



SHOKO CHUKIN BANK

Supporting the future of companies. Making Japan more resilient to change.



# Challenge nge

Integrated Report 2024  
Disclosure Publication

Feature of the  
Shoko Chukin  
Bank

# The Shoko Chukin Bank is a financial institution by SMEs for SMEs.

Our shareholders are limited to SMEs and SME cooperatives.

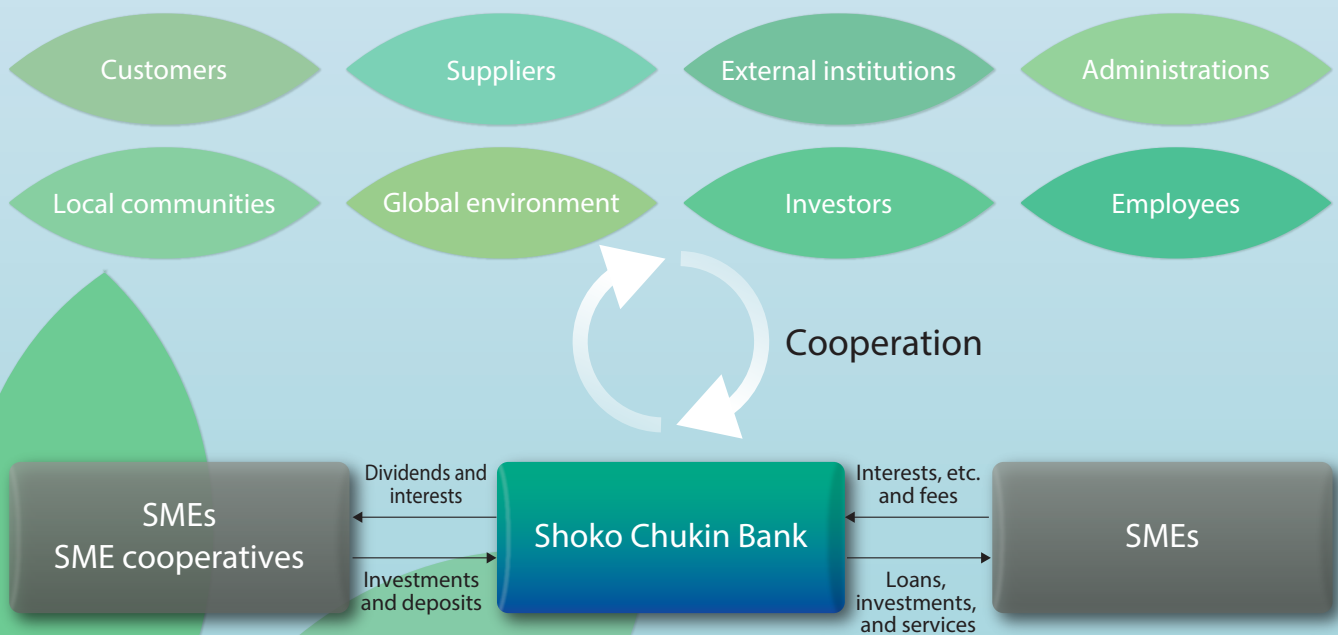
We are a financial institution that specializes in SMEs and focuses on providing solutions to their management challenges, reflecting the voice of our SME customers nationwide.



SHOKO CHUKIN BANK

## The Shoko Chukin Bank's Role in Society

Since its establishment in 1936, the Shoko Chukin Bank has built a unique “financial ecosystem” to support SMEs for more than 85 years. Working with our stakeholders, the funds entrusted to us are used to improve the corporate value of SMEs, profit is used to build up internal reserves for future risk-taking, and surplus is returned to our shareholders, SMEs and SME cooperatives. Through this ecosystem, we aim to contribute to achieving a sustainable society while at the same time improving our own corporate value.



### **The Shoko Chukin Bank Limited Act** (Article 1 excerpted)

The purpose of the Shoko Chukin Bank, Ltd. is to conduct businesses necessary to facilitate smooth financing for SME cooperatives, other organizations that primarily consist of SMEs and their members, while ensuring the Bank's autonomy in management toward its goal of complete privatization.

PURPOSE

*Supporting the future of companies.  
Making Japan more resilient to change.*

MISSION

*We will continue to think together,  
create together, and change together,  
as a partner in creating security and prosperity.*

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#### ■ Editorial policy

The Shoko Chukin Bank, Ltd. has prepared the Integrated Report Disclosure Publication 2024 to provide investors, shareholders, and all other stakeholders with an easy-to-understand description of the Bank's business activities and efforts to enhance corporate value, and to initiate constructive dialogue. This report was compiled with reference to various guidelines such as the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry. We hope that this report will help deepen your understanding of the Bank.

◆ **Scope of this Report**    Period: From April 1, 2023 to March 31, 2024  
    Scope: The Shoko Chukin Bank, its subsidiaries and associated companies

◆ **Published in**    July 2024



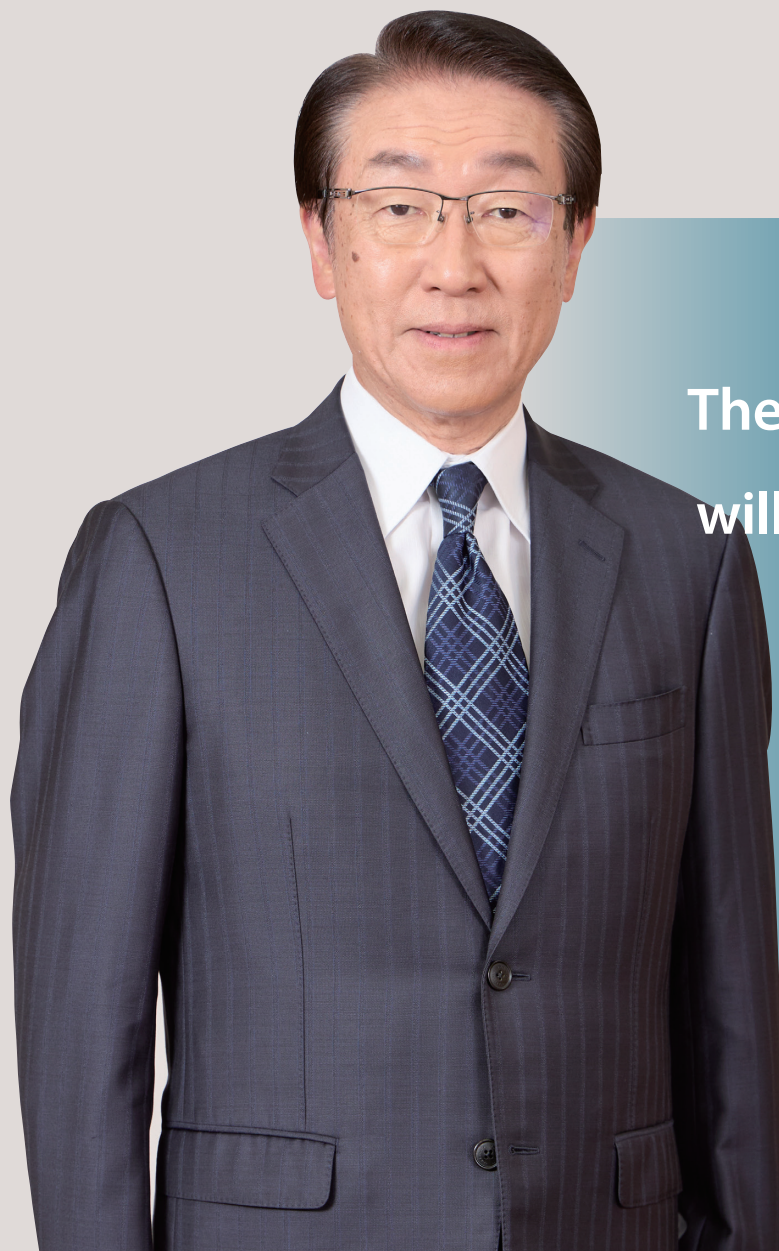
◀ The Shoko Chukin Bank website  
<https://www.shokochukin.co.jp/>



◀ YouTube Shoko Chukin Official Channel  
<https://www.youtube.com/channel/UCngWuivSeQ4HXYzYFhS-8FA>



# Message from the President



The Shoko Chukin Bank  
will continue to change  
as a specialized  
financial institution  
by SMEs for SMEs.

**Masahiro Sekine**

President (Representative Director)

## Ensuring Customer-Oriented Business Operations

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### Message I have conveyed to employees since taking office in 2018

In Japan, SMEs account for 99% or more of the total number of companies, about 70% of employment, and about 50% of added value. The Shoko Chukin Bank's customers are the SMEs that form the backbone of the Japanese economy. In order to remain a financial institution by SMEs for SMEs, we have taken a sincere approach to our customers and continued to transform ourselves.

The fiscal year ended March 31, 2024 marked the sixth year following my appointment as President. Over the past six years, the Shoko Chukin Bank has been carrying out the Shoko Chukin Bank Management Reform Plan to revitalize the organization in the wake of misconduct uncovered in crisis response operations. Following on from this, we have also been implementing the current Medium-Term Business Plan (fiscal 2022 - fiscal 2024). The message I have been conveying to our employees during this time is simple: "Let's carry out customer-oriented business operations."



## Making steady progress with the Medium-Term Business Plan

At the time of the misconduct discovered in 2016, the Shoko Chukin Bank had a top-down organizational culture with a less open atmosphere, through which management was focused on business performance. When I visited our branch offices around the country and talked to employees, everyone had a desire to support SMEs, but they were spending their energy not for the sake of customers, but on meeting strict quotas. In order to fundamentally change this, I have been working to abolish quotas and cancel the allocation of numerical targets from the headquarters to branch offices. I repeatedly reminded employees to use the energy that had been internally spent on meeting quotas or reporting on communicating with customers, and to focus on listening to them and building trust. That way, employees will be able to understand customers' fundamental needs and issues. If we are able to provide solutions based on these needs and issues, earnings growth will naturally follow. I was also convinced that establishing a new business model that can utilize the Shoko Chukin Bank's strengths, such as our branch network spanning all prefectures and the high level of expertise in SMEs built up over the years, would bring about change.

As a result of our corporate transformation and business model transformation, we were able to make steady progress in both the first and second years of the current Medium-Term Business Plan. I believe the various measures that I have been working on together with employees over the past six years have started to steadily show results.

## The Shoko Chukin Bank Will Change through Business Model Transformation and Corporate Transformation

### Business model transformation starts with business prospects evaluations

The establishment of differentiated fields is one of the key strategies set forth in the Medium-Term Business Plan (fiscal 2022 - fiscal 2024). In addition to financial support, the basis of our customer support, we focused on core business support, through which we got deeply involved in customers' actual operations. This initiative focuses on management issues at each stage of a company's life, and provides solutions by splitting them into three categories: startup support, sustainable management support, and business revitalization support. In each category, the Shoko Chukin Bank is highly regarded by customers as these are fields that leverage the characteristics of the Shoko Chukin Bank.

The starting point of these solutions is the business prospects evaluation capabilities that the Shoko Chukin has cultivated. In business prospects evaluations, we examine not only the use of collateral and financial statements, but also non-financial elements such as customer technologies and services, management stance, and business management systems, after which we support cash flow and growth investments. Whether or not we can properly evaluate business prospects depends on how each member of the Shoko Chukin Bank can extract information from dialogue with customers to understand and analyze their business. The Shoko Chukin Bank has a strong track record of demonstrating our expertise in the fields of business revitalization and management improvement support in particular, including Japan's first DDS\* and our nationwide involvement in rehabilitation projects following the global financial crisis. Systematically, we have also worked to develop specialized personnel and reskill each employee, as well as implement measures such as the formulation of a Human Resources Value Creation Model and the opening of the in-house university "Hitozukuri College." In order to make use of our abundant experience and know-how to engage in close dialogue with SME customers and conduct a detailed analysis, in human resource development we have established systems and programs that allow employees to acquire both business skills (hard skills) and human skills (soft skills). We are also working on DX (digital transformation) with the aim of providing fast services and improving the customer experience value, with three DX projects underway, including the advanced utilization of data.

\*DDS (debt-debt swaps): a revitalization method in which a portion of existing debt held by a financial institution is exchanged for subordinated loans



# Message from the President

## Corporate Transformation Serves as the Foundation for Business Model Transformation

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### **The pressures felt by employees**

The other day, we received an interesting result from a questionnaire survey of branch office employees conducted to gain insight into the status of internal controls at branch offices. We have been consistently conducting this questionnaire since fiscal 2018. In response to the question “What kind of pressure do you feel in your day-to-day work?” in the fiscal 2023 survey, nearly 70% of employees answered “whether or not it leads to personal growth.” How they want grow, and what they are interested in. Employees feel pressure because they think so seriously about this, which I think is a good sign. The goal of corporate transformation, one of the main strategies of the Medium-Term Business Plan, is to foster new challenges beyond the conventional boundaries of financial institutions. Personnel changes at the Bank are currently carried out on a voluntary basis, in principle. In April this year, approximately 80% of employees relocated to the headquarters were transferred to the departments as they themselves requested. As a general rule, in-house training programs and courses, such as the “Hitozukuri College” mentioned above, are also voluntary. Anyone would be serious about something they had volunteered for, and be motivated to grow. We will continue to focus on creating systems that encourage employees to take on challenges and learn.

### **Employees should work to achieve their own growth through independence and autonomy, not to meet quotas**

Turning back to the 2016 misconduct, no employees personally benefitted from said misconduct. We recognize that the root cause of the misconduct was a lack of internal control systems and excessive performance pressure in crisis response operations. In other words, earnest and highly capable employees, in their respective positions, were under pressure to achieve their quotas, which caused them to commit misconduct. Through dialogue with employees, I knew very well that the Shoko Chukin Bank’s human resources had solid potential. In that case, there was only one thing to do. Create a corporate culture that enables employees to work for the sake of customers, not quotas.

We needed to clarify our purpose as a means of maintaining motivation as an alternative to achieving quotas. In 2022, we established our Purpose and Mission in order for all employees to once again share what the Shoko Chukin Bank exists for. At the heart of this establishment was a team of young employees from both the headquarters and branch offices selected through open recruitment. It took more than a year to reach a final decision, during which numerous discussions were held at Management Meetings and Board of Directors meetings, where external directors also participated as advisors. I think the meaning of the Shoko Chukin Bank’s existence, which has not changed since its establishment, is accurately reflected in our Purpose, “Supporting the future of companies. Making Japan more resilient to change,” and Mission “We will continue to think together, create together, and change together, as a partner in creating security and prosperity.”

In order to foster values based on our Purpose and Mission, we are implementing initiatives on an ongoing basis as we hold My Purpose Workshops for all officers and employees, and have them formulate their own My Purpose, which embodies how they can grow independently and autonomously, contribute to customers, and lead their own enriched lives. Many of the employees who are active on the front lines at branch offices joined the Bank after the misconduct. I make an effort to keep asking the question “What is the purpose of our existence?” through the President’s blog.



## How the Shoko Chukin Bank will Change through Privatization

### Future plans regarding privatization

In June 2023, a bill to revise the Shoko Chukin Bank Limited Act was passed in the Diet, and in April 2024, the Ministry of Finance announced the schedule for the general competitive bidding of government-owned shares. All shares are to be sold by the end of fiscal 2024.

I would like to explain once again how the Shoko Chukin Bank will change once it is privatized. There are two main initiatives: (1) Expand the scope of our operations, and (2) Enhance and strengthen governance with an eye to independent and autonomous management.

### Expanding the scope of our operations

The revision to the Act enabled expansion in the scope of the Shoko Chukin Bank's operations. In the case of the Shoko Chukin Bank itself, this amendment lifted the ban on regional revitalization and other operations, and enabled the expansion of equity operations. In terms of subsidiaries, the Bank will be allowed to expand its equity operations through subsidiaries specializing in investment, as well as own companies with more sophisticated banking operations. The Shoko Chukin Bank is currently examining and preparing the following with the aim of appropriately responding to the urgent issues and needs of SMEs.

#### ① Strengthening investment operations

In August 2023, we established Shoko Chukin Capital as a subsidiary specializing in investment. In business revitalization, the upper limit of investment from the Shoko Chukin Bank itself will be eased. In this field, many SMEs require in-depth support over a long period of time. We believe that equity financing is an extremely effective method of doing so, and as such we are developing business operations including the establishment of a business revitalization fund.

#### ② Human resource services

In a customer questionnaire conducted by the Shoko Chukin Bank, we discovered that approximately 70% of respondents face issues related to human resources. Currently, the biggest management issue for SMEs is securing and developing human resources. We are already working on the provision of human resource services in our Medium-Term Business Plan. Specifically, we are eyeing the establishment of a human resource service subsidiary.

#### ③ DX support

Issues faced by SMEs include outdated procedures for receiving or placing orders and the insufficient use of data. As a form of DX support that will help solve these issues, we plan to launch a Digital Business Platform Projects, and build an order receipt and placement platform for SMEs using cloud-based SaaS. In the future, we will work to realize data-driven management for SMEs, including collaboration with partner companies.

### Enhancing and strengthening governance for independent and autonomous management

In order to continue to change as a specialized financial institution for SMEs, we need a governance structure that enables us to respond swiftly to changes in the business environment. As part of our efforts to enhance and strengthen governance, we transitioned to a company with an Audit & Supervisory Committee in June 2024. In doing so, we aim to strengthen the supervisory function of the Board of Directors and speed up decision-making.



# Message from the President

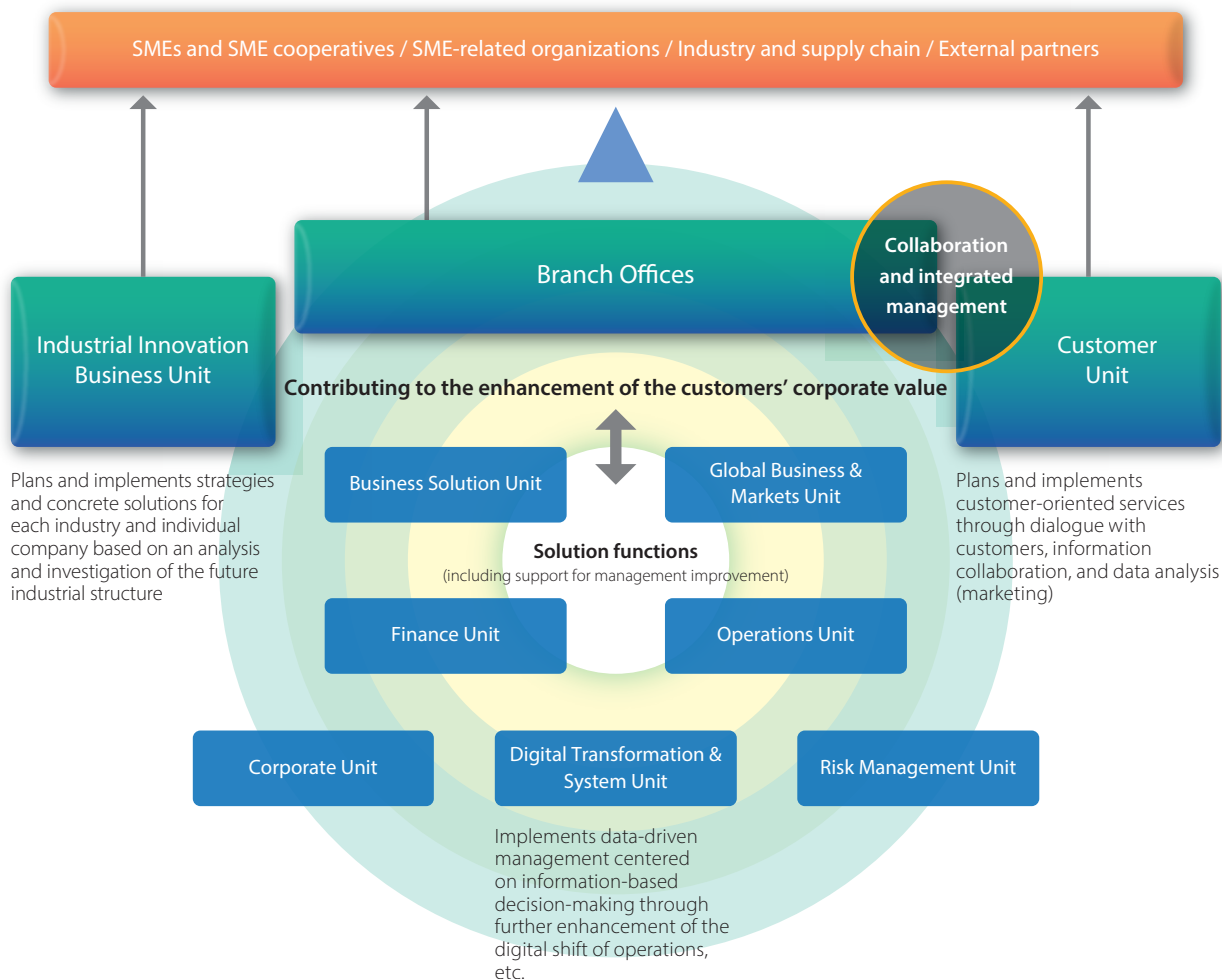
## Maximize and Multiply the Potential of SMEs and the Shoko Chukin Bank

### Efforts to provide further value

As I have mentioned thus far, the Shoko Chukin Bank has had success with reforming itself. However, our Mission states that “We will continue to think together, create together, and change together, as a partner in creating security and prosperity.” As such, it is our responsibility to constantly change with our customers and the times. There is no end goal for this initiative. SMEs face various challenges, such as changes in industrial structure. If we look at the current situation, there are many challenges that need to be addressed, such as sharp rises in the price of imported materials and energy due to yen depreciation, the “2024 problem” faced by the transportation and construction industries in which overtime caps for truck drivers have come into effect, the promotion of DX to improve productivity, and carbon neutrality. As a financial institution that serves SMEs, the Shoko Chukin Bank will continue our efforts to change in order to fulfill our unwavering mission of paving the way toward a society resilient to change.

In April 2024, we fundamentally rearranged the entire headquarters organization in order to provide even higher quality services and solutions to our customers. By changing the vertically divided organization that has existed thus far, and placing functions with a high degree of affinity under each business unit, we are aiming to further enhance human capital management, improve management efficiency, and speed up decision-making.

### ■ Fundamental rearrangement of the headquarters organization aimed at strengthening customer support







All of the nine business units have been organized so that they can precisely respond to the issues faced by SMEs. For example, under the Customer Unit, we established a new Marketing Division that conducts strategic planning through dialogue with customers. The Industrial Innovation Business Unit, which deals with issues related to industrial structural reform and environmental and social sustainability, and the Digital Transformation & System Unit, which supports information-based decision-making, are organized so that they can directly contribute to the medium- to long-term change and growth of SMEs.

We also discontinued the performance evaluations of our branch offices. Performance evaluations are a method of promoting sales, but they can also have the negative effect of placing focus on the items being evaluated. The headquarters must also devote a considerable amount of effort in order to carry out evaluations. I think that energy should be devoted to supporting our customers. We will review the relationship between the headquarters, which conduct the evaluations, and the branch offices, the ones being evaluated, and have them work together to conduct customer-oriented business operations.

### Top management's role is to develop employees so that they can think for and change themselves

I believe that the role of the Shoko Chukin Bank's top management is to persistently show our future vision. My own role is to express our Purpose and Mission, thereby sharing with and instilling these values in our employees. While this is still a work in progress, I feel that we are making decent headway. If a corporate culture in which each employee acts independently and autonomously becomes firmly rooted, positive results will naturally follow. I feel that my conviction six years ago was correct when I look at the steady progress of the Medium-Term Business Plan.

Even after privatization, we will continue to change so that we can keep being a financial institution that customers can do business with peace of mind. I would like to lay a solid foundation for such an organization, and pass it on to the next generation. We thank you for your continuing support of the Shoko Chukin Bank.

July 2024

関根正裕

# Message from the Head of Corporate Unit



**With an eye to realizing our Purpose, we will promote the integration of management and human resource strategies to further reforms of our organizational culture, and co-create value with our stakeholders**

**Taiichiro Okamoto**

Managing Executive Officer, Head of Corporate Unit

## Review of fiscal 2023

While the upsurge in demand following the COVID-19 pandemic ran its course, fiscal 2023 saw drastic changes in the business environment, such as the occurrence of natural disasters, the worsening labor shortage, yen depreciation, soaring prices, and rising interest rates.

At the Shoko Chukin Bank, while repayments of crisis response loans related to COVID-19 starting to move into full swing, growth in the startup field and in sustainable finance, as well as an increase in projects, such as those associated with strengthening collaboration with funds in structured finance and other areas resulted in net interest income being flat year on year, while fees and commissions remained strong.

As a result, gross operating profit amounted to ¥122.8 billion, up ¥1.0 billion year on year, despite the recording of losses associated with the sale of investment securities to improve yields.

The Shoko Chukin Bank has positioned well-being, DE&I (diversity, equity, and inclusion), and DX as corporate transformation, part of its main strategies in the Medium-Term Business Plan, and is actively sowing the seeds for the future, including investments in human capital and systems. We also worked to strengthen our systems to solve the increasingly diverse management issues faced by SMEs, such as by establishing a subsidiary specializing in investment and establishing the Hanoi Representative Office. As a result, although expenses increased, operating profit amounted to ¥49.1 billion, exceeding the target.

## Initiatives for fiscal 2024

In fiscal 2024, the final year of the Medium-Term Business Plan, we plan to provide more in-depth support to SME customers and secure appropriate returns by maximizing the benefits of the know-how and frameworks we have built up so far in the differentiated fields such as the S (Startup), E (ESG), and T (Turn Around) categories (startup support, sustainable management support, and business revitalization support) and advanced financial services. Through these measures, we are aiming to achieve roughly ¥127.0 billion in gross operating profit and ¥50.0 billion in operating profit.

We expect general and administrative expenses to increase due to the introduction of the new personnel system, NEXT PLAN, and the full-scale operation of the CRM/SFA and corporate portal, Shoko Chukin Biz Link. That said, we view these outlays as indispensable investments geared toward achieving sustainable growth from a long-term perspective. We aim to increase the corporate value of the Shoko Chukin Bank itself by reaping the benefits of these investments at an early stage and providing value to customers.

Toward the end of the fiscal year, monthly credit-related expenses tended to fall below the figure for the same month of the previous year. However, with the business conditions of customers growing increasingly polarized, the situation remains unpredictable. As a leader in business revitalization support for SMEs, we will focus further on providing hands-on support for customers facing management challenges.

Following the revision to the Shoko Chukin Bank Act made in June 2023, the Shoko Chukin Bank will be able to expand the scope of our operations. We will accelerate initiatives to build new sources of revenue for the Shoko Chukin Bank by developing solutions that cater to customer needs, such as human resource services and DX support.

In terms of our capital and procurement policy, in the previous fiscal year we raised capital through subordinated bonds issued via public offering. In the current fiscal year, we will continue to consider measures to expand our financial base in order to support our customers over the long term in a stable manner.





### Formulating and implementing integrated management and human resource strategies from a long-term perspective

In order to strengthen its support for SMEs, the Shoko Chukin Bank fundamentally rearranged the entire headquarters organization and transitioned to a nine-business unit system in April 2024.

In the Corporate Unit, we plan to formulate and announce management strategies from a longer-term perspective in order to realize the Shoko Chukin Bank's Purpose, with the aim of providing value to customers and society as well as enhancing our own corporate value.

We need to develop our human capital management further in order to execute management strategies. As such, we will formulate and implement human resource strategies in an integrated manner within our management strategies. We will work to realize the well-being of our employees, promote DE&I, and further reform our organizational culture, the cornerstone of our management strategies.

Furthermore, we will continue to provide solutions that are truly useful to SMEs, and also generate an appropriate level of earnings, secure a long-term competitive advantage, and further strengthen our earnings and financial base.

### Dialogue with stakeholders

The sale of government-owned Shoko Chukin Bank shares is currently underway. Once all shares have been sold, only SME cooperatives, their members, and SME organizations will take on governance as shareholders, after which we will truly be a financial institution by SMEs for SMEs.

With regard to dividends, our basic policy is to increase internal reserves to build a sound financial base as well as pay stable dividends. In addition, it was resolved at a General Meeting of Shareholders to enable the Bank to flexibly buy back shares while taking into account factors such as business performance and capital position. We will continue our efforts to improve share liquidity and enhance shareholder returns.

The Shoko Chukin Bank will strengthen and enhance fair and impartial disclosure of information on our management strategies and financial position, and will continue to change together with our stakeholders by gaining their understanding and co-creating value with them.

### ▶ Target management indicators

	Mar. 31/23 results	Mar. 31/24 results	Mar. 31/25 targets	Medium-Term Business Plan targets	
<b>Gross operating profit</b>	<b>¥121.8 billion</b>	<b>¥122.8 billion</b>	<b>Approx. ¥127.0 billion</b>	—	<b>Gross operating profit</b> ● Gross operating profit amounted to ¥127.0 billion, up approximately ¥4.0 billion year on year, reflecting a rise in net interest income due to a higher loan balance and yield improvement, and better yields on investment securities
(Core gross operating profit)	(¥124.6 billion)	(¥126.1 billion)	—	—	
<b>General and administrative expenses (excluding nonrecurring items)</b>	<b>¥69.3 billion</b>	<b>¥73.7 billion</b>	<b>Approx. ¥77.0 billion</b>	—	<b>General and administrative expenses (excluding nonrecurring items)</b> ● Amounted to approx. ¥77.0 billion due to investments in human capital and systems, and the start of depreciation associated with the account system ● OHR tightly controlled at approx. 60%
<b>Operating profit</b>	<b>¥52.5 billion</b>	<b>¥49.1 billion</b>	<b>Approx. ¥50.0 billion</b>	<b>Approx. ¥50.0 billion</b>	
<b>Income before income taxes and others</b>	<b>¥30.8 billion</b>	<b>¥21.9 billion</b>	<b>Approx. ¥23.0 billion</b>	—	<b>Net income</b> ● Lowered our net income target by ¥9.0 billion from the target set in the Medium-Term Business Plan due to a rise in credit-related expenses associated with changes in the business environment since formulating said Plan, such as fluctuations in prices and exchange rates, but secured the profit necessary for stable dividends
<b>Net income</b>	<b>¥22.9 billion</b>	<b>¥15.3 billion</b>	<b>Approx. ¥16.0 billion</b>	<b>Approx. ¥25.0 billion</b>	
<b>OHR</b>	<b>56.8%</b>	<b>59.9%</b>	<b>Approx. 60%</b>	<b>Approx. 60%</b>	

The Bank formulates an annual action plan that is based on the targets set forth in the Medium-Term Business Plan and also takes into account the current business environment.



## Value Creation Story

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# History of the Shoko Chukin Bank

The Shoko Chukin Bank was established in 1936 under the Shoko Chukin Bank Act as the only policy-based financial institution jointly owned by the government and SME cooperatives, and has developed for more than 85 years since then as a specialized financial institution for SMEs.

The Act, which initially had a fixed term of existence, was recognized for its role in promoting the organization of SMEs and facilitating SME financing, and in 1985, the Act was revised to remove the fixed term of existence and make the organization permanent.

Established as a specialized financial institution for SMEs  
Supported Japan's economic growth

Expanded operations with the  
growth of SMEs  
Supported financial stability of SMEs

## 1936

1936

- ▶The Shoko Chukin Bank Act was enforced; six branch offices were established and began operations

1951

- ▶Started business with association members

1952

- ▶Completed establishing branches in all prefectures of Japan

1955 onwards

- ▶Actively supported capital investment to support Japan's rapid economic growth
- ▶Supported structural improvement, collaboration, and cooperation in the industry
- ▶Promptly provided financing for disaster recovery for earthquakes, windstorms, floods, etc.



The head office of The Industrial Bank of Japan, of which the Bank had been a tenant at the time of its founding (1936)



## 1985

1985

- ▶The Shoko Chukin Bank Act was revised, and the Bank was made permanent



1997

- ▶Financial environment drastically changed after the collapse of the bubble economy; established the Special SME Consultation Desk that enabled the Bank to demonstrate its safety net function

2001 onwards

- ▶Expanded revitalization support programs
  - 2001 Started handling DIP (debtor in possession) finance (DIP loans to support business revitalization)
  - 2004 Executed first DDS (debt-debt swaps)
  - 2006 Started handling DES (debt equity swaps) with redemption conditions

2006

- ▶Established the Business Solutions Company (BSC) to meet the needs of increasingly diverse and sophisticated SMEs

## Major economic and social trends

1945 End of the Pacific War  
1973 First oil crisis  
1978 Second oil crisis

1985 Plaza Accord  
1989 Introduced 3% consumption tax  
1995 The Great Hanshin-Awaji Earthquake occurred  
1997 Hokkaido Takushoku Bank bankruptcy; consumption tax raised to 5%

## PICK UP

### Overview of misconduct in crisis response operations and our response to date

In 2016, the organizational misconduct was uncovered at the Shoko Chukin Bank, including rewriting documents to meet requirements for crisis response operations. As a result, we received two Business Operations Improvement Orders, and we submitted the Operation Improvement Plan to the minister in May 2018. In October 2018, we formulated the Medium-Term Business Plan, titled the Shoko Chukin Bank Management Reform Plan, and implemented compliance and governance reforms, business model restructuring, and management streamlining. In August 2022, the Evaluation Committee on the Shoko Chukin Bank's Management and Crisis Response Operations compiled its report and concluded that the new business model had largely been established.

In 2008, the Shoko Chukin Bank became a special company from a cooperative financial institution under the Shoko Chukin Bank Limited Act (hereinafter, the “Shoko Chukin Bank Act”), while maintaining its purpose and function of facilitating financing to SME organizations and their members.

In 2016, a misconduct was uncovered in our crisis response operations, and since 2018, we have reformed our business model and other aspects of our operations under the Shoko Chukin Bank Management Reform Plan.

In 2023, the Shoko Chukin Bank Act was revised to further clarify its positioning as a financial institution by SMEs for SMEs, and to improve the quality of its services. Government-owned shares are to be disposed of by June 2025.

Demonstrated safety net function  
Supported the growth of SMEs

Contributed to the improvement of  
corporate value of SMEs

## 2008

### 2008

- ▶The Shoko Chukin Bank Limited Act was enforced, and the Bank transitioned to a joint stock company form.



Opening ceremony (2008)

- ▶Started crisis response measures as a legally designated financial institution, and since then has conducted response to the economic and financial crisis after the bankruptcy of Lehman Brothers, and response to reconstruction and recovery from the Great East Japan Earthquake and to the appreciation of the yen and deflation

- ▶Established a comprehensive support program for growth strategies

### 2012

- ▶Opened Bangkok Representative Office  
Expanded the overseas network to support overseas expansion of SMEs

### 2016 **PICK UP**

- ▶Misconduct was uncovered in crisis response operations

## 2018

### 2018

- ▶Submission of the Operation Improvement Plan related to business models, etc.
- ▶Announced the Shoko Chukin Bank Management Reform Plan, and implemented it through fiscal 2021

### 2020

- ▶Started crisis response measures related to COVID-19

### 2022

- ▶Established our corporate philosophy: Purpose and Mission
- ▶Announced the Medium-Term Business Plan (fiscal 2022 - fiscal 2024)

### 2023 **PICK UP**

- ▶The Shoko Chukin Bank Limited Act revised, and a policy for the disposal of government-owned shares was decided
- ▶Articles of Incorporation partially revised to stipulate corporate philosophy in the Articles of Incorporation
- ▶Established Shoko Chukin Capital, a subsidiary specializing in investment
- ▶Opened Hanoi Representative Office

▶...Initiatives for customer support

2008 Bankruptcy of Lehman Brothers in the U.S.

2011 The Great East Japan Earthquake occurred

2014 Consumption tax raised to 8%

2019 Consumption tax raised to 10%

2020 Spread of COVID-19

2022 Conflict in Ukraine

2024 The Noto Peninsula Earthquake occurred

## Outline of the Shoko Chukin Bank Management Reform Plan

### ① Compliance and governance reforms

We worked to improve employees' compliance awareness through the compliance revitalization program. In addition, Shoko Chukin Bank reorganized its management structure through the appointment of a majority of external directors and the introduction of a mandated executive officer system.

### ② Business model restructuring

We contributed to the improvement of SMEs' corporate value from a truly customer-oriented and long-term perspective by switching to a management support and comprehensive financial services company, including support for customers' financial restructuring and management improvement.

### ③ Management streamlining

We implemented measures such as improving productivity in loan operations, streamlining operations by reviewing back-office operations, and reviewing store functions.

# Revision of the Shoko Chukin Bank Limited Act

In June 2023, a bill to revise the Shoko Chukin Bank Limited Act (hereinafter, the “Shoko Chukin Bank Act”) was enacted. The revised Act implements the disposal of all government-owned shares and revises the scope of the Shoko Chukin Bank’s operations, while maintaining various necessary measures, such as limiting shareholder qualifications, maintaining special reserves, and making crisis response operations its responsibility. The mission of the Shoko Chukin Bank (namely, the legal objective of facilitating financing for SME cooperatives and SMEs) will remain unchanged going forward.

## Outline of the revision to the Shoko Chukin Bank Act

- (1) **Maintained position as a financial institution for SMEs** [during normal operations]
  - Maintained restrictions on qualifications for shareholders with voting rights and the system of special reserves (¥400.8 billion)
- (2) **Reviewed scope of operations, etc. for local economic revitalization from the COVID-19 pandemic** [during normal operations]
  - Reviewed the restrictions on the scope of operations within the scope of the objective of facilitating financing for cooperatives.
    - Eased the upper limit of investment from the Shoko Chukin Bank itself in companies to be revitalized from the current 10% to 100%, the same as banks.
    - Added companies with revitalization plans involving third parties to the eligible scope for investment in companies to be revitalized through a subsidiary specializing in investment.
    - Allowed to hold regional trading companies that support supply chain restructuring (business matching) as subsidiaries, etc.
  - Also introduced regulations at the same level as those for banks (financial ADR (alternative dispute resolution) system, etc.).
- (3) **Strengthened cooperation and collaboration with regional financial institutions** [during normal operations]
  - Also specified in laws that the Bank shall cooperate with regional financial institutions in conducting business.
  - Retained the provision for avoidance of oppression of the private sector (special consideration is given so as not to impede appropriate competitive relations).
- (4) **Measures to ensure appropriate implementation of crisis responses** [during a crisis]
  - Imposed responsibility for crisis response operations even after all government-owned shares are sold.
  - The use of the Shoko Chukin Bank’s crisis-related guarantee is not permitted if crisis response operations and a crisis-related guarantee are in effect for the same crisis event. [Small and Medium-sized Enterprise Credit Insurance Act]
- (5) **Sale of government-owned shares, etc.**
  - Since the financial condition of the Shoko Chukin Bank has greatly improved and its creditworthiness has been enhanced, the Bank sold all of its government-owned shares which have declined in significance, and removed the government from eligibility for shareholders with voting rights.
    - \*Shareholder eligibility: limited to SME cooperatives and their members, extended to National Federation of Small Business Associations and other SME-related organizations
  - Measures to be taken in conjunction with the sale of government-owned shares (abolition of ministerial approval at the time of new share issuance and selection of Representative Directors\*).
  - \*Shift from ministerial approval and dismissal order at the time of illegal acts to notification and dismissal order
- (6) **Factors to be taken into consideration for future complete privatization**
  - Decided to implement complete privatization (abolition of the Shoko Chukin Bank Act) in consideration of the status of capital, including the status of special reserves, the status of establishment of business models, and the nature of crisis response operations, among other factors.

Source: The Small and Medium Enterprise Agency, “Summary of the Draft Act Amending the Small and Medium-sized Enterprise Credit Insurance Act and the Shoko Chukin Bank Limited Act”

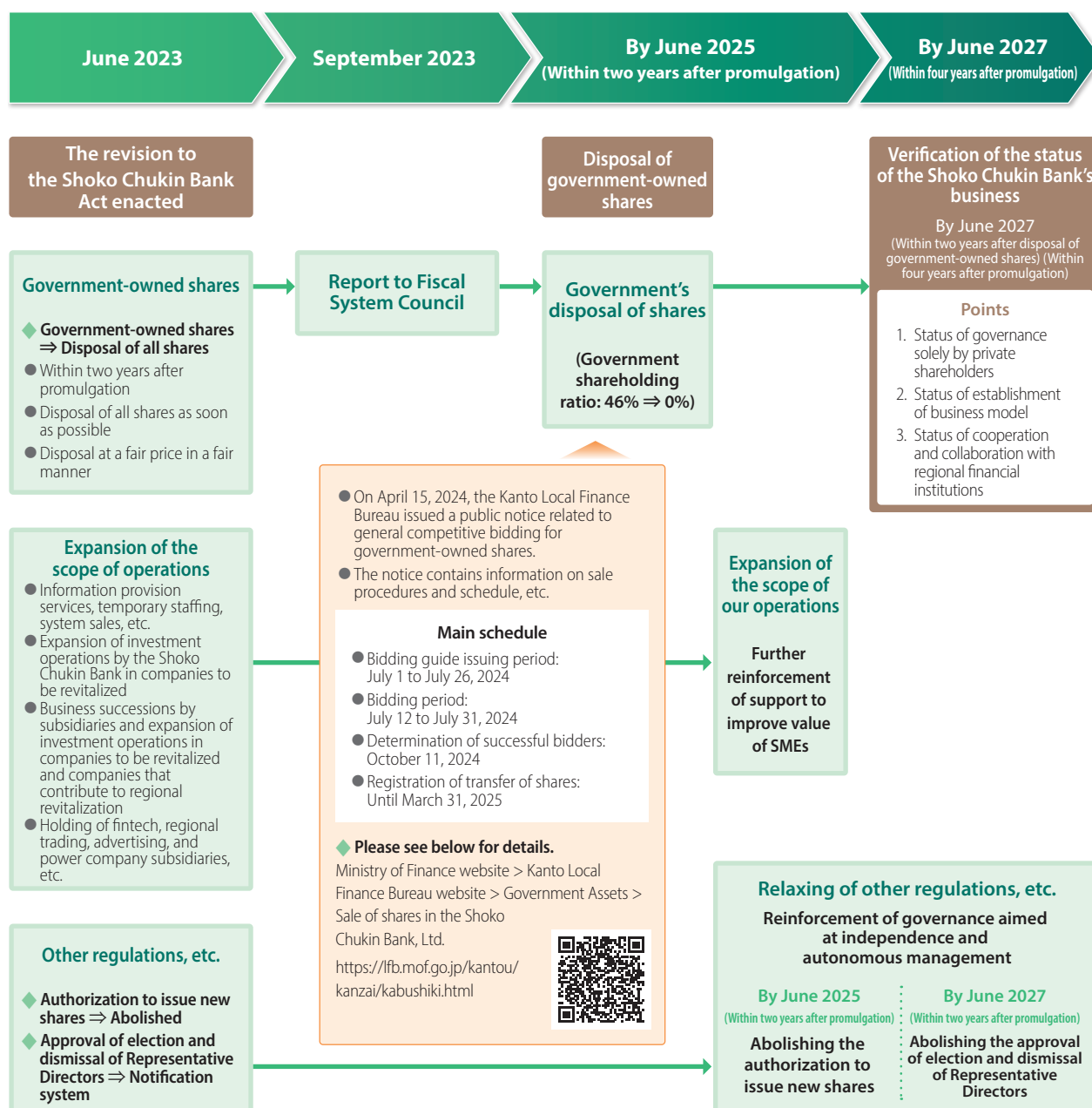
Status of considerations in line with review of scope of operations

### ► Reinforcement of investment operations

In the area of business revitalization, the upper limit of investment from the Shoko Chukin Bank itself will be eased from the current 10% to 100%. Moreover, companies that have not entered into legal liquidation but have revitalization plans involving third parties will be added to the eligible scope for investment in companies to be revitalized through a subsidiary specializing in investment, enabling investments in companies in a wider range of stages. In this area, many cases require long-term, in-depth support, and we consider investment operations an incredibly effective means. We are therefore moving forward with the relevant system development, including setting up business revitalization funds.

In addition to working in collaboration with Shoko Chukin Capital, which we established in August 2023, the expanded scope of operations following privatization will enable us to improve our investment operations and respond to customers’ needs.

## Future schedule related to privatization



\*No specific period for discussions concerning how the government should be involved in the Shoko Chukin Bank

### ► Provision of human resource services

In line with the scale of SMEs' human resource challenges, we are examining the establishment of a subsidiary to provide human resource services. Through the happiness design survey, a service which visualizes employees' happiness, we have know-how in improving employee engagement at SMEs. Going one step forward, by offering services in the area of human resources, we will proactively work to reinforce the human capital of SMEs and Japan overall.

### ► DX support

We will be able to establish a fintech subsidiary. We will move forward with discussions and preparations as we work to provide platform-based financial services, support SMEs for data-driven management, and offer various other services including collaborative services with partner companies in the future.



# Accumulated Strengths

## 1 High level of expertise in SMEs

Intellectual capital

For more than 85 years since its establishment, the Shoko Chukin Bank has developed as a financial institution specializing in SMEs. While prioritizing dialogues with our customers, we have continued to strengthen our ability to evaluate business prospects on a nationwide scale with a focus on corporate know-how and technologies that do not appear in financial information and other non-financial information, helping SMEs through both financial support and core business support.

### TOPIC Ranked 1st in rankings of companies with the highest growth rate in revenue and profit of customer companies

In a "companies' main banks 2023\*" survey released on August 15, 2023 by TOKYO SHOKO RESEARCH, LTD., the Shoko Chukin Bank ranked 1st in the rankings of companies with the highest growth rate in revenue and profit of customer companies. This achievement can be attributed to our hands-on support based on business prospects evaluations.

\*An aggregation and analysis of the results of main banks at the end of March each year between 2013 and 2023 from the corporate database of TOKYO SHOKO RESEARCH, LTD. Of these, the rankings for percentage increase in sales and profit were aggregated from banks with more than 1,000 main bank customers with their financial results disclosed.

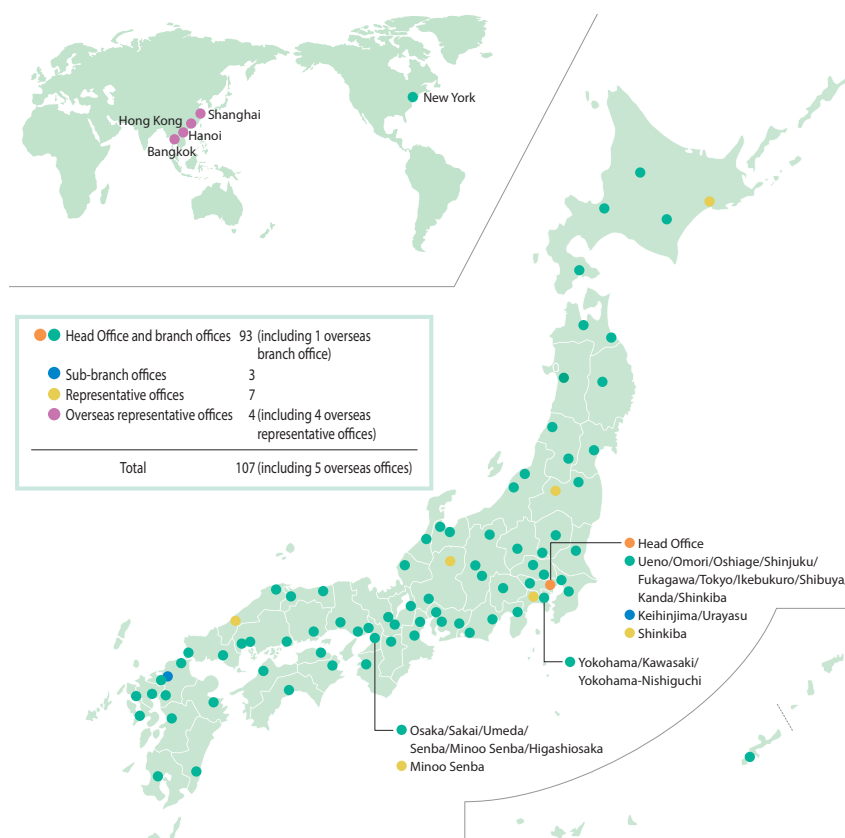
## 2 Nationwide sales base

Financial capital

Social capital

We have 102 offices in Japan, covering all prefectures. We provide funds without bias toward any particular region, and possess a loan portfolio that is resilient to changes in the environment. By taking advantage of these strengths, we are working to provide our customers with information on potential business successors and business matching candidates in a wide area, among other efforts.

We also have overseas offices (New York, Hong Kong, Shanghai, Bangkok, and Hanoi) and fully support the overseas expansion of SMEs by providing necessary information in cooperation with organizations such as the Japan External Trade Organization (JETRO) and the Thailand Board of Investment (BOI), in addition to financing for overseas subsidiaries.





### 3 Collaborative network with related organizations

#### Social capital

To strengthen support for SMEs, we have built a collaborative network with related organizations including regional financial institutions and the Federations of Small Business Associations. We have concluded business cooperation agreements in individual business fields with regional financial institutions to share risks and provide solutions.

► Number of business cooperation agreements concluded with regional financial institutions in individual business fields (cumulative)

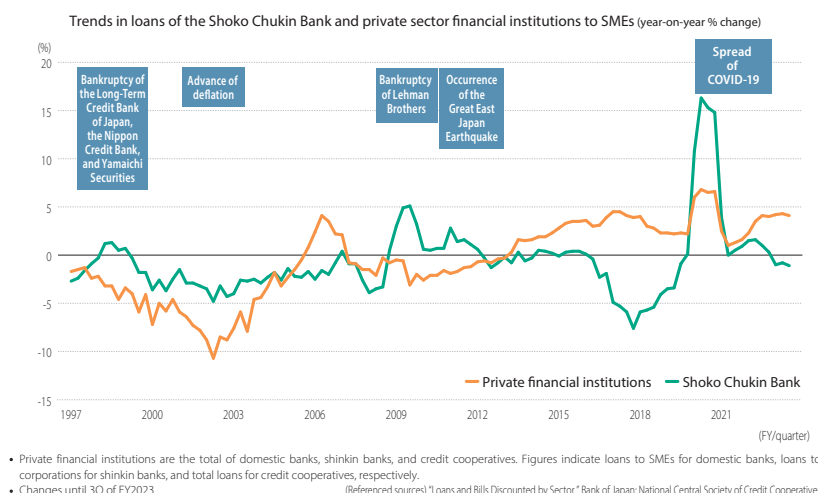
Business field	Mar. 31/'21	Mar. 31/'22	Mar. 31/'23	Mar. 31/'24
Support for revitalization and management improvement	10	90	111	115
Syndicated loans	19	54	69	82
Business matching	4	28	35	40
Support for overseas expansion	11	13	14	15
Derivatives	5	5	9	10
M&A	64	66	67	69
Startup	–	–	1	1
Sustainable finance	–	–	2	10
<b>Total</b>	<b>113</b>	<b>256</b>	<b>308</b>	<b>342</b>

### 4 Long-term financing stance that is unaffected by changes in the economic environment

#### Financial capital

Restrictions on shareholder qualifications limit shareholders to SME cooperatives and their members, etc. In addition, loan recipients are also limited to the organizations which are shareholders and their members, etc., in principle.

With business prospects evaluations as a starting point, we have supported our customers' cash flows with a long-term, stable financing stance in the face of deterioration in the economic environment. Furthermore, we have implemented crisis response operations during major disasters and economic crises, and demonstrated our safety net function.



### 5 Diverse human resources that support our provision of solutions

#### Human capital

In principle, from their second year, employees take charge of corporate sales for SMEs so that they are able to improve their communication skills and work to solve customers' challenges. To respond to customers' increasingly diverse management challenges, in addition to supporting employees' self-directed learning, we also proactively recruit mid-career people with a high level of expertise and skills. We also promote diversity, equity, and inclusion, and proactively recruit female employees.

Percentage of new graduates assigned to branch offices	Percentage of female employees among new graduates	Mid-career hires as a percentage of new hires	Number of employees who passed IT Passport Examination	SME consultants*
96.2%	33.8%	16.9%	1,119	67

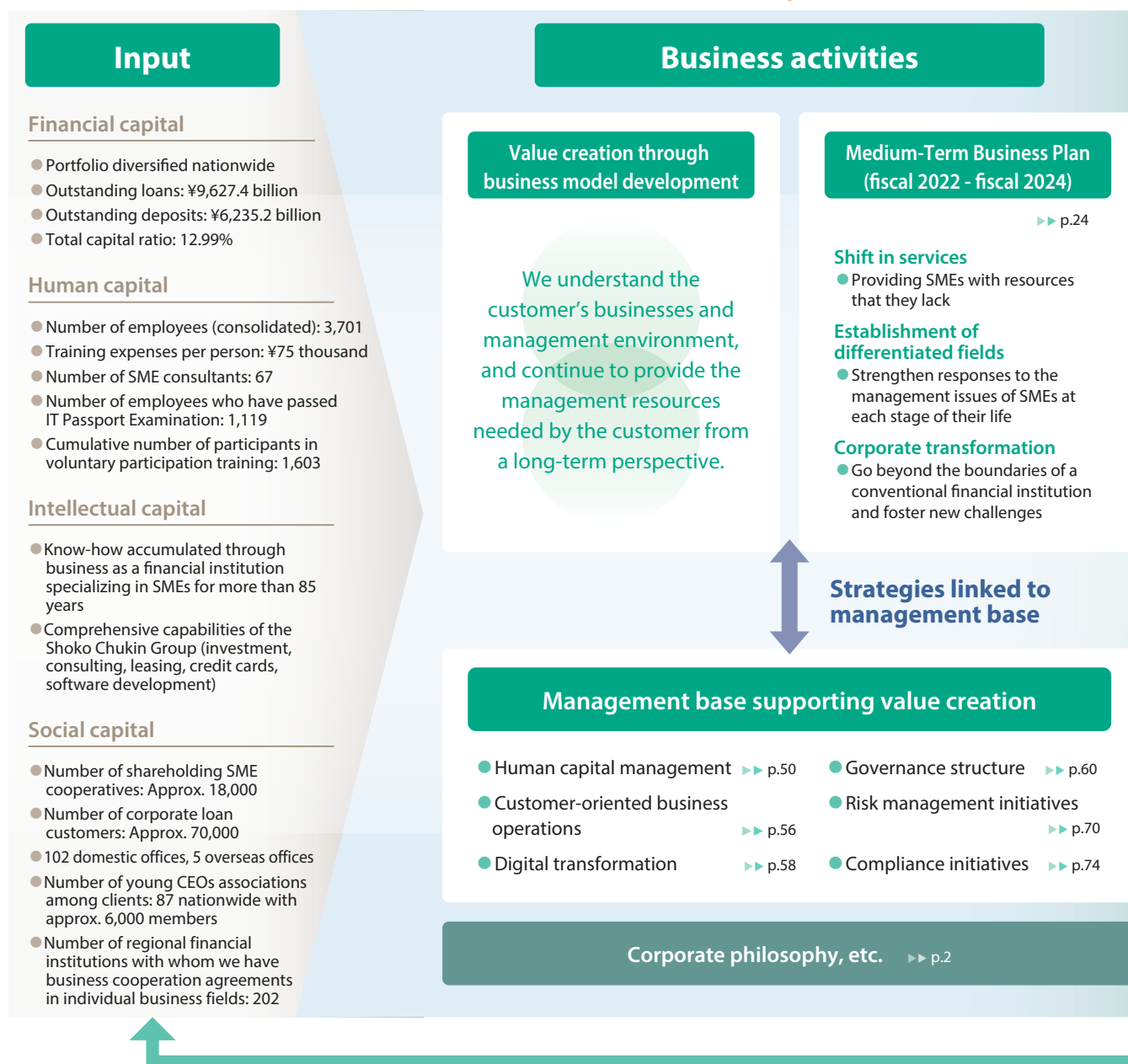
\*Number of employees who have passed the secondary test for Small and Medium Enterprise Management Consultants and employees who completed consulting practice

# Value Creation Process

At the Shoko Chukin Bank, based on our Purpose: "Supporting the future of companies. Making Japan more resilient to change," we have developed a business model to help us address material issues for society. Through this model, in addition to creating economic value, we also seek to create social value and the happiness of workers, and become a partner for customers that goes beyond conventional financial services.



## Management strategies in line with material issues



## ● Stagnant regional economies

### Revitalization of local economies

▶▶ p.40

### Creation of innovation

▶▶ p.44

### Diversity, equity and inclusion

▶▶ p.46

## Resolution of material issues

### Output

#### Management indicators

Mar. 31/'24

ESG diagnosis	Approx. 450 cases
Sustainable finance (number of cases and balance as of March 31, 2024)	142 cases, ¥55.1 billion
CO2 emissions reduction FY2022)	36% reduction compared to FY2013
DX and IT survey	Approx. 350 cases
Support for business revitalization and management improvement	Allowance reversals for support recipients approx. ¥2.3 billion Percentage of increase in rank of support recipients Approx. 13.6%
Business succession and M&A support	174 cases
Financing for startup companies	Approx. 280 cases Approx. ¥33.0 billion
Business matching arrangement for startup companies	1,050 cases or more
eNPS <sup>SM</sup>	(42.5)
Employee engagement survey items "I want to continue to work for my current employer"	81.1%
Happiness design survey	Approx. 350 cases

### Outcome

(common value to be created in collaboration with stakeholders)

#### Social value

- Realization of a sustainable society
- Regional revitalization
- Improvement of corporate value of SMEs
- Number of KPIs\* set with customers based on positive impact financing: 1,600 or more

\*Number set for each SDG item

(KPI)

FY2030: 50% reduction in CO2 emissions compared to FY2013

FY2050: Achievement of carbon neutrality

\*For Scope 1 and 2

#### Economic value

- Improvement of the Shoko Chukin Bank's corporate value

FY2024 targets (Medium-Term Business Plan)

Operating income: Approx. ¥50.0 billion

Net income: Approx. ¥25.0 billion

ROA: Approx. 0.2%

ROE: High 2% range

Total Capital Ratio: 12% or more

OHR: Approx. 60%

#### Happiness of workers

- Fulfillment of work, individual fulfillment, and fulfillment of family and society

(KPI) FY2026 targets

Percentage of female managers: 20%

Percentage of employees taking paid leave: 90%

Percentage of male employees taking

childcare leave: 100%

Become a partner for customers that goes beyond conventional financial services

# Material Issues for Society for the Shoko Chukin Bank to Address (Materiality)

At the Shoko Chukin Bank, we have extracted and identified material issues (materiality) for us to address in order to realize our Purpose, based on analysis of environmental and social issues as well as consideration of their importance and our management resources.

## Process to identify material issues

### STEP 1 Extraction of social issues

We recognized issues associated with the SDGs as material issue candidates

### STEP 2 Identification of material issues

After mapping material issues candidates on the two axes based on their importance to our stakeholders\*<sup>1</sup> and importance to the Group\*<sup>2</sup>, we identified the five material issues as shown below following analysis and evaluation by the Management Meeting.

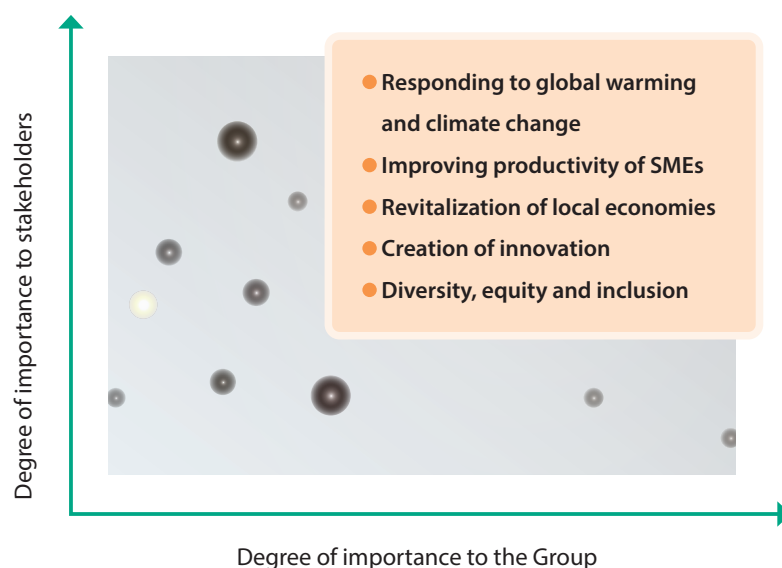
\*1 Evaluation standard

① Degree of importance in terms of sustainable business growth

\*2 Evaluation standard

① Degree of importance in terms of sustainable business growth

② Degree of positive impact on environment and society through utilizing the Group's management resources



### STEP 3 Reflection into management strategies

Reflection of material issues into Medium-Term Business Plan, etc.



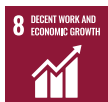

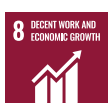
We review the material issues as necessary, such as when formulating the Medium-Term Business Plan.

In fiscal 2024, the final year of the Medium-Term Business Plan, we will reexamine the material issues.

In light of social and environmental changes since the plan was formulated in 2021, we will again extract social issues and identify the material issues. In reviewing these issues, we plan to host discussions based on the opinions of external experts.



## Main initiatives for material issues

Material issues	Relationship with business models	Specific indicators to be ascertained over the long term	Main initiatives under the Medium-Term Business Plan (fiscal 2023)	Corresponding SDGs
<b>Responding to global warming and climate change</b> <ul style="list-style-type: none"> <li>● Transition to renewable energy</li> <li>● Energy saving for SMEs</li> </ul> <p>▶▶ p.30</p>	<ul style="list-style-type: none"> <li>● Client support related to climate change risks</li> <li>● Demonstration of safety net function in times of disaster</li> <li>● Proactive response to investments and loans in the renewable energy field</li> <li>● Proactive support for capital investments, labor savings, and operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>● Number of ESG diagnosis</li> <li>● CO2 emission reduction</li> <li>● Number of sustainable finance projects and amount</li> </ul>	<ul style="list-style-type: none"> <li>● Provision of ESG diagnostic services as a tool for dialogue with customers</li> <li>● Support for the introduction of CO2 emission visualization services</li> <li>● Decarbonization management consulting services, including the formulation of CO2 emission reduction plans and support for the acquisition of SBT certification</li> <li>● Sustainable finance</li> <li>● Decarbonization initiatives by the Shoko Chukin Bank, including use of renewable energy</li> </ul>	 
<b>Improving productivity of SMEs</b> <p>▶▶ p.38</p>	<ul style="list-style-type: none"> <li>● Management improvement for SMEs with financial and business challenges</li> </ul>	<ul style="list-style-type: none"> <li>● Number of DX and IT surveys implemented</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of DX and IT surveys as a tool for dialogue with customers</li> <li>● Provision of information and solutions to the automotive and transportation industries, which are subject to significant environmental changes</li> </ul>	
<b>Revitalization of local economies</b> <p>▶▶ p.40</p>	<ul style="list-style-type: none"> <li>● Broad range of support using our nationwide network</li> </ul>	<ul style="list-style-type: none"> <li>● Allowance reversals for support recipients</li> <li>● Number of cases of business succession and M&amp;A support</li> <li>● Percentage of increase in rank of support recipients</li> </ul>	<ul style="list-style-type: none"> <li>● Management improvement and business revitalization support</li> <li>● Business succession and M&amp;A support</li> </ul>	
<b>Creation of innovation</b> <p>▶▶ p.44</p>	<ul style="list-style-type: none"> <li>● Proactive support in startup fields</li> </ul>	<ul style="list-style-type: none"> <li>● Number of startup loans and amount</li> <li>● Number of business matching arrangements</li> </ul>	<ul style="list-style-type: none"> <li>● Startup support</li> </ul>	
<b>Diversity, equity and inclusion</b> <p>▶▶ p.46</p>	<ul style="list-style-type: none"> <li>● Diversification of human resources and work styles and creation of environment conducive to success</li> <li>● Promotion of happiness management among SMEs</li> </ul>	<ul style="list-style-type: none"> <li>● eNPS<sup>SM</sup></li> <li>● Employee engagement survey</li> <li>● Happiness design survey</li> </ul>	<ul style="list-style-type: none"> <li>● Human capital management</li> <li>● Initiatives for DE&amp;I</li> <li>● Provision of the happiness design survey</li> </ul>	

# Overview of the Medium-Term Business Plan

## Basic policy

Under the Medium-Term Business Plan, we provide more in-depth customer support by reinforcing the business model developed through the Shoko Chukin Bank Management Reform Plan.

Specifically, we cooperate and collaborate with Shoko Chukin Group companies, regional financial institutions, and external partners to provide management resources that customers lack and strengthen our comprehensive problem-solving capabilities, thereby working with customers to achieve corporate management that is resilient to change.

## Recognition of issues at the time of plan formulation

### Society and SMEs in 2030

#### Decrease in population (compared to 2020)

- Population aging rate of over 30%
- Total population decline of 5.7 million
- Decrease of 2.2 million people in their 20s and 30s

#### Sustainability

- Greenhouse gas reduction target 46% compared to FY2013

### Need to adapt and change to new social and economic systems

- Shift to a sustainable system on the precondition of the decrease in population and reduced environmental impact
- SMEs also need to address issues such as human capital, sustainability, and business restructuring

## Medium-Term Business Plan Period (FY2022 to FY2024)

### Corporate philosophy

**PURPOSE** Supporting the future of companies. Making Japan more

**MISSION** We will continue to think together, create together, and change together, as a partner in creating

We will work to achieve our new corporate philosophy as our foundation.

### Basic policy

- Provide comprehensive services to realize corporate management that is resilient to change
- Enhancement of the Shoko Chukin Bank's own corporate value through realization of a sustainable business model

### Main strategies

#### Shift in services

Providing SMEs with resources that they lack

- Information services
- Human resource services
- Advanced financial services

#### Establishment of differentiated fields

Strengthen responses to the management issues of SMEs at each stage of their life

- Startup support
- Sustainable management support
- Business revitalization support

#### Corporate transformation

Go beyond the boundaries of a conventional financial institution and foster new challenges

- Well-being and DE&I
- Customer-oriented business operations
- Digital transformation

### Other strategies

#### Cooperation with regional financial institutions, etc.

Improve corporate value of our customers by strengthening cooperation with regional financial institutions

#### Group strategies

Provide services to customers promptly by leveraging group synergies

## Long-term vision

**Become a partner for customers  
that goes beyond conventional financial services**

The Shoko Chukin Bank will **take on the challenges of ever-changing social issues** and pursue **management that will enable sustainable growth together.**

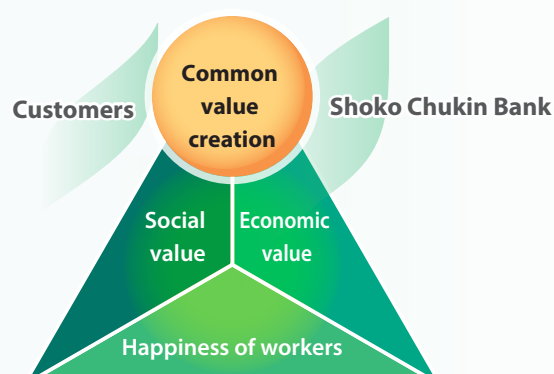
We aim to create **a society and companies in which the people and organizations that support the realization of these goals can demonstrate their strengths and feel fulfilled.**

### Stakeholders



⋮

### Cooperation



*resilient to change.*

*security and prosperity.*

### Medium-Term Business Plan FY2024 targets

Operating profit  
Approx. **¥50.0 billion**

Net income  
Approx. **¥25.0 billion**

ROA  
Approx. **0.2%**

ROE  
High **2% range**

Total capital ratio  
**12% or more**

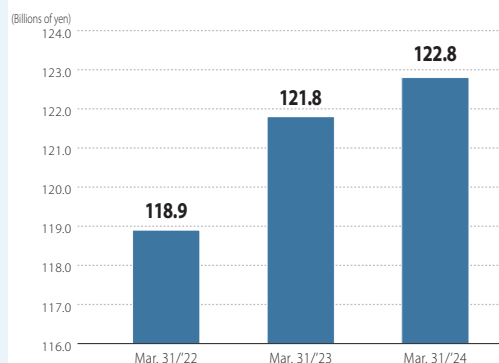
OHR  
Approx. **60%**

▶ Please refer to page 11 for the yearly business plans.

# Financial Highlights

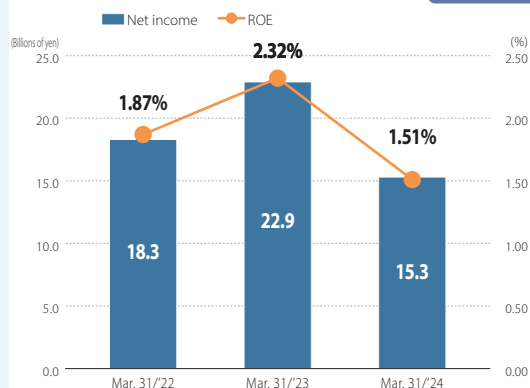
## Gross operating profit

Profitability



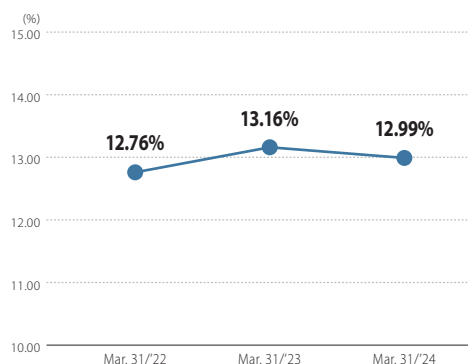
## Net income and ROE

Profitability



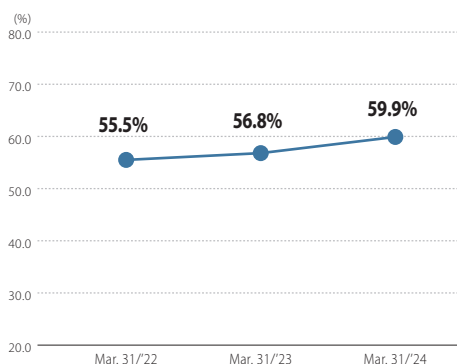
## Total capital ratio

Soundness

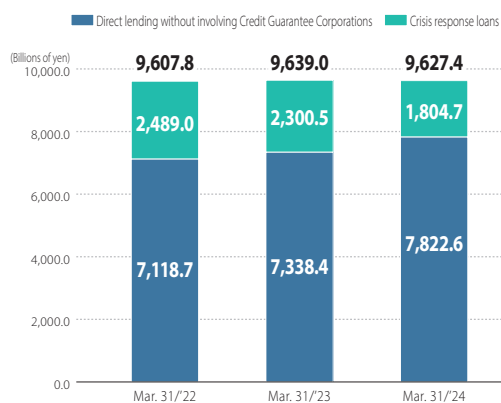


## OHR

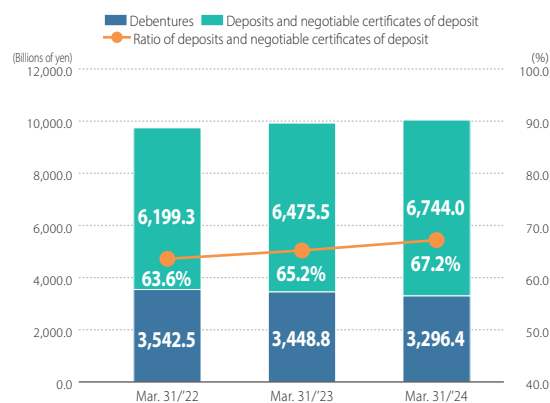
Efficiency



## Status of outstanding loans



## Status of fund-raising





## Non-financial Highlights

### Environment

■ CO2 emissions in FY2022 (compared to FY2013)

**9,736 t-CO2**  
(down by 36%)

FY2021: 9,176 t-CO2 (down by 40%)

For Scope 1 and 2

■ Sustainable finance: number of cases and balance as of March 31, 2024\*

**142 cases, ¥55.1 billion**

FY2022: 51 cases, ¥19.0 billion

### Society

■ Percentage of female employees in management positions\*\*

**8.7%**

Target: 20% in March 2027

■ Percentage of male employees who took childcare leave\*

**84.8%**

Target: 100% in FY2026

### Governance

■ Ratio of external directors\*\*\*

**53%**

March 2023: 55%

■ Ratio of female directors\*\*\*

**30%**

March 2023: 22%

### Others

■ NPS®\*

**(2.7)**

FY2022: (2.9)

■ eNPS<sup>SM</sup>\*

**(42.5)**

FY2022: (48.8)

NPS®: Net Promoter Score

NPS® is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

eNPS<sup>SM</sup>: employee Net Promoter Score

eNPS<sup>SM</sup> is a service trademark of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.

\*FY2023 / \*\*As of March 31, 2024 / \*\*\*As of June 30, 2024



## Business Strategy for Value Creation

- 30 Responding to Global Warming and Climate Change
- 38 Improving Productivity of SMEs
- 40 Revitalization of Local Economies
- 44 Creation of Innovation
- 46 Diversity, Equity and Inclusion

The core strategies of the Medium-Term Business Plan are indicated with this symbol:



Shoko Chukin Bank is working to resolve material issues such as responding to global warming and climate change by supporting the efforts of SMEs and also pursuing its own efforts.

We have established “Sustainability Basic Guidelines” and, in April 2024, formulated the “Shoko Chukin Bank Group Human Rights Policy,” which set forth our basic approach and policy on the environment and human rights. Our goal is for each and every executive and employee treat various environmental and societal issues as their own personal challenges, and contribute to the realization of a sustainable society.

### Sustainability Basic Guidelines

#### [Basic approach]

##### 1. Consideration of the environment

Considering the stability of the global environment, which is fundamental to all our business activities, actively work towards reducing our impact on the environment, including the climate.

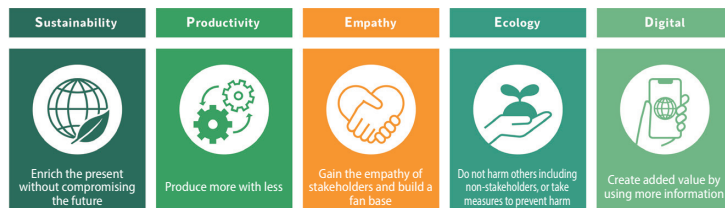
##### 2. Respect for human rights

Respect human rights, which are the foundation for equitable public order, and conduct fair and appropriate transactions with all stakeholders.

##### 3. Improved governance of SMEs

Contribute to improving governance of SMEs through customer support rooted in business evaluations, including investments, financing and personnel dispatch.

#### [Customer support policy]



We strive to engage in constructive dialogue and promote mutual understanding with all stakeholders, including customers, from the perspective of SPEED\*.

\*The basic perspective on sustainability initiatives of the organization and its officers and employees, as defined independently by the Shoko Chukin Bank

Please see our website for the full document of “Sustainability Basic Guidelines.” (in Japanese only)

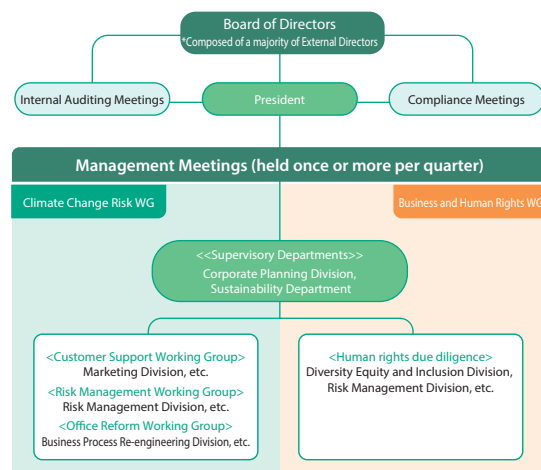
### Shoko Chukin Bank Group Human Rights Policy

We recognize respect for human rights as being a critical management issue that we must proactively tackle in order to satisfy our social responsibilities. For that reason, in April 2024, we formulated the “Shoko Chukin Bank Group Human Rights Policy.” We strive to carry out appropriate human rights due diligence in order to prevent or reduce the negative impact of our business activities on human rights.

▶▶ Please see pages 46 and 47 for information on our executives’ and employees’ diversity, equity, and inclusion-related initiatives.

The full document of “Shoko Chukin Bank Group Human Rights Policy” can be found on our website. (in Japanese only)

### Sustainability-related governance chart



### Main discussion topics

In fiscal 2023, the main topics of discussion in Board of Directors meetings and Management Meetings were as follows. Matters related to climate change risks were discussed in Management Meetings once per quarter or more and reported sequentially to the Board of Directors.

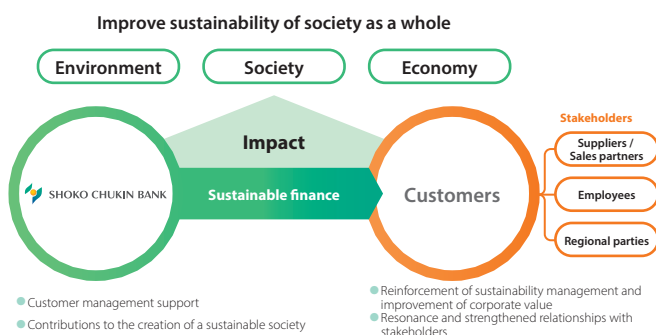
Meeting body		Main discussion topics
Supervision	Board of Directors	<ul style="list-style-type: none"> <li>• Status of initiatives related to climate change risks (discussed once per quarter or more, roughly four times per year)</li> <li>• Top risks in fiscal 2023 (roughly six times per year)</li> <li>• Publication of TCFD report</li> <li>• Formulation of a Human Rights Policy and direction of responses on human rights issues</li> </ul>
	Management Meetings	<ul style="list-style-type: none"> <li>• Status of initiatives related to climate change risks (discussed once per quarter or more, roughly four times per year)</li> <li>• Top risks in fiscal 2023 (roughly six times per year)</li> <li>• Initiatives to support decarbonization management</li> <li>• Sustainability-related risk management</li> <li>• Publication of TCFD report</li> <li>• Formulation of a Human Rights Policy and direction of responses on human rights issues</li> </ul>

# Supporting Customer Initiatives

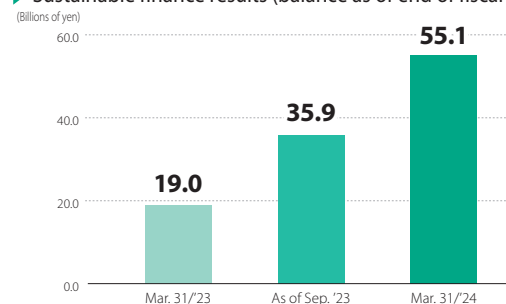


## ► Sustainable finance

Through sustainable finance, we support our customers' sustainability initiatives. Primarily focusing on positive impact financing, we offer green loans, social loans, sustainability loans, and sustainability-linked loans.



## ► Sustainable finance results (balance as of end of fiscal year)



We receive third-party opinion briefs from the Japan Credit Rating Agency, Ltd. regarding whether financing, based on individual financing frameworks, is conformant with international rules and regulations.

Please see our website for details on these opinion briefs and evaluations.

## TOPIC

## Creating an impact through positive impact financing (PIF)

We have provided positive impact financing (PIF) to 162 recipients (as of March 31, 2024). By working with our customers to achieve the KPIs set by PIF, we are working to create an impact on the environment and society throughout Japan. Furthermore, we use the "impact deposits" entrusted to us by customers nationwide as a source of funds for PIF, with the aim of creating a virtuous circle throughout society.

### [Main KPIs set through PIF (examples for each SDGs item)]

	No. of KPI set	Examples of KPI		No. of KPI set	Examples of KPI
<b>7 AFFORDABLE AND CLEAN ENERGY</b>	105	Introduction of solar power generators, increase in LED usage rate, increase in percentage of battery-powered forklifts	<b>13 CLIMATE ACTION</b>	108	Visualization and reduction of CO2 emissions, BCP plan formulation, acquisition of ISO14001 certification
<b>8 DECENT WORK AND ECONOMIC GROWTH</b>	508	Use of Happy Design Surveys (▶▶ P.47), increase in sales from new sites/new businesses, creation of local jobs, reduction in overtime hours	<b>10 REDUCED INEQUALITIES</b>	176	Increase in percentage of female employees, acquisition of public certifications such as PrivacyMark certifications, workshops on human rights DD
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	170	Yield improvements, participation in new semiconductor precision processing business, increase in sales, etc.	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	157	Reduction in amount of waste generated, increase in eco product sales, reuse of food waste, etc.

### [No. of PIF financing projects and balance by region]

Region	No. of PIF financing projects	Balance
Hokkaido, Tohoku	16	¥3.1 billion
Kanto	24	¥4.3 billion
Tokyo	38	¥10.5 billion
Chubu	19	¥4.7 billion
Kinki	44	¥8.7 billion
Chugoku, Shikoku	7	¥0.9 billion
Kyushu, Okinawa	14	¥3.4 billion

## ► Impact deposits

We offer impact deposit products for corporate customers as time deposits that provide the capital for positive impact financing.

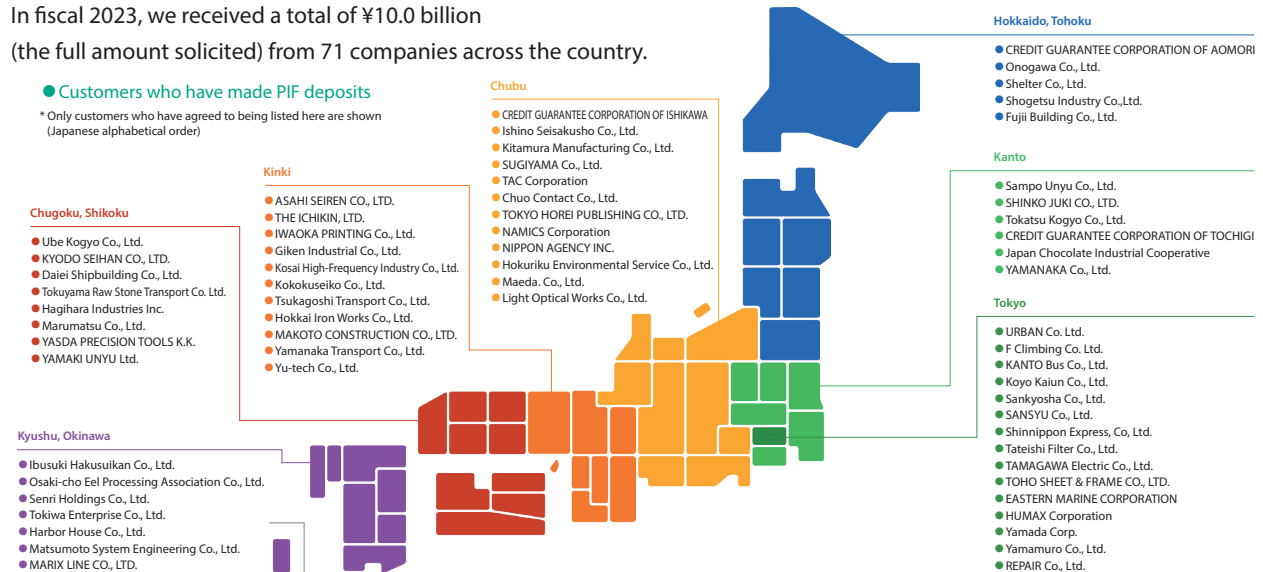


We developed the “Impact Deposit Framework” after receiving an opinion brief from the Japan Credit Rating Agency, Ltd., confirming its alignment with the “Basic Approach to Impact Finance” guidelines set by the Ministry of the Environment. Please see our website for more details.

In fiscal 2023, we received a total of ¥10.0 billion (the full amount solicited) from 71 companies across the country.

### ● Customers who have made PIF deposits

\* Only customers who have agreed to being listed here are shown (Japanese alphabetical order)



## ► Cooperation with Regional Financial Institutions

To contribute to regional revitalization and help create new jobs, we collaborate and partner with regional financial institutions in our sustainable financing operations. With them, we meet the financing needs of local SMEs and leverage their functions and features to create synergistic effects, thereby increasing the value of SMEs.

## Operational partnerships and collaborations with 10 financial institutions nationwide

### List of financial institutions we partner and collaborate with (as of March 31, 2024)

Hokkaido, Tohoku: North Pacific Bank, Ltd., THE SENDAI BANK LTD.  
 Kanto: The Saitamaken Shinkin Bank, The Yokohama Shinkin Bank  
 Chubu: THE TAIKO BANK, LTD., Kitaisei Ueno Shinkin Bank, The Kuwanamie Shinkin Bank  
 Chugoku, Shikoku: THE BANK OF KOCHI, LTD.  
 Kyushu, Okinawa: KUMAMOTO DAI-ICHI SHINKINBANK, MINAMI NIPPON BANK, LTD.

## TOPIC

## SDGs Workshops — Supporting education aimed at creating a sustainable society



As one of our projects to connect local companies with local communities, we provide educational assistance to students, who will become leaders of the future, with the aim of creating a sustainable society.

At Seibu Gakuen Bunri Senior High School, in Sayama, Saitama Prefecture, we conducted a special workshop on SDGs with the assistance of Moritasansho Co., Ltd., a steel processing manufacturer headquartered in Saitama Prefecture.

► For details of the workshop, please click here to watch the video.

<https://www.youtube.com/watch?v=UgsPwu4bTtA>



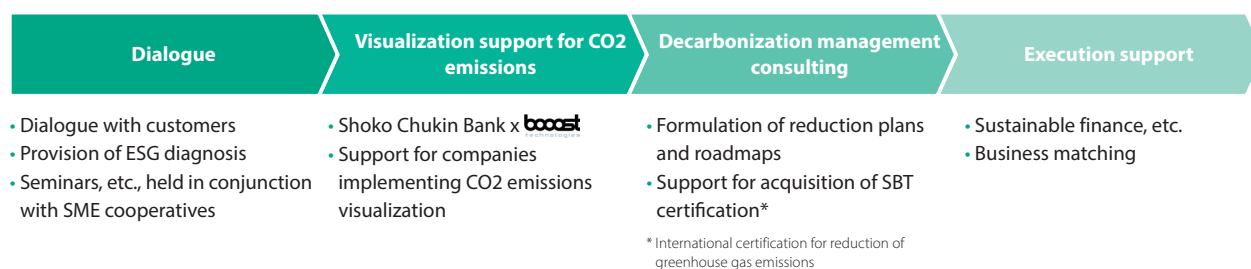


### ► Supporting decarbonization management

To increase our customers' corporate value over the medium to long term and help bring about a sustainable society, we actively support SMEs in their efforts to promote carbon neutrality.

In addition to assisting with CO2 emissions calculations and providing business matching services related to solar power generation and the like, in May 2023 we also began providing a decarbonization management consulting service. This service supports companies in the formulation of decarbonization plans and acquisition of international certifications, as well as hands-on support for the implementation of decarbonization measures.

In April 2024, we established an Industry Strategy Division to reinforce industrial structure transformation efforts and strengthen competitiveness. By combining industry-specific problem-solving and DX perspectives, we will contribute improving the GX and sustainability of SMEs.



## TOPIC Case studies of support

Considering the stability of the global environment, which is fundamental to all our business activities, we are actively working towards reducing our impact on the environment, including the climate. Realizing the interconnection with climate change, we will support our customers' initiatives to promote a circular economy and biodiversity.

### Supporting SME SBT certification for decarbonization management plans leading to 2030

#### Wakakou Co., Ltd. (Fukuoka Prefecture)

Wakakou Co. is a marine civil engineering company port development and conservation, and is committed to environmental management, including reducing CO2 emissions and introducing environmentally friendly ships. Using our decarbonization management consulting service, the company formulated carbon emissions reduction targets for 2030 and acquired the SBT certification for SMEs.

### Climate change

### Circular economy

#### Using PIF to support initiatives to realize a circular economy through ship recycling

#### Shinko Syoji, Co., Ltd. (Kumamoto Prefecture)

Shinko Shoji is a ship recycling company that engages in ship dismantling and other ship recycling activities globally, including recycling of ferrous and non-ferrous metals and promoting the reuse of engines and hull parts. One of its PIF KPIs is to promote ship recycling with consideration towards the environment and safety.

### Biodiversity

#### Supporting startup companies that contributes to the sustainable development of the aquaculture industry

#### UMITRON K. K. (Tokyo)

UMITRON is a startup company that develops smart feeders for aquaculture using data analysis technology. They are working to reduce on-site labor through remote management and prevent oceanic pollution through appropriate feeding.

# Initiatives for Implementing TCFD Recommendations

» Please click here to view the TCFD report.

<https://www.shokochukin.co.jp/share/library/tcf/>



## TCFD disclosure

Among sustainability issues, climate change risk is a particularly important issue that affects many SMEs and is recognized as one of the top management risks at the Shoko Chukin Bank. Based on the recommendations of the TCFD\* and the importance of disclosing information on efforts to address climate change, the Shoko Chukin Bank will continue to work on expanding disclosure of information (governance, strategies, risk management, indicators and targets) in the form recommended by the TCFD.

### Governance

- Any matters that relate to the identification, evaluation, and management of climate-related opportunities and risks are regularly discussed at our Management Meeting, which is attended by the President and Executive Officer. We also submit reports on climate-related developments to the Board of Directors in order.
- We have formulated our Sustainability Basic Guidelines in order to play an active role in resolving material issues for society, including climate change, and to help realize a sustainable society, and they have been approved by the Board of Directors.
- We have identified material issues for society (materiality) to which we will make a focused and effective contribution through our business activities.

### Strategy

- We analyze qualitative and quantitative scenarios regarding the opportunities and risks that climate change poses to management of the Shoko Chukin Bank. More specifically, we analyze the impact of physical risks in the wake of recent natural disasters caused by climate change, and the impact of transition risks and opportunities created by the development of climate change policies and technological innovations associated with the transition to a low-carbon economy.
- We will contribute to the realization of a sustainable society by engaging in dialogue with our customers to overcome climate change risks together and supporting the implementation of necessary measures, starting from a business prospects evaluation from the perspective of SPEED.

### Risk Management

- We recognize addressing climate change risk as one of our top management risks.
- As a financial institution dedicated to facilitating the financing of SMEs, we will strive to engage in constructive dialogue and mutual understanding with our customers from the perspective of SPEED, and will continue to understand and provide information. Transactions with businesses that are likely to have a negative impact on the environment and society, as identified in the process, will be handled in accordance with the Environmental and Social Considerations Policy.
- We commit to appropriately recognizing risks (transition risks and physical risks) that arise as a result of climate change, and striving to build a risk management approach that incorporates these risks.

### Metrics and Targets

- We aim to reduce CO2 emissions at our offices in Japan by 50% by fiscal 2030 from the fiscal 2013 levels, and achieve carbon neutrality by fiscal 2050 (For Scope 1 and 2).
- The Shoko Chukin Bank's CO2 emissions in fiscal 2022 calculated based on the amount of gas, electricity and other utilities used at its offices in Japan totaled 9,736 tons, down 36% from the fiscal 2013 level. (For Scope 1 and 2)

\* TCFD: Task Force on Climate-related Financial Disclosures

### GHG supply chain emissions

The results of our tentative calculations of GHG supply chain emissions (Scope 3) are indicated below. We attempted to perform tentative calculations for all of Category 15 (Investments) and were able to determine emissions for approximately 90% of all investments (on an investment balance basis). The methods currently being used to perform calculations may change in the future in line with ongoing discussions regarding international standards.

(Unit: Thousand t-CO2)

Cat 1	Purchased Goods and Services	Approx. 21
Cat 2	Capital Goods	Approx. 7.5
Cat 3	Fuel- and Energy-Related Activities	Approx. 1.5
Cat 6	Business Travel	Approx. 0.6
Cat 7	Employee Commuting	Approx. 1.1
Cat 15	Investments	Approx. 8,200

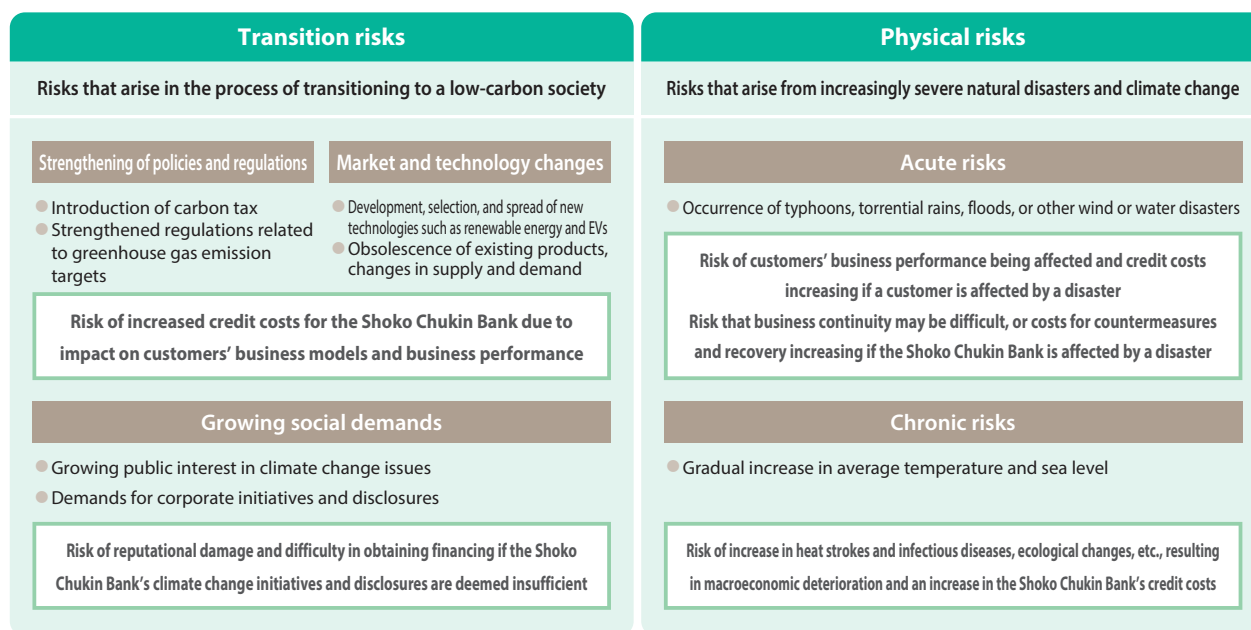
- For categories 1-3, 6, and 7, our calculations were based on fiscal 2022 activity levels and were performed as indicated in the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.4 (Ministry of the Environment, Ministry of Economy, Trade and Industry). For category 15, the calculation scope was business loans, and calculations were performed in accordance with the PCAF's Global GHG Accounting and Reporting Standard. The numerator of the ownership ratio was the loan balance as of March 31, 2023, and the denominator was calculated using information such as financial data held by the Shoko Chukin Bank.
- For business loan recipients that are subject to the disclosure system (Ministry of the Environment) established in accordance with the Act on Promotion of Global Warming Countermeasures (approx. 11%\*), calculations were performed using the data publicly disclosed under this system. For other business loan recipients (approximately 78%\*), emissions per sales by industry was estimated using publicly available data and information held by the Shoko Chukin Bank. The emissions intensity was then set and multiplied by the Shoko Chukin Bank equity ratio to arrive at the estimate.

\* Percentage of total loan balance



## ► Identifying climate change risks

We have identified risks by anticipating future social and environmental changes brought about by climate change. The following is an overview of the climate change risks that Shoko Chukin Bank anticipates.



In particular, we consider credit risk<sup>\*1</sup> and reputational risk<sup>\*2</sup> to be important risks with significant management impact. We will seek to reduce these risks by providing customer support through engagement with customers and other means, and strengthening risk management through scenario analysis, etc.

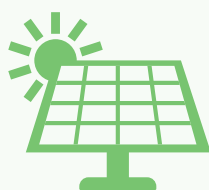
<sup>\*1</sup> Risk of an increase in the Shoko Chukin Bank's credit costs due to the negative impact on customers' business models and businesses caused by the transition to a low-carbon society or climate change

<sup>\*2</sup> Risk of damage to the Shoko Chukin Bank's reputation due to efforts and disclosures on climate change issues being deemed insufficient

## TOPIC Utilizing renewable energy

The greatest factor in the Bank's CO<sub>2</sub> emissions (for Scopes 1 and 2) is electrical purchased by our branches, etc. To date, we have sought to reduce purchased power by optimizing the scale of our business sites through consolidation or relocation, switching to LED lighting, and other measures. Going forward, we will continue to work toward achieving our CO<sub>2</sub> emissions target by utilizing renewable energy and other measures to reduce our emissions.

### Introduction of offsite solar PPAs



We plan to use offsite corporate PPAs<sup>\*1</sup> to introduce power from renewable energy sources with additionality<sup>\*2</sup> (approx. 3,100,000 kWh per year).

### Introducing renewable energy from wind power



We have switched the electricity used at the Kanagawa Business Division (approx. 400,000 kWh per year) to renewable energy derived from wind power.

<sup>\*1</sup> Corporate PPAs (Power Purchase Agreements) are long-term agreements between companies and power suppliers to purchase renewable energy at fixed prices. With offsite PPAs, the power is procured from remote power generation facilities and sent via ordinary power transmission lines.

<sup>\*2</sup> Additionality refers to direct involvement with an increase in the total amount of renewable energy electricity generation from newly developing renewable energy sources.

# Analyzing Climate Change Risks

## Carbon-related assets

As part of our efforts to assess climate change risks, we have defined the following industries, which we recognize as being significantly impacted by climate change, as carbon-related sectors\* and are monitoring them. We have reviewed the scopes of these sectors in light of the October 2021 revisions to the TCFD recommendations.

Four sectors were selected for analysis: automobiles and components, land transport, metals and mining, and, starting this year, marine transport, based on the climate change impact (transition risks) of each sector and the balance of the Shoko Chukin Bank's investments, loans and other factors.

\* Applicable industries in the non-financial sector identified based on GICS codes. The methods used to categorize these sectors are subject to review in the future.

	Sector	Transition risks	Percentage of outstanding loans (%)
Energy	Oil and gas	High	1.6
	Electricity	High	0.4
	(Subtotal)		2.0
Transport	Land transport	Medium	8.2
	Automobiles and components	High	2.9
	Marine transport	Medium	2.1
	Air transport	Medium	0.1
	(Subtotal)		13.3
Materials and buildings	Construction materials and capital goods	Low	8.6
	Property management services and development	Low	6.3
	Metals and mining	High	4.7
	Chemicals	Medium	3.1
	(Subtotal)		22.7
Agriculture, foodstuffs, and forestry	Food and beverage	Medium	4.1
	Papermaking and forestry	Low	2.0
	Agriculture	Low	0.3
	(Subtotal)		6.5
Total			44.5

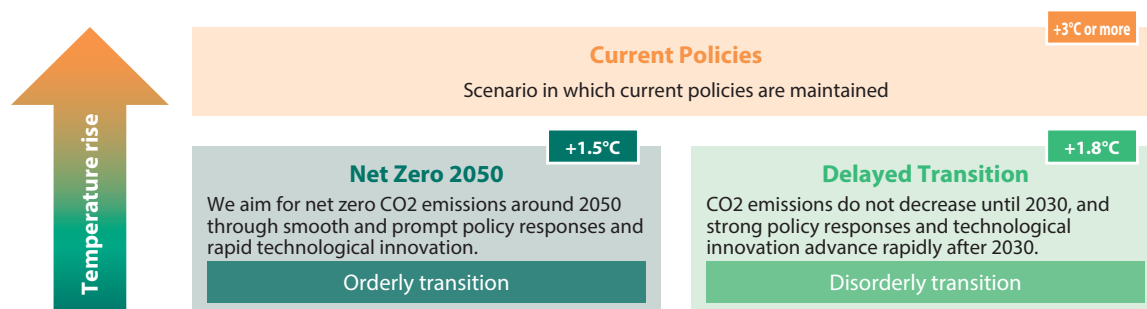
(As of March 31, 2024)

## Scenarios analysis

With a view to enhancing the organization's resilience to climate change, we use scenarios (hypotheses) to analyze how the business environment will change and how management will be affected if transition risks and physical risks materialize.

### [Scenarios used]

Three scenarios (net zero 2050, delayed transition, and current policies) formulated by NGFS (Network for Greening the Financial System) are used in the scenario analyses of transition risks and physical risks. The worldview of each scenario is as shown in the figure below.



## Transition risks

The increase in credit-related expenses associated with transition risk is estimated by sectors selected in consideration of climate change impact and the size of exposure in the portfolio. The following four sectors were selected for analysis based on the climate change impact (transition risks) of each sector and the balance of investments, loans and other factors.

For each loan recipient in an analyzed sector, financial conditions are estimated based on the probability of the transition scenario, and the increase in credit-related expenses is calculated based on changes in borrower category. For the automobiles and components sector and the metals and mining sector, we considered transition risks for the transition from loan recipients' main products (internal combustion engines and drive systems) to electric vehicles (EVs).

### [Qualitative assessment of sectors in scope of analysis]

Sectors in scope of analysis	Main transition risks	
Automobiles and components	Introduction of carbon tax	Downsizing of engine parts, etc., in conjunction with conversion to electric vehicles
Metals and mining		The metals and mining sector also includes many automobile-related companies such as foundry and punching press processed metal products manufacturing businesses, so the above factors were also taken into consideration.
Land transport	Introduction of carbon tax on CO2 emissions from manufacturing and transport processes, etc.	Modal shift toward low-carbon conversion Conversion to electric trucks (higher vehicle prices)
Marine transport		Decrease in amount of goods transported in conjunction with decrease in use of fossil fuel, main materials transported Transition to ships that meet stricter environment regulation standards (increase in ship value)

## Physical risks

Among all loan recipients, we identify potential inundation points due to water-related disasters caused by typhoons, etc., based on location information. For each loan recipient, financial condition is estimated based on the probability of a water-related disaster, and the increase in credit-related expenses is calculated based on changes in borrower category. Furthermore, starting this year, we have added the impact of damage to building collateral.

### [Results of scenario analysis]

	Transition risks	Physical risks
Scope of analysis	Loan recipients in the automobiles and components, metals and mining, land transport and marine transport sectors, with the most recent borrower category	Loan recipients among those who may be flooded or who have used buildings as collateral with the most recent borrower category
Scenarios used	Use net zero 2050 of the NGFS scenarios	Use current policies of the NGFS scenarios
Analysis period	Until 2050	
Analysis results	Credit-related expenses: total of approx. ¥90.0 billion	Credit-related expenses: total of approx. ¥70.0 billion

## Improving Productivity of SMEs

### Message from the Executive in Charge

### Predicting future trends to bring about change in industrial structure and strengthen competitiveness

Director & Senior Managing Executive Officer

**Katsuhiko Kaji,**  
Head of Industrial Innovation Business Unit

The uncertainty facing SMEs today is greater than ever. A prime example is the state of the automotive parts manufacturing industry, which has driven the Japanese economy. Specifically, the combination of these four factors is expected to have a profound impact on the automotive parts industry, which consists of roughly 25,000 companies nationwide that are the core of the regional manufacturing industry: (1) how much will EV adoption grow? (2) will Japan be able to maintain its strong positions in the North American and Asian markets? (3) as parts increasingly feature software and are modularized, how will manufacturing processes change? (4) how will finished vehicle manufacturers adapt their business strategies to these changes? Out of the 25,000 companies, roughly 4,000 are customers of Shoko Chukin Bank. Developing a vision for structural reform of Japan's automotive parts industry as a whole while linking that vision to concrete solutions for individual companies is an important management task for Shoko Chukin Bank.

Another major theme for Japan's economy is the development of startup companies, which are a catalyst and trump card for growth. Shoko Chukin Bank has established itself as a leading

provider of funds in this sector. Going forward, we will need to respond reliably to the ever-increasing needs.

With the above concerns in mind, we launched the Industrial Innovation Business Unit as part of our headquarters organizational changes in April 2024. Its mission is to delve deeper into industry-specific challenges and resolve cross-sector issues. In the fiscal year ending March 31, 2025, we have positioned the following five areas as key support areas: (1) automotive parts manufacturing, (2) logistics, (3) startup companies, (4) industrial digital transformation (DX), and (5) green transformation (GX). As specific initiatives, we are considering proposing a strategic vision, providing a digital platform, M&A for industry restructuring, and offering debt solutions to startups. In the future, we aim to form strategic partnerships with key stakeholders building on our existing customer relationships, including major companies, IT firms, regional financial institutions, fintech companies, venture capital firms, and relevant government ministries and agencies.

We will share our 10-year industrial vision and offer solutions to challenges, driving industrial innovation. Please look forward to the new initiatives of our Industrial Innovation Business Unit.



\* Please refer to page 44 for details on support for startup companies.

### Efforts for industrial structure change

#### ► Support system

In April 2024, we established the Industrial Innovation Business Unit, comprising of the Industrial Strategy Division and the Startup Business Division, to bring about change in the industrial structure and boost competitiveness. Through this new unit, we will help SMEs facing changes in industrial structure by providing innovative financial support and hands-on support for initiatives, such as those for DX and GX, tailoring our approach to industry-specific challenges.

#### ► Key support areas

Industry			Support Details	
Automotive parts manufacturing	Logistics	Startups	Industry DX	GX
				
Support for automotive suppliers adapting to major environmental changes, such as EV adoption	Support for transportation companies adapting to structural challenges, such as labor shortages and regulatory compliance	Support for startup companies that create innovative products and services	Various DX support for enhancing productivity and responding to changes in the business environment	Support for decarbonization management to help enhance corporate value through reduced CO <sub>2</sub> emissions

## Support for the automotive industry

In April 2024, we formed the Mobility Industry Team within the Industrial Strategy Department to develop and strengthen our support structure for the automotive industry, which is now facing a once-in-a-century period of industrial structural transformation.

In addition to supporting our clients' emerging needs like cost control and productivity improvement, we will draw from the insights we gain from an industry-wide perspective to help formulate strategies and address potential needs, thereby enhancing our clients' corporate value.

### Case studies of support for the automotive parts manufacturers

#### Opening of Manufacturing School

Shoko Chukin Bank provided basic courses in management accounting, which is the foundation for improving productivity, to Tier 1 and Tier 2 suppliers of Suzuki and Subaru. We will help small and medium-sized enterprises navigate changes in industrial structure and strengthen their competitiveness from the perspective of sustainable and innovative industrial finance.

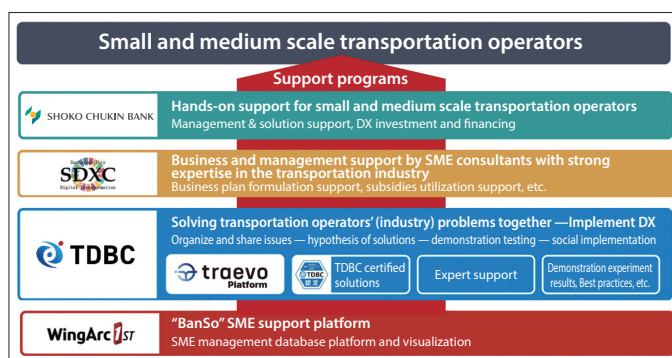


## Support for the logistics industry

### ► Business Planning Support Program

The purpose of this program is to support the resolution of management issues faced by small and medium scale transportation operators, such as work style reform and productivity improvement, by promoting digital transformation.

We will contribute to the realization of a sustainable logistics industry by establishing a one-stop support system for problem solving, including business plan formulation, plan implementation support, improvement tool proposals, and subsidy utilization support, and by supporting the development of a comfortable work environment and the introduction of IT that increases labor productivity.



### Case studies of support for a logistics company

Since its founding, Morichika Unso Co., Ltd. (Hiroshima) has been delivering construction steel to five prefectures in the Chugoku region.

For them, the so-called "2024 logistics issue" is an urgent issue. Shoko Chukin Bank partnered with a specialist agency to support the formulation of a business plan. We recommended the development of its business management systems, including the effective use of internal information effectively, and proposed a review of freight rates for each client from a profitability standpoint.

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

<https://www.youtube.com/watch?v=75l64BtMWJk>



**[Thoughts from members of the Shoko Chukin Bank]** Reiji Matsui, Fukuyama Office  
Morichika Unso showed strong interest in the 2024 logistics issue and a high awareness of the need to make its business more sustainable. We proposed a management planning support program in collaboration with a specialized agency with extensive experience supporting small and medium scale transportation operators.



# 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

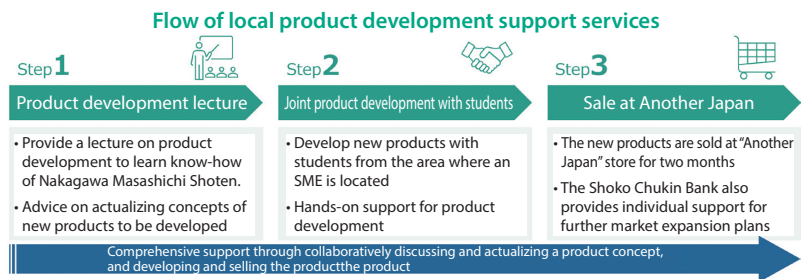
### ► Collaborating across industries to support new product development

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.



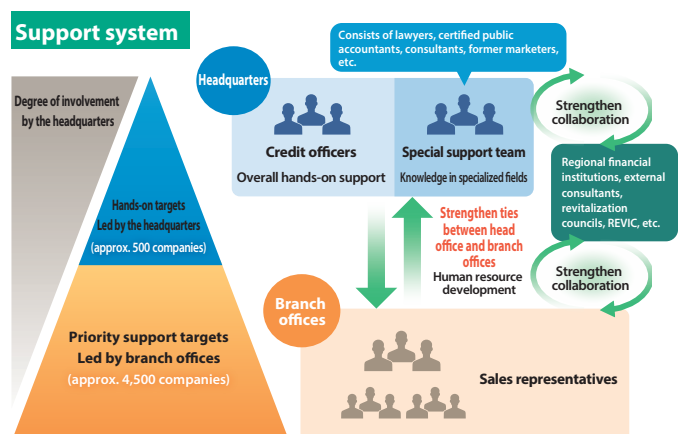
## Efforts to help local companies improve management and revive businesses

### ► 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

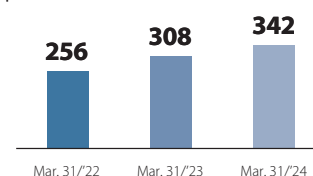
We collaborate with regional financial institutions to provide a range of support tailored to each customer's stage of development.



### ► 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

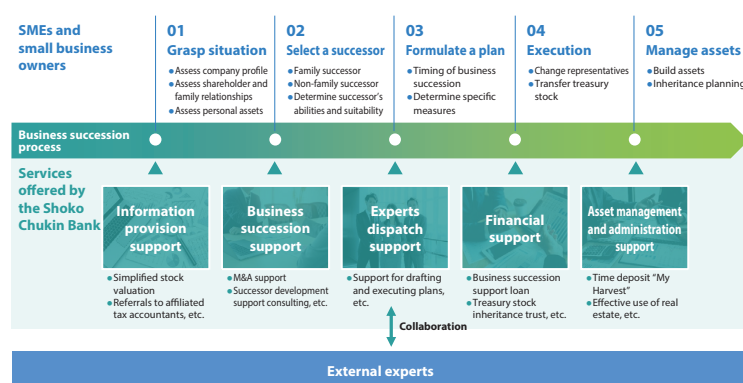
I sympathized with the president's determination to take on new challenges despite the hardships caused by the torrential rain disaster. Therefore, we assisted in formulating a business plan that included the use of subsidies, and then provided him with financing to rebuild the store.

## 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.



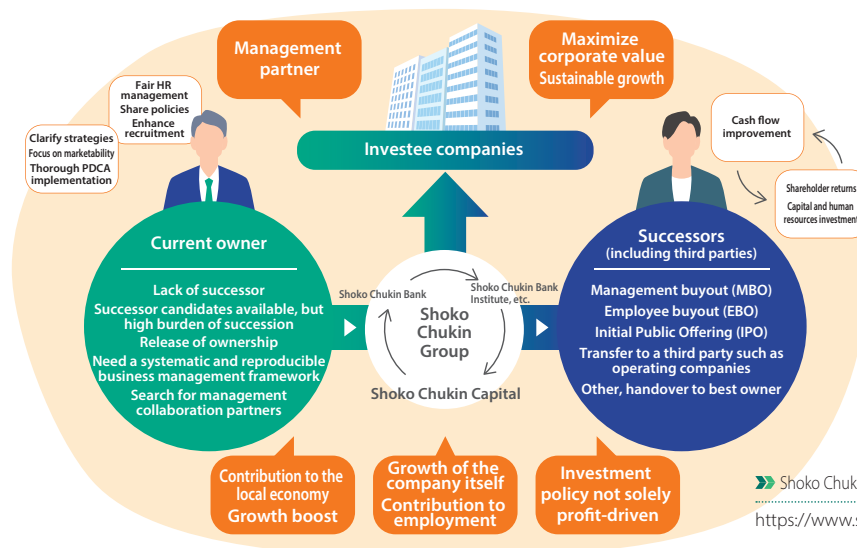
### ► Results of support

	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



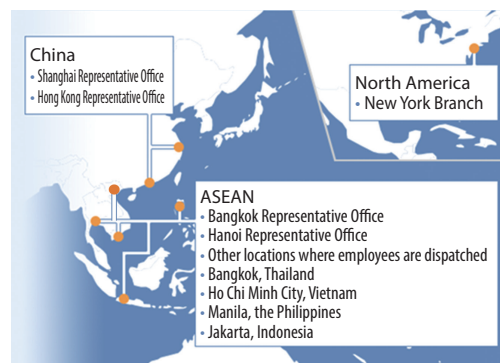
## Support for overseas expansion



### ► 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

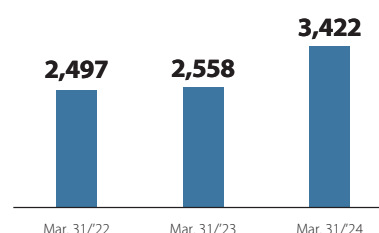
- Foreign exchange operations related to import and export such as trade settlements
- Proposal for mitigating currency fluctuation risk through forward exchange contracts, etc.
- Issuance of various bonds (bank guarantees) for transactions with foreign companies

#### Support for fundraising for overseas subsidiaries

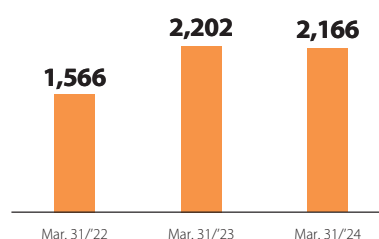
- Borrowing at the parent company  
Financing of investments and loans for overseas expansion (parent-subsidiary loans)
- Borrowing at overseas subsidiaries  
Direct business financing for overseas subsidiaries  
Standby L/C to foreign banks for local borrowing purposes

### ► 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.



## Startup Support



The Shoko Chukin Bank ramped up its initiatives to support startups in the previous medium-term management plan, and since then, have been steadily building up a track record. To further strengthen these efforts, in April 2024, we established the Startup Business Division, dedicated to offering comprehensive one-stop support services to startup companies that have the potential to drive Japan's economic growth. These services range from financial support to assistance in developing sales channels to help them achieve their growth strategies. Aiming to be the top bank in this field, we will help startups increase their corporate value to new heights.

### ► Support system

By partnering with venture capital firms and related organizations, we offer diverse schemes that cater to growth stages of each of our customers.



## TOPIC Participation in "Tokyo Venture Capital Hub"

The Shoko Chukin Bank joined the "Tokyo Venture Capital Hub," Japan's first large-scale hub for venture capital firms. Through this involvement in the hub, we will deepen our cooperation with venture capital and corporate venture capital firms, accelerating our efforts to support startups.



### ► Features of the Shoko Chukin Bank's startup support

- Feature (1):** Comprehensive one-stop support based on challenges of startups, including funding and sales channel development, backed by a nationwide customer base of around 70,000 companies
- Feature (2):** Provision of financing schemes tailored to varying business models and growth stages
- Feature (3):** Know-how in business prospects evaluation that does not rely on collateral or guarantees, instead focusing on future cash flow and non-financial information

### ► Results of support

	Mar. 31/'23	Mar. 31/'24
Cases and amount of financing for startups	Approx. 280 cases Approx. ¥42.0 billion	Approx. 280 cases Approx. ¥33.0 billion
Business matching arrangement for startups	350 cases or more	1,050 cases or more

### ► Initiatives to raise awareness of startups

The Shoko Chukin Bank co-sponsored "StaAt Pitch Japan," a pitch competition organized by Nikkei Inc. for startups and second generation ventures. The event aims to boost future business growth, including raising awareness of startups and venture companies that are the drivers of innovation. As a co-sponsor, the Shoko Chukin Bank recommended its business partners and created pitching opportunities.



## Case studies of support

### Establishment of a commitment line for business expansion

DayBreak Co., Ltd. is a Tokyo-based firm that sells specialty freezer equipment and frozen food ingredients. They offer comprehensive support to their customers from sales to installation assistance of their specialty freezer equipment developed in-house based on research into freezer technologies and customer feedback. They also use their know-how in specialty freezer to reduce food waste and broaden sales channels for foods that were difficult to distribute in the past.

The Shoko Chukin Bank conducted an in-depth business prospects evaluation through interviews with management and external organizations, and shared the company's strengths and financial challenges. We concluded this loan agreement because we believe that DayBreak's efforts can help solve issues like food waste and labor shortages.

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

[https://www.youtube.com/watch?v=NBBZdnuFr\\_U](https://www.youtube.com/watch?v=NBBZdnuFr_U)



DayBreak's specialty freezer equipment



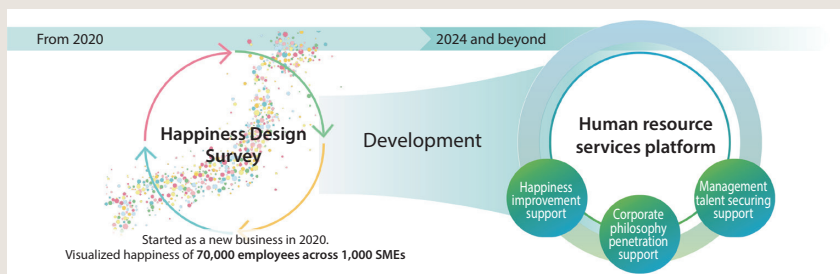
**[Thoughts from members of the Shoko Chukin Bank]** Shunsuke Aiki, Tokyo Office  
I was moved by the president's commitment to tackling social issues head-on such as food waste and labor shortages. We offered a credit line for business expansion by applying positive impact financing, which is a type of financing that involves hands-on support.

## Creation of new businesses to enhance the value of SMEs

### ► Provision of human resource services

To help SMEs address key challenges in the field of human resources, we have been considering building a platform for strengthening human capital.

Starting with the "Happiness Design Survey" service, launched as a new business in 2020, which has visualized happiness of approximately 70,000 employees across around 1,000 SMEs, we are exploring to expand our offerings. We aim to include services such as programs that help employees establish My Purpose and foster an autonomous corporate culture aligned with the corporate philosophy, as well as services to secure management talent in collaboration with human resource firms.



### ► System for continuously creating new businesses

Since 2018, the Shoko Chukin Bank has held internal business contests aimed at creating new businesses. We have held the contest three times so far, and in 2020, it led to the commercialization of "Happiness Design Survey." In fiscal 2023, we took a step further with this initiative by launching an open innovation program with companies from different industries.

## TOPIC Open Innovation Program "SAI"

Shoko Chukin Bank carried out the open innovation program "SAI" with the NTT East Group and filament Inc. Organized by the Shoko Chukin Bank, "SAI" aims to create new businesses through co-creation with different industries.

Ideas chosen in the program will be commercialized by the Shoko Chukin Bank and the NTT East Group over the medium term.



## Our efforts toward employee well-being



Shoko Chukin Bank actively promotes Diversity, Equity and Inclusion (DE&I). We aim to create an environment where employees with diverse perspectives, skills, and values can thrive through fair and equal opportunities, enabling our diverse human resources to demonstrate their capabilities and improving the happiness of workers.

### Promotion of women's advancement

We recognize the promotion of women's advancement in the workforce as a management issue and are actively working on it. By merging the traditional general and administrative career tracks, we have made it possible for everyone to choose from a diverse range of career options. We are working to expand opportunities for women's advancement by launching the "Challenge College" program for those aspiring to step up to managerial positions, and the "Sales Counter TRY! Program" for those looking to transition from the back-office to the sales division.

#### Examples of women's advancement promotion programs

##### Challenge College

This is a training program for aspiring female leaders where they reflect on their work and careers and reinvent themselves so that they can have a greater influence on those around them. More than 100 women have participated in the program, aiming to advance to managerial positions.



##### Sales Counter TRY! Program

This program allows employees in back-office divisions to experience what it is like to work in sales. Over the course of a year, employees engage in work that directly contributes to customers, allowing them to acquire sales skills and expand their career options.



### Employment of people with disabilities

We respect the individuality and characteristics of each employee and foster a corporate culture that embraces diversity. By engaging in dialogue with employees with disabilities and creating a more comfortable work environment, we help them excel in their assigned roles. In addition, we ensure equal learning opportunities during new employee training by providing resources like sign language interpreters and transcription apps.

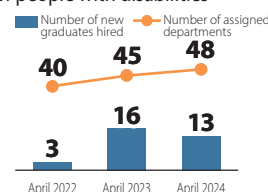
#### Mid-career Hires

We are focusing on mid-career hiring to increase diversity in our organization and generate innovation. In fiscal 2023, we held a "Mid-career Hires Meeting" to ensure a smooth onboarding for them. We are driving corporate transformation by fostering cooperation among diverse human resources within the organization.

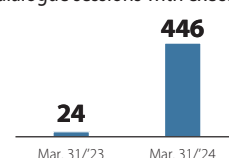
### Dialogue between executives and employees

In order for employees to understand the direction of management and to convey opinions directly to top management, we hold candid dialogue sessions between the executives, including the President, and employees. Executives with abundant knowledge and experience take part in interactive discussions with employees in various positions on topics such as Shoko Chukin Bank's management, sustainability, digital transformation, and finance, fostering values that will help realize our Purpose.

#### Indicators related to employment of people with disabilities



#### Number of participants in candid dialogue sessions with executives



## DE&I Roundtable Discussion

Encouraging employees to embrace challenges to create an organization that can withstand change

Shoko Chukin Bank is working to create an environment where diverse human resources can excel. Three employees from different positions exchanged opinions from management and frontline perspectives on a range of topics, such as how to create a workplace that is more comfortable to work in and provides career growth, and their thoughts on the people they work with and the next generation of employees.

### A passion for creating a comfortable workplace

**Maebara** When I joined the Company 15 years ago, there were still few women in public relations roles, and I sometimes felt uneasy about continuing to work while raising children. But now, there are more junior colleagues continuing to work alongside childbirth and childcare, which I think has made our team more diverse. I think this shows that it's become easier to work here. I also feel that the support from the people around me was a big help. I find that too much attention makes it hard for me to concentrate on work, so I tell my boss and colleagues, "let me try to solve things myself first, but please help me if something comes up," to get the support I need.

**Tsutsumi** Our employees have diverse work styles at the Omori office too. The office has 59 employees in total, 32 of whom are women. Of these women, nine have shorter work days, and two are on maternity

leave. We strive to foster an atmosphere of cooperation throughout the office. For example, we schedule morning meetings and evening briefings when part-time staff are present, and actively encourage male employees to take childcare leave and work from home.

**Masumoto** Right, it's important to create an environment where support is readily available. I believe it's important to communicate with my team

members, whether it's by reaching out to them during work breaks or by keeping in close contact with their direct supervisors, so that they don't feel uncomfortable asking for support. I try to build relationships where we can ask for advice as soon as either of us run into a problem.

### The importance of support from supervisors and seniors

**Tsutsumi** At Omori Office, only a few employees have used the "Sales Counter TRY! Program" so far (▶▶ see page 46). But if those who do use it can become role models, that should encourage other team members to try it as well. I want to make it known that there are people like this among us and support their success. I believe it is the role of leaders to understand the values and work styles of individual employees and support them in their career development.

**Masumoto** When I moved from a general role to a management position, I was nervous. However, the advice I got from my superiors and colleagues helped shift my mindset and relax. While I still feel the pressure

of having to lead an organization, the team trusts me and I'm thankful for that. Have you had any memorable moments when your boss supported you, Maebara-san?

**Maebara** Yes. When I was pregnant with my first child, I couldn't see how I was going to keep working alongside raising my child. But my boss at the time said, "I'll support you. Why not try balancing work and child rearing? If we try and doesn't work out, you can reconsider then," my boss said, which encouraged me to stay working. His words encouraged to make me think "I could give it a try" and think positively, which became a major catalyst for my future efforts. I also want to be someone who can encourage juniors to take on challenges without being afraid of failing. Because failure can be a wonderful role model too (laughs).

### Message for the next generation of employees

**Masumoto** Even now, I sometimes hit a wall while wondering if I'm a good boss. There is no one right way of working. The message I want to get across is that we should each do our best in our own way.

**Maebara** From fiscal 2024, Shoko Chukin Bank has introduced a new HR system to support diverse work styles. I am involved in planning these new policies, which include improving our systems for shorter working hours and flex-time. I want to help build systems that allow diverse teams to take on challenges.

**Tsutsumi** I have two daughters but I wish I had taken more childcare leave when they were small. The experience of raising children has given me a better understanding of diverse work styles. I want to help make Shoko Chukin Bank a company that my children's generation will want to join and where they'll find it comfortable to work. Let's continue working together to create an open workplace where everyone, regardless of age or gender, can speak their mind.



**Sayoko Masumoto**  
(Deputy General Manager, Tokyo Office)  
After working in deposit operations at the Tokyo Office, took charge of managing these operations from April 2021.



**Masatoshi Tsutsumi**  
(Deputy General Manager, Omori Office)  
After roles at the Morioka, Kanda, Akita, Utsunomiya, and Hakodate offices, took charge of back-office management at the Omori office from October 2023.



**Izumi Maehara**  
(Senior Manager, Career Development Support Division)  
After working at Fukagawa Office, Kanagawa Business Department, and Business Planning Division, took charge of HR system planning in the Career Development Support Division from April 2023

## Our efforts toward well-being of employees at SMEs



### Happiness Design Survey

Shoko Chukin Bank values employee happiness, which is closely tied to individual productivity and creativity. We offer a Happiness Design Survey that SMEs can easily implement to visualize the level of their employees' happiness. We have provided the survey to around 1,000 companies so far, covering about 70,000 people.

This service won the gold award in the Goods and Services category of the Wellbeing Awards 2024. The award recognized our efforts in promoting the concept of well-being to SMEs and raising awareness among both SMEs and their employees about the connection between their mutual happiness.

▶▶ Wellbeing Awards Project website

[https://www.asahi.com/ads/wellbeing\\_awards](https://www.asahi.com/ads/wellbeing_awards) (in Japanese)







## Management Base Supporting Value Creation

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# Human Capital Management

The Shoko Chukin Bank's human capital management tackles the recruitment and development of human resources who continue to transform to enhance corporate value for our customers. For the purpose of realizing the ideal human resources required, we need to strengthen both business skills and human skills, and we are working to further enhance our human capital investment for this purpose. The result of this investment will be the realization of the Shoko Chukin Bank's Purpose and Mission by realizing both the management strategy and the well-being of our employees.

## Indicators and Targets

The indicators and targets for visualizing the state of human capital management practices are described below. These indicators and targets are quantified based on a Human Resources Value Creation Model, which comprehensively indicates the process leading to value creation. For indicators that we recognize as issues in particular, we have set targets and are working to improve them on a company-wide basis.

Strategy	Our issues	Indicators <sup>*1</sup>	FY2022 results	FY2023 results	FY2026 targets
Fostering values (Source of growth)	Encouraging employees to take ownership of the Purpose	Number of participants in My Purpose workshops	4,091	3,941	—
	Creating opportunities for diverse human resources by promoting DE&I	Mid-career hires as a percentage of new hires	17.2%	16.9%	—
		Female workers as a percentage of graduate hires <sup>*2,3</sup>	37.6%	33.8%	50%
		Female workers as a percentage of managers <sup>*3</sup>	7.9%	8.7%	20%
		Differences in wages between male and female workers <sup>*3</sup> (Average wages of female workers as a percentage (%) of the average wages of male workers)	All workers 41.0% Regular employees 47.4% Temporary employees 68.8%	All workers 40.2% Regular employees 46.9% Temporary employees 66.3%	— — —
		Percentage of employees taking childcare leave <sup>*3</sup>	Male: 87.6% Female: 100%	Male: 84.8% Female: 100%	Male: 100%
	Improvement of well-being	Percentage of employees taking paid leave <sup>*3</sup>	76.8%	79.6%	90%
Career support Human resource development and reskilling (Growth lever)	Self-directed career formation	Number of in-house internship applicants (cumulative) <sup>*4</sup>	160	466	—
		Number of in-house additional business system applicants (cumulative) <sup>*4</sup>	137	247	—
		Number of career challenge system applicants (cumulative) <sup>*4</sup>	52	106	—
	Autonomous skill improvement by each employee	Training cost per person	¥49,276	¥75,336	—
		Number of participants in voluntary participation training at Hito College (cumulative)	— <sup>*4</sup>	1,603	—
		Number of employees dispatched to the external exchange program for human resource development (cumulative) <sup>*5</sup>	33	112	—
Human capital output (Human capital investment results)	Promoting the acquisition of skills to support the enhancement of customers' corporate value in order to resolve material issues	Number of employees who have acquired sustainability-related qualifications (cumulative)	740	1,283	—
		Number of employees who have passed IT Passport Examination (cumulative)	915	1,119	—
		Number of employees who have passed the secondary test for Small and Medium Enterprise Management Consultants and employees who completed consulting practice (cumulative)	57	67	—
		Number of employees with an MBA (cumulative)	14	15	—
	Strengthening initiatives that contribute to the enhancement of customers' corporate value in order to resolve material issues (link with management strategies)	[S] Number of financing projects for startup companies	Approx. 280	Approx. 280	—
		[E] Number of sustainable finance projects as of end of fiscal year	51	142	—
		[T] Percentage increase in rank of support recipients	Approx. 8.9%	Approx. 13.6%	—
Human capital outcome (Human capital investment outcome)	Improving employee engagement to realize the required human resources	eNPS <sup>SM*</sup> 6	(48.8)	(42.5)	—
		Employee engagement survey item "I want to continue to work for my current employer"	77.6%	81.1%	—
		Employee engagement survey item "Degree of understanding of the Purpose"	94.4%	95.2%	—
		Employee engagement survey item "Degree of implementation of My Purpose"	69.2%	72.8%	—
	Customer evaluation of the Shoko Chukin Bank	NPS <sup>®*</sup> 7	(2.9)	(2.7)	—

\*1 All indicators are calculated on a non-consolidated basis for Shoko Chukin Bank

\*2 In fiscal 2022, we tracked the percentage of female workers among total graduate career-track hires. From fiscal 2023, however, we started tracking the percentage of female workers among total new graduate hires, due to the integration of career-track and general-track positions following revisions to our personnel system.

\*3 Items to be disclosed in accordance with provisions in the Act on the Promotion of Women's Active Engagement in Professional Life

\*4 Fiscal 2022, the year the Purpose was established, is used as the starting point for the aggregation of indicators.

\*5 As the Hitozukuri College (Hito College) was opened in 2023, only results for fiscal 2023 are shown.

\*6 eNPS<sup>SM</sup>...Employee Net Promoter Score

A numerical workplace recommendation value based on the answer to the question: "How likely are you to recommend your workplace to close acquaintances and friends?" Employees rate and respond to workplace recommendations on a scale of 0 to 10, and the percentage of detractors giving 0 to 6 scores is deducted from the percentage of promoters giving 9 to 10 scores. eNPS<sup>SM</sup> is a service trademark of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.

\*7 NPS<sup>®</sup>...Net Promoter Score

The net promoter score, measured by promoters and detractors. On an 11-point scale from 0 to 10, the percentage of promoters (9, 10) minus the percentage of detractors (0 to 6). NPS<sup>®</sup> is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

## Human Resources Value Creation Model

The Shoko Chukin Bank's Human Resources Value Creation Model indicates our initiatives that aim to enhance intellectual capital and human capital, and represents the steps in human resource development in the form of a balance sheet. The model is cyclical in that ongoing career support is provided for each staff member's aspirations and values, which serve as a source of growth. The skills that result from this support bear fruit to become a source of further growth.

These results will lead to the enhancement of intellectual capital and human capital which form the foundation of the Shoko Chukin Bank's management, as human resources who continue to transform to enhance corporate value for our customers, which are the ideal human resources required.

### Enhancement of intellectual capital and human capital

#### Realization of the ideal human resources required

Human resources who continue to transform to enhance corporate value for our customers

Results [Assets]	Human resources balance sheet	Growth lever [Liabilities]
<b>Business skills "Knowledge" and "information"</b> <ul style="list-style-type: none"> <li>● DX skills</li> <li>● Business prospects evaluations/solution skills</li> <li>● Differentiated fields (category: S/E/T)</li> <li>● Shift in services (information, human resource, and advanced financial services)</li> </ul>		<b>NEXT PLAN, the personnel and training system to realize our Purpose</b> <ul style="list-style-type: none"> <li>● Course integration (a system in which anyone can take on challenges fairly)</li> <li>● Career support measures (career challenge system, in-house additional business system, in-house internship)</li> <li>● Evaluation system (evaluation system based on the Purpose)</li> <li>● Training system (in-house university Hitozukuri College)</li> <li>● Compensation system (job description-based role grading system)</li> </ul>
<b>Human skills "Practice" and "change"</b> <ul style="list-style-type: none"> <li>● Hospitality</li> <li>● Leadership</li> <li>● Teamwork</li> <li>● Communication</li> <li>● Integrity</li> </ul>		<b>Source of growth [Capital]</b>
		<b>Fostering values</b> <ul style="list-style-type: none"> <li>● Well-being of each and every employee</li> <li>● Engagement (passion with regard to SMEs, motivation to grow)</li> <li>● My Purpose</li> <li>● DE&amp;I</li> </ul>

**Policy on improvements to the internal environment**  
(fulfillment of work, individual fulfillment, fulfillment of family and social)

## Source of growth [Capital]

### Initiatives to foster values

The Shoko Chukin Bank is working to foster a sense of values based on our Purpose in order to improve the well-being and engagement of each and every employee, our source of growth. In order to realize this Purpose, each employee needs to take ownership of the Purpose and put it into practice. In the My Purpose Workshops held for all officers and employees, employees work on formulating their My Purpose and also formulate Team Missions to achieve the Purpose at all branch offices and the headquarters. We are also working to foster an awareness of DE&I, the source of each employee's actions, such as by formulating the DE&I Declaration for all officers and divisions, departments and branches and sharing it throughout the company.

FY2022

The Shoko Chukin Bank held a workshop for all officers and employees, during which 4,091 employees worked on defining their Purpose.

FY2023

Based on events in their life that have moved them, each employee verbalized their own values and revised their initial My Purpose.

FY2024 and beyond

We plan to clarify the Shoko Chukin Bank's values based on the inspiring stories collected across divisions, departments and branches, and compile them as our Values going forward.

## Growth lever [Liabilities]

### Introduction of the NEXT PLAN, the new personnel system

In April 2024, we introduced a new personnel system called the NEXT PLAN with the aim of supporting the well-being of our employees through three fulfillment initiatives (work, family and society, individual). In order to increase the corporate value of our customers, we aim to create an environment in which each and every employee can work autonomously to improve their abilities and skills, and to create a culture in which employees can continue to actively take on challenges in higher value-added work.

» More information on the NEXT PLAN is available from here. (in Japanese only)

[https://www.shokochukin.co.jp/assets/pdf/nr\\_240329\\_06.pdf](https://www.shokochukin.co.jp/assets/pdf/nr_240329_06.pdf)



### Course integration and compensation system revision

We revised the course system, which had been a systematic and psychological hurdle for employees when taking on challenges, and abolished the upper limit for promotion according to course classification by integrating career-track and general-track positions. We also shifted from a compensation system based on courses, qualifications, place of work, etc. to a role-based grading system based on job descriptions, thereby establishing a system that allows employees to take on challenges regardless of age, gender, or former course classification.

By restructuring our training system, we are working to increase the ratio of female employees in managerial positions and to close the gender wage gap by realizing the further advancement of careers and early promotion of women.

### Introduction of the home base system

In addition to minimizing transfers that involve undesired relocations, we introduced a new allowance for relocations across Japan and expanded the allowance for relocation outside Japan. By making it possible to flexibly change work location according to life events and other factors, we provide thorough support for the work-life management of employees.

### Career support, strengthening work style reform, and health and productivity management

We are strengthening our support of employees' career development. In addition to existing programs, namely the in-house additional business system, in-house internships (in-house short-term exchange program), secondments to clients and cooperating support organizations, and career challenge program that is an internal open recruitment system which enables employees to nominate themselves to a department they want to work in, we will expand the specialist system that enables employees to be compensated according to their level of expertise, etc., as well as our second career support.

We also formulated the Health and Productivity Management Declaration with the aim of achieving sustainable growth together with our customers by improving the well-being of employees and their families and the added value we create. Based on this, we relaxed or abolished the requirements for using the shorter working hour system, the three-day work week system, and the staggered work hours system, and introduced a new fully remote work system. The President will serve as the Chief Health Officer, who, together with the health and productivity management promotion personnel assigned to relevant divisions and business sites, will work to promote health and productivity management. In addition to this, we are revising the benefit system and other measures as part of efforts to improve the internal working environment, such as introducing a cafeteria plan, launching a health app, and granting incentive points.

#### Health and Productivity Management Declaration

The Shoko Chukin Bank believes that the mental and physical health of our officers and employees, our most important management capital, is key to realizing the Purpose. As such, we will work to raise the health awareness of each officer and employee, promote physical and mental health, and create a comfortable workplace. We will also contribute to the development of healthy and vibrant communities through the shared values we create together with our customers.

### Revision of the evaluation system

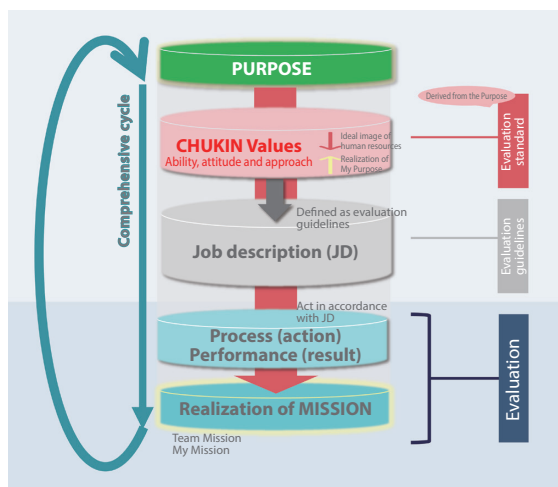
#### ► Concept of the evaluation system

The concept of the system is to appropriately evaluate human resources who continue to transform to enhance corporate value for our customers, the ideal human resources required, and to make it a starting point to support the careers and growth of each and every employee.

#### ► Framework for developing the ideal human resources required

We have taken the evaluation system and the training system, the two main cogs of the framework, and combined them with building relationships of trust in the field, which props up these systems. By doing so, we are fostering a framework in which each and every employee autonomously creates a virtuous cycle in order to realize our Purpose and Mission.





#### ► CHUKIN Values, new evaluation standard

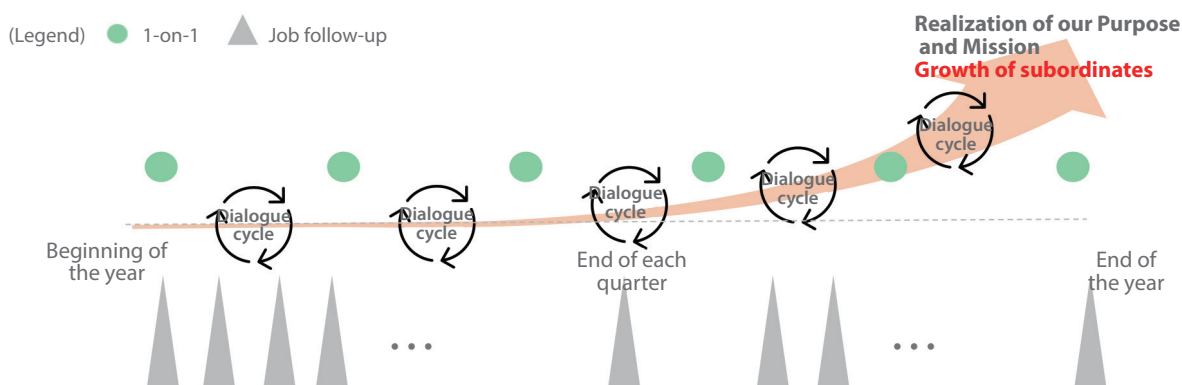
The CHUKIN Values are a new evaluation standard that articulates the human resources that embody our Purpose, and incorporates the two-way perspective of the ideal image of human resources and the state in which each and every employee has achieved their My Purpose and shines in their own way.

#### ► New evaluation guidelines (Job description)

We have clarified the expected roles and expertise in the form of job descriptions that are based on job duties and rank. By assessing the processes (actions) and performance (results) demonstrated based on the job description, we have created a highly suitable system that enables fair evaluation of role fulfillment and employees' transformation and challenges taken on to reach the next stage.

#### ► Expanded 1-on-1 interview and job follow-up system

We consider interviews as opportunities for the growth of subordinates, and have thus established a 1-on-1 interview system that supports career development from a long-term perspective, and a job follow-up system that provides a place for solving problems faced in work duties. We will support the growth of each and every employee by improving relationships of trust through daily dialogues, and by operating an appropriate evaluation system.



### INTERVIEW The thoughts behind the new personnel system

Since the establishment of the Purpose and Mission in 2022, the Shoko Chukin Bank has promoted taking ownership of the Purpose through workshops and other activities, and has produced a certain degree of results in its efforts to foster values. Furthermore, in April 2024, we drastically revised our personnel system in order to use this as a leverage to recruit and develop human resources who continue to transform to enhance corporate value for our customers.

The course system which was in use for more than 30 years was hindering employees from taking on new challenges, a necessity in the current, rapidly-changing environment. In addition to realizing course integration through this system revision, we also offered various forms of support, including support for career development such as expanding opportunities to improve skills, the introduction of more flexible work styles, ways to balance childcare and nursing care with work, and expansion of welfare benefits. By doing so, we are making firm efforts to promote the advancement of women, increase the percentage of women in managerial positions, and close the gender wage gap, which are issues we have needed to tackle.

Moreover, in order to enhance employee engagement, we have incorporated a unique element called CHUKIN Values into our evaluation system. We have also re-evaluated roles and duties in light of changes in the times, and have created a well-balanced compensation system based on new job descriptions.

We will continue to improve our intellectual and human capital by appropriately operating the new personnel system and revising it in a timely manner.

**Hiroo Tanaka,**  
General Manager, Career Development Support Division



## Initiatives on human resource development

With the aim of enhancing human capital, we are working on human resource development at the Hitozukuri College (Hito College), our in-house university. The Hito College program is based on the concept of "Think together, Create together. From 'I got it' to 'I did it!'" and we have prepared a total of more than 100 courses to enable all employees to acquire advanced business skills and improve their human skills.

The program focuses on offering interactive content such as group work and seminars, and exchanges and a range of hands-on programs that take place outside the Shoko Chukin Bank have also been incorporated to encourage voluntary active participation, while building a system that can support practical and multifaceted employee skill development. In addition, the MIRAI Campus training facilities provide equitable learning opportunities by creating an environment that promotes mutual learning among diverse employees and conducting hybrid training in which employees can participate in real-time from all over Japan.

## Training system: program overview

Group training	Example of level-specific training		Acquire management and professional skills through basic and practical training						
			● New employee training ● Sales Counter Start Training ● Sales Counter Step I to III ● Sales Counter TRY! I to IV		● Brother-Sister training ● Mid-level challenge training ● Advanced training ● Challenge College for each position ● Training for newly appointed Middle Manager		● Training for newly appointed Section Chief and Deputy General Manager ● Management skills training for Section Chief and Deputy General Manager ● Core business support skills training for Section Chief and Deputy General Manager ● Step-up training for Section Chief and Deputy General Manager		● Training for newly appointed General Manager for branch office ● Executive training
	Voluntary participation training	Business skills	Business prospects evaluation	Management improvement	International operations		Solutions operations		
			Derivatives	Loan management	Business diagnosis seminar		Business succession and M&As		
		Human skills	Business skills: logical thinking, task management, coaching, etc.						
			Hands-on learning: field trips to disaster-affected areas, field trips to Awaji Island, adventure work, etc.						
		Academy	FS Academy						
			DX Academy						
			Future-Building (business contests, cross-border learning, etc.)						
	Career training		Career roundtable discussions	Career I	Career II	Career III	Career IV		
OJT		Mentor system	Internal qualification training (Next Leader Program, Management Supporters)						
			In-house additional business, in-house internships, career meetings						
Training at outside institutions		Elective in-classroom courses (taking a course in a single subject at a business school, etc.)				Next-generation management development training			
		MBA (domestic/overseas), SME Training Institutes, Japan Productivity Center, etc.							
		Academy of Management Development	J-Win (women's advancement)		Finance Transformation Manager Practical Course				
e-learning		Liberal arts	Training archive		Skill development support content		Self-learning! Administrative Department Work 101		

### ● Examples of Hito College programs

#### Field trips to Awaji Island

The program aims to deepen employees' interest in changes in society and the economy, and helps them acquire the ability to take action on their own by experiencing the necessity of the SDGs through nature and agriculture and by re-questioning the status quo.



#### Camp Fire Work

There are facilities for camp fire on the MIRAI Campus, and we have included camp fire work in which employees undergoing training can discuss their dreams and Purposes with each other while watching the flickering flames. This helps strengthen the bonds between participants and fosters a culture of learning together.





## Results [Assets]

### Acquisition of business skills (hard skills)

The well-being of each employee and his or her passion with regard to SMEs, and his or her motivation to grow are outputted as business skills and human skills through our human resource development and career support initiatives. Business skills here refers to knowledge and information that can be applied to banking operations at the Shoko Chukin Bank. In addition to base skills such as DX skills and business prospects evaluations, employees acquire knowledge and skills linked to management strategies, such as establishing differentiated fields and shifting services as stated in the Medium-Term Business Plan. We also share knowledge and skills through Next Leader Program, an in-house certification, and the Management Supporters system.

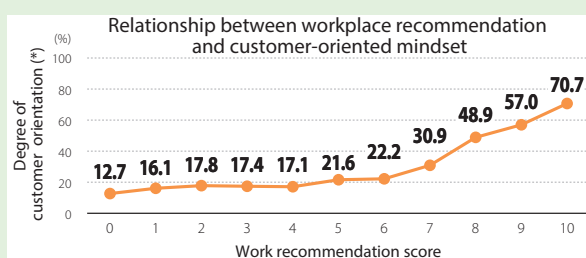
### Acquisition of human skills (soft skills)

We are working to strengthen human skills to put acquired business skills into practice, aiming for human resources who continue to transform to enhance corporate value for our customers. Based on a self-directed learning stance rooted in the “My Purpose” concept, we aim to improve human skills that employees can apply throughout their life, including in a second career, by improving their sense of hospitality and sincerity towards customers and integrity that leads to an awareness that comes only through knowledge and practice, in addition to their communication, teamwork, and leadership skills.

### Measuring the outcome of human capital investment through engagement surveys

The Shoko Chukin Bank conducts an employee engagement survey every year. We know that the more employees recommend the workplace, the more customer-oriented they are and the more they understand the needs of customers. Accordingly, we are focusing on improving employee engagement. To this end, we aim to heighten employees’ intention to continue working, the degree of understanding of the Purpose, the degree of implementation of My Purpose, and diversity satisfaction, all of which have a correlation with employee engagement.

Item	FY2022	FY2023	Difference
eNPS <sup>SM</sup>	(48.8)	(42.5)	+6.3pt
I want to continue to work for my current employer	77.6%	81.1%	+3.5pt
Degree of understanding of the Purpose	94.4%	95.2%	+0.8pt
Degree of implementation of My Purpose	69.2%	72.8%	+3.6pt
Diversity satisfaction	48.4%	56.0%	+7.6pt



\*The percentage of employees who answered the question “Is your organization able to work in a customer-oriented manner?” with “Always.”

### In-house instructor system Hito College Instructors

We have established an in-house instructor system in which employees who have demonstrated results based on the skills they have acquired teach their areas of expertise as instructors. In February 2024, we held Hito College Week, where 19 Hito College Instructors, including officers and new employees who participated as volunteers, served as instructors, and a total of 448 employees from all over Japan took part. Through efforts such as these, we are expanding learning opportunities for employees to think together and create together.



## INTERVIEW

### A participant in the field trip to Awaji Island

I took part in the field trip to Awaji Island because I wanted to contribute to the realization of a sustainable society as best I can. Through this training, we learned about the necessity of the SDGs, and how to positively perceive changes and take action despite high uncertainties by thinking outside the box.

In my job as a Senior Manager, I am utilizing what I learned by making decisions even amid high uncertainty, increasing the engagement of my subordinates, and achieving results as a team.



Takumi Yanagawa, Business Division, Head Office

### A Hito College Instructor

I was in charge of a lecture titled “Thinking about ESG and SDG initiatives.” It was designed to help employees explain the Shoko Chukin Bank’s sustainable management support menu to customers in an easy-to-understand and effective manner. I adapted a lecture that I usually give to customers, and focused on getting the participants interested first and foremost. To prevent the lecture from being one-sided, I made sure there was two-way communication, such as issuing quizzes and answering questions received in the chat.



Naomi Yamamoto, Marketing Division

# Customer-oriented business operations



## Message from the Executive in Charge

### Leveraging our marketing function to formulate business strategies for value creation together with management

Managing Executive Officer  
**Shinya Yamada**, Head of Customer Unit

We have entered an era in which financial institutions are required to take action to resolve social issues, such as Japan's progressively declining population and the tightening of environmental regulations. Now more than ever, we feel the need to solve social issues through our business activities by engaging in dialogue with the management of the companies we serve. The reason behind this is that, unlike in the past era of economic growth, the role of banks has expanded beyond business financing to include provision of a variety of services. Many of management of SMEs feel isolated, shouldering the heavy burden of being decision makers and employers. Owner managers, in particular, have to fulfill every role on their own and face the reality that there is a lack of management resources. In order for SMEs to pursue further growth, they need a reliable financial institution that can serve as a consultation partner for solving management issues and a provider of management resources.

Through privatization, the Shoko Chukin Bank's scope of operations will be equivalent to that of ordinary banks, enabling us to further refine our services. With the introduction of the

business unit system in April 2024, we established the Customer Unit, strengthening our system of putting our SME customers first, who are our users and shareholders. In order to gain an overwhelming customer focus, we established the Marketing Division within the Customer Unit that consolidates the research and analysis, product planning, and promotional functions, etc. that had previously been dispersed across different divisions in the headquarters. With marketing functions at our core, we will build relationships with SMEs starting at business offices across Japan, and aim to increase the value of SMEs through cooperation with regional financial institutions. We will make full use of our nationwide network to draw up business strategies for value creation together with business owners who are embarking on new businesses and services. We promise to provide solutions even in highly specialized fields, such as M&A, business succession, overseas expansion, and management risk hedging, with the speed and level of proposals that will not fall short of our customers' expectations.

## Business Operation Structure

In order to contribute to increasing our customers' corporate value and to enhance our competitiveness as a financial institution, we will embody management strategies with regional characteristics taken into account more than ever before, and support our customers from our headquarters and business offices in unison.

The Business Office Operation Plan, which each business office formulates independently based on regional issues, is positioned as a strategic map for the sustainable growth of both our customers and the Shoko Chukin Bank. Using this plan as the cornerstone of business operations, each business office will strive to grow while working closely with customers. Keeping in mind the role expected of each office in local communities, we will provide efficient and effective solutions and work with the government, regional financial institutions, and other organizations in accordance with factors such as characteristics and unique issues of the region, industry composition, and customer characteristics.

## TOPIC Abolishment of branch office performance evaluations

In order to further promote customer-oriented business operations, we have abolished the performance evaluations of our branch offices. The former performance evaluations were a source of competition among offices, and required considerable effort from both the evaluator and the recipient. Going forward, we will focus this inward energy firmly on resolving issues faced by our customers, local communities, and society. By appropriately obtaining profits as compensation for the increased added value that this provides, we will be able to realize sustainable management that allows us to grow together.



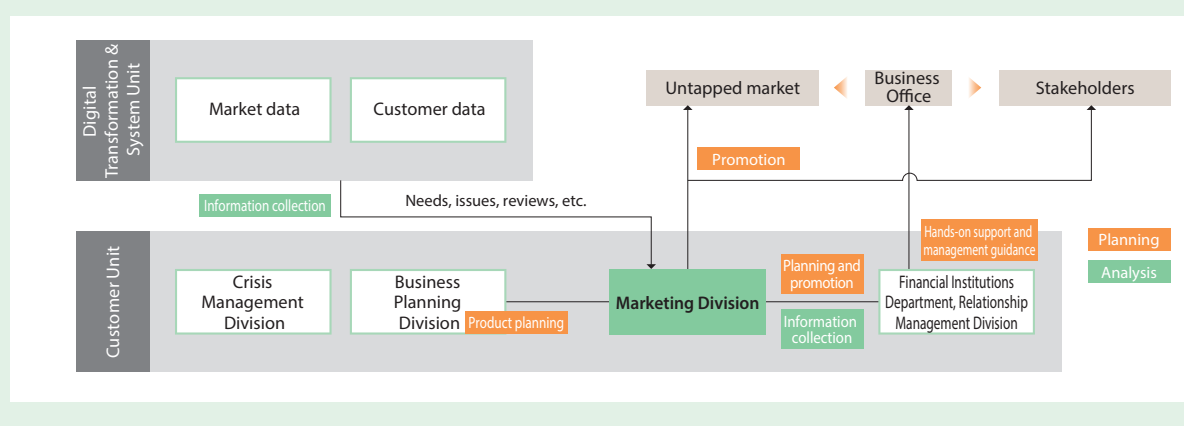


## TOPIC Establishment of the Marketing Division

With our branch offices serving as regional frontlines, we have established a new Customer Unit to strengthen our ability to provide flexible solutions through our Head Office and branch offices as a whole based on the issues of each industry and region.

The Marketing Division under this unit was newly established as a division responsible for conducting market research and formulating promotional plans based on analyses. By having a firm grasp of where customer needs are and how they change, as well as the different economic conditions in each region, and by making full use of the vast amount of data accumulated both inside and outside the Company, the division will act as a command center to formulate sales strategies and adjust the allocation of management resources by region and branch. Additionally, through our promotional functions, we will share diverse values with customers and encourage them to utilize new services.

Through these initiatives, we aim to strengthen our position as a financial institution of choice for customers, including SMEs, and to achieve sustainable growth together with our stakeholders.



## Evaluation from customers

The Shoko Chukin Bank conducts customer questionnaires once a year in an effort to improve the quality of our services.

	FY2019	FY2020	FY2021	FY2022	FY2023
Overall satisfaction	80.8%	83.1%	84.2%	84.6%	84.5%
Level of trust	90.9%	93.5%	93.4%	94.4%	94.4%
NPS*	(16.4)	(7.7)	(6.4)	(2.9)	(2.7)

(Note) Overall satisfaction is the percentage of respondents who answered "5: Satisfied" or "4: Somewhat satisfied" on a 5-point scale (%).

(Note) Level of trust is the percentage of respondents who answered "5: Trust" or "4: Somewhat trust" on a 5-point scale (%).

(Note) NPS\*: The net promoter score, measured by promoters and detractors. On an 11-point scale from 0 to 10, the percentage of promoters (9, 10) minus the percentage of detractors (0-6).

NPS® is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.



### Customer feedback

- We appreciate all the proposals and information the Bank provides with the understanding of our business.
- We expect the Bank to continue to be a financial institution that supports SMEs and ensures stable funding.

## Providing information to customers

In addition to the Shoko Chukin Bank's Quarterly Survey of SME Business Sentiment, we conduct questionnaire surveys on topics such as securing human resources for SMEs and trends for SMEs in relation to the 2024 logistics issue as needed. We use these results to provide information to customers and others, as well as to make proposals to resolve management issues.

➡ Please click here to view the economic report (in Japanese only)

<https://www.shokochukin.co.jp/report/>



# Digital Transformation (DX)



## Message from the Executive in Charge

### Contributing to the enhancement of customers' and our value through DX-led corporate transformation and data-driven practices

Director & Senior Managing Executive Officer  
**Hideyuki Makino**,  
 Head of Digital Transformation & System Unit

In light of the fast-changing economic and social climate, the rapid advancements in IT technology, and our own business environment, which is at a major turning point due to privatization, the Digital Transformation & System Unit recognizes that there are a wide range of issues that must be addressed from both a defensive and offensive perspective.

From a defense perspective, we strongly recognize that, in addition to ensuring stable system operation, ensuring security to protect our customers' important information assets from cyberattacks is essential to earning the trust of our stakeholders. We will thus take appropriate action in a timely manner to ensure this.

Additionally, we are currently in the process of restructuring our accounting system, which is our most important system, and our immediate priority is its full-scale operation. However, we also recognize that systematically upgrading the system to be flexible and scalable so that it can swiftly respond to changes in the future business and work environment is essential for providing accurate support for our business going forward. In particular, we believe that supporting new business development resulting from privatization and building business networks with customers that leverage our unique characteristics from a systems perspective are issues that should

be prioritized.

Alongside such developments and sophistication of our system environment, we have positioned DX-led corporate transformation as one of our key strategies. Accordingly, from an offense perspective, the newly established business units will cooperate to promote the provision of digital business platforms, including contact points with customers, while also improving our own customer information and external affairs management system, thereby promoting the DX of our customers and establishing high-quality sales activities within our organization to contribute to value enhancement.

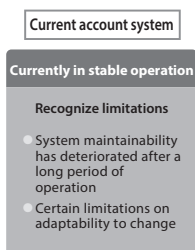
Furthermore, we will accurately accumulate information obtained through such digital platforms and utilize new technologies such as AI to steadily advance data-driven practices and maximize the effectiveness of data utilization, thereby aiming to improve our own productivity and value.

While none of these are easy to accomplish, we recognize that the most important task is to secure and develop a wide variety of human resources capable of achieving these goals. As such, we will do our utmost to improve our organizational capabilities while also developing the necessary frameworks, systems, and environments.

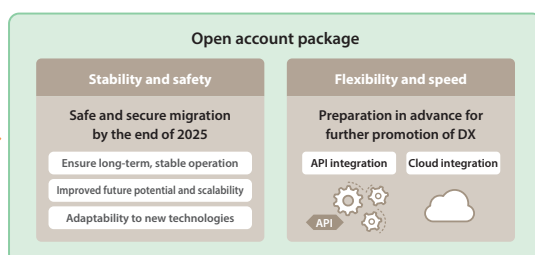
## Account system restructuring project

In order to remain a financial institution that customers can continue to engage in business with peace of mind, the Shoko Chukin Bank is working on an accounting system restructuring project with the aim of starting operations in 2025. By adopting an open accounting system, we expect to achieve long-term stable operation of the system as well as shorten the time taken to introduce new products. We have appointed leaders at each business office and are conducting training to ensure a smooth transition.

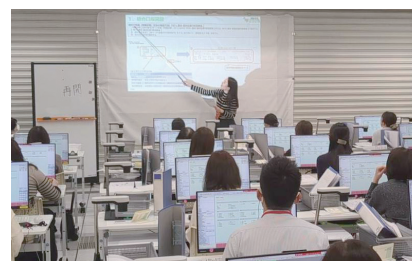
### Background of the project



### Account system restructuring project



### Infrastructure development with an eye to the future



Pre-launch training

## Improving customer experience value through the corporate portal “Shoko Chukin Bank Biz Link”

In order to remain an indispensable partner for the growth of SMEs, the Shoko Chukin Bank is working on 1) customer contact points and experience reform and 2) liaison activities reform. Through these projects, we will achieve improved customer experience value by enabling customers to receive services anytime, anywhere, and promptly.

### ① Customer contact point and experience reform

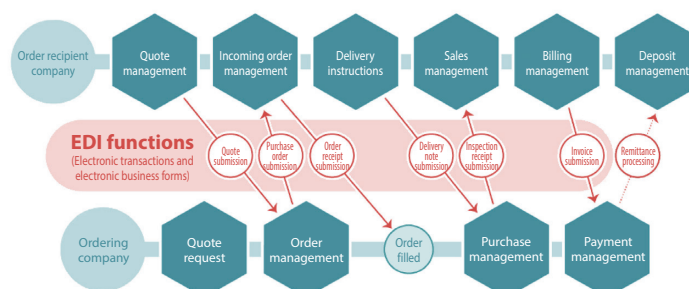
We introduced the corporate portal, “Shoko Chukin Bank Biz Link,” a new online customer contact point, to connect customers and the Shoko Chukin Bank through a single platform to promote non-face-to-face transactions such as receipt of documents. For many customers, this will eliminate location and time constraints, and for the Shoko Chukin Bank, enable further sophistication of sales and marketing, among other aspects.

### ② Reform of liaison activities

We will strengthen relationships with customers by introducing a sales force automation system and a customer relationship management system, and shift to sales utilizing organizational strength and streamlined sales. We will improve the quality and quantity of our liaison activities by responding quickly and flexibly to changes in the environment and by sharing the power of the organization.

## Digital business platform development

The newly established Business Platform Development Department will take the lead in building a cloud SaaS-based “Order and Delivery Platform for SMEs,” which will add financing functions to order/delivery and deposit/withdrawal management functions. This platform will enable the digitalization of business operations and the utilization of in-house management data, and will boost the productivity of SMEs facing challenges such as labor shortages from a DX perspective.



## Advanced utilization of data

Under the leadership of the newly established Intelligence Department, we will utilize information obtained through 1) customer contact points and experience reform and 2) liaison activities reform, and primarily provide value through our Headquarters and business offices as a whole by turning data into organizational knowledge.

By developing our systems, human resources, and organizations and mechanisms, we will achieve advanced utilization of data and aim to create business value and realize data driven management



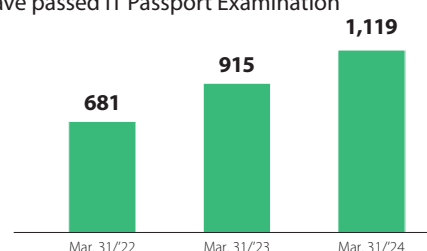
Advancement of data utilization  
Creation of business value and realization of data driven management

## Digital personnel development

In order to become a partner in solving management issues for SMEs, we are working to develop human resources through our “DX Academy” training program so that employees can master digital technology to create added value.

In addition, the Shoko Chukin Bank is encouraging employees to obtain “IT Passport” in order to widely deploy human resources at its Head Office and branch offices who possess basic knowledge of IT and digital technology and can propose solutions that utilize IT and digital technology to address customers’ management issues.

### ► Trends in cumulative number of employees who have passed IT Passport Examination



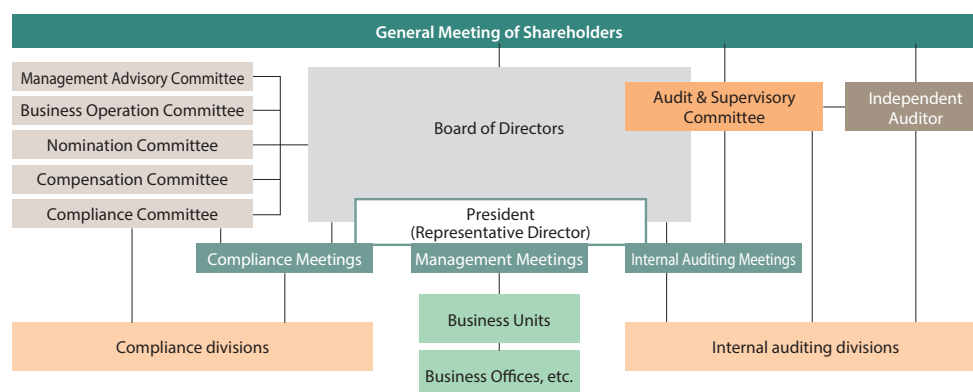
# Governance structure

## I. Our Fundamental Approach to Corporate Governance

We regard corporate governance as an indispensable mechanism for meeting the trust of our shareholders, the SME cooperatives and SMEs. In order to properly operate this mechanism, we are working to strengthen our supervisory function by having a monitoring-oriented Board of Directors with the separation of supervision and execution in which the majority of directors are external directors.

### ► Transition to a company with an audit and supervisory committee

Based on its Purpose and Mission, the Shoko Chukin Bank has transitioned to a company with an audit and supervisory committee, following a resolution at the Ordinary General Meeting of Shareholders held in June 2024, with the aim of strengthening the supervisory function of the Board of Directors and accelerating decision-making as part of its efforts to further enhance and strengthen governance to respond quickly as a financial institution that is truly of service to SMEs. The governance structure chart post-transition is as shown on the right.



## II. Governance Reforms

In 2018, Shoko Chukin Bank initiated governance reforms by reorganizing its management structure through the appointment of a majority of external directors and the introduction of a mandated executive officer system. We transitioned to a company with an audit and supervisory committee in June 2024 to further strengthen our governance.

(FY)	2008	2017	2018	2020	2021	2023	2024
	Became a joint stock company		Submitted Operation Improvement Plan			Enacted the revised Shoko Chukin Bank Act	
Board of Directors	12 Directors (including one External Director)		Shift to a majority of external directors				Transitioned to a company with an audit and supervisory committee
Diversity of the Board of Directors			Appointed female directors	Introduced skills matrix			Ratio of female directors: 30%
Effectiveness of the Board of Directors			Commenced effectiveness evaluations of the Board of Directors		Introduced "discussions" during Board of Directors meetings	Start of intensive discussions	
Executive Officers	Employment-based executive officer system		Additionally introduced mandated executive officer system				
Established voluntary committees	Management Advisory Committee, Compensation Committee, Human Resources Committee	Compliance Committee					From Human Resources Committee to Nomination Committee

## III. Governance Framework

### ► Board of Directors

The Board of Directors is comprised of a majority of external directors (seven members). The Board of Directors deliberates on and decides important matters pertaining to the execution of the Bank's business activities while at the same time supervising the duties of directors and executive officers. Through these means, every effort is made to ensure that the Bank's overall operations continue to function in an appropriate and effective manner.



### ► Audit & Supervisory Committee

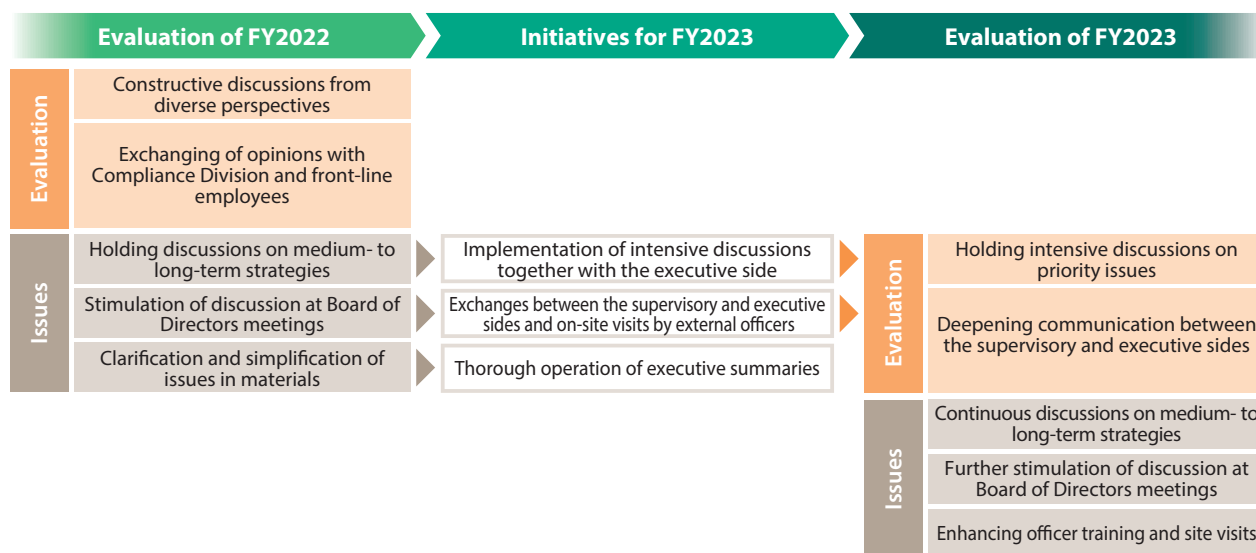
The Audit & Supervisory Committee is comprised of five Audit & Supervisory Committee Members, three of whom are outside Audit & Supervisory Committee Members (including part-time Audit & Supervisory Committee Members). Audit & Supervisory Committee Members audit the execution of duties by directors from the perspective of legality and appropriateness, and the Audit & Supervisory Committee prepares audit reports, decides on proposals, such as those regarding the appointment of directors who are not Audit & Supervisory Committee Members, and determines audit policies.

### 13 Directors, including 7 External Directors

(Three internal directors who have spent their entire careers with the Bank)

## IV. Effectiveness Evaluation of the Board of Directors

The Shoko Chukin Bank has been evaluating the effectiveness of the Board of Directors since fiscal 2018 in an effort to thoroughly strengthen governance. We conduct a questionnaire survey of all members of the Board of Directors from the perspectives of Board functions, Board operations, cooperation with audit organizations, and support for directors and Audit & Supervisory Committee Members. The results are then summarized and discussed at a Board of Directors meeting, to determine initiatives for the next fiscal year. We will work to further improve the functions of the Board of Directors by repeating this PDCA cycle each year.



### Reference Outline of questionnaire

	Question items (main items)	Number of questions
1	Functions of the Board of Directors	7
2	Operation of the Board of Directors	8
3	Cooperation with auditing institutions, etc.	2
4	Support for directors and Audit & Supervisory Committee Members	2
5	Fulfillment of the roles and responsibilities of each director and Audit & Supervisory Committee Member	1

### Reference Specific initiatives for FY2023 to improve the effectiveness of the Board of Directors

	Overview	Main discussions and details of initiatives
Implementation of intensive discussions	Once every six months, we hold day-long discussions aimed at improving the corporate value of the Bank.	<ul style="list-style-type: none"> <li>The Shoko Chukin Bank's medium- to long-term direction</li> <li>DX promotion measures</li> <li>Human resources strategies</li> <li>Nature of business management, etc.</li> </ul>
Visits to branch offices by external officers Exchange of opinions with on-site employees	All external officers visited a total of 10 branch offices from the perspective of understanding the front lines of the Shoko Chukin Bank. Exchanged opinions with employees at the time of visits.	<ul style="list-style-type: none"> <li>Exchange of opinions with female employees</li> <li>Exchange of opinions with employees promoting startup support</li> <li>Exchange of opinions with regional financial institutions, etc.</li> </ul>

### Reference Free entry field of the questionnaire (partial excerpt)

#### ► Positive opinions on the function and operation, etc., of the Board of Directors

- The Board of Directors conducts open and active discussions and is functioning appropriately.
- Meetings of the Board of Directors are carried out appropriately.
- By holding intensive discussions in which Directors, Audit & Supervisory Committee Members, and Managing Executive Officers engage in full-day discussions every six months, we were able to have constructive discussions while addressing important issues.

#### ► Opinions aimed at improving effectiveness

- I would like to hold continuous discussions on medium- to long-term strategies aimed at enhancing corporate value.
- I would like to move forward with the transfer of authority to the executive side, and in return, prioritize discussions on growth strategies.
- I would like the Bank to enhance officer training and interaction with on-site employees.

Some of the initiatives that the Bank will take in fiscal 2024, which were decided through discussions at the Board of Directors meeting, are outlined below.

#### Initiatives for FY2024 based on the results of the effectiveness evaluation of the Board of Directors in FY2023

- Holding discussions on medium- to long-term strategies and human capital management
- Enhancement of officer training, implementation of on-site visits by external officers and interaction with on-site employees, etc.

## V. Case studies of support for directors

In order for directors to appropriately fulfill their roles and responsibilities, we provide training opportunities tailored to individual directors on necessary matters including laws and regulations, corporate governance, risk management, both when appointed and on an ongoing basis.

In addition, briefing sessions are held for external directors prior to each meeting of the Board of Directors.

### Status of initiatives for FY2023

- Participation in Branch Manager Meetings and Management Advisory Committee meetings
- Implementation of training on the current state and future of the automotive industry and cybersecurity
- Visits to business offices by external directors (total of 10 offices), etc.

## VI. Establishment of a system to incorporate the intentions of SME cooperatives and SMEs in management

The Shoko Chukin Bank has established a Management Advisory Committee, a Nomination Committee and a Compensation Committee as advisory bodies to the Board of Directors to build a system that incorporates the intentions of SME cooperatives and SMEs in management. The Bank will strive to deepen and develop its DNA as a financial institution specializing in SMEs and further strengthen and improve its governance.

### ► Management Advisory Committee, Nomination Committee, Compensation Committee

	Overview	Number of meetings in FY2023	Main discussions
Management Advisory Committee	Advisory body to the Board of Directors which consists of representatives of SME cooperatives and SMEs throughout Japan with which the Bank does business.	2	<ul style="list-style-type: none"> <li>• Reporting related to business performance</li> <li>• Matters relating to the revision of the Shoko Chukin Bank Act and disposal of government-owned shares, etc.</li> </ul>
Nomination Committee	Advisory body to the Board of Directors consisting of four or more directors and executive officers (the majority of whom are external directors)	2	<ul style="list-style-type: none"> <li>• Executive compensation, systems and retirement benefits</li> <li>• Human resource plan based on the transition to a company with an audit and supervisory committee</li> </ul>
Compensation Committee		3	<ul style="list-style-type: none"> <li>• Formulation of a major policy for succession plans</li> </ul>

### ► List of Management Advisory Committee Members

Chairperson	Kazunari Ishii	President of KANEHIRO CO., LTD.
Vice chairperson	Yoshiko Naito	Senior Adviser of NIKKO OIL & FAT CO., LTD.
Member	Fumihiko Murayama	CEO of KITANIHON AUTOBACS Co., Ltd.
	Hajime Izumiyama	President of Miyago Ryutsu Co., Ltd.
	Masayoshi Ohkubo	Chairman and CEO of Nippon Cable Co., Ltd.
	Kyoko Murakami	President of Urayasu Steel Industrial Park Cooperative
	Yasutaka Watanabe	President of Watanabe Linen CO., LTD.
	Noritada Mitsubayashi	Chairman of Yamamori Inc.
	Kaoru Miyazaki	Representative Director and Chairman of Miyazaki Seiko Co., Ltd.
	Seiji Kajikawa	Chairman of KYOSHIN PAPER & PACKAGE Co., Ltd.

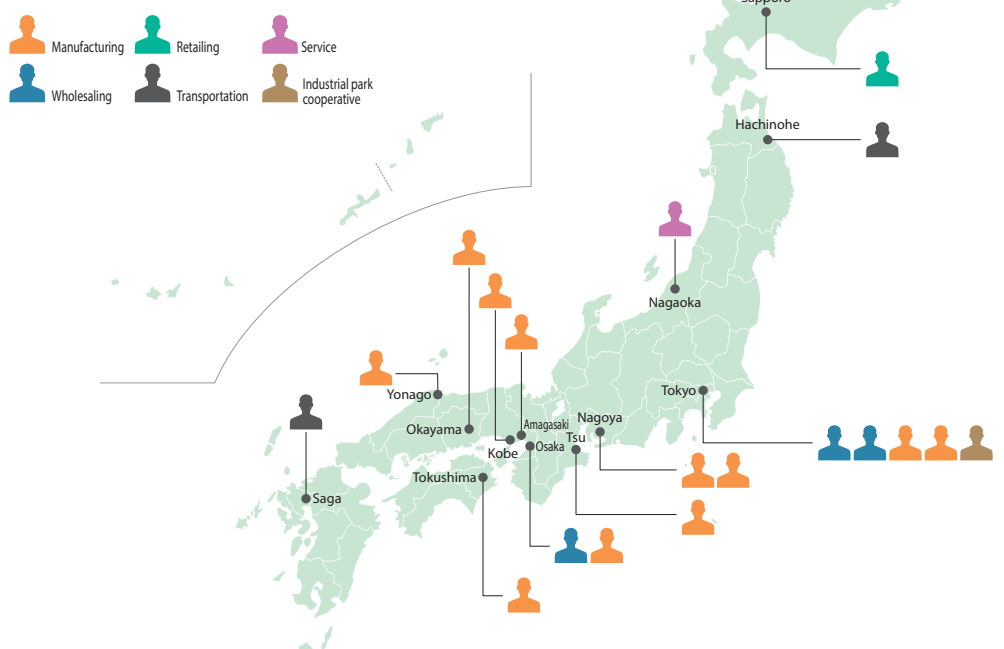
Member	National Youth Community	Yuzuru Kitamura	President of ARKACE Co., Ltd.
		Shigeru Ueda	President of Shikoku Kakoki Co., Ltd.
		Shinzo Hiruta	Chairman of HIRUTA KOGYO CO., LTD
		Takashi Moriwaki	President of KIKUSUI FORGING Co.
		Masatoshi Mawatari	President of MATSUURA EXPRESS CO., LTD.
		Yoshiki Kawamura	Representative Director and Company President of Marubishi Industry Co., Ltd.
		Kiiko Suganami	President of Watty Corporation
		Takehiro Hamaguchi	Representative Director and President of Nikken Sangyo Co., Ltd.
		Masahiko Mochizuki	Senior Managing Director of Mochizuki Printing Co., Ltd.

The names are listed in Japanese alphabetical order by district.





The Management Advisory Committee consists of representatives, etc. of SME cooperatives and SMEs throughout Japan



### Establishment of Corporate Governance Aimed at Realizing our Corporate Philosophy —Enhancing and Strengthening Governance for Independent and Autonomous Management

Based on its corporate philosophy Purpose and Mission formulated in March 2022, the Shoko Chukin Bank has pursued Purpose-driven management and has worked to enhance and strengthen governance with the aim of increasing the corporate value of its clients. In order to continue to evolve so that we can be a financial institution by SMEs for SMEs that is truly of service to SMEs, we recognize the need to further enhance and strengthen our governance to enable us to respond swiftly to changes in the business environment.

As part of these efforts, we transitioned to a company with an audit and supervisory committee through a resolution at the General Meeting of Shareholders held in June 2024. This will strengthen the supervisory function of the Board of Directors by appointing Audit & Supervisory Committee Members with voting rights, etc., on the Board of Directors.

Furthermore, by delegating certain decision-making authority for important business execution from the Board of Directors to the directors, prompt decision-making and business execution will be possible. At the same time, this will improve the effectiveness of the Board of Directors, such as by enhancing deliberations on important agenda items including medium- to long-term management strategies, and will further enhance and strengthen governance toward independent and autonomous management.

The Board of Directors should maintain a generally well-balanced composition of knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities. The Board is composed of six internal directors who have a deep understanding of the Shoko Chukin Bank's business and practices with knowledge in areas such as corporate management, finance, financial accounting, law / compliance, global, DX & IT, sustainability, DE&I, risk management, and SMEs, as well as seven external directors, who make up the majority, with diverse experiences and expertise. In order to realize our Purpose as set out in our Articles of Incorporation, and to provide our customers with even higher quality services and solutions, we will oversee business operations under a business unit system with the objectives of further enhancing human capital management, improving management efficiency, and accelerating decision-making. Moreover, to contribute to the sustainable growth of society and SMEs in an era of rapid and unpredictable change, we will discuss medium- to long-term management strategies, financial strategies, human resources strategies, and other areas to develop a more sustainable value creation process.

We will also take efforts to further strengthen our own frameworks, such as the Management Advisory Committee, which reflects the wishes of SME organizations and SMEs in management, in order to realize the Purpose of the Shoko Chukin Bank.



**Hajimu Nakatani**  
Vice Chairman of the Board



# Directors



**President (Representative Director) & President and Executive Officer**

## Masahiro Sekine

Date of birth: May 18, 1957

**Term of office as Director: 6 years** ● 16 out of 16 meetings

April 1981 Joined The Dai-ichi Kangyo Bank, Limited (currently Mizuho Financial Group, Inc.)  
June 2008 Director and Senior Managing Officer, Head of Corporate Planning Division and General Manager of Corporate Communication Office, Corporate Planning Division of SEIBU HOLDINGS INC.  
June 2009 Director and Senior Managing Officer of Prince Hotels, Inc. (currently SEIBU PRINCE HOTELS WORLDWIDE INC.), Director and Senior Managing Officer of SEIBU RAILWAY Co., Ltd.  
June 2010 Director of SEIBU PROPERTIES INC. (currently SEIBU REALTY SOLUTIONS INC.)  
June 2010 Director and Executive Managing Officer of Prince Hotels, Inc.  
March 2018 President (Representative Director) of the Bank  
June 2018 President (Representative Director) & President and Executive Officer (current position)



**Vice Chairman of the Board**

## Hajimu Nakatani

Date of birth: November 22, 1960

**Term of office as Director: 2 years** ● 16 out of 16 meetings

April 1984 Joined the Bank  
June 2015 Executive Officer and General Manager of General Co-ordinating Division  
June 2018 Managing Executive Officer  
April 2019 Senior Managing Executive Officer  
April 2022 Deputy President and Executive Officer  
June 2022 Director & Deputy President and Executive Officer  
June 2024 Vice Chairman of the Board (current position)



**Director & Senior Managing Executive Officer Head of Industrial Innovation Business Unit**

## Katsuhiko Kaji

Date of birth: May 2, 1961

**Term of office as Director: 5 years and 9 months** ● 16 out of 16 meetings

April 1985 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)  
July 2015 Director-General, Kanto Bureau of Economy, Trade and Industry  
June 2016 Director-General for Regional Economic and Industrial Policy  
July 2017 Executive Officer of the Bank  
June 2018 Director & Senior Managing Executive Officer  
March 2022 Retired from the position as Director & Senior Managing Executive Officer of the Bank, retired from Ministry of Economy, Trade and Industry  
June 2022 Director & Senior Managing Executive Officer of the Bank (current position)



**Director & Senior Managing Executive Officer Head of Digital Transformation & System Unit**

## Hideyuki Makino

Date of birth: October 7, 1964

**Term of office as Director: —** ● —

April 1987 Joined the Bank  
June 2018 Audit and Supervisory Board Member  
June 2020 Managing Executive Officer  
April 2022 Managing Executive Officer and General Manager of Corporate Planning Division  
April 2023 Managing Executive Officer  
June 2023 President (Representative Director) of SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD. (current position)  
April 2024 Senior Managing Executive Officer and General Manager of Systems Planning Division of the Bank  
June 2024 Director & Senior Managing Executive Officer of the Bank (current position)



**External Director**

## Kazutaka Okubo

Date of birth: March 22, 1973

**Term of office as Director: 4 years** ● 16 out of 16 meetings

June 2019 President and Representative Director of Okubo Associates Inc. (current position)  
June 2019 External Audit and Supervisory Board Member of SEGA SAMMY HOLDINGS INC.  
September 2019 Outside Director of Sun Frontier Fudousan Co., Ltd. (current position)  
December 2019 External Corporate Auditor of BrainPad Inc.  
February 2020 Outside Director of LIFULL Co., Ltd. (current position)  
June 2020 External Director of SALA Corporation (current position)  
June 2020 External Director of the Bank (current position)  
November 2020 Outside Director serving as Audit & Supervisory Committee Member of Musashi Seimitsu Industry Co., Ltd. (current position)  
November 2020 CEO of Kabushiki Kaisha SS Dnaform (current position)  
September 2021 External Director and Member of the Audit and Supervisory Committee of BrainPad Inc. (current position)  
June 2022 External Director, Audit and Supervisory Committee Member of SEGA SAMMY HOLDINGS INC. (current position)



**External Director**

## Fujiyo Ishiguro

Date of birth: February 1, 1958

**Term of office as Director: 2 years** ● 16 out of 16 meetings

June 2014 Outside Director of Monex Group, Inc.  
June 2015 Outside Director of Sompō Japan Nipponkoa Insurance Inc. (currently Sompō Japan Insurance Inc.)  
May 2020 Representative Director, President and Chief Executive Officer of Neteyear Group Corporation  
May 2021 Outside Director of WingArc 1st Inc.  
June 2021 Director of Neteyear Group Corporation  
June 2022 External Director of SEGA SAMMY HOLDINGS INC. (current position)  
June 2023 External Director of the Bank (current position)  
June 2023 External Director of MITSUI & CO., LTD. (current position)



**External Director**

## Shinji Makiura

Date of birth: April 17, 1962

**Term of office as Director: —** ● —

April 1986 Joined The Industrial Bank of Japan, Limited (currently Mizuho Financial Group, Inc.)  
October 1999 Joined the Investment Banking Division of Merrill Lynch Japan Securities Co., Ltd.  
March 2012 Managing Executive Officer and Managing Director  
July 2015 Joined YAMATO HOLDINGS CO., LTD.  
April 2016 Executive Officer  
April 2017 Managing Executive Officer  
April 2020 Senior Managing Executive Officer  
June 2024 External Director of the Bank (current position)



**External Director**

## Atsumi Arima

Date of birth: August 11, 1962

**Term of office as Director: —** ● —

April 1986 Joined The Dai-ichi Kangyo Bank, Limited (currently Mizuho Financial Group, Inc.)  
April 2014 Executive Officer and General Manager of Corporate Advisory Department of Mizuho Bank, Ltd.  
April 2016 Executive Officer and General Manager of International Business Department  
April 2019 Outside Director of SEIBU RAILWAY Co., Ltd.  
May 2020 Outside Director of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.; hereinafter the same shall apply)  
May 2020 Outside Director of Takashimaya Company, Limited (current position)  
June 2021 Outside Director of Daiso Industries Co., Ltd.  
June 2021 Outside Director of SEIBU HOLDINGS INC. (current position)  
April 2022 Director of SEIBU RAILWAY Co., Ltd.  
June 2023 Director of Prince Hotels, Inc.  
June 2023 Director of SEIBU PRINCE HOTELS WORLDWIDE INC.  
June 2023 Director of SEIBU REALTY SOLUTIONS INC.  
June 2024 Outside Director of Culture Entertainment Co., Ltd. (current position)  
June 2024 External Director of the Bank (current position)

» Please also refer to the "Notice of Convocation" (in Japanese only) for details on the biographies of Directors.

<https://www.shokochukin.co.jp/share/stocks/stockmtg/>



● Attendance at the Board of Directors Meetings (FY2023)

## ▶ Audit & Supervisory Committee Members



Director, Audit & Supervisory Committee Member

**Masahiko Terauchi**

Date of birth: January 19, 1967

Term of office as Director: — ● 16 out of 16 meetings

April 1990 Joined the Bank  
April 2021 General Manager of Internal Audit Division  
June 2022 Audit & Supervisory Board Member (Full-time)  
June 2024 Director and Audit & Supervisory Committee Member (current position)



Director, Audit & Supervisory Committee Member

**Mika Hayakawa**

Date of birth: September 4, 1965

Term of office as Director: — ●

April 1988 Joined Nikkei Research Inc.  
January 2019 Joined the Bank  
April 2023 Executive Officer and General Manager of Diversity and Inclusion Division  
April 2024 Executive Officer and General Manager of Diversity Equity and Inclusion Division  
June 2024 Director and Audit & Supervisory Committee Member (current position)



External Director, Audit & Supervisory Committee Member

**Junko Kogayu**

Date of birth: October 10, 1967

Term of office as Director: — ● 16 out of 16 meetings

March 1994 Registered as a certified public accountant (CPA)  
October 2012 Professor at Graduate School of Economics and Management (Accounting School), Tohoku University (current position)  
January 2020 Opened Junko Kogayu Certified Public Accountant Office (current position)  
December 2020 Outside Director and Audit & Supervisory Committee Member of NITCHO CORPORATION (current position)  
June 2021 Outside Director and Audit & Supervisory Committee Member of NISSIN CORPORATION (current position)  
December 2021 Supervisory Director of Daiwa House REIT Investment Corporation (current position)  
March 2022 Outside Director and Audit & Supervisory Committee Member of CERES INC.  
June 2022 Outside Auditor of Private Finance Initiative Promotion Corporation of Japan (current position)  
June 2024 External Director and Audit & Supervisory Committee Member (current position)  
June 2024 External Audit & Supervisory Board Member of TBS HOLDINGS, INC. (current position)  
June 2024 Corporate Auditor of TOKYO BROADCASTING SYSTEM TELEVISION, INC. (current position)



External Director, Audit & Supervisory Committee Member

**Yusuke Kawamura**

Date of birth: December 5, 1953

Term of office as Director: — ●

April 1977 Joined Daiwa Securities Co. Ltd.  
April 2000 Professor at Faculty of Economics and Graduate School of Economics of Nagasaki University  
April 2010 Senior Executive Managing Director of the Institute of Daiwa Institute of Research Ltd.  
January 2011 Member of Fiscal System Council of Ministry of Finance  
April 2012 Deputy Chairman of the Institute of Daiwa Institute of Research Ltd.  
February 2013 Member of Business Accounting Council of Financial Services Agency  
June 2017 Outside Director and Audit & Supervisory Committee Member of Mitsui Sugar Co., Ltd. (currently Mitsui DM Sugar Holdings Co., Ltd.) (current position)  
October 2017 Chair of Shoko Chukin Bank State of Affairs Study Group  
April 2018 Chairperson of Evaluation Committee on the Shoko Chukin Bank's Management and Crisis Response Operations  
April 2019 Special Advisor to the Japan Securities Dealers Association  
April 2020 Representative Director of Institute of Global Policy Research (current position)  
March 2021 Outside Director of Canon Inc. (current position)  
June 2024 External Director and Audit & Supervisory Committee Member of the Bank (current position)



External Director, Audit & Supervisory Committee Member

**Takanori Ishikawa**

Date of birth: October 13, 1974

Term of office as Director: — ●

April 1999 Joined The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)  
October 2003 Joined Mori Hamada & Matsumoto  
Registered as an attorney (Member of the Tokyo Bar Association)  
July 2013 Seconded to Banking Business Division I, Supervision Bureau of Financial Services Agency  
January 2015 Partner at Mori Hamada & Matsumoto (current position)  
October 2017 Chairperson of Compliance Committee of the Bank  
June 2024 External Director and Audit & Supervisory Committee Member (current position)

Note: Kazutaka Okubo, Fujiyo Ishiguro, Shinji Makiura, Atsumi Arima, Junko Kogayu, Yusuke Kawamura and Takanori Ishikawa are external directors as stipulated under Article 2, Paragraph 15 of the Companies Act.

## ► Skills Matrix of Directors

The Shoko Chukin Bank believes that the Board of Directors should maintain a generally well-balanced composition of knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities. Amid the drastic changes taking place in the environment surrounding the Shoko Chukin Bank and SMEs, we determined that in order to achieve our corporate philosophy, we need to hire external directors with knowledge in the areas of SME finance, DX / IT, DE&I, etc., in addition to the directors with a deep understanding of the operations and practices of the Bank. Accordingly, we are further enhancing the Board's supervision and decision-making functions by ensuring a Board composition in which the majority of the members are external directors with diverse experience and expertise, among other qualities.

Name	Title and Position at the Bank	Area of Expertise									
		Corporate management	Finance	Financial accounting	Law / Compliance	Global	DX / IT	Sustainability	DE&I	Risk management	SMEs
Masahiro Sekine	Director & President and Executive Officer (Representative Director)	●	●							●	●
Hajimu Nakatani	Vice Chairman of the Board		●							●	●
Katsuhiko Kaji	Director & Senior Managing Executive Officer		●				●				●
Hideyuki Makino	Director & Senior Managing Executive Officer		●				●			●	●
Kazutaka Okubo	Director <span>External</span> <span>Independent</span>			●	●		●	●		●	●
Fujiyo Ishiguro	Director <span>External</span> <span>Independent</span>	●				●	●		●		
Shinji Makiura	Director <span>External</span> <span>Independent</span>	●	●			●	●			●	
Atsumi Arima	Director <span>External</span> <span>Independent</span>		●			●		●	●		●
Masahiko Terauchi	Director, Audit & Supervisory Committee Member		●								●
Mika Hayakawa	Director, Audit & Supervisory Committee Member								●		
Junko Kogayu	Director, Audit & Supervisory Committee Member <span>External</span> <span>Independent</span>			●		●		●		●	●
Yusuke Kawamura	Director, Audit & Supervisory Committee Member <span>External</span> <span>Independent</span>		●		●	●		●			●
Takanori Ishikawa	Director, Audit & Supervisory Committee Member <span>External</span> <span>Independent</span>		●		●					●	

External refers to external directors stipulated in the Companies Act.

Independent means a person who satisfies the Criteria for Independence of External Directors and External Audit & Supervisory Board Members, which is determined independently by the Bank.



## ► Managing Executive Officers



Managing Executive Officer  
Head of Operations Unit

**Shinichiro Morino**



Managing Executive Officer

**Takehiko Nokami**



Managing Executive Officer  
Head of Finance Unit

**Hiroyuki Nakashio**



Managing Executive Officer  
Head of Customer Unit

**Shinya Yamada**



Managing Executive Officer  
Head of Business Solution Unit  
Head of Global Business & Markets Unit

**Yoshihito Sumimoto**



Managing Executive Officer  
Head of Risk Management Unit

**Satoshi Yamaguchi**



Managing Executive Officer

**Atsushi Sato**



Managing Executive Officer

**Mitsutaka Kimura**



Managing Executive Officer  
Head of Corporate Unit

**Taiichiro Okamoto**



Managing Executive Officer

**Shingo Hashimoto**

## ► Executive Officers

Executive Officer (General Manager of Risk Management Division)

**Tetsuya Dozono**

Executive Officer (General Manager of Internal Audit Division)

**Hidehiko Yamanaka**

Executive Officer (General Manager of Corporate Planning Division and General Co-ordinating Division)

**Toru Tareishi**

Executive Officer (General Manager of Digital Strategy Division, Business Platform Development Department and Industrial Strategy Division)

**Hideki Nakajima**

Executive Officer (General Manager of Tokyo Office)

**Masaru Futaoka**

Executive Officer (General Manager of Corporate Support Division and Consulting Department)

**Tatsuro Miyamoto**

Executive Officer (General Manager of Nagoya and Atsuta Offices)

**Atsuhito Saito**

Executive Officer (General Manager of International Division and Capital Markets Trading Division)

**Kazunori Takahata**

Executive Officer (General Manager of Relationship Management Division and Financial Institutions Department)

**Yoshihiro Sano**

Executive Officer (General Manager of Head Office and Kanda Office)

**Fumihiro Yazawa**

Executive Officer (General Manager of Career Development Support Division)

**Hiroo Tanaka**

Executive Officer (General Manager of Kanagawa Business Department (General Manager of Yokohama, Kawasaki and Yokohama-Nishiguchi Offices))

**Kimikazu Koyama**

Executive Officer (General Manager of Osaka, Umeda and Minoo Senba Offices)

**Koji Tarutoko**

## Messages from External Directors



**Kazutaka Okubo**  
External Director

### Boosting the transformation into a Bank that supports SMEs through numerous discussions held from the customer's standpoint with an eye to the medium to long term

With the industrial structure undergoing drastic changes and the impact on middle-market enterprises and SMEs becoming even greater, we must work to transform our business. The degree of value that the Bank can provide to our customers is more important than ever. It will be difficult to discover solutions without thinking outside the box. We need to identify management issues and find solutions together with our customers. Gaining a broader understanding of our customers' business environments to provide support that looks half a step or one step ahead represents the Purpose we are striving for and the implementation of our Mission.

In the intensive discussions held twice a year, started in the previous fiscal year, we thoroughly discuss the management issues faced on a daily basis from a medium- to long-



**Fujiyo Ishiguro**  
External Director

### Supporting the growth of SMEs as a partner that is resilient to change

The Shoko Chukin Bank was established in 1936 to help SMEs in the midst of the Great Depression. The Bank supported SMEs, which played a central role in manufacturing and created employment in Japan, which was striving to recover after the war. After that, and through Japan's period of high economic growth to the present day, the Bank has continued to support the Japanese economy, characterized by the outstanding production value and job creation of SMEs. These values are connected to the current Mission, which states that we will continue to think together, create together, and change together, as a partner in creating security and prosperity. Moreover, the Purpose of making Japan more resilient to change means that in order to support the future of customers, we must change ourselves as well as encourage our customers to change.



**Junko Kogayu**  
External Director, Audit &  
Supervisory Committee Member

### Maximizing the ability to connect to achieve further growth with stakeholders

The Shoko Chukin Bank's strength lies in its ability to make connections. Specifically, I think these strengths are the following three areas: the Youth Association of Shoko Chukin Bank, the Shoko Chukin Biz Link, and overseas offices.

The Youth Association of Shoko Chukin Bank is a study group for young managers across Japan, and serves as a great opportunity to create new businesses. The Shoko Chukin Biz Link is a DX tool that allows customers to quickly receive effective services anytime and anywhere through a portal site, and helps improve the management efficiency of SMEs, our customers. And finally, overseas offices form the Shoko Chukin Bank's overseas network that connects Japanese SMEs' technologies, know-how, and contents with the rest of the world, and can help SMEs to grow many times over.





term perspective. We discuss what measures to take, what we can provide to our customers, and the role that we should play from various positions and perspectives, while considering factors such as how the industrial structure surrounding SMEs will change and how this will affect them. Meanwhile, in order to resolve medium- to long-term management issues, the necessity of and determination to fundamentally overhaul management measures will come into play. Intensive discussions also stimulate discussions at regular Board of Directors meetings. Based on my experience of facing management issues and other challenges as an external director in other industries, I try to encourage discussions while keeping the perspectives of customers in mind.

In the previous fiscal year, I visited several branches and talked with employees. The employees were highly motivated, leaving me with the impression that the organizational culture of thinking from the customer's point of view has taken root. In order to put the Purpose into practice, each employee needs to get into the habit of looking at the bigger picture, such as the shape of Japanese industry and the industry in the regions. It may be necessary to carry out support measures that go beyond conventional boundaries, such as anticipating changes and sometimes collaborating across regions.

Initiatives that align with discussions at Board of Directors meetings and measures carried out in the field will lead to the realization of the Purpose, which will in turn increase the corporate value of the Bank over the medium to long term. I believe that the role of the Board of Directors is to support such changes.

Achieving our Purpose will be no easy feat. I myself have been appointed as a member of many government committees, but I remember that one of the most difficult committees was one that promotes support for SMEs. This is because while large companies have numerous assets, such as abundant financial resources, human resources, and technology seeds cultivated through R&D activities, SMEs often lack the assets needed for growth. How to support SMEs that prop up the Japanese economy posed a very big challenge for the government. This situation still continues to this day.

What is most important to a company is not its assets, but the desire for change. All of the companies that drive the U.S. economy are emerging IT companies, or in other words, the companies that are driving change. The motivation to keep changing is also crucial for existing companies. We want to support this change. To enable customers to grow into a company that is resilient to change, we plan to be a partner that is resilient to change ourselves, and offer support from the provision of funds for growth, recruitment and development of human resources, and matching of new technologies, through to the formulation of strategies for new business models.

In order to utilize these strengths to realize our Purpose and Mission, the officers and employees of the Shoko Chukin Bank first need to change. I also think constant learning is key to achieving change. As an initiative to support learning, in-house university "Hitozukuri College" was opened in April 2023. I have been teaching internal control and auditing practice at the Tohoku University Accounting School for 15 years, during which time I have received a lot of stimulating questions from students. This has enabled me, the professor, to also learn a lot and has kept me on my toes. In the same way, I think it is important for officers and employees of the Shoko Chukin Bank to learn from one another and grow through the experience of answering many questions received from customers.

As a certified public accountant, I would like to help express the various forms of added value the Shoko Chukin Bank has created through the power of accounting. Accounting involves not only financial information, but also non-financial information, which is a powerful resource that companies possess. By presenting to the stakeholders the Shoko Chukin Bank's management resources and added value to be created, I hope to contribute to the sustainable growth and development of Shoko Chukin Bank employees and SME customers, as well as the local communities and global environment beyond.

# Risk Management and Compliance Initiatives



## Message from the Executive in Charge

**Establish self-directed, sound compliance and risk-consciousness as a corporate culture and create the foundation to realize our Purpose**

**Satoshi Yamaguchi**  
Managing Executive Officer,  
Head of Risk Management Unit

Reflecting on the misconduct in crisis response operations announced in 2016, the Shoko Chukin Bank has continued our compliance initiatives.

We have been working to develop our compliance systems by establishing a Compliance Committee that consists of a majority of external lawyers and by formulating the Code of Ethics and the Code of Behavior that serve as standards for employees to judge the performance of their duties. We believe that the self-directed initiatives and awareness of each employee at each workplace are the most important. Gradually, it is becoming more common for employees to think of the idea of “how our workplace and organization should be” as something that we need to take ownership of; however, we are aware that there is a risk that such initiatives could be ruined if we are not cautious enough. We will continue our efforts to reiterate our firm determination never to tolerate injustice that betrays the trust of our stakeholders and never to turn a blind eye to it.

In the past, risk management tended to fall into the idea of minimizing risk or a rule-based approach, and as a result, it was undeniable that our business operations were inefficient. Currently, we focus on the basic idea of “there is no profit

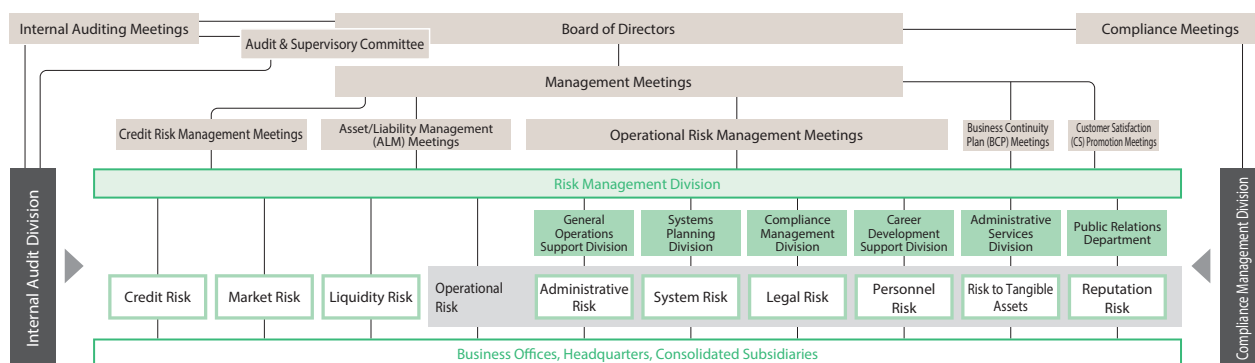
without taking risks, and we must think properly about which risks to take.” In line with this policy, I would like to further strengthen our efforts to encourage customer-facing divisions/departments to take more self-directed approaches to raise awareness of risk ownership, including by balancing this with appropriate pricing. In fiscal 2021, the Shoko Chukin Bank adopted “top risk management,” which, based on discussions by senior management, recognizes risk events thought to have a particularly significant impact on management. For the top risks determined, we prepare for materialized risks by formulating the management policy and monitoring the status of risks, as well as utilize the information to discuss where management resources should be allocated.

In order to promote more efficient and effective compliance systems and risk management, we have established the Risk Management Unit to strengthen cooperation between the two divisions and oversee them. I believe that self-directed, sound compliance and a risk-conscious culture serve as the foundation to realize our Purpose. To this end, the management team will take the lead in improving and strengthening the effectiveness of our compliance systems and risk management.

## Risk Management Initiatives

In order to sufficiently exhibit our role as a financial institution specializing in SMEs while maintaining the soundness of management, the Shoko Chukin Bank has laid down its basic policy for risk management of thoroughly communicating the importance of risk management to all officers and employees, and accurately grasping and managing risks by defining the type of risks that should be recognized, their content and the organizational structure for managing such risks.

### ► Risk Management Structure and System





## I. Integrated Risk Management

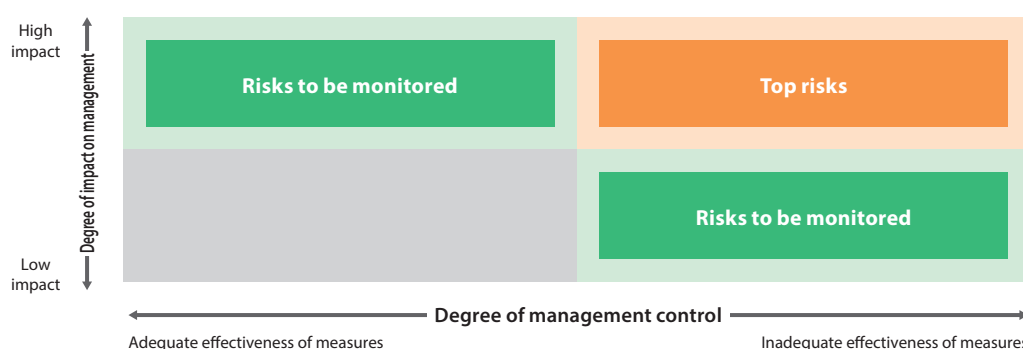
The Bank comprehensively understands risks that have been qualitatively or quantitatively assessed and ensures the soundness of management by comparing and contrasting such risks against its financial stability while allocating appropriate management resources commensurate with such risks. Top risk management and risk capital allocation management are undertaken as a concrete process within this framework.

## II. Top Risk Management

The Bank has adopted “Top risk management,” which, based on the discussions of senior management, recognizes risk events thought to have a particularly significant impact on management as top risks.

Specifically, every half-year period, the Board of Directors selects risk events surrounding the Bank and determines top risks by utilizing a risk map, which takes into account the degree of impact of such risks on management and the adequacy of the countermeasures.

For the top risks determined, risk management is conducted that allows for flexible responses in preparing for the materialization of risks, by determining the management policy and monitoring the risks, among others.



### ► Shoko Chukin Bank's Top Risks (for FY2024)

Risk events	Risk scenarios (examples)
Responses against climate change risks	<ul style="list-style-type: none"> <li>The transition to a low-carbon society may affect customers' businesses and increase credit-related expenses.</li> <li>Perceived inadequate climate change efforts and disclosures may cause reputational damage.</li> </ul>
Changes in industrial structure	<ul style="list-style-type: none"> <li>Changes in the external environment may affect customers' businesses and increase credit-related expenses.</li> <li>The competitive environment may change drastically, resulting in an erosion of the effects of strategic investments, a shortage of human resources, etc.</li> </ul>
Risks related to the Shoko Chukin Bank Group's business strategies	<ul style="list-style-type: none"> <li>Amid major changes in industrial and social structures in the green and digital fields, we may be unable to adapt our business strategies and fulfill our functions and roles for our customers.</li> </ul>
Occurrence of large-scale natural disasters	<ul style="list-style-type: none"> <li>Customers' businesses may be affected and credit-related expenses may increase.</li> <li>The Shoko Chukin Bank's domestic and overseas offices may be damaged, making it difficult to continue operations.</li> </ul>
System failure	<ul style="list-style-type: none"> <li>We plan to renew our accounting system in 2025. In case of some system failure, there is a possibility that the suspension of our operations and services may have a significant impact on our customers and society.</li> </ul>
Risks related to cyber attacks	<ul style="list-style-type: none"> <li>The Shoko Chukin Bank's operations or services may be shutdown, customer information may leak, or unauthorized transfer of funds through Internet banking may occur which could have a significant impact on its management.</li> </ul>
Securing and developing human resources	<ul style="list-style-type: none"> <li>The lack of progress in securing and training human resources may make it impossible to implement strategies in key areas as expected.</li> <li>Perceived inadequate human capital management efforts and disclosures may cause reputational damage.</li> </ul>
Inadequate measures against money laundering and terrorist financing	<ul style="list-style-type: none"> <li>Measures against money laundering may not function effectively and administrative penalties may be imposed by the financial authorities, which may result in the termination of the correspondent arrangements and may impede international operations such as overseas remittance operations.</li> </ul>

#### [Reference] Risks to be monitored

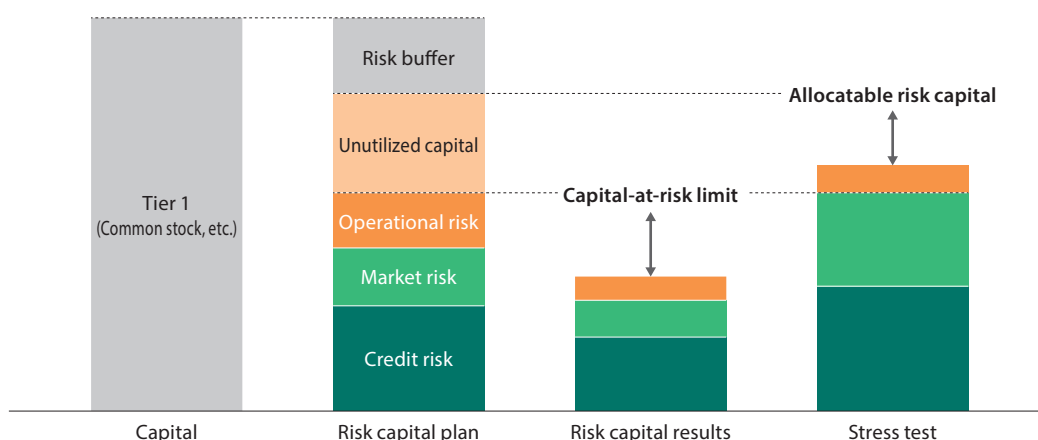
Fostering a healthy corporate culture; deteriorating financial and economic environments in Japan and overseas; risks related to the Bank of Japan's monetary policy; increase in corporate bankruptcies; deteriorating financial performance of major borrowers; risks related to generative AI; deteriorating fund-raising environment; downgrades in credit ratings; deteriorating corporate governance; geopolitical/economic security; addressing human rights issues; spread of infectious diseases

### III. Risk Capital Allocation Management

At the Shoko Chukin Bank, we manage risks by quantifying various risks using criteria that are as uniform as possible, aggregating the quantified risks and comparing the risks with capital (integrated capital management). The Board of Directors determines the capital-at-risk limit for overall and each risk, while periodically monitoring the status of the use of risk capital and reports to the Asset/Liability Management (ALM) Meetings and the Management Meetings.

Additionally, we set multiple stress scenarios, including the re-emergence of past stress events and the occurrence of specific stress events, and conduct stress tests based on these scenarios to evaluate internal capital adequacy.

#### ► Overview of Risk Capital Allocation Management



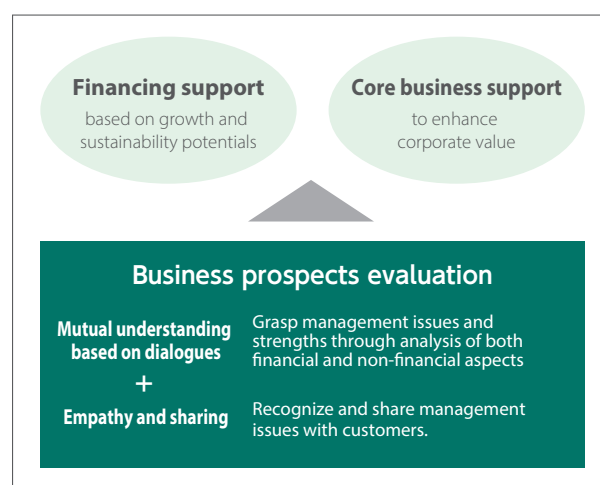
### IV. Credit Risk Management

The Bank undertakes self-assessment of its assets to identify and control credit risk in an appropriate manner and has introduced an internal credit rating system for this purpose. The Bank's internal credit rating system uses an optimal set of financial indicators to assess the creditworthiness of SMEs and also incorporates a range of qualitative assessment criteria.

Additionally, we analyze and assess the credit portfolio from various perspectives, such as by credit rating, business sector, and geographical region, aiming to secure the soundness of the Bank's assets, while also quantifying credit risk to understand and manage credit risk quantitatively.

In terms of credit screening, the Finance Unit strives to maintain and improve the soundness of assets through appropriate screening and management based on business prospects evaluations. The Bank has also established the Corporate Support Division as a specialist unit to provide customers with support for management improvement and revitalization. This department proactively works with customers in this area.

#### ► Our approach to customer support based on business prospects evaluations



## V. Market Risk Management

The Bank controls the volume of market risk within a certain range by setting risk limits within the scope of the capital-at-risk limit allocated to market risk by objectives of the task and type of risks, and also setting limits on amount of positions and valuation gains and losses, and managing these limits.

## VI. Liquidity Risk Management

The Bank appropriately controls liquidity risk by setting various limits related to liquidity risk involving yen and foreign currencies and managing such limits, as well as by classifying the status of cash flows into three categories, “Normal times,” “Times of concern,” and “Times of crisis,” managing the cash flows according to each category, and formulating specific measures at Times of concern and Times of crisis.

## VII. Operational Risk Management

The Shoko Chukin Bank manages operational risk by classifying it into the six sub-risks consisting of administrative risk, system risk, legal risk, personnel risk, risk to tangible assets, and reputation risk.

The Risk Management Division is responsible for managing and minimizing operational risk, as it relates to the Bank as a whole. In this context, the Division has formulated the Basic Guidelines on Operational Risk Management. In addition, we have established a department in charge of each sub-risk to manage risk according to the attributes of each risk.

A Risk Control Self-Assessment (RCSA) has been introduced for risk management, whereby the department in charge of operations monitors losses that occur and also identifies and evaluates inherent risk. The Bank is promoting initiatives to make improvements based on this evaluation.

In addition, at the Operational Risk Management Meetings, we deliberate on matters relating to operational risk. These include efforts to clearly identify operational risks and responses to ensure their reduction.

We also address cross-cutting risks related to sustainability, such as climate change risks and human rights issues. This information is provided on other pages.

### TOPIC Advancing Our Cybersecurity

In order to respond to the risk of cyber attacks, which have become increasingly sophisticated and ingenious in recent years, the Shoko Chukin Bank has positioned “risks related to cyber attacks” as one of top risks, and has been implementing cyber security measures under the leadership of management.

Specifically, management takes the lead in raising cybersecurity awareness through measures such as response drills attended by executives themselves and study sessions for the president and other members of the management team.

Shochu-SIRT, a cross-organizational in-house CSIRT, collects information on, analyzes, and responds to cyber attacks on a daily basis in cooperation with external specialized organizations, and has established a system to systematically respond to cyber attacks.

We have also formulated a medium-term action plan and worked to further advance our cybersecurity measures based on this plan.



## Compliance Initiatives

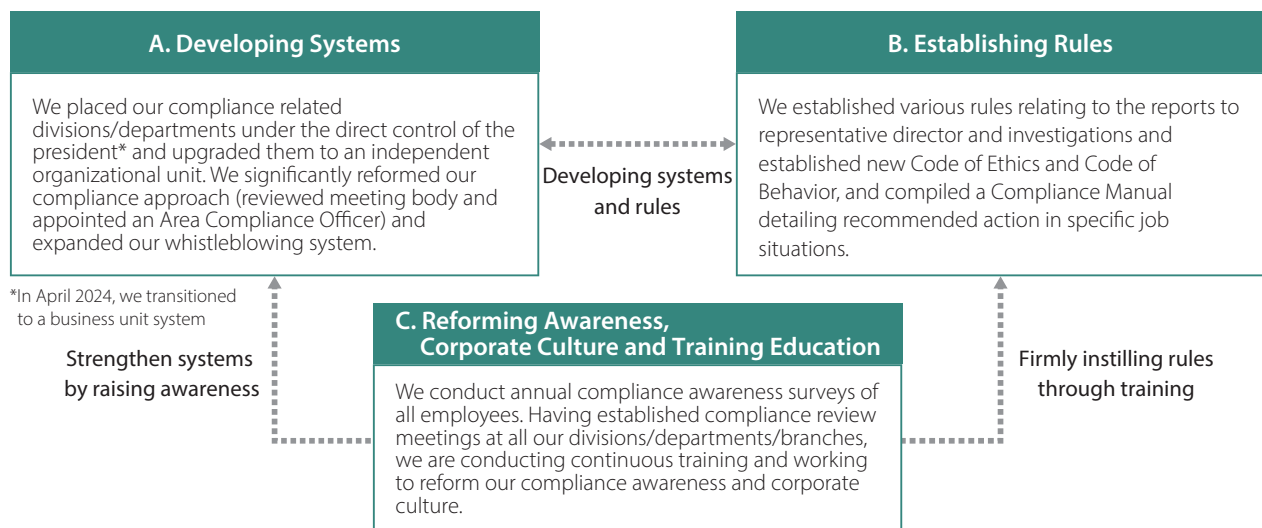
### Status of the initiatives to develop compliance systems in the wake of misconduct in crisis response operations

At the Shoko Chukin Bank, we sincerely reflected on the misconduct in our crisis response operations that was announced in 2016, and have since been working to fundamentally overhaul our compliance systems.

We recognize that the four fundamental causes of the misconduct in the past were: (1) a lack of internal control and excessive pressure for business performance in crisis response operations; (2) the use of crisis response loan facilities as a dominant tool; (3) the attitude of the Bank's Headquarters and management, as well as a decline in compliance awareness that led to misconduct; and, (4) a lack of governance. Based on that recognition, we have developed various approaches and have been steadily raising the officers and employees' compliance awareness.

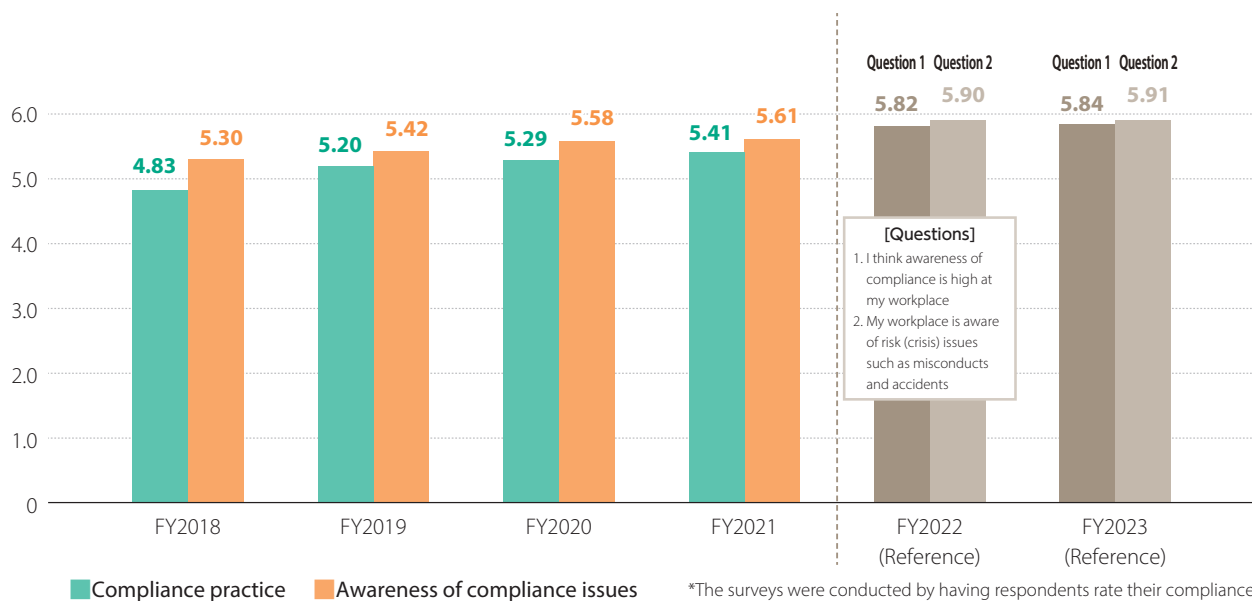
Going forward, we will aim to transition from uniform companywide measures to the promotion of self-directed measures tailored to the issues facing each division, department and branch and to shift away from headquarters-led initiatives to "self-directed compliance" that is planned, reviewed, and operated independently by each division, department and branch.

### ► Three Initiatives to Rebuild Organization After the Misconduct Incident

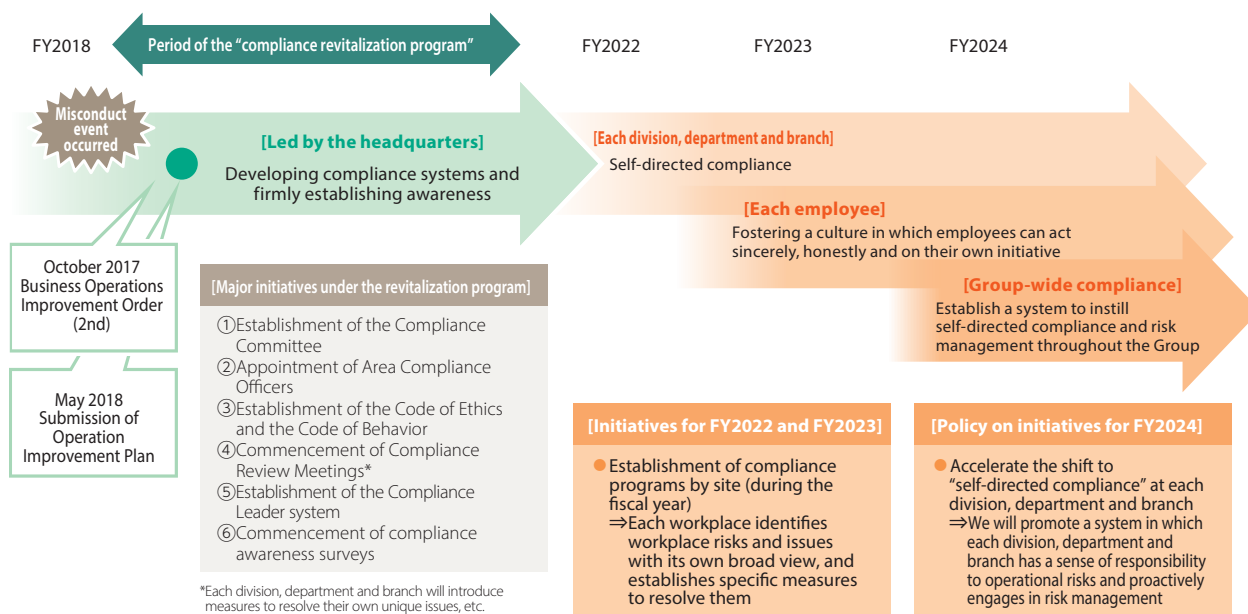


### ► Change in Compliance Awareness

We have been conducting an annual survey of employees compliance awareness since fiscal 2018. (Due to a change in the survey method, figures for fiscal 2022 and onward are for reference only)



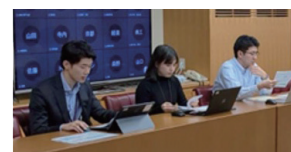
## ► Initiatives after discovering the misconduct event [overview of future initiatives]



## ► Exchanging of opinions between Compliance Leaders and external directors

Compliance Leaders, who are responsible for promoting overall compliance-related activities in each division, department and branch, had a meeting to exchange opinions with external directors.

Each leader shared the initiatives of his or her own division, department or branch, and the external directors gave advice such as the importance of constantly being aware of current trends.



Opinion exchange meeting

### ● Example of initiatives for self-directed compliance

An example of initiatives for self-directed compliance at each workplace is introduced below.

#### Sendai Office

As part of our compliance program, employees held discussions to realize that our efforts to achieve the SDGs were inadequate. Therefore, we decided on a policy to become more closely linked to the local communities through volunteer activities, etc. outside our business. We joined the Jozenji Street Jazz Festival as volunteers and invited visitors to sort their garbage at the recycling station in the venue.



## INTERVIEW

### Compliance Leader

Compliance Leaders are responsible for promoting overall compliance-related activities in each division, department and branch.

As one of such leaders, I try to take the initiative in activities to foster and deepen compliance awareness at my branch.

I feel that self-directed efforts at each workplace lead to promoting active communication and improving the workplace environment.

**Keiko Ishida, Sendai Office**



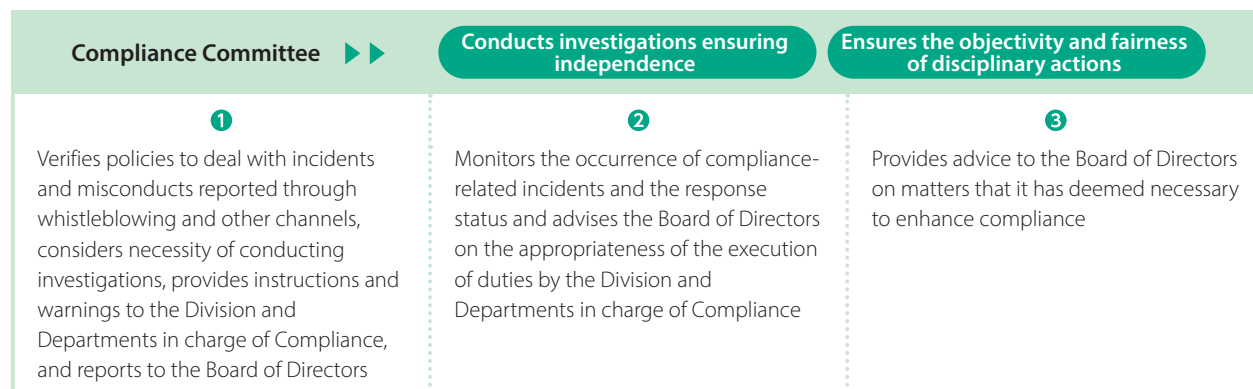
At the Shoko Chukin Bank, we formulate compliance programs for each branch and direct activities by ourselves based on risks and issues in the workplace. We have set October of each year as a month to enhance compliance, and conduct organizational initiatives. The Bank provides us with substantial support, such as a compliance review meeting for branch managers inviting our director with expertise in compliance as a lecturer, which gives us a good opportunity to think about compliance. I feel that such efforts made over the past few years have steadily increased the awareness of compliance in our workplace.

**Naohiro Kuroda, General Manager of Sendai Office**

## Compliance Committee

### ► The Role of the Compliance Committee

The Compliance Committee is delegated by the Board of Directors to engage in the following three tasks, (1) to (3). The Committee is consulted on all incidents that involve personnel decisions and other disciplinary actions, ensures objectivity and fairness, and provides guidance and checks so that appropriate actions are taken.



### ► Compliance Committee Members

Compliance Committee members are appointed by the Board of Directors and its chairperson is elected from among members who are outside attorneys-at-law by mutual election.

Compliance Committee	Chairperson	Akira Ehira	(Attorney at law, Mori Hamada & Matsumoto)
	Vice chairperson	Katsumi Nakamura	(Attorney at law, T. Kunihiro & Co., Attorneys-at-Law)
	Member	Hideyuki Makino	(Director and Senior Managing Executive Officer, the Shoko Chukin Bank)

### ► Activities of the Compliance Committee

The Compliance Committee meets once a month in principle to carefully examine various agendas under the guidance of outside attorneys at law. In fiscal 2018, monitoring commenced under the Committee members (chairperson and vice chairperson) to verify the process of agenda submission to the Committee, which has contributed to preventing omissions in the agenda to be submitted to the Committee while also improving efficiency.

- **Monitoring details:** In addition to the monthly Committee meetings, the chairperson and vice chairperson (outside attorneys-at-law) also conduct monitoring of operational risk events. They also confirm whether there are any omissions in the agenda to be discussed by the Committee on a risk basis and do the process verification including giving instructions to submit the necessary agenda to the Committee.

#### [Monitoring of operational risk events]

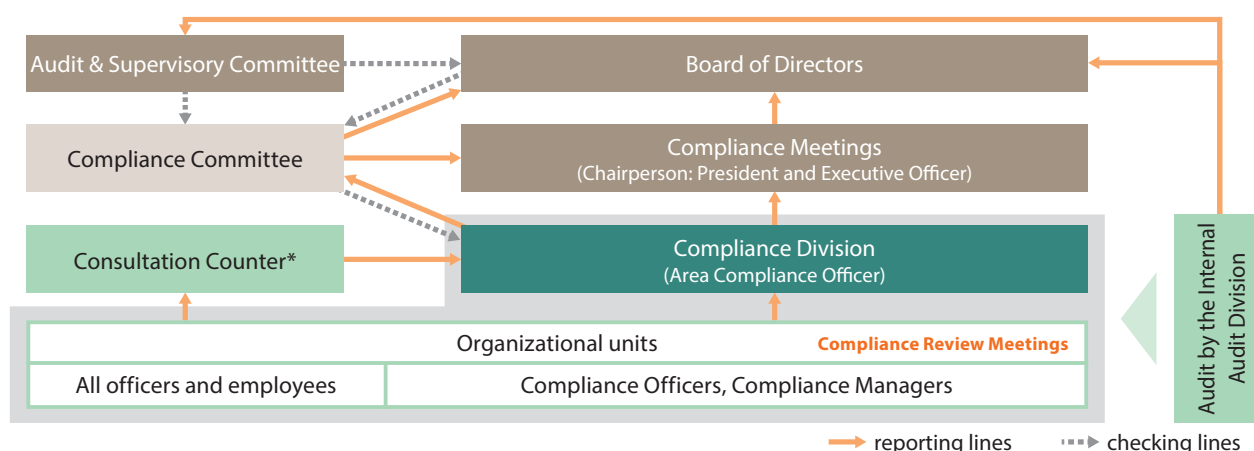
- Monitoring of operational risk events which occurred in the previous month (a certain number is randomly extracted)
- Verifies the investigation results of incidents determined to pose compliance risks and the status of formulating measures to prevent such recurrences, and confirms the appropriateness of decisions on matters which were not submitted as agenda to the Compliance Committee (provides instructions to refer the matter to the Committee, as necessary)

**Compliance Committee**

### ● Number of the Committee and Monitoring held

	FY2019	FY2020	FY2021	FY2022	FY2023
Compliance Committee	13	13	12	12	11
Monitoring	12	13	12	12	12
Total	25	26	24	24	23

### ► Compliance Structure



\*The Shoko Chukin Bank has established internal and external "compliance and harassment consultation counter" and accepts a wide range of alerts and consultations for the early discovery and correction of misconducts, operational risk events, harassment, etc.

## Initiatives to Prevent Money Laundering and Other Crimes

The Shoko Chukin Bank established the Financial Crimes Compliance Department in April 2020 to upgrade our systems to prevent money laundering and other crimes. Taking into account relevant laws and regulations, we are working to strengthen our systems to prevent money laundering and other crimes by thoroughly checking overseas remittance transactions, updating information on our clients, and preventing special types of frauds.

Strengthening systems to prevent money laundering and other crimes is an international trend. Financial institutions will be required to strengthen their stance in the future. The Shoko Chukin Bank, which has positioned "inadequate measures against money laundering and terrorist financing" as one of its top risks, will continue to upgrade its systems to tackle the issue.

The importance of countermeasures against money laundering and other crimes has become more and more acute in recent years for both Japan and the international community, and the Shoko Chukin Bank will continue to cooperate with the relevant government agencies, respond to the increasingly complex and sophisticated methods used in money laundering and other crimes, and go forward with measures to effectively prevent such crimes.

In addition, the Shoko Chukin Bank recognizes the social importance of preventing acts of bribery, corruption and corrupt practices, and has put in place a system to prevent bribery and other such practices.

### ► Customer Management (Customer Due Diligence)

To effectively prevent crimes such as money laundering, financial institutions are required to have a grasp of customers' information including the purpose of each transaction, their occupation and business description, and to update and maintain such details. The Shoko Chukin Bank, since fiscal 2019, has also been regularly asking its customers to provide such information.

### ► Overseas Remittances

In terms of handling overseas remittances, we are required by the Japanese government, international agencies, and foreign government authorities to rigorously confirm whether overseas remittances constitute money laundering or infringe various domestic and overseas laws and regulations. To this end, the Shoko Chukin Bank asks customers to provide materials and other data on the content of the transactions and information about customers and beneficiaries, etc.

## Zero-Tolerance of Anti-social Forces

As a financial institution, to maintain public confidence and ensure the adequacy and soundness of our business operations, it is required to eliminate anti-social forces from financial transactions.

The Shoko Chukin Bank develops its system aimed at the elimination of anti-social forces by taking initiatives such as designating the Compliance Management Division as a supervising division for the elimination of anti-social forces, and assigning a person responsible for elimination of anti-social forces within each division, department and branch, thereby working to cut off the relationships and eliminate transactions with anti-social forces, in cooperation with external professional bodies including the police and lawyers.



# 10-Year Key Financial Data

Summary of Financial Results (Consolidated)						
Fiscal year ended	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	
Operating Income	212.9	204.4	195.3	204.7	181.2	
Income before Income Taxes and Other	38.1	34.9	50.8	58.4	32.1	
<b>Net Income Attributable to Owners of Parent</b>	<b>16.8</b>	<b>12.4</b>	<b>32.4</b>	<b>37.3</b>	<b>15.4</b>	
Comprehensive Income	23.6	6.1	35.9	41.5	11.2	
Net Assets	902.2	903.8	935.3	972.3	964.0	
Total Assets	12,633.8	12,570.4	12,845.0	11,957.3	11,818.5	
<b>Net Assets per Share (Yen)</b>	<b>159.73</b>	<b>160.48</b>	<b>174.92</b>	<b>191.95</b>	<b>195.04</b>	
Net Income per Share (Yen)	7.75	5.72	14.90	17.15	7.08	
Consolidated Tier 1 (Common Stock etc.) Ratio (%)	12.18	12.00	11.98	12.69	12.31	
Consolidated Tier 1 Ratio (%)	12.18	12.00	11.98	12.69	12.31	
<b>Consolidated Total Capital Ratio (%)</b>	<b>13.56</b>	<b>13.37</b>	<b>13.13</b>	<b>13.53</b>	<b>13.00</b>	
Return on Equity (%)	1.89	1.38	3.54	3.93	1.59	
Cash Flows from Operating Activities	222.9	(121.3)	535.3	(165.6)	223.9	
Cash Flows from Investing Activities	31.0	218.6	149.5	16.6	113.5	
Cash Flows from Financing Activities	(4.5)	(4.5)	(10.5)	(24.5)	(24.5)	
Cash and Cash Equivalents at the End of the Year	914.8	1,007.6	1,682.0	1,508.5	1,821.5	
Number of Employees [Average Number of Temporary Employees excluded from Above] (Persons)	4,140 (977)	4,102 (1,018)	4,080 (1,047)	4,083 (1,058)	4,113 (1,036)	

Summary of Financial Results (Non-Consolidated)						
Fiscal year ended	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	
Gross Operating Profit	149.6	141.3	134.4	116.5	106.1	
Net Interest Income	131.7	126.0	119.3	105.6	94.6	
General and Administrative Expenses (Excluding Nonrecurring Items)	75.5	76.1	78.2	75.2	75.4	
<b>Net Operating Profit</b>	<b>74.0</b>	<b>65.2</b>	<b>56.2</b>	<b>41.3</b>	<b>30.6</b>	
Credit-Related Expense (Reversal of the General Reserve for Possible Loan Loss)	38.9	34.3	6.9	(19.4)	2.0	
Income before Income Taxes and Other	36.0	33.5	49.1	56.9	30.7	
<b>Net Income</b>	<b>15.6</b>	<b>11.5</b>	<b>31.3</b>	<b>36.2</b>	<b>14.4</b>	
OHR (General and Administrative Expenses/Gross Operating Profit) (%)	50.5	53.8	58.1	64.5	71.1	
Net Assets	898.2	909.1	937.7	971.5	962.3	
Total Assets	12,565.5	12,507.4	12,778.8	11,890.2	11,749.8	
<b>Outstanding Loans</b>	<b>9,503.1</b>	<b>9,539.5</b>	<b>9,356.8</b>	<b>8,648.1</b>	<b>8,289.7</b>	
Balance of Investment Securities	1,931.4	1,703.5	1,543.1	1,514.6	1,383.9	
Outstanding Deposits	5,019.1	5,164.8	5,109.0	4,892.2	5,057.9	
Outstanding Debentures	4,833.5	4,816.8	4,744.1	4,459.5	4,238.3	
Non-consolidated Tier 1 (Common Stock etc.) Ratio (%)	12.25	12.07	12.04	12.75	12.35	
Non-consolidated Tier 1 Ratio (%)	12.25	12.07	12.04	12.75	12.35	
<b>Non-consolidated Total Capital Ratio (%)</b>	<b>13.59</b>	<b>13.41</b>	<b>13.17</b>	<b>13.57</b>	<b>13.02</b>	
Return on Equity (%)	1.75	1.28	3.39	3.80	1.49	
Number of Employees [Average Number of Temporary Employees excluded from Above] (Persons)	3,816 (853)	3,773 (884)	3,753 (908)	3,765 (917)	3,798 (895)	



(Billions of yen)

	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
	153.8	151.7	149.3	161.0	167.0
	21.6	8.5	30.6	31.4	22.3
	<b>14.5</b>	<b>9.2</b>	<b>1.85</b>	<b>23.3</b>	<b>15.6</b>
	5.3	24.6	13.6	21.2	39.6
	959.4	979.5	988.4	1,005.1	1,040.2
	11,219.5	13,083.2	12,787.7	13,049.9	13,308.6
	<b>195.44</b>	<b>204.71</b>	<b>208.80</b>	<b>216.48</b>	<b>232.63</b>
	6.68	4.24	8.51	10.72	7.20
	11.68	11.74	11.72	11.56	11.15
	11.68	11.74	11.72	11.92	11.83
	<b>12.38</b>	<b>12.68</b>	<b>12.77</b>	<b>13.19</b>	<b>13.03</b>
	1.51	0.95	1.88	2.34	1.53
	(582.5)	502.6	(370.5)	(38.4)	131.0
	73.7	(184.5)	236.1	223.7	(246.5)
	(10.0)	5.4	0.4	45.4	25.4
	1,302.7	1,626.2	1,492.4	1,723.1	1,633.1
	4,020	3,909	3,765	3,712	3,701
	(1,018)	(1,018)	(1,010)	(1,008)	(1,024)

► Key points of financial results for the fiscal year ended March 31, 2024

① Gross operating profit

**Topline growth trend continued, mainly driven by growth of advanced financial services**

- In the area of advanced financial services, such as structured finance, fees and commissions increased by ¥2.8 billion year on year due to successful pipeline expansion owing to strengthening the systems of specialist units and stepping up cooperation with funds and other organizations.
- Although repayments of crisis response loans began in earnest, outstanding loans remained largely flat year on year as a result of responding to financing needs through proper lending, including in differentiated fields.
- Other operating income included losses on sales of bonds, including Japanese government bonds of ¥3.4 billion.

② General and administrative expenses (excluding nonrecurring items)

**Maintained target OHR through tight cost control**

- General and administrative expenses (excluding nonrecurring items) increased by ¥4.4 billion year on year due to upfront investments to support our business models, such as system-related investment and human capital investment, while OHR came to around 60%. Continue to implement necessary investments while maintaining appropriate cost control.

③ Credit-related expenses

**Increased due to a rise in bankruptcies and defaults**

- Credit-related expenses increased by ¥7.5 billion year on year to ¥28.3 billion due to a rise in bankruptcies and defaults owing to private liquidation and window dressing. Although there was a trend toward the end of the fiscal year in which monthly results were lower than the same month of the previous year, we continued to focus on management improvement and business revitalization support.

	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
	100.7	105.4	118.9	121.8	122.8
	88.6	97.9	103.6	107.5	110.6
	72.5	72.5	66.1	69.3	73.7
	<b>28.2</b>	<b>32.9</b>	<b>52.8</b>	<b>52.5</b>	<b>49.1</b>
	7.1	19.5	20.7	20.7	28.3
	20.5	7.6	30.2	30.8	21.9
	<b>13.7</b>	<b>8.7</b>	<b>18.3</b>	<b>22.9</b>	<b>15.3</b>
	72.0	68.8	55.5	56.8	59.9
	956.6	969.9	979.7	997.1	1,019.5
	11,149.3	13,012.6	12,719.3	12,980.4	13,226.7
	<b>8,294.1</b>	<b>9,521.4</b>	<b>9,607.8</b>	<b>9,639.0</b>	<b>9,627.4</b>
	1,283.3	1,464.4	1,215.1	977.9	1,219.6
	5,082.0	5,893.6	5,707.9	5,786.3	6,235.2
	3,990.1	3,787.1	3,542.5	3,448.8	3,296.4
	11.69	11.74	11.71	11.53	11.10
	11.69	11.74	11.71	11.89	11.79
	<b>12.39</b>	<b>12.68</b>	<b>12.76</b>	<b>13.16</b>	<b>12.99</b>
	1.43	0.91	1.87	2.32	1.52
	3,703	3,599	3,419	3,377	3,383
	(879)	(890)	(886)	(883)	(902)

# 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/>



### 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 Committee 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
TCFD report	Our website	Each February

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



# ESG Information (as of March 31, 2024)

## External Recognition

### ▶ Platinum Kurumin

The Platinum Kurumin certification system is a system to recognize companies, among those who have been certified as companies that support employees raising children under the Act on Advancement of Measures to Support Raising Next-Generation Children by the Minister of Health, Labour and Welfare, as companies who have taken such initiatives to higher standards. In March 2017, we acquired the “Platinum Kurumin” certification as a company that provides a higher level of support to employees raising children.



### ▶ Hataraku Yell

Hataraku Yell is a system to recognize and certify companies that work to enhance and utilize their employee welfare programs. Among the 100 companies that were recognized as welfare-promoting organizations under Hataraku Yell 2024, we were selected as one of the 14 organizations with particularly outstanding employee welfare initiatives and received an award.



### ▶ ESG Finance Awards Japan

At the 5th ESG Finance Awards Japan in February 2024, we received the Special Award in the Indirect Financing Category. This award was in recognition of our proactive approach to positive impact financing, our contributions to the diversification of the field through collaborations with regional financial institutions, and our creation of new impact deposits scheme which integrates financing and procurement. These were recognized as initiatives that improve sustainability in the entire society.



### ▶ Wellbeing Awards

Our Happiness Design Survey received the Gold Award in the Products and Services category at the Wellbeing Awards 2024\*.

\*An initiative that contributes to the promotion of a wellbeing society by celebrating, commending, and promoting the new products, services, and activities produced through confronting society's increasingly diverse values of happiness.



## Participation in Initiatives

Human Capital Management Consortium



TCFD: Task Force on Climate-Related Financial Disclosures



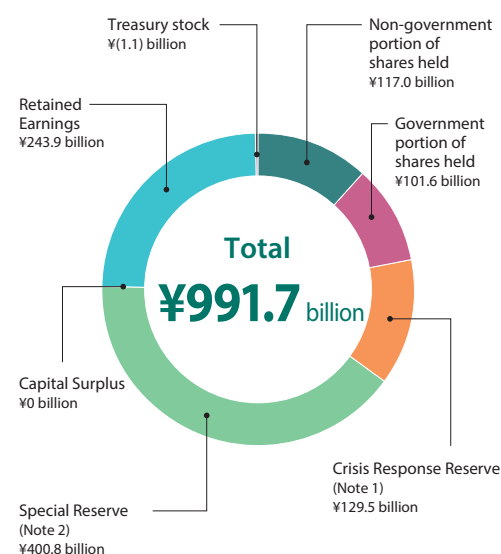
## Rating

	R&I	JCR	Moody's
Long-term	AA <sup>-</sup> (stable)	AA <sup>+</sup> (negative)	A2 (stable)

# Corporate Data (As of March 31, 2024)

Company Name	The Shoko Chukin Bank, Ltd.
Establishment Date	October 8, 1936 Transition toward privatization commenced on October 1, 2008
Head Office	2-10-17, Yaesu, Chuo-ku, Tokyo 104-0028, Japan
Capital	¥218.6 billion (including ¥101.6 billion government subscription)
Funds Held	¥10,040.4 billion (including deposits: ¥6,235.2 billion negotiable certificates of deposit: ¥508.7 billion debentures: ¥3,296.4 billion)
Loans Outstanding	¥9,627.4 billion
Offices	Domestic: 102 Overseas: 5
Number of employees (persons)	3,454

## Capital Composition



Notes: 1. A Tier 1 Capital (common stock etc.) reserve for crisis response has been created to ensure financial basis which is necessary for smooth implementation of crisis response measures.

2. In accordance with the transition to a company structure limited by shares, a special Tier 1 Capital (common stock etc.) reserve has been created to facilitate the continuous and smooth provision of funds to SMEs. An aggregate amount totaling ¥400.8 billion has been transferred to a special reserve, which is comprised of ¥303.7 billion and ¥97.0 billion transferred from the government's subscription and retained earnings, respectively.



## Group Companies

Company Name	Address	Principal Business Activities	Date of Establishment	Paid-in Capital or Capital Subscription (Millions of Yen)	Percentage of Voting Rights Held by the Bank (%)	Percentage of Voting Rights Held by the Group (%)
YAESU SHOKO, LTD.	2-12-18, Shiba-Daimon, Minato-ku, Tokyo	Administrative agency services	Sep. 8, 1962	90	100.00	–
SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD.	2-10-1, Misumicho, Higashi Murayama-shi, Tokyo	Software development, contracted calculation and computer services	Dec. 14, 1973	70	–	100.00
SHOKO SERVICE, LTD.	2-12-18, Shiba-Daimon, Minato-ku, Tokyo	Employee welfare benefit services	Nov. 25, 1982	32	62.50	37.50
YAESU KOSAN, CO., LTD.	2-12-18, Shiba-Daimon, Minato-ku, Tokyo	Property management services	Jun. 22, 1972	35	100.00	–
THE SHOKO CHUKIN BANK INSTITUTE of COMMERCE, INDUSTRY & ECONOMICS, LTD.	2-12-18, Shiba-Daimon, Minato-ku, Tokyo	Management information and consulting services	Dec. 10, 1974	80	23.08	76.92
SHOKO CHUKIN LEASE CO., LTD.	1-10-12, Ueno, Taito-ku, Tokyo	Leasing business	Oct. 8, 1982	1,000	100.00	–
SHOKO CHUKIN CARD CO., LTD.	2-12-18, Shiba-Daimon, Minato-ku, Tokyo	Credit card services	Jan. 22, 1991	70	100.00	–
SHOKO CHUKIN CAPITAL CO., LTD.	2-10-17, Yaesu, Chuo-ku, Tokyo	Investment operations services	Aug. 1, 2023	100	100.00	–

## Our Website and Official YouTube Channel

» The Shoko Chukin Bank website

<https://www.shokochukin.co.jp/>



» YouTube: Shoko Chukin Official Channel

Features various contents including our promotional movie and case studies of support



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## Trends in Principal Financial Indicators (Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Operating Income	¥ 167.0	¥ 161.0	¥ 149.3	¥ 151.7	¥ 153.8
Income before Income Taxes and Other	22.3	31.4	30.6	8.5	21.6
Net Income Attributable to Owners of Parent	15.6	23.3	18.5	9.2	14.5
Comprehensive Income	39.6	21.2	13.6	24.6	5.3
Net Assets	1,040.2	1,005.1	988.4	979.5	959.4
Total Assets	13,308.6	13,049.9	12,787.7	13,083.2	11,219.5
Net Assets per Share (Yen)	232.63	216.48	208.80	204.71	195.44
Net Income per Share (Yen)	7.20	10.72	8.51	4.24	6.68
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.78	7.67	7.69	7.45	8.51
Consolidated Tier 1 (Common Stock etc.) Ratio (%)	11.15	11.56	11.72	11.74	11.67
Consolidated Tier 1 Ratio (%)	11.83	11.92	11.72	11.74	11.67
Consolidated Total Capital Ratio (%)	13.03	13.19	12.77	12.68	12.37
Return on Equity (%)	1.53	2.34	1.88	0.95	1.51
Price Earnings Ratio	—	—	—	—	—
Cash Flows from Operating Activities	131.0	(38.4)	(370.5)	502.6	(582.5)
Cash Flows from Investing Activities	(246.5)	223.7	236.1	(184.5)	73.7
Cash Flows from Financing Activities	25.4	45.4	0.4	5.4	(10.0)
Cash and Cash Equivalents at the End of the Year	1,633.1	1,723.1	1,492.4	1,626.2	1,302.7
Number of Employees (Persons)	3,701	3,712	3,765	3,909	4,020
[Average Number of Temporary Employees excluded from Above]	[1,024]	[1,008]	[1,010]	[1,018]	[1,018]

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, 2024 and 2023

	Millions of yen		Millions of U.S. dollars	
	2024	2023	2024	2023
<b>ASSETS</b>				
<b>Cash and Due from Banks</b>	¥ 1,660,626	¥ 1,741,181	\$ 10,967	\$ 13,039
<b>Call Loans and Bills Purchased</b>	452,271	377,420	2,987	2,826
<b>Monetary Claims Purchased</b>	33,329	23,816	220	178
<b>Trading Assets</b>	20,922	18,465	138	138
<b>Investment Securities</b>	1,216,561	974,629	8,034	7,298
<b>Loans</b>	9,612,074	9,628,093	63,483	72,104
<b>Foreign Exchange</b>	25,487	22,925	168	171
<b>Other Assets</b>	196,854	197,128	1,300	1,476
<b>Tangible Fixed Assets</b>	37,689	39,793	248	298
Buildings	14,124	15,213	93	113
Land	21,207	21,868	140	163
Construction in Progress	—	209	—	1
Other Tangible Fixed Assets	2,357	2,502	15	18
<b>Intangible Fixed Assets</b>	29,347	16,938	193	126
Software	7,532	8,237	49	61
Other Intangible Fixed Assets	21,814	8,700	144	65
<b>Net Defined Benefit Asset</b>	41,144	23,464	271	175
<b>Deferred Income Taxes</b>	34,336	40,231	226	301
<b>Customers' Liabilities for Acceptances and Guarantees</b>	143,441	131,426	947	984
<b>Reserve for Possible Loan Losses</b>	(195,423)	(185,519)	(1,290)	(1,389)
<b>Total Assets</b>	¥ 13,308,663	¥ 13,049,997	\$ 87,898	\$ 97,730



## Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. and Subsidiaries As of March 31, 2024 and 2023

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	
	2024	2023	2024	2023
<b>LIABILITIES</b>				
Deposits	¥ 6,229,368	¥ 5,781,137	\$ 41,142	\$ 43,294
Negotiable Certificates of Deposit	508,780	689,176	3,360	5,161
Shoko Chukin Bank Debentures	3,296,000	3,448,450	21,768	25,825
Call Money and Bills Sold	102,271	—	675	—
Payables under Securities Lending Transactions	283,989	200,687	1,875	1,502
Trading Liabilities	11,650	10,356	76	77
Borrowed Money	1,469,987	1,583,148	9,708	11,856
Foreign Exchange	1,300	492	8	3
Corporate Bonds	100,000	80,000	660	599
Other Liabilities	74,642	69,098	492	517
Reserve for Bonuses	4,691	4,907	30	36
Net Defined Benefit Liability	658	2,075	4	15
Reserve for Retirement Benefits for Directors	202	174	1	1
Reserve for Losses on Refund for Dormant Bonds	41,203	43,526	272	325
Reserve for Environmental Measures	66	65	0	0
Other Reserves	90	81	0	0
Deferred Tax Liabilities	52	50	0	0
Acceptances and Guarantees	143,441	131,426	947	984
<b>Total Liabilities</b>	<b>12,268,396</b>	<b>12,044,854</b>	<b>81,027</b>	<b>90,203</b>
<b>NET ASSETS</b>				
Capital	218,653	218,653	1,444	1,637
Crisis Response Reserve	129,500	129,500	855	969
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	2,647	3,001
Capital Surplus	0	0	0	0
Retained Earnings	256,462	245,274	1,693	1,836
Treasury Stock	(1,159)	(1,153)	(7)	(8)
<b>Total Shareholders' Equity</b>	<b>1,004,267</b>	<b>993,086</b>	<b>6,632</b>	<b>7,437</b>
Unrealized Gains on Other Securities	27,666	16,233	182	121
Deferred Hedge Gains	111	2	0	0
Remeasurements of Defined Benefit Plans	4,423	(7,976)	29	(59)
<b>Total Accumulated Other Comprehensive Income</b>	<b>32,201</b>	<b>8,259</b>	<b>212</b>	<b>61</b>
<b>Non-controlling Interests</b>	<b>3,796</b>	<b>3,796</b>	<b>25</b>	<b>28</b>
<b>Total Net Assets</b>	<b>1,040,266</b>	<b>1,005,142</b>	<b>6,870</b>	<b>7,527</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 13,308,663</b>	<b>¥ 13,049,997</b>	<b>\$ 87,898</b>	<b>\$ 97,730</b>



## Consolidated Statements of Operations

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars	
	2024	2023	2024	2023
<b>Operating Income</b>	¥ 167,053	¥ 161,030	\$ 1,103	\$ 1,205
Interest Income	121,103	115,759	799	866
Interest on Loans	108,997	105,290	719	788
Interest and Dividends on Securities	5,448	4,007	35	30
Interest on Call Loans and Interest on Bills Purchased	272	543	1	4
Interest on Deposits	1,280	1,232	8	9
Interest on Interest Swaps	0	3	0	0
Other Interest Income	5,103	4,681	33	35
Fees and Commissions	14,532	11,970	95	89
Trading Revenue	6,577	8,425	43	63
Other Operating Income	22,050	22,595	145	169
Other Income	2,789	2,277	18	17
Collection of Written-off Claims	133	36	0	0
Other Income	2,656	2,241	17	16
<b>Operating Expenses</b>	144,696	129,603	955	970
Interest Expenses	10,668	8,420	70	63
Interest on Deposits	2,860	2,521	18	18
Interest on Negotiable Certificates of Deposit	941	1,300	6	9
Interest on Debentures	2,677	2,108	17	15
Interest on Call Money and Interest on Bills Sold	(30)	(4)	(0)	(0)
Interest on Payables under Repurchase Agreements	2	—	0	—
Interest on Securities Lending Transactions	139	—	0	—
Interest on Borrowed Money	3,191	1,955	21	14
Interest on Corporate Bonds	766	524	5	3
Interest on Interest Swaps	2	—	0	—
Other Interest Expenses	116	14	0	0
Fees and Commissions	2,880	3,280	19	24
Trading Expenses	13	—	0	—
Other Operating Expenses	25,361	22,902	167	171
General and Administrative Expenses	76,569	73,197	505	548
Other Expenses	29,202	21,803	192	163
Provision for Possible Loan Losses	27,276	19,131	180	143
Other Expenses	1,926	2,671	12	20
<b>Profit before Income Taxes and Other</b>	22,356	31,426	147	235
<b>Other Gains</b>	79	355	0	2
Gains on Disposal of Fixed Assets	79	355	0	2
<b>Other Losses</b>	1,088	236	7	1
Losses on Disposal of Fixed Assets	40	159	0	1
Impairment Losses	1,047	77	6	0
<b>Profit before Income Taxes</b>	21,347	31,544	140	236
<b>Provision for Income Taxes</b>	10,265	10,503	67	78
<b>Adjustment for Income Taxes</b>	(4,605)	(2,295)	(30)	(17)
<b>Total Income Taxes</b>	5,660	8,208	37	61
<b>Profit</b>	15,687	23,336	103	174
<b>Profit Attributable to Non-controlling Interests</b>	3	3	0	0
<b>Profit Attributable to Owners of Parent</b>	¥ 15,683	¥ 23,332	\$ 103	\$ 174

## Consolidated Statements of Comprehensive Income

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars	
	2024	2023	2024	2023
<b>Profit</b>	¥ 15,687	¥ 23,336	\$ 103	\$ 174
<b>Other Comprehensive Income</b>	23,942	(2,127)	158	(15)
Unrealized Gains on Other Securities	11,433	(1,107)	75	(8)
Deferred Hedge Gains	108	(0)	0	(0)
Remeasurements of Defined Benefit Plans	12,399	(1,019)	81	(7)
<b>Comprehensive Income</b>	39,629	21,209	261	158
Total Comprehensive Income Attributable to Owners of Parent	39,625	21,205	261	158
Non-controlling Interests	¥ 3	¥ 3	\$ 0	\$ 0

## Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2024 and 2023

Millions of yen

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2023</b>	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 245,274	¥ (1,153)	¥ 993,086
Changes during the Period							
Dividends from Surplus					(4,495)		(4,495)
Profit Attributable to Owners of Parent					15,683		15,683
Acquisition of Treasury Stock						(6)	(6)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	11,187	(6)	11,181
<b>Balance, March 31, 2024</b>	¥ 218,653	¥ 129,500	¥ 400,811	¥ 0	¥ 256,462	¥ (1,159)	¥ 1,004,267

	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		
<b>Balance, April 1, 2023</b>	¥ 16,233	¥ 2	¥ (7,976)	¥ 8,259	¥ 3,796	¥ 1,005,142
Changes during the Period						
Dividends from Surplus						(4,495)
Profit Attributable to Owners of Parent						15,683
Acquisition of Treasury Stock						(6)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	11,433	108	12,399	23,942	—	23,942
Total Changes during the Period	11,433	108	12,399	23,942	—	35,123
<b>Balance, March 31, 2024</b>	¥ 27,666	¥ 111	¥ 4,423	¥ 32,201	¥ 3,796	¥ 1,040,266





	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2022</b>	¥ 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
<b>Balance, March 31, 2023</b>	¥ 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		
<b>Balance, April 1, 2022</b>	¥ 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
<b>Balance, March 31, 2023</b>	¥ 16,233	¥ 2	¥ (7,976)	¥ 8,259	¥ 3,796	¥ 1,005,142



## Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the years ended March 31, 2024 and 2023

Millions of U.S. dollars

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2023</b>	\$ 1,444	\$ 855	\$ 2,647	\$ 0	\$ 1,619	\$ (7)	\$ 6,558
Changes during the Period							
Dividends from Surplus					(29)		(29)
Profit Attributable to Owners of Parent					103		103
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	73	(0)	73
<b>Balance, March 31, 2024</b>	\$ 1,444	\$ 855	\$ 2,647	\$ 0	\$ 1,693	\$ (7)	\$ 6,632

	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		
<b>Balance, April 1, 2023</b>	\$ 107	\$ 0	\$ (52)	\$ 54	\$ 25	\$ 6,638
Changes during the Period						
Dividends from Surplus						(29)
Profit Attributable to Owners of Parent						103
Acquisition of Treasury Stock						(0)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	75	0	81	158	—	158
Total Changes during the Period	75	0	81	158	—	231
<b>Balance, March 31, 2024</b>	\$ 182	\$ 0	\$ 29	\$ 212	\$ 25	\$ 6,870



	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2022</b>	\$ 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
<b>Balance, March 31, 2023</b>	\$ 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		
<b>Balance, April 1, 2022</b>	\$ 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
<b>Balance, March 31, 2023</b>	\$ 121	\$ 0	\$ (59)	\$ 61	\$ 28	\$ 7,527



## 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 ¥151.41=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2024, has been used for translation purposes for the year ended March 31, 2024, and ¥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. 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: 8 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.  
SHOKO CHUKIN CAPITAL CO., LTD.

(Change in scope of consolidation)

SHOKO CHUKIN CAPITAL CO., LTD. has been included in the scope of consolidation from the current fiscal year due to its new establishment.

#### (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: 1 company

Name of affiliated company that is not accounted for by the equity method:

Sazankapartners, Limited

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.

#### (5) Other companies, etc., not classified as affiliated companies in spite of the Bank's ownership of between 20% and 50% of the voting rights based on its accounting

Number of such other companies: 2 companies  
Reason for not being classified as affiliated companies  
The Bank and its consolidated subsidiaries engaged in the investment business, etc., invested in these companies for the purpose of expanding investments, etc., and not for the purpose of placing them under control. Therefore, such companies are not classified as affiliated companies.

### 3. Fiscal period-end of consolidated subsidiaries

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

March 31 8 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). Stocks of non-consolidated subsidiaries and affiliated companies that are not accounted for by the equity method are stated at cost based on the moving average 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 ¥195,423 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 been rescheduled, the Bank focuses on the increase in the default rate for the year ended March 31, 2024, and the Reserve for Possible Loan Losses to which the necessary adjustments are made, including future estimates, is calculated by approximating the amount of

expected loss based on the actual results for that year in estimating the expected loss rate for the subsequent 3 years. In the previous fiscal year, the Bank adjusted the expected loss rate for other loans requiring special attention in consideration of the risk of increase in rescheduling of loans and defaults in line with factors including the start of repayment of COVID-19 Related Loans. However, because the actual results of these risks were observed during the year ended March 31, 2024, the Bank has changed the method of calculation to one based on such actual results.

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, 2024.

(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” and the “Future estimates, etc. of expected loss” used in the initial estimates due to changes in the business results of individual borrowers or other economic environment may significantly impact the Reserves for Possible Loan Losses in the consolidated financial statements of the following fiscal year.



## 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 ¥24 million of shares and ¥964 million of investments.
  - The total amount of Investment Securities lent through unsecured loan agreements, which are included in Government Bonds and Local Government Bonds under "Investment Securities," is ¥120,101 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 | ¥117,076 million   |
| Loans with collection risk                                     | ¥185,874 million   |
| Loans requiring special management                             | ¥69,427 million    |
| Loans overdue by three months or longer                        | ¥1,559 million     |
| Rescheduled loans  | ¥67,867 million    |
| Subtotal:  | ¥372,378 million   |
| Normal loans   | ¥9,497,977 million |
| Total:   | ¥9,870,356 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 ¥103,171 million.
- Assets provided as collateral are as follows.

Assets provided as collateral:	
Securities	¥689,498 million
Liabilities corresponding to collateral assets:	
Deposits	¥441 million
Payables under Securities Lending Transactions	¥283,989 million
Borrowed Money	¥225,423 million

In addition to the above amounts, securities worth ¥2,660 million have been substituted for futures margin money, etc.

Other Assets include ¥81,469 million of Cash Collateral Received for Financial Instruments and ¥1,198 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 ¥1,838,537 million. Of this amount, ¥1,615,555 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, 2024

7. Accumulated depreciation of Tangible Fixed Assets is ¥71,919 million.
8. Advanced depreciation of Tangible Fixed Assets is ¥16,136 million.  
(There is no advanced depreciation for the current fiscal period.)
9. Borrowed Money includes subordinated borrowings under subordination covenant totaling ¥10,000 million.
10. Corporate Bonds include subordinated bonds totaling ¥100,000 million.
11. 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 ¥8,347 million.

### CONSOLIDATED STATEMENTS OF OPERATIONS

1. Other Income includes ¥1,022 million of Revenue from Sales of Stocks and Other Securities and ¥4 million of revenue from dormant bonds.
2. General and Administrative Expenses include ¥38,443 million of salaries and allowances and ¥9,065 million of outsourcing expenses.
3. Other Expenses include ¥424 million of Write-off of Loans, ¥49 million of Write-off of Stocks, ¥390 million of provision for reserves for losses on refund for dormant bonds.
4. Impairment Losses

Regarding the following assets held by the Bank in the Tokyo metropolitan and other areas, the Bank recognized impairment losses because the amount invested in the assets are no longer expected to be recovered due to a decrease in cash flows from operating activities, continuous decline in land prices, changes to their intended use, and planned disposal of the assets. The impairment losses on Land and Buildings, etc. consist of ¥273 million for three branch offices and ¥774 million for assets planned for disposal and idle assets in one location.

Upon the calculation of impairment losses on Tangible Fixed Assets, the Bank groups the assets based on individual branch unit, which is the smallest unit used in managerial accounting. Each asset planned for disposal and idle asset is treated as an individual unit, and head office, administration centers, and residences are treated as jointly used assets since they do not generate cash flow independently.

The recoverable amount used for the calculation of impairment losses on Tangible Fixed Assets is principally calculated based on net realizable value. The net realizable value is calculated by deducting the estimated disposal cost from appraisal value determined in accordance with the real estate appraisal standards.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Millions of yen	
	2024	2023
Unrealized Gains on Other Securities		
Amount arising during the current fiscal year	¥ 14,149	¥ (3,272)
Reclassification Adjustments	2,299	1,679
Before adjustment of Deferred Income Tax	16,448	(1,592)
Deferred Income Tax	(5,015)	485
Unrealized Gains on Other Securities	11,433	(1,107)
Deferred Hedge Gains		
Amount arising during the current fiscal year	157	3
Reclassification Adjustments	(0)	(3)
Before adjustment of Deferred Income Tax	156	(0)
Deferred Income Tax	(47)	0
Deferred Hedge Gains	108	(0)
Remeasurements of Defined Benefit Plans		
Amount arising during the current fiscal year	16,619	(3,657)
Reclassification Adjustments	1,219	2,190
Before adjustment of Deferred Income Tax	17,838	(1,467)
Deferred Income Tax	(5,439)	447
Remeasurements of Defined Benefit Plans	12,399	(1,019)
Total Other Comprehensive Income	¥ 23,942	¥ (2,127)

### CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

1. Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Number of Shares as of April 1, 2023	Increase	Decrease	Number of Shares as of March 31, 2024	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	10,704	39	1	10,743	(Note)
Total	10,704	39	1	10,743	

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 20, 2023	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2023	June 22, 2023
	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, 2024 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2024

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, 2024	Common stock (government portion)	3,048	Retained earnings	3.0 (Note 1)	March 31, 2024	Ordinary General Meeting of Shareholders held on June 20, 2024 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 10:10 (ten-tenths). In the "Cabinet Order for Partial Revision of the Regulation Enforcing the Shoko Chukin Bank Law (Cabinet Order No. 245)," the ratio stipulated by the Cabinet Order was revised to 10:10 effective July 24, 2023.
- 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, 2023 (April 1, 2022 to March 31, 2023)

- (1) 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.

## (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 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).

- (b) 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.

## Capital Account Details (Consolidated)

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2024

### CAPITAL RATIO (Uniform International Standards)

(¥100 million, %)

	(As of March 31, 2024)
1. Total Risk-weighted Capital Ratio (4/7)	13.03
2. Tier 1 Risk-weighted Capital Ratio (5/7)	11.83
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	11.15
4. Total Capital	11,458
5. Tier 1 Capital	10,407
6. Common Equity Tier 1 Capital	9,807
7. Risk-weighted Assets	87,910
8. Total Required Capital	7,032

### LEVERAGE RATIO (Uniform International Standards)

(%)

	(As of March 31, 2024)
Leverage Ratio	8.82





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## Trends in Principal Financial Indicators (Non-Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Total Operating Income	¥ 145.1	¥ 139.8	¥ 128.5	¥ 117.9	¥ 119.0
Income (Loss) before Income Taxes and Other	21.9	30.8	30.2	7.6	20.5
Net Income (Loss)	15.3	22.9	18.3	8.7	13.7
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	1,019.5	997.1	979.7	969.9	956.6
Total Assets	13,226.7	12,980.4	12,719.3	13,012.6	11,149.3
Outstanding Deposits	6,235.2	5,786.3	5,707.9	5,893.6	5,082.0
Outstanding Debentures	3,296.4	3,448.8	3,542.5	3,787.1	3,990.1
Outstanding Loans	9,627.4	9,639.0	9,607.8	9,521.4	8,294.1
Balance of Investment Securities	1,219.6	977.9	1,215.1	1,464.4	1,283.3
Net Assets per Share (Yen)	224.86	214.56	206.56	202.05	195.91
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)
	3.00	1.00	1.00	1.00	1.00
Net Income per Share (Yen)	7.06	10.56	8.41	4.03	6.31
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.70	7.68	7.70	7.45	8.58
Non-consolidated Tier 1 (Common Stock etc.) Ratio (%)	11.10	11.53	11.71	11.74	11.69
Non-consolidated Tier 1 Ratio (%)	11.79	11.89	11.71	11.74	11.69
Non-consolidated Total Capital Ratio (%)	12.99	13.16	12.76	12.68	12.38
Return on Equity (%)	1.52	2.32	1.87	0.91	1.43
Price Earnings Ratio	—	—	—	—	—
Dividend Payment Ratio (%)	42.48	19.54	24.55	51.24	32.73
Number of Employees (Persons)	3,383	3,377	3,419	3,599	3,703
[Average Number of Temporary Employees excluded from Above]	[902]	[883]	[886]	[890]	[879]

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. From the 91st fiscal term to the 94th fiscal term, this ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third). For the 95th fiscal term, however, the ratio stipulated in the Cabinet Order Partially Amending Regulation Enforcing the Shoko Chukin Bank Law (Cabinet Order No. 245) is 10:10 (ten-tenths).

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, 2024 and 2023

	Millions of yen		Millions of U.S. dollars	
	2024	2023	2024	2023
<b>ASSETS</b>				
<b>Cash and Due from Banks</b>	¥ 1,660,378	¥ 1,741,022	\$ 10,966	\$ 13,038
Cash	20,436	17,692	134	132
Due from Banks	1,639,941	1,723,329	10,831	12,905
<b>Call Loans</b>	452,271	377,420	2,987	2,826
<b>Monetary Claims Purchased</b>	33,329	23,816	220	178
<b>Trading Assets</b>	20,922	18,465	138	138
Trading-related Financial Derivatives	20,922	18,465	138	138
<b>Investment Securities</b>	1,219,610	977,951	8,055	7,323
Government Bonds	560,085	340,828	3,699	2,552
Local Government Bonds	428,971	445,354	2,833	3,335
Short-term corporate bonds	19,999	—	132	—
Corporate Bonds	75,094	84,378	495	631
Stocks	56,516	46,208	373	346
Other Securities	78,943	61,180	521	458
<b>Loans</b>	9,627,443	9,639,065	63,585	72,186
Bills Discounted	102,583	99,386	677	744
Loans on Notes	287,033	371,450	1,895	2,781
Loans on Deeds	7,568,054	7,675,971	49,983	57,484
Overdrafts	1,669,772	1,492,257	11,028	11,175
<b>Foreign Exchange</b>	25,487	22,925	168	171
Due from Foreign Banks	15,883	13,715	104	102
Foreign Exchange Bills Purchased	587	726	3	5
Foreign Exchange Bills Receivable	9,015	8,483	59	63
<b>Other Assets</b>	101,624	107,572	671	805
Prepaid Expenses	7,824	10,263	51	76
Accrued Income	7,009	6,135	46	45
Financial Derivatives	1,523	1,277	10	9
Cash Collateral Received for Financial Instruments	81,469	86,308	538	646
Other Assets	3,797	3,588	25	26
<b>Tangible Fixed Assets</b>	36,743	38,832	242	290
Buildings	13,715	14,784	90	110
Land	20,684	21,346	136	159
Construction in Progress	—	209	—	1
Other Tangible Fixed Assets	2,343	2,492	15	18
<b>Intangible Fixed Assets</b>	29,720	17,219	196	128
Software	7,596	8,334	50	62
Other Intangible Fixed Assets	22,123	8,885	146	66
<b>Prepaid Pension Cost</b>	34,779	33,490	229	250
<b>Deferred Income Taxes</b>	35,546	36,150	234	270
<b>Customers' Liabilities for Acceptances and Guarantees</b>	143,441	131,426	947	984
Customers' Liabilities for Acceptances and Guarantees	142,618	130,543	941	977
Customers' Liabilities for Guaranteeing Agency Loans	822	882	5	6
<b>Reserve for Possible Loan Losses</b>	(194,504)	(184,859)	(1,284)	(1,384)
<b>Total Assets</b>	¥ 13,226,795	¥ 12,980,499	\$ 87,357	\$ 97,210

## Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of March 31, 2024 and 2023

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	
	2024	2023	2024	2023
<b>LIABILITIES</b>				
<b>Deposits</b>	¥ 6,235,221	¥ 5,786,324	\$ 41,181	\$ 43,333
Current Deposits	609,672	548,211	4,026	4,105
Ordinary Deposits	1,985,822	1,739,647	13,115	13,028
Deposits at Notice	33,215	33,046	219	247
Time Deposits	3,527,160	3,396,472	23,295	25,436
Other Deposits	79,351	68,946	524	516
<b>Negotiable Certificates of Deposit</b>	508,780	689,176	3,360	5,161
<b>Shoko Chukin Bank Debentures</b>	3,296,400	3,448,850	21,771	25,828
Shoko Chukin Bank Debentures Issued	3,296,400	3,448,850	21,771	25,828
<b>Call Money</b>	102,271	—	675	—
<b>Payables under Securities Lending Transactions</b>	283,989	200,687	1,875	1,502
<b>Trading Liabilities</b>	11,650	10,356	76	77
Trading-related Financial Derivatives	11,650	10,356	76	77
<b>Borrowed Money</b>	1,409,872	1,523,823	9,311	11,411
Borrowings	1,409,872	1,523,823	9,311	11,411
<b>Foreign Exchange</b>	1,300	492	8	3
Due to Foreign Banks	0	2	0	0
Foreign Exchange Bills Payable	1,300	489	8	3
Corporate Bonds	100,000	80,000	660	599
<b>Other Liabilities</b>	68,408	63,793	451	477
Corporate Taxes Payable	5,701	7,643	37	57
Accrued Expenses	7,613	7,346	50	55
Unearned Income	4,688	6,845	30	51
Financial Derivatives	8,623	2,635	56	19
Cash Collateral Received for Financial Instruments	7,182	3,928	47	29
Asset Retirement Obligations	1,477	1,733	9	12
Other Liabilities	33,122	33,660	218	252
<b>Reserve for Bonuses</b>	4,450	4,680	29	35
<b>Reserve for Retirement Benefits for Directors</b>	167	131	1	0
<b>Reserve for Losses on Refund for Dormant Bonds</b>	41,203	43,526	272	325
<b>Reserve for Environmental Measures</b>	66	65	0	0
<b>Acceptances and Guarantees</b>	143,441	131,426	947	984
Acceptances and Guarantees	142,618	130,543	941	977
Guarantees for Agency Loans	822	882	5	6
<b>Total Liabilities</b>	¥ 12,207,222	¥ 11,983,333	\$ 80,623	\$ 89,742
<b>NET ASSETS</b>				
<b>Capital</b>	218,653	218,653	1,444	1,637
<b>Crisis Response Reserve</b>	129,500	129,500	855	969
<b>Special Reserve under the Shoko Chukin Bank Law</b>	400,811	400,811	2,647	3,001
<b>Capital Surplus</b>	0	0	0	0
Other Capital Surplus	0	0	0	0
<b>Retained Earnings</b>	243,992	233,123	1,611	1,745
Earnings Reserve	26,907	26,008	177	194
Other Retained Earnings	217,084	207,115	1,433	1,551
Reserve for Advanced Depreciation of Noncurrent Assets	313	332	2	2
Reserve for Particular Purposes	49,570	49,570	327	371
Retained Earnings Brought Forward	167,200	157,211	1,104	1,177
Treasury Stock	(1,159)	(1,153)	(7)	(8)
<b>Total Shareholders' Equity</b>	991,797	980,935	6,550	7,346
<b>Unrealized Gains on Other Securities</b>	27,664	16,227	182	121
<b>Deferred Hedge Gains</b>	111	2	0	0
<b>Total Valuation and Translation Adjustments</b>	27,775	16,229	183	121
<b>Total Net Assets</b>	1,019,572	997,165	6,733	7,467
<b>Total Liabilities and Net Assets</b>	¥ 13,226,795	¥ 12,980,499	\$ 87,357	\$ 97,210

# Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars	
	2024	2023	2024	2023
<b>Operating Income</b>	¥ 145,144	¥ 139,806	\$ 958	\$ 1,047
Interest Income	121,123	115,778	799	867
Interest on Loans	109,023	105,312	720	788
Interest and Dividends on Securities	5,443	4,005	35	29
Interest on Call Loans	272	543	1	4
Interest on Deposits	1,280	1,232	8	9
Interest on Interest Swaps	0	3	0	0
Other Interest Income	5,102	4,681	33	35
Fees and Commissions	14,140	11,571	93	86
Domestic and Foreign Exchange Commissions	1,078	1,221	7	9
Other Fees and Commissions	13,061	10,350	86	77
Trading Revenue	6,577	8,425	43	63
Revenue from Trading-related Securities	—	1	—	0
Revenue from Trading-related Financial Derivatives	6,577	8,424	43	63
Other Operating Income	252	1,491	1	11
Revenue from Foreign Exchange Trading	64	1,139	0	8
Revenue from Sales of Government and Other Bonds	187	351	1	2
Other Income	3,050	2,539	20	19
Collection of Written-off Claims	133	36	0	0
Revenue from Sales of Stocks and Other Securities	1,022	1,148	6	8
Other Income	1,893	1,355	12	10
<b>Operating Expenses</b>	123,226	108,969	813	816
Interest Expenses	10,513	8,267	69	61
Interest on Deposits	2,860	2,521	18	18
Interest on Negotiable Certificates of Deposit	941	1,300	6	9
Interest on Debentures	2,677	2,109	17	15
Interest on Call Money	(30)	(4)	(0)	(0)
Interest on Payables under Repurchase Agreements	2	—	0	—
Interest on Debenture Rental Transactions	139	—	0	—
Interest on Borrowed Money	3,035	1,802	20	13
Interest on Corporate Bonds	766	524	5	3
Interest on Interest Swaps	2	—	0	—
Other Interest Expenses	116	14	0	0
Fees and Commissions	2,941	3,255	19	24
Domestic and Foreign Exchange Commissions	308	257	2	1
Other Fees and Commissions	2,632	2,998	17	22
Trading Expenses	13	—	0	—
Expenses on Securities and Derivatives Related to Trading Transactions	13	—	0	—
Other Operating Expenses	5,728	3,877	37	29
Losses on Sales of Government and Other Bonds	3,482	3,099	22	23
Amortization of Government and Other Bonds	—	0	—	0
Amortization of Debenture Issue Expenses	31	13	0	0
Expenses on Financial Derivatives	2,185	758	14	5
Other Operating Expenses	28	4	0	0
General and Administrative Expenses	75,103	71,728	496	537
Other Expenses	28,925	21,841	191	163
Provision for Possible Loan Losses	27,001	19,175	178	143
Write-off of Loans	424	694	2	5
Losses on Sales of Stocks and Other Securities	—	30	—	0
Write-off of Stocks	49	169	0	1
Other Expenses	1,450	1,772	9	13
<b>Profit before Income Taxes and Other</b>	21,918	30,836	144	230

## Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the years ended March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars	
	2024	2023	2024	2023
<b>Other Gains</b>	79	354	0	2
Gains on Disposal of Fixed Assets	79	354	0	2
<b>Other Losses</b>	1,088	223	7	1
Losses on Disposal of Fixed Assets	40	155	0	1
Impairment Losses	1,047	67	6	0
<b>Profit before Income Taxes</b>	20,908	30,967	138	231
<b>Provision for Income Taxes</b>	10,004	10,339	66	77
<b>Adjustment for Income Taxes</b>	(4,460)	(2,370)	(29)	(17)
<b>Total Income Taxes</b>	5,544	7,969	36	59
<b>Profit</b>	¥ 15,363	¥ 22,998	\$ 101	\$ 172



**CAPITAL RATIO (Uniform International Standards)**

(¥100 million, %)

	(As of March 31, 2024)
1. Total Risk-weighted Capital Ratio (4/7)	12.99
2. Tier 1 Risk-weighted Capital Ratio (5/7)	11.79
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	11.10
4. Total Capital	11,326
5. Tier 1 Capital	10,281
6. Common Equity Tier 1 Capital	9,681
7. Risk-weighted Assets	87,138
8. Total Required Capital	6,971

**LEVERAGE RATIO (Uniform International Standards)**

(%)

	(As of March 31, 2024)
Leverage Ratio	8.77

**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 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."



**SUMMARY OF INCOME**

(¥100 million)

Fiscal period ended	March 31, 2024	March 31, 2023
Gross Operating Profit	1,228	1,218
General and Administrative Expenses (Excluding Nonrecurring Items)	737	693
Net operating profit	491	525
Provision for the General Reserve for Possible Loan Losses	(8)	7
Operating Profit	500	518
Nonrecurring Loss (Including Nonrecurring Expenses)	(281)	(209)
Income before Income Taxes and Other	219	308
Other Gains and Losses	(10)	1
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	100	103
Adjustment of Income Taxes	(44)	(23)
Net Income	153	229

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, 2024			March 31, 2023		
	Domestic	International	Total	Domestic	International	Total
Net Interest Income	1,032	73	1,106	1,026	48	1,075
Fees and Commissions	100	11	111	73	9	83
Trading Revenue	27	37	65	15	68	84
Other Operating Income	(33)	(21)	(54)	(27)	3	(23)
Gross Operating Profit	1,127	101	1,228	1,087	131	1,218
Gross Operating Profit Ratio (%)	0.87	3.97	0.94	0.85	4.89	0.95

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, 2024	March 31, 2023
Operating profit	500	518
Net operating profit	491	525
Core operating profit	524	552
Core operating profit (excluding gains (losses) on cancellation of investment trusts)	523	552

(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, 2024			March 31, 2023		
		Domestic	International	Total	Domestic	International	Total
Fiscal Period-end Balance	Loans on Deeds	74,114	1,565	75,680	75,262	1,497	76,759
	Loans on Notes	2,211	659	2,870	3,086	628	3,714
	Overdraft	16,697	—	16,697	14,922	—	14,922
	Bills Discounted	1,025	—	1,025	993	—	993
	Total	94,049	2,225	96,274	94,264	2,125	96,390
Average Balance	Loans on Deeds	74,208	1,520	75,728	76,161	1,585	77,746
	Loans on Notes	2,638	659	3,298	3,030	600	3,630
	Overdraft	15,719	—	15,719	14,118	—	14,118
	Bills Discounted	867	—	867	947	—	947
	Total	93,433	2,180	95,613	94,258	2,185	96,443

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, 2024	As of March 31, 2023
Manufacturing	28,560 (29.7)	29,051 (30.1)
Machinery and Metal Product Manufacturing	15,102 (15.7)	15,419 (16.0)
Agriculture and Forestry	319 (0.3)	311 (0.3)
Fisheries	74 (0.1)	67 (0.1)
Mining and Quarrying of Stone and Gravel	113 (0.1)	108 (0.1)
Construction	2,913 (3.0)	2,955 (3.1)
Electricity, Gas, Heat Supply and Water	471 (0.5)	357 (0.4)
Information and Communications, Transport and Postal Activities	12,649 (13.2)	12,514 (13.0)
Wholesale and Retail	26,767 (27.8)	27,447 (28.5)
Finance and Insurance	607 (0.6)	416 (0.4)
Real Estate and Goods Rental and Leasing	8,144 (8.5)	7,776 (8.1)
Various Services	14,954 (15.5)	14,747 (15.3)
Local Governments	2 (0.0)	2 (0.0)
Others	84 (0.1)	95 (0.1)
Overseas and Special International Financial Accounts	612 (0.6)	538 (0.5)
Total	96,274	96,390

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, 2024	As of March 31, 2023
Bankrupt or de facto bankrupt loans	(A)	1,166	1,061
Doubtful loans	(B)	1,853	1,749
Special Attention Loans	(C)	694	546
Loans Overdue for 3 Months or Longer		15	4
Rescheduled Loans		678	541
Subtotal	(D) = (A) + (B) + (C)	3,714	3,356
Loss Classification Loans	(G)	690	616
(Other than Loss Classification Loans)	(D) - (G)	(3,023)	(2,739)
Normal Loans		94,210	94,593
Total	(H)	97,924	97,949
Percentage to Total Credit (%)	((D) - (G)) / ((H) - (G))	3.1	2.8

**(Reference) Coverage of Assets Other than Loss Classification Loans**

Amount of (D) Expected to Be Recovered through Collateral and Guarantees	(E)	1,697	1,544
Reserve for Possible Loan Losses Recorded for (D)	(F)	1,413	1,291
Allowance Ratio (%)	$\frac{(F) - (G)}{((D) - (G)) - (E)}$	54.5	56.4
Coverage Ratio (%)	$\frac{((E) + (F)) - (G)}{(D) - (G)}$	80.0	81.0

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.



## >>> Business Activities

The Shoko Chukin Bank Group is comprised of a total of 12 companies: the Shoko Chukin Bank, 10 subsidiaries and one affiliated company. In addition to its mainstay banking operations, the Group collectively provides a wide range of leasing and other financial services. A diagrammatic chart of the Shoko Chukin Bank Group's principal activities is presented as follows (As of March 31, 2024).

<b>Shoko Chukin Bank Group</b>	<b>Banking Business</b>	The Shoko Chukin Bank (Banking business) A head office and 93 branches, 3 sub-branch offices, 7 representative offices, and 3 overseas representative offices (106 locations in total)
	<b>Leasing Business</b>	SHOKO CHUKIN LEASE CO., LTD. (leasing business)
	<b>Other Businesses</b>	YAESU SHOKO, LTD. (administrative agency services) SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD. (software development, contracted calculation and computer services) SHOKO SERVICE, LTD. (employee welfare benefit services) YAESU KOSAN CO., LTD. (property management services) THE SHOKO CHUKIN BANK INSTITUTE of COMMERCE, INDUSTRY & ECONOMICS, LTD (management information and consulting services) SHOKO CHUKIN CARD, LTD. (credit card services) SHOKO CHUKIN CAPITAL CO., LTD. (Investment business) YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI (joint accounting services) Tsunagaru Mirai Fund (Silent Partnership) (Investment business) Sazankapartners, Limited (Investment business)

## >>> Subsidiaries

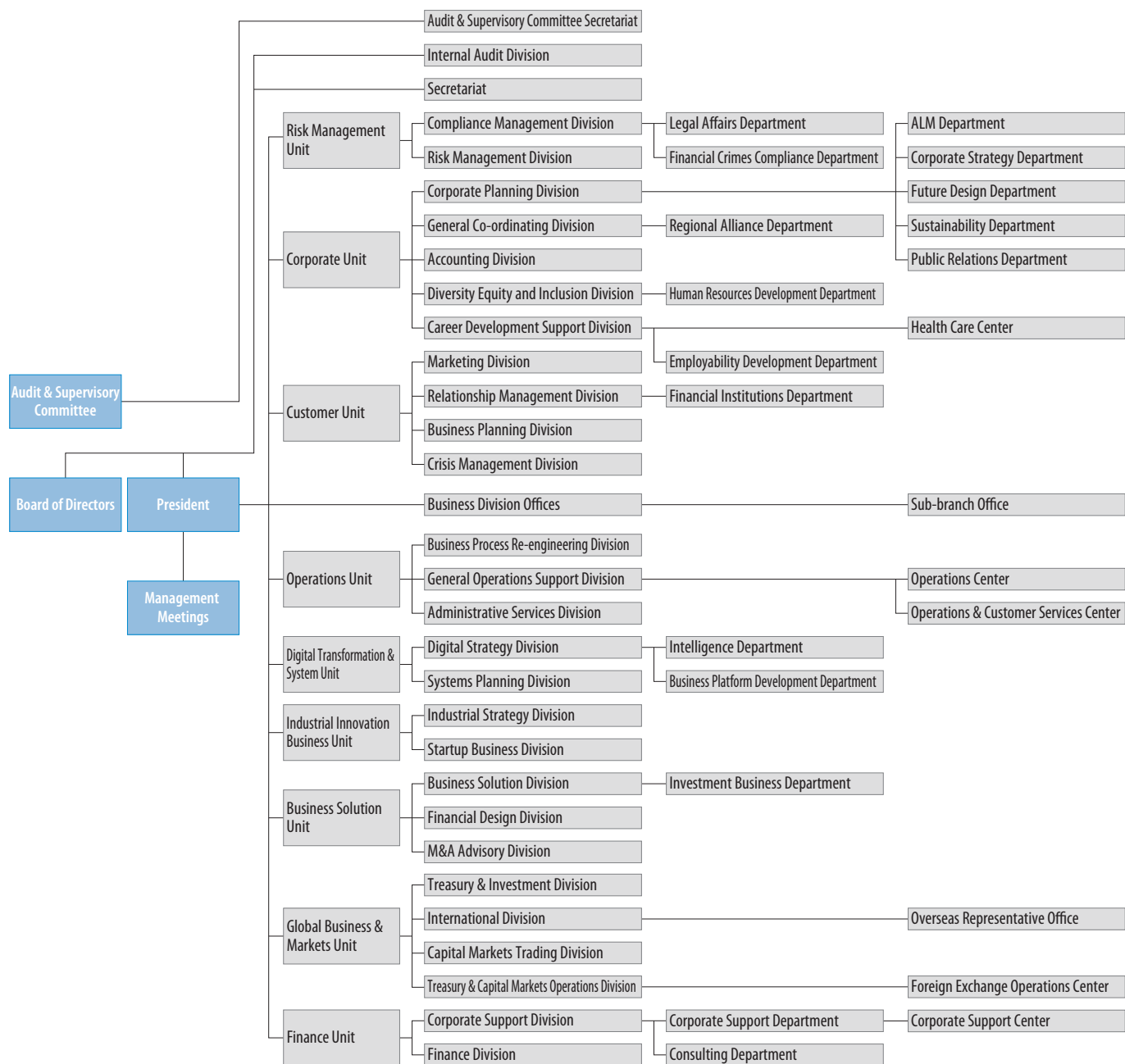
### Subsidiaries (As of March 31, 2024)

Company Name	Address	Principal Business Activities	Date of Establishment	Paid-in Capital or Capital Subscription (Millions of Yen)	Percentage of Voting Rights Held by the Bank (%)	Percentage of Voting Rights Held by the Group (%)
YAESU SHOKO, LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Administrative agency services	Sep. 8, 1962	90	100.00	—
SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD.	2-10-1 Misumicho, Higashi Murayama-shi, Tokyo	Software development, contracted calculation and computer services	Dec. 14, 1973	70	—	100.00
SHOKO SERVICE, LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Employee welfare benefit services	Nov. 25, 1982	32	62.50	37.50
YAESU KOSAN CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Property management services	Jun. 22, 1972	35	100.00	—
THE SHOKO CHUKIN BANK INSTITUTE of COMMERCE, INDUSTRY & ECONOMICS, LTD	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Management information and consulting services	Dec. 10, 1974	80	23.08	76.92
SHOKO CHUKIN LEASE CO., LTD.	1-10-12 Ueno, Taito-ku, Tokyo	Leasing business	Oct. 8, 1982	1,000	100.00	—
SHOKO CHUKIN CARD CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Credit card services	Jan. 22, 1991	70	100.00	—
SHOKO CHUKIN CAPITAL CO., LTD.	2-10-17 Yaesu, Chuo-ku, Tokyo	Investment business	Aug. 1, 2023	100	100.00	—



## >>> Organization

### Organization Chart



(As of June 30, 2024)

## >>> Stock Information

- **Number of Authorized Shares**  
(As of March 31, 2024)  
Common stock 4,000,000,000 shares  
Crisis response reserve stock 10 shares
- **Number of Issued and Outstanding Shares**  
(As of March 31, 2024)  
Common stock 2,186,531,448 shares
- **End of Each Accounting Term**  
March 31
- **Record Dates**  
Ordinary General Meeting of Shareholders  
March 31  
Date for Determining Shareholders of Record  
for the Distribution of Accounting Term-End  
Dividends  
March 31  
Record dates for other matters shall be  
determined individually and publicly  
announced in advance when required
- **Period during which the Ordinary General  
Meeting of Shareholders Shall Be Held**  
Late June
- **Number of Shares per Trading Unit**  
Common stock 1,000 shares  
Crisis response reserve stock 1 share
- **Method of Public Notifications**  
Public notifications are made by electronic  
means. In the event that notifications cannot

be made by electronic means due to unavoidable circumstances and reasons, notifications shall be published in the *Nihon Keizai Shimbun*.

## >>> Matters Relating to the Administration of Shares

- **Administrator of the Shareholder Register**  
Mitsubishi UFJ Trust and Banking Corporation  
1-4-5, Marunouchi, Chiyoda-ku, Tokyo
- **Handling Office**  
Mitsubishi UFJ Trust and Banking Corporation  
Securities Agency Division  
1-4-5, Marunouchi, Chiyoda-ku, Tokyo
- **Contact**  
Mitsubishi UFJ Trust and Banking  
Corporation Securities Agency Division  
Tel: 0120-232-711 (Toll free)  
9:00 to 17:00 Tokyo local time (Excluding  
Saturdays, Sundays and public holidays)
- **Mailing Address**  
Mitsubishi UFJ Trust and Banking  
Corporation Securities Agency Division  
Shin-Tokyo Post Office Box No. 29  
137-8081
- **Agencies**  
All Mitsubishi UFJ Trust and Banking  
Corporation branches nationwide

## >>> Shareholder Eligibility

- Under the Shoko Chukin Bank Limited Act, the primary mission of the Shoko Chukin Bank is to serve as a stable source of finance to small and medium-sized enterprises. As a government-affiliated financial institution, the Bank's shareholders are defined and stipulated under Article 6 of the aforementioned Shoko Chukin Bank Limited Act. In addition to the government, other joint subscribers to the Bank's capital include SME cooperatives, their SME shareholder members, etc.
- While it is the responsibility of the head office and domestic branches of Mitsubishi UFJ Trust and Banking Corporation to receive and process requests for the registration and transfer of the Bank's shares, please be advised that said requests may be denied subject to the screening of shareholder eligibility.

## >>> Message to all SME Cooperatives

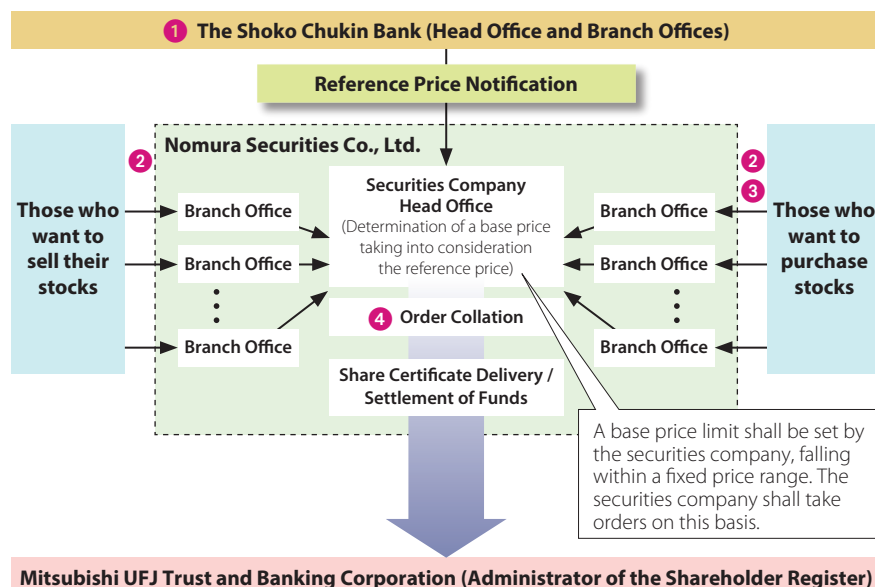
- When a cooperative member applies for loans at the Shoko Chukin Bank, certificate of membership of the cooperative is required. We ask for your understanding on this matter.

## >>> The Purchase and Sale of Shares

Shares of the Shoko Chukin Bank can be purchased and sold utilizing the following methods.

- (1) Negotiated purchase and sale  
Negotiated purchase and sales with other SME cooperatives or their SME shareholder members
- (2) Securities company over-the-counter share purchase and sale  
The head office and domestic branches of Nomura Securities Co., Ltd. shall receive and process over-the-counter purchase and sale orders with respect to the Bank's shares. Over-the-counter purchases and sales shall be affected by collating the aforementioned orders.

### ▼ The mechanism and structure for securities company over-the-counter purchase and sale of the Bank's shares



### 1 Notification of Share Purchase and Sale Mechanism

- The Shoko Chukin Bank shall notify SME cooperatives and their SME shareholder members of the mechanism relating to the acquisition of shares. Advice shall also be provided with regard to such cautionary items as restrictions on the eligibility of shareholders.

### 2 The Taking of Orders

- Orders for the purchase and sale of shares shall be accepted at the head office and domestic branches of Nomura Securities Co., Ltd. (Postal applications also accepted).
- With regard to the order price, a base price limit shall be set to fall within a fixed price range.

Note: Nomura Securities Co., Ltd. shall determine the base price taking into consideration the reference price set by the Shoko Chukin Bank based on the opinions of specialists.

- Nomura Securities Co., Ltd. shall provide details of the base price and recent transaction prices.
- Eligibility with regard to share acquisition orders shall be restricted to SME cooperatives and their SME shareholders members, who are in turn shareholders of the Shoko Chukin Bank.

### 3 Certification of Shareholder Eligibility

- In placing an order to acquire shares, the intended purchaser shall submit to Nomura Securities Co., Ltd. a "Certificate of Shareholder Eligibility," designated by the Shoko Chukin Bank, together with supporting documentation (Certificate of Registration in the case of an SME cooperative; Certificate of Registration as an SME member and a copy of the Members' Register in the case of an SME shareholder member). Submission of the aforementioned documentation is in principle not required in the case of intended purchasers whose details are already recorded in the shareholders' register.

### 4 Order Collation

- The collation of sale and purchase orders shall be undertaken on the 15th day of each month (in the event the 15th is not a business day, collation shall be undertaken on the next business day). The closing date for sale orders shall be 14 business days prior to the collation date and five business days prior to the collation date for purchase orders.

- Both a price and time priority (Note) shall be determined. However, for order collation from February 2020 onward, we have followed the stock exchange system, and adopted the "stop allocation method" if the price reaches the upper or lower limit of the range.

Note: Purchase orders with a higher price shall have priority. Sale orders with a lower price shall have priority. Orders with the same price shall be prioritized in the order in which they are received.

- Stock trading commission rates shall be equivalent to the rates applied by Nomura Securities Co., Ltd. with respect to the purchase and sale of publicly listed shares.

## >>> History

June	1936	The Shoko Chukin Bank Act enforced
November	1936	Inaugural general meeting held; Toyotaro Yuki, President of the Industrial Bank of Japan, Limited appointed as the Bank's first president
December	1936	Registration of establishment completed; Operations commenced; Network established comprising head office in Marunouchi, Kojimachi-ku, Tokyo and six branches including an office in Sapporo
March	1937	First series interest-bearing debentures issued
July	1940	First series discount debentures issued
August	1952	Establishment of a nationwide branch network encompassing every prefecture in Japan completed
December	1962	Construction of a new head office in Yaesu, Chuo-ku, Tokyo completed
May	1973	Foreign currency loan operations commenced
June	1985	The Shoko Chukin Bank Limited Act revised (perpetuation of the Bank by abolishing the initial 50-year term of existence)
August	1985	New York Representative Office established
February	1988	All-Japan Youth Kai launched
November	1990	Hong Kong Representative Office established
January	1995	The Great Hanshin Awaji Earthquake Task Force established
September	2003	Sales of certificates including discount bonds ended
March	2005	Shanghai Representative Office established
February	2006	New time deposit (currently "my harvest") operations commenced
June	2006	The Administrative Reform Promotion Law (The Law Concerning the Promotion of Administrative Reform for the Purpose of Realizing Small and Efficient Government) enforced, calling for the complete privatization of the Shoko Chukin Bank over a period of approximately five to seven years commencing October 2008
April	2007	Testamentary trust and estate liquidation operations commenced at certain branches
May	2007	The Shoko Chukin Bank Limited Act approved, stipulating the position, role and scope of operations of the Shoko Chukin Bank after commencing its transition to a new structure in October 2008 (company pursuant to a special act)
October	2008	The Shoko Chukin Bank Limited Act enforced (transition from a jointly owned financial institution to a joint-stock company)
October	2008	YAESU SHOKO, LTD., SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD., SHOKO SERVICE, LTD., YAESU KOSAN CO., LTD., JAPAN INSTITUTE OF COMMERCE, INDUSTRY AND ECONOMIC, LTD. (currently THE SHOKO CHUKIN BANK INSTITUTE OF COMMERCE, INDUSTRY & ECONOMICS, LTD.), JAPAN SHOKO LEASE CO., LTD (currently SHOKO CHUKIN LEASE CO., LTD.), and SHOCHU CARD CO., LTD. (currently SHOKO CHUKIN CARD CO., LTD.) converted to consolidated subsidiaries
October	2008	The Shoko Chukin Bank designated under the law as a government-appointed financial institution charged with the responsibility of undertaking special responses should a crisis occur
June	2009	The Shoko Chukin Bank Limited Act revised (newly established provision for the additional government funding, while postponing the starting point for complete-privatization deadline by three years and a half)
July	2009	The Shoko Chukin Bank posted ¥150.0 billion for crisis response reserve
March	2011	Tohoku Pacific Earthquake Task Force (name changed to Great East Japan Earthquake Task Force on May 13, 2011) established
May	2011	The Shoko Chukin Bank Limited Act revised (postponement of starting point for complete-privatization deadline by three years)
September	2012	Bangkok Representative Office established
November	2012	Revitalization Support Program established
December	2012	Issuance of new Warisho, Rissho and Rishsho Wide ended
May	2015	The Shoko Chukin Bank Limited Act revised (the government will, for the time being, hold the shares as necessary to ensure adequate implementation of crisis response measures while maintaining the policy for complete privatization)
December	2016	The Crisis Response Measures Management Department was newly established in the Co-operative Finance Planning Division (currently Business Planning Division) (Reorganized as the Crisis Management Division in October 2017, as an independent organization at Headquarters)
October	2017	Reorganized the Compliance Department into the Compliance Division as an independent organization at Headquarters
June	2018	Restructured organizations at Headquarters (Established the Finance Unit, etc. as the Management Group. Established the Audit & Supervisory Department. Established the Corporate Strategy Department, IT Strategy Department (incorporated into the Digital Transformation Promotion Division (currently Digital Strategy Division) as an independent group in April 2021), and Regional Cooperation Department in the Corporate Planning Division, etc.)
June	2018	Introduced mandated executive officer system
April	2019	Diversity and Inclusion Department was newly established in the Personnel Division (Reorganized as the Diversity and Inclusion Division (currently Diversity Equity and Inclusion Division) in April 2022, as an independent organization at Headquarters)
April	2020	Risk Management Division established. Financial Crimes Compliance Department established in the Compliance Division. Future Design Department established in the Corporate Planning Division.
April	2021	Established the M&A Advisory Department (currently M&A Advisory Division), etc. in the Business Solution Division
April	2022	Sustainability Department was newly established in the Corporate Planning Division. Reorganized the Personnel Division into the Career Development Support Division
October	2022	Startup Support Department (currently Startup Business Division) and Financial Design Department (currently Financial Design Division) established in the Business Solution Division. Consulting Department established in the Corporate Support Division
April	2023	Restructured organizations at Headquarters (Established the Operations Management Group as the Management Group. Reorganized the Co-operative Finance Planning Division as the Business Planning Division. Reorganized the Finance Management Department and the Finance Management Center as the Corporate Support Department and the Corporate Support Center, etc.)
June	2023	The Shoko Chukin Bank Limited Act revised (requiring the government to sell all its shares in the Bank and revising the Bank's scope of business)
August	2023	Established SHOKO CHUKIN CAPITAL CO., LTD., a subsidiary specializing in investment
October	2023	Hanoi Representative Office established
April	2024	Restructured organizations at Headquarters (Shifted to the Management Group structure. Established Customer Unit, Industrial Innovation Business Unit, Digital Transformation & System Unit, etc.)



# >>> The Shoko Chukin Bank Network

(As of June 30, 2024)

<b>Head Office</b>	2-10-17, Yaesu, Chuo-ku, Tokyo 104-0028, Japan	+81-3-3272-6111
<b>Hokkaido</b>		
<b>Sapporo Office</b>	3-1-20, Kita-2jonishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0002, Japan	+81-11-241-7231
<b>Hakodate Office</b>	33-1, Goryokaku-cho, Hakodate-shi, Hokkaido 040-0001, Japan	+81-138-35-5022
<b>Obihiro Office</b>	9-23, Nishi-3jomini, Obihiro-shi, Hokkaido 080-0013, Japan	+81-155-23-3185
<b>Kushiro Representative Office</b>	1-1-1, Omachi, Kushiro-shi, Hokkaido 085-0847, Japan	+81-154-42-0671
<b>Asahikawa Office</b>	9-1703-81, Sjdori, Asahikawa-shi, Hokkaido 070-0035, Japan	+81-166-26-2181
<b>Tohoku</b>		
<b>Aomori Office</b>	2-1-7, Nagashima, Aomori-shi, Aomori 030-0861, Japan	+81-17-734-5411
<b>Hachinohe Office</b>	43-1, Youka-machi, Hachinohe-shi, Aomori 031-0086, Japan	+81-178-45-8811
<b>Morioka Office</b>	3-4-6, Chuodori, Morioka-shi, Iwate 020-0021, Japan	+81-19-622-4185
<b>Sendai Office</b>	2-10-30, Chuo, Aoba-ku, Sendai-shi, Miyagi 980-0021, Japan	+81-22-225-7411
<b>Akita Office</b>	2-4-19, Nakadori, Akita-shi, Akita 010-0001, Japan	+81-18-833-8531
<b>Yamagata Office</b>	2-1, Saiwai-cho, Yamagata-shi, Yamagata 990-0038, Japan	+81-23-632-2111
<b>Sakata Office</b>	2-6-22, Naka-machi, Sakata-shi, Yamagata 998-0044, Japan	+81-234-24-3922
<b>Fukushima Office</b>	11-5, Mikawakita-machi, Fukushima-shi, Fukushima 960-8054, Japan	+81-24-526-1201
<b>Aizuwakamatsu Representative Office</b>	6-5, Minamisengoku-machi, Aizuwakamatsu-shi, Fukushima 965-0816, Japan	+81-242-26-2617
<b>Kanto-Koshinetsu</b>		
<b>Mito Office</b>	3-5-7, Minami-machi, Mito-shi, Ibaraki 310-0021, Japan	+81-29-225-5151
<b>Utsunomiya Office</b>	1-1-15, Nishi, Utsunomiya-shi, Tochigi 320-0861, Japan	+81-28-633-8191
<b>Ashikaga Office</b>	2-2751, Tori, Ashikaga-shi, Tochigi 326-0814, Japan	+81-284-21-7131
<b>Maebashi Office</b>	1-1-11, Hon-machi, Maebashi-shi, Gunma 371-0023, Japan	+81-27-224-8151
<b>Saitama Office</b>	4-25-13, Kishi-cho, Urawa-ku, Saitama-shi, Saitama 330-0064, Japan	+81-48-822-5151
<b>Kumagaya Office</b>	2-95, Hon-cho, Kumagaya-shi, Saitama 360-0042, Japan	+81-48-525-3751
<b>Chiba Office</b>	1-4-3, Shin-chiba, Chuo-ku, Chiba-shi, Chiba 260-0031, Japan	+81-43-248-2345
<b>Matsudo Office</b>	1846-2, Matsudo, Matsudo-shi, Chiba 271-0092, Japan	+81-47-365-4111
<b>Hachioji Office</b>	2-5, Yokoyama-cho, Hachioji-shi, Tokyo 192-0081, Japan	+81-42-646-3131
<b>Ueno Office</b>	1-10-12, Ueno, Taito-ku, Tokyo 110-0005, Japan	+81-3-3834-0111
<b>Omori Office</b>	6-26-3, Minamio, Shinagawa-ku, Tokyo 140-0013, Japan	+81-3-3763-1251
<b>Keihinjima Sub-branch</b>	2-10-2, Keihinjima, Ota-ku, Tokyo 143-0003, Japan	+81-3-3799-0331
<b>Oshiage Office</b>	3-10-8, Narihira, Sumida-ku, Tokyo 130-0002, Japan	+81-3-3624-1161
<b>Urayasu Sub-branch</b>	2-1-6 Tekkadori, Urayasu-shi, Chiba 279-0025, Japan	+81-47-355-8011
<b>Shinjuku Office</b>	(Inside the Fukutoshin Business Division) 6-11-3, Nishishinjuku, Shinjuku-ku, Tokyo 160-0023, Japan	+81-3-3340-1551
<b>Fukagawa Office</b>	5-11-17, Kiba, Koto-ku, Tokyo 135-0042, Japan	+81-3-3642-7131
<b>Tokyo Office</b>	2-12-18, Shibadaimon, Minato-ku, Tokyo 105-0012, Japan	+81-3-3437-1231
<b>Ikebukuro Office</b>	1-21-10, Minamiikebukuro, Toshima-ku, Tokyo 171-0022, Japan	+81-3-3988-6311
<b>Shibuya Office</b>	(Inside the Fukutoshin Business Division) 6-11-3, Nishishinjuku, Shinjuku-ku, Tokyo 160-0023, Japan	+81-3-3340-1551
<b>Kanda Office</b>	(Inside the Head Office Business Division) 2-10-17, Yaesu, Chuo-ku, Tokyo 104-0028, Japan	+81-3-3272-6111
<b>Shinkiba Office</b>	(Inside the Fukagawa Office) 5-11-17, Kiba, Koto-ku, Tokyo 135-0042, Japan	+81-3-3642-7131
<b>Shinkiba Office</b>	1-18-6, Shinkiba, Koto-ku, Tokyo 136-0082, Japan	+81-3-5569-1711
(* Deposits and other counter operations consolidated with the Fukagawa Office, operated as a Shinkiba Office)		
<b>Yokohama Office</b>	(Inside the Kanagawa Business Division) 4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
<b>Kawasaki Office</b>	(Inside the Kanagawa Business Division) 4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
<b>Yokohama-Nishiguchi Office</b>	(Inside the Kanagawa Business Division) 4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
<b>Sagamihara Representative Office</b>	4-3-14, Sagamihara, Chuo-ku, Sagamihara-shi, Kanagawa 252-0231, Japan	+81-42-786-6230
<b>Niigata Office</b>	2-4-4, Higashiodori, Chuo-ku, Niigata-shi, Niigata 950-0087, Japan	+81-25-255-5111
<b>Nagaoka Office</b>	1-2-10, Jonai-cho, Nagaoka-shi, Niigata 940-0061, Japan	+81-258-35-2121
<b>Kofu Office</b>	2-2-1, Marunouchi, Kofu-shi, Yamanashi 400-0031, Japan	+81-55-233-1161
<b>Nagano Office</b>	1483-11, Nishitsuruga-machi, Nagano-shi, Nagano 380-0814, Japan	+81-26-234-0145
<b>Suwa Office</b>	1-14-6, Ote, Suwa-shi, Nagano 392-0026, Japan	+81-266-52-6600
<b>Matsumoto Office</b>	2-1-27, Chuo, Matsumoto-shi, Nagano 390-0811, Japan	+81-263-35-6211

<b>Tokai</b>		
<b>Gifu Office</b>	9-16, Wakamiya-cho, Gifu-shi, Gifu 500-8828, Japan	+81-58-263-9191
<b>Takayama Representative Office</b>	5-1, Tenman-machi, Takayama-shi, Gifu 506-0025, Japan	+81-577-32-3353
<b>Shizuoka Office</b>	6-3, Oute-machi, Aoi-ku, Shizuoka-shi, Shizuoka 420-0853, Japan	+81-54-254-4131
<b>Hamamatsu Office</b>	133-1, Tokiwa-cho, Chuo-ku, Hamamatsu-shi, Shizuoka 430-0917, Japan	+81-53-454-1521
<b>Numazu Office</b>	6-5, Yoneyama-cho, Numazu-shi, Shizuoka 410-0046, Japan	+81-55-920-5000
<b>Atsuta Office</b>	(Inside the Nagoya Office) 3-23-18, Nishiki, Naka-ku, Nagoya-shi, Aichi 460-0003, Japan	+81-52-951-7581
<b>Nagoya Office</b>	3-23-18, Nishiki, Naka-ku, Nagoya-shi, Aichi 460-0003, Japan	+81-52-951-7581
<b>Toyohashi Office</b>	3-71-2, Matsuba-cho, Toyohashi-shi, Aichi 440-0897, Japan	+81-532-52-0221
<b>Tsu Office</b>	4-254-1, Sakae-machi, Tsu-shi, Mie 514-0004, Japan	+81-59-228-4155
<b>Yokkaichi Office</b>	1-3-20, Unomori, Yokkaichi-shi, Mie 510-0074, Japan	+81-59-351-4871
<b>Hokuriku</b>		
<b>Toyama Office</b>	6-11, Sakurabashidori, Toyama-shi, Toyama 930-0004, Japan	+81-76-444-5121
<b>Takaoka Office</b>	2-6, Marunouchi, Takaoka-shi, Toyama 933-0912, Japan	+81-766-25-5431
<b>Kanazawa Office</b>	3-1-25, Honda-machi, Kanazawa-shi, Ishikawa 920-0964, Japan	+81-76-221-6141
<b>Fukui Office</b>	3-14-9, Ote, Fukui-shi, Fukui 910-0005, Japan	+81-776-23-2090
<b>Kinki</b>		
<b>Otsu Office</b>	1-2-22, Hamaotsu, Otsu-shi, Shiga 520-0047, Japan	+81-77-522-6791
<b>Hikone Office</b>	9-3, Asahi-machi, Hikone-shi, Shiga 522-0073, Japan	+81-749-24-3831
<b>Kyoto Office</b>	159-1, Ayanokoji Dori Karasuma Nishi-iru Dojisha-cho, Shimogyo-ku, Kyoto-shi, Kyoto 600-8421, Japan	+81-75-361-1120
<b>Osaka Office</b>	1-7-13, Awaza, Nishi-ku, Osaka-shi, Osaka 550-0011, Japan	+81-6-6532-0309
<b>Sakai Office</b>	3-22-1, Ebisujima-cho, Sakai-ku, Sakai-shi, Osaka 590-0985, Japan	+81-72-232-9441
<b>Umeda Office</b>	(Inside the Osaka Office) 1-7-13, Awaza, Nishi-ku, Osaka-shi, Osaka 550-0011, Japan	+81-6-6532-0309
<b>Senba Office</b>	1-18-17, Minamisenba, Chuo-ku, Osaka-shi, Osaka 542-0081, Japan	+81-6-6261-8431
<b>Minoo Senba Office</b>	(Inside the Osaka Office) 1-7-13, Awaza, Nishi-ku, Osaka-shi, Osaka 550-0011, Japan	+81-6-6532-0309
<b>Minoo Senba Office</b>	2-5-55, Senbahigashi, Minoo-shi, Osaka 562-0035, Japan	+81-72-729-9181
(*Deposits and other counter operations consolidated with the Osaka Office, operated as a Minoo Senba Office)		
<b>Higashiosaka Office</b>	2-1-32, Nagatanaka, Higashiosaka-shi, Osaka 577-0013, Japan	+81-6-6746-1221
<b>Kobe Office</b>	111, Ito-machi, Chuo-ku, Kobe-shi, Hyogo 650-0032, Japan	+81-78-391-7541
<b>Himeji Office</b>	111, Soushahon-machi, Himeji-shi, Hyogo 670-0015, Japan	+81-79-223-8431
<b>Amagasaki Office</b>	1-2-6, Shioe, Amagasaki-shi, Hyogo 661-0976, Japan (Moved to the above address on January 15, 2024)	+81-6-6495-1666
<b>Nara Office</b>	4-281-1, Hayashikoji-cho, Nara-shi, Nara 630-8115, Japan	+81-742-30-1051
<b>Wakayama Office</b>	2-1, Juban-cho, Wakayama-shi, Wakayama 640-8152, Japan	+81-73-432-1281
<b>Chugoku</b>		
<b>Tottori Office</b>	3-201, Honmachi, Tottori-shi, Tottori 680-0031, Japan	+81-857-22-3171
<b>Yonago Office</b>	168, Higashi-cho, Yonago-shi, Tottori 683-0067, Japan	+81-859-34-2711
<b>Matsue Office</b>	210, Tono-machi, Matsue-shi, Shimane 690-0887, Japan	+81-852-23-3131
<b>Hamada Representative Office</b>	2886, Takezako-cho, Hamada-shi, Shimane 697-0015, Japan	+81-855-23-3033
<b>Okayama Office</b>	4-1, Banzan-cho, Kita-ku, Okayama-shi, Okayama 700-0818, Japan	+81-86-225-1131
<b>Hiroshima Office</b>	2-1-2, Ote-machi, Naka-ku, Hiroshima-shi, Hiroshima 730-0051, Japan	+81-82-248-1151
<b>Fukuyama Office</b>	1-1-30, Konan-cho, Fukuyama-shi, Hiroshima 720-0814, Japan	+81-84-922-6830
<b>Hiroshima Seibu Office</b>	1-14-1, Shoko Center, Nishi-ku, Hiroshima-shi, Hiroshima 733-0833, Japan	+81-82-277-5421
<b>Shimonoseki Office</b>	1-1-13, Hosoe-cho, Shimonoseki-shi, Yamaguchi 750-0016, Japan	+81-83-223-1151
<b>Tokuyama Office</b>	1-26, Minamiginza, Shunan-shi, Yamaguchi 745-0033, Japan	+81-834-21-4141
<b>Shikoku</b>		
<b>Tokushima Office</b>	2-30, Nishisenba-cho, Tokushima-shi, Tokushima 770-0901, Japan	+81-88-623-0101
<b>Takamatsu Office</b>	1-3-8, Kawara-machi, Takamatsu-shi, Kagawa 760-0052, Japan	+81-87-821-6145
<b>Matsuyama Office</b>	3-3-8, Chifune-machi, Matsuyama-shi, Ehime 790-0001, Japan	+81-89-921-9151
<b>Kouchi Office</b>	4-2-46, Hon-machi, Kouchi-shi, Kouchi 780-0870, Japan	+81-88-822-4481



## Kyushu/Okinawa

● Fukuoka Office	1-13-21, Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka 810-0001, Japan	+81-92-712-6551
■ Fukuoka Distribution Center Sub-branch	1-7-1, Tanotsu, Higashi-ku, Fukuoka-shi, Fukuoka 813-0034, Japan	+81-92-712-6551
[* Over-the-counter operation was integrated into the Fukuoka Office, and this sub-branch operates the ATMs only. The ATMs are scheduled to terminate operations on September 20, 2024.]		
● Kitakyushu Office	3-8-1, Asano, Kokurakita-ku, Kitakyushu-shi, Fukuoka 802-0001, Japan	+81-93-533-9567
(Moved to the above address on May 15, 2023)		
● Kurume Office	42-21, Higashi-machi, Kurume-shi, Fukuoka 830-0032, Japan	+81-942-35-3381
● Saga Office	1-6-23, Ekimaechuo, Saga-shi, Saga 840-0801, Japan	+81-952-23-8121
● Nagasaki Office	2-13, Doza-machi, Nagasaki-shi, Nagasaki 850-0841, Japan	+81-95-823-6241
● Sasebo Office	4-21, Tokiwa-cho, Sasebo-shi, Nagasaki 857-0053, Japan	+81-956-23-8141
● Kumamoto Office	2-23, Joto-machi, Chuo-ku, Kumamoto-shi, Kumamoto 860-0846, Japan	+81-96-352-6184
● Oita Office	1-1-18, Suehiromachi, Oita-shi, Oita 870-0027, Japan	+81-97-534-4157
● Miyazaki Office	1-10, Nishikimachi, Miyazaki-shi, Miyazaki 880-0811, Japan	+81-985-24-1711
● Kagoshima Office	17-24, Nishisengoku-cho, Kagoshima-shi, Kagoshima 892-0847, Japan	+81-99-223-4101
● Naha Office	2-22-10, Kumoji, Naha-shi, Okinawa 900-0015, Japan	+81-98-866-0196

## Overseas

● New York	527 Madison Avenue, 17th Floor, New York, N.Y. 10022 U.S.A.	+1-212-581-2800
◆ Hong Kong	Suite 804, 8/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	+852-2524-5111
◆ Shanghai	Room 1706, Shanghai International Trade Center, 2201 Yan-An Xi Road, Shanghai, China	+86-21-6275-3860
◆ Bangkok	Unit 6, 10th Floor CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand	+66-2-654-0588
◆ Hanoi	Tower 02-19th floor - Unit CP2.19.05 CAPITAL PLACE No. 29 Lieu Giai Street, Ngoc Khanh Ward, Ba Dinh District, Hanoi, Vietnam	+84-24-3233-3323

## Others

- Head Office and Branch Offices 93 (including 1 overseas branch office)  
 ■ Sub-branch Offices 3    ▲ Representative Offices 7  
 ◆ Overseas Representative Offices 4  
 Total 107 (including 5 overseas offices)



# Outline of the Bank

(As of March 31, 2024)

## ▶ Company Name

The Shoko Chukin Bank, Ltd.  
(Transition toward privatization commenced on October 1, 2008)

## ▶ Establishment Date

October 8, 1936

## ▶ Objective

Objective of the Shoko Chukin Bank, Ltd. is to conduct businesses necessary to facilitate financing for SME cooperatives, other organizations that primarily consist of SMEs and their members, while ensuring the Bank's autonomy in management toward its goal of complete privatization.

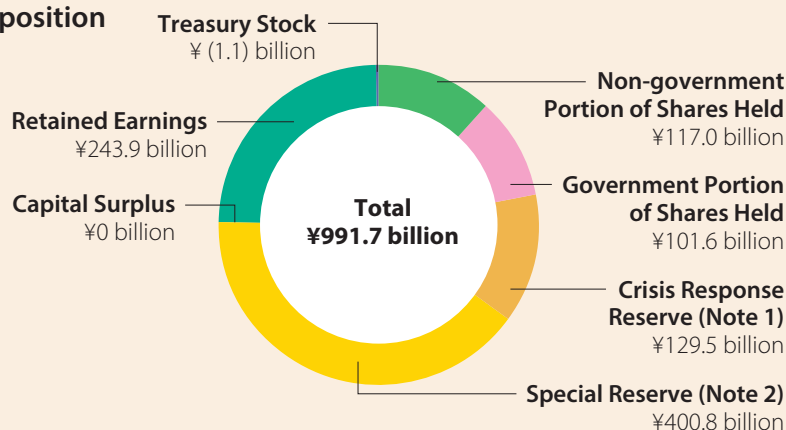
## ▶ Commencement of Operations

December 10, 1936

## ▶ Capital

¥218.6 billion (including ¥101.6 billion government subscription)

## ▶ Capital Composition



Notes: 1. A Tier 1 Capital (common stock etc.) reserve for crisis response has been created to ensure financial basis which is necessary for smooth implementation of crisis response measures.

2. In accordance with the transition to a company structure limited by shares, a special Tier 1 Capital (common stock etc.) reserve has been created to facilitate the continuous and smooth provision of funds to SMEs. An aggregate amount totaling ¥400.8 billion has been transferred to a special reserve, which is comprised of ¥303.7 billion and ¥97.0 billion transferred from the government's subscription and retained earnings, respectively.

## ▶ Funds Held

Deposits: ¥6,235.2 billion  
Negotiable Certificates of Deposit: ¥508.7 billion  
Debentures: ¥3,296.4 billion

## ▶ Loans Outstanding

¥9,627.4 billion

## ▶ Offices

Domestic: 102  
Overseas: 5

## ▶ Number of Employees (Persons)

3,454

## ▶ Rating

	R&I	JCR	Moody's
Long-term	AA <sup>-</sup> (stable)	AA <sup>+</sup> (negative)	A2 (stable)

## ▶ Outline of business

- |   |   |
|---|---|
| 1. Lending operation                      | We are providing various kinds of loans to small and medium-sized enterprises (SMEs) in need of fund to finance their business, from capital investment and long-term working capital, to short-term working capital including typically by bills discounted. We are also engaged in development and provision of innovative technique for raising finance, to cater for the diversifying needs of SMEs, including private placement bonds, loan syndication, asset-based lending (ABL) and liquidation of accounts receivable. |
| 2. Deposit affairs and exchange operation | (1) Deposits<br>We are handling current deposits, saving account, deposits at notice, time deposits, specified deposits, non-resident yen deposits and foreign currency deposits.<br>(2) Negotiable certificates of deposit<br>We are handling negotiable deposits.<br>(3) Exchanges<br>We are handling both domestic exchanges and foreign exchanges.  |
| 3. Bond issuance                          | We are issuing bank debentures called Shoko-sai, with the purpose to provide finance to SMEs on a constant basis.   |
| 4. Treasury and investment                | We are engaged in market operations in the financial markets both at home and abroad, to streamline our own financing and investment activities.  |
| 5. International business                 | As an all-round financial institution supporting business activities of SMEs, we are actively engaged in every aspect of overseas transactions including support for clients' overseas business expansion and loans to clients' local subsidiaries overseas, let alone overseas remittance, and business concerning export and import.  |
| 6. Others                                 | We are also providing other services as follows.<br>· Derivative transactions with respect to interest rate and currencies<br>· HAPPY DESIGN SURVEY<br>· Business concerning M&A<br>· Provision of management information<br>· Management support for client associations such as Chukin kai and Youth kai<br>· Market research, analysis, and sales planning<br>· Fiduciary services<br>· Other services incidental or related to the above, etc.  |



# SHOKO CHUKIN BANK

The Shoko Chukin Bank, Ltd. (Shoko Chukin Bank)

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10-17, 2-Chome, Yaesu, Chuo-ku, Tokyo 104-0028, Japan

TEL: +81-3-3272-6111

URL <https://www.shokochukin.co.jp/>