



# Annual Report 2020



## THE PRINCIPLES OF LABOUR BANKS

**L**abour Banks are financial cooperatives that cultivate the dreams and ideals of our workers."

**L**abour 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."

**L**abour 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."

**M**embers 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."

# CONTENTS

03	Message from the President
06	Highlights of Fiscal 2019
07	About us
12	History of Labour Banks
14	Services of Labour Banks
16	Efforts by Labour Banks against the Spread of the New Coronavirus Infection
18	Our efforts for realizing the Labour Bank Vision
22	The Labour Bank and SDGs
25	Cooperation with domestic and international cooperatives
26	Consolidated Balance Sheet for All Labour Banks
27	Consolidated Statements of Income for All Labour Banks
28	Status of Individual Labour Banks
29	Balance Sheet for the Rokinren Bank
30	Statements of Income for the Rokinren Bank
31	Officers of the National Association of Labour Banks

# MESSAGE FROM THE PRESIDENT

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Kimito Nakae  
President  
National Association of Labour Banks

## Messsage for the Fiscal Year 2020

Labour Banks were founded around 70 years ago as financial institutions for and by working people. Since that time, following the ideals of “creating dreams and empathy for working people and contributing to the realization of an inclusive society” while constantly standing on the side of working people and in step with the changing of the times, we have met the diverse needs of working people, including loans for housing and education, asset formation, and others, in accordance with the life plans of working people. At the same time, we have also been able to take action to support working people facing difficulties in their daily lives and employment, such as those suffering under multiple

debt liability, those who were forced into unemployment due to the Lehman Shock, and those affected by repeated natural disasters.

At present, the 13 banks nationwide hold a total deposit balance of 21.6 trillion yen and have outstanding loans of 14.5 trillion yen (as of the end of November 2020).

The recent spread of infection from the new coronavirus has severely affected Japan’s economy and the daily lives of the people.

Using the experience Labour Banks have gained over the years, we are working on support activities for people who have been affected by the economic impacts, such as reductions in income and destabilization of employment. We have made efforts to engage in activities to protect the lives of working people with, for example, the “Working People’s Daily Life Support Special Loan System,” under which a maximum of 3 million yen can be borrowed at an annual interest of 1.5%, and reviews and consultations on repayment conditions for people who have previously taken out loans.

In addition, we have also cooperated with the administration by providing tie-up loans with

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municipalities and performing agency work for the interest-free loan system, the “Emergency Small-Scale Loan,” operated by social welfare councils. The number of loans for which Labour Banks have acted as agent amount to more than 52,000 nationwide, and we hope that the rapid provision of this support has helped, even if only to a small extent, people who have been facing difficulties.

Based on the coming of the era of the 100-year lifespan, Labour Banks have upheld the “Declaration to Fulfil Roles Related to the Asset Formation of Working People,” and are supporting the long-term life plans and asset formation of working people by utilization of systems such as “Zaikei” Deposit, iDeCo and Tsumitate (accumulation) NISA. Furthermore, from April 2021, nationwide Labour Banks will also begin the handling of “Adult Guardianship System Support Savings.”

Additionally, in response to accelerating digitalization, we are pushing forward with non-face-to-face transactions and paperless systems in our efforts to raise the convenience of customer services and work rationalization. Launched in October 2019, downloads of the “Rokin App,” which makes it possible to check one’s balance and transactions quickly and easily using a smartphone, exceeded 560,000 by the end of September 2020. At the same time, we are working to provide the characteristic warm Labour Bank face-to-face services, including a range of consultations on loans, in a more sensitive and meticulous manner,

In March 2019, the Labour Banks formulated the “Labour Bank SDGs Action Guidelines,” and all our Labour Banks are now making efforts toward the attainment of the SDGs (Sustainable Development Goals).

The basic principle of the SDGs to “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 services, are precisely matched with the past development, principles and vision of Labour Banks.


Today, the society surrounding working people is facing a myriad of difficulties, such as climate change, the cycle of poverty and the expansion of disparities, and social isolation. To respond to these increasingly complex and diversifying social issues, the role of “mutual assistance” is becoming ever more crucial alongside “public assistance” and “self-help.” In the midst of this situation, the construction of safety nets that support peace of mind in work and daily life are being demanded

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throughout the whole of society.

For this reason, Labour Banks, while making good use of their mutual assistance network and financial functions, will move forward by creating a flow that uses working people's precious funds as "money with a will" to realize the sustainable and inclusive society.

From now on, as in the past, while responding flexibly to changes in the state of society and the economy in the "with COVID-19/after COVID-19 era," the Labour Banks will develop activities that maintain a close stance with working people to fulfil the Labour Banks' mission of protecting and supporting the daily lives of working people.

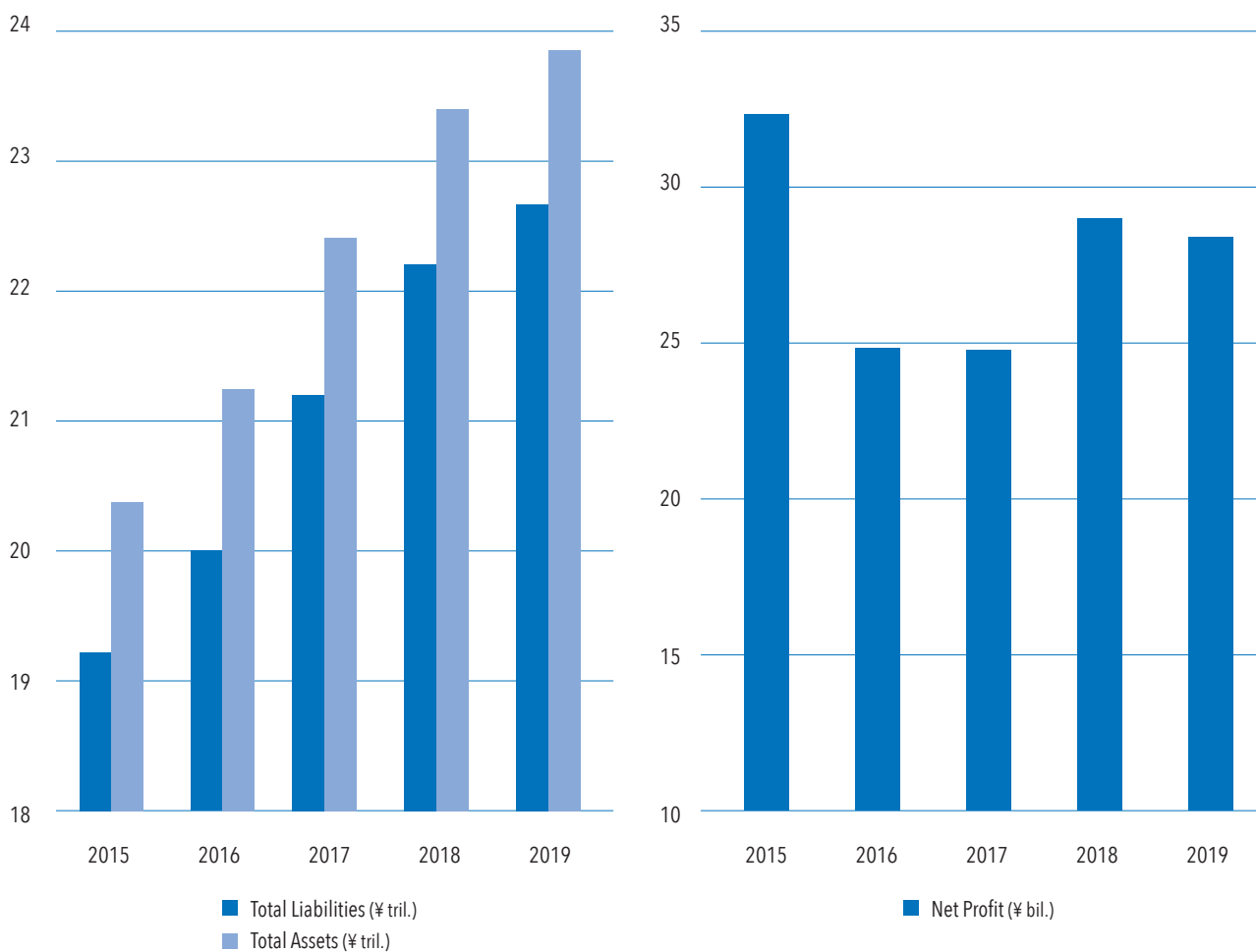


中江公人

# HIGHLIGHTS OF FISCAL 2019

	2015	2016	2017	2018	2019	2019
					(¥ mil.)	(US\$ thous.)
Total Assets	20,391,911	21,229,990	22,395,065	23,413,487	<b>23,855,644</b>	<b>227,196,618</b>
Total Liabilities	19,244,663	20,091,897	21,239,621	22,217,440	<b>22,669,009</b>	<b>215,895,326</b>
Ordinary Income	293,798	278,031	272,293	275,444	<b>276,411</b>	<b>2,632,486</b>
Operating Income	289,674	274,687	267,719	272,612	<b>274,703</b>	<b>2,616,228</b>
Net Profit	32,237	24,905	24,307	28,835	<b>28,370</b>	<b>270,196</b>

¥105.00=US\$1  
Fiscal year ended March 31.



# ABOUT US

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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 Prime Minister and Minister 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.



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## 2. Social Role

The Labour Banks constantly consider the social role they should perform as welfare financial institutions organized as cooperatives and are aiming to create a society in which working people and their families can spend their days in security and comfort. In addition, Labour Banks also make efforts to build and improve various kinds of systems in cooperation with social welfare organizations, the central government and local municipalities.

### 1. Providing support for workers' livelihoods

To resolve anxieties about money, we support the daily lives of working people throughout their lifetimes in the three endeavors of planning livelihoods, protecting livelihoods and improving livelihoods.

### 2. Displaying the Functions of the Welfare Financial Institution

A wide range of activities have been implemented, including the financial democratization movement at the time of the oil shock and the relief movement for victims of consumer loans. At the times of the huge suffering brought about by the Great Hanshin-Awaji Earthquake and Great East Japan Earthquake, we made swift responses such as "special measures" for previous loan users and a "special loan system" for affected people.

### 3. Support for the Autonomous Welfare Activities of Labour Unions

We are providing backup for labour unions' autonomous welfare activities by offering various products and services that support the life plans of union members.

### 4. Offer of Low-Interest Loan Products

Displaying our uniqueness as non-profit welfare financial institutions, we offer low-interest loan products in fields such as credit cards, cars, housing and education.

### 5. Expansion of Users

We are making efforts to enable access by people working at non-unionized workplaces or people doing part-time work, fixed-term contract work, or who are dispatched workers or retired persons.

### 6. Aid for Welfare Organizations

We perform the role of a financial centre for welfare organizations, providing business loans to consumer cooperatives, NPOs and others.

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## **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.

## **8. Improvements in Zaikei (Asset Formation) Savings Programs**

To improve zaikei savings programs, we are making efforts to build better asset formation systems by, for example, cooperating with labor welfare organizations to submit petitions to the central government.

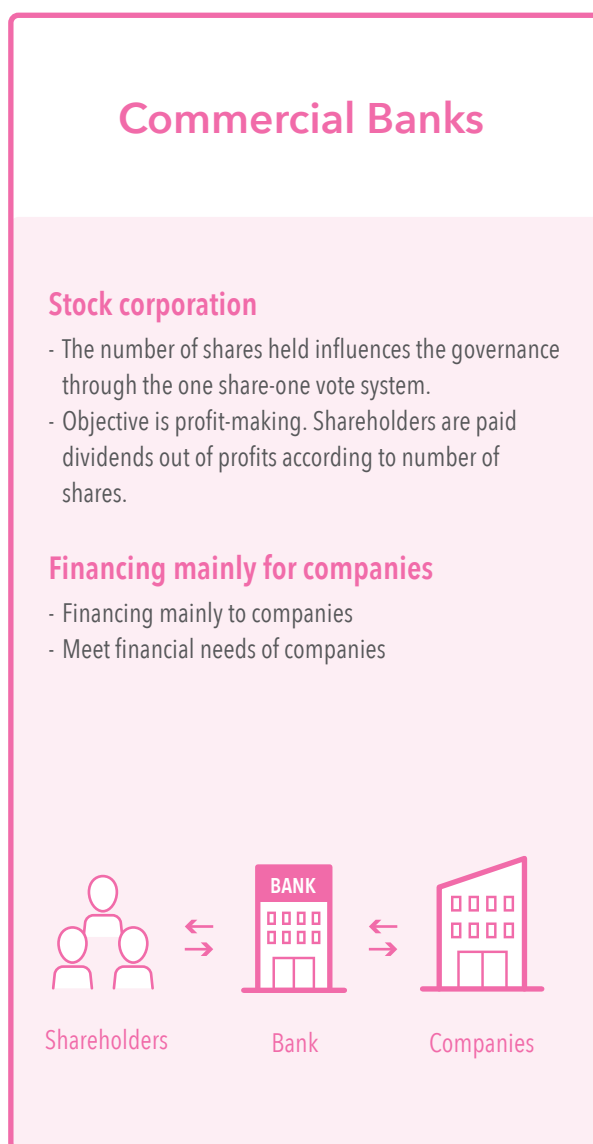
## **9. Support for Reviews of Retirement Allowances and Company Pensions**

As well as supporting efforts to protect retirement allowances and company pensions, we are also helping people to operate their valuable funds which will support their daily living expenses after retirement.

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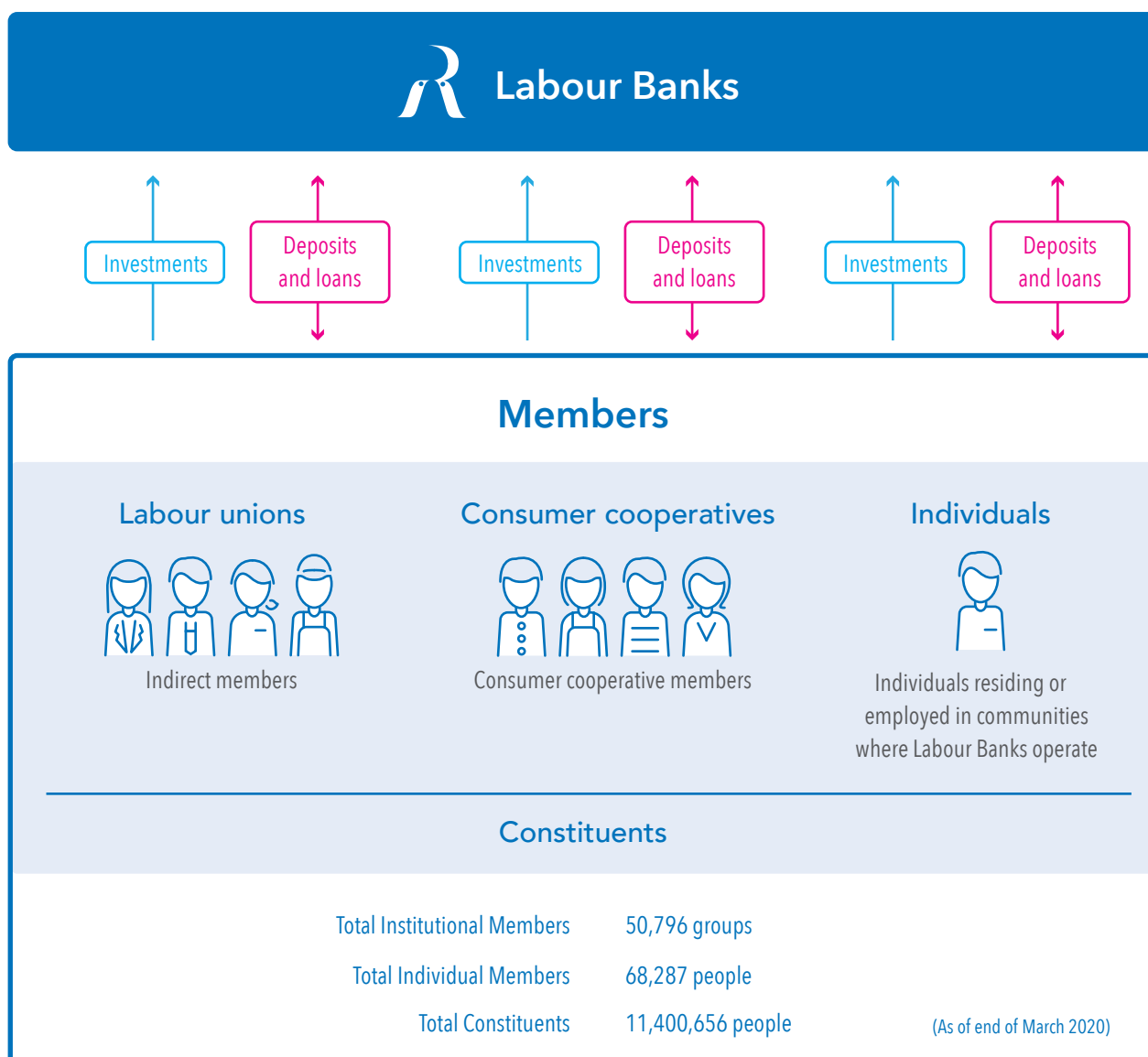
### 3. Organizational structure

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").

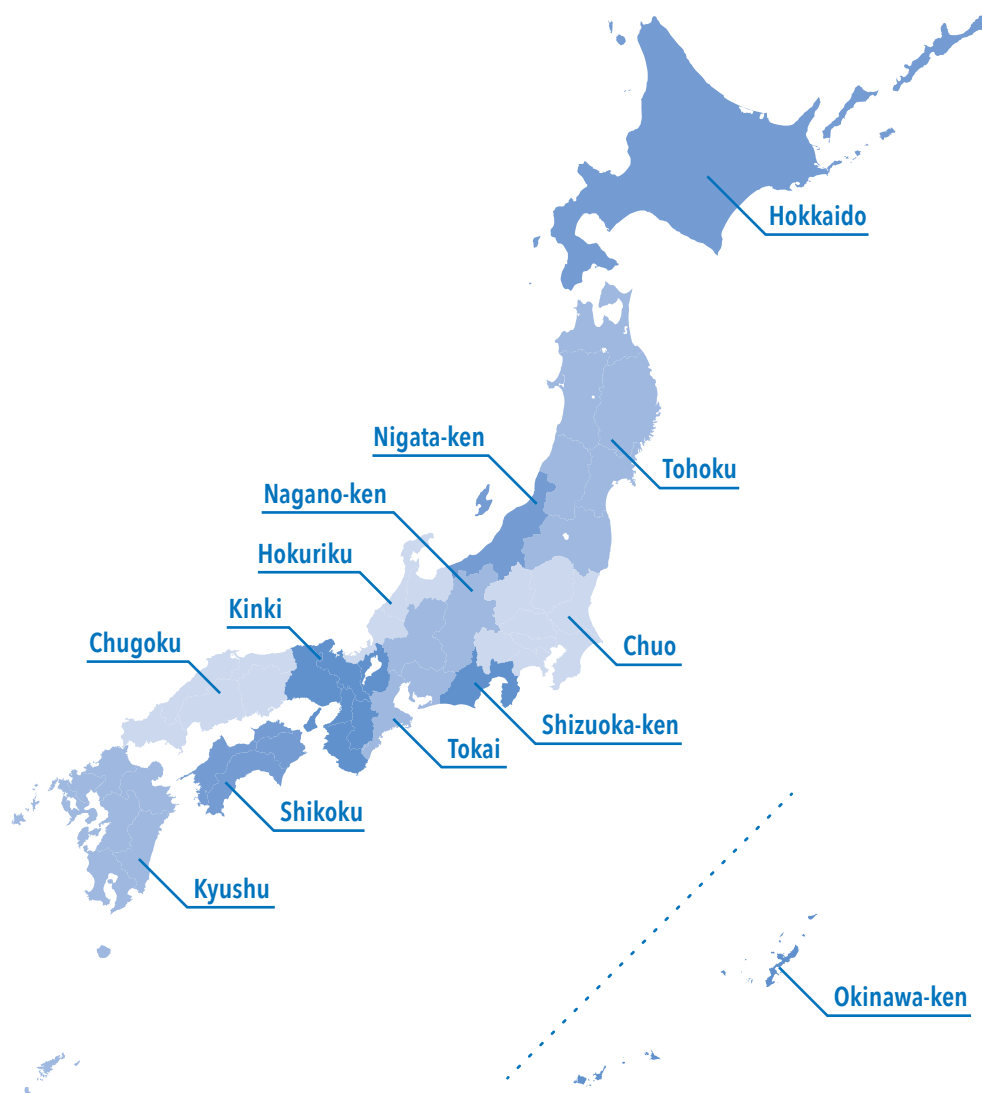


# HISTORY OF LABOUR BANKS

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## 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.



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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 614 branches as of the end of March 2020.

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, founded in 1951, 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, founded in 1955, 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 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 substantial 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.
Adult Guardianship System Support Savings	This is a savings account for people who are using the adult guardianship system for separate management of a customer's money that is not being used on a daily basis. The Labour Bank will open an account and carry out transactions such as deposits based on a directive issued by the family court, thus protecting the customer's valuable assets.

## 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. People who require daily life loans, etc. due to loss of work or reduced income brought about by the spread of the new coronavirus infection may also use this system.
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 Cards	The "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.



# EFFORTS BY LABOUR BANKS AGAINST THE SPREAD OF THE NEW CORONAVIRUS INFECTION

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## 1. Working People's Daily Life Support Special Loan System

The "Working People's Daily Life Support Special Loan System," the existing support system for working people who have suffered a reduction in income or lost their jobs due to circumstances at their place of work, has been restructured as a system for people who have been affected by the new coronavirus infection. The 13 nationwide Labour Banks are now handling applications in a unified manner, making it possible to borrow a maximum of 3 million yen at an annual interest rate of 1.5%. As of August 31, 2020, approximately 2,500 loans, representing a total value of around 3 billion yen, had been taken out.

In addition, this system is designed not only for new loans, but also enables an alteration of loan conditions for people who have previously taken out a Labour Bank loan. This makes it possible to reschedule repayments to fit individual circumstances by, for example, extending the repayment period to ease repayment amounts, postponing the repayment of the principal by a maximum of five years, or repaying interest only for a fixed period.

## 2. Cooperation with the Administration

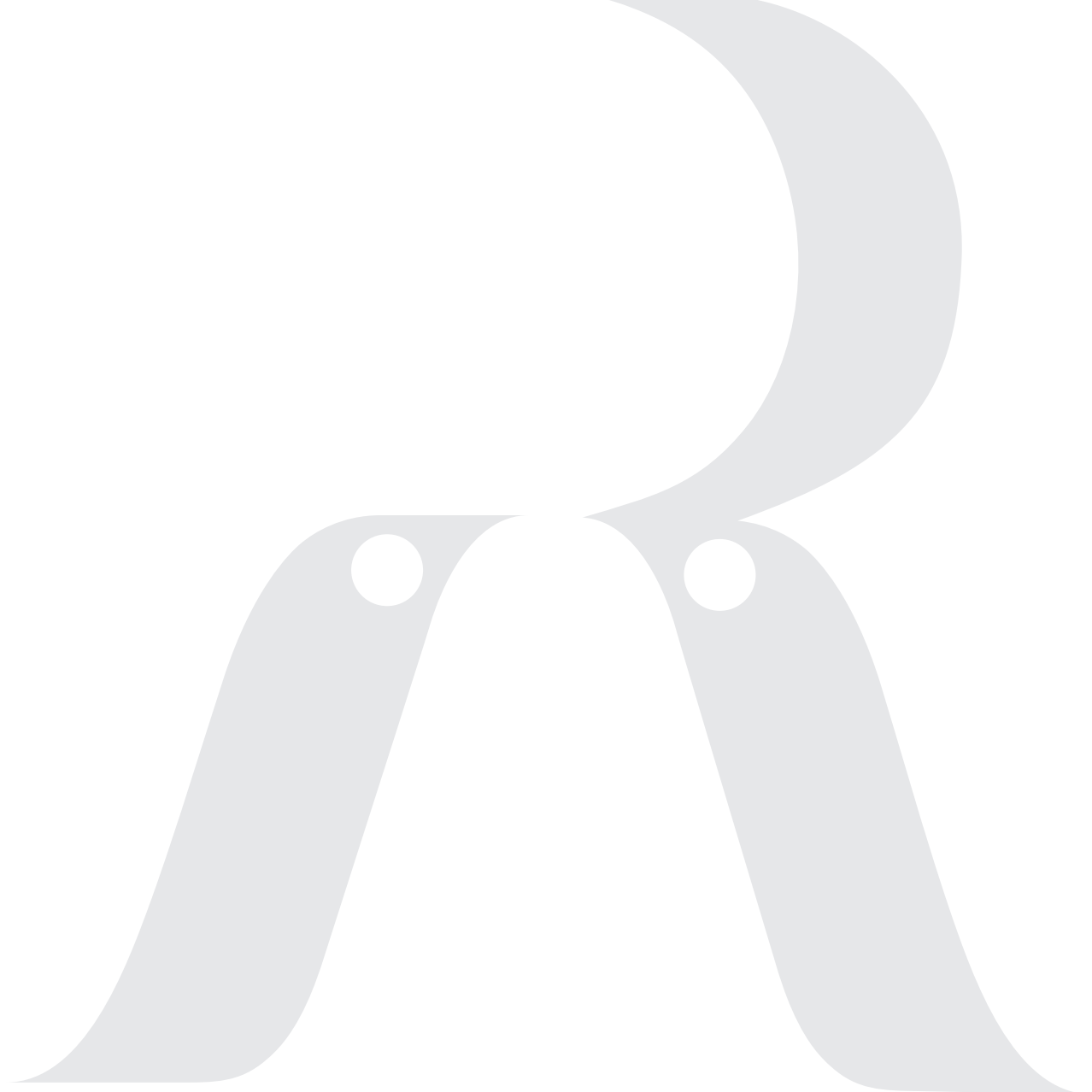
As one of the loan systems operated by social welfare councils under the initiative of the central government, the interest-free loan system, the "Emergency Small-Scale Loan," is available for use by households requiring emergency and temporary loans to maintain their livelihoods at the time of a reduction in income brought about by a suspension of business, and so on. Considering our role as welfare finance institutions and from the viewpoint of the SDG principle of financial inclusion, as well as to enable sufficient responses in the case that there was a large increase in applications for this system, Labour Banks performed agency work to provide application counters at each of its branches. This agency work was completed at the end of September 2020 after having processed roughly 52,000 applications at the 13 Labour Banks nationwide.

### **[Reference] Introduction of Labour Banks Posted on the International Labour Organization (ILO) Website**

The International Labour Organization (ILO), founded in 1919, became the first specialized agency of the United Nations in 1947. The ILO is an international organization that strives to resolve a wide range of labour issues, and is the sole agency of the U.N. to consist of the tripartite of government, labour and management. The ILO supports the efforts each country for social finance, including the

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realization of financial inclusion, enabling all people to have access to appropriate financial services and to understand appropriate methods of use of those services, being an important goal of the ILO. Due to the spread of the new coronavirus infection, as large numbers of working people around the world have suffered economic impacts, the ILO has taken up the example of the efforts of the Labour Banks to provide working people with support. The Labour Banks, with a 70-year history as welfare financial organizations by working people and for working people, will continue precisely at this moment to endeavour to perform our role to protect the daily lives of working people through our support activities based on the experience nurtured thus far by Labour Banks.



# OUR EFFORTS FOR REALIZING THE LABOUR BANK VISION

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## 1. What is the Rokin Vision?

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 nationwide, 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.

## 2. Our efforts for realizing the Labour Bank's Vision

### **[Providing support for workers' livelihoods]**

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

**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**



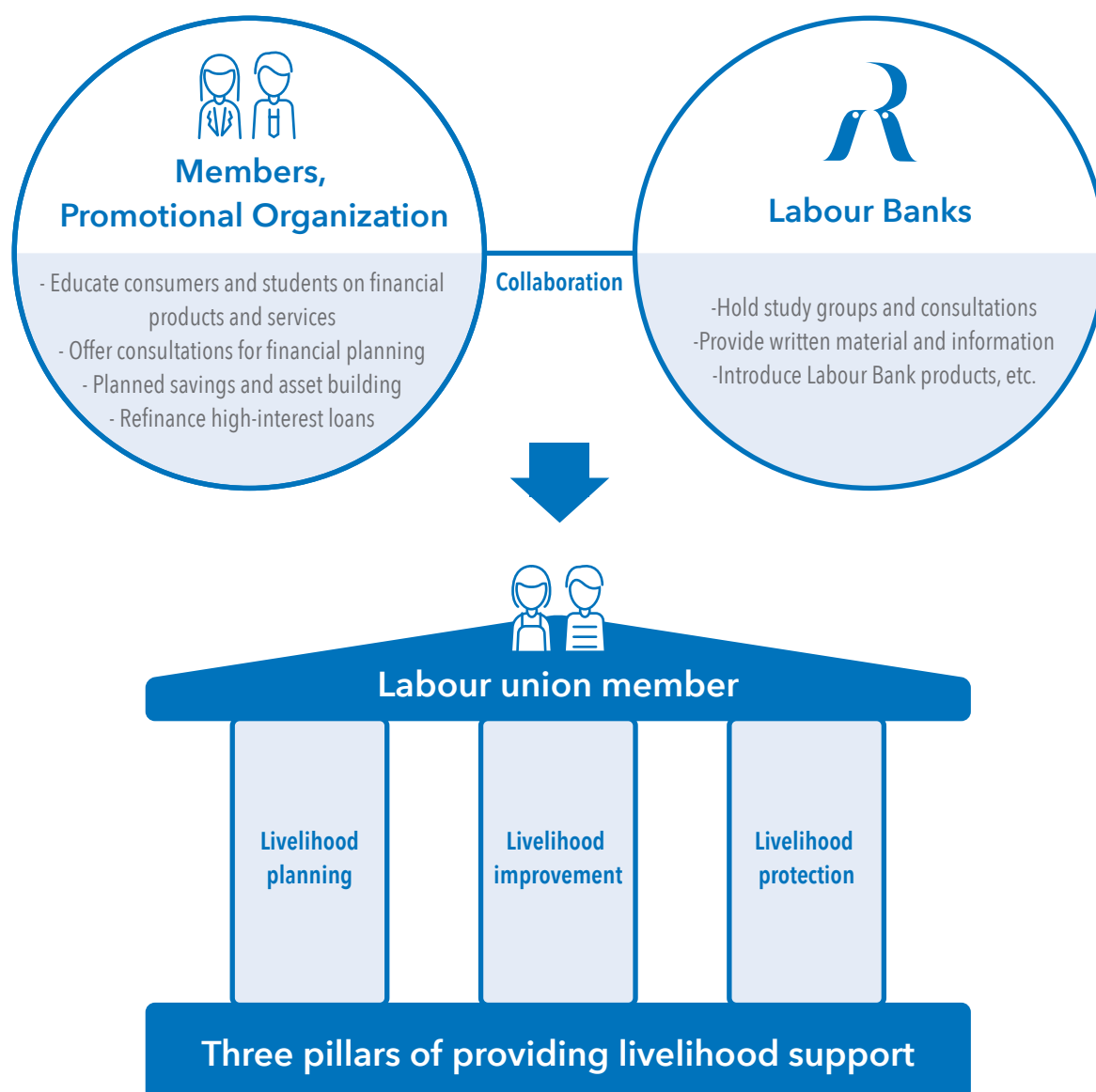
Provide information to enable everyone to live with a sense of security and fulfilment within their communities

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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.



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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.

### **3. Our efforts for realizing the Labour Bank's Vision**

#### **[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 financial cooperatives 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.

### **4. Our efforts for realizing the Labour Bank's Vision**

#### **[Providing support to people working in non-regular employment]**

The number of people working in non-regular employment in Japan reached 21.65 million people in 2018, which makes up 38.3% 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.

# THE LABOUR BANK AND SDGS

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## 1. 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. In accordance with this awareness, the Labour Banks, based on the "Labour Bank SDGs Action Plan" formulated in March 2019, and 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.

## 2. Labour Bank SDGs Report 2020 Issued

To widen the "circle of empathy" of the various stakeholders, including our members, in July 2020 the 13 Labour Banks nationwide issued the "Labour Bank SDGs Report 2020" to introduce activities we are currently practicing to contribute to the SDGs. The report introduces the various activities rooted in the communities that are practiced by the Labour Banks in cooperation with labour unions, consumer cooperatives and other cooperatives, organizations related to worker welfare, NPOs, municipalities and others.

## 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

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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

	( $\text{¥ mil.}$ )		(US\$ thous.)
	2019	2018	2019
Cash	152,332	149,023	1,450,787
Due from banks	6,384,637	6,643,416	60,806,070
Call loans	-	-	-
Monetary claims purchased	8,933	4,489	85,080
Money in trusts	10,899	11,343	103,803
Securities	2,772,364	2,731,923	26,403,472
Loans	14,201,131	13,556,326	135,248,872
Others	177,508	167,753	1,690,556
Tangible fixed assets	146,026	147,849	1,390,724
Intangible fixed assets	2,258	2,031	21,509
Prepaid pension costs	3,421	3,299	32,585
Deferred tax assets	6,073	4,420	57,844
Deferred tax assets for land revaluation	-	-	-
Customers' liabilities for guarantees	3,469	4,300	33,039
Allowance for loan losses	-13,411	-12,690	-127,729
Other allowances	-	-	-
<b>Total assets</b>	<b>¥23,855,644</b>	<b>¥23,413,487</b>	<b>\$227,196,618</b>

## LIABILITIES

	( $\text{¥ mil.}$ )		(US\$ thous.)
	2019	2018	2019
Deposits (including NCDs)	20,877,546	20,361,279	198,833,775
Demand deposits	6,507,166	6,127,415	61,973,011
Time deposits	14,370,380	14,233,864	136,860,763
Borrowed money	1,592,931	1,642,192	15,170,779
Payables under securities lending transactions	53,071	51,859	505,440
Other liabilities	65,357	62,884	622,451
Reserve for bonus payments	5,378	5,303	51,225
Provision for employee retirement benefits	49,940	58,903	475,619
Provision for director retirement benefits	1,025	1,020	9,770
Other reserves	2,490	2,653	23,721
Reserves under the special laws	-	-	-
Deferred tax debt	14,765	23,986	140,625
Deferred tax debt related to revaluation	3,031	3,056	28,875
Guarantees	3,469	4,300	33,039
<b>Total liabilities</b>	<b>¥22,669,009</b>	<b>¥22,217,440</b>	<b>\$215,895,326</b>

## MEMBERS' NET EQUITY

	( $\text{¥ mil.}$ )		(US\$ thous.)
	2019	2018	2019
Capital	96,335	95,430	917,478
Capital surplus	-	-	-
Earned surplus	1,009,565	987,043	9,614,912
Of which, unappropriated surplus for the term	41,156	44,258	391,968
Unappropriated share	-13	-88	-132
Unrealized gains and losses on other securities	77,514	110,609	738,236
Deferred hedge gains and losses	-1,252	-1,493	-11,928
Land revaluation excess	4,486	4,545	42,726
<b>Members' net equity</b>	<b>1,186,635</b>	<b>1,196,047</b>	<b>11,301,291</b>
<b>Total liabilities and members' net equity</b>	<b>¥23,855,644</b>	<b>¥23,413,487</b>	<b>\$227,196,618</b>

# CONSOLIDATED STATEMENTS OF INCOME FOR ALL LABOUR BANKS



	2019		2018	
	2019		2018	
Ordinary Income	276,411	275,444	2,632,486	
Interest income	243,129	246,352	2,315,519	
Interest on loans	189,503	187,569	1,804,797	
Interest on deposits with other financial institutions	17,685	19,485	168,434	
Interest on call loans	-	-	-	
Interest on receivables under securities borrowing transactions	-	-	-	
Interest and dividends on securities	29,291	29,247	278,968	
Interest on interest swaps	-	-	-	
Other Interest	6,648	10,050	63,318	
Fees and commissions	14,440	12,888	137,532	
Other operating income	17,133	13,370	163,175	
Other ordinary income	1,707	2,832	16,258	
Special income	2,769	4,786	26,380	
Total income	¥279,181	¥280,230	\$2,658,867	

	2019		2018	
	2019		2018	
Ordinary expenses	238,759	238,673	2,273,897	
Financing expenses	10,680	11,887	101,723	
Interest on deposits (including NCDs)	10,082	10,595	96,021	
Interest on borrowed money	5	3	49	
Interest on payables under securities lending transactions	2	4	28	
Interest on interest swaps	588	1,282	5,600	
Other interest	2	1	23	
Fees and commissions	45,919	45,364	437,332	
Other operating expenses	6,181	1,433	58,869	
General and administrative expenses	172,124	176,846	1,639,281	
Other ordinary income	3,852	3,142	36,691	
Special expenses	1,799	1,927	17,142	
Total expenses	¥240,559	¥240,601	\$2,291,039	

Net profit before tax	38,621	39,629	367,827	
Corporate income, inhabitant, and business tax	8,897	10,927	84,737	
Adjustment to income taxes and others	1,353	-133	12,893	
Total taxes	10,251	10,794	97,630	
Net profit	¥28,370	¥28,835	\$270,196	

# STATUS OF INDIVIDUAL LABOUR BANKS

(¥ mil., %)

Bank Name	Deposits (including NCDs)	Annual Increase	Loans	Annual Increase	Ratio of Loans to Deposits
Hokkaido	1,005,983	1.87	743,669	4.49	73.92
Tohoku	2,092,653	3.08	1,244,519	3.93	59.47
Chuo	6,374,513	2.32	4,454,242	4.53	69.87
Niigata-ken	825,448	1.91	384,249	1.48	46.55
Nagano-ken	695,074	2.96	379,427	5.16	54.58
Shizuoka-ken	1,120,756	1.82	856,956	5.75	76.46
Hokuriku	767,516	1.12	434,976	4.93	56.67
Tokai	1,814,350	5.96	1,521,817	3.91	83.87
Kinki	2,237,422	1.38	1,379,669	3.63	61.66
Chugoku	1,174,355	2.22	756,014	6.80	64.37
Shikoku	610,031	1.37	404,388	3.57	66.28
Kyushu	1,889,012	2.48	1,459,826	6.50	77.27
Okinawa-ken	270,427	5.38	181,373	15.30	67.06
<b>Total</b>	<b>¥20,877,546</b>	<b>2.53</b>	<b>¥14,201,131</b>	<b>4.75</b>	<b>68.02</b>

As of March 31, 2020

# BALANCE SHEET FOR THE ROKINREN BANK



## ASSETS

	2019		2018		
	2019		2018		
Cash	0	0	0	0	0
Due from banks	3,017,379	3,577,827	28,736,952		
Call loans	75,000	20,000	714,285		
Monetary claims purchased	-	-	-		
Money in trusts	4,964	5,608	47,284		
Securities	4,772,696	4,254,112	45,454,254		
Loans	2,546,338	2,612,475	24,250,843		
Others	297,551	315,678	2,833,823		
Tangible fixed assets	10,763	11,352	102,513		
Intangible fixed assets	4,725	5,380	45,003		
Deferred tax assets	-	-	-		
Deferred tax assets for land revaluation	-	-	-		
Customers' liabilities for guarantees	-	-	-		
Allowance for loan losses	-5	-3	-49		
Other allowances	-	-	-		
<b>Total assets</b>	<b>¥10,729,415</b>	<b>¥10,802,430</b>	<b>\$102,184,911</b>		

## LIABILITIES

	2019		2018		
	2019		2018		
Deposits (including NCDs)	7,496,861	7,574,710	71,398,678		
Demand deposits	580,140	489,023	5,525,144		
Time deposits	6,916,721	7,085,686	65,873,534		
Borrowed money	1,544,000	1,555,700	14,704,761		
Call Money	-	200,000	-		
Payables under securities lending transactions	1,087,065	977,322	10,353,005		
Other liabilities	191,695	44,137	1,825,672		
Reserve for bonus payments	239	241	2,284		
Provision for employee retirement benefits	1,991	2,377	18,968		
Provision for director retirement benefits	74	55	706		
Other reserves	-	-	-		
Reserves under the special laws	-	-	-		
Deferred tax debt	29,449	42,124	280,472		
Deferred tax debt related to revaluation	-	-	-		
Guarantees	-	-	-		
<b>Total liabilities</b>	<b>¥ 10,351,377</b>	<b>¥10,396,668</b>	<b>\$ 98,584,551</b>		

## MEMBERS' NET EQUITY

	2019		2018		
	2019		2018		
Capital	120,000	120,000	1,142,857		
Capital surplus	-	-	-		
Earned surplus	177,969	172,459	1,694,949		
Of which, unappropriated surplus for the term	23,738	20,284	226,085		
Unappropriated share	-	-	-		
Unrealized gains and losses on other securities	80,065	113,302	762,531		
Deferred hedge gains and losses	2	-	21		
Land revaluation excess	-	-	-		
<b>Members' net equity</b>	<b>378,037</b>	<b>405,761</b>	<b>3,600,359</b>		
<b>Total liabilities and members' net equity</b>	<b>¥ 10,729,415</b>	<b>¥10,802,430</b>	<b>\$ 102,184,911</b>		

# STATEMENTS OF INCOME FOR THE ROKINREN BANK



	( $\text{¥ mil.}$ )		(US\$ thous.)
	2019	2018	2019
Ordinary Income	64,389	70,791	613,237
Interest income	40,104	41,859	381,946
Interest on loans	410	455	3,905
Interest on deposits with other financial institutions	1,513	1,514	14,415
Interest on call loans	1	4	17
Interest on receivables under securities borrowing transactions	-	-	-
Interest and dividends on securities	38,145	39,884	363,289
Interest on interest swaps	-	-	-
Other Interest	33	1	319
Fees and commissions	22,913	27,425	218,225
Other operating income	1,302	1,220	12,402
Other ordinary income	69	286	662
Special income	98	-	936
Total income	¥64,488	¥70,791	\$614,173

	( $\text{¥ mil.}$ )		(US\$ thous.)
	2019	2018	2019
Ordinary expenses	49,964	57,316	475,852
Financing expenses	18,573	20,340	176,887
Interest on deposits (including NCDs)	18,469	20,251	175,896
Interest on borrowed money	0	0	0
Interest on payables under securities lending transactions	104	88	990
Interest on interest swaps	-	-	-
Other interest	0	0	0
Fees and commissions	781	680	7,446
Other operating expenses	1,705	928	16,240
General and administrative expenses	28,085	34,862	267,485
Other ordinary income	818	504	7,791
Special expenses	14	12	142
Total expenses	¥49,979	¥57,329	\$475,994

Net profit before tax	14,508	13,462	138,179
Corporate income, inhabitant, and business tax	2,335	2,369	22,242
Adjustment to income taxes and others	63	124	603
Total taxes	2,398	2,494	22,845
Net profit	¥12,110	¥10,968	\$115,333

# OFFICERS OF THE NATIONAL ASSOCIATION OF LABOUR BANKS

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## Directors

### President

Kimito Nakae

### Deputy President

Seiichi Takahashi

### Executive Director

Takashi Suda

### Managing Director

Norihito Sato

### Managing Director

Mitsuru Fukui

### Outside Director

Aya Abe

### President of Hokkaido Labour Bank

Ryohei Demura

### President of Tohoku Labour Bank

Yoshiaki Isago

### 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 Dohi

### 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

Kazuyoshi Takahashi

### President of Okinawa-ken Labour Bank

Keiichi Takara

## Auditors

### Deputy President of Tokai Labour Bank

Hirokazu Tsuchimori

### Outside Auditor

Yoshifumi Takashima

### Outside Auditor

Takao Yasunaga

## Advisors

### President, Japanese Trade Union Confederation

Rikio Kozu

(As of June 29, 2020)





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