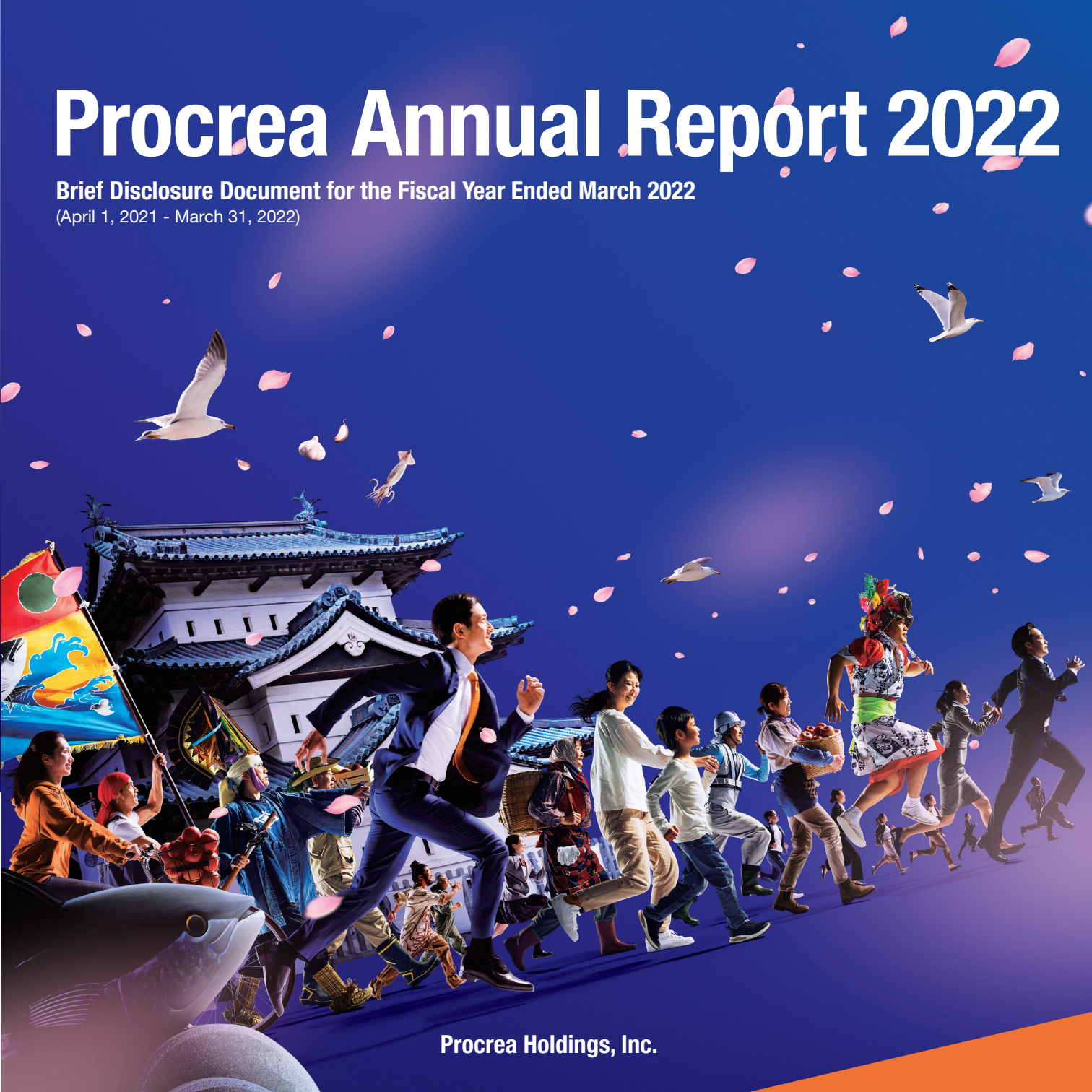


# Procrea Annual Report 2022

Brief Disclosure Document for the Fiscal Year Ended March 2022

(April 1, 2021 - March 31, 2022)



Procrea Holdings, Inc.

# Susumu Narita

President and Representative Director  
(President and Director, Aomori Bank)



# Takayuki Fujisawa

Vice-president and Representative Director  
(President and Director, Michinoku Bank)



# Greeting

We would like to thank you for your continuous confidence in us. We would also like to offer our consolation for everyone impacted by the COVID-19.

This will be Procrea Holdings' first issue of the Brief Disclosure Document - Procrea Annual Report 2022. We hope that you would be able to gain a deeper understanding about the group after reading this digest.

On April 1, The Aomori Bank and The Michinoku Bank set up Procrea Holdings, Inc., a parent company that wholly owns both banks. The group took a new step forward.

Under the business principles of “Create the future of local regions,” “Accompany our customers,” and “Realize the dreams of each person,” we have joined the know-how, network, and information fostered by both banks until now. We streamline and optimize the management to cultivate myriad human talents, capital, and risk-taking reserve capacity. We continue strengthening our financial intermediary roles and services, while expanding the business reach.

The idea instilled in Procrea is to Challenge and Creation.

We actively challenge the potential of the local regions to create a brighter, richer future for the local and our customers.

We bear the values upheld by the company name. From now, we will continue to accompany and cultivate connections with you.

We would like to thank you for your continuous support and confidence.

Susumu Narita

President and Representative Director



<b>Trade name</b>	Procrea Holdings, Inc.
<b>Established on</b>	April 1, 2022
<b>Location of head office</b>	3-1 Katta 1-chome, Aomori-shi, Aomori
<b>Location of main head office functions</b>	9-30 Hashimoto 1-chome, Aomori-shi, Aomori
<b>Business</b>	<ul style="list-style-type: none"><li>• Company administration and management within the competence of the subsidiaries, as defined by the banks and the Banking Act. Business tasks related to them.</li><li>• Other business tasks of bank holding companies authorized by the Banking Act.</li></ul>
<b>Capital</b>	¥20 billion
<b>Operating branches</b>	156 main and local branches
<b>Fiscal year</b>	Year ending March 31
<b>Listing stock exchange</b>	Tokyo Stock Exchange Prime Market (Securities code: 73 84)

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# Procrea Holdings Overview

## Trade Name

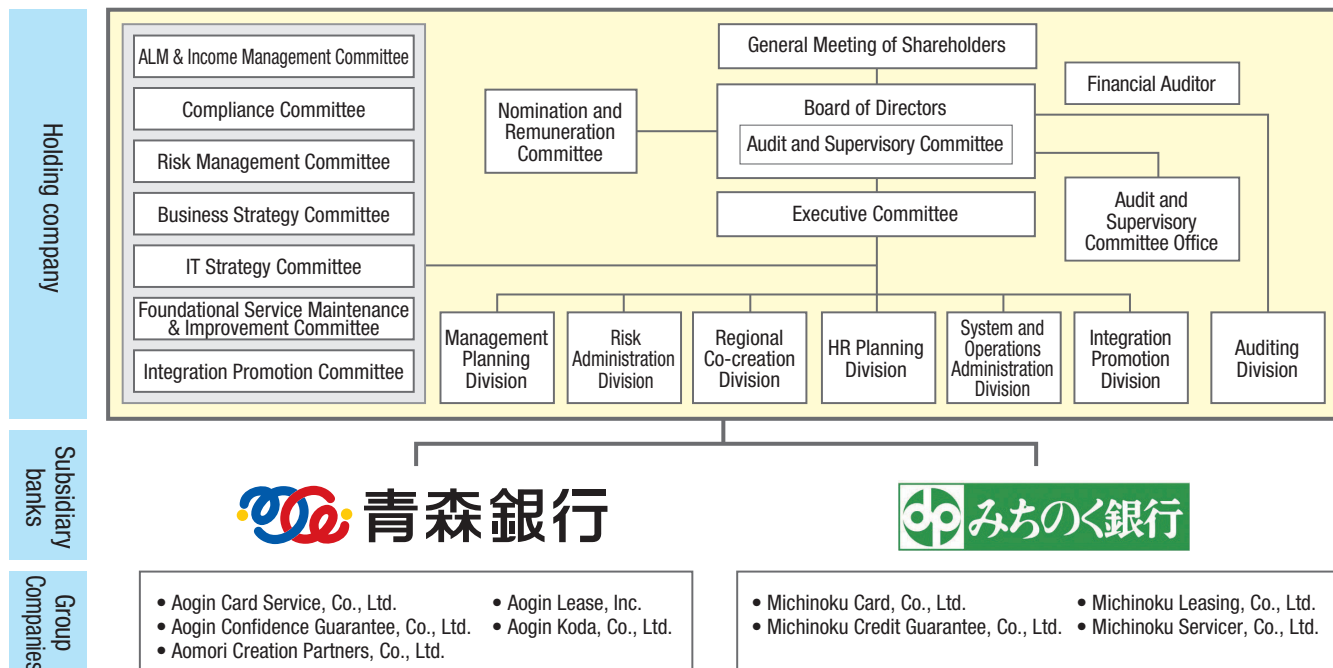
## Procrea Holdings, Inc.

## The Idea Behind the Trade Name

## Challenge and Creation

The name “Procrea” is a combination of the Latin words *provocatio* (meaning “challenge”) and *creare* (meaning “create”). It expresses our mission to take on the challenge of bringing out the potential of the region and to create the future of the region, and our stance to move forward with our customers as professionals.

## Organization Chart of Procrea Holdings (As of April 1, 2022)



# Procrea Holdings Overview

## List of Directors (As of July 1, 2022)

Positions	Names	Concurrent positions within the main group
President and Representative Director	Susumu Narita	President and Director, Aomori Bank
Vice-president and Representative Director	Takayuki Fujisawa	President and Director, Michinoku Bank
Director	Keitaro Ishikawa	Director, Senior Managing Executive Officer, Aomori Bank
Director	Tsutomu Inaniwa	Director, Senior Executive Officer, Michinoku Bank
Director	Tsuyoshi Tamura	Managing Executive Officer, Aomori Bank
Director	Yo Mori	Managing Executive Officer, Aomori Bank
Director	Motomi Shiratori	Executive Officer, Aomori Bank
Director	Shinji Suto	Senior Executive Officer, Michinoku Bank
Outside Director	Katsunori Mikuniya	
Outside Director	Kazunari Higuchi	
Director (Audit & Supervisory Committee Member)	Akira Nakagawa	
Outside Director (Audit & Supervisory Committee Member)	Masashi Iwakigawa	
Outside Director (Audit & Supervisory Committee Member)	Tetsutaro Wakatsuki	
Outside Director (Audit & Supervisory Committee Member)	Mie Ishida	

# Procrea Holdings Overview

## Business Principles

“Creating the Future of the Region”

“Continuing to Walk Side by Side  
with Customers”

“Giving Shape to the Ideas of  
Each and Every Person”

### Commitments embedded in the principles:

- ◆ We will create a bright and enriching future by ensuring that we maintain our soundness as a company, and actively taking on the challenge of tackling regional issues and bringing out the region’s potential.
- ◆ We will live up to customers’ trust in us and continue to walk side by side with them to achieve growth and development, by improving our expertise and pursuing services that exceed expectations.
- ◆ We will build an organization full of confidence and pride where the work is worthwhile, and give shape to each and every person’s ideas, by valuing autonomy and transforming diverse individuality into our strength.

## Brand Concept

### Challenge and Creation

We channel each person’s uniqueness into strength, using this to power our endeavor. We go beyond the confines of finance and stretch the potential of the local regions. We aim to be a challenge and creation corporate group that creates a brighter and richer future together with our customers.

The brand concept Challenge and Creation reflects the ideas instilled in our trade name. The subtitle reflects the outlook of Procrea based on the business principles.

## Brand Logo



**Challenge. Surpass. Create Together.**  
**Procrea Holdings, Inc.**

The logo is an arrow pointing to right and upwards, showing the way to the future. The design superimposes it with the letter “P”, the first letter of Procrea upholding the brand concept, Challenge and Creation. The key color is Procrea navy. It leaves the impression of honesty and clarity, symbolizing the ideas and awareness of contributing to the local regions as the ideal partner. The color shade represents the hometowns with endless green and beauty, as well as the infinite potential sleeping within the local regions. Also, the accent color, the Procrea orange, radiates energy, giving the impression of the sun shining on the local regions, lighting the path towards a richer future.

# The 1st Medium-Term Business Plan

## Procrea Holdings' 1st Medium-Term Business Plan

# Challenge and Creation

**Slogan**

**Achieve synergy promptly and build a rock solid business foundation**

Management  
Issues

Ensure both stability and quality of the financial service

Develop local industries  
Improve life quality of local citizens

Build a sound and sustainable business foundation

Foundational  
Strategies

Foundational strategy I  
**Strengthen financial intermediary role**

- (1) Strengthen companion consulting service
- (2) Strengthen financial services and solutions
- (3) Diversify and deepen expertise
- (4) Digitalize services

Foundational strategy II  
**Expand business scopes**

- (5) Build up a regional development/general trading company model

Foundational strategy III  
**Streamline and optimize management**

- (6) Optimize infrastructure, etc.
- (7) Digitalize business tasks
- (8) Optimize organizational structure

Foundational strategy IV  
**Strengthen group foundation**

- (9) Strengthen human talents
- (10) Improve allocation of securities
- (11) Strengthen risk management conditions
- (12) Strengthen governance structure
- (13) Strengthen other sustainability implementations

# Sustainability Guidelines

## Draft and Publish the Procrea Holdings' Sustainability Guidelines

Interests in sustainability issues such as climate change and decarbonization issues, as well as health, relative poverty, diversity & inclusion have been heightening. These guidelines work to show the direction Procrea Holdings will take when it comes to achieving a sustainable society in these environments.

### Procrea Holdings' Sustainability Guidelines

## Pass on a promising and rich future to the next generation

We will take up the challenge to create a promising and rich future, so that the next generation can inherit our beloved hometowns in their beauty. We face the various issues in local regions and their infinite potentials. We continue accompanying you through our sustainable business activities, from the lens of environment, society, and governance.

### Promises made to the stakeholders

#### Natural environment

We aim for environmental preservation and harmonious growth of the regional economy. We take on our business activities while constantly being aware of their impact on climate change and nature.

#### Regional society

To draw out the peak values of natural and human capitals, as well as creating an appealing society, we channel carefully the communication with everyone into the contribution of regional society development.

#### Customers

As the ideal partner to our customers, we respond to society changes while providing steadily reassuring and optimal solutions to our customers.

#### Employees

We work to create a company architecture and organizational culture that allow each executive and employee to continue working in a wholesome and unique manner while thriving.

#### Shareholders and investors

We strive to continue being an alluring company that all stakeholders have solid trust in, by developing together with everyone from the local regions.



## Agreement to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

In recent years, damages caused by abnormal climate phenomena and natural catastrophes have worsened worldwide. Aomori Prefecture, where our group headquarter is located, suffered from severe damages due to the heavy seasonal rains in August 2021. The effects of climate change on the local regions are increasing daily.

Considering these situations, our group has positioned response to the nature and environment as a priority issue, including climate change, based on the Procrea Holdings' Sustainability Guidelines. To strengthen our measures against climate change, we have agreed to the Recommendations of the TCFD. To achieve a sustainable local society, we will continue analyzing risks and opportunities brought by climate change, while working on the disclosures mentioned in the Recommendations.

#### What are the Recommendations of the TCFD?

The measures to mitigate climate change have been gaining importance. Following the request from G20, the Financial Stability Board set up and published the Task Force on Climate-related Financial Disclosures (TCFD) to discuss climate change data disclosures and measures taken by financial institutions. It recommends corporations to disclose governance structures, management strategies, and risk management methods related to risks and opportunities brought on by climate change.



# CSR Implementations



## SDGs permeation underway “Thank you from 2030”



From January to November 2021, we publish the videos “Thank you from 2030” on our active official YouTube channel to promote understanding, permeation, and awareness about SDGs in Aomori Prefecture.

These videos are realized together with a local VTuber Aomori Rinko\*. The videos localize global SDGs goals to Aomori Prefecture, explaining regional issues in an easily understandable way, from the perspective of what SDGs mean to Aomori Prefecture.

Aomori Prefecture, universities, schools, and organizations working on SDGs from Aomori Prefecture helped create the videos.



\*Aomori Rinko

Aomori Rinko started the activities from 2019 as a virtual YouTuber. With the catchphrase of “Cheer up Aomori”, Aomori Rinko broadcasts the beauty of Aomori on the website, Twitter, YouTube, etc.



## Launching the Takeout-1 Draft



We launched the Takeout-1 Draft as a measure to support businesses in the prefecture. Under this plan, we joined forces with businesses and 2 supermarkets (Beniya Shoji Co., Ltd. and Maeda Co., Ltd.) in the prefecture to develop takeout merchandise and sell them as curated items at various shops of the 2 companies.

In September 2021, we started accepting applications for participating businesses. After document selection and final selection, we completed and put the 2 items from the 2 businesses on shelves in all Maeda stores in February. In March, we completed and showcased the 2 items from 2 businesses in all Cub Center and Beny mart stores. All merchandise received wide popularity, with many customers seeking after them and most stores out of stock during the sales.



# CSR Implementations



## Supporting financial education



We work to popularize financial literacy among children, as they will one day shoulder the future of the regional economy.

We held the Economics Koshien Aomori Tournament, a national high-school economics quiz tournament, to allow them to learn financial knowledge while having fun.

Also, we held the online Michinoku Kids School 2022 for elementary school children to help them learn about money through identification of banks' roles, appraisal of money, and quiz.



## Regional contribution “Repay Kindness After 100 Years”

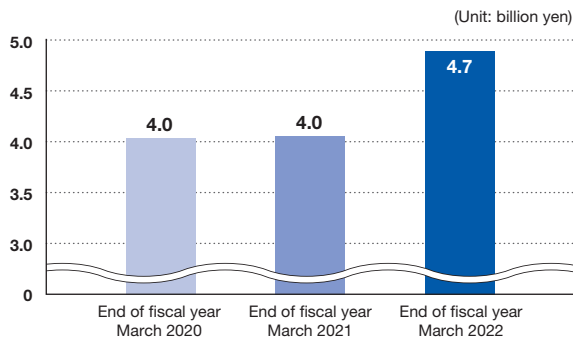


As we welcome our 100th anniversary in October 2021, we launched a series of activities to “repay kindness” to local people and business partners. At the main office and various branches, we participated in cleaning activities, food banks, collaborations in regional events, etc., totaling 100 repayments of kindness.



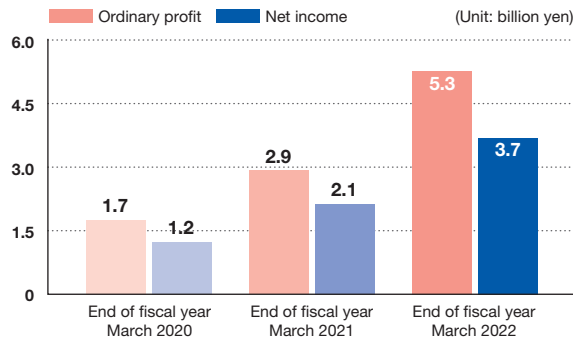
## Core net business profit

Core net business profit increased by 0.6 billion yen YoY to 4.7 billion yen despite the decrease of fund income following decrease of the fund management income. This was offset by increase in service income and reduction in expenses, etc.



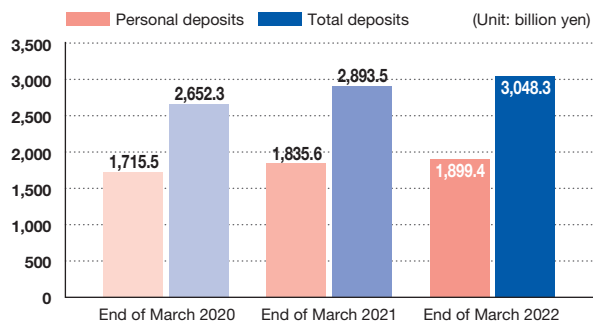
## Ordinary profit/net income

Ordinary profit improved drastically due to gains from securities following increase of profits from stock liquidations, as well as decrease in credit expenses. Ordinary profit increased by 2.3 billion yen YoY to 5.3 billion yen. Also, net income increased by 1.5 billion yen YoY to 3.7 billion yen due to increase in ordinary profit.



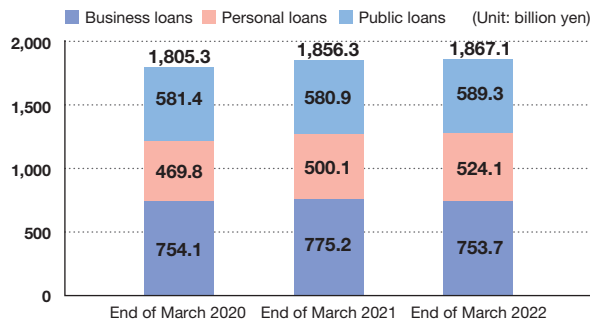
## Deposits (including negotiable certificates of deposits)

Total balance of deposits, including negotiable certificates of deposits, increased by 154.8 billion yen to 3,048.3 billion yen compared to the end of last fiscal year, due to a favorable growth in personal and public deposits.



## Loans

Loans increased by 10.8 billion yen to 1,867.1 billion yen compared to the end of last fiscal year despite the unwinding of demands for COVID-19 system financing and decrease in business loans following reduction of market loans outside of the prefecture. Increase in personal loans, mainly housing loans, helped offset it.

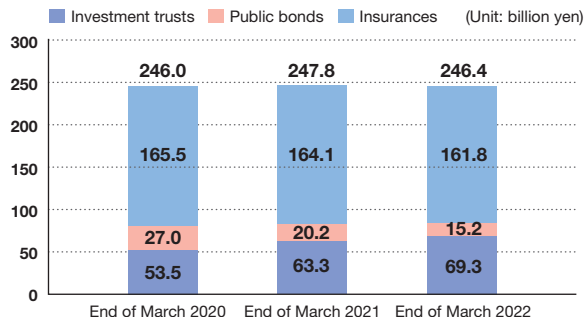


### Definition of terms

■ Core net business profit: This shows the profitability of the main businesses such as deposits, loans, and exchanges.

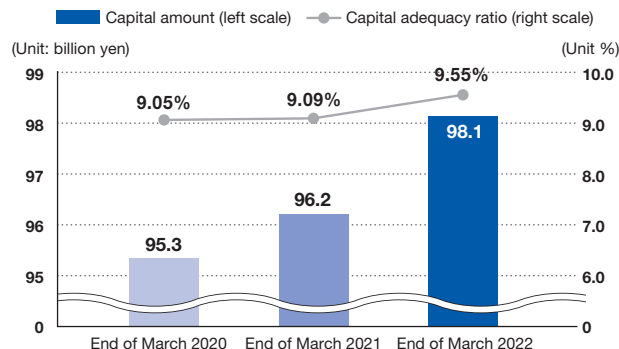
## Assets under custody

Despite the increase of investment trust following an increase in sales volume, the assets under custody decreased by 1.3 billion yen compared to the end of last fiscal year. This is due to decrease in public bonds and insurances.



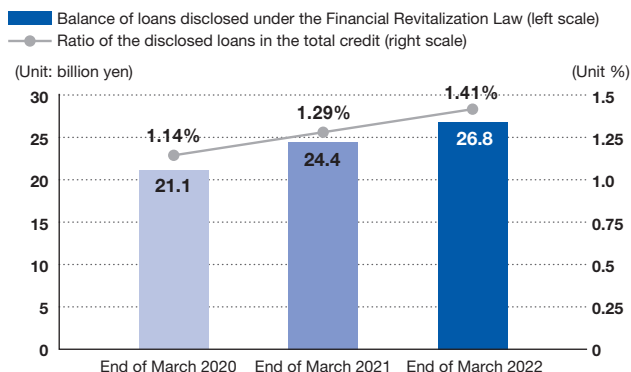
## Capital adequacy ratio

The capital adequacy ratio increases by 0.46% compared to the end of the last fiscal year to 9.55% due to increase of capital following an accumulation of profits, as well as reduction of risk assets such as securities, etc.



## Claims disclosed subject to the financial revitalization law

The amount of disclosed loans subject to the Financial Revitalization Law increased by 2.4 billion yen compared to the end of the last fiscal year to 26.8 billion yen due to increase in doubtful loans. Also, the ratio of the disclosed loans in the total credit increased by 0.12% to 1.41% compared to the end of the last fiscal year.

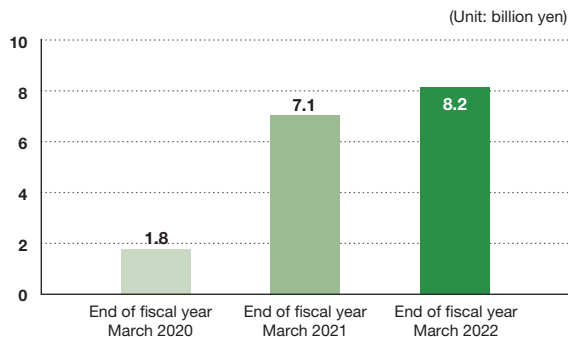


■ Ordinary profit: It is derived by adding or subtracting gains or losses of securities and credit expenses (bad loan write-off, etc.) from core net business profit.  
 ■ Net income: It is derived by adding or subtracting extraordinary items, taxes, etc. from ordinary profit.

\*The amounts are rounded down to the nearest units.

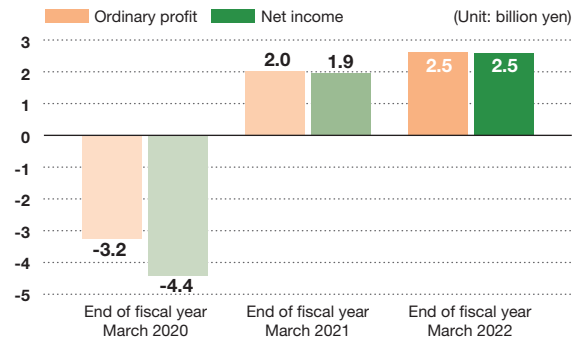
## Core net business profit

Core net business profit increased by 1.1 billion yen YoY to 8.2 billion yen due to an increase of fund income following an increase of the fund management income and a decrease of the property expenses, etc.



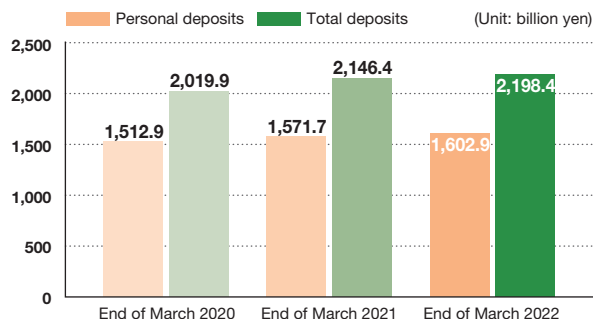
## Ordinary profit/net income

Ordinary profit increased by 0.5 billion yen YoY to 2.5 billion yen due to decrease of credit expenses. Also, net income increased by 0.5 billion yen YoY to 2.5 billion yen.



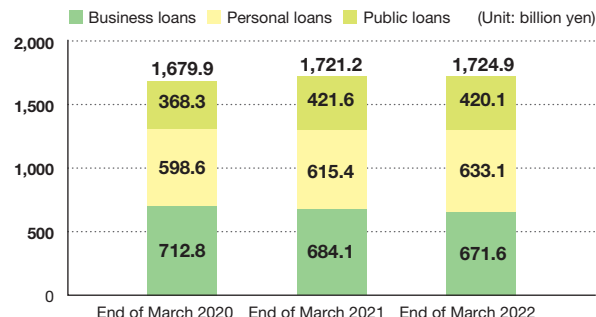
## Deposits (including negotiable certificates of deposits)

Balance of deposits increased by 52.0 billion yen compared to the end of last fiscal year, due to a favorable growth in personal deposits.



## Loans

Loans increased by 3.6 billion yen to 1,724.9 billion yen compared to the end of last fiscal year due to an increase in personal loans, mainly housing loans.

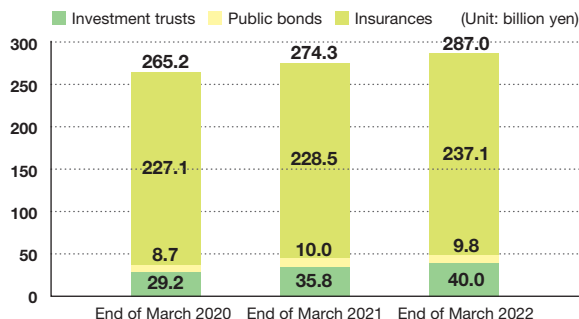


### Definition of terms

■ Core net business profit: This shows the profitability of the main businesses such as deposits, loans, and exchanges.

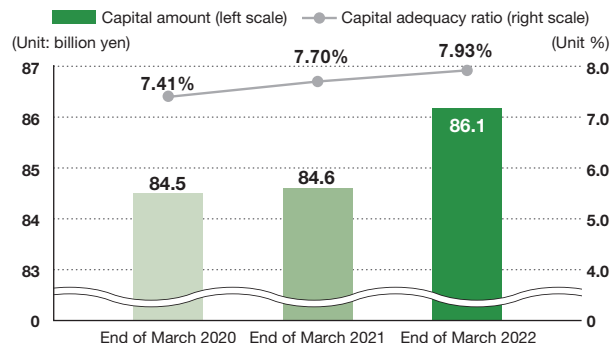
## Assets under custody

Despite the decrease of public bonds, the assets under custody increased by 12.6 billion yen compared to the end of last fiscal year due to an increase in insurance balance.



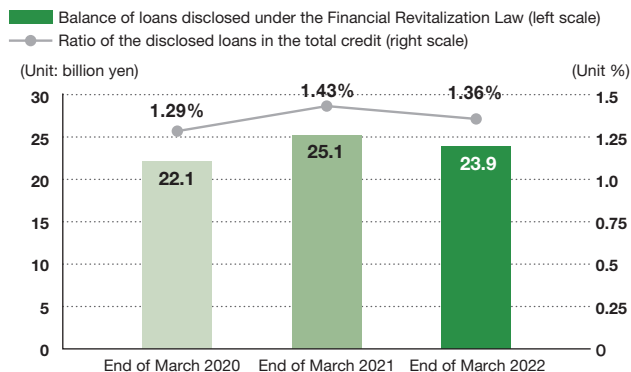
## Capital adequacy ratio

Independently, the capital adequacy ratio increases by 0.23% compared to the end of the last fiscal year to 7.93% due to increase of capital following an accumulation of profits.



## Claims disclosed subject to the financial revitalization law

The amount of disclosed loans subject to the Financial Revitalization Law decreased by 1.1 billion yen compared to the end of the last fiscal year to 23.9 billion yen due to a decrease in bankruptcy restructuring loans and loans pegged to them. Also, the ratio of the disclosed loans in the total credit decreased by 0.07% to 1.36% compared to the end of the last fiscal year.



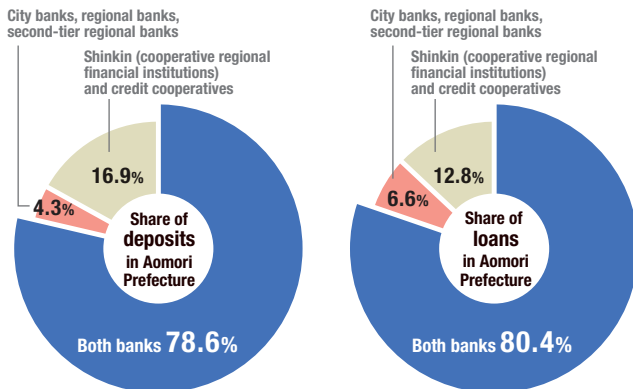
■ Ordinary profit: It is derived by adding or subtracting gains or losses of securities and credit expenses (bad loan write-off, etc.) from core net business profit.  
 ■ Net income: It is derived by adding or subtracting extraordinary items, taxes, etc. from ordinary profit.

\*The amounts are rounded down to the nearest units.

# Procrea Holdings Business Foundation

## Share of Deposits and Loans in the Prefecture

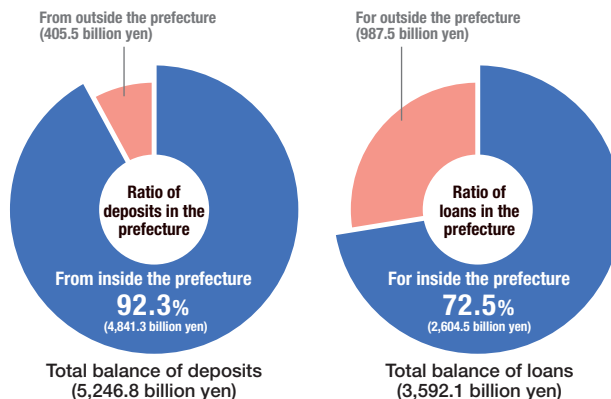
(As of March 31, 2022)



\*Excluding Japan Post Bank Co., Ltd., workers' credit unions, agriculture cooperative associations, and government financial institutions

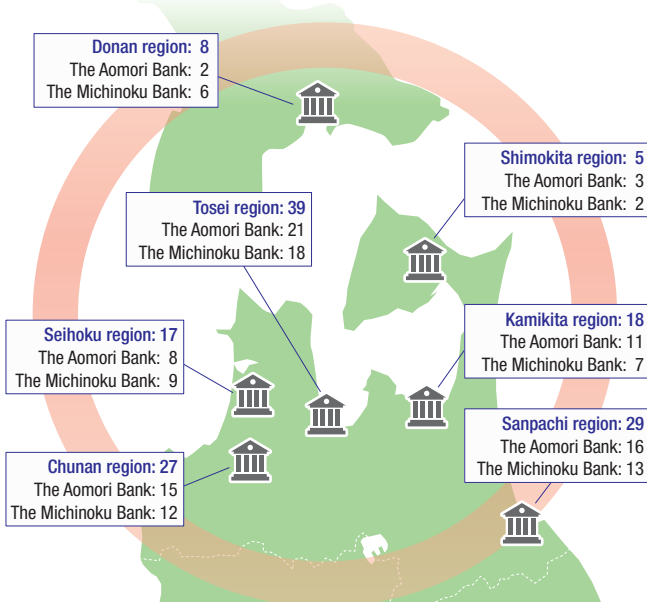
## Ratio of Deposits and Loans in the Prefecture

(As of March 31, 2022)



## Main Locations

We have a strong base of operations, stretching from Aomori Prefecture to the Donan region (southern Hokkaido).



## Number of Locations

Prefectures	The Aomori Bank	The Michinoku Bank	Total of Both Banks
Aomori Prefecture	74	61	135
Tosei region	21	18	39
Chunan region	15	12	27
Sanpachi region	16	13	29
Seihoku region	8	9	17
Kamikita region	11	7	18
Shimokita region	3	2	5
Hokkaido Prefecture	3	7	10
Iwate Prefecture	1	2	3
Miyagi Prefecture	1	1	2
Akita Prefecture	2	2	4
Tokyo Metropolitan	1	1	2
<b>Total</b>	<b>82</b>	<b>74</b>	<b>156</b>

To be closer to everyone.  
We have welcomed the era to provoke challenge.

The connections we forged with you until now.  
Our mission is to unify the trust,  
surpass the era and become the strength  
to create a promising future.

The confines of finance will not stop it.  
We walk with you,  
to face the regional issues and infinite  
potential lying dormant.

Yes. Our steps have been and will  
always be with the locals.  
As the ideal partner, we answer all ideas.

Our hometowns,  
with their endless rolling green and beauty.  
For the people who will always love this land.

**Challenge. Surpass. Create Together.**

 **Procrea Holdings, Inc.**

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URL: <https://www.procrea-hd.co.jp> Email: [kouhou@procrea-hd.co.jp](mailto:kouhou@procrea-hd.co.jp)