

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, 2016, the Bank had total assets of ¥2,819.0 billion, net assets of ¥118.3 billion, and 2,006 employees. The Bank also had a service network of 77 branches, 4 branch offices, and 59 automatic teller facilities.



Non-Consolidated Financial Highlights

Non-Consolidated Financial Highlights

The Tama Shinkin Bank
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
For the Fiscal Year:			
Total Income	¥ 39,889	¥ 39,698	\$ 354,005
Total Expenses	35,059	34,792	311,142
Income Before Income Taxes	4,829	4,905	42,863
Net Income	3,535	3,743	31,379
Business Profit	5,868	6,252	52,077
At Year-End:			
Deposits	¥ 2,560,392	¥ 2,514,941	\$ 22,722,692
Loans and Bills Discounted	1,004,010	1,014,363	8,910,281
Securities	1,123,875	1,104,955	9,974,046
Total Assets	2,819,097	2,810,317	25,018,612
Total Net Assets	118,323	114,400	1,050,083

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 ¥ 112.68 to U.S.\$1, the rate prevailing on March 31, 2016.

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

Management Philosophy

Tamashin is a business dedicated to the happiness of our customers

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

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.

We Will Contribute to Solving More Regional Problems for the Attractive and Vigorous “Co-Creation of the Future for the Region and Tamashin.”



First, We would like to extend our sincere appreciation for your continued patronage. We are happy to send this “Annual Report 2016” to share our activities during the fiscal year ended March 2016.

Please read about Tamashin’s initiatives and our results over this past year, and feel free to share your honest opinions with us. We are always eager to listen to our customers’ voices, and strive to incorporate this feedback into our business operations.

Looking Back on the Fiscal Year Ended March 2016

In the fiscal year ended March 2016, global economic trends, such as the deceleration of emerging economies, the decline in crude oil prices, and turbulence in global stock prices, all had a significant impact on the domestic economy.

Then, in February 2016, the Bank of Japan adopted what is known as “negative interest rate,” policy but Japan’s economy still has not reached a point of economic expansion and the economic outlook of the Tama region continues to be uncertain.

In the midst of such uncertain economy, Tamashin strove to face the challenges of our customers in the community, and fully leveraged our comprehensive capabilities to support those challenges.

For our corporate clients and business customers, we continued our initiatives to solve problems in each of the different phases of business such as starting a business, growth, regeneration and business succession through the operation of the “Business Creation Center TAMA” and “Problem Solving Platform TAMA” as well as holding the “TAMA Entrepreneurship School” and “Business Succession Salon.”

For retail customers, we are devoting our efforts to help solve problems working people and families with small children face, as well as problems relating to pensions, healthcare, care for the old, donations, wills and inheritance and so on, through such programs as the “life&Work” support system and the second life support service “Grand Life/Pass” for people working in businesses located in the Tama region. We also held the “Smile Plaza 10th Anniversary Seminar,” which was an opportunity to help many people understand that “Smile Plaza” is a specific kind of place with a relaxed environment where people can easily visit for consultations even on weekday evenings and weekends.

For the local community, in addition to the conclusion of partnership agreements with Fussa City on regional development, we have been promoting initiatives for regional development through hosting such events as the “TAMA Regional Development School.” Also, in order to reliably provide financial services to as many customers as possible, we opened up “Inagi Yanokuchi Branch.”, the first branch in Inagi City,

As a result of these activities, outstanding balance of deposits continued to increase in the fiscal year ended March 2016, while with the uncertain economic outlook, customers’ capital investment became sluggish and outstanding balance of loans slightly decreased.

Problem Solving Infrastructure in the Tama Region

We believe that the Tama region is a region which has potential for further growth. Tamashin will always serve as a kind of “problem solving infrastructure in the region,” and in order to fulfill our management philosophy of “contributing to the happiness and well-being of our customers,” we are strengthening our internal control system through improving compliance and risk management system as we also further enhance our problem-solving activities qualitatively and quantitatively. We believe it is vital to develop the human resources capable of bearing the future of this region.

Now in the fiscal year ending March 2017, all of our employees are working together to proactively engage in efforts that will solve more of the problems our customers are facing and thereby fulfill the objectives of our “Medium-term Management Plan 2015,” which we developed for the attractive and vigorous “Co-Creation of the Future for the Region and Tamashin.”

In closing, we would like to extend our appreciation for your patronage once again and ask for your continued support going forward as well.

Toshiro Yagi, President

Mid-term Management Plan 2015 Basic Policy

In 2015, Tamashin started its new 3 year “Mid-term Management Plan 2015.” Tamashin will always serve as a kind of problem solving infrastructure in the region and by resolving problems that corporate clients, retail customers and the overall local community face, our main theme is to contribute to creation of “Hometown Tama” that will enable a sustainable and bright community.

“Mid-term Management Plan 2015”

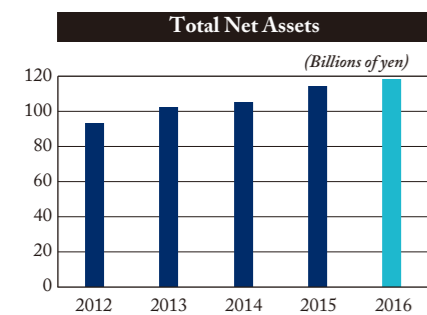
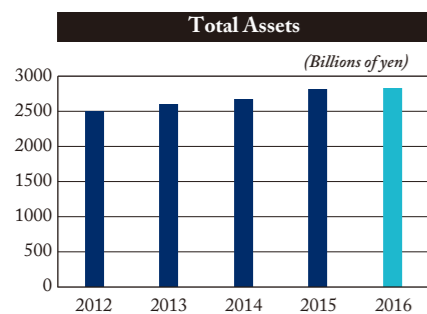
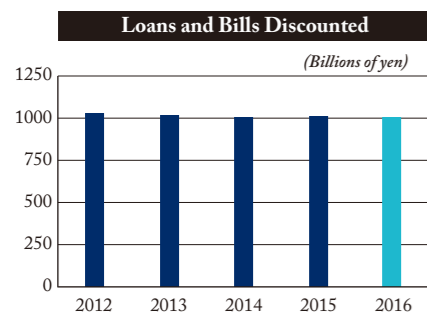
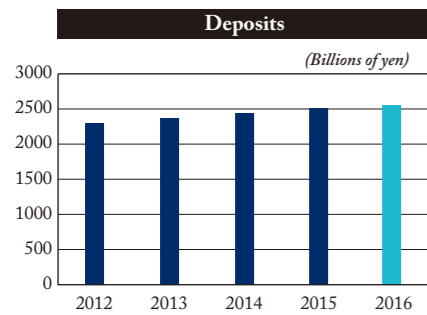
“Co-Creation of the Future for the Region and Tamashin”

-Aiming for Attractive and Vigorous “the Tama Region’s Bright Future”-

The following 3 points comprise the “Mid-term Management Plan 2015”

- 1. Further demonstrate our “Problem-Solving Capacity” toward community development and revitalization.**
- 2. Maintain and reinforce our “Business Infrastructure” to continuously provide solutions to community issues.**
- 3. Build a “Highly Motivating Workplace Environment” and cultivate “Human Resources Responsible for the Future of the Community.”**

We believe the role of Tamashin is to be a locally-rooted company that contributes to the development of the Tama community based on the basic policy above.



The Financial and Economic Environment

In the fiscal year ended March 2016, the Japanese economy is recovering moderately thanks to the implementation of economic and fiscal policy measures focusing on “bold monetary policy,” “flexible fiscal policy,” and “growth strategy to stimulate private-sector investment,” together with improvements to employment and the price decline of crude oil.” However, exports softened due to the slowdown of emerging economies, and the recovery in personal consumption as well as private-sector capital investment was delayed. Then, the Bank of Japan adopted its policy of “quantitative and qualitative monetary easing with a negative interest rate” in February 2016.

Regarding stock prices, the Nikkei average started the year in the ¥19,000 range and as corporate earnings remained high, it reached a peak in June that was the highest level in 15 years since the price reached a high of ¥20,833 in April 2000 during the IT Bubble. However, by August the stock prices had fallen sharply to the ¥17,000 range influenced by China’s economic deceleration as well as a sudden drop in the Shanghai Stock Exchange Composite Index from mid-June. There were wild fluctuations in stock prices after that as well, as prices again increased to the ¥20,000 range in December but then dropped to the ¥14,000 range in February.

By sector, corporate earnings reached a high level against the backdrop of the low yen and the cheap price of crude oil in the beginning half of the fiscal year, and a gradual trend of increased private-sector capital investment continued in the corporate sector. However, corporate earnings began to stagnate in the latter half of the fiscal year due to the impact of the economic slowdown of emerging economies and the strong yen since the beginning of the year, as well as the market’s uncertainty coupled with uncertainty over future fiscal and monetary policies.

In the consumer sector, although recovery in the labor environment and low oil prices support the minds of consumers, real income is stagnating and against the backdrop of such factors as a backlash to consumption of durable goods, and Japan is continuing to see only a mild recovery in the pace of consumption.

Operating Results

The fiscal year ended March 2016 was the first fiscal year in which we started our 3 year management plan, “Mid-term Management Plan 2015,” and we have set forth the following policy under the theme of aiming to “Solve More Regional Problems for the Attractive and Vigorous ‘Co-Creation of the Future for the Region and Tamashin.’”

1. Further demonstrate our “Problem-Solving Capacity” toward community development and revitalization.
2. Maintain and reinforce our “Business Infrastructure” to continuously provide solutions to community issues.
3. Build a “Highly Motivating Workplace Environment” and cultivate “Human Resources Responsible for the Future of the Community.”

Balance of Deposits and Loans

Thanks to the support of our customers in the community, deposits increased from the previous fiscal year by ¥45.4 billion to ¥2,560.3 billion, while loans decreased slightly by ¥10.3 billion from the previous fiscal year for a total of ¥1,004 billion.

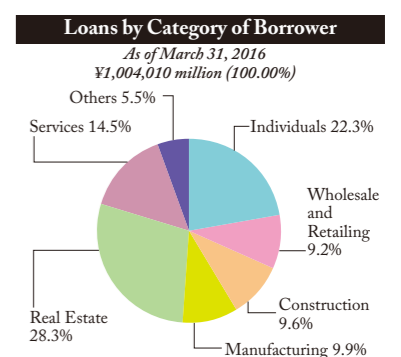
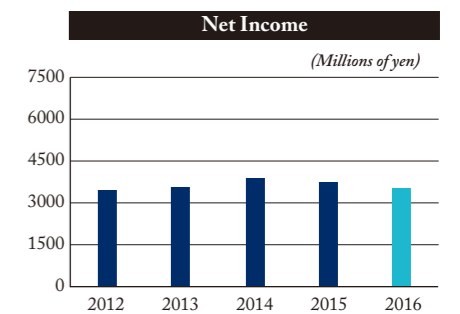
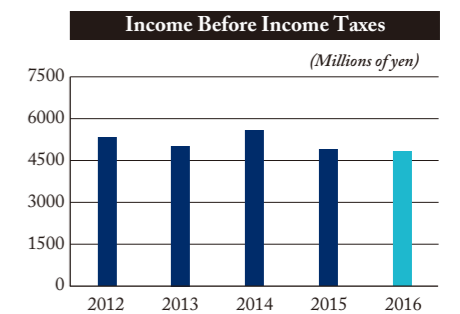
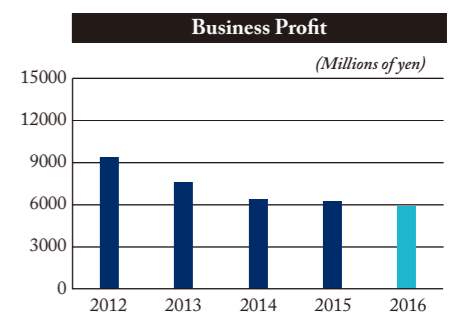
Balance of Securities

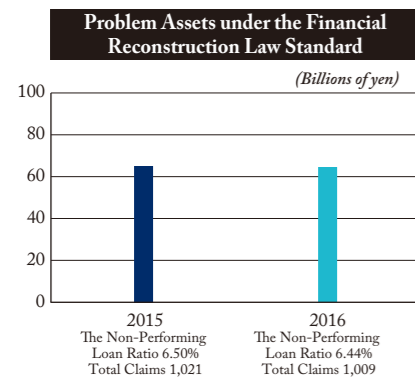
The fiscal year-end balance of securities grew ¥18.9 billion over the previous fiscal year to ¥1,123.8 billion. The fiscal year-end balance of total assets amounted to ¥2,819.0 billion, up ¥8.7 billion, while the fiscal yearend balance of net assets was up ¥3.9 billion to ¥118.3 billion.

Earnings

Interest and dividends on securities increased from the previous fiscal year by ¥960 million, and Other General and Administrative expenses decreased by ¥651 million. Business profit decreased by ¥384 million from the previous fiscal year (6.1% decrease) to ¥5.8 billion mainly due to the fact that interest on loans decreased by ¥1 billion from the previous fiscal year and interest on deposits decreased by ¥208 million from the previous fiscal year.

Also, operating income decreased by ¥504 million from the previous fiscal year (9.1% decrease) to ¥5 billion, income before income taxes decreased by ¥75 million from the previous fiscal year (1.5% decrease) to ¥4.8 billion, and net income decreased by ¥207 million from the previous fiscal year (5.5% decrease) to ¥3.5 billion.





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 ¥1.4 billion from the fiscal year ended March 2015 to ¥65.0 billion, with the non-performing loan ratio falling by 0.06 percentage point to 6.44%. The total balance of claims, including normal claims, also declined from ¥1,021.7 billion to ¥1,009.5 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 ¥65.0 billion, and 78.05% of those are secured by collateral, guarantees and/or loan loss reserves. Tamashin covers the remaining ¥14.2 billion, or approximately 21.94%, with its equity capital (total net assets of ¥118.3 billion).

In addition, loans defined as risk-monitored under the Shinkin Bank Law's disclosure standards declined by ¥1.3 billion from the previous fiscal year to ¥64.9 billion. The total comprises ¥1.1 billion in loans to bankrupt borrowers and ¥63.7 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, 77.60% is secured, while 78.00% 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, 2016 and 2015

	Millions of yen	
	2016	2015
Bankrupt and Quasi-Bankrupt Assets	¥ 8,219	¥ 7,590
Doubtful Assets	56,868	58,839
Substandard Loans	-	-
Normal Assets	944,491	955,277
Total	¥ 1,009,578	¥ 1,021,707

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, 2016 and 2015

	Millions of yen	
	2016	2015
Total loans to bankrupt borrowers	¥ 1,147	¥ 1,040
Total non-accrual delinquent loans	63,764	65,199
Total loans past due for three months or more	-	-
Total Restructured loans	-	-
Total	¥ 64,911	¥ 66,240

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 2016, the "amount of total capital" (the numerator) increased by ¥1.9 billion over the previous fiscal year to ¥99.4 billion due in part to an increase in retained earnings, while the "amount of credit risk assets, etc." (the denominator) increased by ¥34.1 billion to ¥1,151.7 billion compared to the previous fiscal year, due to increases in other securities. As a result, Tamashin's capital adequacy ratio dipped by 0.09 percentage points compared to the prior year to 8.63%, which is far larger than the 4% standard for domestic banks. It ensured the soundness and stability of its operations.

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, 2016 and 2015

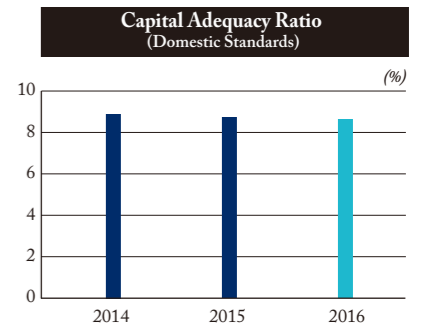
	Millions of yen	
	2016	2015
Core capital basic items	¥ 100,067	¥ 97,822
Core capital adjustment items	(600)	(328)
Total Capital	¥ 99,467	¥ 97,493
Risk Assets		
Total amount of credit risk assets	¥ 1,086,969	¥ 1,051,201
Amount Obtained by Dividing Operational Risk Equivalent by 8%	64,757	66,333
Capital Adequacy Ratio	8.63%	8.72%

Note: The "standards for determining the adequacy of capital of shinkin banks and the Federation of Shinkin Banks in light of their holdings of assets, etc. under the provisions of Article 14-2 of the Banking Act applied mutatis mutandis in Article 89, paragraph 1 of the Shinkin Bank Law (Financial Services Agency Notification No. 21 of 2006)" provide for the method to calculate capital adequacy ratio. The revised notification became applicable on and after March 31, 2014. The Bank adopts the domestic standards for calculating its capital adequacy ratio.

Tamashin's capital mainly consists of "equity capital" provided by shareholders and "retained earnings" retained internally from past profits, and is computed by deducting an amount of adjustment items related to core capital from an amount of basic items related to core capital. Of Tamashin's capital, the balance of basic items related to core capital stood at ¥100 billion and the balance of adjustment items related to core capital stood at ¥600 million at the end of the fiscal year ended March 2016.

Method to calculate the capital adequacy ratio under Basel III

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



Compliance-Related Efforts

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

1. Compliance Manual

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

2. Compliance Management Structure

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

3. Compliance Program

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

Compliance Declaration

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

1. Establishment of Trust

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

2. Sincere and Fair Business Activities

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

3. Contributions to the Local Community

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

4. Fair and Appropriate Disclosure of Information

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

5. Exclusion of Antisocial Forces

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

Financial Statements

Year Ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
ASSETS			
Cash	¥ 25,953	¥ 22,836	\$ 230,328
Due from Banks	608,079	610,787	5,396,515
Monetary Claims Purchased	25	37	222
Money Held in Trust	6,080	8,484	53,963
Trading Account Securities	10	54	91
Trading Account National Government Bonds	5	11	47
Trading Account Local Government Bonds	4	43	44
Securities	1,123,875	1,104,955	9,974,046
National Government Bonds	167,808	162,034	1,489,247
Local Government Bonds	213,487	176,110	1,894,637
Corporate Bonds	377,770	406,089	3,352,597
Stocks	23,591	24,839	209,366
Other Securities	341,217	335,880	3,028,196
Loans	1,004,010	1,014,363	8,910,281
Bills Discounted	11,339	13,461	100,638
Loans on Bills	24,667	24,575	218,919
Loans on Deeds	956,135	963,455	8,485,401
Overdrafts	11,867	12,872	105,322
Foreign Exchange	807	1,056	7,170
Due from Foreign Banks	749	1,028	6,655
Foreign Bills of Exchange Bought	17	0	156
Foreign Bills of Exchange Receivable	40	27	357
Other Assets	19,295	14,067	171,240
Outstanding Bank Transfer Advanced	381	356	3,384
Investment in the Shinkin Central Bank	11,265	7,265	99,980
Prepaid Expenses	17	19	152
Accrued Income	4,374	4,306	38,823
Initial Margins of Futures Markets	—	30	—
Gross Unrealized Gains from Derivative Transactions	909	163	8,073
Cash Collateral Advanced for Derivative Transactions	762	—	6,762
Others	1,584	1,924	14,062
Tangible Fixed Assets	32,229	32,337	286,024
Building	6,153	6,554	54,613
Land	21,490	21,310	190,725
Leased Assets	83	84	743
Construction in Progress	191	8	1,695
Other Tangible Fixed Assets	4,309	4,377	38,247
Intangible Fixed Assets	1,601	1,709	14,215
Software	970	1,073	8,617
Leased Assets	23	22	209
Others	607	613	5,389
Prepaid Pension Expense	479	568	4,251
Reverse against Debt Guarantee	4,820	6,564	42,777
Reserve for Possible Loan Losses	(8,171)	(7,505)	(72,518)
(Specific Reserve for Possible Loan Losses)	(6,551)	(5,697)	(58,145)
Total Assets	¥ 2,819,097	¥ 2,810,317	\$ 25,018,612

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

Note 2. Figures stated in U.S. dollars are translated solely for convenience at 112.68 to U.S.\$1, the rate prevailing on March 31, 2016.

Note 3. Based on the provisions of Article 15, paragraph 1, item 1 in the law regarding cooperative financial institution's preferred securities (No. 44; enacted on May 12, 1993), we cancelled the entire amount of preferred capital that had already been issued on December 22, 2011. After receiving this cancellation of preferred share, we transferred ¥5,350 million (US\$47,479 thousand) of preferred share in this current fiscal year and are recording the amount as other share.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
LIABILITIES			
Deposits	¥ 2,560,392	¥ 2,514,941	\$ 22,722,692
Current Deposits	55,204	52,337	489,926
Ordinary Deposits	1,233,223	1,160,643	10,944,473
Savings Deposits	9,701	10,052	86,099
Deposits at Notice	2,322	2,011	20,613
Time Deposits	1,146,047	1,162,065	10,170,812
Installment Savings	90,927	103,284	806,954
Other Deposits	22,965	24,546	203,811
Borrowed Money	—	36,051	—
Loans payable	—	36,051	—
Call Money	101,176	105,749	897,911
Cash Collateral Received for Repurchase Agreement	17,462	16,278	154,974
Foreign Exchange	6	13	61
Foreign Bills of Exchange Sold	6	13	61
Other Liabilities	7,467	7,108	66,275
Outstanding Bank Transfer Received	613	567	5,440
Accrued Expenses	703	733	6,239
Reserve for Future Interest Payment of Installment Savings	97	149	861
Income Taxes Payable	1,424	790	12,639
Unearned Income	152	162	1,350
Unsettled Equity Refunds	56	52	504
Deposits from Employees	801	730	7,111
Gross Unrealized Losses from Derivative Transactions	54	336	484
Cash Collateral Received for Derivative Transactions	65	—	576
Lease Obligations	108	110	964
Asset Retirement Obligations	355	347	3,157
Other Liabilities	3,036	3,128	26,945
Reserve for Employee Bonuses	1,130	1,101	10,034
Reserve for Employee Retirement Benefits	27	28	247
Reserve for Director's Retirement Benefits	475	464	4,221
Reserve for Reimbursement of Deposits	288	270	2,563
Reserve for Contingencies	230	221	2,041
Deferred Tax Liabilities	4,210	4,031	37,368
Deferred Tax Liabilities for Land Revaluation	3,082	3,091	27,359
Debt Guarantee	4,820	6,564	42,777
Total Liabilities	¥ 2,700,773	¥ 2,695,916	\$ 23,968,528
NET ASSETS			
Paid-in Members' Capital	¥ 23,241	¥ 23,349	\$ 206,262
Common Share	17,891	17,999	158,782
Preferred Share	—	5,350	—
Other Share	5,350	—	47,479
Capital Retained Earnings	766	766	6,800
Legal Capital Reserve	766	766	6,800
Retained Earnings	73,208	70,782	649,703
Legal Reserve	21,680	21,300	192,405
Voluntary Reserve	51,528	49,482	457,297
Reserve for Specific Purpose	46,500	43,500	412,673
Retained Earnings for the Current Term	5,028	5,982	44,624
Treasure Share	(1)	(1)	(12)
Total Members' Equity	97,215	94,897	862,753
Unrealized Gains on Available-for-sale Securities	19,269	18,060	171,006
Deferred Gains or Losses on Hedges	5	—	50
Land Revaluation Excess	1,833	1,443	16,272
Total of Valuation and Translation Adjustments.	21,108	19,503	187,330
Total Net Assets	118,323	114,400	1,050,083
Total Liabilities and Net Assets	¥ 2,819,097	¥ 2,810,317	\$ 25,018,612

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

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

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

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

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

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

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

The estimated useful lives of major items are as follows:

Buildings	15 to 50 years
Others	3 to 20 years

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

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

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

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

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

For claims on borrowers that are not currently bankrupt, but likely to become bankrupt in the future ("Potentially Bankrupt Borrowers"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For other claims, an allowance is provided 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 amount was ¥7,255 million.

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

12.Reserve for employee retirement benefits is provided for the payments of employee retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the pension assets as of the fiscal year end. In the calculation of retirement benefit obligations, we use a benefit formula for the period attribution method for estimated amounts of retirement benefit obligations. For the fiscal year, ¥479 million (US\$4,251 thousand) has been recorded as a prepaid pension expense in the balance sheet.

Actuarial Differences

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

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

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

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

a) Matters concerning the corporate pension plan's reserve (as of March 31, 2015)

	Thousands of U.S. dollars
Amount of pension assets	¥ 1,659,830
Sum of amount of actuarial pension obligations amount of the minimum actuarial liability	1,824,563
Balance	¥ (164,732)

b) Share of the Bank's premium contributions to the plan (as of March 31, 2015) was 2.1133%

c) Supplementary explanations

The main factor for the balance in 1) above is the balance of ¥247,567 million (US\$2,197,082 thousand) in past service liabilities. As the pension plan uses the equal payment fixed-rate method for amortizing past service costs over a period of 19 years and 0 months, the Bank charged ¥419 million (US\$3,726 thousand) in special premiums in the financial statements for the fiscal year ended March 2016.

As the amount of special premiums is computed by multiplying the amount of standard pay at the time of contributions by the predetermined premium rate, the percentage shown in 2) above does not correspond to the actual ratio of contributions by the Bank.

13.Reserve for retirement benefits to directors, which is provided for payment of retirement benefits to directors and auditors, is recorded in the amount deemed accrued at the fiscal year end date based on the estimated amount of benefits.

14.Reserve for reimbursement of deposits, which were derecognized from liabilities, is based on the possible losses on the future claims of withdrawal to prepare for depositor's needs of withdrawal.

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

16.Finance lease transactions without transfer of ownership entered into before April 1, 2008 have been accounted for in accordance with accounting methods used for operating leases.

17.For the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets, the deferred hedge accounting method is applied as prescribed by the Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants Industry Audit Committee Report No. 24, February 13, 2002) (Hereafter "Industry Audit Committee Report No.24")

18.The Bank applies the deferral hedge method of accounting to hedges of foreign currency risks associated with foreign-currency-denominated monetary assets and liabilities in accordance with "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry (the Japanese Institute of Certified Public Accountants Industry Audit Committee Report No.25, July 29, 2002).

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

20.Total monetary claims to directors and auditors as a result of transactions between directors and auditors were ¥2 million (US\$24 thousand)

21.Capitalization of subsidiaries was ¥1,653 million (US\$14,670 thousand)

22.Total monetary claims for subsidiaries were ¥743 million (US\$6,598 thousand)

23.Total monetary liabilities for subsidiaries were ¥2,866 million (US\$25,436 thousand)

24.Cumulative total depreciation of tangible fixed assets was ¥21,213 million (US\$188,262 thousand)

25.Reduction entry amount of tangible fixed assets was ¥289 million (US\$2,565 thousand)

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

1) Acquisition Cost Expenses

	Millions of yen	Thousands of U.S. dollars
Tangible fixed assets	¥ 365	\$ 3,241
Intangible fixed assets	16	150
Total	¥ 382	\$ 3,392

2) Accumulated Depreciation

	Millions of yen	Thousands of U.S. dollars
Tangible fixed assets	¥ 207	\$ 1,845
Intangible fixed assets	10	94
Total	¥ 218	\$ 1,939

3) Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
Tangible fixed assets	¥ 157	\$ 1,396
Intangible fixed assets	6	55
Total	¥ 163	\$ 1,452

4) Future Lease Payments Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
1 year or less	¥ 68	\$ 604
Exceeding 1 year	111	990
Total	¥ 179	\$ 1,594

5)Lease Payments, Depreciation Expense and Interest Expense Payments

	Millions of yen	Thousands of U.S. dollars
Lease payments	¥ 144	\$ 1,279
Depreciation expense	116	1,038
Interest expense payments	¥ 24	\$ 214

6)Depreciation Expense Calculation Method
Calculated using the straight-line method over the useful lives of the respective leased assets with zero residual value.

7)Calculation Method for Interest Payments
The difference between the total lease fee and acquisition equivalent amount is assumed the interest portion and distributed each year through the interest method.

27.Of loans outstanding, loans to Bankrupt Borrowers amounted to ¥1,147 million (US\$10,184 thousand) and Non-accrual Delinquent loans amounted to ¥63,764 million (US\$565,887 thousand).

Loans to Bankrupt Borrowers are 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.

Also, non-accrual loans are 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.

28.Of loans outstanding, there are no loans past due for three months or more.

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

29.Of loans outstanding, there are no restructured loans.Restructured loans are loans renegotiated at concessionary terms, including reduction or deferral of interest or principal and waiver of the claims, due to the borrower's weakened financial condition, excluding loans to bankrupt borrowers, non-accrual delinquent loans and loans past due for three months or more.

30.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 ¥64,911 million (US\$576,071 thousand). These amounts are stated before the reduction of reserve for possible loan losses.

31.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 ¥15 million (US\$134 thousand).

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

Bills accepted by other banks, commercial bills, bills of exchange, and foreign bills bought are permitted to be sold or pledged and the total face value was ¥11,339 million (US\$100,638 thousand).

33.Assets pledged as collateral are as follows.

Assets pledged as collateral:

	Millions of yen	Thousands of U.S. dollars
Securities	¥ 1,498	\$ 13,302
Other Assets	10	90

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

In addition to the above, due from banks totalling ¥165,000 million (US\$1,464,323 thousand), securities totalling ¥74,574 million (US\$661,826 thousand), and other assets totalling ¥3 million (US\$26 thousand) were pledged as collateral for exchange settlements, exchange yen settlements, forward exchange contracts, foreign currency yen settlements and call transactions, or in lieu of futures trading margin money. Securities lent out for cash-secured bond lending transactions amounted to ¥17,387 million (US\$154,308 thousand), while cash collateral accepted for bond lending transactions amounted to ¥17,462 million (US\$154,974 thousand).

34. 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 are reported as "Deferred Tax Liabilities for Land Revaluation" in the liabilities section of the non-consolidated balance sheets. The excess of the revaluation over the related deferred tax liabilities is recorded as "Land Revaluation Excess."

Date of the revaluation:

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

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

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

The difference between the total fair value of the revalued business land as of March 31, 2016 as stipulated in Article 10 of the Land Revaluation Law, and the total book value after revaluation is ¥5,237 million (△US\$46,477 thousand).

35. Of the corporate bonds in "Securities," due to private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Law) the amount of the Bank's guaranteed debts corresponding to Corporate Bonds is ¥18 million (US\$164 thousand).

36. Net assets per investment unit is ¥330.69 (US\$2.93)

37. Concerning the situation of financial instruments

1) Policy for dealing with financial instruments

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

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

2) Contents of financial instruments and their risk

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

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

3) Risk management systems for financial instruments

A. Credit risk management

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

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

Credit management is carried out by each of the Bank's branches as well as the Bank's Financing Management Department. Senior management regularly participates in deliberations and receives reports concerning credit management at meetings of ALM Committee and Board of Directors.

Additionally, the Business Management Office checks on the

credit management situation.

Credit risk related to securities issuers are managed by Funds and Securities Department, which regularly monitors credit information and market price.

B. Market risk management

i. Interest rate risk management

The Bank uses ALM to manage interest rate risk.

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

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

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

ii. Exchange rate risk management

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

iii. Market price fluctuation risk management

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

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

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

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

iv. Derivative transactions

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

v. Quantitative information regarding market risk

The primary financial instruments that are subject to interest rate risk, which is one of the main risk variables in these operations, include "due from banks," bonds of "securities," loans, and "deposits."

In regards to these financial assets and liabilities, the Bank recognizes the fluctuation margin of the changes in the market value of portfolios as market risk amount. The fluctuation margin is calculated by using the expected fluctuation margin of the interest rate, a holding period of 1 year, a confidence interval of 99% and an observation period of last 5 years, and conducts quantitative analysis when managing the interest rate fluctuation risk.

When calculating changes in the market value of portfolios, the financial assets and liabilities are categorized according to the interest due date and interest rate volatility used for each term.

As of the end of this fiscal year, presuming that all the risk factors except interest rates are unchanged, in the case of rising interest rates with the expected fluctuation margin of the interest rate above, the market value of portfolios, will be decreased by ¥12,039 million (US\$106,848 thousand).

The market value of portfolios, changes suppose that the risk factors except interest rates are unchanged, and it is not considered to be a correlation between the interest rates and other risk factors.

Therefore it is possible that the actual impact may exceed the calculated amount in the case that the interest rate fluctuation is not within the reasonably estimated range.

Also, as a statistical approach, we measure the market risk amount using VaR on a monthly basis, and ensure the acquired risk amount within the range of its risk limits.

The Bank's VaR is calculated according to the historical

simulation method (holding period: 1 year, confidence interval: 99%, observation period: 5 years), and as of March 31, 2016 (fiscal year end) the Bank's amount of market risk (estimated value of loss) was ¥4,586 million (US\$40,702 thousand) overall.

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

C. Management of liquidity risk related to fund-raising

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

4) Supplementary explanation fair values of financial instruments

The fair values of financial instruments, in addition to values based on market price, include values based on reasonable estimates when no market prices are available.

Since value estimates are predicted on certain assumptions, values may vary if the underlying assumptions change.

38. Matters Relating to the Market Values of Financial Instruments

The following are the carrying amount on the balance sheets, the fair value as of March 31, 2016, and net unrealized gains (losses between these amounts (see *1 in regards to the calculation method for fair value, etc.). The amounts shown in the following table do not include financial instruments whose market values are extremely difficult to determine, such as unlisted stocks classified as available-for-sale securities (see *2).

In addition, immaterial items were omitted from the table.

	Millions of yen		
	Carrying Amount	Fair Value	Net unrealized gains (losses)
1) Due from Banks	¥ 608,079	¥ 609,411	¥ 1,332
2) Securities	1,121,681	1,126,378	4,696
Securities Classified as Trading	10	10	—
Bonds Classified as Held-to-Maturity	148,418	153,115	4,696
Available-for-sale securities	973,252	973,252	—
3) Loans and Bills Discounted	1,004,010		
Reserve for Possible Loan Losses (*1)	(8,087)		
	995,922	1,003,387	7,464
Total Financial Assets	¥ 2,725,684	¥ 2,739,177	¥ 13,493
1) Deposits	2,560,392	2,560,447	(54)
2) Call Money	101,176	101,176	—
3) Bond Lending Transactions	17,462	17,462	—
Total Financial Liabilities	¥ 2,679,032	¥ 2,679,086	¥ (54)
Derivative Transactions (*2)			
to which hedge accounting is not applied	9	9	—
to which hedge accounting is applied	845	845	—
Total Derivative Transactions	¥ 854	¥ 854	—

	Thousands of U.S. dollars		
	Carrying Amount	Fair Value	Net unrealized gains (losses)
1) Due from Banks	\$ 5,396,515	\$ 5,408,340	\$ 11,824
2) Securities	9,954,578	9,996,257	41,678
Securities Classified as Trading	91	91	—
Bonds Classified as Held-to-Maturity	1,317,170	1,358,848	41,678
Available-for-sale securities	8,637,316	8,637,316	—
3) Loans and Bills Discounted	8,910,281		
Reserve for Possible Loan Losses (*1)	(71,774)		
	8,838,507	8,904,753	66,246
Total Financial Assets	\$ 24,189,601	\$ 24,309,352	\$ 119,750
1) Deposits	22,722,692	22,723,176	(484)
2) Call Money	897,911	897,911	—
3) Bond Lending Transactions	154,974	154,974	—
Total Financial Liabilities	\$ 23,775,578	\$ 23,776,062	\$ (484)
Derivative Transactions (*2)			
to which hedge accounting is not applied	81	81	—
to which hedge accounting is applied	7,507	7,507	—
Total Derivative Transactions	\$ 7,588	\$ 7,588	—

Notes: 1. General and specific reserves for possible losses corresponding to cash collateral received for bond repurchase agreement were deducted.

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

(Note.1) Accounting method of fair value of financial instruments

Financial assets

1) Due from banks

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

2) Investment securities

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

The fair values of privately placed bonds guaranteed by the Bank are, in the same manner as with loans, estimated future cash flows based on the borrower's credit rating (internal rating/type of borrower), collateral, and guarantee, and fair value is calculated by discounting the market interest rate (National Government Bonds interest rate). In the case that the market interest rate (National Government Bonds interest rate) is negative, the fair value is calculated by discounting the lowest interest rate possible on the fair value computation system.

Notes to securities classified by purpose for which they are held are listed in 39 through 41.

3) Loans

The fair values of cash collateral received for bond repurchase agreement with variable interest rates are presented using their carrying amounts as such fair values approximate such carrying amounts unless the creditworthiness of the borrower has changed significantly since the loan origination. Those with fixed interest rates reflect estimated future cash flows based on the borrower's credit rating (internal rating/type of borrower), collateral, and guarantee, and fair values are calculated by discounting the market interest rate (National Government Bonds interest rate). In the case that the market interest rate (National Government Bonds interest rate) is negative, the fair value is calculated by discounting the lowest interest rate possible on the fair value computation system.

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

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

Financial liabilities

1) Deposits

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

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

2) Call Money, 3) Cash Collateral Received for Bond Repurchase Agreement

Because of their short term nature (less than 3 months), and since the fair value is approximately the same as the book value, they are stated at that book value.

Derivative transactions

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

(Note.2) The balance sheet for financial instruments for which it is extremely difficult to obtain their fair values are as follows and are not included in fair value information for financial instruments.

	Millions of yen	Thousands of U.S. dollars
Carrying Amount		
Subsidiaries' Stocks (*1)	¥ 1,653	\$ 14,670
Related Companies' Stocks (*1)	—	—
Unlisted Stocks(*2)(*3)	530	4,706
Investments in Partnerships (*4)	20	183
Total	¥ 2,203	\$ 19,559

Notes: 1. The above are deemed to be extremely difficult to determine fair values because there are no market prices. Therefore, their fair values are not disclosed.

2. The above are deemed to be extremely difficult to determine fair values because there are no market prices. Therefore, their fair values are not disclosed.

3. The Bank recognized ¥1 million (US\$10 thousand) as impairment loss for unlisted stocks in the current fiscal year.

4. Partnership investments composed of unlisted stocks that do not have quoted market prices available and whose fair values are extremely difficult to be determined are not disclosed at fair value.

(Note.3) Scheduled redemption amount of due from banks and securities with a maturity date after March 31, 2016

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	¥ 287,379	¥ 268,000	¥ 500	¥ 52,200
Securities	122,014	294,031	281,936	351,653
Bonds Classified as Held-to-Maturity	100	13,853	39,408	94,206
Available-for-sale securities with Maturity Dates	121,914	280,177	242,528	257,447
Loans and Bills Discounted	236,795	216,003	155,160	396,050
Total	¥ 646,189	¥ 778,035	¥ 437,597	¥ 799,903

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	\$ 2,550,403	\$ 2,378,416	\$ 4,437	\$ 463,258
Securities	1,082,838	2,609,437	2,502,101	3,120,812
Bonds Classified as Held-to-Maturity	887	122,945	349,740	836,049
Available-for-sale securities with Maturity Dates	1,081,950	2,486,492	2,152,360	2,284,762
Loans and Bills Discounted	2,101,488	1,916,965	1,377,001	3,514,825
Total	\$ 5,734,729	\$ 6,904,820	\$ 3,883,540	\$ 7,098,897

(Note.4) Scheduled redemption amount of borrowings and other interest-bearing debt after March 31, 2016

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	¥ 2,422,892	¥ 117,610	¥ 19,889	—
Call Money	101,176	—	—	—
Bond Lending Transactions	17,462	—	—	—
Total	¥ 2,541,532	¥ 117,610	¥ 19,889	—

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	\$ 21,502,422	\$ 1,043,755	\$ 176,514	—
Call Money	897,911	—	—	—
Bond Lending Transactions	154,974	—	—	—
Total	\$ 22,555,308	\$ 1,043,755	\$ 176,514	—

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

39. Matters related to the fair value and Gross unrealized gains (losses) of securities are as follows. Included in these are "National Government Bonds," "Local Government Bonds," "Corporate Bonds," "Stocks," "Available-for-sale securities," and also "trading account securities." The material up to 41. below is treated in the same manner.

1) Securities Classified as Trading

	Gains (Losses) include in profit/loss for the Current Fiscal Year	
	Millions of yen	U.S. dollars
Securities Classified as Trading	¥ 0	\$ 1,333

2) Held-to-maturity bonds

	Type	Millions of yen		
		Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain	National Government Bonds	¥ 9,441	¥ 9,558	¥ 116
	Local Government Bonds	82,156	84,432	2,275
	Corporate Bonds	44,019	45,974	1,954
	Other	10,800	11,153	353
	Subtotal	146,418	151,117	4,699
Unrealized loss	Other	2,000	1,997	(2)
	Subtotal	2,000	1,997	(2)
Total		¥ 148,418	¥ 153,115	¥ 4,696

	Type	Thousands of U.S. dollars		
		Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain	National Government Bonds	\$ 83,794	\$ 84,826	\$ 1,032
	Local Government Bonds	729,117	749,308	20,191
	Corporate Bonds	390,662	408,006	17,344
	Other	95,846	98,983	3,136
	Subtotal	1,299,420	1,341,125	41,704
Unrealized loss	Other	17,749	17,723	(25)
	Subtotal	17,749	17,723	(25)
Total		\$ 1,317,170	\$ 1,358,848	\$ 41,678

Note 1. Market value is based on the market price at the end of the fiscal year.

2. The fair values of privately placed bonds guaranteed by the Bank are, in the same manner as with loans, estimated future cash flows based on the borrower's credit rating (internal rating/type of borrower), collateral, and guarantee, and fair value is calculated by discounting the market interest rate (National Government bonds interest rate). In the case that the market interest rate (National Government Bonds interest rate) is negative, the fair value is calculated by discounting the lowest interest rate possible on the fair value computation system.

3) Available-for-sale securities

	Type	Millions of yen		
		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	¥ 17,257	¥ 10,115	¥ 7,142
	Bonds	611,457	595,745	15,712
	National Government Bonds	151,181	144,451	6,730
	Local Government Bonds	131,110	127,532	3,578
	Corporate Bonds	329,165	323,761	5,403
Unrealized loss	Other	262,931	257,504	5,427
	Subtotal	891,647	863,365	28,282
	Stocks	4,150	4,730	(580)
	Bonds	11,990	12,196	(205)
	National Government Bonds	7,184	7,382	(197)
Unrealized loss	Local Government Bonds	220	220	(0)
	Corporate Bonds	4,585	4,593	(8)
	Other	65,464	66,251	(786)
	Subtotal	81,605	83,178	(1,572)
Total		¥ 973,252	¥ 946,543	¥ 26,709

	Type	Thousands of U.S. dollars		
		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	\$ 153,155	\$ 89,770	\$ 63,384
	Bonds	5,426,499	5,287,059	139,440
	National Government Bonds	1,341,693	1,281,963	59,729
	Local Government Bonds	1,163,565	1,131,811	31,754
	Corporate Bonds	2,921,240	2,873,284	47,956
Unrealized loss	Other	2,333,439	2,285,269	48,169
	Subtotal	7,913,094	7,662,099	250,995
	Stocks	36,834	41,984	(5,149)
	Bonds	106,409	108,236	(1,827)
	National Government Bonds	63,760	65,514	(1,753)
Unrealized loss	Local Government Bonds	1,954	1,955	(1)
	Corporate Bonds	40,694	40,767	(72)
	Other	580,978	587,958	(6,979)
	Subtotal	724,222	738,179	(13,956)
Total	\$ 8,637,316	\$ 8,400,278	\$ 237,038	

Note1. Carrying amount is calculated by using market prices at fiscal year-end.

2. The ¥19,269 million (US\$171,006 thousand) is calculated by deducting the deferred tax liabilities amount of ¥7,440 million (US\$66,031 thousand) from the evaluation excess amount of ¥26,709 million (US\$237,038 thousand) and is included in "Unrealized gains on available-for-sale securities."

40. Held-to-maturity bonds sold during the fiscal year under review

	Millions of yen		
	Cost of Securities	Proceeds from sales	Loss (Gain) on Sales
Other	¥ 4,000	¥ 3,991	¥ (8)

	Thousands of U.S. dollars		
	Cost of Securities	Proceeds from sales	Loss (Gain) on Sales
Other	\$ 35,498	\$ 35,419	\$ (79)

(Reason for selling: in response to regulations such as revision of lending limits)

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

	Millions of yen		
	Proceeds from sales	Gain on Sales	Loss on Sales
Equity securities	¥ 2,348	¥ 685	¥ 154
Bonds	81,310	365	6
National Government Bonds	13,255	147	5
Local Government Bonds	5,760	16	0
Corporate Bonds	62,294	202	0
Other	12,382	379	155
Total	¥ 96,040	¥ 1,430	¥ 316

	Thousands of U.S. dollars		
	Proceeds from sales	Gain on Sales	Loss on Sales
Equity securities	\$ 20,837	\$ 6,087	\$ 1,369
Bonds	721,606	3,245	53
National Government Bonds	117,641	1,305	48
Local Government Bonds	51,124	146	1
Corporate Bonds	552,841	1,793	3
Other	109,889	3,363	1,383
Total	\$ 852,333	\$ 12,696	\$ 2,807

42. Assets held in trust for investment

	Millions of yen	
	Value on Balance Sheet	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment	¥ 6,080	—

	Thousands of U.S. dollars	
	Value on Balance Sheet	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment	\$ 53,963	—

43. Matters regarding real estate for lease

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

44. Securities lent under unsecured securities lending agreements (bond borrowing and lending transactions) are included in "National Government Bonds" for a total of ¥58,486 million (US\$519,053 thousand).

45. Overdraft facilities contracts and loan commitment limits are contracts under which the Bank lends to customers up to prescribed limits. Under these contracts, funds can be drawn based on customers' application for a loan as long as there is no violation of any condition in the contracts. The unused amount within the limits relating to these contracts was ¥42,956 million (US\$381,222 thousand). Of these contracts, those where the remaining period on the contract is 1 year or less amount to ¥36,073 million (US\$320,142 thousand). Since many of these commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank to refuse the customers' application for loans or to decrease the contract limits for proper reasons such as changes in financial situation, deterioration in customers' creditworthiness, or other reasonable grounds. Not only does the Bank obtain real estate, securities and/or other collateral if considered to be necessary at the inception of contracts, the Bank performs periodic reviews of the customer's business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

46. Details of deferred tax assets and liabilities as of March 31, 2016 are as follows.

	Millions of yen		Thousands of U.S. dollars	
	Proceeds from sales		Proceeds from sales	
Deferred Tax Assets				
Reserve for Possible Loan Losses	¥ 2,874		\$ 25,513	
Reserve for Bonuses	315		2,800	
Depreciation	234		2,083	
Reserve for Director's Retirement Benefits	132		1,178	
Other	1,276		11,329	
Gross deferred tax assets	4,834		42,904	
Less: Valuation allowance	(1,468)		(13,035)	
Total Deferred Tax Assets	¥ 3,365		\$ 29,868	
Deferred Tax Liabilities				
Net unrealized gains on available-for-sale securities		7,440		66,031
Prepaid Pension Expenses		133		1,186
Other		2		19
Total Deferred Tax Liabilities		7,576		67,237
Net Deferred Tax Liabilities		¥ 4,210		\$ 37,368

47. Changes to disclosure method

In accordance with the provisions of Article 15, paragraph 1, item 1 in the law regarding cooperative financial institution's Preferred share (No. 44; enacted on May 12, 1993), we cancelled the entire amount of preferred share that had already been issued on December 22, 2011. After this cancellation of preferred share, we transferred the amount of ¥5,350 million (US\$47,479 thousand) of preferred share to other share in this current fiscal year.

48. Subsequent Event

The following appropriation of retained earnings applicable to the year ended March 31, 2016, was approved at the members' meeting held on June 20, 2016.

	yen		Thousands of U.S. dollars	
	Proceeds from sales		Proceeds from sales	
Unappropriated Retained Earnings for the Current Term	¥ 5,028,274,992		\$ 44,624	
Retained Earnings Carried Forward (Beginning Balance)	1,882,415,028		16,705	
Reversal amount of Land Revaluation Excess	(389,951,681)		(3,460)	
Current Net Income	3,535,811,645		31,379	
Amount of Retained Earnings Appropriated	3,896,748,525		34,582	
Legal Reserve	360,000,000		3,194	
Dividends for Common Share (Yearly 3.0%)	536,748,525		4,763	
Specific Reserve	3,000,000,000		26,624	
Retained Earnings Carried Forward (Term-end Balance)	¥ 1,131,526,467		\$ 10,041	

Non-Consolidated Statements of Income and Retained Earnings

Non-Consolidated Statements of Income and Retained Earnings

	Thousands of yen		Thousands of U.S. dollars
	2016	2015	2016
OPERATING REVENUE	¥ 39,880,715	¥ 39,685,547	\$ 353,928
Interest Income	33,342,657	33,687,382	295,905
Loans	21,225,591	22,314,094	188,370
Deposits in other banks	1,321,567	1,583,984	11,728
Interest on call loans	—	294	—
Investment securities	10,305,791	9,345,762	91,460
Interest Rate Swaps	202	—	1
Others	489,503	443,247	4,344
Fees and Commissions Received	3,757,058	3,685,061	33,342
Exchange Commissions Received	1,838,517	1,834,803	16,316
Others	1,918,541	1,850,258	17,026
Other Operating Income	862,354	606,547	7,653
Net Gain on trading	150	158	1
Net Gain on Sales of Bonds such as National Government Bonds	552,258	335,638	4,901
Net Gain on Redemption of Bonds such as National Government Bonds	2,775	2,805	24
Net Gain on Derivative Transaction	352	—	3
Others	306,816	267,945	2,722
Other Income	1,918,645	1,706,555	17,027
Gain on Bad Debts Recovered	519,255	858,912	4,608
Gains on Sales of Stocks	878,360	505,851	7,795
Gains on Money Held in Trust	217,370	135,050	1,929
Others	303,658	206,741	2,694
OPERATING EXPENSE	¥ 34,851,981	¥ 34,152,620	\$ 309,300
Interest Expense	1,237,865	1,152,896	10,985
Deposits	944,641	973,962	8,383
Provisions for Future Interest Payment of Installment Savings	45,497	71,928	403
Interest on Borrowings	1,199	9,209	10
Interest on Call Money	108,043	69,639	958
Interest Payment on Bond Lease Transactions	129,699	20,706	1,151
Others	8,783	7,449	77
Fees and Commissions Paid	1,528,348	1,519,258	13,563
Exchange Commissions Paid	697,777	684,464	6,192
Others	830,570	834,794	7,371
Other Operating Expenses	1,446,513	411,537	12,837
Net Loss on Foreign Exchange Trading	1,065,501	88,939	9,455
Net Loss on Sales of Bonds such as National Government Bonds	159,489	85,838	1,415
Bond Redemption Loss such as on National Government Bonds	150,910	140,377	1,339
Net Loss on Derivative Transaction	—	15,169	—
Others	70,610	81,213	626

	Thousands of yen		Thousands of U.S. dollars
	2016	2015	2016
General and Administrative Expenses	28,156,706	28,871,458	249,882
Salaries and Employee benefits	16,570,013	16,538,451	147,053
Other General and Administrative expenses	11,122,667	11,773,701	98,710
Tax	464,025	559,306	4,118
Other Expense	2,482,548	2,197,468	22,031
Provisions of Reserve for Possible Loan Losses	1,763,436	1,613,475	15,649
Write - off of Loans	61,208	220,570	543
Loss on Sale of Stocks	165,750	48,085	1,470
Amortization of Stocks	1,145	1,924	10
Loss on Money Held in Trust	76,041	16,593	674
Others	414,967	296,818	3,682
OPERATING INCOME	¥ 5,028,733	¥ 5,532,926	\$ 44,628
EXTRAORDINARY INCOME	8,658	12,993	76
Gain on Disposal of Fixed Assets	8,658	12,993	76
EXTRAORDINARY LOSS	207,512	640,204	1,841
Loss on Disposal of Fixed Assets	168,935	414,193	1,499
Losses on Impairment of Fixed Assets	38,576	226,011	342
INCOME BEFORE INCOME TAXES	¥ 4,829,879	¥ 4,905,716	\$ 42,863
INCOME TAXES CURRENT	1,586,272	915,860	14,077
INCOME TAXES DEFERRED	(292,205)	246,435	(2,593)
TOTAL INCOME TAXES	1,294,067	1,162,296	11,484
NET INCOME	¥ 3,535,811	¥ 3,743,419	\$ 31,379
RETAINED EARNINGS AT BEGINNING OF YEAR	1,882,415	1,859,465	16,705
Cumulative Effects of changes in Accounting Policies	—	(94,251)	—
Restated Balance	—	1,765,214	—
REVERSAL OF LAND REVALUATION EXCESS	(389,951)	473,770	(3,460)
RETAINED EARNINGS AT END OF YEAR	¥ 5,028,274	¥ 5,982,405	\$ 44,624

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

2. Total earnings by transactions with subsidiaries ¥ 66,137 thousand (US\$586,948)

Total expenses by transactions with subsidiaries ¥ 1,847,090 thousand (US\$16,392,356)

3. Net Income per share ¥ 9.85 (US\$0.087)

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

Area	Purpose of Use	Type	Thousands of yen Impairment Loss
Musashino City	Office	Land, Buildings and equipment	¥ 36,815
Kodaira City	Office	Buildings and equipment	865
Higashikurume City	Office	Buildings and equipment	801
Ome City	Warehouses	Land	95
Total			¥ 38,576

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

	Millions of yen					Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2016
For the Years Ended March 31						
Total Income	¥ 39,889	¥ 39,698	¥ 40,897	¥ 41,618	¥ 43,624	\$ 354,005
Interest on Loans and Bills Discounted	22,547	23,898	24,673	24,051	25,609	200,099
Interest and Dividends on Securities	10,305	9,345	9,043	8,883	8,874	91,460
Total Expenses	35,059	34,792	35,335	36,597	38,292	311,142
Business Profit	5,868	6,252	6,389	7,574	9,349	52,077
Income Before Income Taxes	4,829	4,905	5,562	5,020	5,332	42,863
Net Income	3,535	3,743	3,879	3,575	3,466	31,379
As of March 31						
Total Assets	¥ 2,819,097	¥ 2,810,317	¥ 2,665,366	¥ 2,603,369	¥ 2,495,805	\$ 25,018,612
Securities	1,123,875	1,104,955	995,369	940,038	811,126	9,974,046
Loans and Bills Discounted	1,004,010	1,014,363	1,005,420	1,015,745	1,030,950	8,910,281
Total Liabilities	2,700,773	2,695,916	2,560,222	2,500,926	2,402,537	23,968,528
Deposits	2,560,392	2,514,941	2,441,232	2,375,672	2,296,493	22,722,692
Total Net Assets	118,323	114,400	105,143	102,442	93,268	1,050,083
Number of Branches	81	80	80	80	80	
Number of Employees and Officers	2,006	2,001	1,981	1,977	1,952	
Deposits						
Per Branch	¥ 31,609	¥ 31,436	¥ 30,515	¥ 29,695	¥ 28,706	\$ 280,527
Per Employee and Officer	1,276	1,256	1,232	1,201	1,176	11,327
Loans and Bills Discounted						
Per Branch	12,395	12,679	12,567	12,696	12,886	110,003
Per Employee and Officer	500	506	507	513	528	4,441

Notes: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2016 of ¥112.68=US\$1.

Supplemental Consolidated Financial Information (Unaudited)
The Tama Shinkin Bank and Subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
For the Fiscal Year:			
Total Income	¥ 45,588	¥ 45,418	\$ 404,584
Total Expenses	40,197	39,883	356,736
Income Before Income Taxes and Others	5,391	5,535	47,848
Net Income	3,839	4,081	34,076
At Year-End:			
Deposits	¥ 2,557,526	¥ 2,512,003	\$ 22,697,248
Loans and Bills Discounted	1,004,096	1,014,320	8,911,040
Securities ^a	1,122,660	1,103,749	9,963,258
Total Assets	2,830,807	2,821,823	25,122,532
Total Net Assets	123,418	119,117	1,095,296
	Yen		U.S. dollars
Per Share Data (par value ¥50):			
Net Assets	345.99	331.92	3.070
Net Income	¥ 10.73	¥ 11.34	\$ 0.095

Notes: 1.The Bank consolidated three subsidiaries for the years ended March 31, 2016 and 2015.
2.U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2016 of ¥112.68=US\$1.



Grant Thornton Taiyo LLC

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 sheet as at March 31, 2016, and the non-consolidated statement of income and retained earnings for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the requirements of Shinkin Bank Law, Ordinance for Enforcement of Shinkin Law and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated 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 non-consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is 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 non-consolidated 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 non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Tama Shinkin Bank as at March 31, 2016, and the results of its operations for the year then ended in accordance with the requirements of Shinkin Bank Law, Ordinance for Enforcement of Shinkin Law and accounting principles generally accepted in Japan.

Emphasis of Matter

As described in "Notes to Non-Consolidated Balance Sheets", retained earnings applicable to the year ended March 31, 2016, was approved at the members' meeting held on June 20, 2016.

Convenience Translation

The United States dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for the convenience. Our audit also included the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the non-consolidated Balance Sheets.

Grant Thornton Taiyo LLC

October 25, 2016
Tokyo, Japan

Member of Grant Thornton International (G)

Board of Directors
and Auditors
As of June 30, 2016

Chairman
Koji Sato

President
Toshiro Yagi

Senior Managing Director
Keiichi Ishigaki

Managing Directors
Hideo Kaba
Katsutoshi Omata
Hiroyuki Fukuda

Directors
Kuniyoshi Tani
Hiroshi Hashimoto
Satoshi Sorimachi
Hiroyuki Saito
Tetsuo Fusa
Hideyuki Maekawa
Masahiko Kanai

Standing Auditor
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Annual Report 2016

Year Ended March 31, 2016