

Annual Report 2023



Year Ended March 31, 2023





たましん美術館

Profile

The Tama Shinkin Bank was first established in 1933 as the Tachikawa Credit Cooperative (a limited liability entity). With the Shinkin Bank Law coming into effect in 1951, the Tachikawa Credit Cooperative became the Tama Chuo Shinkin Bank, a local financial institution. Through supporting business development and creating assets that form the economic foundation of society for people who reside and run businesses in the Tama region, the Bank has contributed to the local community's development and has grown into its leading bank.

On January 10, 2006, in an era of great change, the Tama Chuo Shinkin Bank, the Taihei Shinkin Bank, and the Hachioji Shinkin Bank merged. These three regional financial institutions had served the same region, and it was determined that the region would be better served, and its growth better supported, by a single, more capable financial institution.

The Tama Shinkin Bank, popularly known as "Tamashin" by the local community in which it has established its roots, is one of Japan's highest ranking shinkin banks. As of March 31, 2023, the Bank had total assets of ¥3,484.1 billion, net assets of ¥110.6 billion, and 1,857 employees. The Bank also had a service network of 79 branches, 2 branch offices, and 61 automatic teller facilities.

Non-Consolidated Financial Highlights

The Tama Shinkin Bank
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
For the Fiscal Year:			
Total Income	¥ 50,027	¥ 39,651	\$ 374,653
Total Expenses	46,736	34,804	350,004
Income Before Income Taxes	3,291	4,846	24,649
Net Income	2,229	3,713	16,694
Business Profit	(1,816)	6,570	(13,602)
At Year-End:			
Deposits	¥ 3,219,666	¥ 3,168,626	\$ 24,111,934
Loans and Bills Discounted	1,164,851	1,155,192	8,723,520
Securities	972,356	1,054,088	7,281,936
Total Assets	3,484,190	3,515,199	26,092,937
Total Net Assets	110,644	126,348	828,608

Notes: 1. Yen figures are rounded down to the nearest one million yen in this annual report.

2. Figures stated in U.S. dollars are translated solely for convenience at ¥133.53 to U.S.\$1, the rate prevailing on March 31, 2023.

3. "Business Profit" is obtained by adding the interest income, fees and commissions (income) and other operating income, subtracting interest expenses (excluding expenses on money held in trust), fees and commissions (expenses), other operating expenses, transfers to general reserves for bad debts and general and administrative expenses. Business profit is one of the indicators used by shinkin and other banks.

Management Philosophy

Tamashin is a business dedicated to the happiness of our customers

Tamashin's mission is to contribute to the happiness and well-being of our customers

Long-term vision

Continue to be a region's problem-solving infrastructure into the future.

Basic Policies

Tamashin, as a public entity in society, and motivated by the spirit of cooperation among regional financial institutions:

1. Is based on a system of cooperation among officers and employees.
2. Builds workplaces characterized by good faith, trust, enthusiasm, and reliability.
3. Expands operations and improves quality in the course of financial activities.
Through these efforts, Tamashin seeks to contribute to the prosperity of its home regions and the vitality of the Japanese economy.

Corporate Ethics at Tama Shinkin Bank

1. Developing self-awareness and confidence as a socially responsible entity
Tamashin is building trust with its members, customers, and local communities through its basic policies, self-awareness of its public role, and sound management based on the self responsibility of management.
2. Putting customers first and contributing to local communities
Adhering to its management philosophy, Tamashin strives through its business activities to offer high-quality, premium services to its customers, and to contribute to the growth of local communities.
3. Adhering strictly to laws and regulations
Tamashin complies with both laws and regulations, does not violate social norms, and remains conscientious and fair in its corporate operations.
4. Eliminating anti-social forces
Tamashin takes a resolute stance against anti-social forces that put the order and safety of society at risk.
5. Disclosure of management information and cordial relations with local communities
Tamashin works for cordial relations with local communities through the vigorous and fair disclosure of management information, and the deepening of communication on a broad scale.



Toshiro Yagi, Chairman,

Masahiko Kanai, President

Creating local value toward a bright future for Tama

Thank you for your support of Tamashin. I'm Masahiko Kanai, and I have taken on the role of President. I aim to promote a bright future for Tama through determined efforts to “contribute to the happiness of our customers” along with former President Yagi, who has become Chairman. Tamashin marks its 90th anniversary on December 26, 2023. Throughout the 90 years of our history, Tamashin has received the support of local residents, managers, and employees and their families, among others, and we want to express our appreciation to everyone for this support. Tamashin intends to continue to constantly listen to everyone's voices and reflect these points in our management.

The economic environment in fiscal year 2022

Looking back on the economic environment in the Tama region in fiscal year 2022, households and companies faced pressure from the renewed spread of COVID-19 and accelerated inflation in the US and globally, and difficult conditions persisted overall. Thanks to the progress toward the normalization of economic activities in 2023,

meanwhile, the Business Survey of Smaller Enterprises for the Tama region in fiscal year 2022 showed signs of improvement in economic sentiment. Tamashin intends to continue pursuing solutions for issues that are confronting customers, including responses to manpower shortages and high prices.

Creating local value

Tamashin has actively engaged in financial assistance, such as refinancing to address cash flow difficulties accompanying the end of the deferment period for COVID-19-related zero-interest loans, and business assistance, including business matching, sales channel development, and DX and SDGs efforts, for our corporate and business operator customers.

To support individual customers, Tamashin has strived to find solutions for issues that are tailored to customer lifestyles, such as starting “branch visit reservations” to improve customer convenience and offering the “Shinkin Fund Wrap” that supports asset management.

In income, despite a difficult business environment, including the rise in US interest rates, Tamashin achieved healthy results by securing future profits and suitably implementing risk control in fund management

and diligently working to solve customer issues. Tamashin appreciates the warm support of customers in these activities.

Fiscal year 2023 is a special year as the final year of the three-year Mid-Term Management Plan 2023 and our 90th anniversary. With a strong feeling of gratitude for the regional customers that have supported us, Tamashin intends to fully leverage its managers and employees in “contributing to the happiness of our customers” for the realization of a bright future in the Tama region.

We hope to continue receiving the steadfast patronage of our local customers.



Masahiko Kanai, President

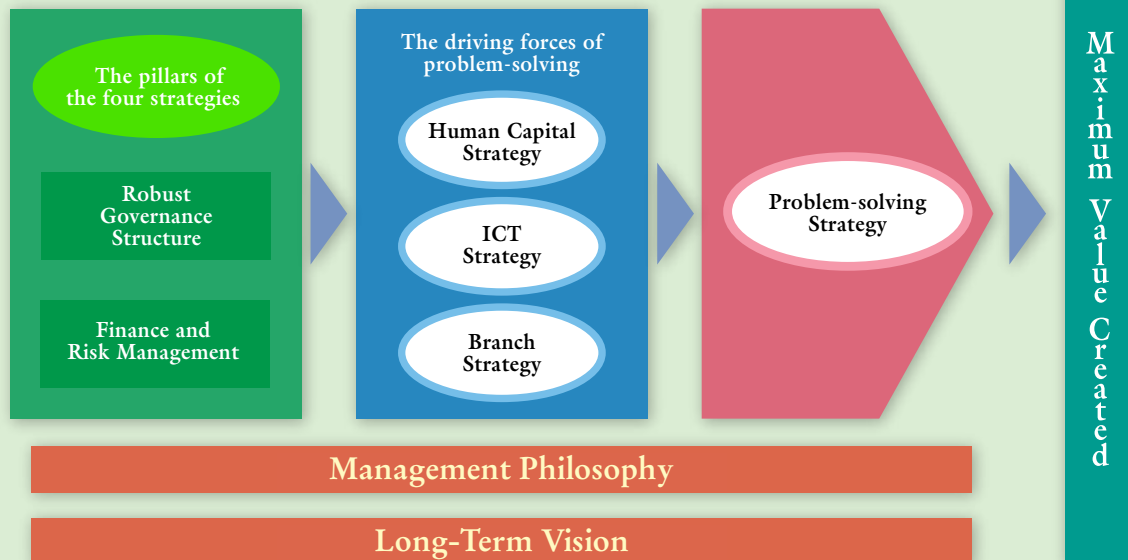
Mid-Term Management Plan 2023

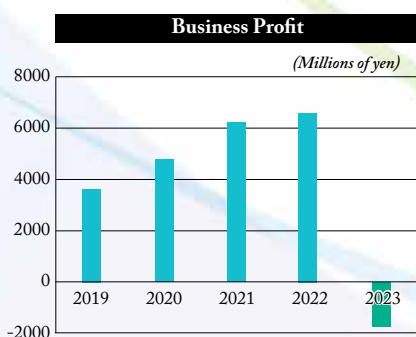
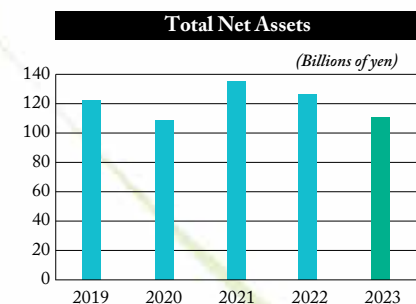
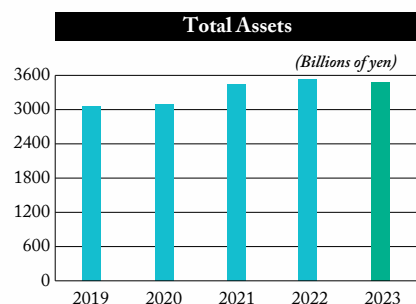
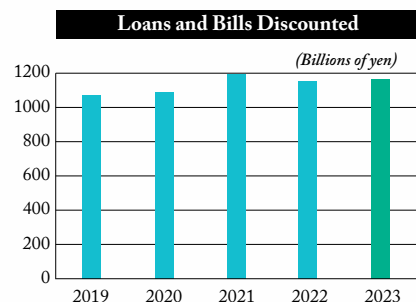
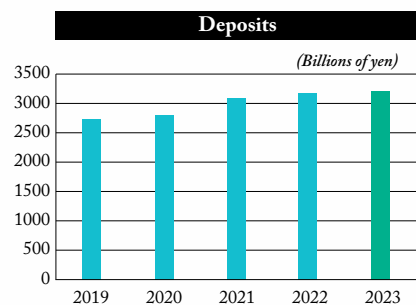
Fiscal year 2022 was the middle year of the three-year Mid-Term Management Plan 2023. Based on the main theme of our Management Plan of evolving “Tama Power” to the next stage with the local community, Tamashin cooperated with the Tama region to overcome difficult conditions and advance “Tama Power” to the next stage.

Fiscal year 2023 is a special year as the final year of the three-year Mid-Term Management Plan 2023 and the 90th anniversary of Tamashin. In keeping with its

management philosophy of “contribute to the happiness of our customers,” Tamashin has grown with the local community by diligently seeking solutions to issues faced by customers. Tamashin believes that it has a mission to harness the cultivated “Tamashin Power” to foster a bright future for Tama. It intends to “create local value for a bright future in the Tama region” by bringing together and integrating the problem-solving capabilities of individual managers and employees to achieve this mission.

Problem-solving Activities and Value Creation based on the Four Basic Strategies and Two Pillars





The Financial and Economic Environment

Looking back on the economic environment in fiscal year 2022, this was a period that presented a variety of challenges, such as the spread of COVID-19 driven by the Omicron variant, Russia's invasion of Ukraine, and accelerated inflation in the US and worldwide. The Tama region was not an exception. It continued to confront difficult overall conditions, while the renewed spread of COVID-19 and accelerated inflation pressured households and companies. Meanwhile, Japan took steps toward normalizing economic activities from the pandemic phase at the start of 2023, including the decision to reclassify COVID-19 to a Class 5 infectious disease under the Infectious Diseases Act, and the Business Survey of Smaller Enterprises for the Tama region in fiscal year 2022 presented signs of improvement in economic sentiment.

In financial markets, heightened concern about global economic recession accompanying monetary tightening, in which many central banks worldwide, including in the US, raised interest rates to combat inflation, led to a difficult environment with high uncertainty. Amid these conditions, the Nikkei Stock Average rose from the starting level of ¥27,624 in April 2022 to ¥29,222 in August, with support from the Bank of Japan's decision to maintain the current monetary easing policy. However, it subsequently faced upside resistance and the closing price at the end of March 2023 was ¥28,041. The USD/JPY market experienced a weakening of the yen against the US dollar from a start at ¥121 in April 2022 to ¥151, the cheapest rate in 32 years, in October due to the expansion of the policy rate spread. The yen then strengthened against the US dollar after the BoJ partially revised monetary policy, and the closing level at the end of March 2023 was ¥132.

Operating Results

Fiscal year 2022 was the middle year of our three-year Mid-Term Management Plan 2023. We have set the main theme of our management plan as “evolving ‘Tama Power’ to the next stage with the local community,” and have been working to achieve a bright future for the community and the bank with the following four basic strategies and two pillars.

The four basic strategies

1. Problem-solving strategy: implement problem-solving activities that boost “Tama Power”
2. Human capital strategy: develop personnel able to create value in a new social environment
3. ICT strategy: utilize ICT to enhance problem-solving skills and to free up time to solve problems
4. Branch strategy: promote strategies that enhance “Tamashin Power”

The two pillars

1. Robust governance structure: further enhance internal controls and governance to optimize utilization of business resources
2. Finance and risk management: strengthen the pillar supporting “Tamashin Power”

Balance of Deposits and Loans

Thanks to the support of our customers in the community, deposits increased from the previous fiscal year by ¥51.0 billion (1.6% increase) to ¥3,219.6 billion. Loans increased by ¥9.6 billion (0.8% increase) from the previous fiscal year to a total of ¥1,164.8 billion.

Balance of Securities

Regarding asset management, we strive for stable operation over the medium to long term, implementing every type of risk management. Our investments are diversified in stocks and mutual funds with a particular focus on domestic and foreign bonds.

Valuation income worsened mainly because of the spread of global inflation and interest rate hikes in the US and other countries aimed at curtailing this trend.

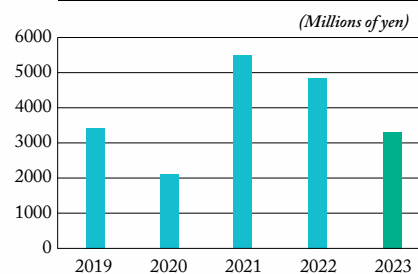
From the standpoint of “risk control” and “securing future income,” Tamashin responds appropriately, such as by reworking the portfolio in managed assets.

Earnings

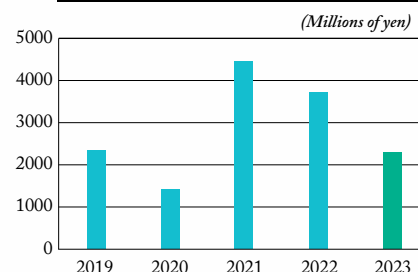
Loan interest income decreased ¥0.7 billion year-on-year due to the drop in the average outstanding loan balance (year-on-year). Additionally, net operating profit decreased ¥8.3 billion (127.6% decrease) year-on-year to △¥1.8 billion mainly because of a ¥6.0 billion increase in selling losses on government bonds and other bonds and a ¥5.2 billion increase in foreign exchange trading losses. Core net operating profit, which demonstrates the profitability of core operations at financial institutions, decreased by ¥2.9 billion (36.0% decrease) year-on-year to ¥5.2 billion.

Ordinary profit for the fiscal year 2022 decreased ¥1.4 billion (29.1% decrease) to ¥3.4 billion due to lower extraordinary income, income before income taxes decreased ¥1.5 billion (32.0% decrease) to ¥3.2 billion and net income decreased ¥1.4 billion (39.9% decrease) to ¥2.2 billion.

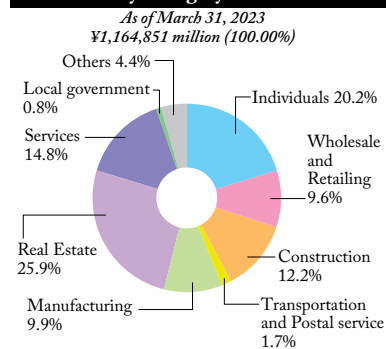
Income Before Income Taxes



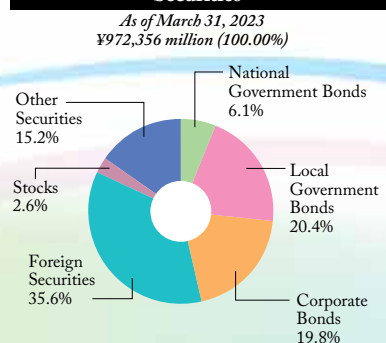
Net Income



Loans by Category of Borrower

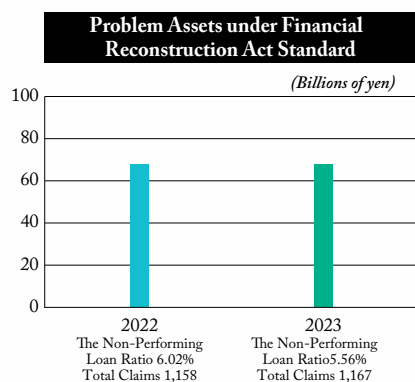


Securities



* 1: The balance by securities type is the amount on the balance sheet as of the end of March 2023.

* 2: Other Securities are investment trusts and other vehicles



Glossary of Terms

Bankrupt and Quasi-Bankrupt Assets

Loans to bankrupt borrowers, to those whose businesses are idle due to reorganization or negotiations in progress, and to those who are in a position similar to the aforesaid borrowers.

Doubtful Assets

Loans to borrowers whose businesses are still operating, but whose financial position or business performance are deteriorating, and who are for that reason highly likely to find themselves unable to make required payments on principal and interest.

Substandard Loans

Loans to customers identified as requiring caution under our self-assessment system. This figure represents those loans past due for three months or more, or restructured loans.

Normal Assets

Loans to borrowers who display no particular problems with their financial position or performance, and who fall into none of the three categories above.

Non-Performing Assets

Change in Non-performing loans (disclosed loans under the Financial Reconstruction Act)

Tamashin's non-performing loans decreased by ¥4.7 billion to ¥64.9 billion from the previous fiscal year. The non-performing loans ratio decreased by 0.46 points to 5.56% from the previous fiscal year.

* The loans disclosed under the Financial Reconstruction Act cover not only loans but also foreign exchange, guarantees of obligation-per contra, suspense payments, accrued interest, and private placement bonds guaranteed by Tamashin.

Percentage by loan type disclosed under the Financial Reconstruction Act and status of preservative attachment

Tamashin's loans disclosed under the Financial Reconstruction Act amounted to ¥64.9 billion excluding normal claims, and 84.02% of those are secured by collateral, guarantees and/or loan loss reserves. The remaining ¥10.3 billion, or 15.97%, is covered in full by equity capital (total net assets of ¥110.6 billion).

* There are no substandard loans

Risk-Monitored Loans under the Shinkin Bank Law and Non-Performing Assets under the Financial Reconstruction Act

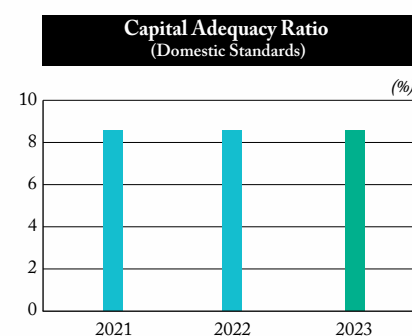
Years ended March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Bankrupt and Quasi-Bankrupt Assets	¥ 7,626	¥ 5,747
Doubtful Assets	57,370	64,028
Substandard Loans	—	—
Total Loans past due for three months or more	—	—
Total Restructured Loans	—	—
Normal Assets	1,102,582	1,088,495
Total	¥ 1,167,579	¥ 1,158,270

Capital Adequacy Ratio

As to the capital adequacy ratio, the amount of total capital, the numerator, increased by ¥0.9 billion to ¥115.1 billion year-on-year due to retained earnings and other factors, while the value of risk assets, the denominator, only increased by ¥5.0 billion to ¥1,338.6 billion thanks to a reduction in security-related risk. As a result, the capital adequacy ratio increased 0.04 percentage points to 8.60%.

As for the non-performing loans ratio, the amount of disclosed loans under the Financial Reconstruction Act excluding normal claims, which is the numerator, declined ¥4.7 billion year-on-year to ¥64.9 billion, while the amount of total claims, which is the denominator, increased ¥9.3 billion to ¥1,167.5 billion. As the result, the non-performing loans ratio decreased by 0.46 points to 5.56%.



Capital Adequacy Ratio (Calculated under Basel III)

Year ended March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Core capital basic items	¥ 116,366	¥ 115,287
Core capital adjustment items	(1,228)	(1,092)
Total Capital	¥ 115,138	¥ 114,194
Risk Assets		
Total amount of credit risk assets	¥ 1,274,388	¥ 1,268,751
Amount Obtained by Dividing Operational Risk Equivalent by 8%	64,253	64,871
Capital Adequacy Ratio	8.60%	8.56%

Note: The “standards for determining the adequacy of capital of shinkin banks and the Federation of Shinkin Banks in light of their holdings of assets, etc. under the provisions of Article 14-2 of the Banking Act applied mutatis mutandis in Article 89, paragraph 1 of the Shinkin Bank Law (Financial Services Agency Notification No. 21 of 2006)” provide for the method to calculate capital adequacy ratio.

Tamashin’s capital mainly consists of “equity capital” provided by shareholders and “retained earnings” retained internally from past profits, and is computed by deducting an amount of adjustment items related to core capital from an amount of basic items related to core capital. Of Tamashin’s capital, the balance of basic items related to core capital stood at ¥116.3 billion and the balance of adjustment items related to core capital stood at ¥1.2 billion at the end of the fiscal year ended March 2023.

Method to calculate the capital adequacy ratio under Basel III

$$\frac{\text{Amount of basic items of core capital} - \text{Amount of adjustment items of core capital}}{\text{Amount of credit risk assets} + \frac{\text{Operational risk equivalent}}{8\%}} \geq 4\%$$

Compliance-Related Efforts

1. Compliance Management Structure

Tamashin is striving to strengthen our compliance (observance of laws and regulations, etc.) structure with the belief that it is our primary responsibility to observe laws and regulations, as well as the various rules and norms accepted by society that are based on such laws and regulations, in order to become truly trusted by customers in the region as a financial institution that advances with the region.

In our compliance management structure, Tamashin positions the Compliance and Risk Management Department as the office responsible for oversight of compliance, providing it with the authority necessary to ensure the observance of laws and regulations, etc. and ensuring its independence from sales divisions, etc. to supervise other divisions, thereby strengthening the compliance structure for the entire Bank. Tamashin also assigns officials to be in charge of compliance at all departments of our headquarters and all branches to ensure thorough adherence to compliance.

2. Dissemination of Compliance Manual

Tamashin has established a code of corporate ethics and a code of conduct, and distributed the Compliance Manual, which incorporates comments and explanations about these codes as well as laws, regulations and other rules, to all employees, and is making continuous efforts to ensure that employees thoroughly understand the content of the Compliance Manual.

3. Hold a Compliance Program

Tamashin formulates the “Compliance Program” each fiscal year, and provides a variety of training courses so that all the members of the bank fully understand compliance and implement a variety of measures for developing an environment fit for compliance in accordance with the Compliance Program.

Declaration on Compliance

The Bank’s managers and employees are aware of their social mission as a cooperative financial institution and conduct actions with compliance as a top priority management issue to fulfill the trust received from customers and local society.

The Bank has formulated a “Compliance Program” that places compliance at the root of its corporate culture and declares its intent to implement compliance with the participation of all managers and employees.

Measures for Anti-Money Laundering and Countering the Financing of Terrorism

Japan cooperates as a member of the international community to eliminate the growing threat from crime and terrorist activities. Tamashin is working with the relevant ministries and agencies to establish controls for Anti-money laundering/Countering the financing of terrorism (AML/CFT) to stop the flow of funds to criminals, terrorists, and the like with the objective of preventing crime and terrorist acts and maintaining a safe and secure financial system.

As specific preventive measures, we conduct confirmation of the transactions as they are concluded, transaction filtering, transaction monitoring, etc., according to the relevant laws and regulations. When a transaction is suspect, we confirm the details and report it to the authorities as a suspicious transaction.

Financial Statements

Year Ended March 31, 2023

Notes to Non-Consolidated Financial Statements

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
ASSETS			
Cash	¥ 30,810	¥ 32,803	\$ 230,738
Due from Banks	1,161,507	1,134,680	8,698,473
Monetary Claims Purchased	77,862	68,047	583,107
Money Held in Trust	16,518	16,060	123,704
Trading Account Securities	0	0	0
Trading Account National Government Bonds	0	0	0
Securities	972,356	1,054,088	7,281,936
National Government Bonds	60,071	73,360	449,871
Local Government Bonds	199,120	223,203	1,491,201
Corporate Bonds	193,296	185,771	1,447,588
Stocks	25,394	28,910	190,179
Other Securities	494,474	542,842	3,703,095
Loans and Bills Discounted	1,164,851	1,155,192	8,723,520
Bills Discounted	5,503	5,489	41,213
Loans on Bills	22,122	17,666	165,674
Loans on Deeds	1,120,759	1,117,362	8,393,317
Overdrafts	16,466	14,673	123,314
Foreign Exchange	1,980	1,748	14,830
Due from Foreign Banks	1,980	1,722	14,830
Foreign Bills of Exchange Bought	—	13	—
Foreign Bills of Exchange Receivable	—	12	—
Other Assets	22,664	25,139	169,733
Outstanding Bank Transfer Advanced	849	722	6,358
Investment in the Shinkin Central Bank	11,265	11,265	84,369
Prepaid Expenses	115	112	862
Accrued Income	5,675	5,201	42,501
Gross Unrealized Gains from Derivative Transactions	1,376	116	10,306
Cash Collateral Advanced for Derivative Transactions	—	6,569	—
Others	3,383	1,151	25,335
Tangible Fixed Assets	34,815	34,455	260,729
Building	10,782	9,812	80,749
Land	20,156	20,416	150,951
Leased Assets	4	9	34
Construction in Progress	85	248	641
Other Tangible Fixed Assets	3,785	3,968	28,351
Intangible Fixed Assets	1,703	1,515	12,759
Software	683	823	5,120
Software in Progress	364	31	2,730
Others	655	661	4,908
Deferred tax Assets	6,393	81	47,882
Reverse against Debt Guarantee	700	849	5,248
Reserve for Possible Loan Losses	(7,975)	(9,463)	(59,727)
(Specific Reserve for Possible Loan Losses)	(7,229)	(8,183)	(54,139)
Total Assets	¥ 3,484,190	¥ 3,515,199	\$ 26,092,937

Notes: 1. Yen figures are rounded down to the nearest one million yen in this annual report.

2. Figures stated in U.S. dollars are translated solely for convenience at ¥133.53 to U.S.\$1, the rate prevailing on March 31, 2023

3. Based on the provisions of Article 15, paragraph 1, item 1 in the law regarding cooperative financial institution's preferred securities (No. 44; enacted on May 12, 1993), we cancelled the entire amount of preferred capital that had already been issued on December 22, 2011. After receiving this cancellation of preferred share, we transferred ¥5,350 million (US\$40,065 thousand) of preferred share in this current fiscal year and are recording the amount as other share.

Non-Consolidated Balance Sheets

The Tama Shinkin Bank Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
LIABILITIES			
Deposits	¥ 3,219,666	¥ 3,168,626	\$ 24,111,934
Current Deposits	68,113	66,505	510,095
Ordinary Deposits	2,084,320	1,989,297	15,609,377
Savings Deposits	9,407	9,388	70,451
Deposits at Notice	2,677	3,284	20,054
Time Deposits	983,878	1,021,027	7,368,219
Installment Savings	46,538	50,907	348,526
Other Deposits	24,731	28,215	185,209
Call Money	82,241	97,912	615,906
Cash Collateral Received for Repurchase Agreement	56,668	103,198	424,389
Foreign Exchange	67	49	502
Foreign Bills of Exchange Sold	47	13	356
Foreign Bills Payable	19	36	145
Other Liabilities	8,917	12,829	66,779
Outstanding Bank Transfer Received	1,228	1,085	9,200
Accrued Expenses	576	440	4,314
Reserve for Future Interest Payment of Installment Savings	12	15	95
Income Taxes Payable	250	464	1,875
Consumption Taxes Payable	—	61	—
Unearned Income	249	222	1,869
Unsettled Equity Refunds	64	38	480
Unrefunded Equity Interest	0	—	0
Deposits from Employees	1,193	1,230	8,934
Gross Unrealized Losses from Derivative Transactions	1,153	7,837	8,638
Collateral Received from Financial Instruments	2,140	—	16,026
Lease Obligations	5	11	40
Asset Retirement Obligations	682	711	5,112
Other Liabilities	1,360	710	10,190
Reserve for Employee Bonuses	1,073	1,109	8,042
Reserve for Employee Retirement Benefits	221	318	1,658
Reserve for Director's Retirement Benefits	395	339	2,958
Reserve for Reimbursement of Deposits	61	27	462
Reserve for Contingencies	531	567	3,977
Deferred Tax Liabilities for Land Revaluation	3,000	3,022	22,469
Debt Guarantee	700	849	5,248
Total Liabilities	¥ 3,373,545	¥ 3,388,850	\$ 25,264,329
NET ASSETS			
Paid-in Members' Capital	26,191	26,153	196,144
Common Share	20,841	20,803	156,078
Other Share	5,350	5,350	40,065
Capital Retained Earnings	766	766	5,739
Legal Capital Reserve	766	766	5,739
Retained Earnings	88,811	86,967	665,108
Legal Reserve	23,820	23,440	178,388
Voluntary Reserve	64,991	63,527	486,719
Reserve for Specific Purpose	61,000	58,500	456,826
Unappropriated Retained Earnings for the Current Term	3,991	5,027	29,893
Treasure Share	(0)	(0)	(5)
Total Members' Equity	115,768	113,887	866,986
Unrealized Gains on Available-for-sale Securities	(8,142)	9,355	(60,978)
Deferred Gains or Losses on Hedges	110	168	830
Land Revaluation Excess	2,906	2,937	21,769
Total of Valuation and Translation Adjustments.	(5,124)	12,461	(38,378)
Total Net Assets	110,644	126,348	828,608
Total Liabilities and Net Assets	¥ 3,484,190	¥ 3,515,199	\$ 26,092,937

Non-Consolidated Balance Sheets

1. All yen figures have been rounded down to millions of yen by dropping the final six digits.

2. Trading account securities are recorded at fair value (the costs of such securities sold are computed using the moving-average method).

3. As for securities other than those in the trading portfolio, debt securities that the Tama Shinkin Bank (hereafter, “the Bank”) has the intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost (straight-line basis) using the moving-average method. Investments in subsidiaries are carried at cost using the moving-average method.

Securities excluding those classified as trading securities, held-to-maturity or investments in subsidiaries are defined as available-for-sale securities. Available-for-sale securities are valued at market value. The costs of such securities sold are computed using the moving-average method. Other non-marketable securities are carried at cost using the moving-average method.

Unrealized gains and losses on available-for-sale securities are reported, net of applicable income taxes as a component of net assets.

4. Securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management are stated at fair value.

5. Derivative transactions are evaluated using the market value method.

6. The depreciation of the Bank’s tangible fixed assets (excluding leased assets) is computed by the declining balance method.

The estimated useful lives of major items are as follows:

Buildings	15 to 50 years
Others	3 to 20 years

7. The amortization of the Bank’s intangible fixed assets except for leased assets is computed by the straight-line method. Capitalized software for internal use is amortized based on the Bank’s estimate of useful life (mostly 5 years).

8. The depreciation and amortization of leased assets of “tangible fixed assets” and “intangible fixed assets” related to non-ownership-transfer finance lease transactions are computed by the straight-line method, using the lease periods as the useful lives. Residual value is stated as the amount of residual value guarantee of lease contracts which include guaranteed residual value and at zero for all other lease contracts.

9. The bank translates assets and liabilities in foreign currencies into yen at the year-end exchange rate.

10. Reserve for possible loan losses of the Bank has been established based on the Bank’s internal rules for establishing a reserve for possible loan losses, described as follows.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings (“Bankrupt Borrowers”), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation (“Effectively Bankrupt Borrowers”), an allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt, but likely to become bankrupt in the future (“Potentially Bankrupt

Borrowers”), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For other claims, an allowance is provided mainly by forecasting the expected amount of losses for the following year. The expected amount of losses is calculated by obtaining the loan-loss ratio based on the actual annual loan losses or bankruptcies or the loss ratio based on the average of the actual ratio of loan losses or actual ratio of bankruptcies based on the actual annual loan losses or bankruptcies over a certain period in the past and making the necessary modifications for such matters as future prospects.

All claims will be given an asset assessment by the sales office, who are departments related to sales, based on the asset self-assessment standards, and the results of the assessment will be verified by the Loans Department. Furthermore, the Auditing Department, an asset Auditing Department separate from the aforementioned Loans Department, will inspect the results of the assessment.

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The cumulative write-off amount was ¥6,185 million (US\$46,325 thousand).

11. Reserve for employee bonuses is provided for the payments of bonuses to employees, by the amount of estimated bonuses, which are attributable to this fiscal year.

12. Reserve for employee retirement benefits is provided for the payments of employee retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the pension assets as of the fiscal year end. In the calculation of retirement benefit obligations, we use a benefit formula for the period attribution method for estimated amounts of retirement benefit obligations. The actuarial differences are reported as expenses as follows.

Actuarial Differences

Unrecognized net actuarial differences are amortized from the next fiscal year by the straight-line basis over the prescribed years within the average remaining service period (10 years) of active employees.

Furthermore, in order to prepare for the payment of retirement benefits to participants in the lump-sum retirement benefit plan, we recorded an amount necessary at the fiscal year end under a compendium method set forth in Implementation Guidance No. 25 on Accounting Standard for Retirement Benefits (March 26, 2015).

The Bank participates in the corporate pension plan (an integrated corporate-type employees’ pension scheme) set up by multiple other businesses, such as Shinkin banks, and as it is not possible to reasonably compute an amount of pension assets corresponding to our contributions, we treat our contributions to the pension scheme as retirement benefit expenses.

The most recent data on the reserves of the corporate pension plan and the Bank’s share in total contributions to the plan and supplementary explanations about them are as follows:

a) Matters concerning the corporate pension plan’s reserve (as of March 31, 2022)

	Millions of yen	Thousands of U.S. dollars
Amount of Pension Assets	¥ 1,740,569	\$ 13,035,041
Sum of Amount of Actuarial Pension Obligations Amount of the Minimum Actuarial Liability	1,807,426	13,535,733
Balance	¥ (66,857)	\$ (500,691)

b) Share of the Bank’s premium contributions to the plan (as of March 31, 2022) was 2.1634%

c) Supplementary explanations

The main factor for the balance in a) above is the balance of ¥162,618 million (US\$1,217,838 thousand) in past service liabilities. As the pension plan uses the equal payment fixed-rate method for amortizing past service costs over a period of 19 years and 0 months, the Bank charged ¥412 million (US\$3,088 thousand) in special premiums in the financial statements for the fiscal year ended March 2022.

As the amount of special premiums is computed by multiplying the amount of standard pay at the time of contributions by the predetermined premium rate, the percentage shown in b) above does not correspond to the actual ratio of contributions by the Bank.

13. Reserve for retirement benefits to directors, which is provided for payment of retirement benefits to directors and auditors, is recorded in the amount deemed accrued at the fiscal year end date based on the estimated amount of benefits.
14. Reserve for reimbursement of deposits, which were derecognized from liabilities, is based on the possible losses on the future claims of withdrawal to prepare for depositor's needs of withdrawal.
15. Reserve for contingencies is provided for future payments to Credit Guarantee Corporation based on the amount reasonably calculated.
16. Finance lease transactions without transfer of ownership entered into before April 1, 2008 have been accounted for in accordance with accounting methods used for operating leases.
17. For the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets, the deferred hedge accounting method is applied as prescribed by the Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants Industry Audit Committee Report No. 24, March 17, 2022) (Hereafter "Industry Audit Committee Report No. 24"). With respect to the hedge effectiveness testing, the Bank assesses the effectiveness of such hedges by monitoring the offsetting fluctuation of fair value by changes in interest rates, of the hedged bonds and hedging instruments, such as interest rate swaps.
18. The Bank applies the deferral hedge method of accounting to hedges of foreign currency risks associated with foreign-currency-denominated monetary assets and liabilities in accordance with "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry (the Japanese Institute of Certified Public Accountants Industry Audit Committee Report No.25, October 8, 2020). With respect to the hedge effectiveness testing, the Bank designates foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from foreign currency monetary claims and assesses the effectiveness of such hedges by verifying that the Bank holds foreign currency positions of the hedged items corresponding to the positions of the hedging instruments.
19. Fees and commissions received are revenues received in exchange for services rendered, and include "exchange commissions received," "other commissions received," and "other fees and commissions received." Exchange commissions received are the commissions received from the currency exchange business and include those based on the domestic exchange business such as remittances and collections, and those based on the foreign currency exchange business such as export and import commissions and foreign exchange remittance commissions.

Income from the performance of services related to foreign exchange services and other service transactions is, in principle, recognized at a single point in time, as these services are usually fulfilled at the same time as compensation is received. For fixed usage fees related to safe deposit boxes and money changers, contract liabilities are recorded as unearned income and prorated over the period of use, but there are no transactions for which the obligation to fulfill performance exceeds one year.

20. National and local consumption taxes (hereafter "consumption taxes") are accounted for using the net of tax method. However, non-deductible consumption taxes related to fixed assets are calculated under costs for this fiscal year.
21. The items whose amounts have been appropriated in the financial statements, etc., for the fiscal year by accounting estimates and have the possibility to have a material impact on the financial statements, etc., for the following fiscal year are the following. Reserve for possible loan losses was ¥7,975 million (US\$59,727 thousand)
The calculation method of the reserve for possible loan losses is recorded in 10. Significant Accounting Policies. The main assumption regarding the appropriation of the reserve for possible loan losses is "Future Business Outlook of Borrowers in Determining Debtor Categories," where the earning capacity of each debtor is evaluated individually and determined. As the result, in the case where there is a change in the assumption used for the initial estimate due to a change in the business results of an individual borrower, etc., there may be a material impact on the reserve for possible loan losses for the following fiscal year and beyond.
In addition to the above, the additional individual reserve for possible loan losses is appropriated for the specific debtors whose credit risk has increased.
22. Total monetary claims to directors and auditors as a result of transactions between directors and auditors were ¥74 million (US\$557 thousand)
23. Capitalization of subsidiaries was ¥2,112 million (US\$15,820 thousand)
24. Total monetary claims for subsidiaries were ¥604 million (US\$4,524 thousand)
25. Total monetary liabilities for subsidiaries were ¥4,550 million (US\$34,074 thousand)
26. Cumulative total depreciation of tangible fixed assets was ¥22,478 million (US\$168,340 thousand)
27. Reduction entry amount of tangible fixed assets was ¥289 million (US\$2,164 thousand)

Non-Consolidated Balance Sheets

28. In addition to fixed assets recorded on the balance sheet, communication and control devices are used according to non-ownership-transfer finance lease contracts.

1) Acquisition Cost Expenses

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 383	\$ 2,871
Intangible Fixed Assets	0	1
Total	¥ 383	\$ 2,873

2) Accumulated Depreciation

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 217	\$ 1,632
Intangible Fixed Assets	0	0
Total	¥ 218	\$ 1,633

3) Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 165	\$ 1,238
Intangible Fixed Assets	0	0
Total	¥ 165	\$ 1,239

4) Future Lease Payments Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
1 year or Less	¥ 67	\$ 504
Exceeding 1 Year	114	855
Total	¥ 181	\$ 1,360

5) Lease Payments, Depreciation Expense and Interest Expense Payments

	Millions of yen	Thousands of U.S. dollars
Lease Payments	¥ 106	\$ 798
Depreciation Expense	81	609
Interest Expense Payments	¥ 24	\$ 186

6) Depreciation Expense Calculation Method

Calculated using the straight-line method over the useful lives of the respective leased assets with zero residual value.

7) Calculation Method for Interest Payments

The difference between the total lease fee and acquisition equivalent amount is assumed the interest portion and distributed each year through the interest method.

29. Claims under the Shinkin Bank Act and the Act on Emergency Measures for Revitalization of Financial Functions are as follows.

Receivables are included in the following accounts in "securities" on the balance sheet: corporate bonds (limited to those for which the redemption of the principal and the payment of interest are guaranteed in whole or in part by private placement of securities [Article 2, Paragraph 3 of the Financial Instruments and Exchange Act]), loans, foreign exchange, accrued interest and temporary payments in "other assets," and items recorded in each account under "debt guarantees" and securities (limited to those lent under a loan-for-use or lease agreement) in the case of securities loaned as recorded in the notes.

	Millions of yen	Thousands of U.S. dollars
Bankrupt and Quasi-bankrupt Assets	¥ 7,626	\$ 57,111
Doubtful assets	57,370	429,643
Loans past due for three months or more	—	—
Restructured loans	—	—
Total	¥ 64,996	\$ 486,755

Bankrupt and quasi-bankrupt assets are loans to debtors who have fallen into bankruptcy due to initiation of bankruptcy proceedings, reorganization proceedings, petition for commencement of rehabilitation proceedings, etc., and other similar claims.

Doubtful assets are loans for which the debtor has not yet entered bankruptcy, and it is highly probable that the principal cannot be collected, and interest cannot be received in accordance with the

contract because the financial condition and business performance of the debtor have deteriorated, and which do not fall under claims in bankruptcy, reorganization or similar cases.

Loans past due for three months or more are loans whose principal and/or interest payments have been past due for three months or more, excluding loans to bankrupt and quasi-bankrupt borrowers and doubtful assets.

Restructured loans are loans renegotiated at concessionary terms, including reduction or deferral of interest or principal and waiver of the claims, due to the borrower's weakened financial condition, excluding bankrupt and quasi-bankrupt assets, doubtful assets and loans past due for three months or more.

These amounts are stated before the reduction of reserve for possible loan losses.

30. Bills discounted are treated as financial transactions in accordance with JICPA Industry Audit Committee Report No.24.

Bills accepted by other banks, commercial bills, bills of exchange, and foreign bills bought are permitted to be sold or pledged and the total face value was ¥5,503 million (US\$41,213 thousand).

31. Assets pledged as collateral are as follows.

Assets pledged as collateral:

	Millions of yen	Thousands of U.S. dollars
Securities	¥ 2,092	\$ 15,667
Other Assets	12	92

In addition to the above, due from banks totalling ¥165,000 million (US\$1,235,677 thousand), securities totalling ¥64,669 million (US\$484,304 thousand) were pledged as collateral for exchange settlements, exchange yen settlements, forward exchange contracts, foreign currency yen settlements and call transactions, or in lieu of futures trading margin money. Securities lent out for cash-secured bond lending transactions amounted to ¥61,287 million (US\$458,976 thousand), while cash collateral accepted for bond lending transactions amounted to ¥56,668 million (US\$424,389 thousand).

32. In accordance with the Act on Revaluation of Land, promulgated on No.34 March 31, 1998, the Bank's business use real estate was revalued. The corresponding taxes on land revaluation are reported as "Deferred Tax Liabilities for Land Revaluation" in the liabilities section of the non-consolidated balance sheets. The excess of the revaluation over the related deferred tax liabilities is recorded as "Land Revaluation Excess."

Date of the revaluation:

The former Tama Chuo Shinkin Bank	March 31, 1999
The former Taihei Shinkin Bank	March 31, 1998
The former Hachioji Shinkin Bank	March 31, 1998

Methods of real estate revaluation stipulated in Act on Revaluation of Land, Article 3, Section 3

Namely, land revaluation was adjusted in accordance with valuation by road rating stipulated in Article 2, Section 4 of the Implementation Ordinance for the Act on Revaluation of Land (Government Ordinance No. 119 March 31, 1998) and for the land of which road rating price is not determined were adjusted based on the appraised value for the property tax stipulated in Article 2, Section 3 of the Act. In regards to road rating price, value correction by depth and in regards to fixed asset appraisal values is computed by reasonable adjustment of the value calculated.

The difference between the total fair value of the revalued business land as of March 31, 2023 as stipulated in Article 10 of the Land Revaluation Law, and the total book value after revaluation is △¥3,016 million (△US\$22,590 thousand).

33. Net assets per investment unit is ¥265.46 (US\$1.98)

34. Concerning the situation of financial instruments

1) Policy for dealing with financial instruments

The Bank is involved in finance business including deposits, loans and also marketplace investments.

For the purpose of hedging against fluctuation in interest rates, the Bank entirely and efficiently manages the variety of risks incurred by holding financial assets and liabilities (ALM). Derivative transactions are also implemented as necessary as part of this management.

2) Contents of financial instruments and their risk

The main financial assets of the Bank are loans to customers within our business district. Also, the Bank holds securities, mainly bonds, investment trusts as well as stocks, for held-to-maturity purposes, passive investment purposes as well as business promotion purposes.

The major risks implied in these financial instruments are issuers' credit risk, interest rate fluctuation risk and market risk. Foreign currency securities are exposed to the risk of exchange rate fluctuations, but the Bank tries to avoid this risk as much as possible using forward exchange contracts and currency options. However, financial liabilities are mainly deposits received from customers, and are exposed to liquidity risk. The Bank conducts interest rate swap transactions as one aspect of ALM. Using these as hedging instruments, the interest rate fluctuation risk regarding the financial instruments that are hedged items is subject to hedge accounting at the Bank.

3) Risk management systems for financial instruments

A. Credit risk management

In accordance with loan screening rules/procedures for credit risk management policy as well as for managing credit risk, the Bank has established a framework for credit management structures of its loan portfolio.

This framework covers such issues as screening of individual loans, credit limits, management of credit information, assignment of guarantees and collateral and measures against nonperforming loans.

Credit management is carried out by each of the Bank's branches as well as the Bank's Loan Department.

Senior management regularly participates in deliberations and receives reports concerning credit management at meetings of ALM Committee and Board of Directors.

Additionally, the Compliance and Risk Management Department checks on the credit management situation.

The credit risk of securities issuers and the counterparty risk for derivative transactions are managed by the Treasury And Securities Department by regularly monitoring credit information and market price.

B. Market risk management

i. Interest rate risk management

The Bank uses ALM to manage interest rate risk.

Details of the risk management methods and procedures are clearly stipulated in the regulations and guidelines concerning ALM, and based on the risk management policies determined by ALM Committee, the Board of Directors monitors and confirms the implementation status and decides future responses through discussion.

Financial assets as well as liabilities' interest rates and periods are identified in the Compliance and Risk Management Department on a routine basis, and are subject to monitoring by gap analysis and interest rate sensitivity analysis.

Additionally, using ALM, the Bank conducts derivative

transactions (interest rate swaps) to hedge against the risk of fluctuations in the interest rate.

ii. Exchange rate risk management

The Bank seeks to avoid exchange rate risk as much as possible using foreign currency forwards.

iii. Market price fluctuation risk management

Holdings of market investment instruments including securities are managed in accordance with the market risk management rules based on policies set by the ALM committee, under the supervision of the Board of Directors.

The Treasury And Securities Department conducts purchases of market investment instruments and tries to mitigate fluctuations risk through continuous monitoring in addition to pre-purchase screening and the setting of investment limits.

Most of the stocks held by the Treasury And Securities Department are held for passive investment purposes, and by inverse correlation with the bond's price, they are held with the purpose of reducing market price fluctuations risk for the securities overall.

The above-mentioned information is regularly reported to the ALM committee through the Treasury And Securities Department.

iv. Derivative transactions

The execution, assessment of hedging effectiveness and transaction administration are each handled by separate divisions to ensure proper internal control. Derivative transactions are conducted in accordance with specific rules on such transactions and guidelines for handling adoption of hedge accounting.

v. Quantitative information regarding market risk

The Bank calculates the market risk amount of items such as "due from banks," "securities," "loans," and "deposits" using VaR on a monthly basis, and ensures the acquired risk amount is within the range of its risk limits.

The Bank's VaR is calculated according to the historical simulation method (holding period: 1 year, confidence interval: 99%, observation period: 5 years), and as of March 31, 2023 (fiscal year end) the Bank's amount of market risk (estimated value of loss) was ¥43,079 million (US\$322,617 thousand) overall.

The Bank executes backtesting which compares calculated VaR and the actual profit/loss to verify the effectiveness of the VaR measurement model. However, the VaR statistically figures the risk based on historical market fluctuation and may be sometimes unable to completely grasp the risk in the environment that the market unexpectedly changes beyond the estimation.

C. Management of liquidity risk related to fund-raising

Through ALM, the Bank manages liquidity risk through such activities as managing its cash position in a timely manner through ALM, diversifying fundraising methods and adjusting the balance between short- and long-term fundraising in line with market conditions.

4) Supplementary explanation on fair values of financial instruments

Since the estimates of fair values of financial instruments are predicted on certain assumptions, values may vary if the underlying assumptions change.

Non-Consolidated Balance Sheets

35. Matters Relating to the Market Values of Financial Instruments

The following are the carrying amount on the balance sheets, the fair value as of March 31, 2023, and net unrealized gains (losses between these amounts (Note 1 in regards to the calculation method for fair value, etc.). Stocks and other securities without market prices and investments in partnerships are not included in the following table (see [Note 2]). Notes are omitted for cash, bills purchased, call loans, receivables under resale agreements, security money payment on bond lease transactions, foreign exchange (assets/liabilities), bills sold, call money, payables under repurchase agreements, cash collateral received for repurchase agreement, and commercial paper, as their fair values approximate their book values due to the short maturity of these instruments.

In addition, immaterial items were omitted from the table.

	Millions of yen		
	Carrying Amount	Fair Value	Net unrealized gains (losses)
1) Due from Banks	¥ 1,161,507	¥ 1,159,828	¥ (1,678)
2) Monetary Claims Purchased	77,862	77,862	—
3) Securities			
Bonds Classified as Held-to-Maturity	194,228	190,248	(3,980)
Available-for-Sale Securities (*1)	774,489	774,489	—
4) Loans and Bills Discounted	1,164,851		
Reserve for Possible Loan Losses (*2)	(7,941)		
	1,156,909	1,169,540	12,630
Total Financial Assets	¥ 3,364,997	¥ 3,371,968	¥ 6,971
1) Deposits	3,219,666	3,219,667	(1)
2) Call Money	82,241	82,241	—
3) Bond Lending Transactions	56,668	56,668	—
Total Financial Liabilities	¥ 3,358,577	¥ 3,358,578	(1)
Derivative Transactions (*3)			
to which Hedge Accounting is not Applied	0	0	—
to which Hedge Accounting is Applied (*4)	222	222	—
Total Derivative Transactions	¥ 222	¥ 222	—

	Thousands of U.S. dollars		
	Carrying Amount	Fair Value	Net unrealized gains (losses)
1) Due from Banks	\$ 8,698,473	\$ 8,685,903	\$ (12,570)
2) Monetary Claims Purchased	583,107	583,107	—
3) Securities			
Bonds Classified as Held-to-Maturity	1,454,571	1,424,758	(29,812)
Available-for-sale securities (*1)	5,800,114	5,800,114	—
4) Loans and Bills Discounted	8,723,520		
Reserve for Possible Loan Losses (*2)	(59,477)		
	8,664,043	8,758,632	94,589
Total Financial Assets	\$ 25,200,310	\$ 25,252,516	\$ 52,206
1) Deposits	24,111,934	24,111,942	(8)
2) Call Money	615,906	615,906	—
3) Bond Lending Transactions	424,389	424,389	—
Total Financial Liabilities	\$ 25,152,229	\$ 25,152,237	(8)
Derivative Transactions (*3)			
to which Hedge Accounting is not Applied	3	3	—
to which Hedge Accounting is Applied (*4)	1,664	1,664	—
Total Derivative Transactions	\$ 1,667	\$ 1,667	—

(*1). Other securities include investment trusts that apply standard values under Paragraphs 24-3 and 24-9 in ASBJ Guidance No. 31 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (June 17, 2021) as the deemed fair value.

(*2). General and specific reserves for possible losses corresponding to cash collateral received for bond repurchase agreement were deducted.

(*3). Derivative transactions stated in other assets and liabilities are collectively stated. Net receivables or payables derived from derivatives are presented on a net basis. The item that is a net liability in total is presented in parentheses.

(*4). They are interest rate swaps and other means designated as hedging methods to offset the market fluctuation of securities, etc., that are being hedged, and mainly use deferred hedging. The "Treatment of Hedge Accounting concerning Financial Products that Use LIBOR as Reference" (Industry Audit Committee Report No. 40. March 17, 2022) is applied to these hedging matters.

(Note.1) Assessment (calculation method) of fair values of financial instruments.

Financial assets

1) Due from banks

For due from banks without maturity the carrying amount is presented at fair value because it approximates such fair value. The fair value of due from banks with maturity classified by its remaining maturity is estimated by discounting the value of new similar transactions. For due from banks with maturity that include derivative transactions, the fair value is the amount reasonably calculated by the bank.

2) Monetary claims purchased

Monetary claims purchased depend on the pricing from the corresponding bank. For those monetary claims purchased without a market price, the current price is the amount after deducting the credit risk amount from the book value.

3) Investment securities

The fair values of equities are determined using their quoted market prices on the stock exchange, while the fair values of bonds are based on quoted market prices or quotes obtained from financial institutions. Investment trusts funds are valued at closing quotations at the exchange, or quotes obtained from the financial institutions.

Notes to securities classified by purpose for which they are held are listed in 36 through 38.

4) Loans

The fair values of cash collateral received for a bond repurchase agreement with variable interest rates are presented using their carrying amounts as such fair values approximate such carrying amounts unless the creditworthiness of the borrower has changed significantly since the loan origination. The current prices for borrowing with fixed interest rates is calculated by multiplying future cash flow by the discount rate calculated as follows.

The discount rate is calculated from the market interest rate (OIS) on the base date for calculating market value, taking into consideration the credit spread based on the creditworthiness of the borrower (internal rating/type of borrower), collateral, and guarantees.

For bills discounted, loans on bills, and overdrafts with short remaining periods, their carrying amount is presented as the fair value since the fair value approximates such carrying amount.

Losses on claims against borrowers who are bankrupt, virtually bankrupt or potentially bankrupt are estimated based on the forecasted recoverable amounts of collateral and guarantees for such claims. The fair values of such claims approximate their carrying amounts as of the closing date after deduction of present estimated loan losses. Therefore, the Bank adopts the book values of such claims as fair values.

Financial liabilities

1) Deposits

For on-demand deposits, the amount payable on demand as of the balance sheet date is considered to be the fair value.

The fair value of time deposits is estimated by discounting expected future cash flows using the discount rates that would be applied to newly accepted deposits. For short-term time deposits whose first transaction period is short term, their carrying amounts are presented at fair value as fair values thereof approximate the carrying amounts.

2) Call Money, 3) Bond Lending Transactions

Because of their short term nature (less than 6 months), and since the fair value is approximately the same as the book value, they are stated at that book value.

Derivative transactions

The Bank uses derivative transactions such as interest rate swaps and forward exchange contracts. An amount reasonably calculated by the derivative counterparties is used as the fair value for interest rate swap transactions, and a price calculated by the market prices and prescribed discount rate is used as the fair value for forward exchange contracts.

(Note.2) The balance sheet for stocks and other securities without market prices and investments in partnerships is as follows, and these instruments are not included in information on the fair value of financial instruments.

	Millions of yen	Thousands of U.S. dollars
	Carrying Amount	
Subsidiaries' Stocks (*1)	¥ 2,112	\$ 15,820
Unlisted Stocks>(*2)(*3)	394	2,951
Investments in Shinkin Central Bank (*4)	11,265	84,369
Investments in Partnerships (*5)	1,132	8,478
Total	¥ 14,904	\$ 111,619

(*1). In accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (March 31, 2020) of ASBJ Guidance No. 19, subsidiaries' stocks are not subject to disclosure of fair value.

(*2). In accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (March 31, 2020) of ASBJ Guidance No. 19, unlisted stocks are not subject to disclosure of fair value.

(*3). For this fiscal year, impairment loss on unlisted stocks was not recognized.

(*4). In accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (March 31, 2020) of ASBJ Guidance No. 19, investments in Shinkin Central Bank are not subject to disclosure of fair value.

(*5). In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (June 17, 2021), ASBJ Guidance No. 31, investments in partnerships are not subject to disclosure of fair value.

(Note.3) Scheduled redemption amount of due from banks and securities with a maturity date after March 31, 2023

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	¥ 801,507	¥ 293,000	¥ 24,000	¥ 43,000
Monetary Claims Purchased	—	—	128	80,169
Securities	91,682	226,401	82,585	410,262
Bonds Classified as Held-to-Maturity	3,645	6,800	6,700	176,849
Available-for-sale securities with Maturity Dates	88,037	219,601	75,885	233,412
Loans and Bills Discounted	230,297	238,725	172,530	523,298
Total	¥ 1,123,487	¥ 758,126	¥ 279,244	¥ 1,056,731

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	\$ 6,002,450	\$ 2,194,263	\$ 179,734	\$ 322,025
Monetary Claims Purchased	—	—	965	600,385
Securities	686,606	1,695,509	618,482	3,072,438
Bonds Classified as Held-to-Maturity	27,297	50,926	50,175	1,324,420
Available-for-sale securities with Maturity Dates	659,305	1,644,582	568,306	1,748,017
Loans and Bills Discounted	1,724,689	1,787,800	1,292,069	3,918,961
Total	\$ 8,413,746	\$ 5,677,573	\$ 2,091,251	\$ 7,913,810

(Note.4) Scheduled redemption amount of borrowings and other interest-bearing debt after March 31, 2023

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	¥ 3,129,828	¥ 78,340	¥ 11,497	—
Call Money	82,241	—	—	—
Bond Lending Transactions	56,668	—	—	—
Total	¥ 3,268,739	¥ 78,340	¥ 11,497	—

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	\$ 23,439,144	\$ 586,687	\$ 86,102	—
Call Money	615,906	—	—	—
Bond Lending Transactions	424,389	—	—	—
Total	\$ 24,479,439	\$ 586,687	\$ 86,102	—

(*) Demand-on deposits contained within deposit reserves are stated as "1 year or less."

36. Matters related to the fair value and Gross unrealized gains (losses) of securities are as follows. Included in these are "National Government Bonds," "Local Government Bonds," "Corporate Bonds," "Stocks," "Available-for-sale securities," and also "trading account securities." The material up to 38. below is treated in the same manner.

1) Securities Classified as Trading

Securities Classified as Trading	Gains (Losses) include in profit/loss for the Current Fiscal Year	
	Thousands of yen	U.S. dollars
	¥ (0)	\$ (13)

2) Held-to-maturity bonds

Type	Millions of yen		
	Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain			
National Government Bonds	¥ 999	¥ 1,031	¥ 31
Local Government Bonds	17,326	17,474	147
Corporate Bonds	19,513	19,873	360
Other	2,800	2,822	22
Subtotal	40,640	41,202	561
Unrealized loss			
National Government Bonds	—	—	—
Local Government Bonds	113,726	109,954	(3,771)
Corporate Bonds	28,166	27,576	(589)
Other	11,695	11,514	(181)
Subtotal	153,588	149,045	(4,542)
Total	¥ 194,228	¥ 190,248	¥ (3,980)

Type	Thousands of U.S. dollars		
	Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain			
National Government Bonds	\$ 7,488	\$ 7,721	\$ 232
Local Government Bonds	129,759	130,866	1,107
Corporate Bonds	146,137	148,834	2,696
Other	20,969	21,137	168
Subtotal	304,354	308,560	4,205
Unrealized loss			
National Government Bonds	—	—	—
Local Government Bonds	851,692	823,446	(28,246)
Corporate Bonds	210,934	206,518	(4,415)
Other	87,589	86,233	(1,356)
Subtotal	1,150,216	1,116,198	(34,018)
Total	\$ 1,454,571	\$ 1,424,758	\$ (29,812)

Note. Market value is based on the market price at the end of the fiscal year.

Non-Consolidated Balance Sheets

3) Available-for-sale securities

		Millions of yen		
Type		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	¥ 20,441	¥ 11,525	¥ 8,916
	Bonds	121,270	118,825	2,445
	National Government Bonds	43,496	41,576	1,920
	Local Government Bonds	27,977	27,740	237
	Corporate Bonds	49,795	49,508	287
	Other	105,987	100,872	5,114
	Subtotal	247,700	231,223	16,476
Unrealized loss	Stocks	2,446	2,728	(282)
	Bonds	151,484	157,372	(5,887)
	National Government Bonds	15,574	16,246	(672)
	Local Government Bonds	40,088	42,480	(2,392)
	Corporate Bonds	95,820	98,644	(2,823)
	Other	451,708	473,316	(21,607)
	Subtotal	605,639	633,417	(27,777)
	Total	¥ 853,339	¥ 864,640	¥ (11,301)

		Thousands of U.S. dollars		
Type		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	\$ 153,089	\$ 86,311	\$ 66,777
	Bonds	908,189	889,878	18,311
	National Government Bonds	325,745	311,365	14,380
	Local Government Bonds	209,525	207,745	1,779
	Corporate Bonds	372,918	370,767	2,151
	Other	793,735	755,430	38,305
	Subtotal	1,855,014	1,731,620	123,393
Unrealized loss	Stocks	18,317	20,435	(2,117)
	Bonds	1,134,459	1,178,551	(44,092)
	National Government Bonds	116,637	121,672	(5,034)
	Local Government Bonds	300,223	318,138	(17,914)
	Corporate Bonds	717,597	738,741	(21,144)
	Other	3,382,827	3,544,644	(161,817)
	Subtotal	4,535,604	4,743,631	(208,027)
	Total	\$ 6,390,619	\$ 6,475,252	\$ (84,633)

Notes:1. Carrying amount is calculated by using market prices at fiscal year-end.

2. The ¥8,142 million (US\$△60,978 thousand) is calculated by deducting the deferred tax assets amount of ¥3,158 million (US\$23,655 thousand) from the evaluation loss amount of ¥11,301 million (US\$84,633 thousand) and is included in "Unrealized gains on available-for-sale securities."

37. There are no held-to-maturity bonds sold during the fiscal year.

38. Available-for-sale securities sold during the fiscal year under review

		Millions of yen		
		Proceeds from sales	Gain on Sales	Loss on Sales
Equity securities	¥	8,458	¥ 3,641	¥ 255
Bonds		16,356	244	—
National Government Bonds		9,847	218	—
Local Government Bonds		2,169	6	—
Corporate Bonds		4,339	19	—
Other		74,410	2,858	8,144
Total	¥	99,225	¥ 6,744	¥ 8,400

		Thousands of U.S. dollars		
		Proceeds from sales	Gain on Sales	Loss on Sales
Equity securities	\$	63,344	\$ 27,271	\$ 1,916
Bonds		122,492	1,830	—
National Government Bonds		73,748	1,633	—
Local Government Bonds		16,247	51	—
Corporate Bonds		32,496	145	—
Other		557,258	21,408	60,997
Total	\$	743,095	\$ 50,511	\$ 62,913

39. Assets held in trust for investment

		Millions of yen	
		Carrying Amount	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment		¥ 15,495	¥ 56

		Thousands of U.S. dollars	
		Carrying Amount	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment		\$ 116,047	\$ 421

40. Other monetary trusts

(except those with management purpose and those to be held to maturity)

		Millions of yen				
		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)	Unrealized gain	Unrealized loss
Other monetary trusts	¥	1,022	¥ 1,000	¥ 22	¥ 22	—

		Thousands of U.S. dollars				
		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)	Unrealized gain	Unrealized loss
Other monetary trusts	\$	7,656	\$ 7,488	\$ 167	\$ 167	—

41. Matters regarding real estate for lease

The Bank leases a part of its land/buildings owned in Tachikawa City and other locations for use as a parking lot. The disclosure of this market value is omitted due to the immateriality of the total amount of the investment and rental property.

42. Securities lent under unsecured securities lending agreements (bond borrowing and lending transactions) are included in "National Government Bonds" for a total of ¥57,878 million (US\$433,450 thousand).

43. Overdraft facilities contracts and loan commitment limits are contracts under which the Bank lends to customers up to prescribed limits. Under these contracts, funds can be drawn based on customers' application for a loan as long as there is no violation of any condition in the contracts. The unused amount within the limits relating to these contracts was ¥55,922 million (US\$418,800 thousand). Of these contracts, those where the remaining period on the contract is 1 year or less amount to ¥43,520 million (US\$325,924 thousand).

Since many of these commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank to refuse the customers' application for loans or to decrease the contract limits for proper reasons such as changes in financial situation, deterioration in customers' creditworthiness, or other reasonable grounds. Not only does the Bank obtain real estate, securities and/or other collateral if considered to be necessary at the inception of contracts, the Bank performs periodic reviews of the customer's business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

44. Details of deferred tax assets and liabilities as of March 31, 2023 are as follows.

	Millions of yen	Thousands of U.S. dollars
Proceeds from sales		
Deferred Tax Assets		
Reserve for Possible Loan Losses	¥ 2,500	\$ 18,726
Depreciation	480	3,601
Reserve for Bonuses	299	2,245
Reserve for Director's Retirement Benefits	110	826
Reserve for Employee Retirement Benefits	61	463
Unrealized Gains on Available-for-Sale Securities	3,158	23,655
Other	1,444	10,818
Gross Deferred Tax Assets	8,056	60,335
Less: Valuation Allowance	(1,518)	(11,373)
Total Deferred Tax Assets	¥ 6,537	\$ 48,962
Deferred Tax Liabilities		
Asset retirement obligation	101	758
Deferred gains or losses on hedges	42	321
Total Deferred Tax Liabilities	144	1,080
Net Deferred Tax Liabilities	¥ 6,393	\$ 47,882

45. Change in accounting method

(Adoption of Fiscal Year 2021 Revised Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Bank has adopted ASBJ Guidance No. 31 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (June 17, 2021; hereinafter "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the fiscal year under review, and has prospectively applied the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment prescribed in Paragraph 27-2 in Implementation Guidance on Accounting Standard for Fair Value Measurement.

Accordingly, other securities include investment trusts that apply standard values under Paragraphs 24-3 and 24-9 in ASBJ Guidance No. 31 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (June 17, 2021) as the deemed fair value.

46. Subsequent Event

The following appropriation of retained earnings applicable to the year ended March 31, 2023, was approved at the members' meeting held on June 22, 2023.

	yen	Thousands of U.S. dollars
Unappropriated Retained Earnings for the Current Term	¥ 3,991,704,685	\$ 29,893
Retained Earnings Carried Forward (Beginning Balance)	1,731,857,518	12,969
Reversal Amount of Land Revaluation Excess	30,684,446	229
Current Net Income	2,229,162,721	16,694
Amount of Retained Earnings Appropriated	2,643,905,657	19,800
Legal Reserve	230,000,000	1,722
Dividends for Common Share (Yearly 2.0%)	413,905,657	3,099
Specific Reserve	2,000,000,000	14,977
Retained Earnings Carried Forward (Term-end Balance)	¥ 1,347,799,028	\$ 10,093

47. Additional information

In accordance with the provisions of Article 15, paragraph 1, item 1 in the law regarding cooperative financial institution's preferred shares (No.44; enacted on May 12, 1993), we cancelled the entire amount of preferred shares, and, after this cancellation, transferred the amount of ¥5,350 million (US\$40,065 thousand) of preferred shares to other shares in this current fiscal year.

Non-Consolidated Statements of Income and Retained Earnings

	Thousands of yen		Thousands of U.S. dollars
	2023	2022	2023
OPERATING REVENUE	¥ 49,990,342	¥ 39,529,750	\$ 374,375
Interest Income	37,498,326	33,673,343	280,823
Loans	19,248,381	19,953,134	144,150
Deposits in Other Banks	1,070,090	1,053,810	8,013
Investment Securities	16,472,305	12,076,028	123,360
Interest Rate Swaps	14,110	1,937	105
Others	693,438	588,431	5,193
Fees and Commissions Received	4,269,477	4,131,139	31,973
Exchange Commissions Received	1,771,424	1,864,834	13,266
Others	2,498,052	2,266,304	18,707
Other Operating Income	2,172,115	907,747	16,266
Net Gain on Sales of Bonds such as National Government Bonds	1,858,692	346,974	13,919
Net Gain on Redemption of Bonds such as National Government Bonds	30,701	123,568	229
Others	282,721	437,205	2,117
Other Income	6,050,423	817,519	45,311
Reversal of Allowance for Doubtful Receivables	203,484	—	1,523
Gain on Bad Debts Recovered	365,665	275,661	2,738
Gains on Sales of Stocks	5,209,472	213,602	39,013
Gains on Money Held in Trust	178,856	297,685	1,339
Others	92,945	30,570	696
OPERATING EXPENSE	¥ 46,504,012	¥ 34,605,978	\$ 348,266
Interest Expense	2,147,192	433,123	16,080
Deposits	55,156	64,633	413
Provisions for Future Interest Payment of Installment Savings	1,483	3,141	11
Interest on Borrowings	106	7	0
Interest on Call Money	97,657	19,520	731
Interest Payment on Bond Lease Transactions	1,985,127	338,514	14,866
Others	7,661	7,306	57
Fees and Commissions Paid	1,537,456	1,575,454	11,513
Exchange Commissions Paid	453,919	546,349	3,399
Others	1,083,536	1,029,105	8,114
Other Operating Expenses	14,902,349	3,111,733	111,603
Net Loss on Foreign Exchange Trading	5,921,457	711,935	44,345
Net Loss on Trading	0	54	0
Net Loss on Sales of Bonds such as National Government Bonds	8,110,744	2,045,439	60,740
Bond Redemption Loss such as on National Government Bonds	817,522	286,147	6,122
Derivative Financial Instrument Expense	1,109	7,920	8
Others	51,515	60,235	385

Non-Consolidated Statements of Income and Retained Earnings

	Thousands of yen		Thousands of U.S. dollars
	2023	2022	2023
General and Administrative Expenses	¥27,257,340	¥27,385,379	\$ 204,128
Salaries and Employee Benefits	15,881,649	16,189,007	118,936
Other General and Administrative Expenses	10,264,332	10,115,140	76,869
Tax	1,111,358	1,081,232	8,322
Other Expense	659,673	2,100,286	4,940
Provisions of Reserve for Possible Loan Losses	—	1,389,419	—
Write - off of Loans	1,035	57,410	7
Loss on Sale of Stocks	315,164	342,677	2,360
Loss on Money Held in Trust	105,480	30,182	789
Others	237,993	280,595	1,782
OPERATING INCOME	¥ 3,486,330	¥ 4,923,772	\$ 26,108
EXTRAORDINARY INCOME	37,163	121,674	278
Gain on Disposition of Fixed Assets	1,083	121,674	8
Other Extraordinary Income	36,080	—	270
EXTRAORDINARY LOSS	232,098	198,848	1,738
Loss on Disposal of Fixed Assets	232,098	192,251	1,738
Losses on Impairment of Fixed Assets	—	6,596	—
INCOME BEFORE INCOME TAXES	¥ 3,291,395	¥ 4,846,597	\$ 24,649
INCOME TAXES CURRENT	613,439	1,124,882	4,594
INCOME TAXES DEFERRED	448,793	8,665	3,360
TOTAL INCOME TAXES	1,062,233	1,133,548	7,955
NET INCOME	¥ 2,229,162	¥ 3,713,049	\$ 16,694
RETAINED EARNINGS AT BEGINNING OF YEAR	1,731,857	1,678,032	12,969
Reversal of Land Revaluation Excess	30,684	(363,601)	229
RETAINED EARNINGS AT END OF YEAR	¥ 3,991,704	¥ 5,027,481	\$ 29,893

Notes: 1. Fractions of amounts stated which are smaller than a thousand yen omitted.

2. Total earnings by transactions with subsidiaries ¥ 81,252 thousand (US\$ 608,493)

 Total expenses by transactions with subsidiaries ¥ 1,657,977 thousand (US\$ 12,416,519)

3. Net Income per share ¥ 5.36 (US\$ 0.040)

4. Underlying information for understanding profits is presented in the notes of the balance sheet together with major accounting policies.

Five-Year Summary

Five-Year Summary (Non-Consolidated Basis)(Unaudited)

The Tama Shinkin Bank
Years ended March 31, 2023, 2022, 2021, 2020 and 2019

	Millions of yen					Thousands of U.S. dollars
	2023	2022	2021	2020	2019	2023
For the Years Ended March 31						
Total Income	¥ 50,027	¥ 39,651	¥ 42,384	¥ 47,656	¥ 44,751	\$ 374,653
Interest on Loans and Bills Discounted	20,318	21,006	20,922	19,694	19,882	152,164
Interest and Dividends on Securities	16,472	12,076	12,092	17,139	16,946	123,360
Total Expenses	46,736	34,804	36,894	45,551	41,324	350,004
Business Profit	(1,816)	6,570	6,221	4,773	3,627	(13,602)
Income Before Income Taxes	3,291	4,846	5,489	2,105	3,427	24,649
Net Income	2,229	3,713	4,453	1,413	2,332	16,694
As of March 31						
Total Assets	¥ 3,484,190	¥ 3,515,199	¥ 3,441,607	¥ 3,082,685	¥ 3,042,639	\$26,092,937
Securities	972,356	1,054,088	1,175,118	1,122,200	1,162,820	7,281,936
Loans and Bills Discounted	1,164,851	1,155,192	1,194,545	1,090,416	1,072,061	8,723,520
Total Liabilities	3,373,545	3,388,850	3,306,415	2,972,689	2,920,582	25,264,329
Deposits	3,219,666	3,168,626	3,100,736	2,802,870	2,740,758	24,111,934
Total Net Assets	110,644	126,348	135,192	109,996	122,056	828,608
Number of Branches	81	81	81	82	83	
Number of Employees and Officers	1,868	1,924	1,959	1,982	2,005	
Deposits						
Per Branch	¥ 39,748	¥ 39,118	¥ 38,280	¥ 34,181	¥ 33,021	\$ 297,678
Per Employee and Officer	1,723	1,646	1,582	1,414	1,366	12,907
Loans and Bills Discounted						
Per Branch	14,380	14,261	14,747	13,297	12,916	107,697
Per Employee and Officer	623	600	609	550	534	4,669

Note: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2023 of ¥133.53=US\$1.

Supplemental Consolidated Financial Information

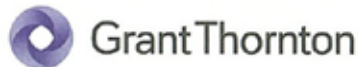
Supplemental Consolidated Financial Information (Unaudited)

The Tama Shinkin Bank and Subsidiaries
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
For the Fiscal Year:			
Total Income	¥ 54,604	¥ 44,284	\$ 408,933
Total Expenses	50,856	38,990	380,865
Income Before Income Taxes and Others	3,747	5,293	28,067
Net Income	2,544	4,027	19,058
Profit attributable to owners of parent	2,506	3,993	18,772
At Year-End:			
Deposits	¥ 3,215,116	¥ 3,164,259	\$ 24,077,859
Loans and Bills Discounted	1,164,395	1,154,895	8,720,102
Securities	971,039	1,052,643	7,272,069
Total Assets	3,494,724	3,525,948	26,171,829
Total Net Assets	117,855	133,176	882,611
Per Share Data (par value ¥50):			
Net Assets	¥ 283.55	¥ 320.98	\$ 2.123
Net Income	6.04	9.60	0.045

Notes: 1.The Bank consolidated three subsidiaries for the years ended March 31, 2023 and 2022.

2.U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2023 of ¥133.53=US\$1.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Tama Shinkin Bank.

Opinion

We have audited the accompanying non-consolidated financial statements of The Tama Shinkin Bank, which comprise the non-consolidated balance sheet as at March 31, 2023, and the non-consolidated statements of income and retained earnings for the year then ended, and notes to non-consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, in accordance with the requirements of Shinkin Bank Law, Ordinance for Enforcement on Shinkin Bank Law and accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S.dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to non-consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Tama Shinkin Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in business report and the annexed detailed statements accompanying them. Management is responsible for the other information. Supervisory Board Member are responsible for overseeing the Directors'

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execution of duties relating to the design and operating effectiveness of the controls over the Company's other information reporting process.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Supervisory Board Member for the Financial Statements

Management is responsible for the preparation of these non-consolidated financial statements in accordance with the requirements of Shinkin Bank Law, Ordinance for Enforcement on Shinkin Bank Law and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Supervisory Board Member are responsible for overseeing the management's execution of duties relating to the design and operating effectiveness of the controls over the Shinkin Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, of which selection and application depend on the auditor's judgment, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tama Shinkin Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Tama Shinkin Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Tama Shinkin Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation, as well as whether the presentation and disclosures of the financial statements conform to the requirements of Shinkin Bank Law, Ordinance for Enforcement on Shinkin Bank Law and accounting principles generally accepted in Japan.

We communicate with Supervisory Board Member regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Tama Shinkin Bank which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Junichi Izumi
Designated Engagement Partner
Certified Public Accountant

Junichi Izumi 

Kenta Nishimura
Designated Engagement Partner
Certified Public Accountant

Kenta Nishimura 

Grant Thornton Taiyo LLC
Tokyo, Japan
November 1, 2023

Board of Directors
and Auditors
As of June 30, 2023

Chairman
Toshiro Yagi

President
Masahiko Kanai

Senior Managing Director
Hiroyuki Saito
Hideyuki Maekawa

Managing Directors
Kiyoshi Fukushima
Nobutoshi Tsuji
Nobuaki Sakai

Directors
Hiroyuki Shibuya
Daijiro Ikeda
Tetsuo Yone
Yukiko Kawaguchi
Yoshihiro Takano

Standing Auditor
Satoru Tanaka

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The Tama Shinkin Bank

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