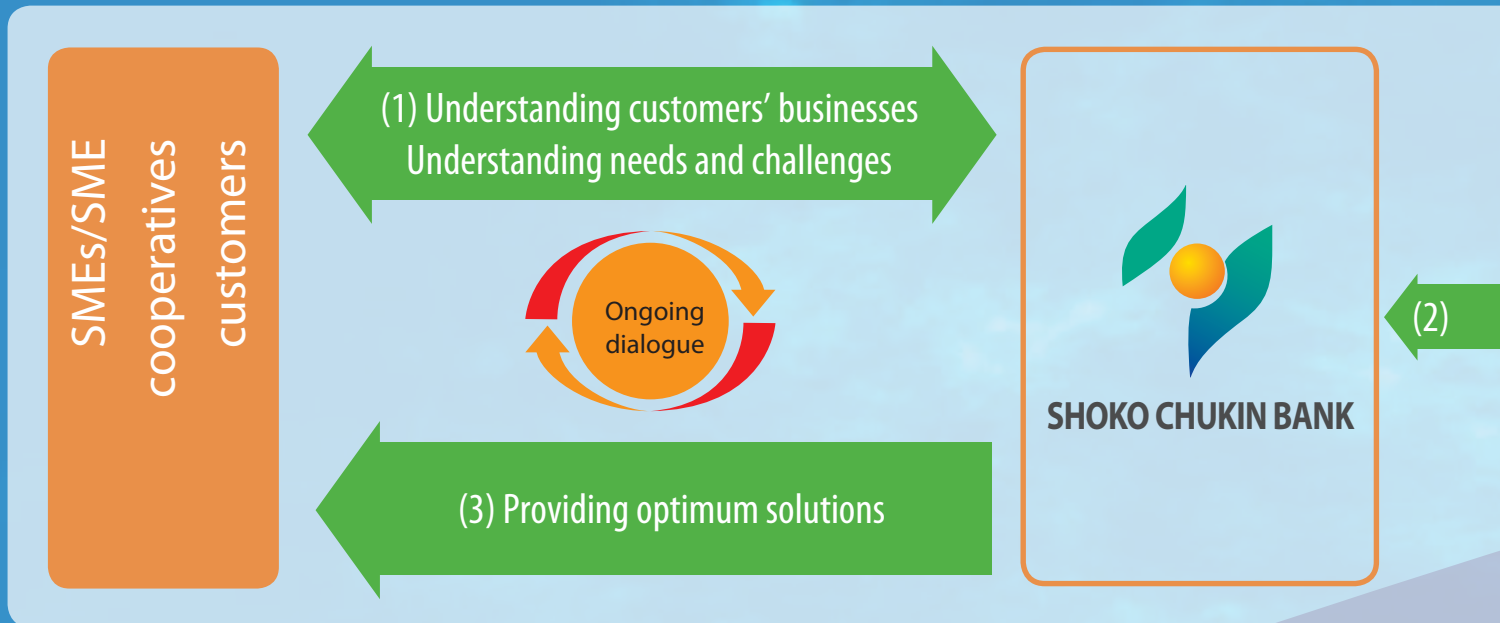


# Shoko Chukin Bank Management Reform Plan

Development of “Comprehensive financial services business to support management”



## FY2017 results

[Base fiscal year for plan formulation]

### Loan balance in priority areas

A	¥50 billion
B	¥840 billion
C	¥50 billion
D	¥40 billion
Total	¥980 billion

### Target management indicators

Gross operating profit	¥116.5 billion
Operating profit	¥41.3 billion
Net income	¥36.2 billion
OHR	65%

### Features of the Bank

- Financial stance that is not influenced by economic fluctuations
- Area-wide support functionalities through SME cooperatives
- Capable of providing solutions using nationwide and overseas networks
- Wide range of financial functions including short-term funding
- Coordinator functions using neutrality



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- ▶ Establishing a sustainable financing process
- ▶ Streamlining management
- ▶ Condition maintenance

- Toward the establishment of a sustainable business model -

Thinking about people.  
Thinking about the future.

# FY 2021

Cooperation

Regional financial institutions

External institutions

## Loan balance in priority areas

A	¥1,600 billion
B	¥960 billion
C	¥350 billion
D	¥200 billion
Total	¥3,110 billion

## Target management indicators

Gross operating profit	¥115 billion
Operating profit	Approx. ¥46 billion
Net income	Approx. ¥17.5 billion
OHR	Approx. 60%

## Issues experienced by Japanese industry

- Low birthrate and aging population/Decrease in population
- Use of IoT, Big Data, AI, and other technologies
- Diversification of consumer needs and economic globalization

### Regional Economic Challenges

- Industry consolidation and reorganization is inevitable
- Facilitation of productivity improvements
- New business developments and overseas expansion to eliminate subcontracting
- Expanding business opportunities through increased awareness of SDGs

### Challenges for Financial Institutions

- Intensified competition between financial institutions influenced by negative interest rates
- Integration at management level in regional financial institutions
- Expansion of Fin-Tech market (such as use of virtual currency and social lending)
- Competition and cooperation with other types of industries

## Areas of focus

- A Financial restructuring support
- B Business revitalization and management improvement support
- C Industrial structure transformation challenge support
- D New industry challenges and establishment support

## Structure to facilitate the business model

- Promoting sales of recruitment bonds
- Promoting non-face-to-face transactions for retail deposits and diversifying campaigns
- Promoting the acceptance of corporate deposits
- Improving the productivity of sales contact point operations
- Reviewing branch functions
- Redistributing resources
- Reviewing back office operations
- Optimizing personnel and costs
- Restoring compliance awareness and strengthening efforts to prevent fraud
- Refining credit risk management
- Reviewing our personnel system
- Restructuring performance assessment of business offices
- Strengthening personnel development