

HAMAMATSU IWATA SHINKIN BANK



HAMAMATSU IWATA SHINKIN BANK

Annual Report

2024

Fiscal year ended March 31, 2024

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, 2024)

Head Office: 114-1 Motoshiro-cho, Chuo-ku, Hamamatsu, Shizuoka 430-0946, Japan

Established: April 10, 1950

Deposits: ¥2,808 billion
(including certificates of deposit)

Loans and Bills Discounted: ¥1,340 billion

Share Capital: ¥2.26 billion (120,535 members)

Number of Employees:

Hamamatsu Iwata Shinkin Bank (non-consolidated): 1,632

Hamamatsu Iwata Shinkin Bank Group (total): 1,687

Number of Branches:

87 branches and 48 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

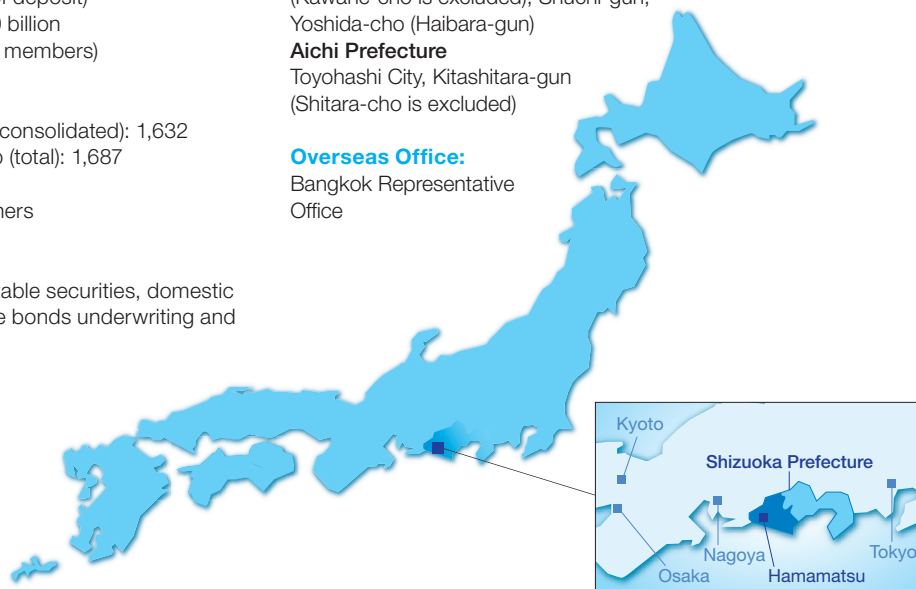
Hamamatsu City, Iwata City, Fukuroi City, Kosai City, Kakegawa City, Omaezaki City, Kikugawa City, Makinohara City, Shimada City (Kawane-cho is excluded), Shuchi-gun, Yoshida-cho (Haibara-gun)

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.



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 ¥47.4 trillion, the capital adequacy ratio (non-consolidated, domestic standard) standing at 25.75% and the ratio of bad loans standing at 0.24%. 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, 2024.

■ Corporate Data of Shinkin Central Bank

Name	Shinkin Central Bank
Established	June 1, 1950
Number of Employees and Full-Time Directors	1,202 (including 13 full-time directors)
Network	Domestic: 12; Overseas: 6*
Total Assets	¥47,421.1 billion
Paid-in Capital	¥890.9 billion
Capital Adequacy Ratio	25.75% (non-consolidated, domestic standard)
Number of Member <i>Shinkin</i> Banks	254

* Including Shinkin International Ltd. (As of March 31, 2024)

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.



The BANK entered into a MOU agreement with BNI Indonesia.

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.

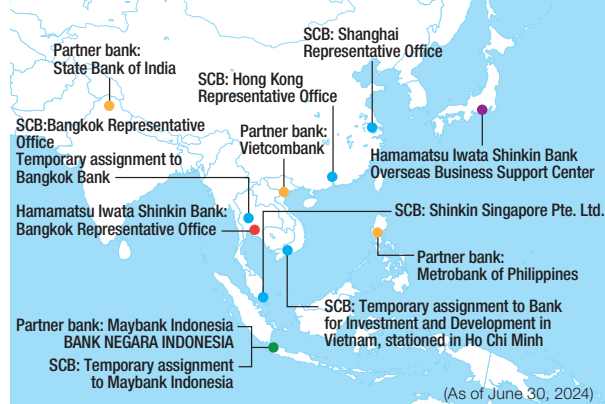


Bangkok Representative Office

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

Number of support cases for overseas business advancement and trade: 254

Hamamatsu Iwata Shinkin Bank's Network in Asia



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

Hamamatsu Iwata Shinkin Bank Corporate History

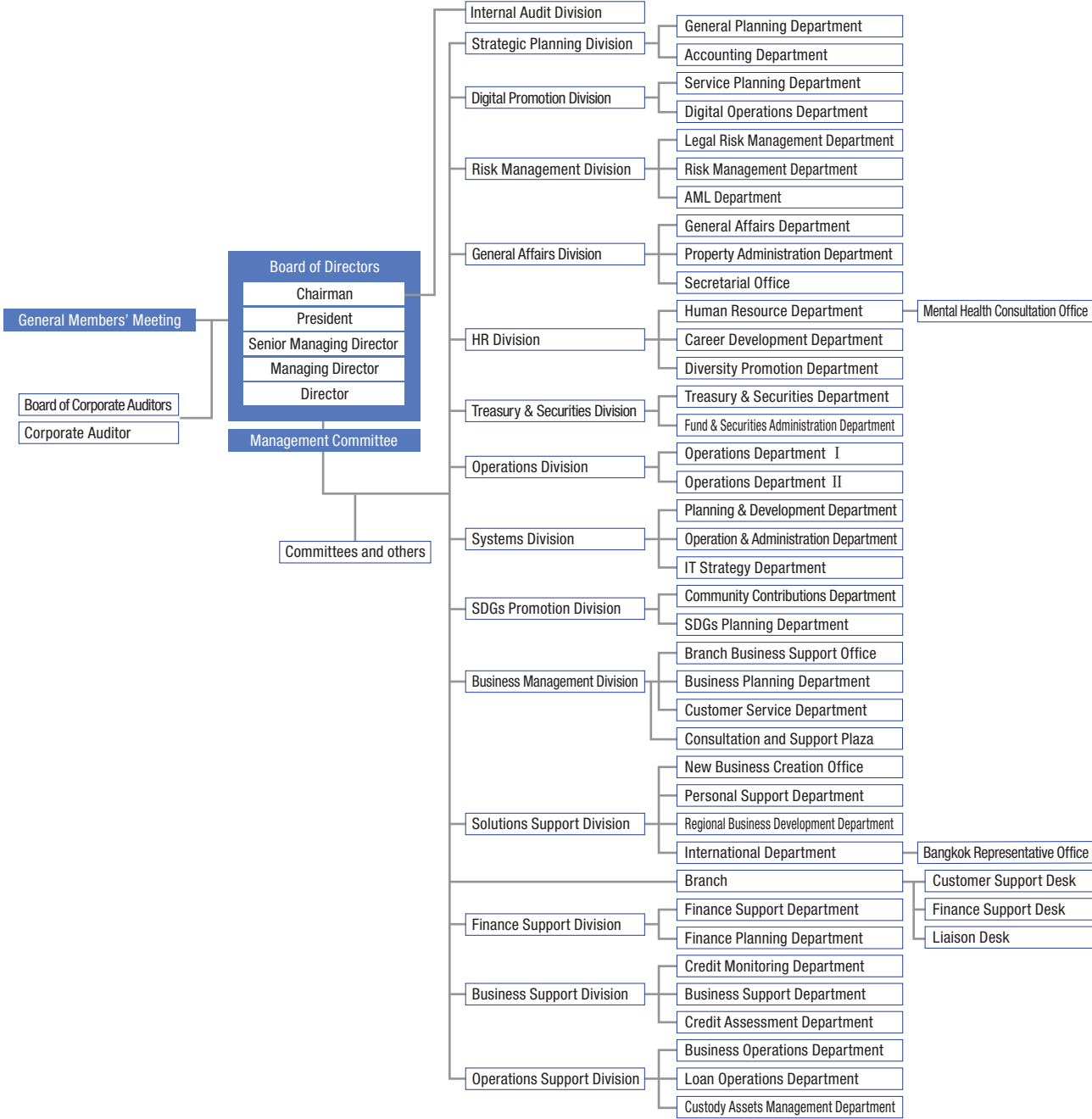
January 2019	Hamamatsu Shinkin Bank get merged with Iwata Shinkin Bank and formed "Hamamatsu Iwata Shinkin Bank."
April 2020	Celebrated its 70th anniversary
June 2020	Innovation Hub / Co-working Space "FUSE" has started its business
October 2022	New head office has started its business
December 2023	New head office building construction has completed

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

Organization Chart

As of July 1, 2024



Board of Directors and Corporate Auditors

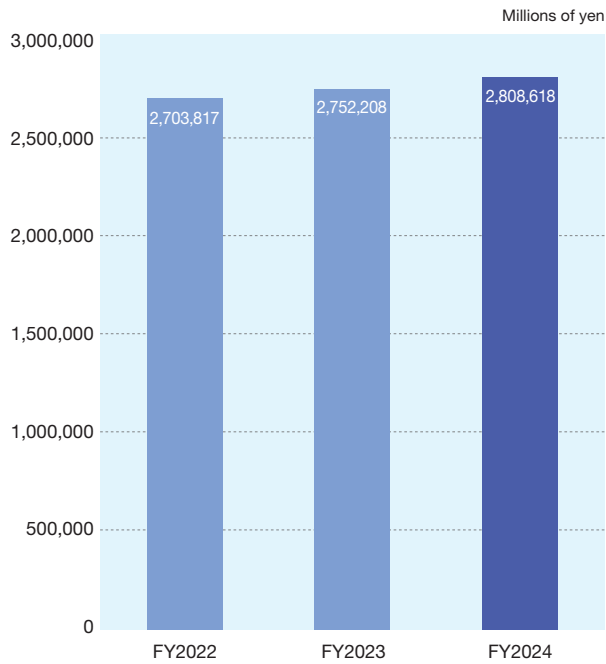
As of July 1, 2024

Chairman	Kenichiro Mimuro	Director	Hiroaki Matsushima	Standing Corporate Auditor	Masayuki Sano
President	Hirohisa Takayanagi	Director	Shinji Takahashi	Corporate Auditor	Kenichi Suzuki
Senior Managing Director	Seidai Hirai	Director	Mototaka Ikeno	Corporate Auditor	Naojiro Suzuki
Senior Managing Director	Hisao Miwa	Director	Shinya Sawaki	Corporate Auditor	Naoko Tatsumi¹⁾
Managing Director	Kazuhiro Hashishita				
Managing Director	Hiroyasu Hanba				
Managing Director	Takahiko Shimizu				
Managing Director	Shoji Sato				

¹⁾ Naoko Tatsumi is an outside corporate auditor appointed as provided for in Article 32-5 of the Shinkin Bank Act.

Business Results

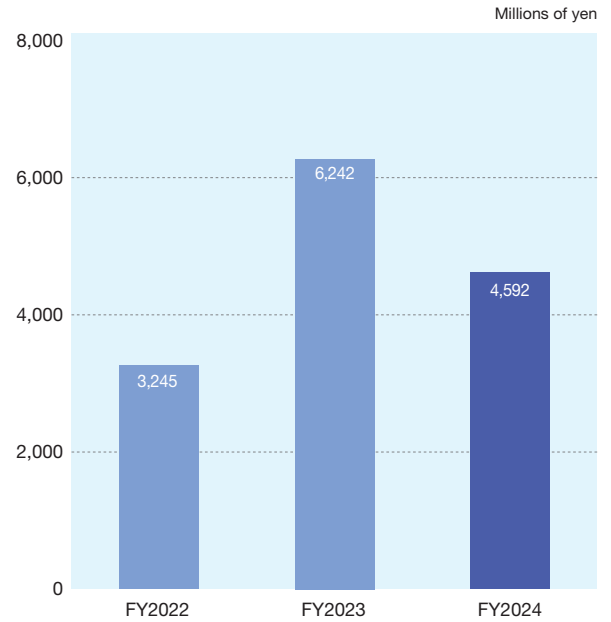
Balance of deposits (including certificates of deposit)



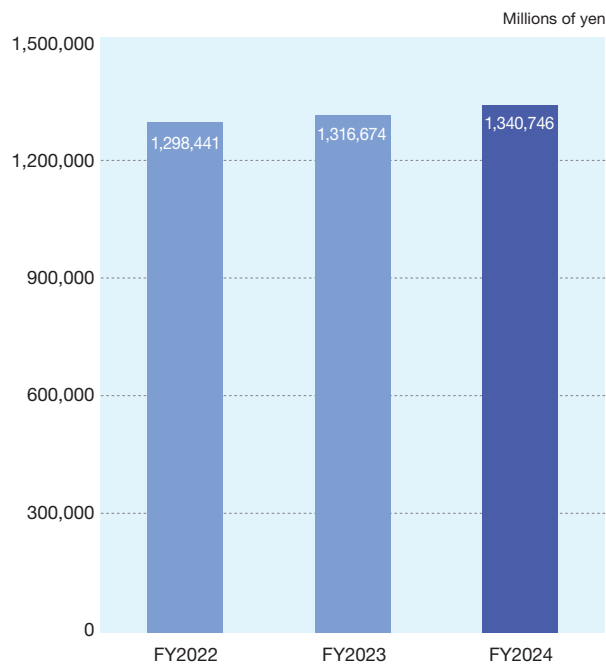
Growth in profits

We posted net income of ¥3.5 billion.

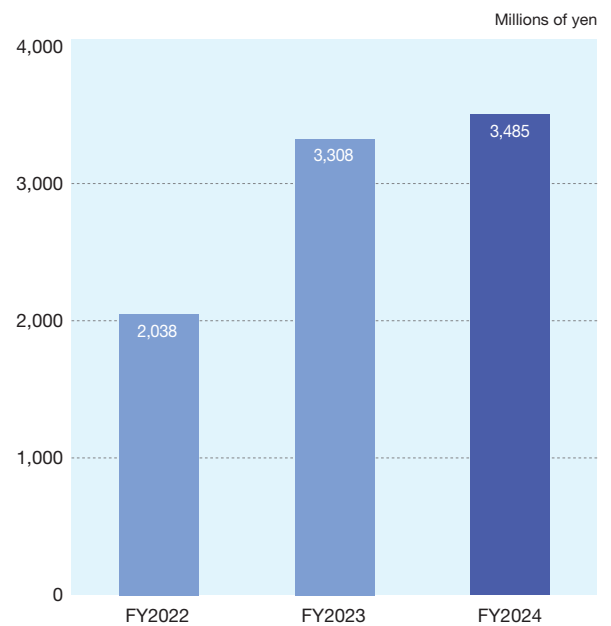
Ordinary profit



Balance of loans and bills discounted



Net income

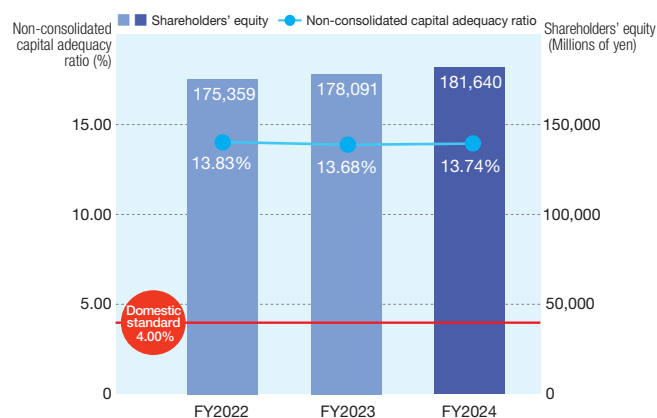


Non-Consolidated Capital Adequacy Ratio

Our non-consolidated capital adequacy ratio was 13.74% as of the end of March 2024, 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.



Risk-Monitored Loans for Fiscal 2024

In the fiscal year ended March 31, 2024, loans subject to mandatory disclosure based on the Shinkin Bank Act and the Financial Reconstruction Act decreased 14,464 million yen compared to the previous fiscal year, to 65,166 million yen, and its ratio to total credit balance came to 4.76%.

The coverage ratio for the said loans based on guarantees, collateral, etc. was 83.3%.

Going forward, we will ensure the soundness of assets by reinforcing risk management systems and contribute to wide-area regional development mainly by proactively providing management consultation to client companies and supporting the borrowers' recovery from financial difficulties, as part of our responsibilities as a regional financial institution.

Status of coverage and provision for loans subject to mandatory disclosure based on the Shinkin Bank Act (risk-monitored loan) and the Financial Reconstruction Act

Unit: Millions of yen

Category		Balance of loans subject to mandatory disclosure (a)	Amount of coverage (b)	Estimated collectible accounts receivable amount based on collateral, guarantee, etc. (c)		Coverage ratio (b)/(a)	Provision ratio (d)/(a-c)
Bankrupt and quasi-bankrupt loans	FY2022	2,241	2,241	1,138	1,103	100.0%	100.0%
	FY2023	2,165	2,165	1,060	1,105	100.0%	100.0%
Delinquent loans	FY2022	69,790	62,542	50,801	11,740	89.6%	61.8%
	FY2023	52,430	47,314	37,506	9,808	90.2%	65.7%
Substandard loans	FY2022	7,598	3,201	2,340	861	42.1%	16.4%
	FY2023	10,570	4,824	2,495	2,329	45.6%	28.8%
Loans past due three months or more	FY2022	5	5	5	—	100.0%	100.0%
	FY2023	31	21	18	2	69.3%	22.9%
Restructured loans	FY2022	7,593	3,196	2,335	861	42.1%	16.4%
	FY2023	10,539	4,803	2,476	2,326	45.5%	28.8%
Subtotal (A)	FY2022	79,630	67,985	54,280	13,704	85.4%	54.1%
	FY2023	65,166	54,305	41,061	13,243	83.3%	54.9%
Normal loans (B)	FY2022	1,266,774					
	FY2023	1,301,778					
Total credit balance (A)+(B)	FY2022	1,346,405					
	FY2023	1,366,945					

Non-Consolidated Balance Sheets

As of March 31, 2024 and 2023	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Assets			
Cash and Due from Banks	¥ 820,160	¥ 552,159	\$ 5,419,678
Call Loans	—	—	—
Monetary Claims Bought	222	255	1,466
Money Held in Trusts	—	—	—
Securities	963,118	1,044,142	6,364,356
Loans and Bills Discounted	1,340,746	1,316,674	8,859,750
Foreign Exchanges	525	481	3,469
Other Assets	20,106	16,390	132,861
Fixed Assets	29,697	27,369	196,240
Prepaid Pension Cost	2,493	2,292	16,473
Deferred Tax Assets	6,420	8,489	42,423
Customer's Liabilities for Acceptances and Guarantees	23,600	26,610	155,950
Reserve for Possible Loan Losses	(15,088)	(16,681)	(99,702)
Total Assets	¥ 3,192,005	¥ 2,978,185	\$ 21,093,008
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 2,806,698	¥ 2,749,788	\$ 18,546,871
Certificates of Deposit	1,920	2,420	12,687
Foreign Exchanges	21	3	138
Other Liabilities	218,705	56,726	1,445,219
Reserve for Employee Bonuses	1,531	1,635	10,116
Reserve for Employee Retirement Benefits	320	287	2,114
Other Reserves	1,067	1,126	7,050
Deferred Tax Liabilities	—	—	—
Acceptances and Guarantees	23,600	26,610	155,950
Total Liabilities	¥ 3,053,866	¥ 2,838,597	\$ 20,180,175
Net Assets			
Share Capital	¥ 2,262	¥ 2,286	\$ 14,947
Legal Reserve	2,286	2,315	15,106
Special Reserve	170,473	166,973	1,126,498
Unappropriated Retained Earnings	4,497	4,597	29,716
Total Members' Equity	179,520	176,172	1,186,281
Net Unrealized Gains on Available-for-Sale Securities	(41,381)	(36,584)	(273,448)
Total Net Assets	¥ 138,138	¥ 139,588	\$ 912,826
Total Liabilities and Net Assets	¥ 3,192,005	¥ 2,978,185	\$ 21,093,008

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

2. U.S. dollars amounts are converted for convenience only at ¥151.33 per U.S.\$1.00, the rate prevailing on March 31, 2024.

Non-Consolidated Statements of Income

As of March 31, 2024 and 2023	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)	
	2024	2023	2024	
Income				
Interest on:	¥ 23,202	¥ 22,461	\$ 153,321	
Loans and Bills Discounted	15,630	16,042	103,285	
Securities	6,221	5,424	41,110	
Others	1,350	994	8,925	
Fees and Commissions	4,552	4,148	30,085	
Other Income	8,104	5,171	53,554	
Total Income	¥ 35,859	¥ 31,780	\$ 236,961	
Expenses				
Interest on:	¥ 447	¥ 188	\$ 2,953	
Deposits	190	164	1,259	
Other	256	23	1,694	
Fees and Commissions	2,685	2,566	17,748	
General and Administrative Expenses	20,579	21,141	135,994	
Other Expenses	7,827	2,930	51,724	
Total Expenses	¥ 31,540	¥ 26,825	\$ 208,420	
Income Before Income Taxes	4,319	4,954	28,540	
Income Taxes				
Current	55	131	368	
Deferred	777	1,514	5,140	
Net Income	¥ 3,485	¥ 3,308	\$ 23,031	

Unappropriated Retained Earnings

As of March 31, 2024 and 2023	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)	
	2024	2023	2024	
At Beginning of the Year	¥ 4,497	¥ 4,597	\$ 29,722	
Reversal of Reserve	23	28	156	
Appropriation	3,612	3,614	23,874	
Transfer to Legal Reserve	0	0	0	
Cash Dividends for Member Common Share	112	114	746	
Special Reserve	3,500	3,500	23,128	
At End of the Year	¥ 908	¥ 1,011	\$ 6,003	

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

2. U.S. dollars amounts are converted for convenience only at ¥151.33 per U.S.\$1.00, the rate prevailing on March 31, 2024.

Consolidated Balance Sheets

As of March 31, 2024 and 2023	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Assets			
Cash and Due from Banks	¥ 820,673	¥ 552,766	\$ 5,423,068
Call Loans	—	—	—
Monetary Claims Bought	222	255	1,466
Monetary Held in Trusts	—	—	—
Securities	962,815	1,043,837	6,362,353
Loans and Bills Discounted	1,338,193	1,314,706	8,842,879
Foreign Exchanges	525	481	3,469
Other Assets	35,736	30,447	236,146
Fixed Assets	29,591	27,228	195,539
Prepaid Pension Cost	2,493	2,292	16,473
Deferred Tax Assets	6,561	8,649	43,355
Customers' Liabilities for Acceptances and Guarantees	23,600	26,610	155,950
Reserve for Possible Loan Losses	(15,413)	(17,040)	(101,850)
Total Assets	¥ 3,205,000	¥ 2,990,233	\$ 21,178,880
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 2,803,267	¥ 2,745,880	\$ 18,524,198
Certificates of Deposit	1,920	2,420	12,687
Other Liabilities	230,026	67,732	1,520,029
Foreign Exchanges	21	3	138
Reserve for Employee Bonuses	1,554	1,673	10,268
Reserve for Employee Retirement Benefits	401	363	2,649
Other Reserves	1,089	1,142	7,196
Deferred Tax Liabilities	—	—	—
Acceptances and Guarantees	23,600	26,610	155,950
Total Liabilities	¥ 3,061,882	¥ 2,845,826	\$ 20,233,146
Net Assets			
Share Capital	¥ 2,262	¥ 2,286	\$ 14,947
Retained Earnings	182,236	178,704	1,204,229
Total Members' Equity	184,498	180,991	1,219,176
Net Unrealized Gains on Available-for-Sale Securities	(41,381)	(36,584)	(273,448)
Minority Interests	—	—	—
Total Net Assets	¥ 143,117	¥ 144,407	\$ 945,727
Total Liabilities and Net Assets	¥ 3,205,000	¥ 2,990,233	\$ 21,178,880

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

2. U.S. dollars amounts are converted for convenience only at ¥151.33 per U.S.\$1.00, the rate prevailing on March 31, 2024.

Consolidated Statements of Income

As of March 31, 2024 and 2023	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Income			
Operating Income	¥ 22,939	¥ 22,241	\$ 151,585
Loans and Bills Discounted	15,621	16,035	103,228
Securities	5,967	5,212	39,432
Others	1,350	994	8,925
Fees and Commissions	4,668	4,274	30,850
Other Income	13,757	11,326	90,913
Total Income	¥ 41,366	¥ 37,842	\$ 273,349
Expenses			
Operating Expenses	¥ 446	¥ 188	\$ 2,953
Deposits	190	164	1,259
Others	256	23	1,694
Fees and Commissions	2,438	2,323	16,112
General and Administrative Expenses	20,378	20,956	134,665
Other Expenses	13,401	8,970	88,558
Total Expenses	¥ 36,665	¥ 32,438	\$ 242,290
Income Before Income Taxes	¥ 4,700	¥ 5,404	\$ 31,059
Income Taxes			
Current	257	344	1,703
Deferred	796	1,530	5,266
Minority Interests in Income	0	0	0
Net Income	¥ 3,645	¥ 3,528	\$ 24,089

Retained Earnings

As of March 31, 2024 and 2023	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
At Beginning of the Year	¥ 178,269	¥ 174,857	\$ 1,178,020
Changes During the Year	0	0	0
Net Income	3,645	3,528	24,089
Cash Dividends for Member Common Share	114	115	754
Increase by Merger	0	0	—
At End of the Year	¥ 181,801	¥ 178,269	\$ 1,201,356

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

2. U.S. dollars amounts are converted for convenience only at ¥151.33 per U.S.\$1.00, the rate prevailing on March 31, 2024.

HAMAMATSU IWATA SHINKIN BANK

114-1 Motohiro-cho, Chuo-ku, Hamamatsu, Shizuoka 430-0946, Japan

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