



AMAGASAKI SHINKIN BANK

ANNUAL REPORT
2022

For the Next 100 Years

Valuing our history and ideals,
working hand-in-hand with the local community to achieve growth

尾崎信託金庫
記念館

CONTENTS

- 1 Message from the President
- 2 Top Message
- 4 Amagasaki Shinkin Bank and Local Communities
- 6 At a Glance
- 7 Financial Section
- 13 Corporate Data



Seiji Sakuda, President

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.

The Japanese economy moved in fits and starts in fiscal 2021, as waves of COVID-19 outbreaks continued to restrict economic activity. We had hoped to see an economic recovery with the rollout of vaccinations and economic policies taking effect, but future prospects have continued to remain uncertain for reasons that include rising costs due to higher raw material prices and supply limitations and increasing geopolitical risk due to the situation in Ukraine.

The 100th anniversary of the Bank was marked by such a business climate last year. It was a time for all of our employees and directors to return to our founding principle of doing what it takes to resolve issues and create new value for the local community. Also, in the final year of our four-year management plan, we have been aiming to build a steadfast management structure and expand our customer share and base of transactions with an eye to the future.

As a result, our net profit from operations (indicating profitability of business operations) totaled ¥6.3 billion, with an ordinary income of ¥4.8 billion and a net income of ¥3.2 billion. The Bank's capital adequacy ratio, an indicator of management soundness, was 16.09%, which is exceptionally high relative to other major shinkin banks. Also last year, the Japan Credit Rating Agency, Ltd. assigned our Bank a rating of "Single A Flat." In the Teikoku Databank survey of major banks in Hyogo Prefecture, we held the top share in the Hanshin-Minami and Hanshin-Kita districts. This high rating reflects the value that our sound and pragmatic management policies inspire.

This year, the Bank's 101st year in operation, we are kicking off the next 100 years based on the concept of a "second founding." We have carried forward our founding spirit and principles through countless efforts that we plan to supplement, which we deem necessary looking ahead as a regional financial institution. Based on the key phrase "growing together," we will assert our presence in the community and meet the needs of customers, aiming to engage with our motivated employees and bring about a new era for Amagasaki Shinkin Bank.

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

July 2022

Seiji Sakuda
President

A handwritten signature in black ink, appearing to read "Seiji Sakuda", written over a horizontal line.



Growing together, sharing joy and inspiration

Care and determination reflected in
the three-year management plan

Seiji Sakuda, President

The long-running COVID-19 crisis and uncertainty in international affairs are just two impactful causes of major change to the business environment. Amashin has created a three-year management plan to “grow together” with all of our stakeholders.

We will embark on new challenges with unshakable faith in our mission to help the community.

A management plan from the standpoint of stakeholders

Amashin has made a fresh start in 2022 commensurate with our declaration of this 101st year as the Bank’s “second founding.” Taking another look back at our history, I recognize anew the mission we have carried out since the Bank’s founding and also see the major shifts taking place in the role of the shinkin bank in changing times.

Over the last several years in particular, it has been difficult to anticipate the future, not to mention the fact that needs have changed. We recognize the importance of strengthening the Bank both internally and in our external ties to be able to support our customers robustly in these times. We therefore created a new three-year management plan that extends the scope of our initiatives.

For the past decade, the Bank has pursued a two-track business model—providing consulting services

and carrying out activities to benefit the local community. The new management plan provides an enhanced version of this model, based on which we will pursue efforts from the standpoint of our stakeholders.

Providing joy and inspiration to the community, customers and our employees through our business

We aim to provide joy and inspiration to the community, customers, and Bank employees based on three key phrases in our three-year management plan.

The first key phrase is “presence in the local community,” which speaks to our stance as a shinkin bank. It is an expression of our commitment to contribute to local society by maintaining connections with many people and is the starting point of our myriad efforts. The pandemic has given rise to opportunities to collaborate with other economic organizations active in our area to support companies. With our long

experience in working for the community, we also take these circumstances as an opportunity for the Bank to demonstrate much-needed leadership.

The second phrase is “customer expectations,” which points to the Bank’s ability to take action and provide solutions. When considering what we need to do to meet such expectations, it is necessary to further broaden our perspective.

The third phrase is “employee satisfaction.” When our employees feel a sense of purpose in their work, their passion and motivation can be felt by the customer. So, I want to extend and link the organizational and personnel system reforms we have carried out to creating a meaningful workplace.

To provide joy and inspiration to all of our stakeholders—the community, customers, and our employees—policies based on an approach of “growing together” is vital. When our customers grow, Amashin grows, and the joy can be shared. Seeing our customers achieve success also brings joy to our employees, plus a sense of satisfaction and achievement. In this way, a win-win-win relationship leads to mutual inspiration.

Further strengthening our own initiatives while supporting customers’ efforts toward the SDGs

These times demand that every company contribute to building a sustainable future, so taking steps to achieve the UN’s sustainable development goals (SDGs) is essential to doing business steadily in the long run. Working with individuals in the local community, we established the “Amashin Green Premium” award program and have been taking other steps to address environmental issues. We will continue to expand these efforts going forward.

We also want to help our customers by supporting their efforts to achieve the SDGs as a way to create new opportunities for growth, and we recognize that this will require more than the Bank’s own expertise. It will take cooperation with groups of experts and local groups, as well as business leaders. Already we have made progress in establishing such collaborations. In December 2021 we signed an agreement with Tokio Marine & Nichido Fire Insurance Co., Ltd. to work together to support customers making efforts to reach the SDGs. Going forward, we plan to offer hand-in-hand support to customers for achieving the SDGs utilizing mutually provided tools and services. We are also promoting assistance measures from additional angles and perspectives.

At the same time, we must properly assess the business content and potential for growth of customers working on SDG efforts. So, to establish a new method

of assessment that combines the element of ESG (environment, society, governance) with the Bank’s extensive experience in business viability assessment, we teamed up with Professor Nobuyoshi Yamori of the Research Institute for Economics and Business Administration at Kobe University to launch a “joint research project to achieve the sustainable growth of local enterprises and the local community.” As public awareness grows with regard to ESG efforts and the SDGs, people expect regional financial institutions to help customers create added value and resolve issues faced by the local community. We are committed to working for the sustainable development of the local community through the Bank’s unique ability to disseminate information and solve problems.

Developing responses to environmental change and becoming a driving force for local development

Since the founding of Amashin, the Bank has prioritized serving the local community. This stance has not changed after a full century in operation. What has changed are the issues that the community and our customers face. The greater range and complexity of issues calls for the Bank to serve the community in more diverse ways. To meet society’s needs we recognize the need to continue evolving. So, in response to the rapid adoption of digital technologies, in April 2022 we set up a DX (Digital Transformation) Strategy Group. The Bank will utilize our longstanding connections with the community and employ digital technologies as appropriate in an effort to build fundamentally new businesses that may also include non-financial facets, creating business models that will improve customer convenience and revitalize the local economy.

Amashin’s ideal is to “grow together” with the community and our customers. You can be sure that we will face local issues head on, find workable solutions, and implement them. Thank you for your warm support.



Amagasaki Shinkin Bank and Local Communities

Amashin: 3-Year Management Plan

A sustainable business model that further advances relationships with the local community and customers built since day one

In this three-year management plan, we set forth Amashin's sustainable business model based on our two tracks—providing consulting services and carrying out activities to benefit the local community. Through our business, we aim to provide joy and inspiration to the community, customers, and our employees as we "grow together."

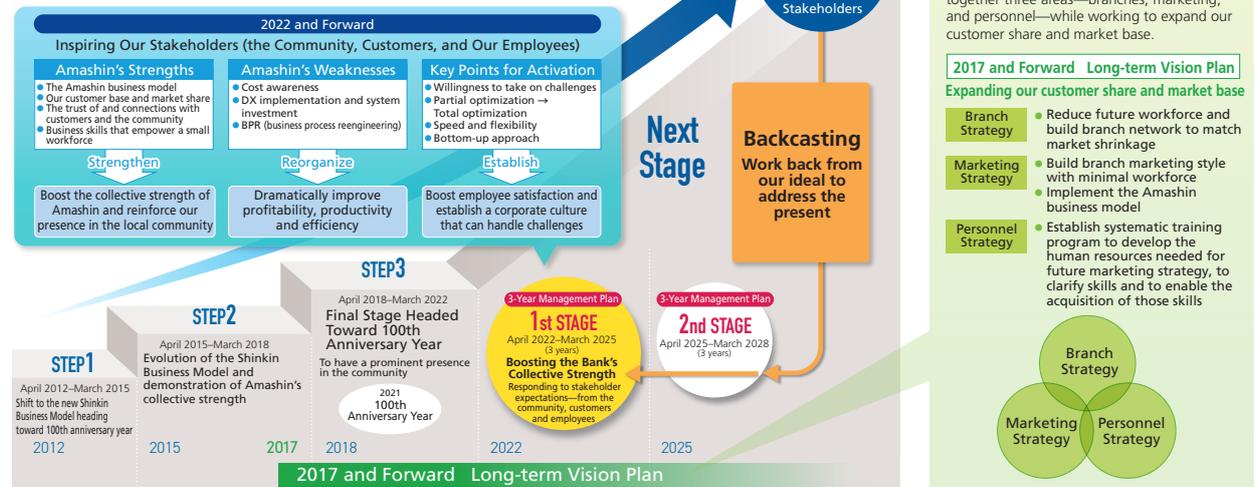


Main Points of the 3-Year Management Plan

Our Ideal
Provide Joy and Inspiration to All Stakeholders
Theme
The Best Amashin Can Be A Partner for Creating Value Together and Contributing to Growth
Core Strategies
[1] With the Community Reinforce Our Presence in the Community Create and publicize appeal of the community through collaboration and interaction; Utilize trading firm capabilities in the community; Advance efforts to build a sustainable economy and society
[2] With Customers Earnings Structure Conversion through Growth in Core Areas Boost our top line by advancing solution selling; Shift from sales of assets under management to life planning support; Further build marketing strength based on discovering issues and personal communication
[3] With the Group's Directors and Employees Creating a Positive Cycle and Improving the Workplace Environment to Give Employees Confidence and Purpose Boost organizational performance (organizational structure, proper staffing, hiring, climate and culture); Improve employee performance (evaluations, education, system)
Build a Sustainable Management Base
[4] With the Future Build a Foundation for Growth and Transformation Build community finance infrastructure; BPR & business optimization strategy; Enhance business management system

Amashin Aims to Provide Joy and Inspiration to All Stakeholders

The Bank will implement its three-year management plan with a clear vision of our ideal ahead. We built a sturdy foundation up to our 100th anniversary year. Now we will build steadily to reach the next stage.



Implement Our Consulting Capabilities

Consultation aligned with a company's phase of development

We aim to generate new value from a customer's business or growth potential, and are working to expand our system's capabilities to research and propose viable solutions for a range of management issues that a customer may face. We also proactively engage in financing based on improved capabilities in assessing business feasibility that rely on skill and judgment rather than on merely requiring a security.

(As of March 31, 2022: 9,291 business feasibility assessment clients, ¥575.5 billion balance of loans outstanding, 51.9% of all loans/66.3% of the balance)



Business support system by phase of development (17,905 total credit recipients, ¥867.7 billion total balance of loans outstanding)

<p>Phases of development</p> <ul style="list-style-type: none"> Startup phase: Up to 5 years from founding or business renewal Growth phase: Sales on average in last 2 fiscal terms over 120% higher than previous 5 fiscal terms Stability phase: Sales on average in last 2 fiscal terms 80–120% compared to previous 5 fiscal terms 	<ul style="list-style-type: none"> Transition phase: Sales on average in last 2 fiscal terms under 80% compared to previous 5 fiscal terms; and period in which loan terms changed or payments were overdue (Balance of loans outstanding as of March 31, 2022)
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All Members of Management and Staff Are Contributing to the Region as “Corporate Citizens”

The SDGs and Amashin’s Initiatives

Joint ESG Research Begun with Kobe University: To Achieve the Sustainable Growth of Local Enterprises and the Local Community

Starting in May 2022, the Bank began a joint research project with the Research Institute for Economics and Business Administration, Kobe University, on the incorporation of ESG (environment, society, governance) factors into methods for evaluating business viability, plus how to carry out effective business reform and revitalization efforts that address issues facing small and medium-sized enterprises.

As part of the research, exchanges of views will be held on how to evaluate business viability from the standpoint of ESG for the sustainable growth of local enterprises and society. The research will be used for the advancement of the local economy, supporting effective business reform and revitalization efforts at the Bank as it works with local organizations and others to staunchly support businesses and businesspeople.

The Bank will actively pursue ESG finance aimed at achieving sustainable growth for our customers and the local community.



Contributing to the Community

“Ama-chan and Shin-chan Project”

This project got its start in the Bank’s 90th anniversary year. It was launched to meet the needs of the local community and neighborhood associations as a way to deepen the Bank’s connection to people in the local area and help resolve issues they face through active planning that utilizes the main strengths of the Bank.

Since fiscal 2020, we have been making a shift to activities that align with the key items in the Amashin SDGs Declaration. We will utilize established connections with the local community and work proactively to further those activities, helping to resolve local issues by working together at all levels within the Bank.



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.

● Amashin Tree-Planting Event Held

Amashin held a tree-planting event on October 9, 2021 in the reclaimed land area known as Amagasaki-no-Mori Chuo Ryokuchi. To prevent the spread



of COVID-19, this time only about 800 people joined the event, as the Bank’s directors and employees worked again with members of the Ama-Forest no Kai and with folks from the Amagasaki-no-Mori Chuo Ryokuchi Park Center to plant trees.

On the autumn day, 1,500 saplings were planted for a total of 21,500 planted over 10 events that engaged local residents. This was the final tree-planting event, but we will continue to help build the forest through weeding and thinning activities.

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 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 that we are committed to carrying out.

Initiatives to Combat Money Laundering and Terrorist Financing

Recently, combating money laundering and terrorist financing has become a high priority in the international community.

Our Bank has positioned the combating of money laundering and terrorist financing as an important management issue, and we are working to strengthen our management system based on the Act on Prevention of Transfer of Criminal Proceeds, the Financial Services Agency’s “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism,” and the Financial Action Task Force’s 4th Mutual Evaluation Report of Japan.

Financial Highlights (Non-Consolidated)

For the fiscal years ended March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2022	2021	2022
Total income	¥ 30,774	¥ 31,435	\$ 251,442
Total expenses	26,033	27,834	212,705
Income before income taxes	4,743	3,601	38,753
Net income	¥ 3,268	¥ 2,497	\$ 26,701
As of March 31	2022	2021	2022
Total assets	¥3,488,925	¥3,299,026	\$28,506,618
Deposits	2,751,250	2,720,677	22,479,369
Securities	1,196,211	1,119,604	9,773,764
Loans and bills discounted	1,327,972	1,345,454	10,850,330
Total members' equity	166,931	164,606	1,363,926
Total net assets	¥ 163,360	¥ 171,769	\$ 1,334,749

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 ¥122.39 per U.S.\$1.00, the rate prevailing on March 31, 2022.

Financial Review

Profit and Loss

Despite the severe earnings environment surrounding financial institutions, our Bank was able to post net business profit of ¥6.3 billion. Ordinary profit and net income for the fiscal year rose to ¥4.8 billion and ¥3.2 billion, respectively.

In addition, a stable earnings base is maintained at our Bank with net profit from core operations, which is the intrinsic earning capacity of a financial institution, amounting to ¥6.3 billion.

We will continue to contribute to the sustainable development and problem-solving of the local community and customers, and strive to achieve a virtuous cycle of mutual growth.

Deposits

The balance of deposits at fiscal year-end amounted to ¥2,751.2 billion, due primarily to an increase in individual deposits. The ratio of individual deposits to total deposits was 73.7%.

Total balance of our special Hanshin Tigers time deposits amounted to ¥262.6 billion.

Loans

By giving top priority to supporting business customers affected by the COVID-19 pandemic, we quickly responded to the funding needs of local customers. As a result, the balance of loans at fiscal year-end stood at ¥1,327.9 billion.

Basel III (Capital Adequacy Ratio)

From the perspective of effectively using capital, Amagasaki Shinkin Bank is striving to actively fulfill its financial intermediary role for local customers under appropriate risk management, and is steadily accelerating diversified international investment with high expected returns in securities management. Through these activities, we aim to maintain the soundness of our business management and improve profitability at the same time.

In fiscal 2021, amid the prolonged economic impact of the COVID-19 pandemic, an increase in directed credits of zero-percent risk weight to help our customers keep their cash flows well-managed became the main factor lowering the risk of loans as a whole.

On the other hand, in securities management, the Bank increased overall management volume while increasing the weight of investment in risk assets, such as foreign securities and investment trusts, in order to secure profits. As a result, the capital adequacy ratio declined slightly from the previous fiscal year-end to 16.09% but still maintains a high level of soundness that remains well over the domestic standard (4%).

Rating

On October 27, 2021, Japan Credit Rating Agency, Ltd. (JCR) gave our Bank the same "A" (single A flat) Long-term Issuer Rating it did in 2020.

This high rating reflects the solid and sound management of our Bank. As a locally based financial institution, we will continue to seek sound management so we can meet the diverse needs of local customers.

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)
	2022	2021	2022
Assets			
Cash and due from banks	¥ 861,386	¥ 747,556	\$ 7,038,042
Monetary claims purchased	18,669	18,796	152,536
Money held in trust	32,536	25,755	265,838
Trading account securities	—	2	—
Securities	1,196,211	1,119,604	9,773,764
Loans and bills discounted	1,327,972	1,345,454	10,850,330
Foreign exchanges	2,318	1,857	18,939
Other assets	21,527	17,130	175,888
Tangible fixed assets	20,541	19,853	167,832
Intangible assets	866	976	7,075
Deferred tax assets	4,887	932	39,929
Customers' liabilities for acceptances and guarantees	10,266	9,075	83,879
Reserve for possible loan losses	(8,259)	(7,970)	(67,481)
⟨Specific reserve for possible loan losses⟩	⟨(5,831)⟩	⟨(5,314)⟩	⟨(47,642)⟩
Reserve for investment losses	—	—	—
Total assets	¥3,488,925	¥3,299,026	\$28,506,618
Liabilities and net assets			
Liabilities:			
Deposits	¥2,751,250	¥2,720,677	\$22,479,369
Certificates of deposit	—	—	—
Borrowings	392,642	383,820	3,208,121
Payables under securities lending transactions	156,901	—	1,281,975
Foreign exchanges	18	9	147
Other liabilities	10,975	8,545	89,672
Other reserves	3,042	2,601	24,854
Reserve for retirement allowance	466	2,524	3,807
Deferred tax liability	—	—	—
Acceptances and guarantees	10,266	9,075	83,879
Total liabilities	3,325,565	3,127,257	27,171,868
Net assets:			
Paid-in capital	14,384	14,597	117,525
Reserve	15,127	15,127	123,596
Earned surplus:			
Voluntary reserves	134,026	132,226	1,095,073
Unappropriated profit	3,393	2,654	27,722
Total members' equity	166,931	164,606	1,363,926
Difference of other marketable securities	(3,863)	7,130	(31,563)
Deferred hedge profit/loss	292	33	2,385
Total net assets	163,360	171,769	1,334,749
Total liabilities and net assets	¥3,488,925	¥3,299,026	\$28,506,618

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 ¥122.39 per U.S.\$1.00, the rate prevailing on March 31, 2022.

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)
	2022	2021	2022
Income			
Interest on:			
Loans and bills discounted	¥16,875	¥17,284	\$137,878
Securities	8,682	7,891	70,937
Other	357	346	2,916
Fees and commissions	2,933	3,057	23,964
Other income	1,925	2,854	15,728
Total income	30,774	31,435	251,442
Expenses			
Interest on:			
Deposits	822	1,047	6,716
Certificates of deposit	—	—	—
Borrowings	62	177	506
Other	110	120	898
General and administrative expenses	20,499	20,721	167,489
Fees and commissions	895	1,006	7,312
Other expenses	3,642	4,761	29,757
Total expenses	26,033	27,834	212,705
Income before income taxes	4,743	3,601	38,753
Provisions for income taxes and others	1,475	1,104	12,051
Net income	¥ 3,268	¥ 2,497	\$ 26,701

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 ¥122.39 per U.S.\$1.00, the rate prevailing on March 31, 2022.

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)
	2022	2021	2022
Income			
Balance at beginning of the year	¥2,654	¥2,099	\$21,684
Disposition of voluntary reserves	0	0	0
Transfer to reserves	0	0	0
Cash dividends	(431)	(729)	(3,521)
Bonuses to directors	0	0	0
Transfer to voluntary reserves	(1,800)	(1,500)	(14,707)
Net income	3,268	2,497	26,701
Effect of changes in accounting standards	—	—	—
Balance at end of year	¥3,393	¥2,654	\$27,722

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 ¥122.39 per U.S.\$1.00, the rate prevailing on March 31, 2022.

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 ¥122.39 to U.S.\$1.00, the rate prevailing on March 31, 2022.

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 as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
National government bonds	¥ 213,957	¥ 217,784
Municipal government bonds	140,816	144,704
Corporate bonds	353,793	343,486
Stocks	14,777	13,005
Other securities	472,864	400,621
Total	¥1,196,211	¥1,119,604

Trading account securities as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
National government bonds	—	¥2
Total	—	¥2

5. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Bills discounted	¥ 15,094	¥ 14,250
Loans on bills	26,957	27,716
Loans on deeds	1,248,478	1,267,532
Overdrafts	37,441	35,955
Total	¥1,327,972	¥1,345,454

6. Deposits

Deposits as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen	
	2022	2021
Current deposits	¥ 87,320	¥ 82,724
Ordinary deposits	1,155,937	1,111,537
Savings deposits	27,423	27,283
Deposits at notice	924	640
Time deposits	1,463,678	1,481,719
Other deposits	15,965	16,772
Total	¥2,751,250	¥2,720,677

7. Subsequent Event

The Ordinary General Members' Meeting, held on June 22, 2022, duly approved the following year-end appropriation of unappropriated profit as of March 31, 2022:

	Millions of yen
	2022
Unappropriated profit as of March 31, 2022	¥3,393
Appropriations:	
Transfer to reserve	—
Cash dividends (3 percent per year)	431
Bonus to directors	—
Transfer to voluntary reserve	2,800
Balance carried forward	¥ 161

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

For the fiscal years ended March 31	Millions of yen				
	2022	2021	2020	2019	2018
Total income	¥ 30,774	¥ 31,435	¥ 34,574	¥ 33,580	¥ 35,201
Total expenses	26,033	27,834	31,888	29,469	29,166
Income before income taxes	4,743	3,601	2,685	4,110	6,035
Provisions for income taxes and others	1,475	1,104	746	1,147	1,693
Net income	¥ 3,393	¥ 2,654	¥ 2,099	¥ 3,107	¥ 4,341
On March 31	2022	2021	2020	2019	2018
Total assets	¥3,488,925	¥3,299,026	¥2,866,353	¥2,779,521	¥2,734,402
Deposits	2,751,250	2,720,677	2,602,078	2,569,440	2,534,603
Securities	1,196,211	1,119,604	946,502	809,784	768,421
Loans and bills discounted	1,327,972	1,345,454	1,269,003	1,282,302	1,263,284
Paid-in capital	14,384	14,597	14,769	14,887	15,002
Total members' equity	166,931	164,606	162,724	161,349	159,098
Total net assets	¥ 163,360	¥ 171,769	¥ 156,977	¥ 167,635	¥ 163,910

Supplementary Consolidated Financial Information

For the fiscal years ended March 31	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2022	2021	2022
For the fiscal year:			
Total income	¥ 31,327	¥ 31,948	\$ 255,960
Total expenses	26,448	28,202	216,096
Income before income taxes	4,887	3,746	39,929
Net income	¥ 3,271	¥ 2,473	\$ 26,726
At year-end:			
Deposits	¥2,748,808	¥2,718,262	\$22,459,416
Loans and bills discounted	1,326,390	1,343,345	10,837,405
Securities	1,194,726	1,118,127	9,761,630
Total assets	3,488,817	3,298,352	28,505,735
Total members' equity	168,673	166,341	1,378,159
Total net assets	¥ 166,023	¥ 174,377	\$ 1,356,507

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 ¥122.39 per U.S.\$1.00, the rate prevailing on March 31, 2022.

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 LLC has audited Amagasaki Shinkin Bank's Balance Sheet, Statements of Income, and Statements of Appropriation of Profit in fiscal 2021 and fiscal 2022.

Coverage or Reserve of Loans Disclosed (Risk-Managed Loans) under the Shinkin Bank Law and the Financial Reconstruction Law

For the fiscal years ended March 31	Millions of yen	
	2022	2021
Loans to borrowers under bankruptcy proceedings and equivalent loans	¥ 5,600	¥ 5,100
Loans at risk	67,300	52,200
Loans requiring caution	500	600
Loans past due three months and more	—	0
Restructured loans	500	600
Subtotal (A)	73,500	58,100
Amount of coverage (B)	67,600	53,300
Specific reserve for possible loan losses (C)	5,800	5,300
General reserve for possible loan losses (D)	0	0
Collateral or guarantees (E)	61,700	47,900
Coverage ratio (B)/(A) (%)	91.9%	91.7%
Reserve ratio ((C)+(D))/((A)-(E)) (%)	49.8%	52.7%
Normal assets (F)	1,266,000	1,297,800
Total claims (A)+(F)	¥1,339,500	¥1,355,900
Non-performing loan ratio (A)/(A)+(F) (%)	5.48%	4.28%

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	
	2022	2021
Basic Items Tier 1 (A)		
Members' paid-in capital and non-accumulated perpetual priority investments	¥ 166,500	¥ 163,876
Of which, members paid-in capital and capital surplus	14,384	14,597
Of which, retained earnings	152,547	150,008
Of which, scheduled outpayments (-) (earnings to be distributed)	431	729
Of which, other than above	—	—
Total amount of reserves that is included in Core Capital	4,022	3,610
Of which, amount of general reserve for possible loan losses that is included in Core Capital	4,022	3,610
Of which, amount of specific reserve for 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)	¥ 170,522	¥ 167,486
Supplementary Items Tier 2 (B)		
Amount corresponding to the value of intangible fixed assets (excluding mortgage servicing rights)	¥ 625	¥ 704
Of which, goodwill	—	—
Of which, other than goodwill and mortgage servicing rights	625	704
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)	¥ 625	¥ 704
Capital		
Total amount of capital ((C)=(A)-(B))	¥ 169,897	¥ 166,782
Risk Weighted Assets (3)		
Credit risk assets	¥1,010,089	¥ 974,131
Of which, total amount excluded under transitional arrangements (-)	(1,425)	(1,425)
Of which, exposure to other financial institutions, etc.	(1,425)	(1,425)
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%	45,372	44,256
Adjustments to credit risk assets	—	—
Adjustments to the amount corresponding to total operational risk	—	—
Total risk assets (D)	¥1,055,462	¥1,018,387
Capital adequacy		
Capital adequacy ratio (C)/(D)	16.09%	16.37%

Board of Directors

President

Seiji Sakuda

Senior Managing Directors

Kenji Watanabe

Yasuhiro Imai

Atsuhiro Wada

Managing Directors

Naruaki Ueno

Kotaro Ozawa

Sadayuki Sugimori

Directors

Takuji Kobayashi

Yasaka Matsuda

Yasuhisa Taguchi

Makoto Kataoka

Naoya Okajima

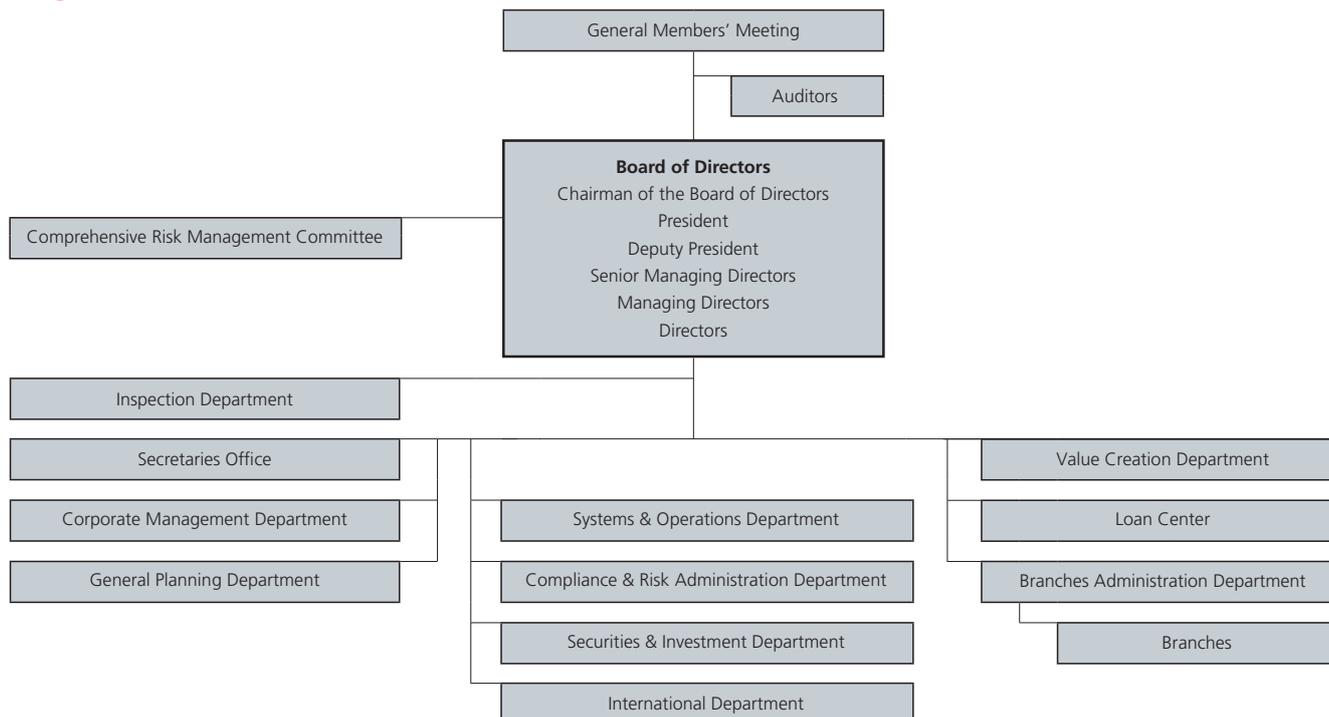
Auditors

Yoshinori Nishida

Toshifumi Miyanaga

Tsuyoshi Iwata

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, 2022

Loans: 1,327,972 millions of yen

Deposits: 2,751,250 millions of yen

Capital Adequacy Ratio (non-consolidated): 16.09%

Capital Adequacy Ratio (consolidated): 16.28%

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

Branches: 90

Employees: 1,320



 **THE AMAGASAKI SHINKIN BANK**

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

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

