

## Message from the President



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Juroku Financial Group, Inc.

### Building on Our Traditions to Pioneer a New Era as a Regional Comprehensive Financial Services Group

The Juroku Bank was founded in Gifu-shi by local merchants, industrialists, and landowners in October 1877 as the 16th National Bank. The spirit of our corporate plaque, “Being Integrity Brings Prosperity,” which was donated by Mr. Eiichi Shibusawa upon the completion of the former Head Office, has been handed down through generations of officers and employees to the present day.

Building on more than 140 years of the history, we established the Juroku Financial Group and transitioned to a holding company structure in October 2021, transforming our business model to become a regional comprehensive financial services group. Today, the Group is composed of 12 companies, including Juroku Financial Group, Inc. and its core company, The Juroku Bank, Ltd.

The environment surrounding the Group is undergoing substantial change against the backdrop of technological advances and rising sustainability awareness, in addition to the issues faced by present-day society such as declining birthrates, the aging population, and labor shortages. In this environment, the Group is endeavoring to expand its business domains through “collaboration with other industries” and the “establishment of new companies.” We are using these efforts as a base to engage in swift transformation under our Long-Term Vision “16Vision-10” and 2nd Medium-Term Management Plan “Staying Ahead of the Curve to Always Serve the Region: First Stage,” launched in April 2023.

We will leverage the strength of the Group’s broad range of business domains to boldly and flexibly engage in tactical and behavioral Change, continue to take on Challenges aimed at the formation of sustainable local communities, and contribute to “achieving growth and prosperity for our customers and the local community” through proactive Communication with all of our stakeholders. Through these endeavors, we aspire to evolve into a regional comprehensive financial services group, building on our traditions to pioneer a new era.

#### Being Integrity Brings Prosperity.

This corporate plaque, painted and donated to The Juroku Bank by Mr. Eiichi Shibusawa upon the completion of the former Head Office in April 1931, is still displayed in the executive conference room today.

The words “Being Integrity Brings Prosperity.” (“junri sokuyu” in Japanese) mean that living in accordance with reason and truth will lead to prosperity. They are known as Mr. Shibusawa’s motto, and the Group’s employees have carefully passed them down from generation to generation.



## Utilizing the Holding Company to Transform the Business Model

More than two-and-a-half years have passed since the establishment of Juroku Financial Group, Inc., and I feel that we have made substantial progress on the three pillars we set forth at the time of its establishment: the expansion of business domains, optimal allocation of Group management resources, and more sophisticated governance.

Regarding the expansion of business domains, first of all, we have been able to swiftly create operating subsidiaries to address the issues faced by companies and local communities, such as DX, urban development, and management succession. We have also actively pursued alliances with highly specialized companies in other industries, generating substantial results. It is significant that our partners are the top-class companies in their industries in Japan. It is only by establishing relationships of trust that we are able to provide high-quality services. In this era of transformation, staying “Staying Ahead of the Curve” enables us to win the trust of our customers. We will strive to leverage the know-how we have acquired in new business domains to enable our customers to understand the changes we have made and gain a solid sense of our new value.

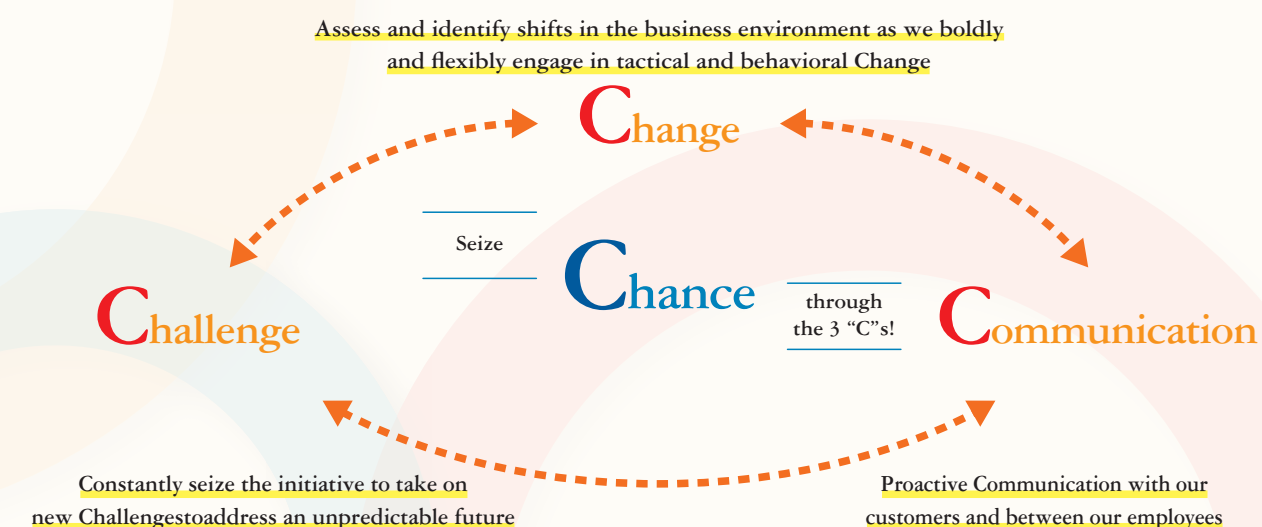
ext, regarding the optimal allocation of Group management resources, we introduced a new human resources (HR) system in April 2023. At the same time, all employees transferred to the holding company. By introducing a system where employees declare “My Vision” (what they aspire to be) and their “Commitment” (target) to achieve this vision, we have enabled them to demonstrate their high individual expertise and hidden talents beyond the limits of the banking business. Our business domains have expanded, giving our diverse workforce more opportunities to play an active role in the region. We will listen to each employee’s aspirations for the kind of contributions they want to make to the region and support them in taking challenges.

Regarding more sophisticated governance, in FY2023, we conducted an evaluation of the effectiveness of the Board of Directors through the involvement of a third-party agency, confirming that the Board of Directors is operating appropriately. We hope to continue to improve the quality of decision-making by incorporating the various views and perspectives of members from diverse backgrounds, aiming to further enhance corporate value.

## Staying Ahead of the Curve: the Four “C”s

In this era of increasing uncertainty, we are looked upon to prove our true value as a regional financial institution. Under the new business model we have launched through the Group’s transition to a holding company structure, we will assess and identify shifts in the business environment as we boldly and flexibly engage in tactical and behavioral Change, constantly seize the initiative to take on new Challenges to address an

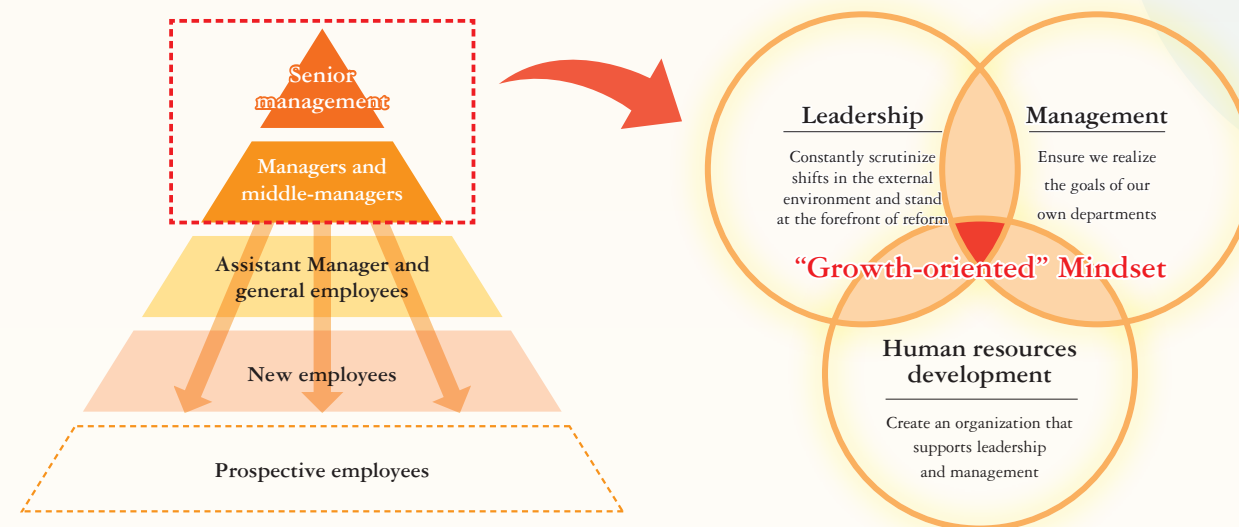
unpredictable future, and aim for proactive Communication with our customers and between our employees. Through a resolute and unified Group-wide approach to these three “C”s, we will capture our Chance to stay ahead of the curve, steadily advancing as a regional comprehensive financial services group that serves the region as a frontrunner in the local community and society.



## Cultivating a “Growth-oriented” Mindset

The reform of employees’ mindset is essential to the implementation of these three “C”s. Customer trust is our starting point: it supports all of our activities. To build relationships of trust with our customers, it is vital for all our employees to be highly motivated to engage in thorough dialogue with customers. To maintain this high level of motivation, it is crucial that each individual employee develops a positive, “growth-oriented” mindset. With the return of positive interest rates, especially, we must display the “leadership” to constantly scrutinize shifts in the external environment and stand at the forefront of reform, as well as the “management” to ensure we realize the goals of our own departments. At the same time, through “human resources development” to support these endeavors, we must cultivate a “growth-oriented” mindset within our organization. To this end, one of the first things we did this year was to establish “leadership workshops” for middle-management employees such as branch managers of The Juroku Bank and the corporate officers of Group companies. Through

six sessions of lectures, group work, and presentations, we have been able to unify the direction of the Group’s vision while also establishing a structure that will enable us to focus on our core business as Japanese society returns to a world of positive interest rates.

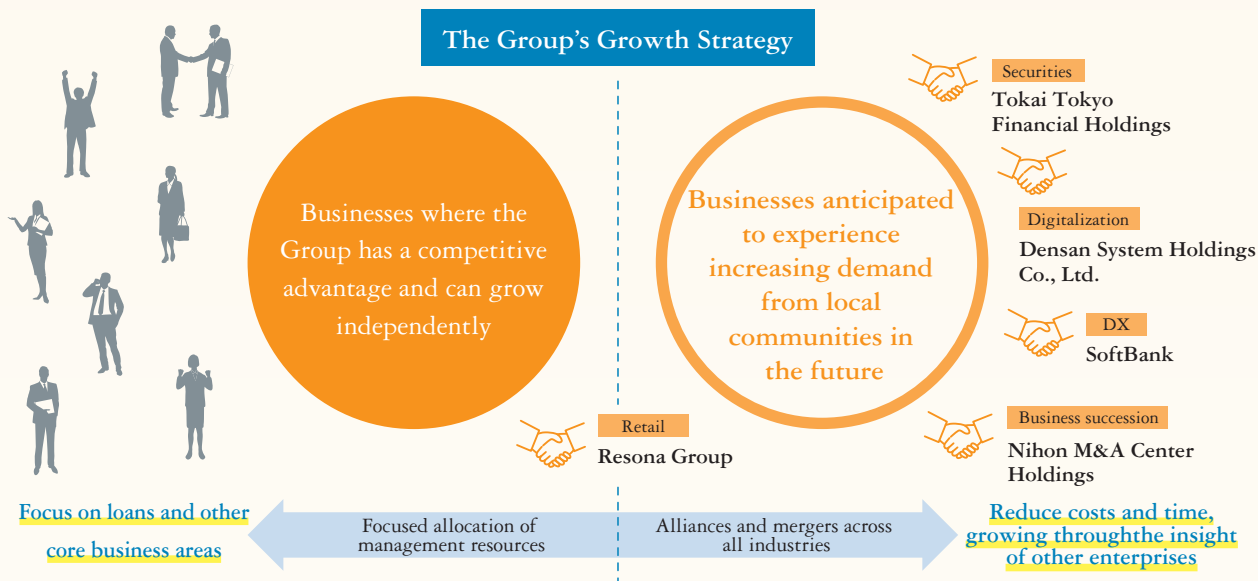


## The Group’s Growth Strategy

The Group’s growth strategy is to focus on allocating management resources to our core business, including loans and deposits, where we have a competitive advantage and can grow independently. At the same time, for businesses anticipated to experience increasing demand from local communities in the future, we will achieve growth without expending costs or time, engaging in alliances and mergers across all industry sectors. A customer-first marketing approach will be crucial to demonstrate the true value of our core business: we must engage in thorough dialogue with our customers to ascertain the needs and issues they face and

provide them with high-value-added services to address these needs. We will endeavor to deepen our core business through the broad, deep customer base developed by The Juroku Bank over more than 140 years in business while also reaping the maximum returns from the know-how accumulated by Group companies in new business domains, to achieve Group-wide integrated sales activities for our core business. With the return of positive interest rates, we aim to know our customers as well as we know ourselves, by giving attention to, connecting with, and closely supporting them.





## Providing High Added Value through Alliances with Other Industries

### <Earnestly engaging in important, pressing issues for the region>

In July 2023, we established NOBUNAGA Succession Inc., a joint venture with Nihon M&A Center Holdings Inc., to support management succession among small and medium-sized enterprises in the region. Gifu Prefecture, where the rates of population decline and aging exceed the national average, is seeing a marked increase in the number of enterprises closing down as their representatives get old and no successor is forthcoming. The potential management succession needs are limitless. We have avoided using the word “Juroku” in the company name and separated it from the business operations of the Bank itself, to enable us to stay close to the sentiments of business managers who might find it difficult to talk about succession issues with a bank they borrow from on a daily basis. We connect the deep and heartfelt wishes of business managers with people who love the region and will earnestly engage in managing their enterprises.

### <Providing high-quality financial services unprecedented in the region>

In February 2024, we launched a new alliance with the Resona Group in the retail field. We aim to leverage our mutual know-how to make maximum use of the strength of both corporate groups. In fall 2024, The Juroku Bank will begin to offer a mutual fund wrap as we endeavor to enhance our support for customers’ asset formation. In spring 2025, we plan to launch a banking app. The banking app offered by Resona Group, especially, is well evaluated by users and boasts significant competitive advantages. Utilizing this app as our own product is expected to enable us to capture customers across all demographics in the region. We envisage an era when our customers will carry around The Juroku Bank in their pockets, as an app on their

smartphones. In addition to optimizing management resources while reducing the cost and duration of internal development, we will be able to provide our customers with higher-quality financial services, unprecedented in the region.

### <Boosting productivity to optimize the creativity of our employees>

In collaboration with SoftBank, we are striving to improve the operational efficiency and productivity of the Group’s officers and employees through DX, with the aim of achieving a virtuous cycle for our core business. Through the full cooperation of five SoftBank employees, including employees at the level of general manager and deputy general manager, who have been seconded to the Group, The Juroku Bank introduced the new groupware Google Workspace (GWS) in September 2023. In March 2024, we went on to unify groupware across all 12 Group companies. We are taking up the challenge to bring about “true reform” by reinventing the way we communicate. The Start-up Support Hub “STATION Ai” (the largest incubator facility in Japan), operated by a subsidiary of SoftBank, will commence operation in Aichi Prefecture in October 2024. Through our connection with SoftBank, we have dispatched one employee from the Group to this facility, starting in April 2024. NOBUNAGA Capital Village, the Group’s dedicated investment company, has held events including three consultation sessions in the STATION Ai facility since October 2023 in preparation for its opening. We are strengthening our contact points with the promising start-up companies gathering in Aichi Prefecture from across Japan. We will actively cooperate with these start-ups to jumpstart the creation of global innovations from Aichi Prefecture.

## Initiatives for Enhancing Corporate Value

We endeavor to engage in constructive dialogue with shareholders and investors with the aim of achieving sustainable growth for the Group and enhancing its medium- and long-term corporate value. In FY2023, we focused on creating more contact points with stakeholders, holding a total of 30 small meetings and one-on-one meetings, twice as many as in the previous fiscal year. The requests received through this dialogue were reported to the Board of Directors and other relevant bodies, which discussed future initiatives to enhance corporate value.

Based on these discussions, we amended our shareholder returns policy from a “total payout ratio of at least 25%” to a “dividend payout ratio of at least 30%,” aiming for more substantial shareholder returns. In addition to achieving our sixth consecutive fiscal year of profit growth, we raised our dividends for the fifth consecutive fiscal year. As a result, total dividends have more than doubled over the past five years, and the number of shareholders is also increasing steadily. In FY2023, we also reduced our cross-shareholdings at a faster pace than planned under the Reduction Policy of Cross-shareholdings. At the same time, we are actively engaged in climate change countermeasures, including enhancing our disclosure based on the TCFD recommendations and bringing forward our target for carbon neutrality from 2050 to 2030.

Looking ahead, we aim to ensure a consolidated ROE of 5% or more. Higher ROE is crucial to improving PBR, and we intend to utilize the capital invested in the Group by our shareholders to grow our businesses in the medium and long term.

In addition to demonstrating the true value of our core business amid the return of positive interest rates, it is important that we steadily boost revenues from a medium- and long-term perspective. We will do this by actively implementing measures such as investments linked to the Group’s growth, including alliances with other industries, and investments aimed at business streamlining through DX. To accomplish this, it is essential that we procure stable deposits from our customers in the region. We will therefore also ensure we achieve our target capital adequacy ratio, which is a measure of financial stability and soundness. I believe it as my personal role and responsibility to clearly set forth and steadily implement a roadmap to achieve this enhancement of corporate value.





## Backing Employees to Undertake Diverse Challenges

One year and three months have passed since we introduced our first new HR system in 22 years, transferring all our employees to the holding company as we aim to optimize Group management resources. As a result, the Group's management philosophy has penetrated more thoroughly through our workforce. By looking back over their progress from the time when they joined the Group to the present, employees have gained more opportunities to think deeply about how they can contribute to our customers and the region, and

act on this awareness. Our emphasis on integrated Group management has encouraged employees to perceive secondment to non-bank Group companies, which previously had a negative image, in a positive light. When establishing several new companies, we have utilized the in-house open recruitment system to enable employees to take a career challenges in a broad range of business domains. For example, in response to openings for around 10 employees each for the companies we have set up in recent years, we received 48 applications for Juroku Densan Digital Service Co., Ltd., 83 applications for Kanda Machiokoshi Co., Ltd., and 61 applications for NOBUNAGA Succession Inc. These numbers bear witness to the high degree of interest among employees.

Upon seeking the values common to our employees, we found that many employees "hope to continue to live in the region they were born and raised in." In other words, many employees joined the Group because they wanted to work in the local area. The common quality shared by these employees is a passionate desire to "be helpful to the region." We will provide strategic support to enable the employees with this desire to utilize their individuality in autonomously taking challenges for the region.

Additionally, from the perspective of D&I and under a "positive evaluation" approach, supervisors have become receptive to the aspirations and individuality of their subordinates and engage in two-way dialogue that extends beyond work to include matters such as hobbies, special skills, and social contribution activities, which enable them to achieve rich lives as members of society and consumers in the region. This change in employees' way of interacting with their supervisors can also be cited as a result of our new HR system. Going forward, we will continue to cultivate an organizational culture that enables each individual to play a highly motivated, active role.

## Leading the Region with the Appointment of a Female Career Employee as a Director

The Group has actively promoted women to management positions and systematically engaged in human resources development for female leaders expected to rise to management positions in the future. As part of these efforts, we appointed a female career employee to the position of Director and Executive Officer in June this year, the first such promotion by a regional bank in the Tokai region. This female Director has advanced knowledge and executive ability with regard to sustainability and other issues. Her involvement in decision-making is expected to facilitate the generation of innovative ideas and creative solutions from the female perspective, enhancing corporate performance. Her presence as a role model will also serve

as a great encouragement for young female employees, embodying their future aspirations and leading to the development of a mindset focused on working in the Group over the long term.

By increasing the forums for female participation and advancement, companies are able to boost the vitality of their entire organizations. In this region, where the declining population has become an issue, the participation and advancement of women, especially, is essential. By creating environments that make it easier for female employees to build their careers, we hope to contribute to the sustainable development of local communities.

## Group-wide Participation in Gifu Prefecture's Largest Sporting Event

Each year, the Group is involved as a major sponsor in The Takahashi Naoko Cup / Gifu Half Marathon. A total of 107 runners participated in this year's race, and approximately 1,000 employees and family members participated as volunteers and supporters. In 2017, the 140th anniversary of the founding of The Juroku Bank, all the Directors ran with the aim of completing the course. Ever since then, I have personally participated each year as a runner. I have a lot of fun interacting with our business partners and other acquaintances along the way.



The race is an important event for nurturing a sense of regional solidarity through sport. It is also a perfect opportunity for visitors from outside the prefecture to understand the goodness of Gifu. The Group's runners wore T-shirts imprinted with an image of "Juroku's Momo," played by the actress Momoko Fukuchi in our corporate commercials. They ran with the message "Let's create the future of our beloved town" on their backs. Our volunteers and supporters, wearing orange T-shirts, the color of the Juroku Financial Group, delivered smiles and cries of encouragement to the runners as the "Region energize team"

I feel that this participation in a major local event made many employees aware of just how wonderful it is to place oneself amid the scenery of this region. It's important for the officers and employees of a financial institution rooted and active in the region to experience first-hand the values of running and supporting runners in the region where they were born and where their friends and family are. Therein lies the significance of our Group-wide participation in this event, which began with all the Directors entering as runners.

## Towards Realizing a Sustainable City

The Juroku Bank will celebrate its 150th anniversary in 2027. In this milestone year, we plan to construct a new headquarters building, the "16FG Office & Park." This is an extremely important project that will embody the Group's management philosophy of "achieving growth and prosperity for our customers and the local community." The project is based on two main concepts. The first is the creation of a "beautiful and comfortable common space" to provide added value to everyone in the region. The second is to establish a base with a "workplace that is ahead of its time," centralizing our headquarters functions to enable an integrated Group-wide business promotion system. The first to third floors will feature an atrium, where we plan to build a roofed park filled with natural light and breeze. We aim to create a stylish space for nature and people to gather: the kind that will live on in the memory as, for example, a place one used to visit on the way home from high school. We are also considering making this a smart office building. Although I'm not sure how much we will be able to achieve, I would like to endeavor to create an attractive workplace utilizing digital and robotic technologies that will make students from the region want to return to their hometown to work. Based on these concepts, we will realize the "formation of spaces to



gather the bustle which is the source of vitality and support the creation of prosperity to achieve a sustainable city," a goal set by the Gifu municipal government.

The Group only exists because of the trust placed in us by customers and the region. In this context, the Group's Purpose of "achieving growth and prosperity for our customers and the local community" represents a universal value. All our employees will work together across the entire organization with this value at heart, aiming for our vision of where we want to be in 10 years: a regional comprehensive financial services group that stays ahead of the curve to always serve the region.

We ask for your further support in the future.