Annual Report 07

Annual Reort 2007 Year Ended March 31, 2007

The Tama Shinkin Bank

Non-Consolidated Financial Highlights

The Tama Shinkin Bank
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
For the Fiscal Year:			
Total Income	**¥ 49,101**	¥ 38,728	**$ 415,905**
Total Expenses	**42,808**	33,239	**362,599**
Income Before Income Taxes	**6,293**	5,488	**53,305**
Net Income	**4,362**	6,526	**36,952**
Business Profit	**11,037**	8,543	**93,486**
At Year-End:			
Deposits	**¥2,031,428**	¥2,000,658	**$17,206,746**
Loans and Bills Discounted	**1,168,060**	1,147,294	**9,893,784**
Securities	**549,434**	482,253	**4,653,858**
Total Assets	**2,184,399**	2,146,506	**18,502,455**
Total Net Assets	**88,327**	82,923	**748,153**

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 ¥118.06 to U.S.$1, the rate prevailing on March 31, 2007.
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.

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. At March 31, 2007, the Bank had total assets of ¥2,184.3 billion, net assets of ¥88.3 billion, and 1,768 employees. Also at that date, Tamashin had a service network of 73 branches, 5 branch offices, and 48 automatic teller facilities.*

Tama Shinkin Bank's logo was selected on the basis of a survey of the employees from the three merging *shinkin* banks, conducted prior to the merger. The new bank's logo, therefore, incorporates the thoughts of its employees.

Concept
Tama Shinkin Bank's logo takes the first letter of Tama, its operating region, as its motif. It symbolizes dynamic growth, the creation of new value together with the people of the region, and a bright future for Tama. The logo's colors are also of significance: red represents warm relationships of trust; blue and green represent the Tama region's prosperity in harmony with nature.

We view our mission as "contributing to the happiness and well-being of our customers," and the Bank's symbol incorporates our determination to walk hand-in-hand with the people of the region.

Letter from the President

The mild recovery of the Japanese economy continued throughout the fiscal year ended March 31, 2007. This period of growth, which began in February 2002, is now Japan's longest postwar expansion, surpassing the 57-month *Izanagi* Boom.

The corporate sector was buoyed by a favorable earnings environment and brisk capital investment. Exports were generally healthy in most important economic regions, including Asia, the U.S., and Europe. A weak yen also helped to support the strong corporate performance.

In the consumer sector, in light of the strong corporate performance and the en masse retirement of the baby boom generation, efforts were made to improve the employment environment. However, there was no significant increase in average wages, and this held consumer spending to only minimal growth. In addition, some observers have pointed out that the recovery in corporate performance was largely limited to larger corporations, and did not necessarily extend to small and medium-sized enterprises. Nor was the recovery uniform in terms of level of performance or region. The range and depth of its impact vary depending on the sector, region, and industry, which generated considerable differentials. These factors may make this recovery somewhat different from those seen in the past.

The Nikkei Stock Average, reversing the rise in stock prices seen since the summer of 2005, dipped temporarily below the ¥14,000 level. However, reflecting the strong economic conditions in Japan and elsewhere seen throughout the fiscal year, in February 2007 the Nikkei Stock Average rose above ¥18,000 for the first time in seven years. In response to this environment, the Bank of Japan raised the policy rate twice, in July 2006 and February 2007, which temporarily lifted the long-term domestic interest rate to the 2% level.

As a result of the foregoing and other factors following the January 10, 2006 merger of the three banks, the average balance of total deposits rose by ¥419.8 billion, or 26.2%, to ¥2,017.0 billion for the fiscal year ended March 31, 2007. At the end of the fiscal year, the balance of deposits was up ¥30.7 billion, or 1.5%, to ¥2,031.4 billion compared to the previous year. The average balance of loans and bills discounted increased by ¥215.8 billion, or 23.0%, to ¥1,151.2 billion, and the fiscal year-end balance grew by ¥20.7 billion, or 1.8%, to ¥1,168.0 billion.

General and administrative expenses increased by ¥5.3 billion in comparison to the previous fiscal year, but a ¥7.6 billion increase in revenue from fund operations resulted in an increase in business profit of ¥2.4 billion, or 29.1%, to ¥11.0 billion. To maintain the quality of loan assets, ¥6.5 billion was transferred to the specific reserve. There were no extraordinary expenses related to the merger during the fiscal year, enabling income before income taxes to grow by ¥0.8 billion, or 14.6%, to ¥6.2 billion. Net income was ¥4.3 billion.

The non-performing loan ratio rose 0.23 percentage points in the fiscal year to 8.03%. As a result of the adoption of a new method of computation compliant with the Basel II accord, and the complete repayment of a ¥1.5 billion subordinated loan to the Shinkin Central Bank, the capital adequacy ratio declined 0.29 percentage points to 8.27%.

New operational activities this fiscal year included the establishment of two new marketing bases for the Bank's "face-to-face" consulting business for individuals—the Tamashin Smile Plaza Kunitachi and the Tamashin Smile Plaza Musashimurayama. To realize a new type of academic-industrial alliance, the Bank organized the Academic-Industrial Alliance Business Day at Hitotsubashi University, the first-ever collaboration in Japan between a liberal arts university and a regional financial institution. New products include the *Kurashi Kankyo* (Lifestyle and Environment) Support System, a new type of housing loan that meets education, home care, and environmental conservation needs, and features a preferential interest rate system offering rate reductions up to 1.5%. To provide financing in support of business revitalization and expansion by corporate customers and sole proprietors, the Bank introduced the "Win GrowUp" loan. This product has been very well received, and to date a total of 3,500 borrowers have used the product to obtain a total of ¥30.0 billion in financing.

The fiscal year ended March 31, 2007 was the second of Tamashin's medium-term management plan, and we are very much aware of the necessity to ingrain the concept of value creation—the very purpose of the merger—and develop plans and take aggressive action to accomplish this goal. Tamashin wants to ensure that the fruits of this economic recovery, the longest in the postwar era, are distributed widely across the Tama region, so that everyone can share in the actual outcome of the recovery process. This is why the Bank is strengthening its support for the resolution of the problems of corporations and other business entities, its support for the life cycle of individual customers, and its ties to regional communities.

The Bank will continue to emphasize its contributions to prosperity and stable lifestyles for local communities. Every one of us is working as hard as possible to realize the Bank's management philosophy of "creating happiness for our customers."

Finally, I would like to thank all of our members, customers and business partners for their valuable support and patronage.

Koji Sato

June 2007
Koji Sato
President

Financial Review

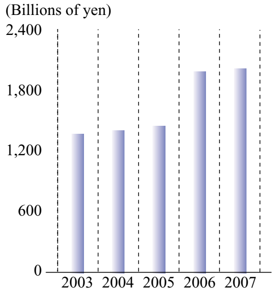
• Sources and Application of Funds

The average balance of deposits during the fiscal year grew 26.2%, to ¥2,017,059 million, and the balance of deposits at the end of the fiscal year was up 1.5% to ¥2,031,428 million. With the increasing sophistication and diversity of our customers' needs for asset management, the total volume of assets under management, including Japanese government bonds owned by individuals, individual annuities, and investment trusts, continues to grow every year. The average balance of loans and bills discounted during the fiscal year rose 23.0%, to ¥1,151,265 million, and the balance of loans and bills discounted at the end of the fiscal year totaled ¥1,168,060 million, up 1.8% compared to the previous fiscal year. This is primarily due to the popularity of financial products introduced to support the business revitalization and growth of corporate customers and sole proprietors, including "WinValueUp" and "WinGrowUp". A total of 3,500 loans with a value of ¥30.0 billion was made under these two programs, which was a substantial contribution to loans and bills discounted.

Cash and due from banks declined 9.8% to ¥371,141 million, and monetary claims purchased fell 13.7% to ¥19,089 million. Money held in trust grew 14.4% to ¥15,993 million, securities holdings were increased by 13.9%, to ¥549,434 million, and other assets were up 30.4% to ¥10,491 million. Tangible fixed assets were ¥35,362 million, and intangible fixed assets were ¥1,328 million. Deferred tax assets contracted 22.8 % to ¥10,029 million, customers'

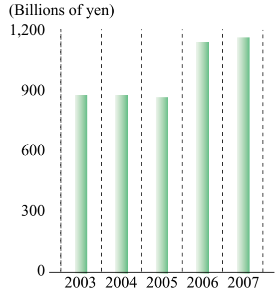
Deposits

(Billions of yen)



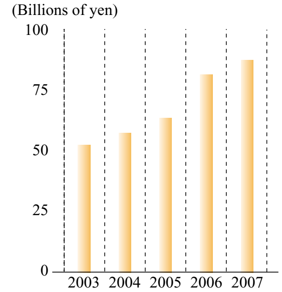
Loans and Bills Discounted

(Billions of yen)



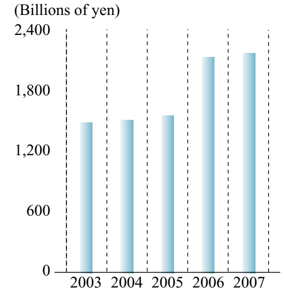
Total Net Assets

(Billions of yen)



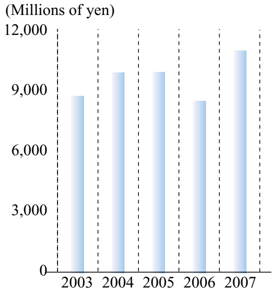
Total Assets

(Billions of yen)



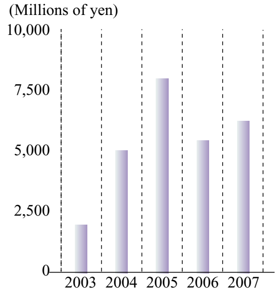
Business Profit

(Millions of yen)



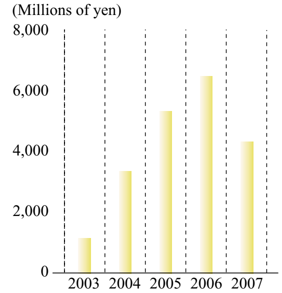
Income Before Income Taxes

(Millions of yen)



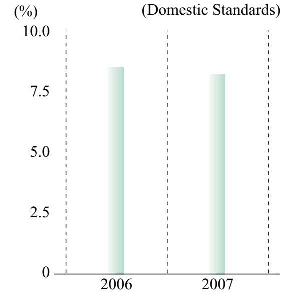
Net Income

(Millions of yen)



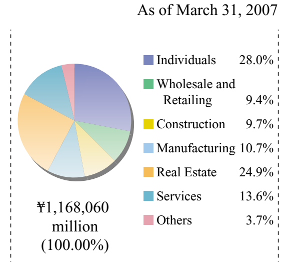
Capital Adequacy Ratio

(%) (Domestic Standards)



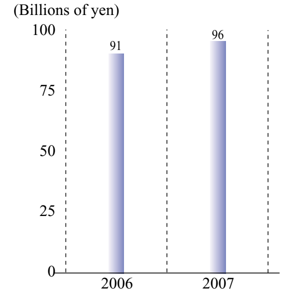
Loans by Category of Borrower (%)

As of March 31, 2007



Problem Assets under the Financial Reconstruction Law Standard

(Billions of yen)



The Non-Performing Loan Ratio 7.8% Total Claims 1,177

The Non-Performing Loan Ratio 8.0% Total Claims 1,194 liabilities for acceptances and guarantees dropped 13.6% to ¥24,586 million, and the reserve for possible loan losses, shown as a deduction from total assets, was increased by 7.5% to ¥22,078 million. As a result of the foregoing, total assets edged up 1.8% to ¥2,184,399 million.

• Operating Results

Interest income climbed 28.7% to ¥40,957 million, and fees and commissions rose 26.1% to ¥4,021 million. Other operating income plunged 47.0% to ¥633 million, primarily as a result of a substantial decline in gains on sales of bonds, which was not offset by the ¥142 million in gains on redemption of bonds that were posted. Other income, however, rose 38.5% to ¥3,489 million, chiefly as a result of the posting of ¥1,420 million in gains on collection of write-off claims. Therefore, total income grew 26.8% to ¥49,101 million.

Interest expenses soared 99.3% to ¥2,964 million, and fees and commissions rose 16.5% to ¥2,074 million. Other operating expenses were reduced by 33.3% to ¥1,386 million, primarily as a result of a notable improvement in losses on sales of bonds. General and administrative expenses rose by 24.7% to ¥27,601 million. After jumping 82.7% in the previous fiscal year, other expenses rose a further 52.4% to ¥8,780 million, due primarily to an increase in transfers to the reserve for possible loan losses, including the specific reserve, undertaken to maintain asset quality. Total expenses, as a result, grew 28.8% to ¥42,808 million.

Income before income taxes grew by 14.7% to ¥6,293 million. Current income taxes were ¥44 million, and deferred income taxes were ¥1,886 million. After rising 21.3% in the previous fiscal year, net income declined 33.2% to ¥4,362 million.

• Retained Earnings

At ¥10,396 million, retained earnings at the beginning of the year were up 82.0% from a year earlier, and transfers from land revaluation excess of ¥373 million were posted. Transfers to legal reserves were increased from last fiscal year's ¥68 million to ¥3,000 million, dividends totaled ¥872 million, and transfers to voluntary reserves were expanded from last fiscal year's ¥2,000 million to ¥5,000 million. No bonuses were paid to directors or statutory auditors. The balance at end of the year of was ¥6,259 million, down from ¥10,396 million at the end of the previous fiscal year.

A members' meeting held on June 21, 2007 approved a further transfer to the legal reserves of ¥1,000 million, additional dividend payments of ¥1,006 million, and a further transfer of ¥3,500 million to voluntary reserves. As a result, retained earnings carried forward totaled ¥753 million.

• Non-Performing Assets

As a *shinkin* bank that is committed to supporting local development, Tamashin seeks to dispose of its non-performing loans with a focus on the revitalization of local companies. While it is generally accepted that an institution should focus on reducing its non-performing loan ratio, the Bank believes that enforcing uniform assistance for delinquent borrowers and focusing efforts only on debt collection is the wrong approach. This is especially so in light of the raison d'etre for a *shinkin* bank – contribution and support to the regional economy. Tamashin believes that it should strengthen the trust it has with its customers who are seeking to resolve their situations, and that it does need to be sympathetic that not all issues can be resolved with funds alone. These, as well as supporting local business community, are the responsibilities Tamashin has been charged with. In fact, Tamashin's approach to the disposal of its non-performing loans is to revitalize the local economy in partnership with local business individuals who, despite the difficult economic situation, are focused on opportunities for the future. Tamashin's approach to its lending activities also adheres strictly to the principle of diversification, engaging in a wide array of small lot transactions with minimal industry concentration risk, as is the duty of a *shinkin* bank.

Tamashin's non-performing loans, reported in accordance with the Financial Reconstruction Law's disclosure standards, increased by ¥4.0 billion, which caused the non-performing loan ratio to rise from last fiscal year's 7.8% to 8.0%. This was due to the fact that Tamashin considered strengthening its structure essential to increasing its support for regional businesses in the future, and implemented stricter asset assessment standards to improve its asset quality. Tamashin is working to assist customers with business improvements and to reduce its non-performing loans, to better position the Bank to help customers resolve the issues they face.

Total amounts of non-performing loans by category and the total coverage ratio, as calculated under the Financial Reconstruction Law and the Shinkin Bank Law's disclosure standards, are as given below.

In accordance with the Financial Reconstruction Law, Tamashin is ensuring a higher level of transparency in disclosing operations, including the results of inspections of its assets. Tamashin's non-performing loans disclosed under the Financial Reconstruction Law amount to ¥96,022 million, and approximately 79.52% of this figure is secured by collateral, guarantees, or the reserves for possible loan losses. Tamashin is able to cover the remaining ¥19,661 million, or about 20%, with its ¥88,327 million in capital (total net assets). Thus, in the unlikely event that all non-performing loans are irrecoverable, it would not have a critical impact on Tamashin's financial health.

Further, loans defined as risk-monitored under the Shinkin Bank Disclosure Standards increased by 4.5% in the current fiscal year to ¥94,806 million. This figure is comprised of ¥2,928 million in loans to borrowers in bankruptcy, ¥74,627 million in other delinquent loans on which interest is not being accrued, ¥764 million in loans on which principal and/or interest is more than three months past due, and ¥16,486 million in loans in a "Relaxation of Repayment Conditions" status.

Of total outstanding loans to borrowers in bankruptcy, 100% are secured by collateral, guarantee, or the reserves for possible loan losses. This figure is 81.35% for other delinquent loans on which interest is not being accrued, 100% for loans on which principal and/or interest is more than three months past due, and 67.08% for loans in a

"Relaxation of Repayment Conditions" status. Of total risk-monitored loans, 79.63% are secured by collateral, guarantee, or the reserve for possible loan losses.

Risk-monitored loans are categorized by status of delinquency or alteration of loan conditions. It is not the case that all such borrowers are completely unable to repay their loans. Tamashin is maintaining the soundness of its assets by writing off such loans from the specific reserve or the general reserve for possible loan losses according to the degree of credit risk.

• Capital Adequacy Ratio

Although it is commonly viewed as good practice for financial institutions to strive for a higher capital adequacy ratio, Tamashin believes that the sole pursuit of a high capital adequacy ratio is not an ideal way of conducting business. The principal mandate of a regional financial institution is to utilize the region's deposits to provide financing to the people and businesses of the region. It, therefore, must make a contribution to the prosperity of the region through its primary operations. Looking ahead, the Bank plans to set a target that is deemed appropriate, and emphasize its contribution to the region as its top priority. Tamashin intends to improve its capital adequacy ratio by focusing efforts on building capital (profits) rather than cutting back on risky assets (lending); that is, to raise the numerator rather than depress the denominator.

A revision to BIS regulations during the fiscal year ended March 31, 2007 necessitated a change to the method of calculating risk assets (the denominator in calculating the capital adequacy ratio). In addition, the Bank repaid a ¥1.5 billion subordinated loan to the Shinkin Central Bank, a liability Tamashin inherited in last year's merger. As a result, the capital adequacy ratio at the end of the fiscal year declined 0.29 percentage points to 8.27%. As a regional financial institution, the Bank will continue to put its contribution to its regional customers above all else, while striving to achieve a sounder and more efficient management.

The New BIS Regulations (Basel II)

Beginning with the fiscal year ended March 31, 2007, the capital adequacy ratio will be calculated in accordance with the new BIS regulations (Basel II).

Under the new BIS regulations (Basel II), when calculating the capital adequacy ratio, the denominator includes total credit risk assets as before, but now the amount obtained by dividing operational risk equivalent assets by 8% is also added.

Operational risk is the risk of loss resulting from system fault, administrative error, or similar cause. There are three methods for calculating operational risk equivalent assets: (1) the basic indicator approach; (2) the standardized approach; and (3) the advanced measurement approach, but the Bank will use the basic indicator approach, where operational risk equivalent assets are equal to the average of 15% of annual gross profit for the most recent three years.

There are also three methods for calculating credit risk under the new BIS regulations (Basel II): (1) the standardized approach (2) the foundation internal rating-based approach (3) advanced internal ratings-based approach. From these the Bank selected the standardized approach.

Capital Adequacy Ratio (Calculated by domestic standards)

Years ended March 31, 2007 and 2006

	Millions of yen	
	2007	2006
Tier I Capital	¥ 83,079	¥ 79,423
Tier II Capital	9,306	10,641
Total Capital	¥ 92,385	¥ 90,064
Risk Assets		
On-Balance-Sheet Assets	¥1,020,080	¥1,023,151
Off-Balance-Sheet Assets	22,253	28,490
Amount Obtained by Dividing Operational Risk Equivalent by 8%	74,775	—
Capital Adequacy Ratio	8.27%	8.56%

Note: Beginning with the fiscal year ended March 31, 2007, the capital adequacy ratio is calculated in accordance with the standard for judging the suitability of the capital adequacy of shinkin banks in light of their asset holdings (Financial Services Agency Notification No. 21 of 2006), which is based on Article 89-1 of the Shinkin Bank Law applied mutatis mutandis to the provisions of Article 14-2 of the Banking Law. The capital adequacy ratio as of March 31, 2006 was calculated using the old standards.

Problem Assets under the Financial Reconstruction Law Standard

Years ended March 31, 2007 and 2006

	Millions of yen	
	2007	2006
Bankrupt and Quasi-Bankrupt Assets	¥ 20,189	¥ 18,834
Doubtful Assets	58,582	56,359
Substandard Loans	17,251	16,741
Normal Assets	1,098,323	1,085,222
Total	¥1,194,347	¥1,177,158

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.

Glossary of terms

1. 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.

2. 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.

3. Substandard Loans

Loans to customers identified as requiring caution under our self-assessment system. This figure represents those loans that are already past due by three months or more, or loans in a "Relaxation of Repayment Conditions" status.

4. 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.

Risk-Monitored Loans under the Shinkin Bank Law Standard

Years ended March 31, 2007 and 2006

	Millions of yen	
	2007	2006
Total outstanding loans to borrowers in bankruptcy	¥ 2,928	¥ 3,352
Total other delinquent loans on which interest is not being accrued	74,627	70,601
Total loans on which principal and/or interest is past due more than three months	764	1,027
Total loans in a "Relaxation of Repayment Conditions" status	16,486	15,714
Total	¥94,806	¥90,696

Five-Year Summary (Non-Consolidated Basis)

The Tama Shinkin Bank

Years ended March 31, 2007, 2006, 2005, 2004 and 2003

	Millions of yen					Thousands of U.S. dollars
	2007	2006	2005	2004	2003	2007
For the years ended March 31						
Total Income	¥ 49,101	¥ 38,728	¥ 35,345	¥ 35,105	¥ 33,849	$ 415,905
Interest on Loans and Bills Discounted	30,931	24,826	23,896	24,017	23,277	262,000
Interest and Dividends on Securities	7,056	5,455	4,605	3,859	3,254	59,774
Total Expenses	42,808	33,239	27,289	30,035	31,844	362,599
Business Profit	11,037	8,543	9,971	9,948	8,780	93,486
Income Before Income Taxes	6,293	5,488	8,056	5,070	2,004	53,305
Net Income	4,362	6,526	5,376	3,385	1,171	36,952
As of March 31						
Total Assets	¥2,184,399	¥2,146,506	¥1,565,560	¥1,521,351	¥1,496,250	$18,502,455
Securities	549,434	482,253	319,858	294,129	248,300	4,653,858
Loans and Bills Discounted	1,168,060	1,147,294	872,698	885,687	885,398	9,893,784
Total Liabilities	2,096,072	2,063,583	1,500,668	1,462,652	1,443,138	17,754,301
Deposits	2,031,428	2,000,658	1,461,782	1,418,325	1,381,338	17,206,746
Total Net Assets	88,327	82,923	64,891	58,698	53,111	748,153
Number of Branches	78	77	50	49	49	
Number of Employees and Officers	1,789	1,842	1,370	1,424	1,404	
Deposits						
Per Branch	¥ 26,043	¥ 25,982	¥ 29,235	¥ 28,945	¥ 28,190	$ 220,599
Per Employee and Officer	1,135	1,086	1,066	996	983	9,618
Loans and Bills Discounted						
Per Branch	14,975	14,899	17,453	18,075	18,069	126,843
Per Employee and Officer	652	622	637	621	630	5,530

Notes: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2007 of ¥118.06=US$1.

Non-Consolidated Balance Sheets

The Tama Shinkin Bank
As of March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
ASSETS			
Cash and Due from Banks (Note 10)	¥ 371,141	¥ 411,557	$ 3,143,664
Monetary Claims Purchased (Note 14)	19,089	22,109	161,694
Money Held in Trust (Note 14)	15,993	13,986	135,466
Trading Account Securities (Note 14)	195	241	1,658
Securities (Notes 2, 10 and 14)	549,434	482,253	4,653,858
Loans and Bills Discounted (Notes 3 and 13)	1,168,060	1,147,294	9,893,784
Foreign Exchange (Note 4)	765	664	6,486
Other Assets (Notes 5 and 10)	10,491	8,047	88,869
Premises and Equipment (Note 6)	—	39,449	—
Tangible Fixed Assets (Notes 6 and 16)	35,362	—	299,533
Intangible Fixed Assets (Note 6)	1,328	—	11,248
Deferred Tax Assets	10,029	12,991	84,952
Customers' Liabilities for Acceptances and Guarantees (Note 9)	24,586	28,457	208,251
Reserve for Possible Loan Losses	(22,078)	(20,547)	(187,013)
Total Assets	¥2,184,399	¥ 2,146,506	$18,502,455
LIABILITIES AND NET ASSETS			
Liabilities:			
Deposits (Notes 7 and 10)	¥2,031,428	¥2,000,658	$17,206,746
Call Money	22,210	20,361	188,132
Borrowed Money	—	1,500	—
Foreign Exchange	38	21	328
Other Liabilities (Note 8)	9,604	4,227	81,356
Reserve for Employee Bonuses	1,060	1,035	8,978
Reserve for Employee Retirement Benefits	2,690	2,770	22,787
Reserve for Executive Retirement Allowances	555	481	4,707
Deferred Tax Liabilities for Land Revaluation (Note 15)	3,897	4,067	33,013
Acceptances and Guarantees (Note 9)	24,586	28,457	208,251
Total Liabilities	2,096,072	2,063,583	17,754,301
NET ASSETS:			
Members' Equity:			
Share Capital (Note 11)	24,410	24,482	206,762
Capital Surplus (Note 11)	766	766	6,491
Retained Earnings (Note 12)	58,910	55,046	498,984
Disposal of Outstanding Equities	(0)	(0)	(6)
Total Members' Equity	84,086	80,295	712,231
Valuation, Translation Adjustments and Others:			
Unrealized Gains (Losses) on Other Securities (Note 14)	2,973	987	25,185
Land Revaluation Excess (Note 15)	1,267	1,640	10,736
Total Valuation, Translation Adjustments and Others	4,240	2,627	35,922
Total Net Assets	88,327	82,923	748,153
Total Liabilities and Net Assets	¥2,184,399	¥2,146,506	$18,502,455

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

Non-Consolidated Statements of Income and Retained Earnings

The Tama Shinkin Bank
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Income:			
Interest on:			
Loans and Bills Discounted	¥30,935	¥24,826	$262,027
Securities	7,056	5,455	59,774
Others	2,965	1,541	25,118
Fees and Commissions	4,021	3,190	34,063
Other Operating Income	633	1,194	5,362
Other Income	3,489	2,519	29,558
Total Income	49,101	38,728	415,905
Expenses:			
Interest on:			
Deposits	2,814	1,310	23,842
Borrowings and Rediscounts	144	170	1,223
Others	4	5	42
Fees and Commissions	2,074	1,781	17,572
Other Operating Expenses	1,386	2,077	11,748
General and Administrative Expenses	27,601	22,129	233,793
Other Expenses (Note 16)	8,780	5,763	74,376
Total Expenses	42,808	33,239	362,599
Income Before Income Taxes	6,293	5,488	53,305
Income Taxes:			
Current	44	34	374
Deferred	1,886	(1,072)	15,978
Net Income (Note 17)	4,362	6,526	36,952
Unappropriated Earnings in Retained Earnings:			
Balance at Beginning of the Year	10,396	5,713	88,061
Transfer from Land Revaluation Excess	373	—	3,162
Retained Earnings from Merger	—	805	—
	15,132	13,045	128,177
Appropriations:			
Transfer to Legal Reserve (Note 12)	3,000	68	25,410
Dividends			
Common Shares (4.0% per year)	763	544	6,469
Preferred Shares (5.8% per year)	43	—	368
Preferred Shares (4.0% per year)	20	—	169
Preferred Shares (4.4% per year)	45	—	385
Bonuses to Directors and Statutory Auditors	—	36	—
Transfer to Voluntary Reserves	5,000	2,000	42,351
Total Appropriations	8,872	2,648	75,154
Unappropriated Profits at End of the Year (Note 18)	¥ 6,259	¥10,396	$ 53,022

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

Notes to Non-Consolidated Financial Statements

The Tama Shinkin Bank

1. Significant Accounting Policies

a. Basis of presentation

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

In preparing these financial statements, certain reclassifications and rearrangements have been made to the financial statements issued in Japan. In addition, the accompanying notes include information that is not required under generally accepted accounting principles and practices in Japan but is presented herein as additional information. All yen figures have been rounded down to millions of yen by dropping the final six digits. For convenience only, U.S. dollar amounts presented in the accompanying financial statements have been translated from yen at the rate of ¥118.06 to US$1, the exchange rate prevailing in Tokyo on March 31, 2007.

b. Trading account securities

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

c. Securities

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

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

Securities excluding those classified as trading securities, held-to-maturity or investments in subsidiaries and affiliates are defined as other securities. Other securities that are valued at fair market value are valued at market value as at the last day of the fiscal year. Realized gains and losses on sales of such securities are computed using the moving-average method. Non-marketable debt securities in other securities are carried at amortized cost using the moving-average method. Non-marketable equity securities in other securities are carried at cost using the moving-average method. Other securities are carried at their fair values, with unrealized gains and losses reported on a net-of-tax basis within changes in equity from non-owner sources, which is a component of net assets.

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

d. Derivatives

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

e. Depreciation and amortization method

Tangible fixed assets are stated at cost less accumulated depreciation. The depreciation of the Bank's tangible fixed assets is computed by the declining balance method.

The estimated useful lives of major items are as follows:

Buildings	15 to 50 years
Equipment	3 to 20 years

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

f. Foreign currency transactions

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

g. Reserves

1) Reserve for possible loan losses

The reserve for possible loan losses of the Bank has been established based on the Bank's internal rules for establishing a reserve for possible loan losses.

Based on the results of the self-assessment, customers are classified into five categories: such as "Normal Borrowers," "Borrowers Requiring Caution," "Potentially Bankrupt Borrowers," "Effectively Bankrupt Borrowers" and "Bankrupt Borrowers," as defined by the report of JICPA.

The reserve for possible loan losses was calculated based on the specific actual past loss ratio for Normal Borrowers and Borrowers Requiring Caution categories as a general reserve. Reserves for losses on loans of Potentially Bankrupt Borrowers are based on an overall evaluation of the estimated amount of recoveries from collateral or guarantees, in light of our judgment of the borrower's ability to meet his loan obligations. Reserves for losses on loans of Effectively Bankrupt Borrowers and Bankrupt Borrowers are calculated by deducting the estimated disposal value of collateral or guarantees from those claims which remain after the write-offs. For collateral or guaranteed claims of Effectively Bankrupt Borrowers and Bankrupt Borrowers, the amount exceeding the estimated value of collateral or guarantees was written off, as deemed uncollectible, directly from those claims. The write-off amount was ¥20,817 million (US$176,326 thousand) and ¥22,437 million for fiscal year ended March 31, 2007 and 2006, respectively.

All claims are being assessed by the branches and credit supervision divisions based on the Bank's internal rules for the self-assessment of asset quality. The Inspection Division, which is independent from branches and credit supervision divisions, conducts audits of these assessments.

2) Reserve for employee bonuses

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

3) Reserve for employee retirement benefits

The reserve for employee retirement benefits is provided for the payments of employee retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the pension assets.

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

4) Reserve for executive retirement allowances

The reserve for executive retirement allowances is calculated according to the Bank's rule, and is equal to the amount that would be needed if all executives voluntarily retired at the end of the year.

h. Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by a method similar to that for ordinary operating leases.

i. Consumption tax

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

j. Income taxes

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

k. Application of new accounting standards for presentation of net assets in the balance sheet

The forms in the appendix of the Order for Enforcement of the Shinkin Bank Law (Ministry of Finance Ordinance No. 15, 1982) have been revised by the Cabinet Office Ordinance to Amend Part of Detailed Enforcement Regulations on Mutual Loan Business Law and Banking Law (Cabinet Office Ordinance No. 60, April 28, 2006), following the application of the Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5, December 9, 2005) and Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8, December 9, 2005), effective from the fiscal year following the effective date of the Company Law. In accordance with the revised Order for Enforcement of the Shinkin Bank Law, which will come into effect in the fiscal year beginning on or after April 1, 2006, the classifications of various items for accounting purposes have been changed as follows:

1) Assets formerly reported under "Members' Equity" will be reported under "Net Assets," and further subdivided into the categories of "Members' Equity" and "Valuation, Translation Adjustments and Others."

As of the end of this fiscal year, the assets that would have been reported as "Members' Equity" under the old classification totaled ¥88,327 million (US$748,153 thousand).

2) Assets formerly reported under "Premises and Equipment" will be reported under the classifications of "Tangible Fixed Assets," "Intangible Fixed Assets" or "Other Assets."

(i) As a result, land, buildings, and equipment formerly included in "Premises and Equipment" are presented as "Buildings," "Land," and "Other Tangible Fixed Assets" under "Tangible Fixed Assets." Assets formerly reported under "Premises and Equipment" as "Construction in Progress" will be presented as "Construction in Progress" under "Tangible Fixed Assets."

In addition, premiums formerly reported under "Premises and Equipment" as "surety deposits and premiums" will be presented as "Other Intangible Fixed Assets" under "Intangible Fixed Assets." Surety deposits will be presented in "Other Assets."

(ii) Software and other items formerly included in "Other Assets" will be presented in "Intangible Fixed Assets" as "Software" or "Other Intangible Fixed Assets."

2. Securities

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
National Government Bonds	¥ 81,885	¥ 77,800	$ 693,596
Local Government Bonds	54,569	56,745	462,215
Corporate Bonds	289,020	224,249	2,448,082
Stocks	20,470	19,656	173,387
Other Securities	103,488	103,801	876,575
Total	¥549,434	¥482,253	$4,653,858

3. Loans and Bills Discounted

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Bills Discounted	¥ 25,569	¥ 22,146	$ 216,578
Loans on Bills	40,164	45,756	340,201
Loans on Deeds	1,078,620	1,053,632	9,136,206
Overdrafts	23,706	25,759	200,798
Total	¥1,168,060	¥1,147,294	$9,893,784

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

At March 31, 2007 and 2006, loans to borrowers in bankruptcy on which unpaid interest is not being accrued amounted to ¥2,928 million (US$24,803 thousand) and ¥3,352 million, respectively. Other delinquent loans on which interest is not being accrued amounted to ¥74,627 million (US$632,112 thousand) and ¥70,601 million, respectively, at the same date.

Loans to borrowers in bankruptcy on which unpaid interest is not being accrued are loans for circumstances that apply to those stated in the Implementation Ordinance for the Corporation Tax Law (Government Ordinance No. 97, 1965) Article 96, Clause 1, Section 3 a to e, or Section 4 of the same Clause, among Non-Accrual Loans (excluding loans written-off, and hereinafter referred to as "Non-Accrual Loans") for which there is no prospects for recovery or repayment of principals or interest payment for which payment of principals or interest has not been received for a substantial period of time or for other reasons. On the other hand, other delinquent loans on which interest is not being accrued are those Non-Accrual Loans other than loans to borrowers in bankruptcy proceedings and other than loans for which interest payment have been rescheduled with the objective of assisting these borrowers in management restructuring.

Loans on which the principal and/or interest are past due more than three months, excluding loans to borrowers in bankruptcy and other delinquent loans at March 31, 2007 and 2006, are ¥764 million (US$6,474 thousand) and ¥1,027 million, respectively.

Loans in a "Relaxation of Repayment Conditions" status amounted to ¥16,486 million (US$139,647 thousand) and ¥15,714 million, respectively, at the same date. Loans in a "Relaxation of Repayment Conditions" status are those loans for which the Bank has adjusted the terms in favor of borrowers, such as reduction of interest rates, rescheduling of interest and principal payment, or waiving, to assist borrowers that are restructuring. These loans exclude loans to borrowers in bankruptcy, other delinquent loans, and loans past due more than three months. The comparative figure for total loans in a "Relaxation of Repayment Conditions" status has been restated to conform to the presentation of the current year.

For loan participation, the fiscal year-end balance of the principal of loans and bills discounted booked as sold to participating entities in accordance with JICPA Accounting System Committee Report No. 3 issued June 1, 1995 totaled ¥1,163 million (US$9,858 thousand).

4. Foreign Exchange

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Foreign Bills of Exchange Bought	¥104	¥ 79	$ 882
Foreign Bills of Exchange Receivable	70	86	601
Due from Foreign Banks	590	499	5,003
Total	¥765	¥664	$6,486

5. Other Assets

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Domestic Exchange Settlement Account, Debit	¥ 526	¥ 479	$ 4,461
Investment in the Shinkin Central Bank	3,481	3,481	29,490
Prepaid Expenses	10	8	87
Accrued Income	4,610	3,330	39,050
Derivative Financial Instruments	2	6	17
Others	1,860	741	15,762
Total	¥10,491	¥8,047	$88,869

6. Premises and Equipment/Fixed Assets

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Premises and Equipment:			
Furniture and Equipment	¥ —	¥ 5,994	$ —
Real Estate	—	30,480	—
Construction in Progress	—	69	—
Surety Deposits and Intangibles	—	2,905	—
Total	¥ —	¥39,449	$ —
Accumulated Depreciation	¥ —	¥16,580	$ —
Tangible Fixed Assets:			
Building	¥ 7,445	¥ —	$ 63,063
Land	21,803	—	184,677
Construction in Progress	539	—	4,571
Other Tangible Fixed Assets	5,574	—	47,220
Total	¥35,362	¥ —	$299,533
Accumulated Depreciation	¥17,823	¥ —	$150,986
Intangible Fixed Assets:			
Software	¥ 635	¥ —	$ 5,384
Other Intangible Fixed Assets	692	—	5,864
Total	¥ 1,328	¥ —	$ 11,248

7. Deposits

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current Deposits	¥ 50,299	¥ 45,338	$ 426,049
Ordinary Deposits	771,525	726,738	6,535,031
Savings Deposits	13,982	14,763	118,439
Deposits at Notice	604	610	5,123
Time Deposits	1,022,667	1,016,706	8,662,270
Installment Savings	141,182	154,172	1,195,853
Other Deposits	31,165	42,328	263,978
Total	¥2,031,428	¥2,000,658	$17,206,746

8. Other Liabilities

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Domestic Exchange Settlement Account, Credit	¥ 652	¥ 557	$ 5,524
Accrued Expenses	1,328	700	11,248
Reserve for Replenishing Benefits	285	392	2,415
Income Taxes Payable	43	41	370
Unearned Income	323	379	2,741
Unsettled Equity Refunds	48	114	408
Deposits from Employees	674	685	5,711
Derivative Financial Instruments	1	8	11
Others	6,248	1,348	52,925
Total	¥9,604	¥4,227	$81,356

9. Acceptances and Guarantees

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

10. Pledged Assets

At March 31, 2007, securities aggregating ¥1,192 million (US$10,098 thousand) and other assets aggregating ¥10 million (US$86 thousand) were pledged as collateral against special deposits in the amount of ¥1,202 million (US$10,184 thousand). Due from banks aggregating ¥30,000 million (US$254,108 thousand), securities aggregating ¥10,869 million (US$92,064 thousand), and other assets aggregating ¥6 million (US$52 thousand) were pledged as collateral for exchange settlement transactions, or in lieu of futures trading margin money.

11. Share Capital and Capital Surplus

The Bank issued ¥50 par value common shares with a minimum investment of ¥10,000 per member. The amount of common shares was ¥19,060 million (US$161,446 thousand) as of March 31, 2007 and ¥19,132 million as of March 31, 2006.

Preferred shares which the Bank issued from the previous fiscal year are included in share capital, and the value of preferred shares was ¥5,350 million (US$45,315 thousand) as of March 31, 2007 and ¥5,350 million as of March 31, 2006.

Capital surplus is the portion which was not issued as share capital of the issued value of preferred shares.

12. Retained Earnings

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

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

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Legal Reserve	¥17,650	¥14,650	$149,502
Voluntary Reserve	35,000	30,000	296,459
Unappropriated Profits	6,259	10,396	53,022
Total	¥58,910	¥55,046	$498,984

13. Loan Commitments

Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, up to a prescribed amount, as long as there is no violation of any condition prescribed in the contracts. The amount of unused commitments was ¥48,387 million (US$409,855 thousand), and the amount of unused commitments whose original contract terms are within one year was ¥33,140 million (US$280,708 thousand) as of March 31, 2007.

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

14. Market Value of Marketable Securities

a. Securities

The market values of marketable securities as of March 31, 2007 and 2006, were as follows:

In addition to securities in the non-consolidated balance sheets, trading account securities, and loaned claims in trust within monetary claims purchased are included in the following amounts:

1) Securities classified as trading

	Millions of yen	
March 31, 2007	Non-consolidated balance sheet amount	Gains included in profit/loss
Trading Account Securities	¥195	¥(0)

	Millions of yen	
March 31, 2006	Non-consolidated balance sheet amount	Gains included in profit/loss
Trading Account Securities	¥241	¥(2)

	Thousands of U.S. dollars	
March 31, 2007	Non-consolidated balance sheet amount	Gains included in profit/loss
Trading Account Securities	$1,658	$(4)

2) Bonds classified as held-to-maturity with market value

	Millions of yen				
March 31, 2007	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
National Government Bonds	¥ 3,330	¥ 3,270	¥ (60)	¥ 7	¥ 67
Local Government Bonds	2,530	2,471	(59)	—	59
Corporate Bonds	30,126	30,070	(55)	180	235
Other Securities	58,225	56,650	(1,574)	37	1,612
Total	¥94,212	¥92,463	¥(1,749)	¥225	¥1,974

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

	Millions of yen				
March 31, 2006	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
National Government Bonds	¥ 3,330	¥ 3,243	¥ (87)	¥ 9	¥ 97
Local Government Bonds	2,728	2,620	(108)	0	108
Corporate Bonds	42,162	41,937	(224)	77	302
Other Securities	61,517	58,522	(2,995)	74	3,069
Total	¥109,738	¥106,322	¥(3,415)	¥161	¥3,577

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

	Thousands of U.S. dollars				
March 31, 2007	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
National Government Bonds	$ 28,211	$ 27,702	$ (508)	$ 63	$ 572
Local Government Bonds	21,437	20,934	(502)	—	502
Corporate Bonds	255,176	254,706	(469)	1,526	1,996
Other Securities	493,183	479,844	(13,338)	318	13,656
Total	$798,007	$783,187	$(14,820)	$1,908	$16,728

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

3) Other securities with market value

	Millions of yen				
March 31, 2007	Acquisition cost	Non-consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 13,585	¥ 18,591	¥ 5,006	¥5,251	¥ 244
Bonds	391,016	388,688	(2,328)	434	2,762
National Government Bonds	79,638	78,555	(1,082)	70	1,153
Local Government Bonds	52,398	52,038	(360)	58	418
Corporate Bonds	258,979	258,094	(885)	305	1,190
Other	43,613	45,263	1,650	2,051	401
Total	¥448,214	¥452,543	¥ 4,328	¥7,736	¥3,408

Note: A total of ¥2,973 million (US$25,186 thousand) is presented as Unrealized Gains on Other Securities in the Net Assets section of the non-consolidated balance sheet as at March 31, 2007. This is comprised of the net unrealized gains of ¥4,328 million (US$36,666 thousand) in the foregoing table, deferred tax liabilities of ¥1,355 million (US$11,480 thousand).

	Millions of yen				
March 31, 2006	Acquisition cost	Non-consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 11,787	¥ 17,708	¥ 5,921	¥6,055	¥ 134
Bonds	315,211	309,574	(5,535)	309	5,845
National Government Bonds	76,519	74,470	(1,948)	6	1,955
Local Government Bonds	55,071	54,016	(1,054)	58	1,113
Corporate Bonds	183,619	181,087	(2,532)	243	2,776
Other	41,132	42,284	1,051	1,857	806
Total	¥368,131	¥369,567	¥ 1,437	¥8,222	¥6,785

Note: A total of ¥987 million is presented as Unrealized Gains on Other Securities in the Net Assets section of the non-consolidated balance sheet as at March 31, 2006. This is comprised of the net unrealized gains of ¥1,437 million in the foregoing table, deferred tax liabilities of ¥449 million.

	Thousands of U.S. dollars				
March 31, 2007	Acquisition cost	Non-consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	$ 115,069	$ 157,476	$ 42,407	$44,477	$ 2,070
Bonds	3,312,013	3,292,294	(19,719)	3,676	23,396
National Government Bonds	674,556	665,385	(9,171)	597	9,769
Local Government Bonds	443,830	440,778	(3,051)	493	3,545
Corporate Bonds	2,193,626	2,186,130	(7,496)	2,585	10,082
Other	369,414	383,392	13,978	17,378	3,400
Total	$3,796,497	$3,833,163	$ 36,666	$65,533	$28,867

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

4) Bonds sold during fiscal years ended March 31, 2007 and 2006 that are classified as held-to-maturity

There are no corresponding items.

5) Other securities sold during fiscal years ended March 31, 2007 and 2006

	Millions of yen		
March 31, 2007	Sales amount	Gains on sale	Losses on sale
Other Securities	¥113,479	¥1,526	¥737

	Millions of yen		
March 31, 2006	Sales amount	Gains on sale	Losses on sale
Other Securities	¥115,548	¥2,069	¥1,760

March 31, 2007	Thousands of U.S. dollars Sales amount	Gains on sale	Losses on sale
Other Securities	$961,199	$12,927	$6,248

6) Securities with no available market value

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
	Non-consolidated balance sheet amount		Non-consolidated balance sheet amount
Bonds Classified as Held-to-Maturity:			
Nonlisted Corporate Bonds	¥ 800	¥ 900	$ 6,776
Investments in Subsidiaries and Affiliates:			
Investments in Non-Consolidated Subsidiaries	1,653	1,653	14,001
Other securities:			
Nonlisted Corporate Bonds	—	99	—
Nonlisted Stocks (except OTC Stocks)	225	295	1,909

7) Redemption schedule on other securities with maturities and bonds classified as held-to-maturity

March 31, 2007	Millions of yen 1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds	¥28,521	¥308,852	¥64,935	¥23,166
National Government Bonds	20,977	29,236	15,775	15,897
Local Government Bonds	1,623	32,084	20,861	—
Corporate Bonds	5,920	247,531	28,298	7,269
Other	7,721	25,468	39,811	16,893
Total	¥36,243	¥334,320	¥104,747	¥40,060

March 31, 2006	Millions of yen 1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds	¥34,053	¥202,171	¥97,591	¥24,989
National Government Bonds	0	34,194	24,677	18,939
Local Government Bonds	2,102	23,339	31,303	—
Corporate Bonds	31,951	144,637	41,611	6,050
Other	3,804	28,539	39,859	20,332
Total	¥37,858	¥230,711	¥137,451	¥45,321

March 31, 2007	Thousands of U.S. dollars 1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds	$241,582	$2,616,060	$550,022	$196,230
National Government Bonds	177,685	247,640	133,618	134,652
Local Government Bonds	13,748	271,761	176,705	—
Corporate Bonds	50,148	2,096,658	239,697	61,578
Other	65,406	215,725	337,214	143,094
Total	$306,988	$2,831,786	$887,236	$339,324

b. Money held in trust

1) Money held in trust classified as trading

March 31, 2007	Millions of yen Non-consolidated balance sheet amount	Gains included in profit/(loss)
Money Held in Trust Classified as Trading	¥14,993	¥ 0

March 31, 2006	Millions of yen Non-consolidated balance sheet amount	Gains included in profit/(loss)
Money Held in Trust Classified as Trading	¥12,986	¥(0)

March 31, 2007	Thousands of U.S. dollars Non-consolidated balance sheet amount	Gains included in profit/(loss)
Money Held in Trust Classified as Trading	$126,996	$ 2

2) Held-to-Maturity Money held in trust

March 31, 2007	Millions of yen Non-consolidated balance sheet amount	Market value	Gains included in profit/(loss)
Held-to-Maturity Money Held in Trust	¥1,000	¥1,000	¥—

March 31, 2006	Millions of yen Non-consolidated balance sheet amount	Market value	Gains included in profit/(loss)
Held-to-Maturity Money Held in Trust	¥1,000	¥1,000	¥—

March 31, 2007	Thousands of U.S. dollars Non-consolidated balance sheet amount	Market value	Gains included in profit/(loss)
Held-to-Maturity Money Held in Trust	$8,470	$8,470	$—

15. Land Revaluation

In accordance with the Land Revaluation Law, promulgated on March 31, 1998, the Bank's business-use real estate was revalued. Of the taxes corresponding to the difference between the previous valuation and the revalued sum, 31.31 percent was posted in the liabilities section of these balance sheets as "Deferred Tax Liabilities for Land Revaluation." The remainder is posted under net assets as "Land Revaluation Excess."

Date of the revaluation

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

The methods of real estate revaluation stipulated in Land Revaluation Law, Article 3, Section 3 were reasonably adjusted as follows: Namely, land revaluation was adjusted in accordance with valuation by road rating stipulated in Article 2, Section 4 of the Implementation Ordinance for the Land Revaluation Law (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 Law. Additionally, road rating price in relation to its depth and other factors was adjusted in accordance with the standard determined by the Primary Regulation Notice regarding the Land Price Valuation issued by National Tax Administration Agency, and for appraised value for property tax were adjusted by multiplying multiplier in valuation tables.

The excess of book value over current value was ¥7,747 million (US$65,624 thousand) as of March 31, 2007 and ¥8,296 million as of March 31, 2006.

16. Losses on Impairment of Fixed Assets

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

Losses on impairment of fixed assets at March 31, 2007, consisted of the following:

Area	Purpose of use		Type	Millions of yen	Thousands of U.S. dollars
Within Tokyo	Branches	(3 items)	Building etc.	¥ 5	$ 50
		(1 item)	Land	76	647
		(1 item)	Land and Building etc.	477	4,046
	Idle assets	(1 item)	Land and Building etc.	74	633
	Total			¥634	$5,378

At the Bank, individual branches, which continuously manage and determine revenues and expenses, are the smallest unit of the asset group for recognition and measurement of impairment loss. Fixed assets that do not have identifiable cash flows (such as head office facilities, training institutes, business and system centers, and health and recreational facilities) are grouped with other assets. As for idle assets, impairment loss on each asset is measured individually. Recoverable amounts of the stated asset group are calculated using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.

17. Per Share Data

March 31, 2007	Yen	U.S. dollars
Net Assets per Share	¥215.67	$1.826
Net Income per Share	10.79	0.091

The ASBJ revised its "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4, issued on September 25, 2002) on January 31, 2006, which came into effect in the fiscal year ending on or after May 1, 2006, the implementation date of the Company Law. The Bank has been in compliance with the revised guidance since April 1, 2006.

18. Subsequent Event

The following appropriation of retained earnings applicable to the year ended March 31, 2007, was approved at the members' meeting held on June 21, 2007.

	Millions of yen	Thousands of U.S. dollars
Retained Earnings at End of the Year	¥6,259	$53,022
Appropriations:		
Legal Reserve	1,000	8,470
Dividends		
Common Shares (4.0% per year)	762	6,457
Preferred Shares (5.8% per year)	43	368
Preferred Shares (4.0% per year)	20	169
Preferred Shares (4.4% per year)	180	1,528
Voluntary Reserve	3,500	29,645
Retained Earnings Carried Forward	¥ 753	$ 6,383

Report of Independent Certified Public Accountants

The Board of Directors
The Tama Shinkin Bank

We have audited the non-consolidated balance sheets of The Tama Shinkin Bank as of March 31, 2007 and 2006, and the related non-consolidated statements of income and retained earnings for the years then ended, all expressed in Japanese yen.

These financial statements are the responsibility of The Tama Shinkin Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tama Shinkin Bank at March 31, 2007 and 2006, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan.

The United States dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2007 are presented solely for the convenience of readers outside Japan. Our examination 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 1 (a) to the financial statements.

Grant Thornton Taiyo ASG

Tokyo, Japan
May 22, 2007 except for Note 18, as to which date is June 21, 2007

Supplemental Consolidated Financial Information

The Tama Shinkin Bank and Subsidiaries
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
For the Fiscal Year:			
Total Income	**¥ 55,234**	¥ 44,692	**$ 467,850**
Total Expenses	**49,561**	38,890	**419,795**
Income Before Income Taxes and Others	**5,673**	5,802	**48,055**
Net Income	**4,113**	6,719	**34,841**
At Year-End:			
Deposits	**¥2,029,337**	¥1,998,401	**$17,189,037**
Loans and Bills Discounted	**1,168,779**	1,147,798	**9,899,878**
Securities	**548,296**	481,188	**4,644,217**
Total Assets	**2,199,260**	2,160,474	**18,628,327**
Total Net Assets	**90,768**	84,805	**768,837**

	Yen		U.S. dollars
Per Share Data (par value ¥50):			
Net Income	**¥ 10.16**	¥ 22.23	**$ 0.086**
Net Assets	**222.07**	206.08	**1.880**

Notes: 1. This Bank consolidated three subsidiaries for the years ended March 31, 2007 and 2006.
2. U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2007 of ¥118.06=US$1.

Board of Directors and Auditors

As of June 30, 2007

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Vice President
Hiroaki Suzuki

Senior Managing Director
Tadahiro Okanda

Managing Director
Osamu Ogasawara

Managing Director
Itsuo Furuse

Managing Director
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Managing Director
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Director
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Director
Toshiro Yagi

Director
Kenichi Okubo

Director
Hideo Kaba

Standing Auditor
Fumio Yamaguchi

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