

Financial highlights of the fiscal year ended March 31, 2021

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

(¥100 million)

	Mar. 31/'19	Mar. 31/'20	Mar. 31/'21	Year-on-year change
Gross operating profit	1,061	1,007	1,054	47
Net interest income	946	886	979	92
Fees and commissions	76	82	65	(16)
Trading revenue	29	38	22	(16)
Other operating income	8	0	(11)	(12)
Core gross operating profit	1,057	1,016	1,073	57
General and administrative expenses (excluding nonrecurring items)	754	725	725	(0)
Net operating profit	306	282	329	47
Core operating profit (before deduction of provision for the general reserve for possible loan losses)	303	290	347	57
Provision for (reversal of) the general reserve for possible loan losses (a)	(73)	44	105	60
Nonrecurring loss (including nonrecurring expenses)	(71)	(31)	(147)	(115)
Disposal amount of problem loans (b)	93	27	90	63
Income (loss) before income taxes and others	307	205	76	(129)
Other gains and losses	(61)	(45)	29	75
Provision for income taxes	113	22	24	1
Adjustment for income taxes	(12)	0	(5)	(5)
Net income (loss)	144	137	87	(49)

Credit-related expense (reversal of the general reserve for possible loan loss) (a)+(b)	20	71	195	123
ROA (on a net income basis)	0.12%	0.12%	0.07%	(0.05)%
ROE (on a net income basis)	1.49%	1.42%	0.91%	(0.51)%
Total capital ratio	13.02%	12.39%	12.68%	0.29%
Tier 1 (common stock, etc.) ratio	12.35%	11.69%	11.74%	0.05%
Ratio of problem loans	3.5%	3.2%	2.7%	(0.5)%

- Core gross operating profit is calculated by deducting net gains (losses) related to bonds, including Japanese government bonds, from gross operating profit.
- Net operating profit is calculated by deducting general and administrative expenses (excluding nonrecurring items) from gross operating profit.
- Core operating profit (before deduction of provision for the general reserve for possible loan losses) is calculated by deducting net gains (losses) related to bonds, including Japanese government bonds, from net 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, 2019 and 2020. We recorded net losses of ¥0.0 billion on cancellation of investment trusts in the fiscal year ended March 31, 2021.

- ROE: Net assets are the average of the opening balance and the 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, 2021

Gross operating profit: Up ¥4.7 billion year-on-year

Net interest income increased by ¥9.2 billion on the back of an approximately ¥1.2 trillion increase in outstanding loans as we met the funding needs of customers whose businesses were impacted by Covid-19.

On the other hand, fees and commissions declined on persistently sluggish first-half activities in our core business support areas, including priority areas, in the wake of Covid-19. As a result, gross operating profit increased by ¥4.7 billion year on year to ¥105.4 billion.

General and administrative expenses (excluding nonrecurring items): Down ¥0.0 billion year-on-year

While we continued to make favorable progress on our business reforms and personnel expenses declined, non-personnel expenses increased as we invested in rationalization measures, such as office consolidation. As a result, general and administrative expenses (excluding nonrecurring items) remained almost unchanged year-on-year.

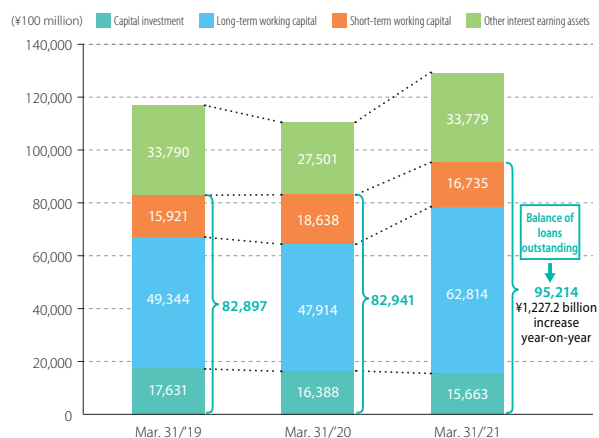
Credit-related expenses: ¥19.5 billion recorded

Credit-related expenses increased by ¥12.3 billion year-on-year, as we recorded a ¥8.8 billion provision in a preventative manner, factoring in future portfolio changes in anticipation of significant changes in the economic environment attributable to the spread of Covid-19.

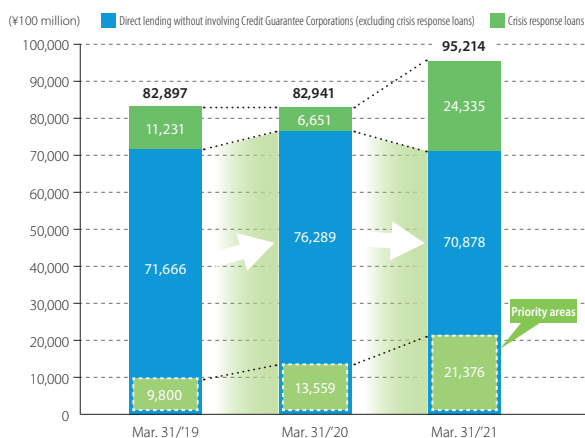
Balance of interest earning assets

- The balance of loans outstanding increased by approximately ¥1,200 billion as a result of increased funding needs by customers whose businesses were impacted by Covid-19.

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

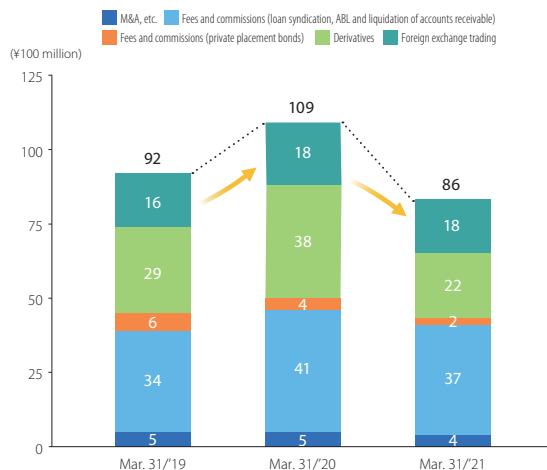


Balance of loans outstanding



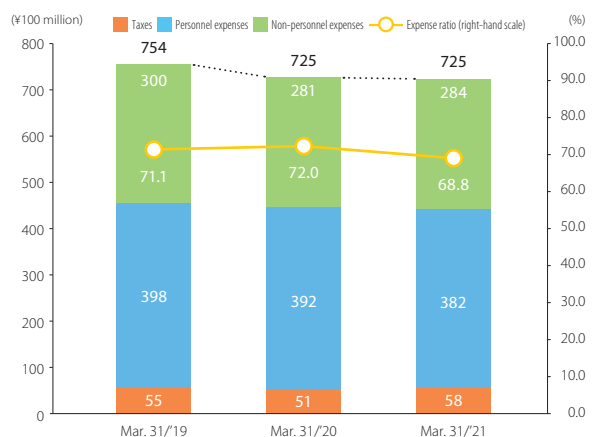
Profit from the business solutions operation

- We secured profit of ¥8.6 billion. While we restricted our core business support activities at the beginning of fiscal 2020 in response to the spread of Covid-19, we witnessed an increase in customer needs to reform their financial structures and shift their business structures. Our syndicated loan and M&A business remained strong.



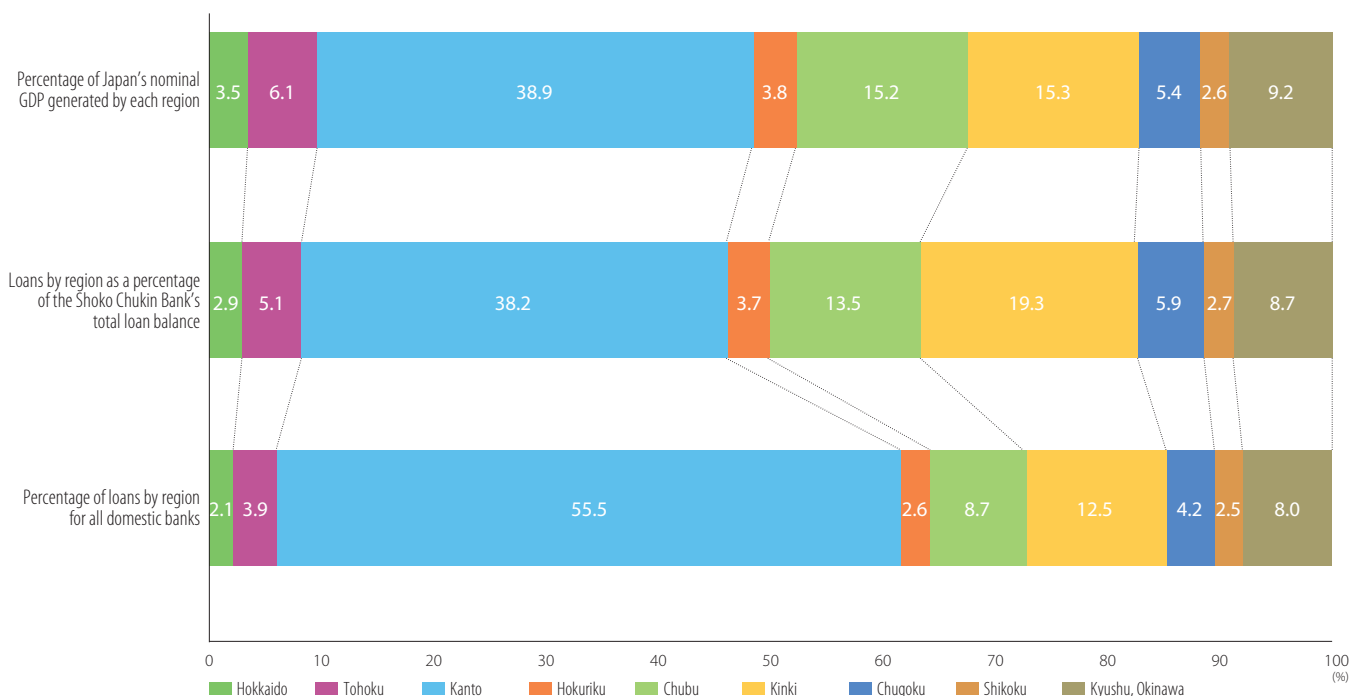
General and administrative expenses

- Despite favorable progress on business reforms and declining personnel expenses, overall general and administrative expenses (excluding nonrecurring items) remained almost unchanged from the previous year's level on the back of higher non-personnel expenses linked to office consolidation and other rationalization investments.



• 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

- Based on our self-assessment, the amount of loans needing special attention increased by ¥1.8 trillion after we provided ample financial support to customers whose business sentiment deteriorated temporarily due to the impact of Covid-19. The loans requiring special attention account for 43.8% of the total amount of our loans. Going forward, we will strengthen core business support for customers to help improve their ratings.
- Credit-related expenses amounted to ¥19.5 billion, including a ¥8.8 billion preventative provision that factors in future portfolio changes caused by further significant Covid-driven changes in the economic environment and a ¥10.5 billion provision for the general reserve for possible loan losses.

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

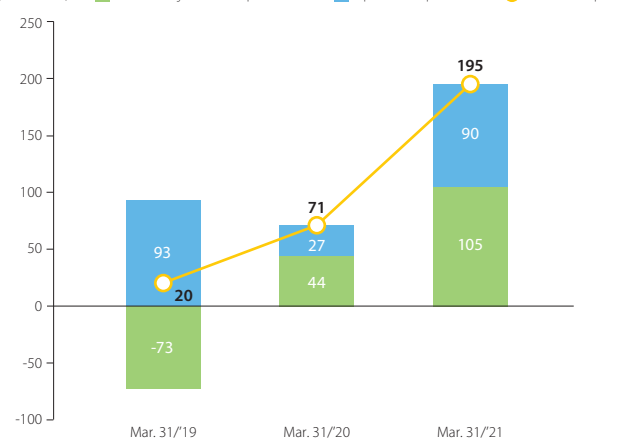
(¥100 million)

	Mar. 31/'20		Mar. 31/'21	
	Amount	%	Amount	%
Legally Bankrupt	585	0.7%	530	0.6%
Virtually Bankrupt	780	0.9%	682	0.7%
Risk of Bankruptcy	1,773	2.1%	1,811	1.9%
Need Special Attention	23,441	27.7%	42,420	43.8%
Borrowers receiving special management	316	0.4%	330	0.3%
Other need for special attention	23,124	27.3%	42,089	43.5%
Normal	58,094	68.6%	51,307	53.0%
Total	84,676	100.0%	96,751	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

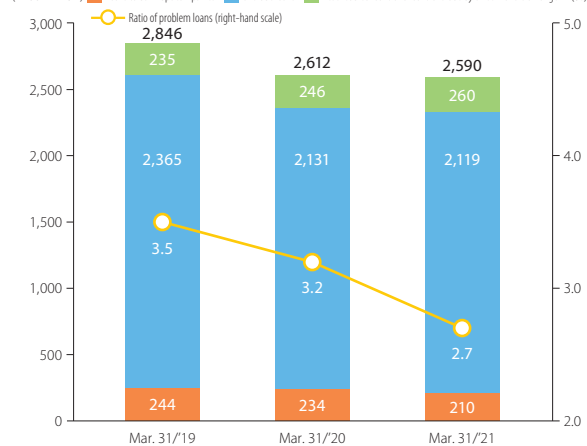
(¥100 million)



Problem loans and ratio of problem loans

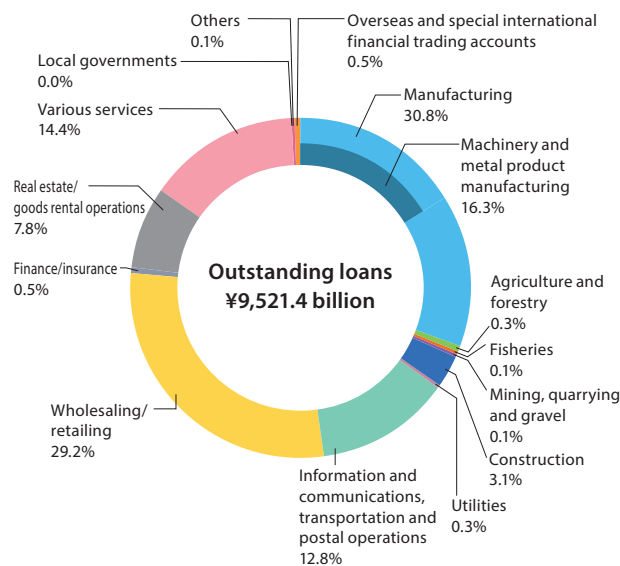
- While the balance of loans requiring special attention increased compared to the previous year, problem loans remained steady year on year.
- However, the ratio of problem loans decreased by 0.5 percentage points year on year on the back of higher loans.
- Approximately 80% of problem loans are covered by reserve provisions and collateral.

(¥100 million)



(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, 2021)



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/'19	Mar. 31/'20	Mar. 31/'21
Total capital	9,805	9,777	10,104
Tier 1 capital (common stock, etc.)	9,296	9,229	9,355
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	1,350	1,295	1,295
Special reserves	4,008	4,008	4,008
Retained earnings	1,875	1,968	2,010

Leverage ratio

	Mar. 31/'20	Mar. 31/'21
Non-consolidated leverage ratio	8.06%	7.96%
Consolidated leverage ratio	8.08%	8.00%

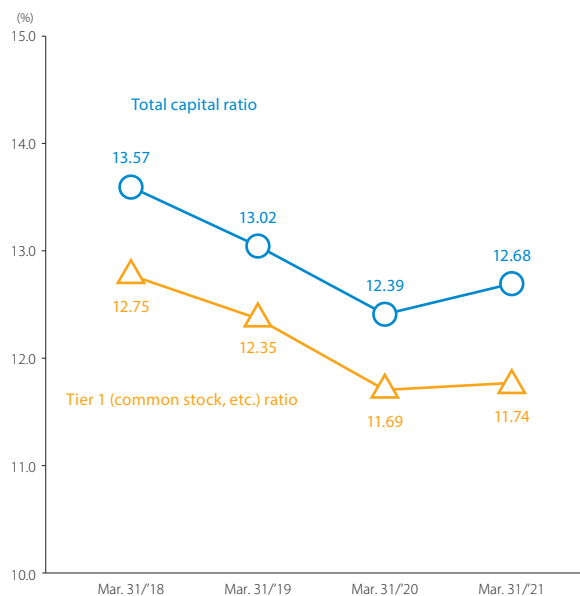
* Due to a revision of the Japanese Government's regulations, we calculated the total exposure amount as of March 31, 2021 without factoring in money deposited at the Bank of Japan.

Liquidity coverage ratio

	4th quarter of Mar. 31/'20	4th quarter of Mar. 31/'21
Non-consolidated liquidity coverage ratio	195.0%	397.7%
Consolidated liquidity coverage ratio	189.0%	371.0%

* For the figures as of March 31, 2021, we reviewed the system specifications for the outflow of funds (the denominator) relating to wholesale unsecured financing. As a result, we revised the scope of inclusion to the amount corresponding to the period spanning 30 days from the base date.

Capital ratio and Tier 1 ratio

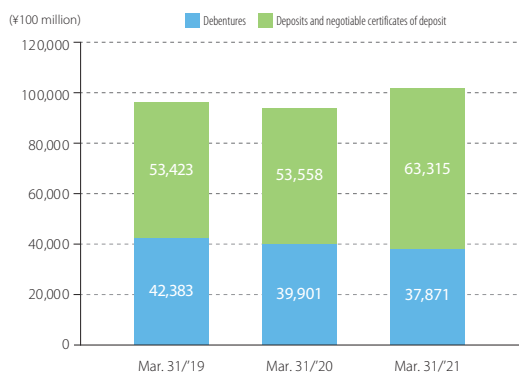


* Shoko Chukin Bank's targeted total capital ratio is 8% or over, under the capital adequacy regulations imposed by the notice of the Financial Services Agency, the Ministry of Finance, and the Ministry of Economy, Trade and Industry.

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



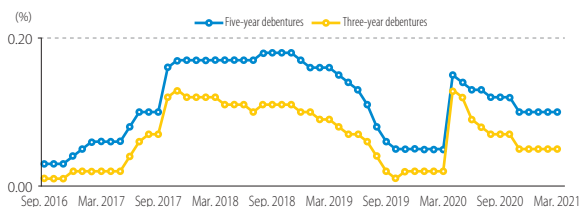
Depositors by type

(¥100 million)

	Mar. 31/'20	Mar. 31/'21	Change
General corporations, etc.	29,785	38,983	9,198
Individuals	23,773	24,331	558
"My harvest"	18,417	19,083	666
Total	53,558	63,315	9,756

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

