

THE KYOTO CHUO SHINKIN BANK

ANNUAL REPORT 2024

Company profile of the Kyoto Chuo Shinkin Bank

Customers/
members

Number of
members: 226,972
Capital: 19.3 billion yen

Deposits

Capital

Head Office: 91 Kankoboko-cho,
Shijo-dori Muromachi Higashi-iru,
Shimogyo-ku, Kyoto City, Kyoto Prefecture

Established: June 18, 1940

Deposit: 5,342.3 billion yen

Loan balance: 3,298.1 billion yen

Net business profit: 7.1 billion yen

Ordinary profit: 18.2 billion yen

Net profit: 14.1 billion yen

Capital adequacy ratio: 10.93%

Number of employees: 2,376

Number of branches: 135

Loans



Support
services

Customers/
members

(Year ended March 2024)

The Kyoto Chuo Shinkin Bank is a cooperative financial institution that operates under the shared philosophy of prosperity for all, including for local SMEs and individuals. The Kyoto Chuo Shinkin Bank serves Kyoto City and parts of Kyoto, Shiga, Osaka and Nara prefectures. The deposits we look after for our customers in the community are used for investments in customers that require capital, such as venture corporations, in order to foster the continued development of local economies and businesses. Moreover, we have formed a strong network characterized by close ties to the community. With a broad branch system, we provide products and services in-line with the demand of customers and assist them in improving their lives. We are also actively involved in activities designed to help the cultivation of human resources and engage in activities geared toward protecting and passing on to the next generation the local natural environment, scenery, and traditional culture in our community, including within an international city of culture and tourism; Kyoto. Thus, we contribute to development in our community not just financially, but in other various ways as well.

We are actively involved in activities that contribute to a society to which we are thankful.

Unlike city-based commercial banks, which do business on a national scale, credit associations are limited in their terms of where they do business. As such, credit associations cannot hope for their own development without the development of the communities where they do business. The Kyoto Chuo Shinkin Bank (as a financial institution headquartered in the land of the Kyoto Protocol) not only serves to help the region prosper through financial institution activities, but is also actively involved with environmental issues and continuously engages in various activities that contribute to a society we are grateful for.

Fund procurement and management

Deposit balances by account type

(Unit : million yen)

	Year ended March 2023 (Component ratio)	Year ended March 2024 (Component ratio)	Changes
Current deposits	141,252 (2.64%)	138,491 (2.59%)	△2,760 (△0.05%)
Ordinary deposits	2,702,173 (50.66%)	2,822,454 (52.83%)	120,281 (2.16%)
Savings deposits	56,905 (1.06%)	54,731 (1.02%)	△2,174 (△0.04%)
Deposits at notice	87,563 (1.64%)	58,956 (1.10%)	△28,607 (△0.53%)
Time deposits	2,232,495 (41.86%)	2,208,911 (41.34%)	△23,583 (△0.51%)
Fixed savings deposits	31,587 (0.59%)	27,707 (0.51%)	△3,879 (△0.07%)
Other deposits	66,078 (1.23%)	31,095 (0.58%)	△34,983 (△0.65%)
Total deposit reserve	5,318,055 (99.71%)	5,342,348 (100.00%)	24,292 (0.28%)
Certificate of deposit	15,000 (0.28%)	0 (0.00%)	△15,000 (△0.28%)
Total	5,333,055 (100.00%)	5,342,348 (100.00%)	9,292 (-)

(Note) Foreign currency deposits are included in "Other deposits."

Deposit balances by depositor

(Unit : million yen)

	Year ended March 2023 (Component ratio)	Year ended March 2024 (Component ratio)	Changes
Individual customers	3,587,469 (67.26%)	3,609,751 (67.56%)	22,282 (0.30%)
Corporate customers	1,260,183 (23.62%)	1,277,053 (23.90%)	16,869 (0.27%)
Public institutions	185,164 (3.47%)	188,330 (3.52%)	3,165 (0.05%)
Financial institutions	285,237 (5.34%)	267,213 (5.00%)	△18,024 (△0.34%)
Total deposit reserve	5,318,055 (99.71%)	5,342,348 (100.00%)	24,292 (0.28%)
Certificate of deposit	15,000 (0.28%)	0 (0.00%)	△15,000 (△0.28%)
Total	5,333,055 (100.00%)	5,342,348 (100.00%)	9,292 (-)

Loan balances by account type

(Unit : million yen)

	Year ended March 2023	Year ended March 2024	Changes
Bills discounted	3,943	3,716	△226
Loans on bills	91,314	89,345	△1,969
Loans on deeds	3,031,405	3,113,767	82,361
Overdrafts	90,526	91,280	754
Total	3,217,190	3,298,110	80,919

(Note) The Bank does not distinguish between domestic and international operations.

Breakdown of loan balances by business type

(Unit : number, million yen)

	Year ended March 2023			Year ended March 2024		
	Number of borrowers	Loan balance	Component ratio	Number of borrowers	Loan balance	Component ratio
Manufacturing	2,663	167,377	5.20%	2,545	161,700	4.90%
Agriculture, forestry	66	1,167	0.03%	72	1,440	0.04%
Fishing	—	—	—	—	—	—
Mining, quarrying, sand and gravel gathering	8	2,688	0.08%	7	2,991	0.09%
Construction	4,404	182,280	5.66%	4,425	185,221	5.61%
Electricity, gas, heat supply, water	42	2,391	0.07%	44	2,445	0.07%
Telecommunications	265	8,673	0.26%	276	8,887	0.26%
Transportation, postal industry	508	44,981	1.39%	512	46,839	1.42%
Wholesale business	1,498	102,694	3.19%	1,472	101,076	3.06%
Retail business	1,875	73,758	2.29%	1,834	71,617	2.17%
Finance, insurance	100	149,286	4.64%	89	176,792	5.36%
Real estate	6,751	762,193	23.69%	7,159	828,579	25.12%
Rental industry	65	5,329	0.16%	73	7,195	0.21%
Scientific research, specialist/technical services	668	17,581	0.54%	688	19,159	0.58%
Accommodation industry	194	21,654	0.67%	173	20,152	0.61%
Restaurant industry	1,832	48,846	1.51%	1,754	47,768	1.44%
Lifestyle-related service industries, entertainment industry	808	46,995	1.46%	809	50,180	1.52%
Education, study support industry	194	18,706	0.58%	207	19,508	0.59%
Medicine, welfare	1,148	79,500	2.47%	1,164	79,273	2.40%
Other services	1,620	76,978	2.39%	1,589	74,796	2.26%
Subtotal	24,709	1,813,088	56.35%	24,892	1,905,625	57.77%
Local public entities	27	153,418	4.76%	28	163,744	4.96%
Individual (housing, consumption, tax payment funds, etc.)	118,858	1,250,683	38.87%	115,208	1,228,739	37.25%
Total	143,594	3,217,190	100.00%	140,128	3,298,110	100.00%

(Notes) 1. Business categories are based on the large classification of Japan Standard Industry Classification.

2. Loans outside Japan are classified in the same manner as those in Japan and are included within their respective business category.

Fund management and securities business

Average balance by type of security

(Unit : million yen)

	Year ended March 2023	Year ended March 2024	Changes
Japanese government bonds	502,142	456,888	△45,254
Local government bonds	464,861	440,947	△23,913
Corporate bonds	554,627	548,353	△6,274
Stocks	44,618	47,570	2,951
Foreign securities	289,727	235,394	△54,332
Other securities	107,423	112,339	4,915
Total	1,963,400	1,841,492	△121,907

Other indicators

Foreign exchange transaction handling performance

(Unit : million US\$)

	Year ended March 2023	Year ended March 2024	Changes
Export exchange	77	62	△14
Import exchange	173	162	△11
Total	250	225	△25

Foreign currency denominated assets balance

(Unit : million US\$)

	Year ended March 2023	Year ended March 2024	Changes
Balance of foreign currency denominated assets	1,177	449	△728

About the capital-to-asset ratio

Consolidated capital-to-asset ratio (Basel III domestic framework)

(Unit : million yen)

Item		Year ended March 2023	Year ended March 2024	Changes
Fundamental items related to core capital (A)	Member accounts related to ordinary investment	298,015	310,040	12,025
	(Investments and capital surplus)	19,667	19,443	△ 223
	(Earned surplus)	280,850	293,198	12,348
	(Predicted outflow (△))	713	699	△ 13
	(Other)	△ 1,789	△ 1,901	△ 112
	General reserve for possible loan loss	5,809	5,127	△ 681
	Fundamental items related to core capital among the amount equivalent to 45% of difference in reevaluation of land	533	—	△ 533
	Fundamental items related to core capital among non controlling interest	7	—	△ 7
(A)		304,366	315,168	10,802
Adjusted items related to core capital (B)	Intangible fixed assets	2,730	2,239	△ 491
	(B)	2,730	2,239	△ 491
Owned capital (C) (A) – (B)		301,635	312,929	11,293
Risk assets, etc. (D)	Trust risk assets	2,646,352	2,722,100	75,747
	Amount derived by dividing the total amount equivalent to operational risk by 8%	91,289	95,349	4,059
	(D)	2,737,641	2,817,449	79,807
Consolidated capital-to-asset ratio $\frac{(C)}{(D)}$		11.01%	11.10%	0.09%

(Note) The above is calculated based on the "Standards for judging whether the owned capital Shinkin Bank or Shinkin Bank Association holds is appropriate according to the assets they possess based on the regulations in Article 14-2 of the Banking Act applying to Article 89, Section 1 of the Shinkin Bank Act (Financial Services Agency announcement 21 of 2006)." Our group has adopted a domestic framework.

Consolidated Financial Statements

Consolidated balance sheet

(Unit : million yen)

(Assets)	As of March 31, 2023	As of March 31, 2024	Changes
Cash and due from banks	1,302,315	1,245,062	△ 57,253
Bills bought and call loans	714	177	△ 536
Monetary claims purchased	10,000	10,000	—
Trust funds	1,979	0	△ 1,979
Trading securities	624	532	△ 92
Investment securities	1,860,939	1,758,705	△ 102,234
Loans	3,216,465	3,296,941	80,475
Foreign exchange	1,373	946	△ 427
Other assets	36,245	43,694	7,448
Tangible fixed assets	57,483	59,130	1,646
Buildings	8,056	8,343	287
Land	44,599	44,520	△ 78
Leased assets	1	0	△ 0
Construction work in progress	618	2,167	1,548
Other tangible fixed assets	4,208	4,098	△ 110
Intangible fixed assets	3,794	3,114	△ 679
Software	3,438	2,862	△ 575
Other intangible fixed assets	356	251	△ 104
Deferred tax assets	14,182	11,356	△ 2,826
Customers' liabilities for acceptances and guarantees	2,145	1,602	△ 543
Reserve for possible loan loss	△ 15,412	△ 14,093	1,319
Reserve for investment loss	△ 105	△ 92	13
Total assets	6,492,747	6,417,077	△ 75,669

(Liabilities)	As of March 31, 2023	As of March 31, 2024	Changes
Deposits	5,301,146	5,326,838	25,691
Certificate of deposit	15,000	—	△ 15,000
Borrowings	461,333	393,100	△ 68,233
Bills sold and call money	4,540	9,008	4,468
Bond lending transaction collateral received	376,921	332,597	△ 44,323
Foreign exchange	164	76	△ 87
Other liabilities	22,620	25,473	2,852
Reserve for bonuses	10	13	2
Retirement benefit liability	11,168	11,270	102
Reserve for retirement bonuses for directors	593	726	132
Reserve for reimbursement of deposits	359	182	△ 177
Reserve for contingent losses	287	475	187
Reserve for reward payments of deposits	33	—	△ 33
Deferred tax liability	13	2	△ 11
Deferred tax liabilities as for land revaluation	4,554	4,554	—
Acceptances and guarantees	2,145	1,602	△ 543
Total liabilities	6,200,894	6,105,923	△ 94,971
(Net assets)			
Investments	19,620	19,397	△ 223
Capital surplus	46	46	—
Earned surplus	280,850	293,198	12,348
Unsettled equity	△ 1,789	△ 1,901	△ 112
Total members' equity	298,728	310,740	12,012
Net unrealized gains on available-for-sale securities	△ 17,889	△ 12,604	5,284
Deferred hedging gains and losses	3,631	4,698	1,066
Land revaluation surplus	7,303	8,234	931
Total amount on valuation and translation	△ 6,954	328	7,282
Non controlling interest	78	85	6
Total net assets	291,852	311,154	19,301
Total liabilities and net assets	6,492,747	6,417,077	△ 75,669

Consolidated Financial Statements

Consolidated statement of income

(Unit : thousand yen)

	April 1, 2022 through March 31, 2023	April 1, 2023 through March 31, 2024	Changes
Ordinary income	70,975,875	84,339,562	13,363,686
Fund management income	53,528,616	58,516,047	4,987,431
Interest on loans	35,520,108	37,636,834	2,116,726
Interest on deposits	1,864,748	3,402,100	1,537,351
Interest on bills purchased and call loans	7,863	10,248	2,384
Interest and dividends on securities	15,600,753	16,932,290	1,331,536
Other interest income	535,142	534,573	△ 568
Fees and commissions	7,836,676	8,239,666	402,989
Other operating income	5,202,977	5,100,853	△ 102,123
Other ordinary income	4,407,605	12,482,994	8,075,389
Reversal of allowance for doubtful debt accounts	—	64,926	64,926
Bad debt recovered	284,273	564,273	280,000
Other ordinary income	4,123,332	11,853,794	7,730,462
Ordinary expenses	59,038,893	65,651,279	6,612,386
Financing expenses	2,906,424	4,318,168	1,411,744
Interest on deposits	918,091	1,119,622	201,531
Interest on fixed savings deposits	1,119	1,071	△ 47
Certificate of deposit interest	42,843	390	△ 42,453
Interest on borrowings	11,152	12,763	1,611
Interest on bills sold and call money	239,128	508,526	269,398
Interest paid in bond lending transactions	1,567,359	2,532,296	964,937
Other interest expenses	126,729	143,495	16,766
Fees and commissions	6,428,413	6,615,721	187,307
Other operating expenses	14,665,777	19,058,958	4,393,181
Expenses	33,188,128	34,540,751	1,352,623
Other ordinary expenses	1,850,149	1,117,679	△ 732,470
Provision of allowance for doubtful debt accounts	657,280	—	△ 657,280
Other ordinary expenses	1,192,869	1,117,679	△ 75,190
Ordinary profit	11,936,982	18,688,282	6,751,300
Extraordinary profit	1,867,314	909,685	△ 957,629
Gain on disposal of fixed assets	1,867,314	909,685	△ 957,629
Extraordinary loss	248,701	287,896	39,195
Loss on disposal of fixed assets	187,381	287,896	100,515
Impairment losses	61,319	—	△ 61,319
Net income before taxes and other adjustments	13,555,595	19,310,071	5,754,475
Corporate tax, inhabitant tax and business tax	3,750,156	4,964,176	1,214,020
Adjustment with corporate tax, etc.	35,045	357,717	322,671
Total corporate tax, etc.	3,785,202	5,321,893	1,536,691
Net income	9,770,393	13,988,178	4,217,784
Profit attributable to non-controlling interests	△ 8,572	△ 5,210	3,361
Profit attributable to owners of parent	9,778,966	13,993,388	4,214,422

Consolidated statement of retained earnings

(Unit : thousand yen)

	April 1, 2022 through March 31, 2023	April 1, 2023 through March 31, 2024	Changes
(Capital surplus)			
Capital surplus balance at beginning of year	46,756	46,756	—
Increase in capital surplus	—	—	—
Decrease in capital surplus	—	—	—
Capital surplus balance at end of year	46,756	46,756	—
(Earned surplus)			
Earned surplus balance at end of year	271,539,026	280,850,072	9,311,045
Increase in earned surplus	10,042,653	13,061,683	3,019,030
Profit attributable to owners of parent	9,778,966	13,993,388	4,214,422
Reversal of revaluation reserve for land	263,686	△ 931,704	△ 1,195,391
Decrease in earned surplus	731,607	713,311	△ 18,296
Dividends	731,607	713,311	△ 18,296
Earned surplus balance at end of year	280,850,072	293,198,444	12,348,372

Segment information by business type

Some consolidated companies conduct credit guarantee business, etc., in addition to credit association business, but because the ratio of these business activities to all segments is minimal, segment information by business type is not included here.

Status of Loan Assets

Self-assessment and write-off/allowance

For ensuring the health of assets, the Bank has rigorously implemented "self-assessment" in order to scrutinize its own assets individually, as well as "write-off and allowance" in accordance with it.

In the self-assessment, the Bank assesses the repayment capacity of borrowers based on their financial condition, cash position and profitability. In accordance with the results of the assessment, they are classified into one of five groups consisting of "Normal entities," "Entities requiring caution," "Potentially bankrupt entities," "Entities bankrupt in substance" and "Bankrupt entities." Then, the Bank classifies each individual loan into one of four groups consisting of "Unclassified," "Classification II," "Classification III" and "Classification IV," based on the degree of the risk inherent in collection of the loan or based on the risk of damage to the value of the loan. The Bank has fully established regulations for write-off and allowance. It processes based on the classification of borrowers and loans.

Self-assessment, disclosed loans, and coverage conditions (non-consolidated basis)

(Unit : 100 million yen)

	Self-assessment				Loans and claims required to be disclosed by the Financial Reconstruction Law		Loans and claims required to be disclosed by the Shinkin Bank Act		Coverage conditions		
	Unclassified	Classification II	Classification III	Classification IV*	Classification	Year ended March 2024	Classification	Year ended March 2024	Collectible amount by collateral, guarantees, etc.	Reserve of the Bank	Coverage ratio
Bankrupt entities	25	13	11	—	Bankrupt and quasi-bankrupt loans and claims	97	Bankrupt and quasi-bankrupt loans and claims	97	75	22	100.00%
Entities bankrupt in substance	72	24	25	—	Doubtful loans and claims	510	Doubtful loans and claims	510	439	55	96.98%
Potentially bankrupt entities	509	252	185	71	Substandard loans and claims	69	Loans overdue for 3 months or more	—	25	2	41.22%
Entities requiring caution	5,598	1,541	4,056	—	Loans with eased lending conditions	69	Loans with eased lending conditions	69	540	80	91.71%
Normal entities	26,813	26,813	—	—	Subtotal	677	Subtotal	677			
Total	33,018	—	—	—	Normal loans and claims	32,379	Normal loans and claims	32,379			
					Total	33,057	Total	33,057			

* Category IV assessment off balance due to write-off is 1,600 million yen.

* The values of "Loans and claims required to be disclosed by the Financial Reconstruction Law" and "Loans and claims required to be disclosed by the Shinkin Bank Act" include the values of privately placed bonds that the Bank guarantees. In addition, "Coverage conditions" show ratios in proportion to the values shown under "Loans and claims required to be disclosed by the Financial Reconstruction Law."

* Coverage ratio is rounded to the second decimal place.

Status of Loan Assets

Disclosure of loan assets

The Bank is obliged to disclose loans and claims based on the Financial Reconstruction Law and the Shinkin Bank Act.

The Bank has a total coverage ratio of 91.71% in combination with collateral, guarantees and reserves for disclosed claims based on the Financial Reconstruction Law (excluding normal loans and claims) and continues to maintain a sufficient level of reserves. The Bank believes that its mission is to contribute to the development of and support for the region, while securing sound management through establishing sufficient reserves.

Coverage conditions and reserve for loans and claims required to be disclosed by the Financial Reconstruction Law and the Shinkin Bank Act (non-consolidated)

(Disclosure criteria specified in Article 6 and Article 7 of the Law Concerning Emergency Measures for the Reconstruction of the Functions of the Financial System)

(Unit : 100 million yen)

Classification	Year ended March 2023	Year ended March 2024
Bankrupt and quasi-bankrupt loans and claims	81	97
Doubtful loans and claims	550	510
Substandard loans and claims	48	69
Loans overdue for 3 months or more	—	—
Loans with eased lending conditions	48	69
Subtotal (A)	680	677
Coverage amount (B)	638	621
Individual reserve for possible loan loss (C)	83	78
General reserve for possible loan loss (D)	2	2
Amount collectible by collateral, guarantee, etc. (E)	552	540
Coverage ratio (B) / (A) (%)	93.84%	91.71%
Reserve rate ((C) + (D)) / ((A) - (E)) (%)	67.23%	58.99%
Normal loans and claims (F)	31,558	32,379
Total credit balance (A) + (F)	32,239	33,057

* 1. The coverage ratio indicates the coverage ratio for the total amount of disclosed loans and claims (excluding normal loans and claims).

* 2. The reserve rate indicates the reserve rate for the unsecured balances within disclosed loans and claims (excluding normal loans and claims).

* 3. All rates within the table are rounded to the second decimal place.

Loans and claims required to be disclosed by the Shinkin Bank Act [consolidated]

(Disclosure criteria specified in Article 89 of the Shinkin Bank Act)

(Unit : 100 million yen)

Classification	Year ended March 2023	Year ended March 2024
Bankrupt and quasi-bankrupt loans and claims	87	105
Doubtful loans and claims	551	511
Loans overdue for 3 months or more	—	—
Loans with eased lending conditions	48	69
Subtotal (A)	687	686
Normal loans and claims (B)	31,587	32,409
Total credit balance (A) + (B)	32,274	33,095