



HAMAMATSU IWATA SHINKIN BANK

Annual Report 2021

Fiscal year ended March 31, 2021

About Hamamatsu Iwata Shinkin Bank



Established in 1950, Hamamatsu Iwata Shinkin Bank is a *shinkin* bank headquartered in Naka-ku of Hamamatsu City in Shizuoka Prefecture. With western Shizuoka Prefecture, centering on Hamamatsu, as its business area, Hamamatsu Iwata Shinkin Bank ranks number one in terms of the volume of deposits and loans among the nine *shinkin* banks within Shizuoka Prefecture. Western Shizuoka Prefecture is situated in the geographic center of Japan and is noted for its mild climate, attributes that have helped spur the development of a diverse range of industries in the region over many years. Renowned as

the birthplace of such leading companies as Suzuki Motor Corporation, Yamaha Corporation and Honda Motor Co., Ltd., this region has witnessed the development of such industries as the automobile, musical instruments and machinery and metals industries, and has supported Japan's economy as a manufacturing hub. Hamamatsu, the location of our Head Office, is also home to numerous manufacturing plants and has attracted a large number of expat workers from overseas countries, which gives the city a rich international flavor.

Outline of Hamamatsu Iwata Shinkin Bank (As of March 31, 2021)

Head Office: 114-8 Motoshiro-cho, Naka-ku, Hamamatsu, Shizuoka 430-0946, Japan

Established: April 10, 1950

Deposits: ¥2,649 billion
(including certificates of deposit)

Loans and Bills Discounted: ¥1,303 billion

Share Capital: ¥2.33 billion (120,439 members)

Number of Employees:

Hamamatsu Iwata Shinkin Bank (non-consolidated): 1,801

Hamamatsu Iwata Shinkin Bank Group (total): 1,905

Number of Branches:

86 branches and 81 external ATM corners

Principal Business Operations:

Deposits, loans, investments in marketable securities, domestic exchange, foreign exchange, corporate bonds underwriting and registration, incidental services

Business Region:

Shizuoka Prefecture

Hamamatsu City, Iwata City, Fukuroi City, Kosai City, Kakegawa City, Omaezaki City, Kikugawa City, Makinohara City, Shimada City (Kawane-cho is excluded), Shuchi-gun, Yoshida-cho (Haibara-gun)

Aichi Prefecture

Toyohashi City, Kitashitara-gun (Shitara-cho is excluded)

Overseas Office:

Bangkok Representative Office



Management Philosophy

The Management Philosophy clearly states the core values of Hamamatsu Iwata Shinkin Bank. The philosophy, declared both internally and externally, represents the Bank's missions and business objectives and serves as action guidelines for our employees and directors. We have formulated the Management Philosophy so that all employees and directors fully understand its intent and act toward its realization.

For local communities

We create new value and contribute to community vitalization.

For customers

We walk side by side with customers toward a bright future, regarding their happiness as our own happiness.

Management Philosophy

For employees and directors

We continue to spur change and take on challenges in seeking to become a vibrant organization.

Social responsibilities (CSR, the SDGs and ESG)

We undertake fair and sound management and help to create a sustainable society.

What Is the Shinkin Bank?

The *shinkin* bank is a financial institution that operates within a limited area and serves local residents and small- and medium-sized enterprises in the area. Unlike a commercial bank, which is a joint stock company, it is a cooperative financial institution operating with capital contributions from its members and

under the fundamental principle of being not-for-profit and providing mutual cooperation and solidarity.

Working closely with local communities and acting first and foremost for the promotion of regional development is what the *shinkin* bank does and our *raison d'être*.

About Shinkin Central Bank

Shinkin Central Bank (SCB), established in 1950, is a cooperative financial institution serving as the central bank for shinkin banks in Japan. Its name was changed from the Zenshinren Bank to Shinkin Central Bank on October 1, 2000, and its preferred shares were listed on the Tokyo Stock Exchange on December 22 of the same year.

SCB is one of the largest and healthiest financial institutions in Japan, with total assets amounting to ¥43.6 trillion, the capital adequacy ratio (non-consolidated, domestic standard) standing at 25.60% and the ratio of bad loans standing at 0.27%. It is also one of the few financial institutions to issue debentures. SCB works closely together with its member shinkin banks while assuming three roles, specifically as the central bank of shinkin banks, as an institutional investor and as a regional financial institution.

* Total assets, the capital adequacy ratio (non-consolidated) and the ratio of bad loans are as of March 31, 2021.

■ Corporate Data of Shinkin Central Bank

Name	Shinkin Central Bank
Established	June 1, 1950
Number of Employees and Full-Time Directors	1,199 (including 14 full-time directors)
Network	Domestic: 14; Overseas: 5*
Total Assets	¥43,654.1 billion
Paid-in Capital	¥690.9 billion
Capital Adequacy Ratio	25.60% (non-consolidated, domestic standard)
Number of Member <i>Shinkin</i> Banks	254

* Including Shinkin International Ltd.

(As of March 31, 2021)

Overseas Business Support Services

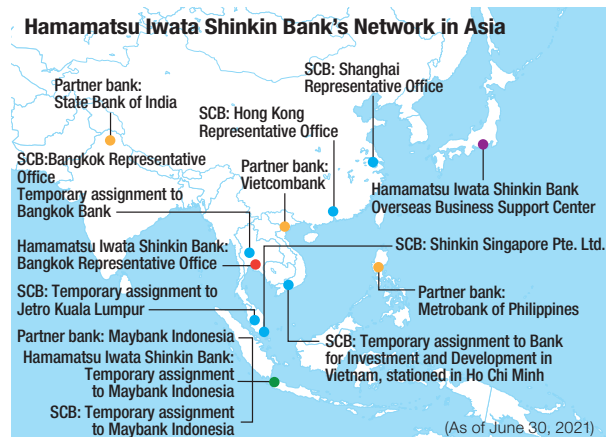
Overseas Business Support Center

The Overseas Business Support Center collaborates with such external support organizations as the Japan External Trade Organization (JETRO), local governments and Shinkin Central Bank (SCB) to offer overseas business support services matched to customer needs. Our service lineup includes providing information on local business and other conditions and assisting in the formulation of plans for setting up operations overseas.



"Overseas Subsidiaries/Affiliates of the West-Shizuoka Companies 2021" can be found at our Web-site; <https://hamamatsu-iwata-intl.jp/>

Number of support cases for overseas business advancement and trade: 191



Bangkok Representative Office

In January 2014, Hamamatsu Iwata Shinkin Bank opened a representative office in Bangkok, Thailand, a city expected to serve as a business hub in Asia. The office provides various support services, including providing information on Thailand and neighboring countries, assisting with site visits and providing referrals to local experts and supporting organizations.



Bangkok Representative Office

Address: 19th Floor, 1901, Athenee Tower, 63 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

TEL: +66-(0)2-168-8303 FAX: +66-(0)2-168-8305

Bangkok Representative Office Location



Hamamatsu Iwata Shinkin Bank Corporate History

The Hamamatsu Shinkin Bank (Hamashin) Corporate History

April 1950	Hamamatsu Credit Association established in accordance with the Small- and Medium-Sized Enterprise Cooperatives Act
May 1950	Head Office opened in Renjaku-cho (near the present Renjaku post office) and business commenced
November 1951	Reorganized as a <i>shinkin</i> bank and became Hamamatsu Shinkin Bank along with the enforcement of the Shinkin Bank Act
December 1952	Head Office moved to Tenma-cho (location of the current Tenma-cho Branch)
March 1962	Established the Hamamatsu Shinkin Bank Basic Policies
October 1968	Computers introduced and offline processing begins
October 1969	Head Office moved to newly constructed building in Motoshiro-cho
December 1974	Deposits reach ¥100.0 billion
October 1977	Operation Center moved to newly constructed building
October 1981	Third online system goes into operation and installation of automated teller machines (ATMs) commenced
June 1987	Hamashin Recreation Center completed
October 1989	Deposits reach ¥500.0 billion
April 1992	Hamashin Consultation Plaza opened in Nakazawa-cho as a specialized consultation counter
May 1997	Hamashin website established
August 1998	Internet banking (home banking/firm banking) transactions commenced
December 1999	Deposits reach ¥1,000.0 billion
April 2000	Marked the 50th anniversary of our establishment
April 2006	Established the Hamamatsu Shinkin Bank Basic Principles (revised version of the Basic Policies established in 1962)
July 2007	Held the 1st Hamashin Business Matching Fair
October 2007	Established the Shizuoka Prefecture Western Region Shinkin Economic Research Institute jointly with Enshu Shinkin Bank
November 2008	Held the 1st Sanen-nanshin Shinkin Summit and the Sanen-nanshin Shinkin Product Exhibition
January 2009	Became a member of the Tokai Region Shinkin Joint Business Center and online system modified
April 2010	Marked the 60th anniversary of our establishment
January 2014	Opened Bangkok Representative Office, the first overseas office
September 2017	Basic merger agreement concluded
October 2018	Logo mark and corporate message announced

The Iwata Shinkin Bank (Iwashin) Corporate History

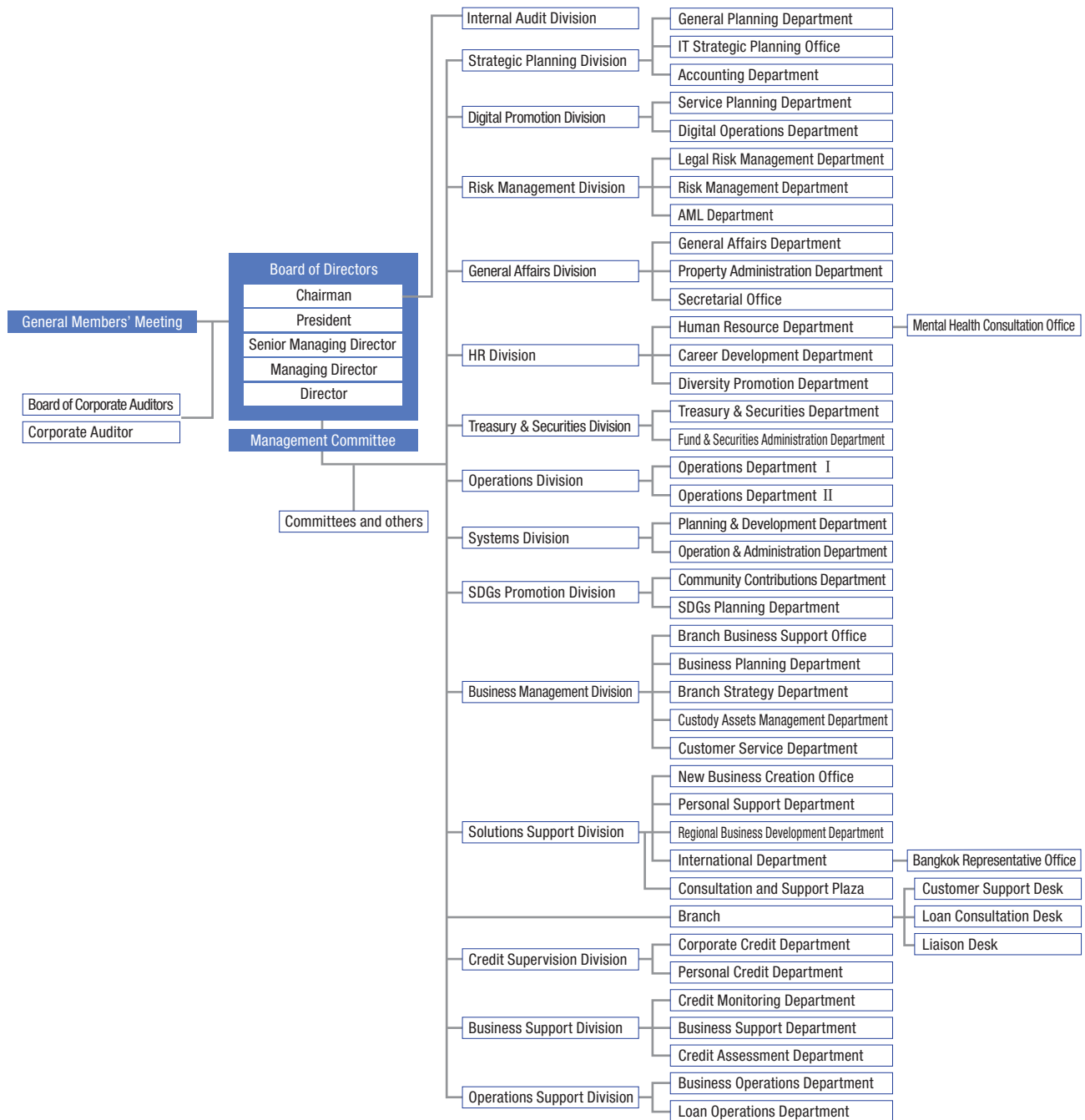
April 1950	Iwata Credit Association established in accordance with the Small- and Medium-Sized Enterprise Cooperatives Act
May 1950	Head Office and Mitsuke Branch opened in Nakaizumi and Mitsuke, respectively, in Iwata City
November 1951	Reorganized as a <i>shinkin</i> bank and became Iwata Shinkin Bank along with the enforcement of the Shinkin Bank Act
May 1955	Head Office newly constructed in front of Iwata Station
February 1963	Business region expanded to Toei-cho, Toyone-mura, Tomiyama-mura and Tsugu-mura in Kitashitara-gun, Aichi Prefecture
August 1966	Business region expanded to Hamamatsu City and Kami-mura in Hamana-gun
May 1968	Computers introduced and a centralized business processing system established
November 1971	Computer Center newly constructed
April 1975	Online deposit processing started among all branches
August 1979	Deposits reach ¥100.0 billion
November 1986	Operation Center moved to newly constructed building
June 1995	Iwashin Consultation Center opened
January 1997	Held a corporate image (CI) presentation meeting / logo mark established
September 1997	Young Business Managers' Association Success 21 established
January 1999	Handling of fund transfers over the Internet started
December 2001	Deposits reach ¥500.0 billion
May 2003	Became a member of the Tokai Region Shinkin Joint Business Center
April 2004	Operations using a mobile banking vehicle launched for the first time among <i>shinkin</i> banks
May 2005	Held the First Iwashin Ai Ai Concert
June 2010	Held the First Seminar on Brazil's Economy
December 2010	Publication of <i>i Zoom</i> , Iwashin's magazine to discover regional attractiveness, started
May 2014	Iwashin's intellectual property study group called i Cube established
May 2015	Regional Revitalization Strategy Promotion Desk established
April 2016	Iwashin Business Start-up Support Desk established
December 2016	Deposits reach ¥700.0 billion

Hamamatsu Iwata Shinkin Bank Corporate History

January 2019	Hamamatsu Shinkin Bank get merged with Iwata Shinkin Bank and formed "Hamamatsu Iwata Shinkin Bank."
January 2020	Logo mark and corporate message announced
April 2020	Celebrated its 70th anniversary

Organization Chart

As of August 2, 2021



Board of Directors and Corporate Auditors

As of August 2, 2021

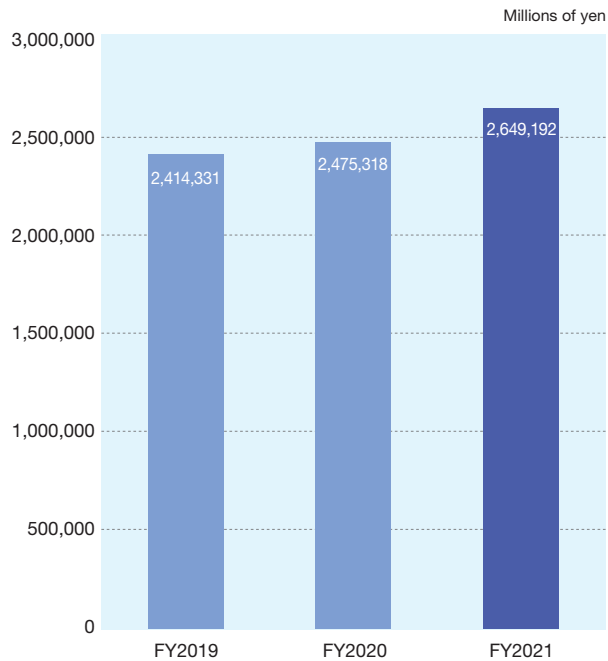
Chairman	Kenichiro Mimuro	Director	Hiroaki Matsushima	Standing Corporate Auditor	Yasuyuki Kawaguchi
President	Hirohisa Takayanagi	Director	Shinichi Horisaki¹	Standing Corporate Auditor	Masataka Shimaoka
Senior Managing Director	Masahiko Tsujimura	Director	Hiroyasu Hanba	Standing Corporate Auditor	Michio Inagaki
Senior Managing Director	Seidai Hirai	Director	Takahiko Shimizu	Corporate Auditor	Kenichi Suzuki
Managing Director	Toshiharu Suzuki	Director	Masayuki Sano	Corporate Auditor	Naojiro Suzuki
Managing Director	Mutsumi Muramatsu	Director	Shoji Sato	Corporate Auditor	Naoko Tatsumi²
Managing Director	Hisao Miwa	Director	Takayasu Hashimoto		
Director	Kazuhiro Hashishita	Director	Hideto Tago¹		

¹ Shinichi Horisaki and Hideto Tago are outside directors appointed as provided for in the Industrial Agreement on Measures to Improve the Functionality of General Members' Meeting adopted within the *shinkin* bank industry.

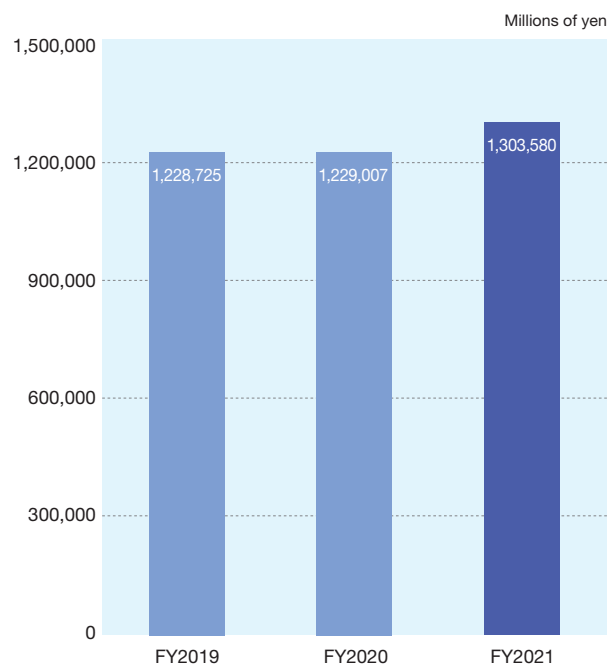
² Naoko Tatsumi is an outside corporate auditor appointed as provided for in Article 32-5 of the Shinkin Bank Act.

Business Results

Balance of deposits (including certificates of deposit)



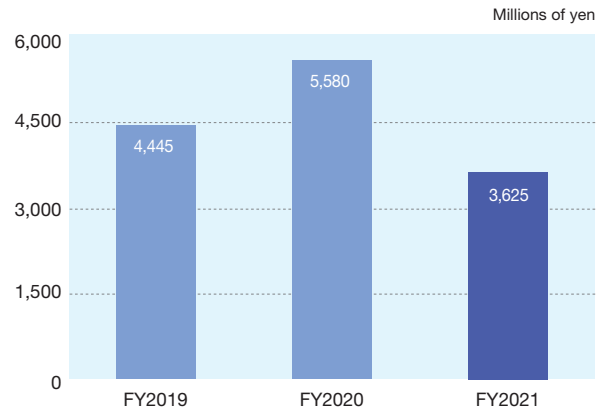
Balance of loans and bills discounted



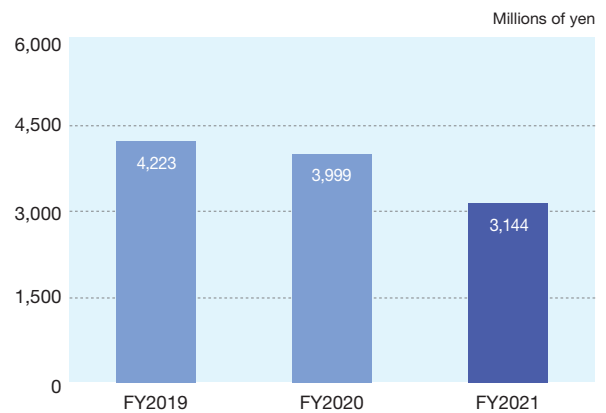
Growth in profits

We posted net income of ¥2.1 billion, and net business profit, which is obtained through our main business, amounted to ¥3.6 billion.

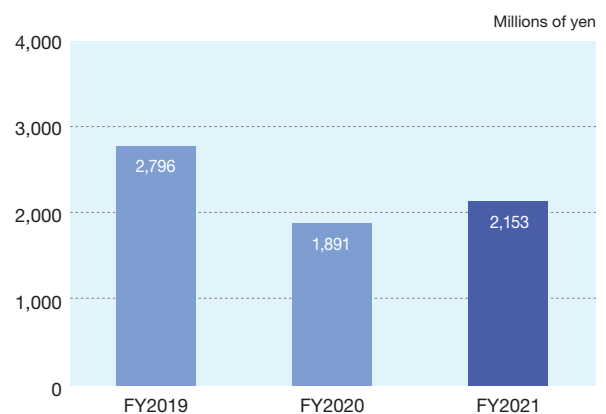
Net business profit



Ordinary profit



Net income

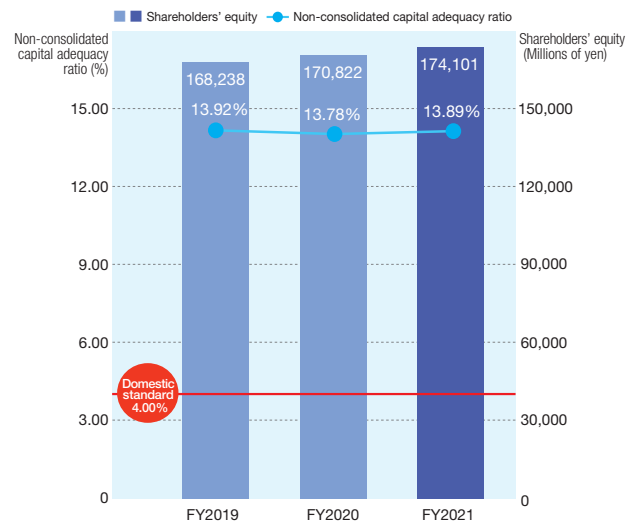


Non-Consolidated Capital Adequacy Ratio

Our non-consolidated capital adequacy ratio was 13.89% as of the end of March 2021, which markedly surpassed 4.00% of the domestic standard of financial institutions operating in Japan and signifies sound management. Soundness is also evidenced by the majority of shareholders' equity comprised of a reserve for retained earnings from profits.

Capital adequacy ratio

The capital adequacy ratio indicates the percentage of capital among total credit risk assets and is a representative indicator of factors that include the security and soundness of management as well as corporate vitality (resistance to risk). The capital adequacy ratio serves as the benchmark for the Financial Services Agency (FSA) to make official announcements including orders to undertake business improvement initiatives or suspend business.



Hamamatsu Iwata Shinkin Bank's Ratings

We also acquired an upper rank "A" in issuer ratings for fiscal 2021 from Rating and Investment Information, Inc. (R&I), which is a rating institution. The current rank was received in recognition of our enhanced shareholders' equity, financial stability, finely tuned customer response capabilities and other relevant aspects.

Ratings

Ratings are carried out by rating institutions as a means of ranking whether or not the payment of principal and interest of bonds and deposits are made to investors and/or depositors according to respective agreements or to rank the level of security and credit rating of a company from a fair standpoint.

R&I Rating Symbols and Definitions (Issuer Rating)

AAA	Highest creditworthiness supported by many excellent factors.
AA	Very high creditworthiness supported by some excellent factors.
A	High creditworthiness supported by a few excellent factors.
BBB	Creditworthiness is sufficient, though some factors require attention in times of major environmental changes.
BB	Creditworthiness is sufficient for the time being, though some factors require due attention in times of environmental changes.
B	Creditworthiness is questionable and some factors require constant attention.
CCC	An obligation is in default or likely to default. The obligation in default may not be recovered in full.
CC	An obligation is in default or highly likely to default. The obligation in default may only be partially recovered.
D	An obligation is in default and may hardly be recovered.

Risk-Monitored Loans for Fiscal 2021

Risk-monitored loans are loans with a high risk of turning into bad loans due to such factors as a drop in earnings of borrowers. They represent assets for financial institutions.

In fiscal 2021, risk-monitored loans totaled ¥77,645 million, which accounted for 5.96% of total loans and bills discounted. Additionally, the coverage ratio due to collateral and guarantees and reserve for possible loan losses was 87.3%.

Risk-monitored loans

Risk-monitored loans are loans and bills discounted (assets for financial institutions) for which borrowers may not be able to pay back due to various reasons such as the deterioration of business condition. In this respect, in tandem with the FSA's Financial Inspection Manual, we promote initiatives to comprehend the status of borrowers and appropriately conducts write-offs or transfer to a reserve for possible loan losses through a strict and fair asset assessment.

Unit: Millions of yen

Unit: millions of yen

Borrower classification under self-assessment	Risk-monitored loans (coverage ratio)				
	Risk-monitored loans	FY2020		FY2021	
Bankrupt borrowers	Loans to bankrupt borrowers	1,477	100.0%	1,477	100.0%
Effectively bankrupt borrowers	Delinquent loans	57,806	92.4%	68,933	91.6%
Potentially bankrupt borrowers					
Substandard borrowers	Loans past due three months or more	192	100.0%	—	—
	Restructured loans	7,997	43.1%	7,235	44.0%
	Total risk-monitored loans	67,473	86.7%	77,645	87.3%
	Amount covered by collateral and guarantees	58,528		67,788	
	Ratio to total amount of loans	5.49%		5.96%	

* Amount covered by collateral and guarantees includes loans to bankrupt borrowers, delinquent loans, specific reserve as well as general reserve for loans past due three months or more and restructured loans.

Non-Consolidated Balance Sheets

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
For the Year Ended March 31, 2021 and 2020	2021	2020	2021
Assets			
Cash and Due from Banks	¥ 499,220	¥ 448,276	\$ 4,509,258
Call Loans	0	1,088	0
Monetary Claims Bought	—	—	—
Money Held in Trusts	379	518	3,423
Securities	1,010,635	987,031	9,128,669
Loans and Bills Discounted	1,303,580	1,229,007	11,774,726
Foreign Exchanges	1,331	883	12,022
Other Assets	15,398	14,194	139,084
Fixed Assets	23,833	23,046	215,274
Prepaid Pension Cost	1,794	1,649	16,204
Deferred Tax Assets	3,689	1,794	33,321
Customers' Liabilities for Acceptances and Guarantees	30,549	31,848	275,937
Reserve for Possible Loan Losses	(18,340)	(15,957)	(165,658)
Total Assets	¥ 2,872,073	¥ 2,723,382	\$ 25,942,308
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 2,644,398	¥ 2,469,408	\$ 23,885,809
Certificates of Deposit	4,793	5,910	43,293
Foreign Exchanges	51	14	460
Other Liabilities	14,099	35,901	127,350
Reserve for Employee Bonuses	1,641	1,647	14,822
Reserve for Employee Retirement Benefits	233	163	2,104
Other Reserves	1,269	1,426	11,462
Deferred Tax Liabilities	—	—	—
Acceptances and Guarantees	30,549	31,848	275,937
Total Liabilities	¥ 2,697,038	¥ 2,546,322	\$ 24,361,286
Net Assets			
Share Capital	¥ 2,330	¥ 2,344	\$ 21,045
Legal Reserve	2,344	2,364	21,172
Special Reserve	162,974	161,994	1,472,080
Unappropriated Retained Earnings	3,451	2,374	31,171
Total Members' Equity	171,101	169,078	1,545,488
Net Unrealized Gains on Available-for-Sale Securities	3,933	7,981	35,525
Total Net Assets	¥ 175,034	¥ 177,060	\$ 1,581,013
Total Liabilities and Net Assets	¥ 2,872,073	¥ 2,723,382	\$ 25,942,308

Notes 1. Amounts of less than one million yen have been omitted.

2. U.S. dollars amounts are converted for convenience only at ¥110.71 per U.S.\$1.00, the rate prevailing on March 31, 2021.

Non-Consolidated Statements of Income

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
For the Year Ended March 31, 2021 and 2020	2021	2020	2021
Income			
Interest on:	¥ 24,691	¥ 26,310	\$ 223,032
Loans and Bills Discounted	16,319	15,725	147,404
Securities	7,568	9,665	68,364
Others	804	918	7,262
Fees and Commissions	4,031	3,895	36,414
Other Income	3,635	3,674	32,836
Total Income	¥ 32,358	¥ 33,880	\$ 292,283
Expenses			
Interest on:	¥ 300	¥ 522	\$ 2,710
Deposits	270	485	2,446
Other	29	36	263
Fees and Commissions	2,569	2,669	23,211
General and Administrative Expenses	22,545	23,380	203,645
Other Expenses	4,666	4,436	42,148
Total Expenses	¥ 30,081	¥ 31,008	\$ 271,715
Income Before Income Taxes	2,277	2,872	20,568
Income Taxes			
Current	395	1,438	3,575
Deferred	(272)	(457)	(2,460)
Net Income	¥ 2,153	¥ 1,891	\$ 19,453

Unappropriated Retained Earnings

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
For the Year Ended March 31, 2021 and 2020	2021	2020	2021
At Beginning of the Year	¥ 3,451	¥ 2,374	\$ 31,178
Reversal of Reserve	13	21	121
Appropriation	2,116	1,117	19,116
Transfer to Legal Reserve	0	0	0
Cash Dividends for Member Common Shares	116	117	1,050
Special Reserve	2,000	1,000	18,065
At End of the Year	¥ 1,348	¥ 1,279	\$ 12,183

Notes 1. Amounts of less than one million yen have been omitted.

2. U.S. dollars amounts are converted for convenience only at ¥110.71 per U.S.\$1.00, the rate prevailing on March 31, 2021.

Consolidated Balance Sheets

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
As of March 31, 2021 and 2020	2021	2020	2021
Assets			
Cash and Due from Banks	¥ 499,822	¥ 448,929	\$ 4,514,696
Call Loans	—	1,088	—
Monetary Claims Bought	379	518	3,423
Monetary Held in Trusts	0	—	—
Securities	1,010,326	986,721	9,125,878
Loans and Bills Discounted	1,301,568	1,226,447	11,756,553
Foreign Exchanges	1,331	883	12,022
Other Assets	28,675	27,897	259,010
Fixed Assets	23,569	22,923	212,889
Prepaid Pension Cost	1,794	1,649	16,204
Deferred Tax Assets	3,837	1,909	34,658
Customers' Liabilities for Acceptances and Guarantees	30,535	31,824	275,810
Reserve for Possible Loan Losses	(18,610)	(16,217)	(168,096)
Total Assets	¥ 2,883,232	¥ 2,734,574	\$ 26,043,103
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 2,642,338	¥ 2,467,769	\$ 23,867,202
Certificates of Deposit	3,973	5,090	35,886
Other Liabilities	23,533	45,205	212,564
Foreign Exchanges	51	14	460
Reserve for Employee Bonuses	1,680	1,684	15,174
Reserve for Employee Retirement Benefits	305	240	2,754
Other Reserves	1,283	1,442	11,588
Deferred Tax Liabilities	—	—	—
Acceptances and Guarantees	30,535	31,824	275,810
Total Liabilities	¥ 2,703,703	¥ 2,553,272	\$ 24,421,488
Net Assets			
Share Capital	¥ 2,330	¥ 2,344	\$ 21,045
Retained Earnings	173,265	170,976	1,565,034
Total Members' Equity	175,596	173,320	1,586,089
Net Unrealized Gains on Available-for-Sale Securities	3,933	7,981	35,525
Minority Interests	—	—	—
Total Net Assets	¥ 179,529	¥ 181,302	\$ 1,621,615
Total Liabilities and Net Assets	¥ 2,883,232	¥ 2,734,574	\$ 26,043,103

Notes 1. Amounts of less than one million yen have been omitted.

2. U.S. dollars amounts are converted for convenience only at ¥110.71 per U.S.\$1.00, the rate prevailing on March 31, 2021.

Consolidated Statements of Income

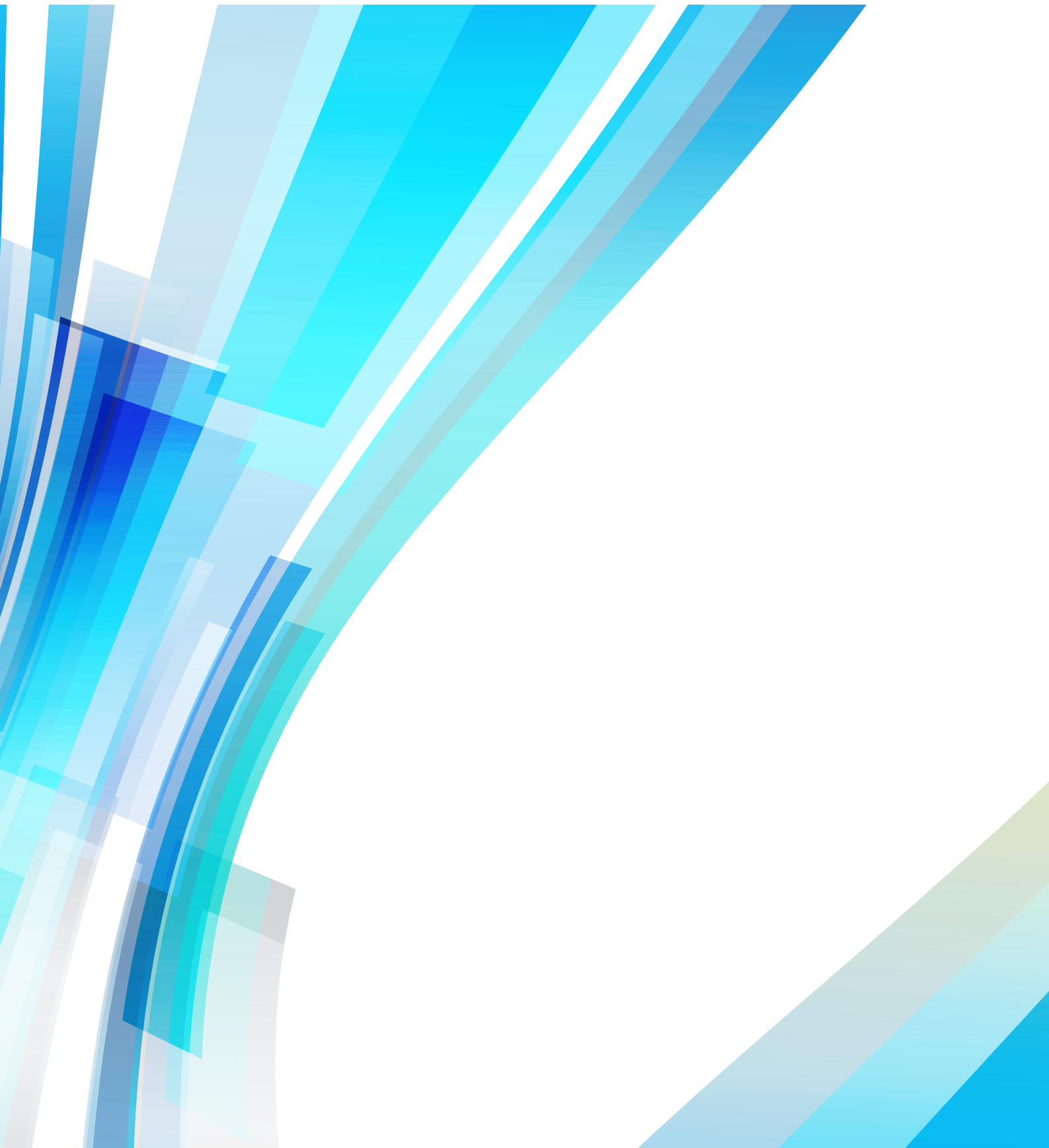
	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
For the Years Ended March 31, 2021 and 2020	2021	2020	2021
Income			
Operating Income	¥ 24,560	¥ 26,279	\$ 221,842
Loans and Bills Discounted	16,307	15,698	147,297
Securities	7,448	9,661	67,282
Others	804	918	7,262
Fees and Commissions	4,168	4,018	37,652
Other Income	8,522	8,420	76,977
Total Income	¥ 37,250	¥ 38,718	\$ 336,472
Expenses			
Operating Expenses	¥ 299	¥ 522	\$ 2,708
Deposits	270	485	2,445
Others	29	36	262
Fees and Commissions	2,361	2,480	21,334
General and Administrative Expenses	22,266	23,099	201,126
Other Expenses	9,642	9,315	87,098
Total Expenses	¥ 34,571	¥ 35,417	\$ 312,268
Income Before Income Taxes	¥ 2,679	¥ 3,300	\$ 24,203
Income Taxes			
Current	579	1,602	5,236
Deferred	(306)	(471)	(2,765)
Minority Interests in Income	0	45	0
Net Income	¥ 2,406	¥ 2,125	\$ 21,733

Retained Earnings

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
For the Years Ended March 31, 2021 and 2020	2021	2020	2021
At Beginning of the Year	¥ 170,541	¥ 168,534	\$ 1,540,434
Changes During the Year	0	0	0
Net Income	2,406	2,125	21,733
Cash Dividends for Member Common Shares	117	118	1,057
Decrease by Merger	0	0	—
At End of the Year	¥ 172,830	¥ 170,541	\$ 1,561,110

Notes 1. Amounts of less than one million yen have been omitted.

2. U.S. dollars amounts are converted for convenience only at ¥110.71 per U.S.\$1.00, the rate prevailing on March 31, 2021.



Printed in Japan

HAMAMATSU IWATA SHINKIN BANK

114-8 Motoshiro-cho, Naka-ku, Hamamatsu, Shizuoka 430-0946, Japan

TEL:+81-53-450-3250