Message From the Outside Director

Recommendations for Advancing Corporate Governance and Creating Value

Overseeing the balance between taking risks for future growth and maintaining a healthy control mechanism with a view to deepening Group-wide governance

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Introduction of the Chief Officer System and the advancement of Group management

I believe that Juroku Financial Group's introduction of the Chief Officer System is an important initiative aimed at the enhancement of Group management and the sustainable improvement of corporate value. Since assuming the position of Outside Director in June 2023, I have observed through discussions at Board of Directors meetings that the Group is striving to evolve its management structure with the aim of advancing to the next stage of growth while fulfilling its mission as a regional financial group. I see this Chief Officer System as a management foundation that will further accelerate this evolution.

The environment surrounding financial institutions is undergoing significant change, fueled by transition to a so-called world of positive interest rates, population decline, accelerating digitalization, and increasing demand for sustainability. Amid this backdrop, it is extremely important to establish a system that enables the Group to go beyond simply extending existing practices, accurately grasp change, make decisions quickly, and put them into action.

The significance of the Chief Officer System lies in clarifying authority and responsibilities of each area, thereby improving the quality and speed of decision-making. Appointing Chief Officers for key areas such as finance, strategy, digital, sustainability, human resources and general affairs, risk and compliance, and auditing, centered around the Group CEO and Group COO, clarifies the formulation of Group-wide guidelines and accountability. We expect this to promote cross-departmental collaboration across the Group and enhance our ability to translate expertise into execution.

Preventing sub-optimization to drive value enhancement for the entire Group

However, simply introducing the Chief Officer System does not necessarily guarantee its effectiveness. It is crucial to clarify the roles, authority, responsibilities, and evaluation methods of each Chief Officer, and to continuously monitor progress and issues at Group Management Council and Board of Directors. In particular, we run the risk of falling into the trap of sub-optimization as the expertise of each area increases. Therefore, it is essential that we verify that each decision and initiative aligns with the shared goal of enhancing the overall corporate value of the Group.

As an Outside Director, I intend to respect the challenges undertaken by executives while providing objective oversight and advice from a medium- to long-term perspective. I myself have been involved in areas such as profit management, actuarial operations, risk management, and finance at a life insurance company. Based on this experience, I will focus on aspects such as maintaining a balance between capital efficiency and soundness, assessing risk and return, enhancing corporate value from both financial and non-financial perspectives, and whether human capital and the organizational culture serve as the foundation supporting the Group's execution capabilities.

Oversight geared toward the Bank's 150th anniversary and the next stage of growth

The Juroku Financial Group will reach a major milestone in FY2027 with the opening of its new headquarters and the Juroku Bank's 150th anniversary. This milestone presents an excellent opportunity to move to the next stage of growth, building upon the trust the Group has cultivated with the local community. Through the Chief Officer System, we expect the Group to provide even greater value to stakeholders, including the local community, our customers, employees, and shareholders.

For our local customers, we aim to contribute to the sustainable development of the regional economy by demonstrating problem-solving capabilities that extend beyond finance. For our employees, we aim to provide more opportunities for them to hone their expertise and proactively take on challenges. And for our shareholders, we must demonstrate that we will enhance corporate value over the medium to long term through sound risk-taking and the enhancement of capital efficiency.

I am confident that the Chief Officer System, when truly effective, will enable the Group to respond appropriately to change and establish a management structure that allows for sustainable growth together with the local community. As an Outside Director, I will support this evolution through constructive discussions at the Board of Directors to contribute to the enhancement of corporate value.