



SHOKO CHUKIN BANK

Supporting the future of companies. Making Japan more resilient to change.



Challenge nge

Integrated Report 2022
Disclosure Publication

PURPOSE

**Supporting the future of companies.
Making Japan more resilient to change.**

MISSION

**We will continue to think together, create together,
and change together, as a partner in creating security
and prosperity.**

Editorial policy

The Shoko Chukin Bank, Ltd. has published its first Integrated Report to provide investors, shareholders, and all other stakeholders with an easy-to-understand description of the Bank's business activities and efforts to enhance corporate value, and to initiate constructive dialogue. This report was compiled with reference to various guidelines such as the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry. We hope that this report will help deepen your understanding of the Bank.



Statement

The Shoko Chukin Bank will continue to deepen and develop its DNA as a financial institution specializing in SMEs and support the future by resolving issues faced by many companies.

In an ever-changing world, we will create a society where people can take on challenges without hesitation and boldly change themselves. A society where people can calmly look at the current situation and take the right step forward, even when security and safety are undermined.

A society in which people in every region can demonstrate their unique strengths and feel affluent and fulfilled.

At the Shoko Chukin Bank, we are your partners in taking on the challenges of change, aiming for the hope that lies ahead.

CONTENTS

Value Creation Story

Message from the President	2
Value Creation Model	6
History and Characteristics of the Shoko Chukin Bank.....	8

Medium-Term Business Plan and Strategy

Achievements of the Previous Medium-term Business Plan, the Shoko Chukin Bank Management Reform Plan	10
Financial Highlights	14
Non-financial Highlights	16
New Medium-term Business Plan—Toward a Shoko Chukin Bank Resilient to Change—	18
Efforts to Achieve a Sustainable Society	33

Management Base Supporting Value Creation

External Directors Roundtable Discussion	36
Governance Structure of the Shoko Chukin Bank	38
Directors and Audit and Supervisory Board Members	40
Human Resources Strategy	44
Status of Compliance System Development	48
Risk Management	52
Customer Protection, Improvement of Internal Auditing Systems, Crisis Management System, Disclosure Policy Concerning Important Facts, Disclosure Status	55
Financial Data	56
Directory	82



Shoko Chukin Bank will work to realize the society resilient to change, and continue to be a partner to take on the challenges with our customers.

Masahiro Sekine, President (Representative Director)

1. Purpose and Mission, and the Value We Create

Beliefs leading to the establishment of the Purpose and Mission

I would like to talk about our new corporate philosophy, Purpose and Mission, which was established in March 2022.

Under the Shoko Chukin Bank Management Reform Plan, which ran until fiscal 2021, the entire organization worked to establish a compliance and governance system, build a new business model, and streamline management, starting with the reform of the organizational climate from one of top-down instructions to one of openness, with the aim of recovering from the misconduct in crisis response operations. Thanks to these efforts, we were able to achieve our initial targets for all management indicators.

However, since taking office in 2018, I have felt that we need to once again confirm our origins, to identify what the Shoko Chukin Bank exists for. I also felt that the lack of clarity about our identity may have led to the misconduct.

With this strong feeling, we solicited proposals for a new management vision from all staff members the year before last. One of the younger staff members proposed to redefine the Shoko Chukin Way, which questioned the reason for being of the Shoko Chukin Bank once again. This proposal received the top vote of support from all employees. I was very happy to see that the employees themselves questioned our reason for being and our origins, rather than by top-down instructions.

Process of establishing the Purpose and Mission

In June 2021, members of a team for studying and formulating a new corporate philosophy were openly recruited. The new team was formed mainly with young staff from both the headquarters and branch offices, and external directors participated as advisors to deepen these studies. Workshops were held repeatedly, and I myself participated in the discussions.

Furthermore, we believed that it must be in a form that all officers and employees can feel as their own, and that it must appeal to and resonate with all stakeholders. Based on the results of the team discussions, we conducted group work involving all employees at all branch offices and headquarters divisions. Then, in 2022, thorough discussions had been held at the Management Meetings and the Board of Directors meetings on multiple occasions, leading to a final decision by the Board of Directors in March.

For more than 85 years, we have conducted our business with the same strong desire to support SMEs.

Our new corporate philosophy, Purpose and Mission, is the embodiment of our organization's DNA, which is to ensure that this desire will remain unchanged. We will continue to position the Purpose and Mission as the North Star that points the way to the starting point to which each and every one of our officers and employees should always return.

Value creation model of the Shoko Chukin Bank

Next, I would like to talk about the value creation model we are aiming for under the new Purpose and Mission.

The common value that Shoko Chukin Bank and our customers create together

Economic value

Social value

Happiness of workers

Over the course of its long history, the Shoko Chukin Bank has been entrusted with a wide variety of "capital". The "capital" in this context refers to a broad range of concept, including loan assets and equity capital in accounting terms, funds raised through bonds and deposits (financial capital), mutual trust and relationships with our many customers and shareholders nationwide and external institutions with which we collaborate and cooperate (social capital), and staff with the motivation and ability to solve our customers' problems (intellectual and human capital).

We are committed to proper governance of these valuable forms of "capital", and to making the best use of them to create new value. Specifically, as a partner to our clients, we take a long-term perspective and continue to provide resources that meet their needs through financial and core business support.

Through this process, we will work with our customers and stakeholders to create not only economic value, such as financial profit. We also aim to create social value and happiness for our employees. We are already implementing specific initiatives such as the Happiness Design Survey, which measures the level of happiness of our employees. If we can enhance our "capital" through value creation, we will be able to further expand our efforts and contribute to solving critical issues facing society, such as addressing climate change, improving productivity, and revitalizing local communities, thereby making Japan more resilient to change.

This is the value creation model that the Shoko Chukin Bank aims for.

2. New Medium-Term Business Plan

Ever-changing challenges and needs

Of course, the challenges and needs of our customers vary by industry, region, size, and stage of growth. The world is constantly changing, and the environment facing SMEs and cooperatives is also changing rapidly.

While our Purpose and Mission and value creation model are universal themselves, it is necessary to adapt to changes in the environment and needs with regard to the measures and business model we focus on. What is important in this process, I believe, is not only an accurate understanding of changing

issues and needs through in-depth dialogue with our customers, but also an attitude of working together with our customers to develop countermeasures, back calculating (backcasting) from a vision of the future society and economy that should be achieved over the medium to long term.

Backcasting from the vision of the future to which we should aspire

Looking ahead to the year 2030, while we see an inevitable trend of population decline and aging, we are required to shift

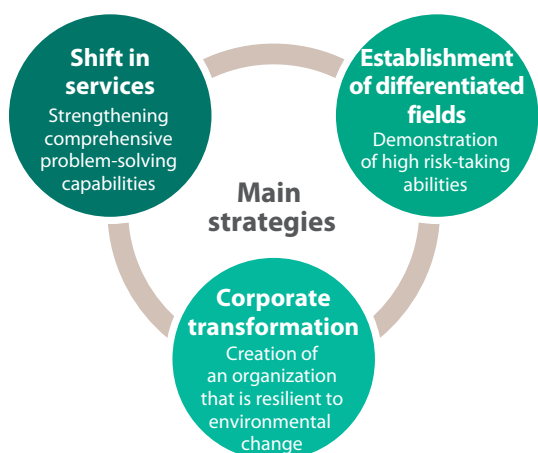
to a sustainable social and economic system on the premise of the achievement of greenhouse gas reduction targets and other goals. The Shoko Chukin Bank itself, as well as the SMEs and cooperatives that are its customers, need to promote initiatives with a firm vision of the future it should aim for as mentioned above.

On the other hand, in addition to the impact of Covid-19, the conflict in Ukraine and the sharp rise in resource and food prices triggered by the conflict have recently brought about a series of unforeseen challenges. For this reason, it has become more difficult than ever for individual companies and cooperatives to consider and realize measures to adapt to the future they should aim for in accordance with their own actual circumstances, and management resources for this purpose are not sufficient.

Therefore, in our new Medium-term Business Plan for the period from the current fiscal year to fiscal 2024, our basic approach is to understand our customers' management issues backcasted from the vision of Japanese society and economy in 2030, and to provide necessary management resources to our customers while creating the future together with them as a partner.

Three key strategies

Under the new Medium-term Business Plan, the Shoko Chukin Bank will leverage its strengths and characteristics, including nationwide deployment, shareholder composition, and business prospects evaluation, to become a unique and unparalleled financial institution that accurately understands the business and management environment of individual customers and accompanies them in their efforts from a long-term perspective. Specifically, based on the Shoko Chukin Bank Management Reform Plan that we have been working on until last fiscal year, we will focus on three main strategies: 1)



shift in services, 2) establishment of differentiated fields, and 3) corporate transformation.

(Please refer to page 20 for details.)

1) Shift in services

The shift in services is intended to work with customers to solve issues for the future by shifting services to information, human resources, and advanced finance, in which customers are likely to have insufficiencies when trying to solve their business issues in the future.

2) Establishment of differentiated fields

The management issues faced by our customers are not uniform, but vary depending on their stage of growth (life stage) as companies. Therefore, based on the financial support and core business support that we have cultivated over the years, we will establish three areas of support (start-up support, sustainable management support, and business revitalization support) for each stage of our customers' lives and intensively sophisticate them, with the aim of becoming a financial institution that our customers continue to choose for the long term.

Perspective of SPEED for a sustainable society

It may be difficult to understand what we mean by sustainable management support, so allow me to provide a bit of an explanation.

For example, with regard to climate change risk, efforts to review business activities from the perspective of reducing greenhouse gas emissions have begun to accelerate in order to realize a carbon neutral society. The Bank does business with many customers in automobile-related industries (manufacturing, transportation, etc.), which are expected to be greatly affected by this trend. In addition to climate change, various sustainability issues are emerging in society as a whole, such as inequality and human rights. We are working with our customers to resolve these issues through our support for sustainable management.

However, in addressing sustainability issues, it is expected that there will be cases where various time frames and values will intersect, and we ourselves, as a financial institution, will be required to take on significant challenges from time to time. Therefore, we have established our own SPEED perspective in the Sustainability Basic Guidelines formulated in March 2022. Based on the SPEED perspective, we will work toward the realization of a sustainable society by placing the highest priority on empathy with our stakeholders, including our customers, expanding our circle of activities, and creating empathy.

(Please refer to page 33 for details.)

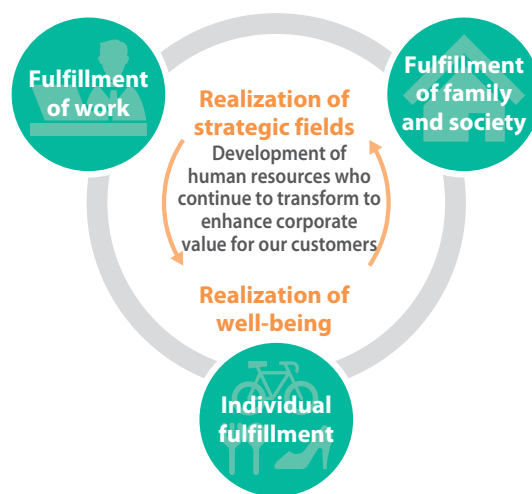
3) Corporate transformation

Corporate transformation is an initiative in which the Shoko Chukin Bank will continue to change itself in order to sustain the support it provides to its customers. The Shoko Chukin Bank will go beyond the boundaries of a conventional financial institution and engage in corporate transformation and operational reforms to foster many new challenges. Specifically, we will continue to work on establishing compliance awareness as the backbone of the company and strengthening the internal control system, as well as take on the challenge of transforming the Shoko Chukin Bank itself, including the establishment of a personnel system that enables employees to maximize their abilities, well-being, D&I, and DX.

In operational reforms, we will secure a stable procurement base by utilizing non-face-to-face channels such as the web and smartphone applications. In addition, we will steadily promote the effective replacement of existing systems and work to reduce store operating costs by centralizing store administration at the headquarters. Furthermore, we will

strengthen customer support by allocating the time saved by improving operational efficiency to communication with customers.

(Please refer to pages 29 and 32 for details.)



In Closing: Toward a Society That Is Resilient to Change



As I have mentioned, this fiscal year marks a major milestone for us as we begin a new Medium-term Business Plan under the new corporate philosophy.

First of all, each and every one of our employees must have a sincere desire to support our customers, feel a sense of fulfillment in doing so, and work with an upbeat and positive attitude.

In order to continue to support our customers' future in this era of rapid change, it is also necessary for our employees to continue to change on their own initiative, and we will work to develop self-directed human resources so that they can maximize their abilities. We will continue to reform our working style and further improve our systems and environment so that our employees can work with vigor and enthusiasm.

We will adapt to changes in the social economy together with our customers and grow together with them, while taking advantage of our unique position as a financial institution by SMEs for SMEs.

The Shoko Chukin Bank will continue to be your partner in taking on the challenges of realizing society that is resilient to change.

We thank you for your continuing support of the Shoko Chukin Bank.

Over the course of its long history, the Shoko Chukin Bank has been entrusted with valuable “capital” . We will continue to provide management resources that meet the needs of our customers from a long-term perspective, as a partner of our customers, through proper governance of “capital” . Through this process, we create not only economic value but also social value and the happiness of workers, and contribute to solving important social issues such as climate change. By creating value, we will enhance our “capital” and further expand our efforts to contribute to making Japan more resilient to change.

PURPOSE Supporting the future of companies. Making Japan more resilient to change.

Materiality (material issues for society)

Responding to global warming and climate change <small>Transition to renewable energy Energy saving for SMEs</small>	Improving productivity of SMEs	Revitalization of local economies	Creation of innovation
--	---------------------------------------	--	-------------------------------

Resolution of material issues

Value creation
The common value that Shoko Chukin Bank and our customers create together

Economic value	Social value
-----------------------	---------------------

Value created circulates as new capital

Value creation through business model development

We understand the customer's business and business environment, and continue to provide the resources needed by the customer from a long-term perspective.

MISSION We will continue to think together, create together, and change together, as a partner in creating security and prosperity.

Management foundation

Continuous enhancement of governance	Board of Directors with a majority of external directors to monitor operation	
	Financial capital <small>SMEs as shareholders Portfolio diversified nationwide</small>	Intellectual and human capital <small>Human resources who contribute to the enhancement of corporate values of customers</small>

Constantly changing business environment

Medium- to long-term changes, such as population decline and climate change, intersect with sudden changes, such as the spread of Covid-19 and the conflict in Ukraine.

Diversity and inclusion

Happiness of workers

Core business support

Financial support

Separation of supervision and execution

Social capital

Relationships with stakeholders cultivated through more than 80 years of effort



Thoughts Behind the Purpose

“We will support the future of companies. We will work together with our customers to solve critical social issues to make Japan more resilient to change”

▶▶ p.2 Message from the President



Efforts to resolve material issues

“We will work together with our customers to solve society’s problems, with empathy as our first priority”

▶▶ p.33 Efforts to Achieve a Sustainable Society



Value creation through business model development

“We will provide our customers with the management resources they need”

▶▶ p.18 New Medium-term Business Plan



Governance structure and capital to support the ideal business model

“We will maximize the use of capital entrusted to us by our stakeholders for the creation of shared value under appropriate governance”

■ Characteristics of the Shoko Chukin Bank’s governance

▶▶ p.36 Management Base Supporting Value Creation

■ Financial capital

▶▶ p.14 Financial Highlights

■ Intellectual and human capital

▶▶ p.44 Human Resources Strategy

■ Social capital

▶▶ p.16 Non-financial Highlights

Background of establishment and recent history — Established to support SMEs amidst the turmoil of the early Showa period. Shifted to Background of establishment

In the early Showa period, repeated depressions worsened the business of SMEs. Small and medium-sized banks were liquidated, and many SMEs were in crisis because they did not have sufficient funds to finance their operations. Against this backdrop, the Shoko Chukin Bank was established in 1936. Immediately after its establishment, the Shoko Chukin Bank offered long-term, unsecured loans, which were difficult for ordinary banks to provide. In response to the expectations of public opinion, the Shoko Chukin Bank demonstrated its financial function to save SMEs from their plight.

Since then, even in the face of various changes, we have been a financial institution that stands with, and for the benefit of our customers.



Characteristics of the Shoko Chukin Bank

The characteristics of the Shoko Chukin Bank have been shaped over the past 85 years since we began our history as a jointly owned financial institution.

We are a unique financial institution that takes advantage of these characteristics to create not only economic value, but also social value and the happiness of workers from a long-term perspective, working together with our customers.

We will continue to be a partner that responds to the needs of our customers and creates security and prosperity.

Customers Focusing on transactions with financial institutions that understand the business and management environment and can support customers over the long term

The Shoko Chukin Bank's characteristics match the needs of our customers



Unique and unparalleled financial institution

Characteristics 1 Nationwide expansion

Characteristics 2 Shareholder composition

Characteristics 3 Business prospects evaluation

Loan portfolio that is resilient to changes in the environment

- Diversified regions, industries, and loan sizes

Management structure not affected by the market

- Unlisted, limited shareholder qualifications

Contribution to the enhancement of corporate value through the resolution of customers' management issues

- Support for financial restructuring, management improvement, and investment for growth
- Cooperation with regional financial institutions
- Provision of solutions using nationwide and overseas networks
- Performance of safety net function

a joint-stock company and 14 years on

Recent history

October 2008	Transitioned from a jointly owned financial institution to a joint-stock corporation and started as The Shoko Chukin Bank, Ltd.
March 2011	The Great East Japan Earthquake occurred, and the Tohoku Pacific Earthquake Task Force was established *Renamed to the Great East Japan Earthquake Task Force on May 13, 2011
May 2015	Revision of the Shoko Chukin Bank Limited Act (The government will, for the time being, hold the shares as necessary to ensure adequate implementation of crisis response measures while maintaining the policy for complete privatization.)
April 2016	The 2016 Kumamoto Earthquake occurred, and the Kumamoto Earthquake Task Force was established
October 2016	Inappropriate procedures for lending in crisis response operations discovered
May 2018	Submission of the operation improvement plan related to business models, etc.
June 2018	Restructured organizations at Headquarters
October 2018	The Shoko Chukin Bank Management Reform Plan (previous Medium-term Business Plan) released
January 2020	Management Consultation Desk Concerning Covid-19 established *Name changed to Special Consultation Desk Concerning Covid-19 on March 19, 2020
May 2022	New Medium-term Business Plan announced

Complete privatization of the Shoko Chukin Bank

Overview of the Shoko Chukin Bank Limited Act

Objective of the Shoko Chukin Bank

Objective of the Shoko Chukin Bank, Ltd. is to conduct businesses necessary to facilitate smooth financing for SME cooperatives, other organizations that primarily consist of SMEs and their members, while ensuring the Bank's autonomy in management toward its goal of complete privatization.

Policies on government-owned shares

- It has been stipulated that the government shall dispose all of its shares in the Shoko Chukin Bank at an earliest possible date, accelerating the announced specific disposal schedule, with due consideration to the impact of such disposal on the Shoko Chukin Bank's achievement of the objectives, along with market trends.
- On the other hand, when the government disposes of all shares held by the government, the government shall immediately take measures to repeal this act, and shall also take measures to limit shareholder qualifications and other necessary measures to ensure that the financial functions of the Shoko Chukin Bank, Ltd. for SME cooperatives and other organizations whose members are SMEs, and their members, are maintained.
- It has also been stipulated that the government will, for the time being, hold the necessary shares in the Shoko Chukin Bank for adequately carrying out the crisis response measures in consideration of the factors including the status of commercial banks responsible for implementing crisis response measures, contribution to the crisis response reserve, implementation status of the crisis response measures by the Shoko Chukin Bank, financial base of the Shoko Chukin Bank, funding surplus of SMEs and changes in the socio-economic environment.

Business

Alongside becoming a joint stock company in 2008, the Bank enhanced its full banking services, which include loans, deposits, currency exchange and guarantees. In addition, under the revised act enacted in May 2015, the measures to adequately implement the crisis response measures have been adopted.

Measures to maintain the core of the Shoko Chukin Bank's SME financing functions

- Borrowers are primarily limited to SME member companies (cooperatives and their members).
- The Bank will continue to issue bank debentures.
- SME cooperatives will continue to conduct business as a proxy for the Shoko Chukin Bank.

Measures to adequately implement the crisis response measures

- The Shoko Chukin Bank, for the time being, carries responsibility for implementing crisis response measures, to fulfill its objectives.
- In the period to come, the government shall review as appropriate the strategic position of the crisis response measures, along with its involvement in the Shoko Chukin Bank, and take measures as necessary.

Ensuring an appropriate competitive relationship

- The Shoko Chukin Bank is especially required, for the time being, not to disturb its appropriate competitive relationship with other operators.

Achievements of the Shoko Chukin Bank Management Reform Plan

In accordance with the Medium-term Business Plan, the Shoko Chukin Bank Management Reform Plan, announced in October 2018, we have contributed to the improvement of corporate value of our customers by developing a comprehensive financial services business to support management that meets the expectations of SMEs and SME cooperatives and effectively provides optimal solutions that meet their genuine needs and challenges. Furthermore, by securing appropriate earnings through high value-added operations including priority areas, the Bank has also worked to enhance its corporate value by realizing a self-sustaining and sustainable business model through the pursuit of relentless streamlining of management.

In addition, we were also able to firmly engage in crisis response operations related to Covid-19, which was not originally planned, and as a result, we were able to achieve the initially formulated targets for all management indicators.

Basic views of the Management Reform Plan

Development of a Comprehensive Financial Services Business to Support Management

Basic views

Improve corporate value

By strongly supporting SMEs and SME cooperatives and building and deepening relationships of trust from a long-term perspective, without being influenced by economic fluctuations, we will effectively provide optimal solutions in accordance with true needs and challenges, and contribute to improvements in corporate value.

Sustainability

By securing the topline (net interest income, and fees and commissions) through operations with high added value, and pursuing the relentless streamlining of management, we will work to achieve an independent and sustainable business model and improve the corporate value of the Shoko Chukin Bank.

Structural reforms

In light of the increasingly challenging management environment facing the financial industry, officers and employees will share a sense of crisis, as they implement structural reforms in preparation for the future.

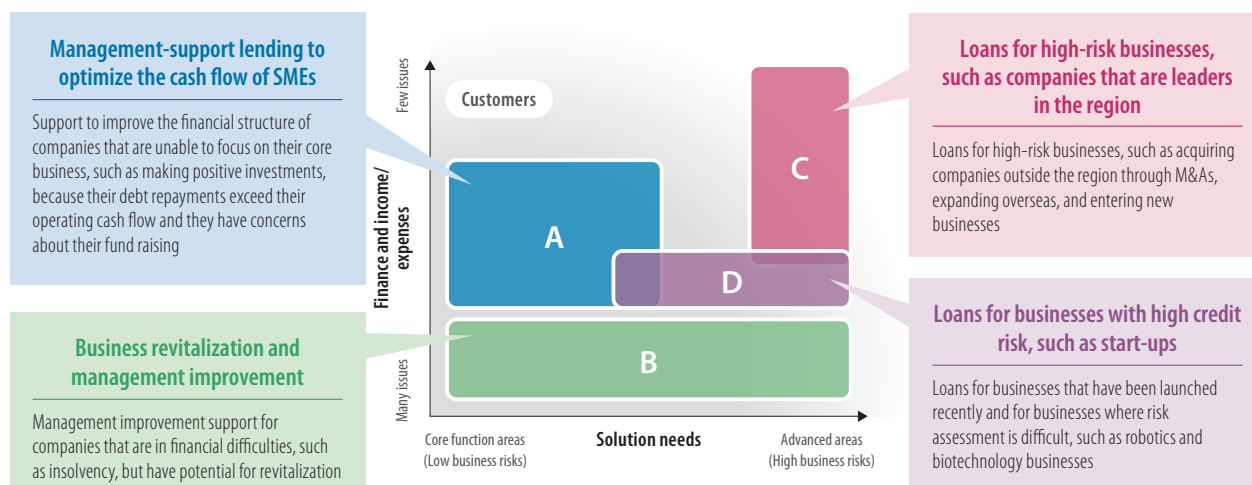
Resolution of social issues

We will contribute to the development of Japan through measures in response to regional and social issues, including SDGs.

Description of priority areas

Customer support – Priority area

Areas of focus are defined in Zones A through D. We focused on the provision of solutions according to the needs and challenges of our customers, while taking advantage of the characteristics of the Shoko Chukin Bank.



Self-assessment of initiatives in priority areas

- We instilled initiatives based on business prospects evaluation in the organization. Most recently, we focused on supporting customers who are dealing with business changes due to the impact of Covid-19.
 - In Zone A, we provided in-depth support to customers with cash-flow problems or changes in business flows.
 - In Zone B, we proactively provided support from a medium- to long-term perspective to customers, including those with emerging financial and income/expenses balance issues, to help them reduce excessive debt by improving their balance of income and expenses and increasing their operating cash flow.
 - In Zone C and Zone D, many customers were forced to change their business and procurement plans due to the impact of Covid-19, and we provided support to meet the new needs to respond to these changes.

Evaluation from customers

- **Evaluation from customers** [Results based on customer questionnaires (sent out every fiscal year to approximately 20,000 companies, with a response rate of slightly less than 35%)]

The NPS (net promoter score), which measures customers' overall satisfaction, trust, and loyalty, is on an upward trend.

	Overall satisfaction	Level of trust	NPS
FY2021	84.2	93.4	(6.4)
FY2020	83.1	93.5	(7.7)
FY2019	80.8	90.9	(16.4)
FY2018	79.2	89.1	(21.7)

(Note) Overall satisfaction is the percentage of respondents who answered "5: Satisfied" or "4: Somewhat satisfied" on a 5-point scale (%).

(Note) Level of trust is the percentage of respondents who answered "5: Trust" or "4: Somewhat trust" on a 5-point scale (%).

(Note) NPS: The net promoter score, measured by promoters and detractors.

On an 11-point scale from 0 to 10, the percentage of promoters (9, 10) minus the percentage of detractors (0-6) (%).

NPS® is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc..

Description of results

■ Outstanding loans in priority areas

(Billions of yen)

	FY2021 results	FY2021 initial target	Difference
Total	9,638.6	8,820.0	+818.6
Priority area	2,531.3	3,110.0	(578.7)
Zone A	1,176.5	1,600.0	(423.5)
Zone B	1,171.7	960.0	+211.7
Zone C	380.2	350.0	+30.2
Zone D	70.4	200.0	(129.6)
Other areas	7,107.3	5,710.0	+1,397.3
Crisis responses	2,489.0	—	—

■ Management Indicators

(Billions of yen)

	FY2021 results	FY2021 initial target	Difference
Gross operating profit	118.9	Approx. 115.0	+3.9
Operating profit	52.8	Approx. 46.0	+6.8
Income before income taxes and other	30.2	Approx. 25.0	+5.2
Net income	18.3	Approx. 17.5	+0.8
OHR	55%	Approx. 60%	+5%

Note: The loan balance includes private placement bonds. Due to some overlaps in the priority areas, there are differences between the sums of the loan balances of Zones A to D and the figures for the Priority Area.

Starting from the business prospects evaluation, we will contribute to the security and safety of our customers as a partner of our customers

Priority areas (Zone A) x enabler business

FSX, Inc. (Tokyo)

Supporting financial structure reforms in collaboration with regional financial institutions

FSX, Inc. is a distributor of hand towels, rental towels, and other daily necessities. FSX offers antiviral and antibacterial hand towels using VB, a patented technology developed together with a joint venture from Tokyo Institute of Technology and Keio University that inhibits viruses and bacteria by at least 99.99%. In February 2020, VB hand towels were provided to the cruise ship Diamond Princess to help ensure the safety and security of essential workers and other personnel confronting Covid-19.

The Shoko Chukin Bank compiled an in-depth business prospects evaluation through on-site visits and interviews with management into a value improvement report, sharing the company's strengths and financial challenges. The Shoko Chukin Bank supported the development of a new business plan to resolve the business succession issues left over from previous years, while providing support in cooperation with other financial institutions.

Specifically, we arranged a syndicated loan totaling ¥1.05 billion. The syndicated loan was arranged by the Shoko Chukin Bank, with participation from the Seibu Shinkin Bank, the Tama Shinkin Bank, Higashi-Nippon Bank, and Kiraboshi Bank, and its structuring was made possible through collaboration with these regional financial institutions. In addition, a separate equity subordinated loan of ¥200 million was also provided to support the elimination of the mismatch between operating and financial cash flows, the increase in capital, and the further strengthening of the financial base.



[Thoughts from a member of the Shoko Chukin Bank]

Kentaro Masuda, Hachioji Office (at the time of interview)

President Fujinami is optimistic about the future of the business and has a strong will and energy. We have done our best to support the president, who is positively committed to the development of anti-viral products with a view to the maturation of the rental hand towel market.

What is the enabler business?

The enabler business supports initiatives with high ripple effects throughout the region that lead to economic revitalization, regional development, and improvement of industrial competitiveness through the perspectives of three enablers, taking advantage of the characteristics of the Shoko Chukin Bank.

Perspective of an enabler

Stance

- Breaking through financial practices
- Perspective of the entire region and industry
- Fundamental problem solving

Know-how and technology

- Establishing advanced support schemes
- Total planning
- Nationwide network

Risk-taking

- Credit and credit methods that defy precedents
- Operating beyond traditional industry standards
- A wide range of support for groups excluded from finance

BCP support

KUSATSU ELECTRIC CO., LTD. and the Shiga Denka Kogyo Kyodo Kumiai (Shiga Prefecture Electric Industry Cooperative)

Support to prepare for large-scale disasters such as earthquakes

KUSATSU ELECTRIC CO., LTD. is a manufacturer of small motors and pumps for industrial equipment and air conditioners. KUSATSU ELECTRIC has multiple business locations in Japan and overseas, develops its own manufacturing equipment, and conducts integrated production from equipment to finished products. The Shiga Prefecture Electric Industry Cooperative, for which the KUSATSU ELECTRIC's President serves as chairman, was supporting the formulation of a business continuity plan (BCP) to build a system that would enable its members to continue their business in the event of disasters that were occurring one after another across Japan. Furthermore, in order for the cooperative members to cooperate with each other and maintain the supply chain in the event of an emergency, the cooperative formulated a Collaborative Business Continuity Enhancement Plan and obtained certification in March 2021.

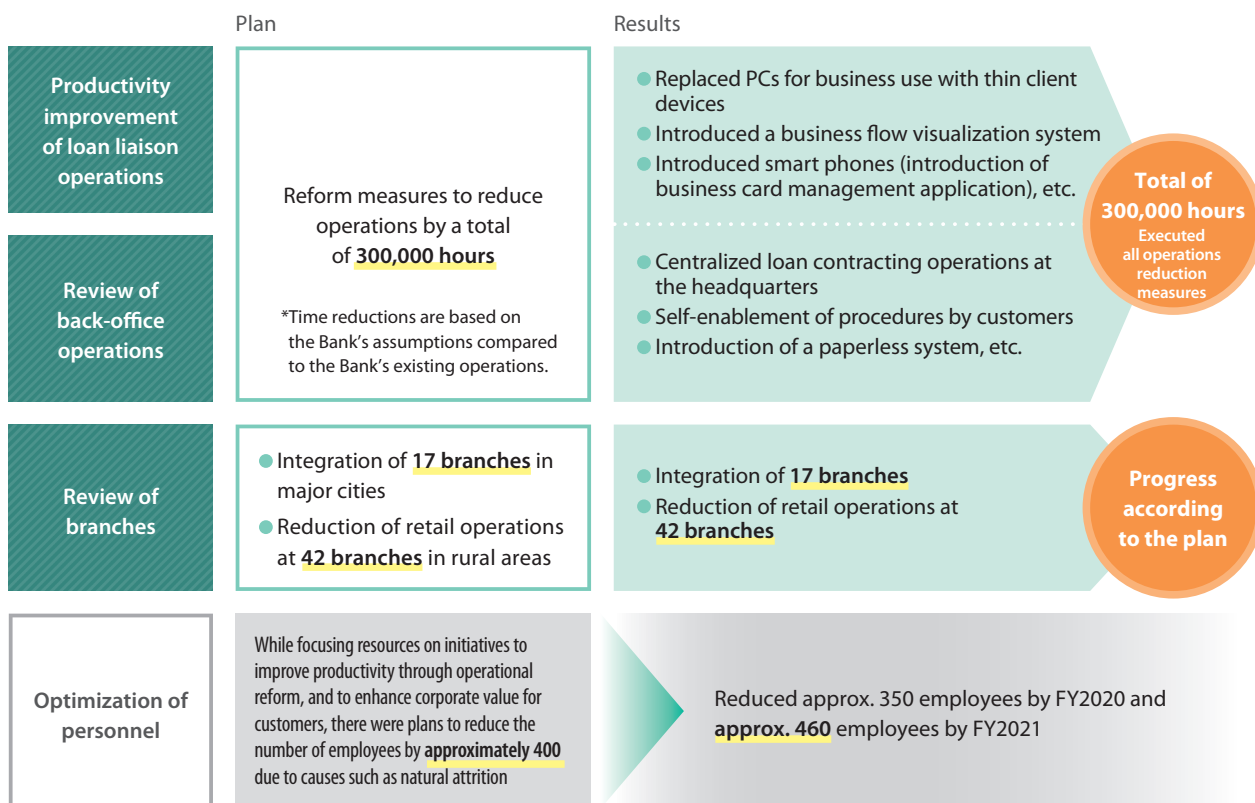
The Shoko Chukin Bank, in cooperation with the Organization for Small and Medium Enterprises and Regional Innovation, JAPAN (SME Support, JAPAN) and the Shiga Prefecture Federation of Small Business Associations, supported organizing the BCP seminars and other events that the cooperative was promoting, and provided information and other support tailored to the needs of each cooperative member. Having confirmed that the company, which has multiple locations, would be required by its customers to provide a stable supply even in the event of a disaster, the company established a disaster-response commitment line* that allows free access to funds in preparation for disasters in Shiga Prefecture and at its other locations. Through this, we have secured a smooth means of financing to enhance business continuity and increase the trust of our stakeholders.

*The agreement excludes disasters above a certain size from reasons for financial institutions' inability to provide loans, enabling prompt financing based on predetermined conditions within the commitment line, including in the event of an earthquake or other extraordinary event.



Operational reform initiatives

In order to reallocate resources to priority areas and optimize costs while maintaining our nationwide network, we have improved and upgraded the productivity of sales contact point operations (loan liaison department), streamlined back-office operations, and reviewed branch functions including full banking functions.



INTERVIEW

Execution of operational reforms and building momentum

The Project Team for Promotion of Branch and Operational Reform was one of the dedicated teams established to take on key management streamlining measures in the Shoko Chukin Bank Management Reform Plan. Through the introduction of various information systems and the review of operations, we worked to maintain a nationwide network by improving operational efficiency through the use of paperless system and the implementation of remote work, thereby improving convenience for our customers and reforming the work styles of our employees.

To implement operational reform, although it is necessary to accept a different way of doing things, everyone feels some anxiety about changing familiar ways of doing things. For this reason, for example, in our paperless initiatives, we took care to create momentum for reform by conducting a company-wide document sorting campaign every Friday evening.

We will continue to make steady progress in the spirit of our motto, "slow and steady wins the race", including the expansion of the Operations & Customer Services Center system, which is responsible for office consolidation.

Naoko Mizui, Project Team for Promotion of Branch and Operational Reform



Financial Highlights

We will aim to secure profits that fully cover credit costs and other expenses by securing appropriate returns and sustainable growth, and continuously maintain and improve asset and capital efficiency. We will strive to provide stable dividends and enhanced returns to shareholders, while considering the balance between profitability and soundness as well as strategic investments necessary for the future.

Financial Highlights on a non-consolidated basis (hereinafter the same)

		Results for the fiscal year ended March 31, 2022
Profitability	Operating profit	¥52.8 billion
	Net income	¥18.3 billion
	ROA	0.14%
	ROE	1.87%
Soundness	Total capital ratio	12.76%
Efficiency	OHR	55.5%

(Billions of yen)

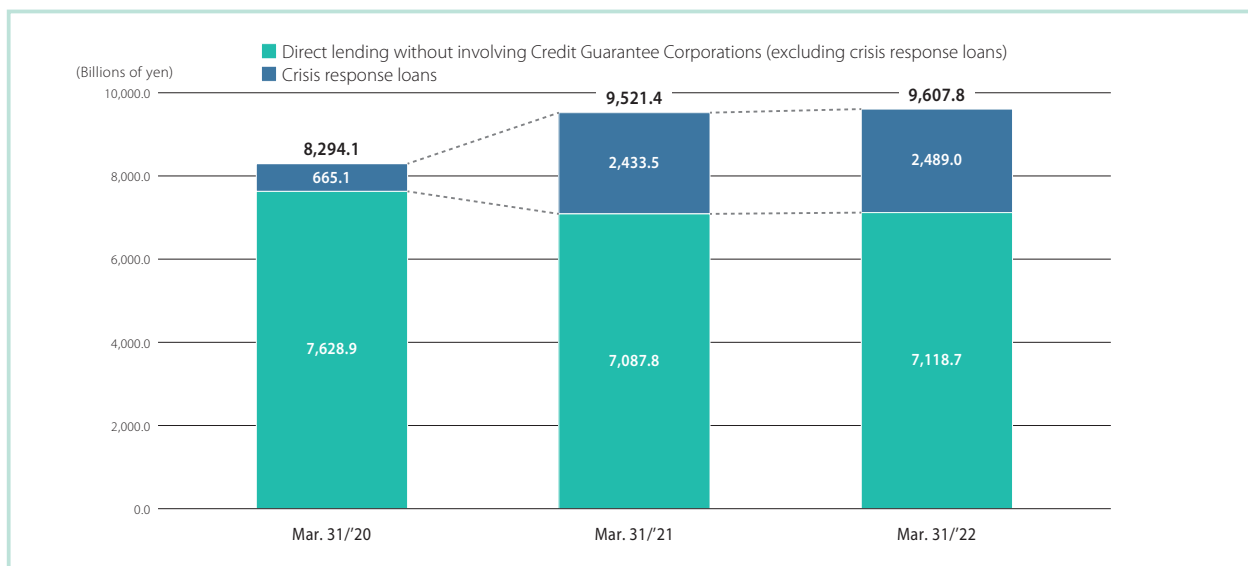
	Mar. 31/20	Mar. 31/21	Mar. 31/22	Year-on-year change
Gross operating profit	100.7	105.4	118.9	13.5
Net interest income	88.6	97.9	103.6	5.7
Fees and commissions	8.2	6.5	7.4	0.9
Trading revenue	3.8	2.2	6.1	3.9
Other operating income	0.0	(1.1)	1.7	2.9
Core gross operating profit	101.6	107.3	118.5	11.1
General and administrative expenses (excluding nonrecurring items)	72.5	72.5	66.1	(6.4)
Net operating profit	28.2	32.9	52.8	19.9
Core operating profit (before deduction of provision for the general reserve for possible loan losses)	29.0	34.7	52.3	17.6
Provision for (reversal of) the general reserve for possible loan losses (a)	4.4	10.5	0.3	(10.1)
Nonrecurring loss (including nonrecurring expenses)	(3.1)	(14.7)	(22.3)	(7.5)
Disposal amount of problem loans (b)	2.7	9.0	20.4	11.4
Income (loss) before income taxes and others	20.5	7.6	30.2	22.5
Other gains and losses	(4.5)	2.9	0.6	(2.3)
Provision for income taxes	2.2	2.4	8.0	5.6
Adjustment for income taxes	0.0	(0.5)	4.4	4.9
Net income (loss)	13.7	8.7	18.3	9.5
Credit-related expense (reversal of the general reserve for possible loan loss) (a)+(b)	7.1	19.5	20.7	1.2
ROA (on a net income basis)	0.12%	0.07%	0.14%	0.07%
ROE (on a net income basis)	1.42%	0.91%	1.87%	0.96%
Total capital ratio	12.39%	12.68%	12.76%	0.08%
Tier 1 (common stock, etc.) ratio	11.69%	11.74%	11.71%	(0.03)%
Ratio of problem loans	3.1%	2.7%	2.5%	(0.2)%

Points to be noted for the fiscal year ended March 31, 2022

<p>Gross operating profit</p> <p>Up ¥13.5 billion year on year</p> <ul style="list-style-type: none"> Net interest income increased by ¥5.7 billion year-on-year, mainly due to the continued increase in the average balance of loans outstanding. In addition, fees and commissions and trading revenue increased due to an increase in syndicated loans and derivative contracts through efforts to support the core business. Total transactions amounted to ¥118.9 billion, up ¥13.5 billion year on year.
<p>General and administrative expenses (excluding nonrecurring items)</p> <p>Down ¥6.4 billion year on year</p> <ul style="list-style-type: none"> General and administrative expenses (excluding nonrecurring items) decreased by ¥6.4 billion year on year to ¥66.1 billion due to factors including lower personnel expenses and lower non-personnel expenses resulting from the integration of branches, etc. <p>Personnel expenses: down ¥2.9 billion year on year</p> <p>Non-personnel expenses: down ¥3.2 billion year on year</p>
<p>Credit-related expenses</p> <p>¥20.7 billion recorded</p> <ul style="list-style-type: none"> While bankruptcies continued to remain at a low level, the Bank recorded precautionary provisions to provide for the lingering impact of Covid-19, resulting in an increase of ¥1.2 billion year on year.

- Core gross operating profit is calculated by deducting net gains (losses) related to bonds, including Japanese government bonds, from gross operating profit.
- Net operating profit is calculated by deducting general and administrative expenses (excluding nonrecurring items) from gross operating profit.
- Core operating profit (before deduction of provision for the general reserve for possible loan losses) is calculated by deducting net gains (losses) related to bonds, including Japanese government bonds, from net operating profit. No net gains (losses) on cancellation of investment trusts, normally included in core operating profit, were recorded in the fiscal year ended March 31, 2020. We recorded net losses of ¥0.0 billion and none on cancellation of investment trusts in the fiscal years ended March 31, 2021 and 2022, respectively.
- ROE: Net assets are the average of the opening balance and the ending balance.
- Ratio of problem loans: Ratio of problem loans other than loss classification loans against total loans.

Balance of loans outstanding and crisis-response loans



Crisis Response Measures

A program for crisis response was developed after October 1, 2008, in order to deal with times of crisis, such as disasters and economic or financial turmoil. The Shoko Chukin Bank is a designated financial institution* to implement financing for SMEs and middle-market enterprises in response to crisis. In response, the Shoko Chukin Bank launched crisis response operations in March 2020 against Covid-19, which is having a significant impact on global economic trends. As of the end of March 2022, the total number of crisis response loans totaled 258,294, amounted to ¥15,003.2 billion, since the establishment of the program, and the number of loans related to Covid-19 totaled 37,686, amounted to ¥2,643.0 billion.

In order to ensure conformity with the requirements of the program, all loan cases are subject to consultation at the head office, and efforts are being made to ensure the proper operation of the program and the fulfillment of the safety net function for SMEs.

*Designated financial institution: From private financial institutions that apply, the minister in charge designates those that meet certain criteria (the Shoko Chukin Bank and Development Bank of Japan) to implement loans and other crisis response measures when the minister in charge has declared a crisis, and to receive risk supplements and other support from the Japan Finance Corporation.

Bank's Self-Assessment

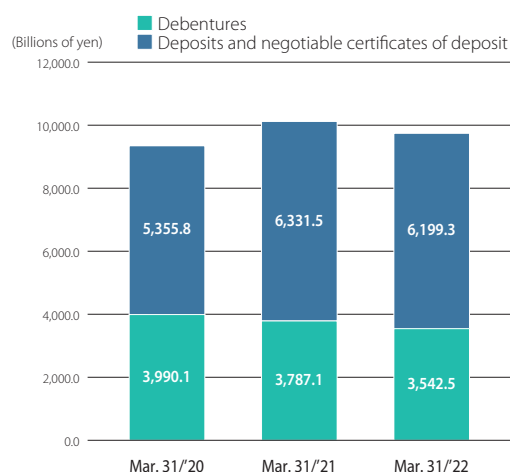
Breakdown of loan balance by borrower category, under the Bank's self-assessment

(Billions of yen)

	Mar. 31/21		Mar. 31/22	
	Amount	%	Amount	%
Legally Bankrupt	53.0	0.6%	49.6	0.5%
Virtually Bankrupt	68.2	0.7%	60.1	0.6%
Risk of Bankruptcy	181.1	1.9%	165.2	1.7%
Need Special Attention	4,242.0	43.8%	4,098.6	42.0%
Borrowers receiving special management	33.0	0.3%	45.3	0.5%
Other need for special attention	4,208.9	43.5%	4,053.2	41.5%
Normal	5,130.7	53.0%	5,387.0	55.2%
Total	9,675.1	100.0%	9,760.6	100.0%

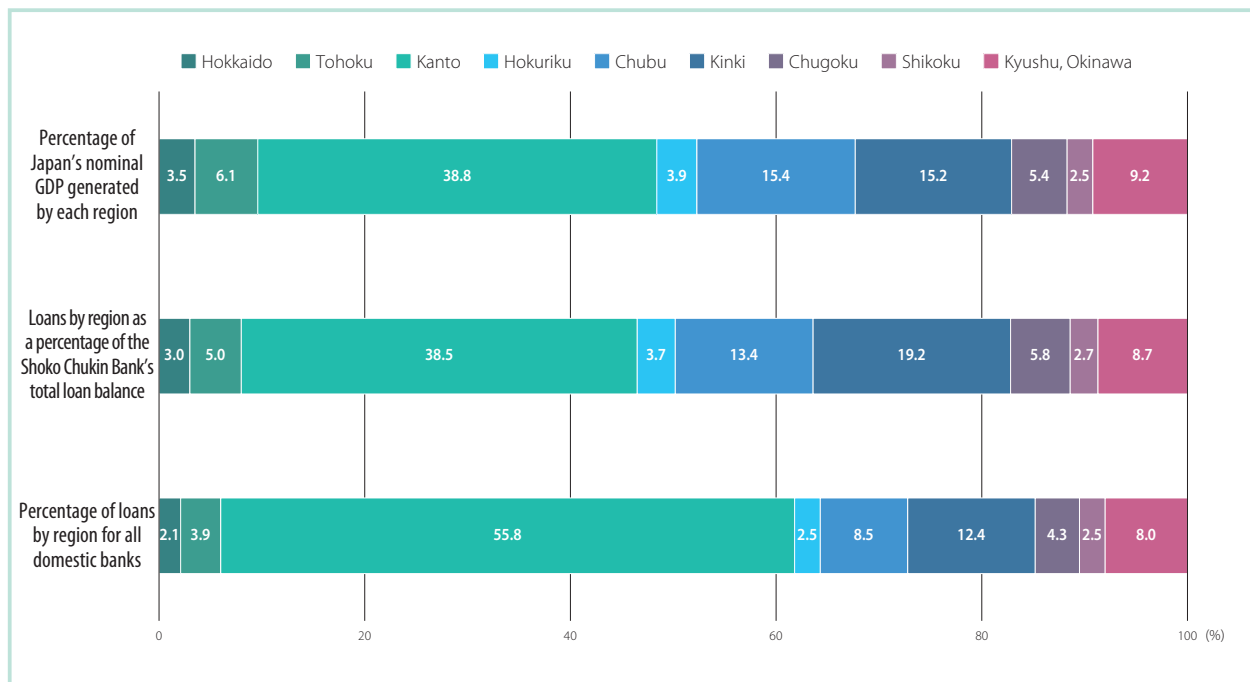
(Note) The breakdown of loan balance by borrower category under the Bank's self-assessment is disclosed according to the same disclosure standards that are applicable to loans disclosed under the Financial Reconstruction Act. Loans disclosed under the Financial Reconstruction Act include loans and assets equivalent to loans, such as private placement bonds guaranteed by the Shoko Chukin Bank, foreign exchange, acceptances and guarantees, uncollected interest, and suspense payments.

Status of Fund-raising



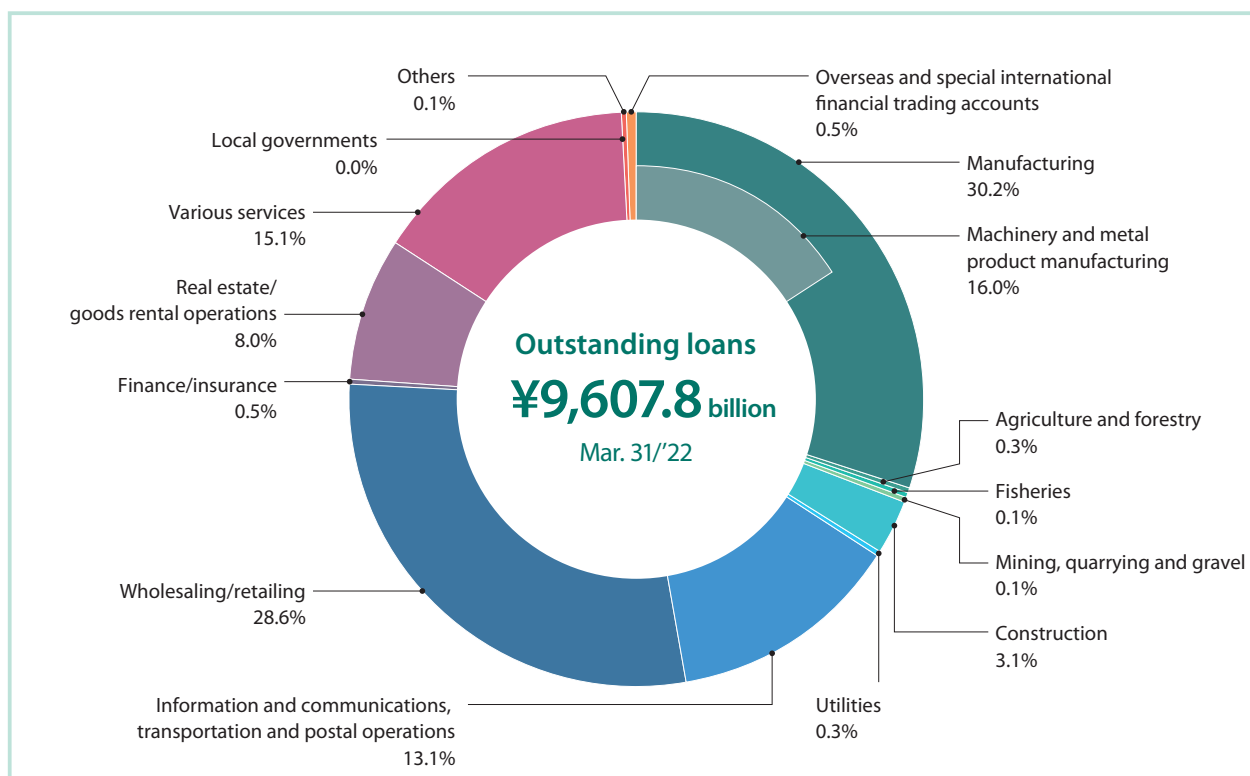
Non-financial Highlights

Comparison of Japan's nominal GDP generated by each region and the breakdown of the Shoko Chukin Bank's loan balance by region



Note: Figures for nominal GDP by region are for Fiscal 2018. Figures for loans by the Shoko Chukin Bank and loans by all domestic banks are as of March 31, 2022.
Sources: Annual Report on Prefectural Economies, Cabinet Office; Deposits, Vault Cash, and Loans and Bills Discounted by Prefecture (Domestically Licensed Banks), Bank of Japan.

Breakdown of loan balance by sector



Customers

The Shoko Chukin Bank is supported by a large number of customers throughout Japan, who are well-diversified in terms of regions and industries.

Overall satisfaction rating from customers*

84.2%

Number of shareholders**

23,351

Number of loan customers**

75,715 companies

Breakdown by transaction history

30 years or longer 17% 10 - 30 years 38% Less than 10 years 45%

* 30 years or longer (since 1992 or before), 10-30 years (1993-2012), Less than 10 years (2013-)

Human Capital

In order to move from an organization with a uniform mindset to an innovative organization with diverse values, we will expand opportunities for female employees to play an active role, and create an environment conducive to balancing work and home/family life. We will also produce human resources who will continue to make changes to enhance the corporate value of our customers.

Female manager ratio*

7.3%

Number of male employees who took childcare leave*

67

Percentage of male employees who took childcare leave*

76.1%

Number of employees having obtained external qualifications for business prospects evaluation**

1,392

Number of employees having obtained external qualifications for business successions**

1,364

Governance

We will have a board of directors to monitor operation with the separation of oversight and execution with a majority of external directors to continuously improve the level of governance and effectively utilize capital for the creation of value.

Ratio of external directors

55% (5 out of 9)

Regional Financial Institutions

Together with regional financial institutions, we will contribute to regional revitalization by enhancing corporate value of our customers.

Institutions with which we have concluded business cooperation agreements**

445 institutions

Environment

We will contribute to the realization of a sustainable society by implementing our own initiatives as well.

Paperless initiatives
Average number of sheets of paper printed per person per month in the second half of FY2021
(compared to the second half of FY2018)

389 sheets (down by 75%)

CO₂ emissions in FY2020
(compared to FY2013)

10,939 t-CO₂e (down by 28%)

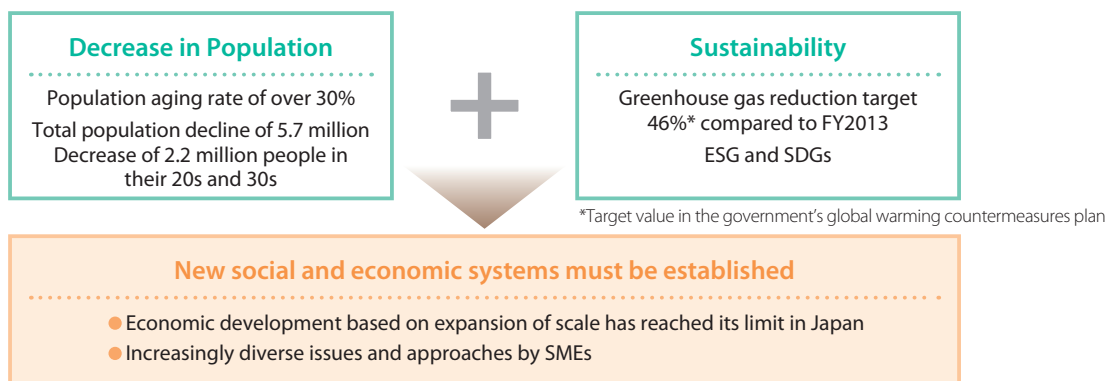
*FY2021 / **As of March 31, 2022

Recognition of issues assumed in the new Medium-term Business Plan

In Japan, economic development based on expansion of scale has reached its limits, and the challenge is to shift to a sustainable system based on a declining population and reduced environmental impact. In the SME sector as well, there is a need to address issues such as DX, automation of operations, decarbonization and other environmental measures, effective utilization of intellectual and human capital, capturing external demand, and industry restructuring, in order to link them to sustainable growth. The Shoko Chukin Bank recognizes the challenges facing society and SMEs, looking to changes in the environment in 2030, and is committed to providing systematic and ongoing support.

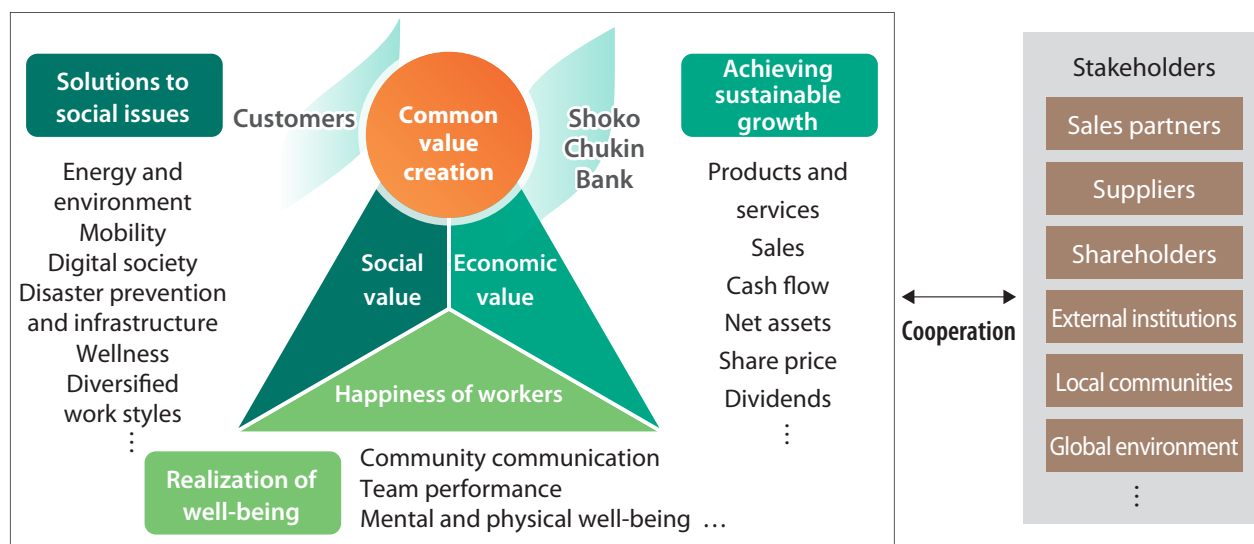
Society and SMEs in 2030

SMEs, the customers of the Shoko Chukin Bank, are under pressure to address issues such as labor shortages and the aging of management personnel, as well as to respond to global environmental concerns and establish a crisis management system to deal with natural disasters. In the future, SMEs will be required to expand sales channels with a global perspective, improve productivity, and shift to decarbonized management.



Background concepts

In the midst of the drastically changing social situation described above, the Shoko Chukin Bank has realized the need to clarify why and for what purpose it exists in society. As a partner to its customers, the Shoko Chukin Bank will go beyond conventional financial services to take on the challenges of ever-changing social issues and pursue management that will enable sustainable growth together.

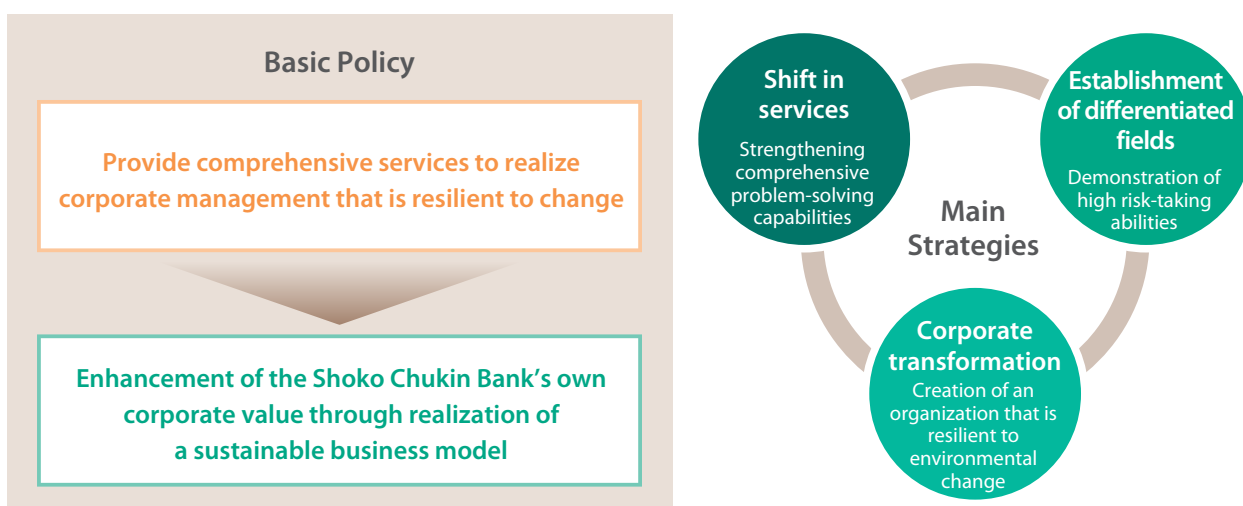


Basic policy of the new Medium-term Business Plan

We have formulated a Medium-term Business Plan for the three-year period from fiscal 2022 to 2024, with the aim of realizing our Purpose “Supporting the future of companies. Making Japan more resilient to change.” Based on the medium- to long-term business challenges to be faced by SMEs, we will provide more in-depth corporate support by reinforcing the business model developed through the Shoko Chukin Bank Management Reform Plan. Specifically, we will provide a variety of management resources to customers who are working to resolve issues, thereby strengthen their comprehensive problem-solving capabilities, and together we will realize corporate management that is resilient to change.

Basic Policy

Under the new Medium-term Business Plan, the Shoko Chukin Bank aims to enhance its corporate value by providing customers with comprehensive services to realize corporate management that is resilient to change. To achieve this, we have set “shift in services”, “establishment of differentiated fields”, and “corporate transformation” as our main strategies.



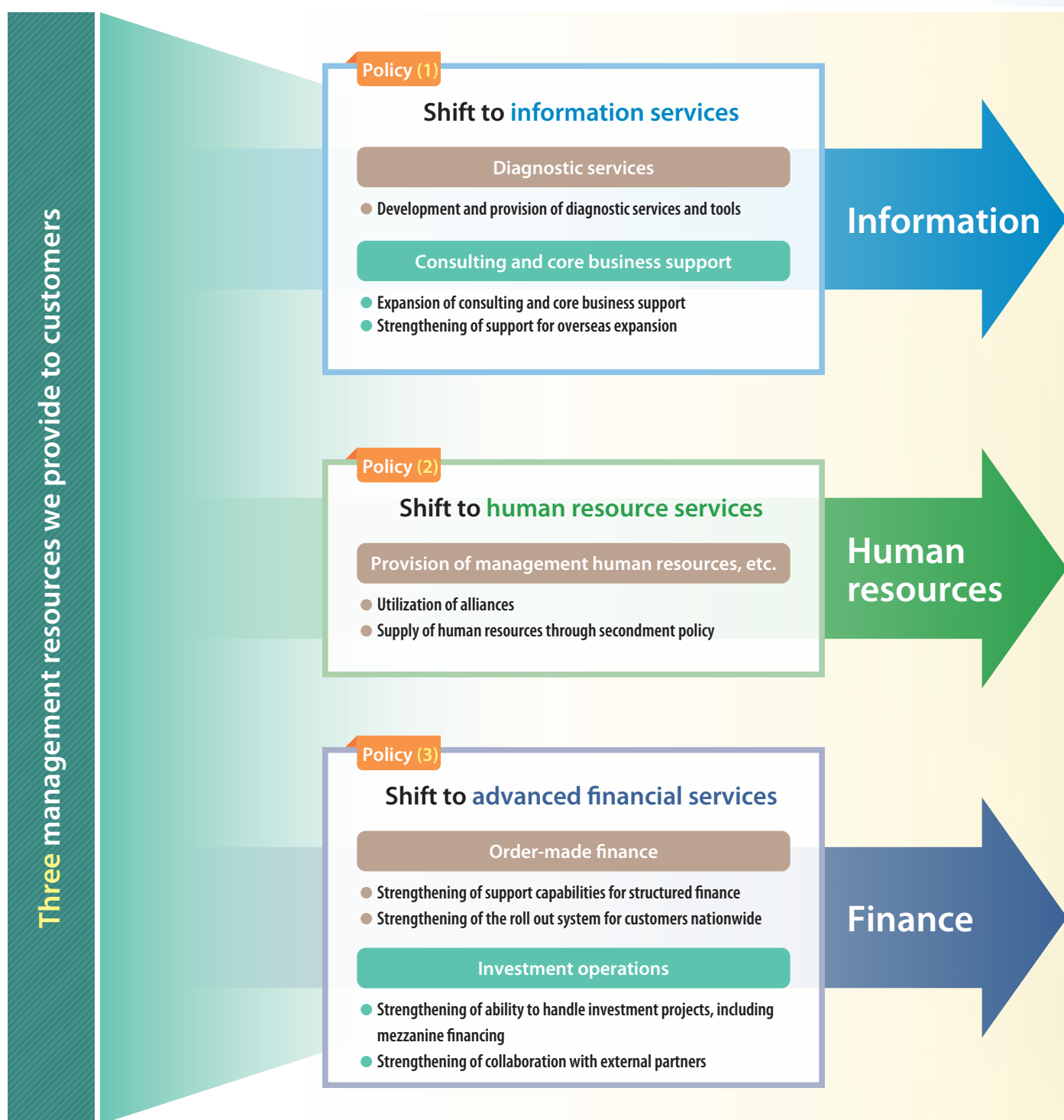
Target Management Indicators (non-consolidated)

		FY2024
Profitability	Operating profit	Approx. ¥50.0 billion
	Net income	Approx. ¥25.0 billion
	ROA	Approx. 0.2%
	ROE	High 2% range
Soundness	Total capital ratio	12% or more
Efficiency	OHR	Approx. 60%

Main strategy (1) Shift in services

The Shoko Chukin Bank will work together with its customers to achieve hope beyond change, take on the challenge of resolving issues together with customers as a partner, and support the future of our customers. While continuing to be committed to the financial and core business support that we have cultivated over the years more deeply than ever, we will shift to information services, human resource services, and advanced financial services to meet the changing business challenges and needs of our customers.

We will continue to think together, create together, and change together. We will link the growth of our customers to the growth of the Shoko Chukin Bank.



Providing SMEs with management resources that they lack



Sales channels expansion and productivity improvement

Responding to changes in industrial structure

Business succession to the next generation

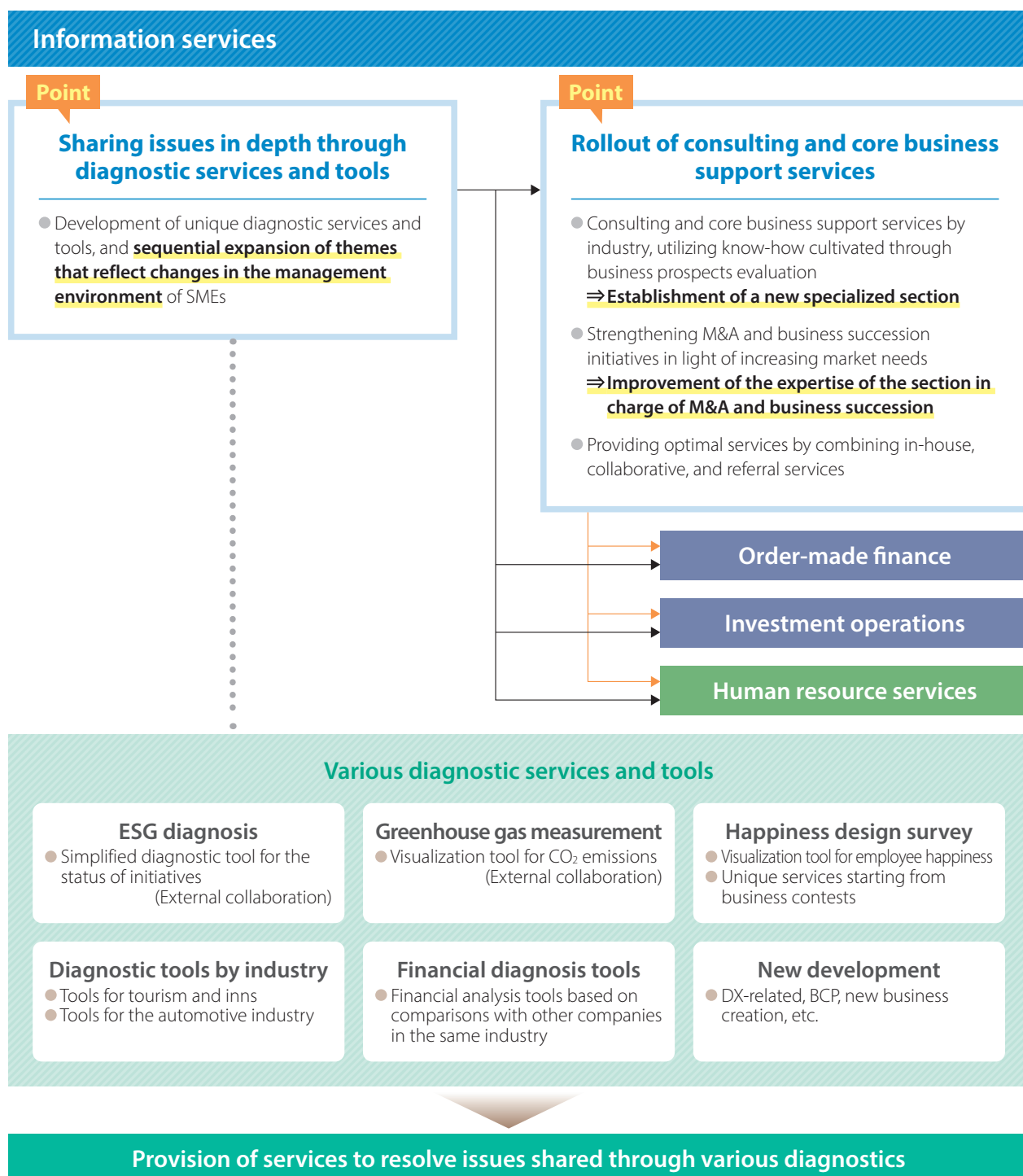
Upgrading human resource strategy

Promotion of digital transformation

Policy (1) Shift to information services

Providing visualization of management issues and support for problem-solving implementation as a service

Recently, the management issues of SMEs have become increasingly complex and diverse, including labor shortages, reduction of environmental impact, business succession, industry restructuring, and response to the post-coronavirus world. The Shoko Chukin Bank will share management issues with customers, develop diagnostic services and tools that will serve as a starting point for providing a variety of services, and begin to offer them in order. The Shoko Chukin Bank will also establish a specialized section to provide consulting and core business support services to resolve issues and establish a service provision system.



Policy (2) Shift to human resource services

Contributing to securing human resources who can help solve management issues through understanding of the business

In addition to the shortage of management personnel due to the aging of the workforce, SMEs in various industries are facing the challenge of securing highly specialized executive personnel who can strengthen governance, review business strategies, and reform operations. In order to meet these needs, the Shoko Chukin Bank is committed to providing human resource services as a solution based on management issues shared with customers, utilizing the relationships and business prospects evaluation know-how we have cultivated over the years.

Human resource services

Point

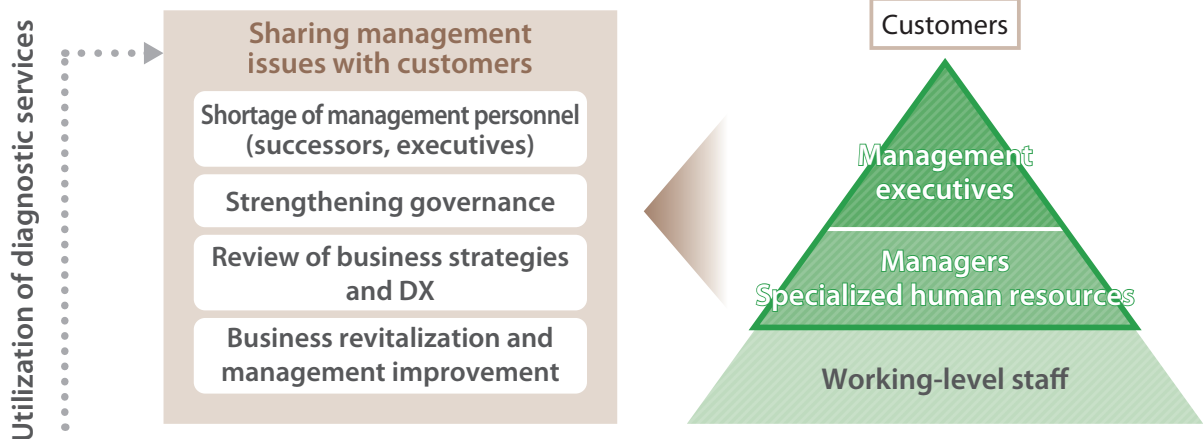
Sharing of management issues and utilization of alliances

- One-stop proposals by combining in-depth dialogue through the use of diagnostic services, tools, with the human resource introduction function
 ⇒ **Strengthening alliances with companies that have human resource introduction functions**
- Contributing to solving issues of regional SMEs that have difficulty in securing managerial and specialized human resources by leveraging the strength of our nationwide network
 ⇒ **Promotion of matching of human resources in the Tokyo metropolitan area with local SMEs**

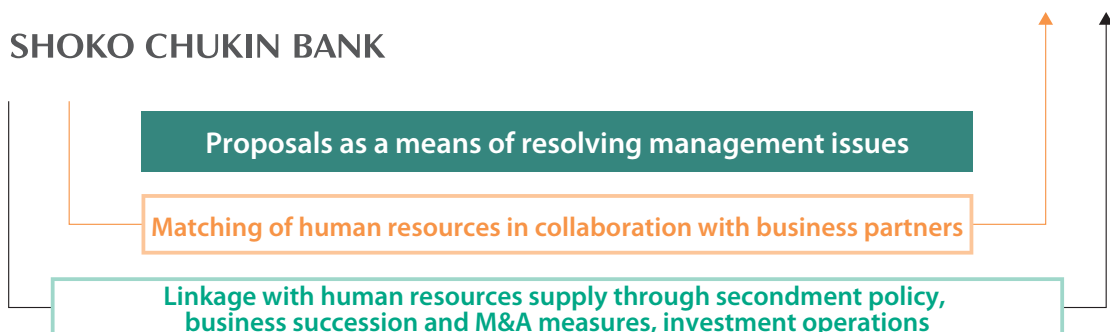
Point

Human resources supply through secondment policy

- **Providing management personnel through the secondment policy** to address business revitalization of major obligors and governance enhancement for clients with whom we have acquired equity
- **Establishing training programs for seconded staff for promoting secondment** of young and mid-career staff to outside companies aiming at enhancing their expertise in various fields, and for supplying personnel to serve as executives of client companies



SHOKO CHUKIN BANK



Policy (3) Shift to advanced financial services

Proposing optimal financing to SMEs nationwide in line with their management strategies

We will strengthen our initiatives to provide advanced financial services, such as structured finance that meets the increasingly complex and sophisticated business challenges of SMEs and achieves large-scale financing and appropriate risk control. Although these services are generally provided by mega banks, foreign financial institutions, and some large regional banks that deal with large corporations, the Shoko Chukin Bank will leverage its strengths, such as its nationwide branch network and cooperation with a wide range of regional financial institutions, to reach SMEs nationwide.

Order-made finance

Point

Reinforcement of project support capabilities

- Expansion of the solution lineup in areas to be reinforced
- Consolidation and accumulation of construction know-how, and development of a structure to improve expertise
⇒ **Establishment of a specialized section** (including strengthening of the agent function)
- Development of branch office staff with a wide range of knowledge, who can understand customer needs and utilize the organization effectively and promptly

Point

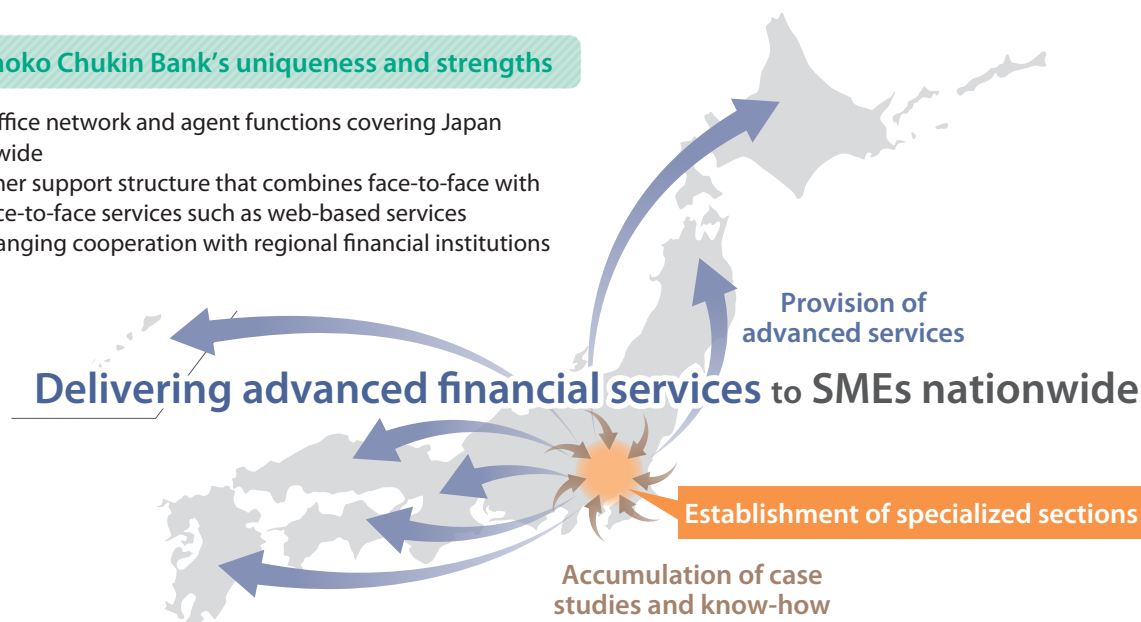
Strengthening of the roll out structure

- **Strengthening collaboration with regional financial institutions and external institutions** to increase the effectiveness of solution provision
- Exploring the establishment of regional bases of the specialized section in consideration of customer needs and convenience, while taking into account know-how and management issues

The Shoko Chukin Bank's uniqueness and strengths

- ◆ Sales office network and agent functions covering Japan nationwide
- ◆ Customer support structure that combines face-to-face with non-face-to-face services such as web-based services
- ◆ Wide-ranging cooperation with regional financial institutions

Delivering advanced financial services to SMEs nationwide



Areas to be reinforced (examples)

Renewable energy

- Lead manager for project finance/ non-recourse loans
- Lead manager for corporate loans

LBO finance

- M&A deals
- MBOs and other business succession projects

Regional revitalization projects

- Redevelopment projects of the station-front areas, etc.
- Facility projects, PFI/PPP

Supporting the realization of the future aspirations and strategies of business owners nationwide through investment operations

We support taking on challenges for the future by providing the necessary equity funds to address important issues in the lifecycle of corporate management. Specifically, we combine conventional investment methods (common stock, class shares, subordinated loans, loans with stock acquisition rights, etc.) with human resource and information services to help customers realize their future aspirations and strategies. We will also consider strengthening and expanding collaboration with external partners. Through these efforts, we will fulfill our role as a membership financial institution where customers are viewed as shareholders.

Investment operations

Point

Reinforcement of project support capabilities

- Expanding the system based on the current investment model, which emphasizes income gains originated from retained earnings generated by the enhancement of corporate value
⇒ **Significant expansion of points of contact with customers by strengthening investment operations**
- Emphasizing collaboration when customer needs match the support stance of the partner companies (three investment development companies, etc.), and adding and expanding support methods in line with the timing and details of the customer's life cycle

Point

Responding to sophisticated needs

- Consider establishing a subsidiary specializing in investment to expand investment schemes
- Work on ideal support schemes (equity investment not limited by voting rights, etc.) from the customer's perspective in the phases of business revitalization and business succession.

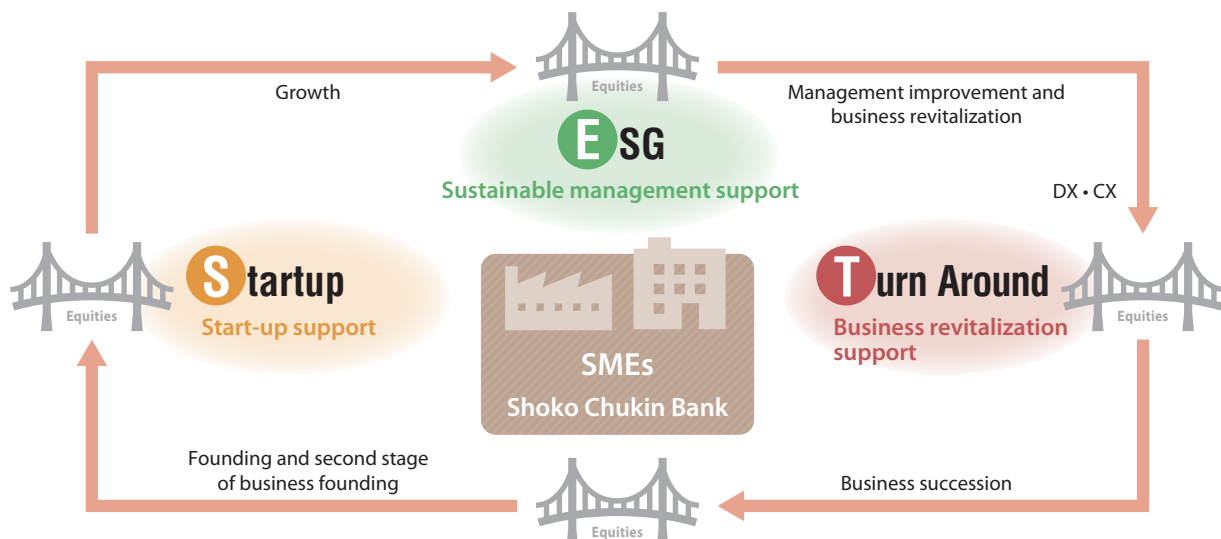
Background

Life-cycle financing needs, such as for the Covid-19 pandemic, business succession, and sustainable development, are shifting from debt to equity financing.

The Shoko Chukin Bank's uniqueness and strengths

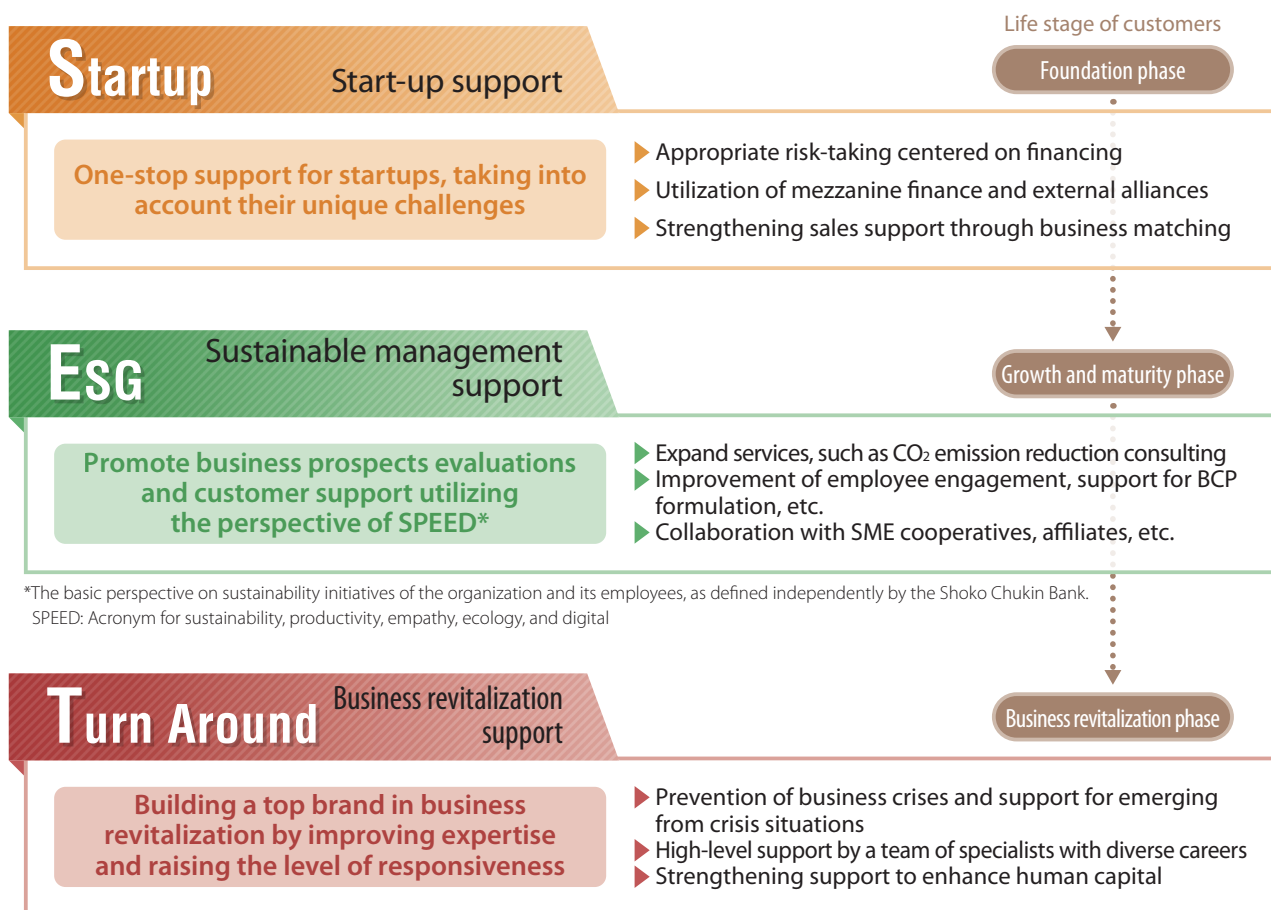
As a financial institution specializing in SMEs, we have a nationwide customer base of family-owned businesses and a track record and expertise in supporting various life cycles

- (Image) Smoothly "bridge" the lifecycle transition of corporate management through equity financing

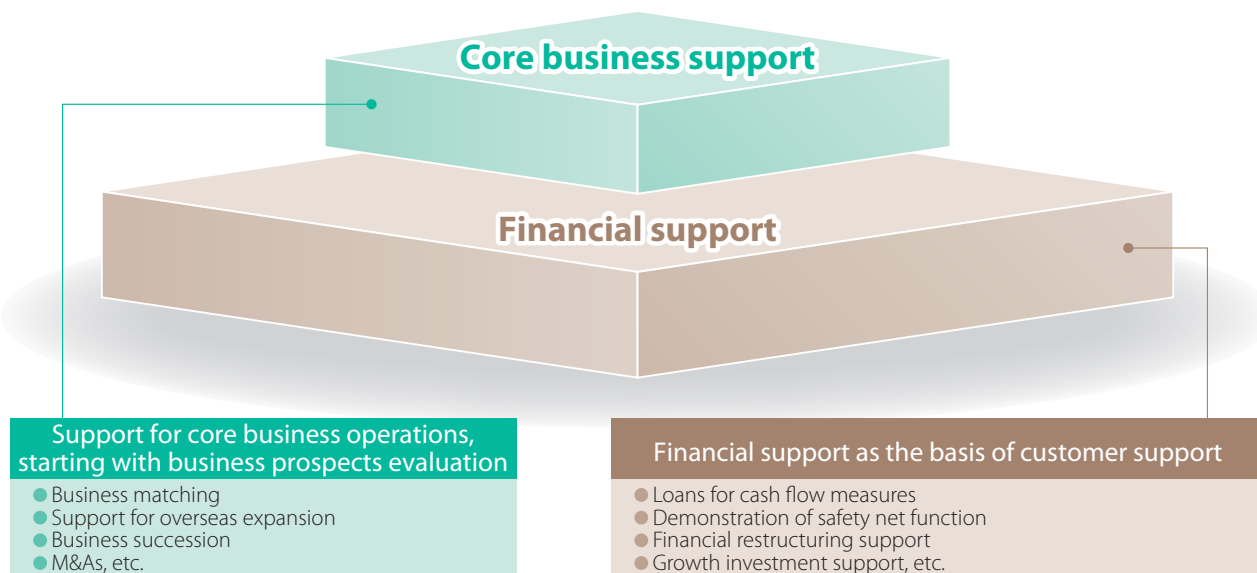


Main strategy (2) Establishment of differentiated fields

Focusing on management issues at a customer's each life stage, the Shoko Chukin Bank has positioned three areas (Category S, E, and T) as differentiated areas where we will improve our ability to evaluate business prospects and actively strengthen our capabilities. These are areas in which the Shoko Chukin Bank will aggressively improve its ability to respond to customers' business needs in order to enhance their corporate value, as well as to expand its own long-term earnings base, and achieve sustainable growth through appropriate risk-taking.



*The basic perspective on sustainability initiatives of the organization and its employees, as defined independently by the Shoko Chukin Bank.
SPEED: Acronym for sustainability, productivity, empathy, ecology, and digital



S WOTA CORP. (Tokyo) Financial support to achieve water utilization with new technology

WOTA CORP. is a University of Tokyo venture company that produces and develops water-circulating showers and hand-washing stations that can be installed in places without running water by combining several technologies, including its proprietary autonomous water treatment control technology. The recently developed WOSH water circulation hand-washing stand uses AI and IoT sensors to autonomously control the water treatment process, and can reuse 98% of the water used once through the use of RO (reverse osmosis) membranes and other technologies.

The Shoko Chukin Bank compiled an in-depth business prospects evaluation through interviews with external experts and purchasers, in addition to management, and provided the necessary funds on a non-guaranteed basis in accordance with the Guidelines for Management Guarantee. In addition, we have provided various financial support, including the provision of an equity subordinated loan, which has the effect of increasing capital and contributes to cash flow stabilization, and a separate loan facility of ¥500 million that can be used freely.



WOSH developed by WOTA



[Thoughts from a member of the Shoko Chukin Bank] Kazuhiro Fukushima, Ikebukuro Office
It was a surprise for me when I met CEO Maeda. They had the desire to solve water infrastructure problems and the technology to make it possible. The company is brimming with potential, and we supported it from a financial perspective to enhance its potential.

E IKEDA Manufacturing Co., Ltd. (Gunma Prefecture) Introduction of a service to visualize CO₂ emissions from the viewpoint of business prospects evaluation

This is a case study of support for efforts to visualize CO₂ emissions at IKEDA Manufacturing Co., Ltd., which aims to become a next-generation automotive parts supplier. Ikeda Manufacturing is a manufacturer of pressed metal parts for automobiles, including brakes, suspensions, and body parts. The company has earned the trust of many tier 1 manufacturers because of its ability to perform integrated production from metal mold design and fabrication to press forming, welding, and surface treatment.

Ikeda Manufacturing is also working to rebuild its business by researching motor cases and gear parts and entering new fields through industry-academia collaboration in anticipation of the spread of electric vehicles. The Shoko Chukin Bank conducted an in-depth business prospects evaluation through on-site visits and interviews with management to deepen dialogue and mutual understanding, and provided the company with boost technologies, Inc.'s CO₂ emissions visualization service as the first project after the Shoko Chukin Bank formed business alliance with boost technologies. We are supporting Ikeda Manufacturing's efforts to achieve carbon neutrality and sustainability management as a responsible next-generation automotive parts supplier.



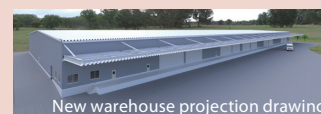
Brake segments produced by Ikeda Manufacturing

T Sanwa Tsusho Co., Ltd. (Ibaraki Prefecture) Supporting emergence from the revitalization phase and realization of future growth strategies

Sanwa Tsusho Co., Ltd. is a general logistics provider that handles everything from storage to delivery of lumber and other construction materials and daily commodities. Since its establishment, Sanwa Tsusho has been aggressively investing in warehouses and other facilities, winning stable orders from major companies and steadily increasing its business performance. However, the deterioration of business conditions at its major customers and the decline in logistics due to the collapse of Lehman Brothers put pressure on the company's management, and since 2013, with the involvement of public support organizations, the company has been working to improve its management.

In order to meet the increasingly large and sophisticated logistics solution needs of its shippers, Sanwa Tsusho planned to normalize its financial transactions by refinancing its existing debt and acquire a new warehouse.

The Shoko Chukin Bank supported the company by conducting an in-depth business prospects evaluation through on-site visits and interviews with key business partners, and shared management issues with the company. While there were restrictions on financial transactions due to the past restructuring scheme, the Shoko Chukin Bank refinanced the existing debt to normalize financial conditions and provided a loan for the construction of a new warehouse to support the diversification of logistics operations to achieve the company's growth strategy. This project is supported by the Shoko Chukin Bank Enabler Business, which provides solutions to the business challenges of SMEs by offering sophisticated solutions and thorough hands-on support, without being bound by conventional financial practices.



New warehouse projection drawing



[Thoughts from a member of the Shoko Chukin Bank] Yusuke Kawazome, Tokyo Office (at the time of interview)
We believed that the company is an integral part of the local economy. The development of local SMEs is our mission, and we approached this project consciously not being bound by existing financial practices.

Main Strategy (3) The Shoko Chukin Bank’s Corporate Transformation

Based on Purpose and Mission, Shoko Chukin Bank will go beyond the boundaries of a conventional financial institution and engage in corporate transformation to foster many new challenges. We will also create manpower in strategic areas by reforming operations and improving productivity through automation and centralization, which also utilize digital technology.

Well-being and D&I

Develop diverse human resources to realize an organization that is resilient to change

Link strengthening of human resource development to organizational growth

● Diversity and inclusion
● Enhancement of work-life management
● Strengthen career design

INTERVIEW

Realization of well-being of employees and Purpose

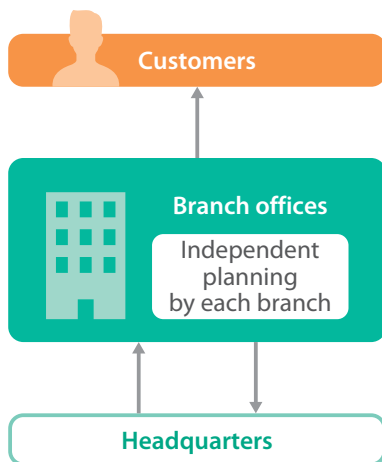
I am currently engaged in creating a corporate culture and planning various measures to realize the well-being of employees. I rely on the Purpose, our new corporate philosophy, as a compass in this process. We believe that, in this era of rapid change, the future of our customers, SMEs, and a Japan that is resilient to change will be created when each and every employee looks at himself or herself, makes the most of his or her individuality, and takes the initiative in charting his or her career.

Ryoko Shinohara,
Diversity and Inclusion Division

Customer-oriented business operations

Be a partner in creating peace of mind and prosperity for our customers, starting from the independent planning of branches tailored to the characteristics of each region

Strengthen our ability on the front-line to respond to customer needs and changes in the environment



- Continue to conduct customer questionnaires
- PDCA management based on independent plans
- Review and upgrade of performance evaluation

Digital transformation

Achieve overwhelming customer and employee satisfaction and support the future of companies

Three projects to be undertaken as a starting point

Customer contact point and experience reform

Introduction of a corporate portal

Reform of liaison activities

CRM renewal

Advanced utilization of data

INTERVIEW

Headquarters support for bottom-up independent plans

The Branch Support Division is involved in supporting the creation and implementation of voluntary plans formulated by branches. The independent plans include not only performance targets but also human resource development tailored to the actual conditions of each region and branch, and we will support the skill improvement and growth of staff to meet the changing needs of customers.



Shiho Suzuki,
Branch Support Division

INTERVIEW

DX to create shared value with customers

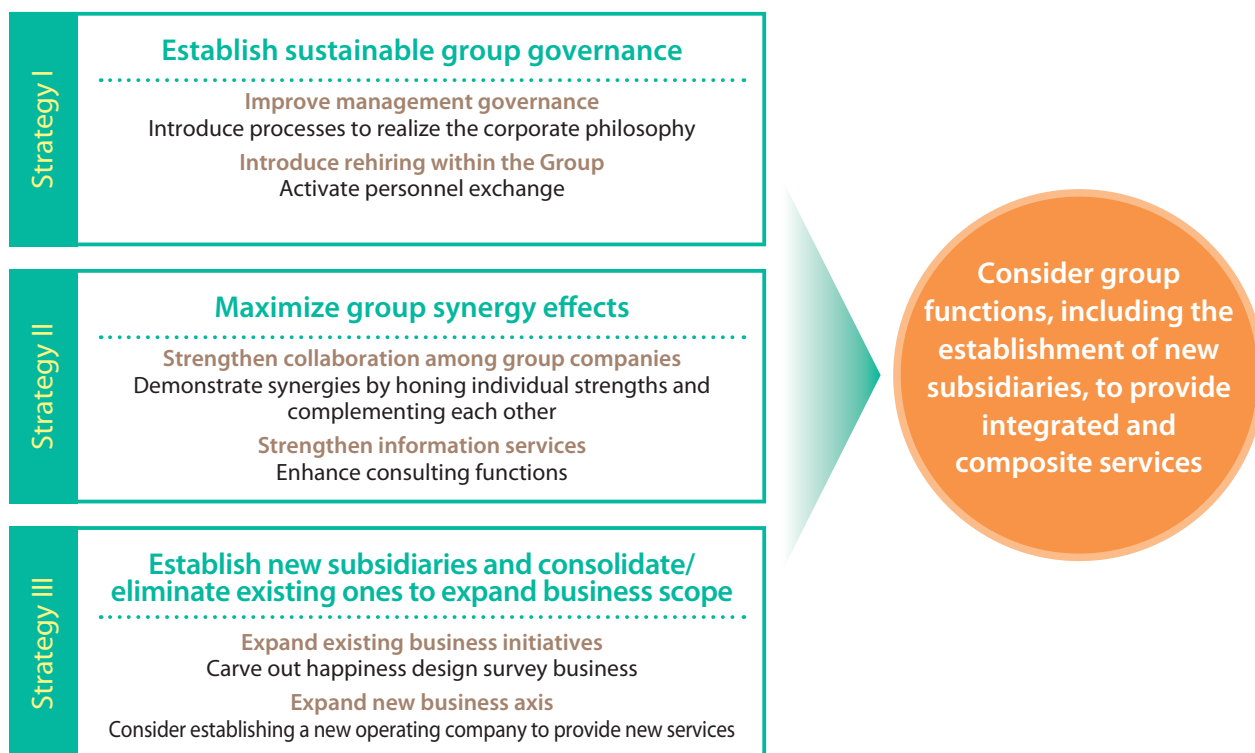
Digital Transformation Promotion Division is working on reforms centered on three projects: (1) customer experience reforms starting with the introduction of the corporate portal, an online contact point; (2) liaison reforms starting with the renewal of the branch support system; and (3) advanced utilization of data to create business value from data. Through these reforms, I would like to create an organization in which employees can support our customers' future with greater vitality, speed, and sophistication.



Yusuke Shinoki,
Digital Transformation
Promotion Division

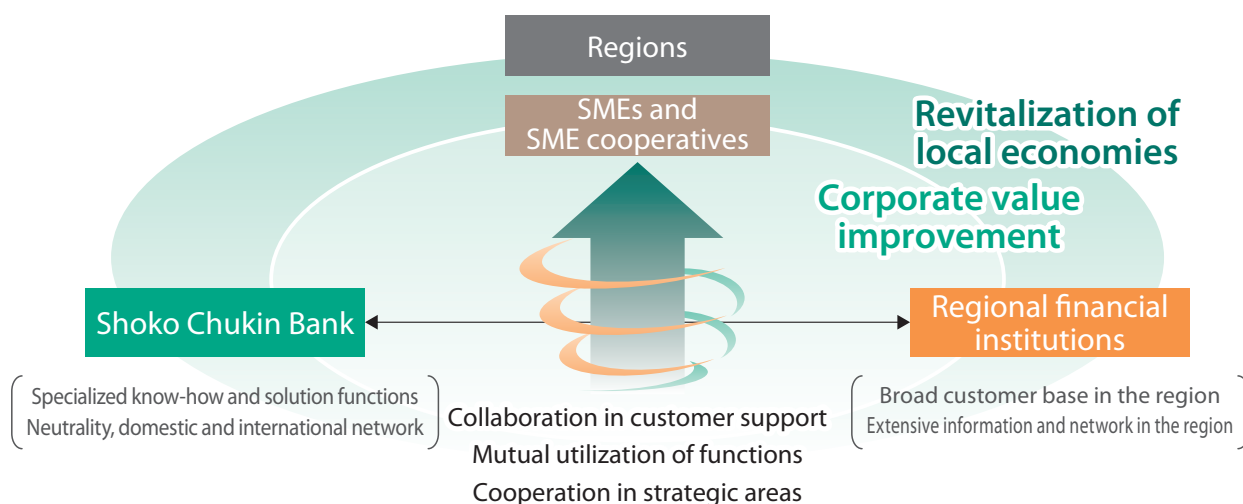
Group strategy/collaboration with regional financial institutions and SME cooperatives

We will maximize group synergies in order to provide services that agilely respond to customer needs. We will manage our organization in a sustainable and vibrant manner by promoting active personnel exchanges among group companies and developing autonomous management plans.



Cooperation with regional financial institutions

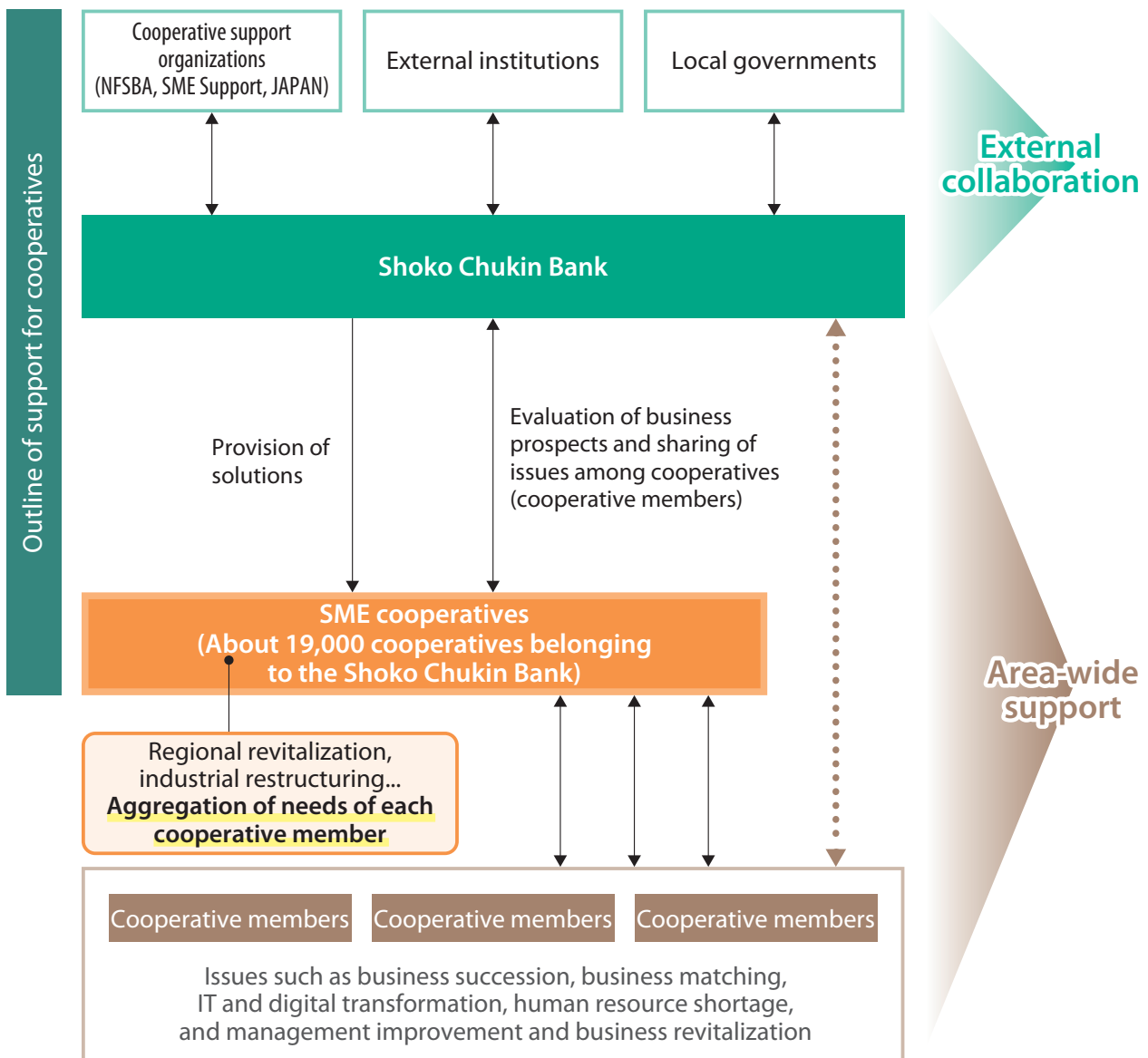
We will further strengthen cooperation with regional financial institutions and contribute to regional revitalization by enhancing corporate value of our customers. In order to promote collaboration in a variety of areas, we will enhance our relationships of trust with regional financial institutions and provide a wide range of services, including advanced financial services and core business support services, to customers of both parties by combining the wealth of regionally based information possessed by regional financial institutions with the functions and know-how of the Shoko Chukin Bank.



Cooperation with SME cooperatives and external institutions

SME cooperatives are the Shoko Chukin Bank's largest stakeholders. Maintaining and improving relationships with these cooperatives through support for their revitalization is essential to maintaining a stable management base for the Shoko Chukin Bank. In providing support to SMEs and small business owners for business restructuring and BCP in face of the Covid-19 pandemic, as well as DX, and sustainability improvement, we will utilize the cooperatives' information dissemination function while combining the knowledge of external institutions with it.

For regional revitalization, support for restructuring of industrial structure, and other area-wide support, we believe it is effective to utilize the organizing function of the cooperatives, and we will work together effectively.

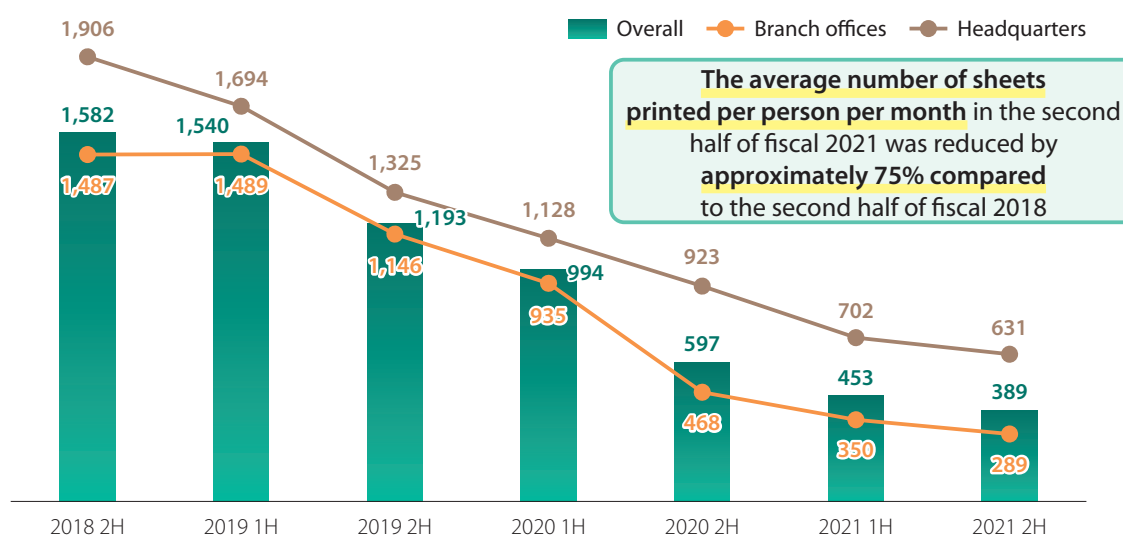


Special feature

Realization of location-free work styles and organizations resilient to change

The Shoko Chukin Bank is implementing organizational reform to become an organization that is resilient to change. From the perspective of realizing a sustainable society and a location-free work style for employees, we are promoting paperless operations, and have achieved a reduction in paper use of approximately 75% from the second half of fiscal 2018 to the second half of fiscal 2021, as shown below. This is the result of the introduction of systems, review of paper-intensive tasks, and changes in awareness among employees. Going forward, we will further promote the use of electronic contracting systems and other measures to reduce new occurrence of the necessity of use of paper and turn documents kept in paper form into electronic form.

Changes in paperless office paper use — Average monthly number of sheets of paper printed per employee



● List of operational reform initiatives - Reduction of a total of 300,000 hours* of work

*Time reductions are based on the Bank's assumptions compared to the Bank's existing operations.






In addition to the above, we are also working on the automation and efficiency improvement of headquarters operations by establishing an RPA development framework.

Project name	Overview	Launch	Target department	
			Sales	Administration
Centralization of contract administration	Loan contract administration at branches is centralized at the headquarters.	August 2019		○
Establishment of thin client infrastructure	Replaced business PCs with thin client terminals and made them wireless. Utilized them for productivity improvement in liaison, as well as telecommuting.	December 2019	○	○
Branch integration through the branch-in-branch method	Implemented branch integration with minimal impact on customers and systems.	Until FY2020	○	○
Renewal of manual system	Renewed the manual system to reduce search time. Eliminated paper manuals and integrated them into digital manuals.	April 2020	○	○
Introduction of a business flow visualization system	Visualized the business flow of customers throughout the company to enhance business understanding capabilities.	April 2020	○	
Introduction of smartphones	Significantly reduced the number of fixed-line phones and switched to smartphones. Improved operational efficiency and customer satisfaction by reducing the number of call handlers.	July 2020	○	○
Introduction of business card management application	Digitized customer business cards with smartphones for organizational management. Shared information throughout the company.	October 2020	○	
Introduction of camera application	Eliminated the use of digital cameras for business use and switched to smartphone cameras. Reduced paperwork for storing cameras and photos.	October 2020	○	
Self-organization of over-the-counter operations	Customers' documents filled out on tablets in over-the-counter operations. This has reduced the burden of document preparation and improved the efficiency of subsequent paperwork.	December 2020		○
Renewal of collateral system	Collateral management paperwork is now paperless and centralized at the headquarters.	January 2021	○	
Electronic receipt administration	Digitized management of items received from customers. This reduces the management burden and streamlines subsequent administrative work.	February 2021	○	○
Introduction of a paperless system	Digitized all approval workflows. Introduced electronic storage and automatic management of evidence.	May 2021	○	○
Introduction of expense settlement system	Digitized expense settlement paperwork to reduce the administrative workload. Streamlined trail management by complying with the Act on Special Provisions concerning Preservation Methods for Books and Documents Related to National Tax Prepared by Means of Computers	June 2021	○	○

Efforts to Achieve a Sustainable Society

Perspective of SPEED

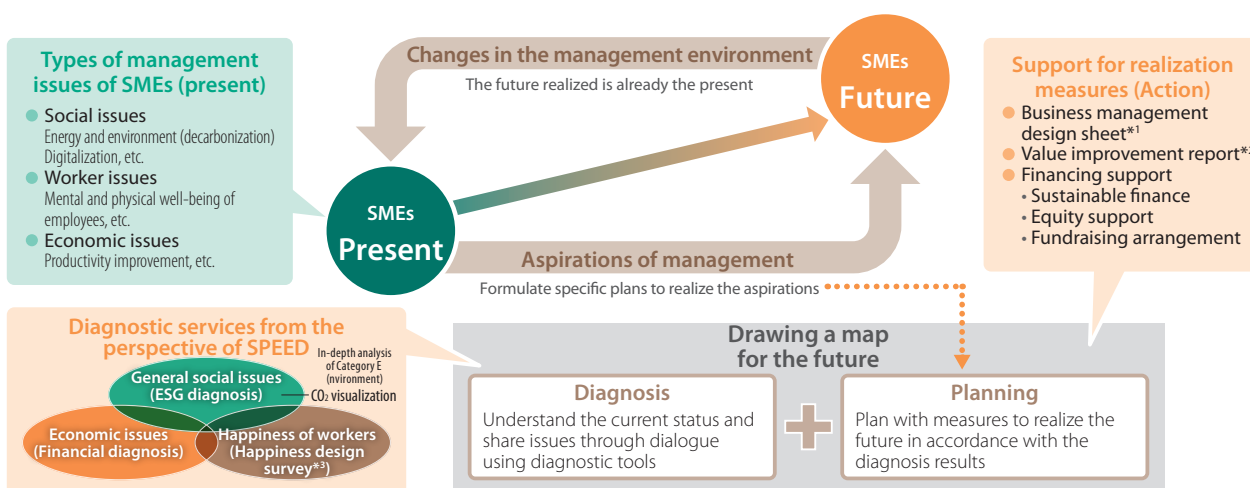
In addition to supporting the efforts of SMEs and SME cooperatives to realize a sustainable society, the Shoko Chukin Bank will also implement its own initiatives. In March 2022, we established the Sustainability Basic Guidelines, our basic approach and policy on the environment and human rights. The guidelines set the perspective of SPEED as the basic viewpoint for the organization and employees of the Shoko Chukin Bank, and define specific objectives and actions.

	Sustainability	Productivity	Empathy	Ecology	Digital
Perspective of SPEED	 Enrich the present without compromising the future	 Produce more with less	 Gain the empathy of stakeholders and build a fan base	 Do not harm others including non-stakeholders, or take measures to prevent harm	 Create added value by using more information.
Objectives	Contribute to the revitalization of the local economy through employment stability	Sustainably increase the results of business activities within limited resources	Pursue social responsibility as a company that is a member of society	Contribute to the stability of the global environment, including weather, oceans, and forests, which are the foundation of all socio-economic activities	Provide services that meet the needs of consumers with diverse backgrounds without material constraints or consumption of environmental resources
Action	Continuously secure management resources necessary for business activities Improve business activities in response to changes in the external environment	Accumulate and utilize know-how related to business activities Reduce resources consumed by production facilities	Act in ethically correct manner, including respect for human rights, such as the health and appropriate treatment of employees and fair dealings with business partners	Actively engage in environmentally friendly activities Implement risk management for natural disasters, etc.	Utilize digital technologies Create added value through data

Sustainable management support (customer support policy)

Based on the perspective of SPEED, we empathize with our customers' aspirations through dialogue, draw a map for the future together, and support the creation of a sustainable future based on this map.

Specifically, the Shoko Chukin Bank provides diagnostic services from the perspective of SPEED. Based on the diagnosis results, we will work to understand the current situation and share issues, then further deepen dialogue with customers and work together with them to realize their plans through support for plan formulation and sustainable finance.



*1 Business management design sheet: A thinking aid and communication tool released by the Cabinet Office for designing the value creation mechanism that will be the backbone of future management and for shifting to the desired state.

**2 Value improvement report: A report that evaluates businesses from macro and micro perspectives based on industry trends surveyed by the Shoko Chukin Bank, and summarizes future management strategies.

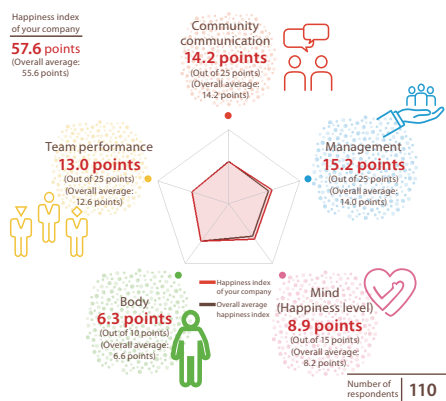
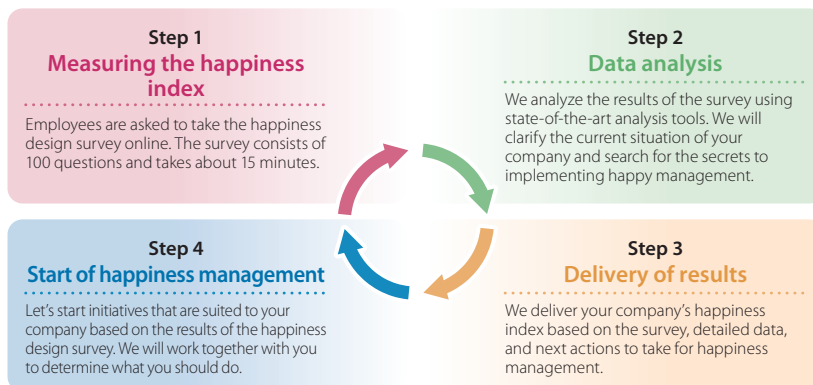
**3 Happiness design survey: the Shoko Chukin Bank's unique service to support sustainable corporate growth by visualizing organizational happiness through a questionnaire survey of client employees.

Diagnostic services from the perspective of SPEED

Happiness Design Survey

The happiness design survey is a service in which employees are asked to fill out a questionnaire to provide an easy-to-understand report on the relationship between the company and its employees under the theme of happiness. The concept of the survey is to provide various support for improvement to address issues that have been visualized, thereby aiming for happy management that enables employees to feel happier at work.

The Shoko Chukin Bank was one of the first financial institutions to focus on corporate happiness and launched this service in August 2020, providing the service to a total of 505 companies as of March 31, 2022. We will continue to support the sustainable growth of SMEs by providing a more enhanced service based on the various data we have obtained and our improvement know-how.



Report

Image of the report

Company happiness is expressed in terms of five elements: community communication, team performance, and management as an organization, as well as the body and mind (happiness) of individual employees.

Roll out of CO₂ emissions visualization service in collaboration with external institutions

In January 2022, boost technologies, Inc. (hereinafter, "boost") and the Shoko Chukin Bank concluded a business matching service agreement regarding CO₂ emissions visualization, forming a business alliance to promote carbon neutrality among SMEs and middle-market enterprises.

boost is a climate tech company that aims to realize a carbon-free future through the use of technology.

The company offers ENERGY X GREEN, a cloud-based decarbonization platform that enables automatic calculation (visualization) of CO₂ emissions, plan/results management of decarbonization plans, CO₂ emissions reduction (management of energy creation, energy saving, etc.), automatic carbon offsetting, and reporting in accordance with various laws and regulations. The Shoko Chukin Bank will introduce boost's ENERGY X GREEN as part of its support for sustainable management starting from business prospects evaluation, and will support efforts to decarbonize the entire supply chain.

boost technologies ENERGY X GREEN

- Provision of the ENERGY X GREEN decarbonization platform
- One-stop support from service introduction to operation
- Enhancement of functions and higher specifications of the decarbonization platform (in the future)

×

SHOKO CHUKIN BANK

- Introduction and awareness-raising for customers nationwide
- Support for increasing corporate value through decarbonization

ENERGY X GREEN
Decarbonization cloud to accelerate organizational carbon neutrality

1. Automatic calculation (visualization) of CO₂ emissions
2. Carbon neutrality planning and management
3. Carbon offset
4. Reports on RE100, SBTi, Act on Promotion of Global Warming Countermeasures, etc.



- ✓ CDP
- ✓ RE100
- ✓ SBT
- ✓ TCFD
- ✓ Act on Promotion of Global Warming Countermeasures

[Overview of boost technologies, Inc.]
Representative: Hirokazu Aoi, Representative Director
Established: April 15, 2015
Capital: ¥1,430.65 million (including legal capital surplus)
Location: Sanno Park Tower, 2-11-1, Nagatacho, Chiyoda-ku, Tokyo

TCFD Disclosure

Among sustainability issues, addressing climate change risk is a particularly important issue that affects many SMEs and is recognized as one of the top management risks at the Shoko Chukin Bank. The Shoko Chukin Bank supports the recommendations of the TCFD^(*), and based on the importance of disclosing information on efforts to address climate change, we will continue to work on expanding disclosure of information (governance, strategies, risk management, indicators and targets) in the form recommended by the TCFD.

Governance

- Any matters that relate to the identification, evaluation, and management of climate-related opportunities and risks are regularly discussed at our Management Meeting, which is attended by the President and Executive Officer. We also submit reports on climate-related developments to the Board of Directors in order.
- We have formulated our Sustainability Basic Guidelines in order to play an active role in resolving material issues for society, including climate change, and to help realize a sustainable society.
- We have identified material issues for society (materiality) to which we will make a focused and effective contribution through our business activities.

Strategy

- We remain committed to promoting initiatives to help solve climate change and other social issues.
- We analyze qualitative and quantitative scenarios regarding the opportunities and risks that climate change poses to management of the Shoko Chukin Bank. More specifically, we strive to analyze the impact of physical risks in the wake of recent natural disasters caused by climate change, and the impact of transition risks and opportunities created by the development of climate change policies and technological innovations associated with the transition to a low-carbon economy.
- We will contribute to the realization of a sustainable society by engaging in dialogue with our customers to overcome climate change risks together and supporting the implementation of necessary measures, starting from a business prospects evaluation from the perspective of SPEED^(*).

Risk Management

- We recognize addressing climate change risk as one of our top management risks.
- As a financial institution dedicated to facilitating the financing of SMEs, we will strive to engage in constructive dialogue and mutual understanding with our customers from the perspective of SPEED^(*), and will continue to understand and provide information. Transactions with businesses that are likely to have a negative impact on the environment and society, as identified in the process, will be handled in accordance with the Environmental and Social Considerations Policy.
- We commit to appropriately recognizing risks (physical risks and transition risks) that arise as a result of climate change, and striving to build a risk management approach that incorporates these risks.

Metrics and Targets

- We aim to reduce CO₂ emissions at our offices in Japan by 50% by fiscal 2030 from the fiscal 2013 level.
- The Shoko Chukin Bank's CO₂ emissions in fiscal 2020 calculated based on the amount gas, electricity and other utilities used at its offices in Japan totaled 10,939 tons, down 28% from the fiscal 2013 level.
- Carbon-related assets account for 0.3% of the Shoko Chukin Bank's loans. (As of March 31, 2022)

(*) TCFD: Task Force on Climate-related Financial Disclosures
 (**) See page 33 for details.

INTERVIEW

Each and every one of us contributes to the sustainability of society as a whole through our duties

The social environment is undergoing dramatic changes. Against this backdrop, as sustainability of society as a whole is being questioned, as in the case of climate change risk, our approach to the future is not a one-size-fits-all approach and requires a flexible response. Of course, in some cases, we may need to take a big step or two to meet a major challenge.

To this end, we believe it is of utmost importance for each and every one of us to respect the perspective of SPEED and empathize with the wishes of SME customers and stakeholders.

We believe it is important to expand the circle of empathy not only with the people in front of us, but also beyond them using this as a starting point to create a deeper empathy.

Hisayoshi Yamazaki, Manager, Sustainability Department





Toward further enhancement of the corporate value of the Shoko Chukin Bank

Kazutaka Okubo, External Director × Junko Okawa, External Director × Hajimu Nakatani, Deputy President and Executive Officer

The Shoko Chukin Bank had been working on the Shoko Chukin Bank Management Reform Plan up until fiscal 2021 in order to steadily implement the contents of the Operation Improvement Plan submitted to the competent ministries in charge in May 2018. Deputy President and Executive Officer Hajimu Nakatani, spoke with Junko Okawa and Kazutaka Okubo, who have been serving as external directors of the Shoko Chukin Bank since June 2020, with a view to further enhancing the Shoko Chukin Bank's corporate value.

Characteristics of the Shoko Chukin Bank's Board of Directors

Nakatani: It has been two years since you both became external directors of the Bank. How do you view the Bank's Board of Directors?

Okawa: I think that the directors have diverse qualities and that there is an atmosphere in which it is easy to speak up and opinions are freely and openly exchanged. Depending on the topic, I sometimes feel that discussions could be deepened and made more substantial. For example, I think the need to discuss the themes related to sustainable corporate value enhancement management, including future of financial institutions, social issues such as the environment, and the promotion of digital transformation, will become more and more important.

Okubo: As mentioned by Director Okawa, I feel that the Board of Directors has a rich diversity of members with different backgrounds. The younger generation, including myself, also participates in discussions, and it is easy for various values to overlap. Before holding the Board of Directors meeting, we are given a thorough explanation of the agenda, taking sufficient time. We also express our frank opinions and questions there, and by connecting the results of these discussions to the Board of Directors, I feel that it leads to more in-depth discussions. What is particularly unique about the Bank's Board of Directors is that directors and Audit & Supervisory Board Members from different backgrounds engage in serious and direct discussions.



Nakatani: By receiving multifaceted opinions from the Board of Directors, not only the executives, but also the front-line staff always think about what the Shoko Chukin Bank exists for in their daily work. We have also established a system to utilize the results of evaluation of the effectiveness of the Board of Directors, which has been implemented since fiscal 2018, for management in the next fiscal year, and we will continue to work toward further revitalization of the Board of Directors.

From a communication-oriented organization with uniform thinking to a dialogue-oriented organization with diverse values

Corporate culture reform

Nakatani: The Bank has also been working to reform its performance evaluation and compliance systems with the aim of transforming from a vertically organized organization with a top-down approach to a more open corporate culture. At the Branch Manager Meeting, held twice a year, we put an intensive effort to allow top management and branch managers to engage in thorough dialogue, from the perspective of developing the management-level human resources. You both have attended every one of these meetings. What are your impressions?

Okawa: In the dialogue with management, President Sekine and other members of top management carefully respond to the frank opinions and questions of the branch managers. I feel that the distance between the two sides has got much closer quickly through these dialogues.

Okubo: The results of the leadership style diagnosis and compliance awareness survey have shown significant improvement over the past several years, and from my own observation of the workplace, I feel that efforts to develop management-level employees are making steady progress. I would like to see people engage in even more active dialogue with the staff.

Okawa: It is very important to emphasize dialogue in this way, and I think it is only natural that the uniform management of the past must change. Through the corporate culture reform of the Bank over the past

few years, we are beginning to see leaders taking a more independent and self-reliant approach. I would also like to see the Bank evolve toward a more diverse management style that is more altruistic in its approach toward customers, colleagues, and society.

Promotion of D&I

Nakatani: The Bank is promoting diversity & inclusion (D&I) as part of its management strategy. We are working to change our communication-oriented organization with uniform thinking, and to become an innovative interactive dialogue-oriented organization with diverse values. Do you have any advice for promoting D&I?

Okawa: Although D&I is not only about gender, I will use gender as an example for simplicity. I believe that the two main points are “Why?” and “How?” At the Bank, the top management’s commitment is clear, especially in communicating the importance of inclusion, in order to improve openness, to understand each other, and to enable all staff members to fulfill their potential. Given that, we have to think about how this can be achieved. Care measures (support for time off) as well as fair measures (support for working) that free staff from paper-based operations, fixed locations, and fixed times are gradually being developed. Furthermore, if concrete data on the results of these efforts, such as the number of male employees who have taken childcare leave, can be clearly presented, it will show that these initiatives are beneficial to all employees, and more employees will be willing to follow along. The visualization of initiatives will increase the effectiveness of the system and change the overall awareness of the organization. D&I will depend on how much we can achieve a major change in consciousness, which will ultimately change the human aspects, namely values, while improving the tangible and intangible aspects of D&I.

Okubo: D&I promotion is not only about gender. It is about creating an environment that facilitates dialogue across generations. Dialogue and conversation are literally different things. It is not enough to just meet and talk, but it is necessary to be aware of dialogue in which different values are put into conflict with each other. Moreover, in order to resolve issues, I think it is important for both the speaker and listener to respect each other’s different values, making suggestions rather than criticisms, and presenting concrete measures rather than abstract arguments.

Strengthening compliance

Nakatani: We asked Director Okubo to coordinate with us during the compliance enhancement month in October, and he gave us advice such as sharing risk awareness through risk visualization. What initiatives do you think are necessary to further strengthen the Bank’s compliance in the future?

Okubo: Up until now, the Bank has focused on strengthening compliance from the perspective of preventing the recurrence of cases of misconduct, and various surveys have shown remarkable results. Going



forward, it is important to raise the stage to compliance through intrinsic motivation, an approach rooted in the newly established corporate philosophy, while enhancing risk literacy to be able to read social trends in order to respond in an agile manner to social changes. The awareness of managers is key to the penetration of compliance. I would like to see managers take the initiative and show leadership to evolve the efforts toward compliance through intrinsic motivation.

New corporate philosophy that officers and employees should always return to

Establishment of a new corporate philosophy

Nakatani: Director Okawa was involved from the initial stages in the formulation of the new corporate philosophy. How did you see the study team and the project being implemented?

Okawa: What I realized in discussions with the officers and employees is that they all value the cause of supporting SMEs. Although it remains to be seen how the privatization discussion will proceed, I think this is something I can say to all stakeholders. In addition, many young staff members participated in the study team, and they are very sensitive to the word “change,” and I strongly felt that they are not only passive in responding to change, but also have the attitude of taking the initiative to change themselves and showing the future of finance themselves.

Nakatani: I would like to make sure that our new corporate philosophy permeates the minds of all officers and employees as something to which they should always return. Finally, what are your expectations for the Shoko Chukin Bank in realizing the Purpose and Mission?

Okubo: In the future, it will be essential for each and every one of our officers and employees to read the social trends and respond flexibly to changes in society. I hope that you will always take a social perspective and support your SME clients in going to a higher level with a higher perspective that allows us to see changes in the trends from a bird’s eye view. I know this is a difficult task, but I believe that a willingness to take on challenges will lead to genuine trust from our customers.

Okawa: The Bank is entering a phase in which it is rethinking its reason for being. The new Medium-term Business Plan incorporates concrete measures that reflect the way the Shoko Chukin Bank should be. Through the implementation of this Medium-term Business Plan, I hope that you will show us a new landscape of finance.

Nakatani: This fiscal year, we will launch our new Medium-term Business Plan under a new corporate philosophy. The Shoko Chukin Bank will go beyond the boundaries of a conventional financial institution and the Bank itself will engage in corporate reform. All officers and employees will act as one, aiming for management that takes on the challenges of ever-changing social issues. Thank you very much for your valuable opinions today. We would be grateful if you could continue to offer us advice from a variety of perspectives.

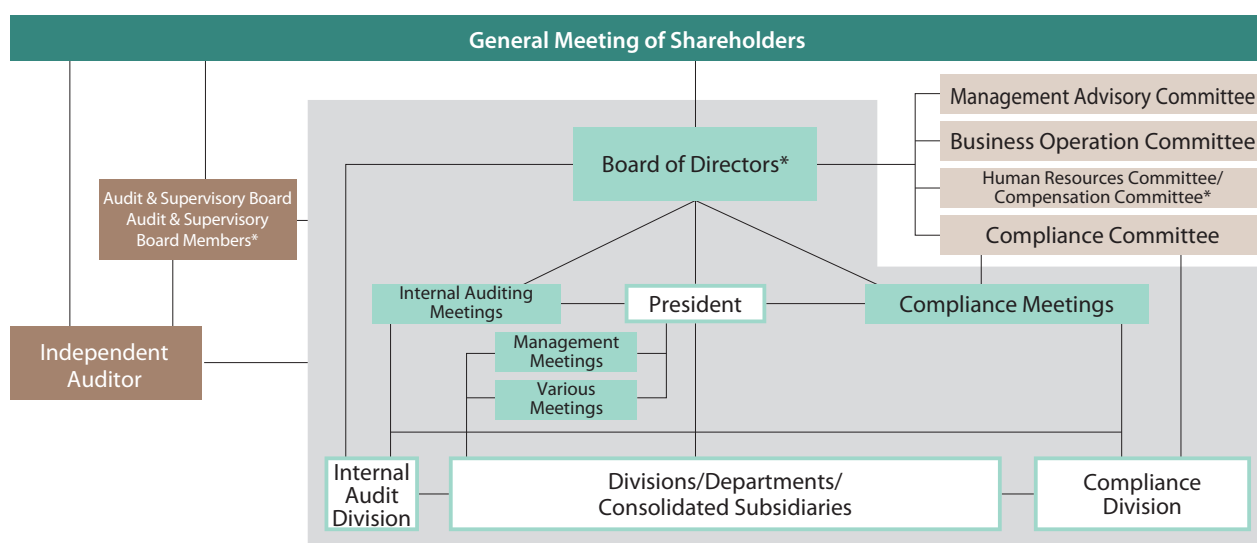
Governance Structure of the Shoko Chukin Bank

I. Our Fundamental Approach to Corporate Governance

The Shoko Chukin Bank regards corporate governance as an indispensable mechanism for the realization of our corporate philosophy and for meeting the trust of our shareholders, the SME cooperatives and SMEs. In order to properly operate this mechanism, the Bank is working to strengthen its supervisory

function by having a monitoring-oriented Board of Directors with the separation of supervision and execution in which the majority of directors are external directors. Through these efforts, the Shoko Chukin Bank will enhance corporate value through the realization of its corporate philosophy.

■ Governance Chart



Note: Organization with external directors and external Audit & Supervisory Board Members

II. Corporate Governance Framework

■ Board of Directors

The Board of Directors is comprised of a majority of external directors (five out of nine members). The Board of Directors deliberates on and decides important matters pertaining to the execution of the Bank's business activities while at the same time supervising the duties of directors and executive officers. Through these means, every effort is made to ensure that the Bank's overall operations continue to function in an appropriate and effective manner.

■ Audit & Supervisory Board, Audit & Supervisory Board Members

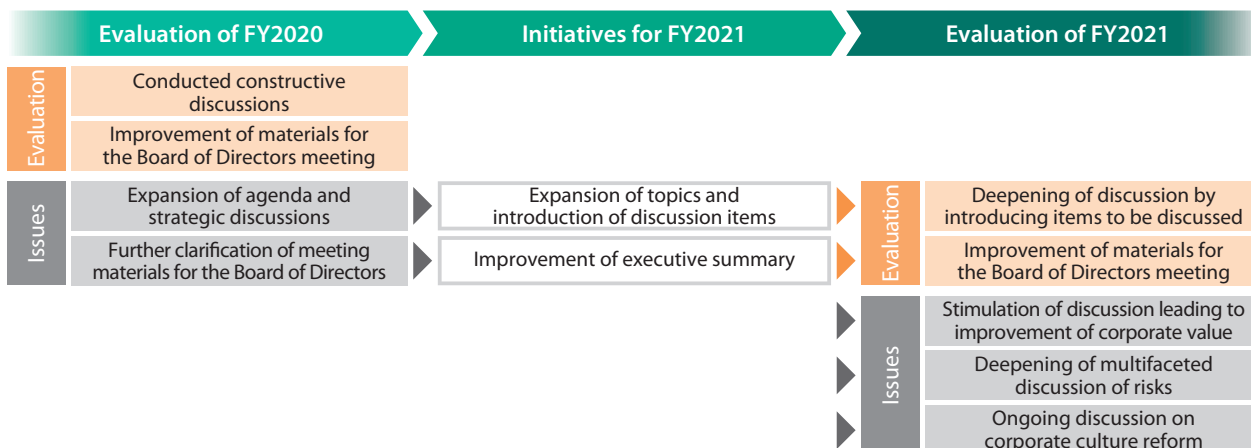
The Audit & Supervisory Board is comprised of four members, two of whom are external Audit & Supervisory Board Members. Audit & Supervisory Board Members monitor and audit the execution and performance of each director's duties. Moreover, the Audit & Supervisory Board prepares audit reports, appoints and removes standing Audit & Supervisory Board Members and determines the Bank's overall audit policy.

III. Effectiveness Evaluation of the Board of Directors

Analyze and evaluate effectiveness of the Board of Directors

Based on the lessons learned from two Administrative Orders we received in the past for misconduct in crisis response operations and other inappropriate business operations, the Bank has adopted a governance structure to realize a monitoring-oriented Board of Directors with the separation of supervision and execution and a management structure that appoints a majority of external directors. Each year, the Bank analyzes and evaluates the effectiveness of the Board of Directors, and works to strengthen the functions of the Board of Directors by considering and implementing improvement measures to address issues identified.

For analysis and evaluation, we conduct a questionnaire survey of all members of the Board of Directors (directors and Audit & Supervisory Board Members) from the perspectives of Board functions, Board operations, cooperation with audit organizations, and support for directors and Audit & Supervisory Board Members. The results are then summarized, and a meeting to exchange opinions is held, followed by deliberations at a Board of Directors meeting, to determine initiatives for the next fiscal year.



In fiscal 2021, a questionnaire survey was conducted by an external consultant to confirm, among others, that the Board of Directors is appropriately comprised, that agenda items are appropriately selected, and that management decisions are appropriately made from the perspective of overall optimization, incorporating a third-parties' perspective. With regard to the issues identified at the time of the evaluation in the previous fiscal year (FY 2020), namely, (1) expansion of strategic discussions, (2) clarification of explanatory materials, and (3) expansion of agenda items, we confirmed steady improvement, including an evaluation that discussions at the Board of Directors meetings are getting deeper due to the addition of items to be discussed to the agenda of the Board of

Directors meetings, in addition to the existing items to be resolved and items to be reported.

On the other hand, new issues raised by the Board of Directors included the need to promote discussion on how sustainable corporate value enhancement management should be and how it should be carried out, and to share recognition of the role the Board of Directors should play in realizing the enhancement of the Group's corporate value through the promotion of digital transformation (DX).

Based on the above, some of the initiatives that the Bank will take in fiscal 2022, which were decided through discussions at the Board of Directors meeting, are as follows.

Examples of initiatives for FY2022

- Further expansion of discussions to disseminate and realize the new corporate philosophy (which will lead to an improvement in corporate value)
- Strengthen monitoring to deepen multifaceted discussions at the Board of Directors' meetings
- Holding regular dialogues with the supervising department for ongoing discussions on corporate culture reform

Establishment of a system to incorporate the intentions of SME cooperatives and SMEs in management

The Shoko Chukin Bank has established the following advisory bodies to the Board of Directors to build a system that reflects the intentions of SME cooperatives and SMEs in management.

The Bank will strive to deepen and develop its DNA as a financial institution specializing in SMEs and further strengthen and improve its governance.

■ Management Advisory Committee

The committee consists of representatives of SME cooperatives and SMEs throughout Japan with which the Bank does business, and provides opinions and advice on the Bank's business operations.

■ Human Resources Committee/Compensation Committee

The committee comprises representatives of SMEs with which the Bank does business, external experts, external Directors, etc., and provides opinions and advice on personnel matters for officers, executive compensation and systems, and performance evaluations related to retirement benefits.

Directors and Audit and Supervisory Board Members

Directors

President (Representative Director) & President and Executive Officer

Masahiro Sekine

Date of birth: May 18, 1957



Term of office as Director: 4 years
 ● 17 out of 17 meetings

April 1981 Joined The Dai-Ichi Kangyo Bank, Limited (currently Mizuho Financial Group, Inc.)
 June 2008 Director and Senior Managing Officer of SEIBU HOLDINGS INC.
 June 2009 Director and Senior Managing Officer of Prince Hotels, Inc. (currently SEIBU PRINCE HOTELS WORLDWIDE INC.)
 Director and Senior Managing Officer of SEIBU RAILWAY Co., Ltd.
 Director of SEIBU PROPERTIES INC. (currently SEIBU REALTY SOLUTIONS INC.)
 June 2010 Director and Executive Managing Officer of Prince Hotels, Inc.
 March 2018 President (Representative Director) of the Bank (current position)

Director & Deputy President and Executive Officer

Hajimu Nakatani

Date of birth: November 22, 1960



Term of office as Director: -
 ● -

April 1984 Joined the Bank
 June 2015 Executive Officer and General Manager of General Co-ordinating Division
 Managing Executive Officer
 June 2018 Senior Managing Executive Officer
 April 2019 Deputy President and Executive Officer
 April 2022 Director & Deputy President and Executive Officer (current position)
 June 2022

Director & Senior Managing Executive Officer

Katsuhiko Kaji

Date of birth: May 2, 1961



Term of office as Director: 3 years and 9 months
 ● 17 out of 17 meetings

April 1985 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
 July 2015 Director-General, Kanto Bureau of Economy, Trade and Industry
 July 2017 Executive Officer of the Bank
 June 2018 Director & Senior Managing Executive Officer
 March 2022 Retired from the position as Director & Senior Managing Executive Officer of the Bank, retired from Ministry of Economy, Trade and Industry
 June 2022 Director & Senior Managing Executive Officer of the Bank (current position)

Director & Managing Executive Officer

Hiroyuki Obara

Date of birth: September 22, 1964



Term of office as Director: 1 year
 ● 17 out of 17 meetings

April 1987 Joined Ministry of Finance
 July 2015 General Manager of Research Department, Deposit Insurance Corporation of Japan
 July 2017 General Manager of Resolution and Financial Revitalization Department
 July 2020 Director-General of the Fukuoka Local Finance Branch Bureau, Ministry of Finance
 June 2021 Director & Managing Executive Officer of the Bank (current position)

Audit and Supervisory Board Members

Audit & Supervisory Board Member

Taiichiro Okamoto

Date of birth: December 19, 1966



Term of office as Audit & Supervisory Board Member: 2 years
 ● 17 out of 17 meetings
 ● 16 out of 16 meetings

April 1989 Joined the Bank
 June 2018 General Manager of Co-operative Finance Planning Division
 June 2020 Audit & Supervisory Board Member (current position)

Audit & Supervisory Board Member

Masahiko Terauchi

Date of birth: January 19, 1967



Term of office as Audit & Supervisory Board Member: -
 ● -
 ● -

April 1990 Joined the Bank
 April 2021 General Manager of Internal Audit Division
 June 2022 Audit & Supervisory Board Member (current position)

● Attendance at the Board of Directors Meetings (FY2021)

● Attendance at the Audit & Supervisory Board Meetings (FY2021)

External Director

Shigeharu Nakamura

Date of birth:
September 17, 1953



Term of office as Director: 4 years
● 17 out of 17 meetings

June 2008 Representative Director, Vice President and Executive Officer of Resona Bank, Limited
June 2014 External Auditor of F-TECH INC.
June 2015 Outside Director and Audit & Supervisory Committee Member of TOYO KANETSU K.K. (current position)
June 2016 Outside Director and Audit & Supervisory Committee Member of RIKEN TECHNOS CORPORATION (current position)
June 2018 External Director of the Bank (current position)

External Director

Junko Okawa

Date of birth:
August 31, 1954



Term of office as Director: 2 years
● 17 out of 17 meetings

April 2016 Representative Director, Senior Managing Executive Officer
April 2018 Director, Vice Chairperson
April 2019 Special Director
June 2020 External Director of the Bank (current position)
June 2022 External Director of KDDI CORPORATION (current position)
Outside Director and Audit and Supervisory Committee Member of Asahi Broadcasting Group Holdings Corporation (current position)

External Director

Kazutaka Okubo

Date of birth:
March 22, 1973



Term of office as Director: 2 years
● 16 out of 17 meetings

June 2019 President and Representative Director of Okubo Associates Inc. (current position)
External Audit and Supervisory Board Member of SEGA SAMMY HOLDINGS INC. (current position)
Outside Director of Sun Frontier Fudousan Co., Ltd. (current position)
September 2019 External Corporate Auditor of BrainPad Inc.
December 2019 External Director of LIFULL Co., Ltd. (current position)
June 2020 External Director of the Bank (current position)
Outside Director serving as Audit & Supervisory Committee Member of Musashi Seimitsu Industry Co., Ltd. (current position)
November 2020 CEO of Kabushiki Kaisha SS Dnaform (current position)
September 2021 External Director and Member of the Audit and Supervisory Committee of BrainPad Inc. (current position)

External Director

Fujiyo Ishiguro

Date of birth:
February 1, 1958



Term of office as Director: -
● -

June 2014 Outside Director of Monex Group, Inc. (current position)
June 2015 Outside Director of Sampo Japan Nipponkoa Insurance Inc. (currently Sampo Japan Insurance Inc.)
May 2021 Outside Director of WingArc 1st Inc. (current position)
June 2021 External Director of SEGA SAMMY HOLDINGS INC. (current position)
Director of Netyear Group Corporation (current position)
June 2022 External Director of the Bank (current position)

External Director

Tomoharu Kusaka

Date of birth:
September 25, 1961



Term of office as Director: -
● -

April 1984 Joined The Hiroshima Bank, Ltd.
November 2015 Director of Regional Financial Planning Office, Financial Service Agency
October 2021 Representative of Kusaka Corporate Management Consulting Office (current position)
June 2022 External Director of the Bank (current position)

Note: Shigeharu Nakamura, Junko Okawa, Kazutaka Okubo, Fujiyo Ishiguro and Tomoharu Kusaka are external directors as stipulated under Article 2, Paragraph 15 of the Companies Act.

External Audit & Supervisory Board Member

Kazumine Terawaki

Date of birth:
April 13, 1954



Term of office as Audit & Supervisory Board Member: 4 years
● 17 out of 17 meetings
● 16 out of 16 meetings

September 2016 Superintending Prosecutor of Osaka High Public Prosecutors Office
June 2017 Attorney at law, Satoshi Suzuki Law Office (current position)
February 2018 Outside Audit & Supervisory Board Member of Kewpie Corporation (current position)
June 2018 External Audit & Supervisory Board Member of the Bank (current position)
June 2019 Outside Director of Toshiba Machine Co., Ltd. (currently SHIBAURA MACHINE CO., LTD.) (current position)
Outside Audit & Supervisory Board Member of KAJIMA CORPORATION (current position)

External Audit & Supervisory Board Member

Junko Kogayu

Date of birth:
October 10, 1967



Term of office as Audit & Supervisory Board Member: -
● -
● -

March 1994 Registered as a certified public accountant (CPA)
October 2012 Professor at Graduate School of Economics and Management (Accounting School), Tohoku University (current position)
January 2020 Opened Junko Kogayu Certified Public Accountant Office (current position)
December 2020 Outside Director and Audit & Supervisory Committee Member of NITCHO CORPORATION (current position)
June 2021 Outside Director and Audit & Supervisory Committee Member of NISSIN CORPORATION (current position)
December 2021 Supervisory Director of Daiwa House REIT Investment Corporation (current position)
March 2022 Outside Director and Audit & Supervisory Committee Member of CERES INC. (current position)
June 2022 External Audit & Supervisory Board Member of the Bank (current position)

Note: Kazumine Terawaki and Junko Kogayu are external Audit & Supervisory Board Members as stipulated under Article 2, Paragraph 16 of the Companies Act.

Skills Matrix of Directors and Audit & Supervisory Board Members

The Shoko Chukin Bank believes that the Board of Directors should maintain a generally well-balanced composition of knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities. Amid the drastic changes taking place in the environment surrounding the Shoko Chukin Bank and SMEs, we determined that in order to achieve our corporate philosophy, we need to hire external directors with knowledge

in the areas of regional finance, digital matters, D&I, etc., in addition to the directors with a deep understanding of the operations and practices of the Bank. Accordingly, we are further enhancing the Board’s supervision and decision-making functions by ensuring a Board composition in which the majority of the members are external directors with diverse experience and expertise, among other qualities.

Name	Title and Position at the Bank	Area of Expertise									
		Corporate management	Finance	Financial accounting	Law	Global	DX / IT	Sustainability	D&I	Risk management	SMEs
Masahiro Sekine	Director & President and Executive Officer (Representative Director)	●	●							●	●
Hajimu Nakatani	Director & Deputy President and Executive Officer		●							●	●
Katsuhiko Kaji	Director & Senior Managing Executive Officer		●				●				●
Hiroyuki Obara	Director & Managing Executive Officer		●							●	
Shigeharu Nakamura	Director External Independent	●	●			●				●	
Junko Okawa	Director External Independent	●						●	●		
Kazutaka Okubo	Director External Independent			●	●		●	●		●	●
Fujiyo Ishiguro	Director External Independent	●				●	●		●		
Tomoharu Kusaka	Director External Independent		●	●						●	●
Taiichiro Okamoto	Audit & Supervisory Board Member		●	●							●
Masahiko Terauchi	Audit & Supervisory Board Member		●								●
Kazumine Terawaki	Audit & Supervisory Board Member External Independent				●					●	
Junko Kogayu	Audit & Supervisory Board Member External Independent			●		●		●		●	●

■ Managing Executive Officers



Managing Executive Officer
General Manager of Industry Research Division

Katsuya Motohata



Managing Executive Officer
General Manager of Corporate Planning Division

Hideyuki Makino



Managing Executive Officer
General Manager of Treasury & Capital Markets Operations Division

Shinichiro Morino



Managing Executive Officer

Futoshi Hagio



Managing Executive Officer

Manabu Abe



Managing Executive Officer

Takehiko Nokami



Managing Executive Officer
Head of Finance Group

Hiroyuki Nakashio



Managing Executive Officer

Shinya Yamada

■ Executive Officers

Executive Officer (General Manager of Business Division and Kanda office)

Shigetada Iwashita

Executive Officer (General Manager of Yokohama, Kawasaki and Yokohama-Nishiguchi office (General Manager of Kanagawa Business Division))

Masami Kidoguchi

Executive Officer (General Manager of General Co-ordinating Division)

Kazuya Sato

Executive Officer (General Manager of Tokyo office)

Yoshihito Sumimoto

Executive Officer (General Manager of Osaka, Umeda and Minoo Senba office)

Tetsuya Dozono

Executive Officer (General Manager of Nagoya and Atsuta office)

Atusi Satou

Executive Officer (General Manager of Branch Support Division)

Mitsutaka Kimura

Executive Officer (General Manager of International Division and Capital Markets Trading Division)

Kazunori Takahata

Executive Officer (General Manager of Internal Audit Division)

Hidehiko Yamanaka

Executive Officer (General Manager of Career Development Support Division and Administrative Services Division)

Yoshihiro Sano

Executive Officer (General Manager of Systems Planning Division)

Toru Tareishi

Human Resources Strategies

Human Resources Strategies to Realize the Purpose and Mission

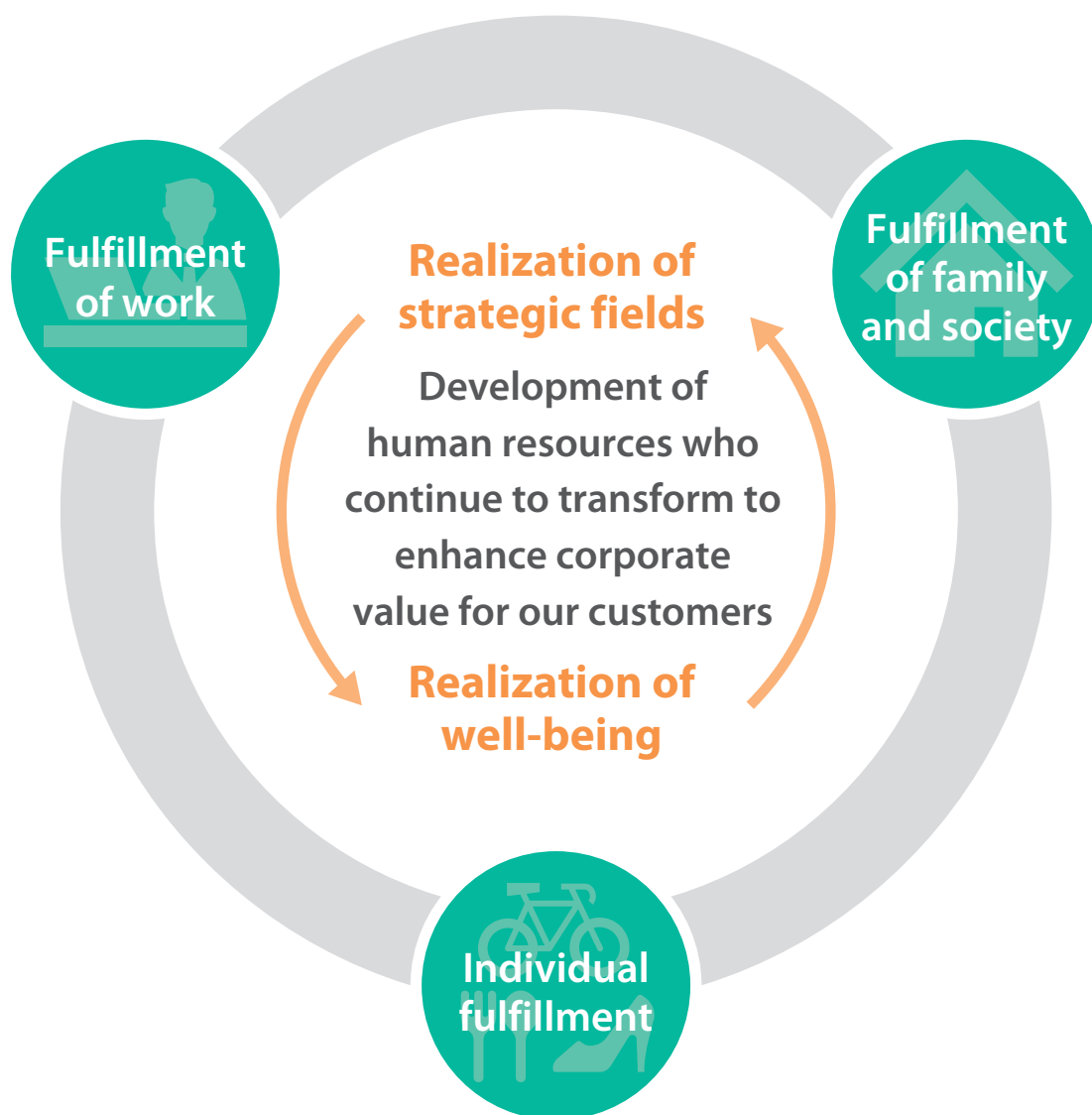
The Shoko Chukin Bank, as a partner to our customers that goes beyond traditional finance, aims to pave the way toward a society resilient to change while also pursuing management that is capable of sustainable growth.

A fundamental part of this is the human resources who have a heartfelt desire to draw close to customers and gain satisfaction from proactively and vibrantly engaging in initiatives to materialize this desire, while achieving growth alongside customers. As a partner in creating security and prosperity for customers, each employee is proactively engaged in learning, acquiring expertise and advanced skills, and taking on the challenge of self-directed “personal development” so that he or

she can share the dreams and needs of customers, think of what can be done, create and change together with customers.

In order to swiftly and appropriately keep up with the drastically changing times and continue to support the future of our customers, it is imperative that each employee continues to proactively change. We will provide an environment that realizes the well-being of our employees by enriching their work, personal, family, and social lives keeping a balance (harmony) between them, so that they can demonstrate their abilities to the maximum and work vibrantly, while at the same time enhancing customers’ value.

Strengthening Human Resource Development for Organizational Growth

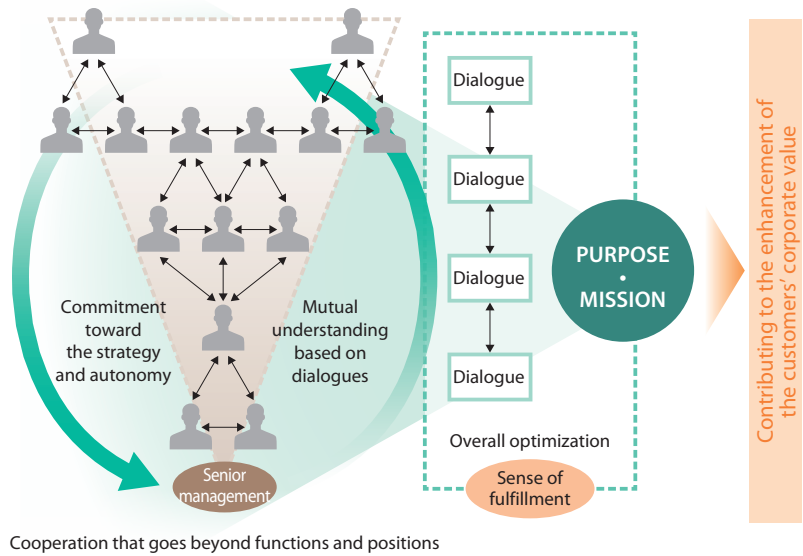




1. Fulfillment of work

(1) Development of an organizational culture based on the Purpose and Mission

Under the banner of our Purpose and Mission, we are developing an organizational culture where each employee can take advantage of his or her personality to the maximum extent, maintain health in both mind and body, work vibrantly and find fulfillment. To this end, we are expanding and improving the system that aims to enhance work based on dialogues and that draws close to diverse social developments and employee work styles.



Cooperation that goes beyond functions and positions

(2) Initiatives toward improving engagement

The “Career Campus (in-house nickname),” a talent management system, was adopted as a portal for each employee to play a key role in envisioning and materializing his or her future career and workstyle. Initiatives to enhance employee engagement

are being reinforced through activities to promote internal communications including the “Connection Meetings,” in which employees from around the country gather with in-house guest speakers.



INTERVIEW

To become an organization where self-directed individuals think and act, and grow together

The Shoko Chukin Bank split the Personnel Division into two organizations, the Career Development Support Division and the Diversity and Inclusion Division, in April 2022. We are building a system where individuals can design their ideal careers and actively improve themselves to self-actualization. We are fully committed to developing human resources who are capable of addressing the continuously changing issues facing our society and our customers’ needs.

Mika Hayakawa, General Manager of Diversity and Inclusion Division





2. Individual fulfillment

(1) Human resources development policy

The Shoko Chukin Bank is developing an environment that respects the diversity and independence of the employees and allows them to learn efficiently and effectively, in order to nurture self-directed professionals capable of thinking and learning on their own.

(2) Development programs to nurture professionals

The human resources development program effectively combines the three elements of group seminars, OJT, and self-development. Additionally, as options for support in capacity development, various education and training programs are provided, where employees are dispatched to graduate

schools both in Japan and abroad and other external training institutions to acquire an comprehensive knowledge of management and decision-making skills, enhance leadership skills, and take advantage of opportunities to build networks as well as design their careers.

Capacity development		Development of basic skills (Employees in their first to fourth year)	Development of practical skills (Employees in fifth year onward)	Development of administration and specialized skills	Development of management skills
Group training	Level-specific training	<ul style="list-style-type: none"> New employee training Start training Sales counter Step I, II, III, and IV trainings Business Skills Training for each position 	<ul style="list-style-type: none"> Brother-Sister Training Mid-level Employees Training Management Skills Training (beginner) Manager Training (beginner) 	<ul style="list-style-type: none"> Newly Appointed Section Chief Training Management Skills Training for Section Chief Step-up Training for Section Chief Manager Training (intermediate) Challenge Collage for each position 	<ul style="list-style-type: none"> Newly Appointed Deputy General Manager Training Management Skills Training for Deputy General Manager Step-up Training for Deputy General Manager Training for newly Appointed General Manager for branch office
	Elective training	<ul style="list-style-type: none"> Financial analysis Business prospects evaluation Initial response 	<ul style="list-style-type: none"> Derivatives operations International operations Business skills 	<ul style="list-style-type: none"> Solutions operations Business diagnosis seminar Management improvement support 	<ul style="list-style-type: none"> Credit screening trainee Business succession and M&As
OJT		<ul style="list-style-type: none"> Basic knowledge acquisition, Management of operational skills acquisition In-house training, On-site instruction, Training at peer branches Area instructor education Brother-Sister system Individual instructions 			
Self-development		<ul style="list-style-type: none"> Payment of scholarships Granting self-development points Indicating a self-development model Elective in-classroom courses External examinations and correspondence courses Keio Marunouchi City Campus Waseda Business School GLOBIS Management School LEC SME Consultant course 			
Study at outside institutions		<ul style="list-style-type: none"> Graduate schools in Japan and abroad (MBA) Government offices, overseas financial institutions, Bank of Japan SME Training Institutes, Japan Productivity Center 			

(3) Self-directed career development support

We have a wide variety of offerings from “designated” education and training based on the employee’s years of service to “elective” education and training, where employees can choose courses that match their challenges and interests, to strengthen the specialties and skills of our employees.

● Career Challenge System

The system supports opportunities for employees to take on challenges by nominating themselves for transfers to positions at the organizations including the headquarters divisions based on their career plans envisioned by each employee.

The positions offered have been expanded to all divisions and departments. We are strengthening the career support of highly motivated employees who are taking on the challenge of new operations.

Employees who applied to this program have increased by 1.4-fold or more compared to 2019.



The learning platform “MaNAVI”



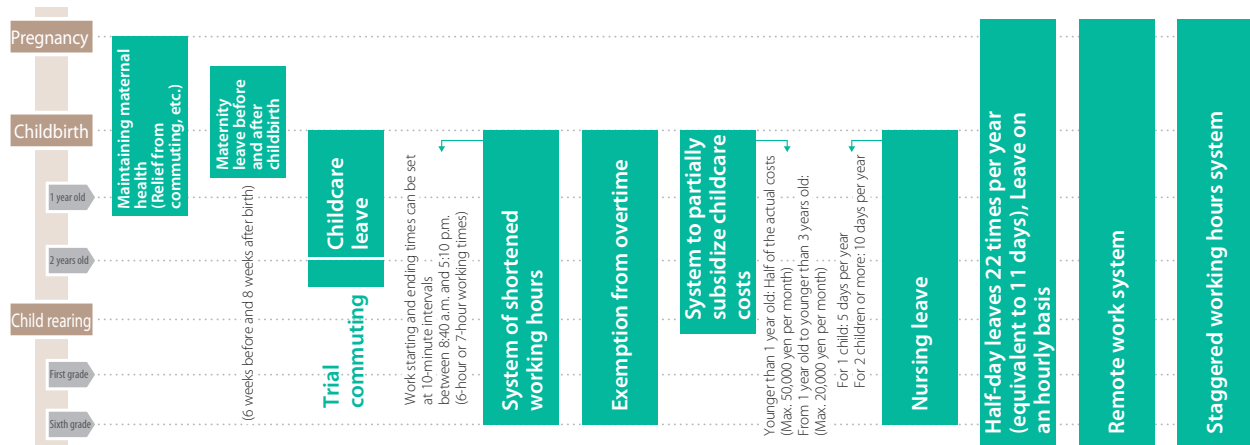
3. Fulfillment of family and society

(1) Developing an environment that supports diverse work styles

In light of the impact of Covid-19 and diversifying perceptions, we are working to provide a pleasant workplace for the employees by achieving flexible work styles. We have adopted systems including remote work and staggered working hours to prevent the spread of Covid-19 and ensure operational

continuity, as well as aiming to improve productivity. We are also cooperating with industrial physicians to provide a workplace where employees can work and maintain health in both mind and body.

Work and Home/Family



● Support for balancing work and child-rearing

Employees can choose flexible work styles in line with various milestones such as marriage, childbirth, and child-rearing. The Shoko Chukin Bank promotes well-balanced work styles so that each employee can achieve fulfillment both at work and at home.

● Remote work, staggered working hours, and 4-day work week

From the standpoint of work styles in line with the employee's life plan and concept of work, we have adopted such systems as remote work using thin client terminals, staggered working hours where employees can choose their starting and ending times, and a 4-day work week, which may be chosen under certain conditions.

New work styles

● Adoption of business casual

We have introduced a business casual dress code to all employees and by allowing flexible attire, we are raising the awareness of the employees and facilitating changes to our culture.

● Side businesses and additional businesses

As a way of supporting the various workstyles of our employees, we have introduced the system of side businesses and additional businesses.

● Introduction of the UD Talk app

To ensure smooth communications among employees, regardless of their disabilities, we have adopted the voice-recognition software, "UD Talk," and are lending it out to those who wish to use it.



(2) Initiatives to balance work and home life

To improve the work-life balance, we are recommending male employees to take childcare leave. We are promoting male participation in childcare, encouraging mutual understanding among employees, and changing the mindset of the workplace as a whole.

	FY2019	FY2020	FY2021
Number of male employees who took childcare leave	66	75	67
Percentage of male employees who took childcare leave	71.7%	75.0%	76.1%



We acquired the "Platinum Kurumin" certification which is awarded to companies providing a high level of childcare support to their employees.

Status of Compliance System Development

Status of the initiatives to develop compliance systems in the wake of misconduct in crisis response operations

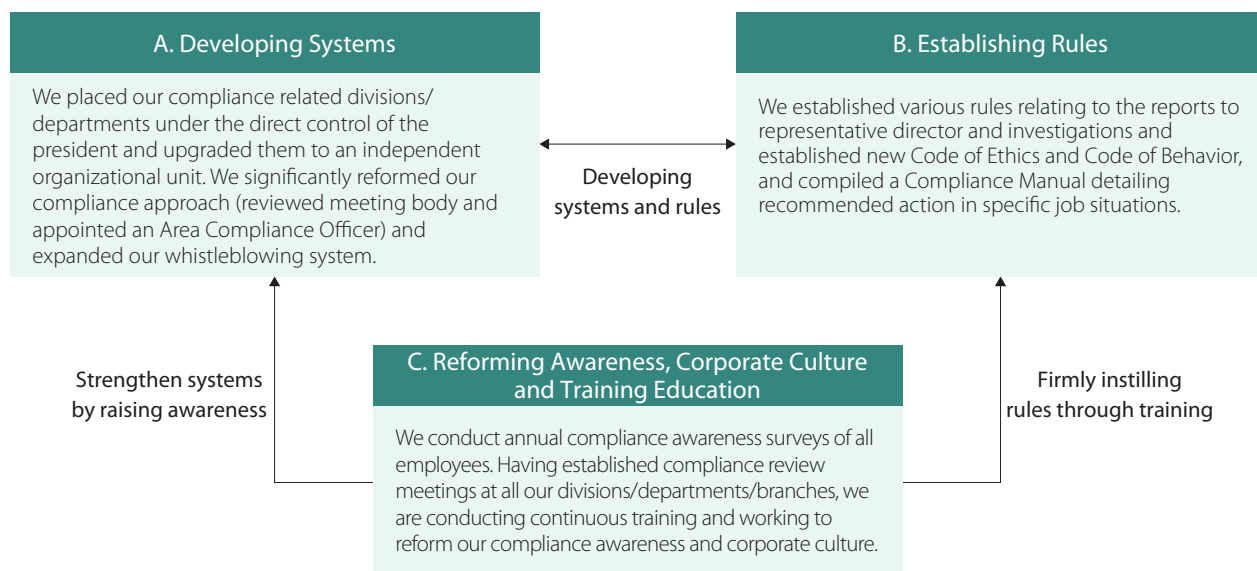
Regarding the misconduct announced in 2016 in our crisis response operations, we would like to once again offer our sincere apologies for the considerable inconvenience and concern caused to our business partners, shareholders, and the general public.

The Shoko Chukin Bank recognizes that the four fundamental causes of the misconduct in the past were: (1) a lack of internal control and excessive pressure for business performance in crisis response operations; (2) the use of crisis response loan facilities as

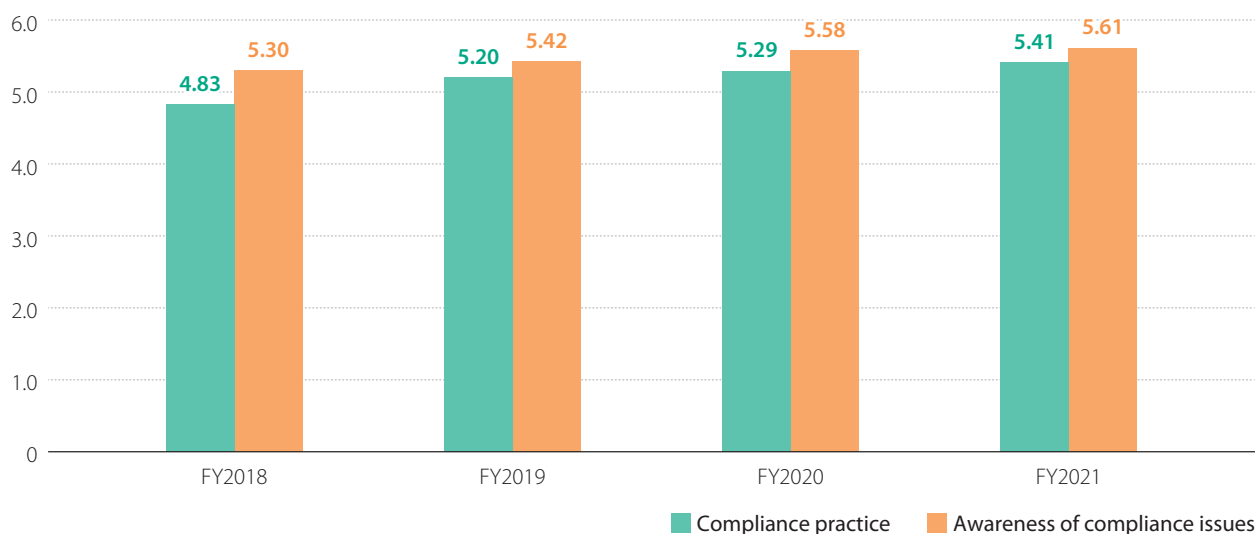
a dominant tool; (3) the attitude of the Bank's Headquarters and management, as well as a decline in compliance awareness that led to misconduct; and, (4) a lack of governance. Based on that recognition, we have developed various approaches and have been steadily raising the employees' compliance awareness.

Going forward, we will aim to transition from uniform companywide measures to "self-directed compliance" that is planned, reviewed, and operated independently by each division, department and branch.

Three Initiatives to Rebuild Organization After the Misconduct Incident

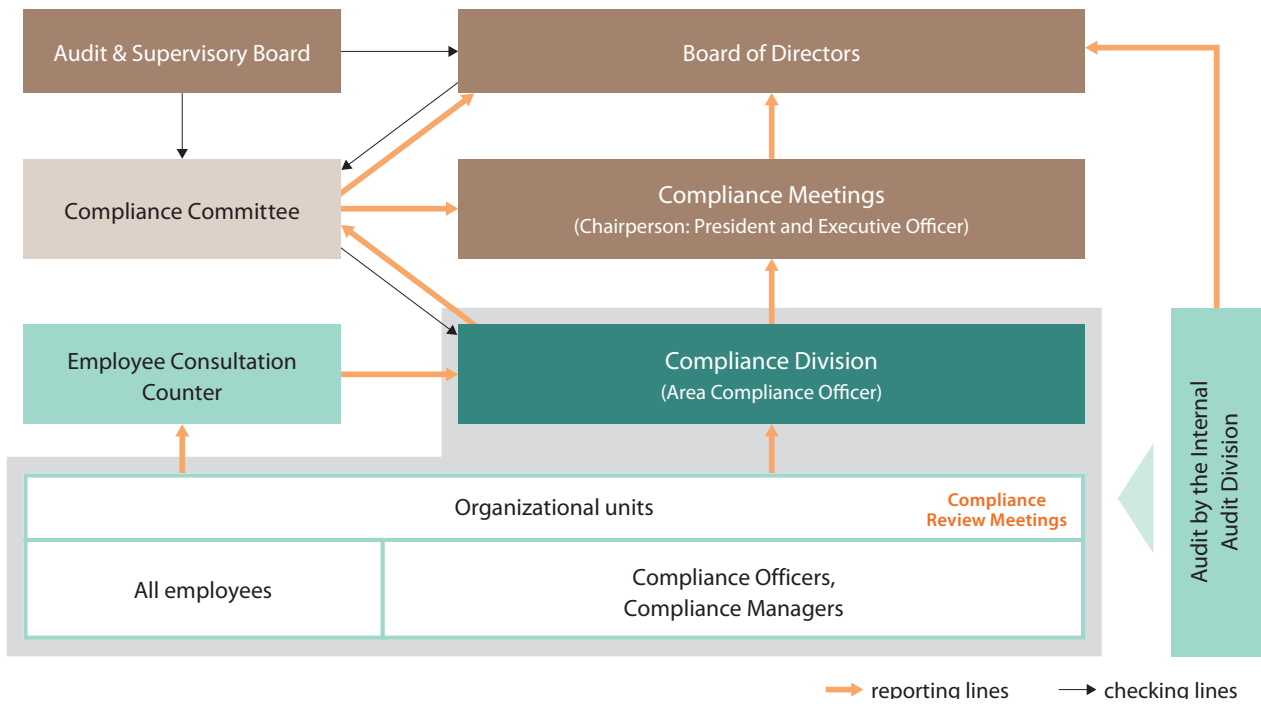


Change in Compliance Awareness



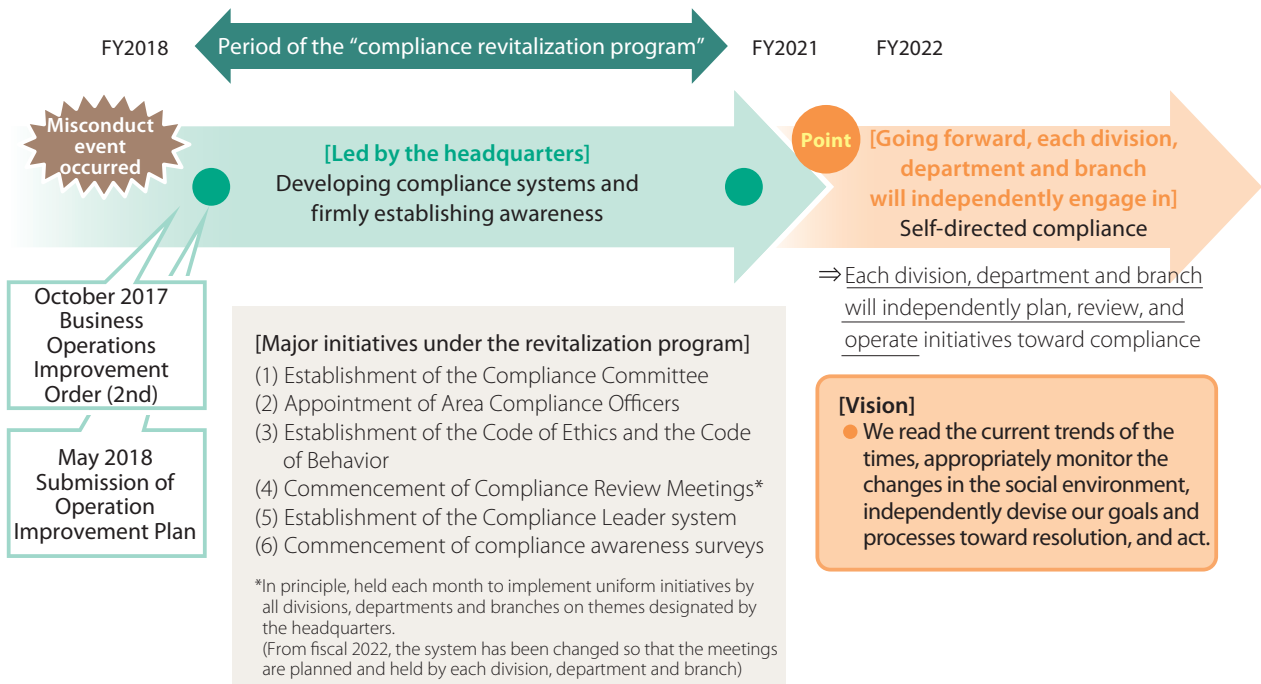
*The surveys were conducted by having respondents rate their compliance from 1 to 7 (the higher the number the more positive the action).

Compliance Structure



Initiatives for fiscal 2022 and Beyond

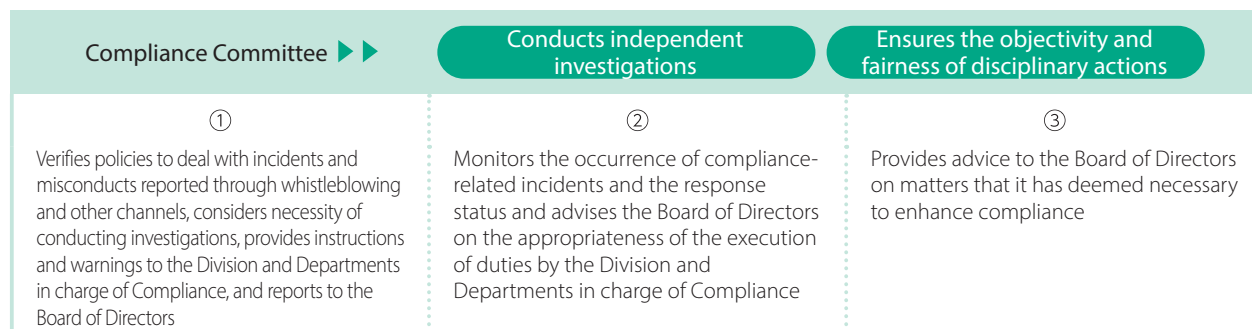
Overview of future initiatives



Compliance Committee

The Role of the Compliance Committee

The Compliance Committee is delegated by the Board of Directors to engage in the following three tasks, (1) to (3). The Committee is consulted on all incidents that involve personnel decisions and other disciplinary actions, ensures objectivity and fairness, and provides guidance and checks so that appropriate actions are taken.



Compliance Committee Members

Compliance Committee members are appointed by the Board of Directors and its chairperson is elected from among members who are outside attorneys-at-law by mutual election.

Compliance Committee	Chairperson	Takanori Ishikawa (Attorney at law, Mori Hamada & Matsumoto)
	Vice chairperson	Manabu Adachi (Attorney at law, Tokyo Fuji Law Office)
	Member	Hajimu Nakatani (Deputy President and Executive Officer, the Shoko Chukin Bank)

Activities of the Compliance Committee

The Compliance Committee meets once a month in principle, for about two hours per meeting to carefully examine various agendas under the guidance of outside attorneys at law. In 2018, monitoring commenced under the Committee members (chairperson and vice chairperson) to verify the process of agenda submission to the Committee, which has contributed to preventing omissions in the agenda to be submitted to the Committee while also improving efficiency.

- **Monitoring details:** In addition to the monthly Committee meetings, the chairperson and vice chairperson (outside attorneys-at-law) also conduct monitoring of operational risk events. They also confirm whether there are any omissions in the agenda to be discussed by the Committee on a risk basis and do the process verification including giving instructions to submit the necessary agenda to the Committee.

[Monitoring of operational risk events]

- ▶ Monitoring of operational risk events which occurred in the previous month (a certain number is randomly extracted)
- ▶ Verifies the investigation results of incidents determined to pose compliance risks and the status of formulating measures to prevent such recurrences, and confirms the appropriateness of decisions on matters which were not submitted as agenda to the Compliance Committee (provides instructions to refer the matter to the Committee, as necessary)

Compliance Committee

Number of the Committee and Monitoring held

	FY2018	FY2019	FY2020	FY2021
Compliance Committee	21	13	13	12
Monitoring	7	12	13	12
Total	28	25	26	24

Act on Prevention of Transfer of Criminal Proceeds and Measures to Prevent Money Laundering and Terrorist Financing

Strengthening the prevention system of money laundering and terrorist financing is becoming increasingly important each year for the international community. The Shoko Chukin Bank also positioned this as one of the important management issues, while taking into account relevant laws and regulations, and established the Financial Crimes Compliance Department in April 2020. In doing so, we are working to strengthen our systems including the thorough confirmation of overseas remittance transactions and updating information on our clients. We will continue to cooperate with the relevant government agencies, respond to the increasingly complex and sophisticated methods used in money laundering and other crimes, and go forward with measures to effectively prevent such crimes.

■ Customer Management (Customer Due Diligence)

To effectively prevent crimes such as money laundering, financial institutions are required to have a grasp of customers' information including the purpose of each transaction, their occupation and business description, and to update and maintain the latest information. The Shoko Chukin Bank, since fiscal 2019, has also been asking its customers to provide such information.

■ Overseas Remittances

In terms of overseas remittances, we are required by the Japanese government, international agencies, and foreign government authorities to rigorously confirm whether overseas remittances constitute money laundering or infringe various domestic and overseas laws and regulations. To this end, the Shoko Chukin Bank is making the necessary checks on the content of the transactions and information about customers and beneficiaries, etc., based on the materials and other data.

Zero-Tolerance of Anti-social Forces

As a financial institution, to maintain public confidence and ensure the adequacy and soundness of our business operations, it is required to eliminate anti-social forces from financial transactions. The Shoko Chukin Bank develops its system aimed at the elimination of anti-social forces by taking initiatives such as designating the Compliance Division as a supervising division

for the elimination of anti-social forces, and assigning a person responsible for elimination of anti-social forces within each division, department and branch, thereby working to cut off the relationships and eliminate transactions with anti-social forces, in cooperation with external professional bodies including the police and lawyers.

▶ Acquisition of Whistleblowing Compliance Management System Certification*

The Shoko Chukin Bank has established internal and external employee consultation contact points and accepts a wide range of alerts and consultations for the early discovery and correction of misconducts, violations of internal rules, harassment, etc.

The employee consultation contact point system at the Shoko Chukin Bank has acquired Whistleblowing Compliance Management System certification by thoroughly ensuring the confidentiality of the whistleblower and the consulting employee, continuously providing education and training to employees so that the whistleblower is not subject to prejudicial treatment, and providing an environment where employees can easily provide alerts and receive consultations.



**Whistleblowing
Compliance
Management
System**

*The Whistleblowing Compliance Management System certification is a system whereby business operators assess their own whistleblowing system and if the system is found to conform to certification standards, a designated registration agency registers the result of confirmation based on the application from the business operator.

Risk Management

I. Basic Policy for Risk Management

In order to sufficiently exhibit our role as a financial institution specializing in SMEs while maintaining the soundness of management, the Shoko Chukin Bank has laid down its basic policy of thoroughly communicating the importance of risk

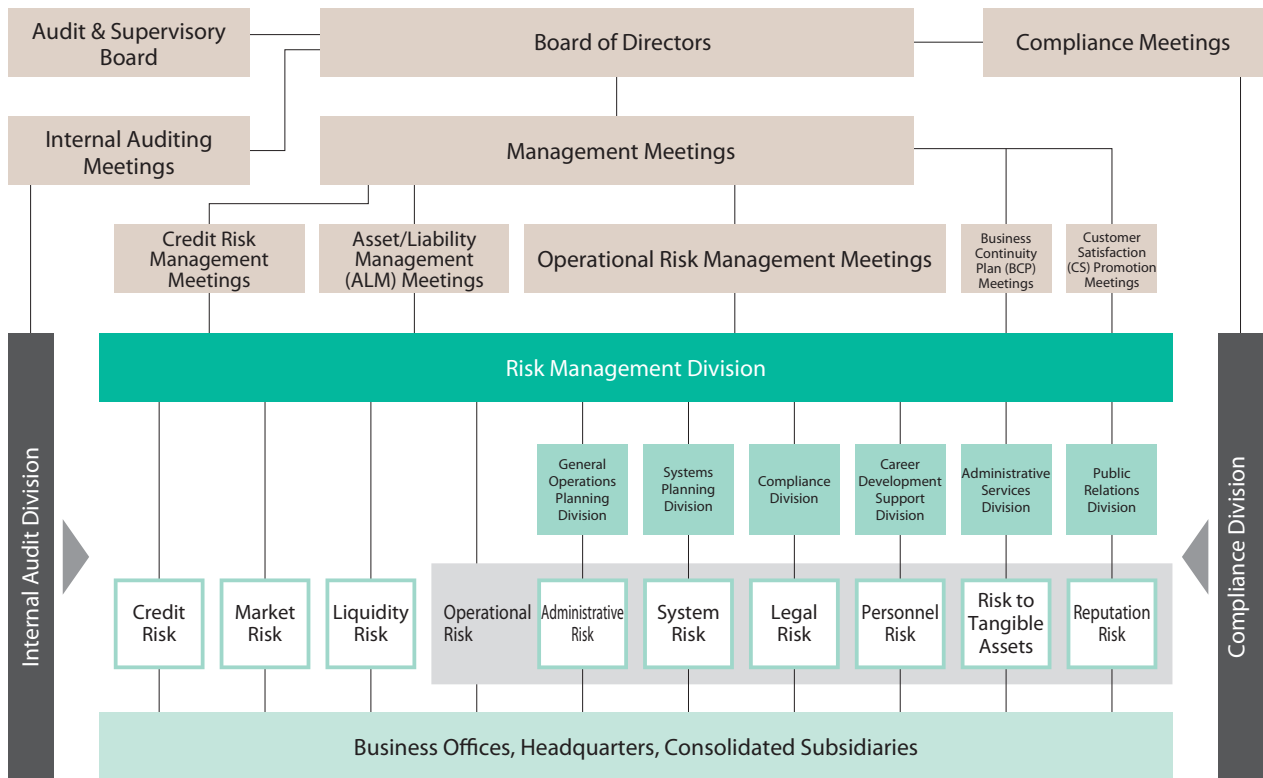
management to all officers and employees, and accurately grasping and managing risks by defining the type of risks that should be recognized, their content and the organizational structure for managing such risks.

II. Risk Management Structure

The Shoko Chukin Bank, in light of the importance of risk management, conducts risk management with the ample involvement of senior management. Specifically, important matters on risk management are deliberated and decided at the Board of Directors meetings or the Management Meetings, while periodic reports are given to the Board of Directors on the status of risk management, as well as its issues and countermeasures.

Additionally, divisions to manage the risks are designated for each type of risk, and management specific to the features of risk is conducted while the Risk Management Division comprehensively monitors these risks and supervises risk management as a whole.

Risk Management Structure and System



III. Integrated Risk Management

The Shoko Chukin Bank comprehensively understands risks that have been qualitatively or quantitatively assessed and ensures the soundness of management by comparing and contrasting such risks against its financial stability while allocating

appropriate management resources commensurate with such risks. To this end, it has developed a concrete framework of top risk management and risk capital allocation management.

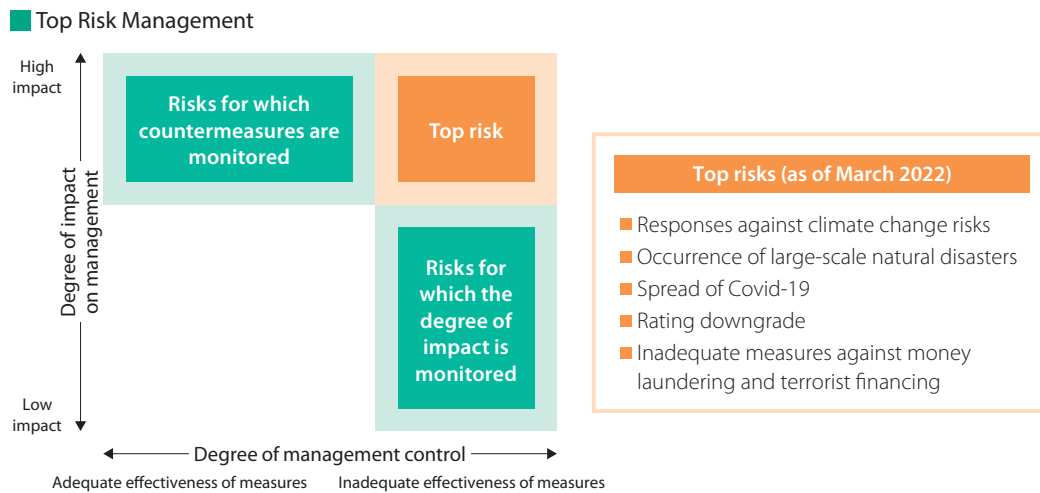
IV. Top Risk Management

The Shoko Chukin Bank has adopted "Top risk management," which, based on the discussions of senior management, recognizes risk events thought to have a particularly significant impact on management as top risks.

Specifically, every half-year period, the Board of Directors selects risk events surrounding the Bank and determines top risks by utilizing a risk map, which takes into account the degree

of impact of such risks on management and the adequacy of the countermeasures (the degree of management control).

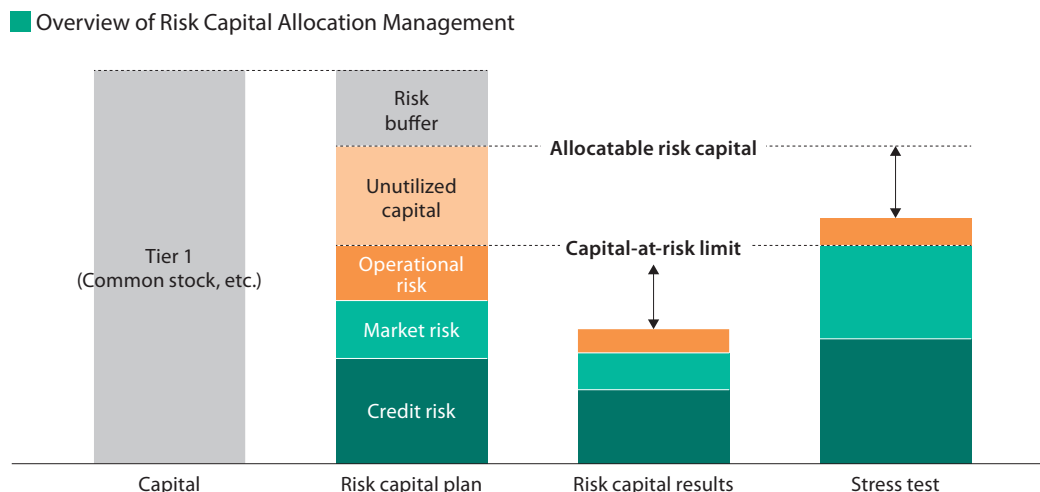
For the top risks determined, risk management is conducted that allows for flexible responses in the event that the risk materializes, by determining the management policy and monitoring the status of the risks, among others.



V. Risk Capital Allocation Management

At the Shoko Chukin Bank, we manage risks by quantifying various risks using criteria that are as uniform as possible, aggregating the quantified risks and comparing the risks with capital (integrated capital management). The Board of Directors determines the capital-at-risk limit for overall and each risk, while periodically monitoring the status of the use of risk capital and reports to the Asset/Liability Management (ALM) Meetings and the Management Meetings.

Additionally, we set multiple stress scenarios, including the re-emergence of past stress events and the occurrence of specific stress events, and conduct stress tests based on these scenarios to evaluate internal capital adequacy.



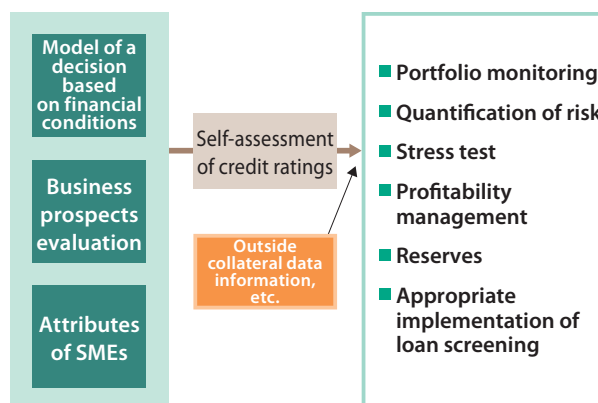
VI. Credit Risk Management

The Bank undertakes self-assessment of its assets to identify and control credit risk in an appropriate manner and has introduced an internal credit rating system for this purpose. The Bank's internal credit rating system uses an optimal set of financial indicators to assess the creditworthiness of SMEs and also incorporates a range of qualitative assessment criteria.

Additionally, we analyze and assess the credit portfolio from various perspectives, such as by credit rating, business sector, and geographical region, aiming to improve the soundness of the Bank's assets, while also quantifying credit risk to understand and manage credit risk quantitatively.

In terms of credit screening, the Finance Group conducts appropriate screening and management. The Bank has also established the Corporate Support Division as a specialist unit to provide customers with support for management improvement and revitalization. This department proactively works with customers in this area.

Basic Concept of Loan Screening



VII. Market Risk Management

The Bank controls the volume of market risk within a certain range by setting risk limits within the scope of the capital-at-risk limit allocated to market risk by objectives of the task and type

of risks, and also setting limits on amount of positions and valuation gains and losses, and managing these limits.

VIII. Liquidity Risk Management

The Bank appropriately controls liquidity risk by setting various limits related to liquidity risk involving yen and foreign currencies and managing such limits.

Additionally, the Bank appropriately controls liquidity risk by classifying the status of cash flows into three categories, "Normal

times," "Times of concern," and "Times of crisis," managing the cash flows according to each category, and formulating specific measures at Times of concern and Times of crisis.

IX. Operational Risk Management

The Shoko Chukin Bank manages operational risk by classifying it into the six sub-risks consisting of administrative risk, system risk, legal risk, personnel risk, risk to tangible assets, and reputation risk.

In its role of overseeing operational risk, the Risk Management Division is responsible for managing and minimizing operational risk, as it relates to the Bank as a whole. In this context, the Division has formulated the Basic Guidelines on Operational Risk Management. In addition, we have established a department in charge of each sub-risk to manage risk according to the attributes of each risk in an effort to minimize risk.

A Risk Control Self-Assessment (RCSA) has been introduced for risk management, whereby the department in charge of operations monitors losses that occur and also identifies and evaluates inherent risk. The Bank is promoting initiatives to make improvements based on this evaluation.

In addition, the Operational Risk Management Meetings deliberate on matters relating to operational risk. These include efforts to clearly identify operational risks and to establish countermeasures to ensure their reduction.

■ Initiatives toward Customer Protection

The Shoko Chukin Bank has formulated the Customer Protection Management Rules and practices a customer-first management approach, to provide appropriate and sufficient explanations to customers (customer explanation management), appropriately respond to customers' requests and complaints (customer support), appropriately manage customer information (customer information management), appropriately manage customer information and appropriately respond to customers when outsourcing operations (outsourcing management), and appropriately manage transactions that may unjustly harm the customer's interests (conflict of interest management).

For example, we carefully explain the contract terms and conditions to gain the understanding and approval of customers in loan and deposit transactions.

Particularly when soliciting products in which the investor may suffer a loss of principal, we appropriately conduct solicitations in accordance with the Solicitation Policy related to the Sale of Financial Instruments.

We have also established a Customer Service Center and set up a system for receiving requests and complaints from customers, and regarding the requests and complaints received, we discuss them at the Customer Satisfaction (CS) Promotion Meetings and make efforts to prevent recurrence and improve business operations. In addition, we have formulated and announced the CS Declaration. To appropriately oversee these initiatives toward customer protection, we have established the necessary systems such as the appointment of managers responsible for each field including the customer explanation management, customer support, customer information management, outsourcing management, and conflict of interest management.

Addressing the Financial Alternative Dispute Resolution System

The Financial Alternative Dispute Resolution (ADR) System (a system for out-of-court resolution of disputes in the financial field) was launched on October 1, 2010. The operational management system and internal regulations of the Shoko Chukin Bank were developed in order to deal with complaints from customers and to resolve disputes with customers in a fair and appropriate manner. Details can be found on our website or in our brochures. We listen carefully to any complaints and other comments we receive so that we can investigate and fully grasp the facts and then cooperate with relevant departments to solve issues quickly. Other institutions can also accept complaints and comments from customers and we encourage some customers to contact appropriate institutions* depending on the content of their complaints or comments.

*The Dispute Resolution Center and Arbitration and Mediation Center set up and operated by the Tokyo Bar Association, the Dai-ichi Tokyo Bar Association, and the Daini Tokyo Bar Association, or the Financial Instruments Mediation Assistance Center.

Initiatives toward Personal Information Protection

In keeping with the purpose of the Act on the Protection of Personal Information, we announced our declaration regarding initiatives, etc., toward the personal information protection (Personal Information Protection Declaration) on our website and other materials and we are striving to protect personal information under a rigorous safety management system and make continuous improvements. In addition, at the personal information protection contact, we offer consultation regarding personal information protection, provide information on disclosure requests and other procedures, and accept various requests including disclosure requests.

■ Improvement of Internal Auditing Systems

To ensure the adequacy and effectiveness of the internal control system, the Internal Audit Division, which operates independently of all other Headquarters divisions under the direct control of the President and Executive Officer, carries out audits of the Bank's risk management systems, etc.

Operational audits are implemented to ensure that risk management and other processes at business offices and Headquarters departments, as well as management system for compliance, customer protection and other factors, are functioning adequately and effectively. They also make statements for further improvement of internal audit systems. Asset audits look into whether self-assessments, write-offs and reserves are appropriate, and whether credit ratings are accurate.

The results of internal audits are reported at Internal Auditing Meetings or Management Meetings attended by Audit & Supervisory Board Members, and are then reported periodically at Board of Directors' meetings.

■ Crisis Management System

The Bank established the "BCP Basic Guidelines" to set forth responsive measures to be taken by the Shoko Chukin Bank and all of its officers and employees with respect to disaster prevention as well as a system ensuring the smooth operation of business activities by restoring its functions immediately upon the occurrence of disasters so as to minimize management risk associated with the suspension of business.

■ Disclosure Policy Concerning Important Facts

The Shoko Chukin Bank, as a financial institution run for SMEs by SMEs, strives to maintain a high level of transparency and fulfill its obligation of accountability as well as fair, timely, and appropriate disclosure regarding our business activities and financial position, to gain the further understanding and trust from all stakeholders including our shareholders, SMEs, investors and depositors.

Based on this basic concept, we have formulated the following Disclosure Policy concerning Important Facts as a way of announcing to the public how our disclosures of important facts should be and thoroughly communicating the policy to the officers and employees of the Shoko Chukin Bank and ensure that it is enforced appropriately.

1. Definition of important facts

The Shoko Chukin Bank considers not only those matters

required to be disclosed under relevant domestic and foreign laws and regulations but also information that may significantly impact the decision of its stakeholders including our shareholders, SMEs, investors, and depositors, as important matters requiring disclosure.

2. Disclosure method

With regard to the disclosure of important facts, we strive for fair information disclosure by, for example, posting the information on the Shoko Chukin Bank website, in principle, on the day of disclosure.

3. Treatment of forward-looking information

Descriptions containing forward-looking statements disclosed by the Shoko Chukin Bank, including forecasts, strategies, policies, and targets are based on information available at the time of disclosure, and are subject to the

impact of various risks and uncertainties. Accordingly, the actual results may differ significantly from the outlook.

4. Investment decisions

Information is disclosed by the Shoko Chukin Bank so that stakeholders gain a deeper understanding of the Bank and not for the solicitation of securities and other instruments issued by the Shoko Chukin Bank. Investment decisions should be made based solely on your own judgment.

5. Development of internal systems

The Shoko Chukin Bank strives to develop and improve the required internal systems in accordance with this policy. In addition, the information to be disclosed shall appropriately reflect the discussions and deliberations of the Management Meetings.

■ Disclosure Status

Type of materials	Location and method of announcement	Timing of announcement
Report of business ● Business Report ● Non-consolidated financial statements ● Consolidated financial statements ● Supplementary schedules ● Accounting Auditor's Report ● Audit report	Available at sales offices, our website	Each June
Announcement of financial results/Announcement of interim financial results	Electronic public notice	Each June/Each December
Securities Report/Interim Report	Available at sales offices, our website	Each July/Each January
Annual Securities Report/Semi-annual Securities Report	EDINET, available at the Head Office and Osaka Office, our website	Each June/Each December
Basel regulation-related ratios	Our website	Each quarter

(Note) Disclosure materials in accordance with the Shoko Chukin Bank Limited Act, the Companies Act, and the Financial Instruments and Exchange Act.

Balance Sheets	57
Statements of Operations	59
Statements of Comprehensive Income	59
Statements of Changes in Net Assets	60
Notes to Financial Statements	64
Capital Account Details	72

Trends in Principal Financial Indicators (Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Operating Income	¥ 149.3	¥ 151.7	¥ 153.8	¥ 181.2	¥ 204.7
Income before Income Taxes and Other	30.6	8.5	21.6	32.1	58.4
Net Income Attributable to Owners of Parent	18.5	9.2	14.5	15.4	37.3
Comprehensive Income	13.6	24.6	5.3	11.2	41.5
Net Assets	988.4	979.5	959.4	964.0	972.3
Total Assets	12,787.7	13,083.2	11,219.5	11,818.5	11,957.3
Net Assets per Share (Yen)	208.80	204.71	195.44	195.04	191.95
Net Income per Share (Yen)	8.51	4.24	6.68	7.08	17.15
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.69	7.45	8.51	8.12	8.10
Consolidated Tier 1 (Common Stock etc.) Ratio (%)	11.72	11.74	11.67	12.30	12.69
Consolidated Tier 1 Ratio (%)	11.72	11.74	11.67	12.30	12.69
Consolidated Total Capital Ratio (%)	12.77	12.68	12.37	12.99	13.53
Return on Equity (%)	1.88	0.95	1.51	1.59	3.93
Price Earnings Ratio	—	—	—	—	—
Cash Flows from Operating Activities	(370.5)	502.6	(582.5)	223.9	(165.6)
Cash Flows from Investing Activities	236.1	(184.5)	73.7	113.5	16.6
Cash Flows from Financing Activities	4	5.4	(10.0)	(24.5)	(24.5)
Cash and Cash Equivalents at the End of the Year	1,492.4	1,626.2	1,302.7	1,821.5	1,508.5
Number of Employees (Persons)	3,765	3,909	4,020	4,113	4,083
[Average Number of Temporary Employees excluded from Above]	[1,010]	[1,018]	[1,018]	[1,036]	[1,058]

Notes: 1. The figure for Net Income per Share (Diluted) is not disclosed because there were no shares with a dilutive effect.

2. The Capital Ratio is calculated as follows:

(Total Net Assets as of the fiscal period-end - Share award rights as of the fiscal period-end - Stock acquisition rights as of the fiscal period-end - Minority Interests as of the fiscal period-end)/Total Assets as of the fiscal period-end × 100

3. The Consolidated Capital Ratio is calculated in accordance with Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Law. The Shoko Chukin Bank has adopted the BIS international capital adequacy guidelines.

4. Figures for Price Earnings Ratio are not disclosed because the Shoko Chukin Bank is not publicly listed or registered.

5. Number of Employees refers to the number of persons employed (excluding seconded workers).

Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. and Subsidiaries As of March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
ASSETS				
Cash and Due from Banks	¥ 1,515,860	¥ 1,680,626	\$ 12,385	\$ 15,180
Call Loans and Bills Purchased	174,817	143,938	1,428	1,300
Monetary Claims Purchased	23,718	19,471	193	175
Trading Assets	13,147	15,109	107	136
Investment Securities	1,211,789	1,461,131	9,901	13,197
Loans	9,597,836	9,511,424	78,420	85,912
Foreign Exchange	27,954	24,810	228	224
Other Assets	168,841	175,820	1,379	1,588
Tangible Fixed Assets	41,250	43,522	337	393
Buildings	16,592	17,329	135	156
Land	22,003	22,126	179	199
Construction in Progress	—	835	—	7
Other Tangible Fixed Assets	2,653	3,231	21	29
Intangible Fixed Assets	12,886	10,286	105	92
Software	8,883	9,122	72	82
Other Intangible Fixed Assets	4,003	1,163	32	10
Net Defined Benefit Asset	24,984	26,625	204	240
Deferred Income Taxes	37,002	39,298	302	354
Customers' Liabilities for Acceptances and Guarantees	120,768	112,070	986	1,012
Reserve for Possible Loan Losses	(183,150)	(180,864)	(1,496)	(1,633)
Total Assets	¥ 12,787,705	¥ 13,083,272	\$ 104,483	\$ 118,176

Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. and Subsidiaries As of March 31, 2022 and 2021

Pursuant to Article 396-1 of the Companies Act, the material that the Shoko Chukin Bank makes public in accordance with Article 52-2 of the Shoko Chukin Bank Law has been audited by an audit and supervisory board member.

In addition, the Bank's consolidated financial statements — the balance sheets, statements of operations, and statements of changes in net assets — have been certified by an audit and supervisory board member pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act.

The consolidated financial statements presented below are not audited or certified. They have been reproduced from audited and certified consolidated financial statements above.

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
LIABILITIES				
Deposits	¥ 5,701,444	¥ 5,886,778	\$ 46,584	\$ 53,172
Negotiable Certificates of Deposit	491,452	437,864	4,015	3,955
Shoko Chukin Bank Debentures	3,542,170	3,786,770	28,941	34,204
Payables under Securities Lending Transactions	139,173	164,811	1,137	1,488
Trading Liabilities	5,197	8,928	42	80
Borrowed Money	1,642,658	1,558,115	13,421	14,073
Foreign Exchange	75	43	0	0
Corporate Bonds	30,000	10,000	245	90
Other Liabilities	73,393	80,546	599	727
Reserve for Bonuses	4,227	4,543	34	41
Net Defined Benefit Liability	2,232	3,977	18	35
Reserve for Retirement Benefits for Directors	115	94	0	0
Reserve for Losses on Refund for Dormant Bonds	46,162	48,979	377	442
Reserve for Environmental Measures	67	67	0	0
Other Reserves	77	74	0	0
Deferred Tax Liabilities	50	52	0	0
Acceptances and Guarantees	120,768	112,070	986	1,012
Total Liabilities	11,799,266	12,103,717	96,407	109,328
NET ASSETS				
Capital	218,653	218,653	1,786	1,975
Crisis Response Reserve	129,500	129,500	1,058	1,169
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	3,274	3,620
Capital Surplus	0	0	0	0
Retained Earnings	226,437	212,698	1,850	1,921
Treasury Stock	(1,146)	(1,136)	(9)	(10)
Total Shareholders' Equity	974,255	960,526	7,960	8,676
Unrealized Gains on Other Securities	17,340	21,076	141	190
Deferred Hedge Gains	2	(25)	0	(0)
Remeasurements of Defined Benefit Plans	(6,956)	(5,820)	(56)	(52)
Total Accumulated Other Comprehensive Income	10,386	15,230	84	137
Non-controlling Interests	3,796	3,796	31	34
Total Net Assets	988,439	979,554	8,076	8,847
Total Liabilities and Net Assets	¥ 12,787,705	¥ 13,083,272	\$ 104,483	\$ 118,176

Consolidated Statements of Operations

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
Operating Income	¥ 149,384	¥ 151,777	\$ 1,220	\$ 1,370
Interest Income	107,615	102,888	879	929
Interest on Loans	100,352	96,977	819	875
Interest and Dividends on Securities	3,371	3,727	27	33
Interest on Call Loans and Interest on Bills Purchased	96	130	0	1
Interest on Deposits	1,136	1,101	9	9
Interest on Interest Swaps	—	23	—	0
Other Interest Income	2,658	928	21	8
Fees and Commissions	11,047	9,518	90	85
Trading Revenue	6,128	2,202	50	19
Other Operating Income	23,214	34,613	189	312
Other Income	1,378	2,554	11	23
Collection of Written-off Claims	90	88	0	0
Other Income	1,288	2,466	10	22
Operating Expenses	118,780	143,274	970	1,294
Interest Expenses	4,152	5,157	33	46
Interest on Deposits	2,545	2,670	20	24
Interest on Negotiable Certificates of Deposit	149	190	1	1
Interest on Debentures	281	1,107	2	9
Interest on Call Money and Interest on Bills Sold	0	(3)	0	(0)
Interest on Payables under Repurchase Agreements	0	—	0	—
Interest on Securities Lending Transactions	15	21	0	0
Interest on Borrowed Money	1,023	1,098	8	9
Interest on Corporate Bonds	105	27	0	0
Interest on Interest Swaps	21	—	0	—
Other Interest Expenses	9	46	0	0
Fees and Commissions	3,227	2,615	26	23
Trading Expenses	0	—	0	—
Other Operating Expenses	19,453	33,797	158	305
General and Administrative Expenses	70,414	80,315	575	725
Other Expenses	21,530	21,387	175	193
Provision for Possible Loan Losses	19,942	19,174	162	173
Other Expenses	1,587	2,212	12	19
Profit before Income Taxes and Other	30,604	8,503	250	76
Other Gains	1,228	4,443	10	40
Gains on Disposal of Fixed Assets	1,228	651	10	5
Compensation Received	—	3,792	—	34
Other Losses	607	1,450	4	13
Losses on Disposal of Fixed Assets	194	196	1	1
Impairment Losses	412	1,253	3	11
Profit before Income Taxes	31,224	11,496	255	103
Provision for Income Taxes	8,153	2,645	66	23
Adjustment for Income Taxes	4,544	(395)	37	(3)
Total Income Taxes	12,698	2,250	103	20
Profit	18,526	9,246	151	83
Profit Attributable to Non-controlling Interests	3	3	0	0
Profit Attributable to Owners of Parent	¥ 18,522	¥ 9,242	\$ 151	\$ 83

Consolidated Statements of Comprehensive Income

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
Profit	¥ 18,526	¥ 9,246	\$ 151	\$ 83
Other Comprehensive Income	(4,844)	15,421	(39)	139
Unrealized Gains on Other Securities	(3,736)	9,192	(30)	83
Deferred Hedge Gains	28	(110)	0	(0)
Remeasurements of Defined Benefit Plans	(1,135)	6,340	(9)	57
Comprehensive Income	13,682	24,668	111	222
Total Comprehensive Income Attributable to Owners of Parent	13,678	24,664	111	222
Non-controlling Interests	¥ 3	¥ 3	\$ 0	\$ 0

Consolidated Statements of Operations / Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Net Asset

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2022 and 2021

Millions of yen

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
Balance, April 1, 2021	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 212,698	¥ (1,136)	¥ 960,526
Cumulative Effects of Changes in Accounting Policies					(288)		(288)
Restated Balance	218,653	129,500	400,811	0	212,410	(1,136)	960,238
Changes during the Period							
Dividends from Surplus					(4,495)		(4,495)
Profit Attributable to Owners of Parent					18,522		18,522
Acquisition of Treasury Stock						(10)	(10)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	14,026	(10)	14,017
Balance, March 31, 2022	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 226,437	¥ (1,146)	¥ 974,255

	Accumulated Other Comprehensive Income				Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance, April 1, 2021	¥ 21,076	¥ (25)	¥ (5,820)	¥ 15,230	¥ 3,796	¥ 979,554
Cumulative Effects of Changes in Accounting Policies						(288)
Restated Balance	21,076	(25)	(5,820)	15,230	3,796	979,266
Changes during the Period						
Dividends from Surplus						(4,495)
Profit Attributable to Owners of Parent						18,522
Acquisition of Treasury Stock						(10)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	(3,736)	28	(1,135)	(4,844)	—	(4,844)
Total Changes during the Period	(3,736)	28	(1,135)	(4,844)	—	9,173
Balance, March 31, 2022	¥ 17,340	¥ 2	¥ (6,956)	¥ 10,386	¥ 3,796	¥ 988,439

Millions of yen

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
Balance, April 1, 2020	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 207,952	¥ (1,072)	¥ 955,844
Changes during the Period							
Dividends from Surplus					(4,496)		(4,496)
Profit Attributable to Owners of Parent					9,242		9,242
Acquisition of Treasury Stock						(63)	(63)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	4,745	(63)	4,682
Balance, March 31, 2021	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 212,698	¥ (1,136)	¥ 960,526

	Accumulated Other Comprehensive Income				Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance, April 1, 2020	¥ 11,884	¥ 85	¥ (12,160)	¥ (191)	¥ 3,796	¥ 959,450
Changes during the Period						
Dividends from Surplus						(4,496)
Profit Attributable to Owners of Parent						9,242
Acquisition of Treasury Stock						(63)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	9,192	(110)	6,340	15,421	—	15,421
Total Changes during the Period	9,192	(110)	6,340	15,421	—	20,104
Balance, March 31, 2021	¥ 21,076	¥ (25)	¥ (5,820)	¥ 15,230	¥ 3,796	¥ 979,554

Consolidated Statements of Changes in Net Assets

Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2022 and 2021

Millions of U.S. dollars

	Shareholders' Equity						
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance, April 1, 2021	\$ 1,786	\$ 1,058	\$ 3,274	\$ 0	\$ 1,737	\$ (9)	\$ 7,848
Cumulative Effects of Changes in Accounting Policies					(2)		(2)
Restated Balance	1,786	1,058	3,274	0	1,735	(9)	7,845
Changes during the Period							
Dividends from Surplus					(36)		(36)
Profit Attributable to Owners of Parent					151		151
Acquisition of Treasury Stock						(0)	(0)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	114	(0)	114
Balance, March 31, 2022	\$ 1,786	\$ 1,058	\$ 3,274	\$ 0	\$ 1,850	\$ (9)	\$ 7,960

	Accumulated Other Comprehensive Income					Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance, April 1, 2021	\$ 172	\$ (0)	\$ (47)	\$ 124	\$ 31	\$ 8,003	
Cumulative Effects of Changes in Accounting Policies						(2)	
Restated Balance	172	(0)	(47)	124	31	8,001	
Changes during the Period							
Dividends from Surplus						(36)	
Profit Attributable to Owners of Parent						151	
Acquisition of Treasury Stock						(0)	
Disposition of Treasury Stock						0	
Net Changes of Items Other Than Shareholders' Equity	(30)	0	(9)	(39)	—	(39)	
Total Changes during the Period	(30)	0	(9)	(39)	—	74	
Balance, March 31, 2022	\$ 141	\$ 0	\$ (56)	\$ 84	\$ 31	\$ 8,076	

	Shareholders' Equity						
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance, April 1, 2020	\$ 1,975	\$ 1,169	\$ 3,620	\$ 0	\$ 1,878	\$ (9)	\$ 8,741
Changes during the Period							
Dividends from Surplus					(40)		(40)
Profit Attributable to Owners of Parent					83		83
Acquisition of Treasury Stock						(0)	(0)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	42	(0)	42
Balance, March 31, 2021	\$ 1,975	\$ 1,169	\$ 3,620	\$ 0	\$ 1,921	\$ (10)	\$ 8,676

	Accumulated Other Comprehensive Income					Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance, April 1, 2020	\$ 107	\$ 0	\$ (109)	\$ (1)	\$ 34		\$ 8,666
Changes during the Period							
Dividends from Surplus							(40)
Profit Attributable to Owners of Parent							83
Acquisition of Treasury Stock							(0)
Disposition of Treasury Stock							0
Net Changes of Items Other Than Shareholders' Equity	83	(0)	57	139	—		139
Total Changes during the Period	83	(0)	57	139	—		181
Balance, March 31, 2021	\$ 190	\$ (0)	\$ (52)	\$ 137	\$ 34		\$ 8,847

BASIS OF PRESENTATION

The accompanying financial statements of the Shoko Chukin Bank, Ltd. (the "Bank") and its consolidated subsidiaries (the "Group") have been prepared in accordance with the provisions set forth in the Shoko Chukin Bank Law and in conformity with generally accepted accounting principles and practices in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The financial statements are not intended to present the financial position and the result of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are presented solely for the convenience of readers. The exchange rate of ¥122.39=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2022, has been used for translation purposes for the year ended March 31, 2022, and ¥110.71=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2021, has been used for translation purposes for the year ended March 31, 2021. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

The yen figures disclosed in the financial statements are expressed in millions of yen and have been rounded down.

SIGNIFICANT BASIC ITEMS FOR CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation

(1) Consolidated subsidiaries: 7 companies

Names of consolidated subsidiaries:

YAESU SHOKO, LTD.
SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD.
SHOKO SERVICE, LTD.
YAESU KOSAN CO., LTD.
THE SHOKO CHUKIN BANK INSTITUTE of
COMMERCE, INDUSTRY & ECONOMICS, LTD.
SHOKO CHUKIN LEASE CO., LTD.
SHOKO CHUKIN CARD CO., LTD.

(2) Non-consolidated subsidiary: 1 company

Names of non-consolidated subsidiary:

YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI

Non-consolidated subsidiary is excluded from the scope of consolidation because its total amounts in terms of total assets, operating income and profit (the amounts equivalent to equity shareholdings), retained earnings (the amounts equivalent to equity shareholdings) and accumulated other comprehensive income (the amounts equivalent to equity shareholdings) are immaterial and do not hinder a rational judgment of the Shoko Chukin Bank, Ltd. Group's financial position and results of operations when excluded from the scope of consolidation.

2. Application of the equity method

(1) Non-consolidated subsidiaries accounted for by the equity method:

None

(2) Affiliated companies accounted for by the equity method:

None

(3) Non-consolidated subsidiary that is not accounted for by the equity method: 1 company

Names of non-consolidated subsidiary that is not accounted for by the equity method:

YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI

(4) Affiliated companies that are not accounted for by the equity method:

None

Non-consolidated subsidiary that is not accounted for by the equity method is excluded from the scope of the equity method because its total amounts in terms of profit (the amounts equivalent to equity shareholdings), retained earnings (the amounts equivalent to equity shareholdings) and accumulated other comprehensive income (the amounts equivalent to equity shareholdings) do not have a material impact on consolidated financial statements when excluded from the scope of the equity method.

3. Fiscal period-end of consolidated subsidiaries

The fiscal period-end of consolidated subsidiaries is as follows:

March 31 7 companies

4. Special purpose entities subject to disclosure

(1) Overview of special purpose entities subject to disclosure and transactions with these special purpose entities:

None

(2) Transaction amounts with special purpose entities subject to disclosure:

None

5. Accounting policies

(1) Basis for valuation of Trading Assets/Liabilities and calculation of Revenue/Expenses

Transactions undertaken with a view to gains on short-term fluctuations in interest rates, currency values, market prices of securities and other indicators or differentials, etc., between markets (hereinafter referred to as "Trading Transactions") are shown in the Consolidated Balance Sheets as "Trading Assets" or "Trading Liabilities" based on values at the time of contract, while gains and losses from the said transactions are shown in the Consolidated Statements of Operations as "Trading Revenue" or "Trading Expenses".

Trading Assets and Trading Liabilities are valued at market prices on the consolidated balance sheet date for securities and monetary claims, etc., and at deemed settlement prices on the consolidated balance sheet date for derivative products such as swaps, futures and options.

In the Consolidated Statements of Operations, Trading Revenue and Trading Expenses are arrived at by adding interest received and paid and other items during the fiscal period, amounts equivalent to the changes in valuation between the ends of the previous and fiscal periods for securities and monetary claims, etc., and amounts equivalent to changes in deemed settlements between the ends of the previous and current fiscal periods for derivatives.

For derivatives, the Bank holds groups of financial assets and financial liabilities that are exposed to market risks and credit risk. The Bank manages those instruments on the basis of its net exposure to a particular market risk (or risks) or to a particular credit risk.

(2) Basis and methods for valuation of securities

The following valuation methods are applied, depending on the type of security. Bonds intended to be held until maturity are amortized using the moving average cost method (straight-line method). Other securities are valued using the mark-to-market method (cost of sales are primarily calculated with the moving average method). However, stocks, etc. that do not have market prices are valued using the cost method on the basis of a moving average.

Unrealized Gains on Other Securities are all directly incorporated into Net Assets.

(3) Basis and methods for valuation of derivative transactions
Derivative transactions other than Trading Transactions are stated using the mark-to-market method.

The Bank holds groups of financial assets and financial liabilities that are exposed to market risks and credit risk. The Bank manages those instruments on the basis of its net exposure to a particular market risk (or risks) or to a particular credit risk.

(4) Amortization of Fixed Assets

(a) Tangible Fixed Assets (excluding Leased Assets)

Tangible Fixed Assets are subject to declining balance depreciation.

Expected useful lives for major items are as follows:

Buildings: 2 to 60 years

Other Tangible Fixed Assets: 2 to 20 years

Tangible Fixed Assets owned by consolidated subsidiaries are depreciated using primarily the straight-line method over the estimated useful lives of the respective Tangible Fixed Assets.

(b) Intangible Fixed Assets (excluding Leased Assets)

Intangible Fixed Assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over its estimated useful life determined by the Bank and its consolidated subsidiaries (principally 5 years).

(c) Leased Assets

Leased Assets relating to finance lease transactions that do not involve transfer of ownership are depreciated under the straight-line method, with zero residual value, over the lease term.

(5) Accounting standard for Reserve for Possible Loan Losses:

The Reserve for Possible Loan Losses is calculated in accordance with the predetermined standards for write-offs and reserve provisions as follows.

Normal loans and the loans that require special attention are defined in "Operational Guidelines for Self-Assessment of Assets and Audits on Write-Offs and Reserves for Possible Loan Losses in Banks and Other Financial Institutions" (JICPA Bank Auditing Special Committee Report No. 4, October 8, 2020), and are grouped into secured loans relating to crisis response operations and other loans. Additionally, among loans that require special attention, loans other than those requiring special management (hereinafter, "other loans requiring special attention") are grouped by whether they have been restructured or not. For each of these groups, reserve provisions are made respectively, mainly based on the amount of expected loss for the subsequent year or the amount of expected loss for the subsequent 3 years. The amount of expected loss is determined by calculating a loss rate based on the average default rate over a specific period based on defaults over 1 year or 3 years, to which necessary adjustments are made including reflecting future estimates. Amounts reserved for loans to debtors at risk of bankruptcy are determined as the amounts deemed necessary on the basis of the balance remaining after deducting the estimated amounts recoverable from disposal of collateral and execution of guarantees. Amounts reserved for loans to debtors that are legally or virtually bankrupt are determined to be the balance remaining after deducting the estimated amounts to be collected through disposal of collateral and execution of guarantees.

Reserve for Loans to Debtors at Risk of Bankruptcy with Restructured Loans is provided based on the discounted cash flow (DCF) method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the DCF method, the reserve is calculated as the difference between the book value of the loan and the present value of its expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

All loan assets have been assessed by the business departments and audited by the division in charge of asset examination, which is independent from the business departments, to comply with the standard for self-assessment of assets.

Reserve for Possible Loan Losses of consolidated subsidiaries for general claims is provided in the amount deemed necessary based on historical loan loss ratios, and for doubtful claims in the amount deemed uncollectible based on an assessment of each individual claim.

- (6) Accounting standard for Reserve for Bonuses
Reserves for Bonuses are set up for the payment of employees' bonuses and appropriate an amount for this fiscal period out of the amount of bonuses estimated to be paid to employees.
- (7) Accounting standard for Reserve for Retirement Benefits for Directors
Reserves for Retirement Benefits for Directors are set up for the payment of directors' retirement benefits. It represents amounts that have accrued through the end of this fiscal period out of the retirement benefits amount estimated to be paid to directors.
- (8) Accounting standard for Reserve for Losses on Refund for Dormant Bonds
Reserves for Losses on Refunds for Dormant Bonds are recorded for bonds that are no longer recognized as liabilities in an amount equivalent to the estimated losses arising from future demands for refunds.
- (9) Accounting standard for Reserve for Environmental Measures
Reserves for Environmental Measures are set up for the estimated payment for disposal of PCB (polychlorinated biphenyl) waste.
- (10) Accounting standard for Other Reserves
Other Reserve is the estimated amount of Reserve for Sales Promotion to provide for the exchange of items.
- (11) Accounting method for Retirement Benefits
Upon the calculation of retirement benefit obligations, the estimated retirement benefit obligation attributable up to the end of this fiscal period are accounted for by the benefit formula basis.
Unrecognized past service costs and unrecognized actuarial difference are amortized as follows:
Unrecognized past service costs:
By the straight-line method over a fixed number of years that does not exceed the remaining service years (14 years) of employees of the fiscal period when the past service costs were incurred.
Unrecognized actuarial difference:
By the straight-line method over a fixed number of years that does not exceed the average remaining service years (14 years) of employees at each fiscal period when the actuarial difference was incurred.
This amortization starts from the subsequent fiscal period.
Moreover, consolidated subsidiaries have adopted the simplified method, where retirement benefit obligations are the amount to be paid when all the employees voluntarily retired at the end of the fiscal periods, to calculate Net Defined Benefit Liability and retirement benefit expenses.
- (12) Translation standard for assets and liabilities denominated in foreign currencies
Assets and liabilities of the Bank denominated in foreign currencies and accounts of the Bank's overseas branches are translated into Japanese yen mainly at exchange rates prevailing as of the consolidated balance sheet date.

Assets and liabilities of consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at exchange rates prevailing as of their respective balance sheet dates.

- (13) Accounting method for significant hedge transactions
- (a) Interest rate risk hedging
Deferred hedge accounting is adopted for hedges carried out to control the risk of interest fluctuations arising from financial assets and liabilities of the Bank, as stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Committee Practical Guideline No. 24, March 17, 2022). Interest swap transactions are carried out for the purpose of offsetting the risk of market fluctuations arising from financial assets and liabilities. The effectiveness of the hedge is identified and evaluated by grouping the loans as hedged items and interest rate swap transactions as hedged instruments by a certain remaining period.
- (b) Currency risk hedging
Deferred hedge accounting is adopted for hedges carried out to control the risk of currency fluctuations arising from foreign currency-denominated financial assets and liabilities, as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guideline No. 25, October 8, 2020). Currency swap transactions are carried out for the purpose of offsetting the risk of currency fluctuations arising from foreign currency-denominated monetary claims. The effectiveness of the hedge is evaluated by confirming the availability of an amount equivalent to the foreign currency position used to hedge the foreign currency-denominated monetary claims.
- (c) Transactions between consolidated subsidiaries
Interest rate swap transactions designated as hedges for those derivatives transactions that are internal transactions between consolidated subsidiaries, special transaction accounts and other accounts (or between internal departments) were executed in conformity with external cover transaction standards for which strict hedge operations that eliminate arbitrary decision-making were recognized as possible under the JICPA Industry Committee Practical Guideline No. 24. For this reason, revenue and expenses arising from said interest rate swap transactions have been recognized as gains/losses without being eliminated.
The special treatment for deferred hedge or interest rate swaps is applied to certain assets and liabilities.
The special treatment for interest rate swaps is applied to certain assets and liabilities of consolidated subsidiaries.

SIGNIFICANT ACCOUNTING ESTIMATES

Amounts recorded in the consolidated financial statements of the current fiscal year based on accounting estimates that may materially impact the consolidated financial statements of the following fiscal year are as follows.

1. Reserve for Possible Loan Losses
 - (1) Amount of Reserve for Possible Loan Losses recorded in the consolidated financial statements for the current fiscal year totaled ¥183,150 million.
 - (2) Information that will facilitate the understanding of significant accounting estimates related to identified items
 - (a) Calculation method

The calculation method of the Reserve for Possible Loan Losses is as stated in “(5) Accounting standard for Reserve for Possible Loan Losses” of “5. Accounting policies.”
 - (b) Major assumptions

Major assumptions are made for “Future results forecasts of the borrowers in determining business partner category” and “Future estimates, etc. of expected loss.” The former is determined by individually evaluating the revenue-generating capability of each debtor.

“Future estimates, etc. of expected loss” for normal loans (excluding secured loans) are provided based on the default rate of a specific fiscal year in which a large-scale loan defaulted. For other loans requiring special attention that have not been rescheduled, in light of the drastic changes in the economic environment due to the spread of coronavirus disease (COVID-19), the future economic outlook and other factors are analyzed and deliberated, various information related to credit risk that has not been reflected in individual categories for which provisions are calculated as of the consolidated balance sheet date is taken into consideration in a multi-faceted manner, and additional adjustments are made accordingly to the Reserve for Possible Loan Losses by incorporating the risks of fluctuations of the categories after the consolidated balance sheet date based on the fluctuation results of categories during the time of the financial crisis of 2007-08. Also, similar factors are taken into consideration for other loans requiring special attention that have been rescheduled, and the Reserve for Possible Loan Losses to which the necessary adjustments are made including reflecting future estimates is calculated by making additional adjustments through incorporating the risks of fluctuations of expected loss after the consolidated balance sheet date based on the actual default rates during the time of the financial crisis of 2007-08.

The expected loss rate of loans to debtors at risk of bankruptcy (excluding those to which the

discounted cash flow (DCF) method has been applied) is based on a historical default rate on which the medium- to long-term effects of the business cycle have been leveled through the extension of the calculation period. Subsequently, the relationship between the actual values of economic indicators and the loss rate of loans to debtors at risk of bankruptcy in the past are analyzed. If the loss rate estimated from the latest actual values of the economic indicators exceeds the historical default rate, the Reserve for Possible Loan Losses is calculated using the obtained loss rate as the expected loss rate, to reflect the current conditions of the deteriorating economy. Based on this calculation method, the historical default rate is used as the expected loss rate for the year ended March 31, 2022.

- (c) Impact on the consolidated financial statements of the following fiscal year

Any changes to “Future results forecasts of the borrowers in determining business partner category” used in the initial estimates due to changes in the business results of individual borrowers, or changes in the “Future estimates, etc. of expected loss” used in the initial estimates due to changes in the status of the COVID-19 pandemic or its impact on the economic environment, may significantly impact the Reserves for Possible Loan Losses in the consolidated financial statements of the following fiscal year.

CHANGES IN ACCOUNTING POLICIES

Application of the Accounting Standard for Fair Value Measurement, etc.

The Bank has applied the “Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”), etc., from the beginning of the year ended March 31, 2022. In accordance with Paragraph 8 of the Fair Value Measurement Standard, the Bank has revised the method for adjusting fair value in measuring fair value of derivative transactions to maximize the use of observable inputs estimated from derivatives and others traded on the markets. This revision is in line with the application of the Fair Value Measurement Standard, etc., and the cumulative effects of the retrospective application of the new accounting policies to prior periods have been adjusted to Retained Earnings at the beginning of the year ended March 31, 2022 in accordance with the transitional treatment provided in the additional clause in Paragraph 20 of the Fair Value Measurement Standard.

As a result, the beginning balance of Retained Earnings decreased by ¥288 million, Trading Assets decreased by ¥441 million, Deferred Tax Assets increased by ¥126 million, Trading Liabilities decreased by ¥26 million, and Net Assets per Share decreased by ¥0.13.

The Bank will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). As a result, the fair value valuation method for stocks that do not have market prices (including foreign stocks; hereinafter, the same applies) has been changed from a method based on the average market price over the final month up to the fiscal period-end to the mark-to-market method based on market prices and other indicators at the fiscal period-end.

In addition, the Bank has included notes on fair value information by level within the fair value hierarchy in the notes on "Financial Instruments." However, in accordance with the transitional treatment provided in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous fiscal period are not presented.

UNAPPLIED ACCOUNTING STANDARDS

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021)

(1) Overview

The Guidance stipulates how the fair value measurement of investment trusts and their notes are to be handled, as well as on how notes are to be made on the fair value of investments in partnerships for which the equity amount is carried on a net basis.

(2) Date of adoption

The Guidance is scheduled to be adopted from the beginning of the year ending March 31, 2023.

(3) Effect of adopting the accounting standards, etc.

The effect is under evaluation when consolidated financial statements are prepared.

ADDITIONAL INFORMATION

1. Special Reserve

Accompanying privatization on October 1, 2008, a transfer was made from capital and retained earnings to special reserve pursuant to the Article 5 of the Supplementary Provisions of the Shoko Chukin Bank Law (hereinafter referred to as "Supplementary Provisions").

The special reserve has the following characteristics.

- (1) Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Law (hereinafter referred to as "Law"), in the calculation of the amount of surplus, the amount of special reserve shall be included in the total amount of capital and reserves.
- (2) Pursuant to the provisions of Article 44, Paragraph 1 of the Law, the amount of special reserve may be reduced in the event a deficit is compensated, if the total amount of capital reserve and earnings reserve becomes zero. When the amount of the surplus comes to exceed zero following the reduction of the special reserve, the amount of special reserve must be

increased pursuant to the provisions of Article 44, Paragraph 3 of the Law.

- (3) Pursuant to the provisions of Article 45 of the Law, when the state of the capital adequacy and the soundness of other finances have improved and when it is deemed that the financial soundness has been secured, all or a portion of the amount of special reserve may, pursuant to a resolution of the general meeting of shareholders, be paid to the national treasury.
 - (4) When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of special reserve shall be paid to the national treasury pursuant to the provisions of Article 46 of the Law.
2. Crisis Response Reserve
- Pursuant to the Article 2-6 of the Supplementary Provisions, in order for smooth implementation of crisis response operations, the Bank accounts for capital contributed by the government as crisis response reserve.
- The crisis response reserve has the following characteristics.
- (1) Pursuant to the provisions of Article 43 of the Law, which is applied with a replacement of the terms pursuant to the Article 2-9, Paragraph 1 of the Supplementary Provisions, in the calculation of the amount of surplus, the amount of crisis response reserves shall be included in the total amount of capital and reserves.
 - (2) Pursuant to the Article 2-7 of the Supplementary Provisions, the amount of crisis response reserves may be reduced in the event a deficit is compensated, if the total amount of special reserve becomes zero. When the amount of the surplus comes to exceed zero following the reduction of the crisis response reserves, the amount of crisis response reserves must be increased pursuant to the provisions of Article 44, Paragraph 3 of the Law, which is applied with a replacement of the terms pursuant to the Article 2-9, Paragraph 1 of the Supplementary Provisions. The increase in the amount of the crisis response reserves shall, pursuant to the Article 2-9, Paragraph 2 of the Supplementary Provisions, be undertaken prior to the increase in the amount of the special reserve.
 - (3) Pursuant to the provisions of Article 45 of the Law, which is applied with a replacement of the terms pursuant to the Article 2-8 and 2-9, Paragraph 1 of the Supplementary Provisions, when the Bank deems it has sufficiently secured the necessary financial foundation for the smooth implementation of crisis response operations, an amount of money equivalent to all or a portion of the amount of crisis response reserves may, pursuant to a resolution of the general meeting of shareholders, be repaid to the national treasury.
 - (4) When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of crisis response reserves shall be paid to the national treasury pursuant to the provisions of Article 46 of the Law, which are applied with a replacement of the terms pursuant to the Article 2-9, Paragraph 1 of the Supplementary Provisions, and the Article 2-9, Paragraph 3 of the Supplementary Provisions.

CONSOLIDATED BALANCE SHEETS

- The total amount of Investment Securities lent through unsecured loan agreements, which are included in Government Bonds under "Investment Securities," is ¥185,962 million.
- Loans based on the Shoko Chukin Bank Law and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include the following items in the Consolidated Balance Sheets: Corporate Bonds, presented as a sub-item of "Investment Securities" (limited to privately-offered corporate bonds (defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) for which redemption of principal and payment of interest are guaranteed in whole or in part); Loans; Foreign Exchange; Accrued Interest and Suspense Payments, presented as sub-items of "Other Assets"; and Customers' Liabilities for Acceptances and Guarantees, and also include Investment Securities lent that are described in the notes (limited to investment securities under loan for consumption or leasing agreements).

Loans to legally bankrupt and substantially bankrupt companies	¥110,030 million
Loans with collection risk	¥165,491 million
Loans requiring special management	¥35,576 million
Loans overdue by three months or longer	¥1,046 million
Rescheduled loans	¥34,529 million
Subtotal:	¥311,097 million
Normal loans	¥9,523,859 million
Total:	¥9,834,957 million

Loans to legally bankrupt and substantially bankrupt companies are loans to debtors that are in business failure due to a petition for the commencement of bankruptcy proceedings, the corporate reorganization proceedings, or rehabilitation proceedings, etc., and loans equivalent to such loans.

Loans with collection risk are loans to debtors, while not yet in a state of business failure but whose financial position and result of operations have deteriorated, and from whom the contractual collection of loan principal and receipt of interest are unlikely, excluding loans to legally bankrupt and substantially bankrupt companies.

Loans overdue by three months or longer are defined as loans on which principal or interest payments are overdue by three months or longer reckoning from the payment date stipulated in the contract. Loans that are classified as loans to legally bankrupt and substantially bankrupt companies and loans with collection risk are excluded from this category.

Rescheduled loans are loans for which the terms have been eased to support financial restructuring of the borrower through measures agreed in favor of the borrower, such as reduction of interest payments, postponement of interest or principal repayments and abandonment of claims, excluding loans to legally bankrupt and substantially bankrupt companies, loans with collection risk, and loans overdue by three months or longer.

Normal loans are loans to debtors who have no problems in terms of their financial position and result of operations that are not classified as loans to legally bankrupt and substantially bankrupt companies, loans with collection risk, loans overdue by three months or longer, or rescheduled loans.

The above figures represent the amounts of loans before the deduction of Reserve for Possible Loan Losses.

CHANGES IN PRESENTATION

The "Order Partially Amending the Regulation for Enforcement of the Shoko Chukin Bank Law Related to the Ministry of Economy, Trade and Industry, the Ministry of Finance, and the Cabinet Office" (Order of the Cabinet Office, the Ministry of Finance, and the Ministry of Economy, Trade and Industry No. 1, January 24, 2020) was enforced on March 31, 2022. Accordingly, the categories of "Problem Loans" under the Shoko Chukin Bank Law are presented in line with the categories of loans for which disclosure is mandatory under the Act on Emergency Measures for the Revitalization of the Financial Functions.

- Bills discounted are handled as financial transactions in accordance with JICPA Industry Committee Practical Guideline No. 24. With regards to bills accepted through the transactions, the Bank has the right to freely sell or use as collateral any bank acceptance bills, trade bills, documentary bills, or foreign bills bought, the aggregate face value of which is ¥102,026 million.
- Assets provided as collateral are as follows.
Assets provided as collateral:

Securities	¥447,515 million
------------	------------------

 Liabilities corresponding to collateral assets:

Deposits	¥2,252 million
Payables under Securities Lending Transactions	¥139,173 million
Borrowings	¥62,717 million

 In addition to the above amounts, securities worth ¥2,353 million have been substituted for futures margin money, etc.

Other Assets include ¥61,653 million of Cash Collateral Received for Financial Instruments and ¥1,328 million of guarantees and deposits.

- Overdraft contracts and commitment line contracts on loans are the agreements under which the Bank grants a loan up to a designated credit limit when the customer requests, unless there is a breach of the conditions stipulated in the relevant contract. The outstanding credit facility ready for claims under such agreements is ¥1,691,554 million. Of this amount, ¥1,537,518 million has original contract duration of one year or less (or can be dissolved without condition at any point in time).

Most of these contracts are terminated before the amount of the credit facility determined in the agreement is fully utilized. Accordingly, the outstanding credit facility itself does not always affect the future cash flows of the Bank and its consolidated subsidiaries. Most of these agreements have provisions that allow the Bank and its consolidated subsidiaries to cancel customers' claims and / or to reduce the credit limit for appropriate reasons such as

changes in financial situation and protection of credit standing. Moreover, when necessary, the Bank and its consolidated subsidiaries require customers to provide property, securities and other collateral when signing the contract. After the Bank and its consolidated subsidiaries enter into the agreement, periodical checks of customers' business condition are undertaken in accordance with internally established procedures as well as reviews of the conditions of the agreement where necessary. In this context, measures are taken to protect the assets of the Bank and its consolidated subsidiaries.

6. Accumulated depreciation of Tangible Fixed Assets is ¥69,855 million.
7. Advanced depreciation of Tangible Fixed Assets is ¥16,666 million.
(There is no advanced depreciation for the current fiscal period.)
8. Borrowings include no loans payable under subordination covenant.
9. Corporate Bonds include subordinated bonds totaling ¥30,000 million.
10. Within Corporate Bonds, presented as a sub-item of Investment Securities, the Bank's guarantee liabilities relating to privately-offered corporate bonds (Financial Instruments and Exchange Act, Article 2, Paragraph 3) amounted to ¥18,419 million.

CONSOLIDATED STATEMENTS OF OPERATIONS

1. Other Income includes ¥12 million of revenue from dormant bonds.
2. General and Administrative Expenses include ¥37,211 million of salaries and allowances.
3. Other Expenses include ¥151 million of Write-off of Loans, ¥45 million of Write-off of Stocks, ¥376 million of provision for reserves for losses on refund for dormant bonds.
4. Description of Impairment Losses is omitted as they are immaterial.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Reclassification Adjustments and Tax Effects allocated to each component of Other Comprehensive Income

	Millions of yen	
	2022	2021
Unrealized Gains on Other Securities		
Amount arising during the current fiscal year	¥ (4,881)	¥ 11,314
Reclassification Adjustments	(494)	1,909
Before adjustment of Deferred Income Tax	(5,375)	13,224
Deferred Income Tax	1,638	(4,032)
Unrealized Gains on Other Securities	(3,736)	9,192
Deferred Hedge Gains		
Amount arising during the current fiscal year	19	(135)
Reclassification Adjustments	21	(23)
Before adjustment of Deferred Income Tax	40	(159)
Deferred Income Tax	(12)	48
Deferred Hedge Gains	28	(110)
Remeasurements of Defined Benefit Plans		
Amount arising during the current fiscal year	(4,257)	6,188
Reclassification Adjustments	2,623	2,932
Before adjustment of Deferred Income Tax	(1,633)	9,121
Deferred Income Tax	498	(2,781)
Remeasurements of Defined Benefit Plans	(1,135)	6,340
Total Other Comprehensive Income	¥ (4,844)	¥ 15,421

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

1. Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

- (1) Matters relating to the type and number of shares issued

	Number of Shares as of April 1, 2021	Increase	Decrease	(Thousand shares)	
				Number of Shares as of March 31, 2022	Remarks
Number of shares issued and outstanding					
Common stock	2,186,531	—	—	2,186,531	
Total	2,186,531	—	—	2,186,531	
Treasury stock					
Common stock	10,618	49	0	10,666	(Note)
Total	10,618	49	0	10,666	

Note: The increase in the common stock is due to claims by shareholders for repurchase of shares less than one unit. The decrease in common stock is due to claims by shareholders for additional purchase of shares less than one unit.

- (2) Matters Relating to Dividends

- (a) Amount of cash dividends paid during the fiscal year

Resolution	Type of Capital Subscription Unit	Total Amount of Cash Dividends Paid (Millions of Yen)	Cash Dividend per Capital Subscription Unit (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 22, 2021	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2021	June 24, 2021
	Common stock (nongovernment portion)	3,479	3.0		

Note: With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).

- (b) Cash dividends for which the effective date falls after the fiscal year ended March 31, 2022 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2022

	Type of Shares	Total Amount of Cash Dividends Paid (Millions of Yen)	Source of Cash Dividend Payment	Cash Dividend per Common Stock (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 21, 2022	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2022	Ordinary General Meeting of Shareholders held on June 21, 2022 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,479		3.0		

Notes:

- With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).
- Pursuant to Article 49 of the Shoko Chukin Bank Law, resolutions with regard to the dividends from surplus and the appropriation of other retained earnings come into effect following authorization by the competent minister.

2. Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Matters relating to the type and number of shares issued

(Thousand shares)

	Number of Shares as of April 1, 2020	Increase	Decrease	Number of Shares as of March 31, 2021	Remarks
Number of shares issued and outstanding					
Common stock	2,186,531	—	—	2,186,531	
Total	2,186,531	—	—	2,186,531	
Treasury stock					
Common stock	10,258	360	1	10,618	(Note)
Total	10,258	360	1	10,618	

Note: The increase in the common stock is due to claims by shareholders for repurchase of shares less than one unit and the repurchase of shares held by untraceable shareholders. The decrease in common stock is due to claims by shareholders for additional purchase of shares less than one unit.

(2) Matters Relating to Dividends

(a) Amount of cash dividends paid during the fiscal year

Resolution	Type of Capital Subscription Unit	Total Amount of Cash Dividends Paid (Millions of Yen)	Cash Dividend per Capital Subscription Unit (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 23, 2020	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2020	June 25, 2020
	Common stock (nongovernment portion)	3,480	3.0		

Note: With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).

- (b) Cash dividends for which the effective date falls after the fiscal year ended March 31, 2021 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2021

	Type of Shares	Total Amount of Cash Dividends Paid (Millions of Yen)	Source of Cash Dividend Payment	Cash Dividend per Common Stock (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 22, 2021	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2021	Ordinary General Meeting of Shareholders held on June 22, 2021 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,479		3.0		

Notes:

- With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).
- Pursuant to Article 49 of the Shoko Chukin Bank Law, resolutions with regard to the dividends from surplus and the appropriation of other retained earnings come into effect following authorization by the competent minister.

Capital Account Details (Consolidated)

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2022

CAPITAL RATIO (Uniform International Standards)

(¥100 million, %)

	(As of March 31, 2022)
1. Total Risk-weighted Capital Ratio (4/7)	12.77
2. Tier 1 Risk-weighted Capital Ratio (5/7)	11.72
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	11.72
4. Total Capital	10,389
5. Tier 1 Capital	9,537
6. Common Equity Tier 1 Capital	9,537
7. Risk-weighted Assets	81,321
8. Total Required Capital	6,505

LEVERAGE RATIO (Uniform International Standards)

(%)

	(As of March 31, 2022)
Leverage Ratio	8.20

Balance Sheets	74
Statements of Operations	76
Capital Account Details	78
Profit and Loss Details	79
Details of Operations	80

Trends in Principal Financial Indicators (Non-Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Total Operating Income	¥ 128.5	¥ 117.9	¥ 119.0	¥ 146.4	¥ 170.1
Income (Loss) before Income Taxes and Other	30.2	7.6	20.5	30.7	56.9
Net Income (Loss)	18.3	8.7	13.7	14.4	36.2
Capital	218.6	218.6	218.6	218.6	218.6
[Total Number of Shares Issued in Thousands of Units]	[2,186,531]	[2,186,531]	[2,186,531]	[2,186,531]	[2,186,531]
Total Capital Funds	979.7	969.9	956.6	962.3	971.5
Total Assets	12,719.3	13,012.6	11,149.3	11,749.8	11,890.2
Outstanding Deposits	5,707.9	5,893.6	5,082.0	5,057.9	4,892.2
Outstanding Debentures	3,542.5	3,787.1	3,990.1	4,238.3	4,459.5
Outstanding Loans	9,607.8	9,521.4	8,294.1	8,289.7	8,648.1
Balance of Investment Securities	1,215.1	1,464.4	1,283.3	1,383.9	1,514.6
Net Assets per Share (Yen)	206.56	202.05	195.91	195.97	193.32
Dividends per Share (Yen)	Common stock (non-government portion)	Common stock (non-government portion)	Common stock (non-government portion)	Common stock (non-government portion)	Common stock (non-government portion)
	3.00	3.00	3.00	3.00	3.00
	(government portion)	(government portion)	(government portion)	(government portion)	(government portion)
1.00	1.00	1.00	1.00	1.00	
Net Income per Share (Yen)	8.41	4.03	6.31	6.65	16.67
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.70	7.45	8.58	8.18	8.17
Non-consolidated Tier 1 (Common Stock etc.) Ratio (%)	11.71	11.74	11.69	12.34	12.75
Non-consolidated Tier 1 Ratio (%)	11.71	11.74	11.69	12.34	12.75
Non-consolidated Total Capital Ratio (%)	12.76	12.68	12.38	13.02	13.57
Return on Equity (%)	1.87	0.91	1.43	1.49	3.80
Price Earnings Ratio	—	—	—	—	—
Dividend Payment Ratio (%)	24.55	51.24	32.73	31.04	12.39
Number of Employees (Persons)	3,419	3,599	3,703	3,798	3,765
[Average Number of Temporary Employees excluded from Above]	[886]	[890]	[879]	[895]	[917]

Notes: 1. The figure for Net Income per Share (Diluted) is not disclosed because there were no shares with a dilutive effect.

2. Dividends per Share are classified and presented in two separate categories, namely, Cash Dividend per Common Stock (government portion) and Cash Dividend per Common Stock (non-government portion). This separate classification is pursuant to Article 50 of the Shoko Chukin Bank Limited Act, which stipulates that the dividend per share applicable to Common Stock held by the government shall not exceed the dividend per share applicable to Common Stock held by parties other than the government. Furthermore, pursuant to Article 15 of the Regulation Enforcing the Shoko Chukin Bank Limited Act, the dividend per share applicable to Common Stock held by the government is set at a ratio of one-third in relation to the dividend per share applicable to Common Stock held by parties other than the government.

3. The Capital Ratio is calculated as follows:

(Total Net Assets as of the fiscal period-end - Share award rights as of the fiscal period-end - Stock acquisition rights as of the fiscal period-end)/Total Assets as of the fiscal period-end × 100.

4. Figures for Price Earnings Ratio are not disclosed because the Shoko Chukin Bank is not publicly listed or registered.

5. The Non-consolidated Capital Ratio is calculated in accordance with Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Limited Act. The Shoko Chukin Bank has adopted the BIS international capital adequacy guidelines.

6. Dividend Payment Ratio is calculated by dividing average dividends per share (as calculated by dividing dividends by the number of shares outstanding at the end of the period) by net income per share.

7. Number of employees refers to the number of persons employed (excluding seconded workers).

Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
ASSETS				
Cash and Due from Banks	¥ 1,515,777	¥ 1,680,583	\$ 12,384	\$ 15,180
Cash	20,378	23,220	166	209
Due from Banks	1,495,399	1,657,363	12,218	14,970
Call Loans	174,817	143,938	1,428	1,300
Monetary Claims Purchased	23,718	19,471	193	175
Trading Assets	13,147	15,109	107	136
Trading-related Financial Derivatives	13,147	15,109	107	136
Investment Securities	1,215,141	1,464,472	9,928	13,228
Government Bonds	537,291	734,260	4,389	6,632
Local Government Bonds	454,866	460,194	3,716	4,156
Corporate Bonds	123,868	172,712	1,012	1,560
Stocks	41,814	43,237	341	390
Other Securities	57,299	54,067	468	488
Loans	9,607,809	9,521,402	78,501	86,003
Bills Discounted	100,797	101,521	823	916
Loans on Notes	354,051	329,563	2,892	2,976
Loans on Deeds	7,811,004	7,854,270	63,820	70,944
Overdrafts	1,341,955	1,236,047	10,964	11,164
Foreign Exchange	27,954	24,810	228	224
Due from Foreign Banks	16,385	17,296	133	156
Foreign Exchange Bills Purchased	1,229	464	10	4
Foreign Exchange Bills Receivable	10,340	7,049	84	63
Other Assets	82,640	89,253	675	806
Prepaid Expenses	11,012	10,340	89	93
Accrued Income	4,852	4,071	39	36
Financial Derivatives	2,283	1,926	18	17
Cash Collateral Received for Financial Instruments	61,653	69,471	503	627
Other Assets	2,838	3,443	23	31
Tangible Fixed Assets	40,261	42,494	328	383
Buildings	16,144	16,858	131	152
Land	21,480	21,603	175	195
Construction in Progress	—	835	—	7
Other Tangible Fixed Assets	2,635	3,198	21	28
Intangible Fixed Assets	13,014	10,294	106	92
Software	8,919	9,104	72	82
Other Intangible Fixed Assets	4,094	1,190	33	10
Prepaid Pension Cost	33,356	32,747	272	295
Deferred Income Taxes	33,296	36,023	272	325
Customers' Liabilities for Acceptances and Guarantees	120,768	112,070	986	1,012
Customers' Liabilities for Acceptances and Guarantees	119,831	111,067	979	1,003
Customers' Liabilities for Guaranteeing Agency Loans	936	1,003	7	9
Reserve for Possible Loan Losses	(182,364)	(180,069)	(1,490)	(1,626)
Total Assets	¥ 12,719,338	¥ 13,012,603	\$ 103,924	\$ 117,537

Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of March 31, 2022 and 2021

Pursuant to Article 396-1 of the Companies Act, the material that the Shoko Chukin Bank makes public in accordance with Article 52-1 of the Shoko Chukin Bank Law has been audited by an audit and supervisory board member.

In addition, the Bank's financial statements — the balance sheets, statements of operations, and statements of changes in net assets — have been certified by an audit and supervisory board member pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act.

The non-consolidated financial statements presented below are not audited or certified. They have been reproduced from audited and certified non-consolidated financial statements above.

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
LIABILITIES				
Deposits	¥ 5,707,939	¥ 5,893,654	\$ 46,637	\$ 53,235
Current Deposits	548,030	545,702	4,477	4,929
Ordinary Deposits	1,592,943	1,662,949	13,015	15,020
Deposits at Notice	35,373	30,613	289	276
Time Deposits	3,453,371	3,571,601	28,216	32,260
Other Deposits	78,221	82,787	639	747
Negotiable Certificates of Deposit	491,452	437,864	4,015	3,955
Shoko Chukin Bank Debentures	3,542,570	3,787,170	28,944	34,208
Shoko Chukin Bank Debentures Issued	3,542,570	3,787,170	28,944	34,208
Payables under Securities Lending Transactions	139,173	164,811	1,137	1,488
Trading Liabilities	5,197	8,928	42	80
Trading-related Financial Derivatives	5,197	8,928	42	80
Borrowed Money	1,584,123	1,497,590	12,943	13,527
Borrowings	1,584,123	1,497,590	12,943	13,527
Foreign Exchange	75	43	0	0
Due to Foreign Banks	1	9	0	0
Foreign Exchange Bills Payable	73	33	0	0
Corporate Bonds	30,000	10,000	245	90
Other Liabilities	67,954	75,916	555	685
Corporate Taxes Payable	8,089	2,094	66	18
Accrued Expenses	5,902	6,176	48	55
Unearned Income	7,047	6,871	57	62
Deposits by Employees	—	4,032	—	36
Financial Derivatives	5,464	2,763	44	24
Cash Collateral Received for Financial Instruments	5,311	13,985	43	126
Asset Retirement Obligations	1,752	2,502	14	22
Debenture Principal Payable	13	38	0	0
Other Liabilities	34,372	37,451	280	338
Reserve for Bonuses	4,000	4,330	32	39
Reserve for Retirement Benefits	—	1,155	—	10
Reserve for Retirement Benefits for Directors	79	58	0	0
Reserve for Losses on Refund for Dormant Bonds	46,162	48,979	377	442
Reserve for Environmental Measures	67	67	0	0
Acceptances and Guarantees	120,768	112,070	986	1,012
Acceptances and Guarantees	119,831	111,067	979	1,003
Guarantees for Agency Loans	936	1,003	7	9
Total Liabilities	¥ 11,739,563	¥ 12,042,640	\$ 95,919	\$ 108,776
NET ASSETS				
Capital	218,653	218,653	1,786	1,975
Crisis Response Reserve	129,500	129,500	1,058	1,169
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	3,274	3,620
Capital Surplus	0	0	0	0
Other Capital Surplus	0	0	0	0
Retained Earnings	214,620	201,099	1,753	1,816
Earnings Reserve	25,109	24,210	205	218
Other Retained Earnings	189,511	176,888	1,548	1,597
Reserve for Advanced Depreciation of Noncurrent Assets	354	377	2	3
Reserve for Particular Purposes	49,570	49,570	405	447
Retained Earnings Brought Forward	139,586	126,940	1,140	1,146
Treasury Stock	(1,146)	(1,136)	(9)	(10)
Total Shareholders' Equity	962,439	948,927	7,863	8,571
Unrealized Gains on Other Securities	17,332	21,060	141	190
Deferred Hedge Gains	2	(25)	0	(0)
Total Valuation and Translation Adjustments	17,334	21,035	141	190
Total Net Assets	979,774	969,963	8,005	8,761
Total Liabilities and Net Assets	¥ 12,719,338	¥ 13,012,603	\$ 103,924	\$ 117,537

Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
Operating Income	¥ 128,520	¥ 117,932	\$ 1,050	\$ 1,065
Interest Income	107,636	102,905	879	929
Interest on Loans	100,376	96,996	820	876
Interest and Dividends on Securities	3,368	3,725	27	33
Interest on Call Loans	96	130	0	1
Interest on Deposits	1,136	1,101	9	9
Interest on Interest Swaps	—	23	—	0
Other Interest Income	2,658	927	21	8
Fees and Commissions	10,663	9,133	87	82
Domestic and Foreign Exchange Commissions	1,312	1,410	10	12
Other Fees and Commissions	9,351	7,722	76	69
Trading Revenue	6,128	2,202	50	19
Revenue from Trading-related Financial Derivatives	6,128	2,202	50	19
Other Operating Income	2,553	1,060	20	9
Revenue from Foreign Exchange Trading	1,343	847	10	7
Revenue from Sales of Government and Other Bonds	1,210	213	9	1
Other Income	1,537	2,631	12	23
Collection of Written-off Claims	90	88	0	0
Revenue from Sales of Stocks and Other Securities	55	650	0	5
Other Income	1,391	1,891	11	17
Operating Expenses	98,312	110,262	803	995
Interest Expenses	3,992	4,994	32	45
Interest on Deposits	2,545	2,670	20	24
Interest on Negotiable Certificates of Deposit	149	190	1	1
Interest on Debentures	282	1,107	2	9
Interest on Call Money	0	(3)	0	(0)
Interest on Payables under Repurchase Agreements	0	—	0	—
Interest on Debenture Rental Transactions	15	21	0	0
Interest on Borrowed Money	863	934	7	8
Interest on Corporate Bonds	105	27	0	0
Interest on Interest Swaps	21	—	0	—
Other Interest Expenses	9	46	0	0
Fees and Commissions	3,183	2,567	26	23
Domestic and Foreign Exchange Commissions	302	360	2	3
Other Fees and Commissions	2,881	2,206	23	19
Trading Expenses	0	—	0	—
Expenses on Securities and Derivatives Related to Trading Transactions	0	—	0	—
Other Operating Expenses	813	2,254	6	20
Losses on Sales of Government and Other Bonds	698	2,029	5	18
Losses on Redemption of Government and Other Bonds	39	22	0	0
Amortization of Government and Other Bonds	0	8	0	0
Amortization of Debenture Issue Expenses	22	26	0	0
Expenses on Financial Derivatives	52	166	0	1
Other Operating Expenses	1	1	0	0
General and Administrative Expenses	68,969	79,175	563	715
Other Expenses	21,352	21,270	174	192
Provision for Possible Loan Losses	19,766	19,067	161	172
Write-off of Loans	150	317	1	2
Losses on Sales of Stocks and Other Securities	16	627	0	5
Write-off of Stocks	45	93	0	0
Other Expenses	1,373	1,165	11	10
Profit before Income Taxes and Other	30,207	7,670	246	69

Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars	
	2022	2021	2022	2021
Other Gains	1,228	4,443	10	40
Gains on Disposal of Fixed Assets	1,228	651	10	5
Compensation Received	—	3,792	—	34
Other Losses	589	1,449	4	13
Losses on Disposal of Fixed Assets	193	196	1	1
Impairment Losses	396	1,253	3	11
Profit before Income Taxes	30,846	10,664	252	96
Provision for Income Taxes	8,064	2,400	65	21
Adjustment for Income Taxes	4,476	(510)	36	4
Total Income Taxes	12,541	1,890	102	17
Profit	¥ 18,305	¥ 8,773	\$ 149	\$ 79

PRINCIPAL SHAREHOLDERS
Common Stock

Shareholder Name	Number of Stocks Held (Thousand shares)	Percentage of Total Common Stock Issued and Outstanding (%)
The Minister of Finance	1,016,000	46.69
National Federation of Fire Insurance	9,300	0.42
Chubu Automobile Insurance Cooperative for Truck Transport Companies	8,085	0.37
Kantoh Automobile Insurance Cooperative for Truck Transport Companies	6,639	0.30
Koeisha Co., Ltd.	6,087	0.27
Kagoshima Prefecture Fire Insurance Cooperative	5,506	0.25
BOT LEASE CO., LTD.	5,300	0.24
Tokyo Mokuzai Tonya Kyoudou Kumiai	5,000	0.22
Kyodokumiai Koyama Kyoiku Sangyo Group	4,823	0.22
OSAKA SEMBA FASHION CO-OPERATIVE ASSOCIATION	4,810	0.22
Total	1,071,550	49.24

Notes: 1. As of March 31, 2022.

2. In addition to the principal shareholder information presented in the preceding chart, the Shoko Chukin Bank holds 10,666 thousand shares of treasury stock, representing 0.48% of total common stock issued and outstanding.

CAPITAL RATIO (Uniform International Standards)

(¥100 million, %)

	(As of March 31, 2022)
1. Total Risk-weighted Capital Ratio (4/7)	12.76
2. Tier 1 Risk-weighted Capital Ratio (5/7)	11.71
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	11.71
4. Total Capital	10,277
5. Tier 1 Capital	9,430
6. Common Equity Tier 1 Capital	9,430
7. Risk-weighted Assets	80,525
8. Total Required Capital	6,442

LEVERAGE RATIO (Uniform International Standards)

(%)

	(As of March 31, 2022)
Leverage Ratio	8.15

The Bank's Capital Ratio, etc.:

The Bank's capital ratio is calculated in accordance with the formula stipulated in "Standard for Assessment of Management Soundness under Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Law." In addition to applying the uniform international standard, the Bank adopts the standard method for Credit Risk-weighted Assets calculation and the basic method for Operational Risk calculation. Market Risk is not calculated according to special provision for exclusion. In addition, the Bank's leverage ratio, an indicator that supplements the capital ratio, is calculated in accordance with the formula stipulated in "Standard for Assessment of Soundness Concerning Leverage that is Stipulated as Indicator that Supplements Standard for Assessment of Management Soundness under Announcement No. 3 of 2019 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Law."

SUMMARY OF INCOME			(¥100 million)
Fiscal period ended	March 31, 2022	March 31, 2021	
Gross Operating Profit	1,189	1,054	
General and Administrative Expenses (Excluding Nonrecurring Items)	661	725	
Net operating profit	528	329	
Provision for the General Reserve for Possible Loan Losses	3	105	
Operating Profit	525	224	
Nonrecurring Loss (Including Nonrecurring Expenses)	(223)	(147)	
Income before Income Taxes and Other	302	76	
Other Gains and Losses	6	29	
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	80	24	
Adjustment of Income Taxes	44	(5)	
Net Income	183	87	

Note: Operating Profit is income generated by the Bank's primary businesses and is calculated using the following formula:
 Operating Profit = Gross Operating Profit - (Provision for the General Reserve for Possible Loan Losses + General and Administrative Expenses (Excluding Nonrecurring Items))
 Net operating profit = (Gross operating profit) - (General and administrative expenses (excluding nonrecurring items))

GROSS OPERATING PROFIT							(¥100 million, %)
Fiscal period ended	March 31, 2022			March 31, 2021			
	Domestic	International	Total	Domestic	International	Total	
Net Interest Income	1,015	20	1,036	958	20	979	
Fees and Commissions	65	9	74	55	10	65	
Trading Revenue	25	35	61	9	12	22	
Other Operating Income	4	12	17	(18)	6	(11)	
Gross Operating Profit	1,110	79	1,189	1,004	50	1,054	
Gross Operating Profit Ratio (%)	0.87	3.02	0.92	0.82	2.19	0.85	

Notes: 1. Domestic departments handle transactions in yen with Japanese residents through the domestic offices. International departments handle transactions with non-residents in Japan, foreign currency transactions and transactions made on special international financial accounts (transactions in the Tokyo Offshore Market) through the domestic offices and those operated through the New York branch.

2. Gross Operating Profit Ratio = $\frac{\text{Gross Operating Profit}}{\text{Average Balance of Interest Earning Assets}} \times 100$

Operating profit, etc.			(¥100 million)
Fiscal period ended	March 31, 2022	March 31, 2021	
Operating profit	525	224	
Net operating profit	528	329	
Core operating profit	523	347	
Core operating profit (excluding gains (losses) on cancellation of investment trusts)	523	347	

(Note) Core operating profit = (Gross operating profit) - (General and administrative expenses (excluding nonrecurring items)) - (Net gains (losses) related to bonds, including Japanese government bonds)

Details of Operations (Non-Consolidated)

BALANCE OF LOANS

(¥100 million)

Fiscal period ended	March 31, 2022			March 31, 2021		
	Domestic	International	Total	Domestic	International	Total
Loans on Deeds	76,609	1,500	78,110	77,241	1,301	78,542
Loans on Notes	3,009	531	3,540	2,835	460	3,295
Overdraft	13,419	—	13,419	12,360	—	12,360
Bills Discounted	1,007	—	1,007	1,015	—	1,015
Total	94,046	2,031	96,078	93,452	1,761	95,214
Average Balance						
Loans on Deeds	76,914	1,406	78,321	73,872	1,315	75,187
Loans on Notes	2,834	503	3,338	3,137	410	3,547
Overdraft	12,673	—	12,673	12,670	—	12,670
Bills Discounted	944	—	944	1,057	—	1,057
Total	93,367	1,910	95,277	90,737	1,725	92,462

Note: The average balance of foreign currency loans with domestic offices stated in the International column is calculated by the monthly current method.

BREAKDOWN OF LOAN BALANCE BY INDUSTRY

(¥100 million, %)

	As of March 31, 2022	As of March 31, 2021
Manufacturing	28,967 (30.2)	29,325 (30.8)
Machinery and Metal Product Manufacturing	15,333 (16.0)	15,483 (16.3)
Agriculture and Forestry	328 (0.3)	299 (0.3)
Fisheries	64 (0.1)	61 (0.1)
Mining and Quarrying of Stone and Gravel	106 (0.1)	104 (0.1)
Construction	2,939 (3.1)	2,998 (3.1)
Electricity, Gas, Heat Supply and Water	300 (0.3)	281 (0.3)
Information and Communications, Transport and Postal Activities	12,601 (13.1)	12,212 (12.8)
Wholesale and Retail	27,520 (28.6)	27,766 (29.2)
Finance and Insurance	485 (0.5)	481 (0.5)
Real Estate and Goods Rental and Leasing	7,683 (8.0)	7,425 (7.8)
Various Services	14,467 (15.1)	13,668 (14.4)
Local Governments	2 (0.0)	2 (0.0)
Others	104 (0.1)	106 (0.1)
Overseas and Special International Financial Accounts	506 (0.5)	481 (0.5)
Total	96,078	95,214

Note: The figures in parentheses represent percentages of the total.

LOANS BASED ON FINANCIAL RECONSTRUCTION ACT AND PROBLEM LOANS (Non-consolidated)

(¥100 million, %)

		As of March 31, 2022	As of March 31, 2021
Bankrupt or de facto bankrupt loans	(A)	109.7	121.2
Doubtful loans	(B)	165.2	181.1
Special Attention Loans	(C)	35.5	26.0
Loans Overdue for 3 Months or Longer		1.0	0.1
Rescheduled Loans		34.5	25.8
Subtotal	(D) = (A) + (B) + (C)	310.5	328.4
Loss Classification Loans	(G)	64.0	68.7
(Other than Loss Classification Loans)	(D) - (G)	(246.5)	(259.6)
Normal Loans		9,450.0	9,346.7
Total	(H)	9,760.6	9,675.1
Percentage to Total Credit (%)	((D) - (G)) / ((H) - (G))	2.5	2.7

(Reference) Coverage of Assets Other than Loss Classification Loans

Amount of (D) Expected to Be Recovered through Collateral and Guarantees	(E)	145.9	155.0
Reserve for Possible Loan Losses Recorded for (D)	(F)	126.7	123.0
Allowance Ratio (%)	$\frac{(F) - (G)}{((D) - (G)) - (E)}$	62.4	51.9
Coverage Ratio (%)	$\frac{((E) + (F)) - (G)}{(D) - (G)}$	84.6	80.6

Notes: 1. The above represents the four categories of "Bankrupt or de facto bankrupt loans," "Doubtful loans," "Special attention loans," and "Normal loans," classified through the assessment based on the Act on Emergency Measures for the Revitalization of the Financial Functions.

2. Categories of disclosed loans

- (1) Bankrupt or de facto Bankrupt Loans Loans to debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto
- (2) Doubtful Loans Loans whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal and receipt of interest in accordance with the contract is impossible
- (3) Special Attention Loans Loans overdue for three months or longer and rescheduled loans excluding loans under (1) and (2) above
- (4) Normal Loans Loans categorized as loans other than those under (1), (2), and (3) above, whose debtors are not found to be problematic in terms of the financial status and business performance

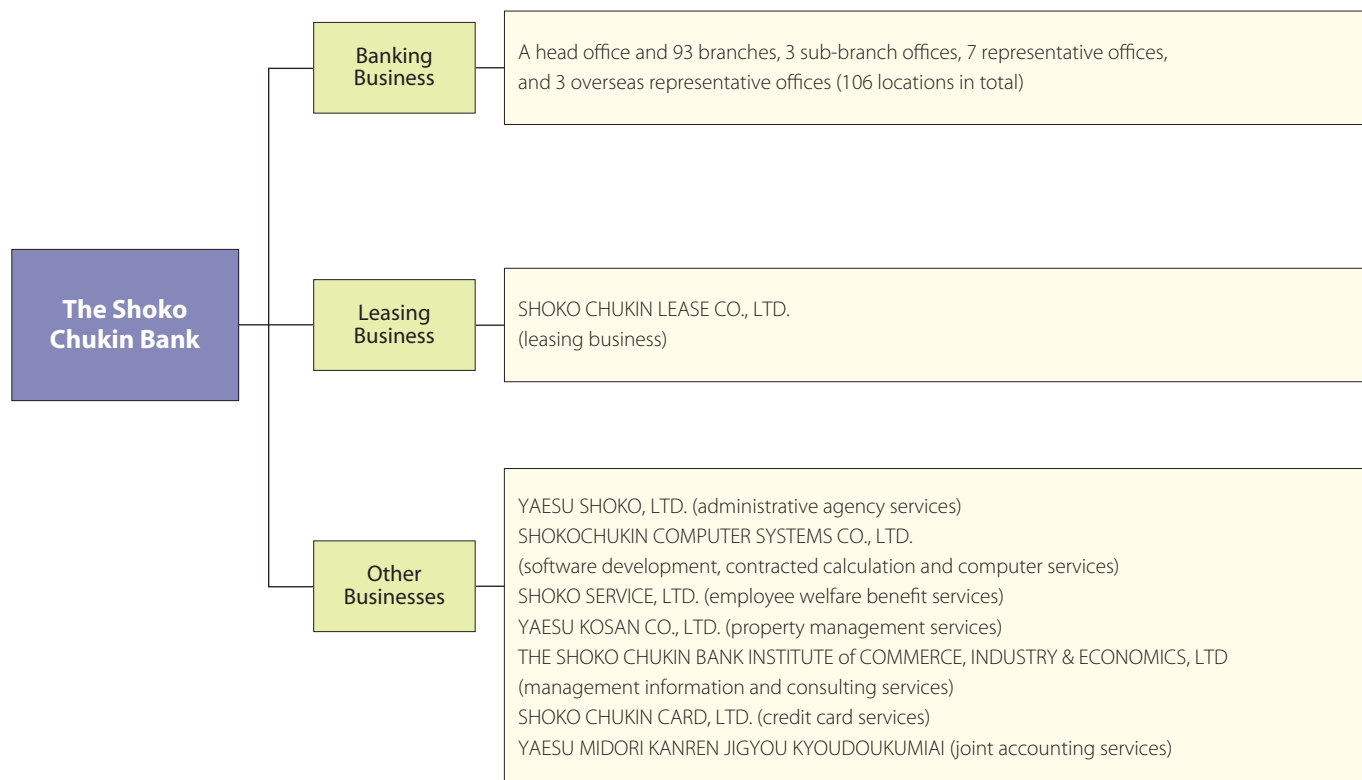
3. Loss Classification Loans are loans categorized as unrecoverable based on self-assessment and for which a reserve for possible loan losses is reported for the entire amount of the loan.

4. Other than Loss Classification Loans represents the total amount of disclosed loans under (1) through (3) of Note 2 less the amount of Note 3.

5. The Order Partially Amending the Regulation for Enforcement of the Shoko Chukin Bank, Ltd. Act Relating to the Ministry of Economy, Trade and Industry, Ministry of Finance, and the Cabinet Office (January 24, 2020, Cabinet Office, Ministry of Finance, Ministry of Economy, Trade and Industry, No. 1) went into effect on March 31, 2022. Accordingly, "Problem loans" and other categories under the Shoko Chukin Bank Limited Act are presented in line with the categories of loans disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions.

Business Activities

The Shoko Chukin Bank Group is comprised of the Shoko Chukin Bank and 8 subsidiary companies. In addition to its mainstay banking operations, the Group collectively provides a wide range of leasing and other financial services. A diagrammatic chart of the Shoko Chukin Bank Group's principal activities is presented as follows (As of March 31, 2022).



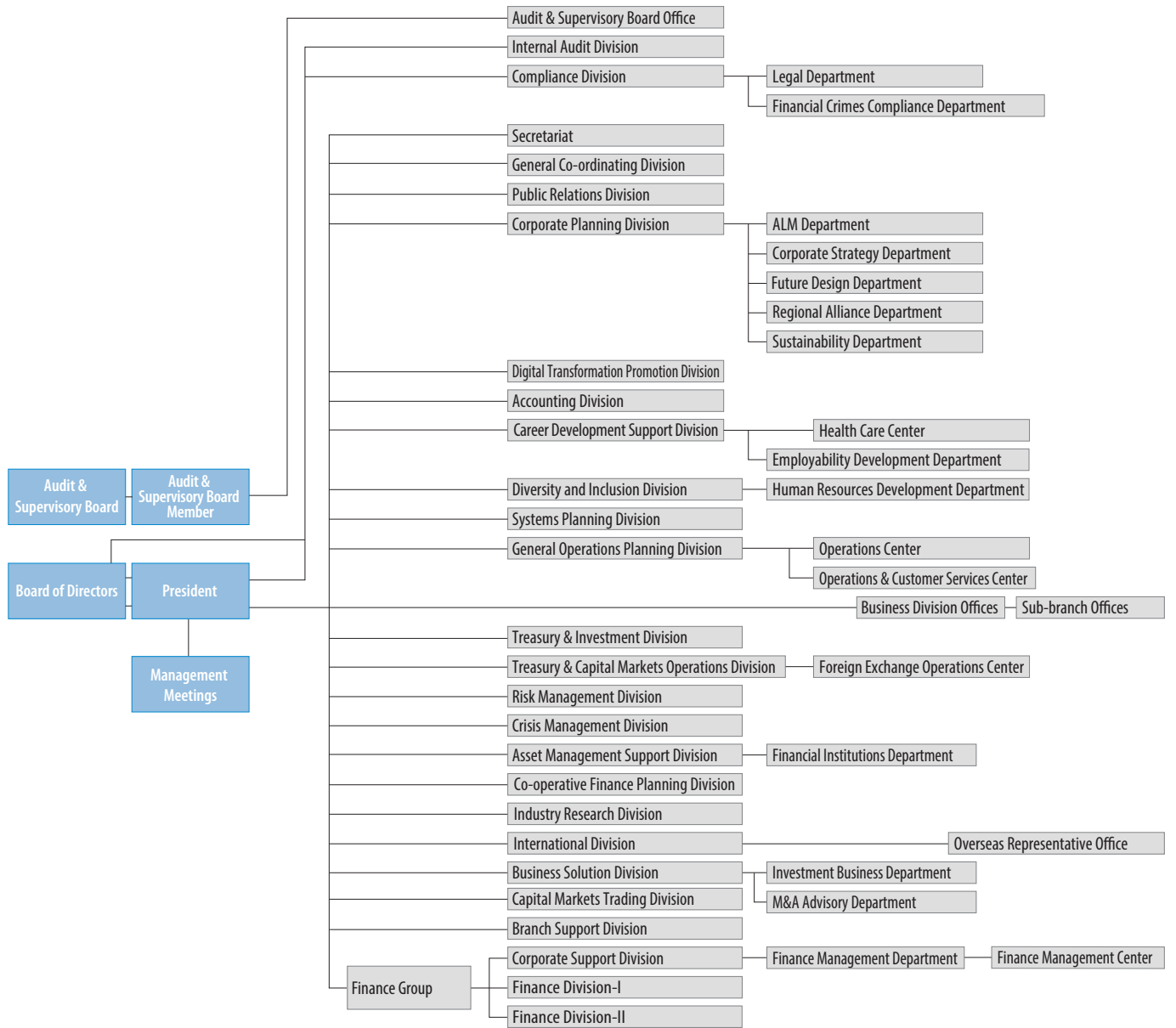
Subsidiaries

Subsidiaries (As of March 31, 2022)

Company Name	Address	Principal Business Activities	Date of Establishment	Paid-in Capital or Capital Subscription (Millions of Yen)	Percentage of Voting Rights Held by the Bank (%)	Percentage of Voting Rights Held by the Group (%)
YAESU SHOKO, LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Administrative agency services	Sep. 8, 1962	90	100.00	—
SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD.	2-10-1 Misumicho, Higashi Murayama-shi, Tokyo	Software development, contracted calculation and computer services	Dec. 14, 1973	70	—	100.00
SHOKO SERVICE, LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Employee welfare benefit services	Nov. 25, 1982	32	62.50	37.50
YAESU KOSAN CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Property management services	Jun. 22, 1972	35	100.00	—
THE SHOKO CHUKIN BANK INSTITUTE of COMMERCE, INDUSTRY & ECONOMICS, LTD	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Management information and consulting services	Dec. 10, 1974	80	23.08	76.92
SHOKO CHUKIN LEASE CO., LTD.	1-10-12 Ueno, Taito-ku, Tokyo	Leasing business	Oct. 8, 1982	1,000	100.00	—
SHOKO CHUKIN CARD CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Credit card services	Jan. 22, 1991	70	100.00	—
YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Joint accounting services	Jun. 11, 1982	10	—	100.00

>>> Organization

Organization Chart



(As of April 1, 2022)

Stock Information

- **Number of Authorized Shares (As of March 31, 2022)**
Common stock 4,000,000,000 shares
Crisis response reserve stock 10 shares
- **Number of Issued and Outstanding Shares (As of March 31, 2022)**
 Common stock 2,186,531,448 shares
- **End of Each Accounting Term**
 March 31
- **Record Dates**
 Ordinary General Meeting of Shareholders March 31
 Date for Determining Shareholders of Record for the Distribution of Accounting Term-End Dividends March 31
 Record dates for other matters shall be determined individually and publicly announced in advance when required
- **Period during which the Ordinary General Meeting of Shareholders Shall Be Held**
 Late June
- **Number of Shares per Trading Unit**
 Common stock 1,000 shares
 Crisis response reserve stock 1 share
- **Method of Public Notifications**
 Public notifications are made by electronic means. In the event that notifications cannot

be made by electronic means due to unavoidable circumstances and reasons, notifications shall be published in the *Nihon Keizai Shimbun*.

Matters Relating to the Administration of Shares

- **Administrator of the Shareholder Register**
 Mitsubishi UFJ Trust and Banking Corporation
 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
- **Handling Office**
 Mitsubishi UFJ Trust and Banking Corporation
 Securities Agency Division
 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
- **Contact**
 Mitsubishi UFJ Trust and Banking Corporation
 Securities Agency Division
 Tel: 0120-232-711 (Toll free)
 9:00 to 17:00 Tokyo local time (Excluding Saturdays, Sundays and public holidays)
- **Mailing Address**
 Mitsubishi UFJ Trust and Banking Corporation
 Securities Agency Division
 Shin-Tokyo Post Office Box No. 29
 137-8081
- **Agencies**
 All Mitsubishi UFJ Trust and Banking Corporation branches nationwide

Shareholder Eligibility

- Under the Shoko Chukin Bank Limited Act, the primary mission of the Shoko Chukin Bank is to serve as a stable source of finance to small and medium-sized enterprises. As a government-affiliated financial institution, the Bank's shareholders are defined and stipulated under Article 6 of the aforementioned Shoko Chukin Bank Limited Act. In addition to the government, other joint subscribers to the Bank's capital include SME cooperatives and their SME shareholder members.
- While it is the responsibility of the head office and domestic branches of Mitsubishi UFJ Trust and Banking Corporation to receive and process requests for the registration and transfer of the Bank's shares, please be advised that said requests may be denied subject to the screening of shareholder eligibility.

Message to all SME Cooperatives

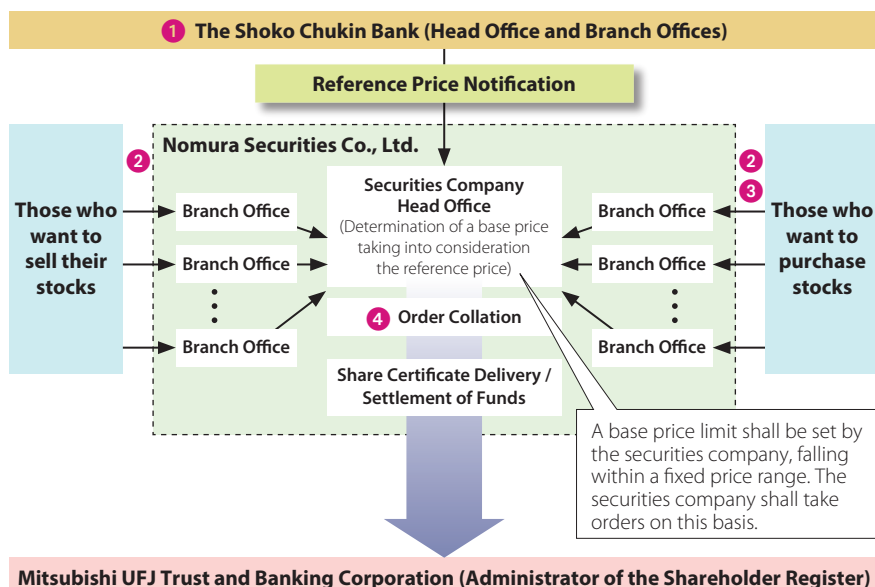
- When a cooperative member applies for loans at the Shoko Chukin Bank, certificate of membership of the cooperative is required. We ask for your understanding on this matter.

The Purchase and Sale of Shares

Shares of the Shoko Chukin Bank can be purchased and sold utilizing the following methods.

- (1) Negotiated purchase and sale
 Negotiated purchase and sales with other SME cooperatives or their SME shareholder members
- (2) Securities company over-the-counter share purchase and sale
 The head office and domestic branches of Nomura Securities Co., Ltd. shall receive and process over-the-counter purchase and sale orders with respect to the Bank's shares. Over-the-counter purchases and sales shall be affected by collating the aforementioned orders.

The mechanism and structure for securities company over-the-counter purchase and sale of the Bank's shares



1 Notification of Share Purchase and Sale Mechanism

- The Shoko Chukin Bank shall notify SME cooperatives and their SME shareholder members of the mechanism relating to the acquisition of shares. Advice shall also be provided with regard to such cautionary items as restrictions on the eligibility of shareholders.

2 The Taking of Orders

- Orders for the purchase and sale of shares shall be accepted at the head office and domestic branches of Nomura Securities Co., Ltd. (Postal applications also accepted).
- With regard to the order price, a base price limit shall be set to fall within a fixed price range.
 Note: Nomura Securities Co., Ltd. shall determine the base price taking into consideration the reference price set by the Shoko Chukin Bank based on the opinions of specialists.
- Nomura Securities Co., Ltd. shall provide details of the base price and recent transaction prices.
- Eligibility with regard to share acquisition orders shall be restricted to SME cooperatives and their SME shareholders members, who are in turn shareholders of the Shoko Chukin Bank.

3 Certification of Shareholder Eligibility

- In placing an order to acquire shares, the intended purchaser shall submit to Nomura Securities Co., Ltd. a "Certificate of Shareholder Eligibility," designated by the Shoko Chukin Bank, together with supporting documentation (Certificate of Registration in the case of an SME cooperative; Certificate of Registration as an SME member and a copy of the Members' Register in the case of an SME shareholder member). Submission of the aforementioned documentation is in principle not required in the case of intended purchasers whose details are already recorded in the shareholders' register.

4 Order Collation

- The collation of sale and purchase orders shall be undertaken on the 15th day of each month (in the event the 15th is not a business day, collation shall be undertaken on the next business day). The closing date for sale orders shall be 14 business days prior to the collation date and five business days prior to the collation date for purchase orders.
- Both a price and time priority (Note) shall be determined. However, for order collation from February 2020 onward, we have followed the stock exchange system, and adopted the "stop allocation method" if the price reaches the upper or lower limit of the range.
 Note: Purchase orders with a higher price shall have priority. Sale orders with a lower price shall have priority. Orders with the same price shall be prioritized in the order in which they are received.
- Stock trading commission rates shall be equivalent to the rates applied by Nomura Securities Co., Ltd. with respect to the purchase and sale of publicly listed shares.

History

June	1936	The Shoko Chukin Bank Act enforced
November	1936	Inaugural general meeting held; Toyotaro Yuki, President of the Industrial Bank of Japan, Limited appointed as the Bank's first president
December	1936	Registration of establishment completed; Operations commenced; Network established comprising head office in Marunouchi, Kojimachi-ku, Tokyo and six branches including an office in Sapporo
March	1937	First series interest-bearing debentures issued
July	1940	First series discount debentures issued
August	1952	Establishment of a nationwide branch network encompassing every prefecture in Japan completed
December	1962	Construction of a new head office in Yaesu, Chuo-ku, Tokyo completed
May	1973	Foreign currency loan operations commenced
June	1985	The Shoko Chukin Bank Limited Act revised (perpetuation of the Bank by abolishing the initial 50-year term of existence)
August	1985	New York Representative Office established
February	1988	All-Japan Youth Kai launched
November	1990	Hong Kong Representative Office established
January	1995	The Great Hanshin Awaji Earthquake Task Force established
September	2003	Sales of certificates including discount bonds ended
March	2005	Shanghai Representative Office established
February	2006	New time deposit (currently "my harvest") operations commenced
June	2006	The Administrative Reform Promotion Law (The Law Concerning the Promotion of Administrative Reform for the Purpose of Realizing Small and Efficient Government) enforced, calling for the complete privatization of the Shoko Chukin Bank over a period of approximately five to seven years commencing October 2008
February	2007	Individual annuity and personal pension insurance operations commenced at certain branches
April	2007	Testamentary trust and estate liquidation operations commenced at certain branches
May	2007	The Shoko Chukin Bank Limited Act approved, stipulating the position, role and scope of operations of the Shoko Chukin Bank after commencing its transition to a new structure in October 2008 (company pursuant to a special act)
May	2008	Investment trust operations commenced at certain branches
October	2008	The Shoko Chukin Bank Limited Act enforced (transition from a jointly owned financial institution to a joint-stock company)
October	2008	YAESU SHOKO, LTD., SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD., SHOKO SERVICE, LTD., YAESU KOSAN CO., LTD., JAPAN INSTITUTE OF COMMERCE, INDUSTRY AND ECONOMIC, LTD. (currently THE SHOKO CHUKIN BANK INSTITUTE OF COMMERCE, INDUSTRY & ECONOMICS, LTD.), JAPAN SHOKO LEASE CO., LTD (currently SHOKO CHUKIN LEASE CO., LTD.), and SHOCHU CARD CO., LTD. (currently SHOKO CHUKIN CARD CO., LTD.) converted to consolidated subsidiaries
October	2008	The Shoko Chukin Bank designated under the law as a government-appointed financial institution charged with the responsibility of undertaking special responses should a crisis occur
June	2009	The Shoko Chukin Bank Limited Act revised (newly established provision for the additional government funding, while postponing the starting point for complete-privatization deadline by three years and a half)
July	2009	The Shoko Chukin Bank posted ¥150.0 billion for crisis response reserve
March	2011	Tohoku Pacific Earthquake Task Force (name changed to Great East Japan Earthquake Task Force on May 13, 2011) established
May	2011	The Shoko Chukin Bank Limited Act revised (postponement of starting point for complete-privatization deadline by three years)
September	2012	Bangkok Representative Office established
November	2012	Revitalization Support Program established
December	2012	Issuance of new Warisho, Rissho and Rissho Wide ended
May	2015	The Shoko Chukin Bank Limited Act revised (the government will, for the time being, hold the shares as necessary to ensure adequate implementation of crisis response measures while maintaining the policy for complete privatization)
December	2016	The Crisis Response Measures Management Department was newly established in the Co-operative Finance Planning Division (currently Co-operative Finance Planning Division) (Reorganized as the Crisis Management Division in October 2017, as an independent organization at Headquarters)
October	2017	Reorganized the Compliance Department into the Compliance Division as an independent organization at Headquarters
June	2018	Restructured organizations at Headquarters (Established the Finance Group, etc. as the Management Group. Established the Audit & Supervisory Department. Established the Corporate Strategy Department, IT Strategy Department (incorporated into the Digital Transformation Promotion Division as an independent group in April 2021), and Regional Cooperation Department in the Corporate Planning Division, etc.)
June	2018	Introduced mandated executive officer system
April	2019	Diversity and Inclusion Department was newly established in the Personnel Division (Reorganized as the Diversity and Inclusion Division in April 2022, as an independent organization at Headquarters)
April	2020	Risk Management Division established. Financial Crimes Compliance Department established in the Compliance Division. Future Design Department established in the Corporate Planning Division.
April	2021	Established the M&A Advisory Department, etc. in the Business Solution Division
April	2022	Sustainability Department was newly established in the Corporate Planning Division. Reorganized the Personnel Division into the Career Development Support Division

>>> The Shoko Chukin Bank Network

(As of June 30, 2022)

Head Office	2-10-17, Yaesu, Chuo-ku, Tokyo 104-0028, Japan	+81-3-3272-6111
Hokkaido		
Sapporo Office	3-1-20, Kita-2jonishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0002, Japan	+81-11-241-7231
Hakodate Office	33-1, Goryokaku-cho, Hakodate-shi, Hokkaido 040-0001, Japan	+81-138-35-5022
Obihiro Office	9-23, Nishi-3jominami, Obihiro-shi, Hokkaido 080-0013, Japan	+81-155-23-3185
Kushiro Representative Office	1-1-1, Omachi, Kushiro-shi, Hokkaido 085-0847, Japan	+81-154-42-0671
Asahikawa Office	9-1703-81, Sjdori, Asahikawa-shi, Hokkaido 070-0035, Japan	+81-166-26-2181
Tohoku		
Aomori Office	2-1-7, Nagashima, Aomori-shi, Aomori 030-0861, Japan	+81-17-734-5411
Hachinohe Office	43-1, Youka-machi, Hachinohe-shi, Aomori 031-0086, Japan	+81-178-45-8811
Morioka Office	3-4-6, Chuodori, Morioka-shi, Iwate 020-0021, Japan	+81-19-622-4185
Sendai Office	2-10-30, Chuo, Aoba-ku, Sendai-shi, Miyagi 980-0021, Japan	+81-22-225-7411
Akita Office	2-4-19, Nakadori, Akita-shi, Akita 010-0001, Japan	+81-18-833-8531
Yamagata Office	2-1, Saiwai-cho, Yamagata-shi, Yamagata 990-0038, Japan	+81-23-632-2111
Sakata Office	2-6-22, Naka-machi, Sakata-shi, Yamagata 998-0044, Japan	+81-234-24-3922
Fukushima Office	11-5, Mikawakita-machi, Fukushima-shi, Fukushima 960-8054, Japan	+81-24-526-1201
Aizuwakamatsu Representative Office	6-5, Minamisengoku-machi, Aizuwakamatsu-shi, Fukushima 965-0816, Japan	+81-242-26-2617
Kanto-Koshinetsu		
Mito Office	3-5-7, Minami-machi, Mito-shi, Ibaraki 310-0021, Japan	+81-29-225-5151
Utsunomiya Office	1-1-15, Nishi, Utsunomiya-shi, Tochigi 320-0861, Japan	+81-28-633-8191
Ashikaga Office	2-2751, Tori, Ashikaga-shi, Tochigi 326-0814, Japan	+81-284-21-7131
Maebashi Office	1-1-11, Hon-machi, Maebashi-shi, Gunma 371-0023, Japan	+81-27-224-8151
Saitama Office	4-25-13, Kishi-cho, Urawa-ku, Saitama-shi, Saitama 330-0064, Japan	+81-48-822-5151
Kumagaya Office	2-95, Hon-cho, Kumagaya-shi, Saitama 360-0042, Japan	+81-48-525-3751
Chiba Office	3-13, Shin-machi, Chuo-ku, Chiba-shi, Chiba 260-0028, Japan	+81-43-248-2345
Matsudo Office	1846-2, Matsudo, Matsudo-shi, Chiba 271-0092, Japan	+81-47-365-4111
Hachioji Office	2-5, Yokoyama-cho, Hachioji-shi, Tokyo 192-0081, Japan	+81-42-646-3131
Ueno Office	1-10-12, Ueno, Taito-ku, Tokyo 110-0005, Japan	+81-3-3834-0111
Omori Office	1-1-10, Omori-Kita, Ota-ku, Tokyo 143-0016, Japan	+81-3-3763-1251
Keihinjima Sub-branch	2-10-2, Keihinjima, Ota-ku, Tokyo 143-0003, Japan	+81-3-3799-0331
Oshiage Office	3-10-8, Narihira, Sumida-ku, Tokyo 130-0002, Japan	+81-3-3624-1161
Urayasu Sub-branch	2-1-6 Tekkadori, Urayasu-shi, Chiba 279-0025, Japan	+81-47-355-8011
Shinjuku Office	(Inside the Fukutoshin Business Division) 6-11-3, Nishishinjuku, Shinjuku-ku, Tokyo 160-0023, Japan	+81-3-3340-1551
Fukagawa Office	5-11-17, Kiba, Koto-ku, Tokyo 135-0042, Japan	+81-3-3642-7131
Tokyo Office	2-12-18, Shibadaimon, Minato-ku, Tokyo 105-0012, Japan	+81-3-3437-1231
Ikebukuro Office	1-21-10, Minamiikebukuro, Toshima-ku, Tokyo 171-0022, Japan	+81-3-3988-6311
Shibuya Office	(Inside the Fukutoshin Business Division) 6-11-3, Nishishinjuku, Shinjuku-ku, Tokyo 160-0023, Japan	+81-3-3340-1551
Kanda Office	(Inside the Head Office Business Division) 2-10-17, Yaesu, Chuo-ku, Tokyo 104-0028, Japan	+81-3-3272-6111
Shinkiba Office	(Inside the Fukagawa Office) 5-11-17, Kiba, Koto-ku, Tokyo 135-0042, Japan	+81-3-3642-7131
Shinkiba Office	1-18-6, Shinkiba, Koto-ku, Tokyo 136-0082, Japan	+81-3-5569-1711
(* Deposits and other counter operations consolidated with the Fukagawa Office, operated as a Shinkiba Office)		
Yokohama Office	(Inside the Kanagawa Business Division) 4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
Kawasaki Office	(Inside the Kanagawa Business Division) 4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
Yokohama-Nishiguchi Office	(Inside the Kanagawa Business Division) 4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
Sagamihara Representative Office	4-3-14, Sagamihara, Chuo-ku, Sagamihara-shi, Kanagawa 252-0231, Japan	+81-42-786-6230
Niigata Office	2-4-4, Higashiodori, Chuo-ku, Niigata-shi, Niigata 950-0087, Japan	+81-25-255-5111
Nagaoka Office	1-2-10, Jonai-cho, Nagaoka-shi, Niigata 940-0061, Japan	+81-258-35-2121
Kofu Office	2-2-1, Marunouchi, Kofu-shi, Yamanashi 400-0031, Japan	+81-55-233-1161
Nagano Office	1483-11, Nishitsuruga-machi, Nagano-shi, Nagano 380-0814, Japan	+81-26-234-0145
Suwa Office	1-14-6, Ote, Suwa-shi, Nagano 392-0026, Japan	+81-266-52-6600
Matsumoto Office	2-1-27, Chuo, Matsumoto-shi, Nagano 390-0811, Japan	+81-263-35-6211

Tokai		
Gifu Office	9-16, Wakamiya-cho, Gifu-shi, Gifu 500-8828, Japan	+81-58-263-9191
Takayama Representative Office	5-1, Tenman-machi, Takayama-shi, Gifu 506-0025, Japan	+81-577-32-3353
Shizuoka Office	6-3, Oute-machi, Aoi-ku, Shizuoka-shi, Shizuoka 420-0853, Japan	+81-54-254-4131
Hamamatsu Office	133-1, Tokiwa-cho, Naka-ku, Hamamatsu-shi, Shizuoka 430-0917, Japan	+81-53-454-1521
Numazu Office	6-5, Yoneyama-cho, Numazu-shi, Shizuoka 410-0046, Japan	+81-55-920-5000
Atsuta Office	(Inside the Nagoya Office) 3-23-18, Nishiki, Naka-ku, Nagoya-shi, Aichi 460-0003, Japan	+81-52-951-7581
Nagoya Office	3-23-18, Nishiki, Naka-ku, Nagoya-shi, Aichi 460-0003, Japan	+81-52-951-7581
Toyohashi Office	3-71-2, Matsuba-cho, Toyohashi-shi, Aichi 440-0897, Japan	+81-532-52-0221
Tsu Office	4-254-1, Sakae-machi, Tsu-shi, Mie 514-0004, Japan	+81-59-228-4155
Yokkaichi Office	1-3-20, Unomori, Yokkaichi-shi, Mie 510-0074, Japan	+81-59-351-4871
Hokuriku		
Toyama Office	6-11, Sakurabashidori, Toyama-shi, Toyama 930-0004, Japan	+81-76-444-5121
Takaoka Office	2-6, Marunouchi, Takaoka-shi, Toyama 933-0912, Japan	+81-766-25-5431
Kanazawa Office	3-1-25, Honda-machi, Kanazawa-shi, Ishikawa 920-0964, Japan	+81-76-221-6141
Fukui Office	3-14-9, Ote, Fukui-shi, Fukui 910-0005, Japan	+81-776-23-2090
Kinki		
Otsu Office	1-2-22, Hamaotsu, Otsu-shi, Shiga 520-0047, Japan	+81-77-522-6791
Hikone Office	9-3, Asahi-machi, Hikone-shi, Shiga 522-0073, Japan	+81-749-24-3831
Kyoto Office	159-1, Ayanokoji Dori Karasuma Nishi-iru Dojisha-cho, Shimogyo-ku, Kyoto-shi, Kyoto 600-8421, Japan	+81-75-361-1120
Osaka Office	1-7-13, Awaza, Nishi-ku, Osaka-shi, Osaka 550-0011, Japan	+81-6-6532-0309
Sakai Office	2-1-2, Ryujinbashi-cho, Sakai-ku, Sakai-shi, Osaka 590-0972, Japan	+81-72-232-9441
Umeda Office	(Inside the Osaka Office) 1-7-13, Awaza, Nishi-ku, Osaka-shi, Osaka 550-0011, Japan	+81-6-6532-0309
Senba Office	1-18-17, Minamisenba, Chuo-ku, Osaka-shi, Osaka 542-0081, Japan	+81-6-6261-8431
Minoo Senba Office	(Inside the Osaka Office) 1-7-13, Awaza, Nishi-ku, Osaka-shi, Osaka 550-0011, Japan	+81-6-6532-0309
Minoo Senba Office	2-5-55, Senbahigashi, Minoo-shi, Osaka 562-0035, Japan	+81-72-729-9181
(* Deposits and other counter operations consolidated with the Osaka Office, operated as a Minoo Senba Office)		
Higashiosaka Office	2-1-32, Nagatanaka, Higashiosaka-shi, Osaka 577-0013, Japan	+81-6-6746-1221
Kobe Office	111, Ito-machi, Chuo-ku, Kobe-shi, Hyogo 650-0032, Japan	+81-78-391-7541
Himeji Office	111, Soushahon-machi, Himeji-shi, Hyogo 670-0015, Japan	+81-79-223-8431
Amagasaki Office	5-19-8, Higashinaniwa-cho, Amagasaki-shi, Hyogo 660-0892, Japan	+81-6-6481-7501
Nara Office	4-281-1, Hayashikoji-cho, Nara-shi, Nara 630-8115, Japan	+81-742-30-1051
Wakayama Office	2-1, Juban-cho, Wakayama-shi, Wakayama 640-8152, Japan	+81-73-432-1281
Chugoku		
Tottori Office	2-218, Katahara, Tottori-shi, Tottori 680-0023, Japan	+81-857-22-3171
Yonago Office	168, Higashi-cho, Yonago-shi, Tottori 683-0067, Japan	+81-859-34-2711
Matsue Office	210, Tono-machi, Matsue-shi, Shimane 690-0887, Japan	+81-852-23-3131
Hamada Representative Office	2886, Takezako-cho, Hamada-shi, Shimane 697-0015, Japan	+81-855-23-3033
Okayama Office	4-1, Banzan-cho, Kita-ku, Okayama-shi, Okayama 700-0818, Japan	+81-86-225-1131
Hiroshima Office	2-1-2, Ote-machi, Naka-ku, Hiroshima-shi, Hiroshima 730-0051, Japan	+81-82-248-1151
Fukuyama Office	1-1-30, Konan-cho, Fukuyama-shi, Hiroshima 720-0814, Japan	+81-84-922-6830
Hiroshima Seibu Office	1-14-1, Shoko Center, Nishi-ku, Hiroshima-shi, Hiroshima 733-0833, Japan	+81-82-277-5421
Shimonoseki Office	1-1-13, Hosoe-cho, Shimonoseki-shi, Yamaguchi 750-0016, Japan	+81-83-223-1151
Tokuyama Office	1-10, Miyukidori, Shunan-shi, Yamaguchi 745-0034, Japan	+81-834-21-4141
Shikoku		
Tokushima Office	2-30, Nishisenba-cho, Tokushima-shi, Tokushima 770-0901, Japan	+81-88-623-0101
Takamatsu Office	1-3-8, Kawara-machi, Takamatsu-shi, Kagawa 760-0052, Japan	+81-87-821-6145
Matsuyama Office	3-3-8, Chifune-machi, Matsuyama-shi, Ehime 790-0001, Japan	+81-89-921-9151
Kouchi Office	4-2-46, Hon-machi, Kouchi-shi, Kouchi 780-0870, Japan	+81-88-822-4481

Kyushu/Okinawa		
● Fukuoka Office	1-13-21, Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka 810-0001, Japan	+81-92-712-6551
■ Fukuoka Distribution Center Sub-branch	1-7-1, Tanotsu, Higashi-ku, Fukuoka-shi, Fukuoka 813-0034, Japan	+81-92-712-6551
[* Over-the-counter operation was integrated into the Fukuoka Office, and this sub-branch operates the ATMs only.]		
● Kitakyushu Office	2-1-2, Kome-machi, Kokurakita-ku, Kitakyushu-shi, Fukuoka 802-0003, Japan	+81-93-533-9567
● Kurume Office	42-21, Higashi-machi, Kurume-shi, Fukuoka 830-0032, Japan	+81-942-35-3381
● Saga Office	1-6-23, Ekimaechuo, Saga-shi, Saga 840-0801, Japan	+81-952-23-8121
● Nagasaki Office	2-13, Doza-machi, Nagasaki-shi, Nagasaki 850-0841, Japan	+81-95-823-6241
● Sasebo Office	4-21, Tokiwa-cho, Sasebo-shi, Nagasaki 857-0053, Japan	+81-956-23-8141
● Kumamoto Office	2-23, Joto-machi, Chuo-ku, Kumamoto-shi, Kumamoto 860-0846, Japan	+81-96-352-6184
● Oita Office	2-1-6, Miyako-machi, Oita-shi, Oita 870-0034, Japan	+81-97-534-4157
● Miyazaki Office	1-10, Nishikimachi, Miyazaki-shi, Miyazaki 880-0811, Japan	+81-985-24-1711
● Kagoshima Office	17-24, Nishisengoku-cho, Kagoshima-shi, Kagoshima 892-0847, Japan	+81-99-223-4101
● Naha Office	2-22-10, Kumoji, Naha-shi, Okinawa 900-0015, Japan	+81-98-866-0196

Overseas		
● New York Branch	527 Madison Avenue, 17th Floor, New York, N.Y. 10022 U.S.A.	+1-212-581-2800
◆ Hong Kong Representative Office	Suite 804, 8/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	+852-2524-5111
◆ Shanghai Representative Office	Room 1706, Shanghai International Trade Center, 2201 Yan-An Xi Road, Shanghai, China	+86-21-6275-3860
◆ Bangkok Representative Office	Unit 6, 10th Floor CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand	+66-2-654-0588

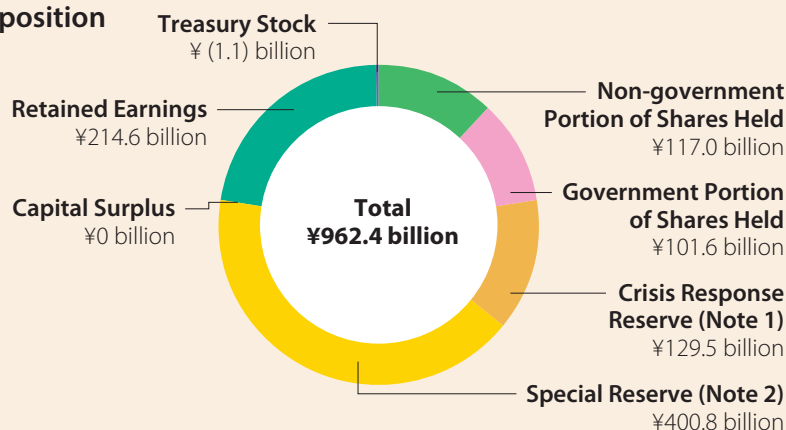
Others		
■ ● Head Office and Branch Offices 93 (including 1 overseas branch office)		
■ Sub-branch Offices 3	▲ Representative Offices 7	
◆ Overseas Representative Offices 3		
Total 106 (including 4 overseas offices)		

Outline of the Bank

(As of March 31, 2022)

- ▶ **Company Name** The Shoko Chukin Bank, Ltd.
(Transition toward privatization commenced on October 1, 2008)
- ▶ **Establishment Date** October 8, 1936
- ▶ **Objective** Objective of the Shoko Chukin Bank, Ltd. is to conduct businesses necessary to facilitate financing for SME cooperatives, other organizations that primarily consist of SMEs and their members, while ensuring the Bank's autonomy in management toward its goal of complete privatization.
- ▶ **Commencement of Operations** December 10, 1936
- ▶ **Capital** ¥218.6 billion (including ¥101.6 billion government subscription)

▶ Capital Composition



Notes: 1. A Tier 1 Capital (common stock etc.) reserve for crisis response has been created to ensure financial basis which is necessary for smooth implementation of crisis response measures.

2. In accordance with the transition to a company structure limited by shares, a special Tier 1 Capital (common stock etc.) reserve has been created to facilitate the continuous and smooth provision of funds to SMEs. An aggregate amount totaling ¥400.8 billion has been transferred to a special reserve, which is comprised of ¥303.7 billion and ¥97.0 billion transferred from the government's subscription and retained earnings, respectively.

- ▶ **Funds Held** Deposits: ¥5,707.9 billion
Negotiable Certificates of Deposit: ¥491.4 billion
Debentures: ¥3,542.5 billion
- ▶ **Loans Outstanding** ¥9,607.8 billion
- ▶ **Offices** Domestic: 102
Overseas: 4
- ▶ **Number of Employees (Persons)** 3,515
- ▶ **Rating**

	R&I	JCR	Moody's
Long-term	AA ⁻ (stable)	AA ⁺ (stable)	A1 (stable)

▶ Outline of business

1. Lending operation We are providing various kinds of loans to small and medium-sized enterprises (SMEs) in need of fund to finance their business, from capital investment and long-term working capital, to short-term working capital including typically by bills discounted. We are also engaged in development and provision of innovative technique for raising finance, to cater for the diversifying needs of SMEs, including private placement bonds, loan syndication, asset-based lending (ABL) and liquidation of accounts receivable.
2. Deposit affairs and exchange operation
 - (1) Deposits We are handling current deposits, saving account, deposits at notice, time deposits, specified deposits, deposits for tax payment, non-resident yen deposits and foreign currency deposits.
 - (2) Negotiable certificates of deposit We are handling negotiable deposits.
 - (3) Exchanges We are handling both domestic exchanges and foreign exchanges.
3. Bond issuance We are issuing bank debentures called Shoko-sai, with the purpose to provide finance to SMEs on a constant basis.
4. Treasury and investment We are engaged in market operations in the financial markets both at home and abroad, to streamline our own financing and investment activities.
5. International business As an all-round financial institution supporting business activities of SMEs, we are actively engaged in every aspect of overseas transactions including support for clients' overseas business expansion and loans to clients' local subsidiaries overseas, let alone overseas remittance, and business concerning export and import.
6. Others We are also providing other services as follows.
 - Derivative transactions with respect to interest rate and currencies
 - HAPPY DESIGN SURVEY
 - Business concerning M&A
 - Provision of management information
 - Management support for client associations such as Chukin kai and Youth kai
 - Industrial/economic research
 - Fiduciary services
 - Other services incidental or related to the above, etc.



The Shoko Chukin Bank, Ltd. (Shoko Chukin Bank)
Published in October 2022 by Public Relations Division
10-17, 2-Chome, Yaesu, Chuo-ku, Tokyo 104-0028, Japan
TEL: 03(3272)6111
URL <https://www.shokochukin.co.jp/>

