



ANNUAL REPORT 2021

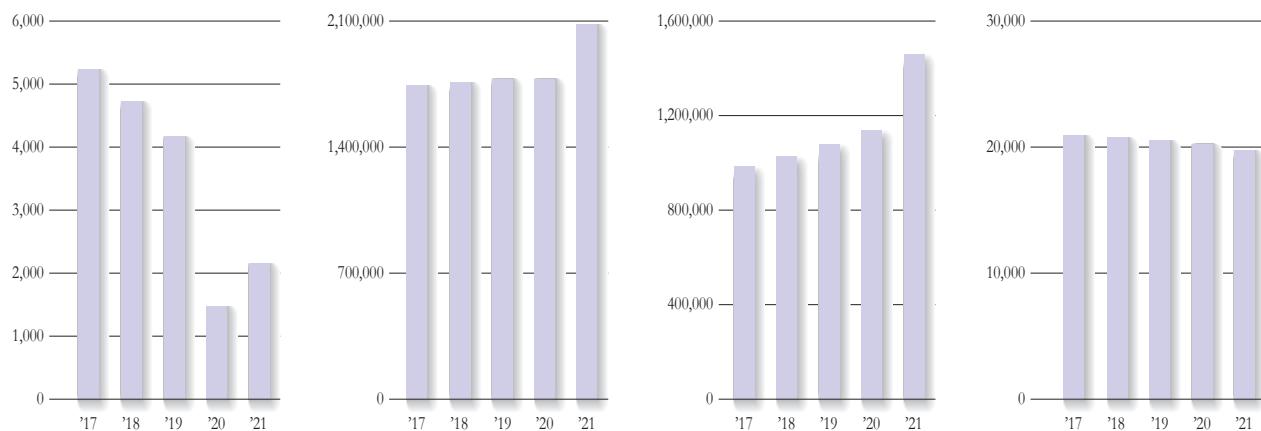
THE ASAHI SHINKIN BANK

Five-Year Summary

Years ended March 31,	Millions of Yen				
	2021	2020	2019	2018	2017
Total Income	¥ 30,986	¥ 30,674	¥ 31,785	¥ 30,371	¥ 30,337
Total ordinary income after total ordinary expenses	3,807	1,867	5,409	6,399	6,279
Net Income	2,152	1,476	4,161	4,716	5,233
Paid-in Capital	19,989	20,247	20,520	20,731	20,952
Total Number of Units of Members' Equity (Units)	399	404	410	414	419
Equity	93,951	82,701	87,053	81,412	79,815
Total Assets	2,221,873	1,901,689	1,916,450	1,870,001	1,849,956
Deposits	2,082,848	1,778,977	1,779,080	1,761,684	1,741,546
Loans and Bills Discounted	1,459,010	1,138,896	1,078,748	1,027,303	983,982
Securities	286,015	253,735	313,640	301,990	278,996
Non-consolidated Capital Adequacy Ratio (%)	8.95	8.65	8.83	9.05	9.20
Cash Dividends	499	506	512	518	628
Number of Employees	1,399	1,389	1,361	1,376	1,395

Note: The non-consolidated capital adequacy ratio is calculated based on The guidelines established by the Minister of the Financial Services Agency (2006 FSA Notice No. 21) based on Article 14-2 of the Banking Act of Japan, on which Article 89-1 of the Shinkin Bank Act is based, in order to judge a *shinkin* bank's capital adequacy in light of its risk-weighted assets. The Bank adopts the domestic standard.

Net Income
(Millions of Yen) **Deposits**
(Millions of Yen) **Loans and Bills Discounted**
(Millions of Yen) **Paid-in Capital**
(Millions of Yen)



Fractions less than a unit are rounded down in this report.

Message from the Management

During fiscal 2020, the year ended March 31, 2021, there were significant constraints on economic activities and movements in Japan and overseas due to the global spread of the novel coronavirus disease (COVID-19). With the added impact of the declaration of a state of emergency, sales and revenues of business operators such as restaurants, bars and hotels fell substantially and the economic environment in Japan was severe throughout the year.

Amid such an environment surrounding monetary economy, the Bank provided funds swiftly and smoothly to small and medium-sized companies in the community, mainly through government-backed emergency loans and undertook activities to work with the various management challenges faced by our customers. In addition, we worked on various measures including the introduction of non-face-to-face channels through working at home and online services to prevent the spread of COVID-19.

To strengthen our management base, we launched the Operational Reform Project Team in June. We promoted the shift towards paperless operations and reviewed operational flows and sales activities as part of rolling out measures to improve productivity and reforms of overall operations.

Operating results at the end of fiscal 2020 have achieved an increase in deposits of ¥303.7 billion from the end of fiscal 2019 to ¥2,082.7 billion, mainly of liquid deposits. As a result of active financing to help counter COVID-19, loans outstanding increased by ¥320.1 billion from the end of fiscal 2019 to ¥1,459.0 billion.

We acknowledge that our biggest challenge and mission in fiscal 2021 remains cooperating and working with our customers and various stakeholders to overcome the serious impact of COVID-19 on the community and local economy.

Looking to the Bank's centenary in 2023 and the Bank's vision further ahead, we will aim to become a truly indispensable financial institution for the community. At the same time, we will strive to strengthen our management structure by continuing to promote digital transformation (DX) and operational reforms.

In conclusion, I, Yasuhiro Ito, extend my greetings to stakeholders as the Bank's new President appointed on June 28, 2021.

July 2021



*Yasuhiro Ito
President*



Present Situation and Future Direction of Shinkin Banks

Overview of Shinkin Banks and their Role in the Community

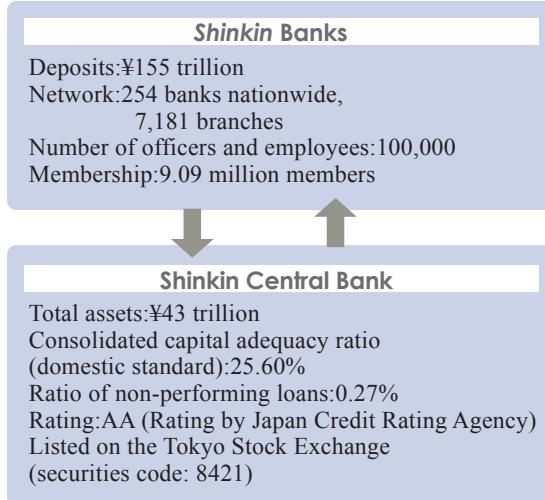
Shinkin banks are cooperative regional financial institutions whose members are small and medium-sized businesses and local residents.

The business of *shinkin* banks is not very different from that of other commercial banks, but *shinkin* banks are distinguished from other banks in terms of their organizational structure, the communities they serve and their customers. Whereas banks are incorporated, *shinkin* banks are cooperatives with memberships composed of local residents and those who work or have an office in the area. Corporate members are limited to companies with a maximum of 300 employees and capitalization of up to ¥900 million.

While *shinkin* banks accept deposits in the same way as ordinary banks, their loans are, in principle, restricted to contributing members only and loans to a single borrower must not exceed 25% of the bank's own capital. As financial institutions with close ties to their home territories, *shinkin* banks use locally raised funds exclusively for local development. They thus contribute to the healthy growth of local enterprises, a better quality of life for the area's residents, and the overall development of the local community.

The Shinkin Central Bank (SCB) is the central bank for *shinkin* banks. The role of the SCB is to support the development of the *shinkin* bank sector by broadening the operational functions and enhancing the credit standing of *shinkin* banks, and thus contribute to the prosperity of Japan. The Bank is strengthening collaboration with the SCB in terms of operations.

Shinkin Banks and the Shinkin Central Bank



(As of March 31, 2020)

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

COVID-19 related loans

We are committed to activities that provide various management-related advice including the swift provision of loans to many business operators affected by the COVID-19 pandemic. We extended 28,349 COVID-19 related loans for a total value of ¥610.0 billion in the period from March 2020 through March 31, 2021.

Support for startup phase

In fiscal 2020, the Bank provided startup financing amounting to ¥42.3 billion to 1,195 entrepreneurs.

The Bank hosted *Asahi SogyoJuku* (startup cram school), a program of four lectures, in cooperation with startup support projects of Taito Ward and Edogawa Ward, with 34 participants in fiscal 2020. Participants who attend the entire program and receive a certificate are eligible for reduced registration license tax when establishing a company in these two wards and for preferential treatment by credit guarantee associations for startup-related guarantees.

Support for strengthening management fundamentals

In the Customer Support Department, financial planners and other specialized staff are ready to offer individual advice on a wide variety of issues related to customers' assets and business operations such as inheritance, effective use of real estate, business succession, M&A, and labor management. For highly technical matters, we cooperate with external expert organizations to help find solutions for small and medium-sized companies.

Asahi Shinkin Bank's Corporate Philosophy

All of us at the Asahi Shinkin Bank think and act cheerfully and positively to contribute to development of the local community and our customers' happiness.

Support for sales channel expansion

With the aim of creating new business opportunities for our corporate customers, the Bank conducts business matching through business fairs where they can meet buyers of large companies, and online seminars for business operators, as well as supports sales channel expansion utilizing domestic and overseas e-commerce platforms.

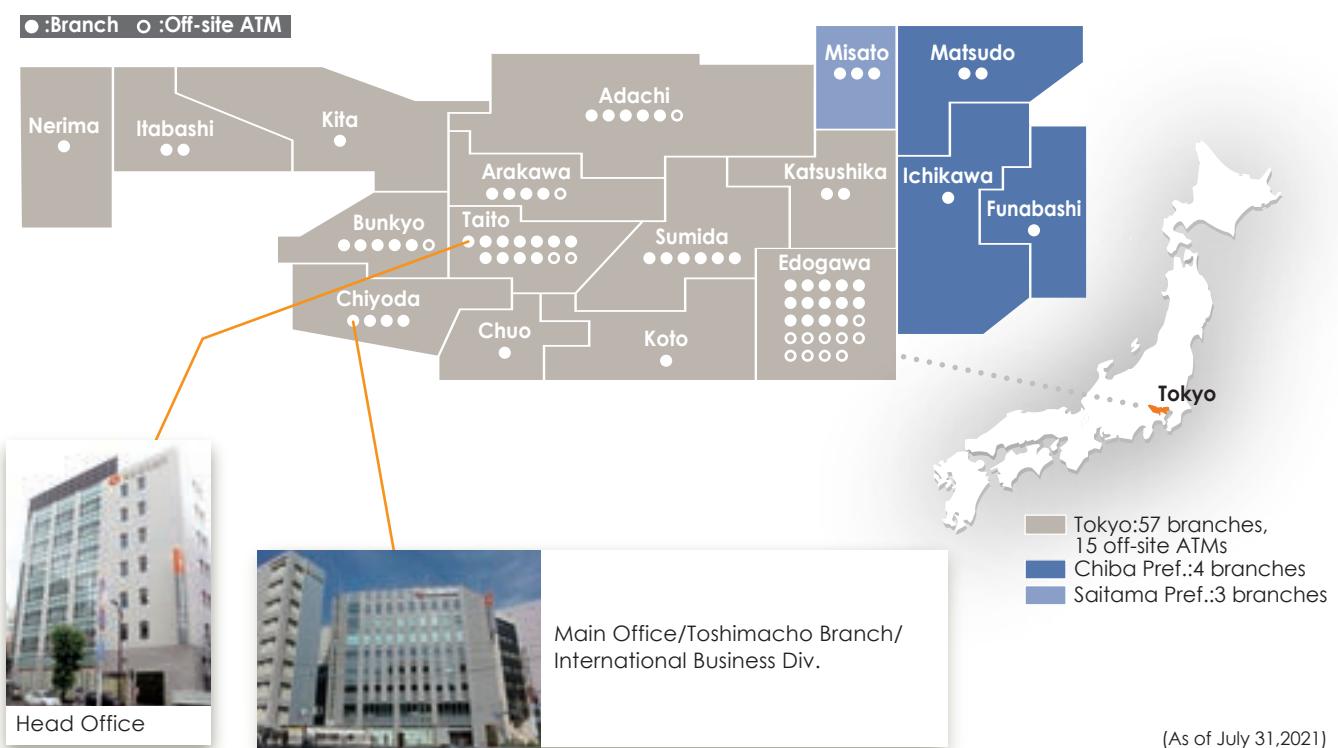
Other Initiatives

Asahi Small and Medium-sized Business Management Information Center (ACC)

We are convinced that the Bank's fundamental mission is to foster the small and medium-sized businesses in the community that underpin the local economy. Based on this conviction, to support the endeavors of small and medium-sized companies in human resources development and networking among customers, the Bank established the Asahi Small and Medium-sized Business Management Information Center (ACC) in 1996. ACC develops human resources, offers grants, and promotes fruitful exchanges between companies in different industries.

Extensive Network of 64 Branches and 15 Off-site ATMs

In view of our customer base, we consider it our mission to respond proactively to the funding needs of the small and medium-sized businesses and individuals sustaining the local economy at the grassroots. At the end of July 2021, the Bank had a network of 64 branches, which include five sub-branches and one online branch, and 15 off-site ATMs, located in Taito Ward and 12 other wards in Tokyo and also in Chiba Prefecture and Saitama Prefecture. To bring our area management even closer to the community, our operating area is divided into smaller zones, each with a dedicated sales representative. They provide excellent proposals through face-to-face visit-based marketing to offer solutions to customers.



Customer-Oriented Financial Services to Enhance the Community's Prosperity

Domestic Operations

The Bank offers a wide range of deposit products to meet various savings needs, including foreign currency time deposits with special interest rates and online time deposits. For personal customers, in addition to deposit products, the Bank offers a range of investment products, such as investment trusts, personal pension insurance and Japanese government bonds.

The Bank offers an extensive range of loan products for personal customers, including a housing loan product for customers purchasing residential property with superior environmental performance, a housing loan product offering a preferential interest rate for customers who have children younger than 18 years of age or are expecting a child, educational loans, and car loans. At the Personal Loan Plaza we offer advice on loan products until 17:00 on weekdays so that customers who are unable to visit the Bank during regular opening hours can visit the Plaza.

In addition, the Bank's smartphone app lets users open accounts, apply for loans, uniformly manage balances and statements of their other bank accounts, e-money, etc. and use cashless payment when shopping. We offer a wide array of advanced functions in response to the trend toward a cashless society.

For small and medium-sized businesses, the Bank offers a wide range of loan products tailored to their funding needs, whether for business development or to ensure stable cash flows.

At the Customer Support Department, our expert staff offer practical advice on cultivation of sales channels, overseas business development, business succession and M&A, IT utilization, human resources development, and lifetime financial planning. We also hold various seminars to support corporate customers' sales and marketing activities. (See Pages 3-4 for the Bank's support for businesses.)

2021 Elite Quality Recognition Award



The Bank received the J.P. Morgan Elite Quality Recognition Award from J.P. Morgan Chase Bank, N. A. for ten consecutive years from 2011 for its outstanding performance of overseas funds transfer operations. Furthermore, we are the only Japanese bank to have been designated the Elite Quality Award for seven years in a row starting in 2014.

International Operations

Our business territory is home to companies in many industries, including manufacturers and distributors of apparel, leather goods and footwear, jewelry, computer parts and peripherals, medical equipment and toys, as well as food processing and distribution companies. Amid recent structural changes in Japan's economy and the growing importance of international business, many of our customers are becoming more involved in foreign trade.

We offer a wide range of financial services for companies engaged in international business, including advice on investment strategy and business development, integrated import and export support from opening of business relations to bill settlement, services covering trade finance, forward exchange contracts, and coupon swaps.

We are striving to enhance convenience for our customers by offering Internet banking services for overseas remittances, import letters of credit, etc.

At the end of March 2021, the Bank had a network of overseas correspondent banks totaling 83 banks in 145 locations across 28 countries. Centering on imports, trade-related foreign exchange transactions handled by the Bank in fiscal 2020 amounted to US\$510 million.

We aim to continue serving far into the future as an indispensable partner of companies pursuing business overseas.

Overseas Correspondent Network



(As of March 31,2021)

Cultivating Closer Links with the Customer

Becoming the Most Trustworthy Community Bank

Customer deposits should be used to bring new vitality into the community—this is the basic stance of Asahi Shinkin Bank, a financial institution that puts local ties first.

To date, the Bank has developed together with small and medium-sized companies and people in the local community based on a spirit of helping one another as a cooperative financial institution. With the aim of becoming the indispensable and most trustworthy community bank, we have embraced new challenges in our drive to bring new vitality into our community. We have reinforced our business by stepping up support for corporate revival and management improvement, while offering increased support to companies involved in innovative businesses and those active in environmental protection. As we emphasize the cultivation of closer links with our customers, we are helping to bring new vitality into the community through provision of financial services that deliver customer satisfaction and also by doing our part as a member of the community in the cultural, environmental and educational spheres. Many activities were temporarily suspended due to COVID-19 in fiscal 2020.

Corporate Citizenship Activities

Implementation of the Ecocap Movement

The Ecocap Movement is an initiative to collect and recycle PET bottle caps, which are usually disposed of as waste, and to use the proceeds to provide vaccines for children in developing countries. With help from people in the community, we had collected a cumulative total of 160 million caps since the initiative commenced in 2008.

Sorting of caps collected at branches in Edogawa Ward is contracted to a voluntary



organization working to create employment for people with disabilities. In this way, we also contribute to the social welfare activities of the community.

Traffic safety campaign

To promote traffic safety in the community, the Bank extends cooperation to the traffic safety campaign held each spring and autumn. During the campaign period, approximately 1,000 employees of the Bank



at all branches serve as wardens at nearby crossings.

*The campaign was suspended in fiscal 2020 due to COVID-19.

Blood donation campaign

The Bank held a blood donation campaign three times during fiscal 2019 in which 130 employees took part. Since the campaign commenced in 1995 a total of more than 5,300 employees have donated blood. *The campaign was suspended in fiscal 2020 due to COVID-19.



Donations to public interest corporations

- To make a useful contribution to the prevention of COVID-19 in the work places for nursing care and welfare providers, we donated a total of 820 liters of alcoholic disinfectant to social welfare councils of 13 wards in Tokyo in August and September 2020.



- We co-sponsor the *Young Seats* of the Tokyo Metropolitan Symphony Orchestra, an initiative to invite 500 children each year to attend the orchestra's concerts free of charge. Children who are in the fourth year or above in elementary school, junior high school students, and high school students are eligible to apply for the *Young Seats*.



For children in the community

- The Bank cooperates with local elementary schools and junior high schools and accepts their students for learning through experience at workplaces. The objective is to cultivate the students' social skills and communication capabilities as well as helping them determine a career path while deepening their awareness of what work entails and its importance.

Cooperation with municipalities

- We concluded agreements with Taito Ward, Bunkyo Ward and Edogawa Ward to provide seven of the Banks' branches as temporary accommodation facilities for people stranded in the event of a disaster.
- We are providing the three stories above ground level of the Bank's Funabori Building to Edogawa Ward as a COVID-19 vaccination center.



Environmental Protection Initiatives

- The Bank offers a range of loan products to support customers' environmental protection initiatives, including loans for capital investment, provision of loan guarantees under the government loan-guarantee system, and housing loan products.
- As part of efforts to mitigate global warming, the Bank uses a carbon-offset scheme and Forest Stewardship Council (FSC) certified paper for calendars, leaflets and other printed materials that the Bank produces.
- We are aiming to become paperless by reducing the volume of stored documents by 80%, promoting electronic transactions and digitization of internally-managed documents.

Support for People with Disabilities and the Elderly

ATMs for the visually impaired
All branches have ATMs with braille and audible instructions so that the visually impaired can use ATMs at ease.



AED

61 branches and two off-site ATMs are equipped with automated external defibrillators (AEDs) at ATM corners in readiness for emergencies such as cardiopulmonary arrest.



Braille blocks

Braille blocks leading from outside to inside a branch and to the ATMs are installed at 52 branches and for two off-site ATMs.



Parking spaces for people with disabilities

Dedicated parking spots for people with disabilities have been established at 20 branches.



Staff training for dealing with elderly people and people with disabilities

Training is provided to branch employees in particular to enable appropriate consideration for people with disabilities and the elderly who visit our branches. As of March 31, 2021, the number of participants in courses on Service Care Supporter training and Dementia Supporter training reached 83 and 207, respectively.



Risk Management and Compliance and Prohibition of Relationships with Antisocial Forces

Thorough Risk Management System

The Bank has established the basic policy for management of risks, put in place a risk management system and determined management procedures so as to implement appropriate risk management. The Bank has classified risks into three categories and established risk committees corresponding to them. The activities of the risk committees are governed by the Comprehensive Risk Management Committee.

Also, the Bank has established a code of conduct with which all officers and employees are required to comply in order to inculcate corporate ethics and legal compliance throughout the Bank.

Personal information concerning our customers constitutes a vital asset. To ensure appropriate protection and use of personal information, the Bank applies strict control in accordance with its Basic Policy Concerning Protection of Information Assets (Security Policy) to achieve continuing improvement.

Major Risks and Risk Management Policies

Market Risk

Market risk comprises interest rate risk, price fluctuation risk, and exchange risk. Market risk is the possibility of losses from fluctuations in market interest rates, stock prices and foreign exchange markets that cause changes in the value of the Bank's assets and liabilities (including off-balance sheet items) and changes in profits generated by assets and liabilities.

The Bank's Asset and Liability Management (ALM) Committee is responsible for management of market risk.

Liquidity Risk

Liquidity risk is the possibility of losses resulting from an unexpected outflow of funds or any other situation that necessitates fund procurement at

interest rates markedly higher than usual rates or transactions at markedly more disadvantageous terms than usual terms.

The Bank emphasizes liquidity and soundness of market-based funding and has put in place a system to ensure stable cash flow with a sufficient reserve. Moreover, the Bank has formulated a contingency plan to deal with the demand for funds in the event of an unexpected crisis swiftly and appropriately. Thus, the Bank has sufficient systems for management of liquidity risk.

Credit Risk

Credit risk is the possibility of losses from bankruptcies, deterioration in the financial conditions, etc. of borrowers. The Bank has put in place a risk management system in accordance with the Credit Risk Management Rules.

In addition to the deliberation and assessment by the Credit Risk Management Committee and the ALM Committee, the Board of Directors, the Board of Managing Directors, and the Management Committee deliberate on credit risk management, as necessary, to deal with credit risk in an appropriate manner.

Operational Risk

Operational risk is a risk associated with execution of routine operations and every effort is made to avert such risk.

Having established an organizational structure and a system to deal with operational risk in accordance with the Operations Risk Management Policy and the Systems Risk Management Policy, the Bank analyzes and assesses data gathered periodically in order to mitigate risk and to minimize the impact in the event that such risk materializes.

In order to respond to the increasing threat of cyber-attacks, the Bank has established the

Computer Security Incident Response Team (CSIRT) and is well prepared.

In addition to the periodic deliberation and assessment by the Operations and Systems Risk Committee, the Reputation and Legal Risk Committee, and the Comprehensive Risk Management Committee, the Board of Directors, the Board of Managing Directors, and the Management Committee deliberate on operational risk management, as necessary, to deal with operational risk in an appropriate manner.

Compliance Structure

As well as strictly complying with various laws and regulations and other rules, companies are required to adhere to social ethics when engaging in transactions. In accordance with its goal of becoming the most trustworthy financial institution in the community, the entire workforce is united in a determination to inculcate corporate ethics and legal compliance throughout the Bank.

The Bank has put in place a compliance structure. The Management Legal Affairs Division supervises compliance issues and compliance officers are appointed at all departments, branches, and affiliated companies.

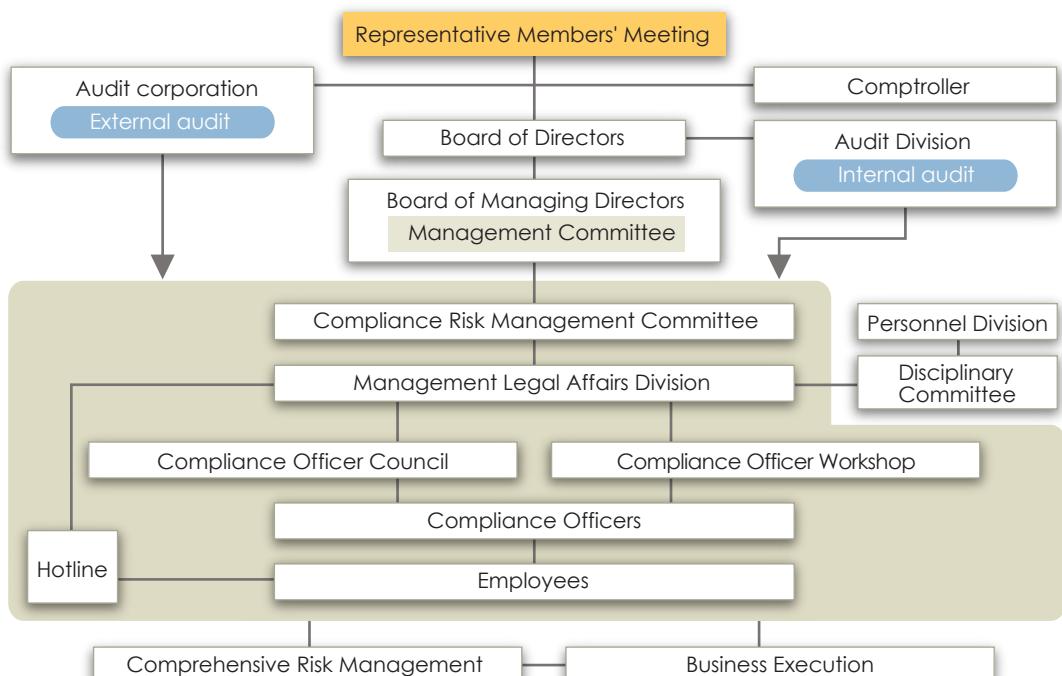
Against Antisocial Forces

Adhering to the Guidelines for Companies to Prevent Damage by Antisocial Forces, the Bank remains committed to ensuring that no relationship whatsoever exists between the Bank and antisocial forces.

Basic Policies on Antisocial Forces

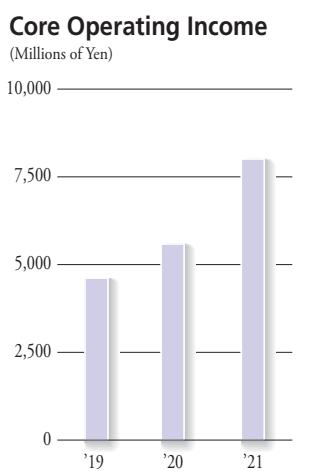
- 1.Deal with antisocial forces as an organization.
- 2.Coordinate with external specialized agencies.
- 3.Cut off all relations with any antisocial force, including any transactions.
- 4.In emergencies, use civil and criminal legal responses.
- 5.Prohibit financing, inappropriate or abnormal transactions, and offering of benefits.

Compliance Structure

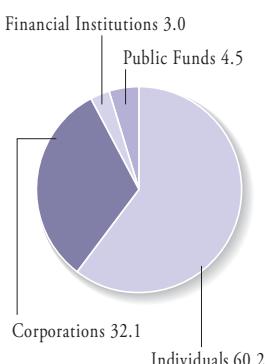


(As of March 31,2021)

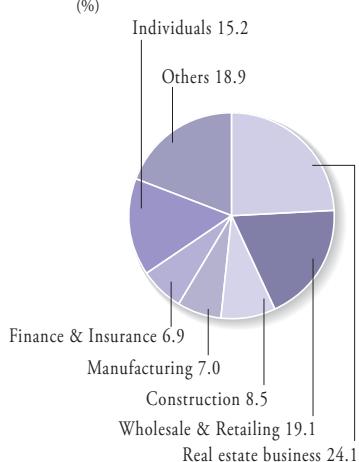
Financial Review



Deposits by Category of Depositors
(%)



Loans by Category of Borrowers
(%)



Business Policy for Fiscal 2020

Amid the unprecedented crisis experienced by Japan's local economies due to the COVID-19 pandemic in fiscal 2020, the Bank's highest priority has been to thoroughly provide comprehensive support including financing to its customers. Toward this end, we have put effort into activities aligned with the following seven key issues:

- 1) Maintain financial services amid the COVID-19 pandemic and take thorough measures to prevent the spread of infection to customers and employees
- 2) Focus on activities that closely attends to the worries and concerns over cash flows and other issues facing customers
- 3) Strengthen the management base by forming an operational reform project
- 4) Shift to consulting-based sales activities
- 5) Develop human resources and create a rewarding workplace
- 6) Further reinforce the legal compliance structure
- 7) Strengthen various risk management systems such as measures to prevent money laundering and counter financing of terrorism

Economic & Financial Environment

During fiscal 2020, there were significant constraints on economic activities and movements in Japan and overseas due to the global spread of COVID-19. With the added impact of the state of emergency that was declared twice, sales and revenues of business operators such as restaurants, bars and hotels fell substantially and the economic environment in Japan was severe throughout the year. Turning to the financial sector in Japan, stock prices were on an upward trajectory due to monetary easing policies and fiscal stimulus in countries including Europe and the U.S. as well as robust performance of the IT, home appliances and other sectors. The Nikkei average at the end of the fiscal year was ¥10,261 higher than the figure at the end of the previous fiscal year, at ¥29,178. Long-term interest rates (yields on 10-year Japanese government bonds) remained around 0%, ending the fiscal year at 0.095%.

Results of Operations

Results of the Bank's operations in fiscal 2020 are described below.

Deposits

As liquid deposits and time deposits increased by ¥253.4 billion and ¥50.2 billion, respectively, from the previous fiscal year, the balance of total deposits at the end of fiscal 2020 was ¥2,082.7 billion, ¥303.7 billion higher than the figure at the end of the previous fiscal year.

Loans

As a result of aggressive initiatives for loans in response to COVID-19 centered on government-backed emergency loans, loans outstanding at the end of fiscal 2020 were ¥1,459.0 billion, ¥320.1 billion higher than the figure at the end of the previous fiscal year.

Profitability

Despite a decrease in loan yields, income from interest on loans increased because of an increase in the quantity. Reflecting a decrease in interest paid on deposits, the profit margin between deposits and loans was ¥2.8 billion higher than the figure for the previous year. We recorded provisions for the effects of COVID-19 this year as well in an amount of ¥5.0 billion. Total ordinary income after total ordinary expenses increased by approximately ¥1.9 billion from the previous fiscal year to ¥3.8 billion and net income increased by ¥0.6 billion to ¥2.1 billion.

Financial soundness

The Bank's capital adequacy ratio increased by 0.3 percentage points from the previous fiscal year-end to 8.95% owing to a substantial increase in the amount of equity despite an increase in risk assets mainly associated with an increase in loans.

In fiscal 2020, non-performing loans outstanding based on the Financial Reconstruction Act were mostly at the same level as the figure at the end of the previous year. The ratio of non-performing loans was 2.58%, down 0.73 percentage points. As of March 31, 2021, 97.90% of the non-performing loans held by the Bank were covered by mortgage collateral or high-quality guarantees and a reserve for possible loan losses. The Bank maintained a high coverage ratio.

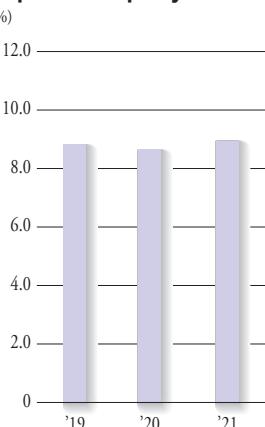
* The total amount of receivables is the amount of receivables subject to disclosure pursuant to the Financial Reconstruction Act and is different from loans outstanding.

Issues to be Tackled

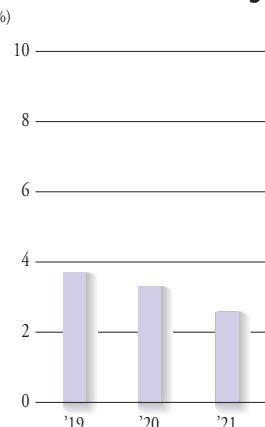
During fiscal 2021, the Japanese economy is forecast to face challenging conditions due to the impact of COVID-19 for which the timing of global containment remains unpredictable despite signs of hope with vaccinations and other developments. In such an environment, the Bank will make efforts to address the following management challenges:

- Take thorough measures to prevent the spread of COVID-19 and strive to prevent the spread of infection to customers and employees.
- Aim to be a friendly and reliable financial institution that closely attends to the worries and concerns over cash flows and other issues of small and medium-sized corporate customers
- Work towards improving productivity through ongoing business reforms and rebuilding the business management structure with a view to the new normal to strengthen the management base.
- Set SDG goals for the Bank and contribute to creating a better local environment.
- Work to strengthen anti-money laundering and counter financing of terrorism (AML/CFT) as well as the legal compliance structure.

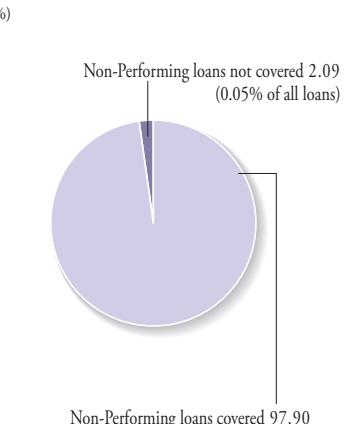
Capital Adequacy Ratio (%)



Ratio of Non-Performing Loans (%)



Non-Performing Loans Coverage (%)



[Calculation Method of Capital Adequacy Ratio (%)]
Members' equity
Total amount of risk assets, etc. ×100

Balance Sheets

As of March 31,	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2021	2020	2021
ASSETS			
Cash	¥ 22,077	¥ 21,067	\$ 199,402
Due from Banks	389,012	415,883	3,513,483
Money Held in Trust	16,967	16,806	153,246
Securities (Note 3)	286,015	253,735	2,583,231
Loans and Bills Discounted (Note 4)	1,459,010	1,138,896	13,177,477
Foreign Exchange (Note 6)	8,390	9,365	75,780
Other Assets	14,076	10,815	127,140
Tangible Fixed Assets	32,416	32,557	292,781
Intangible Fixed Assets	2,305	2,344	20,823
Deferred Tax Assets	2,303	5,586	20,806
Customers' Liabilities for Acceptances and Guarantees	2,324	1,976	20,997
Reserve for Possible Loan Losses	(13,028)	(7,346)	(117,675)
Total Assets	<u>¥ 2,221,873</u>	<u>¥ 1,901,689</u>	<u>\$ 20,067,496</u>
LIABILITIES AND EQUITY			
Liabilities:			
Deposits (Note 7)	¥ 2,082,848	¥ 1,778,977	\$ 18,811,852
Borrowed Money	12,000	1,088	108,381
Call Money	30	12,022	274
Payables under securities lending transactions	14,737	13,720	133,105
Foreign Exchange (Note 6)	48	17	441
Other Liabilities	10,362	5,653	93,588
Reserve for Employee Bonuses	563	526	5,091
Reserve for Retirement Allowances	3,706	3,542	33,475
Reserve for Retirement Benefits for Directors	339	307	3,068
Reserve for Loss from Refund of Sleeping Accounts	652	828	5,896
Reserve for Contingent Loss	307	326	2,773
Acceptances and Guarantees	2,324	1,976	20,997
Total Liabilities	<u>¥ 2,127,921</u>	<u>¥ 1,818,988</u>	<u>\$ 19,218,945</u>
Equity:			
Paid-in Capital	19,989	20,247	180,537
Additional Paid-in Capital	2,162	2,162	19,534
Legal Reserve	64,090	62,443	578,850
Unappropriated equity	(1)	(1)	(14)
Total Members' Equity	<u>86,240</u>	<u>84,852</u>	<u>778,908</u>
Unrealized Gain on Available-for-Sale Securities	7,710	(2,151)	69,642
Total Valuation and Translation Adjustments	<u>7,710</u>	<u>(2,151)</u>	<u>69,642</u>
Total Equity	<u>93,951</u>	<u>82,701</u>	<u>848,550</u>
Total Liabilities and Equity	<u>¥ 2,221,873</u>	<u>¥ 1,901,689</u>	<u>\$ 20,067,496</u>

The accompanying notes are an integral part of these financial statements.

Statements of Income and Retained Earnings

Years ended March 31,	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2) 2021	
	2021	2020		
Income:				
Interest and Dividends on:				
Loans and Discounts	¥ 18,705	¥ 15,926	\$ 168,943	
Securities	5,587	7,604	50,463	
Others	194	200	1,758	
Fees and Commissions:				
Fees and Commissions on Domestic and Foreign Exchange	1,355	1,455	12,245	
Others	1,777	2,150	16,050	
Other Operating Income:				
Gains on Sales of Bonds	0	1,694	0	
Others	297	226	2,686	
Other Income:				
Collection of Written-off Claims	485	505	4,388	
Gains on Sales of Stocks and Other Securities	1,532	282	13,838	
Gains on Money Held in Trust	507	151	4,583	
Others	543	476	4,905	
Total Ordinary Income	30,986	30,674	279,865	
Extraordinary Income (Note 8)	3	81	34	
Total Income	30,990	30,755	279,899	
Expenses:				
Interest Expenses:				
Deposits	209	248	1,895	
Borrowings and Rediscounts	94	309	849	
Others	5	4	47	
Fees and Commissions	1,527	1,499	13,795	
Other Operating Expenses:				
Losses on Foreign Exchange Transactions	411	2,007	3,717	
Losses on Sales of Bonds	59	192	534	
Expenses on Derivatives other than for Trading or Hedging	—	8	—	
Others	10	19	90	
General and Administrative Expenses	17,809	17,995	160,856	
Other Expenses	7,051	6,520	63,690	
Total Ordinary Expenses	27,179	28,806	245,476	
Extraordinary Losses (Note 9)	47	29	424	
Total Expenses	27,226	28,836	245,901	
Income before Income Taxes				
Current	3,764	1,918	33,998	
Deferred	2,145	1,432	19,376	
Net Income	(533)	(990)	(4,822)	
Retained Earnings (Balance at the Beginning of the Year)	2,152	1,476	19,444	
Balance at the End of the Year (Note 10)	3,587	3,366	32,400	
	¥ 5,740	¥ 4,843	\$ 51,845	

Notes to Financial Statements

1. Yen Amounts

All yen figures are rounded down to the nearest one million yen. Accordingly, breakdown figures may not add up to sums.

2. U.S. Dollar Amounts

U.S. dollar amounts presented in the accompanying financial statements are included solely for convenience and should not be construed as

representations that Japanese yen amounts have been or could in the future be converted into U.S. dollars. The rate of ¥110.72 to US\$1, prevailing on March 31, 2021, has been used for conversion into U.S. dollar amounts in the financial statements.

3. Securities

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	
National Government Bonds.....	¥ 15,983	¥ 5,122	\$ 144,357
Local Government Bonds.....	—	—	—
Corporate Bonds.....	70,727	55,510	638,794
Stocks.....	23,105	19,235	208,680
Other Securities.....	176,199	173,867	1,591,398
Total	¥286,015	¥253,735	\$2,583,231

4. Loans and Bills Discounted

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	
Bills Discounted.....	¥ 11,632	¥ 18,785	\$ 105,058
Loans on Bills.....	16,651	23,888	150,390
Loans on Deeds.....	1,385,728	1,044,346	12,515,615
Overdrafts	44,998	51,875	406,413
Total	¥1,459,010	¥1,138,896	\$13,177,477

5. Disclosure pursuant to the Financial Reconstruction Act

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	
Non-Performing Loans			
Bankrupt or De facto Bankrupt	¥ 3,582	¥ 4,507	\$ 32,352
Doubtful	33,413	32,533	301,782
Special Attention	813	855	7,345
Subtotal	37,808	37,896	341,479
Normal	1,426,732	1,103,787	12,885,947
Total	¥1,464,540	¥1,141,683	\$13,227,426

6. Foreign Exchange

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	
(Assets)			
Due from Foreign Banks	¥8,262	¥9,194	\$74,628
Foreign Currency Bills Bought	12	10	109
Foreign Currency Bills Receivable.....	115	160	1,042
Total	¥8,390	¥9,365	\$75,780
(Liabilities)			
Accrued Foreign Exchange	48	17	441
Total	¥ 48	¥ 17	\$ 441

7. Deposits

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
As of March 31,			
Current Deposits	¥ 76,234	¥ 57,247	\$ 688,531
Ordinary Deposits	933,584	701,209	8,431,941
Savings Deposits.....	34,129	32,800	308,252
Deposits at Notice	5,753	4,733	51,960
Time Deposits.....	979,195	927,247	8,843,888
Installment Savings.....	39,361	41,059	355,506
Other Deposits.....	14,589	14,680	131,771
Total	¥2,082,848	¥1,778,977	\$18,811,852

8. Extraordinary Income

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Years ended March 31,			
Gain on Disposal of Fixed Assets.....	¥3	¥81	\$34
Total	¥3	¥81	\$34

9. Extraordinary Losses

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Years ended March 31,			
Losses on Sales of Equipment.....	¥ 8	¥29	\$ 76
Losses on Impairment of Fixed Assets.....	38	—	347
Total	¥47	¥29	\$424

10. Subsequent Event

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
As of March 31,			
Balance at the End of the Year	¥5,740	¥4,843	\$51,845
Appropriations:			
Transfer to Legal Reserve	220	150	1,986
Cash Dividends	499	506	4,513
Payout Ratio	2.5% per year	2.5% per year	2.5% per year
Transfer to Voluntary Reserves	1,500	600	13,547
Total Appropriations	2,219	1,256	20,048
Retained Earnings (Balance at the End of the Year)	¥3,520	¥3,587	\$31,797

Auditor's Report

In accordance with the provisions of Article 38-2, Paragraph 3 of the Shinkin Bank Act, KPMG AZSA LLC audited the balance sheets of the Bank as of March 31, 2021 and 2020, and the related statements of income and statements of retained earnings for the two years ended March 31, 2021 and 2020 and provided the Bank with an auditor's report stating an unqualified opinion.

Board of Directors and Auditors

(As of July 31, 2021)

Chairman of the Board

Kazuo Kobayashi

President

Yasuhiro Ito

Senior Managing Directors

Toshiyuki Misawa

Masaaki Hirokawa *1

Managing Directors

Hideo Masuuchi

Kouji Iwata

Hiroshi Iikura

Masashi Kobayashi

Standing Directors

Yasutaka Yoshigiwa

Atsushi Matsuyama

Makoto Tomiyama

Standing Senior Advisor to the Board

Hiroshi Hashimoto

Non-Standing Managing Directors

Keizo Yamaguchi *1

Kiyoshi Sakamoto *1

Standing Auditor

Shigeo Yamamoto

Non-Standing Auditors

Susumu Kobayashi

Kensuke Mori

Toshio Suzuki *2

Executive Officers

Nobuhiro Takeo

Yukio Oikawa

Atsuya Murayama

Tatsuya Yoshizaki

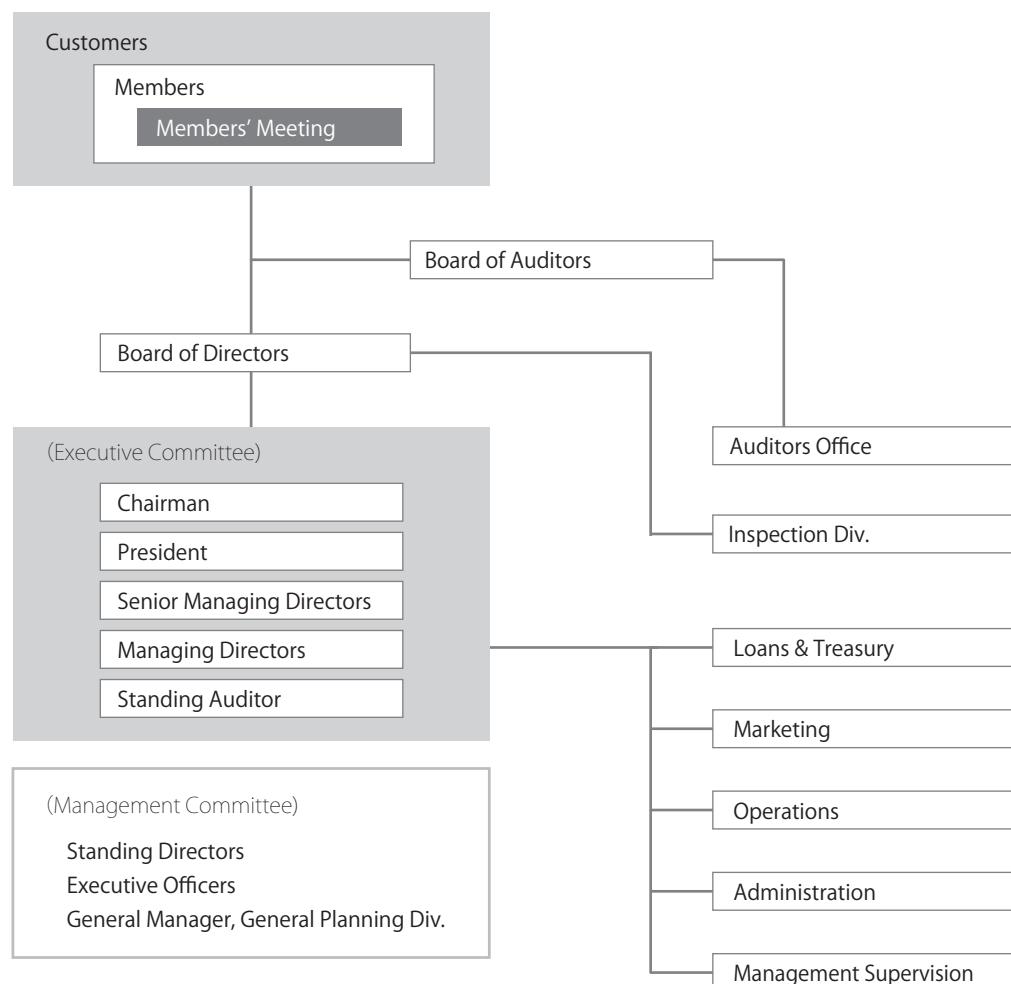
Manabu Kinoshita

Notes

1. Outside directors in accordance with the *shinkin* bank industry's agreement on measures to enhance functions of the board of directors.
2. Outside auditor as provided for in Article 32, Paragraph 5 of the Shinkin Bank Act.

Organization Chart

(As of July 31, 2021)



Directory

BANK DATA

(As of March 31, 2021)

Main Office

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

Established

August 3, 1923

Number of Employees

1,399

Membership

111,793

Number of Branches

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

Number of ATM Terminals

(off-site ATMs)
15

SERVICE NETWORK

(As of July 31, 2021)

International Business Division

3-6-12, Iwamoto-cho, Chiyoda-ku, Tokyo 101-0032
Telephone: 03-3862-0393

Foreign Exchange Offices

Head Office

2-8-2, Taito, Taito-ku, Tokyo 110-0016
Telephone: 03-3833-0251

Toshimacho Branch

2-1-2, Higashi-Kanda, Chiyoda-ku, Tokyo 101-0031
Telephone: 03-3862-0311

Nishimachi Branch

1-2-1, Higashi-Ueno, Taito-ku, Tokyo 110-0015
Telephone: 03-3833-9241

Kotobuki Branch

2-10-13, Kotobuki, Taito-ku, Tokyo 111-0042
Telephone: 03-3844-3166

Asakusa Branch

4-49-12, Asakusa, Taito-ku, Tokyo 111-0032
Telephone: 03-3876-0701

Yushima Branch

2-1-5, Yushima, Bunkyo-ku, Tokyo 113-0034
Telephone: 03-3814-5261

Asakusabashi Branch

3-17-7, Asakusabashi, Taito-ku, Tokyo 111-0053
Telephone: 03-3864-5011

Nihonbashi Branch

7F Nihon Building annex 1-2-18, Nihonbashi-Kayaba-cho, Chuo-ku,
Tokyo 103-0025
Telephone: 03-3663-0650

Kandaogawamachi Branch

3-1, Kanda-Ogawamachi, Chiyoda-ku, Tokyo 101-0052
Telephone: 03-3292-5301

In addition to the 9 foreign exchange offices mentioned above, we have 12 foreign exchange sub-offices.



THE ASAHI SHINKIN BANK

2-1-2, Higashi-kanda, Chiyoda-ku,
Tokyo 101-0031
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