



- Zengin-Net's logo is designed based on the motif of the alphabet, "Z" (Z for Zengin System)
- The two circles in the middle represent the two Zengin Centers, while the circles above and below these represent financial institutions connected to the system. By placing the surrounding circles close to the center, we portray the flexibility and expandability of the system.
- The colors, blue and red, symbolize the human body's veins and arteries portraying that the Zengin System is an infrastructure which smoothly circulates the "blood flow" of the Japanese economy.

[Company Profile]

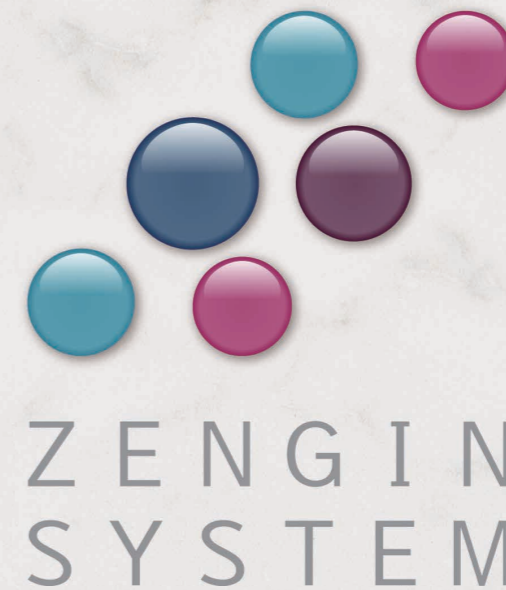
| | |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name | Japanese Banks' Payment Clearing Network (Zengin-Net) |
| Representative | Senior Managing Director (Representative Director) Hideharu Iwamoto |
| Number of Directors and Board Members | 1 Senior Managing Director / 10 Directors / 2 Auditors |
| Location | 3-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005 Japan |
| Establishment | April 1, 2010 |
| Capital | 500 million yen |
| Lines of Business | <ul style="list-style-type: none">• Payment clearing agency as defined in the Payment Services Act• Ancillary businesses of the payment clearing business• Other businesses for which approval has been received from the competent Minister according to Article 69 of the Payment Services Act |

Japanese Banks' Payment Clearing Network

3-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005 Japan URL: <https://www.zengin-net.jp/en/>

Zengin-Net

Japanese Banks' Payment Clearing Network



Zengin-Net (Japanese Banks' Payment Clearing Network) operates the "Zengin System," which carries out online processing of domestic funds transfers executed between financial institutions.

For the Japanese economy to realize stable and sustainable growth, it is vital that daily economic activities are performed with stability. Furthermore, in order to realize this, the transfer of funds or "settlement" of economic transactions needs to be conducted smoothly. The clearing system is an infrastructure for conducting smooth "settlements," and it assumes an extremely important role.

Zengin-Net started operations from October 2010 by succeeding the operations of the Organization for Management of Domestic Fund Transfers (established in 1973) from the Tokyo Bankers Association.

The most important mission of Zengin-Net, as an operator of a clearing system, is to conduct safe and stable operations of the clearing system positioned as an economic infrastructure. On the other hand, with the various environmental changes taking place in recent years, the needs and risk profile of users of the settlement service are undergoing great changes. We live in an age where efficiency of clearing systems, response to the creation of international standards, activities to meet customer needs, etc. are in strong demand.

In light of such demand, trends and other factors in the world, in 2018, Zengin-Net launched the More Time System as a system in the Zengin System that realizes 24/7 real-time payment of transfers, and launched the Zengin EDI System (ZEDI) as a new system designed to facilitate the migration of B2B transfer messages to XML messages and thereby enable various information to be linked to transfer data.

We aim to realize a clearing system that not only meets the demands of the times accurately but also responds flexibly to environmental changes and is capable of undergoing continuous innovation.

We sincerely ask for your continued support and cooperation.

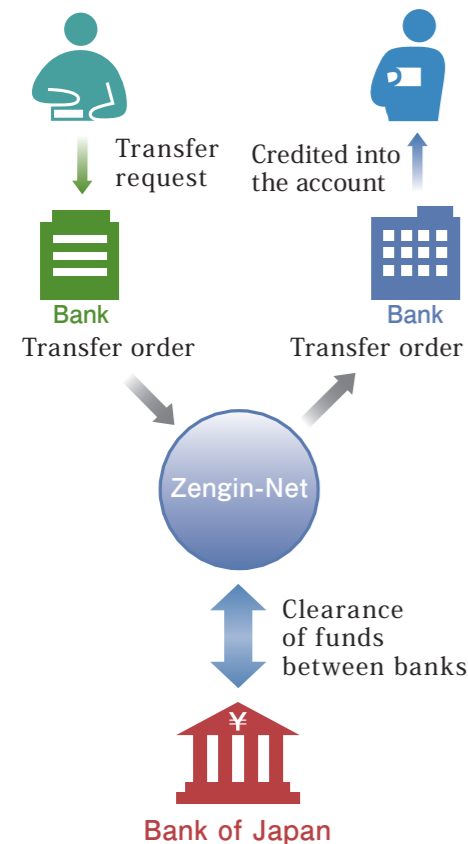
Hideharu Iwamoto

Senior Managing Director

Japanese Banks' Payment Clearing Network



Credit Transfer and the Zengin-Net



Overview of Zengin-Net

Zengin-Net (Japanese Banks' Payment Clearing Network) commenced operations from October 2010 as the first funds clearing agency in Japan under the Payment Services Act.

The purpose of Zengin-Net is to implement smooth, safe and efficient fund settlement between financial institutions, which are the foundation of society, and to establish a reliable financial infrastructure to improve the standard of living of Japanese citizens. To fulfill this purpose, Zengin-Net operates the Domestic Funds Transfer System.

Domestic Funds Transfer System

The Domestic Funds Transfer System (domestic exchange system) connects financial institutions online and is structured to allow exchange transactions, such as wire transfers and remittances to be carried out between financial institutions. Nearly all of Japan's financial institutions are participating members in the domestic exchange system, including banks, Shinkin banks (credit associations), credit cooperatives, labor banks and agricultural cooperatives.

Currently, over 1,200 financial institutions are members of the domestic exchange system and exchange transactions are being carried out between more than 30,000 branches of these members.

Zengin System

The core system of the domestic exchange system is the ZenginData Telecommunications System (ZenginSystem).

The Zengin System connects member financial institutions through telecommunication lines, and is a system for centrally processing data concerning exchange transactions, such as wire transfers between financial institutions.

Its most outstanding characteristic is its speed. When exchange transaction data is received from a financial institution, the funds are deposited in the recipient's account, in most cases, almost on a real-time basis.

In addition to the existing Core Time System covering real-time payment during the daytime on weekdays, the More Time System covering real-time payment on weeknights, Saturdays, Sundays and national holidays was launched in October 2018 to enable 24/7 real-time payment of transfers.

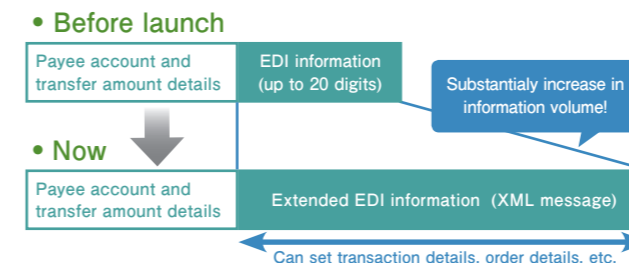
ZEDI

The Zengin EDI System (ZEDI) is a system established separately from the Zengin System in order to replace B2B bulk transfer messages with XML messages (ISO 20022)—the next-generation international standard for financial transactions—and address extended EDI information.

ZEDI enables transaction details and other information on the commercial transaction to be attached to B2B transfer messages, with (1) the aim of boosting efficiency in corporate payment administrative work and improving productivity through automated reconciliation, etc. of accounts receivable, etc., and (2) the purpose of supporting financial institutions' provision of new payment services and promotion of innovation (enhancement of payment and settlement systems).

ZEDI for EDI Information Extension

Extends the information that can be set to the format in use upon bulk transfer



EDI information: Message sent from payer company to payee company; Set by payer company

XML message: Electronic-message format enabling length, etc. of messages to be flexibly designed and changed

*Please refer to <https://www.zengin-net.jp/zedi/> for more information on ZEDI.

Zengin-Net as an Agency for Clearing of Funds

Clearing of funds is the act of clearing credit and debt relationships, which have arisen as a result of funds transactions of less than 100 million yen per transaction conducted between financial institutions, through the method of undertaking debt, etc. Zengin-Net carries out this business as an operator of the domestic exchange system. (Large-value domestic funds transfer transactions of 100 million yen or more per transaction are settled through the Bank of Japan's real-time gross settlement (RTGS).)

The Payment Services Act enforced in April 2010 stipulates that only bodies that have received a license from the Prime Minister of Japan can carry out clearing of funds. Zengin-Net obtained a license for clearing of funds in September 2010.

Central Counterparty

Under the domestic funds system, the arisen credit and debt of banks accompanying funds transactions of less than 100 million yen per transaction are recalculated into credit and debt relationships between each member financial institution and Zengin-Net. After having done so, funds are cleared by conducting account transfers between the current accounts of Zengin-Net and of each member financial institution which have been opened at the Bank of Japan.

In this relationship, Zengin-Net performs its role as the "central counterparty" in settlements between financial institutions, meaning that it is the counterparty to all financial institutions.

Zengin-Net as a Central Counterparty (CCP)

*The debts and credits between banks may be replaced by a debtor-creditor relationship between each bank and the CCP.

