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Trends in Principal Financial Indicators (Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Operating Income	¥ 161.0	¥ 149.3	¥ 151.7	¥ 153.8	¥ 181.2
Income before Income Taxes and Other	31.4	30.6	8.5	21.6	32.1
Net Income Attributable to Owners of Parent	23.3	18.5	9.2	14.5	15.4
Comprehensive Income	21.2	13.6	24.6	5.3	11.2
Net Assets	1,005.1	988.4	979.5	959.4	964.0
Total Assets	13,049.9	12,787.7	13,083.2	11,219.5	11,818.5
Net Assets per Share (Yen)	216.48	208.80	204.71	195.44	195.04
Net Income per Share (Yen)	10.72	8.51	4.24	6.68	7.08
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.67	7.69	7.45	8.51	8.12
Consolidated Tier 1 (Common Stock etc.) Ratio (%)	11.56	11.72	11.74	11.67	12.30
Consolidated Tier 1 Ratio (%)	11.92	11.72	11.74	11.67	12.30
Consolidated Total Capital Ratio (%)	13.19	12.77	12.68	12.37	12.99
Return on Equity (%)	2.34	1.88	0.95	1.51	1.59
Price Earnings Ratio	—	—	—	—	—
Cash Flows from Operating Activities	(38.4)	(370.5)	502.6	(582.5)	223.9
Cash Flows from Investing Activities	223.7	236.1	(184.5)	73.7	113.5
Cash Flows from Financing Activities	45.4	0.4	5.4	(10.0)	(24.5)
Cash and Cash Equivalents at the End of the Year	1,723.1	1,492.4	1,626.2	1,302.7	1,821.5
Number of Employees (Persons)	3,712	3,765	3,909	4,020	4,113
[Average Number of Temporary Employees excluded from Above]	[1,008]	[1,010]	[1,018]	[1,018]	[1,036]

Notes: 1. The figure for Net Income per Share (Diluted) is not disclosed because there were no shares with a dilutive effect.

2. The Capital Ratio is calculated as follows:

(Total Net Assets as of the fiscal period-end - Share award rights as of the fiscal period-end - Stock acquisition rights as of the fiscal period-end - Minority Interests as of the fiscal period-end)/Total Assets as of the fiscal period-end × 100

3. The Consolidated Capital Ratio is calculated in accordance with Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Law. The Shoko Chukin Bank has adopted the BIS international capital adequacy guidelines. From effective fiscal 2022, the finalized Basel III framework has been early adopted for the calculation of the figures.

4. Figures for Price Earnings Ratio are not disclosed because the Shoko Chukin Bank is not publicly listed or registered.

5. Number of Employees refers to the number of persons employed (excluding seconded workers).



Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. and Subsidiaries As of March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
ASSETS				
Cash and Due from Banks	¥ 1,741,181	¥ 1,515,860	\$ 13,039	\$ 12,385
Call Loans and Bills Purchased	377,420	174,817	2,826	1,428
Monetary Claims Purchased	23,816	23,718	178	193
Trading Assets	18,465	13,147	138	107
Investment Securities	974,629	1,211,789	7,298	9,901
Loans	9,628,093	9,597,836	72,104	78,420
Foreign Exchange	22,925	27,954	171	228
Other Assets	197,128	168,841	1,476	1,379
Tangible Fixed Assets	39,793	41,250	298	337
Buildings	15,213	16,592	113	135
Land	21,868	22,003	163	179
Construction in Progress	209	—	1	—
Other Tangible Fixed Assets	2,502	2,653	18	21
Intangible Fixed Assets	16,938	12,886	126	105
Software	8,237	8,883	61	72
Other Intangible Fixed Assets	8,700	4,003	65	32
Net Defined Benefit Asset	23,464	24,984	175	204
Deferred Income Taxes	40,231	37,002	301	302
Customers' Liabilities for Acceptances and Guarantees	131,426	120,768	984	986
Reserve for Possible Loan Losses	(185,519)	(183,150)	(1,389)	(1,496)
Total Assets	¥ 13,049,997	¥ 12,787,705	\$ 97,730	\$ 104,483



Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. and Subsidiaries As of March 31, 2023 and 2022

Pursuant to Article 396-1 of the Companies Act, the material that the Shoko Chukin Bank makes public in accordance with Article 52-2 of the Shoko Chukin Bank Law has been audited by an audit and supervisory board member.

In addition, the Bank's consolidated financial statements — the balance sheets, statements of operations, and statements of changes in net assets — have been certified by an audit and supervisory board member pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act.

The consolidated financial statements presented below are not audited or certified. They have been reproduced from audited and certified consolidated financial statements above.

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
LIABILITIES				
Deposits	¥ 5,781,137	¥ 5,701,444	\$ 43,294	\$ 46,584
Negotiable Certificates of Deposit	689,176	491,452	5,161	4,015
Shoko Chukin Bank Debentures	3,448,450	3,542,170	25,825	28,941
Payables under Securities Lending Transactions	200,687	139,173	1,502	1,137
Trading Liabilities	10,356	5,197	77	42
Borrowed Money	1,583,148	1,642,658	11,856	13,421
Foreign Exchange	492	75	3	0
Corporate Bonds	80,000	30,000	599	245
Other Liabilities	69,098	73,393	517	599
Reserve for Bonuses	4,907	4,227	36	34
Net Defined Benefit Liability	2,075	2,232	15	18
Reserve for Retirement Benefits for Directors	174	115	1	0
Reserve for Losses on Refund for Dormant Bonds	43,526	46,162	325	377
Reserve for Environmental Measures	65	67	0	0
Other Reserves	81	77	0	0
Deferred Tax Liabilities	50	50	0	0
Acceptances and Guarantees	131,426	120,768	984	986
Total Liabilities	12,044,854	11,799,266	90,203	96,407
NET ASSETS				
Capital	218,653	218,653	1,637	1,786
Crisis Response Reserve	129,500	129,500	969	1,058
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	3,001	3,274
Capital Surplus	0	0	0	0
Retained Earnings	245,274	226,437	1,836	1,850
Treasury Stock	(1,153)	(1,146)	(8)	(9)
Total Shareholders' Equity	993,086	974,255	7,437	7,960
Unrealized Gains on Other Securities	16,233	17,340	121	141
Deferred Hedge Gains	2	2	0	0
Remeasurements of Defined Benefit Plans	(7,976)	(6,956)	(59)	(56)
Total Accumulated Other Comprehensive Income	8,259	10,386	61	84
Non-controlling Interests	3,796	3,796	28	31
Total Net Assets	1,005,142	988,439	7,527	8,076
Total Liabilities and Net Assets	¥ 13,049,997	¥ 12,787,705	\$ 97,730	\$ 104,483



Consolidated Statements of Operations

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
Operating Income	¥ 161,030	¥ 149,384	\$ 1,205	\$ 1,220
Interest Income	115,759	107,615	866	879
Interest on Loans	105,290	100,352	788	819
Interest and Dividends on Securities	4,007	3,371	30	27
Interest on Call Loans and Interest on Bills Purchased	543	96	4	0
Interest on Deposits	1,232	1,136	9	9
Interest on Interest Swaps	3	—	0	—
Other Interest Income	4,681	2,658	35	21
Fees and Commissions	11,970	11,047	89	90
Trading Revenue	8,425	6,128	63	50
Other Operating Income	22,595	23,214	169	189
Other Income	2,277	1,378	17	11
Collection of Written-off Claims	36	90	0	0
Other Income	2,241	1,288	16	10
Operating Expenses	129,603	118,780	970	970
Interest Expenses	8,420	4,152	63	33
Interest on Deposits	2,521	2,545	18	20
Interest on Negotiable Certificates of Deposit	1,300	149	9	1
Interest on Debentures	2,108	281	15	2
Interest on Call Money and Interest on Bills Sold	(4)	0	(0)	0
Interest on Payables under Repurchase Agreements	—	0	—	0
Interest on Securities Lending Transactions	—	15	—	0
Interest on Borrowed Money	1,955	1,023	14	8
Interest on Corporate Bonds	524	105	3	0
Interest on Interest Swaps	—	21	—	0
Other Interest Expenses	14	9	0	0
Fees and Commissions	3,280	3,227	24	26
Trading Expenses	—	0	—	0
Other Operating Expenses	22,902	19,453	171	158
General and Administrative Expenses	73,197	70,414	548	575
Other Expenses	21,803	21,530	163	175
Provision for Possible Loan Losses	19,131	19,942	143	162
Other Expenses	2,671	1,587	20	12
Profit before Income Taxes and Other	31,426	30,604	235	250
Other Gains	355	1,228	2	10
Gains on Disposal of Fixed Assets	355	1,228	2	10
Other Losses	236	607	1	4
Losses on Disposal of Fixed Assets	159	194	1	1
Impairment Losses	77	412	0	3
Profit before Income Taxes	31,544	31,224	236	255
Provision for Income Taxes	10,503	8,153	78	66
Adjustment for Income Taxes	(2,295)	4,544	(17)	37
Total Income Taxes	8,208	12,698	61	103
Profit	23,336	18,526	174	151
Profit Attributable to Non-controlling Interests	3	3	0	0
Profit Attributable to Owners of Parent	¥ 23,332	¥ 18,522	\$ 174	\$ 151

Consolidated Statements of Comprehensive Income

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
Profit	¥ 23,336	¥ 18,526	\$ 174	\$ 151
Other Comprehensive Income	(2,127)	(4,844)	(15)	(39)
Unrealized Gains on Other Securities	(1,107)	(3,736)	(8)	(30)
Deferred Hedge Gains	(0)	28	(0)	0
Remeasurements of Defined Benefit Plans	(1,019)	(1,135)	(7)	(9)
Comprehensive Income	21,209	13,682	158	111
Total Comprehensive Income Attributable to Owners of Parent	21,205	13,678	158	111
Non-controlling Interests	¥ 3	¥ 3	\$ 0	\$ 0

Consolidated Statements of Operations / Consolidated Statements of Comprehensive Income



Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2023 and 2022

Millions of yen

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
Balance, April 1, 2022	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 226,437	¥ (1,146)	¥ 974,255
Changes during the Period							
Dividends from Surplus					(4,495)		(4,495)
Profit Attributable to Owners of Parent					23,332		23,332
Acquisition of Treasury Stock						(7)	(7)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	18,837	(6)	18,830
Balance, March 31, 2023	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 245,274	¥ (1,153)	¥ 993,086

	Accumulated Other Comprehensive Income				Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance, April 1, 2022	¥ 17,340	¥ 2	¥ (6,956)	¥ 10,386	¥ 3,796	¥ 988,439
Changes during the Period						
Dividends from Surplus						(4,495)
Profit Attributable to Owners of Parent						23,332
Acquisition of Treasury Stock						(7)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	(1,107)	(0)	(1,019)	(2,127)	—	(2,127)
Total Changes during the Period	(1,107)	(0)	(1,019)	(2,127)	—	16,703
Balance, March 31, 2023	¥ 16,233	¥ 2	¥ (7,976)	¥ 8,259	¥ 3,796	¥ 1,005,142



Millions of yen

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
Balance, April 1, 2021	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 212,698	¥ (1,136)	¥ 960,526
Cumulative Effects of Changes in Accounting Policies					(288)		(288)
Restated Balance	218,653	129,500	400,811	0	212,410	(1,136)	960,238
Changes during the Period							
Dividends from Surplus					(4,495)		(4,495)
Profit Attributable to Owners of Parent					18,522		18,522
Acquisition of Treasury Stock						(10)	(10)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	14,026	(10)	14,017
Balance, March 31, 2022	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 226,437	¥ (1,146)	¥ 974,255

	Accumulated Other Comprehensive Income				Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance, April 1, 2021	¥ 21,076	¥ (25)	¥ (5,820)	¥ 15,230	¥ 3,796	¥ 979,554
Cumulative Effects of Changes in Accounting Policies						(288)
Restated Balance	21,076	(25)	(5,820)	15,230	3,796	979,266
Changes during the Period						
Dividends from Surplus						(4,495)
Profit Attributable to Owners of Parent						18,522
Acquisition of Treasury Stock						(10)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	(3,736)	28	(1,135)	(4,844)	—	(4,844)
Total Changes during the Period	(3,736)	28	(1,135)	(4,844)	—	9,173
Balance, March 31, 2022	¥ 17,340	¥ 2	¥ (6,956)	¥ 10,386	¥ 3,796	¥ 988,439

Consolidated Statements of Changes in Net Assets



Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2023 and 2022

Millions of U.S. dollars

	Shareholders' Equity						
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance, April 1, 2022	\$ 1,637	\$ 969	\$ 3,001	\$ 0	\$ 1,695	\$ (8)	\$ 7,296
Changes during the Period							
Dividends from Surplus					(33)		(33)
Profit Attributable to Owners of Parent					174		174
Acquisition of Treasury Stock						(0)	(0)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	141	(0)	141
Balance, March 31, 2023	\$ 1,637	\$ 969	\$ 3,001	\$ 0	\$ 1,836	\$ (8)	\$ 7,437

	Accumulated Other Comprehensive Income					Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance, April 1, 2020	\$ 129	\$ 0	\$ (52)	\$ 77	\$ 28	\$ 7,402	
Changes during the Period							
Dividends from Surplus						(33)	
Profit Attributable to Owners of Parent						174	
Acquisition of Treasury Stock						(0)	
Disposition of Treasury Stock						0	
Net Changes of Items Other Than Shareholders' Equity	(8)	(0)	(7)	(15)	—	(15)	
Total Changes during the Period	(8)	(0)	(7)	(15)	—	125	
Balance, March 31, 2023	\$ 121	\$ 0	\$ (59)	\$ 61	\$ 28	\$ 7,527	

	Shareholders' Equity						
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance, April 1, 2021	\$ 1,786	\$ 1,058	\$ 3,274	\$ 0	\$ 1,737	\$ (9)	\$ 7,848
Cumulative Effects of Changes in Accounting Policies					(2)		(2)
Restated Balance	1,786	1,058	3,274	0	1,735	(9)	7,845
Changes during the Period							
Dividends from Surplus					(36)		(36)
Profit Attributable to Owners of Parent					151		151
Acquisition of Treasury Stock						(0)	(0)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	114	(0)	114
Balance, March 31, 2022	\$ 1,786	\$ 1,058	\$ 3,274	\$ 0	\$ 1,850	\$ (9)	\$ 7,960

	Accumulated Other Comprehensive Income					Non-controlling Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance, April 1, 2021	\$ 172	\$ (0)	\$ (47)	\$ 124	\$ 31	\$ 8,003	
Cumulative Effects of Changes in Accounting Policies						(2)	
Restated Balance	172	(0)	(47)	124	31	8,001	
Changes during the Period							
Dividends from Surplus						(36)	
Profit Attributable to Owners of Parent						151	
Acquisition of Treasury Stock						(0)	
Disposition of Treasury Stock						0	
Net Changes of Items Other Than Shareholders' Equity	(30)	0	(9)	(39)	—	(39)	
Total Changes during the Period	(30)	0	(9)	(39)	—	74	
Balance, March 31, 2022	\$ 141	\$ 0	\$ (56)	\$ 84	\$ 31	\$ 8,076	



BASIS OF PRESENTATION

The accompanying financial statements of the Shoko Chukin Bank, Ltd. (the "Bank") and its consolidated subsidiaries (the "Group") have been prepared in accordance with the provisions set forth in the Shoko Chukin Bank Law and in conformity with generally accepted accounting principles and practices in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The financial statements are not intended to present the financial position and the result of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are presented solely for the convenience of readers. The exchange rate of ¥133.53=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2023, has been used for translation purposes for the year ended March 31, 2023, and ¥122.39=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2022, has been used for translation purposes for the year ended March 31, 2022. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

The yen figures disclosed in the financial statements are expressed in millions of yen and have been rounded down.

SIGNIFICANT BASIC ITEMS FOR CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation

(1) Consolidated subsidiaries: 7 companies

Names of consolidated subsidiaries:

YAESU SHOKO, LTD.

SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD.

SHOKO SERVICE, LTD.

YAESU KOSAN CO., LTD.

THE SHOKO CHUKIN BANK INSTITUTE of

COMMERCE, INDUSTRY & ECONOMICS, LTD.

SHOKO CHUKIN LEASE CO., LTD.

SHOKO CHUKIN CARD CO., LTD.

(2) Non-consolidated subsidiary: 2 companies

Names of non-consolidated subsidiary:

YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI

Tsunagaru Mirai Fund (silent partnership)

Non-consolidated subsidiary is excluded from the scope of consolidation because its total amounts in terms of total assets, operating income and profit (the amounts equivalent to equity shareholdings), retained earnings (the amounts equivalent to equity shareholdings) and accumulated other comprehensive income (the amounts equivalent to equity shareholdings) are immaterial and do not hinder a rational judgment of the Shoko Chukin Bank, Ltd. Group's financial position and results of operations when excluded from the scope of consolidation.

2. Application of the equity method

(1) Non-consolidated subsidiaries accounted for by the equity method:

None

(2) Affiliated companies accounted for by the equity method:

None

(3) Non-consolidated subsidiary that is not accounted for by the equity method: 2 companies

Names of non-consolidated subsidiary that is not accounted for by the equity method:

YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI

Tsunagaru Mirai Fund (silent partnership)

(4) Affiliated companies that are not accounted for by the equity method:

None

Non-consolidated subsidiary that is not accounted for by the equity method is excluded from the scope of the equity method because its total amounts in terms of profit (the amounts equivalent to equity shareholdings), retained earnings (the amounts equivalent to equity shareholdings) and accumulated other comprehensive income (the amounts equivalent to equity shareholdings) do not have a material impact on consolidated financial statements when excluded from the scope of the equity method.

3. Fiscal period-end of consolidated subsidiaries

The fiscal period-end of consolidated subsidiaries is as follows:

March 31

7 companies

4. Special purpose entities subject to disclosure

(1) Overview of special purpose entities subject to disclosure and transactions with these special purpose entities:

None

(2) Transaction amounts with special purpose entities subject to disclosure:

None

5. Accounting policies

(1) Basis for valuation of Trading Assets/Liabilities and calculation of Revenue/Expenses

Transactions undertaken with a view to gains on short-term fluctuations in interest rates, currency values, market prices of securities and other indicators or differentials, etc., between markets (hereinafter referred to as "Trading Transactions") are shown in the Consolidated Balance Sheets as "Trading Assets" or "Trading Liabilities" based on values at the time of contract, while gains and losses from the said transactions are shown in the Consolidated Statements of Operations as "Trading Revenue" or "Trading Expenses."

Trading Assets and Trading Liabilities are valued at market prices on the consolidated balance sheet date for securities and monetary claims, etc., and at deemed settlement prices on the consolidated balance sheet date for derivative products such as swaps, futures and options.



In the Consolidated Statements of Operations, Trading Revenue and Trading Expenses are arrived at by adding interest received and paid and other items during the fiscal period, amounts equivalent to the changes in valuation between the ends of the previous and current fiscal periods for securities and monetary claims, etc., and amounts equivalent to changes in deemed settlements between the ends of the previous and current fiscal periods for derivatives.

For derivatives, the Bank holds groups of financial assets and financial liabilities that are exposed to market risks and credit risk. The Bank manages those instruments on the basis of its net exposure to a particular market risk (or risks) or to a particular credit risk.

(2) Basis and methods for valuation of securities

The following valuation methods are applied, depending on the type of security. Bonds intended to be held until maturity are amortized using the moving average cost method (straight-line method). Other securities are valued using the mark-to-market method (cost of sales are primarily calculated with the moving average method). However, stocks, etc. that do not have market prices are valued using the cost method on the basis of a moving average.

Unrealized Gains on Other Securities are all directly incorporated into Net Assets.

(3) Basis and methods for valuation of derivative transactions
Derivative transactions other than Trading Transactions are stated using the mark-to-market method.

The Bank holds groups of financial assets and financial liabilities that are exposed to market risks and credit risk. The Bank manages those instruments on the basis of its net exposure to a particular market risk (or risks) or to a particular credit risk.

(4) Amortization of Fixed Assets

(a) Tangible Fixed Assets (excluding Leased Assets)

Tangible Fixed Assets are subject to declining balance depreciation.

Expected useful lives for major items are as follows:

Buildings: 2 to 60 years

Other Tangible Fixed Assets: 2 to 20 years

Tangible Fixed Assets owned by consolidated subsidiaries are depreciated using primarily the straight-line method over the estimated useful lives of the respective Tangible Fixed Assets.

(b) Intangible Fixed Assets (excluding Leased Assets)

Intangible Fixed Assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over its estimated useful life determined by the Bank and its consolidated subsidiaries (principally 5 years).

(c) Leased Assets

Leased Assets relating to finance lease transactions that do not involve transfer of ownership are depreciated under the straight-line method, with zero residual value, over the lease term.

(5) Accounting standard for Reserve for Possible Loan Losses:

The Reserve for Possible Loan Losses is calculated in accordance with the predetermined standards for write-offs and reserve provisions as follows.

Normal loans and the loans that require special attention are defined in "Operational Guidelines for Self-Assessment of Assets and Audits on Write-Offs and Reserves for Possible Loan Losses in Banks and Other Financial Institutions" (JICPA Bank Auditing Special Committee Report No. 4, April 14, 2022), and are grouped into secured loans relating to crisis response operations and other loans. Additionally, among loans that require special attention, loans other than those requiring special management (hereinafter, "other loans requiring special attention") are grouped by whether they have been restructured or not. For each of these groups, reserve provisions are made respectively, mainly based on the amount of expected loss for the subsequent year or the amount of expected loss for the subsequent 3 years. The amount of expected loss is determined by calculating a loss rate based on the average default rate over a specific period based on defaults over 1 year or 3 years, to which necessary adjustments are made including reflecting future estimates. Amounts reserved for loans to debtors at risk of bankruptcy are determined as the amounts deemed necessary on the basis of the balance remaining after deducting the estimated amounts recoverable from disposal of collateral and execution of guarantees. Amounts reserved for loans to debtors that are legally or virtually bankrupt are determined to be the balance remaining after deducting the estimated amounts to be collected through disposal of collateral and execution of guarantees.

Reserve for Loans to Debtors at Risk of Bankruptcy with Restructured Loans is provided based on the discounted cash flow (DCF) method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the DCF method, the reserve is calculated as the difference between the book value of the loan and the present value of its expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

All loan assets have been assessed by the business departments and audited by the division in charge of asset examination, which is independent from the business departments, to comply with the standard for self-assessment of assets.

Reserve for Possible Loan Losses of consolidated subsidiaries for general claims is provided in the amount deemed necessary based on historical loan loss ratios, and for doubtful claims in the amount deemed uncollectible based on an assessment of each individual claim.



- (6) Accounting standard for Reserve for Bonuses
Reserves for Bonuses are set up for the payment of employees' bonuses and appropriate an amount for this fiscal period out of the amount of bonuses estimated to be paid to employees.
- (7) Accounting standard for Reserve for Retirement Benefits for Directors
Reserves for Retirement Benefits for Directors are set up for the payment of directors' retirement benefits. It represents amounts that have accrued through the end of this fiscal period out of the retirement benefits amount estimated to be paid to directors.
- (8) Accounting standard for Reserve for Losses on Refund for Dormant Bonds
Reserves for Losses on Refunds for Dormant Bonds are recorded for bonds that are no longer recognized as liabilities in an amount equivalent to the estimated losses arising from future demands for refunds.
- (9) Accounting standard for Reserve for Environmental Measures
Reserves for Environmental Measures are set up for the estimated payment for disposal of PCB (polychlorinated biphenyl) waste.
- (10) Accounting standard for Other Reserves
Other Reserve is the estimated amount of Reserve for Sales Promotion to provide for the exchange of items.
- (11) Accounting method for Retirement Benefits
Upon the calculation of retirement benefit obligations, the estimated retirement benefit obligation attributable up to the end of this fiscal period are accounted for by the benefit formula basis.
Unrecognized past service costs and unrecognized actuarial difference are amortized as follows:
Unrecognized past service costs:
By the straight-line method over a fixed number of years that does not exceed the remaining service years (14 years) of employees of the fiscal period when the past service costs were incurred.
Unrecognized actuarial difference:
By the straight-line method over a fixed number of years that does not exceed the average remaining service years (14 years) of employees at each fiscal period when the actuarial difference was incurred.
This amortization starts from the subsequent fiscal period.
Moreover, consolidated subsidiaries have adopted the simplified method, where retirement benefit obligations are the amount to be paid when all the employees voluntarily retired at the end of the fiscal periods, to calculate Net Defined Benefit Liability and retirement benefit expenses.
- (12) Translation standard for assets and liabilities denominated in foreign currencies
Assets and liabilities of the Bank denominated in foreign currencies and accounts of the Bank's overseas branches are translated into Japanese yen mainly at exchange rates prevailing as of the consolidated balance sheet date.

Assets and liabilities of consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at exchange rates prevailing as of their respective balance sheet dates.

- (13) Accounting method for significant hedge transactions
- (a) Interest rate risk hedging
Deferred hedge accounting is adopted for hedges carried out to control the risk of interest fluctuations arising from financial assets and liabilities of the Bank, as stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Committee Practical Guideline No. 24, March 17, 2022). Interest swap transactions are carried out for the purpose of offsetting the risk of market fluctuations arising from financial assets and liabilities. The effectiveness of the hedge is identified and evaluated by grouping the loans as hedged items and interest rate swap transactions as hedged instruments by a certain remaining period.
- (b) Currency risk hedging
Deferred hedge accounting is adopted for hedges carried out to control the risk of currency fluctuations arising from foreign currency-denominated financial assets and liabilities, as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guideline No. 25, October 8, 2020). Currency swap transactions are carried out for the purpose of offsetting the risk of currency fluctuations arising from foreign currency-denominated monetary claims. The effectiveness of the hedge is evaluated by confirming the availability of an amount equivalent to the foreign currency position used to hedge the foreign currency-denominated monetary claims.
- (c) Transactions between consolidated subsidiaries
Interest rate swap transactions designated as hedges for those derivatives transactions that are internal transactions between consolidated subsidiaries, special transaction accounts and other accounts (or between internal departments) were executed in conformity with external cover transaction standards for which strict hedge operations that eliminate arbitrary decision-making were recognized as possible under the JICPA Industry Committee Practical Guideline No. 24. For this reason, revenue and expenses arising from said interest rate swap transactions have been recognized as gains/losses without being eliminated.
The special treatment for deferred hedge or interest rate swaps is applied to certain assets and liabilities.
The special treatment for interest rate swaps is applied to certain assets and liabilities of consolidated subsidiaries.



SIGNIFICANT ACCOUNTING ESTIMATES

Amounts recorded in the consolidated financial statements of the current fiscal year based on accounting estimates that may materially impact the consolidated financial statements of the following fiscal year are as follows.

1. Reserve for Possible Loan Losses
 - (1) Amount of Reserve for Possible Loan Losses recorded in the consolidated financial statements for the current fiscal year totaled ¥185,519 million.
 - (2) Information that will facilitate the understanding of significant accounting estimates related to identified items
 - (a) Calculation method

The calculation method of the Reserve for Possible Loan Losses is as stated in “(5) Accounting standard for Reserve for Possible Loan Losses” of “5. Accounting policies.”
 - (b) Major assumptions

Major assumptions are made for “Future results forecasts of the borrowers in determining business partner category” and “Future estimates, etc. of expected loss.” The former is determined by individually evaluating the revenue-generating capability of each debtor. “Future estimates, etc. of expected loss” incorporate credit risk that has not been reflected in the default rates, etc. in individual categories for which provisions are calculated as of the consolidated balance sheet date.

For normal loans and loans requiring special attention, additional reserve is provided on the basis of the balance of receivables from major customers as of the consolidated balance sheet date remaining after deducting the estimated amounts recoverable from disposal of collateral and execution of guarantees, to incorporate the unexpected default risks after the consolidated balance sheet date. For other loans requiring special attention that have not been rescheduled, the expected loss rate is adjusted based on the actual occurrence of rescheduling of loans during the time of the financial crisis of 2007-08 by taking into consideration the risk of occurrence of rescheduling of loans due to the start of repayment of a COVID-19 Related Loan. For other loans requiring special attention that have been rescheduled, the Bank focuses on the characteristic that the default rate is higher for loans immediately after being classified as such loans and the Reserve for Possible Loan Losses to which the necessary adjustments are made, including reflecting future estimates, is calculated by adjusting the overall default rates based on the respective actual default rates of the loans immediately after being classified as such loans and of other loans, as well as the ratios of the outstanding balance of each of these loans as of the consolidated balance sheet date.

The expected loss rate of loans to debtors at risk of bankruptcy (excluding those to which the discounted cash flow (DCF) method has been applied) is based on a historical default rate on which the medium- to long-term effects of the business cycle have been leveled through the extension of the calculation period. Subsequently, the relationship between the actual values of economic indicators and the loss rate of loans to debtors at risk of bankruptcy in the past are analyzed. If the loss rate estimated from the latest actual values of the economic indicators exceeds the historical default rate, the Reserve for Possible Loan Losses is calculated using the obtained loss rate as the expected loss rate, to reflect the current conditions of the deteriorating economy. Based on this calculation method, the historical default rate is used as the expected loss rate for the year ended March 31, 2023.

- (c) Impact on the consolidated financial statements of the following fiscal year

Any changes to “Future results forecasts of the borrowers in determining business partner category” used in the initial estimates due to changes in the business results of individual borrowers, or changes in the “Future estimates, etc. of expected loss” used in the initial estimates due to changes in the status of the COVID-19 pandemic or its impact on the economic environment, may significantly impact the Reserves for Possible Loan Losses in the consolidated financial statements of the following fiscal year.

CHANGES IN ACCOUNTING POLICIES

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Bank has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”), from the beginning of the year ended March 31, 2023. The Bank will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance.

There is no impact on the consolidated financial statements for the year ended March 31, 2023.

In addition, in notes on fair value information by level within the fair value hierarchy for investment trusts under the notes on “Financial Instruments,” notes pertaining to the previous fiscal period are not presented in accordance with Paragraph 27-3 of the Fair Value Measurement Guidance.



ADDITIONAL INFORMATION

1. Special Reserve

Accompanying privatization on October 1, 2008, a transfer was made from capital and retained earnings to special reserve pursuant to the Article 5 of the Supplementary Provisions of the Shoko Chukin Bank Law (hereinafter referred to as "Supplementary Provisions").

The special reserve has the following characteristics.

- (1) Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Law (hereinafter referred to as "Law"), in the calculation of the amount of surplus, the amount of special reserve shall be included in the total amount of capital and reserves.
- (2) Pursuant to the provisions of Article 44, Paragraph 1 of the Law, the amount of special reserve may be reduced in the event a deficit is compensated, if the total amount of capital reserve and earnings reserve becomes zero. When the amount of the surplus comes to exceed zero following the reduction of the special reserve, the amount of special reserve must be increased pursuant to the provisions of Article 44, Paragraph 3 of the Law.
- (3) Pursuant to the provisions of Article 45 of the Law, when the state of the capital adequacy and the soundness of other finances have improved and when it is deemed that the financial soundness has been secured, all or a portion of the amount of special reserve may, pursuant to a resolution of the general meeting of shareholders, be paid to the national treasury.
- (4) When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of special reserve shall be paid to the national treasury pursuant to the provisions of Article 46 of the Law.

2. Crisis Response Reserve

Pursuant to the Article 2-6 of the Supplementary Provisions, in order for smooth implementation of crisis response operations, the Bank accounts for capital contributed by the government as crisis response reserve.

The crisis response reserve has the following characteristics.

- (1) Pursuant to the provisions of Article 43 of the Law, which is applied with a replacement of the terms pursuant to the Article 2-9, Paragraph 1 of the Supplementary Provisions, in the calculation of the amount of surplus, the amount of crisis response reserves shall be included in the total amount of capital and reserves.
- (2) Pursuant to the Article 2-7 of the Supplementary Provisions, the amount of crisis response reserves may be reduced in the event a deficit is compensated, if the total amount of special reserve becomes zero. When the amount of the surplus comes to exceed zero following the reduction of the crisis response reserves, the amount of crisis response reserves must be increased pursuant to the provisions of Article 44, Paragraph 3 of the Law, which is applied with a replacement of the terms pursuant to the Article 2-9, Paragraph 1 of the Supplementary Provisions. The increase in the amount of the crisis response reserves shall, pursuant to the Article 2-9, Paragraph 2 of the Supplementary Provisions, be undertaken prior to the increase in the amount of the special reserve.

- (3) Pursuant to the provisions of Article 45 of the Law, which is applied with a replacement of the terms pursuant to the Article 2-8 and 2-9, Paragraph 1 of the Supplementary Provisions, when the Bank deems it has sufficiently secured the necessary financial foundation for the smooth implementation of crisis response operations, an amount of money equivalent to all or a portion of the amount of crisis response reserves may, pursuant to a resolution of the general meeting of shareholders, be repaid to the national treasury.
- (4) When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of crisis response reserves shall be paid to the national treasury pursuant to the provisions of Article 46 of the Law, which are applied with a replacement of the terms pursuant to the Article 2-9, Paragraph 1 of the Supplementary Provisions, and the Article 2-9, Paragraph 3 of the Supplementary Provisions.



CONSOLIDATED BALANCE SHEETS

- The total amount of shares and investments in capital of non-consolidated subsidiaries and affiliated companies is ¥47 million.
- The total amount of Investment Securities lent through unsecured loan agreements, which are included in Government Bonds under "Investment Securities," is ¥115,634 million.
- Loans based on the Shoko Chukin Bank Law and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include the following items in the Consolidated Balance Sheets: Corporate Bonds, presented as a sub-item of "Investment Securities" (limited to privately-offered corporate bonds (defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) for which redemption of principal and payment of interest are guaranteed in whole or in part); Loans; Foreign Exchange; Accrued Interest and Suspense Payments, presented as sub-items of "Other Assets"; and Customers' Liabilities for Acceptances and Guarantees, and also include Investment Securities lent that are described in the notes (limited to investment securities under loan for consumption or leasing agreements).

Loans to legally bankrupt and substantially bankrupt companies	¥106,186 million
Loans with collection risk	¥175,623 million
Loans requiring special management	
Loans overdue by three months or longer	¥54,608 million
Rescheduled loans	¥466 million
Subtotal:	¥54,141 million
Normal loans	¥336,418 million
Total:	¥9,534,859 million
	¥9,871,278 million

Loans to legally bankrupt and substantially bankrupt companies are loans to debtors that are in business failure due to a petition for the commencement of bankruptcy proceedings, the corporate reorganization proceedings, or rehabilitation proceedings, etc., and loans equivalent to such loans.

Loans with collection risk are loans to debtors, while not yet in a state of business failure but whose financial position and result of operations have deteriorated, and from whom the contractual collection of loan principal and receipt of interest are unlikely, excluding loans to legally bankrupt and substantially bankrupt companies.

Loans overdue by three months or longer are defined as loans on which principal or interest payments are overdue by three months or longer reckoning from the payment date stipulated in the contract. Loans that are classified as loans to legally bankrupt and substantially bankrupt companies and loans with collection risk are excluded from this category.

Rescheduled loans are loans for which the terms have been eased to support financial restructuring of the borrower through measures agreed in favor of the borrower, such as reduction of interest payments, postponement of interest or principal repayments and abandonment of claims, excluding loans to legally bankrupt

and substantially bankrupt companies, loans with collection risk, and loans overdue by three months or longer.

Normal loans are loans to debtors who have no problems in terms of their financial position and result of operations that are not classified as loans to legally bankrupt and substantially bankrupt companies, loans with collection risk, loans overdue by three months or longer, or rescheduled loans.

The above figures represent the amounts of loans before the deduction of Reserve for Possible Loan Losses.

- Bills discounted are handled as financial transactions in accordance with JICPA Industry Committee Practical Guideline No. 24. With regards to bills accepted through the transactions, the Bank has the right to freely sell or use as collateral any bank acceptance bills, trade bills, documentary bills, or foreign bills bought, the aggregate face value of which is ¥100,113 million.
- Assets provided as collateral are as follows.

Assets provided as collateral:	
Securities	¥593,185 million
Liabilities corresponding to collateral assets:	
Deposits	¥1,021 million
Payables under Securities Lending Transactions	¥200,687 million
Borrowings	¥140,059 million

In addition to the above amounts, securities worth ¥2,474 million have been substituted for futures margin money, etc.

Other Assets include ¥86,308 million of Cash Collateral Received for Financial Instruments and ¥1,409 million of guarantees and deposits.

- Overdraft contracts and commitment line contracts on loans are the agreements under which the Bank grants a loan up to a designated credit limit when the customer requests, unless there is a breach of the conditions stipulated in the relevant contract. The outstanding credit facility ready for claims under such agreements is ¥1,712,586 million. Of this amount, ¥1,543,038 million has original contract duration of one year or less (or can be dissolved without condition at any point in time).

Most of these contracts are terminated before the amount of the credit facility determined in the agreement is fully utilized. Accordingly, the outstanding credit facility itself does not always affect the future cash flows of the Bank and its consolidated subsidiaries. Most of these agreements have provisions that allow the Bank and its consolidated subsidiaries to cancel customers' claims and / or to reduce the credit limit for appropriate reasons such as changes in financial situation and protection of credit standing. Moreover, when necessary, the Bank and its consolidated subsidiaries require customers to provide property, securities and other collateral when signing the contract. After the Bank and its consolidated subsidiaries enter into the agreement, periodical checks of customers' business condition are undertaken in accordance with internally established procedures as well as reviews of the conditions of the agreement where necessary. In this context, measures are taken to protect the assets of the Bank and its consolidated subsidiaries.



Notes to Consolidated Financial Statements

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2023

- Accumulated depreciation of Tangible Fixed Assets is ¥70,610 million.
- Advanced depreciation of Tangible Fixed Assets is ¥16,136 million.
(There is no advanced depreciation for the current fiscal period.)
- Corporate Bonds include subordinated bonds totaling ¥80,000 million.
- Within Corporate Bonds, presented as a sub-item of Investment Securities, the Bank's guarantee liabilities relating to privately-offered corporate bonds (Financial Instruments and Exchange Act, Article 2, Paragraph 3) amounted to ¥12,316 million.

CONSOLIDATED STATEMENTS OF OPERATIONS

- Other Income includes ¥13 million of revenue from dormant bonds.
- General and Administrative Expenses include ¥38,197 million of salaries and allowances.
- Other Expenses include ¥695 million of Write-off of Loans, ¥169 million of Write-off of Stocks, ¥542 million of provision for reserves for losses on refund for dormant bonds.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Reclassification Adjustments and Tax Effects allocated to each component of Other Comprehensive Income

	Millions of yen	
	2023	2022
Unrealized Gains on Other Securities		
Amount arising during the current fiscal year	¥ (3,272)	¥ (4,881)
Reclassification Adjustments	1,679	(494)
Before adjustment of Deferred Income Tax	(1,592)	(5,375)
Deferred Income Tax	485	1,638
Unrealized Gains on Other Securities	(1,107)	(3,736)
Deferred Hedge Gains		
Amount arising during the current fiscal year	3	19
Reclassification Adjustments	(3)	21
Before adjustment of Deferred Income Tax	(0)	40
Deferred Income Tax	0	(12)
Deferred Hedge Gains	(0)	28
Remeasurements of Defined Benefit Plans		
Amount arising during the current fiscal year	(3,657)	(4,257)
Reclassification Adjustments	2,190	2,623
Before adjustment of Deferred Income Tax	(1,467)	(1,633)
Deferred Income Tax	447	498
Remeasurements of Defined Benefit Plans	(1,019)	(1,135)
Total Other Comprehensive Income	¥ (2,127)	¥ (4,844)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

- Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

- Matters relating to the type and number of shares issued

(Thousand shares)

	Number of Shares as of April 1, 2022	Increase	Decrease	Number of Shares as of March 31, 2023	Remarks
Number of shares issued and outstanding					
Common stock	2,186,531	—	—	2,186,531	
Total	2,186,531	—	—	2,186,531	
Treasury stock					
Common stock	10,666	39	0	10,704	(Note)
Total	10,666	39	0	10,704	

Note: The increase in the common stock is due to claims by shareholders for repurchase of shares less than one unit. The decrease in common stock is due to claims by shareholders for additional purchase of shares less than one unit.

- Matters Relating to Dividends

- Amount of cash dividends paid during the fiscal year

Resolution	Type of Capital Subscription Unit	Total Amount of Cash Dividends Paid (Millions of Yen)	Cash Dividend per Capital Subscription Unit (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 21, 2022	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2022	June 23, 2022
	Common stock (nongovernment portion)	3,479	3.0		

Note: With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).

- Cash dividends for which the effective date falls after the fiscal year ended March 31, 2023 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2023

Resolution	Type of Shares	Total Amount of Cash Dividends Paid (Millions of Yen)	Source of Cash Dividend Payment	Cash Dividend per Common Stock (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 20, 2023	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2023	Ordinary General Meeting of Shareholders held on June 20, 2023 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,479		3.0		

Notes:

- With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).
- Pursuant to Article 49 of the Shoko Chukin Bank Law, resolutions with regard to the dividends from surplus and the appropriation of other retained earnings come into effect following authorization by the competent minister.

2. Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Matters relating to the type and number of shares issued

(Thousand shares)

	Number of Shares as of April 1, 2021	Increase	Decrease	Number of Shares as of March 31, 2022	Remarks
Number of shares issued and outstanding					
Common stock	2,186,531	—	—	2,186,531	
Total	2,186,531	—	—	2,186,531	
Treasury stock					
Common stock	10,618	49	0	10,666	(Note)
Total	10,618	49	0	10,666	

Note: The increase in the common stock is due to claims by shareholders for repurchase of shares less than one unit. The decrease in common stock is due to claims by shareholders for additional purchase of shares less than one unit.

(2) Matters Relating to Dividends

(a) Amount of cash dividends paid during the fiscal year

Resolution	Type of Capital Subscription Unit	Total Amount of Cash Dividends Paid (Millions of Yen)	Cash Dividend per Capital Subscription Unit (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 22, 2021	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2021	June 24, 2021
	Common stock (nongovernment portion)	3,479	3.0		

Note: With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).

(b) Cash dividends for which the effective date falls after the fiscal year ended March 31, 2022 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2022

Resolution	Type of Shares	Total Amount of Cash Dividends Paid (Millions of Yen)	Source of Cash Dividend Payment	Cash Dividend per Common Stock (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 21, 2022	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2022	Ordinary General Meeting of Shareholders held on June 21, 2022 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,479		3.0		

Notes:

- With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Law. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).
- Pursuant to Article 49 of the Shoko Chukin Bank Law, resolutions with regard to the dividends from surplus and the appropriation of other retained earnings come into effect following authorization by the competent minister.



Capital Account Details (Consolidated)

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2023

CAPITAL RATIO (Uniform International Standards)

(¥100 million, %)

	(As of March 31, 2023)
1. Total Risk-weighted Capital Ratio (4/7)	13.19
2. Tier 1 Risk-weighted Capital Ratio (5/7)	11.92
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	11.56
4. Total Capital	11,046
5. Tier 1 Capital	9,987
6. Common Equity Tier 1 Capital	9,687
7. Risk-weighted Assets	83,748
8. Total Required Capital	6,699

LEVERAGE RATIO (Uniform International Standards)

(%)

	(As of March 31, 2023)
Leverage Ratio	8.61



Financial Data (Non-Consolidated)

Year Ended March 31, 2023

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Trends in Principal Financial Indicators (Non-Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Total Operating Income	¥ 139.8	¥ 128.5	¥ 117.9	¥ 119.0	¥ 146.4
Income (Loss) before Income Taxes and Other	30.8	30.2	7.6	20.5	30.7
Net Income (Loss)	22.9	18.3	8.7	13.7	14.4
Capital	218.6	218.6	218.6	218.6	218.6
[Total Number of Shares Issued in Thousands of Units]	[2,186,531]	[2,186,531]	[2,186,531]	[2,186,531]	[2,186,531]
Total Capital Funds	997.1	979.7	969.9	956.6	962.3
Total Assets	12,980.4	12,719.3	13,012.6	11,149.3	11,749.8
Outstanding Deposits	5,786.3	5,707.9	5,893.6	5,082.0	5,057.9
Outstanding Debentures	3,448.8	3,542.5	3,787.1	3,990.1	4,238.3
Outstanding Loans	9,639.0	9,607.8	9,521.4	8,294.1	8,289.7
Balance of Investment Securities	977.9	1,215.1	1,464.4	1,283.3	1,383.9
Net Assets per Share (Yen)	214.56	206.56	202.05	195.91	195.97
Dividends per Share (Yen)	Common stock (non-government portion)	Common stock (non-government portion)	Common stock (non-government portion)	Common stock (non-government portion)	Common stock (non-government portion)
	3.00	3.00	3.00	3.00	3.00
	(government portion)	(government portion)	(government portion)	(government portion)	(government portion)
1.00	1.00	1.00	1.00	1.00	
Net Income per Share (Yen)	10.56	8.41	4.03	6.31	6.65
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.68	7.70	7.45	8.58	8.18
Non-consolidated Tier 1 (Common Stock etc.) Ratio (%)	11.53	11.71	11.74	11.69	12.34
Non-consolidated Tier 1 Ratio (%)	11.89	11.71	11.74	11.69	12.34
Non-consolidated Total Capital Ratio (%)	13.16	12.76	12.68	12.38	13.02
Return on Equity (%)	2.32	1.87	0.91	1.43	1.49
Price Earnings Ratio	—	—	—	—	—
Dividend Payment Ratio (%)	19.54	24.55	51.24	32.73	31.04
Number of Employees (Persons)	3,377	3,419	3,599	3,703	3,798
[Average Number of Temporary Employees excluded from Above]	[883]	[886]	[890]	[879]	[895]

Notes: 1. The figure for Net Income per Share (Diluted) is not disclosed because there were no shares with a dilutive effect.

2. Dividends per Share are classified and presented in two separate categories, namely, Cash Dividend per Common Stock (government portion) and Cash Dividend per Common Stock (non-government portion). This separate classification is pursuant to Article 50 of the Shoko Chukin Bank Limited Act, which stipulates that the dividend per share applicable to Common Stock held by the government shall not exceed the dividend per share applicable to Common Stock held by parties other than the government. Furthermore, pursuant to Article 15 of the Regulation Enforcing the Shoko Chukin Bank Limited Act, the dividend per share applicable to Common Stock held by the government is set at a ratio of one-third in relation to the dividend per share applicable to Common Stock held by parties other than the government.

3. The Capital Ratio is calculated as follows:

(Total Net Assets as of the fiscal period-end - Share award rights as of the fiscal period-end - Stock acquisition rights as of the fiscal period-end)/Total Assets as of the fiscal period-end × 100.

4. Figures for Price Earnings Ratio are not disclosed because the Shoko Chukin Bank is not publicly listed or registered. From effective fiscal 2022, the finalized Basel III framework has been early adopted for the calculation of the figures.

5. The Non-consolidated Capital Ratio is calculated in accordance with Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Limited Act. The Shoko Chukin Bank has adopted the BIS international capital adequacy guidelines.

6. Dividend Payment Ratio is calculated by dividing average dividends per share (as calculated by dividing dividends by the number of shares outstanding at the end of the period) by net income per share.

7. Number of employees refers to the number of persons employed (excluding seconded workers).



Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
ASSETS				
Cash and Due from Banks	¥ 1,741,022	¥ 1,515,777	\$ 13,038	\$ 12,384
Cash	17,692	20,378	132	166
Due from Banks	1,723,329	1,495,399	12,905	12,218
Call Loans	377,420	174,817	2,826	1,428
Monetary Claims Purchased	23,816	23,718	178	193
Trading Assets	18,465	13,147	138	107
Trading-related Financial Derivatives	18,465	13,147	138	107
Investment Securities	977,951	1,215,141	7,323	9,928
Government Bonds	340,828	537,291	2,552	4,389
Local Government Bonds	445,354	454,866	3,335	3,716
Corporate Bonds	84,378	123,868	631	1,012
Stocks	46,208	41,814	346	341
Other Securities	61,180	57,299	458	468
Loans	9,639,065	9,607,809	72,186	78,501
Bills Discounted	99,386	100,797	744	823
Loans on Notes	371,450	354,051	2,781	2,892
Loans on Deeds	7,675,971	7,811,004	57,484	63,820
Overdrafts	1,492,257	1,341,955	11,175	10,964
Foreign Exchange	22,925	27,954	171	228
Due from Foreign Banks	13,715	16,385	102	133
Foreign Exchange Bills Purchased	726	1,229	5	10
Foreign Exchange Bills Receivable	8,483	10,340	63	84
Other Assets	107,572	82,640	805	675
Prepaid Expenses	10,263	11,012	76	89
Accrued Income	6,135	4,852	45	39
Financial Derivatives	1,277	2,283	9	18
Cash Collateral Received for Financial Instruments	86,308	61,653	646	503
Other Assets	3,588	2,838	26	23
Tangible Fixed Assets	38,832	40,261	290	328
Buildings	14,784	16,144	110	131
Land	21,346	21,480	159	175
Construction in Progress	209	—	1	—
Other Tangible Fixed Assets	2,492	2,635	18	21
Intangible Fixed Assets	17,219	13,014	128	106
Software	8,334	8,919	62	72
Other Intangible Fixed Assets	8,885	4,094	66	33
Prepaid Pension Cost	33,490	33,356	250	272
Deferred Income Taxes	36,150	33,296	270	272
Customers' Liabilities for Acceptances and Guarantees	131,426	120,768	984	986
Customers' Liabilities for Acceptances and Guarantees	130,543	119,831	977	979
Customers' Liabilities for Guaranteeing Agency Loans	882	936	6	7
Reserve for Possible Loan Losses	(184,859)	(182,364)	(1,384)	(1,490)
Total Assets	¥ 12,980,499	¥ 12,719,338	\$ 97,210	\$ 103,924

Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of March 31, 2023 and 2022

Pursuant to Article 396-1 of the Companies Act, the material that the Shoko Chukin Bank makes public in accordance with Article 52-1 of the Shoko Chukin Bank Law has been audited by an audit and supervisory board member.

In addition, the Bank's financial statements — the balance sheets, statements of operations, and statements of changes in net assets — have been certified by an audit and supervisory board member pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act.

The non-consolidated financial statements presented below are not audited or certified. They have been reproduced from audited and certified non-consolidated financial statements above.

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
LIABILITIES				
Deposits	¥ 5,786,324	¥ 5,707,939	\$ 43,333	\$ 46,637
Current Deposits	548,211	548,030	4,105	4,477
Ordinary Deposits	1,739,647	1,592,943	13,028	13,015
Deposits at Notice	33,046	35,373	247	289
Time Deposits	3,396,472	3,453,371	25,436	28,216
Other Deposits	68,946	78,221	516	639
Negotiable Certificates of Deposit	689,176	491,452	5,161	4,015
Shoko Chukin Bank Debentures	3,448,850	3,542,570	25,828	28,944
Shoko Chukin Bank Debentures Issued	3,448,850	3,542,570	25,828	28,944
Payables under Securities Lending Transactions	200,687	139,173	1,502	1,137
Trading Liabilities	10,356	5,197	77	42
Trading-related Financial Derivatives	10,356	5,197	77	42
Borrowed Money	1,523,823	1,584,123	11,411	12,943
Borrowings	1,523,823	1,584,123	11,411	12,943
Foreign Exchange	492	75	3	0
Due to Foreign Banks	2	1	0	0
Foreign Exchange Bills Payable	489	73	3	0
Corporate Bonds	80,000	30,000	599	245
Other Liabilities	63,793	67,954	477	555
Corporate Taxes Payable	7,643	8,089	57	66
Accrued Expenses	7,346	5,902	55	48
Unearned Income	6,845	7,047	51	57
Financial Derivatives	2,635	5,464	19	44
Cash Collateral Received for Financial Instruments	3,928	5,311	29	43
Asset Retirement Obligations	1,733	1,752	12	14
Debenture Principal Payable	—	13	—	0
Other Liabilities	33,660	34,372	252	280
Reserve for Bonuses	4,680	4,000	35	32
Reserve for Retirement Benefits for Directors	131	79	0	0
Reserve for Losses on Refund for Dormant Bonds	43,526	46,162	325	377
Reserve for Environmental Measures	65	67	0	0
Acceptances and Guarantees	131,426	120,768	984	986
Acceptances and Guarantees	130,543	119,831	977	979
Guarantees for Agency Loans	882	936	6	7
Total Liabilities	¥ 11,983,333	¥ 11,739,563	\$ 89,742	\$ 95,919
NET ASSETS				
Capital	218,653	218,653	1,637	1,786
Crisis Response Reserve	129,500	129,500	969	1,058
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	3,001	3,274
Capital Surplus	0	0	0	0
Other Capital Surplus	0	0	0	0
Retained Earnings	233,123	214,620	1,745	1,753
Earnings Reserve	26,008	25,109	194	205
Other Retained Earnings	207,115	189,511	1,551	1,548
Reserve for Advanced Depreciation of Noncurrent Assets	332	354	2	2
Reserve for Particular Purposes	49,570	49,570	371	405
Retained Earnings Brought Forward	157,211	139,586	1,177	1,140
Treasury Stock	(1,153)	(1,146)	(8)	(9)
Total Shareholders' Equity	980,935	962,439	7,346	7,863
Unrealized Gains on Other Securities	16,227	17,332	121	141
Deferred Hedge Gains	2	2	0	0
Total Valuation and Translation Adjustments	16,229	17,334	121	141
Total Net Assets	997,165	979,774	7,467	8,005
Total Liabilities and Net Assets	¥ 12,980,499	¥ 12,719,338	\$ 97,210	\$ 103,924



Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
Operating Income	¥ 139,806	¥ 128,520	\$ 1,047	\$ 1,050
Interest Income	115,778	107,636	867	879
Interest on Loans	105,312	100,376	788	820
Interest and Dividends on Securities	4,005	3,368	29	27
Interest on Call Loans	543	96	4	0
Interest on Deposits	1,232	1,136	9	9
Interest on Interest Swaps	3	—	0	—
Other Interest Income	4,681	2,658	35	21
Fees and Commissions	11,571	10,663	86	87
Domestic and Foreign Exchange Commissions	1,221	1,312	9	10
Other Fees and Commissions	10,350	9,351	77	76
Trading Revenue	8,425	6,128	63	50
Revenue from Trading-related Securities	1	—	0	—
Revenue from Trading-related Financial Derivatives	8,424	6,128	63	50
Other Operating Income	1,491	2,553	11	20
Revenue from Foreign Exchange Trading	1,139	1,343	8	10
Revenue from Sales of Government and Other Bonds	351	1,210	2	9
Other Income	2,539	1,537	19	12
Collection of Written-off Claims	36	90	0	0
Revenue from Sales of Stocks and Other Securities	1,148	55	8	0
Other Income	1,355	1,391	10	11
Operating Expenses	108,969	98,312	816	803
Interest Expenses	8,267	3,992	61	32
Interest on Deposits	2,521	2,545	18	20
Interest on Negotiable Certificates of Deposit	1,300	149	9	1
Interest on Debentures	2,109	282	15	2
Interest on Call Money	(4)	0	(0)	0
Interest on Payables under Repurchase Agreements	—	0	—	0
Interest on Debenture Rental Transactions	—	15	—	0
Interest on Borrowed Money	1,802	863	13	7
Interest on Corporate Bonds	524	105	3	0
Interest on Interest Swaps	—	21	—	0
Other Interest Expenses	14	9	0	0
Fees and Commissions	3,255	3,183	24	26
Domestic and Foreign Exchange Commissions	257	302	1	2
Other Fees and Commissions	2,998	2,881	22	23
Trading Expenses	—	0	—	0
Expenses on Securities and Derivatives Related to Trading Transactions	—	0	—	0
Other Operating Expenses	3,877	813	29	6
Losses on Sales of Government and Other Bonds	3,099	698	23	5
Losses on Redemption of Government and Other Bonds	—	39	—	0
Amortization of Government and Other Bonds	0	0	0	0
Amortization of Debenture Issue Expenses	13	22	0	0
Expenses on Financial Derivatives	758	52	5	0
Other Operating Expenses	4	1	0	0
General and Administrative Expenses	71,728	68,969	537	563
Other Expenses	21,841	21,352	163	174
Provision for Possible Loan Losses	19,175	19,766	143	161
Write-off of Loans	694	150	5	1
Losses on Sales of Stocks and Other Securities	30	16	0	0
Write-off of Stocks	169	45	1	0
Other Expenses	1,772	1,373	13	11
Profit before Income Taxes and Other	30,836	30,207	230	246

Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars	
	2023	2022	2023	2022
Other Gains	354	1,228	2	10
Gains on Disposal of Fixed Assets	354	1,228	2	10
Other Losses	223	589	1	4
Losses on Disposal of Fixed Assets	155	193	1	1
Impairment Losses	67	396	0	3
Profit before Income Taxes	30,967	30,846	231	252
Provision for Income Taxes	10,339	8,064	77	65
Adjustment for Income Taxes	(2,370)	4,476	(17)	36
Total Income Taxes	7,969	12,541	59	102
Profit	¥ 22,998	¥ 18,305	\$ 172	\$ 149



PRINCIPAL SHAREHOLDERS
Common Stock

Shareholder Name	Number of Stocks Held (Thousand shares)	Percentage of Total Common Stock Issued and Outstanding (%)
The Minister of Finance	1,016,000	46.69
National Federation of Fire Insurance	9,300	0.42
Chubu Automobile Insurance Cooperative for Truck Transport Companies	8,085	0.37
Kantoh Automobile Insurance Cooperative for Truck Transport Companies	6,639	0.30
Koeisha Co., Ltd.	6,032	0.27
Kagoshima Prefecture Fire Insurance Cooperative	5,786	0.26
BOT LEASE CO., LTD.	5,300	0.24
Tokyo Mokuzai Tonya Kyoudou Kumiai	5,000	0.22
Kyodokumiai Koyama Kyoiku Sangyo Group	4,823	0.22
OSAKA SEMBA FASHION CO-OPERATIVE ASSOCIATION	4,810	0.22
Total	1,071,775	49.25

Notes: 1. As of March 31, 2023.

2. In addition to the principal shareholder information presented in the preceding chart, the Shoko Chukin Bank holds 10,704 thousand shares of treasury stock, representing 0.49% of total common stock issued and outstanding.

CAPITAL RATIO (Uniform International Standards)

(¥100 million, %)

	(As of March 31, 2023)
1. Total Risk-weighted Capital Ratio (4/7)	13.16
2. Tier 1 Risk-weighted Capital Ratio (5/7)	11.89
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	11.53
4. Total Capital	10,928
5. Tier 1 Capital	9,874
6. Common Equity Tier 1 Capital	9,574
7. Risk-weighted Assets	82,994
8. Total Required Capital	6,639

LEVERAGE RATIO (Uniform International Standards)

(%)

	(As of March 31, 2023)
Leverage Ratio	8.56

The Bank's Capital Ratio, etc.:

The Bank's capital ratio is calculated in accordance with the formula stipulated in "Standard for Assessment of Management Soundness under Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Law." In addition to applying the uniform international standard, the Bank adopts the standard method for Credit Risk-weighted Assets calculation and the standard method for Operational Risk calculation. Market Risk is not calculated according to special provision for exclusion.

In addition, the Bank's leverage ratio, an indicator that supplements the capital ratio, is calculated in accordance with the formula stipulated in "Standard for Assessment of Soundness Concerning Leverage that is Stipulated as Indicator that Supplements Standard for Assessment of Management Soundness under Announcement No. 3 of 2019 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Law." Furthermore, the Bank's capital ratio and leverage ratio are calculated based on the finalized Basel III standard, which was early adopted from March 31, 2023.



SUMMARY OF INCOME			(¥100 million)
Fiscal period ended	March 31, 2023	March 31, 2022	
Gross Operating Profit	1,218	1,189	
General and Administrative Expenses (Excluding Nonrecurring Items)	693	661	
Net operating profit	525	528	
Provision for the General Reserve for Possible Loan Losses	7	3	
Operating Profit	518	525	
Nonrecurring Loss (Including Nonrecurring Expenses)	(209)	(223)	
Income before Income Taxes and Other	308	302	
Other Gains and Losses	1	6	
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	103	80	
Adjustment of Income Taxes	(23)	44	
Net Income	229	183	

Note: Operating Profit is income generated by the Bank's primary businesses and is calculated using the following formula:
 Operating Profit = Gross Operating Profit - (Provision for the General Reserve for Possible Loan Losses + General and Administrative Expenses (Excluding Nonrecurring Items))
 Net operating profit = (Gross operating profit) - (General and administrative expenses (excluding nonrecurring items))

GROSS OPERATING PROFIT							(¥100 million, %)
Fiscal period ended	March 31, 2023			March 31, 2022			
	Domestic	International	Total	Domestic	International	Total	
Net Interest Income	1,026	48	1,075	1,015	20	1,036	
Fees and Commissions	73	9	83	65	9	74	
Trading Revenue	15	68	84	25	35	61	
Other Operating Income	(27)	3	(23)	4	12	17	
Gross Operating Profit	1,087	131	1,218	1,110	79	1,189	
Gross Operating Profit Ratio (%)	0.85	4.89	0.95	0.87	3.02	0.92	

Notes: 1. Domestic departments handle transactions in yen with Japanese residents through the domestic offices. International departments handle transactions with non-residents in Japan, foreign currency transactions and transactions made on special international financial accounts (transactions in the Tokyo Offshore Market) through the domestic offices and those operated through the New York branch.

2. Gross Operating Profit Ratio = $\frac{\text{Gross Operating Profit}}{\text{Average Balance of Interest Earning Assets}} \times 100$

Operating profit, etc.			(¥100 million)
	March 31, 2023	March 31, 2022	
Operating profit	518	525	
Net operating profit	525	528	
Core operating profit	552	523	
Core operating profit (excluding gains (losses) on cancellation of investment trusts)	552	523	

(Note) Core operating profit = (Gross operating profit) - (General and administrative expenses (excluding nonrecurring items)) - (Net gains (losses) related to bonds, including Japanese government bonds)



BALANCE OF LOANS (¥100 million)							
Fiscal period ended	March 31, 2023			March 31, 2022			
	Domestic	International	Total	Domestic	International	Total	
Fiscal Period-end Balance	Loans on Deeds	75,262	1,497	76,759	76,609	1,500	78,110
	Loans on Notes	3,086	628	3,714	3,009	531	3,540
	Overdraft	14,922	—	14,922	13,419	—	13,419
	Bills Discounted	993	—	993	1,007	—	1,007
	Total	94,264	2,125	96,390	94,046	2,031	96,078
Average Balance	Loans on Deeds	76,161	1,585	77,746	76,914	1,406	78,321
	Loans on Notes	3,030	600	3,630	2,834	503	3,338
	Overdraft	14,118	—	14,118	12,673	—	12,673
	Bills Discounted	947	—	947	944	—	944
	Total	94,258	2,185	96,443	93,367	1,910	95,277

Note: The average balance of foreign currency loans with domestic offices stated in the International column is calculated by the monthly current method.

BREAKDOWN OF LOAN BALANCE BY INDUSTRY (¥100 million, %)		
	As of March 31, 2023	As of March 31, 2022
Manufacturing	29,051 (30.1)	28,967 (30.2)
Machinery and Metal Product Manufacturing	15,419 (16.0)	15,333 (16.0)
Agriculture and Forestry	311 (0.3)	328 (0.3)
Fisheries	67 (0.1)	64 (0.1)
Mining and Quarrying of Stone and Gravel	108 (0.1)	106 (0.1)
Construction	2,955 (3.1)	2,939 (3.1)
Electricity, Gas, Heat Supply and Water	357 (0.4)	300 (0.3)
Information and Communications, Transport and Postal Activities	12,514 (13.0)	12,601 (13.1)
Wholesale and Retail	27,447 (28.5)	27,520 (28.6)
Finance and Insurance	416 (0.4)	485 (0.5)
Real Estate and Goods Rental and Leasing	7,776 (8.1)	7,683 (8.0)
Various Services	14,747 (15.3)	14,467 (15.1)
Local Governments	2 (0.0)	2 (0.0)
Others	95 (0.1)	104 (0.1)
Overseas and Special International Financial Accounts	538 (0.5)	506 (0.5)
Total	96,390	96,078

Note: The figures in parentheses represent percentages of the total.

LOANS BASED ON FINANCIAL RECONSTRUCTION ACT AND PROBLEM LOANS (Non-consolidated)

(¥100 million, %)

		As of March 31, 2023	As of March 31, 2022
Bankrupt or de facto bankrupt loans	(A)	1,061	1,097
Doubtful loans	(B)	1,749	1,652
Special Attention Loans	(C)	546	355
Loans Overdue for 3 Months or Longer		4	10
Rescheduled Loans		541	345
Subtotal	(D) = (A) + (B) + (C)	3,356	3,105
Loss Classification Loans	(G)	616	640
(Other than Loss Classification Loans)	(D) - (G)	(2,739)	(2,465)
Normal Loans		94,593	94,500
Total	(H)	97,949	97,606
Percentage to Total Credit (%)	((D) - (G)) / ((H) - (G))	2.8	2.5

(Reference) Coverage of Assets Other than Loss Classification Loans

Amount of (D) Expected to Be Recovered through Collateral and Guarantees	(E)	1,544	1,459
Reserve for Possible Loan Losses Recorded for (D)	(F)	1,291	1,267
Allowance Ratio (%)	$\frac{(F) - (G)}{((D) - (G)) - (E)}$	56.4	62.4
Coverage Ratio (%)	$\frac{((E) + (F)) - (G)}{(D) - (G)}$	81.0	84.6

Notes: 1. The above represents the four categories of "Bankrupt or de facto bankrupt loans," "Doubtful loans," "Special attention loans," and "Normal loans," classified through the assessment based on the Act on Emergency Measures for the Revitalization of the Financial Functions.

2. Categories of disclosed loans

- (1) Bankrupt or de facto Bankrupt Loans Loans to debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto
- (2) Doubtful Loans Loans whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal and receipt of interest in accordance with the contract is impossible
- (3) Special Attention Loans Loans overdue for three months or longer and rescheduled loans excluding loans under (1) and (2) above
- (4) Normal Loans Loans categorized as loans other than those under (1), (2), and (3) above, whose debtors are not found to be problematic in terms of the financial status and business performance

3. Loss Classification Loans are loans categorized as unrecoverable based on self-assessment and for which a reserve for possible loan losses is reported for the entire amount of the loan.

4. Other than Loss Classification Loans represents the total amount of disclosed loans under (1) through (3) of Note 2 less the amount of Note 3.

