

Annual Report 2019



THE YAMANASHI CHUO BANK

Local Industries in Yamanashi Prefecture

Wine



23.4% share of shipment amount ranks second in Japan.
Yamanashi wine was designated for a special label by the National Tax Agency (National Tax Agency).

Sake



Traditional Japanese Paper



Shipment amount of *Shoji* paper and Calligraphy paper ranks second in Japan.

Silk Fabric



Shipment amount of ties ranks third in Japan.
Shipment amount of down quilts ranks third in Japan.

Jewelry



Shipment amount of jewelry ranks second in Japan.

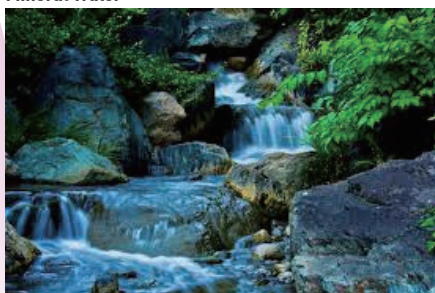
Local Industries in Yamanashi Prefecture

Fruits



Harvest of grapes, peaches and Japanese plums ranks first in Japan.

Mineral Water



32.7% share of shipment amount ranks first in Japan.

Knit Products



Inden Leather



Preparations for High-Speed Transportation Network

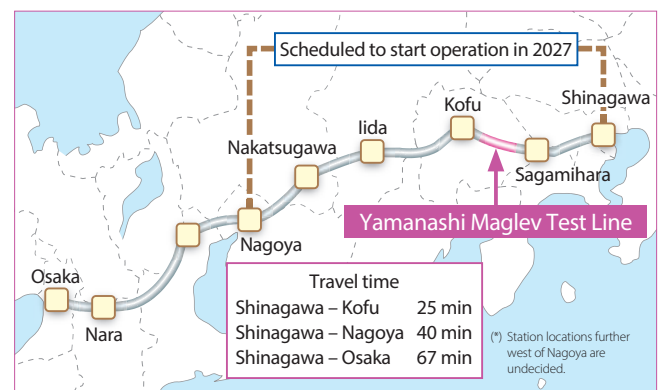
Expected Effects

Increase in tourists from Kansai and Tokai regions, increase in opportunities for receiving orders, expansion of logistic facilities, and increase in residents due to expanded commuting radius to Greater Tokyo, etc.

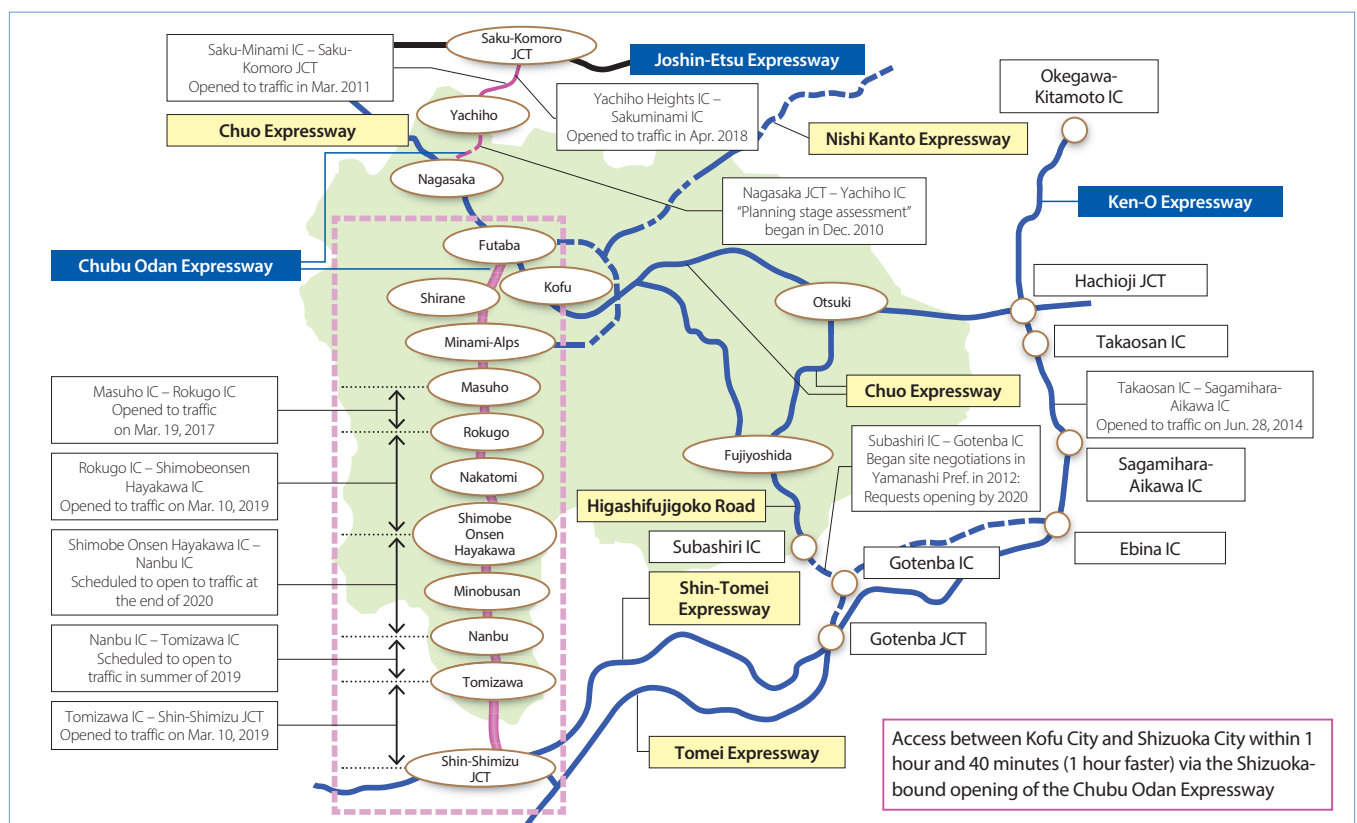
Shinkansen Maglev Train

- Oct. 2014: Minister of Land, Infrastructure, Transport and Tourism approved the start of construction, with opening planned for 2027.
- Request for certain segments to enter service by the start of the 2020 Tokyo Olympic Games.
- Dec. 2015: Construction began on the Yamanashi section of the Southern Alps Tunnel (communication route).
- Jan. 2016: Shinagawa Station construction
- Nov. 2016: Construction began on the Nagano section of the Southern Alps Tunnel.
- Mar. 2017: Yamanashi Prefecture creates "Linear Environmental Future City Improvement Policy."
- Apr. 2018: Construction began on the Yamanashi section of the Southern Alps Tunnel (mail line).

Map of Shinkansen Maglev Train Route



Chubu Odan Expressway



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.

Long-Term Vision (Value Creation Bank)

As we approach our 150th founding anniversary, we aim to be a financial group that all stakeholders can rely upon to realize an enriched regional community, delighted customers, fulfilled employees, and satisfied shareholders.

Basic Strategies of Medium-Term Management Plan "Value+ 2022"

- **Enhance Customer Touchpoints**
— Aiming to be a bank that connects with all customers—
- **Create Common Values**
— Aiming to be a bank that adapts to new environments—
- **Improve Personnel Vitality**
— Aiming to be a bank where diverse human resources reach their potential—

The 3S Action Guidelines

Smile, Speed and Simple

Profile (as of March 31, 2019)

Corporate Name:

The Yamanashi Chuo Bank, Ltd.

Head Office:

20-8, Marunouchi 1-chome, Kofu, Yamanashi

Established:

December 1, 1941

President:

Mitsuyoshi Seki

Common Stock:

¥15,400 million

Number of Shares Issued:

33,983,000 shares

Stock Listing:

First Section of the Tokyo Stock Exchange

Long-Term Credit Rating:

A—(Rating and Investment Information, Inc.)

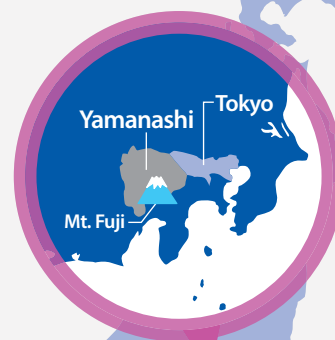
Network:

Domestic: Head Office and Branches: 90 (including 1 Internet Branch), District Offices: 2, Corporate Branch: 1

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.



Head Office



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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.

Consolidated Financial Highlights

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

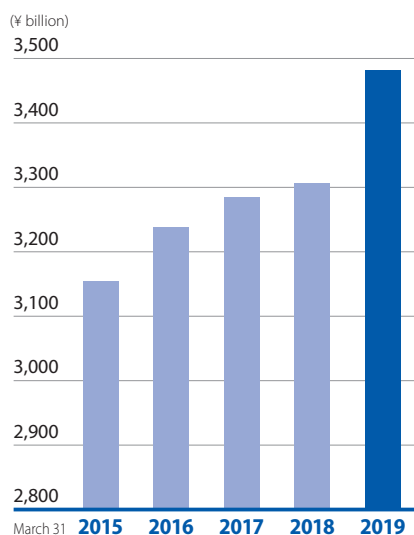
Millions of yen

	2015	2016	2017	2018	2019
Ordinary Income	50,335	55,718	55,736	54,120	52,353
Ordinary Profit	13,464	13,829	10,001	7,570	7,458
Profit Attributable to Shareholders of the Parent	8,753	9,452	7,282	4,920	4,908
Comprehensive Income	40,346	106	(15,464)	2,135	6,740
Net Assets	237,440	235,158	216,977	217,311	222,388
Total Assets	3,155,903	3,239,117	3,285,408	3,306,502	3,480,808
Net Assets per Share (Yen)	1,367.58	1,370.62	1,277.73	6,430.17	6,652.04
Net Income per Share (Yen)	50.38	54.91	42.95	146.48	147.15
Capital Adequacy Ratio (Domestic Standard, %)	17.35	18.05	16.82	14.14	13.80
Return on Equity (%)	4.40	4.03	3.25	2.29	2.25
Price Earning Ratio (Times)	10.44	7.52	11.59	14.95	9.31
Cash Flows from Operating Activities	(3,806)	70,287	(91,511)	79,725	82,750
Cash Flows from Investing Activities	(61,232)	(17,638)	245,900	(27,367)	124,502
Cash Flows from Financing Activities	(2,018)	(2,397)	(2,868)	(1,783)	(1,681)
Cash and Cash Equivalents	59,058	109,309	260,830	311,403	516,974

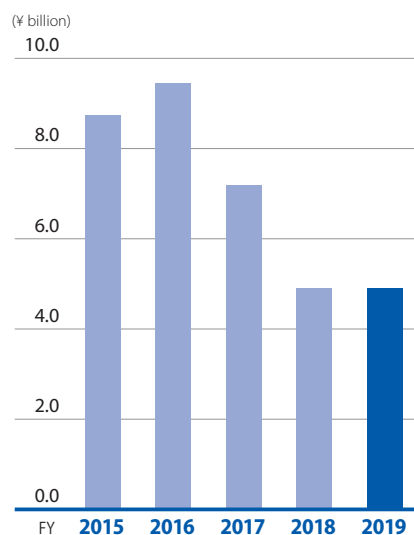
Notes

- (1) Amounts do not include consumption and local taxes payable by the Bank and its consolidated subsidiaries.
- (2) The Bank consolidated its shares at a ratio of five shares to one share on the effective date of October 1, 2018. Accordingly, net assets per share and net income per share are calculated on the assumption that the consolidation of shares was conducted at the beginning of the fiscal year ended March 31, 2018.
- (3) The capital adequacy 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. The Bank has adopted the Japanese standard for the calculation.

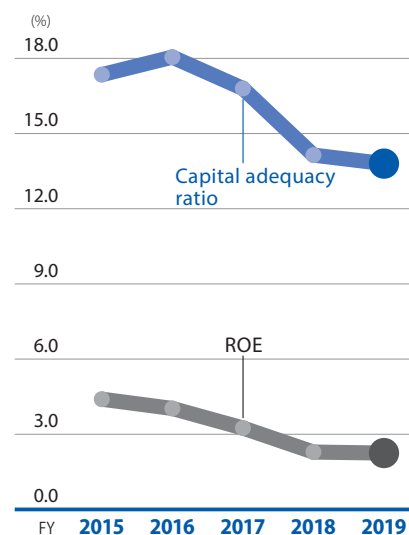
Total assets



Profit attributable to shareholders of the parent



ROE/ Capital adequacy ratio (Domestic standard)



Message from the President

“Value⁺ 2022”

Theme during the Medium-Term Management Plan

A stage for creating new value and implementing bold structural reforms that anticipate the changes of the times (First stage for achieving the long-term vision)

President
Mitsuyoshi Seki



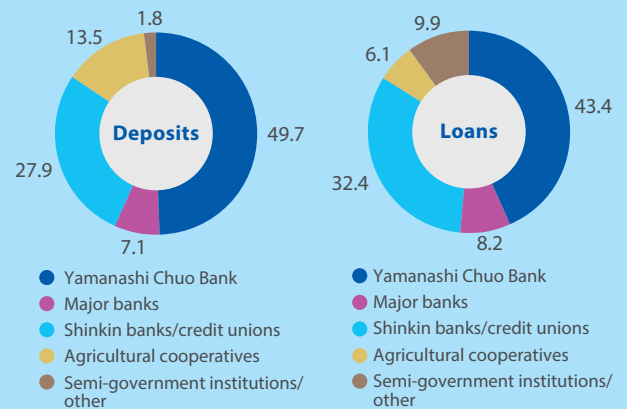
The Economy of Yamanashi Prefecture—Our Business Base

General Prefectural Production (fiscal 2015): **¥3,160 billion**
 Real Growth Rate (fiscal 2015): **2.2%**
 Shipment Value of Production in Prefecture (2017): **¥2,502 billion**

● Major Products and Their Share in Japanese Market

Products	Shipment Value (¥ billion)	Share (%)	Ranking
Mineral water	44.0	32.7	No. 1
Numerical control robots	202.5	69.5	No. 1
Semiconductors / IC measuring instruments	35.2	20.3	No. 1
Other elements for semiconductors	58.7	19.8	No. 2

Shares in Yamanashi Pref. (%) (as of March 31, 2019)



I would like to take this opportunity to thank the customers and patrons of the Yamanashi Chuo Bank.

In the past few years, financial institutions have been called upon to address increasingly diverse and sophisticated needs in the marketplace. This trend has been driven by factors such as a continuing decline in Japan's population and an aging society with a low birthrate; rapid advances in digitalization, particularly artificial intelligence (AI), the Internet of Things (IoT), and FinTech; and changes in the lifestyles of customers. Moreover, the operating environment for financial institutions has come under further pressure, mainly due to an uncertain global political and economic climate, in addition to the continuation of the Bank of Japan's negative interest rate policy.

In this operating environment, the Bank launched its new medium-term management plan "Value+ 2022," in April 2019. The plan covers the three-year period from April 2019 to March 2022.

Under the plan, we have announced a long-term vision for our 150th anniversary in 2027 called "Value Creation Bank." To realize this vision, every executive and employee will make a concerted effort to implement the following three basic strategies over the plan's three-year period: enhance customer touchpoints, create common values, and improve personnel

vitality. To execute the plan, every executive and employee will act based on the 3S Action Guidelines, which are Smile, Speed and Simple. In accordance with these guidelines, as we give top priority to taking our customer-first activities to an even higher level, we will work to deepen our relationships of credibility and trust with customers and the broader regional community.

The Bank will continue to maintain sound financial content that earns the trust of local communities, customers and shareholders, and strive to provide even higher-quality services. I ask for your continued support and encouragement going forward.

Below, we present an overview of our business performance for fiscal 2018 (April 2018 to March 2019), together with a report on future management plans.

President

Mitsuyoshi Seki

Market Trends in Fiscal 2018

In the fiscal year ended March 31, 2019, the Japanese economy staged a gradual recovery overall, supported by factors such as continuing growth in production, primarily in export-related industries, along with an upturn in capital investment and consumer spending. However, in the second half of the fiscal year, exports struggled to grow mainly due to the impact of U.S.-China trade tensions and production also started to soften. Based on these and other factors, the economic outlook has become uncertain.

In Yamanashi Prefecture, the economy followed a path of gradual recovery in the first half of the fiscal year. Notably, there was a high level of production centered on the machinery industry, and capital investment and consumer spending remained firm. However, economic trends started to show signs of softening in the second half of the fiscal year. There were growing production cutbacks in some parts of the machinery industry, and demand also started to show signs of settling down.

Looking at financial market conditions, in the foreign exchange market, the yen generally weakened in response to factors such as economic conditions and interest rate trends in the U.S. From the beginning of 2019, the yen began to strengthen as the prospects for interest rate hikes in the U.S. became less likely. In the stock market, stock prices trended firmly, with the Nikkei Stock Average reaching above the ¥24,000 level at one point. Thereafter, however, stock prices showed considerable volatility. The Nikkei Stock Average fell temporarily below ¥20,000, reflecting factors such as concerns about the overseas economic outlook for the U.S. and other countries.

Domestic long-term interest rates remained at around zero under the interest rate policy of the Bank of Japan.

Business Progress in Fiscal 2018

Against this financial and economic backdrop, in the final year of S.T.E.P. up 2019, the Bank's three-year medium-term management plan running from April 2016 through March 2019, we proactively implemented the following measures.

Providing Solutions to Corporate and Sole Proprietor Customers

In fiscal 2018, we redoubled our efforts to conduct business feasibility studies. To do so, we first worked to understand and organize information on the actual state of our customers' businesses, such as their business models and management issues, through in-depth discussions with customers. We then carried out detailed solution-oriented sales activities and helped customers to improve their businesses.

In the field of support for the startup and establishment of businesses, we implemented measures such as support for business

planning formulation and for business growth and development after establishment. These measures included our Schools for Business Startups and Secondary Startups and our Entrepreneur Seminar for Women. In addition, we also implemented measures to support asset succession (business succession and estate planning). In this area, the Bank first sought to grasp a full picture of our customers' total asset portfolio. Based on this knowledge, we then conducted "total asset portfolio-based sales activities" to propose fundamental solutions to the issues faced by our customers.

We held our Agri-Business School program for business operators in the agriculture and food-related fields. In this course, participants learn about the latest agricultural business management practices. Concurrently, we carried out the "Yamanashi Food Sector Business Matching Fair" and related events to help our customers develop and expand their sales channels.

In the tourism field, we implemented a range of measures to address the growing numbers of inbound tourists visiting Japan in the run-up to the Tokyo Olympics and Paralympics in 2020. We supported our business customers through our Tourism Advisors, held seminars, and helped our business customers to welcome inbound tourists.

In international operations, the Bank's Asia Desk, a unit specializing in overseas business support, provided information and various support services tailored to customer needs. Specifically, for customers seeking to expand into new overseas markets, we offered proposals to tour overseas markets and supplied credit survey reports on overseas companies. For customers seeking to expand their overseas sales channels, we made buyer matching proposals utilizing various business meetings and the internet.

Providing Solutions to Individual Customers

In accordance with our Basic Policy on Fiduciary Duty (basic policy on customer-oriented business operations), we strove to provide solutions and enhance our product lineups. In addition, we provided broad support to meet customers' asset formation needs by proposing the use of programs such as Tsumitate NISA and the iDeCo private pension plan.

Meanwhile, to fulfill the funding needs of its customers, the Bank improved the performance of its housing, auto, and educational loans, implemented preferential interest plans for housing loans, and conducted campaigns for auto and educational loans. Through these measures, we provided products and services in response to customers' needs.

Activities for Regional Revitalization

Three regional banks, specifically the Bank, The Bank of Yokohama, Ltd. and The Shizuoka Bank, Ltd., played a central role in establishing the Council for Revitalization of the Region Spanning the Borders of Kanagawa, Yamanashi and Shizuoka Prefectures. Through this council, the Bank worked to promote tourism in the

Message from the President

Fuji-Hakone-Izu region, which straddles the prefectural borders of Yamanashi, Kanagawa and Shizuoka Prefectures. In addition, the Bank held public-private partnership promotion seminars to assist with efficient fiscal management through the introduction of Public Private Partnership-Private Finance Initiative (PPP-PFI) programs. The Bank also set up “Move-to-Yamanashi Desks” in its branches in Tokyo and Kanagawa Prefecture. These desks were set up to upgrade and expand the Bank’s relocation counseling framework for attracting and retaining Yamanashi Prefecture’s resident population.

In other initiatives, the Bank supplied funds to support the training and development of business leaders who will shape the future of their communities, and the creation and growth of employment in the region. The Bank supplied the funds through such channels as the Yamanashi Chuo Bank Regional Revitalization Fund and the Yamanashi New Business Support Fund.

Results and Business Performance in the Final Year of the Medium-Term Management Plan

The Bank implemented the S.T.E.P. up 2019 medium-term management plan over the three-year period from April 2016 to March 2019.

The targets (non-consolidated) for the final year of the medium-term management plan (fiscal 2018) and the results (non-consolidated) for the fiscal year under review (fiscal 2018) are outlined below.

Under the plan, the Bank set four indicators as its targets. The Bank has achieved two of these targets: net business profit and the year-end loan balance.

Net business profit amounted to ¥11.3 billion, ¥1.8 billion above target.

The year-end loan balance stood at ¥1,710.8 billion, ¥120.8

billion higher than the target. This was mainly due to increases in loans to small-and medium-sized enterprises (SMEs) and individual loans.

The Bank did not achieve its targets for the remaining two indicators, specifically profit and the year-end deposit balance. This was mainly because declining market interest rates due to the Bank of Japan’s negative interest rate policy had a greater-than-anticipated impact on those indicators.

Outlook

Looking at business forecasts for fiscal 2019, interest and dividends on securities are expected to decrease, while interest on loans will increase. Based on this outlook, the Bank is forecasting consolidated ordinary profit of ¥5.4 billion, down ¥2.0 billion year on year, and profit attributable to shareholders of the parent of ¥3.5 billion, down ¥1.4 billion year on year. On a non-consolidated basis, the Bank is forecasting ordinary profit of ¥4.7 billion, down ¥1.8 billion year on year, and net income of ¥3.2 billion, down ¥1.2 billion year on year.

In the fiscal year under review, the interim dividend was ¥17.50 per share (after adjusting for the stock consolidation). The Bank also plans to pay a year-end dividend of ¥17.50 per share. Consequently, the annual dividend will be ¥35 per share (after adjusting for the stock consolidation), and the dividend payout ratio will be 25.97% on a non-consolidated basis. Moreover, the Bank conducted a stock buyback of 380,000 common shares from February to March 2019 (total acquisition value: ¥522 million). As a result, the shareholder return ratio stood at 37.48% on a non-consolidated basis. In February 2019, the Bank cancelled 1,000,000 shares of common stock. In fiscal 2019, the Bank plans to pay an interim dividend of ¥17.50 per share and a year-end dividend of ¥17.50 per share, making the annual dividend ¥35 per share.

Indicator	Fiscal 2018 target (¥ billion)	Fiscal 2018 result (¥ billion)	Difference (¥ billion)
Net business profit	9.5	11.3	1.8
Profit	6.0	4.4	(1.6)
Year-end deposit balance*	3,260.0	3,117.3	(142.7)
Year-end loan balance	1,590.0	1,710.8	120.8

* Deposits and negotiable certificates of deposit + investment trusts (OTC balance) + public bonds (OTC balance)

Formulation of the Medium-Term Management Plan “Value⁺ 2022”

In April 2019, the Bank launched its medium-term management plan “Value⁺ (“Value Plus”) 2022” covering the period from April 2019 to March 2022. The plan is outlined below.

Management Policies

In order to realize Our Mission, the Bank and its Group companies are bringing together their collective capabilities and implementing a wide range of initiatives. This is so that they can accurately and promptly address increasingly diverse and sophisticated regional financial needs.

Business Environment and Key Issues Ahead

In Yamanashi Prefecture, our main business base, progress is being made on upgrading and expanding transportation infrastructure ahead of developments such as the opening of the Chubu Odan Expressway through to Shizuoka and the start of operations of

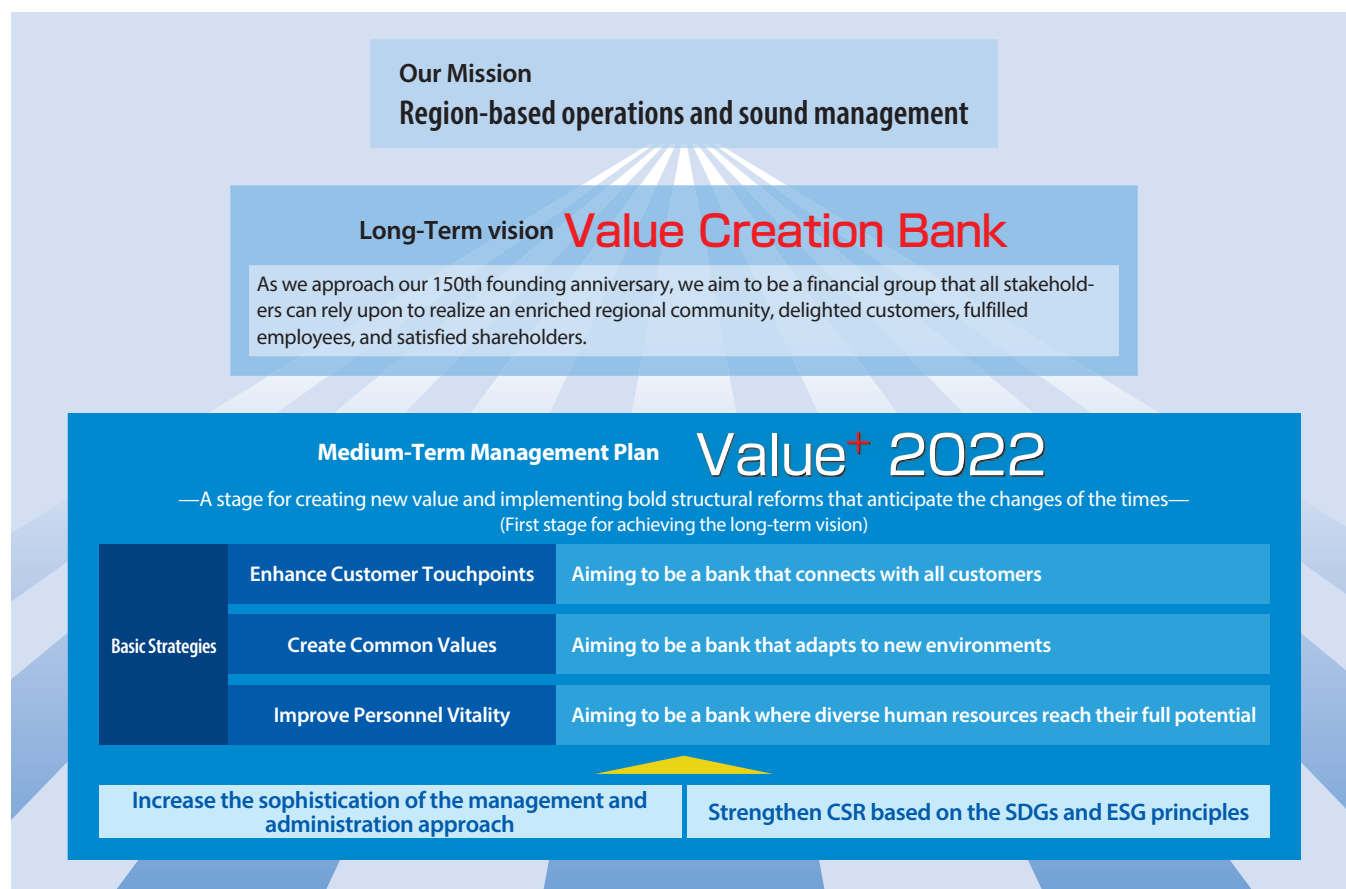
the Shinkansen maglev train. Meanwhile, a declining population and shortage of workers have become major social issues for the prefecture. These issues reflect factors such as the aging of society with a low birthrate and young people moving out of the prefecture.

In the financial sector, the Bank of Japan has implemented a negative interest rate policy for an extended period of time. Faced with this situation, it has become an urgent priority for banks and other financial institutions to reshape their profit structure. Meanwhile, innovative digital technology is expected to profoundly transform conventional financial functions and services.

In this environment, the Bank launched its medium-term management plan “Value⁺ 2022” in April 2019. Guided by the plan, the Bank will implement three basic strategies to address key issues ahead.

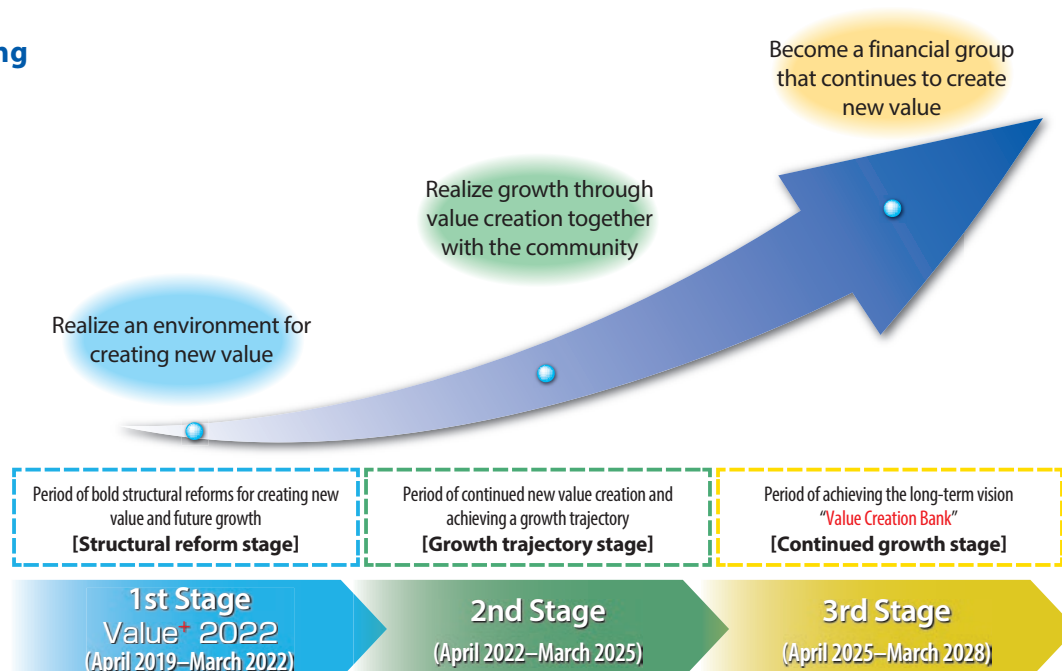
Value⁺ 2022

Plan period: April 2019 to March 2022



Formulation of the Medium-Term Management Plan “Value+ 2022”

Positioning



Quantitative targets for the final fiscal year of the medium-term management plan

Item	Quantitative targets	Item	Quantitative targets
Interest on loans	17.5 or more (¥ billion)	Net income	3.5 or more (¥ billion)
Non-interest revenue	9.0 or more (¥ billion)	OHR (Operating expenses/Core gross business profit)	Under 80%

• Enhance Customer Touchpoints

The Bank will transform and expand existing branches into specialized function branches according to customer needs. Meanwhile, the Bank will provide new services in keeping with the tide of digitalization, such as smartphone apps that allow customers to complete a variety of transactions and other procedures via the internet.

In addition, in order to further strengthen marketing capabilities in the western Tokyo area, the Bank's second home market, the Bank will increase staff and upgrade the support system provided by the Head Office.

• Create Common Values

The Bank will implement consulting sales through in-depth conversations with customers. In the process, the Bank will strive to create common values with customers, as part of efforts to provide value to them and maintain and improve sustainable profitability. Concurrently, the Bank will substantially improve its productivity by using the latest digital technology and drastically revising business processes.

• Improve Personnel Vitality

In order to foster greater motivation and fulfilment among individual employees, the Bank will reform the personnel system, beginning with the development of new career paths, and nurture professional human resources capable of addressing increasingly diverse and

sophisticated consulting needs. Through these efforts, the Bank will work to enhance services for a wide range of customers.

The Bank will implement these measures based on the new perspectives of “SDGs and ESG.” From these perspectives, the Bank aims to achieve sustainable growth, by making a greater contribution to regional economic revitalization than before, along with improving the value it provides to stakeholders. Moreover, the Bank will strengthen risk management, including anti-money laundering and counter-terrorist financing measures. The Bank will also implement compliance measures with an emphasis on adherence to all laws and regulations and other rules. By fulfilling the requests and expectations of society appropriately, we will strive to retain and improve the public's trust in the Bank.

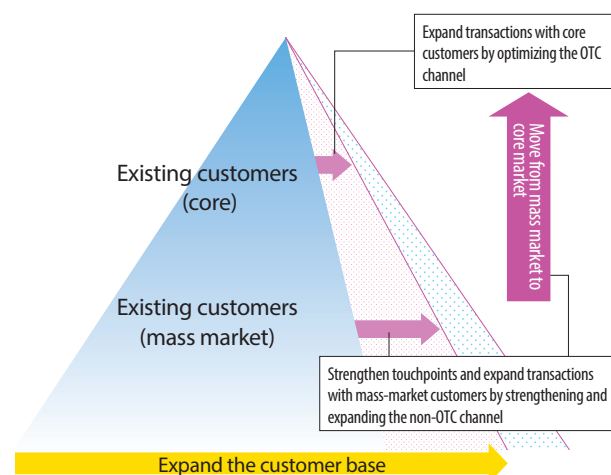
Regarding the Corporate Governance Code, which prescribes the behavioral standards for listed companies, the Bank aims to pursue the optimal form of corporate governance for the Bank, fully taking into account the intentions of the Corporate Governance Code, and to enhance its corporate value over the medium to long term.

The Group and all management and employees will work together to contribute to community prosperity and economic development.

Basic Strategy 1 Enhance Customer Touchpoints

Overall Vision for Enhancing Customer Touchpoints

Expand the transaction base with core customers by “optimizing the OTC channel” and with mass-market customers by “strengthening and expanding the non-OTC channel,” aiming to move up from the mass market to the core market.



(1) Optimize the OTC Channel

Optimize branches, liaisons, etc. as channels that can respond to customers’ needs “anytime, anywhere, and of any kind”

Strengthen the liaison channel	Strengthen human resources Increase quality by training personnel	Number of effective consultations with customers up 30% (Compared with 2018)
Optimize the branch network	Reform functions of full banking branches in Yamanashi Prefecture Expand branches that have achieved efficiency gains through branches in branches	Change approx. 20% of all branches to special function branches (Approx. 10 branches) (Compared with 2018) Approx. 15% of branches in Yamanashi Prefecture (Approx. 10 branches) (Compared with 2018)
Expand branch functions	Next-generation branches Spread and expand branches open on holidays and at night Make effective use of branch space	Shift to “next-generation-ready branches” Spread and expand Life Square. Number of consultations increased by 10% (Compared with 2018) Systems for drawing in people through the effective use of branch space

Nurture and redeploy sales personnel

Strengthen marketing capabilities

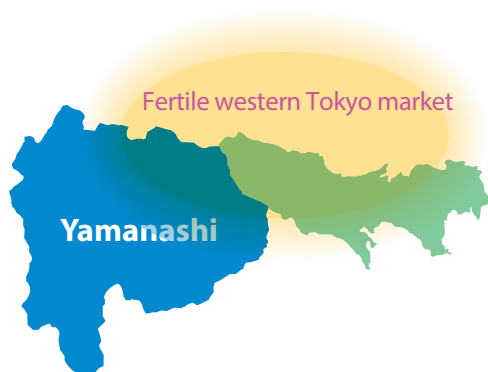
Streamline and rationalize operations to specialize in sales

• Focus Resources on the Western Tokyo Area

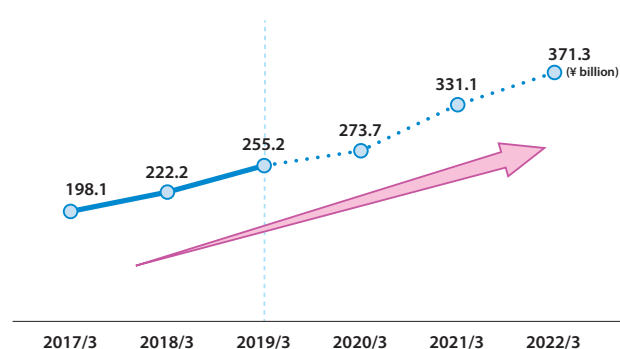
Human resources will be freed up through measures such as optimizing branches in Yamanashi Prefecture and streamlining operations. These human resources will be concentrated in the

western Tokyo area, which is a growth market. The Bank will establish the Western Tokyo Consulting Sales Department mainly through an intensive shift of personnel to sales.

Western Tokyo Area Market Size



Changes in Average Loan Balance in the Western Tokyo Area



■ Number of private business offices	170,000	Approx. 3.9 times Yamanashi Prefecture
■ Population	5,560,000	Approx. 6.8 times Yamanashi Prefecture
■ Number of households	2,600,000	Approx. 7.7 times Yamanashi Prefecture

A market with strong growth prospects

Basic Strategy 1 Enhance Customer Touchpoints

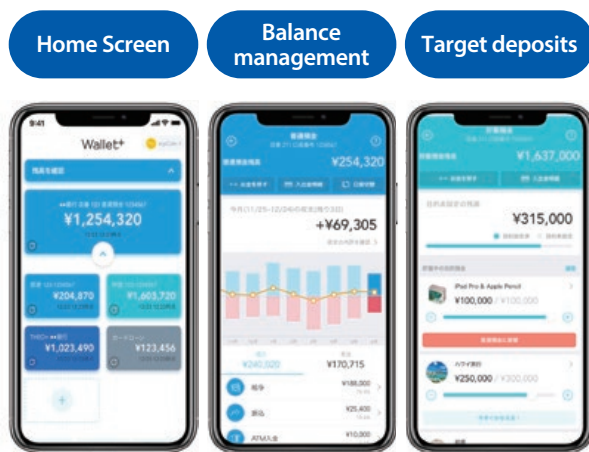
(2) Strengthen and Expand the Non-OTC Channel

Strengthen and enhance the non-OTC channel as a channel that can respond to customer needs “anytime, anywhere, and of any kind,” and achieve connections with all customers

Strengthen consultation service stance	Respond to cashless society	Strengthen contact points with younger generation	Use ATMs efficiently
<p>Strengthen connections with various customers at any time by strengthening the non-OTC channel</p> <ul style="list-style-type: none"> • Build online completion system • Build online consultation scheme • Rebuild call center-based sales system 	<p>Meet various customers' needs through cashless services</p> <ul style="list-style-type: none"> • Introduce QR code settlements • Introduce brand debit cards 	<p>Strengthen links with the younger generation with whom the Bank has few contact points</p> <ul style="list-style-type: none"> • Introduce “Wallet+” • Roll out bookless accounts at all branches 	<p>Optimize customer contact points by ATM</p> <ul style="list-style-type: none"> • Strengthen ATM partnerships • Utilize the ATM network efficiently and effectively • Optimize ATM functions, services, etc.

Use smartphone app “Wallet+” to strengthen connections with younger customers with whom the Bank has few contact points

Smartphone app “Wallet+”



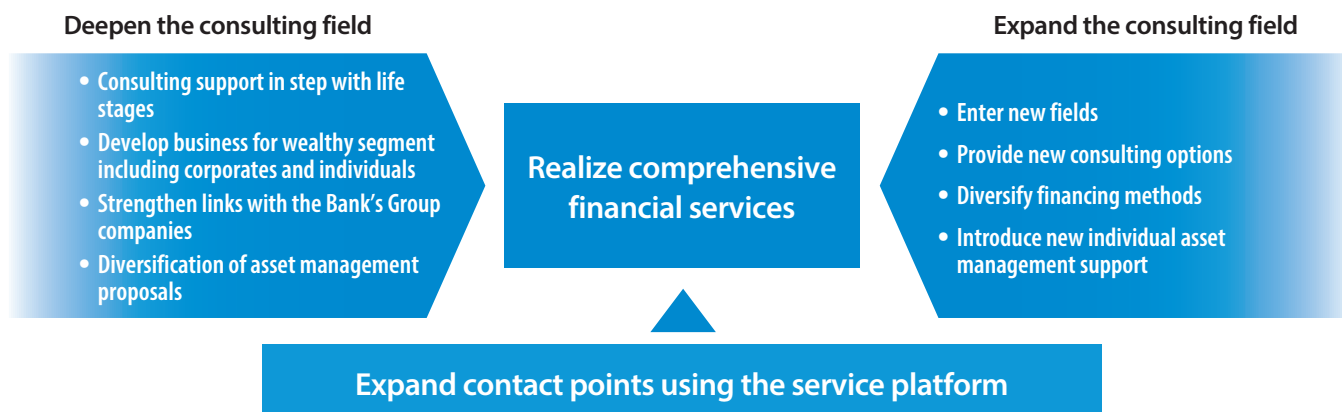
“Wallet+” is a new money service that seamlessly links financial and non-financial services, plus users’ daily routines and special occasions. Users first register their accounts at partner financial institutions with the “Wallet+” app. They can then confirm their account balances and transaction statements easily through the app. There is also a financial function that allows users to open a savings account within the app and save money. The app also provides content distribution services on information related to finance and money matters. Users can also obtain discount coupons supplied by partner companies.

Launch of service scheduled in autumn 2019

Basic Strategy 2 Create Common Values

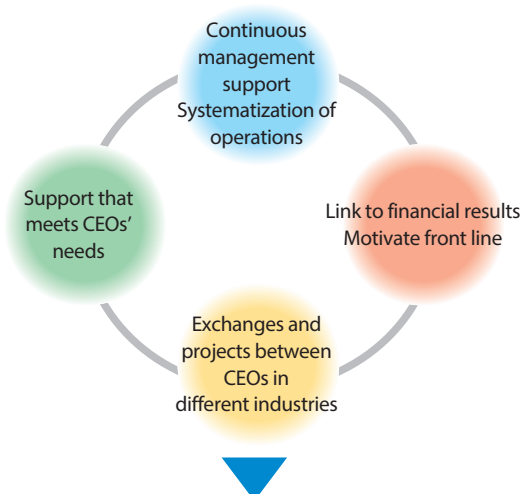
(1) Deepen and Expand the Consulting Field

Shift to consulting sales based on deep conversation with customers to realize “comprehensive financial services” and create shared value with customers by solving diverse issues



Build a Platform for Corporations Using the CEO Club

We will build systems for consulting functions that can adapt to increasingly sophisticated and diverse customer needs.



Utilize the Yamanashi Chuo Bank CEO Club

Enhance services

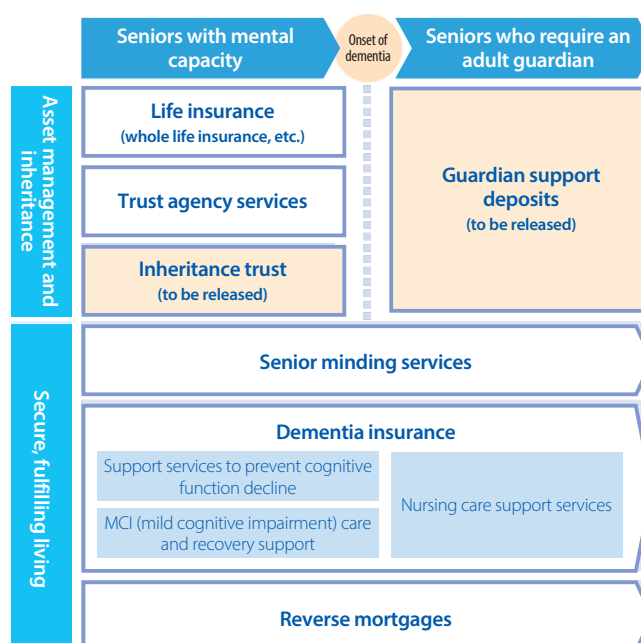
- Enhance online services Change main service partners
- Enhance real-world services Hold seminars and courses, etc.

Strengthen consulting functions

- Centralize seminars run individually by each division for more efficient operation
- Grasp CEO issues using questionnaires, cultivate deeper transactions and create openings for advancement

Build a Service Platform to Meet the Needs of an Aging Society

We will expand products and services that can provide secure, comfortable living for senior customers and their families through transactions with the Bank, and build this into a service platform.



Basic Strategy 2 Create Common Values

(2) Increase Productivity through BPI

Building a foundation for a next-generation business model in response to environmental changes by dramatically improving the productivity of general banking operations through operation reforms, etc.

- **Introduce electronic procedures and semi-self-service** Increase customer convenience by making procedures simpler and quicker
- **Introduce smart operation management** Strengthen sales structure through redeployment of human resources
- **Introduce electronic and consolidated operations** Increase labor productivity by shortening operation execution times



Create Common Values



Goal

Reduction of operation time (annual): 200,000 hours (Compared with 2017)

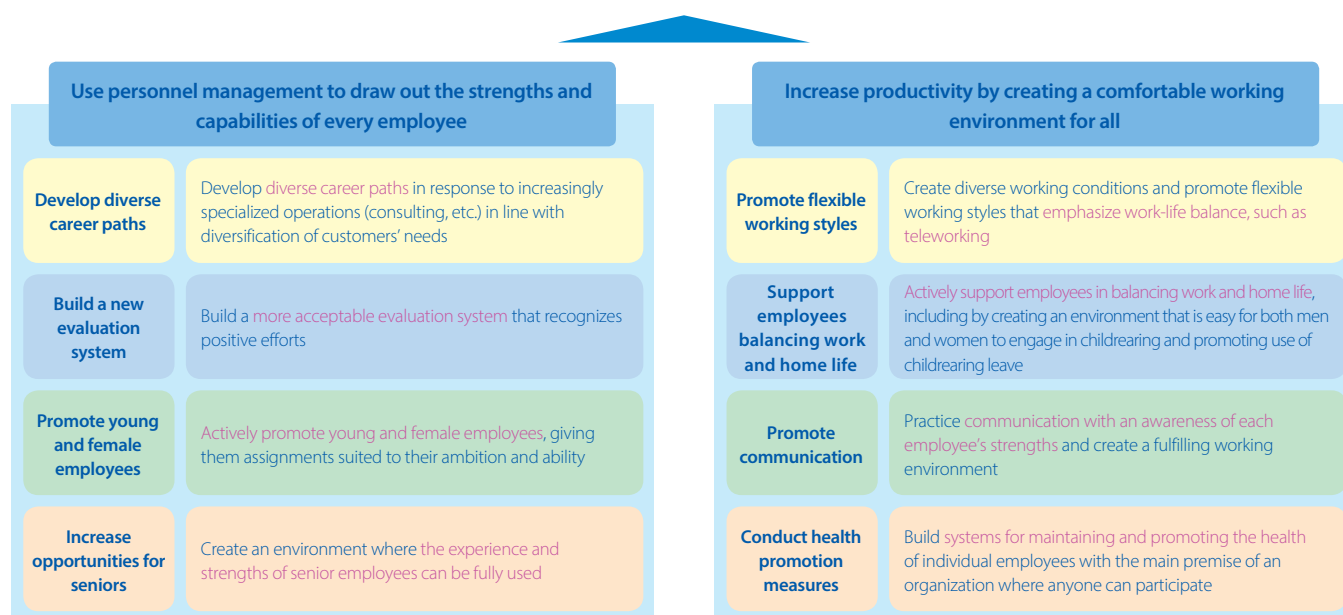
Introduction of paperless operations (annual paper usage): (70%) (Compared with 2017)

Basic Strategy 3 Improve Personnel Vitality

(1) Personnel Management to Promote Vitality in Individual Employees

Aim to create a highly motivated organization where individual employees experience fulfillment and pride by fully utilizing their strengths and where everyone can play a role

Cultivate motivation and fulfillment in individual employees by reforming the personnel system (work style reforms)



(2) Develop Specialist Human Resources (Professionals)

Create internal human resource development systems in which each employee achieves a real sense of growth and develop more diverse and sophisticated specialist (professional) human resources in the consulting field

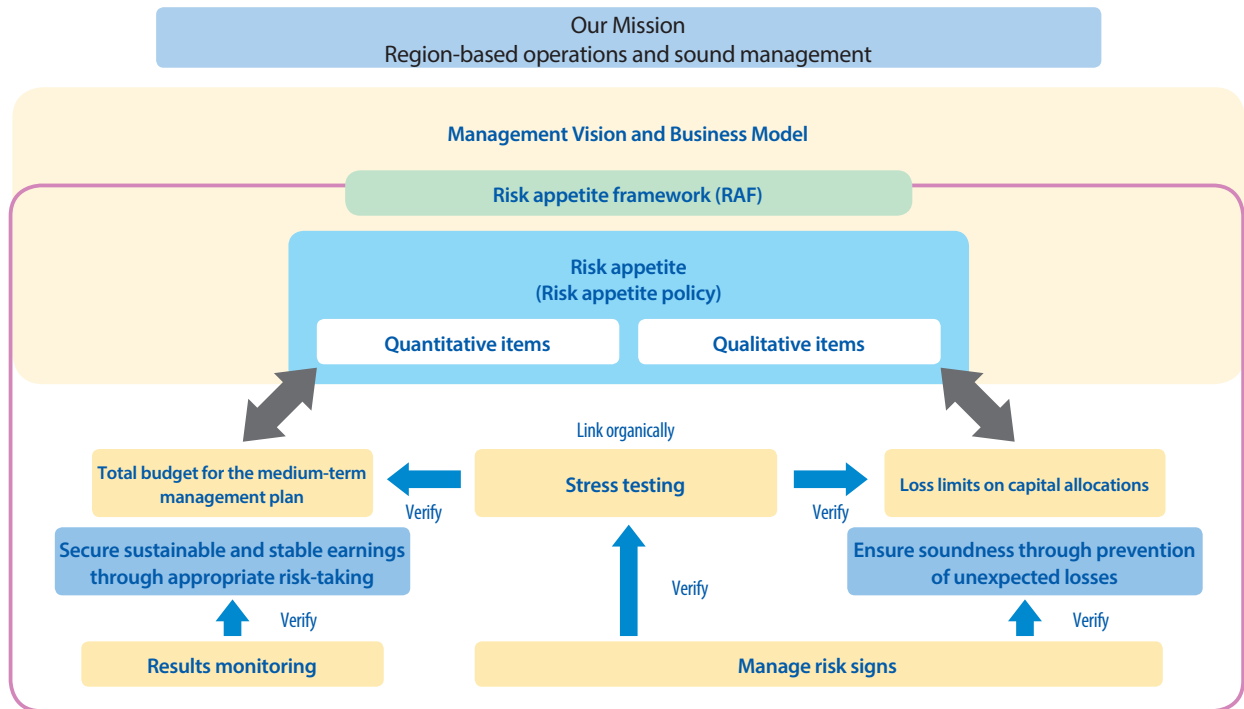
Create an OJT system and develop professional human resources



Basic Priority 1 Increase the Sophistication of the Management and Administration Approach

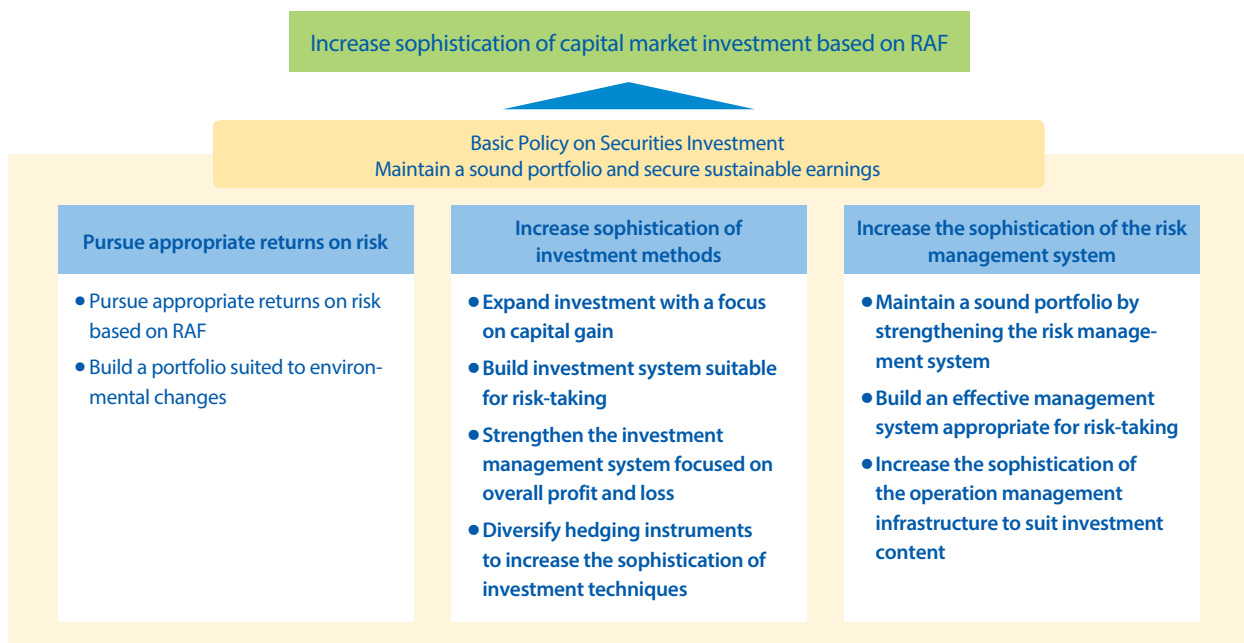
(1) Strengthen Earnings and the Risk Management Approach Using RAF

Encourage appropriate risk-taking and increase the risk-return ratio by engaging in building a risk appetite framework (RAF) to realize a risk appetite



(2) Increase Sophistication of Capital Markets Investment

Aim to maintain a sound portfolio and secure sustainable earnings by building a securities portfolio suited to environmental changes and pursue appropriate returns on risk based on management policy and capacity



Basic Priority 2 Strengthen CSR Based on the SDGs and ESG Principles

(1) Strengthen CSR Initiatives through New Views (SDGs/ESG)

Engage vigorously in CSR activities based on the SDGs and ESG principles, and contribute to the sustainable development of the regional community

Environment

Activities to tackle environmental problems

- Strengthen activities to reduce the Bank's own environmental impact
- Support and facilitate activities undertaken by the regional community, customers and others to reduce environmental impact



Social

Activities for regional revitalization

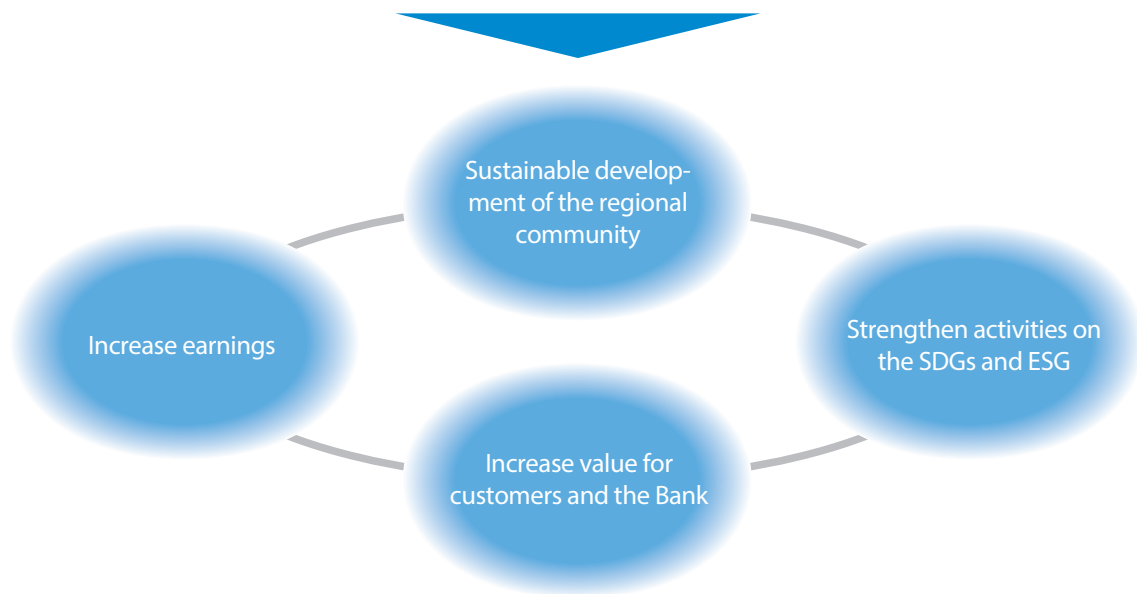
- Strengthen education support to increase financial literacy of Yamanashi Prefecture residents
- Proactively take steps to promote arts and culture, sports and other activities to contribute to the development of the regional community
- Promote corporate activities from the standpoint of contributing to society, including wellness initiatives



Governance

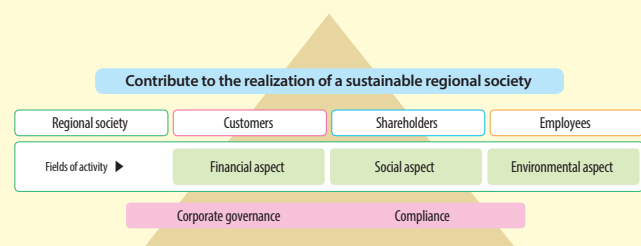
Activities for corporate governance

- Build systems for ensuring transparency and objectivity of management by strengthening governance
- Expand information disclosure on governance from the perspectives of the SDGs and ESG



Basic Policy on CSR

Since its foundation, the Yamanashi Chuo Bank Group's constant mission has been "region-based operations and sound management." Guided by this mission, we will work to develop the regional economy through business activities in response to the needs of various stakeholders, including regional society, customers, shareholders and employees, with a solid foundation of compliance. At the same time, we are strongly aware of the social and environmental aspects of Our Mission, and will contribute to the realization of a sustainable regional society.



Basic Priority 2 Strengthen CSR Based on the SDGs and ESG Principles

Yamanashi Chuo Bank Group's SDGs Declaration

Guided by our Basic Policy on CSR, we have formulated the Yamanashi Chuo Bank Group's SDGs Declaration and have further strengthened our CSR activities accordingly.

Yamanashi Chuo Bank Group's SDGs Declaration

Based on Our Mission of "region-based operations and sound management," we, as a regional financial institution, have supported the development of local companies and industries, vitalized communities and backed the creation of affluent lifestyles for people living in regional areas while striving to realize a sustainable society to contribute to the achievement of the Sustainable Development Goals proposed by the United Nations.

10 May 2019
President Mitsuyoshi Seki

Key measures

○ Strive to reduce environmental impact

To protect our lush and pristine natural environment, we will implement initiatives to reduce our environmental impact through our business activities, along with supporting customers who are engaged in environmental protection and environmentally friendly businesses. Through these initiatives, we will work to energize regional environmental protection activities and solve environmental problems.



○ Develop a sustainable regional economy

As a regional financial institution, we will support the development of regional companies and industries by providing a wide range of financial services. At the same time, as we strive to improve financial literacy to develop the next generation of leaders, we will work to solve a variety of issues.



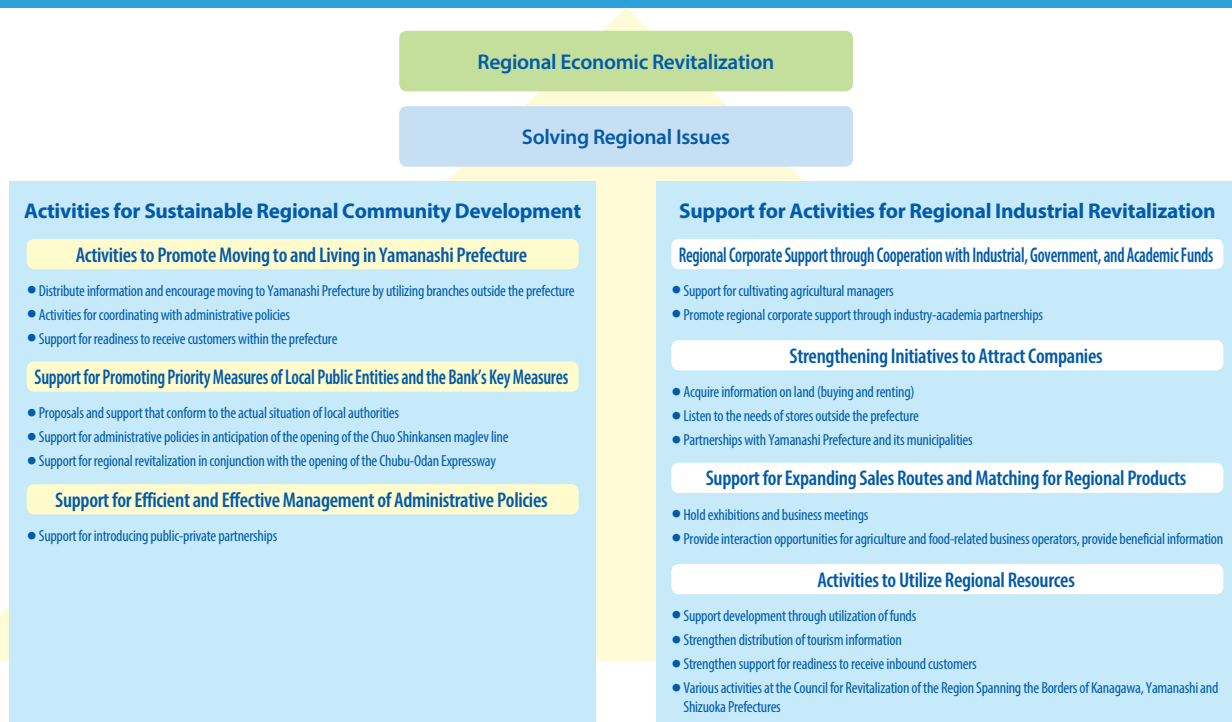
○ Appoint and utilize diverse human resources

By promoting diversity, we will show respect for human rights and individual differences as we strive to enhance the work, family and daily lives of all people, so that diverse human resources can reach their full potential.



(2) Contributions to Regional Economic Revitalization

For issues that directly face the region such as a declining population and new business creation, Yamanashi Chuo Bank will contribute to regional economic revitalization with support through financial and non-financial services, and continue to serve as a bank that is indispensable to the region



Activities for Corporate Governance

Enhancing Corporate Governance

Guided by its social responsibility as a banking institution and its public service mission in that role, the Yamanashi Chuo Bank aims to secure the trust of various stakeholders, including customers, shareholders, staff members and the community it serves, by such means as maintaining the Group's sound management and assuring transparency of management, in conjunction with contributing to the prosperity of the regional community and the development of its economy.

To this end, the Bank has built a stronger internal control system and organizational structure, along with working to enhance corporate governance, notably by maintaining high ethical standards among all management and staff members, and ensuring the active disclosure of corporate activities.

Overview of Corporate Governance System and Reasons for Adopting This System

Overview of Corporate Governance System

The Bank has adopted a corporate governance system based on the "Company with Board of Auditors" model.

The Board of Directors determines management policies and other important matters, along with supervising the business execution of the Directors. The Bank takes steps to strengthen the Board of Directors' supervision of management. For example, the Bank has appointed two Outside Directors to participate in meetings of the Board of Directors, both of whom are independent of business execution.

Moreover, the Bank has set up a Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. This committee was formed to ensure further impartiality, transparency and objectivity in the decision-making process pertaining to the appointment and dismissal of members of the management team (managing directors and above) and the nomination and remuneration of directors, as well as related matters.

The Board of Corporate Auditors determines audit policies, audit plans, audit methods and related matters, along with auditing the business execution of the Directors from an independent standpoint from the Board of Directors.

The Bank also has a Board of Managing Directors, Compliance Committee and Risk Management Committee. The Board of Managing Directors discusses and passes resolutions on important matters pertaining to the Bank's overall business management and business execution in accordance with the basic management policies approved by the Board of Directors. The Compliance Committee discusses and monitors the implementation of measures to develop and establish a compliance system. The Risk Management Committee seeks to conduct effective and agile risk

management in response to changes in the business environment.

Additionally, in order to raise management efficiency and energize the organization, the Bank has appointed Executive Officers to serve as the highest-ranked staff in charge of important business execution duties of the Bank.

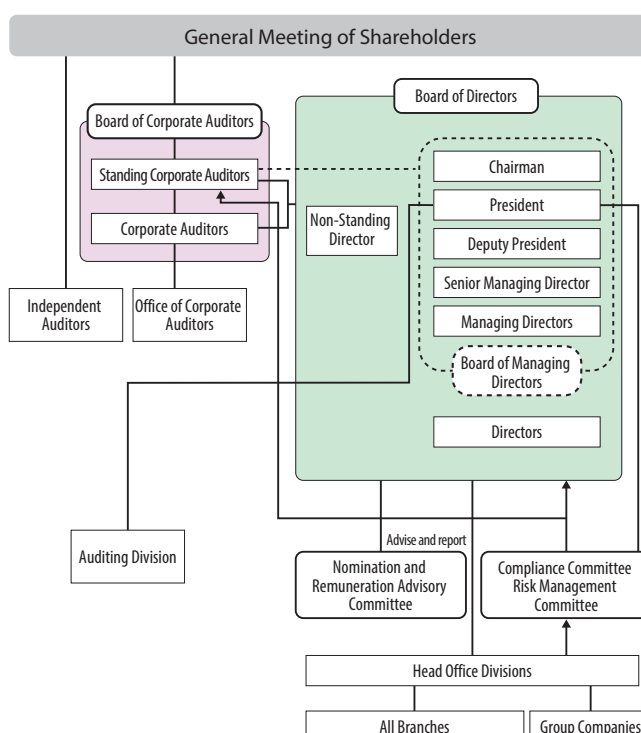
To provide a comprehensive range of financial functions, the Bank has four Group companies engaged in business activities such as credit guarantees, leasing, credit cards and consulting services. These companies are managed in an integrated manner as part of the Yamanashi Chuo Bank Group.

Reasons for Adoption of the Bank's Corporate Governance System

The Board of Directors supervises the status of business execution by each Director. In the process, Outside Directors, who are independent of the management team responsible for business execution, provide advice from an objective and broad viewpoint.

Moreover, the Outside Auditors monitor overall management and provide effective advice. The Board of Corporate Auditors strives to cooperate closely with the Auditing Division and the Independent Auditors. For these reasons, the Bank has determined that its governance system based on the "Company with Board of Auditors" model is functioning effectively and has therefore adopted such a governance system.

The structure of the internal control system



Activities for Corporate Governance

Risk Management Activities

The operating environment for the financial situation has been changing, and banks consequently face increasingly diverse and complex risks.

To secure a steady earnings stream into the future, it is therefore essential for the Bank to accurately monitor and measure the various risks involved in the conduct of its banking operations, and then to continuously manage those risks.

The risks the Bank faces are broadly grouped into risk categories such as credit risk, market risk, liquidity risk and operational risk, and managed accordingly. Based on integrated risk monitoring and analysis, the Bank's ALM Committee and Risk Management Committee assess the possible impact of those risks on the Bank's operations and work out countermeasures.

The Bank allocates capital to ensure sound banking operations

and the effective use of capital.

Compliance Activities

With regard to compliance, we believe that our duty is not solely to abide by the law, but also to ensure the strict observance of a wide range of social rules, including social norms and business ethics, to meet the demands and expectations of the broader community as a corporate citizen. In other words, compliance entails adapting adroitly to changes in society as we strive to ensure the protection of customer rights and the enhancement of convenience.

The Bank views compliance as one of its top management priorities. Accordingly, we have made our Nine Principles of Compliance (Business Ethics) known to management and employees as we carry out our daily duties.

Nine Principles of Compliance (Business Ethics)

1 Fulfill the public mission of banks

2 Provide high-quality financial services

3 Strict compliance with laws and regulations and other rules

4 Society and communication

5 Respect for human rights

6 Workstyle reforms, enhancement of the workplace environment for management and employees

7 Activities to tackle environmental problems

8 Contribute to social inclusion and development

9 Take steps to mitigate threats such as severing any ties with anti-social forces and countering terrorist financing

Basic Policy on the Prevention of Money Laundering and Terrorist Financing

The Group sees the prevention of money laundering and terrorist financing (hereinafter, "ML/TF") as a top management priority. Accordingly, the Group has developed and established an effective management framework, and is implementing measures to prevent ML/TF as follows:

1. Compliance with relevant laws, regulations and other rules

The Group will comply with all applicable laws and regulations, policies and other rules concerning the prevention of ML/TF.

2. Development of systems

The Group will clearly define the roles and responsibilities of managers and staff members involved in Anti-Money Laundering/Counter Financing of Terrorism (hereinafter, "AML/CFT"). Integrated management of AML/CFT will be carried out under appropriate cooperation among all the relevant departments.

3. Risk-based approach

In accordance with the risk-based approach, the Group will identify and evaluate in a timely and accurately manner the ML/TF risks it faces, and implement mitigation measures commensurate with those risks.

4. Suspicious transaction reports

The Group will develop a framework for swiftly reporting to the regulatory agencies any suspicious transactions it detects in the course of its operations.

5. Management of correspondent banks

The Group will strive to gather information on correspondent banks, appropriately evaluate such information, and implement mitigation measures in line with the risk. In cases where the correspondent bank is a shell bank, or if the Group has permitted a shell bank to use an account, the Group will not conclude or maintain a correspondent agreement with such a shell bank.

6. Education and training

The Group will continuously provide the necessary and appropriate training and other educational activities to all executives and employees according to their roles, thereby enhancing their abilities and deepening understanding of measures to prevent ML/TF across the entire organization. Concurrently, the Group as a whole will foster a corporate culture that resolutely counters ML/TF.

7. Internal audit

The independent Auditing Division will conduct regular audits of the framework to prevent ML/TF. Based on the audit results, the Group will strive to further enhance this framework.

Activities to Promote More Active Roles for Women in the Workplace

The Bank has been creating an employment environment that makes it easy for both men and women to raise children. It has also taken steps to develop a variety of work conditions for workers, including those who are not raising children. The Bank has also implemented measures to promote more active roles for women in the workplace. In recognition of these activities, the Bank has received the Kurumin and Eruboshi certifications.

At present, the Bank has appointed one female Director, and 85 female employees are working successfully in managerial and supervisory posts at its Head Office and branches.



Activities to Tackle Environmental Problems

Environmental Policy

Yamanashi Chuo Bank Environmental Policy

The Yamanashi Chuo Bank is a regional bank that operates principally in a region blessed with one of Japan's most picturesque and bountiful natural environments. As such, the Bank is strongly committed to protecting the global environment. The Bank believes that activities to tackle environmental problems are the foundation of its corporate social responsibilities (CSR). The Bank complies with environmental laws and regulations, along with accurately monitoring the impact of its business activities on the environment. Concurrently, the Bank works to actively and continuously implement environmental protection activities.

1. The Bank will strive to reduce environmental impact by promoting the conservation of resources and energy, with a view to harmonizing its business activities with the environment as a financial institution.
2. The Bank will strive to help improve the regional community environment through the supply of financial products, services, information and so forth.
3. Every executive and employee will increase their understanding of environmental problems, and actively implement environmental protection activities in the regional community.

Strengthen Activities to Reduce the Bank's Own Environmental Impact

• Preservation and rehabilitation projects in socio-ecological landscapes (satochi-satoyama areas)

The Group has been promoting the preservation of socio-ecological landscapes (satochi-satoyama areas), which are natural habitats where human activities are undertaken in harmony with nature, since August 2011. To pass on these landscapes to future generations, the Bank has named a plot of abandoned farmland in Chuo City, Yamanashi Prefecture as "Yamanashi Chuo Bank Fureai-no-Satoyama." The Bank is working to rehabilitate the land and grow various vegetables on the site with the advice of local farmers and forestry cooperative members. In addition, the Bank is tending to an abandoned forest next to the site by conducting tree-planting activities. To date, the Bank has organized and held 39 activities with the participation of a total of 2,824 people comprising executives, employees, and their family members.



• Participation in cleanup activities on Mt. Fuji

Under the slogan of "World Heritage Site: Leaving a Beautiful Mt. Fuji to Future Generations," the Group has been working to protect and preserve the value of Mt. Fuji, along with promoting tourism and related priorities. In August 2018, the first term of the cleanup campaign for Mt. Fuji, an event organized by the Mt. Fuji Beautification Foundation, was held. The Bank was represented in the event by 216 of its executives and employees, as well as their



family members, who took part in the cleanup of areas around the Fifth Station of Mt. Fuji and Oshino Hakkai Springs.

Looking ahead, we will continue to actively conduct environmental protection and preservation activities for Mt. Fuji, which was registered as a World Heritage Site, and surrounding areas.

• Participation in the Yamanashi Clean Campaign and Eco-Drive Movement

The Group participates in the Yamanashi Clean Campaign and Eco-Drive Movement, which are environmental beautification programs led by Yamanashi Prefecture. The entire Bank is working as one to conduct environmental beautification and preservation activities. For example, we are conducting cleanup activities of public facilities such as roads and parks around our branches, and implementing environmentally friendly driving practices. In the 2018 Yamanashi Clean Campaign, we conducted cleanup activities in 606 locations with the participation of 3,226 people. The Eco-Drive Movement involved the participation of 2,410 employees and 520 Bank-owned vehicles.

• Installation of solar power generation systems

As part of its measures to reduce the amount of CO₂ emissions, the Bank has installed solar power generation systems at its Asumi Branch, Ogasahara Branch, and Showa Branch.

Moreover, the Bank has equipped the parking lot of the Saruhashi Branch with lights that run on solar and wind power.

• Deployment of fuel-cell vehicles

In order to help prevent global warming, we are actively deploying hybrid vehicles and other fuel-efficient vehicles into our fleet of business vehicles. We have also deployed two MIRAI fuel-cell vehicles (FCV). The MIRAI FCV has been lauded as the "ultimate eco car" because it does not emit any carbon dioxide or exhaust emissions when it is driven.



Activities to Revitalize the Regional Economy

Activities to Support the Management of Small- and Medium-Sized Enterprises

The Bank will continue working to improve services for customers in its regional communities, with the view to contributing to the development of a sustainable regional economy and society.

• Support for startup and establishment

The Bank has set up a Startup and Establishment Support Desk. As a collaborative effort among the Bank, its Group companies and external organizations, we have established a comprehensive support platform for customers in the startup and establishment phase. The platform provides a wide range of support to such customers, from support for business planning formulation to raising startup funds and achieving business growth after establishment.

In addition, we offer the Yamanashi Chuo Bank startup support loan “Fine Start,” with the aim of contributing to regional economic revitalization by supporting customers who are starting new businesses in Yamanashi Prefecture.



• Support for agri-business

Since April 2011, the Bank has operated an Agri-Business School to support business operators who are seeking to conduct agri-business with business sensibility and an entrepreneurial spirit. This course teaches management subjects such as finance, human resource development, distribution, production management, and marketing. It also incorporates extracurricular course activities such as field work and on-site learning tours.



• Support for healthcare and nursing care businesses

We have established a support platform for the healthcare and nursing care fields as a collaborative effort among the Bank, its Group companies and external organizations. Besides financial support, such as loans and leases, the platform provides a comprehensive

lineup of high-quality support services, ranging from free-of-charge support and information from a dedicated professional consultant in the healthcare and nursing care fields at the Head Office to support from specialized organizations. This support addresses all manner of needs, from starting a business to business improvement, entering new fields and business succession.

• Support for tourism-related businesses

The Tourism Support Desk conducts a range of activities. It holds inbound tourism seminars, assists business customers in collaboration with Tourism Advisors and external organizations, and disseminates tourism-related information focused on tourism within Yamanashi Prefecture via social networking services.

Moreover, the Bank is carrying out the “Katakoto Eigo Project” (Beginner’s English Project) at all branches. This initiative seeks to facilitate the development of towns where residents can communicate effectively with inbound tourists in English, by improving the English language skills of the residents of Yamanashi Prefecture.

Specifically, the Bank conducts activities such as publishing “Eikaiwa de Omotenashi” (“Hospitality through English Conversation”), a leaflet on practical English conversation, twice a month. The Bank also participates in one of Yamanashi Prefecture’s Mirai Projects to promote regional revitalization entitled “the Promotion of Universities as the Center of Communities Plus Project (COC+)” through partnerships with universities within the prefecture. The Bank also helps its business customers to welcome inbound tourists by providing access to Business Advisors who are native speakers of English.



• Support for overseas business

The Bank has set up an Asia Desk in its Head Office, led by a dedicated manager responsible for overseas business support. The Asia Desk manager fulfills the roles of a coordinator, collaborating with overseas financial institutions (8 institutions) and organizations supporting the overseas business development of business partners, as well as the Hong Kong Representative Office and employees assigned overseas (in China, Thailand, and Vietnam). Based on this collaboration, the Asia Desk manager provides information according to the stage of each customer’s overseas business development and various forms of support.

Specifically, the Bank conducts a range of activities. For customers who are considering expanding their businesses overseas, the

Activities to Revitalize the Regional Economy

Bank provides opportunities for them to tour overseas markets. For customers who are considering starting business transactions with overseas companies, the Bank proposes that they acquire credit survey reports on the overseas companies. For customers who are seeking to expand their overseas sales channels, the Bank provides information on various business meetings and makes buyer matching proposals using the internet.



Corporate growth assistance through collaboration with business advisors (April 2001 to March 2019)

Number of investment target and borrower enterprises, investment amount	198 ¥15.7 bn	The Bank's business advisors are highly knowledgeable and experienced. They have provided consulting services to 655 companies regarding the opening of marketing channels and the evaluation of the potential of technology and business.
Number of business matching deals	91 lines	

Yamanashi Chugin Management Support Coordination Services and corporate customer support through business matching services

Number of companies that have received support (problem-solving) from Yamanashi Chugin Management Support Coordination Services (January 2006 to March 2019)	1,404	The Bank links with a network of external institutions to offer corporate customers tailored proposals backed up by specialist know-how.
Number of business matching deals successfully concluded via the Bank's network or Bank-sponsored business meetings (April 2005 to March 2019)	2,819	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 Yamanashi Food Business Liaison Conference, etc.

Achievements in support for management improvement (April 2018 to March 2019)

Debtors (excluding normal borrowers) as of the start of the term: A	1,913
Of which, those receiving management improvement support: a	118
Of which, those that upgraded their debtor categories as of the term-end: b	15
Of which, those drawing up reconstruction plans: c	88
Percentage receiving management improvement support: (a/A)	6.2%
Percentage upgraded: (b/a)	12.7%
Percentage drawing up reconstruction plans: (c/a)	74.6%

Activities for Regional Revitalization

In order to achieve sustainable regional community development and regional industrial revitalization, the Bank will conduct various activities through the supply of financial and non-financial services.

• Activities in collaboration with regional communities

Aiming to strengthen mutual partnerships on regional economic development, the Bank has concluded partnership agreements with 10 cities in Yamanashi Prefecture. Under these agreements, the Bank is advancing partnership initiatives such as promotional events for regional products at its branches in Tokyo and Kanagawa Prefecture, and support for holding relocation counseling meetings for people interested in moving to Yamanashi Prefecture, as well as support for developing an environment to welcome inbound tourists visiting Japan.

Moreover, as an initiative straddling prefectural borders, the Bank concluded the Partnership Agreement on Promoting Tourism in the Fuji-Hakone-Izu Region with The Bank of Yokohama, Ltd. and The Shizuoka Bank, Ltd. Under this agreement, the Bank has conducted regional economic revitalization activities encompassing an expansive area. One such activity was the creation of a “Map without Prefectural Boundaries,” which was designed to help visitors get around the entire region. The map was created by the Council for Revitalization of the Region Spanning the Borders of Kanagawa, Yamanashi and Shizuoka Prefectures in accordance with the aforementioned partnership agreement.

Looking ahead, the Bank will take active steps to facilitate regional economic revitalization in anticipation of the opening of the Chubu Odan Expressway through to Shizuoka and the start of operations of the Shinkansen maglev train.



• Encouraging people to move to and live in Yamanashi Prefecture

The Bank has concluded the “Partnership Agreement on Attracting and Retaining a Resident Population” with Yamanashi Prefecture. To encourage residents of the Tokyo metropolitan area to move to and live in Yamanashi Prefecture, the Bank has set up “Move-to-Yamanashi Desks” in its branches in Tokyo and Kanagawa Prefecture. Each Branch Manager has been entrusted by Yamanashi Prefecture to serve as a “Move-to-Yamanashi Advisor.” In this role, the Branch Managers provide information on Yamanashi Prefecture, along with fielding the inquiries of people interested in relocating to Yamanashi Prefecture and forwarding these inquiries to the Yamanashi Living Support Center.

Moreover, the Bank is helping to spread the word about the attractiveness of Yamanashi Prefecture. The Bank distributes promotional videos on municipalities in Yamanashi Prefecture via a content distribution system installed in branches in Tokyo and Kanagawa Prefecture. We

have also installed special document stands to hold promotional leaflets on municipalities in Yamanashi Prefecture.

Additionally, the Bank offers Municipality Partnership Housing Loan products for 19 municipalities. These loans are linked to subsidies established by municipalities to encourage inbound migration, with the aim of developing an environment to welcome more people seeking to move to and live in Yamanashi Prefecture.

Going forward, the Bank will continue to implement measures in cooperation with the initiatives of municipalities, with the aim of encouraging more people to move to and live in Yamanashi Prefecture.



• Collaboration with universities

The Bank has concluded agreements on comprehensive partnerships with each of the following universities: the University of Yamanashi, Yamanashi Prefectural University, Yamanashi Gakuin University, and Yamanashi Gakuin Junior College.

The Bank publishes “Direct News on Business Opportunities Originating from the University of Yamanashi” and Yamanashi Gakuin University’s “Business Navigation,” both of which are reports that present the research activities of each university. In addition, the Bank has dispatched an employee to serve as a Community Collaboration Coordinator at the University of Yamanashi. Moreover, in November 2017, the Bank concluded an agreement on partnership and cooperation with the Platform of University Intellectual Property (PUiP). In these and other ways, the Bank is implementing measures that will pave the way for regional economic revitalization and promote regional development.



• University of Yamanashi Guest Social Collaboration Coordinators

The Bank is working to revitalize the regional economy by creating and finding promising projects through industry-academia collaboration. To this end, the Bank takes steps such as matching the technology seeds held by universities with the needs of companies.

As of March 31, 2019, the University of Yamanashi had appointed 114 Bank employees as “University of Yamanashi Guest Social Collaboration Coordinators.” In this role, these employees serve as liaisons between industry and academia.

Activities to Contribute to the Regional Community

As a corporate citizen, the Bank will enhance its activities to contribute to the regional community in various fields such as support for education and the promotion of culture, arts, sports, and welfare, and implement these activities on a lasting, long-term basis. In the process, the Bank will contribute to the development of the regional community.

• Yamanashi Chuo Bank Financial Museum

The Yamanashi Chuo Bank Financial Museum presents many different aspects of the histories of currency and finance in Japan. The museum has permanent displays of approximately 2,000 articles of currency, highlighted by its collection of Koshu-kin gold coins, and Japan's first passbook. It also holds planned exhibits and other events as appropriate. The museum also hosts off-campus learning programs for elementary school, junior high school and other students, and dispatches instructors to schools for special workshops. The museum is made available to members of the community as a lifelong learning facility.

• Activities to provide financial education

The Bank conducts activities such as hosting workplace-experience activities, conducting special workshops, and offering financial courses at universities in Yamanashi Prefecture. Moreover, the Bank holds the Economics Koshien Yamanashi Tournament for senior high school students (The event has so far been held eight times.). In December 2018, the Bank developed Quiz BUNDAS, a smartphone app designed to support financial education.



• Activities to promote sports

The Bank has a women's volleyball team that has delivered a first-rate performance on the national stage since it was formed. In order to popularize volleyball and improve volleyball skills in Yamanashi Prefecture, the Bank holds the "Fureai Volleyball Workshop" and the "Sawayaka Kids' Volleyball Workshop." The Bank also holds the Yamanashi Chuo Bank Cup Volleyball Tournament for Mothers in Yamanashi Prefecture every year.



• Activities for customers with disabilities

The Bank has installed handset-equipped ATMs at its Head Office and all branches so that customers with visual impairment and elderly customers can use ATMs without any difficulties.

In addition, the Bank has introduced devices that make it easier for customers to hear sales staff at the Head Office and certain branches, so that customers can communicate without any problems. The devices work by converting the speaker's voice into a form that is easier for listeners to hear. The Bank is also working to develop branches that have barrier-free features in facilities and buildings. Examples include the installation of priority parking spaces for people with disabilities and access ramps to branch entrances. This is to ensure that all customers, including those with physical disabilities and elderly customers, are able to reliably and safely use our branches.



In addition, the Bank has been encouraging its personnel to obtain the Service Care Attendant certification. This certification is granted by the Japan Consulting Institute to personnel that have demonstrated their ability to provide universal services that are considerate and mindful of the needs of all customers—whatever their circumstances may be. The Bank plans to assign personnel who have obtained this certification to all branches.



Financial Review

(on a consolidated basis)

Overview of Financial Position

The Bank's financial position as of March 31, 2019 was as follows. Deposits stood at ¥2,922.8 billion as of March 31, 2019, up ¥48.5 billion from a year earlier due to increases in individual and corporate deposits. Total deposits, including negotiable certificates of deposit (NCDs), rose ¥43.2 billion from a year ago to ¥2,984.9 billion as of the fiscal year-end. Loans and bills discounted increased by ¥84.2 billion from a year earlier to ¥1,704.2 billion as of the fiscal year-end. This increase was mainly due to increases in loans to small- and medium-sized enterprises and loans to individuals. Securities stood at ¥1,135.6 billion as of the fiscal year-end, down ¥119.7 billion from a year ago. This decrease was mainly due to declines in Japanese government bonds and other securities.

Overview of Operating Results

In terms of operating results for the fiscal year ended March 31, 2019, interest income (the balance of interest income and expenses) declined by ¥451 million year on year, mainly reflecting a decrease in interest and dividends on securities due to the impact of the Bank of Japan's negative interest rate policy. Fees and commissions (the balance of fee and commission income and expenses) increased by ¥18 million year on year, mainly due to an increase in commission revenue related to deposit and lending operations. Other operating income (the balance of other operating income and expenses) increased by ¥4,660 million year on year, mainly reflecting an increase in Japanese government bonds and other bond transactions. Credit-related expenses increased by ¥1,031 million year on year. Equity share and similar transactions declined by ¥6,408 million year on year. Loss on dissolution of investment trusts decreased by ¥2,345 million. As a result, ordinary profit decreased by ¥112 million year on year to ¥7,458 million.

Extraordinary losses decreased by ¥377 million year on year, mainly reflecting a decline in impairment losses. Total income taxes rose by ¥260 million year on year. As a result of the above, profit attributable to shareholders of the parent was down by ¥12 million year on year to ¥4,908 million.

Cash Flows

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥82.7 billion (compared with a net inflow of ¥79.7 billion in the previous year). The main contributing factors were a net increase in deposits of ¥43.2 billion and a net increase in borrowed money of ¥130.2 billion, which were partially offset by a net increase in loans and bills discounted of ¥84.2 billion.

Cash flows from investing activities

Net cash provided by investing activities totaled ¥124.5 billion (compared with a net outflow of ¥27.3 billion in the previous year). The main source of cash was proceeds from redemption and sales of investment securities

totaling ¥483.4 billion, which was partially offset by purchases of investment securities of ¥356.9 billion.

Cash flow from financing activities

Net cash used in financing activities was ¥1.6 billion (compared with a net outflow of ¥1.7 billion in the previous year). Cash was used mainly for repurchases of treasury stock of ¥0.5 billion and dividends paid of ¥1.1 billion.

As a result, cash and cash equivalents at the end of the fiscal year came to ¥516.9 billion (up ¥205.5 billion from the previous year).

Analysis and Discussion of Operating Results

The Bank's financial position as of March 31, 2019 was as follows. Total deposits including negotiable certificates of deposit (NCDs) performed strongly, increasing by ¥43.2 billion from a year earlier. Loans and bills discounted increased by ¥84.2 billion from a year ago. Yields on loans decreased, but the extent of the decline was smaller than in the previous year. Securities decreased by ¥119.7 billion, mainly due to sales of Japanese government bonds and other securities.

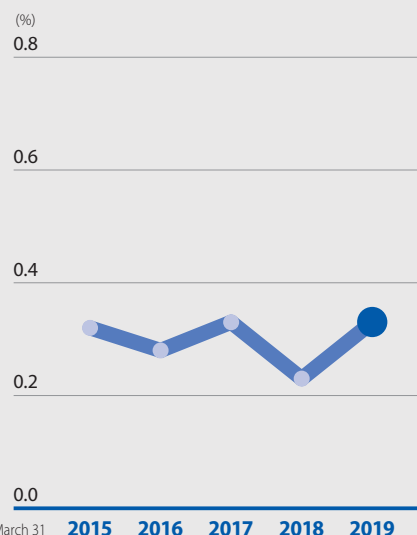
The Bank of Japan's negative interest rate policy will keep the current low-interest rate environment unchanged. Under these conditions, the Bank will work to improve the yield on loans and increase the loan balance by conducting problem solving-oriented consulting sales and helping customers to improve their businesses.

The Bank will also strive to deepen and expand consulting fields. Through these efforts, the Bank will seek not only to increase interest on loans, but also to increase non-interest revenue (revenues from fees and commissions).

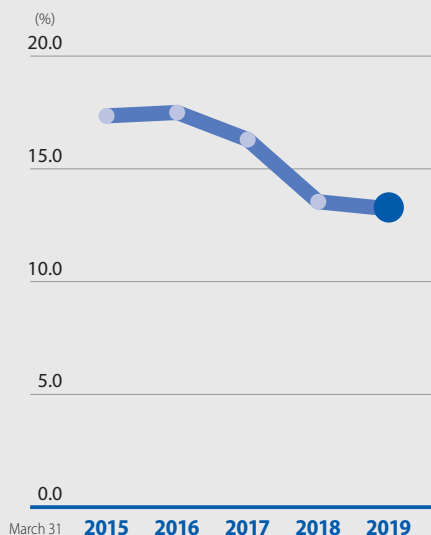
Looking at investments in securities, the Bank faces a challenging investment environment. In response, the Bank will work to raise the sophistication of its investments while conducting appropriate risk management, with the aim of boosting investment returns.

The Bank will redouble its efforts to reduce expenses through measures to enhance productivity.

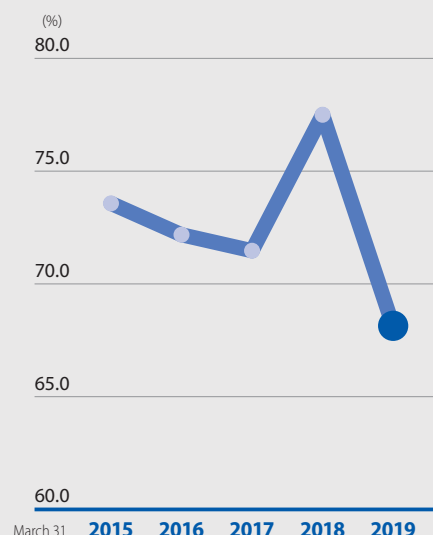
ROA



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 adequacy ratio = Domestic standard (on a consolidated basis) OHR = Operating expenses / Core gross business profit

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

【Consolidated Financial Statements】

①【Consolidated Balance Sheets】

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2017 (March 31, 2018)	End of FY2018 (March 31, 2019)	End of FY2018 (March 31, 2019)
Assets:			
Cash and due from banks	¥ 311,546	¥ 517,074	\$ 4,658,748
Call loans and bills bought	6,670	4,529	40,808
Monetary claims bought	13,735	13,486	121,508
Trading account securities	11	—	—
Securities *1, *8, *13	1,255,368	1,135,617	10,231,712
Loans and bills discounted *2, *3, *4, *5, *6, *7, *10	1,619,976	1,704,259	15,355,072
Foreign exchanges *6	2,962	4,042	36,419
Other assets *8, *9	73,777	74,759	673,572
Tangible fixed assets *11, *12	24,724	24,176	217,825
Buildings	9,064	8,542	76,966
Land	12,917	12,755	114,921
Construction in progress	7	293	2,645
Other tangible fixed assets	2,734	2,585	23,293
Intangible fixed assets	2,775	2,981	26,865
Software	2,275	1,903	17,149
Software in progress	168	747	6,732
Other intangible fixed assets	332	331	2,984
Net defined benefit asset	1,112	3,021	27,227
Deferred tax assets	1,619	1,651	14,880
Customers' liabilities for acceptances and guarantees	4,285	5,862	52,816
Allowance for possible loan losses	(12,063)	(10,654)	(95,993)
Total assets	¥3,306,502	¥3,480,808	\$31,361,460

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2017 (March 31, 2018)	End of FY2018 (March 31, 2019)	End of FY2018 (March 31, 2019)
Liabilities:			
Deposits ^{*8}	¥2,874,395	¥2,922,898	\$26,334,796
Negotiable certificates of deposit	67,328	62,096	559,474
Payables under securities lending transactions ^{*8}	20,208	13,344	120,231
Borrowed money ^{*8, *9}	91,825	222,065	2,000,771
Foreign exchanges	1,284	937	8,445
Other liabilities	19,195	17,166	154,663
Accrued bonuses to employees	–	1,256	11,324
Accrued bonuses to directors and corporate auditors	46	44	398
Net defined benefit liability	212	236	2,132
Reserve for directors' and corporate auditors' retirement benefits	12	11	102
Reserve for reimbursement of deposits	229	230	2,075
Reserve for contingent losses	141	128	1,159
Deferred tax liabilities	10,023	12,141	109,389
Acceptances and guarantees	4,285	5,862	52,816
Total liabilities	3,089,191	3,258,419	29,357,775
Net assets:			
Common stock	15,400	15,400	138,751
Capital surplus	8,287	8,287	74,668
Retained earnings	162,550	164,099	1,478,511
Treasury stock	(3,685)	(2,006)	(18,081)
Total shareholders' equity	182,551	185,780	1,673,848
Unrealized gains on available-for-sale securities	35,088	36,906	332,520
Remeasurements of defined benefit plans	(2,900)	(3,031)	(27,315)
Total accumulated other comprehensive income	32,188	33,874	305,205
Subscription rights to shares	155	174	1,570
Non-controlling interests	2,415	2,559	23,061
Total net assets	217,311	222,388	2,003,685
Total liabilities and net assets	¥3,306,502	¥3,480,808	\$31,361,460

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Ordinary income:	¥54,120	¥52,353	\$471,697
Interest and dividends income	31,946	30,587	275,590
Interest on loans and bills discounted	15,793	15,851	142,819
Interest and dividends on securities	15,853	14,485	130,509
Interest on call loans and bills bought	186	91	820
Interest on due from banks	35	73	660
Other	77	86	782
Fees and commissions	8,330	8,383	75,533
Other operating income	6,020	9,219	83,063
Other ordinary income	7,823	4,163	37,510
Reversal of allowance for possible loan losses	651	—	—
Other *1	7,171	4,163	37,510
Ordinary expenses:	46,549	44,895	404,498
Interest expenses	1,701	794	7,161
Deposits	427	381	3,434
Negotiable certificates of deposit	10	11	103
Call money and bills sold	—	0	1
Payables under securities lending transactions	1,209	350	3,161
Borrowed money	54	51	462
Other	(0)	(0)	(1)
Fees and commissions	2,349	2,384	21,481
Other operating expenses	5,715	4,253	38,322
General and administrative expenses *2	29,005	28,235	254,394
Other expenses	7,778	9,227	83,142
Provision of allowance for possible loan losses	—	324	2,926
Other expenses *3	7,778	8,903	80,215
Ordinary profit	7,570	7,458	67,198

	Millions of Yen		Thousands of U.S. Dollars
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Extraordinary income:	3	—	—
Gain on disposal of fixed assets	3	—	—
Extraordinary losses:	609	228	2,063
Losses on disposal of fixed assets	145	145	1,313
Impairment losses ^{*4}	464	83	750
Income before income taxes and non-controlling interests	6,964	7,229	65,135
Income taxes – current	1,343	834	7,522
Income taxes – deferred	511	1,280	11,536
Total income taxes	1,854	2,115	19,058
Profit	5,109	5,114	46,077
Profit attributable to non-controlling interests	188	205	1,852
Profit attributable to shareholders of the parent	¥4,920	¥4,908	\$44,225

【Consolidated Statements of Comprehensive Income】

	Millions of Yen		Thousands of U.S. Dollars
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Profit	¥5,109	¥5,114	\$46,077
Other comprehensive income *1:	(2,974)	1,626	14,653
Unrealized gains (losses) on available-for-sale securities	(4,036)	1,757	15,838
Remeasurements of defined benefit plans	1,062	(131)	(1,185)
Total comprehensive income	2,135	6,740	60,729
Total comprehensive income attributable to shareholders of the parent	1,912	6,594	59,418
Total comprehensive income attributable to non-controlling interests	223	145	1,312

③【Consolidated Statements of Changes in Net Assets】

	Millions of Yen				
	Shareholders' equity				
FY2017 (From April 1, 2017 to March 31, 2018)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	¥15,400	¥8,287	¥158,984	¥(3,259)	¥179,412
Changes during year:					
Cash dividends			(1,344)		(1,344)
Profit attributable to shareholders of the parent			4,920		4,920
Purchases of treasury stock				(494)	(494)
Cancellation of treasury shares					
Disposals of treasury stock		(11)		68	57
Transfer from retained earnings to capital surplus		11	(11)		
Net changes in items other than shareholders' equity					
Total changes during year	—	(0)	3,565	(426)	3,139
Balance at end of current year	¥15,400	¥8,287	¥162,550	¥(3,685)	¥182,551

	Millions of Yen					
	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
FY2017 (From April 1, 2017 to March 31, 2018)	Unrealized gains (losses) on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	¥39,159	¥(3,962)	¥35,197	¥173	¥2,194	¥216,977
Changes during year:						
Cash dividends						(1,344)
Profit attributable to shareholders of the parent						4,920
Purchases of treasury stock						(494)
Cancellation of treasury shares						
Disposals of treasury stock						57
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	(4,071)	1,062	(3,008)	(18)	221	(2,806)
Total changes during year	(4,071)	1,062	(3,008)	(18)	221	333
Balance at end of current year	¥35,088	¥(2,900)	¥32,188	¥155	¥2,415	¥217,311

	Millions of Yen				
	Shareholders' equity				
FY2018 (From April 1, 2018 to March 31, 2019)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	¥15,400	¥8,287	¥162,550	¥(3,685)	¥182,551
Changes during year:					
Cash dividends			(1,168)		(1,168)
Profit attributable to shareholders of the parent			4,908		4,908
Purchases of treasury stock				(525)	(525)
Cancellation of treasury shares		(2,188)		2,188	
Disposals of treasury stock		(0)		15	14
Transfer from retained earnings to capital surplus		2,189	(2,189)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	1,549	1,678	3,228
Balance at end of current year	¥15,400	¥8,287	¥164,099	¥(2,006)	¥185,780

	Millions of Yen					
	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
FY2018 (From April 1, 2018 to March 31, 2019)	Unrealized gains (losses) on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	¥35,088	¥(2,900)	¥32,188	¥155	¥2,415	¥217,311
Changes during year:						
Cash dividends						(1,168)
Profit attributable to shareholders of the parent						4,908
Purchases of treasury stock						(525)
Cancellation of treasury shares						
Disposals of treasury stock						14
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	1,817	(131)	1,686	19	143	1,849
Total changes during year	1,817	(131)	1,686	19	143	5,077
Balance at end of current year	¥36,906	¥(3,031)	¥33,874	¥174	¥2,559	¥222,388

	Thousands of U.S. Dollars				
	Shareholders' equity				
FY2018 (From April 1, 2018 to March 31, 2019)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	\$138,751	\$74,668	\$1,464,548	\$(33,208)	\$1,644,759
Changes during year:					
Cash dividends			(10,532)		(10,532)
Profit attributable to shareholders of the parent			44,225		44,225
Purchases of treasury stock				(4,737)	(4,737)
Cancellation of treasury shares		(19,721)		19,721	
Disposals of treasury stock		(9)		143	134
Transfer from retained earnings to capital surplus		19,730	(19,730)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	13,963	15,127	29,089
Balance at end of current year	\$138,751	\$74,668	\$1,478,511	\$(18,081)	\$1,673,848

	Thousands of U.S. Dollars					
	Accumulated other comprehensive income					
FY2018 (From April 1, 2018 to March 31, 2019)	Unrealized gains (losses) on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	\$316,142	\$(26,129)	\$290,013	\$1,397	\$21,765	\$1,957,934
Changes during year:						
Cash dividends						(10,532)
Profit attributable to shareholders of the parent						44,225
Purchases of treasury stock						(4,737)
Cancellation of treasury shares						
Disposals of treasury stock						134
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	16,378	(1,185)	15,193	172	1,296	16,661
Total changes during year	16,378	(1,185)	15,193	172	1,296	45,751
Balance at end of current year	\$332,520	\$(27,315)	\$305,205	\$1,570	\$23,061	\$2,003,685

④【Consolidated Statements of Cash Flows】

	Millions of Yen		Thousands of U.S. Dollars
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Operating activities:			
Income before income taxes and non-controlling interests	¥ 6,964	¥ 7,229	\$ 65,135
Adjustment for:			
Depreciation and amortization	2,308	2,262	20,383
Impairment losses	464	83	750
Increase (decrease) in allowance for possible loan losses	(3,100)	(1,409)	(12,700)
Increase (decrease) in accrued bonuses to employees	—	1,256	11,324
Increase (decrease) in accrued bonuses to directors and corporate auditors	(0)	(2)	(24)
Decrease (increase) in net defined benefit asset	(1,112)	(1,909)	(17,203)
Increase (decrease) in net defined benefit liability	(2,918)	23	213
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(1)	(1)	(12)
Increase (decrease) in reserve for reimbursement of deposits	19	0	4
Increase (decrease) in reserve for contingent losses	(15)	(12)	(116)
Interest income recognized on consolidated statements of income	(31,946)	(30,587)	(275,590)
Interest expenses recognized on consolidated statements of income	1,701	794	7,161
Losses (gains) on investment securities	(7,192)	(5,011)	(45,150)
Foreign exchange losses (gains) – net	10,890	(1,765)	(15,903)
Losses (gains) on disposal of premises and equipment	141	145	1,313
Net increase (decrease) in loans and bills discounted	(78,325)	(84,282)	(759,375)
Net increase (decrease) in deposits	73,966	48,503	437,009
Net increase (decrease) in negotiable certificates of deposit	5,467	(5,232)	(47,140)
Net increase (decrease) in borrowed money	86,338	130,240	1,173,442
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	26	43	388
Net decrease (increase) in call loans	183,708	2,390	21,540
Net increase (decrease) in payables under securities lending transactions	(132,034)	(6,864)	(61,847)
Net decrease (increase) in foreign exchanges (assets)	(1,333)	(1,079)	(9,724)

	Millions of Yen		Thousands of U.S. Dollars
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Net decrease (increase) in foreign exchanges (liabilities)	1,004	(347)	(3,131)
Net increase (decrease) in central clearing counterparty margin requirements	(58,600)	(1,400)	(12,614)
Interest income (cash basis)	34,702	33,267	299,730
Interest expenses (cash basis)	(2,085)	(810)	(7,300)
Other – net	(7,121)	(1,783)	(16,070)
Total adjustments	81,917	83,741	754,492
Income taxes paid	(2,192)	(990)	(8,922)
Net cash provided by operating activities	79,725	82,750	745,570
Investing activities:			
Purchases of investment securities	(510,886)	(356,902)	(3,215,629)
Proceeds from sales of investment securities	371,932	355,526	3,203,226
Proceeds from redemption of investment securities	113,585	127,901	1,152,374
Purchases of premises and equipment	(1,353)	(972)	(8,758)
Proceeds from sales of premises and equipment	63	100	905
Purchases of intangible fixed assets	(711)	(1,153)	(10,389)
Proceeds from sales of intangible fixed assets	2	1	17
Net cash provided by (used in) investing activities	(27,367)	124,502	1,121,746
Financing activities:			
Dividends paid	(1,344)	(1,168)	(10,532)
Payment of dividends to non-controlling interests	(1)	(1)	(16)
Repurchases of treasury stock	(494)	(525)	(4,737)
Proceeds from sales of treasury stock	57	14	134
Net cash used in financing activities	(1,783)	(1,681)	(15,151)
Foreign currency transaction adjustments on cash and cash equivalents	(1)	(0)	(2)
Net increase (decrease) in cash and cash equivalents	50,573	205,571	1,852,162
Cash and cash equivalents, beginning of year	260,830	311,403	2,805,688
Cash and cash equivalents, end of year *1	¥311,403	¥516,974	\$4,657,850

【Notes to Consolidated Financial Statements】

(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) Number of non-consolidated subsidiaries 3 companies

Yamanashi New Business Support Investment Limited Partnership

Yamanashi Sixth Industrialization Support Investment Limited Partnership

Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership

Non-consolidated subsidiaries are excluded from the scope of consolidation since their assets, ordinary income, and our ownership percentage of their net income and retained earnings do not have a material impact on our results of operations and financial condition.

2. Items relating to application of equity method

(1) Non-consolidated subsidiaries accounted for by the equity method

Not applicable

(2) Affiliates accounted for by the equity method

Not applicable

(3) Number of non-consolidated subsidiaries not accounted for by the equity method 3 companies

Yamanashi New Business Support Investment Limited Partnership

Yamanashi Sixth Industrialization Support Investment Limited Partnership

Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership

Non-consolidated subsidiaries not accounted for by the equity method are excluded from the scope of the equity method since our ownership percentage of their net income and retained earnings does not have a material impact on our consolidated financial statements.

(4) Affiliates not accounted for by the 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 account 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 determined based on the moving-average method (straight-line method), and available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value at the balance sheet date, in principle. (The cost of securities sold is determined based on the moving-average method.) However, available-for-sale securities whose fair values are extremely difficult to be determined are stated at cost determined by the moving-average method. All of the unrealized gains and losses, net of applicable taxes, on available-for-sale securities are reported in a separate component of net assets.

(3) Valuation standards and methods for derivative transactions

Derivative transactions are measured at fair value.

(4) Methods of depreciation of fixed assets

① Tangible fixed assets (excluding lease assets)

Depreciation of tangible fixed assets is calculated principally using the declining-balance method. (However, the straight-line method is adopted for buildings (excluding facilities attached to buildings) that were acquired on or after April 1, 1998, and for facilities attached to buildings and structures that were acquired on or after April 1, 2016.)

Useful lives of tangible fixed assets are primarily as follows:

Buildings 3 to 50 years

Other 2 to 20 years

The depreciation period of lease investment assets held by consolidated subsidiaries and booked as tangible fixed assets is the lease period, and those leases are depreciated using the straight-line method, with the residual value being the estimated disposal price at the conclusion of the lease.

② Intangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets is calculated principally using the straight-line method.

The amortization period of lease investment assets held by consolidated subsidiaries and booked as intangible fixed assets is the lease period, and those leases are amortized using the straight-line method, with the residual value being the estimated disposal price at the conclusion of the lease.

Software for internal use by the Bank and its subsidiaries is calculated over the useful life of the software (principally five years).

③ Lease assets

Lease assets employed in leasing transactions that do not transfer ownership of the lease 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 lease 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 recorded in accordance with internally established standards for charge-offs and provisions, as follows:

The allowance for claims on debtors who are legally bankrupt based on bankruptcy, special liquidation or other proceedings ("Bankrupt borrowers") or effectively bankrupt ("Effectively bankrupt borrowers") is provided based on the outstanding balance of the claims after deduction of the amounts expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors who are not currently legally bankrupt but are highly likely to become bankrupt ("Potentially bankrupt borrowers") is provided in the amount deemed to be necessary based on a comprehensive assessment of the overall repayment ability of the debtor. The amount necessary shall be within the outstanding balance of the claims after deduction of the amounts expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors who have restructured loans and loans related to their affiliates, for which cash flows related to the recovery of loan principal or receipt of interest can be reasonably estimated, is provided based on the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claim (cash flow estimate method).

The allowance for claims other than those referred to above (claims on normal borrowers and claims on borrowers requiring caution, excluding claims for which the cash flow estimate method is applied) is provided primarily based on the actual past loss ratio, which is calculated based on actual defaults during a certain period in the past.

All claims undergo a self-assessment of asset quality by the operational departments based on standards for self-assessment of asset quality. The results of these self-assessments are audited by an asset audit department independent from the operational departments.

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

(6) Accrued bonuses to employees

Accrued bonuses to employees are provided to cover the payment of bonuses to employees, in the amount of the estimated bonuses payable to employees attributable to each fiscal year.

(7) 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.

(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) Accounting procedures for retirement benefits

In calculating retirement benefit obligations, the Bank used the benefit formula as the method of attributing the estimated retirement benefits to periods of service to the end of the consolidated fiscal year under review.

In addition, the method of recording expenses for past service costs and actuarial gains and losses are as follows.

Past service costs: Recognized in profit and loss using the straight-line method over a fixed period (10 years) within the average remaining service period of employees at the time they occur.

Actuarial gains and losses: Recognized the amount equally divided by using the straight-line method over a fixed period (10 years) based on the average remaining service period in each consolidated fiscal year in which they occur and recorded in profit and loss in the following year for each occurrence.

(12) Foreign currency items

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

(13) Lease transactions

(Lessor)

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

(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 national consumption tax and local consumption tax is based on the tax exclusion method.

(Additional information)

Considering that it has become difficult for the Bank to determine the amount of bonuses payable to employees at the time of the preparation of the consolidated financial statements, the Bank has recorded the estimated bonuses payable to employees as “accrued bonuses to employees” from the fiscal year ended March 31, 2019. Bonuses to employees were previously recorded under “Other liabilities” as of March 31, 2018. The amount of bonuses to employees included in “Other liabilities” as of March 31, 2018 was ¥1,322 million.

(Relating to Consolidated Balance Sheets)

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

As of March 31, 2019	(Millions of yen)
Investments	¥559

*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, 2019	(Millions of yen)
Loans to customers in bankruptcy	¥ 1,755
Past due loans	20,124

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 the 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, 2019	(Millions of yen)
Past due loans of three months or more	¥—

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, 2019	(Millions of yen)
Restructured loans for which the Bank has relaxed lending conditions	¥3,567

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, 2019	(Millions of yen)
Total amount	¥25,447

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, February 13, 2002, “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, 2019	(Millions of yen)
	¥4,952

*7 The amount of loan participation recorded in the consolidated balance sheets and included in participated principals that were accounted for as loans to original debtors in accordance with JICPA Accounting System Committee Report No. 3, November 28, 2014, "Accounting Treatment and Representation of Loan Participation" was as follows:

As of March 31, 2019	(Millions of yen)
	¥—

*8 Assets pledged as collateral were as follows:

As of March 31, 2019	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥284,323
Liabilities related to pledged assets	
Deposits	43,624
Payables under securities lending transactions	13,344
Borrowed money	221,510

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, 2019	(Millions of yen)
Investment securities	¥—

Other assets include central clearing counterparty margin requirements, cash collateral paid for financial instruments and guarantee deposits, the amounts of which are as follows.

As of March 31, 2019	(Millions of yen)
Central clearing counterparty margin requirements	¥60,000
Cash collateral paid for financial instruments	270
Guarantee deposits	286

*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, 2019	(Millions of yen)
Lease contract assets	¥791
Corresponding borrowed money	554

*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, 2019 were as follows:

As of March 31, 2019	(Millions of yen)
Total amount of unused commitments as of the end of the period	¥395,064
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	374,746

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, 2019	(Millions of yen)
Total amount of accumulated depreciation	¥33,887

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

As of March 31, 2019	(Millions of yen)
Deferred gains	¥1,037
(Reduction entry amount for the current consolidated fiscal year)	(—)

*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, 2019	(Millions of yen)
	¥4,949

(Relating to Consolidated Statements of Income)

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

From April 1, 2018 to March 31, 2019	(Millions of yen)
Gain on sales of stock	¥3,439

*2 “General and administrative expenses” include the following:

From April 1, 2018 to March 31, 2019	(Millions of yen)
Salary allowance	¥11,994

*3 “Other ordinary expenses” include the following:

From April 1, 2018 to March 31, 2019	(Millions of yen)
Loss on cancellation of investment trusts	¥5,210
Loss on sales of equity securities	3,348

*4 In the case of the following asset groups, book values were written down to the recoverable levels due to falling land prices and lower net cash from operating activities, and differences have been recorded as impairment losses.

From April 1, 2018 to March 31, 2019		(Millions of yen)	
Location	Use	Category	Total impairment loss
Yamanashi Prefecture	Operating assets	Land and buildings	¥77
	Idle assets	Land	0
Outside Yamanashi Prefecture	Operating assets	Other tangible fixed assets	5
Total	—	—	¥83

In this method of asset grouping, operating assets as a rule are treated as business premises units (however business premises groups that handle combined businesses are treated as Group units), and idle assets are treated as individual asset units. The Head Office, computing centers, company residences and dormitories, etc. are regarded as shared assets.

Recoverable amounts are whichever is the higher of net selling prices and value in use. In the case of net selling prices, the calculation involves deduction of expected disposal expenses from the sum reasonably calculated by real estate asset valuation, etc. In the case of value in use, the calculation involves discounting future cash flows by a discount rate.

All of the recoverable amounts for the fiscal year ended March 31, 2018 represent net selling prices.

The calculation of recoverable amounts for the fiscal year ended March 31, 2019 employs a 2.0% discount rate in the case of value in use.

(Relating to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustment and tax effect related to comprehensive income

From April 1, 2018 to March 31, 2019	(Millions of yen)
Valuation difference on available-for-sale securities	
Difference arising during the fiscal year	¥5,836
Reclassification adjustment to profit and loss	(3,216)
Amount before income tax effect	2,620
Income tax effect	(862)
Valuation difference on available-for-sale securities	1,757
Remeasurements of defined benefit plans	
Losses arising during the fiscal year	(931)
Reclassification adjustment to profit and loss	741
Amount before income tax effect	(189)
Income tax effect	57
Remeasurements of defined benefit plans	(131)
Total other comprehensive income	¥1,626

(Relating to Consolidated Statements of Changes in Net Assets)

From April 1, 2018 to March 31, 2019

1. Items relating to kind and total number of shares outstanding and treasury stock

	(Thousands of shares)				
	Number of shares at the beginning of FY2018	Increase in number of shares during FY2018	Decrease in number of shares during FY2018	Number of shares at the end of FY2018	Remarks
Shares outstanding					
Common stock	174,915	—	140,932	33,983	Note 1, 2
Treasury stock					
Common stock	7,936	385	7,359	962	Note 1, 3, 4

Notes: 1. The Bank consolidated its shares at a ratio of five shares to one share on the effective date of October 1, 2018.

2. The breakdown of the decrease in the number of shares outstanding during the fiscal year under review is as follows:

(During and after the stock consolidation)

Decrease by stock consolidation	139,932 thousand shares
Decrease by cancellation of treasury shares	1,000 thousand shares

3. The breakdown of the increase in the number of treasury shares during the fiscal year under review is as follows:

(Before the stock consolidation)

Increase by demand for purchase of shares less than one unit	4 thousand shares
--	-------------------

(During and after the stock consolidation)

Increase by the purchase of fractional shares less than one share upon the stock consolidation	0 thousand shares
Increase by demand for purchase of shares less than one unit	0 thousand shares
Increase by acquisition of treasury stock upon resolution of the Board of Directors	380 thousand shares

4. The breakdown of the decrease in treasury shares during the fiscal year under review is as follows:

(Before the stock consolidation)

Decrease by exercise of stock option rights 33 thousand shares

(During and after the stock consolidation)

Decrease by stock consolidation 6,325 thousand shares

Decrease by cancellation of treasury stock 1,000 thousand shares

Decrease by demand for purchase of shares less than one unit 0 thousand shares

2. Items relating to 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 FY2018 (Millions of yen)
			Beginning of FY2018	FY2018 Increase Decrease	End of FY2018	
The Bank	Stock options as share subscription rights			—		¥174
Total				—		¥174

3. Items relating to dividends

(1) Dividend paid during FY2018

(Resolution)	Type of stock	Total dividend (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 26, 2018	Common stock	¥584	¥3.50	March 31, 2018	June 27, 2018
Board of Directors Meeting on November 12, 2018	Common stock	584	3.50	September 30, 2018	December 5, 2018

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2018.

(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 25, 2019	Common stock	¥577	Retained earnings	¥17.50	March 31, 2019	June 26, 2019

(Relating to Consolidated Statements of Cash Flows)

*1 The reconciliation of the cash and due from banks in the consolidated balance sheets and cash and cash equivalents at March 31, 2019, is as follows:

From April 1, 2018 to March 31, 2019	(Millions of yen)
Cash and due from banks	¥517,074
Due from banks, excluding due from Bank of Japan	(99)
Cash and cash equivalents	¥516,974

(Relating to Lease Transactions)

Finance leases

(Lessor)

1. Details of net investment in leases are as follows:

As of March 31, 2019	(Millions of yen)
Gross lease receivables	¥8,486
Estimated residual value	176
Unearned interest income	(846)
Net investment in leases	¥7,816

2. Expected amounts from the collection of gross lease receivables are as follows:

As of March 31, 2019	(Millions of yen)
1 year or less	¥2,568
1 to 2 years	2,083
2 to 3 years	1,620
3 to 4 years	1,175
4 to 5 years	589
Over 5 years	450
Total	¥8,486

(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 domestic and foreign exchange operations, corporate bond underwriting, 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 fundraising, 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 arrangements such as forward exchange contracts and currency 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 and foreign 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.

As with other transactions, derivative transactions are subject to risks such as market, credit, and liquidity risks. Hedge accounting is applied for derivative transactions that meet the requirements of hedge accounting based on internal standards in accordance with JICPA Industry Audit Committee Report No. 25, July 29, 2002, "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry."

(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 the “credit risk information integration service,” which is a joint undertaking of the banks that joined the Regional Bank Association, aiming at upgrading credit risk management and 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. 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 realizes 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, is 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 aim is for maintenance of strong management 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 the 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 account securities) while taking into consideration the correlation among interest rates for 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 account securities (trading securities) VaR is measured using the separate holding period of 10 days. Financial instruments that are considered to have little relevance to market risks, including shares of non-listed companies, 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 account securities) amounted to ¥47,737 million as of March 31, 2019 compared with ¥51,820 million as of the end of the previous fiscal year. The VaR of trading account securities amounted to ¥0 million. 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).

As of March 31, 2019

(Millions of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and due from banks	¥ 517,074	¥517,074	¥ —
(2) Trading account securities			
Trading securities	—	—	—
(3) Securities			
Held-to-maturity	4,949	4,958	9
Available-for-sale securities	1,128,453	1,128,453	—
(4) Loans and bills discounted	1,704,259		
Accrued income (Interest on loans)	714		
Deferred income (Interest on loans and guarantee charge) *1	(1,144)		
Allowance for possible loan losses *2	(10,363)		
	1,693,465	1,701,446	7,980
(5) Other assets	60,000	60,000	—
Central clearing counterparty margin requirements			
Total assets	¥3,403,943	¥3,411,933	¥7,989
(1) Deposits	¥2,922,898		
Accrued expenses (Interest on deposits)	232		
	2,923,131	2,923,165	33
(2) Negotiable certificates of deposit	62,096		
Accrued expenses (Interest on NCDs)	2		
	62,098	62,099	1
(3) Borrowed money	222,065	222,064	(1)
Total liabilities	¥3,207,295	¥3,207,328	¥ 33
Derivatives *3			
Hedge accounting is not applied	¥ (431)	¥ (431)	¥ —
Hedge accounting is applied	—	—	—
Total derivatives	¥ (431)	¥ (431)	¥ —

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

*2. General allowance for possible loan losses and specific allowance 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

For due from banks without maturity, fair value is the value closest to acquisition cost or amortized cost. For due from banks with maturity, the contract period is short (less than one year) and fair value is the value closest to acquisition cost or amortized cost.

(2) Trading account securities

The fair values of securities such as bonds that the Bank holds for engaging in dealing are determined by reference to quoted market price on stock exchanges or prices offered by correspondent financial institutions.

(3) Securities

The fair values of stocks 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. The prices of the Bank's guaranteed private placement bonds are calculated by discounting the estimated future cash flows for each classification based on the issuers' internal rating and terms by using the risk-free interest rates plus credit cost rates and expense rates. Investment trusts are determined by reference to their publicly available net asset value.

Information outlining notes for investment securities according to the purpose for which they are held is contained under "Relating to securities."

(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. Thus, 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.

(5) Other assets

Since the fair value approximates the acquisition cost or the amortization cost, the fair value of central clearing counterparty margin requirements is treated as the actual amount.

Liabilities

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

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

Since money borrowed at floating rates reflects short-term market interest rates, and since the credit standing of the Bank and its consolidated subsidiaries does not vary greatly following such loans, the fair value approximates the book value, and the book value is treated as the fair value. The present value of money borrowed at fixed rates is calculated by discounting the total value of the principal and interest of the borrowed money by the expected interest rate for similar loans. For borrowings with short contract periods (less than one year), the fair value approximates the book value, and the book value is treated as the fair value.

Derivatives

Derivative transactions are listed under "Relating to derivative transactions."

(Note 2) Financial instruments, whose fair values are extremely difficult to determine, recorded on the consolidated balance sheets 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, 2019.

As of March 31, 2019 (Millions of yen)

	Carrying amount
Unlisted equity securities *1, *2	¥ 569
Contributions to unions *3	1,644
Total	¥2,214

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

*2. Classified as available-for-sale securities; in the previous fiscal year, no impairment loss was recognized.

Classified as available-for-sale securities; in the previous consolidated fiscal year, no impairment loss was recognized.

*3. Investments in partnerships comprising partnership assets with fair values that are extremely difficult to determine, such as unlisted stocks, are excluded from the disclosure of fair value.

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

As of March 31, 2019

(Millions of yen)

	1 year or less	Over 1 year less than 3 years	Over 3 years less than 5 years	Over 5 years less than 7 years	Over 7 years less than 10 years	Over 10 years
Due from banks	¥480,248	¥ —	¥ —	¥ —	¥ —	¥ —
Securities	28,246	121,301	170,233	69,016	148,311	58,422
Held-to-maturity	506	1,310	2,527	605	—	—
Corporate bonds	506	1,310	2,527	605	—	—
Available-for-sale securities that have maturities	27,740	119,990	167,706	68,411	148,311	58,422
Japanese government bonds	10,000	63,700	87,100	52,000	57,400	50,000
Municipal bonds	13,582	44,379	48,361	11,081	58,977	6,301
Corporate bonds	4,158	11,911	12,374	4,220	20,835	1,000
Others	—	—	19,870	1,109	11,099	1,121
Loans and bills discounted *1	358,262	332,013	236,463	166,058	204,220	268,513
Central clearing counterparty margin requirement *2	60,000	—	—	—	—	—
Total	¥926,758	¥453,315	¥406,696	¥235,075	¥352,532	¥326,935

*1 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 ¥21,879 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥116,678 million are not included either.

*2 Because no period is set for the central clearing counterparty margin requirement, it is included under “1 year or less.”

(Note 4) Maturity analysis for interest-bearing debt

As of March 31, 2019

(Millions of yen)

	1 year or less	Over 1 year less than 3 years	Over 3 years less than 5 years	Over 5 years less than 7 years	Over 7 years less than 10 years	Over 10 years
Deposits	¥2,561,580	¥252,959	¥ 18,466	¥—	¥—	¥—
Negotiable certificates of deposit transactions	62,096	—	—	—	—	—
Borrowed money	1,862	88,827	131,376	—	—	—
Total	¥2,625,538	¥341,786	¥149,842	¥—	¥—	¥—

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

(Relating to Securities)

*1 In addition to including the "Securities" listed on the consolidated balance sheets, this includes "Trading account securities."

*2 Subsidiary and affiliated company shares are listed as notes to the financial statements.

1. Trading securities

As of March 31, 2019

(Millions of yen)

	Unrealized gains/losses recognized as income
Trading securities	¥—

2. Held-to-maturity debt securities

As of March 31, 2019

(Millions of yen)

	Type	Carrying amount in consolidated balance sheets	Fair value	Differences
Fair value exceeded carrying amount	Corporate bonds	¥3,924	¥3,940	¥16
Fair value not exceeded carrying amount	Corporate bonds	1,025	1,017	(7)
Total		¥4,949	¥4,958	¥9

3. Available-for-sale securities

As of March 31, 2019

(Millions of yen)

	Type	Fair value consolidated balance sheets	Cost	Valuation differences
Fair value exceeded cost	Japanese stocks	¥ 54,308	¥ 20,054	¥ 34,254
	Bonds	594,127	575,594	18,532
	Japanese government bonds	353,225	338,747	14,477
	Japanese municipal bonds	185,652	182,713	2,939
	Japanese corporate bonds	55,248	54,133	1,115
	Other securities	163,391	155,638	7,752
	Foreign securities	22,549	22,514	34
	Sub-total	811,827	751,287	60,539
Fair value not exceeded cost	Japanese stocks	8,952	10,564	(1,611)
	Bonds	364	364	(0)
	Japanese government bonds	—	—	—
	Japanese municipal bonds	—	—	—
	Japanese corporate bonds	364	364	(0)
	Other securities	307,309	313,193	(5,884)
	Foreign securities	10,472	10,518	(46)
	Sub-total	316,626	324,122	(7,495)
Total		¥1,128,453	¥1,075,410	¥53,043

4. Held-to-maturity debt securities sold

From April 1, 2018 to March 31, 2019

(Millions of yen)

Type	Sales costs	Sales proceeds	Gains on sales
Japanese corporate bonds	¥—	¥—	¥—

The above securities were sold due to redemption by the issuer.

5. Available-for-sale securities sold

From April 1, 2018 to March 31, 2019

(Millions of yen)

Type	Sales amount	Gross realized gains	Gross realized losses
Japanese stocks	¥ 12,817	¥ 3,208	¥ 1,601
Bonds	109,237	3,644	47
Japanese government bonds	105,232	3,554	47
Japanese municipal bonds	4,004	89	—
Japanese corporate bonds	—	—	—
Other securities	55,102	1,827	2,022
Foreign securities	17,041	70	275
Total	¥177,157	¥8,681	¥3,671

6. Securities for which the purpose for holding has changed

Not applicable

7. Securities recognized for revaluation loss

Among securities other than securities for trading purposes (except securities for which the fair value is extremely difficult to ascertain), for securities that are not recognized as having prospects of recovery after their fair value fell sharply compared with the acquisition costs, fair value is recognized in the consolidated balance sheets, and valuation difference is treated as an impairment loss ("revaluation loss") in the consolidated year under review.

No revaluation loss was recognized during the previous fiscal year.

No revaluation loss was recognized during the consolidated fiscal year under review.

The impairment accounting standards applied in cases where fair value is judged to have fallen significantly are as follows:

- ① Across-the-board impairment losses shall be booked for securities whose fair values as of the consolidated balance sheet date 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 money held in trust)

Not applicable

(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:

As of March 31, 2019

(Millions of yen)

	Amounts
Valuation difference	¥53,043
Other securities	53,043
Deferred tax liabilities	16,008
Net unrealized gains (before non-controlling interests)	37,034
Non-controlling interests	128
Net unrealized gains on available-for-sale securities	¥36,906

(Relating to Derivative Transactions)

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, at the end of the consolidated balance sheet date and determination of fair value are as follows. Contract or notional amounts do not show market risk of derivative instruments.

(1) Interest-related derivative instruments

Not applicable

(2) Currency-related derivative instruments

As of March 31, 2019

(Millions of yen)

	Type	Contract amount or notional amount	Over 1 year	Fair value	Unrealized gain/loss
Financial instruments exchange	Currency futures				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Currency options				
	Sold	—	—	—	—
	Buy	—	—	—	—
OTC	Currency swaps	¥21,904	¥21,904	¥(424)	¥(424)
	Forward rate agreements				
	Sold	1,444	—	(4)	(4)
	Buy	570	—	(2)	(2)
	Currency options				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Other				
	Sold	—	—	—	—
	Buy	—	—	—	—
Total		—	—	¥(431)	¥(431)

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of income.

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

Not applicable

(Relating to Employees' Retirement Benefits)

1. Outline of employees' retirement benefits

To provide for employees' retirement benefits, the Bank has adopted a funded defined-benefit pension plan and a defined contribution pension plan.

The defined-benefit corporate pension plan (funded plan) pays a lump sum or a pension based on employee compensation and length of service.

A retirement benefit trust has been established within the defined-benefit corporate pension plan.

The lump-sum retirement plan (an unfunded plan, but as a result of the establishment of the retirement benefit trust, it has become a funded plan) pays a lump sum based on employee compensation and length of service.

2. Funded defined-benefit pension plan

(1) Reconciliation of retirement benefit obligations at beginning of year and end of year

From April 1, 2018 to March 31, 2019

(Millions of yen)

Retirement benefit obligations at beginning of year	¥31,254
Service cost	1,118
Interest cost	121
Actuarial gains and losses	240
Retirement benefits payment	(1,324)
Past service cost	—
Other	—
Retirement benefit obligations at end of year	¥31,409

(2) Reconciliation of pension assets at beginning of year and end of year

From April 1, 2018 to March 31, 2019

(Millions of yen)

Pension assets at beginning of year	¥32,153
Expected return on plan assets	862
Actuarial gains and losses	(691)
Employer's contribution	2,601
Retirement benefits payment	(731)
Other	—
Pension assets at end of year	¥34,194

(3) Reconciliation of retirement benefit obligations and pension assets at end of year and liabilities and assets of retirement benefits recorded in the consolidated balance sheets

As of March 31, 2019 (Millions of yen)

Retirement benefit obligations of funded plan	¥ 31,409
Pension assets	(34,194)
	(2,785)
Retirement benefit obligations of unfunded plans	—
Assets and liabilities recorded in the consolidated balance sheets, net	¥ (2,785)

(Millions of yen)

Liability of retirement benefits	¥ 236
Assets of retirement benefits	(3,021)
Liabilities and assets recorded in the consolidated balance sheets, net	¥ (2,785)

(4) Breakdown of retirement benefit costs

From April 1, 2018 to March 31, 2019 (Millions of yen)

Service cost	¥1,118
Interest cost	121
Expected return on plan assets	(862)
Actuarial gains and losses recorded in expenses	765
Past service costs recorded in expenses	(23)
Other	—
Retirement benefit costs of defined benefit plan	¥1,119

(5) Remeasurements of defined benefit plans

Breakdown of items (before tax-related effects) recorded in remeasurements of defined benefit plans are as follows:

From April 1, 2018 to March 31, 2019 (Millions of yen)

Past service costs	¥ 23
Actuarial gains and losses	166
Other	—
Total	¥189

(6) Accumulated adjustment for retirement benefits

The breakdown of items (before the deduction of tax effects) recorded in accumulated adjustment for retirement benefits is as follows:

As of March 31, 2019 (Millions of yen)

Unrecognized past service costs	¥ (75)
Unrecognized actuarial gains and losses	4,435
Other	—
Total	¥4,359

(7) Pension assets

① The percentage of each main category for total pension assets is as follows:

As of March 31, 2019

Stocks	34%
Bonds	41%
Life insurance general account	15%
Other	10%
Total	100%

Note: Included in total pension assets is 12% for retirement benefit trusts established in the corporate pension plan compared with 14% as of the end of the previous fiscal year, and 31% for retirement benefit trusts established in the lump-sum retirement plan compared with 32% as of the end of the previous fiscal year.

② Method for calculating the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Bank considers the current and projected allocations of pension assets, as well as the current and expected long-term rate of return for the various assets that make up the pension assets.

(8) Basis for calculating actuarial calculations

Basis for calculating main actuarial calculations (weighted average)

From April 1, 2018 to March 31, 2019

Discount rate	0.3%
Long-term expected rate of return on plan assets	2.7%
Rate of salary increase	
Defined-benefit corporate pension plan	3.6%
Lump-sum retirement plan	3.5%

3. Defined contribution funds

The required contribution for the current consolidated fiscal year under the Bank's defined-contribution pension plan is ¥202 million compared with ¥99 million as of the end of the previous fiscal year.

(Stock Options and Other Related Information)

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

From April 1, 2018 to March 31, 2019

(Millions of yen)

General and administrative expenses	¥33
-------------------------------------	-----

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

(1) Description of stock options

	2018 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: 16,540 shares
Date on which stock options were granted	July 26, 2018
Vesting terms and conditions	Vesting terms and conditions have not been prescribed
Vesting period	Vesting period has not been prescribed
Exercise period	July 27, 2018 to July 26, 2048

Note: Reflecting the five-to-one stock consolidation conducted on the effective date of October 1, 2018.

(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, 2019. The number of stock options is converted into the number of shares.

① Number of stock options

	2018 Stock Options
Stock options which are not yet vested (shares)	
As of March 31, 2018	—
Granted	16,540
Forfeited	—
Vested	16,540
Balance of stock options not vested	—
Stock options which have already been vested (shares)	
As of March 31, 2018	—
Vested	16,540
Exercised	—
Forfeited	—
Balance of stock options not exercised	16,540

Note: Reflecting the five-to-one stock consolidation conducted on the effective date of October 1, 2018.

② Per share information

	2018 Stock Options
Exercise price (Yen)	¥ 1
Average price per share upon exercise (Yen)	—
Fair value per share at the grant date (Yen)	2,050

Note: The average price per share upon exercise and the fair value per share at the grant date reflect the five-to-one stock consolidation conducted on the effective date of October 1, 2018.

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

During the fiscal year ended March 31, 2019, the fair value per share with respect to the 2018 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

	2018 Stock Options
Stock price volatility (Note 1)	35.8%
Projected residual period (Note 2)	2.7 years
Projected cash dividends (Note 3)	¥7.00/share
Risk-free interest rate (Note 4)	(0.12)%

Notes: 1. Stock price volatility is calculated based on the stock price performance for the period (weekly from the week of November 9, 2015 to the week of July 16, 2018) 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, 2018.

4. The risk-free 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:

As of March 31, 2019 (Millions of yen)

Deferred tax assets	
Net defined benefit liability	¥ 4,024
Allowance for possible loan losses	2,773
Losses on investment securities	1,379
Depreciation	491
Other	1,978
Sub-total	10,646
Valuation allowance	(3,816)
Total deferred tax assets	6,829
Deferred tax liabilities	
Unrealized gains on available-for-sale securities	(16,008)
Other	(1,310)
Total deferred tax liabilities	(17,319)
Net deferred tax assets (figures in parentheses represent liabilities)	¥(10,489)

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:

As of March 31, 2019

Normal effective statutory tax rate	—
Valuation allowance	—
Income not taxable for income tax purposes	—
Expenses not deductible for income tax purposes	—
Other—net	—
Actual effective tax rate	—

Note: The reconciliation between the normal effective statutory tax rate and the actual effective tax rate for the fiscal year ended March 31, 2019 is not presented since the difference was less than 5 percentage points.

(Relating to Asset Retirement Obligations)

Not applicable

(Relating to Investment and Rental Property)

Not applicable

(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】

From April 1, 2018 to March 31, 2019

1. Information for service segments

(Millions of yen)				
	Loans	Securities investment	Other	Total
Ordinary income from customers	¥16,984	¥23,260	¥12,108	¥52,353

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

2. Information for geographic areas

(1) Ordinary income

Since the amount classified as ordinary income from external customers in Japan exceeds 90% of ordinary income on the consolidated statements of income, it has been omitted here.

(2) Tangible fixed assets

Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated statements of income, it has been omitted here.

3. Information about major customers

Since no ordinary income from specific customers represents more than 10% of ordinary income on the consolidated statements of income, it has been omitted here.

【Information about impairment loss of fixed assets by reportable segment】

Since the Group has only a single reporting segment (banking), disclosure of segments lacks importance and has thus been omitted here.

【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

(1) Transactions with parties related to the company submitting consolidated financial statements

- ① The parent company and major shareholders of the company submitting consolidated financial statements (limited to companies, etc.)

Not applicable

- ② Non-consolidated subsidiaries and related companies, etc. of the company submitting consolidated financial statements

Not applicable

- ③ Companies, etc. with the same parent company as the company submitting consolidated financial statements, and subsidiaries, etc. of other related companies of the company submitting consolidated financial statements

Not applicable

④ Related-party transactions involving directors, corporate auditors and major stockholders (individuals only) of the Bank

From April 1, 2018 to March 31, 2019

(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	Toshihito Furuya	—	—	Corporate auditor of the Bank, simultaneously serving as legal advisor	0.02	Lending Compensation for legal advisory services	Lending	—	Loans	96
							Interest income	2	—	—
							Legal advisory fee paid	2	—	—

Note: Transaction terms and policies for determining transaction terms

Transaction terms are determined in the same manner as with clients in general.

(2) Transactions with consolidated subsidiaries and related parties of the company submitting consolidated financial statements

Not applicable

2. Notes regarding parent company or other important related companies

Not applicable

(Relating to Business Combinations, etc.)

Not applicable

(Per Share Information)

From April 1, 2018 to March 31, 2019

(Yen)

Net assets per share	¥6,652.04
Profit per share	147.15
Diluted profit per share	146.78

Notes: 1. The Bank consolidated its shares at a ratio of five shares to one share on the effective date of October 1, 2018.

Per-share information is calculated on the assumption that this consolidation of shares took place at the beginning of the previous consolidated fiscal year.

2. The basis for calculating profit per share and diluted profit per share is presented as follows.

From April 1, 2018 to March 31, 2019

(Millions of yen)

Profit per share	
Profit attributable to shareholders of the parent	¥4,908
Amount not attributable to owners of common stock	—
Profit attributable to shareholders of the parent related to common stock	4,908
Average balance of common stock (Thousands of shares)	33,356
Diluted profit per share	
Adjustment amount of profit attributable to shareholders of the parent	¥ —
Increase in the number of common stock (Thousands of shares)	82
New share subscription rights (Thousands of shares)	82

(Important Subsequent Events)

Not applicable

Corporate Data

(as of March 31, 2019)

Common Stock : ¥15,400 million

Number of Shares :

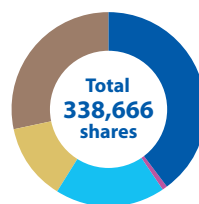
Authorized 79,600,000 shares
Issued 33,983,000 shares

Number of Stockholders : 6,049

Stock Listing : First Section of the Tokyo Stock Exchange

Transfer Agent : Mitsubishi UFJ Trust & Banking Corporation

Breakdown of Stockholders



Financial institutions	135,421	39.99%
Securities companies	2,109	0.62%
Other corporations	62,137	18.35%
Foreigners	43,306	12.79%
Individuals and others	95,693	28.25%

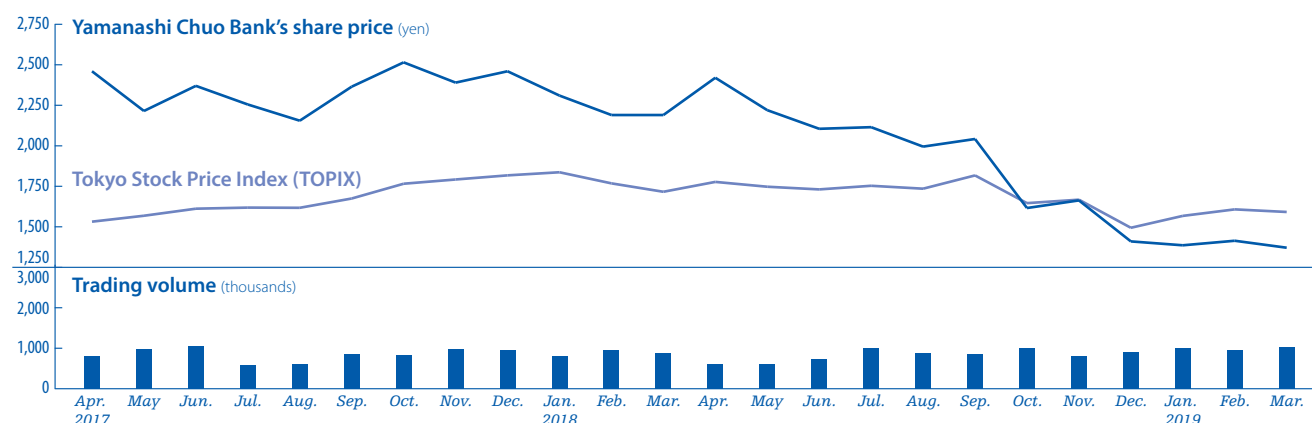
* Shares (1 trading unit: 1,000 shares)

Note: The category "Individuals and others" contains treasury stock of 6,954 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
Japan Trustee Services Bank, Ltd. (Trustee Account)	1,882	5.69
The Master Trust Bank of Japan, Ltd. (Trustee Account)	1,376	4.16
Meiji Yasuda Life Insurance Company	1,209	3.66
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	1,131	3.42
MUFG Bank, Ltd.	790	2.39
Fukoku Mutual Life Insurance Company	600	1.81
Teikyo University	595	1.80
CBNY-GOVERNMENT OF NORWAY	531	1.61
FUJI KYUKO CO., LTD	531	1.60
Tokio Marine & Nichido Fire Insurance Co., Ltd.	501	1.51
Total	9,149	27.70

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



* On October 1, 2018, every five (5) shares were consolidated into one (1) share. This was calculated on the assumption that the consolidation of shares was conducted at the beginning of the fiscal year ended March 31, 2018.

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	66.0	Leasing
Yamanashi Chugin DC Card Co., Ltd.	20	67.5	Credit cards
Yamanashi Chugin Management Consulting Co., Ltd.	200	87.5	Consulting, economic research

Board of Directors and Corporate Auditors

(as of July 1, 2019)

Chairman

Nakaba Shindo

President

Mitsuyoshi Seki

Senior Managing Director

Kazuhiko Kitta

Managing Directors

Yukio Osada

Kimihiro Asai

Norihiko Tanaka

Directors

Yutaka Fujita

Yoshiaki Furuya

Fumihiko Furuya

Masahiko Yamadera

Michio Masukawa

Riyo Kano

Standing Corporate Auditors

Masaki Saito

Akira Omata

Corporate Auditors

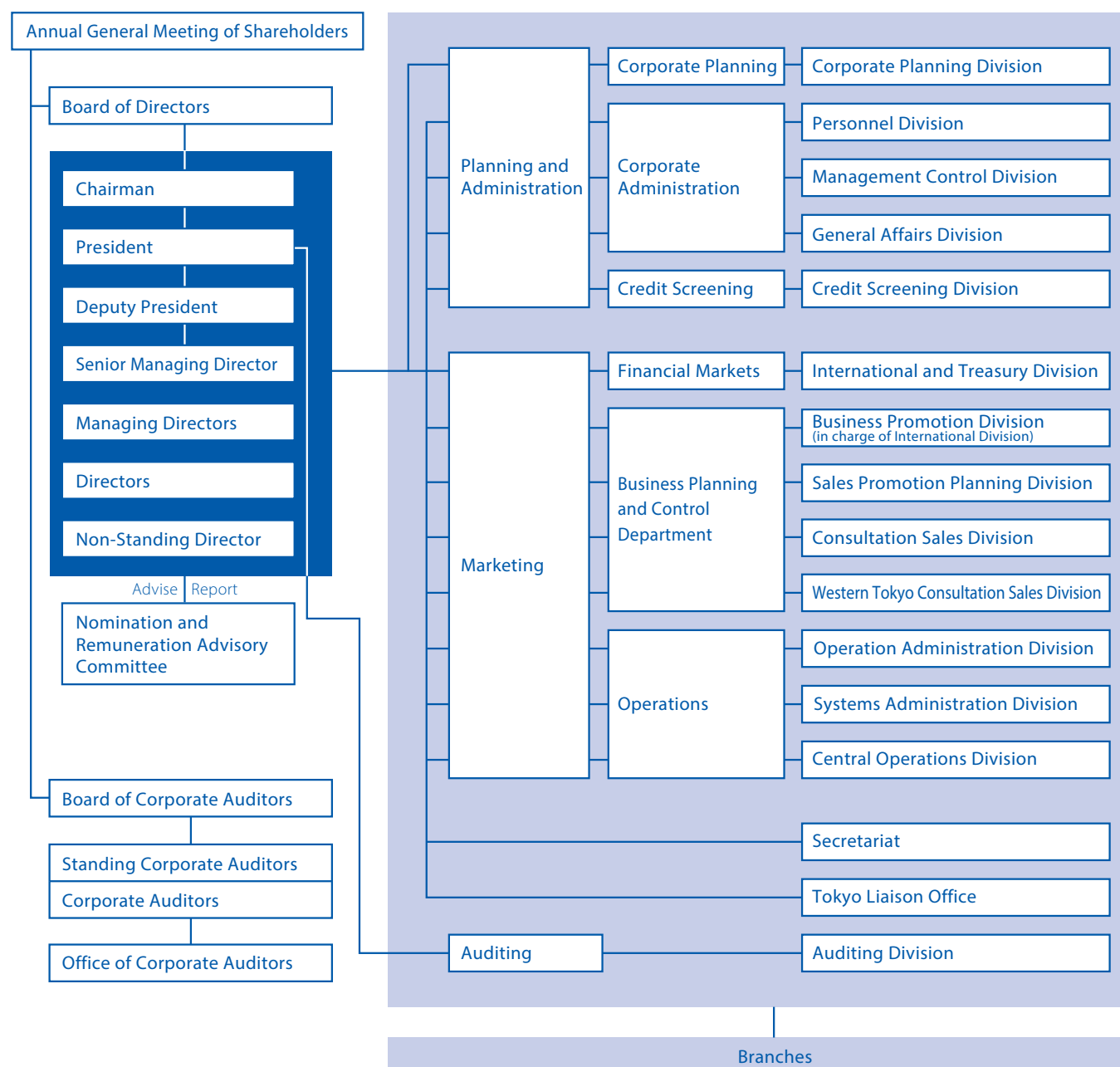
Magozaemon Takano

Toshihito Furuya

Kouichiro Horiuchi

Organization

(as of July 1, 2019)



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