

AMAGASAKI SHINKIN BANK

ANNUAL REPORT 2020

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 Amagasaki Shinkin Bank and Local Communities
- 6 Financial Section
- 12 Board of Directors
- 13 Corporate Data

Financial Highlights (Non-Consolidated)

For the fiscal years ended March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Total income	¥ 34,574	¥ 33,580	\$ 317,688
Total expenses	31,888	29,469	293,007
Income before income taxes	2,685	4,110	24,671
Net income	¥ 1,939	¥ 2,962	\$ 17,816
As of March 31	2020	2019	2020
Total assets	¥2,866,353	¥2,779,521	\$26,337,893
Deposits	2,602,078	2,569,440	23,909,565
Securities	946,502	809,784	8,697,068
Loans and bills discounted	1,269,003	1,282,302	11,660,415
Total members' equity	162,724	161,349	1,495,212
Total net assets	¥ 156,977	¥ 167,635	\$ 1,442,405

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 ¥108.83 per U.S.\$1.00, the rate prevailing on March 31, 2020.

Financial Review

Profit and Loss

Despite the severe earnings environment surrounding financial institutions, our Bank's net business profit remained strong at ¥6.7 billion for the fiscal year. Meanwhile, we posted an allowance for doubtful accounts as a preventive measure against possible future losses, and recognized securities (stocks, bonds, etc.) losses caused by a deterioration of the funds management environment during the global spread of the novel coronavirus. As a result, ordinary profit amounted to ¥3.1 billion and net income came to ¥1.9 billion.

Deposits

The balance of deposits at fiscal year-end amounted to ¥2,602 billion. Individual deposits were steady, and the ratio of individual deposits to total deposits was stable at 72.6%.

Loans

Loans and bills discounted at fiscal year-end stood at ¥1,269 billion. We responded to the financial needs of local customers by making proposals and offering solutions with a special focus on providing business loans based on assessing and supporting financial viability.

Basel III (Capital Adequacy Ratio)

Amagasaki Shinkin Bank aims to maintain the soundness and improve the profitability of its portfolio by promoting diversified investment through appropriate risk-taking. In the fiscal year under review, from the perspective of effectively using capital, we continued to increase investment in assets with high expected returns. As a result, risk assets, or the denominator in calculating capital adequacy ratio, increased, and the Bank's capital adequacy ratio came to 15.91%. Yet, the Bank maintains a high level of soundness that significantly exceeds the domestic standard (4%).

Rating

On October 4, 2019, Japan Credit Rating Agency, Ltd. (JCR) gave our Bank the same "A" (single A flat) Long-term Issuer Rating it did in 2018.

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.

Japan's economy in 2019, the first year of the new Reiwa Era, was able to maintain strong personal consumption thanks to an improvement in employment and income opportunities.

Nonetheless, an impact was felt from the rise in the consumption tax rate, and a long spell continued of weak exports and production due to the slowing of the global economy. We have thus been unable to shake off a mood of uncertainty regarding business in the times ahead. In addition, at the end of our

fiscal year, multiplying infections of the novel coronavirus brought on a sudden change in so many arenas, causing fears of a downturn in the global economy. As a financial institution, we have been subject to the prolonging of the Bank of Japan's negative interest rate policy, which continues to produce an extremely tough profit environment.

Against this economic background, our Bank's efforts to maintain stable and sound management resulted in net profit from operations (indicating profitability of business operations) holding steady at ¥6.7 billion, but including our reserve fund to cover possible future losses, our ordinary income totaled ¥3.1 billion with a net income of ¥1.9 billion. The Bank's capital adequacy ratio, an indicator of management soundness, was 15.91%, which is exceptionally high relative to the other major shinkin banks in Japan.

In October 2019, the Japan Credit Rating Agency, Ltd. (JCR), one of Japan's leading rating agencies, assigned our Bank a Long-term Issuer Rating of "A" (single A flat). We believe this testifies to the high value placed on the Bank for its sound and pragmatic management policies.

The spread of the novel coronavirus is having widespread effects on the regional economy, as it has caused movement restrictions, supply chain stagnation, reduced consumption, and a decline in inbound demand, spread across a range of industries that greatly impact people's daily lives. Amagasaki Shinkin Bank places a top priority on assuring safety and security for our customers and everyone in the region, and maintaining stable financial functioning so that we may provide the kind of fast, attentive service that people expect. We also pray for everyone's good health and a quick end to this difficult situation. As we prepare to celebrate the centennial of our Bank's founding next year, we aim to demonstrate our overarching presence as a main bank for the region.

We look forward to your continued support and encouragement as we pursue these initiatives.

July 2020



Hiroyuki Hashimoto

Chairman of the Board of Directors



Seiji Sakuda

President



Amagasaki Shinkin Bank and Local Communities

Fiscal 2020

In 2021 we reach a major landmark—the celebration of the centennial of our Bank's founding. It is the proper time to reassess how we should proceed as a cooperative financial institution and what it means to be a credit bank (shinkin). We thus plan to develop and extend our Amashin Business Model, taking action that lies at the heart of our mandate—to bring about social sustainability and regional vitalization.

Working to successfully execute our 4-year business plan: maintaining our foreground presence as a regional leader

1. Apply the Amashin Business Model widely using the SDGs

- Implement our consulting capabilities
Take to the next level activities based on well-considered proposals and supportive training
- Strengthen our activities that contribute to the region
Expand our range of activities to provide business solutions

2. Achieve our long-term vision and plans

- Utilize a forward-looking sales strategy that matches the needs of the region and customers
- Utilize a good personnel strategy and personnel training

3. Build a sustainable, stable revenue base

- Reappraise current ideas and carry over heightened earning power
Build heightened earning power and a revenue base

4. Establish a lasting management structure

- Strengthen the business management system to adapt to changing times
- Implement a lasting management strategy
To spread the SDGs and achieve them

Amashin Business Model

Implement our consulting capabilities

Take activities to the next level based on well-considered proposals and supportive training

Strengthen activities that contribute to the region

Expand our range of activities to provide business solutions



Amashin SDGs Declaration

We will contribute to the achievement of the Sustainable Development Goals (SDGs) advocated by the United Nations by carrying out business activities that are consistently mindful of the development of local communities. We aim to resolve social issues of the region and achieve economic growth, and will strive to attain sustainability for society.



October 10, 2019 Seiji Sakuda, President Amagasaki Shinkin Bank

Key Items (2030 Target)

Regional Economic Vitalization and Sustainable Development

We will strive to vitalize the regional economy by providing high-quality financial services and support the creation and expansion of businesses in the community by implementing our consulting capabilities based on well-considered proposals and supportive training to contribute to sustainable development of the regional economy.



Ongoing Efforts in Environmental Conservation

We will take measures to reduce environmental impact, support environmentally sound businesses and other endeavors in the environmental field, utilizing financial services that contribute to environmental conservation, and will assist individuals and groups working to preserve the environment. In these and other ways we will contribute to maintaining and conserving the natural environment in the region by helping to build a culture of environmental awareness.



Helping to Build Appeal in Local Communities

By providing financial education to communities, along with taking active measures to support the arts and culture, we will help build a robust appeal for the local community as a place for culture and the arts.



Implement our consulting capabilities

Amagasaki Shinkin Bank's Consulting Services

Amagasaki Shinkin Bank shares a common destiny with the small and medium-sized enterprises in the region. Because we are a shinkin bank working in close contact with members of the local community, we are the only institution capable of offering consulting services that consider the development of a business from a common perspective.

By sharing information from our daily conversations with customers at our business headquarters, we give careful consideration to the kind of support we can provide and the solutions we can offer.

Moreover, we offer voluntary and proactive consulting services in collaboration with specialized external institutions and affiliated companies.

Amagasaki Shinkin Bank aims to be the financial institution its customers choose expressly for our consulting services.

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.



All Members of Management and Staff Are Contributing to the Region as "Corporate Citizens"

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.



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 ninth Amashin Green Premium initiative, which was held from June 3 to August 21, 2019, we received a total of 120 entries from 120 applicants in the three categories of environmental projects, environmental activities and environmental ideas. Following the primary and secondary screening of documents and presentations, a "project to reduce everyday CO₂ emissions through the use of photocatalytic paints" by Hoei Sangyo Co., Ltd. was chosen as the top prizewinner during the final selection process.



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 tenth 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 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 14,000 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 coin boxes from its collection at its popular display areas, from Piggy Bank Land to savings boxes with moving parts.



Thoroughgoing Compliance

At a time when financial institutions are being held to an exceptionally high bar with respect to their ethical standards and corporate social responsibility, our Bank has fully embraced its social mission and public nature. We have pledged to undertake our daily operations in accordance with the Shinkin Bank Act (Credit Union Act) and various other laws and ethical standards. In recognition of our inherent responsibility as a financial institution to collaborate with members of the local community, we have identified thoroughgoing compliance as a critically important management obligation. We therefore strive to manage the Bank according to high corporate ethical standards while embracing a commitment to compliance.

Initiatives to Prevent Money Laundering and Terrorist Financing

Preventing money laundering and terrorist financing are high-priority responsibilities we are addressing together with the international community. In addition to having established the Money Laundering and Terrorism Financing Prevention Policy, our Bank is developing an appropriate framework to prevent illicit use of financial services.

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)
	2020	2019	2020
Assets			
Cash and due from banks	¥ 572,229	¥ 607,875	\$ 5,258,007
Monetary claims purchased	15,209	16,429	139,750
Money held in trust	15,761	18,153	144,822
Trading account securities	0	0	0
Securities	946,502	809,784	8,697,068
Loans and bills discounted	1,269,003	1,282,302	11,660,415
Foreign exchanges	2,086	1,717	19,167
Other assets	16,686	18,144	153,321
Tangible fixed assets	20,275	21,468	186,299
Intangible assets	974	1,211	8,949
Deferred tax assets	6,072	1,047	55,793
Customers' liabilities for acceptances and guarantees	8,058	6,179	74,042
Reserve for possible loan losses	(6,508)	(4,792)	(59,799)
<Reserve for individual possible loan losses>	<(4,068)>	<(3,393)>	<(37,379)>
Reserve for investment losses	—	—	—
Total assets	¥2,866,353	¥2,779,521	\$26,337,893
Liabilities and net assets			
Liabilities:			
Deposits	¥2,602,078	¥2,569,440	\$23,909,565
Certificates of deposit	—	—	—
Borrowings	28,848	21,117	265,073
Payables under securities lending transactions	53,364	—	490,342
Foreign exchanges	1	2	9
Other liabilities	11,409	9,170	104,833
Other reserves	2,896	3,015	26,610
Reserve for retirement allowance	2,714	2,959	24,937
Deferred tax liability	—	—	—
Acceptances and guarantees	8,058	6,179	74,042
Total liabilities	2,709,376	2,611,885	24,895,488
Net assets:			
Paid-in capital	14,769	14,887	135,707
Reserve	15,127	15,127	138,996
Earned surplus:			
Voluntary reserves	130,726	128,226	1,201,194
Unappropriated profit	2,099	3,107	19,286
Total members' equity	162,724	161,349	1,495,212
Difference of other marketable securities	(5,533)	6,594	(50,840)
Deferred hedge profit/loss	(213)	(308)	(1,957)
Total net assets	156,977	167,635	1,442,405
Total liabilities and net assets	¥2,866,353	¥2,779,521	\$26,337,893

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 ¥108.83 per U.S.\$1.00, the rate prevailing on March 31, 2020.

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)
	2020	2019	2020
Income			
Interest on:			
Loans and bills discounted	¥17,579	¥18,202	\$161,527
Securities	9,843	6,899	90,443
Other	386	382	3,546
Fees and commissions	3,210	3,190	29,495
Other income	3,555	4,904	32,665
Total income	34,574	33,580	317,688
Expenses			
Interest on:			
Deposits	1,140	1,088	10,475
Certificates of deposit	—	—	—
Borrowings	668	461	6,138
Other	157	178	1,442
General and administrative expenses	20,722	21,175	190,407
Fees and commissions	986	983	9,060
Other expenses	8,213	5,581	75,466
Total expenses	31,888	29,469	293,007
Income before income taxes	2,685	4,110	24,671
Provisions for income taxes and others	746	1,147	6,854
Net income	¥ 1,939	¥ 2,962	\$ 17,816

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 ¥108.83 per U.S.\$1.00, the rate prevailing on March 31, 2020.

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)
	2020	2019	2020
Income			
Balance at beginning of the year	¥3,107	¥4,441	\$28,549
Disposition of voluntary reserves	0	0	0
Transfer to reserves	0	0	0
Cash dividends	(443)	(446)	(4,070)
Bonuses to directors	0	0	0
Transfer to voluntary reserves	(2,500)	(3,700)	(22,971)
Net income	1,939	2,962	17,816
Effect of changes in accounting standards	—	—	—
Balance at end of year	¥2,099	¥3,107	\$19,286

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 ¥108.83 per U.S.\$1.00, the rate prevailing on March 31, 2020.

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 ¥108.83 to U.S.\$1.00, the rate prevailing on March 31, 2020.

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, 2020 and 2019 consisted of the following:

	Millions of yen	
	2020	2019
National government bonds	¥186,311	¥124,045
Municipal government bonds	151,369	148,058
Corporate bonds	291,664	289,847
Stocks	18,622	25,316
Other securities	298,533	222,516
Total	¥946,502	¥809,784

Trading account securities as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen	
	2020	2019
National government bonds	¥0	—
Total	¥0	—

5. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen	
	2020	2019
Bills discounted	¥ 24,159	¥ 31,053
Loans on bills	40,588	42,629
Loans on deeds	1,161,048	1,165,950
Overdrafts	43,208	42,668
Total	¥1,269,003	¥1,282,302

6. Deposits

Deposits as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen	
	2020	2019
Current deposits	¥ 74,030	¥ 78,612
Ordinary deposits	899,431	855,493
Savings deposits	26,278	26,252
Deposits at notice	31,783	52,728
Time deposits	1,553,495	1,544,276
Other deposits	17,059	12,075
Total	¥2,602,078	¥2,569,440

7. Subsequent Event

The Ordinary General Members' Meeting, held on June 19, 2020, duly approved the following year-end appropriation of unappropriated profit as of March 31, 2020:

	Millions of yen
	2020
Unappropriated profit as of March 31, 2020	¥2,099
Appropriations:	
Transfer to reserve	—
Cash dividends (3 percent per year)	443
Bonus to directors	—
Transfer to voluntary reserve	1,500
Balance carried forward	¥ 156

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

	Millions of yen				
	2020	2019	2018	2017	2016
For the fiscal years ended March 31					
Total income	¥ 34,574	¥ 33,580	¥ 35,201	¥ 43,079	¥ 39,520
Total expenses	31,888	29,469	29,166	34,972	30,086
Income before income taxes	2,685	4,110	6,035	8,107	9,433
Provisions for income taxes and others	746	1,147	1,693	2,380	2,872
Net income	¥ 2,099	¥ 3,107	¥ 4,341	¥ 5,726	¥ 6,561
On March 31					
Total assets	¥2,866,353	¥2,779,521	¥2,734,402	¥2,711,939	¥2,671,723
Deposits	2,602,078	2,569,440	2,534,603	2,511,319	2,470,419
Securities	946,502	809,784	768,421	818,635	766,326
Loans and bills discounted	1,269,003	1,282,302	1,263,284	1,254,242	1,236,505
Paid-in capital	14,769	14,887	15,002	15,015	15,070
Total members' equity	162,724	161,349	159,098	155,369	150,299
Total net assets	¥ 156,977	¥ 167,635	¥ 163,910	¥ 161,451	¥ 167,414

Supplementary Consolidated Financial Information

For the fiscal years ended March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
For the fiscal year:			
Total income	¥ 35,045	¥ 34,115	\$ 322,015
Total expenses	32,193	29,750	295,809
Income before income taxes	2,852	4,364	26,206
Net income	¥ 1,957	¥ 3,025	\$ 17,982
At year-end:			
Deposits	¥2,599,439	¥2,566,680	\$23,885,316
Loans and bills discounted	1,266,027	1,278,472	11,633,069
Securities	945,020	808,298	8,683,451
Total assets	2,864,735	2,777,010	26,323,026
Total members' equity	164,476	163,080	1,511,311
Total net assets	¥ 159,544	¥ 170,147	\$ 1,465,992

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 ¥108.83 per U.S.\$1.00, the rate prevailing on March 31, 2020.

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 2019 and fiscal 2020.

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				2019 Balance
	Balance (A)	Collateral or guarantees (B)	Reserve for possible loan losses (C)	Total coverage ratio (B+C)/A	
Loans to bankrupt borrowers	¥ 2,100	¥ 2,100	¥ 0	100.0%	¥ 1,400
Delinquent loans	43,900	36,800	3,800	92.6%	45,300
Loans past due three months and more	—	—	—	—	0
Restructured loans	800	600	0	80.4%	900
Total	¥47,000	¥39,500	¥4,000	92.7%	¥47,600

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						2019 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)	¥ 47,100	43,700	39,600	4,000	92.7%	54.2%	¥ 47,700
Loans to borrowers under bankruptcy proceedings and equivalent loans	7,300	7,300	6,800	400	100.0%	100.0%	7,600
Loans at risk	38,900	35,600	32,100	3,500	91.6%	51.9%	39,200
Loans requiring caution	800	600	600	0	80.4%	31.3%	900
Normal assets	1,231,000						1,241,900
Total (B)	¥1,278,100						¥1,289,600
Non-performing loan ratio (A/B x 100)	3.68%						3.70%

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	
	2020	2019
Basic Items Tier 1 (A)		
Members' paid-in capital and non-accumulated perpetual priority investments	¥ 162,281	¥160,902
Of which, members paid-in capital and capital surplus	14,769	14,887
Of which, retained earnings	147,954	146,461
Of which, scheduled outpayments (-) (earnings to be distributed)	443	446
Of which, other than above	—	—
Total amount of reserves that is included in Core Capital	3,460	2,401
Of which, amount of general reserve for possible loan losses that is included in Core Capital	3,460	2,401
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)	¥ 165,741	¥163,304
Supplementary Items Tier 2 (B)		
Amount corresponding to the value of intangible fixed assets (excluding mortgage servicing rights)	¥ 703	¥ 873
Of which, goodwill	—	—
Of which, other than goodwill and mortgage servicing rights	703	873
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)	¥ 703	¥ 873
Capital		
Total amount of capital ((C)=(A)-(B))	¥ 165,038	¥162,431
Risk Weighted Assets (3)		
Credit risk assets	¥ 993,297	¥941,522
Of which, total amount excluded under transitional arrangements (-)	(2,925)	(2,935)
Of which, exposure to other financial institutions, etc.	(2,925)	(2,935)
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%	43,423	42,529
Adjustments to credit risk assets	—	—
Adjustments to the amount corresponding to total operational risk	—	—
Total risk assets (D)	¥1,036,721	¥984,051
Capital adequacy		
Capital adequacy ratio (C)/(D)	15.91%	16.50%

Board of Directors

(As of July 1, 2020)



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

Kenji Watanabe

Yasuhiro Imai

Atsuhiko Wada

Managing Directors

Toshiyuki Tomimura

Kouzou Nagakawa

Naruaki Ueno

Kotaro Ozawa



(Seated left to right)
Senior Managing Directors
Yasuhiro Imai
Kenji Watanabe
Atsuhiko Wada

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

Directors

Sadayuki Sugimori

Takuji Kobayashi

Yasaka Matsuda

Auditors

Yoshinori Nishida

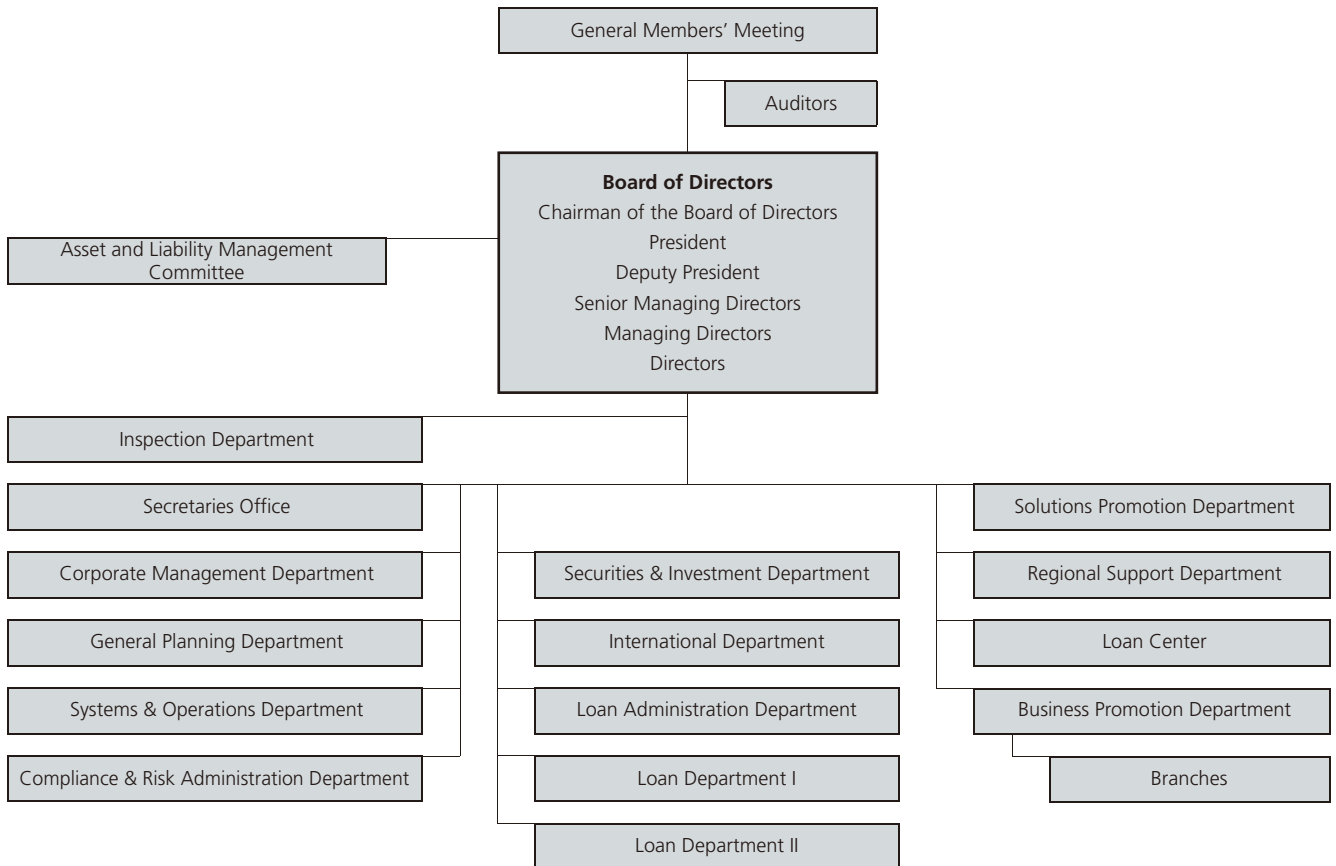
Seiichi Ueno

Norisaburo Ikuta

Corporate Data

(As of July 1, 2020)

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, 2020

Loans: 1,269,003 millions of yen

Deposits: 2,602,078 millions of yen

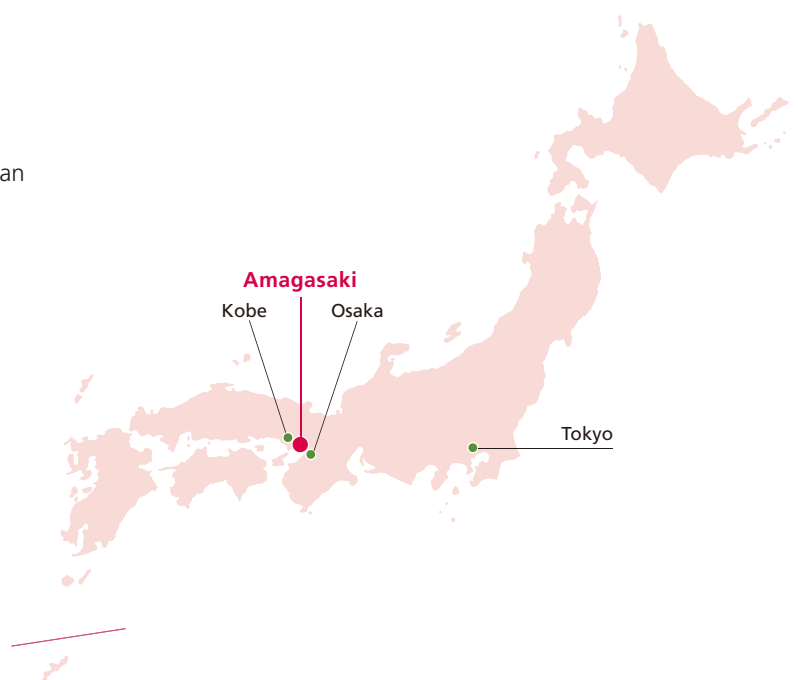
Capital Adequacy Ratio (non-consolidated): 15.91%

Capital Adequacy Ratio (consolidated): 16.14%

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

Branches: 93

Employees: 1,292



 **THE AMAGASAKI SHINKIN BANK**

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

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

