

AMAGASAKI SHINKIN BANK

ANNUAL REPORT 2018

Remaining down to earth

Take deeper roots in the soil to support the future

CONTENTS

- 1 At a Glance
- 2 Message from the Management
- 4 All Members of Management and Staff Are Contributing to the Region as “Corporate Citizens”
- 6 Financial Section
- 12 Board of Directors
- 13 Corporate Data

At a Glance

Financial Highlights (Non-Consolidated)

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2018	2017	2018
For the fiscal years ended March 31			
Total income	¥ 35,201	¥ 43,079	\$ 331,334
Total expenses	29,166	34,972	274,529
Income before income taxes	6,035	8,107	56,805
Net income	¥ 4,341	¥ 5,726	\$ 40,860
As of March 31			
Total assets	¥2,734,402	¥2,711,939	\$25,737,970
Deposits	2,534,603	2,511,319	23,857,332
Securities	768,421	818,635	7,232,878
Loans and bills discounted	1,263,284	1,254,242	11,890,850
Total members' equity	159,098	155,369	1,497,533
Total net assets	¥ 163,910	¥ 161,451	\$ 1,542,847

Notes: 1. Japanese yen figures are rounded down to the nearest one million yen.

2. Figures stated in U.S. dollars are calculated solely for the convenience of the reader at ¥106.24 per U.S.\$1.00, the rate prevailing on March 31, 2018.

Financial Review

Loans

By capturing the precise needs of customers through dialogue and fully exercising our consulting capabilities, we responded to demand for funds and proactively provided financing to small and medium-sized enterprises through proposal- and solution-based sales activities.

Simultaneously, we concentrated on assisting customers in setting up operations overseas or starting up business in Japan and promoted the provision of housing, educational, auto and other loans to individual customers. As a result, the balance of loans and bills discounted at fiscal year-end amounted to ¥1,263.2 billion.

Deposits

Individual deposits were steady, and the balance of deposits at fiscal year-end amounted to ¥2,534.6 billion. The ratio of individual deposits to total deposits was stable at 71.6%.

Profit and Loss

For the fiscal year, we posted net business profit of ¥6.1 billion, ordinary profit of ¥6.2 billion and net income of ¥4.3 billion. In addition, our core business profit, which represents our fundamental profitability as a financial institution, amounted to ¥2.9 billion.

Basel III (Capital Adequacy Ratio)

As of March 31, 2018, Amagasaki Shinkin Bank's capital adequacy ratio on a non-consolidated basis was 16.72%, reflecting the Bank's high level of financial soundness.

Rating

The Bank obtained a Long-term Issuer Rating of "A" (single A flat) from Japan Credit Rating Agency, Ltd. (JCR) on October 31, 2017, thus sustaining the same high rating as received in the previous fiscal year. This rating reflects the high evaluation of the solidness and soundness of the Bank's management. As a regional financial institution, we will continue to ensure solid management so that we can respond to diverse needs of customers and community members in our business region.

Message from the Management



Chairman of the Board of Directors
Hiroyuki Hashimoto



President
Seiji Sakuda

We wish to express our great appreciation and sincere thanks to our customers for their continued patronage.

Each year, we prepare this English-language version of our annual report as a means of proactively disclosing information on our activities and further deepening your understanding of Amagasaki Shinkin Bank. We hope you will find it informative and useful.

During the fiscal year ended March 31, 2018, the Japanese economy on the whole continued to show a modest trend toward recovery. Corporate earnings grew steadily on the back of a moderate economic recovery overseas, and there was also an improvement in the income and employment situations as well as in consumer confidence, leading to steady consumer spending. The Cabinet Office announced that the current economic growth has surpassed the

Izanagi boom, the second longest economic expansion in the post-war period. However, the operating environment remained extremely harsh for the Bank and other financial institutions due to the impact of a negative interest rate policy implemented by the Bank of Japan.

Amid this economic environment, we committed ourselves to ensuring solid and sound business management. As a result, net business profit, which reflects our fundamental business profitability, amounted to ¥6.1 billion. In addition, ordinary profit totaled ¥6.2 billion, and net income was ¥4.3 billion. The Bank's capital adequacy ratio, which is an indicator of the soundness of the Bank's management, on a non-consolidated basis was 16.72% and remained at an exceptionally high level among Japan's major *shinkin* banks.

In October 2017, we received a Long-term Issuer

Rating of “A” (single A flat) from Japan Credit Rating Agency, Ltd. (JCR), a leading rating agency in Japan. We believe that our solid and sound management was highly recognized and resulted in this rating.

In our new four-year business plan that started in the fiscal year ending March 31, 2019, we seek to create shared value with customers through our ongoing initiatives to encourage “regional contribution activities in collaboration with our region” and to “fully exercise our consulting capabilities by working together with our customers,” which form the two core pillars of the Amashin Business Model. Toward our 100th anniversary in 2021, the management and staff of the Bank will combine forces to facilitate customers’ business development through our strong commitment in regional revitalization and meet the expectations of the people we serve.

In our endeavors, we sincerely appreciate your continuing support and encouragement as we move ahead.

July 2018



Hiroyuki Hashimoto

Chairman of the Board of Directors



Seiji Sakuda

President



All Members of Management and Staff Are Contributing to the

Promoting Environmental Preservation Activities

Amashin Green Project

The Bank launched the "Amashin Green Project" to participate more actively in environmental preservation activities as a locally based company. Through this project, the Bank is participating in Hyogo Prefecture's Amagasaki 21st Century Forest Creation Project, which aims to foster harmony between people and nature by creating a lushly green environment in waterfront areas to the south of National Route 43, which runs along the Amagasaki coast. The prefecture's project is a grand-scale plan matched to



this so-called century of the environment and is designed to plant trees for 10 years in waterfront areas spanning about 1,000 hectares and thus create a forest in the next 100 years.

Hosting the "Amashin Tree-Planting Festival"

On October 7, 2017, the Bank held the "Amashin Tree-Planting Festival" in the Amagasaki Central Forest. About 2,200 persons, including citizens who have signed up for the event as well as the management and staff of the Bank, participated in the event and planted about 3,000 sawtooth oak and other saplings with care. We have held this event seven times to date and planted a total of 16,500 saplings together with local community members.



Amashin Green Premium

In 2011, we established the "Amashin Green Premium" award program, which recognizes environmentally outstanding technologies, products, production methods, initiatives and ideas of local community members in the hope of linking their efforts to the development of new technologies and creation of an environment-oriented culture. For the seventh Amashin Green Premium initiative, which was held from June 1 to August 21, 2017, we received a total of 143 entries from 142 applicants in the three categories of environmental projects, environmental



activities and environmental ideas. After the primary and secondary screening of documents and final presentation sessions, the grand prize was awarded to Takarazuka SUMIRE Electric Power Co., Ltd. for its initiative, "Regional Revitalization by Means of Reusable Energy."

Won a Face to Face Award in the 21st Shinkin Bank Social Contribution Awards

Our "Amashin Green Premium" award program received a Face to Face Award in the 21st Shinkin Bank Social Contribution Awards hosted by The National Association of Shinkin Banks. Our award program puts the spotlight on model environmental projects, activities and ideas to lead the cultivation of environmental awareness and support locally based projects and initiatives. We believe that the program was highly recognized and resulted in our winning the award, following the Minister of the Environment Award last year. We are extremely grateful, and taking this opportunity, will renew our determination to enhance and transform our award program into an activity that is essential to local communities.



Face to Face Award

An award given to an activity that is appropriate to be undertaken by a regional financial institution, which is deeply rooted in local communities and helps to enhance a sense of unity with community members. It should also be promising and encouraged as a social contribution activity of a regional financial institution.

Contributing to the Community

"Ama-chan and Shin-chan Project"

The "Ama-chan and Shin-chan Project" is a regional contribution activity we have been strongly promoting under the Amashin Business Model. The project, now in its eighth year, was launched with the aim of creating an activity we proactively undertake as if it is one of our core businesses in order to collaborate more closely with local communities and offer solutions to needs and issues of community members and community associations. The management and staff of the Bank are making concerted efforts to enhance the project and turn it into an activity that is essential in revitalizing the regional



Region as “Corporate Citizens”

economy. In doing so, we will further reinforce our ties with these communities through the project and encourage even greater engagement of community members.

Aiming to Disseminate Arts and Culture

World Piggy Bank Museum

The World Piggy Bank Museum houses one of the world's largest collections of savings boxes (piggy banks), including more than 13,000 items from 62 countries. The museum, which was opened in April 1984 with the objective of creating one cultural receptacle in Amagasaki City, has since attracted many fans of piggy banks from local



communities as well as visitors from within and outside Hyogo Prefecture. The museum regularly exhibits about 2,500 piggy banks from its collection.

Amashin Museum

The Bank opened the Amashin Museum in June 2001 as part of activities to commemorate the 80th anniversary of its founding. One of the exhibits, “Castle Town Amagasaki,” displays valuable historical materials and objects, including a sword with the inscription “Moriie,” which has been designated as an important cultural property of Japan. In addition, the museum also houses the Bank's collection of coins from 170 countries around the world.



Entry into Overseas Markets and Overseas Transactions

The Bank offers a wide range of support for companies that are entering overseas markets. This includes providing advice, assisting in trade transactions with overseas companies and providing information on conditions in overseas markets.

Amagasaki International Business Networking Meetings

In cooperation with Amagasaki City, the Amagasaki Chamber of Commerce, private companies and other parties, the Bank acts



as the secretariat of the Amagasaki International Business Networking Meetings and provides assistance to its customers for entering overseas markets, mainly in Southeast Asia and other areas.

Fully Exercising Our Consulting Capabilities

Signing a Memorandum for Promoting Collaboration and Cooperation with the Japan International Cooperation Agency (JICA) for the First Time as a Shinkin Bank

On August 30, 2016, the Bank signed a memorandum for promoting collaboration and cooperation with JICA for the first time as a *shinkin* bank. The aim was to further reinforce our structure to provide support to customers setting up business overseas. By leveraging JICA's overseas network, we are now able to offer even greater assistance to customers considering or planning overseas business development in developing countries.



Ranked 2nd in the Nationwide Customer Satisfaction Category

The Bank earned 2nd place in the nationwide customer satisfaction ranking category of the 14th Financial Institutions Ranking Survey conducted by Nikkei Inc. We sincerely appreciate our customers, as our ranking 2nd nationwide (and 1st in the Kinki region) was a result of their support and patronage.

We intend to live up to the expectations of local community members by further evolving our ongoing initiatives related to regional contribution activities and consulting capabilities, the two core pillars of the Amashin Business Model, and bringing these initiatives to the next stage.

Results of the 14th Financial Institutions Ranking Survey (Published on February 4, 2018)

Survey category	Ranking
Nationwide customer satisfaction ranking	2nd nationwide
Customer satisfaction by area (Kinki region)	1st in the Kinki region
Customer-first business management	2nd nationwide
Ability to make proposals for asset management or loans	7th nationwide
Security measures for Internet banking	12th nationwide

Published in *The Nikkei* (morning edition) and *THE NIKKEI VERITAS* dated February 4, 2018

Financial Section

Non-Consolidated Balance Sheet

The Amagasaki Shinkin Bank

As of March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2018	2017	2018
Assets			
Cash and due from banks	¥ 637,411	¥ 572,015	\$ 5,999,727
Call loans	0	4,487	0
Monetary claims purchased	7,185	5,059	67,629
Money held in trust	12,322	12,177	115,982
Trading account securities	5	436	47
Securities	768,421	818,635	7,232,878
Loans and bills discounted	1,263,284	1,254,242	11,890,850
Foreign exchanges	1,782	2,400	16,773
Other assets	17,877	17,854	168,269
Tangible fixed assets	22,610	22,892	212,820
Intangible assets	1,447	1,677	13,620
Deferred tax assets	1,976	1,294	18,599
Customers' liabilities for acceptances and guarantees	5,155	3,946	48,522
Reserve for possible loan losses	(5,078)	(5,179)	(47,797)
⟨Reserve for individual possible loan losses⟩	⟨(3,708)⟩	⟨(3,841)⟩	⟨(34,902)⟩
Reserve for investment losses	—	—	—
Total assets	¥2,734,402	¥2,711,939	\$25,737,970
Liabilities and net assets			
Liabilities:			
Deposits	¥2,534,603	¥2,511,319	\$23,857,332
Certificates of deposit	—	—	—
Borrowings	12,890	16,673	121,329
Foreign exchanges	28	2	263
Other liabilities	11,784	12,599	110,918
Other reserves	2,962	2,751	27,880
Reserve for retirement allowance	3,064	3,192	28,840
Deferred tax liability	—	—	—
Acceptances and guarantees	5,155	3,946	48,522
Total liabilities	2,570,492	2,550,488	24,195,143
Net assets:			
Paid-in capital	15,002	15,015	141,208
Reserve	15,127	15,127	142,385
Earned surplus:			
Voluntary reserves	124,526	119,326	1,172,119
Unappropriated profit	4,441	5,899	41,801
Total members' equity	159,098	155,369	1,497,533
Difference of other marketable securities	5,108	6,514	48,079
Deferred hedge profit/loss	(297)	(432)	(2,795)
Total net assets	163,910	161,451	1,542,827
Total liabilities and net assets	¥2,734,402	¥2,711,939	\$25,737,970

Notes: 1. Japanese yen figures are rounded down to the nearest one million yen.

2. Figures stated in U.S. dollars are calculated solely for the convenience of the reader at ¥106.24 per U.S.\$1.00, the rate prevailing on March 31, 2018.

Non-Consolidated Statements of Income

The Amagasaki Shinkin Bank

For the fiscal years ended March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2018	2017	2018
Income			
Interest on:			
Loans and bills discounted	¥18,556	¥19,631	\$174,661
Securities	5,714	6,189	53,783
Other	383	430	3,605
Fees and commissions	3,299	3,285	31,052
Other income	7,247	13,542	68,213
Total income	35,201	43,079	331,306
Expenses			
Interest on:			
Deposits	1,125	1,487	10,589
Certificates of deposit	—	—	—
Borrowings	195	245	1,835
Other	211	242	1,986
General and administrative expenses	22,171	22,987	208,688
Fees and commissions	950	945	8,942
Other expenses	4,512	9,063	42,469
Total expenses	29,166	34,972	274,529
Income before income taxes	6,035	8,107	56,805
Provisions for income taxes and others	1,693	2,380	15,935
Net income	¥ 4,341	¥ 5,726	\$ 40,860

Notes: 1. Japanese yen figures are rounded down to the nearest one million yen.

2. Figures stated in U.S. dollars are calculated solely for the convenience of the reader at ¥106.24 per U.S.\$1.00, the rate prevailing on March 31, 2018.

Non-Consolidated Statements of Appropriation of Profit

The Amagasaki Shinkin Bank

For the fiscal years ended March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2018	2017	2018
Income			
Balance at beginning of the year	¥5,899	¥6,674	\$55,525
Disposition of voluntary reserves	0	0	0
Transfer to reserves	0	0	0
Cash dividends	(599)	(601)	(5,638)
Bonuses to directors	0	0	0
Transfer to voluntary reserves	(5,200)	(5,900)	(48,945)
Net income	4,341	5,726	40,860
Effect of changes in accounting standards	—	—	—
Balance at end of year	¥4,441	¥5,899	\$41,801

Notes: 1. Japanese yen figures are rounded down to the nearest one million yen.

2. Figures stated in U.S. dollars are calculated solely for the convenience of the reader at ¥106.24 per U.S.\$1.00, the rate prevailing on March 31, 2018.

Notes to Non-Consolidated Financial Statements

1. Basis of Presenting Financial Statements

The accompanying financial statements of the The Amagasaki Shinkin Bank (the "Bank") are prepared in accordance with accounting principles and practices generally accepted in Japan, the Shinkin Bank Act, and other applicable rules and regulations.

In preparing these financial statements, certain reclassifications and rearrangements have been made to the Bank's non-consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan, and notes not required based on accounting principles in Japan have been provided for readers' reference.

2. Japanese Yen Amounts and U.S. Dollar Amounts

All yen figures are rounded down to the nearest ¥1 million, and some totals may not correspond with the sum of constituent figures owing to rounding. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for readers' convenience and have been made at the rate of ¥106.24 to U.S.\$1.00, the rate prevailing on March 31, 2018.

3. Accounting Policies

(a) Trading Account Securities

Trading account securities are valued by the mark-to-market method, and the cost of securities sold is calculated by the moving-average method.

(b) Securities

Held-to-maturity debt securities are stated at cost and are amortized by the straight-line depreciation method using the moving-average method. Shares in subsidiaries and affiliates are stated at cost using the moving-average method. Of other securities, shares, etc., with quoted market prices are valued by the market-value method based on average prices during the month prior to the end of the fiscal year, and securities other than shares, etc., with quoted market prices are valued by the mark-to-market method based on market prices, etc., in principle on the balance sheet date (cost of securities sold is calculated by the moving-average method). However, other securities for which there is significant difficulty in determining fair value are stated at cost using the moving-average method. The full amount of net unrealized gains and losses on other securities is recorded directly within Net Assets.

(c) Tangible Fixed Assets

Tangible fixed assets (excluding Leases) of the Bank are depreciated by the declining-balance method, except for buildings acquired on or after April 1, 1998 (excluding facilities installed in buildings), which are depreciated by the straight-line method.

(d) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at exchange rates prevailing at the balance sheet date (date of closing of accounts).

(e) Reserve for Possible Loan Losses

The reserve for possible loan losses is provided according to the Bank's standards for write-offs and reserves.

- Regarding loans to legally bankrupt entities ("bankrupt obligors") or entities in equivalent situations ("substantially bankrupt obligors"), the balance of book values after direct deduction, less the estimated

amounts for disposable collateral and collectible guarantees, is set aside in the reserve for possible loan losses.

- Regarding loans to entities that are now operating but are very likely to fail in the future ("bankruptcy risk obligors"), the balance of loans less the estimated amounts of disposable collateral and collectible guarantees is calculated, and the portion of this amount deemed necessary based on the consideration of the obligor's overall payment abilities is set aside in the reserve for possible loan losses.

- For other loans, amounts are set aside in the reserve for possible loan losses based on the Bank's estimate rate of credit losses, which is calculated based on actual credit losses in specific periods in the past.

For all loans, the associated marketing department performs asset assessments in accordance with the Bank's internal rules for the self-assessment of assets. The Bank's asset audit department, which is independent from the Bank's other divisions, audits the assessment results.

With respect to collateral, claims with guarantees, etc., associated with bankrupt obligors and substantially bankrupt obligors, the amounts for the value of collateral and recognized collectible amounts of guarantees are deducted from the asset amount, and the remainder is deemed to be the unrecoverable amount, which is then directly deducted from the value of the asset.

(f) Derivatives

- Derivative transactions are valued based on the mark-to-market method.

- The deferred method of hedge accounting is applied to transactions for hedging against interest rate risks arising from the Bank's financial assets and liabilities in accordance with the stipulations of "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24). The effectiveness of fair value hedges is assessed for each identified group of hedged items, and, in the case of hedges for offsetting market fluctuations, the loans, etc., that are hedged and the corresponding group of hedging instruments, such as interest rate swaps with the same maturity grouping, are compared.

- The deferred method of hedge accounting is applied to transactions for hedging against foreign exchange fluctuation risk associated with foreign currency-denominated assets and liabilities in accordance with "Accounting and Auditing Treatment of Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25). The effectiveness of hedges—defined as currency swaps, foreign exchange swaps, and other similar transactions intended to hedge the risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency—is assessed by confirming the foreign currency position of the hedged monetary assets and liabilities and of the hedging instruments.

In addition, to hedge the foreign exchange risk for other foreign currency-denominated securities (other than debt securities), the securities to be hedged are specified in advance and the fair value hedges are arranged given the satisfaction of such conditions as the condition that a liability may exist due to future differences in spot and forward rates that is greater than the foreign currency-based acquisition cost of the associated foreign currency-denominated security.

(g) Reserve for Retirement Allowances

The Bank provides the necessary amount for retirement allowances to be paid to its employees, based on the estimated retirement allowance liabilities and pension assets as of the end of the fiscal year under review.

4. Securities and Trading Account Securities

Securities at March 31, 2018 and 2017 consisted of the following:

	Millions of yen	
	2018	2017
National government bonds	¥144,112	¥190,262
Municipal government bonds	147,502	192,866
Corporate bonds	304,817	295,521
Stocks	25,632	26,239
Other securities	146,357	113,745
Total	¥768,421	¥818,635

Trading account securities as of March 31, 2018 and 2017 consisted of the following:

	Millions of yen	
	2018	2017
National government bonds	¥5	¥436
Total	¥5	¥436

5. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2018 and 2017 consisted of the following:

	Millions of yen	
	2018	2017
Bills discounted	¥ 31,751	¥ 30,198
Loans on bills	44,461	48,891
Loans on deeds	1,146,317	1,137,334
Overdrafts	40,754	37,817
Total	¥1,263,284	¥1,254,242

6. Deposits

Deposits as of March 31, 2018 and 2017 consisted of the following:

	Millions of yen	
	2018	2017
Current deposits	¥ 77,881	¥ 73,209
Ordinary deposits	816,558	777,602
Savings deposits	26,518	26,444
Deposits at notice	105,312	110,631
Time deposits	1,498,900	1,511,565
Other deposits	9,431	11,865
Total	¥2,534,603	¥2,511,319

7. Subsequent Event

The Ordinary General Members' Meeting, held on June 18, 2018, duly approved the following year-end appropriation of unappropriated profit as of March 31, 2018:

	Millions of yen
	2018
Unappropriated profit as of March 31, 2018	¥4,441
Appropriations:	
Transfer to reserve	—
Cash dividends (4 percent per year)	597
Bonus to directors	—
Transfer to voluntary reserve	3,700
Balance carried forward	¥ 144

Five-Year Summary of Selected Financial Data (Non-Consolidated Basis)

For the fiscal years ended March 31	Millions of yen				
	2018	2017	2016	2015	2014
Total income	¥ 35,201	¥ 43,079	¥ 39,520	¥ 38,498	¥ 41,286
Total expenses	29,166	34,972	30,086	29,974	30,763
Income before income taxes	6,035	8,107	9,433	8,524	10,522
Provisions for income taxes and others	1,693	2,380	2,872	2,414	3,050
Net income	¥ 4,341	¥ 5,726	¥ 6,561	¥ 6,110	¥ 7,472
On March 31	2018	2017	2016	2015	2014
Total assets	¥2,734,402	¥2,711,939	¥2,671,723	¥2,648,543	¥2,569,695
Deposits	2,534,603	2,511,319	2,470,419	2,470,196	2,405,035
Securities	768,421	818,635	766,326	683,591	636,642
Loans and bills discounted	1,263,284	1,254,242	1,236,505	1,222,081	1,208,653
Paid-in capital	15,002	15,015	15,070	15,127	14,917
Total members' equity	159,098	155,369	150,299	144,396	138,888
Total net assets	¥ 163,910	¥ 161,451	¥ 167,414	¥ 151,168	¥ 140,521

Supplementary Consolidated Financial Information

For the fiscal years ended March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2018	2017	2018
For the fiscal year:			
Total income	¥ 36,033	¥ 43,948	\$ 339,166
Total expenses	29,536	35,293	278,012
Income before income taxes	6,497	8,654	61,153
Net income	¥ 4,605	¥ 6,095	\$ 43,345
At year-end:			
Deposits	¥2,531,798	¥2,509,009	\$23,830,929
Loans and bills discounted	1,258,733	1,249,255	11,848,013
Securities	766,933	817,443	7,218,872
Total assets	2,731,089	2,708,611	25,706,786
Total members' equity	160,762	156,763	1,513,196
Total net assets	¥ 166,298	¥ 163,519	\$ 1,565,304

Notes: 1. Japanese yen figures are rounded down to the nearest one million yen.

2. Figures stated in U.S. dollars are calculated solely for the convenience of the reader at ¥106.24 per U.S.\$1.00, the rate prevailing on March 31, 2018.

Independent Auditor and Independent Auditor's Report

The Amagasaki Shinkin Bank

In accordance with the provisions of Article 38-2-3 of the Shinkin Bank Act, KPMG AZSA & Co. has audited Amagasaki Shinkin Bank's Balance Sheet, Statements of Income, and Statements of Appropriation of Profit in fiscal 2017 and fiscal 2018.

Reserve or the Coverage of Non-Consolidated Risk-Managed Loans under the Shinkin Bank Law

For the fiscal years ended March 31	Millions of yen				2017 Balance
	Balance (A)	Collateral or guarantees (B)	Reserve for possible loan losses (C)	Total coverage ratio (B+C)/A	
Loans to bankrupt borrowers	¥ 1,400	¥ 1,400	¥ 0	100.0%	¥ 1,900
Delinquent loans	49,300	41,600	3,500	91.5%	49,300
Loans past due three months and more	0	—	0	1.8%	0
Restructured loans	1,000	600	0	68.4%	1,300
Total	¥51,800	¥43,700	¥3,600	91.3%	¥52,600

Notes: 1. The total coverage ratio has been stated with an upper limit of 100%.

2. Amounts of less than ¥100 million have been omitted.

Coverage of Loans under Disclosure Requirements of the Financial Reconstruction Law

For the fiscal years ended March 31	Millions of yen						2017 Balance disclosed
	Balance disclosed (a)	Amount of coverage (b)	Amount of esti- mated collateral or guarantees (c)	Reserve for possible loan losses (d)	Coverage ratio (b/a)	Reserve ratio d/(a-c)	
Non-performing loans under disclosure requirements of the Financial Reconstruction Law (A)	¥ 52,100	47,500	43,900	3,600	91.3%	44.6%	¥ 52,800
Loans to borrowers under bankruptcy proceedings and equivalent loans	7,500	7,500	6,900	500	100.0%	100.0%	8,100
Loans at risk	43,500	39,300	36,200	3,000	90.3%	42.1%	43,400
Loans requiring caution	1,000	700	600	0	68.1%	5.3%	1,300
Normal assets	1,217,800						1,207,200
Total (B)	¥1,269,900						¥1,260,100
Non-performing loan ratio (A/B x 100)	4.10%						4.19%

Notes: 1. The total coverage ratio and reserve ratio have been stated with an upper limit of 100%.

2. Amounts of less than ¥100 million have been omitted.

Non-Consolidated Capital Adequacy Ratio

The Amagasaki Shinkin Bank

For the fiscal years ended March 31	Millions of yen			
	2018	Amounts excluded under transitional arrangements	2017	Amounts excluded under transitional arrangements
Basic Items Tier 1 (A)				
Members' paid-in capital and non-accumulated perpetual priority investments	¥158,500		¥154,770	
Of which, members paid-in capital and capital surplus	15,002		15,015	
Of which, retained earnings	144,096		140,354	
Of which, scheduled outpayments (-) (earnings to be distributed)	597		599	
Of which, other than above				
Total amount of reserves that is included in Core Capital	2,228		2,185	
Of which, amount of general reserve for possible loan losses that is included in Core Capital	2,228		2,185	
Of which, amount of reserve for specific possible loan losses that is included in Core Capital	—		—	
Amount of formerly qualified capital raising instruments included in basic items of Core Capital	—		—	
Amount of capital raising instruments issued to public institutions as part of measures to increase capital that is included in basic items of Core Capital	—		—	
Amount equivalent to 45% of the difference between the book value of land and value after revaluation that is included in basic items of Core Capital	—		—	
Basic Items Tier 1 (A)	¥160,729		¥156,955	
Supplementary Items Tier 2 (B)				
Amount corresponding to the value of intangible fixed assets (excluding mortgage servicing rights)	¥ 835	¥208	¥ 725	¥483
Of which, goodwill	—		—	—
Of which, other than goodwill and mortgage servicing rights	835	208	725	483
Deferred tax assets (excluding those arising from temporary differences)	—		—	—
Shortfall of qualified reserves compared with expected losses	—		—	—
Amount corresponding to the increase in capital owing to securitization transactions	—		—	—
Amount included in capital due to market value differences arising from revaluation of liabilities	—		—	—
Prepaid pension costs	—		—	—
Investments in members' paid-in capital held by the Bank itself (excluding amount presented in net assets)	—		—	—
Investments in eligible fund-raising instruments of other financial institutions held intentionally	—		—	—
Amount of eligible members' paid-in capital held by minority investors	—		—	—
Amount of eligible members' paid-in capital of the National Association of Shinkin Banks	—		—	—
Amount corresponding to 10% of the excess over the threshold level of specified items	—		—	—
Of which, amount corresponding to eligible paid-in capital of other financial institutions	—		—	—
Of which, amount corresponding to intangible assets related to mortgage servicing rights	—		—	—
Of which, amount related to deferred tax assets (including only those arising from temporary differences)	—		—	—
Amount corresponding to 15% of specified items	—		—	—
Of which, amount corresponding to eligible paid-in capital of other financial institutions	—		—	—
Of which, amount corresponding to intangible assets related to mortgage servicing rights	—		—	—
Of which, amount related to deferred tax assets (including only those arising from temporary differences)	—		—	—
Supplementary Items Tier 2 (B)	¥ 835		¥ 725	
Capital				
Total amount of capital ((C)=(A)-(B))	¥159,894		¥156,229	
Risk Weighted Assets (3)				
Credit risk assets	¥912,318		¥863,449	
Of which, total amount excluded under transitional arrangements (-)	(10,216)		(15,191)	
Of which, intangible fixed assets (excluding goodwill and mortgage servicing rights)	208		483	
Of which, deferred tax assets	—		—	
Of which, prepaid pension costs	—		—	
Of which, exposure to other financial institutions, etc.	(10,425)		(15,675)	
Of which, amount of other items not included in the items immediately above	—		—	
Amount derived by dividing the amount equivalent to operational risk by 8%	43,794		45,437	
Adjustments to credit risk assets	—		—	
Adjustments to the amount corresponding to total operational risk	—		—	
Total risk assets (D)	¥956,113		¥908,886	
Capital adequacy				
Capital adequacy ratio (C)/(D)	16.72%		17.18%	

Board of Directors

(As of July 2, 2018)



Chairman of the Board of Directors
Hiroyuki Hashimoto

President
Seiji Sakuda

Chairman of the Board of Directors

Hiroyuki Hashimoto

President

Seiji Sakuda

Senior Managing Directors

Takashi Uno

Kenji Watanabe

Hiroshi Sato

Managing Directors

Toshiyuki Tomimura

Kouzou Nagakawa

Naruaki Ueno

Directors

Hitoshi Ishizu

Yasuhiro Imai

Makoto Ishimoto

Atsuhiko Wada

Kotaro Ozawa

Auditors

Yoshinori Nishida

Katsuharu Kawabe

Seichi Ueno

Norisaburo Ikuta



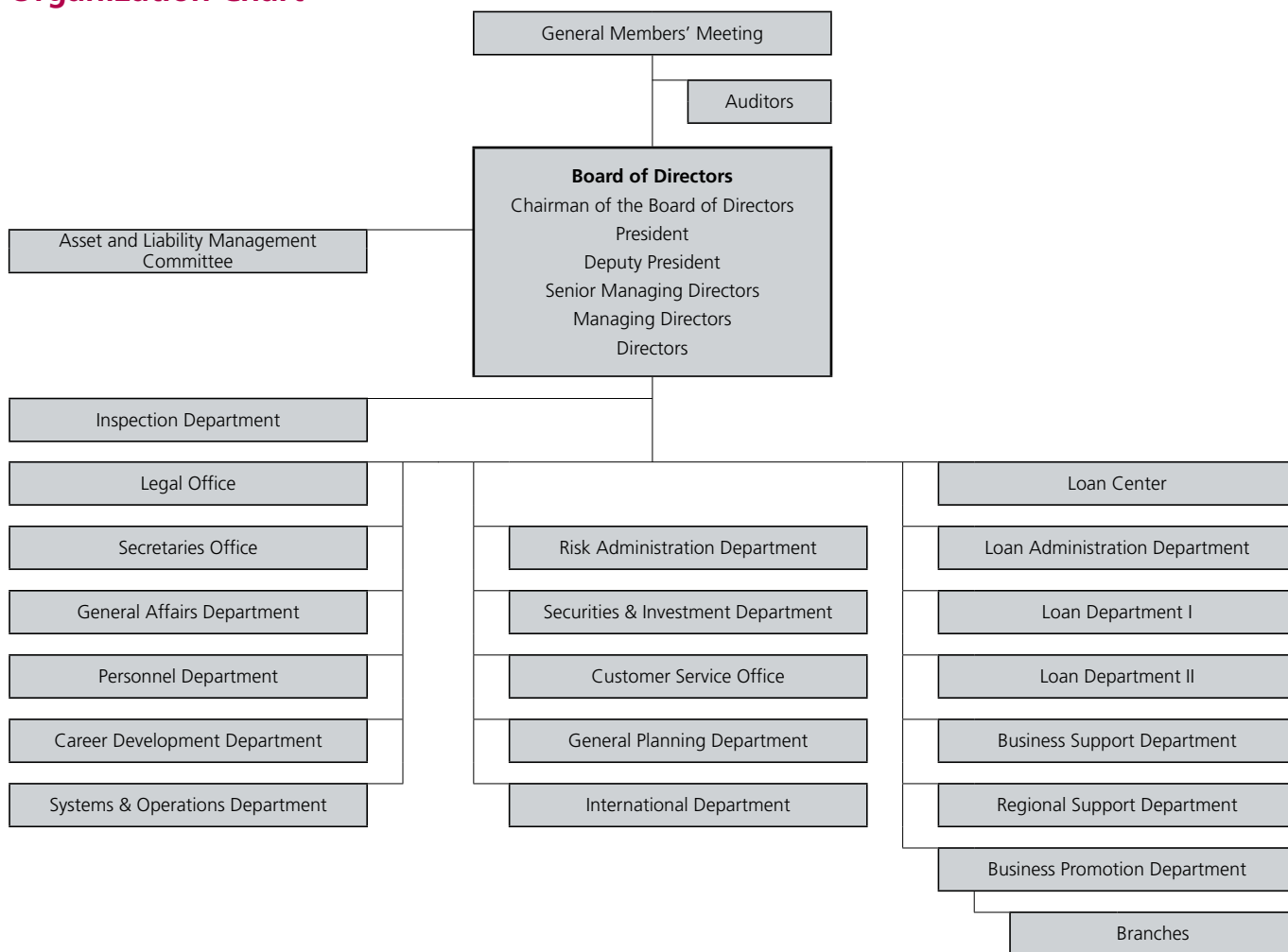
(Seated left to right)
Senior Managing Directors
Kenji Watanabe
Takashi Uno
Hiroshi Sato

(Standing left to right)
Managing Directors
Kouzou Nagakawa
Toshiyuki Tomimura
Naruaki Ueno

Corporate Data

(As of April 2, 2018)

Organization Chart



Directory

The Amagasaki Shinkin Bank

International Department

3-30, Kaimei-cho, Amagasaki, Hyogo 660-0862, Japan

Telephone: 06-6412-5440

SWIFT BIC: AMASJPJZ

Bank Management Indices as of March 31, 2018

Loans: 1,263,284 millions of yen

Deposits: 2,534,603 millions of yen

Capital Adequacy Ratio (non-consolidated): 16.72%

Capital Adequacy Ratio (consolidated): 17.00%

Long-term Issuer Rating: "A" (JCR) (single A flat)

Branches: 93

Employees: 1,374



 **THE AMAGASAKI SHINKIN BANK**

3-30, Kaimei-cho, Amagasaki, Hyogo 660-0862, Japan

<http://www.amashin.co.jp>

