Message From the Group CFO

CFO：Chief Financial Officer

Achieving Sustainable Corporate Value Growth Through a Financial Strategy to Enhance Capital Efficiency

— Supporting Growth through Optimal Balance Sheet and Capital Allocation

Naoshi Okimoto
Director and Executive Officer
Group CFO

Toward Enhancing Corporate Value

As a so-called world of positive interest rates becomes firmly established, I will strongly drive the growth story envisioned by the Group CEO from a financial strategy perspective. To enhance corporate value in a sustainable manner, we must remain keenly conscious of cost of capital and stock price, while also achieving sustainable profit growth, increasing capital efficiency (ROE), and enhancing shareholder returns in a balanced manner.

We recently raised the targets set forth in our Long-Term Vision and 2nd Medium-Term Management Plan. Through improvements in RORA and appropriate control of capital adequacy levels, we will maintain an even stronger focus on capital efficiency in our management.

Alongside these efforts, we will proceed with building an optimal balance sheet centered on the bank, from the perspectives of profitability, risk, and capital efficiency.

On the management side, we will improve the quality of SME loans and housing loans. On the procurement side, we will establish a strong earnings base that secures stable net interest income by strengthening personal deposits through the Juroku App and increasing our share of corporate deposits.

Furthermore, to lower the cost of equity, we will further enhance proactive disclosure, including non-financial information, and constructive dialogue with the capital markets.

To meet your expectations, we will strive for honest and transparent financial management and dedicate ourselves to enhancing corporate value that earns the support of our stakeholders.

Performance for FY2025

Consolidated core net operating profit, ordinary profit, and net income attributable to owners of the parent all reached record highs

In FY2025, we managed our finances as a world of positive interest rates became firmly established, driven by factors such as additional interest rate hikes by the Bank of Japan.

Consolidated core gross operating profit increased by ¥10.3 billion year on year to ¥87.1 billion, due mainly to higher net interest income at The Juroku Bank. Ordinary profit increased by ¥11.5 billion to ¥42.7 billion, due mainly to higher consolidated core net operating profit and profit on equities. Net income attributable to owners of the parent increased by ¥6.5 billion to ¥27.3 billion, reaching a record high alongside consolidated core net operating profit and ordinary profit.

The net income of Group companies (excluding Juroku Bank), which contributed to consolidated results, also steadily increased. In addition, all four companies* established since 2021 have moved into the black and steadily increased their profit contributions, further enhancing their presence in Group company earnings.

* Juroku Densan Digital Service, NOBUNAGA Succession, NOBUNAGA Capital Village, and Kanda Machi Okoshi

Consolidated Financial Results of the Juroku Financial Group

(Billions of yen)

	FY2025
Consolidated core gross operating profit	87.1 (+10.3)
Net interest income	62.1 (+7.7)
Fees and commissions	20.3 (+2.8)
Other operating profit(Excluding profit on JGBs and other debt securities)	4.5 (-0.4)
Expenses	47.1 (+2.4)
Consolidated core net operating profit	39.9 (+7.8)
Ordinary profit	42.7 (+11.5)
Net income attributable to owners of the parent	27.3 (+6.5)

(%)

Capital adequacy ratio	11.53 (+0.30)
ROE (net asset basis)	6.16 (+1.35)

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

Revision of the Long-Term Vision Targets and the Numerical Targets in the 2nd Medium-Term Management Plan

Since launching the Long-Term Vision "16Vision-10" and 2nd Medium-Term Management Plan in April 2023, the market environment has changed significantly against the backdrop of a shift in monetary policy, including the Bank of Japan's move to end its negative interest rate policy and raise policy interest rates. In light of these changes, we have revised the Long-Term Vision Targets and the numerical targets set in the 2nd Medium-Term Management Plan.

In the Long-Term Vision Targets, we are now aiming for consolidated net income of ¥60 billion or higher for FY2032. We also raised the numerical targets in the 2nd Medium-Term Management Plan, now calling for consolidated net income of ¥35 billion or higher, consolidated ROE of 7% or higher, and consolidated adjusted OHR in the lower half of the 50% range for FY2027.

			[Original]	[Revised in November 2025]	[Revised in July 2026]
Long-Term Vision (FY2032 targets)	FY2032 Targets	Consolidated net income	¥30 billion or higher	¥40 billion or higher	¥60 billion or higher
		Consolidated capital adequacy ratio	12% or higher	12% or higher	12% or higher (unchanged)

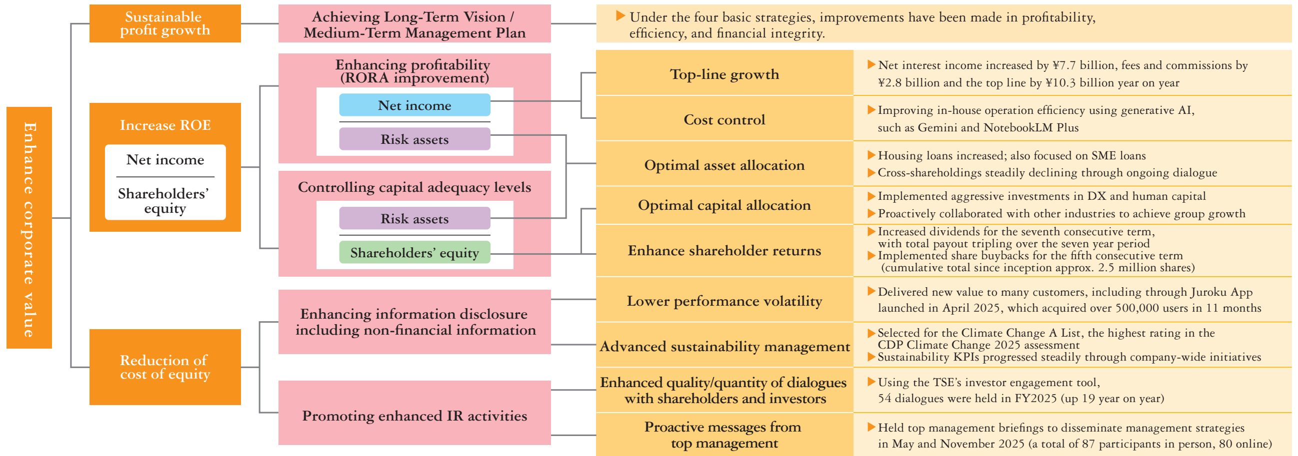
			[Original]	[Revised in November 2025]	[Revised in July 2026]
2nd Medium-Term Management Plan (FY2027 targets)	Profitability	Consolidated net income	¥20 billion or higher	28 billion or higher	¥35 billion or higher
		Consolidated ROE	5% or higher	6% or higher	7% or higher
	Efficiency	Consolidated adjusted OHR	50% range	50% range	Low 50% range
	Financial integrity	Consolidated capital adequacy ratio	11% or higher	11% or higher	11% or higher (unchanged)

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

Toward increasing corporate value, we will implement more initiatives that lead to "sustainable profit growth," "increasing ROE," and "reduction of cost of equity" based on the logic tree.

In July 2026, we raised the numerical targets set in the 2nd Medium-Term Management Plan, taking appropriate account of the improvement in the operating environment, and set the consolidated ROE target at 7% or higher.

To increase ROE, we will further strengthen capital efficiency through "RORA improvement" and "controlling capital adequacy levels." Additionally, we will work to proactively disclose information, including non-financial information, and strive to enhance dialogue with the capital markets.



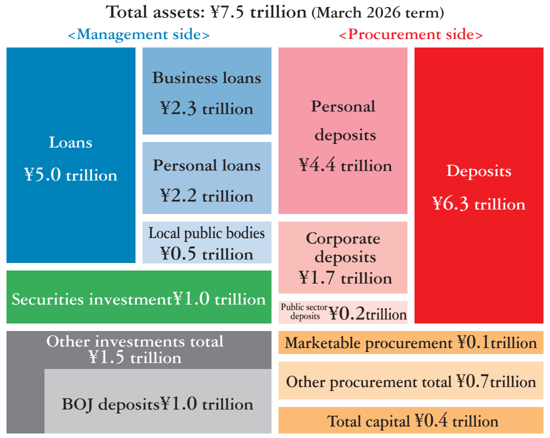
Optimal Management in a World of Positive Interest Rates

From the perspectives of profitability, risk, and capital efficiency, we are working to build the most effective balance sheet.

On the management side, we will work proactively to increase high-quality loans, particularly loans to SMEs. We will also further improve the quality of housing loans by improving rates on newly originated loans.

On the procurement side, for personal deposits, we will further promote the Juroku App, aiming to reach a cumulative total of 700,000 users by the end of FY2026, while also promoting transactions that are well suited to the app, such as salary deposits, pension payments, and housing loans, to drive growth in personal deposits. For corporate deposits, we will work to secure a deposit share commensurate with our lending share, while also strengthening our approach to new customers.

Consolidated balance sheet (JPY average balance basis for the March 2026 term)



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 addition, we implemented share buybacks for the fifth consecutive term since our founding, and in FY2025 the total payout ratio was 42.1%, while the dividend payout ratio was 31.3%.

For FY2026, we plan to pay an annual dividend of ¥53 per share, marking the eighth consecutive term of dividend growth.

Share split and enhanced shareholder benefits program

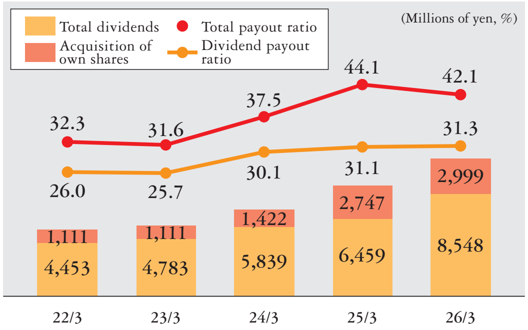
Effective April 1, 2026, we conducted a 5-to-1 stock split of our common shares to improve share liquidity and further broaden the investor base.

We also expanded our shareholder benefits program by revising the number of shares required for eligibility, enabling shareholders to receive KOUKASUI mineral water and catalog gifts with a smaller investment than before the split.

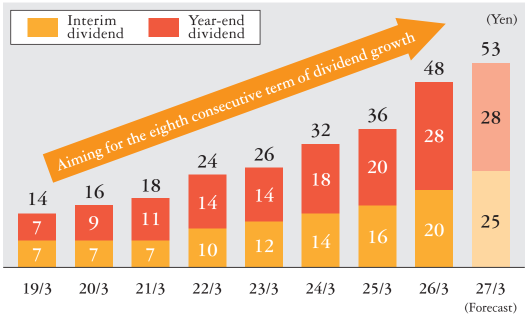
Stock split details

<Pre-split shares>		<Post-split shares>		
			Record date	March 31, 2026
1	:	5	Effective date	April 1, 2026

Stock split details



Trends in dividend per share (adjusted for the stock split)



* Paid by The Juroku Bank before the interim dividends of the March 2022 term

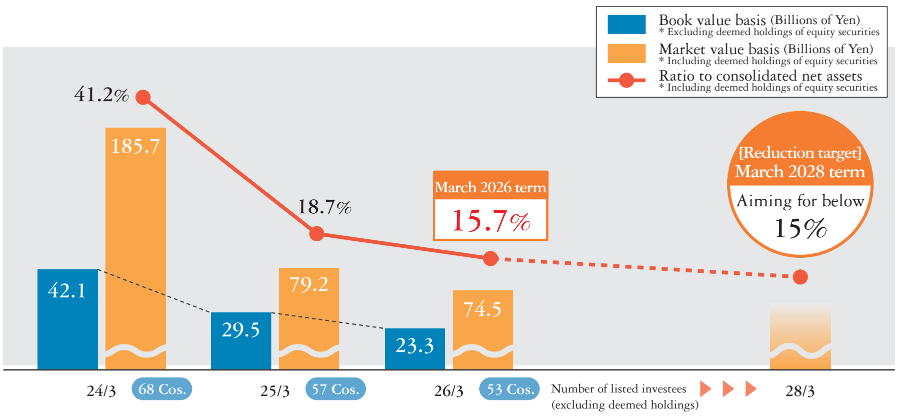
Reduction in Cross-shareholdings

We set a target for reducing cross-shareholdings from April 2023 and has been working to reduce holdings through continuous dialogue with the issuers whose shares we hold. Since November 2024, we have been further reducing cross-shareholdings with the aim of reducing the ratio of the value of cross-shareholdings on the balance sheet (including deemed holdings) to consolidated net assets to below 15% by the end of March 2028.

The ratio of cross-shareholdings to consolidated net assets stood at 15.7% at the end of March 2026. For shares whose investment purpose has been changed from purposes other than pure investment to pure investment purposes, we are proceeding with their sale at the discretion of the pure investment department, while monitoring dividend and stock price levels.

We will continue to systematically reduce cross-shareholdings toward our target of reducing the ratio to below 15% by the end of March 2028.

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



Business Projections for FY2026

Record profits for the second consecutive term

In FY2026, we must pay close attention to uncertainty about the outlook, including developments in the Middle East, fluctuations in financial and capital markets, and developments in U.S. trade policy. By demonstrating our regional comprehensive financial service capabilities, including the deepening of our deposit and loan business, and by steadily executing the management strategies outlined in our 2nd Medium-Term Management Plan, we plan to continue setting new record highs in profit, with ordinary profit expected to increase by ¥1.3 billion year on year to ¥44 billion and net income attributable to owners of the parent expected to increase by ¥2.7 billion year on year to ¥30 billion.

With deposits and loans growing increasingly important as a world of positive interest rates becomes firmly established, we will respond quickly and flexibly to our customers' funding needs, centered on our core company, The Juroku Bank.

Consolidated Financial Results of the Juroku Financial Group

(Billions of yen)

	FY2026 forecast
Ordinary profit	44.0 (+1.3)
Net income attributable to owners of the parent	30.0 (+2.7)

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