



# ANNUAL REPORT 2023

THE ASAHI SHINKIN BANK

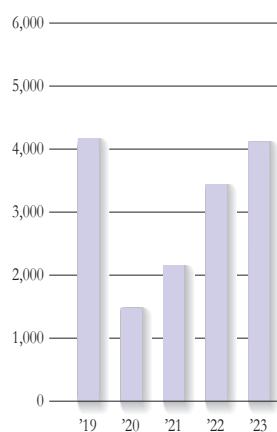


# Five-Year Summary

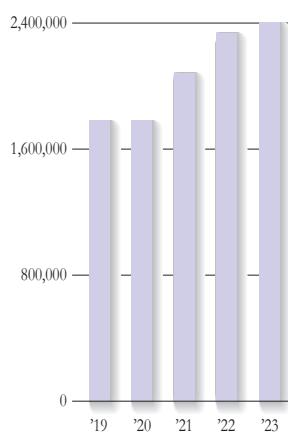
Years ended March 31,	Millions of Yen				
	2023	2022	2021	2020	2019
Total Income .....	¥ 32,233	¥ 31,647	¥ 30,986	¥ 30,674	¥ 31,785
Total ordinary income after total ordinary expenses .....	5,856	5,306	3,807	1,867	5,409
Net Income .....	4,118	3,442	2,152	1,476	4,161
Paid-in Capital .....	19,431	19,667	19,989	20,247	20,520
Total Number of Units of Members' Equity (Units) .....	388	393	399	404	410
Equity .....	89,076	90,441	93,951	82,701	87,053
Total Assets .....	2,530,566	2,506,388	2,221,873	1,901,689	1,916,450
Deposits .....	2,404,355	2,337,002	2,082,848	1,778,977	1,779,080
Loans and Bills Discounted .....	1,457,006	1,441,952	1,459,010	1,138,896	1,078,748
Securities .....	283,532	304,547	286,015	253,735	313,640
Non-consolidated Capital Adequacy Ratio (%) .....	10.04	9.50	8.95	8.65	8.83
Cash Dividends .....	680	491	499	506	512
Number of Employees .....	1,373	1,394	1,399	1,389	1,361

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.

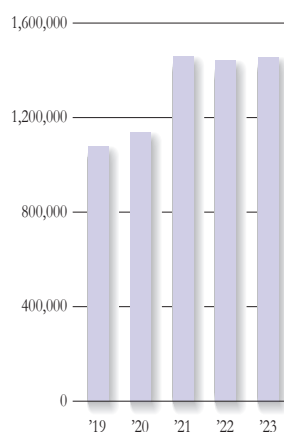
**Net Income**  
(Millions of Yen)



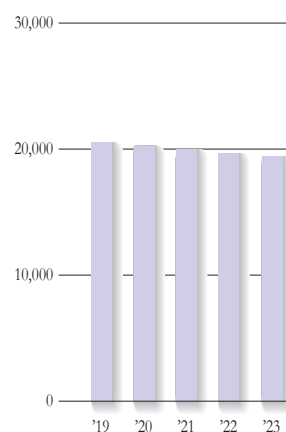
**Deposits**  
(Millions of Yen)



**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 2022, the year ended March 31, 2023, the Japanese economy demonstrated a gradual recovery trend due to a pickup in personal consumption and the recovery of capital investment as measures to prevent the spread of the novel coronavirus disease (COVID-19) were eased. However, soaring energy prices and high raw material prices due to the war in Ukraine, and accelerating inflation in Western countries put a damper on the situation, leaving the outlook at the end of the fiscal year unclear.

Amid such an environment surrounding monetary economy, the Bank again in fiscal 2022 provided solutions that led to the swift and smooth provision of funds to small and medium-sized companies and the resolution of issues they face, further promoted business reforms through DX, and endeavored to go paperless and streamline operations. We also actively worked on operational reforms useful to our customers, including the first nationwide electronic applications to the Credit Guarantee Corporation of Tokyo.

Operating results at the end of fiscal 2022 have achieved an increase in deposits of ¥67.3 billion from the end of fiscal 2021 thanks primarily to a significant increase in time deposits. Loans outstanding increased by ¥15.0 billion from the end of fiscal 2021 as the result of diligent visits to each customer, mainly by dedicated sales representatives, and proactive proposals aimed at resolving issues. In terms of revenue, although income from interest on loans and market investment decreased, net profit increased by ¥0.6 billion from the end of fiscal 2021 due to a significant decrease in credit costs.

As we approach the Bank's centenary, we will aim to become a friendly and reliable financial institution based on our corporate philosophy that co-existence and co-prosperity with local communities is of the utmost importance, while never forgetting our duty as a *shinkin* bank and our sense of appreciation for local communities. At the same time, we will scale up our efforts to strengthen our management structure and to help realize a sustainable society.

July 2023



Yasuhiro Ito  
President



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

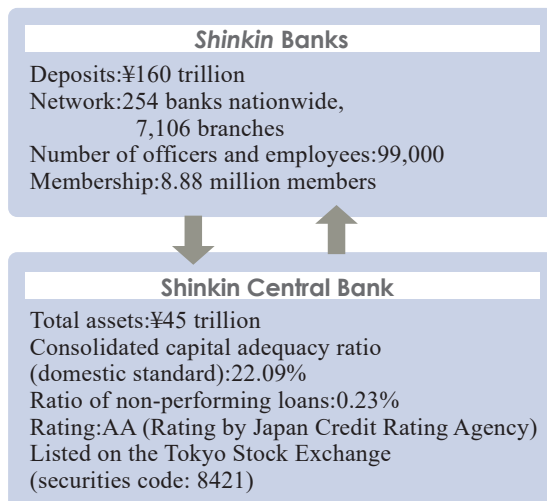
*Shinkin* banks are cooperative regional financial institutions whose members are small and medium-sized businesses and local residents.

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, 2023)

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

### Support for startup phase

In fiscal 2022, the Bank provided startup financing amounting to ¥12.5 billion to 600 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 39 participants in fiscal 2022. 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.

### Support for sales channel expansion

With the aim of creating new business opportunities for our corporate customers, the Bank conducts business fairs and seminars for business operators, as well as supports sales channel expansion for local small and medium-sized companies by utilizing domestic and overseas e-commerce platforms.

The Bank has been holding the "Asahi Business Matching Major Buyers' Business Fair" since 2015 to connect corporate customers and buyers. In fiscal 2022, the event was held on October 13 and 14, resulting in 268 business meetings among 40 buyers and 154 customers.

## 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.

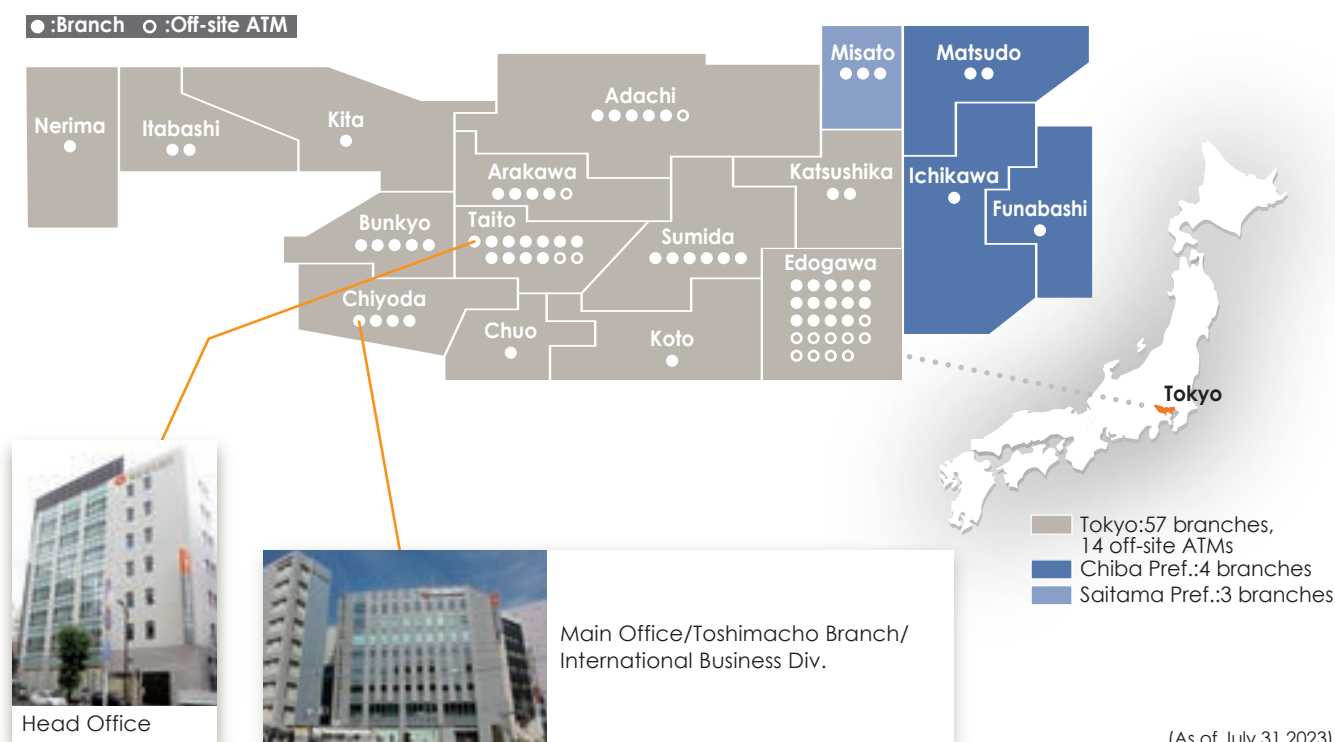
### Other Initiatives

#### 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 2023, 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

## 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.)

## 2023 Elite Quality Recognition Award



The Bank received the J.P. Morgan 2022 Elite Quality Recognition Award, a SPECIAL AWARD in the Customer Remittance Category, from J.P. Morgan Chase Bank, N.A. (headquartered in New York) for its outstanding performance in "automated processing ratio" for overseas remittances. This is the twelfth consecutive year the Bank has received the award.

## 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 2023, the Bank had a network of overseas correspondent banks totaling 80 banks in 138 locations across 27 countries. Centering on imports, trade-related foreign exchange transactions handled by the Bank in fiscal 2022 amounted to US\$517 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, 2023)



## 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.

## 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 174.13 million caps from the initiative commenced in 2008 to the end of March 2023. Sorting of caps collected at branches in Edogawa Ward is

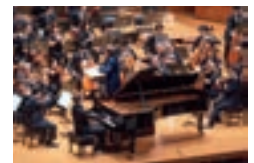
contracted to a voluntary organization working to create employment for people with



disabilities. In this way, we also contribute to the social welfare activities of the community.

### Donations to public interest corporations

- We co-sponsor the *Young Seats* of the Tokyo Metropolitan Symphony Orchestra, an educational activity to invite 700 children each year to attend the orchestra's matinee performances free of charge during holidays. Children who are in the fourth year of elementary school through to the third year of high school are eligible to apply for the *Young Seats*.



### For children in the community

- The Bank provides financial education to students in local elementary and junior high schools who are responsible for the next generation in order 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.



- In November 2022, we held a "Kids' Flea Market" where elementary school children could learn how to use money and the importance of commodities by buying and selling items without the help of their parents.





## 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.

## 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.
- We entered into an agreement with TEPCO Energy Partner, Incorporated to introduce 100% of electricity sourced from real renewable energy, and started using it in July 2022.

## 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, 2023, the number of participants in courses on Service Care Supporter training and Dementia Supporter training reached 88 and 215, 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 established the Management Legal Affairs Division to supervise compliance issues, and also appointed compliance officers at all departments, branches, and affiliated companies to improve the compliance structure.

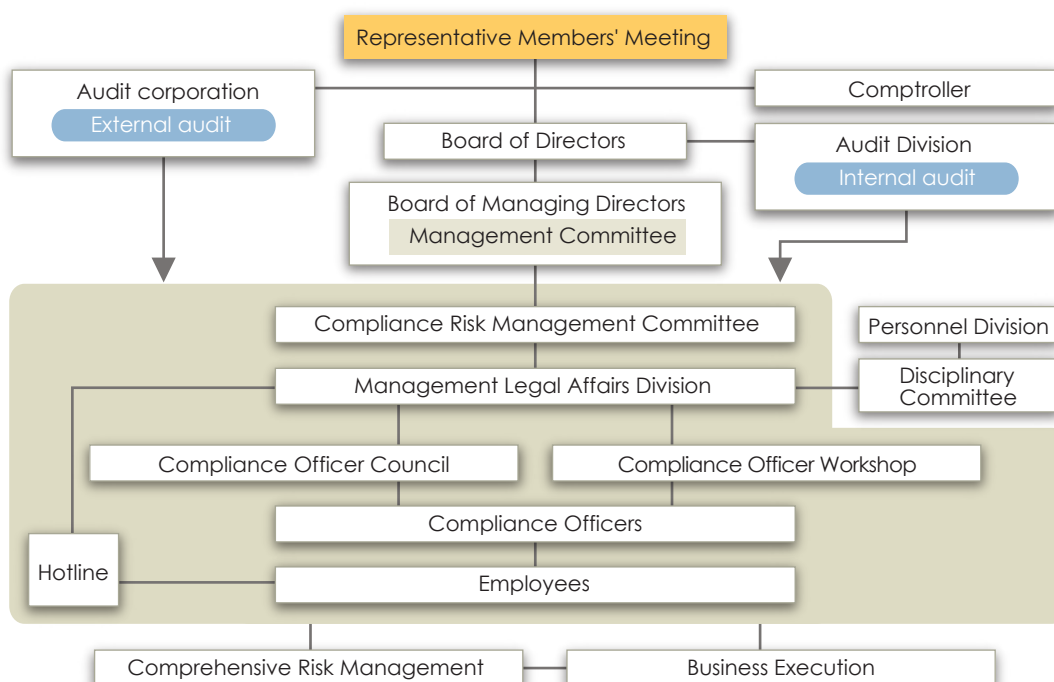
## Against Antisocial Forces

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

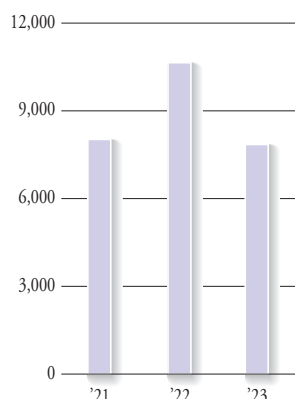


(As of March 31, 2023)

# Financial Review

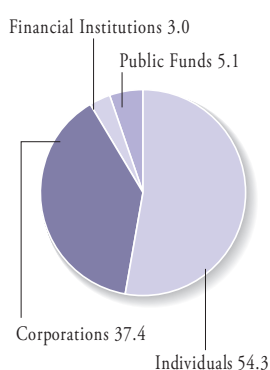
## Core Operating Income

(Millions of Yen)



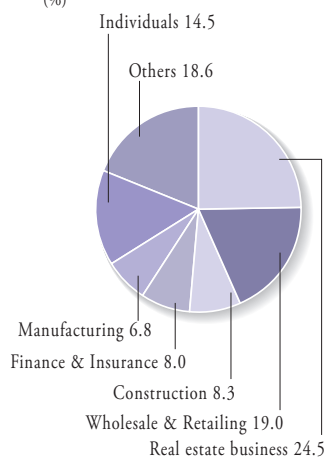
## Deposits by Category of Depositors

(%)



## Loans by Category of Borrowers

(%)



## Business Policy for Fiscal 2022

In fiscal 2022, although we will continue to be affected by COVID-19, we gradually progressed to the stage of coexistence with the COVID-19 virus, and the Bank resumed its business activities in earnest. Our top priority was to face customers' worries and concerns together with them. Toward this end, we have put effort into activities aligned with the following six 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 (establish and stabilize a business management structure that is suitable for the new normal)
- 3) Address SDGs and make our contribution toward creating a better regional environment
- 4) Develop human resources and create a rewarding workplace
- 5) Strengthen measures to prevent money laundering and counter the financing of terrorism, and strengthen our legal compliance framework
- 6) Conduct customer-oriented business operations with an emphasis on user protection and fiduciary duty

## Economic & Financial Environment

During fiscal 2022, the Japanese economy demonstrated a gradual recovery trend due to a pickup in personal consumption and the recovery of capital investment as measures to prevent the spread of the COVID-19 were eased. However, soaring energy prices and high raw material prices due to the war in Ukraine, and accelerating inflation in Western countries put a damper on the situation, leaving the outlook at the end of the fiscal year unclear. In the financial markets, the United States and other European countries accelerated interest rate hikes to curb inflation, and the U.S. dollar/Yen exchange rate temporarily depreciated by more than ¥150 for the first time since 1990 due to the widening interest rate differential between Japan and overseas. The Nikkei average at the end of the fiscal year was ¥220 higher than the figure at the end of the previous fiscal year, at ¥28,041. Long-term interest rates (yields on 10-year Japanese government bonds) ended the fiscal year at 0.321%.

## Results of Operations

Results of the Bank's operations in fiscal 2022 are described below.

### Deposits

The balance of total deposits at the end of fiscal 2022 was ¥2,404.3 billion, ¥67.3 billion higher than the figure at the end of the previous fiscal year, mainly due to an increase in time deposits of approximately ¥69.1 billion from the previous fiscal year.

### Loans

Although financing to help counter COVID-19 came full circle, both branches and the Corporate Sales Division made proactive proposals. As a result, loans outstanding at the end of fiscal 2022 were ¥1,457.0 billion, ¥15.0 billion higher than the figure at the end of the previous fiscal year.

## Profitability

Despite a decrease in income from interest on loans and market investment, credit costs decreased significantly. As a result, total ordinary income after total ordinary expenses increased by approximately ¥0.5 billion from the previous fiscal year to ¥5.8 billion. Net income was secured at ¥4.1 billion, an increase of ¥0.6 billion from the previous fiscal year.

## Financial soundness

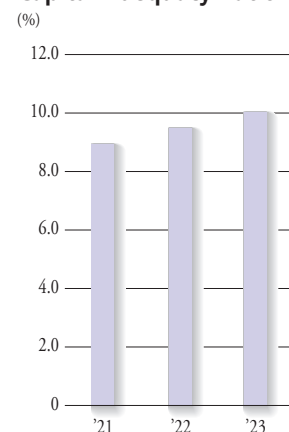
The Bank's capital adequacy ratio increased by 0.54 percentage points from the previous fiscal year-end to 10.04%. This was due to a steady accumulation of equity as a result of an increase in profit. The ratio of non-performing loans was 3.84%, up 0.74 percentage points, but still remains at a low level.

## Issues to be Tackled

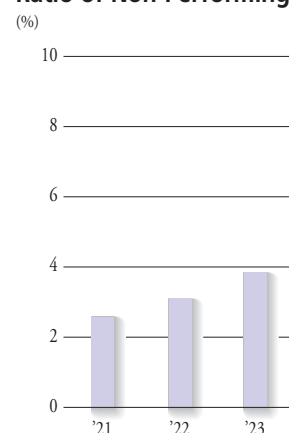
During fiscal 2023, the Japanese economy is expected to continue in a recovery trend due to the recovery of consumption and the start of a recovery in inbound demand resulting from the easing of measures to prevent the spread of COVID-19. However, there are a number of destabilizing factors, including heightened international tensions and high energy and commodity prices. In this way, while the business environment for the Bank's customers remains uncertain, we will make every effort to address the following management issues:

- As we approach the Bank's centenary, we will aim to become a friendly and reliable financial institution, while never forgetting our duty as a *shinkin* bank and our sense of appreciation.
- Work toward improving productivity through ongoing business reforms, and establishing and stabilizing a business management structure that is suitable for the times.
- Promote the Bank's own SDGs and make our contribution toward creating a better local environment.
- Strive to develop human resources and create a rewarding workplace.
- 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.

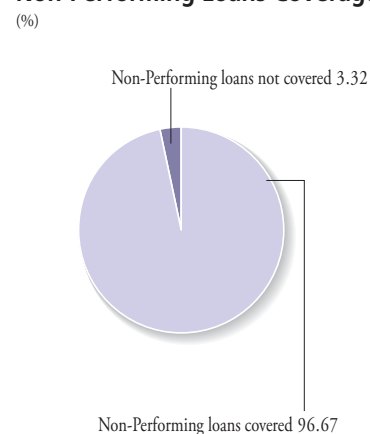
## Capital Adequacy Ratio



## 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)
	2023	2022	2023
<b>ASSETS</b>			
Cash .....	¥ 19,272	¥ 18,341	\$ 144,320
Due from Banks .....	701,659	681,907	5,254,304
Money Held in Trust .....	17,519	17,561	131,193
Securities (Note 3) .....	283,532	304,547	2,123,200
Loans and Bills Discounted (Note 4) .....	1,457,006	1,441,952	10,910,636
Foreign Exchange (Note 6) .....	12,032	4,479	90,103
Other Assets .....	15,752	15,460	117,957
Tangible Fixed Assets .....	30,986	30,876	232,038
Intangible Fixed Assets .....	2,272	2,247	17,016
Deferred Tax Assets .....	6,639	5,425	49,717
Customers' Liabilities for Acceptances and Guarantees .....	2,069	2,190	15,499
Reserve for Possible Loan Losses .....	(18,176)	(18,600)	(136,113)
<b>Total Assets</b> .....	<b>¥ 2,530,566</b>	<b>¥ 2,506,388</b>	<b>\$ 18,949,875</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Deposits (Note 7) .....	¥ 2,404,355	¥ 2,337,002	\$ 18,004,760
Borrowed Money .....	6,500	40,000	48,674
Payables under securities lending transactions .....	16,584	15,822	124,190
Foreign Exchange (Note 6) .....	86	79	648
Other Liabilities .....	5,576	14,753	41,758
Reserve for Employee Bonuses .....	564	554	4,228
Reserve for Retirement Allowances .....	3,889	3,748	29,125
Reserve for Retirement Benefits for Directors .....	156	244	1,172
Reserve for Loss from Refund of Sleeping Accounts .....	417	564	3,127
Reserve for Contingent Loss .....	1,289	986	9,652
Acceptances and Guarantees .....	2,069	2,190	15,499
<b>Total Liabilities</b> .....	<b>2,441,490</b>	<b>2,415,947</b>	<b>18,282,838</b>
<b>Equity:</b>			
Paid-in Capital .....	19,431	19,667	145,508
Additional Paid-in Capital .....	2,162	2,162	16,196
Legal Reserve .....	70,659	67,032	529,128
Unappropriated equity .....	0	0	(7)
<b>Total Members' Equity</b> .....	<b>92,252</b>	<b>88,862</b>	<b>690,825</b>
Unrealized Gain on Available-for-Sale Securities .....	(3,176)	1,578	(23,788)
<b>Total Valuation and Translation Adjustments</b> .....	<b>(3,176)</b>	<b>1,578</b>	<b>(23,788)</b>
<b>Total Equity</b> .....	<b>89,076</b>	<b>90,441</b>	<b>667,036</b>
<b>Total Liabilities and Equity</b> .....	<b>¥ 2,530,566</b>	<b>¥ 2,506,388</b>	<b>\$ 18,949,875</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)
	2023	2022	2023
<b>Income:</b>			
Interest and Dividends on:			
Loans and Discounts .....	¥ 19,926	¥ 20,119	\$ 149,220
Securities .....	6,865	6,400	51,411
Others .....	199	193	1,494
Fees and Commissions:			
Fees and Commissions on Domestic and Foreign Exchange .....	994	1,127	7,446
Others .....	2,274	1,658	17,029
Other Operating Income:			
Gains on Foreign Exchange Transactions .....	—	298	—
Gains on Sales of Bonds .....	0	287	0
Others .....	266	238	1,996
Other Income:			
Reversal of Allowance for Loan Losses .....	397	—	2,973
Collection of Written-off Claims .....	319	280	2,394
Gains on Sales of Stocks and Other Securities .....	513	484	3,846
Gains on Money Held in Trust .....	195	129	1,460
Others .....	281	427	2,104
<b>Total Ordinary Income</b> .....	<b>32,233</b>	<b>31,647</b>	<b>241,379</b>
Extraordinary Income (Note 8) .....	45	760	341
<b>Total Income</b> .....	<b>32,279</b>	<b>32,407</b>	<b>241,721</b>
<b>Expenses:</b>			
Interest Expenses:			
Deposits .....	360	225	2,702
Interest Expenses on Cash Collateral Received for Securities Lent .....	518	51	3,882
Others .....	5	5	42
Fees and Commissions .....	1,344	1,434	10,065
Other Operating Expenses:			
Losses on Foreign Exchange Transactions .....	2,485	—	18,614
Losses on Sales of Bonds .....	2,001	7	14,986
Others .....	23	7	177
General and Administrative Expenses .....	18,082	17,793	135,406
Other Expenses .....	1,555	6,814	11,649
<b>Total Ordinary Expenses</b> .....	<b>26,377</b>	<b>26,340</b>	<b>197,527</b>
Extraordinary Losses (Note 9) .....	1	75	14
<b>Total Expenses</b> .....	<b>26,379</b>	<b>26,416</b>	<b>197,541</b>
<b>Income before Income Taxes</b> .....	<b>5,899</b>	<b>5,991</b>	<b>44,179</b>
<b>Current</b> .....	<b>1,155</b>	<b>3,298</b>	<b>8,649</b>
<b>Deferred</b> .....	<b>625</b>	<b>(748)</b>	<b>4,687</b>
<b>Net Income</b> .....	<b>4,118</b>	<b>3,442</b>	<b>30,842</b>
<b>Retained Earnings (Balance at the Beginning of the Year)</b> .....	<b>3,521</b>	<b>3,520</b>	<b>26,366</b>
<b>Balance at the End of the Year (Note 10)</b> .....	<b>¥ 7,639</b>	<b>¥ 6,962</b>	<b>\$ 57,209</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 ¥133.54 to US\$1, prevailing on March 31, 2023, 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
	2023	2022	2023
National Government Bonds.....	¥ 15,754	¥ 19,504	\$ 117,974
Corporate Bonds.....	83,753	73,601	627,178
Stocks.....	26,440	25,225	197,998
Other Securities.....	157,583	186,215	1,180,048
<b>Total</b> .....	<b>¥283,532</b>	<b>¥304,547</b>	<b>\$2,123,200</b>

## 4. Loans and Bills Discounted

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Bills Discounted.....	¥ 12,065	¥ 11,672	\$ 90,351
Loans on Bills.....	12,641	13,674	94,664
Loans on Deeds.....	1,384,973	1,367,787	10,371,222
Overdrafts .....	47,326	48,817	354,398
<b>Total</b> .....	<b>¥1,457,006</b>	<b>¥1,441,952</b>	<b>\$10,910,636</b>

## 5. Disclosure pursuant to the Financial Reconstruction Act

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Non-Performing Loans			
Bankrupt or De facto Bankrupt .....	¥ 4,062	¥ 3,180	\$ 30,424
Doubtful .....	46,672	39,662	349,504
Special Attention .....	5,488	2,134	41,100
Subtotal .....	56,224	44,977	421,028
Normal .....	1,405,996	1,402,557	10,528,651
<b>Total</b> .....	<b>¥1,462,220</b>	<b>¥1,447,534</b>	<b>\$10,949,680</b>

## 6. Foreign Exchange

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
<b>(Assets)</b>			
Due from Foreign Banks .....	¥11,878	¥4,370	\$88,948
Foreign Currency Bills Receivable.....	154	108	1,155
<b>Total</b> .....	<b>¥12,032</b>	<b>¥4,479</b>	<b>\$90,103</b>
<b>(Liabilities)</b>			
Foreign Bills Sold .....	14	—	107
Accrued Foreign Exchange .....	72	79	540
<b>Total</b> .....	<b>¥ 86</b>	<b>¥ 79</b>	<b>\$ 648</b>

## 7. Deposits

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Current Deposits .....	¥ 85,110	¥ 76,859	\$ 637,342
Ordinary Deposits .....	945,446	948,538	7,079,877
Savings Deposits.....	30,583	32,893	229,021
Deposits at Notice .....	5,460	5,378	40,890
Time Deposits.....	1,293,305	1,224,153	9,684,783
Installment Savings.....	31,644	35,312	236,968
Other Deposits.....	12,803	13,867	95,876
<b>Total .....</b>	<b>¥2,404,355</b>	<b>¥2,337,002</b>	<b>\$18,004,760</b>

## 8. Extraordinary Income

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Gain on Disposal of Fixed Assets .....	¥45	¥760	\$341
<b>Total .....</b>	<b>¥45</b>	<b>¥760</b>	<b>\$341</b>

## 9. Extraordinary Losses

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Losses on Sales of Equipment .....	¥1	¥75	\$14
<b>Total .....</b>	<b>¥1</b>	<b>¥75</b>	<b>\$14</b>

## 10. Subsequent Event

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at the End of the Year .....	¥7,639	¥6,962	\$57,209
Appropriations:			
Transfer to Legal Reserve .....	420	350	3,145
Cash Dividends .....	680	491	5,093
Payout Ratio .....	3.5% per year	2.5% per year	3.5% per year
Transfer to Voluntary Reserves .....	3,000	2,600	22,465
<b>Total Appropriations .....</b>	<b>4,100</b>	<b>3,441</b>	<b>30,703</b>
Retained Earnings (Balance at the End of the Year) .....	<b>¥3,539</b>	<b>¥3,521</b>	<b>\$26,505</b>

# 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, 2023 and 2022, and the related statements of income and statements of retained earnings for the two years ended March 31, 2023 and 2022 and provided the Bank with an auditor's report stating an unqualified opinion.

# Board of Directors and Auditors

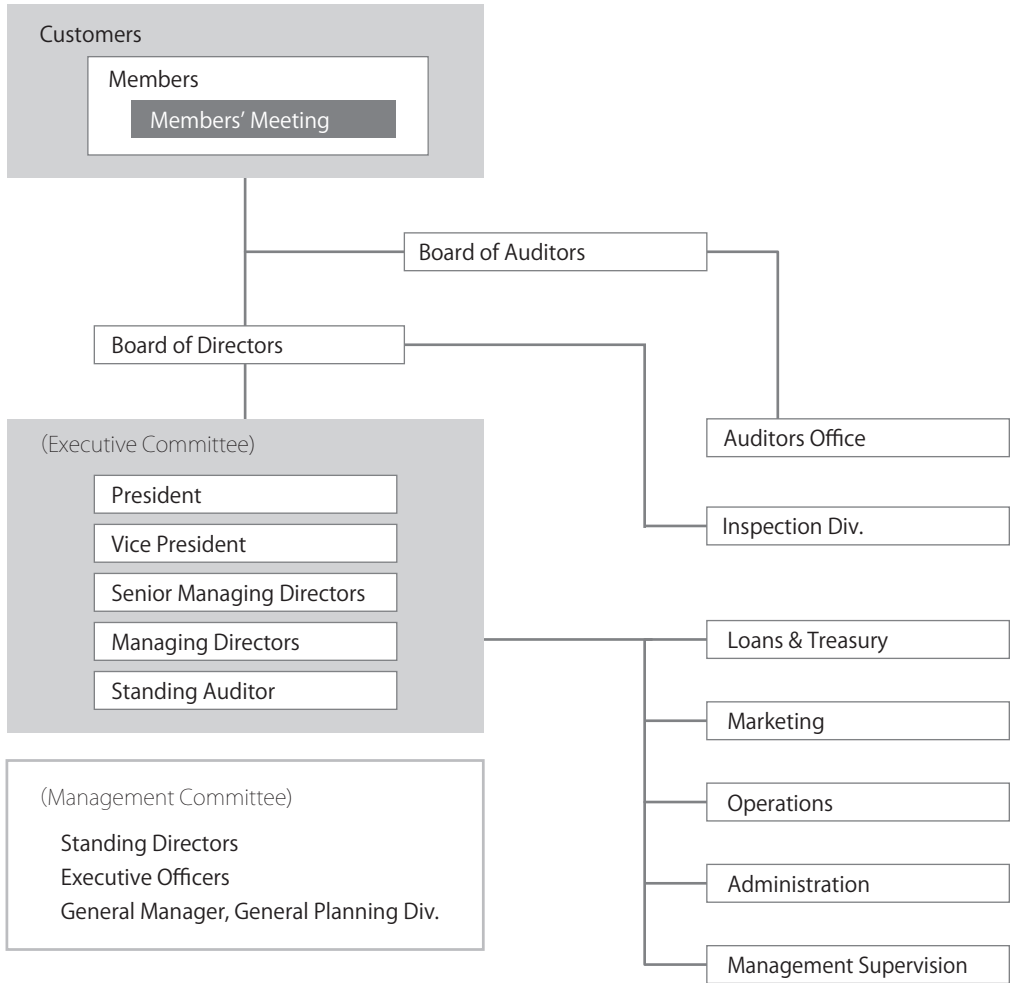
(As of July 31, 2023)

<b>President</b> Yasuhiro Ito	<b>Standing Directors</b> Makoto Tomiyama Manabu Kinoshita Touiru Takenaka	<b>Executive Officers</b> Nobuhiro Takeo Atsuya Murayama Tatsuya Yoshizaki Kouichi Saitou Teruo Tanabe
<b>Vice President</b> Toshiyuki Misawa	<b>Non-Standing Managing Directors</b> Kiyoshi Sakamoto *1	
<b>Senior Managing Directors</b> Masaaki Hirokawa *1 Kouji Iwata	<b>Standing Auditor</b> Shigeo Yamamoto	
<b>Managing Directors</b> Hiroshi Iikura Masashi Kobayashi Yasutaka Yoshigiwa Atsushi Matsuyama	<b>Non-Standing Auditors</b> Susumu Kobayashi Kensuke Mori Toshio Suzuki *2	

- 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, 2023)



# Directory

## **BANK DATA**

(As of March 31, 2023)

### **Main Office**

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

### **Established**

August 3, 1923

### **Number of Employees**

1,373

### **Membership**

108,760

### **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, 2023)

### **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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