



SHOKO CHUKIN BANK

Annual Report
2018

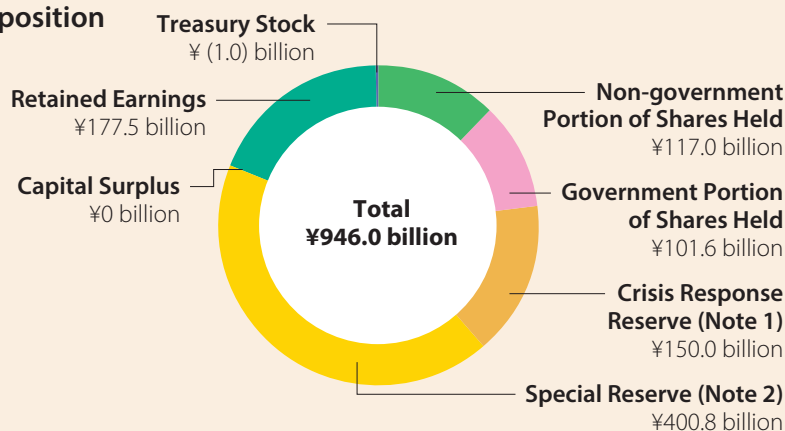
Year Ended March 31, 2018

Outline of the Bank

(As of March 31, 2018)

- ▶ **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: ¥4,892.2 billion
Negotiable Certificates of Deposit: ¥257.2 billion
Debentures: ¥4,459.5 billion
- ▶ **Loans Outstanding** ¥8,648.1 billion
- ▶ **Offices** Domestic: 100
Overseas: 4
- ▶ **Number of Employees (Persons)** 3,857
- ▶ **Rating**

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

▶ 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 actively 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
· Business concerning M&A
· Provision of management information
· Management support for client associations such as Chukin kai and Youth kai
· Economic research activities, etc.
· Fiduciary services
· Other services incidental or related to the above, etc. |

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Message from the President

On behalf of the Shoko Chukin Bank, I would like to take this opportunity to thank all of our stakeholders for their continued support and understanding.

We would like to once again offer our sincere apology for causing a great deal of inconvenience and concern to our customers and shareholders, as well as to a Japanese citizen, concerning the misconduct in our crisis response operations. Our entire organization will sincerely reflect on this misconduct, and all of the officers and employees of the Bank will work together to steadily implement measures to prevent recurrence, including strengthening our governance framework and restoring compliance.

Shoko Chukin Bank takes seriously the suggestions of the Board to Examine the Shoko Chukin Bank's Way of Being and the opinions of the Evaluation Committee Regarding Management and Crisis Response Operations at the Shoko Chukin Bank. In light of these suggestions, and based on the second Administrative Order from the ministries in charge on October 25, 2017, we submitted an Operation Improvement Plan Related to Our Business Model, etc., which includes "development of a sustainable business model based on the Bank's purpose of complementing private-sector business" and "construction of the Bank's new operational and management system, including strengthening of the rights and privileges of the Board of Directors and employment of external human resources" to the ministries in charge on May 22, 2018.

Based on the identity of the Shoko Chukin Bank as a financial institution run by SMEs for SMEs, we pursue cooperation and collaboration with regional financial institutions based on relationships of trust, and prioritize efforts to resolve issues that SMEs are facing from a truly customer-oriented viewpoint. We will work to recover the people's trust by contributing to the revitalization of regional economy through these efforts.

Financial and Economic Environment

The Japanese economy in fiscal 2017 continued a gradual recovery. Despite temporary downward pressure seen at some points due to weather conditions such as prolonged rain and heavy snow, demand remained generally stable both in Japan and overseas.

The business confidence of SMEs was on a track toward improvement, according to the Bank of Japan's Short-Term Economic Survey of Enterprises in Japan (Tankan). On the Shoko Chukin Bank's Survey of SME Capital Investment Trends, the proportion of companies that responded that they are making capital investments has risen gradually, and the willingness of SME to make capital investment showed improvement. Meanwhile, there are rising concerns regarding the labor shortage and an increase in the burden of personnel costs.

Overview of Fiscal 2017

Amid this environment, the Shoko Chukin Bank assigned top priority to efforts to clarify the full picture regarding the misconduct in crisis response operations, and to steadily implement recurrence prevention measures. At the same time, we worked to contribute to the enhancement of the corporate value of SMEs and SME cooperatives and revitalize local communities by fulfilling our safety net function and carrying out activities to provide information and solutions, taking the management needs of our customers as our starting point in line with changes in the environment surrounding SMEs.

Income before income taxes and other of ¥56.9 billion and net income of ¥36.2 billion were recorded, reflecting factors such as the posting of a reversal of reserve for possible loan losses, despite a decrease in interest income due to factors such as declining returns amid a low-interest environment. We are grateful for the support of our shareholders and clients in enabling us to achieve these results.

Future Operating Performance and Management

We will sincerely reflect on the business operations of the Shoko Chukin Bank that led to the misconduct in crisis response operations, and work to steadily implement recurrence prevention measures. All officers and employees of the Shoko Chukin Bank Group will work together on “reform through dismantling,” sharing a commitment to building a new business model that will deepen our relationships with customers and contribute to the enhancement of the corporate value of SMEs that face difficult management issues, from a truly customer-oriented, long-term viewpoint.

First of all, with regard to restoring compliance awareness, we will make all of our employees aware of compliance by formulating a Code of Ethics and Code of Behavior, and by carrying out ongoing educational training to achieve reforms of our organizational culture and awareness. In doing so, we will establish mechanisms that prevent the occurrence of misconduct, and realize and firmly establish business operations that put compliance first.

Going forward, the Shoko Chukin Bank will transform into a “comprehensive financial services business to support management,” leveraging the Bank’s unique characteristics such as its track record and expertise as a financial institution dedicated to SMEs, as well as its domestic and overseas networks. Specifically, we will emphasize efforts to provide problem-solving, high value-added services for SMEs that need management improvement, business revitalization, or business succession, and for SMEs that are facing challenges in their efforts to launch high-risk businesses. In this manner, we will contribute to the further revitalization of regional finance.

Furthermore, in order to realize such a sustainable business model, we will drastically reform the operational, organizational, and human resources systems of the Shoko Chukin Bank, and carry out exhaustive enhancement and streamlining of both

management and operations. In addition, we will strive to build a new governance framework, including renewal of the management structure and reinforcement of the Board of Directors’ functions.

Through these measures, we will fulfill the Shoko Chukin Bank’s mission to contribute to the sustainable growth of SMEs and SME cooperatives.

In Closing

Returning to the Bank’s starting point of facilitating SME finance and contributing to the growth and development of SMEs, it will swiftly implement necessary reforms and do its utmost to win back the trust of stakeholders, with each and every member of the Shoko Chukin Bank Group working together to achieve this goal.

We would like to express our gratitude for your patronage thus far, and ask for your continuing strong support.



July 2018
Masahiro Sekine
 President
 The Shoko Chukin Bank, Ltd.

Misconduct in Crisis Response Operations

We would like to once again offer our sincere apology for causing a great deal of inconvenience and concern to our customers and shareholders, as well as to the people, concerning the misconduct in our crisis response operations.

The Shoko Chukin Bank received a second Administrative Order on October 25, 2017 from the Ministry of Economy, Trade and Industry, the Ministry of Finance, the Financial Services Agency, and the Ministry of Agriculture, Forestry and Fisheries of Japan, due to the widespread occurrence of misconduct, including falsification of the requisite documents for screening of the eligibility requirements for crisis response operations, in addition to inappropriate business operations in other areas.

Background regarding the Misconduct

- October 24, 2016 : Discovered that employees had falsified trial balance sheets and other documents of customers by replacing or changing figures and/or dates, when confirming loan eligibility requirements in crisis response operations at the Shoko Chukin Bank.
 - December 12, 2016 : Established an Independent Committee tasked with conducting an investigation to uncover the causes of the incident and make recommendations to prevent recurrence.
 - April 25, 2017 : Published the "Investigation Report" of the Independent Committee.
 - May 9, 2017 : Business operations improvement order (to conduct a full investigation, establish and implement recurrence prevention measures to be carried out immediately) from the ministries in charge (Ministry of Economy, Trade and Industry; Ministry of Finance; Financial Services Agency; and Ministry of Agriculture, Forestry and Fisheries of Japan)
- From May onward : Full investigation by the Shoko Chukin Bank; inspection by the ministries in charge.
- October 25, 2017 : Second business operations improvement order in response to the inspection by the ministries in charge and report of the investigation results of all incidents, etc. Submitted the "Business Operations Improvement Plan" to the ministries in charge. Established the "Board to Examine the Shoko Chukin Bank's Way of Being."
 - January 11, 2018 : Received the recommendations of the "Board to Examine the Shoko Chukin Bank's Way of Being."
 - March 26, 2018 : Published results of additional investigations after publication of the Investigation Report.
 - March 27, 2018 : Established the "Evaluation Committee Regarding Management and Crisis Response Operations at Shoko Chukin Bank."
 - May 22, 2018 : Submitted the "Operation Improvement Plan Related to Our Business Model, etc." to the ministries in charge.

Results of the investigation of misconduct in crisis response operations

In order to clarify the details of the misconduct in its crisis response operations, the Bank conducted a full investigation of all 220,000 cases of crisis response loans. The results revealed 4,631 incidents of misconduct by 446 employees at 97 business offices (out of a total 100 domestic business offices). (Published the Investigation Report on October 25, 2017, and results of additional investigation on March 26, 2018.)

Fundamental causes of the incident

The four fundamental causes of the incident were as follows: (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.

Main content of the business operations improvement order

- * Thoroughly re-examine the Bank's legal compliance, management system, internal management system, etc., in order to prevent the occurrence of any misconduct or inappropriate business operations. The re-examination shall include:
- (1) Clarification of the responsibilities of the Bank's officers and employees during the period from time the incident occurred to the present;
 - (2) Creation and implementation of an in-depth recurrence prevention plan, which includes measures to strengthen audit functions and ensure appropriate organizational management;
 - (3) Development and implementation of a sustainable business model based on the Bank's purpose of complementing private-sector business; and,
 - (4) Construction of the Bank's new operational and management system, including strengthening of the rights and privileges of the Board of Directors and employment of external human resources.

Operation Improvement Plan Related to Our Business Model, etc.

Shoko Chukin Bank takes seriously the suggestions of the Board to Examine the Shoko Chukin Bank's Way of Being*1 and the opinions of the Evaluation Committee Regarding Management and Crisis Response Operations at the Shoko Chukin Bank*2. In light of these suggestions, and based on the second Administrative Order from the ministries in charge on October 25, 2017, we submitted the Operation Improvement Plan Related to Our Business Model, etc., which includes "development of a sustainable business model based on the Bank's purpose of complementing private-sector business" and "construction of the Bank's new operational and management system, including strengthening of the rights and privileges of the Board of Directors and employment of external human resources" to the ministries in charge on May 22, 2018.

We will sincerely reflect on the business operations of the Shoko Chukin Bank that led to the misconduct in crisis response operations, and renew the management structure. All officers and employees of the Shoko Chukin Bank Group will work together on "reform through dismantling," sharing a commitment to building a new business model that will deepen our relationships with customers and contribute to the enhancement of the corporate value of SMEs that face difficult management issues, from a truly customer-oriented, long-term viewpoint.

*1 Board to Examine the Shoko Chukin Bank's Way of Being

A board established by the government following the instructions given by the Minister of Economy, Trade and Industry to review the Shoko Chukin Bank's way of being, including the thorough implementation and reinforcement of recurrence prevention measures and governance, in addition to a re-examination of crisis response operations by the Shoko Chukin Bank and directions for the business model for times other than crises, in light of the misconduct in crisis response operations.

*2 Evaluation Committee Regarding Management and Crisis Response Operations at the Shoko Chukin Bank

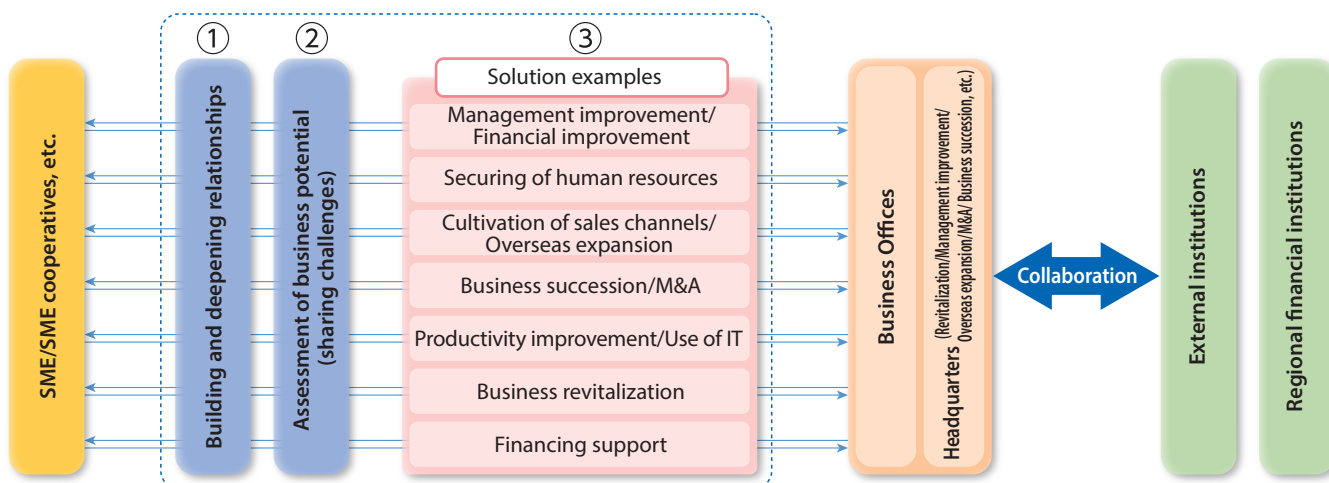
An evaluation committee established by the government to conduct evaluation, etc., of the Shoko Chukin Bank's business model and crisis response operations, based on the recommendations put forth by the "Board to Examine the Shoko Chukin Bank's Way of Being," which included effecting strong governance by establishing a highly independent third-party committee outside of the Shoko Chukin Bank.

1. Transformation to a comprehensive financial services business to support management

We will shift to a customer needs-oriented, problem-solving model of finance with the aim of (1) building and deepening relationships of trust with customers, (2) strengthening our efforts to understand customers' businesses and share their challenges; and, (3) providing solutions that lead to the solving of problems.

We will develop "a comprehensive financial services business to support management" by providing unique solutions that leverage our expertise as a financial institution dedicated to SMEs, our network in Japan and overseas, and our coordination functions, while cooperating and collaborating with regional financial institutions.

Concept outline

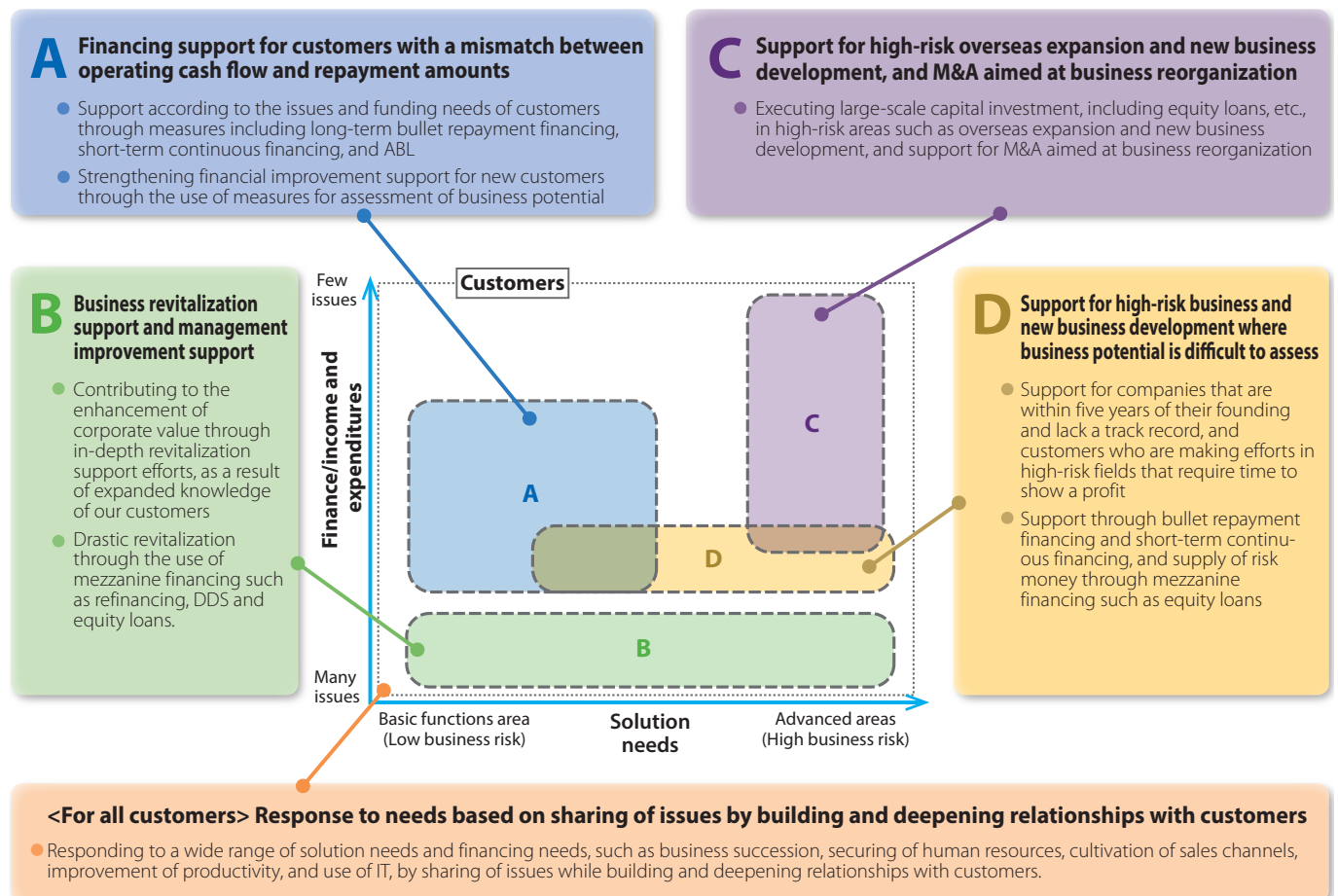


Specific solution examples

Item		Support for core business	Financing support
Strengthening our basic functions as a financial institution dedicated to SMEs	Support for financial improvement	<ul style="list-style-type: none"> Support for the cultivation of sales channels (business matching) 	<ul style="list-style-type: none"> Short-term continuous financing, bullet repayment financing, etc. with a focus on business cash flows
	Support for management improvement	<ul style="list-style-type: none"> Support for formulation of improvement plan Support for the cultivation of sales channels (business matching) 	<ul style="list-style-type: none"> Refinancing support
	Support for business succession	<ul style="list-style-type: none"> Tax consulting Arrangement and advice on business succession schemes 	<ul style="list-style-type: none"> Financing for purchase of shares
	Support for new business development	<ul style="list-style-type: none"> Support for subsidy applications Introduction of external support institutions Support for M&A, overseas expansion 	<ul style="list-style-type: none"> Mezzanine financing, bullet repayment financing
	Support for productivity improvement	<ul style="list-style-type: none"> Business matching (domestic/overseas) Introduction of human resources through collaboration with external institutions Support for the use of IOT 	<ul style="list-style-type: none"> Equipment financing
Advanced initiatives such as drastic business revitalization, etc.	Support for business revitalization	<ul style="list-style-type: none"> Proposal of drastic revitalization schemes such as M&A, starting from an assessment of business potential Advanced support for business revitalization, in collaboration with external institutions 	<ul style="list-style-type: none"> Mezzanine financing, DDS, DES
	Support for expansion in high-risk growth areas	<ul style="list-style-type: none"> Support for business plan creation Introduction of external support institutions 	<ul style="list-style-type: none"> Mezzanine financing
Response based on sharing of issues by building and deepening relationships with customers		<ul style="list-style-type: none"> Providing services linked to solving problems 	<ul style="list-style-type: none"> Support for stable fund procurement

2. Providing solutions in focused areas

We focus our efforts on providing solutions as the basic functions of a financial institution dedicated to SMEs along with advanced solutions, while taking advantage of the unique characteristics of the Shoko Chukin Bank.

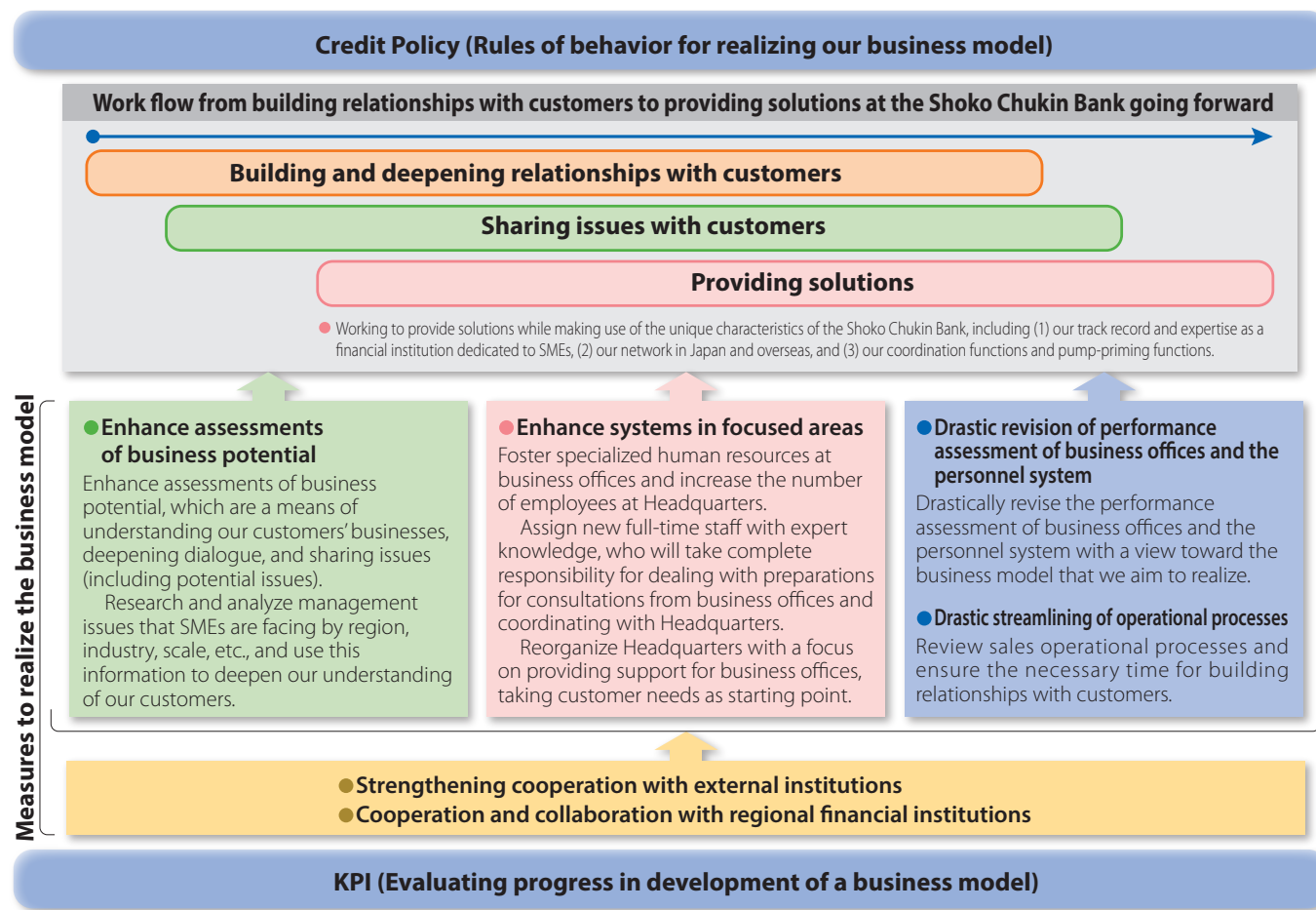


3. Overview of measures to realize our business model

To realize our business model, we will strengthen our assessments of business potential, bolster our human resources and organizational systems in focused areas, and drastically revise performance assessment of our business offices, personnel system, and operational processes, based on the Credit Policy, which states our rules of behavior.

In addition, in order to carry out these efforts more effectively, we will take advantage of the specialized capabilities and functions of external institutions, and collaborate and cooperate with regional financial institutions based on relationships of trust. Furthermore, we will set KPIs to evaluate our progress in developing our business model.

Through these measures, we will secure fair profits and enhance the corporate value of the Shoko Chukin Bank by providing high value-added services. We will also carry out an exhaustive enhancement and streamlining of management and operations, to realize a sustainable business model, through which we will contribute to society.



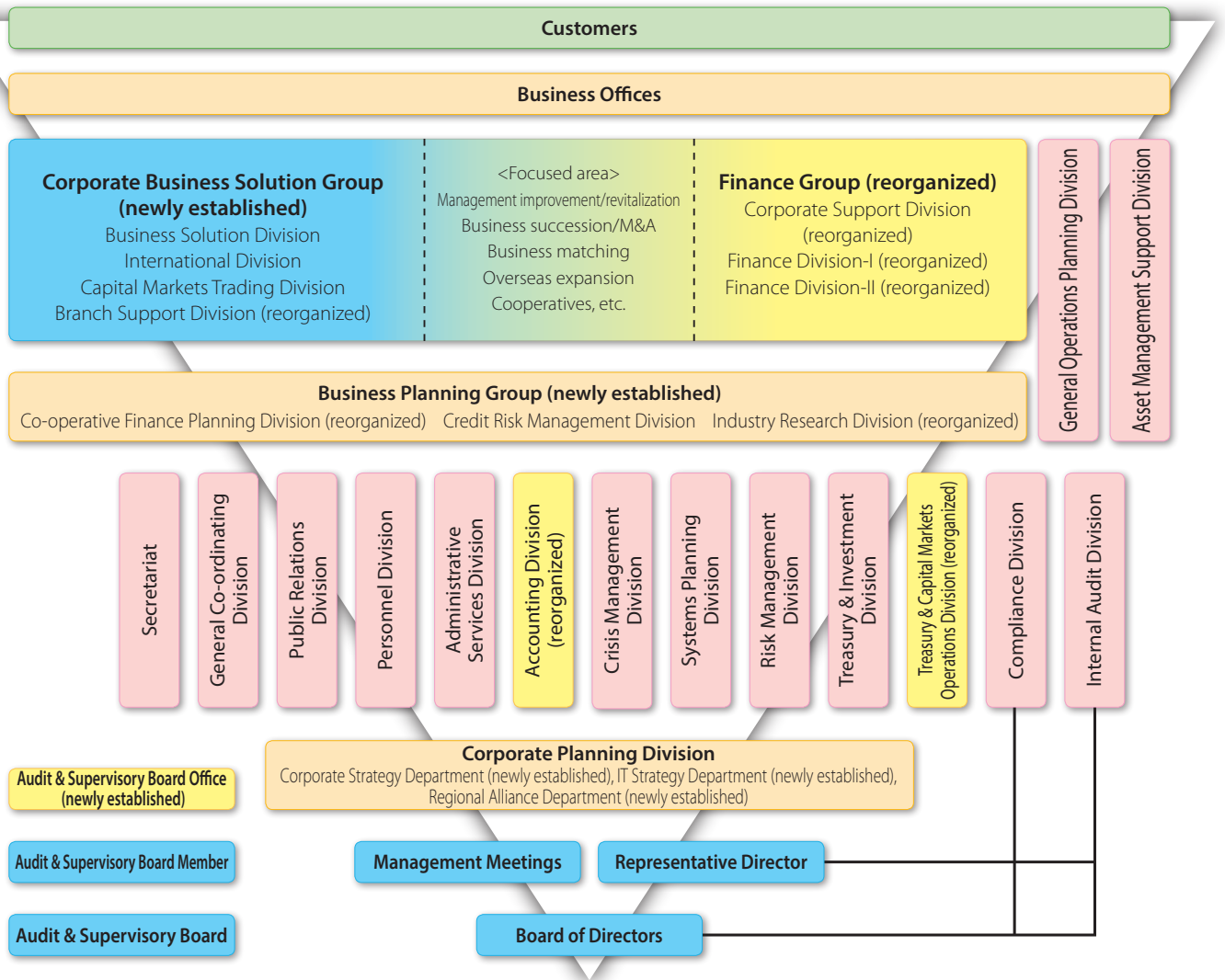
4. Rules of Behavior (Credit Policy)

We have formulated a Credit Policy as the rules of behavior for officers and employees, with a view toward the business model that we aim to realize.

Basic Policy	<ul style="list-style-type: none"> ● We will transform into a “comprehensive financial services business to support management,” and contribute to enhancing the corporate value of SMEs and SME cooperatives from a truly customer-oriented, long-term viewpoint.
Scope of focus	<ul style="list-style-type: none"> ● We will focus efforts on support for SMEs that need management improvement, business revitalization, or business succession, and SMEs that are planning to launch high-risk businesses.
Behavior	<ul style="list-style-type: none"> ● We work close to, and strive to build relationships of trust with our customers. ● We deepen dialogue with our customers, understand their businesses, and make efforts to share issues with them. ● We work to provide solutions to solve our customers’ issues. ● Through these efforts, we engage in cooperation and collaboration with regional financial institutions based on relationships of trust. ● We do not engage in competition which is based merely on interest rates and does not involve relationships with our customers.

5. Reorganization of headquarters by function

We carried out a reorganization focused on support for business offices, in order to contribute to enhancement of the corporate value of SMEs from a truly customer-oriented viewpoint.



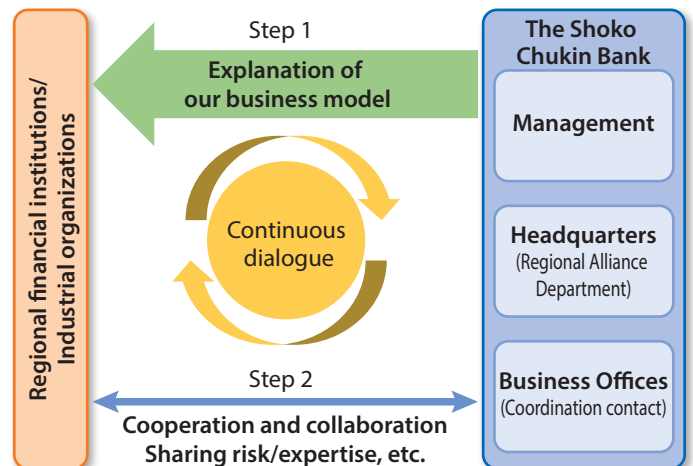
Fulfillment of Business Model

6. Cooperation and collaboration with regional financial institutions based on relationships of trust

The Shoko Chukin Bank recognizes regional financial institutions and industrial organizations as important partners in regional finance. We will build relationships of trust by explaining in detail the concept of our business model and our approach to working with regional financial institutions.

We will engage in specific collaborations with various regional financial institutions, based on their depth of support for SMEs, while striving to share our ideas regarding our efforts in the Shoko Chukin Bank's focused areas.

We do not engage in competition which is based merely on interest rates and does not involve relationships with customers.

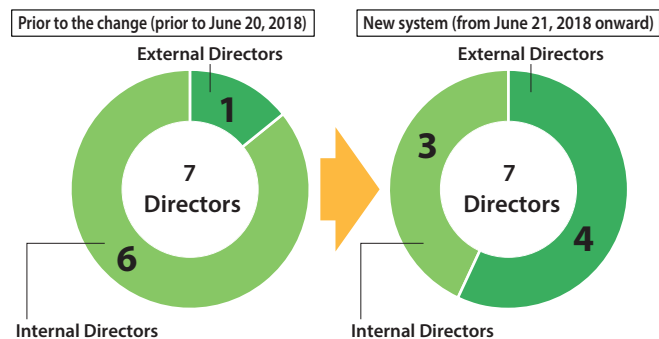


7. Governance framework to support the business model that we aim to realize

We will enhance our governance framework to support the realization of our business model in the future. Specifically, guided by the policy of “separating supervision from execution,” we will reinforce supervisory functions through a change from a management-style board to a monitoring-style board, where external directors comprise a majority of the Board of Directors. We are also striving to rebuild our internal control and governance by enhancing checking functions through the appointment of all new members to the Audit & Supervisory Board, with three out of four members appointed externally.

Regarding the executive side, we will promote an enhancement of the structure by introducing “mandated executive officers.” We aim to improve the speed and flexibility of decision-making through the introduction of these officers, whose position is outside the scope of employees, and who have significant authority and responsibility based on their mandated relationship with the Shoko Chukin Bank.

Renewal of management structure



New Officer (Director) System

Position	Name	
President (Representative Director) & President and Executive Officer	Masahiro Sekine	
Director & Senior Managing Executive Officer	Katsuhiko Kaji	Newly appointed
Director & Managing Executive Officer	Ichiro Kawano	Newly appointed
Director (External Director)	Iwao Taka	
Director (External Director)	Hideto Tago	Newly appointed
Director (External Director)	Shigeharu Nakamura	Newly appointed
Director (External Director)	Hiromi Watase	Newly appointed

8. Formulation and execution of Medium-Term Business Plan

With the aim of realizing our business operations improvement plan, we will examine our efforts and measures related to our business model, as well as efforts to streamline management in greater detail, in the process of formulating our Medium-Term Business Plan, which is scheduled for next autumn.

In creating the Medium-Term Business Plan, we will formulate a highly effective plan, while reporting to and exchanging opinions with the Evaluation Committee Regarding Management and Crisis Response Operations at the Shoko Chukin Bank.

Overview of the Shoko Chukin Bank Limited Act

In October 2008, the Shoko Chukin Bank shifted status from that of a jointly owned financial institution to a special company (a joint stock company) in accordance with the Shoko Chukin Bank Limited Act while maintaining the purpose and function of facilitating financing for SME cooperatives and their members.

Subsequently, the Act was amended in June 2009 in response to the chaos caused by the unprecedented economic and financial crisis and in March 2011 in response to the Great East Japan Earthquake. Following that, the Act for Partial Revision of the Shoko Chukin Bank Limited Act and the Small and Medium-sized Enterprise Credit Insurance Act was enacted in May 2015.

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.

Business

Alongside becoming a joint stock company, 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 Bank.

[Measures to provide more diverse services to SMEs, etc.]

- Scope of eligible borrowers will be expanded (Domestic subsidiaries of member companies, people succeeding member companies' businesses, etc.).
- Relevant limitations on guaranty operation will be eliminated.
- With the lifting of depositor eligibility restrictions, the Bank's products will be covered by the deposit insurance system.

[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. Furthermore, to ensure effective implementation of the crisis response measures, the term of the additional government funding has been extended, while submission of the business plan on crisis response measures has become mandatory.
- 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.

Organization, oversight and disclosure

- Shareholders of the Shoko Chukin Bank are restricted to the government, SME cooperatives, and their members.
- Supervision by the minister in charge will be limited to the bare minimum.
- The organization is to provide and release disclosure publications, etc.

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, 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.

(Reference) Revisions of the Shoko Chukin Bank Limited Act

	The Shoko Chukin Bank Limited Act of 2008	Revision of the Shoko Chukin Bank Limited Act in 2009	Revision of the Shoko Chukin Bank Limited Act in 2011	Revision of the Shoko Chukin Bank Limited Act in 2015
Additional government funding	—	Possible <u>until March 2012</u>	Possible <u>until March 2015</u>	Possible <u>for the time being</u>
Review of the content	—	Subject to review <u>by March 2012</u>	Subject to review <u>by March 2015</u>	Subject to review <u>as appropriate</u>
Government-owned shares	Scheduled to <u>dispose all shares within five to seven years from October 2008</u>	Scheduled <u>not to dispose until March 2012</u> Scheduled to <u>dispose all shares within five to seven years from April 2012</u>	Scheduled <u>not to dispose until March 2015</u> Scheduled to <u>dispose all shares within five to seven years from April 2015</u>	Scheduled to <u>dispose all shares as soon as possible</u> Scheduled, <u>for the time being, to retain shares as necessary</u>

Business Operation Policies for Fiscal 2018

- The Shoko Chukin Bank, as a whole will reflect sincerely on this incident of misconduct, and all officers and employees of the Bank will dedicate their utmost efforts to steadily implementing measures to prevent recurrence, including rebuilding compliance awareness and reforming our governance framework. First of all, regarding restoring compliance awareness, we will achieve and establish business operations that put compliance first, by promoting the widespread awareness of compliance through efforts to make our management stance instilled to all employees, and by holding ongoing training.
- We will sincerely reflect on the business operations of the Shoko Chukin Bank that led to the misconduct in crisis response operations, and renew our management structure. All officers and employees of the Shoko Chukin Bank Group will work together on “reform through dismantling,” sharing a commitment to building a new business model that will deepen our relationships with customers and contribute to the enhancement of the corporate value of SMEs that face difficult management issues, from a truly customer-oriented, long-term viewpoint.
- Going forward, the Shoko Chukin Bank will transform into a “comprehensive financial services business to support management,” leveraging the Bank’s unique characteristics such as its track record and expertise as a financial institution dedicated to SMEs, as well as its domestic and overseas networks. We will emphasize efforts to provide problem-solving, high value-added services for SMEs that need management improvement, business revitalization, or business succession and for SMEs that are facing challenges in their efforts to launch high-risk businesses. In this manner, we will contribute to the further revitalization of regional finance.
- In order to realize such a sustainable business model, we will drastically reform the operational, organizational, and human resources systems of the Shoko Chukin Bank, and carry out exhaustive enhancement and streamlining of both management and operations. In addition, we will strive to rebuild a governance framework, including renewal of the management structure and reinforcement of the Board of Directors’ functions.
- Through these efforts, as a financial institution run by SMEs for SMEs, the Shoko Chukin Bank strives to be trusted and supported by, and be a financial institution of even greater use to our customers. All of the officers and employees of the Bank will continue to enthusiastically work as one to achieve this goal.

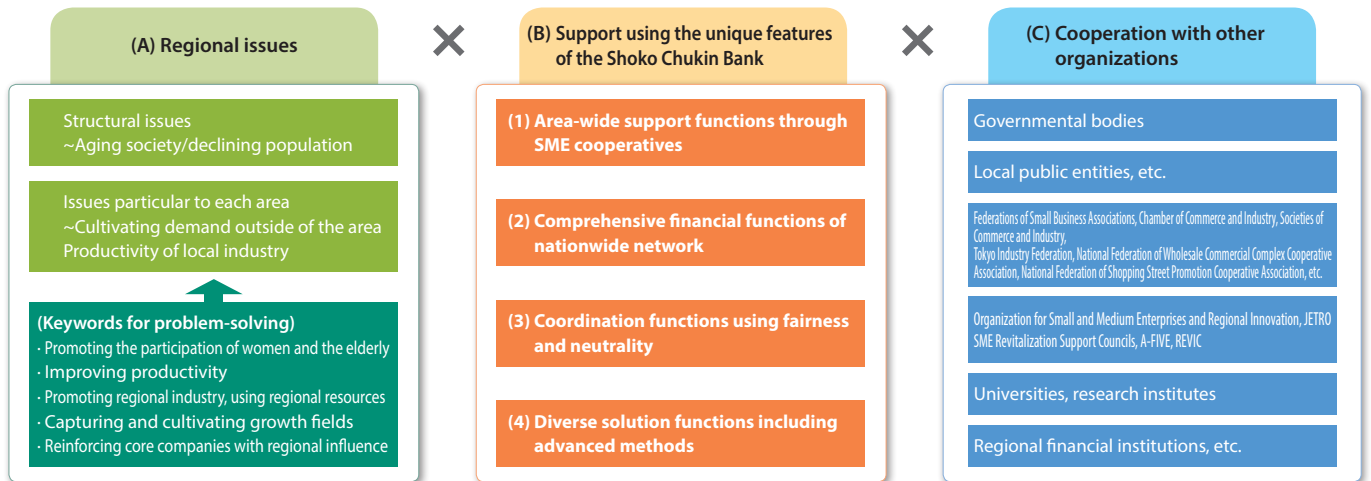
Support for the Corporate Value Improvement for the SMEs

Regional Revitalization Support

Regional Revitalization Support

The Shoko Chukin Bank supports regional revitalization, in line with the characteristics of local communities throughout Japan, by using the unique features of the Bank to provide assistance that addresses both structural issues and issues particular to each area.

Each business office of the Bank works toward regional revitalization by supporting the growth and regeneration of customer SMEs, in cooperation with local public entities and related organizations.



Efforts for Regional Revitalization Supports

Support for sixth industrialization (Niigata Office)

- Persimmon producers formed a cooperative to manufacture and sell persimmon vinegar using persimmons that were disposed of because they did not meet standards.
- A new persimmon vinegar was developed in collaboration with the cooperative members, and with the cooperation of the Niigata City Industrial Promotion Center.
- The Shoko Chukin Bank, in collaboration with the Federations of Small Business Associations, gave advice regarding the business plan, and handled the financing demand for increased production and expanded sales channels, thus contributing to revitalization of the regional economy.

Support for consolidation of aircraft industry (Tsu Office)

- Ten manufacturers of aircraft parts established a cooperative to engage in integrated production.
- The cooperative gathered the members' production equipment in one building, and planned to construct a joint factory to achieve high efficiency through collaboration and complementarity in each process.
- The Shoko Chukin Bank supported the entire funding procurement process including bridge financing in the procurement of advanced financing, by developing a collaboration with the prefecture, providing various forms of advice, and conducting verification of the business plan.
- Following completion of the factory, the Bank was involved in establishing a system for efficient production, thus contributing to fostering regional industry and creating employment.

Support for cooperatives (Kumagaya Office)

- Demand for warehousing increased in Saitama Prefecture, which is near central Tokyo, due to an increase in online sales and the opening of the Keno Expressway.
- The Shoko Chukin Bank encouraged Kumagaya City to formulate measures using the Regional Future Investment Promotion Act, as support for Wholesale Commercial Complex Cooperatives that are planning to refurbish aging facilities.
- A "distribution-related field using commercial complexes" was included in the city's basic plan. In the future, we plan to promote development in the area as a core facility of the region, while making use of the support measures under the Act.

Tourism Promotion (Nara Office)

- Nara Prefecture has a smaller number of hotels, and demand for tourist accommodations flows outside of the prefecture.
- The Shoko Chukin Bank provided cooperative loans with regional financial institutions to real estate companies that regard the hotel business as a second business launch. In addition, we supported hotel construction projects by undertaking the complicated coordination among stakeholders that is required for the development of public land.
- Through support for regional issues due to a lack of hotels, we contribute to the revitalization of tourism by increasing the number of people staying in the region.

Collaborations among Enterprises, Support for Associations, Support for Business Revitalization

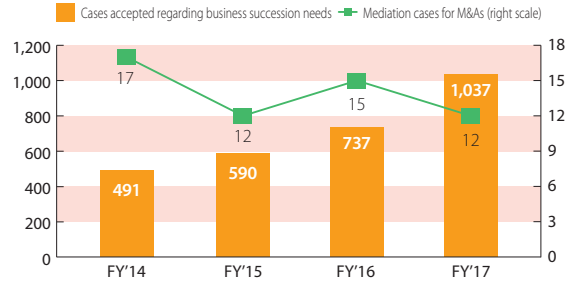
Collaborations among Enterprises (business succession, M&A, business matching, support for financial improvement)

The Shoko Chukin Bank has been actively working on business matching, support for business succession and M&As through its national networks and relations with business partners.

Business matching will add value to the enterprises through increase in sales, reduction in purchasing cost, etc. We will endeavor to enhance the service while maintaining the relationship with the Youth kai (Note 1) and Chukin kai (Note 2).

Demand to address the business succession and M&As has been increasing as many enterprises need to address the succession issues early on, in the face of an aging management team and the absence of successors. Solutions to these issues have been attracting increasing attention. In response to the needs of the business partners, we provide various information and support for financing the business succession and also take an active approach to offer comprehensive support, including M&As, to solve these issues in collaboration with certified tax accountants or other external specialists.

Number of cases accepted regarding business succession needs and mediation cases for M&As

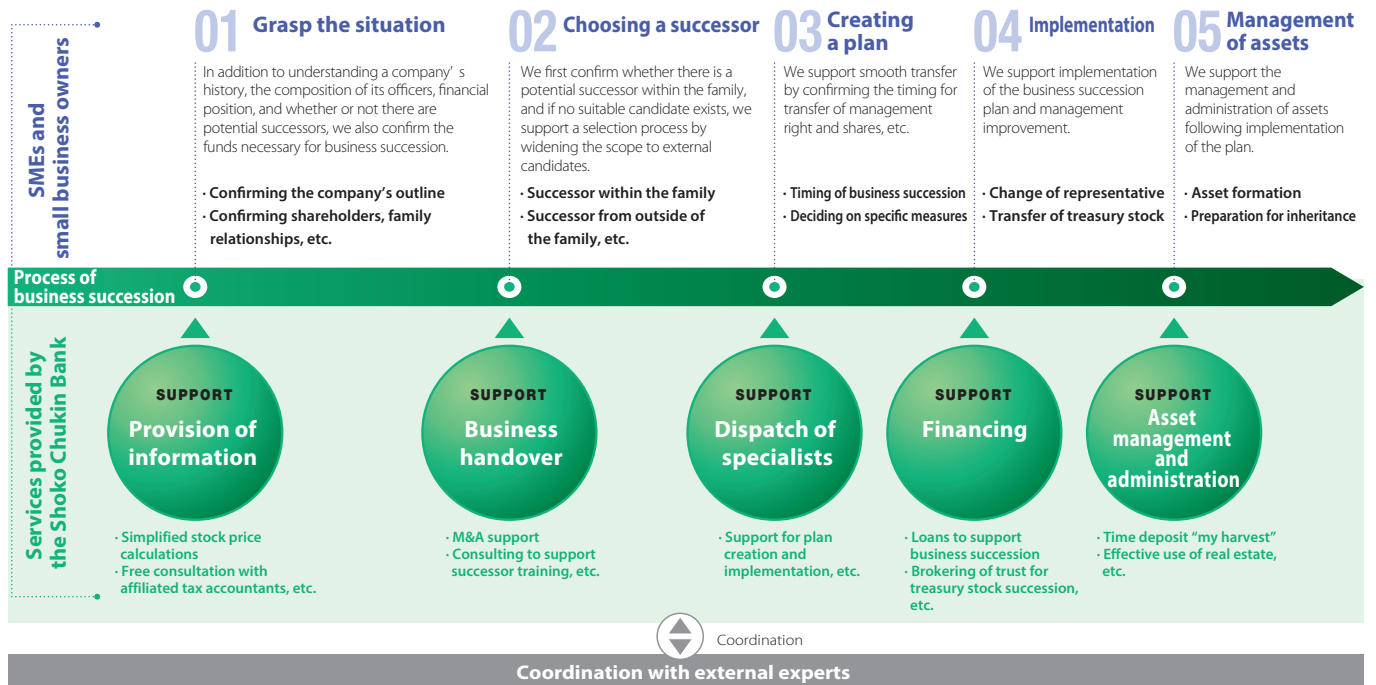


Notes: 1. The Youth kai is an organization comprising young executives of the Bank's business partners. There are 88 Youth kai branches across Japan with approximately 6,000 members.
2. The Chukin kai is an organization of the Bank's business partners. There are 103 Chukin kai groups in Japan and abroad with approximately 17,000 corporate members.

(1) Support for business succession and M&A

The Shoko Chukin Bank strives to address the business succession issues faced by SMEs and small business owners. In some cases, resolution of business succession issues requires a lengthy preparation period, and measures must be taken as part of the business owner's management plan.

The Shoko Chukin Bank will leverage the comprehensive capabilities of the Group to support smooth business succession of our customers through all the phases of support process.



(2) Business matching (Support for expansion of sales channels/productivity improvement)

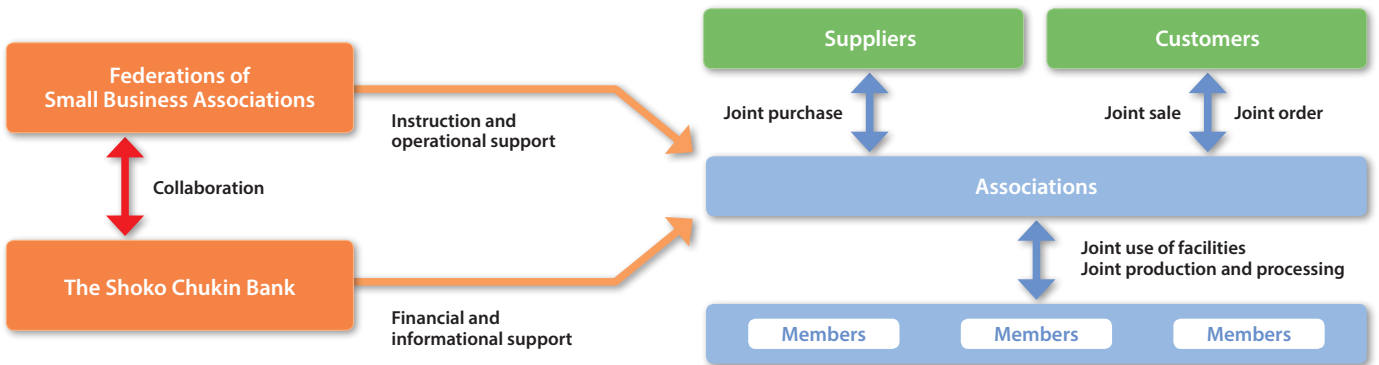
The Shoko Chukin Bank will strive to strengthen business matching services that enhance the corporate value of customers, by using the Bank's domestic and overseas network to increase sales and reduce purchasing costs, etc.

(3) Support for financial improvement (Forming syndicate loans utilizing the Bank's coordinating and pump-priming functions, etc.)

We will contribute to solving our customers' issues by collaborating with regional financial institutions to address fund procurement and financial improvement needs, such as large-scale capital investment and refinancing. We collaborate with many regional financial institutions, and a total of 186 banks have been invited to participate in syndicate loans formulated by the Shoko Chukin Bank.

Support for Associations

The Association of SMEs helps individual enterprises overcome difficulties and plays an important and leading role in assisting the value-adding of the SMEs by increasing the members' productivity through the association of joint enterprises and, as a collaborative institution, supporting new projects of the members, etc. The Shoko Chukin Bank collaborates with the Federations of Small Business Associations (an instruction institution of the Association of SMEs) and provides financial support such as the "Loan Recommendation System of the Federation" as well as informational support such as the information about the subsidiaries policy.



Support for Overseas Expansion

The Shoko Chukin Bank is the only public financial institution that utilizes the “full-banking function” for the SMEs. Apart from the daily operation in the field of trade and finance, the Shoko Chukin Bank also provides parent-subsidiary loans, loans for overseas affiliated companies, and also contributes to the fundraising for overseas affiliated companies through a method called “Standby Credit.” Further, we fully utilize the domestic and overseas co-operative institution networks which connect with overseas centers (New York branch, Hong Kong Representative Office, Shanghai Representative Office, Bangkok Representative Office) and are devoted to providing detailed information for the SMEs.

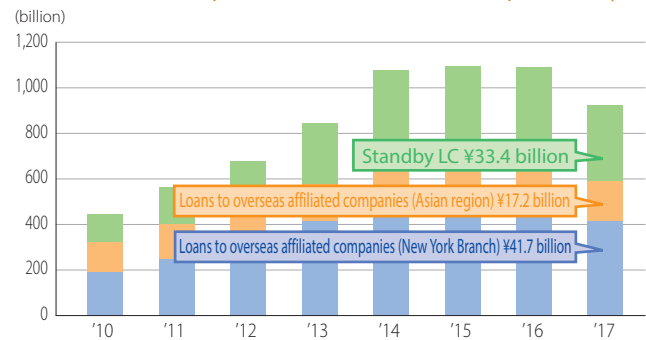
Support for Overseas Expansion

As apart from financial support, the support for information provision also plays an important role in the overseas expansion of the SMEs. From 1996, we have combined “Information Provision” and “Financial Services” and established “Support for Overseas Expansion (Overseas 21).”

With regard to the information provision, our staff from the headquarter will visit our clients and give advice on overseas expansion, as well as offering informational support such as providing information about the investment environment. In addition, the Shoko Chukin Bank has constructed a co-operative support system with each overseas branch and the corresponding destination for overseas projects.

With regard to financial services, we provide diversified services ranging from financial support such as fundraising support through Standby Credit (utilization of the overseas co-operative financial institutions), direct loans to overseas affiliated companies, parent-subsidiary loans, etc., to the import and export-related trade and finance services.

Balance for financial services provided overseas (loans to affiliated companies, standby LC)



Overseas Expansion Support Desk

To flexibly and efficiently respond to the needs of the SMEs concerning overseas expansion such as related consultation, we established the “Overseas Expansion Support Desk for SMEs” in February 1, 2011. We have collaborated with related institutions in Japan such as JETRO (Japan External Trade Organization), the NEXI (Nippon Export and Investment Insurance), and the Organization for Small and Medium Enterprises and Regional Innovation, as well as overseas cooperative institutions such as the Thailand Board of Investment (BOI), in order to provide detailed support such as information provision to the SMEs. As of the end of March 2018, the cumulative number of cases of consultation related to the establishment of overseas centers, fundraising or trading settlement, etc. has reached 24,699 cases.

The Shoko Chukin Bank will continue to offer extensive support to the SMEs regarding overseas expansion.

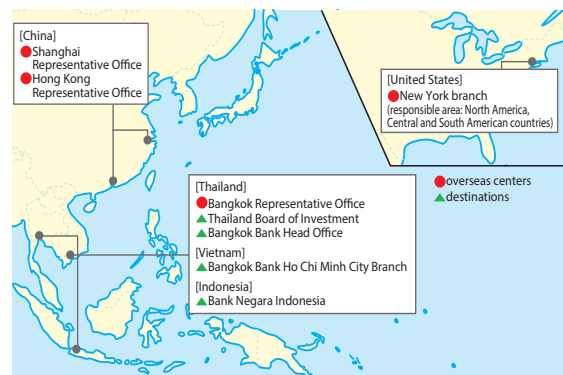
Networks of the Shoko Chukin Bank

The Shoko Chukin Bank has altogether four overseas centers. Also, we collaborate with overseas government organizations and financial institutions and provide financial and informational support regarding overseas expansion.

Overseas co-operative financial institutions

- Thailand Board of Investment (BOI)
- Standard Chartered Bank (United Kingdom)
- Bangkok Bank (Thailand)
- Bank of Communications (China)
- Bank Negara Indonesia (Indonesia)

Overseas Centers and Destinations



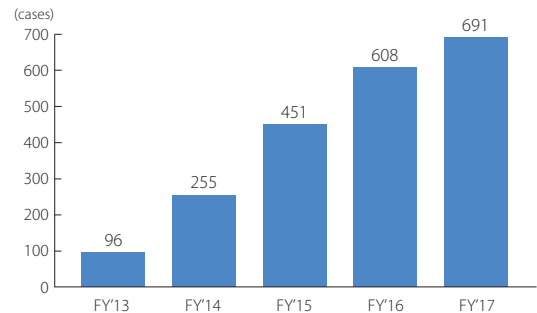
Support for Business Revitalization

Support for Business Revitalization

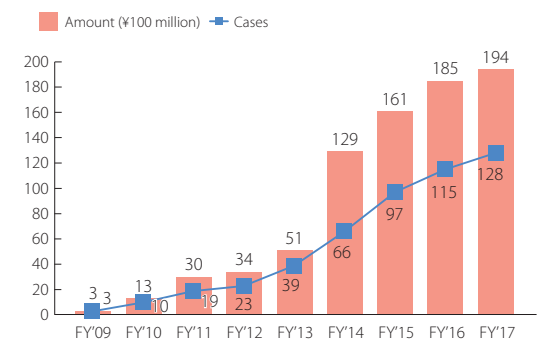
~Past initiatives to support business revitalization~

July 2001	Began providing business revitalization support loans (DIP financing)
January 2004	Established Department for Business Restructuring
March 2004	Conducted DDS Project No. 1 (first in Japan)
March 2006	Began handling conditional redemption DES
November 2012	Established Revitalization Support Program
October 2013	Began handling refinancing system
June 2018	Established Corporate Support Division

<Results of refinancing system efforts (cumulative)>



Results of DDS efforts (cumulative)



The Shoko Chukin Bank has been cultivating the knowledge of business revitalization. Taking one step further to actively formulate business improvement plans and hence lead them to success, the Shoko Chukin Bank established the “Revitalization Support Program” in November 2012 which offers a package of general support services.

Also, in October 2013, the program further expanded and a refinance system that enhances the facilitation of essential fundraising was established for those SMEs which have shown improvement in performance as a result of the implementation of the improvement plan.

In addition, through the collaboration with institutions that support business revitalization such as the SME Revitalization Support Councils, together with the cooperation with regional financial institutions, the Shoko Chukin Bank is devoting to the value-adding of the enterprises and regional regeneration and revitalization for the SMEs.

Flowchart of the Revitalization Support Program

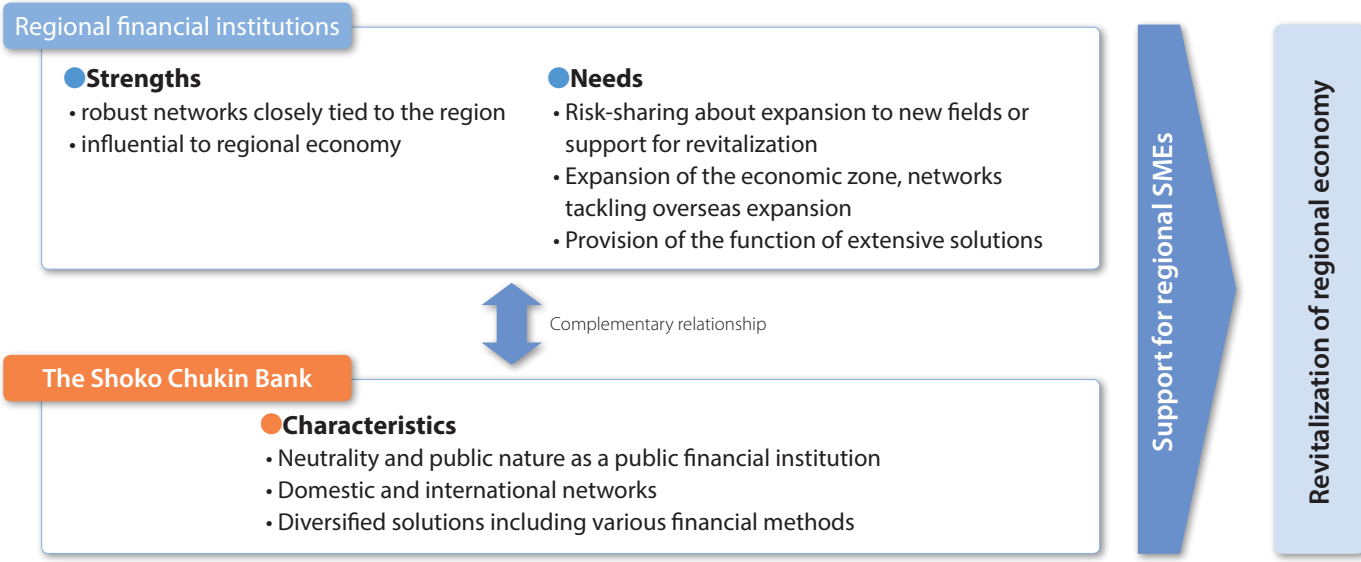


Collaboration and Cooperation with Regional Financial Institutions

The Shoko Chukin Bank treats regional financial institutions and their industry groups as “partners who help to achieve the revitalization of the regional economy as well as the facilitation of regional finance, on the basis of coexistence and complementarity within the region.” We have pursued efforts based on collaboration with regional financial institutions as one of the fundamental parts of our business operations.

Going forward, we will promote further collaboration and cooperation by building relationships of trust with regional financial institutions through the “Contact Points” for regional financial institutions and local public entities established in each business office, with the Regional Collaboration Department established on June 21, 2018 playing the leading role.

Specifically, we will promote risk sharing through a review of the financial transactions in business revitalization support, new business development, large-scale investment, and management improvement support. In addition, we will pursue collaborations by using our operational know-how regarding syndicate loan agency, M&A, etc., sharing platforms for business matching and M&A, and leveraging our overseas centers.



Performance of conclusion of agreement of business cooperation (As of March 2018)

Status of conclusion of agreement of business cooperation	Regional banks	Second-tier regional banks	Shinkin Banks	Credit Cooperatives	Total
No. of regional financial institutions	64	41	261	148	514
No. of concluded agreements of business cooperation	61	40	242	116	459

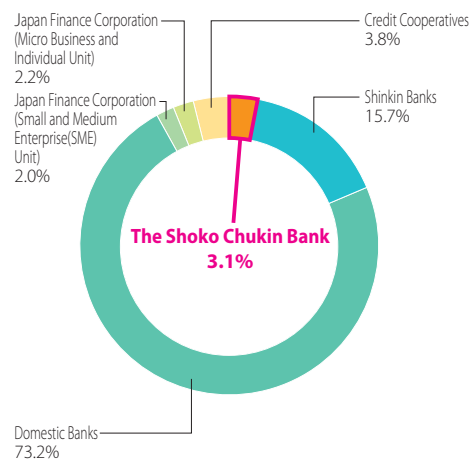
Fulfilling a Safety Net Function, Mainly in Crisis Response Measures

In response to the financial crisis triggered by the sub-prime loan problem in the United States in the autumn of 2008, and the Great East Japan Earthquake of March 2011, crises were declared by the government, and the Shoko Chukin Bank, as the only legally designated financial institution for SMEs, has been devoting its full efforts to supporting the cash flows of SMEs.

A Stable Transaction Stance

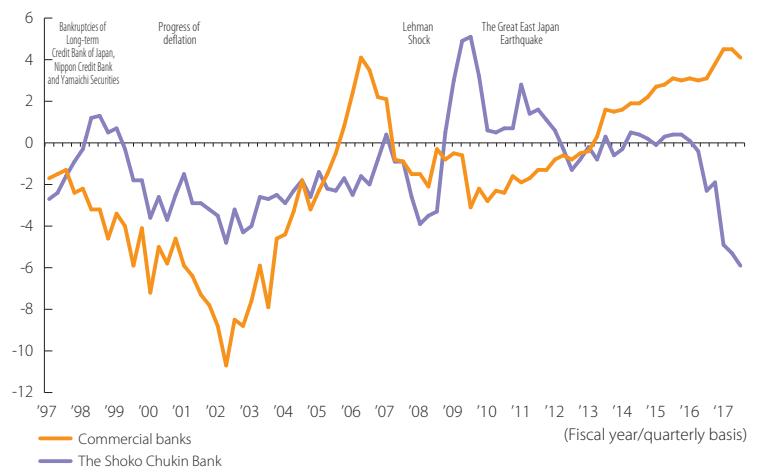
The Shoko Chukin Bank, through its day-to-day transactions with SMEs, not only looks at financial matters, but also takes the clients' operations, technology, and the abilities and enthusiasm of the executives into consideration. In this way, we strive to provide services that respond flexibly to corporate needs, not focusing on temporary management setbacks, but maintaining a stable transaction stance over the long-term.

The Shoko Chukin Bank's share of financing to SMEs and middle-market enterprises (as of the end of December 2017)



Domestic banks include city banks, regional banks, second-tier regional banks, trust banks, etc.
Sources: Bank of Japan "Loans and Bills Discounted by Sector," Japan Finance Corporation, Community Bank Shinyo Kumiai

Year-on-year change in the Shoko Chukin Bank loans and commercial banks loans to SMEs and middle-market enterprises (year-on-year change, %)



Commercial banks include total for domestic banks, shinkin banks, and credit cooperatives. Figures used for domestic banks represent loans to SMEs and middle-market enterprises; for shinkin banks, corporate loans; for credit cooperatives, total loans.
Graph shows changes up to third quarter of fiscal 2017.
Sources: Bank of Japan "Loans and Bills Discounted by Sector," Community Bank Shinyo Kumiai

The Shoko Chukin Bank: Fulfilling a Safety Net Function

Prior to transition to joint stock company

<p>1997-2000 Series of financial institution failures</p> <p>2001-2003 Financial revitalization program Centralized disposal of non-performing loans</p>	<p>Government measures</p> <ul style="list-style-type: none"> ● (Special national loans) Safety net loan program ● ¥30,000 billion for Special Credit Guarantee Program for Financial Stability ● New guarantee program established <ul style="list-style-type: none"> • Receivables-Backed Loan Guarantee Program • Refinancing Guarantee for Facilitation of Financing Program 	<p>Efforts by the Shoko Chukin Bank</p> <ul style="list-style-type: none"> ● Implementation of measures at left ● Establishment of the Shoko Chukin Bank's own program <ul style="list-style-type: none"> • Collateral-free loans • Short-term working capital to support day-to-day cash flow ● Management improvement support <ul style="list-style-type: none"> • Collaboration with SME Revitalization Support Councils
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After transition to joint stock company

<p>October 2008 Efforts made after transition to joint stock company</p>	<ul style="list-style-type: none"> ● Crisis response measures: Appropriate response as legally designated financial institution. 1) Crisis Response Guaranteed Loan, 2) Two-Step Loans, 3) Utilization of interest subsidizing program ● The Shoko Chukin Bank's own safety net loans ● Credit Guarantee Corporation: Putting into action the Emergency Guarantee Program, and the "Great East Japan Earthquake Recovery Emergency Guarantee" Program
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Overview of Crisis Response Measures

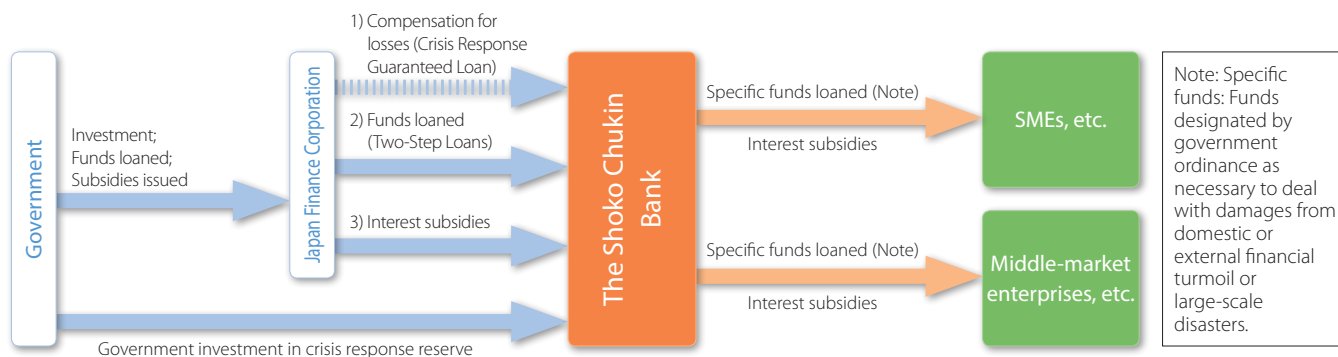
A new program for crisis response was developed after October 1, 2008, in order to deal with times of crisis, such as disasters and economic or financial turmoil.

The Shoko Chukin Bank is a designated financial institution* to implement financing and other services for SMEs and middle-market enterprises in response to crisis.

The Shoko Chukin Bank has established 10 Special Consultation Desks in response to the request of the ministries in charge, including the “Special Consultation Desk Concerning the Great East Japan Earthquake,” “Special Consultation Desk Concerning Damages Caused by the Kumamoto Earthquake in 2016,” and “Special Consultation Desk Concerning Damages Caused by the Torrential Rain and Strong Winds from June 7 to July 27, 2017,” which are within the scope of crisis response operations, in addition to six consultation desks voluntarily established by the Shoko Chukin Bank. Through these consultation desks, the Bank does its utmost to fulfill its safety net function by providing prompt, detailed, and courteous responses to consultations from SMEs and middle-market enterprises. Crisis response operations are limited to truly critical situations, and we will strictly distinguish these as a public service, and carry out appropriate business operations in line with their intended purpose.

* 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 treasury.

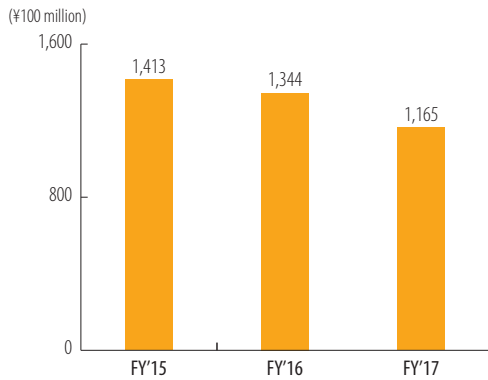
Schematic diagram of crisis response measures



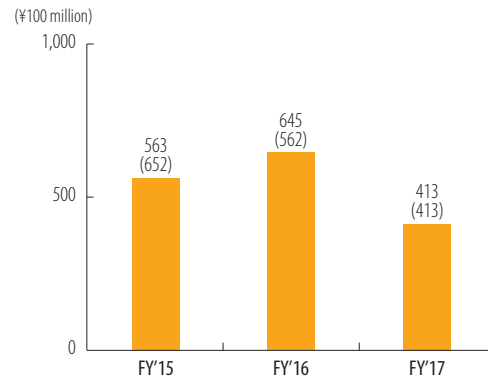
- 1) **Crisis Response Guaranteed Loan** : A system to loan specific funds, with supplemental credit from Japan Finance Corporation (partial compensation for amount of loss). Percentage of compensation: SME 80%; middle-market enterprise 70%
- 2) **Two-Step Loans** : The program to loan specific funds, with back finance based on resources from fiscal investment and loans, etc., from Japan Finance Corporation.
- 3) **Interest subsidies system** : The program of loans offered to customers at special interest rates by the Shoko Chukin Bank, or of paying the interest subsidies to customers at a later date, on the condition of receiving interest subsidies from Japan Finance Corporation.

Income and Expenditures

Gross Operating Profit

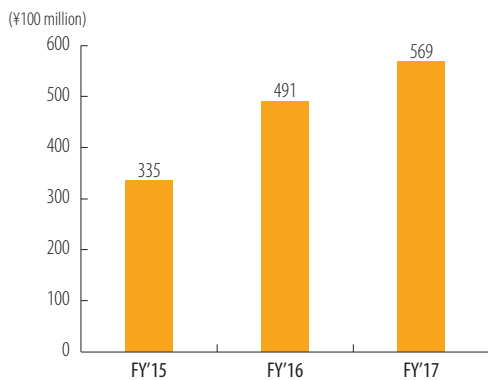


Operating Profit

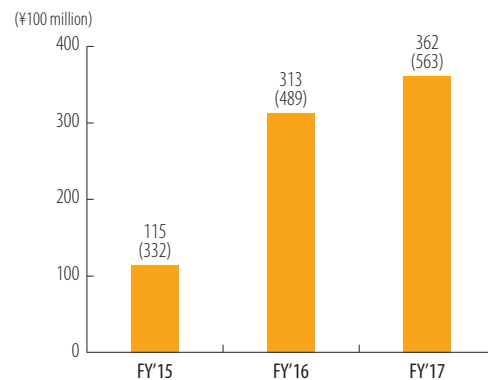


Note: The amount in parentheses is Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses.

Income (Loss) before Income Taxes and Others

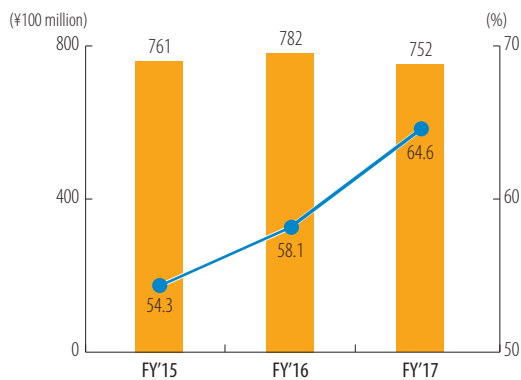


Net Income (Loss)



Note: The amount in parentheses is Income before Income Taxes.

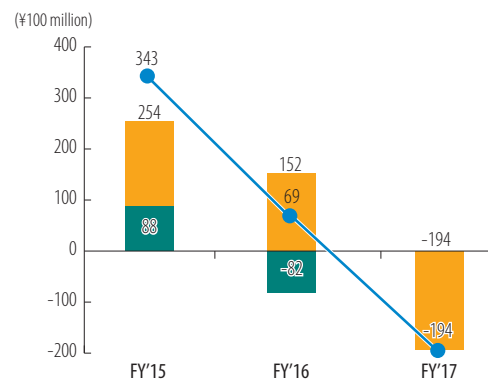
General and Administrative Expenses and Overhead Ratio (OHR)



■ General and Administrative Expenses (left-hand scale)
● OHR (right-hand scale)

Note: $OHR = (\text{General and administrative expenses (excluding nonrecurring items)} \div \text{Gross operating profit (after deduction of revenue and expenditures from trading of Japanese Government Bonds and other bonds)}) \times 100$

Credit-Related Expense



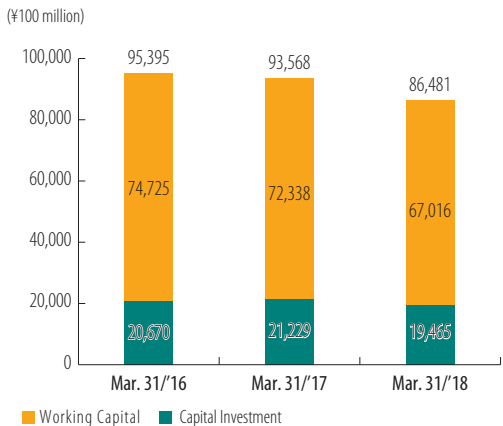
● Credit-related expense
■ Disposal amount of problem loans
■ Provision to (reversal of) general reserve for possible loan losses

Note: Disposal amount of problem loans for fiscal 2017 includes ¥10.5 billion of reversal of general reserve for possible loan loss.

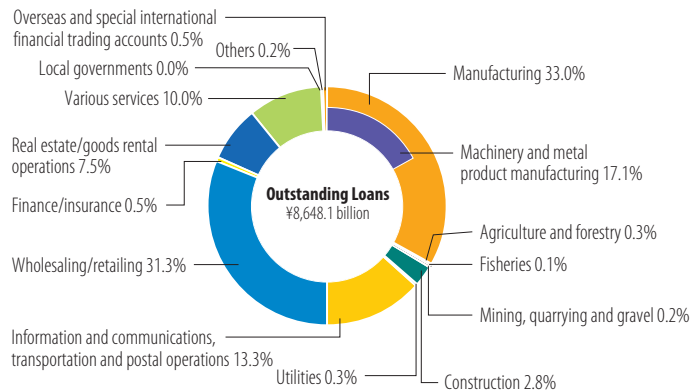
● Gross operating profit for the fiscal year ended March 31, 2018 decreased by ¥17.8 billion year on year to ¥116.5 billion due primarily to a decrease in net interest income. Income before income taxes and other increased by ¥7.7 billion year on year to ¥56.9 billion primarily due to the posting of reversal of reserve for possible loan losses.

Loans

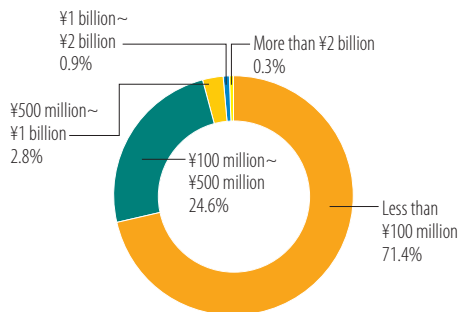
Balance of Loans Outstanding



Outstanding Loans by Sector (As of March 31, 2018)



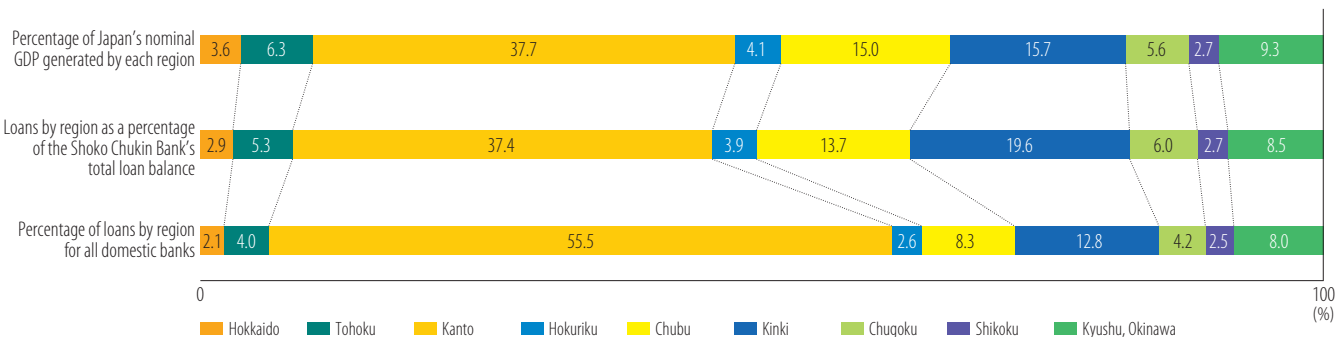
Breakdown of Borrowers by Loan Balance Outstanding (As of March 31, 2018)



Breakdown of Loans by Balance Outstanding



Comparison of Nominal GDP by Region and the Bank's Breakdown of Loan Balance by Region

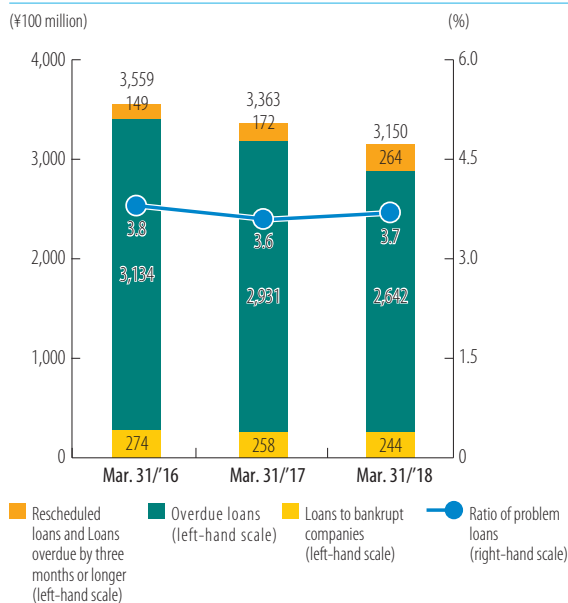


Note: Figures for nominal GDP by region are for Fiscal 2014. Figures for loans by the Shoko Chukin Bank and loans by all domestic banks are as of March 31, 2018.
Sources: Annual Report on Prefectural Economies, Cabinet Office; Deposits, Vault Cash, and Loans and Bills Discounted by Prefecture (Domestically Licensed Banks), Bank of Japan.

The balance of loans outstanding as of March 31, 2018 decreased by ¥708.6 billion compared with the balance as of March 31, 2017, due mainly to clients' stagnant funding needs and implementation of measures against the misconduct in crisis response operations as a top priority.

Problem Loans

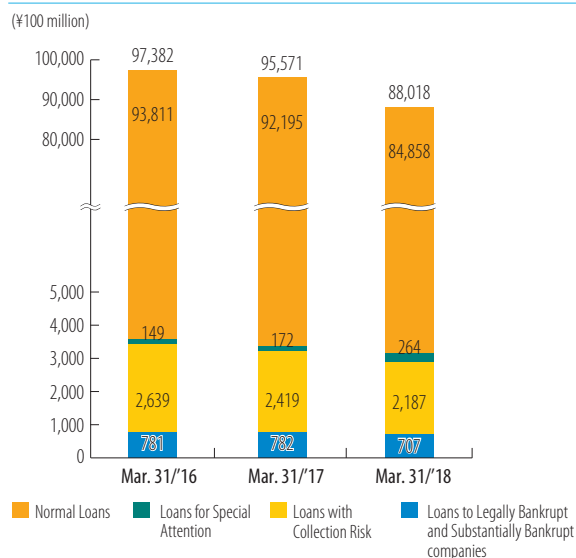
Problem Loans and Ratio of Problem Loans



Note: Based on the results of the Bank's self-assessment of assets, loans to bankrupt companies, overdue loans (loans to virtually bankrupt companies and companies at risk of bankruptcy), loans overdue by three months or longer and rescheduled loans (where interest rates have been lowered or other advantageous loan terms have been provided to support business restructuring) are disclosed.

Ratio of problem loans: Risk-managed assets as a proportion of outstanding loans.

Loans Disclosed under the Financial Reconstruction Act



Note: Based on the results of the Bank's self-assessment of assets, loans to borrowers that are virtually bankrupt or legally bankrupt are presented as "Loans to Legally Bankrupt and Substantially Bankrupt Companies"; loans to borrowers with risk of bankruptcy are presented as "Loans with Collection Risk"; and loans overdue by three months or longer and rescheduled loans are presented as "Loans for Special Attention."

Breakdown of Loan Balance by Borrower Category under the Bank's Self-Assessment

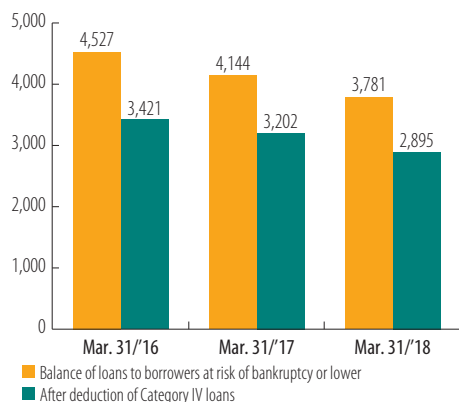
(¥100 million)

	Mar. 31/16		Mar. 31/17		Mar. 31/18	
	Amount	%	Amount	%	Amount	%
Legally Bankrupt	694	0.7%	591	0.6%	573	0.6%
Virtually Bankrupt	1,192	1.2%	1,133	1.2%	1,020	1.2%
Risk of Bankruptcy	2,639	2.7%	2,419	2.5%	2,187	2.5%
Need Special Attention	29,757	30.2%	27,633	28.6%	24,310	27.3%
Borrowers receiving special management	171	0.2%	193	0.2%	292	0.3%
Other need for special attention	29,585	30.0%	27,440	28.4%	24,018	27.0%
Normal	64,203	65.2%	64,734	67.1%	60,812	68.4%
Total	98,488	100.0%	96,513	100.0%	88,904	100.0%

Note: Based on the Bank's internal credit rating system, borrowers are classified into five categories: Normal, Need Special Attention, Risk of Bankruptcy, Virtually Bankrupt, and Legally Bankrupt.

Balance of Loans to Borrowers at Risk of Bankruptcy or Lower

(¥100 million)



- The figures above exclude loans classified as unrecoverable (Loss Classification) based on self-assessment. (These figures are equivalent to the loan balance after the direct write-off of Category IV loans. This is in line with disclosure standards used by private financial institutions.) As of March 31, 2018, the excluded amounts are as follows. Risk-managed Assets Loans to bankrupt borrowers amounted to ¥32.1 billion. Overdue loans amounted to ¥55.7 billion. Loans disclosed under the Financial Reconstruction Act Loans to legally bankrupt and substantially bankrupt borrowers amounted to ¥88.5 billion.
- The breakdown of loan balance by borrower category under the Bank's self-assessment includes Category IV loans.
- Problem loans cover loans only.
The breakdown of loan balance by borrower category under the Bank's self-assessment and 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 (private placement bonds for which the Shoko Chukin Bank guarantees the repayment of the principal and interest payments in full or in part), foreign exchange, acceptances and guarantees, uncollected interest, and suspense payments.

- Focusing on loan recipient companies that have been classified under self-assessment as Need Special Attention borrowers, the Shoko Chukin Bank is actively engaged in efforts to improve the management of said loan recipient companies by formulating and following up on management improvement plans.
- Looking ahead, the Shoko Chukin Bank will continue to place considerable weight on the aforementioned initiatives. Through these means and by implementing appropriate loan management based on a process of self-assessment, the Bank will secure and maintain a sound credit and financial position.

Write-Offs and Reserves

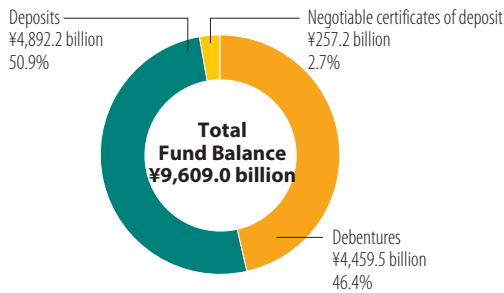
The Bank writes off assets or reserves provisions on the basis of self-assessment results, which are reviewed by independent auditors. It has made sufficient provision for its existing problem loans.

Normal Need Special Attention	Reserve provisions made on the basis of a formula using past actual loan losses
Risk of Bankruptcy	Reserve provisions made to the necessary level in relation to the amount not covered by collateral
Virtually Bankrupt Legally Bankrupt	Reserve provisions and write-offs made for the entire amount not covered by collateral

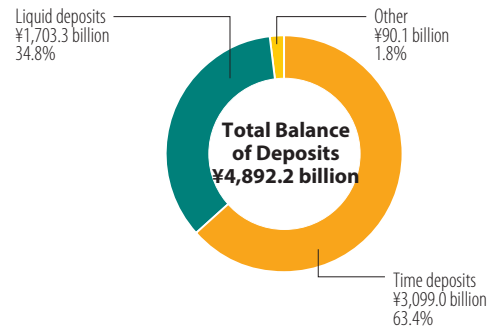
- All credit transactions are subject to asset self-assessment under the practical guidelines laid out by the Japanese Institute of Certified Public Accountants. The Shoko Chukin Bank writes off assets and reserves provisions based on the results of these assessments. The Bank uses this approach to ensure asset quality is accurately monitored and problem loans are appropriately written off. The Bank also uses it to manage loans after loan application procedures are completed.

Fund-Raising

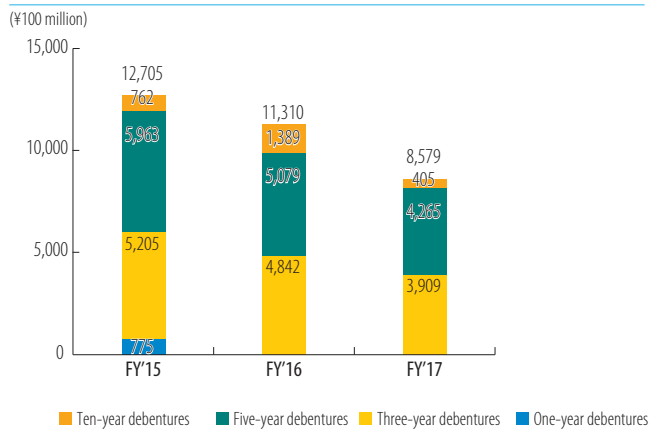
Breakdown of Fund-Raising (As of March 31, 2018)



Breakdown of Deposit Balance (As of March 31, 2018)



Publicly Offered Debentures Issued Each Fiscal Year



- The funds necessary for the provision of loans are procured by the Bank through bonds and deposits.
- The Bank is strengthening stable fund raising through debentures, centered on publicly offered debentures as well as to bolster and expand the fund procurement platform, mainly individual and corporate deposits.

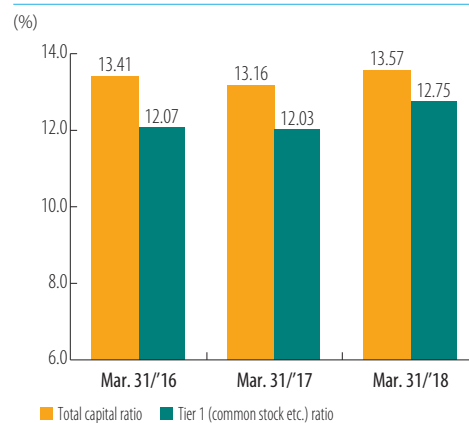
Total Capital

Trends in Total Capital

(¥100 million)

	Mar. 31/'16	Mar. 31/'17	Mar. 31/'18
Total capital	9,805	9,964	10,055
Tier 1 capital (common stock etc.)	8,820	9,110	9,447
Non-government portion of shares held	1,170	1,170	1,170
Government portion of shares held	1,016	1,016	1,016
Crisis response reserves	1,500	1,500	1,500
Special reserves	4,008	4,008	4,008
Retained earnings	1,189	1,457	1,775

Capital Ratio and Tier 1 Ratio



Note: In accordance with Article 23, Paragraph 1 of the Shoko Chukin Bank Limited Act and notice of the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry based on the said act, the Bank is working to improve its capital ratio.

- The total capital ratio for the fiscal year ended March 31, 2018 remained constant at 13.57%.
- Shareholders' equity is of high quality, as the majority of capital is Tier 1 capital (common stock etc.).

The Shoko Chukin Bank's Governance System

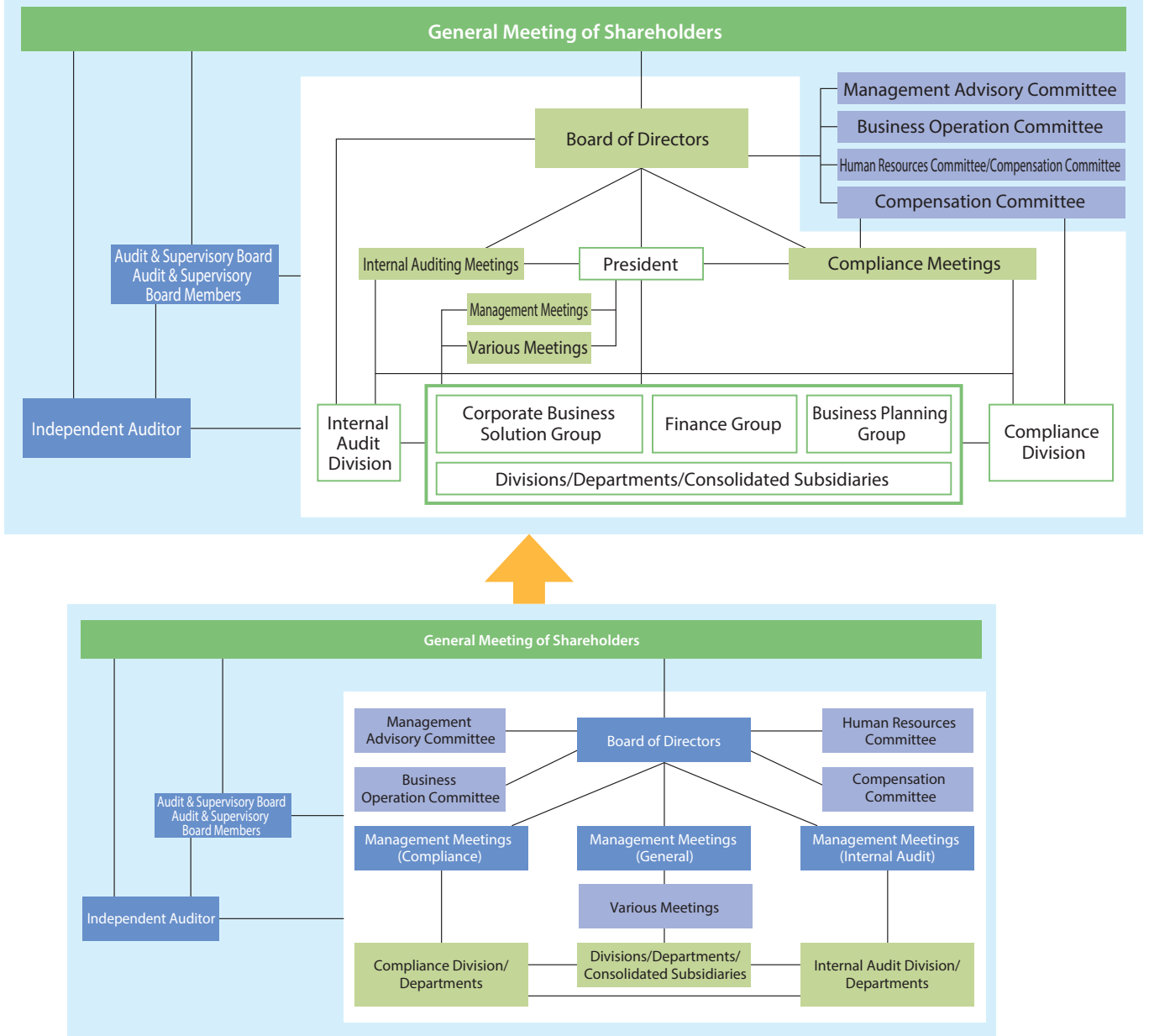
The change in status from that of a government-affiliated financial institution to a special company (a joint-stock company established pursuant to a special act) provides an opportunity for the Shoko Chukin Bank to reinforce and further upgrade its corporate governance structure and systems. At the same time, the Bank is well positioned to maintain its basic role as a financial institution run for SMEs by SMEs under the governance of its shareholders - SME cooperatives and their members - the government, market and relevant laws including the Shoko Chukin Bank Limited and Companies acts. In this context, the Bank will establish boards of directors and Audit & Supervisory Board Member and appoint an independent auditor. The Bank will also establish the Management Advisory Committee made up of select representatives from SME loan recipient companies to ensure that the opinions and voice of its core client base are accurately reflected in the Bank's management, Human Resources Committee made up of representatives from SME loan recipient companies and knowledgeable outside individuals to ensure that the opinions and advices of SMEs regarding the executive appointment are accurately reflected in the Bank's management, Compensation Committee made up of representatives from SME loan recipient companies and knowledgeable outside individuals to ensure that the opinions and advices of SMEs regarding the directors' compensation and retirement benefits are accurately reflected in the Bank's management, and Business Operation Committee to ensure that the advices concerning the status to ensure appropriate competitive relations with other operators and the principle of diverse collaboration and cooperation with regional financial institutions are reflected in the Bank's management.

The Bank recently renewed its management structure by appointing external directors to ensure they account majority of directors. The Bank will improve the functions of the Board of Directors, especially by strengthening it through development of reporting and support system for the external directors, as well as through the implementation of active discussions at the Board of Directors' meetings multiple times.

The Composition and Functions of Corporate Governance Organizations and Systems

- A. Board of Directors
As of June 30, 2018, the Shoko Chukin Bank's Board of Directors was comprised of seven members, four of whom are external directors. 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.
- B. Audit & Supervisory Board, Audit & Supervisory Board Members
As of June 30, 2018, the Shoko Chukin Bank's Audit & Supervisory Board was comprised of four members, including non-standing Audit & Supervisory Board Members. Of the aforementioned four Audit & Supervisory Board Members, three were appointed from outside the Bank. 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.
- C. Details of criteria or policy concerning the independence of external directors and external Audit & Supervisory Board Members in selecting them
Not applicable
- D. Management Advisory Committee
To ensure that the opinions and voice of its core client base are accurately reflected in the Bank's management, a management advisory committee has been established comprising select representatives from SME loan recipient companies. The Management Advisory Committee provides comments and advice on the Bank's operating activities.
- E. Human Resources Committee
Human Resources Committee comprising representatives from SME loan recipient companies and knowledgeable outside individuals, has been established to seek comments and advice in respect of directors appointment.
- F. Compensation Committee
The Compensation Committee comprising representatives from SME loan recipient companies and knowledgeable outside individuals, has been established to voice opinions and provide advice on the evaluation of performance with respect to directors' compensation and retirement benefits.
- G. Business Operation Committee
In order to ensure that the advices regarding the review of status to ensure appropriate competitive relations with other operators and the principle of diverse collaboration and cooperation with regional financial institutions is reflected in the Bank's management, the Business Operation Committee has been established.
- H. Compliance Committee
In order to verify countermeasure policies and other matters related to individual cases such as misconduct, and to provide the Compliance Division/Departments with guidance and checks, as well as to grasp the occurrence/response status of cases related to compliance, and to provide advice on general matters regarding the appropriateness of the execution of duties at the Compliance Division/Departments, the Compliance Committee including external lawyers has been established to seek comments and advice.
- I. Management Meetings
Management meetings attended by the President and Executive Officer, Deputy President and Executive Officer, and other officers are convened as a consultative organization to deliberate on and discuss issues and proposals to be put forward to the Board of Directors, and for certain matters to be decided by the President and Executive Officer.
- J. Internal Auditing Meetings and Compliance Meetings
Based on the basic policy formulated by the Board of Directors, Internal Auditing Meetings and Compliance Meetings have been established as bodies to discuss and decide on matters related to internal audits and compliance delegated by the Board of Directors, respectively.
- K. Other Meeting
In order to support efficient business execution, various meetings concerning matters such as investment and lending, CS promotion, and credit risk management, etc. have been established.

Governance Chart



Systems to Ensure Sound Business Operations

The Board of Directors, the majority of which is comprised by external directors, has established the Compliance Meetings and Internal Auditing Meetings under the immediate control of the Board of Directors, in order to share and consider detailed information regarding compliance and internal audits, with the aim of strengthening the functions of the Board of Directors.

In addition, the Compliance Committee has been established as an organization to verify countermeasure policies and other matters related to individual cases such as misconduct, and to provide the Compliance Division/Departments with guidance and checks, as well as to review matters concerning the appropriateness of the execution of duties by the Compliance Division/Departments.

The system and function of the Internal Audit Division have been strengthened by ensuring independence, reviewing auditing methods based on a risk-based approach, and allocating audit resources mainly to areas with higher risks.

Furthermore, in May 2018, in order to contribute to improving the corporate value of SMEs from a truly customer-oriented viewpoint, the Bank reorganized its structure based on support for business offices, and established the Management Group.

Risk Management

Financial institutions are exposed to diverse and complex risk factors, such as credit risk, market risk, liquidity risk and operational risk. This reflects the liberalization and internationalization of the financial sector, and advances in financial technology. It is critical for financial institutions to manage these risks appropriately in order to maintain their financial soundness while responding to the increasingly diverse and sophisticated needs of their customers.

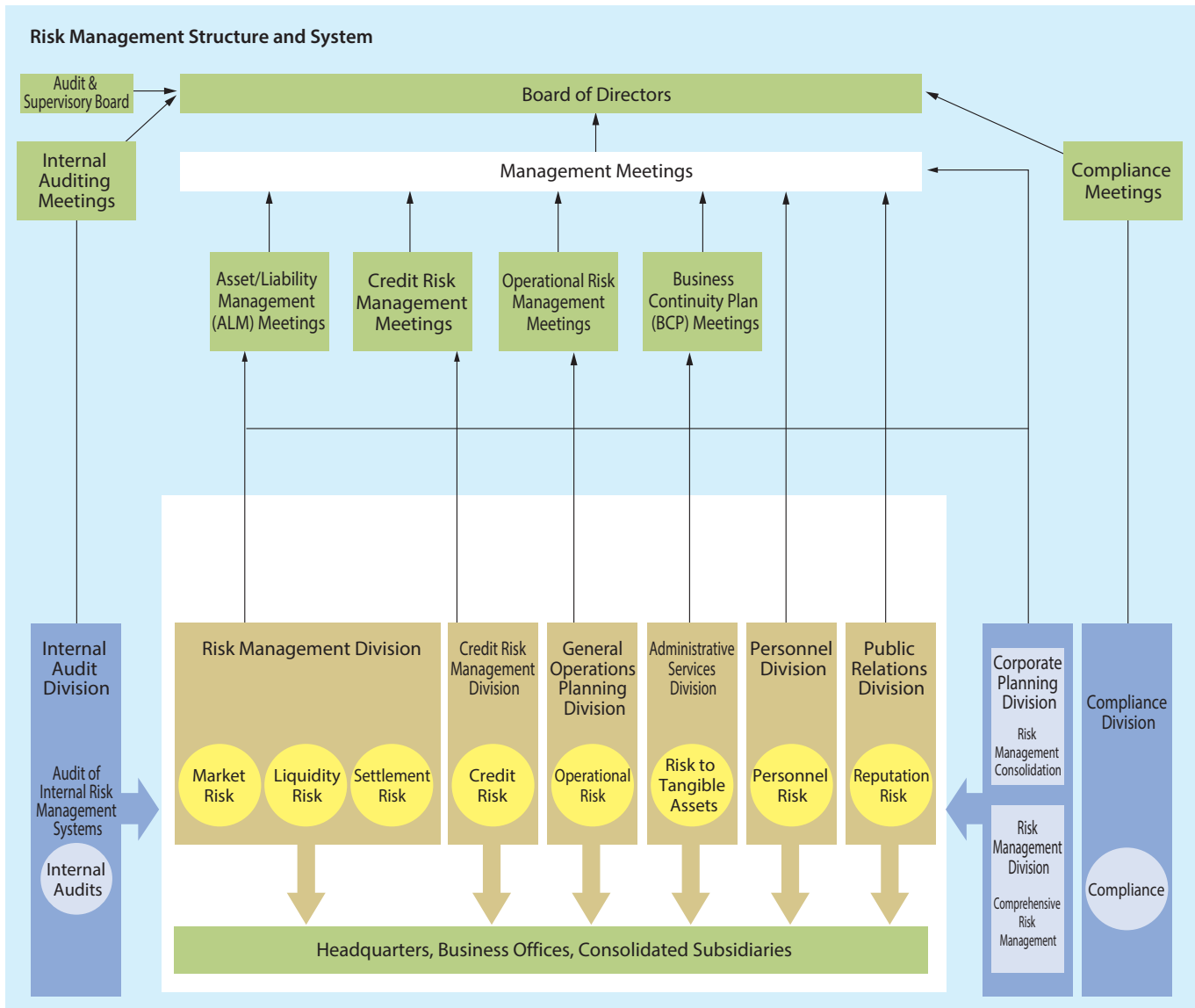
Responding to this environment, the Bank continues to bolster its risk management systems by clearly identifying individual risk management departments, further strengthening management capabilities with respect to specific types of risk and delegating to the Corporate Planning Division overall responsibility for monitoring and overseeing risk management.

The most important risk management issues are deliberated and decided by the Board of Directors or the Management

Meeting. Risk management is conducted with the full interest of the management team, with regular reports on risk management status, issues, and response measures given to the Board of Directors.

Moreover, in putting into perspective the impact of overall risk based on an assessment of individual categories, the Risk Management Division has been established to oversee risk management on an integrated basis in the context of the Bank's total capital.

The Risk Management Division coordinates the capital-at-risk limit determined by the Board of Directors and periodically submits reports to the Asset/Liability Management (ALM) Meetings and management meetings.



Risk Definitions

Market Risk	The risk of loss resulting from fluctuations in asset values due to changes in interest rates, exchange rates or the prices of marketable securities.
Liquidity Risk	The risk that cash flows will become insufficient due to the inability to secure the required funds (cash flow risk), and the risk that market transactions will become impossible due to market disruptions (market liquidity risk).
Settlement Risk	The risk of loss resulting from failure to settle by the due date (broadly categorized into credit risk, liquidity risk, operational risk and legal risk, according to the cause and characteristics of the problem).
Credit Risk	The risk of loss due to the partial or complete loss of asset value, owing to such factors as deterioration in the financial position of the borrower.
Operational Risk	Operational risk is the risk of loss by financial institutions resulting from administrative failures, accidents or management or staff fraud (administrative risk, which includes information security risk that does fall within the scope of system risk), the risk of loss by financial institutions due to computer system failures, errors, or inadequacies (system risk, which includes system inadequacy and information security risk stemming from fraudulent third-party acts), and the risk of loss due to serious threats such as leaks, fraudulent use, erroneous operations, and deliberate acts to affect the validity and reliability of essential information assets (information security risk).
Legal Risk	The risk of loss resulting from legal uncertainty about transactions or failure to comply with laws and regulations.
Risk to Tangible Assets	The risk of impairment and damage to tangible assets as a result of disasters and other accidents.
Personnel Risk	Risk occurring because of unjust and unfair human resource management (problems with compensation and dismissals) and discriminatory acts (sexual harassment, etc.).
Reputation Risk	The risk that losses will be suffered due to decline of reputation and the spread of false information.

Credit Risk Management

Based on its expertise in working with SMEs, the Bank's credit risk management system is designed to maintain and improve the soundness of its loan assets by setting appropriate lending criteria and ensuring that screening systems are properly applied.

Credit Risk Management System

The Credit Risk Management Division is responsible for overseeing the Bank's credit risk management system. It works to enhance this system by monitoring the Bank's credit portfolio and quantifying risk.

Senior management, through the Credit Risk Management Meetings, analyzes the credit portfolio from various perspectives, such as by credit rating, business sector and geographical region, as it aims to diversify risk as a means of maintaining and improving the soundness of the Bank's assets.

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. This 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.

Credit screening is the responsibility of the Finance Group, which works to maintain and enhance the soundness of the Bank's assets through 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.

Screening

Owing to the large impact that external factors—including general economic conditions—can exert on SMEs, the Bank endeavors to carry out screening based on the medium- to long-term outlook for the customer's business. Specifically, the Bank is making efforts to fully understand customers' businesses, including not only financial factors but also management talent and technological capabilities, which do not show up in a firm's financial statements.

Consequently, in the event that a customer suffers a temporary business slump owing to external factors, the Bank focuses on the future outlook for the customer's core business and cash flows. Through this process, the Bank works closely with the customer's management team to obtain a shared understanding of (1) the customer's current situation, and (2) the best approach for putting the business back on a positive track. This type of management support based on an appropriate assessment of business potential is a key part of the Bank's mission, and the Bank remains committed to actively cooperating with regional financial institutions, the SME Revitalization Support Councils and other related institutions to fulfill this role.

To further promote the support of its customers, the Bank runs training programs for its staff, which are aimed at enhancing their ability to make proposals for solving issues.

Market and Liquidity Risk Management

The Bank has laid down basic policies on market and liquidity risk management, which define organizational structures, authority and management methodologies, and form the basis of strict operational management and control.

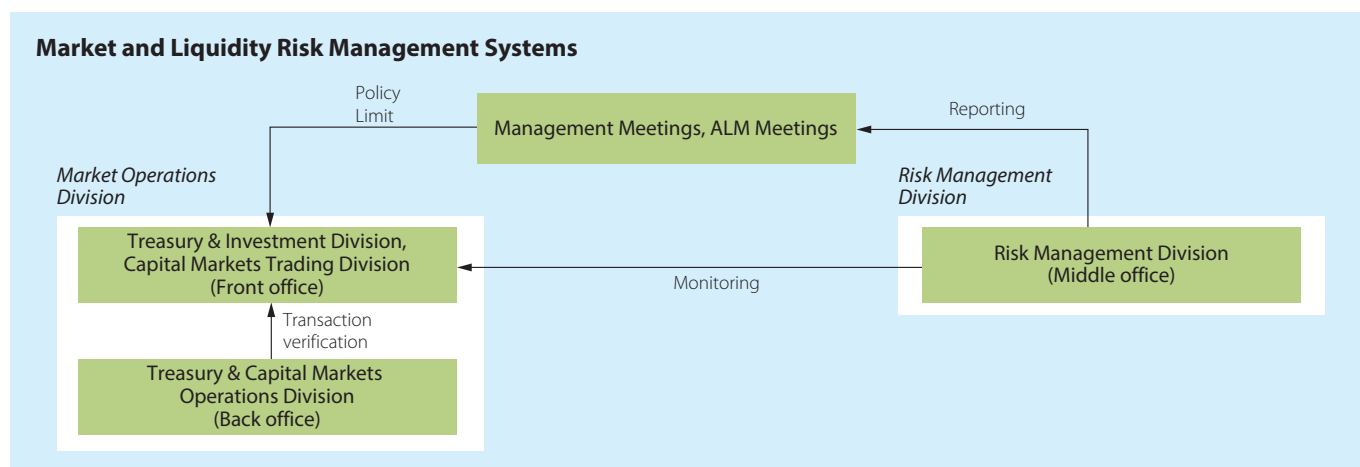
Risk Management Structure

Under the Bank's market risk management structure, market operations are separated into front office and back office departments. In addition, a middle office fulfills a specialist role in managing market risk, with the overall structure providing a system of checks and balances between each of the functions.

The middle office monitors operations on a daily basis to ensure strict compliance with the market risk and liquidity risk limits set after deliberation by the Management Meetings and ALM Meetings. The results of these monitoring activities are reported on a regular basis.

Asset/Liability Management (ALM)

The Shoko Chukin Bank strives for stable earnings while appropriately managing market and liquidity risk. The Bank achieves this balance between profitability and risk control by analyzing its asset and liability portfolios using interest rate forecasts, 10 basis point value and VaR (Value at Risk) methods, and conducting simulations using multiple interest rate scenarios.



Market Risk (Banking) (Note 1)

10bpv												(¥100 million)
Mar. 31/'16				Mar. 31/'17				Mar. 31/'18				
1 year or less	More than 1 year, 5 years or less	More than 5 years	Total	1 year or less	More than 1 year, 5 years or less	More than 5 years	Total	1 year or less	More than 1 year, 5 years or less	More than 5 years	Total	
4	(29)	(8)	(32)	7	(27)	(12)	(32)	8	(32)	(37)	(60)	

VaR (Note 2)			(¥100 million)
Mar. 31/'16	Mar. 31/'17	Mar. 31/'18	
45	108	139	

Notes: 1. Financial products for purposes other than trading, excluding stocks and foreign currency operations.
 2. Historical simulation method, observation period: 5 years, VaR holding period: 1 month, confidence interval: 99%

Operational Risk Management

In its role overseeing operational risk, the General Operations Planning Division is responsible for managing and minimizing operational risk, which includes administrative risk and system 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, the Operational Risk Management Meetings deliberates on matters relating to operational risk. These include efforts to clearly identify risk and to establish countermeasures to ensure their reduction.

The Bank's efforts to mitigate administrative risk through the reduction of administrative errors and omissions include the development of an office manual that clearly stipulates how each operation should be handled, and the installation of various types of office equipment. In addition, Head Office provides operational guidance and in-depth training for managers and staff. Furthermore, Risk Control Self-Assessment (RCSA) was introduced, whereby the department in charge of operations monitors losses that occur, and also identifies and evaluates inherent risk. By making improvements based on this evaluation,

the Bank strives to reduce risk.

The Bank is bolstering measures aimed at managing system risk, which involves efforts to ensure the stable operation of systems. These include the maintenance of back-up systems, carrying out breakdown drills, periodical auditing of the system by an external professional body, and establishment of a cyber security management system, including technological measures against cyberattacks, etc.

In the area of information security, which impacts on both administrative and system risk, the Bank has formulated an Information Security Basic Policy, as well as specific standards and management procedures for handling information security. The Bank has also implemented appropriate measures to protect its information assets, and maintain the security of these assets. These measures involve the classification of assets by importance, as well as risk assessments.

The Bank's contingency plans set clear operational priorities for the safety of customers and employees in the event of disasters or other emergencies.

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, and then periodically reported at Board of Directors' meetings.

The Structure and Systems That Facilitate Reporting to the Audit and Supervisory Board and Audit and Supervisory Board Members by Directors and Officers; Other Structures and Systems That Facilitate Reporting to the Audit and Supervisory Board and Audit and Supervisory Board Members

- (1) Audit and Supervisory Board Members are able to attend meetings of the Board of Directors and management as well as those of individual committees.
- (2) Directors and other officers report to the Audit and Supervisory Board and Audit and Supervisory Board Members in an effective and appropriate manner on all matters prescribed under the law, the status of business execution and relevant peripheral issues.

■ 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.

■ Compliance Systems

Ensuring full compliance is seen as a crucial aspect of the Bank’s operations. In all its business operations and other activities, the Bank must comply with all accepted rules and social norms, use disclosure to fulfill its obligation of accountability, and maintain a high degree of transparency.

Thorough Awareness of the Importance of Compliance

The Shoko Chukin Bank has established the Code of Ethics as its basic policy on compliance. The Bank takes all necessary steps to ensure that Group directors, officers and employees are made fully aware of and understand its content. The Bank has prepared and distributed to all employees a compliance handbook as a practical guide to the laws and ordinances that must be

observed in the pursuit of business activities, and in dealing with problems that may arise. At branch manager meetings, the president regularly emphasizes the Bank’s commitment to full compliance. Further efforts to ensure compliance include group training programs and branch-level training programs.

Compliance Structure

Compliance Committee

Delegated by the Board of Directors, the Compliance Committee has been established as an organization to provide the Compliance Division/Departments with guidance and checks, and to provide advice regarding general matters concerning compliance.

Organizations Established to Deliberate on Matters Relating to Compliance

Matters relating to compliance are reported to and deliberated by the Compliance Meetings, which is chaired by President and Executive Officer. Results of the Compliance Meetings' deliberations are reported to the Board of Directors. The Board of Directors makes decisions on important compliance matters such as compliance-oriented programs.

The Compliance Coordination Division

- (1) The Compliance Division has been designated as the organizational unit responsible for compliance-related planning and management. The Department works closely with other departments and divisions to establish and further develop the Bank's compliance structure and systems.
- (2) In the Compliance Division, the Area Compliance Officer has been assigned to grasp the degree of understanding of compliance and give instructions on site.

Organizational units

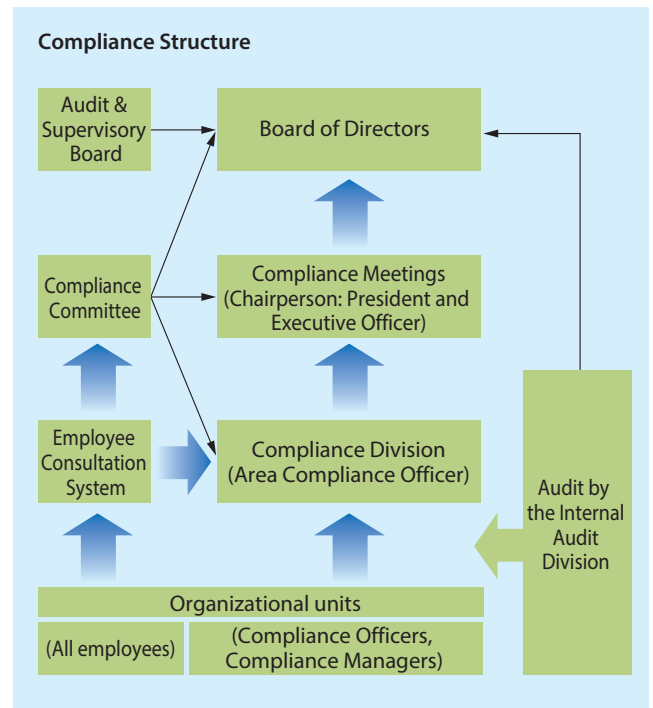
Headquarters divisional managers and business office managers have been designated as compliance officers, and Headquarters and business office staff have been designated as compliance managers to ensure stringent compliance. In addition to conducting regular checks to ensure employees are not contravening laws or regulations, these compliance officers and managers provide guidance and training for employees as necessary. In cases where compliance managers from the Headquarters draw up or amend internal regulations, these amendments are examined to ensure that they comply with all laws, ordinances and rules and pose no problems from the viewpoint of social norms. Where necessary, outside specialists are consulted.

Compliance Inspections

Headquarters divisions and business offices are required to conduct self-assessments to ensure thoroughgoing compliance. The Internal Audit Division, which is independent of other Headquarters divisions, also conducts thorough compliance inspections of Headquarters divisions and business offices. Reports on the results of audits are submitted to the Board of Directors.

Employee Consultation System

The Bank has set up the employee consultation system (internal alert system) to prevent further escalation and swiftly resolve any compliance problems that occur. The system has been set up so that both executives and employees can easily make reports, with consultation contacts established in the offices of external lawyers and external businesses as well as the Compliance Division.



Zero tolerance of Anti-social Forces

As a financial institution, to maintain public confidence and ensure the adequacy and soundness of our business activities, the Bank 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 coordinating division and assigning a compliance officer associated with in each organizational unit, thereby working on to cut off the relationships and eliminate transactions with anti-social forces, in cooperation with external professional bodies including the police and lawyers.

Code of Ethics and Code of Behavior

1. Ensuring Full Compliance

The Shoko Chukin Bank is strictly compliant with all laws, regulations and rules, and always acts with a high sense of morality and ethics, in order not to violate social norms.

[Code of Behavior]

- (1) We understand that there is a possibility of misconduct for every single person and in any type of business operations, and always engage in business with the prevention of misconduct in mind.
- (2) We correctly understand provisions and rules, and conduct business without omitting procedures. In addition, we do not interpret provisions and rules arbitrarily and conveniently with vague conjecture.
- (3) The Headquarters prepares understandable notifications and manuals, and makes improvements and reviews, as necessary.
- (4) We hold compliance review meetings on a regular basis and conduct repeated training sessions as well as discussions to improve the normative consciousness.

2. Attitude Toward Customers

We constantly return to the starting point, being a comprehensive financial institution solely for SMEs, and give primary consideration to customer trust and satisfaction.

[Code of Behavior]

- (1) We work close to, and strive to build relationships with our customers.
- (2) We deepen dialogue with our customers, understand their businesses, and make efforts share issues with them.
- (3) We work to provide solutions to solve our customers' issues.
- (4) Our Offices, in cooperation with Headquarters, respond promptly to our customers' needs.

3. Responsibility to Society

As a member of a financial institution, a public institution that must maintain transparency, and a member of a local community, we are always aware of our social responsibility to act fairly and faithfully.

[Code of Behavior]

- (1) We are always aware that each behavior of every employee is regarded as the Shoko Chukin Bank's behavior, and act fairly and faithfully.
- (2) We collaborate and cooperate with local governments and regional financial institutions and seek to contribute to local community.
- (3) If we discover misconduct by other employees, we do not turn a blind eye, but promptly report such behavior to our superiors or the employee consultation contact.
- (4) The superiors who receive reports regarding misconduct report such incidents to Headquarters, without concealment.
- (5) We take a resolute stance against anti-social forces and organizations, and sever any relationship with them.
- (6) We strive to prevent the products and services of the Shoko Chukin Bank from being used for money laundering or financial support for terrorist activities.

4. The Organization We Aim to Be

We respect everyone's human rights and the diversity, and strive to create a workplace with an open atmosphere, and with no harassment or discrimination.

[Code of Behavior]

- (1) We eliminate harassment to create a workplace where opinions and discussions can freely take place.
- (2) If we have any troubles, we seek consultation, not being saddled with them.
- (3) We actively speak to anyone who appears to be in trouble.
- (4) If we have difficulties in consulting with our superiors or colleagues, we consider consulting with the Area Compliance Officer or the employee consultation contact.
- (5) Superiors always pay attention to whether their subordinates are in trouble, always listen to them, and actively speak to them.
- (6) The Headquarters listens to the opinions of business offices with sincerity, and responds promptly and faithfully.

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.

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
ASSETS				
Cash and Due from Banks	¥ 1,526,934	¥ 1,722,831	\$ 14,372	\$ 15,356
Call Loans and Bills Purchased	41,412	57,723	389	514
Monetary Claims Purchased	27,621	26,127	259	232
Trading Assets	21,413	20,485	201	182
Investment Securities	1,511,359	1,539,789	14,225	13,724
Loans	8,636,946	9,343,501	81,296	83,282
Foreign Exchange	15,586	15,708	146	140
Other Assets	178,015	146,301	1,675	1,304
Tangible Fixed Assets	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
Intangible Fixed Assets	10,960	10,958	103	97
Software	6,873	9,388	64	83
Other Intangible Fixed Assets	4,086	1,569	38	13
Net Defined Benefit Asset	7,574	4,452	71	39
Deferred Income Taxes	38,723	47,414	364	422
Customers' Liabilities for Acceptances and Guarantees	102,699	103,466	966	922
Reserve for Possible Loan Losses	(206,262)	(237,584)	(1,941)	(2,117)
Total Assets	¥ 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
LIABILITIES				
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
Total Liabilities	10,984,966	11,909,714	103,397	106,156
NET ASSETS				
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)
Total Shareholders' Equity	955,388	922,557	8,992	8,223
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)
Total Accumulated Other Comprehensive Income	13,199	8,964	124	79
Non-controlling Interests	3,796	3,796	35	33
Total Net Assets	972,384	935,318	9,152	8,336
Total Liabilities and Net Assets	¥ 11,957,351	¥ 12,845,033	\$ 112,550	\$ 114,493

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
Operating Income	¥ 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
Operating Expenses	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
Profit before Income Taxes and Other	58,499	50,876	550	453
Other Gains	105	2	0	0
Gains on Disposal of Fixed Assets	105	2	0	0
Other Losses	745	241	7	2
Losses on Disposal of Fixed Assets	187	174	1	1
Impairment Loss	558	66	5	0
Profit before Income Taxes	57,859	50,638	544	451
Provision for Income Taxes	13,681	14,639	128	130
Adjustment for Income Taxes	6,835	3,552	64	31
Total Income Taxes	20,516	18,192	193	162
Profit	37,342	32,445	351	289
Profit Attributable to Non-controlling Interests	3	3	0	0
Profit Attributable to Owners of Parent	¥ 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
Profit	¥ 37,342	¥ 32,445	\$ 351	\$ 289
Other Comprehensive Income	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
Comprehensive Income	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
Balance, April 1, 2017	¥ 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
Balance, March 31, 2018	¥ 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			
Balance, April 1, 2017	¥ 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	
Balance, March 31, 2018	¥ 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
Balance, April 1, 2016	¥ 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
Balance, March 31, 2017	¥ 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			
Balance, April 1, 2016	¥ 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	
Balance, March 31, 2017	¥ 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	
Balance, April 1, 2017	\$ 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
Balance, March 31, 2018	\$ 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		
Balance, April 1, 2017	\$ 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
Balance, March 31, 2018	\$ 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	
Balance, April 1, 2016	\$ 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
Balance, March 31, 2017	\$ 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		
Balance, April 1, 2016	\$ 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
Balance, March 31, 2017	\$ 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
- 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).

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	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

Financial Data (Non-Consolidated)

Year Ended March 31, 2018

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Trends in Principal Financial Indicators (Non-Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total Operating Income	¥ 170.1	¥ 160.2	¥ 170.2	¥ 180.7	¥ 189.1
Income (Loss) before Income Taxes and Other	56.9	49.1	33.5	36.0	26.7
Net Income (Loss)	36.2	31.3	11.5	15.6	12.5
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	971.5	937.7	909.1	898.2	882.7
Total Assets	11,890.2	12,778.8	12,507.4	12,565.5	12,459.6
Outstanding Deposits	4,892.2	5,109.0	5,164.8	5,019.1	4,857.4
Outstanding Debentures	4,459.5	4,744.1	4,816.8	4,833.5	4,825.2
Outstanding Loans	8,648.1	9,356.8	9,539.5	9,503.1	9,488.4
Balance of Investment Securities	1,514.6	1,543.1	1,703.5	1,931.4	1,971.1
Net Assets per Share (Yen)	193.32	177.79	164.61	159.63	152.51
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
Net Income per Share (Yen)	(government portion)	(government portion)	(government portion)	(government portion)	(government portion)
	1.00	1.00	1.00	1.00	1.00
Net Income per Share (Diluted) (Yen)	16.67	14.38	5.31	7.16	5.75
Capital Ratio (%)	8.17	7.33	7.26	7.14	7.08
Non-consolidated Tier 1 (Common Stock etc.) Ratio (%)	12.75	12.03	12.07	12.25	12.25
Non-consolidated Tier 1 Ratio (%)	12.75	12.03	12.07	12.25	12.25
Non-consolidated Total Capital Ratio (%)	13.57	13.16	13.41	13.59	13.73
Return on Equity (%)	3.80	3.39	1.28	1.75	1.42
Price Earnings Ratio	—	—	—	—	—
Dividend Payment Ratio (%)	12.39	14.36	38.88	28.83	35.92
Number of Employees (Persons)	3,765	3,753	3,773	3,816	3,815
[Average Number of Temporary Employees excluded from Above]	[917]	[908]	[884]	[853]	[814]

Notes: 1. National and local consumption taxes are accounted for with 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. 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.

4. 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)/Total Assets as of the fiscal period-end × 100.

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

6. 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.

7. 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.

8. 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, 2018 and 2017

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
ASSETS				
Cash and Due from Banks	¥ 1,526,881	¥ 1,722,751	\$ 14,371	\$ 15,355
Cash	27,028	23,829	254	212
Due from Banks	1,499,853	1,698,922	14,117	15,143
Call Loans	41,412	57,723	389	514
Monetary Claims Purchased	27,621	26,127	259	232
Trading Assets	21,413	20,485	201	182
Trading Securities	3,275	3,298	30	29
Trading-related Financial Derivatives	18,138	17,187	170	153
Investment Securities	1,514,685	1,543,111	14,257	13,754
Government Bonds	790,036	921,345	7,436	8,212
Local Government Bonds	347,202	188,628	3,268	1,681
Corporate Bonds	284,867	352,756	2,681	3,144
Stocks	44,226	39,654	416	353
Other Securities	48,351	40,726	455	363
Loans	8,648,176	9,356,833	81,402	83,401
Bills Discounted	201,695	188,316	1,898	1,678
Loans on Notes	305,092	313,729	2,871	2,796
Loans on Deeds	7,240,610	7,917,005	68,153	70,567
Overdrafts	900,777	937,782	8,478	8,358
Foreign Exchange	15,586	15,708	146	140
Due from Foreign Banks	7,035	6,624	66	59
Foreign Exchange Bills Purchased	911	1,146	8	10
Foreign Exchange Bills Receivable	7,640	7,937	71	70
Other Assets	89,224	54,979	839	490
Prepaid Expenses	2,861	4,513	26	40
Accrued Income	5,702	6,286	53	56
Financial Derivatives	2,085	1,445	19	12
Cash Collateral Received for Financial Instruments	73,014	31,931	687	284
Other Assets	5,559	10,802	52	96
Tangible Fixed Assets	43,271	42,716	407	380
Buildings	16,980	16,235	159	144
Land	23,214	23,260	218	207
Leased Assets	0	2	0	0
Construction in Progress	949	909	8	8
Other Tangible Fixed Assets	2,126	2,308	20	20
Intangible Fixed Assets	11,021	11,023	103	98
Software	6,986	9,476	65	84
Other Intangible Fixed Assets	4,034	1,547	37	13
Prepaid Pension Cost	21,072	20,468	198	182
Deferred Income Taxes	32,396	40,095	304	357
Customers' Liabilities for Acceptances and Guarantees	102,699	103,433	966	921
Customers' Liabilities for Acceptances and Guarantees	101,356	101,980	954	908
Customers' Liabilities for Guaranteeing Agency Loans	1,343	1,452	12	12
Reserve for Possible Loan Losses	(205,239)	(236,578)	(1,931)	(2,108)
Total Assets	¥ 11,890,224	¥ 12,778,881	\$ 111,918	\$ 113,903

Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of March 31, 2018 and 2017

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.

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
LIABILITIES				
Deposits	¥ 4,892,270	¥ 5,109,032	\$ 46,049	\$ 45,539
Current Deposits	539,147	540,470	5,074	4,817
Ordinary Deposits	1,128,118	1,202,935	10,618	10,722
Deposits at Notice	35,772	34,976	336	311
Time Deposits	3,099,081	3,221,702	29,170	28,716
Other Deposits	90,149	108,946	848	971
Negotiable Certificates of Deposit	257,222	272,955	2,421	2,432
Shoko Chukin Bank Debentures	4,459,540	4,744,121	41,976	42,286
Shoko Chukin Bank Debentures Issued	4,459,540	4,744,121	41,976	42,286
Call Money	—	359	—	3
Payables under Securities Lending Transactions	580,278	474,944	5,461	4,233
Trading Liabilities	12,653	10,918	119	97
Trading-related Financial Derivatives	12,653	10,918	119	97
Borrowed Money	461,779	953,865	4,346	8,502
Borrowings	461,779	953,865	4,346	8,502
Foreign Exchange	8	86	0	0
Due to Foreign Banks	1	—	0	—
Foreign Exchange Bills Sold	6	86	0	0
Other Liabilities	100,261	135,462	943	1,207
Corporate Taxes Payable	7,575	9,141	71	81
Accrued Expenses	6,444	7,119	60	63
Unearned Income	5,351	8,851	50	78
Deposits by Employees	3,973	3,857	37	34
Financial Derivatives	678	1,238	6	11
Cash Collateral Received for Financial Instruments	5,597	7,446	52	66
Lease Obligations	0	2	0	0
Asset Retirement Obligations	157	62	1	0
Debenture Principal Payable	37,212	65,937	350	587
Other Liabilities	33,270	31,805	313	283
Reserve for Bonuses	4,410	4,410	41	39
Reserve for Retirement Benefits	19,932	19,758	187	176
Reserve for Retirement Benefits for Directors	78	59	0	0
Reserve for Losses on Refund for Dormant Bonds	27,395	11,541	257	102
Reserve for Environmental Measures	143	152	1	1
Acceptances and Guarantees	102,699	103,433	966	921
Acceptances and Guarantees	101,356	101,980	954	908
Guarantees for Agency Loans	1,343	1,452	12	12
Total Liabilities	10,918,673	11,841,098	102,773	105,545
NET ASSETS				
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
Other Capital Surplus	0	0	0	0
Retained Earnings	177,595	145,796	1,671	1,299
Earnings Reserve	21,511	20,612	202	183
Other Retained Earnings	156,083	125,184	1,469	1,115
Reserve for Advanced Depreciation of Noncurrent Assets	465	501	4	4
Reserve for Particular Purposes	49,570	49,570	466	441
Retained Earnings Brought Forward	106,046	75,112	998	669
Treasury Stock	(1,049)	(1,038)	(9)	(9)
Total Shareholders' Equity	946,009	914,223	8,904	8,148
Unrealized Gains on Other Securities	25,516	23,510	240	209
Deferred Hedge Gains	24	48	0	0
Total Valuation and Translation Adjustments	25,540	23,559	240	209
Total Net Assets	971,550	937,782	9,144	8,358
Total Liabilities and Net Assets	¥ 11,890,224	¥ 12,778,881	\$ 111,918	\$ 113,903

Non-Consolidated Statement of Operations

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

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
Operating Income	¥ 170,187	¥ 160,233	\$ 1,601	\$ 1,428
Interest Income	113,183	130,213	1,065	1,160
Interest on Loans	103,701	119,161	976	1,062
Interest and Dividends on Securities	5,722	7,253	53	64
Interest on Call Loans	857	570	8	5
Interest on Repurchase 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	1,867	15	16
Fees and Commissions	9,357	11,798	88	105
Domestic and Foreign Exchange Commissions	1,469	1,549	13	13
Other Fees and Commissions	7,887	10,248	74	91
Trading Revenue	2,579	5,391	24	48
Trading Securities Revenue	17	—	0	—
Income from Securities and Derivatives Related to Trading Transactions	—	36	—	0
Revenue from Trading-related Financial Derivatives	2,561	5,354	24	47
Other Operating Income	1,714	2,099	16	18
Revenue from Foreign Exchange Trading	1,393	1,495	13	13
Revenue from Sales of Government and Other Bonds	318	604	2	5
Income from Derivatives Other than for Trading or Hedging	2	—	0	—
Other Income	43,354	10,730	408	95
Reversal of Reserve for Possible Loan Losses	20,984	—	197	—
Collection of Written-off Claims	100	70	0	0
Revenue from Sales of Stocks and Other Securities	350	1,372	3	12
Other Income	21,918	9,288	206	82
Operating Expenses	113,240	111,034	1,065	989
Interest Expenses	7,490	10,869	70	96
Interest on Deposits	2,844	3,596	26	32
Interest on Negotiable Certificates of Deposit	612	388	5	3
Interest on Debentures	2,097	4,365	19	38
Interest on Call Money	(16)	(31)	(0)	(0)
Interest on Payables under Repurchase Agreements	0	54	0	0
Interest on Debenture Rental Transactions	45	38	0	0
Interest on Borrowed Money	1,866	2,416	17	21
Other Interest Expenses	40	41	0	0
Fees and Commissions	2,620	3,364	24	29
Domestic and Foreign Exchange Commissions	400	401	3	3
Other Fees and Commissions	2,219	2,963	20	26
Trading Expenses	0	24	0	0
Expenses on Trading Securities and Derivatives	—	24	—	0
Expenses on Securities and Derivatives Related to Trading Transactions	0	—	0	—
Other Operating Expenses	139	810	1	7
Losses on Sales of Government and Other Bonds	12	260	0	2
Amortization of Government and Other Bonds	114	391	1	3
Amortization of Debenture Issue Expenses	12	14	0	0
Expenses on Financial Derivatives	—	143	—	1
General and Administrative Expenses	77,408	81,685	728	728
Other Expenses	25,581	14,278	240	127
Provision for Possible Loan Losses	—	5,926	—	52
Write-off of Loans	314	208	2	1
Loss on Sales of Stocks and Other Securities	27	18	0	0
Write-off of Stocks	10	82	0	0
Other Expenses	25,227	8,041	237	71
Profit before Income Taxes and Other	56,947	49,199	536	438

Non-Consolidated Statement of Operations

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

	Millions of yen		Millions of U.S. dollars	
	2018	2017	2018	2017
Other Gains	102	—	0	—
Gains on Disposal of Fixed Assets	102	—	0	—
Other Losses	745	240	7	2
Losses on Disposal of Fixed Assets	187	173	1	1
Impairment Loss	558	66	5	0
Profit before Income Taxes	56,304	48,958	529	436
Provision for Income Taxes	13,178	14,160	124	126
Adjustment for Income Taxes	6,830	3,480	64	31
Total Income Taxes	20,008	17,640	188	157
Profit	¥ 36,295	¥ 31,318	\$ 341	\$ 279

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	46.46
Chubu Automobile Insurance Cooperative for Truck Transport Companies	8,085	0.36
Kantoh Automobile Insurance Cooperative for Truck Transport Companies	6,580	0.30
Koeisha Co., Ltd.	6,087	0.27
BOT LEASE CO., LTD.	5,300	0.24
OSAKA SEMBA FASHION CO-OPERATIVE ASSOCIATION	4,810	0.21
Hokuoh Shinyo Kumiai	4,662	0.21
Tokyo Mokuzai Tonya Kyoudou Kumiai	4,626	0.21
Kyodokumiai Koyama Kyoiku Sangyo Group	4,223	0.19
Kyouritsu Shinyo Kumiai	3,772	0.17
Total	1,064,146	48.66

Notes: 1. As of March 31, 2018.

2. In addition to the principal shareholder information presented in the preceding chart, the Shoko Chukin Bank holds 10,142 thousand shares of treasury stock, representing 0.46% of total common stock issued and outstanding.

CAPITAL RATIO (Uniform International Standards)

(¥100 million, %)

	(As of March 31, 2018)
1. Total Risk-weighted Capital Ratio (4/7)	13.57
2. Tier 1 Risk-weighted Capital Ratio (5/7)	12.75
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	12.75
4. Total Capital	10,055
5. Tier 1 Capital	9,447
6. Common Equity Tier 1 Capital	9,447
7. Risk-weighted Assets	74,081
8. Total Required Capital	5,926

The Bank's Capital Ratio:

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.

SUMMARY OF INCOME			(¥100 million)
Fiscal period ended	March 31, 2018	March 31, 2017	
Gross Operating Profit	1,165	1,344	
General and Administrative Expenses (Excluding Nonrecurring Items)	752	782	
Operating Profit (Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses)	413	562	
Provision for the General Reserve for Possible Loan Losses	—	(82)	
Operating Profit	413	645	
Nonrecurring Loss (Including Nonrecurring Expenses)	156	(153)	
Income before Income Taxes and Other	569	491	
Other Gains and Losses	(6)	(2)	
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	131	141	
Adjustment of Income Taxes	68	34	
Net Income	362	313	

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))

GROSS OPERATING PROFIT							(¥100 million, %)
Fiscal period ended	March 31, 2018			March 31, 2017			
	Domestic	International	Total	Domestic	International	Total	
Net Interest Income	1,029	27	1,056	1,166	26	1,193	
Fees and Commissions	60	6	67	76	7	84	
Trading Revenue	15	10	25	39	14	53	
Other Operating Income	4	11	15	(0)	13	12	
Gross Operating Profit	1,109	56	1,165	1,282	61	1,344	
Gross Operating Profit Ratio (%)	0.91	2.17	0.94	1.02	1.98	1.05	

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

BALANCE OF LOANS		(¥100 million)					
Fiscal period ended		March 31, 2018			March 31, 2017		
		Domestic	International	Total	Domestic	International	Total
Fiscal Period-end Balance	Loans on Deeds	71,157	1,248	72,406	77,731	1,438	79,170
	Loans on Notes	2,731	319	3,050	2,739	397	3,137
	Overdraft	9,007	—	9,007	9,377	—	9,377
	Bills Discounted	2,016	—	2,016	1,883	—	1,883
	Total	84,913	1,567	86,481	91,732	1,835	93,568
Average Balance	Loans on Deeds	74,214	1,352	75,566	77,268	1,474	78,742
	Loans on Notes	2,499	354	2,853	2,808	352	3,160
	Overdraft	8,474	—	8,474	8,830	—	8,830
	Bills Discounted	1,652	—	1,652	1,811	—	1,811
	Total	86,840	1,706	88,547	90,719	1,826	92,545

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, 2018	As of March 31, 2017
			28,572 (33.0)
Manufacturing		14,819 (17.1)	15,880 (17.0)
Machinery and Metal Product Manufacturing			
Agriculture and Forestry		293 (0.3)	286 (0.3)
Fisheries		36 (0.1)	40 (0.0)
Mining and Quarrying of Stone and Gravel		121 (0.2)	130 (0.1)
Construction		2,443 (2.8)	2,818 (3.0)
Electricity, Gas, Heat Supply and Water		292 (0.3)	325 (0.4)
Information and Communications, Transport and Postal Activities		11,509 (13.3)	12,327 (13.2)
Wholesale and Retail		27,101 (31.3)	29,499 (31.5)
Finance and Insurance		424 (0.5)	450 (0.5)
Real Estate and Goods Rental and Leasing		6,503 (7.5)	6,941 (7.4)
Various Services		8,629 (10.0)	9,434 (10.1)
Local Governments		3 (0.0)	4 (0.0)
Others		132 (0.2)	134 (0.2)
Overseas and Special International Financial Accounts		417 (0.5)	541 (0.6)
Total		86,481	93,568

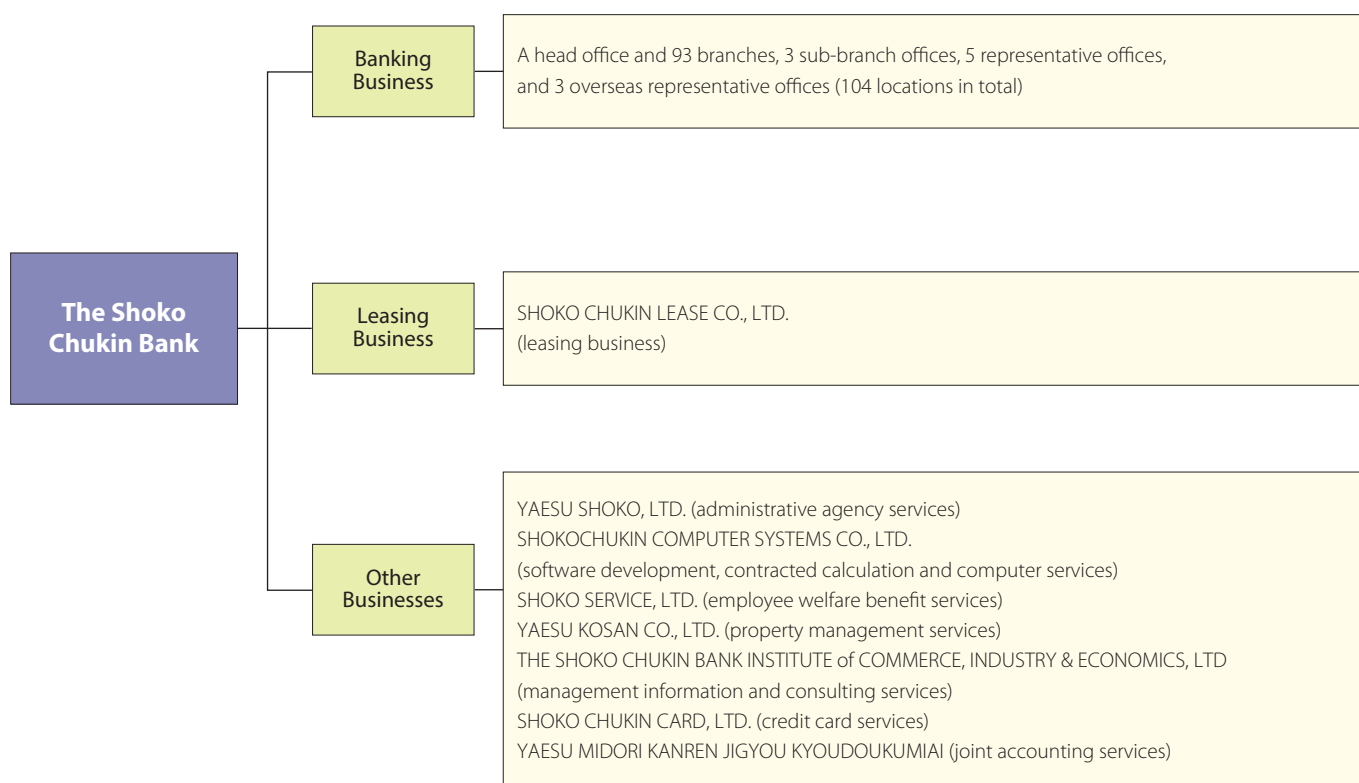
Note: The figures in parentheses represent percentages of the total.

PROBLEM LOANS		(¥100 million, %)	
		As of March 31, 2018	As of March 31, 2017
Loans to Bankrupt Companies	(A)	565	584
(Loans to Bankrupt Companies other than Loss Classification Loans)	(B)	(244)	(258)
Overdue Loans	(C)	3,199	3,540
(Overdue Loans other than Loss Classification Loans)	(D)	(2,642)	(2,931)
Loans Overdue for 3 Months or Longer	(E)	9	0
Rescheduled Loans	(F)	255	172
Total Problem Loans	(G) = (A) + (C) + (E) + (F)	4,028	4,297
Loss Classification Loans in Loans to Bankrupt Companies	(H)	321	325
Loss Classification Loans in Overdue Loans	(I)	557	608
Problem Loans other than Loss Classification Loans	(J) = (B) + (D) + (E) + (F)	3,150	3,363
Loans other than Loss Classification Loans	(K)	85,609	92,643
Percentage of Loans (%)	(J)/(K)	3.7	3.6

- Notes: 1. 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 interest or principal payments have been long overdue or for other reasons), where the loans in question are affected by the circumstances defined in Article 96, Clause 1, Numbers 3a-e or Number 4 of the Corporation Tax Law Enforcement Ordinance (Cabinet Ordinance No. 97 of 1965).
2. Overdue Loans are loans of which accrued interest is not shown in the accounts, excluding loans to bankrupt companies and loans of which the rescheduling of interest payments have been granted to support the financial restructuring of the borrowers.
3. Loans Overdue for 3 Months or Longer are defined as loans on which principal or interest payments are overdue by 3 months or longer reckoning from the payment date stipulated in the contract. The loans that are classified as loans to bankrupt companies and overdue loans are excluded.
4. Rescheduled Loans are loans other than in Loans to Bankrupt Companies, Overdue Loans or Loans Overdue for 3 Months or Longer for which the terms have been eased to support the financial restructuring of the borrower through measures agreed in favor of the borrower, such as reduction of interests payments, postponement of interest or principal repayments and abandonment of claims.
5. Loss Classification Loans are those that are classified as unrecoverable based on our self-assessment of assets. The full amount of these loans is included in the Reserve for Possible Loan Losses.
6. Problem Loans other than Loss Classification Loans equal the amount of problem loans minus the amount of the loans defined in Note 5. (The amount of Loss Classification Loans deducted from Problem Loan balances at the end of the fiscal 2016 was ¥93.3 billion out of the Provision for Possible Loan Losses of ¥179.2 billion and at the end of the fiscal 2017 was ¥87.8 billion out of the Provision for Possible Loan Losses of ¥158.4 billion.)
- * Loans for which accrued interest is not shown in the accounts: loans to bankrupt companies 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.)

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 June 30, 2018).



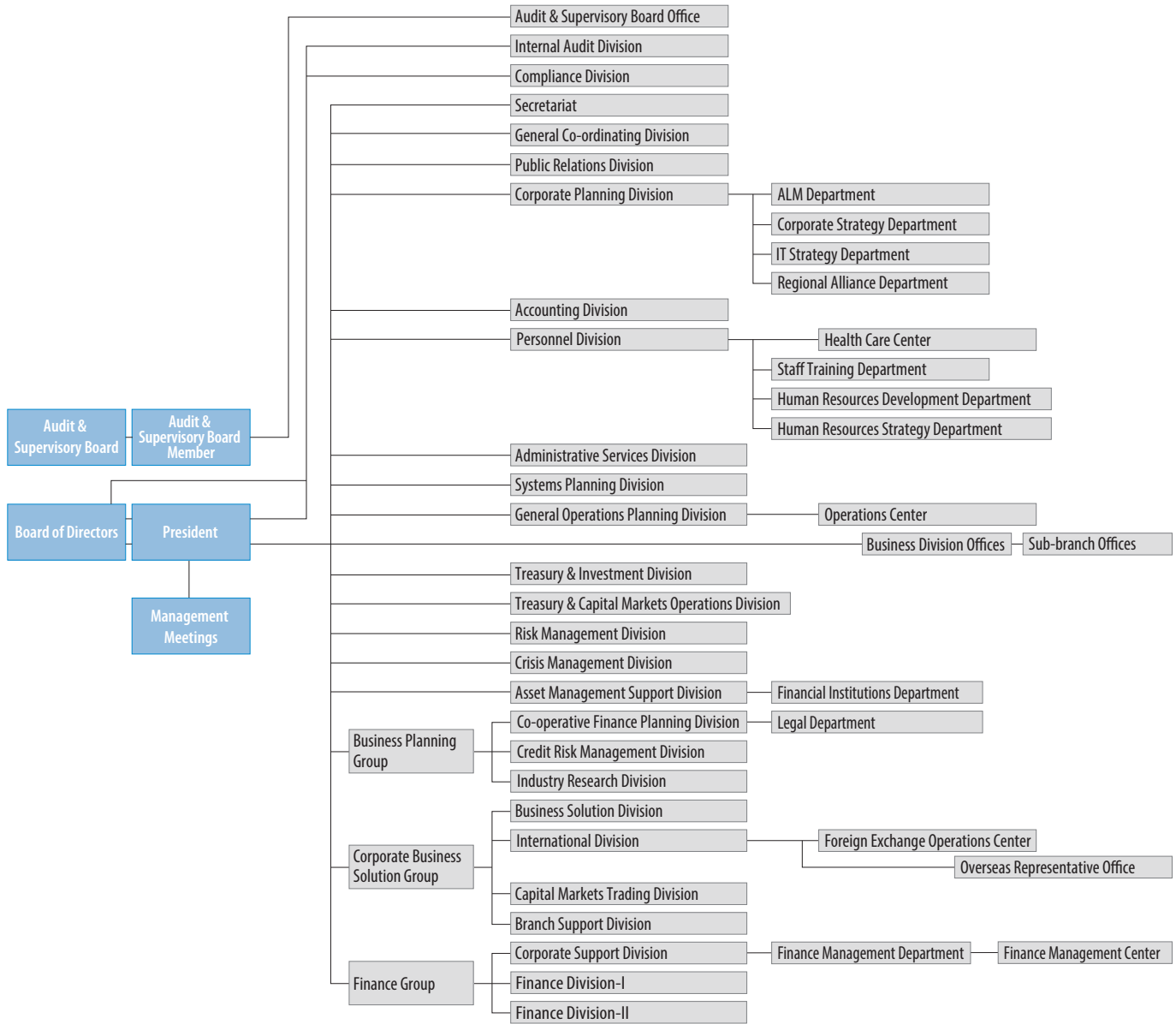
Subsidiaries

Subsidiaries (As of June 30, 2018)

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.	3-3-2 Kyobashi, Chuo-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 June 30, 2018)

»»» Directors and Audit and Supervisory Board Members

(As of June 21, 2018)

Directors

President (Representative Director) & President and Executive Officer	Masahiro Sekine	Overall execution of business, Internal Audit Division, Compliance Division
Director & Senior Managing Executive Officer	Katsuhiko Kaji	Corporate Planning Division, Corporate Strategy Department, IT Strategy Department, Regional Cooperation Department
Director & Managing Executive Officer	Ichiro Kawano	Accounting Division, Risk Management Division
Director	Iwao Taka	
Director	Hideto Tago	
Director	Shigeharu Nakamura	
Director	Hiromi Watase	

Note: Iwao Taka, Hideto Tago, Shigeharu Nakamura and Hiromi Watase are external directors as stipulated under Article 2, Paragraph 15 of the Company Law.

Audit and Supervisory Board Members

Audit & Supervisory Board Member (Full-time)	Hideyuki Makino	
Audit & Supervisory Board Member (Full-time)	Fujio Okada	
Audit & Supervisory Board Member	Kazumine Terawaki	
Audit & Supervisory Board Member	Hiroko Kaneko	

Notes: 1. Fujio Okada, Kazumine Terawaki and Hiroko Kaneko are external Audit & Supervisory Board Members as stipulated under Article 2, Paragraph 16 of the Company Law.
2. The Shoko Chukin Bank has appointed one alternate Audit & Supervisory Board Member pursuant to Article 329, Paragraph 3 of the Company Law to ensure that it consistently maintains the number of corporate auditors prescribed under the law.

Deputy President, Senior Managing Executive Officer, Managing Executive Officer

Deputy President and Executive Officer	Koushirou Umeda	Corporate Business Solution Group, Secretariat, Personnel Division
Senior Managing Executive Officer	Yoshifumi Hino	Business Planning Group, Treasury & Capital Markets Operations Division, Asset Management Support Division
Managing Executive Officer	Kenji Shimizu	Administrative Services Division, Treasury & Investment Division, Crisis Management Division
Managing Executive Officer	Hajimu Nakatani	General Co-ordinating Division, Public Relations Division, Systems Planning Division, General Operations Planning Division
Managing Executive Officer	Takahisa Sato	Corporate Business Solution Group (Deputy Head)
Managing Executive Officer	Tetsuya Onogi	Finance Group

Executive Officers

Executive Officer	Nagayasu Takahashi	General Manager of Tokyo Office
Executive Officer	Takuro Yamaguchi	General Manager of General Co-ordinating Division
Executive Officer	Minoru Mabune	General Manager of Nagoya Office
Executive Officer	Makoto Miyata	
Executive Officer	Munenori Kurachi	General Manager of Internal Audit Division
Executive Officer	Shuichi Kurosawa	General Manager of Personnel Division
Executive Officer	Hideki Kawasaki	General Manager of Business Division
Executive Officer	Takao Imanishi	General Manager of Osaka Office
Executive Officer	Wataru Sasaki	General Manager of Business Solution Division
Executive Officer	Masato Hane	General Manager of Corporate Planning Division
Executive Officer	Atsushi Ishio	General Manager of Systems Planning Division
Executive Officer	Takeo Ogawa	General Manager of Branch Support Division

Note: The Shoko Chukin Bank adopts the executive officer system.

Stock Information

- **Number of Authorized Shares (As of March 31, 2018)**
Common stock 4,000,000,000 shares
Crisis response reserve stock 10 shares
- **Number of Issued and Outstanding Shares (As of March 31, 2018)**
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
 1-1, Nikko-cho, Fuchu-shi, Tokyo
 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

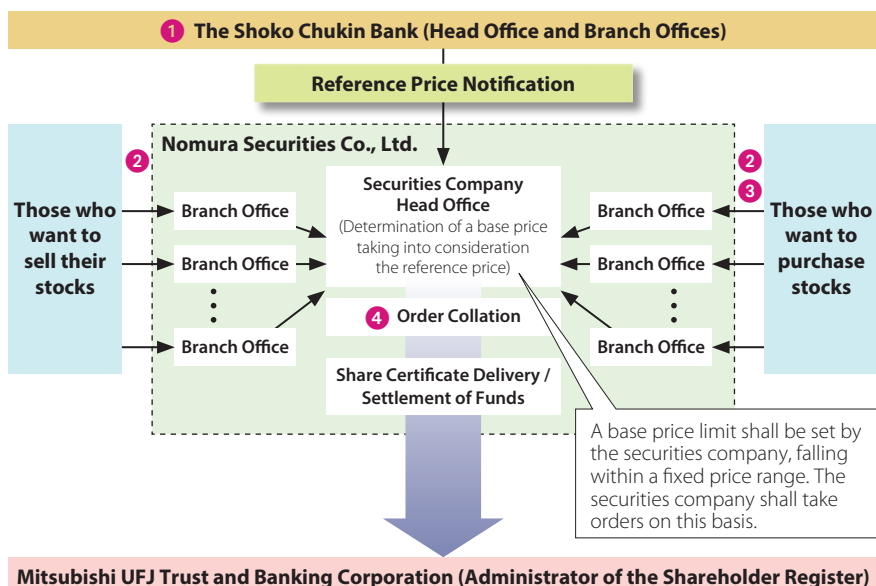
- When a cooperative member applies for loans at the Shoko Chukin Bank, certificate of membership of the cooperative is required. We ask for your understanding on this matter.

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.
 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, Risscho and Risscho 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)
July	2015	Human Resources Strategy Department was newly established in the Personnel Division
December	2016	Crisis Response Measures Management Department was newly established in the Co-operative Finance Planning Division
December	2016	The Crisis Response Measures Management Department was newly established in the 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 Corporate Business Solution Group, Finance Group, and Business Planning Group as the Management Group. Established the Audit & Supervisory Department. Established the Corporate Strategy Department, IT Strategy Department, and Regional Cooperation Department in the Corporate Planning Division, etc.).
June	2018	Introduced mandated executive officer system

>>> The Shoko Chukin Bank Network

(As of June 30, 2018)

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	3-6, Wakamatsu-cho, Hakodate-shi, Hokkaido 040-0063, Japan	+81-138-23-5621
● Obihiro Office	6-20-1, 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, Sjodori, 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	40-2, 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	+81-28-333-8191
[*relocated to the above address from the temporary premises on July 18, 2017]		
● 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
[*relocated to the above address on April 16, 2018]		
● Saitama Office	4-25-13, Kishi-cho, Urawa-ku, Saitama-shi, Saitama 330-0064, Japan	+81-48-822-5151
● Kumagaya Office	2-9-5, 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	1-22-2, 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, Shibadai-mon, 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	2-17-5, Shibuya, Shibuya-ku, Tokyo 150-0002, Japan	+81-3-3486-6511
● Kanda Office	3-3-12, Kandakaji-cho, Chiyoda-ku, Tokyo 101-0045, Japan	+81-3-3254-6811
● Shinkiba Office	1-18-6, Shinkiba, Koto-ku, Tokyo 136-0082, Japan	+81-3-5569-1711
● Yokohama Office	4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
● Kawasaki Office	26-4, Ekimaehon-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-0007, Japan	+81-44-244-1101
● Yokohama-Nishiguchi Office	1-11-1, Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa 220-0004, Japan	+81-45-314-3211
▲ Sagamiyama Representative Office	4-3-14, Sagamiyama, Chuo-ku, Sagamiyama-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
[*relocated to the above address on February 13, 2018]		
● Nagaoka Office	1-2-10, Jonai-cho, Nagaoka-shi, Niigata 940-0061, Japan	+81-258-35-2121
● Kofu Office	1-6-16, Chuo, Kofu-shi, Yamanashi 400-0032, 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	2-2-33, Shinoto, Atsuta-ku, Nagoya-shi, Aichi 456-0018, Japan	+81-52-682-3111
● 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	2-1-18, Shibata, Kita-ku, Osaka-shi, Osaka 530-0012, Japan	+81-6-6372-6551
● Senba Office	1-18-17, Minamisenba, Chuo-ku, Osaka-shi, Osaka 542-0081, Japan	+81-6-6261-8431
● Minoo Senba Office	2-5-55, Senbahigashi, Minoo-shi, Osaka 562-0035, Japan	+81-72-729-9181
● 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, Sousahon-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	8-1, Hayashikoji-cho, Nara-shi, Nara 630-8227, Japan	+81-742-26-1221
● Wakayama Office	2-1, Juban-cho, Wakayama-shi, Wakayama 640-8152, Japan	+81-73-432-1281
[*relocated to the above address on September 4, 2017]		
Chugoku		
● Tottori Office	2-218, Katahara, Tottori-shi, Tottori 680-0023, Japan	+81-857-22-3171
● Yanago Office	168, Higashi-cho, Yanago-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	2-6-4, Ichiban-cho, 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, Ekimaehon, 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
[*relocated to the above address from the temporary premises on November 6, 2017]		
● Naha Office	2-22-10, Kurnoji, Naha-shi, Okinawa 900-0015, Japan	+81-98-866-0196

Overseas		
● New York Branch	666 Fifth Avenue, 14th Floor, New York, N.Y. 10103 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

● Head Office and Branch Offices 93 (including 1 overseas branch office)

■ Sub-branch Offices 3 ▲ Representative Offices 5

◆ Overseas Representative Offices 3

Total 104 (including 4 overseas offices)

SHOKO CHUKIN BANK

10-17, 2-Chome, Yaesu, Chuo-ku, Tokyo 104-0028, Japan
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URL: <https://www.shokochukin.co.jp/>

