

2012

Annual Report



THE YAMANASHI CHUO BANK

Our Mission

Region-Based Operations and Sound Management

Maintaining a close relationship with the communities in the region where we operate, we will contribute to the prosperity of the region and the development of its economy, with a commitment to sound management that enjoys the trust of our customers, while bolstering our business operations.

Management Vision

Creating a prosperous future together with the local community through the provision of high-quality financial services

Future Creation Plan 2013

Medium-Term Management Plan: Basic Strategies

"Strengthen marketing capabilities"

"Strengthen the management base"

"Contribute to the local community and the region"



Head office

Profile (as of March 31, 2012)

Corporate Name:	The Yamanashi Chuo Bank, Ltd.
Head Office:	20-8, Marunouchi 1-chome, Kofu, Yamanashi
Established:	December 1, 1941
President:	Nakaba Shindo
Common Stock:	¥15,400 million
Number of Shares Issued:	184,915,000 shares
Stock Listing:	First Section of the Tokyo Stock Exchange
Long-Term Credit Rating:	A+ (Rating and Investment Information, Inc.)
Network:	Domestic: 91 locations (Head Office and Branches: 89, District Offices: 2) Corporate Sales Offices: 2 Overseas: Hong Kong Representative Office
Businesses:	The Yamanashi Chuo Bank Group comprises the Yamanashi Chuo Bank and four consolidated subsidiaries. Centered on its core banking business, the Group provides an integrated financing service that includes a leasing and credit-card business. The Bank is the leading local bank in Yamanashi Prefecture, and its sphere of operations encompasses both the prefecture and the western part of the Tokyo metropolitan region.

Forward-looking statements

Statements contained in this report regarding the Bank's future performance do not constitute statements of historical fact, and are thus subject to a number of risks and uncertainties. Readers are therefore cautioned not to place undue reliance on forward-looking statements, as factors beyond the Bank's control and outside its ability to predict, including general economic conditions and market fluctuations, could cause results to diverge materially from the Company's projections.

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Consolidated Financial Highlights

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
Fiscal years ended March 31

Millions of yen

	2008	2009	2010	2011	2012
Ordinary Income	67,206	60,333	57,423	54,514	51,892
Ordinary Profit	8,363	7,383	6,913	8,013	9,606
Net Income	4,252	5,774	3,475	4,056	7,323
Comprehensive Income	—	—	—	(5)	14,708
Net Assets	161,799	146,722	161,976	159,424	172,343
Total Assets	2,602,302	2,605,532	2,709,198	2,731,372	2,890,741
Net Assets per Share (Yen)	874.47	793.66	875.40	878.10	959.53
Net Income per Share (Yen)	23.04	31.31	18.85	22.23	40.68
Capital Adequacy Ratio (Domestic Standard, %)	13.11	14.20	15.23	16.07	16.41
Return on Equity (%)	2.46	3.75	2.25	2.53	4.44
Price Earning Ratio (Times)	26.11	16.44	21.79	18.16	9.04
Cash Flows from Operating Activities	29,565	137,248	92,036	44,621	207,059
Cash Flows from Investing Activities	(21,584)	(66,253)	(135,694)	(61,293)	(181,424)
Cash Flows from Financing Activities	(1,151)	(1,102)	(1,117)	(2,551)	(1,821)
Cash and Cash Equivalents	59,142	129,018	84,251	65,030	88,844

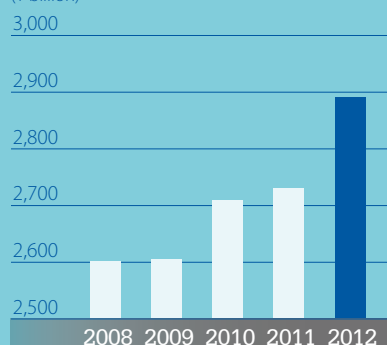
Notes

(1) Amounts do not include consumption and local taxes payable by the Bank and its consolidated subsidiaries.

(2) Capital ratio is calculated on a consolidated basis in accordance with the Bulletin Notification No. 19 issued by the Financial Services Agency in 2006 under Paragraph 2, Article 14 of the Banking Law).

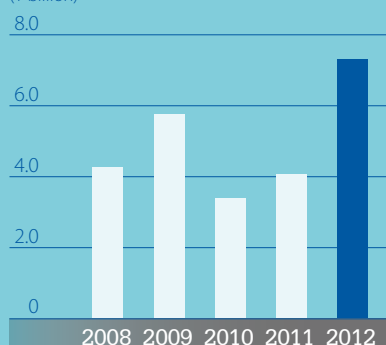
Total assets

(¥ billion)



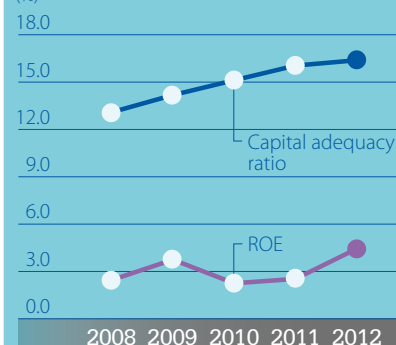
Net income

(¥ billion)



ROE/ Capital adequacy ratio (Domestic standard)

(%)



Message from the President



I would like to take this opportunity to thank our shareholders and other stakeholders for their steadfast support for the Bank and its Group companies.

In addition to global structural changes due to the rise of emerging countries and other factors, Japan is faced with a wide range of changes including a seriously dwindling population. Further, financial institutions are surrounded by increasingly harsh economic conditions, as future economic uncertainties remain. Among these are the continuing appreciation of the yen caused by European financial instability, the overseas economic slowdown and other factors, and concerns over the impact of electric power supply restrictions on economic activity.

In this adverse economic environment, the Yamanashi Chuo Bank is making ever-greater efforts to perform its role as a community-based financial institution and to facilitate business and consumer financing and maintain the standard of living of our retail customers.

Below, we present an overview of our business performance for fiscal 2011 (April 2011 to March 2012), together with a report on future management plans.

Nakaba Shindo, *President*

Overview of fiscal 2011 performance

In the fiscal year ended March 31, 2012, the Japanese economy saw its supply chain restored and was on track to recovery, despite the widespread effects of the Great East Japan Earthquake at the beginning of fiscal 2011. After the summer, the economy stalled mainly due to the overseas economic slowdown, the appreciation of the yen, and floods in Thailand. However, toward the end of the fiscal year, there were signs of recovery after the economic rebound in the United States and a temporary stop to the yen's appreciation.

The Nikkei average of share prices dropped to the low ¥8,000 level due to concerns about European financial problems and other factors. Further, the exchange rate temporarily reached ¥75 to \$1, but returned to ¥80 after further the loosening of monetary policy by the Bank of Japan and the Nikkei average of share prices recovered to the ¥10,000 level.

The economy of Yamanashi Prefecture, which is the principal business base of the Group, experiencing the effects of the earthquake disaster at the beginning of fiscal 2011, recovered after production declines in manufacturing industries and a sharp decrease in tourism due to travel restraint on the part of tourists. However, production and demand slowed in the second half as the recovery leveled off.

Against this financial and economic backdrop, the management and employees of the Bank worked hard together to meet targets in the Future Creation Plan 2013 Medium-Term Management Plan (April 2010 to March 2013) with the goal of expanding our business and earnings power while streamlining operations and generating improved efficiencies.

During the period under review, we took steps to improve customer satisfaction and our ability to offer solutions.

First, in partnership with public and private sector support institutions, we have been providing needed solutions to business issues faced by customers through the use of Yamanashi Chugin Management Support Coordination Services. At the same time, we offered business matching services to help companies develop and expand their marketing channels.

We offered customers involved in growth business fields and local industries the Yamanashi Chugin "Growth Platform Reinforcement Fund" in line with the same program under the Bank of Japan. As for international services, to help our customers who seek to develop business overseas, such as those who are entering high-growth Asian countries and developing their marketing channels, we formed business partnerships with the Bangkok Bank of Thailand and Bank of Communications in Shanghai, China. Leveraging these partnerships, we have been providing various financial services, local business information, and trade transaction support.

To commemorate the 70th anniversary of the Bank's founding, we conducted various campaigns and aggressively met the diversified asset management needs of our retail banking customers. To respond to the funding needs of customers over their entire lifetimes, we continued to offer interest rate plans for mortgage loans and carried out special interest rate campaigns for various loans.

As a result of the foregoing, ordinary income on a consolidated basis in the year ended March 31, 2012 declined ¥2,622 million to ¥51,892 million. Ordinary profit, however, increased ¥1,592 million to ¥9,606 million, and net income climbed ¥3,266 million to ¥7,323 million.

In the Bank's main accounts, the year-end balance of total deposits on a consolidated basis rose ¥115.1 billion to ¥2,463.8

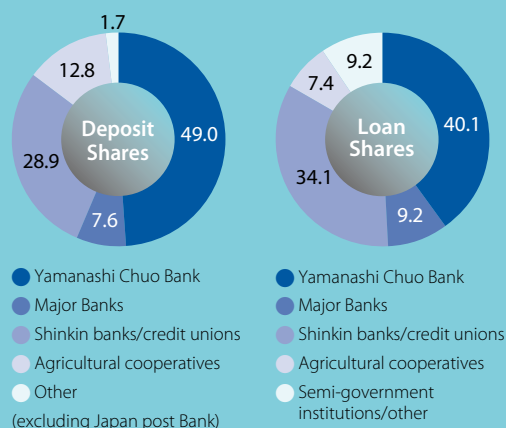
The Economy of Yamanashi Prefecture — Our Business Base (fiscal 2011)

General Prefectural Production: ¥3,476 billion
 Real Growth Rate: -6.1%
 Shipment Value of Production in Prefecture: ¥2,321 billion

Major Products and Their Share in Japanese Market

Products	Shipment Value (¥ billion)	Share (%)	Ranking
Precious Metal Products	28.5	29.8	No. 1
Wine	12.8	23.6	No. 1
Mineral Water	20.4	26.5	No. 1
Wafer Processing Equipment	174.2	20.8	No. 1
Flat-Panel Display Manufacturing Equipment	62.2	13.7	No. 3
Medical Apparatus and Instruments	49.9	9.4	No. 3
Quartz crystal units (excluding for clock and watch use)	11.0	6.1	No. 3

Shares in Yamanashi Pref. (%) (as of March 31, 2012)



billion thanks to increased retail and corporate deposits. This was the result of enhancing our products and services to meet the increasingly diversified asset management needs of our customers at a time of persistent low interest rates. Total deposits including negotiable certificates of deposit (NCD) climbed ¥94.7 billion to ¥2,600.6 billion. Over-the-counter sales of Japanese government bonds and investment trusts decreased year on year by ¥18.0 billion to ¥211.9 billion.

Although we increased loans to individuals and second-tier and SME companies in a climate of overall weak funding demand, loans and bills discounted declined ¥41.7 billion to ¥1,474.9 billion due to a decrease in loans to public bodies. In addition to underwriting government-guaranteed and municipal and other public bonds, efficient management of our portfolios with a close eye on the investment environment and market trends enabled us to increase our balance of investment securities by ¥186.2 billion to ¥1,278.0 billion.

Future management policies

Japan's future economic outlook is for a modest recovery amid full-fledged reconstruction demand and overseas economic recovery. On the other hand, conditions are such that uncertainties cannot be dispelled, with concerns existing over rising crude oil prices and the stable supply of electric power.

From a medium- to long-term perspective, the dwindling birthrate and aging population along with the continuing overseas shift, especially in the manufacturing industry, are causing major social and economic changes.

Against this backdrop, for the prosperity of the local community and development of the local economy, as a regional financial institution, we are asked to provide high-quality services, reinforce

our business structure, and actively contribute to the development of local industries and regional revitalization.

To properly address these issues, in April 2010, the Group launched its Future Creation Plan 2013 medium-term management plan covering the period from April 2010 to March 2013. Under this plan, our aim is to achieve the Bank's ideal of high-quality financial services to build the foundations for our future in partnership with our community.

In this, the final year of the plan, we have identified three basic strategies – strengthening marketing capabilities, strengthening our management base, and contributing to the local community and region – as means of improving customer loyalty over the long term, and establishing a highly sound, low-cost, high-profit earnings structure for the Bank. The entire workforce is fully committed to achieving these.

With our new computer system for core banking operations and leveraging our new KeyMan integrated loan support system that was launched in October 2011, we seek to streamline and rationalize our entire operations, rebuild our marketing system to communicate more effectively with customers, and further strengthen our solutions business.

In order to constructively contribute to the management and growth support of local companies, the core business base of the Group, we will enhance our internal control system by continuously developing human resources capable of assessing enterprise value and upgrading our risk management capabilities.

The Group and all management and employees will fully unite to contribute to community prosperity and economic development.

President

Nakaba Shindo

Future Creation Plan 2013 Medium-Term Management Plan

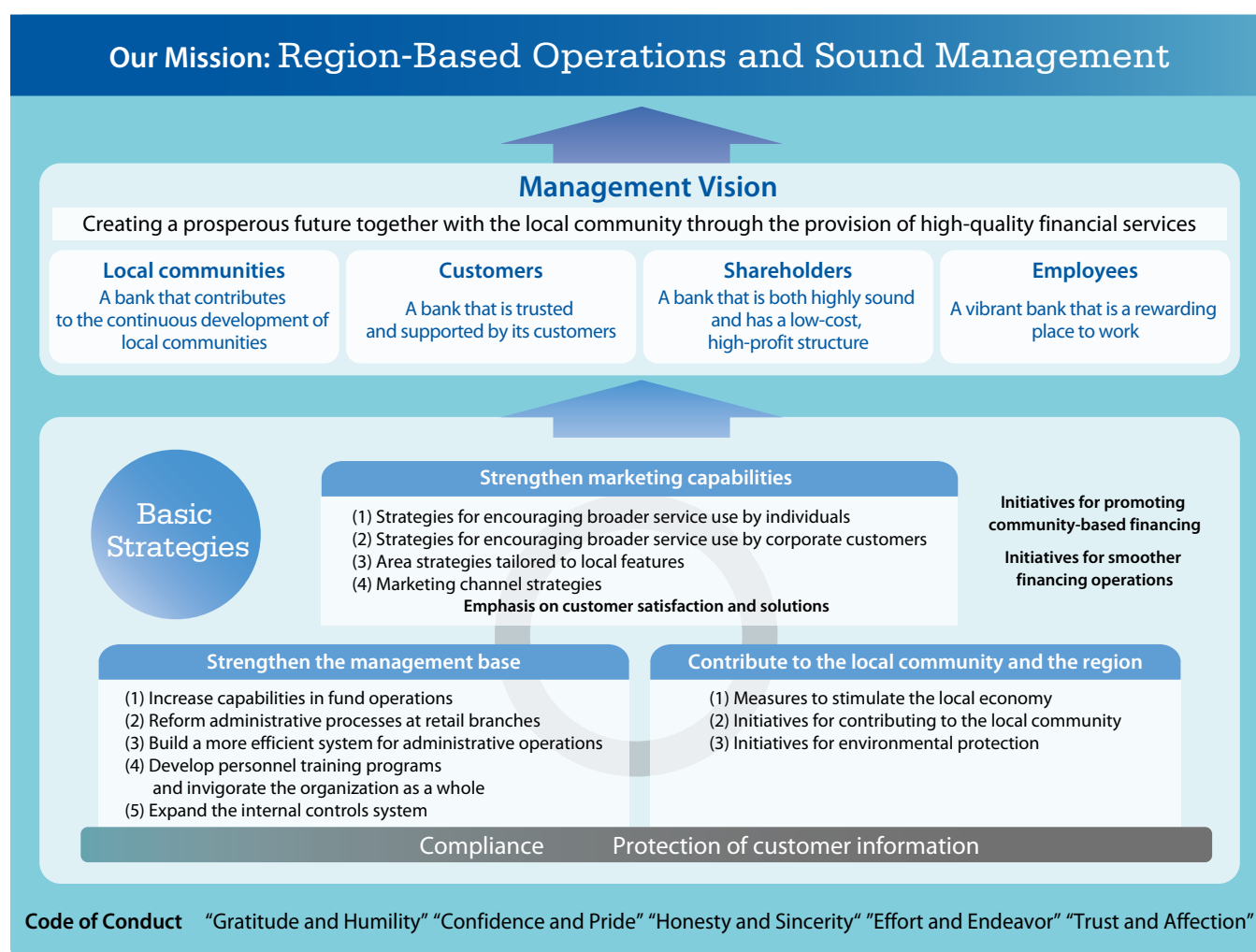
Overview

In line with the Bank's Management Philosophy – "Region-Based Operations and Sound Management" – the goal of our new medium-term management plan is to even more actively perform our role of facilitating the growth of the regional economy and the prosperity of the local community. We aim to do this by creating a prosperous future together with the local community through the provision of high-quality financial services.

For this purpose, we must raise customer loyalty by making the Yamanashi Chuo Bank into a financial institution that is both highly sound and has a low-cost, high-profit structure. To do this, we have decided to tackle three strategic themes: strengthening our marketing capabilities, strengthening our management base, and

contributing to local communities.

We have drawn up a Code of Conduct incorporating five sets of principles for observance by all our staff, from the executive level downward. They are: gratitude and humility; confidence and pride; honesty and sincerity; effort and endeavor; and trust and affection. Through the observance of these principles, we believe that we will make progress in realizing the Bank's corporate social responsibility and thereby improve customer satisfaction, and that we will nurture an attitude of self-reliance and self-responsibility among all our employees and thus attain the goals of our medium-term management plan.



Target Business Indicators (FY2012)

Gross banking profit on core operations	Net business profit on core operations	OHR	ROA	ROE	Capital ratio	NPL ratio	Average loan balance	Average deposit balance
¥44 bn or above	¥14.5 bn or above	67% or under	0.5% or above	3.3% or above	14% range	3% range	¥1,570 bn	¥2,600 bn

CSR within the medium-term management plan

At the Yamanashi Chuo Bank, we are working to fulfill our corporate social responsibilities, as we recognize that this, along with sustained value creation and improved competitiveness, is essential in forging even stronger ties with all our stakeholders, including our customers and shareholders, other market investors, our employees, and the regional community. In addition to contributing to regional revitalization through our core businesses, we will take further measures to contribute to society and protect the environment to meet our obligations as a corporate citizen.

Contribute to the Regional Community – Strengthening CSR Initiatives



Held "Yamanashi Food Matching Fair"

Detailed business talk Scheduling → Find out from external buyers the best ways of displaying food products → Matching Fair → Hosted a follow-up meeting

Results of "Yamanashi Food Matching Fair 2011" (As of December 31, 2011)

- Number of business meetings held: **1,838**
- Matches made at business meetings (contracts concluded): **141**
- Potential contracts/Business meetings continued: **245**
- Loan procurement, etc.: **32**



Regional Economic Revitalization Initiatives

- Industry revitalization through regional cooperation
- Participate in regional development
- Support for regional economic revitalization linked to government policies



Publication of "Business Chances Directly from the University of Yamanashi" (1st issue: June 28, 2006)

Environmental Initiatives

- Environmental business initiatives through Bank's main line of business
- Initiatives to reduce Bank's environmental impact
- Ongoing, proactive environmental conservation initiatives based on cooperation with local communities



Solar power unit



Environment-friendly products

Sustainable Development of the Regional Community

Contributing to the Regional Community

- Educational support
- Promotion of culture, arts, sports, etc.
- Social contribution activities, in welfare etc.



Promotion of sports in Yamanashi Prefecture through volleyball



Acquired the naming rights to the Kose Sports Park athletic field



Holding financial courses at universities

Community-Based Financial Services

Basic Policy

The provision of community-based financial services is essential for the Bank, and our Future Creation Plan 2013 Medium-Term Management Plan (April 2010 – March 2013) embodies this principle.

The Bank hopes that the proper implementation of the various measures planned under Future Creation Plan 2013 will lead to significant progress in turning the Bank into a truly community-based financial institution.

- 1 Demonstrate consulting capabilities to corporate customers
- 2 Constructively participate in entire regions' revitalization
- 3 Actively disseminate information to communities and customers

Our Mission: Region-Based Operations and Sound Management

Future Creation Plan 2013 Medium-Term Management Plan

Promoting community-based financing

1

Demonstrate consulting capabilities to corporate customers

- Initiatives for supporting business start ups, new business, and growth companies
- Initiatives for supporting management improvement and business rehabilitation
- Initiatives for business succession
- Expanding loan product menu for second-tier and SME companies
- Improving employees' capability of assessing enterprise value by developing highly specialized staff

2

Constructively participate in entire regions' revitalization

- Helping revitalize local economy
- Making contributions to community life

3

Actively disseminate information to communities and customers

Enhancing customer loyalty

Establishing a structure that is highly sound, low-cost, and high-profit

Creating a prosperous future together with the local community through the provision of high-quality financial services

Corporate growth assistance through collaboration with technological advisors (April 2001 to March 2012)

Number of investment target and borrower enterprises, investment amount	179 ¥13.2 bn	In the field of corporate growth support, since employment of business advisors in April 2001, we have provided consulting services to 525 companies regarding expansion of marketing channels and evaluation of potential of business.
Number of business matching deals	71 lines	

Yamanashi Chugin Management Support Coordination Services, and corporate customer support through business matching services (April 2005 to March 2012)

Number of companies that have received support (problem-solving) from Yamanashi Chugin Management Support Services	591	The coordination services utilizes a network of contacts linking the Bank with external support institutions to offer corporate customers tailored proposals backed up by specialist know-how (Jan. 2006-March 2012)
Number of business matching deals successfully concluded via the Bank's network or Bank-sponsored business meetings	1,578	Business matching has been achieved by using the Bank's network to provide data on customer companies, as well as business fairs such as the Yamanashi Food Sector Business Matching Fair, the Regional Banking Food Selection, etc. (FY2005-2012)

Achievements in Support for Management Improvement (April 2011 to March 2012)

Debtors (excluding normal borrowers) as of the start of term: A	2,772
Of which, those receiving management improvement support: a	214
Of which, those upgraded their debtor categories as of the term-end: b	18
Of which, those drawing up reconstruction plans: c	128
Percentage receiving management improvement support: (a/A)	7.7%
Percentage upgraded: (b/a)	8.4%
Percentage drawing up reconstruction plans: (c/a)	59.8%

Corporate Banking

Contributing to regional economic revitalization

In cooperation with external support organizations, the Yamanshi Chuo Bank Group works to provide high-quality financial services through the construction of a support framework for the founding and start-up phase of new businesses, as well as business development and revitalization.

In fiscal 2012, just as in the previous fiscal year, the Bank facilitated funding to local companies, demonstrated its consulting capabilities to corporate customers, and strengthened its solutions business.

To strengthen its support for companies in growth business fields such as healthcare, the environment, and tourism, from August 2010 to March 2012, the Bank offered the Yamanashi Chugin "Growth Platform Reinforcement Fund" in line with the same program under the Bank of Japan.

In April 2012, we set up the Yamanashi Chugin "Local Revitalization Reinforcement Fund" and further boosted our support of growth fields and local industry.

To increase loans to second-tier and SME companies, we expanded our methods of financing, promoted financial products that use a scoring model along with liquidity asset-based lending, thereby increasing the number of loans that are not dependent on real estate collateral.

In our consulting activities to corporate customers, we collaborated with a large number of external support institutions, including the University of Yamanashi, Yamanashi

Gakuin University, Yamanashi Gakuin Junior College and the Yamanashi Industry Support Organization, to provide information over a wide spectrum of activities and provide appropriate solutions to solve our customers' business problems through Yamanashi Chugin Management Support Coordination Services. We likewise expanded our business matching services including Yamanashi Food Sector Business Matching Fair and the Regional Banking Food Selection event to help develop and expand marketing channels.

In the field of international business, to assist our customers who seek to expand their businesses overseas by helping them to enter high-growth Asian markets and develop their marketing channels, we formed business partnerships with the Bangkok Bank and the Bank of Communications in Shanghai, China. Leveraging these partnerships, we have been providing various financial services locally, providing local business information, and support for trade transaction.

The total of loans outstanding at SMEs as of March 31, 2012 was down by ¥11.8 billion to ¥482.4 billion, accounting for 33% of all loans outstanding.

The Bank remains committed to supporting the needs of local companies, which are the mainstay of the regional economy, and will provide integrated financial services and enhanced consulting capabilities.



The Regional Banking Food Selection Event

Signing ceremony with the Bank of Communications



Consumer Banking

Meeting diverse asset management needs

To commemorate the 70th anniversary of the Bank's founding in December 2011, various campaigns were conducted as commemorative events. To proactively meet the diverse asset management needs of our customers, the Bank conducted the "Fixed Compound Interest Rate Time Deposit 'Suzunari'"



Seminar for senior citizens on inheritance and preinheritance strategies

Campaign," the "Investment Trust Campaign," and the "Automatic Renewal Foreign Currency Time Deposit with Special Interest Rate Campaign."

To satisfy customer funding needs over their lifetimes, we continued to offer preferential mortgage loan interest rate plans and various campaigns for loans with special interest rates.

To build stronger relationships with senior citizen customers, we held the "Yamanashi Chugin 70th Anniversary Omoto Members Fellowship Travel" event attended by nearly 3,000 people.

The balance of loans to individuals at the fiscal year-end decreased by ¥4.5 billion from the previous year-end, to ¥372.6 billion, accounting for 26% of all loans. The balance of housing loans outstanding at the year-end stood at ¥359.4 billion, down ¥1.9 billion from the previous year-end.

Western Tokyo Bloc

Potential for greater profitability and efficiency than in Yamanashi Prefecture

The Bank continued to develop the market in the western part of the Tokyo Metropolitan Area, which we refer to for marketing purposes as the Western Tokyo Bloc. Bordering Yamanashi Prefecture to the east, the western part of Tokyo in which we operate is a large market, home to around 5.30 million people and 180,000 places of business, and has tremendous growth potential.

As of March 31, 2012, we had 13 branches and two corporate sales offices in the bloc, and most of them have been in operation for 30 to 40 years. They are well established in local communities.

In May 2012, one of our corporate sales offices was turned into a branch (Sagamihara Branch) and has since been extending consumer loans and offering asset management advice to retail customers.

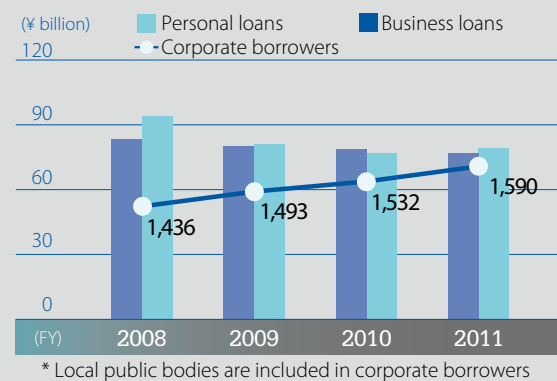
This bloc (western Tokyo) is more profitable and efficient than any of the blocs within Yamanashi Prefecture and the Bank's current medium-term management plan involves turning this marketing bloc into a significant revenue base. To this end, we are aggressively developing new sales bases and rebuilding sales promotion systems for each branch. Through these investments of management resources and efficient management, we will enhance marketing activities to achieve even greater profitability and efficiency.

As for our fiscal 2011 performance, personal loans decreased by ¥2.1 billion year on year to ¥76.9 billion, and

business loans experienced a year-on-year increase of ¥2.4 billion to ¥79.2 billion.

The number of separate recipients of business loans increased by 58 from the previous year for a total of 1,590 corporate borrowers now on our books. The loan RAROA (earnings after deduction of credit cost/loans), a prime indicator of profitability, was better than the equivalent for any of the districts of Yamanashi Prefecture, displaying the excellent profitability of our operations in the western Tokyo area.

Loans and corporate borrowers in Western Tokyo Bloc



Financial Review (on a consolidated basis)

Operating Environment

In the fiscal year ended March 31, 2012, the Japanese economy saw its supply chain restored and was on track to recovery, despite the widespread effects of the Great East Japan Earthquake at the beginning of fiscal 2011. After the summer, the economy stalled mainly due to the overseas economic slow-down, the appreciation of the yen, and floods in Thailand. However, toward the end of the fiscal year, there were signs of recovery after the economic rebound in the United States and a temporary stop to the yen's appreciation.

The Nikkei average of share prices dropped to the low ¥8,000 level due to concerns about European financial problems and other factors. Further, the exchange rate temporarily reached ¥75 to \$1, but returned to ¥80 after further loosening of monetary policy by the Bank of Japan and the Nikkei average of share prices recovered to the ¥10,000 level.

The economy of Yamanashi Prefecture, which is the principal business base of the Group, experiencing the effects of the earthquake disaster at the beginning of fiscal 2011, showed signs of recovering after production declines in manufacturing industries and a sharp decrease in tourism due to travel restraint by tourists. However, production and demand slowed in the second half as the recovery leveled off.

Overview of Earnings

The Bank strengthened its earning capacity and rationalized and streamlined its entire operation, nevertheless, gross banking profit decreased on lower interest income and lower income from fees and commissions and decreased earnings on bond transactions including Japanese government bonds. Moreover, expenses increased due mainly to the increased depreciation burden of our next generation computer system called "Bank Vision." Non-performing loan disposal costs decreased significantly from the previous year, with the effects of a more rigorous calculation approach that is a refinement of the probable loss method for the allowance for possible loan losses more than offset by the effects of proactive consultation and support with rehabilitation to raise management standards at borrower companies.

As a result of the foregoing, ordinary income declined ¥2,622 million year on year to ¥51,892 million, while ordinary profit increased ¥1,592 million to ¥9,606 million.

Despite an increase in income taxes-deferred due to a decline in the effective tax rate with the application of tax effect accounting following the enactment of the "Act on Partial Revision of the Income Tax Act, etc. for creating a tax system in response to changes in the economic and social structure" (revised Corporate Tax Act), due to a substantial decrease in income taxes following tax-free treatment of held stock that in past years had been a taxable depreciation, consolidated net income increased ¥3,266 million to ¥7,323 million.

Overview of Principal Accounts

The year-end balance of total deposits on a consolidated basis rose ¥115.1 billion to ¥2,463.8 billion thanks mainly to increased retail and corporate deposits during the year. This was the result of enhancing our products and services to quickly and appropriately meet the increasingly diversified asset management needs of our customers at a time of persistent low interest rates. Total deposits including negotiable certificates of deposit (NCD) climbed ¥94.7 billion to ¥2,600.6 billion. Total over-the-counter sales of Japanese government bonds and investment trusts decreased year on year by ¥18.0 billion to ¥211.9 billion.

Although we increased loans to individuals and second-tier and SME companies in a climate of overall weak funding demand, loans and bills discounted came to ¥1,474.9 billion, a decline of ¥41.7 billion mainly due to a ¥42.9 billion decrease in loans to public bodies.

In addition to underwriting government-guaranteed and municipal and other public bonds, efficient management of our portfolios with a close eye on the investment environment and market trends enabled us to increase our balance of investment securities by ¥186.2 billion to ¥1,278.0 billion.

In addition, the capital adequacy ratio (domestic standard) on a consolidated basis increased 0.34 percentage points to 16.41%.

Cash Flows

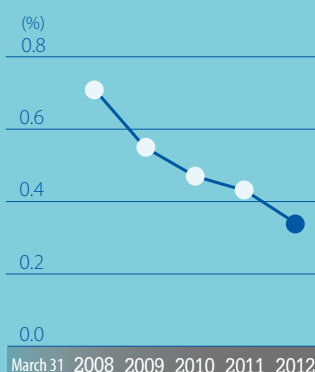
Net cash provided by operating activities amounted to ¥207.0 billion (compared with net cash inflows of ¥44.6 billion in the previous fiscal year) mainly reflecting an increase of ¥94.7 billion in deposits and negotiable certificates of deposit, a ¥54.9 billion increase in borrowed money, and a decrease of ¥41.7 billion in loans and bills discounted.

Net cash used in investing activities totaled ¥181.4 billion (compared with a net outflow of ¥61.2 billion in the previous term) mainly due to ¥371.7 billion for the acquisition of investment securities and ¥191.6 billion for the sale and redemption of investment securities.

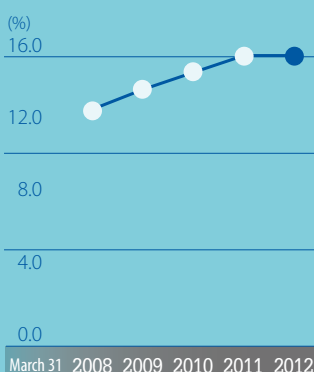
Net cash used in financing activities came to ¥1.8 billion (compared with a net outflow of ¥2.5 billion in the previous term) largely due to ¥0.6 billion for the purchase of treasury stock and ¥1.1 billion in dividend payments.

As a result, cash and cash equivalents at the end of the term came to ¥88.8 billion (up ¥23.8 billion from the previous term).

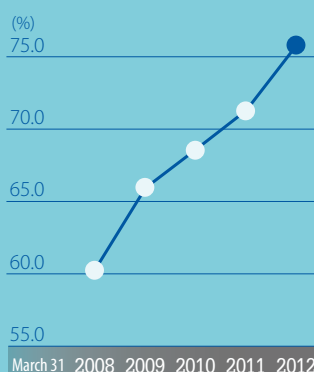
ROA



Capital adequacy ratio (domestic standard)



OHR



ROA = Core net business profit/(Average Balance of Total Assets - Average Balance of Customers' Liabilities for Acceptances & Guarantees)
Capital Ratio = On a consolidated basis, domestic standard
OHR = Operating expenses/Core Gross Business Profit

Note: All except for the capital ratio are on a non-consolidated basis.

【Consolidated Financial Statements】

①【Consolidated Balance Sheets】

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2011 (March 31, 2012)	End of FY2010 (March 31, 2011)	End of FY2011 (March 31, 2012)
Assets:			
Cash and due from banks	¥88,979	¥65,200	\$1,082,609
Call loans and bills bought	2,354	13,234	28,645
Monetary claims bought	12,293	10,515	149,572
Trading securities	18	40	229
Securities ※1, ※8, ※13	1,278,084	1,091,852	15,550,366
Loans and bills discounted ※2, ※3, ※4, ※5, ※6, ※7, ※10	1,474,910	1,516,665	17,945,134
Foreign exchanges ※6	415	771	5,061
Other assets ※8, ※9	16,589	16,785	201,847
Tangible fixed assets ※11, ※12	24,995	25,658	304,120
Buildings	8,635	8,837	105,066
Land	13,373	13,363	162,716
Lease assets	0	42	6
Construction in progress	23	223	283
Other tangible fixed assets	2,962	3,191	36,049
Intangible fixed assets	6,596	8,294	80,262
Software	6,086	7,740	74,060
Lease assets	4	8	51
Other intangible fixed assets	505	545	6,151
Deferred tax assets	552	600	6,721
Customers' liabilities for acceptances and guarantees	6,704	7,222	81,573
Allowance for possible loan losses	(21,754)	(25,470)	(264,683)
Total assets	¥2,890,741	¥2,731,372	\$35,171,456

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2011 (March 31, 2012)	End of FY2010 (March 31, 2011)	End of FY2011 (March 31, 2012)
Liabilities:			
Deposits ※8	¥2,463,800	¥2,348,666	\$29,976,894
Negotiable certificates of deposit	136,854	157,211	1,665,094
Call money and bills sold	—	922	—
Borrowed money ※8, ※9	81,166	26,191	987,553
Foreign exchanges	56	84	685
Other liabilities	17,488	22,730	212,778
Accrued bonuses to directors and corporate auditors	41	31	510
Liability for employees' retirement benefits	7,512	7,467	91,400
Reserve for directors' and corporate auditors' retirement benefits	9	539	115
Reserve for reimbursement of deposits	255	332	3,105
Reserve for contingent losses	294	246	3,586
Deferred tax liabilities	4,214	301	51,276
Acceptance and guarantees	6,704	7,222	81,573
Total liabilities	2,718,398	2,571,948	33,074,568
Net assets:			
Common stock	15,400	15,400	187,371
Capital surplus	8,287	8,287	100,832
Retained earnings	129,039	122,889	1,570,011
Treasury stock	(2,483)	(1,836)	(30,214)
Total shareholders' equity	150,243	144,740	1,828,000
Unrealized gains on available-for-sale securities	20,997	13,798	255,469
Deferred losses on derivatives under hedge accounting	(0)	(0)	(0)
Total accumulated other comprehensive income	20,997	13,798	255,469
Subscription rights to shares	32	—	393
Minority interests	1,070	885	13,025
Total net assets	172,343	159,424	2,096,887
Total liabilities and net assets	¥2,890,741	¥2,731,372	\$35,171,456

②【Consolidated Statements of Income and Consolidated Statements of Comprehensive Income】

【Consolidated Statements of Income】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Ordinary income:	¥51,892	¥54,514	\$631,369
Interest and dividends income	37,034	38,674	450,592
Interest on loans and bills discounted	24,069	25,675	292,854
Interest and dividends on securities	12,787	12,817	155,580
Interests and dividends on call loans and bulls purchased	73	89	896
Interest on due from banks	19	7	242
Others	83	84	1,020
Fees and commission	7,401	7,639	90,056
Other operating income	6,127	6,718	74,554
Other ordinary income	1,328	1,481	16,167
Reversal of allowance for possible loan losses	413	—	5,036
Other ※1	914	1,481	11,130
Ordinary expenses	42,285	46,500	514,488
Interest expenses	1,739	2,281	21,162
Deposits	1,497	1,962	18,215
Negotiable certificates deposits	192	254	2,345
Call money and bills sold	5	0	61
Borrowed money	42	38	518
Other	1	25	23
Fees and commission	1,788	1,748	21,757
Other operating expenses	5,413	4,854	65,864
General and administrative expenses	31,496	30,871	383,220
Others	1,848	6,744	22,486
Provision for allowance for possible loan losses	—	2,204	—
Other ordinary expenses ※2	1,848	4,540	22,486
Ordinary profit	9,606	8,013	116,881

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Extraordinary income:	10	72	131
Gain on sales on tangible fixed assets	3	—	47
Bad debts recovered	—	42	—
Other extraordinary income	6	29	83
Extraordinary losses	126	647	1,536
Losses on sales on tangible fixed assets	66	230	811
Impairment losses	59	307	725
Loss on accompanying applied to accounting standard for assets retirement obligations	—	110	—
Income before income taxes and minority interests	9,490	7,437	115,476
Income taxes	313	683	3,819
Current	—	1,122	—
Deferred	1,663	1,351	20,241
Total income taxes	1,977	3,156	24,060
Income before minority interests	7,513	4,281	91,416
Minority interests	189	224	2,310
Net income	¥7,323	¥4,056	\$89,105

【Consolidated Statements of Comprehensive Income】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Income before minority interests	¥7,513	¥4,281	\$91,416
Other comprehensive income ※1	7,195	(4,286)	87,542
Net unrealized gains on available-for-sale securities	7,195	(4,286)	87,542
Deferred hedge gains	0	0	0
Total comprehensive income	14,708	(5)	178,958
Total comprehensive income attributable to shareholders of the parent	14,521	(232)	176,686
Total comprehensive income attributable to minority interests	186	227	2,272

③【Consolidated Statements of Changes in Net Assets】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Shareholders' equity			
Common stock			
Balance at beginning of current year	¥15,400	¥15,400	\$187,371
Changes during year:			
Total changes during year	—	—	—
Balance at end of current year	¥15,400	¥15,400	\$187,371
Capital surplus			
Balance at beginning of current year	¥8,287	¥8,307	\$100,832
Changes during year:			
Cancellation of treasury stock	—	(2,116)	—
Disposal of treasury stock	(0)	(0)	(1)
Transfer from retained earnings	0	2,097	1
Total changes during year	—	(19)	—
Balance at end of current year	¥8,287	¥8,287	\$100,832
Retained earnings			
Balance at beginning of current year	¥122,889	¥122,029	\$1,495,186
Changes during year:			
Cash dividends	(1,173)	(1,100)	(14,278)
Transfer from retained earnings to capital surplus	(0)	(2,097)	(1)
Net income	7,323	4,056	89,105
Total changes during year	6,149	859	74,826
Balance at end of current year	¥129,039	¥122,889	\$1,570,011
Treasury stock			
Balance at beginning of current year	¥(1,836)	¥(2,507)	\$(22,343)
Changes during year:			
Purchases of treasury stock	(647)	(1,447)	(7,875)
Cancellation of treasury stock	—	2,116	—
Disposal of treasury stock	0	1	4
Total changes during year	(646)	671	(7,871)
Balance at end of current year	¥(2,483)	¥(1,836)	\$(30,214)

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Total shareholders' equity			
Balance at beginning of current year	¥144,740	¥143,229	\$1,761,045
Changes during year:			
Cash dividends	(1,173)	(1,100)	(14,278)
Net income	7,323	4,056	89,105
Purchases of treasury stock	(647)	(1,447)	(7,875)
Disposal of treasury stock	0	1	3
Total changes during year	5,503	1,511	66,955
Balance at end of current year	¥150,243	¥144,740	\$1,828,000
Unrealized gains on available-for-sale securities			
Balance at beginning of current year	¥13,798	¥18,088	\$167,889
Changes during year:			
Net changes in items other than shareholders' equity	7,198	(4,289)	87,580
Total changes during year	7,198	(4,289)	87,580
Balance at end of current year	¥20,997	¥13,798	\$255,469
Deferred losses on derivatives under hedge accounting			
Balance at beginning of current year	¥(0)	¥(0)	\$(0)
Changes during year:			
Net changes in items other than shareholders' equity	0	0	0
Total changes during year	0	0	0
Balance at end of current year	¥(0)	¥(0)	\$(0)
Accumulated other comprehensive income			
Balance at beginning of current year	¥13,798	¥18,088	\$167,889
Changes during year:			
Net changes in items other than shareholders' equity	7,198	(4,289)	87,581
Total changes during year	7,198	(4,289)	87,581
Balance at end of current year	¥20,997	¥13,798	\$255,469

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Subscription rights to shares			
Balance at beginning of current year	—	—	—
Changes during year:			
Net changes in items other than shareholders' equity	32	—	393
Total changes during year	32	—	393
Balance at end of current year	¥32	—	\$393
Minority interests			
Balance at beginning of current year	885	659	10,770
Changes during year:			
Net changes in items other than shareholders' equity	185	225	2,255
Total changes during year	185	225	2,255
Balance at end of current year	¥1,070	¥885	\$13,025
Total net assets			
Balance at beginning of current year	¥159,424	¥161,976	\$1,939,704
Changes during year:			
Cash dividends	(1,173)	(1,100)	(14,278)
Net income	7,323	4,056	89,105
Purchases of treasury stock	(647)	(1,447)	(7,875)
Disposals of treasury stock	0	1	3
Net changes in items other than shareholders' equity	7,415	(4,063)	90,228
Total changes during year	12,918	(2,552)	157,183
Balance at end of current year	¥172,343	¥159,424	\$2,096,887

④【Consolidated Statements of Cash Flows】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Operating activities:			
Income before income taxes and minority interests	¥9,490	¥7,437	\$115,476
Adjustment for:			
Depreciation and amortization	3,422	2,343	41,645
Losses on impairment of long-lived assets	59	307	725
Increase (decrease) in allowance for possible loan losses	(3,716)	(11,501)	(45,219)
Increase in accrued bonuses to directors and corporate auditors	10	7	130
Increase in liability for employees' retirement benefits	45	311	549
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(529)	77	(6,444)
Increase (decrease) in reserve for reimbursement of deposits	(77)	106	(943)
Increase (decrease) in reserve for contingent losses	47	(53)	584
Interest income recognized on consolidated statements of income	(37,034)	(38,674)	(450,592)
Interest expenses recognized on consolidated statements of income	1,739	2,281	21,162
Losses (gains) on investment securities	1,125	2,156	13,691
Foreign exchange losses – net	21	46	256
Losses on disposal of premises and equipment	62	230	764
Net increase (decrease) in loans	41,754	(24,281)	508,024
Net increase in deposits	115,134	34,907	1,400,838
Net increase in negotiable certificates of deposit	(20,357)	4,553	(247,689)
Net increase (decrease) in borrowed money	54,975	(21,337)	668,889
Net decrease in due from banks (excluding cash equivalents)	35	51	432
Net decrease (increase) in call loans	9,103	39,444	110,756
Net increase (decrease) in call money	(922)	922	(11,230)
Net decrease (increase) in foreign assets (assets)	355	(311)	4,322
Net increase (decrease) in foreign assets (liabilities)	(28)	(8)	(346)
Interest income (cash basis)	38,713	40,359	471,020
Interest expenses (cash basis)	(2,043)	(2,887)	(24,867)
Other – net	(3,195)	10,848	(38,876)

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)	Consolidated FY2010 (From April 1, 2010 to March 31, 2011)	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Total adjustments	208,191	47,338	2,533,055
Income taxes paid	(1,132)	(2,716)	(13,779)
Net cash provided by operating activities	207,059	44,621	2,519,276
Investing activities:			
Purchases of investment securities	(371,737)	(248,539)	(4,522,903)
Proceeds from sales of investment securities	105,375	95,159	1,282,098
Proceeds from redemption of investment securities	86,225	96,400	1,049,100
Purchases of premises and equipment	(1,167)	(1,422)	(14,200)
Proceeds from sales of premises and equipment	57	—	696
Purchases of intangible fixed assets	(179)	(2,892)	(2,185)
Proceeds from sales of intangible fixed assts	1	—	14
Net cash used in investing activities	(181,424)	(61,293)	(2,207,381)
Financing activities:			
Dividends paid	(1,173)	(1,100)	(14,278)
Payment of dividends to minority interests	(1)	(1)	(17)
Repurchases of treasury stock	(647)	(652)	(7,875)
Proceeds from sales of treasury stock	0	1	3
Payment of setting of money trust by acquisition purpose of treasury stock	—	(800)	—
Proceeds from setting of money trust by acquisition purpose of treasury stock	—	0	—
Net cash used in financing activities	(1,821)	(2,551)	(22,168)
Foreign currency transaction adjustments on cash and cash equivalents	1	3	23
Net decrease in cash and cash equivalents	23,814	(19,220)	289,750
Cash and cash equivalents, beginning of year	65,030	84,251	791,219
Cash and cash equivalents, end of year ※1	88,844	65,030	1,080,969

【Important items used as basis for preparing consolidated financial statements】

1 Items relating to scope of consolidation

(1) Consolidated subsidiaries 4 companies

The names of consolidated subsidiaries are Yamanashi Chuo Guarantee Co., Ltd., Yamanashi Chugin Lease Co., Ltd., Yamanashi Chugin DC Card Co., Ltd. and Yamanashi Chugin Management Consulting Co., Ltd.

(2) Non-consolidated subsidiary 1 company

Yamanashi Venture Promotion Investment Limited Partnership

The non-consolidated subsidiary has excluded from the consolidation scope. Because property, ordinary income, net income or loss (amount that corresponds to share) and earned surplus (amount that corresponds to share) of non-consolidated subsidiary are lack importance.

2 Items relating to application of equity method

(1) Non-consolidated subsidiaries that are applied to equity method

Not applicable

(2) Affiliates that are applied to equity method

Not applicable

(3) Non-consolidated subsidiary that is not applied to equity method 1 company

Yamanashi Venture Promotion Investment Limited Partnership

Non-consolidated subsidiary that is not applied to equity method has excluded from the consolidation scope. Because net income or loss and earned surplus (amount that corresponds to share) of non-consolidated subsidiary that is not applied to equity method are lack importance.

(4) Affiliates that are not applied to equity method

Not applicable

3 Items relating to business years of consolidated subsidiaries

All of the consolidated subsidiaries have their settlement day on March 31.

4 Items relating to accounting standards

(1) Valuation standards and methods for trading account securities

Trading securities, which are held for the purpose of earning capital gains, are reported at fair value and the related unrealized gains and losses are included in earnings.

(2) Valuation standards and methods for securities

Held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity are reported at amortized cost, and available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Available-for-sale securities whose fair values are extremely difficult to be determined are stated at cost determined by the moving-average method. The cost of securities sold is determined based on the moving-average method.

(3) Valuation standards and methods for derivative transactions

Derivative transactions are measured at fair value.

(4) Methods of depreciation

① Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated principally using the declining-balance method. Useful lives of tangible fixed assets are primarily as follows:

Buildings 3 to 50 years

Other 2 to 20 years

② Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets is calculated principally using the straight-line method. Software for internal use by the Bank and its subsidiaries is calculated over the useful life of the software (principally five years).

③ Leased assets

Leased assets employed in leasing transactions that do not transfer ownership of the leased assets to the lessee – both premises and equipment and intangible fixed assets – are depreciated by the straight-line method over the lease period.

Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

(5) Allowance for possible loan losses

The allowance for possible loan losses is stated in amounts considered to be appropriate based on management's judgment and an assessment of future losses estimated through the Bank's self assessment of the quality of all loans.

The Bank has a credit rating system and a self assessment system. These systems are used to assess the Bank's asset quality based on past experience of credit losses, possible credit losses, analysis of customers' conditions, such as business conditions, character and quality and the overall performance of the portfolio. All loans are subject to asset quality assessment conducted by the business-related divisions in accordance with the Self-Assessment Standards, and the results of the assessments are reviewed by the Auditing Division, which is independent from the business-related divisions, before the allowance amount is finally determined. All loans are classified into one of five categories for self assessment purposes, "normal," "caution," "possible bankruptcy," "virtual bankruptcy" or "legal bankruptcy."

The allowance for possible loan losses is calculated based on the actual past loss ratio for "normal" and "caution" categories, and the fair value of the collateral for collateral-dependent loans and other factors, including the value of future cash flows for other self assessment categories.

The policy for the allowance for possible loan losses of consolidated subsidiaries is similar to the Bank's.

(6) Accrued bonuses to directors and corporate auditors

Accrued bonuses to directors and corporate auditors are provided in the amount of the estimated bonuses which are attributable to each fiscal year.

(7) Retirement and pension plans

The Group has a non-contributory defined benefit pension plan and a lump-sum severance indemnity plan. Employees whose services with the Group are terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service, and conditions under which the termination occurs.

The Group accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date.

(8) Reserve for directors' and corporate auditors' retirement benefits

A reserve for directors' and corporate auditors' retirement benefits is provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

(9) Reserve for reimbursement of deposits

Provision is made for possible losses on future claims of withdrawal of deposits which were derecognized as liabilities under certain conditions in an amount deemed necessary based on historical reimbursement experience.

(10) Reserve for contingent losses

Reserve for contingent losses, which is provided for possible losses from contingent events, is calculated by estimation of the impact of those contingent events.

(11) Foreign currency items

Foreign currency assets and liabilities are translated into yen at the exchange rates prevailing at the balance sheet date.

(12) Lease transactions

(Lessor)

Revenues and cost of revenues of finance lease transactions are recognized when lease payments are made.

(13) Hedging activities

The Bank applies the deferred method of accounting to hedges of foreign exchange risks arising from foreign currency denominated monetary assets and liabilities in accordance with the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 25, “Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transaction in the Banking Industry.”

In applying the deferred hedge accounting method, the Bank designates such hedging instruments as foreign currency swap transactions for the purpose of diminishing the risk of foreign currency exchange fluctuations with respect to foreign currency denominated monetary assets and liabilities as well as other items, and confirms the foreign currency position of the hedged monetary assets or liabilities is more than or equal to the hedging instruments over the residual terms of the hedging instruments.

(14) Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(15) Consumption taxes

The accounting treatment of the consumption tax and local consumption tax descends by excluding tax method. However, deducting off the subject to the consumption tax to tangible fixed assets are summed up to the cost in this fiscal year.

(16) U.S. dollar amounts

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.19 to \$1, the exchange rate prevailing on March 31, 2012.

[Additional information]

The Bank adopted the Accounting Standard for Accounting Changes and Error Corrections (Accounting Standards Board Japan (ASBJ) Statement No. 24, December 4, 2009) and the Guidance on the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and corrections of prior period errors from the beginning of the fiscal year ended March 31, 2012.

Reversal of allowance for possible loan losses and bad debts recovered are included in other ordinary income based on the Practical Guidelines on Accounting Standards for Financial Instruments (Accounting Practice Committee Statement No.14). However, these guidelines have not been retroactively applied to the relevant accounting line items for the previous fiscal year.

[Notes to consolidated financial statements]

(Relating to Consolidated Balance Sheets)

*1 Shares held or investments in non-consolidated subsidiaries and affiliates

As of March 31, 2012	(Millions of yen)
Investments	¥111

*2 The amounts of loans to customers in bankruptcy and past due loans included in loans and bills discounted were as follows:

As of March 31, 2012	(Millions of yen)
Loans to customers in bankruptcy	¥2,525
Past due loans	¥47,895

Loans to customers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law. Past due loans are defined as nonaccrual loans except for loans to customers in bankruptcy and loans of which the interest payments are deferred in order to assist in the financial recovery of a debtor in financial difficulties.

*3 The amount of accruing loans contractually past due three months or more included in loans and bills discounted was as follows:

As of March 31, 2012	(Millions of yen)
Past due loans of three months or more	¥34

Accruing loans contractually past due three months or more are loans on which the principal or interest is three months or more past due.

*4 The amount of restructured loans for which the Bank has relaxed lending conditions included in loans and bills discounted was as follows:

As of March 31, 2012	(Millions of yen)
Restructured loans for which the Bank has relaxed lending conditions	¥2,833

Restructured loans are loans for which the Bank has relaxed lending conditions, such as: reduction of the original interest rate, deferral of interest payment, extension of maturity date, or reduction of the amount of the debt or accrued interest.

*5 The total amount of loans to customers in bankruptcy, past due loans, accruing loans contractually past due three months or more and restructured loans for which the Bank has relaxed lending conditions was as follows:

As of March 31, 2012	(Millions of yen)
Total amount	¥53,288

The loan amounts identified in the preceding items (2) to (5) are before deducting any allowance for possible loan losses.

*6 Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry." The Bank has the right to sell or pledge commercial bills discounted and foreign exchanges bought without restrictions. The face amount was as follows:

As of March 31, 2012	(Millions of yen)
	¥8,307

*7 The amount of loan participation recorded in the consolidated balance sheet and included in participated principals that were accounted for as loans to original debtors in accordance with JICPA Accounting System Committee Report No. 3 dated June 1, 1995 was as follows:

As of March 31, 2012	(Millions of yen)
	¥2,000

*8 Assets pledged as collateral were as follows:

As of March 31, 2012	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥195,252
Liabilities related to pledged assets	
Deposits	¥1,360
Borrowed money	¥80,230

In addition to the aforementioned, the following items were pledged as collateral for the settlement of foreign currency exchange and other transactions:

As of March 31, 2012	(Millions of yen)
Investment securities	¥66,667

Moreover, guarantee deposits included in other assets were as follows:

As of March 31, 2012	(Millions of yen)
Guarantee deposits	¥273

*9 Lease contract assets (the total sum of lease investment assets included in Other assets and interest receivables on lease investment assets) for the remaining lease periods, which were pledged as collateral for a portion of borrowed money, were as follows:

As of March 31, 2012	(Millions of yen)
Lease contract assets	¥1,097
Corresponding borrowed money	¥821

*10 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 established in the contract. The amounts of unused commitments as of March 31, 2012 were as follows:

As of March 31, 2012	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥388,500
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	¥375,470

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses that allow the Bank to withdraw the commitment line offer or reduce the contract amounts in situations where economic conditions are changed, the Bank needs to secure claims, or other conditions are triggered.

In addition, the Bank requires the customers to pledge collateral such as premises and securities and takes necessary measures such as seizing the customers' financial positions, revising contracts when the need arises and securing claims after conclusion of the contracts.

*11 Accumulated depreciation of tangible fixed assets

As of March 31, 2012	(Millions of yen)
Total amount of accumulated depreciation	¥33,378

*12 Deferred gains on tangible fixed assets deductible for tax purposes:

As of March 31, 2012	(Millions of yen)
Deferred gains	¥1,029

*13 The amount of guarantee liabilities for private placement bonds in “Securities” (provided in accordance with the Financial Instruments and Exchange Act, Article 2, Paragraph 3) was as follows:

As of March 31, 2012	(Millions of yen)
	¥2,443

(Relating to Consolidated Statements of Income)

*1 “Other ordinary income” includes the following item:

As of March 31, 2012	(Millions of yen)
Gain on sales stock	¥355

*2 “Other ordinary expenses” includes the following items:

As of March 31, 2012	(Millions of yen)
Write-off stocks	¥845
Amortization of stocks	¥582

(Consolidated statement of comprehensive income)

*1 Reclassification adjustment and tax effect related to comprehensive income

As of March 31, 2012	(Millions of yen)
Valuation difference on available-for-sale securities:	
Difference arising during the fiscal year	¥8,171
Reclassification adjustment to profit and loss	1,320
Amount before income tax effect	9,492
Income tax effect	(2,297)
Valuation difference on available-for-sale securities:	7,195
Deferred hedge gains (losses)	
Gains (losses) arising during the fiscal year	(0)
Reclassification adjustment to profit and loss	0
Amount before income tax effect	0
Income tax effect	(0)
Deferred hedge gains (losses)	0
Total other comprehensive income	¥7,195

(Relating to Consolidated Statements of Changes in Equity)

1 Items to kind and total number of shares outstanding and treasury stocks

(Thousands of shares)					
	Number of shares at the beginning of FY2011	Number of shares increased during FY2011	Number of shares decreased during FY2011	Number of shares at the end of FY2011	Remarks
Shares outstanding					
Common stock	184,915	—	—	184,915	
Treasury stock					
Common stock	4,367	2,087	0	6,453	Note

Note Breakdown of the number of increase stocks during fiscal year are as follows.

Increased by acquisition of treasury stocks 2,079 thousand

Increased by purchase claims less than unit 8 thousand

2 Matters concerning share subscription rights and own share options

Classification	Breakdown of share subscription rights	Class of shares to be issued or transferred upon the exercise of share subscription rights	Number of shares to be issued or transferred upon the exercise of share subscription rights (shares)				Balance as of the end of the FY2011 (Millions of yen)
			Beginning of FY2011	FY2011		End of the FY2011	
				Increase	Decrease		
The Bank	Stock options as share subscription rights			—			¥32
Total				—			32

3 Items relating to dividends

(1) Dividend paid during FY2011

(Resolution)	Type of stock	Total dividend (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
Annual general meeting of shareholders on June 29, 2011	Common stock	¥541	¥3.0	March 31, 2011	June 30, 2011
Board of directors' meeting on November 11, 2011	Common stock	631	3.5	September 30, 2011	December 5, 2011

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2011.

(Resolution)	Type of stock	Total dividend (Millions of yen)	Fund for dividend	Dividends per share (Yen)	Reference date	Effective date
Annual general meeting of shareholders on June 28, 2012	Common stock	¥624	Retained earnings	¥3.5	March 31, 2012	June 29, 2012

(Relating to Consolidated Statements of Cash Flows)

*1 The reconciliation of the cash and due from banks in the consolidated balance sheets and the cash and cash equivalents at March 31, 2012, is as follows:

Cash and due from banks	¥88,979 million
Due from banks, excluding due from Bank of Japan	(134) million
Cash and cash equivalents	¥88,844 million

(Relating to Lease Transactions)

Finance leases

(Lessee)

Finance leases that are not deemed to transfer ownership of the leased property to the lessee

1 Details of lease assets

(1) Tangible fixed assets

Principally office equipment

(2) Intangible fixed assets

Software

2 Method of depreciation of lease assets

Leased assets are depreciation in accordance with the stipulations as described in “Important items used as basis for preparing consolidated financial statements, 4 Items relating to accounting standards (4) Methods of depreciation.”

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2012 are as follows:

(Millions of yen)	
Gross lease receivables	¥8,573
Estimated residual value	—
Unearned interest income	(782)
Net investment in leases	¥7,790

2. Expected amounts from the collection of gross lease receivables for the year ended March 31, 2012 are as follows:

(Millions of yen)	
1 year or less	¥2,954
1 to 2 years	2,171
2 to 3 years	1,538
3 to 4 years	1,012
4 to 5 years	497
Over 5 years	399
Total	¥8,573

(Financial Instruments and Related Disclosure)

1. Qualitative Information of Financial Instruments

(1) Policy for financial instruments

The Group is involved in financial services including the leasing and the credit card business, etc. around the banking business. Within banking, we are involved in the business of taking deposits, making loans and securities trading, as well as the over-the-counter sale of public bonds such as Japanese government bonds, investment trusts and insurance. In addition, for the purpose of short-term fund raising, we enter into call loans and call money in the interbank market. In hedging foreign exchange risk and finance and using different currencies, we enter into forward exchange contracts including fund swap transactions. However, we do not conduct transactions whose structures are complicated and speculative transactions. Because we hold financial assets and liabilities with interest rate risk, we conduct Asset Liability Management (ALM) to limit the disadvantageous influence from fluctuations in interest.

(2) Nature and extent of risks arising from financial instruments

The financial assets that the Group holds are loans for domestic customers and domestic securities. Loans have credit risk, brought about by the borrower's nonperformance of contractual obligations. The contents of securities are mainly bonds,

stocks and investment trusts. The Group holds these securities for the purpose of holding to maturity, investment available for sale and policy investment (business promotion). Securities have issuer's credit risk, interest rate risk and market price risk.

The Group regards the deposits from customers as its main supply of financial funds. The Group secures stable financing by maintaining the soundness of financial affairs, but has liquidity risk that it may not be possible to obtain necessary funds due to the outflow of unexpected funds.

Derivative transactions are mainly fund swap transactions that are combinations of spot and forward exchange contracts. Those transactions apply hedge accounting based on JICPA Industry Audit Committee Report No. 25, "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry." A part of derivative transactions that do not meet the criteria for hedge accounting have foreign exchange risk.

(3) Risk management systems for financial instruments

① *Credit risk management*

The Group performs maintenance of the credit screening system, fosters talented human resources and positively advances credit risk management. The credit screening system keeps the credit screening section independent and performs strict screening in advance, performs interim screening and assesses credit enhancements and credit risk management after lending. Regarding administration, the marketing section and credit screening section or the headquarters and business offices perform mutual check functions. The Group tries for the observance of the financing rule and appropriate use and thereby acts in enhancement of system support such as the practical use of the financing support system. Furthermore, for coping with risk fluctuating continually, the Group monitors the actual condition of customers through credit rating and self assessment to be performed regularly or at any time. The Group introduced "Credit risk information integration service" that is a joint undertaking of the banks that joined the Regional Bank Association to attempt the upgrade of the credit risk management and are aiming at refining measurement of value at risk (VaR).

We monitor credit information, current-prices and VaR and manage the credit risk of issuers of securities and counterparty risk of derivative transactions in the risk management section.

The situation of these risk management activities is reported to management regularly in the ALM Committee and the board of directors.

② *Market risk management*

(A) Interest-rate risk management

The Group supports the needs of customers properly and, for the earning capacity improvement of the bank, conducts interest rate risk management as a basic policy. We devised "the basic policy for the interest rate risk hedge" as a general rule every half term to control interest rate risk properly in the ALM Committee in which management is involved as the main members and involved in examining interest rate changes and reviews it regularly. In addition, in the ALM committee meeting held monthly, the Group examines an interest rate predictive report that the interest rate prediction committee produces and monitors the change in the interest rate risk amount of the whole bank account closely. In the risk management section, the Group calculates VaR and basis point value (BPV) and manages the interest rate risk amount of the banking account. In addition, the Group performs stress tests based on a stress scenario extending to each risk category and by Monte Carlo simulation of interest rate changes. These results are reported to management regularly in the ALM Committee and the board of directors.

(B) Foreign exchange risk management

The Group manages foreign exchange risk by monitoring exposure to foreign exchange and VaR in the risk management section. Moreover, it reports regularly to management in the ALM committee and board of directors, etc. The majority of foreign exchange risk is hedged by forward exchange contracts.

(C) Market price risk management

Regarding investment in financial instruments including securities, the Group conducts risk management in conformity with a basic administration policy. The basic administration policy is as follows. The Group executes the market business while attempting to secure fairness and prompt correspondence. The Group takes the opportunity for earnings by actively taking risks that can be measured and managed. The proof of maximizing management vitality, like earnings and

equity capital, are assumed to be a precondition. The operative plans are decided by the board of managing directors after discussion with the ALM Committee.

In making the plans, the Group examines the expected rate of return based on the prospect of interest rate and stock prices, market price risk and return in consideration of the correlation between the financial instruments invested in. The Group measures market price risks such as stock price risk using the VaR method. The ALM Committee monitors VaR based on risk limits and the results of stress tests and tries for coexistence of securing of financial soundness and earning profit.

(D) Derivative transactions

For derivative transactions, the maintenance of strong management is aimed at so as not to exert a negative influence on profit and loss, and the Group tries to set position limits and operate loss-cut rules strictly based on the risk management standard. Moreover, the Group reports regularly to management in the ALM committee and the board of directors, etc.

(E) Quantitative information regarding market risk

In principle, the Group undertakes a quantitative analysis of the market risks applicable to all of its financial instruments. The volume of market risk is mainly managed utilizing VaR method. In specific terms, market risks are managed in a manner that ensures that VaR (the amount of risk after writing down investment in shares undertaken for strategic business purposes for a portion of VaR) does not exceed the maximum amount of risk (amount of capital allocation) determined by a resolution of the Board of Directors or other appropriate bodies. The variance-covariance method (holdings period: 240 days; confidence interval: 99%; observation period: 240 business days) is used to measure VaR (excluding trading securities) while taking into consideration the correlation among yen-denominated interest, shares and investment trusts. In addition, with respect to the yen-denominated interest risk applicable to demand deposits, internal models are used to estimate core deposits and VaR used as the means for measurement. Trading securities VaR is measured using the separate holding period of 10 days. Financial instruments including shares of non-listed companies, where fair values are deemed as being extremely difficult to ascertain, are managed on a credit risk basis. Taking into consideration the nominal amount of market risk applicable to the financial instruments held by consolidated subsidiaries, these financial instruments are excluded from the scope of VaR measurement.

The Group's VaR (excluding trading securities) amounted to ¥21,852 million as of March 31, 2012 compared with ¥31,474 million as of the end of the previous fiscal year. The VaR of trading securities was ¥0 million as of the end of the fiscal year under review, unchanged from the previous fiscal year-end. The Group undertakes backtesting to compare VaR, calculated using VaR measurement models, with actual income and loss. The results of this comparison are reported to the ALM Committee on a monthly basis. As a result of this backtesting, the Group is confident that the VaR measurement models used are more than adequate in accurately identifying market risks. However, VaR represents the amount of market risks arising with a certain probability using a statistical methodology based on historical market volatilities. Accordingly, situations may arise where it is not possible to identify risks appropriately due to market environment volatility that exceeds normally recognized parameters.

③ *Liquidity risk management*

The Group controls liquidity risk by managing the mismatch between the terms of investing and procuring funds as well as holding highly liquid assets. Financing risk is limited by holding assets with high liquidity as payment reserves for unexpected capital outflows, and a smooth financing resource is secured. Moreover, the Group reports regularly to management in the risk management committee and the board of directors, etc.

(4) Supplementary explanation of the fair value financial instruments

The fair value of financial instruments includes, in addition to the value based on the market price, the value reasonably calculated if no market prices are available. Certain assumptions are used in the calculation of such amounts. Accordingly, the results of such calculations may vary if different assumptions are used.

2. Fair Values of Financial Instruments

Fair value and carrying amounts of financial instruments are shown below. Some instruments, such as unlisted stocks, whose fair values are extremely difficult to determine, are not included in the table below (see Note 2).

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥88,979	¥88,979	¥—
(2) Trading securities			
Trading securities	18	18	—
(3) Securities			
Held-to-maturity	2,443	2,441	(1)
Available-for-sale securities	1,275,159	1,275,159	—
(4) Loans and bills discounted	1,474,910		
Accrued income (Interest on loans)	1,241		
Deferred income (Interest on loans and guarantee charge) (*1)	(1,269)		
Reserve for possible loan losses (*2)	(21,125)		
	1,453,757	1,474,269	20,511
Total	¥2,820,359	¥2,840,869	¥20,509
(1) Deposits	¥2,463,800		
Accrued expenses (Interest on deposits)	1,176		
	2,464,977	2,467,183	2,206
(2) Negotiable certificates of deposits	136,854		
Accrued expenses (Interest on NCDs)	54		
	136,908	136,967	58
(3) Borrowed money	81,166	81,172	5
Total	¥2,683,052	¥2,685,323	¥2,270
Derivatives (*3)			
Hedge accounting is applied	¥(5)	¥(5)	¥—
Hedge accounting is not applied	(1)	(1)	—
Total	¥(7)	¥(7)	¥—

*1. Represents deferred interest received on loans and deferred guarantee fees received of a consolidated subsidiary performing guarantees on the Bank's loans to customers.

*2. General reserve for possible loan losses and specific reserve for possible loan losses provided to "Loans and bills discounted" are separately presented in the above table.

*3. Derivative transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) Method Used for Determining the Fair Value of Financial Instruments

Assets

(1) Cash and due from banks

Since the fair values of due from banks without maturities approximate their carrying values, the fair values are deemed to be equal to the carrying values.

(2) Trading securities

The fair values of securities such as bonds held for trading are determined by reference to quoted market prices on stock exchanges or prices offered by correspondent financial institutions.

(3) Securities

The fair values of shares are determined by reference to quoted market prices on stock exchanges. The fair values of bonds are determined by reference to quoted market prices or prices offered by correspondent financial institutions. Investment trusts are determined by reference to their publicly available unit prices. The fair values of bonds, such as unlisted corporate bonds, whose quoted market prices or prices offered by correspondent financial institutions are not available, are their present values that are estimated for each classification based on the issuers' internal rating and terms and by discounting the future cash flows of the principal and interest using the market interest rates plus credit cost rates in accordance with internal ratings and expense rates.

(4) Loans and bills discounted

As floating-rate loans and bills discounted reflect market interest rates over short periods, unless the credit standing of the borrower is significantly different after the loan was made or the bill was drawn, the fair value approximates the carrying value. The fair value is therefore deemed equal to the carrying value.

The fair values of fixed-rate loans and bills discounted are their present values that are estimated for each classification based on their type, internal rating, status of collateral and guarantee, and terms, and by discounting the future cash flows of the principal and interest using the rates at which similar new loans would be made or market interest rates plus credit cost rates in accordance with internal ratings and expense rates. The fair values of fixed-rate loans and bills discounted whose terms are short (within one year) approximating their carrying values and are therefore deemed equal to the carrying values.

Losses from loans to borrowers in legal bankruptcy, in virtual bankruptcy and in possible bankruptcy are computed based on estimated recoverable amounts. Then the fair values of those loans approximate the consolidated balance sheet amounts at the closing date minus the currently estimated losses and are therefore deemed equal to the amounts.

The fair values of loans and bills discounted for which repayment terms are not set because of their attributes (e.g. loans are limited to the amounts of pledged assets) are assumed to approximate their carrying values, considering the expected repayment periods and interest rate conditions, and are deemed equal to the carrying values.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposits

The fair values of demand deposits are deemed equal to the amounts that would be paid (carrying values) if the payments were demanded at the balance sheet date. The fair values of time deposits and negotiable certificates of deposit, which are classified in accordance with their periods, are their present values that are estimated by discounting the future cash flows using the rates that would be offered for new deposits to be received.

The fair values of deposits and negotiable certificates of deposit with short deposit terms (within one year) or with variable interest rates approximate their carrying values and are deemed equal to their carrying values.

(3) Borrowed money

Borrowed money that attracts a floating rate of interest accurately reflects market rates of interest over the short term. In addition, the credit standing of the Bank and its consolidated subsidiaries has not largely changed since the subject borrowed money was drawn down and the fair value of the subject borrowed money is approximately equal to the book value. Taking these factors into consideration, the book value is deemed as the fair value. For borrowed money that attracts a fixed rate of interest, fair values are calculated by discounting the total amount of the principal and interest of the subject borrowed money at interest rates considered to be applicable to similar loans. Moreover, for short-term periods where the contract term is less than one year, the book value is used as the fair value reflecting the closeness between each.

Derivatives

The derivative transactions are related to the currency transactions (forward exchange contract). The fair values are determined based on quotations by the level such as the markets between the inter-bank and the dealers.

(Note 2) Financial instruments whose fair values are extremely difficult to be determined recorded on the consolidated balance sheet are as follows. The following instruments are not included in “Assets (3) Securities” in the above table showing the fair values of financial instruments as of March 31, 2012.

(Millions of yen)

	Carrying amount
Unlisted equity securities (*1) (*2)	¥369
Contributions to unions (*1) (*3)	111
Total	¥481

*1. They are excluded from disclosure because they do not have a market price and their fair values are extremely difficult to determine.

*2. The impairment losses on unlisted stocks for the year ended March 31, 2012 were ¥1 million.

*3. It is an investment in non-consolidated subsidiaries.

(Note 3) Maturity analysis for monetary claims and securities with contractual maturities

(Millions of yen)

	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Due from banks	¥59,232	¥—	¥—	¥—	¥—	¥—
Securities	87,686	361,507	405,335	176,480	142,393	—
Held-to-maturity	711	1,258	430	43	—	—
Corporate bonds	711	1,258	430	43	—	—
Available-for-sale securities that have maturities	86,975	360,249	404,904	176,436	142,393	—
Japanese government bonds	48,310	205,767	265,403	109,200	111,600	—
Municipal bond	13,947	53,838	45,874	46,203	21,140	—
Corporate bonds	24,388	99,821	91,982	21,033	9,653	—
Others	328	821	1,643	—	—	—
Loans and bills discounted (*)	295,148	332,046	235,837	106,860	140,835	205,023
Total	¥442,066	¥693,554	¥641,172	¥283,340	¥283,228	¥205,023

* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to borrowers in legal bankruptcy, in virtual bankruptcy and in possible bankruptcy, amounting to ¥50,423 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥108,487 million are not included either.

(Note 4) Maturity analysis for interest-bearing debt

(Millions of yen)

	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Deposits (*)	¥2,086,717	¥162,763	¥140,494	¥—	¥—	¥—
Negotiable certificates of deposits	116,177	20,676	—	—	—	—
Borrowed money	80,335	703	128	—	—	—
Total	¥2,283,230	¥184,144	¥140,623	¥—	¥—	¥—

* Non-interest-bearing deposits such as checking accounts are excluded. Demand deposits are included in “1 year or less.”

(Relating to securities)

1. Trading securities

(Millions of yen)

	Unrealized gains/losses recognized as income
Trading securities	¥0

2. Held-to-maturity debt securities

(Millions of yen)

		Carrying amount	Fair value	Differences
Fair value exceeded carrying amount:	Corporate bonds	¥1,343	¥1,352	¥8
Fair value not exceeded carrying amount:	Corporate bonds	1,100	1,089	(10)
Total		¥2,443	¥2,441	¥(1)

3. Available-for-sale securities

(Millions of yen)

		Fair value	Cost	Valuation differences
Fair value exceeded cost:	Japanese stocks	¥36,685	¥26,610	¥10,074
	Bonds total	1,194,034	1,170,102	23,932
	Japanese Government bonds	758,592	748,169	10,423
	Japanese municipal bonds	182,926	176,235	6,691
	Japanese corporate bonds	252,515	245,697	6,817
	Other securities	13,557	12,004	1,553
	Sub-total	1,244,277	1,208,716	35,560
Fair value not exceeded cost:	Japanese stocks	12,785	14,802	(2,017)
	Bonds total	7,662	7,711	(48)
	Japanese Government bonds	—	—	—
	Japanese municipal bonds	4,600	4,630	(29)
	Japanese corporate bonds	3,062	3,081	(19)
	Other securities	10,433	11,513	(1,079)
	Sub-total	30,881	34,027	(3,145)
Total		¥1,275,159	¥1,242,744	¥32,415

Note: Unlisted stocks that have a fair value and cost of ¥369 million, respectively, are excluded from the table above since there are no market prices and their fair values are extremely difficult to be determined.

4. Held-to-maturity debt securities sold

(Millions of yen)

Type	Sales costs	Sales proceeds	Gains on sales
Corporate bonds	¥—	¥—	¥—

5. Available-for-sale securities sold

(Millions of yen)

Type	Sales costs	Gross realized gains	Gross realized losses
Japanese stocks	¥3,348	¥304	¥651
Bonds total	98,118	1,025	27
Japanese Government bonds	92,306	763	27
Japanese municipal bonds	5,255	255	—
Japanese corporate bonds	556	7	—
Other securities	2,863	—	1,244
Total	¥104,329	¥1,330	¥1,924

6. Securities recognized for revaluation loss

Certain securities (other than trading purposes) which have readily determinable fair values are revalued to their fair value, and the difference between the acquisition cost (and other) and the fair value is treated as a realized loss for the fiscal year ended March 31, 2012 (“revaluation loss”), if the fair value has significantly deteriorated from the acquisition cost (and other), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year was ¥580 million.

The following impairment criteria are used when the decline in fair value is deemed to be significant and other than temporary.

- (1) Across-the-board impairment losses shall be booked for securities whose fair values as of the consolidated balance decline by 50% or more compared with their acquisition costs.
- (2) Impairment losses shall be booked for securities whose fair values decline by 30% or more, but less than 50% where it is deemed that there is little likelihood of a recovery in value after taking into consideration fair value levels over the past year.
- (3) Impairment losses shall be booked for securities whose fair values decline by less than 30% as and when deemed necessary after taking into consideration the financial standing and related factors of the issuer.

(Relating to net unrealized gains/losses on available-for-sale securities)

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

(Millions of yen)

	Amounts
Valuation difference	¥32,415
Deferred tax liabilities	11,416
Net unrealized gains (before minority interests)	20,999
Minority interests	1
Net unrealized gains on available-for-sale securities	¥20,997

(Relating to derivative transaction)

1 Derivative Instruments not accounted for as hedges

Regarding the derivative instruments which are not accounted for as hedge transactions, Contract Amount or Notional Amount, Fair Value and Unrealized Gain or Loss for each type of derivative transactions, respectively, at the end of the consolidated balance sheet date, and Determination of fair value are as follows. Contract Amount or Notional Amount does not show itself market risk of derivative instruments.

(1) Interest-related derivative instruments

Not applicable

(2) Currency-related derivative instruments

(Millions of yen)

		Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
OTC	Forward Rate Agreements				
	Sold	¥166	—	¥(4)	¥(4)
	Buy	204	—	(1)	(1)
	Total	—	—	¥(5)	¥(5)

(Notes) 1 Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2 Determination of fair value:

Fair value is determined based on the discounted net present value model.

(3) Stock-related derivative instruments

Not applicable

(4) Bond-related derivative instruments

Not applicable

(5) Commodity-related derivative instruments

Not applicable

(6) Credit derivative transactions

Not applicable

2 Derivative Instruments accounted for as hedges

Regarding the derivative instruments which are accounted for as hedge transactions, Contract Amount or Notional Amount, and Fair Value for each type of derivative transactions, respectively, at the end of the consolidated balance sheet date, and determination of fair value are as follows. Contract Amount or Notional Amount does not show itself market risk of derivative instruments.

(1) Interest-related derivative instruments

Not applicable

(2) Currency-related derivative instruments

(Millions of yen)

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount	Over 1 Year	Fair Value
The Deferral Method	Forward Rate Agreements	Foreign currency denominated loans, call loans and others	¥22	¥—	¥(1)
	Total	—	—	—	(1)

(Notes) 1 Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to the Adoption of Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 25).

2 Determination of fair value:

Fair value is determined based on the discounted net present value model.

(3) Stock-related derivative instruments

Not applicable

(4) Bond-related derivative instruments

Not applicable

(Relating to employees' retirement benefits)

1. Outline of the employees' retirement benefits

The Group has a non-contributory defined benefit pension plan and a lump-sum severance indemnity plan. Employees whose services with the Group are terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs.

2. The liability for employees' retirement benefits consisted of the following:

(Millions of yen)

		End of FY2011 (March 31, 2012)
		Amounts
Projected benefit obligation	(A)	¥(22,465)
Fair value of plan assets	(B)	13,802
Funded status	(C)=(A)+(B)	(8,662)
Unrecognized actuarial loss	(D)	2,683
Unrecognized prior service cost	(E)	(372)
Net liability	(F)=(C)+(D)+(E)	(6,352)
Prepaid pension cost	(G)	1,160
Liability for employees' retirement benefits	(F)−(G)	¥ (7,512)

3. The components of net periodic retirement benefit costs were as follows:

(Millions of yen)

		Consolidated FY2011 (Form April 1, 2011 to March 31, 2012)
		Amounts
Service cost	(A)	¥703
Interest cost	(B)	450
Expected return on plan assets	(C)	(193)
Amortization of actuarial loss	(D)	(103)
Amortization of prior service cost	(E)	581
Net periodic retirement benefit costs	(F)=(A)+(B)+(C)+(D)+(E)	¥1,437

4. Items to assumption used in the calculation of the liability for employees' retirement benefits

	Consolidated FY2011 (Form April 1, 2011 to March 31, 2012)
(1) Discount rate	2.0%
(2) Expected rate of return on plan assets	2.0%
(3) Method of attributing the projected benefits to periods of services	Straight-line basis
(4) Amortization period of prior service cost	10 years
(5) Amortization period of actuarial gain/loss	10 years commencing from start of the subsequent fiscal year

(Stock option and other related information)

1. Accounting line item and the amount of stock options charged as expenses

(Millions of yen)

	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
General and administrative expenses	¥32

2. Description of stock options / Changes in the size of stock options

(1) Description of stock options

	2011 Stock Options
Category and number of people to whom stock options are granted	The Bank's directors (excluding outside directors): 12
Type and number of shares granted as stock options	Common stock: 102,200 shares
Date on which stock options were granted	July 29, 2011
Vesting terms and conditions	Vesting terms and conditions have not been prescribed
Vesting period	Vesting period has not been prescribed
Exercise period	July 30, 2011 to July 29, 2041

Note: The number of stock options is presented after converting to the number of shares.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the fiscal year ended March 31, 2012. The number of stock options is converted into the number of shares.

① Number of stock options

	2011 Stock Options
Stock options which are not yet vested (shares):	
As of March 31, 2011	—
Granted	102,200
Forfeited	—
Vested	—
Balance of stock options not vested	102,200
Stock options which have already been vested (shares):	
As of March 31, 2011	—
Vested	—
Exercised	—
Forfeited	—
Balance of stock options not exercised	—

② Per share price information

	2011 Stock Options
Exercise price (Yen)	1
Average price per share upon exercise (Yen)	—
Fair value per share at the grant date (Yen)	316

3. Method for estimating the per share fair value of stock options

During the fiscal year ended March 31, 2012, the fair value per share with respect to 2011 stock options was estimated as follows:

(1) Evaluation technique used to estimate the fair value per share: Black-Scholes method

(2) Main numerical and estimation methods

	2011 Stock Options
Stock price volatility (Note 1)	25.5%
Projected residual period (Note 2)	18 months
Projected cash dividends (Note 3)	¥6/share
No risk interest rate (Note 4)	0.15%

Notes:

1. Stock price volatility is calculated based on the stock price performance for the period (weekly from the week of January 18, 2010 to the week of July 25, 2011) that corresponds to the projected residual period.
2. The projected residual period is estimated based on the average period in office of directors (excluding outside directors) who have retired in the past.
3. Projected cash dividends are based on cash dividend results for the fiscal year ended March 31, 2011.
4. The no risk interest rate is the yield on government bonds for the period that corresponds to the projected residual period.

4. Estimation method for the number of stock options vested

Because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future, the number of stock options that has actually been forfeited is solely reflected for the stock options that have already been vested.

(Relating to tax effect accounts)

1. The tax effects of significant temporary differences and tax loss carry-forwards which resulted in deferred tax assets and liabilities are as follows:

(Millions of yen)

	Consolidated FY2011 (From April 1, 2011 to March 31, 2012)
Deferred tax assets:	
Allowance for possible loan losses	¥6,705
Losses on investment securities	4,135
Reserve for retirement benefits	2,319
Depreciation	2,060
Other	2,321
Sub-total	17,542
Valuation allowance	(8,399)
Total deferred tax assets	9,142
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(11,416)
Other	(1,388)
Total deferred tax liabilities	(12,804)
Net deferred tax assets (figures in parentheses represent liabilities)	(3,661)

2. A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income is as follows:

	Consolidated FY2011 (Form April 1, 2011 to March 31, 2012)
Normal effective statutory tax rate	40.2%
Valuation allowance	(26.2)%
Income not taxable for income tax purposes	(2.3)%
Expenses not deductible for income tax purposes	0.4%
Adjustment in consolidation due to the loss on devaluation of stocks of consolidated subsidiaries	—
Reduction in fiscal year-end deferred tax assets due to tax rate changes	7.8%
Other—net	0.9%
Actual effective tax rate	20.8%

3. Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rates, etc.

Following the promulgation of the “Law for Partial Amendment of the Income Tax Law, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures” (Law No. 114, 2011) and the “Law on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Law No. 117, 2011) on December 2, 2011, the corporate income tax rate will be lowered and a special restoration surtax will be imposed from the fiscal years beginning on and after April 1, 2012. In conjunction with these changes, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will change for the temporary differences expected to be resolved from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, and for the temporary differences expected to be resolved on and after the fiscal years beginning on April 1, 2015, from the former 40.2% to 37.6% and 35.2%, respectively. As a result of these changes, the amounts of deferred tax assets and deferred tax liabilities have decreased ¥46 million and ¥769 million, respectively, and the amounts of unrealized gains on available-for-sale securities and income taxes-deferred have increased ¥1,459 million and ¥736 million, respectively.

(Segment information by type of business)

【Segment information】

Segment Information is not shown in these statements, since the banking business is the only reportable segment.

【Related information】

1 Information for service segment

	Loans	Securities investment	Other	Total
Ordinary income from customers	¥25,281	¥14,213	¥12,397	¥51,892

(Millions of yen)

(Note) Instead of the net sales of a non-financial company, ordinary income in gross is indicated.

2 Information for geographic areas

Not describe.

3 Information about major customers

Not describe.

【Information about impairment loss of fixed assets in segment】

Not describe.

【Information about the amortization of goodwill and unamortized balance by reportable segment】

Not applicable.

【Information about the gain recognized on negative goodwill by reportable segment】

Not applicable.

【Related-Party Transactions】

1. Related-party transactions involving directors, corporate auditors and major stockholders (individuals only) of the Bank.

(Millions of yen)

Relationship	Name	Address	Paid-in capital	Position	Voting rights[%]	Details of business relationship	Transactions	Transaction amount	Accounting name	Year-end balance
Statutory auditor	Akio Hosoda	—	—	Director of the Bank	0.33	Lending	Lending Interest income	65 0	Loans —	24 —
Statutory auditor	Toshihito Furuya	—	—	Corporate auditor of the Bank, simultaneously serving as legal advisor	0.01	Lending Compensation for legal advisory services	Lending Interest income Legal advisory fee paid	— 4 3	Loans — —	198 — —
Director's consort	Mayumi Nagasaka	—	—	Director's consort of the Bank	—	Lending	Lending Interest income	— 0	Loans —	45 —
Director's consort	Yuko Ogiwara	—	—	Director's consort of the Bank	—	Lending	Lending Interest income	— 0	Loans —	27 —

Note: The conditions as applied to general parties with which the Bank enters into transactions are applied.

(Per Share Information)

(Yen)

	Consolidated FY2011 (Form April 1, 2011 to March 31, 2012)
Net assets per share	¥959.53
Net income per share	40.68
Diluted net income per share	40.66

Note: The basis for calculating net income per share and diluted net income per share is presented as follows. Information for diluted net income per share for the fiscal year ended March 31, 2011 is not presented because there was no potential dilutive stock during this period.

(Millions of yen)

	Consolidated FY2011 (Form April 1, 2011 to March 31, 2012)
Net income per share	
Net income	¥7,323
Net income attribute to common stock	¥7,323
Average balance of common stock (thousands)	¥179,992
Diluted net income per share	
Increase in the number of common stock (thousands)	101
New share subscription rights (thousands)	101

(Important subsequent events)

Not applicable.

Corporate Data

(as of March 31, 2012)

Common Stock: ¥15,400 million

Number of Shares:

Authorized 398,000,000 shares

Issued 184,915,000 shares

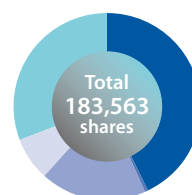
Number of

Stockholders: 6,604

Stock Listing: First Section of the Tokyo Stock Exchange

Transfer Agent: Mitsubishi UFJ Trust & Banking Corporation

Breakdown of Stockholders



Financial institutions	78,714	42.88%
Securities companies	1,057	0.57%
Other corporations	33,456	18.23%
Foreigners	14,094	7.68%
Individuals and others	56,242	30.64%

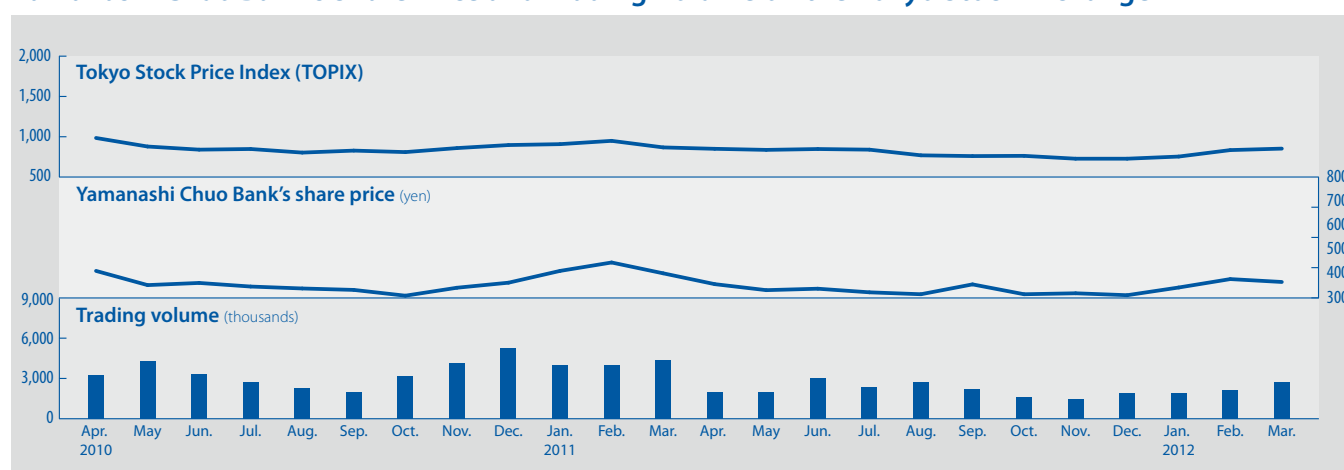
*Shares (1 trading unit: 1,000 shares)

Note: The category "Individuals and others" contains treasury stock in the number of 6,453 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
Japan Trustee Services Bank, Ltd. (Trustee Account)	11,716	6.33
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,169	3.87
Meiji Yasuda Life Insurance Company	6,047	3.27
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	5,648	3.05
Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,600	3.02
The Master Trust Bank of Japan, Ltd. (Trustee Account)	3,458	1.87
Sompo Japan Insurance Inc.	3,049	1.64
Fukoku Mutual Life Insurance Company	3,000	1.62
Teikyo University	2,977	1.60
FUJI KYUKO CO., LTD.	2,657	1.43
Total	51,323	27.75

Yamanashi Chuo Bank's Share Price and Trading Volume on the Tokyo Stock Exchange



Consolidated Subsidiaries

Name	Capital (Millions of yen)	Yamanashi Chuo Bank's share (%)	Lines of business
Yamanashi Chuo Guarantee Co., Ltd.	20	99.8	Loan guarantees
Yamanashi Chugin Lease Co., Ltd.	20	61.0	Leasing
Yamanashi Chugin DC Card Co., Ltd.	20	67.5	Credit cards
Yamanashi Chugin Management Consulting Co., Ltd.	200	85.0	Consulting, economic research

Board of Directors and Corporate Auditors

(as of July 2, 2012)

Chairman

Toshihisa Ashizawa

President

Nakaba Shindo

Senior Managing Director

Mitsuyoshi Seki

Managing Directors

Shigeo Kunugi

Masao Ando

Masanobu Tanaka

Director and Advisor

Kentaro Ono

Directors

Akio Hosoda

Akihiko Inoue

Masayuki Ogihara

Tadashi Kato

Takehiro Hirose

Kimihisa Tanabe

Standing Corporate Auditors

Takehiko Sano

Yoshinori Iwama

Corporate Auditors

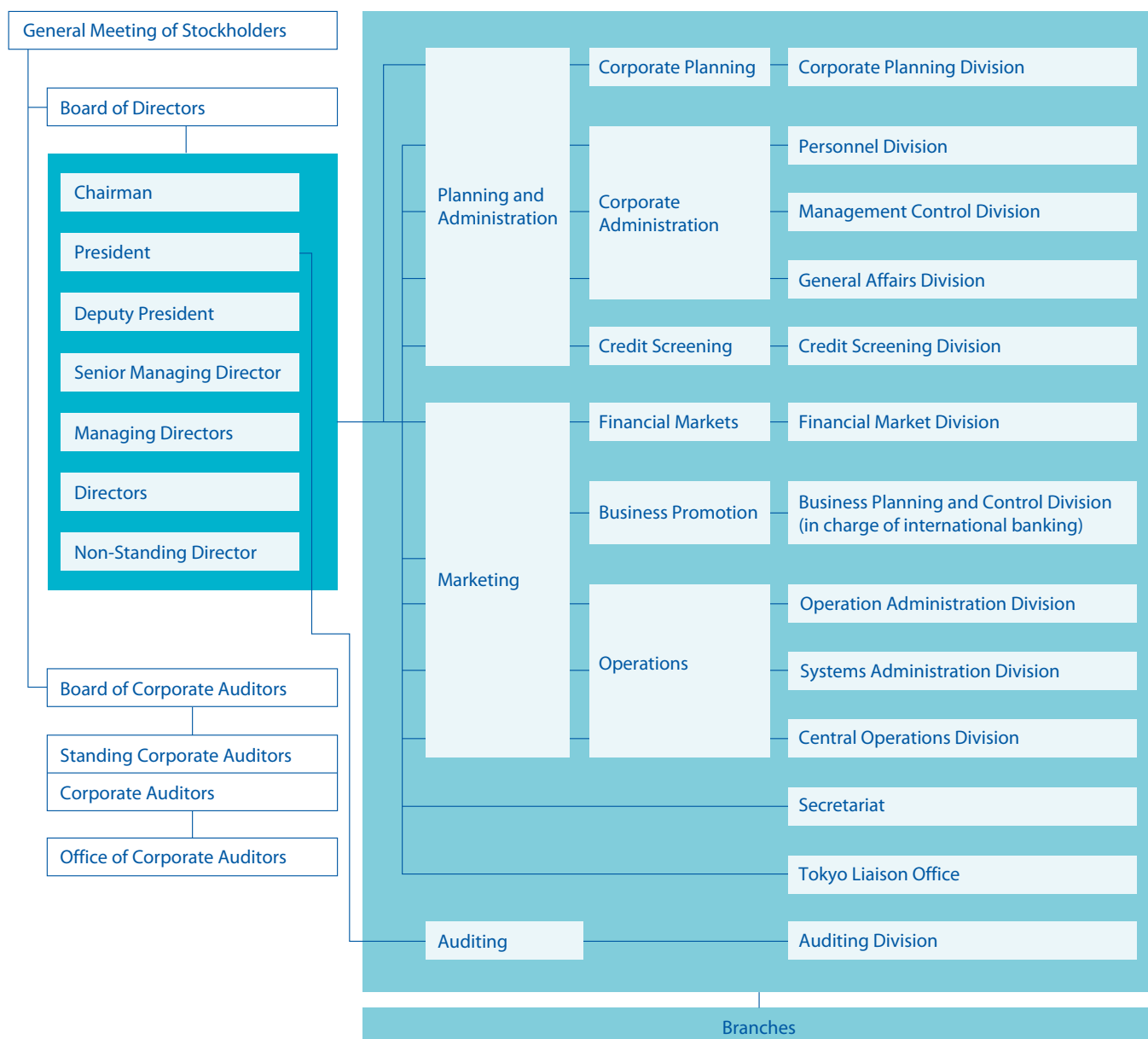
Magozaemon Takano

Toshihito Furuya

Koichiro Horiuchi

Organization

(as of July 2, 2012)



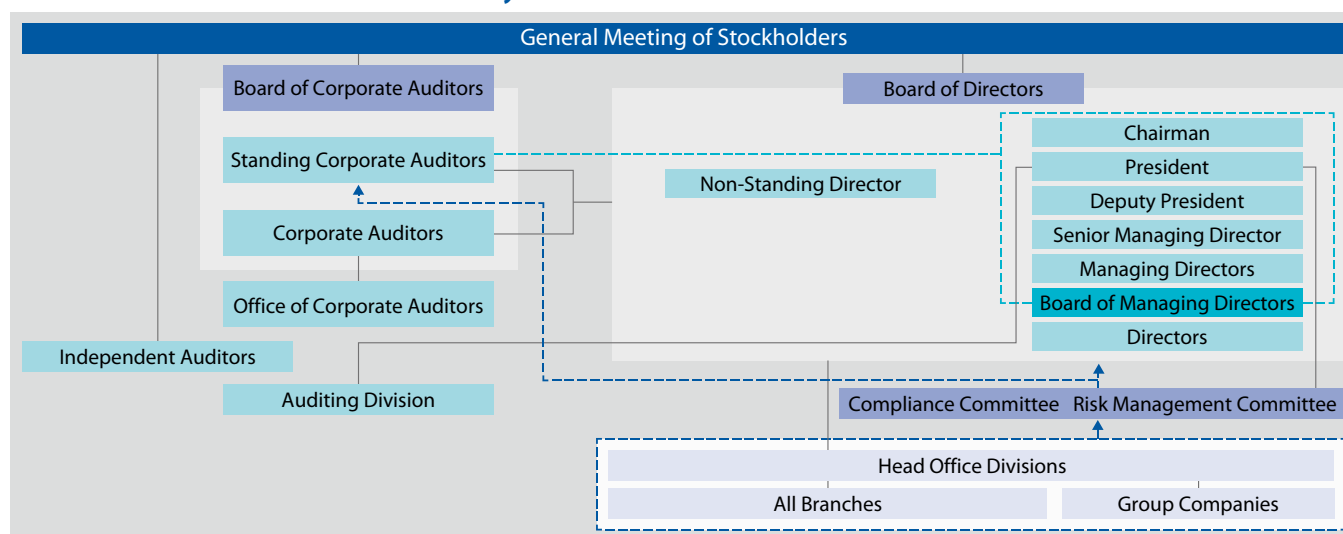
Internal Control and Risk Management

Enhancing corporate governance

Yamanashi Chuo Bank is very aware of its social responsibility as a banking institution and its public-service mission in that role. Accordingly, it aims to secure the trust of the community it serves by such means as maintaining sound management and assuring transparency of management, seeking constantly to contribute to the prosperity of the local region and the development of its economy.

To fulfill its mission, the Bank has built a stronger internal control system and organizational structure to improve its management efficiency. All staff are committed to maintaining high ethical standards, and to enhancing corporate governance through ongoing initiatives and the active disclosure of corporate activities.

The structure of the internal control system



Risk Management

The operating environment for financial institutions is changing constantly, and banks consequently face a diversifying array of increasingly complex risks. To secure a steady earnings stream into the future, it is therefore essential for the Bank to accurately ascertain the monetary value of the various risks involved in the conduct of its banking operations, and then to continuously monitor and manage those risks.

The risks to which the Bank is exposed are broadly categorized for management purposes as credit risk, market risk, liquidity risk and operational risk. To ensure integrated risk appraisal and analysis, the Bank's ALM committee and the Risk Management Committee assess the possible impact of risk materialization on the Bank's operations and work out countermeasures. The Bank uses a system of risk-adjusted capital allocation to ensure the soundness of banking operations and effective use of capital.

Compliance

With regard to the issue of compliance, we believe that our duty is not solely to abide by the law, but also to ensure the strict observance of social norms in both personal behavior and corporate ethics. We are therefore ensuring that the Bank acts as a

responsible corporate citizen in responding to the expectations of society in general. That is to say, the Bank must adapt appropriately to social changes, and we must do our utmost to protect our customers and offer them ever more convenient services.

At the Yamanashi Chuo Bank, we assign a high management priority to compliance. To maintain and reinforce the relationship of trust we enjoy with our customers, we have set up a compliance management system headed by the Compliance Committee, and we work constantly to further strengthen our compliance stance. To supervise and monitor compliance-related matters at all the Bank's offices, Compliance Officers have been appointed in each department at the Bank's Head Office and at each branch. We conduct Compliance Program every fiscal year to establish an effective compliance framework.

The program lays out concrete steps to realize compliance with the provisions of particular laws and regulations, as well as compliance training courses. The staff at the Bank's Head Office departments and its branch offices are working together to ensure adequate compliance throughout the Bank. We intend to further reinforce our compliance stance in the coming years.

THE YAMANASHI CHUO BANK,LTD.

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