



ANNUAL REPORT 2015
THE ASAHI SHINKIN BANK

Five-Year Summary

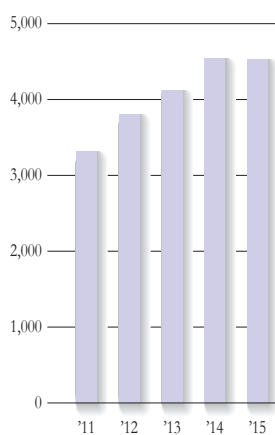
Years ended March 31,	Millions of Yen				
	2015	2014	2013	2012	2011
Total Income	¥ 32,562	¥ 33,466	¥ 33,581	¥ 33,891	¥ 33,605
Income Before Extraordinary Income and Taxes	6,614	6,941	6,203	6,002	4,750
Net Income	4,528	4,544	4,123	3,806	3,309
Paid-in Capital	21,416	21,617	21,801	22,048	22,306
Total Number of Units of Members' Equity (Units)	428	432	436	440	446
Equity	78,740	70,687	67,582	59,591	56,421
Total Assets	1,905,744	1,881,966	1,824,996	1,792,254	1,716,833
Deposits	1,792,172	1,777,850	1,718,991	1,692,300	1,621,583
Loans and Bills Discounted	910,437	894,218	893,469	909,387	929,265
Securities	334,401	337,261	321,492	321,248	348,775
Non-consolidated Capital Adequacy Ratio (%)	9.61	9.97	10.10	9.86	9.57
Cash Dividends	642	864	1,090	882	892
Number of Employees	1,513	1,549	1,571	1,608	1,656

Note1: The guidelines established by the Minister of the Financial Services Agency (2006 FSA Notice No. 21) based on Article 14-2 of the Banking Act of Japan, on which Article 89-1 of the Shinkin Bank Act is based, in order to judge a *shinkin* bank's capital adequacy in light of its risk-weighted assets were revised on March 8, 2013, and the notice following the revision (Basel III) became applicable from March 31, 2014. Accordingly, the non-consolidated capital adequacy ratio up to 2013 is calculated in accordance with the former notice and that for 2014 onward is calculated in accordance with the new notice. The Bank adopts the domestic standard.

Note2: As a result of the review of the variables for the non-consolidated capital adequacy ratio for fiscal 2011, it was found that the Bank recorded an amount of on-balance risk assets that was ¥805 million less than it should have been. Reflecting this finding, the value of the non-consolidated capital adequacy ratio for fiscal 2012 was corrected to a value 0.01 percentage points lower than the value previously reported.

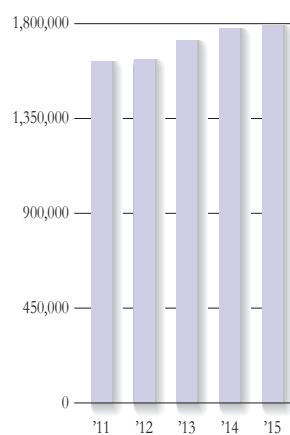
Net Income

(Millions of Yen)



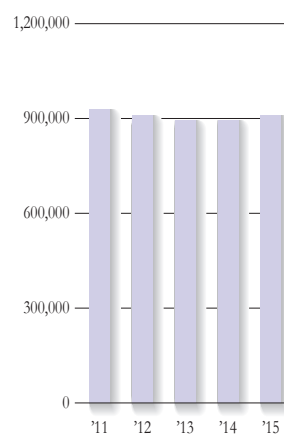
Deposits

(Millions of Yen)



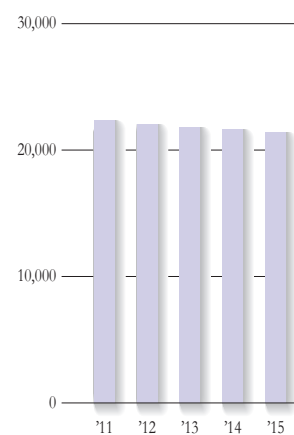
Loans and Bills Discounted

(Millions of Yen)



Paid-in Capital

(Millions of Yen)



Fractions less than a unit are rounded down in this report.

Message from the Management



Striving to Be the Indispensable and Most Trustworthy Financial Institution in Our Community

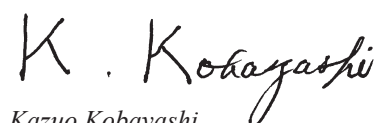
Founded in 1923 and subsequently reshaped by several mergers, the Asahi Shinkin Bank is now the fourth-largest *shinkin* bank in Tokyo and the fifteenth-largest in Japan in terms of deposits. Our business territory extends from eastern Tokyo, centering on Taito Ward with its large concentration of small and medium-sized companies, to Edogawa Ward, western Chiba Prefecture and eastern Saitama Prefecture featuring areas of mixed commercial and residential use as well as densely populated residential districts.

The Bank launched the 16th long-term business plan “Fly High to offer financial services for incubation and innovation” covering the three years starting in fiscal 2014, the year ended March 31, 2015 and set out medium- to long-term business strategies. With this plan, based on the *shinkin* banks’ spirit of helping one another, to fulfill the Bank’s mission of fostering small and medium-sized enterprises and to create a new business model for financial services reflecting new ideas while responding to factors including changes in the domestic and international business environment as well as in the social structure, we formulated four basic policies: 1) further display the Bank’s uniqueness, 2) reestablish the operational structure, 3) enhance human resources development and organizational capabilities, and 4) commit to CSR.

All officers and employees made a concerted effort to promote the business plan in fiscal 2014. As a result, we reported a solid set of results. Loans outstanding at year-end increased significantly, showing the highest growth in recent years, and the ratio of non-performing loans decreased, leading to an improved financial position, and the Bank secured net income corresponding to its scale. We would like to express our appreciation to our shareholders for their warm support.

We are fully aware of the importance of management with a clear vision of the Bank’s future configuration, from a long-term perspective, with a five- to ten-year horizon, taking into consideration various changes in the business. We will continue our efforts to vitalize the local economy in a spirit of co-existence and co-prosperity with the community we serve. In these endeavors, we will be grateful for your continued support and cooperation.

July 2015

A handwritten signature in black ink that reads "K. Kobayashi". The signature is written in a cursive, flowing style.

Kazuo Kobayashi
Chairman of the Board and President

Overview of *Shinkin* Banks and their Role in the Community

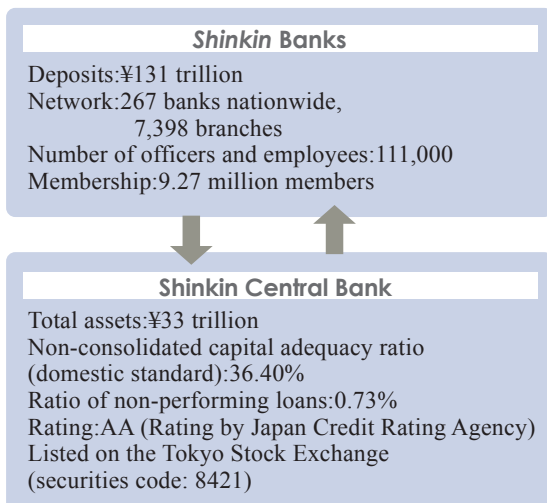
Shinkin banks are cooperative regional financial institutions whose members are small and medium-sized businesses and local residents.

The business of *shinkin* banks is not very different from that of other commercial banks, but *shinkin* banks are distinguished from other banks in terms of their organizational structure, the communities they serve and their customers. Whereas banks are incorporated, *shinkin* banks are cooperatives with memberships composed of local residents and those who work or have an office in the area. Corporate members are limited to companies with a maximum of 300 employees and capitalization of up to ¥900 million.

While *shinkin* banks accept deposits in the same way as ordinary banks, their loans are, in principle, restricted to contributing members only and loans to a single borrower must not exceed 25% of the bank's own capital. As financial institutions with close ties to their home territories, *shinkin* banks use locally raised funds exclusively for local development. They thus contribute to the healthy growth of local enterprises, a better quality of life for the area's residents, and the overall development of the local community.

The Shinkin Central Bank (SCB) is the central bank for *shinkin* banks. The role of the SCB is to support the development of the *shinkin* bank sector by broadening the operational functions and enhancing the credit standing of *shinkin* banks, and thus contribute to the prosperity of Japan. The Bank is strengthening collaboration with the SCB in terms of operations.

Shinkin Banks and the Shinkin Central Bank



(As of March 31, 2015)

Asahi Shinkin Bank's Support of Small and Medium-sized Businesses in the Community

Support for Startup Companies and Entry to New Business Fields

The Bank's sales and marketing policy emphasizes face-to-face encounters between our sales representatives, each of whom is responsible for a particular neighborhood, and existing or prospective customers. Through these community-based efforts, in fiscal 2014 the Bank provided startup financing amounting to ¥2.5 billion to 224 entrepreneurs eligible for Tokyo Metropolitan Government's startup loan program for small and medium-sized enterprises.

Measures for Improving Management of Small and Medium-sized Companies and Vitalizing the Community

The Bank's Management Support Center, which specializes in helping customers improve their management and revitalize their businesses, offers advice to customers and helps them formulate management improvement plans to deal with the challenges they face.

Collaboration with External Expert Organizations

The Bank is collaborating with external expert organizations to help small and medium-sized companies resolve their issues. Based on a partnership agreement with Taito Ward, the Bank dispatches the Bank's employee who received specialized education as a business advisor and provides management support to small and medium-sized companies within Taito Ward concerning their management strategies, expansion of sales channels, etc. In fiscal 2014, the Bank newly entered into partnerships with the Welfare and Medical Service Agency (WAM), the Nippon Export and Investment Insurance (NEXI), Tokyo Certified Public Tax Accountants' Association, and the Tokyo Metropolitan Small and Medium Enterprise Support Center.

Asahi Shinkin Bank's Corporate Philosophy

All of us at the Asahi Shinkin Bank think and act cheerfully and positively to contribute to development of the local community and our customers' happiness.

Other Initiatives

Asahi Small and Medium-sized Business Management Information Center (ACC)

We are convinced that the Bank’s fundamental mission is to foster the small and medium-sized businesses in the community that underpin the local economy. Based on this conviction, to support the endeavors of small and medium-sized companies in human resources development and networking among customers, the Bank established the Asahi Small and Medium-sized Business Management Information Center (ACC) in 1996. ACC develops human resources, offers grants, and promotes fruitful exchanges between companies in different industries. (See Page 4 for more about ACC.)

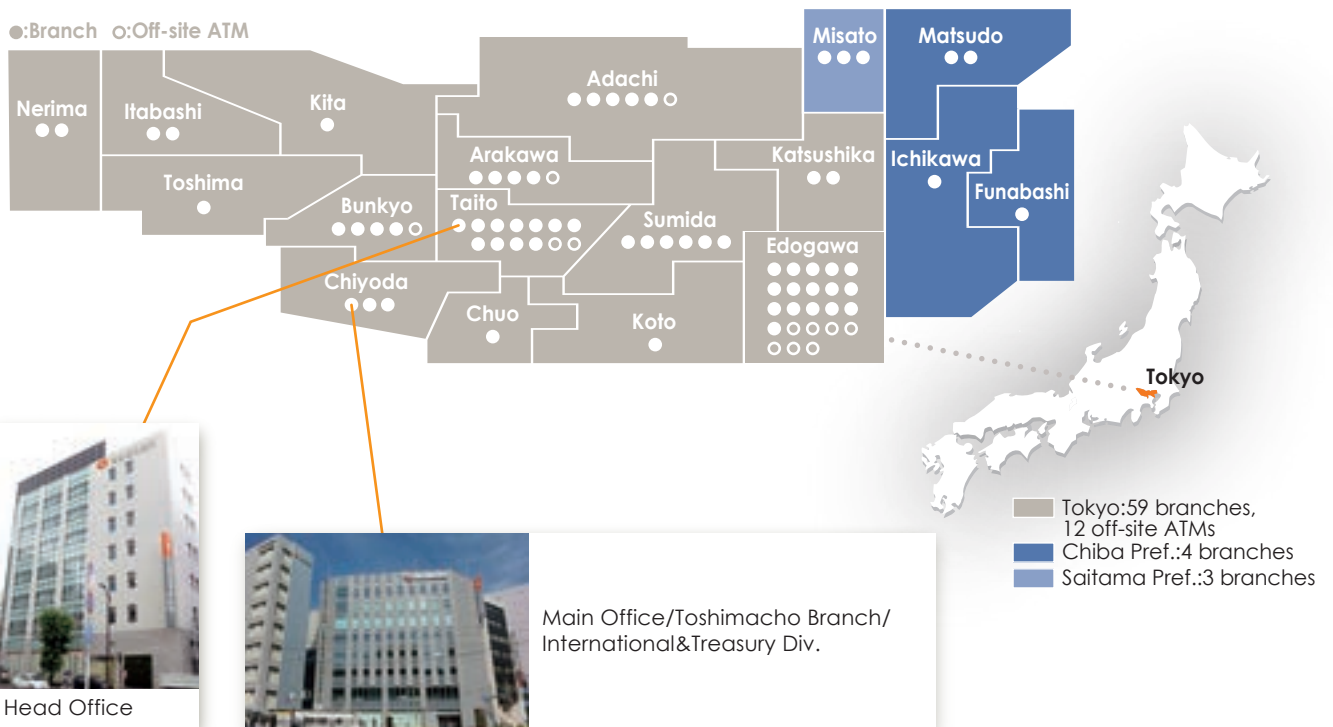
Asahi Business Matching Project—Power to Connect and Power to Build

Launched in September 2013 to assist local small and medium-sized enterprises, the Asahi Business Matching Project—Power to Connect and Power to Build supports business matching both via the website and at a business fair. In addition to the holding of an annual business fair, the Bank offers 24/7 services on the website so that enterprises can search for candidate business partners and set up meetings.

Some 3,000 people attended the second business fair, Asahi Business Matching 2014, held on October 21, 2014 at the Tokyo Dome Hotel.

Extensive Network of 66 Branches and 12 Off-site ATMs

In view of our customer base, we consider it our mission to respond proactively to the funding needs of the small and medium-sized businesses and individuals sustaining the local economy at the grassroots. The Bank’s 66 branches, which include four sub-branches, and 12 off-site ATMs are located in Taito Ward and 13 other wards in Tokyo and also in Chiba Prefecture and Saitama Prefecture. To bring our area management even closer to the community, our operating area is divided into smaller zones, each with a dedicated sales representative. The Bank’s 433 sales representatives emphasize face-to-face, household-based marketing—one of the Bank’s specialties, endeavoring to market excellent proposals and offer optimum solutions in a timely manner.



Domestic Operations

The Bank offers a wide range of deposit products to meet various savings needs, including foreign currency time deposits with special interest rates and online time deposits. For personal customers, in addition to deposit products, the Bank offers a range of investment products, such as investment trusts, personal pension insurance and Japanese government bonds.

Among the Bank's loan products for personal customers are the *Eco Life Ace Home Loan* for customers purchasing residential property with superior environmental performance, the *Childcare Support Ace Home Loan* for customers who have children younger than 18 years of age or are expecting a child, and the *Asahi Education Card Loan* for educational expenses.

We opened the Personal Loan Plaza in the head office building in August 2014. In addition to daytime on weekdays, the Plaza is open in the evening of weekdays and Saturdays so that customers who are not able to visit the Bank during regular opening hours can use the service. At our Pension Advisory Center within the Ichinoe Station Branch, customers can consult dedicated advisors about any matters relating to pensions.

For small and medium-sized businesses, the Bank offers a wide range of loan products tailored to their funding needs, whether for business development or to ensure stable cash flows.

As well as visits to customers by our sales representatives who have excellent problem-solving skills, we also offer various

Internet services, such as *Asahi Business Web* and *Asahi Foreign Exchange Web*. At the Customer Support Center, we offer practical advice on tax and financial affairs, information technology, pensions and lifetime financial planning as well as holding various seminars to support corporate customers' sales and marketing activities. (See Pages 2-3 for the Bank's support for businesses.)

The Asahi Small and Medium-sized Business Management Information Center (ACC) supports small and medium-sized companies in the following three areas.

- 1) Holding of seminars and courses on business information and know-how that help executives, managers and employees of small and medium-sized companies keep abreast of developments and enhance their capabilities
- 2) Granting of credit guarantee subsidies to small and medium-sized companies pursuing R&D of innovative products and technologies, cultivating promising new fields, focusing on environmental engineering, or engaged in any other innovative, growth-oriented endeavors
- 3) Operation of an inter-industry exchange forum and publication of ACC Information, a newsletter full of useful information for small and medium-sized companies, with the aim of helping them discover hidden value through inter-industry exchanges.

In August 2014, the Bank received the J.P. Morgan Elite Quality Recognition Award from J.P. Morgan Chase Bank, N. A. commending the high-quality performance of the Bank's funds transfer operations for the fourth consecutive year. We were the only Japanese bank that received the elite quality award.



International Operations

Our business territory is home to companies in many industries, including manufacturers and distributors of apparel, leather goods and footwear, jewelry, computer parts and peripherals, medical equipment and toys, as well as food processing and distribution companies. Amid recent structural changes in Japan's economy and the growing importance of international business, many of our customers are becoming more involved in foreign trade.

We offer a wide range of financial services for companies engaged in international business, including advice on investment strategy and business development, integrated import and export support from opening of business relations to bill settlement, services covering trade finance, forward exchange contracts, and coupon swaps.

We are striving to further enhance convenience for our customers by offering Internet banking services for overseas remittances, import letters of credit, etc. We are also working to offer a wider range of services attuned to their needs.

At the end of March 2015, the Bank had a network of overseas correspondent banks totaling 566 branches of 90 banks (of which three are Japanese banks) in 44 countries. Centering on imports, trade-related foreign exchange transactions handled by the Bank in fiscal 2014 amounted to US\$959 million.

We aim to continue serving far into the future as an indispensable partner of companies pursuing business overseas.

Overseas Correspondent Network



Becoming the Most Trustworthy Community Bank

Customer deposits should be used to bring new vitality into the community—this is the basic stance of Asahi Shinkin Bank, a financial institution that puts local ties first.

To date, the Bank has developed together with small and medium-sized companies and people in the local community based on a spirit of helping one another as a cooperative financial institution. With the aim of becoming the indispensable and most trustworthy community bank, we have embraced new challenges in our drive to bring new vitality into our community. We have reinforced our business by stepping up support for corporate revival and management improvement, while offering increased support to companies involved in innovative businesses and those active in environmental protection. As we emphasize the cultivation of closer links with our customers, we are helping to bring new vitality into the community through provision of financial services that deliver customer satisfaction and also by doing our part as a member of the community in the cultural, environmental and educational spheres.



Asahi Shinkin Bank's Posters

Asahi CSR Initiative

With the emergence of corporate social responsibility (CSR) as a subject of great and growing importance, it is essential for companies to fulfill their responsibilities not only to shareholders and business partners, but also to employees, consumers, local communities, and all other stakeholders. The Asahi Shinkin Bank, a customer-oriented bank devoted to the development of its customers and the community it serves, has a long-standing commitment to the fulfillment of CSR. The Bank has been implementing the Asahi CSR Initiative since fiscal 2007 based on a thorough review of its previous CSR activities, including environmental protection, resource saving, energy saving, recycling, and corporate citizenship.

Corporate Citizenship Activities

Implementation of the Ecocap Movement

The Ecocap Movement is an initiative to collect and recycle PET bottle caps, which are usually disposed of as waste, and to use the proceeds to provide vaccines for children in developing countries. With help from people in the community, we had collected 101 million caps by the end of March 2015. Sorting of caps collected at branches in Edogawa Ward is contracted to a voluntary organization working to create employment for people with disabilities. In this way, we also support people with disabilities in the community.



Traffic safety campaign

To promote traffic safety in the community, the Bank extends cooperation to the traffic safety campaign held each spring and autumn. During the campaign



period, the Bank's employees at all branches serve as wardens at nearby crossings. In fiscal 2014, a total of 1,479 employees of the Bank participated in the campaign.

Blood donation campaign

The Bank held a blood donation campaign three times during fiscal 2014 in which 223 employees took part.



Donations to public interest corporations

In accordance with the purpose of *Gift*, an installment savings product with a preferential interest rate offered by the Bank in 2011 for a limited time, the Bank made the third donations during the period from August 2014 to March 2015. We donated a total of ¥3.1 million to six organizations.



Asahi Fureai Concert

Asahi Fureai Concert launched in December 2013 is a concert event organized by Asahi Shinkin Bank featuring members of the Tokyo Metropolitan Symphony Orchestra. In fiscal 2014, four concerts were held at a hospital, an elementary school, and a welfare facility. People in the community enjoyed the performances.



Environmental Initiatives

- The Bank offers a range of loan products, including those to be used for environmentally friendly capital investment, provision of loan guarantees under the government loan-guarantee system, and housing loan products.

- As part of efforts to mitigate global warming, the Bank uses a carbon-offset scheme and Forest Stewardship Council (FSC) certified paper for calendars, leaflets and other printed materials that the Bank produces.

Support for People with Disabilities and the Elderly

ATMs for the visually impaired

All branches have ATMs with braille and audible instructions so that the visually impaired can use ATMs at ease.



AED

All branches are equipped with automated external defibrillators (AEDs) at ATM corners in readiness for emergencies such as cardiopulmonary arrest.

Braille blocks

Braille blocks leading from outside to inside a branch and to the ATMs are installed at 59 branches and for two off-site ATMs.

Slopes for wheelchair users

Slopes are installed at branches with steps at the entrance for barrier-free access. Certain branches have simple, detachable slopes.

Other initiatives

The Bank's policy is to make its branches barrier-free and accessible. When opening new branches, barrier-free toilets with features such as safety rails and baby-seats are installed and armchairs and low desks are introduced for ease of use.

Thorough Risk Management System

The Bank has established the basic policy for management of risks, put in place a risk management system and determined management procedures so as to implement appropriate risk management. The Bank has classified risks into three categories and established risk committees corresponding to them. The activities of the risk committees are governed by the Comprehensive Risk Management Committee.

Also, the Bank has established a code of conduct with which all officers and employees are required to comply in order to inculcate corporate ethics and legal compliance throughout the Bank.

Personal information concerning our customers constitutes a vital asset. To ensure appropriate protection and use of personal information, the Bank applies strict control in accordance with its Basic Policy Concerning Protection of Information Assets (Security Policy) to achieve continuing improvement.

Major Risks and Risk Management Policies

Market Risk

Market risk comprises interest rate risk, price fluctuation risk, and exchange risk. Market risk is the possibility of losses from fluctuations in market interest rates, stock prices and foreign exchange markets that cause changes in the value of the Bank's assets and liabilities (including off-balance sheet items) and changes in profits generated by assets and liabilities.

The Bank's Asset and Liability Management (ALM) Committee is responsible for management of market risk.

Liquidity Risk

Liquidity risk is the possibility of losses resulting from an unexpected outflow of funds or any other

situation that necessitates fund procurement at interest rates markedly higher than usual rates or transactions at markedly more disadvantageous terms than usual terms.

The Bank emphasizes liquidity and soundness of market-based funding and has put in place a system to ensure stable cash flow with a sufficient reserve. Moreover, the Bank has formulated a contingency plan to deal with the demand for funds in the event of an unexpected crisis swiftly and appropriately. Thus, the Bank has sufficient systems for management of liquidity risk.

Credit Risk

Credit risk is the possibility of losses from bankruptcies, deterioration in the financial conditions, etc. of borrowers. The Bank has put in place a risk management system in accordance with the Credit Risk Management Rules.

In addition to the deliberation and assessment by the Credit Risk Management Committee and the ALM Committee, the Board of Directors, the Board of Managing Directors, and the Management Committee deliberate on credit risk management, as necessary, to deal with credit risk in an appropriate manner.

Operational Risk

Operational risk is a risk associated with execution of routine operations and every effort is made to avert such risk.

Having established an organizational structure and a system to deal with operational risk in accordance with the Operations Risk Management Policy and the Systems Risk Management Policy, the Bank analyzes and assesses data gathered periodically in order to mitigate risk and to minimize the impact in the event that such risk materializes.

In addition to the periodic deliberation and assessment by the Operations and Systems Risk Committee, the Reputation and Legal Risk Committee, and the Comprehensive Risk Management Committee, the Board of Directors, the Board of Managing Directors, and the Management Committee deliberate on operational risk management, as necessary, to deal with operational risk in an appropriate manner.

Compliance Structure

As well as strictly complying with various laws and regulations and other rules, companies are required to adhere to social ethics when engaging in transactions. In accordance with its goal of becoming the most trustworthy financial institution in the community, the entire workforce is united in a determination to inculcate corporate ethics and legal compliance throughout the Bank.

The Bank has put in place a compliance structure. The Management Legal Affairs Division supervises

compliance issues and compliance officers are appointed at all departments, branches, and affiliated companies.

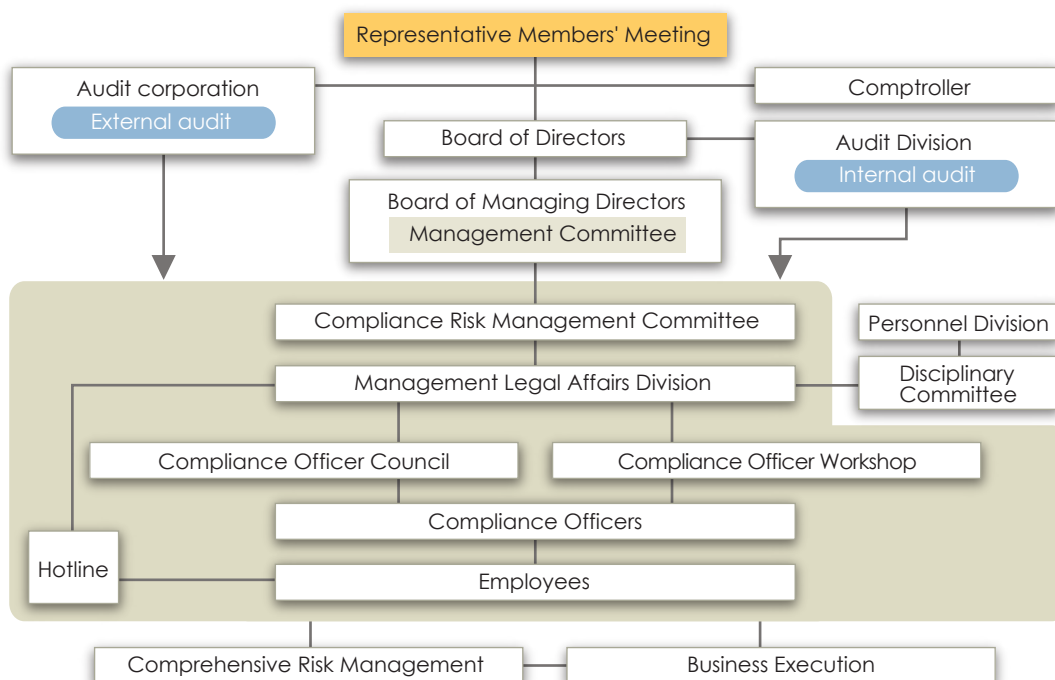
Against Antisocial Forces

Adhering to the Guidelines for Companies to Prevent Damage by Antisocial Forces, the Bank remains committed to ensuring that no relationship whatsoever exists between the Bank and antisocial forces.

Basic Policies on Antisocial Forces

1. Deal with antisocial forces as an organization.
2. Coordinate with external specialized agencies.
3. Cut off all relations with any antisocial force, including any transactions.
4. In emergencies, use civil and criminal legal responses.
5. Prohibit financing, inappropriate or abnormal transactions, and offering of benefits.

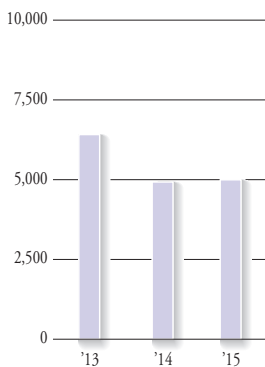
Compliance Structure



Financial Review

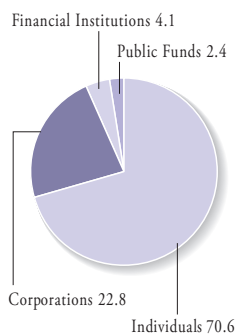
Operating Income

(Millions of Yen)



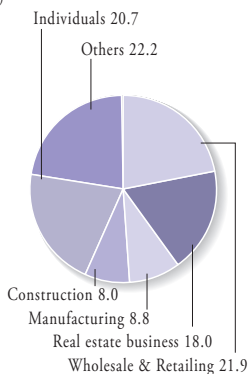
Deposits by Category of Depositors

(%)



Loans by Category of Borrowers

(%)



Economic & Financial Environment

During the fiscal year ended March 31, 2015 (fiscal 2014), the moderate recovery of the Japanese economy continued. Despite the reaction to the last-minute spike in demand in the run-up to the consumption tax increase, personal consumption was relatively robust, reflecting an improvement in both the labor market and personal incomes as the trend toward a weaker yen and higher share prices continued, underpinned by Abenomics. Capital investment also increased owing to improved corporate earnings.

Turning to the financial sector in Japan, the stock market was supported by robust corporate earnings, which was backed by the Bank of Japan's additional monetary easing and the weak yen, and booming overseas stock markets. The Nikkei average recovered to ¥19,206 by the end of fiscal 2014, having increased 29.5% from the previous fiscal year, maintaining a two-digit increase for the third consecutive year. On the other hand, long-term interest rates (yields of 10-year Japanese government bonds) trended downward, as low as 0.1% temporarily, and ended at 0.40% at the end of fiscal 2014.

According to the top priority to fulfilling the Bank's mission as a financial institution supplying funds for small and medium-sized companies, as well as facilitating financing, the Bank made a vigorous effort to provide loans for working capital and for capital investment to contribute to customers' growth. In particular, in order to promote management improvement and turnaround of small and medium-sized companies, we emphasized feasibility, including sustainability, in providing loans without being overly dependent on guarantees or collateral. We also held business fairs to help customers expand their sales channels and strove to ensure appropriate responses in accordance with the Guidelines for Management Guarantee.

While growth of loans to small and medium-sized companies is sluggish as a consequence of the decrease in the number of businesses in the areas served by the Bank, as a measure to increase loans, we emphasized loans for real estate investment for business customers and housing loans with a view to securing the earnings structure. Regarding the Business Promotion Office, which was established in October 2012 within the main office to cultivate promising medium-sized companies, its operational structure was expanded and reinforced and the Business Promotion Office was promoted to a division, the Corporate Business Division, in July 2014 and worked to expand provision of new loans.

As a result, loans outstanding at the end of fiscal 2014 were ¥16.2 billion higher than the figure at the end of the previous fiscal year, showing one of the highest increases in recent years.

In terms of deposits, personal pension deposits showed a stable increase as a result of the Bank's initiatives to increase pension accounts. As for front-office operations, we sought to enhance operational efficiency through centralized processing utilizing the Front-office Solutions System* and improve productivity through workforce reduction and reallocation.

* This system reduces tellers' workload.

Results of Operations

Results of the Bank's operations in fiscal 2014 are described below.

Deposits

The Bank maintained its focus on community-based sales and marketing. The balance of total deposits increased ¥14.3 billion compared with the figure at the previous fiscal year-end to ¥1,792.1 billion, as a result of the launch of prize-money-attached time deposits and lottery-attached time deposits, an increase in personal time deposits centering on personal pension deposits, and an increase in deposits by business customers owing to recovery of the business conditions of small and medium-sized companies.

Loans

Although demand from small and medium-sized companies in the community for new borrowings was sluggish, handling of loans for real estate investment for business customers and housing loans for personal customers grew steadily. Loans outstanding at the end of fiscal 2014 were ¥910.4 billion, ¥16.2 billion higher than the figure at end of the previous fiscal year.

Profitability

Although the market portfolio management operations secured a certain level of proceeds from fund management against the background of robust market conditions, proceeds from interest on loans decreased, reflecting a decline in the yield on loans in line with the intensifying interest rate competition among financial institutions. As a result, income before extraordinary income and taxes decreased by ¥0.3 billion from the previous year to ¥6.6 billion, and net income was unchanged at ¥4.5 billion.

Financial soundness

The Bank's capital adequacy ratio decreased 0.36 percentage points from the previous year-end to 9.61% at the end of March 2015. This decrease was attributable to the phase-in application of the transitional measure for the new regulatory framework for banks (Basel III) and an increase in risk assets. The ratio of non-performing loans decreased 0.84 percentage points to 6.74%. These indicators attest to the ongoing enhancement of the Bank's financial soundness and the Bank recognizes that its fundamentals continue to be robust.

Performance Indicators

Capital Adequacy Ratio and Members' Equity

The Bank's capital adequacy ratio was 9.61% at the end of March 2015, which greatly exceeds the 4% minimum requirement stipulated in the guidelines of the Financial Services Agency for banks operating domestically, attesting to the Bank's robust fundamentals.

Non-performing Loans

In fiscal 2014, non-performing loans outstanding based on the Financial Reconstruction Act decreased ¥6.7 billion compared with the figure at the end of the previous year. The ratio of non-performing loans was 6.74%, down 0.84 percentage points.

As of March 31, 2015, 91.18% of the non-performing loans held by the Bank were covered by mortgage collateral or high-quality guarantees and a reserve for possible loan losses. The Bank maintained a high coverage ratio.

* The total amount of receivables is the amount of receivables subject to disclosure pursuant to the Financial Reconstruction Act and is different from loans outstanding.

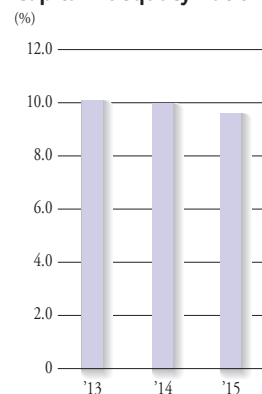
Issues to be Tackled

To strengthen the fundamentals and bolster the relationships with customers in the community, the Bank will make a concerted effort to tackle the following management issues:

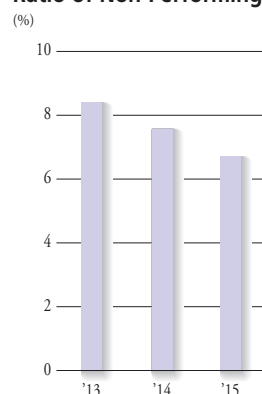
- Recognizing our mission as a financial institution supplying funds for small and medium-sized companies, we will practice problem-solving financing as well as facilitate financing for small and medium-sized companies that are our customers.
- In order to strengthen the fundamentals of the Bank, we will implement measures to increase loans to improve net business profits while concurrently working to streamline operations and enhance per capita productivity of personnel.
- In accordance with the Act on Overcoming Population Decline and Vitalizing Local Economies, the Bank will vigorously collaborate with local governments upon request and participate in promotion of comprehensive strategies.
- We will accord greater emphasis to protection of customers throughout our operations. As well as strengthening measures to prevent financial crimes and to ensure that no relationship whatsoever exists between the Bank and antisocial forces, we will systematically reinforce control systems and structures.

We are fully aware of the importance of management with a clear vision of the Bank's configuration in 10 years time, from a long-term perspective, with a five- to ten-year horizon, taking into consideration various changes in the business. We will continue our efforts to vitalize the local economy in a spirit of co-existence and co-prosperity with the community we serve. In these endeavors, we will be grateful for your continued support and cooperation.

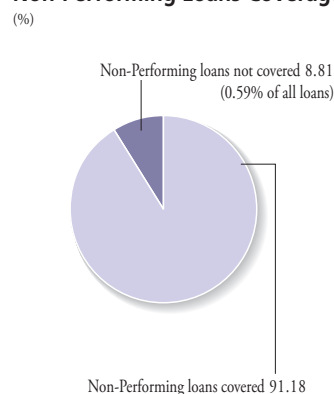
Capital Adequacy Ratio



Ratio of Non-Performing Loans



Non-Performing Loans Coverage



Balance Sheets

As of March 31,	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2015	2014	2015
ASSETS			
Cash	¥ 29,331	¥ 27,424	\$ 243,879
Due from Banks	549,568	538,944	4,569,456
Money Held in Trust	23,564	23,824	195,928
Trading Securities	6	1	50
Securities (Note 3)	334,401	337,261	2,780,421
Loans and Bills Discounted (Note 4)	910,437	894,218	7,569,945
Foreign Exchange (Note 6)	5,453	6,557	45,345
Other Assets	10,239	9,564	85,140
Tangible Fixed Assets	35,054	32,768	291,468
Intangible Fixed Assets	2,862	3,541	23,802
Deferred Tax Assets	—	1,936	—
Customers' Liabilities for Acceptances and Guarantees	8,104	9,975	67,382
Reserve for Possible Loan Losses	(3,279)	(3,946)	(27,270)
Reserve for Possible Losses on Investments	—	(104)	—
Total Assets	¥1,905,744	¥1,881,966	\$15,845,551
LIABILITIES AND EQUITY			
Liabilities:			
Deposits (Note 7)	¥1,792,172	¥1,777,850	\$14,901,244
Borrowed Money	100	900	831
Call Money	34	32	286
Foreign Exchange (Note 6)	64	69	535
Other Liabilities	14,582	11,583	121,246
Reserve for Employee Bonuses	571	597	4,751
Reserve for Retirement Allowances	10,217	9,134	84,951
Reserve for Retirement Benefits for Directors	243	244	2,021
Reserve for Loss from Refund of Sleeping Accounts	269	305	2,240
Reserve for Contingent Loss	276	277	2,302
Provision for Loss on Litigation	276	308	2,295
Deferred Tax Liabilities	92	—	765
Acceptances and Guarantees	8,104	9,975	67,382
Total Liabilities	1,827,004	¥1,811,278	15,190,854
Equity:			
Paid-in Capital	21,416	21,617	178,073
Additional Paid-in Capital	2,162	2,162	17,983
Legal Reserve	45,255	42,283	376,286
Total Members' Equity	68,835	66,064	572,343
Unrealized Gain on Available-for-Sale Securities	9,904	4,623	82,353
Total Valuation and Translation Adjustments	9,904	4,623	82,353
Total Equity	78,740	70,687	654,697
Total Liabilities and Equity	¥1,905,744	¥1,881,966	\$15,845,551

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

Statements of Income and Retained Earnings

Years ended March 31,	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2015	2014	2015
Income:			
Interest and Dividends on:			
Loans and Discounts	¥18,273	¥19,550	\$151,938
Securities	5,458	4,570	45,383
Others	190	194	1,584
Fees and Commissions:			
Fees and Commissions on Domestic and Foreign Exchange	1,705	1,731	14,182
Others	2,031	1,769	16,887
Other Operating Income:			
Gains on Foreign Exchange Transactions	203	234	1,692
Gain on Trading Account Securities Transactions	0	0	4
Gains on Sales of Bonds	1,218	1,083	10,128
Gains on Redemption of Bonds	17	—	141
Others	90	57	751
Other Income:			
Reversal of Allowance for Loan Losses	303	83	2,524
Collection of Written-off Claims	439	557	3,657
Gains on Sales of Stocks and Other Securities	1,021	2,179	8,492
Gains on Money Held in Trust	1,092	807	9,085
Others	515	646	4,287
Total Ordinary Income	32,562	33,466	270,744
Extraordinary Income (Note 8)	77	2	644
Total Income	32,639	33,468	271,388
Expenses:			
Interest Expenses:			
Deposits	2,039	2,028	16,956
Borrowings and Rediscounts	0	1	7
Others	4	5	41
Fees and Commissions	1,378	1,285	11,462
Other Operating Expenses:			
Losses on Sales of Bonds	432	238	3,594
Others	41	25	345
General and Administrative Expenses	20,417	20,856	169,764
Other Expenses	1,632	2,083	13,576
Total Ordinary Expenses	25,947	26,524	215,747
Extraordinary Losses (Note 9)	385	255	3,206
Total Expenses	26,333	26,780	218,954
Income before Income Taxes	6,306	6,688	52,434
Current	1,556	1,905	12,939
Deferred	221	238	1,842
Net Income	4,528	4,544	37,651
Retained Earnings (Balance at the Beginning of the Year)	2,199	979	18,286
Cumulative Effect of accounting changes	(691)	—	(5,751)
Restated Retained Earnings (Balance at the Beginning of the Year)	1,507	—	12,535
Balance at the End of the Year (Note 10)	¥ 6,035	¥ 5,523	\$ 50,186

Notes to Financial Statements

1. Yen Amounts

All yen figures are rounded down to the nearest one million yen.

Accordingly, breakdown figures may not add up to sums.

2. U.S. Dollar Amounts

U.S. dollar amounts presented in the accompanying financial statements are included solely for convenience and should not be construed as

representations that Japanese yen amounts have been or could in the future be converted into U.S. dollars. The rate of ¥120.27 to US\$1, prevailing on March 31, 2015, has been used for conversion into U.S. dollar amounts in the financial statements.

3. Securities

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
National Government Bonds.....	¥ 82,710	¥108,753	\$ 687,710
Local Government Bonds.....	1,055	1,060	8,777
Corporate Bonds.....	55,459	64,448	461,128
Stocks.....	24,231	18,417	201,472
Other Securities.....	170,943	144,581	1,421,333
Total	¥334,401	¥337,261	\$2,780,421

4. Loans and Bills Discounted

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Bills Discounted	¥ 30,080	¥ 33,253	\$ 250,112
Loans on Bills.....	26,884	32,061	223,538
Loans on Deeds.....	843,015	817,814	7,009,354
Overdrafts	10,456	11,088	86,940
Total	¥910,437	¥894,218	\$7,569,945

5. Disclosure pursuant to the Financial Reconstruction Act

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Non-Performing Loans			
Bankrupt or De facto Bankrupt	¥ 7,432	¥ 7,412	\$ 61,799
Doubtful	48,865	55,385	406,300
Special Attention	5,704	5,932	47,429
Subtotal	62,002	68,730	515,529
Normal	857,768	836,914	7,132,027
Total	¥919,771	¥905,645	\$7,647,556

6. Foreign Exchange

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
(Assets)			
Due from Foreign Banks	¥5,000	¥5,914	\$41,581
Foreign Currency Bills Bought	33	58	279
Foreign Currency Bills Receivable.....	419	584	3,484
Total	¥5,453	¥6,557	\$45,345
(Liabilities)			
Foreign Currency Bills Sold.....	¥ 51	¥ 69	\$ 430
Accrued Foreign Exchange	12	—	—
Total	¥ 64	¥ 69	\$ 535

7. Deposits

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current Deposits	¥ 52,616	¥ 49,066	\$ 437,487
Ordinary Deposits	490,736	455,776	4,080,289
Savings Deposits.....	38,115	40,264	316,915
Deposits at Notice	4,919	4,119	40,902
Time Deposits.....	1,107,422	1,131,630	9,207,800
Installment Savings.....	83,007	81,154	690,172
Other Deposits.....	15,355	15,838	127,676
Total	¥1,792,172	¥1,777,850	\$14,901,244

8. Extraordinary Income

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gain on Disposal of Fixed Assets	¥77	¥1	\$644
Other Extraordinary Income	—	0	—
Total	¥77	¥2	\$644

9. Extraordinary Losses

Years ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Losses on Sales of Equipment	¥155	¥160	\$1,289
Losses on Impairment of Fixed Assets.....	230	94	1,916
Total	¥385	¥255	\$3,206

10. Subsequent Event

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at the End of the Year	¥6,035	¥5,523	\$50,186
Appropriations:			
Transfer to Legal Reserve	460	460	3,824
Cash Dividends	642	864	5,342
Payout Ratio	3% per year	4% per year	3% per year
Transfer to Voluntary Reserves	3,500	2,000	29,101
Total Appropriations	4,602	3,324	38,267
Retained Earnings (Balance at the End of the Year)	¥1,433	¥2,199	\$11,918

Auditor's Report

In accordance with the provisions of Article 38-2, Paragraph 3 of the Shinkin Bank Act, KPMG AZSA LLC audited the balance sheets of the Bank as of March 31, 2015 and 2014, and the related statements of income and statements of retained earnings for the two years ended March 31, 2015 and 2014 and provided the Bank with an auditor's report stating an unqualified opinion.

Board of Directors and Auditors

(As of July 1, 2015)

Chairman of the Board and President

Kazuo Kobayashi

Executive Vice President

Hiroshi Hashimoto

Managing Directors

Takahiro Nakamura

Yoshihiko Maeda

Toshiyuki Misawa

Standing Directors

Masahiko Sakata

Kazuhiro Kojima

Masaaki Hirokawa *1

Teruhisa Okamoto *1

Hideo Masuuchi

Hideo Takai

Non-Standing Senior Advisor to the Board

Kunitake Moriwaki *1

Non-Standing Managing Director

Keizo Yamaguchi *1

Standing Auditor

Shigeyuki Mori

Non-Standing Auditors

Kiyoshi Sakamoto *2

Shin Kobayashi

Kensuke Mori

Executive Officers

Toshikazu Nagakura

Hidenori Aihoshi

Yoshiaki Tsurumaki

Kazuhiro Kirihara

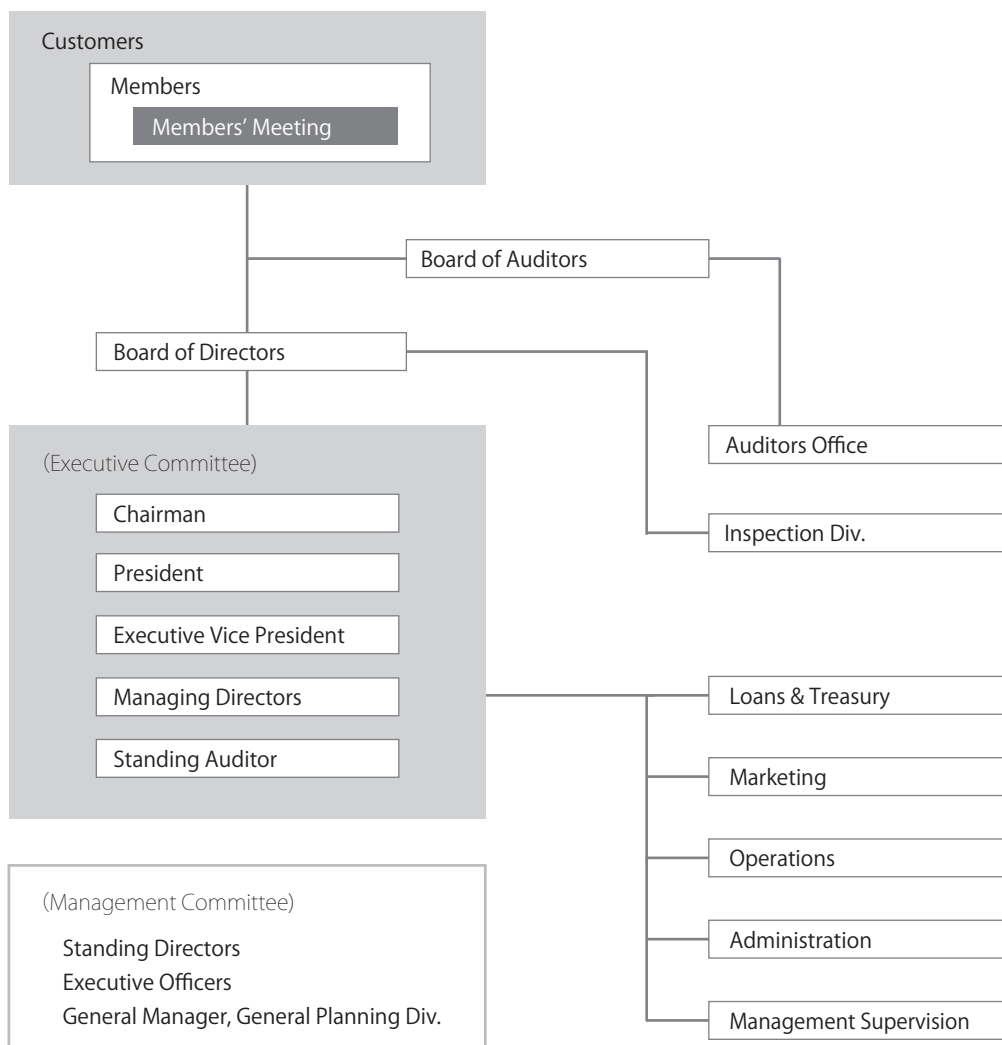
Yasuhiro Ito

Notes

1. Directors Masaaki Hirokawa, Teruhisa Okamoto, Kunitake Moriwaki, and Keizo Yamaguchi are outside directors in accordance with the *shinkin* bank industry's agreement on measures to enhance functions of the board of directors.
2. Auditor Kiyoshi Sakamoto is an outside auditor as provided for in Article 32, Paragraph 5 of the Shinkin Bank Act.

Organization Chart

(As of July 1, 2015)



Directory

(As of March 31, 2015)

BANK DATA

Main Office

1-2, Higashi-Kanda 2-chome,
Chiyoda-ku, Tokyo 101-0031
Telephone: 03-3862-0321

Established

August 3, 1923

Number of Employees

1,513

Membership

115,669

Number of Branches

(including 4 Sub-Branches)
66

Number of ATM Terminals

(off-site ATMs)
12

SERVICE NETWORK

International and Treasury Division

6-12, Iwamoto-cho 3-chome, Chiyoda-ku
Telephone: 03-3862-0393

Foreign Exchange Offices

Head Office

8-2, Taito 2-chome, Taito-ku, Tokyo 110-0016
Telephone: 03-3833-0251

Toshimacho Branch

1-2, Higashi-Kanda 2-chome, Chiyoda-ku, Tokyo 101-0031
Telephone: 03-3862-0311

Nishimachi Branch

2-1, Higashi-Ueno 1-chome, Taito-ku, Tokyo 110-0015
Telephone: 03-3833-9241

Kotobuki Branch

10-13, Kotobuki 2-chome, Taito-ku, Tokyo 111-0042
Telephone: 03-3844-3166

Asakusa Branch

49-12, Asakusa 4-chome, Taito-ku, Tokyo 111-0032
Telephone: 03-3876-0701

Yushima Branch

1-5, Yushima 2-chome, Bunkyo-ku, Tokyo 113-0034
Telephone: 03-3814-5261
Relocated to temporary premises (21-16, Yushima 2-chome, Bunkyo-ku)
during reconstruction

Asakusabashi Branch

17-7, Asakusabashi 3-chome, Taito-ku, Tokyo 111-0053
Telephone: 03-3864-5011

Higashinohonbashi Branch

1-7, Higashi-Nihonbashi 1-chome, Chuo-ku, Tokyo 103-0004
Telephone: 03-3863-6711

Kandaogawamachi Branch

1, Kanda-Ogawamachi 3-chome, Chiyoda-ku, Tokyo 101-0052
Telephone: 03-3292-5301

In addition to the 9 foreign exchange offices mentioned above, we have 13 foreign exchange sub-offices.



THE ASAHI SHINKIN BANK

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