



Annual Report 2013

Year Ended March 31, 2013



The Tama Shinkin Bank

Profile

The Tama Shinkin Bank was first established in 1933 as the Tachikawa Credit Cooperative (a limited liability entity). With the Shinkin Bank Law coming into effect in 1951, the Tachikawa Credit Cooperative became the Tama Chuo Shinkin Bank, a local financial institution. Through supporting business development and creating assets that form the economic foundation of society for people who reside and run businesses in the Tama region, the Bank has contributed to the local community's development and has grown into its leading bank.

On January 10, 2006, in an era of great change, the Tama Chuo Shinkin Bank, the Taihei Shinkin Bank, and the Hachioji Shinkin Bank merged. These three regional financial institutions had served the same region, and it was determined that the region would be better served, and its growth better supported, by a single, more capable financial institution.

The Tama Shinkin Bank, popularly known as "Tamashin" by the local community in which it has established its roots, is one of Japan's highest ranking shinkin banks. As of March 31, 2013, the Bank had total assets of ¥2,603.3 billion, net assets of ¥102.4 billion, and 1,964 employees. The Bank also had a service network of 76 branches, 4 branch offices, and 62 automatic teller facilities.



	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
For the Fiscal Year:			
Total Income	¥ 41,618	¥ 43,624	\$ 442,509
Total Expenses	36,597	38,292	389,124
Income Before Income Taxes	5,020	5,332	53,385
Net Income	3,575	3,466	38,014
Business Profit	7,574	9,349	80,538
At Year-End:			
Deposits	¥ 2,375,672	¥ 2,296,493	\$ 25,259,672
Loans and Bills Discounted	1,015,745	1,030,950	10,800,060
Securities	940,038	811,126	9,995,088
Total Assets	2,603,369	2,495,805	27,680,691
Total Net Assets	102,442	93,268	1,089,232

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 ¥94.05 to U.S.\$1, the rate prevailing on March 31, 2013.

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

Management Philosophy

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

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

Basic Policies

Tamashin, as a public entity in society, and motivated by the spirit of cooperation among regional financial institutions:

1. Is based on a system of cooperation among officers and employees.
2. Builds workplaces characterized by good faith, trust, enthusiasm, and reliability.
3. Expands operations and improves quality in the course of financial activities.
Through these efforts, Tamashin seeks to contribute to the prosperity of its home regions and the vitality of the Japanese economy.

Corporate Ethics at Tama Shinkin Bank

1. Developing self-awareness and confidence as a socially responsible entity
Tamashin is building trust with its members, customers, and local communities through its basic policies, self-awareness of its public role, and sound management based on the self responsibility of management.
2. Putting customers first and contributing to local communities
Adhering to its management philosophy, Tamashin strives through its business activities to offer high-quality, premium services to its customers, and to contribute to the growth of local communities.
3. Adhering strictly to laws and regulations
Tamashin complies with both laws and regulations, does not violate social norms, and remains conscientious and fair in its corporate operations.
4. Eliminating anti-social forces
Tamashin takes a resolute stance against anti-social forces that put the order and safety of society at risk.
5. Disclosure of management information and cordial relations with local communities
Tamashin works for cordial relations with local communities through the vigorous and fair disclosure of management information, and the deepening of communication on a broad scale.

Enhancing Our Capability as A Regional Financial Institution and Creating “Hometown Tama”

In the early part of the fiscal year ended March 2013, there was sustained uncertainty in the macroeconomic environment, coupled with a sense of stagnancy in the local economy in Japan. However, the outlook on economic recovery rose during the second half of the period, and the year ended with a significantly altered economic environment, where there was cause for hope for the future.

In the Tama region, while some of our customers witnessed emerging signs of recovery, the climate remained challenging overall. With this in mind, we believe that it is our mission to help solve the issues and problems facing our corporate clients and retail customers so they can live with a sense of financial security, as well as focus on supporting revitalization of the region.

Thanks to support from customers in the Tama region, we were able to maintain sustained growth in deposit balances from the previous year. However, the decline in balance of loans and bills discounted has reaffirmed our view that we need to work even harder in helping solve our customers' problems. In the fiscal year ending March 2014, we plan to solve our customers' problems with enhanced efficiency and will continue to work to provide high quality services.

Building the infrastructure for solving customers' problems

As part of our efforts to answer the needs of our customers in an ever-changing environment, and with an eye towards providing more reliable services to customers in the event of a disaster, we will continue to make investments in our infrastructure. In January 2013, we successfully migrated from our own online system to the new system operated by Shinkin Joint Data Center, to which approximately 90 percent of all Shinkin banks in Japan belong.

Given the consistently challenging business environment, we felt the need to offer more specialized support to our corporate clients. In November 2012, we were successfully accredited as an “Organizations Supporting Management Innovation” by the Kanto Local Finance Bureau, Ministry of Finance, and Kanto Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry.

For our retail customers, we set up new “Smile Counters” at three different branches. These are consulting spaces that customers can visit for detailed consultations regarding monetary and financial life planning matters. These efforts are a part of our initiative to enhance our support framework and fulfill our responsibility of creating an infrastructure for addressing customers' problems in the region.

Going forward, Tamashin will continue to work on reinforcing our capabilities for building an environment of trust within the region and with our customers, where they can conduct business while maintaining a sense of comfort and security.



Creating “Hometown Tama”

Since the fiscal year ended March 2013, Tamashin has been undertaking efforts based on the newly drafted three-year medium-term management plan. The fiscal year ending March 2014 marks the second year of the management plan. In this period, our goal is to further enhance efforts from the previous year, and to achieve actual results of such efforts. With this in mind, our focus is on achieving higher efficiency in solving customers’ problems, together with improvement of our capability as a regional financial institution.

It is our endeavor to realize our vision of creating “Hometown Tama” through a series of efforts. For our corporate clients, we have a framework for providing support for business/financial needs, management innovation, business start-ups, NPOs and small businesses, through which we aim to support the revitalization of the region’s economy. For retail customers, we remain committed to providing support to answer the needs of an ageing society, including inheritance and succession management and planning support, as well as support for asset building, asset management and insurance, all of which are aimed at alleviating customers’ concerns regarding the future.

Tamashin will celebrate its 80th anniversary in the fiscal year ending March 2014. We believe that this would not have been possible without the support and guidance of our esteemed patrons, and we are deeply grateful for this support. Tamashin will continue to grow together with the Tama region, and to undertake measures that are required to fulfill its role of developing infrastructure for solving the problems of our customers and our home region.

We ask for your continued support in the coming years.

Toshiro Yagi, President

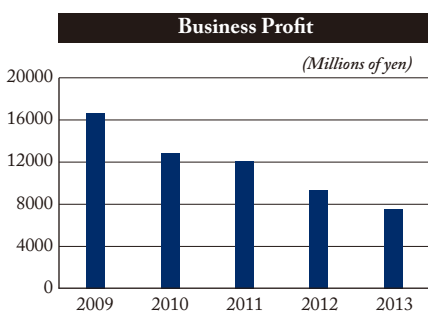
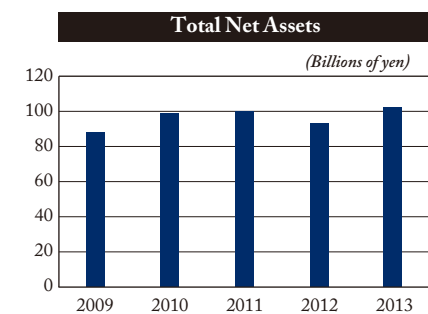
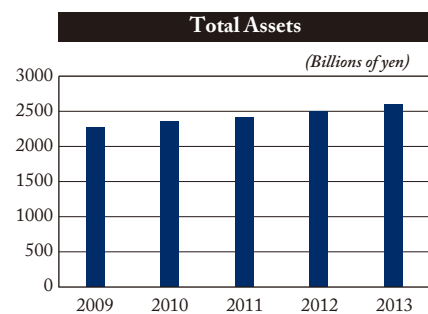
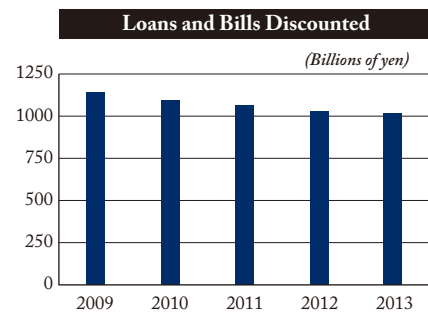
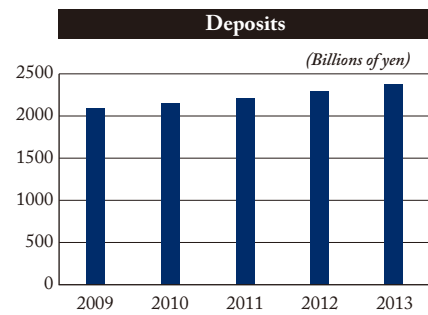
Fundamental Goals of the Medium-term Management Plan 2012

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

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

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

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



The Financial and Economic Environment

In the early part of the previous fiscal year, concerns about the debt crisis in Europe and an unclear economic outlook in the US and China had a negative impact on external demand. However, in the latter part of the previous fiscal year, global monetary easing measures gradually alleviated financial concerns within Japan, and signs of economic recovery emerged as expectations of new policies coincided with a change of government.

In the corporate sector, public investment increased along with demand associated with earthquake restoration and reconstruction. However, exports declined due to the uncertain economic outlook of the US, Europe, and China as well as the impact of anti-Japan demonstrations in China. Since the change of government in Japan, there has been a recovery trend mainly at export companies. This is partly the result of measures to correct the strong yen.

In the stock market, the Nikkei Average started at the ¥10,000 level. But it retreated to the mid-¥8,000 level as a result of renewed concerns over the Euro debt crisis, the continuing strength of the Yen against the Euro, and rising concerns regarding the economy in the US and developing nations. However, the Nikkei Average recovered to the ¥12,000 level in the second half of the previous fiscal year, as high expectations for government policies such as sweeping monetary easing measures as well as policies aimed at reversing deflation increased investor confidence.

Consumer spending trends on durable goods witnessed a significant drop in new vehicle registration numbers as a result of an end to the eco-car subsidy program. However, the launch of new models in the following months resulted in the recovery of new registrations to levels recorded prior to the end of the subsidy program. In terms of retail sales and service consumption trends, improvement was tepid for daily-use items, but there were some signs of recovery, as was evident from the growth in high-value product sales, which suggested a gradual upswing in consumption.

Operating Results

The previous fiscal year was the first year for the implementation of our “Medium-term Management Plan 2012.” As part of this, we focused on creating a region that is sustainable and energetic, and we undertook efforts for fulfilling our role for nurturing our key theme of “reinforcing the problem-solving infrastructure” for the Tama region.

These efforts achieved the following financial results. At the end of the fiscal year under review, the balance of deposits rose ¥79.1 billion to ¥2,375.6 billion, thanks to the support of all our regional customers, while the balance of loans and bills discounted contracted by ¥15.2 billion to ¥1,015.7 billion.

Securities increased by ¥128.9 billion to ¥940.0 billion. The previous fiscal year-end balance of total assets was up ¥107.5 billion to ¥2,603.3 billion, and The previous fiscal year-end balance of net assets increased by ¥9.1 billion to ¥102.4 billion.

Total income before extraordinary income decreased by ¥2.0 billion, or 4.63%, to ¥41.5 billion. This was attributable primarily to a ¥15.2 billion decrease in loans and bills discounted, a ¥2.3 billion decrease in interest on due from banks and loans and bills discounted due to a decline in interest rates. Ordinary expenses declined by ¥1.6 billion, or 4.37%, to ¥36.0 billion. This is mainly due to decreases in general and administrative expenses other than payroll expenses and individual provision for possible loan losses.

As a result, ordinary income decreased by ¥0.3 billion, or 6.31%, to ¥5.4 billion, income before income taxes decreased by ¥0.3 billion, or 5.83%, to ¥5.0 billion, and net income increased by ¥0.1 billion, or 3.15%, to ¥3.5 billion.

Non-Performing Assets

Tamashin is disposing of non-performing loans in a manner that improves the business operations of customers with a positive outlook. By gaining a complete understanding of customers' difficulties and helping solve these problems, we are playing a part in improving their business operations.

In the previous fiscal year, Tamashin's non-performing loans reported in accordance with the Financial Reconstruction Law's Disclosure Standards declined from the previous year to ¥80.0 billion. The non-performing loan ratio declined by 0.93% to 7.80%. The total balance of claims, including normal assets, declined from ¥1,043.4 billion to ¥1,026.0 billion.

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. 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.

Tamashin's non-performing loans disclosed under the Financial Reconstruction Law amount to ¥80.0 billion, and ¥65.5 billion, or 82.00%, of this figure is secured by collateral, guarantees, and/or the reserves for possible loan losses. Tamashin covers the remaining ¥14.4 billion, or approximately 18.00%, with its total net assets of ¥102.4 billion.

Loans defined as risk-monitored under the Shinkin Bank Law's Disclosure Standards decreased by 12.00% in the current fiscal year to ¥79.7 billion. This figure is comprised of ¥2.1 billion in loans to borrowers in bankruptcy, and ¥77.5 billion in other delinquent loans on which interest is not being accrued. There are no outstanding balances on which principal and/or interest is more than three months past due or loans with "Relaxation of Repayment Conditions" status.

All outstanding loans to borrowers in bankruptcy are fully-secured by collateral, guarantees, and/or the reserves for possible loan losses. This figure is 81.43% for other delinquent loans on which interest is not being accrued. Of the total risk-monitored loans, 81.93% are secured by collateral, guarantees, and/or the reserves for possible loan losses.

Tamashin will continue to provide a broad range of financial and non-financial support to customers for the purpose of solving their problems.

Non-Performing Assets under the Financial Reconstruction Law

Years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Bankrupt and Quasi-Bankrupt Assets	¥ 11,828	¥ 14,266
Doubtful Assets	68,223	76,855
Substandard Loans	-	-
Normal Assets	946,028	952,325
Total	¥ 1,026,079	¥ 1,043,446

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

Risk-Monitored Loans under the Shinkin Bank Law

Years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Total outstanding loans to borrowers in bankruptcy	¥ 2,189	¥ 2,660
Total other delinquent loans on which interest is not being accrued	77,578	88,155
Total loans on which principal and/or interest is past due for more than three months	-	-
Total loans with "Relaxation of Repayment Conditions" status	-	-
Total	¥ 79,767	¥ 90,816

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.

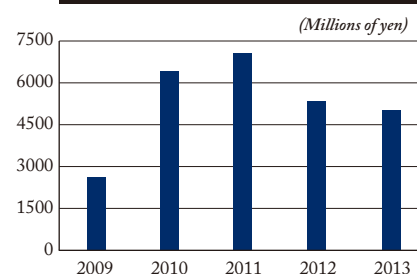
3. Substandard Loans

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

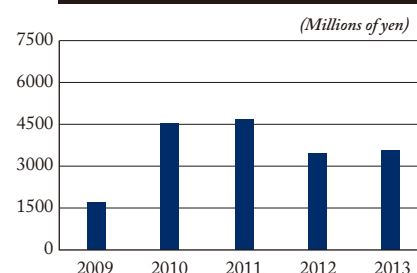
4. Normal Assets

Loans to borrowers who display no particular problems with their financial position or performance, and who fall into none of the three categories above.

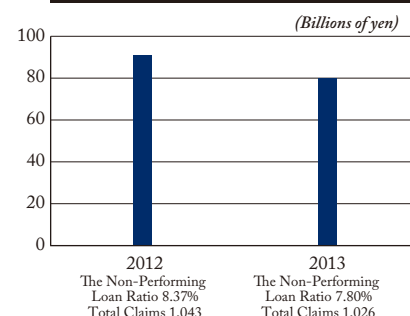
Income Before Income Taxes



Net Income



Problem Assets under the Financial Reconstruction Law Standard



Capital Adequacy Ratio

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

The capital adequacy ratio was 8.87% as of March 31, 2013, 0.08 percentage points more than previous year’s. This was due to increase in the denominator, which consists of credit risk assets and other factors, by ¥10.9 billion to ¥1.0457 trillion. The numerator, total capital, increased by ¥1.8 billion to ¥92.8 billion compared to the prior year, which was mainly due to an increase in retained earnings.

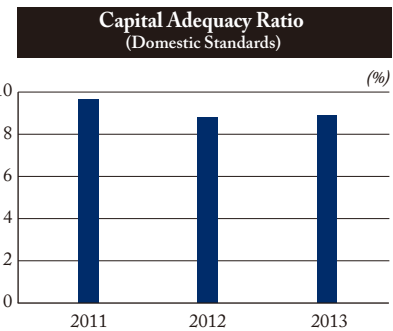
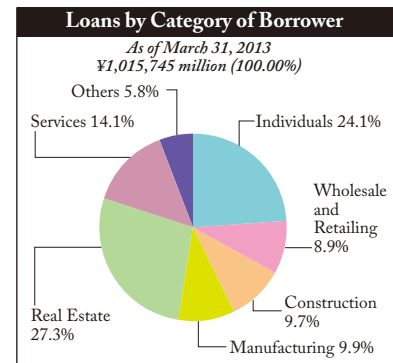
As a regional financial institution, Tamashin will continue to put its contribution to regional customers above all else, while striving to achieve sounder and more efficient management.

Capital Adequacy Ratio (Calculated by domestic standards)

Years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Tier I Capital	¥ 88,340	¥ 85,645
Tier II Capital	4,484	5,324
Total Capital	¥ 92,825	¥ 90,970
Risk Assets		
On-Balance-Sheet Assets	¥ 948,603	¥ 933,287
Off-Balance-Sheet Assets	25,681	27,309
Amount Obtained by Dividing Operational Risk Equivalent by 8%	71,510	74,276
Capital Adequacy Ratio	8.87%	8.79%

Note: Beginning with the previous fiscal year, 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 BIS Regulations (Basel II)

Beginning with the previous fiscal year, 2007, the capital adequacy ratio is calculated in accordance with the BIS regulations (Basel II).

Under the 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 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

Non-Consolidated Balance Sheets

The Tama Shinkin Bank
As of March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
ASSETS			
Cash and Due from Banks (Notes 10 and 14)	¥ 581,981	¥ 584,824	\$ 6,188,001
Call Loans	5,000	10,000	53,163
Monetary Claims Purchased	1,565	78	16,649
Money Held in Trust (Note 15)	8,000	4,999	85,061
Trading Account Securities (Notes 14 and 15)	51	54	542
Securities (Notes 2, 10, 14 and 15)	940,038	811,126	9,995,088
Loans and Bills Discounted (Notes 3, 13 and 14)	1,015,745	1,030,950	10,800,060
Foreign Exchange (Note 4)	679	435	7,227
Other Assets (Notes 5 and 10)	15,226	15,572	161,895
Tangible Fixed Assets (Notes 6, 16 and 17)	33,882	33,927	360,265
Intangible Fixed Assets (Note 6)	2,331	1,873	24,791
Deferred Tax Assets	-	3,326	-
Customers' Liabilities for Acceptances and Guarantees (Note 9)	8,980	11,139	95,484
Reserve for Possible Loan Losses (Note 14)	(10,114)	(12,505)	(107,539)
Total Assets	¥ 2,603,369	¥ 2,495,805	\$ 27,680,691
LIABILITIES AND NET ASSETS			
Liabilities:			
Deposits (Notes 7, 10 and 14)	¥ 2,375,672	¥ 2,296,493	\$ 25,259,672
Call Money (Note 14)	100,424	75,478	1,067,782
Foreign Exchange (Note 4)	6	74	65
Other Liabilities (Note 8)	9,403	11,549	99,987
Reserve for Employee Bonuses	1,100	1,143	11,698
Reserve for Employee Retirement Benefits	595	1,028	6,327
Reserve for Executive Retirement Allowances	399	334	4,249
Reserve for Reimbursement of Dormant Deposits	239	267	2,544
Reserve for Contingencies	273	349	2,905
Reserve for System Migration	-	1,371	-
Deferred tax liability	525	-	5,584
Deferred Tax Liabilities for Land Revaluation (Note 16)	3,306	3,306	35,156
Acceptances and Guarantees (Note 9)	8,980	11,139	95,484
Total Liabilities	¥ 2,500,926	¥ 2,402,537	\$ 26,591,459
NET ASSETS:			
Members' Equity:			
Share Capital (Note 11)	23,587	23,737	250,793
Capital Surplus (Note 11)	766	766	8,148
Retained Earnings (Note 12)	64,719	61,879	688,134
Disposal of Outstanding Equities	(2)	(1)	(27)
Total Members' Equity	89,069	86,381	947,049
Valuation, Translation Adjustments and Others:			
Unrealized Gains (Losses) on Other Securities (Notes 14 and 15)	11,754	5,268	124,978
Land Revaluation Excess (Note 16)	1,618	1,618	17,204
Total Valuation, Translation Adjustments and Others	13,372	6,886	142,183
Total Net Assets (Note 18)	102,442	93,268	1,089,232
Total Liabilities and Net Assets	¥ 2,603,369	¥ 2,495,805	\$ 27,680,691

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Income:			
Interest on:			
Loans and Bills Discounted	¥ 24,051	¥ 25,609	\$ 255,726
Securities	8,883	8,874	94,451
Others	2,526	3,327	26,863
Fees and Commissions	3,647	3,554	38,781
Other Operating Income	839	1,037	8,926
Other Income	1,670	1,221	17,761
Total Income	41,618	43,624	442,509
Expenses:			
Interest on:			
Deposits	1,251	1,463	13,311
Borrowings and Rediscounts	46	74	492
Others	13	14	147
Fees and Commissions	1,544	1,603	16,422
Other Operating Expenses	732	1,444	7,787
General and Administrative Expenses	29,702	29,750	315,816
Other Expenses (Note 17)	3,305	3,942	35,147
Total Expenses	36,597	38,292	389,124
Income Before Income Taxes	5,020	5,332	53,385
Income Taxes:			
Current	105	1,056	1,124
Deferred	1,339	809	14,246
Net Income (Note 18)	3,575	3,466	38,014
Unappropriated Earnings in Retained Earnings:			
Balance at Beginning of the Year	2,178	5,263	23,167
Reversal of revaluation reserve for land	0	(238)	1
Reversal of reserve for system migration	1,000	-	10,632
Reversal of voluntary reserve for retirement of treasury preferred shares	-	9,000	-
Retirement of treasury preferred shares	-	(10,854)	-
Total	6,754	6,636	71,816
Appropriations:			
Transfer to Legal Reserve (Note 12)	350	470	3,721
Dividends			
Common Shares (4.0% per year)	735	740	7,820
Preferred Shares (5.8% per year)	-	43	-
Preferred Shares (4.6% per year)	-	23	-
Preferred Shares (4.4% per year)	-	180	-
Transfer to Voluntary Reserves	-	3,000	-
Total Appropriations	1,085	4,457	11,541
Unappropriated Profits at End of the Year (Note 19)	¥ 5,668	¥ 2,178	\$ 60,274

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 ¥94.05 to US\$1, the exchange rate prevailing in Tokyo on March 31, 2013.

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 bonds) are carried at amortized cost using the moving-average method.

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

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

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

d. Derivatives

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

e. Depreciation and amortization method

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

The estimated useful lives of major items are as follows:

Buildings	15 to 50 years
Others	3 to 20 years

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

Change in Accounting Policies for Items that are Difficult to Categorize as Changes in Accounting Estimates

(Change in Depreciation)

In accordance with amendment to the Corporation Tax Law, starting from the fiscal year ended March 31, 2013, Tamashin has revised its depreciation method applicable to all tangible fixed assets acquired on or after April 1, 2012.

As a result of the change, income before income taxes for the current year increased by ¥61 million (US\$650 thousand), compared to the original depreciation method.

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 col-

lateral 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 ¥11,172 million (US\$118,791 thousand) and ¥14,052 million for the fiscal years ended March 31, 2013 and 2012, 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. Reserves are calculated based on the results of the assessment.

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.

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.

h. Leases

Finance lease transactions without transfer of ownership are included as part of tangible and intangible fixed assets and are depreciated using the straight-line method over the term of the lease. No residual value is considered unless guaranteed residual value is stated in the lease contracts. Finance lease transactions without transfer of ownership entered into before April 1, 2008 have been accounted for in accordance with accounting methods used for operating leases.

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
	2013	2012	2013
National Government Bonds	¥ 132,646	¥ 109,919	\$ 1,410,382
Local Government Bonds	147,310	135,267	1,566,298
Corporate Bonds	405,259	385,594	4,308,979
Stocks	17,063	13,746	181,428
Other Securities	237,758	166,598	2,527,999
Total	¥ 940,038	¥ 811,126	\$ 9,995,088

3. LOANS AND BILLS DISCOUNTED

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Bills Discounted	¥ 14,959	¥ 16,218	\$ 159,059
Loans on Bills	25,057	25,439	266,429
Loans on Deeds	963,182	975,779	10,241,172
Overdrafts	12,546	13,513	133,397
Total	¥ 1,015,745	¥ 1,030,950	\$ 10,800,060

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

As of March 31, 2013 and 2012, loans to borrowers in bankruptcy on which unpaid interest is not being accrued amounted to ¥2,189 million (US\$23,276 thousand) and ¥2,660 million, respectively. Other delinquent loans on which interest is not being accrued amounted to ¥77,578 million (US\$824,860 thousand) and ¥88,155 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

Notes to Non-Consolidated Financial Statements

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 for more than three months, excluding loans to borrowers in bankruptcy and other delinquent loans, as of March 31, 2013 and March 31, 2012.

In addition, there were no loans with "Relaxation of Repayment conditions" status to report as of March 31, 2013 and March 31, 2012. Loans with "Relaxation of Repayment Conditions" status are loans for which the Bank has relaxed the terms in favor of borrowers, such as reduction or exemption of the interest rate, extension of grace period for payment of the interest and reimbursement of the principal, waiver of the claim or any other arrangement advantageous to a debtor, which is made for the purpose of reorganization of, or support to the debtor. This excludes borrowers in bankruptcy, other delinquent loans, and loans that are past due for 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 ¥106 million (US\$1,128 thousand).

4. FOREIGN EXCHANGE

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Assets:			
Foreign Bills of Exchange Bought	¥ 6	¥ 24	\$ 73
Foreign Bills of Exchange Receivable	22	1	242
Due from Foreign Banks	649	409	6,910
Total	¥ 679	¥ 435	\$ 7,227
Liabilities:			
Foreign Bills of Exchange Sold	¥ 6	¥ 74	\$ 65
Foreign Bills of Exchange Payable	—	0	—
Total	¥ 6	¥ 74	\$ 65

5. OTHER ASSETS

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Domestic Exchange Settlement Account, Debit	¥ 536	¥ 441	\$ 5,709
Investment in the Shinkin Central Bank	7,265	7,265	77,254
Prepaid Expenses	35	143	381
Accrued Income	5,022	5,844	53,403
Derivative Financial Instruments	199	85	2,125
Others	2,165	1,791	23,020
Total	¥ 15,226	¥ 15,572	\$ 161,895

6. FIXED ASSETS

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Tangible Fixed Assets:			
Building	¥ 5,929	¥ 6,384	\$ 63,041
Land	22,636	22,638	240,690
Leased Assets	163	236	1,738
Construction in Progress	303	12	3,226
Other Tangible Fixed Assets	4,850	4,656	51,568
Total	¥ 33,882	¥ 33,927	\$ 360,265
Accumulated Depreciation	¥ 19,735	¥ 21,322	\$ 209,841
Intangible Fixed Assets:			
Software	¥ 1,700	¥ 1,098	\$ 18,079
Leased Assets	3	5	38
Construction in Progress	—	141	—
Other Intangible Fixed Assets	627	628	6,672
Total	¥ 2,331	¥ 1,873	\$ 24,791

7. DEPOSITS

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Current Deposits	¥ 44,843	¥ 46,089	\$ 476,805
Ordinary Deposits	997,823	934,121	10,609,496
Savings Deposits	10,369	11,003	110,250
Deposits at Notice	1,457	846	15,497
Time Deposits	1,185,150	1,166,898	12,601,279
Installment Savings	113,645	117,177	1,208,348
Other Deposits	22,383	20,356	237,996
Total	¥ 2,375,672	¥ 2,296,493	\$ 25,259,672

8. OTHER LIABILITIES

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Domestic Exchange Settlement Account, Credit	¥ 822	¥ 697	\$ 8,749
Accrued Expenses	1,018	1,320	10,826
Reserve for Replenishing Benefits	344	453	3,664
Income Taxes Payable	44	997	472
Unearned Income	166	181	1,765
Unsettled Equity Refunds	67	68	718
Deposits from Employees	541	603	5,761
Derivative Financial Instruments	33	10	355
Lease Obligations	175	247	1,862
Asset Retirement Obligations	346	339	3,680
Others	5,843	6,629	62,130
Total	¥ 9,403	¥ 11,549	\$ 99,987

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, 2013, securities totaling ¥1,152 million (US\$12,258 thousand) and other assets totaling ¥11 million (US\$119 thousand) were pledged as collateral. Secured liabilities are specified deposits received from customers, mainly for payments of taxes and utilities.

Due from banks totaling ¥90,000 million (US\$956,937 thousand), securities totaling ¥45,798 million (US\$486,955 thousand), and other assets totaling ¥6 million (US\$66 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 ¥18,237 million (US\$193,908 thousand) as of March 31, 2013 and ¥18,387 million as of March 31, 2012.

Preferred shares which the Bank issued are included in share capital, and the value of preferred shares was ¥5,350 million (US\$56,884 thousand) as of March 31, 2013 and ¥5,350 million as of March 31, 2012.

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

12. RETAINED EARNINGS

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

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Legal Reserve	¥ 20,550	¥ 20,200	\$ 218,503
Voluntary Reserve	38,500	39,500	409,356
Unappropriated Profits	5,668	2,178	60,274
Total	¥ 64,719	¥ 61,879	\$ 688,134

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 ¥43,390 million (US\$461,354 thousand), and the amount of unused commitments whose original contract terms are within one year was ¥37,009 million (US\$393,506 thousand) as of March 31, 2013.

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

14. MATTERS RELATING TO THE MARKET VALUES OF FINANCIAL INSTRUMENTS**1) Market Value of Financial Instruments**

With respect to amounts recorded on the Bank's non-consolidated balance sheet as of March 31, 2013, the market values and net unrealized gains (losses) of financial instruments are as follows:

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

	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2013			
Due from Banks	¥ 553,195	¥ 554,082	¥ 886
Securities:			
Securities Classified as Trading	51	51	—
Bonds Classified as Held-to-Maturity	124,093	126,994	2,900
Other Securities	813,862	813,862	—
Loans and Bills Discounted	1,015,745		
Reserve for Possible Loan Losses	(10,001)		
Net Loans and Bills Discounted	1,005,744	1,015,896	10,151
Total Financial Assets	¥ 2,496,946	¥ 2,510,886	¥ 13,939
Deposits	¥ 2,375,672	¥ 2,375,835	¥ (163)
Call Money	100,424	100,424	—
Total Financial Liabilities	¥ 2,476,097	¥ 2,476,260	¥ (163)
Derivative transactions			
Derivative transactions to which hedge accounting is not applied	¥ 166	¥ 166	—
Derivative transactions to which hedge accounting is applied	—	—	—
Total derivative transactions	¥ 166	¥ 166	—
	Millions of yen		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2012			
Due from Banks	¥ 557,735	¥ 559,398	¥ 1,663
Securities:			
Securities Classified as Trading	54	54	—
Bonds Classified as Held-to-Maturity	102,042	103,995	1,953
Other Securities	707,102	707,102	—
Loans and Bills Discounted	1,030,950		
Reserve for Possible Loan Losses	(12,341)		
Net Loans and Bills Discounted	1,018,609	1,030,486	11,877
Total Financial Assets	¥ 2,385,543	¥ 2,401,037	¥ 15,494
Deposits	¥ 2,296,492	¥ 2,296,823	¥ (330)
Call Money	75,478	75,478	—
Total Financial Liabilities	¥ 2,371,971	¥ 2,372,302	¥ (330)

	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
March 31, 2013			
Due from Banks	\$ 5,881,930	\$ 5,891,359	\$ 9,428
Securities:			
Securities Classified as Trading	542	542	—
Bonds Classified as Held-to-Maturity	1,319,442	1,350,284	30,842
Other Securities	8,653,506	8,653,506	—
Loans and Bills Discounted	10,800,060		
Reserve for Possible Loan Losses	(106,339)		
Net Loans and Bills Discounted	10,693,720	10,801,662	107,941
Total Financial Assets	\$ 26,549,142	\$ 26,697,354	\$ 148,212
Deposits	\$ 25,259,672	\$ 25,261,408	\$ (1,735)
Call Money	1,067,782	1,067,782	—
Total Financial Liabilities	\$ 26,327,455	\$ 26,329,191	\$ (1,735)
Derivative transactions			
Derivative transactions to which hedge accounting is not applied	\$ 1,769	\$ 1,769	—
Derivative transactions to which hedge accounting is applied	—	—	—
Total derivative transactions	\$ 1,769	\$ 1,769	—

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
	Non-consolidated balance sheet amount	Non-consolidated balance sheet amount	
Stocks of Subsidiaries	¥ 1,653	¥ 1,653	\$ 17,576
Stocks of Affiliated Companies	—	—	—
Unlisted Stocks	429	329	4,564
Investments in Partnerships	—	—	—
Total	¥ 2,082	¥ 1,982	\$ 22,140

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, 2013				
Due from Banks	¥ 212,093	¥ 268,102	¥ 19,000	¥ 54,000
Securities	138,863	226,780	238,276	291,629
Bonds Classified as Held-to-Maturity	7,840	2,236	10,428	102,811
Other Securities with Maturity Dates	131,023	224,544	227,848	188,817
Loans and Bills Discounted	251,936	206,773	148,123	408,911
Total	¥ 602,894	¥ 701,656	¥ 405,400	¥ 754,540
	Millions of yen			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2012				
Due from Banks	¥ 252,667	¥ 249,000	¥ 25,068	¥ 31,000
Securities	102,879	253,673	198,476	225,720
Bonds Classified as Held-to-Maturity	5,850	8,400	5,836	81,006
Other Securities with Maturity Dates	97,029	245,273	192,640	144,713
Loans and Bills Discounted	221,790	199,528	145,140	464,492
Total	¥ 577,336	¥ 702,202	¥ 368,684	¥ 721,212
	Thousands of U.S. dollars			
	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
March 31, 2013				
Due from Banks	\$ 2,255,115	\$ 2,850,632	\$ 202,020	\$ 574,162
Securities	1,476,490	2,411,281	2,533,509	3,100,789
Bonds Classified as Held-to-Maturity	83,359	23,774	110,878	1,093,158
Other Securities with Maturity Dates	1,393,130	2,387,506	2,422,630	2,007,630
Loans and Bills Discounted	2,678,752	2,198,552	1,574,946	4,347,808
Total	\$ 6,410,358	\$ 7,460,466	\$ 4,310,475	\$ 8,022,760

Notes to Non-Consolidated Financial Statements

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

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

Millions of yen				
March 31, 2012	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits	¥ 2,135,495	¥ 131,964	¥ 29,033	¥—
Call Money	75,478	—	—	—
Total	¥ 2,210,974	¥ 131,964	¥ 29,033	¥—

Thousands of U.S. dollars				
March 31, 2013	1 year or less	1 to 3 years	3 to 5 years	Over 5 years
Deposits	\$ 23,543,999	\$ 1,431,618	\$ 284,054	\$—
Call Money	1,067,782	—	—	—
Total	\$ 24,611,782	\$ 1,431,618	\$ 284,054	\$—

15. MARKET VALUE OF MARKETABLE SECURITIES

For the Fiscal Year Ended March 31, 2013 and 2012

a. Securities

The market values of marketable securities as of March 31, 2013 and 2012 were as follows: In addition to securities in the non-consolidated balance sheet, trading account securities are included in the following amounts:

1) Securities classified as trading

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

Millions of yen	
March 31, 2012	Gains included in profit/loss
Trading Account Securities	¥ 0

Thousands of U.S. dollars	
March 31, 2013	Gains included in profit/loss
Trading Account Securities	\$ 2

2) Bonds classified as held-to-maturity

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

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

Millions of yen			
March 31, 2012	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
Bonds with Unrealized Gains:			
National Government Bonds	¥ 8,399	¥ 8,746	¥ 347
Local Government Bonds	54,385	55,488	1,103
Corporate Bonds	24,890	25,462	572
Other	3,699	3,718	18
Subtotal	91,374	93,416	2,041
Bonds with Unrealized Losses:			
Local Government Bonds	2,867	2,838	(28)
Corporate Bonds	100	94	(5)
Other	7,700	7,646	(53)
Subtotal	10,667	10,579	(88)
Total	¥ 102,042	¥ 103,995	¥ 1,953

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

Thousands of U.S. dollars			
March 31, 2013	Non-consolidated balance sheet amount	Market value	Net unrealized gains (losses)
Bonds with Unrealized Gains:			
National Government Bonds	\$ 110,534	\$ 113,800	\$ 3,266
Local Government Bonds	595,405	613,726	18,320
Corporate Bonds	243,487	251,574	8,086
Other	145,665	147,154	1,488
Subtotal	1,095,093	1,126,255	31,161
Bonds with Unrealized Losses:			
Corporate Bonds	1,063	1,062	(0)
Other	223,285	222,966	(319)
Subtotal	224,348	224,029	(319)
Total	\$ 1,319,442	\$ 1,350,284	\$ 30,842

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

3) Other securities

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

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

2. The 11,754 million yen is calculated by deducting the Deferred Tax Liabilities amount of 4,539 million yen from the evaluation excess amount of 16,293 million yen and is included in Unrealized Gains (Losses) on Other Securities.

Millions of yen			
March 31, 2012	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other Securities with Unrealized Gains:			
Stocks	¥ 5,560	¥ 4,446	¥ 1,114
Bonds	521,799	514,974	6,824
National Government Bonds	101,520	99,279	2,241
Local Government Bonds	77,654	76,862	791
Corporate Bonds	342,624	338,833	3,791
Other	121,785	119,970	1,814
Subtotal	649,145	639,391	9,753
Other Securities with Unrealized Losses:			
Stocks	6,203	7,742	(1,539)
Bonds	18,339	18,581	(241)
Local Government Bonds	360	361	(1)
Corporate Bonds	17,979	18,219	(240)
Other	33,413	34,090	(677)
Subtotal	57,956	60,414	(2,457)
Total	¥ 707,102	¥ 699,806	¥ 7,295

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

	Thousands of U.S. dollars		
	Non-consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
March 31, 2013			
Other Securities with Unrealized Gains:			
Stocks	\$ 120,953	\$ 87,692	\$ 33,261
Bonds	6,186,767	6,087,804	98,962
National Government Bonds	1,299,848	1,268,735	31,112
Local Government Bonds	970,892	953,166	17,726
Corporate Bonds	3,916,026	3,865,902	50,123
Other	1,988,692	1,937,032	51,660
Subtotal	8,296,413	8,112,529	183,884
Other Securities with Unrealized Losses:			
Stocks	38,334	44,208	(5,873)
Bonds	148,402	149,579	(1,177)
Corporate Bonds	148,402	149,579	(1,177)
Other	170,355	173,944	(3,588)
Subtotal	357,092	367,731	(10,639)
Total	\$ 8,653,506	\$ 8,480,261	\$ 173,244

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, 2013 and 2012 that are classified as held-to-maturity

There are no corresponding items.

5) Other securities sold during the fiscal year ended March 31, 2013 and 2012

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

March 31, 2012	Millions of yen		
	Sales amount	Gains on sale	Losses on sale
Stocks	¥ 609	¥ 62	¥ 239
Bonds	74,098	683	423
National Government Bonds	8,989	26	2
Local Government Bonds	4,124	30	—
Corporate Bonds	60,985	626	421
Other	12,648	109	510
Total	¥ 87,356	¥ 854	¥ 1,173

March 31, 2013	Thousands of U.S. dollars		
	Sales amount	Gains on sale	Losses on sale
Stocks	\$ 14,036	\$ 1,132	\$ 5,703
Bonds	890,880	5,255	866
National Government Bonds	173,757	408	593
Local Government Bonds	90,099	705	—
Corporate Bonds	627,023	4,141	273
Other	83,517	199	322
Total	\$ 988,434	\$ 6,587	\$ 6,892

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, 2013 and 2012, there were no impairment losses on other Securities with market value.

b. Money held in trust

1) Money held in trust classified as trading

March 31, 2013	Millions of yen	
	Non-consolidated balance sheet amount	Gains included in profit/loss
Money Held in Trust Classified as Trading	¥ 8,000	¥ 0

March 31, 2012	Millions of yen	
	Non-consolidated balance sheet amount	Gains included in profit/loss
Money Held in Trust Classified as Trading	¥ 4,999	¥ (0)

March 31, 2013	Thousands of U.S. dollars	
	Non-consolidated balance sheet amount	Gains included in profit/loss
Money Held in Trust Classified as Trading	\$ 85,061	\$ 0

16. LAND REVALUATION

In accordance with the Land Revaluation Law, promulgated on March 31, 1998, the Bank's business use real estate was revalued. The corresponding taxes on land revaluation is reported as "Deferred Tax Liabilities for Land Revaluation" in the liabilities section of the non-consolidated balance sheets. The excess of the revaluation over the related deferred tax liabilities is recorded as "Land Revaluation Excess."

Date of the revaluation

The former Tama Chuo Shinkin Bank: March 31, 1999

The former Taihei Shinkin Bank: March 31, 1998

The former Hachioji Shinkin Bank: March 31, 1998

The methods of real estate revaluation stipulated in 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 ¥6,381 million (US\$ 67,850 thousand) as of March 31, 2013 and ¥6,229 million as of March 31, 2012.

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, 2013, 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.	¥ 19	\$ 211
Within Tokyo	Branch, etc. (1 item)	Land, building, etc.	12	135
Within Tokyo	Branch, etc. (1 item)	Land, building, etc.	1	17
Within Tokyo	Warehouse (1 item)	Land	0	2
Total			¥ 34	\$ 365

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
	2013	2012	2013
Net Assets per Share	¥ 280.90	¥ 253.64	\$ 2.987
Net Income per Share	9.77	9.39	0.104

19. SUBSEQUENT EVENT

The following appropriation of retained earnings applicable to the year ended March 31, 2013, was approved at the members' meeting held on June 24, 2013.

	Millions of yen	Thousands of U.S. dollars
	Unappropriated Profit	¥ 5,668
Appropriations:		
Legal Reserve	360	3,827
Dividends		
Common Shares (4.0% per year)	729	7,756
Voluntary Reserve	3,000	31,898
Retained Earnings Carried Forward	¥ 1,579	\$ 16,792

	Millions of yen					Thousands of U.S. dollars
	2013	2012	2011	2010	2009	2013
For the Years Ended March 31						
Total Income	¥ 41,618	¥ 43,624	¥ 46,354	¥ 48,253	¥ 53,333	\$ 442,509
Interest on Loans and Bills Discounted	24,051	25,609	27,402	29,547	32,490	255,726
Interest and Dividends on Securities	8,883	8,874	8,619	8,566	7,878	94,451
Total Expenses	36,597	38,292	39,305	41,852	50,699	389,124
Business Profit	7,574	9,349	12,072	12,852	16,662	80,538
Income Before Income Taxes	5,020	5,332	7,048	6,401	2,634	53,385
Net Income	3,575	3,466	4,691	4,524	1,689	38,014
As of March 31						
Total Assets	¥2,603,369	¥2,495,805	¥2,415,077	¥2,357,221	¥2,263,116	\$27,680,691
Securities	940,038	811,126	698,585	671,553	620,854	9,995,088
Loans and Bills Discounted	1,015,745	1,030,950	1,062,312	1,097,224	1,144,511	10,800,060
Total Liabilities	2,500,926	2,402,537	2,314,494	2,258,176	2,174,573	26,591,459
Deposits	2,375,672	2,296,493	2,214,627	2,158,092	2,097,049	25,259,672
Total Net Assets	102,442	93,268	100,582	99,044	88,543	1,089,232
Number of Branches	80	80	79	79	78	
Number of Employees and Officers	1,977	1,952	1,930	1,896	1,831	
Deposits						
Per Branch	¥ 29,695	¥ 28,706	¥ 28,033	¥ 27,317	¥ 26,885	\$ 315,745
Per Employee and Officer	1,201	1,176	1,147	1,138	1,145	12,776
Loans and Bills Discounted						
Per Branch	12,696	12,886	13,447	13,888	14,673	135,000
Per Employee and Officer	513	528	550	578	625	5,462

Note: U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2013 of ¥94.05=US\$1.

Supplemental Consolidated
Financial Information

Supplemental Consolidated Financial Information (Unaudited)

The Tama Shinkin Bank and Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
For the Fiscal Year:			
Total Income	¥ 47,909	¥ 50,065	\$ 509,404
Total Expenses	42,461	44,199	451,481
Income Before Income Taxes and Others	5,447	5,866	57,923
Net Income	3,802	3,704	40,431
At Year-End:			
Deposits	¥2,373,133	¥2,294,479	\$25,232,674
Loans and Bills Discounted	1,015,829	1,032,273	10,800,946
Securities	938,715	809,754	9,981,020
Total Assets	2,614,269	2,507,655	27,796,586
Total Net Assets	106,575	97,093	1,133,173
	Yen		U.S. dollars
Per Share Data (par value ¥50):			
Net Income	¥ 10.41	¥ 10.06	\$ 0.110
Net Assets	293.11	264.83	3.116

Notes: 1. The Bank consolidated three subsidiaries for the years ended March 31, 2013 and 2012.

2. U.S. dollar amounts are converted, solely for convenience, at the prevailing rate on March 31, 2013 of ¥94.05=US\$1.



Grant Thornton

Independent Auditor's Report

To the Board of Directors of
The Tama Shinkin Bank

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We have audited the accompanying non-consolidated balance sheets of The Tama Shinkin Bank as of March 31, 2013 and 2012, and the related non-consolidated statements of income and retained earnings for the years then ended, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Grant Thornton Taiyo ASG LLC

Tokyo, Japan
May 22, 2013, except for Note 19, as to which the date is June 24, 2013

Member of Grant Thornton International Ltd

Board of Directors and Auditors

As of June 30, 2013

Chairman

Koji Sato

President

Toshiro Yagi

Senior Managing Director

Keiichi Ishigaki

Managing Directors

Hideo Kaba

Katsutoshi Omata

Directors

Kuniharu Suzuki

Hiroyuki Fukuda

Tadashi Suzuki

Kuniyoshi Tani

Hiroshi Hashimoto

Satoshi Sorimachi

Hiroyuki Saito

Standing Auditor

Setsuji Sugimoto

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