



SHOKO CHUKIN BANK

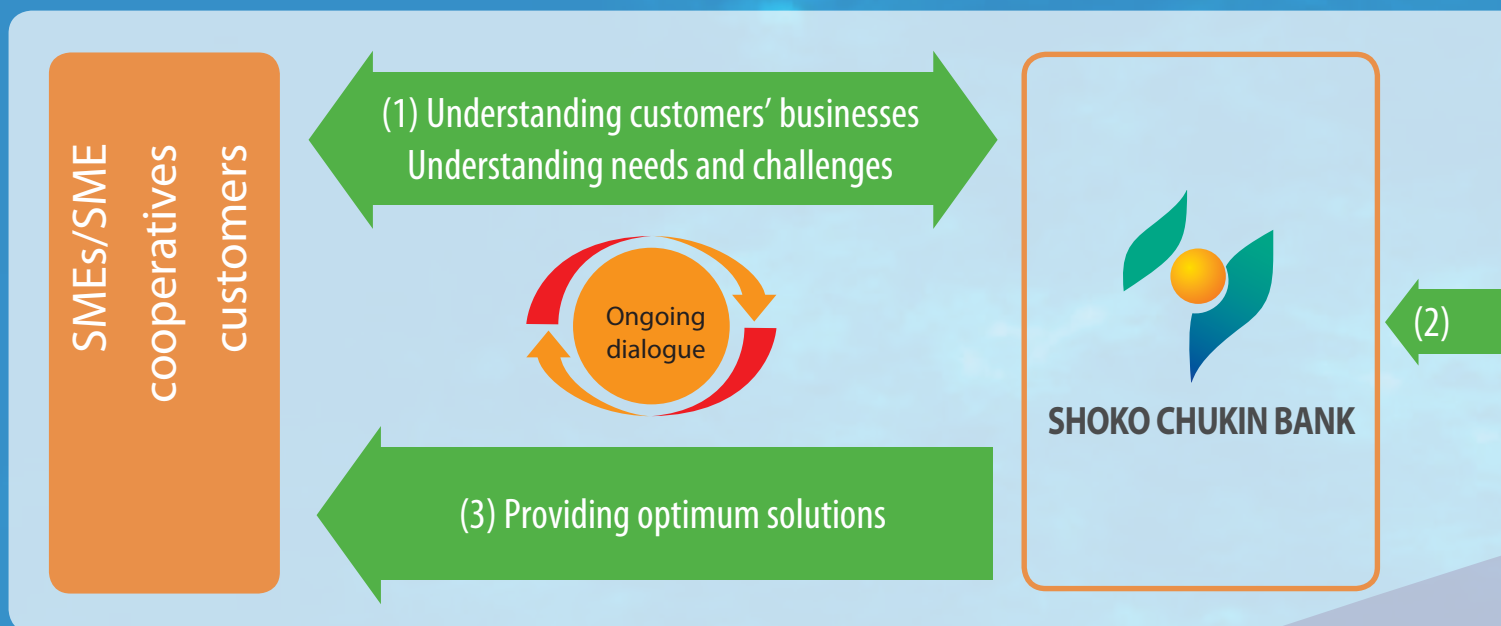
Annual Report 2019

Year Ended March 31, 2019



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

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.

As a plan to implement the Operation Improvement Plan Related to Our Business Model, etc., which was submitted to the ministries in charge on May 22, 2018, based on the misconduct in our crisis response operations; to formulate a business model that truly contributes to the region and SMEs and strengthen our governance system, Shoko Chukin Bank formulated the Shoko Chukin Bank Management Reform Plan.

Along with this plan, we developed the “Comprehensive financial services business to support management”, which makes good use of features unique to Shoko Chukin Bank, such as the achievements and know-how of financial institutions specializing in SMEs, as we focus on providing high value-added services that lead to problem solving for SMEs that are in need of management reform, business revitalization or business succession as well as SMEs that are facing challenges that involve bearing high amounts of risk.

For our mission, which does not change, we continue to change and will execute this plan quickly and steadily, as a financial institution run by SMEs for SMEs, to be trusted by, supported by, and more useful than ever to everyone, all of our employees will continue to work with all of our strength.

Financial and Economic Environment

In fiscal 2018, Japan's economy gradually recovered, but seemed to be slow during the second half of the year. While domestic demand gradually recovered along with a temporary slowdown due to natural disasters, external demand gradually weakened as overseas economies declined.

For small and medium enterprises trends, according to the Bank of Japan's Short-Term Economic Survey of Enterprises in Japan (Tankan), a sense of slowdown was felt for the business situations of the manufacturing industry, but the business outlook for non-manufacturing industries have maintained a high outlook. In Shoko Chukin Bank's Survey of SME Capital Investment Trends, SMEs were expected to improve their capital investments. On the other hand, there is a growing jobs shortage, and there are concerns about increased labor cost burdens.

Overview of Fiscal 2018

In fiscal 2018, we formulated the Shoko Chukin Bank Management Reform Plan, a Medium-term Business

Plan, and the executives visited all branches to share the reform philosophy. We have been working hard to realize a new business model as follows.

First, in response to efforts in areas of focus, starting from business prospects evaluation through deep dialogue, we supported improvements to corporate value by simultaneously performing financial restructuring and core business support in response to the financial support needs of our customers. For customers with a problem of insolvency, deficits, and financial affairs, or balance challenges, we supported business revitalization and management improvements through support for the formulation of management improvement plans. For customers working on industrial consolidation and business model reform, we provided solutions that utilize the domestic and international network of the Shoko Chukin Bank, including industrial reorganization, M&A and overseas expansion support. For customers expecting new growth or facing challenges in their field and for recently established businesses, we made efforts to provide loans and business support as well as to advance our regional financial functions.

In order to construct a structure to support the realization of our business model, we worked to establish a sustainable financing method based on our three pillars of recruitment bonds, corporate deposits and retail. Also, we established a project team for the early realization of reforms, and have considered streamlining the business by eliminating and optimizing existing operations, we reviewed our branch functions and are considering measures to streamline management, including reducing the cost of back office operations.

Moreover, as we prepare the conditions to realize our business model, we are strengthening our efforts to rebuild our compliance awareness and prevent frauds.

Concerning income and expenditure, due to a decrease in interest income, income before income taxes and other was ¥30.7 billion and net income was ¥14.4 billion.

We are grateful for the support of our shareholders and clients in enabling us to achieve these results.

Future Operating Performance and Management

While the economy is expected to continue its positive growth because of the growth of overseas economies, improved employment, and income situations, the business situation of SMEs seem to be improving in response to the economic slowdown. Also, with the continued low interest rate environment, the management environment around financial institutions

has become increasingly intense, and it is necessary to further accelerate efforts to independently build a sustainable business model.

Based on such situations, the entire management of the Shoko Chukin Bank has been making significant efforts to convert to a comprehensive financial services business to support management, and from a truly customer-oriented long-term perspective, to promote various measures under the Medium-term Business Plan under the basic concept of contributing to value improvements for SMEs and SME cooperatives, to deepen our relationships with customers, and to provide solutions that truly respond to customer needs and challenges.

First, with regards to our efforts in priority areas, we delve into the needs and challenges of our business partners through our business prospects evaluation, which is the premise of our business model, and work in close cooperation and collaboration with local financial institutions and external specialized organizations, to develop a wholesome system that can provide solutions that make the best of the resources of the Shoko Chukin Bank.

In order to construct a structure to support our business model, we work to reduce the cost of store operations and establish sustainable financing methods through drastic reforms of our sales departments and back office departments, such as through paperless operations and systemization, as well as branch consolidation.

Also, we will continue to reinforce our compliance awareness and strengthen our internal management systems, as well as working with the business model to construct personnel systems that allow our staff to demonstrate their abilities to the maximum extent and to promote diversity.

Through such efforts, as a financial institute run for SMEs by SMEs is trusted by, supported by, and more useful than ever to everyone, all of our employees will continue to work with all of our strength.

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, 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 2019

Masahiro Sekine

President

The Shoko Chukin Bank, Ltd.

Medium-term Business Plan (Shoko Chukin Bank Management Reform Plan)

Summary

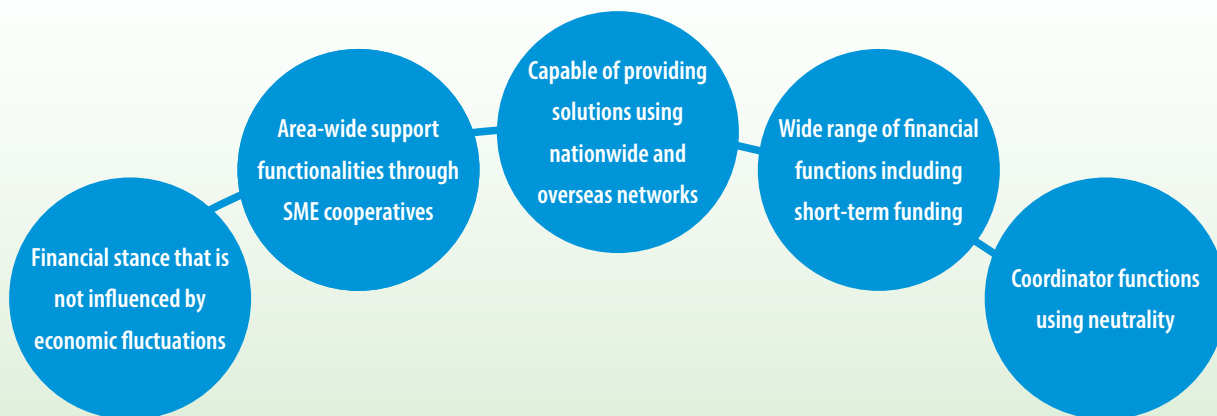
Position of the program

- The Medium-term Business Plan is an action plan for steadily implementing the contents of the Operation Improvement Plan that was submitted to the ministries in charge on May 22, 2018.
- Based on this plan, the Shoko Chukin Bank will return to its original mission and role as a financial institution for SMEs and shift to business operations arising from true of customer needs from a customer perspective.

Setting KPIs

- In order to develop a “comprehensive financial services business to support management” that takes advantage of the features of the Shoko Chukin Bank and establish a sustainable business model based on the Medium-term Business Plan, we have established KPIs regarding principal measures, and will report on our progress.
- The KPIs will be treated as indicators for monitoring our results in responding to the needs of customers, and the PDCA cycle will be implemented on these KPIs, as appropriate, to establish the business model.

Features of the Shoko Chukin Bank



Development of a Comprehensive Financial Services Business to Support Management

Basic views

Improve corporate value

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

Sustainability

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

Structural reforms

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

Resolution of social issues

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

Sharing issues

- We share issues through careful explanations and business dialogue with customers regarding the Shoko Chukin Bank's stance toward transactions, which is the premise for implementing our Medium-term Business Plan.
- Through this process, we will build strong relationships with our customers.

Stance of the Shoko Chukin Bank

- 1 Through financing and core business support based on business prospects evaluation for the purpose of contributing to improvements in the corporate value (= creation of shared value) of SMEs and SME cooperatives from a long-term perspective that is truly customer-oriented, we will work toward ongoing improvements in financial and operating cash flows.
- 2 We first gain an appropriate understanding of normal working capital (= the source of operating cash flow), which is the starting point for business prospects evaluation based on engagement with customers and field surveys, as we work to improve financing and operating cash flows.
- 3 We work to establish solid relationships of trust with customers in an ongoing manner by providing core business support aimed at improving financial cash flow as well as operating cash flow, with a stable and unwavering principle toward transactions.

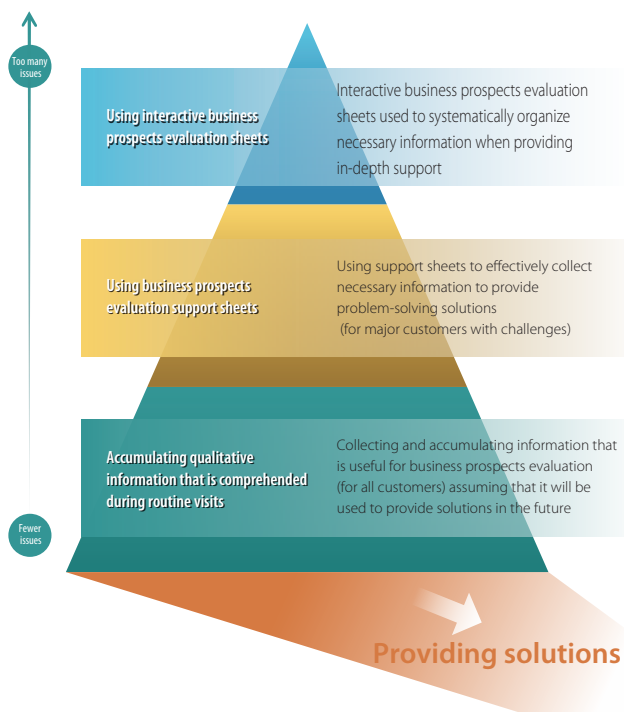
KPIs

- ◆ Number of customers sharing the Bank's business model
53,698/79.8% (Mar. 31/'19)
- ◆ Number of customers obtaining a grasp of their normal working capital, through business prospects evaluation
26,076/38.8% (Mar. 31/'19)

*These figures represent the percentages of customers with whom the Bank has found it necessary to share the Bank's business model.

Strengthening business prospects evaluation

- Business prospects evaluation are positioned as the starting point for the comprehensive financial services business to support management and will be strengthened as a company-wide initiative.



Business prospects evaluation initiatives

- Business prospects evaluation has been redefined as the starting point for the comprehensive financial services business to support management. We are working to refine the solutions provided by sharing challenges arising from the needs of customers, and systematically accumulating issues and information.
- We are strengthening training in collaboration with external organizations, and working to improve the business prospects evaluation skills of our employees, as we work to strengthen business prospects evaluation, such as through the use of business evaluation tools that reference local benchmarks.
- During fiscal 2018, business prospects evaluation (gaining an understanding of normal working capital) were conducted and challenges were shared for approximately 40% of our customers. We will continue to work to ensure that issues can be shared with all of our customers, at an early stage.

KPIs

- ◆ Number of challenges and needs shared with customers
85,491 (Mar. 31/'19)
- ◆ Number of local benchmark initiatives
*Will be announced from the next fiscal year, as this became a measure from fiscal 2019.
- ◆ Unsecured loan ratio based on the Guidelines for Management Guarantee (long-term loans) 35.8% (Mar. 31/'19)

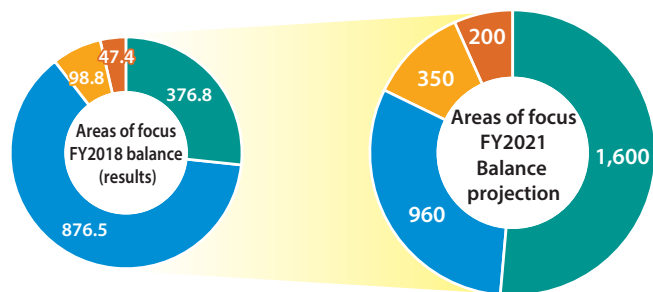
Finance support

Overview of initiatives

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

| Zone A | Zone B | Zone C | Zone D |
|---|---|---|--|
| Financial restructuring support We provide support for improving corporate value through core business support after implementing financial restructuring support, starting with business prospects evaluation. | Business revitalization and management improvement support We provide support for customers facing financial challenges, including insolvency and capital deficits, with business revitalization and management improvements through support including the formulation of management improvement plans. | Industrial structure transformation challenge support We provide support for industrial reorganization through M&As and overseas expansion, for companies engaged in industry consolidation and business model transformation (eliminating subcontracting, overseas expansion). | New industry challenges and establishment support We assist customers taking on challenges in frontier fields (aircraft, robots, advanced IT) and recent startup customers by integrating investment/loans and core business support, and work to refine our regional finance functions. |

■ Zone A
 ■ Zone B
 ■ Zone C
 ■ Zone D
 (¥ billion)



KPI *All results are for Mar. 31/19

| | |
|--|---------------------|
| ◆ Zone A support cases | 4,331 |
| Balance | ¥376.8 billion |
| ◆ Zone B support status | |
| Management improvement planning support cases | 543 |
| Refinance support cases | 578 |
| ◆ Status of rank improvements for Zone B customers | |
| Customers with rank improvements | 532 customers/13.7% |
| ◆ Zone C support cases | 238 |
| Balance | ¥98.8 billion |
| ◆ Zone D support cases | 309 |
| Balance | ¥47.4 billion |

List of KPIs

- Solutions provision (finance support)

| | | FY2017 | FY2018 | FY2021 forecast |
|---------------|----------------------------------|--------|----------------|-----------------|
| Zone A | Number of initiatives | — | 4,331 | 4,000 |
| | Initiative funding | — | ¥433.5 billion | ¥400 billion |
| | Loan balance | — | ¥376.8 billion | ¥1,600 billion |
| Zone B | Planning support | — | 543 | 2,150 |
| | Refinance | — | 578 | 1,400 |
| | Number/ratio of rank improvement | — | 532/13.7% | — |
| | Loan balance | — | ¥876.5 billion | ¥960 billion |
| Zone C | Number of initiatives | — | 238 | 750 |
| | Initiative funding | — | ¥39.4 billion | ¥75 billion |
| | Loan balance | — | ¥98.8 billion | ¥350 billion |
| Zone D | Number of initiatives | — | 309 | 800 |
| | Initiative funding | — | ¥11.2 billion | ¥40 billion |
| | Loan balance | — | ¥47.4 billion | ¥200 billion |

List of KPIs (other)

● Premise/business prospects evaluation

| | FY2017 | FY2018 |
|---|--------|--------|
| Number of customers sharing the Bank's business model | — | 53,698 |
| Number of customers obtaining a grasp of their normal working capital through business prospects evaluation | — | 26,076 |

| | FY2017 | FY2018 |
|---|--------|--------|
| Number of challenges and needs shared with customers | — | 85,491 |
| Unsecured loan ratio based on the Guidelines for Management Guarantee | — | 35.8% |

● Solution provision (core business support)

| | FY2017 | FY2018 |
|---|--------|--------|
| Number of business succession support projects | 162 | 198 |
| Number of M&A support projects | 9 | 17 |
| Number of business matching support projects | 205 | 383 |
| Number of grants of overseas credit | 1,159 | 1,106 |
| Number of cases in which needs and challenges for customers' local subsidiaries overseas have been identified | 2,034 | 2,550 |
| Number of meetings held by the Secretary General of cooperatives | 4 | 86 |

● Systems/human resources

| | FY2017 | FY2018 | FY2021 target |
|--|--------|--------|---------------|
| Number of visits to the bank (Corporate Business Solution Group) | 2,926 | 4,469 | — |
| Percentage having obtained external qualifications for business prospects evaluation | 39.4% | 60.2% | 80.0% |
| Percentage having obtained external qualifications for business successions | 30.7% | 46.4% | 80.0% |
| Number of employees obtaining internal qualifications (solutions) | 88 | 122 | 130 |
| Number of employees obtaining internal qualifications (management improvement) | — | 93 | 80 |

● Cooperation/collaboration with regional financial institutions

| | FY2017 | FY2018 |
|---|--------|--------|
| Number of visits to regional financial institutions | — | 967 |
| Number of idea exchange meetings with industry associations | — | 10 |
| Number of instances of cooperation and collaborations (solutions provision) | — | 515 |
| Number of cooperative loans | — | 1,032 |

● Income/expense situation

| | FY2017 | FY2018 |
|--------------------------------------|---------------|---------------|
| OHR | 65% | 71% |
| Income before income taxes and other | ¥56.9 billion | ¥30.7 billion |

● Outcome (cash flow improvements)

| | FY2017 | FY2018 |
|--|--------|--------|
| Number of operating cash flow improvements | — | 147 |
| Number of financing cash flow improvements | — | 2,825 |

● Outcome (reduced credit costs)

| | FY2017 | FY2018 |
|---|--------|----------------|
| Below risk of bankruptcy ⇨ Above need special attention | — | ¥(4.7) billion |
| Need special attention ⇨ Normal | — | ¥(3.7) billion |

Efforts in Areas of Focus

Zone A [Financial restructuring support]

The Shoko Chukin Bank has positioned its business prospects evaluation as a starting point for its comprehensive financial services business to support management. In order to deepen the relationship of mutual trust with customers, understand the businesses and grasp the potential for future growth, we conduct interviews based on the situation and understand sales channels, and utilize the systematically accumulated information to make judgments when determining credit limits or providing solutions.

Via business prospects evaluations through in-depth dialogue, the Shoko Chukin Bank precisely comprehends customers' challenges, and based on their needs, we conduct financial structural reforms through refinance leading to drastic solutions, and improve financing CF through overdrafts according to working capital demand and long-term bullet repayment financing, as well as deal with core business support leading to the improvement of operating CF through business matching.

(1) Financial restructuring support (formation of syndicated loans to perform coordination functions and pump-priming functions)

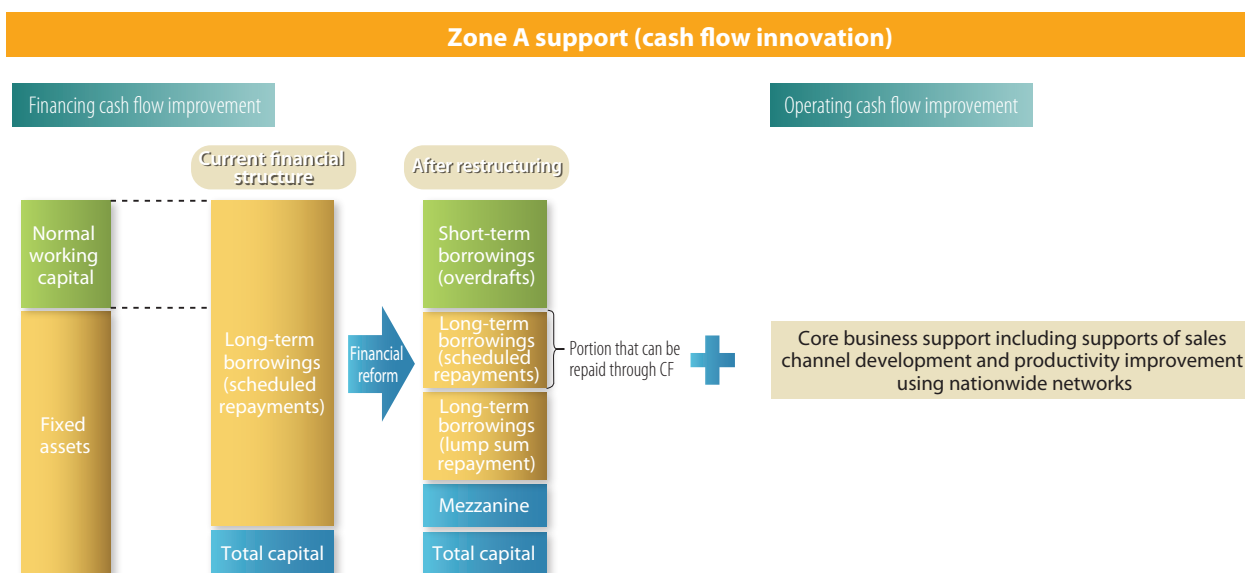
The Shoko Chukin Bank will switch customers' long-term borrowing with scheduled repayments to short-term borrowing such as commitment lines and overdrafts, resolve mismatches between cash flows and annual repayment amounts, and create an environment in which customers can focus on their core business. In addition, we use syndicated loans in cooperation with regional financial institutions, etc. in response to these types of financial improvement needs such as refinancing. To date, a total of 186 banks have been invited to participate in syndicated loans formed by the Shoko Chukin Bank.

(2) Business matching (support for expansion of sales channels and productivity)

The Shoko Chukin Bank will strive to strengthen business matching services that enhance the corporate value of business partners, by using the Bank's domestic and overseas network, as well as customer organizations (Chukin kai and Youth kai) to increase sales, reduce purchasing costs, etc.

*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.

*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 6,100 members.



Zone B [Business revitalization and management improvement support]

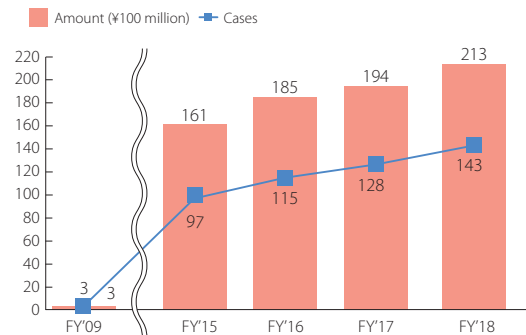
The Shoko Chukin Bank has consistently provided our customers with business revitalization and management improvement support. In addition, in the Medium-term Business Plan, the Shoko Chukin Bank selected roughly 4,000 companies as main and sub-main customers for the provision of active support and guidance. Going forward, we will continue to contribute to improving the corporate value of our customers, through the provision of support for appropriate solutions in consideration of management improvement plan formulation support as well as budget and results management.

In addition, we will strengthen coordination with business revitalization support organizations, such as the SME Revitalization Support Councils, and external organizations including regional support centers and tax accountant advisors, and work to improve the corporate value of our customers, including SMEs in cooperation with regional financial institutions.

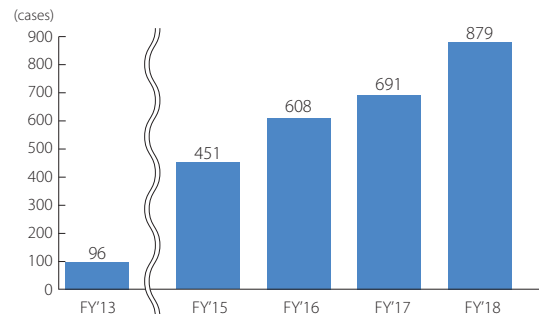
~Past initiatives to support business revitalization~

| | |
|---------------|---|
| 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 DDS efforts (cumulative)



<Results of refinancing system efforts (cumulative)>



Initiatives in the previous fiscal year: Revitalization Support Program (business revitalization know-how in a package)



Zone C [Industrial structure transformation challenge support]

Zone D [New industry challenges and establishment support]

The Shoko Chukin Bank will provide solutions using its nationwide network for efforts by core regional companies that have an influence on the regional economy and are entering high-risk businesses, and industries in which reorganization and new growth can be expected. In addition, to support the increasingly diverse overseas expansion needs of SMEs, the Bank has positioned North and Central America, ASEAN, and China as priority regions, and will strengthen coordination with regional financial institutions through its New York Branch, and strengthen alliances with local government agencies and local banks.

In addition to these efforts, we assist customers taking on challenges in frontier fields (aircraft, robots, advanced IT) and recent startup customers by integrating investment/loans and core business support, and work to refine our regional finance functions.

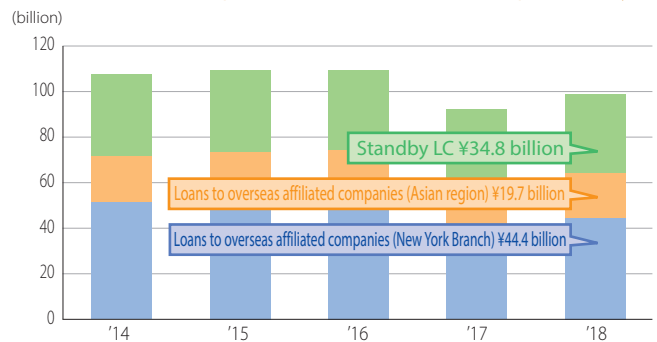
Support for Overseas Expansion

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."

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)



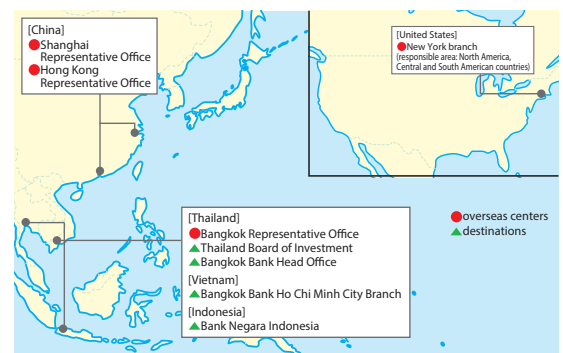
Networks of the Shoko Chukin Bank

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

Overseas co-operative financial institutions

- Thailand Board of Investment (BOI) • Department of Trade and Industry, Philippines (DTI)
- Foreign Investment Agency, Vietnam (FIA) • Standard Chartered Bank (United Kingdom)
- Bangkok Bank (Thailand) • Bank of Communications (China)
- Bank Negara Indonesia (Indonesia) • Rizal Commercial Banking Corporation (Philippines)
- Shanghai Foreign Investment Development Board (China)
- Nantong Economical and Technological Development Zone (China)
- Pinghu Economic-Technological Development Zone (China)
- Guangzhou Development District Investment Promotion Bureau (China)
- Nanhai Economy Promotion Bureau, Foshan City (China)

Overseas Centers and Destinations



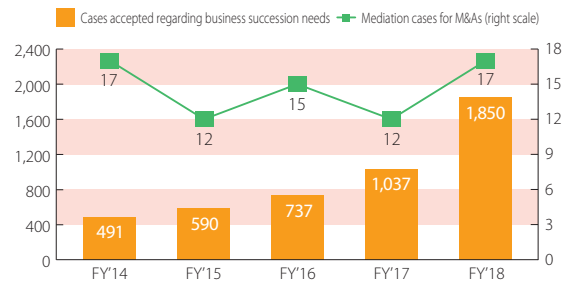
Business succession, M&A

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

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 and other external specialists.

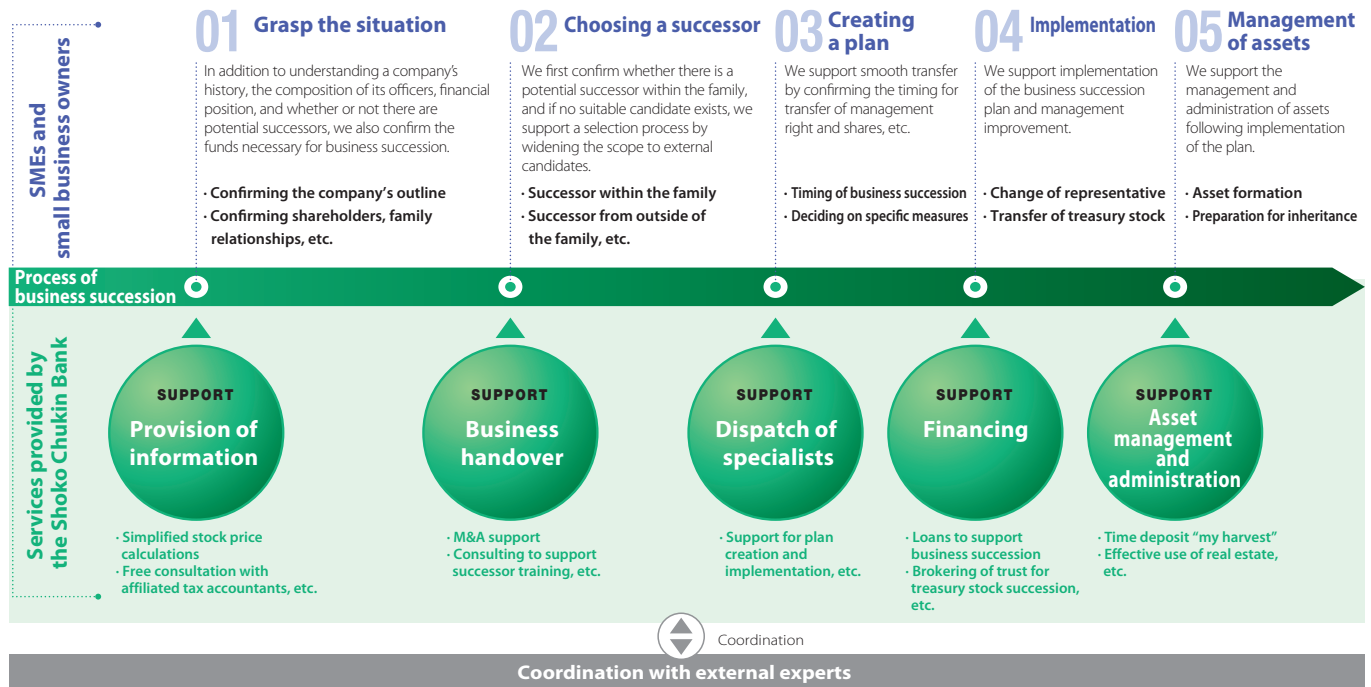
Number of cases accepted regarding business succession needs and mediation cases for M&As



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.

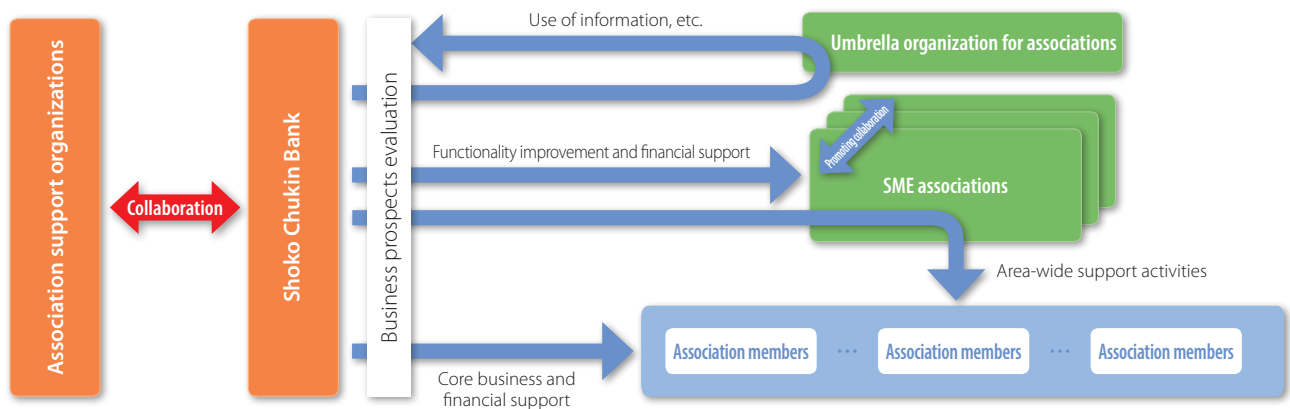


Support for Associations

The Association of SMEs plays an effective role in resolving challenges for revitalization of the regional economy, including increases in the productivity of individual members through the association of joint enterprises, development of external demand using regional resources, and dissemination of information.

While sharing challenges with SME associations and members through efforts to evaluate business prospects, the Shoko Chukin Bank works to enhance value for associations and members by providing solutions unique to the Shoko Chukin Bank in response to various needs, such as the smooth succession of businesses, productivity improvements, business revitalization, financial improvements, and expansion into new businesses.

In addition to responding to the above mentioned challenges and needs, in cooperation with association support organizations, such as the Federations of Small Business Associations and the Organization for Small and Medium Enterprises and Regional Innovation, we will engage in regional revitalization unique to the Shoko Chukin Bank while also supporting funding needs, including reconstruction and redevelopment for apartment associations.

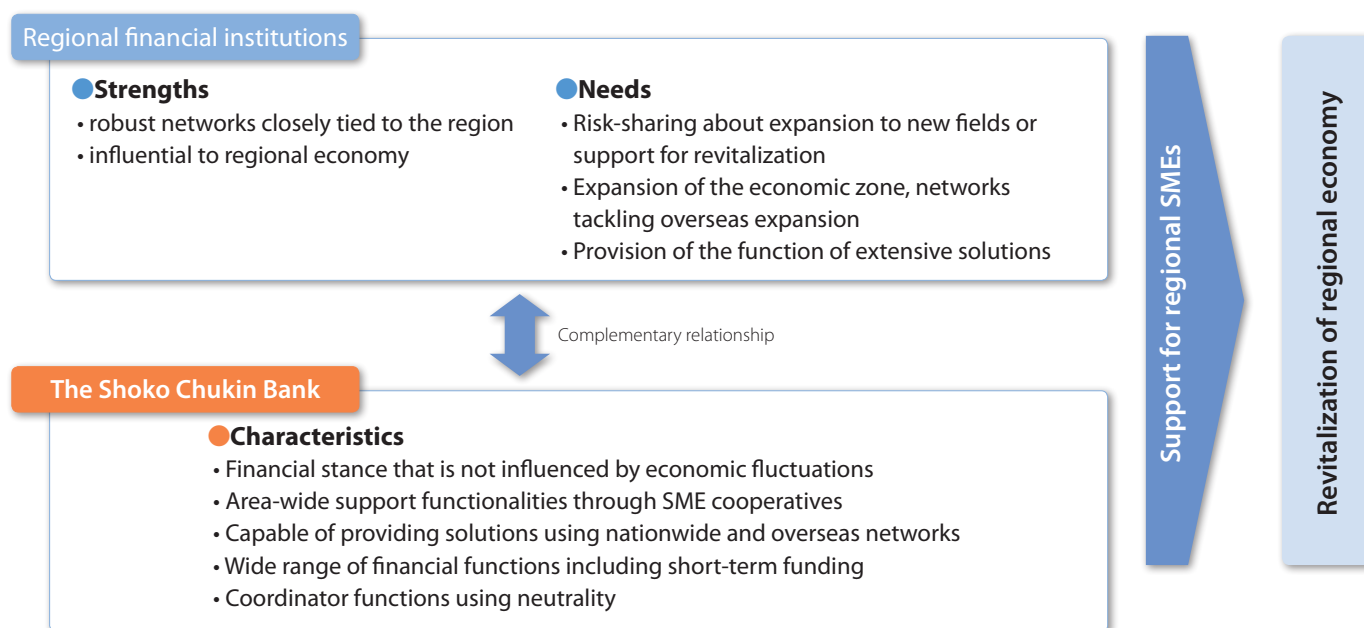


■ Collaboration and Cooperation with Regional Financial Institutions

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 2019)

| 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 | 40 | 259 | 146 | 509 |
| No. of concluded agreements of business cooperation | 61 | 39 | 240 | 113 | 453 |

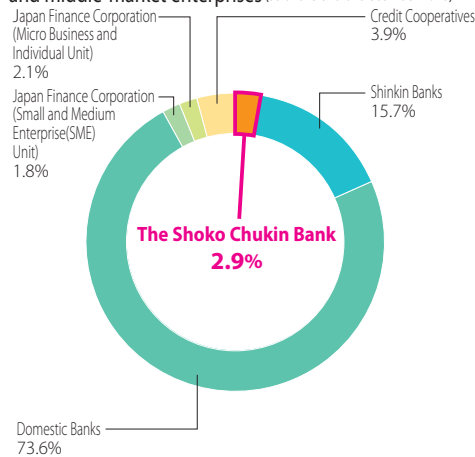
Fulfilling a Safety Net Function, Mainly in Crisis Response Measures

The Shoko Chukin Bank has been devoting its full efforts to supporting the cash flows of SMEs in response to natural disasters such as earthquakes and typhoons, as well as bankruptcies and business restrictions involving contractors, and other large-scale economic changes.

A Stable Transaction Stance

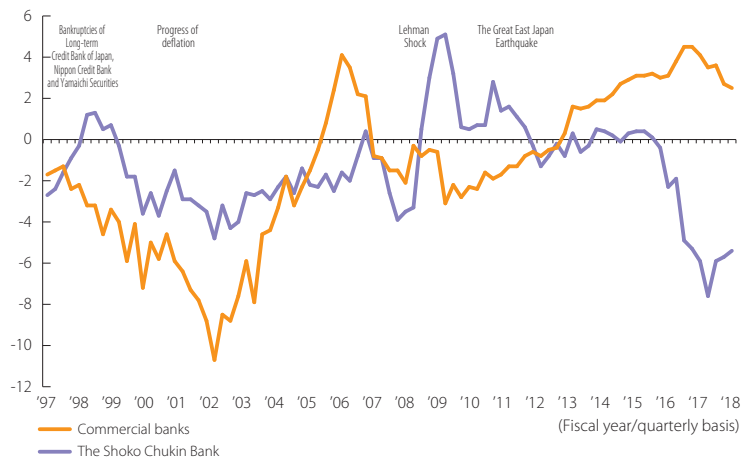
The Shoko Chukin Bank, through its day-to-day transactions with SMEs, not only looks at financial matters, but also takes the clients' operations, technology, and the abilities and enthusiasm of the executives into consideration. In this way, we strive to provide services that respond flexibly to corporate 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 2018)



· 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 2018.
Sources: Bank of Japan "Loans and Bills Discounted by Sector," Community Bank Shinyo Kumiai

Efforts by the Shoko Chukin Bank

The current fiscal year was plagued with many disasters, including the Northern Osaka Prefecture Earthquake, the Heavy Rain Event of July 2018 in western Japan, typhoon Jebi (No. 21 of 2018), and the Hokkaido Eastern Iburi Earthquake.

Faced by these disasters, the Shoko Chukin Bank has established special consultation desks upon the request of the ministries in charge, in addition to consultation desks voluntarily established by the Shoko Chukin Bank, in order to provide detailed and courteous support for persons affected by these disasters, and fulfill the safety net function through the establishment of financing programs including its own disaster recovery loan program.

Prompt, detailed, and courteous consultation responses

- Special consultation desks
- Consultation desks voluntarily established by the Shoko Chukin Bank

Cash flow support for SMEs

- Shoko Chukin Bank's own disaster recovery loan program
- Use of the Credit Guarantee Cooperation system

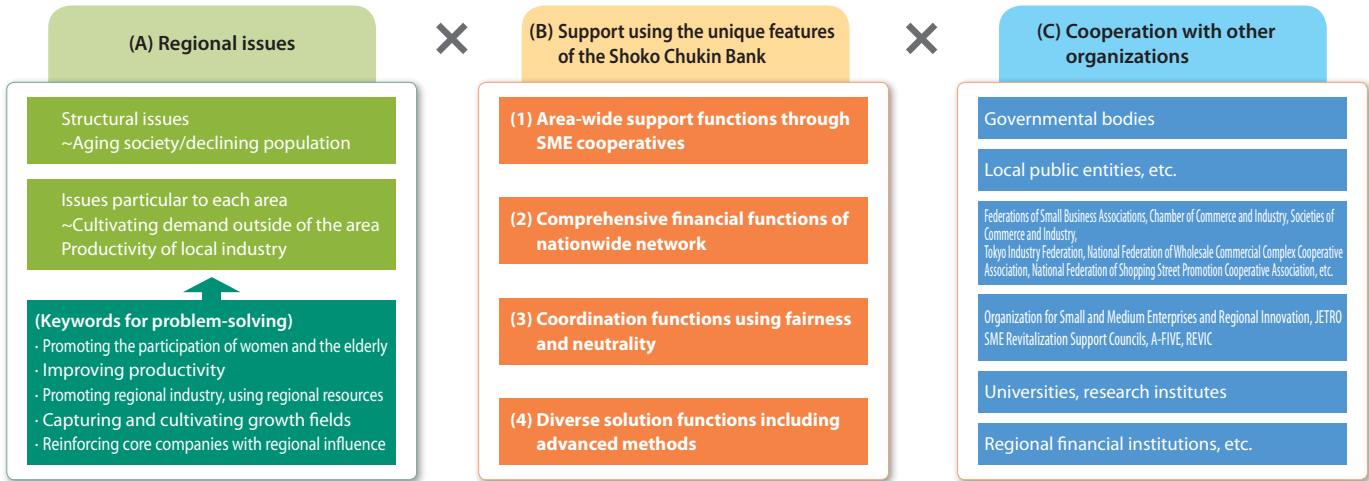
Support for the Corporate Value Improvement for the SMEs

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 establishment of a new cooperative for entering new business fields (Sakata Office)

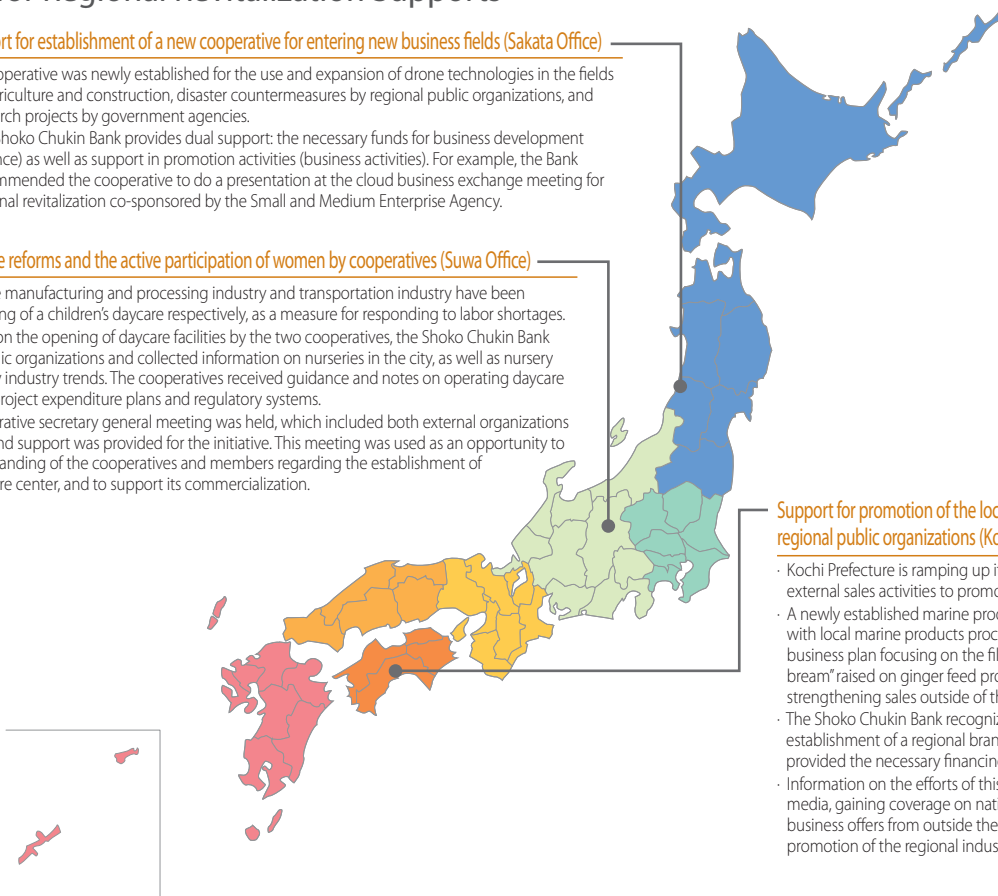
- A cooperative was newly established for the use and expansion of drone technologies in the fields of agriculture and construction, disaster countermeasures by regional public organizations, and research projects by government agencies.
- The Shoko Chukin Bank provides dual support: the necessary funds for business development (finance) as well as support in promotion activities (business activities). For example, the Bank recommended the cooperative to do a presentation at the cloud business exchange meeting for regional revitalization co-sponsored by the Small and Medium Enterprise Agency.

Support for workstyle reforms and the active participation of women by cooperatives (Suwa Office)

- Cooperatives for the manufacturing and processing industry and transportation industry have been exploring the opening of a children's daycare respectively, as a measure for responding to labor shortages.
- To facilitate studies on the opening of daycare facilities by the two cooperatives, the Shoko Chukin Bank visited regional public organizations and collected information on nurseries in the city, as well as nursery and childcare facility industry trends. The cooperatives received guidance and notes on operating daycare facilities, including project expenditure plans and regulatory systems.
- In addition, a cooperative secretary general meeting was held, which included both external organizations and professionals, and support was provided for the initiative. This meeting was used as an opportunity to deepen the understanding of the cooperatives and members regarding the establishment of a cooperative daycare center, and to support its commercialization.

Support for promotion of the local industry in coordination with regional public organizations (Kochi Office)

- Kochi Prefecture is ramping up its efforts in regional production/ external sales activities to promote regional industry.
- A newly established marine products wholesale operator cooperated with local marine products processing companies to formulate a business plan focusing on the fillet processing business for "ginger sea bream" raised on ginger feed produced in the prefecture, and strengthening sales outside of the prefecture.
- The Shoko Chukin Bank recognized that these efforts would lead to the establishment of a regional brand and regional revitalization, and provided the necessary financing in cooperation with Kochi Prefecture.
- Information on the efforts of this company were conveyed to the media, gaining coverage on national newspapers. It led to new business offers from outside the prefecture and contributed to the promotion of the regional industry.



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 2019

- As a result of the continuing low interest rate environment, the business environment facing financial institutions has become increasingly challenging, and it has become necessary to further accelerate efforts aimed at establishing an independent and sustainable business model.
- The Shoko Chukin Bank will transform into a comprehensive financial services business to support management as all officers and employees work together to implement the various measures of the Medium-term Business Plan, deepen our relationships with customers, and provide optimal solutions for their true needs and challenges, under a basic stance of contributing to improvements in the corporate value of SMEs and SME cooperatives, from a long-term perspective that is truly customer-oriented.
- First, as focus area initiatives, we will gain a deep understanding of customers' challenges and needs through business prospects evaluation, which is the premise of our business model, and work to improve and advance structures for the provision of solutions that take advantage of the features of the Shoko Chukin Bank, while working in close cooperation and collaboration with regional financial institutions and external specialist organizations.
- In order to establish mechanisms to support our business model, we will pursue fundamental operational reforms in our sales and back office divisions, including the adoption of paperless and digitalized operations, reductions in branch operation costs through means such as office consolidation, and the establishment of sustainable financing methods.
- In addition, we will continue to work to restore compliance awareness and strengthen internal management systems, while establishing human resources systems that allow employees to perform to the best of their abilities in conjunction with the business model, and promoting diversity.
- 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 of even greater service to our customers. All of the officers and employees of the Bank will continue to enthusiastically work as one to achieve this goal.

Overview of Crisis Response Measures

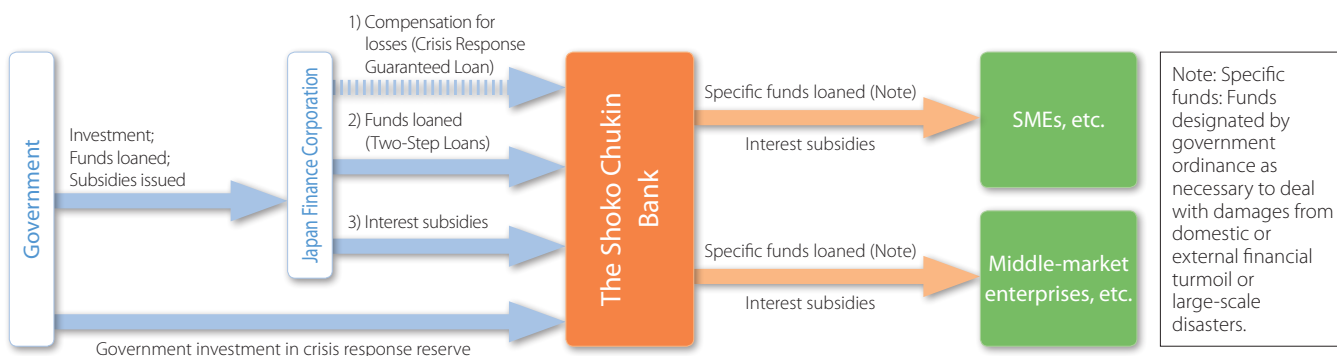
A new program for crisis response was developed after October 1, 2008, in order to deal with times of crisis, such as disasters and economic or financial turmoil.

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 18 Special Consultation Desks in response to the request of the ministries in charge, including the "Special Consultation Desk Concerning the Great East Japan Earthquake" and "Special Consultation Desk Concerning Damages Caused by the Kumamoto Earthquake in 2016," which are within the scope of crisis response operations, in addition to three 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.

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.
 - October 18, 2018 : Release of the Management Reform Plan (Medium-term Business Plan)

Results of the investigation on misconduct in our 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 4,634 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. If any misconduct, including falsification is discovered through an internal audit or whistleblowing, it will subsequently be announced under the advisory and guidance of the Compliance Committee. The above counts and numbers of individuals reflect the announcements made up to February 22, 2019.)

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.

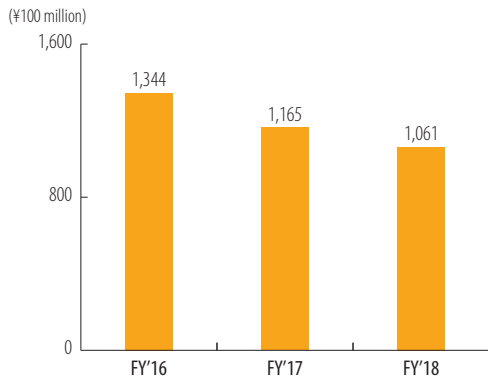
Main content of the business operations improvement order

* 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:

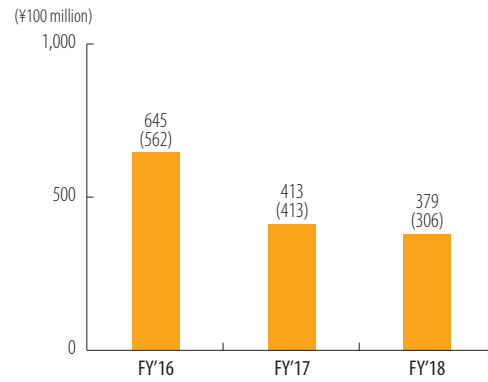
- (1) Clarification of the responsibilities of the Bank's officers and employees during the period from time the incident occurred to the present;
- (2) Creation and implementation of an in-depth recurrence prevention plan, which includes measures to strengthen audit functions and ensure appropriate 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.

Income and Expenditures

Gross Operating Profit

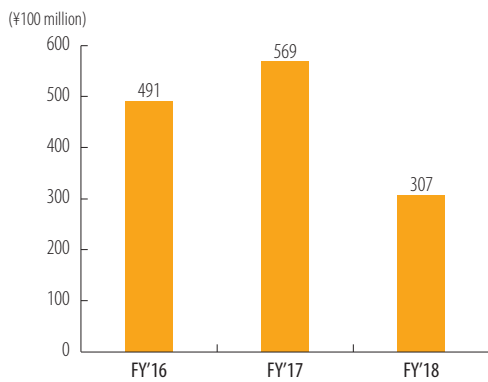


Operating Profit

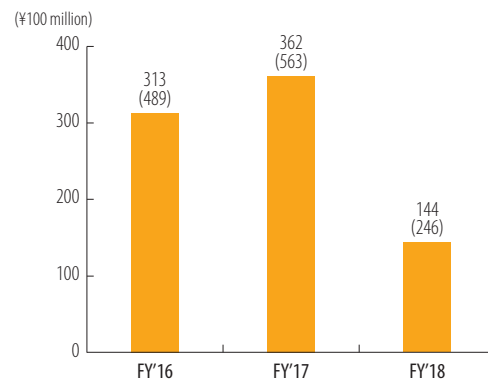


Note: The amount in parentheses is Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses.

Income (Loss) before Income Taxes and Others

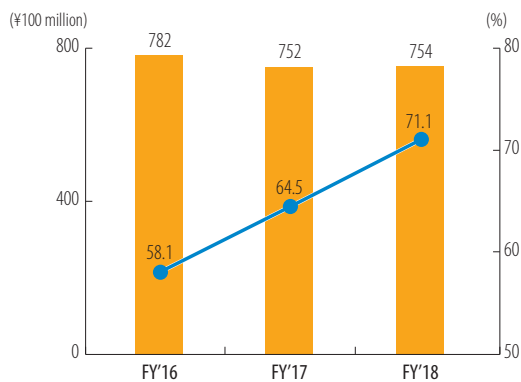


Net Income (Loss)



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

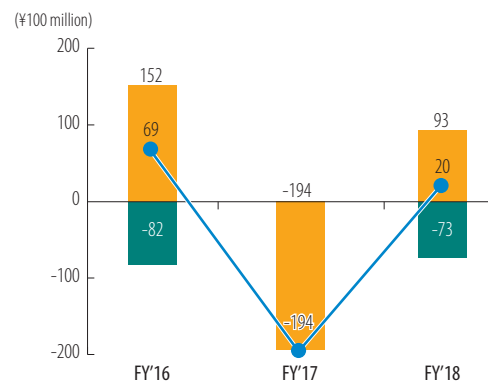
General and Administrative Expenses and Overhead Ratio (OHR)



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

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

Credit-Related Expense



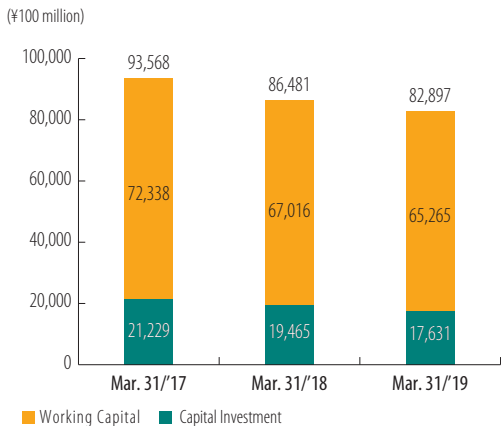
● Credit-related expense
■ Disposal amount of problem loans
■ Provision to (reversal of) general reserve for possible loan losses

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

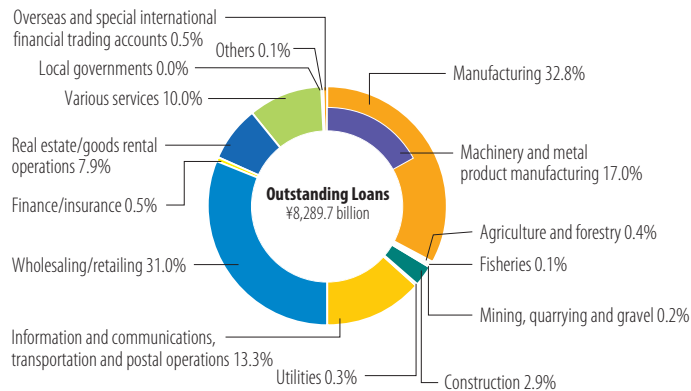
● Gross operating profit for the fiscal year ended March 31, 2019 decreased by ¥10.4 billion year on year to ¥106.1 billion due primarily to a decrease in net interest income. Income before income taxes and other decreased by ¥26.1 billion year on year to ¥30.7 billion.

Loans

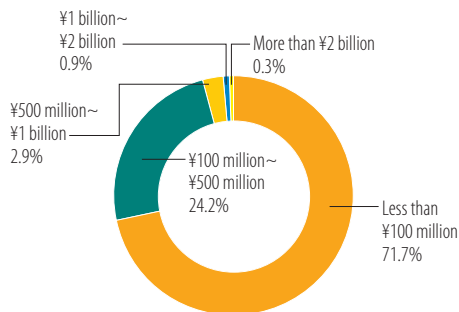
Balance of Loans Outstanding



Outstanding Loans by Sector (As of March 31, 2019)



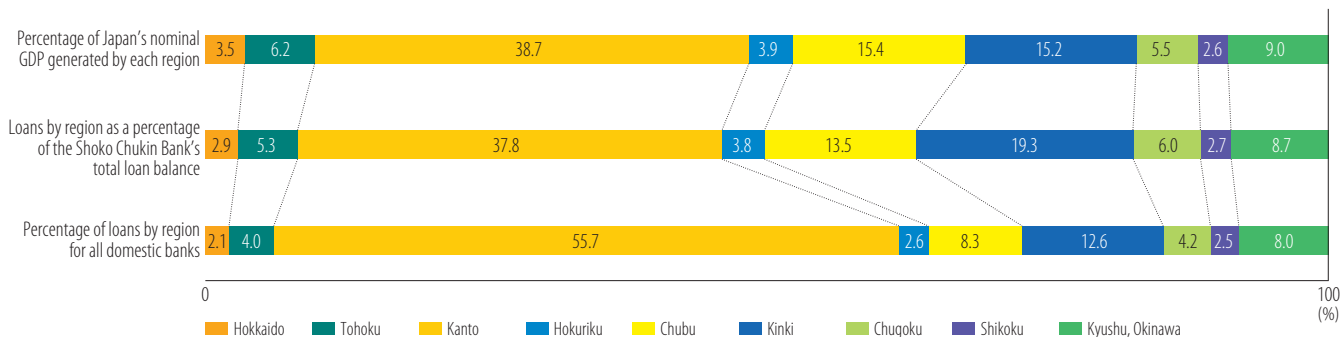
Breakdown of Borrowers by Loan Balance Outstanding (As of March 31, 2019)



Breakdown of Loans by Balance Outstanding



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

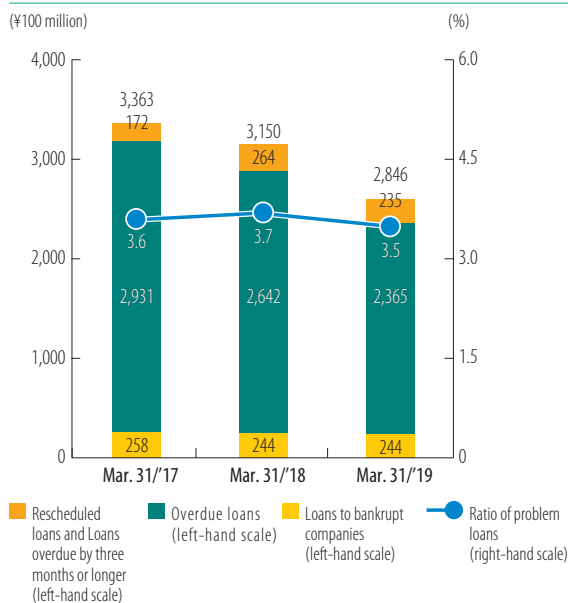


Note: Figures for nominal GDP by region are for Fiscal 2014. Figures for loans by the Shoko Chukin Bank and loans by all domestic banks are as of March 31, 2019.
Sources: Annual Report on Prefectural Economies, Cabinet Office; Deposits, Vault Cash, and Loans and Bills Discounted by Prefecture (Domestically Licensed Banks), Bank of Japan.

Although efforts were made to fulfill the safety net function by means such as response to successive natural disasters, the balance of loans outstanding as of March 31, 2019 decreased by ¥358.4 billion, compared with the balance as of March 31, 2018, due mainly to factors such as stagnant demand for funding from our clients.

Problem Loans

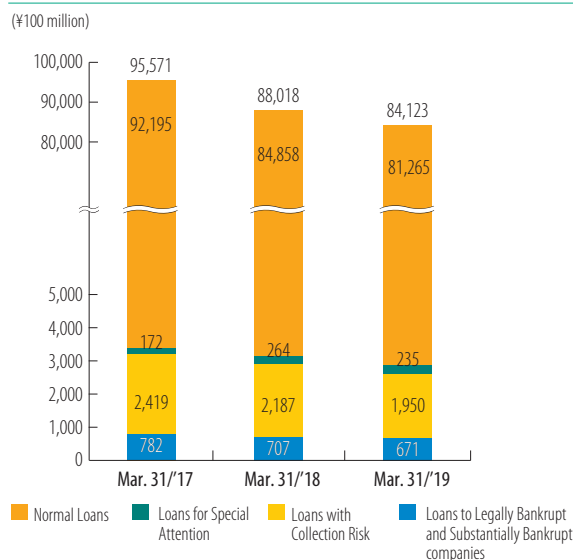
Problem Loans and Ratio of Problem Loans



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."

● 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, 2019, the excluded amounts are as follows. Risk-managed Assets Loans to bankrupt borrowers amounted to ¥31.6 billion. Overdue loans amounted to ¥47.3 billion. Loans disclosed under the Financial Reconstruction Act Loans to legally bankrupt and substantially bankrupt borrowers amounted to ¥79.4 billion.

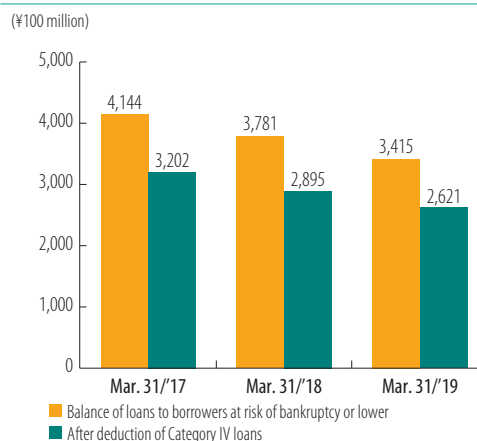
Breakdown of Loan Balance by Borrower Category under the Bank's Self-Assessment

(¥100 million)

| | Mar. 31/'17 | | Mar. 31/'18 | | Mar. 31/'19 | |
|--|-------------|--------|-------------|--------|-------------|--------|
| | Amount | % | Amount | % | Amount | % |
| Legally Bankrupt | 591 | 0.6% | 573 | 0.6% | 565 | 0.7% |
| Virtually Bankrupt | 1,133 | 1.2% | 1,020 | 1.2% | 899 | 1.1% |
| Risk of Bankruptcy | 2,419 | 2.5% | 2,187 | 2.5% | 1,950 | 2.3% |
| Need Special Attention | 27,633 | 28.6% | 24,310 | 27.3% | 22,866 | 26.9% |
| Borrowers receiving special management | 193 | 0.2% | 292 | 0.3% | 274 | 0.3% |
| Other need for special attention | 27,440 | 28.4% | 24,018 | 27.0% | 22,591 | 26.6% |
| Normal | 64,734 | 67.1% | 60,812 | 68.4% | 58,635 | 69.0% |
| Total | 96,513 | 100.0% | 88,904 | 100.0% | 84,917 | 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



- 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

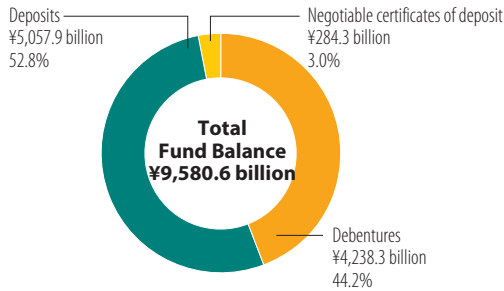
The Bank writes off assets or reserves provisions on the basis of self-assessment results, which are reviewed by independent auditors. It has made sufficient provision for its existing problem loans.

| | |
|--|--|
| 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 |

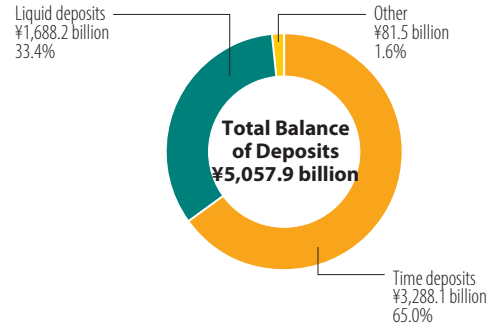
- All credit transactions are subject to asset self-assessment under the practical guidelines laid out by the Japanese Institute of Certified Public Accountants. The Shoko Chukin Bank writes off assets and reserves provisions based on the results of these assessments. The Bank uses this approach to ensure 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

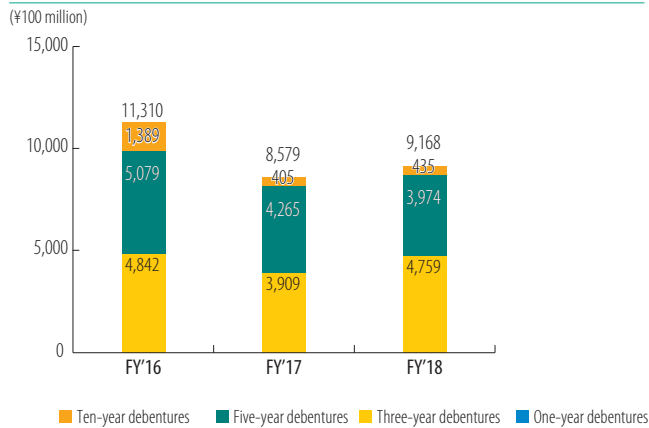
Breakdown of Fund-Raising (As of March 31, 2019)



Breakdown of Deposit Balance (As of March 31, 2019)



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

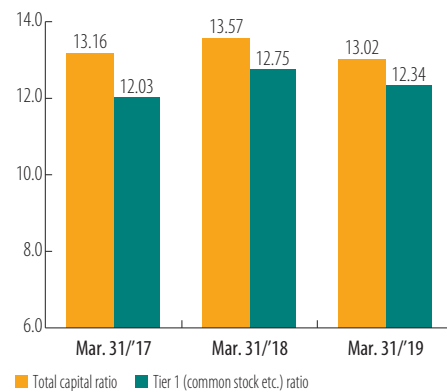
Trends in Total Capital

(¥100 million)

| | Mar. 31/'17 | Mar. 31/'18 | Mar. 31/'19 |
|---------------------------------------|-------------|-------------|-------------|
| Total capital | 9,964 | 10,055 | 9,805 |
| Tier 1 capital (common stock etc.) | 9,110 | 9,447 | 9,296 |
| 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 | 1,350 |
| Special reserves | 4,008 | 4,008 | 4,008 |
| Retained earnings | 1,457 | 1,775 | 1,875 |

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, 2019 remained constant at 13.02%.
- Shareholders' equity is of high quality, as the majority of capital is Tier 1 capital (common stock etc.).

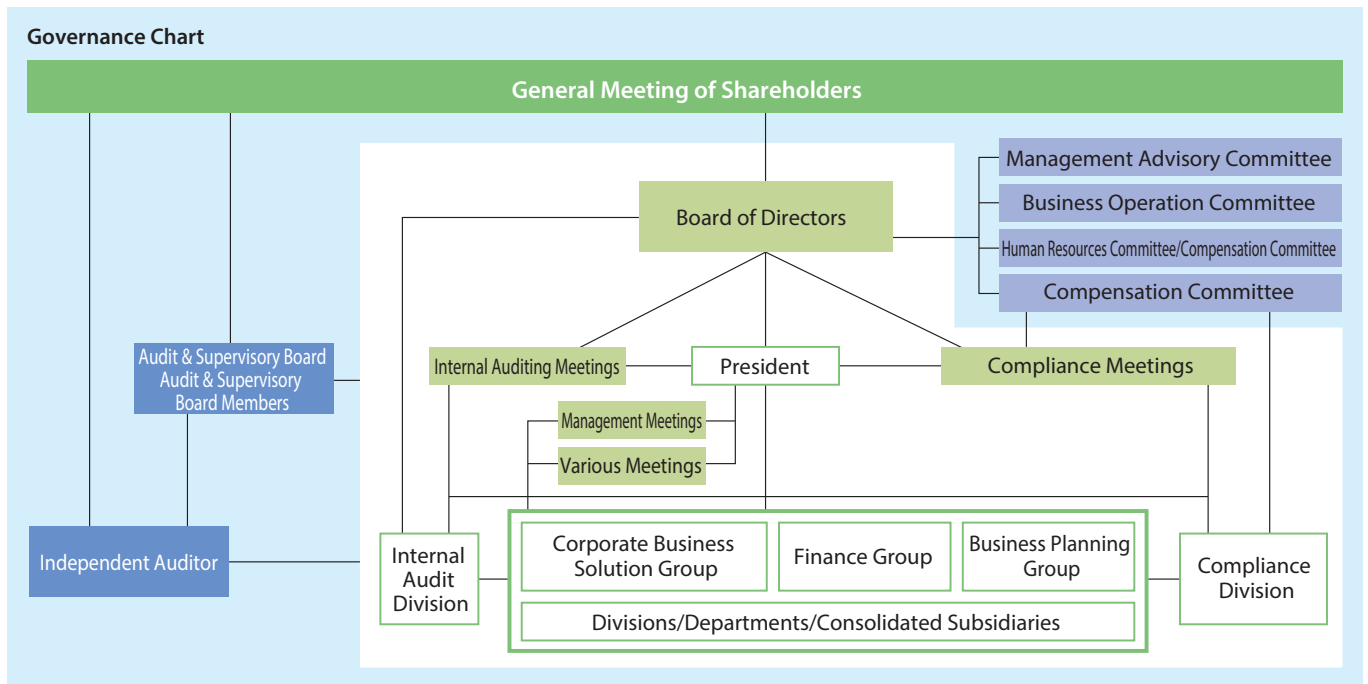
The Shoko Chukin Bank's Governance System

With 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), the Bank established the Board of Directors and Audit & Supervisory Board and appointed an independent auditor under the governance of its shareholders SME cooperatives and their members-the government, market and relevant laws including the Companies Act and the Shoko Chukin Bank Limited Act. The Bank also established the Management Advisory Committee made up of select representatives from SME loan recipient companies to ensure that the opinions and voices of its core client base are accurately reflected in the Bank's management, Human Resources Committee made up of external directors, representatives from SME loan recipient companies and knowledgeable outside individuals to ensure that the opinions and advices of SMEs regarding executive appointment are accurately reflected in the Bank's management, Compensation Committee made up of external directors, representatives from SME loan recipient companies and knowledgeable outside individuals to ensure that the opinions and advices of SMEs regarding directors' compensation and retirement benefits are accurately reflected in the Bank's management, and Compliance Committee as an advisory body regarding compliance in general, as it works to further reinforce and update its corporate governance structure and systems, while maintaining its basic role as a financial institution run for SMEs by SMEs.

In addition, to establish a new business model, the Bank has renewed its management structure by appointing external directors to ensure they account for a 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, 2019, 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, 2019, 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, knowledgeable outside individuals, and external directors 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, knowledgeable outside individuals, and external directors, 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.



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 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.

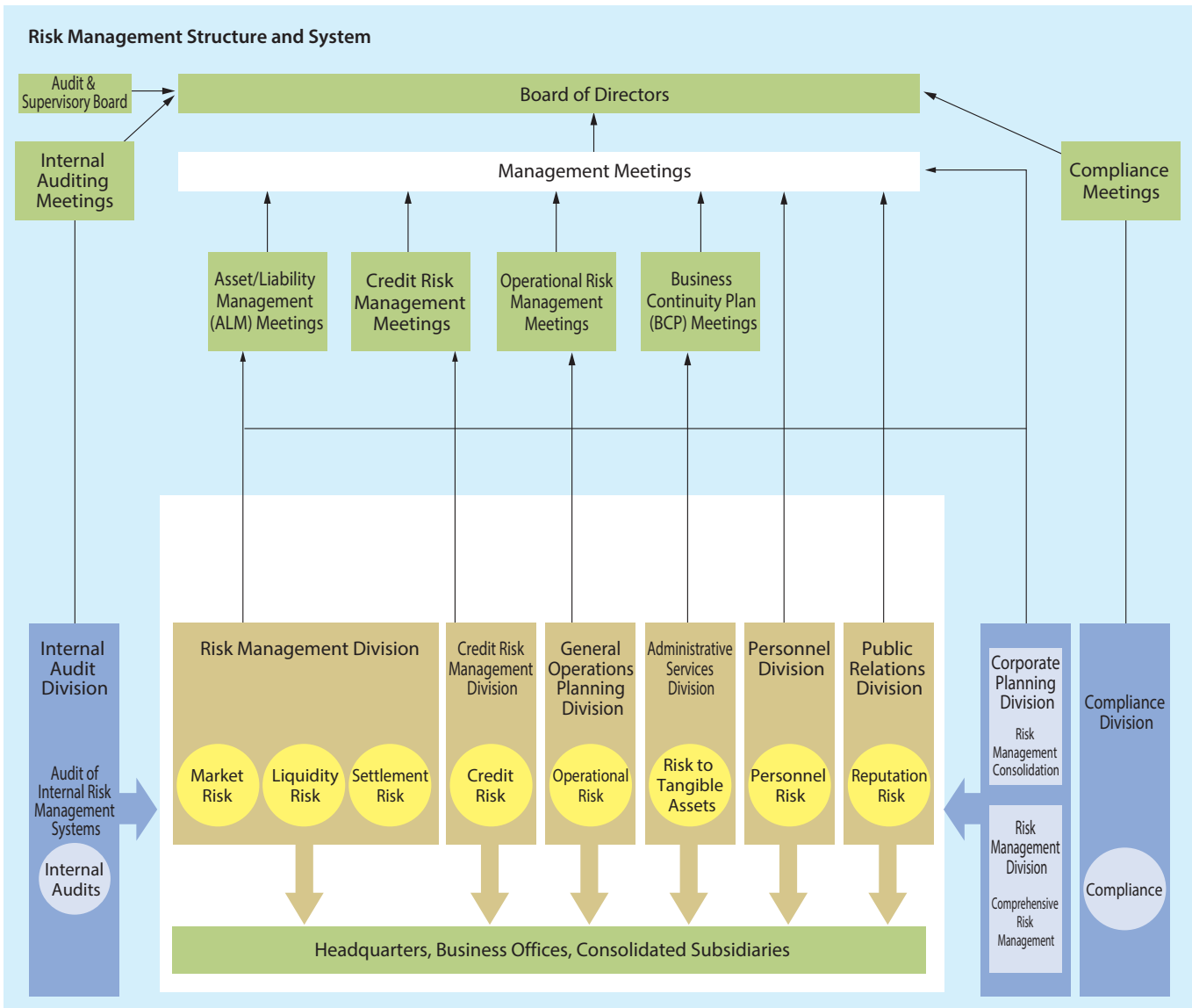
Responding to this environment, the Bank continues to bolster its risk management systems by clearly identifying individual risk management departments, further strengthening management capabilities with respect to specific types of risk and delegating to the Corporate Planning Division overall responsibility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

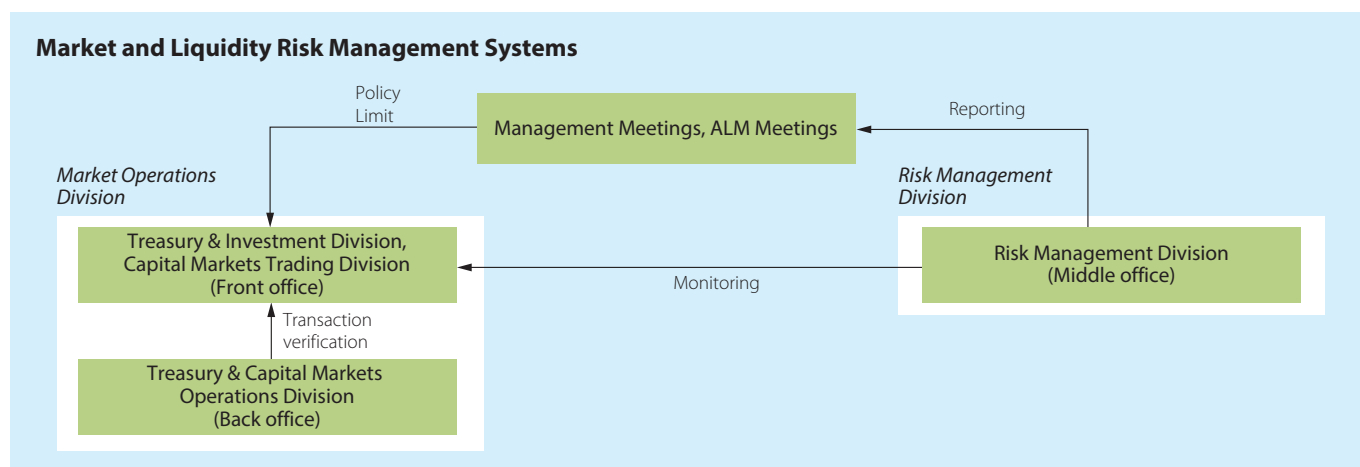
Risk Management Structure

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/'17 | | | | Mar. 31/'18 | | | | Mar. 31/'19 | | | | |
| 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 | |
| 7 | (27) | (12) | (32) | 8 | (32) | (37) | (60) | 8 | (22) | (40) | (53) | |

| VaR (Note 2) | | | (¥100 million) |
|--------------|-------------|-------------|----------------|
| Mar. 31/'17 | Mar. 31/'18 | Mar. 31/'19 | |
| 108 | 139 | 123 | |

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 as well as Management Meetings and 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 has established and distributed to officers and employees a Compliance Manual summarizing the Code of Ethics, the action standards for putting the Code in practice, and the laws and ordinances that must be

observed in the pursuit of business activities. Furthermore, specific initiatives to raise compliance awareness include group training programs as well as regular branch-level training programs, in order to thoroughly ensure compliance.

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

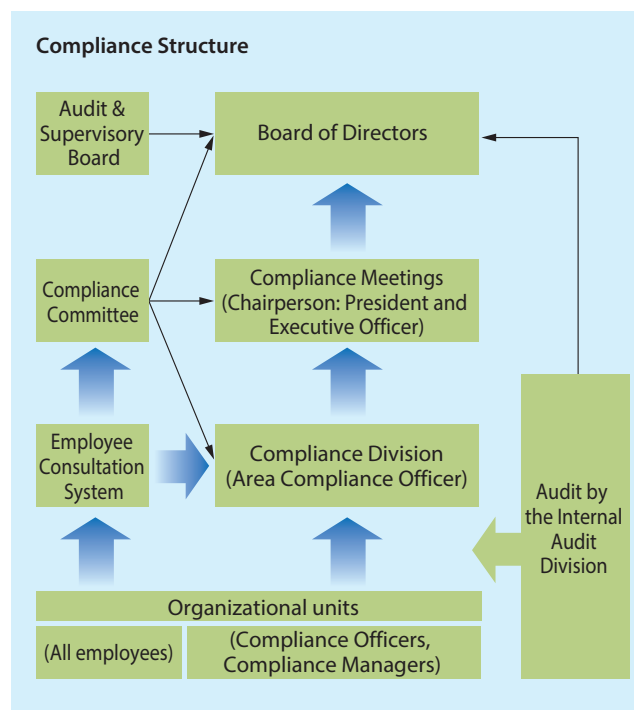
Headquarters divisional managers and business office managers have been designated as compliance officers, and Headquarters and business office staff have been designated as compliance managers to ensure stringent compliance. In addition to conducting regular checks to ensure employees are not contravening 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, 2019

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Trends in Principal Financial Indicators (Consolidated)

| Fiscal period ended | Billions of yen | | | | |
|---|-----------------|----------------|----------------|----------------|----------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| Operating Income | ¥ 181.2 | ¥ 204.7 | ¥ 195.3 | ¥ 204.4 | ¥ 212.9 |
| Income before Income Taxes and Other | 32.1 | 58.4 | 50.8 | 34.9 | 38.1 |
| Net Income Attributable to Owners of Parent | 15.4 | 37.3 | 32.4 | 12.4 | 16.8 |
| Comprehensive Income | 11.2 | 41.5 | 35.9 | 6.1 | 23.6 |
| Net Assets | 964.0 | 972.3 | 935.3 | 903.8 | 902.2 |
| Total Assets | 11,818.5 | 11,957.3 | 12,845.0 | 12,570.4 | 12,633.8 |
| Net Assets per Share (Yen) | 195.04 | 191.95 | 174.92 | 160.48 | 159.73 |
| Net Income per Share (Yen) | 7.08 | 17.15 | 14.90 | 5.72 | 7.75 |
| Net Income per Share (Diluted) (Yen) | — | — | — | — | — |
| Capital Ratio (%) | 8.12 | 8.10 | 7.25 | 7.16 | 7.11 |
| Consolidated Tier 1 (Common Stock etc.) Ratio (%) | 12.30 | 12.69 | 11.97 | 12.00 | 12.18 |
| Consolidated Tier 1 Ratio (%) | 12.30 | 12.69 | 11.97 | 12.00 | 12.18 |
| Consolidated Total Capital Ratio (%) | 12.99 | 13.53 | 13.12 | 13.37 | 13.56 |
| Return on Equity (%) | 1.59 | 3.93 | 3.54 | 1.38 | 1.89 |
| Price Earnings Ratio | — | — | — | — | — |
| Cash Flows from Operating Activities | 223.9 | (165.6) | 535.3 | (121.3) | 222.9 |
| Cash Flows from Investing Activities | 113.5 | 16.6 | 149.5 | 218.6 | 31.0 |
| Cash Flows from Financing Activities | (24.5) | (24.5) | (10.5) | (4.5) | (4.5) |
| Cash and Cash Equivalents at the End of the Year | 1,821.5 | 1,508.5 | 1,682.0 | 1,007.6 | 914.8 |
| Number of Employees (Persons) | 4,113 | 4,083 | 4,080 | 4,102 | 4,140 |
| [Average Number of Temporary Employees excluded from Above] | [1,036] | [1,058] | [1,047] | [1,018] | [977] |

- 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, 2019 and 2018

| | Millions of yen | | Millions of U.S. dollars | |
|--|-----------------|--------------|--------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| ASSETS | | | | |
| Cash and Due from Banks | ¥ 1,856,792 | ¥ 1,526,934 | \$ 16,729 | \$ 14,372 |
| Call Loans and Bills Purchased | 45,347 | 41,412 | 408 | 389 |
| Monetary Claims Purchased | 26,573 | 27,621 | 239 | 259 |
| Trading Assets | 14,132 | 21,413 | 127 | 201 |
| Investment Securities | 1,380,634 | 1,511,359 | 12,439 | 14,225 |
| Loans | 8,280,606 | 8,636,946 | 74,606 | 81,296 |
| Foreign Exchange | 16,571 | 15,586 | 149 | 146 |
| Other Assets | 178,060 | 178,015 | 1,604 | 1,675 |
| Tangible Fixed Assets | 37,276 | 44,365 | 335 | 417 |
| Buildings | 16,276 | 17,515 | 146 | 164 |
| Land | 18,733 | 23,737 | 168 | 223 |
| Leased Assets | — | 0 | — | 0 |
| Construction in Progress | 740 | 949 | 6 | 8 |
| Other Tangible Fixed Assets | 1,526 | 2,163 | 13 | 20 |
| Intangible Fixed Assets | 11,880 | 10,960 | 107 | 103 |
| Software | 6,468 | 6,873 | 58 | 64 |
| Other Intangible Fixed Assets | 5,411 | 4,086 | 48 | 38 |
| Net Defined Benefit Asset | 14,563 | 7,574 | 131 | 71 |
| Deferred Income Taxes | 41,732 | 38,723 | 375 | 364 |
| Customers' Liabilities for Acceptances and Guarantees | 104,966 | 102,699 | 945 | 966 |
| Reserve for Possible Loan Losses | (190,601) | (206,262) | (1,717) | (1,941) |
| Total Assets | ¥ 11,818,536 | ¥ 11,957,351 | \$ 106,482 | \$ 112,550 |

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 | |
|---|---------------------|---------------------|--------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| LIABILITIES | | | | |
| Deposits | ¥ 5,051,357 | ¥ 4,885,242 | \$ 45,511 | \$ 45,983 |
| Negotiable Certificates of Deposit | 284,360 | 257,122 | 2,562 | 2,420 |
| Shoko Chukin Bank Debentures | 4,237,910 | 4,459,140 | 38,182 | 41,972 |
| Payables under Securities Lending Transactions | 593,243 | 580,278 | 5,345 | 5,461 |
| Trading Liabilities | 8,404 | 12,653 | 75 | 119 |
| Borrowed Money | 404,589 | 524,579 | 3,645 | 4,937 |
| Foreign Exchange | 30 | 8 | 0 | 0 |
| Other Liabilities | 90,346 | 105,991 | 814 | 997 |
| Reserve for Bonuses | 4,616 | 4,635 | 41 | 43 |
| Net Defined Benefit Liability | 24,062 | 24,830 | 216 | 233 |
| Reserve for Retirement Benefits for Directors | 41 | 114 | 0 | 1 |
| Reserve for Losses on Refund for Dormant Bonds | 50,243 | 27,395 | 452 | 257 |
| Reserve for Environmental Measures | 144 | 143 | 1 | 1 |
| Other Reserves | 84 | 80 | 0 | 0 |
| Deferred Tax Liabilities | 52 | 51 | 0 | 0 |
| Acceptances and Guarantees | 104,966 | 102,699 | 945 | 966 |
| Total Liabilities | 10,854,453 | 10,984,966 | 97,796 | 103,397 |
| NET ASSETS | | | | |
| Capital | 218,653 | 218,653 | 1,970 | 2,058 |
| Crisis Response Reserve | 135,000 | 150,000 | 1,216 | 1,411 |
| Special Reserve under the Shoko Chukin Bank Law | 400,811 | 400,811 | 3,611 | 3,772 |
| Capital Surplus | 0 | 0 | 0 | 0 |
| Retained Earnings | 197,906 | 186,973 | 1,783 | 1,759 |
| Treasury Stock | (1,061) | (1,049) | (9) | (9) |
| Total Shareholders' Equity | 951,309 | 955,388 | 8,571 | 8,992 |
| Unrealized Gains on Other Securities | 21,333 | 25,543 | 192 | 240 |
| Deferred Hedge Gains | 5 | 24 | 0 | 0 |
| Remeasurements of Defined Benefit Plans | (12,362) | (12,367) | (111) | (116) |
| Total Accumulated Other Comprehensive Income | 8,976 | 13,199 | 80 | 124 |
| Non-controlling Interests | 3,796 | 3,796 | 34 | 35 |
| Total Net Assets | 964,082 | 972,384 | 8,686 | 9,152 |
| Total Liabilities and Net Assets | ¥ 11,818,536 | ¥ 11,957,351 | \$ 106,482 | \$ 112,550 |

Consolidated Statements of Operations

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2019 and 2018

| | Millions of yen | | Millions of U.S. dollars | |
|---|-----------------|-----------|--------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Operating Income | ¥ 181,244 | ¥ 204,707 | \$ 1,632 | \$ 1,926 |
| Interest Income | 101,915 | 113,169 | 918 | 1,065 |
| Interest on Loans | 92,432 | 103,682 | 832 | 975 |
| Interest and Dividends on Securities | 5,606 | 5,726 | 50 | 53 |
| Interest on Call Loans and Interest on Bills Purchased | 1,264 | 857 | 11 | 8 |
| Interest on Deposits | 1,247 | 1,232 | 11 | 11 |
| Interest on Interest Swaps | 21 | 32 | 0 | 0 |
| Other Interest Income | 1,343 | 1,637 | 12 | 15 |
| Fees and Commissions | 10,173 | 9,892 | 91 | 93 |
| Trading Revenue | 2,948 | 2,579 | 26 | 24 |
| Other Operating Income | 35,844 | 35,833 | 322 | 337 |
| Other Income | 30,362 | 43,232 | 273 | 406 |
| Reversal of Allowance for Possible Loan Losses | — | 20,925 | — | 196 |
| Collection of Written-off Claims | 46 | 100 | 0 | 0 |
| Other Income | 30,315 | 22,206 | 273 | 209 |
| Operating Expenses | 149,045 | 146,207 | 1,342 | 1,376 |
| Interest Expenses | 7,435 | 7,640 | 66 | 71 |
| Interest on Deposits | 2,971 | 2,843 | 26 | 26 |
| Interest on Negotiable Certificates of Deposit | 1,080 | 612 | 9 | 5 |
| Interest on Debentures | 1,554 | 2,096 | 14 | 19 |
| Interest on Call Money and Interest on Bills Sold | (1) | (16) | (0) | (0) |
| Interest on Payables under Repurchase Agreements | — | 0 | — | 0 |
| Interest on Securities Lending Transactions | 57 | 45 | 0 | 0 |
| Interest on Borrowed Money | 1,732 | 2,017 | 15 | 18 |
| Other Interest Expenses | 38 | 40 | 0 | 0 |
| Fees and Commissions | 2,072 | 2,665 | 18 | 25 |
| Trading Expenses | 9 | 0 | 0 | 0 |
| Other Operating Expenses | 32,490 | 31,734 | 292 | 298 |
| General and Administrative Expenses | 78,897 | 78,570 | 710 | 739 |
| Other Expenses | 28,140 | 25,595 | 253 | 240 |
| Provision for Possible Loan Losses | 1,538 | — | 13 | — |
| Other Expenses | 26,601 | 25,595 | 239 | 240 |
| Profit before Income Taxes and Other | 32,199 | 58,499 | 290 | 550 |
| Other Gains | 686 | 105 | 6 | 0 |
| Gains on Disposal of Fixed Assets | 686 | 105 | 6 | 0 |
| Other Losses | 6,850 | 745 | 61 | 7 |
| Losses on Disposal of Fixed Assets | 89 | 187 | 0 | 1 |
| Impairment Losses | 6,760 | 558 | 60 | 5 |
| Profit before Income Taxes | 26,034 | 57,859 | 234 | 544 |
| Provision for Income Taxes | 11,757 | 13,681 | 105 | 128 |
| Adjustment for Income Taxes | (1,156) | 6,835 | (10) | 64 |
| Total Income Taxes | 10,601 | 20,516 | 95 | 193 |
| Profit | 15,433 | 37,342 | 139 | 351 |
| Profit Attributable to Non-controlling Interests | 3 | 3 | 0 | 0 |
| Profit Attributable to Owners of Parent | ¥ 15,430 | ¥ 37,339 | \$ 139 | \$ 351 |

Consolidated Statements of Comprehensive Income

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2019 and 2018

| | Millions of yen | | Millions of U.S. dollars | |
|---|-----------------|----------|--------------------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| Profit | ¥ 15,433 | ¥ 37,342 | \$ 139 | \$ 351 |
| Other Comprehensive Income | (4,223) | 4,235 | (38) | 39 |
| Unrealized Gains on Other Securities | (4,209) | 2,002 | (37) | 18 |
| Deferred Hedge Gains | (18) | (23) | (0) | (0) |
| Remeasurements of Defined Benefit Plans | 5 | 2,257 | 0 | 21 |
| Comprehensive Income | 11,210 | 41,578 | 101 | 391 |
| Total Comprehensive Income Attributable to Owners of Parent | 11,206 | 41,575 | 100 | 391 |
| 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, 2019 and 2018

Millions of yen

| | Shareholders' Equity | | | | | | Total Shareholders' Equity |
|---|----------------------|-------------------------|-----------------|-----------------|-------------------|----------------|----------------------------|
| | Capital | Crisis Response Reserve | Special Reserve | Capital Surplus | Retained Earnings | Treasury Stock | |
| Balance, April 1, 2018 | ¥ 218,653 | ¥ 150,000 | ¥ 400,811 | ¥ 0 | ¥ 186,973 | ¥ (1,049) | ¥ 955,388 |
| Changes during the Period | | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | (15,000) | | | | | (15,000) |
| Dividends from Surplus | | | | | (4,497) | | (4,497) |
| Profit Attributable to Owners of Parent | | | | | 15,430 | | 15,430 |
| Acquisition of Treasury Stock | | | | | | (11) | (11) |
| Disposition of Treasury Stock | | | | 0 | | 0 | 0 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | | |
| Total Changes during the Period | — | (15,000) | — | 0 | 10,932 | (11) | (4,078) |
| Balance, March 31, 2019 | ¥ 218,653 | ¥ 135,000 | ¥ 400,811 | ¥ 0 | ¥ 197,906 | ¥ (1,061) | ¥ 951,309 |

| | 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, 2018 | ¥ 25,543 | ¥ 24 | ¥ (12,367) | ¥ 13,199 | ¥ 3,796 | ¥ 972,384 |
| Changes during the Period | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | | | | | (15,000) |
| Dividends from Surplus | | | | | | (4,497) |
| Profit Attributable to Owners of Parent | | | | | | 15,430 |
| Acquisition of Treasury Stock | | | | | | (11) |
| Disposition of Treasury Stock | | | | | | 0 |
| Net Changes of Items Other Than Shareholders' Equity | (4,209) | (18) | 5 | (4,223) | — | (4,223) |
| Total Changes during the Period | (4,209) | (18) | 5 | (4,223) | — | (8,302) |
| Balance, March 31, 2019 | ¥ 21,333 | ¥ 5 | ¥ (12,362) | ¥ 8,976 | ¥ 3,796 | ¥ 964,082 |

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, 2019 and 2018

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 | | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | | | | | | |
| Dividends from Surplus | | | | | (4,497) | | (4,497) |
| Profit Attributable to Owners of Parent | | | | | 37,339 | | 37,339 |
| Acquisition of Treasury Stock | | | | | | (11) | (11) |
| Disposition of Treasury Stock | | | | | | | |
| 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 | | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | | | | | | |
| Dividends from Surplus | | | | | | (4,497) | |
| Profit Attributable to Owners of Parent | | | | | | 37,339 | |
| Acquisition of Treasury Stock | | | | | | (11) | |
| Disposition of Treasury Stock | | | | | | | |
| 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 | |

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, 2018 | \$ 1,970 | \$ 1,351 | \$ 3,611 | \$ 0 | \$ 1,684 | \$(9) | \$ 8,607 |
| Changes during the Period | | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | (135) | | | | | (135) |
| Dividends from Surplus | | | | | (40) | | (40) |
| Profit Attributable to Owners of Parent | | | | | 139 | | 139 |
| Acquisition of Treasury Stock | | | | | | (0) | (0) |
| Disposition of Treasury Stock | | | | 0 | | 0 | 0 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | | |
| Total Changes during the Period | — | (135) | — | 0 | 98 | (0) | (36) |
| Balance, March 31, 2019 | \$ 1,970 | \$ 1,216 | \$ 3,611 | \$ 0 | \$ 1,783 | \$(9) | \$ 8,571 |

| | 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, 2018 | \$ 230 | \$ 0 | \$(111) | \$ 118 | \$ 34 | \$ 8,761 |
| Changes during the Period | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | | | | | (135) |
| Dividends from Surplus | | | | | | (40) |
| Profit Attributable to Owners of Parent | | | | | | 139 |
| Acquisition of Treasury Stock | | | | | | (0) |
| Disposition of Treasury Stock | | | | | | 0 |
| Net Changes of Items Other Than Shareholders' Equity | (37) | (0) | 0 | (38) | — | (38) |
| Total Changes during the Period | (37) | (0) | 0 | (38) | — | (74) |
| Balance, March 31, 2019 | \$ 192 | \$ 0 | \$(111) | \$ 80 | \$ 34 | \$ 8,686 |

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, 2019 and 2018

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 | | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | | | | | | |
| Dividends from Surplus | | | | | (42) | | (42) |
| Profit Attributable to Owners of Parent | | | | | 351 | | 351 |
| Acquisition of Treasury Stock | | | | | | (0) | (0) |
| Disposition of Treasury Stock | | | | | | | |
| 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 | | | | | | |
| Payment to National Treasury of Crisis Response Reserve | | | | | | |
| Dividends from Surplus | | | | | | (42) |
| Profit Attributable to Owners of Parent | | | | | | 351 |
| Acquisition of Treasury Stock | | | | | | (0) |
| Disposition of Treasury Stock | | | | | | |
| 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 |

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 ¥110.99=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2019, has been used for translation purposes for the year ended March 31, 2019, and ¥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. 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.

CHANGE IN ACCOUNTING POLICIES

The Bank has adopted "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) from the beginning of the consolidated fiscal year ended March 31, 2019. The method to treat taxable temporary difference pertaining to stock of subsidiaries is changed to a method where deferred tax liabilities are not recognized because the Bank has not made decision on or has no plan for selling stock of subsidiaries within the foreseeable future. The effect of this change is immaterial, therefore, the amount due to the effect is recognized under Adjustment for Income Taxes in the consolidated fiscal year ended March 31, 2019. In addition, the effect this change gives to per share information is immaterial.

UNAPPLIED ACCOUNTING STANDARDS

"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.

CONSOLIDATED BALANCE SHEETS

1. In Loans, loans to bankrupt companies total ¥56,097 million and overdue loans total ¥283,905 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 ¥402 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.
3. Rescheduled loans total ¥23,172 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 ¥363,577 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 ¥193,568 million.

6. Assets provided as collateral are as follows.

| | |
|---|--------------------|
| Assets provided as collateral: | |
| Securities | ¥1,024,919 million |
| Liabilities corresponding to collateral assets: | |
| Deposits | ¥2,360 million |
| Payables under Securities Lending Transactions | ¥593,243 million |
| Borrowings | ¥202,631 million |

In addition to the above amounts, securities worth ¥3,900 million have been provided as collateral for foreign currency settlements or substituted for futures margin money, etc.

Other Assets include ¥77,944 million of Cash Collateral Received for Financial Instruments and ¥2,122 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 ¥1,252,330 million. Of this amount, ¥1,181,741 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 ¥68,794 million.
9. Advanced depreciation of Tangible Fixed Assets is ¥17,367 million.
(There is no advanced depreciation for the current fiscal period.)
10. Borrowings include loans payable under subordination covenant totaling ¥15,000 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 ¥85,738 million.

CONSOLIDATED STATEMENTS OF OPERATIONS

- Other Income includes ¥28,443 million of revenue from dormant bonds.
- General and Administrative Expenses include ¥40,813 million of salaries and allowances.
- Other Expenses include ¥351 million of Write-off of Loans, ¥152 million of Write-off of Stocks, ¥24,855 million of provision for reserves for losses on refund for dormant bonds.
- Regarding the following assets held by the Bank in Tokyo Metropolitan and other areas, the Bank recognized impairment losses because the amount invested in the assets are no longer expected to be recovered due to a decrease in cash flows from operating activities, continuous decline in land prices, changes to their intended use, and planned disposal of the assets. The impairment losses on Land and Buildings, etc. consists of ¥1,176 million for 21 branch offices and ¥5,584 million for assets planned for disposal and idle assets in 2 locations. Upon the calculation of impairment losses, the Bank groups the assets based on individual branch unit, which is the smallest unit used in managerial accounting. Each asset planned for disposal and idle asset is treated as individual unit, and head office, administration centers, and residences are treated as jointly used assets since they do not generate cash flow independently. The recoverable amount is principally calculated based on net realizable value. The net realizable value is calculated by deducting the estimated disposal cost from appraisal value determined in accordance with the real estate appraisal standards.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

| | Millions of yen | |
|---|-----------------|---------|
| | 2019 | 2018 |
| Unrealized Gains on Other Securities | | |
| Amount arising during the current fiscal year | ¥ (5,824) | ¥ 3,305 |
| Reclassification Adjustments | (231) | (424) |
| Before adjustment of Deferred Income Tax | (6,056) | 2,880 |
| Deferred Income Tax | 1,846 | (878) |
| Unrealized Gains on Other Securities | (4,209) | 2,002 |
| Deferred Hedge Gains | | |
| Amount arising during the current fiscal year | (5) | (2) |
| Reclassification Adjustments | (21) | (32) |
| Before adjustment of Deferred Income Tax | (27) | (34) |
| Deferred Income Tax | 8 | 10 |
| Deferred Hedge Gains | (18) | (23) |
| Remeasurements of Defined Benefit Plans | | |
| Amount arising during the current fiscal year | (2,202) | 1,148 |
| Reclassification Adjustments | 2,210 | 2,098 |
| Before adjustment of Deferred Income Tax | 8 | 3,247 |
| Deferred Income Tax | (2) | (990) |
| Remeasurements of Defined Benefit Plans | 5 | 2,257 |
| Total Other Comprehensive Income (Loss) | ¥ (4,223) | ¥ 4,235 |

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

- Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

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

| (Thousand shares) | | | | | |
|---|--------------------------------------|----------|----------|---------------------------------------|---------|
| | Number of Shares as of April 1, 2018 | Increase | Decrease | Number of Shares as of March 31, 2019 | 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 | 10,142 | 62 | 0 | 10,204 | (Note) |
| Total | 10,142 | 62 | 0 | 10,204 | |

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

- (2) Matters Relating to Dividends

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

| Resolution | Type of Capital Subscription Unit | Total Amount of Cash Dividends Paid (Millions of Yen) | Cash Dividend per Capital Subscription Unit (Yen) | Record Date | Effective Date |
|--|--------------------------------------|---|---|----------------|----------------|
| Ordinary General Meeting of Shareholders held on June 21, 2018 | Common stock (government portion) | 1,016 | 1.0 (Note) | March 31, 2018 | June 25, 2018 |
| | 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, 2019 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2019

| | 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 20, 2019 | Common stock (government portion) | 1,016 | Retained earnings | 1.0 (Note 1) | March 31, 2019 | Ordinary General Meeting of Shareholders held on June 20, 2019 and after competent minister authorization (Note 2) |
| | Common stock (nongovernment portion) | 3,480 | | 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, 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.

Capital Account Details (Consolidated)

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2019

| CAPITAL RATIO (Uniform International Standards) | | (¥100 million, %) |
|---|--|------------------------|
| | | (As of March 31, 2019) |
| 1. Total Risk-weighted Capital Ratio (4/7) | | 12.99 |
| 2. Tier 1 Risk-weighted Capital Ratio (5/7) | | 12.30 |
| 3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7) | | 12.30 |
| 4. Total Capital | | 9,898 |
| 5. Tier 1 Capital | | 9,373 |
| 6. Common Equity Tier 1 Capital | | 9,373 |
| 7. Risk-weighted Assets | | 76,171 |
| 8. Total Required Capital | | 6,093 |
| LEVERAGE RATIO (Uniform International Standards) | | (%) |
| | | (As of March 31, 2019) |
| Leverage Ratio | | 7.73 |

Financial Data (Non-Consolidated)

Year Ended March 31, 2019

| | |
|--------------------------------|----|
| Balance Sheets | 51 |
| Statements of Operations | 53 |
| Capital Account Details | 55 |
| Profit and Loss Details | 56 |
| Details of Operations | 57 |

Trends in Principal Financial Indicators (Non-Consolidated)

| Fiscal period ended | Billions of yen | | | | |
|---|--|--|--|--|--|
| | March 31, 2019 | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| Total Operating Income | ¥ 146.4 | ¥ 170.1 | ¥ 160.2 | ¥ 170.2 | ¥ 180.7 |
| Income (Loss) before Income Taxes and Other | 30.7 | 56.9 | 49.1 | 33.5 | 36.0 |
| Net Income (Loss) | 14.4 | 36.2 | 31.3 | 11.5 | 15.6 |
| 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 | 962.3 | 971.5 | 937.7 | 909.1 | 898.2 |
| Total Assets | 11,749.8 | 11,890.2 | 12,778.8 | 12,507.4 | 12,565.5 |
| Outstanding Deposits | 5,057.9 | 4,892.2 | 5,109.0 | 5,164.8 | 5,019.1 |
| Outstanding Debentures | 4,238.3 | 4,459.5 | 4,744.1 | 4,816.8 | 4,833.5 |
| Outstanding Loans | 8,289.7 | 8,648.1 | 9,356.8 | 9,539.5 | 9,503.1 |
| Balance of Investment Securities | 1,383.9 | 1,514.6 | 1,543.1 | 1,703.5 | 1,931.4 |
| Net Assets per Share (Yen) | 195.97 | 193.32 | 177.79 | 164.61 | 159.63 |
| 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) | 6.65 | 16.67 | 14.38 | 5.31 | 7.16 |
| Capital Ratio (%) | 8.18 | 8.17 | 7.33 | 7.26 | 7.14 |
| Non-consolidated Tier 1 (Common Stock etc.) Ratio (%) | 12.34 | 12.75 | 12.03 | 12.07 | 12.25 |
| Non-consolidated Tier 1 Ratio (%) | 12.34 | 12.75 | 12.03 | 12.07 | 12.25 |
| Non-consolidated Total Capital Ratio (%) | 13.02 | 13.57 | 13.16 | 13.41 | 13.59 |
| Return on Equity (%) | 1.49 | 3.80 | 3.39 | 1.28 | 1.75 |
| Price Earnings Ratio | — | — | — | — | — |
| Dividend Payment Ratio (%) | 31.04 | 12.39 | 14.36 | 38.88 | 28.83 |
| Number of Employees (Persons) | 3,798 | 3,765 | 3,753 | 3,773 | 3,816 |
| [Average Number of Temporary Employees excluded from Above] | [895] | [917] | [908] | [884] | [853] |

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, 2019 and 2018

| | Millions of yen | | Millions of U.S. dollars | |
|--|-----------------|--------------|--------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| ASSETS | | | | |
| Cash and Due from Banks | ¥ 1,856,751 | ¥ 1,526,881 | \$ 16,728 | \$ 14,371 |
| Cash | 26,559 | 27,028 | 239 | 254 |
| Due from Banks | 1,830,192 | 1,499,853 | 16,489 | 14,117 |
| Call Loans | 45,347 | 41,412 | 408 | 389 |
| Monetary Claims Purchased | 26,573 | 27,621 | 239 | 259 |
| Trading Assets | 14,132 | 21,413 | 127 | 201 |
| Trading Securities | — | 3,275 | — | 30 |
| Trading-related Financial Derivatives | 14,132 | 18,138 | 127 | 170 |
| Investment Securities | 1,383,976 | 1,514,685 | 12,469 | 14,257 |
| Government Bonds | 606,776 | 790,036 | 5,466 | 7,436 |
| Local Government Bonds | 442,781 | 347,202 | 3,989 | 3,268 |
| Corporate Bonds | 233,223 | 284,867 | 2,101 | 2,681 |
| Stocks | 38,358 | 44,226 | 345 | 416 |
| Other Securities | 62,836 | 48,351 | 566 | 455 |
| Loans | 8,289,724 | 8,648,176 | 74,688 | 81,402 |
| Bills Discounted | 192,881 | 201,695 | 1,737 | 1,898 |
| Loans on Notes | 341,666 | 305,092 | 3,078 | 2,871 |
| Loans on Deeds | 6,703,553 | 7,240,610 | 60,397 | 68,153 |
| Overdrafts | 1,051,622 | 900,777 | 9,474 | 8,478 |
| Foreign Exchange | 16,571 | 15,586 | 149 | 146 |
| Due from Foreign Banks | 7,932 | 7,035 | 71 | 66 |
| Foreign Exchange Bills Purchased | 686 | 911 | 6 | 8 |
| Foreign Exchange Bills Receivable | 7,952 | 7,640 | 71 | 71 |
| Other Assets | 89,254 | 89,224 | 804 | 839 |
| Unsettled Account of Transfer on Receiving Bank | 2 | — | 0 | — |
| Prepaid Expenses | 1,656 | 2,861 | 14 | 26 |
| Accrued Income | 4,918 | 5,702 | 44 | 53 |
| Financial Derivatives | 257 | 2,085 | 2 | 19 |
| Cash Collateral Received for Financial Instruments | 77,944 | 73,014 | 702 | 687 |
| Other Assets | 4,474 | 5,559 | 40 | 52 |
| Tangible Fixed Assets | 36,198 | 43,271 | 326 | 407 |
| Buildings | 15,762 | 16,980 | 142 | 159 |
| Land | 18,210 | 23,214 | 164 | 218 |
| Leased Assets | — | 0 | — | 0 |
| Construction in Progress | 740 | 949 | 6 | 8 |
| Other Tangible Fixed Assets | 1,484 | 2,126 | 13 | 20 |
| Intangible Fixed Assets | 11,854 | 11,021 | 106 | 103 |
| Software | 6,317 | 6,986 | 56 | 65 |
| Other Intangible Fixed Assets | 5,536 | 4,034 | 49 | 37 |
| Prepaid Pension Cost | 28,697 | 21,072 | 258 | 198 |
| Deferred Income Taxes | 35,446 | 32,396 | 319 | 304 |
| Customers' Liabilities for Acceptances and Guarantees | 104,966 | 102,699 | 945 | 966 |
| Customers' Liabilities for Acceptances and Guarantees | 103,730 | 101,356 | 934 | 954 |
| Customers' Liabilities for Guaranteeing Agency Loans | 1,236 | 1,343 | 11 | 12 |
| Reserve for Possible Loan Losses | (189,665) | (205,239) | (1,708) | (1,931) |
| Total Assets | ¥ 11,749,830 | ¥ 11,890,224 | \$ 105,863 | \$ 111,918 |

Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of March 31, 2019 and 2018

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 | |
|--|-----------------|--------------|--------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| LIABILITIES | | | | |
| Deposits | ¥ 5,057,977 | ¥ 4,892,270 | \$ 45,571 | \$ 46,049 |
| Current Deposits | 525,729 | 539,147 | 4,736 | 5,074 |
| Ordinary Deposits | 1,127,315 | 1,128,118 | 10,156 | 10,618 |
| Deposits at Notice | 35,239 | 35,772 | 317 | 336 |
| Time Deposits | 3,288,142 | 3,099,081 | 29,625 | 29,170 |
| Other Deposits | 81,550 | 90,149 | 734 | 848 |
| Negotiable Certificates of Deposit | 284,360 | 257,222 | 2,562 | 2,421 |
| Shoko Chukin Bank Debentures | 4,238,310 | 4,459,540 | 38,186 | 41,976 |
| Shoko Chukin Bank Debentures Issued | 4,238,310 | 4,459,540 | 38,186 | 41,976 |
| Payables under Securities Lending Transactions | 593,243 | 580,278 | 5,345 | 5,461 |
| Trading Liabilities | 8,404 | 12,653 | 75 | 119 |
| Trading-related Financial Derivatives | 8,404 | 12,653 | 75 | 119 |
| Borrowed Money | 341,129 | 461,779 | 3,073 | 4,346 |
| Borrowings | 341,129 | 461,779 | 3,073 | 4,346 |
| Foreign Exchange | 30 | 8 | 0 | 0 |
| Due to Foreign Banks | 13 | 1 | 0 | 0 |
| Foreign Exchange Bills Sold | 2 | 6 | 0 | 0 |
| Foreign Exchange Bills Payable | 14 | — | 0 | — |
| Other Liabilities | 84,490 | 100,261 | 761 | 943 |
| Corporate Taxes Payable | 6,066 | 7,575 | 54 | 71 |
| Accrued Expenses | 5,696 | 6,444 | 51 | 60 |
| Unearned Income | 4,747 | 5,351 | 42 | 50 |
| Deposits by Employees | 3,988 | 3,973 | 35 | 37 |
| Financial Derivatives | 823 | 678 | 7 | 6 |
| Cash Collateral Received for Financial Instruments | 16,083 | 5,597 | 144 | 52 |
| Lease Obligations | — | 0 | — | 0 |
| Asset Retirement Obligations | 196 | 157 | 1 | 1 |
| Debenture Principal Payable | 5,679 | 37,212 | 51 | 350 |
| Other Liabilities | 41,209 | 33,270 | 371 | 313 |
| Reserve for Bonuses | 4,390 | 4,410 | 39 | 41 |
| Reserve for Retirement Benefits | 19,812 | 19,932 | 178 | 187 |
| Reserve for Retirement Benefits for Directors | 17 | 78 | 0 | 0 |
| Reserve for Losses on Refund for Dormant Bonds | 50,243 | 27,395 | 452 | 257 |
| Reserve for Environmental Measures | 144 | 143 | 1 | 1 |
| Acceptances and Guarantees | 104,966 | 102,699 | 945 | 966 |
| Acceptances and Guarantees | 103,730 | 101,356 | 934 | 954 |
| Guarantees for Agency Loans | 1,236 | 1,343 | 11 | 12 |
| Total Liabilities | ¥ 10,787,521 | 10,918,673 | \$ 97,193 | 102,773 |
| NET ASSETS | | | | |
| Capital | 218,653 | 218,653 | 1,970 | 2,058 |
| Crisis Response Reserve | 135,000 | 150,000 | 1,216 | 1,411 |
| Special Reserve under the Shoko Chukin Bank Law | 400,811 | 400,811 | 3,611 | 3,772 |
| Capital Surplus | 0 | 0 | 0 | 0 |
| Other Capital Surplus | 0 | 0 | 0 | 0 |
| Retained Earnings | 187,583 | 177,595 | 1,690 | 1,671 |
| Earnings Reserve | 22,411 | 21,511 | 201 | 202 |
| Other Retained Earnings | 165,171 | 156,083 | 1,488 | 1,469 |
| Reserve for Advanced Depreciation of Noncurrent Assets | 433 | 465 | 3 | 4 |
| Reserve for Particular Purposes | 49,570 | 49,570 | 446 | 466 |
| Retained Earnings Brought Forward | 115,167 | 106,046 | 1,037 | 998 |
| Treasury Stock | (1,061) | (1,049) | (9) | (9) |
| Total Shareholders' Equity | 940,986 | 946,009 | 8,478 | 8,904 |
| Unrealized Gains on Other Securities | 21,317 | 25,516 | 192 | 240 |
| Deferred Hedge Gains | 5 | 24 | 0 | 0 |
| Total Valuation and Translation Adjustments | 21,323 | 25,540 | 192 | 240 |
| Total Net Assets | 962,309 | 971,550 | 8,670 | 9,144 |
| Total Liabilities and Net Assets | ¥ 11,749,830 | ¥ 11,890,224 | \$ 105,863 | \$ 111,918 |

Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2019 and 2018

| | Millions of yen | | Millions of U.S. dollars | |
|--|-----------------|-----------|--------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Operating Income | ¥ 146,437 | ¥ 170,187 | \$ 1,319 | \$ 1,601 |
| Interest Income | 101,929 | 113,183 | 918 | 1,065 |
| Interest on Loans | 92,450 | 103,701 | 832 | 976 |
| Interest and Dividends on Securities | 5,603 | 5,722 | 50 | 53 |
| Interest on Call Loans | 1,264 | 857 | 11 | 8 |
| Interest on Deposits | 1,247 | 1,232 | 11 | 11 |
| Interest on Interest Swaps | 21 | 32 | 0 | 0 |
| Other Interest Income | 1,342 | 1,637 | 12 | 15 |
| Fees and Commissions | 9,668 | 9,357 | 87 | 88 |
| Domestic and Foreign Exchange Commissions | 1,450 | 1,469 | 13 | 13 |
| Other Fees and Commissions | 8,218 | 7,887 | 74 | 74 |
| Trading Revenue | 2,948 | 2,579 | 26 | 24 |
| Trading Securities Revenue | — | 17 | — | 0 |
| Income from Securities and Derivatives Related to Trading Transactions | 1 | — | 0 | — |
| Revenue from Trading-related Financial Derivatives | 2,946 | 2,561 | 26 | 24 |
| Other Operating Income | 1,479 | 1,714 | 13 | 16 |
| Revenue from Foreign Exchange Trading | 943 | 1,393 | 8 | 13 |
| Revenue from Sales of Government and Other Bonds | 536 | 318 | 4 | 2 |
| Income from Derivatives Other than for Trading or Hedging | — | 2 | — | 0 |
| Other Income | 30,411 | 43,354 | 273 | 408 |
| Reversal of Reserve for Possible Loan Losses | — | 20,984 | — | 197 |
| Collection of Written-off Claims | 46 | 100 | 0 | 0 |
| Revenue from Sales of Stocks and Other Securities | 454 | 350 | 4 | 3 |
| Other Income | 29,910 | 21,918 | 269 | 206 |
| Operating Expenses | 115,645 | 113,240 | 1,041 | 1,065 |
| Interest Expenses | 7,277 | 7,490 | 65 | 70 |
| Interest on Deposits | 2,971 | 2,844 | 26 | 26 |
| Interest on Negotiable Certificates of Deposit | 1,080 | 612 | 9 | 5 |
| Interest on Debentures | 1,555 | 2,097 | 14 | 19 |
| Interest on Call Money | (1) | (16) | (0) | (0) |
| Interest on Payables under Repurchase Agreements | — | 0 | — | 0 |
| Interest on Debenture Rental Transactions | 57 | 45 | 0 | 0 |
| Interest on Borrowed Money | 1,574 | 1,866 | 14 | 17 |
| Other Interest Expenses | 38 | 40 | 0 | 0 |
| Fees and Commissions | 2,016 | 2,620 | 18 | 24 |
| Domestic and Foreign Exchange Commissions | 405 | 400 | 3 | 3 |
| Other Fees and Commissions | 1,611 | 2,219 | 14 | 20 |
| Trading Expenses | 9 | 0 | 0 | 0 |
| Expenses on Trading Securities and Derivatives | 9 | — | 0 | — |
| Expenses on Securities and Derivatives Related to Trading Transactions | — | 0 | — | 0 |
| Other Operating Expenses | 611 | 139 | 5 | 1 |
| Losses on Sales of Government and Other Bonds | 77 | 12 | 0 | 0 |
| Amortization of Government and Other Bonds | 143 | 114 | 1 | 1 |
| Amortization of Debenture Issue Expenses | 17 | 12 | 0 | 0 |
| Expenses on Financial Derivatives | 373 | — | 3 | — |
| General and Administrative Expenses | 77,715 | 77,408 | 700 | 728 |
| Other Expenses | 28,014 | 25,581 | 252 | 240 |
| Provision for Possible Loan Losses | 1,419 | — | 12 | — |
| Write-off of Loans | 349 | 314 | 3 | 2 |
| Losses on Sales of Stocks and Other Securities | 30 | 27 | 0 | 0 |
| Write-off of Stocks | 152 | 10 | 1 | 0 |
| Other Expenses | 26,062 | 25,227 | 234 | 237 |
| Profit before Income Taxes and Other | 30,791 | 56,947 | 277 | 536 |

Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2019 and 2018

| | Millions of yen | | Millions of U.S. dollars | |
|------------------------------------|-----------------|----------|--------------------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| Other Gains | 686 | 102 | 6 | 0 |
| Gains on Disposal of Fixed Assets | 686 | 102 | 6 | 0 |
| Other Losses | 6,850 | 745 | 61 | 7 |
| Losses on Disposal of Fixed Assets | 89 | 187 | 0 | 1 |
| Impairment Losses | 6,760 | 558 | 60 | 5 |
| Profit before Income Taxes | 24,628 | 56,304 | 221 | 529 |
| Provision for Income Taxes | 11,342 | 13,178 | 102 | 124 |
| Adjustment for Income Taxes | (1,200) | 6,830 | (10) | 64 |
| Total Income Taxes | 10,142 | 20,008 | 91 | 188 |
| Profit | ¥ 14,485 | ¥ 36,295 | \$ 130 | \$ 341 |

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 | 46.68 |
| Chubu Automobile Insurance Cooperative for Truck Transport Companies | 8,085 | 0.37 |
| 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 |
| Tokyo Mokuzai Tonya Kyoudou Kumiai | 5,000 | 0.22 |
| OSAKA SEMBA FASHION CO-OPERATIVE ASSOCIATION | 4,810 | 0.22 |
| Hokuoh Shinyo Kumiai | 4,662 | 0.21 |
| Kyodokumiai Koyama Kyoiku Sangyo Group | 4,223 | 0.19 |
| Kyouritsu Shinyo Kumiai | 3,772 | 0.17 |
| Total | 1,064,519 | 48.68 |

Notes: 1. As of March 31, 2019.

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, 2019) |
|---|------------------------|
| 1. Total Risk-weighted Capital Ratio (4/7) | 13.02 |
| 2. Tier 1 Risk-weighted Capital Ratio (5/7) | 12.34 |
| 3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7) | 12.34 |
| 4. Total Capital | 9,805 |
| 5. Tier 1 Capital | 9,296 |
| 6. Common Equity Tier 1 Capital | 9,296 |
| 7. Risk-weighted Assets | 75,309 |
| 8. Total Required Capital | 6,024 |

LEVERAGE RATIO (Uniform International Standards)

(%)

| | (As of March 31, 2019) |
|----------------|------------------------|
| Leverage Ratio | 7.72 |

The Bank's Capital Ratio, etc.:

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

In addition, the Bank's leverage ratio, an indicator that supplements the capital ratio, is calculated in accordance with the formula stipulated in "Standard for Assessment of Soundness Concerning Leverage that is Stipulated as Indicator that Supplements Standard for Assessment of Management Soundness under Announcement No. 3 of 2019 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Law."

SUMMARY OF INCOME

(¥100 million)

| Fiscal period ended | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Gross Operating Profit | 1,061 | 1,165 |
| General and Administrative Expenses (Excluding Nonrecurring Items) | 754 | 752 |
| Operating Profit (Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses) | 306 | 413 |
| Provision for the General Reserve for Possible Loan Losses | (73) | — |
| Operating Profit | 379 | 413 |
| Nonrecurring Loss (Including Nonrecurring Expenses) | (71) | 156 |
| Income before Income Taxes and Other | 307 | 569 |
| Other Gains and Losses | (61) | (6) |
| Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax | 113 | 131 |
| Adjustment of Income Taxes | (12) | 68 |
| Net Income | 144 | 362 |

Note: Operating Profit is income generated by the Bank's primary businesses and is calculated using the following formula:

$$\text{Operating Profit} = \text{Gross Operating Profit} - (\text{Provision for the General Reserve for Possible Loan Losses} + \text{General and Administrative Expenses (Excluding Nonrecurring Items)})$$
GROSS OPERATING PROFIT

(¥100 million, %)

| Fiscal period ended | March 31, 2019 | | | March 31, 2018 | | |
|----------------------------------|----------------|---------------|-------|----------------|---------------|-------|
| | Domestic | International | Total | Domestic | International | Total |
| Net Interest Income | 914 | 32 | 946 | 1,029 | 27 | 1,056 |
| Fees and Commissions | 69 | 6 | 76 | 60 | 6 | 67 |
| Trading Revenue | 18 | 10 | 29 | 15 | 10 | 25 |
| Other Operating Income | 2 | 5 | 8 | 4 | 11 | 15 |
| Gross Operating Profit | 1,005 | 55 | 1,061 | 1,109 | 56 | 1,165 |
| Gross Operating Profit Ratio (%) | 0.87 | 2.27 | 0.91 | 0.91 | 2.17 | 0.94 |

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.

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

| BALANCE OF LOANS | | (¥100 million) | | | | | |
|---------------------------|------------------|----------------|---------------|---------------|----------------|---------------|---------------|
| Fiscal period ended | | March 31, 2019 | | | March 31, 2018 | | |
| | | Domestic | International | Total | Domestic | International | Total |
| Fiscal Period-end Balance | Loans on Deeds | 65,698 | 1,336 | 67,035 | 71,157 | 1,248 | 72,406 |
| | Loans on Notes | 3,078 | 338 | 3,416 | 2,731 | 319 | 3,050 |
| | Overdraft | 10,516 | — | 10,516 | 9,007 | — | 9,007 |
| | Bills Discounted | 1,928 | — | 1,928 | 2,016 | — | 2,016 |
| | Total | 81,222 | 1,674 | 82,897 | 84,913 | 1,567 | 86,481 |
| Average Balance | Loans on Deeds | 68,102 | 1,331 | 69,433 | 74,214 | 1,352 | 75,566 |
| | Loans on Notes | 2,849 | 328 | 3,177 | 2,499 | 354 | 2,853 |
| | Overdraft | 9,273 | — | 9,273 | 8,474 | — | 8,474 |
| | Bills Discounted | 1,604 | — | 1,604 | 1,652 | — | 1,652 |
| | Total | 81,829 | 1,659 | 83,489 | 86,840 | 1,706 | 88,547 |

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, 2019 | As of March 31, 2018 |
| | | | |
| Manufacturing | | 27,199 (32.8) | 28,572 (33.0) |
| Machinery and Metal Product Manufacturing | | 14,133 (17.0) | 14,819 (17.1) |
| Agriculture and Forestry | | 304 (0.4) | 293 (0.3) |
| Fisheries | | 50 (0.1) | 36 (0.1) |
| Mining and Quarrying of Stone and Gravel | | 125 (0.2) | 121 (0.2) |
| Construction | | 2,359 (2.9) | 2,443 (2.8) |
| Electricity, Gas, Heat Supply and Water | | 262 (0.3) | 292 (0.3) |
| Information and Communications, Transport and Postal Activities | | 11,035 (13.3) | 11,509 (13.3) |
| Wholesale and Retail | | 25,719 (31.0) | 27,101 (31.3) |
| Finance and Insurance | | 437 (0.5) | 424 (0.5) |
| Real Estate and Goods Rental and Leasing | | 6,563 (7.9) | 6,503 (7.5) |
| Various Services | | 8,273 (10.0) | 8,629 (10.0) |
| Local Governments | | 2 (0.0) | 3 (0.0) |
| Others | | 118 (0.1) | 132 (0.2) |
| Overseas and Special International Financial Accounts | | 444 (0.5) | 417 (0.5) |
| Total | | 82,897 | 86,481 |

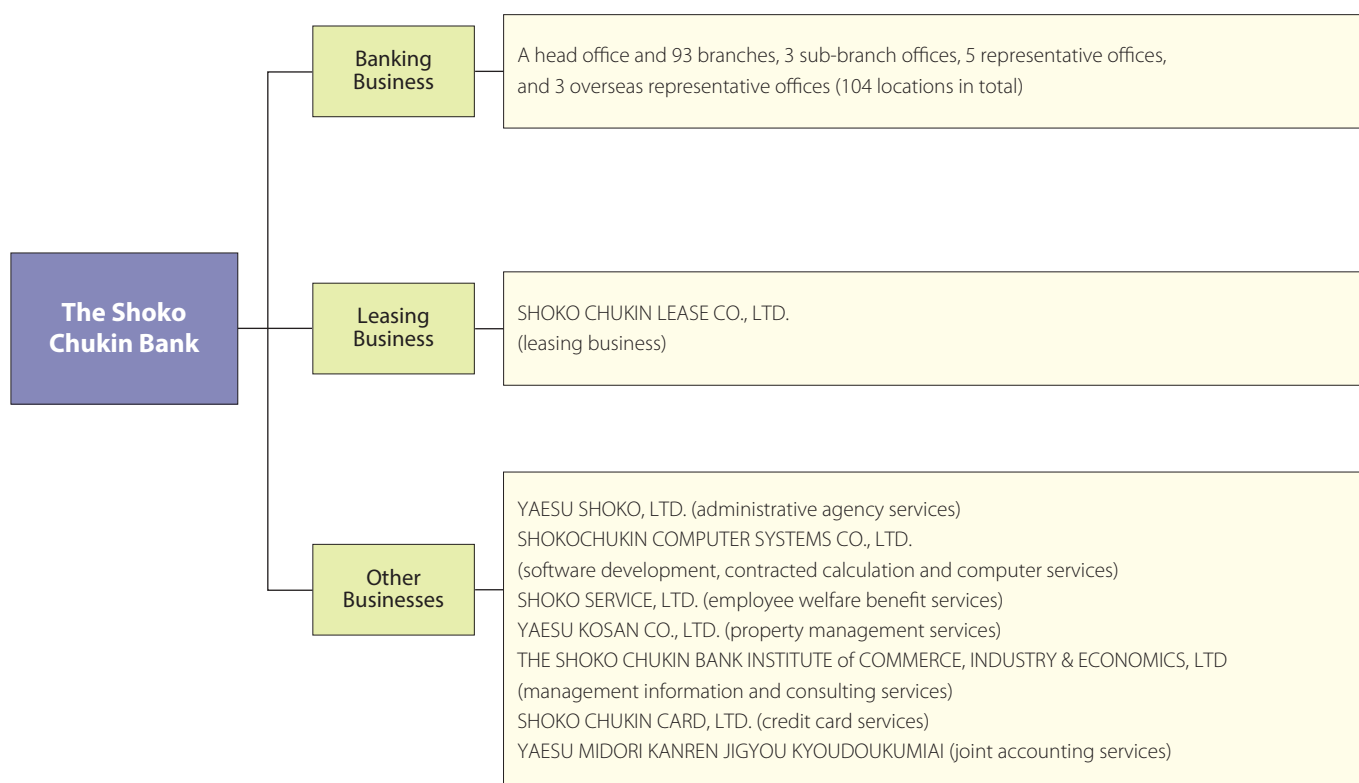
Note: The figures in parentheses represent percentages of the total.

| PROBLEM LOANS | | (¥100 million, %) | |
|--|-----------------------------|-----------------------------|-----------------------------|
| | | As of March 31, 2019 | As of March 31, 2018 |
| Loans to Bankrupt Companies | (A) | 560 | 565 |
| (Loans to Bankrupt Companies other than Loss Classification Loans) | (B) | (244) | (244) |
| Overdue Loans | (C) | 2,839 | 3,199 |
| (Overdue Loans other than Loss Classification Loans) | (D) | (2,365) | (2,642) |
| Loans Overdue for 3 Months or Longer | (E) | 4 | 9 |
| Rescheduled Loans | (F) | 231 | 255 |
| Total Problem Loans | (G) = (A) + (C) + (E) + (F) | 3,635 | 4,028 |
| Loss Classification Loans in Loans to Bankrupt Companies | (H) | 316 | 321 |
| Loss Classification Loans in Overdue Loans | (I) | 473 | 557 |
| Problem Loans other than Loss Classification Loans | (J) = (B) + (D) + (E) + (F) | 2,846 | 3,150 |
| Loans other than Loss Classification Loans | (K) | 82,109 | 85,609 |
| Percentage of Loans (%) | (J)/(K) | 3.5 | 3.7 |

- 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 2017 was ¥87.8 billion out of the Provision for Possible Loan Losses of ¥158.4 billion and at the end of the fiscal 2018 was ¥78.9 billion out of the Provision for Possible Loan Losses of ¥150.2 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, 2019).



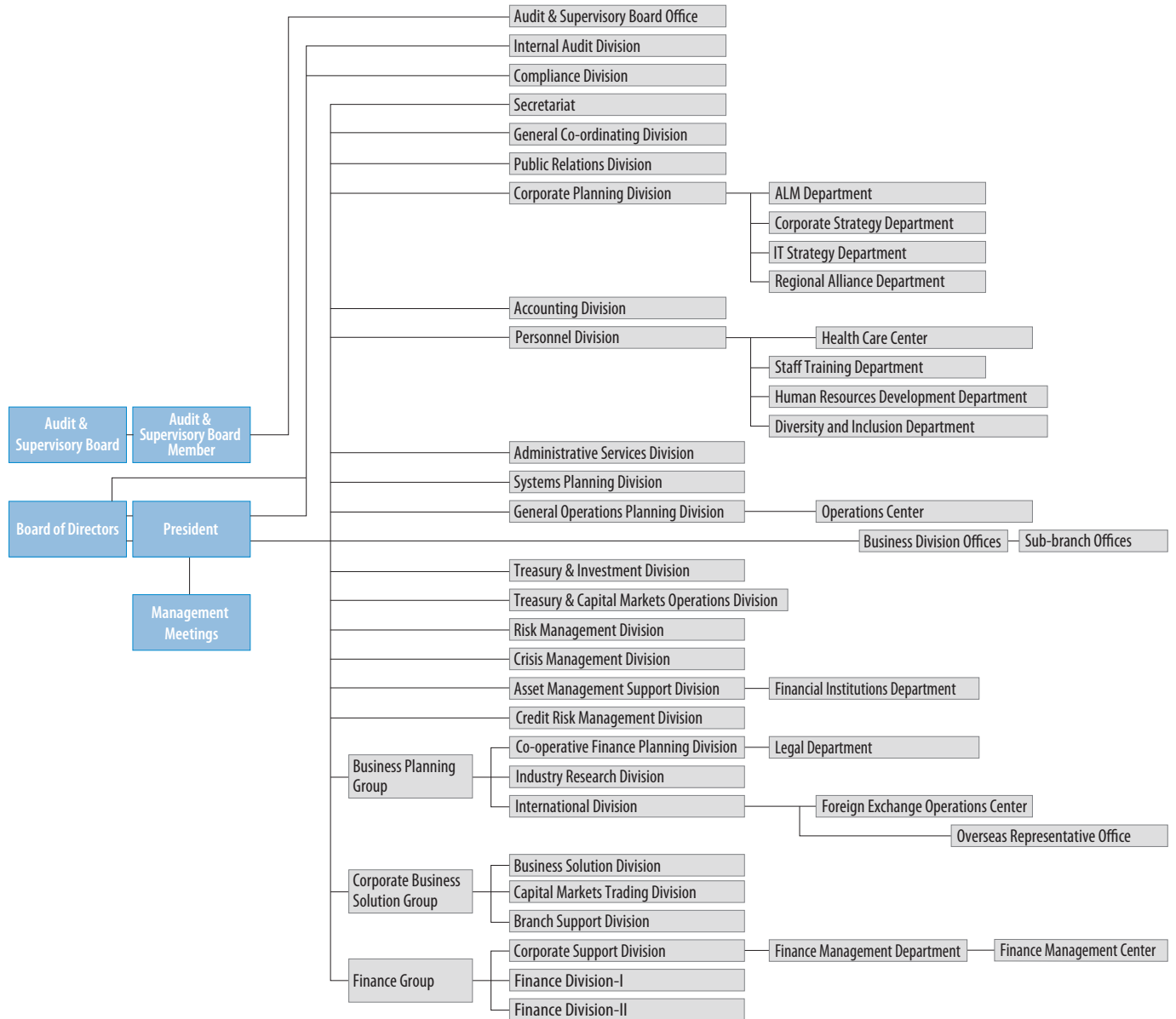
Subsidiaries

Subsidiaries (As of June 30, 2019)

| 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 April 1, 2019)

»» Directors and Audit and Supervisory Board Members

(As of July 1, 2019)

Directors

| | | |
|---|---------------------------|---|
| President (Representative Director) & President and Executive Officer | Masahiro Sekine | Overall execution of business, Internal Audit Division, Compliance Division, Branch and Operational Reform Promotion PT |
| Director & Senior Managing Executive Officer | Katsuhiko Kaji | Corporate Planning Division, Corporate Strategy Department, IT Strategy Department |
| Director & Managing Executive Officer | Ichiro Kawano | Accounting Division, Administrative Services Division, Crisis 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: Fujio Okada, Kazumine Terawaki and Hiroko Kaneko are external Audit & Supervisory Board Members as stipulated under Article 2, Paragraph 16 of the Company Law.

Deputy President, Senior Managing Executive Officer, Managing Executive Officer

| | | |
|--|---------------------------|---|
| Deputy President and Executive Officer | Koushirou Umeda | Secretariat, General Co-ordinating Division, Personnel Division |
| Senior Managing Executive Officer | Hajimu Nakatani | Resident Officer in Osaka |
| Managing Executive Officer | Takahisa Sato | Business Planning Group (Co-operative Finance Planning Division, Industry Research Division, International Division) |
| Managing Executive Officer | Tetsuya Onogi | Finance Group (Corporate Support Division, Finance Division-I, Finance Division-II) |
| Managing Executive Officer | Nagayasu Takahashi | Systems Planning Division, General Operations Planning Division, Treasury & Capital Markets Operations Division |
| Managing Executive Officer | Tsuyoshi Aoki | Corporate Business Solution Group (Business Solution Division, Capital Markets Trading Division, Branch Support Division) |
| Managing Executive Officer | Minoru Mabune | Treasury & Investment Division, Asset Management Support Division, Credit Risk Management Division |
| Managing Executive Officer | Katsuya Motohata | Public Relations Division, Regional Alliance Department, Risk Management Division |

Executive Officers

| | | |
|-------------------|--------------------------|---|
| Executive Officer | Takuro Yamaguchi | General Manager of General Co-ordinating Division |
| Executive Officer | Shuichi Kurosawa | General Manager of Internal Audit 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 |
| Executive Officer | Yoichi Nakamura | General Manager of General Operations Planning Division |
| Executive Officer | Futoshi Hagio | General Manager of Corporate Support Division |
| Executive Officer | Takehiko Nokami | General Manager of Nagoya Office |
| Executive Officer | Manabu Abe | General Manager of Tokyo Office |
| Executive Officer | Shinichiro Morino | |

Stock Information

- **Number of Authorized Shares (As of March 31, 2019)**
 - Common stock 4,000,000,000 shares
 - Crisis response reserve stock 10 shares
- **Number of Issued and Outstanding Shares (As of March 31, 2019)**
 - 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

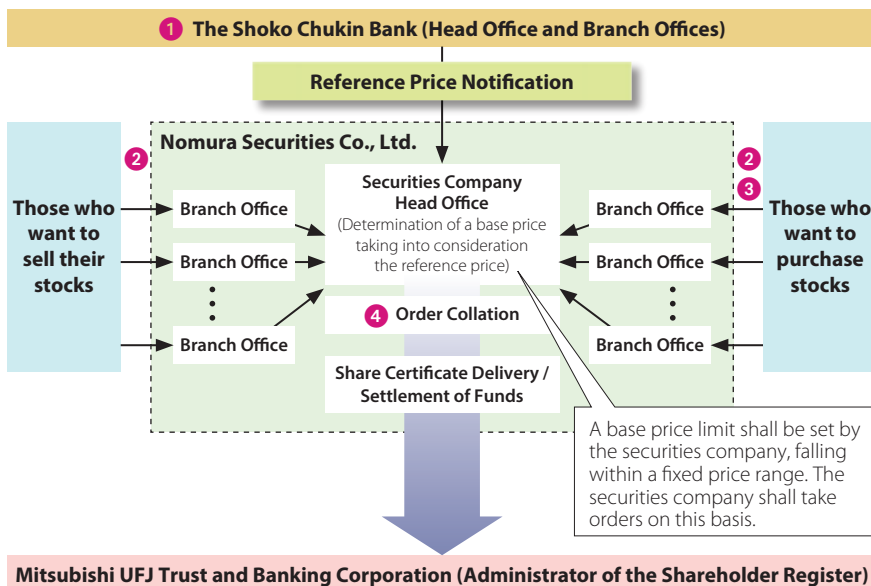
- When a cooperative member applies for loans at the Shoko Chukin Bank, certificate of membership of the cooperative is required. We ask for your understanding on this matter.

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 shareholder 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, Rissho and Rissho Wide ended |
| May | 2015 | The Shoko Chukin Bank Limited Act revised (the government will, for the time being, hold the shares as necessary to ensure adequate implementation of crisis response measures while maintaining the policy for complete privatization) |
| 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 |
| April | 2019 | Diversity and Inclusion Department was newly established in the Personnel Division |

>>> The Shoko Chukin Bank Network

(As of June 30, 2019)

| | | |
|--|--|-----------------|
| 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, Sjdori, Asahikawa-shi, Hokkaido 070-0035, Japan | +81-166-26-2181 |
| Tohoku | | |
| Aomori Office | 2-1-7, Nagashima, Aomori-shi, Aomori 030-0861, Japan | +81-17-734-5411 |
| Hachinohe Office | 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 | +81-28-633-8191 |
| Ashikaga Office | 2-2751, Tori, Ashikaga-shi, Tochigi 326-0814, Japan | +81-284-21-7131 |
| Maebashi Office | 1-1-11, Hon-machi, Maebashi-shi, Gunma 371-0023, Japan | +81-27-224-8151 |
| Saitama Office | 4-25-13, Kishi-cho, Urawa-ku, Saitama-shi, Saitama 330-0064, Japan | +81-48-822-5151 |
| Kumagaya Office | 2-95, Hon-cho, Kumagaya-shi, Saitama 360-0042, Japan | +81-48-525-3751 |
| Chiba Office | 3-13, Shin-machi, Chuo-ku, Chiba-shi, Chiba 260-0028, Japan | +81-43-248-2345 |
| Matsudo Office | 1846-2, Matsudo, Matsudo-shi, Chiba 271-0092, Japan | +81-47-365-4111 |
| Hachioji Office | 2-5, Yokoyama-cho, Hachioji-shi, Tokyo 192-0081, Japan | +81-42-646-3131 |
| Ueno Office | 1-10-12, Ueno, Taiko-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, Shibadaimon, Minato-ku, Tokyo 105-0012, Japan | +81-3-3437-1231 |
| Ikebukuro Office | 1-21-10, Minamiikebukuro, Toshima-ku, Tokyo 171-0022, Japan | +81-3-3988-6311 |
| Shibuya Office | 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 |
| Sagamihara Representative Office | 4-3-14, Sagamihara, Chuo-ku, Sagamihara-shi, Kanagawa 252-0231, Japan | +81-42-786-6230 |
| Niigata Office | 2-4-4, Higashiodori, Chuo-ku, Niigata-shi, Niigata 950-0087, Japan | +81-25-255-5111 |
| Nagaoka Office | 1-2-10, Jonai-cho, Nagaoka-shi, Niigata 940-0061, Japan | +81-258-35-2121 |
| Kofu Office | 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, Soushahon-machi, Himeji-shi, Hyogo 670-0015, Japan | +81-79-223-8431 |
| Amagasaki Office | 5-19-8, Higashinaniwa-cho, Amagasaki-shi, Hyogo 660-0892, Japan | +81-6-6481-7501 |
| Nara Office | 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 |
| Chugoku | | |
| Tottori Office | 2-218, Katahara, Tottori-shi, Tottori 680-0023, Japan | +81-857-22-3171 |
| Yonago Office | 168, Higashi-cho, Yonago-shi, Tottori 683-0067, Japan | +81-859-34-2711 |
| Matsue Office | 210, Tono-machi, Matsue-shi, Shimane 690-0887, Japan | +81-852-23-3131 |
| Hamada Representative Office | 2886, Takezako-cho, Hamada-shi, Shimane 697-0015, Japan | +81-855-23-3033 |
| Okayama Office | 4-1, Banzan-cho, Kita-ku, Okayama-shi, Okayama 700-0818, Japan | +81-86-225-1131 |
| Hiroshima Office | 2-1-2, Ote-machi, Naka-ku, Hiroshima-shi, Hiroshima 730-0051, Japan | +81-82-248-1151 |
| Fukuyama Office | 1-1-30, Konan-cho, Fukuyama-shi, Hiroshima 720-0814, Japan | +81-84-922-6830 |
| Hiroshima Seibu Office | 1-14-1, Shoko Center, Nishi-ku, Hiroshima-shi, Hiroshima 733-0833, Japan | +81-82-277-5421 |
| Shimonoseki Office | 1-1-13, Hosoe-cho, Shimonoseki-shi, Yamaguchi 750-0016, Japan | +81-83-223-1151 |
| Tokuyama Office | 1-10, Miyukidori, Shunan-shi, Yamaguchi 745-0034, Japan | +81-834-21-4141 |
| Shikoku | | |
| Tokushima Office | 2-30, Nishisenba-cho, Tokushima-shi, Tokushima 770-0901, Japan | +81-88-623-0101 |
| Takamatsu Office | 1-3-8, Kawara-machi, Takamatsu-shi, Kagawa 760-0052, Japan | +81-87-821-6145 |
| Matsuyama Office | 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, Ekimaechuo, Saga-shi, Saga 840-0801, Japan | +81-952-23-8121 |
| Nagasaki Office | 2-13, Doza-machi, Nagasaki-shi, Nagasaki 850-0841, Japan | +81-95-823-6241 |
| Sasebo Office | 4-21, Tokiwa-cho, Sasebo-shi, Nagasaki 857-0053, Japan | +81-956-23-8141 |
| Kumamoto Office | 2-23, Joto-machi, Chuo-ku, Kumamoto-shi, Kumamoto 860-0846, Japan | +81-96-352-6184 |
| Oita Office | 2-1-6, Miyako-machi, Oita-shi, Oita 870-0034, Japan | +81-97-534-4157 |
| Miyazaki Office | 1-10, Nishikimachi, Miyazaki-shi, Miyazaki 880-0811, Japan | +81-985-24-1711 |
| Kagoshima Office | 17-24, Nishisengoku-cho, Kagoshima-shi, Kagoshima 892-0847, Japan | +81-99-223-4101 |
| Naha Office | 2-22-10, Kumojo, Naha-shi, Okinawa 900-0015, Japan | +81-98-866-0196 |
| Overseas | | |
| New York Branch | 527 Madison Avenue, 17th Floor, New York, N.Y. 10022 U.S.A. | +1-212-581-2800 |
| Hong Kong Representative Office | Suite 804, 8/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong | +852-2524-5111 |
| Shanghai Representative Office | Room 1706, Shanghai International Trade Center, 2201 Yan-An Xi Road, Shanghai, China | +86-21-6275-3860 |
| Bangkok Representative Office | Unit 6, 10th Floor CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand | +66-2-654-0588 |

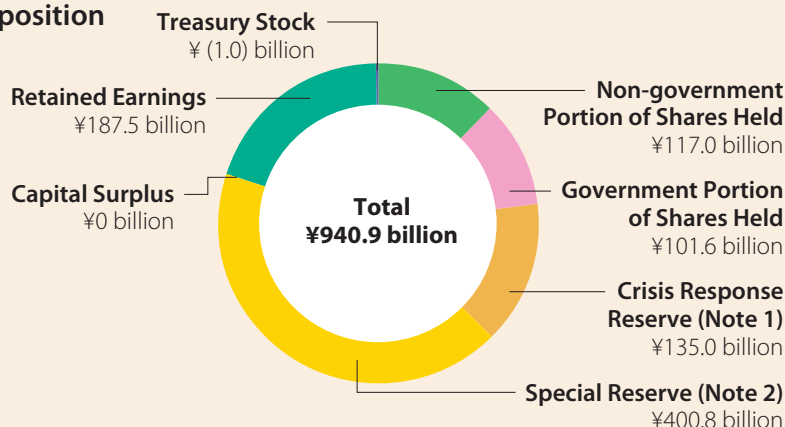
● Head Office and Branch Offices 93 (including 1 overseas branch office)
■ Sub-branch Offices 3 ▲ Representative Offices 5
◆ Overseas Representative Offices 3
 Total 104 (including 4 overseas offices)

Outline of the Bank

(As of March 31, 2019)

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

▶ Capital Composition



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

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

- ▶ **Funds Held** Deposits: ¥5,057.9 billion
Negotiable Certificates of Deposit: ¥284.3 billion
Debentures: ¥4,238.3 billion
- ▶ **Loans Outstanding** ¥8,289.7 billion
- ▶ **Offices** Domestic: 100
Overseas: 4
- ▶ **Number of Employees (Persons)** 3,891

▶ 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 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
 - Industrial/economic research
 - Fiduciary services
 - Other services incidental or related to the above, etc.

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