



Annual Report 2019



THE PRINCIPLES OF LABOUR BANKS

Labour Banks are financial cooperatives that cultivate the dreams and ideals of our workers."

Labour Banks consider their objectives to be twofold: promote economic, welfare, environmental and cultural activities by their members; and create, by working together, a society in which all people can live in happiness."

Labour Banks are formed from worker-based organizations and organizations that keep their doors open to a wide range of citizens. This network of member organizations is the essence of the Labour Banks."

Members participate in the administration of Labour Banks as equals, seeking to improve the activities and projects of the banks. Sincerity, fairness, and openness are key Labour Bank principles. By their commitment to sound management, Labour Banks will endeavor to keep faith with their members."

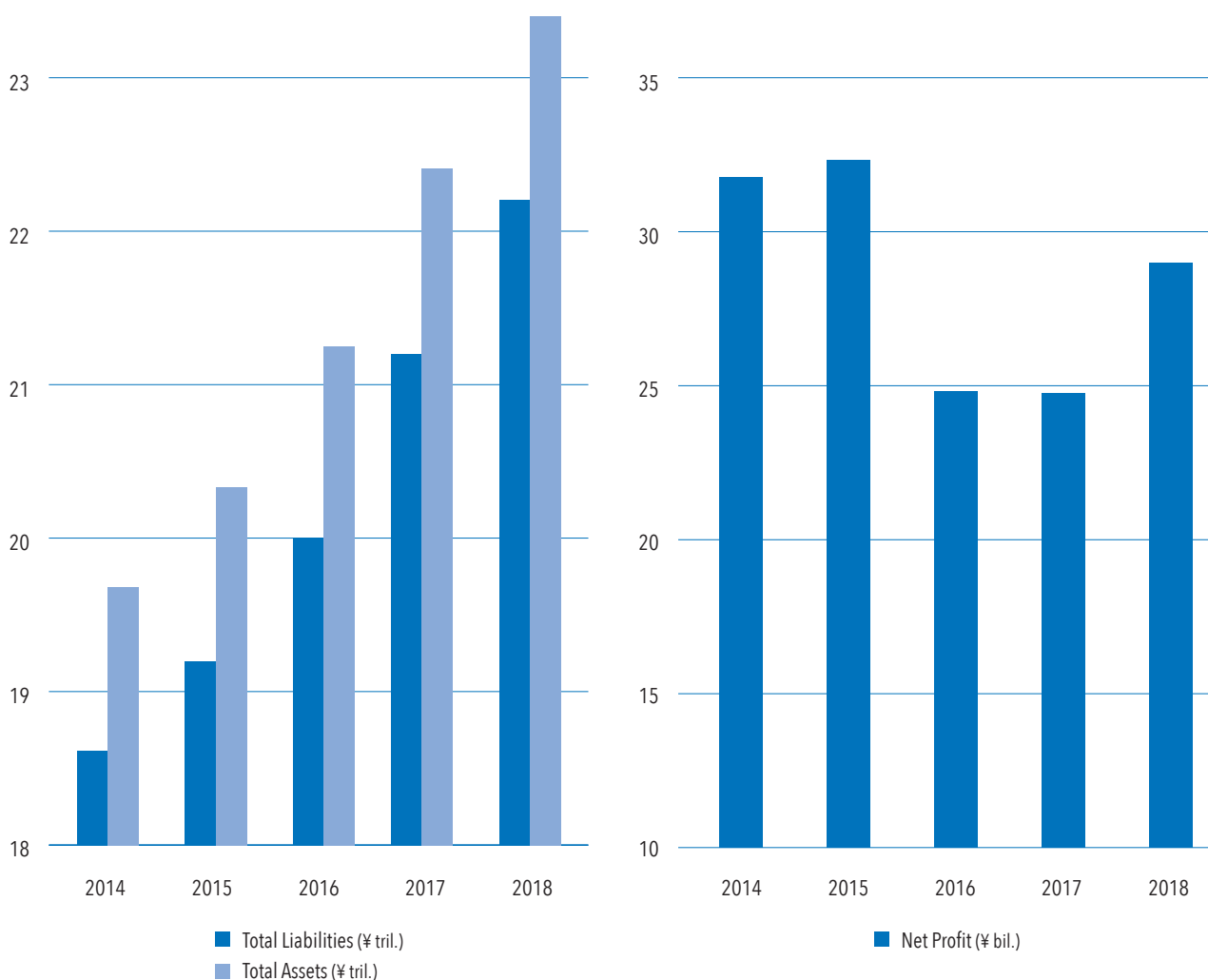
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HIGHLIGHTS OF FISCAL 2018

	2014	2015	2016	2017	2018	2018
					(¥ mil.)	(US\$ thous.)
Total Assets	19,730,409	20,391,911	21,229,990	22,395,065	23,413,487	214,802,639
Total Liabilities	18,658,225	19,244,663	20,091,897	21,239,620	22,217,440	203,829,729
Ordinary Income	294,583	293,798	278,031	272,293	275,444	2,527,013
Operating Income	290,514	289,674	274,687	267,719	272,612	2,501,027
Net Profit	31,674	32,237	24,905	24,307	28,835	264,543

¥109.00=US\$1
Fiscal year ended March 31.



MESSAGE FROM THE PRESIDENT



Kimito Nakae
President
National Association of Labour Banks

We have just recently welcomed in the new Reiwa era. As we wish from the bottom of our hearts for a Reiwa era that will usher in a “tolerant” and “inclusive” society where diverse ways of life and ways of thinking are respected, I am also hopeful that Labour Banks will, providing characteristically Labour Bank services, be able to make contributions to realize such a society.

In March 2019, we formulated our “Labour Bank SDGs Action Guidelines” with the determination that all our Labour Banks will work toward the attainment of the SDGs (Sustainable Development Goals). The SDGs slogan “leave no one behind” and our philosophy of “financial inclusion,” which aims at a situation where all people are able to gain access to and make use of necessary financial ser-

vices, is precisely matched with the founding history, principles and vision of Labour Banks.

“Labour Bank SDGs Action Guidelines” are comprised of four action guidelines.

The first is to aim toward the attainment of the SDGs through a further strengthening and thoroughgoing implementation of our current efforts to support improvements in the daily lives of working people throughout their lifetimes based on the Labour Bank Vision.

The second is to create a flow of money that contributes to the realization of a sustainable society by social finance, ESG investment, and so on.

The third is to strengthen the network with the members of labour unions and consumer co-operatives; non-profit, cooperative sector organizations related to worker welfare, such as collectives, NPOs, and social welfare corporations and municipalities to cooperate in the work toward the resolution of various social issues.

The fourth is to publicize the achievements of the abovementioned efforts toward attainment of the SDGs and to expand the circle of sympathy with the attainment of the SDGs.

In addition, each and every one of the roughly 11,000 officials and staff of all Labour Banks will personally think and act while bearing in mind the attainment of the SDGs.

Labour Banks came into existence around 70 years ago as “financial institutes created by working people for working people,” and have now grown to have total deposits exceeding 20 trillion yen. While homogenization of financial services is occurring in recent years, in contrast to other financial institutes I would like to pursue the provision of characteristically Labour Bank services.

What do I mean by “the provision of characteristically Labour Bank services”? It is the support for the lives of working people throughout their lifetimes. This means providing optimal financial services and responding to all the needs working people have at different times, with the diversification of forms of work and work styles and in the various life stages of working people, such as child-care, education, house purchase, nursing for the elderly, and the management and application of post-retirement assets.

At present, Labour Banks, while proposing the use of property accumulation savings and “Ace” Deposit along with iDeCo and Tsumitate (accumulation) NISA in line with the life plan and needs of working people, we are making efforts to support working peoples’ comprehensive asset formation as a priority task.

Furthermore, within the National Association of Labour Banks, we have set up a working group that is now proceeding with deliberations toward “The Realization of Working People’s Lifetime Transactions for the Era of the 100-year Lifespan,” and will strive to build up characteristically Labour Bank financial services for the aging society.

We are also working together with our members and promoting organizations for education to prevent multiple debt liability and for the refinancing of high-interest card loans from other banks with the goal of a rise in working people’s disposable income.

Furthermore, making use of our whole Labour Bank integrated online system, we are also working to promote paperless customer office work and non-face-to-face transactions by promoting web services and the use of tablets.

From October 2019, as well as introducing the “Rokin app,” which enables the use of various kinds of Labour Bank services with a Smartphone, we are also pushing forward with the move toward the cashless economy, such as our ability to handle QR code payments. We will continue to move forward boldly with our work reforms, improvements in customer services and work streamlining.

The International Labour Organization has recently taken the opportunity of the 100th anniversary of its founding to prepare a report on Japan's Labour Banks, which are unique in the world. The report is written from the viewpoint of the reasons for and the background to Labour Banks as financial institutions for the working people that have performed a certain role for many years. The report also asks what the future tasks are and whether the Japanese Labour Bank model for expanding financial access to working people can be applied overseas. The report also contains abundant hints for our Labour Bank business category.

Furthermore, the ILO report consistently expresses the message that the role of Labour Banks in providing financial inclusion and a financial safety net for working people, who have anxieties regarding daily life and employment and who are placed in a socially disadvantaged position, is strongly encouraged. Labour Banks must respond firmly to this encouragement.

The current circumstance that working people find themselves in is that while the ratio of jobs to applicants is rising and the overall unemployment rate is falling, growth in real wages is sluggish and problems such as a widening of disparities and the cycle of poverty are becoming more conspicuous.

In a situation such as this, support for people who are working in non-regular employment, accounting for around 40% of all employed people, is a crucial task that must be tackled head on precisely by Labour Banks.

We will act positively to give support related to working people's overall life plan while cooperating with organizing activities for people who are working in non-regular employment.

As the number of working women increases, many Labour Banks are initiating financial products and services for women that have been developed with female staff playing a central role. In the future, we will work to support working women while providing painstaking responses to diverse financial needs such as daily life fund loans for single mothers.

Each of the Labour Banks is also making efforts for refinancing loans to alleviate the repayment burden of people who have taken on large student loans.

As there have recently been frequent natural disasters, we have created a disaster-support loan with an extremely low interest rate (1% including warranty fee) that is unified across all Labour Banks in order to support people affected by natural disasters.

Going into the future, while working to cooperate with everyone in the not-for-profit and co-operative sector, including labour unions, workers' welfare associations, consumer cooperatives, and NPOs, we will continue to take charge of the construction of a safety net for working people

from the financial side.

While responding appropriately to the digitalization of finance, Labour Banks will continue to deliver to our customers the face-to-face, human-touch services that are described in the ILO report as characteristic of Labour Bank services.

I hope Labour Banks will, alongside all our companions who hold to the same aspirations, play a distinct role in order to realize a sustainable and inclusive society, and I desire from the bottom of my heart to cherish this sentiment as we help each other, support each other and expand our circle of mutual assistance to the whole of society.

中江公人

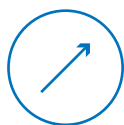
ABOUT US

Labour Banks are financial institutions organized as cooperatives, created by labour unions and consumer cooperatives who pool funds to assist each other. Financial institutions are founded by specific laws and Labour Banks are established in accordance with the Labour Bank Law (enacted in 1953), with its business license issued by the Financial Services Agency and Ministry of Health, Labour and Welfare.

The Labour Bank Law stipulates the principles for the operation of our business: (1) activities geared toward profit-making cannot be undertaken; (2) services are to be provided directly to members and not for the benefit of special members; and (3) Labour Banks must maintain a politically neutral position.

Moreover, the goals of Labour Banks are to contribute to the improvement of the economic status of workers, as stipulated in Article 1 of the Labour Bank Law.

1. Basic Stance



Objectives

Labour Banks are financial institutions organized as cooperatives, created by Labour unions and consumer cooperatives who pool funds to assist each other. We are striving to create a society in which working people and their families can live in security and comfort. Of the numerous financial institutions in Japan, Labour Banks are the only ones purely working for people's welfare.



Governance

Labour Banks are governed in an equitable and democratic manner, and not for profit-making purposes, in accordance with the Labour Bank Law. The circle of people who share an interest in the unique form of governance of Labour Banks is expanding throughout Japan. Labour Banks are used widely by the roughly 11 million constituents belonging to group members such as labour unions and consumer cooperatives.



Operations

Labour Banks' operations differ very little from those of ordinary financial institutions: taking deposits, offering loans, and providing various services. However, the funds deposited by working people are used to finance homes, cars, education, and child care of fellow workers and their families and serve to make the lives of working people even more enriched.

2. Social Role

Labour Banks fulfil their unique financial functions to meet the financial and welfare needs of workers and their families so that they can live their lives with a sense of security and comfort, to play a social role within labour unions, the daily lives of people, and society at large, in a person-centered manner.

1. Support of Labour Union Activities

The situation surrounding workers has become increasingly difficult in recent years, as seen through the widening wage gap and the increasing number of people working in non-regular employment. We back up labour unions' independent welfare activities by offering low-interest financing and advantageous programs..

2. Offer of Low-Interest Loan Products

We, the companions of working people, are providing low-interest loan products for homes, cars, education, childcare, etc.

3. Assistance of Worker Welfare Programs

While providing individuals with low-interest financing, we also provide working people with comprehensive support. As such, we demonstrate our role as a core bank for welfare organizations, by supplying operating funds to consumer cooperatives and nonprofits.

4. Expansion of Our Uses

As support for people in workplaces where there is no labour union, we have established mutual aid groups and retirees' associations to make it possible to use Labour Banks.

5. Offer of our Welfare-Related Financing Function

The various activities we have undertaken include campaigns to democratize finance at the time of the oil shocks and to help loan shark victims. At the time of the Great Hanshin-Awaji Earthquake and Great East Japan Earthquake, which inflicted immense damage on the affected areas, we promptly responded with special measures for existing borrowers and special loan programs for disaster victims.

6. Promotion of Improvements in Zaikei (Asset Formation) Savings Programs

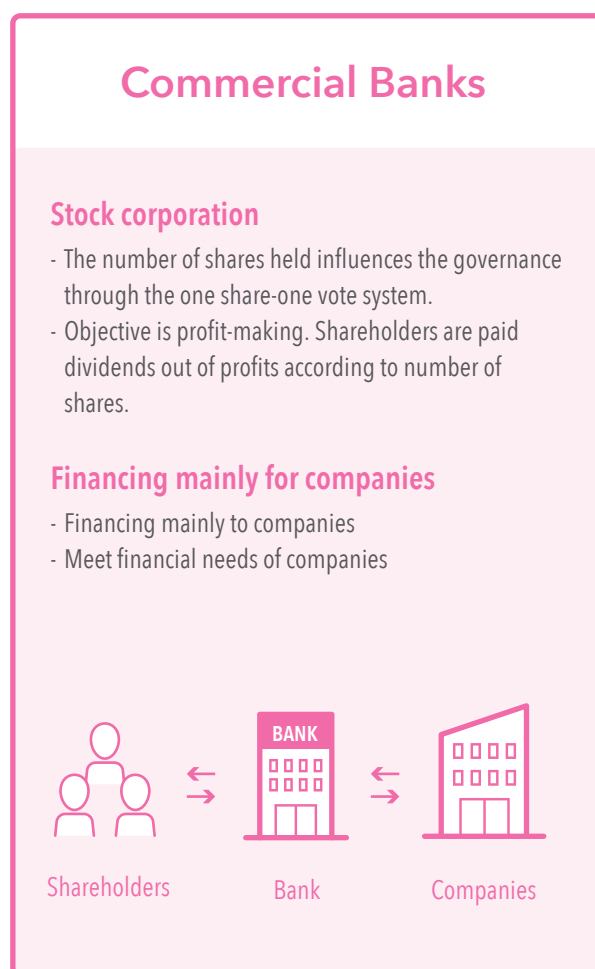
As part of our efforts to improve asset formation savings programs, we have requested that the tax-free ceiling be raised. The campaign to improve such programs is one part of the Labour Banks' role in society, and we are making efforts to create the best asset formation programs by working jointly with independently established worker welfare organizations.

7. Actions against Multiple Debt Liabilities

The situation with multiple debt liability problems is still serious. We endeavor to provide advice and information about preventive steps and the correct ways to use credit cards. We work together with lawyers, judicial scriveners (*shiho-shoshi lawyers*) and other experts on efforts to help people recover from multiple debt obligations.

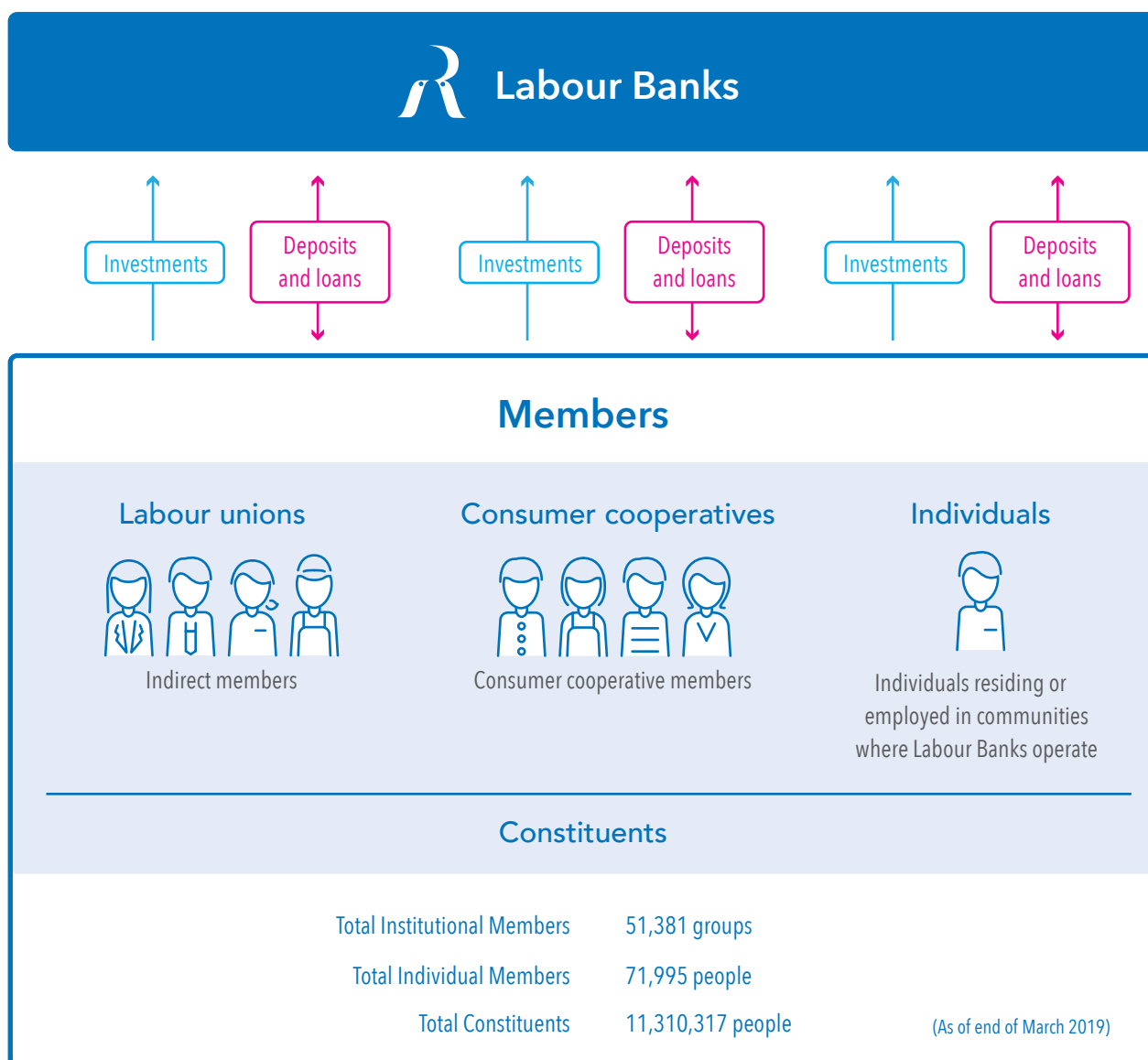
3. Organizational structure

Labour Banks are financial institutions organized as cooperatives, which are not managed for profit-making. Unlike conventional commercial banks which seek profit, Labour Banks value relationships between people and their communities. As such, Labour Banks work together with members to expand welfare-related financing to meet the daily needs of workers and the welfare needs of communities.



4. Members

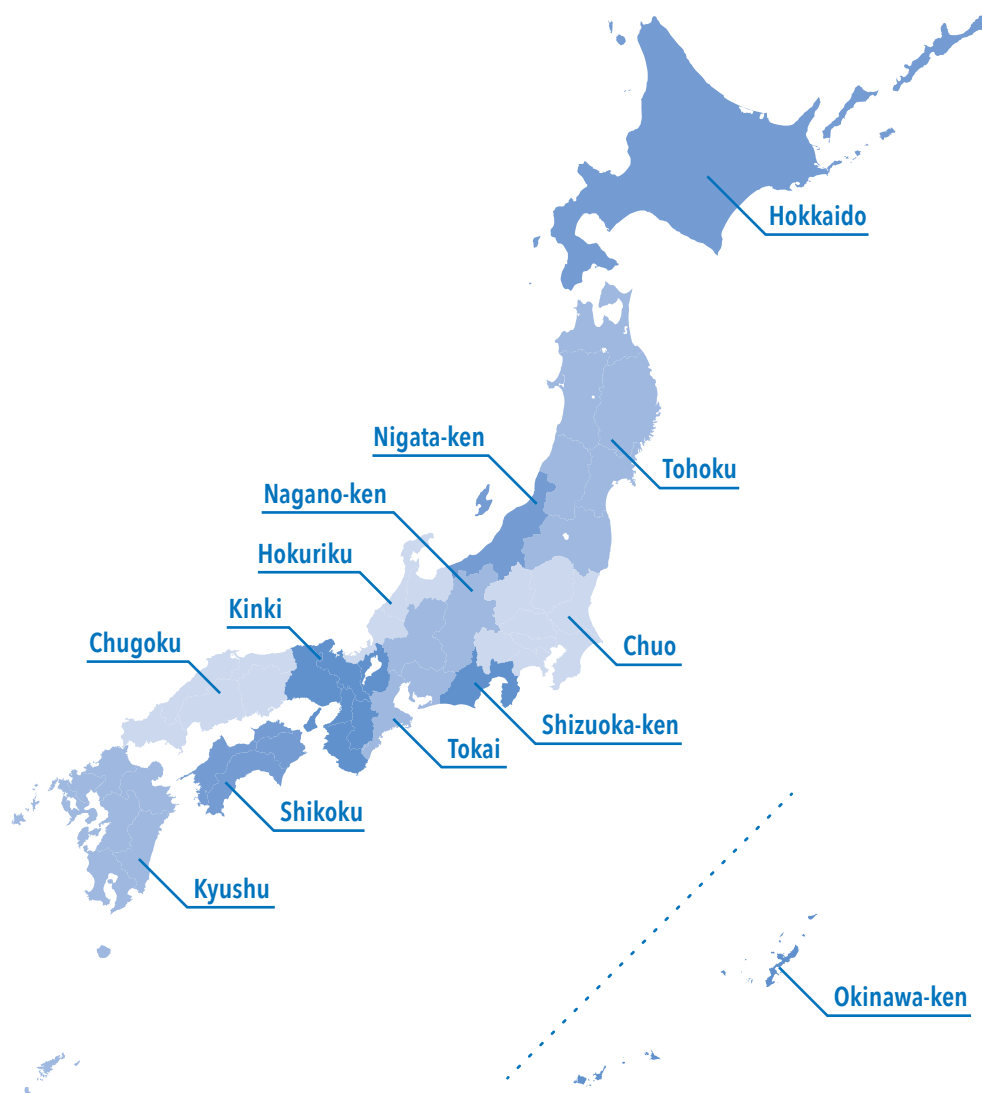
Labour Bank membership is composed mainly of institutions such as labour unions and consumer cooperatives that invest in the Labour Banks. Individual workers may, as constituents of the member organizations, use the services of Labour Banks. Moreover, individuals who do not have labour unions in their workplaces or have not joined consumer cooperatives, are also able to use the services of Labour Banks by making individual investments in Labour Banks or by joining the workers' groups ("Friends of Labour Banks").



HISTORY OF LABOUR BANKS

1. Overview

The history of foundation of Labour Banks goes back to 1950, after the country's defeat in World War II. Japan was in a rush to rebuild its economy at the time, and much of the funds that financial institutions collected from the nation's citizens were invested in the nationalized industries and private corporations, rarely being lent to workers. As such, workers had no recourse but to borrow from loan sharks and pawnshops at high interest rates and had a hard time with interest burdens and harsh collection methods.



It was under these circumstances that in 1950, the Consumer's Co-operative Union in Okayama and labour unions in Hyogo made separate calls for establishing banks for workers, leading to the establishment of Labour Banks.

These two Labour Banks in Okayama and Hyogo were established prior to the Labour Bank Law being enacted, so they were set up in accordance with the Small and Medium-Sized Enterprise Co-operatives Act as credit cooperatives.

Following the enactment of the Labour Bank Law in 1953, the banks set up as credit cooperatives became Labour Banks. In 1966, with the establishment of a Labour Bank in Okinawa Prefecture, which was occupied by the U.S. forces, Labour Banks were established in all 47 prefectures.

Since then, with the establishment of the Kinki Labour Bank in 1998, mergers proceeded, bringing the nationwide total to the current 13, each run as an independent entity.

2. Current status

The 13 Labour Banks across Japan have a total of 620 branches as of the end of March 2019.

The branches cover all of Japan, from the Wakkanai Branch of the Hokkaido Labour Bank at the northern tip, to the Yaeyama Branch of the Okinawa-ken Labour Bank at the southern tip.

3. Central administrative organ of Labour Banks

The National Association of Labour Banks and the Federation of Labour Banks (Rokinren Bank) serve as central administrative organs for Labour Banks.

The main role of the National Association of Labour Banks is to develop the overall policies and positions of Labour Banks' business as well as to provide management guidance to and communicate with all 13 Labour Banks. Additionally, it engages in strengthening ties with other cooperatives both domestically and internationally.

The Rokinren Bank is a central organization whose main role is to adjust the demand and supply of funds and provide centralized data processing for Labour Banks, develop and manage a unified online system, etc.

The Rokinren Bank's main role is to adjust the demand and supply of funds and provide centralized data processing for Labour Banks, develop and manage a unified online system, etc.

The National Association of Labour Banks and the Rokinren Bank act as a safety net for all 13 Labour Banks by building a mutual support system and providing support for business operations.

SERVICES OF LABOUR BANKS

Deposits

Item	Service
Packaged Account	Combines ordinary and time deposits. The overdraft function which uses time deposits as security, makes loans automatically available.
Ordinary Deposit	Deposits and withdrawals can be made anytime. Used for receiving wages and automatic payment of utility charges, etc.
Current Deposit	Deposit for check payments: used as fund settling accounts of group members, etc.
Saving Deposit	Deposit that combines the freedom of deposits and withdrawals of ordinary deposits and the advantage of interest rates stepped in accordance with the deposited balance.
Deposit at Notice	Used to handle sizable funds for a short period.
"Super" Time Deposit	Used for making lump sum deposits which are left untouched until maturation.
Maturity-Designated "Wide" Time Deposit	Deposit which can be withdrawn anytime after a lapse of one year. One-year compounded interest accrued.
Floating-Rate Time Deposit	Time deposit to which a new interest rate is applied every six months.
Large-Scale Time Deposit	Used to operate large funds over ¥10 million.
"Zaikei" Deposit (property accumulation deposit)	Based on the laws for "Promoting Workers' Property Accumulation," which has three types of accounts: General Zaikei, Zaikei Annuity and Zaikei Housing. Of those accounts, a combined savings in Zaikei Annuity and Zaikei Housing of up to ¥5.5 million are tax-exempt.
"Ace" Deposit	An installment time deposit similar to the property-accumulation deposit accounts. Non-fixed-date, specified-date and pension types are available.
Negotiable Certificate of Deposit	Deposit for organizations that can be opened with an initial amount exceeding ¥50 million. Unlike typical time deposits, this savings certificate is negotiable if procedures designated by Labour Banks are followed, as it does not come with a provision prohibiting negotiations.

Loans

Item	Service
Card Loan	
My Plan	Loan and repayment can be made by ATM and Rokin Direct (Internet banking). Useful for sudden, unforeseen expenditures.
Car Loan	Can be used not only for car purchase but also for motorcycle purchase and costs for obtaining a driver's license, etc.
Educational Loan	Low-interest loan, available for any purpose related to education, such as enrollment fees and tuition.
Housing Loan	Can be used to build or purchase new housing or enlarge/rebuild housing.
NPO Project Support Loan	Loan System exclusively for NPOs with the goal of supporting the activities of NPOs aiming to improve community welfare.
Disaster Support Loan	Low-interest loan for the support of people affected by natural disasters such as earthquakes, typhoons, heavy rainfall, etc.
Entrance Fee Loan System for Japan Student Services Organization Scholarship Students	Loan system for persons who have applied for the Scholarship with Specially Increased Loan Amount for University Entrance who require funds at the time of university entrance until the Increased Amount Scholarship is issued. The loan covers only an amount up to the Increased Amount Scholarship to be issued.
Working People's Daily Life Support Special Loan System	System to review the repayment conditions of current loans for working people who are in difficulties due to leaving work or reduced income, etc. caused by circumstances at their workplace.
Loan System for Funds to Support Job Seekers	System established as a further support measure in cases where money for daily life expenses, etc. is lacking during vocational training due to vocational training benefits from the government's "Support System for Job Seekers" alone being insufficient for daily life.

Others

Item	Service
Domestic Exchange	Remittance can be made to any financial institution within the country.
Account Transfer	Payments for utilities – such as electricity, gas, water, telephone, credit cards, and various insurance premiums – can be automatically deducted from an ordinary deposit account.
Salary Deposit	Account holders can receive salaries in the designated deposit account.
Annuity Receipt	Various public annuities, mutual aid annuities, etc. can be received through a designated account.
Cash Advance	Money deposited can be withdrawn with a Labour Bank cash card from an ATM installed at any Labour Bank, as well as from financial institutions and convenience stores across the country.
Credit Card	“Labour Bank UC Card” is a prominent credit card of the UC group. It is also linked to Visa and Mastercard.
Agency Business	This organization provides services on behalf of the Japan Housing Finance Agency and other public financial institutions.
Debit Card	This is a service where payments for shopping and dining can be made with your Labour Bank cash card in stores with the “J-Debit” mark, without any transaction fee charges.
OTC Sales of Japanese Government Bonds	Japanese government bonds (JGBs) with two-year and 10-year maturities as well as JGBs with maturities of 3, 5, and 10 years for retail investors are sold over the counters (OTC) of Labour Bank outlets. Of these, the 10-year JGBs for retail investors carry variable coupon rates that are reviewed every six months.
OTC Sales of Investment Trusts	Investment trust instruments, established and managed by investment trust management companies, are sold over the counters of Labour Bank outlets in order to support asset management in accordance with life plans.
Rokin Direct (Internet Banking or Telephone Banking)	Transfer of funds and balance inquiries are possible via computers, smartphones, mobile phones, and other devices.
Rokin App	Application that combines various functions, making it easy to check balances and the details of account activity, and to use the Smartphone camera function to pay taxes, etc.
iDeCo	Private pension system operated under the Defined Contribution Pension Act. Self-funded and self-operated. Makes use of the system’s preferential tax treatment where management gains are tax exempt, etc.
OTC Sales of Mutual Assistance & Insurance	Fire insurance, fire mutual assistance, medical insurance and life insurance exclusive to persons who have taken out Labour Bank housing loans are also handled.

VISION STATEMENT

**The most trusted, and most accessible financial institution
that cares for the worker's welfare**



Inclusive society where people support one another

Strengthen ties with members



Strengthen ties with members, work together to solve challenges that workers face, and support independent welfare activities that members engage in.

Develop Labour Bank's activities in communities



Develop Labour Bank's activities within communities, while enhancing and expanding workers' mutual-aid and activities, along with strengthening ties with the non-profit and cooperative sector

Provide support through financial functions Our role of providing high-quality financial services



- Provide appropriate financial services for meeting lifestyle and life stage needs of workers
- Offer core financial functions to the non-profit and cooperative sector

Connect people through information Our role of connecting people with one another, as well as with their communities



Provide information to enable everyone to live with a sense of security and fulfilment within their communities

Japan is now in transition to a decreasing birth rate, aging population and population decline society, which has never been experienced before. In this change in the social environment, Labour Banks will further strengthen cooperation with our members and will display the true value of a co-operatively organized welfare finance institution that is the most accessible and trusted by all working people, including the working people themselves and their families, retirees, job seekers, etc. This vision describes the image Labour Banks aim for in the ten years after 2015, as Japanese society undergoes great changes. The 13 Labour Banks, the Association and Federation share this vision as the vision of the whole, and will gather together to take action toward realization of the vision with the total power of the Labour Banks.

Our commitment:

- We will support workers' livelihoods throughout their life
- We will fulfil our role as providers of core financial functions for the non-profit and cooperative sector
- We will contribute to creating an inclusive society by connecting people with one another and to their communities

Further Development of the Movement and Business through Participation of the Members

Labour Banks were established independently by workers for their welfare at a time when they were unable to receive loans from financial institutions after World War II. Labour unions that are members have since actively participated in Labour Bank's business operations as part of their labour movement in order to protect and improve the livelihood of workers.

As people working in non-regular employment increase and wage gaps widen, the situation surrounding workers has become increasingly challenging. Under such circumstances, the meaning of promoting the Labour Banks as a team with members needs to be revisited so that Labour Banks can make efforts to solve issues that workers face through that partnership.

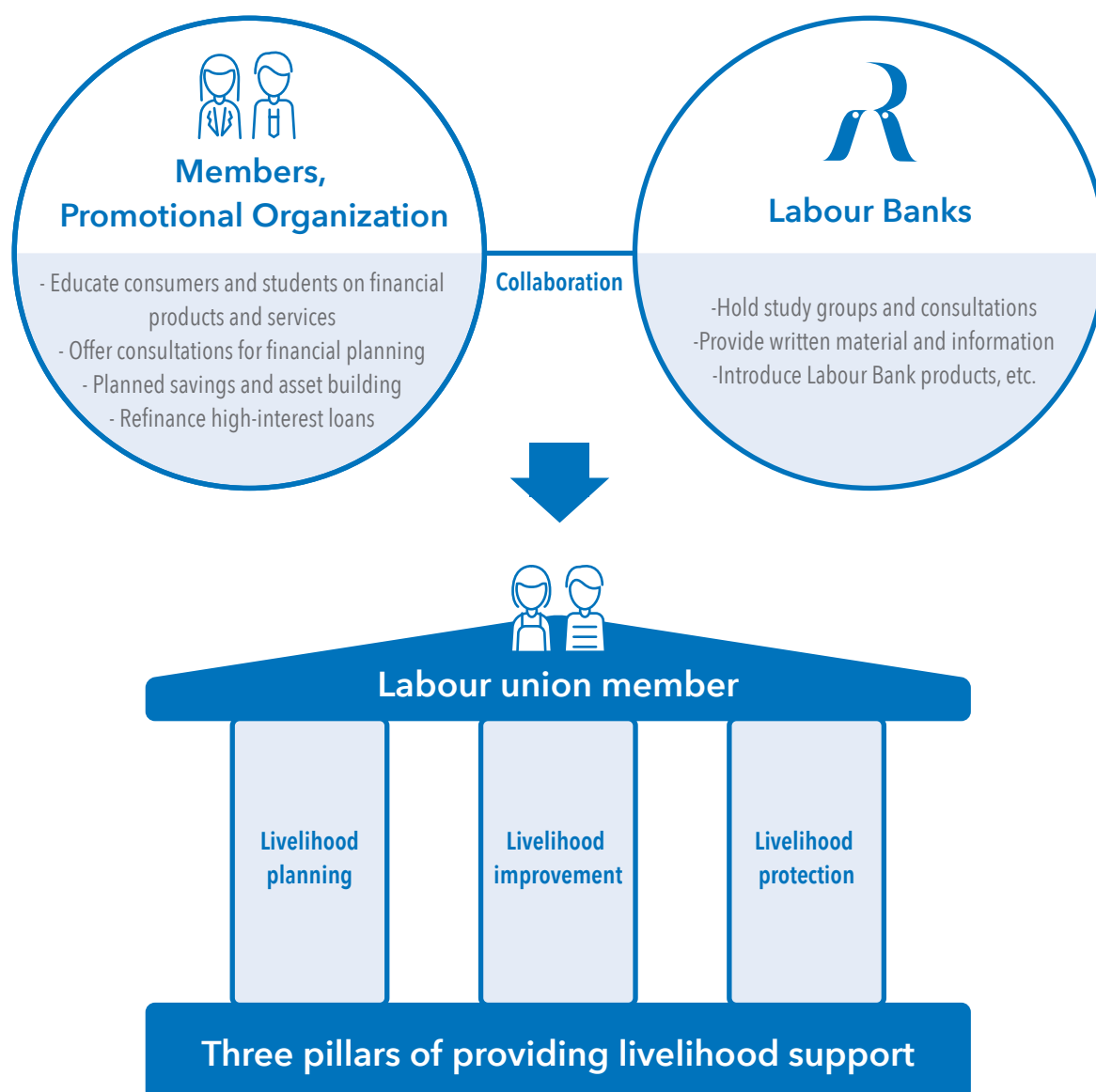
OUR EFFORTS FOR REALIZING THE LABOUR BANK'S VISION

1. Providing support for the workers' livelihood

Labour Banks in Japan are engaged in supporting the workers' livelihood throughout their lifetime, with three pillars of support provided: Improving livelihoods, protecting livelihoods, and planning livelihoods.

For money related issues pertaining to the workers' livelihood, Labour Banks work in partnership with members and provide guidance and advice.

The issue of multiple debt has been a social problem from long ago, which Labour Banks were



quick to address. Awareness campaigns to help workers avoid falling into multiple debt, as well as assisting those who had fallen into multiple debt, are some examples of efforts that have been made.

In recent years, high-interest credit card loans have increased and surpassed consumer loans.

In order to avoid turning this credit card loan issue into a new social problem, Labour Banks encourage high-interest credit card loan users to refinance with Labour Bank loans that offer lower interest, as part of efforts to support the workers' livelihood.

At the same time, an educational DVD titled, "Protect your livelihood with proper financial knowledge: Current state of credit card loans," was produced to equip members with financial knowledge in areas such as the proper use of credit card loans, to raise awareness in collaboration with members.

2. Supporting non-profit businesses

As stated in the Vision Statement, Labour Banks place value on connecting people with one another and to their communities, as a way to contribute to building an inclusive society. We support solving various issues by building a cooperative network with community-based organizations, encouraging collaboration between organizations, and providing information needed by residents.

The NPO Project Support Loan was started in April 2000 by the Chuo Labour Bank and Kinki Labour Bank for the purpose of supporting registered non-profit organizations (NPOs) through financing, as we are a financial cooperative that strives to create a society where workers and their families can live with a sense of security and comfort. This loan is now offered at all Labour Banks.

3. Providing support to people working in non-regular employment

The number of people working in non-regular employment in Japan reached 20.36 million people in 2017, which makes up 37.3% of those employed. The rise in people working in non-regular employment has led to unstable employment and a widening gap in income. Labour unions view helping people working in non-regular employment a priority issue.

Labour Banks strive to support the livelihoods of all workers so that they may live with a sense of security throughout their lives. The livelihoods of people working in non-regular employment are supported in partnership with members, by offering a line-up of financing options, along with promotion of Zaikei (property accumulation savings) and instalment time deposits that provide a planned approach to savings.

4. Building a sustainable society

The Sustainable Development Goals (SDGs), adopted during the September 2015 United Nations Sustainable Development Summit, are composed of 17 Goals and 169 Targets. Meeting the Goals and Targets requires participation and partnership not only from national governments and international organizations, but also from a wide range of stakeholders such as Labour unions, cooperatives, etc.

The SDG's slogan of "No one will be left behind," as well as its goal of making financial services available to all who need it, which is the concept of financial inclusion, matches the history, principles, and vision that Labour Banks are founded on.

Labour Banks will strive to fulfil its role as a financial cooperative to build a sustainable society in which all working people can live with a sense of security.

THE LABOUR BANK SDGS ACTION GUIDELINES

Labour Banks have recently formulated the "Labour Bank SDGs Action Guidelines" to advance our efforts toward realization of the SDGs.

Through diligent pursuit of the Labour Banks' mission of facilitating improvements in the daily lives of working people through the Labour Bank movement, we will go forward with our efforts to perform our role and attain the SDGs in a manner that is expected of Labour Banks as cooperative financial institutions.

The SDGs slogan "leave no one behind" and the idea of "financial inclusion," which aims at a situation where all people are able to gain access to and make use of necessary financial services is well-matched with the founding history, principles and vision of Labour Banks.

What are the SDGs?



The Sustainable Development Goals (SDGs) are international goals for the period 2016 to 2030 that were laid down in the 2030 Agenda for Sustainable Development adopted by the United Nations Summit in September 2015. The SDGs consist of 17 goals, such as “end poverty” and “end hunger,” and a total of 169 targets (individual goals) that have been set for all the goals. The importance of the SDGs has been recognized globally and Japan is also expected to actively promote the attainment of the SDGs.

SUSTAINABLE DEVELOPMENT GOALS



The Labour Bank SDGs Action Guidelines

– March 2019 –

- Labour Banks, as non-profit cooperative financial institutions for working people, take on the task of support for improvements in the daily lives of working people throughout their lifetimes based on the “Labour Bank Principles” and the “Labour Bank Vision” for the realization of these principles. Labour Banks will aim toward the attainment of the SDGs through a further strengthening and thoroughgoing implementation of these activities, striving to resolve the various social issues surrounding working people.
- Labour Banks will create a flow of money that contributes to the realization of a sustainable society by utilizing the valued funds of working people as, among others, financing for improvements in the daily lives of the working people themselves and in environmental, social and governance (ESG) investment, which has consideration for society and the environment.
- Labour Banks will strengthen their network with the members of trade unions and consumer cooperatives; non-profit, cooperative sector organizations related to worker welfare, such as collectives, NPOs, and social welfare corporations; associations and foundations; municipalities, and others, and will cooperate with these organizations in the work toward the resolution of social issues such as community welfare, education, environment, natural disasters and other issues.
- Labour Banks will publicize the achievements of various efforts toward attainment of the SDGs and will expand the circle of sympathy with the attainment of the SDGs by informing the broader society, including members and working people, that using Labour Banks will lead to advances toward the SDGs.

Labour Bank Actions and the SDGs

Strengthen the Labour Bank movement and strive for attainment of the SDGs.



Labour Banks promote the creation of a society in which all working people and their families can enjoy safe, secure and abundant lives throughout their lifetimes by maintaining continual provision of quality financial products and services.



Labour Banks strive to create an environment in which everyone is guaranteed an equal opportunity to receive quality education and all workers are able to continue lifelong learning in order to raise their skill levels. As well as promoting financial and economic education, Labour Banks respond to various financing needs related to education.



Labour Banks strive to create a sustainable society through investment with consideration for the environment and society, investment in companies that display excellent corporate governance, and also through cooperation with organizations that are making efforts in this direction.



Labour Banks aim for the realization of a society which enables everyone to work and live in health and security without fear of discrimination or exclusion and without falling into social isolation due to differences in age, gender, disability, economic status, etc. Labour Banks take action to support employment, social participation and economic independence through improving access to financial services for people who find themselves in harsh economic circumstances.



Labour Banks aim for the realization of an inclusive and peaceful society without discrimination or conflict and which enables everyone to live in security through actions to resolve social issues by making use of networks with, and by cooperating with, trade unions and consumer cooperatives, NPOs, social welfare corporations, associations and foundations, municipalities and others.



Labour Banks, while deepening the understanding of the creation of a sustainable society, will review the nature and conduct of work in Labour Banks and will promote improvements in workplace environment to enable active participation by diverse human resources through striving toward the attainment of the SDGs.

Labour Bank officials and staff, as members of the local community, will personally think and act while bearing in mind the attainment of the SDGs during their daily lives and work.



COOPERATION WITH DOMESTIC AND INTERNATIONAL COOPERATIVES

Labour Banks value partnerships with domestic and international cooperatives, as we are striving to create a society in which fellow workers and their families can live with a sense security and comfort.

Membership in the International Co-operative Alliance (ICA)

The National Association of Labour Banks became a member of the ICA in September 2010 to promote international cooperation among cooperatives.

The ICA was established in 1895 in London as an organization for cooperatives worldwide, with headquarters currently based in Brussels, Belgium.

National level cooperatives and international organizations from a wide variety of fields such as agriculture, forestry and fisheries; consumers; credit and savings; insurance; etc., join as members from around the globe. The ICA is recognized by the United Nations as the largest non-governmental organization in the world.



Affiliation with the Japan Co-operative Alliance (JCA)

Continuing on from the inter-cooperative union cooperation and international cooperative union movement pursued by the former Japan Joint Committee of Co-operatives (JJC)*, JCA is an organization launched on April 1, 2018 with the goal of elevating the shared value of cooperatives in communities. The National Association of Labour Banks was affiliated to JJC in 2010, continues this affiliation with JCA and is tackling various community issues while cooperating with Japan's cooperative unions.

* The JJC was established in 1956 to strengthen cooperation among the ICA member organizations for domestic and international cooperative activities. JJC had been conducting collaborative projects related to the international activities of cooperatives, such as participation in the ICA General Assembly. JJC rebranded itself as a new collaborative organization called "Japan Co-operative Alliance (JCA)" in April 2018 to elevate the shared value of cooperatives within communities and fulfil its role and potential in realizing sustainable societies.

CONSOLIDATED BALANCE SHEET FOR ALL LABOUR BANKS



ASSETS

	2018		2017		
	2018		2017		
Cash	149,023	145,737	145,737	145,737	1,367,189
Due from banks	6,643,416	6,514,907	6,514,907	6,514,907	60,948,778
Call loans	-	-	-	-	-
Monetary claims purchased	4,489	10,260	10,260	10,260	41,191
Money in trusts	11,343	11,396	11,396	11,396	104,066
Securities	2,731,923	2,651,181	2,651,181	2,651,181	25,063,517
Loans	13,556,326	12,745,413	12,745,413	12,745,413	124,369,967
Others	167,753	165,236	165,236	165,236	1,539,018
Tangible fixed assets	147,849	148,226	148,226	148,226	1,356,415
Intangible fixed assets	2,031	1,807	1,807	1,807	18,640
Prepaid pension costs	3,299	2,478	2,478	2,478	30,274
Deferred tax assets	4,420	5,113	5,113	5,113	40,551
Deferred tax assets for land revaluation	-	-	-	-	-
Customers' liabilities for guarantees	4,300	5,265	5,265	5,265	39,453
Allowance for loan losses	-12,690	-11,960	-11,960	-11,960	-116,425
Other allowances	-	-	-	-	-
Total assets	¥23,413,487	¥22,395,065	¥22,395,065	¥22,395,065	\$214,802,639

LIABILITIES

	2018		2017		
	2018		2017		
Deposits (including NCDs)	20,361,279	19,725,762	19,725,762	19,725,762	186,800,728
Demand deposits	6,127,415	5,754,349	5,754,349	5,754,349	56,214,819
Time deposits	14,233,864	13,971,412	13,971,412	13,971,412	130,585,908
Borrowed money	1,642,192	1,346,976	1,346,976	1,346,976	15,065,982
Payables under securities lending transactions	51,859	15,000	15,000	15,000	475,779
Other liabilities	62,884	57,325	57,325	57,325	576,917
Reserve for bonus payments	5,303	5,430	5,430	5,430	48,658
Provision for employee retirement benefits	58,903	58,981	58,981	58,981	540,401
Provision for director retirement benefits	1,020	1,109	1,109	1,109	9,365
Other reserves	2,653	2,462	2,462	2,462	24,339
Reserves under the special laws	-	-	-	-	-
Deferred tax debt	23,986	18,125	18,125	18,125	220,062
Deferred tax debt related to revaluation	3,056	3,181	3,181	3,181	28,038
Guarantees	4,300	5,265	5,265	5,265	39,453
Total liabilities	¥22,217,440	¥21,239,620	¥21,239,620	¥21,239,620	\$203,829,729

MEMBERS' NET EQUITY

	2018		2017		
	2018		2017		
Capital	95,430	95,528	95,528	95,528	875,513
Capital surplus	-	-	-	-	-
Earned surplus	987,043	963,840	963,840	963,840	9,055,447
Of which, unappropriated surplus for the term	44,258	35,341	35,341	35,341	406,040
Unappropriated share	-88	-68	-68	-68	-815
Unrealized gains and losses on other securities	110,609	93,457	93,457	93,457	1,014,770
Deferred hedge gains and losses	-1,493	-2,108	-2,108	-2,108	-13,703
Land revaluation excess	4,545	4,796	4,796	4,796	41,698
Members' net equity	1,196,047	1,155,445	1,155,445	1,155,445	10,972,910
Total liabilities and members' net equity	¥23,413,487	¥22,395,065	¥22,395,065	¥22,395,065	\$214,802,639

CONSOLIDATED STATEMENTS OF INCOME FOR ALL LABOUR BANKS



	(¥ mil.)		(US\$ thous.)
	2018	2017	2018
Ordinary Income	275,444	272,293	2,527,013
Interest income	246,352	246,031	2,260,118
Interest on loans	187,569	187,793	1,720,819
Interest on deposits with other financial institutions	19,485	20,531	178,762
Interest on call loans	-	-	-
Interest on receivables under securities borrowing transactions	0	0	0
Interest and dividends on securities	29,247	28,560	268,325
Interest on interest swaps	-	-	-
Other Interest	10,050	9,145	92,210
Fees and commissions	12,888	11,440	118,242
Other operating income	13,370	10,246	122,666
Other ordinary income	2,832	4,574	25,986
Special income	4,786	1,417	43,910
Total income	¥280,230	¥273,711	\$2,570,924

	(¥ mil.)		(US\$ thous.)
Ordinary expenses	238,673	238,475	2,189,666
Financing expenses	11,887	13,628	109,056
Interest on deposits (including NCDs)	10,595	11,499	97,208
Interest on borrowed money	3	3	33
Interest on payables under securities lending transactions	4	93	38
Interest on interest swaps	1,282	2,030	11,765
Other interest	1	1	10
Fees and commissions	45,364	40,267	416,185
Other operating expenses	1,433	2,218	13,149
General and administrative expenses	176,846	180,384	1,622,447
Other ordinary income	3,142	1,975	28,826
Special expenses	1,927	1,651	17,684
Total expenses	240,601	240,127	2,207,351

Net profit before tax	39,629	33,583	363,572
Corporate income, inhabitant, and business tax	10,927	8,252	100,250
Adjustment to income taxes and others	-133	1,024	-1,221
Total taxes	10,794	9,276	99,028
Net profit	¥28,835	¥24,307	\$264,543

STATUS OF INDIVIDUAL LABOUR BANKS

(¥ mil., %)

Bank Name	Deposits (including NCDs)	Annual Increase	Loans	Annual Increase	Ratio of Loans to Deposits
Hokkaido	987,437	0.42	711,667	5.71	72.07
Tohoku	2,030,033	3.45	1,197,364	4.82	58.98
Chuo	6,229,801	2.99	4,260,904	6.92	68.39
Niigata-ken	809,947	1.53	378,639	-0.51	46.74
Nagano-ken	675,054	2.91	360,790	4.52	53.44
Shizuoka-ken	1,100,700	5.54	810,323	7.58	73.61
Hokuriku	758,948	1.18	414,537	3.35	54.61
Tokai	1,712,224	6.82	1,464,542	8.50	85.53
Kinki	2,206,793	4.06	1,331,309	4.68	60.32
Chugoku	1,148,739	2.02	707,826	7.66	61.61
Shikoku	601,772	1.34	390,437	4.12	64.88
Kyushu	1,843,217	2.70	1,370,676	8.48	74.36
Okinawa-ken	256,609	3.78	157,305	6.53	61.30
Total	¥20,361,279	3.22	¥13,556,326	6.36	66.57

As of March 31, 2019

BALANCE SHEET FOR THE ROKINREN BANK



ASSETS

	2018		2017		
	2018		2017		
Cash	0	0	0	0	0
Due from banks	3,577,827	3,366,458	3,366,458	3,366,458	32,824,101
Call loans	20,000	270,000	270,000	270,000	183,486
Monetary claims purchased	-	-	-	-	-
Money in trusts	5,608	4,809	4,809	4,809	51,452
Securities	4,254,112	4,249,980	4,249,980	4,249,980	39,028,551
Loans	2,612,475	1,789,766	1,789,766	1,789,766	23,967,664
Others	315,678	281,505	281,505	281,505	2,896,132
Tangible fixed assets	11,352	11,907	11,907	11,907	104,150
Intangible fixed assets	5,380	9,669	9,669	9,669	49,359
Deferred tax assets	-	-	-	-	-
Deferred tax assets for land revaluation	-	-	-	-	-
Customers' liabilities for guarantees	-	-	-	-	-
Allowance for loan losses	-3	-4	-4	-4	-35
Other allowances	-	-	-	-	-
Total assets	¥10,802,430	¥9,984,093	¥9,984,093	¥9,984,093	\$99,104,864

LIABILITIES

	2018		2017		
	2018		2017		
Deposits (including NCDs)	7,574,710	7,366,064	7,366,064	7,366,064	69,492,753
Demand deposits	489,023	438,147	438,147	438,147	4,486,457
Time deposits	7,085,686	6,927,916	6,927,916	6,927,916	65,006,296
Borrowed money	1,555,700	1,255,100	1,255,100	1,255,100	14,272,477
Call Money	200,000	-	-	-	1,834,862
Payables under securities lending transactions	977,322	879,633	879,633	879,633	8,966,260
Other liabilities	44,137	32,179	32,179	32,179	404,930
Reserve for bonus payments	241	245	245	245	2,211
Provision for employee retirement benefits	2,377	2,400	2,400	2,400	21,812
Provision for director retirement benefits	55	74	74	74	509
Other reserves	-	-	-	-	-
Reserves under the special laws	-	-	-	-	-
Deferred tax debt	42,124	42,379	42,379	42,379	386,466
Deferred tax debt related to revaluation	-	-	-	-	-
Guarantees	-	-	-	-	-
Total liabilities	¥10,396,668	¥9,578,078	¥9,578,078	¥9,578,078	\$95,382,283

MEMBERS' NET EQUITY

	2018		2017		
	2018		2017		
Capital	120,000	120,000	120,000	120,000	1,100,917
Capital surplus	-	-	-	-	-
Earned surplus	172,459	171,491	171,491	171,491	1,582,198
Of which, unappropriated surplus for the term	20,284	26,970	26,970	26,970	186,092
Unappropriated share	-	-	-	-	-
Unrealized gains and losses on other securities	113,302	114,535	114,535	114,535	1,039,472
Deferred hedge gains and losses	-	-11	-11	-11	-8
Land revaluation excess	-	-	-	-	-
Members' net equity	405,761	406,015	406,015	406,015	3,722,580
Total liabilities and members' net equity	¥10,802,430	¥9,984,093	¥9,984,093	¥9,984,093	\$99,104,864

STATEMENTS OF INCOME FOR THE ROKINREN BANK



	(¥ mil.)		(US\$ thous.)
	2018	2017	2018
Ordinary Income	70,791	78,572	649,465
Interest income	41,859	49,027	384,030
Interest on loans	455	522	4,175
Interest on deposits with other financial institutions	1,514	1,486	13,897
Interest on call loans	4	13	38
Interest on receivables under securities borrowing transactions	-	-	-
Interest and dividends on securities	39,884	47,005	365,908
Interest on interest swaps	-	-	-
Other Interest	1	-	9
Fees and commissions	27,425	29,074	251,611
Other operating income	1,220	215	11,194
Other ordinary income	286	254	2,629
Special income	-	-	-
Total income	¥70,791	¥78,572	\$649,465

	(¥ mil.)		(US\$ thous.)
	2018	2017	2018
Ordinary expenses	57,316	60,584	525,841
Financing expenses	20,340	21,439	186,611
Interest on deposits (including NCDs)	20,251	21,396	185,796
Interest on borrowed money	0	0	0
Interest on payables under securities lending transactions	88	43	815
Interest on interest swaps	-	-	-
Other interest	0	0	-
Fees and commissions	680	638	6,239
Other operating expenses	928	4,029	8,519
General and administrative expenses	34,862	34,262	319,837
Other ordinary income	504	214	4,632
Special expenses	12	127	113
Total expenses	¥57,329	¥60,711	\$525,955

Net profit before tax	13,462	17,860	123,509
Corporate income, inhabitant, and business tax	2,369	358	21,737
Adjustment to income taxes and others	124	97	1,143
Total taxes	2,494	2,805	22,880
Net profit	¥10,968	¥15,055	\$100,629

OFFICERS OF THE NATIONAL ASSOCIATION OF LABOUR BANKS

Directors

President

Kimito Nakae

Deputy President

Masakazu Yoshida

Executive Director

Seiichi Takahashi

Managing Director

Eiji Ando

Managing Director

Norihito Sato

Outside Director

Takamitsu Sawa

President of Hokkaido Labour Bank

Kazuo Kudo

President of Tohoku Labour Bank

Michiyuki Kageyama

President of Chuo Labour Bank

Takuo Matsusako

President of Niigata-ken Labour Bank

Toshiaki Saito

President of Nagano-ken Labour Bank

Masakazu Koike

President of Shizuoka-ken Labour Bank

Masaaki Furukawa

President of Hokuriku Labour Bank

Hisaya Kariyama

President of Tokai Labour Bank

Kazunori Doi

President of Kinki Labour Bank

Ryuji Ishimura

President of Chugoku Labour Bank

Manabu Tomori

President of Shikoku Labour Bank

Muneyuki Sugimoto

President of Kyushu Labour Bank

Shoichi Yamashiro

President of Okinawa-ken Labour Bank

Keiichi Takara

Auditors

Deputy President of Kinki Labour Bank

Toshimi Kodama

Outside Auditor

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Outside Auditor

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(As of June 27, 2019)



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