



Aiming to become a group providing comprehensive financial services, we seek to create a valuable future and achieve sustainable growth together with local communities and customers.

Yukio Murase
President, The Juroku Bank

Review of The 14th Medium-Term Management Plan

The year ended March 31, 2020 (FY2019) was the last year of The 14th Medium-Term Management Plan that had begun in April 2017, and the year to successfully complete our “sales reforms” and “business reforms” in which we had put effort.

In April 2016, in addition to abolishing short-term numerical targets, we began trials of an activity evaluation system to evaluate the sales activity process itself, and implemented the system in full scale in conjunction with the start of the said medium-term management plan.

Furthermore, we have been responding to increasingly diverse and sophisticated needs through alliances that had not been part of our conventional structure, including the commencement of our securities subsidiary’s sales activities and of collaborations for trust business. We have thus established our readiness for taking on challenges towards pursuing new earning opportunities.

■ Status of achievement of announced targets

Item	At the beginning of the Medium-Term Plan (Results for FY2016)	Target (FY2019)	Results (FY2019)
Net income (consolidated)	¥10.0 billion	¥10.0 billion	¥12.8 billion
Community presence (daily-average deposits + daily average loans)	¥9,350.1 billion	¥10 trillion	¥9,950.0 billion
Of which, daily-average deposits during the year	¥5,410.8 billion	¥5,700.0 billion	¥5,615.7 billion
Of which, daily average loans during the year	¥3,939.3 billion	¥4,300.0 billion	¥4,334.3 billion
Core capital ratio (consolidated) Basel III fully implemented	8.84%	Approx. 8.7%	8.94%

■ Targets to be achieved in a long term

Item	At the beginning of the Medium-Term Plan (Results for FY2016)	Long-term target	Results (FY2019)
ROE (consolidated)	3.0%	5% +	3.7%

Furthermore, we have implemented a sales branch reform project to efficiently leverage our sales personnel and business hours, by centralizing sales branch administration and streamlining the head office organization. Through this reform, we reallocated human resources to growth areas such as securities, leasing and other businesses of Group companies.

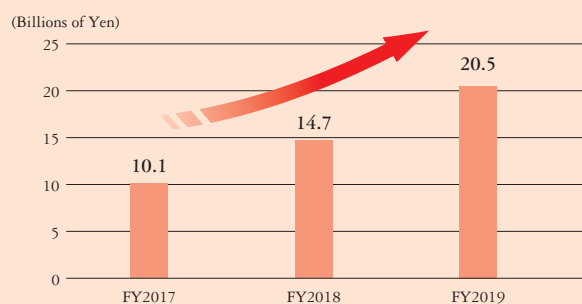
To fulfill our responsibilities as “a financial group that is needed by customers and grows with customers,” we have pursued provision of customer-oriented, quality financial services. As a result of these “sales reforms” and “business

reforms,” we have increased fees and commissions by ¥3.5 billion and reduced expenses by ¥9.0 billion, generating an effect of ¥12.5 billion in the past three years.

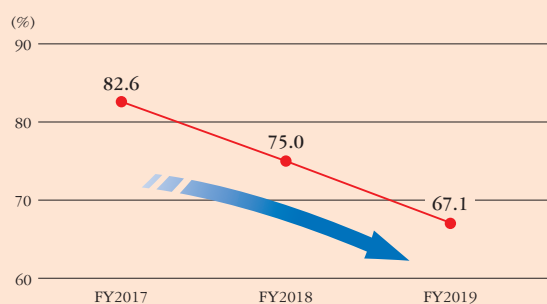
Our net core operating profit has doubled in three years and OHR decreased by 15.5 percentage points, from 82.6% to 67.1%, both showing significant improvements.

Consequently, we have achieved the earning targets set for The 14th Medium-Term Management Plan, improving cost efficiency and hence strengthening our earning structure.

■ Changes in net core operating profit



■ Changes in adjusted OHR



Initiatives for COVID-19

When we were getting ready to commence The 15th Medium-Term Management Plan, the outbreak of COVID-19 occurred, an unprecedented crisis that our communities had not experienced in the past. To overcome this crisis, prioritizing the health and safety of our customers, officers and employees, the Group has been making its best effort to provide the required financial services as much as possible, leveraging its experience and knowhow it has accumulated and paying more attention than ever to communities and customers.

Corporate loans

Number of consultations concerning COVID-19-related loans	11,764
Number of applications to change loan contracts due to COVID-19	176
Number of COVID-19-related loans executed	4,276
Amount of COVID-19-related loans executed	¥153.2 billion
[Of which, amount of interest free loans executed]	[¥47.2 billion]

(As of June 30, 2020)

Examples of new cash flow support programs we have launched to support businesses that have been affected and damaged by the COVID-19 pandemic

Launch date	Product name, etc.
Jan. 30	"Every support21: COVID-19 Plan" for businesses
Apr. 14	Juroku Private Bond to Support Health Care Workers
May 1	"All-round Consultation Desk" set up where an experienced ex-branch manager responds to inquiries related to COVID-19
May 19	Certified as a "financial institution providing one-stop financial support for SMEs in Nagoya" in cooperation with the City of Nagoya; provision of one-stop support commenced
May 20	Launch of "Loan related to COVID-19 supported by Gifu City" as one-stop financial support by financial institutions
May 20	Juroku Equity Loan
May 29	<i>Juroku Tomoni Mirai</i> Future Fund with Juroku structured

■ Juroku Private Bond to Support Health Care Workers

Privately-placed bonds with three-month maturity were issued, from which part of the fees was donated to designated medical institutions for infectious diseases located in Gifu and Aichi Prefectures.

Total amount of donation: 13 subscriptions totaling ¥4.56 million

■ Provision of equity capital funds

In addition to ordinary bank loans, equity capital funds provide long-term support for businesses in implementing their growth strategy and responding to the COVID-19 crisis.

<Juroku Equity Loan>

Type of loan: Subordinated loan
 Borrowings that can be considered as equity
 Loan amount: between ¥100 million and ¥300 million
 Loan period: 10 years
 Repayment condition: Lump-sum repayment on due date

<Juroku Tomoni Mirai Future Fund with Juroku>

Name: Juroku Tomoni Mirai Investment Limited Partnership
 Fund size: ¥1.0 billion
 Contributors and amount contributed:
 The Juroku Bank: ¥900 million
 Juroku Lease: ¥100 million
 Contribution period: 10 years
 Loan and investment period: 3 years

⇒May be extended if necessary

We would like to express our respect, gratitude, and a feeling of support for healthcare workers who are fighting COVID-19 at the front line. To grow with the local communities, in addition to financial support, each officer and employee of the Group will consider and put into action what we can do now. We are implementing and will continue a range of initiatives to support the local communities.



Contributions to the Local Communities

Societal contributions through a range of projects such as donation of medical facemasks to overcome the COVID-19 crisis together with the local communities

Donated facemasks to local medical institutions
(*total 26,100 pieces as of the end of April)

Donated N95 medical-use facemasks to local medical institutions in Gifu and Aichi Prefectures that the Bank had stockpiled for contingencies



“Win against COVID-19!!
Juroku Gifu Product Support Project”

Launched a special page in the Bank’s website (first regional bank in Tokai region) that introduces products produced in Gifu Prefecture



Crowd funding “#Hidagyu beef at home”

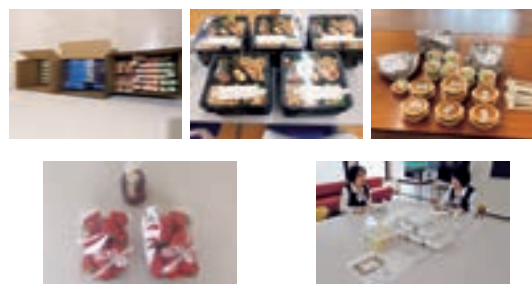
Raised funds through crowd funding in cooperation with the local governments, businesses and other financial institutions in Hida region to support farmers, achieving the second largest* number of supporters ever in crowd funding (*as of May 13, 2020, according to CAMPFIRE)



- Subscription period
April 29 – May 10
- Number of supporters
10,002
- Total amount funded
¥114 million

Proactive purchase of local products

Members of our sales branches are also considering what they can do and proactively purchase bento lunches and other take-out meals, locally-produced agricultural and dairy products.





Changing Business Environment

Responses to the COVID-19 crisis have triggered our daily lives and our entire society to change drastically and rapidly. Furthermore, with respect to the local economy, there are concerns about a future decrease in market size reflecting declining and aging population, changes in industrial structure, and a decline in the number of companies due to the issues of business succession and lack of successors.

In order for the Group to continue to provide its services for, and grow together with, the local communities, it must work with the local communities towards helping realize the growth and affluence of the local community and customers in line with our primary management philosophy, self-motivating with a proactive attitude to take action for contributions.

Formulation of The 15th Medium-Term Management Plan

In April 2020, the Group commenced its “15th Medium-Term Management Plan ~ Engagement to the future ~.” In this plan, we uphold a long-term vision towards our 150th anniversary in 2027, to be a “Total financial group that achieves sustainable growth together and creates the future of the region together.”

To realize this vision, we will seek to shift our business model by implementing three reforms: “business reform,” “operation process/channel reform” and “human resources/organization reform” over the coming three years.

<Engagement Cycle>

In commencing this plan, we revisited the axis of our actions for gaining solid trust from customers-“engagement” - that we upheld in the previous medium-term management plan that commenced in April 2017.

The idea of engagement has been infused to our officers and employees. Everyone now considers how he/she could help customers. This approach could be, however, only one-sided from the Bank without a deep and mutual understanding with customers.

The new plan will enforce “market-in” (market-oriented) ideas and actions to understand not only customers’ explicit and potential needs but also customers’ thoughts and feelings behind them.

To this end, the Group’s officers and employees are requested to drastically change their awareness and actions.

We will develop a culture where our people take on challenges in new initiatives without hesitation based on free thinking. Our officers and employees are encouraged to have four basic stances in their daily work: “Let’s say,” “Let’s listen,” “Let’s act” and “Let’s think” and to proactively exchange opinions with all stakeholders including customers, local communities, shareholders, other officers and employees, thereby running an “engagement cycle.”

<Together with Our Stakeholders>

While implementing the engagement cycle and shifting our business model through addressing the priority measures, we seek to contribute to creating a valuable future and helping realize a sustainable society by engaging with our customers and local communities, offering them support, and acting together.

The 15th Medium-Term Management Plan

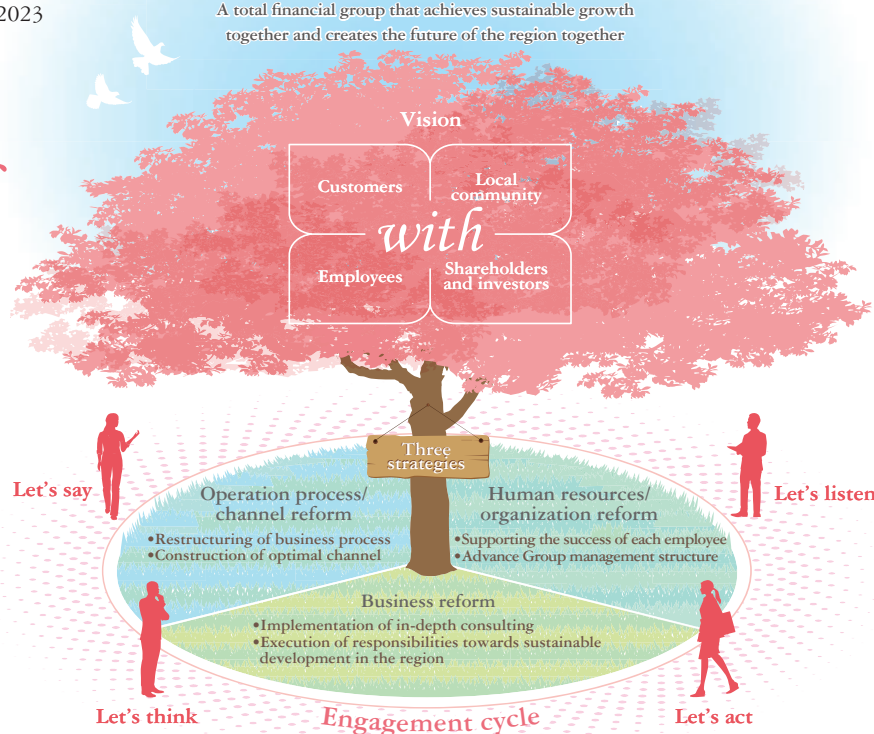
Period: From April 2020 to March 2023

Long-term vision

A total financial group that achieves sustainable growth together and creates the future of the region together

未来へつなぐ
エンゲージメント
Engagement
to the future

Numerical targets FY2022	
Net income (consolidated)	¥12.0 billion
Adjusted OHR (non-consolidated)	Around 67%
Long-term targets	
ROE (consolidated)	5% or more
Core capital ratio (consolidated)	10% or more



Priority measures

Business reform

- 1. Implementation of in-depth consulting**
We provide in-depth consulting, enforcing a "market-in" (market-oriented) approach to fully understand customer needs and thereby contributing to realizing growth and affluence of our customers and the local communities.
- 2. Execution of responsibilities towards sustainable development in the region**
We proactively engage with what the local communities are facing now and in the future and fulfill our responsibilities towards realizing the sustainable growth of the local communities by mobilizing the Group's management resources and leading initiatives for helping solve the issues community-wide.

Operation process/channel reform

- 3. Restructuring of business process**
We review our operation processes extensively from the front-office operations to the back-office to secure human resources for growth areas and increase productivity by leveraging digital technologies.
- 4. Construction of optimal channel**
We develop an optimal channel structure that meet our customers' diverse needs, including expanding transactions through non-face-to-face channels and enhancing our consulting function through face-to-face channels, thereby providing customers with convenient and comfortable services.

Human resources/organization reform

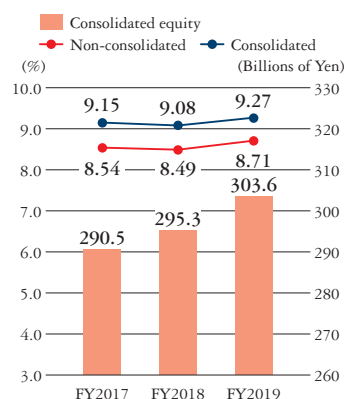
- 5. Supporting the success of each employee**
We develop a work environment where each and every employee can play active roles by fostering the development of personnel with extensive experiences and high expertise as well as implementing initiatives for changing their awareness and behaviors.
- 6. Advance Group management structure**
We seek to sophisticate the Group's management structure by expanding our business domains to meet customer needs and establishing an effective governance framework.

Capital Policy

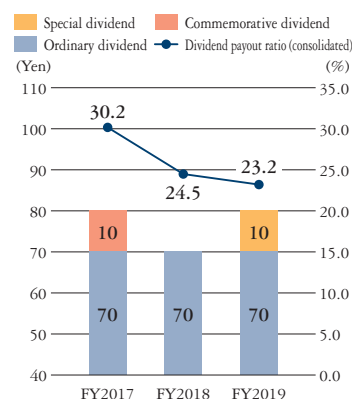
In regards to our capital, by accumulating profits and controlling risk assets, we will continue to maintain a sound core capital ratio and aim for a consolidated core capital ratio of 10% or above over the long term.

In the year ended March 31, 2020, we paid an annual dividend of ¥80 per share, with a ¥10 increase as special dividend paid at year-end on top of the ordinary dividend of ¥70 for the year reflecting achievement of the earning targets for The 14th Medium-Term Management Plan leading up to the year ended March 31, 2020.

Core capital ratio



Changes in dividends





Initiatives for SDGs

In February 2020, we announced The Juroku Bank Group SDGs Declaration incorporating the spirit that “if the bottom prospers, then the top will also prosper” contained within the Bank’s “10 Employee Rules,” which we have inherited since the Meiji Era, which means only when customers and local communities grow, the Bank can grow. We believe this spirit is essentially aligned with the spirit and process of SDGs that aim for achieving the sustainable growth of society and companies that are part of society. Adopting the SDGs Declaration, we would like to further deepen our initiatives together with even more stakeholders, incorporating the said spirit we have succeeded from our predecessors as well as new perspectives.

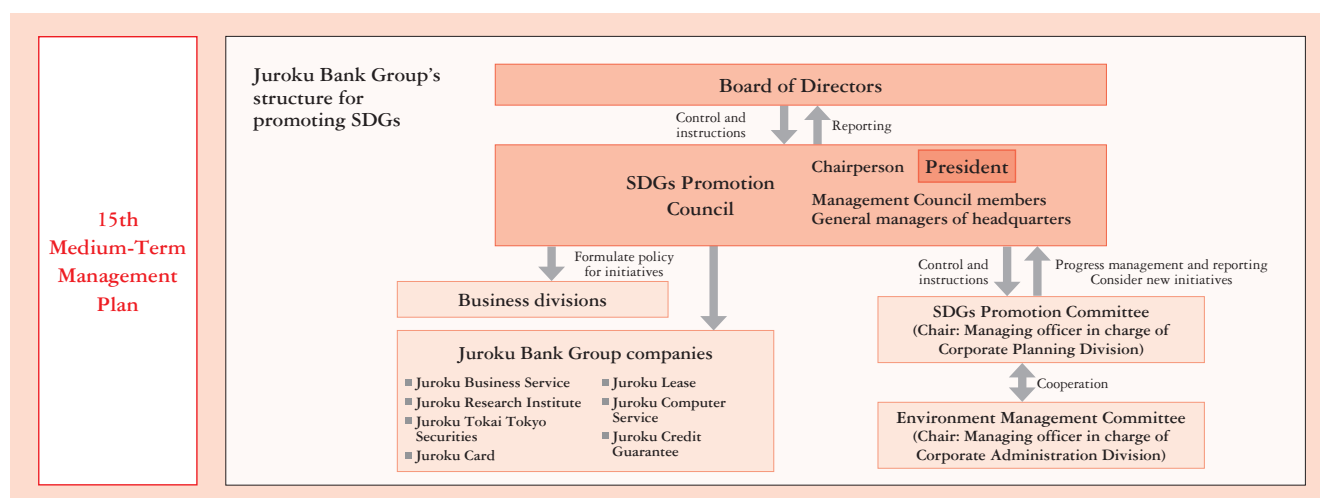
Along with the adoption of the SDGs Declaration, we have also set four priority themes, taking into consideration

societally important issues in particular as well as contributions the Bank can make to society through its business activities: revitalization and sustainable growth of the local economy; supporting the success of individuals; response to environmental issues and global warming; and upgrading Group governance. We have also selected seven areas of SDGs that we will address as priorities. Furthermore, we have formulated loan and investment guidelines based on the SDGs Declaration towards making investment judgement considering the environment and social issues, reflecting them to business performance evaluation, and thereby contributing to society’s sustainable growth.

In terms of the structure for driving the initiatives, the SDGs Promotion Council that I chair leads and manages the initiatives across the Group. It regularly monitors the progress in a cross-organizational manner and runs a PDCA cycle to further enhance the initiatives for addressing SDGs.

Priority measures in The 15th Medium-Term Management Plan that commenced in April 2020 reflect core themes such as “Execution of responsibilities towards sustainable development in the region,” “Supporting the success of each employee,” and “Advance Group management structure.” These themes are in alignment with the Bank’s key initiatives for SDGs. The priority measures being addressed in The 15th Medium-Term Management Plan will also lead to helping achieve SDGs we aim for.

In line with the adoption of the SDGs Declaration, we have increasing opportunities to share societal issues with members of the local communities and create common values together with them, based on SDGs as our common language. By promoting SDGs across the Group through our day-to-day activities, we are seeking to create the future of the local communities and help realize a sustainable society together with them towards our 150th anniversary.



Juroku Bank Group SDGs Declaration



The Juroku Bank Group continues to hold the spirit “if the bottom prospers, then the top will also prosper (prosper with customer)” that has been passed down since the Meiji era. By working to promote the SDGs as a group, we will contribute to creating the future in the region and realizing a sustainable society together.

Our approaches to SDGs



Revitalization of the local economy and sustainable growth

For the purpose of local revitalization, we will create common value with customers by offering various solutions and aim for sustainable growth.



Supporting the success of individuals

We prepare an environment that each employee can enjoy various activities with motivation.



Response to environmental issues and global warming

Based on the Juroku Bank Group “Environment policy,” we will make society sustainable through our business.



Upgrading Group governance

By strengthening compliance and boosting Group governance, we will strive to prevent money laundering and financing of terrorists towards a peaceful and fair society.



Engagement to the future

Countermeasures against COVID-19 have triggered the emergence of new norms. This reinforces our stance of maintaining firm engagement with customers, local communities and other stakeholders towards helping realize the growth and affluence of our customers and the local communities. While seeking to further increase our corporate value, we will seek to meet expectations of customers, shareholders and all other stakeholders.

We appreciate your continued support in our endeavors.