

Revitalization of Local Economies

The Shoko Chukin Bank collaborates with regional financial institutions and other organizations to actively support the sustainable management SMEs, thereby revitalizing local economies.

Supporting the development of sales channels of customers

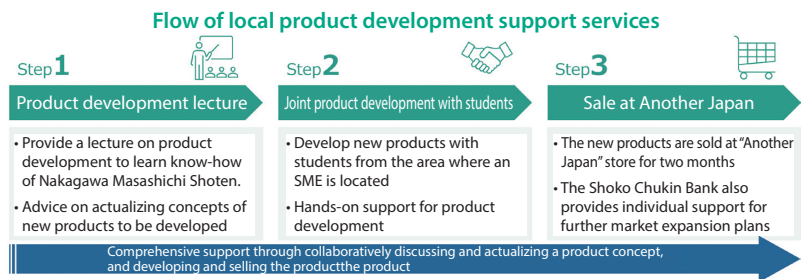
► Collaborating across industries to support new product development

The Shoko Chukin Bank has partnered with “Another Japan,” a joint project by MITSUBISHI ESTATE CO., LTD. and Nakagawa Masashichi Shoten Co., Ltd., to launch a service that supports SMEs as they develop local products.

The service provides new product development know-how with a full range of support from product development to test marketing through sale at an actual store, thereby helping SMEs to create new local products and supporting their sustainable growth.

“Another Japan” started in August 2022 as a specialty store where university students can seriously learn and practice business

through sale of a selection of local products from all 47 prefectures across the country. We have been developing a new educational model in which students from across Japan not only visit local areas to purchase goods but also independently engage in various aspects of store management, including income and expenditure management, store development, and customer service.



► Holding business meetings with regional financial institutions

We held joint business meetings with Saikai Mizuki Credit Union, both in person and online.

Two buyers from outside the prefecture were invited and seven clients of either the Shoko Chukin Bank or Saikai Mizuki Credit Union that handle local products participated as sellers. The participants gave many positive comments such as, “I was anxious because it was my first business meeting, but I’m glad we were able to have in-depth discussions,” and “It was very meaningful since there are few opportunities for direct business meetings with buyers from outside the prefecture.”

In collaboration with the Organization for Small & Medium Enterprises and Regional Innovation, Japan, the Shoko Chukin Bank holds preliminary business consultation sessions online on topics such as effective product promotion to make business negotiations successful.



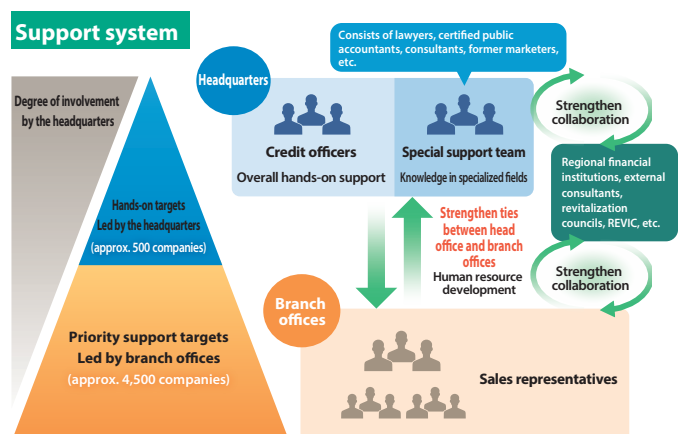
Efforts to help local companies improve management and revive businesses

► Support system

Among customers facing issues around finance and balance of payments, the Shoko Chukin Bank identifies those who should be proactively and independently supported, and provides support through the combined efforts of its Head Office and branch offices.

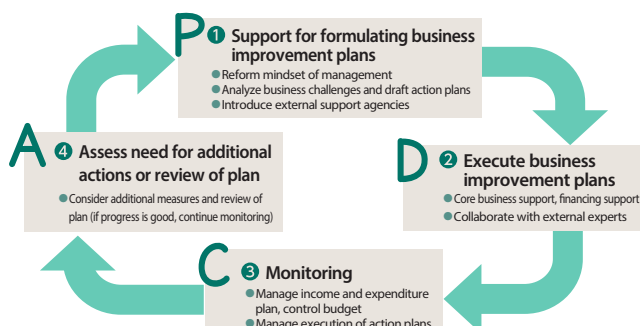
We have set up a Consulting Department in the headquarters, and staffed specialized personnel such as lawyers and certified public accountants to provide advanced business revitalization support including business restructuring.

Additionally, in the business departments, we have established internal certifications and have been strengthening human resource development to enhance our response capabilities.



► Details of initiatives

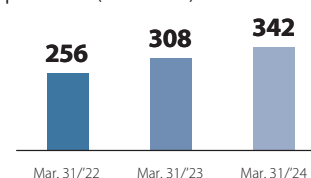
We collaborate with regional financial institutions to provide a range of support tailored to each customer's stage of development.



► Results of initiatives

| | Mar. 31/'23 | Mar. 31/'24 |
|--|----------------------|----------------------|
| Percentage of increase in rank of support recipients | Approx. 8.9% | Approx. 13.6% |
| Allowance reversals for support recipients | Approx. ¥2.2 billion | Approx. ¥2.3 billion |

► Number of business cooperation agreements concluded with regional financial institutions in business revitalization and management improvement (cumulative)



► Cooperation with Regional Financial Institutions

By combining the information and networks of regional financial institutions in each region with the functions and know-how of the Shoko Chukin Bank, we have been strengthening the financial and core business support that both parties can offer customers, enabling us to address a wide range of needs.

TOPIC Formation of a nationwide business revitalization fund

The Shoko Chukin Bank and Shoko Chukin Capital Co., Ltd. have partnered with Long Black Partners Co., Ltd., a Tokyo-based firm with extensive experience in managing business revitalization funds targeting SMEs, and, together, have formed a nationwide business revitalization fund "Sazanka SME Revitalization Investment Limited Partnership." With funding from Organization for Small & Medium Enterprises and Regional Innovation, Japan, and regional financial institutions, we will proactively support the fundamental revitalization of SMEs, which is essential to regional economies.

| Scope of investment | |
|---------------------|---|
| Industry | All industries involved in advancing and revitalizing local economies and increasing employment opportunities |
| Corporate scale | Mainly SMEs |

Case studies of support

Collaboration with Japan Ryokan & Hotel Association

In order to aid in the recovery and growth of lodging businesses that have been significantly impacted by the COVID-19 pandemic, the Shoko Chukin Bank has partnered with the Japan Ryokan & Hotel Association to implement a system to strengthen management support for lodging businesses.

In fiscal 2023, we conducted 16 seminars across the nation on topics such as human resource strategies and marketing. These seminars attracted over 380 ryokan-related attendees and aimed to foster "management awareness reform" and "management review."

Supporting the revival of local company

Anne Matsumoto Co., Ltd. (Fukuoka) operates 15 women's clothing boutiques mainly in Fukuoka Prefecture.

One of the company's stores were damaged by flooding in July 2020. The Shoko Chukin Bank conducted an in-depth business prospects evaluation through on-site visits and interviews with management. We shared our views on Anne Matsumoto's strengths and financial challenges with the company and its financial institutions and determined that restoring the flood-damaged head office and store was essential to increase the company's corporate value, thus, provided the necessary funding.

» For details of the case studies, please click here to watch the video.

<https://www.youtube.com/watch?v=vd74fg5k6il&t=1s>



The head office located in the local shopping district



[Thoughts from members of the Shoko Chukin Bank] Daigo Taniguchi, Kurume Office

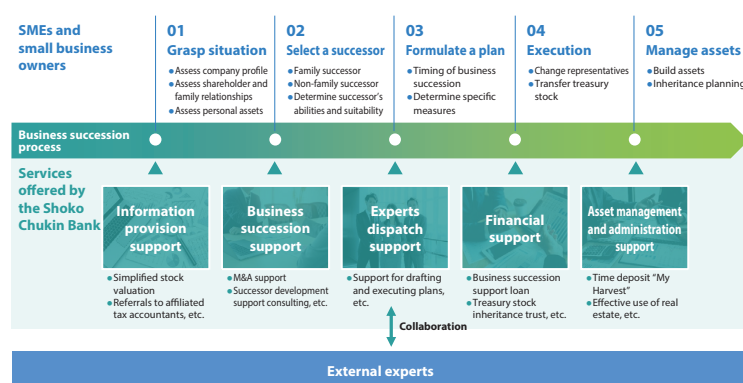
I sympathized with the president's determination to take on new challenges despite the hardships caused by the torrential rain disaster. Therefore, we assisted in formulating a business plan that included the use of subsidies, and then provided him with financing to rebuild the store.

Efforts to resolve succession issues

► Business succession support

Due to the aging population and shortage of successors, business succession has become a significant issue for owners of SMEs that support the Japanese economy.

Resolving business succession issues often requires a considerable amount of preparation time, making early action a crucial part of the company's business plan. At the Shoko Chukin Bank, we use the collective strength of our group to support our customers in smooth business succession.



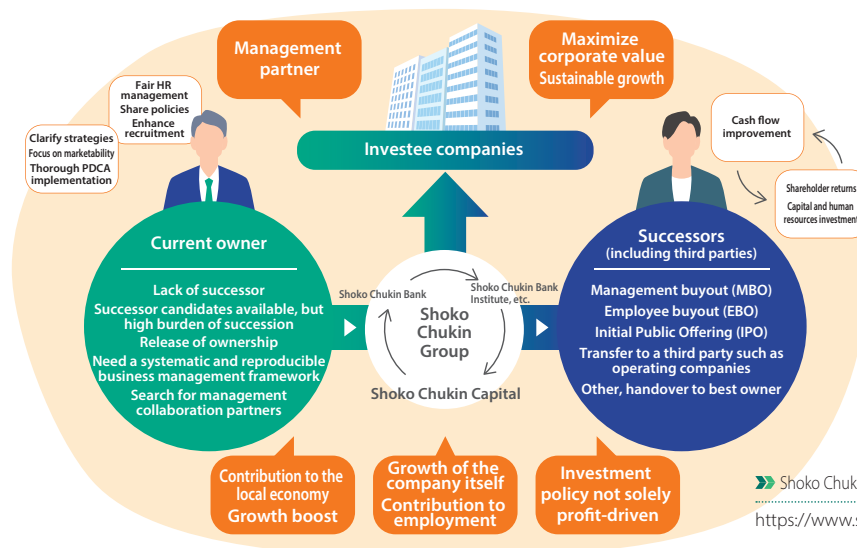
► Results of support

| | Mar. 31/'23 | Mar. 31/'24 |
|---------------------|-------------|-------------|
| Business succession | 123 cases | 147 cases |
| M&A | 26 cases | 27 cases |

► Investment business

The Shoko Chukin Bank underwrites customers' shares and provides growth support triggered by business succession, such as resolving succession-related issues. We established Shoko Chukin Capital as a subsidiary specializing in investment in August 2023 with the aim of providing support with deeper involvement in management than ever before.

We aim to be a long-term partner for our customers, helping them achieve seamless succession and sustainable growth for the next generation.



► Shoko Chukin Capital website (in Japanese only)

<https://www.shochu-capital.co.jp/>



Examples of major investments

| Region | Investment field | Investment ratio | Investee industry | Descriptions of support |
|-----------|---------------------|------------------|-------------------|--|
| Kyoto | Business succession | Minority | Transportation | Responding to needs of long-term shareholders |
| Kyoto | Business succession | Majority | Transportation | Succession planning for owners, post-succession business management structure setup, and sales channel expansion support |
| Yamanashi | Business succession | Minority | Manufacturing | Responding to needs of long-term shareholders |

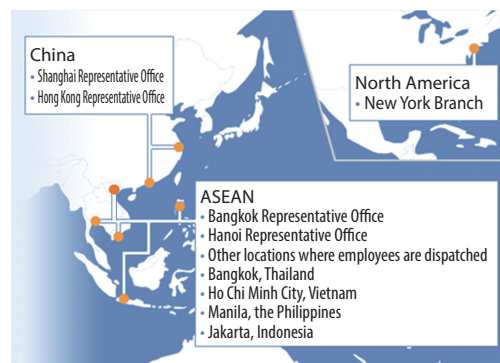
Support for overseas expansion



► Overseas expansion support desk

The Shoko Chukin Bank has set up “SME Overseas Expansion Support Desks” at a total of 107 branch offices and overseas offices (New York, Hong Kong, Shanghai, Bangkok, and Hanoi). We have established a system to respond to a wide range of inquiries regarding overseas expansion, including for SMEs that have not yet ventured abroad, and we provide necessary information in cooperation with Japan External Trade Organization (JETRO), Nippon Export and Investment Insurance (NEXI), Thailand Board of Investment (BOI), the Department of Trade and Industry of the Philippines (DTI), the Shanghai Foreign Investment Development Board (Invest Shanghai), the Economic and Technological Development Zones of China, the Trade Commissioner Service of Canada, the Indonesian Investment Coordinating Board (BKPM), and other organizations.

By building an integrated support system that combines finance and information, we are able to flexibly and effectively respond to the diverse needs of our customers regarding their overseas expansion.



► Support menu

Overseas business support

- Providing information on overseas investment environments, etc.
- Hosting overseas seminars and Overseas Chukin Association (networking events)
- Locations: New York, Hong Kong, Shanghai, Bangkok, Hanoi, Ho Chi Minh City, Jakarta, Manila

Trade settlement and finance

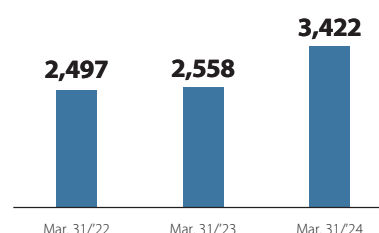
- Foreign exchange operations related to import and export such as trade settlements
- Proposal for mitigating currency fluctuation risk through forward exchange contracts, etc.
- Issuance of various bonds (bank guarantees) for transactions with foreign companies

Support for fundraising for overseas subsidiaries

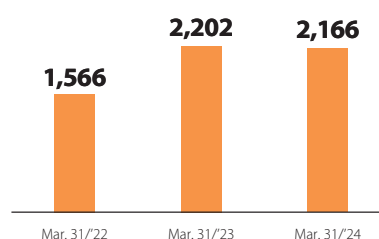
- Borrowing at the parent company
Financing of investments and loans for overseas expansion (parent-subsidiary loans)
- Borrowing at overseas subsidiaries
Direct business financing for overseas subsidiaries
Standby L/C to foreign banks for local borrowing purposes

► Results of support

Number of consultations in Japan



Number of consultations overseas



TOPIC Establishment of Hanoi Representative Office

In October 2023, the Shoko Chukin Bank opened its fifth overseas office, the Hanoi Representative Office in Vietnam.

In recent years, Vietnam has enjoyed strong economic growth driven by factors such as deregulation, and coupled with a growing population and an abundance of skilled young human resources, the country is seeing a boom in Japanese company presence.

The newly opened Shoko Chukin Bank representative office in Hanoi bolsters our support system in Vietnam, and will provide enhanced financial and information assistance to customers who have already established operations or are considering entering the Vietnam market.

