

# Special Notes

## ■ Initiatives toward Customer Protection

The Shoko Chukin Bank has formulated the Customer Protection Management Rules and practices a customer-first management approach, to provide appropriate and sufficient explanations to customers (customer explanation management), appropriately respond to customers' requests and complaints (customer support), appropriately manage customer information (customer information management), appropriately manage customer information and appropriately respond to customers when outsourcing operations (outsourcing management), and appropriately manage transactions that may unjustly harm the customer's interests (conflict of interest management).

For example, we carefully explain the contract terms and conditions to gain the understanding and approval of customers in loan and deposit transactions.

Particularly when soliciting products in which the investor may suffer a loss of principal, we appropriately conduct solicitations in accordance with the Solicitation Policy related to the Sale of Financial Instruments.

We have also established a Customer Service Center and set up a system for receiving requests and complaints from customers, and regarding the requests and complaints received, we discuss them at the Customer Satisfaction (CS) Promotion Meetings and make efforts to prevent recurrence and improve business operations. In addition, we have formulated and announced the CS Declaration. To appropriately oversee these initiatives toward customer protection, we have established the necessary systems such as the appointment of managers responsible for each field including the customer explanation management, customer support, customer information management, outsourcing management, and conflict of interest management.

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## 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. We listen carefully to any complaints and other comments we receive so that we can investigate and fully grasp the facts and then cooperate with relevant departments to solve issues quickly. Other institutions can also accept complaints and comments from customers and we encourage some customers to contact appropriate institutions\* depending on the content of their complaints or comments.

\*The Dispute Resolution Center and Arbitration and Mediation Center set up and operated by the Tokyo Bar Association, the Dai-Ichi Tokyo Bar Association, and the Daini Tokyo Bar Association, or the Financial Instruments Mediation Assistance Center.

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## Initiatives toward Personal Information Protection

In keeping with the purpose of the Act on the Protection of Personal Information, we announced our declaration regarding initiatives, etc., toward the personal information protection (Personal Information Protection Declaration) on our website and other materials and we are striving to protect personal information under a rigorous safety management system and make continuous improvements. In addition, at the personal information protection contact, we offer consultation regarding personal information protection, provide information on disclosure requests and other procedures, and accept various requests.

▶▶ Please access the following website  
(in Japanese only) to view our privacy policy.  
<https://www.shokochukin.co.jp/privacy/>



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## Status of the Initiatives to Comply with the Guidelines for Personal Guarantee Provided by Business Owners

The Shoko Chukin Bank respects and thoroughly enforces the Guidelines for Personal Guarantee Provided by Business Owners released in December 2013, taking into consideration the purpose and details contained in the Guidelines.

Specifically, we strive to respond in good faith in accordance with the Guidelines for Personal Guarantee Provided by Business Owners (including the Special Provisions) when we receive a loan application from a customer, a request to modify or cancel a guarantee agreement, or a request to liquidate guaranteed liabilities.

In addition, we consider the possibility of not accepting a personal guarantee as a comprehensive judgment, taking into account information obtained through our relationships with customers and the details in the business prospects evaluation. When asking customers to provide a guarantee, we strive to explain in detail the need for the guarantee and details in the guarantee agreement. We use alternative lending methods to the Personal Guarantee Provided by Business Owners, such as a joint guarantee with a termination clause, when necessary.



## ■ 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 attended by Audit & Supervisory Board Members, and are then reported periodically at Board of Directors' meetings.

## ■ 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.

## ■ Disclosure Policy Concerning Important Facts

The Shoko Chukin Bank, as a financial institution run for SMEs by SMEs, strives to maintain a high level of transparency and fulfill its obligation of accountability as well as fair, timely, and appropriate disclosure regarding our business activities and financial position, to gain the further understanding and trust from all stakeholders including our shareholders, SMEs, investors and depositors.

Based on this basic concept, we have formulated the following Disclosure Policy concerning Important Facts as a way of announcing to the public how our disclosures of important facts should be and thoroughly communicating the policy to the officers and employees of the Shoko Chukin Bank and ensure that it is enforced appropriately.

### 1. Definition of important facts

The Shoko Chukin Bank considers not only those matters required to be disclosed under relevant domestic and foreign laws and regulations but also information that may significantly impact the decision of its stakeholders including our shareholders, SMEs, investors, and depositors, as important matters requiring disclosure.

### 2. Disclosure method

With regard to the disclosure of important facts, we strive for fair information disclosure by, for example, posting the information on

the Shoko Chukin Bank website, in principle, on the day of disclosure.

### 3. Treatment of forward-looking information

Descriptions containing forward-looking statements disclosed by the Shoko Chukin Bank, including forecasts, strategies, policies, and targets are based on information available at the time of disclosure, and are subject to the impact of various risks and uncertainties. Accordingly, the actual results may differ significantly from the outlook.

### 4. Investment decisions

Information is disclosed by the Shoko Chukin Bank so that stakeholders gain a deeper understanding of the Bank and not for the solicitation of securities and other instruments issued by the Shoko Chukin Bank. Investment decisions should be made based solely on your own judgment.

### 5. Development of internal systems

The Shoko Chukin Bank strives to develop and improve the required internal systems in accordance with this policy. In addition, the information to be disclosed shall appropriately reflect the discussions and deliberations of the Management Meetings.

## ■ Disclosure Status

Type of materials	Location and method of announcement	Timing of announcement
Report of business ● Business Report ● Non-consolidated financial statements ● Consolidated financial statements ● Supplementary schedules ● Accounting Auditor's Report ● Audit report	Available at sales offices, our website	Each June
Announcement of financial results/Announcement of interim financial results	Electronic public notice	Each June/Each December
Integrated Report and Disclosure Publication (Interim Disclosure Publication)	Available at sales offices, our website	Each July/Each January
Annual Securities Report/Semi-annual Securities Report	EDINET, available at the Head Office and Osaka Office, our website	Each June/Each December
Basel regulation-related ratios	Our website	Each quarter

(Note) Disclosure materials in accordance with the Shoko Chukin Bank Limited Act, the Companies Act, and the Financial Instruments and Exchange Act.