

Financial Highlights

We will aim to secure profits that fully cover credit costs and other expenses by securing appropriate returns and sustainable growth, and continuously maintain and improve asset and capital efficiency. We will strive to provide stable dividends and enhanced returns to shareholders, while considering the balance between profitability and soundness as well as strategic investments necessary for the future.

Financial Highlights on a non-consolidated basis (hereinafter the same)

		Results for the fiscal year ended March 31, 2022
Profitability	Operating profit	¥52.8 billion
	Net income	¥18.3 billion
	ROA	0.14%
	ROE	1.87%
Soundness	Total capital ratio	12.76%
Efficiency	OHR	55.5%

(Billions of yen)

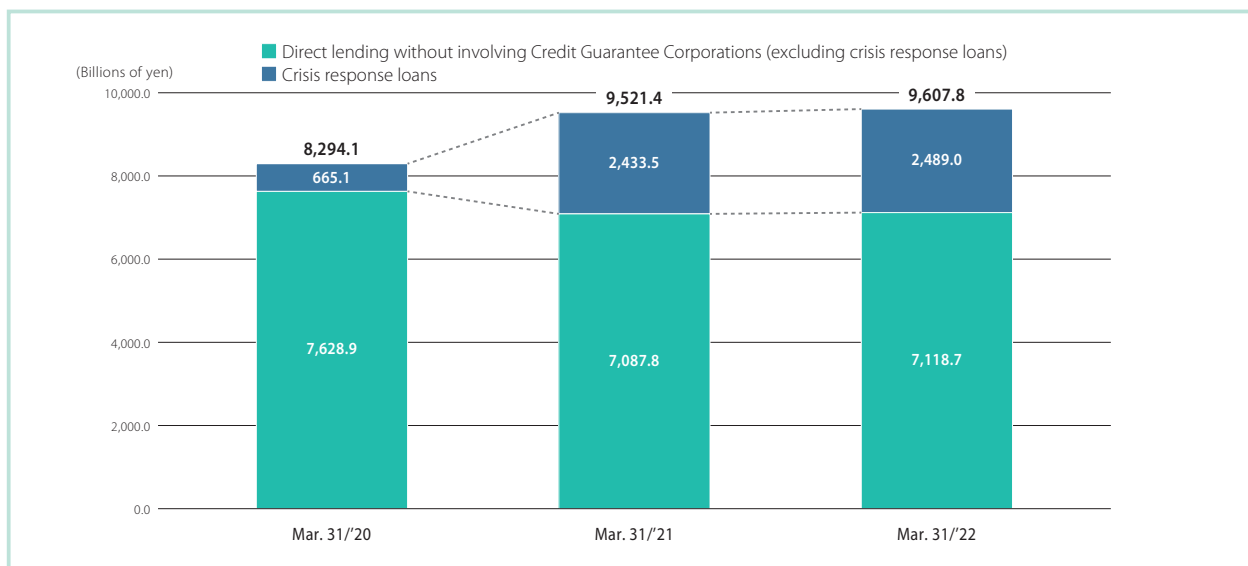
	Mar. 31/20	Mar. 31/21	Mar. 31/22	Year-on-year change
Gross operating profit	100.7	105.4	118.9	13.5
Net interest income	88.6	97.9	103.6	5.7
Fees and commissions	8.2	6.5	7.4	0.9
Trading revenue	3.8	2.2	6.1	3.9
Other operating income	0.0	(1.1)	1.7	2.9
Core gross operating profit	101.6	107.3	118.5	11.1
General and administrative expenses (excluding nonrecurring items)	72.5	72.5	66.1	(6.4)
Net operating profit	28.2	32.9	52.8	19.9
Core operating profit (before deduction of provision for the general reserve for possible loan losses)	29.0	34.7	52.3	17.6
Provision for (reversal of) the general reserve for possible loan losses (a)	4.4	10.5	0.3	(10.1)
Nonrecurring loss (including nonrecurring expenses)	(3.1)	(14.7)	(22.3)	(7.5)
Disposal amount of problem loans (b)	2.7	9.0	20.4	11.4
Income (loss) before income taxes and others	20.5	7.6	30.2	22.5
Other gains and losses	(4.5)	2.9	0.6	(2.3)
Provision for income taxes	2.2	2.4	8.0	5.6
Adjustment for income taxes	0.0	(0.5)	4.4	4.9
Net income (loss)	13.7	8.7	18.3	9.5
Credit-related expense (reversal of the general reserve for possible loan loss) (a)+(b)	7.1	19.5	20.7	1.2
ROA (on a net income basis)	0.12%	0.07%	0.14%	0.07%
ROE (on a net income basis)	1.42%	0.91%	1.87%	0.96%
Total capital ratio	12.39%	12.68%	12.76%	0.08%
Tier 1 (common stock, etc.) ratio	11.69%	11.74%	11.71%	(0.03)%
Ratio of problem loans	3.1%	2.7%	2.5%	(0.2)%

Points to be noted for the fiscal year ended March 31, 2022

<p>Gross operating profit</p> <p>Up ¥13.5 billion year on year</p> <ul style="list-style-type: none"> Net interest income increased by ¥5.7 billion year-on-year, mainly due to the continued increase in the average balance of loans outstanding. In addition, fees and commissions and trading revenue increased due to an increase in syndicated loans and derivative contracts through efforts to support the core business. Total transactions amounted to ¥118.9 billion, up ¥13.5 billion year on year.
<p>General and administrative expenses (excluding nonrecurring items)</p> <p>Down ¥6.4 billion year on year</p> <ul style="list-style-type: none"> General and administrative expenses (excluding nonrecurring items) decreased by ¥6.4 billion year on year to ¥66.1 billion due to factors including lower personnel expenses and lower non-personnel expenses resulting from the integration of branches, etc. <p>Personnel expenses: down ¥2.9 billion year on year</p> <p>Non-personnel expenses: down ¥3.2 billion year on year</p>
<p>Credit-related expenses</p> <p>¥20.7 billion recorded</p> <ul style="list-style-type: none"> While bankruptcies continued to remain at a low level, the Bank recorded precautionary provisions to provide for the lingering impact of Covid-19, resulting in an increase of ¥1.2 billion year on year.

- 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 year ended March 31, 2020. We recorded net losses of ¥0.0 billion and none on cancellation of investment trusts in the fiscal years ended March 31, 2021 and 2022, respectively.
- 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.

Balance of loans outstanding and crisis-response loans



Crisis Response Measures

A 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 for SMEs and middle-market enterprises in response to crisis. In response, the Shoko Chukin Bank launched crisis response operations in March 2020 against Covid-19, which is having a significant impact on global economic trends. As of the end of March 2022, the total number of crisis response loans totaled 258,294, amounted to ¥15,003.2 billion, since the establishment of the program, and the number of loans related to Covid-19 totaled 37,686, amounted to ¥2,643.0 billion.

In order to ensure conformity with the requirements of the program, all loan cases are subject to consultation at the head office, and efforts are being made to ensure the proper operation of the program and the fulfillment of the safety net function for SMEs.

*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 Japan Finance Corporation.

Bank's Self-Assessment

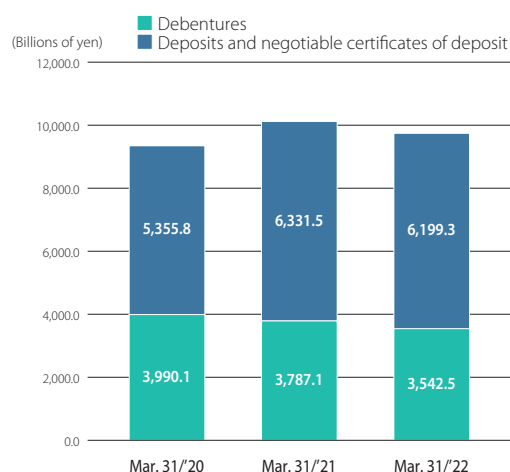
Breakdown of loan balance by borrower category, under the Bank's self-assessment

(Billions of yen)

	Mar. 31/21		Mar. 31/22	
	Amount	%	Amount	%
Legally Bankrupt	53.0	0.6%	49.6	0.5%
Virtually Bankrupt	68.2	0.7%	60.1	0.6%
Risk of Bankruptcy	181.1	1.9%	165.2	1.7%
Need Special Attention	4,242.0	43.8%	4,098.6	42.0%
Borrowers receiving special management	33.0	0.3%	45.3	0.5%
Other need for special attention	4,208.9	43.5%	4,053.2	41.5%
Normal	5,130.7	53.0%	5,387.0	55.2%
Total	9,675.1	100.0%	9,760.6	100.0%

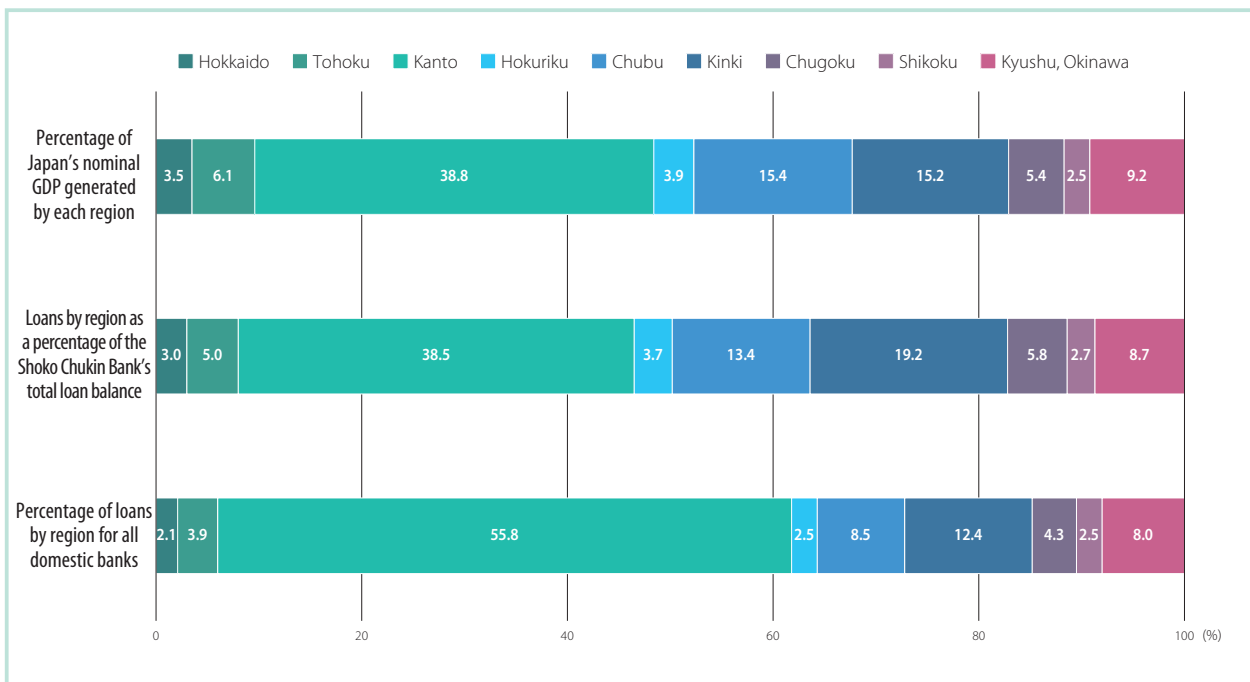
(Note) The breakdown of loan balance by borrower category under the Bank's self-assessment is disclosed according to the same disclosure standards that are applicable to loans disclosed under the Financial Reconstruction Act. Loans disclosed under the Financial Reconstruction Act include loans and assets equivalent to loans, such as private placement bonds guaranteed by the Shoko Chukin Bank, foreign exchange, acceptances and guarantees, uncollected interest, and suspense payments.

Status of Fund-raising



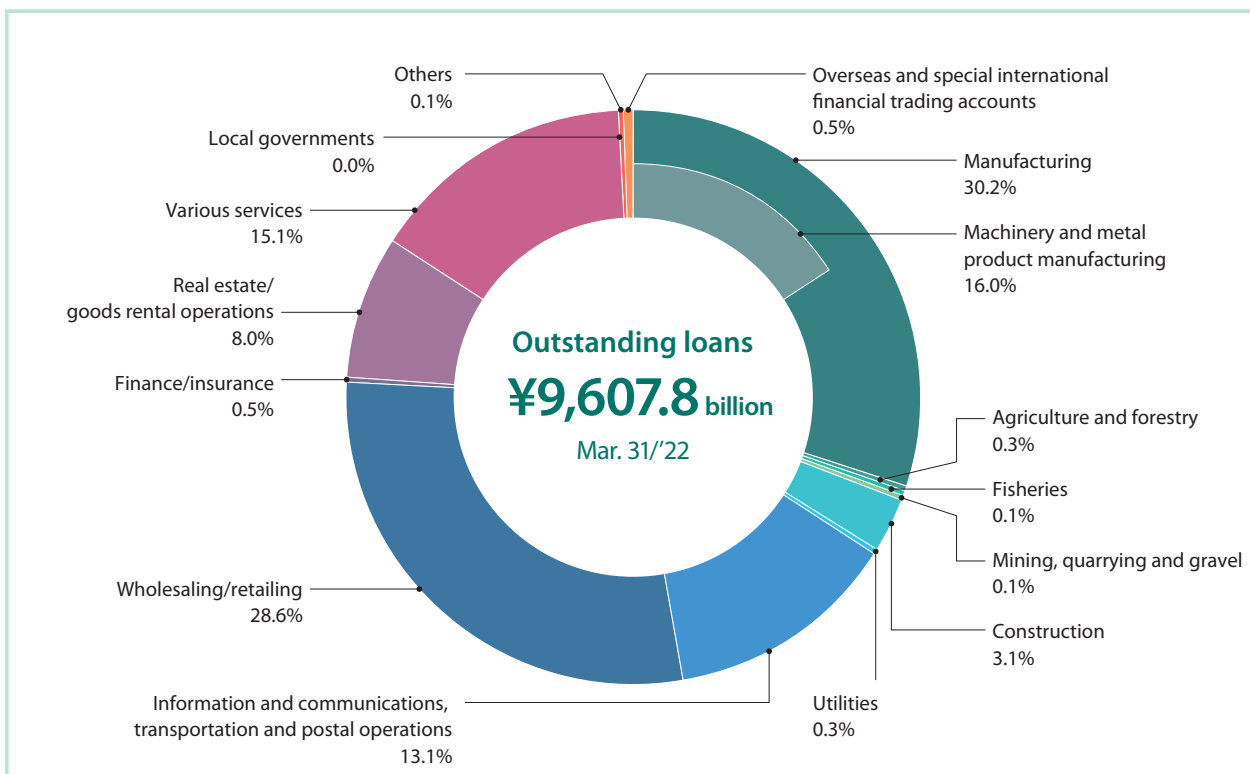
Non-financial Highlights

Comparison of Japan's nominal GDP generated by each region and the breakdown of the Shoko Chukin Bank's loan balance by region



Note: Figures for nominal GDP by region are for Fiscal 2018. Figures for loans by the Shoko Chukin Bank and loans by all domestic banks are as of March 31, 2022.
Sources: Annual Report on Prefectural Economies, Cabinet Office; Deposits, Vault Cash, and Loans and Bills Discounted by Prefecture (Domestically Licensed Banks), Bank of Japan.

Breakdown of loan balance by sector



Customers

The Shoko Chukin Bank is supported by a large number of customers throughout Japan, who are well-diversified in terms of regions and industries.

Overall satisfaction rating from customers*

84.2%

Number of shareholders**

23,351

Number of loan customers**

75,715 companies

Breakdown by transaction history

30 years or longer 17%

10 - 30 years 38%

Less than 10 years 45%

* 30 years or longer (since 1992 or before), 10-30 years (1993-2012), Less than 10 years (2013-)

Human Capital

In order to move from an organization with a uniform mindset to an innovative organization with diverse values, we will expand opportunities for female employees to play an active role, and create an environment conducive to balancing work and home/family life. We will also produce human resources who will continue to make changes to enhance the corporate value of our customers.

Female manager ratio*

7.3%

Number of male employees who took childcare leave*

67

Percentage of male employees who took childcare leave*

76.1%

Number of employees having obtained external qualifications for business prospects evaluation**

1,392

Number of employees having obtained external qualifications for business successions**

1,364

Governance

We will have a board of directors to monitor operation with the separation of oversight and execution with a majority of external directors to continuously improve the level of governance and effectively utilize capital for the creation of value.

Ratio of external directors

55% (5 out of 9)

Regional Financial Institutions

Together with regional financial institutions, we will contribute to regional revitalization by enhancing corporate value of our customers.

Institutions with which we have concluded business cooperation agreements**

445 institutions

Environment

We will contribute to the realization of a sustainable society by implementing our own initiatives as well.

Paperless initiatives
Average number of sheets of paper printed per person per month in the second half of FY2021
(compared to the second half of FY2018)

389 sheets (down by 75%)

CO₂ emissions in FY2020
(compared to FY2013)

10,939 t-CO₂e (down by 28%)

*FY2021 / **As of March 31, 2022