw on their own strengths even in rural areas. By understanding local culture and values and applying them to business, we can establish “profound connections with local people.” It will also help us provide more effective services.

Ito: That is correct. Recently, there has been a movement among Tokyo-based companies to expand their base of activities to regional areas as well. I believe there is a strong desire to improve the ability to understand and respond to the unique culture and values of the regions. Conversely, a surprisingly large number of people active in Tokyo are also from rural areas, so I feel that the environment in which one was raised is an important factor in one’s ability to succeed in business.

Murase: Previously, many jobs were completed locally, and opportunities to expand business from Gifu to Tokyo or overseas were limited. Advances in technology bring new opportunities to local cities. With fewer geographical constraints, it is easier to bring together diverse perspectives and ideas from people with different backgrounds, and richer, more creative solutions are more likely to emerge.

Tsuge: Since the Juroku Financial Group’s activity area is Aichi and Gifu prefectures, where manufacturing industries are flourishing, it would be a great advantage if we could contribute the different “sensitivities” of each of our employees to the development of local industries.

Ito: Nowadays, we are in an era where consumers demand quality. Since there are a lot of professionals in this region, we believe there is plenty of opportunity if we can link real techniques to sales in line with the consumer mindset.

Murase: Local industry is a symbol of sustainability because it is a form of local tradition. I believe that bringing together young people from the city and people from abroad will make it easier to come up with innovative ideas. As a company that supports the region, we want to actively contribute to its sustainable growth.

Advancement of Women × D&I

Ito: Gifu and Aichi prefectures have excellent manufacturing techniques, but I believe that from now on it will also be necessary to have a service industry perspective as well. I expect that new ideas will be generated through the active participation of women in such workplaces.

Murase: Female involvement is indispensable for the development of local industries. In this context, the World Economic Forum recently released the Gender Gap Index 2023, in which Japan ranked a low 125th among 146 countries. Looking at the content of the index, Japan’s disparities are particularly noticeable in the economic field.

Tsuge: Regarding the economy, while standards are being imposed on listed companies, such as “the ratio of female directors should be 30% or more,” personally, I feel that the political field is still lagging behind. I think that if politics does not change, the whole country will not change.

Ito: It is true that many people do not feel a gender gap when they are students. But as soon as you go out into the world and start working, the reality is that some people will start to think, “What’s wrong? Why is this different?” and feel an inequality between men and women.

Murase: If we look at politics and the economy, it is true that women are still underrepresented, and I think there is an obvious gap that we cannot see.

Ito: Companies should firmly create an environment in which women can develop their careers even after having children. Realistically, however, many companies may find it impossible to



continue the same career as before while raising children. I think we need to improve this perspective somehow.

Murase: Companies must have a solid human resource system in place that does not put women at a career disadvantage once they leave the company for maternity or childcare leave. I think it is also very important to create a system that does not put men at a disadvantage when it comes to parental leave, which will lead to corporate growth and innovation.

Tsuge: While more women are motivated to work these days, I also hear people saying that they do not aspire to higher positions. Rather than feeling the pressure of responsibility, I think many women may imagine a lack of work-life balance, such as “difficulty balancing personal and family life,” from the sight of their bosses working long hours. In order to promote the advancement of women, it may be necessary to educate those in higher positions who have a strong influence within the company to change the way they work.

Ishikawa: Many efforts are being made to promote the advancement of women. I heard that a female employee who had worked in a job that previously had a strong image of being performed by men said, “At first I was worried, but now I am thankful that my future possibilities have expanded.”

Murase: Going forward, I would like to see both local communities and companies actively involved in creating an environment conducive to raising children, such as by “improving childcare systems and childcare support facilities and reviewing work systems,” so that local residents and employees can easily make these choices.

Ito: In order to create an environment where women can work comfortably, I feel the need to change men’s sense of values. Even if a workplace environment is created, it will be meaningless without men’s understanding of housework and childcare. Therefore, it is necessary for companies to consider that even if men are actively involved in housework and childcare, it will not hinder their career development.

Tsuge: That is correct. In terms of supporting women’s activities, it is meaningful to increase the rate at which men take childcare leave.

Murase: In the “FY2023 Survey of New Employees’ Attitudes,” conducted by Juroku Research Institute Co., Ltd., respondents were asked about “What kind of place is a company?” Among women, the most common response was “a place to contribute to society.” This accounted for 32% of the female responses, far more than the 21% of the male responses.

Tsuge: I really feel that there are a lot of ambitious women these days. At a gathering I recently attended to discuss diversity, I was very encouraged by the participation of high school and college women who were highly aware of the issue.

Ito: Many respondents answered “a place to earn income” to the same question, 33% of men and 28% of women, which is a very practical answer. Under traditional values, there was a strong tendency for “men to earn money and women to take care of the home,” and men felt pressured to do so. However, in an age where women are working as hard as men, if they can support each other and not just men, they will be able to secure a decent income. I think that kind of life is ideal.

Governance × D&I

Tsuge: Japanese corporate culture has long been shaped by male leadership. There is an emphasis on homogeneity, such as not saying what you think, not questioning, as well as the customary rules that have been in place for a long time, which is said to be a cause of injustice. In this sense, the mandatory appointment of outside directors is a very good thing for Japanese companies. When you look at something with an outsider’s eye, you might notice things and think, “Why are you doing this?” While learning about the role of outside directors, I was taught that it is important to speak without reading the room, and since then I have been conscious of this when attending board meetings. I also think that increasing the number of female directors would be very meaningful, as it would help revitalize the Board of Directors in terms of diverse opinions being



expressed. It is wonderful to see the appointment of the first female executive officer at the Juroku Financial Group.

Murase: From now on, I would like to abandon the homogeneity and taciturnity that are peculiar to Japan and encourage outside directors such as Ms. Ito and Ms. Tsuge to speak more freely.

Ishikawa: The first step is for individuals to express their own ideas. Then, through repeated discussions, diversity will be created in individuals and in the organization.



Ito: Embracing diversity means that an individual must have a certain level of self-improvement, or he or she will not have the ability to recognize diversity. First, we must look at ourselves and grow fully. Self-improvement is important as I believe that diversity can be recognized precisely because I myself have grown.

Ishikawa: Each individual’s increased autonomy and uniqueness will also help to enhance corporate governance. Ms. Tsuge and Ms. Ito, how did you enhance your human skills?

Tsuge: The people and senior staff at my current audit firm have great human qualities, and I have had the opportunity to listen to lectures and have discussions with them about what I should focus on to improve my human skills, which I think has been very beneficial. I have also been interested in many things myself and have made an effort to learn not only in my field of expertise, but also by attending seminars and reading books in other fields. I believe that I have been greatly influenced in many ways by the wonderful people I have met in the process.

Ito: In my professional life, I was employed in a job that allowed me to meet people from many different industries, so I spent my days experiencing first-hand the diverse ways of thinking through my work. I believe this has resulted in my current diversity. If you have the opportunity to meet people in different fields, you should meet them, and I feel that nothing is ever wasted, and that if you seek and gain experience yourself, you will inevitably connect with what you need.

Tsuge: As someone in a position to nurture young people, I think it is important to support employees by providing them with the necessary information and opportunities and encouraging and supporting them if they are not able to keep up.

Ito: Ultimately, it is very important to enhance one’s own skills or attractiveness in order to become someone who people want to work with. To achieve this, I must do my best to do what is given to me and become a person who can be trusted. I believe that the accumulation of these efforts will lead to diversity as all kinds of people become more accepting of each other.

Murase: Professor Ichijo of IMD, who has been our Executive Advisor since last May, told us in his lecture that the IMD Business School for Management and Leadership Courses, where European executives attend, has a two-hour cocktail reception in the evening curriculum every day. Here, they are trained to be able to communicate with people of different religions, cultures, and countries even when they meet them for the first time, and they use all their knowledge and experience to build relationships with people they have never met before.

Tsuge: To do that, you would have to have a variety of topics to draw from on a regular basis in order to keep the conversation going.

Murase: I also need such study to improve my human skills. I hope that the officers and employees of the Group will experience their own growth first-hand through the development of their human skills, and realize a productive life as a member of the same company and community. I also hope that each of them will make the most of their individualities to help the people of this region and demonstrate the presence of the Group.



Operational and Financial Highlights



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

Performance for FY2022

While the Japanese economy in the current fiscal year continued to be constrained in its economic activities by the COVID-19 global pandemic, in the corporate sector, capital investment, which had stalled amid the pandemic, picked up due to expectations for economic normalization and other factors. In addition, as we look toward living with COVID-19, personal consumption picked up moderately due to the return of flows of people across the first major national holidays and New Year's period without restrictions on activities in three years.

In both Gifu and Aichi prefectures, which make up the main business base of the Group, there have been signs of recovery in production and capital investment since the beginning of the calendar year. However, the increased cost of purchased goods due to high prices could not be fully passed on to sales prices, which affected corporate earnings, especially those of small and medium-sized enterprises. Personal consumption, on the other hand, showed signs of recovery mainly in the lodging and dining services industry due to increased human flow resulting from the easing of restrictions on activities.

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 decreased by ¥3.7 billion year on year to ¥74.5 billion, as net interest income and other operating profit (excluding profit on JGBs and other debt securities) decreased due to increased foreign currency funding costs at The Juroku Bank, despite an increase in fees and commissions.

In addition, expenses including personnel expenses and non-personnel expenses decreased by ¥2.1 billion year on year to ¥43.9 billion. As a result, consolidated core net operating profit, which is

profits from our main business, amounted to ¥30.6 billion, remaining at the ¥30.0 billion level as in the previous fiscal year.

Due to an increase in profit on JGBs and other debt securities, a decrease in credit-related costs, and other factors, ordinary profit increased by ¥0.5 billion year on year to ¥27.2 billion, and net income attributable to owners of the parent increased by ¥1.5 billion year on year to ¥18.6 billion, both representing increases in profits for the fifth consecutive term.

Summary of Consolidated Financial Results of the Juroku Financial Group

	March 2023	(Year-on-year)
Consolidated core gross operating profit	74.5	(3.7)
Net interest income	51.1	(3.2)
Fees and commissions	18.7	1.6
Other operating profit (Excluding profit on JGBs and other debt securities)	4.7	(2.0)
Expenses	43.9	(2.1)
Personnel expenses	23.5	(1.2)
Non-personnel expenses	17.4	(0.9)
Consolidated core net operating profit	30.6	(1.5)
Profit on JGBs and other debt securities	(7.7)	3.1
Consolidated net business profit	22.9	1.6
Credit-related costs	1.6	(1.2)
Profit on equities	3.6	(2.9)
Ordinary profit	27.2	0.5
Net income attributable to owners of the parent	18.6	1.5

The Juroku Bank, the core company of the Group, reported record-high fees and commissions of ¥12.6 billion, an increase of ¥1.5 billion year on year, due to continued expansion in individual-related revenues and corporate-related revenues. However, core gross operating profit decreased by ¥2.7 billion year on year to ¥65.7 billion due to an increase in foreign currency funding costs and other factors.

Additionally, due to a decrease in expenses of ¥2.3 billion year on year to ¥37.1 billion, core net operating profit decreased by ¥0.4 billion year on year to ¥28.5 billion, second only to the previous fiscal year's record high.

Due to an increase in profit on JGBs and other debt securities, a decrease in credit-related costs, and other factors, ordinary profit increased by ¥1.0 billion year on year to ¥25.5 billion, and net income increased by ¥0.6 billion year on year to ¥17.9 billion, both representing increases in profits for the sixth 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 significantly. In FY2022, it stood at ¥15.3 billion, well above the previous fiscal year's ¥11.4 billion, reaching levels exceeding ¥10 billion.

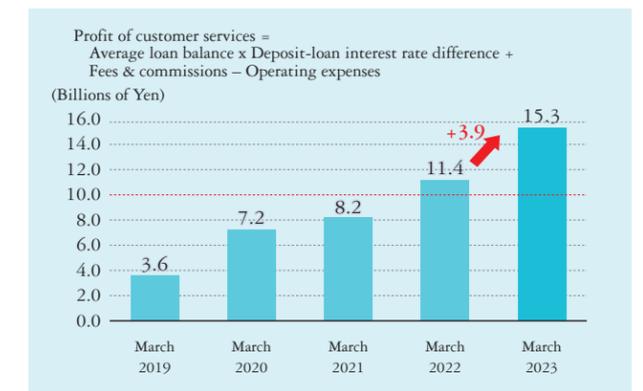
The Juroku Bank Summary of non-consolidated results

	March 2023	(Year-on-year)
Core gross operating profit	65.7	(2.7)
Net interest income	51.8	(2.7)
Fees and commissions	12.6	1.5
Other operating profit (Excluding profit on JGBs and other debt securities)	1.1	(1.5)
Expenses	37.1	(2.3)
Personnel expenses	18.1	(1.4)
Non-personnel expenses	16.3	(0.8)
Core net operating profit	28.5	(0.4)
Profit on JGBs and other debt securities	(7.7)	3.1
Net business profit	20.8	2.8
Credit-related costs	1.4	(1.1)
Profit on equities	3.6	(3.1)
Ordinary profit	25.5	1.0
Net income	17.9	0.6

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



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



Business Projections for FY2023

In FY2023, although the earnings environment remains uncertain due to the persistently high funding rates of foreign currencies, we expect loan interest and fees and commissions to remain generally firm as in FY2022. Meanwhile, due to a decrease in profit on equities and an increase in credit-related costs, we expect ordinary profit of ¥24.5 billion, a decrease of ¥2.7 billion year on year, and net income attributable to owners of the parent of ¥17.0 billion, a decrease of ¥1.6 billion year on year.

Juroku Financial Group Consolidated Business Projection

	March 2024 (Projected)	(Year-on-year)
Consolidated core gross operating profit	71.0	(3.5)
Net interest income	50.0	(1.1)
Fees and commissions	18.4	(0.3)
Other operating profit (Excluding profit on JGBs and other debt securities)	2.6	(2.1)
Expenses	44.0	0.1
Consolidated core net operating profit	27.0	(3.6)
Ordinary profit	24.5	(2.7)
Net income attributable to owners of the parent	17.0	(1.6)

Shareholder Returns



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%.

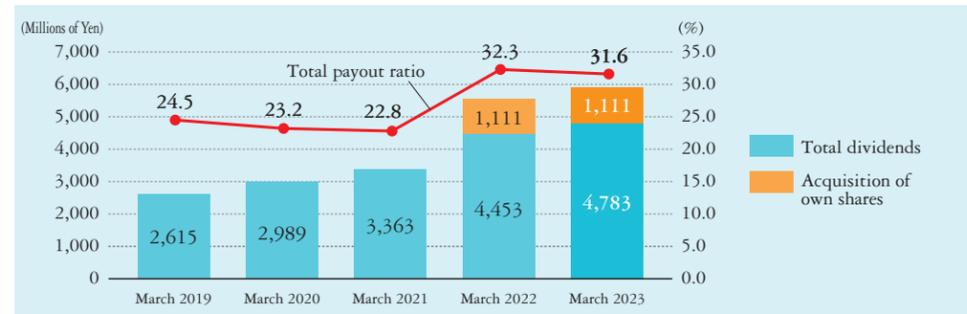
In FY2022, based on this approach, the Company paid an annual dividend of ¥130, an increase of ¥10 from the previous fiscal year. In addition, the Company acquired treasury shares in November 2022. Together with this, the total payout ratio reached 31.6%.

Dividends

		March 2019	March 2020	March 2021	March 2022	March 2023	March 2024 (Projected)
Annual dividends		¥70	¥80	¥90	¥120	¥130	¥130
Interim	Ordinary dividend	¥35	¥35	¥35	¥50	¥50	¥60
	Other	—	—	—	—	¥10 (Commemorative dividend)	—
End-of-year	Ordinary dividend	¥35	¥35	¥45	¥50	¥70	¥70
	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



Reduction Policy of Cross-shareholdings

The Group, since FY2009, has been engaged in efforts to reduce its cross-shareholdings. Accordingly, the balance of cross-shareholdings (book value) including listed and unlisted stock decreased from ¥88.3 billion as of March 31, 2009, to ¥44.8 billion as of March 31, 2023.

In addition, we intend to further strengthen governance by reducing our cross-shareholdings (book value) based on the end of September 2022 by approximately 25% by the end of March 2028.

Going forward, we will continue to promote dialogue with all customers who hold listed cross-shareholdings, aligning with the purpose of the Corporate Governance Code, and will continue to reduce our cross-shareholdings, taking into consideration the environment surrounding each of them.

Trends in cross-shareholdings (book value)



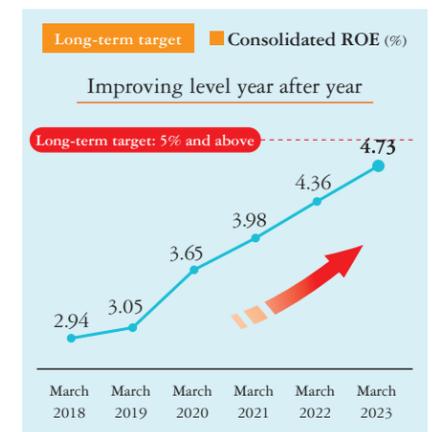
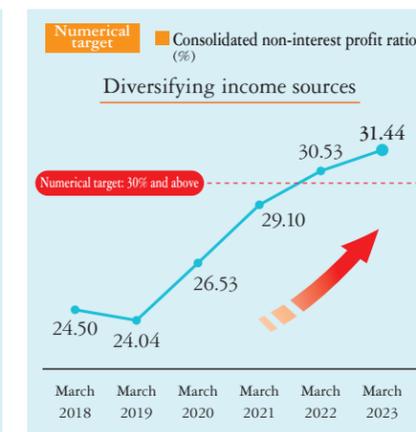
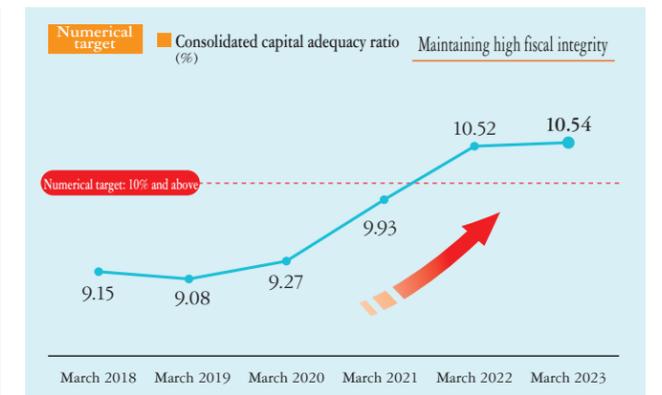
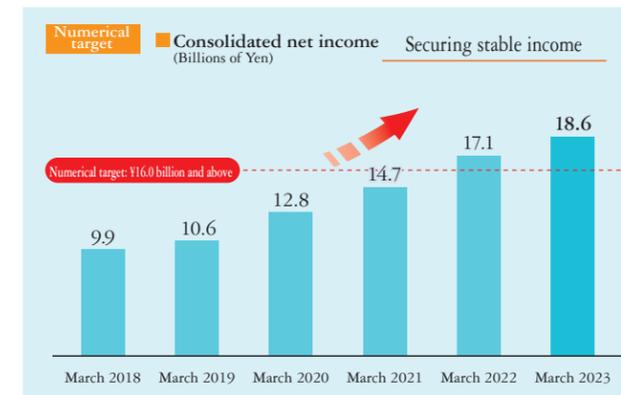
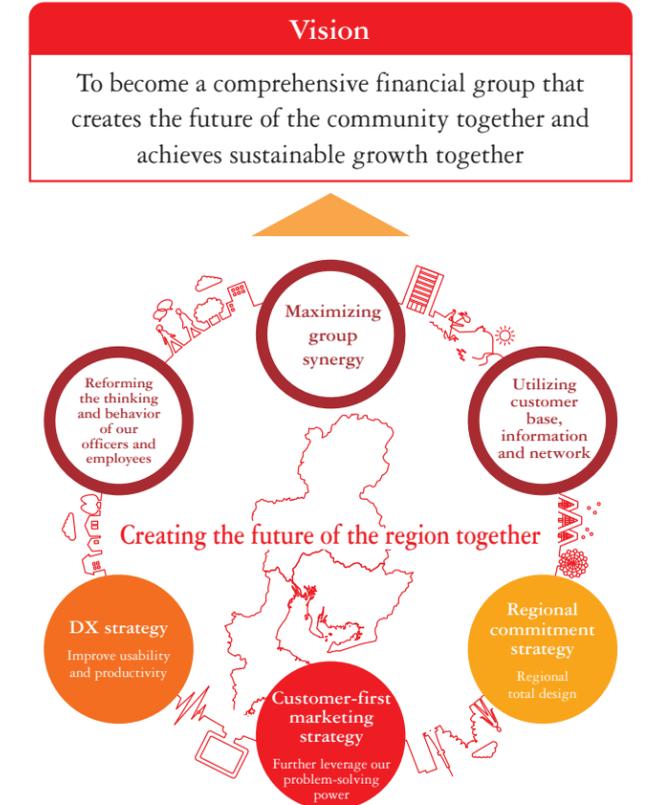
Review of the 1st Management Plan

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

Under the Plan, we have engaged 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, all numerical targets were achieved in FY2022, the final year of the Plan.

Additionally, "consolidated ROE," which has been set as a long-term indicator, has also expanded significantly, and the Group's profitability, fiscal integrity, and efficiency have also been steadily improving.



History of Juroku

Since our establishment as the 16th National Bank in October 1877, Juroku Bank has grown steadily and earned the deep trust of people of the local community.

In October 2021, The Juroku Bank established Juroku Financial Group, Inc. for the purpose of transforming its business model to a provider of comprehensive financial services to the region, and made a transition to a holding company structure. We are contributing to the sustainable growth of the local community by demonstrating the Group's comprehensive capabilities and solving problems for customers and the local community.

- 1896**
March: Moved the Head Office to a newly built building in Nakatakeyacho, Gifu-shi
- December:** Changed corporate name to The Juroku Bank, Ltd.



Juroku Bank Head Office after reorganization (while still in Takeyacho)

- 1977**
April: Completed construction of the new Head Office
- July:** Appointed female employee as Officer
- October:** 100th anniversary of establishment



Head Office (Gifu-shi)

- October 1897**
Opened the first branch of Juroku Bank in Fumoto (current Kawaramachi, Gifu-shi)



Fumoto (current Kawaramachi, Gifu-shi)

- March 1975**
Established Juroku Lease Co., Ltd.

1970

1980

1990

2000

2010

2020

October 2027
Onward to the 150th anniversary of establishment



Unified logo ▶

16FG

- August 1985**
Established Juroku Computer Service Co., Ltd. (current Juroku Densan Digital Service Co., Ltd.)

- April 1984**
Established our Management Policy
- April 1980**
Founded our women's table tennis club

- March 1993**
Established Shanghai Representative Office

- June 2013**
Established Juroku Research Institute Co., Ltd.

- September 2012**
Merged with The Gifu Bank

- 2015**
March: Established Bangkok Representative Office
- March:** Established Singapore Representative Office

- June 2019**
Juroku Tokai Tokyo Securities Co., Ltd. commenced operations

- 2018**
March: Agreed on a comprehensive business alliance with Tokai Tokyo Financial Holdings, Inc.
- March:** Established Hanoi Representative Office

- 2022**
March: Launched business of Juroku Densan Digital Service Co., Ltd.
- April:** Established Kanda Machi Okoshi Co., Ltd.
- April:** Transferred to the Prime Market of the Tokyo Stock Exchange
- May:** Commenced collaboration with SoftBank Corp. to promote DX
- May:** Formulated the Sustainability Policy
- May:** Set Sustainability KPIs

- 2020**
February: Enacted The Juroku Bank Group SDGs Declaration
- April:** Launch of The Juroku Bank 15th Medium-Term Management Plan

- August 1997**
Establishment of Juroku Foundation for Regional Promotion

- March 1994**
Completed construction of Nagoya Building



Nagoya Building (Nagoya-shi)

- 2021**
April: Established NOBUNAGA Capital Village Co., Ltd.
- August:** Signed a basic agreement concerning consideration of joint venture business with Densan System Holdings Co., Ltd.
- October:** Established Juroku Financial Group, Inc.
- October:** Enacted the Group Management Philosophy
- October:** Launch of the 1st Management Plan
- October:** Enacted the Juroku Financial Group SDGs Declaration

June 2020:
Total deposits of ¥6 trillion

December 2012:
Total deposits of ¥5 trillion

December 2016:
Total loans of ¥4 trillion

December 2008:
Total loans of ¥3 trillion

November 1989:
Total loans of ¥2 trillion

November 1983:
Total loans of ¥1 trillion

December 2010:
Total deposits of ¥4 trillion

March 1990:
Total deposits of ¥3 trillion

September 1987:
Total deposits of ¥2 trillion

December 1979:
Total deposits of ¥1 trillion

- April 1931**
Completed construction of the former Head Office



Former Head Office (Gifu-shi)

- September 1972**
Listed on the First Section of the Tokyo Stock Exchange

- April 1966**
Establishment of Basic Policy and Action Guidelines

- February 1907**
Hired female employees for the first time

- October 1877**
Established as the 16th National Bank

Meiji

Taisho

Showa

Heisei

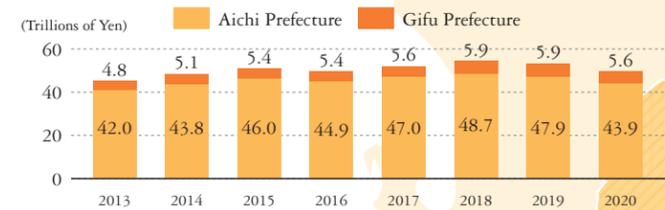
Reiwa

Potential of the Local Community

Juroku Financial Group's main business areas are Gifu Prefecture and Aichi Prefecture. This region has many distinctive local industries including automobiles, as well as cutlery, ceramics, and plastic products, and it is a bulwark of Japanese manufacturing. In the future, there are plans for further infrastructure development such as the planned opening of the completed Tokai-Kanjo Expressway and the Linear Chuo Shinkansen (SCMAGLEV), as well as the development of a support base to promote the creation and nurturing of startups and open innovation, and greater economic benefits are expected.

Manufacture product shipment amount
 Total of both prefectures: **¥49,602.8 billion**
 Japan's foremost manufacturing region

Gifu Prefecture: **¥5,614.9 billion** (19th)
 Aichi Prefecture: **¥43,987.9 billion** (1st)



Source: Ministry of Economy, Trade and Industry, 2021 Economic Census for Business Activity

Gross prefectural product

Total of both prefectures: **¥47,322.2 billion**

Gifu Prefecture: **¥7,662.9 billion**
 Aichi Prefecture: **¥39,659.2 billion**

Source: Cabinet Office, Prefectural Accounts (FY2020)



Stored hydroelectric power: **13,624 GWh**

1st in Japan for the stored hydroelectric power that can be used for hydroelectric power generation
 Source: Agency for Natural Resources and Energy website (2021)

Ceramic / tile shipment amount: **¥53.5 billion**

Accounts for approximately 57% of the national market share.

Source: Ministry of Economy, Trade and Industry; calculated by the Company based on the 2021 Economic Census for Business Activity

Household knife shipment amount: **¥44.0 billion**

Accounts for approximately 48% of the national market share.

Source: Ministry of Economy, Trade and Industry; calculated by the Company based on the 2021 Economic Census for Business Activity



Shipment amount of transportation machinery and equipment for the manufacturing industry: **¥23,362.3 billion**

1st in Japan

Source: Ministry of Economy, Trade and Industry, 2021 Economic Census for Business Activity

Total exports from Nagoya Port: **¥14,013.0 billion**

1st among 5 major ports of Japan

Source: Ministry of Finance, Trade Statistics (2022)

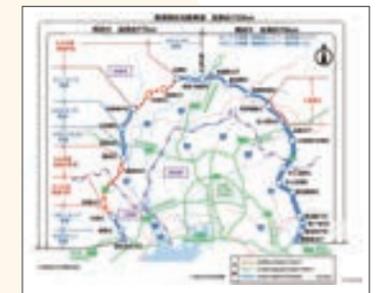
See the figures



See projects

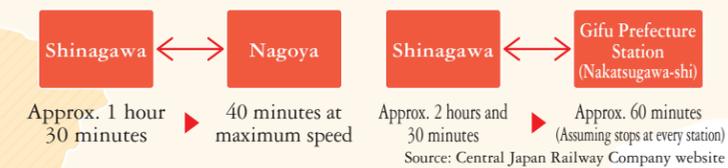
Construction of the Tokai-Kanjo Expressway

- An expressway built to high standards, with a length of approximately 153 kilometers, spanning the three prefectures of Aichi, Gifu, and Mie.
- Expected to have stock effects, such as improving corporate activities, making logistics more efficient, and revitalizing tourism.
- The full expressway is scheduled to open in 2026.
- The Tokai-Kanjo Expressway can also serve as a detour in the event of traffic congestion or accidents on the Tomei, Meishin, Chuo, or Tokai-Hokuriku Expressways, and as an alternative route in the event of a large-scale disaster.



Source: Gifu National Highway Office website

Launch of the Linear Chuo Shinkansen



Development of STATION Ai

- The largest incubation facility in Japan, scheduled to open in October 2024 in Showa-ku, Nagoya-shi.
- To promote the creation and nurturing of startups and open innovation, this facility plans to provide a variety of support services through collaboration with domestic and international startup support organizations and universities.



Source: STATION Ai Corporation website

Initiatives for Sustainability

Formulation of the Sustainability Policy

The Group has formulated the Sustainability Policy as its basic policy for sustainability initiatives.

Sustainability Policy

The Juroku Financial Group recognizes sustainability initiatives to be an important management challenge. We will strive to solve various social issues such as climate change through our core business of a “provider of comprehensive financial services to the region” and contribute to “achieving growth and prosperity for our customers and the local community,” which is our group management philosophy, while aiming at sustainable growth and enhancing the corporate value of the Group.



(*) Definition of sustainability: Creating a society that facilitates the growth and prosperity of customers and local communities, and passing it over to future generations

Sustainability KPIs

To reinforce initiatives for sustainability, the Group has set Sustainability KPIs for five key challenges (Materiality). All items are progressing smoothly.

Targets by FY2030

Key challenges	Item	Quantitative target	March 2023 results (progress rate)	
Revitalization of the local economy	Sustainable finances provided (including environment-related finances)	¥2 trillion (¥800 billion)	(*) ¥234.8 billion (¥85.9 billion)	11.7% (10.7%)
	Balance of Group assets on deposit	¥550 billion	¥363.9 billion	66.1%
Sustainable development of the local community	Social impact investments	¥2 billion	(*) ¥270 million	13.7%
	DX-support consultation cases	3,000 cases	(*) 126 cases	4.2%
Environmental conservation and climate change actions	CO ₂ emissions (vs. FY2013 level)	50% reduction	43.6% reduction	87.2%
	Paper use (vs. FY2019 level)	50% reduction	17.3% reduction	34.6%
Empowerment of diverse human resources	Ratio of female managers	20%	7.7%	38.8%
	Ratio of paid leave claimed	80%	54.0%	67.6%

(*) Cumulative total from April 2022

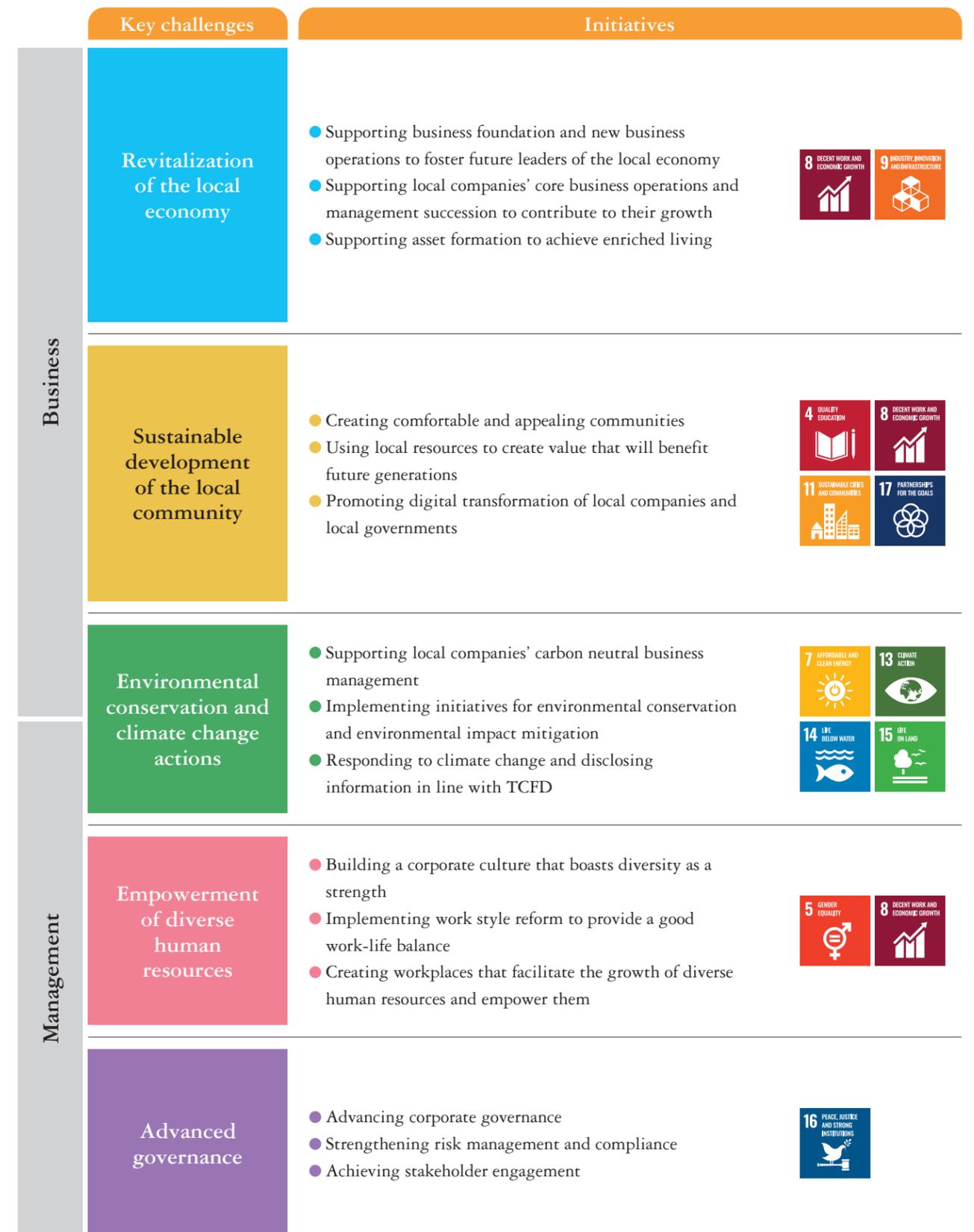
On-going targets

Key challenges	Item	Quantitative target	March 2023 results (progress rate)	
Advanced governance	Initial response training for emergency preparedness	No less than twice a year	6 times	300.0%
	Dialogue with investors	No less than 10 times a year	15 times	150.0%

Transition in Key Sustainability Initiatives and Response to Climate Change

February 2020	Enacted The Juroku Bank Group SDGs Declaration
April 2021	The Juroku Bank newly established the SDGs Promotion Office
June 2021	The Juroku Bank expressed support for the TCFD recommendations
October 2021	The Juroku Financial Group established Enacted the Juroku Financial Group SDGs Declaration
March 2022	The Company expressed support for the TCFD recommendations
April 2022	The Company newly established the Sustainability Management Office The Juroku Bank upgraded the SDGs Promotion Office to the Sustainability Promotion Department Newly established the Sustainability Council
May 2022	Formulated the Sustainability Policy Set Sustainability KPIs
December 2022	Acquired a “B” rating in the CDP’s 2022 climate change questionnaire
March 2023	Joined PCAF

Addressing Key Challenges (Materiality)



Environmental Conservation and Climate Change Actions

Disclosure Based on TCFD Recommendations

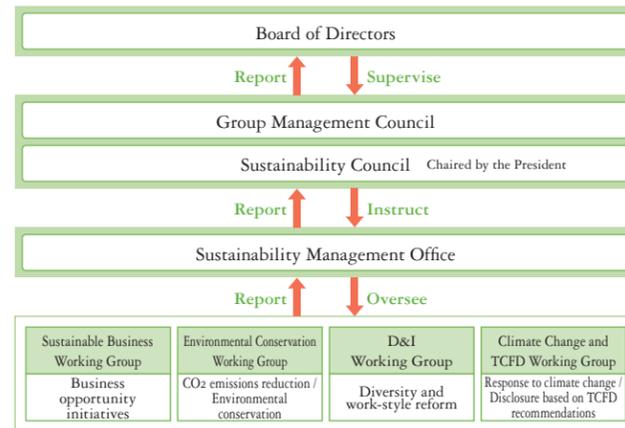
<Governance>

Sustainability management structure

As stated in the Sustainability Policy, the Juroku Financial Group recognizes sustainability initiatives (e.g. on climate change) as an important management challenge. “The Juroku Financial Group SDGs Declaration” lists “revitalization of the local economy,” “sustainable development of the local community,” “environmental conservation and climate change actions,” “empowerment of diverse human resources,” and “advanced governance” as key challenges.

In order to address these challenges appropriately, the Group has set up the Sustainability Council, which is chaired by the President and consists of Group Management Council members, Division General Managers and the head of the Sustainability Management Office. The Council generally meets at least once every 3 months to deliberate key challenges (e.g., drawing up a policy for implementing initiatives on climate change and other sustainability issues, setting targets and checking progress), and reflects the results to management strategies and risk management. There also is a system in place to have items deliberated at this Council to be reported periodically to the Board of Directors at least once a year for appropriate supervision.

In addition, four working groups have been established under the Sustainability Council with responsibilities for Sustainable Business, Environmental Conservation, D&I, and Climate Change and TCFD. The working groups are composed of cross-organizational members from each Group company, including the executive director in charge, and generally meet at least once a month to discuss challenges that line up with respective responsibilities and report details to the Sustainability Management Office.



<Strategy>

Opportunities and risks associated with climate change

The Juroku Financial Group analyses risks and opportunities associated with climate change in the timeframes of “short term,” “mid-term” and “long term.” The results of analyzing scenarios are used to organize active dialogue (Engagement) for supporting customers who are working toward a decarbonized society, and reinforce financial support in the forms of sustainable financing and transition financing to create business opportunities and reduce risks.

Assessment item		Main opportunities and risks	Timeframe	
Opportunity	Products and services	<ul style="list-style-type: none"> Increase in business opportunities (e.g. offering investments, loans and consultation services to help customers transition to a decarbonized society) Increases in public works projects for disaster management and the demand for customers' capital investment fund 	Short- to long-term	
	Resource efficiency	<ul style="list-style-type: none"> Reduction in business costs through resource-saving, energy-saving, and new technology utilization 	Mid- to long-term	
	Energy sources		Short- to long-term	
Risk	Resilience	<ul style="list-style-type: none"> Increase in collaborative system development efforts with local governments and other organizations on disaster preparedness/mitigation to strengthen local resilience Enhancement in corporate value by appropriately implementing and disclosing climate change initiatives 	Short- to long-term	
			Short- to long-term	
	Physical risks	Acute risks	<ul style="list-style-type: none"> Deterioration in customers' business performance associated with an increase and intensification in the severity of abnormal weather, and degradation in loan asset value resulting from damage to collateral value Work suspension occurring as a result of emergencies affecting the Group's sites or officers and employees 	Short- to long-term
		Chronic risks	<ul style="list-style-type: none"> Degradation in loan asset value resulting from damage to collateral value; deterioration in customers' business performance resulting from such factors as changes in precipitation and weather patterns, as well as higher average temperatures and sea levels 	Mid- to long-term
	Transitional risks	Policy / Law	<ul style="list-style-type: none"> Degradation in loan asset value resulting from deterioration in customers' business performance, associated with such factors as climate change policies and regulatory reinforcements 	Mid- to long-term
		Technologies	<ul style="list-style-type: none"> Degradation in loan asset value resulting from deterioration in customer's business performance, associated with failure to invest in and the transition costs for low-carbon technologies 	Mid- to long-term
		Market	<ul style="list-style-type: none"> Degradation in loan asset value resulting from deterioration in customer's business performance, associated with such factors as changes in consumer behavior and rising raw material costs 	Mid- to long-term
Reputation	<ul style="list-style-type: none"> Degradation in corporate value resulting from slow implementation and disclosure of appropriate climate-related initiatives 	Short- to long-term		

*Short-term = Around 5 years; Medium-term = Around 10 years; Long-term = Around 30 years

Responding to business opportunities associated with climate change

With the transition to a decarbonized society, customer demand for funds is expected to increase, and business restructuring and demand for new financial instruments and services are expected to grow, creating more business opportunities for the Group. The Juroku Financial Group will proactively work to provide various financing and solutions utilizing financial and non-financial functions to solve customers' problems.

Financing to solve environmental issues

We offer a full range of financing products to meet our customers' financing needs for carbon-neutral business management and green initiatives.

Green loan and green private placement bond

These financing products limit the use of funds to those that contribute to solving environmental issues, such as the introduction of renewable energy generation facilities or the switch to highly energy-efficient equipment. The scheme of obtaining a second opinion from an external organization allows the company to communicate its environmental initiatives to society and stakeholders.

Sustainability linked loan

This financing product sets sustainability performance targets (SPTs), which are business goals related to SDGs and ESG, and offers preferential interest rates and other loan terms based on the degree to which the SPTs are achieved. We support our customers' efforts for carbon-neutral business management by setting greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement.

Positive impact finance

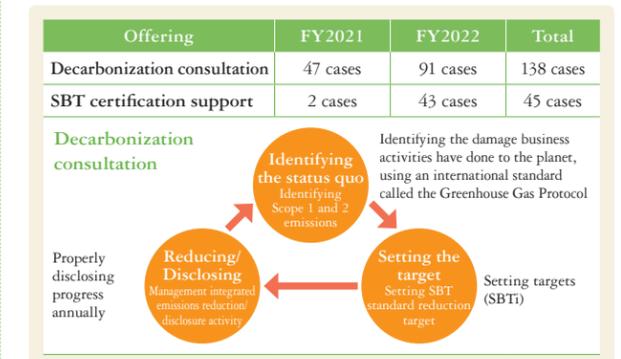
This financing product comprehensively analyzes and evaluates the impact of corporate activities on either environmental, social, or economic aspects, and establishes KPIs that contribute to creating positive impact and reducing negative impact. We continue to support our customers' efforts through monitoring of KPI achievement.

Supporting local companies to achieve carbon neutrality

We support carbon management by providing consultation services to help customers visualize their greenhouse gas emissions and set reduction targets.

Since the service was launched in August 2021, we have provided decarbonization consultation services to 138 companies.

We are also working to support our customers in obtaining SBT certification (for SMEs), and 45 companies have been certified with the support of the Juroku Financial Group.



Furthermore, in February 2023, we began supporting the preparation of a decarbonization management transition plan, establishing an ongoing support system to help customers achieve carbon-neutral business management.

*SBT stands for “Science Based Targets,” which are medium- to long-term greenhouse gas emission reduction targets for companies that are consistent with the levels required by the Paris Agreement and commit to a certain level of reduction compared to a base year set by each company.

Examples of risks associated with climate change

The Juroku Financial Group organizes climate change risk into four categories. For physical and transitional risks arising from climate change, the following examples are assumed.

Risk category	Definition	Examples of physical risks	Examples of transitional risks	
			Timeframe	Timeframe
Credit risk	Risk of incurring losses due to the decrease or loss of asset value including off-balance assets caused by deterioration of customers' financial condition	Deterioration in customers' business performance associated with an increase and intensification in the severity of abnormal weather, and degradation in loan asset value resulting from damage to collateral value	Short- to long-term	Mid- to long-term
Market risk	Risk of incurring losses from the fluctuation of the value of assets and liabilities (including off-balance assets and liabilities), as a result of changes in various market risk factors such as interest rates, foreign exchange rates, and stocks, as well as the risk of incurring losses due to fluctuations in the income generated from assets and liabilities	Deterioration in investee companies' business performance due to increased and more severe extreme weather events, causing a decline in prices of securities holdings	Short- to long-term	Short- to long-term
Liquidity risk	Risk of incurring losses due to difficulties in securing necessary funds or being forced to raise funds at significantly higher interest rates than usual because of a mismatch between investment and financing periods or unexpected outflow of funds as well as risk of incurring losses due to the inability to trade in the market or being forced to trade at a significantly unfavorable price than usual because of market disruption	Deposit outflows due to the occurrence of demand for funds from customers affected by extreme weather events	Short- to long-term	Short- to long-term
Operational risk	Risk of incurring losses due to inappropriate business processes, activities of officers and employees, or systems, or external events	Work suspension occurring as a result of emergencies affecting the Group's sites or officers and employees	Short- to long-term	Short- to long-term

Environmental Conservation and Climate Change Actions

Scenario analysis

The Juroku Financial Group conducts scenario analysis on physical risks and transitional risks in order to identify how climate-related risks would affect the Group.

Physical risks

Rain-prone Japan experiences heavy precipitations each year, causing rivers to swell and triggering flooding. In recent years, the number of heavy localized rainstorms has become more common, causing significant damage to many areas including the Group's sales territories.

In terms of physical risks, we have anticipated an increase in the frequency of large-scale flooding due to climate change, and calculated the impact of climate-attributable large flooding in Gifu and Aichi prefectures on the Group's credit-related costs on the premise of the RCP8.5 scenario (4 °C scenario). The result points to a cost increase of approx. 7.0 billion yen.

Transitional risks

Following a qualitative analysis of sectors with large credit exposure and the carbon-related sectors defined in the TCFD recommendations, we have identified the "electric power sector" and "automotive sector" as sectors of significant transitional risks for the Group.

In terms of transitional risks, on the premise of the RCP2.6 scenario (2 °C scenario) and NZE scenario (1.5 °C scenario), we calculated the impact on the Group's credit-related costs in view of the increased cost of transition into a decarbonized society such as the introduction of the carbon tax, a decline of net sales and future market trends. The result points to a cost increase of approx. 2.5 billion yen.

	Physical risks	Transitional risks
Scenario	IPCC/RCP8.5 scenario (4°C scenario)	IPCC/RCP2.6 scenario (2°C scenario) IEA/NZE scenario (1.5°C scenario)
Risk event	Large-scale flooding	Transition to a decarbonized society
Analysis target	Borrowers in Gifu/Aichi prefectures Collateral of real estate (buildings) in Gifu/Aichi prefectures (excluding secured home loans)	Electric power sector Automotive sector
Analysis content	Deterioration of business performance due to customers' business suspension/stagnation Damage to the Group's real estate (buildings) collateral	Deterioration of customers' business performance due to cost increase and sales decline
Analysis period	Up to 2050	Up to 2050
Analysis results	Increase of credit-related costs: Up to approx. ¥7.0 billion	Increase of credit costs: Cumulative total of approx. ¥2.5 billion

*IPCC: Intergovernmental Panel on Climate Change

*IEA: International Energy Agency

Analysis results are calculated under specific preconditions.

The impact on the Group's finances has been found to be limited within the scope of this analysis, but we will continue to enhance the scenario analysis.

Carbon-related assets

For carbon-related assets for which the TCFD recommendations recommend disclosure, the following table shows the loan balance by sector and the percentage of total sector loans.

Ratio of carbon-related assets against the loan balance (as of the end of March 2023)

*Loan balance = Total of loans, foreign exchange, acceptance and guarantee, etc.

*Electric power & utilities sector excludes the water and renewable energy power sectors

Sector	Loan balance (Millions of Yen)	Ratio
Oil & gas	34,940	0.7%
Electric power & utilities	41,808	0.9%
Air transportation	18,243	0.4%
Marine transportation	2,771	0.1%
Land transportation	114,570	2.4%
Automotive	76,628	1.6%
Metals & mining	101,992	2.1%
Chemicals	24,345	0.5%
Construction materials & capital goods	224,654	4.7%
Real estate management & development	415,410	8.7%
Beverages & food	59,156	1.2%
Agriculture	2,614	0.1%
Paper & forestry	32,098	0.7%
Total	1,149,230	23.9%

<Risk Management>

Climate change risk identification and assessment process

The Juroku Financial Group considers risks that could have a significant impact on management to be top risks. From the perspective of probability and degree of impact, the Board of Directors selects the risk events that may have a significant impact on our financial position and business performance, such as disrupting our business strategy and reducing profitability approximately within the next year, as top risks. Eleven top risks were selected by the Board of Directors in March 2023, one of which is the risk related to climate change. The selection was made in light of the increase in extreme weather events and natural disasters and the growing international momentum to address climate change, and we have implemented proactive management and risk control measures based on the risk scenario of deteriorating business performance and business model obsolescence of the borrower due to delays in responding to climate change and decarbonization.

Climate change risk management process

An integrated risk management framework is in place at the Group, categorizing into and managing the Group's overall financial risks as "credit risk," "market risk," "liquidity risk" and "operational risk." Climate change risk is recognized as a driver of financial risk, and is managed with the framework for managing risks such as credit and operational risks.

We have also introduced a risk appetite framework (RAF) from the perspective of organically combining earnings, risk, and capital to enhance corporate value through integrated management. With respect to climate change risk, we are working to manage it appropriately, with our Risk Appetite Policy stating that we will deepen our efforts and promote engagement.

Formulating an investment and lending policy

The Group has the Investment and Lending Policy for the Creation of a Sustainable Society.

Basic policy

The Juroku Bank Group strives to contribute to medium- to long-term enhancement of corporate value and sustainable growth of customers by vigorously supporting initiatives to resolve environmental and social issues through investment and lending. Moreover, the Group strives to mitigate or avert the impact of investment and lending that may pose a significant risk or have a negative impact on the environment and society by subjecting any such investment and lending to meticulous consideration.

Sector-specific policies

Coal-fired thermal power generation	The Group will not invest in or extend loans to projects that involve building new coal-fired thermal power stations or expanding existing power generation facilities, while taking a prudent approach in considering exceptional cases in response to emergencies or in projects in line with the Japanese government's energy policy.
Weapons	The Group will not invest in or extend loans to companies that manufacture weapons, regardless of fund usage, in view of the inhumane nature of cluster bombs, anti-personnel landmines, and biological/chemical weapons.
Deforestation	The Group will not invest in or extend loans to projects that involve illegal logging or forest incineration. Investment in / loan to projects whereby the fund is used for operations that involve deforestation will be considered carefully in view of their impact on the local economy and the environment.

Environmental Conservation and Climate Change Actions

<Metrics and targets>

CO2 emissions results

The Juroku Financial Group has been working on the calculation of CO2 emissions, and from FY2022, it also calculates its supply chain emissions (Scope 3) in addition to its own CO2 emissions (Scope 1 and 2).

CO2 emissions results (t-CO2)

Calculation item		FY2021	FY2022	
Scope 1	Direct emissions	1,375	1,369	
Scope 2	Indirect emissions	6,504	6,020	
Total of Scope 1 and 2		7,879	7,389	
Scope 3	Category 1	Purchased goods and services	12,992	12,940
	Category 2	Capital goods	5,005	3,615
	Category 3	Fuel- and energy-related activities not included in Scope 1 and 2	1,548	1,507
	Category 4	Upstream transportation and distribution	1,695	1,672
	Category 5	Waste generated in operations	50	53
	Category 6	Business travel	146	174
	Category 7	Employee commuting	3,106	2,908
	Category 8	Upstream leased assets	—	—
	Category 9	Downstream transportation and distribution	—	—
	Category 10	Processing of sold products	—	—
	Category 11	Use of sold products	—	—
	Category 12	End-of-life treatment of sold products	—	—
	Category 13	Downstream leased assets	383	426
	Category 14	Franchises	—	—
	Category 15	Investments	—	Listed on p. 27
Total of categories 1 to 14		24,925	23,295	

The Juroku Bank Group's CO2 emissions reduction targets and results

The Group set the following reduction targets on CO2 emissions (Scope 1 and 2) generated by its energy use and is working to achieve a decarbonized society.

Targets Halve CO2 emissions by FY2023 from the FY2013 level and achieve carbon neutrality by FY2025

CO2 emissions (Scope 1 and 2)



CO2 emissions in FY2022 were reduced by 43.6% compared to FY2013 and by 490 t-CO2 year on year. This was due to the effects of the introduction of "Gifu Prefecture-generated CO2-free electricity" for use at Juroku Bank's head office building in November 2021, in addition to installing LED lighting in stores and replacing air-conditioning equipment with high-performance ones. We will continue our efforts to reduce CO2 emissions by expanding the introduction of renewable energy electricity, introducing environmentally friendly stores, and considering the conversion of company vehicles to hybrid vehicles (HVs) and electric vehicles (EVs).

The results for FY2021 have been verified by an independent third party after a review of the calculation method and refinement of the calculation results.

Calculation of the CO2 emissions of investees and borrowers (scope 3 category 15)

Since indirect emissions (Scope 3 Category 15) through investments and loans account for a large share of CO2 emissions of financial institutions, it is important to promote efforts to calculate, monitor, and reduce these emissions. The Group utilizes the PCAF standard calculation method to calculate CO2 emissions for loans to domestic corporate clients.

We will continue to work toward expanding the scope of CO2 emissions calculation and improving the data quality score.

The results of this calculation may change significantly in the future due to clarification of international standards, sophistication of estimation, and other factors.

CO2 emissions of investees and borrowers (Scope 3)

Sector	CO2 emissions (t-CO2)	Applicable assets
Oil & gas	107,352	Loans to domestic corporate clients (excluding loans to borrowers with insufficient financial data)
Electric power & utilities	94,137	CO2 emissions = \sum (Emissions of each borrower x Contribution of the Group's loans) *Factors such as company-disclosed data and CDP data are used for each borrower's emissions. When the data is unobtainable, estimations are made using regional and sectoral emission factors per unit of sales taken from the PCAF database. *Contribution level = The Group's balance of loans/The borrower's total funding
Air transportation	34,006	
Marine transportation	22,366	
Land transportation	254,592	
Automotive	28,225	
Metals & mining	5,093,569	
Chemicals	95,884	
Construction materials & capital goods	249,616	
Real estate management & development	3,665	
Beverages & food	2,166,565	
Agriculture	17,441	
Paper & forestry	131,547	
Other	685,312	
Total	8,984,277	
Data quality score		
Reference date		Loan balance As of March 31, 2023 Financial and emissions data of borrowers Latest financial period data held by the Group as of March 31, 2023
Coverage (Loan balance of calculated counterparty/total loan balance)		98.0%

Sustainable finance targets

The following targets are set on sustainable finances in order to support, through our core business, customers' initiatives for solving environmental issues and to contribute to achieving a decarbonized society.

	Target amount for FY2030 (cumulative for 9 years)	Amount provided in FY2022	Progress rate
Sustainable finances provided	¥2 trillion	¥234.8 billion	11.7%
of which, environment-related finances	¥800 billion	¥85.9 billion	10.7%

- Sustainable finances: investment and lending for SDGs / ESG initiatives that contribute to building a sustainable society
- Environment-related finances: investment and lending for initiatives to reduce environmental impact

Support for environmental initiatives



Acquired a "B" rating in the CDP's 2022 climate change questionnaire

The Company received a "B" rating, the third highest of eight levels, in the CDP's 2022 climate change questionnaire.

The CDP is a British non-governmental organization (NGO) founded in 2000 that operates a global disclosure system to help investors, companies, nations, regions, and cities manage their environmental impacts. By 2022, more than 18,700 companies, or half of the world's market capitalization, were disclosing data through the CDP, setting a global standard for environmental information disclosure.

Joined PCAF

The Company joined the Partnership for Carbon Accounting Financials (PCAF) in March 2023.

PCAF is an international initiative launched to standardize the measurement and disclosure of CO2 emissions of investees and borrowers, and in November 2020, it developed the first global standardized methodology, the Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF Standard).

PCAF has more than 400 member financial institutions worldwide.

Corporate Governance

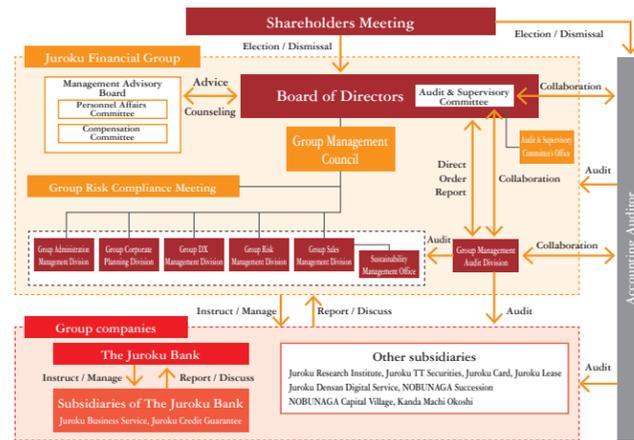
Corporate Governance System

Juroku Financial Group is a company with an Audit & Supervisory Committee, and the functions of the Board of Directors are strengthened not only in its decision-making functions but also in its auditing and supervisory functions.

By separately electing Executive Directors and Directors who are Members of the Audit & Supervisory Committee, we have enhanced the audit system of Group-wide business management and the supervision system of Executive Directors by Members of the Audit & Supervisory Committee.

In addition, we are working to further enhance our corporate governance system by monitoring the status of business execution, the status of risk management, and the compliance system of group companies, and striving to build a Group-wide business management system.

Group companies are striving for efficient business operations by preparing business plans based on Group-wide management policies, and by making prompt management decisions and speeding up business execution.



Composition of the Board of Directors

The Group strives to ensure that the Board of Directors has a well-balanced structure with diverse knowledge and expertise.

In order to enhance the objectivity and rationality of decision-making by the Board of Directors in addition to supervising management, we appoint Independent Outside Directors so that they consist of more than one-third of the total number of Directors.



(as of June 30, 2023)

Management Advisory Board

In order to further ensure transparency and fairness of the Board of Directors' decision-making activities, we have established the Management Advisory Board, which consists of two committees, the Personnel Affairs Committee and the Compensation Committee, as an advisory body to the Board of Directors.

Each committee is chaired by an Outside Director, and the majority of its members are from outside the Company. The Committees provide advice on the matters shown in the table on the right.

Personnel Affairs Committee	
1	Matters concerning the determination of candidates for Director
2	Matters concerning selection and dismissal of Executive Directors, etc.
Compensation Committee	
1	Matters concerning compensation for Directors
2	Matters concerning the evaluation of the effectiveness of the Board of Directors
3	Other important matters related to management

Evaluation of the Effectiveness of the Board of Directors

The Company has all Directors conduct a self-evaluation based on a "Questionnaire regarding Effectiveness Evaluation of the Board of Directors." After compiling results of aggregating and analyzing the contents of these self-evaluations, the Board of Directors deliberate on them following a consultation with the Management Advisory Board, which is an advisory body to the Board of Directors.

The following is a summary of the results of the "Overall Effectiveness Evaluation of the Board of Directors" in FY2022.

As a result of aggregating and analyzing these self-evaluations, the Board of Directors of the Company confirmed that the effectiveness of the Board of Directors has been secured as open and constructive discussions are being held from the perspective of the entire Group and the medium- to long-term perspective.

We will continue with our efforts to provide timely and appropriate information and enhance discussions on important management issues such as sustainability for the sustainable growth of the Group and the enhancement of corporate value over the medium- to long term. Furthermore, we will fully exercise the functions of decision-making and supervision of the Board of Directors and further enhance its effectiveness, by continuously reviewing the operation of the Board of Directors with Outside Officers.

Status of Audit by the Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three Members of the Audit & Supervisory Committee (one of the three is a full-time Member of the Audit & Supervisory Committee, as of June 16, 2023), including two Members of the Audit & Supervisory Committee who are Outside Directors, and meets once a month in principle. In addition, the Audit & Supervisory Committee's Office has been established to assist Members of the Audit & Supervisory Committee in their duties, thereby ensuring the objective monitoring and auditing functions of the management's business execution.

In accordance with the audit policy, audit plan, and allocation of duties established by the Audit & Supervisory Committee, the full-time Member of the Audit & Supervisory Committee audits the execution of duties by Directors by attending meetings of the Board of Directors, Group Management Council, and other important meetings, inspecting important documents, and interviewing Representative Directors and other Directors. Part-time Outside Members of the Audit & Supervisory Committee communicate and collaborate with the full-time Member of the Audit & Supervisory Committee to conduct audits based on discussions at Audit & Supervisory Committee meetings and other meetings. The Audit & Supervisory Committee also reviews the status of the development and operation of the internal control system, the decision on the appointment of Directors other than Members of the Audit & Supervisory Committee, the decision on the compensation of Directors other than Members of the Audit & Supervisory Committee, the suitability for reappointment of the Accounting Auditor, and the agreement on the amount of compensation for the Accounting Auditor, and exchanges opinions with the internal audit department and the Accounting Auditor in order to enhance the effectiveness of audits.

In FY2022, the Company held 11 meetings of the Audit & Supervisory Committee, and the attendance of individual Members of the Audit & Supervisory Committee is shown in the table to the right.

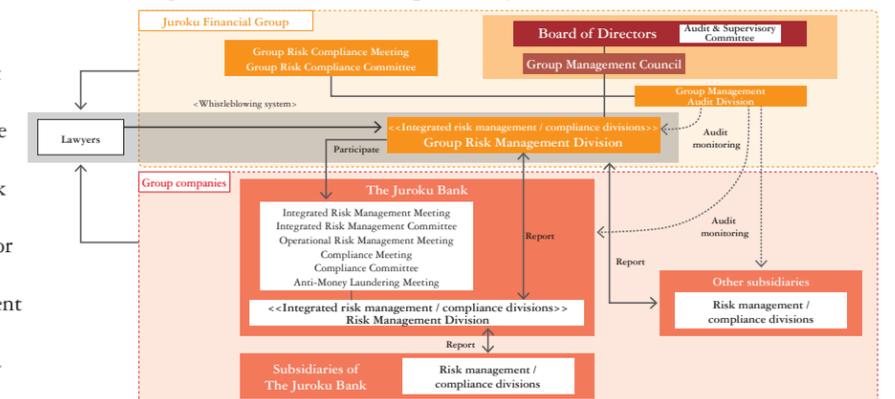
Name	Position	No. of meetings held	No. of meetings attended
Naohiko Ishikawa	Member of the Audit & Supervisory Committee (Full-time)	11	11
Shinji Ishihara	Member of the Audit & Supervisory Committee (Outside)	11	11
Satoe Tsuge	Member of the Audit & Supervisory Committee (Outside)	11	11

Risk Management Structure and Compliance System

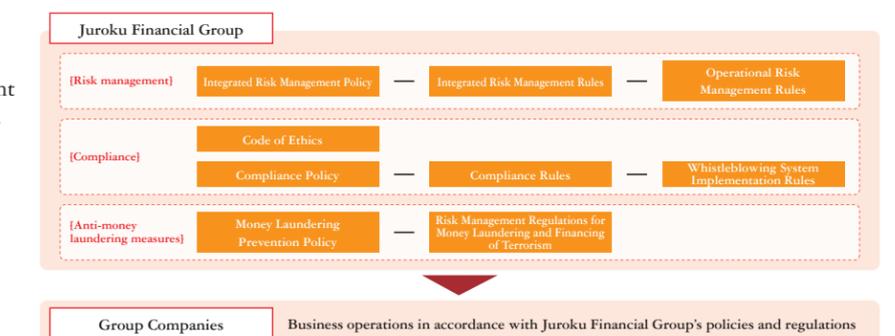
Group-wide Risk Management Structure and Compliance System

We have established the Group Risk Management Division to oversee risk management and compliance, and are working to improve the risk management structure and compliance system of the Group. In addition, we have organized the Group Risk Compliance Meeting chaired by the President to grasp the status of risk management and compliance within the Group. The Meeting holds deliberations or debates on analysis, evaluation, and improvement activities for risk management and compliance, and reports to and discusses with the Board of Directors on a regular basis and an irregular basis as necessary.

Risk management structure / compliance system



Risk management and compliance-related policies and regulations, etc.



<Risk Management Structure>

Risk Appetite Framework

The Group has clarified the type and amount of risk to be taken appropriately as “risk appetite,” and introduced a “Risk Appetite Framework (RAF)” for business and risk management using the risk appetite as a starting point.

In order to achieve our “Vision” in the Group management philosophy, we seek to “optimize profits, risks and capital” through RAF management, and enable the pursuit of more profit opportunities and more appropriate risk control. By doing so, we are improving the effectiveness of our business strategies including management plans and comprehensive budgets.

Overview of the Risk Appetite Framework



Recognition of Top Risks

From the perspective of probability and degree of impact, the Group has chosen as top risks the “risk events that may have a significant impact on our financial position and business performance, such as disrupting our business strategy and reducing profitability approximately within the next year.” We are taking necessary measures in advance to control such risks, and striving to manage them in order to respond dynamically even if they manifest.

The top risks selected by the Board of Directors in March 2023 are as follows:

Risk event	Risk scenario (example)
Deterioration of the global economic and financial environment due to anxiety about the financial system and strengthening hegemonism	<ul style="list-style-type: none"> Anxiety about the financial system, deterioration of the global economy triggered by hegemonic behavior including the prolonged invasion of Ukraine, the Taiwan issue, and the U.S.-China friction, weak demand for funds, and deterioration of the business conditions of borrowers Fewer profit opportunities and higher credit-related costs due to deterioration of economic conditions in our operating bases, Gifu and Aichi prefectures
Impact of monetary policy changes in Japan and the U.S.	<ul style="list-style-type: none"> Market fluctuation risk triggered by monetary policy developments in Japan and the U.S. (e.g., deterioration in valuation gains and losses of securities, decline in fund management income, etc.) Pressure on deposit and loan profit due to the continued monetary easing policy in Japan
Climate change risks	<ul style="list-style-type: none"> Deterioration of borrower performance and obsolescence of business models due to abnormal weather, climate change, delayed response to decarbonization, etc.
Impact of severe infectious diseases	<ul style="list-style-type: none"> Delayed economic recovery following the COVID-19 pandemic and prolonged stagnation of economic activity due to the emergence of new infectious diseases Difficulty in maintaining business continuity
Large-scale disasters	<ul style="list-style-type: none"> Impact on the financial condition of the Group due to difficulty maintaining business continuity in the event of the Nankai Trough Earthquake, etc., and from the deterioration of the business performance of borrowers resulting from the ensuing turmoil in the local economy
Cyber-attacks	<ul style="list-style-type: none"> Functional failure, as well as large compensation for loss due to leakage of customer information or service suspension
Rapid progress of DX	<ul style="list-style-type: none"> Customer attrition due to further entry to other businesses, intensified competition due to the emergence of alternative services, and declining competitiveness due to delays in introducing digital services, etc.
Credit-related risks	<ul style="list-style-type: none"> Higher credit-related costs due to credit deterioration in real estate and other credit-intensive industries High credit-related costs being incurred due to deterioration of the business performance or bankruptcy of large borrowers Increasing credit-related costs resulting from the decline of regional industries due to shortages of human resources, their inability to change their business structure to adapt to the era, and other factors
Personnel and compliance risks	<ul style="list-style-type: none"> Impacted sustainable growth and business strategy of the Company and workplace control confusion, resulting from accidents occurring to executive management Decreased productivity, difficulty in continuing professional work due to insufficient education, outflow of human resources, etc. Loss of credibility and customer attrition due to administrative sanctions by the Financial Services Agency, scandals of officers and employees, media reports, and other factors, as a result of insufficient implementation of “Customer-oriented Business Operation Policy”
Inadequate response to antisocial forces and anti-money laundering measures	<ul style="list-style-type: none"> Loss of credibility due to transactions with antisocial forces Disciplinary actions such as business suspension orders, payment of surcharges, and loss of credibility due to failure in anti-money laundering measures and violations of various foreign exchange laws and regulations
System failure risks	<ul style="list-style-type: none"> Loss of credibility, suspension of business operations, etc. due to inconvenience or disadvantage to customers caused by large-scale system failures

Integrated Risk Management

The Group has established the “Integrated Risk Management Rules” for the purpose of ensuring the soundness of management and building an integrated risk management system.

We comprehensively track various risks with quantification using statistical methods, and control these risks so that they are within the scope of our management abilities. The status of integrated risks is managed by the Group Risk Management Division, and reported to the Group Risk Compliance Meeting and the Group Risk Compliance Committee quarterly, as well as the Board of Directors biannually, in principle, and we have a structure to flexibly implement necessary measures such as risk control.

Credit Risk Management

Credit risk refers to the risk of incurring losses due to the decrease or loss of asset value caused by the deterioration of the financial condition of borrowers.

As a prerequisite for credit risk management, we have established a “credit rating system” which objectively evaluates the degree of credit risk on a uniform scale. In addition to monitoring the credit risk management status of group companies and the credit concentration risk of the whole Group, we also discuss countermeasures with group companies as necessary.

Market Risk Management

Market risk refers to the risk of incurring losses from the fluctuation of the value of assets and liabilities, as a result of changes in various market risk factors such as interest rates, foreign exchange rates, and stocks, as well as the risk of incurring losses due to fluctuations in the income generated from assets and liabilities.

Based on our integrated risk management, our consolidated subsidiaries that engage in the banking business allocate risk capital by business (deposits and loans, cross-shareholdings, securities other than cross-shareholdings, etc.) biannually. Our consolidated subsidiaries also set position management limits (maximum investment amount or holding amount), loss amount limits, and negotiation points (levels of losses for reviewing response policies). Their divisions in charge are conducting market transactions flexibly and efficiently within these set risk limits.

Liquidity Risk Management

Liquidity risk refers to funding risk and market liquidity risk. Funding risk refers to the risk of difficulty in securing the necessary funds due to mismatches between investment and funding periods or unexpected outflows of funds, as well as the risk of incurring losses due to being forced to raise funds at significantly higher interest rates than usual. Market liquidity risk refers to the risk of incurring losses due to market disturbances making it impossible to trade in the market, or being forced to trade at prices that are significantly more disadvantageous than usual. We monitor the status of funding risk and liquidity risk as well as matters that affect funding, and we have established a structure to respond quickly and appropriately even under unforeseen circumstances.

Operational Risks

Operational risk refers to the risk of incurring losses due to inappropriate business processes, activities of officers and employees, or systems, or external events. Each group company has established “Operational Risk Management Rules,” and classifies and manages operational risks as administrative risk, system risk, legal risk, personnel risk, fixed asset risk, and reputational risk.

For administrative and system risks, which are important categories among operational risks, we have drawn up the following sub-policies and procedures.

Administrative Risk

Administrative risk refers to the risk of incurring losses because of officers or employees neglecting to perform accurate administrative work, or causing accidents, committing fraud, etc. The Group manages administrative risk through our own Administrative Risk Management Rules. While adapting to the growing diversification and complexity of banking operations, our administration has become more rigorous in an effort to retain and strengthen the trust of our customers.

System Risk

System risk refers to the risk of incurring losses due to computer system failure, malfunction and other errors or system flaws and other deficiencies, as well as the risk of incurring a loss due to the improper use of computers. This includes “cyber security risk” that threatens the safety of computer systems and computer networks as a result of cyber-attacks.

The Group has established “System Risk Management Rules” in order to deal with these system risks. By ensuring the effectiveness of our system risk management system, we strive to maintain sound and appropriate group operations, and strengthen our cyber security management system.

In response to cyber security incidents that are increasingly becoming a threat, each group company has set up a CSIRT (Computer Security Incident Response Team). The CSIRT Secretariat of The Juroku Bank collaborates with the rest of the Group to stay alert in ordinary times and to promptly respond to and solve any incident.

Crisis Management System

The Group places the highest priority on ensuring the safety of human lives in the event of a crisis such as a major disaster or an infectious disease epidemic. In order to continue business operations necessary to maintain the functions of the financial system, in addition to the risk management systems described above, we have established the “Rules on Business Continuity Readiness and Management” and have established an appropriate crisis management system.

Compliance System

Compliance Structure

The Company has designated the Group Risk Management Division to oversee compliance and manage the status of compliance for the entire Group.

Every fiscal year, the division formulates a Group Compliance Program, a concrete action plan for compliance, and conducts appropriate compliance risk management for the entire Group.

In addition, the Group Risk Compliance Meeting and the Group Risk Compliance Committee hold meetings regularly and as needed, to confirm that the Group is properly practicing compliance, and to deliberate and give instructions regarding the compliance system. The Group Risk Compliance Committee reports to the Board of Directors on the content of their deliberations.

Internal Reporting System

The Company has established a whistleblowing system for the entire Group. In order to detect and correct compliance violations early on, the Company and other group companies have each set up whistleblowing contact points.

In addition to internal contact points, we are working to enhance and improve our whistleblowing system via designated external lawyers as contact points for reporting and consultation.

We have appointed a Chief Whistleblowing Officer as the general manager of the whistleblowing system, and are working to raise awareness of the whistleblowing system among officers and employees throughout the Group, while engaging in efforts to enhance the system.

Customer Protection

The Company has established a Group-wide “Customer Protection Management Policy,” and is striving to protect customers and improve convenience for the whole Group. The Juroku Bank and Juroku TT Securities have planned and announced a “Customer-oriented Business Operation Policy,” and are working to further improve the quality of their products and services from a customer-oriented perspective.

The “Customer Protection Management Policy” is aimed at protecting customers and improving convenience through the following measures.

Giving appropriate explanations and providing information on products and services to customers
 Appropriately handling customer requests, consultations, inquiries, complaints, etc.
 Appropriately managing customer information
 Appropriately managing outsourced business
 Appropriately managing conflicts of interest in order to prevent unduly infringement on the interests of customers

Designated dispute resolution organization

The Juroku Bank has concluded an agreement with the following designated dispute resolution organizations. By involving a neutral and fair third-party organization, we are appropriately

responding to the financial ADR system, which are procedures intended for simple and swift dispute resolution without resorting to litigation.

Contact for consultations, inquiries, opinions and complaints about the Bank

{Hours of operation}
 Monday through Friday, 9:00 a.m. to 5:00 p.m.
 (excluding national holidays and bank holidays)

Designated dispute resolution organizations with which The Juroku Bank has an agreement

Japanese Bankers Association (Contact: JBA Customer Relations Center)
 Telephone: +81-3-5252-3772
 Trust Companies Association of Japan (Contact: Trust Consultation Center)
 Telephone: +81-3-6206-3988

Customer Information Management

The Company recognizes the secure management of customer information as one of its most important issues.

We are fully aware of various risks such as leakage and loss of information to external parties with regard to customer information acquired by each group company. As such, we have established the “Information Security Management Rules” to ensure proper handling of customer information, and also

disclose a “Personal Information Protection Policy” (Privacy Policy).

Based on these regulations, we have appointed a Chief Information Officer as the general manager of the protection of information assets, and designated responsible divisions according to the type of information assets, as efforts to protect information assets more effectively.

Initiatives to Prevent Money Laundering, etc.

There is a growing threat of international terrorism, and fund transfers by criminal organizations and terrorists are spreading and becoming international. As such, there is a stronger international demand for financial institutions to prevent money laundering, financing of terrorism, and proliferation financing (hereinafter “money laundering, etc.”).

The Company’s Group Risk Management Division oversees the Group’s overall anti-money laundering, etc. measures, and each group company appoints a person responsible for anti-money laundering, etc. measures from among its officers.

Risk management system

We have positioned the prevention of money laundering, etc. as a top management issue, and we have built an effective risk management system and are working to further enhance it.

Training for officers and employees

We continuously implement training for officers and employees, so that they can gain deeper knowledge and understanding regarding measures against money laundering, etc., and improve their expertise and adaptability according to the roles of various divisions.

Risk assessment documents

We identify and assess risks we are facing associated with money laundering, etc., and plan “documents prepared by specified companies (risk assessment documents),” in order to implement mitigation measures commensurate with the risks.

Audits on compliance status

The Audit Division conducts internal audits from an independent perspective on a regular basis and as necessary. Based on the results of these audits, we strive to further improve our systems.

Stakeholder Engagement

The Group emphasizes engagement with all stakeholders. We have progressed from taking action “for” our stakeholders to acting “with” them.

In our “Group management philosophy,” we set the “Engagement Cycle” as our Code of Conduct, with the aim of taking on the challenges faced by our customers and local communities, and resolving them together.

Board of Directors and Audit & Supervisory Board Members

The Juroku Financial Group, Inc. (as of June 30, 2023)



Yukio Murase
*Representative Director
and Chairman*



Naoki Ikeda
*Representative Director
and President*



Akihide Ishiguro
*Director and Deputy
President*



Yukiyasu Shiraki
Director



Yoshiaki Bito
Director



Hiroyuki Ota
Director

Satoko Ito
Director

Naohiko Ishikawa
Director (Audit & Supervisory Committee Member)

Satoe Tsuge
Director (Audit & Supervisory Committee Member)

Tsutomu Niimi
Managing Executive Officer

Hiroataka Asai
Executive Officer

Takeshi Kato
Executive Officer

Tomoko Shiozaki
Executive Officer

Yasushi Ueda
Director

Shinji Ishihara
Director (Audit & Supervisory Committee Member)

Koichi Tokoro
Managing Executive Officer

Eiji Kodama
Managing Executive Officer

Tomoatsu Kaku
Executive Officer

Motoyasu Fukui
Executive Officer

Kyohei Tanemura
Executive Officer

Corporate Data

(as of March 31, 2023)

Date of Establishment:
October 1877
Authorized Shares:
46,000 thousand shares
Shares of Common Stock Issued and Outstanding:
37,924 thousand shares
Stock Listed:
Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market
Paid-in Capital:
¥36,839 million
Number of Common Stock Shareholders:
17,912
Number of Employees:
2,705

Group companies
The Juroku Bank, Ltd.
8-26 Kandamachi, Gifu-shi
+81-58-265-2111
Juroku Research Institute Co., Ltd.
7-12 Kandamachi, Gifu-shi
+81-58-266-1916
Juroku Tokai Tokyo Securities Co., Ltd.
7-12 Kandamachi, Gifu-shi
+81-58-266-4516
Juroku Card Co., Ltd.
7-12 Kandamachi, Gifu-shi
+81-58-263-1116
Juroku Lease Co., Ltd.
7-12 Kandamachi, Gifu-shi
+81-58-262-3116
Juroku Densan Digital Service Co., Ltd.
7-12 Kandamachi, Gifu-shi
+81-58-262-1116

NOBUNAGA Succession Inc.
7-12 Kandamachi, Gifu-shi
+81-58-266-9161
NOBUNAGA Capital Village Co., Ltd.
6-11-1 Kandamachi, Gifu-shi
+81-58-264-5516
Kanda Machi Okoshi Co., Ltd.
6-11-1 Kandamachi, Gifu-shi
+81-58-262-1613
Juroku Business Service Co., Ltd.
34 Nakatakeyacho, Gifu-shi
+81-58-266-2682
Juroku Credit Guarantee Co., Ltd.
7-12 Kandamachi, Gifu-shi
+81-58-266-1616

10 Principal Shareholders:
The Master Trust Bank of Japan, Ltd. (Trust)
Custody Bank of Japan, Ltd. (Trust)
Juroku Financial Group Employee Stockholding Association
Fuji Baking Group Co., Ltd.
Meiji Yasuda Life Insurance Company
Sompo Japan Insurance Inc.
Seino Holdings Co., Ltd
The Bank of Nagoya, Ltd.
JP MORGAN CHASE BANK 385781
(Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)
DFA INTL SMALL CAP VALUE PORTFOLIO
(Standing proxy: Citibank, N.A., Tokyo Branch)

Directory

(as of June 30, 2023)

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8-26, Kandamachi, Gifu-shi,
Gifu 500-8516, Japan
Telephone: +81-58-265-2111

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