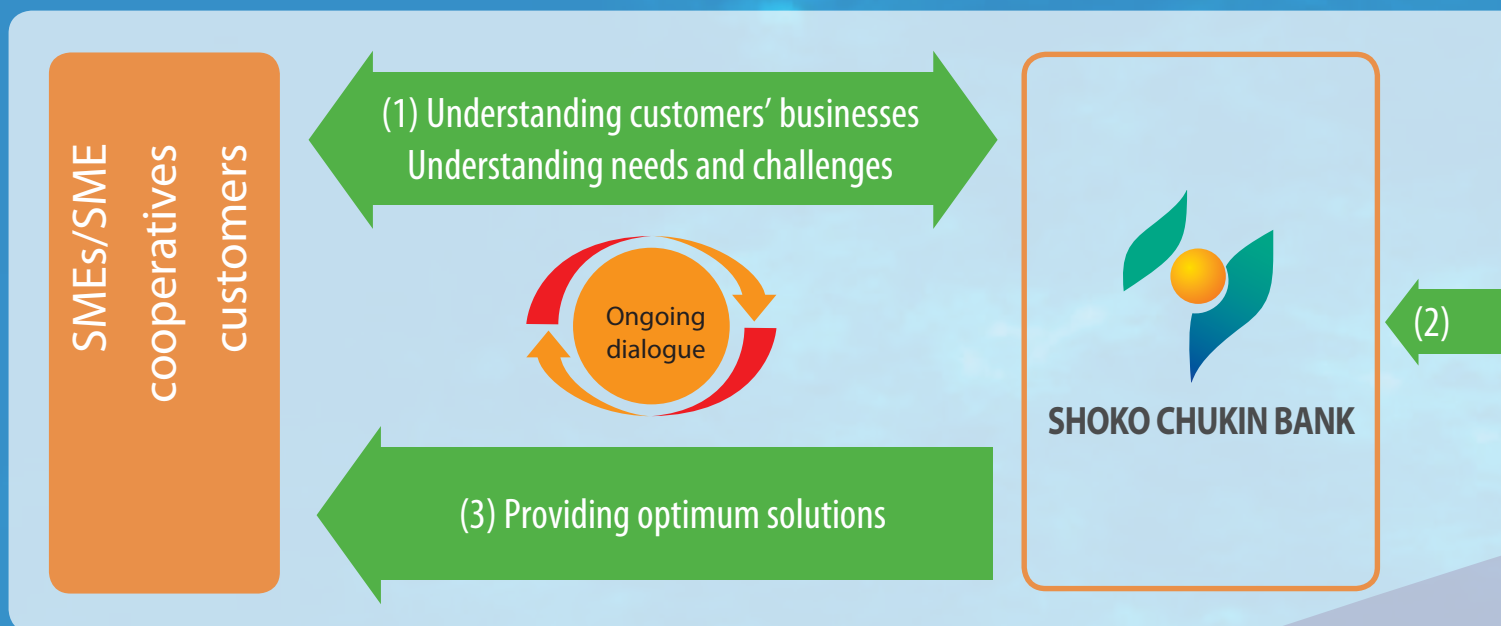


Shoko Chukin Bank Management Reform Plan

Development of “Comprehensive financial services business to support management”



FY2019 results

Loan balance in priority areas

A	¥907.4 billion
B	¥938.4 billion
C	¥166.8 billion
D	¥58.5 billion
Total	¥1,928.0 billion

Target management indicators

Gross operating profit	¥100.7 billion
Operating profit	¥28.2 billion
Net income	¥13.7 billion
OHR	72%

* There is some overlap in the loan balances in priority areas, so the zone total does not match the priority area total.

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