



# ANNUAL REPORT 2024

THE ASAHI SHINKIN BANK

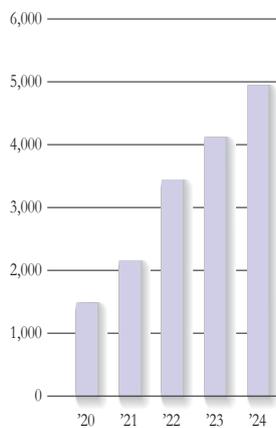
*with Passion*

# Five-Year Summary

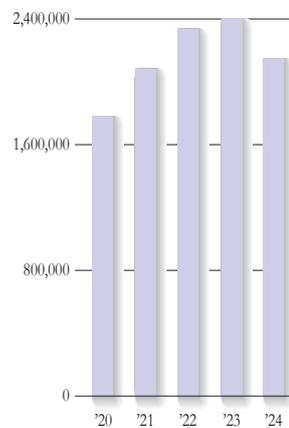
Years ended March 31,	Millions of Yen				
	2024	2023	2022	2021	2020
Total Income .....	¥ 35,630	¥ 32,233	¥ 31,647	¥ 30,986	¥ 30,674
Total ordinary income after total ordinary expenses .....	7,203	5,856	5,306	3,807	1,867
Net Income .....	4,944	4,118	3,442	2,152	1,476
Paid-in Capital .....	19,102	19,431	19,667	19,989	20,247
Total Number of Units of Members' Equity (Units) .....	382	388	393	399	404
Equity .....	102,283	89,076	90,441	93,951	82,701
Total Assets .....	2,401,451	2,530,566	2,506,388	2,221,873	1,901,689
Deposits .....	2,150,624	2,404,355	2,337,002	2,082,848	1,778,977
Loans and Bills Discounted .....	1,482,892	1,457,006	1,441,952	1,459,010	1,138,896
Securities .....	337,513	283,532	304,547	286,015	253,735
Non-consolidated Capital Adequacy Ratio (%) .....	10.10	10.04	9.50	8.95	8.65
Cash Dividends .....	477	680	491	499	506
Number of Employees .....	1,336	1,373	1,394	1,399	1,389

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.

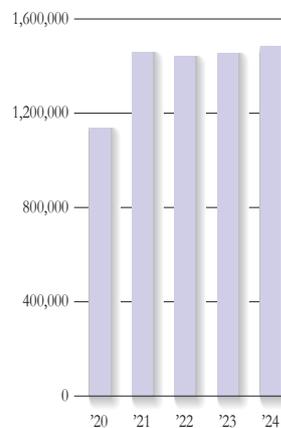
**Net Income**  
(Millions of Yen)



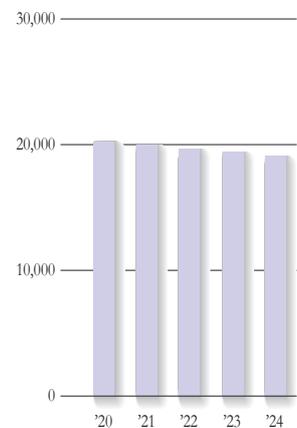
**Deposits**  
(Millions of Yen)



**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 2023, the year ended March 31, 2024, the Japanese economy was seen to have recovered, as evidenced by the recovery of inbound demand, against the backdrop of the end of spread of the novel coronavirus disease (COVID-19). However, wage increases did not keep pace with high commodity prices due to overseas factors, and the pick-up in personal consumption lost momentum.

Amid such an environment surrounding monetary economy, the Bank again in fiscal 2023 worked on the swift and smooth provision of funds to small and medium-sized companies, and the provision of solutions that lead to resolution of various issues faced by our customers. The Bank has also been holding various commemorative events and initiatives to mark its centenary.

Operating results at the end of fiscal 2023 have achieved an increase of ¥34.6 billion in individual deposits due to the launch of our centenary commemorative time deposits. However, as we avoided offering high interest rates when bidding for large time deposits, the balance of total deposits decreased by ¥253.7 billion from the end of fiscal 2022 to ¥2,150.6 billion. Loans outstanding increased by ¥25.8 billion from the end of fiscal 2022 to ¥1,482.8 billion as the result of proactive proposal activities by both branches and the Corporate Sales Division, including commemorative products for the Bank's centenary. Meanwhile, in terms of revenue, the Bank was able to secure the same level of income from interest on loans as in fiscal 2022, and saw a significant reversal of special allowance for the COVID-19. As a result, ordinary income increased by approximately ¥1.3 billion from the end of fiscal 2022 to ¥7.2 billion, and net income was secured at ¥4.9 billion, an increase of ¥0.8 billion from the previous fiscal year.

As we embark on a new centenary as the history of the bank, 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 2024



Yasuhiro Ito  
President



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

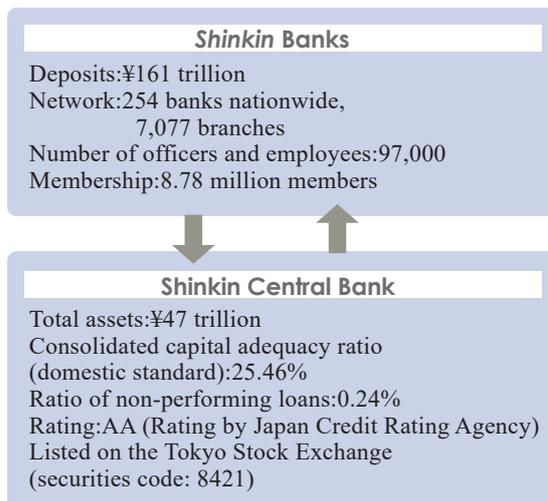
*Shinkin* banks are cooperative regional financial institutions whose members are small and medium-sized businesses and local residents.

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, 2024)

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

### Support for startup phase

In fiscal 2023, the Bank provided startup financing amounting to ¥14.6 billion to 686 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 55 participants in fiscal 2023. 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 2023, the event was held on November 9 and 10, resulting in 238 business meetings among 40 buyers and 124 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.

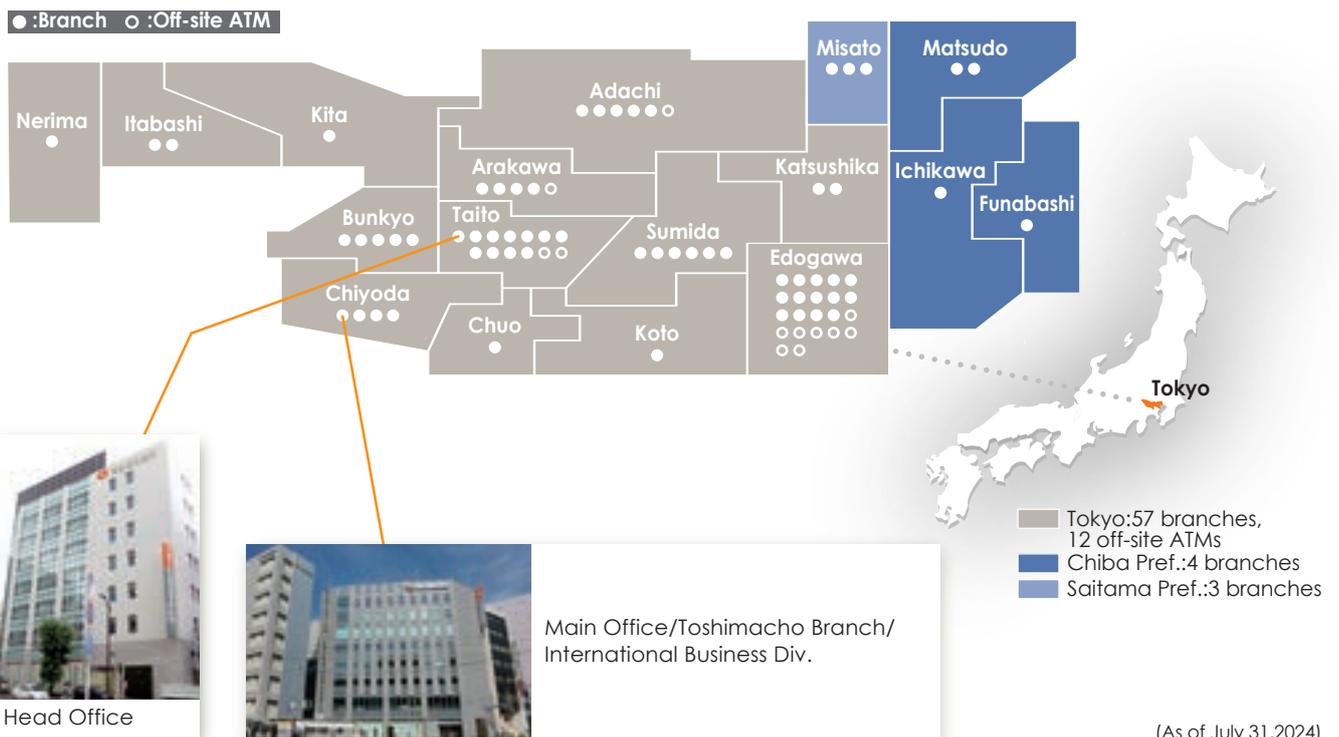
**Other Initiatives**

**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 12 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 2024, the Bank had a network of 64 branches, which include five sub-branches and one online branch, and 12 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 though 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.)

## 2024 Elite Quality Recognition Award



The Bank received the J.P. Morgan 2023 Elite Quality Recognition Award, an **OUTSTANDING PERFORMANCE 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 thirteenth 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 2024, the Bank had a network of overseas correspondent banks totaling 79 banks in 137 locations across 27 countries. Centering on imports, trade-related foreign exchange transactions handled by the Bank in fiscal 2023 amounted to US\$621 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, 2024)

## 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 179.27 million caps from the initiative commenced in 2008 to the end of March 2024. 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.



### 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, 2024, the number of participants in courses on Service Care Supporter training and Dementia Supporter training reached 101 and 371, 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.

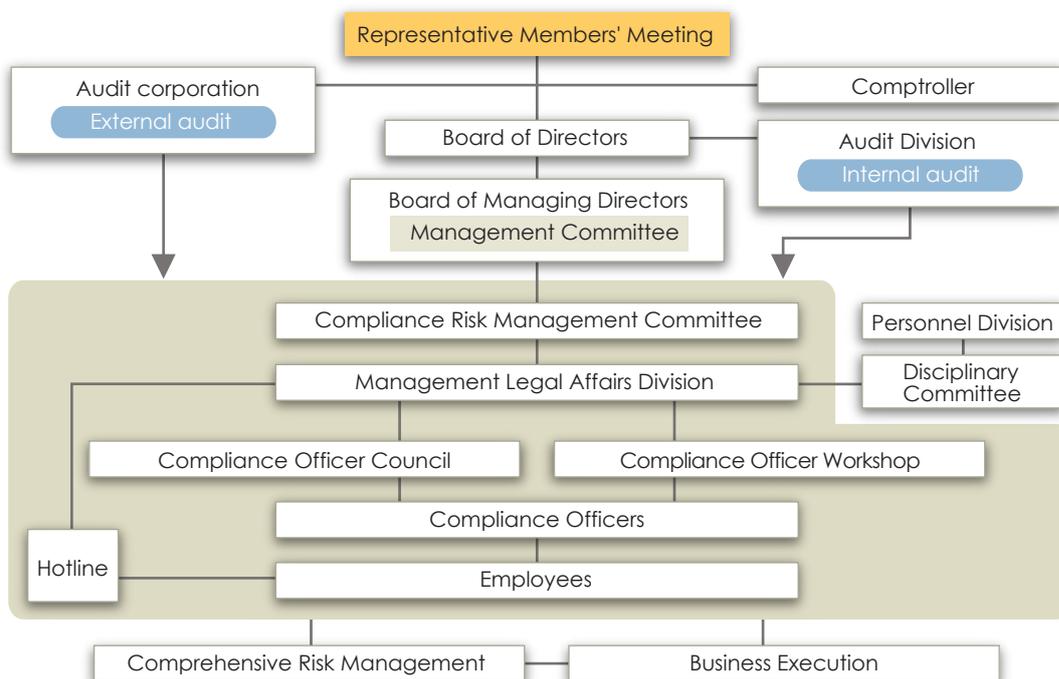
### Against Antisocial Forces

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

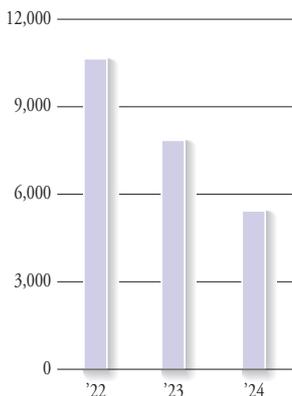


(As of March 31, 2024)

# Financial Review

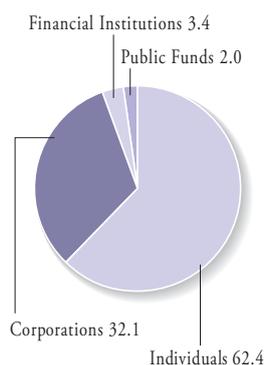
## Core Operating Income

(Millions of Yen)



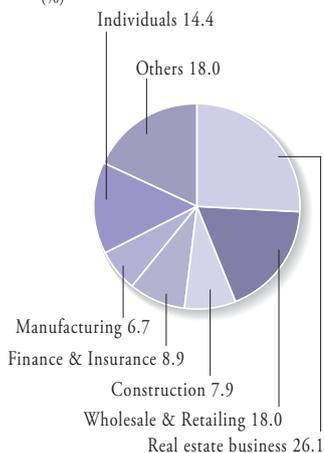
## Deposits by Category of Depositors

(%)



## Loans by Category of Borrowers

(%)



## Business Policy for Fiscal 2023

In fiscal 2023, the Bank worked on the swift and smooth provision of funds to small and medium-sized companies, and the provision of solutions that lead to resolution of various issues faced by our customers. The Bank has also been holding various commemorative events and initiatives to mark its centenary. 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 times)
- 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 2023, the year ended March 31, 2024, the Japanese economy was seen to have recovered, as evidenced by the recovery of inbound demand, against the backdrop of the end of spread of the novel coronavirus disease (COVID-19). However, wage increases did not keep pace with high commodity prices due to overseas factors, and the pick-up in personal consumption lost momentum. In the financial markets, the United States continued interest rate hikes to curb inflation, and the U.S. dollar/Yen exchange rate remained in the range of ¥140 to ¥150 against the backdrop of the interest rate differential between Japan and overseas, and the strong-performing U.S. economy. The Nikkei stock average at the end of the fiscal year was ¥12,328 higher than the figure at the end of the previous fiscal year, at ¥40,369. Long-term interest rates (yields on 10-year Japanese government bonds) ended the fiscal year at 0.726%.

## Results of Operations

Results of the Bank's operations in fiscal 2023 are described below.

### Deposits

The individual deposits increased by ¥34.6 billion due to the launch of our centenary commemorative time deposits. However, the balance of total deposits decreased by ¥253.7 billion from the end of the previous fiscal year to ¥2,150.6 billion, as we avoided offering high interest rates when bidding for large time deposits.

### Loans

Loans outstanding at the end of fiscal 2023 increased by ¥25.8 billion from the end of the previous fiscal year to ¥1,482.8 billion as the result of proactive proposals by both branches and the Corporate Sales Division, including commemorative products for the Bank's centenary.

## Profitability

The Bank was able to secure the same level of income from interest on loans, and saw a significant reversal of special allowance for the COVID-19. As a result, total ordinary income after total ordinary expenses increased by approximately ¥1.3 billion from the previous fiscal year to ¥7.2 billion. Net income was secured at ¥4.9 billion, an increase of ¥0.8 billion from the previous fiscal year.

## Financial soundness

The Bank's capital adequacy rate increased by 0.06 percentage points from the previous fiscal year-end to 10.10%. This was due to a steady accumulation of equity as a result of an increase in profit. In addition, the ratio of non-performing loans was 4.08%, up 0.24 percentage points. Despite a minor uptrend, the Bank believes that our management base is strong as we have ample reserves.

## Issues to be Tackled

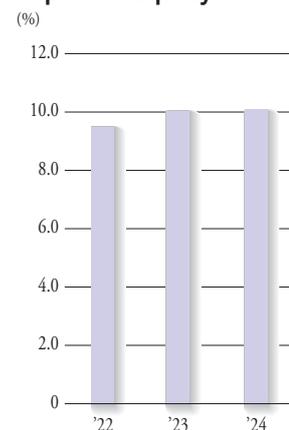
During fiscal 2024, the Japanese economy is expected to expand due to the recovery of personal consumption resulting from the increase in real wages, the growth of capital investment by companies, and further increases in inbound demand.

Meanwhile, business operators are facing numerous management issues, including disaster prevention, SDGs initiatives, the digital transformation of operations, and cybersecurity measures, in addition to issues directly related to profits, such as securing human resources, rising wages, and passing high raw material costs on to sales prices.

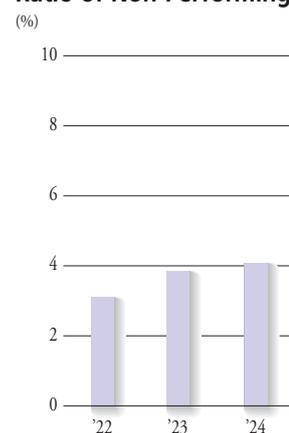
In this way, as our customers are facing piles of management issues, the Bank will make every effort to address the following activities.

- (1) Activities that will make us a “friendly and reliable financial institution” to our customers
- (2) Establish and stabilize a management structure that is suitable for the times through business reforms.
- (3) Address SDGs, and make our contribution toward creating a better local environment.
- (4) Develop human resources and create a rewarding workplace.
- (5) Strengthen anti-money laundering and counter financing of terrorism as well as our legal compliance structure.
- (6) Conduct customer-oriented business operations with an emphasis on user protection and fiduciary duty.

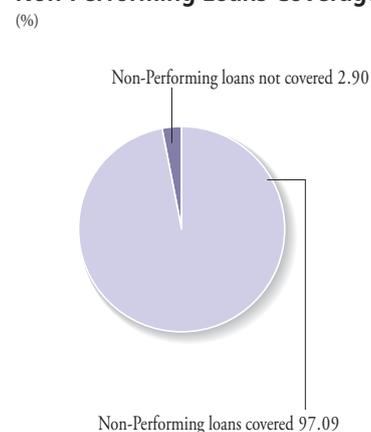
## Capital Adequacy Ratio



## Ratio of Non-Performing Loans



## Non-Performing Loans Coverage



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

# Balance Sheets

As of March 31,	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
<b>ASSETS</b>			
Cash .....	¥ 20,171	¥ 19,272	\$ 133,229
Due from Banks .....	497,667	701,659	3,287,103
Money Held in Trust .....	17,420	17,519	115,064
Securities (Note 3) .....	337,513	283,532	2,229,280
Loans and Bills Discounted (Note 4) .....	1,482,892	1,457,006	9,794,531
Foreign Exchange (Note 6) .....	7,934	12,032	52,410
Other Assets .....	16,047	15,752	105,995
Tangible Fixed Assets .....	31,358	30,986	207,120
Intangible Fixed Assets .....	2,219	2,272	14,661
Deferred Tax Assets .....	2,511	6,639	16,588
Customers' Liabilities for Acceptances and Guarantees .....	2,101	2,069	13,879
Reserve for Possible Loan Losses .....	(16,386)	(18,176)	(108,230)
<b>Total Assets</b> .....	<b>¥ 2,401,451</b>	<b>¥ 2,530,566</b>	<b>\$ 15,861,635</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Deposits (Note 7) .....	¥ 2,150,624	¥ 2,404,355	\$ 14,204,918
Borrowed Money .....	30,000	6,500	198,150
Call Money .....	87,200		575,957
Payables under securities lending transactions .....	11,043	16,584	72,941
Foreign Exchange (Note 6) .....	414	86	2,737
Other Liabilities .....	11,685	5,576	77,184
Reserve for Employee Bonuses .....	551	564	3,640
Reserve for Retirement Allowances .....	3,668	3,889	24,227
Reserve for Retirement Benefits for Directors .....	184	156	1,216
Reserve for Loss from Refund of Sleeping Accounts .....	343	417	2,270
Reserve for Contingent Loss .....	1,351	1,289	8,926
Acceptances and Guarantees .....	2,101	2,069	13,879
<b>Total Liabilities</b> .....	<b>2,299,168</b>	<b>2,441,490</b>	<b>15,186,051</b>
<b>Equity:</b>			
Paid-in Capital .....	19,102	19,431	126,171
Additional Paid-in Capital .....	2,162	2,162	14,285
Legal Reserve .....	74,923	70,659	494,874
Unappropriated equity .....	(1)	0	(11)
<b>Total Members' Equity</b> .....	<b>96,187</b>	<b>92,252</b>	<b>635,319</b>
Unrealized Gain on Available-for-Sale Securities .....	6,096	(3,176)	40,264
<b>Total Valuation and Translation Adjustments</b> .....	<b>6,096</b>	<b>(3,176)</b>	<b>40,264</b>
<b>Total Equity</b> .....	<b>102,283</b>	<b>89,076</b>	<b>675,584</b>
<b>Total Liabilities and Equity</b> .....	<b>¥ 2,401,451</b>	<b>¥ 2,530,566</b>	<b>\$ 15,861,635</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)
	2024	2023	2024
<b>Income:</b>			
Interest and Dividends on:			
Loans and Discounts .....	¥ 20,304	¥ 19,926	\$ 134,112
Securities .....	7,547	6,865	49,851
Others .....	210	199	1,392
Fees and Commissions:			
Fees and Commissions on Domestic and Foreign Exchange .....	1,012	994	6,687
Others .....	2,416	2,274	15,963
Other Operating Income:			
Gains on Sales of Bonds .....	0	0	0
Others .....	211	266	1,395
Other Income:			
Reversal of Allowance for Loan Losses .....	1,782	397	11,770
Collection of Written-off Claims .....	119	319	787
Gains on Sales of Stocks and Other Securities .....	1,499	513	9,905
Gains on Money Held in Trust .....	319	195	2,108
Others .....	206	281	1,360
<b>Total Ordinary Income</b> .....	<b>35,630</b>	<b>32,233</b>	<b>235,337</b>
Extraordinary Income (Note 8) .....	94	45	624
<b>Total Income</b> .....	<b>35,724</b>	<b>32,279</b>	<b>235,961</b>
<b>Expenses:</b>			
Interest Expenses:			
Deposits .....	417	360	2,758
Interest Expenses on Cash Collateral Received for Securities Lent .....	908	518	5,997
Others .....	8	5	56
Fees and Commissions .....	1,405	1,344	9,281
Other Operating Expenses:			
Losses on Foreign Exchange Transactions .....	4,758	2,485	31,432
Losses on Sales of Bonds .....	32	2,001	215
Losses on Devaluation of Bonds .....	1,050	—	6,940
Others .....	12	23	79
General and Administrative Expenses .....	18,940	18,082	125,102
Other Expenses .....	892	1,555	5,895
<b>Total Ordinary Expenses</b> .....	<b>28,426</b>	<b>26,377</b>	<b>187,758</b>
Extraordinary Losses (Note 9) .....	174	1	1,154
<b>Total Expenses</b> .....	<b>28,601</b>	<b>26,379</b>	<b>188,913</b>
<b>Income before Income Taxes</b> .....	<b>7,123</b>	<b>5,899</b>	<b>47,047</b>
<b>Current</b> .....	<b>1,639</b>	<b>1,155</b>	<b>10,826</b>
<b>Deferred</b> .....	<b>539</b>	<b>625</b>	<b>3,564</b>
<b>Net Income</b> .....	<b>4,944</b>	<b>4,118</b>	<b>32,657</b>
<b>Retained Earnings (Balance at the Beginning of the Year)</b> .....	<b>3,539</b>	<b>3,521</b>	<b>23,379</b>
<b>Balance at the End of the Year (Note 10)</b> .....	<b>¥ 8,483</b>	<b>¥ 7,639</b>	<b>\$ 56,036</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 ¥151.40 to US\$1, prevailing on March 31, 2024, 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
	2024	2023	2024
National Government Bonds.....	¥ 14,983	¥ 15,754	\$ 98,964
Corporate Bonds.....	103,655	83,753	684,649
Stocks.....	36,704	26,440	242,432
Other Securities.....	182,169	157,583	1,203,233
<b>Total</b> .....	<b>¥337,513</b>	<b>¥283,532</b>	<b>\$2,229,280</b>

## 4. Loans and Bills Discounted

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Bills Discounted.....	¥ 13,307	¥ 12,065	\$ 87,898
Loans on Bills.....	12,662	12,641	83,638
Loans on Deeds.....	1,401,383	1,384,973	9,256,162
Overdrafts.....	55,538	47,326	366,831
<b>Total</b> .....	<b>¥1,482,892</b>	<b>¥1,457,006</b>	<b>\$9,794,531</b>

## 5. Disclosure pursuant to the Financial Reconstruction Act

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Non-Performing Loans			
Bankrupt or De facto Bankrupt .....	¥ 4,097	¥ 4,062	\$ 27,062
Doubtful .....	52,305	46,672	345,480
Special Attention .....	4,293	5,488	28,356
Subtotal .....	60,696	56,224	400,899
Normal .....	1,426,307	1,405,996	9,420,791
<b>Total</b> .....	<b>¥1,487,004</b>	<b>¥1,462,220</b>	<b>\$9,821,690</b>

## 6. Foreign Exchange

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
<b>(Assets)</b>			
Due from Foreign Banks.....	¥7,797	¥11,878	\$51,501
Foreign Currency Bills Receivable.....	137	154	909
<b>Total</b> .....	<b>¥7,934</b>	<b>¥12,032</b>	<b>\$52,410</b>
<b>(Liabilities)</b>			
Foreign Bills Sold.....	107	14	707
Accrued Foreign Exchange.....	307	72	2,029
<b>Total</b> .....	<b>¥ 414</b>	<b>¥ 86</b>	<b>\$ 2,737</b>

## 7. Deposits

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Current Deposits .....	¥ 89,058	¥ 85,110	\$ 588,231
Ordinary Deposits .....	951,911	945,446	6,287,395
Savings Deposits.....	27,795	30,583	183,592
Deposits at Notice .....	2,227	5,460	14,709
Time Deposits.....	1,037,714	1,293,305	6,854,126
Installment Savings.....	29,045	31,644	191,843
Other Deposits.....	12,871	12,803	85,018
<b>Total</b> .....	<b>¥2,150,624</b>	<b>¥2,404,355</b>	<b>\$14,204,918</b>

## 8. Extraordinary Income

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Gain on Disposal of Fixed Assets .....	¥94	¥45	\$624
<b>Total</b> .....	<b>¥94</b>	<b>¥45</b>	<b>\$624</b>

## 9. Extraordinary Losses

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Losses on Sales of Equipment .....	¥ 2	¥ 1	\$ 17
Losses on Impairment of Fixed Assets.....	172	—	1,137
<b>Total</b> .....	<b>¥174</b>	<b>¥ 1</b>	<b>\$1,154</b>

## 10. Subsequent Event

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at the End of the Year .....	¥8,483	¥7,639	\$56,036
Appropriations:			
Transfer to Legal Reserve .....	500	420	3,302
Cash Dividends .....	477	680	3,153
Payout Ratio .....	2.5% per year	3.5% per year	2.5% per year
Transfer to Voluntary Reserves .....	4,000	3,000	26,420
<b>Total Appropriations</b> .....	<b>4,977</b>	<b>4,100</b>	<b>32,876</b>
Retained Earnings (Balance at the End of the Year) .....	<b>¥3,506</b>	<b>¥3,539</b>	<b>\$23,160</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, 2024 and 2023, and the related statements of income and statements of retained earnings for the two years ended March 31, 2024 and 2023 and provided the Bank with an auditor's report stating an unqualified opinion.

# Board of Directors and Auditors

(As of July 31, 2024)

## 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

Touru Takenaka

## Non-Standing Managing Directors

Kiyoshi Sakamoto \*1

## Standing Auditor

Atsuya Murayama

## Non-Standing Auditors

Susumu Kobayashi

Kensuke Mori

Toshio Suzuki \*2

## Executive Officers

Nobuhiro Takeo

Tatsuya Yoshizaki

Kouichi Saitou

Teruo Tanabe

Hisanori Hirose

Masahiro Toyoda

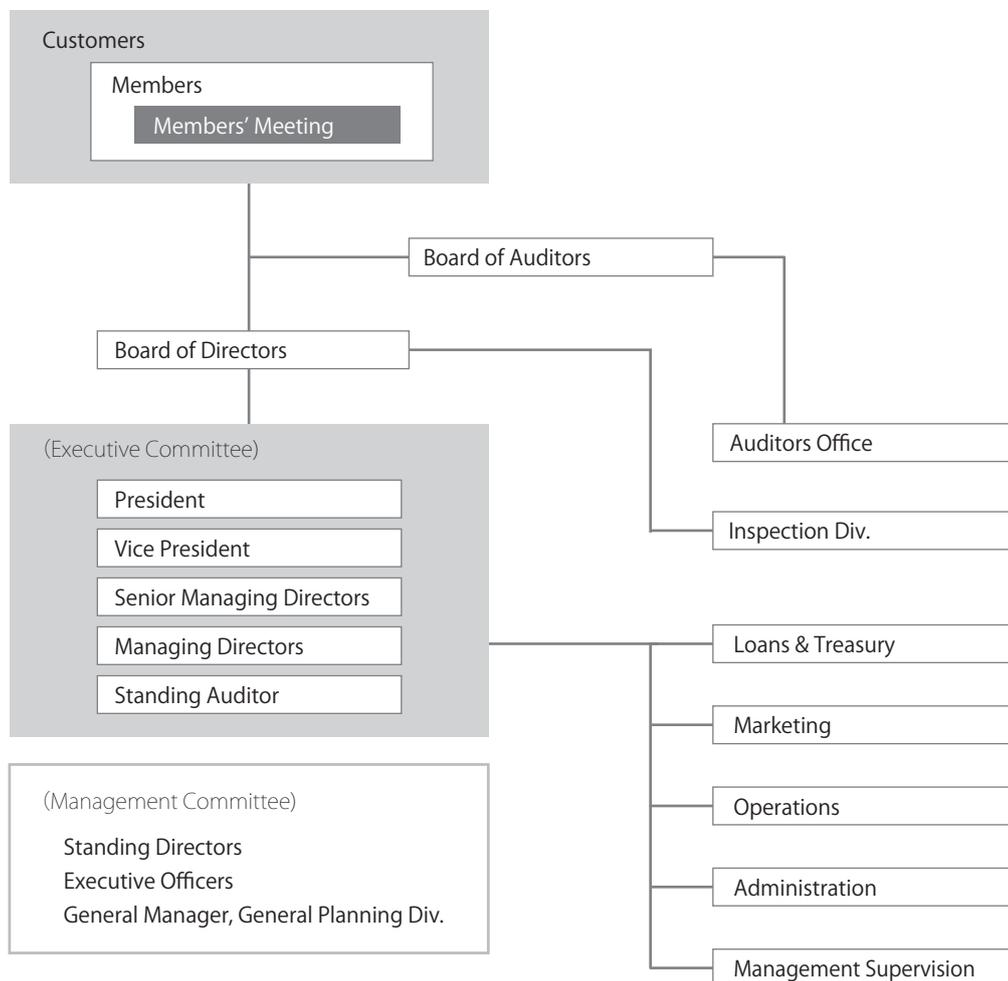
Hideaki Seki

### 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, 2024)



# Directory

## **BANK DATA**

(As of March 31, 2024)

### **Main Office**

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

### **Established**

August 3, 1923

### **Number of Employees**

1,336

### **Membership**

108,057

### **Number of Branches**

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

### **Number of ATM Terminals**

(off-site ATMs)  
12

### **Rating**

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

## **SERVICE NETWORK**

(As of July 31, 2024)

### **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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