

# JUROKU Financial Group

## FY2021 Financial Results March 2022

June 3, 2022



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\* The Juroku Financial Group was established on October 1, 2021. Pre-3/2021 consolidated figures in this table are consolidated figures for the Juroku Bank Group, which has Juroku Bank as the parent company.

\* Description of business projections and other future developments provided in this document is based on information currently available to Juroku Financial Group and some assumptions that is considered to be rational. Actual business performance, etc. could be significantly different due to a variety of factors.

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# Section I: Financial Results for FY2021

# Summary of consolidated results

Juroku FG  
consolidated results

- ◆ The consolidated core gross operating profit reached 78.2 billion yen, up 7 billion yen year-on-year with growth recorded in net interest income, fees and commissions and other operating profit (excluding profit on Japanese government bonds and other debt securities).
- ◆ [Consolidated results]The ordinary profit and net profit attributable to the shareholders of the parent company increased for the fourth consecutive fiscal term.

(Unit: 100 million yen)

Juroku FG consolidated results	2020/3	2021/3 A	2022/3 B	Year-on-Year B-A
Consolidated core gross operating profit	705	712	782	① 70
Net interest income	518	505	543	38
Fees and commissions	158	155	171	16
Other operating profit (Excluding profit on JGBs and other debt securities)	29	51	67	16
Expenses	484	474	460	② △ 14
Personnel expenses	267	255	247	△ 8
Non-personnel expenses	187	188	183	△ 5
Consolidated core net operating profit	220	238	321	③ 83
Profit on JGBs and other debt securities	8	0	△ 108	△108
Consolidated net business profit	229	239	213	△ 26
Credit costs	41	42	28	△ 14
Profit on equities	2	45	65	20
Ordinary profit	194	246	267	④ 21
Net income attributable to the shareholders of the parent company	128	147	171	⑤ 24

## ① Consolidated core gross operating profit

Increase due to expanded net interest income and fees & commissions

Year-on-year difference +7 billion yen

## ② Expenses

Decline in personnel and non-personnel expenses

Year-on-year difference △1.4 billion yen

## ③ Consolidated core net operating profit

Significant increase of 8.3 billion yen year-on-year thanks to higher consolidated core gross operating profit and lower expenses

## ④ [Consolidated] Ordinary profit

## ⑤ Net income attributable to the shareholders of the parent company

[Consolidated]The ordinary profit and the net income attributable to the shareholders of the parent company rose by 2.1 billion yen and 2.4 billion yen year-on-year respectively, marking the fourth consecutive increase.

(※)The Juroku Financial Group was established on October 1, 2021. Pre-3/2021 consolidated figures in this table are consolidated figures for the Juroku Bank Group, which has Juroku Bank as the parent company.

# 【Reference】Summary of non-consolidated results of Juroku Bank

Juroku Bank non-consolidated results

- ◆ The core gross operating profit reached 68.4 billion yen, up 6.2 billion yen year-on-year with growth recorded in net interest income, fees and commissions and other operating profit (excluding profit on Japanese government bonds and other debt securities).
- ◆ The core net operating profit achieved a record 28.9 billion yen.
- ◆ Both ordinary profit and net income recorded an increase for the fifth consecutive fiscal term.

## Juroku Bank non-consolidated results

(Unit: 100 million yen)

	2020/3	2021/3 A	2022/3 B	Year-on-Year B-A
<b>Core gross operating profit</b>	626	622	684	<b>①</b> 62
Net interest income	519	508	545	37
Fees and commissions	106	98	111	13
Other operating profit (Excluding profit on JGBs and other debt securities)	1	15	26	11
<b>Expenses</b>	421	407	394	<b>②</b> △ 13
Personnel expenses	223	209	195	△ 14
Non-personnel expenses	170	170	171	1
<b>Core net operating profit</b>	205	215	289	<b>③</b> 74
Profit on JGBs and other debt securities	8	0	△ 108	△ 108
<b>Net business income</b>	214	215	180	△ 35
Credit costs	35	41	25	△ 16
Profit on equities	1	45	67	22
<b>Ordinary profit</b>	185	225	245	<b>④</b> 20
<b>Net income</b>	127	141	173	<b>⑤</b> 32

### ① Core gross operating profit

Increase due to expanded net interest income and fees & commissions

Year-on-year difference +6.2 billion yen

### ② Expenses

Down 1.3 billion yen year-on-year due to reduced personnel expenses

### ③ Core net operating profit

Record 28.9 billion yen due to the increase of core gross operating profit and reduced expenses

### ④ Ordinary profit

### ⑤ Net income

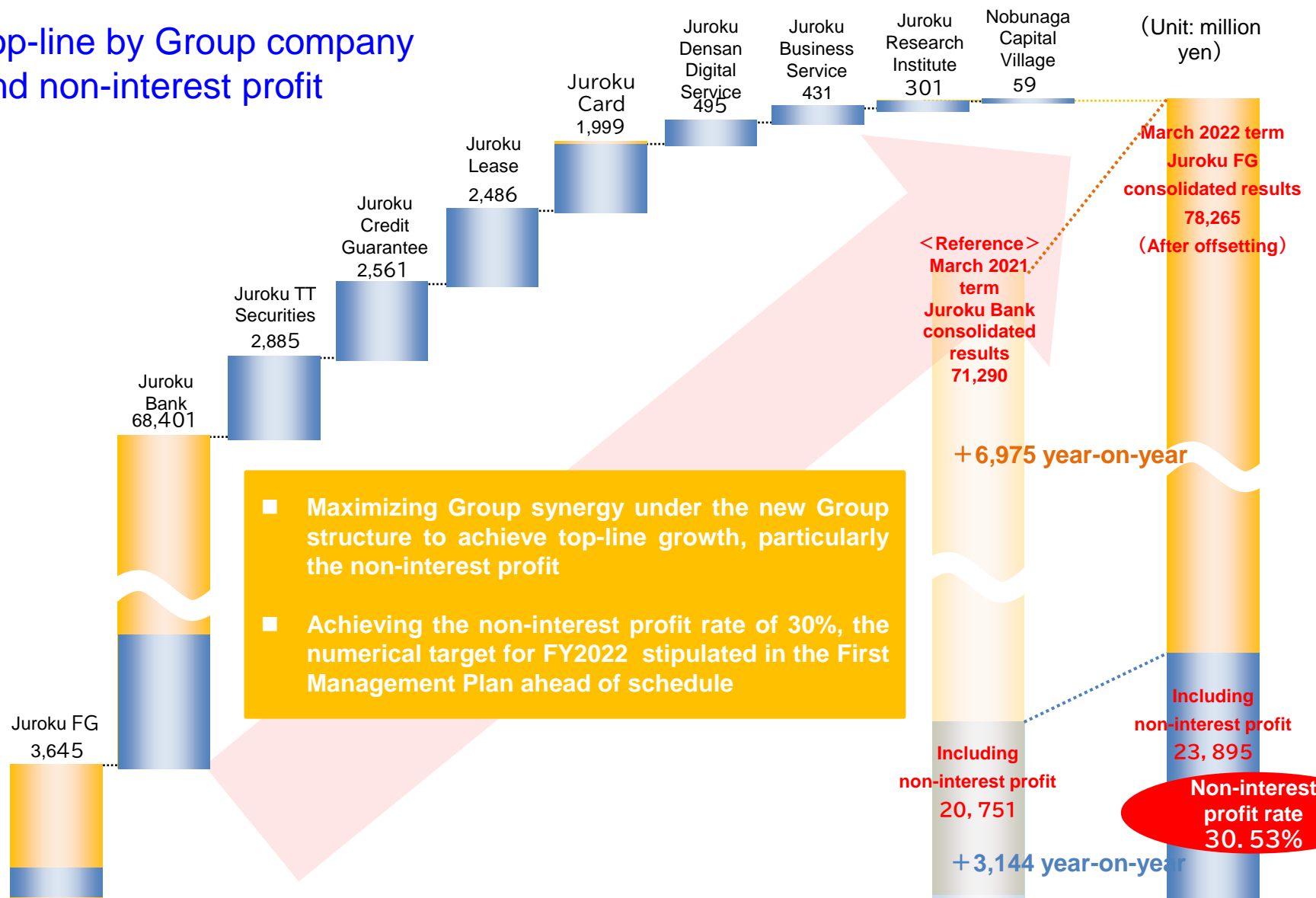
Income increase for the fifth consecutive fiscal term, with ordinary profit and net income up 2 billion yen and 3.2 billion yen year-on-year respectively

# Maximizing group synergy to improve profitability

Juroku FG  
consolidated results

◆ Maximizing Group synergy to achieve top-line growth (core gross operating profit), particularly non-interest profit

## Top-line by Group company and non-interest profit



# Consolidated core net operating profit

Juroku FG  
consolidated results

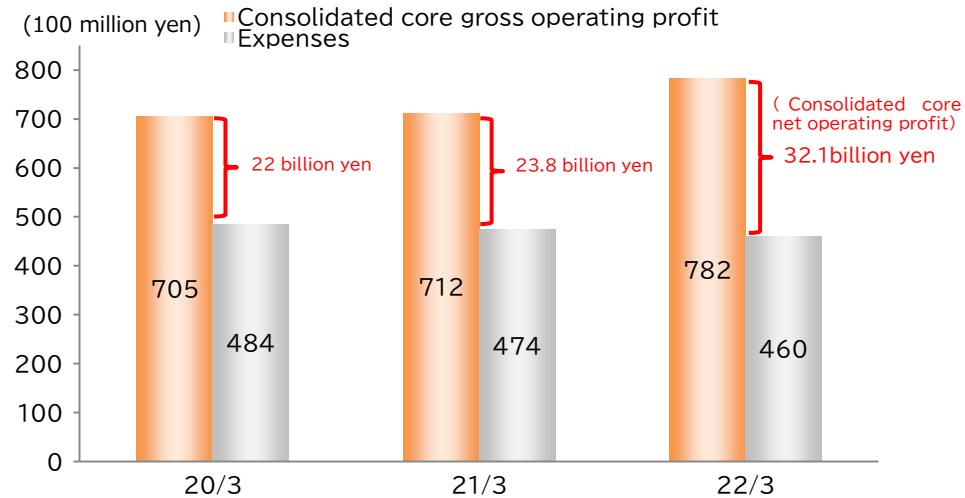
- ◆ The consolidated core net operating profit jumped by 8.3 billion yen year-on-year to 32.1 billion yen thanks to higher consolidated core gross operating profit and lower expenses.

## Transition of core gross operating profit and expenses

(Unit: 100 million yen)

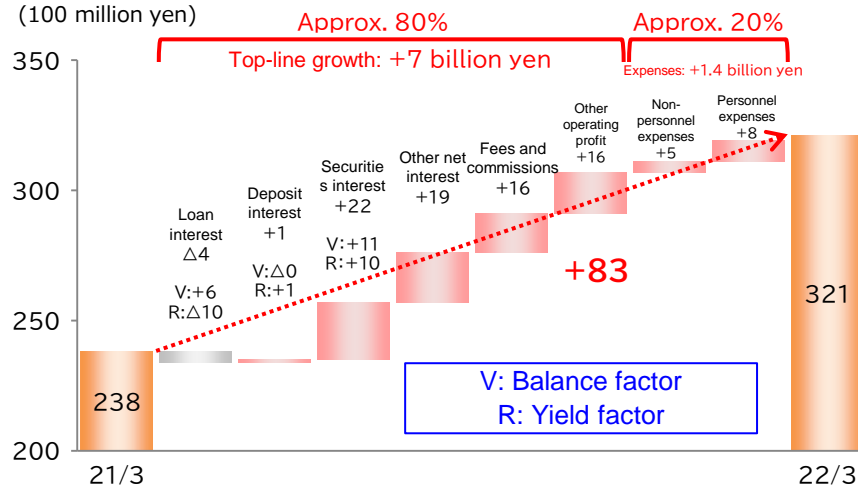
Juroku FG consolidated results	20/3	21/3 A	22/3 B	Difference B-A
Consolidated core gross operating profit	705	712	782	70
Net interest income	518	505	543	38
Fees and commissions	158	155	171	16
Other operating profit (*)	29	51	67	16
Expenses	484	474	460	Δ14
Consolidated core net operating profit	220	238	321	83

\*Excluding profit on JBGs and other debt securities

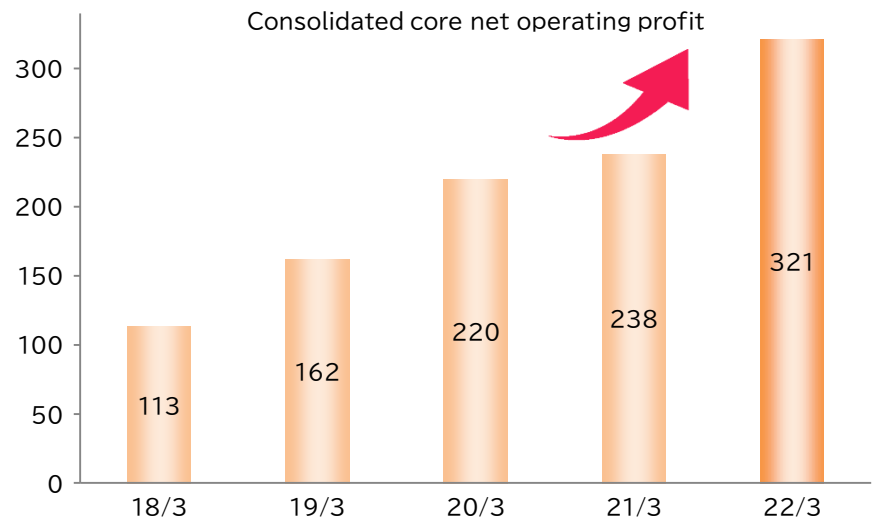


## Fluctuation factors and transition of the consolidated core net operating profit

(100 million yen)



(100 million yen)



# Expenses and adjusted OHR

Juroku FG  
consolidated results

Juroku Bank non-  
consolidated results

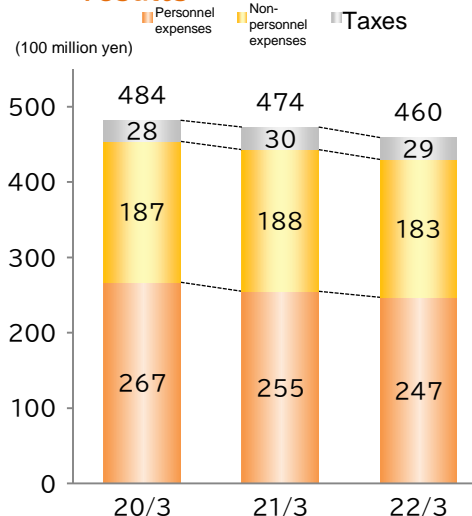
- Adjusted OHR improved by 7.64 percentage points year-on-year to 58.87% in Juroku FG consolidated results, and by 7.68 percentage points year-on-year to 57.70% in Juroku Bank non-consolidated results, exceeding 50% for both to achieve a top-level result among regional banks.

(Unit: 100 million yen)

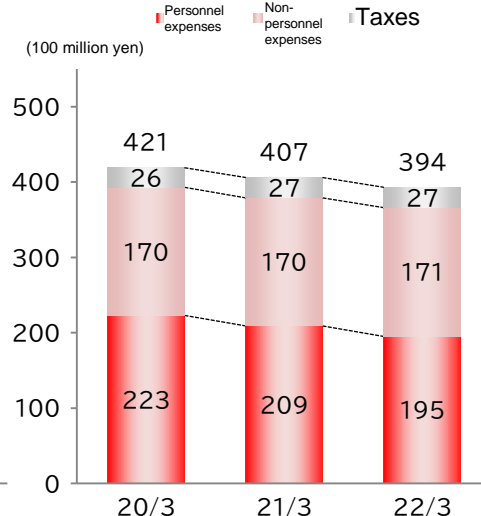
Expenses	20/3	21/3 A	22/3 B	Difference B-A
<b>Juroku FG consolidated results</b>				
Expenses	484	474	460	△14
Personnel expenses	267	255	247	△8
Non-personnel expenses	187	188	183	△5
Taxes	28	30	29	△1
<b>Juroku Bank non-consolidated results</b>				
Expenses	421	407	394	△13
Personnel expenses	223	209	195	△14
Non-personnel expenses	170	170	171	1
Taxes	26	27	27	0

The increase is attributable to the management guidance fee of 700 million yen paid to FG

Juroku FG consolidated results



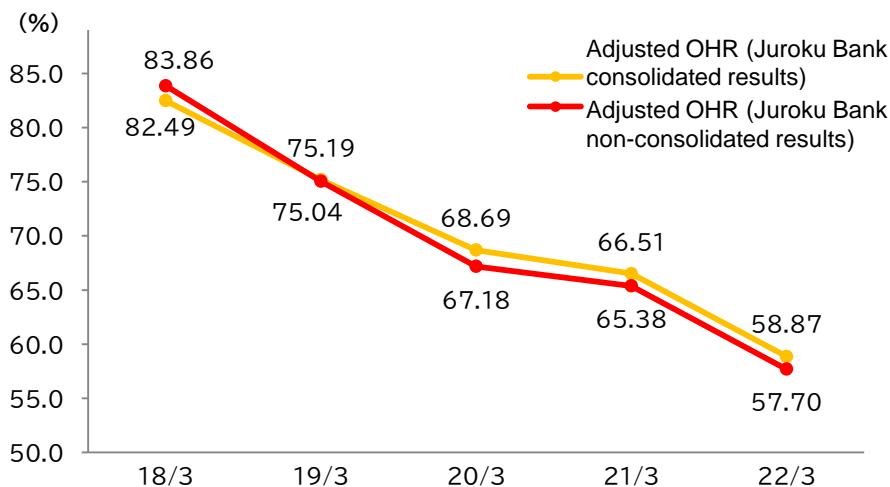
Juroku Bank non-consolidated results



## Adjusted OHR

(Unit: 100 million yen, %)

	20/3	21/3 A	22/3 B	Difference B-A
<b>Juroku FG consolidated results</b>				
Cross gross operating profit	705	712	782	70
Expenses	484	474	460	△14
Adjusted OHR	68.69	66.51	<b>58.87</b>	△7.64
<b>Juroku Bank non-consolidated results</b>				
Cross gross operating profit	626	622	684	62
Expenses	421	407	394	△13
Adjusted OHR	67.18	65.38	<b>57.70</b>	△7.68





# Net interest income and loans

Juroku Bank non-consolidated results

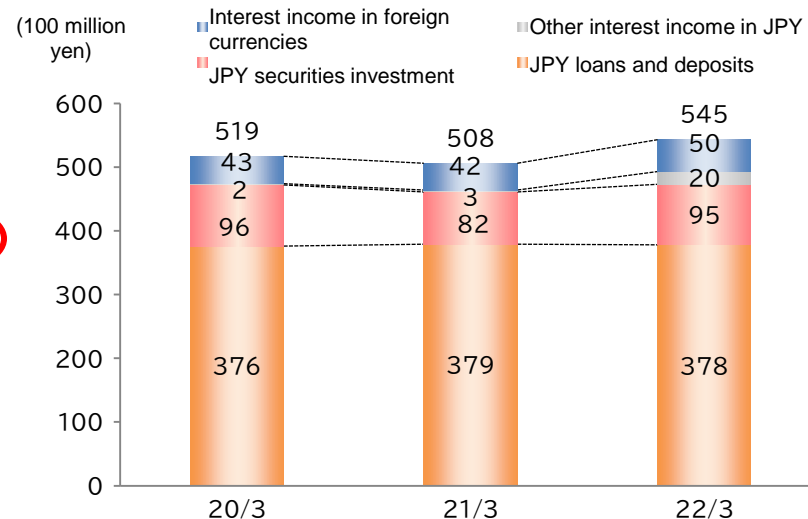
- ◆ The net interest income grew by 3.7 billion yen year-on-year to 54.5 billion yen due to the increase of both interest income in Japanese yen and interest income in foreign currencies.
- ◆ The average balance of JPY loans had a solid result of 4,489.6 billion yen, up 78.5 billion yen year-on-year.

## Breakdown of net interest income

(Unit: 100 million yen)

### Juroku Bank non-consolidated results

	20/3	21/3 A	22/3 B	Difference B-A
Net interest income	519	508	545	37
Interest income in JPY	475	465	494	29
JPY loans and deposits	376	379	378	△1
JPY securities investment	96	82	95	13
JPY deposit interest	2	3	20	17
Interest income in foreign currencies	43	42	50	8

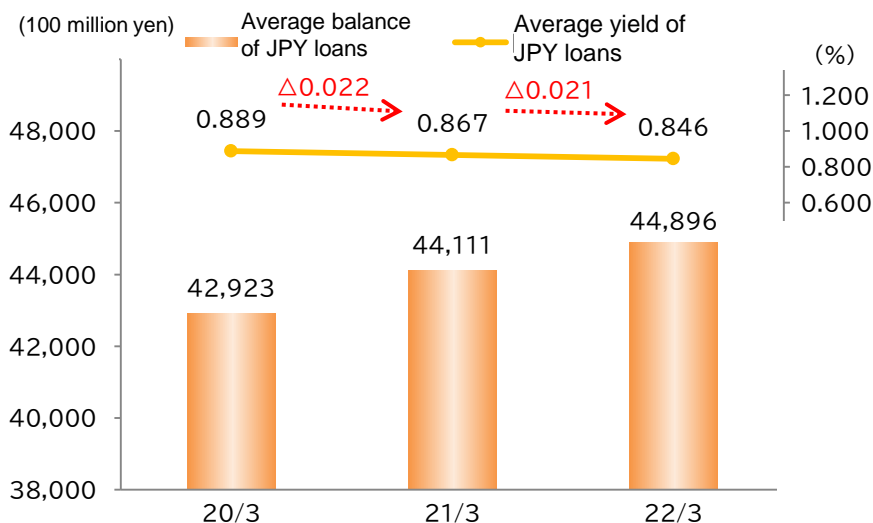


## Average balance and yield of JPY loans

(Unit: 100 million yen, %)

### Juroku Bank non-consolidated results

	20/3	21/3 A	22/3 B	Difference B-A
Average balance of JPY loans	42,923	44,111	44,896	785
Average yield of JPY loans	0.889	0.867	0.846	△0.021



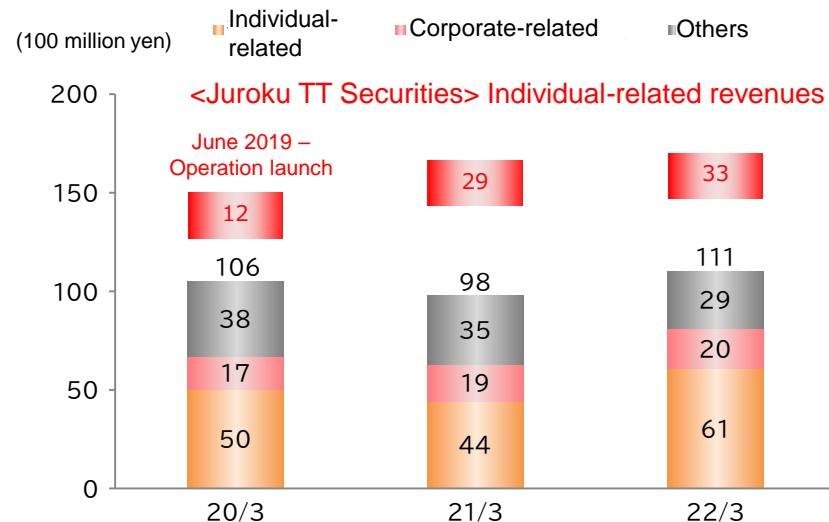
- ◆ Fees and commissions grew by 1.3 billion yen year-on-year to 11.1 billion yen.
- ◆ Individual-related revenues rose by 1.7 billion yen year-on-year. Juroku TT Securities also enjoyed a significant increase of 400 million yen in individual-related revenues year-on-year.

## Breakdown of fees and commissions

(Unit: 100 million yen)

### Juroku Bank non-consolidated results

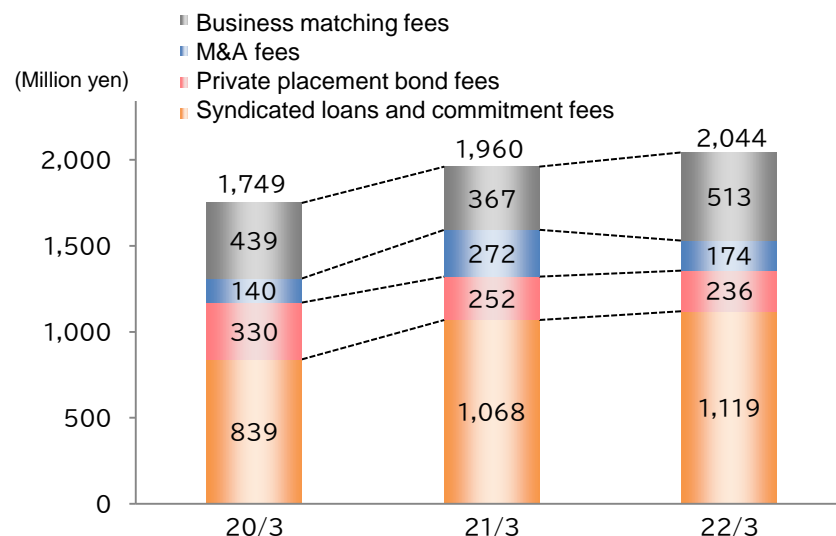
	20/3	21/3 A	22/3 B	Difference B-A
Juroku Bank	106	98	111	13
Individual-related	50	44	61	17
Corporate-related	17	19	20	1
Others	38	35	29	△6
Juroku TT Securities	12	29	33	4
<b>(Juroku Bank + Juroku TT Securities)</b>	<b>118</b>	<b>128</b>	<b>145</b>	<b>17</b>



## Corporate solution-related revenues

### Juroku Bank non-consolidated results

	20/3	21/3 A	22/3 B	Difference B-A
Corporate solution-related revenues	1,749	1,960	2,044	84
Syndicated loans and commitment fees	839	1,068	1,119	51
Private placement bond fees	330	252	236	△16
M&A fees	140	272	174	△98
Business matching fees	439	367	513	146



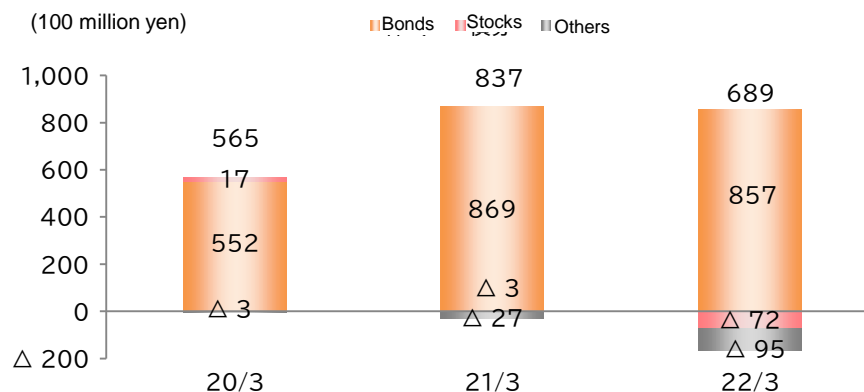
- ◆ There were security valuation gains of 68.9 billion yen overall.
- ◆ Cross-shareholdings declined by 2.5 billion yen year-on-year to 47.8 billion yen due to continuous reduction efforts.

## Valuation gains and losses of securities

(Unit: 100 million yen)

### Juroku Bank non-consolidated results

	20/3	21/3 A	22/3 B	Difference B-A
Bonds	552	869	857	△12
Stocks	17	△3	△72	△69
Other securities	△3	△27	△95	△68
Foreign bonds	42	△28	△64	△36
Investment trusts	△46	0	△31	△31
Total	565	837	689	△148

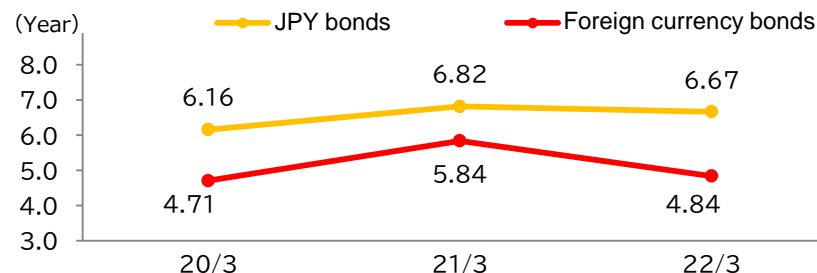


## Bond duration

(Unit: Year)

### Juroku Bank non-consolidated results

	20/3	21/3 A	22/3 B	Difference B-A
JPY bonds	6.16	6.82	6.67	△0.15
Foreign currency bonds	4.71	5.84	4.84	△1.00



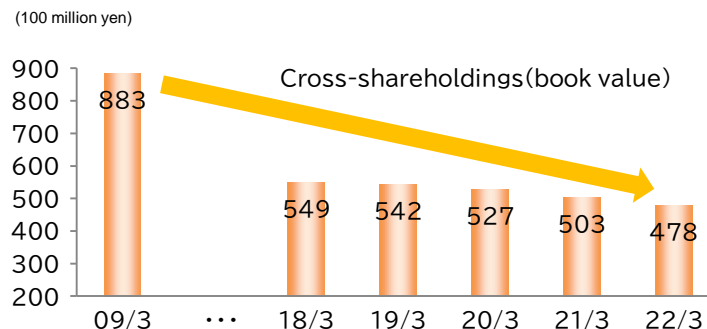
\*Excluding derivatives, and including JPY bonds for held-to-maturity purposes and for other retaining purposes

## Cross-shareholdings

(Unit: 100 million yen)

### Juroku Bank non-consolidated results

	18/3	19/3	20/3	21/3 A	22/3 B	Difference B-A
cross-shareholdings (book value)	549	542	527	503	478	△25



# Credit costs and bad debt balance

Juroku Bank non-consolidated results

- ◆ Credit costs decreased by 1.6 billion yen year-on-year to 2.5 billion yen due to a low level of bankruptcies, etc.
- ◆ The ratio of non-performing loans improved by 0.03 percentage points year-on-year to 1.48%.

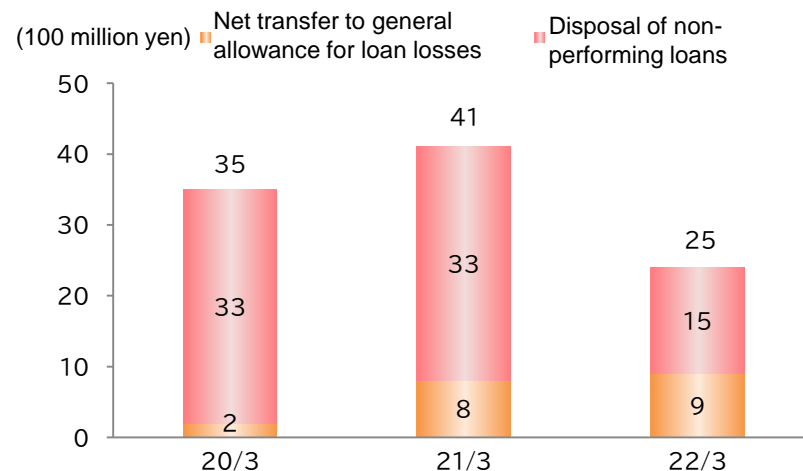
## Credit costs

(Unit: 100 million yen)

### Juroku Bank non-consolidated results

	20/3	21/3 A	22/3 B	Difference B – A
① Net transfer to general allowance for loan losses	2	8	9	1
② Disposal of non-performing loans	33	33	15	△18
Transfer to individual allowance for loan losses	29	30	14	△16
③ Reversal of allowance for loan losses	-	-	-	-
④ Recoveries of written-off claims	0	0	-	0
Credit costs ①+② – ③ – ④	35	41	25	△16

(※) Following the spread of COVID-19, Juroku Bank changed the way it estimates allowance for doubtful accounts. This has increased the general allowance for loan losses by 1 billion yen compared to the equivalent amount without the change.

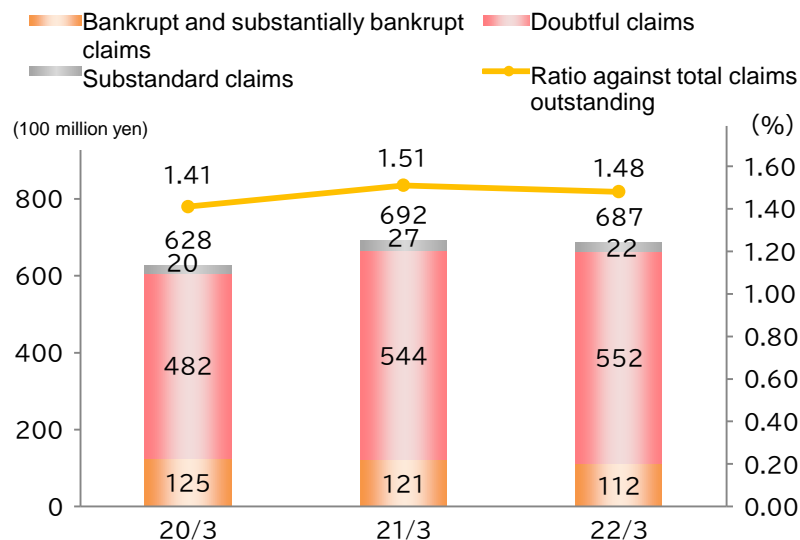


## Outstanding non-performing loans

(Unit: 100 million yen, %)

### Juroku Bank non-consolidated results

	20/3	21/3 A	22/3 B	Difference B – A
Bankrupt and substantially bankrupt claims	125	121	112	△9
Doubtful claims	482	544	552	8
Substandard claims	20	27	22	△5
Total	628	692	687	△5
Ratio against total claims outstanding	1.41	1.51	1.48	△0.03



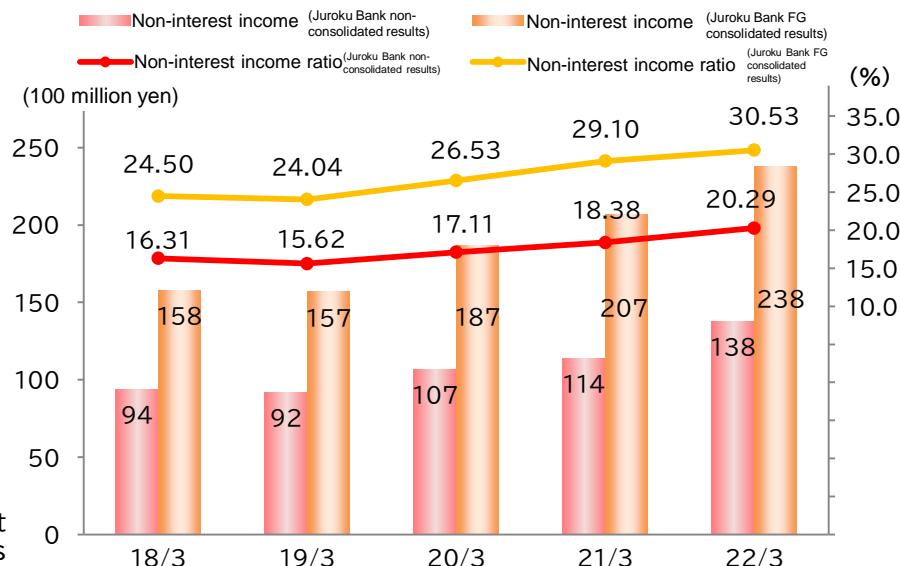
- ◆ The consolidated non-interest profit ratio rose by 1.43 percentage points year-on-year to 30.53%, exceeding the numerical target set out in the management plan.
- ◆ The profit from customer services increased by 3.2 billion yen year-on-year to 11.4 billion yen, exceeding the 10-billion-yen mark.

## Non-interest income ratio\*

(Unit: 100 million yen, %)

		20/3	21/3 A	22/3 B	Difference B – A
Juroku FG consolidated results	Non-interest income	187	207	238	31
	Non-interest income ratio	26.53	29.10	30.53	1.43
Juroku Bank non- consolidated results	Non-interest income	107	114	138	24
	Non-interest income ratio	17.11	18.38	20.29	1.91

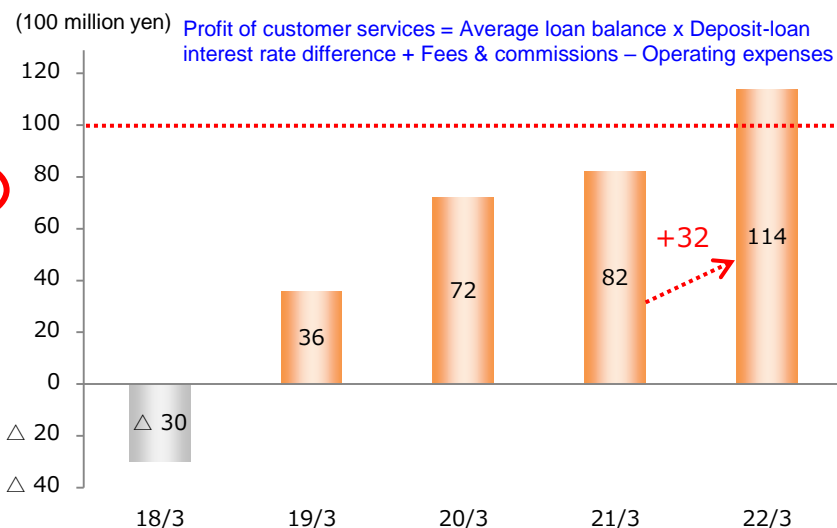
(※) The ratio of “fees and commissions” and “other operating profit excluding profit on JBGs and other debt securities” in the core gross operating profit



## Profit from customer services

(Unit: 100 million yen, %)

	20/3	21/3 A	22/3 B	Difference B – A
<b>Juroku Bank non-consolidated results</b>				
Profit from customer services	72	82	114	32
Average loan balance × Deposit-loan interest rate difference	386	384	381	△3
Deposit-loan interest rate difference	0.891	0.864	0.844	△0.020
Fees and commissions	106	98	111	13
Operating expenses	420	400	378	△22



# Capital adequacy ratio and shareholder return

Juroku FG  
consolidated results

Juroku Bank non-  
consolidated results

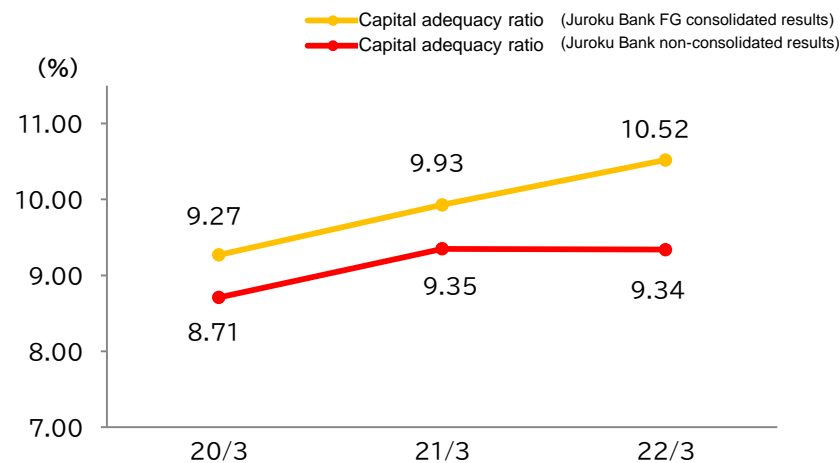
- ◆ The consolidated capital adequacy ratio was 10.52%, while the non-consolidated capital adequacy rate was 9.34%.
- ◆ Following the transition into the holding company system, the ordinary dividend was increased to 50 yen, and the commemorative dividend was increased to 20 yen, bringing the end-of-year dividend to 70 yen.

## Capital adequacy ratio

(Unit: %)

	20/3	21/3 A	22/3 B	Difference B - A
Juroku FG consolidated results	9.27	9.93	10.52	0.59
Juroku Bank non-consolidated results	8.71	9.35	9.34	△0.01

(※)Following the transition to the holding company system Juroku Bank paid out in-kind dividend of 13.4 billion yen (subsidiary shares, etc.) and ad-hock dividend of 3.7 billion yen to the Juroku Financial Group, reducing Juroku Bank's non-consolidated capital adequacy ratio.



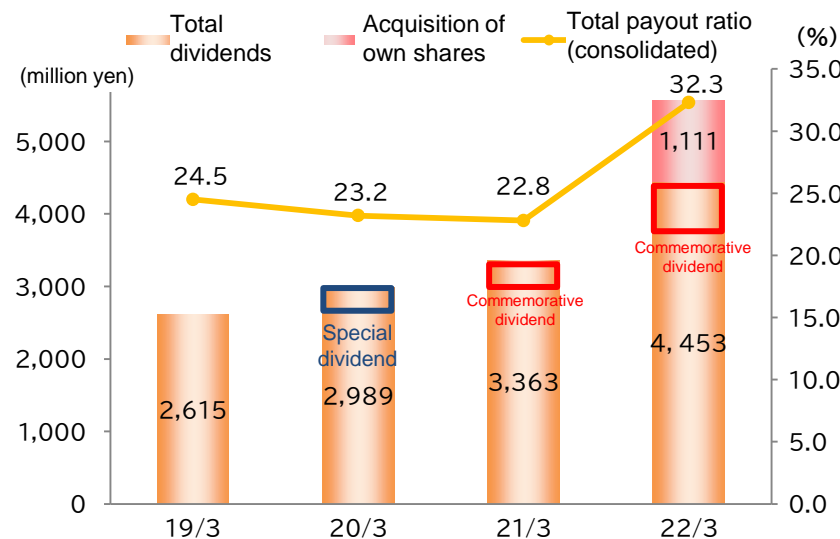
## Dividends

		19/3	20/3	21/3	22/3
Annual dividends		70 yen	80 yen	90 yen	120 yen
End-of-year	Interim	Ordinary dividend	35 yen	35 yen	35 yen
	Ordinary dividend	35 yen	35 yen	45 yen	50 yen
		Others	10 yen (Special dividend)	10 yen (Commemorative dividend)	20 yen (Commemorative dividend)

\* The end-of-year dividend in 3/2022 will be issued by the Juroku Financial Group.

### ○ Juroku Financial Group's shareholder return policy

The Juroku Financial Group's basic policy is to pay stable dividends continuously while striving to further improve its fiscal robustness. In view of business management conditions and income level, the Group determines shareholder return details aims to achieve the total payout ratio of at least 25%.



# Business projection and dividend forecast

Juroku FG  
consolidated results

Juroku Bank non-  
consolidated results

- ◆ The net profit attributable to the shareholders of the parent company for the March 2023 term is expected to reach 17.5 billion yen, up 400 million yen year-on-year.
- ◆ Shareholders are expected to receive 120 yen in annual dividend, consisting of 50 yen as an ordinary interim dividend and 70 yen in an ordinary end-of-year dividend.

## Business projection

### Juroku FG consolidated results

(Unit: 100 million yen)

	2022/3 (actual)	2023/3 (projection)	Difference
Core gross operating profit	782	724	△ 58
Net interest income	543	496	△ 47
Fees and commissions	171	175	4
Other operating profit (Excluding profit on JBGs and other debt securities)	67	53	△ 14
Expenses	460	459	△ 1
Personnel expenses	247	246	△ 1
Non-personnel expenses	183	183	0
Consolidated core net operating profit	321	265	△ 56
Net business income	267	255	△ 12
Net profit attributable to shareholders of the parent company	171	175	4

## 【Reference】

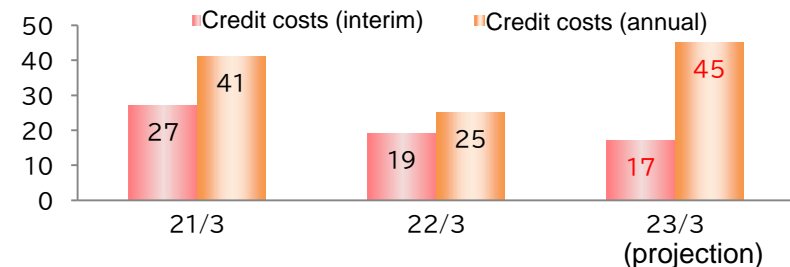
### Juroku Bank non-consolidated results

(Unit: 100 million yen))

	2022/3 (actual)	2023/3 (projection)	Difference
Core net operating profit	289	237	△ 52
Actual operating income	180	230	50
Net business income	25	45	20
Ordinary profit	245	232	△ 13
Net profit	173	165	△ 8

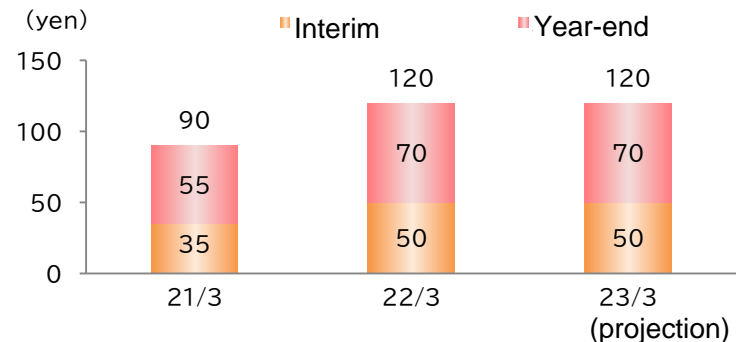
### Juroku Bank non-consolidated results

(100 million yen)



## Dividend forecast

	21/3	22/3	23/3 (projection)
Annual dividend	90 yen (including the ordinary dividend increase of 10 yen) (including 10 yen in commemorative dividend)	120円 (including 20 yen in commemorative dividend)	120円
Interim	35 yen	50 yen	50円
Year-end	55 yen (including the ordinary dividend increase of 10 yen) (including 10 yen in commemorative dividend)	70 yen (including 20 yen in commemorative dividend)	70円



## Section II: Initiatives for sustainability



# Advancing initiatives for sustainability

- ◆ Adopting the Sustainability Policy to promote sustainability and improve mid- to long-term corporate value
- ◆ Restructuring the organization and establishing the Sustainability Council to advance initiatives for sustainability

## ① Adopting the Sustainability Policy

- Drawing up the Sustainability Policy to promote sustainability and improve mid- to long-term corporate value

### Sustainability Policy

The Juroku Financial Group recognizes sustainability initiatives as an important management challenge. The Group will strive to solve climate change and various other social issues through its primary business of “general regional financial services” in line with its management philosophy of “achieving growth and prosperity of our customers and local communities” while achieving its sustainable growth and improving its corporate value.

(※) Definition of “sustainability”

Creating a society that facilitates the growth and prosperity of customers and local communities, and passing it over to future generations

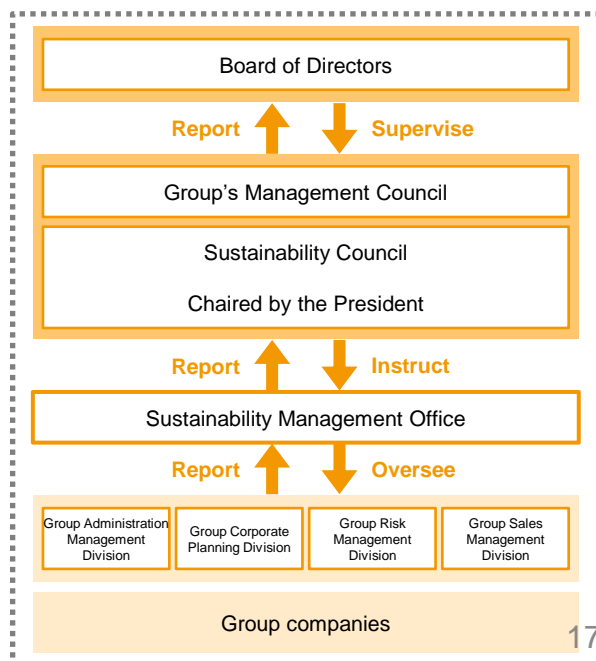
## ② Organizational restructuring

- Restructuring the organization for the purpose of appropriately addressing issues surrounding sustainability
- Juroku Financial Group  
Newly establishing the **Sustainability Management Office** within the Group Sales Management Division
- Juroku Bank  
Upgrading the SDGs Promotion Office within the Regional Revitalization Division to the **Sustainability Promotion Department** within the Business Support Division (with the SDGs Promotion Group established within the Department)

## ③ Establishing the Sustainability Council

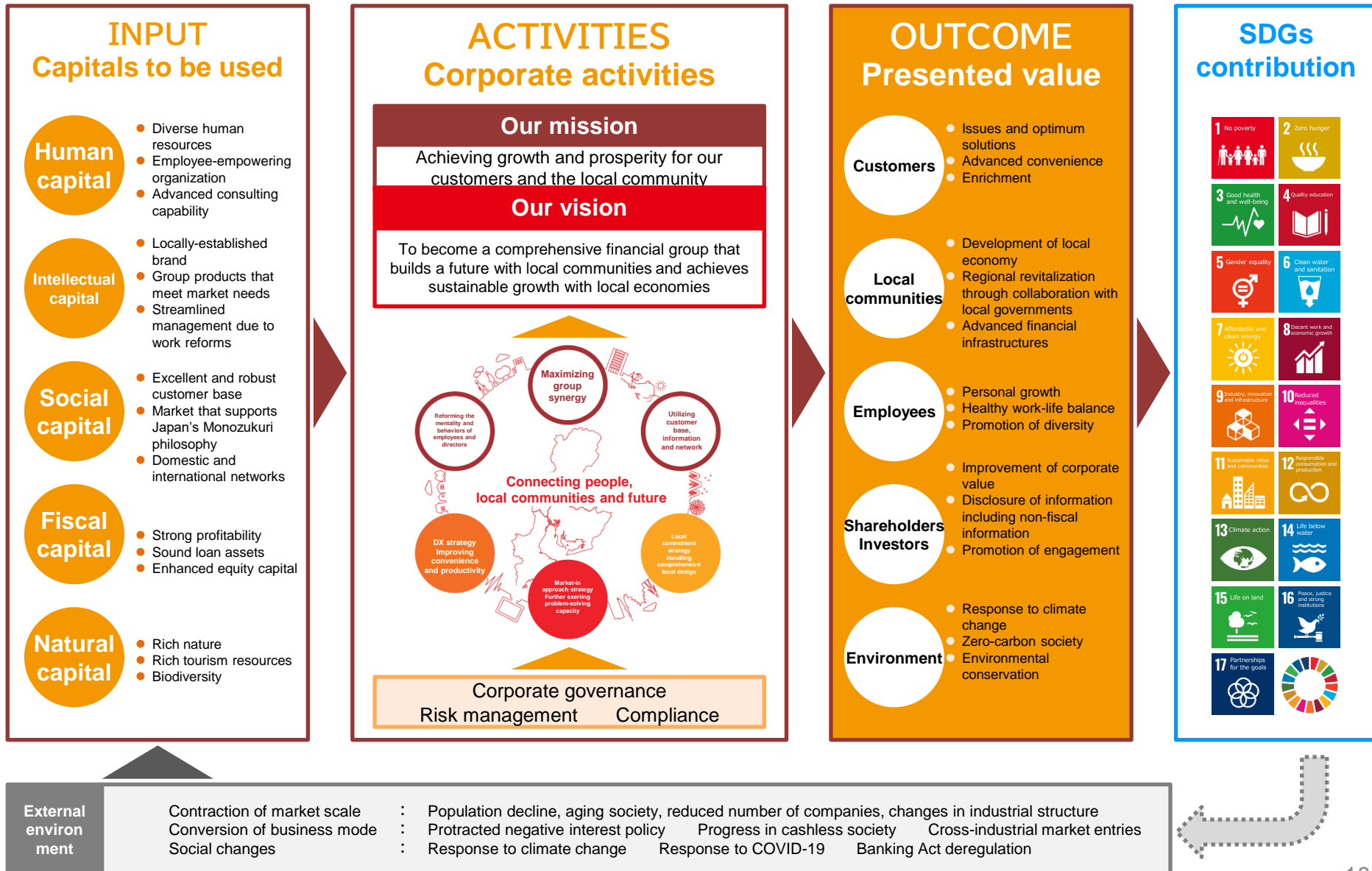
- Establishing the Sustainability Council, chaired by the President, to appropriately address initiatives for climate change and other sustainability issues, recognizing them as an important management challenge
- Deliberating on key challenges such as drawing up the policy for implementing initiatives for climate change and other sustainability issues, setting targets and checking progress, and reflecting results to management strategies and risk management
- Reporting to the Board of Directors periodically to establish an appropriate supervisory framework

## Sustainability Management Structure



# Value creation process

◆ Delivering value to all stakeholders through corporate activities in order to contribute to achieving SDGs



# Setting key challenges (Materiality)

- ◆ Upon its launch, the Juroku Financial Group has issued a “Juroku Financial Group SDGs Declaration” and defined five key challenges (materiality).

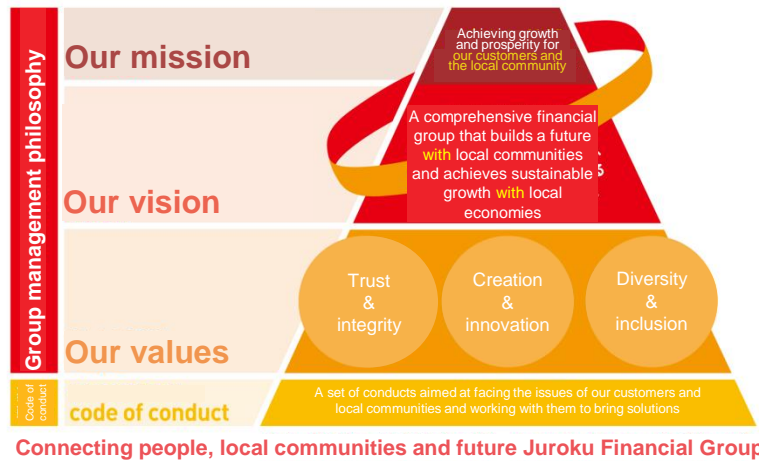
Environmental and social challenges

Extracting and identifying challenges

Key challenges



Extracting and identifying challenges that must be prioritized in view of Juroku Financial Group's management philosophy, Group collaboration and regional characteristics



## Juroku Financial Group SDGs Declaration



The Juroku Financial Group's mission is to deepen our ties with the the local community and create a rich and livable community. To this end, we are working on creating a sustainable society as a general financial group that is committed to creating a future with and for the local community and achieving a sustainable growth together.

### Key challenges (materiality)

Revitalization of the local economy

Tapping into the Group's management resources in offering a wide range of financial services, thereby helping local companies grow and the local economy to revitalize



Sustainable development of the local community

Utilizing local resources and collaborating with local councils in creating new value for the next generations and creating a comfortable and appealing community



Empowerment of diverse human resources

Promoting diversity and work style reforms to create a workplace environment that empowers diverse human resources and gives them a sense of fulfillment



Environmental conservation and climate change actions

Striving to reduce the environmental impact and implementing conservation activities, while promoting the use of renewable energies through business activities to address climate change



Advanced governance

Advancing governance and reinforcing the compliance system to establish a sound and transparent management structure



Connecting people, local communities and future

JUROKU Financial Group

# Addressing key challenges (Materiality)

◆ The Juroku Financial Group is promoting various initiatives in line with the SDGs Declaration to address five key challenges (Materiality).

Key challenges (materiality)		Initiatives	
Business	Revitalization of the local economy	<ul style="list-style-type: none"><li>Supporting business foundation and new business operations to foster future leaders of local economy</li><li>Supporting local companies' main business operations and management succession to contribute to their growth</li><li>Supporting asset formation to achieve enriched living</li></ul>	<div><div>8 Decent work and economic growth</div><div>9 Industry, innovation and infrastructure</div></div>
	Sustainable development of the local community	<ul style="list-style-type: none"><li>Creating comfortable and appealing communities</li><li>Using local resources to create value that will benefit future generations</li><li>Promoting digital transformation of local companies and local governments</li></ul>	<div><div>4 Quality education</div><div>8 Decent work and economic growth</div><div>11 Sustainable cities and communities</div><div>17 Partnerships for the goals</div></div>
	Environmental conservation and climate change actions	<ul style="list-style-type: none"><li>Supporting local companies' carbon neutral business management</li><li>Implementing initiatives for environmental conservation and environmental impact mitigation</li><li>Responding to climate change and disclosing information in line with TCFD</li></ul>	<div><div>7 Affordable and clean energy</div><div>13 Climate action</div><div>14 Life below water</div><div>15 Life on land</div></div>
Management	Empowerment of diverse human resources	<ul style="list-style-type: none"><li>Building a corporate culture that boasts diversity as strength</li><li>Implementing work style reform to provide a good work-life balance</li><li>Creating workplaces that facilitate growth of diverse human resources and empower them</li></ul>	<div><div>5 Gender equality</div><div>8 Decent work and economic growth</div></div>
	Advanced governance	<ul style="list-style-type: none"><li>Advancing corporate governance</li><li>Strengthening risk management and compliance</li><li>Achieving stakeholder engagement</li></ul>	<div><div>16 Peace, justice and strong institutions</div></div>

## Revitalization of the local economy

### Vision

Providing a wide range of financial services to grow local companies and contribute to the revitalization of local economy

### Action

#### Supporting business foundation and new business operations to foster future leaders of local economy

- NOBUNAGA21(※) ※ Venture support network led by the private sector
  - Open innovation
  - Startup and venture investments
- ⇒ **Establishing the NOBUNAGA Capital Village**

Expanding business range

#### Supporting local companies' main business operations and management succession to contribute to their growth

- Arranging business meetings and business matching to help local companies expand sales channels
- Supporting initiatives for solving social and environmental issues
- Management succession, M&A support
- Human resource referencing, HR system consultation

#### Supporting asset formation to achieve enriched living

- Supporting asset formation in line with major life events
- Offering asset management consultation with extensive service lineup
- Supporting inheritance and asset succession, using trust products
- Providing financial and economic education

### Key items

- Local VC・CVC investment
- Sustainable finance
- Management succession consultation
- Human resource reference
- Asset formation support
- Balance of Group assets on deposit

### Sustainability KPIs

#### ■ Targets by FY2030

Sustainable finances provided (including environment-related finances)	2 trillion yen (800 billion yen)
Balance of Group assets on deposit	550 billion yen

## Sustainable development of the local community

### Vision

Using local resources to create comfortable and appealing communities, and promote digital transformation of local communities

### Action

#### Creating comfortable and appealing communities

- Community development fund / PFI initiatives
- Renovation / redevelopment support
- Area design management for tourism destinations, shopping malls, etc.  
⇒ Establishing Kanda Machiokoshi Co., Ltd. **Expanding business range**

#### Using local resources to create value that will benefit future generations

- Industrial – Bureaucratic – Academic partnership using extensive networks
- Branding local resources
- Supporting tourism marketing
- Social impact investment

#### Promoting digital transformation of local companies and local governments

- Offering solutions based on IT consultation
- Supporting cashless transactions with new payment-clearing services
- Supporting digital transformation of local governments  
⇒ Establishing Juroku Densan Digital Service Co., Ltd. **Expanding business range**

### Key items

- Local revitalization initiatives
- Sustainable tourism development
- Social impact investments
- DX-support consultation
- Payment-clearing solutions
- Cashless transactions

### Sustainability KPIs

#### ■ Targets by FY2030

Social impact investments	2 billion yen
DX-support consultation cases	3,000 cases

# Environmental conservation and climate change actions

## Vision

Working on reducing the environmental impact and helping local companies achieve carbon neutrality in order to build a decarbonized society

## Action

### Supporting local companies' carbon neutral business management

- Offering decarbonization consultation services
- Providing environment-related finances (investments, loans, leasing)
- Supporting renewable energy business
- Providing a wide range of solutions involving external business partners

### Implementing initiatives for environmental conservation and environmental impact mitigation

- Updating air conditioners and introducing LEDs to stores to reduce power consumption
- Expanding areas for introducing CO2-free electricity
- Promoting paperless operations to reduce the use of paper
- Adopting HVs / EVs for sales fleet

### Responding to climate change and disclosing information in line with TCFD

- Building a governance structure for climate change
- Advancing scenario analysis
- Measuring SCOPE3 and setting reduction targets
- Enhancing the quality and quantity of information disclosure

## Key items

- Decarbonization support for local companies
- CO2 emission reduction
- Paper use reduction
- Use of HVs and EVs for sales fleet

## Sustainability KPIs

### ■ Targets by FY2030

CO2 emission (vs. FY2013 level)	50% reduction
Paper use (vs. FY2019 level)	50% reduction



## Empowerment of diverse human resources

### Vision

Promoting diversity and work style reform to create a workplace that empowers diverse human resources

### Action

#### Building a corporate culture that boasts diversity as strength

- Offering re-skilling training for work conversion and work scope expansion
- Actively appointing women to managerial positions
- Abolishing uniforms and insignias for mentality reform
- Employing seniors, the disabled and those making a career change

#### Implementing work style reform to provide a good work-life balance

- Obtaining healthy management certification
- Encouraging workers to claim paid leave
- Encouraging male employees to claim parental leave / spouse maternal leave
- Promoting diverse work styles involving remote work and staggered commuting

#### Creating workplaces that facilitate growth of diverse human resources and empower them

- Expanding investment in human capital by increasing opportunities to participate in trainings
- Developing specialized human resources and helping them attain qualifications
- Developing human resources capable of building trusting relations with customers
- Utilizing a career-challenge system

### Key items

- Development of female managers
- Encouragement to claim paid leave
- Promotion of parenting leave for men
- Development of IT / DX human resources

### Sustainability KPIs

#### ■ Targets by FY2030

Ratio of female managers	20%
Ratio of paid leave claimed	80%



## Advanced governance

### Vision

Advancing governance and disclosing information appropriately to establish a transparent management structure

### Action

#### Advancing corporate governance

- Assessing the effectiveness of the Board of Directors
- Advancing the internal auditing structure
- Building a sustainability management structure
- Introducing sustainability elements to directors' remunerations

#### Strengthening risk management and compliance

- Risk management stance
- Compliance stance
- Preventing money laundering
- Information security

#### Achieving stakeholder engagement

- Engagement with customers
- Engagement with managers
- Engagement with local communities
- Engagement with shareholders and investors

### Key items

- Third-party involvement in assessing the effectiveness of the board
- Third-party involvement in assessing the advancement of the internal auditing system
- Initial response training for emergency preparedness
- Dialog with investors

### Sustainability KPIs

#### ■ On-going targets

Initial response training for emergency preparedness	No less than twice a year
Dialog with investors	No less than 10 times a year

# 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 “environmental conservation and climate change response” as one of key challenges.

In order to address this challenge appropriately, the Group has set up the Sustainability Council, which is chaired by the President and consisting of Group Management Council members, Division General Managers and the head of the Sustainability Management Office. The Council meets at least once every 3 months in principle to deliberate on key challenges such as drawing up a policy for implementing initiatives for climate change and other sustainability issues, setting targets and checking progress, and reflecting results to management strategies and risk management. Items deliberated on at this Council are reported periodically to the Board of Directors at least once a year for appropriate supervision.

## Strategy

### Opportunities and risks brought by 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 dialog (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
Opportunities	Resource efficiency		<ul style="list-style-type: none"><li>● Increasing business opportunities, e.g. offering investments, loans and consultation services to help customers' transition to a decarbonized society</li><li>● Reducing business costs through resource saving and energy saving</li><li>● Boosting corporate value by implementing appropriate initiatives on climate change and disclosing information about them</li><li>● Increasing public works projects for disaster management the demand for customers' capital investment fund</li></ul>	Short- to long-term Short- to long-term Short- to long-term Mid- to long-term
	Energy sources			
	Products and services			
	Robustness			
Risks	Physical risks	Acute risks	<ul style="list-style-type: none"><li>● Deterioration in customers' business performance and damage to collateral value due to the increase in frequency and severity of abnormal climate patterns, causing a decline in loan asset value</li><li>● Business disruption at Group sites affected by a disaster</li></ul>	Short- to long-term Short- to long-term
		Chronic risks	<ul style="list-style-type: none"><li>● Deterioration in customers' business performance and damage to collateral value due to higher average temperature and higher sea level, causing a decline in loan asset value</li></ul>	Mid- to long-term
	Transitional risks	Policies / laws	<ul style="list-style-type: none"><li>● Deterioration in customers' business performance due to climate-related regulation tightening, failed investment in low-carbon technology and changes in consumer behaviors, causing a decline in loan asset value</li><li>● Slower implementation of appropriate climate-related initiatives and disclosure of information about them than competitors, lowering corporate value</li></ul>	Mid- to long-term  Short- to long-term
		Technologies		
		Market		
		Reputation		

※ Short-term = Around 5 years; Mid-term = Around 10 years; Long-term = Around 30 years

# Information disclosure based on TCFD recommendations

## 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 have become more common, causing significant damage to many areas including our 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 Prefecture on the Group's credit-related expenses on the premise of the RCP8.5 scenario (4°C scenario). The result points to the cost increase of approx. 3.1 billion yen.

### Transitional risks

Following qualitative analysis on sectors with large credit exposure and sectors referred to in TCFD recommendations, we have identified “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 expenses in view of the increased cost of transition into a decarbonized society (e.g. introduction of the carbon tax), decline of net sales and future market trends. The result points to the cost increase of approx. 2.2 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 Prefecture Collateral of real estate (buildings) in Gifu Prefecture (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 expenses: Up to 3.1 billion yen	Increase of credit-related expenses: Cumulative total of approx. 2.2 billion yen

※ 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.

# Information disclosure based on TCFD recommendations

## Carbon-related assets

Of carbon-related assets defined in the TCFD recommendations, loan balance to energy and utilities sectors accounts for 1.4% of the total loan balance. We will examine target sectors for other carbon-related assets for future information disclosure.

### Ratio of carbon-related assets against Juroku Bank's loan balance (as of the end of March 2022)

(Unit: million  
yen)

Utilities	Energy	Total
1.0%	0.4%	1.4%

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

※ Utilities include electric power and gas supply sectors and exclude water and renewable energy power sectors

## Risk management

### Approach to risk management

The Group has an integrated risk management framework in place, managing its overall financial risks in the categories of “credit risk,” “market risk,” “liquidity risk” and “operational risk.”

Climate change risk is recognized as one of the top risks and a driver of financial risk, and is controlled with the risk management framework for credit risk and operational risk.

## Formulating an investment and lending policy

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

### Basic policy

The 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	Juroku FG 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.
W e a p o n s	Juroku FG 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.
D e f o r e s t a t i o n	Juroku FG 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.

# Information disclosure based on TCFD recommendations

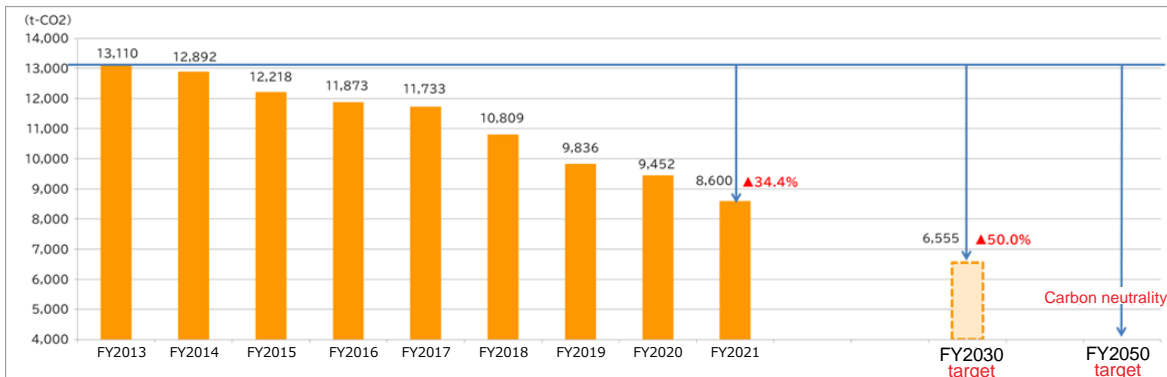
## Indicators and targets

### CO2 emission reduction targets

The following reduction targets are set on CO2 emission generated by the Group's energy use in our efforts to establish a decarbonized society.

Target	Halve CO2 emission by FY2030 from the FY2013 level and achieve carbon neutrality by FY2050
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### CO2 emission(SCOPE1、2)



In FY2021, the Group reduced CO2 emission by 852 tons from the previous year, due partly to the introduction of CO2-free electricity generated in Gifu Prefecture for use at Juroku Bank's head office building, which began in November.

This has reduced our CO2 emission by 34.4% in FY2021 compared to the FY2013 level.

### CO2 emission(SCOPE3)

(Unit:t-CO2)

FY2021 results	【Category 6】 Business trips	49
	【Category 7】 Employee commuting	3,135

Calculation methods for other categories will be explored for future information disclosure.

## Sustainable finance targets

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

T a r g e t s	2 trillion yen (including 800 billion yen in the environmental field)
P e r i o d	9 years (FY2022 – FY2030)
T a r g e t investment and lending, etc.	<ul style="list-style-type: none"><li>• Sustainable finances : Investment and lending for SDGs / ESG initiatives that contribute to building a sustainable society</li><li>• Environmental field : Investment and lending for initiatives to reduce environmental impact</li></ul>

## Section III: Progress of the First Management Plan

# Overview of the First Management Plan

◆ Implemented various measures, defining the period from October 2021 to March 2022 as the stage to put the Group structure on track

## First Management Plan

Period: October 2021 – March 2023

### Numerical targets for FY2022

Consolidated net income: 16 billion yen and above

Consolidated capital adequacy ratio: 10% and above

Consolidated adjusted OHR: 65% and above

Consolidated non-interest 30% and above

### Long-term indicator

Consolidated ROE: 5% and above

### Our aim

To become a comprehensive financial group that builds a future with local communities and achieves sustainable growth with local economies



October 2021 – March 2022

Stage to put the Group structure on track

April 2022 – March 2023

Market-in (market-oriented) approach strategy, DX strategy, and local commitment strategy

Further promoting and exploring the three strategies even deeper to

convert the business model and build the foundation for sustainable growth

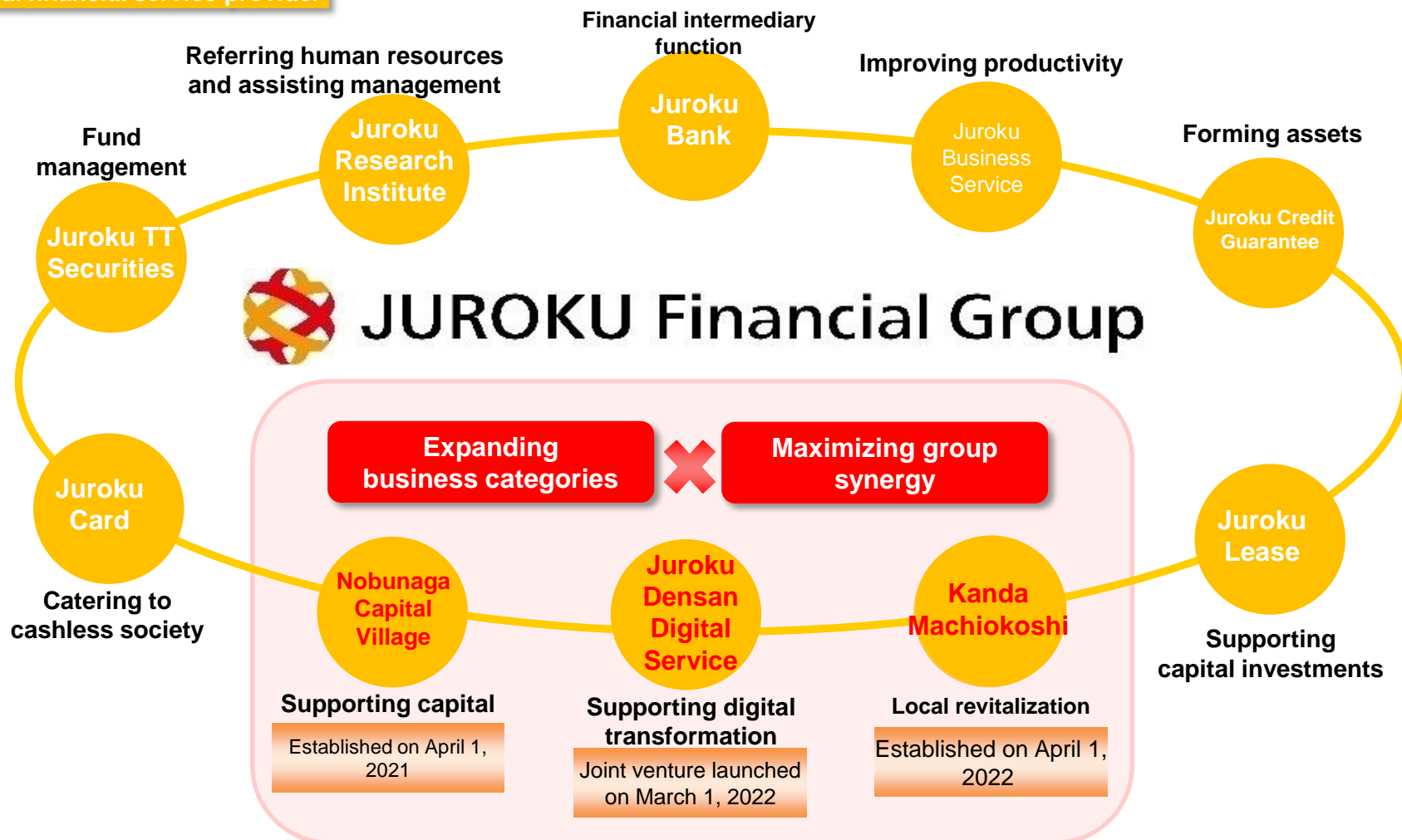
April 2023 -

Next Management Plan

# Expanding business range

- ◆ Systematically and swiftly expanding the scope of business to become a comprehensive regional financial service provider by newly establishing a DX company and a community development company to join the investment company that had been launched ahead of the introduction of the holding company system

Becoming a comprehensive regional financial service provider



Juroku Densan Digital Service and Kanda Machiokoshi are licensed as non-bank banking-service enhancement companies.



# Establishing the Group's management structure

◆ For the purpose of reinforcing consolidated profitability and group governance, Group companies, excluding joint ventures, have been set up as wholly-owned subsidiaries of the Juroku Financial Group or Juroku Bank.

## Group structure

Before the establishment of the holding company  
<9.30.2021>

Juroku Bank	Investment ratio (Bank)
Juroku Business Service	100%
Juroku Research Institute	100%
Juroku TT Securities	60%
Juroku Card	49.77%
Juroku Lease	49.81%
Juroku Computer Service	43.03%
Juroku Credit Guarantee	49.83%
Nobunaga Capital Village	100%



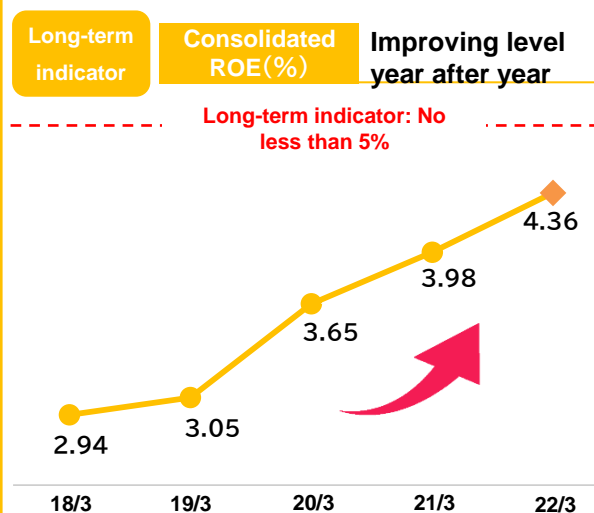
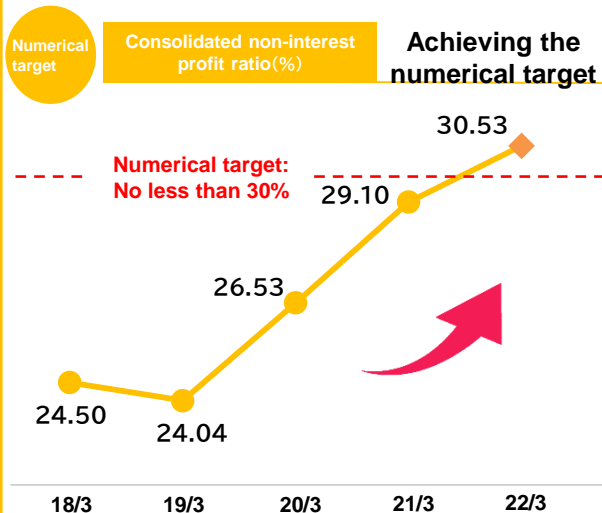
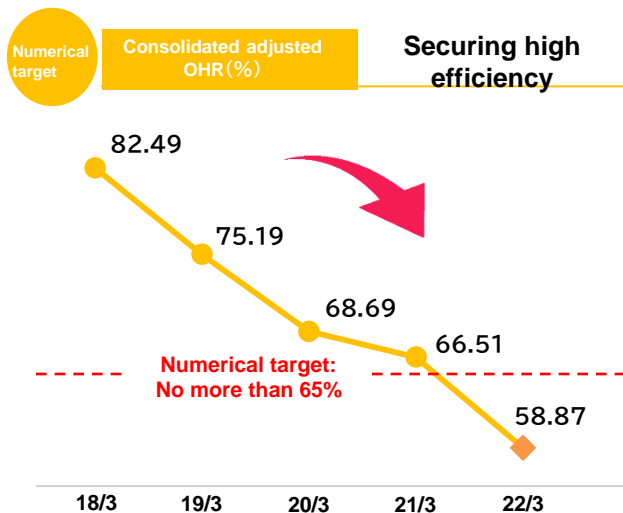
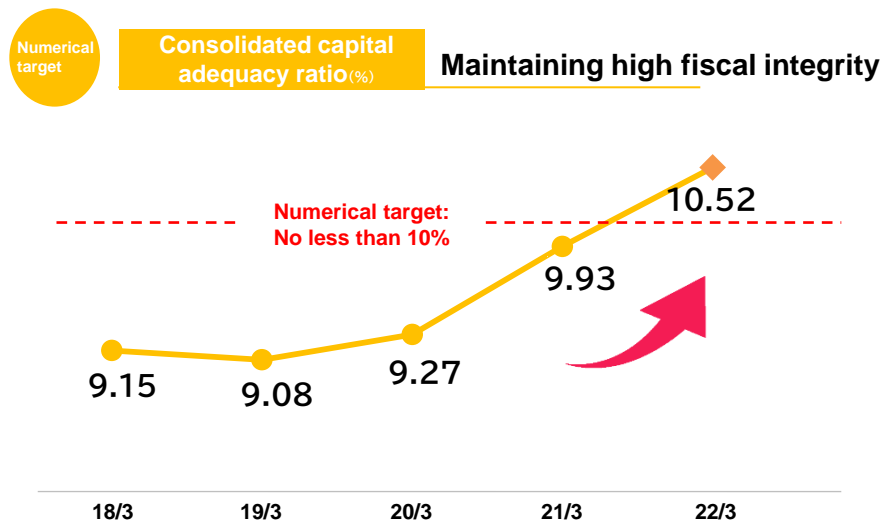
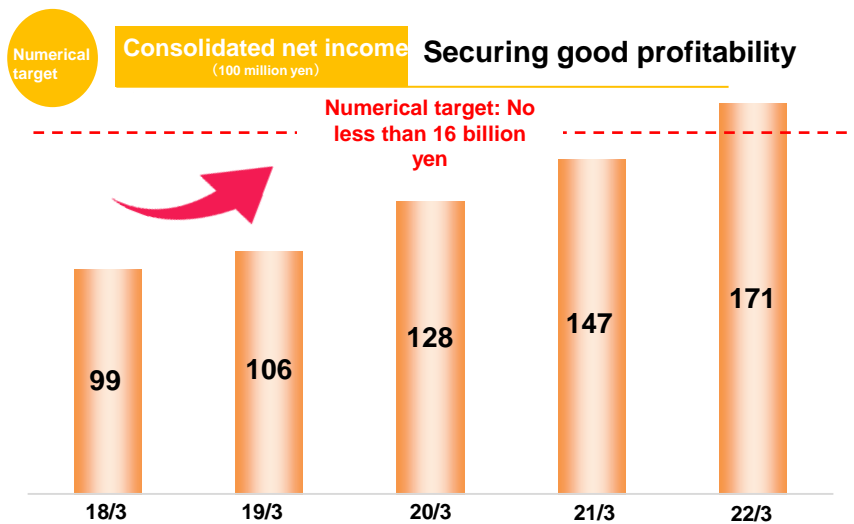
Now <as of 4.1.2022>

Juroku Financial Group	Investment ratio (FG・Bank)
Juroku Bank	100%
Juroku Business Service	100%
Juroku Credit Guarantee	100%
Juroku Research Institute	100%
Juroku TT Securities	60% (※1)
Juroku Card	100%
Juroku Lease	100%
Juroku Densan Digital Service	60% (※2)
Nobunaga Capital Village	100%
Kanda Machiokoshi	99% (※3)

Capital investors other than the Juroku FG Group (※1) Tokai Tokyo Financial Holdings, Inc.  
(※2) Densan System Holdings Co., Ltd.  
(※3) Music Securities, Inc.

# Progress against numerical targets

◆ Achieving various numerical targets ahead of schedule to steadily improve profitability, fiscal integrity and efficiency, which form management foundation.



# Management strategy ~ Market-in approach strategy ~

- ◆ Amassing the Group's management resources to fulfill the consulting function
- ◆ Offering diverse solutions for various issues



## Market-in approach strategy – Further exerting problem-solving capacity –

- Develop human resources for boosting the Group's solution-presenting capability for corporate clients, use the Bank's customer base, information and network, and collaborate with Group companies to offer diverse solutions to issues at each of corporate clients' life stages.

### Priority measure

Offering diverse solutions to issues at each of the corporate clients' life stages

- Reinforcing solution-presenting capability



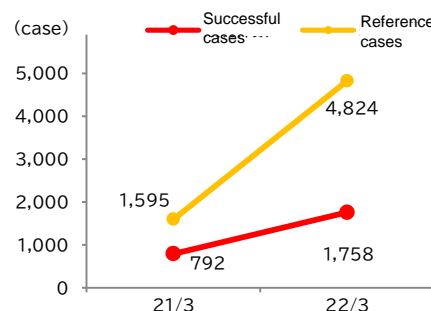
Developing human resources capable of building strong ties with customers

- Initiatives in the foundation and growth stages
  - ▶ Supporting fundraising through equity investment, and assisting the expansion of sales channels through business matching, etc.
- Initiatives in the stability stage
  - ▶ Facilitating leasing, diversification of the means of capital fund-raising, human resource reference, cashless adaptation, digital transformation, etc.
- Initiatives in the maturity / regeneration stages
  - ▶ Assisting project handling by bank branches / management succession support office, collaboration with specialized consultants, and hands-on help

### Foundation / Growth stage

#### Business matching

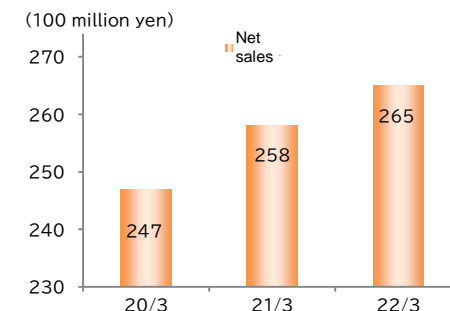
- Actively utilizing business matching to substantially increase performance



### Stability stage

#### Lease sales

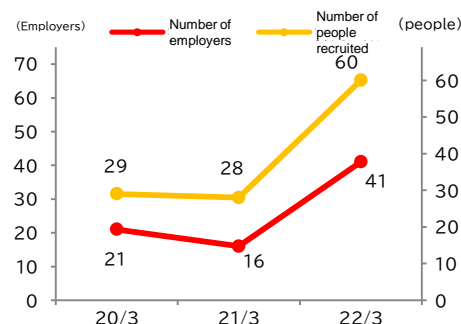
- Strengthening collaboration between Juroku Bank and Juroku Lease to steadily increase sales



### Stability stage

#### HR referral service

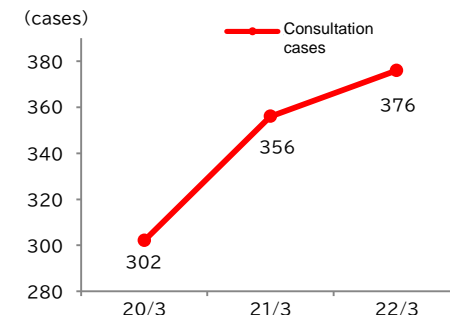
- Using Juroku Bank's customer base and collaborating with Juroku Research Institute to increase successful cases



### Maturity / regeneration stages

#### M&A

- Engaging owners in in-depth dialog to steadily increase the number of M&A consultation cases, with 31 successful cases over the last 2 years



# Management strategy ~ Market-in approach strategy ~

- ◆ Amassing the Group's management resources to fulfill the consulting function
- ◆ Offering diverse solutions for various issues



## Market-in approach strategy – Further exerting problem-solving capacity –

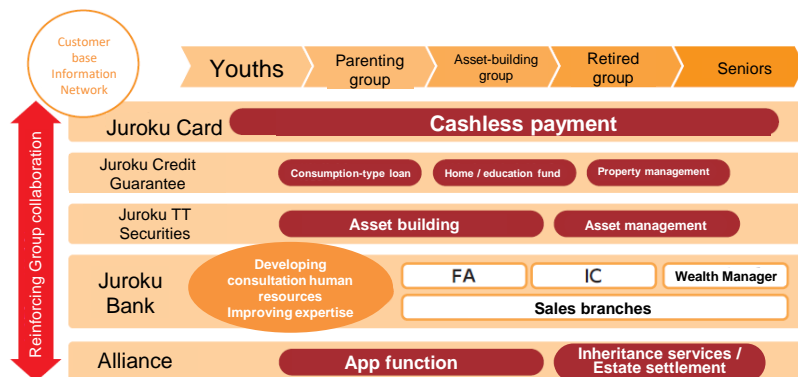
- Expand Group collaboration / alliance, and offer channels optimized to the needs of customers to build a consultation system toward establishing lifelong trading relations

### Priority measure

Building a consultation system toward establishing lifelong trading relations

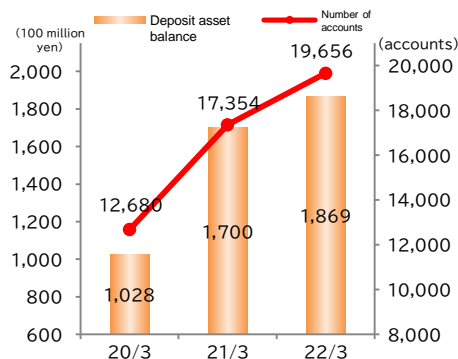
- **Enhancing face-to-face channels**
  - ▶ Offering value-added solutions through bank-securities partnership
  - ▶ Offering long-term perspectives in line with customers' life plan
- **Addressing the needs for non-face-to-face transactions**
  - ▶ Developing smartphone-based systems for building assets and raising loan needs
  - ▶ Adopting cashless transactions for improved convenience
- **Strengthening alliance**
  - ▶ Expanding trust and insurance services to cater to customer needs

### Group-based consultation system toward establishing lifelong trading relations



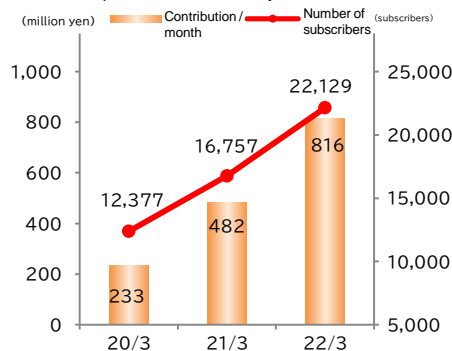
### Juroku TT Securities

- Juroku TT Securities steadily increased deposit asset balance and the number of securities account opened.
- The Nagoya Sales Office was promoted to the Nagoya Branch in April 2022.



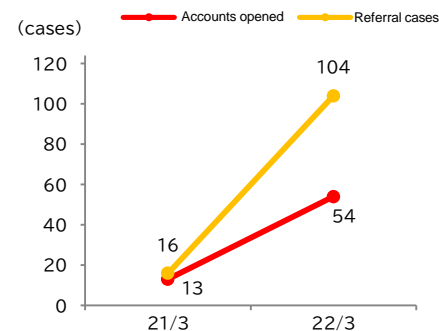
### Regular investment trust

- The amount of monthly contribution to investment trust has steadily increased from the long-term perspective of asset formation support.
- Non-face-to-face channels such as smartphones were actively used.



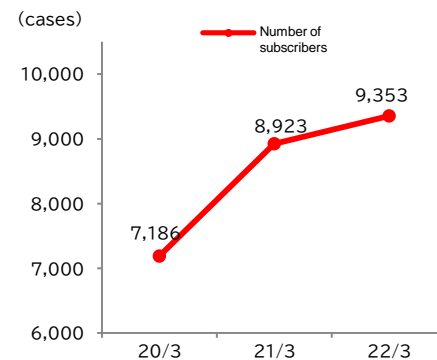
### Referral of private trust experts

- Support in partnership with private trust experts was offered to address growing needs for asset management and succession management.
- The number of consultation cases rose as a way of smooth asset succession from parents to children's generation.



### Level-premium insurance

- Level-premium insurance steadily increased subscription cases as a way of forming assets with fixed-sum contributions.



# Management strategy ~ DX strategy ~

## ◆ Enhancing non-face-to-face channels to improve product / service convenience and expand general transactions



### DX strategy - Improving convenience -

- Enhancing non-face-to-face channels to improve product / service convenience and expand general transactions
- Adopting advanced marketing based on data to address diversifying needs

#### Priority measure

#### ① Enhancing non-face-to-face channels

- Expanding transactions that are completed online
  - ▶ Expanding the functions of personal apps for improved convenience
  - ▶ Building a platform as the gateway to corporate customers
  - ▶ Using a common platform for procedures to eliminate the use of seal and hardcopy forms in transactions
- Offering friction-less functions and services
  - ▶ Using tablet devices and AI in-store
  - ▶ Enhancing online functions and contents to broaden the scope of general transactions

#### Priority measure

#### ② Data use and mass marketing

- Sharing and utilizing information internally and externally
  - ▶ Offering new financial services based on open API
  - ▶ Offering timely information services based on data analysis
  - ▶ Forming alliance to deliver IT consulting

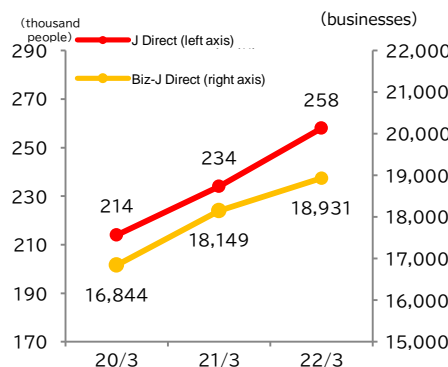
### Introduction of Quick Navi

- Quick Navi was introduced to the front office of all Juroku Bank branches in November 2021.
- It improved customers' convenience and promoted paperless transactions, thanks to features such as seal-less transactions, electronic signature, OCR scanning of driver's license.



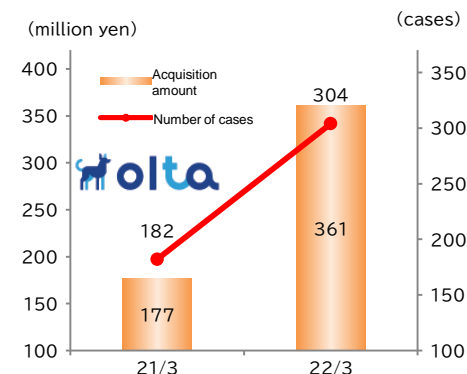
### J Direct / Biz-J Direct

Enhancing non-face-to-face channels, with growth observed in J Direct (personal customers) and Biz-J Direct (business customers)



### Juroku Cloud Factoring

- Under partnership with OLTA, short-term small funding is offered to cater to customers' diversifying fundraising needs.



### Alliance

- Forming alliance with external companies that contribute to improving customers' comfort and boosting our productivity, thereby promoting digital transformation



# Management strategy ~ DX strategy ~

## ◆ Streamlining business with digital technology to optimize the distribution of management assets



### DX strategy - Improving productivity -

- Enhancing non-face-to-face channels to improve product / service convenience and expand general transactions
- Adopting advanced marketing based on data to address diversifying needs

#### Priority measure

#### ① Creating human resources in high-growth areas through work streamlining

- **Improving work processes and optimizing the distribution of management resources**
  - ▶ Utilizing workflow systems, teleconferencing, digital forms, etc. to create extra time for business activities
  - ▶ Using in-store tablet devices to shorten time for administration
  - ▶ Using digital technology to reduce back-office work and centralize it to the head office
  - ▶ Deploying human resources strategically from administration to high-growth areas such as FA and Group companies

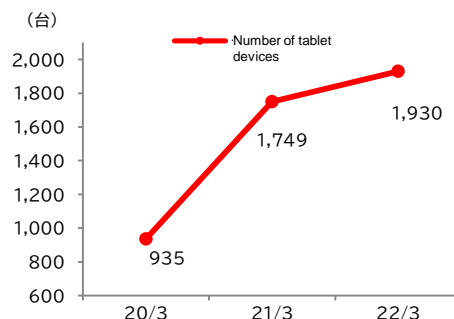
#### Priority measure

#### ② Work-style reform and digital transformation support

- **Work style reform and HR development**
  - ▶ Expanding remote work to facilitate diverse work styles
  - ▶ Using IT tools to expand remote sales activities
  - ▶ Developing human resources in digital technology through alliance and ICT solutions
- **Work Facilitating digital transformation of customers and local communities**
  - ▶ Using alliance to promote customers' digital transformation
  - ▶ Utilizing Group companies' functions to facilitate cashless transactions by businesses and local communities
  - ▶ Building up digital transformation know-how such as teleworking, paperless transactions and table-based sales

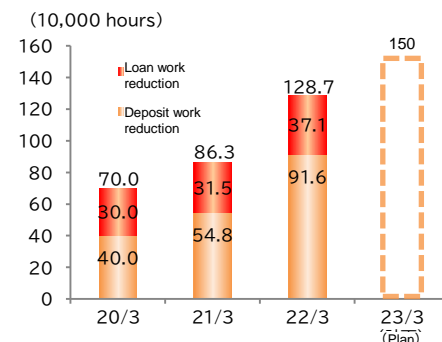
### Tablet PCs

- Accelerating the introduction of tablet PCs to boost convenience and productivity



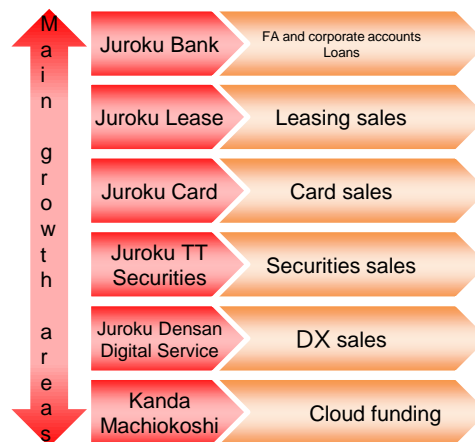
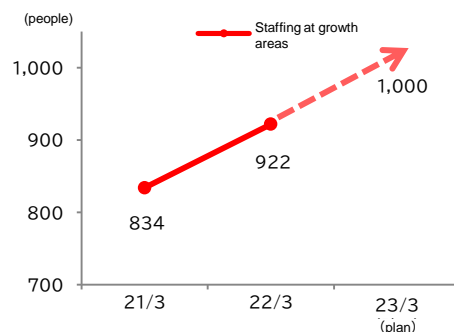
### Reducing work volume

- Promoting the elimination of back-office administration at Juroku Bank's sales offices
- Planning to reduce administration work worth 1.5 million hours in the March 2023 term from the level recorded in the March 2017 term



### Redeployment of staff to growth areas

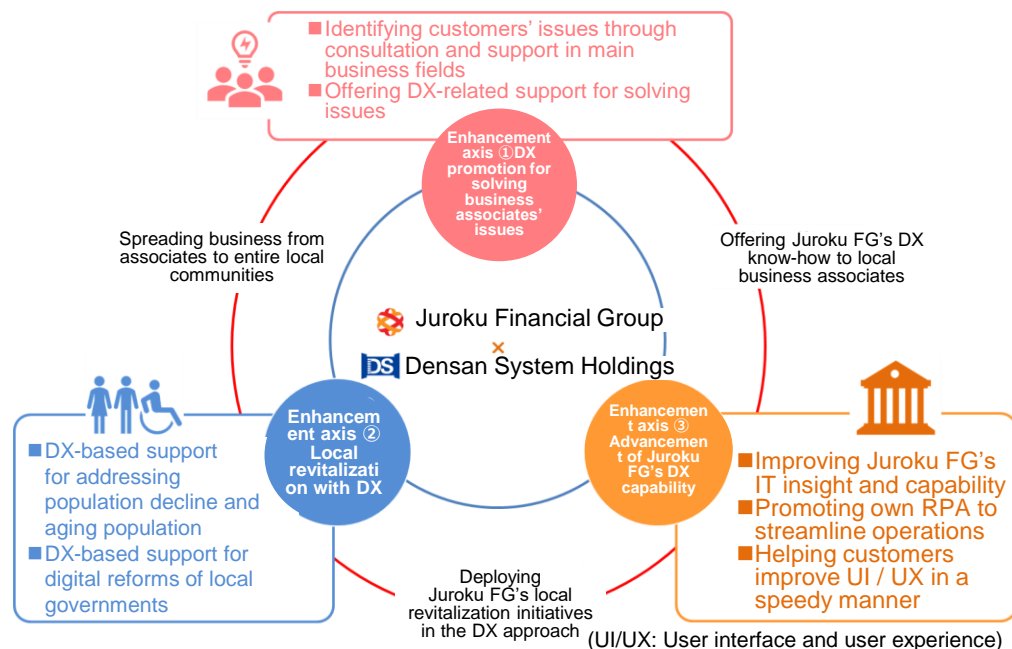
- Redeploying human resources to growth areas across the Group to further boost the consulting service function and Group synergy



# Business launch of Juroku Densan Digital Service

- ◆ Juroku Densan Digital Service, a joint venture of Juroku Computer Service and Densan System Holdings, commenced business operations on March 1, 2022.
- ◆ Upon the launch of the joint venture, it obtained a license as a non-bank banking-service enhancement company in the first such case licensed after the amendment of the Banking Act in November 2021.

Company overview		
Trade name	Juroku Densan Digital Service Co., Ltd.	
Business launch	March 1, 2022	
Paid-in capital	360 million yen	
Shareholders' equity ratios	Juroku Financial Group	60%
	Densan System Holdings	40%



## Promoting DX to solve business associates' challenges

- Offering IT consultation to business associates to facilitate their DX in main businesses, and implementing Fintech initiative
- Providing diverse and convenient payment-clearing services
- Forming alliance with local IT companies to promote local DX

## Revitalizing local communities with DX

- Promoting local governments' DX in synch with their digital reforms
- Enhancing tax / public dues collection work
- Promoting DX in medical and educational organizations

## Boosting Juroku FG Group's DX capability

- Working toward swift product / service development
- Achieving sustainable development and implementation of AI / RPA
- Improving Juroku FG Group's overall IT skills (staff / organization)

(※) A non-bank banking-service enhancement company is a type of subsidiary for a banking holding company, as defined in Article 52-23 Paragraph 1 Item 14 of the Banking Act. Following the amendment of the Banking Act in November 2021, the scope of business permitted to a banking service enhancement company was relaxed, allowing "work that contribute to building a sustainable society such as revitalizing local communities and improving industrial productivity".



# Collaboration with Softbank for DX promotion

◆ Effectively utilizing technologies, assets and know-how held by Softbank and us to revitalize and contribute to local communities

## Collaboration with Softbank for DX promotion

### Purpose of the collaboration

Listing “DX strategy” as one of the main pillars of management plan, the Juroku Financial Group is working on supporting digital transformation of customers and local communities, improving comfort and convenience of products and services, streamlining the Group’s work operations and boosting productivity as priority measures. The latest collaboration with Softbank for DX promotion will effectively utilize technologies, assets and know-how held by the two companies in order to revitalize and contribute to local communities.

### Specific details of DX promotion

(1)	Digitizing the Group’s points of customer contact to improve customer loyalty
(2)	Utilizing and analyzing data to enhance the Group’s marketing and promotion activities
(3)	Using digital technology to improve the efficiency and comfort of the Group’s work operations
(4)	Developing human resources in the digital field through networking
(5)	Creating new businesses through Open Innovation
(6)	Forming partnerships in the fields of cashless transactions and payment clearing

### Accepting human resources

Number of people accepted	2
Titles at the Group	① General Manager of the Group Corporate Planning Management Division (in charge of digital reforms) ② Senior Manager of the Group Digital Management Office
Accepted date	May 1, 2022
Accepting format	On loan





# Management strategy ~ Local commitment strategy ~

## ◆ Playing a central role in revitalizing local communities through expansion of business categories



### Local commitment strategy – Comprehensive local design –

- Establishing solid relations with local stakeholders and further expanding business categories as a general financial group to deploy financial services that contribute to the development of the local economy, thereby contributing to local revitalization

#### Priority measure

#### ① Boosting the appeal of local communities

- **Creating local brands**
  - ▶ Branding local delicacies and disseminating their information in large cities for PR
- **Utilizing local resources**
  - ▶ Rediscovering local resources and implementing measures to boost local appeal to promote tourism
  - ▶ Coordinating industrial – bureaucratic – academic partnership to assist the development of new products
- **Creating new business**
  - ▶ Assisting business creation and forming local communities
  - ▶ Expanding alliance and considering to establish community-development companies

#### Priority measure

#### ② Providing assistance in solving local issues

- **Revitalizing central business districts**
  - ▶ Facilitating urban redevelopment projects, PPP / PFI projects and funds to revitalize local cities and encourage people to move in
- **Assisting local government bodies' work streamlining**
  - ▶ Facilitating cashless transaction response and contracting public services (policy adviser), etc.

### Creating local brands

- Holding business sessions under the Gifu Brand Metropolitan Dissemination Project since September 2018 as the venue for business negotiations between Gifu-based vendors and prominent buyers in the Tokyo metropolitan area
- Expanding the target areas to Nagoya and Kansai regions in FY2020 to operate as the Gifu Brand Metropolis Dissemination Project, facilitating Gifu-based vendors' entry into major cities and creation of Gifu brand

Project name	Period	Number of sessions	Total business cases
Gifu Brand Metropolis Dissemination Project	March 2022 term	11 times	215 cases
	Cumulative total (※)	40 times	579 cases

(※) Including figures from the preceding "Gifu Brand Metropolitan Dissemination Project"

### Utilizing local resources / supporting local governments

- Juroku Bank starting collaboration with Strolly, which supports the digitization of illustrated maps
- Providing the Strolly digital map service to promote paperless transactions, digitization of visitor data and improvement of user convenience, thereby supporting digital transformation of local governments / local businesses and boosting the appeal of local areas to promote tourism



### Industrial – bureaucratic – academic partnership to support product development

- Juroku Bank signing industrial – academic partnership agreements with 16 local universities
- Using the industrial – academic partnership to collaborate with students in support of local businesses developing new products
- As an industrial – academic partnership project with Gifu University, Juroku Bank launched the Kururu Seminar in October 2001 for seniors with the aim of building a society where people stay active all life and revitalizing local communities. The seminar marked its 20<sup>th</sup> anniversary in October 2021, boasting over 20,000 participants in total.

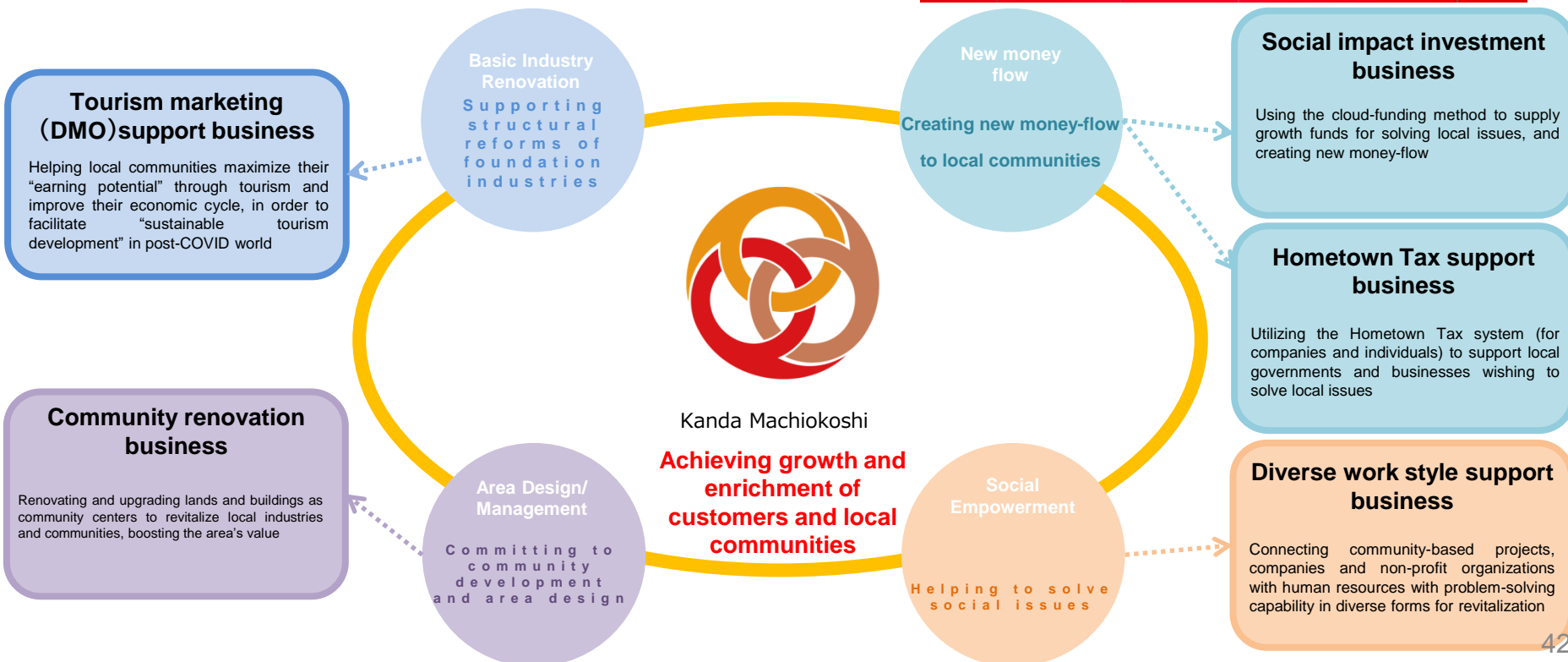


# Establishing Kanda Machiokoshi Co., Ltd.

- ◆ Kanda Machiokoshi was established on April 1, 2022 to take on responsibilities toward sustainable growth of local communities and to contribute to the revitalization of local communities.
- ◆ Similarly to Juroku Densan Digital Service, this company obtained a license as a non-bank banking-service enhancement company upon launch.

## Company overview

Trade name	Kanda Machiokoshi Co., Ltd.	
Establishment	April 1, 2022	
Paid-in capital	80 million yen	
Shareholders' equity ratios	Juroku Financial Group	99%
	Music Securities Inc.	1%



# Management strategy ~ Local commitment strategy ~

## ◆ Deepening initiatives for SDGs and local revitalization by Group directors and employees



### Local commitment strategy – Comprehensive local design –

- Deploying suitable human resources to optimum positions and streamlining work processes to create extra time for business activities, while boosting awareness on SDGs and community revitalization to deepen initiatives
- Working with local businesses, business associates and local communities to take on local and environmental issues in order to establish a sustainable society

#### Priority measure

#### ① Deepening Group's initiatives for SDGs and local revitalization

- **Environment**
  - ▶ Initiatives for decarbonization and CO2 reduction
  - ▶ Disclosure of climate change impact
- **Society**
  - ▶ Connection with customers and local communities at Group sites
  - ▶ Diversity promotion, women's empowerment and HR development that takes advantage of diverse capabilities
- **Governance**
  - ▶ Business management that makes use of external knowledge and insight
  - ▶ Enhanced compliance system

#### Priority measure

#### ② Assisting SDGs initiatives by customers and local communities

- **Support for SDGs initiatives by corporate clients**
  - ▶ Support for the introduction of SDGs-based management
- **Support for SDGs initiatives by local communities**
  - ▶ Educational and cultural activities, emergency preparedness

### Supporting decarbonized business management for local companies

- Offering decarbonization consultation as a one-stop-shop service to help local customers with their decarbonization initiatives
- Building a platform for promoting the use of the "Carbon Offset" program using the offset credits (J-VER) held by Gifu Prefecture Forestry Corporation and Kiso Sansen Water Source Development Corporation

Number of support cases using "Carbon Neutral Navigator supported by WasteBox," a consultation service for decarbonized business management (FY2021 figure)	47
Number of referral cases for the offset credits (J-VER) held by Gifu Prefecture Forestry Corporation and Kiso Sansen Water Source Development Corporation (FY2021 figure)	23

### Product and service development project team "Jewelina" consisting of female staff

- In February 2020, a female-only project team for product and service development, called Jewelina, was established with the aim of utilizing women's perspectives and sensitivity to offer new value that contributes to community revitalization
- Jewelina's "Skill Matching by Glass Slipper Project" for connecting women with skills and qualifications useful in society to local companies, received commendation in 2021 as a financial institution's "characteristic initiative" that contributes to local revitalization



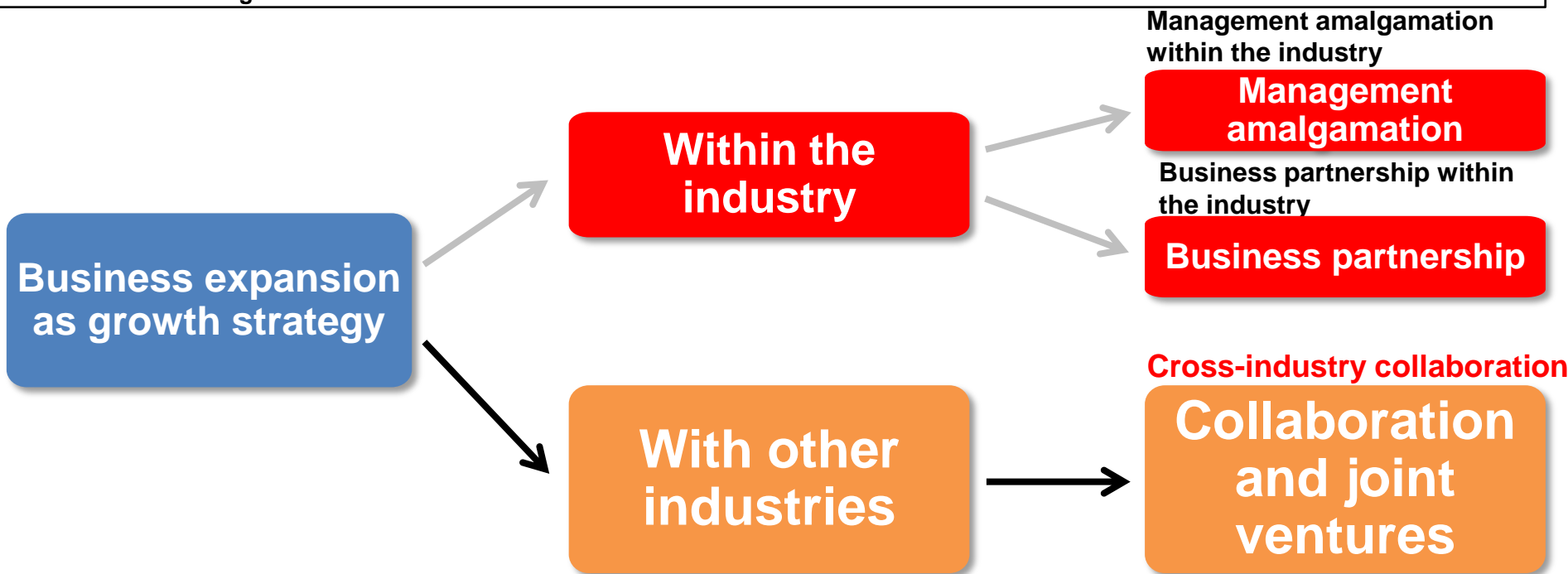
### IMD Professor Kazuo Ichijo becoming the Executive Advisor

- Inviting world-renowned economist Kazuo Ichijo, the only Japanese professor of the internationally prestigious business school IMD, as the Executive Advisor
- Engaging in periodical dialogs with our executives and providing us with latest management-related information to assist our business management as a whole



# Juroku Financial Group's growth strategy

- ◆ Forming “cross-industrial collaboration” for partnerships and joint ventures with companies that have mutual trust and understanding to drive business growth



## Main initiatives for collaboration and joint ventures



16FG



Juroku Bank



Tokai Tokyo Financial Holdings



Densan System Holdings



SoftBank