

(2) Risk Management Efforts

The ALM Committee convened 12 times during the fiscal year to ensure the stability of earnings and soundness of assets. Every kind of risk was comprehensively managed and addressed appropriately.

(3) Other Major Meetings

The board of directors met 14 times during the fiscal year and the legality of the manner in which the directors carried out their duties was ensured. Auditors' meetings were held 7 times. The directors' performance of duties and compliance with laws and regulations were confirmed.

(4) Internal Control System for the Bank Group

The Compliance Code of Conduct was applied to subsidiaries as well to put in place a system of compliance with laws and regulations. Additionally, auditors of the Bank and the auditing department conducted audits of internal controls of subsidiaries and confirmed that there were no problems in their compliance with laws and regulations, or risk management systems.

Financial Review

We have worked to absorb small stable deposits, and endeavored to improve sales of special time deposit products with a higher than usual interest rate and expand the balance of liquid deposits. As a result, total deposits rose during the term to ¥2,625.4 billion.

During the pandemic, we have actively been supporting our customers with financing and our outstanding loan balance totaled ¥1,434.9 billion.

Net income for core operations totaled ¥4.31 billion; ordinary income was ¥4.281 billion; and net income for the period amounted to ¥3.521 billion. In addition, our capital adequacy ratio was 9.82%.

Issues and Outlook for the Bank in Fiscal 2022

Regarding the Japanese economy in fiscal 2022, the forecast is expected to remain very unclear due to factors such as worsening of consumer sentiment brought on by inflation of resources, raw materials, and consumer goods driven by the Ukraine situation, effects of the COVID-19 pandemic, and other factors.

On the other hand, downward pressure on personal consumption due to the pandemic is gradually lessening, and conditions are expected to recover, albeit slowly, due to factors like recovery of foreign demand and government stimulus.

In this current environment, the business plan for fiscal 2022 revolves around the following five basic policies.

- (1) Improve customer satisfaction and strengthen profitability by establishing a sustainable problem resolution model
- (2) Promote more efficient operations to broaden and deepen contact point opportunities with customers
- (3) Contribute to the region by sharing the principles of SDGs with customers
- (4) Improve all-around skills and abilities in specialized fields
- (5) Enhance risk response capability and strengthen compliance system

Fiscal 2022 marks the milestone of the 95th anniversary of the founding of the Bank, and will be the final fiscal year of our medium-term management plan, Smart Shinkin 2022. To achieve the objective of this plan, becoming our customers' number one financial partner for problem resolution and for

close ties to the region, we will implement the measures set forth in the plan based on the slogan "Pioneering the future together with the region."

We will strive to provide side-by-side support with customers for management improvement, by further evolving the information cycle aimed at problem resolution, boosting the quality and effectiveness of proposals, improving information gathering capabilities, and expanding our lineup of problem resolution support services.

To improve our problem resolution capabilities, we will send more staff for training outside the Bank and promote management support, business succession support, M&A, and digitalization as steps to improve our proposal capabilities.

Furthermore, we will actively work as a corporate citizen regarding SDGs and ESG, and contribute to the solution of global environmental and social problems, as well as sustainable development of the regional economy.

To make this a fiscal year where we achieve results worthy of the 95th anniversary of the Bank, becoming our customers' number one financial partner for problem resolution and for close ties to the region, all of our executives and employees will come together to work with all diligence, and strive to strengthen our management foundations.

We thank you all for your continued patronage and support.