

The cover image features a blue sky with white, fluffy clouds. The text 'Annual Report 2014' is centered in a white, outlined font.

# Annual Report 2014

Year Ended March 31, 2014



## 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, 2014, the Bank had total assets of ¥2,665.3 billion, net assets of ¥105.1 billion, and 1,968 employees. The Bank also had a service network of 76 branches, 4 branch offices, and 62 automatic teller facilities.*



# Non-Consolidated Financial Highlights

## Non-Consolidated Financial Highlights

The Tama Shinkin Bank  
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>For the Fiscal Year:</b>			
Total Income	¥ 40,897	¥ 41,618	\$ 397,374
Total Expenses	35,335	36,597	343,327
Income Before Income Taxes	5,562	5,020	54,046
Net Income	3,879	3,575	37,697
<b>Business Profit</b>	<b>6,389</b>	<b>7,574</b>	<b>62,083</b>
<b>At Year-End:</b>			
Deposits	¥ 2,441,232	¥ 2,375,672	\$ 23,719,713
Loans and Bills Discounted	1,005,420	1,015,745	9,768,954
Securities	995,369	940,038	9,671,290
Total Assets	2,665,366	2,603,369	25,897,455
Total Net Assets	105,143	102,442	1,021,601

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 ¥102.92 to U.S.\$1, the rate prevailing on March 31, 2014.

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 its customers.*

*Tamashin's mission is to contribute to the happiness and well-being of its customers.*

### 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.

## **As We Mark the 80th Anniversary of the Bank's Founding, We Will Contribute to the Development of the Tama Region by Further Enhancing Our "Capacity to Solve Customers' Problems."**



### **The Economic Environment in the Fiscal Year Ended March 2014**

Looking back on the fiscal year ended March 2014, corporate and consumer sentiments improved, thanks in part to the impact of the Abe Cabinet's "bold monetary policy," with exports picking up and personal consumption increasing against the backdrop of the weakening yen and sharp rebounds in the Nikkei Average. Housing investment increased due to rush demand ahead of the hike in the consumption tax, and robust public investment under the "agile fiscal policy," helping sustain the economic recovery trend. Consequently, the business confidence of large corporations has improved significantly, and the business confidence of small- and medium-sized companies also has improved, albeit moderately.

While business confidence improved gradually in the Tama region as well, there still remains a significant discrepancy compared with the improvement for large corporations. In addition, there is a discrepancy between the actual business conditions and business confidence, as seen in declines in profit margins due to sharp rises in material costs and rising energy costs, which stem from the weakening yen, and concerns about the job market arising from the shortfall in human resources. With concerns over the fallout of the hike in the consumption tax also visible, the future outlook remains uncertain.

### **We Will Seek to Create "Hometown Tama" from a Long-Term Perspective.**

Amid the economic environment described above, Tamashin has been proactively addressing the problems and difficulties facing our corporate clients, retail customers and the entire Tama region, seeking to become a proactive "regional problem-solving infrastructure" and creating "Hometown Tama," a sustainable and energetic community for the Tama region. While we carried out a string of commemorative events to mark the 80th anniversary of the Bank's founding in the fiscal year ended March 2014, we held them not as transient events, but as projects that would contribute to creating a bright future for the community.

### **Various Support Leveraging the Network**

The number of business establishments has been on the decline in the Tama region as well, against the background of the graying of business managers, shortage of business successors, and shifting production bases to overseas of production bases. Tamashin has redoubled efforts for the establishment and succession of businesses through its own problem-solving project, "Problem-Solving Platform TAMA," and other initiatives for the future prosperity of the region's economy. In the fiscal year ended March 2014, we established the platform, "Business Start-Up Support Center Tama," to support business start-ups, and held seminars to support people starting up new businesses. We also held briefing sessions to assist in the application for a variety of subsidies, thereby providing various support that

leverages our network of supporting organizations with Tamashin at the core.

Our problem-solving activities for individual customers revolved around our efforts to consider life plans together with customers, amid the diversification of lifestyles and individual needs. In order to support their good life, we set up new “Smile Counters” at four different branches, bringing to 24 the total number of branches with this consulting space that customers can visit for detailed consultations over monetary and financial life planning matters, as part of our efforts to enhance our consulting function.

The local community faces a host of challenges, including responses to increased social welfare services associated with the acceleration in the aging of the population. As a regional financial institution in Tama, Tamashin will undertake initiatives for the sustainable development of the local community in partnership and cooperation with various people and organizations, including people who live and work in Tama, administrative agencies, business corporations and NPOs, and help foster young human resources who will contribute to the future Tama region with enthusiasm.

### **We Will Enhance “Capacity to Solve Customers’ Problems” and Help Solve Problems for More Customers.**

**W**hile the Tama region still face a lot of problems and challenges, it also has the potential to realize further growth and prosperity.

For our corporate clients, we find it necessary to further bring out our broad “Capacity to Solve Customers’ Problems” regarding growth-oriented initiatives, including technological development, business partnerships and M&A. For our retail customers, we are providing support in areas ranging from child-rearing to second life and end-of-life care. But we do not consider our current efforts sufficient, and believe that there are many more issues we still need to solve.

### **We Seek to Become a “Problem-Solving Infrastructure” in the Tama Region.**

**I**n the new fiscal year ending March 2015, we will continue to perform our role as a problem-solving infrastructure in the Tama region and strive to help realize the sustainable prosperity of the regional community and stable livelihoods. We will make further contributions to the region by enhancing our employees’ problem-solving capacity and building a variety of networks. We ask for your continued understanding and cooperation for Tamashin’s activities in the coming years.



Toshiro Yagi, President

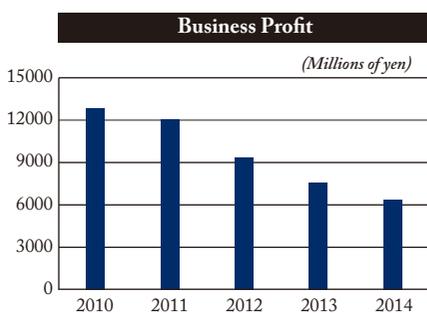
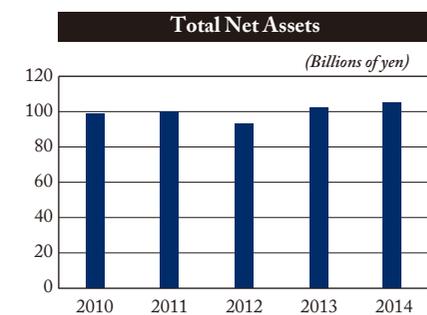
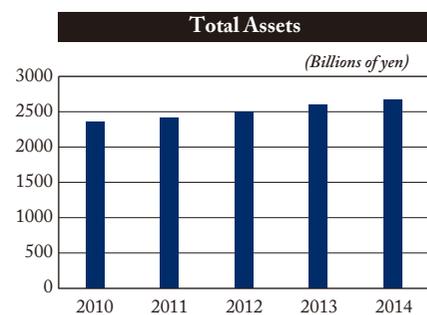
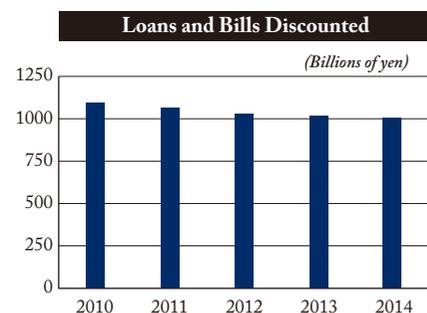
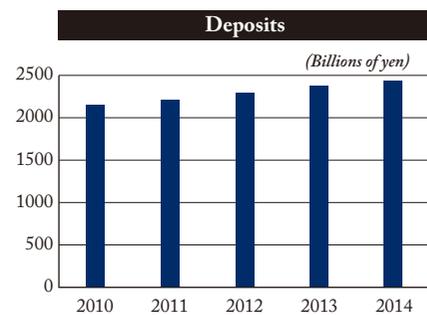
### ***Fundamental Goals of the Medium-term Management Plan 2012***

Tamashin started implementing a three-year plan called “Medium-term Management Plan 2012” in fiscal year 2013. The plan’s central theme is to play a role in creating a sustainable and energetic region called “Hometown Tama.” To accomplish this, we will constantly serve as an infrastructure for solving issues in our home region that involve our corporate and individual customers as well as the entire Tama region.

The Medium-term Management Plan 2012 has the following three fundamental goals.

1. Fulfill the role of a regional problem-solving infrastructure.
2. Build a base of operations that facilitates the sustainable use of the shinkin bank business model.
3. Foster a work environment where people can do their jobs with confidence, pride, and worry-free.

We believe that contributing to progress in the Tama region through these goals is the primary role of Tama Shinkin Bank as an organization that is rooted in its home region.



## The Financial and Economic Environment

In the Japanese economy in the fiscal year ended March 2014, consumer and corporate sentiments improved thanks to the policy effects of the “three arrows” of “bold monetary policy,” “agile fiscal policy” and “growth strategy to encourage private-sector investment” under Abenomics, the set of economic policies of the government of Prime Minister Shinzo Abe. The overall underlying trend of economic recovery continued, with an increase in housing investment propelled by rush demand ahead of the consumption tax rate hike and higher public investment, led by restoration projects from the Great East Japan Earthquake.

In the stock market, the Nikkei Average started the year in the ¥12,000 range, but advanced close to ¥16,000 in May, encouraged by expectations on Abenomics and the Bank of Japan’s easing of monetary supply seeking a “different dimension” of quantitative and qualitative monetary easing. In June, however, it fell back steeply into the ¥12,000 range, amid speculation over the early tapering of quantitative easing in the United States. Subsequently, the Nikkei Average maintained an uptick, supported by the spread of the Bank of Japan’s easy credit policy, weakening yen and record-high U.S. stock prices, reaching a peak of ¥16,320 in December, 2013 for the fiscal year ended March 31, 2014.

By sector, the corporate sector experienced a further expansion of production against the backdrop of the actualization of rush demand ahead of the hike in the consumption tax rate. The non-manufacturing sector remained robust on the back of earthquake restoration demand and increased public investment across the country fueled by emergency economic measures, while the manufacturing sector also went on the recovery path, led by exporters seeing profitability improvement thanks to the weakening yen, etc.

In the consumer sector, department stores and food service companies began to gain upward momentum, with consumer sentiment recovering against the backdrop of higher stock prices and the selection of Tokyo as the venue for the 2020 Summer Olympics, and consumer appetite for big-ticket items increasing. Retail sales and consumption of services showed underlying strength, partly thanks to rush demand for daily necessities ahead of the consumption tax rate hike.

## Operating Results

In the fiscal year ended March 2014, which was the second year of the implementation of our “Medium-Term Management Plan 2012” and also marked the 80th anniversary of the Bank’s founding, we set the main theme of the management plan as “Realization of Problem-Solving 2013’ – Realize the Sustainable Management Base and Workplace Environment and Realize Quality Problem-Solving through Improving *Kinkyoku*, Our Capability as a Regional Financial Institution –,” and undertook focused efforts to further contribute to creating a bright future for the regional community, for creating “*Hometown Tama*.”

As of March 31, 2014, the balance of deposits increased by ¥65.5 billion compared to the prior year to ¥2,441.2 billion, marking a second year of consecutive growth thanks to the support of all our customers in the region, while the balance of loans and bills discounted fell by ¥10.3 billion to ¥1,005.4 billion

The fiscal year-end balance of securities grew ¥55.3 billion over the previous fiscal year to ¥995.3 billion. The fiscal year-end balance of total assets amounted to ¥2,665.3 billion, up ¥61.9 billion, while the fiscal year-end balance of net assets was up ¥2.7 billion to ¥105.1 billion.

Total income before extraordinary income declined by ¥800 million, or 2.0%, from the previous fiscal year to ¥40.7 billion, due mainly to the year-on-year drop of ¥10.3 billion in the balance of loans and bills discounted and drops in interest on loans and bills discounted and interest on due from banks. Ordinary expenses fell by ¥1.1 billion, or 3.0%, from the previous fiscal year to ¥34.9 billion, primarily because of reductions in non-personnel expenses and individual provision for possible loan loss.

As a result, ordinary income increased by ¥200 million, or 4.6%, over the previous fiscal year to ¥5.7 billion; income before income taxes increased by ¥500 million, or 10.7%, to ¥5.5 billion; and net income increased by ¥300 million, or 8.5%, to ¥3.8 billion, allowing the Bank to sustain stable profitability.

### Non-Performing Assets

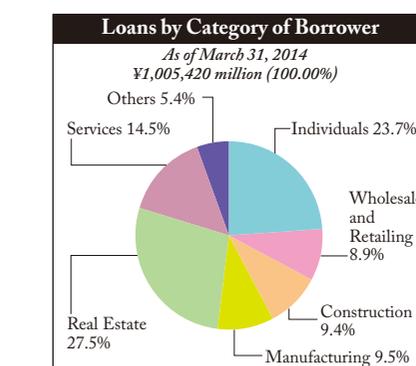
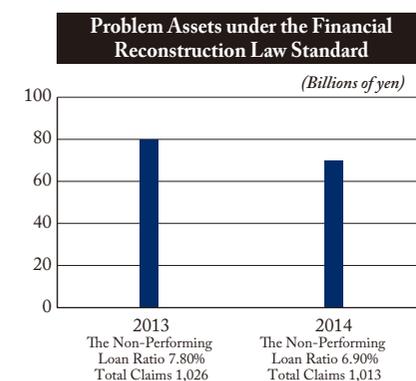
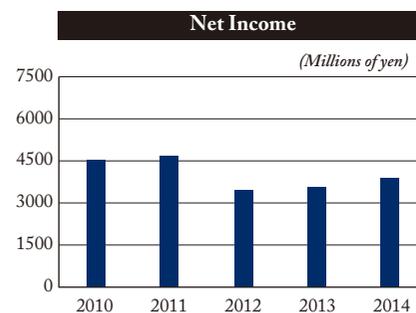
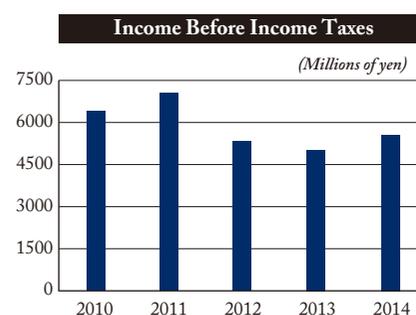
Tamashin is disposing of non-performing loans in a manner to share and help solve difficulties and problems of customers constructively engaged in their business operations. Thanks to the effects of our efforts and the gradual improvement of customers' business operations, Tamashin's non-performing loans reported in accordance with the Financial Reconstruction Law's disclosure standards, excluding normal claims, declined by ¥10.0 billion from the fiscal year ended March 2013 to ¥69.9 billion, with the non-performing loan ratio falling by 0.9 percentage point to 6.90%. The total balance of claims, including normal claims, also declined from ¥1,026.0 billion to ¥1,013.4 billion.

In accordance with the Financial Reconstruction Law, Tamashin is striving to ensure a high level of transparency in disclosing our operations, including the results of self-assessment of our assets. The total balance of non-performing loans by category and the total coverage ratio, etc., computed in accordance with disclosure standards of the Financial Reconstruction Law and the Shinkin Bank Law, are stated below.

Tamashin's non-performing loans disclosed under the Financial Reconstruction Law amounted to ¥69.9 billion, and 80.13% of those are secured by collateral, guarantees and/or loan loss reserves. Tamashin covers the remaining ¥13.8 billion, or approximately 19.86%, with its equity capital (total net assets of ¥105.1 billion).

In addition, loans defined as risk-monitored under the Shinkin Bank Law's disclosure standards declined by ¥10.0 billion from the previous fiscal year to ¥69.7 billion. The total comprises ¥1.5 billion in loans to bankrupt borrowers and ¥68.1 billion in non-accrual delinquent loans. There are no outstanding claims on which loans past due for three months or more, or restructured loans. All loans outstanding to bankrupt borrowers are fully secured by collateral, guarantees and/or loan loss reserves. Of the balance of delinquent loans, 79.61% is secured, while 80.07% of the total risk-monitored loans is secured by collateral, guarantees and/or loan loss reserves.

Going forward, Tamashin will continue to proactively provide financial and non-financial support to customers in order to solve their problems and improve their business operations.



## Non-Performing Assets under the Financial Reconstruction Law

Years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
Bankrupt and Quasi-Bankrupt Assets	¥ 8,761	¥ 11,828
Doubtful Assets	61,212	68,223
Substandard Loans	-	-
Normal Assets	943,482	946,028
Total	¥ 1,013,457	¥ 1,026,079

Note: Under the Shinkin Bank Law, claims subject to reporting are limited to loans and bills discounted. Under the Financial Reconstruction Law, in addition to loans and bills discounted, Banks must also report a wide range of claims, including securities lending, foreign exchange, accrued income and advance payments on other assets, and customers' liabilities for acceptances and guarantees. In addition, the bank must analyze the status of the claim in light of the borrower's financial condition.

## Risk-Monitored Loans under the Shinkin Bank Law

Years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
Total loans to bankrupt borrowers	¥ 1,560	¥ 2,189
Total non-accrual delinquent loans	68,161	77,578
Total loans past due for three months or more	-	-
Total Restructured loans	-	-
Total	¥ 69,722	¥ 79,767

## 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.

## Application of the New BIS Regulations , Basel III

Following the financial crisis triggered by the subprime loan problem, regulations regarding the capital adequacy ratio have been tightened internationally and the "Basel III" framework, replacing the previous "Basel II," has been launched. Aiming for enhancing the quality of total capital, shinkin banks commenced application of the new capital adequacy ratio regulations (Pillar 1) under Basel III in the fiscal year ended March 2014.

As under Basel II, shinkin banks that are engaged only in domestic operations are required to maintain the minimum required capital adequacy ratio of 4% as a domestic rule; but the definitions of capital have changed significantly under Basel III that focuses on the quality of capital.

Core capital primarily consists of common equity and retained earnings with strong loss-absorbing capacity, but may also include mandatory convertible preferred shares, preferred shares issued by cooperative financial institutions, and general loan loss reserves (up to 1.25% of credit risk assets). Under Basel II, total capital, or the numerator, was computed by sum-

ming up core capital (Tier 1) comprising equity capital and retained earnings, etc. and supplementary capital (Tier 2). Under the new capital regulations, however, adjustment items with a weak loss-absorbing capacity, including intangible fixed assets and deferred tax assets, etc., are to be deducted from the amount of basic items such as equity capital and retained earnings, etc.

### Method to calculate the capital adequacy ratio under Basel III

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

### Method to calculate the capital adequacy ratio under Basel II

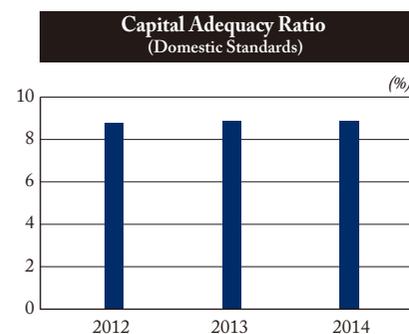
$$\frac{\text{Tier 1} + \text{Tier 2}}{\text{Amount of credit risk assets} + \text{Operational risk equivalent amount} \div 8\%} \geq 4\%$$

### Capital Adequacy Ratio

Tamashin's stance regarding the capital adequacy ratio is not simply to increase this ratio. Our policy is to place foremost priority on our role within the region, and to steadily retain the appropriate level of earnings obtained from serving customers in our home region, which may contribute to the soundness of our operations.

As for the capital adequacy ratio in the fiscal year ended March 2014, the "amount of credit risk assets, etc." (the denominator) increased by ¥24.4 billion over the previous fiscal year to ¥1,070.2 billion, while the "amount of total capital" (the numerator) increased by ¥2.3 billion to ¥95.1 billion compared to the previous fiscal year, due in part to an increase in retained earnings. As a result, Tamashin's capital adequacy ratio rose 0.02 percentage points compared to the prior year to 8.89%, which is far larger than the 4% standard for domestic banks. It ensured the soundness and stability of its operation.

As a regional financial institution, Tamashin will continue to place its contribution to regional customers above all else, while striving to further enhance the soundness of our operations.



### Capital Adequacy Ratio (Calculated under Basel III)

Year ended March 31, 2014

	Millions of yen
	2014
Core capital basic items	¥ 95,180
Core capital adjustment items	-
Total Capital	¥ 95,180
Risk Assets	
Total amount of credit risk assets	¥ 1,001,839
Amount Obtained by Dividing Operational Risk Equivalent by 8%	68,414
Capital Adequacy Ratio	8.89%

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)," which provide for the method to calculate capital adequacy ratio, was revised on March 8, 2013. With the revised notification becoming applicable on and after March 31, 2014, disclosure for the fiscal year ended March 2013 was made based on the old notification, while disclosure for the fiscal year ended March 2014 was made based on the notification applicable at the time of the filing of financial statements. The Bank adopts the domestic standards for calculating its capital adequacy ratio.

### Capital Adequacy Ratio (Calculated under Basel II)

Year ended March 31, 2013

	Millions of yen
	2013
Tier I Capital	¥ 88,340
Tier II Capital	4,484
Total Capital	¥ 92,825
Risk Assets	
On-Balance-Sheet Assets	¥ 948,603
Off-Balance-Sheet Assets	25,681
Amount Obtained by Dividing Operational Risk Equivalent by 8%	71,510
Capital Adequacy Ratio	8.87%

# Non-Consolidated Balance Sheets

## Non-Consolidated Balance Sheets

The Tama Shinkin Bank  
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>ASSETS</b>			
Cash and Due from Banks (Notes 10 and 14)	¥ 602,462	¥ 581,981	\$ 5,853,699
Call Loans	5,000	5,000	48,581
Monetary Claims Purchased	49	1,565	480
Money Held in Trust (Note 15)	7,500	8,000	72,872
Trading Account Securities (Notes 14 and 15)	87	51	846
Securities (Notes 2, 10, 14 and 15)	995,369	940,038	9,671,290
Loans and Bills Discounted (Notes 3, 13 and 14)	1,005,420	1,015,745	9,768,954
Foreign Exchange (Note 4)	664	679	6,460
Other Assets (Notes 5 and 10)	14,621	15,226	142,064
Tangible Fixed Assets (Notes 6, 16 and 17)	32,987	33,882	320,512
Intangible Fixed Assets (Note 6)	1,986	2,331	19,299
Prepaid Pension Expense	29	-	281
Customers' Liabilities for Acceptances and Guarantees (Note 9)	7,073	8,980	68,724
Reserve for Possible Loan Losses (Note 14)	(7,884)	(10,114)	(76,612)
<b>Total Assets</b>	<b>¥ 2,665,366</b>	<b>¥ 2,603,369</b>	<b>\$25,897,455</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Deposits (Notes 7, 10 and 14)	¥ 2,441,232	¥ 2,375,672	\$ 23,719,713
Call Money (Note 14)	98,804	100,424	960,015
Foreign Exchange (Note 4)	18	6	183
Other Liabilities (Note 8)	6,705	9,403	65,152
Reserve for Employee Bonuses	1,099	1,100	10,681
Reserve for Employee Retirement Benefits	-	595	-
Reserve for Director's Retirement Benefits	406	399	3,948
Reserve for Reimbursement of Deposits	307	239	2,985
Reserve for Contingencies	227	273	2,205
Deferred Tax Liabilities	1,049	525	10,197
Deferred Tax Liabilities for Land Revaluation (Note 16)	3,298	3,306	32,044
Acceptances and Guarantees (Note 9)	7,073	8,980	68,724
<b>Total Liabilities</b>	<b>¥ 2,560,222</b>	<b>¥ 2,500,926</b>	<b>\$ 24,875,853</b>
<b>NET ASSETS:</b>			
<b>Members' Equity:</b>			
Share Capital (Note 11)	23,445	23,587	227,801
Capital Surplus (Note 11)	766	766	7,445
Retained Earnings (Note 12)	67,564	64,719	656,475
Disposal of Outstanding Equities	(1)	(2)	(12)
<b>Total Members' Equity</b>	<b>91,774</b>	<b>89,069</b>	<b>891,710</b>
<b>Valuation, Translation Adjustments and Others:</b>			
Unrealized Gains (Losses) on Other Securities (Notes 14 and 15)	11,445	11,754	111,206
Land Revaluation Excess (Note 16)	1,923	1,618	18,684
<b>Total Valuation, Translation Adjustments and Others</b>	<b>13,368</b>	<b>13,372</b>	<b>129,890</b>
<b>Total Net Assets (Note 18)</b>	<b>105,143</b>	<b>102,442</b>	<b>1,021,601</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 2,665,366</b>	<b>¥ 2,603,369</b>	<b>\$ 25,897,455</b>

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

*Non-Consolidated Statements of Income and Retained Earnings*

*The Tama Shinkin Bank*  
*Years ended March 31, 2014 and 2013*

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Income:</b>			
<b>Interest on:</b>			
Loans and Bills Discounted	¥ 24,673	¥ 24,051	\$ 239,731
Securities	9,043	8,883	87,868
Others	469	2,526	4,563
Fees and Commissions	3,694	3,647	35,894
Other Operating Income	877	839	8,522
Other Income	2,140	1,670	20,794
<b>Total Income</b>	<b>40,897</b>	<b>41,618</b>	<b>397,374</b>
<b>Expenses:</b>			
<b>Interest on:</b>			
Deposits	1,105	1,251	10,742
Borrowings and Rediscounts	83	46	813
Others	11	13	115
Fees and Commissions	1,506	1,544	14,638
Other Operating Expenses	658	732	6,397
General and Administrative Expenses	29,387	29,702	285,542
Other Expenses (Note 17)	2,581	3,305	25,078
<b>Total Expenses</b>	<b>35,335</b>	<b>36,597</b>	<b>343,327</b>
<b>Income Before Income Taxes</b>	<b>5,562</b>	<b>5,020</b>	<b>54,046</b>
<b>Income Taxes:</b>			
Current	1,047	105	10,177
Deferred	635	1,339	6,171
<b>Net Income (Note 18)</b>	<b>3,879</b>	<b>3,575</b>	<b>37,697</b>
<b>Unappropriated Earnings in Retained Earnings:</b>			
Balance at Beginning of the Year	5,668	2,178	55,079
Reversal of Revaluation Reserve for Land	(304)	0	(2,962)
Reversal of Reserve for System Migration	-	1,000	-
	<b>9,243</b>	<b>6,754</b>	<b>89,814</b>
<b>Appropriations:</b>			
Transfer to Legal Reserve (Note 12)	360	350	3,497
Dividends			
Common Shares (4.0% per year)	729	735	7,087
Transfer to Voluntary Reserves	3,000	-	29,148
<b>Total Appropriations</b>	<b>4,089</b>	<b>1,085</b>	<b>39,734</b>
<b>Unappropriated Profits at End of the Year (Note 19)</b>	<b>¥ 5,154</b>	<b>¥ 5,668</b>	<b>\$ 50,079</b>

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

# Notes to Non-Consolidated Financial Statements

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of presentation

The accompanying financial statements of The Tama Shinkin Bank (the Bank) are prepared in accordance with accounting principles and practices generally accepted in Japan under the requirements of the Japanese Commercial Code, the Shinkin Bank Law of 1951, and other applicable regulations.

In preparing these financial statements, certain reclassifications and rearrangements have been made to the financial statements issued in Japan. In addition, the accompanying notes include information that is not required under generally accepted accounting principles and practices in Japan but is presented herein as additional information. All yen figures have been rounded down to millions of yen by dropping the final six digits. For convenience only, U.S. dollar amounts presented in the accompanying financial statements have been translated from yen at the rate of ¥102.92 to US\$1, the exchange rate prevailing in Tokyo on March 31, 2014.

### b. Trading account securities

Trading account securities which are held for the short term in anticipation of market gains are recorded at fair value. The cost of such securities sold are computed using the moving-average method. Changes in the fair value of trading account securities are recorded in other operating income (expenses).

### c. Securities

As for securities other than those in trading portfolio, debt securities that the Bank has the intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost using the moving-average method.

Investments in subsidiaries and affiliates are carried at cost using the moving-average method.

Securities excluding those classified as trading securities, held-to-maturity or investments in subsidiaries and affiliates are defined as other securities. Other securities that are valued at fair market value are valued at market value as at the last day of the fiscal year. The cost of such securities sold are computed using the moving-average method. Other securities, whose market values are extremely difficult to determine, are carried at cost using the moving-average method. Unrealized gains and losses on other securities are reported, net of applicable income taxes as a component of net assets.

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.

### d. Derivatives

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

### e. Depreciation and amortization method

Tangible fixed assets except for leased assets are stated at cost less accumulated depreciation. The depreciation of the Bank's tangible fixed 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

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 by the straight-line method based on the Bank's estimate of useful life (mostly five years).

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.

### f. Foreign currency transactions

The financial statements of the Bank are maintained in or translated into Japanese yen. Foreign currency assets and liabilities held domestically are translated into yen at the prevailing rates on the Tokyo Foreign Exchange Market on the last business day of each fiscal year, and incorporated into the Bank's financial statements.

### g. Reserves

#### 1) Reserve for possible loan losses

The 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.

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 based on the historical loan-loss ratio.

The operating divisions assess all claims in accordance with the guidelines for the self-assessment of asset quality, and the internal audit and inspection division, which is independent from the operating divisions, audits these assessments. The allowance for loan losses is provided based on the results of these assessments.

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 amounts were ¥11,123 million (US\$108,077 thousand) and ¥11,172 million, respectively, in the fiscal years ended March 2014 and March 2013.

#### 2) Reserve for employee bonuses

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.

#### 3) Reserve for employee retirement benefits

The 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. For the fiscal year, ¥29 million (US\$281 thousand) has been recorded as a prepaid pension expense in the balance sheet.

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.

#### 4) Reserve for director's retirement benefits

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.

#### 5) Reserve for reimbursement of deposits

The 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.

#### 6) Reserve for contingencies

The reserve for contingencies is provided for future payments to Credit Guarantee Corporation based on the amount reasonably calculated.

### h. Leases

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. 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.

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.

### i. Income taxes

The provision for income taxes is computed based on the pretax income included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

### j. Consumption tax

National and local consumption taxes are accounted for using the net of tax method.

## 2. SECURITIES

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
National Government Bonds	¥ 141,621	¥ 132,646	\$ 1,376,031
Local Government Bonds	166,882	147,310	1,621,473
Corporate Bonds	398,347	405,259	3,870,454
Stocks	19,365	17,063	188,157
Other Securities	269,153	237,758	2,615,173
Total	¥ 995,369	¥ 940,038	\$ 9,671,290

## 3. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Bills Discounted	¥ 12,679	¥ 14,959	\$ 123,194
Loans on Bills	25,942	25,057	252,068
Loans on Deeds	953,730	963,182	9,266,720
Overdrafts	13,067	12,546	126,970
Total	¥ 1,005,420	¥ 1,015,745	\$ 9,768,954

The Bank is required, in accordance with the Ordinance Implementing Shinkin Bank Law, to disclose the following loans.

Of loans outstanding, loans to Bankrupt Borrowers amounted to ¥1,560 million (US\$15,162 thousand), and Non-accrual Delinquent loans amounted to ¥68,161 million (US\$662,280 thousand) as of March 31, 2014. There were no loans past due for 3 months or more. The total amount of loans to Bankrupt Borrowers, non-accrual delinquent loans, loans past due for three months or more, and restructured loans came to ¥69,722 million (US\$677,442 thousand). These amounts are stated before the reduction of reserve for possible loan losses.

For loan participation, the fiscal year-end balance of principal of loans discounted booked as sold to participants in accordance with "Accounting and Representation of Loan Participation (Japanese Institute of Certified Public Accountants Accounting System Committee Report No. 3)," came to ¥75 million (US\$736 thousand).

## Glossary of Terms

**Loans to Bankrupt Borrowers:**

Loans, after write offs, to bankrupt borrowers as defined in paragraph 1, item (3) (a) through (e) and paragraph 1, item (4) of Article 96 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965) on which accrued interest income is not recognized, as there is substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for some other reasons.

**Non-accrual delinquent loans:**

Non-accrual loans other than Loans to Bankrupt Borrowers, and loans renegotiated at concessionary terms, which include reduction or deferral of interest for the purpose of supporting or helping business reconstruction of borrowers.

**Loans past due for three months or more:**

Loans whose principal and/or interest payments have been past due for three months or more, excluding loans to bankrupt borrowers and non-accrual delinquent loans.

**Restructured loans:**

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 loans to bankrupt borrowers, non-accrual delinquent loans and loans past due for three months or more.

## 4. FOREIGN EXCHANGE

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>Assets:</b>			
Foreign Bills of Exchange Bought	¥ 76	¥ 6	\$ 739
Foreign Bills of Exchange Receivable	26	22	257
Due from Foreign Banks	562	649	5,463
Total	¥ 664	¥ 679	\$ 6,460
<b>Liabilities:</b>			
Foreign Bills of Exchange Sold	¥ 18	¥ 6	\$ 183
Total	¥ 18	¥ 6	\$ 183

## 5. OTHER ASSETS

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Domestic Exchange Settlement Account, Debit	¥ 423	¥ 536	\$ 4,114
Investment in the Shinkin Central Bank	7,265	7,265	70,596
Prepaid Expenses	23	35	226
Accrued Income	4,380	5,022	42,564
Derivative Financial Instruments	7	199	69
Others	2,520	2,165	24,492
Total	¥ 14,621	¥ 15,226	\$ 142,064

## 6. FIXED ASSETS

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>Tangible Fixed Assets:</b>			
Building	¥ 5,634	¥ 5,929	\$ 54,751
Land	22,548	22,636	219,083
Leased Assets	90	163	883
Construction in Progress	439	303	4,271
Other Tangible Fixed Assets	4,273	4,850	41,523
Total	¥ 32,987	¥ 33,882	\$ 320,512
Accumulated Depreciation	¥ 20,647	¥ 19,735	\$ 200,619
<b>Intangible Fixed Assets:</b>			
Software	¥ 1,364	¥ 1,700	\$ 13,254
Leased Assets	1	3	13
Other Intangible Fixed Assets	620	627	6,031
Total	¥ 1,986	¥ 2,331	\$ 19,299

## 7. DEPOSITS

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current Deposits	¥ 46,249	¥ 44,843	\$ 449,370
Ordinary Deposits	1,079,707	997,823	10,490,749
Savings Deposits	10,212	10,369	99,227
Deposits at Notice	1,407	1,457	13,675
Time Deposits	1,169,415	1,185,150	11,362,374
Installment Savings	108,491	113,645	1,054,136
Other Deposits	25,748	22,383	250,180
Total	¥ 2,441,232	¥ 2,375,672	\$ 23,719,713

## 8. OTHER LIABILITIES

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Domestic Exchange Settlement Account, Credit	¥ 623	¥ 822	\$ 6,057
Accrued Expenses	824	1,018	8,014
Reserve for Replenishing Benefits	219	344	2,128
Income Taxes Payable	955	44	9,280
Unearned Income	173	166	1,685
Unsettled Equity Refunds	48	67	468
Deposits from Employees	619	541	6,021
Derivative Financial Instruments	394	33	3,831
Lease Obligations	98	175	958
Asset Retirement Obligations	361	346	3,516
Others	2,386	5,843	23,191
Total	¥ 6,705	¥ 9,403	\$ 65,152

# Notes to Non-Consolidated Financial Statements

## 9. ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and Guarantees." As a contra account, "Customers' Liabilities for Acceptances and Guarantees" is shown under assets, representing the Bank's right of indemnity from the applicants.

## 10. PLEDGED ASSETS

As of March 31, 2014, securities totaling ¥1,352 million (US\$13,140 thousand) and other assets totaling ¥30 million (US\$293 thousand) were pledged as collateral. Secured liabilities are specified deposits received from customers, mainly for payments of taxes and utilities.

Due from banks totaling ¥115,000 million (US\$1,117,372 thousand), securities totaling ¥62,159 million (US\$603,958 thousand), and other assets totaling ¥3 million (US\$29 thousand) were pledged as collateral for exchange settlements, exchange yen settlements, forward exchange contracts and call transactions, or in lieu of futures trading margin money.

## 11. SHARE CAPITAL AND CAPITAL SURPLUS

The Bank issued ¥50 par value common shares with a minimum investment of ¥10,000 per member. The amount of common shares was ¥18,095 million (US\$175,819 thousand) as of March 31, 2014 and ¥18,237 million as of March 31, 2013.

Preferred shares which the Bank issued (Purchaser: Shinkin Central Bank) are included in share capital, and the value of preferred shares was ¥5,350 million (US\$51,982 thousand) as of March 31, 2014 and ¥5,350 million as of March 31, 2013.

Capital surplus is the portion which was not issued as share capital of the issued value of preferred shares. In December 2011, the Bank repurchased the preferred shares from Shinkin Central Bank and retired the preferred shares against voluntary reserve and the retained earnings. In compliance with the Act on Preferred Equity Investment by Cooperative Structured Financial Institution, the above are included in share capital and capital surplus.

## 12. RETAINED EARNINGS

The Shinkin Bank Law requires that an amount equal to at least 10 percent of each year's unappropriated profit shall be appropriated as a legal reserve in the retained earnings until such reserve equals 100 percent of the Bank's stated capital.

This reserve is not available for dividends or capitalization. It may be used to only reduce a deficit, by resolution of the members.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Legal Reserve	¥ 20,910	¥ 20,550	\$ 203,170
Voluntary Reserve	41,500	38,500	403,225
Unappropriated Profits	5,154	5,668	50,079
Total	¥ 67,564	¥ 64,719	\$ 656,475

## 13. LOAN COMMITMENTS

Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, up to a prescribed amount, as long as there is no violation of any condition prescribed in the contracts. The amount of unused commitments was ¥41,958 million (US\$407,680 thousand), and the amount of unused commitments whose original contract terms are within one year was ¥33,209 million (US\$322,671 thousand) as of March 31, 2014.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent an actual future cash flow requirement. Many of these commitments have clauses that the Bank can reject an application from customers or reduce the contract amounts if and when financial conditions change, the Bank needs to secure claims, or other events occur. In addition, the Bank requests the customers to pledge collateral such as premises and securities at the conclusion of the contracts, and takes necessary measures such as verifying customers' financial positions, revising contracts when the need arises, and securing claims after the conclusion of the contracts.

## 14. MATTERS RELATING TO THE MARKET VALUES OF FINANCIAL INSTRUMENTS

### 1) Market Value of Financial Instruments

With respect to amounts recorded on the Bank's non-consolidated balance sheet as of March 31, 2014, the market values and net unrealized gains (losses) of financial instruments are as follows:

The amounts shown in the following table do not include financial instruments (see (2)) whose market values are extremely difficult to determine, such as unlisted stocks classified as other securities, and stocks of subsidiaries and affiliates. In addition, immaterial items have been omitted.

March 31, 2014	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
Due from Banks	¥ 577,574	¥ 578,634	¥ 1,060
Securities:			
Securities Classified as Trading	87	87	—
Bonds Classified as Held-to-Maturity	130,687	133,146	2,458
Other Securities	862,576	862,576	—
Loans and Bills Discounted	1,005,420		
Reserve for Possible Loan Losses	(7,781)		
Net Loans and Bills Discounted	997,639	1,003,415	5,775
Total Financial Assets	¥ 2,568,565	¥ 2,577,859	¥ 9,294
Deposits	¥ 2,441,232	¥ 2,441,313	¥ (80)
Call Money	98,804	98,804	—
Total Financial Liabilities	¥ 2,540,037	¥ 2,540,118	¥ (80)
Derivative Transactions			
Derivative Transactions to which hedge accounting is not applied	¥ (387)	¥ (387)	—
Derivative Transactions to which hedge accounting is applied	—	—	—
Total Derivative Transactions	¥ (387)	¥ (387)	—

Note: Derivative transactions stated in other assets and liabilities are collectively stated. Claims and debts arising from derivative transactions are stated on a net basis, and items that come to net debt in total are shown in parentheses.

March 31, 2013	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
Due from Banks	¥ 553,195	¥ 554,082	¥ 886
Securities:			
Securities Classified as Trading	51	51	—
Bonds Classified as Held-to-Maturity	124,093	126,994	2,900
Other Securities	813,862	813,862	—
Loans and Bills Discounted	1,015,745		
Reserve for Possible Loan Losses	(10,001)		
Net Loans and Bills Discounted	1,005,744	1,015,896	10,151
Total Financial Assets	¥ 2,496,946	¥ 2,510,886	¥ 13,939
Deposits	¥ 2,375,672	¥ 2,375,835	¥ (163)
Call Money	100,424	100,424	—
Total Financial Liabilities	¥ 2,476,097	¥ 2,476,260	¥ (163)
Derivative Transactions			
Derivative Transactions to which hedge accounting is not applied	¥ 166	¥ 166	—
Derivative Transactions to which hedge accounting is applied	—	—	—
Total Derivative Transactions	¥ 166	¥ 166	—

	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2014			
Due from Banks	\$ 5,611,873	\$ 5,622,173	\$ 10,300
Securities:			
Securities Classified as Trading	846	846	—
Bonds Classified as Held-to-Maturity	1,269,799	1,293,690	23,891
Other Securities	8,381,043	8,381,043	—
Loans and Bills Discounted	9,768,954		
Reserve for Possible Loan Losses	(75,607)		
Net Loans and Bills Discounted	9,693,346	9,749,466	56,119
Total Financial Assets	\$ 24,956,909	\$ 25,047,220	\$ 90,311
Deposits	\$ 23,719,713	\$ 23,720,496	\$ (782)
Call Money	960,015	960,015	—
Total Financial Liabilities	\$ 24,679,729	\$ 24,680,512	\$ (782)
Derivative Transactions			
Derivative Transactions to which hedge accounting is not applied	\$ (3,761)	\$ (3,761)	—
Derivative Transactions to which hedge accounting is applied	—	—	—
Total Derivative Transactions	\$ (3,761)	\$ (3,761)	—

2) *Financial instruments whose market values are extremely difficult to determine are as follows:*

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
	Non-consolidated balance sheet amount		Non-consolidated balance sheet amount
Stocks of Subsidiaries	¥ 1,653	¥ 1,653	\$ 16,061
Stocks of Affiliated Companies	—	—	—
Unlisted Stocks	451	429	4,386
Investments in Partnerships	—	—	—
Total	¥ 2,104	¥ 2,082	\$ 20,448

3) *Redemption schedule on money claims and securities with maturity dates after the non-consolidated balance sheet date*

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2014				
Due from Banks	¥ 218,938	¥ 305,136	¥ 21,500	¥ 32,000
Securities	121,457	240,046	264,814	322,127
Bonds Classified as Held-to-Maturity	500	2,736	26,930	99,575
Other Securities with Maturity Dates	120,957	237,310	237,884	222,552
Loans and Bills Discounted	239,587	209,706	148,854	407,273
Total	¥ 579,983	¥ 754,888	¥ 435,169	¥ 761,401

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2013				
Due from Banks	¥ 212,093	¥ 268,102	¥ 19,000	¥ 54,000
Securities	138,863	226,780	238,276	291,629
Bonds Classified as Held-to-Maturity	7,840	2,236	10,428	102,811
Other Securities with Maturity Dates	131,023	224,544	227,848	188,817
Loans and Bills Discounted	251,936	206,773	148,123	408,911
Total	¥ 602,894	¥ 701,656	¥ 405,400	¥ 754,540

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2014				
Due from Banks	\$ 2,127,263	\$ 2,964,788	\$ 208,900	\$ 310,921
Securities	1,180,119	2,332,357	2,573,017	3,129,886
Bonds Classified as Held-to-Maturity	4,858	26,583	261,666	967,501
Other Securities with Maturity Dates	1,175,261	2,305,773	2,311,351	2,162,384
Loans and Bills Discounted	2,327,898	2,037,563	1,446,308	3,957,184
Total	\$ 5,635,281	\$ 7,334,708	\$ 4,228,226	\$ 7,397,991

4) *Repayment schedule on borrowed money and other interest-bearing debts after the non-consolidated balance sheet date*

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2014				
Deposits	¥ 2,285,889	¥ 132,659	¥ 22,683	¥ —
Call Money	98,804	—	—	—
Total	¥ 2,384,694	¥ 132,659	¥ 22,683	¥ —

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2013				
Deposits	¥ 2,214,313	¥ 134,643	¥ 26,715	¥ —
Call Money	100,424	—	—	—
Total	¥ 2,314,738	¥ 134,643	¥ 26,715	¥ —

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2014				
Deposits	\$ 22,210,354	\$ 1,288,961	\$ 220,397	\$ —
Call Money	960,015	—	—	—
Total	\$ 23,170,370	\$ 1,288,961	\$ 220,397	\$ —

15. MARKET VALUE OF MARKETABLE SECURITIES

For the Fiscal Year Ended March 31, 2014 and 2013

a. Securities

The market values of marketable securities as of March 31, 2014 and 2013 were as follows:

In addition to securities in the non-consolidated balance sheet, trading account securities and loan trust beneficiary rights, etc. of pecuniary claims purchased are included in the following amounts:

1) *Securities classified as trading*

	Millions of yen	
	March 31, 2014	Gains included in profit/loss
Trading Account Securities		¥ 0

	Millions of yen	
	March 31, 2013	Gains included in profit/loss
Trading Account Securities		¥ 0

	Thousands of U.S. dollars	
	March 31, 2014	Gains included in profit/loss
Trading Account Securities		\$ 2

2) *Bonds classified as held-to-maturity*

	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2014			
Bonds with Unrealized Gains:			
National Government Bonds	¥ 9,411	¥ 9,610	¥ 199
Local Government Bonds	56,460	57,954	1,494
Corporate Bonds	21,102	21,783	681
Other	30,899	31,065	165
Subtotal	117,873	120,413	2,540
Bonds with Unrealized Losses:			
Local Government Bonds	5,514	5,491	(22)
Corporate Bonds	300	299	(0)
Other	7,000	6,940	(59)
Subtotal	12,814	12,732	(81)
Total	¥ 130,687	¥ 133,146	¥ 2,458

Note: Market value is calculated by using market prices at fiscal year-end.

	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2013			
Bonds with Unrealized Gains:			
National Government Bonds	¥ 10,395	¥ 10,702	¥ 307
Local Government Bonds	55,997	57,720	1,723
Corporate Bonds	22,900	23,660	760
Other	13,699	13,839	140
Subtotal	102,993	105,924	2,930
Bonds with Unrealized Losses:			
Corporate Bonds	100	99	(0)
Other	21,000	20,969	(30)
Subtotal	21,100	21,069	(30)
Total	¥ 124,093	¥ 126,994	¥ 2,900

Note: Market value is calculated by using market prices at fiscal year-end.

# Notes to Non-Consolidated Financial Statements

March 31, 2014	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
<b>Bonds with Unrealized Gains:</b>			
National Government Bonds	\$ 91,441	\$ 93,378	\$ 1,936
Local Government Bonds	548,585	563,101	14,516
Corporate Bonds	205,033	211,651	6,617
Other	300,231	301,844	1,612
Subtotal	1,145,292	1,169,976	24,683
<b>Bonds with Unrealized Losses:</b>			
Local Government Bonds	53,577	53,360	(217)
Corporate Bonds	2,914	2,913	(1)
Other	68,013	67,440	(573)
Subtotal	124,506	123,714	(792)
<b>Total</b>	<b>\$ 1,269,799</b>	<b>\$ 1,293,690</b>	<b>\$ 23,891</b>

Note: Market value is calculated by using market prices at fiscal year-end.

### 3) Other securities

March 31, 2014	Millions of yen		
	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
<b>Other Securities with Unrealized Gains:</b>			
Stocks	¥ 15,393	¥ 10,530	¥ 4,862
Bonds	595,674	588,087	7,587
National Government Bonds	131,711	129,233	2,478
Local Government Bonds	103,002	101,628	1,374
Corporate Bonds	360,960	357,225	3,734
Other	187,844	183,748	4,096
Subtotal	798,912	782,366	16,546
<b>Other Securities with Unrealized Losses:</b>			
Stocks	1,867	2,109	(241)
Bonds	18,387	18,441	(54)
National Government Bonds	498	500	(1)
Local Government Bonds	1,904	1,906	(1)
Corporate Bonds	15,985	16,035	(50)
Other	43,408	43,794	(385)
Subtotal	63,664	64,345	(680)
<b>Total</b>	<b>¥ 862,576</b>	<b>¥ 846,711</b>	<b>¥ 15,865</b>

Notes: 1. Non-consolidated balance sheet amount is calculated by using market prices at fiscal year-end.

2. The 11,445 million yen is calculated by deducting the Deferred Tax Liabilities amount of 4,420 million yen from the evaluation excess amount of 15,865 million yen and is included in Unrealized Gains(Losses)on Other Securities.

March 31, 2013	Millions of yen		
	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
<b>Other Securities with Unrealized Gains:</b>			
Stocks	¥ 11,375	¥ 8,247	¥ 3,128
Bonds	581,865	572,558	9,307
National Government Bonds	122,250	119,324	2,926
Local Government Bonds	91,312	89,645	1,667
Corporate Bonds	368,302	363,588	4,714
Other	187,036	182,177	4,858
Subtotal	780,277	762,983	17,294
<b>Other Securities with Unrealized Losses:</b>			
Stocks	3,605	4,157	(552)
Bonds	13,957	14,067	(110)
Corporate Bonds	13,957	14,067	(110)
Other	16,021	16,359	(337)
Subtotal	33,584	34,585	(1,000)
<b>Total</b>	<b>¥ 813,862</b>	<b>¥ 797,568</b>	<b>¥ 16,293</b>

Note: Non-consolidated balance sheet amount is calculated by using market prices at fiscal year-end.

March 31, 2014	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
<b>Other Securities with Unrealized Gains:</b>			
Stocks	\$ 149,563	\$ 102,315	\$ 47,247
Bonds	5,787,744	5,714,023	73,721
National Government Bonds	1,279,750	1,255,673	24,076
Local Government Bonds	1,000,803	987,447	13,356
Corporate Bonds	3,507,190	3,470,902	36,288
Other	1,825,154	1,785,356	39,798
Subtotal	7,762,462	7,601,695	160,767
<b>Other Securities with Unrealized Losses:</b>			
Stocks	18,145	20,492	(2,346)
Bonds	178,661	179,186	(525)
National Government Bonds	4,839	4,858	(18)
Local Government Bonds	18,506	18,521	(15)
Corporate Bonds	155,314	155,806	(491)
Other	421,773	425,516	(3,742)
Subtotal	618,580	625,194	(6,614)
<b>Total</b>	<b>\$ 8,381,043</b>	<b>\$ 8,226,889</b>	<b>\$ 154,153</b>

Notes: 1. Non-consolidated balance sheet amount is calculated by using market prices at fiscal year-end.

2. The 111,206 thousand dollars is calculated by deducting the Deferred Tax Liabilities amount of 42,947 thousand dollars from the evaluation excess amount of 154,153 thousand dollars and is included in Unrealized Gains(Losses)on Other Securities

### 4) Bonds sold during the fiscal year ended March 31, 2014 and 2013 that are classified as held-to-maturity

There are no corresponding items.

### 5) Other securities sold during the fiscal year ended March 31, 2014 and 2013

March 31, 2014	Millions of yen		
	Sales amount	Gains on sale	Losses on sale
Stocks	¥ 1,718	¥ 412	¥ 38
Bonds	120,388	445	156
National Government Bonds	26,144	63	151
Local Government Bonds	11,056	65	0
Corporate Bonds	83,187	316	5
Other	18,884	129	93
<b>Total</b>	<b>¥ 140,990</b>	<b>¥ 987</b>	<b>¥ 288</b>

March 31, 2013	Millions of yen		
	Sales amount	Gains on sale	Losses on sale
Stocks	¥ 1,320	¥ 106	¥ 536
Bonds	83,787	494	81
National Government Bonds	16,341	38	55
Local Government Bonds	8,473	66	—
Corporate Bonds	58,971	389	25
Other	7,854	18	30
<b>Total</b>	<b>¥ 92,962</b>	<b>¥ 619</b>	<b>¥ 648</b>

March 31, 2014	Thousands of U.S. dollars		
	Sales amount	Gains on sale	Losses on sale
Stocks	\$ 16,696	\$ 4,007	\$ 375
Bonds	1,169,725	4,326	1,522
National Government Bonds	254,028	613	1,467
Local Government Bonds	107,424	633	0
Corporate Bonds	808,271	3,079	55
Other	183,482	1,261	904
<b>Total</b>	<b>\$ 1,369,903</b>	<b>\$ 9,595</b>	<b>\$ 2,803</b>

### 6) Impairment of Securities

Securities other than trading securities (excluding those securities without readily determinable fair value), whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, were written down to the respective fair value which is recorded as the carrying amount on the balance sheets and in such case, any differences between fair value and acquisition cost are recognized as losses for the period. (Hereinafter referred to as "impairment losses")

Impairment losses amounted to ¥13 million (US\$128 thousand) in the fiscal year ended March 2014. There were no impairment losses in the fiscal year ended March 2013.

For impairment losses on stocks whose market prices declined by 30% to less than 50%, individual stocks are deemed to have declined significantly when they fall under any of the following cases, and those market prices are booked as the value on the balance sheet and the differences in valuation are accounted for as impairment losses in the fiscal year under review:

- When their prices have stayed 30% or more lower over the past two years;
- When issuing companies' liabilities in excess of assets; or
- Companies which issue securities have incurred losses for the two consecutive fiscal years and are also expected to incur losses in the following fiscal year.

### b. Money held in trust

#### 1) Money held in trust classified as trading

	Millions of yen	
	Non-consolidated balance sheet amount	Gains included in profit/loss
March 31, 2014		
Money Held in Trust Classified as Trading	¥ 7,500	¥(0)
	Millions of yen	
	Non-consolidated balance sheet amount	Gains included in profit/loss
March 31, 2013		
Money Held in Trust Classified as Trading	¥ 8,000	¥ 0
	Thousands of U.S. dollars	
	Non-consolidated balance sheet amount	Gains included in profit/loss
March 31, 2014		
Money Held in Trust Classified as Trading	\$ 72,872	\$(0)

### 16. LAND REVALUATION

In accordance with the Act on Revaluation of Land, promulgated on March 31, 1998, the Bank's business use real estate was revalued. The corresponding taxes on land revaluation is 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

The methods of real estate revaluation stipulated in Act on Revaluation of Land, Article 3, Section 3 were reasonably adjusted as follows: 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.

Additionally, road rating price in relation to its depth and other factors was adjusted in accordance with the standard determined by the Primary Regulation Notice regarding the Land Price Valuation issued by National Tax Administration Agency, and for appraised value for property tax were adjusted by multiplying multiplier in valuation tables.

The excess of book value over current value was ¥6,313 million (US\$ 61,339 thousand) as of March 31, 2014 and ¥6,381 million as of March 31, 2013.

### 17. LOSSES ON IMPAIRMENT OF FIXED ASSETS

The difference between the recoverable amount and the book value of the following assets is recognized as "Losses on impairment of fixed assets" and included in "Other expenses" in this fiscal year.

Losses on impairment of fixed assets at March 31, 2014, consisted of the following:

Area	Purpose of use	Type	Millions of yen	Thousands of U.S. dollars
Within Tokyo	Branch, etc. (1 item)	Land, building, etc.	¥ 58	\$ 573
Within Tokyo	Branch, etc. (1 item)	Building, etc.	0	8
Within Tokyo	Branch, etc. (1 item)	Building, etc.	0	7
Within Tokyo	Branch, etc. (1 item)	Land, building, etc.	43	420
Within Tokyo	Branch, etc. (1 item)	Building, etc.	5	51
Within Tokyo	Warehouse (1 item)	Land	0	1
Total			¥ 109	\$ 1,062

Recoverable amounts of the stated asset group are calculated using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.

### 18. DEFERRED TAX ASSETS

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred Tax Assets			
Reserve for Possible Loan Losses	¥ 2,955	¥ 3,408	\$ 28,715
Reserve for Employee Retirement Benefits	-	176	-
Reserve for Employee Bonuses	306	326	2,975
Reserve for Executive Retirement Allowances	113	112	1,100
Depreciation	248	239	2,414
Other	1,469	1,436	14,277
Sub Total	5,092	5,758	49,482
Valuation Reserve	(1,714)	(1,744)	(16,654)
Total	3,378	4,014	32,828
Deferred Tax Liabilities			
Unrealized Valuation Gains on Other Securities	4,420	4,539	42,947
Prepaid Pension Expense	8		78
Total	4,428	4,539	43,025
Net Deferred Tax Assets	¥ 1,049	¥ 525	\$ 10,197

Following the promulgation on March 31, 2014, of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014), the special corporate tax for reconstruction is to be abolished in the fiscal years beginning on and after April 1, 2014. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 29.64% to 27.86% for temporary differences expected to be eliminated in the fiscal year beginning from April 1, 2014.

Due to these changes in tax rates, deferred tax assets increased by ¥110 million in (US\$1,070 thousand) and income taxes-deferred increased by the same amount.

### 19. PER SHARE DATA

	Yen		U.S. dollars
	2014	2013	2014
Net Assets per Share	¥ 290.55	¥ 280.90	\$ 2.823
Net Income per Share	10.69	9.77	0.103

### 20. SUBSEQUENT EVENT

The following appropriation of retained earnings applicable to the year ended March 31, 2014, was approved at the members' meeting held on June 24, 2014.

	Millions of yen	Thousands of U.S. dollars
Unappropriated Profit	¥ 5,154	\$ 50,079
Appropriations:		
Legal Reserve	390	3,789
Dividends		
Special Reserve	2,000	19,432
Common Shares (5.0% per year)	904	8,790
Retained Earnings Carried Forward	¥ 1,859	\$ 18,067

# Five-Year Summary

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

The Tama Shinkin Bank  
Years ended March 31, 2014, 2013, 2012, 2011 and 2010

	Millions of yen					Thousands of U.S. dollars
	2014	2013	2012	2011	2010	2014
<b>For the Years Ended March 31</b>						
Total Income	¥ 40,897	¥ 41,618	¥ 43,624	¥ 46,354	¥ 48,253	\$ 397,374
Interest on Loans and Bills Discounted	24,673	24,051	25,609	27,402	29,547	239,731
Interest and Dividends on Securities	9,043	8,883	8,874	8,619	8,566	87,868
Total Expenses	35,335	36,597	38,292	39,305	41,852	343,327
Business Profit	6,389	7,574	9,349	12,072	12,852	62,083
Income Before Income Taxes	5,562	5,020	5,332	7,048	6,401	54,046
Net Income	3,879	3,575	3,466	4,691	4,524	37,697
<b>As of March 31</b>						
Total Assets	¥ 2,665,366	¥ 2,603,369	¥ 2,495,805	¥ 2,415,077	¥ 2,357,221	\$ 25,897,455
Securities	995,369	940,038	811,126	698,585	671,553	9,671,290
Loans and Bills Discounted	1,005,420	1,015,745	1,030,950	1,062,312	1,097,224	9,768,954
Total Liabilities	2,560,222	2,500,926	2,402,537	2,314,494	2,258,176	24,875,853
Deposits	2,441,232	2,375,672	2,296,493	2,214,627	2,158,092	23,719,713
Total Net Assets	105,143	102,442	93,268	100,582	99,044	1,021,601
Number of Branches	80	80	80	79	79	
Number of Employees and Officers	1,981	1,977	1,952	1,930	1,896	
<b>Deposits</b>						
Per Branch	¥ 30,515	¥ 29,695	¥ 28,706	¥ 28,033	¥ 27,317	\$ 296,496
Per Employee and Officer	1,232	1,201	1,176	1,147	1,138	11,973
<b>Loans and Bills Discounted</b>						
Per Branch	12,567	12,696	12,886	13,447	13,888	122,111
Per Employee and Officer	507	513	528	550	578	4,931

Note: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2014 of ¥102.92=US\$1.

## Supplemental Consolidated Financial Information (Unaudited)

The Tama Shinkin Bank and Subsidiaries  
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>For the Fiscal Year:</b>			
Total Income	¥ 46,844	¥ 47,909	\$ 455,153
Total Expenses	40,978	42,461	398,161
Income Before Income Taxes and Others	5,865	5,447	56,992
Net Income	3,903	3,802	37,932
<b>At Year-End:</b>			
Deposits	¥ 2,438,588	¥ 2,373,133	\$ 23,694,014
Loans and Bills Discounted	1,005,434	1,015,829	9,769,082
Securities	994,061	938,715	9,658,579
Total Assets	2,676,697	2,614,269	26,007,549
Total Net Assets	109,382	106,575	1,062,786
<b>Per Share Data (par value ¥50):</b>			
	Yen		U.S. dollars
Net Income	¥ 10.78	¥ 10.41	\$ 0.104
Net Assets	303.17	293.11	2.945

Notes: 1. The Bank consolidated three subsidiaries for the years ended March 31, 2014 and 2013.

2. U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2014 of ¥102.92=US\$1.

## Independent Auditor's Report

To the Board of Directors of  
The Tama Shinkin Bank

We have audited the accompanying non-consolidated financial statements of The Tama Shinkin Bank, which comprise the balance sheets as at March 31, 2014 and 2013, and the related non-consolidated statements of income and retained earnings for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the requirements of Shinkin Bank Law, Ordinance for Enforcement of Shinkin Bank Law 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tama Shinkin Bank and the results of its operations for the year then ended in conformity with the requirements of Shinkin Bank Law, Ordinance for Enforcement of Shinkin Bank Law and accounting principles generally accepted in Japan.

### *Convenience Translation*

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note X to the financial statements.

*Grant Thornton Taiyo ASG LLC*

Tokyo, Japan

May 21, 2014, except for Note 20, as to which the date is June 24, 2014

## Board of Directors and Auditors

As of June 30, 2014

### Chairman

*Koji Sato*

### President

*Toshiro Yagi*

### Senior Managing Director

*Keiichi Ishigaki*

### Managing Directors

*Hideo Kaba*

*Katsutoshi Omata*

### Directors

*Kuniharu Suzuki*

*Hiroyuki Fukuda*

*Tadashi Suzuki*

*Kuniyoshi Tani*

*Hiroshi Hashimoto*

*Satoshi Sorimachi*

*Hiroyuki Saito*

### Standing Auditor

*Setsuji Sugimoto*

## Directory

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**The Tama Shinkin Bank**

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Tokyo 190-8681, Japan