

Annual Report 2019

Year Ended March 31, 2019



The Tama Shinkin Bank

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, 2019, the Bank had total assets of ¥3,042.6 billion, net assets of ¥122.0 billion, and 1,991 employees. The Bank also had a service network of 79 branches, 4 branch offices, and 59 automatic teller facilities



	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
For the Fiscal Year:			
Total Income	¥ 44,751	¥ 41,552	\$ 403,203
Total Expenses	41,324	37,940	372,326
Income Before Income Taxes	3,427	3,611	30,876
Net Income	2,332	2,606	21,010
Business Profit	3,627	3,842	32,685
At Year-End:			
Deposits	¥ 2,740,758	¥ 2,702,799	\$ 24,693,739
Loans and Bills Discounted	1,072,061	1,033,057	9,659,080
Securities	1,162,820	1,117,253	10,476,803
Total Assets	3,042,639	2,989,784	27,413,635
Total Net Assets	122,056	118,394	1,099,706

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 ¥110.99 to U.S.\$1, the rate prevailing on March 31, 2019.

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

Long-term vision

Continue to be a region's problem-solving infrastructure into the future.

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.

Maximizing Value creation to realize a bright future for TAMA

Thank you for your continued patronage of Tamashin. I hereby deliver you Annual Report 2019, detailing our activities in FY2018. By browsing the results of our initiatives over the last 12 months, I hope that you will gain a deeper understanding of our operations. I also look forward to your frank and honest feedback. We welcome your comments and will ensure they are reflected in our business going forward.



The economic environment in the fiscal year ended March 2019

Looking at the Japanese economy for FY2018, gradual recovery continued in the first half, but with fears of a trade war between the United States and China and an economic slowdown in China as well as other factors added to growing uncertainty in the second half of the year.

As for economic conditions in the Tama region, a robust private sector employment trend continued. However, some weaknesses were apparent, such as the drop in industrial output and flat personal consumption.

Working to maximize value creation

In this business environment, all the officers and employees have worked together and have been committed to solving our customers' problems in FY2018. As a specific example, in terms of our support to corporate clients and business customers, we improved our services to cope with the cashless transition, organized seminars on topics such as starting business and business succession. For individual customers, we began offer-

ing new products help our customers live secure and fulfilling post retirement years. We also worked in liaison with local communities on initiatives such as creating a platform to provide public services more effectively in collaboration with the public and private sector as well as building a wide-area network of Shinkin Banks.

Regarding business performance, outstanding deposits and loans increased thanks to support

from our customers, but the continuing low interest rate policy and other factors has contributed to declining trend of our profitability. Reflecting such a situation we will continue to work hard to build a more stable business platform by saving in expenses and such. Faced with a tough financial environment, we will continue to work diligently to solve our customers' problems in order to realize our management philosophy.

We are currently preparing for the move to our new head office and administration building in 2020. We try to ensure it becomes a facility offering

information necessary to create value. We also intend to enhance our functions as a part of the problem-solving infrastructure, bolstering our contribution to the Tama region.

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



The Long-Term Strategy and the Mid-Term Management Plan

The Long-Term Strategy for 2030 has been released and Tamashin's Mid-Term Management Plan 2020 is underway.

Amid dizzying changes in the external environment, to further enhance Tamashin's role as the "solution provider for regional challenges" – the reason we are in business – amid dizzying changes in the external environment, in 2018 Tamashin launched its Long-term Strategy for 2030 and Mid-term Management Plan 2020. The Long-term Strategy lists seven principles as universal management principles for the future. Based on the Long-term Strategy, the Mid-term Management Plan sets forth four basic strategies to support the main theme, "Story for the future: maximizing value creation." In FY2018, the first year of the plan, we worked to maxi-

mize value creation under the theme of "Stage 1: challenge to Business Process Reengineering."

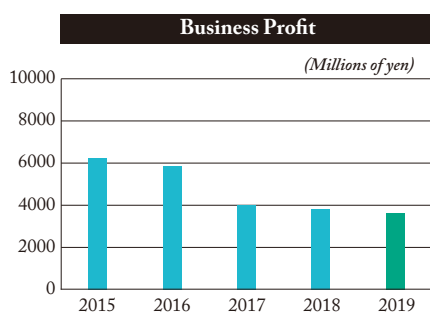
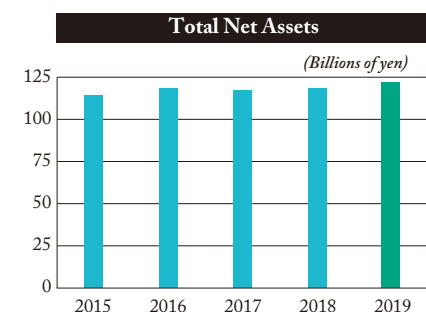
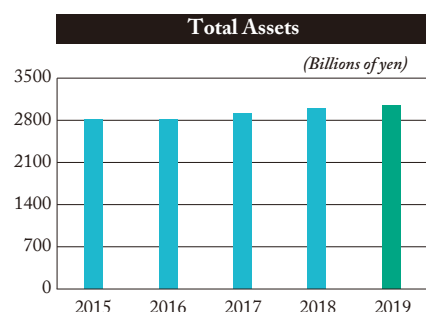
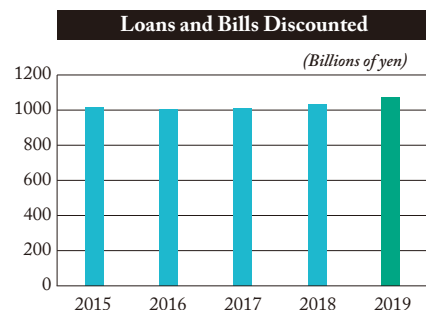
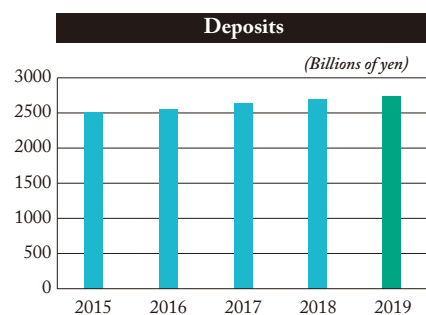
Based on the Long-term Strategy and Mid-term Management Plan, at Tamashin we constantly ask ourselves, "How can we support our customers?" "How can we contribute to the local community?" from a long-term perspective. We are moving forward to build working environment and system where our officers and employees are committed to solving customers' problems with pride and joy, and to realize a bright future for Tama through that effort.

Long-term Strategy 2018-2030: Seven Principles

- ◇ Enrich problem-solving measures
- ◇ Optimize office locations and channel mix strategy
- ◇ Enhance ICT strategy and information utilization
- ◇ Exercise group synergy through strengthened governance and organizational structure
- ◇ Develop and allocate diverse human resource
- ◇ Strengthen initiatives leveraging regional characteristics
- ◇ Strengthen the collaboration with local governments and authorities

Mid-term Management Plan 2018-2020: Four basic strategies

1. Build a system to maximize the problem(issue)-solving capability (complete BPR)
2. Enhance branch support to maximize problem solving capability
3. Foster a corporate culture in which employees can take pride in their work in and find it rewarding
4. Strengthen our financial foundation and compliance supporting the problem solving infrastructure



The Financial and Economic Environment

Looking back on FY2018, the Japanese economy continued its gentle recovery, supported by underlying global economic growth, particularly expansion in the US. Personal consumption trended gradually upward on the basis of an improved employment and income environments. Meanwhile, strengthening protectionism in the US including tariff hikes on imported goods and fears of an economic slowdown in China were among the factors adding to increased uncertainty in the second half of the year.

In financial markets, the first half of FY2018 saw interest rates raised in the US, extending the interest rate differential with Japan, and a solid stock market performance. These factors resulted in slight yen weakness. In October the Nikkei Stock Average rose in step with Wall Street on hopes of economic expansion and the yen retreated at one point to ¥114 to the dollar. However, concerns about a looming trade war between the US and China as well as economic slowdown in China then hit markets around the world. The Nikkei Stock Average dropped to around ¥19,000 at the end of December and the dollar also sunk briefly to ¥104. The Federal Reserve Board then hinted that it would cancel planned rate hikes and other factors allayed fears of a global recession, pushing the Nikkei back to the ¥21,000 level and the dollar back above ¥110.

Operating Results

In FY2018, the first year of the three-year Mid-term Management Plan 2020, the theme of the Plan was established as “Story for the future: maximizing value creation - Stage 1: challenge to Business Process Reengineering,” and the following four basic strategies were set forth toward a bright future for the local community and Tamashin.

1. Build a system to maximize all problem solving capabilities (complete BPR)
2. Enhance branch support to maximize problem-solving capability
3. Foster a corporate culture in which employees can take pride in their work and find it rewarding
4. Strengthen the financial foundations and compliance supporting the problem-solving infrastructure

Balance of Deposits and Loans

Thanks to the support of our customers in the community, deposits increased from the previous fiscal year by ¥37.9 billion (1.4% increase) to ¥2,740.7 billion. Loans increased by ¥39.0 billion (3.7% increase) from the previous fiscal year to a total of ¥1,072.0 billion.

Balance of Securities

After implementing different types of risk management, we make diversified investments in stocks, investment trusts, and other financial products that focus mainly on domestic and foreign bonds, and strive for stable operation.

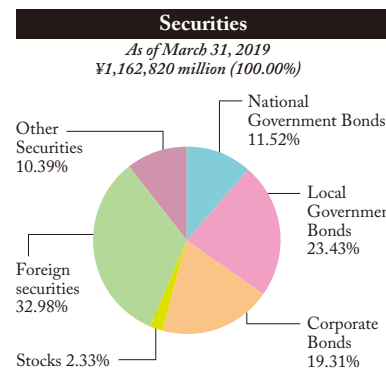
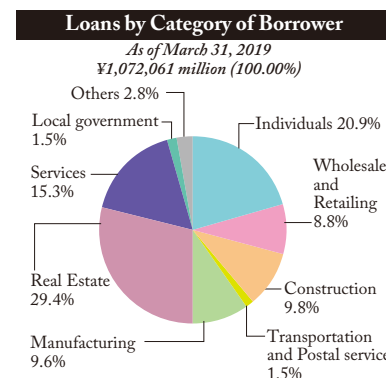
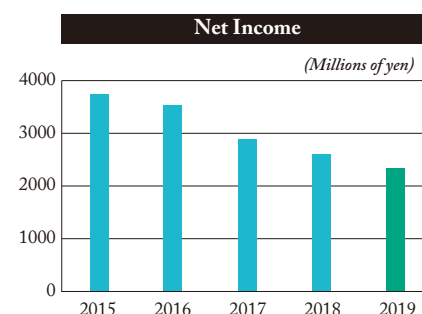
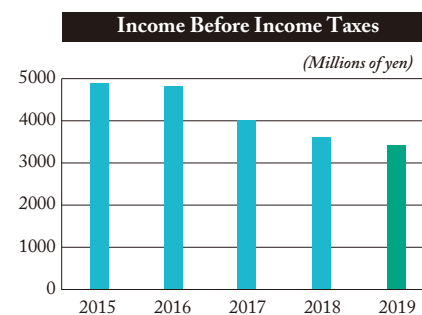
* 1: The balance by securities type is the amount on the balance sheet as of the end of March 2019.

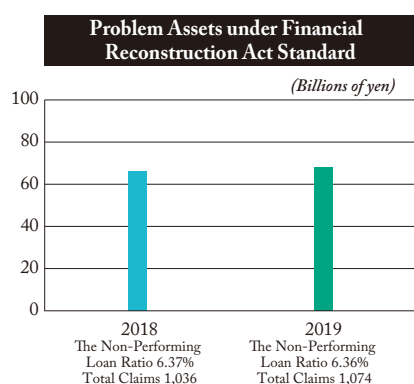
* 2: Other Securities are investment trusts and other vehicles

Earnings

The continuing low interest rate environment resulted in a ¥0.2 billion decrease in interest on loans collected compared to FY2018. There was also a ¥2.8 billion increase interest and dividends on securities from the previous fiscal year. However, foreign currency financing costs associated with managing foreign currency denominated foreign securities also increased ¥2.5 billion. These factors resulted in net operating income decreasing by ¥0.2 billion (5.5% decrease) to ¥3.6 billion.

Also, operating income decreased by ¥0.2 billion from the previous fiscal year (7.6% decrease) to ¥3.4 billion, income before income taxes decreased by ¥0.1 billion from the previous fiscal year (5.1% decrease) to ¥3.4 billion, and net income decreased by ¥0.2 billion from the previous fiscal year (10.5% decrease) to ¥2.3 billion.





Non-Performing Assets

Change in Non-performing loans (disclosed loans under the Financial Reconstruction Act)

Tamashin's non-performing loans increased by ¥2.3 billion to ¥68.3 billion from the previous fiscal year. The non-performing loans ratio declined by 0.01 points to 6.36% from the previous fiscal year to ¥38.6 billion increase of total lending.

* 1: ¥3 billion of the increase in non-performing loans was due to the impact of changes in the standards for credit rating and self-assessment.

* 2: The loans disclosed under the Financial Reconstruction Act cover not only loans but also foreign exchange, guarantees of obligation-per contra, suspense payments, accrued interest, and private placement bonds guaranteed by Tamashin.

Percentage by loan type disclosed under the Financial Reconstruction Act and status of preservative attachment

Tamashin's loans disclosed under the Financial Reconstruction Act amounted to ¥68.3 billion excluding normal claims, and 76.76% of those are secured by collateral, guarantees and/or loan loss reserves. The remaining ¥15.8 billion, or 23.24%, is covered in full by equity capital (total net assets of ¥122 billion).

* 1 There are no substandard loans

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.

Non-Performing Assets under the Financial Reconstruction Act

Years ended March 31, 2019 and 2018

	Millions of yen	
	2019	2018
Bankrupt and Quasi-Bankrupt Assets	¥ 8,312	¥ 6,741
Doubtful Assets	60,051	59,268
Substandard Loans	—	—
Normal Assets	1,006,602	970,296
Total	¥ 1,074,966	¥ 1,036,305

Risk-Monitored Loans under the Shinkin Bank Law

Years ended March 31, 2019 and 2018

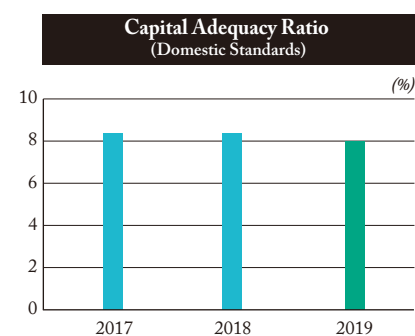
	Millions of yen	
	2019	2018
Total loans to bankrupt borrowers	¥ 2,700	¥ 1,177
Total non-accrual delinquent loans	65,480	64,696
Total loans past due for three months or more	—	—
Total Restructured loans	—	—
Total	¥ 68,181	¥ 65,873

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 2019, the "amount of total capital" (the numerator) increased by ¥2.5 billion over the previous fiscal year to ¥105.3 billion due in part to an increase in retained earnings, while the "amount of credit risk assets, etc." (the denominator) increased by ¥86.1 billion to ¥1,315.0 billion compared to the previous fiscal year, due to increases in business loans and other securities. As a result, Tamashin's capital adequacy ratio dipped by 0.35 points compared to the prior year to 8.01%, 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, 2019 and 2018

	Millions of yen	
	2019	2018
Core capital basic items	¥ 106,838	¥ 103,948
Core capital adjustment items	(1,478)	(1,127)
Total Capital	¥ 105,359	¥ 102,821
Risk Assets		
Total amount of credit risk assets	¥1,253,865	¥ 1,167,262
Amount Obtained by Dividing Operational Risk Equivalent by 8%	61,158	61,599
Capital Adequacy Ratio	8.01%	8.36%

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.

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 ¥106 billion and the balance of adjustment items related to core capital stood at ¥1,478 million at the end of the fiscal year ended March 2019.

Method to calculate the capital adequacy ratio under Basel III

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

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. Dissemination of 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 Risk Management Department 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. Hold a 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, 2019

Notes to Non-Consolidated Financial Statements

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
ASSETS			
Cash	¥ 28,373	¥ 29,646	\$ 255,642
Due from Banks	704,691	746,694	6,349,141
Monetary Claims Purchased	12,225	95	110,146
Money Held in Trust	14,177	13,604	127,732
Trading Account Securities	5	5	47
Trading Account National Government Bonds	5	5	47
Securities	1,162,820	1,117,253	10,476,803
National Government Bonds	134,017	148,287	1,207,470
Local Government Bonds	272,550	245,263	2,455,632
Corporate Bonds	224,591	273,801	2,023,524
Stocks	27,182	29,729	244,912
Other Securities	504,478	420,171	4,545,263
Loans and Bills Discouted	1,072,061	1,033,057	9,659,080
Bills Discounted	12,108	12,099	109,091
Loans on Bills	28,164	26,582	253,758
Loans on Deeds	1,019,785	982,166	9,188,087
Overdrafts	12,002	12,208	108,142
Foreign Exchange	1,207	942	10,877
Due from Foreign Banks	1,177	924	10,606
Foreign Bills of Exchange Bought	—	2	—
Foreign Bills of Exchange Receivable	30	15	271
Other Assets	19,048	20,341	171,624
Outstanding Bank Transfer Advanced	925	494	8,335
Investment in the Shinkin Central Bank	11,265	11,265	101,502
Prepaid Expenses	16	16	144
Accrued Income	4,412	4,443	39,756
Gross Unrealized Gains from Derivative Transactions	295	2,821	2,660
Others	2,133	1,300	19,224
Tangible Fixed Assets	32,672	31,650	294,376
Building	5,839	6,306	52,608
Land	21,366	21,309	192,504
Leased Assets	36	79	332
Construction in Progress	2,028	253	18,272
Other Tangible Fixed Assets	3,402	3,701	30,659
Intangible Fixed Assets	2,051	1,954	18,480
Software	1,370	1,260	12,344
Leased Assets	1	8	16
Others	679	685	6,119
Reverse against Debt Guarantee	1,975	2,413	17,797
Reserve for Possible Loan Losses	(8,670)	(7,874)	(78,115)
(Specific Reserve for Possible Loan Losses)	(7,102)	(6,380)	(63,995)
Total Assets	¥ 3,042,639	¥ 2,989,784	\$ 27,413,635

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 ¥110.99 to U.S.\$1, the rate prevailing on March 31, 2019

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\$48,202 thousand) of preferred share in this current fiscal year and are recording the amount as other share.

Non-Consolidated Balance Sheets

The Tama Shinkin Bank
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
LIABILITIES			
Deposits	¥ 2,740,758	¥ 2,702,799	\$ 24,693,739
Current Deposits	60,630	70,294	546,271
Ordinary Deposits	1,485,144	1,402,825	13,380,888
Savings Deposits	9,290	9,441	83,704
Deposits at Notice	3,117	2,780	28,089
Time Deposits	1,088,390	1,120,968	9,806,205
Installment Savings	69,972	77,138	630,439
Other Deposits	24,211	19,351	218,140
Call Money	75,618	64,144	681,307
Cash Collateral Received for Repurchase Agreement	85,484	83,557	770,197
Foreign Exchange	15	33	141
Foreign Bills of Exchange Sold	11	27	106
Foreign Bills Payable	3	6	34
Other Liabilities	8,409	10,404	75,764
Outstanding Bank Transfer Received	1,406	884	12,676
Accrued Expenses	729	678	6,569
Reserve for Future Interest Payment of Installment Savings	47	60	431
Income Taxes Payable	612	788	5,521
Unearned Income	175	161	1,581
Unsettled Equity Refunds	72	35	652
Deposits from Employees	1,032	1,002	9,303
Gross Unrealized Losses from Derivative Transactions	904	238	8,145
Cash Collateral Received for Derivative Transactions	261	2,881	2,351
Lease Obligations	41	92	375
Asset Retirement Obligations	355	350	3,207
Other Liabilities	2,769	3,229	24,950
Reserve for Employee Bonuses	1,070	1,078	9,641
Reserve for Employee Retirement Benefits	370	211	3,335
Reserve for Director's Retirement Benefits	509	439	4,594
Reserve for Reimbursement of Deposits	268	408	2,422
Reserve for Contingencies	320	323	2,883
Deferred Tax Liabilities	2,761	2,554	24,881
Deferred Tax Liabilities for Land Revaluation	3,021	3,021	27,222
Debt Guarantee	1,975	2,413	17,797
Total Liabilities	¥ 2,920,582	¥ 2,871,390	\$ 26,313,929
NET ASSETS			
Paid-in Members' Capital	24,021	22,970	216,431
Common Share	18,671	17,620	168,228
Other Share	5,350	5,350	48,202
Capital Retained Earnings	766	766	6,904
Legal Capital Reserve	766	766	6,904
Retained Earnings	79,782	77,802	718,822
Legal Reserve	22,600	22,330	203,624
Voluntary Reserve	57,181	55,472	515,198
Reserve for Specific Purpose	53,500	51,500	482,025
Retained Earnings for the Current Term	3,681	3,972	33,173
Treasure Share	(1)	(0)	(10)
Total Members' Equity	104,568	101,538	942,147
Unrealized Gains on Available-for-sale Securities	15,742	14,975	141,838
Deferred Gains or Losses on Hedges	69	205	629
Land Revaluation Excess	1,674	1,675	15,090
Total of Valuation and Translation Adjustments.	17,487	16,856	157,558
Total Net Assets	122,056	118,394	1,099,706
Total Liabilities and Net Assets	¥ 3,042,639	¥ 2,989,784	\$ 27,413,635

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 ¥5,729 million (US\$51,623 thousand).

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. The actuarial differences are reported as expenses as follows.

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, 2018)	Millions of yen	Thousands of U.S. dollars
Amount of Pension Assets	¥ 1,669,710	\$ 15,043,793
Sum of Amount of Actuarial Pension Obligations Amount of the Minimum Actuarial Liability	1,806,457	16,275,862
Balance	¥ (136,747)	\$ (1,232,069)

b) Share of the Bank's premium contributions to the plan (as of March 31, 2018) was 2.1123%

c) Supplementary explanations

The main factor for the balance in a) above is the balance of ¥197,854 million (US\$1,782,634 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 ¥417 million (US\$3,761 thousand) in special premiums in the financial statements for the fiscal year ended March 2019.

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 b) 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"). With respect to the hedge effectiveness testing, the Bank assesses the effectiveness of such hedges by monitoring the offsetting fluctuation of fair value by changes in interest rates, of the hedged bonds and hedging instruments, such as interest rate swaps.

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). With respect to the hedge effectiveness testing, the Bank designates foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from foreign currency monetary claims and assesses the effectiveness of such hedges by verifying that the Bank holds foreign currency positions of the hedged items corresponding to the positions of the hedging instruments.

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 ¥62 million (US\$562 thousand)

21. Capitalization of subsidiaries was ¥1,822 million (US\$16,420 thousand)

22. Total monetary claims for subsidiaries were ¥671 million (US\$6,047 thousand)

23. Total monetary liabilities for subsidiaries were ¥3,783 million (US\$34,092 thousand)

24. Cumulative total depreciation of tangible fixed assets was ¥22,847 million (US\$205,853 thousand)

25. Reduction entry amount of tangible fixed assets was ¥289 million (US\$2,604 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	¥ 300	\$ 2,704
Intangible Fixed Assets	1	11
Total	¥ 301	\$ 2,716

2) Accumulated Depreciation

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 131	\$ 1,184
Intangible Fixed Assets	0	7
Total	¥ 132	\$ 1,191

3) Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
Tangible Fixed Assets	¥ 168	\$ 1,520
Intangible Fixed Assets	0	4
Total	¥ 169	\$ 1,524

4) Future Lease Payments Year-end Closing Balance

	Millions of yen	Thousands of U.S. dollars
1 year or Less	¥ 52	\$ 474
Exceeding 1 Year	131	1,181
Total	¥ 183	\$ 1,656

5) Lease Payments, Depreciation Expense and Interest Expense Payments

	Millions of yen	Thousands of U.S. dollars
Lease Payments	¥ 83	\$ 747
Depreciation Expense	64	580
Interest Expense Payments	¥ 24	\$ 216

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 ¥2,700 million (US\$24,334 thousand) and Non-accrual Delinquent loans amounted to ¥65,480 million (US\$589,965 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 ¥68,181 million (US\$614,299 thousand). These amounts are stated before the reduction of reserve for possible loan losses.

31. 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 ¥12,108 million (US\$109,091 thousand).

32. Assets pledged as collateral are as follows.

Assets pledged as collateral:

	Millions of yen	Thousands of U.S. dollars
Securities	¥ 1,796	\$ 16,183
Other Assets	11	100

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\$1,486,620 thousand), securities totalling ¥82,987 million

(US\$747,703 thousand), and other assets totalling ¥3 million (US\$27 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 ¥89,864 million (US\$809,658 thousand), while cash collateral accepted for bond lending transactions amounted to ¥85,484 million (US\$770,197 thousand).

33. In accordance with the Act on Revaluation of Land, promulgated on No.34 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, 2019 as stipulated in Article 10 of the Land Revaluation Law, and the total book value after revaluation is △¥3,957 million (△US\$35,658 thousand).

34. Net assets per investment unit is ¥326.87 (US\$2.94)

35. 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 a 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 Loan Department.

Senior management regularly participates in deliberations and receives reports concerning credit management at meetings of ALM Committee and Board of Directors.

Additionally, the Compliance And Risk Management Department checks on the credit management situation.

Credit risk related to securities issuers is managed by Treasury 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 Risk Management Department 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 Treasury 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 Treasury 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 Treasury 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 Bank calculates the market risk amount of items such as "due from banks," "securities," "loans," and "deposits" using VaR on a monthly basis, and ensures the acquired risk amount is 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, 2019 (fiscal year end) the Bank's amount of market risk (estimated value of loss) was ¥13,365 million (US\$120,425 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 on 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.

36. 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, 2019, and net unrealized gains (losses between these amounts (Note 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 (Note 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	¥ 704,691	¥ 705,234	¥ 543
2) Monetary Claims Purchased	12,225	12,224	(0)
3) Securities	1,160,138	1,166,167	6,028
Securities Classified as Trading	5	5	—
Bonds Classified as Held-to-Maturity	256,655	262,684	6,028
Available-for-Sale Securities	903,477	903,477	—
4) Loans and Bills Discounted	1,072,061		
Reserve for Possible Loan Losses (*1)	(8,619)		
	1,063,441	1,069,002	5,560
Total Financial Assets	¥ 2,940,497	¥ 2,952,629	¥ 12,132
1) Deposits	2,740,758	2,740,769	(10)
2) Call Money	75,618	75,618	—
3) Bond Lending Transactions	85,484	85,484	—
Total Financial Liabilities	¥ 2,901,860	¥ 2,901,871	(10)
Derivative Transactions (*2)			
to which Hedge Accounting is not Applied	19	19	—
to which Hedge Accounting is Applied	(627)	(627)	—
Total Derivative Transactions	¥ (608)	¥ (608)	—

	Thousands of U.S. dollars		
	Carrying Amount	Fair Value	Net unrealized gains (losses)
1) Due from Banks	\$ 6,349,141	\$ 6,354,035	\$ 4,893
2) Monetary Claims Purchased	110,146	110,141	(4)
3) Securities	10,452,643	10,506,963	54,319
Securities Classified as Trading	47	47	—
Bonds Classified as Held-to-Maturity	2,312,424	2,366,743	54,319
Available-for-sale securities	8,140,172	8,140,172	—
4) Loans and Bills Discounted	9,659,080		
Reserve for Possible Loan Losses (*1)	(77,659)		
	9,581,420	9,631,522	50,102
Total Financial Assets	\$ 26,493,352	\$ 26,602,662	\$ 109,310
1) Deposits	24,693,739	24,693,838	(99)
2) Call Money	681,307	681,307	—
3) Bond Lending Transactions	770,197	770,197	—
Total Financial Liabilities	\$ 26,145,244	\$ 26,145,343	\$ (99)
Derivative Transactions (*2)			
to which hedge accounting is not applied	172	172	—
to which hedge accounting is applied	(5,657)	(5,657)	—
Total Derivative Transactions	\$ (5,484)	\$ (5,484)	—

(*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) Monetary claims purchased

Monetary claims purchased depend on the pricing from the corresponding bank. For those monetary claims purchased without a market price, the current price is the amount after deducting the credit risk amount from the book value.

3) 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.

Notes to securities classified by purpose for which they are held are listed in 37 through 39.

4) Loans

The fair values of cash collateral received for a 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).

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 6 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 prices 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.

Non-Consolidated Balance Sheets

	Millions of yen	Thousands of U.S. dollars
	Carrying Amount	
Subsidiaries' Stocks (*1)	¥ 1,822	\$ 16,420
Unlisted Stocks(*2)(*3)	479	4,322
Investments in Partnerships (*4)	384	3,464
Total	¥ 2,686	\$ 24,207

(*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). Impairment loss for unlisted stocks in the current fiscal year was not calculated.

(*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, 2019

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	¥ 634,191	¥ —	¥ —	¥ 70,500
Monetary Claims Purchased	—	—	—	12,066
Securities	151,035	185,140	130,946	528,522
Bonds Classified as Held-to-Maturity	19,665	15,414	10,897	210,106
Available-for-sale securities with Maturity Dates	131,370	169,725	120,048	318,415
Loans and Bills Discounted	252,061	239,240	150,405	430,353
Total	¥ 1,037,288	¥ 424,381	¥ 281,351	¥ 1,041,442

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	\$ 5,713,949	\$ —	\$ —	\$ 635,192
Monetary Claims Purchased	—	—	—	108,716
Securities	1,360,802	1,668,080	1,179,804	4,761,893
Bonds Classified as Held-to-Maturity	177,179	138,883	98,186	1,893,024
Available-for-sale securities with Maturity Dates	1,183,622	1,529,196	1,081,618	2,868,868
Loans and Bills Discounted	2,271,031	2,155,516	1,355,125	3,877,406
Total	\$ 9,345,783	\$ 3,823,597	\$ 2,534,929	\$ 9,383,208

(Note.4) Scheduled redemption amount of borrowings and other interest-bearing debt after March 31, 2019

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	¥ 2,630,723	¥ 95,666	¥ 14,368	—
Call Money	75,618	—	—	—
Bond Lending Transactions	85,484	—	—	—
Total	¥ 2,791,825	¥ 95,666	¥ 14,368	—

	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits(*)	\$ 23,702,345	\$ 861,933	\$ 129,460	—
Call Money	681,307	—	—	—
Bond Lending Transactions	770,197	—	—	—
Total	\$ 25,153,850	\$ 861,933	\$ 129,460	—

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

37. 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 39. below is treated in the same manner.

1) Securities Classified as Trading

	Gains (Losses) include in profit/loss for the Current Fiscal Year	
	Thousands of yen	U.S. dollars
Securities Classified as Trading	¥ (54)	\$ (493)

2) Held-to-maturity bonds

	Type	Millions of yen		
		Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain	National Government Bonds	¥ 9,488	¥ 9,558	¥ 70
	Local Government Bonds	165,534	169,489	3,954
	Corporate Bonds	63,100	64,840	1,739
	Other	12,632	12,962	330
	Subtotal	250,755	256,850	6,095
Unrealized loss	National Government Bonds	—	—	—
	Local Government Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	5,900	5,833	(66)
	Subtotal	5,900	5,833	(66)
Total	¥ 256,655	¥ 262,684	¥ 6,028	

	Type	Thousands of U.S. dollars		
		Carrying Amount	Market Value	Gross unrealized gains (losses)
Unrealized gain	National Government Bonds	\$ 85,485	\$ 86,118	\$ 632
	Local Government Bonds	1,491,437	1,527,070	35,632
	Corporate Bonds	568,525	584,199	15,673
	Other	113,817	116,792	2,975
	Subtotal	2,259,266	2,314,181	54,915
Unrealized loss	National Government Bonds	—	—	—
	Local Government Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	53,157	52,562	(595)
	Subtotal	53,157	52,562	(595)
Total	\$ 2,312,424	\$ 2,366,743	\$ 54,319	

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

3) Available-for-sale securities

	Type	Millions of yen		
		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	¥ 20,007	¥ 11,495	¥ 8,511
	Bonds	384,315	375,138	9,176
	National Government Bonds	117,622	112,750	4,871
	Local Government Bonds	107,015	105,094	1,921
	Corporate Bonds	159,677	157,293	2,383
Other	289,741	280,385	9,355	
Subtotal	694,064	667,019	27,044	
Unrealized loss	Stocks	4,873	5,658	(785)
	Bonds	8,719	8,811	(91)
	National Government Bonds	6,906	6,991	(84)
	Local Government Bonds	—	—	—
	Corporate Bonds	1,813	1,820	(7)
Other	208,045	212,394	(4,348)	
Subtotal	221,638	226,864	(5,225)	
Total	¥ 915,702	¥ 893,884	¥ 21,818	

		Thousands of U.S. dollars		
Type		Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)
Unrealized gain	Stocks	\$ 180,264	\$ 103,573	\$ 76,690
	Bonds	3,462,613	3,379,931	82,681
	National Government Bonds	1,059,755	1,015,862	43,893
	Local Government Bonds	964,194	946,883	17,310
	Corporate Bonds	1,438,663	1,417,185	21,477
	Other	2,610,515	2,526,223	84,292
	Subtotal	6,253,393	6,009,728	243,664
Unrealized loss	Stocks	43,905	50,980	(7,075)
	Bonds	78,565	79,391	(826)
	National Government Bonds	62,229	62,989	(759)
	Local Government Bonds	—	—	—
	Corporate Bonds	16,335	16,402	(66)
	Other	1,874,454	1,913,637	(39,183)
	Subtotal	1,996,924	2,044,009	(47,085)
	Total	\$ 8,250,318	\$ 8,053,738	\$ 196,579

Notes:1. Carrying amount is calculated by using market prices at fiscal year-end.

2. The ¥6,075 million (US\$54,740 thousand) is calculated by deducting the deferred tax liabilities amount of ¥15,742 million (US\$141,838 thousand) from the evaluation excess amount of ¥21,818 million (US\$196,579 thousand) and is included in "Unrealized gains on available-for-sale securities."

38. There are no held-to-maturity bonds sold during the fiscal year.

39. 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	¥ 3,292	¥ 1,669	¥ 119
Bonds	38,808	141	—
National Government Bonds	6,637	30	—
Local Government Bonds	4,923	62	—
Corporate Bonds	27,246	48	—
Other	60,366	233	1,737
Total	¥ 102,467	¥ 2,044	¥ 1,857

Thousands of U.S. dollars			
	Proceeds from sales	Gain on Sales	Loss on Sales
Equity securities	\$ 29,664	\$ 15,041	\$ 1,075
Bonds	349,654	1,271	—
National Government Bonds	59,805	277	—
Local Government Bonds	44,362	559	—
Corporate Bonds	245,485	435	—
Other	543,894	2,108	15,656
Total	\$ 923,213	\$ 18,421	\$ 16,732

40. Assets held in trust for investment

Millions of yen		
	Carrying Amount	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment	¥ 13,177	¥ (74)

Thousands of U.S. dollars		
	Carrying Amount	Gains/Losses for the Fiscal Year Under Review
Assets Held in Trust for Investment	\$ 118,723	\$ (669)

41. Other monetary trusts
(except those with management purpose and those to be held to maturity)

Millions of yen					
	Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)	Unrealized gain	Unrealized loss
Other monetary trusts	¥ 1,000	¥ 1,000	—	—	—

Thousands of U.S. dollars					
	Carrying Amount	Acquisition Cost	Gross unrealized gains (losses)	Unrealized gain	Unrealized loss
Other monetary trusts	\$ 9,009	\$ 9,009	—	—	—

42. 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.

43. Securities lent under unsecured securities lending agreements (bond borrowing and lending transactions) are included in "National Government Bonds" for a total of ¥84,128 million (US\$757,983 thousand).

44. 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 ¥51,541 million (US\$464,377 thousand). Of these contracts, those where the remaining period on the contract is 1 year or less amount to ¥43,514 million (US\$392,056 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.

45. Details of deferred tax assets and liabilities as of March 31, 2019 are as follows.

	Millions of yen	Thousands of U.S. dollars
Deferred Tax Assets		
Reserve for Possible Loan Losses	¥ 2,804	\$ 25,267
Reserve for Bonuses	298	2,690
Depreciation	264	2,380
Reserve for Director's Retirement Benefits	142	1,282
Reserve for Employee Retirement Benefits	103	931
Other	1,260	11,360
Gross Deferred Tax Assets	4,873	43,912
Less: Valuation Allowance	(1,521)	(13,712)
Total Deferred Tax Assets	¥ 3,351	\$ 30,200
Deferred Tax Liabilities		
Net Unrealized Gains on Available-for-Sale Securities	6,075	54,740
Other	37	341
Total Deferred Tax Liabilities	6,113	55,082
Net Deferred Tax Liabilities	¥ 2,761	\$ 24,881

46. Subsequent Event

The following appropriation of retained earnings applicable to the year ended March 31, 2019, was approved at the members' meeting held on June 24, 2019.

	yen	Thousands of U.S. dollars
Unappropriated Retained Earnings for the Current Term	¥ 3,681,877,145	\$ 33,173
Retained Earnings Carried Forward (Beginning Balance)	1,349,669,180	12,160
Reversal Amount of Land Revaluation Excess	205,456	1
Current Net Income	2,332,002,509	21,010
Amount of Retained Earnings Appropriated	2,094,680,899	18,872
Legal Reserve	240,000,000	2,162
Dividends for Common Share (Yearly 2.0%)	354,680,899	3,195
Specific Reserve	1,500,000,000	13,514
Retained Earnings Carried Forward (Term-end Balance)	¥ 1,587,196,246	\$ 14,300

47. Additional information

In accordance with the provisions of Article 15, paragraph 1, item 1 in the law regarding cooperative financial institution's preferred shares (No. 44; enacted on May 12, 1993), we cancelled the entire amount of preferred shares, and, after this cancellation, transferred the amount of ¥5,350 million (US\$48,202 thousand) of preferred shares to other shares in this current fiscal year.

Non-Consolidated Statements of Income and Retained Earnings

	Thousands of yen		Thousands of
	2019	2018	U.S. dollars
	2019	2018	2019
OPERATING REVENUE	¥ 44,674,605	¥ 41,552,266	\$ 402,510
Interest Income	37,481,857	34,842,254	337,704
Loans	18,841,983	19,131,578	169,762
Deposits in Other Banks	1,040,093	990,635	9,371
Investment Securities	16,946,878	14,105,578	152,688
Interest Rate Swaps	103,048	103,745	928
Others	549,853	510,716	4,954
Fees and Commissions Received	3,783,727	3,642,826	34,090
Exchange Commissions Received	1,862,954	1,844,636	16,784
Others	1,920,772	1,798,189	17,305
Other Operating Income	832,700	557,011	7,502
Net Gain on Sales of Bonds such as National Government Bonds	235,095	128,415	2,118
Net Gain on Redemption of Bonds such as National Government Bonds	14,946	13,733	134
Others	582,659	414,862	5,249
Other Income	2,576,319	2,510,175	23,212
Gain on Bad Debts Recovered	325,485	380,156	2,932
Gains on Sales of Stocks	1,851,245	1,274,884	16,679
Gains on Money Held in Trust	144,733	426,084	1,304
Others	254,855	429,048	2,296
OPERATING EXPENSE	¥ 41,252,355	¥ 37,846,315	\$ 371,676
Interest Expense	2,743,126	1,641,418	24,715
Deposits	406,550	406,520	3,662
Provisions for Future Interest Payment of Installment Savings	18,468	25,183	166
Interest on Borrowings	58	35	0
Interest on Call Money	111,979	84,160	1,008
Interest Payment on Bond Lease Transactions	2,195,459	1,113,408	19,780
Others	10,610	12,109	95
Fees and Commissions Paid	1,553,367	1,517,208	13,995
Exchange Commissions Paid	708,999	709,747	6,387
Others	844,367	807,460	7,607
Other Operating Expenses	6,940,753	4,392,607	62,534
Net Loss on Foreign Exchange Trading	4,663,179	3,261,310	42,014
Net Loss on Trading	42	51	0
Net Loss on Sales of Bonds such as National Government Bonds	1,578,388	483,095	14,220
Bond Redemption Loss such as on National Government Bonds	615,026	583,123	5,541
Others	84,115	65,026	757

Non-Consolidated Statements of Income and Retained Earnings

	Thousands of yen		Thousands of U.S. dollars
	2019	2018	2019
General and Administrative Expenses	27,255,717	27,793,183	245,569
Salaries and Employee Benefits	16,592,984	16,685,723	149,499
Other General and Administrative Expenses	10,250,658	10,653,474	92,356
Tax	412,075	453,986	3,712
Other Expense	2,759,390	2,501,896	24,861
Provisions of Reserve for Possible Loan Losses	1,864,931	1,573,654	16,802
Write - off of Loans	182,058	113,186	1,640
Loss on Sale of Stocks	303,906	10,634	2,738
Loss on Money Held in Trust	172,547	3,651	1,554
Amortization of Other Assets	—	35,207	—
Others	235,946	¥ 765,561	\$ 2,125
OPERATING INCOME	¥ 3,422,249	¥ 3,705,951	\$ 30,833
EXTRAORDINARY INCOME	76,926	—	693
Other Extraordinary Income	76,926	—	693
EXTRAORDINARY LOSS	72,164	94,498	650
Loss on Disposal of Fixed Assets	70,704	47,839	637
Losses on Impairment of Fixed Assets	1,459	46,659	13
INCOME BEFORE INCOME TAXES	¥ 3,427,012	¥ 3,611,452	\$ 30,876
INCOME TAXES CURRENT	1,141,704	1,182,255	10,286
INCOME TAXES DEFERRED	(46,694)	(176,971)	(420)
TOTAL INCOME TAXES	1,095,009	1,005,283	9,865
NET INCOME	¥ 2,332,002	¥ 2,606,169	\$ 21,010
RETAINED EARNINGS AT BEGINNING OF YEAR	1,349,669	1,218,163	12,160
Reversal of Land Revaluation Excess	205	147,742	1
RETAINED EARNINGS AT END OF YEAR	¥ 3,681,877	¥ 3,972,074	\$ 33,173

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

2. Total earnings by transactions with subsidiaries ¥ 95,192 thousand (US\$857,668)

 Total expenses by transactions with subsidiaries ¥1,748,527 thousand (US\$15,753,921)

3. Net Income per share ¥ 6.54 (US\$0.058)

4. Following premises 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
Kodaira City	Office	Buidings and equipment	¥ 291
Higashikurume City	Office	Buidings and equipment	502
Tama City	Office	Buidings and equipment	380
Ome City	Warehouses	Land	285
Total			¥ 1,459

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
	2019	2018	2017	2016	2015	2019
For the Years Ended March 31						
Total Income	¥ 44,751	¥ 41,552	¥ 41,436	¥ 39,889	¥ 39,698	\$ 403,203
Interest on Loans and Bills Discounted	19,882	20,122	20,925	22,547	23,898	179,133
Interest and Dividends on Securities	16,946	14,105	12,793	10,305	9,345	152,688
Total Expenses	41,324	37,940	37,412	35,059	34,792	372,326
Business Profit	3,627	3,842	4,019	5,868	6,252	32,685
Income Before Income Taxes	3,427	3,611	4,024	4,829	4,905	30,876
Net Income	2,332	2,606	2,898	3,535	3,743	21,010
As of March 31						
Total Assets	¥ 3,042,639	¥ 2,989,784	¥ 2,913,274	¥ 2,819,097	¥ 2,810,317	\$ 27,413,635
Securities	1,162,820	1,117,253	1,137,707	1,123,875	1,104,955	10,476,803
Loans and Bills Discounted	1,072,061	1,033,057	1,013,469	1,004,010	1,014,363	9,659,080
Total Liabilities	2,920,582	2,871,390	2,795,990	2,700,773	2,695,916	26,313,929
Deposits	2,740,758	2,702,799	2,644,221	2,560,392	2,514,941	24,693,739
Total Net Assets	122,056	118,394	117,284	118,323	114,400	1,099,706
Number of Branches	83	83	82	81	80	
Number of Employees and Officers	2,005	2,016	2,005	2,006	2,001	
Deposits						
Per Branch	¥ 33,021	¥ 32,563	¥ 32,246	¥ 31,609	¥ 31,436	\$ 297,514
Per Employee and Officer	1,366	1,340	1,318	1,276	1,256	12,316
Loans and Bills Discounted						
Per Branch	12,916	12,446	12,359	12,395	12,679	116,374
Per Employee and Officer	534	512	505	500	506	4,817

Note: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2019 of ¥110.99=US\$1.

Supplemental Consolidated Financial Information (Unaudited)

The Tama Shinkin Bank and Subsidiaries
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
For the Fiscal Year:			
Total Income	¥ 49,762	¥ 46,554	\$ 448,347
Total Expenses	45,743	42,332	412,136
Income Before Income Taxes and Others	4,019	4,222	36,210
Net Income	2,746	3,025	24,742
Profit attributable to owners of parent	2,682	2,953	24,165
At Year-End:			
Deposits	¥ 2,736,974	¥ 2,699,328	\$ 24,659,647
Loans and Bills Discounted	1,071,941	1,033,092	9,657,997
Securities	1,161,498	1,116,183	10,464,893
Total Assets	3,054,494	3,001,187	27,520,446
Total Net Assets	128,248	124,374	1,155,500
		Yen	U.S. dollars
Per Share Data (par value ¥50):			
Net Assets	¥ 344.50	¥ 354.06	\$ 3.103
Net Income	7.54	8.38	0.067

Notes: 1.The Bank consolidated three subsidiaries for the years ended March 31, 2019 and 2018.

2.U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2019 of ¥110.99=US\$1.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Tama Shinkin Bank

As stipulated under Article 38.2.3 of Shinkin Bank Law, we have audited the accompanying non-consolidated financial statements of The Tama Shinkin Bank, which comprise the balance sheet as at March 31, 2019, 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, 2019, 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, 2019, was approved at the members' meeting held on June 24, 2019.

Convenience Translation

The United States dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2019 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.
September 30, 2019
Tokyo, Japan

Board of Directors
and Auditors
As of June 30, 2019

Chairman
Koji Sato

President
Toshiro Yagi

Senior Managing Director
Katsutoshi Omata

Managing Directors
Kuniyoshi Tani
Satoshi Sorimachi
Masahiko Kanai

Directors
Hiroyuki Saito
Tetsuo Fusa
Hideyuki Maekawa
Naoko Takahashi
Nobutoshi Tsuji
Nobuaki Sakai

Standing Auditor
Kiyoshi Fukushima

Directory

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