

Revitalization of Local Economies

Efforts to improve management and revive businesses

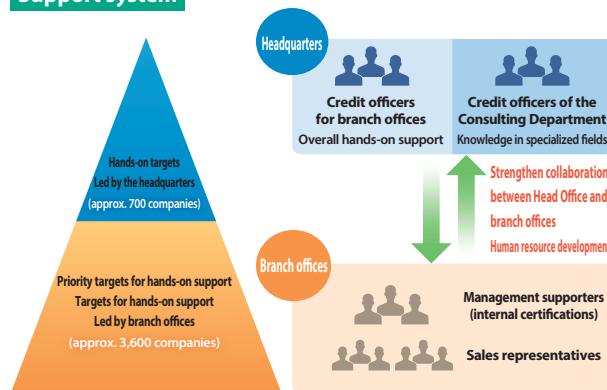
Support system

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.

At the headquarters, credit officers in charge of branch office customer support and the Consulting Department, composed of specialized personnel such as lawyers, certified public accountants, and individuals with revitalization fund experience, collaborate and provide advanced business revitalization support, including business restructuring.

In addition, in the business departments, we have established internal certifications for management improvement and have been strengthening human resource development to enhance our response capabilities.

Support system



Details of initiatives

We collaborate with stakeholders such as regional financial institutions and business revitalization funds to provide a range of support tailored to each customer's stage of development.

We provide hands-on support by specialized human resources at the headquarters and engage in business restructuring for revitalization companies through DIP finance*1 and exit finance*2.

*1 Temporary financing conducted during statutory reorganization procedures to maintain business value

*2 Financing to help companies in the process of revitalization achieve early revitalization

Results of initiatives

	Mar. 31/23	Mar. 31/24	Mar. 31/25
Percentage of increase in rank of support recipients	Approx. 8.9%	Approx. 13.6%	Approx. 11.1%
Allowance reversals for support recipients	Approx. ¥2.2 billion	Approx. ¥2.3 billion	Approx. ¥8.5 billion

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. As of March 31, 2025, we have entered business cooperation agreements in the fields of business revitalization and management improvement with 118 regional financial institutions. The Sazanka SME Revitalization Fund, established in February 2024, is working with 14 regional financial institutions that are limited partner banks to consider revitalization support recipients throughout Japan.

TOPIC

Contributed to the "Hands-On Support for Businesses in the Field of Revitalization" feature in *Weekly Financial Affairs*

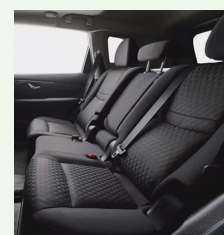
The Shoko Chukin Bank's wide-ranging initiatives in management improvement and business revitalization have been positively recognized, and from February to May 2025, we contributed a total of 12 feature articles focused on hands-on support to *Weekly Financial Affairs* published by Kinzai Institute for Financial Affairs, Inc. Going forward, we will share such know-how in the business revitalization field with collaborating regional financial institutions and work together to revitalize the regional economy.

Support case example

Supporting further development through the use of business revitalization funds

Kaytay Co., Ltd. (Fukui) engages in synthetic fabric manufacturing. With over 110 years of history, the company has contributed to the local economy as a central presence in the Hokuriku textile industry.

The company utilized the Sazanka SME Revitalization Fund, a nationwide public-private business revitalization fund established by the Shoko Chukin Bank with Long Black Partners Co., Ltd. to handle equipment renewal and business succession. Investment from the fund enabled equipment renewal, and with hands-on support such as management improvement and successor training, the company is advancing internal system development for further growth. The Shoko Chukin Bank participates in the company's management meetings to support the implementation of its plans.



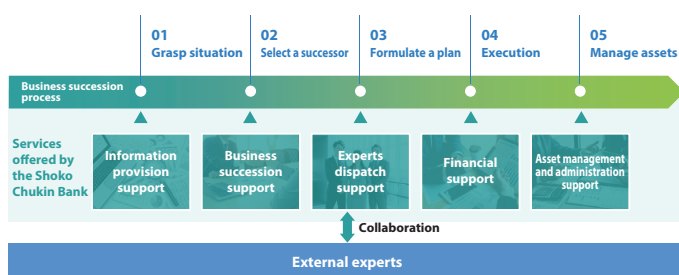
The company's products

Efforts to resolve succession issues

Support system

Business succession has become a social issue due to the aging of successors and the shortage of management candidates.

Resolving business succession issues requires preparation time, making early action a crucial part of the company's business plan. The Shoko Chukin Bank leverages the Group's comprehensive capabilities to build a support system for resolving all issues related to business succession.



Results of support

	Mar. 31/'23	Mar. 31/'24	Mar. 31/'25
Business succession	123 cases	147 cases	149 cases
M&A	26 cases	27 cases	26 cases

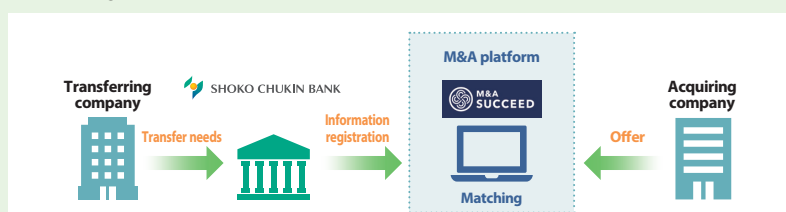
Supporting the resolution of business succession issues through M&A

In April 2024, we established the M&A Advisory Division to strengthen our corporate structure. By leveraging our nationwide network of 47 prefectural branches in Japan, we are placing even greater emphasis on M&A support for SMEs.

TOPIC

Partnership with M&A Succeed

The Shoko Chukin Bank has introduced M&A SUCCEED, a corporate-only M&A platform. M&A SUCCEED is a platform that connects companies considering a transfer with those considering acquisitions, with over 10,000 acquisition candidates participating. Companies considering a transfer can register their company profile anonymously, which allows them to gain an understanding of the existence of potential capital partners and their own market value. With the introduction of this platform, we will provide more M&A matching opportunities to SMEs and work to help them resolve business succession issues utilizing M&A.



Support case example

Supporting business succession through our nationwide network

Atel Corporation (Hiroshima) is engaged in the manufacture of semiconductor manufacturing and inspection equipment.

The president of the company had been searching for a successor company for business succession in recent years but struggled to find one that met his needs. Leveraging our nationwide network, the Shoko Chukin Bank introduced Fujikoshi Machinery Corp. (Nagano), which belongs to the same semiconductor industry and has the same people-oriented management policy as Atel Corporation, and supported the company's business succession.

➤ For details of the case examples, please click here to watch the video.

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



[Thoughts from members of the Shoko Chukin Bank] Norio Honda, M&A Advisory Division

We believe that it is important for a business succession through M&A to be completed only after both the acquiring and transferring companies are truly satisfied with each other. I prioritized respecting the feelings of the management and proceeding carefully and thoroughly with support.

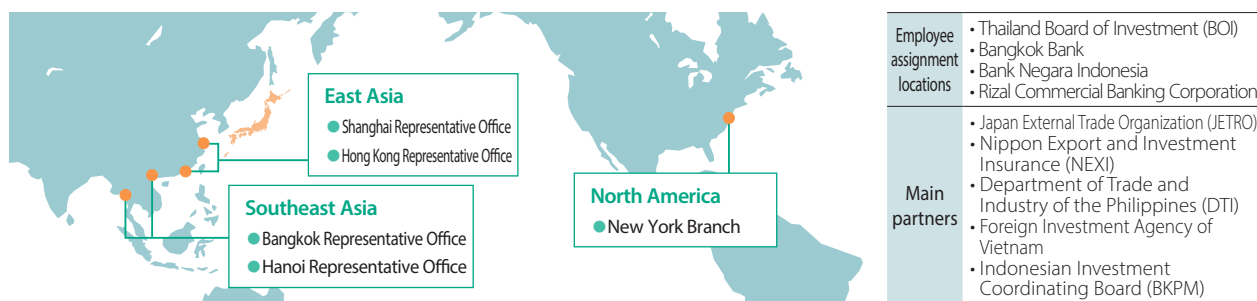


Support for overseas expansion

As the Japanese market is plateauing due to population decline, more companies are seeking growth opportunities overseas. When expanding overseas, it is necessary to appropriately address matters such as understanding and designing complex trade practices, raising the necessary funds, and complying with international regulations. The Shoko Chukin Bank's international operations specialist team provides optimal solutions to meet the issues of customers by leveraging our extensive support track record and overseas network.

In January 2025, we transitioned to ISO 20022 to continue providing foreign exchange services. Going forward, through participation in Project Pax, a project for building a cross-border remittance infrastructure using stablecoins, and collaborations with startup companies, we will further strengthen the digital transformation of trade operations and export support to help customers nationwide expand their businesses overseas.

Overseas network to support the global expansion of SMEs



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

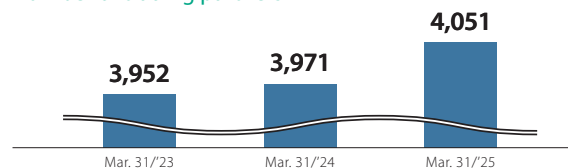
Trade settlement and finance

- 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

Number of trading partners



Support case example

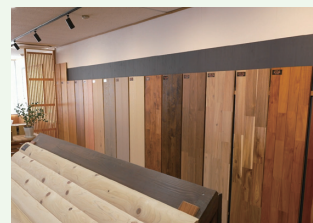
Supporting trade operations by leveraging expertise in trade finance

Tenryu Lumber Co., Ltd. (Shizuoka) is involved in the sale of logs and wood products.

The company received a request to change transaction terms from an overseas supplier and was considering how to respond to the request in order to continue the transaction. The Shoko Chukin Bank proposed a solution toward realizing remittance transactions as a resolution. In addition, by proposing a change to web transactions, we also helped the company go paperless and improve administrative efficiency.

▶▶ For details of the case examples, please click here to watch the video.

<https://www.youtube.com/watch?v=SVSd62B7WUU>



[Thoughts from members of the Shoko Chukin Bank] Tomoya Yatoji, Hamamatsu Office

The company was compelled to respond to payment term changes in import transactions, which would affect its business continuity. As the person in charge, I wanted to contribute to solving the customer's issues and proposed a customized solution, which was adopted.

Efforts to support growth using advanced financial techniques

We are strengthening advanced financial services such as structured finance to achieve large-scale financing and appropriate risk control, while leveraging our strengths, such as our nationwide branch office network and extensive collaborations with regional financial institutions to support the growth of SMEs throughout Japan.

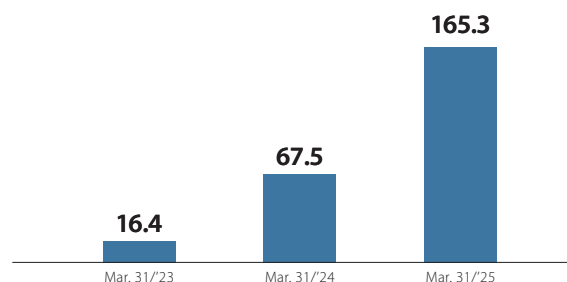
Features of the Shoko Chukin Bank's structured finance

- Feature (1)** Nationwide branch network
Can handle transactions with businesses and real estate projects nationwide

- Feature (2)** Business prospects evaluation capabilities
Screening capabilities developed through corporate loans

- Feature (3)** Regional financial institution collaboration network
Signed a memorandum of understanding for collaboration and cooperation in syndicated loan operations with over 90 regional financial institutions nationwide

Trends in structured finance transaction amounts (Billions of yen)



Support case example

Japan Entertainment Inc. (Okinawa) opened JUNGLIA OKINAWA, a theme park in Okinawa Prefecture in July 2025 that will transform travel in Okinawa through exciting and luxurious experiences not found in urban areas, set against the backdrop of northern Okinawa's stunning and overpowering natural beauty.

The Shoko Chukin Bank conducted an in-depth business prospects evaluation and shared the project's strengths and issues. Judging that the construction of this theme park would contribute to Okinawa Prefecture's sustainable economic development, we arranged a syndicated loan totaling ¥36.6 billion as lead arranger in coordination with 12 regional financial institutions.



INTERVIEW

Contributing to regional economic revitalization through new financing methods

The large-scale theme park JUNGLIA OKINAWA in northern Okinawa is a symbol of the Shoko Chukin Bank's new role in supporting the growth of regional industry. The Shoko Chukin Bank, together with Bank of The Ryukyus, served as lead arranger for the syndicated loan, coordinated the 12 banks, and also invested in the company itself. We were involved in establishing the financing scheme and coordinating public-private partnerships, and supported infrastructure development for regional economic revitalization beyond funding provision. Taking this deal as an opportunity, the Shoko Chukin Bank is strengthening structured finance and other advanced financial services, and is developing a system to handle the entire financial design process from the conceptual stage of the deal to the exit strategy.

We are uncovering the dormant potential in regions throughout Japan and focusing on supporting regional regeneration and revitalization. Going forward, while staying rooted in regions, we will develop a financial model oriented toward corporate growth support and leading Japan's revitalization from the regions so that people will say, "The Shoko Chukin Bank has changed in such a good way since its privatization."



Shigeru Kuwamoto
General Manager, Financial Design Division
(current position: General Manager, Hiroshima Office and Hiroshima Seibu Office)