

Operational and Financial Highlights



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Performance for the March 2025 Term

In the fiscal year under review, the Japanese economy continued with its gradual recovery as it shifted away from deflation thanks to the end of negative interest rates and ongoing price rises. In the corporate sector, profits improved steadily due to progress in price pass-through, while capital investments in decarbonization, automation, and DX were seen in a wide range of fields. Although industrial production in some industries was weak, inbound demand remained strong. In the financial environment, gradual increases in policy interest rates by the Bank of Japan has enabled Japan to break free of its period of prolonged ultra-low rates and transition to a so-called world of positive interest rates.

In both Gifu and Aichi Prefectures, which make up the main business base of the Group, production and exports increased mainly in transportation machinery thanks to strong capital investments, despite the suspension of production of some models by major car manufacturers.

Moreover, local economies as a whole continued to recover thanks to rising inbound demand and the ensuing recovery in dining, tourism, and other service industries.

In such an economic environment, the Group's consolidated core gross

operating profit increased by ¥3.5 billion year on year to ¥76.8 billion thanks to a rise in net interest income and other operating profit. Expenses increased by ¥0.6 billion to ¥44.7 billion due to base salary increases and strategic DX investments, and as a result consolidated core net operating profit increased by ¥2.9 billion to ¥32.1 billion. Ordinary profit increased by ¥3.3 billion to ¥31.2 billion due to the increase in consolidated core net operating profit and other factors, and net income attributable to owners of the parent increased by ¥1.5 billion to ¥20.8 billion. As a result, both ordinary profit and net income attributable to owners of the parent increased for the seventh consecutive term.

Consolidated Financial Results of the Juroku Financial Group

(Billions of yen)

	Results for the March 2025 term	Forecast for the March 2026 term
Consolidated core gross operating profit	76.8 (+3.5)	82.5 (+5.7)
Net interest income	54.4 (+1.6)	58.7 (+4.3)
Fees and commissions	17.5 (−1.0)	18.3 (+0.8)
Other operating profit (Excluding profit on JGBs and other debt securities)	4.9 (+3.1)	5.5 (+0.6)
Expenses	44.7 (+0.6)	48.0 (+3.3)
Consolidated core net operating profit	32.1 (+2.9)	34.5 (+2.4)
Ordinary profit	31.2 (+3.3)	31.5 (+0.3)
Net income attributable to owners of the parent	20.8 (+1.5)	21.5 (+0.7)

(Figures in parentheses indicate year-on-year change)

The Juroku Bank, the core company of the Group, reported core gross operating profit of ¥66.5 billion, an increase of ¥2.3 billion. This was mainly due to growth in net interest income due to an increase in interest on loans and discounts and interest on deposits, and an increase in other operating profit thanks to improvements in foreign currency funding costs. While credit-related costs increased, largely due to an increase in profit on equities, ordinary profit increased by ¥1.9 billion to ¥27.9 billion, and net income increased by ¥2.2 billion to ¥20.9 billion, with both ordinary profit and net income representing increases for the eighth consecutive term.

Non-consolidated Results of The Juroku Bank

(Billions of yen)

	Results for the March 2025 term	Forecast for the March 2026 term
Core gross operating profit	66.5 (+2.3)	—
Core net operating profit	28.4 (+1.6)	31.5 (+3.1)
Net business profit	12.8 (+0.3)	28.0 (+15.2)
Credit-related costs	1.0 (+0.5)	2.5 (+1.5)
Ordinary profit	27.9 (+1.9)	29.5 (+1.6)
Net income	20.9 (+2.2)	21.0 (+0.1)

(Figures in parentheses indicate year-on-year change)

Business Projections for the March 2026 Term

In the March 2026 term, we expect consolidated core gross operating profit to increase by ¥5.7 billion year on year to ¥82.5 billion, mainly due to the anticipated rise in net interest income from the rate increases implemented in March 2025. Meanwhile, we expect increases in both ordinary profit and net income attributable to owners of the parent, with ordinary profit increasing by ¥0.3 billion to ¥31.5 billion, and net income attributable to owners of the parent increasing by ¥0.7 billion to ¥21.5 billion.

Review of the 2nd Medium-Term Management Plan

In the 2nd Medium-Term Management Plan, which began in April 2023, we are engaging in Groupwide initiatives based on our four basic strategies of “Transformation Strategy,” “Human Innovation Strategy,” “Customer-First Marketing Strategy,” and “Region-Producing Strategy.”

In the March 2025 term, we achieved our numerical targets for FY2027 in consolidated net income, consolidated adjusted OHR, and consolidated capital adequacy ratio ahead of schedule, while our consolidated ROE target of 5% is within reach.

By quickly securing consolidated ROE of 5% or higher, we will aim to achieve all our numerical targets ahead of schedule, and revise our targets upward as we aim for further growth and corporate value enhancement.

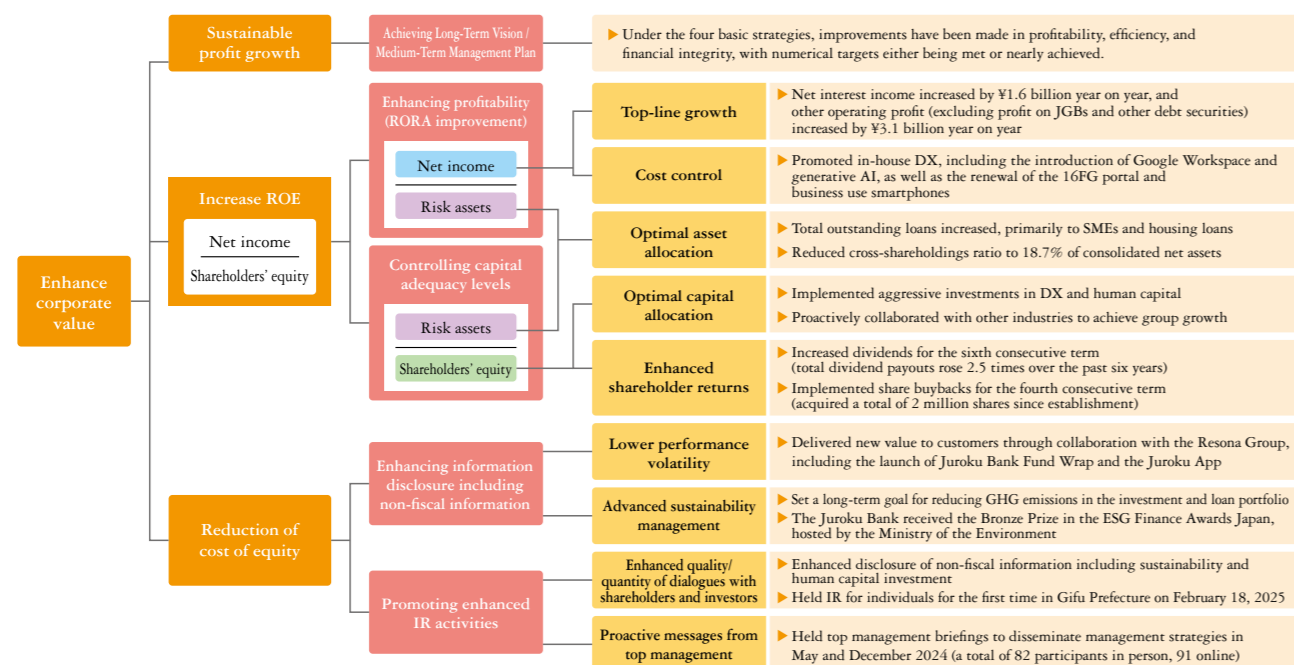
2nd Medium-Term Management Plan Period

Numerical target	March 2022 term	March 2023 term	March 2024 term	March 2025 term	March 2028 term target
Consolidated net income (billions of yen)	17.1	18.6	19.3	20.8	20.0 or higher
Consolidated ROE (%)	4.36	4.73	4.62	4.81	5% or higher
Consolidated adjusted OHR (%)	58.87	58.90	60.20	58.17	50% range
Consolidated capital adequacy ratio (%)	10.52	10.54	10.81	11.23	11% or higher

Initiatives for Enhancing Corporate Value

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

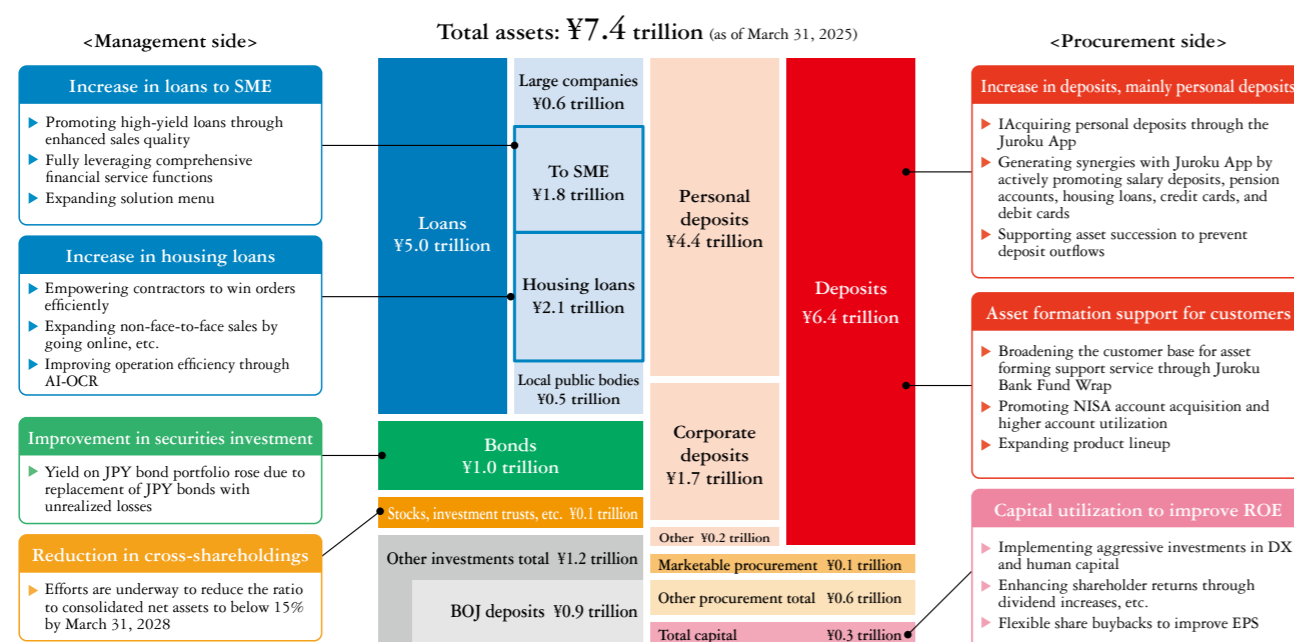
Aiming to further increase corporate value, the Group is implementing initiatives that lead to “sustainable profit growth”, “increasing ROE”, and “reduction of cost of equity” based on the logic tree.



Optimal Management in a World of Positive Interest Rates

Aiming for further Group growth in a world of positive interest rates, we are working to build the most effective balance sheet.

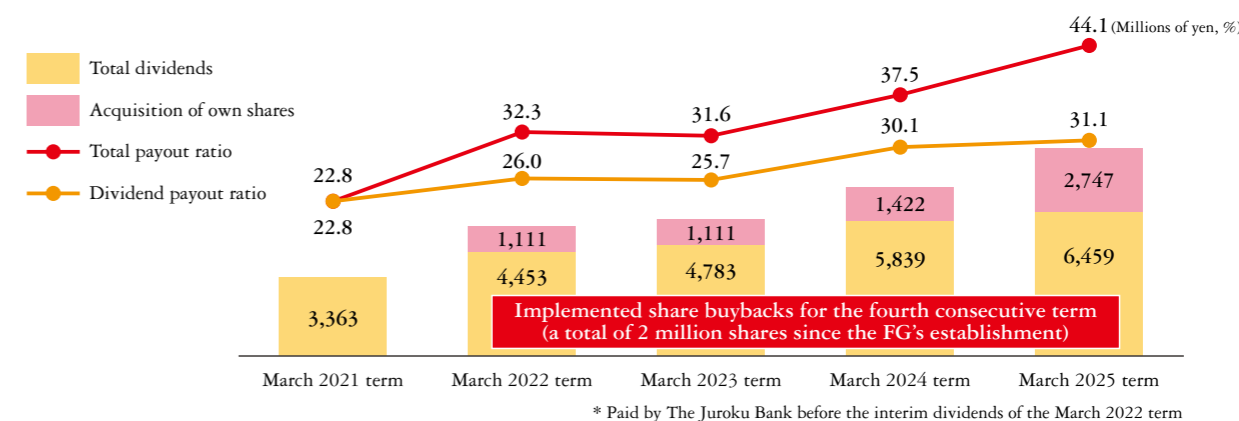
On the management side, we are engaging in proactive activities to increase loans for SMEs and housing loans, and are also implementing initiatives to improve securities management and reduce cross-shareholdings. On the procurement side, we are aiming to increase deposits by growing personal deposits through the Juroku App, while at the same time supporting customers' asset formation activities and utilizing capital to improve ROE.



Enhancement of Shareholder Returns

While working to further improve our financial structure amid increasingly diverse risks in financial transactions, our basic policy is to continue providing dividends in a stable manner. Moreover, based on comprehensive considerations of our management environment, profit levels, and other factors, our basic approach is to determine returns based on a dividend payout ratio of at least 30%.

In the March 2025 term, based on this approach we provided an annual dividend of ¥180 per share, marking a ¥20 increase over the March 2024 term.



	March 2021 term	March 2022 term	March 2023 term	March 2024 term	March 2025 term
Dividend per share	¥90	¥120	¥130	¥160	¥180
Total dividends	¥3,363 million	¥4,453 million	¥4,783 million	¥5,839 million	¥6,459 million
Dividend payout ratio	22.8%	26.0%	25.7%	30.1%	31.1%
Acquisition of treasury stock	—	¥1,111 million	¥1,111 million	¥1,422 million	¥2,747 million
Total payout ratio	22.8%	32.3%	31.6%	37.5%	44.1%

Reduction in Cross-Shareholdings

Aligning with the purpose of the Corporate Governance Code, we have changed the reduction target for cross-shareholdings owned by The Juroku Bank from a book value basis to a market value basis. We aim to reduce the ratio of cross-shareholdings to consolidated net assets to 20% or less by March 31, 2025, and 15% or less by March 31, 2028, which is the final year of the 2nd Medium-Term Management Plan. In the March 2025 term, we reduced cross-shareholdings to ¥79.2 billion on a market value basis, achieving our target of 20% or less by March 31, 2025.

Moving forward, as we aim to achieve 15% or less by March 31, 2028, we will continue to reduce our cross-shareholdings while engaging in thorough dialog with our client companies and strive to strengthen governance.

Trends in cross-shareholdings (book value / market value basis)

