

Annual Report 2022



Year Ended March 31, 2022





たましん美術館

Profile

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

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

The Tama Shinkin Bank, popularly known as "Tamashin" by the local community in which it has established its roots, is one of Japan's highest ranking shinkin banks. As of March 31, 2022, the Bank had total assets of ¥3,515.1 billion, net assets of ¥126.3 billion, and 1,913 employees. The Bank also had a service network of 79 branches, 2 branch offices, and 60 automatic teller facilities.

Non-Consolidated Financial Highlights

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

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
For the Fiscal Year:			
Total Income	¥ 39,651	¥ 42,384	\$ 323,976
Total Expenses	34,804	36,894	284,376
Income Before Income Taxes	4,846	5,489	39,599
Net Income	3,713	4,453	30,337
Business Profit	6,570	6,221	53,684
At Year-End:			
Deposits	¥ 3,168,626	¥ 3,100,736	\$ 25,889,585
Loans and Bills Discounted	1,155,192	1,194,545	9,438,615
Securities	1,054,088	1,175,118	8,612,537
Total Assets	3,515,199	3,441,607	28,721,295
Total Net Assets	126,348	135,192	1,032,343

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

2. Figures stated in U.S. dollars are translated solely for convenience at ¥122.39 to U.S.\$1, the rate prevailing on March 31, 2022.

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

Management Philosophy

Tamashin is a business dedicated to the happiness of our customers

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

Long-term vision

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

Basic Policies

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

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

Corporate Ethics at Tama Shinkin Bank

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

Creating local value toward a bright future for Tama



Thank you for your continued patronage. We are happy to send this “Annual Report 2022” to share with you our activities during the fiscal year ended March 31. Please read about Tamashin’s initiatives and our results over this past year, and feel free to share your honest opinions with us. We are always eager to listen to our customers’ voices and strive to incorporate this feedback into our business operations.

The economic environment in fiscal year 2021

Looking back on fiscal year 2021, the series of state-of-emergency declarations up to the end of September 2021 meant that conditions remained tough for retail and services. The recovery in economic activity was lackluster. From October, personal spending rose driven mainly by in-person

services, which led to hopes of recovery. Since the New Year, however, the rapid spread of the Omicron variant and rising material costs due to heightened geopolitical risks from Russia’s invasion of Ukraine saw the economy lose its way once again.

Creating value in the local community

In this economic environment, Tamashin has taken the initiative to provide support for its corporate clients and business customers, using subsidies to provide financial support as well as matchmaking between businesses and sales route development. We also asked over 30,000 customers about their business challenges in an effort to understand and resolve their COVID-19-related issues. To help individual customers, we have continued to upgrade our online services, thereby

reducing the need for customers to attend branches in person, including enhanced functionality for the Tamashin app and the launch of “web based” personal loans.

These initiatives resulted in higher customer deposits. While the amount of outstanding loans fell due to the ending of COVID-19-related zero interest financing, efforts to build a stable asset management portfolio and reduce costs led to solid financial results surpassing the annual plan. We

would like to express our sincere gratitude to our customers, without whose warm support none of this would have been possible.

The theme of our FY2022 business plan is “Joining with the community to take ‘Tama power’ to the next level.” To overcome the harsh economic conditions, Tamashin believes that it must partner yet more closely with the local community to further tap the rich potential of the Tama region. All of us at Tamashin, management and staff, will

spare no effort to provide business and financial support, as well as delivering on the SDGs and DX (digital transformation).

We ask our local customers for their continued support and patronage going forward.



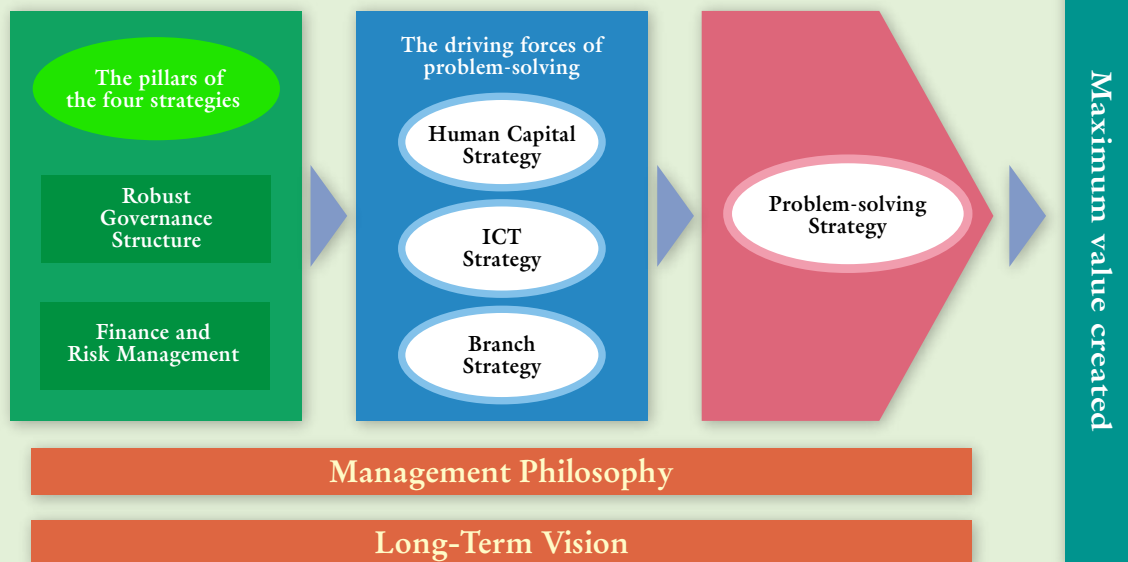
Toshiro Yagi, President

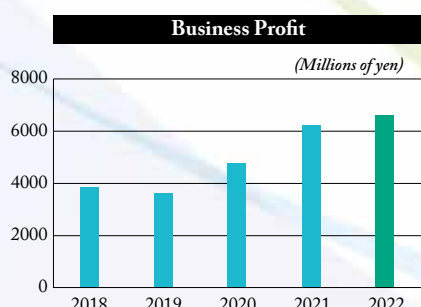
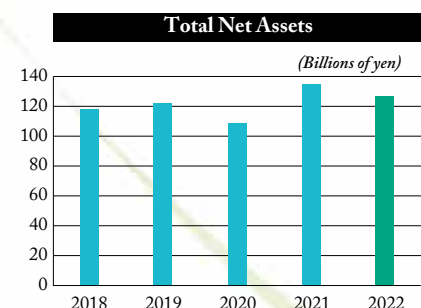
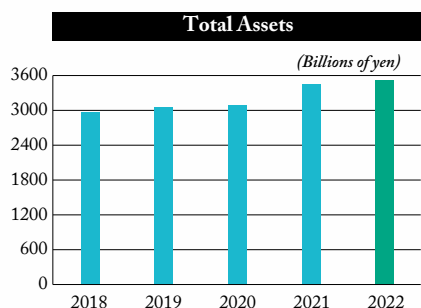
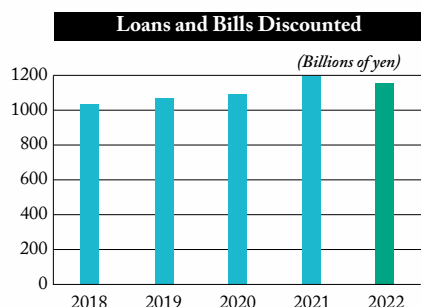
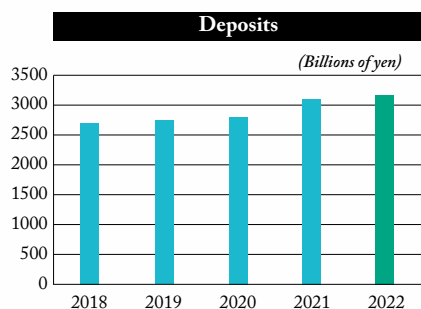
Mid-Term Management Plan 2023

Fiscal year 2021 was the first year of our three-year Mid-Term Management Plan 2023. The management plan, under the main theme of “Creating local value toward ‘a bright future for Tama’,” sets out the following four basic strategies and two pillars to achieve a bright future for the community and the bank. This main theme calls on us to give substantial consideration to what we can do to add value in the Tama region and how we can create new value, and then work on that.

In fiscal 2022, we look forward to Tamashin and the Tama region uniting to overcome the harsh economic conditions and evolve “Tama power” to the next stage. To achieve this, we will strive to maximize “Tama Power” by developing and transforming “Tamashin power,” the collective problem-solving capacities of each and every manager and staff member of the Bank, and matching these with the great potential of the Tama region.

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





The Financial and Economic Environment

Looking back on fiscal year 2021, economic conditions in the Tama region during the first half were waxed and waned in line with COVID-19 case numbers. While industries like hospitality and tourism continued to languish, the picture overall was one of mild economic recovery. However, conditions deteriorated again in the second half of the fiscal year with the outbreak of the Omicron variant and rising geopolitical risks that drove up the cost of raw materials.

In financial markets, the Nikkei Stock Average, fell to a year low of ¥27,013 in August due to fears of the Delta outbreak but recovered to ¥30,670 in September on rising vaccination levels and the LDP presidential election. In the New Year, the Nikkei fell below ¥24,000 because of inflation risks related to the worsening situation in Ukraine and surging resource prices, yet it bounced back above ¥28,000 as uncertainty around US monetary policy diminished. Between April and about September the exchange rate traded in a range between ¥108 and ¥110, but from October or so prospects of an early interest rate tightening in the US rose, setting the conditions for a weakening yen and strengthening dollar. The dollar then surged over ¥125 when the US lifted interest rates in March.

Operating Results

Fiscal year 2021 was the first year of our three-year Mid-Term Management Plan 2023. We have set the main theme of our management plan as “Creating local value toward ‘a bright future for Tama,’” and have been working to achieve a bright future for the community and the bank with the following four basic strategies and two pillars.

The four basic strategies

1. Problem-solving strategy: understand and share challenges, develop rapid solutions
2. Human capital strategy: develop personnel able to create value in a new social environment
3. ICT strategy: utilize ICT to enhance problem-solving skills and to free up time to solve problems
4. Branch strategy: enhance the function of branches as hubs for business model application and problem-solving

The two pillars

1. Robust governance structure: further enhance internal controls and governance to optimize utilization of business resources
2. Finance and risk management: achieve sustainable financial foundations and risk management as our problem-solving infrastructure

Balance of Deposits and Loans

Thanks to the support of our customers in the community, deposits increased from the previous fiscal year by ¥67.8 billion (2.1% increase) to ¥3,168.6 billion. Loans declined by ¥39.3 billion (3.2% decrease) from the previous fiscal year to a total of ¥1,155.1 billion.

Balance of Securities

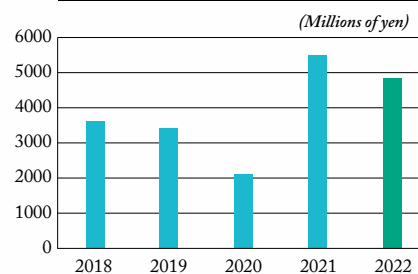
Regarding asset management, we strive for stable operation over the medium to long term, implementing every type of risk management. Our investments are diversified in stocks and mutual funds with a particular focus on domestic and foreign bonds.

Earnings

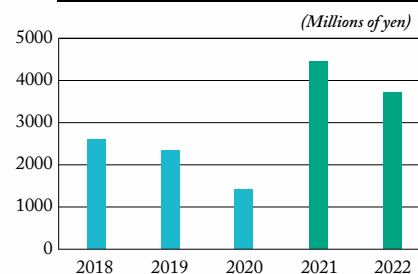
Interest on loans collected grew from the previous fiscal year with higher average outstanding loan balances, but was basically stable as the low interest environment continued. Meanwhile, property expenses and net losses on foreign exchange trading decreased ¥1.1 billion and ¥0.3 billion year-on-year, respectively. These factors resulted in net operating income increasing by ¥0.3 billion (5.6% increase) to ¥6.5 billion.

Ordinary profit for the fiscal year 2021 fell ¥0.1 billion (3.3% decrease) to ¥4.9 billion due to lower extraordinary income, income before income taxes fell ¥0.6 billion (11.7% decrease) to ¥4.8 billion and net income decreased ¥0.7 billion (16.6% decrease) to ¥3.7 billion.

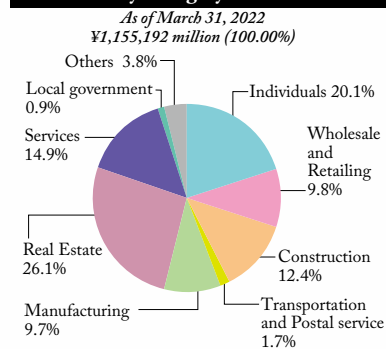
Income Before Income Taxes



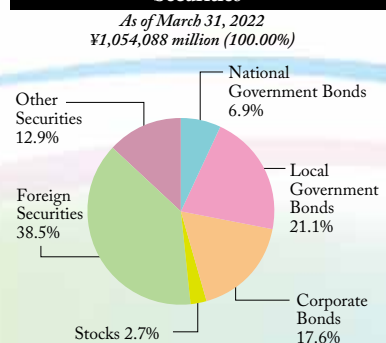
Net Income



Loans by Category of Borrower

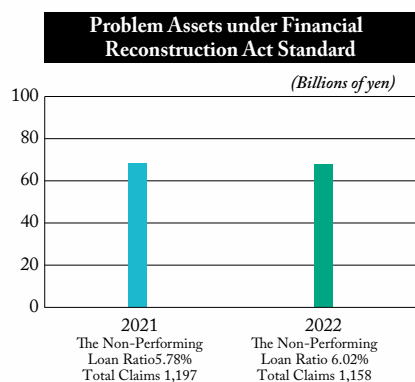


Securities



* 1: The balance by securities type is the amount on the balance sheet as of the end of March 2022.

* 2: Other Securities are investment trusts and other vehicles



Glossary of Terms

Bankrupt and Quasi-Bankrupt Assets

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

Doubtful Assets

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

Substandard Loans

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

Normal Assets

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

Non-Performing Assets

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

Tamashin's non-performing loans increased by ¥0.4 billion to ¥69.7 billion from the previous fiscal year. The non-performing loans ratio increased by 0.24 points to 6.02% from the previous fiscal year to ¥39.5 billion decline of total lending.

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

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

Tamashin's loans disclosed under the Financial Reconstruction Act amounted to ¥69.7 billion excluding normal claims, and 83.29% of those are secured by collateral, guarantees and/or loan loss reserves. The remaining ¥11.6 billion, or 16.70%, is covered in full by equity capital (total net assets of ¥126.3 billion).

* There are no substandard loans

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

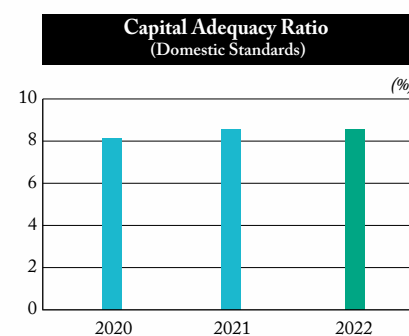
Years ended March 31, 2022 and 2021

	Millions of yen	
	2022	2021
Bankrupt and Quasi-Bankrupt Assets	¥ 5,747	¥ 5,892
Doubtful Assets	64,028	63,388
Substandard Loans	—	—
Total Loans past due for three months or more	—	—
Total Restructured Loans	—	—
Normal Assets	1,088,495	1,128,547
Total	¥ 1,158,270	¥ 1,197,828

Capital Adequacy Ratio

As to the capital adequacy ratio, the amount of total capital, the numerator, increased by ¥2.6 billion to ¥114.1 billion year-on-year due to retained earnings and other factors, while the value of risk assets, the denominator, increased by ¥32.8 billion to ¥1,333.6 billion in line with the growth in security-related risk assets. As a result, the capital adequacy ratio fell 0.01 percentage point to 8.56%.

As for the non-performing loans ratio, the amount of disclosed loans under the Financial Reconstruction Act excluding normal claims, which is the numerator, increased ¥0.4 billion year-on-year to ¥69.7 billion, while the amount of total claims, which is the denominator, declined ¥39.5 billion to ¥1,158.2 billion. As the result, the non-performing loans ratio increased by 0.24 points to 6.02%.



Capital Adequacy Ratio (Calculated under Basel III)

Year ended March 31, 2022 and 2021

	Millions of yen	
	2022	2021
Core capital basic items	¥ 115,287	¥ 112,813
Core capital adjustment items	(1,092)	(1,232)
Total Capital	¥ 114,194	¥ 111,580
Risk Assets		
Total amount of credit risk assets	¥ 1,268,751	¥ 1,237,549
Amount Obtained by Dividing Operational Risk Equivalent by 8%	64,871	63,206
Capital Adequacy Ratio	8.56%	8.57%

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

Tamashin’s capital mainly consists of “equity capital” provided by shareholders and “retained earnings” retained internally from past profits, and is computed by deducting an amount of adjustment items related to core capital from an amount of basic items related to core capital. Of Tamashin’s capital, the balance of basic items related to core capital stood at ¥115.2 billion and the balance of adjustment items related to core capital stood at ¥1,092 million at the end of the fiscal year ended March 2022.

Method to calculate the capital adequacy ratio under Basel III

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

Compliance-Related Efforts

1. Compliance Management Structure

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

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

2. Dissemination of Compliance Manual

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

3. Hold a Compliance Program

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

Compliance Declaration

The Tama Shinkin Bank, in order to respond to the trust placed in the Bank by customers and society, shall execute business activities by constantly reminding ourselves of the social responsibility and public mission of a shinkin bank, maintaining deep insight and a strong sense of ethics, and placing compliance as one of the most important management priorities. In order to establish a corporate culture based on compliance, we hereby declare that the Tama Shinkin Bank shall formulate and abide by the “Compliance Declaration.”

1. Establishment of Trust

The Tama Shinkin Bank, fully conscious of its public mission and social responsibility, shall earn the trust of the local community and customers through sound management.

2. Sincere and Fair Business Activities

The Tama Shinkin Bank shall strictly abide by laws, regulations and rules, and execute sincere and fair business activities in accordance with the norms accepted by society.

3. Contributions to the Local Community

The Tama Shinkin Bank shall contribute to the local community by sharing and solving the problems of customers and the region.

4. Fair and Appropriate Disclosure of Information

The Tama Shinkin Bank shall realize transparent management by disclosing financial and other information in a fair and appropriate manner.

5. Exclusion of Antisocial Forces

The Tama Shinkin Bank shall resolutely exclude antisocial forces that pose a threat to social order and security.

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

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

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

Financial Statements

Year Ended March 31, 2022

Notes to Non-Consolidated Financial Statements

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
ASSETS			
Cash	¥ 32,803	¥ 31,799	\$ 268,020
Due from Banks	1,134,680	920,683	9,271,020
Monetary Claims Purchased	68,047	50,294	555,989
Money Held in Trust	16,060	15,593	131,225
Trading Account Securities	0	5	0
Trading Account National Government Bonds	0	5	0
Securities	1,054,088	1,175,118	8,612,537
National Government Bonds	73,360	186,185	599,399
Local Government Bonds	223,203	238,411	1,823,703
Corporate Bonds	185,771	186,831	1,517,864
Stocks	28,910	28,470	236,217
Other Securities	542,842	535,218	4,435,351
Loans and Bills Discounted	1,155,192	1,194,545	9,438,615
Bills Discounted	5,489	5,657	44,853
Loans on Bills	17,666	22,555	144,348
Loans on Deeds	1,117,362	1,154,549	9,129,522
Overdrafts	14,673	11,782	119,890
Foreign Exchange	1,748	1,284	14,287
Due from Foreign Banks	1,722	1,274	14,077
Foreign Bills of Exchange Bought	13	2	111
Foreign Bills of Exchange Receivable	12	7	99
Other Assets	25,139	22,190	205,403
Outstanding Bank Transfer Advanced	722	561	5,904
Investment in the Shinkin Central Bank	11,265	11,265	92,048
Prepaid Expenses	112	48	920
Accrued Income	5,201	4,632	42,496
Gross Unrealized Gains from Derivative Transactions	116	25	952
Cash Collateral Advanced for Derivative Transactions	6,569	3,366	53,672
Others	1,151	2,291	9,409
Tangible Fixed Assets	34,455	36,004	281,523
Building	9,812	10,644	80,170
Land	20,416	21,329	166,818
Leased Assets	9	14	79
Construction in Progress	248	—	2,029
Other Tangible Fixed Assets	3,968	4,015	32,425
Intangible Fixed Assets	1,515	1,710	12,386
Software	823	1,043	6,726
Software in Progress	31	—	258
Others	661	666	5,401
Deferred tax Assets	81	—	664
Reverse against Debt Guarantee	849	1,184	6,939
Reserve for Possible Loan Losses	(9,463)	(8,806)	(77,319)
(Specific Reserve for Possible Loan Losses)	(8,183)	(7,260)	(66,865)
Total Assets	¥ 3,515,199	¥ 3,441,607	\$ 28,721,295

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

2. Figures stated in U.S. dollars are translated solely for convenience at ¥122.39 to U.S.\$1, the rate prevailing on March 31, 2022.

3. Based on the provisions of Article 15, paragraph 1, item 1 in the law regarding cooperative financial institution's preferred securities (No. 44; enacted on May 12, 1993), we cancelled the entire amount of preferred capital that had already been issued on December 22, 2011. After receiving this cancellation of preferred share, we transferred ¥5,350 million (US\$43,712 thousand) of preferred share in this current fiscal year and are recording the amount as other share.

Non-Consolidated Balance Sheets

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

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
LIABILITIES			
Deposits	¥ 3,168,626	¥ 3,100,736	\$ 25,889,585
Current Deposits	66,505	68,862	543,389
Ordinary Deposits	1,989,297	1,872,802	16,253,760
Savings Deposits	9,388	9,242	76,708
Deposits at Notice	3,284	3,245	26,837
Time Deposits	1,021,027	1,053,328	8,342,408
Installment Savings	50,907	56,333	415,942
Other Deposits	28,215	36,922	230,538
Call Money	97,912	85,246	800,000
Cash Collateral Received for Repurchase Agreement	103,198	98,644	843,197
Foreign Exchange	49	7	402
Foreign Bills of Exchange Sold	13	5	107
Foreign Bills Payable	36	1	295
Other Liabilities	12,829	10,356	104,823
Outstanding Bank Transfer Received	1,085	914	8,869
Accrued Expenses	440	572	3,598
Reserve for Future Interest Payment of Installment Savings	15	21	128
Income Taxes Payable	464	251	3,798
Consumption Taxes Payable	61	—	498
Unearned Income	222	151	1,816
Unsettled Equity Refunds	38	78	318
Unrefunded Equity Interest	—	0	—
Deposits from Employees	1,230	1,178	10,051
Gross Unrealized Losses from Derivative Transactions	7,837	5,410	64,037
Lease Obligations	11	16	91
Asset Retirement Obligations	711	711	5,811
Other Liabilities	710	1,050	5,804
Reserve for Employee Bonuses	1,109	1,056	9,065
Reserve for Employee Retirement Benefits	318	299	2,605
Reserve for Director's Retirement Benefits	339	591	2,773
Reserve for Reimbursement of Deposits	27	131	228
Reserve for Contingencies	567	503	4,637
Deferred Tax Liabilities	—	4,634	—
Deferred Tax Liabilities for Land Revaluation	3,022	3,022	24,692
Debt Guarantee	849	1,184	6,939
Total Liabilities	¥ 3,388,850	¥ 3,306,415	\$ 27,688,951
NET ASSETS			
Paid-in Members' Capital	26,153	26,127	213,688
Common Share	20,803	20,777	169,976
Other Share	5,350	5,350	43,712
Capital Retained Earnings	766	766	6,261
Legal Capital Reserve	766	766	6,261
Retained Earnings	86,967	84,016	710,578
Legal Reserve	23,440	22,990	191,521
Voluntary Reserve	63,527	61,025	519,057
Reserve for Specific Purpose	58,500	56,000	477,980
Unappropriated Retained Earnings for the Current Term	5,027	5,025	41,077
Treasure Share	(0)	(0)	(1)
Total Members' Equity	113,887	110,909	930,527
Unrealized Gains on Available-for-sale Securities	9,355	21,696	76,436
Deferred Gains or Losses on Hedges	168	11	1,377
Land Revaluation Excess	2,937	2,573	24,001
Total of Valuation and Translation Adjustments.	12,461	24,282	101,815
Total Net Assets	126,348	135,192	1,032,343
Total Liabilities and Net Assets	¥ 3,515,199	¥ 3,441,607	\$ 28,721,295

Non-Consolidated Balance Sheets

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

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

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

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

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

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

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

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

The estimated useful lives of major items are as follows:

Buildings	15 to 50 years
Others	3 to 20 years

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

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

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

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

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

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

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

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

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

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The cumulative write-off amount was ¥6,486 million (US\$52,996 thousand).

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

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

Actuarial Differences

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

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

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

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

a) Matters concerning the corporate pension plan’s reserve (as of March 31, 2021)

	Millions of yen	Thousands of U.S. dollars
Amount of Pension Assets	¥ 1,732,930	\$ 14,159,083
Sum of Amount of Actuarial Pension Obligations Amount of the Minimum Actuarial Liability	1,817,887	14,853,239
Balance	¥ (84,957)	\$ (694,155)

b) Share of the Bank’s premium contributions to the plan (as of March 31, 2021) was 2.1599%

c) Supplementary explanations

The main factor for the balance in a) above is the balance of ¥178,469 million (US\$1,458,200 thousand) in past service liabilities. As the pension plan uses the equal payment fixed-rate method for amortizing past service costs over a period of 19 years and 0 months, the Bank charged ¥419 million (US\$3,429 thousand) in special premiums in the financial statements for the fiscal year ended March 2021.

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

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

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

20. National and local consumption taxes (hereafter "consumption taxes") are accounted for using the net of tax method. However, non-deductible consumption taxes related to fixed assets are calculated under costs for this fiscal year.
21. The items whose amounts have been appropriated in the financial statements, etc., for the fiscal year by accounting estimates and have the possibility to have a material impact on the financial statements, etc., for the following fiscal year are the following. Reserve for possible loan losses was ¥9,463 million (US\$77,319 thousand)
The calculation method of the reserve for possible loan losses is recorded in 10. Significant Accounting Policies. The main assumption regarding the appropriation of the reserve for possible loan losses is "Future Business Outlook of Borrowers in Determining Debtor Categories," where the earning capacity of each debtor is evaluated individually and determined. As the result, in the case where there is a change in the assumption used for the initial estimate due to a change in the business results of an individual borrower, etc., there may be a material impact on the reserve for possible loan losses for the following fiscal year and beyond.
In addition to the above, the main assumption for the additional reserve for possible loan losses corresponding to debtors whose credit risk has increased as the result of the impact of the spread of COVID-19 is the impact of COVID-19 on the business of the debtors, and additional individual reserve for possible loan losses is appropriated for the specific debtors on whom there has been a major impact as the result of preventing the spread of the disease. Because of this, in the case where there is a change on the assumption initially used for the estimate concerning the prospects of COVID-19 coming to an end, it may have a material impact on the reserve for possible loan losses in the financial statements, etc., for the following fiscal year.
22. Total monetary claims to directors and auditors as a result of transactions between directors and auditors were ¥95 million (US\$779 thousand)
23. Capitalization of subsidiaries was ¥2,062 million (US\$16,853 thousand)
24. Total monetary claims for subsidiaries were ¥493 million (US\$4,031 thousand)
25. Total monetary liabilities for subsidiaries were ¥4,367 million (US\$35,682 thousand)
26. Cumulative total depreciation of tangible fixed assets was ¥22,727 million (US\$185,693 thousand)
27. Reduction entry amount of tangible fixed assets was ¥289 million (US\$2,361 thousand)

Non-Consolidated Balance Sheets

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

1) Acquisition Cost Expenses

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 384	\$ 3,140
Intangible Fixed Assets	0	4
Total	¥ 384	\$ 3,145

2) Accumulated Depreciation

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 207	\$ 1,694
Intangible Fixed Assets	0	2
Total	¥ 207	\$ 1,697

3) Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 176	\$ 1,445
Intangible Fixed Assets	0	1
Total	¥ 177	\$ 1,447

4) Future Lease Payments Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
1 year or Less	¥ 75	\$ 620
Exceeding 1 Year	118	966
Total	¥ 194	\$ 1,586

5) Lease Payments, Depreciation Expense and Interest Expense Payments

	Millions of yen	Thousands of U.S. dollars
Lease Payments	¥ 98	\$ 801
Depreciation Expense	74	606
Interest Expense Payments	¥ 23	\$ 189

6) Depreciation Expense Calculation Method

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

7) Calculation Method for Interest Payments

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

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

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

	Millions of yen	Thousands of U.S. dollars
Bankrupt and Quasi-bankrupt Assets	¥ 5,747	\$ 46,958
Doubtful assets	64,028	523,149
Loans past due for three months or more	—	—
Restructured loans	—	—
Total	¥ 69,775	\$ 570,108

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

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

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

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

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

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

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

Bills accepted by other banks, commercial bills, bills of exchange, and foreign bills bought are permitted to be sold or pledged and the total face value was ¥5,489 million (US\$44,853 thousand).

31. Assets pledged as collateral are as follows.

Assets pledged as collateral:

	Millions of yen	Thousands of U.S. dollars
Securities	¥ 1,974	\$ 16,135
Other Assets	12	101

Other liabilities corresponding to the above pledged assets are mainly those corresponding to national revenue and public money.

In addition to the above, due from banks totalling ¥165,000 million (US\$1,348,149 thousand), securities totalling ¥66,488 million (US\$543,247 thousand), and other assets totalling ¥3 million (US\$24 thousand) were pledged as collateral for exchange settlements, exchange yen settlements, forward exchange contracts, foreign currency yen settlements and call transactions, or in lieu of futures trading margin money. Securities lent out for cash-secured bond lending transactions amounted to ¥109,342 million (US\$893,397 thousand), while cash collateral accepted for bond lending transactions amounted to ¥103,198 million (US\$843,197 thousand).

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

Date of the revaluation:

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

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

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

The difference between the total fair value of the revalued business land as of March 31, 2022 as stipulated in Article 10 of the Land Revaluation Law, and the total book value after revaluation is △¥3,126 million (△US\$25,549 thousand).

33. Net assets per investment unit is ¥303.68 (US\$2.48)

34. Concerning the situation of financial instruments

1) Policy for dealing with financial instruments

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

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

2) Contents of financial instruments and their risk

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

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

3) Risk management systems for financial instruments

A. Credit risk management

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

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

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

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

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

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

B. Market risk management

i. Interest rate risk management

The Bank uses ALM to manage interest rate risk.

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

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

Additionally, using ALM, the Bank conducts derivative transactions (interest rate swaps) to hedge against the risk of fluctuations in the interest rate.

ii. Exchange rate risk management

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

iii. Market price fluctuation risk management

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

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

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

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

iv. Derivative transactions

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

v. Quantitative information regarding market risk

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

The Bank's VaR is calculated according to the historical simulation method (holding period: 1 year, confidence interval: 99%, observation period: 5 years), and as of March 31, 2022 (fiscal year end) the Bank's amount of market risk (estimated value of loss) was ¥24,289 million (US\$198,462 thousand) overall.

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

C. Management of liquidity risk related to fund-raising

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

4) Supplementary explanation on fair values of financial instruments

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

Non-Consolidated Balance Sheets

35. Matters Relating to the Market Values of Financial Instruments

The following are the carrying amount on the balance sheets, the fair value as of March 31, 2022, and net unrealized gains (losses between these amounts (Note 1 in regards to the calculation method for fair value, etc.). Stocks and other securities without market prices and investments in partnerships are not included in the following table (see [Note 2]). Notes are omitted for bills purchased, call loans, receivables under resale agreements, security money payment on bond lease transactions, foreign exchange (assets/liabilities), bills sold, call money, payables under repurchase agreements, cash collateral received for repurchase agreement, and commercial paper, as their fair values approximate their book values due to the short maturity of these instruments.

In addition, immaterial items were omitted from the table.

	Millions of yen		
	Carrying Amount	Fair Value	Net unrealized gains (losses)
1) Due from Banks	¥ 1,134,680	¥ 1,133,840	¥ (839)
2) Monetary Claims Purchased	68,047	68,047	—
3) Securities			
Bonds Classified as Held-to-Maturity	205,612	206,553	941
Available-for-Sale Securities	844,626	844,626	—
4) Loans and Bills Discounted	1,155,192		
Reserve for Possible Loan Losses (*1)	(9,426)		
	1,145,765	1,162,858	17,092
Total Financial Assets	¥ 3,398,732	¥ 3,415,926	¥ 17,194
1) Deposits	3,168,626	3,168,631	(4)
2) Call Money	97,912	97,912	—
3) Bond Lending Transactions	103,198	103,198	—
Total Financial Liabilities	¥ 3,369,737	¥ 3,369,742	(4)
Derivative Transactions (*2)			
to which Hedge Accounting is not Applied	(26)	(26)	—
to which Hedge Accounting is Applied (*3)	(7,686)	(7,686)	—
Total Derivative Transactions	¥ (7,713)	¥ (7,713)	—

	Thousands of U.S. dollars		
	Carrying Amount	Fair Value	Net unrealized gains (losses)
1) Due from Banks	\$ 9,271,020	\$ 9,264,160	\$ (6,859)
2) Monetary Claims Purchased	555,989	555,989	—
3) Securities			
Bonds Classified as Held-to-Maturity	1,679,974	1,687,665	7,690
Available-for-sale securities	6,901,107	6,901,107	—
4) Loans and Bills Discounted	9,438,615		
Reserve for Possible Loan Losses (*1)	(77,020)		
	9,361,595	9,501,255	139,659
Total Financial Assets	\$ 27,769,687	\$ 27,910,178	\$ 140,490
1) Deposits	25,889,585	25,889,626	(40)
2) Call Money	800,000	800,000	—
3) Bond Lending Transactions	843,197	843,197	—
Total Financial Liabilities	\$ 27,532,783	\$ 27,532,824	(40)
Derivative Transactions (*2)			
to which Hedge Accounting is not Applied	(214)	(214)	—
to which Hedge Accounting is Applied (*3)	(62,805)	(62,805)	—
Total Derivative Transactions	\$ (63,019)	\$ (63,019)	—

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

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

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

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

Financial assets

1) Due from banks

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

2) Monetary claims purchased

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

3) Investment securities

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

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

4) Loans

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

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

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

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

Financial liabilities

1) Deposits

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

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

2) Call Money, 3) Bond Lending Transactions

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

Derivative transactions

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

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

	Millions of yen	Thousands of U.S. dollars
	Carrying Amount	
Subsidiaries' Stocks (*1)	¥ 2,062	\$ 16,853
Unlisted Stocks>(*2)(*3)	410	3,350
Investments in Shinkin Central Bank (*4)	11,265	92,048
Investments in Partnerships (*5)	1,376	11,250
Total	¥ 15,115	\$ 123,503

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

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

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

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

(*5). In accordance with Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (July 4, 2019), ASBJ Guidance No. 31, investments in partnerships are not subject to disclosure of fair value.

(Note.3) Scheduled redemption amount of due from banks and securities with a maturity date after March 31, 2022

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	¥ 467,680	¥ 625,000	¥ —	¥ 42,000
Monetary Claims Purchased	—	—	96	68,676
Securities	55,595	255,601	128,947	445,541
Bonds Classified as Held-to-Maturity	4,421	10,228	6,274	184,371
Available-for-sale securities with Maturity Dates	51,173	245,372	122,673	261,170
Loans and Bills Discounted	219,757	231,067	172,751	531,615
Total	¥ 743,032	¥ 1,111,668	¥ 301,795	¥ 1,087,833

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	\$ 3,821,228	\$ 5,106,626	\$ —	\$ 343,165
Monetary Claims Purchased	—	—	790	561,126
Securities	454,246	2,088,417	1,053,581	3,640,341
Bonds Classified as Held-to-Maturity	36,128	83,575	51,262	1,506,424
Available-for-sale securities with Maturity Dates	418,117	2,004,842	1,002,319	2,133,916
Loans and Bills Discounted	1,795,551	1,887,960	1,411,481	4,343,621
Total	\$ 6,071,026	\$ 9,083,004	\$ 2,465,853	\$ 8,888,254

(Note.4) Scheduled redemption amount of borrowings and other interest-bearing debt after March 31, 2022

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	¥ 3,083,497	¥ 72,454	¥ 12,674	—
Call Money	97,912	—	—	—
Bond Lending Transactions	103,198	—	—	—
Total	¥ 3,284,608	¥ 72,454	¥ 12,674	—

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	\$ 25,194,033	\$ 591,996	\$ 103,555	—
Call Money	800,000	—	—	—
Bond Lending Transactions	843,197	—	—	—
Total	\$ 26,837,231	\$ 591,996	\$ 103,555	—

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

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

1) Securities Classified as Trading

	Gains (Losses) include in profit/loss for the Current Fiscal Year	
	Thousands of yen	U.S. dollars
Securities Classified as Trading	¥ (1)	\$ (11)

2) Held-to-maturity bonds

	Type	Millions of yen		
		Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain	National Government Bonds	¥ 999	¥ 1,031	¥ 31
	Local Government Bonds	91,993	93,015	1,022
	Corporate Bonds	20,506	21,057	551
	Other	6,239	6,306	67
	Subtotal	119,738	121,410	1,672
Unrealized loss	National Government Bonds	—	—	—
	Local Government Bonds	49,126	48,688	(437)
	Corporate Bonds	27,347	27,177	(169)
	Other	9,400	9,276	(123)
	Subtotal	85,873	85,142	(730)
Total		¥ 205,612	¥ 206,553	¥ 941

	Type	Thousands of U.S. dollars		
		Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain	National Government Bonds	\$ 8,164	\$ 8,423	\$ 259
	Local Government Bonds	751,644	759,995	8,350
	Corporate Bonds	167,547	172,050	4,503
	Other	50,981	51,530	549
	Subtotal	978,337	992,000	13,662
Unrealized loss	National Government Bonds	—	—	—
	Local Government Bonds	401,389	397,811	(3,578)
	Corporate Bonds	223,443	222,059	(1,384)
	Other	76,803	75,794	(1,009)
	Subtotal	701,636	695,665	(5,971)
Total		\$ 1,679,974	\$ 1,687,665	\$ 7,690

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

Non-Consolidated Balance Sheets

3) Available-for-sale securities

		Millions of yen		
Type		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	¥ 22,981	¥ 11,511	¥ 11,469
	Bonds	170,193	166,429	3,764
	National Government Bonds	56,430	53,804	2,625
	Local Government Bonds	39,477	39,086	391
	Corporate Bonds	74,284	73,538	746
	Other	241,819	228,716	13,102
	Subtotal	434,993	406,657	28,335
Unrealized loss	Stocks	3,456	3,955	(498)
	Bonds	122,169	123,923	(1,753)
	National Government Bonds	15,930	16,266	(336)
	Local Government Bonds	42,605	43,477	(871)
	Corporate Bonds	63,633	64,179	(545)
	Other	352,995	366,122	(13,126)
	Subtotal	478,621	494,000	(15,378)
	Total	¥ 913,615	¥ 900,658	¥ 12,956

		Thousands of U.S. dollars		
Type		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	\$ 187,770	\$ 94,059	\$ 93,710
	Bonds	1,390,580	1,359,826	30,754
	National Government Bonds	461,074	439,618	21,455
	Local Government Bonds	322,556	319,356	3,200
	Corporate Bonds	606,949	600,851	6,098
	Other	1,975,807	1,868,753	107,053
	Subtotal	3,554,157	3,322,639	231,518
Unrealized loss	Stocks	28,243	32,315	(4,071)
	Bonds	998,197	1,012,526	(14,328)
	National Government Bonds	130,160	132,906	(2,745)
	Local Government Bonds	348,112	355,236	(7,124)
	Corporate Bonds	519,923	524,382	(4,459)
	Other	2,884,188	2,991,440	(107,252)
	Subtotal	3,910,629	4,036,281	(125,652)
	Total	\$ 7,464,787	\$ 7,358,920	\$ 105,866

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

2. The ¥3,601 million (US\$29,429 thousand) is calculated by deducting the deferred tax liabilities amount of ¥9,355 million (US\$76,436 thousand) from the evaluation excess amount of ¥12,956 million (US\$105,866 thousand) and is included in "Unrealized gains on available-for-sale securities."

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

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

		Millions of yen		
		Proceeds from sales	Gain on Sales	Loss on Sales
Equity securities	¥	1,296	¥ 65	¥ 341
Bonds		138,387	121	46
National Government Bonds		111,226	37	46
Local Government Bonds		10,194	22	—
Corporate Bonds		16,965	61	0
Other		49,550	229	1,998
Total	¥	189,234	¥ 416	¥ 2,387

		Thousands of U.S. dollars		
		Proceeds from sales	Gain on Sales	Loss on Sales
Equity securities	\$	10,596	\$ 533	\$ 2,791
Bonds		1,130,707	989	383
National Government Bonds		908,788	303	378
Local Government Bonds		83,298	186	—
Corporate Bonds		138,619	499	5
Other		404,856	1,876	16,328
Total	\$	1,546,159	\$ 3,399	\$ 19,504

39. Assets held in trust for investment

		Millions of yen	
		Carrying Amount	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment		¥ 15,074	¥ (68)

		Thousands of U.S. dollars	
		Carrying Amount	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment		\$ 123,170	\$ (560)

40. Other monetary trusts

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

		Millions of yen				
		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)	Unrealized gain	Unrealized loss
Other monetary trusts		¥ 985	¥ 1,003	¥ (17)	—	¥ (17)

		Thousands of U.S. dollars				
		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)	Unrealized gain	Unrealized loss
Other monetary trusts		\$ 8,054	\$ 8,200	\$ (145)	—	\$ (145)

41. Matters regarding real estate for lease

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

42. Securities lent under unsecured securities lending agreements (bond borrowing and lending transactions) are included in "National Government Bonds" for a total of ¥62,111 million (US\$507,489 thousand).

43. Overdraft facilities contracts and loan commitment limits are contracts under which the Bank lends to customers up to prescribed limits. Under these contracts, funds can be drawn based on customers' application for a loan as long as there is no violation of any condition in the contracts. The unused amount within the limits relating to these contracts was ¥57,637 million (US\$470,935 thousand). Of these contracts, those where the remaining period on the contract is 1 year or less amount to ¥48,192 million (US\$393,765 thousand).

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

44. Details of deferred tax assets and liabilities as of March 31, 2022 are as follows.

	Millions of yen	Thousands of U.S. dollars
	Proceeds from sales	
Deferred Tax Assets		
Reserve for Possible Loan Losses	¥ 2,902	\$ 23,716
Depreciation	435	3,559
Reserve for Bonuses	309	2,531
Reserve for Director's Retirement Benefits	94	774
Reserve for Employee Retirement Benefits	89	727
Other	1,380	11,278
Gross Deferred Tax Assets	5,212	42,587
Less: Valuation Allowance	(1,359)	(11,109)
Total Deferred Tax Assets	3,852	\$ 31,478
Deferred Tax Liabilities		
Net Unrealized Gains on Available-for-Sale Securities	3,601	29,429
Other	169	1,384
Total Deferred Tax Liabilities	3,771	30,813
Net Deferred Tax Liabilities	¥ 81	\$ 664

45. Change in accounting method

The Bank has adopted ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition" (March 31, 2020) and others from the beginning of the fiscal year under review and recognizes revenue at the amount expected to be received in exchange for promised goods or services at the time control of the promised goods or services is transferred to the customer. This change has no material impact on the financial statements.

The Bank has followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. However, the cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the fiscal year under review is immaterial, and therefore, the Bank has not applied the new accounting policy retrospectively.

The Bank has adopted ASBJ Statement No. 30 "Accounting Standard for Measurement of Fair Value" (July 4, 2019) and other related accounting standards from the beginning of the fiscal year under review, and has prospectively applied the new accounting policies stipulated by these standards in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (July 4, 2019), ASBJ Statement No. 10.

This change has no material impact on the financial statements.

46. Changes in presentation method

Following the partial revision of the Ordinance for Enforcement of the Shinkin Bank Act (Cabinet Office Ordinance No. 3, January 24, 2020), which took effect on March 31, 2022, the classification of "risk-monitored loans" under the Shinkin Bank Act is presented in accordance with the classification of disclosed claims under the Act on Emergency Measures for Revitalization of Financial Functions.

47. Additional information

In accordance with the provisions of Article 15, paragraph 1, item 1 in the law regarding cooperative financial institution's preferred shares (No.44; enacted on May 12, 1993), we cancelled the entire amount of preferred shares, and, after this cancellation, transferred the amount of ¥5,350 million (US\$43,712 thousand) of preferred shares to other shares in this current fiscal year.

Non-Consolidated Statements of Income and Retained Earnings

	Thousands of yen		Thousands of U.S. dollars
	2022	2021	2022
OPERATING REVENUE	¥ 39,529,750	¥ 41,918,141	\$ 322,981
Interest Income	33,673,343	33,521,945	275,131
Loans	19,953,134	19,971,861	163,029
Deposits in Other Banks	1,053,810	951,044	8,610
Investment Securities	12,076,028	12,092,144	98,668
Interest Rate Swaps	1,937	26,951	15
Others	588,431	479,942	4,807
Fees and Commissions Received	4,131,139	4,043,091	33,753
Exchange Commissions Received	1,864,834	1,980,270	15,236
Others	2,266,304	2,062,820	18,517
Other Operating Income	907,747	1,742,902	7,416
Net Gain on Sales of Bonds such as National Government Bonds	346,974	1,115,360	2,834
Net Gain on Redemption of Bonds such as National Government Bonds	123,568	30,364	1,009
Others	437,205	597,178	3,572
Other Income	817,519	2,610,202	6,679
Gain on Bad Debts Recovered	275,661	210,401	2,252
Gains on Sales of Stocks	213,602	1,768,998	1,745
Gains on Money Held in Trust	297,685	599,901	2,432
Others	30,570	30,901	249
OPERATING EXPENSE	¥ 34,605,978	¥ 36,825,254	\$ 282,751
Interest Expense	433,123	597,872	3,538
Deposits	64,633	172,527	528
Provisions for Future Interest Payment of Installment Savings	3,141	6,341	25
Interest on Borrowings	7	113,231	0
Interest on Call Money	19,520	10,189	159
Interest Payment on Bond Lease Transactions	338,514	289,063	2,765
Others	7,306	6,518	59
Fees and Commissions Paid	1,575,454	1,695,460	12,872
Exchange Commissions Paid	546,349	687,182	4,464
Others	1,029,105	1,008,277	8,408
Other Operating Expenses	3,111,733	2,491,831	25,424
Net Loss on Foreign Exchange Trading	711,935	1,084,295	5,816
Net Loss on Trading	54	156	0
Net Loss on Sales of Bonds such as National Government Bonds	2,045,439	619,572	16,712
Bond Redemption Loss such as on National Government Bonds	286,147	742,404	2,337
Derivative Financial Instrument Expense	7,920	—	64
Others	60,235	45,402	492

Non-Consolidated Statements of Income and Retained Earnings

	Thousands of yen		Thousands of U.S. dollars
	2022	2021	2022
General and Administrative Expenses	27,385,379	28,361,772	223,755
Salaries and Employee Benefits	16,189,007	16,459,632	132,273
Other General and Administrative Expenses	10,115,140	11,243,279	82,646
Tax	1,081,232	658,859	8,834
Other Expense	2,100,286	3,678,318	17,160
Provisions of Reserve for Possible Loan Losses	1,389,419	1,875,628	11,352
Write - off of Loans	57,410	43,956	469
Loss on Sale of Receivables	—	221,742	—
Loss on Sale of Stocks	342,677	1,004,731	2,799
Loss on Devaluation of Stocks and Other Securities	—	29,568	—
Loss on Money Held in Trust	30,182	500	246
Others	280,595	502,190	2,292
OPERATING INCOME	¥ 4,923,772	¥ 5,092,886	\$ 40,230
EXTRAORDINARY INCOME	121,674	465,976	994
Gain on Disposition of Fixed Assets	121,674	457,966	994
Other Extraordinary Income	—	8,010	—
EXTRAORDINARY LOSS	198,848	69,686	1,624
Loss on Disposal of Fixed Assets	192,251	68,005	1,570
Losses on Impairment of Fixed Assets	6,596	1,681	53
INCOME BEFORE INCOME TAXES	¥ 4,846,597	¥ 5,489,176	\$ 39,599
INCOME TAXES CURRENT	1,124,882	719,635	9,190
INCOME TAXES DEFERRED	8,665	315,874	70
TOTAL INCOME TAXES	1,133,548	1,035,510	9,261
NET INCOME	¥ 3,713,049	¥ 4,453,665	\$ 30,337
RETAINED EARNINGS AT BEGINNING OF YEAR	1,678,032	1,472,485	13,710
Reversal of Land Revaluation Excess	(363,601)	(900,342)	(2,970)
RETAINED EARNINGS AT END OF YEAR	¥ 5,027,481	¥ 5,025,808	\$ 41,077

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

2. Total earnings by transactions with subsidiaries ¥ 79,072 thousand (US\$ 646,067)

 Total expenses by transactions with subsidiaries ¥ 1,678,419 thousand (US\$ 13,713,698)

3. Net Income per share ¥ 8.91 (US\$ 0.072)

4. Following premises were written down to recoverable amount and the losses are stated as "Losses on Impairment of Fixed Assets" in extraordinary loss.

Area	Purpose of Use	Type	Thousands of yen	Thousands of
			Impairment Loss	U.S. dollars
Higashikurume City	Office	Buidings and equipment	¥ 384	\$ 3
Sagamihara City	Office	Buidings and equipment	6,212	50
Total			¥ 6,596	\$ 53

The recoverable amount is a consequence of net realizable value, determined based on prices obtained from an appraiser by less estimated costs of disposal.

Notes: 5. The basic information required to understand income is found in the notes to the balance sheet, together with the significant accounting policies.

Five-Year Summary

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

The Tama Shinkin Bank
Years ended March 31, 2022, 2021, 2020, 2019 and 2018

	Millions of yen					Thousands of U.S. dollars
	2022	2021	2020	2019	2018	2022
For the Years Ended March 31						
Total Income	¥ 39,651	¥ 42,384	¥ 47,656	¥ 44,751	¥ 41,552	\$ 323,976
Interest on Loans and Bills Discounted	21,006	20,922	19,694	19,882	20,122	171,639
Interest and Dividends on Securities	12,076	12,092	17,139	16,946	14,105	98,668
Total Expenses	34,804	36,894	45,551	41,324	37,940	284,376
Business Profit	6,570	6,221	4,773	3,627	3,842	53,684
Income Before Income Taxes	4,846	5,489	2,105	3,427	3,611	39,599
Net Income	3,713	4,453	1,413	2,332	2,606	30,337
As of March 31						
Total Assets	¥ 3,515,199	¥ 3,441,607	¥ 3,082,685	¥ 3,042,639	¥ 2,989,784	\$28,721,295
Securities	1,054,088	1,175,118	1,122,200	1,162,820	1,117,253	8,612,537
Loans and Bills Discounted	1,155,192	1,194,545	1,090,416	1,072,061	1,033,057	9,438,615
Total Liabilities	3,388,850	3,306,415	2,972,689	2,920,582	2,871,390	27,688,951
Deposits	3,168,626	3,100,736	2,802,870	2,740,758	2,702,799	25,889,585
Total Net Assets	126,348	135,192	109,996	122,056	118,394	1,032,343
Number of Branches	81	81	82	83	83	
Number of Employees and Officers	1,924	1,959	1,982	2,005	2,016	
Deposits						
Per Branch	¥ 39,118	¥ 38,280	¥ 34,181	¥ 33,021	¥ 32,563	\$ 319,624
Per Employee and Officer	1,646	1,582	1,414	1,366	1,340	13,456
Loans and Bills Discounted						
Per Branch	14,261	14,747	13,297	12,916	12,446	116,526
Per Employee and Officer	600	609	550	534	512	4,905

Note: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2022 of ¥122.39=US\$1.

Supplemental Consolidated Financial Information

Supplemental Consolidated Financial Information (Unaudited)

The Tama Shinkin Bank and Subsidiaries
Years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
For the Fiscal Year:			
Total Income	¥ 44,284	¥ 47,143	\$ 361,828
Total Expenses	38,990	41,401	318,576
Income Before Income Taxes and Others	5,293	5,742	43,251
Net Income	4,027	4,598	32,909
Profit attributable to owners of parent	3,993	4,576	32,628
At Year-End:			
Deposits	¥ 3,164,259	¥ 3,096,729	\$ 25,853,903
Loans and Bills Discounted	1,154,895	1,194,259	9,436,195
Securities	1,052,643	1,173,728	8,600,731
Total Assets	3,525,948	3,452,952	28,809,122
Total Net Assets	133,176	141,640	1,088,131
Per Share Data (par value ¥50):			
Net Assets	¥ 320.98	¥ 341.81	\$ 2.622
Net Income	9.60	11.49	0.078

Notes: 1.The Bank consolidated three subsidiaries for the years ended March 31, 2022 and 2021.

2.U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2022 of ¥122.39=US\$1.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Tama Shinkin Bank.

Opinion

We have audited the financial statements of the Tama Shinkin Bank, which comprise the balance sheet as at March 31, 2022, and the statement of income, and notes to financial statements, all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, in accordance with the Ordinance on Shinkin Bank Law, Article 38-2, Paragraph 3 and 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 Financial Statements section of our report. We are independent of the Tama Shinkin Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in business report. Management is responsible for the other information. Supervisory Board Member are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Tama Shinkin Bank other information reporting process.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Supervisory Board Member for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Shinkin Bank Act and its enforcement regulations and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Supervisory Board Member are responsible for overseeing the Shinkin Bank financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, of which selection and application depend on the auditor's judgment, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tama Shinkin Bank internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Tama Shinkin Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Tama Shinkin Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation, as well as whether the presentation and disclosures of the financial statements conform to accounting principles generally accepted in Japan.

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

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

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

Junichi Izumi
Designated Engagement Partner
Certified Public Accountant

A handwritten signature in black ink that reads "Junichi Izumi". The signature is written in a cursive style with a large initial 'J' and 'I'.

Grant Thornton Taiyo LLC
Tokyo, Japan
October 17, 2022

Board of Directors
and Auditors
As of June 30, 2022

President
Toshiro Yagi

Senior Managing Director
Masahiko Kanai

Managing Directors
Hiroyuki Saito
Tetsuo Fusa
Hideyuki Maekawa

Directors
Naoko Takahashi
Nobutoshi Tsuji
Nobuaki Sakai
Hiroyuki Shibuya
Daijiro Ikeda

Standing Auditor
Kiyoshi Fukushima

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