

# Annual Report 2011

Year Ended March 31, 2011



**The Tama Shinkin Bank**

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, 2011, the Bank had total assets of ¥2,415 billion, net assets of ¥100.5 billion, and 1,917 employees. The Bank also had a service network of 75 branches, 4 branch offices, and 58 automatic teller facilities.

## Non-Consolidated Financial Highlights

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
<b>For the Fiscal Year:</b>			
Total Income	¥ 46,354	¥ 48,253	\$ 557,480
Total Expenses	39,305	41,852	472,709
Income Before Income Taxes	7,048	6,401	84,770
Net Income	4,691	4,524	56,421
<b>Business Profit</b>	<b>12,072</b>	<b>12,852</b>	<b>145,192</b>
<b>At Year-End:</b>			
Deposits	¥2,214,627	¥2,158,092	\$26,634,128
Loans and Bills Discounted	1,062,312	1,097,224	12,775,853
Securities	698,585	671,553	8,401,509
Total Assets	2,415,077	2,357,221	29,044,826
Total Net Assets	100,582	99,044	1,209,654

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 ¥83.15 to U.S.\$1, the rate prevailing on March 31, 2011.

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

### Management Philosophy

*Tamashin is a business dedicated to the happiness of its customers.*

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

#### Basic Policies

*Shinkin banks, as public entities in society, and motivated by the spirit of cooperation among regional financial institutions:*

1. Are based on a system of cooperation among officers and employees.
2. Build workplaces characterized by good faith, trust, enthusiasm, and reliability.
3. Expand operations and improve quality in the course of financial activities.

Through these efforts, shinkin banks seek to contribute to the prosperity of their 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 the customer 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 conforms to both the letter and the spirit of laws and regulations, not violating social norms and always remaining 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.

# Letter from the President



*Creating a bright  
future for Tama, our  
hometown, along with  
our customers.*

In the fiscal year ended March 31, 2011, we strove to achieve our mission of assisting companies that have continued to look for future opportunities amid challenging local conditions resulting from the prolonged economic downturn.

As part of the infrastructure of the Tama region, our mission also includes giving people a sense of security in their livelihoods and revitalizing the local community.

Thanks to the support of our customers, Tama Shinkin Bank (hereafter, “Tamashin” or “the Bank”) once again recorded an increase in the balance of deposits, and posted business profit and net income.

Nonetheless, the balance of loans and bills discounted contracted, as funding demand remained stagnant amid uncertainty over the economic outlook.

Despite our best efforts, we have not yet developed sufficient capacity to solve the various issues our customers confront. In the current fiscal year, we will redouble efforts to bolster our execution and provide business solutions, by listening even more closely to the views of our customers in the region.

## **Providing solutions to help customers solve their problems**

In March 2011, we launched Business Solution Platform Tama, an original service to support customers. This service builds off of The Small- and Medium-Sized Enterprise Support Business, a contract business from the Ministry of Economy, Trade and Industry, which ended in the same month.

Business Solution Platform Tama offers support not only to small- and medium-sized enterprises, but also to entities including nonprofit organizations, healthcare corporations, associations to promote local shopping arcades and administrative agencies. Tamashin is strengthening the level of support offered by making use of a large-scale network of specialists.

In addition, we have put in place services to respond to individual customers’ diverse concerns and issues. We opened, in Hachioji, our sixth Smile Plaza, a special branch to offer consultations on holidays and during evening hours. In addition, Tamashin now has fourteen branches equipped with Smile Counters, where customers can consult with expert advisers.

## **Showing Tamashin’s real value by contributing to the prosperity and stability of Tama, our hometown**

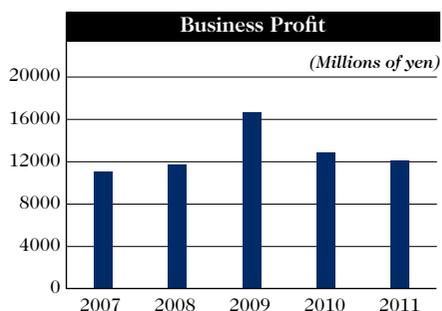
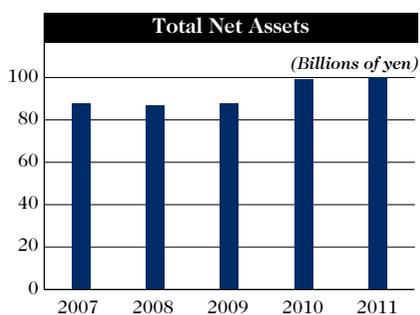
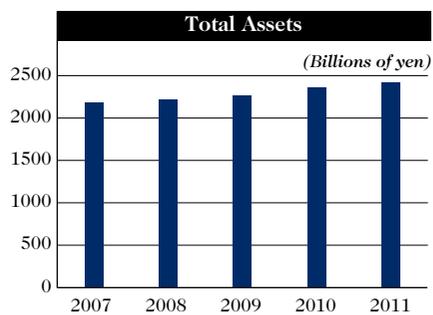
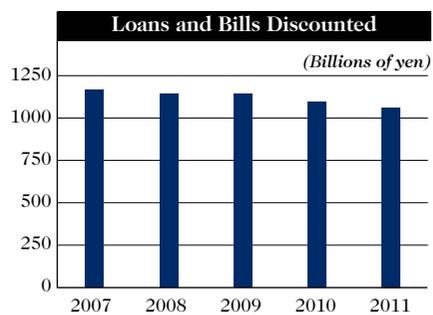
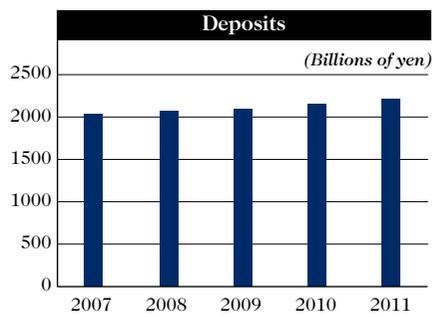
In the wake of the Great East Japan Earthquake and tsunami that occurred on March 11, there was a tremendous amount of discussion about mutual help, communal ties and rising to the tasks ahead. This spirit of mutual help has also provided the opportunity to create new businesses.

In the Tama region, we expect to see expansion of “community businesses” that help confront local challenges, as well as growth of businesses that support people’s livelihoods and contribute to their happiness.

Tamashin will continue to work with speed to demonstrate its true value by helping to make the Tama region a hometown that provides a source of comfort and a bright future to everyone who lives and works here.

We look forward to the continued support of our members, customers and business partners as we pursue these objectives.

**Koji Sato**  
President



### The Financial and Economic Environment

In the fiscal year ended March 31, 2011, Japan's economy lost steam in the second half due in part to political instability, despite signs of recovery in personal consumption having appeared in the first half due to policies including subsidies and purchase incentives for ecologically friendly cars. Just as the economy was again getting back on a recovery track at the beginning of the new calendar year, the Great East Japan Earthquake struck. The disaster dealt a devastating blow to the economy, and forced policy measures to shift toward a focus on dealing with its aftermath and supporting reconstruction.

Looking at performance by sector, in the corporate sector there were concerns at the beginning of the fiscal year that there could be a double-dip recession. But the economy showed signs of improvement in some areas, led by export-related companies, due to a mild recovery in the global economy and the effect of policies that encouraged demand for consumer durables.

In the household sector, sales of some durable consumer goods recovered as a result of the effects of various government support policies. Personal consumption overall, however, failed to recover as there was only mild improvement in employment and income conditions.

The Great East Japan Earthquake substantially altered economic recovery scenarios, and forced Tamashin to revise expectations in both the corporate and household sectors. A shortage of electricity led to suspension of factory operations, while firms encountered difficulty procuring materials and parts, pushing down performance in the corporate sector. Even in the household sector, personal consumption fell due to rolling outages in the Tokyo metropolitan region, a deterioration in consumer sentiment due to the nuclear power plant accident and as uncertainty over employment and income mounted.

### Operating Results

In the fiscal year ended March 31, 2011, Tamashin's New Medium-Term Management Plan 2011 entered its second year, as the Bank continued to fulfill its mandate of developing infrastructure for resolving the problems of the small- and medium-sized enterprises.

Aiming to revitalize companies still operating under continued concerns over a slowdown in the real economy and to give people a sense of security in their livelihoods, Tamashin designated the central theme of the plan's second year as "sharing customers' concerns and responding quickly and resolutely to pressing issues." The Bank provided its customers with business solutions by making efficient use of its network and infrastructure.

These efforts allowed Tamashin to achieve the following results.

At the end of the fiscal year under review, the balance of deposits rose ¥56.5 billion to ¥2,214.6 billion, while the balance of loans and bills discounted contracted by ¥34.9 billion to ¥1,062.3 billion.

Securities increased by ¥27.0 billion to ¥698.5 billion. The fiscal year-end balance of total assets was up ¥57.8 billion to ¥2,415.0 billion, and the fiscal year-end balance of net assets grew by ¥1.5 billion to ¥100.5 billion.

Concerning earnings, business profit decreased ¥0.7 billion to ¥12.0 billion. The result was due primarily to a ¥2.1 billion decline in interest on loans and bills discounted, despite interest on deposits decreasing by ¥1.4 billion due to lower interest rates.

While the Bank transferred ¥1.1 billion to a reserve for a system migration to a joint center in January 2013, the provision of allowance for doubtful accounts decreased by ¥2.5 billion to ¥2.3 billion. For that reason, other ordinary expenses declined by ¥1.3 billion, while ordinary income rose by ¥0.8 billion to ¥7.7 billion. This allowed the Bank to post ¥0.6 billion growth in income before income taxes

to ¥7.0 billion, and a ¥0.1 billion increase in net income to ¥4.6 billion.

The non-performing loan ratio declined by 0.32 of a percentage point to 8.37%, and the capital adequacy ratio rose by 0.30 of a percentage point to 9.66%.

### Non-Performing Assets

Tamashin aims to dispose of its non-performing loans in a way that improves the business operations of its forward-looking customers. The Bank does so by offering these customers solutions based on a thorough understanding of their concerns and the issues they face.

In the fiscal year ended March 31, 2011, Tamashin's non-performing loans, reported in accordance with the Financial Reconstruction Law's Disclosure Standards, decreased by ¥6.7 billion to ¥90.1 billion. The total balance of claims, including normal assets, declined from ¥1,113.8 billion to ¥1,076.6 billion. As a result, the non-performing loan ratio fell 0.32 of a percentage point to 8.37%.

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 ¥90.1 billion, and 81.55% of this figure is secured by collateral, guarantees, or the reserves for possible loan losses. Tamashin is able to cover the remaining ¥16.6 billion, or approximately 19%, with its ¥100.5 billion in capital (total net assets). Therefore, in the unlikely event that all non-performing loans turn out to be irrecoverable, it would not have a critical impact on Tamashin's financial health.

Furthermore, loans defined as risk-monitored under the Shinkin Bank Disclosure Standards decreased by 6.8% in the current fiscal year to ¥89.8 billion. This figure is comprised of ¥2.2 billion in loans to borrowers in bankruptcy, and ¥87.6 billion in other delinquent loans on which interest is not being accrued. There are no significant claims on loans on which principal and/or interest is more than three months past due or loans in a "Relaxation of Repayment Conditions" status.

### Problem Assets under the Financial Reconstruction Law Standard

Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Bankrupt and Quasi-Bankrupt Assets	¥ 13,844	¥ 18,498
Doubtful Assets	76,322	78,400
Substandard Loans	0	0
Normal Assets	986,532	1,016,971
Total	¥1,076,699	¥1,113,871

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

### Risk-Monitored Loans under the Shinkin Bank Law Standard

Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Total outstanding loans to borrowers in bankruptcy	¥ 2,244	¥ 3,850
Total other delinquent loans on which interest is not being accrued	87,648	92,627
Total loans on which principal and/or interest is past due more than three months	0	0
Total loans in a "Relaxation of Repayment Conditions" status	0	0
Total	¥89,893	¥96,478

### 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

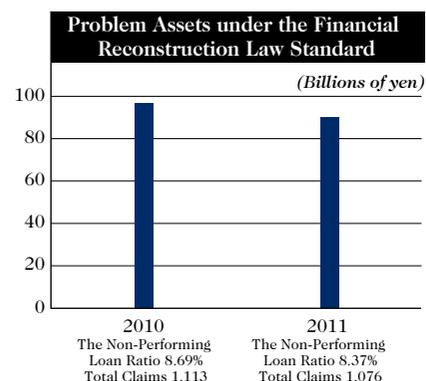
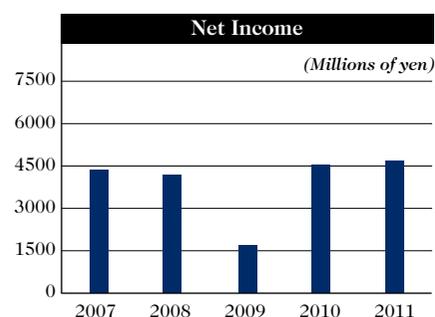
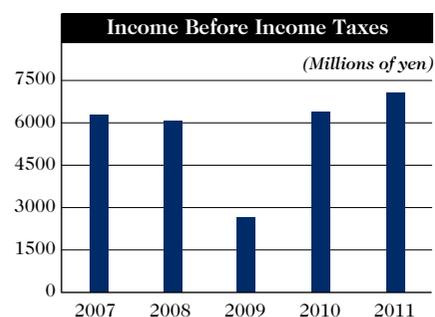
Loans to borrowers whose businesses are still operating, but whose financial position or business performance are deteriorating, and who are for that reason highly likely to find themselves unable to make required payments on principal and interest.

#### 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.



Of total outstanding loans to borrowers in bankruptcy, 100% are secured by collateral, guarantees, or the reserves for possible loan losses. This figure is 81.05% for other delinquent loans on which interest is not being accrued. Of total risk-monitored loans, 81.52% are secured by collateral, guarantees, or the reserves for possible loan losses.

Tamashin will continue to broadly support its customers with business solutions in both the financial and non-financial realms.

### Capital Adequacy Ratio

Tamashin aims to not only raise its capital adequacy ratio, but to do so in a way that ensures sound management through the steady accumulation of retained earnings from appropriate profits earned as a result of contributing to its customers in the region.

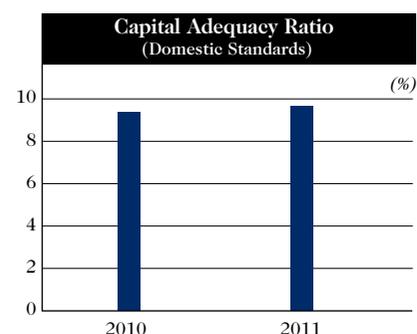
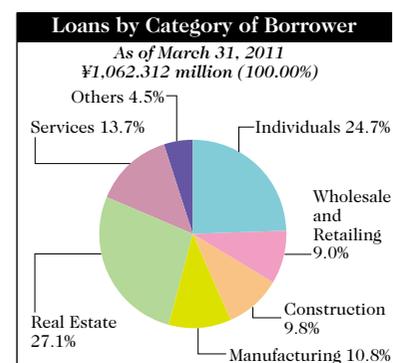
The accumulation of retained earnings resulted in a ¥3.0 billion increase in members' equity, and risk assets declined. Consequently, the capital adequacy ratio rose 0.30 of a percentage point to 9.66% in the fiscal year ended March 31, 2011. As a regional financial institution, the Bank will continue to put its contribution to regional customers above all else, while striving to achieve sounder and more efficient management.

### Capital Adequacy Ratio (Calculated by domestic standards)

Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Tier I Capital	¥ 94,141	¥ 90,450
Tier II Capital	6,441	7,056
Total Capital	¥100,583	¥ 97,507
Risk Assets		
On-Balance-Sheet Assets	¥944,807	¥942,790
Off-Balance-Sheet Assets	19,736	22,019
Amount Obtained by Dividing Operational Risk Equivalent by 8%	76,301	76,332
Capital Adequacy Ratio	9.66%	9.36%

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 New BIS Regulations (Basel II)

Beginning with the fiscal year ended March 31, 2007, the capital adequacy ratio is 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.

## Non-Consolidated Balance Sheets

The Tama Shinkin Bank  
As of March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
<b>ASSETS</b>			
Cash and Due from Banks (Notes 10 and 14)	¥ 573,907	¥ 499,296	\$ 6,902,069
Call Loans	15,000	15,000	180,396
Monetary Claims Purchased (Note 15)	99	122	1,201
Money Held in Trust (Note 15)	3,497	3,500	42,061
Trading Account Securities (Notes 14 and 15)	58	128	697
Securities (Notes 2, 10, 14 and 15)	698,585	671,553	8,401,509
Loans and Bills Discounted (Notes 3, 13 and 14)	1,062,312	1,097,224	12,775,853
Foreign Exchange (Note 4)	573	463	6,891
Other Assets (Notes 5 and 10)	20,383	31,668	245,144
Tangible Fixed Assets (Notes 6, 16 and 17)	34,399	34,707	413,709
Intangible Fixed Assets (Note 6)	1,645	1,809	19,784
Deferred Tax Assets	4,160	3,769	50,039
Customers' Liabilities for Acceptances and Guarantees (Note 9)	13,240	15,264	159,238
Reserve for Possible Loan Losses (Note 14)	(12,786)	(17,285)	(153,771)
<b>Total Assets</b>	<b>¥2,415,077</b>	<b>¥2,357,221</b>	<b>\$29,044,826</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Deposits (Notes 7, 10 and 14)	¥2,214,627	¥2,158,092	\$26,634,128
Call Money (Note 14)	65,932	69,739	792,938
Foreign Exchange (Note 4)	15	14	183
Other Liabilities (Note 8)	11,885	6,911	142,941
Reserve for Employee Bonuses	1,138	1,129	13,695
Reserve for Employee Retirement Benefits	1,535	1,996	18,471
Reserve for Executive Retirement Allowances	434	368	5,221
Reserve for Reimbursement of Dormant Deposits	518	505	6,240
Reserve for Contingencies	314	339	3,784
Reserve for System Migration	1,115	—	13,413
Deferred Tax Liabilities for Land Revaluation (Note 16)	3,734	3,813	44,915
Acceptances and Guarantees (Note 9)	13,240	15,264	159,238
<b>Total Liabilities</b>	<b>2,314,494</b>	<b>2,258,176</b>	<b>27,835,172</b>
<b>NET ASSETS:</b>			
<b>Members' Equity:</b>			
Share Capital (Note 11)	23,873	24,021	287,108
Capital Surplus (Note 11)	766	766	9,216
Retained Earnings (Note 12)	70,493	66,657	847,791
Disposal of Outstanding Equities	(3)	(1)	(42)
<b>Total Members' Equity</b>	<b>95,129</b>	<b>91,444</b>	<b>1,144,073</b>
<b>Valuation, Translation Adjustments and Others:</b>			
Unrealized Gains (Losses) on Other Securities (Notes 14 and 15)	4,478	6,494	53,862
Land Revaluation Excess (Note 16)	974	1,105	11,718
<b>Total Valuation, Translation Adjustments and Others</b>	<b>5,453</b>	<b>7,600</b>	<b>65,580</b>
<b>Total Net Assets (Note 18)</b>	<b>100,582</b>	<b>99,044</b>	<b>1,209,654</b>
<b>Total Liabilities and Net Assets</b>	<b>¥2,415,077</b>	<b>¥2,357,221</b>	<b>\$29,044,826</b>

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

# Non-Consolidated Statements of Income and Retained Earnings

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
<b>Income:</b>			
<b>Interest on:</b>			
Loans and Bills Discounted	¥27,402	¥29,547	\$329,550
Securities	8,619	8,566	103,663
Others	4,323	4,128	52,001
Fees and Commissions	3,584	3,554	43,109
Other Operating Income	1,155	1,073	13,898
Other Income	1,268	1,382	15,255
<b>Total Income</b>	<b>46,354</b>	<b>48,253</b>	<b>557,480</b>
<b>Expenses:</b>			
<b>Interest on:</b>			
Deposits	2,114	3,597	25,434
Borrowings and Rediscounts	22	30	269
Others	6	3	82
Fees and Commissions	1,643	1,682	19,768
Other Operating Expenses	597	443	7,189
General and Administrative Expenses	29,238	29,233	351,638
Other Expenses (Note 17)	5,681	6,861	68,327
<b>Total Expenses</b>	<b>39,305</b>	<b>41,852</b>	<b>472,709</b>
<b>Income Before Income Taxes</b>	<b>7,048</b>	<b>6,401</b>	<b>84,770</b>
<b>Income Taxes:</b>			
Current	1,894	36	22,781
Deferred	462	1,840	5,567
<b>Net Income (Note 18)</b>	<b>4,691</b>	<b>4,524</b>	<b>56,421</b>
<b>Unappropriated Earnings in Retained Earnings:</b>			
Balance at Beginning of the Year	4,887	2,372	58,782
Reversal of revaluation reserve for land	138	—	1,661
	<b>9,717</b>	<b>6,896</b>	<b>116,865</b>
<b>Appropriations:</b>			
Transfer to Legal Reserve (Note 12)	460	200	5,532
<b>Dividends</b>			
Common Shares (4.0% per year in 2011 and 3.0% per year in 2010)	746	564	8,982
Preferred Shares (5.8% per year)	43	43	523
Preferred Shares (4.6% per year in 2011 and 4.0% per year in 2010)	23	20	276
Preferred Shares (4.4% per year)	180	180	2,169
Transfer to Voluntary Reserves	3,000	1,000	36,079
<b>Total Appropriations</b>	<b>4,453</b>	<b>2,008</b>	<b>53,562</b>
<b>Unappropriated Profits at End of the Year (Note 19)</b>	<b>¥ 5,263</b>	<b>¥ 4,887</b>	<b>\$ 63,302</b>

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

**1. SIGNIFICANT ACCOUNTING POLICIES****a. Basis of presentation**

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

In preparing these financial statements, certain reclassifications and rearrangements have been made to the financial statements issued in Japan. In addition, the accompanying notes include information that is not required under generally accepted accounting principles and practices in Japan but is presented herein as additional information. All yen figures have been rounded down to millions of yen by dropping the final six digits. For convenience only, U.S. dollar amounts presented in the accompanying financial statements have been translated from yen at the rate of ¥83.15 to US\$1, the exchange rate prevailing in Tokyo on March 31, 2011.

**b. Trading account securities**

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

**c. Securities**

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

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

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

**d. Derivatives**

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

**e. Depreciation and amortization method**

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

The amortization of the Bank's intangible fixed assets except for leased assets is computed by the straight-line method. Capitalized software for internal use is amortized by the straight-line method based on the Bank's estimate of useful life (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 ¥16,575 million (US\$199,341 thousand) and ¥19,882 million for the fiscal years ended March 31, 2011 and 2010, 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 as of the fiscal year end.

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.

(Additional information)

The Bank had been using lump-sum payments for qualified pensions in its defined benefit plan. However, effective April 1, 2010, the Bank has partially shifted to a defined contribution plan and applies the "Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1). As a result, the Bank recorded other expenses for ¥33 million (US\$406 thousand) in the current year.

**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 fiscal year.

**5) Reserve for reimbursement of dormant deposits**

The reserve for reimbursement of dormant deposits, specifically dormant deposits that are recognized as income, is provided for the possible losses on future claims of withdrawal.

**6) Reserve for contingencies**

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

**7) Reserve for system migration**

The reserve for system migration is provided for future payments for a move to Shinkin Cooperation Business Center in January 2013.

As a result, income before income taxes decreased by ¥1,115 million (US\$13.409 thousand)

**h. Leases**

Finance lease transactions without transfer of ownership initiated before April 1, 2008 have been accounted for in accordance with accounting methods used for the treatment of 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.

**2. SECURITIES**

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
National Government Bonds	¥ 86,184	¥118,113	\$1,036,497
Local Government Bonds	104,274	71,773	1,254,053
Corporate Bonds	360,734	348,407	4,338,358
Stocks	12,828	12,870	154,285
Other Securities	134,562	120,388	1,618,313
Total	¥698,585	¥671,553	\$8,401,509

**3. LOANS AND BILLS DISCOUNTED**

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Bills Discounted	¥ 15,362	¥ 13,549	\$ 184,757
Loans on Bills	26,526	29,221	319,023
Loans on Deeds	1,005,224	1,037,596	12,089,290
Overdrafts	15,198	16,856	182,781
Total	¥1,062,312	¥1,097,224	\$12,775,853

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

As of March 31, 2011 and 2010, loans to borrowers in bankruptcy on which unpaid interest is not being accrued amounted to ¥2,244 million (US\$26,988 thousand) and ¥3,850 million, respectively. Other delinquent loans on which interest is not being accrued amounted to ¥87,648 million (US\$1,054,106 thousand) and ¥92,627 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.

There were no loans to report on which the principal and/or interest are past due more than three months, excluding loans to borrowers in bankruptcy and other delinquent loans, as of March 31, 2011 and March 31, 2010.

In addition, there were no loans to report in a "Relaxation of Repayment Conditions" status as of March 31, 2011 and March 31, 2010. 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.

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 ¥236 million (US\$2,845 thousand).

**4. FOREIGN EXCHANGE**

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Assets:			
Foreign Bills of Exchange Bought	¥10	¥ 68	\$120
Foreign Bills of Exchange Receivable	12	3	145
Due from Foreign Banks	550	391	6,625
Total	¥573	¥463	\$6,891
Liabilities:			
Foreign Bills of Exchange Sold	¥ 15	¥ 14	\$ 183
Foreign Bills of Exchange Payable	—	—	—
Total	¥ 15	¥ 14	\$ 183

**5. OTHER ASSETS**

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Domestic Exchange Settlement			
Account, Debit	¥ 320	¥ 354	\$ 3,852
Investment in the Shinkin Central Bank	7,265	7,265	87,381
Prepaid Expenses	288	11	3,468
Accrued Income	6,475	6,840	77,881
Derivative Financial Instruments	10	5	130
Others	6,022	17,190	72,429
<b>Total</b>	<b>¥20,383</b>	<b>¥31,668</b>	<b>\$245,144</b>

#### 6. FIXED ASSETS

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Tangible Fixed Assets:			
Building	¥ 6,425	¥ 6,269	\$ 77,279
Land	22,886	23,239	275,239
Leased Assets	218	—	2,631
Construction in Progress	384	316	4,621
Other Tangible Fixed Assets	4,484	4,882	53,938
<b>Total</b>	<b>¥34,399</b>	<b>¥34,707</b>	<b>\$413,709</b>
Accumulated Depreciation	¥20,829	¥19,955	\$250,503
Intangible Fixed Assets:			
Software	¥ 1,045	¥ 1,212	\$ 12,571
Leased Assets	8	—	97
Other Intangible Fixed Assets	591	597	7,114
<b>Total</b>	<b>¥ 1,645</b>	<b>¥ 1,809</b>	<b>\$ 19,784</b>

#### 7. DEPOSITS

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current Deposits	¥ 42,019	¥ 39,947	\$ 505,349
Ordinary Deposits	878,673	828,903	10,567,325
Savings Deposits	11,582	12,226	139,291
Deposits at Notice	143	966	1,730
Time Deposits	1,133,650	1,123,467	13,633,795
Installment Savings	124,657	127,625	1,499,184
Other Deposits	23,901	24,956	287,451
<b>Total</b>	<b>¥2,214,627</b>	<b>¥2,158,092</b>	<b>\$26,634,128</b>

#### 8. OTHER LIABILITIES

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Domestic Exchange Settlement			
Account, Credit	¥ 547	¥ 487	\$ 6,578
Accrued Expenses	1,582	2,065	19,031
Reserve for Replenishing Benefits	522	463	6,281
Income Taxes Payable	1,849	43	22,242
Unearned Income	199	214	2,399
Unsettled Equity Refunds	93	77	1,124
Deposits from Employees	634	617	7,629
Derivative Financial Instruments	8	4	100
Lease obligations	228	—	2,747
Asset Retirement Obligations	301	—	3,624
Others	5,918	2,938	71,180
<b>Total</b>	<b>¥11,885</b>	<b>¥6,911</b>	<b>\$142,941</b>

#### 9. ACCEPTANCES AND GUARANTEES

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

#### 10. PLEDGED ASSETS

As of March 31, 2011, securities totaling ¥1,123 million (US\$13,512 thousand) and other assets totaling ¥10 million (US\$122 thousand) were pledged as collateral against special deposits in the amount of ¥1,133 million (US\$13,635 thousand). Due from banks totaling ¥68,000 million (US\$817,799 thousand), securities totaling ¥48,213 million (US\$579,831 thousand), and other assets totaling ¥6 million (US\$74 thousand) were pledged as collateral for exchange settlement transactions and call transactions, or in lieu of futures trading margin money.

#### 11. SHARE CAPITAL AND CAPITAL SURPLUS

The Bank issued ¥50 par value common shares with a minimum investment of ¥10,000 per member. The amount of common shares was ¥18,523 million (US\$222,767 thousand) as of March 31, 2011 and ¥18,671 million as of March 31, 2010.

Preferred shares which the Bank issued are included in share capital, and the value of preferred shares was ¥5,350 million (US\$64,341 thousand) as of March 31, 2011 and ¥5,350 million as of March 31, 2010.

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
	2011	2010	2011
Legal Reserve	¥19,730	¥19,270	\$237,285
Voluntary Reserve	45,500	42,500	547,203
Unappropriated Profits	5,263	4,887	63,302
<b>Total</b>	<b>¥70,493</b>	<b>¥66,657</b>	<b>\$847,791</b>

#### 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 ¥42,165 million (US\$507,107 thousand), and the amount of unused commitments whose original contract terms are within one year was ¥144 million (US\$1,742 thousand) as of March 31, 2011.

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. MATTERS RELATING TO THE MARKET VALUES OF FINANCIAL INSTRUMENTS

##### 1) Market Value of Financial Instruments

With respect to amounts recorded on the Bank's non-consolidated balance sheet as of March 31, 2011, the market values and net unrealized gains (losses) of financial instruments are as follows:

	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2011			
Due from Banks	¥ 546,734	¥ 548,123	¥ 1,388
Securities:			
Securities Classified as Trading	58	58	—
Bonds Classified as Held-to-Maturity	98,030	98,708	677
Other Securities	598,580	598,580	—
Loans and Bills Discounted	1,062,312		
Reserve for Possible Loan Losses	(12,594)		
<b>Net Loans and Bills Discounted</b>	<b>1,049,718</b>	<b>1,065,105</b>	<b>15,386</b>
<b>Total Financial Assets</b>	<b>¥2,293,121</b>	<b>¥2,310,575</b>	<b>¥17,453</b>
Deposits	¥2,214,627	¥2,217,499	¥(2,872)
Call Money	65,932	65,932	—
<b>Total Financial Liabilities</b>	<b>¥2,280,560</b>	<b>¥2,283,432</b>	<b>¥(2,872)</b>

	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2011			
Due from Banks	\$ 6,575,274	\$ 6,591,978	\$ 16,704
Securities:			
Securities Classified as Trading	697	697	—
Bonds Classified as Held-to-Maturity	1,178,960	1,187,112	8,152
Other Securities	7,198,806	7,198,806	—
Loans and Bills Discounted	12,775,853		
Reserve for Possible Loan Losses	(151,462)		
<b>Net Loans and Bills Discounted</b>	<b>12,624,391</b>	<b>12,809,442</b>	<b>185,051</b>
<b>Total Financial Assets</b>	<b>\$27,578,130</b>	<b>\$27,788,037</b>	<b>\$209,907</b>
Deposits	\$26,634,128	\$26,668,668	\$ (34,540)
Call Money	792,938	792,938	—
<b>Total Financial Liabilities</b>	<b>\$27,427,067</b>	<b>\$27,461,607</b>	<b>\$ (34,540)</b>

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

	Millions of yen	Thousands of U.S. dollars
	Non-consolidated balance sheet amount	Non-consolidated balance sheet amount
March 31, 2011		
Stocks of Subsidiaries	¥1,653	\$19,880
Stocks of Affiliated Companies	—	—
Unlisted Stocks	321	3,862
Investments in Partnerships	—	—
<b>Total</b>	<b>¥1,974</b>	<b>\$23,743</b>

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

	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2011				
Due from Banks	¥175,700	¥312,000	¥ 33,034	¥ 26,000
Securities	76,355	273,898	159,446	162,866
Bonds Classified as Held-to-Maturity	12,150	13,930	2,236	68,623
Other Securities with Maturity Dates	64,205	259,968	157,210	94,243
Loans and Bills Discounted	216,790	210,136	145,358	490,026
<b>Total</b>	<b>¥468,846</b>	<b>¥796,035</b>	<b>¥337,838</b>	<b>¥678,893</b>

March 31, 2011	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Due from Banks	\$2,113,049	\$3,752,254	\$ 397,282	\$ 312,687
Securities	918,284	3,294,033	1,917,571	1,958,708
Bonds Classified as Held-to-Maturity	146,121	167,528	26,891	825,293
Other Securities with Maturity Dates	772,162	3,126,504	1,890,680	1,133,414
Loans and Bills Discounted	2,607,224	2,527,193	1,748,149	5,893,285
<b>Total</b>	<b>\$5,638,558</b>	<b>\$9,573,482</b>	<b>\$4,063,003</b>	<b>\$8,164,681</b>

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

March 31, 2011	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits	¥2,051,918	¥137,532	¥25,176	—
Call Money	65,932	—	—	—
<b>Total</b>	<b>¥2,117,851</b>	<b>¥137,532</b>	<b>¥25,176</b>	<b>—</b>

March 31, 2011	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits	\$24,677,315	\$1,654,023	\$302,788	—
Call Money	792,938	—	—	—
<b>Total</b>	<b>\$25,470,254</b>	<b>\$1,654,023</b>	<b>\$302,788</b>	<b>—</b>

15. MARKET VALUE OF MARKETABLE SECURITIES

For the Fiscal Year Ended March 31, 2011

a. Securities

The market values of marketable securities as of March 31, 2011 were as follows:

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

1) *Securities classified as trading*

March 31, 2011	Millions of yen	
	Gains included in profit/loss	
Trading Account Securities	¥0	

March 31, 2011	Thousands of U.S. dollars	
	Gains included in profit/loss	
Trading Account Securities	\$1	

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

March 31, 2011	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
<b>Bonds with Unrealized Gains:</b>			
National Government Bonds	¥ 3,489	¥ 3,682	¥ 193
Local Government Bonds	25,737	26,184	446
Corporate Bonds	29,757	30,221	463
Other	2,599	2,613	13
<b>Subtotal</b>	<b>61,585</b>	<b>62,701</b>	<b>1,116</b>
<b>Bonds with Unrealized Losses:</b>			
Local Government Bonds	24,800	24,671	(128)
Corporate Bonds	7,244	7,211	(33)
Other	4,400	4,123	(276)
<b>Subtotal</b>	<b>36,445</b>	<b>36,006</b>	<b>(438)</b>
<b>Total</b>	<b>¥98,030</b>	<b>¥98,708</b>	<b>¥ 677</b>

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

March 31, 2011	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
<b>Bonds with Unrealized Gains:</b>			
National Government Bonds	\$ 41,967	\$ 44,292	\$ 2,325
Local Government Bonds	309,535	314,907	5,371
Corporate Bonds	357,882	363,453	5,571
Other	31,265	31,429	163
<b>Subtotal</b>	<b>740,651</b>	<b>754,082</b>	<b>13,431</b>
<b>Bonds with Unrealized Losses:</b>			
Local Government Bonds	298,263	296,713	(1,549)
Corporate Bonds	87,129	86,728	(401)
Other	52,916	49,588	(3,328)
<b>Subtotal</b>	<b>438,308</b>	<b>433,029</b>	<b>(5,279)</b>
<b>Total</b>	<b>\$1,178,960</b>	<b>\$1,187,112</b>	<b>\$ 8,152</b>

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

3) *Other securities*

March 31, 2011	Millions of yen		
	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
<b>Other Securities with Unrealized Gains:</b>			
Stocks	¥ 4,263	¥ 3,208	¥ 1,054
Bonds	394,945	388,840	6,104
National Government Bonds	75,164	73,378	1,786
Local Government Bonds	50,297	49,588	709
Corporate Bonds	269,482	265,873	3,608
Other	105,416	103,588	1,827
<b>Subtotal</b>	<b>504,624</b>	<b>495,637</b>	<b>8,987</b>
<b>Other Securities with Unrealized Losses:</b>			
Stocks	6,591	8,228	(1,636)
Bonds	65,218	65,643	(425)
National Government Bonds	7,530	7,565	(35)
Local Government Bonds	3,438	3,452	(14)
Corporate Bonds	54,249	54,624	(375)
Other	22,147	22,567	(420)
<b>Subtotal</b>	<b>93,956</b>	<b>96,438</b>	<b>(2,482)</b>
<b>Total</b>	<b>¥598,580</b>	<b>¥592,075</b>	<b>¥ 6,504</b>

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

March 31, 2011	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
<b>Other Securities with Unrealized Gains:</b>			
Stocks	\$ 51,272	\$ 38,584	\$ 12,687
Bonds	4,749,789	4,676,374	73,415
National Government Bonds	903,965	882,481	21,483
Local Government Bonds	604,905	596,376	8,528
Corporate Bonds	3,240,919	3,197,517	43,402
Other	1,267,781	1,245,801	21,980
<b>Subtotal</b>	<b>6,068,843</b>	<b>5,960,760</b>	<b>108,082</b>
<b>Other Securities with Unrealized Losses:</b>			
Stocks	79,270	98,954	(19,684)
Bonds	784,342	789,457	(5,115)
National Government Bonds	90,565	90,991	(426)
Local Government Bonds	41,348	41,520	(171)
Corporate Bonds	652,428	656,944	(4,516)
Other	266,349	271,403	(5,053)
<b>Subtotal</b>	<b>1,129,962</b>	<b>1,159,815</b>	<b>(29,853)</b>
<b>Total</b>	<b>\$7,198,806</b>	<b>\$7,120,576</b>	<b>\$ 78,229</b>

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

4) *Bonds sold during the fiscal year ended March 31, 2011 that are classified as held-to-maturity*  
There are no corresponding items.

5) *Other securities sold during the fiscal year ended March 31, 2011*

March 31, 2011	Millions of yen		
	Sales amount	Gains on sale	Losses on sale
Stocks	¥ 727	¥101	¥290
Bonds	59,870	631	40
National Government Bonds	26,530	358	30
Local Government Bonds	3,574	40	—
Corporate Bonds	29,766	232	9
Other	15,748	204	278
<b>Total</b>	<b>¥76,346</b>	<b>¥937</b>	<b>¥608</b>

March 31, 2011	Thousands of U.S. dollars		
	Sales amount	Gains on sale	Losses on sale
Stocks	\$ 8,743	\$ 1,218	\$3,489
Bonds	720,035	7,592	483
National Government Bonds	319,068	4,317	364
Local Government Bonds	42,986	482	—
Corporate Bonds	357,981	2,792	118
Other	189,396	2,461	3,345
<b>Total</b>	<b>\$918,175</b>	<b>\$11,272</b>	<b>\$7,319</b>

6) *Impairment of Securities*

Other securities with market value are written down to their respective fair market values when the decline compared to the acquisition costs is significant and is determined to be other-than-temporary. The amount of the write-down is accounted for as an impairment loss and is charged against income.

As of March 31, 2011, an impairment loss on other securities with market value amounted to ¥79 million (US\$959 thousand).

b. Money held in trust

1) *Money held in trust classified as trading*

March 31, 2011	Millions of yen	
	Non-consolidated balance sheet amount	Gains included in profit/loss
Money Held in Trust Classified as Trading	¥3,497	¥(0)

March 31, 2011	Thousands of U.S. dollars	
	Non-consolidated balance sheet amount	Gains included in profit/loss
Money Held in Trust Classified as Trading	\$42,061	\$(3)

For the Fiscal Year Ended March 31, 2010

a. Securities

The market values of marketable securities as of March 31, 2010 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*

March 31, 2010	Millions of yen	
	Gains included in profit/loss	
Trading Account Securities	¥0	

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

March 31, 2010	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
<b>Bonds with Unrealized Gains:</b>			
National Government Bonds	¥ 3,488	¥ 3,672	¥ 183
Local Government Bonds	16,663	16,984	320
Corporate Bonds	28,740	29,295	555
Other	1,099	1,103	3
<b>Subtotal</b>	<b>49,992</b>	<b>51,055</b>	<b>1,063</b>
<b>Bonds with Unrealized Losses:</b>			
National Government Bonds	1,764	1,762	(2)
Local Government Bonds	4,086	4,057	(28)
Corporate Bonds	4,499	4,201	(298)
<b>Subtotal</b>	<b>10,351</b>	<b>10,021</b>	<b>(329)</b>
<b>Total</b>	<b>¥60,343</b>	<b>¥61,077</b>	<b>¥ 733</b>

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

## 3) Other securities

March 31, 2010	Millions of yen		
	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other Securities with Unrealized Gains:			
Stocks	¥ 5,692	¥ 4,453	¥ 1,238
Bonds	435,866	428,654	7,211
National Government Bonds	82,526	80,832	1,694
Local Government Bonds	53,181	52,248	933
Corporate Bonds	300,158	295,574	4,584
Other	99,216	96,876	2,340
Subtotal	540,775	529,984	10,791
Other Securities with Unrealized Gains:			
Stocks	5,199	6,195	(996)
Bonds	47,684	47,847	(162)
National Government Bonds	32,098	32,147	(48)
Local Government Bonds	163	163	0
Corporate Bonds	15,422	15,536	(114)
Other	15,572	15,757	(185)
Subtotal	68,456	69,800	(1,344)
Total	¥609,231	¥599,784	¥ 9,446

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

## 4) Bonds sold during the fiscal year ended March 31, 2010 that are classified as held-to-maturity

There are no corresponding items.

## 5) Other securities sold during the fiscal year ended March 31, 2010

March 31, 2010	Millions of yen		
	Sales amount	Gains on sale	Losses on sale
Stocks	¥841	¥138	¥160
Bonds	96,717	746	24
National Government Bonds	15,824	32	23
Local Government Bonds	18,715	198	—
Corporate Bonds	62,176	515	0
Other	3,887	25	114
Other Securities	¥101,446	¥910	¥299

## 6) Impairment of Securities

Other securities with market value are written down to their respective fair market values when the decline compared to the acquisition costs is significant and is determined to be other-than-temporary. The amount of the write-down is accounted for as an impairment loss and is charged against income.

As of March 31, 2010, an impairment loss on other securities with market value amounted to ¥54 million.

## b. Money held in trust

## 1) Money held in trust classified as trading

March 31, 2010	Millions of yen	
	Non-consolidated balance sheet amount	Gains included in profit/(loss)
Money Held in Trust Classified as Trading	¥2,500	¥(0)

## 2) Held-to-maturity money held in trust

March 31, 2010	Millions of yen			
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains (losses)
Held-to-Maturity Money Held in Trust	¥1,000	¥1,000	¥—	¥—

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

## 16. 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 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

## Independent Auditors' Report

The Board of Directors of  
The Tama Shinkin Bank

We have audited the non-consolidated balance sheets of The Tama Shinkin Bank as of March 31, 2011 and 2010, and the related non-consolidated statements of income and retained earnings for the years then ended, all expressed in Japanese yen. These non-consolidated financial statements are the responsibility of The Tama Shinkin Bank's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Tama Shinkin Bank at March 31, 2011 and 2010, 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 non-consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for the convenience of readers outside Japan. 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 1 (a) to the non-consolidated financial statements.

As described in Note 20, The Tama Shinkin Bank, effective from fiscal year ended March 31, 2011, adopted "Accounting Standards for Asset Retirement Obligation" and "Guidance on Accounting Standards for Asset Retirement Obligations".

Tokyo, Japan  
May 23, 2011, except for Note 19, as to which date is June 23, 2011

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 ¥6,204 million (US\$74,618 thousand) as of March 31, 2011 and ¥5,454 million as of March 31, 2010.

## 17. LOSSES ON IMPAIRMENT OF FIXED ASSETS

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

Losses on impairment of fixed assets at March 31, 2010, consisted of the following:

Area	Purpose of use	Type	Millions of yen	Thousands of U.S. dollars
Within Tokyo	Branch, etc. (1 item)	Building, etc.	¥ 4	\$ 54
Within Tokyo	Branch, etc. (1 item)	Land, etc.	2	35
Within Tokyo	Branch, etc. (1 item)	Land, building, etc.	198	2,391
Shizuoka	Recreational facility (1 item)	Land, building, etc.	22	270
Within Tokyo	Warehouse (1 item)	Land	27	330
Yamanashi	Recreational facility (1 item)	Land, building, etc.	44	540
Total			¥301	\$3,623

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

## 18. PER SHARE DATA

	Yen		U.S. dollars
	2011	2010	2011
Net Assets per Share	¥254.38	¥248.20	\$3.05
Net Income per Share	11.96	11.41	0.143

## 19. SUBSEQUENT EVENT

The following appropriation of retained earnings applicable to the year ended March 31, 2011, was approved at the members' meeting held on June 23, 2011.

	Millions of yen	Thousands of U.S. dollars
Retained Earnings at End of the Year	¥5,263	\$63,302
Appropriations:		
Legal Reserve	470	5,652
Dividends		
Common Shares (4.0% per year)	740	8,910
Preferred Shares (5.8% per year)	43	523
Preferred Shares (4.6% per year)	23	276
Preferred Shares (4.4% per year)	180	2,169
Voluntary Reserve	3,000	36,079
Retained Earnings Carried Forward	¥ 805	\$ 9,690

## 20. CHANGES IN ACCOUNTING POLICY

Effective from the fiscal year ended March 31, 2011, the Bank has applied the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued March 31, 2008) and the "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued March 31, 2008).

As a result, income before income taxes decreased by ¥247 million (US\$2,978 thousand). The change in asset retirement obligations due to commencement of the new accounting standard is ¥301 million (US\$3,624 thousand).

Grant Thornton Taiyo ASG

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

The Tama Shinkin Bank  
Years ended March 31, 2011, 2010, 2009, 2008 and 2007

	Millions of yen					Thousands of U.S. dollars
	2011	2010	2009	2008	2007	2011
<b>For the Years Ended March 31</b>						
Total Income	¥ 46,354	¥ 48,253	¥ 53,333	¥ 51,055	¥ 49,101	\$ 557,480
Interest on Loans and Bills Discounted	27,402	29,547	32,490	33,056	30,931	329,550
Interest and Dividends on Securities	8,619	8,566	7,878	7,689	7,056	103,663
Total Expenses	39,305	41,852	50,699	44,989	42,808	472,709
Business Profit	12,072	12,852	16,662	11,755	11,037	145,192
Income Before Income Taxes	7,048	6,401	2,634	6,065	6,293	84,770
Net Income	4,691	4,524	1,689	4,188	4,362	56,421
<b>As of March 31</b>						
Total Assets	¥2,415,077	¥2,357,221	¥2,263,116	¥2,215,759	¥2,184,399	\$29,044,826
Securities	698,585	671,553	620,854	573,402	549,434	8,401,509
Loans and Bills Discounted	1,062,312	1,097,224	1,144,511	1,143,072	1,168,060	12,775,853
Total Liabilities	2,314,494	2,258,176	2,174,573	2,127,930	2,096,072	27,835,172
Deposits	2,214,627	2,158,092	2,097,049	2,068,521	2,031,428	26,634,128
Total Net Assets	100,582	99,044	88,543	87,828	88,327	1,209,654
Number of Branches	79	79	78	78	78	
Number of Employees and Officers	1,930	1,896	1,831	1,779	1,789	
Deposits						
Per Branch	¥ 28,033	¥ 27,317	¥ 26,885	¥ 26,519	¥ 26,043	\$ 337,140
Per Employee and Officer	1,147	1,138	1,145	1,162	1,135	13,800
Loans and Bills Discounted						
Per Branch	13,447	13,888	14,673	14,654	14,975	161,719
Per Employee and Officer	550	578	625	642	652	6,619

Note: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2011 of ¥83.15=US\$1.

## Supplemental Consolidated Financial Information (Unaudited)

The Tama Shinkin Bank and Subsidiaries  
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>For the Fiscal Year:</b>			
Total Income	¥ 53,194	¥ 55,275	\$ 639,744
Total Expenses	45,614	48,512	548,582
Income Before Income Taxes and Others	7,580	6,762	91,162
Net Income	4,923	4,670	59,216
<b>At Year-End:</b>			
Deposits	¥2,212,545	¥2,155,933	\$26,609,079
Loans and Bills Discounted	1,063,392	1,098,414	12,788,839
Securities	697,175	670,163	8,384,546
Total Assets	2,427,375	2,370,544	29,192,723
Total Net Assets	104,078	102,247	1,251,689
	Yen		U.S. dollars
<b>Per Share Data (par value ¥50):</b>			
Net Income	¥ 12.61	¥ 11.84	\$ 0.151
Net Assets	264.54	257.53	3.181

Notes: 1. This Bank consolidated three subsidiaries for the years ended March 31, 2011 and 2010.

2. U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2011 of ¥83.15=US\$1.

## Board of Directors and Auditors

As of June 30, 2011

### President

Koji Sato

### Senior Managing Director

Toshiro Yagi

### Managing Directors

Masakazu Kamioka

Keiichi Ishigaki

Hideo Kaba

### Directors

Kuniharu Suzuki

Katsutoshi Omata

Hiroyuki Fukuda

Tadashi Suzuki

Kuniyoshi Tami

Hirosi Hashimoto

Satoshi Sorimachi

### Standing Auditor

Setsuji Sugimoto

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