

## Financial Data (Consolidated)

Year Ended March 31, 2018

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## Trends in Principal Financial Indicators (Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Operating Income	¥ 204.7	¥ 195.3	¥ 204.4	¥ 212.9	¥ 219.6
Income before Income Taxes and Other	58.4	50.8	34.9	38.1	27.4
Net Income Attributable to Owners of Parent	37.3	32.4	12.4	16.8	12.8
Comprehensive Income	41.5	35.9	6.1	23.6	11.1
Net Assets	972.3	935.3	903.8	902.2	884.5
Total Assets	11,957.3	12,845.0	12,570.4	12,633.8	12,524.1
Net Assets per Share (Yen)	191.95	174.92	160.48	159.73	151.56
Net Income per Share (Yen)	17.15	14.90	5.72	7.75	5.91
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	8.10	7.25	7.16	7.11	7.03
Consolidated Tier 1 (Common Stock etc.) Ratio (%)	12.69	11.97	12.00	12.18	12.18
Consolidated Tier 1 Ratio (%)	12.69	11.97	12.00	12.18	12.18
Consolidated Total Capital Ratio (%)	13.53	13.12	13.37	13.56	13.70
Return on Equity (%)	3.93	3.54	1.38	1.89	1.46
Price Earnings Ratio	—	—	—	—	—
Cash Flows from Operating Activities	(165.6)	535.3	(121.3)	222.9	(32.1)
Cash Flows from Investing Activities	16.6	149.5	218.6	31.0	169.2
Cash Flows from Financing Activities	(24.5)	(10.5)	(4.5)	(4.5)	(4.5)
Cash and Cash Equivalents at the End of the Year	1,508.5	1,682.0	1,007.6	914.8	665.4
Number of Employees (Persons)	4,083	4,080	4,102	4,140	4,145
[Average Number of Temporary Employees excluded from Above]	[1,058]	[1,047]	[1,018]	[977]	[929]

- Notes: 1. The Shoko Chukin Bank and its domestic consolidated subsidiaries account for national and local consumption taxes by way of the tax-exclusion method.  
2. The figure for Net Income per Share (Diluted) is not disclosed because there were no shares with a dilutive effect.  
3. The Capital Ratio is calculated as follows:  
(Total Net Assets 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  
4. 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.  
5. Figures for Price Earnings Ratio are not disclosed because the Shoko Chukin Bank is not publicly listed or registered.  
6. 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, 2018 and 2017

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Cash and Due from Banks</b>	¥ 1,526,934	¥ 1,722,831	\$ 14,372	\$ 15,356
<b>Call Loans and Bills Purchased</b>	41,412	57,723	389	514
<b>Monetary Claims Purchased</b>	27,621	26,127	259	232
<b>Trading Assets</b>	21,413	20,485	201	182
<b>Investment Securities</b>	1,511,359	1,539,789	14,225	13,724
<b>Loans</b>	8,636,946	9,343,501	81,296	83,282
<b>Foreign Exchange</b>	15,586	15,708	146	140
<b>Other Assets</b>	178,015	146,301	1,675	1,304
<b>Tangible Fixed Assets</b>	44,365	43,854	417	390
Buildings	17,515	16,795	164	149
Land	23,737	23,791	223	212
Leased Assets	0	1	0	0
Construction in Progress	949	909	8	8
Other Tangible Fixed Assets	2,163	2,356	20	21
<b>Intangible Fixed Assets</b>	10,960	10,958	103	97
Software	6,873	9,388	64	83
Other Intangible Fixed Assets	4,086	1,569	38	13
<b>Net Defined Benefit Asset</b>	7,574	4,452	71	39
<b>Deferred Income Taxes</b>	38,723	47,414	364	422
<b>Customers' Liabilities for Acceptances and Guarantees</b>	102,699	103,466	966	922
<b>Reserve for Possible Loan Losses</b>	(206,262)	(237,584)	(1,941)	(2,117)
<b>Total Assets</b>	¥ 11,957,351	¥ 12,845,033	\$ 112,550	\$ 114,493

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.

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
<b>LIABILITIES</b>				
Deposits	¥ 4,885,242	¥ 5,103,175	\$ 45,983	\$ 45,486
Negotiable Certificates of Deposit	257,122	272,855	2,420	2,432
Shoko Chukin Bank Debentures	4,459,140	4,743,721	41,972	42,282
Call Money and Bills Sold	—	359	—	3
Payables under Securities Lending Transactions	580,278	474,944	5,461	4,233
Trading Liabilities	12,653	10,918	119	97
Borrowed Money	524,579	1,015,805	4,937	9,054
Foreign Exchange	8	86	0	0
Other Liabilities	105,991	142,457	997	1,269
Reserve for Bonuses	4,635	4,637	43	41
Net Defined Benefit Liability	24,830	25,378	233	226
Reserve for Retirement Benefits for Directors	114	90	1	0
Reserve for Losses on Refund for Dormant Bonds	27,395	11,541	257	102
Reserve for Environmental Measures	143	152	1	1
Other Reserves	80	75	0	0
Deferred Tax Liabilities	51	49	0	0
Acceptances and Guarantees	102,699	103,466	966	922
<b>Total Liabilities</b>	<b>10,984,966</b>	<b>11,909,714</b>	<b>103,397</b>	<b>106,156</b>
<b>NET ASSETS</b>				
Capital	218,653	218,653	2,058	1,948
Crisis Response Reserve	150,000	150,000	1,411	1,337
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	3,772	3,572
Capital Surplus	0	0	0	0
Retained Earnings	186,973	154,131	1,759	1,373
Treasury Stock	(1,049)	(1,038)	(9)	(9)
<b>Total Shareholders' Equity</b>	<b>955,388</b>	<b>922,557</b>	<b>8,992</b>	<b>8,223</b>
Unrealized Gains on Other Securities	25,543	23,540	240	209
Deferred Hedge Gains	24	48	0	0
Remeasurements of Defined Benefit Plans	(12,367)	(14,625)	(116)	(130)
<b>Total Accumulated Other Comprehensive Income</b>	<b>13,199</b>	<b>8,964</b>	<b>124</b>	<b>79</b>
Non-controlling Interests	3,796	3,796	35	33
<b>Total Net Assets</b>	<b>972,384</b>	<b>935,318</b>	<b>9,152</b>	<b>8,336</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 11,957,351</b>	<b>¥ 12,845,033</b>	<b>\$ 112,550</b>	<b>\$ 114,493</b>

## Consolidated Statements of Operations

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2018 and 2017

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
<b>Operating Income</b>	¥ 204,707	¥ 195,376	\$ 1,926	\$ 1,741
Interest Income	113,169	130,197	1,065	1,160
Interest on Loans	103,682	119,142	975	1,061
Interest and Dividends on Securities	5,726	7,255	53	64
Interest on Call Loans and Interest on Bills Purchased	857	570	8	5
Interest on Repurchased Agreement	—	0	—	0
Interest on Deposits	1,232	1,330	11	11
Interest on Interest Swaps	32	31	0	0
Other Interest Income	1,637	1,868	15	16
Fees and Commissions	9,892	12,338	93	109
Trading Revenue	2,579	5,391	24	48
Other Operating Income	35,833	36,783	337	327
Other Income	43,232	10,665	406	95
Reversal of Allowance for Possible Loan Losses	20,925	—	196	—
Collection of Written-off Claims	100	70	0	0
Other Income	22,206	10,595	209	94
<b>Operating Expenses</b>	146,207	144,499	1,376	1,287
Interest Expenses	7,640	11,023	71	98
Interest on Deposits	2,843	3,595	26	32
Interest on Negotiable Certificates of Deposit	612	388	5	3
Interest on Debentures	2,096	4,364	19	38
Interest on Call Money and Interest on Bills Sold	(16)	(31)	(0)	(0)
Interest on Payables under Repurchase Agreements	0	54	0	0
Interest on Securities Lending Transactions	45	38	0	0
Interest on Borrowed Money	2,017	2,571	18	22
Other Interest Expenses	40	41	0	0
Fees and Commissions	2,665	3,414	25	30
Trading Expenses	0	24	0	0
Other Operating Expenses	31,734	32,816	298	292
General and Administrative Expenses	78,570	82,951	739	739
Other Expenses	25,595	14,269	240	127
Provision for Possible Loan Losses	—	5,909	—	52
Other Expenses	25,595	8,360	240	74
<b>Profit before Income Taxes and Other</b>	58,499	50,876	550	453
<b>Other Gains</b>	105	2	0	0
Gains on Disposal of Fixed Assets	105	2	0	0
<b>Other Losses</b>	745	241	7	2
Losses on Disposal of Fixed Assets	187	174	1	1
Impairment Loss	558	66	5	0
<b>Profit before Income Taxes</b>	57,859	50,638	544	451
<b>Provision for Income Taxes</b>	13,681	14,639	128	130
<b>Adjustment for Income Taxes</b>	6,835	3,552	64	31
<b>Total Income Taxes</b>	20,516	18,192	193	162
<b>Profit</b>	37,342	32,445	351	289
<b>Profit Attributable to Non-controlling Interests</b>	3	3	0	0
<b>Profit Attributable to Owners of Parent</b>	¥ 37,339	¥ 32,442	\$ 351	\$ 289

## Consolidated Statements of Comprehensive Income

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2018 and 2017

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
<b>Profit</b>	¥ 37,342	¥ 32,445	\$ 351	\$ 289
<b>Other Comprehensive Income</b>	4,235	3,486	39	31
Unrealized Gains on Other Securities	2,002	1,818	18	16
Deferred Hedge Gains	(23)	48	(0)	0
Remeasurements of Defined Benefit Plans	2,257	1,619	21	14
<b>Comprehensive Income</b>	41,578	35,932	391	320
Total Comprehensive Income Attributable to Owners of Parent	41,575	35,928	391	320
Non-controlling Interests	¥ 3	¥ 3	\$ 0	\$ 0

# Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2018 and 2017

Millions of yen

	Shareholders' Equity						
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
<b>Balance, April 1, 2017</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 154,131	¥(1,038)	¥ 922,557
Changes during the Period							
Dividends from Surplus					(4,497)		(4,497)
Profit Attributable to Owners of Parent					37,339		37,339
Acquisition of Treasury Stock						(11)	(11)
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	—	32,841	(11)	32,830
<b>Balance, March 31, 2018</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 186,973	¥(1,049)	¥ 955,388

	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			
<b>Balance, April 1, 2017</b>	¥ 23,540	¥ 48	¥(14,625)	¥ 8,964	¥ 3,796	¥ 935,318	
Changes during the Period							
Dividends from Surplus						(4,497)	
Profit Attributable to Owners of Parent						37,339	
Acquisition of Treasury Stock						(11)	
Net Changes of Items Other Than Shareholders' Equity	2,002	(23)	2,257	4,235	—	4,235	
Total Changes during the Period	2,002	(23)	2,257	4,235	—	37,066	
<b>Balance, March 31, 2018</b>	¥ 25,543	¥ 24	¥(12,367)	¥ 13,199	¥ 3,796	¥ 972,384	

# Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2018 and 2017

Millions of yen

	Shareholders' Equity						
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
<b>Balance, April 1, 2016</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 126,186	¥(1,026)	¥ 894,624
Changes during the Period							
Dividends from Surplus					(4,497)		(4,497)
Profit Attributable to Owners of Parent					32,442		32,442
Acquisition of Treasury Stock						(11)	(11)
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	—	27,944	(11)	27,932
<b>Balance, March 31, 2017</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 154,131	¥(1,038)	¥ 922,557

	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			
<b>Balance, April 1, 2016</b>	¥ 21,722	¥ —	¥(16,245)	¥ 5,477	¥ 3,796	¥ 903,898	
Changes during the Period							
Dividends from Surplus						(4,497)	
Profit Attributable to Owners of Parent						32,442	
Acquisition of Treasury Stock						(11)	
Net Changes of Items Other Than Shareholders' Equity	1,818	48	1,619	3,486	—	3,486	
Total Changes during the Period	1,818	48	1,619	3,486	—	31,419	
<b>Balance, March 31, 2017</b>	¥ 23,540	¥ 48	¥(14,625)	¥ 8,964	¥ 3,796	¥ 935,318	

Millions of U.S. dollars

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2017</b>	\$ 2,058	\$ 1,411	\$ 3,772	\$ 0	\$ 1,450	\$(9)	\$ 8,683
Changes during the Period							
Dividends from Surplus					(42)		(42)
Profit Attributable to Owners of Parent					351		351
Acquisition of Treasury Stock						(0)	(0)
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	—	309	(0)	309
<b>Balance, March 31, 2018</b>	\$ 2,058	\$ 1,411	\$ 3,772	\$ 0	\$ 1,759	\$(9)	\$ 8,992

	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		
<b>Balance, April 1, 2017</b>	\$ 221	\$ 0	\$(137)	\$ 84	\$ 35	\$ 8,803
Changes during the Period						
Dividends from Surplus						(42)
Profit Attributable to Owners of Parent						351
Acquisition of Treasury Stock						(0)
Net Changes of Items Other Than Shareholders' Equity	18	(0)	21	39	—	39
Total Changes during the Period	18	(0)	21	39	—	348
<b>Balance, March 31, 2018</b>	\$ 240	\$ 0	\$(116)	\$ 124	\$ 35	\$ 9,152

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, 2018 and 2017

Millions of U.S. dollars

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2016</b>	\$ 1,948	\$ 1,337	\$ 3,572	\$ 0	\$ 1,124	\$(9)	\$ 7,974
Changes during the Period							
Dividends from Surplus					(40)		(40)
Profit Attributable to Owners of Parent					289		289
Acquisition of Treasury Stock						(0)	(0)
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	—	249	(0)	248
<b>Balance, March 31, 2017</b>	\$ 1,948	\$ 1,337	\$ 3,572	\$ 0	\$ 1,373	\$(9)	\$ 8,223

	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		
<b>Balance, April 1, 2016</b>	\$ 193	\$ —	\$(144)	\$ 48	\$ 33	\$ 8,056
Changes during the Period						
Dividends from Surplus						(40)
Profit Attributable to Owners of Parent						289
Acquisition of Treasury Stock						(0)
Net Changes of Items Other Than Shareholders' Equity	16	0	14	31	—	31
Total Changes during the Period	16	0	14	31	—	280
<b>Balance, March 31, 2017</b>	\$ 209	\$ 0	\$(130)	\$ 79	\$ 33	\$ 8,336



**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 ¥106.24=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2018, has been used for translation purposes for the year ended March 31, 2018, and ¥112.19=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2017, has been used for translation purposes for the year ended March 31, 2017. 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
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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.

(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). Stocks for which market values are available are valued at the average market price during one month before this fiscal period end. Marketable securities with market values other than stocks are valued using the mark-to-market method based on market prices at the fiscal period end (cost of sales are primarily calculated with the moving average method). Marketable securities for which market values are extremely difficult to be obtained 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.

(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, presented within Tangible Fixed 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, July 4, 2012). They are classified into certain categories, and reserve provisions are made on the basis of default rates over a specific period for each category. 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 Audit Committee Report No. 24, February 13, 2002). 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 Audit Committee Report No. 25, July 29, 2002). 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 Audit Committee Report 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.
- (14) Accounting for consumption taxes  
With respect to the Bank and its domestic consolidated subsidiaries, national and local consumption taxes are accounted for with the tax exclusion method.

## UNAPPLIED ACCOUNTING STANDARDS

“Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018)”

“Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, February 16, 2018)”

### (1) Overview

The treatment of future deductible temporary differences pertaining to stock, etc. of subsidiaries in the non-consolidated financial statements has been revised, and treatment of recoverability of deferred tax assets in companies that fall under (Category 1) have been clarified.

### (2) Date of adoption

The Implementation Guidance is scheduled to be adopted from the beginning of the year ended March 31, 2019.

### (3) Effect of adopting the accounting standards

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

“Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018)”

“Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018)”

### (1) Overview

This is a comprehensive accounting standard for revenue recognition where revenue is recognized by applying the following five steps.

Step 1: Identify contracts with customers.

Step 2: Identify performance obligations in the contracts.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contracts.

Step 5: Recognize revenue when (or as) the entity satisfies the performance obligations.

### (2) Date of adoption

The Implementation Guidance is scheduled to be adopted from the beginning of the year ended March 31, 2022.

### (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.
3. Misconduct in Crisis Response Operations  
As the result of the ongoing investigation and reinvestigation after the release of the report on misconduct in crisis response operations, there were 3,284 cases of “accounts with no confirmation of meeting the requirements for crisis response operations” in “accounts in which misconduct was identified” and 4,842 cases of “accounts with no confirmation of meeting the requirements for crisis response operations” in “accounts that are unable to dispel doubts of misconduct because it was indeterminable.” Those compensations and interest subsidies already received for “accounts with no confirmation of meeting the requirements for crisis response operations” are repaid to Japan Finance Corporation. The losses of ¥8,277 million, including those found in the investigation by the third-party committees, are recorded in the consolidated financial statements for the fiscal year ended March 31, 2018. The details of the losses are as follows:
- |  |                |
|--|----------------|
| (1) Losses associated with repayment of compensations already received                                     | ¥1,072 million |
| (2) Losses associated with repayment of interest subsidies already received                                | ¥2,124 million |
| (3) Interest incurred in repayment   | ¥811 million   |
| (4) Losses arising from non-claimable portion of advance interest subsidies and compensation not received  | ¥457 million   |
| (5) Increase in Reserve for Possible Losses associated with cancellation of guaranty insurance agreements. | ¥1,011 million |
| (6) Investigation expenses   | ¥2,800 million |
- For (1) through (4) and (6), the losses related to crisis response operations amounting to ¥7,266 million are included in Other Operating Expenses.  
For (5), the amount is recorded as a deduction from Reversal of Allowance for Possible Loan Losses.  
In addition, as for (6), the investigation expenses include those incurred by the additional investigation conducted after the release of the report on the ongoing investigation.
4. Misconduct in Loans other than Crisis Response Operations  
After the release of the report on the ongoing investigation, additional investigations are conducted on the fabrication of documents required for its intended use of investment fund and deficiency in confirming its eligibility in “Growth and Business Start-up Support Program.” In addition, in the process of such investigations, fabrications, etc. are found in the documents attached to the applications for the

system loan of the local governments and loans with safety-net guarantee. These loans also include accounts using a loan system of the Bank of Japan and a loan system using borrowings for industrial investment as sources for repayment. The Bank is required to repay these borrowings in addition to the additional interest expense associated with early repayment of borrowings and deposit interest payments resulting from repayment of borrowings from the Bank of Japan. Similarly, for loans with safety-net guarantee, the Bank will immediately repay the credit guarantee charges incurred by the customers. These losses amounting to ¥275 million are recorded in the consolidated financial statements for the fiscal year ended March 31, 2018. The details of the losses are as follows:

- |  |              |
|--|--------------|
| (7) Additional interest expense resulting from early repayment of borrowings from the Bank of Japan and borrowings for industrial investment | ¥214 million |
| (8) Interest expense on deposits incurred in repayment of borrowings from the Bank of Japan  | ¥37 million  |
| (9) Losses associated with repayment of credit guarantee charges incurred by the customers in relation to safety-net guarantee               | ¥11 million  |
| (10) Increase in Reserve for Potential Losses associated with termination of credit guarantee contracts                                      | ¥12 million  |
- For (7) through (9), the total of ¥263 million is included in Other Expenses.

For (10), the amount is recorded as a deduction from Reversal of Allowance for Possible Loan Losses.

## CONSOLIDATED BALANCE SHEETS

1. In Loans, loans to bankrupt companies total ¥56,508 million and overdue loans total ¥319,934 million.  
Loans to bankrupt companies are loans for which accrued interest is not shown in the accounts based on the assumption that principal or interest is likely to be unrecoverable because the interest or principal payments have been long overdue or for other reasons (excluding loans that have been written off, and hereinafter referred to as “loans for which accrued interest is not shown in the accounts”), where the loans in question are affected by the circumstances defined in Article 96, Paragraph 1, Numbers 3a–e or Number 4 of the Corporation Tax Law Enforcement Ordinance (Cabinet Ordinance No. 97 of 1965).  
Overdue loans are loans for which accrued interest is not shown in the accounts, excluding loans to bankrupt companies, and loans for which the interest payments have been rescheduled to support financial restructuring of the borrowers.
2. Loans overdue by three months or longer total ¥914 million.  
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 bankrupt companies or overdue loans are excluded from this category.

## Notes to Consolidated Financial Statements

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2018

3. Rescheduled loans total ¥25,513 million.  
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 bankrupt companies or overdue loans and loans overdue by three months or longer.
4. The total amount of loans to bankrupt companies, overdue loans, loans overdue by three months or longer and rescheduled loans is ¥402,871 million.

The amounts of loans stated in Notes 1 through 4 are the amounts before the deduction of Reserve for Possible Loan Losses.

5. Bills discounted are handled as financial transactions in accordance with JICPA Industry Audit Committee Report 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 ¥202,606 million.
6. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥1,045,648 million

Liabilities corresponding to collateral assets:

Deposits ¥2,033 million

Payables under Securities Lending Transactions  
¥580,278 million

Borrowings ¥231,234 million

In addition to the above amounts, securities worth ¥8,240 million have been provided as collateral for foreign currency settlements or substituted for futures margin money, etc.

Other Assets include ¥73,014 million of Cash Collateral Received for Financial Instruments and ¥2,207 million of guarantees and deposits.

7. 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 ¥1,141,963 million. Of this amount, ¥1,091,590 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.

8. Accumulated depreciation of Tangible Fixed Assets is ¥68,557 million.
9. Advanced depreciation of Tangible Fixed Assets is ¥17,412 million.  
(There is no advanced depreciation for the current fiscal period.)
10. Borrowings include loans payable under subordination covenant totaling ¥20,000 million.
11. 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 ¥127,640 million.

### CONSOLIDATED STATEMENTS OF OPERATIONS

1. Other Income includes ¥20,014 million of revenue from dormant bonds.
2. Other Expenses include ¥321 million of Write-off of Loans, ¥10 million of Write-off of Stocks, ¥16,931 million of provision for reserves for losses on refund for dormant bonds and ¥7,266 million of losses related to crisis response operations.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Millions of yen	
	2018	2017
Unrealized Gains on Other Securities		
Amount arising during the current fiscal year	¥ 3,305	¥ 2,556
Reclassification Adjustments	(424)	59
Before adjustment of Deferred Income Tax	2,880	2,616
Deferred Income Tax	(878)	(797)
Unrealized Gains on Other Securities	2,002	1,818
Deferred Hedge Gains		
Amount arising during the current fiscal year	(2)	101
Reclassification Adjustments	(32)	(31)
Before adjustment of Deferred Income Tax	(34)	69
Deferred Income Tax	10	(21)
Deferred Hedge Gains	(23)	48
Remeasurements of Defined Benefit Plans		
Amount arising during the current fiscal year	1,148	(1,111)
Reclassification Adjustments	2,098	3,442
Before adjustment of Deferred Income Tax	3,247	2,330
Deferred Income Tax	(990)	(710)
Remeasurements of Defined Benefit Plans	2,257	1,619
Total Other Comprehensive Income (Loss)	¥ 4,235	¥ 3,486

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

### 1. Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

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

(Thousand shares)					
	Number of Shares as of April 1, 2017	Increase	Decrease	Number of Shares as of March 31, 2018	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	10,076	65	—	10,142	(Note)
Total	10,076	65	—	10,142	

Note: The increase in the common stocks is due to claims by shareholders for repurchase 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, 2017	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2017	June 26, 2017
	Common stock (nongovernment portion)	3,481	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, 2018 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2018

	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, 2018	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2018	Ordinary General Meeting of Shareholders held on June 21, 2018 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,481		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, 2017 (April 1, 2016 to March 31, 2017)

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

(Thousand shares)					
	Number of Shares as of April 1, 2016	Increase	Decrease	Number of Shares as of March 31, 2017	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	10,005	71	—	10,076	(Note)
Total	10,005	71	—	10,076	

Note: The increase in the common stocks is due to claims by shareholders for repurchase 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, 2016	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2016	June 27, 2016
	Common stock (nongovernment portion)	3,481	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, 2017 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2017

	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, 2017	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2017	Ordinary General Meeting of Shareholders held on June 22, 2017 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,481		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, 2018

### CAPITAL RATIO (Uniform International Standards)

(¥100 million, %)

	(As of March 31, 2018)
1. Total Risk-weighted Capital Ratio (4/7)	13.53
2. Tier 1 Risk-weighted Capital Ratio (5/7)	12.69
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	12.69
4. Total Capital	10,139
5. Tier 1 Capital	9,511
6. Common Equity Tier 1 Capital	9,511
7. Risk-weighted Assets	74,927
8. Total Required Capital	5,994