

Financial highlights of the fiscal year ended March 31, 2020

Figures are on a non-consolidated basis (hereinafter, the same)

(¥100 million)

	Mar. 31/'18	Mar. 31/'19	Mar. 31/'20	Year-on-year change
Gross operating profit	1,165	1,061	1,007	(53)
Net interest income	1,056	946	886	(59)
Fees and commissions	67	76	82	5
Trading revenue	25	29	38	9
Other operating income	15	8	0	(8)
Core gross operating profit	1,163	1,057	1,016	(41)
General and administrative expenses (excluding nonrecurring items)	752	754	725	(29)
Operating profit (before deduction of provision for the general reserve for possible loan losses)	413	306	282	(24)
Core operating profit (before deduction of provision for the general reserve for possible loan losses)	411	303	290	(12)
Provision for (reversal of) the general reserve for possible loan losses (a)	—	(73)	44	117
Nonrecurring loss (including nonrecurring expenses)	156	(71)	(31)	39
Disposal amount of problem loans (b)	(194)	93	27	(66)
Income (loss) before income taxes and others	569	307	205	(102)
Other gains and losses	(6)	(61)	(45)	16
Provision for income taxes	131	113	22	(90)
Adjustment for income taxes	68	(12)	0	12
Net income (loss)	362	144	137	(7)

Credit-related expense (reversal of the general reserve for possible loan loss) (a)+(b)	(194)	20	71	51
ROA (on a net income basis)	0.29%	0.12%	0.12%	(0.00)%
ROE (on a net income basis)	3.80%	1.49%	1.42%	(0.07)%
Total capital ratio	13.57%	13.02%	12.38%	(0.64)%
Tier 1 (common stock, etc.) ratio	12.75%	12.34%	11.69%	(0.65)%
Ratio of problem loans	3.7%	3.5%	3.2%	(0.3)%

- Core gross operating profit is calculated by deducting net gains (losses) related to bonds, including Japanese government bonds, from gross operating profit.
- Core operating profit is calculated by deducting net gains (losses) related to bonds, including Japanese government bonds, from operating profit.
- No net gains (losses) on cancellation of investment trusts, normally included in core operating profit, were recorded in the fiscal years ended March 31, 2018 and 2019.

- ROE: Total capital is the average of the opening balance and ending balance.
- Ratio of problem loans: Ratio of problem loans other than loss classification loans against total loans.

Points to be noted for the fiscal year ended March 31, 2020

Gross operating profit: Down ¥5.3 billion year-on-year

As a result of focusing on priority areas, fees and commissions increased, while loans started to increase. However, gross operating profit decreased by ¥5.3 billion year-on-year, due to a decrease in net interest income attributable mainly to a decline in lending rates.

General and administrative expenses (excluding nonrecurring items): Down ¥2.9 billion year-on-year

General and administrative expenses (excluding nonrecurring items) decreased by ¥2.9 billion year-on-year, due to decreases in both personnel expenses and non-personnel expenses, as a result of management rationalization initiatives under the Medium-term Business Plan, including the streamlining in back office operations and the productivity enhancement in sales departments.

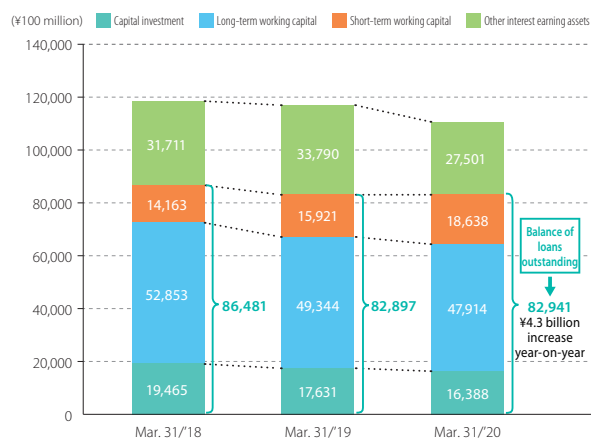
Credit-related expenses: ¥7.1 billion recorded

Credit-related expenses increased by ¥5.1 billion year-on-year, as a result of necessary amendments to forecasts, in anticipation of significant changes in the economic environment attributable to the spread of Covid-19.

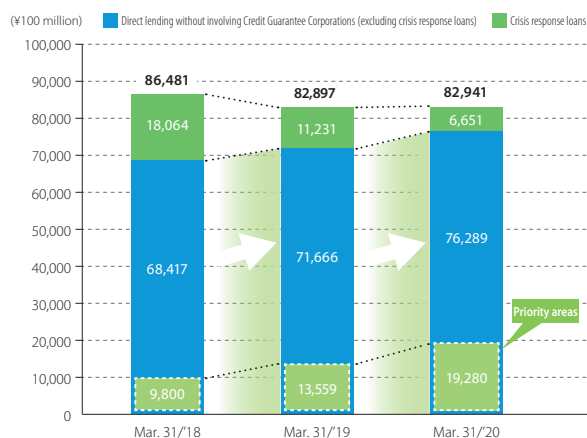
Balance of interest earning assets

- The balance of loans outstanding increased by ¥4.3 billion year-on-year, as a result of responding to customer needs through initiatives in priority areas.

Balance of interest earning assets (fiscal year-end balance)

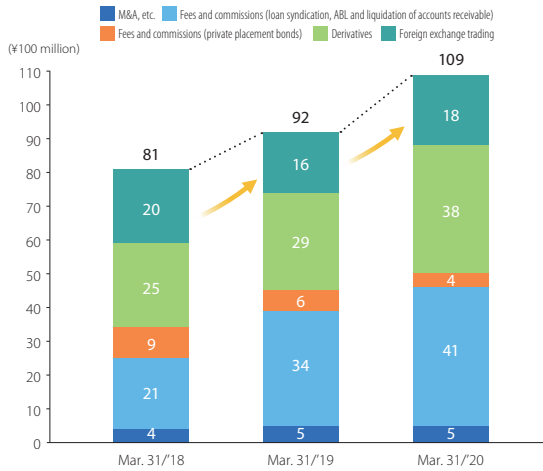


Balance of loans outstanding



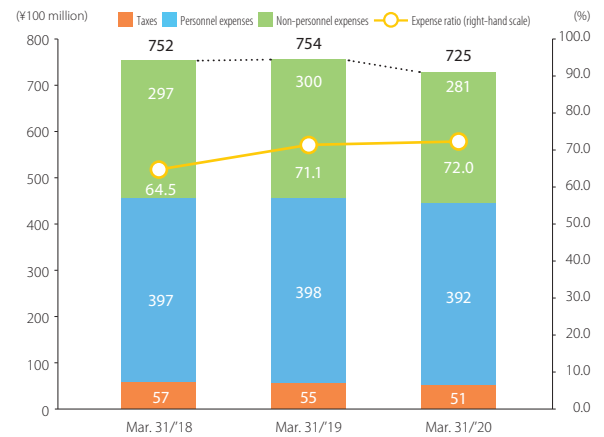
Profit from the business solutions operation

- Profit increased due to the development of a framework for providing business solutions, along with enhanced solutions proposing capabilities



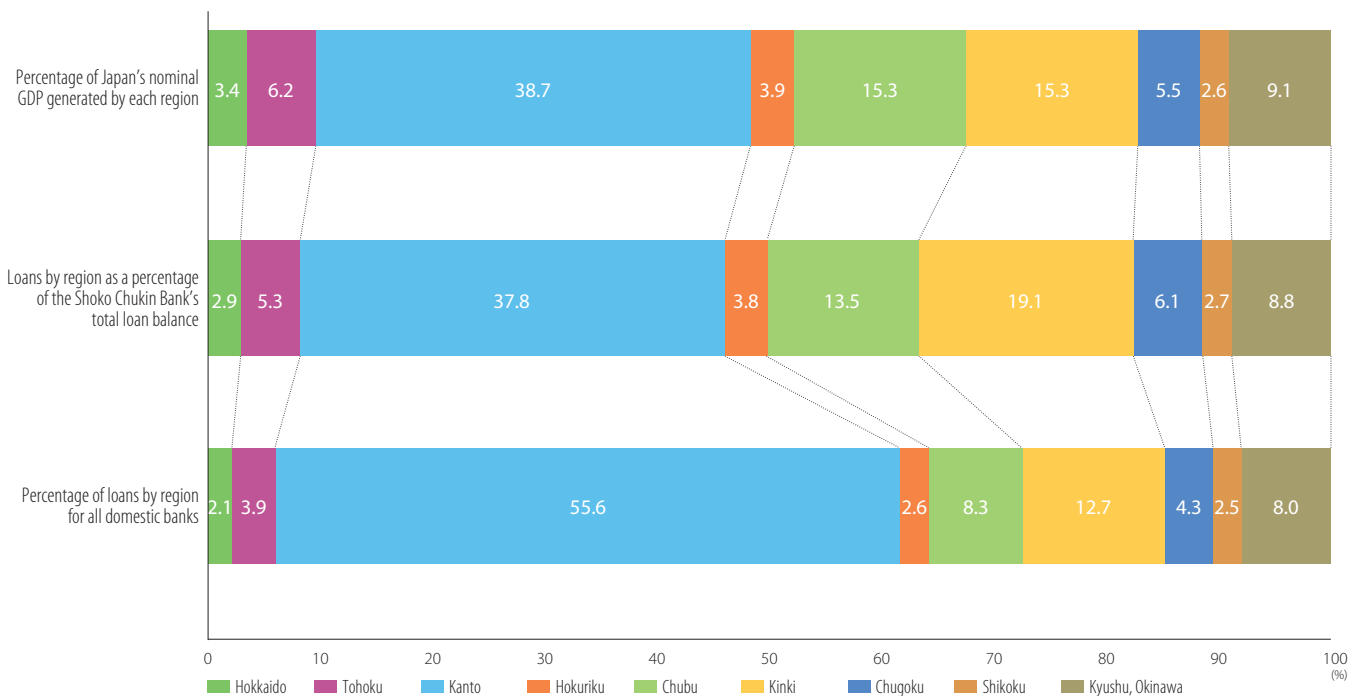
General and administrative expenses

- General and administrative expenses (excluding nonrecurring items) decreased by ¥2.9 billion year-on-year, due to decreases in both personnel expenses and non-personnel expenses, as a result of management rationalization initiatives under the Medium-term Business Plan, including the streamlining in back office operations and the productivity enhancement in sales departments.



* Expense ratio (overhead ratio) = General and administrative expenses (excluding nonrecurring items) / Gross operating profit (after deduction of revenue and expenditures from trading of Japanese government bonds and other bonds)

Breakdown of loan balance by region



Note: Figures for nominal GDP by region are for Fiscal 2015. Figures for loans by the Shoko Chukin Bank and loans by all domestic banks are as of March 31, 2020.

Sources: Annual Report on Prefectural Economies, Cabinet Office; Deposits, Vault Cash, and Loans and Bills Discounted by Prefecture (Domestically Licensed Banks), Bank of Japan.

Status of the Bank's self-assessment of assets and the trend of credit-related expense

- Occurrence of bankruptcy remained at low levels during the fiscal year ended March 31, 2020.
- Credit-related expenses amounted to ¥7.1 billion, including provision for possible loan losses of ¥5.5 billion, as a result of necessary amendments to forecasts, in anticipation of significant changes in the economic environment attributable to the spread of Covid-19.

Breakdown of loan balance by borrower category, under the Bank's self-assessment

(¥100 million)

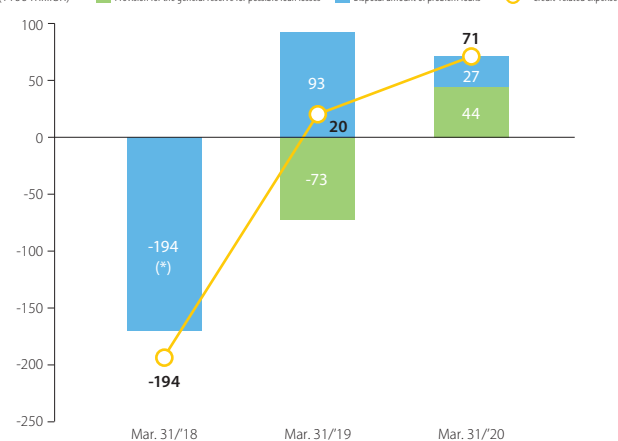
	Mar. 31/19		Mar. 31/20	
	Amount	%	Amount	%
Legally Bankrupt	565	0.7%	585	0.7%
Virtually Bankrupt	899	1.1%	780	0.9%
Risk of Bankruptcy	1,950	2.3%	1,773	2.1%
Need Special Attention	22,866	26.9%	23,441	27.7%
Borrowers receiving special management	274	0.3%	316	0.4%
Other need for special attention	22,591	26.6%	23,124	27.3%
Normal	58,635	69.0%	58,094	68.6%
Total	84,917	100.0%	84,676	100.0%

*The breakdown of loan balance by borrower category under the Bank's self-assessment is disclosed according to the same disclosure standards that are applicable to loans disclosed under the Financial Reconstruction Act.

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, foreign exchange, acceptances and guarantees, uncollected interest, and suspense payments.

Credit-related expense

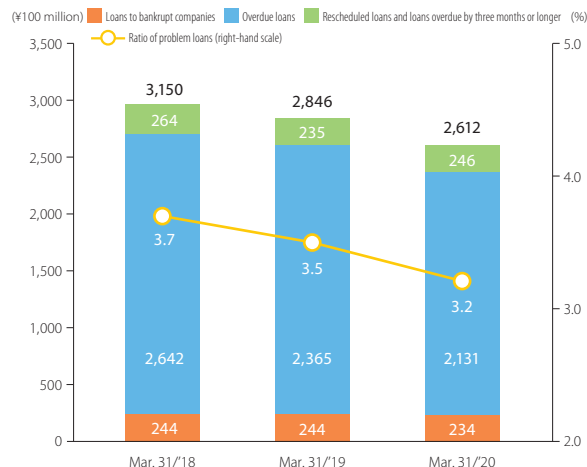
(¥100 million)



(* The disposal amount of problem loans in the fiscal year ended March 31, 2018 included ¥10.5 billion of reversal of the general reserve for possible loan losses.

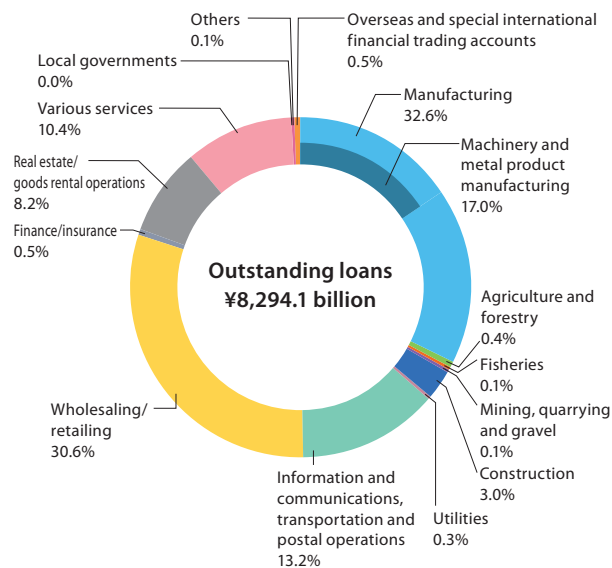
Problem loans and ratio of problem loans

- Problem loans decreased by ¥23.3 billion year-on-year, while the ratio of problem loans declined by 0.3 percentage points year-on-year.
- Approximately 80% of problem loans are covered by reserve provisions and collateral.



(Remark) The amount of problem loans refers to problem loans after the deduction of loss classification loans.

Breakdown of loan balance by sector (as of March 31, 2020)



Basel-related regulatory ratios

- The Bank's capital maintains superior quality, with a high ratio of Tier 1 capital (common stock, etc.).
- The Bank maintains Basel-related regulatory ratios at adequate levels as compared to the minimum requirements.

Total capital

(¥100 million)

	Mar. 31/'18	Mar. 31/'19	Mar. 31/'20
Total capital	10,055	9,805	9,777
Tier 1 capital (common stock, etc.)	9,447	9,296	9,229
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	1,350	1,295
Special reserves	4,008	4,008	4,008
Retained earnings	1,775	1,875	1,968

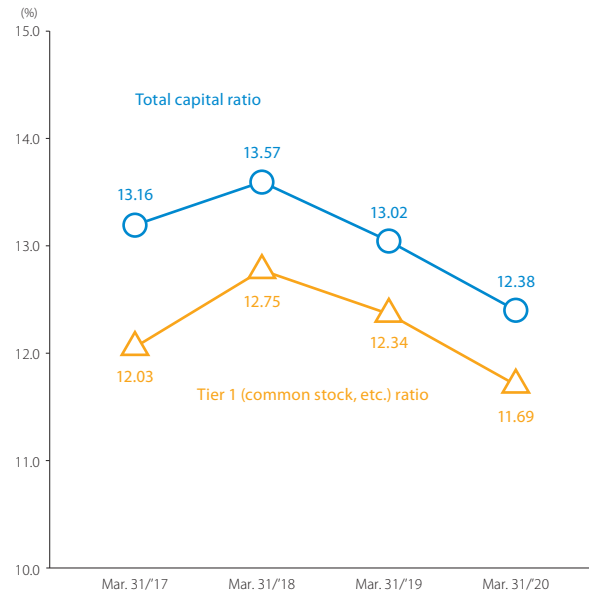
Leverage ratio

	Mar. 31/'19	Mar. 31/'20
Non-consolidated leverage ratio	7.72%	8.06%
Consolidated leverage ratio	7.73%	8.08%

Liquidity coverage ratio

	4th quarter of Mar. 31/'19	4th quarter of Mar. 31/'20
Non-consolidated liquidity coverage ratio	245.1%	195.0%
Consolidated liquidity coverage ratio	233.4%	189.0%

Capital ratio and Tier 1 ratio

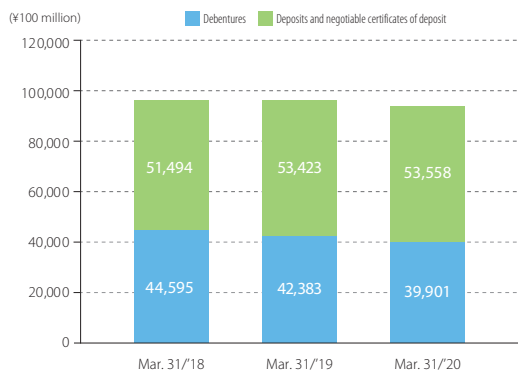


* Shoko Chukin Bank's targeted total capital ratio is 8% or over, under the capital adequacy regulations imposed by the notice of the Financial Services Agency, the Ministry of Finance, and the Ministry of Economy, Trade and Industry.

Status of fund-raising and actual bond issuance

- Sufficient funds are secured through corporate deposits, retail deposits, and recruitment bonds.
- Recruitment bonds will continue to be issued flexibly, based on close monitoring of fund position.

Breakdown of fund-raising



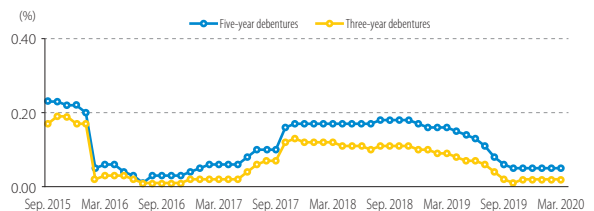
Depositors by type

(¥100 million)

	Mar. 31/'19	Mar. 31/'20	Change
General corporations, etc.	29,115	29,785	669
Individuals	24,307	23,773	(534)
“My harvest”	19,218	18,417	(801)
Total	53,423	53,558	135

New time deposits for individual depositors

Issue terms



Publicly offered debentures issued each fiscal year

<Issuance policy>

- To be issued flexibly based on close monitoring of fund position, with a view to attaining optimum fund operation efficiency

<Issuance results>

- Three-year and five-year debentures are issued every month, in principle.
- Issuance of ten-year debentures are considered as necessary, based on close monitoring of fund position.

Amount of debentures issued by type

