

Annual Report  
2024



# Shinkin Central Bank, the Central Bank for Shinkin Banks

As the central financial institution for the cooperative regional financial institutions in Japan, known as shinkin banks, the Shinkin Central Bank (hereinafter the SCB) occupies a well-established position in Japan's financial services industry. Shinkin banks currently hold funds totaling some ¥161 trillion (around US\$1,064 billion).

## Management Philosophy and Operational Policies

### Management Philosophy

As the central bank for all shinkin banks, the SCB supports the growth of the shinkin bank industry, thereby contributing to economic development throughout Japan.

### Operational Policies

1. Strengthen the corporate base, broaden operational functions, and enhance the credit standing of shinkin banks.
2. Attract stable funds from shinkin banks and diversify funding sources.
3. Upgrade market operations and develop financial services.
4. Pursue new business to reflect changing financial circumstances.
5. Contribute to regional development and revitalization hand in hand with shinkin banks.
6. Achieve sound management through efficiency, capital adequacy, and strengthened risk management.
7. Nurture professionals and create an attractive workplace.
8. Enhance public trust in the SCB.



## Corporate Data (as of March 31, 2024)

Name:	Shinkin Central Bank (SCB)
Established:	June 1, 1950
Number of employees:	1,263
Domestic network:	14
Overseas network:	6
Total assets:	¥47,421 billion (\$313 billion)
Total funds:	¥45,243 billion (\$298 billion)
Paid-in capital:	¥890 billion (\$5,886 million)
Preferred shares:	¥90 billion (\$601 million)
Capital adequacy ratio (consolidated):	25.46%
Number of member shinkin banks:	254
Long-term credit ratings (as of July 31, 2024):	A1 (Moody's) A (S&P) A+ (R&I) AA (JCR)



### Shinkin Central Bank

Total assets: ¥47,421 billion (\$313 billion)  
Domestic network: 14  
Overseas network: 6  
Number of employees: 1,263  
Number of member shinkin banks: 254



### Shinkin Banks

Number of member shinkin banks: 254  
Total assets: ¥176,061 billion (\$1,163 billion)  
Number of branches: 7,077  
Number of employees: 97,150  
Number of members: 8,780,041  
(As of March 31, 2024)

\* The number of employees includes full-time Directors and Corporate Auditors. Our overseas network includes Shinkin International Ltd., a subsidiary in London and Shinkin Singapore Pte. Ltd., a subsidiary in Singapore.

# Financial Highlights (Non-consolidated Financial Summary)

For the years ended March 31,	Millions of Yen			Millions of US Dollars*		
	2024	2023	2022	2024	2023	2022
<b>For the Fiscal Year</b>						
Total income	¥ 393,317	¥ 340,360	¥ 216,095	\$ 2,598	\$ 2,549	\$ 1,765
Total expenses	351,278	307,434	171,233	2,320	2,302	1,399
Net income (loss)	30,959	24,776	34,046	204	185	278
Net business profit (loss)	17,809	24,451	34,548	117	183	282
<b>At the Year-end</b>						
Total assets	¥47,421,113	¥45,924,710	¥43,757,754	\$313,279	\$344,005	\$357,585
Loans and bills discounted	8,860,804	9,514,890	7,758,748	58,537	71,272	63,404
Securities	16,039,471	13,634,845	16,163,857	105,962	102,133	132,090
Total liabilities	45,912,152	44,621,617	42,199,230	303,310	334,244	344,849
Deposits	33,102,046	34,703,462	33,165,342	218,683	259,951	271,025
Debentures	1,302,170	1,458,660	1,547,370	8,602	10,926	12,645
Net assets	1,508,961	1,303,092	1,558,523	9,968	9,760	12,736

\* US dollar amounts are given for convenience only, converted at the rate of ¥122.37, ¥133.50, and ¥151.37 per US\$1.00, the prevailing rate as of March 31, 2022, 2023, and 2024 respectively.

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This material contains certain forward-looking statements. They are not guarantees of future performance and involve risks and uncertainties, while actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

US dollar amounts are converted for convenience only, at ¥151.37 per US\$1.00, the prevailing rate on March 31, 2024.



# Message from the President and CEO

## The Future of Regional Communities Together with Shinkin Banks

### ► The Social Mission of Shinkin Banks

Do you know the difference between shinkin banks and commercial banks?

A shinkin bank is a cooperative financial institution that aims for mutual support, in which the local people, as users and members, work with each other for the prosperity of their regional community. Shinkin banks are different in nature from commercial banks, which are stock companies, in that their main customers are small and medium-scale enterprises (SMEs) and individuals within a designated area. Shinkin banks are funded by the community, provide financial institution services, and return the funds raised in the community back to the community. As such, shinkin banks have a strong sense of commitment over their community. Under the fundamental principle of mutual support, shinkin banks are financial institutions with a high affinity with the SDGs being a central principle of “Leave no one behind.” The expectations and the role of shinkin banks in the regional community are growing year by year. Looking back at the 1980s when I joined the SCB, the business activities of financial institutions, including shinkin banks, were focused on three major operations: deposit-taking, lending, and payment and clearing. However, today, structural issues of regional communities such as declining birthrate, aging population, and decreasing number of business establishments, have come to the fore. To address these issues, the operations of shinkin banks have become more diversified and complex, including support for regional revitalization efforts, business startups, and business succession.

### ► The Role to be Fulfilled by the SCB

The SCB is the central financial institution for all shinkin banks, and its mission is to resolve the management issues of shinkin banks. To that end, we provide consulting services to improve shinkin banks' profitability, ensure their soundness, and complement their business functions. Specifically, we serve as the closest consultant to shinkin banks, accompanying and supporting them through our nationwide branches, and making more than 2,500 proposals per year to solve issues based on the characteristics and actual conditions of each region.

In addition, the SCB leverages its expertise, network, and the scale of the shinkin bank community to find solutions to issues and inefficient operations that are difficult for individual shinkin banks to tackle.

As issues of regional communities are becoming more challenging, I am considering to build a platform that can provide solutions to all such issues. The SCB will serve as the hub and aim to create a problem-solving system by combining shinkin banks' regional networks with SCB's networks of external organizations and government agencies.

In order for shinkin banks to meet the expectations of regions and to realize sustainable economies and societies, the SCB must provide high added values.

What are the issues of shinkin banks? And what are the issues customers of shinkin banks face beyond that? Every day, I consider about the solutions we may offer. In particular, the labor shortage has become significant in recent years and is worsening at a faster pace than expected. This is an extremely serious problem that will hinder business continuity and growth, and the SCB has established a cross-organizational team to prioritize on conceiving solutions.

The Shinkin Ecosystem P18



President and CEO

**Hiroyuki Shibata**



# Message from the President and CEO

## ► Performance Review

The fiscal year ended March 2024 saw monetary policies in various countries reaching a turning point, with central banks in Europe and the U.S. exploring the timing to cut interest rates, while the Bank of Japan lifted its negative interest rate policy. Although it was a difficult time to steer the business operation in this uncertain environment, we successfully maintained our portfolio, which we have long prioritized. In addition, the improvements in yen fund balance and trading balance resulted in an increase in earnings that exceeded our forecast.

Also in March 2024, we strengthened our financial base by raising ¥200 billion, which will enable us to further strengthen our profitability and secure stable earnings over the medium to long term.

For the fiscal year ending March 2025, there are risk factors such as persistent inflation and rising geopolitical risks, but we forecast an increase in earnings based on increased revenues from investments and loans we have accumulated to date. Furthermore, as we move into a "world with interest rates," financial institutions will be expected to improve their earnings, so as a manager I intend to respond flexibly and boldly by finding new investments and financing opportunities.

## ► Medium-Term Management Plan and Our Vision

We have made steady progress in the initiatives set forth in "SCB Strategy 2022," the Medium-Term Management Plan from fiscal 2022 to fiscal 2024.

One of the pillars of this Medium-Term Management Plan is the "Shinkin Green Project." In addition to promoting ESG investments and financing, we are actively working to encourage SMEs to decarbonize their operations as part of our efforts toward achieving a decarbonized society. In fiscal 2023, we expanded our ties with external organizations and built a structure to respond to the diverse needs of SMEs by offering various solutions. We have also started joint research with Research Institute for Economics and Business Administration, Kobe University to identify the challenges SMEs face in decarbonizing their business and develop effective solutions.

Additionally, one of the strategies in the Medium-Term Management Plan is to "improve the capability

Medium-Term Management Plan P12

Special Interview P24



to solve issues of the region", and we are actively working to expand the sales channels of SMEs. As one specific example of our initiatives is a web-based business matching solution called "Shinkin Connect." It has grown into a database with almost 10,000 registered companies and has successfully matched not only shinkin banks' SMEs customers with each other, but also SMEs with large companies that are SCB's customers.

In addition, we are actively working to expand sales channels by utilizing our overseas networks. In June 2024, we opened a test marketing space called "EN-MUSUBI" in Bangkok, Thailand.

When SMEs are considering expanding their businesses to Thailand and other ASEAN countries, they can first exhibit products at EN-MUSUBI to see how regional consumers respond.

We also hope to develop our strength by supporting SMEs in expanding their sales channels and entering overseas markets.

In our Medium-Term Management Plan, we set our "vision" to be achieved by 2030 where "Shinkin Bank is the most reliable bank in every region" To achieve this vision, I believe it is important to make proper allocation of management resources that plays to the strengths of the SCB and shinkin banks, thereby establishing a more integrated business operation structure so that the SCB and shinkin banks can operate as if we were one financial group. For example, in order to reduce the burden on shinkin banks, we are considering clarifying the division of roles between shinkin banks and the SCB, improving efficiency by consolidating and streamlining the internal processes common to financial institutions under the SCB's operation, and in the future consolidating headquarters operations such as management functions. I believe this will enable shinkin banks to allocate their management resources in solving regional issues, and further exhibit their uniqueness in the community to demonstrate the collective strength of the shinkin bank community.

EN-MUSUBI



## ▶ Accelerate efficiency through DX

One of the new initiatives under the Medium-Term Management Plan is to improve operational efficiency by utilizing digital technologies. In order to enable the SCB to aggregate and analyze big data held by shinkin banks and use it for effective customer proposals and credit risk management, the SCB began offering a solution that utilizes a database called "Shinkin DB" in April 2023. Including those who have applied, the solution is now being used by over 100 shinkin banks. The introduction of "Shinkin DB" has produced steady results, including an increase in the number of closed loan agreements, and it has become a solution that is highly anticipated by shinkin banks.

We also provide "Kei Yell," a corporate portal service for shinkin banks' SME customers.

The service offers functions that are convenient for digitizing daily tasks, including cash management and streamlining back-office operations.

We would like to further enhance DX-driven support for streamlining operations at shinkin banks and SMEs, as it has the potential to cover labor shortages.

Shinkin Connect  
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EN-MUSUBI  
P19

Shinkin DB  
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Kei Yell  
P21



## Message from the President and CEO

### ► Toward SCB-Style Human Capital Management

Since I became President and CEO in 2018, I have consistently emphasized the importance of creating “interesting work” and “an enjoyable workplace.” This is my belief, but what is necessary to realize this goal is for each employee to be aware of the problems in their daily tasks and challenge themselves to solve these problems. I always try to help employees find something interesting in their work, so I tell them, “Even if something doesn’t work out, it won’t be a waste if you make that failure into an experience. I would like you to value the challenge.”

As a specific example, we have a program called “neXtry,” which is now in its third year around. Under this program, employees are asked to develop new business proposals, and if their proposals are adopted through screening, they have an opportunity towards commercializing them. To date, 53 business idea have been submitted, and the previously mentioned "EN-MUSUBI" also came from this program. I participated in this program as a reviewer, and I felt the enthusiasm of the participants firsthand, which makes me feel very reassured.

I hope that, by taking on the challenge of commercializing their ideas, each employee will think and act independently and acquire a high level of competence.

We are also working to create an environment in which employees can develop their skills, as a foundation for encouraging them to take on challenges. The company's in-house university, “SCB University”, offers over 100 courses including financial knowledge, human skills, DX, and overseas placements etc. Courses can be taken any time, anywhere through the e-learning system “Sels.” “Sels” is also opened to shinkin banks and serves as the human resources development platform for approximately 100,000 members in the shinkin bank community.

I believe that one of my roles and responsibilities is to spare no effort in investing in human resources, and to drive these initiatives to nurture and secure human resources even further.

“Human assets” are the most important for financial institutions. I personally create many opportunities to communicate directly with employees. We hold round-table discussions in small groups, and I have exchanged opinions on topics such as the “vision of the SCB” and “individual visions” with nearly half of our employees.

Through direct communication, I would like to share with many employees the importance of human resources and the social significance of working at the SCB.

### ► To Our Preferred Shareholders

At the beginning, I explained the relationship between the SCB and shinkin banks. I would also like to touch on the history of the SCB. The SCB is a financial institution established in 1950 with funded by shinkin banks. Then, in 2000, we listed our preferred shares and increased the number of new investors. This gave us a stronger financial base, as well as greater responsibility for transparency in governance and earnings.

The SCB is a cooperative institution, which is different in nature from a stock company, and as it

neXtry  
P17

Sels  
P17

neXtry







serves as a central financial institution for shinkin banks. It operates under the basic policy to pay stable dividends over the future while increasing retained earnings from the perspective of ensuring sound management. In addition, under the special benefit program, we provide shareholders gifts featuring local specialties of shinkin banks' customers according to the number of shares held, so we hope that you will discover the attractive features of various regions.

### ► In Conclusion

I believe that a company that cannot provide valuable services to society has no reason to exist. One of the concepts I value is *fuekiriyukou*, which literally means “the immutable and the transient,” and is interpreted as “the core (‘the immutable’) will never change, but the rest (‘the transient’) will.” While our mission as the central financial institution for shinkin banks remains unchanged, we must adopt new things along with the changing business environment. By doing so, we will always provide essential services to shinkin banks and society, enhance the driving force through the solidarity of the shinkin bank community, and contribute to the realization of sustainable economies and societies in the region.

The SCB is working together with all its officers and employees and making good progress in implementing the measures set out in its Medium-Term Management Plan, "SCB Strategy 2022." Fiscal 2024 is the final year of the Plan and will be an important year in leading the way to new plans. As we aim to achieve our stated Vision for 2030, we will devote ourselves to addressing the issues faced by shinkin banks and regions.

President and CEO *Hiroiyuki Shibata*

# About Shinkin Banks

Shinkin banks are cooperative financial institutions. Their membership comprises local residents and SMEs. Shinkin banks' distinctive characteristics are that they are conveniently located; offer fine-tuned, personalized services; and have a strong relationship of mutual trust with their customers and communities.

Cooperative financial institutions are organizations that operate under the fundamental principle of mutual support.

Shinkin banks limit their lending, in principle, to members. However, their functions are almost the same as those of commercial banks, and they also deal with many people who are not members, accepting deposits, providing exchange services, accepting payments, including those for public utilities, and engaging in over-the-counter sales of public bonds, investment trust funds, and insurance.

Shinkin banks not only provide deposit-taking, lending and payment and clearing services, but also offer a diverse range of services to customers and other members of the local community in such areas as support for management improvement and business turnaround, business succession support, business start-up support, and local-area revitalization.

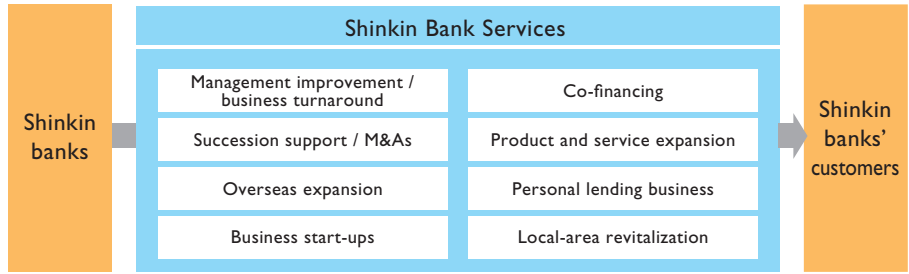
## Outline of Shinkin Banks

254 shinkin banks form an extensive network, with approximately 7,000 offices across the country, from Hokkaido in the north to Kyushu and Okinawa in the south.

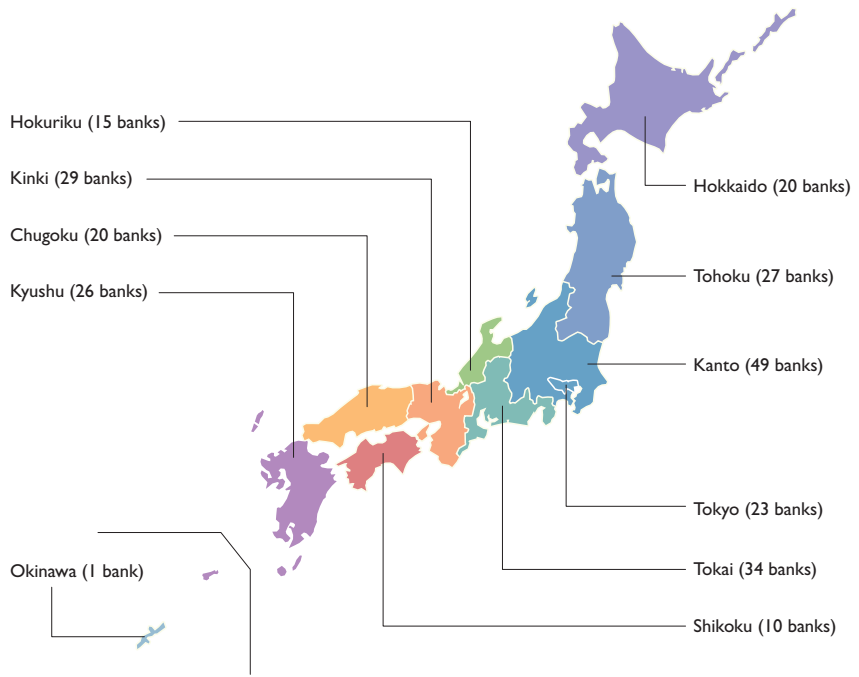
Shinkin banks dedicate themselves to providing high-quality services to local residents, as financial institutions deeply rooted in their respective regions, and contribute to regional development.

Total deposits outstanding at 254 shinkin banks as of March 31, 2024, reached approximately ¥161 trillion (\$1,064 billion), which ranks it in third place after Japan's city and regional banks, and gives shinkin banks an important position in Japanese financial services markets.

Shinkin banks continue to further deepen their presence and roles as important infrastructure for economies and societies in regions.



## Nationwide Network of Shinkin Banks (254 banks)



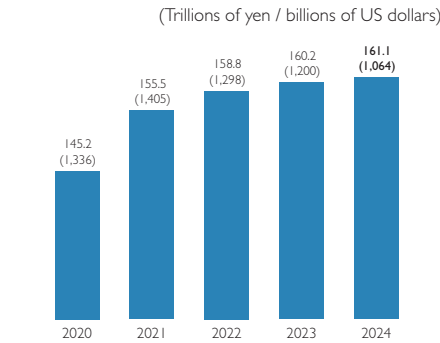
## Deposits<sup>1</sup> Outstanding by Bank Segment (As of March 31, 2024)

Bank Segment	(Billions of US dollars)
City Banks <sup>2</sup>	\$3,148
Regional Banks <sup>2</sup>	2,185
<b>Shinkin Banks</b>	<b>1,064</b>
Agricultural Cooperatives	716
Second-tier Regional Banks <sup>2</sup>	462
Credit Cooperatives	156
Labor Credit Associations	152

**Notes:** 1. Deposit includes domestic operations.  
2. City banks, regional banks and second-tier regional banks do not include the special international financial transactions account.

**Sources:** Japanese Bankers Association, the Norinchukin Bank, National Central Society of Credit Cooperatives, National Association of Labour Banks and the SCB.

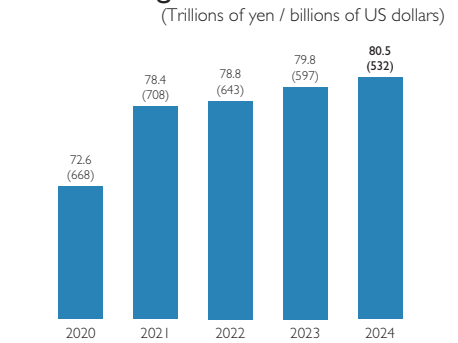
## Deposits Outstanding at Shinkin Banks



**Note:** Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥108.71, ¥110.69, ¥122.37, ¥133.50 and ¥151.37 per US\$1.00, the prevailing rate on March 31, 2020, 2021, 2022, 2023 and 2024, respectively.

**Source:** The SCB.

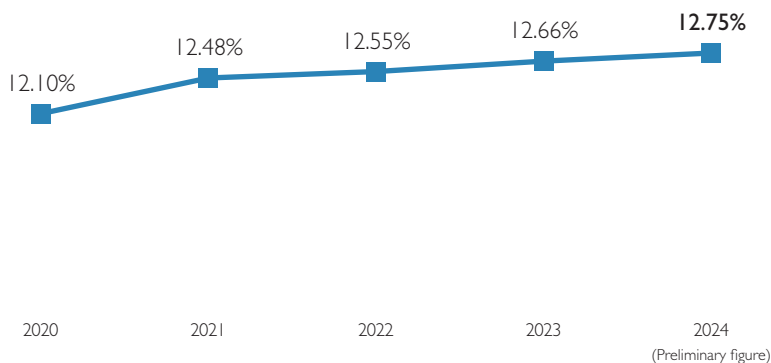
## Loan and Bills Discounted Outstanding at Shinkin Banks



**Note:** Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥108.71, ¥110.69, ¥122.37, ¥133.50 and ¥151.37 per US\$1.00, the prevailing rate on March 31, 2020, 2021, 2022, 2023 and 2024, respectively.

**Source:** The SCB.

## Capital Adequacy Ratio of Shinkin Banks

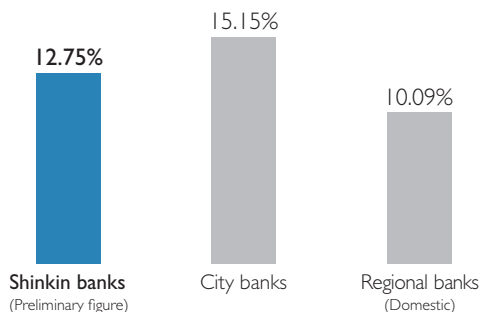


The capital adequacy ratio of shinkin banks rose to 12.75% (preliminary figure) as of March 31 2024, from 12.66% at the end of the previous fiscal period.

The ratio maintains a level that is not inferior to that of domestic citybanks (15.15%), and is outperforming other domestic regional banks (10.09%).

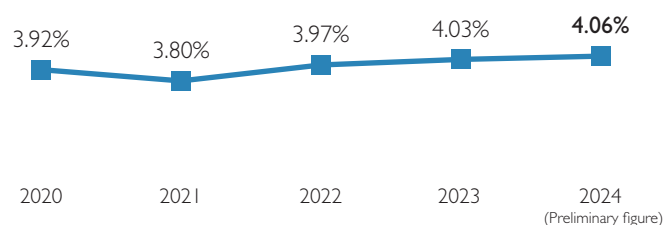
Source: The SCB.

## Non-consolidated Capital Adequacy Ratio by Bank Segment (%) (as of March, 31, 2024)



Sources: Bank disclosure document, Regional Banks Association of Japan.

## Nonperforming-loan Ratio of Shinkin Banks (%)



Source: The SCB.

## Difference between Shinkin Banks and Commercial Banks

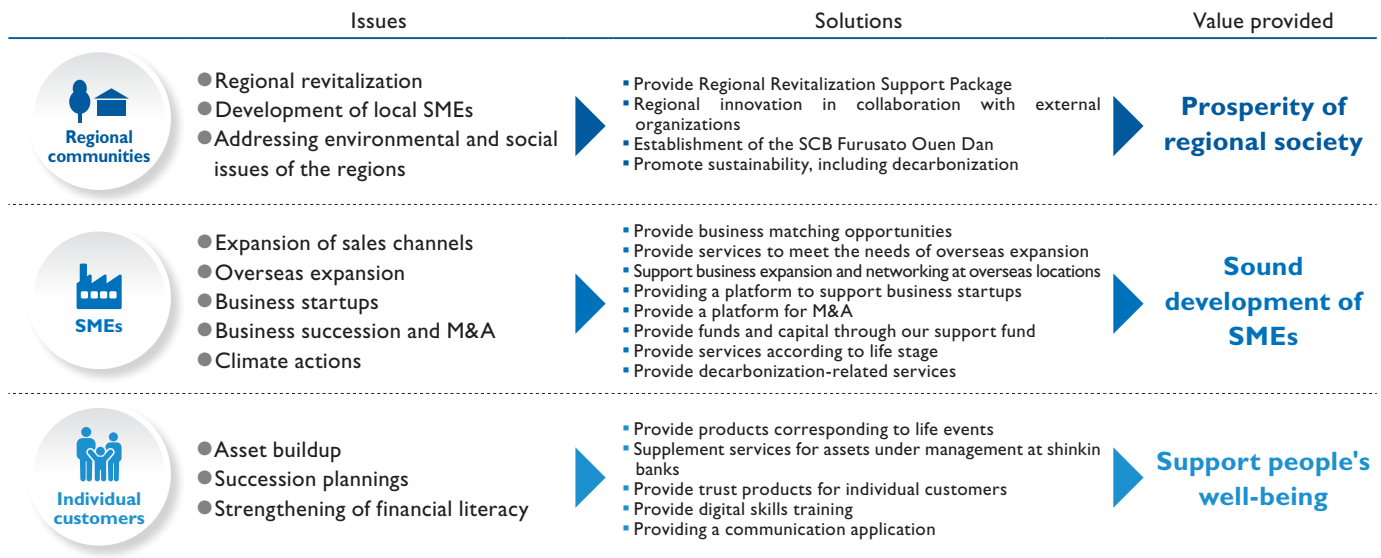
Category	Shinkin Banks	Commercial Banks
Legal foundation	Shinkin Bank Act	Banking Act
Organization	Non-profit cooperative organization financed by its members	For-profit joint stock corporations
Membership qualifications	(1) Those who have an address or office in the region (2) Those who have a business office in the region (3) Those who work in the region (4) Executive officers of companies that have a business office in the region (In the case of businesses) Businesses with no more than 300 employees or with less than 900 million yen in capital	None

# About Shinkin Central Bank

The SCB was established as a cooperative financial institution funded by the shinkin banks, and serves as the central bank for shinkin banks throughout Japan, which are also its members. Here we will explain the three major functions performed by the SCB in the shinkin bank community.

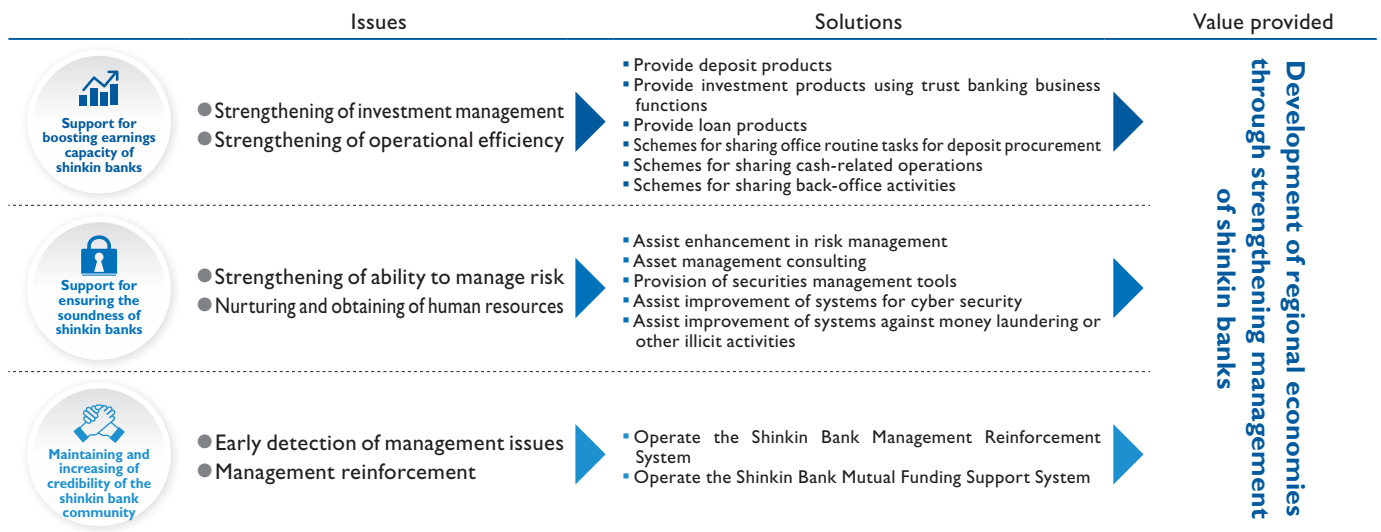
## 1. Functions to realize a sustainable society

Shinkin banks play a key role in supporting regional economies by lending to local organizations and SMEs in Japan. However, individual shinkin banks are sometimes restricted in performing their banking functions because of their scale and limitations on their business area.



## 2. Central bank functions for shinkin banks

The SCB makes every effort to maintain an orderly financial system within the shinkin bank community through the further strengthening of consulting functions, and cyber security measures in the shinkin bank community, as well as timely and appropriate operations of the Shinkin Bank Management Reinforcement System, etc.



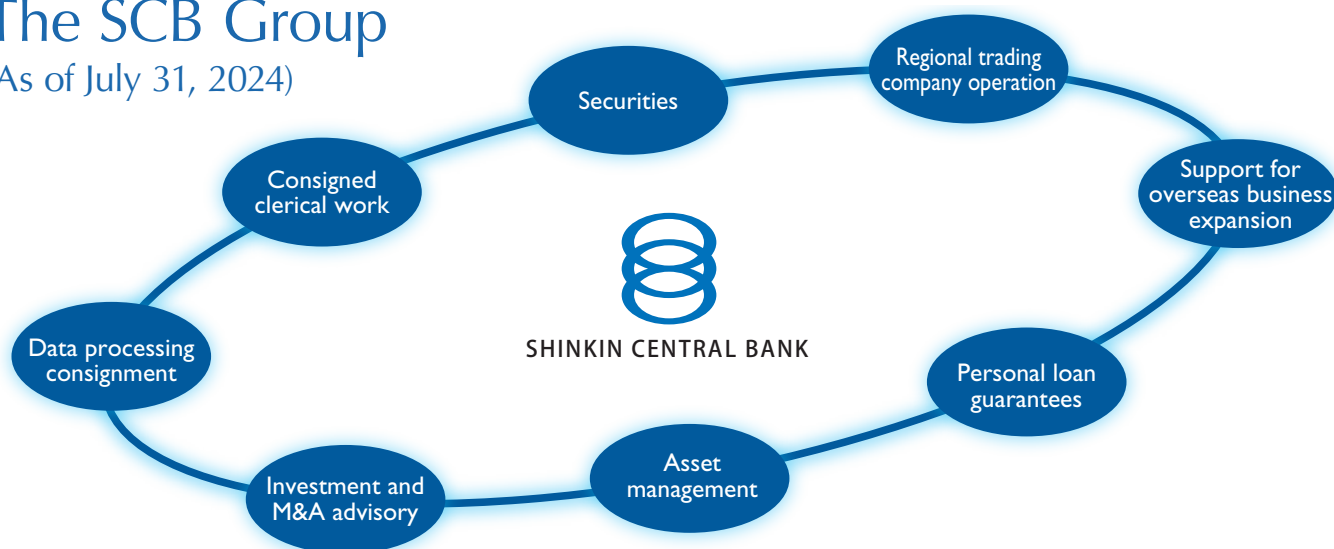
## 3. Functions as an institutional investor

The SCB is constructing a stable funding base through deposit taking operations and bond issuing. With the funds procured with this base, the SCB makes investments and loans for various products, etc. in money markets in Japan and overseas as one of the leading institutional investors in Japan.

Furthermore, with regard to investment and loan strategy, the SCB pursues efficient risk-return as well as promotes investments and loans that take ESG into consideration, such as forming project finance for private finance initiatives.

# The SCB Group

(As of July 31, 2024)



<b>Securities</b>	<b>Shinkin Securities</b> ¥20bn in capital (100% ownership); ¥10bn capital reserve	<ul style="list-style-type: none"> <li>▪ Dealing</li> <li>▪ Brokerage</li> <li>▪ Underwriting</li> </ul>
	<b>Shinkin International</b> £30mn in capital (100% ownership) (London local securities entity)	<ul style="list-style-type: none"> <li>▪ Underwriting new bonds and agency business in the euro market</li> <li>▪ Dealing and brokering for existing euro bonds</li> <li>▪ Foreign securities investment and consulting</li> </ul>
<b>Regional trading company operation</b>	<b>Shinkin Regional Innovation</b> ¥100mn in capital (100% ownership) ¥100mn capital reserve	<ul style="list-style-type: none"> <li>▪ Regional trading company business</li> <li>▪ Regional innovation consulting business</li> </ul>
<b>Support for overseas business expansion</b>	<b>Shinkin Singapore</b> \$9mn in capital (100% ownership) (Singapore local securities entity)	<ul style="list-style-type: none"> <li>▪ Supporting the overseas expansion of shinkin banks' customers</li> <li>▪ Supporting investments and loans of SCB</li> <li>▪ Conducting surveys and research for financial innovation</li> <li>▪ Nurturing human resources of the shinkin bank community</li> </ul>
<b>Personal loan guarantees</b>	<b>Shinkin Guarantee</b> ¥1.0bn in capital (100% ownership) ¥0.8bn capital reserve	<ul style="list-style-type: none"> <li>▪ Debt guarantee business (guarantees for unsecured personal loans provided by shinkin banks)</li> </ul>
<b>Asset management</b>	<b>Shinkin Asset Management</b> ¥200mn in capital (100% ownership)	<ul style="list-style-type: none"> <li>▪ Management services for discretionary investment contract assets</li> <li>▪ Management services for investment trust assets</li> </ul>
<b>Investment and M&amp;A advisory</b>	<b>Shinkin Capital</b> ¥490mn in capital (100% ownership)	<ul style="list-style-type: none"> <li>▪ Investment banking</li> <li>▪ M&amp;A advisory services</li> <li>▪ Corporate business consulting</li> </ul>
<b>Data processing services</b>	<b>The Shinkin Banks Information System Center</b> ¥4.5bn in capital (50.7% stake; 49.2% owned by shinkin banks); ¥1.5bn capital reserve	<ul style="list-style-type: none"> <li>▪ Data processing consignment</li> <li>▪ Software development</li> <li>▪ Computer consulting and training</li> </ul>
<b>Business operations services</b>	<b>Shinkin Chukin Business</b> ¥70mn in capital (100% ownership)	<p>(handles SCB back office operations)</p> <ul style="list-style-type: none"> <li>▪ Computing</li> <li>▪ Bill clearing</li> <li>▪ Branch, dormitory, and other property management</li> </ul>



# Medium-Term Management Plan "SCB Strategy 2022"

## Overview of the Medium-Term Management Plan "SCB Strategy 2022"

The environment surrounding the shinkin bank community is characterized by a number of material issues that must be addressed which are becoming more diverse and complicated, including concerns about the sustainability of regional communities, accelerating digitization, and climate change countermeasures.

In light of these changes in the business environment, the SCB has formulated a new Medium-Term Management Plan, "SCB Strategy 2022," which is based on the "Four Strategies" and "Three Reforms" that follow the initiatives of the previous Medium-Term Management Plan, and the new Plan began from April 2022.

**Management Philosophy** As the central bank for all Shinkin Banks, the SCB supports the growth of the Shinkin Bank community, thereby contributing to economic development throughout Japan.

**Vision by 2030** Together with Shinkin Banks, SCB will aim for constructing combined operations as one banking group, improving competitiveness of Shinkin group, and achieving the future where Shinkin Bank is the most reliable bank in every local area, by allocating resources to each bank's field of expertise.

Achieving both increased corporate value and solutions to social issues = Sustainable Management



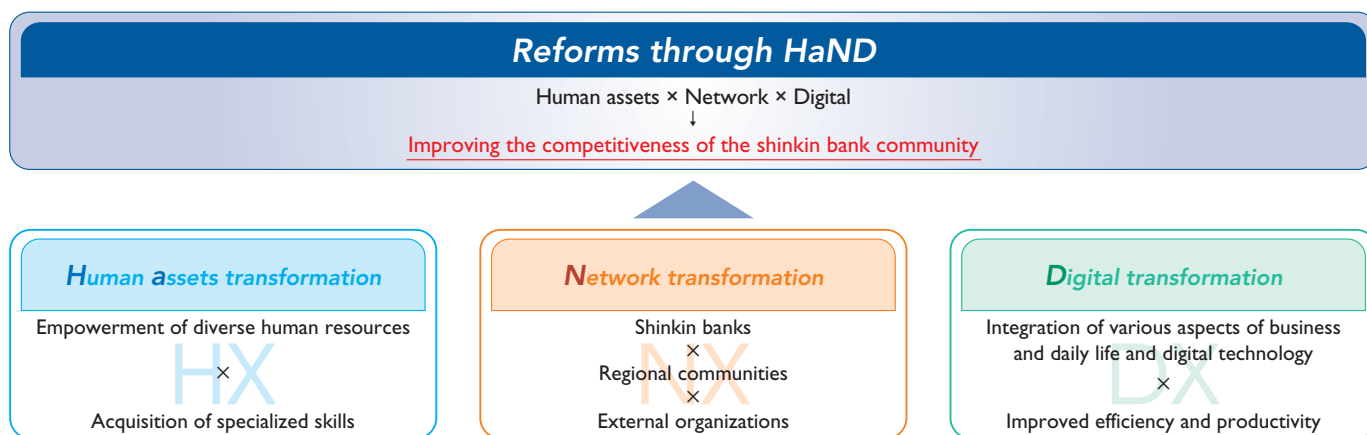
**Values to be shared** "Collaboration" with shinkin banks    Collaboration with the outside    Practice of "Try & Learn"

<p>● Medium-term target level of earnings</p> <hr/> <p>Profit attributable to owners of parent Around <b>¥40.0 billion</b></p>	<p>● Levels of management indices to be maintained</p> <hr/> <p>Consolidated capital adequacy ratio (domestic standard) At least <b>15%</b></p>	<p>● Maximum amount available for dividend</p> <hr/> <p>Maximum amount available for dividend At least <b>¥200 billion</b></p>
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### Three Reforms - HaND -

The nature of financial institution business is about to undergo a major transformation as a result of accelerating innovation due to dramatic advances in digital technology, the resulting shift in industrial structure, and intensifying competition across industries and business categories. Under these circumstances, it is necessary for the shinkin bank community to reform its business model to increase its competitiveness as a whole.

The SCB will create reforms based on the three pillars including “Human assets,” “Network,” and “Digital,” which can represent strengths and opportunities for the shinkin bank community, and will enhance the competitiveness of the shinkin bank community.



### Direction of HaND



HaND will provide opportunities for diverse human resources to play an active role in the industry and establish a system to enable each individual to acquire highly specialized skills.

Through this, we aim to enhance the growth of the shinkin bank community and increase corporate value through the empowerment and growth of “human assets.”



The SCB Group will serve as the hub of the shinkin bank community, and by further strengthening organic collaboration with external organizations such as business companies and government agencies, we aim to sublimate the industry network into a system that solves regional community and shinkin bank issues, and to enhance its value (maximize network value).



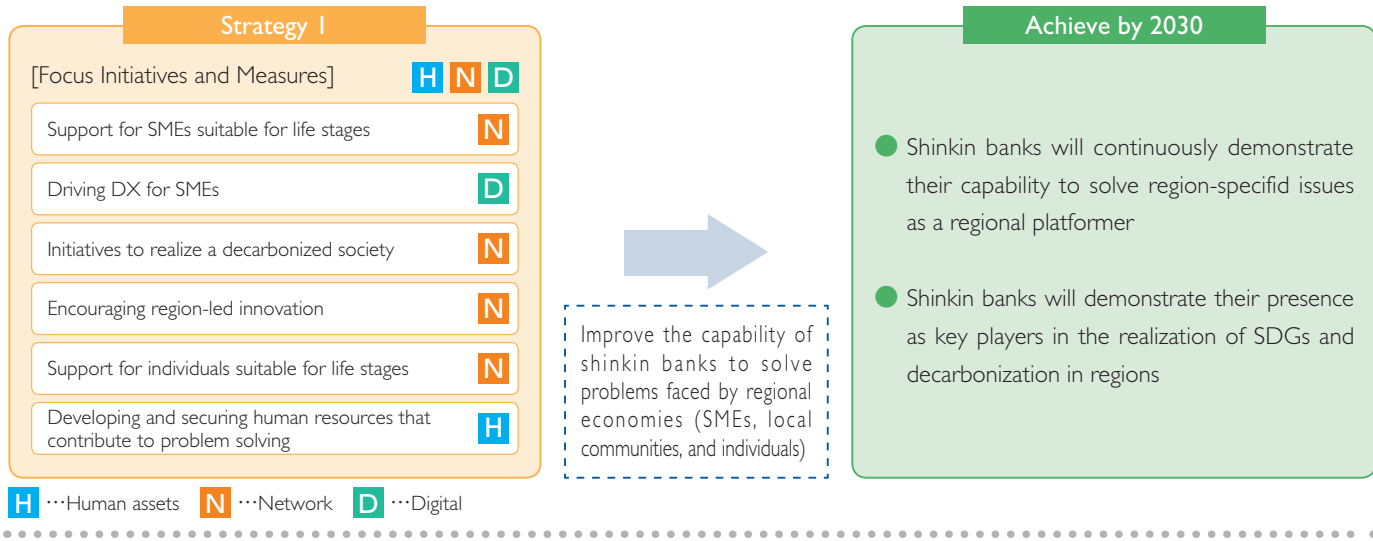
By combining shinkin banks' strengths in “face to face” communication with digital technology, we aim to create a new customer experience by increasing the depth of all phases of customer contact, customer understanding, and problem solving.



# Medium-Term Management Plan “SCB Strategy 2022”

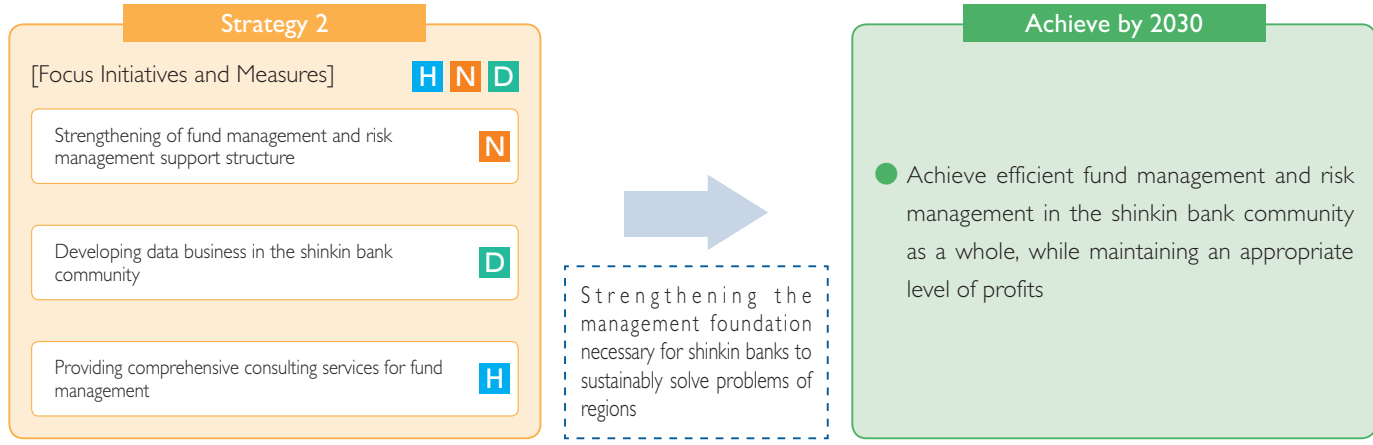
## Strategy 1 Improve the capability to solve issues of regional communities

We will focus on initiatives that make a significant contribution to solving issues of regional communities and increase the effectiveness of our measures.  
 We will aim to build a system in which the shinkin bank community receives appropriate compensation for these initiatives and provides quality services to regional communities on a sustainable basis.



## Strategy 2 Strengthen shinkin banks' profitability and capability to respond to risk

The SCB Group will work together as one to deepen its consulting functions for shinkin banks, including fund management and risk management support.  
 We will promote the provision of products and services that contribute to the diversification of shinkin banks' revenue sources.

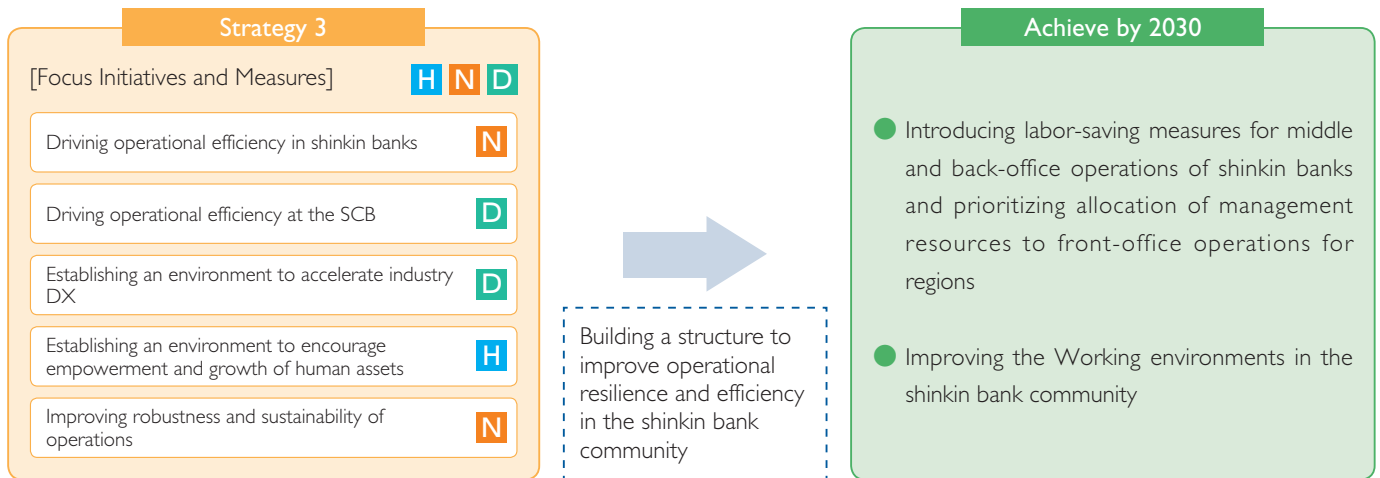




## Strategy 3 Build a sustainable and efficient business operating structure

To make effective use of limited management resources, we will work to improve operational efficiency by promoting collaboration, centralization, and outsourcing, while maintaining and improving the robustness and sustainability of our operations.

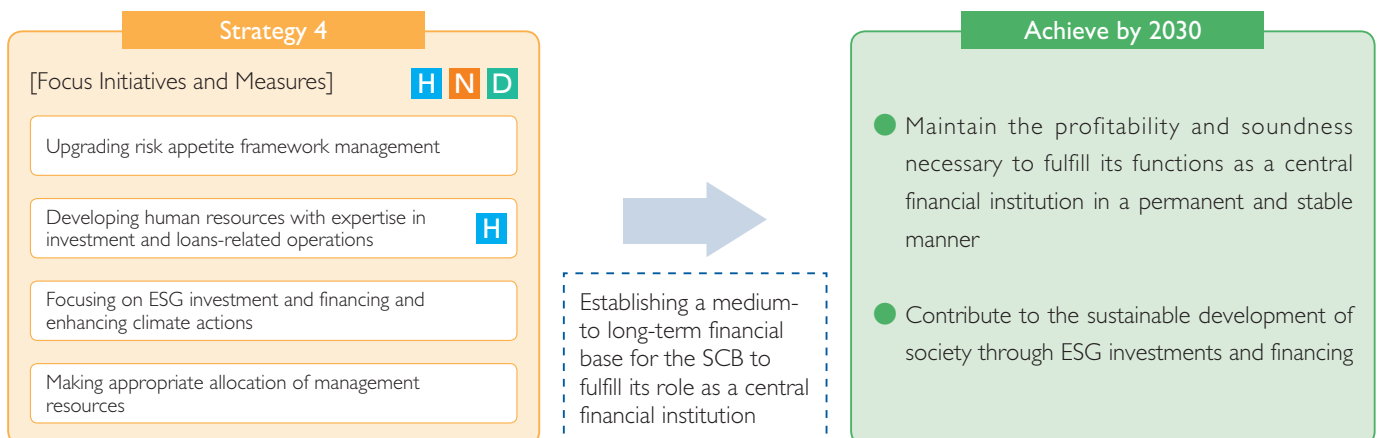
We will develop an environment that will serve as a basis for business model reform in the shinkin bank community.



## Strategy 4 Strengthen SCB's financial base

While a commensurate cost burden is expected to be incurred in strengthening the functions of the shinkin bank community, we will aim to enhance profitability by upgrading our risk appetite framework management and developing specialized human resources.

As one of Japan's leading institutional investors, we will promote initiatives to contribute to the improvement of social sustainability through the promotion of ESG investments and financing.



# HX: Human assets transformation

## To Demonstrate the value and Strength of our “Human Assets”

Approximately 100,000 people—This is the number of officers and employees working at shinkin banks across the country. This means approximately one out of every 700 people in the Japanese labor force works at a shinkin bank.

The strength of shinkin banks is “face-to-face.” We work closely with customers and aim to resolve issues by providing friendly and helpful consultation. That is why shinkin banks’ greatest asset is “human assets,” who are the point of contact with customers. They are required to possess not only financial knowledge, but also a flexible mindset and the ability to act in the times of rapid change.

To develop these talents, the SCB provides shinkin banks with “Sels,” an e-learning system that allows employees to learn a wide range of subjects, from financial knowledge to human skills. By providing a platform where employees can learn anytime, anywhere, we contribute to developing human resources who can solve corporate and regional issues.

In addition, we are also promoting various human resource development initiatives not only for shinkin banks’ employees but also for our employees at the SCB.

Specifically, we have established a “human asset development cycle” to provide opportunities for “recognizing and setting the desired image,” “developing skills,” and “putting it into practice.” We are also cultivating rich, well-rounded human resources who have a wide range of experience and perspectives as employees of the central financial institution, while also possessing their own expertise and areas of specialization.

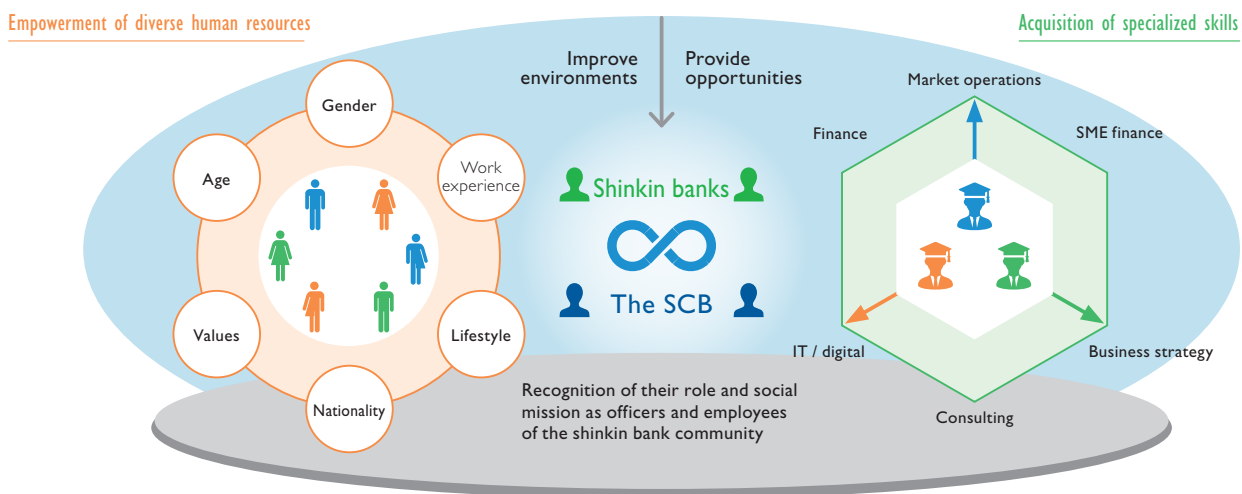
Amid rapid changes in working styles and working attitudes, the SCB will provide a variety of support to ensure that the combined strength of its approximately 100,000 employees is fully utilized.



Senior Managing Director Yuzuru Nishino

## Toward the Empowerment and Growth of “Human Assets”

We will further work on fostering an organizational culture and creating a comfortable working environment so that a diverse range of human assets, including women and seniors, can play active roles. Furthermore, by working to develop human resources with expertise and the flexibility to respond to changes in the environment, it will lead to the growth in the shinkin bank community and enhance our corporate value.



Empowerment and growth of “human assets”  
Growth of the Shinkin Bank Community and Enhancement of Corporate Value

## Shinkin Bank Community's Unique e-Learning System "Sels" *Sels*

Since fiscal 2020, we have been providing the Shinkin e-Learning System "Sels" exclusively for the shinkin bank community, which allows employees to take courses easily on their smartphones and PCs. As of the end of March 2024, all shinkin banks are using this system, with a cumulative total of over 50,000 trainees. It is used as a skills development tool for shinkin bank officers and employees.

Sels provides more than 250 courses, including learning materials in a wide range of fields related to the practical operation of shinkin banks, as well as curricula for improving human skills. In addition, to foster trainees' motivation, the system has a proficiency assessment program (STRAP) in which trainees are awarded points based on login and course attendance.

Moreover, we provide training results summary reports, "STRAP Dashboard," to each shinkin bank to support them in developing training plans and self development goals to improve the trainees' problem-solving skills.



Image of STRAP dashboard



Cumulative number of trainees

Fiscal year 2023 results	Fiscal year 2024 target
53,240	63,000

## New Business Creation Program "neXtry" *neXtry*

The new business creation program "neXtry" is a system in which the SCB's employees propose new solutions to solve issues faced by regional communities, shinkin banks, and other organizations, and then, with organizational backup, the proponents work to realize their ideas. In this program, the employees who propose new business ideas will work in a "Try & Learn" spirit to repeatedly test hypotheses to brush their ideas up, then work towards commercializing them after going through reviews. In fiscal 2023, a proposal on facility management support for the shinkin bank community was adopted. The proponent is working toward its commercialization.

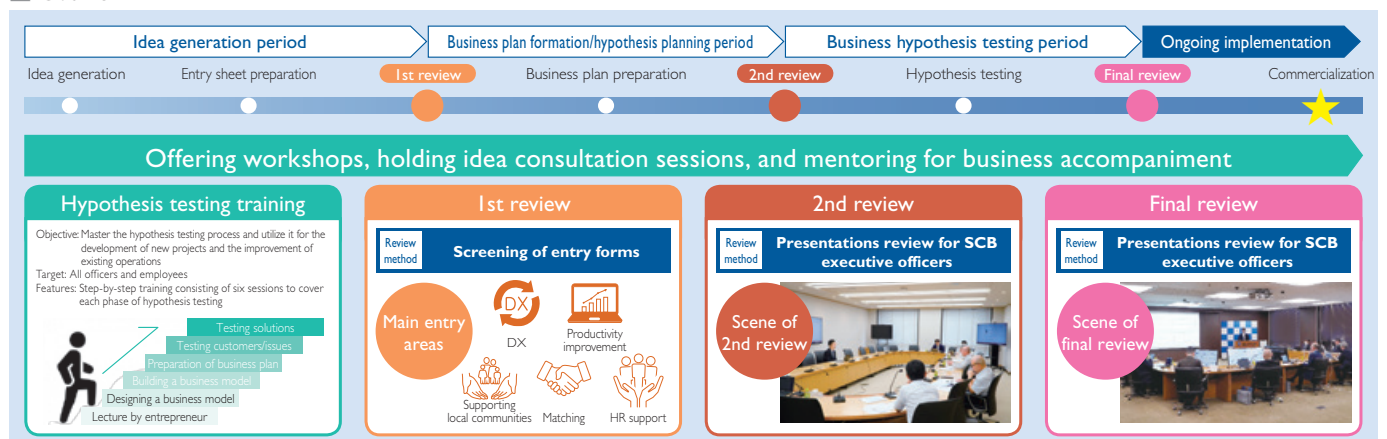
The program also includes a system to help all officers and employees master the hypothesis testing process and implement initiatives that will lead to improving the effectiveness of existing operations.

Through this program, the SCB is supporting growth opportunities for employees and fostering an organizational culture that encourages taking on challenges.



Proponents who passed the final review for the 2nd term

### Outline



# NX: Network transformation

## Toward Maximizing Network Value

The shinkin bank community is a major financial group with ¥161 trillion in deposits, approximately 7,000 branches and 8.78 million members. In recent years, shinkin banks, as cooperative financial institutions rooted in their local communities, have not only been providing loans and other financing but have also been supporting the core businesses of SME customers, establishing “networks” in each region that enable the participation of local governments, businesses, local residents, and various stakeholders, and work to solve local issues.

The SCB Group functions as a “hub” that organically combines these local community networks with SCB’s networks of external organizations in Japan and abroad, thereby expanding its operations over a wider area. Perhaps these wide area networks are the greatest strength of the shinkin bank community.

To date, our group company, Shinkin Regional Innovation Co., Ltd., has been providing various consulting services to local governments and working with shinkin banks to resolve regional issues. Additionally, for our SMEs customers, we operate the web-based business matching solution named “Shinkin Connect” and provide support for their overseas expansion, working to create new business opportunities and enhance corporate value.

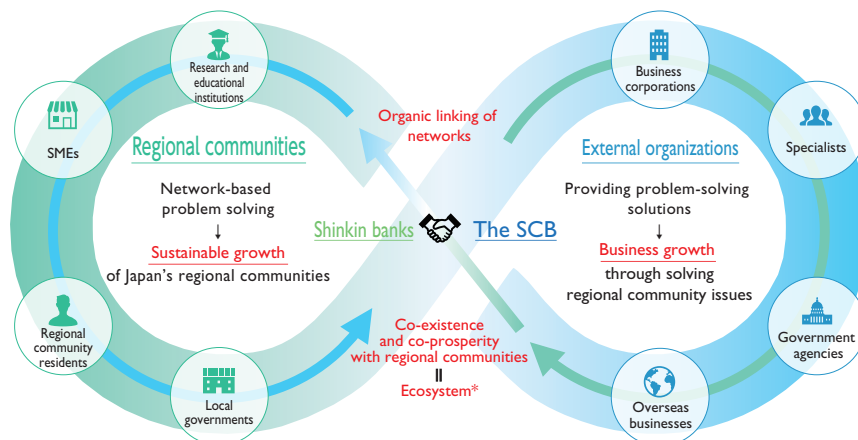
By further enhancing the functions and values of its networks, the SCB will continue to strive to create sustainable local economies and communities.



Managing Director **Takehiko Murotani**

## Formation of the Shinkin Ecosystem

The SCB Group will serve as the hub to organically link the local community networks of shinkin banks nationwide with SCB’s extensive networks of external organizations in Japan and abroad to create a problem-solving system that transcends the boundaries of the shinkin bank community. By doing so, we aim to solve issues in Japan’s regional communities and form a system (the Shinkin Ecosystem) in which participants in the network can mutually grow, co-exist, prosper and support each other.



\* “Ecosystem” originally means a state in which organisms living in the same area depend on each other to survive. Here, it refers to the co-existence, co-prosperity, and mutual support of the many stakeholders in the network in which shinkin banks and the SCB are involved.

## Business Matching Platform “Shinkin Connect”



The SCB operates “Shinkin Connect,” a web-based business matching platform utilizing the network of the shinkin bank community. This platform includes not only shinkin banks' customers from across Japan but also major retailers and wholesalers from the Tokyo metropolitan area and key cities. Users can directly request business negotiations with companies that have registered their buying and selling needs on the site.

In addition to collecting information on the needs of major buyer companies based in the Tokyo metropolitan area and regional cities, the SCB is working to create and mediate business negotiation opportunities through this platform, such as holding business negotiation sessions on specific industries or themes from time to time.



### Cumulative number of business negotiations

Fiscal year 2023 results	Fiscal year 2024 target
3,850	5,350

\* Launched in September 2021

### Number of members companies

Fiscal year 2023 results	Fiscal year 2024 target
9,678	12,000

しんきんコネクト

<https://shinkin-connect.jp/>

## Test Marketing Space “EN-MUSUBI”

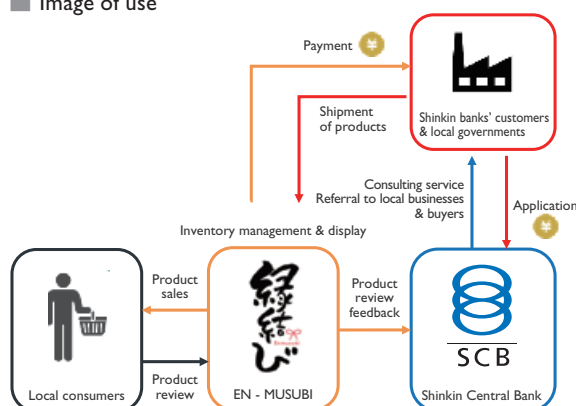


In June 2024, we launched EN-MUSUBI, a space for shinkin banks' customers and local governments to conduct test sales and test marketing in Bangkok, Thailand.

Located in a building directly connected to Asok Station, one of Bangkok's busiest stations, this space can be used for test marketing of various products from food and household goods to traditional crafts made using Japan's unique technology, reaching a broad customer base. We will provide consulting services through reviews collected from local consumers to assist shinkin banks' customers in expanding their overseas sale channels.



### Image of use



# DX: Digital transformation

## ▶ We would like to assist SMEs and shinkin banks with the power of digital technology

We would like to assist SMEs and shinkin banks with the power of digital. With this thought in mind, the SCB is actively supporting measures to accelerate DX.

Firstly, with the aim of improving business efficiency and productivity in SMEs, we provide “Kei Yell”, a corporate portal service for SMEs since October 2022. “Kei Yell” is equipped with various functions such as cash flow management and electronic invoice support, which enables busy SMEs owners and sole proprietors to streamline their daily operations.

In addition to helping SMEs, improving the operational efficiency and productivity of our member shinkin banks is also an important mission for us. In December 2020, we started providing a communication app “Shinkin direct” as an entry point to implementing DX in shinkin banks.

We also built a data sharing platform for the shinkin bank community, “Shinkin DB.” Our aim is to share various customer data held by shinkin banks to further enhance marketing activities and improve operational efficiencies. Starting in April 2023, we are providing shinkin banks specific information that can be used for marketing activities based on this database.

The SCB hopes to continue driving our DX efforts forward for SMEs and shinkin banks nationwide.

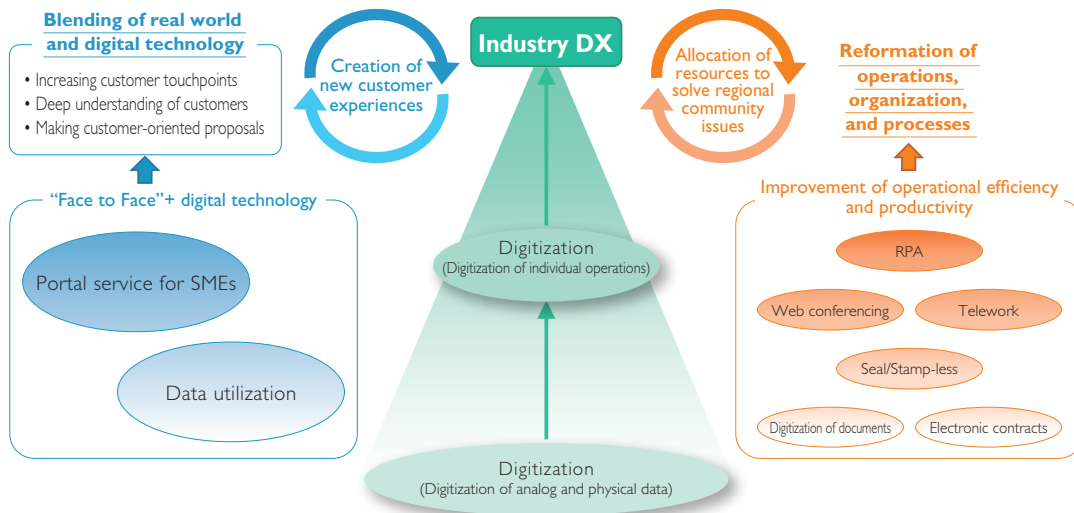


Managing Director Yoshinori Jinno

## ■ Toward DX Driving in the Shinkin Bank Community

“Blending of the real world and digital technology” means that in addition to “Face to Face” communication that is the distinctive characteristic of shinkin banks, the SCB will provide the necessary real-time support via smartphones and PCs as well.

In addition, using digital technology, we will further improve the efficiency and productivity of operations in the shinkin bank community to a greater extent than ever before, thereby allocating management resources to operations that contribute to solving local community issues.



## Data Sharing Platform “Shinkin DB”

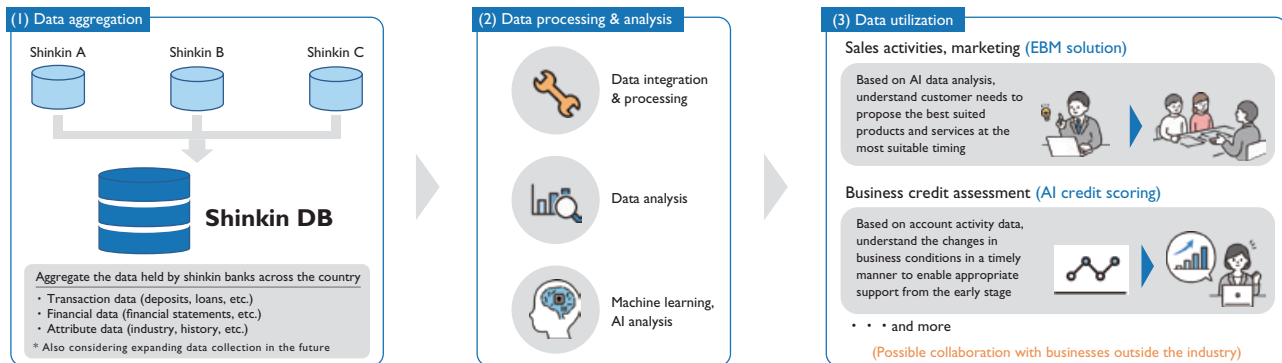
In April 2023, we launched “Shinkin DB,” a data sharing service for shinkin banks, in which various data scattered across the shinkin bank community are aggregated and utilized for “EBM solutions” and other purposes.

EBM stands for event-based marketing. It refers to a marketing method that uses AI and statistical methods to model the characteristics of successful sales representatives and customers who have closed deals in the past, and derive proposals on best products and services at the best time for customers.

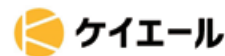
In April 2024, we began offering “AI credit scoring,” which measures the creditworthiness of customers based on account activity data. By quickly detecting changes in customers’ business conditions, we can provide appropriate support at an early stage.

We will continue to expand our services to help shinkin banks enhance profitability and improve operational efficiency through data utilization.

### Overview of “Shinkin DB”



## Portal Service for SMEs “KeiYell”



In October 2022, the SCB released “Kei Yell,” a portal service for SMEs. “Kei Yell” is a portal service developed with the concept of “friendly digital and warm fintech” and the desire to “send encouragement to business owners.” This service has seven functions that make daily work more convenient, including keeping track of cash management and handling electronic invoices. It is a digital tool that enables each shinkin bank to offer a one-stop service of various functions according to the characteristics of respective regions.

In launching “Kei Yell”, the SCB has formed a comprehensive business partnership with NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (NTT East) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (NTT West) with the aim of promoting DX in shinkin banks’ SME customers across Japan. By combining the strengths of the shinkin bank community, which has strengths in regional finance, with the strengths of NTT East and NTT West, which provide a wide range of ICT services to regional communities, the SCB will contribute to solving the issues faced by SMEs nationwide, thereby realizing sustainable regional economies and communities.

### Service dashboard



### Web commercial



# Toward Realization of Sustainability Management

The SCB Group adopts the “Declaration of Shinkin Central Bank Group on SDGs.” As a group formed around the central financial institution for all shinkin banks, we implement initiatives together with shinkin banks throughout Japan toward the realization of a sustainable society based on the principle of a cooperative institution focusing on three essential pillar namely the “region,” the “people” and the “environment.”

Specifically, we hold meetings of the Group Sustainability Promotion Committee, which comprise the President and CEO of the SCB, the director in charge of Sustainability Promotion Division, and group company presidents. The Committee promotes initiatives toward the creation of a virtuous cycle between “the environment and society,” and “the economy,” which will contribute to solving social issues, and supports efforts of shinkin banks toward the realization of sustainable economies and societies in regions.

In fiscal 2023, we formulated the “SCB Group Human Rights Policy,” committing to our responsibility of a business enterprise to respect human rights, and also implemented human rights due diligence. Also, we are currently sharing sustainability-related issues with the entire Group and discussing how to set Group targets.

At the SCB, we newly established the Sustainability Promotion Division in April 2024 to further strengthen sustainable management, and promote the “Shinkin Green Project,” a joint effort with shinkin banks to decarbonize local communities.

The Division will play a central role in achieving sustainable management, including the achievement of the medium- and long-



General Manager of Sustainability Promotion Division  
**Kotomi Otsuka**

term goals related to strengthening of our response to climate change, and through the Shinkin Green Project, accelerating the shinkin bank community’s efforts to promote sustainability in local communities.

## Status of Initiatives Toward Enhancing the Sustainability Management





## Direction for Realization of Sustainability Management

Based on the principle of a cooperative institution and through our activities engaging in the region, the people and the environment, we aim to create a virtuous cycle between “the environment and society” and “the economy,” which will lead to the “growth” of the shinkin bank community and further resolve social issues.

### Sustainable prosperity of a region

Enhance the sustainability of shinkin banks and SMEs, and promote initiatives to support regional revitalization

### Well-being to all the people

Contribute to the realization of a diverse and inclusive “leave no one behind” society

### Conservation of the global environment

Contribute to conservation of the global environment by reducing the environmental impact of our business activities and promoting investments and financing that are mindful of environmental problems.

#### Toward 2030

Through efforts to “improve the capability to solve issues of regional communities” as stated in Strategy I of the Medium-Term Management Plan, the SCB, together with shinkin banks, will strengthen ties with regional communities, and make contributions to regional communities and their people.

#### Toward 2030

Through the “Shinkin Green Project,” we will strengthen our initiatives for conservation of the global environment

## Efforts to Achieve SDGs Together with Shinkin Banks

The SCB offers training programs for shinkin banks to raise awareness about SDGs. In addition, we create leaflets and PR videos for the promotion of SDGs among SMEs to support the public relations activities of shinkin banks.

In fiscal 2023, we called for shinkin banks nationwide to participate in the “The Children’s Future Used Book Donation,” which is part of the “Children’s Future Support National Movement” sponsored by the Children and Families Agency and other organizations. To date, 56 shinkin banks have participated, donating over 30,000 books collected from employees and local residents. Sales proceeds are used to help children in poverty through the “The Children’s Future Support Fund.”



•PR video “The SDGs of Shinkin Banks”

## Support for Initiatives

The SCB participates and supports various initiatives to fulfill its social responsibility as a financial institution, respond to the demands of the international community, and contribute to the realization of a sustainable society.

### Task Force on Climate-related Financial Disclosures (TCFD)



For details, please see P. 30 “Measures for Climate Change (TCFD).”

### TCFD Consortium



### Equator Principles



### Japan Climate Initiative (JCI)



### Principles for Responsible Investment (PRI)\*



\* Signed under the name of Shinkin Asset Management Co., Ltd., a group company



# Special Interview

## Joint Research with the Research Institute for Economics and Business Administration, Kobe University on Enabling SMEs to Achieve Decarbonized Management

– Challenges that SMEs will be Facing in Moving Toward a Decarbonized Society and the Roles of the Shinkin Bank Community –

Nobuyoshi Yamori × Hiroshi Sudo

(Professor, Research Institute for Economics and Business Administration, Kobe University)

(Deputy President)



### Nobuyoshi Yamori

Born in Shiga Prefecture in 1963. Served as Professor and Assistant to the President of Nagoya University, then became Professor of the Research Institute for Economics and Business Administration (RIEB), Kobe University since 2014 (to present). Director of the RIEB, 2021. Emeritus Professor of Nagoya University, 2023. Ph.D. in Economics. Expertise in empirical research on the Japanese financial system. Past public services include Advisor to the Financial Services Agency and Member of the Financial System Council. Currently, Chair of the Subcommittee for Finance, Council for Small and Medium Enterprise Policy; Member of the Fiscal System Council; Non-Executive Director of Regional Economy Vitalization Corporation of Japan (REVIC); and Member of the screening committee for ESG Finance Awards Japan, Ministry of the Environment.

## I. Making Decarbonized Management a Strength of SMEs

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**SUDO** I think everybody feels that the world has “no time to lose” in addressing environmental issues. Developed countries have achieved economic growth by emitting large amounts of CO<sub>2</sub>. Even in Japan, per capita energy-derived CO<sub>2</sub> emissions are approximately double the global average. After all, developed countries should take the lead in decarbonization. Although large companies in Japan are becoming more active, only a limited number of SMEs are taking action.

**YAMORI** Precisely. Due to recent extreme weather and other factors, the owners of SMEs also agree that society as a whole needs to decarbonize. In reality, however, unlike large companies, many SMEs do not consider it a priority issue for themselves.

There are about 3.36 million SMEs, accounting for 99.7% of companies in Japan. This means a large percentage of the domestic labor work at SMEs, so the decarbonization efforts of SMEs and their employees will have a significant effect on the entire country.

**SUDO** In addition, SMEs play an extremely important role in the Japanese economy, generating approximately 50% of Japan's added-value and employing 70% of the workforce. I believe that the Japanese economy will not grow without the prosperity of SMEs, and the decarbonization efforts will be an important element for SMEs themselves to expand their own businesses.

**YAMORI** I think it is effective to tackle decarbonization as a way to highlight the company's strengths. The trend toward decarbonization is irreversible, and to be among the first to exploit areas of potential growth is an opportunity. It is said that the reason Japanese cars won the world market in the 1970s was because they were quick to improve their energy-saving performance amid soaring gasoline prices triggered by the oil crisis.

A survey has also shown that around 60% of consumers are “ethical” minded and prefer to buy environmentally friendly products, so decarbonization efforts are also a factor that makes a company attractive to customers. Today, people say that the biggest management challenge is a shortage of human resources, and decarbonization efforts could make a company a more attractive workplace, thereby honing its competitive edge by attracting quality talent. However, in order to encourage more companies to decarbonize, it is necessary to show that the cost is not that huge, and that it could lead to profit.

**SUDO** It is certainly important to demonstrate those points. I might add, on a slightly negative note, that as the importance of “Scope 3” related initiatives under the greenhouse gas emissions (GHG) protocol, which covers the entire supply chain, is now often discussed and disclosure underway, companies that are not decarbonizing may be excluded from the supply chain.

Conversely, if companies take the right approach towards decarbonization, they may be chosen.

## 2. Barriers for SMEs and the Unique Roles of Shinkin Banks

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**YAMORI** SMEs face several barriers in their efforts to decarbonize.

The first barrier is management. Whether SMEs can undertake new initiatives depends on the intentions of the management. If management does not recognize decarbonization as something that concerns their company, they need to start by understanding its importance. The second barrier is the company's internal resources. Many

SMEs lack the human resources or know-how needed for decarbonization. It is natural that the company does not have the know-how as this is a new initiative. So to overcome this barrier, companies need an approach where they nurture talents as they go along. The third barrier is achieving results. To convince people inside and outside the company who believe it's “extra work” or “nothing but a burden”, it is necessary to show clear results. However, it is

## Special Interview

not always possible to see immediate and tangible results. Therefore, the key to persistence is to achieve steady success starting with small initiatives. I believe it is important that the efforts to improve productivity will have the secondary effect of reducing CO<sub>2</sub> emissions, and that these results will then be rolled out across the company in a virtuous cycle.

**SUDO** I feel that shinkin banks have a significant role to play in removing these barriers that you identified. Shinkin banks have thorough knowledge of the overall business operations of SMEs and have always worked alongside them to help them solve their problems. It is important to identify what the barriers are for SMEs and to address them one by one.

**YAMORI** There is no point in making excessive short-term investments to achieve decarbonization if this leads to a deterioration in business conditions. Shinkin banks can carefully analyze the situation of SMEs and make proposals based on the premise of future outlooks and sustainable growth while meeting their funding needs.

**SUDO** Since shinkin banks have designated business areas and cannot escape from their community, they have a strong sense of commitment over their community and are dedicated to sustainable development of the region. Shinkin banks build narrow-area, highly intensive relationships with local SMEs and support their growth. The decarbonization efforts would be a useful proposition for SMEs.

**YAMORI** You are certainly right. I believe that the strength of shinkin banks lies in their ability to stay with companies over the long term. The presence of the SCB focusing on decarbonization is also a strength.

**SUDO** Thank you very much. One of the key themes of our Medium-Term Management Plan “SCB Strategy 2022” is the “Shinkin Green Project,” which is our initiative toward decarbonization. This Project is working on various initiatives for realizing decarbonization under the three pillars of “finance,” “consulting,” and “ecoLocal.” Under “consulting,” we are offering SMEs solutions for decarbonization, and aiming to establish a “green” brand image for shinkin banks. We aim to realize a decarbonized society by providing solutions in four phases: awareness





raising, current situation assessment, planning, and implementation. Currently, we are in the process of working with a number of external organizations to provide solutions to shinkin banks and their customers with a certain lineup of products for each phase. We have an increasing number of successful cases, and we hope to develop each success from points to line, and from lines to plane.

**YAMORI** I have very high expectations for planar development. I am also looking forward to seeing the

power of the shinkin bank community in the Shinkin Green Project for decarbonization.

**SUDO** It is the mission of the SCB to resolve the issues faced by shinkin banks, their customers, and regions. With the SCB as a hub, we can provide solutions on decarbonization efforts in collaboration with external organizations. By sharing the successes and sometimes failures in our decarbonization initiatives with shinkin banks, we hope to achieve a state of heightened momentum for decarbonization among SMEs nationwide.

### 3.Solutions from Joint Research Findings

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**YAMORI** In the joint research, we first conducted a questionnaire survey starting in January 2024, asking approximately 5,200 SME owners nationwide in order to understand their level of interest in decarbonization, the status of efforts, and the challenges they face in undertaking such efforts. Although we are still in the process of conducting a detailed analysis, the survey showed that the overall level of interest in decarbonization was only around

40%. Meanwhile, for companies with more than 20 employees, the level of interest was around 70%, showing a great diversity of results depending on company size and industry. We also learned that a considerable number of companies are interested but have yet to take specific action.

**SUDO** We believe that this survey is very beneficial. From the survey results, we would like to accurately identify the



## Special Interview

challenges and barriers in undertaking decarbonization and generate effective solutions by applying the knowledge and expertise of a financial institution and capitalizing on academic perspective.

It is clear from the survey that decarbonization is not necessarily a high priority for the management of SMEs. But results also show that companies that engage in decarbonized management are finding positive effects on their business. Going forward, we would like to interview leading companies directly about their successful experience and share their success stories. Through this, we hope to change people's awareness and make them familiar with the practice.

**YAMORI** It is important to find and disseminate successful experiences. Since the levels of interest among managers vary, I think it is necessary to provide proposals and solutions that are tailored to each individual.

Some companies will need an initial proposal, while others may be more suited to a more advanced proposal. For advanced proposals, it is also important to prepare solutions in collaboration with external organizations. There may not be many cases where advanced proposals are required at individual shinkin banks, but the number would be considerable nationwide. This is where the SCB, which

has a nationwide presence, comes in. Shinkin banks are like your local family doctor, but with the support of the SCB, it would be like being able to be referred to a general hospital or university hospital at any time.

**SUDO** The survey revealed that there was a high level of interest in energy saving efforts, but that many respondents were not sure where to begin. To take the first step, financial support through subsidies with the cooperation of local governments and other organizations is important, but to make it a sustainable effort, it is critical to propose it as a positive element for management.

**YAMORI** Exactly. From a different perspective, there still seem to be few instances where financial institutions are providing incentives for decarbonization through their proposals. In this regard, I believe that shinkin banks being the first to propose such a proposal would be a factor that would differentiate them from other financial institutions.

**SUDO** As we enter the “world with interest rates,” competition among financial institutions will intensify furthermore.

We believe that our proposals for decarbonization will drive us to become the financial institution of choice.

## 4.Expectations for “Capability to Connect” and Future Prospects

**YAMORI** Shinkin banks have ties with universities, local governments, and the business community in the region. In some cases, we see efforts by shinkin banks to connect these entities with SMEs. I believe that shinkin banks have the “capability to connect.” This “capability to connect” could be the driving force toward decarbonization. In taking actions for decarbonization, it is important to work not only with SMEs, but with the community as a whole. If we can create a platform where local stakeholders can come together and share their ideas, it can generate great power. We believe that having shinkin banks play a central role in this platform is a critical aspect of our efforts.

It is difficult for a researcher like me to provide direct advice

to SMEs on their business issues, but I think that by collaborating with shinkin banks and local governments, I can help SMEs come up with solutions that suit their situations.

**SUDO** Shinkin banks have a large presence in the region, and as I mentioned earlier, I feel that the expectations and role of shinkin banks are becoming increasingly important.

**YAMORI** In many cases, Europe and other countries are said to be leading the way in decarbonization efforts, but we believe that if such efforts are undertaken in Japan with the cooperation of shinkin banks, they will be as good as

those of Europe and other countries.

**SUDO** The SCB hopes to build upon this joint research to enable shinkin banks and SMEs to take steady steps toward decarbonization, establish a unique decarbonization model for Japan, and disseminate this model to the rest of the world.

**YAMORI** A clear strength of shinkin banks is their ability to work closely with their customers and local communities, being a long-term companion, and sharing a common purpose. Whenever you discuss the future with SME owners, there will always be a mention of decarbonization. Because shinkin banks can see the entire business of companies, I'm sure they can support decarbonization initiatives by SMEs in a reasonable manner.

**SUDO** The SCB, through its shinkin banks, offers a range of support services to raise awareness of decarbonization among SMEs. Again, we want people to know that, above all, actions to decarbonize are new business opportunities and initiatives that will be supported by customers, including productivity improvements and labor-saving measures. Going forward, we will continue to look ahead and acquire knowledge and expertise not only on decarbonization, but also on topics with increasing social demands such as natural capital, biodiversity, circular economy, and so on. To this end, we would like to form an ecosystem in which many stakeholders, such as individuals, SMEs, communities, and states, work together to create a sustainable circular process in a way that is appropriate to each region. Thank you very much for the encouraging discussion on the shinkin bank community today.



# Measures for Climate Change (TCFD)

## ► Introduction (Approach to Addressing Climate Change)

The SCB has formulated the "Shinkin Central Bank Group SDGs Declaration" and, as the central financial institution of all shinkin banks, is working towards the realization of a sustainable society together with shinkin banks across the country, focusing on the three important pillars of "community," "people," and "environment," in accordance with the mutual aid and non-profit principles of a cooperative organization.

With regard to environmental issues, including climate change, the SCB has formulated the "The SCB Group Environmental Policy" and is actively working to resolve these issues through its operations and other activities.

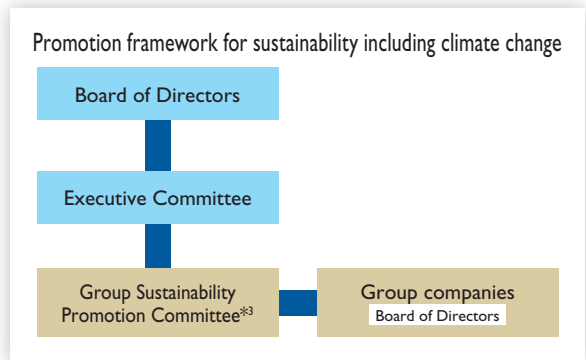
In addition, in July 2019, the SCB endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is disclosing the following information in line with TCFD recommendations.

## ► Governance

◇Policies regarding sustainability, including climate change, are discussed at the Executive Committee and then resolved at the Board of Directors. The progress of initiatives based on the policies of the Board of Directors is discussed at Executive Committee and reported at the Board of Directors at least once a year. We regularly discuss climate change risks at committees such as the Risk Management Committee, a subordinate body of the Management Committee, and other committees.

In addition, from the standpoint of integrated management as one banking group, we hold the "Group Sustainability Promotion Committee" meetings twice a year, a committee comprised of executive officers of the SCB and SCB Group companies to discuss such matters as the SCB Group's policies and initiatives regarding sustainability including climate change.

Meeting structure	Month & Year	Past main matters for discussion
Board of Directors	Jul. 2019	• Endorsement of the Recommendations of Task Force on Climate-related Financial Disclosures (TCFD)
	Sep. 2019	• Formulation of Shinkin Central Bank Group SDGs Declaration
	Sep. 2020	• SDGs Initiatives in the SCB Group*1
	Apr. 2021	• Adoption of the Equator Principles
	Jul. 2021	• Strengthening response to climate change
	Sep. 2021	• Formulation of the SCB Group Environmental Policy
	Sep. 2023	• Formulation of the SCB Group Human Rights Policy
	Oct. 2023	• Status of initiatives for the Shinkin Green Project
	Executive Committee*2	Mar. 2020
Feb. 2023		• Formulation of the road map toward achieving net-zero greenhouse gas emissions
Nov. 2023		• Starting measures to achieve net-zero for Scope 3 in response to climate change
Feb. 2024		• Implementation of Human Rights Due Diligence
Risk Management Committee	Oct. 2021	• Management of climate change risks in the Integrated Risk Management
	Nov. 2022	• Assessment of flows and importance of scenario analysis concerning climate change risks
	Mar. 2023	• Implementation of scenario analysis concerning climate change risks*1
Group Sustainability Promotion Committee	Jul. 2021	• Preparation for the formulation of the SCB Group Environmental Policy
	Jul. 2022	• Sharing of each company's efforts toward decarbonization of the region and the possibility of collaboration • Challenges for Shinkin Central Bank Group to Achieve Virtually Zero Greenhouse Gas Emissions
	Jan. 2023	• Strengthening of the SCB Group's response to climate change
	Jul. 2023	• Preparation for the formulation of the SCB Group Human Rights Policy
	Jan. 2024	• Actions for sustainability-related issues to be addressed as priority



- \*1 This is a matter that is regularly discussed, so only the first meeting is listed.
- \*2 Matters that have been submitted at the Board Directors after being discussed at the Executive Committee have been omitted.
- \*3 Chairperson: President and CEO  
Members: President and CEO, executive officer in charge of Sustainability Promotion Division, and group company presidents  
Executive office: Sustainability Promotion Division

◇Initiatives for sustainability, including climate change, are being taken cross-organizationally, with the Sustainability Promotion Division playing a central role.

## ► Strategy

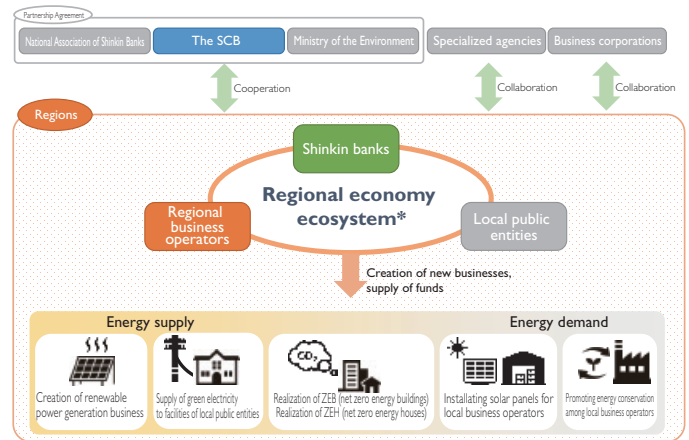
### <Opportunities Associated with Climate Change>

To realize a sustainable society, we set the "Shinkin Green Project" in the Medium-Term Management Plan and are actively working on measures such as promoting ESG investments and loans and decarbonizing regions. By leading these initiatives to the growth of the shinkin bank community, we aim to create a virtuous cycle for solving social issues further.

◇We view the spread of renewable energy and the advancement of technological innovation as investment opportunities, and are promoting ESG investment and financing with a medium- to long-term goal of achieving a cumulative total of ¥3 trillion (from fiscal 2021 to fiscal 2030) toward 2030, the target date for the SDGs. We are also actively addressing transition finance for the transition to a decarbonized society. As a designated financial institution that conducts business adaptation promotion operations under the Industrial Competitiveness Enhancement Act, we will support the efforts of business operators to achieve carbon neutrality.



◇We recognize that encouraging decarbonization efforts in regions and SMEs will not only lead to new businesses and growth opportunities for SMEs, but is also important from the perspective of revitalizing regional economies. Together with shinkin banks nationwide, the Green Project Promotion Office in the Sustainability Promotion Division, is taking the lead in promoting initiatives such as regional decarbonization in cooperation with government agencies and external organizations.



\* A relationship in which each entity, including companies, financial institutions, local governments, and government agencies, plays its own role while building mutually complementary relationships and maintaining close ties with economic entities outside the region, cooperating and co-creating in a multifaceted way.

## <Risks Associated with Climate Changes>

We recognize that potential climate change risks include risks associated with the transition to a low-carbon society, such as stronger climate-related regulations and technological innovation (transition risks), and risks associated with physical damage caused by natural disasters and increased abnormal weather due to climate change (physical risks). As these risks are expected to have a direct impact on our business activities and an indirect impact through the effects on our investment and lending destinations, we are establishing a business continuity system and assessing the impact on Shinkin Central Bank's finances.

- ◇As the central bank for all shinkin banks, our business continuity plan (BCP) recognizes that in continuing to provide financial functions required to maintain the economic activities of shinkin banks as well as stakeholders, storm and flood damage and other disasters are events that have a material impact on performing businesses. We have established a structure that enables us to continue essential businesses when these become apparent.
- ◇In order to quantitatively evaluate the impact on Shinkin Central Bank's finances of the impact of climate change on investment and lending recipients, we conducted the following scenario analysis.

### Scenario Analysis for Climate Change

Based on the "Practical Guide for Scenario Analysis of Climate Change Risks and Opportunities in Accordance with TCFD Recommendations (for the Banking Sector) ver.2.0" released by the Ministry of the Environment, we analyzed two scenarios: "1.5 °C" and "4 °C." Additionally, the exposures covered by the analysis were limited to loans, in line with the TCFD recommendations.

#### (i) Organization of worldview per scenario

The worldviews of the 1.5°C and 4°C scenarios are as follows. In understanding the risks of each scenario, short-term, medium-term, and long-term timescales are set as the time spans to be addressed.

[Worldview of the 1.5°C scenario]

Towards achieving net zero by 2050, strict measures have been taken in "policy-based legal regulations," and awareness is changing throughout society.

(Expected Situations)

Risks	Category	Expected Situations	Timeline
Transitional risk	Policy/regulatory	Introduction of a carbon tax, shift to low carbon emission energies, etc.	Short- to long-term
	Technology	Capital investments in low carbon technologies, and conversion of existing assets into stranded assets, etc.	
	Market	Changes in supply/demand for handled products, rise in raw material prices, etc.	
Physical risk	Reputation	Due to changes in customer and society's awareness of carbon neutrality, companies may be deemed to have insufficient responses to climate change and information disclosure.	Short-term
	Acute	Increase in damages due to natural disasters (cyclones, floods, etc.)	Short- to long-term
	Chronic	Gradual emergence of damage caused by prolonged abnormal weather (sea level rise, drought, etc.)	Medium- to long-term

## Measures for Climate Change (TCFD)

(Expected Impacts)

The risks associated with the transition to a low-carbon society (transitional risk), such as tighter climate-related regulations and technological innovation, will increase and affect the businesses and financial conditions of investment and loan customers, which can be expected to affect a portfolio indirectly. At the same time, physical risks are assumed to be lower than those in the 4 °C scenario.

[The worldview in the 4 °C scenario]

No major changes in the mindset of the entire society as actions under “laws and regulations based on policy” toward net zero by 2050 are insufficient, and disasters become more severe

(Expected Situations)

Risks	Category	Expected Situations	Timeline
Transitional risk		Actions toward net zero in each category and change in mindset are assumed to be insufficient compared to those in the 1.5 °C scenario	— *I
Physical risk	Acute	Natural disasters (cyclones, floods, etc.) become more severe and damages increase significantly compared to the 1.5 °C scenario	Medium- to long-term
	Chronic	Damages due to prolonged abnormal weather (sea level rise, drought, etc.) become more severe compared to the 1.5 °C scenario	Long-term

\*I This is indicated as “-” because it assumes a situation in which climate change responses are not adequately implemented.

(Expected Impacts)

The risk of physical damage caused by natural disasters and abnormal weather due to climate change is expected to increase, and this risk could have an indirect impact on the portfolio through an impact on the business and finances of the borrowers to which we invest. At the same time, transitional risks are assumed to be lower than in the 1.5 °C scenario.

### **(ii) Selection of important sectors**

Given the degree of climate change impacts and the scale of exposure of loans and bills discounted, we selected the electricity, real estate, and automobile/automotive parts sectors as important sectors for scenario analysis.

### **(iii) Organization of transmission channels for impacts on financial conditions of important sectors**

We identified the transmission channels in which climate change impacts companies’ financial conditions in the important sectors in “the 1.5 °C scenario” and “the 4 °C scenario.” In this process, we recognized important elements as listed in the table below.

[Key factors affecting each sector]

		Electricity sector	Real estate sector	Automobile/automotive parts sector
Transitional risk	Policies/laws and regulations	Introduction of carbon tax	Introduction of carbon tax	Introduction of carbon tax
	Technology	Investments in R&D of low carbon technologies	Investments in developing decarbonization-ready properties and others	Investments in R&D of low carbon technologies
	Market	Changes in energy mix	Shift of demand to environment-conscious properties	Popularization of electric vehicles
	Reputation	Changes in carbon neutral awareness of customers and communities	Lower evaluations of non-environment-conscious properties	Lower evaluations of cars with engines
Physical risk	Acute	Damage to power generation stations and others due to flood damage	Damage to owned properties due to flood damage	Damage to manufacturing sites due to flood damage
	Chronic	Suspension of electricity supply grids due to damaged facilities	Lower labor productivity of workers due to global warming	Suspension of production at manufacturing sites due to flood damage

### **(iv) Quantitative assessment of transitional and physical risks in important sectors**

In line with the transmission channels, we estimated each company’s financial statements by 2050. We calculated the increase in credit-related costs appropriate to the corporate credit strength changes derived from the resulting estimation.

[Transitional Risk (1.5 °C scenario)]

Base scenario	IEA-net zero emissions scenario
Analysis target	Exposure of loans and bills discounted for electricity, real estate, and automobile/automotive parts sectors
Analysis period	By 2050
Analysis method	Estimate the impact on financial statements of companies in the target sectors of the transition to a decarbonized society and estimate the increase in credit-related costs
Analysis result	Around ¥33.9 billion (cumulative)

[Physical risk (4 °C scenario)]

Base scenario	IPCC-R8.5
Analysis subject	Exposure of loans and bills discounted for electricity, real estate, and automobile/automotive parts sectors
Analysis period	By 2050
Analysis method	Hazard maps were created for business assets owned by companies in the target sector, the impact of flood damage on financial statements was estimated, and the increase in credit-related costs was estimated.
Analysis result	Insignificant amount

#### (v) Scenario analysis results

For key sectors, the transition risks amount to a cumulative total of approximately 33.9 billion yen by 2050, while the physical risks are estimated to be an insignificant amount, meaning that the financial impact of either is likely to be limited.

◇As of March 31, 2024, carbon-related assets accounted for 28.8% of total loans\*2. Based on TCFD recommendations, loans to the energy, transportation, materials and construction, and agriculture, food, and forest products groups are defined as carbon-related assets.

\*2 Total direct lending to members (shinkin banks) and non-members (¥8,648.9 billion)

## ► Risk Management

◇We manage climate change risks in the integrated risk management framework. Specifically, we recognize that these risks are causes of generating or amplifying risks in risk categories (such as market and credit risks). We add climate change events to a risk map that classifies and organizes them according to two criteria: “impact on the SCB” and “probability of occurrence,” and visualize and share them. The risk map is reviewed, and revisions are approved as needed in the regular Risk Management Committee, which comprises executive officers and heads of related departments. We respond to risk events according to their impact and likelihood.

◇We have distinguished those sectors whose financial conditions are susceptible to climate change and formulated the “Guideline for Responsible Investments and Loans by Type of Business.” By making investments and loans in accordance with this Guideline, which is continually being revised, we contribute to the realization of a sustainable society as well as manage the financial impact on the SCB. In April 2024, we set forth a policy on investments and loans applicable across all businesses.

[Outline of the Guideline for Responsible Investments and Loans by Type of Business]

		Name of business
Businesses in which investment and financing are prohibited	Across all businesses	<ul style="list-style-type: none"> <li>•Businesses that have negative impacts on wetlands designated under the Ramsar Convention</li> <li>•Businesses that have negative impact on World Heritage Sites designated by UNESCO</li> </ul>
	Specific business	<ul style="list-style-type: none"> <li>•Cluster munition manufacturing businesses</li> <li>•Coal-fired power generation projects where the funds are used for the construction of new coal-fired power plants and the expansion of existing plants</li> <li>•Coal mining projects in which funds are used for the development of new coal mines for general coal mining and the expansion of existing coal mines, as well as coal mining using the Mountain Top Removal (MTR) method.</li> </ul>
Businesses that require careful investment and financing	Specific business	<ul style="list-style-type: none"> <li>•Oil and gas development businesses</li> <li>•Large-scale hydroelectric power plant businesses</li> <li>•Palm oil farm development businesses and deforestation businesses</li> </ul>



## Measures for Climate Change (TCFD)

- ◇ We adopted the Equator Principles in April 2021. Based on them, we have established an internal management system and evaluate the environmental and social impacts of projects in the decision-making process for project finance, etc., and continuously monitor those developments even after the project begins operation.
- ◇ In the framework of credit screening, the impact of ESG factors on the creditworthiness of the customer is qualitatively evaluated, and credit decisions are also made based on the evaluation results. In addition, when investing in funds, we evaluate the ESG investment stance of the entrusted asset management company and make investment decisions based on the evaluation results.

### ► Metrics and Targets

- ◇ We have set a target of ¥3 trillion for the cumulative amount of ESG investments and loans from fiscal 2021 to fiscal 2030. The scope of ESG investments and loans is defined as investments and loans that contribute to solving environmental and social issues (bonds, loans, funds, project finance, PFI, etc.) with reference to international principles and government guidelines.

[Amount of ESG investments and loans executed]

<b>Target</b>	<b>Cumulative total of ¥3 trillion from fiscal 2021 to fiscal 2030</b>
<b>Actual results</b>	<b>Cumulative total of ¥1,338.6 billion (including ¥268.5 billion in the environment category) from fiscal 2021 to fiscal 2023</b>

- ◇ We have set targets for reducing the balance of investments and loans used to finance the construction of coal-fired power plants by 50% by fiscal 2030 from the end of fiscal 2020 and to zero by fiscal 2040.

[Balance of investments and loans used to finance the construction of coal-fired power plants]

<b>Target</b>	<b>Reduce by 50% by fiscal 2030 from the end of fiscal 2020*1 and to zero by fiscal 2040</b>
<b>Actual results</b>	<b>Balance at the end of fiscal 2023: ¥5.9 billion</b>

\*1 Balance at the end of fiscal 2020: ¥5.9 billion

- ◇ To contribute to “carbon neutrality by 2050,” as outlined in the Paris Agreement and by the Japanese Government, the SCB has set a target to reduce greenhouse gas emissions (Scope 1 and Scope 2)\*2 to virtually zero by fiscal 2030. Based on the road map for the target, we divided our initiatives toward carbon neutrality into two phases: Phase 1, which is up to fiscal 2025, and Phase 2, which begins from fiscal 2026. We set staged targets for each phase and are implementing various measures around the three pillars including “decarbonization,” “energy-saving,” and “energy creation.”

In Phase 1, our target is to reduce greenhouse gas emissions to 2,000 t-CO<sub>2</sub> or less by fiscal 2025. In fiscal 2023, we implemented decarbonization measures such as switching to electricity generated from renewable energy and introducing hybrid and electric vehicles.

In addition, to further expand measures for fiscal 2024 and beyond, we are implementing new initiatives such as considering the introduction of carbon neutral gas and undergoing energy-saving diagnosis by an third-party organization.

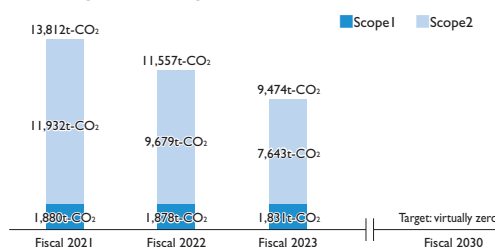
[Greenhouse gas emissions]

Measurement item	Fiscal 2023	Target
Scope 1	1,831 t-CO <sub>2</sub>	Virtually zero by fiscal 2030
Scope 2	7,643 t-CO <sub>2</sub>	
Total	9,474 t-CO <sub>2</sub>	

\*2 Scope 1: Direct emissions generated by the business operator itself (combustion of fuel, etc.)

Scope 2: Indirect emissions generated through use of electricity, etc. supplied by another party

[Shift in greenhouse gas emissions]



[Road map toward reduction of greenhouse gas emissions to virtually zero (as of March 31, 2024)]

		Phase 1 Reduction to less than 2,000 t-CO <sub>2</sub>					Phase 2 Achievement of carbon neutrality				
		Before 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030
I. Decarbonization measures	Electricity		● Trial introduction of green electricity	● Introduction at all owned offices, including tenants				● Reassessment of green electricity contracts (utilities/types)			
	Gas			● Introduction of carbon neutral gas				● Consideration (implementation) of introduction of new technologies			
	Automobile	● Introduction of HVs for official use		● Introduction of HVs for sales activities					● Consideration (implementation) of full-scale introduction of EVs		
	Others			● Trial introduction of EVs	● Consideration of emissions trading			● Trial introduction of emissions trading	● Introduction of emissions trading	● Consideration (implementation) of participation in planting projects	
II. Energy-saving measures	Electricity saving	● Electricity saving measures									
	Lighting	● Introduction of LED (Head office/Kyobashi/computing centers/each sales branch)						● Consideration (implementation) of environment-conscious large-scale renovation			
	Air conditioning		● Introduction of high-efficiency air conditioning systems								
III. Energy creation measures				● Construction of zero-emission branches				● Consideration (implementation) of existing branch renovation for ZEB			
				● Consideration (implementation) of introduction of PPA							

◇ In order to reduce CO<sub>2</sub> emissions, we are taking actions to reduce electricity consumption to meet the targets under the “shinkin bank community’s environmental voluntary action plan.”

[Electric power consumption]

Target	19% reduction in fiscal 2030 compared to fiscal 2009*3
Actual	197 kWh/m <sup>2</sup> *4 (-47.2%) in fiscal 2023

\*3 In Fiscal 2009, 373 kWh/m<sup>2</sup>

\*4 Electric power consumption rate = electric power consumption/total floor space

## Initiatives Toward Natural Capital and Biodiversity

Recently, around the globe, there has been heightening momentum toward Nature Positive initiatives to halt and reverse loss of natural capital and biodiversity.

In the SCB Group Environmental Policy, the SCB commits to addressing endangered biodiversity and other environmental issues through its business operations. Specifically, as an institutional investor, we have formulated the “Guideline for Making Responsible Investments and Loans by Type of Business” to manage our financial impacts while giving due consideration to the environment. We have also adopted the Equator Principles to assess environmental and social impacts on project finance, etc.

We are building the necessary structure while driving a better understanding of these issues at management level by, for example, conducting training for officers on themes of natural capital and biodiversity issues.

Going forward, in order to further strengthen our nature-positive efforts, we will improve disclosures on risks, dependencies, and impacts of natural capital and biodiversity based on the TNFD (Task Force on Nature-related Financial Disclosures).

# Respect for Human Rights

## ► Basic Approach to Respecting Human Rights

For human rights issues, we have formulated the “SCB Group Human Rights Policy” and commit to meeting the responsibility of a business enterprise to respect human rights. We conduct our business operations bearing in mind the impacts of our business activities on human rights. In addition, we also expect our customers and suppliers to respect human rights in accordance with this Policy.

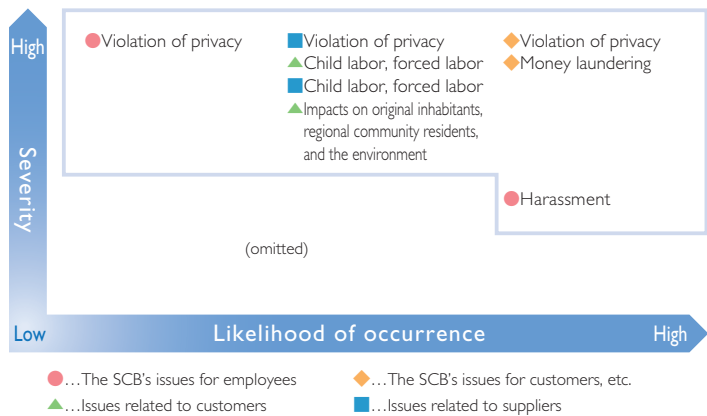
## ► Human Rights Due Diligence

The SCB engages in human rights due diligence by adhering to the United Nations Guiding Principles on Business and Human Rights to prevent and mitigate adverse human rights impacts. In view of the SCB’s business environment, we identified the human rights issues and assessed them based on the severity of impact and likelihood of occurrence, then created a map of these human rights issues. Based on the results, we are deliberating with relevant divisions on future policies to address these human rights issues. The human rights issue map will be revised on an ongoing basis in view of changes to the business environment, etc.

### ■ Human rights due diligence process



### ■ Map of human rights issues



## ► Specific Actions to Enforce Respect for Human Rights

The Group Sustainability Promotion Committee, comprised of executive officers from the SCB Group companies, invited an expert on “Business and Human Rights” to discuss respecting human rights as a financial institution. We also conducted training on our initiatives to promote respect for human rights for all officers and employees. In addition, through dialogues with stakeholders, we will continue to seek understanding on the SCB’s approach to human rights.

### ■ Training on initiatives to enforce respect for human rights



(Lecturer: Mr. Hideaki Umetsu, Partner, Mori Hamada & Matsumoto)



(Executive officers of the SCB Group companies participated in the training)

In addition to the above, we undertake the following initiatives.

## ► The SCB’s Initiatives for Employees

In order to prevent harassment, we have raised awareness through training and other means, as well as conducting regular interviews between employees in each division and Personnel Division staff to understand the workplace environment and resolve issues. For health of employees, we introduced a system to control long working hours by establishing “no-overtime days” and prohibiting work after 9 p.m. In addition, we have various measures to promote the use of paid leave, and in fiscal 2024, we established a new “premium leave” (a system for taking paid leave for three consecutive business days). In addition, in order to prevent health problems caused by overwork, we take measures to provide medical examinations, etc. to employees who work long hours.

### ▶ **The SCB's Initiatives for Customers, Etc.**

To prevent violation of privacy, we published "Declaration of Personal Information Protection" on the handling of personal information and established specific management methods in our personal information management rules and bylaws, thereby establishing a system required of businesses handling personal information and process related to individual numbers.

We recognize a risk that the products and services we provide could be used for money laundering and other activities that could lead to adverse human rights impacts, and we are committed to preventing money laundering, financing of terrorism, and counter proliferation financing.

### ▶ **Initiatives Related to Customers**

In the framework of credit screening, the impact of ESG factors on the creditworthiness of the customer is qualitatively evaluated, and credit decisions are also made based on the evaluation results. Based on the Equator Principles, we assess the environmental and social impacts of projects in the decision-making process on project finance, etc., and continuously monitor the status of environmental and social considerations even after the project has been put into operation.

While the national technical intern training system and specified skilled worker system are under review, we held seminars on topics such as the technical intern training system and human rights issues. We also collaborate with organizations sending workers from abroad to support shinkin banks' customers in utilizing foreign human resources in a way that respects human rights.

### ▶ **Initiatives Related to Suppliers**

In selecting outside contractors, we evaluate their commitment to the SDGs including human rights.

In addition, when investing in funds, we evaluate the ESG investment stance of the entrusted asset management company and make investment decisions based on the evaluation results. When outsourcing the handling of personal data, etc. to outside vendors, etc., we check their personal data management system, etc. to prevent any violation of privacy, and provide appropriate supervision on the security management of the entrusted personal data, etc.

### ▶ **Grievance Mechanism**

The SCB Group is committed to establishing a system to respond appropriately to comments and complaints on human rights.

[Internal reporting & consultation systems]

We have a "compliance hotline system" to enable officers and employees who detect compliance violations to report directly to the compliance supervisory division or a corporate lawyer. Moreover, we are making employees aware of the system through various training programs, etc. and working to detect compliance violations at an early stage by encouraging active uses of the system. In addition to having a person in charge of receiving complaints and consultation regarding harassment, we also provide employees the opportunity to consult with a full-time outside counselor.

[Contact for consultation and requests]

We actively collect customer requests on products and services received at sales branches and at our headquarters, and respond to them promptly and courteously, while striving to utilize the collected requests and other information in our business operations.

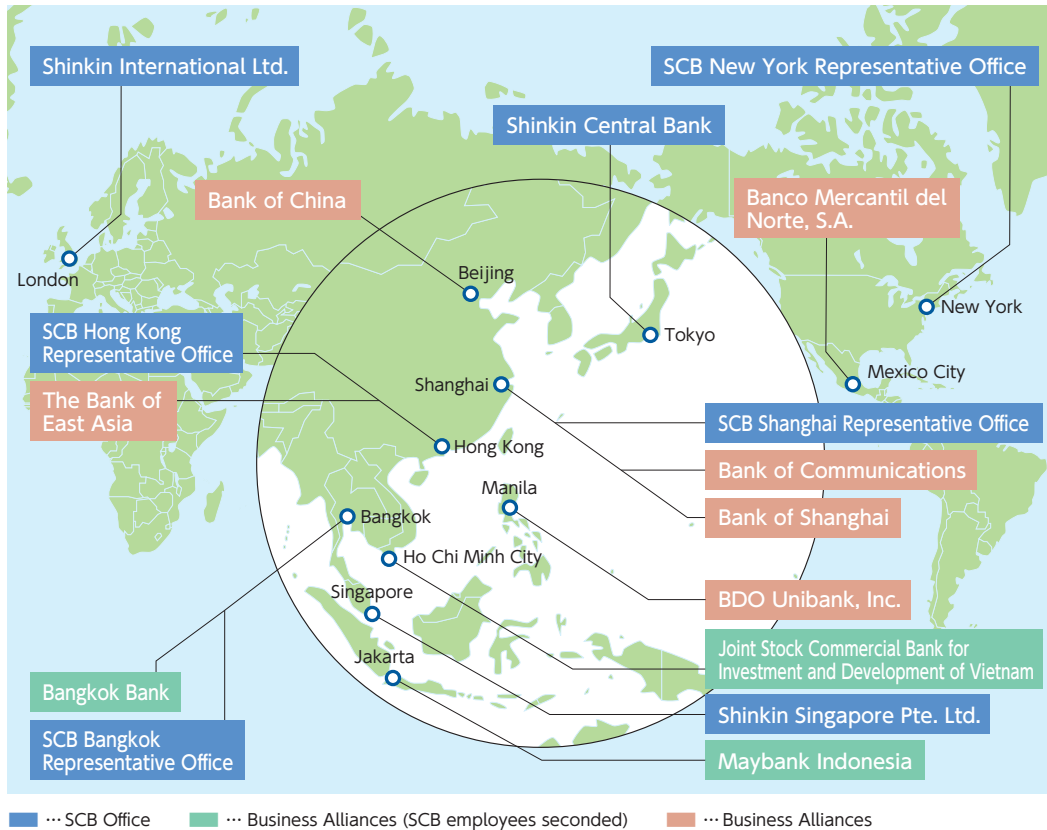
# Overseas Networks

The SCB has offices in New York, London, Hong Kong, Shanghai, Bangkok and Singapore. Through these offices, we collect and disseminate up-to-date information relating to economic and financial conditions, the investment and financing environment, and the laws, taxation regimes, and employment situation of each region.

These offices also work with allied banks to support the overseas expansion of shinkin banks' customers.

Moreover, as part of our support for the overseas business of SMEs, we second employees to allied banks. The overseas offices also provide shinkin bank employees with opportunities to improve their skills related to supporting the overseas businesses of their customers and contribute to human resources development in the shinkin bank community.

Network of SCB Group's overseas offices and allied banks



## Expanding our global network

Given the increase in the number of Japan's SMEs expanding overseas, particularly in Southeast Asia, in July 2021, we opened a Singapore-based subsidiary, Shinkin Singapore Pte. Ltd., as a new Asian base for the shinkin banks community.

Together with shinkin banks, Shinkin Singapore Pte. Ltd., is committed to bringing the growth potential of Asia into the future of the region by providing financing and supporting sales channel development for SMEs.

### Mission of Shinkin Singapore Pte. Ltd.

<b>Supporting the overseas expansion of shinkin banks' customers</b>	▶ Establishing a competitive advantage in the shinkin bank community's overseas support system by enhancing finance functions and sales channel development functions.
<b>Supporting investments and financing of SCB</b>	▶ Realize and maintain optimal asset allocation through the global network of the SCB head office and overseas offices.
<b>Conducting surveys and research for financial innovation</b>	▶ Utilizing examples of financial innovation in Singapore and other Asian countries to revitalize regions and offer solutions to social issues.
<b>Nurturing human resources of the shinkin bank community</b>	▶ Systematically develop and improve engagement of shinkin banks and SCB employees through practical experience in Asian markets.



### Support for overseas business expansion and funding

The SCB has formed business alliances with nine local banks overseas to increase its capability to support shinkin banks' customers who are expanding their businesses overseas.

Working with shinkin banks, the SCB and local banks, we provide a wide range of support to shinkin banks' customers who conduct business overseas by helping them open local bank accounts, and providing local currency denominated financing using standby L/C, for example.

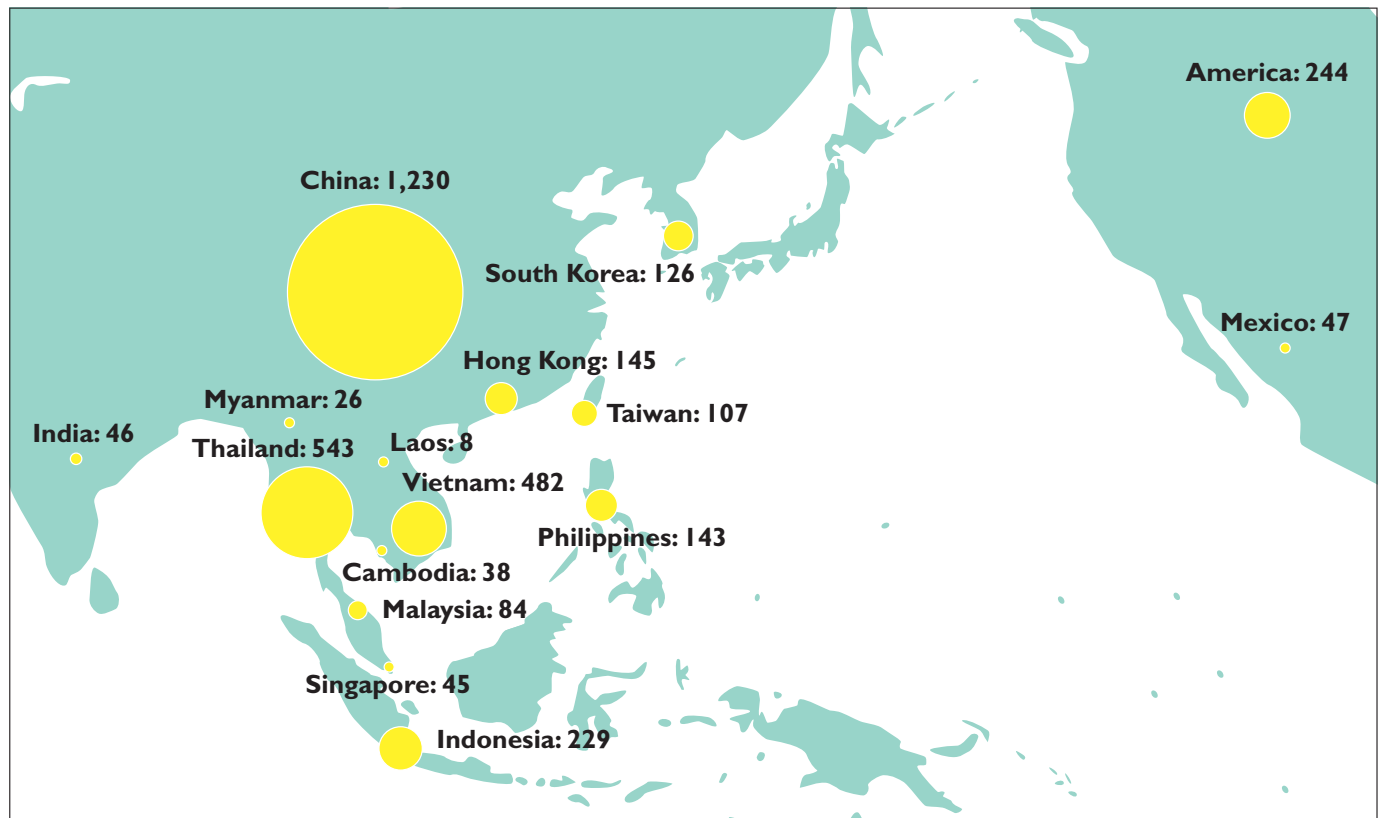
### Provision of services corresponding to the needs of overseas expansion

We are collaborating with shinkin banks in the business areas such as overseas expansion, cultivation of overseas sales channels, overseas financing, effective use of overseas human resources, inbound tourism, and foreign exchange, thus providing various services to those shinkin banks' customers who are considering overseas expansion.

### Shinkin Forum (local networking)

We hold regular meetings of the Shinkin Forum local information sharing events in order to build networks among shinkin banks' customers who are active in the region, involving not only the four Asian offices of Hong Kong, Shanghai, Bangkok and Singapore, but also Ho Chi Minh, Jakarta and Manila, where staff have been seconded to local banks with which business alliances have been concluded.

Global Expansion by Shinkin Banks' Customers



Source: Fourteenth Survey on the Overseas Business of Shinkin Banks' Customers (2024)

### Shinkin Forum in Vietnam Was Held

In March 2024, we held the Fifth Shinkin Forum in Vietnam in Ho Chi Minh. With 141 participants, the Forum provided an opportunity for exchange among the overseas subsidiaries of shinkin banks' customers and sharing local business information.

At the Shinkin Forum, the Chief Representative of Japan External Trade Organization (JETRO) Ho Chi Minh and a representative of a Japanese law firm gave lectures.

The reception following the lectures was a place for lively exchange of information, contributing to business matching and networking among the participants.



### Sustainability & Ethical Consumption Exhibition—Introducing Quality Japanese Consumer Products with a Strong Focus on Social Development Goals and Ethical Consumption— Was Held

In Europe and other countries, there is a growing movement toward “ethical consumption,” in which consumers consider solutions to social issues and support businesses that address such issues. Against this backdrop, to generate business opportunities from such changes in consumer activities, we collaborated with the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN and hosted an on-line exhibition “Sustainability & Ethical Consumption Exhibition—Introducing Quality Japanese Consumer Products with a Strong Focus on Social Development Goals and Ethical Consumption—,” to support shinkin banks' customers in developing overseas sales channels to distribute daily commodities that contribute to ethical consumption.

55 shinkin banks' customers participated in the Exhibition, and 13 companies attended the business matching negotiation session held under the same theme, with 24 deals were closed.



### Support for Japanese Food Sales in the U.S.

We supported Japanese SMEs to expand their sales channels overseas by setting up booths specialized to Shinkin Banks' customers at the “2023 Japanese Food Expo in NY & LA” held by JFCA (Japanese Food Culture Association), one of the largest trade fairs in the United States specializing in Japanese food.

We cooperated with JFCA to offer booths at a special price and provided consulting services to clients with limited overseas business experience.

As a result, 8 of Shinkin Bank's clients exhibited at 12 special booths at the Japanese Food Expo, which created many business opportunities for Japanese SMEs.



# Corporate Management and Auditors



**Hiroshi Hiramatsu**  
Chairman of the Board of Directors (Part-time)

**Career summary**  
 March 1972  
 Joined Miura Shinkin Bank (current Kanagawa Shinkin Bank )  
 June 2008  
 President and CEO of the Kanagawa Shinkin Bank  
 June 2016  
 Director of the SCB  
 June 2024  
 Chairman of the Board of Directors (current position)  
 June 2024  
 Chairman of the Board of Directors of the National Association of Shinkin Banks (current position)  
 June 2024  
 Chairman of the Board of Directors of the Kanagawa Shinkin Bank (current position)



**Hiroyuki Shibata**  
President and Chief Executive Officer

**Career summary**  
 April 1980  
 Joined the SCB  
 April 2005  
 General Manager of Strategic Planning Division  
 June 2007  
 Director and General Manager of Strategic Planning Division  
 June 2009  
 Managing Director  
 June 2013  
 Senior Managing Director  
 June 2016  
 Deputy President  
 June 2018  
 President and Chief Executive Officer (current position)



**Hiroshi Sudo**  
Deputy President

**Career summary**  
 April 1987  
 Joined the SCB  
 April 2005  
 Representative Director and President of Shinkin International Ltd  
 June 2009  
 General Manager of Strategic Planning Division  
 June 2013  
 Director and General Manager of Osaka Branch  
 June 2016  
 Managing Director  
 June 2018  
 Senior Managing Director  
 June 2022  
 Deputy President (current position)



**Yuzuru Nishino**  
Senior Managing Director

**Career summary**  
 April 1987  
 Joined the SCB  
 April 2013  
 General Manager of Business Promotion Division  
 April 2014  
 Seconded to shinkin bank with Personnel Division benefits as Senior Advisory Officer  
 June 2016  
 Director and General Manager of Personnel Division  
 June 2018  
 Managing Director  
 June 2022  
 Senior Managing Director (current position)



**Takehiko Murotani**  
Managing Director

**Career summary**  
 April 1988  
 Joined the SCB  
 April 2013  
 General Manager of Personnel Division  
 June 2016  
 Director and General Manager of Osaka Branch  
 June 2019  
 Managing Director (current position)



**Kenji Tanaka**  
Managing Director

**Career summary**  
 April 1991  
 Joined Yamaichi Securities Co., Ltd.  
 October 2001  
 Joined the SCB  
 June 2015  
 General Manager of Treasury Division  
 June 2019  
 Director and General Manager of Financial Management Division  
 June 2022  
 Managing Director (current position)



**Yuji Takahashi**  
Managing Director

**Career summary**  
 April 1992  
 Joined the SCB  
 June 2018  
 General Manager of Personnel Division  
 June 2021  
 Director and General Manager of Osaka Branch  
 June 2023  
 Managing Director (current position)



**Yoshinori Jinno**  
Managing Director

**Career summary**  
 April 1995  
 Joined the SCB  
 June 2018  
 General Manager of Strategic Planning Division  
 June 2021  
 Director and General Manager of Nagoya Branch  
 June 2023  
 Managing Director (current position)

**Chairman of the Board of Directors (Part-time)**  
 Hiroshi Hiramatsu

**President and Chief Executive Officer**  
 Hiroyuki Shibata

**Deputy President**  
 Hiroshi Sudo

**Senior Managing Director**  
 Yuzuru Nishino

**Managing Director**  
 Takehiko Murotani  
 Kenji Tanaka  
 Yuji Takahashi  
 Yoshinori Jinno

**Director**  
 Ikuo Sekiguchi  
 Takehiro Suzuki  
 Atsushi Tada  
 Tomoaki Itabashi  
 Toshihiro Kodaira

**Director  
 Executive Adviser**  
 Katsunori Mikuniya



**Career summary**  
 April 1996  
 Joined the SCB  
 June 2021  
 General Manager of Strategic Planning Division  
 June 2022  
 Director and General Manager of Strategic Planning Division  
 June 2023  
 Director and General Manager of Osaka Branch (current position)

**Ikuo Sekiguchi**  
 Director  
 General Manager of Osaka Branch



**Career summary**  
 April 1991  
 Joined the SCB  
 April 2022  
 General Manager of Internal Audit Division  
 June 2023  
 Director and General Manager of Nagoya Branch (current position)

**Takehiro Suzuki**  
 Director  
 General Manager of Nagoya Branch



**Career summary**  
 April 1994  
 Joined the SCB  
 June 2021  
 General Manager of General Affairs Division  
 June 2023  
 Director and General Manager of General Affairs Division (current position)

**Atsushi Tada**  
 Director  
 General Manager of General Affairs Division



**Career summary**  
 April 1995  
 Joined the SCB  
 June 2022  
 General Manager of Financial Management Division  
 June 2023  
 Director and General Manager of Financial Management Division (current position)

**Tomoaki Itabashi**  
 Director  
 General Manager of Financial Management Division



**Career summary**  
 April 1997  
 Joined the SCB  
 June 2023  
 General Manager of Strategic Planning Division  
 June 2024  
 Director and General Manager of Strategic Planning Division (current position)

**Toshihiro Kodaira**  
 Director  
 General Manager of Strategic Planning Division



**Career summary**  
 April 1974  
 Joined the Ministry of Finance  
 August 2005  
 Director-General of the Planning and Coordination Bureau, Financial Services Agency  
 July 2008  
 Director-General of the Supervisory Bureau, Financial Services Agency  
 July 2009  
 Commissioner of the Financial Services Agency  
 March 2015  
 Governor of the Deposit Insurance Corporation of Japan  
 April 2022  
 Outside Director of Procrea Holdings, Inc. (current position)  
 June 2023  
 Part-time Trustee of Tokyo Keizai University (current position)  
 June 2024  
 Director and Executive Adviser of the SCB (current position)

**Katsunori Mikuniya**  
 Director and Executive Adviser



**Career summary**  
 April 1991  
 Joined the SCB  
 June 2019  
 General Manager of General Affairs Division  
 June 2020  
 Director and General Manager of General Affairs Division  
 June 2021  
 Corporate Auditor (current position)

**Masafumi Shinagawa**  
 Corporate Auditor

**Director (Part-time)**

Naohiko Harada  
 Yushi Sato  
 Ikuo Higuchi  
 Mikio Kimura  
 Tetsu Komori  
 Kotaro Yazawa  
 Toshiro Yagi  
 Masahiro Ishida  
 Kazuyuki Tagata

Hideaki Tanaka  
 Koya Nakazawa  
 Satoshi Takahashi  
 Seiji Sakuda  
 Tatsuo Takeda  
 Kazuo Ohashi  
 Makoto Inokura  
 Hiroyuki Okamoto

**Corporate Auditor**

Masafumi Shinagawa

**Corporate Auditor (Part-time)**

Seiichi Nishikata  
 Makoto Shirahase  
 Akio Okuyama  
 Naoyuki Yoshino

(As of July 1, 2024)

# Business Overview (Non-consolidated)

## Earnings Performance

Looking at the financial results for fiscal 2023 (ended March 31, 2024), overall, operating income amounted to ¥393 billion (\$2,598 million), up ¥52 billion (\$349 million), or 15.5%, year on year, mainly because of an increase in dividends on securities.

Meanwhile, operating expenses came to ¥351 billion (\$2,319 million), up ¥44 billion (\$290 million) or 14.3%, year on year, due mainly to an increase in interest on payables under securities lending transactions as a result of higher foreign currency procurement interest.

As a result, ordinary income came to ¥42 billion (\$278 million), an increase of ¥8 billion (\$59 million), or 26.9%, year on year. Profit came to ¥30 billion (\$204 million), an increase of ¥6 billion (\$40 million), or 24.9%, year on year.

## Funding

In fiscal 2023, the total amount of funding increased ¥1,067 billion (\$7,050 million) year on year, for a total of ¥45,243 billion (\$298,895 million).

Of this figure, deposits received came to ¥33,102 billion (\$218,682 million), a decrease of ¥1,601 billion (\$10,579 million), which mainly comprised demand deposits from shinkin banks.

After deducting redemptions, debentures at the end of fiscal 2023 came to ¥1,302 billion (\$8,602 million), down ¥156 billion (\$1,033 million) during the fiscal year, including ¥243 billion (\$1,607 million) in debentures issued by the SCB.

Borrowed money increased by ¥2,825 billion (\$18,663 million) during the fiscal year to ¥10,839 billion (\$71,609 million), mainly comprising increased borrowings from the Bank of Japan and funding from markets.

## Asset Management

The amount of assets under management in fiscal 2023 increased by ¥1,243 billion (\$8,216 million) to ¥45,977 billion (\$303,740 million).

Mainly due to higher government bond holdings, outstanding invested securities increased by ¥2,404 billion (\$15,885 million) during the fiscal year to ¥16,039 billion (\$105,961 million) at fiscal year end.

Loans and bills discounted decreased by ¥654 billion (\$4,320 million) during the fiscal year to ¥8,860 billion (\$58,537 million) at fiscal year end.

The outstanding amount of short-term money market assets decreased by ¥386 billion (\$2,555 million) during the fiscal year to ¥20,653 billion (\$136,441 million) at fiscal year end, mainly reflecting call loans despite increase in Bank of Japan current deposits.

## Securities

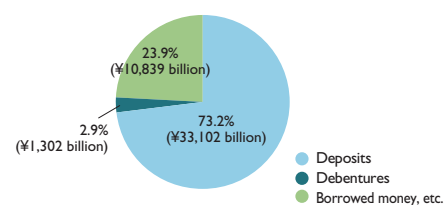
To further diversify its investment portfolio, the SCB also invests in such risk assets as stocks and investment trust funds not subject to interest risk, while optimizing its portfolio in response to shifts in the financing and investment environment.

The SCB also carries out interest rate swaps and other derivative trading, to hedge risks linked to assets under management.

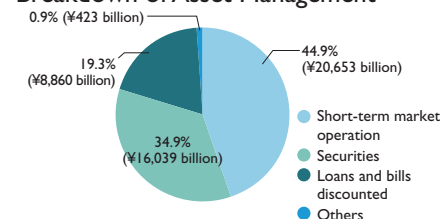
## Loans and Bills Discounted

As of March 31, 2024, the outstanding amount of loans and bills discounted was ¥8,860 billion (\$58,537 million).

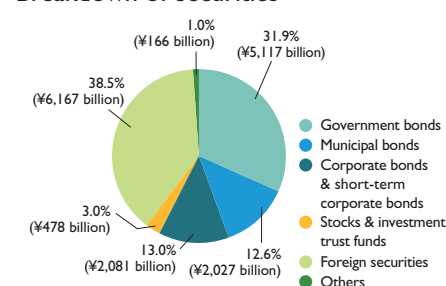
## Breakdown of Funding\*



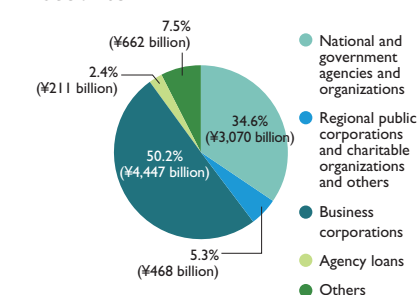
## Breakdown of Asset Management\*



## Breakdown of Securities\*



## Breakdown of Loans and Bills Discounted\*



\* As of March 31, 2024.

\* The amount shown in the pie chart is rounded down to the nearest whole number.

## Ordinary Income and Net Income (Non-consolidated)

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Ordinary income (loss)	52,636	39,884	44,827	33,236	42,181
Net income (loss)	37,924	29,579	34,046	24,776	30,959



# Capital Adequacy

## Outline

The SCB's equity capital, as defined under regulations concerning capital adequacy ratio, mainly comprises common shares from member shinkin banks, publicly issued preferred shares that supplement common shares, and retained earnings accumulated to date by the SCB.

The SCB raises funds through the issuance of general common shares and specific common shares. The dividend payout ratio for specific common shares differs from that for general common shares.

Furthermore, in accordance with the SCB's articles of incorporation, the amount of residual assets distributed per specific common share is limited to a maximum of ¥100,000 per share. This makes it possible to raise funds by issuing common shares without diluting the residual assets distributed to preferred shareholders.

According to transitional measures based on new Japanese domestic standards for regulations concerning capital adequacy ratio, equity capital also includes fixed-period and perpetual subordinated loans.

## Consolidated Capital Adequacy Ratio

The SCB's consolidated capital adequacy ratio at March 31, 2024, was 25.46%.

This was mainly attributable to increase in equity capital due to ¥200 billion capital increase by way of specific common shares issued in March 2024.

Equity capital, the numerator for calculating the capital adequacy ratio, amounted to ¥1,628 billion (\$10,761 million).

Risk-weighted assets, the denominator for calculating the capital adequacy ratio, amounted to ¥6,396 billion (\$42,254 million).

## Risk Management and Capital Adequacy Assessment

The SCB has implemented policies to manage its capital adequacy as part of its integrated risk management. The capital assessment division evaluates capital adequacy using a holistic approach, measuring various types of risks under uniform criteria and comparing quantified risks with the SCB's capital.

In order to assess the potential impacts of shock on its capital, the SCB conducts stress testing to estimate losses under various scenarios and the probability of their occurrence.

Risk limits and risk exposure are reported to senior management at the Risk Management Committee and at other meetings. The Risk Management Committee deliberates measures in response to the results of capital adequacy assessments, and implements measures as deemed necessary.

## Capital Adequacy Ratio (Domestic Standard)

(%, billions of yen)

		FY2019	FY2020	FY2021	FY2022	FY2023
Consolidated	Capital adequacy ratio	24.31	25.60	24.35	22.09	25.46
	Amount of capital	1,476	1,502	1,508	1,447	1,628
	Amount of risk-weighted assets	6,071	5,867	6,194	6,552	6,396
Non-consolidated	Capital adequacy ratio	25.18	26.29	24.84	22.40	25.75



# Asset Quality

## Disclosed Claims under the Shinkin Bank Act and Disclosed Claims under the Financial Reconstruction Act

Total claims under the Financial Reconstruction Act (FRA) as of the end of March 2024 decreased by ¥200 million to ¥21 billion from the end of the previous fiscal year.

The ratio of total claims under the FRA to total loans was 0.24%.

The coverage ratio of claims under the FRA (the total of the amounts deemed collectible with collateral and guarantees and

the allowance for possible loan losses) was 63.36%.

Bankrupt and quasi-bankrupt claims are recorded for the remaining amount after deducting the amounts deemed collectible with collateral and guarantees, while doubtful claims are recorded for the expected loss amount of the remaining amount after similarly deducting the amounts deemed

collectible with collateral and guarantees, respectively, in the specific allowance for possible loan losses.

For substandard receivables, the expected loss amount is calculated based on the loan loss ratio and recorded in the general allowance for doubtful accounts.

## Claims disclosed pursuant to the Shinkin Bank Act and claims disclosed pursuant to the Financial Reconstruction Act [Non-consolidated] (Millions of yen)

	End of March 2023	End of March 2024	Increase/ (decrease)
Bankrupt and quasi-bankrupt claims	94	67	(27)
Doubtful claims	3,255	3,350	95
Substandard receivables	18,742	18,473	(269)
Loans past due three months or more	13	16	3
Restructured loans	18,728	18,456	(272)
Total claims under the Financial Reconstruction Act (FRA) (A)	22,092	21,891	(201)
Partial write-offs	192	192	—
Normal claims	9,539,484	8,890,841	(648,643)
Total loans (B)	9,561,577	8,912,732	(648,845)
Ratio of total claims under the FRA to total loans (%) (A/B)	0.23	0.24	0.01
Specific allowance for doubtful accounts (C) recorded on the total claims under the FRA (A)	693	672	(21)
General allowance for doubtful accounts (D) recorded on the total claims under the FRA (A)	10,022	9,978	(44)
Amounts deemed collectible with collateral and guarantees (E)	3,400	3,221	(179)
Total coverage amounts on disclosed claims under the FRA (F)	14,116	13,871	(245)
Coverage ratio (%) (F)/(A)	63.89	63.36	(0.53)
Allowance ratio (%) ((C)+(D))/((A)-(E))	57.32	57.04	(0.28)

## Claims disclosed pursuant to the Shinkin Bank Act [Consolidated] (Millions of yen)

	End of March 2023	End of March 2024	Increase/ (decrease)
Bankrupt and quasi-bankrupt claims	94	67	(27)
Doubtful claims	3,255	3,350	95
Loans past due three months or more	13	16	3
Restructured loans	18,728	18,456	(272)
Total claims under the FRA (A)	22,092	21,891	(201)
Partial write-offs	192	192	—
Normal claims	9,676,018	9,028,283	(647,735)
Total loans (B)	9,698,110	9,050,174	(647,936)
Ratio of total claims under the FRA to total loans (%) (A/B)	0.22	0.24	0.02

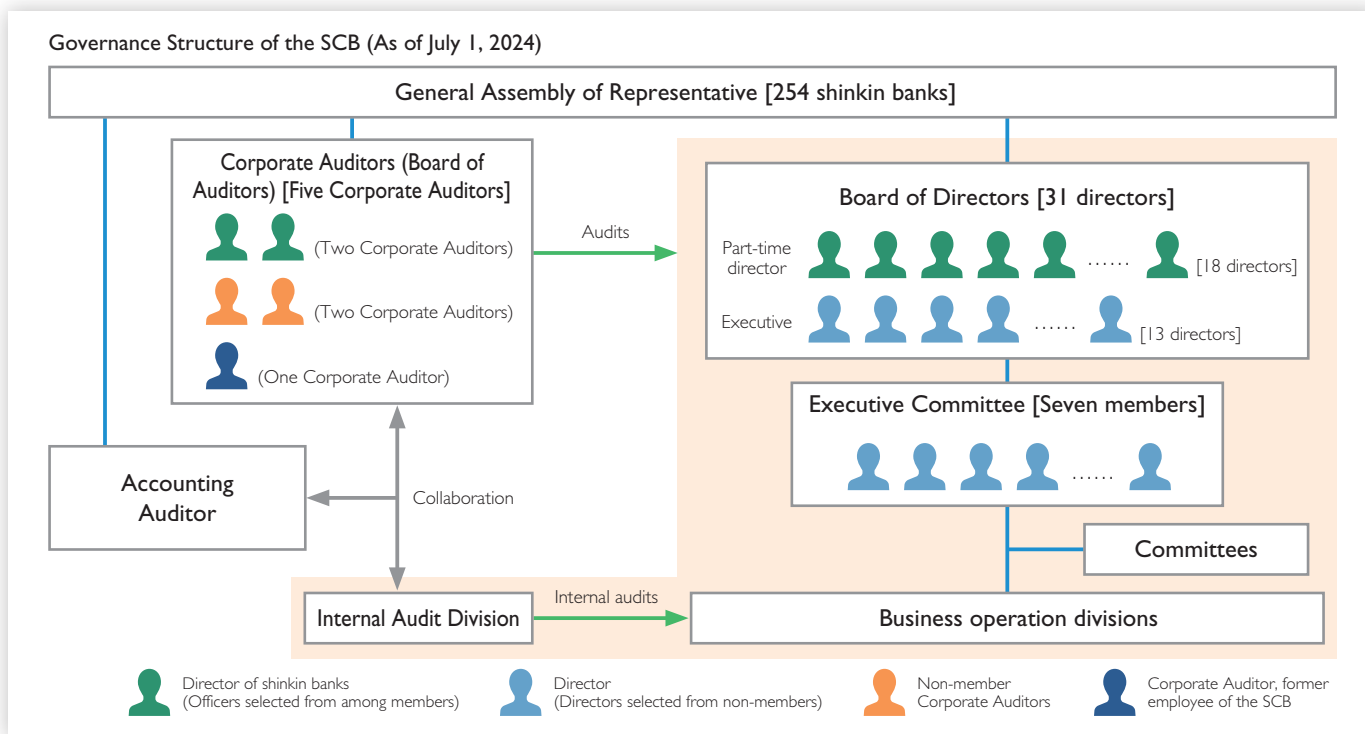
- (Notes)
1. Bankrupt and Quasi-Bankrupt Claims represent claims held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.
  2. Doubtful Claims represent claims whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, other than Bankrupt and Quasi-Bankrupt Claims.
  3. Substandard Receivables represent the total of Loans Past Due Three Months or More and Restructured Loans under the Shinkin Bank Act.
  4. Loans Past Due Three Months or More represent loans for which payment of the principal or interest is delinquent for the period of three months or longer from the day immediately after the contractual due date, other than Bankrupt and Quasi-Bankrupt Claims and Doubtful Claims.
  5. Restructured Loans represent loans for which an arrangement favorable for the debtor has been made for the purpose of supporting the restructuring of debtor's business, such as reduction or exemption of interests, granting of grace period for payment of interest, granting of grace period for payment of principal, waiver of claims, other than Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, and Loans Past Due Three Months or More.
  6. Normal Claims represent claims whose debtor has no particular problem with its financial status and business performance, other than Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, and Substandard Receivables.
  7. Claims that are the subject of Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, or Normal Claims consist of items recorded in Corporate Bonds in "Securities" (limited to those Corporate Bonds for which redemption of the principal and payment of interest are fully or partially guaranteed and which are issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), Loans and Bills Discounted, Foreign Exchanges Assets, Accrued Interest and Suspense Payments in "Other Assets," and each item in Customers' Liabilities for Acceptances and Guarantees in the balance sheet, as well as other securities disclosed as loaned securities in footnote (limited to those loaned under a loan-for-use or lease agreement).

# Corporate Governance

The SCB strives to maintain fairness and transparency in its management by fortifying the corporate governance system.

The SCB strives to maintain fairness and transparency in its management by ensuring that its corporate governance system functions effectively in implementing various operational strategies.

The SCB's goal is to gain the trust of all stakeholders and to become an ever more distinguished financial institution well respected in society.



## Institutional Structure and Organizational Operation

Because the SCB is a cooperative financial institution established under the Shinkin Bank Act, it is governed by a different legal system and has different governance features from a stock company.

As the SCB aims to respect the standpoints of its member shinkin banks and other stakeholders in managing the business, it has a governance framework that reflects the nature of a central financial institution.

### General Assembly of Representative

The SCB is a cooperative financial institution comprising 254 shinkin banks nationwide (as of March 31, 2024) that are its members and investors.

The General Assembly of Representative is the highest decision-making body and is held annually to decide on matters such as revisions to the Articles of Incorporation and election of executive officers.

The General Assembly is equivalent to the general meeting of shareholders in a stock company, but unlike stock companies where one share represents one voting right, each member equally has one voting right regardless of the number of units contributed.

In addition, prior to the General Assembly of Representatives, the SCB hosts shinkin bank officers roundtable meetings in each re-

gion with the attendance of shinkin bank presidents to have dialogues with member shinkin banks.

In these meetings, we provide detailed explanation on the recent business conditions and future management strategies, conduct in-depth exchanges of opinions with the presidents and officers in charge of the region, and strive to ensure fairness and transparency in our management.

### Board of Directors

The SCB's Board of Directors, comparable to the Board of Directors in a stock company, makes decisions regarding important business matters and supervises the execution of duties by the directors.

While the Board of Directors consists solely of directors, the SCB's Articles of Incorporation stipulate that more than half the total number of board members must be director of shinkin banks. Therefore, the Board of Directors includes 18 part-time directors selected from among the director of shinkin banks from each region in Japan.

This is in accordance with Article 32, paragraph 4 of the Shinkin Bank Act, and is a unique governance mechanism of a cooperative financial institution which was formulated to ensure that the intents of the members are reflected in the management of the SCB.

The SCB is confident that the appropriate check on management provided by the part-time directors ensures that supervision and

checks-and-balances functions are in place and have a high degree of objectivity and transparency in business operations.

In fiscal 2023, the Board of Directors met nine times in the months except August, December and February. In addition to reviewing the progress of the Medium-Term Management Plan and various supports to shinkin banks' customers, we discussed topics including the establishment of the Dual Reporting Line, capital increase by way of issuing specific common shares, and sustainability initiatives.

■ Board of Directors meetings held in fiscal 2023

Meetings held	9
Rate of attendance of directors	97.6%
Rate of attendance of Corporate Auditors	97.7%

\* Average rate of attendance of each director and Corporate Auditor. Includes the attendance of those resigned during the fiscal year.

### Corporate Auditors (Board of Auditors)

The SCB's Corporate Auditors, comparable to Corporate Auditors of a stock company, audit the execution of duties by the directors.

To strengthen the Corporate Auditors' checks-and-balances functions on directors, the Board of Auditors, which consists of all the Corporate Auditors, regularly holds discussions on matters concerning audit policies



and plans.

The Shinkin Bank Act requires to have two or more Corporate Auditors. The SCB appoints one full-time Corporate Auditor and two part-time Corporate Auditors from among the director of shinkin banks, and in addition, two non-member Corporate Auditors who are not officers and employees of the SCB or shinkin banks. Non-member Corporate Auditors are equivalent to outside corporate auditors in a stock company.

They are appointed from among persons who meet the requirements stipulated in Article 32, paragraph 5 of the Shinkin Bank Act, which is a provision to ensure the independence of non-member Corporate Auditors. The SCB is confident that non-member Corporate Auditors are able to utilize their professional knowledge and experience to conduct audits from an independent perspective.

One of the non-member Corporate Auditors is a certified accountant with a wealth of knowledge and experience regarding finance and accounting.

There are no particularly notable conflicts of interest between the SCB and non-member Corporate Auditors.

### Support System for Part-time Directors and Part-time Corporate Auditors

The General Affairs Division provides information and other support for part-time directors, and the dedicated staff members assisting Corporate Auditors under their direction provide the same for part-time Corporate Auditors, in order to facilitate the timely and appropriate execution of duties by part-time directors and part-time Corporate Auditors.

Furthermore, for the Board of Directors meetings, we, in principle, distribute meeting agendas and discussion materials prior to the meetings and provide explanations of the agenda, in order to give part-time directors and part-time Corporate Auditors sufficient time to understand the information in advance.

### General Meeting for Preferred Shareholders

The Act on Preferred Equity Investment by Cooperative Structured Financial Institution provides for a general meeting for owners of preferred shares, i.e., preferred shareholders, and a general meeting for preferred shareholders may be held in cases where there is a risk of damage to the property rights of the preferred shareholders.

As such, apart from checks by shinkin banks who are the investors, management is also subject to checks by preferred shareholders.

## Checks on Business Operations

### Execution of Business Operations

At the SCB, the Board of Directors makes decisions on important business operations. Based on those decisions, the President and CEO presides over the SCB's business operations and the Deputy President and other full-

time directors assist the President and CEO.

In addition, the SCB has an Executive Committee to deliberate and make decisions on important managerial matters, including ones to be resolved by or reported to the Board of Directors.

The SCB has also established various subordinate committees of the Executive Committee to facilitate robust discussions on its business operations. To ensure that deliberations and decisions are carried out on a cross-organizational basis, each committee comprises several full-time directors and general managers of relevant divisions.

### Supervision, Checks-and-Balances

At the SCB, the Board of Directors supervises the execution of business by the directors. More than half of the directors are director of shinkin banks (part-time directors), thereby ensuring that the Board of Directors exercises effective checks-and-balances functions.

### Audits

To facilitate audits of the directors' execution of duties as an independent body, the Corporate Auditors at the SCB attend the Board of Directors meetings and receive reports from directors regarding their execution of duties, as well as conduct on-site inspections of the head office and branches, hold regular meetings with the Accounting Auditor and the Internal Audit Division to exchange opinions and information.

In addition to the above audit activities, full-time Corporate Auditors also attend important management meetings and committees, and inspect the minutes of the Executive Committee and other important documents.

To support the duties of Corporate Auditors, dedicated staff members assisting Corporate Auditors are assigned to operate under their direction in order to facilitate the timely and appropriate execution of duties by Corporate Auditors.

### Internal Audit System

The internal audit of the SCB aims to realize a sound and appropriate business operations by examining and assessing the appropriateness and effectiveness of the internal control systems and business operations and making suggestions, etc. to correct or improve them, based on the basic policy on internal audit formulated by the Board of Directors. The Internal Audit Division is the division in charge.

Based on the framework of risk-based auditing, the Internal Audit Division assesses the types and importance of risks inherent in each operation and conducts internal audits focusing on "thematic audits," which are conducted on a cross-divisional basis for each branch and subsidiary with respect to the audit themes selected based on the results of the assessment.

The General Manager of the Internal Audit Division reports the results of internal audits and the progress of improvement measures to the President and CEO and other full-time directors and full-time Corporate Auditors on a case-by-case basis. The General Manager also reports to the internal audit report meetings held periodically and pre-

sents matters such as the annual audit reviews and results of internal audit quality assessment.

In addition, the General Manager strives to improve the effectiveness of internal audits by attending meetings of the Risk Management Committee and ALM Committee as observer and exchanging opinions with full-time Corporate Auditors on a regular basis. Furthermore, the General Manager of the Internal Audit Division, Corporate Auditors, and the Accounting Auditor share information on their respective audit plans and audit results, and hold liaison meetings on a regular basis to strengthen mutual cooperation in order to ensure efficient audits.

From the perspective of ensuring the independence and effectiveness of internal audits, the SCB established the Dual Reporting Line in fiscal 2023. With this, internal audit plans will be resolved by the Board of Directors, and the results of internal audits will be reported to the Board of Directors.

### Use of Outside Specialists

The SCB has appointed Ernst & Young Shin-Nihon LLC as its Accounting Auditor.

The SCB utilizes the expertise of outside specialists, including the Accounting Auditor, attorneys, and tax accountants. To effectively handle more sophisticated and diversified operational requirements, the SCB consults with, and receives advice from, such specialists on a regular basis and as the need arises.

### Appropriate Information Disclosure

The SCB's preferred shares are listed on the Tokyo Stock Exchange. The SCB strives to maintain appropriate disclosure of corporate information, pursuant to the Financial Instruments and Exchange Act, other related laws, and the Securities Listing Regulations of the Tokyo Stock Exchange.

### Enhancement of Group Governance

As a board chair who serves as a key in supervising functions, the SCB will create a chair position at each group company one by one.

By doing so, the SCB will improve the functions of the Board of Directors further and enhance an environment that supports appropriate risk-taking, thereby establishing the management structure where the supervision and the execution will be able to work closely together for the growth strategy.

## Improving Internal Control Systems

The SCB regards compliance as the basis of all business activities. The SCB continues to strengthen and operate internal control systems, based on a policy of maintaining reliable financial reporting, managing risks flexibly and effectively in response to those profiles, and implementing internal audits by utilizing the Internal Audit Division, independent from the operational divisions and branches.

# Compliance System

The SCB views compliance as one of the highest-priority management agendas. To this end, the SCB is carrying out the measures outlined below as it strives to further strengthen its compliance system.

## Strengthen Compliance System

1. The SCB has formulated the Shinkin Central Bank Code of Ethics, which stipulates the ethical rules and behavior standards to be followed by all SCB officers and employees and employees.
2. In order to improve customer protection and satisfaction, the SCB formulates Customer Protection Control Policy.
3. The SCB formulates an annual Compliance Program, which lays out its specific compliance plan for each fiscal year.
4. To clarify the rules to be followed by Officers and employees and employees, the SCB has compiled a Compliance Manual as a practical compliance handbook.
5. A compliance supervisory division and compliance-related divisions have been set up, and their respective roles were clarified. A compliance supervisor and deputy, both responsible for compliance, are appointed to each division and branch of the SCB.
6. In order to deliberate compliance issues,

customer protection issues, and serious accidents, the SCB has established the Risk Management Committee.

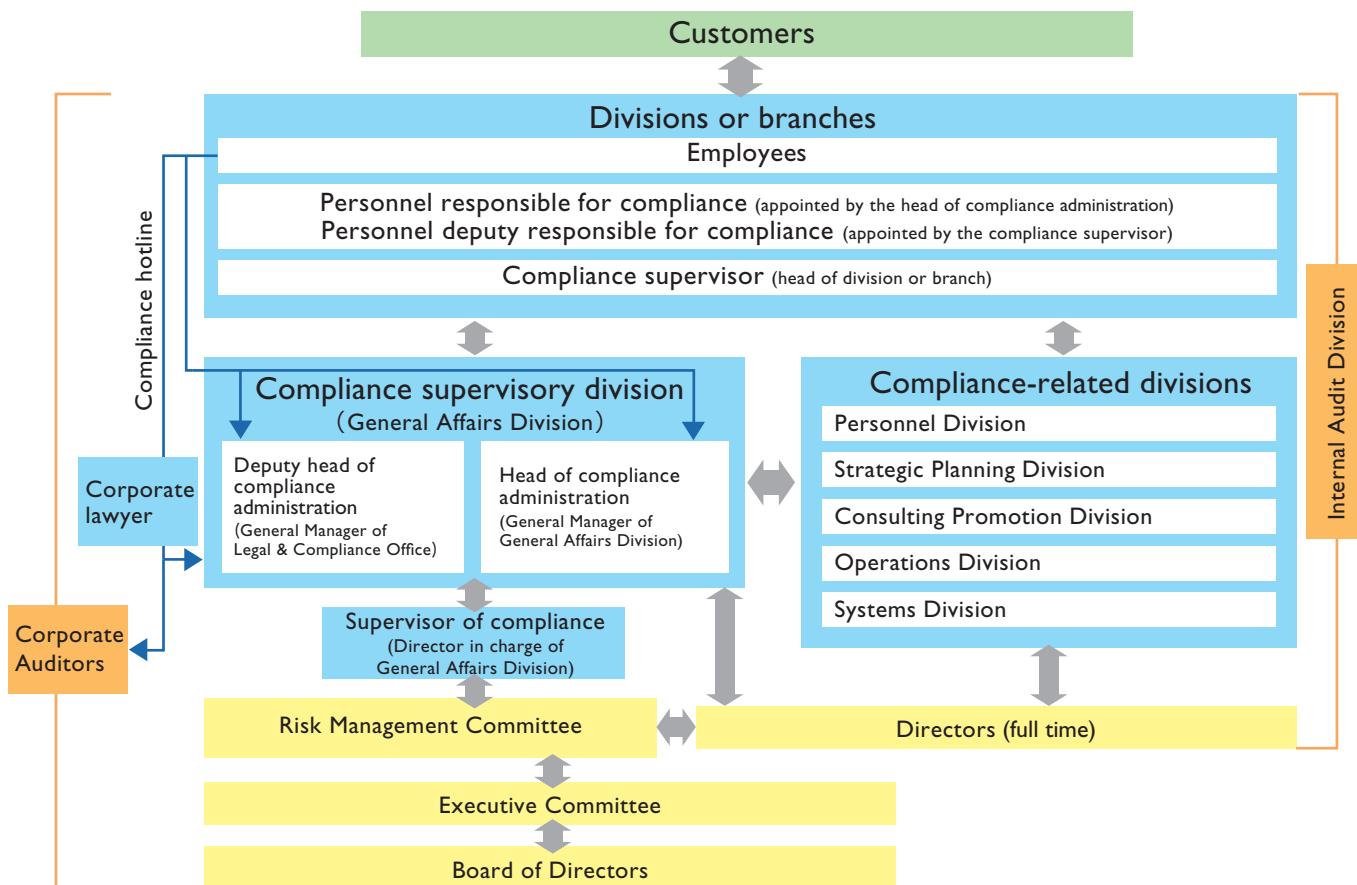
7. In addition to conducting regular lectures and training seminars for directors and employees, each division and branch also carries out its own training programs as part of the SCB's efforts to strengthen compliance education.
8. The audit items used by the Internal Audit Division include compliance-related items, and internal audits include investigation of whether the compliance system is functioning adequately.
9. In cases of compliance violation, reports from the heads of the divisions or branches concerned are promptly called for, and appropriate actions are taken to prevent a recurrence.
10. The SCB operates a hotline to facilitate reporting of compliance breaches by directors and employees. The SCB also has in place strict measures to protect whistle-blowers.
11. In accordance with the Act on Provision of Financial Services and the Development of the Accessible Environment Thereto (provisional English law title), the SCB has formulated and made public its Financial Products Solicitation Policy. To ensure that

solicitation is carried out fairly, important points regarding a product must be explained to the customer at the time of sale.

12. Pursuant to the Act on Protection of Personal Information, the SCB has published its Personal Information Protection Policy on its website. The SCB takes necessary and appropriate measures to protect personal information.
13. In addition to publishing its Outline for Managing Conflicts of Interest on its website, pursuant to the Shinkin Bank Act and the Financial Instruments and Exchange Act, the SCB is taking appropriate management steps to ensure that customers' interests are not wrongfully violated.
14. Based on the financial Alternative Dispute Resolution (ADR) system, to respond expeditiously, fairly, and appropriately to customers' inquiries, complaints, disputes, and other issues, the SCB has overhauled its internal management system and is striving to enhance its reliability.

The SCB intends to review and update the content of its Compliance Manual and other policies on an ongoing basis. All SCB officers and employees are working to maintain strict compliance through coordination among related divisions, and by strengthening internal education programs.

## Compliance System Overview



**Anti-Money Laundering, Counter Financing of Terrorism, and Counter-Proliferation Financing**

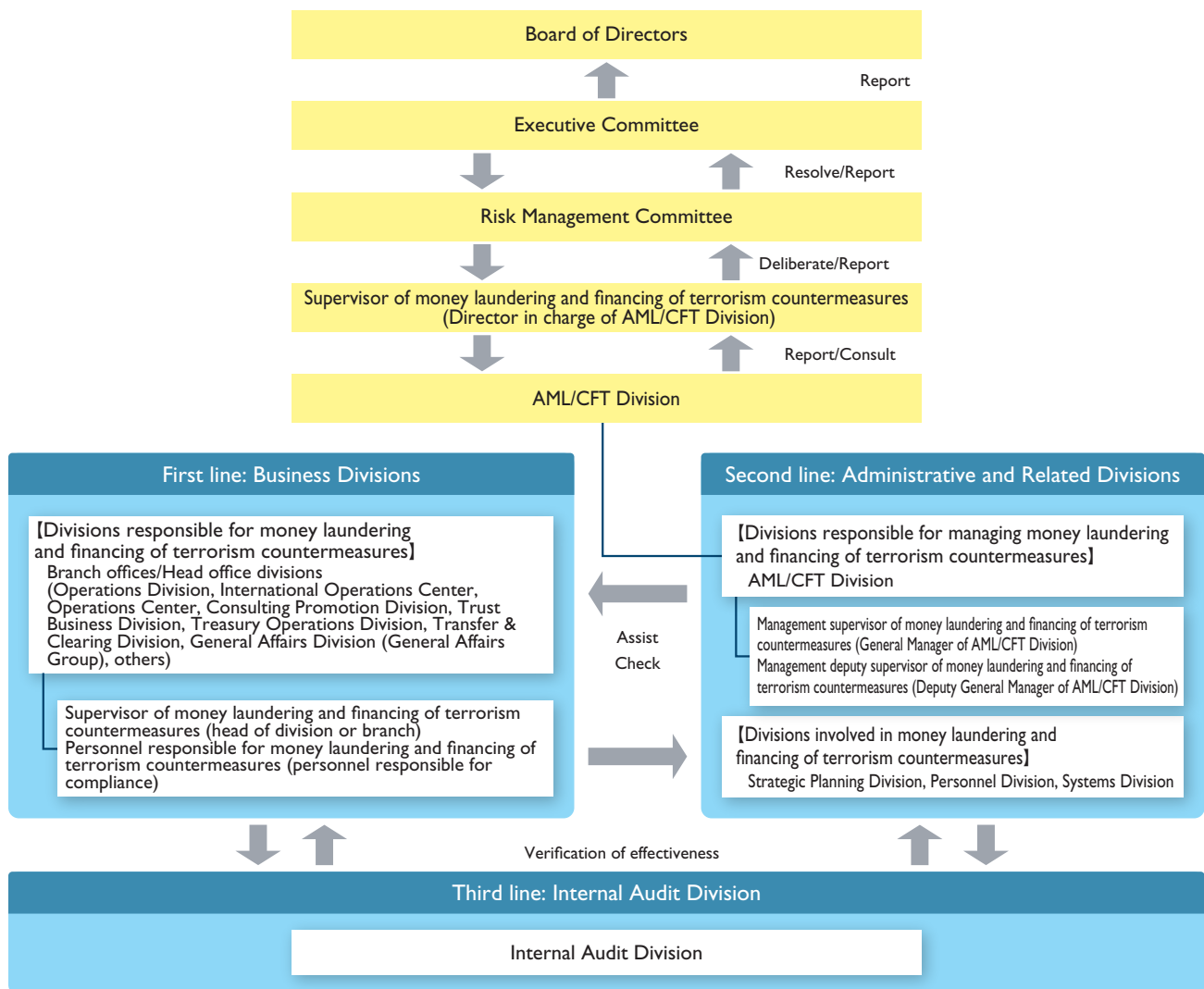
The SCB has designated the prevention of money laundering, terrorist financing, and proliferation financing as one of the most important managerial issues, and is working to sophisticate its anti-money laundering/counter financing of terrorism/counter-

proliferation financing measures (“AML/CFT/CPF measures”) by a risk-based approach.

The SCB appoints the director in charge of the AML/CFT Division as a chief executive for the AML/CFT/CPF measures and establishes an organizational structure where the AML/CFT Division is responsible for controlling these measures.

The SCB identifies and assesses the risks it faces in money laundering, terrorist financing, and proliferation financing, and takes risk-based measures, while inspecting and evaluating on the compliance of such measures to improve the effectiveness of the framework.

**Risk Management System against Money Laundering and the Financing of Terrorism**





# Risk Management

Learning from the experience of the financial crisis, the SCB is exhaustively implementing more highly detailed and thorough processes to manage risks by pursuing more sophisticated integrated, market and credit risk management and other measures while also advancing predictor and interim management for credit control.

## Risk Appetite Framework

In order for the SCB to fulfill its role as the central financial institution of the shinkin banks, it is necessary for it to take appropriate risks, which are matched to its level of capital and congruent with its own business model and risk culture, to enable it to continue to secure profits.

A “risk appetite framework” (\*1, \*2) has been constructed and is being operated with the aim of clarifying this basic concept of risk-taking and strengthening risk governance.

\*1. Risk appetite: the type and size of risks that a financial institution actively attempts to take in order to fulfill its role

\*2. Risk appetite framework: a framework for discussing and executing risk-taking policies and risk tolerances as prescribed by the required level of profits and capital

## Setting the SCB’s risk culture and risk appetite

We believe that what are required to fulfill its function as the central financial institution of the shinkin banks with a focus on stability and continuity.

We recognize that, in order to achieve this, the SCB must secure a sound financial position and stable profits, and that it has a risk culture that does not permit excessive risk-taking.

In addition to setting risk appetite with reference to this risk culture, the SCB has designated the consolidated capital adequacy ratio (domestic standard) and maximum amount available for dividend as management indicators (risk appetite indicators).

## Management of Risk Appetite Framework

Based on the objectives of implementing the risk appetite framework, and our risk culture and appetite, we have taken a comprehensive view of the balance between earnings, risk and capital in order to set a medium-term target level of earnings (profit attributable to owners of parent).

Also, based on these medium-term targets, we are executing operations in accordance with a PDCA cycle, under which we for-

mulate earning plans for a single fiscal year, take on risk, provide status reports, verify progress, and amend them as required.

In addition, we have formulated a risk appetite statement to clarify the content of the risk appetite framework.

## Basic Policy on Risk Management

In the wake of the global financial crisis, financial institutions face significant changes in economic and financial market conditions and other aspects of their operating environment. To respond promptly and appropriately to these changes, financial institutions require very finely tuned risk management.

The SCB has positioned risk management as a key management priority for ensuring sound management and securing adequate profits. All directors and employees conduct their daily duties with a full awareness of the importance of risk management.

The SCB classifies risk in two broad categories—risk that must be controlled and risk that must be absolutely minimized—and manages the risks accordingly. The types of risk that must be controlled are market, liquidity, and credit risks. The type of risk that must be minimized is operational risk. The Risk Management Division coordinates the management of different risks to provide comprehensive risk management.

The SCB has also established crossorganizational bodies—the Risk Management Committee, Credit Committee and ALM Committee—to manage risk from a Bank-wide perspective. These committees deliberate and make decisions on specific issues relating to their respective risk management functions based on the policies determined by the Board of Directors and the Executive Committee.

To ensure the effectiveness of its risk management systems, the SCB has also established the Internal Audit Division—a body independent from its risk management systems—to monitor the SCB’s risk management activities.

## Integrated Risk Management

To manage risk in a comprehensive manner, the SCB employs the integrated risk management method to cope with quantifiable risk.

Integrated risk management is a way to manage its diverse risks by calculating them with uniform criteria, such as the Value-at-Risk (VaR) method, and comparing their aggregated value to the institution’s overall financial strength (i.e., capital adequacy).

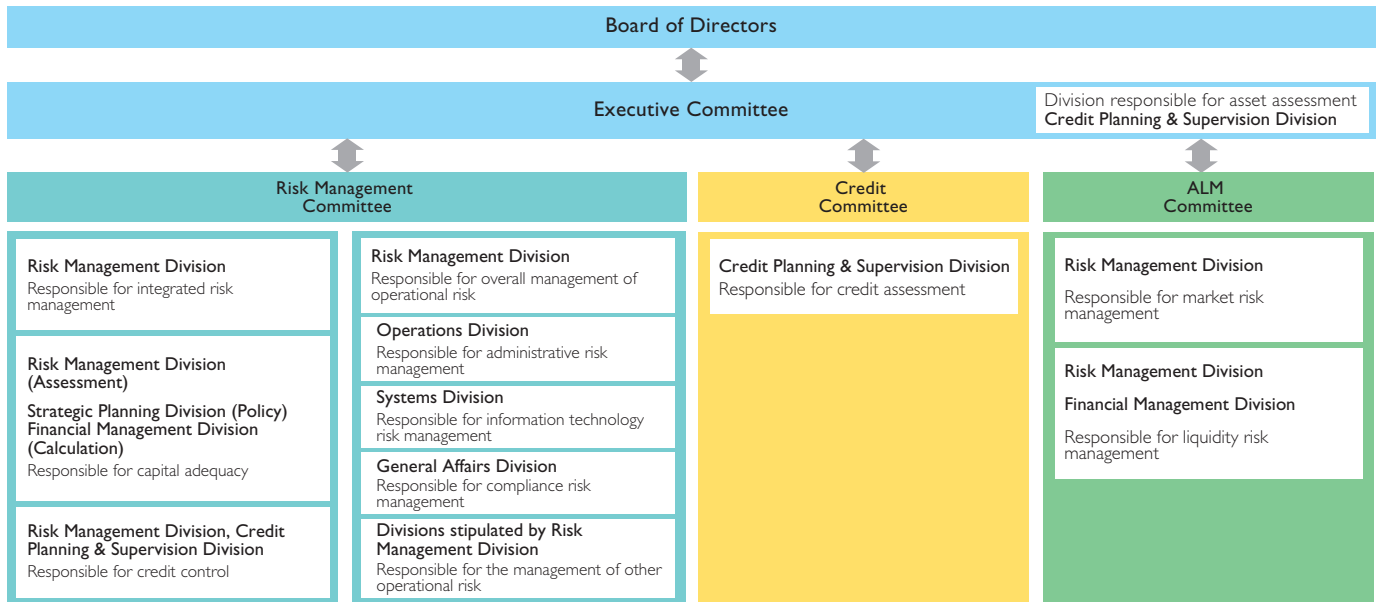
For market risk and credit risk, the SCB calculates the VaR. For the calculation of operational risk capital requirements, the SCB employs the basic indicator approach, proposed under regulations concerning capital adequacy ratios.

The SCB defines capital under its integrated risk management system and allocates quantitative risk limits, operational risk and other types of risk.\* Separately, the SCB estimates losses under various stress scenarios as part of its efforts to monitor potential impacts on capital.

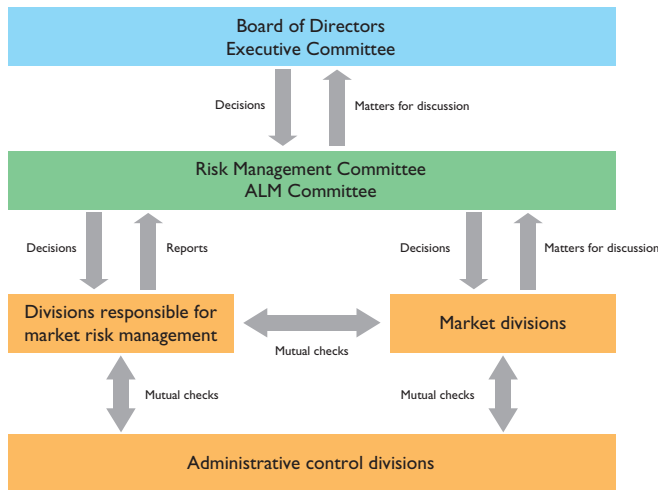
The quantitative risk limits and reserve amounts for each fiscal year are determined by the Executive Committee following deliberation by the Risk Management Committee. The Risk Management Division, which oversees integrated risk management, measures the amount of risk exposure both during and at the end of each month, to ensure that quantitative limits for each type of risk are not exceeded. The Risk Management Division provides reports on risk status to senior management and related divisions through the Risk Management Committee.

\*With regard to subsidiaries within the SCB’s scope of consolidation, the SCB monitors risk exposure at each subsidiary and allocates capital commensurate with the amount of risk. These allocations enable subsidiaries to take risks.

# Risk Management System



# Market Risk Management Framework



## Market Risk\* Management

To maintain an accurate understanding of market risk and rigorously manage this risk, the SCB has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through the independent functions.

The SCB has established the ALM Committee as the body responsible for deliberating and making decisions on market risk management. The ALM Committee comprises senior management and heads of divisions related to market risk.

Based on risk status information—ob-

tained via reports from divisions responsible for managing market risk and other sources—the ALM Committee deliberates widely and expeditiously on policy relating to fund-raising and management as well as proposed market transactions.

For banking operations and trading activities, the divisions responsible for managing market risk quantify and manage market risk exposure by VaR within the limit set by the Executive Committee. In addition, market risk exposure is further divided into several categories, with risk quantities monitored by category.

In addition, the SCB manages its exposure on a variety of fronts, such as monitoring stress losses at times of unexpected market

fluctuations, the basis-point-value (BPV) (changes in the valuation of the market value of the portfolio in response to changes in interest rates), and IRRBB (interest rate risk in scenarios specified by the FSA).

The status of these risk management activities is reported to senior management at biweekly meetings of the ALM Committee.

\* Market risk includes interest rate risk and such equity-related risk as stock price fluctuation risk

## Liquidity Risk Management

As the central financial institution for shinkin banks, the SCB maintains a rigorous system for managing liquidity risk to respond to the needs of shinkin banks for daily working capital and emergency funds.

To maintain an accurate understanding of liquidity risk and rigorously manage this risk, the SCB has formulated a liquidity risk management policy. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on liquidity risk management.

Methods used for managing liquidity risk include the daily setting and monitoring of risk limit amounts relating to the gap between cash inflows and outflows. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the SCB is prepared to respond rapidly, and even secure funding sources.



**Credit Risk\* Management**

To maintain an accurate understanding of credit risk and rigorously manage this risk, the SCB has formulated a credit risk management policy. Furthermore, the SCB has formulated a Credit Policy, which sets out the SCB’s fundamental philosophy. The SCB requires strict adherence to the Credit Policy on the part of all directors and employees involved in credit operations. The SCB conducts ongoing internal communications emphasizing the importance of sound ethics in all behavior and decision making.

At the SCB, divisions responsible for credit control, credit assessment and asset assessment are clearly separated from divisions involved in client services. In this way, we are building a structure in which internal checks are maintained through the independent functions given to each part of the system.

The SCB has established the Credit Committee and the Risk Management Committee as the bodies responsible for deliberating and making decisions on matters relating to credit risk management. The Credit Committee and the Risk Management Committee comprise senior management and the general managers of related divisions. The Credit Committee deliberates on credit transactions that exceed a designated amount, and the Risk Management Committee deliberates broadly and thoroughly matters relating to credit risk management. The Executive Committee deliberates, and makes decisions regarding, the results of self-assessment of assets and matters relating to self-assessment of asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to their credit rating.

Credit ratings are based on quantitative criteria, set by evaluating the borrower’s financial statements, and qualitative criteria, set by evaluating the borrower’s competitive strength in the particular industry within which it operates. Based on these assessments of credit strength, each borrower is given a credit rating on the SCB’s 10-step scale. The credit ratings given to borrowers are reviewed regularly, and flexibly revised as necessary.

Divisions responsible for credit control analyze the SCB’s overall credit portfolio according to credit rating, industry, country, and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Furthermore, credit risk is quantified and managed within the risk limit set by the Executive Committee.

The credit risk exposure is measured using VaR as well as the Monte Carlo simula-

tion method.

The Credit Planning & Supervision Division—responsible for credit assessment—accurately monitors each borrower’s financial condition, the purposes for which funds are used, and repayment resources. In addition to appropriate assessment and post-transaction management, the Credit Planning & Supervision Division continually inspects whether the client service division is conducting appropriate credit controls, and provides guidance as necessary. In the event that there should be any problem on the borrower’s side, the Credit Planning & Supervision Division expeditiously assesses the borrower’s management situation and provides supervision. Where necessary, action is taken to recover the loan.

The Credit Planning & Supervision Division is also responsible for asset assessment. The division undertakes and manages operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

\* Credit risk includes such risk as counterparty risk for derivative transactions and securitization transaction risk.

**Operational Risk Management**

To comprehensively manage operational risks, the SCB has formulated management guidelines for operational risks, and to address inadequate or failed internal processes, system risks and compliance risks, which we consider the major operational risks, we have additionally formulated individual management guidelines for each of those risks. Furthermore, the SCB has constructed a system for comprehensively managing operational risks. In addition to having in place a department to comprehensively manage operational risks as well as a department to manage administrative risks, a department to manage system risks and a department to manage compliance risks, we also set up risk management departments to manage other operational risks as necessary.

The SCB has established the Risk Management Committee as the body responsible for deliberating and making decisions on matters relating to operational risk management. The Risk Management Committee, comprising senior management and heads of related divisions, deliberates and makes decisions on comprehensive methods for managing operational risks, including administrative risks, system risks and compliance risks.

Regarding the SCB’s subsidiaries, the SCB’s Internal Audit Division conducts audits of the respective systems.

To calculate its operational risk capital requirements, the SCB uses the basic indicator

approach proposed under regulations concerning capital adequacy ratios.

**• Administrative Risk Management**

The Operations Division oversees administrative risk management and administrative instruction. In addition to developing and maintaining the administrative processing system and administrative rules, and undertaking reviews of administrative procedures, the Operations Division conducts administrative instruction programs for divisions involved in administrative processing. With this system, the SCB appropriately manages administrative risk.

Furthermore, the SCB is undertaking a range of measures to ensure accurate and efficient administrative processing. These include the systemization of administrative processing, the provision of various training programs, including programs, to encourage staff to submit proposals to improve operating processes at all branches. The SCB also controls the entire process of administrative risk management, from the identification of risk to the implementation of corrective measures.

**• Information Technology Risk Management**

The Systems Division takes charge of information technology risk management. It provides control and guidance to divisions involved in system development, operation, and utilization.

Recognizing that cyber attacks are becoming increasingly sophisticated and ingenious, the division is stepping up measures to reinforce its cybersecurity, including the establishment of the Shinkin Central Bank Computer Security Incident Response Team.

In the event of a system failure that seriously affects the execution of business operations, an SCB-wide response is triggered based on crisis management procedures (contingency planning). In addition to periodically conducting crisis response drills, based on system failure crisis scenarios, the SCB also has in place a Disaster Recovery System and other precautions based on the Business Continuity Plan.

**• Compliance risk management**

The General Affairs Division, which functions as a department designated for compliance risk management, manages compliance risks by a series of processes involving identifying compliance risks; analyzing and evaluating the causes, background and range of impact, etc. of each risk; taking necessary measures to minimize compliance risks; and verifying the results of the aforementioned.

# Preferred Shares

## The SCB's Preferred Shares

The SCB issues preferred shares under the Law Concerning Preferred Shares of Cooperative Financial Institutions. The preferred shares, which are regulated by the Financial Instruments and Exchange Act, are issued to complement members' (shinkin banks') common shares and offered publicly to increase the net worth of cooperative financial institutions.

Although the preferred shares do not carry the voting rights that holders of common shares receive, the preferred shares have certain advantages over common shares, such as the guarantee of priority in the payment of dividends.

## Listing of Preferred Shares

The SCB has issued preferred shares since fiscal 1995 and, for the first time in Japan, the preferred shares were listed on the Tokyo Stock Exchange on December 22, 2000 (Securities Identification Code 8421). The SCB's preferred shares are marketable securities that are very similar to preferred stocks, and, basically, the same listing criteria and disclosure rules apply to them.

## Trading of Preferred Shares

Like listed stocks, the SCB's preferred shares can be traded anytime during Tokyo Stock Exchange trading hours through a securities company. Margin transactions are also possible for preferred shares, just as they are for stocks.

## Dividends of Preferred Shares

The SCB's basic policy is to pay stable dividends while securing sound management, enhancing retained earnings, and boosting earnings power.

The SCB's preferred shares pay a dividend to the holders at the end of March of every fiscal year. As the rule of interim dividends is not provided in the Law Concerning Preferred Shares of Cooperative Financial Institutions, the SCB does not pay interim dividends.

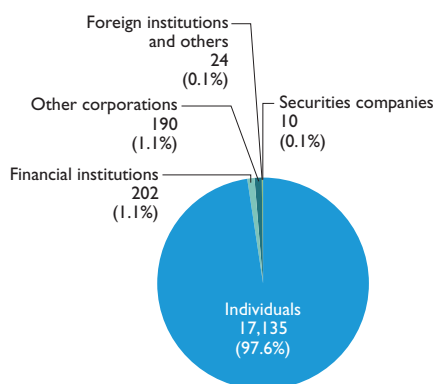
Dividends of preferred shares comprise preferred dividends and participating dividends. Preferred dividends are paid before any dividends are paid to common stock holders (shinkin banks). Participating dividends are paid from retained earnings after preferred dividends. They may vary depending on profits of the SCB.

The SCB's preferred shares are treated as stocks in the taxation system, and are given the same preferential treatment concerning tax as stocks.

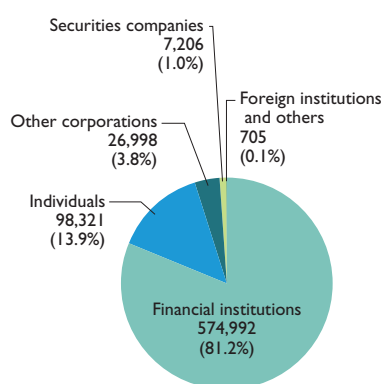
For fiscal year ended March 31, 2024, the dividend for preferred shares was ¥6,500 (\$42) per share, which included a preferred dividend of ¥3,000 (\$19) and a participating dividend of ¥3,500 (\$23).

## Composition of Preferred Shares (March 31, 2024)

• Number of Investors (17,561)



• Number of Subscription (708,222)



## Price of Preferred Shares\*

	(Closing price, yen)
First day of listing (December 22, 2000)	200,500
Highest price (March 15, 2006)	311,500
Lowest price (April 14, 2009)	102,400
Closing price (July 31, 2024)	251,500

\*The price of preferred shares is split-adjusted, reflecting the stock split of preferred shares as at July 31, 2009.

# Financial Section

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## Five-Year Summary (Consolidated)

	(Millions of Yen)				
	FY2019	FY2020	FY2021	FY2022	FY2023
Total Income	301,954	261,011	249,652	373,727	427,435
Trust Fees	759	1,258	1,921	2,391	2,529
Total Expenses	245,596	217,585	201,470	338,076	383,355
Profit Attributable to Owners of Parent	40,227	31,649	35,942	26,221	32,145
Comprehensive Income	(90,508)	196,771	(110,723)	(231,498)	32,577
Net Assets	1,550,287	1,727,321	1,596,329	1,345,160	1,558,068
Total Assets	40,868,096	43,843,528	43,931,795	46,095,333	47,622,424
Net Assets per Share (Yen)	283,111.71	320,620.85	292,802.41	239,364.73	242,006.77
Net Income per Share (Yen)	5,679.98	4,401.33	5,041.19	3,592.19	4,464.33
Dividends	19,603	19,603	19,603	19,603	19,628
General Common Shares	12,000	12,000	12,000	12,000	12,000
Specific Common Shares	3,000	3,000	3,000	3,000	3,024
Preferred Shares	4,603	4,603	4,603	4,603	4,603
Trust Assets	1,320,957	2,015,700	2,708,486	3,015,058	3,016,944

### Notes:

1. National and local consumption tax incurred by the Shinkin Central Bank and its domestic consolidated subsidiaries are excluded from transaction amounts.
2. The amount stated for the amount of trust assets is the amount of trust assets related to the trust business pursuant to the "Act on Engagement in Trust Business Activities by Financial Institutions." Consolidated companies conducting such trust business comprised only the Shinkin Central Bank.



# Consolidated Balance Sheet

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
<b>Assets</b>			
Cash and Due from Banks (Note 2 (2), 27)	19,937,781	19,019,069	131,715
Bills Bought and Call Loans (Note 27)	479,611	1,573,215	3,168
Receivables under Resale Agreements (Note 27)	25,150	295,304	166
Receivables under Securities Borrowing Transactions	10,944	-	72
Monetary Claims Bought (Note 27)	259,844	172,200	1,716
Trading Assets (Note 3, 10, 27, 28)	350,766	485,686	2,317
Money Held in Trust (Note 27, 28)	78,765	78,136	520
Securities (Note 4, 5, 8, 10, 27, 28)	16,009,891	13,598,793	105,766
Loans and Bills Discounted (Note 5, 6, 7, 10, 27)	8,858,319	9,511,310	58,520
Foreign Exchanges Assets (Note 5, 6)	23,466	22,701	155
Other Assets (Note 5, 10)	1,288,728	1,044,086	8,513
Tangible Fixed Assets (Note 9, 15, 26)	74,611	72,028	492
Intangible Fixed Assets (Note 26)	17,680	20,354	116
Deferred Tax Assets (Note 24)	66,173	65,440	437
Customers' Liabilities for Acceptances and Guarantees (Note 5)	164,525	160,981	1,086
Reserve for Possible Loan Losses	(23,836)	(23,974)	(157)
<b>Total Assets</b>	<b>47,622,424</b>	<b>46,095,333</b>	<b>314,609</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Deposits (Note 27)	33,064,496	34,652,817	218,434
Debentures (Note 13, 27)	1,302,170	1,452,960	8,602
Trading Liabilities (Note 11, 27)	155,200	86,702	1,025
Borrowed Money (Note 10, 12, 27)	5,130,000	3,998,680	33,890
Bills Sold and Call Money (Note 27)	18,202	6,804	120
Payables under Repurchase Agreements (Note 10, 27)	3,526,403	2,620,729	23,296
Payables under Securities Lending Transactions (Note 10, 27)	2,151,096	1,362,132	14,210
Foreign Exchanges Liabilities	920	652	6
Borrowed Money from Trust Account	45,418	43,534	300
Other Liabilities (Note 12, 14)	462,759	315,234	3,057
Reserve for Employee Bonuses	1,832	1,764	12
Reserve for Directors' Bonuses	90	89	0
Net Defined Benefit Liability (Note 25)	34,416	40,299	227
Reserve for Directors' Retirement Allowances	541	511	3
Reserve under Specific Law	14	10	0
Deferred Tax Liabilities (Note 24)	235	235	1
Deferred Tax Liabilities for Land Revaluation (Note 15)	6,033	6,033	39
Acceptances and Guarantees	164,525	160,981	1,086
<b>Total Liabilities</b>	<b>46,064,355</b>	<b>44,750,172</b>	<b>304,316</b>
<b>Net Assets</b>			
Common Shares and Preferred Shares (Note 23)	890,998	690,998	5,886
Capital Surplus	100,678	100,678	665
Retained Earnings	663,282	650,740	4,381
Total Shareholders' Equity	1,654,959	1,442,417	10,933
Net Unrealized Gains (Losses) on Other Securities (Note 24, 28)	(271,415)	(215,893)	(1,793)
Deferred Gains or Losses on Hedges (Note 24, 29)	144,213	94,174	952
Land Revaluation Excess (Note 15)	14,772	14,772	97
Foreign Currency Translation Adjustments	(1,169)	(2,238)	(7)
Remeasurements of Defined Benefit Plans (Note 25)	3,210	(1,124)	21
Total Accumulated Other Comprehensive Income	(110,388)	(110,310)	(729)
Non-Controlling Interests	13,497	13,053	89
<b>Total Net Assets</b>	<b>1,558,068</b>	<b>1,345,160</b>	<b>10,293</b>
<b>Total Liabilities and Net Assets</b>	<b>47,622,424</b>	<b>46,095,333</b>	<b>314,609</b>

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

# Consolidated Statement of Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
<b>Income</b>			
Interest Income:	283,914	208,252	1,875
Interest on Loans and Bills Discounted	24,034	19,468	158
Interest on Due from Banks	8,269	8,265	54
Interest on Bills Bought and Call Loans	3,117	885	20
Interest on Receivables under Resale Agreements	(562)	(616)	(3)
Interest on Receivables under Securities Borrowing Transactions	0	0	0
Interest and Dividends on Securities	245,563	178,573	1,622
Others	3,491	1,675	23
Trust Fees	2,529	2,391	16
Fees and Commissions (Note 17)	43,923	42,775	290
Trading Income (Note 18)	23,171	17,819	153
Other Operating Income	48,622	91,882	321
Other Income (Note 20)	25,274	10,605	166
<b>Total Income</b>	<b>427,435</b>	<b>373,727</b>	<b>2,823</b>
<b>Expenses</b>			
Interest Expenses:	177,395	105,263	1,171
Interest on Deposits	42,004	37,237	277
Interest on Debentures	1,556	1,165	10
Interest on Borrowed Money	2,377	1,771	15
Interest on Bills Sold and Call Money	545	237	3
Interest on Payables under Repurchase Agreement	29,754	7,049	196
Interest on Payables under Securities Lending Transactions	80,632	31,897	532
Others	20,523	25,903	135
Fees and Commissions (Note 17)	15,427	15,075	101
Trading Losses (Note 19)	-	186	-
Other Operating Expenses	131,213	159,263	866
General and Administrative Expenses	59,169	57,580	390
Other Expenses (Note 21)	150	707	0
<b>Total Expenses</b>	<b>383,355</b>	<b>338,076</b>	<b>2,532</b>
<b>Profit before Income Taxes</b>	<b>44,079</b>	<b>35,650</b>	<b>291</b>
<b>Income Taxes (Note 24):</b>			
Current	12,231	9,521	80
Deferred	(473)	(420)	(3)
<b>Total Income Taxes</b>	<b>11,757</b>	<b>9,101</b>	<b>77</b>
<b>Profit</b>	<b>32,322</b>	<b>26,549</b>	<b>213</b>
<b>Profit Attributable to Non-Controlling Interests</b>	<b>176</b>	<b>327</b>	<b>1</b>
<b>Profit Attributable to Owners of Parent</b>	<b>32,145</b>	<b>26,221</b>	<b>212</b>

	Yen		U.S. Dollars (Note 1)
	2024	2023	2024
Net Income per Share (Note 33)	4,464.33	3,592.19	29.49
Dividend Declared per Share (General Common Shares)	3,000.00	3,000.00	19.81
Dividend Declared per Share (Specific Common Shares)	1,500.00	1,500.00	9.90
Dividend Declared per Share (Preferred Shares)	6,500.00	6,500.00	42.94

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

# Consolidated Statement of Comprehensive Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
<b>Profit</b>	<b>32,322</b>	26,549	<b>213</b>
<b>Other Comprehensive Income (Note 22)</b>	<b>255</b>	(258,048)	<b>1</b>
Net Unrealized Gains (Losses) on Other Securities	(55,521)	(320,330)	(366)
Deferred Gains or Losses on Hedges	50,039	59,196	330
Foreign Currency Translation Adjustments	1,069	392	7
Remeasurements of Defined Benefit Plans	4,667	2,692	30
<b>Comprehensive Income</b>	<b>32,577</b>	(231,498)	<b>215</b>
Comprehensive Income Attributable to Owners of Parent	<b>32,067</b>	(231,993)	<b>211</b>
Comprehensive Income Attributable to Non-Controlling Interests	<b>510</b>	494	<b>3</b>

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

# Consolidated Statement of Changes in Net Assets

Shinkin Central Bank For the year ended March 31, 2024

Millions of Yen

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	690,998	100,678	650,740	1,442,417
Changes during the Fiscal Year				
Increase of Common Shares	200,000			200,000
Surplus Dividends			(19,603)	(19,603)
Profit Attributable to Owners of Parent			32,145	32,145
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Changes during the Fiscal Year	200,000	-	12,542	212,542
Balance at End of Year	890,998	100,678	663,282	1,654,959

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	(215,893)	94,174	14,772	(2,238)	(1,124)	(110,310)	13,053	1,345,160
Changes during the Fiscal Year								
Increase of Common Shares								200,000
Surplus Dividends								(19,603)
Profit Attributable to Owners of Parent								32,145
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(55,521)	50,039	-	1,069	4,334	(78)	443	365
Total Changes during the Fiscal Year	(55,521)	50,039	-	1,069	4,334	(78)	443	212,907
Balance at End of Year	(271,415)	144,213	14,772	(1,169)	3,210	(110,388)	13,497	1,558,068

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	4,564	665	4,299	9,529
Changes during the Fiscal Year				
Increase of Common Shares	1,321			1,321
Surplus Dividends			(129)	(129)
Profit Attributable to Owners of Parent			212	212
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Changes during the Fiscal Year	1,321	-	82	1,404
Balance at End of Year	5,886	665	4,381	10,933

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	(1,426)	622	97	(14)	(7)	(728)	86	8,886
Changes during the Fiscal Year								
Increase of Common Shares								1,321
Surplus Dividends								(129)
Profit Attributable to Owners of Parent								212
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(366)	330	-	7	28	(0)	2	2
Total Changes during the Fiscal Year	(366)	330	-	7	28	(0)	2	1,406
Balance at End of Year	(1,793)	952	97	(7)	21	(729)	89	10,293

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	690,998	100,678	644,122	1,435,799
Changes during the Fiscal Year				
Surplus Dividends			(19,603)	(19,603)
Profit Attributable to Owners of Parent			26,221	26,221
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Changes during the Fiscal Year	-	-	6,618	6,618
Balance at End of Year	690,998	100,678	650,740	1,442,417

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	104,436	34,977	14,772	(2,631)	(3,650)	147,904	12,626	1,596,329
Changes during the Fiscal Year								
Surplus Dividends								(19,603)
Profit Attributable to Owners of Parent								26,221
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(320,330)	59,196	-	392	2,526	(258,214)	427	(257,787)
Total Changes during the Fiscal Year	(320,330)	59,196	-	392	2,526	(258,214)	427	(251,169)
Balance at End of Year	(215,893)	94,174	14,772	(2,238)	(1,124)	(110,310)	13,053	1,345,160

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

# Consolidated Statement of Cash Flows

Millions of  
U.S. Dollars

Shinkin Central Bank For the year ended March 31,	Millions of Yen		(Note 1)
	2024	2023	2024
<b>Cash Flows from Operating Activities:</b>			
Profit before Income Taxes	44,079	35,650	291
Depreciation	10,626	9,858	70
Impairment Losses	83	52	0
Increase (Decrease) in Reserve for Possible Loan Losses	(137)	(1,338)	(0)
Increase (Decrease) in Reserve for Employee Bonuses	67	(24)	0
Increase (Decrease) in Reserve for Directors' Bonuses	1	(4)	0
Increase (Decrease) in Net Defined Benefit Liability	(5,883)	(2,792)	(38)
Increase (Decrease) in Reserve for Directors' Retirement Allowances	30	(58)	0
Interest Income	(283,914)	(208,252)	(1,875)
Interest Expenses	177,395	105,263	1,171
Net Losses (Gains) on Securities	105,397	120,682	696
Net Losses (Gains) on Money Held in Trust	(18)	(2)	(0)
Net Losses (Gains) on Foreign Exchange	(317,089)	(189,856)	(2,094)
Net Losses (Gains) on Disposal of Fixed Assets	62	315	0
Net Decrease (Increase) in Trading Assets	134,919	(151,818)	891
Net Increase (Decrease) in Trading Liabilities	68,498	58,790	452
Net Increase (Decrease) in Trading Payables	(21,825)	(5,243)	(144)
Net Decrease (Increase) in Loans and Bills Discounted	652,990	(1,756,520)	4,313
Net Increase (Decrease) in Deposits	(1,588,321)	1,529,014	(10,492)
Net Increase (Decrease) in Debentures	(150,790)	(92,410)	(996)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	1,293,800	(169,200)	8,547
Net Decrease (Increase) in Due from Banks (Excluding Due from Central Bank)	7,187	(147,722)	47
Net Decrease (Increase) in Call Loans and Others	1,363,757	(504,806)	9,009
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(10,944)	-	(72)
Net Increase (Decrease) in Call Money and Others	917,072	1,426,807	6,058
Net Increase (Decrease) in Payables under Securities Lending Transactions	788,963	(366,429)	5,212
Net Decrease (Increase) in Monetary Claims Bought	(87,644)	32,259	(579)
Net Decrease (Increase) in Foreign Exchanges (Assets)	(765)	(3,078)	(5)
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	268	(507)	1
Net Increase (Decrease) in Due to Trust Accounts	1,883	713	12
Interest Received	339,793	173,377	2,244
Interest Paid	(274,043)	(134,553)	(1,810)
Other, Net	(43,609)	86,025	(288)
<b>Sub-total</b>	<b>3,121,891</b>	<b>(155,807)</b>	<b>20,624</b>
Income Taxes Paid	(11,453)	(16,126)	(75)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>3,110,438</b>	<b>(171,934)</b>	<b>20,548</b>
<b>Cash Flows from Investing Activities:</b>			
Acquisitions of Securities	(8,727,731)	(8,107,365)	(57,658)
Proceeds from Sale of Securities	2,131,240	4,655,227	14,079
Proceeds from Redemption of Securities	4,404,449	5,723,515	29,097
Increase in Money Held in Trust	(6)	-	(0)
Decrease in Money Held in Trust	-	39,913	-
Acquisitions of Tangible Fixed Assets	(6,609)	(3,458)	(43)
Acquisitions of Intangible Fixed Assets	(3,985)	(9,522)	(26)
Proceeds from Sales of Tangible Fixed Assets	-	193	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(2,202,642)</b>	<b>2,298,503</b>	<b>(14,551)</b>
<b>Cash Flows from Financing Activities:</b>			
Repayment of Subordinated Borrowings	(162,480)	-	(1,073)
Proceeds from Increase of Shares	200,000	-	1,321
Dividends Paid	(19,603)	(19,603)	(129)
Dividends Paid to Non-Controlling Interests	(66)	(66)	(0)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>17,849</b>	<b>(19,670)</b>	<b>117</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>925,646</b>	<b>2,106,900</b>	<b>6,115</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>18,317,999</b>	<b>16,211,098</b>	<b>121,014</b>
<b>Cash and Cash Equivalents at End of Period (Note 2 (2))</b>	<b>19,243,645</b>	<b>18,317,999</b>	<b>127,129</b>

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

# Notes to Consolidated Financial Statements

## 1. Basis of Presentation:

The accompanying consolidated financial statements have been prepared from the accounts maintained by Shinkin Central Bank (the “Bank”) and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in Japan that are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements have been reclassified for the convenience of readers outside Japan. The amounts in Japanese yen are presented in millions of yen by rounding down figures. As a result, the totals in yen shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances.

U.S. dollar amounts represent the arithmetical results of translating original Japanese yen amounts of the respective account balances to U.S. dollars on a basis of ¥151.37 to U.S.\$1, the exchange rate prevailing as of March 31, 2024. The amounts in U.S. dollars are presented in millions of U.S. dollars by rounding down figures. As a result, the totals in U.S. dollars shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances. The U.S. dollar amounts are included solely for the convenience of readers outside Japan and this translation should not be construed as representation that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or at any other rates.

## 2. Significant Accounting Policies:

### (1) Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its nine consolidated subsidiaries as of March 31, 2024 listed below:

Name	Location	Ownership Percentage
The Shinkin Banks Information		
System Center Co., Ltd.	Tokyo	50.7%
Shinkin International Ltd.	London	100%
Shinkin Chukin Business Co., Ltd.	Tokyo	100%
Shinkin Asset Management Co., Ltd.	Tokyo	100%
Shinkin Securities Co., Ltd.	Tokyo	100%
Shinkin Capital Co., Ltd.	Tokyo	100%
Shinkin Guarantee Co., Ltd.	Tokyo	100%
Shinkin Singapore Pte. Ltd.	Singapore	100%
Shinkin Regional Innovation Co., Ltd.	Tokyo	100%

### Unconsolidated subsidiaries

Shinkin no Tsubasa Investment Limited Partnership  
 Shinkin no Ishizue Investment Limited Partnership  
 Shinkin no Tsubasa No. 2 Investment Limited Partnership

Unconsolidated subsidiaries are excluded from the scope of consolidation because their total assets, total income, net income (amount based on the equity method), retained earnings (amount based on the equity method) and accumulated other comprehensive income (amount based on the equity method) are immaterial and do not hinder a rational judgment of the Bank’s financial condition and results of operation when excluded from the scope of consolidation.

The fiscal year and the closing date thereof for the financial statements of the consolidated subsidiaries are consistent with those of the Bank, except for Shinkin International Ltd. and Shinkin Singapore Pte. Ltd., which have a fiscal year ending on December 31.

For the consolidation of these subsidiaries, the Bank makes appropriate adjustments for any material transactions subsequent to December 31.

All significant intercompany balances and transactions have been eliminated in consolidation. The Bank’s share of net assets of subsidiaries is valued at fair value on acquisition. Non-controlling interests in net assets of subsidiaries are valued at fair value on acquisition in the consolidated financial statements. The excess of the cost over the fair value of the underlying net equity in subsidiaries on acquisition is expensed when incurred.

The application of equity-method to unconsolidated subsidiaries and affiliates is as follows:

Non-consolidated equity-method subsidiaries: N/A  
 Affiliated equity-method companies: N/A

Unconsolidated subsidiaries that are not accounted for by the equity method:

Shinkin no Tsubasa Investment Limited Partnership  
 Shinkin no Ishizue Investment Limited Partnership  
 Shinkin no Tsubasa No. 2 Investment Limited Partnership

Unconsolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of equity method because their effect on the accompanying consolidated financial statements, in terms of net income (amount based on the equity method) and retained earnings (amount based on the equity method), would not be material.

Affiliated companies to which the equity method is not applied due to immateriality:

Aozora Loan Services Co., Ltd.

### (2) Cash and Cash Equivalents

In the consolidated statement of cash flows, “Cash and Cash Equivalents” consist of Cash and Due from Central Bank.

Reconciliation between Cash and Due from Banks in the consolidated balance sheet and Cash and Cash Equivalents at March 31, 2024 and 2023 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Cash and Due from Banks	19,937,781	19,019,069	131,715
Due from Banks (Excluding Due from Central Bank)	(694,136)	(701,070)	(4,585)
Cash and Cash Equivalents	19,243,645	18,317,999	127,129

### (3) Trading Assets and Liabilities

Transactions for “Trading Purposes” (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market related indices or from gaps among markets) are included in “Trading Assets” and “Trading Liabilities” on the consolidated balance sheet on a trade date basis. In addition, gains and losses from “Trading Assets” and “Trading Liabilities” are recorded as “Trading Income” and “Trading Losses” on the consolidated statement of income on a trade date basis.



Securities and Monetary Claims Bought for trading purposes are stated at fair value at the fiscal year end. Trading-related financial derivatives such as swaps, futures and options are stated at the amounts that would have been delivered for settlement as of the fiscal year end date.

#### (4) Financial Instruments

##### (i) Securities

The Bank and its consolidated subsidiaries classify securities into three categories: held-to-maturity debt securities, investments in affiliates that are not accounted for by the equity method, and other securities. Held-to-maturity debt securities are stated at cost amortized by the straight-line method using the moving-average method. Investments in affiliates that are not accounted for by the equity method are stated at cost using the moving-average method. Other securities are stated at fair value (and the cost of securities sold is mainly determined using the moving-average method). Stocks and other equity securities with no market prices are stated at cost using the moving-average method.

The full amount of net unrealized gains or losses on other securities is recorded directly within Net Assets.

Securities included as trust property in “Money Held in Trust” are stated in the same manner as above.

##### (ii) Derivative Transactions

Derivative transactions are stated at fair value.

##### (iii) Hedge Accounting

###### (a) Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting described in the Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guidelines No. 24, March 17, 2022 “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry” to transactions to hedge against interest rate risk arising from the financial assets and liabilities.

Effectiveness of a fair value hedge is assessed for each of the identified group of hedged items such as loans and deposits, and corresponding group of hedging instruments such as interest rate swaps with the same maturity bucket. Effectiveness of a cash flow hedge is assessed based on the correlation between an interest rate risk factor of the hedged items and that of the hedging instruments.

For certain assets and liabilities, the exceptional treatment for interest rate swaps is applied.

###### (b) Hedge of Foreign Exchange Fluctuation Risk

The deferred method of hedge accounting is applied to transactions to hedge against foreign exchange fluctuation risks associated with monetary assets and liabilities denominated in foreign currencies in accordance with the regulations set forth in JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020 “Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry.”

To minimize foreign exchange fluctuation risk on monetary assets and liabilities, the Bank has engaged in currency swaps, foreign exchange swaps, and similar transactions. Effectiveness of these transactions in the hedging of foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed through comparison of the foreign currency position of the hedged monetary assets and liabilities and that of the hedging instruments.

The Bank has also applied fair value hedge accounting to the foreign exchange risk of other securities in foreign currency (other than bonds) when the hedged foreign currency securities are specified prior to the commencement of transactions, and there exists spot and forward liabilities exceeding the acquisition costs of the foreign currency securities designated as hedged items on a foreign currency basis.

##### (c) Internal Derivative Transactions

Internal derivative transactions between trading accounts and other accounts, which are designated as hedges, are not eliminated and related gains and losses are recognized in the consolidated statement of income or deferred under hedge accounting because the internal interest rate swaps and currency swaps transactions, etc. designated as hedging instruments are conducted in a manner without any subjectivity and are appropriately executed by cover transactions conducted in accordance with the standard articulated by Industry Committee Practical Guidelines No. 24 and No. 25.

##### (d) Others

Given that deferred hedge using interest rate swaps and exceptional treatment of interest rate swaps to offset market fluctuations on hedged items of loans, other securities (bonds) and held-to-maturity debt securities are affected by the discontinuing publication of London Inter-Bank Offered Rate (LIBOR) and transition to alternative reference rate, the Bank has adopted “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (Practical Issues Task Force Report No. 40, March 17, 2022) to avoid impact on the continuation of hedging relationship.

#### (5) Tangible Fixed Assets (excluding Leased Assets)

Tangible fixed assets of the Bank are depreciated by the declining balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities installed in buildings), and facilities installed in buildings and structures that are acquired on or after April 1, 2016, are depreciated by the straight-line method.

The estimated useful lives of major items are as follows:

Buildings ..... 5 to 50 years

Others ..... 3 to 20 years

Tangible fixed assets of consolidated subsidiaries are, in principle, depreciated by the declining balance method, based on their estimated useful lives.

#### (6) Intangible Fixed Assets (excluding Leased Assets)

Intangible fixed assets are amortized by the straight-line method. The costs of software for internal use are amortized by the straight-line method, mainly 5 years period (the estimated useful life of the software).

#### (7) Leased Assets

Leased assets of Tangible Fixed Assets and Intangible Fixed Assets related to finance leases that do not transfer ownership are depreciated by the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

#### (8) Deferred Debenture Charges

Debenture charges are expensed in the fiscal year of issuance.

#### (9) Reserve for Possible Loan Losses

Reserve for possible loan losses of the Bank is provided in accordance with the internal rules for self-assessments of asset quality and write-offs and provisioning criteria predetermined by the Bank as follows:

The amounts of write-offs and provisions are calculated based on the result of self-assessments of the borrower classification, etc. The Bank has the credit risk rating system as a method for assessing credit risk to determine the borrower classification appropriately. Based on this system, the borrower classification for self-assessments is determined. The credit rating evaluates the degree of a borrower's creditworthiness, such as its debt servicing capacity, and classifies the borrower on a scale of 10. The classification reflects qualitative factors such as the evaluation of industry in which the borrower operates business and competitiveness within the industry, in addition to the quantitative evaluation based on the borrower's financial information. The credit rating is reviewed on a regular basis once a year, and is also reviewed as needed, such as when there are changes in the creditworthiness of the borrower.

The reserve is provided for loans to borrowers who are classified as substantially bankrupt or who are bankrupt in the legal sense as a result of the self-assessment of asset quality, at 100% of the carrying amount remaining after write-offs and deducting the amount expected from the realization of collateral and the execution of guarantees. In addition, a reserve is provided for loans to borrowers who are not currently bankrupt but are highly likely to go bankrupt ("Probably Bankrupt Borrowers"). In such cases, the reserve is provided at the amount deemed necessary based on the borrower's debt servicing capacity after deducting the amount expected from the realization of collateral and the execution of guarantees.

The Bank calculates the amount of reserve by the cash flow estimate method. For borrowers classified as Probably Bankrupt Borrowers, borrowers who have restructured loans ("Intensive Control Borrowers") or other borrowers who warrant special attention for future management ("Other Special Attention Borrowers") with receivables exceeding a threshold amount and to whom loan receivables are renegotiated, the amount of reserve for possible loan losses is set at the difference between the book values of the loans and the amounts calculated by discounting, by the original contractual interest rates, cash flows that are reliably estimated based on the repayment plan prepared by the borrowers, creditworthiness, the Bank's lending policies and default rates based on the creditworthiness of the borrower.

For all other loans to Intensive Control Borrowers and Other Special Attention Borrowers, the Bank estimates the amount of expected losses over the next three years. The amount of expected losses is calculated by determining the expected loss ratio based on the average of the historical charge-off ratios over the past three years, and adding necessary adjustments such as future prospects.

For the borrowers (Performing) who are recognized to have good business performance and no particular financial problems, a reserve is expected for the next one year and provided based on the ratio of the average value of the bad debt rate calculated by the bad debt record for one year with necessary adjustments such as future prospects.

All claims are assessed by the Operating Related Division based on internal rules for self-assessments of asset quality. Subsequently, the Asset Auditing Division, that is independent from the Operating Related Division, audits these self-assessments. The reserve is provided based on the results of the assessments.

For loans to Bankrupt Borrowers and Substantially Bankrupt Borrowers, amounts deemed uncollectible, which are calculated after

deduction of expected collection from the realization of collateral and the execution of guarantees, are written off. The amount written off was ¥192 million (\$1 million) as of March 31, 2024 and ¥192 million as of March 31, 2023.

Reserve for possible loan losses of the consolidated subsidiaries for general claims is provided as the amounts deemed necessary based on the default rate calculated from actual default during a certain period in the past, and for doubtful claims as the amounts deemed uncollectible based on the assessment of each claim.

#### (10) Reserve for Employee Bonuses

Reserve for Employee Bonuses is set aside at the portion of the amount of estimated bonus payments to employees that corresponds to this fiscal year.

#### (11) Reserve for Directors' Bonuses

Reserve for Directors' Bonuses is set aside at the portion of the amount of estimated bonus payments to directors and corporate auditors that is attributable to this fiscal year.

#### (12) Reserve for Directors' Retirement Allowances

Reserve for Directors' Retirement Allowances is calculated based on the estimated allowances to be paid up to the end of this fiscal year.

#### (13) Reserve under Specific Law

This reserve amount is calculated pursuant to Article 46-5, Paragraph 1 of the "Financial Instruments and Exchange Act" and Article 175 of the "Cabinet Office Ordinance on Financial Instruments Business" to indemnify any losses incurred from accidents in the conduct of market derivative transactions on behalf of clients.

#### (14) Employees' Retirement Benefits

The Bank accounted for retirement benefit obligation based on the projected benefit obligations. The projected benefit obligations are attributed to periods on a benefit formula basis. The methods for amortizing prior service costs and actuarial differences are as follows: Prior service costs:

Prior service costs are amortized, using the straight-line method over a certain number of years (10 years) within the average remaining service period of current employees at the time the cost is incurred.

Actuarial differences:

Actuarial differences are amortized from the following year, using the straight-line method over a certain number of years (10 years) within the average remaining service period of current employees at each time the cost is incurred.

Also, certain consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the amount necessary to pay for the voluntary resignation for all employees at the fiscal year-end.

#### (15) Revenue Recognition

"Trust Fees" mainly arise from trustee services for trust assets and are recorded as revenue over the period of the services.

#### (16) Translation of Foreign Currency-Denominated Assets and Liabilities

Foreign currency-denominated assets and liabilities are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year. Foreign currency-denominated assets and liabilities of consolidated

subsidiaries are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year.

(17) Consumption Tax

National and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts. However, national and local consumption tax paid on purchases of tangible fixed assets and intangible fixed assets, which are not deductible as a tax credit, are expensed in this fiscal year.

(18) Amortization of Goodwill

Goodwill is fully amortized in the fiscal year incurred.

(19) Accounting Principles and Procedures Adopted when the Provisions of Relevant Accounting Standards, etc. are not Clear  
Contract cancellation revenue and gains on redemptions of investment trusts are included in “Interest Income (Interest and Dividends on Securities)” and losses on cancellation and redemptions of investment trusts are included in “Other Operating Expenses” in the consolidated statement of income.

(20) Significant Accounting Estimates

Reserve for Possible Loan Losses

(i) The amount recorded in the consolidated financial statements for the current fiscal year

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Reserve for Possible Loan Losses	23,836	23,974	157

(ii) Other information for users of the consolidated financial statements to understand the details of accounting estimates

(1) Method of calculation of the amounts recorded in the consolidated financial statements for the current fiscal year

Method of calculation is described in the “Note 2 Significant Accounting Policies (9) Reserve for Possible Loan Losses.”

(2) Key assumptions used for the calculation of the amounts recorded in the consolidated financial statements for the current fiscal year

The key assumptions are “future performance outlooks of borrowers in determining borrower classification” and “inputs used in the cash flow estimate method.”

Future performance outlooks of borrowers in determining borrower classification are set based on the financial condition, industry characteristics, debt servicing capacity, borrower’s repayment performance, as well as future business environment outlook, among other factors.

The Bank calculates the amount of reserve for possible loan losses by the cash flow estimate method if the borrowers are classified as Probably Bankrupt Borrowers, Intensive Control Borrowers or Other Special Attention Borrowers with receivables above a threshold amount. Inputs used in the cash flow estimate method include the repayment schedule prepared by the borrower, creditworthiness, the Bank’s lending policies and default rates based on the creditworthiness of the borrower.

(3) Impact on the consolidated financial statements for the following fiscal year

If the assumptions used in the initial estimate are changed due to changes in the financial condition or business environment of

borrowers, the key assumptions may significantly affect a reserve for possible loan losses to be recorded in the consolidated financial statements for the following fiscal year.

**3. Trading Assets:**

The details of Trading Assets as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Trading Account Securities	5,758	19,895	38
Derivatives of Securities related to Trading Transactions	1	3	0
Trading-Related Financial Derivatives	171,016	86,771	1,129
Other Trading Assets	173,990	379,014	1,149
<b>Total</b>	<b>350,766</b>	<b>485,686</b>	<b>2,317</b>

#### 4. Securities:

The details of Securities as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Japanese Government Bonds	5,120,372	3,156,602	33,826
Municipal Government Bonds	2,027,994	1,889,103	13,397
Corporate Bonds	2,083,023	2,733,951	13,761
Stocks	83,141	65,343	549
Others	6,695,359	5,753,793	44,231
Total	16,009,891	13,598,793	105,766

Notes:

1. Stocks include investments in affiliated companies totaling ¥189 million (\$1 million) as of March 31, 2024 and 2023.
2. Others include common shares and investment in unconsolidated subsidiaries totaling ¥12,053 million (\$79 million) as of March 31, 2024 and ¥9,104 million as of March 31, 2023. Others also include preferred shares issued by Shinkin Banks which were contributed in accordance with the Shinkin Bank Management Reinforcement System. The amount was ¥137,069 million (\$905 million) as of March 31, 2024 and ¥147,319 million as of March 31, 2023. Others also include foreign bonds and equities.

#### 5. Status of Claims:

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

Claims consist of items recorded in Corporate Bonds in “Securities” (limited to those Corporate Bonds for which redemption of the principal and payment of interest are fully or partially guaranteed and which are issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), Loans and Bills Discounted, Foreign Exchanges Assets, Accrued Interest and Suspense Payments in “Other Assets,” and Customers’ Liabilities for Acceptances and Guarantees in the consolidated balance sheet, as well as other securities disclosed as loaned securities in footnote (limited to those loaned under a loan-for-use or lease agreement).

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Bankrupt and Quasi-Bankrupt Claims	67	94	0
Doubtful Claims	3,350	3,255	22
Loans Past Due Three Months or More	16	13	0
Restructured Loans	18,456	18,728	121
Total	21,891	22,092	144

Bankrupt and Quasi-Bankrupt Claims represent claims held against borrowers with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Doubtful Claims represent claims whose borrower is not yet in the status of failure in business although such borrower’s financial condition and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, other than Bankrupt and Quasi-Bankrupt Claims.

Loans Past Due Three Months or More represent loans for which payment of the principal or interest is delinquent for the period of three months or longer from the day immediately after the contractual due date, other than Bankrupt and Quasi-Bankrupt Claims and Doubtful Claims.

Restructured Loans represent loans for which an arrangement favorable for the borrower has been made, such as reduction or exemption of interests, granting of grace period for payment of interest, granting of grace period for payment of principal, waiver of claims, other than Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, and Loans Past Due Three Months or More.

The above amounts are the amounts before exclusion of reserves for possible loan losses.

#### 6. Loans and Bills Discounted:

Loans include subordinated loans with a lower priority for repayment of principal and interests than that of other debt claims. The amount was ¥9,000 million (\$59 million) as of March 31, 2024 and ¥9,000 million as of March 31, 2023. Of these amounts, none as of March 31, 2024 and 2023 were provided to Shinkin Banks in accordance with the Shinkin Bank Management Reinforcement System.

Bills Discounted are accounted for as financial transactions in accordance with Industry Committee Practical Guidelines No. 24. The face value of bills of lading amounted to ¥54 million (\$0 million) as of March 31, 2024 and ¥8 million as of March 31, 2023. The Bank has the right to freely dispose of, sell or re-hypothecate such bills.

With respect to loan participation, in accordance with “Accounting and Presentation of Loan Participation” (JICPA Accounting Committee Report No. 3, November 28, 2014), the amount of the participation principal is accounted for as a loan to the original borrower, and this amounted to ¥3,934 million (\$25 million) as of March 31, 2024 and ¥9,535 million as of March 31, 2023.

## 7. Commitments to Overdrafts and Loans:

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as there is no violation of the conditions stipulated in commitment agreements.

The amount of unused loan commitments may not necessarily have a significant effect on the future cash flows of the Bank because most of these loan commitments expire without being drawn down. Most of these agreements have provisions which stipulate that the Bank may not extend the loan or may decrease the amount of commitment when there are certain changes in the financial conditions, certain issues relating to credit protection and other reasons. The Bank limits the commitment to an amount not exceeding the amount of the related customer's time deposit. The Bank periodically checks the financial condition of its customers based on its internal rules and performs certain actions to secure loans or revises the contracts, as necessary.

The amounts of unused loan commitments are ¥26,839,885 million (\$177,313 million) as of March 31, 2024 and ¥26,427,632 million as of March 31, 2023.

The amounts which the Bank could unconditionally cancel at any time or of which the original contractual maturity is less than one year are ¥26,665,835 million (\$176,163 million) as of March 31, 2024 and ¥26,250,133 million as of March 31, 2023.

## 8. Special Contracts for Securities and Cash-Collateralized Securities Lending and Borrowings:

Securities lending based on non-collateralized special contracts (securities lending and borrowings) are stated as Japanese Government Bonds in "Securities." The amount in total was ¥125,352 million (\$828 million) as of March 31, 2024 and ¥130,731 million as of March 31, 2023.

Those held by the Bank without being disposed of as of March 31, 2024 amounted to ¥82,359 million (\$544 million) and as of March 31, 2023 amounted to ¥77,509 million.

## 9. Tangible Fixed Assets:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Accumulated Depreciation on Tangible Fixed Assets	102,952	99,925	680
Accumulated Deferred Gains on Tangible Fixed Assets	1,764	1,764	11
(Deferred Gains recognized for the fiscal year)	(—)	(—)	(—)

## 10. Assets Pledged as Collateral and Associated Liabilities:

Assets pledged as collateral for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Assets Pledged as Collateral</b>			
Trading Assets	31,476	17,443	207
Securities	7,515,994	5,779,541	49,653
Loans and Bills Discounted	2,647,061	3,100,425	17,487
<b>Total</b>	<b>10,194,532</b>	<b>8,897,409</b>	<b>67,348</b>
<b>Liabilities associated with Assets Pledged as Collateral</b>			
Borrowed Money	5,130,000	3,836,200	33,890
Payables under Repurchase Agreements	1,526,403	1,970,729	10,083
Payables under Securities Lending Transactions	2,151,096	1,362,132	14,210

Securities in the amount of ¥401,176 million (\$2,650 million) as of March 31, 2024 and ¥310,479 million as of March 31, 2023 and Cash and Due from Banks in the amount of ¥20 million (\$0 million) as of March 31, 2024 were pledged as collateral for exchange settlement transactions, etc. or as substitute for margin in futures transactions, etc.

Assets pledged through GC repo transactions of Japanese Government Bonds (JGBs) under subsequent collateral allocation method as of March 31, 2024 amounted to ¥1,995,526 million (\$13,183 million) and as of March 31, 2023 amounted to ¥596,971 million.

Other assets include Margin Deposits for Futures Transactions, Guarantee Money, Cash Collateral Pledged for Financial Instruments, Clearing Margin Deposits for Central Counterparty, and Cash Collateral Pledged for Repurchase Agreement. The amounts are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Margin Deposits for Futures Transactions	—	100	—
Guarantee Money	515	434	3
Cash Collateral Pledged for Financial Instruments	308,077	167,280	2,035
Clearing Margin Deposits for Central Counterparty	700,000	700,000	4,624
Cash Collateral Pledged for Repurchase Agreement	542	500	3

**11. Trading Liabilities:**

The details of Trading Liabilities as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of
	2024	2023	U.S. Dollars
			2024
Trading Bonds Sold	4,280	5,895	28
Derivatives of Securities Related to Trading Transactions	—	—	—
Trading-Related Financial Derivatives	150,919	80,807	997
Total	155,200	86,702	1,025

## 12. Borrowed Money and Lease Obligations:

Category	Balance as of April 1, 2023 (Millions of Yen)	Balance as of March 31, 2024 (Millions of Yen)	Balance as of March 31, 2024 (Millions of U.S. Dollars)	Average Interest Rate (%)	Maturity
Borrowings	3,998,680	5,130,000	33,890	0.02	—
Borrowed Money	3,998,680	5,130,000	33,890	0.02	Jun. 2024 - Oct. 2028
Lease Obligations Due within One Year	196	129	0	2.10	—
Lease Obligations (Excluding Those Due within One Year)	136	56	0	2.63	Apr. 2025 - Jan. 2029

Notes:

- Average interest rates were computed by the weighted average method using the interest rates and the balances at the fiscal year-end.
- The repayment schedule within five years after the balance sheet date is as follows:

	Millions of Yen				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	1,123,600	711,600	772,400	2,097,800	424,600
Lease Obligations	129	24	12	12	7

	Millions of U.S. Dollars				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	7,422	4,701	5,102	13,858	2,805
Lease Obligations	0	0	0	0	0

- Subordinated borrowings of Borrowed Money, which have a special provision that the repayment of the debt is subordinated to other debt, are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Subordinated Borrowings	—	162,480	—

## 13. Debentures:

Issuer	Name of Issue	Issuance Date	Balance as of April 1, 2023 (Millions of Yen)	Balance as of March 31, 2024 (Millions of Yen)	Balance as of March 31, 2024 (Millions of U.S. Dollars)	Coupon Rate (%)	Collateral	Redemption Date
The Bank	No. 341-412 5-year Interest-bearing debentures	Apr. 2018- Mar. 2024	1,432,960	1,282,170	8,470	0.01- 0.55	—	Apr. 2023 - Mar. 2029
The Bank	No. 2 10-year Interest-bearing debentures	Sep. 25, 2015	20,000	20,000	132	0.52	—	Sep. 26, 2025
Total	—	—	1,452,960	1,302,170	8,602	—	—	—

Note:

The redemption schedule within five years after the balance sheet date is as follows:

	Millions of Yen				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
	293,900	251,950	249,740	263,140	243,440

	Millions of U.S. Dollars				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
	1,941	1,664	1,649	1,738	1,608

#### 14. Asset Retirement Obligations:

The disclosure of Asset Retirement Obligations was omitted because the amount was one-hundredth or less of the total balance of Liabilities and Net Assets as of April 1, 2023 and as of March 31, 2024.

#### 15. Land Revaluation:

Based on the “Act on the Revaluation of Land” (Act No. 34, promulgated on March 31, 1998), land used for business was revalued. Deferred tax on the revaluation of the land was recorded as “Deferred Tax Liabilities for Land Revaluation” under Liabilities, and unrealized gain on the revaluation of the land, net of deferred tax, was recorded as “Land Revaluation Excess” under Net Assets.

Date of Revaluation: March 31, 1999

Revaluation method in accordance with Article 3, Paragraph 3 of Act No. 34: Revaluations were made based on the method, determined by the Commissioner of the National Tax Administration, which formed the basis for calculating land value taxes (prescribed by the “Land Value Tax Law”), as set forth in Article 2, Item 4 of the “Order for Enforcement of the Act on Revaluation of Land” (Government Ordinance No. 119, dated March 31, 1998), with appropriate adjustments.

#### 16. Trusts with Contracts:

The details of principal amounts of trusts with contracts for compensation of loss of principal for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Money Trust	45,353	43,431	299

#### 17. Fees and Commissions:

The details of Fees and Commissions for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Deposit, Fixed Income Securities and Lending	702	771	4
Exchange Business	459	397	3
Securities Related Business	10,564	10,638	69
Agency Business	1,883	2,024	12
Defined Contribution Plan Business	135	113	0
Guarantee Business	7,602	7,670	50
Trustee Business	21,597	20,446	142
Others	979	712	6
Income on Fees and Commissions Businesses	43,923	42,775	290
Exchange	157	167	1
Agency Loans Business	399	553	2
Others	14,870	14,353	98
Expenses on Fees and Commissions Businesses	15,427	15,075	101

#### 18. Trading Income:

The details of Trading Income for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Income from Trading Account Securities	537	627	3
Income from Trading-Related Securities	17	—	0
Income from Trading-Related Financial Derivatives	22,550	17,137	148
Other Trading Income	66	54	0
Total	23,171	17,819	153

#### 19. Trading Losses:

The details of Trading Losses for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Expenses from Trading-Related Securities	—	186	—
Other Trading Losses	—	—	—
Total	—	186	—

#### 20. Other Income:

The details of Other Income for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Gains on Sale of Stocks and Other Securities	25,115	9,264	165
Reversal of Allowance for Loan Losses	137	1,335	0
Others	20	5	0
Total	25,274	10,605	166

#### 21. Other Expenses:

The details of Other Expenses for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Losses on Sale of Stocks and Other Securities	—	325	—
Impairment Losses on Fixed Assets	83	52	0
Others	67	329	0
Total	150	707	0



**22. Consolidated Statement of Comprehensive Income:**

For the fiscal years ended March 31, 2024 and 2023

Reclassification adjustment amount and tax effect amount related to Other Comprehensive Income

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Net Unrealized Gains (Losses) on Other Securities:</b>			
The Amount Arising during the Period	(181,578)	(563,890)	(1,199)
Reclassification Adjustment Amount	104,502	119,273	690
Prior to Tax Effect Adjustment	(77,075)	(444,616)	(509)
Tax Effect Amount	21,554	124,285	142
Net Unrealized Gains (Losses) on Other Securities	(55,521)	(320,330)	(366)
<b>Deferred Gains or Losses on Hedges:</b>			
The Amount Arising during the Period	103,563	122,785	684
Reclassification Adjustment Amount	(34,141)	(40,659)	(225)
Prior to Tax Effect Adjustment	69,422	82,125	458
Tax Effect Amount	(19,383)	(22,929)	(128)
Deferred Gains or Losses on Hedges	50,039	59,196	330
<b>Foreign Currency Translation Adjustments:</b>			
The Amount Arising during the Period	1,069	392	7
Reclassification Adjustment Amount	—	—	—
Prior to Tax Effect Adjustment	—	—	—
Tax Effect Amount	—	—	—
Foreign Currency Translation Adjustments	1,069	392	7
<b>Remeasurements of Defined Benefit Plans:</b>			
The Amount Arising during the Period	5,521	2,172	36
Reclassification Adjustment Amount	1,060	1,613	7
Prior to Tax Effect Adjustment	6,581	3,785	43
Tax Effect Amount	(1,913)	(1,092)	(12)
Remeasurements of Defined Benefit Plans	4,667	2,692	30
Other Comprehensive Income	255	(258,048)	1

### 23. Changes in Net Assets:

#### (1) Class and Number of Shares Outstanding, and Class and Number of Shares of Treasury Shares

	Number of Share Units at April 1, 2023 (Thousand Units)	Increase During the Fiscal Year (Thousand Units)	Decrease During the Fiscal Year (Thousand Units)	Number of Share Units at March 31, 2024 (Thousand Units)
<b>Shares Outstanding</b>				
General Common Shares	4,000	—	—	4,000
Specific Common Shares	2,000	2,000	—	4,000
Preferred Shares (Type-A)	708	—	—	708
<b>Total</b>	<b>6,708</b>	<b>2,000</b>	<b>—</b>	<b>8,708</b>
<b>Treasury Shares</b>				
General Common Shares	—	—	—	—
Specific Common Shares	—	—	—	—
Preferred Shares (Type-A)	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

#### Note:

On March 29, 2024, the Bank conducted capital increase by using specific common shares totaling ¥200 billion (issue price of ¥100,000 per unit and 2,000,000 units issued). The details are as follows:

Paid, Third-party allotment, Price per unit: ¥100,000, Amount included in capital: ¥100,000

#### (2) Dividends

Dividends paid during the fiscal year ended March 31, 2024

Resolution	Class of Share	Total Dividend Amount (Million Yen)	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 21, 2023	General Common Shares	12,000	3,000	March 31, 2023	June 21, 2023
	Specific Common Shares	3,000	1,500	March 31, 2023	June 21, 2023
	Preferred Shares (Type-A)	4,603	6,500	March 31, 2023	June 21, 2023

Among the dividends whose record date falls within the fiscal year ended March 31, 2024, those whose effective date will fall within the following fiscal year:

Resolution	Class of Share	Total Dividend Amount (Million Yen)	Resource of Dividends	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 21, 2024	General Common Shares	12,000	Retained Earnings	3,000	March 31, 2024	June 21, 2024
	Specific Common Shares	3,024	Retained Earnings	1,500	March 31, 2024	June 21, 2024
	Preferred Shares (Type-A)	4,603	Retained Earnings	6,500	March 31, 2024	June 21, 2024

#### Note:

The dividends payable for the specific common shares additionally issued in March 2024 are calculated on a pro-rata basis from the payment date (March 29, 2024) to the end of the fiscal year (March 31, 2024).

## 24. Income Taxes:

(1) Breakdown of Deferred Tax Assets and Liabilities is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Deferred Tax Assets:</b>			
Depreciation	2,812	2,635	18
Reserve for Possible Loan Losses	52	182	0
Net Defined Benefit Liability	9,981	11,674	65
Write-Downs for Securities	1,241	1,276	8
Net Unrealized Gains (Losses) on Other Securities	106,407	84,848	702
Tax Loss Carryforwards	50	29	0
Others	3,363	3,136	22
Valuation Allowances	(1,519)	(1,528)	(10)
Total Deferred Tax Assets	122,390	102,254	808
<b>Deferred Tax Liabilities:</b>			
Net Unrealized Gains (Losses) on Other Securities	(240)	(236)	(1)
Deferred Gains or Losses on Hedges	(55,860)	(36,478)	(369)
Others	(350)	(335)	(2)
Total Deferred Tax Liabilities	(56,451)	(37,049)	(372)
Net Deferred Tax Assets (Liabilities)	65,938	65,205	435

(2) Reconciliation between the effective statutory tax rate and the actual effective tax rate for the fiscal years ended March 31, 2024 and 2023:

	2024	2023
Statutory effective tax rate	—	27.92 %
(Adjustments)		
Change in Valuation Allowances	—	(2.38) %
Dividends received, not taxable	—	(1.46) %
Others	—	<u>1.44 %</u>
Actual effective income tax rate after the application of tax effect accounting	—	<u>25.52 %</u>

Note:

The disclosure of data for the fiscal year ended March 31, 2024 is omitted as the difference between the effective statutory tax rate and the actual effective tax rate does not exceed 5% of the effective statutory tax rate.

## 25. Retirement Benefit Plans:

(1) Retirement Benefit Scheme

The Bank and some of its consolidated domestic subsidiaries have a defined benefit plan that offers lump-sum payments upon retirement and contributes to the Employees' Pension Fund for all shinkin banks nationwide.

With regard to notes related to employees' retirement benefits based on a multiple-employer plan, they are included in notes related to employees' retirement benefits based on a defined benefit plan.

(2) Defined Benefit Plan as of March 31, 2024 and 2023 is as follows:

(i) Reconciliation of beginning- and end-of-period balance of Retirement Benefit Obligation

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Retirement Benefit Obligation at Beginning of Period	62,519	68,515	413
Service Cost	2,660	2,937	17
Interest Cost	554	261	3
Actuarial Difference Incurred	(429)	(6,929)	(2)
Retirement Benefits Paid	(2,258)	(2,265)	(14)
Prior Service Cost	—	—	—
Other	—	—	—
Retirement Benefit Obligation at End of Period	63,045	62,519	416

(ii) Reconciliation of beginning- and end-of-period balance of Pension Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance of Pension Plan Assets at Beginning of Period	22,219	25,423	146
Expected Return on Pension Plan Assets	777	1,016	5
Actuarial Difference Incurred	5,091	(4,757)	33
Contributions by the Employer and Employees	1,669	1,659	11
Retirement Benefits Paid	(1,128)	(1,123)	(7)
Other	—	—	—
Balance of Pension Plan Assets at End of Period	28,629	22,219	189

(iii) Reconciliation of end-of-period balance of Retirement Benefit Obligation and Pension Plan Assets with Net Defined Benefit Liability and Net Defined Benefit Asset presented on the consolidated balance sheet

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Funded Plan Retirement Benefit Obligation	51,335	50,626	339
Pension Plan Assets	(28,629)	(22,219)	(189)
	22,705	28,406	150
Unfunded Plan Retirement Benefit Obligation	11,710	11,893	77
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheet	34,416	40,299	227
	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Net Defined Benefit Liability	34,416	40,299	227
Net Defined Benefit Asset	—	—	—
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheet	34,416	40,299	227

(iv) Breakdown of Retirement Benefit Expense

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Service Cost	2,660	2,937	17
Interest Cost	554	261	3
Expected Return on Pension Plan Assets	(777)	(1,016)	(5)
Amortization of Actuarial Differences	1,060	1,613	7
Amortization of Prior Service Cost	—	—	—
Other	(609)	(605)	(4)
Retirement Benefit Expenses Related to Defined Benefit Plan	2,887	3,189	19

Note:

Other includes the employee contribution amount to the Employees' Pension Fund.

(v) Remeasurements of Defined Benefit Plan  
Remeasurements of Defined Benefit Plan (before tax effects) comprise the following.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Prior Service Cost	—	—	—
Actuarial Differences	6,581	3,785	43
Other	—	—	—
Total	6,581	3,785	43

(vi) Accumulated Remeasurements of Defined Benefit Plan  
Accumulated Remeasurements of Defined Benefit Plan (before tax effects) comprise the following.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Unrecognized Prior Service Cost	—	—	—
Unrecognized Actuarial Differences	(4,645)	1,936	(30)
Other	—	—	—
Total	(4,645)	1,936	(30)

(vii) Pension Plan Assets

(a) The ratios by main asset categories in total pension plan assets are as follows:

	2024	2023
Bonds	55 %	59 %
Stocks	32 %	29 %
Cash and Deposits	9 %	8 %
Other	4 %	4 %
Total	100 %	100 %

(b) Method for setting the Expected Long-Term Rate of Return  
To set the Expected Long-Term Rate of Return on Pension Plan Assets, the Bank takes into account past return performance and the current and future expected rate of return on the diverse range of assets that makes up the pension assets.

(viii) Underlying actuarial assumptions

Main underlying actuarial assumptions as of March 31, 2024 and 2023 are as follows:

	2024	2023
Discount Rate	0.0 - 1.3 %	0.0 - 1.2 %
Expected Long-Term Rate of Return on Pension Plan Assets	3.5 %	4.0 %
Estimated Rate of Salary Increase	0.0 - 8.5 %	0.0 - 8.5 %

Note:

The discount rate applied at the beginning of the fiscal year ended March 31, 2024 was 0.0 - 1.2%. However, after reevaluating the discount rate at the end of the fiscal year, the rate has been changed to 0.0 - 1.3% because the change would cause a significant impact on the amount of retirement benefit obligation.

## 26. Leases:

### 1. Finance Leases

Finance leases that do not transfer ownership

#### (1) Outline of lease assets

##### (i) Tangible fixed assets

Mainly, hardware related to computer equipment

##### (ii) Intangible fixed assets

Software related to computer equipment

#### (2) Lease asset depreciation method

Depreciation method is described in the “Significant Accounting Policies.”

### 2. Operating Leases

Future lease payments related to non-cancelable operating leases:

Disclosure of data omitted due to immateriality.

## 27. Financial Instruments:

### 1. Matters concerning financial instruments

#### (1) Policies on financial instruments

Shinkin Central Bank Group (the “Group”) works to ensure the stable funding through the acceptance of deposits mainly from its Shinkin Bank members and through the issuance of debentures. Additionally, the Group takes steps to diversify its funding methods by procuring funds from short-term money markets depending on market conditions.

Procured funds are invested in short-term money market instruments, marketable securities, and loans.

Moreover, the Group uses derivative transactions for the purpose of risk-hedging in ALM (asset liability management) activities and engages in short-term trading of securities and derivatives.

To appropriately manage the various risks that result from these financial instruments, the Group engages in ALM activities including the above-mentioned derivative transactions. For its trading activities, the Group establishes risk limit and loss cut limits amounts and engages in transactions within the scopes of these risk limits, as a way to maintain a financial soundness and to ensure stable earnings.

#### (2) Types and related risks of financial instruments

Financial assets held by the Group consist mainly of short-term funds, securities, and loans assets.

Short-term funds are invested in the call loan.

These investments are exposed to the counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

Securities portfolios of the Group consist of domestic securities including JGBs, corporate bonds and other bonds as well as foreign securities such as government bonds, government-guaranteed bonds, and agency bonds issued in the major industrialized countries. The Group also invests in equity securities and investment funds to diversify its portfolio.

These investments are exposed to the individual issuers’ credit risk as well as market risks such as interest rate risk, price fluctuation risk, and foreign currency exchange risk, and market liquidity risk.

Loans assets consist of direct loans to low-risk borrowers including Shinkin Banks, central and local governments, public service corporations, good standing domestic and overseas companies, and agency loans provided through Shinkin Banks.

These loans are exposed to counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

Meanwhile, financial liabilities of the Group consist mainly of deposits and debentures.

Deposits include current deposits, ordinary deposits, deposits at notice, term deposits, and foreign currency-denominated deposits, most of which are deposits from Shinkin Bank members.

These deposits are exposed to market risks such as interest rate risk and foreign currency exchange risk, and liquidity risk.

As a debenture issuer, the Group issues interest-bearing debentures.

These debentures are exposed to interest rate risk and liquidity risk.

Furthermore, the Group engages in derivative transactions.

Specifically, the Group trades interest rate derivatives (interest swaps, interest futures, and interest options), currency derivatives (foreign currency forwards and currency swaps) and bond derivatives (bond futures and bond futures options).

These transactions are exposed to counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

The Bank hedges market risks of its financial assets and liabilities through ALM activities.

The Group partially avoids exposure to market risks by mitigating (i) interest rate risk through interest rate swaps and (ii) foreign currency exchange risk of foreign currency-denominated assets through foreign currency-denominated funding, currency swaps, and forex swaps.

Hedge accounting is applied to risk hedging through ALM activities including the use of derivatives. With regard to hedge accounting, hedging instruments, hedged items, hedging policies, and methods of hedge effectiveness assessment, etc. are described in the “Significant Accounting Policies.”

#### (3) Risk management frameworks of financial instruments

In the basic risk management policy, the Bank divides risks into “risks to be minimized” and “risks to be controlled.” Credit risks, market risks and liquidity risks are classified into latter category. Risks of both categories are managed by risk management divisions that are independent of the client service divisions. The Risk Management Division comprehensively manages these risks.

<Integrated risk management>

For the integrated management of risks, the Bank has introduced integrated risk management for quantifiable risks. Integrated risk management is a risk management method of measuring various risks using a uniform risk measure such as Value at Risk (VaR), aggregating the measurements, and comparing the aggregated amounts with the Bank’s capital. The Bank measures credit risks and market risks using VaR methodology and monitors them on a daily basis to prevent risk limits from being breached.

These risk limits are reviewed by the Risk Management Committee and determined at the Executive Committee. The risk exposures are measured weekly by the Risk Management Division, which takes steps to prevent any of the various risk limits from being breached, and through the Risk Management Committee, reports regularly to the management and relevant divisions.

The risk exposures at consolidated subsidiaries are aggregated and managed through the integrated risk management framework.

(i) Credit risk management

For the accurate identification and strict management of credit risk, the Bank has established credit risk management policies. Moreover, the Bank has created a structure in which divisions responsible for credit control, credit management and credit assessment are clearly segregated from divisions involved in client services, with mutually independent tasks to ensure effective internal checking functions.

The Bank established the Credit Committee and the Risk Management Committee, comprised of senior management and heads of divisions related to credit risk, as bodies to deliberate and make decisions on matters relating to credit risk management. The Credit Committee deliberates on credit transactions that exceed the credit limit, while the Risk Management Committee deliberates on the establishment and the review of policies regarding credit management. The Executive Committee deliberates and makes decisions on matters related to asset self-assessments including the results of asset self-assessments, asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to the credit rating of the borrower. These divisions analyze the Bank's overall credit portfolio according to credit rating, industry, country and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Additionally, divisions responsible for credit control quantify credit risk in VaR methodology using Monte Carlo simulation methods and manage credit risks based on the limits set at the Executive Committee.

Divisions responsible for credit management accurately monitor each borrower's financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, these divisions continually check whether the client service divisions are conducting appropriate credit control and provide guidance as necessary.

Divisions responsible for credit assessment undertake and manage operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Credit risks of consolidated subsidiaries are added to the credit risk of the Bank by each borrower and monitored.

(ii) Market risk management

To maintain an accurate understanding of market risk and rigorously manage this risk, the Bank has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through independent functions.

The Bank has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee is comprised of

senior management and heads of divisions related to market risk. Based on risk status information—obtained via reports from divisions responsible for market risk management and other sources—the ALM Committee deliberates broadly and in a timely manner ALM related policies and market transactions including the Bank's fund-raising and management as well as the usage of hedging transactions involving derivatives such as interest rate swaps.

Divisions responsible for market risk management quantify and manage market risk mainly by VaR within the limit set by the Executive Committee. In addition, market risk is classified into several categories, and the amount of risk for each category is monitored. Market risk management at the Bank not only uses VaR methodology but takes multi-faceted approaches, that is, monitoring sensitivity to change in individual risk factors such as the basis point value (BPV: the amount of the change in a portfolio's market value from a specific change in the interest rate), stress loss amounts from unexpected market changes, and appraisal losses from financial instruments. For stress loss amounts, in particular a supplementary framework has been incorporated into the integrated risk management, in addition to the above monitoring system. In this way, market risks including those that cannot be captured through VaR methods alone are managed.

Moreover, for trading operations, clear regulations are in place concerning the trading instruments and trading management methods, enabling appropriate trading operations by setting specific loss cut limits.

Market risks of consolidated subsidiaries are not directly added to the market risk exposure of the Bank but are managed separately under integrated risk management.

<Quantitative information on market risk>

(a) Financial instruments held for trading purposes

The Bank uses VaR analysis for quantifying market risk of trading securities held within securities and interest-rate and foreign-exchange instruments held for trading purposes within derivative transactions. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of five business days and an observation period of one year. In addition, with regard to market risk related to trading operations at consolidated subsidiaries, which is managed separately within the integrated risk management framework, the Bank uses a market risk-equivalent amount under the regulations on banks' capital ratio.

The market risk exposure (quantified potential loss) of the Bank's trading operations was ¥206 million (\$1 million) as of March 31, 2024 and ¥224 million as of March 31, 2023, and the market risk exposure (quantified potential loss) of the trading operations of the Bank's consolidated subsidiaries was ¥82 million (\$0 million) as of March 31, 2024 and ¥600 million as of March 31, 2023.

The Bank conducts back testing to compare VaR calculated using the model with actual losses. Since the actual losses exceeded the VaR three times as the results of back testing covering the fiscal year ended March 31, 2024, the measurement model used is considered to be sufficiently accurate in capturing market risk. However, it should be noted that VaR measures the market risk exposure at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk exposure cannot be captured in situations where market conditions change unprecedentedly.

(b) Financial instruments other than those held for trading purposes  
The Bank uses VaR analysis for quantifying market risk of due from banks, securities not held for trading purposes, loans and bills discounted, deposits, debentures, payables under securities lending transactions and, within derivative transactions, interest-rate and foreign-exchange instruments not held for trading purposes. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of one year and an observation period of five years. In addition, with regard to market risk at consolidated subsidiaries related to operations other than trading operations, which is managed separately within the integrated risk management framework, such risk is calculated in accordance with methods used by the Bank.

The Group's market risk exposure other than for trading purposes was ¥657,351 million (\$4,342 million) as of March 31, 2024 and ¥663,175 million as of March 31, 2023. The Bank conducts back testing to compare VaR calculated using the model with actual losses. As the result of the test, the measurement model used is considered to be sufficiently accurate in capturing market risk. However, it should be noted that VaR measures the market risk exposure at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk exposure cannot be captured in situations where market conditions change unprecedentedly.

(iii) Liquidity risk management related to fund-raising  
For the accurate identification and strict management of liquidity risk, the Bank has established liquidity risk management policies. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the setting and daily monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the Bank has preparations to respond rapidly, including the securing of funding sources.

The liquidity risk management frameworks created by the Bank include subsidiaries as well, such as by providing overdraft facilities for consolidated subsidiaries with operations involving fund movements in relatively large amounts.

(4) Supplementary explanation concerning the fair values of financial instruments

Since certain assumptions are adopted to determine the fair values of financial instruments, the values may vary if the underlying assumptions change.

## 2. Fair value of financial instruments (and other information)

Carrying values stated on the consolidated balance sheet, fair value and differences between them are as follows. Stocks and other equity securities with no market prices and investment in investment partnerships are not included in the table below. (See Note 1.)

Notes to Cash and Due from Banks, Bills Bought and Call Loans, Receivables under Resale Agreements, Receivables under Securities Borrowing Transactions, Bills Sold and Call Money, Payables under Repurchase Agreements and Payables under Securities Lending Transactions are omitted as the fair values approximate their carrying amounts and they are mainly settled in a short period of time.

Notes on immaterial items have been omitted.

As of March 31, 2024

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Monetary Claims Bought	259,844	259,844	—
(2) Trading Assets			
Trading Securities	179,748	179,748	—
(3) Money Held in Trust	78,765	78,765	—
(4) Securities			
Held-to-Maturity Debt Securities	2,676,651	2,679,442	2,791
Other Securities (*1)	13,124,572	13,124,572	—
(5) Loans and Bills Discounted	8,858,319		
Reserve for Possible Loan Losses (*2)	(23,515)		
	8,834,804	8,828,843	(5,960)
Total Assets	25,154,386	25,151,217	(3,168)
(1) Deposits	33,064,496	33,052,051	(12,444)
(2) Debentures	1,302,170	1,295,988	(6,181)
(3) Trading Liabilities			
Trading Bonds Sold	4,280	4,280	—
(4) Borrowed Money	5,130,000	5,118,350	(11,649)
Total Liabilities	39,500,946	39,470,670	(30,276)
Derivatives (*3)			
To which Hedge Accounting is not applied	16,488	16,488	—
To which Hedge Accounting is applied	78,456	63,694	(14,762)
Total Derivatives	94,944	80,182	(14,762)



Millions of U.S. Dollars

	Carrying Value	Fair Value	Difference
(1) Monetary Claims Bought	1,716	1,716	—
(2) Trading Assets			
Trading Securities	1,187	1,187	—
(3) Money Held in Trust	520	520	—
(4) Securities			
Held-to-Maturity Debt Securities	17,682	17,701	18
Other Securities (*1)	86,705	86,705	—
(5) Loans and Bills Discounted	58,520		
Reserve for Possible Loan Losses (*2)	(155)		
	58,365	58,326	(39)
Total Assets	166,178	166,157	(20)
(1) Deposits	218,434	218,352	(82)
(2) Debentures	8,602	8,561	(40)
(3) Trading Liabilities			
Trading Bonds Sold	28	28	—
(4) Borrowed Money	33,890	33,813	(76)
Total Liabilities	260,956	260,756	(200)
Derivatives (*3)			
To which Hedge Accounting is not applied	108	108	—
To which Hedge Accounting is applied	518	420	(97)
Total Derivatives	627	529	(97)

- \*1. “Other Securities” include investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).
- \*2. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted.
- \*3. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are presented collectively. For net receivables and payables derived from derivative transactions, net amounts are stated. Sums that represent net payables are shown in parenthesis.

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Monetary Claims Bought	172,200	172,200	—
(2) Trading Assets			
Trading Securities	398,910	398,910	—
(3) Money Held in Trust	78,136	78,136	—
(4) Securities			
Held-to-Maturity Debt Securities	879,720	922,760	43,040
Other Securities (*1)	12,511,681	12,511,681	—
(5) Loans and Bills Discounted	9,511,310		
Reserve for Possible Loan Losses (*2)	(23,639)		
	<u>9,487,671</u>	<u>9,485,504</u>	<u>(2,166)</u>
Total Assets	<u>23,528,320</u>	<u>23,569,194</u>	<u>40,873</u>
(1) Deposits	34,652,817	34,660,489	7,672
(2) Debentures	1,452,960	1,451,523	(1,436)
(3) Trading Liabilities			
Trading Bonds Sold	5,895	5,895	—
(4) Borrowed Money	3,998,680	3,999,693	1,013
Total Liabilities	<u>40,110,352</u>	<u>40,117,602</u>	<u>7,250</u>
Derivatives (*3)			
To which Hedge Accounting is not applied	6,625	6,625	—
To which Hedge Accounting is applied	64,708	36,536	(28,172)
Total Derivatives	<u>71,333</u>	<u>43,161</u>	<u>(28,172)</u>

\*1. “Other Securities” include investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

\*2. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted.

\*3. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are presented collectively.

For net receivables and payables derived from derivative transactions, net amounts are stated. Sums that represent net payables are shown in parenthesis.

**Note 1: Stocks and other equity securities with no market prices and investment in investment partnerships are as follows and are not included in “Securities” in the fair value information of financial instruments.**

Category	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Stocks and other equity securities with no market prices (*1)	144,045	154,001	951
Investment in investment partnerships (*2)	64,622	53,389	426
Total	<u>208,668</u>	<u>207,391</u>	<u>1,378</u>

\*1. Stocks and other equity securities with no market prices are unlisted common stocks and the preferred shares issued by shinkin banks which are held by the Bank. These stocks and other equity securities are not included in fair value disclosure information based on Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

\*2. Investment in investment partnerships is not included in fair value disclosure information based on Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

**Note 2: Amounts of monetary claims and securities with maturities scheduled for redemption after the balance sheet date**

As of March 31, 2024

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	19,733,792	20,000	—	—	—	5,000
Bills Bought and Call Loan	479,611	—	—	—	—	—
Receivables under Resale Agreements	25,150	—	—	—	—	—
Receivables under Securities Borrowing Transactions	10,944	—	—	—	—	—
Monetary Claims Bought Securities	—	—	1,076	15,065	87,366	162,552
Held-to-Maturity Debt Securities	45,944	146,023	787,348	168,401	463,954	1,067,801
Japanese Government Bonds	40,000	130,000	363,000	135,000	108,300	923,500
Municipal Government Bonds	—	—	249,825	2,400	299,954	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	4,500	12,700	173,079	29,990	55,700	500
Foreign Bonds	1,444	3,323	1,444	1,011	—	143,801
Other Securities with Maturities	3,069,282	1,527,599	827,509	1,037,191	701,689	3,791,129
Japanese Government Bonds	2,089,260	—	—	280,000	—	1,140,000
Municipal Government Bonds	276,473	587,650	220,949	229,386	174,829	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	534,397	661,448	226,159	41,572	59,283	299,062
Foreign Bonds	169,150	278,501	380,400	486,232	467,576	2,352,067
Loans and Bills Discounted (*2)	4,556,029	1,714,798	1,338,193	575,346	533,223	138,812
<b>Total</b>	<b>27,920,755</b>	<b>3,408,421</b>	<b>2,954,128</b>	<b>1,796,005</b>	<b>1,786,233</b>	<b>5,165,296</b>

	Millions of U.S. Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	130,367	132	—	—	—	33
Bills Bought and Call Loan	3,168	—	—	—	—	—
Receivables under Resale Agreements	166	—	—	—	—	—
Receivables under Securities Borrowing Transactions	72	—	—	—	—	—
Monetary Claims Bought Securities	—	—	7	99	577	1,073
Held-to-Maturity Debt Securities	303	964	5,201	1,112	3,065	7,054
Japanese Government Bonds	264	858	2,398	891	715	6,100
Municipal Government Bonds	—	—	1,650	15	1,981	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	29	83	1,143	198	367	3
Foreign Bonds	9	21	9	6	—	950
Other Securities with Maturities	20,276	10,091	5,466	6,852	4,635	25,045
Japanese Government Bonds	13,802	—	—	1,849	—	7,531
Municipal Government Bonds	1,826	3,882	1,459	1,515	1,154	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	3,530	4,369	1,494	274	391	1,975
Foreign Bonds	1,117	1,839	2,513	3,212	3,088	15,538
Loans and Bills Discounted (*2)	30,098	11,328	8,840	3,800	3,522	917
<b>Total</b>	<b>184,453</b>	<b>22,517</b>	<b>19,515</b>	<b>11,865</b>	<b>11,800</b>	<b>34,123</b>

\*1. Current deposits, ordinary deposits, deposits at notice, and transfer deposits, included in “Due from Banks,” are stated under amounts redeemable “Within 1 year.”

\*2. Loans do not include those of ¥2,058 million (\$13 million) with no expected schedule of redemption, including those to Bankrupt Borrowers, Substantially Bankrupt Borrowers and Probably Bankrupt Borrowers.

As of March 31, 2023

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	18,871,278	20,000	—	—	—	2,500
Bills Bought and Call Loan	1,573,215	—	—	—	—	—
Receivables under Resale Agreements	295,304	—	—	—	—	—
Receivables under Securities	—	—	—	—	—	—
Borrowing Transactions	—	—	—	—	—	—
Monetary Claims Bought	—	5,936	972	16,150	25,205	127,456
Securities						
Held-to-Maturity Debt Securities	1,697	79,758	258,151	155,500	56,543	323,350
Japanese Government Bonds	—	70,000	210,000	155,000	—	310,000
Municipal Government Bonds	—	—	20,974	—	47,983	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	—	7,100	25,288	500	8,560	—
Foreign Bonds	1,697	2,658	1,889	—	—	13,350
Other Securities with Maturities	1,824,792	1,968,976	1,118,451	726,177	1,668,884	2,501,771
Japanese Government Bonds	589,830	—	—	215,000	705,000	955,000
Municipal Government Bonds	255,571	632,850	424,717	154,277	359,080	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	718,308	1,033,872	439,579	135,202	76,553	289,880
Foreign Bonds	261,081	302,253	254,155	221,698	528,250	1,256,890
Loans and Bills Discounted (*2)	5,149,822	1,741,316	1,219,448	753,520	485,626	159,479
Total	27,716,110	3,815,987	2,597,024	1,651,348	2,236,259	3,114,557

\*1. Current deposits, ordinary deposits, deposits at notice, and transfer deposits, included in “Due from Banks,” are stated under amounts redeemable “Within 1 year.”

\*2. Loans do not include those of ¥2,109 million with no expected schedule of redemption, including those to Bankrupt Borrowers, Substantially Bankrupt Borrowers and Probably Bankrupt Borrowers.

**Note 3: Amounts of deposits, debentures and other interest bearing debt scheduled for repayment after the balance sheet date**

As of March 31, 2024

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	17,631,195	10,102,036	1,866,229	641,835	1,734,600	1,088,600
Debentures	293,900	501,690	506,580	—	—	—
Borrowed Money	1,123,600	1,484,000	2,522,400	—	—	—
Bills Sold and Call Money	18,202	—	—	—	—	—
Payables under Repurchase Agreements	3,526,403	—	—	—	—	—
Payables under Securities Lending Transactions	2,151,096	—	—	—	—	—
Total	24,744,397	12,087,726	4,895,209	641,835	1,734,600	1,088,600

	Millions of U.S. Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	116,477	66,737	12,328	4,240	11,459	7,191
Debentures	1,941	3,314	3,346	—	—	—
Borrowed Money	7,422	9,803	16,663	—	—	—
Bills Sold and Call Money	120	—	—	—	—	—
Payables under Repurchase Agreements	23,296	—	—	—	—	—
Payables under Securities Lending Transactions	14,210	—	—	—	—	—
Total	163,469	79,855	32,339	4,240	11,459	7,191

\* Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

As of March 31, 2023

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	22,020,526	10,286,368	601,532	265,390	680,200	798,800
Debentures	399,930	541,650	511,380	—	—	—
Borrowed Money	1,379,800	1,684,000	772,400	162,480	—	—
Bills Sold and Call Money	6,804	—	—	—	—	—
Payables under Repurchase Agreements	2,620,729	—	—	—	—	—
Payables under Securities Lending Transactions	1,362,132	—	—	—	—	—
Total	27,789,923	12,512,018	1,885,312	427,870	680,200	798,800

\* Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

### 3. Breakdown of financial instruments by the fair value hierarchy level

The fair value of financial instruments is classified into the following three levels on the basis of the observability and significance of the inputs used to calculate the fair value.

Level 1 fair value:

Fair value measured by using quoted market prices in active markets as observable inputs related to fair value measurement for assets or liabilities subject to fair value measurement

Level 2 fair value:

Fair value measured by using observable inputs related to fair value measurement other than those for Level 1

Level 3 fair value:

Fair value measured by using unobservable inputs related to fair value measurement

If multiple inputs that have a significant effect on the fair value measurement are used, the fair value is classified into the level with the lowest priority in the fair value measurement among the levels to which each input is assigned.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

As of March 31, 2024

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	681	259,163	259,844
Trading Assets (Trading Securities)	1,795	177,952	—	179,748
Money Held in Trust (Trading Purposes, Others)	—	78,765	—	78,765
Securities (Other Securities) (*1)	5,157,297	7,668,555	101,621	12,927,474
Stocks	76,167	—	—	76,167
Japanese Government Bonds	3,421,746	—	—	3,421,746
Municipal Government Bonds	—	1,476,632	—	1,476,632
Corporate Bonds	—	1,807,314	—	1,807,314
Foreign Bonds	1,626,197	2,172,242	101,621	3,900,061
Investment Trusts	33,185	2,212,365	—	2,245,551
Total Assets	5,159,092	7,925,954	360,785	13,445,832
Trading Liabilities (Trading Securities)	4,280	—	—	4,280
Total Liabilities	4,280	—	—	4,280
Derivatives (*2)	1	94,942	—	94,944
Interest-Rate-Related Transactions	—	239,343	—	239,343
Currency-Related Transactions	—	(144,400)	—	(144,400)
Bond-Related Transactions	1	—	—	1

	Millions of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	4	1,712	1,716
Trading Assets (Trading Securities)	11	1,175	—	1,187
Money Held in Trust (Trading Purposes, Others)	—	520	—	520
Securities (Other Securities) (*1)	34,070	50,661	671	85,403
Stocks	503	—	—	503
Japanese Government Bonds	22,605	—	—	22,605
Municipal Government Bonds	—	9,755	—	9,755
Corporate Bonds	—	11,939	—	11,939
Foreign Bonds	10,743	14,350	671	25,765
Investment Trusts	219	14,615	—	14,834
Total Assets	34,082	52,361	2,383	88,827
Trading Liabilities (Trading Securities)	28	—	—	28
Total Liabilities	28	—	—	28
Derivatives (*2)	0	627	—	627
Interest-Rate-Related Transactions	—	1,581	—	1,581
Currency-Related Transactions	—	(953)	—	(953)
Bond-Related Transactions	0	—	—	0

\*1. Investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The carrying value of investment trusts whose investment trust property is financial instruments based on the provision stipulated in Paragraph 24-3 as of March 31, 2024 amounted to ¥144,672 million (\$955 million), and the carrying value of investment trusts whose investment trust property is real estates based on the provision stipulated in Paragraph 24-9 as of March 31, 2024 amounted to ¥52,424 million (\$346 million).

\*2. Derivative transactions stated in Trading Assets and Liabilities, and Other Assets and Liabilities are presented collectively. For net receivables and payables derived from derivative transactions, net amounts are stated. Sums that represent net payables are shown in parenthesis.

As of March 31, 2023

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	815	171,385	172,200
Trading Assets (Trading Securities)	2,202	396,707	—	398,910
Money Held in Trust (Trading Purposes, Others)	—	78,136	—	78,136
Securities (Other Securities) (*1)	3,643,801	8,536,269	195,852	12,375,924
Stocks	58,663	—	—	58,663
Japanese Government Bonds	2,406,868	—	—	2,406,868
Municipal Government Bonds	—	1,820,151	—	1,820,151
Corporate Bonds	—	2,691,967	546	2,692,513
Foreign Bonds	1,119,870	1,318,852	195,306	2,634,029
Investment Trusts	58,399	2,705,298	—	2,763,698
Total Assets	3,646,004	9,011,929	367,238	13,025,171
Trading Liabilities (Trading Securities)	5,895	—	—	5,895
Total Liabilities	5,895	—	—	5,895
Derivatives (*2)	3	71,329	—	71,333
Interest-Rate-Related Transactions	—	144,783	—	144,783
Currency-Related Transactions	—	(73,454)	—	(73,454)
Bond-Related Transactions	3	—	—	3

- \*1. Investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The carrying value of investment trusts whose investment trust property is financial instruments based on the provision stipulated in Paragraph 24-3 as of March 31, 2023 amounted to ¥89,276 million, and the carrying value of investment trusts whose investment trust property is real estates based on the provision stipulated in Paragraph 24-9 as of March 31, 2023 amounted to ¥46,481 million.
- \*2. Derivative transactions stated in Trading Assets and Liabilities, and Other Assets and Liabilities are presented collectively. For net receivables and payables derived from derivative transactions, net amounts are stated. Sums that represent net payables are shown in parenthesis.

## (2) Financial instruments other than financial instruments recorded at fair value in the consolidated balance sheet

As of March 31, 2024

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	—	—
Securities (Held-to-Maturity Debt Securities)	1,701,186	978,256	—	2,679,442
Japanese Government Bonds	1,701,186	—	—	1,701,186
Municipal Government Bonds	—	551,928	—	551,928
Corporate Bonds	—	275,283	—	275,283
Foreign Bonds	—	151,044	—	151,044
Loans and Bills Discounted	—	—	8,828,843	8,828,843
Total Assets	1,701,186	978,256	8,828,843	11,508,286
Deposits	—	33,052,051	—	33,052,051
Debentures	—	1,295,988	—	1,295,988
Borrowed Money	—	5,118,350	—	5,118,350
Total Liabilities	—	39,466,389	—	39,466,389
Derivatives (*)	—	(14,762)	—	(14,762)
Interest-Rate-Related Transactions	—	(14,762)	—	(14,762)
	Millions of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	—	—
Securities (Held-to-Maturity Debt Securities)	11,238	6,462	—	17,701
Japanese Government Bonds	11,238	—	—	11,238
Municipal Government Bonds	—	3,646	—	3,646
Corporate Bonds	—	1,818	—	1,818
Foreign Bonds	—	997	—	997
Loans and Bills Discounted	—	—	58,326	58,326
Total Assets	11,238	6,462	58,326	76,027
Deposits	—	218,352	—	218,352
Debentures	—	8,561	—	8,561
Borrowed Money	—	33,813	—	33,813
Total Liabilities	—	260,727	—	260,727
Derivatives (*)	—	(97)	—	(97)
Interest-Rate-Related Transactions	—	(97)	—	(97)

\* The fair value of interest rate swaps for exceptional treatment of interest rate swaps is shown.

For net receivables and payables derived from derivative transactions, net amounts are stated. Sums that represent net payables are shown in parenthesis.



As of March 31, 2023

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	—	—
Securities (Held-to-Maturity Debt Securities)	792,302	130,458	—	922,760
Japanese Government Bonds	792,302	—	—	792,302
Municipal Government Bonds	—	69,524	—	69,524
Corporate Bonds	—	41,762	—	41,762
Foreign Bonds	—	19,170	—	19,170
Loans and Bills Discounted	—	—	9,485,504	9,485,504
Total Assets	792,302	130,458	9,485,504	10,408,265
Deposits	—	34,660,489	—	34,660,489
Debentures	—	1,451,523	—	1,451,523
Borrowed Money	—	3,836,200	163,493	3,999,693
Total Liabilities	—	39,948,213	163,493	40,111,707
Derivatives (*)	—	(28,172)	—	(28,172)
Interest-Rate-Related Transactions	—	(28,172)	—	(28,172)

\* The fair value of interest rate swaps for exceptional treatment of interest rate swaps is shown.  
For net receivables and payables derived from derivative transactions, net amounts are stated. Sums that represent net payables are shown in parenthesis.

## **Note 1: Explanation on valuation techniques used to measure fair value and inputs used in fair value measurement**

### **Assets**

#### **- Monetary Claims Bought**

Of the Monetary Claims Bought, the beneficiary rights in trust accounted for in the same way as securities adopt the valuation price obtained from a third party, such as a broker, as the fair value. If significant unobservable inputs, such as the default rate, recovery rate and prepayment rates, are used for valuation, the fair value is classified as Level 3 fair value, otherwise it is classified as Level 2 fair value. The fair value of Monetary Claims Bought other than these beneficiary rights in trust is calculated by the same method as for loans, and is classified as Level 3 fair value.

#### **- Trading Assets**

Regarding securities such as bonds held for trading purposes, the fair value for which unadjusted market price in active markets is used is classified as Level 1 fair value. If the market is not active even if the published market price is used, or if the fair value is estimated by discounting the future cash flows using the market interest rate as of the valuation date, the fair value is classified as Level 2 fair value.

#### **- Money Held in Trust**

For securities managed as trust assets in Money Held in Trust whose main purpose is to trade securities, the fair value of stocks is based on exchange prices, and that of bonds is based on market prices, etc. They are classified into Level 2 fair value based on the level of the main components of the trust assets.

Notes regarding the trust of money for each purpose of holding are described in "Money Held in Trust."

#### **- Securities**

For securities, the fair value for which unadjusted quoted market price in active markets is used is classified as Level 1 fair value. These securities mainly include listed stocks and government bonds. If the market is not active even if the published market price is used, or if the fair value is estimated by discounting the future cash flows using the market interest rate as of the valuation date, the fair value is classified as Level 2 fair value. These securities mainly include municipal bonds, short-term corporate bonds and corporate bonds.

If the quoted market price is not available, the valuation price obtained from a third party such as a broker is used. When the valuation uses important unobservable inputs, such as default rate, recovery rate, prepayment rates and credit spread, the fair value is classified as Level 3 fair value.

The fair value of investment trusts for which transaction price in active markets is used is classified as Level 1 fair value. If there are no quoted market prices and there are no material restrictions for which market participants would ask to bear the cost of risk with respect to such redemption or repurchase requests, the fair value of investment trust is based on a published net asset value (NAV) or the like and classified as Level 2 fair value.

Notes regarding securities for each purpose of holding are described in "Securities."

#### **- Loans and Bills Discounted**

Of the Loans and Bills Discounted, those with variable interest rates reflect the market interest rate in a short period of time. For this reason, as long as the credit status of the lender does not change significantly after drawdown, the fair value approximates the carrying value.

Accordingly, the carrying value is used as the fair value. For Loans and Bills Discounted with fixed interest rates, the fair value is determined by category based on loan type and credit rating, discounting the total amount of principal and interest using the interest rates, determined by reflecting credit spread and other factors on market interest rates, that are expected when granting similar loans. For Loans and Bills Discounted under short-term contracts, the carrying value is used as the fair value since the fair value approximates the carrying value.

With regard to loans to Bankrupt Borrowers, Substantially Bankrupt Borrowers or Probably Bankrupt Borrowers, the Bank estimates loan loss based on the present value of estimated future cash flows or the estimated recoverable value from collateral and guarantees. Since the fair value therefore approximates the total loan value on the consolidated balance sheet at the closing date less the total recorded value of the reserve for possible loan losses, this value is used for the fair value. The fair values determined are classified into Level 3 fair value.

## Liabilities

### - Deposits

For demand deposits, the amount payable upon demand on the balance sheet date (carrying value) is used as fair value. Of term deposits, those with variable interest rates reflect the market interest rate in a short period of time. For this reason, the fair value approximates the carrying value. Accordingly, the carrying value is used as the fair value. For term deposits with fixed interest rates, the fair value is calculated by discounting future cash flows using the interest rate that would be applicable to newly taken deposits. The fair values determined are classified into Level 2 fair value.

### - Debentures

The fair value of debentures issued by the Bank is based on the market price, and is classified as Level 2 fair value in consideration of market liquidity.

### - Trading Liabilities

The fair value of trading bonds sold is based on the unadjusted market price in an active market and is classified as Level 1 fair value.

### - Borrowed Money

For borrowed money, the present value is calculated by type, discounting the total amount of principal and interest using the expected interest rate for similar borrowings. If the impact of unobservable inputs on the fair value is important, the fair value is classified as Level 3 fair value, and otherwise it is classified as Level 2 fair value.

For Borrowed Money under short-term contracts, since the fair value approximates the carrying value, the carrying value is used as the fair value and is classified as Level 2 fair value.

## Derivative Transactions

For derivative transactions, exchange-traded transactions are valued on the basis of closing prices on exchanges, etc., while over the counter transactions are valued using discounted present value or calculation models for option prices, etc. The inputs used in the valuation technique for calculating the value of over the counter transactions are mainly interest rates, exchange rates and volatility. The fair value of exchange-traded transactions is classified as Level 1 fair value, and that of over the counter transactions is classified as Level 2 fair value if unobservable inputs are not used or their impact is not significant.

### Note 2: Information about the Level 3 fair value of financial instruments recorded at fair value in the consolidated balance sheet

(1) Reconciliation of beginning balance to ending balance, unrealized gains (losses) recognized in profit (loss) for the fiscal years ended March 31, 2024 and 2023

As of March 31, 2024

	Millions of Yen							Amount of unrealized gains or losses on financial assets and liabilities held at March 31, 2024 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2024
	Balance as of April 1, 2023	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2024		Net of purchases, sales, issuances, and settlements	Transfers to Level 3 fair value (*3)	Transfers from Level 3 fair value (*4)	Balance as of March 31, 2024	
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Monetary Claims Bought	171,385	0	(2,695)	90,473	—	—	259,163	—
Securities (Other Securities)	195,852	2,617	51	(85,776)	1,823	(12,948)	101,621	—
Corporate Bonds	546	—	(0)	(545)	—	—	—	—
Foreign Bonds	195,306	2,617	52	(85,230)	1,823	(12,948)	101,621	—

	Millions of U.S. Dollars							Amount of unrealized gains or losses on financial assets and liabilities held at March 31, 2024 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2024
	Balance as of April 1, 2023	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2024		Net of purchases, sales, issuances, and settlements	Transfers to Level 3 fair value (*3)	Transfers from Level 3 fair value (*4)	Balance as of March 31, 2024	
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Monetary Claims Bought	1,132	0	(17)	597	—	—	1,712	—
Securities (Other Securities)	1,293	17	0	(566)	12	(85)	671	—
Corporate Bonds	3	—	(0)	(3)	—	—	—	—
Foreign Bonds	1,290	17	0	(563)	12	(85)	671	—

\*1. Mainly included in "Other Operating Income" and "Other Operating Expenses" in the consolidated statement of income.

\*2. Included in "Net Unrealized Gains (Losses) on Other Securities" in "Other Comprehensive Income" in the consolidated statement of comprehensive income.

\*3. These are transfers from Level 2 fair value to Level 3 fair value due to a lack of observable market data resulting from reduced market activities for foreign bonds.

The transfers are made on the last day of the fiscal year.

\*4. These are transfers from Level 3 fair value to Level 2 fair value because observable data for foreign bonds became available.

The transfers are made on the last day of the fiscal year.

As of March 31, 2023

	Millions of Yen							Amount of unrealized gains or losses on financial assets and liabilities held at March 31, 2023 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2023
	Balance as of April 1, 2022	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2023		Net of purchases, sales, issuances, and settlements	Transfers to Level 3 fair value	Transfers from Level 3 fair value (*3)	Balance as of March 31, 2023	
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Monetary Claims Bought	203,034	0	(2,470)	(29,179)	—	—	171,385	—
Securities (Other Securities)	224,488	6,395	(556)	(25,094)	—	(9,379)	195,852	—
Corporate Bonds	1,556	—	(3)	(1,006)	—	—	546	—
Foreign Bonds	222,931	6,395	(553)	(24,088)	—	(9,379)	195,306	—

\*1. Mainly included in “Other Operating Income” and “Other Operating Expenses” in the consolidated statement of income.

\*2. Included in “Net Unrealized Gains (Losses) on Other Securities” in “Other Comprehensive Income” in the consolidated statement of comprehensive income.

\*3. These are transfers from Level 3 fair value to Level 2 fair value because observable data for foreign bonds became available. The transfers are made on the last day of the fiscal year.

(2) Explanation on the fair value measurement process

The fair value calculation department of the Group has established the policies and procedures for fair value measurement and determines fair value in accordance with these policies and procedures. In determining fair value, the Group uses the method that can most appropriately reflect the nature, characteristics and risks of each asset. Regarding the fair value measurement results and level classification, the Group verifies the appropriateness of the valuation techniques and inputs used for the fair value measurement by comparing prices between similar products, checking price trend of the same securities and matching with benchmarks published in the market for consistency. In addition, when using the prices obtained from a third party, the Group verifies the appropriateness of those prices by confirming the valuation techniques and inputs and comparing them with the fair values of similar financial products.

**Note 3: Information about investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied**

(1) Reconciliation of beginning balance to ending balance, unrealized gains (losses) recognized in profit or loss for the fiscal year ended March 31, 2024

As of March 31, 2024

	Millions of Yen							Amount of unrealized gains or losses on investment trusts held at March 31, 2024 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2024
	Balance as of April 1, 2023	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2024		Net of purchases, sales and redemption	Amount of investment trusts whose net asset value (NAV) is regarded as fair value	Amount of investment trusts whose net asset value (NAV) is not regarded as fair value	Balance as of March 31, 2024	
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Investment trusts whose investment trust property is financial instruments	89,276	11,463	6,260	37,672	—	—	144,672	—
Investment trusts whose investment trust property is real estates	46,481	710	331	4,900	—	—	52,424	—

Millions of U.S. Dollars

	Balance as of April 1, 2023	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2024		Net of purchases, sales and redemption	Amount of investment trusts whose net asset value (NAV) is regarded as fair value	Amount of investment trusts whose net asset value (NAV) is not regarded as fair value	Balance as of March 31, 2024	Amount of unrealized gains or losses on investment trusts held at March 31, 2024 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2024
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Investment trusts whose investment trust property is financial instruments	589	75	41	248	—	—	955	—
Investment trusts whose investment trust property is real estates	307	4	2	32	—	—	346	—

\*1. Mainly included in “Other Operating Income” and “Other Operating Expenses” in the consolidated statement of income.

\*2. Included in “Net Unrealized Gains (Losses) on Other Securities” in “Other Comprehensive Income” in the consolidated statement of comprehensive income.

(2) Breakdown of restrictions related to redemption and repurchase requests of investment trusts whose investment trust property is financial instruments

As of March 31, 2024

	Millions of Yen	Millions of U.S. Dollars
	Carrying value	Carrying value
Restrictions related to redemption or repurchase requests		
Restrictions that require a certain period for redemption or repurchase due to factors such as limited redemption or repurchase dates	144,672	955

As of March 31, 2023

	Millions of Yen
	Carrying value
Restrictions related to redemption or repurchase requests	
Restrictions that require a certain period for redemption or repurchase due to factors such as limited redemption or repurchase dates	89,276

## 28. Fair Value of Securities and Money Held in Trust:

### 1. Securities

The following tables contain information relating to Securities, Trading Assets (trading account securities and short-term corporate bonds), Cash and Due from Banks (negotiable certificates of deposit) and Monetary Claims Bought (beneficiary rights in trust) in the consolidated balance sheet.

(1) Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Net Unrealized Gains (Losses) Recognized as Income	12	(26)	0

(2) Held-to-Maturity Debt Securities  
As of March 31, 2024

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	1,115,260	1,145,209	29,949
	Municipal Government Bonds	343,976	345,421	1,444
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	100,610	100,945	335
	Others	86,535	87,083	548
	Total	1,646,382	1,678,660	32,277
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	583,365	555,976	(27,388)
	Municipal Government Bonds	207,384	206,506	(877)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	175,098	174,338	(759)
	Others	64,419	63,960	(459)
	Total	1,030,268	1,000,782	(29,485)
Total	2,676,651	2,679,442	2,791	

		Millions of U.S. Dollars		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	7,367	7,565	197
	Municipal Government Bonds	2,272	2,281	9
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	664	666	2
	Others	571	575	3
	Total	10,876	11,089	213
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	3,853	3,672	(180)
	Municipal Government Bonds	1,370	1,364	(5)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,156	1,151	(5)
	Others	425	422	(3)
	Total	6,806	6,611	(194)
Total	17,682	17,701	18	

As of March 31, 2023

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	649,375	694,152	44,776
	Municipal Government Bonds	68,851	69,425	573
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	40,200	40,525	325
	Others	462	470	7
	Total	758,890	804,573	45,683
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	100,358	98,150	(2,208)
	Municipal Government Bonds	100	99	(0)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,237	1,236	(0)
	Others	19,133	18,700	(433)
	Total	120,829	118,186	(2,643)
Total	879,720	922,760	43,040	

(3) Other Securities

As of March 31, 2024

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities with Carrying Value Exceeding Acquisition Cost	Stocks	75,142	32,675	42,467
	Bonds	309,954	309,569	385
	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	65,197	65,130	67
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	244,757	244,439	318
Others	1,825,614	1,747,189	78,424	
Total	2,210,712	2,089,434	121,277	
Securities with Carrying Value not Exceeding Acquisition Cost	Stocks	1,025	1,121	(96)
	Bonds	6,395,739	6,526,629	(130,890)
	Japanese Government Bonds	3,421,746	3,516,599	(94,852)
	Municipal Government Bonds	1,411,435	1,426,181	(14,745)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,562,556	1,583,848	(21,291)
Others	4,879,954	5,247,660	(367,705)	
Total	11,276,718	11,775,410	(498,692)	
Total	13,487,430	13,864,845	(377,414)	

		Millions of U.S. Dollars		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
	Stocks	496	215	280
	Bonds	2,047	2,045	2
Securities with Carrying Value Exceeding Acquisition Cost	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	430	430	0
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,616	1,614	2
	Others	12,060	11,542	518
	<b>Total</b>	<b>14,604</b>	<b>13,803</b>	<b>801</b>
	Stocks	6	7	(0)
	Bonds	42,252	43,117	(864)
Securities with Carrying Value not Exceeding Acquisition Cost	Japanese Government Bonds	22,605	23,231	(626)
	Municipal Government Bonds	9,324	9,421	(97)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	10,322	10,463	(140)
	Others	32,238	34,667	(2,429)
	<b>Total</b>	<b>74,497</b>	<b>77,792</b>	<b>(3,294)</b>
	<b>Total</b>	<b>89,102</b>	<b>91,595</b>	<b>(2,493)</b>

As of March 31, 2023

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
	Stocks	56,752	31,594	25,158
	Bonds	2,532,045	2,522,404	9,640
Securities with Carrying Value Exceeding Acquisition Cost	Japanese Government Bonds	861,053	855,722	5,331
	Municipal Government Bonds	405,975	405,054	921
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,265,015	1,261,627	3,387
	Others	1,240,267	1,127,770	112,496
	<b>Total</b>	<b>3,829,064</b>	<b>3,681,768</b>	<b>147,295</b>
	Stocks	1,911	2,202	(291)
	Bonds	4,387,488	4,476,970	(89,481)
Securities with Carrying Value not Exceeding Acquisition Cost	Japanese Government Bonds	1,545,814	1,610,999	(65,185)
	Municipal Government Bonds	1,414,175	1,425,374	(11,198)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,427,497	1,440,596	(13,098)
	Others	4,564,810	4,923,572	(358,761)
	<b>Total</b>	<b>8,954,210</b>	<b>9,402,744</b>	<b>(448,534)</b>
	<b>Total</b>	<b>12,783,275</b>	<b>13,084,513</b>	<b>(301,238)</b>

(4) Held-to-Maturity Debt Securities Sold during the Fiscal Year  
Not applicable.



(5) Other Securities Sold during the Fiscal Year  
For the Fiscal Year Ended March 31, 2024

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	75,578	25,080	—
Bonds	1,022,797	586	41,985
Japanese Government Bonds	743,754	—	40,932
Municipal Government Bonds	80,960	155	844
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	198,082	431	207
Others	307,224	—	40,765
Total	1,405,600	25,667	82,750

	Millions of U.S. Dollars		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	499	165	—
Bonds	6,756	3	277
Japanese Government Bonds	4,913	—	270
Municipal Government Bonds	534	1	5
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,308	2	1
Others	2,029	—	269
Total	9,285	169	546

For the Fiscal Year Ended March 31, 2023

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	31,144	9,222	325
Bonds	2,898,617	28,384	44,164
Japanese Government Bonds	2,797,490	28,062	44,154
Municipal Government Bonds	52,152	214	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	48,974	107	9
Others	1,049,422	1,089	101,418
Total	3,979,183	38,695	145,908

(6) Impaired Securities

Of Securities other than Trading Securities (excluding stocks and other equity securities with no market prices and investment in investment partnerships), those whose fair value significantly declines compared with the acquisition cost and is not expected to recover up to the acquisition cost, are devalued and the fair value is recorded as the carrying amount on the consolidated balance sheet. In addition, the difference between the fair value and the acquisition cost is recognized as impairment losses in the fiscal year. When determining that the fair value of stocks and investment trusts has significantly declined, the amount calculated based on the average market price for one month before the end of the current fiscal year is used.

In the case where the issuer is classified as a Bankrupt Borrower, Substantially Bankrupt Borrower, or Probably Bankrupt Borrower, impairment loss is recognized for securities when the market value is below the acquisition cost.

In the fiscal years ended March 31, 2024 and 2023, there were no impairment losses.

Furthermore, the criteria are set to determine whether the fair value declines significantly, and the general outline is as follows:

Bonds:

- The fair value is more than 50% and 70% or less of the acquisition cost, and changes in the fair value and the issuer's business condition meet certain requirements
- The fair value is 50% or less of the acquisition cost

Stocks and investment trusts:

- The fair value is 70% or less of the acquisition cost

## 2. Money Held in Trust

### (1) Money Held in Trust for Trading Purposes

As of March 31, 2024

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	29,971	—

	Millions of U.S. Dollars	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	198	—

As of March 31, 2023

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	29,993	—

### (2) Held-to-Maturity Money Held in Trust

Not applicable.

### (3) Other Money Held in Trust (Money Held in Trust other than Held for Trading Purposes or Held-to-Maturity)

As of March 31, 2024

	Millions of Yen				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trust	48,793	50,000	(1,206)	—	(1,206)

	Millions of U.S. Dollars				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trust	322	330	(7)	—	(7)

Note:

Breakdown of “Unrealized Gains (Losses)” is shown in “Items with Carrying Value Exceeding Acquisition Cost” and “Items with Carrying Value not Exceeding Acquisition Cost.”

As of March 31, 2023

	Millions of Yen				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trust	48,142	50,000	(1,857)	—	(1,857)

Note:

Breakdown of “Unrealized Gains (Losses)” is shown in “Items with Carrying Value Exceeding Acquisition Cost” and “Items with Carrying Value not Exceeding Acquisition Cost.”

### 3. Net Unrealized Gains (Losses) on Other Securities and Other Money Held in Trust

Breakdown of Net Unrealized Gains (Losses) on Other Securities in the consolidated balance sheet is as follows:

As of March 31, 2024

	Millions of Yen	Millions of U.S. Dollars
Other Securities	(376,376)	(2,486)
Other Money Held in Trust	(1,206)	(7)
Net Unrealized Gains (Losses)	(377,582)	(2,494)
Deferred Tax Assets	106,166	701
Net Unrealized Losses (Prior to Equity Method Adjustment)	(271,415)	(1,793)
Non-Controlling Interests' Portion	—	—
Parent Company's Portion of Net Unrealized Gains (Losses) for Other Securities Held by Companies Accounted for by the Equity Method	—	—
Net Unrealized Gains (Losses)	(271,415)	(1,793)

Note:

Translation adjustments of foreign currency-denominated stocks and other equity securities with no market prices, and Unrealized Gains (Losses) on investment in investment partnerships are included in “Other Securities” within “Net Unrealized Gains (Losses).”

As of March 31, 2023

	Millions of Yen
Other Securities	(298,649)
Other Money Held in Trust	(1,857)
Net Unrealized Gains (Losses)	(300,506)
Deferred Tax Assets	84,612
Net Unrealized Gains (Prior to Equity Method Adjustment)	(215,893)
Non-Controlling Interests' Portion	—
Parent Company's Portion of Net Unrealized Gains (Losses) for Other Securities Held by Companies Accounted for by the Equity Method	—
Net Unrealized Gains (Losses)	(215,893)

Note:

Translation adjustments of foreign currency-denominated stocks and other equity securities with no market prices, and Unrealized Gains (Losses) on investment in investment partnerships are included in “Other Securities” within “Net Unrealized Gains (Losses).”

## 29. Derivatives:

### 1. Derivative Transactions to which Hedge Accounting is not Applied

The following tables summarize the notional amount or the contracted principal equivalents, fair values and net unrealized gains (losses) of the Bank's derivative transactions that do not qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments. Please note that the notional amounts in themselves do not reflect the market risk associated with the Bank's derivative transactions.

#### (1) Interest-Rate-Related Transactions

As of March 31, 2024

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	11,346,856	10,429,315	(114,366)	(114,366)
Floating Rate Receivable/Fixed Rate Payable	11,073,872	9,474,056	109,386	109,386
Floating Rate Receivable/Floating Rate Payable	61,750	61,750	16	16
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	3,222,700	2,216,700	4,827	4,703
Bought	3,423,680	2,338,380	16,371	12,242
<b>Total</b>			<b>16,236</b>	<b>11,981</b>

## Millions of U.S. Dollars

	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	74,961	68,899	(755)	(755)
Floating Rate Receivable/Fixed Rate Payable	73,157	62,588	722	722
Floating Rate Receivable/Floating Rate Payable	407	407	0	0
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	21,290	14,644	31	31
Bought	22,617	15,448	108	80
<b>Total</b>			<b>107</b>	<b>79</b>

## Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.

As of March 31, 2023

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	6,529,603	5,627,910	(53,644)	(53,644)
Floating Rate Receivable/Fixed Rate Payable	6,377,202	5,328,134	54,593	54,593
Floating Rate Receivable/Floating Rate Payable	72,750	61,750	37	37
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	1,279,800	767,600	(1,007)	(1,051)
Bought	1,381,200	859,700	6,028	4,941
<b>Total</b>			<b>6,008</b>	<b>4,877</b>

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.

(2) Currency-Related Transactions  
As of March 31, 2024

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Currency Swaps:				
Forward Foreign Exchange	—	—	—	—
Contracts:				
Sold	207,956	2,248	(3,289)	(3,289)
Bought	372,856	2,618	3,676	3,676
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>			<b>386</b>	<b>386</b>

	Millions of U.S. Dollars			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:				
Forward Foreign Exchange	—	—	—	—
Contracts:				
Sold	1,373	14	(21)	(21)
Bought	2,463	17	24	24
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			2	2

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.



As of March 31, 2023

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Currency Swaps:	15	—	0	0
Forward Foreign Exchange Contracts:				
Sold	219,714	881	290	290
Bought	338,306	760	441	441
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>			<b>731</b>	<b>731</b>

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.
2. Fair value and Net Unrealized Gains (Losses) on currency swaps are stated at the amounts net of principal.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions  
As of March 31, 2024

Millions of Yen				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Bond Futures:				
Sold	2,041	—	1	1
Bought	145	—	(0)	(0)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>			<b>1</b>	<b>1</b>

Millions of U.S. Dollars				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Bond Futures:				
Sold	13	—	0	0
Bought	0	—	(0)	(0)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>			<b>0</b>	<b>0</b>

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.

As of March 31, 2023

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
<b>Exchange-Traded Transactions</b>				
Bond Futures:				
Sold	2,373	—	3	3
Bought	—	—	—	—
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over the Counter Transactions</b>				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>			<b>3</b>	<b>3</b>

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.

(5) Commodity-Related Derivative Transactions

Not applicable.

(6) Credit Derivative Transactions

Not applicable.

## 2. Derivative Transactions to which Hedge Accounting is Applied

The following summarizes the notional amount or the contracted principal equivalents and fair values of the Bank's derivative transactions that qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments and methods for hedge accounting. Please note that the notional amounts in themselves do not reflect the market risk associated with the Bank's derivative transactions.

### (1) Interest-Rate-Related Transactions

As of March 31, 2024

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	4,686,000	3,991,000	(1,097)
	Floating Rate Receivable/Fixed Rate Payable	3,744,627	3,594,226	224,341
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	424,600	424,600	3,214
	Floating Rate Receivable/Fixed Rate Payable	972,726	860,446	(17,977)
Total				208,482

		Millions of U.S. Dollars		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	30,957	26,365	(7)
	Floating Rate Receivable/Fixed Rate Payable	24,738	23,744	1,482
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	2,805	2,805	21
	Floating Rate Receivable/Fixed Rate Payable	6,426	5,684	(118)
Total				1,377

#### Notes:

- Most of hedged items subject to Basic Treatment are Interest-bearing assets and liabilities including Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
- Hedged items subject to Exceptional Treatments for Interest Rate Swaps include Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures (Liabilities).
- The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 24.

As of March 31, 2023

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	2,486,000	2,486,000	797
	Floating Rate Receivable/Fixed Rate Payable	2,664,239	2,494,400	138,096
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	—	—	—
	Floating Rate Receivable/Fixed Rate Payable	1,012,182	977,382	(28,172)
Total				<u>110,721</u>

Notes:

1. Most of hedged items subject to Basic Treatment are Interest-bearing assets and liabilities including Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
2. Hedged items subject to Exceptional Treatments for Interest Rate Swaps include Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures (Liabilities).
3. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 24.

(2) Currency-Related Transactions

As of March 31, 2024

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	1,012,431	820,645	(10,920)
	Forward Foreign Exchange Contracts:			
	Sold	42,622	—	(2,001)
	Bought	—	—	—
Total				<u>(12,921)</u>

		Millions of U.S. Dollars		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	6,688	5,421	(72)
	Forward Foreign Exchange Contracts:			
	Sold	281	—	(13)
	Bought	—	—	—
Total				<u>(85)</u>

Notes:

1. Most of hedged items include foreign currency-denominated securities and Due from Banks.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 25.
3. Fair value on currency swaps is stated at the amount net of principal.

As of March 31, 2023

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	701,162	550,345	(4,246)
	Forward Foreign Exchange Contracts:			
	Sold	40,735	—	(701)
	Bought	—	—	—
Total				(4,948)

Notes:

1. Most of hedged items are foreign currency-denominated securities, Due from Banks, etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 25.
3. Fair value on currency swaps is stated at the amount net of principal.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions

Not applicable.

**30. Related Party Transactions:**

**For the Fiscal Year Ended March 31, 2024**

There were no significant related-party transactions.

**For the Fiscal Year Ended March 31, 2023**

There were no significant related-party transactions.

**31. Revenue Recognition:**

Disaggregation of Revenue from Contracts with Customers is provided in Note 32.

**32. Segment Information:**

(1) Description of Reportable Segments

The Group classifies the businesses of the Bank and its consolidated subsidiaries as single business segment, respectively. Among those business segments, the business of the Bank is determined as the reportable segment.

The Bank, as an individual financial institution, provides such services as deposits, debentures, lending, market fund management, trading operations, clearing and trust business. As the central financial institution for Shinkin Banks, the Bank complements the functions of the Shinkin Banks and operates the shinkin bank industry's own safety net, including the Shinkin Bank Management Reinforcement System. By doing so, the Bank strives to maintain an orderly financial system within the shinkin bank industry.

(2) Method of Calculating Amounts by Reportable Segment

The accounting methods of the reportable segment are consistent with those described in the "Significant Accounting Policies." Reportable segment profit is based on profit attributable to owners of parent.

(3) Amounts by Reportable Segment  
For the Fiscal Year Ended March 31, 2024

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	390,285	37,287	427,572	(137)	427,435
Inter-segment	3,031	2,442	5,474	(5,474)	—
Total	393,317	39,730	433,047	(5,611)	427,435
Segment profit	30,959	1,673	32,632	(486)	32,145
Segment assets	47,421,113	285,143	47,706,256	(83,832)	47,622,424
Segment liabilities	45,912,152	188,832	46,100,984	(36,629)	46,064,355
Other items					
Depreciation	4,075	6,551	10,626	—	10,626
Interest Income	283,589	418	284,007	(92)	283,914
Interest Expenses	177,436	(15)	177,421	(26)	177,395
Income Taxes	11,079	806	11,886	(129)	11,757
Increase in Tangible and Intangible Fixed Assets	7,084	3,509	10,594	—	10,594

(Millions of U.S. Dollars)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	2,578	246	2,824	(0)	2,823
Inter-segment	20	16	36	(36)	—
Total	2,598	262	2,860	(37)	2,823
Segment profit	204	11	215	(3)	212
Segment assets	313,279	1,883	315,163	(553)	314,609
Segment liabilities	303,310	1,247	304,558	(241)	304,316
Other items					
Depreciation	26	43	70	—	70
Interest Income	1,873	2	1,876	(0)	1,875
Interest Expenses	1,172	(0)	1,172	(0)	1,171
Income Taxes	73	5	78	(0)	77
Increase in Tangible and Intangible Fixed Assets	46	23	69	—	69

Notes:

- The "Other" is a business segment not included in our reportable segment and relates to businesses performed by consolidated subsidiaries.  
The Bank's consolidated subsidiaries provide such financial services as brokerage & dealing, regional business supports operations, overseas business support, consumer credit guarantees, asset management, investment and M&A advisory operations, and contracted data processing services.
- Adjustment comprises the following.
  - Within adjustment of segment profit, reduction of ¥486 million (\$3 million) comprises reduction of ¥176 million (\$1 million) on profit attributable to non-controlling interests and ¥309 million (\$2 million) on inter-segment eliminations, etc.
  - Within adjustment of segment assets, reduction of ¥83,832 million (\$553 million) comprises reduction of ¥44,295 million (\$292 million) on eliminations relating to capital consolidation and ¥39,537 million (\$261 million) on inter-segment eliminations, etc.
  - The adjustment for other items including reduction of ¥36,629 million (\$241 million) on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from profit attributable to owners of parent presented in the consolidated statement of income.

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	337,262	36,497	373,759	(32)	373,727
Inter-segment	3,097	2,274	5,372	(5,372)	—
Total	340,360	38,771	379,131	(5,404)	373,727
Segment profit	24,776	2,092	26,868	(646)	26,221
Segment assets	45,924,710	272,082	46,196,793	(101,460)	46,095,333
Segment liabilities	44,621,617	178,383	44,800,001	(49,829)	44,750,172
Other items					
Depreciation	3,909	5,948	9,858	—	9,858
Interest Income	208,050	293	208,344	(91)	208,252
Interest Expenses	105,276	9	105,285	(22)	105,263
Income Taxes	8,149	1,075	9,225	(124)	9,101
Increase in Tangible and Intangible Fixed Assets	7,190	5,790	12,980	—	12,980

## Notes:

1. The “Other” is a business segment not included in our reportable segment and relates to businesses performed by consolidated subsidiaries.

The Bank’s consolidated subsidiaries provide such financial services as brokerage & dealing, regional business supports operations, overseas business support, consumer credit guarantees, asset management, investment and M&A advisory operations, and contracted data processing services.

2. Adjustment comprises the following.

(i) Within adjustment of segment profit, reduction of ¥646 million comprises reduction of ¥327 million on profit attributable to non-controlling interests and ¥318 million on inter-segment eliminations, etc.

(ii) Within adjustment of segment assets, reduction of ¥101,460 million comprises reduction of ¥44,295 million on eliminations relating to capital consolidation and ¥57,164 million on inter-segment eliminations, etc.

(iii) The adjustment for other items including reduction of ¥49,829 million on the adjustment of segment liabilities comprises inter-segment eliminations, etc.

3. Segment profit has been adjusted from profit attributable to owners of parent presented in the consolidated statement of income.

## (4) Disaggregation of Revenue from Contracts with Customers

For the Fiscal Year Ended March 31, 2024

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented on the consolidated statement of income
	Shinkin Central Bank business				
Investment Trust Commission	5,838	6,659	12,498	(2,867)	9,631
Trust Fees	2,529	—	2,529	—	2,529
Fund Transfer Operations Commission	1,487	—	1,487	(1)	1,486
Others	2,132	24,347	26,479	(1,776)	24,702
Revenue from Contracts with Customers	11,987	31,007	42,994	(4,645)	38,349
Other Income	381,329	8,722	390,052	(966)	389,086
Total Income	393,317	39,730	433,047	(5,611)	427,435



(Millions of U.S. Dollars)

	Reportable segment	Other	Total	Adjustment	Amount presented on the consolidated statement of income
	Shinkin Central Bank business				
Investment Trust Commission	38	43	82	(18)	63
Trust Fees	16	—	16	—	16
Fund Transfer Operations Commission	9	—	9	(0)	9
Others	14	160	174	(11)	163
Revenue from Contracts with Customers	79	204	284	(30)	253
Other Income	2,519	57	2,576	(6)	2,570
Total Income	2,598	262	2,860	(37)	2,823

Notes:

1. “Investment Trust Commission” mainly arises from investment trust management services and is recorded under “Fees and Commissions” in the consolidated statement of income.
2. “Trust Fees” mainly arise from trustee services for trust assets and are recorded under “Trust Fees” in the consolidated statement of income.
3. “Fund Transfer Operations Commission” mainly arises from fund transfer services and is recorded under “Fees and Commissions” in the consolidated statement of income.
4. “Others,” services not included in 1-3 above, mainly arise from contracted data processing services, etc. and are recorded under “Fees and Commissions” in the consolidated statement of income.

For the Fiscal Year Ended March 31, 2023

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented on the consolidated statement of income
	Shinkin Central Bank business				
Investment Trust Commission	5,622	6,808	12,431	(2,974)	9,456
Trust Fees	2,391	—	2,391	—	2,391
Fund Transfer Operations Commission	1,561	—	1,561	(1)	1,560
Others	2,005	23,180	25,186	(1,584)	23,602
Revenue from Contracts with Customers	11,581	29,988	41,570	(4,560)	37,010
Other Income	328,778	8,782	337,561	(844)	336,716
Total Income	340,360	38,771	379,131	(5,404)	373,727

Notes:

1. “Investment Trust Commission” mainly arises from investment trust management services and is recorded under “Fees and Commissions” in the consolidated statement of income.
2. “Trust Fees” mainly arise from trustee services for trust assets and are recorded under “Trust Fees” in the consolidated statement of income.
3. “Fund Transfer Operations Commission” mainly arises from fund transfer services and is recorded under “Fees and Commissions” in the consolidated statement of income.
4. “Others,” services not included in 1-3 above, mainly arise from contracted data processing services, etc. and are recorded under “Fees and Commissions” in the consolidated statement of income.

(Related Information)

For the Fiscal Year Ended March 31, 2024

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	270,995	24,034	132,405	427,435

(Millions of U.S. Dollars)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	1,790	158	874	2,823

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	United States	Europe	Other	Total
196,230	97,477	9,897	123,830	427,435

(Millions of U.S. Dollars)

Japan	United States	Europe	Other	Total
1,296	643	65	818	2,823

Note: Income from derivative transactions and Trading income are included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the consolidated balance sheet. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	23,235	Shinkin Central Bank business

(Millions of U.S. Dollars)

Name of customer	Income	Related segment
The Government of Japan	153	Shinkin Central Bank business

For the Fiscal Year Ended March 31, 2023

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	216,928	19,468	137,330	373,727

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	United States	Europe	Other	Total
203,605	40,248	11,746	118,127	373,727

Note: Income from derivative transactions and Trading income are included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the consolidated balance sheet. Consequently, this information is omitted.

### 3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	19,309	Shinkin Central Bank business

(Information related to Impairment Losses of Fixed Assets by Reportable Segment)

For the Fiscal Years Ended March 31, 2024 and 2023

Disclosure of data omitted due to immateriality.

(Information related to Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment)

Not applicable.

(Information related to Accrual of Income from Negative Goodwill by Reportable Segment)

Not applicable.

### 33. Amounts per Share:

	Yen		U.S. Dollars
	2024	2023	2024
Net Assets per Share	242,006.77	239,364.73	1,598.77
Net Income per Share	4,464.33	3,592.19	29.49
Net Income per Share after Adjustment for Common Share equivalents	—	—	—

Notes:

1. The basis for calculation of net assets per share is as follows:

		2024	2023	2024	
Total Net Assets	Millions of Yen	1,558,068	1,345,160	Millions of U.S. Dollars	10,293
Amount Deducted from Total Net Assets	Millions of Yen	418,646	218,178	Millions of U.S. Dollars	2,765
Non-Controlling Interests	Millions of Yen	13,497	13,053	Millions of U.S. Dollars	89
Preferred Dividends	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	14
Dividend Attributable to Specific Common Shares	Millions of Yen	3,024	3,000	Millions of U.S. Dollars	19
Distribution of Residual Assets Attributable to Specific Common Shares	Millions of Yen	400,000	200,000	Millions of U.S. Dollars	2,642
Net Assets at Fiscal Year-end Used to Calculate Net Assets per Share	Millions of Yen	1,139,421	1,126,982	Millions of U.S. Dollars	7,527
Number of Share Units at Fiscal Year-end Used to Calculate Net Assets per Share	Unit	4,708,222	4,708,222	—	—
Number of General Common Share Units	Unit	4,000,000	4,000,000	—	—
Number of Preferred Share Units	Unit	708,222	708,222	—	—

\* When calculating net assets per share, of dividend attributable to preferred shares, preferred dividends are deducted from total net assets whereas participating dividends are not deducted from total net assets.

Dividend attributable to specific common shares and distribution of residual assets attributable to specific common shares are deducted from total net assets, and the number of specific common shares is not included within the number of shares.

2. The basis for calculation of net income per share is as follows:

		2024	2023	2024	
Profit Attributable to Owners of Parent	Millions of Yen	32,145	26,221	Millions of U.S. Dollars	212
Amount Deducted from Profit Attributable to Owners of Parent	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	14
Preferred Dividend	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	14
Profit Attributable to Owners of Parent Used to Calculate Net Income per Share	Millions of Yen	30,020	24,097	Millions of U.S. Dollars	198
Average Number of Share Units for the Fiscal Year	Unit	6,724,615	6,708,222	—	—
Average Number of General Common Share Units	Unit	4,000,000	4,000,000	—	—
Average Number of Specific Common Share Units	Unit	2,016,393	2,000,000	—	—
Average Number of Preferred Share Units	Unit	708,222	708,222	—	—

\* When calculating net income per share, of dividends attributable to preferred securities, dividends attributable to preferred shares are deducted from profit attributable to owners of parent whereas participating dividends are not deducted from profit attributable to owners of parent.

3. Net income per share after adjustment for common share equivalents is not listed as there are no dilutive securities.

#### 34. Subsequent Events:

Not applicable.

# Independent Auditor's Report

The Board of Directors  
Shinkin Central Bank

## *The Audit of the Consolidated Financial Statements*

### **Opinion**

We have audited the accompanying consolidated financial statements of Shinkin Central Bank and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the cash flow estimate method

Description of Key Audit Matter	Auditor's responses
<p>The Group extends loans to central and local governments, public service corporations, as well as domestic and overseas companies mainly including listed companies, and recorded Loans and Bills Discounted of ¥ 8,858,319 million, representing 18.6% of total assets, on its consolidated balance sheet as of March 31, 2024.</p> <p>It is possible that these loans may default due to domestic and global economic situation, fluctuations in the real estate and stock markets, and the impact of deterioration in the business conditions of individual borrowers.</p> <p>Consequently, the Group calculates the amount of expected losses from future defaults and records them as Reserve for Possible Loan Losses.</p> <p>As of March 31, 2024, the Group had Reserve for Possible Loan Losses of ¥ 23,836 million on its consolidated balance sheet. The specific principles to calculate reserve for possible loan losses are stated in Note 2 Significant Accounting Policies (9) Reserve for Possible Loan Losses and (19) Significant Accounting Estimates.</p> <p>The reserve for possible loan losses is calculated in accordance with the Group's internal rules for self-assessment of asset quality and write-offs/provision, and the calculation process includes determination of the borrower classification in the self-assessment of asset quality based on the credit rating system, by which the Group evaluates the borrower's debt servicing capacity in terms of the borrower's repayment history, financial condition, business performance and prospects thereof. For certain borrowers' loans, the reserve for loan losses is calculated using the cash flow estimate method (hereinafter referred to as the "DCF method").</p> <p>In determining the debtor classification, the Group makes assumptions based on its prospects of the business environments, in addition to the borrower's financial condition, industry characteristics, repayment history. In applying the DCF method, the expected loss amount is calculated based on key assumptions such as the repayment plan formulated by the obligor, credit status, lending policy, and the default rate according to the obligor's credit status.</p>	<p>We performed the following audit procedures to examine the reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the DCF method, among others:</p> <ul style="list-style-type: none"> <li>• We evaluated the design and operating effectiveness of the Group's internal control over assignment of internal credit ratings and determination of the borrower classification as well as application of the DCF method.</li> <li>• We involved our credit risk assessment experts to examine the appropriateness of the credit rating system used as the basis for determining the borrower classification, by inspecting the results of the Group's validation of its internal rating model in the credit rating system and comparing the internal rating model with industry practices.</li> <li>• In order to examine the reasonableness of the assumptions made by the Group about its effect on the borrower's debt servicing capacity, we compared those assumptions with available external information such as economic forecasts published by public institutions.</li> <li>• In order to examine the appropriateness of the classification of individual borrowers, we selected sample borrowers, taking into account factors such as borrowers' industry, repayment history, financial position, operating performance, in addition to the monetary impact of the migration of the borrower classification on the amount of the reserve for possible loan losses.</li> <li>• In order to comprehend the recent repayment history, financial condition and operating performance of the borrowers selected as samples, we inspected the sets of the documents used for self-assessment of asset quality by the Group, which include but are not limited to explanatory materials on the borrowers' business profile, supporting materials on historical experiences of borrowing activities, supporting materials to understand the actual financial condition, financial statements and trial balances in light of the available external information. In addition, we made inquiries of the Credit Planning &amp; Supervision Division as necessary.</li> </ul>

<p>Prospects of such factors as the individual borrowers' performance are highly uncertain because they are affected by changes in the business environment, and the outcome of the borrowers' business strategies. If the borrower classification is downgraded, the credit cost may increase, significantly affecting the financial performance and financial position of the Group. In addition, since the various inputs used in the DCF method cannot be objectively or uniquely determined, there is a high degree of reliance on management's judgment.</p> <p>Therefore, we have determined that the reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the DCF method are key audit matters.</p>	<ul style="list-style-type: none"> <li>• In order to examine the reasonableness of the Group's prospects of individual borrowers, we comprehended the borrowers' repayment history and then analyzed the trend from the past in respect of forecasts of major income statement items, such as net sales and ordinary income, and major balance sheet items, such as shareholders' equity of the borrowers, in the Group's analysis, and compared the assumptions used in these forecasts with the available external information on the industry in which the borrower operates.</li> <li>• In order to examine the appropriateness of the Group's assessment of the reasonableness and feasibility of the repayment plan which underlies the future cash flows used as inputs for the DCF method, we compared the assumptions in the repayment plan with available external information and the Group's lending policies, and compared the cash flows estimated in the previous year with the actual results.</li> <li>• In order to assess the reasonableness of the probability of default used as an input for the DCF method, we compared it with the default rates available in external information. Also, we recalculated the present value of the cash flows using those inputs.</li> </ul>
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## Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditors are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditors 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.

We also provide the Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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 the consolidated financial statements.

### **Fee-related Information**

The fees for the audits of the financial statements of Shinkin Central Bank and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are ¥ 126 million and ¥ 30 million, respectively.

### **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 Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

September 20, 2024

Ryuji Takagi  
Designated Engagement Partner  
Certified Public Accountant

Yasuo Iwasaki  
Designated Engagement Partner  
Certified Public Accountant

Mitsutaka Kumagai  
Designated Engagement Partner  
Certified Public Accountant

# Non-Consolidated Balance Sheet

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Assets</b>			
Cash and Due from Banks	19,892,730	19,004,519	131,417
Call Loans	479,611	1,573,215	3,168
Receivables under Resale Agreements	20,994	289,999	138
Monetary Claims Bought	259,844	172,200	1,716
Trading Assets	345,006	465,786	2,279
Money Held in Trust	78,765	78,136	520
Securities	16,039,471	13,634,845	105,962
Loans and Bills Discounted	8,860,804	9,514,890	58,537
Foreign Exchanges Assets	23,466	22,701	155
Other Assets	1,279,104	1,036,294	8,450
Tangible Fixed Assets	70,985	67,042	468
Intangible Fixed Assets	5,863	6,902	38
Deferred Tax Assets	63,434	61,003	419
Customers' Liabilities for Acceptances and Guarantees	24,597	20,867	162
Reserve for Possible Loan Losses	(23,568)	(23,693)	(155)
<b>Total Assets</b>	<b>47,421,113</b>	<b>45,924,710</b>	<b>313,279</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Deposits	33,102,046	34,703,462	218,683
Debentures	1,302,170	1,458,660	8,602
Trading Liabilities	150,919	80,807	997
Borrowed Money	5,130,000	3,998,680	33,890
Call Money	18,202	6,804	120
Payables under Repurchase Agreements	3,494,906	2,617,988	23,088
Payables under Securities Lending Transactions	2,151,096	1,347,527	14,210
Foreign Exchanges Liabilities	920	652	6
Borrowed Money from Trust Account	45,418	43,534	300
Other Liabilities	455,948	307,119	3,012
Reserve for Employee Bonuses	1,312	1,283	8
Reserve for Directors' Bonuses	90	89	0
Reserve for Employee Retirement Benefits	28,062	27,729	185
Reserve for Directors' Retirement Allowances	427	378	2
Deferred Tax Liabilities for Land Revaluation	6,033	6,033	39
Acceptances and Guarantees	24,597	20,867	162
<b>Total Liabilities</b>	<b>45,912,152</b>	<b>44,621,617</b>	<b>303,310</b>
<b>Total Net Assets</b>	<b>1,508,961</b>	<b>1,303,092</b>	<b>9,968</b>
<b>Total Liabilities and Net Assets</b>	<b>47,421,113</b>	<b>45,924,710</b>	<b>313,279</b>

# Non-Consolidated Statement of Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Income</b>			
Interest Income:	283,589	208,050	1,873
Interest on Loans and Bills Discounted	24,050	19,489	158
Interest on Due from Banks	8,150	8,238	53
Interest on Call Loans	3,117	885	20
Interest on Receivables under Resale Agreements	(556)	(610)	(3)
Interest and Dividends on Securities	245,335	178,371	1,620
Others	3,491	1,675	23
Trust Fees	2,529	2,391	16
Fees and Commissions	9,965	9,686	65
Trading Income	22,634	17,192	149
Other Operating Income	49,339	92,567	325
Other Income	25,259	10,471	166
<b>Total Income</b>	<b>393,317</b>	<b>340,360</b>	<b>2,598</b>
<b>Expenses</b>			
Interest Expenses:	177,436	105,276	1,172
Interest on Deposits	42,004	37,238	277
Interest on Debentures	1,559	1,166	10
Interest on Borrowed Money	2,376	1,771	15
Interest on Call Money	546	237	3
Interest on Payables under Repurchase Agreement	29,808	7,072	196
Interest on Payables under Securities Lending Transactions	80,623	31,894	532
Interest Payable on Interest Rate Swaps	8,006	19,885	52
Others	12,511	6,009	82
Fees and Commissions	8,834	8,501	58
Trading Losses	0	186	0
Other Operating Expenses	131,303	159,196	867
General and Administrative Expenses	33,560	33,632	221
Other Expenses	142	641	0
<b>Total Expenses</b>	<b>351,278</b>	<b>307,434</b>	<b>2,320</b>
<b>Income before Income Taxes</b>	<b>42,038</b>	<b>32,925</b>	<b>277</b>
<b>Income Taxes</b>			
Current	11,336	8,521	74
Deferred	(257)	(372)	(1)
<b>Total Income Taxes</b>	<b>11,079</b>	<b>8,149</b>	<b>73</b>
<b>Net Income</b>	<b>30,959</b>	<b>24,776</b>	<b>204</b>

	Yen		U.S. Dollars
	2024	2023	2024
Net Income Per Share	4,287.91	3,376.65	28.32
Dividend Declared per Share (General Common Shares)	3,000.00	3,000.00	19.81
Dividend Declared per Share (Specific Common Shares)	1,500.00	1,500.00	9.90
Dividend Declared per Share (Preferred Shares)	6,500.00	6,500.00	42.94

# Statement of Trust Account (Consolidated)

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Assets</b>			
Beneficiary Rights in Trust	2,587,013	2,564,599	17,090
Securities Held in Custody Accounts	63,000	63,000	416
Monetary Claims	321,382	343,778	2,123
Other Claims	1	0	0
Due from Banking Account	45,418	43,534	300
Cash and Due from Banks	128	145	0
Total Assets	<b>3,016,944</b>	<b>3,015,058</b>	<b>19,930</b>
<b>Liabilities</b>			
Money Trust	47,569	45,681	314
Investment Trusts	57,947	129,645	382
Money Held in Trust Other than Money Trust	5,639	7,567	37
Securities Trusts	66,100	67,100	436
Monetary Claims Trusts	321,447	343,878	2,123
Composite Trusts	2,518,240	2,421,185	16,636
Total Liabilities	<b>3,016,944</b>	<b>3,015,058</b>	<b>19,930</b>

(Note 1) Consolidated companies conducting trust business pursuant to the “Act on Engagement in Trust Business Activities by Financial Institutions” comprised only the Bank in the fiscal years ended March 31, 2024 and 2023.

(Note 2) The Bank had no balance of trust assets jointly managed by other companies as of March 31, 2024 and 2023.

# Organization (As of July 31, 2024)



# International Directory (As of July 31, 2024)

**Deputy President**  
(in charge of Sustainability Promotion/  
Research Institute)  
Hiroshi Sudo

**Managing Director**  
(in charge of Treasury Business)  
Takehiko Murotani

**Managing Director**  
(in charge of International Business/  
Overseas Offices)  
Kenji Tanaka

**Managing Director**  
(in charge of Treasury/  
Credit & Alternative Investment)  
Yuji Takahashi

**Managing Director**  
(in charge of Strategic Planning/  
Corporate Business Promotion/  
Treasury Operations)  
Yoshinori Jinno

**Strategic Planning Division**  
(including International Planning)  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7624  
Facsimile: +81-3-3278-7033

**International Business Division**  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7703  
Facsimile: +81-3-3278-7035

**International Operations Center**  
(including Correspondent Banking)  
Address: 8-1, Kyoubashi 3-chome,  
Chuo-ku, Tokyo 104-0031  
Telephone: +81-3-5250-1700  
Facsimile: +81-3-5250-1780  
SWIFT: ZENB JPJT

**Corporate Business Promotion Division**  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7679  
Facsimile: +81-3-3278-7045

**Treasury Business Division**  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7642  
Facsimile: +81-3-3278-7040  
SWIFT: ZENB JPJT

**Treasury Division**  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7660  
Facsimile: +81-3-3278-7043  
SWIFT: ZENB JPJT

**Credit & Alternative Investment Division**  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7664  
Facsimile: +81-3-3278-7044

**Treasury Operations Division**  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7666  
Facsimile: +81-3-3278-7046  
SWIFT: ZENB JPJT

**Research Institute**  
Address: 3-7, Yaesu 1-chome,  
Chuo-ku, Tokyo 103-0028  
Telephone: +81-3-5202-7671  
Facsimile: +81-3-3278-7048

## Overseas Offices

**New York**  
**New York Representative Office**  
Address: 655 Third Avenue, Suite 2620,  
New York, NY 10017, U.S.A.  
Telephone: +1-212-642-4700  
Facsimile: +1-212-730-6000  
Chief Representative: Yuya Watanabe

**Hong Kong**  
**Hong Kong Representative Office**  
Address: Suite 4008, 40/F, Central Plaza, 18  
Harbour Road, Wan Chai, Hong Kong, P.R. of China  
Telephone: +852-2537-3777  
Facsimile: +852-2537-4002  
Chief Representative: Hiroyuki Narita

**Shanghai**  
**Shanghai Representative Office**  
Address: Room 508, Shanghai International Trade  
Center, 2201 Yan-An Xi Road  
Shanghai, P.R. of China  
Telephone: +86-21-6270-3091  
Facsimile: +86-21-6270-3095  
Chief Representative: Susumu Makino

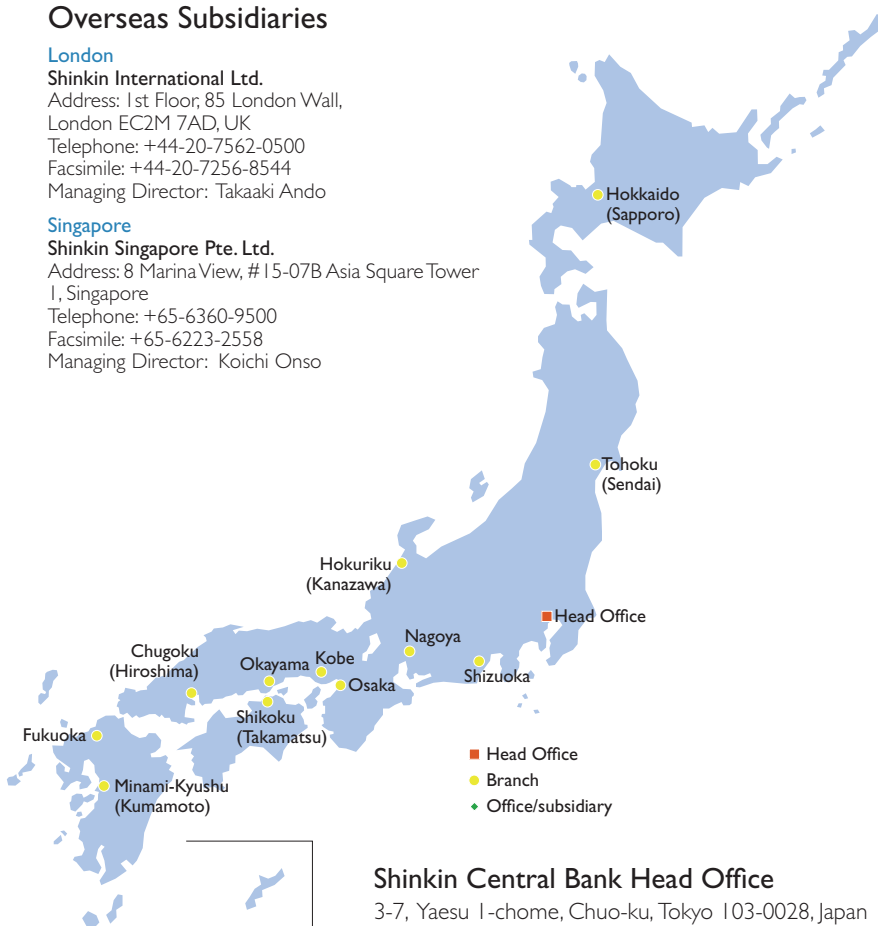
**Bangkok**  
**Bangkok Representative Office**  
Address: 19th Floor, 1903, Athenee Tower, 63  
Wireless Road, Lumpini, Pathumwan, Bangkok  
10330, Thailand  
Telephone: +66-2-168-8796  
Facsimile: +66-2-168-8799  
Chief Representative: Naotaka Yoshikawa



## Overseas Subsidiaries

**London**  
**Shinkin International Ltd.**  
Address: 1st Floor, 85 London Wall,  
London EC2M 7AD, UK  
Telephone: +44-20-7562-0500  
Facsimile: +44-20-7256-8544  
Managing Director: Takaaki Ando

**Singapore**  
**Shinkin Singapore Pte. Ltd.**  
Address: 8 Marina View, #15-07B Asia Square Tower  
1, Singapore  
Telephone: +65-6360-9500  
Facsimile: +65-6223-2558  
Managing Director: Koichi Onso



## Shinkin Central Bank Head Office

3-7, Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan  
Telephone: +81-3-5202-7711  
<https://www.shinkin-central-bank.jp/>

## The Future of Regional Communities Together with Shinkin Banks



SHINKIN CENTRAL BANK



SCB supports the Sustainable Development Goals.  
3-7, Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan  
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