



# ANNUAL REPORT 2022

THE ASAHI SHINKIN BANK

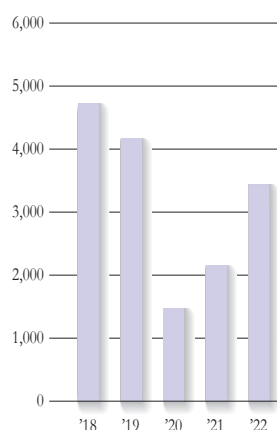


# Five-Year Summary

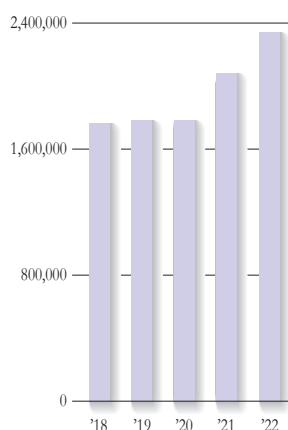
Years ended March 31,	Millions of Yen				
	2022	2021	2020	2019	2018
Total Income .....	¥ 31,647	¥ 30,986	¥ 30,674	¥ 31,785	¥ 30,371
Total ordinary income after total ordinary expenses .....	5,306	3,807	1,867	5,409	6,399
Net Income .....	3,442	2,152	1,476	4,161	4,716
Paid-in Capital .....	19,667	19,989	20,247	20,520	20,731
Total Number of Units of Members' Equity (Units) .....	393	399	404	410	414
Equity .....	90,441	93,951	82,701	87,053	81,412
Total Assets .....	2,506,388	2,221,873	1,901,689	1,916,450	1,870,001
Deposits .....	2,337,002	2,082,848	1,778,977	1,779,080	1,761,684
Loans and Bills Discounted .....	1,441,952	1,459,010	1,138,896	1,078,748	1,027,303
Securities .....	304,547	286,015	253,735	313,640	301,990
Non-consolidated Capital Adequacy Ratio (%) .....	9.50	8.95	8.65	8.83	9.05
Cash Dividends .....	491	499	506	512	518
Number of Employees .....	1,394	1,399	1,389	1,361	1,376

Note: The non-consolidated capital adequacy ratio is calculated based on The guidelines established by the Minister of the Financial Services Agency (2006 FSA Notice No. 21) based on Article 14-2 of the Banking Act of Japan, on which Article 89-1 of the Shinkin Bank Act is based, in order to judge a *shinkin* bank's capital adequacy in light of its risk-weighted assets. The Bank adopts the domestic standard.

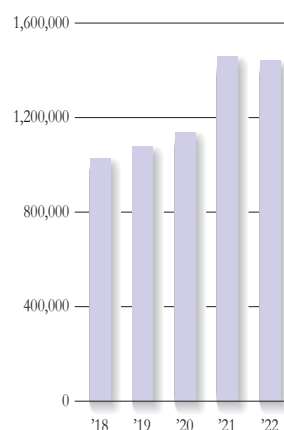
**Net Income**  
(Millions of Yen)



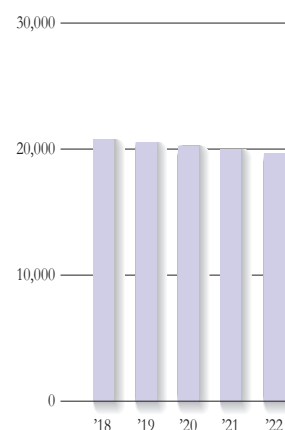
**Deposits**  
(Millions of Yen)



**Loans and Bills Discounted**  
(Millions of Yen)



**Paid-in Capital**  
(Millions of Yen)



Fractions less than a unit are rounded down in this report.

# Message from the Management

During fiscal 2021, the year ended March 31, 2022, the Japanese economy continued to experience a severe situation similar to the previous year due to the impact of the novel coronavirus disease (COVID-19). While we did see some signs of recovery emerge at the end of 2021, overall it proved to be a year of lingering uncertainties regarding the outlook for consumption and corporate revenues in view of the subsequent spread of the Omicron variant and the ongoing situation in Russia and Ukraine.

Amid such an environment surrounding monetary economy, the Bank has engaged in various management consultations to help resolve the issues faced by local small and medium-sized companies. To strengthen our management base, we continued to pursue the Operational Reform Project that we launched in fiscal 2020 and started to reform our entire operations. As a result of these efforts, we enjoyed a certain success in terms of improving productivity and other areas. We also established a new Digital Strategy Division as a core organization tasked with ensuring a continuous focus on that area.

Operating results at the end of fiscal 2021 have achieved an increase in deposits of ¥254.1 billion from the end of fiscal 2020 thanks primarily to a significant increase in time deposits. Loans outstanding decreased by ¥17.0 billion from the end of fiscal 2020 as financing to help counter COVID-19 came full circle. Meanwhile, in terms of revenues, net profit increased by ¥1.2 billion from the end of fiscal 2020. In February 2022, the Bank obtained a single A minus (A-) long-term issuer rating from the Japan Credit Rating Agency, Ltd. in recognition of our solid business foundation, capital adequacy, and earnings capacity.

Looking to the Bank's centenary in fiscal 2023 and the Bank's vision further ahead, we will aim to become a truly indispensable financial institution for the community based on our corporate philosophy that co-existence and co-prosperity with local communities is of the utmost importance. At the same time, we will scale up our efforts to strengthen our management structure and to help realize a sustainable society.



July 2022

A handwritten signature in black ink that reads "Y. Ito". The signature is fluid and cursive.

*Yasuhiro Ito*  
President

### Overview of *Shinkin* Banks and their Role in the Community

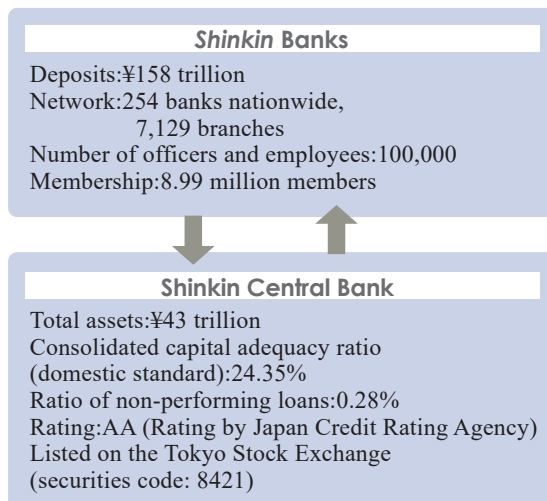
*Shinkin* banks are cooperative regional financial institutions whose members are small and medium-sized businesses and local residents.

The business of *shinkin* banks is not very different from that of other commercial banks, but *shinkin* banks are distinguished from other banks in terms of their organizational structure, the communities they serve and their customers. Whereas banks are incorporated, *shinkin* banks are cooperatives with memberships composed of local residents and those who work or have an office in the area. Corporate members are limited to companies with a maximum of 300 employees and capitalization of up to ¥900 million.

While *shinkin* banks accept deposits in the same way as ordinary banks, their loans are, in principle, restricted to contributing members only and loans to a single borrower must not exceed 25% of the bank's own capital. As financial institutions with close ties to their home territories, *shinkin* banks use locally raised funds exclusively for local development. They thus contribute to the healthy growth of local enterprises, a better quality of life for the area's residents, and the overall development of the local community.

The Shinkin Central Bank (SCB) is the central bank for *shinkin* banks. The role of the SCB is to support the development of the *shinkin* bank sector by broadening the operational functions and enhancing the credit standing of *shinkin* banks, and thus contribute to the prosperity of Japan. The Bank is strengthening collaboration with the SCB in terms of operations.

#### Shinkin Banks and the Shinkin Central Bank



(As of March 31, 2022)

### Asahi Shinkin Bank's Support of Small and Medium-sized Businesses in the Community

#### COVID-19 related loans

We are committed to activities that provide various management-related advice including the swift provision of loans to many business operators affected by the COVID-19 pandemic. We extended 8,908 COVID-19 related loans for a total value of ¥193.6 billion in fiscal 2021.

#### Support for startup phase

In fiscal 2021, the Bank provided startup financing amounting to ¥16.4 billion to 560 entrepreneurs.

The Bank hosted *Asahi Sogyojuku* (startup cram school), a program of four lectures, in cooperation with startup support projects of Taito Ward and Edogawa Ward, with 30 participants in fiscal 2021. Participants who attend the entire program and receive a certificate are eligible for reduced registration license tax when establishing a company in these two wards and for preferential treatment by credit guarantee associations for startup-related guarantees.

#### Support for strengthening management fundamentals

In the Customer Support Department, financial planners and other specialized staff are ready to offer individual advice on a wide variety of issues related to customers' assets and business operations such as inheritance, effective use of real estate, business succession, M&A, and labor management. For highly technical matters, we cooperate with external expert organizations to help find solutions for small and medium-sized companies.

### Asahi Shinkin Bank's Corporate Philosophy

All of us at THE ASAHI SHINKIN BANK think and act cheerfully and positively to contribute to development of the local community and our customers' happiness.

### Support for sales channel expansion

With the aim of creating new business opportunities for our corporate customers, the Bank conducts business matching through business fairs where they can meet buyers of large companies, and online seminars for business operators, as well as supports sales channel expansion utilizing domestic and overseas e-commerce platforms.

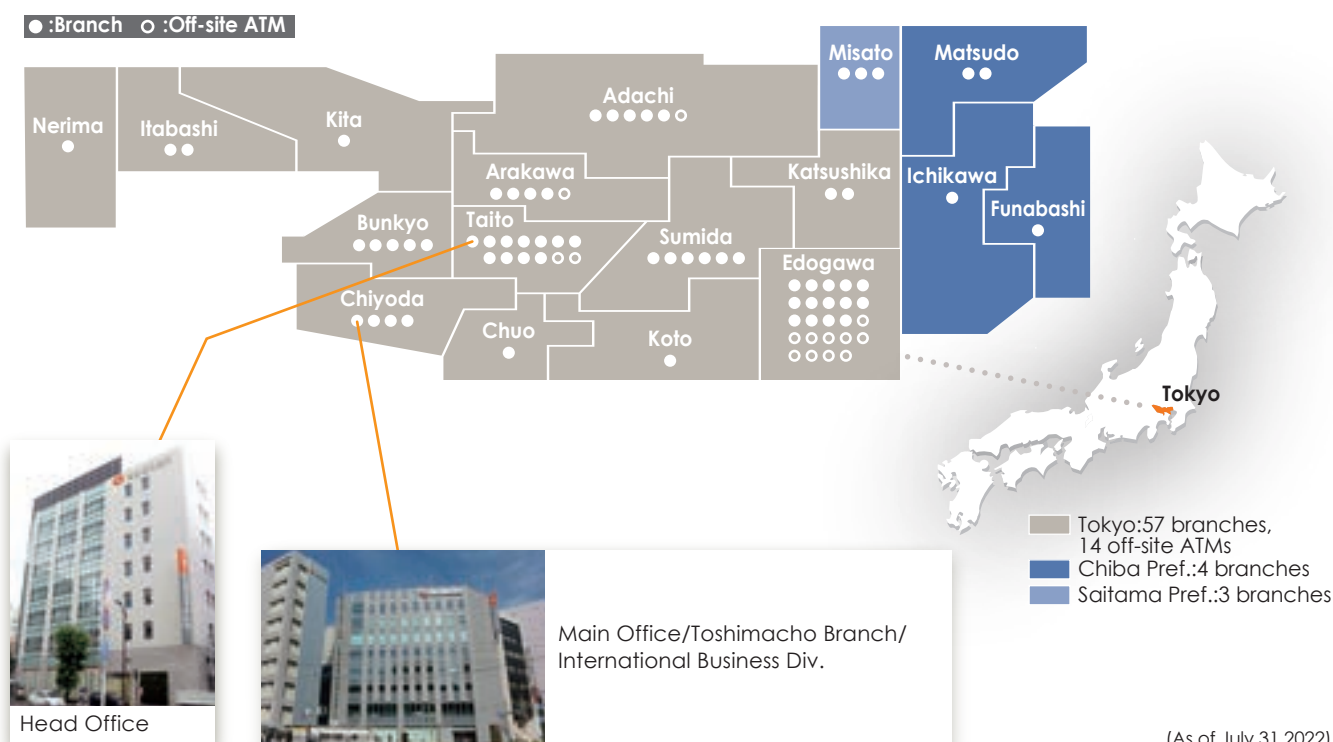
### Other Initiatives

#### Asahi Small and Medium-sized Business Management Information Center (ACC)

We are convinced that the Bank's fundamental mission is to foster the small and medium-sized businesses in the community that underpin the local economy. Based on this conviction, to support the endeavors of small and medium-sized companies in human resources development and networking among customers, the Bank established the Asahi Small and Medium-sized Business Management Information Center (ACC) in 1996. ACC develops human resources, offers grants, and promotes fruitful exchanges between companies in different industries.

### Extensive Network of 64 Branches and 14 Off-site ATMs

In view of our customer base, we consider it our mission to respond proactively to the funding needs of the small and medium-sized businesses and individuals sustaining the local economy at the grassroots. At the end of July 2022, the Bank had a network of 64 branches, which include five sub-branches and one online branch, and 14 off-site ATMs, located in Taito Ward and 12 other wards in Tokyo and also in Chiba Prefecture and Saitama Prefecture. To bring our area management even closer to the community, our operating area is divided into smaller zones, each with a dedicated sales representative. They provide excellent proposals through face-to-face visit-based marketing to offer solutions to customers.



# Customer-Oriented Financial Services to Enhance the Community's Prosperity

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## Domestic Operations

The Bank offers a wide range of deposit products to meet various savings needs, including foreign currency time deposits with special interest rates and online time deposits. For personal customers, in addition to deposit products, the Bank offers a range of investment products, such as investment trusts, personal pension insurance and Japanese government bonds.

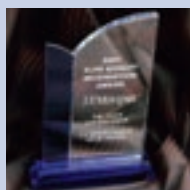
The Bank offers an extensive range of loan products for personal customers, including a housing loan product for customers purchasing residential property with superior environmental performance, a housing loan product offering a preferential interest rate for customers who have children younger than 18 years of age or are expecting a child, educational loans, and car loans. At the Personal Loan Plaza we offer advice on loan products until 17:00 on weekdays so that customers who are unable to visit the Bank during regular opening hours can visit the Plaza.

In addition, the Bank's smartphone app lets users open accounts, apply for loans, uniformly manage balances and statements of their other bank accounts, e-money, etc. and use cashless payment when shopping. We offer a wide array of advanced functions in response to the trend toward a cashless society.

For small and medium-sized businesses, the Bank offers a wide range of loan products tailored to their funding needs, whether for business development or to ensure stable cash flows.

At the Customer Support Department, our expert staff offer practical advice on cultivation of sales channels, overseas business development, business succession and M&A, IT utilization, human resources development, and lifetime financial planning. We also hold various seminars to support corporate customers' sales and marketing activities. (See Pages 3-4 for the Bank's support for businesses.)

## 2022 Elite Quality Recognition Award



The Bank received the J.P. Morgan Elite Quality Recognition Award from J.P. Morgan Chase Bank, N. A. for eleven consecutive years from 2011 for its outstanding performance of overseas funds transfer operations. This time, we received a SPECIAL AWARD in recognition of our 100% automated processing ratio for remittances and our past achievements.

## International Operations

Our business territory is home to companies in many industries, including manufacturers and distributors of apparel, leather goods and footwear, jewelry, computer parts and peripherals, medical equipment and toys, as well as food processing and distribution companies. Amid recent structural changes in Japan's economy and the growing importance of international business, many of our customers are becoming more involved in foreign trade.

We offer a wide range of financial services for companies engaged in international business, including advice on investment strategy and business development, integrated import and export support from opening of business relations to bill settlement, services covering trade finance, forward exchange contracts, and coupon swaps.

We are striving to enhance convenience for our customers by offering Internet banking services for overseas remittances, import letters of credit, etc.

At the end of March 2022, the Bank had a network of overseas correspondent banks totaling 80 banks in 140 locations across 28 countries. Centering on imports, trade-related foreign exchange transactions handled by the Bank in fiscal 2021 amounted to US\$477 million.

We aim to continue serving far into the future as an indispensable partner of companies pursuing business overseas.

## Overseas Correspondent Network



(As of March 31, 2022)



### Becoming the Most Trustworthy Community Bank

Customer deposits should be used to bring new vitality into the community—this is the basic stance of Asahi Shinkin Bank, a financial institution that puts local ties first.

To date, the Bank has developed together with small and medium-sized companies and people in the local community based on a spirit of helping one another as a cooperative financial institution. With the aim of becoming the indispensable and most trustworthy community bank, we have embraced new challenges in our drive to bring new vitality into our community. We have reinforced our business by stepping up support for corporate revival and management improvement, while offering increased support to companies involved in innovative businesses and those active in environmental protection. As we emphasize the cultivation of closer links with our customers, we are helping to bring new vitality into the community through provision of financial services that deliver customer satisfaction and also by doing our part as a member of the community in the cultural, environmental and educational spheres. Many activities were temporarily suspended due to COVID-19 in fiscal 2021.

### Corporate Citizenship Activities

#### Implementation of the Ecocap Movement

The Ecocap Movement is an initiative to collect and recycle PET bottle caps, which are usually disposed of as waste, and to use the proceeds to provide vaccines for children in developing countries. With help from people in the community, we had collected a cumulative total of 169 million caps from the initiative commenced in 2008 to the end of March 2022. Sorting of caps collected at branches in Edogawa Ward is contracted to a voluntary



organization working to create employment for people with disabilities. In this way, we also contribute to the social welfare activities of the community.

#### Traffic safety campaign

To promote traffic safety in the community, the Bank extends cooperation to the traffic safety campaign held each spring and autumn. During the campaign period, approximately 1,000 employees of the Bank



at all branches serve as wardens at nearby crossings. \*The campaign was suspended in fiscal 2021 due to COVID-19.

#### Blood donation campaign

The Bank held a blood donation campaign three times during fiscal 2019 in which 130 employees took part. Since the campaign commenced in 1995 a total of more than 5,300 employees have donated blood. \*The campaign was suspended in fiscal 2021 due to COVID-19.



#### Donations to public interest corporations

• We co-sponsor the *Young Seats* of the Tokyo Metropolitan Symphony Orchestra, an initiative to invite 500 children each year to attend the orchestra's concerts free of charge. Children who are in the fourth year or above in elementary school, junior high school students, and high school students are eligible to apply for the *Young Seats*.





### For children in the community

- The Bank cooperates with local elementary schools and junior high schools and accepts their students for learning through experience at workplaces. The objective is to cultivate the students' social skills and communication capabilities as well as helping them determine a career path while deepening their awareness of what work entails and its importance.

### Cooperation with municipalities

- We concluded agreements with Taito Ward, Bunkyo Ward and Edogawa Ward to provide seven of the Banks' branches as temporary accommodation facilities for people stranded in the event of a disaster.
- We provided the Bank's Funabori Building to Edogawa Ward as a COVID-19 vaccination center free of charge, which has subsequently been used by 68,000 local residents.



### Environmental Protection Initiatives

- The Bank offers a range of loan products to support customers' environmental protection initiatives, including loans for capital investment, provision of loan guarantees under the government loan-guarantee system, and housing loan products.
- As part of efforts to mitigate global warming, the Bank uses a carbon-offset scheme and Forest Stewardship Council (FSC) certified paper for calendars, leaflets and other printed materials that the Bank produces.
- Since 2020, we have been promoting paperless operations through operational reforms. We have managed to reduce the volume of stored documents by 90% through digitalization and centralization of internally-managed documents and reporting documents.

### Support for People with Disabilities and the Elderly

#### ATMs for the visually impaired

All branches have ATMs with braille and audible instructions so that the visually impaired can use ATMs at ease.



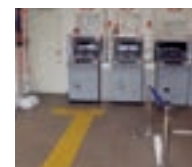
#### AED

61 branches and two off-site ATMs are equipped with automated external defibrillators (AEDs) at ATM corners in readiness for emergencies such as cardiopulmonary arrest.



#### Braille blocks

Braille blocks leading from outside to inside a branch and to the ATMs are installed at 52 branches and for two off-site ATMs.



#### Parking spaces for people with disabilities

Dedicated parking spots for people with disabilities have been established at 20 branches.



#### Staff training for dealing with elderly people and people with disabilities

Training is provided to branch employees in particular to enable appropriate consideration for people with disabilities and the elderly who visit our branches. As of March 31, 2022, the number of participants in courses on Service Care Supporter training and Dementia Supporter training reached 83 and 200, respectively.



## **Thorough Risk Management System**

The Bank has established the basic policy for management of risks, put in place a risk management system and determined management procedures so as to implement appropriate risk management. The Bank has classified risks into three categories and established risk committees corresponding to them. The activities of the risk committees are governed by the Comprehensive Risk Management Committee.

Also, the Bank has established a code of conduct with which all officers and employees are required to comply in order to inculcate corporate ethics and legal compliance throughout the Bank.

Personal information concerning our customers constitutes a vital asset. To ensure appropriate protection and use of personal information, the Bank applies strict control in accordance with its Basic Policy Concerning Protection of Information Assets (Security Policy) to achieve continuing improvement.

## **Major Risks and Risk Management Policies**

### **Market Risk**

Market risk comprises interest rate risk, price fluctuation risk, and exchange risk. Market risk is the possibility of losses from fluctuations in market interest rates, stock prices and foreign exchange markets that cause changes in the value of the Bank's assets and liabilities (including off-balance sheet items) and changes in profits generated by assets and liabilities.

The Bank's Asset and Liability Management (ALM) Committee is responsible for management of market risk.

### **Liquidity Risk**

Liquidity risk is the possibility of losses resulting from an unexpected outflow of funds or any other situation that necessitates fund procurement at

interest rates markedly higher than usual rates or transactions at markedly more disadvantageous terms than usual terms.

The Bank emphasizes liquidity and soundness of market-based funding and has put in place a system to ensure stable cash flow with a sufficient reserve. Moreover, the Bank has formulated a contingency plan to deal with the demand for funds in the event of an unexpected crisis swiftly and appropriately. Thus, the Bank has sufficient systems for management of liquidity risk.

### **Credit Risk**

Credit risk is the possibility of losses from bankruptcies, deterioration in the financial conditions, etc. of borrowers. The Bank has put in place a risk management system in accordance with the Credit Risk Management Rules.

In addition to the deliberation and assessment by the Credit Risk Management Committee and the ALM Committee, the Board of Directors, the Board of Managing Directors, and the Management Committee deliberate on credit risk management, as necessary, to deal with credit risk in an appropriate manner.

### **Operational Risk**

Operational risk is a risk associated with execution of routine operations and every effort is made to avert such risk.

Having established an organizational structure and a system to deal with operational risk in accordance with the Operations Risk Management Policy and the Systems Risk Management Policy, the Bank analyzes and assesses data gathered periodically in order to mitigate risk and to minimize the impact in the event that such risk materializes.

In order to respond to the increasing threat of cyber-attacks, the Bank has established the

Computer Security Incident Response Team (CSIRT) and is well prepared.

In addition to the periodic deliberation and assessment by the Operations and Systems Risk Committee, the Reputation and Legal Risk Committee, and the Comprehensive Risk Management Committee, the Board of Directors, the Board of Managing Directors, and the Management Committee deliberate on operational risk management, as necessary, to deal with operational risk in an appropriate manner.

## Compliance Structure

As well as strictly complying with various laws and regulations and other rules, companies are required to adhere to social ethics when engaging in transactions. In accordance with its goal of becoming the most trustworthy financial institution in the community, the entire workforce is united in a determination to inculcate corporate ethics and legal compliance throughout the Bank.

The Bank has put in place a compliance structure. The Management Legal Affairs Division supervises compliance issues and compliance officers are appointed at all departments, branches, and affiliated companies.

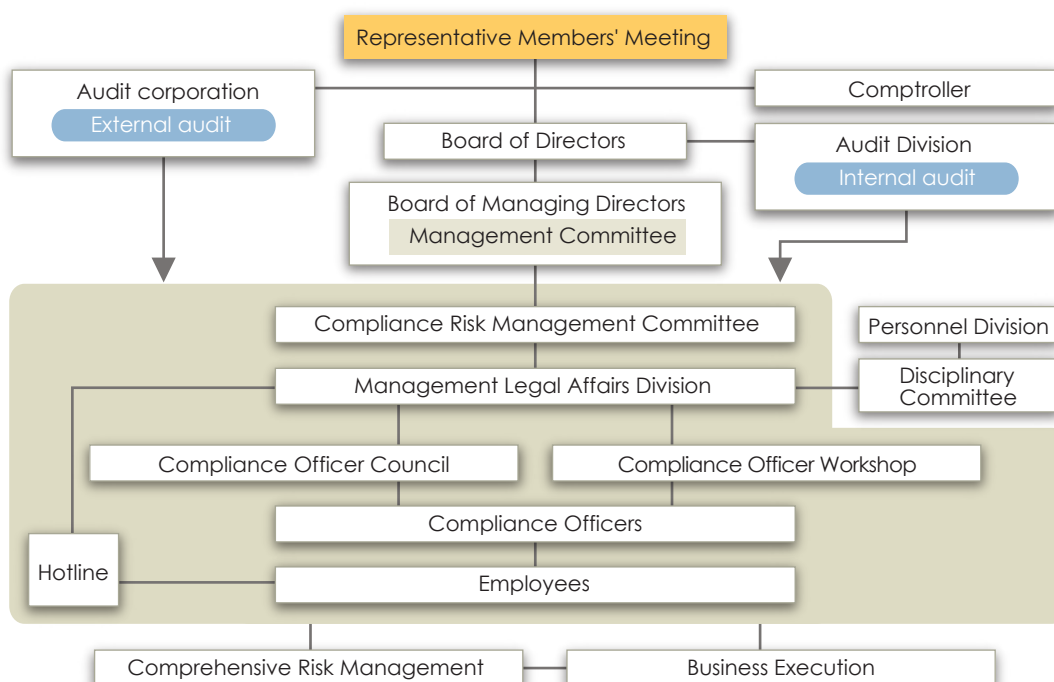
## Against Antisocial Forces

Adhering to the Guidelines for Companies to Prevent Damage by Antisocial Forces, the Bank remains committed to ensuring that no relationship whatsoever exists between the Bank and antisocial forces.

### Basic Policies on Antisocial Forces

1. Deal with antisocial forces as an organization.
2. Coordinate with external specialized agencies.
3. Cut off all relations with any antisocial force, including any transactions.
4. In emergencies, use civil and criminal legal responses.
5. Prohibit financing, inappropriate or abnormal transactions, and offering of benefits.

## Compliance Structure

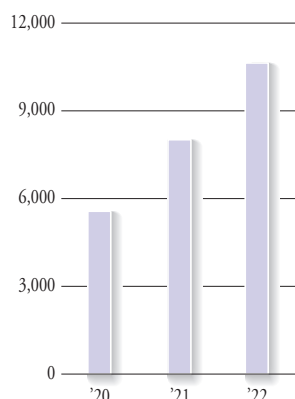


(As of March 31, 2022)

# Financial Review

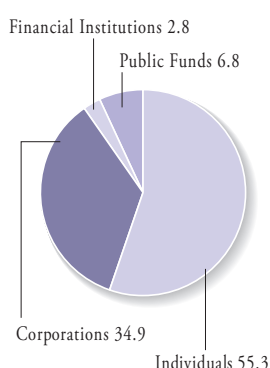
## Core Operating Income

(Millions of Yen)



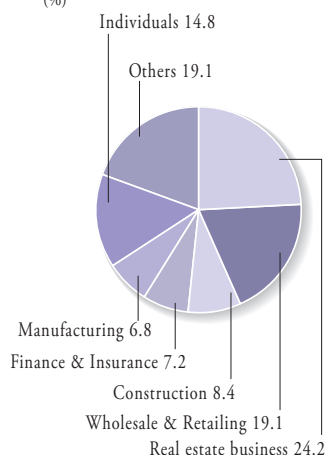
## Deposits by Category of Depositors

(%)



## Loans by Category of Borrowers

(%)



## Business Policy for Fiscal 2021

In fiscal 2021, our top priority was to help small and medium-sized companies forced to suffer severe management conditions due to COVID-19 face their worries and concerns over cash flows and other issues. Toward this end, we have put effort into activities aligned with the following seven key issues:

- 1) Focus on activities that closely attend to the worries and concerns of small and medium-sized companies over cash flows and other issues
- 2) Strengthen our management base through the Operational Reform Project
- 3) Address SDGs and make our contribution toward creating a better regional environment
- 4) Strengthen measures to prevent money laundering and counter the financing of terrorism, and strengthen our legal compliance framework.
- 5) Conduct customer-oriented business operations with an emphasis on user protection and fiduciary duty
- 6) Prevent the spread of COVID-19 in the workplace
- 7) Develop human resources and create a rewarding workplace

## Economic & Financial Environment

During fiscal 2021, the Japanese economy continued to experience a severe situation due to the impact of COVID-19. While we did see some signs of recovery emerge in the third quarter from October to December, it proved to be a fiscal year-end of lingering uncertainties regarding the outlook for consumption and corporate revenues in view of the spread of the Omicron variant and the situation in Russia and Ukraine that started in the beginning of 2022. In the financial markets, inflationary pressures increased worldwide due to soaring prices of raw materials and energy resources as well as logistics costs and other factors that resulted in rising interest rates and less quantitative easing in the United States and other countries. Furthermore, Russia invaded Ukraine in February, and the financial markets became highly volatile and unstable. The Nikkei average at the end of the fiscal year was ¥1,357 lower than the figure at the end of the previous fiscal year, at ¥27,821. Long-term interest rates (yields on 10-year Japanese government bonds) remained around 0.2%, ending the fiscal year at 0.210%.

## Results of Operations

Results of the Bank's operations in fiscal 2021 are described below.

### Deposits

Time deposits increased by approximately ¥240.0 billion and liquid deposits also increased from the previous fiscal year. As a result, the balance of total deposits at the end of fiscal 2021 was ¥2,337.0 billion, ¥254.1 billion higher than the figure at the end of the previous fiscal year.

### Loans

Some customers started scheduled repayments of emergency loans and the demand for funds also came full circle. As a result, loans outstanding at the end of fiscal 2021 were ¥1,441.9 billion, ¥17.0 billion lower than the figure at the end of the previous fiscal year.

## Profitability

Despite a decrease in loan yields, income from interest on loans increased due to an increase in the average balance during the fiscal period. Furthermore, interest paid on deposits increased only marginally, so the profit margin between deposits and loans was able to exceed the previous year's level by ¥1.3 billion. We recorded reserve for possible loan losses of ¥5.6 billion this fiscal year. Total ordinary income after total ordinary expenses increased by approximately ¥1.5 billion from the previous fiscal year to ¥5.3 billion. Net income increased by ¥1.2 billion to ¥3.4 billion, including an extraordinary income from the sale of the Funabori Building.

## Financial soundness

The Bank's capital adequacy ratio increased by 0.55 percentage points from the previous fiscal year-end to 9.50% due to an accumulation of equity as well as a decline in risk assets associated with a decrease in loans.

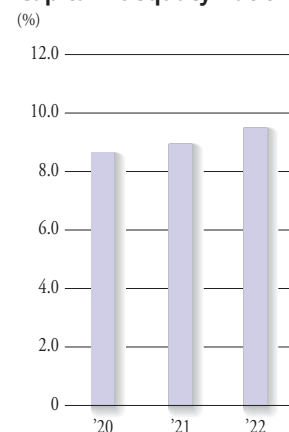
The ratio of non-performing loans was 3.10%, up 0.52 percentage points, but still remains at a low level. As of March 31, 2022, 96.87% of the non-performing loans held by the Bank were covered by mortgage collateral or high-quality guarantees and a reserve for possible loan losses.

## Issues to be Tackled

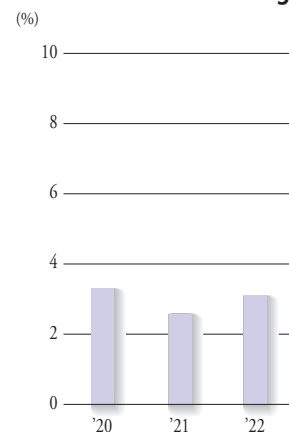
During fiscal 2022, the Japanese economy is expected to recover steadily as we seek to coexist with the COVID-19 virus with a focus on vaccination, despite destabilizing factors such as the spread of COVID-19 variants and the situation in Ukraine. However, the business environment for the Bank's customers remains severe, and we will make every effort to address the following management issues:

- Aim to be a friendly and reliable financial institution that closely attends to the worries and concerns over cash flows and other issues of our customers.
- Work towards improving productivity to strengthen our management base through ongoing business reforms, and establishing and stabilizing a business management structure that is suitable for the new normal era of coexisting with COVID-19.
- Promote the Bank's own SDGs and make our contribution toward creating a better local environment.
- Work to strengthen anti-money laundering and counter financing of terrorism (AML/CFT) as well as our legal compliance structure.
- Strive to improve management systems that focus on customer protection, etc. and conduct customer-oriented business operations.
- Strive to develop human resources and create a rewarding workplace.

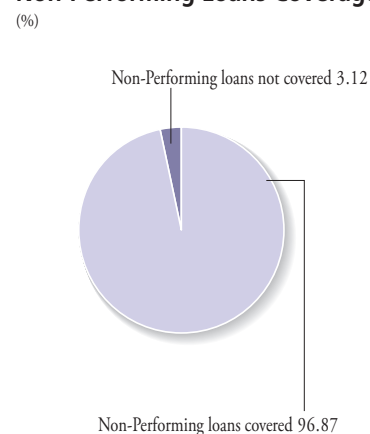
## Capital Adequacy Ratio



## Ratio of Non-Performing Loans



## Non-Performing Loans Coverage



[Calculation Method of Capital Adequacy Ratio (%)]  

$$\frac{\text{Members' equity}}{\text{Total amount of risk assets, etc.}} \times 100$$

# Balance Sheets

As of March 31,	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022
<b>ASSETS</b>			
Cash .....	¥ 18,341	¥ 22,077	\$ 149,834
Due from Banks .....	681,907	389,012	5,570,687
Money Held in Trust .....	17,561	16,967	143,462
Securities (Note 3) .....	304,547	286,015	2,487,928
Loans and Bills Discounted (Note 4) .....	1,441,952	1,459,010	11,779,692
Foreign Exchange (Note 6) .....	4,479	8,390	36,591
Other Assets .....	15,460	14,076	126,299
Tangible Fixed Assets .....	30,876	32,416	252,241
Intangible Fixed Assets .....	2,247	2,305	18,360
Deferred Tax Assets .....	5,425	2,303	44,319
Customers' Liabilities for Acceptances and Guarantees .....	2,190	2,324	17,890
Reserve for Possible Loan Losses .....	(18,600)	(13,028)	(151,953)
<b>Total Assets</b> .....	<b>¥ 2,506,388</b>	<b>¥ 2,221,873</b>	<b>\$ 20,475,356</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Deposits (Note 7) .....	¥ 2,337,002	¥ 2,082,848	\$ 19,091,600
Borrowed Money .....	40,000	12,000	326,770
Call Money .....	—	30	—
Payables under securities lending transactions .....	15,822	14,737	129,254
Foreign Exchange (Note 6) .....	79	48	649
Other Liabilities .....	14,753	10,362	120,527
Reserve for Employee Bonuses .....	554	563	4,530
Reserve for Retirement Allowances .....	3,748	3,706	30,625
Reserve for Retirement Benefits for Directors .....	244	339	1,997
Reserve for Loss from Refund of Sleeping Accounts .....	564	652	4,608
Reserve for Contingent Loss .....	986	307	8,062
Acceptances and Guarantees .....	2,190	2,324	17,890
<b>Total Liabilities</b> .....	<b>2,415,947</b>	<b>2,127,921</b>	<b>19,736,518</b>
<b>Equity:</b>			
Paid-in Capital .....	19,667	19,989	160,669
Additional Paid-in Capital .....	2,162	2,162	17,668
Legal Reserve .....	67,032	64,090	547,608
Unappropriated equity .....	0	(1)	(3)
<b>Total Members' Equity</b> .....	<b>88,862</b>	<b>86,240</b>	<b>725,942</b>
Unrealized Gain on Available-for-Sale Securities .....	1,578	7,710	12,895
<b>Total Valuation and Translation Adjustments</b> .....	<b>1,578</b>	<b>7,710</b>	<b>12,895</b>
<b>Total Equity</b> .....	<b>90,441</b>	<b>93,951</b>	<b>738,837</b>
<b>Total Liabilities and Equity</b> .....	<b>¥ 2,506,388</b>	<b>¥ 2,221,873</b>	<b>\$ 20,475,356</b>

The accompanying notes are an integral part of these financial statements.

# Statements of Income and Retained Earnings

Years ended March 31,	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022
<b>Income:</b>			
Interest and Dividends on:			
Loans and Discounts .....	¥ 20,119	¥ 18,705	\$ 164,359
Securities .....	6,400	5,587	52,290
Others .....	193	194	1,583
Fees and Commissions:			
Fees and Commissions on Domestic and Foreign Exchange .....	1,127	1,355	9,212
Others .....	1,658	1,777	13,545
Other Operating Income:			
Gains on Foreign Exchange Transactions .....	298	—	2,439
Gains on Sales of Bonds .....	287	0	2,350
Others .....	238	297	1,949
Other Income:			
Collection of Written-off Claims .....	280	485	2,293
Gains on Sales of Stocks and Other Securities .....	484	1,532	3,958
Gains on Money Held in Trust .....	129	507	1,058
Others .....	427	543	3,496
<b>Total Ordinary Income</b> .....	<b>31,647</b>	<b>30,986</b>	<b>258,537</b>
Extraordinary Income (Note 8) .....	760	3	6,210
<b>Total Income</b> .....	<b>32,407</b>	<b>30,990</b>	<b>264,748</b>
<b>Expenses:</b>			
Interest Expenses:			
Deposits .....	225	209	1,842
Others .....	57	99	469
Fees and Commissions .....	1,434	1,527	11,717
Other Operating Expenses:			
Losses on Foreign Exchange Transactions .....	—	411	—
Losses on Sales of Bonds .....	7	59	59
Others .....	7	10	64
General and Administrative Expenses .....	17,793	17,809	145,357
Other Expenses .....	6,814	7,051	55,672
<b>Total Ordinary Expenses</b> .....	<b>26,340</b>	<b>27,179</b>	<b>215,183</b>
Extraordinary Losses (Note 9) .....	75	47	616
<b>Total Expenses</b> .....	<b>26,416</b>	<b>27,226</b>	<b>215,800</b>
<b>Income before Income Taxes</b> .....	<b>5,991</b>	<b>3,764</b>	<b>48,947</b>
<b>Current</b> .....	<b>3,298</b>	<b>2,145</b>	<b>26,942</b>
<b>Deferred</b> .....	<b>(748)</b>	<b>(533)</b>	<b>(6,114)</b>
<b>Net Income</b> .....	<b>3,442</b>	<b>2,152</b>	<b>28,119</b>
<b>Retained Earnings (Balance at the Beginning of the Year)</b> .....	<b>3,520</b>	<b>3,587</b>	<b>28,760</b>
<b>Balance at the End of the Year</b> (Note 10) .....	<b>¥ 6,962</b>	<b>¥ 5,740</b>	<b>\$ 56,880</b>



# Notes to Financial Statements

## 1. Yen Amounts

All yen figures are rounded down to the nearest one million yen.

Accordingly, breakdown figures may not add up to sums.

## 2. U.S. Dollar Amounts

U.S. dollar amounts presented in the accompanying financial statements are included solely for convenience and should not be construed as

representations that Japanese yen amounts have been or could in the future be converted into U.S. dollars. The rate of ¥122.41 to US\$1, prevailing on March 31, 2022, has been used for conversion into U.S. dollar amounts in the financial statements.

## 3. Securities

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
National Government Bonds.....	¥ 19,504	¥ 15,983	\$ 159,339
Corporate Bonds.....	73,601	70,727	601,272
Stocks.....	25,225	23,105	206,073
Other Securities.....	186,215	176,199	1,521,242
<b>Total</b> .....	<b>¥304,547</b>	<b>¥286,015</b>	<b>\$2,487,928</b>

## 4. Loans and Bills Discounted

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Bills Discounted.....	¥ 11,672	¥ 11,632	\$ 95,357
Loans on Bills.....	13,674	16,651	111,712
Loans on Deeds.....	1,367,787	1,385,728	11,173,823
Overdrafts .....	48,817	44,998	398,799
<b>Total</b> .....	<b>¥1,441,952</b>	<b>¥1,459,010</b>	<b>\$11,779,692</b>

## 5. Disclosure pursuant to the Financial Reconstruction Act

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Non-Performing Loans			
Bankrupt or De facto Bankrupt .....	¥ 3,180	¥ 3,582	\$ 25,982
Doubtful .....	39,662	33,413	324,010
Special Attention .....	2,134	813	17,438
Subtotal .....	44,977	37,808	367,431
Normal .....	1,402,557	1,426,732	11,457,865
<b>Total</b> .....	<b>¥1,447,534</b>	<b>¥1,464,540</b>	<b>\$11,825,296</b>

## 6. Foreign Exchange

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
<b>(Assets)</b>			
Due from Foreign Banks .....	¥4,370	¥8,262	\$35,705
Foreign Currency Bills Bought .....	—	12	—
Foreign Currency Bills Receivable.....	108	115	886
<b>Total</b> .....	<b>¥4,479</b>	<b>¥8,390</b>	<b>\$36,591</b>
<b>(Liabilities)</b>			
Accrued Foreign Exchange .....	79	48	649
<b>Total</b> .....	<b>¥ 79</b>	<b>¥ 48</b>	<b>\$ 649</b>

## 7. Deposits

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Current Deposits .....	¥ 76,859	¥ 76,234	\$ 627,885
Ordinary Deposits .....	948,538	933,584	7,748,862
Savings Deposits.....	32,893	34,129	268,716
Deposits at Notice .....	5,378	5,753	43,940
Time Deposits.....	1,224,153	979,195	10,000,437
Installment Savings.....	35,312	39,361	288,474
Other Deposits.....	13,867	14,589	113,283
<b>Total .....</b>	<b>¥2,337,002</b>	<b>¥2,082,848</b>	<b>\$19,091,600</b>

## 8. Extraordinary Income

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gain on Disposal of Fixed Assets .....	¥760	¥3	\$6,210
<b>Total .....</b>	<b>¥760</b>	<b>¥3</b>	<b>\$6,210</b>

## 9. Extraordinary Losses

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Losses on Sales of Equipment .....	¥75	¥ 8	\$616
Losses on Impairment of Fixed Assets.....	—	38	—
<b>Total .....</b>	<b>¥75</b>	<b>¥47</b>	<b>\$616</b>

## 10. Subsequent Event

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at the End of the Year .....	¥6,962	¥5,740	\$56,880
Appropriations:			
Transfer to Legal Reserve .....	350	220	2,859
Cash Dividends .....	491	499	4,016
Payout Ratio .....	2.5% per year	2.5% per year	2.5% per year
Transfer to Voluntary Reserves .....	2,600	1,500	21,240
<b>Total Appropriations .....</b>	<b>3,441</b>	<b>2,219</b>	<b>28,116</b>
Retained Earnings (Balance at the End of the Year) .....	¥3,521	¥3,520	\$28,764

# Auditor's Report

In accordance with the provisions of Article 38-2, Paragraph 3 of the Shinkin Bank Act, KPMG AZSA LLC audited the balance sheets of the Bank as of March 31, 2022 and 2021, and the related statements of income and statements of retained earnings for the two years ended March 31, 2022 and 2021 and provided the Bank with an auditor's report stating an unqualified opinion.

# Board of Directors and Auditors

(As of July 31, 2022)

**President**

Yasuhiro Ito

**Vice President**

Toshiyuki Misawa

**Senior Managing Directors**

Masaaki Hirokawa \*1

Kouji Iwata

**Managing Directors**

Hiroshi Iikura

Masashi Kobayashi

Yasutaka Yoshigiwa

Atsushi Matsuyama

**Standing Directors**

Makoto Tomiyama

Manabu Kinoshita

**Non-Standing Managing Directors**

Keizo Yamaguchi \*1

Kiyoshi Sakamoto \*1

**Standing Auditor**

Shigeo Yamamoto

**Non-Standing Auditors**

Susumu Kobayashi

Kensuke Mori

Toshio Suzuki \*2

**Executive Officers**

Nobuhiro Takeo

Atsuya Murayama

Tatsuya Yoshizaki

Kouichi Saitou

Touru Takenaka

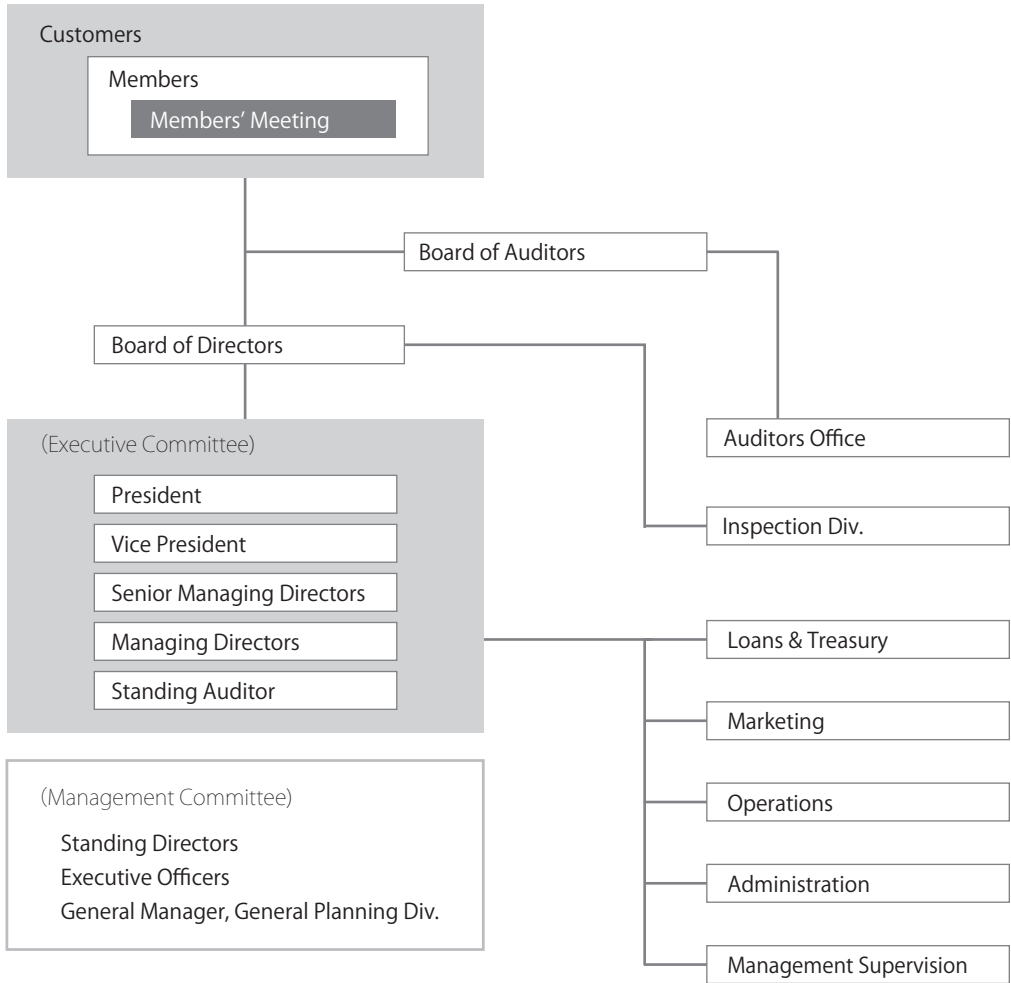
Teruo Tanabe

Notes

- 1. Outside directors in accordance with the *shinkin* bank industry's agreement on measures to enhance functions of the board of directors.
- 2. Outside auditor as provided for in Article 32, Paragraph 5 of the Shinkin Bank Act.

# Organization Chart

(As of July 31, 2022)



# Directory

## **BANK DATA**

(As of March 31, 2022)

### **Main Office**

2-1-2, Higashi-Kanda, Chiyoda-ku,  
Tokyo 101-0031  
Telephone: 03-3862-0321

### **Established**

August 3, 1923

### **Number of Employees**

1,394

### **Membership**

110,104

### **Number of Branches**

(including 5 Sub-Branches/1 online  
branch)  
64

### **Number of ATM Terminals**

(off-site ATMs)  
14

### **Rating**

A- Long-term issuer rating  
J-1 Short-term issuer rating  
Japan Credit Rating Agency, Ltd.

## **SERVICE NETWORK**

(As of July 31, 2022)

### **International Business Division**

3-6-12, Iwamoto-cho, Chiyoda-ku, Tokyo 101-0032  
Telephone: 03-3862-0393

### **Foreign Exchange Offices**

#### **Head Office**

2-8-2, Taito, Taito-ku, Tokyo 110-0016  
Telephone: 03-3833-0251

#### **Toshimacho Branch**

2-1-2, Higashi-Kanda, Chiyoda-ku, Tokyo 101-0031  
Telephone: 03-3862-0311

#### **Nishimachi Branch**

1-2-1, Higashi-Ueno, Taito-ku, Tokyo 110-0015  
Telephone: 03-3833-9241

#### **Kotobuki Branch**

2-10-13, Kotobuki, Taito-ku, Tokyo 111-0042  
Telephone: 03-3844-3166

#### **Asakusa Branch**

4-49-12, Asakusa, Taito-ku, Tokyo 111-0032  
Telephone: 03-3876-0701

#### **Yushima Branch**

2-1-5, Yushima, Bunkyo-ku, Tokyo 113-0034  
Telephone: 03-3814-5261

#### **Asakusabashi Branch**

3-17-7, Asakusabashi, Taito-ku, Tokyo 111-0053  
Telephone: 03-3864-5011

#### **Nihonbashi Branch**

7F Nihon Building annex 1-2-18, Nihonbashi-Kayaba-cho, Chuo-ku,  
Tokyo 103-0025  
Telephone: 03-3663-0650

#### **Kandaogawamachi Branch**

3-1, Kanda-Ogawamachi, Chiyoda-ku, Tokyo 101-0052  
Telephone: 03-3292-5301

In addition to the 9 foreign exchange offices mentioned above, we  
have 12 foreign exchange sub-offices.



## THE ASAHI SHINKIN BANK

2-1-2, Higashi-kanda, Chiyoda-ku,  
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pannapitta

