

Annual Report

# 2024

Purpose (Significance of Existence)

## Open Up a Bright Future from Yamanashi



The Yamanashi Chuo Bank, Ltd.

# Local Industries in Yamanashi Prefecture

Yamanashi Prefecture, with about 80% of its total area covered by forests, is blessed with abundant nature, including Japan's tallest mountain Mt. Fuji (registered as a World Heritage Site) and the Akaishi Mountains. The prefecture is also home to many unique local industries that take advantage of its natural environment, including agricultural products such as peaches and grapes, as well as wine and jewelry.



- 1 Wine**

- The largest wine production in Japan\*

- Highest number of wineries in Japan

\* Japanese wine: Wine produced in Japan for which only Japanese grapes are used as raw materials
- 2 Silk Fabric**

Number of manufacturing locations ranks first in Japan.
- 3 Traditional Japanese Paper**

No. 1 shipment value in Japan
- 4 Fruits**

Harvest of grapes, peaches and Japanese plums ranks first in Japan.
- 5 Jewelry**

Number of manufacturing locations ranks first in Japan.
- 6 Mineral Water**

No. 1 shipment value in Japan
- 7 Knit Products**
- 8 Sake**
- 9 Inden Leather**

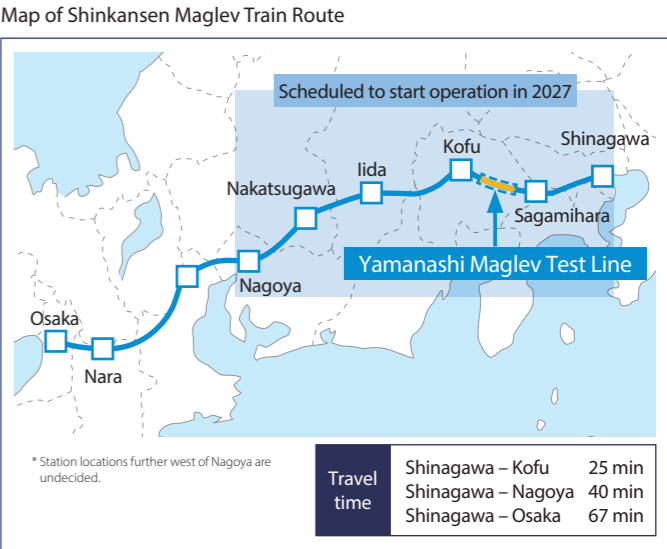
# Preparations for High-Speed Transportation Network

**Expected Effects**

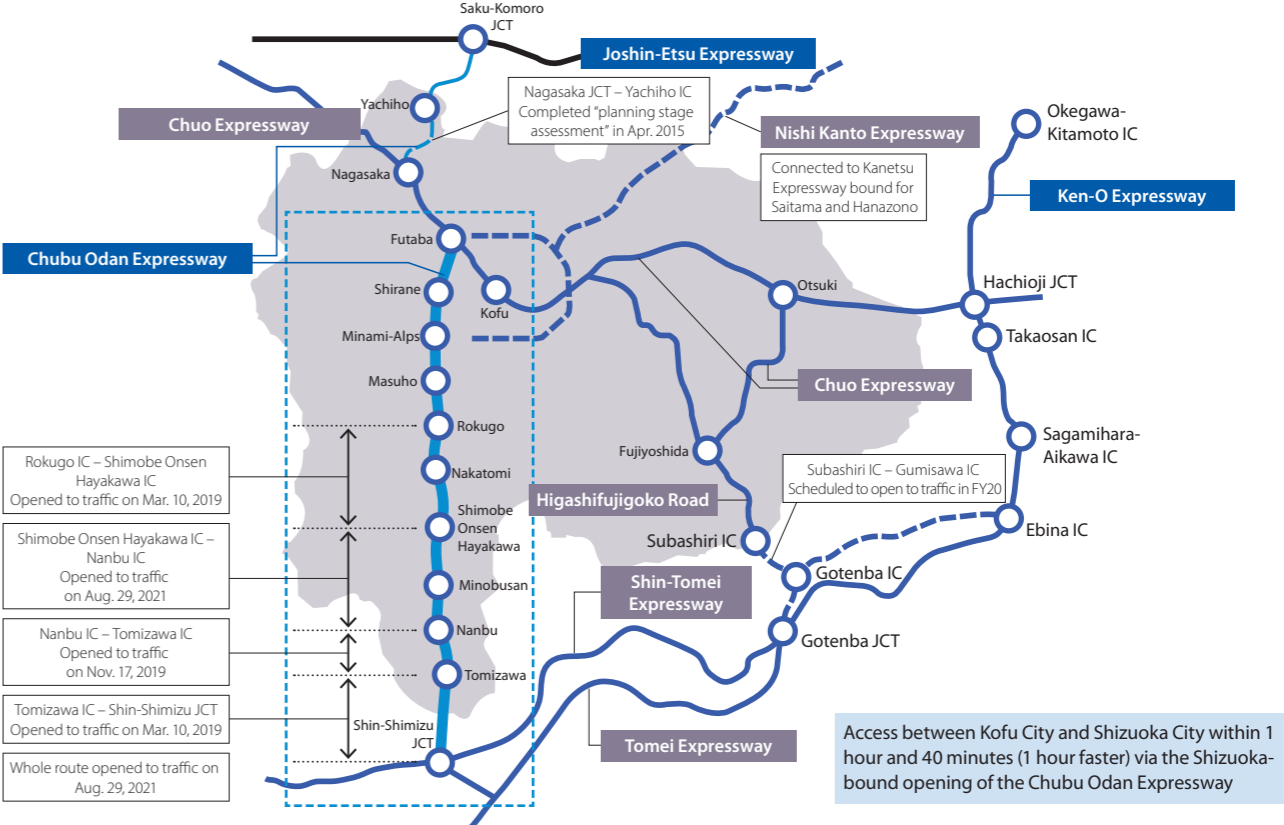
Increase in tourists from Kansai and Tokai regions, increase in opportunities for receiving orders, expansion of logistic facilities, and increase in residents due to expanded commuting radius to Greater Tokyo, etc.

## Shinkansen Maglev Train

- Oct. 2014: Minister of Land, Infrastructure, Transport and Tourism approved the start of construction, with the opening planned for 2027.
- Dec. 2015: Construction began on the Yamanashi section of the Southern Alps Tunnel (communication route).
- Jan. 2016: Shinagawa Station construction began.
- Nov. 2016: Construction began on the Nagano section of the Southern Alps Tunnel.
- Mar. 2017: Yamanashi Prefecture creates the "Linear Environmental Future City Improvement Policy."
- Apr. 2018: Construction began on the Yamanashi section of the Southern Alps Tunnel (mail line).
- Nov. 2019: Construction began on Kanagawa Prefecture Station (tentative name).



## 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 the Medium-Term Management Plan “TRANS<sup>3</sup>”

- **Strategy to increase business capacity:**  
Refinement of the core business and taking on the challenge of new business opportunities
- **Strategy to double productivity:**  
Dramatic improvement in productivity by zero clerical work and channel reform
- **Strategy of pursuing sustainability:**  
Realization of coexistence of sustainable management and regional communities

### The 3S Action Guidelines

Smile, Speed and Simple



### Profile (as of March 31, 2024)

**Corporate Name:** The Yamanashi Chuo Bank, Ltd.  
**Head Office:** 20-8, Marunouchi 1-chome, Kofu, Yamanashi  
**Established:** December 1, 1941  
**President:** Yoshiaki Furuya  
**Common Stock:** ¥15,400 million  
**Number of Shares Issued:** 32,783,000 shares  
**Stock Listing:** Prime Market of the Tokyo Stock Exchange  
**Long-Term Credit Rating:** A- (Rating and Investment Information, Inc.)  
**Network:** Head Office and Branches: 89 (including 1 Internet Branch)  
District Offices: 10 (including 8 Life Square desks)



Head Office

**Businesses:** The Yamanashi Chuo Bank Group comprises the Yamanashi Chuo Bank and four consolidated subsidiaries. Centered on its core banking business, the Group provides an integrated financing service that includes a leasing and credit card business. The Bank is the leading local bank in Yamanashi Prefecture, and its sphere of operations encompasses both the prefecture and the western part of the Tokyo metropolitan region.

### Forward-looking statements

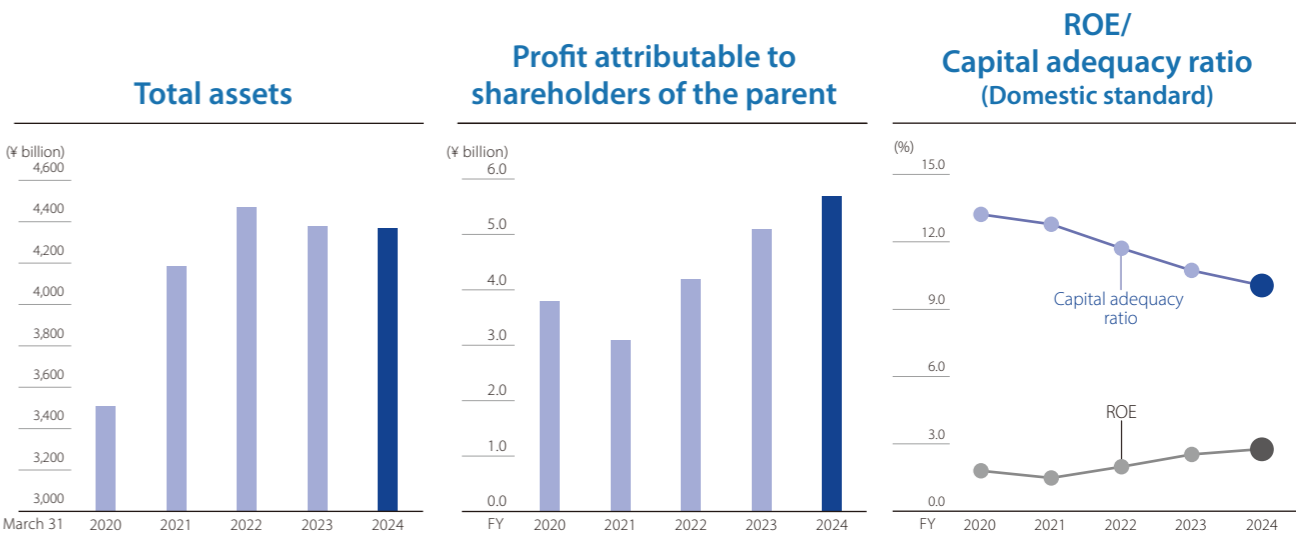
Statements contained in this report regarding the Bank's future performance do not constitute statements of historical fact, and are thus subject to a number of risks and uncertainties. Readers are therefore cautioned not to place undue reliance on forward-looking statements, as factors beyond the Bank's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

# Consolidated Financial Highlights

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

	2020	2021	2022	2023	2024
Ordinary income	44,878	49,602	46,310	60,552	56,525
Ordinary profit	6,726	6,229	6,624	7,721	7,641
Profit attributable to shareholders of the parent	3,764	3,090	4,241	5,061	5,658
Comprehensive income	(20,412)	22,851	(8,867)	(15,637)	27,845
Net assets	199,661	221,439	211,494	193,263	218,301
Total assets	3,511,412	4,185,672	4,469,779	4,380,458	4,366,180
Net assets per share (Yen)	6,183.83	6,849.57	6,515.85	6,129.98	7,143.86
Profit per share (Yen)	116.43	96.92	132.73	161.78	185.79
Capital adequacy ratio (Domestic standard, %)	13.22	12.78	11.71	10.72	10.05
Return on equity (%)	1.80	1.48	1.98	2.53	2.77
Price earning ratio (Times)	6.32	9.48	7.17	7.05	10.13
Cash flows from operating activities	(23,354)	446,423	267,979	(293,875)	(290,768)
Cash flows from investing activities	(134,180)	(62,012)	(112,069)	297,562	92,619
Cash flows from financing activities	(2,287)	(1,117)	(1,120)	(2,635)	(2,798)
Cash and cash equivalents	357,152	740,447	895,241	896,292	695,345

Note: The method of presentation was changed in the fiscal year ended March 31, 2021, and the amount for “Ordinary income” for the fiscal year ended March 31, 2020 has been reclassified accordingly.



# Value Creation Bank

A financial group that meets the expectations of all its stakeholders by delivering “Prosperity for Regional Communities,” “Smiles for Customers,” “Job Satisfaction for Employees,” and “Satisfaction for Shareholders” as it celebrates its 150th anniversary.

## Value provided to each stakeholder



A “well-being society” that is prosperous and full of vitality and happiness

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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.

Purpose  
(significance of existence)

While Our Mission never changes, the Purpose is positioned as an easy-to-understand message for both inside and outside the Bank, in which the concept underlying its Mission, Vision, etc., is made clear.

The Bank’s Strengths

Tradition and long history

Since the Bank was founded under the name “Dai-Ju National Bank” in 1877, it has been building the foundation for its current business operations by constantly practicing its Mission of “Region-Based Operations and Sound Management” and growing together with the development of regional communities.

Reliability and trust

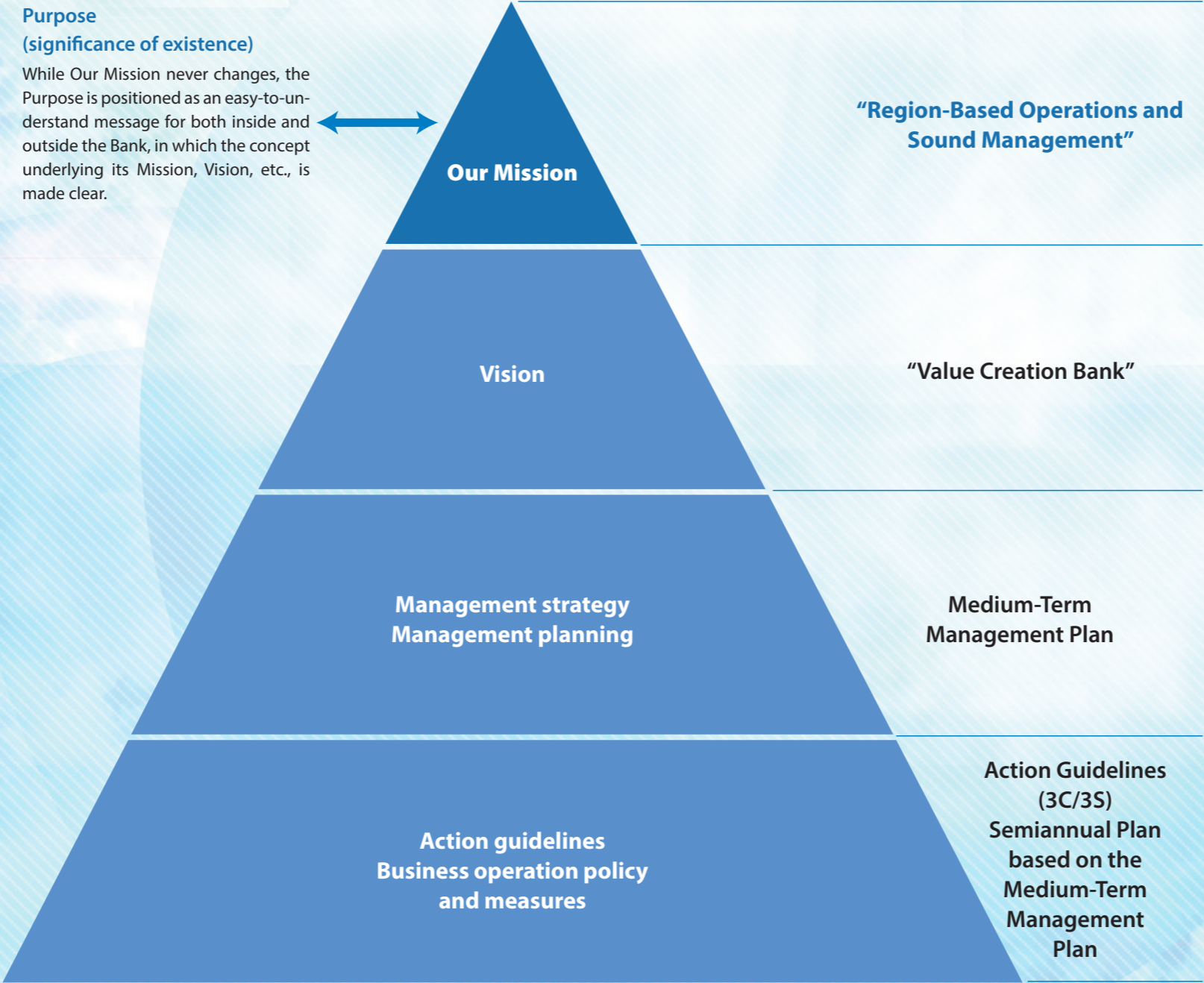
The Bank enjoys the patronage of many customers in Yamanashi Prefecture and makes up 51.7% of the deposits and 48.0% of the loans receivable in the prefecture.

High risk capacity  
based on strong soundness

As of the end of March 2024, the Bank’s equity ratio is 9.57%. This number far exceeds Japan’s capital adequacy ratio of 4%, indicating the Bank’s strong soundness.

Productive Tokyo market base

Tokyo offers an extensive market with several times as many residents, households, and private businesses.



Purpose of the Yamanashi Chuo Bank Group (Significance of Existence)

Open Up a Bright Future from Yamanashi

To advance its sustainability management, the Yamanashi Chuo Bank Group has identified themes of materiality (material issues), such as strengthening various kinds of cooperation and increasing the vitality of the regional economy, realizing digital transformation (DX) and the digitization of regional communities, and maintaining a rich natural environment to passing it on to the future, and it is working to resolve these issues.

Yamanashi Prefecture has rich nature, including Mt. Fuji, Yatsugatake, and the Akaishi Mountains, and it boasts to the world many regional resources and industries. With the opening of the whole of the Chubu-Odan Expressway between Yamanashi and Shizuoka, as well as the scheduled opening of the Linear Chuo Shinkansen and other forms of transportation, the area expects to see remarkable development in the future, with an increasing inflow of people from outside the prefecture.

Yamanashi Chuo Bank realizes a well-being society that is prosperous and full of vitality and happiness. By making use of its many human and organizational connections it has built over many years, including a sales base in the Tokyo area, the Bank will create a prosperous future from Yamanashi to the world.



Scan the QR code to access a video about the Bank’s Purpose.

## Message from the President



President

古屋賀章

### Reflection on the first year under the new system

Last June, I became the President of Yamanashi Chuo Bank. For the past year, I have been working on driving its sustainable growth and increasing the corporate value. Thanks to your support, our performance exceeded the initial business forecast in FY2023. I believe this is solely because we moved a step forward with the Group's strategies and measures through dialogue with our shareholders, investors, customers, local residents, and the Group's employees. I sincerely thank all of the stakeholders.

Since becoming the President, I have advocated providing solution services to "Open Up a Bright Future from Yamanashi" in line with the Group's Purpose. In order to solve various issues faced by our customers and local residents, we need to properly train a diverse group of employees to develop expertise. To that end, I recognize that it is important to vigorously promote human capital management in a better organizational culture.

What I have been emphasizing most in the past year is to improve the organizational culture by reforming our communication practices. As I have been saying since I assumed my current position, we have been inverting the organizational pyramid and reducing the hierarchical layers to create a flat organizational structure where employees can communicate easily and feel encouraged to speak up.

We have not reached our goal yet, but we are gradually seeing successes in our efforts to reform our communication practices. This is because all our officers and employees have been incorporating this policy into operations of branches and Head Office divisions. For example, we are seeing employees proactively applying for the job trial (concurrent employment) program and communicating and networking with employees in other divisions. In addition, a wide range of the Group's employees join project teams to solve key issues and share their views to derive better solutions. The entire management has been seeking a variety of opinions by having dialogue across ranks to validate measures and set policies for the future. For example, in the previous year, the Senior Managing Director held informal meetings mainly with young employees from all divisions, sections, and branches.

As part of these initiatives, the Group has established the business operation policy for the first half of FY2024: "FUN@BANK—fun and interesting banking experience." This policy embodies the values we have for both employees and customers.

The basic idea here is that it is important to enjoy your work. If employees find joy at work, they will find their jobs interesting and assume a positive and proactive attitude toward them. In turn, this will help boost their colleagues' mood and improve their mindset. They will be able to provide higher value and good banking experiences to our customers.

I realize that the Group's strengths are that each of our employees is sincere to our customers and has a customer-centric mindset. We developed this business operation policy to make each employee confident about these strengths and intrinsically motivate them to take actions.

Two years have passed under "TRANS<sup>3</sup> 2025," the Medium-Term Management Plan and we have one more year left. We also have four more years under "Value Creation Bank," which is the long-term vision. FY2024 will be a milestone year, when we will definitely achieve the targets under the current Medium-Term Management Plan, and develop a long-term vision beyond becoming a "Value Creation Bank" and the next Medium-Term Management Plan.

To make steady progress toward our medium- to long-term "ideal state," we will create values for our customers, regional communities, and the Group by further reforming the organizational culture and helping employees unleash their proactive selves and potentials.

### Progress on the Medium-Term Management Plan

My first year as the President is the midterm fiscal year of "TRANS<sup>3</sup> 2025," the Medium-Term Management Plan (April 2022 to March 2025). During this period, I have actively implemented the following measures to achieve transformation and take on challenges by using three transformation drivers (AX, DX, and SX) and three basic strategies.

#### (1) Strategy to increase business capacity Deepening and expanding the core business by solving customers' issues

In order to help regional communities and companies develop sustainably, we leveraged the Group's insights and network to provide optimal consulting services according to the customers' needs and life stages.

In particular, we engaged in initiatives to help our customers increase their corporate value. One of the initiatives is to support our customers to address changes in the business environment. Such changes may include labor shortages due to the declining birthrate and aging population, global price increases of raw materials, price hikes of energy and other goods caused by the weakening yen, and DX carried out to implement innovative technologies and increase the productivity. Another initiative is to help customers solve management issues in various life stages, including founding, growth, restoration and acquisition. Tokyo Regional Head Office I, which mainly serves downtown

Tokyo, worked closely with the Tokyo Business Development Division to expand the customer base. To that end, the regional head office arranged wealth management-related loans by leveraging networks with wealthy customers that it has been diligently developing over time and by engaging manufacturer customers.

Meanwhile, Tokyo Regional Head Office II, which mainly serves the Tama area, aimed to further increase the business volume by tapping into the customer base that it has been developing over a long period of time. The office also worked on generating new customers and strengthening the customer relationship by working closely with business partners such as tax accountant offices.

As a financial institution that operates not only in Yamanashi Prefecture but also in extensive areas of Tokyo, we promoted our initiatives to attract Tokyo-based companies and investors to Yamanashi Prefecture. At the same time, we carried out activities to bridge Yamanashi Prefecture and Tokyo by getting referrals from our customers in Yamanashi and expanding our sales channels.

#### Exploring new business opportunities with local stakeholders and startups

On December 1, 2023, we established Yamanashi Mirai Investment Co., Ltd., which mainly provides investment advice.

The company began operating on March 1, 2024 and currently provides investment advice to private investment fund managers and the Bank. In the future, the company plans to expand the scope of its investment advice service to publicly offered investment trusts. It hopes to drive the growth of the regional economy and help customers increase their asset income by providing services in line with the government's capital mobilization initiative.

In the past, we have been considering a variety of business ideas to solve regional issues by collaborating with local business operators, governments, universities, and so on. Among them, we have launched an initiative to create values for the tourism industry with the aim of revitalizing the industry. It is one of the key industries of Yamanashi Prefecture. We have started a PoC to create new values for the industry by exploring and identifying local tourist resources (e.g. attractive people, places, foods and experiences) and local specialties and to communicate sightseeing information to domestic and international tourists. Specifically, we planned day cruises to Yamanashi Prefecture for passengers of Asuka II, which is a luxurious cruise ship, and educational group trips for students in Japan. We also collaborated with travel agencies to provide tourist information for international visitors.

We also established a system to help decarbonate the entire region and carried out the "Yamanashi Chugin Yamanashi Furusato Support Project" to help local governments promote their policies.

(2) Strategy to double productivity  
Vigorous efforts to eliminate clerical work

In our efforts to eliminate clerical work at our branches, we implemented various initiatives focused on three areas: simplification, centralization, and systemization.

For simplification, we updated our inheritance procedure to reduce the customers’ workload for each administrative step and help rationalize and streamline the Bank’s internal operations.

For centralization, we migrated various back office operations from branches to the centralized head office divisions to reduce the clerical work at the former. This has helped improve the quality of clerical work by ensuring that it is handled by experts.

For systemization, we deployed semi-self-service terminals and improved the functions of tablet devices at teller counters to enhance customer convenience and streamline the reception work at branches.

We strategically reassigned the employees freed up by these initiatives.

Next-generation channel reform for both convenience and efficiency

We reformed our digital channels to accommodate customers’ diversifying lifestyles and needs and further improve the convenience. Our customers can now complete various bank transactions, such as opening new deposit and NISA accounts, using the Yamanashi Chuo Bank bankbook app. This one-stop platform was launched in April 2023.

For branches and other real channels, we have been promoting the initiative to open multiple branches in Yamanashi Prefecture and Tokyo. Through this initiative, we aim to consolidate the branch personnel to provide high-quality services and reform and streamline the network of our branches and ATMs to fit the local market.

(3) Strategy of pursuing sustainability  
Investing in the human capital that is fundamental to the Bank’s transformation and ability to solve regional issues

As we foster a corporate culture that is ready to respond to various changes in the business environment and drive transformation, we worked on practicing human capital management as a foundation of this initiative.

In particular, in order to sustainably increase our corporate value, we internally recruited employees to transfer to specialized divisions at the Head Office (“post challenge” program), assigned employees to Head Office duties (concurrent employment), and carried out the corporate entrepreneurship project research program to train employees to think outside the box.

In order to solve regional issues such as declining birth-rate and aging population, it is essential to increase productivity through DX, which makes it imperative to train employees to promote this effort. The Bank has established

an internal certification program for DX specialists to carry out DX for our customers and the Bank. As of the end of March 2024, we have certified 337 employees as “DX Planners,” or skilled personnel for actual digital transformation projects. We aim to certify 500 employees by the end of March 2025.

We will continue to help individual employees autonomously improve their skills and further accelerate internal and external DX initiatives.

Improving our problem-solving skills by forming an alliance

Launched in October 2020, the Shizuoka-Yamanashi Alliance helps the banks’ customers and regional communities grow sustainably by exchanging business knowhow and management resources between the two banks. Among various collaborative initiatives, the two banks teamed up in the area of corporate finance and jointly organized business meetings for local customers. In addition, the Bank collaborated with Shizugin TM Securities Co., Ltd., which is Shizuoka Bank’s group securities company. In February 2024, the alliance held an employee meetup event to celebrate its third anniversary and worked on involving more people from both prefectures and solving regional issues. The impact of this alliance is approximately 10.9 billion yen as of the end of March 2024, on a consolidated five-year basis. In response, we have revised the initial target of 10.0 billion yen upward to 12.0 billion yen.

Accelerating sustainable financing to help solve regional issues

Under the Medium-Term Management Plan, we set a KPI target of 250.0 billion yen to fund sustainability activities intended to financially support customers and fund initiatives to solve regional issues. We have been making steady progress with actual performances. The cumulative investment amount as of the end of FY2023 is 247.3 billion yen, which is close to our target of 250.0 billion yen. To further accelerate our effort, we have revised the sustainable financing KPI target upward to 350.0 billion yen under the Medium-Term Management Plan.

Group-wide effort to securely improve ROE and increase corporate value in the long run

In order to make the regional communities sustainable by putting our purpose into practice, the most important thing that we need to do is to increase the Bank’s corporate value. We currently aim to increase our corporate value over the medium- to long-term by carrying out the growth strategy to increase the profitability, capital, and sustainability strategies, and by managing the business in a way that considers the capital cost and stock price. We

need to improve the PBR, which is an indicator of our corporate value. In this fiscal year, we have created an issue tree to visualize approaches for increasing the ROE, which is a component of the PBR, and the PER in relation to specific measures.

First, in order to improve the ROE, it is important to increase the top line and manage costs and risk assets. We aim to establish a sustainable revenue structure by taking initiatives, such as issuing more low-risk loans with a good RORA, increasing the non-interest income in the consulting area to augment the top line, and eliminating clerical work at the branches and the Head Office to increase productivity. In order to increase the PER by reducing the cost of shareholder’s equity, we would like to strategically invest in new businesses, human capital, DX and other areas; engage in non-financial initiatives for decarbonization, ESG, etc.; and elaborately communicate Yamanashi Prefecture’s high potentials and our engagement through IR and SR activities and other opportunities. In addition, we also intend to work on our capital strategies to reduce the strategic shareholdings, increase the shareholder return, and so on.

As mentioned above, since we have steadily carried out the basic strategies proposed under “TRANS<sup>3</sup> 2025,” the Medium-Term Management Plan, we have achieved an ROE of 2.8% as of the end of March 2024 and are well on track to achieving 3.0% or more by the end of FY2024, which is the final fiscal year of the Plan. Under the next Medium-Term Management Plan, which will be effective in FY2025, we would like to accelerate our efforts to achieve the ROE and PBR targets by taking advantage of our 150th anniversary in April 2027 to push the growth. Specifically, we would like to achieve an ROE of 5% and a PBR of 0.5 as soon as possible toward the final fiscal year of the next Medium-Term Management Plan. Beyond that, we aim to achieve an ROE of 8% or more and a PBR of 1.0 times or more under the long-term vision. I believe that this goal is very feasible and we should be able to achieve it by

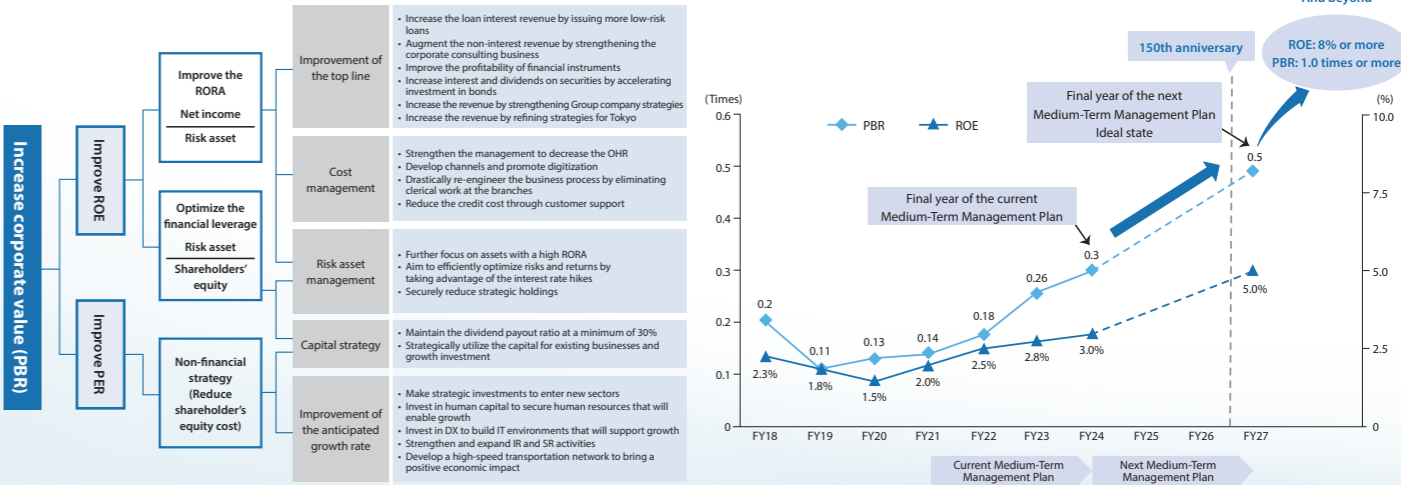
continuing to carry out the strategies visualized in the issue tree steadily. We are currently taking our discussion further because we are in the process of developing the next Medium-Term Management Plan.

In FY2022, we started full-fledged SR activities with our shareholders and investors. The management members share various opinions of our shareholders and investors and address them in order of priority. We would like to continue to refine our strategies and measures to drive sustainable growth and increase the corporate value through constructive dialogue with our shareholders and investors.

Practicing human capital management and reforming the corporate culture to help create value

We believe that reforming the organizational culture and practicing human capital management are the most important agenda to solve issues for our customers and regional communities, thereby helping increase the Group’s corporate value.

For human capital management, we emphasize creating an environment where each of our diverse, competent, motivated employees can realize their potential. The Group does not think of training employees as merely instilling skills. We believe that it is important to train each of them to solve issues and expand their skill sets. To that end, the Group needs to not only help them improve their skills, but also embolden, support, and work closely with them so each of them can reach their full potential. As I have always said, we need a flat organizational structure where employees actively communicate with one another and a foundation for logical and data-driven discussions to create an organization where each employee can fulfill their potential. As part of my efforts to rebuild the organizational



culture accordingly, I have been working on reforming our communication practices since before I became the President. Now that I am the President, I am more focused than ever on this initiative. I visited each Regional Head Office to hold internal IR events to share the Bank's current situation and strengths to the managers and supervisors. This fiscal year, I would like to do this more frequently to strengthen their engagement.

In addition, continuing from the previous fiscal year, the Senior Managing Director will visit each division, section, and branch to have informal meetings with young employees. We are trying hard to quickly address opinions and requests raised at these meetings. I recognize that we are gradually making changes in our organizational culture by further promoting communication between our officers and employees, and our employees are feeling more comfortable with expressing their opinions.

Going forward, we plan to newly establish action guidelines for employees. These guidelines are not a manual. Rather, they are intended to allow all our employees to align on the Bank's principles and philosophy and discuss them with one another. We believe that these initiatives will allow us to make progress toward completing a desirable human resource portfolio.

In addition to empowering the Group's employees, we are also accelerating our efforts to diversify our hiring pool, including mid-career professionals. In particular, we hire professionals with specialized knowledge and experience to play an active role in the Group by drawing on their practical expertise.

We also conducted an engagement survey, with an advanced eNPS method. We measured the employees' expectations and perceptions for sixteen areas and calculated the differences in value to identify specific issues from the survey results. Going forward, we will take measures to improve the work environment and address the gap, or the specific issues, so that we can improve the score. We also plan to carry out activities to address organization-wide issues, including trainings on targeted subjects.

As we take these actions to create an organization where diverse employees can play an active role, we established the Human Rights Policy and Diversity, Equity, and Inclusion (DE&I) Policy on May 1, 2024, to set fundamental criteria and policies.

Under the Human Rights Policy, we recognize respecting human rights as one of our important responsibilities. The Policy sets forth guidelines and specific initiatives for promoting respect for all stakeholders' human rights through business activities.

The DE&I Policy calls for recognizing individuals' diverse characteristics and sense of value to make changes and convert them into the organization's strength to help increase the corporate value sustainably. Under this policy, we established a slogan called "Create and Leverage Changes."

We would like to build better rapport and relationships with all stakeholders in and outside Japan, including the

businesses and individuals involved in the Group and the Group's employees.

Open Up a Bright Future with Stakeholders from Yamanashi

Yamanashi, the Bank's home prefecture, has abundant nature, such as Mt. Fuji, the Yatsugatake Mountains, and the Southern Alps, and various world-class local resources and industries. Once the expressway is upgraded and the Linear Chuo Shinkansen launches its operation, the prefecture is expected to develop rapidly with more people moving in from outside the prefecture. Yamanashi is full of business opportunities, potential for development, dreams, and possibilities.

In Tokyo, an adjacent city that offers a huge market, we opened our first branch in the area in 1880 before opening other branches in West Tokyo, starting in the late 1960s. Through this long history, we have established a substantial base with an interpersonal network. Given that Tokyo has great potential and is expected to expand going forward, it offers great business opportunities and tremendous revenue streams.

When developing the business strategies, the Group has redefined these two regions as one market, rather than as separate areas. We believe that it is our mission to connect customers and local residents in these areas, i.e., to create new values by connecting their businesses and sharing information, thereby solving our customers' business issues and issues faced by regional communities.

Our purpose, "Open Up a Bright Future from Yamanashi," embodies our aspirations to further solidify the connection between Yamanashi and Tokyo to bring prosperity to both regions and create a well-being society through these Group-wide initiatives and to revitalize Japan and save it from decline, starting with Yamanashi.

I hope that many stakeholders, including our shareholders, investors, customers, and local residents, will empathize with our Purpose and continue to lend support to the Group and cooperate with us in our effort to develop the regional economy.



Discussion among Outside Directors



Outside Director  
Riyo Kano

Outside Director  
Michio  
Masukawa

Outside Director  
Miki Ichikawa

Solving regional social issues in line with its Mission will help the Bank sustainably increase its corporate value

- Last year, the TSE requested companies to manage their business in a way that considers the capital cost and stock price. How do you think the Bank can increase its corporate value?

**Masukawa:** Needless to say, the Bank, as a listed company, has to commit to sustainably increasing its corporate value. Obviously, the shareholders are important to the Bank, because they engage with it from a long-term perspective.

However, it is also important to exist in harmony with local customers so it can sustainably increase its profit. Regional banks, including the Bank, need to address detailed customer issues that are unique to the region and streamline their business operations to reduce the cost. To promote such efforts, they need to secure excellent talents. I hope that the Bank will continue to work on creating the corporate value and nurturing the company's spirit while balancing its focus among customers, employees, and shareholders.

**Kano:** Banks are subject to regulations that are unique to the sector. The tough business environment sometimes makes it hard for them to increase their ROE and PBR. I think that the Bank deserves recognition for constantly working hard while disclosing its specific target values and improvement plans. However, in the long run, it needs to gradually build trust for qualitative aspects such as

customer satisfaction and contribution to the regional economy, rather than exclusively focusing on numerical targets. I believe this will help it sustainably increase its corporate value. In order to increase its profitability, it should strengthen its consulting business, which it has already been focusing on.

**Ichikawa:** The Bank has great potential because it is actively engaged in activities to generate new revenue such as streamlining the operation and entering new sectors. Meanwhile, I hope that it will always keep in mind that its Mission, “Region-Based Operations and Sound Management,” is the pillar of its business operation. I believe that it is essential to value the customers and employees and be sincere with prefectural residents and other stakeholders to ensure sound management. The Bank should maintain this attitude and continue to work steadily as a company that represents Yamanashi. I believe that this will result in increased corporate value in the long run.

## What sets Yamanashi Chuo Bank apart is a culture of willingly accepting diverse opinions and making steady efforts to achieve transformation

**- What are your thoughts on the Bank’s governance as it aims to increase its corporate value?**

**Masukawa:** I’m impressed that when I share my opinions or ask questions as an outside director, I always get thorough



responses. I get detailed notices and reflection reports. The team elaborates on details and always replies our questions. We also have many opportunities to speak to the employees, so I think the Bank practices management and governance in a transparent manner.

In addition, the management sincerely listens to shareholders, customers, and employees. Of course, I think that they listen earnestly to outside officers’ opinions. I really hope that they will maintain this attitude. As an outside director, I requested to know how they make decisions on each agenda item. In response to my request, they now let me attend the management strategy meetings\*.

\* Meetings where full-time and executive officers share information, etc.

**Kano:** They explain the agenda items in detail at Board of Directors meetings. The handouts are easy to read and understand and they are becoming even better each year. I don’t have to ask questions for unclear handout contents. When I ask questions, they immediately give answers along with background information. This allows us to spend our time on discussing essential matters.

**Ichikawa:** It is wonderful how they explain issues and policies using clear language and sentences in handouts for Board of Directors meetings, rather than thoughtlessly simplifying the explanations. They also provide very informative handouts on the questions that arose on Board of Managing Directors meetings (management meetings) so the outside officers can stay updated on internal discussions on the raised issues.



## The corporate culture has been transforming at an accelerated pace under the new system

**- The previous fiscal year (FY2023) was the first year since Mr. Furuya became the President. How do you think the new management system is doing?**

**Masukawa:** Under the new system, the Bank has been implementing forward-looking initiatives based on new policies, while maintaining the previous direction. This shows that the management is strongly determined to transform the organization. For example, they emphasize communicating messages directly with employees to help change their mindset, because they are the key to transforming the company. I joined the training and spoke to mid-level employees, who are gradually recognizing the need to transform the organization, as communicated by the top management.

**Kano:** I completely agree with Mr. Masukawa. I became an outside director of the Bank in 2015, when Mr. Shindo was the President. Since then, the Bank has been progressively transforming itself. As I said in the outside director interview for the previous year’s Annual Report, the Bank has always been respectful to outside directors’ opinions since it began hiring outside directors.

For many years, the business environment has been tough for banks partly due to the negative interest rate and the COVID-19 pandemic. The Bank has steadily continued with its reform under such circumstances and its efforts are finally paying off. Recently, for example, the revenues from



customer services have turned positive. Now that the President has changed, the Bank looks more ready than ever to push through the reform.

**Ichikawa:** Since the days of the previous system, the Bank has been actively working on organizational reform by restructuring the HR organization and implementing the organizational structure with regional head offices. Under the new system, the Bank has built on and strengthened the existing momentum for reform and has been taking actions proactively and determinedly. Human capital is the foundation for reform. This is based on the idea that an organization can provide better services by providing a work environment where the employees can work energetically and establishing communication practices that allow them to freely express their opinions regardless of their job ranks. What sets Mr. Furuya apart is that he communicates this view in various occasions, including the President’s messages and branch manager meetings.

## A diverse workforce and increased engagement drive a regional bank’s business transformation

**- I heard that you attended the briefing following the engagement survey. How do you feel about the Bank’s employees and organizational culture?**

**Masukawa:** I attended the training twice and thought that the Bank has many diligent and excellent employees. I spoke to employees in their 30s and 40s. Unexpectedly, they have very different skills and views about their jobs, demonstrating diverse potentials. For these talents to optimize their unique strengths, it is important to assign the right people to the right jobs. I feel reassured that the Bank has many employees that have the potential to go far as long as they are assigned to the departments where they can reach their potential and empowered with the right privileges and responsibilities.

**Ichikawa:** When I asked the participants of the training about their thoughts on their jobs, most of them said that they find their jobs interesting and rewarding, even though they sometimes face difficulties. Some employees said that they realize that the organizational environment is becoming open and that they were glad to hear the same from customers. Through these conversations, I realized that the employees were motivated and proud of their jobs. I believe that the Bank’s future is promising, given that they will be playing a central role in its management in the future.

**Kano:** I’m really glad that the Bank gave us opportunities to speak to employees.

In addition to the engagement survey, I attended an informal gathering with female employees as a female outside officer. At the Bank, a diversity promotion team called Colors is actively playing a central role in creating a

comfortable work environment for all employees. The ratio of female employees in the management positions is still low. However, I'm optimistic about the future, because the Bank is actively working to achieve diversity under the leadership of Colors.

**Ichikawa:** Previously, the members of Colors were mostly women, but this fiscal year, more male employees are starting to join the team. The participants were struggling to balance work and family, sometimes facing difficulties in training their member, but I found them fully committed to their jobs. I hope that in the future, these women will play an active role as managers and officers. I would also like to see diverse employees advancing their careers at the company.

**- You are saying that what sets the Bank apart is that mid-level employees are highly motivated and that they will help drive the business transformation going forward. What do you think are the keys for motivating employees?**

**Masukawa:** I was the Bank of Japan's branch manager in Kofu 20 years ago. The employees there were, to describe in one phrase, "in perfect order." They followed the company's policy, but many of them rarely expressed their opinions. I doubt that the officers knew what the employees really thought. However, I can see that the Bank's current management is trying to understand, and actually do understand, how young and mid-level employees feel.

**Kano:** I heard that the management is carrying out initiatives to improve its business process by seeking and utilizing the opinions of young employees and other employees to streamline the process. If employees see that their opinions are really helping to improve the operations, they will not only feel encouraged to express their opinions but also feel satisfied to see how their inputs lead to tangible changes. I believe these steps are helping them realize that they are helping the company and making progress on their efforts.

In addition, the Bank has been actively promoting employee networking with Shizuoka Bank and seconding employees to other companies since the days of the previous President. The employees join the company with a clear purpose of helping to develop Yamanashi Prefecture's economy and the company provides various opportunities for them to leverage their strengths.

**Ichikawa:** I believe what helps motivate them most is that the officers, including the President, visit local sites and communicate with employees in person. At trainings, the President and the Senior Managing Director join group discussions to exchange opinions. I think that employees are starting to see the officers as people who are close to them and listen to their opinions, not as people out of their reach.

**I hope that the company will continue to practice its purpose, "Open Up a Bright Future from Yamanashi," tackle regional social issues with a sense of ownership, and communicate to the public**

**- From your expert point of view, what are some issues that the Bank should tackle, if any, based on recent trends in the business environment?**

**Masukawa:** To be honest, it is impossible to accurately predict the business environment in the long term because of high uncertainties such as aging population, AI, and geopolitical risks. Given these circumstances, I believe that the Bank should maintain its current approach of seizing any opportunities and identifying risks at the same time. I hope that it will continue to incorporate the opinions of various stakeholders and external experts and continue to look at things from a higher-level and wider perspective to identify talents and gather information.

In addition, I hope that the Bank will respond to changes even more flexibly. It needs to change its mindset and be OK with trying new things and correcting any mistakes later. It is still customary for the Bank, and the financial industry in general, to evaluate employees by deducting points for their mistakes. In this era of rapid changes, you may risk losing opportunities if you take too much time to make decisions, which will lead to increased risks. Therefore, I hope that the Bank will look at things from a higher-level perspective and act more flexibly.

**Kano:** I think the biggest issue is that the population is aging in Yamanashi Prefecture. As the Bank progressively digitalizes its financial services, it also needs to support senior customers, who are often left behind in this trend. We also cannot ignore that financial crimes are becoming more common. Scams are becoming more sophisticated. I heard at the Board of Directors meeting that the Bank is already working hard to address financial crimes. Going forward, the number of financial crimes is unlikely to decrease. It is a difficult but important agenda to discuss how to address this costly and high-risk issue.

As it becomes harder to exhaustively address various risks, the Bank needs to further refine its risk management practices so it can identify material issues and allocate the organization's resources according to their importance.

**Ichikawa:** As a resident of Yamanashi Prefecture, I am aware that the local population is aging and decreasing. The Bank is special to the local residents in that it provides a sense of security. In neighborhoods suffering a progressive depopulation, it is a major concern for the residents whether or not they have branches nearby. I would like to remind all employees that the prefectural residents have

tremendous trust and expectations for the Bank. The Bank is pushing forward with collaborative initiatives with the government, but I hope that it will also continue to promote its region-based services and contribution to regional communities by leveraging its branch network in the prefecture.

**- Lastly, what do you expect from the Bank, the management, and the employees as we aim to achieve our purpose?**

**Masukawa:** To sustainably continue its business, the Bank will be expected more than ever to exist in harmony with regional communities. To that end, it needs to understand what specific measures it can take to ultimately tackle general issues such as the aging population. For example, it needs to ensure a smooth generational transfer at the company, develop new business projects, and make sure that seniors will not be left behind, among other challenges.

As I mentioned at the beginning of the discussion, the Bank should be able to elaborately address issues that it faces in the real world with a sense of ownership, rather than being a critic.

**Kano:** Yamanashi Prefecture's economic development is a major premise for the Bank to continue its business and

grow. I hope that the Bank will continue to actively take on new challenges to change, while being true to its unchanging corporate philosophy and value as well as its Purpose, "Open Up a Bright Future from Yamanashi." I hope that the Bank will continue to take on new challenges without being bound to conventional business approaches by working closely with local companies and financial institutions.

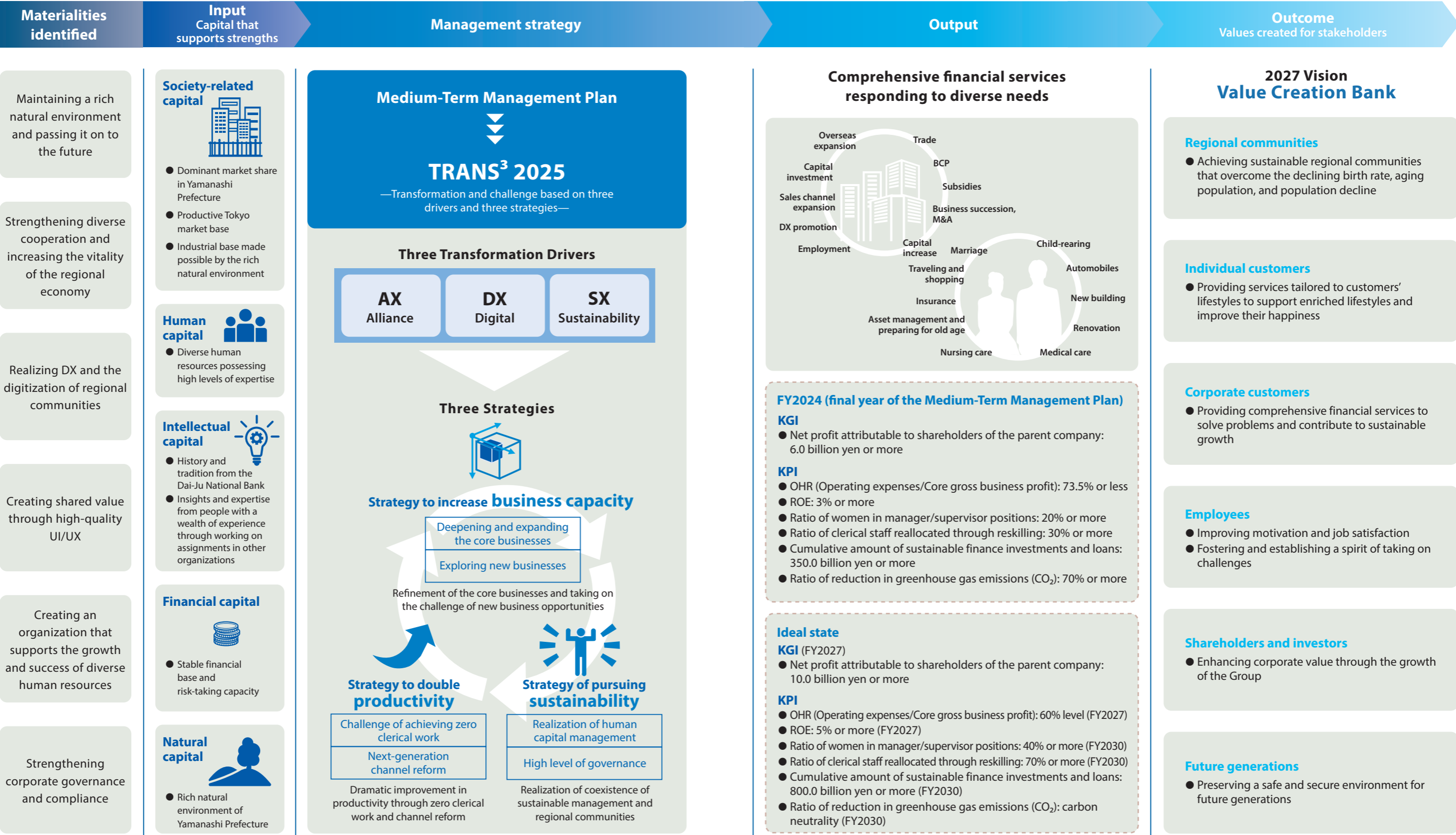
**Ichikawa:** The Bank has set an ambitious carbon neutrality target. It also emphasized that it does not tolerate discrimination and harassment when it established the Human Rights Policy the other day. I was personally impressed with the company's management view and am glad that this was declared by a company in the prefecture. I hope that it will publish these initiatives not only to residents, companies, and government agencies in the prefecture but also to other prefectures.

Although digital transformation is expected to continue in the financial industry, the foundation of business operations will always be people. I believe that going forward, it will be essential to the Bank's operation to be sincere to customers and regional communities and to explore and practice what it can do. I hope that each employee will fully utilize their sensibility and creativity to contribute to the business. This idea serves as the basis of the Purpose, "Open Up a Bright Future from Yamanashi."



Discussions between outside directors and employees at a career development event

Value Creation Processes of the Yamanashi Chuo Bank Group

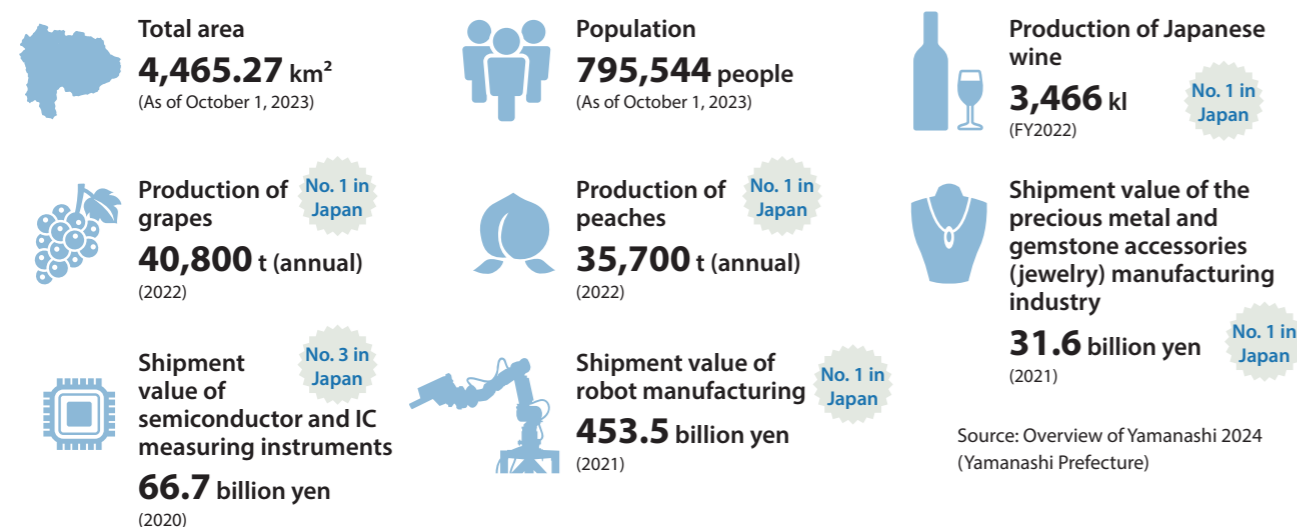


## The Economy and Characteristics of Yamanashi Prefecture

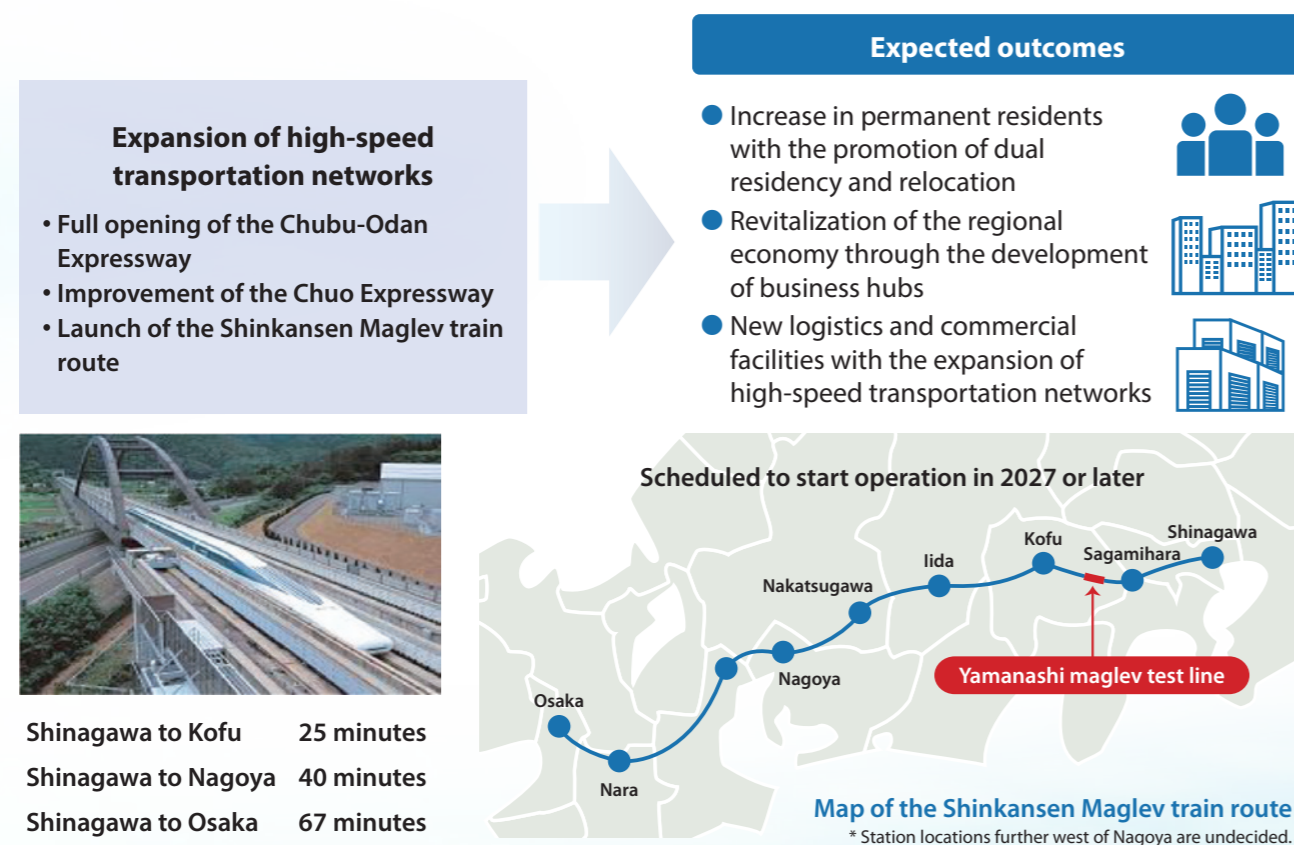
Yamanashi Prefecture is located roughly in the center of the Japanese archipelago. It is an inland prefecture without access to the sea, surrounded by Tokyo, Kanagawa, Shizuoka, Nagano, and Saitama prefectures. The area of Yamanashi is approximately one-hundredth of Japan's total land area, and approximately 78% of the prefecture is covered in forests. The prefecture is also blessed with an abundance of natural tourism resources such as Mt. Fuji, Yatsugatake, and the Minami Alps.

Furthermore, its diverse lineup of agricultural products, wine, jewelry, and silk textiles, nurtured by abundant water and sunshine, are known both domestically and internationally as the "Yamanashi Brand" for their excellent quality.

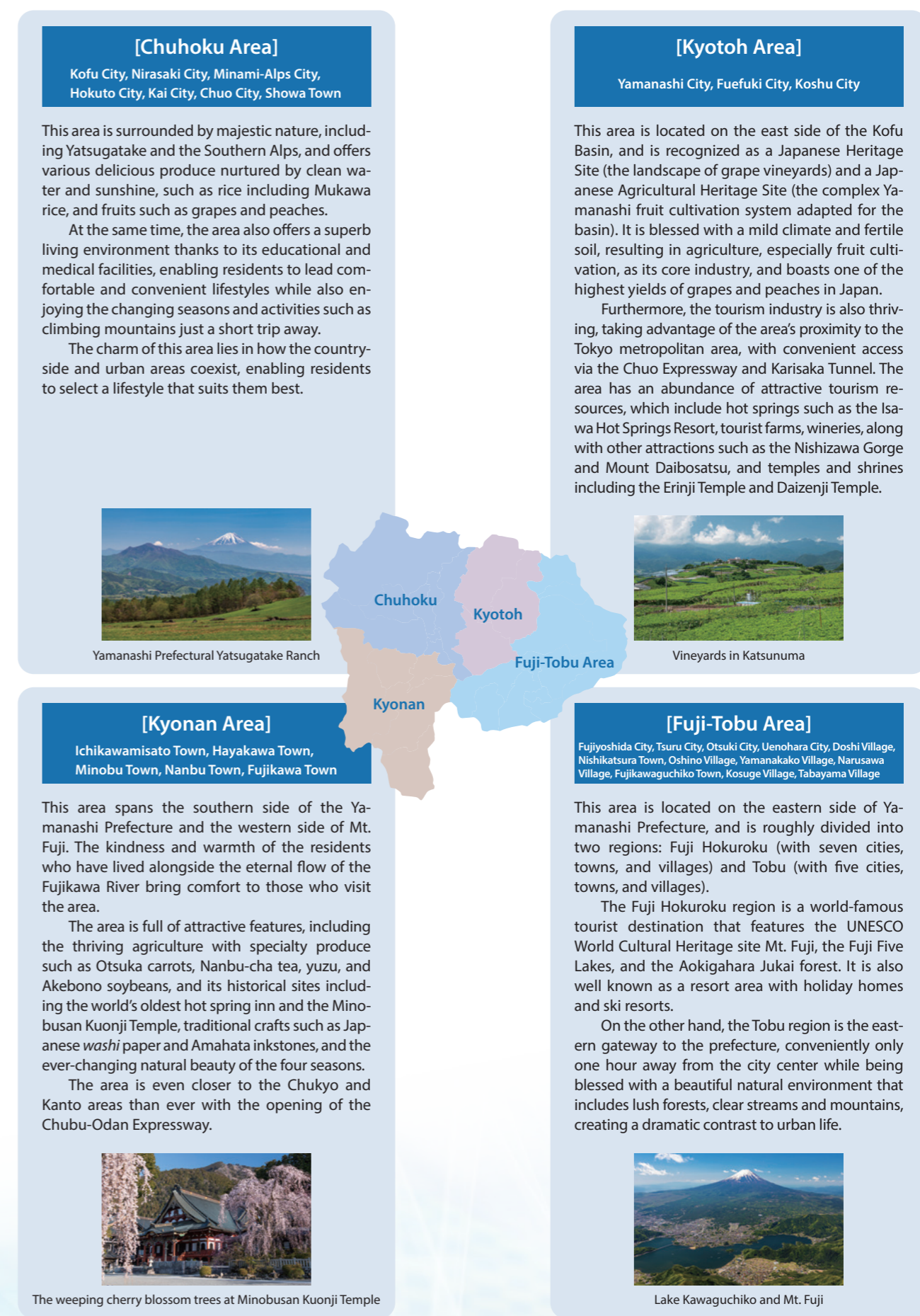
### Economic data



### Regional economic revitalization expected with the launch of the Shinkansen Maglev Train and the expansion of high-speed transportation networks



## Characteristics of each region in Yamanashi Prefecture



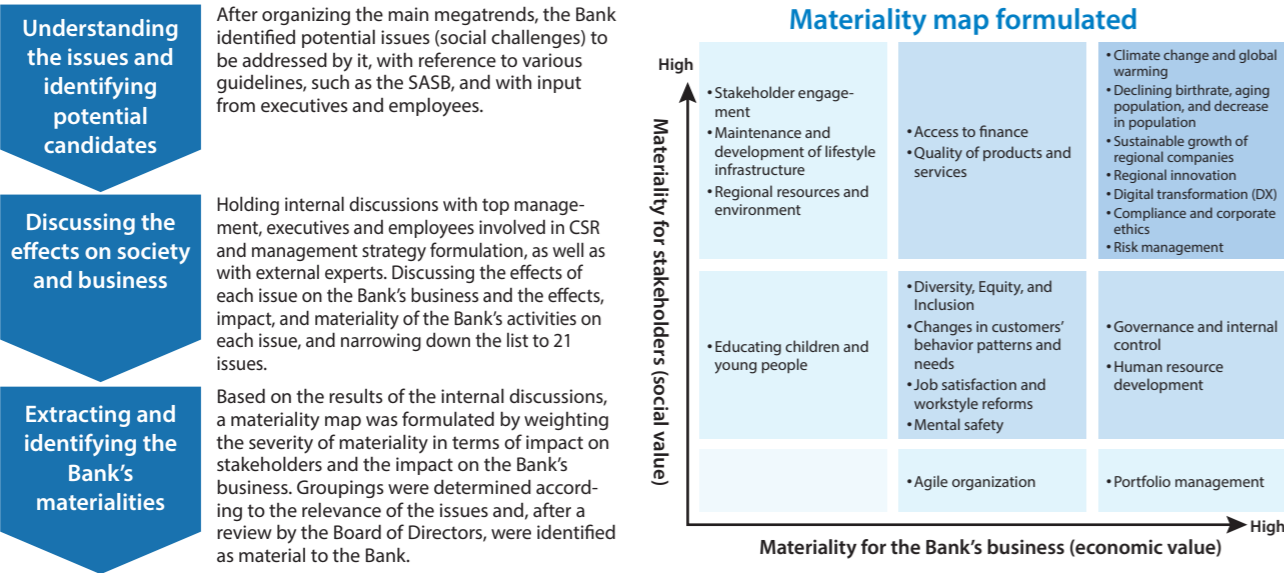
Source: Yamanashi Comprehensive WEB Media Y-charge for Dual Residency and Relocation (Yamanashi Prefecture)

Identifying Materiality to Heighten Sustainability Management

The Bank is working to further develop its sustainability management in order to achieve sustainable communities both globally and regionally and a continuous increase in corporate value. As part of this process, the Bank has identified the materialities (key issues) to be addressed.

Materiality identification processes

The Bank has identified materialities through the process outlined below.



Six materiality issues

ESG	Materiality theme	Overview	Related issues	Related SDGs
E	Maintaining a rich natural environment and passing it on to the future	Promote the Bank's efforts to reduce CO <sub>2</sub> emissions in order to decarbonize and support local communities' efforts to become more environmentally conscious through the provision of environmental products, services, and information.	<ul style="list-style-type: none"><li>CO<sub>2</sub> reduction initiatives to help achieve decarbonization<sup>*1</sup></li><li>Realization of next-generation clean energy<sup>*1</sup></li></ul>	
S	Strengthening diverse cooperation and increasing the vitality of the regional economy	Contribute to the sustainable prosperity of regional communities and regional economic development by supporting the revitalization of regional communities and industries through business activities and by disseminating the attractive resources of Yamanashi, while strengthening cooperation with other banks, industry, academia and government.	<ul style="list-style-type: none"><li>Declining birthrate, aging population, and decrease in population</li><li>Sustainable growth of regional companies</li><li>Regional innovation</li></ul>	
	Realizing DX and the digitization of regional communities	Drive the digitalization of the entire regional community by transforming the Bank itself through the use of digital technology and transferring this know-how to regional businesses.	<ul style="list-style-type: none"><li>Internal DX<sup>*2</sup></li><li>Digitization of entire regional communities<sup>*2</sup></li></ul>	
	Creating shared value through high quality UI/UX <sup>*3</sup>	By providing quality services that are rooted in the community and meet customer needs, we will create customer value and build new services and business models that will lead to the creation of economic value for the Bank.	<ul style="list-style-type: none"><li>Changes in customers' behavior patterns and needs</li><li>Access to finance</li><li>Quality of products and services</li></ul>	
	Creating an organization that supports the growth and success of diverse human resources	Promote a rewarding corporate culture by developing highly professional employees and create a workplace environment in which diverse human resources can recognize each other and play an active role.	<ul style="list-style-type: none"><li>Human resource development</li><li>Diversity, Equity, and Inclusion</li><li>Job satisfaction and workstyle reforms</li><li>Mental safety</li></ul>	
G	Strengthening corporate governance and compliance	To ensure sound and transparent management and gain the trust of all stakeholders, we are committed to building an organizational structure, improving information disclosure and engaging in dialogues with stakeholders.	<ul style="list-style-type: none"><li>Governance and internal control</li><li>Compliance and corporate ethics</li><li>Risk management</li></ul>	

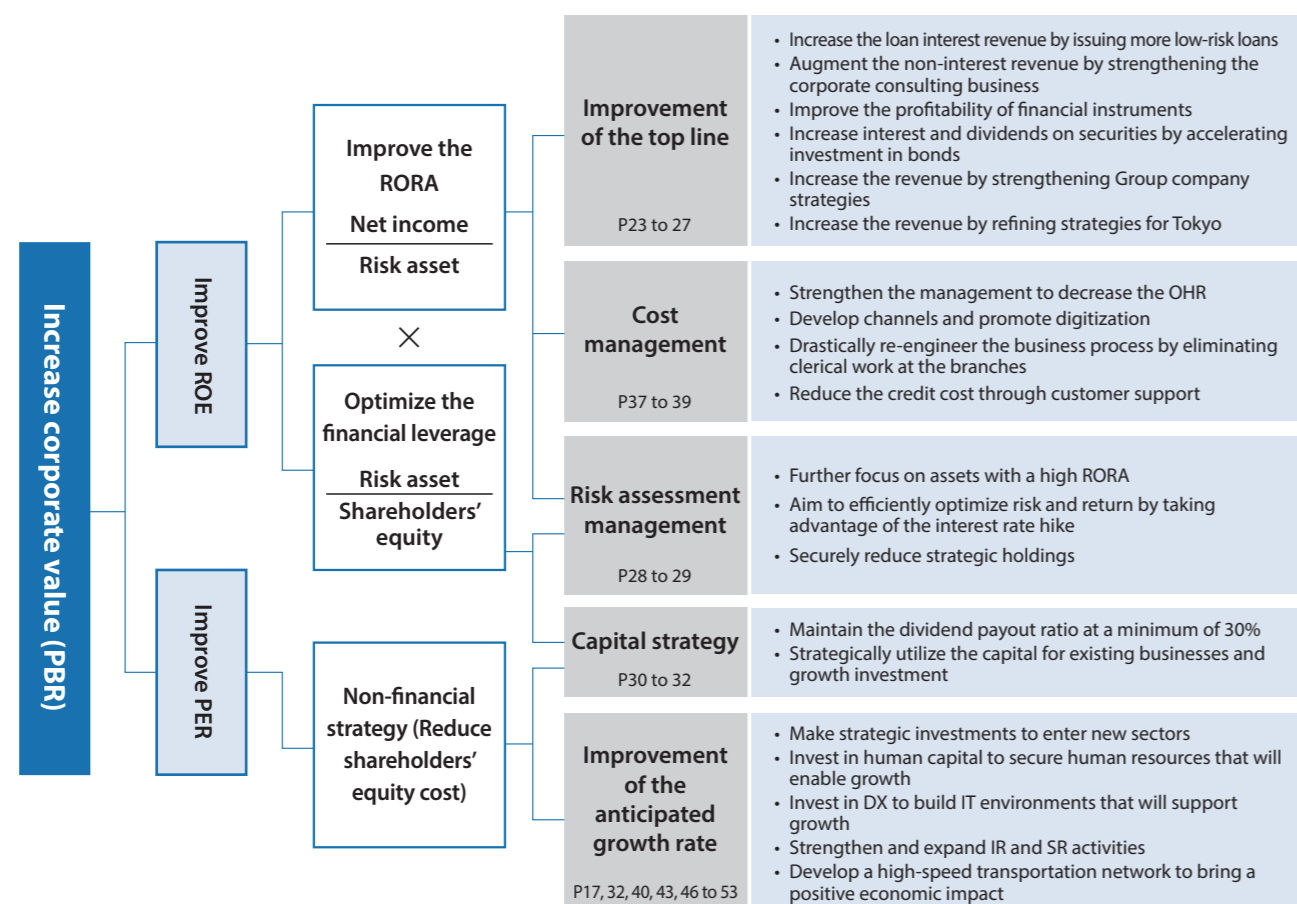
<sup>\*1</sup> These items are the breakdown of "climate change/global warming" in the materiality map from the perspective of the Bank and the region.  
<sup>\*2</sup> These items are the breakdown of "digital transformation (DX)" in the materiality map from the perspective of the Bank and the region.  
<sup>\*3</sup> UI: Abbreviation of User Interface. The contact point between customers and the Bank.  
UX: Abbreviation of User Experience. New experiences and satisfaction that customers obtain from using the Bank's products and services.

Toward Increasing Corporate Value

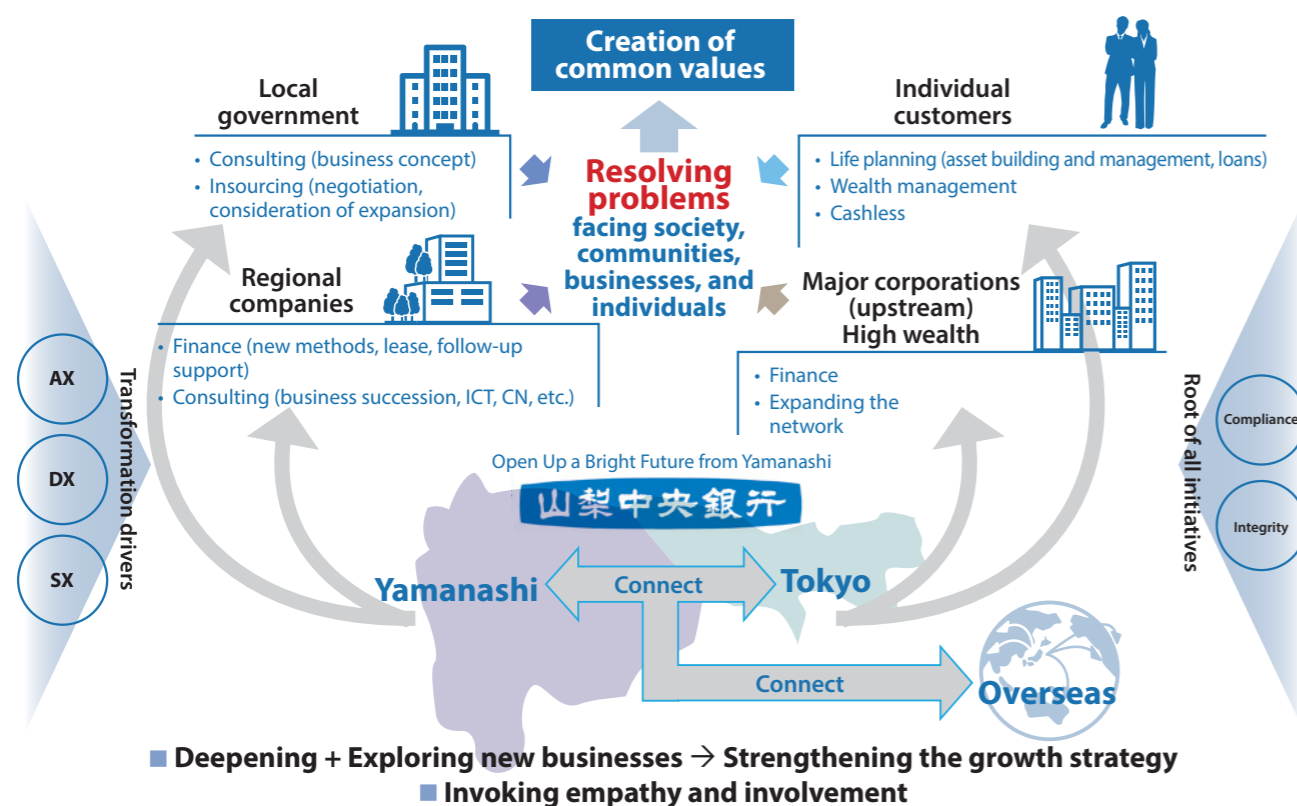
We have positioned the "growth strategy," "capital strategy," and "sustainability strategy" as the main drivers toward realizing sustainable growth and increasing corporate value over the medium- to long-term, and implementing management that is conscious of the cost of capital and share price.



## Specific measures to improve PBR



## Vision for growth utilizing Yamanashi, Tokyo, and overseas networks

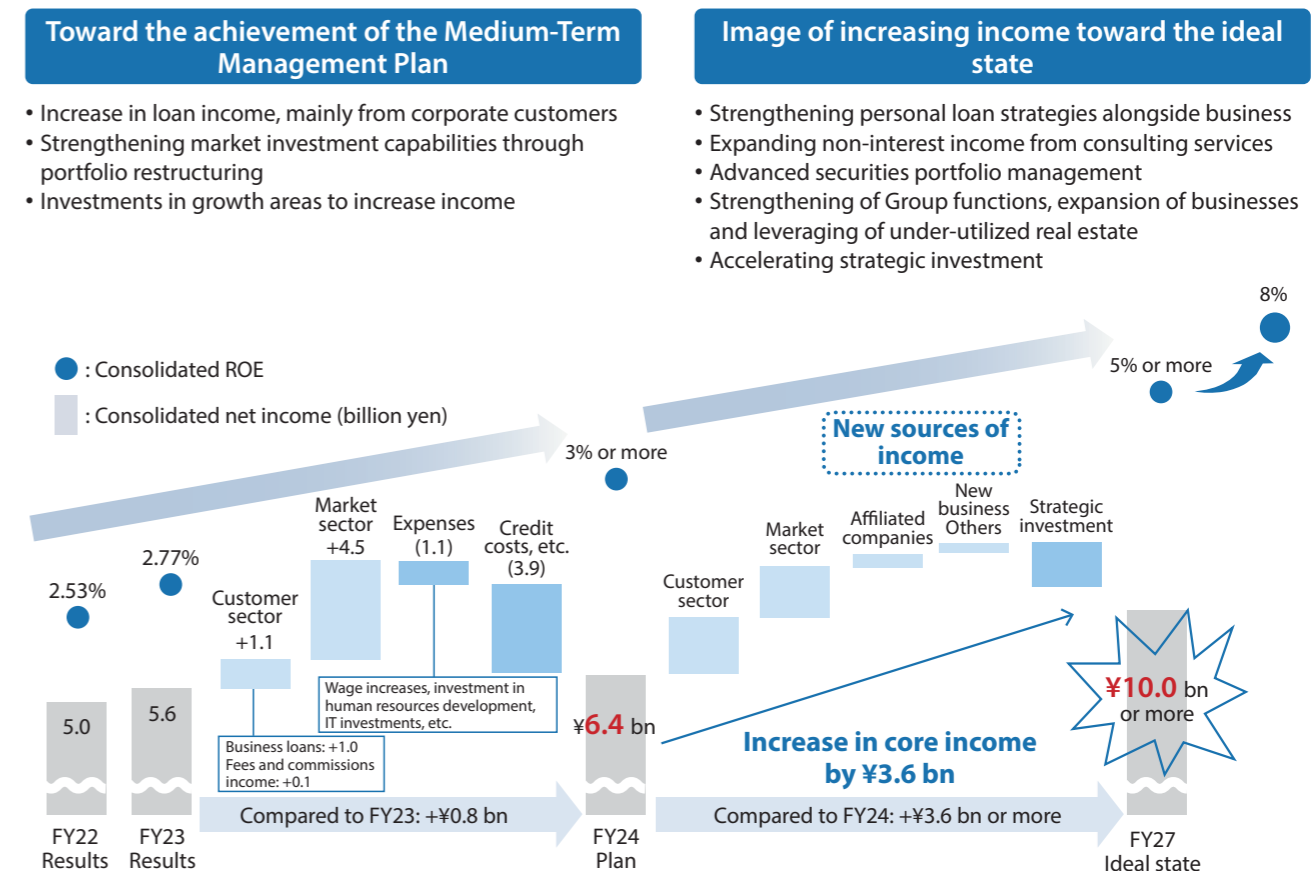


## Medium- to long-term targets

- Aim to achieve ROE of 3% or more during the period of the Medium-Term Management Plan "TRANS<sup>3</sup> 2025."
- Aim to achieve, by FY2027, quantitative goals of "consolidated net income of 10.0 billion yen or more" and "ROE of 5% or more" set forth as "ideal state" toward closing the gap from the assumed cost of capital of 7%.
- Allocate capital in a well-balanced manner to growth investment, shareholder return, etc., while maintaining the consolidated regulatory capital ratio at approximately 10%.

Long-term vision: Value Creation Bank					
Medium-Term Management Plan	[Value*2022] From FY19 to FY21		[TRANS <sup>3</sup> 2025] From FY22 to FY24		Ideal state From FY25 to FY27
Fiscal year	FY2021 results	FY2022 results	FY2023 results	By FY2024	By FY2027
Consolidated net income	¥4.2 bn	¥5.0 bn	¥5.6 bn	¥6.0 bn or more	¥10.0 bn or more
Consolidated dividend payout ratio	30.1%	27.8%	30.1%	Consolidated dividend payout ratio: Approximately 30% Take a flexible approach to the acquisition of own shares	
Consolidated regulatory capital ratio	11.71%	10.72%	10.05%	Approximately 10%	
EPS	¥132.73	¥161.78	¥185.79	¥200 or more	¥330 or more
ROE	1.98%	2.53%	2.77%	3% or more	5% or more
PBR	0.14 times	0.18 times	0.26 times	0.3 times or more	0.5 times or more
Cost of capital	-	Assumed to be 7% (calculated based on CAPM, using Rp of 6.5%)			

## Roadmap toward achieving consolidated net income of 10.0 billion yen



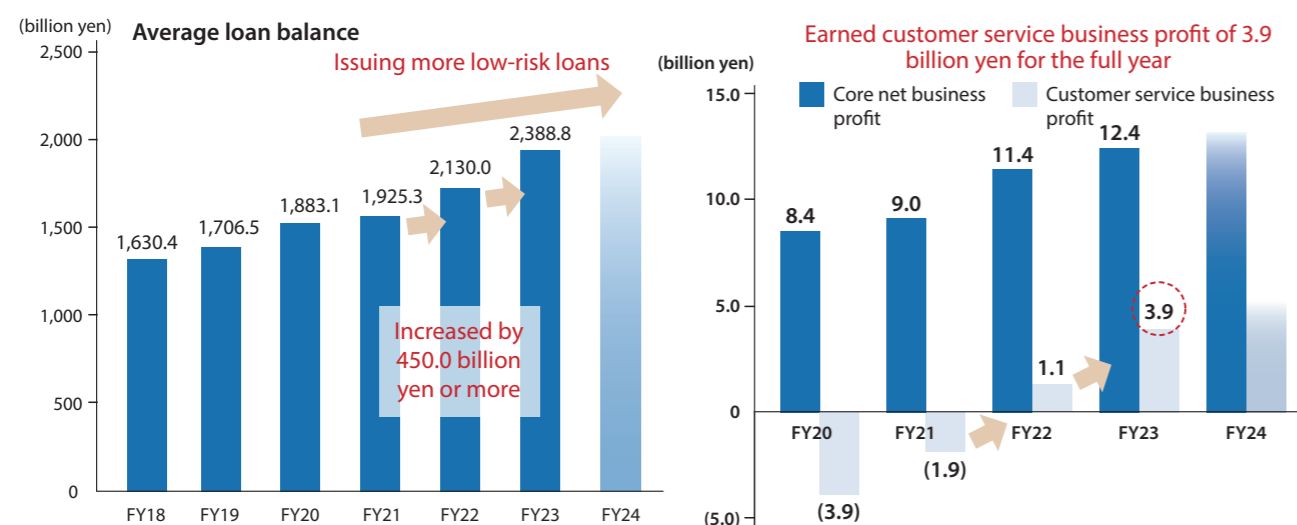
## Specific Measures to Improve PBR

## Top-line Improvement (Enhancement of Loan Revenue)

Improvement of the top line through loan revenue growth is the Bank's growth driver

Target average loan balance for FY2024: +500.0 billion yen or more compared with FY2021

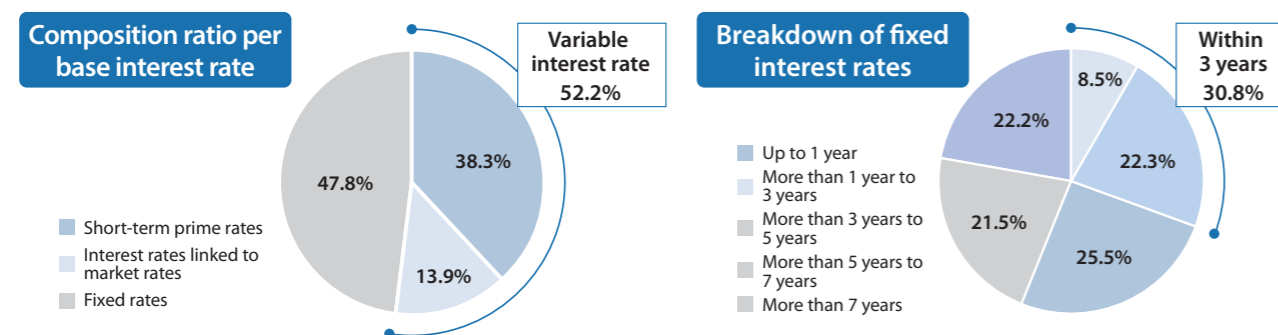
- Considering a balanced approach to revenue, risk-taking, and capital, to shift toward an organization that has enhanced revenue capabilities
- Reconstructing the loans portfolio through issuing more low-risk loans with RORA in mind**
- Formal introduction of the capital profitability indicator "RORA" as a standard for loan interest rate judgment and decision-making



## Specific Measures to Improve PBR

## Top-line Improvement (Effects of Rising Yen Interest Rates)

52% of loans have a variable interest rate, while 30% of fixed-rate loans are at three years or less



## Effects of rising yen interest rates on the top line

- The impact toward interest on loans is approx. 2.7 billion yen per year\*
- The impact toward interest on deposits is approx. 1.7 billion yen per year\*
- The rise in interest will have a positive effect on the top line because the increase of interest on loans is expected to exceed interest on deposits.

\* The annual increase in interest amount when the policy interest rate rises by 50 bp (25 bp by two times)

**Increase in net interest income**  
Approx. 1.0 billion yen per year

## Specific Measures to Improve PBR

## Top-line Improvement (Enhancement of Consulting Support)

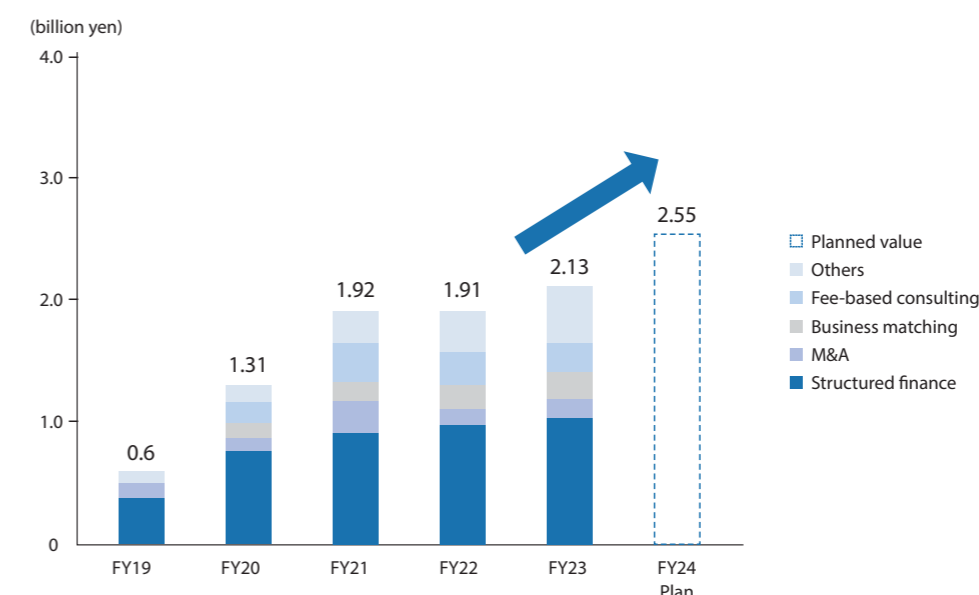
Enhancement of service revenue with consulting support to customers

Change in revenue from corporate-related fees and commissions and financial instruments

- Attained the highest performance on record due to successful consulting sales for both corporate and individual clients
- The ratio of service profit within core gross business profit has also been steadily transitioning

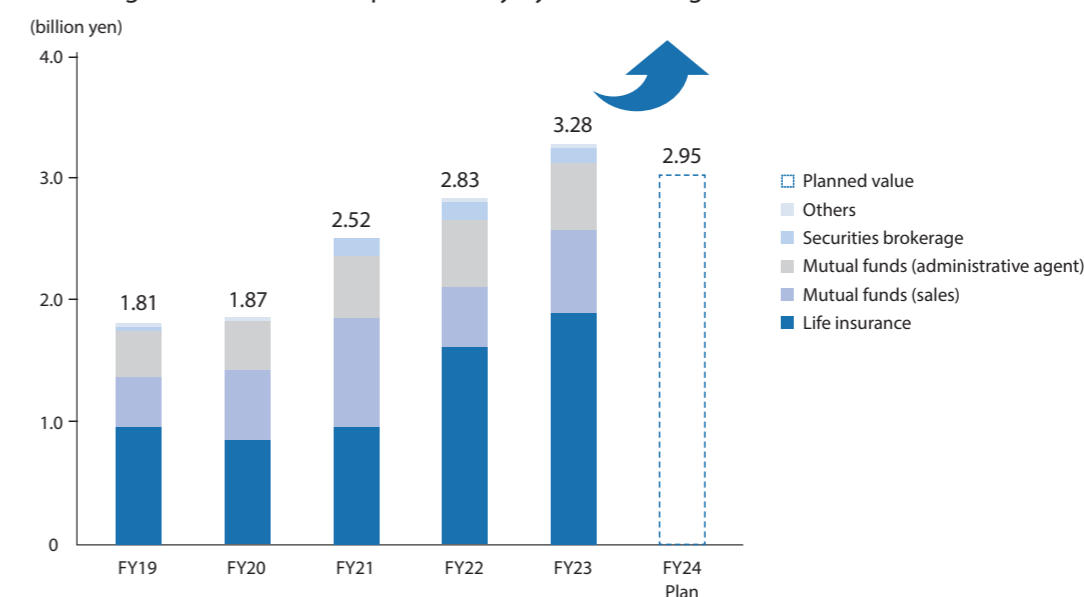
## &lt;Corporate-related fee and commission income&gt;

- Corporate-related services increased steadily mainly in the areas of structured finance, M&A, and fee-based consulting services
- Along with enhancing each area, also aim to establish consulting services for sustainability and related sectors



## &lt;Financial instruments fee and commission income&gt;

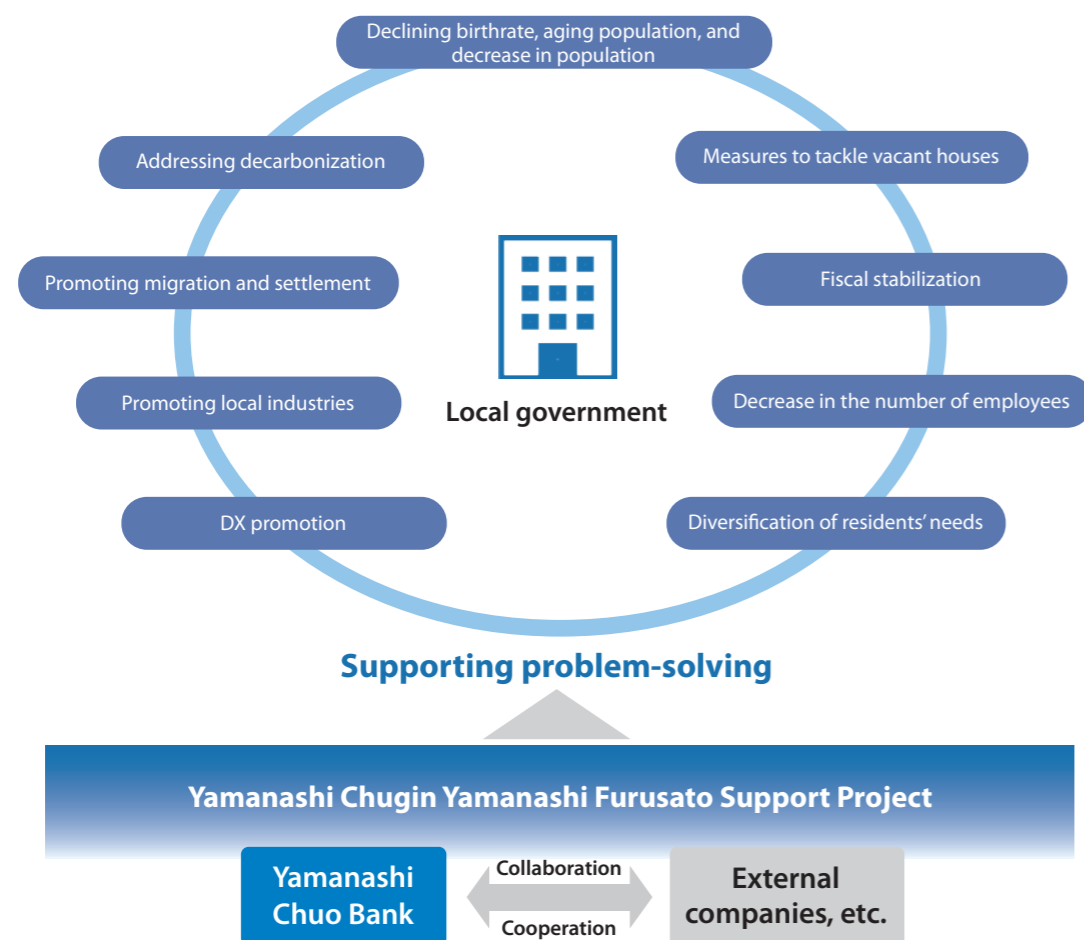
- Financial instrument fees and commissions from the sales of investment trusts and insurance are the highest on record
- Further enhancement of wealth management through newly establishing a reskilling program for consultants targeting individuals
- Aiming to further enhance productivity by transitioning financial instruments sales toward digitization



## Specific Measures to Improve PBR

## Top-line Improvement (Resolving Regional Issues)

Successfully resolving regional issues through administrative measures  
promotion support and acquiring new opportunities for income



## Improving efficiency of the collection and payment agent service

- The Yamanashi Prefecture Simultaneous Slip-less and Cashless Payment Promotion Project is being implemented in cooperation with the Yamanashi Prefecture, all 27 municipalities in the prefecture, and all financial and business institutions with headquarters or branches in the prefecture.
- Against the backdrop of the government's policy to improve the efficiency of administrative and fiscal management and to promote DX, this will not only improve taxpayers' convenience and achieve efficient collection management, but also promote the spread and use of slip-less and cashless payments to achieve the SDGs.



## Insourcing from local governments

- Yamanashi Chuo Bank supports the resolution of administrative issues by insourcing from local governments, leveraging the Bank's diverse networks and expertise developed through our main business.
- Diversifying operations and improving the level of administrative services are some of the challenges local governments face, and administrative and financial affairs are offered support from the Bank and through collaborations with organizations such as special service providers.

We are committed to supporting administrative and financial operations, revitalizing regional economies, and working to develop sustainable communities through various consulting services and insourcing from local governments as the only regional bank in the prefecture

## Specific Measures to Improve PBR

## Top-line Improvement (Group Growth Strategy)

## Provision of comprehensive financial services by leveraging Group functions

As a comprehensive regional financial group, we are aiming to increase the Group's income while allocating resources appropriately to provide the best possible financial services to our customers.

## Yamanashi Chuo Guarantee

Enhancement through cooperation with banks

(Unit: billion yen)

	FY22	FY23	FY24 (target)
Amount for new housing loan guarantees	37.8	83.0	120.0
	37.8	45.2	37.0
		37.8	45.2
			37.8

## Yamanashi Chugin DC Card

Enhancement of the JiMOCA brand

JiMOCA Partners	FY21	FY22	FY23
Number of businesses	156	188	202
Number of branches	459	519	527

## Yamanashi Chugin Management Consulting

Invests in promising venture companies

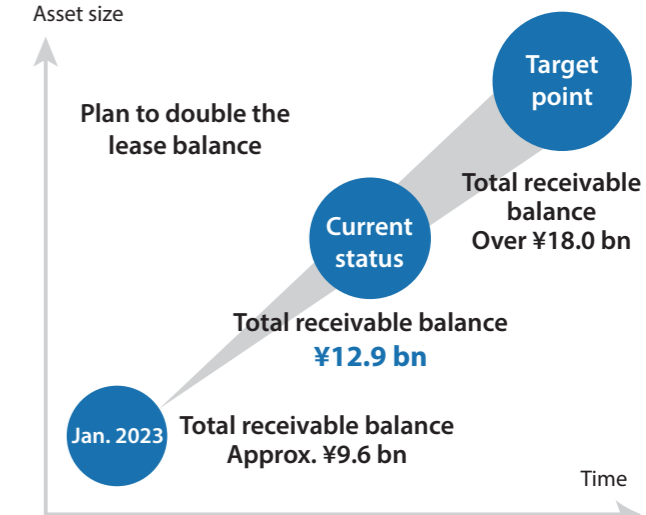
February 2024

Establishment of the Yamanashi Sustainable Investment Business Limited Liability Partnership (1.0 billion yen)

## Yamanashi Chugin Lease

Application of new growth strategies

Asset size



## Yamanashi Mirai Investment

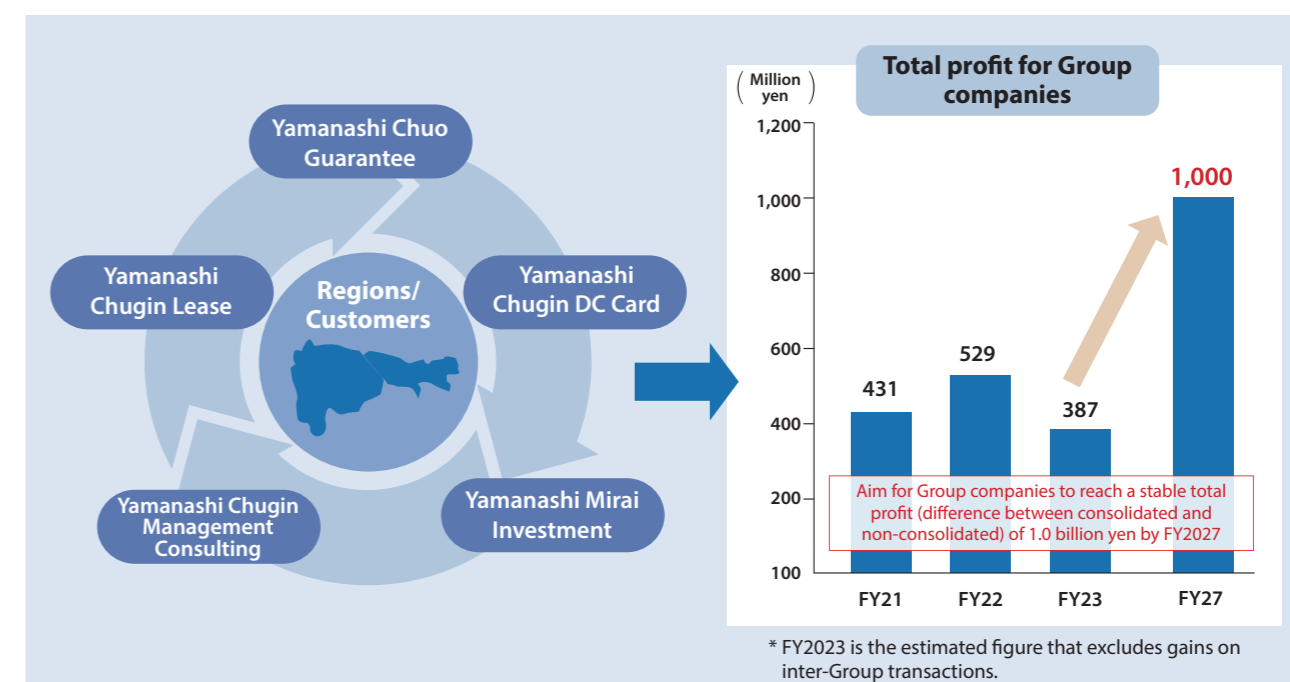
Entry into investment advisory business

Establishment: December 1, 2023

Start of business: March 1, 2024

Net profit target as of March 31, 2025: 18 million yen

Net profit target as of March 31, 2028: **75 million yen**



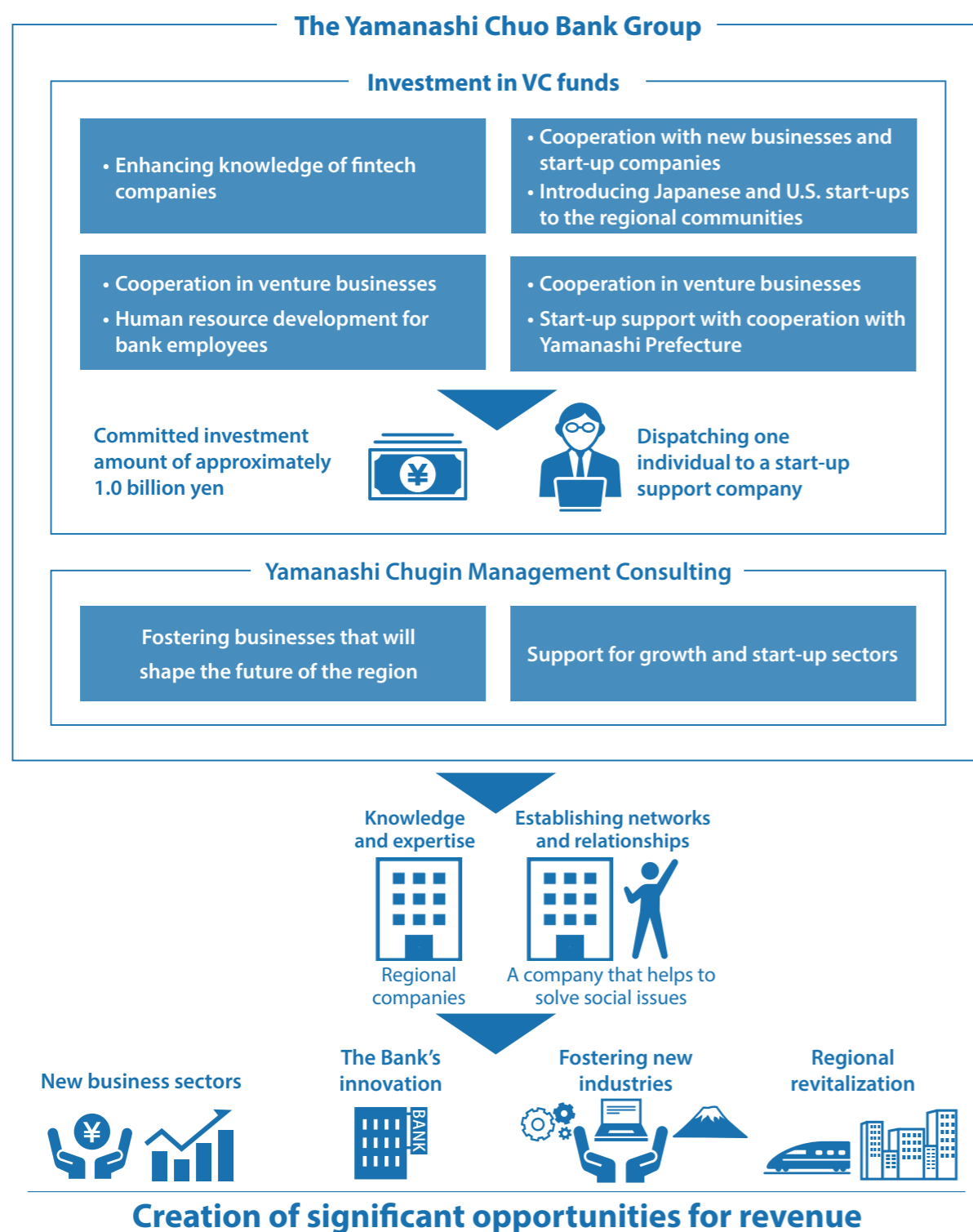
## Specific Measures to Improve PBR

### Top-line Improvement (Initiatives in Venture Businesses)

We have lifted our efforts toward venture businesses through investing in VC funds and dispatching bank employees to companies that support start-ups.

We will continue to construct a network that includes VC funds to further strengthen our search for potential investment and financing targets. Furthermore, through knowledge, expertise, and efforts to build connections, we will foster new industries and promote regional revitalization through cooperation between the region and start-up companies, while enhancing the efforts of the Yamanashi Chuo Bank in new business sectors.

### Enhancing initiatives in cooperation with VC funds

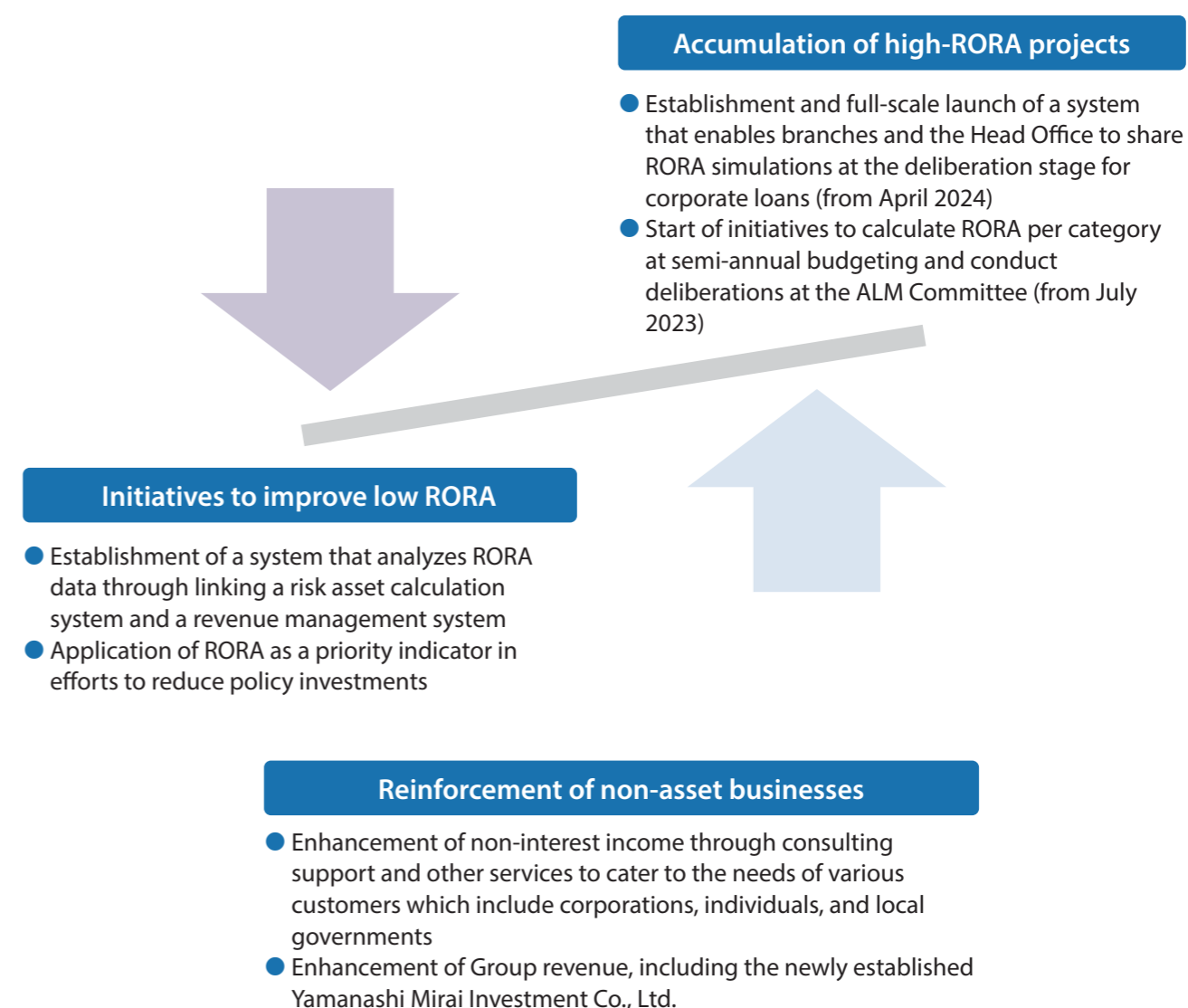


## Specific Measures to Improve PBR

### Risk Assessment Management (RORA Initiatives)

Being consistently aware of and enhancing capital efficiency is crucial to improve ROE. The Bank has launched initiatives to improve RORA (Return on Risk-Weighted Assets) in response to the increase in risk assets due to expansion of loans. The ALM Committee and other organizations will analyze risk-weighted assets to reflect them on management strategies and sales strategies to improve their effectiveness. We will also accelerate the expansion of businesses that do not require risk-weighted assets.

### Initiatives to improve RORA



## Specific Measures to Improve PBR

### Risk Assessment Management (Reduction of Strategic Shareholdings)

- In line with the objectives of the Corporate Governance Code, the policy on strategic shareholdings has been formulated and strategic shareholdings have been reduced, with the importance of each individual holding being regularly reviewed.
- To accelerate efforts to reduce strategic shareholdings, a target has been set for the reduction of strategic shareholdings.

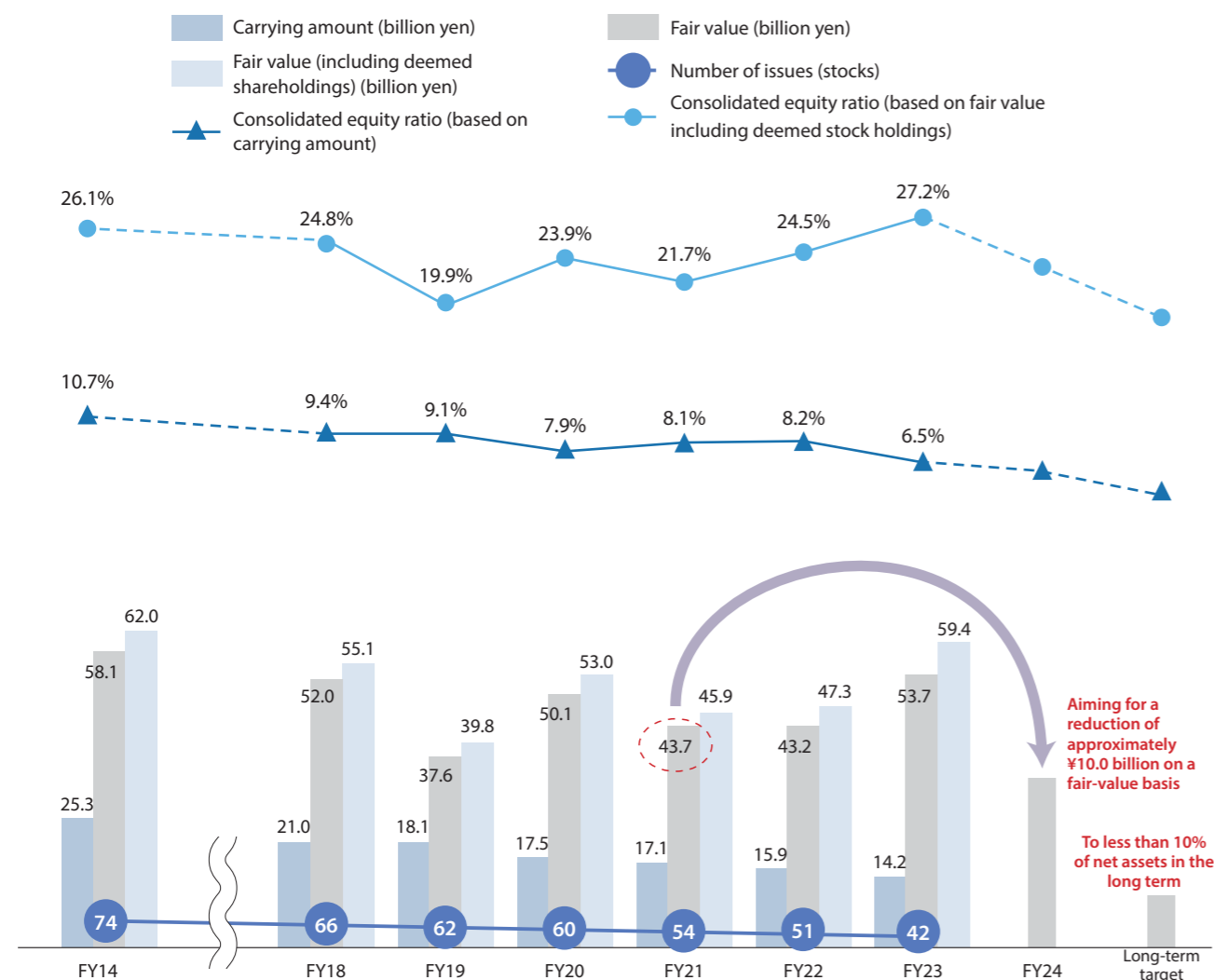
#### Reduction target

- Reduce listed strategic shareholdings by approximately 10.0 billion yen\* on a fair value basis by FY2024  
\* Compared to FY2021, excluding changes in fair value
- Achieve a ratio of strategic shareholdings (at fair value) to consolidated net assets of no more than 10% over the long term

### Promotion of the reduction of strategic shareholdings toward improving capital efficiency

- By FY2023, a reduction of 12 investors and 6.5 billion yen (at fair value terms)
- Meanwhile, as the consolidated equity ratio is on an upward trend due to fair-value fluctuation factors with rising stock market prices, we will continue engaging in relevant dialogue with customers to achieve targets for the reduction of strategic shareholdings at an early stage, and enhance efforts to bring the consolidated equity ratio (in fair-value terms) under 10%

#### <Changes in strategic holdings of listed shares>



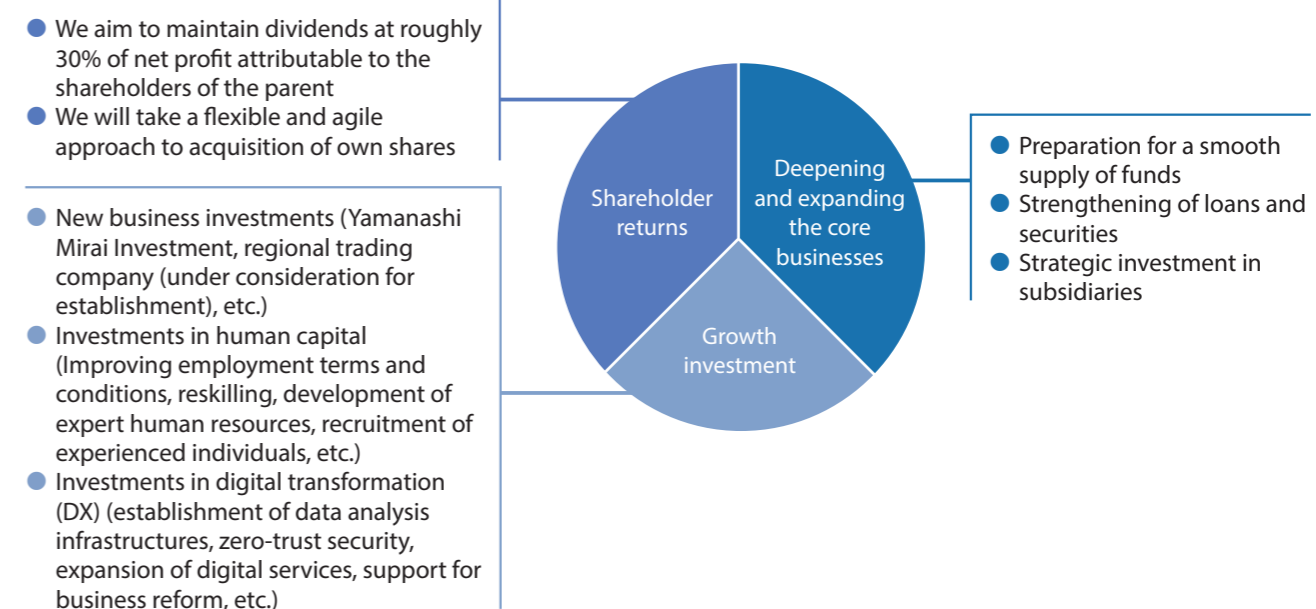
## Specific Measures to Improve PBR

### Capital Strategy (Effective Use of Capital)

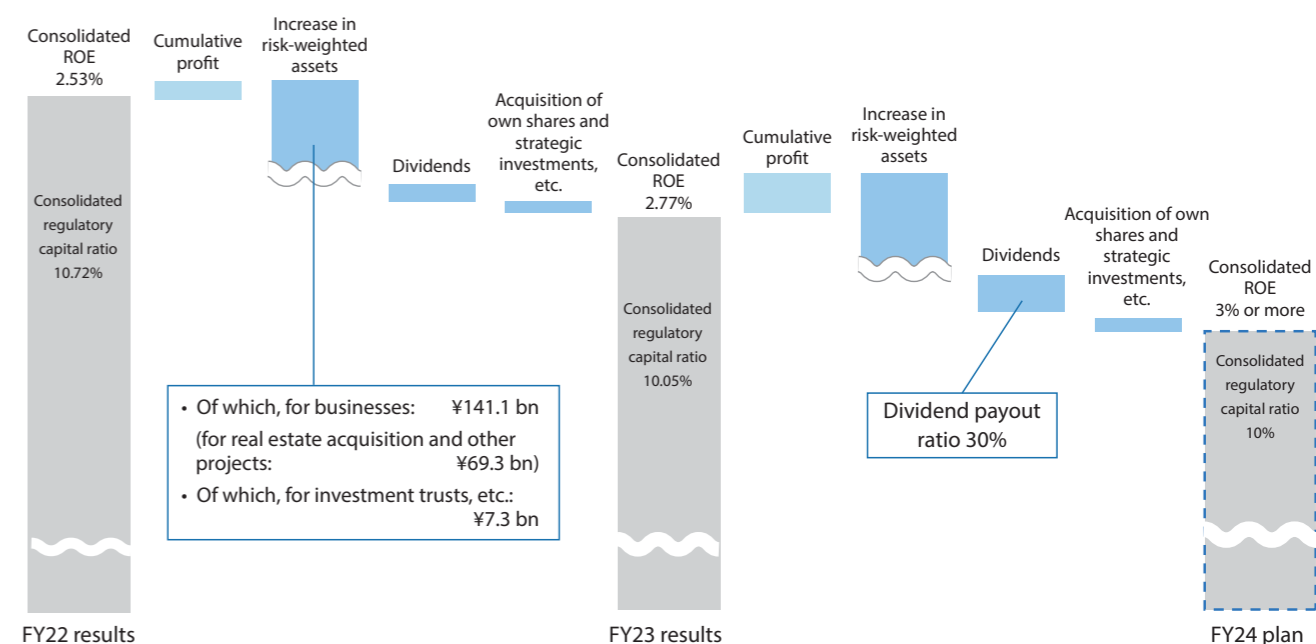
- Our policy on the effective user of capital is a balanced distribution among shareholder returns, investments in existing businesses, and investments for future growth
- Regarding shareholder returns, our policy is to implement and dividend payout ratio of 30% and flexibly conduct share buybacks as needed
- Regarding future investments, the Bank will make investments in new businesses, along with investments for medium- to long-term growth, which includes investments for human capital and DX
- Utilization to address the increase in risk-weighted assets associated with the continuation and expansion of smooth fund provision

### Capital allocation

#### Well-balanced capital allocation



#### Example of capital allocation

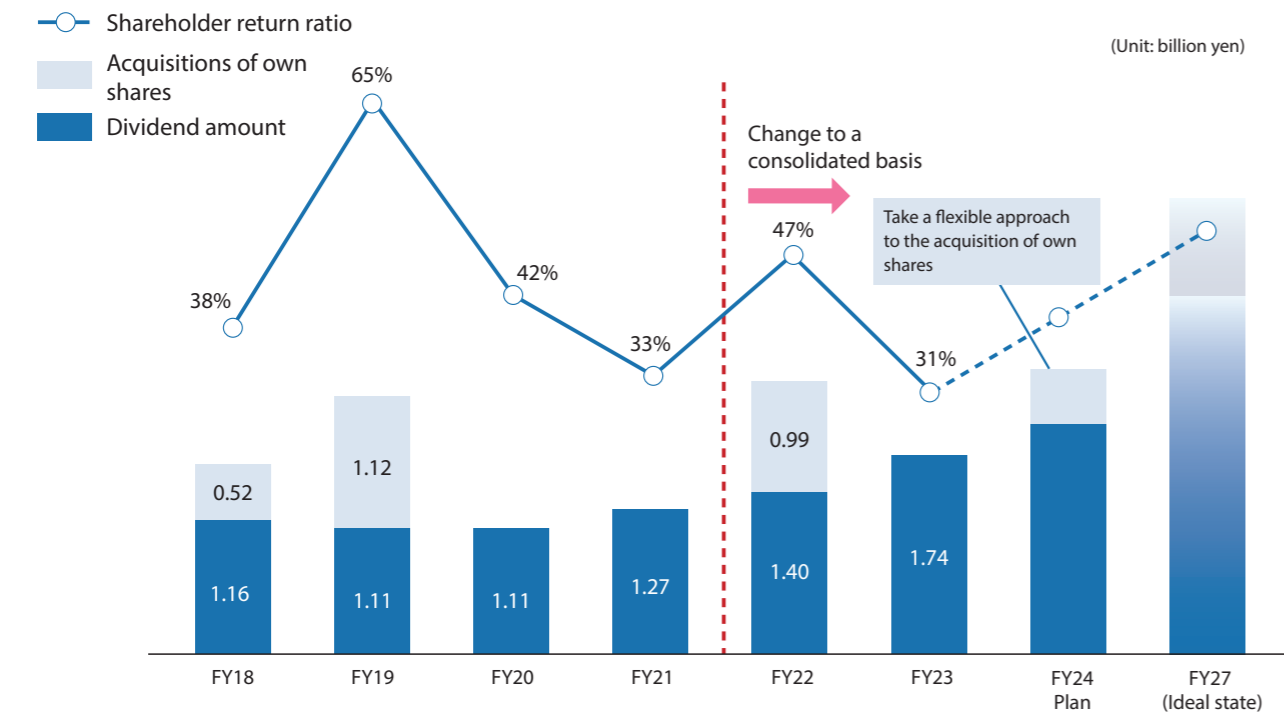


Specific Measures to Improve PBR

Capital Strategy (Status of Shareholder Returns)

- Based on the shareholder return policy of “a payout ratio of 30% of net profit attributable to shareholders of the parent company is targeted, while acquisitions of own shares will be implemented in a flexible and agile manner,” the annual dividend for FY2023 will be 56 yen per share, an increase of 11 yen from the previous fiscal year.
- Aim to pay dividends of 100 yen in FY2027 (Ideal state)

Planning consecutive dividend increases for FY2024



Dividend per share	¥35	¥35	¥35	¥40	¥45	¥56	¥64	¥100
Current non-consolidated net income	¥4.4 bn	¥3.4 bn	¥2.6 bn	¥3.8 bn	¥4.5 bn	¥5.6 bn	¥6.2 bn	-
Current consolidated net income	¥4.9 bn	¥3.7 bn	¥3.0 bn	¥4.2 bn	¥5.0 bn	¥5.6 bn	¥6.4 bn	¥10.0 bn
Consolidated dividend payout ratio	23.7%	30.0%	36.1%	30.1%	27.8%	30.1%	30.4%	-
EPS	¥147.15	¥116.43	¥96.92	¥132.73	¥161.78	¥185.79	-	-
BPS	¥6,652.04	¥6,183.83	¥6,849.57	¥6,515.85	¥6,129.98	¥7,143.86	-	-

Specific Measures to Improve PBR

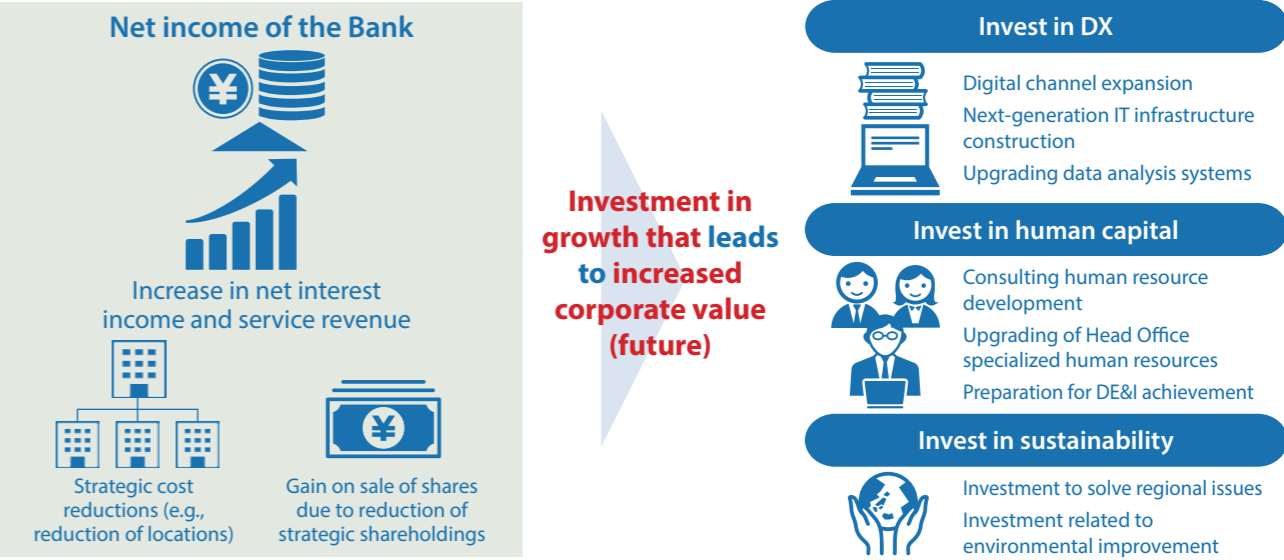
Capital Strategy (Overall Growth Investment Strategy)

Under our long-term vision “Value Creation Bank,” we have set forth the value we provide to each of our stakeholders and are working toward our medium- to long-term “ideal state,” which includes management indicators such as ROE of 5% and consolidated net income of 10.0 billion yen or more by FY2027.

Effective investment in growth is indispensable to realize the “ideal state” and to enhance corporate value.

Increase corporate value through growth investments based on capital strategies

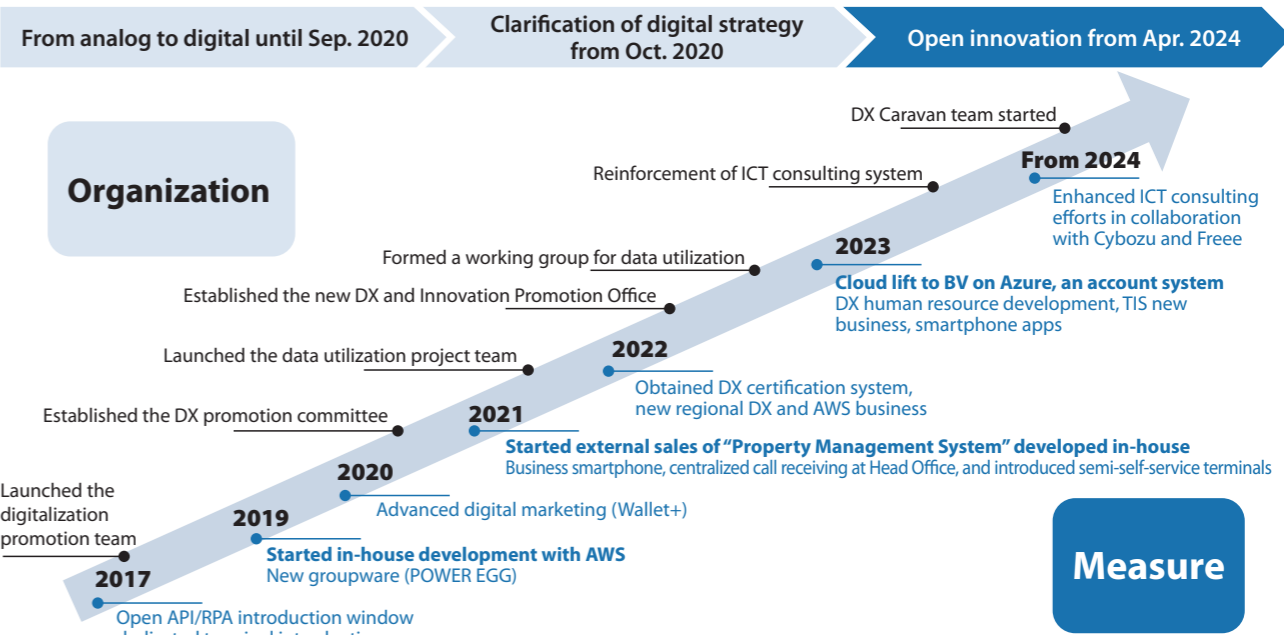
- Actively invest a portion of capital in DX, human capital, and sustainability in order to sustain medium- to long-term improvements in corporate value
- Aiming to enhance the Bank’s own value through growth investments and to increase the value of the region in the future



Specific Measures to Improve PBR

Improvement of Expected Growth Rate (DX Initiatives)

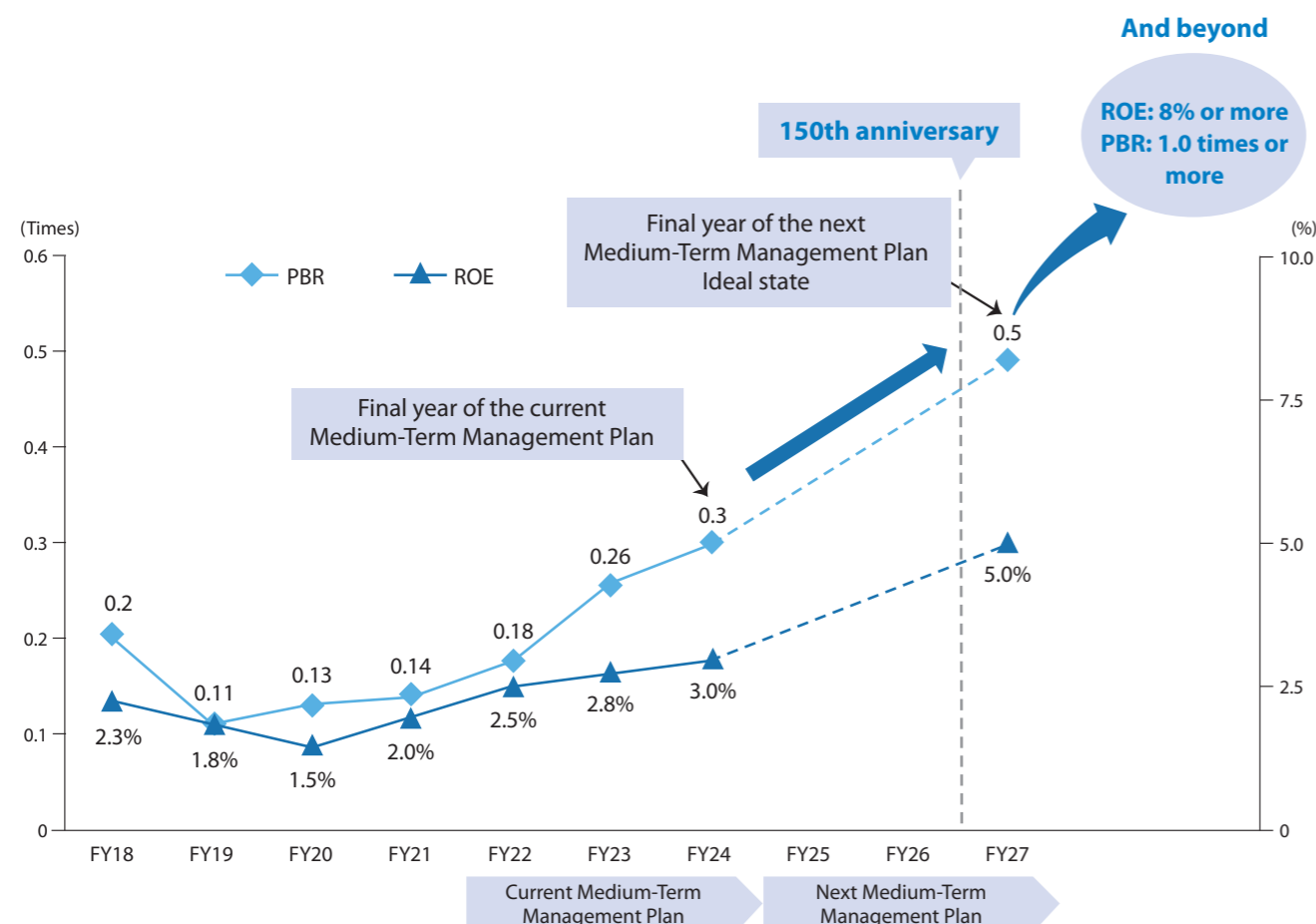
Returning the knowledge and expertise obtained through our DX initiatives to regional communities and customers



## Beyond the Ideal State

### Swiftly achieve ROE of 5% or more and aim for even higher ROE

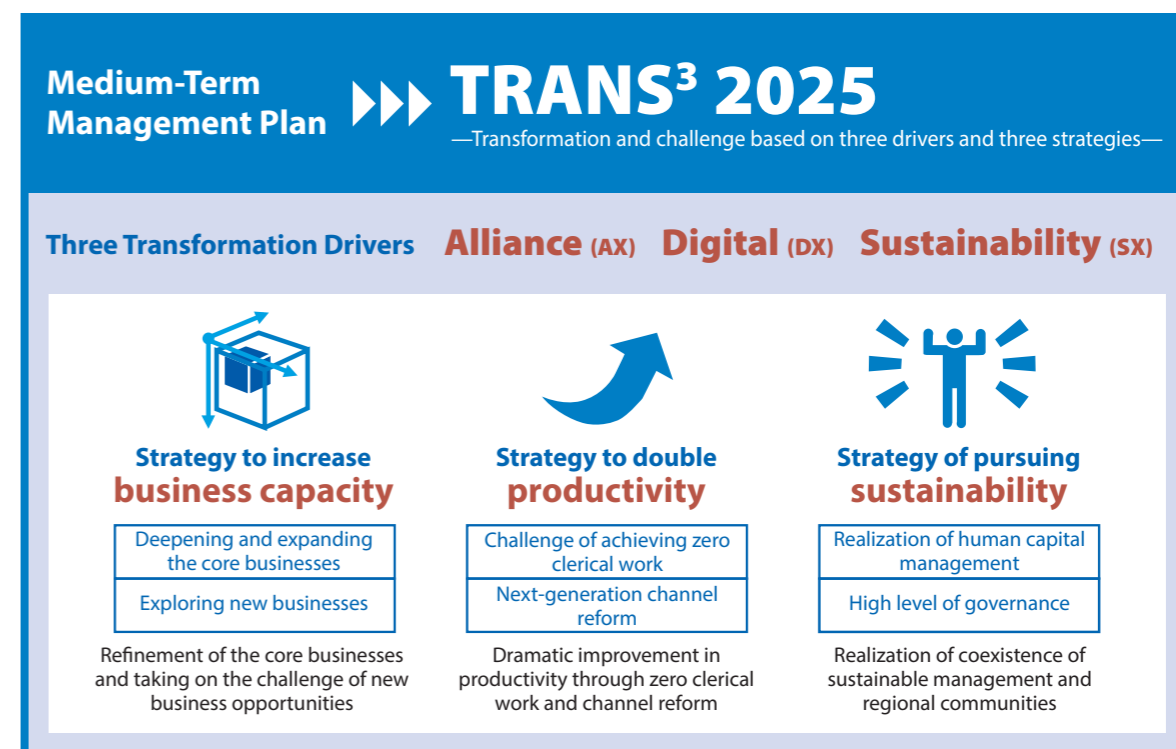
- Accelerate initiatives to achieve a certain ROE and PBR, considering the 150th anniversary of the Bank's founding in April 2027 as one of the growth drivers
- Achieve an ROE of 5% and a PBR ratio of 0.5x as early as possible, with a view to the final year of the next Medium-Term Management Plan
- Aim for an ROE of 8% and a PBR ratio of 1x or more in the long-term vision



## Medium-Term Management Plan “TRANS<sup>3</sup> 2025”

### Toward achieving the Medium-Term Management Plan

Our Mission **Region-Based Operations and Sound Management**  
 Long-term vision **Value Creation Bank**



### Purpose (significance of existence) >> Open Up a Bright Future from Yamanashi

\* TRANS<sup>3</sup>: TRANS is a prefix that can mean “exceed,” “transition,” or “transform,” depending on the word that follows it. The cube means three squared, cubic, etc., and carries the 3-3-3 cube connotation from the three meanings of TRANS, the three transformation drivers, and the three basic strategies.

### Quantitative goals

KPI	FY2023 (Results)	FY2024 (Final year of the Medium-Term Management Plan)	Ideal state	Time to reach
OHR (Operating expenses/Core gross business profit)	66.61%	73.5% or less	60% level	FY27
ROE (Current net income basis)	2.89%	3% or more	5% or more	FY27
Ratio of female managers and supervisors	17.2%	20% or more <sup>*2</sup>	40% or more	FY30
Rate of reskilling-based reallocations of clerical workers	16.7%	30% or more	70% or more	FY30
Sustainable finance <sup>*1</sup> investment and loan cumulative amount	247.3 billion yen	350.0 billion yen or more <sup>*3</sup>	800.0 billion yen or more	FY30
Reduction rate of greenhouse gas (CO <sub>2</sub> ) emissions	60.47% <sup>*4</sup>	70% or more <sup>*5</sup>	Carbon neutrality <sup>*5</sup>	FY30

### KGI

Profit attributable to shareholders of the parent	5.6 billion yen	6.0 billion yen or more	10.0 billion yen or more	FY27
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<sup>\*1</sup> Investments and loans that contribute to creating a sustainable regional society (environment, education, business startups, business succession, etc.)

<sup>\*2</sup> Having achieved the initial target in FY2023, we have raised the target for the ratio of women in managerial and supervisory positions at the Bank from 15% or more to 20% or more.

<sup>\*3</sup> Since the initial target is expected to be achieved based on the results in FY2023, we have raised the target for the cumulative sustainable finance investment and loan amount at the Bank from 250.0 billion yen or more to 350.0 billion yen or more.

<sup>\*4</sup> We have added emissions from gasoline use to the Bank's greenhouse gas (CO<sub>2</sub>) emissions (Scope 1 and Scope 2) in the periodic reports under the Act on the Rational Use of Energy since FY2022.

The same revisions have been made for FY2021 and prior.

<sup>\*5</sup> As part of our efforts to strengthen our initiatives to realize a decarbonized society, we have raised our greenhouse gas (CO<sub>2</sub>) emissions reduction targets from “medium-term target (FY2024) of 46% decrease compared with FY2013 and long-term target (FY2030) of 60% decrease compared with FY2013,” to “medium-term target of at least 70% decrease compared with FY2013 by FY2024 and long-term target of carbon neutral by FY2030.”

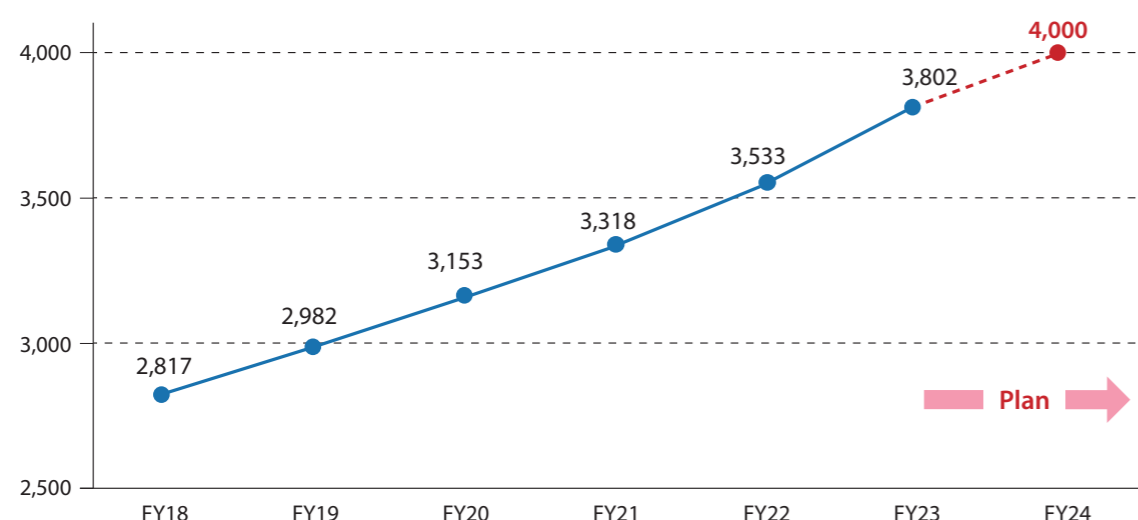
## Strategy to Increase Business Capacity

### Measures to increase the number of business loan clients in Tokyo

- Steadily increased the number of business loan clients, mainly in central Tokyo and the Tama region
- The branches and the Tokyo Business Development Division, which is a Head Office organization, are working together to develop customers in Tokyo
- Creation of customers through collaboration with tax accounting firms, consulting firms, existing customers, etc.

We are also focusing on regional revitalization activities to connect people, goods, and information to Yamanashi by leveraging the strengths of a financial institution with two locations in Tokyo and Yamanashi. In addition to attracting entrepreneurs and investors who see the potential of Yamanashi to the prefecture, we are also engaged in collaboration and matching activities with companies in Yamanashi that are facing challenges in expanding sales channels and raising awareness.

Number of business loan clients (Tokyo)



#### Voice

Tokyo Business Development Division  
E. Warabino



#### Developing customers is not just about securing profit opportunities; it is also about building the Bank's network of partners

The Tokyo Business Development Division works with branches on a daily basis to develop new customers in Tokyo. One of the reasons why a regional bank from Yamanashi is exploring Tokyo is to create business opportunities in both Yamanashi and Tokyo and to revitalize the local economies.

We believe that the best part of developing new business in Tokyo is making associates who aim to solve regional issues and make the area more attractive. There are countless companies in Tokyo with a variety of information, ideas, and technologies, and through our business loans we are able to learn more about their strengths and weaknesses, as well as their commercial distribution and business models. From the information obtained through such dialogue with companies, we consider "what can the bank do with this company, how can we connect it with other customers, and how can we be of service to them? We then invite them to become our associates and contribute to our customers and regional communities.

We would like to continue to work closely with each and every one of our customers so that they will feel happy to have a relationship with our bank.

### Began entry into the investment advisory business

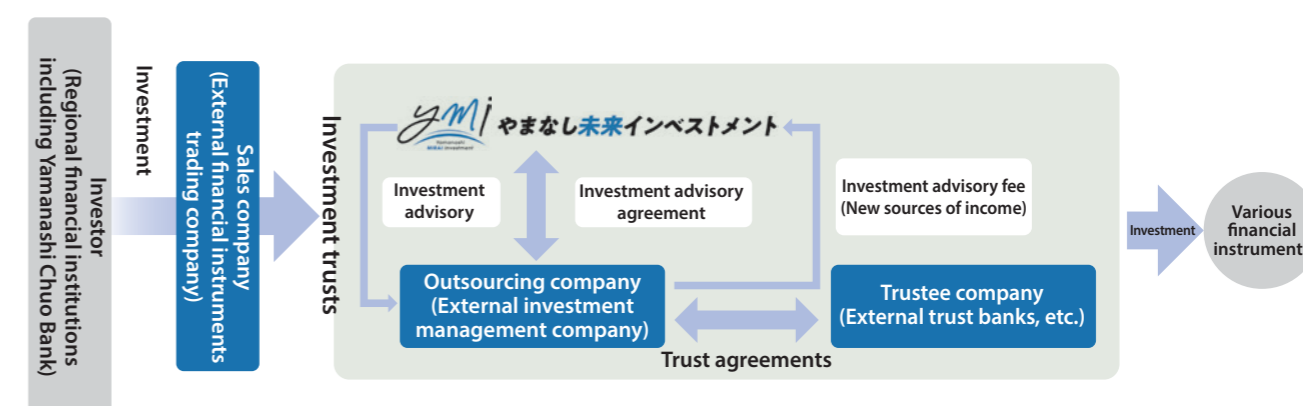
In the Medium-Term Management Plan "TRANS<sup>3</sup> 2025," one of the basic strategies is "Strategy to Increase Business Capacity," and we are working on "Deepening and Expanding Core Businesses" and "Exploring New Businesses" as measures to strengthen our earning power. As part of this effort, we established Yamanashi Mirai Investment Co., Ltd. on December 1, 2023, with the aim of entering the investment advisory business by leveraging the expertise of our securities management division.



#### Gradual expansion of business schemes

We began operations in March 2024, and started by offering investment advice on domestic and foreign securities, etc., with only professional investors such as investment managers (private investment trusts set up by them) and the Yamanashi Chuo Bank as our customers. The next step will be to provide investment advice for publicly offered mutual funds, and in the future we will consider providing direct investment advice to individual and corporate customers.

By limiting the business scheme to professional investors, we will start small and achieve a quick turnaround, while contributing to the growth of group earnings by expanding the business scheme in stages.



#### Promote initiatives in response to "Promoting Japan as a Leading Asset Management Center"

This project is also in line with the government's initiative for "Promoting Japan as a Leading Asset Management Center," and through the business development of Yamanashi Mirai Investment Co., Ltd., we will contribute to the growth of the Japanese economy, including Yamanashi Prefecture, and to the increase in asset income of Yamanashi Prefecture and its people.

#### Voice

Investment Advisory Division  
Yamanashi Mirai Investment Co., Ltd.  
T. Yoneyama



#### Promote initiatives in response to "Promoting Japan as a Leading Asset Management Center"

We provide advice on the management of various financial assets for qualified institutional investors such as investment management companies and other so-called professional investors.

In our daily work, we listen to our customers' desired risk/return and investment restrictions, carefully analyze ever-changing market data, and provide information on portfolio mixes that are judged to be highly investment-efficient.

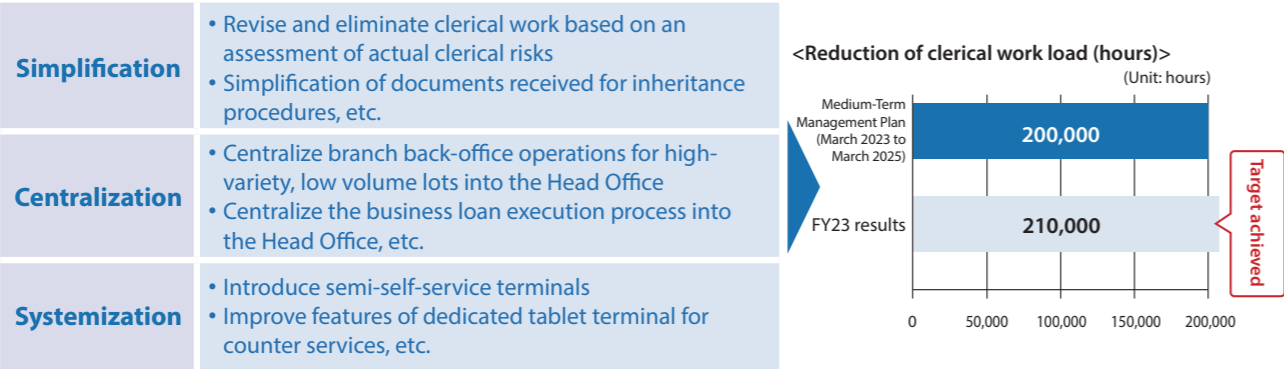
I feel a unique sense of tension and at the same time a great sense of fulfillment because the information I provide can have a great impact on our customers' investment results.

Strategy to Double Productivity

We overachieved the target for office work reduction time in the Medium-Term Management Plan as a result of the various efforts to achieve zero office work at branches. In addition, we are also implementing measures to dramatically improve productivity in divisions responsible for a high volume of operations.

We will continue to improve customer convenience and reallocate management resources.

Achievement of zero clerical work at branches



Introduction of semi-self-service terminals

“Semi-self-service terminals” were introduced at branch counters to improve customer convenience and administrative efficiency.

At the counter, customers enter their transaction details on a “tablet” located on the counter, and cash withdrawals and deposits are performed by the customer.

Semi-self-service terminals do not require customers to fill out various forms, and if a cash card is issued, deposits can be disbursed using a PIN without the customer’s personal seal.

Centralize operations for high-variety, low volume lots into the Head Office

The Middle Office Centers, established in the centralized head office divisions, handle operations for high-variety, low volume lots that occur at branches.

Collaborations between branches and the Middle Office Centers have reduced back office operations at branches.

**Drastically improve productivity of divisions responsible for a high volume of operations**

- Multi-skill development**  
Establishment of a multi-skilled management system through the acquisition of multiple tasks
- Support for branches**  
Promotion of centralization of branch office operations and development of systems
- Digitization**  
Electronic data transfer and RPA implementation
- Review of clerical work processes**  
Implementation of labor-saving verification/confirmation work in various operations, etc.

**Voice**

Central Region Head Office  
**K. Mochizuki**

**Aiming for win-win relationships with customers**

The branch has a long history and has handled various types of paperwork from long-time customers. However, improving customer convenience and realizing efficient office operations with less congestion at the counter have become issues.

In order to solve these issues, the branches have worked together to promote various initiatives.

For corporate customers, we continued to support the introduction of e-Tax and eLTAX, promote Internet banking, and promote the use of services that allow customers to receive documents, etc. in advance and have them processed at the Head Office (Middle Office Center).

For retail customers, we promoted the Yamanashi Chuo Bank bankbook app, which allows customers to complete transfer and other procedures on their smartphones, as well as accounts without bankbooks.

When promoting various services, all branch staff discussed problems and solutions to determine which services would please customers, and engaged in dialogue with the people in charge at our customers’ locations. As a result, we were able to establish a mutual win-win relationship, making administrative work more efficient and less of a burden.

We will continue to propose highly convenient services and promote them with the aim of achieving a win-win situation for both our customers and the Bank.

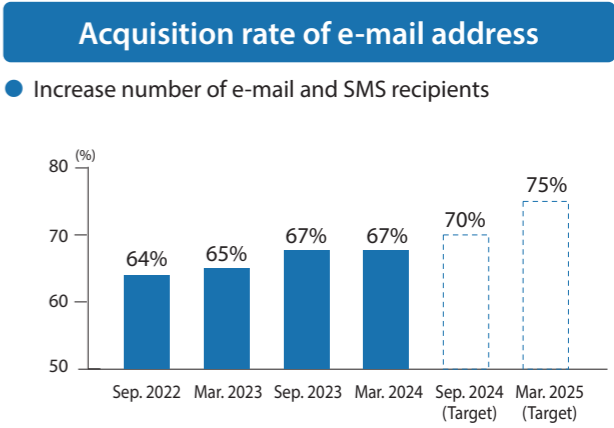
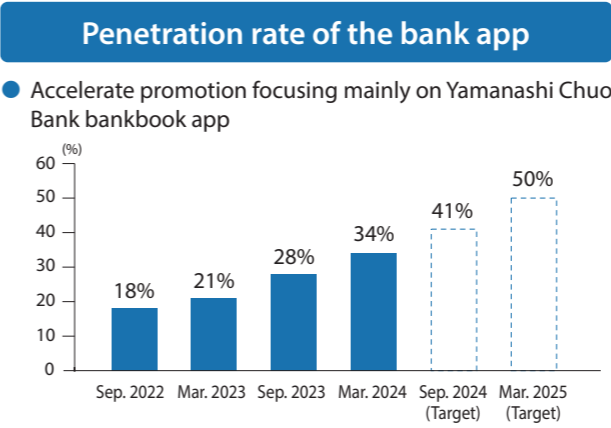
We are working on “next-generation channel reforms” with the aim of building channels to meet diversifying customer needs and to support our sales strategies. Specifically, for individual customers, we have positioned digital channels, such as the Yamanashi Chuo Bank bankbook app, as our main channel, aiming to provide services that are even better than those offered at real branches.

For real channels, we are reviewing our branch and ATM network to make it even more suitable for the market.

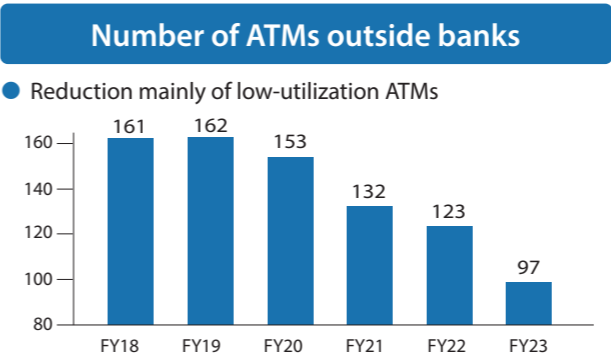
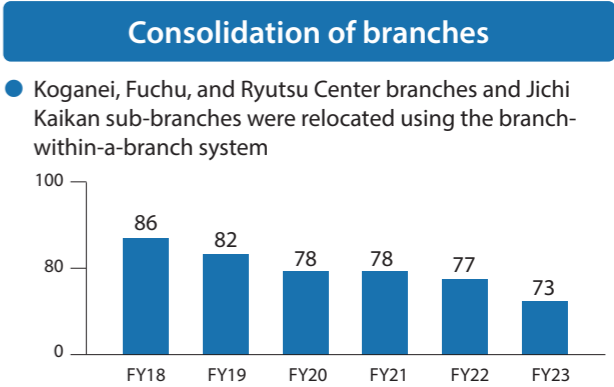
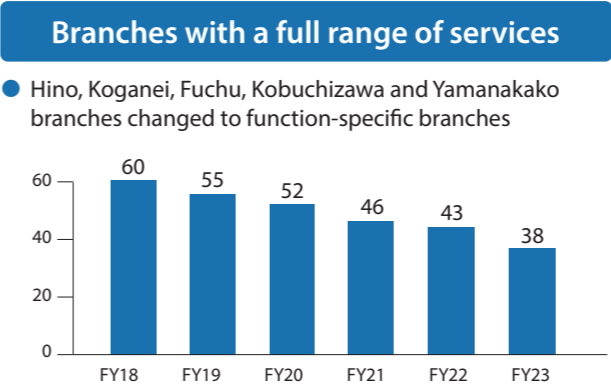
Strengthen digital channels

<b>Introduction of Yamanashi Chuo Bank bankbook app</b>	<ul style="list-style-type: none"><li>Started usage of Yamanashi Chuo Bank bankbook app, a smartphone application for individual customers, on April 18, 2023</li><li>Equipped with account opening functionality through eKYC, allowing customers to open savings and other accounts by applying online</li></ul>
<b>Improvement of functions of Yamanashi Chuo Bank bankbook app direct</b>	<ul style="list-style-type: none"><li>Improvement to features of the Yamanashi Chuo Bank bankbook app with the aim of making it the main channel for individual customers (first half of FY2024)</li><li>At the same time, UI/UX improvements are being considered so as to improve the customer experience (scheduled for implementation in the second half of FY2024)</li></ul>

<Home screen of the Yamanashi Chuo Bank bankbook app>



Reforming real channels



**Strategic personnel reallocation**

- Strategic reallocation of 19 staff resulting from the reorganization of branch functions and the relocation of branches through the branch-within-a-branch method

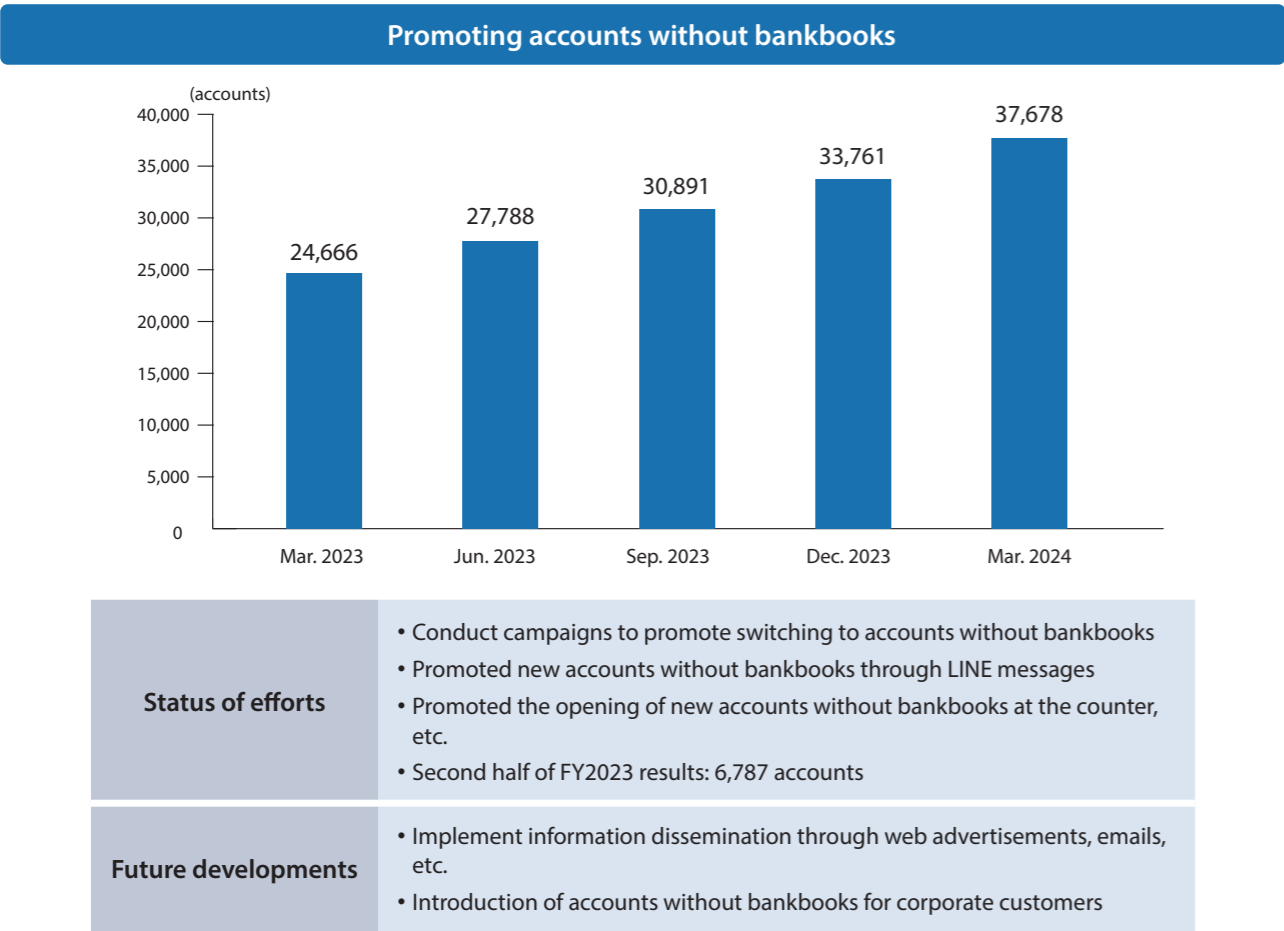
Promoting accounts without bankbooks and cashless operations

We are striving to reduce our environmental impact by reducing paper resources through the widespread use of accounts without bankbooks.

With the understanding of many customers, we will actively promoting accounts without bankbooks not only for new accounts, but also to convert existing accounts, in order to realize environmentally friendly financial services.

Cashless payments have been expanding year by year due to the spread of e-commerce sites and the promotion of DX, etc., and they have become a part of our daily lives.

We will continue to respond to the cashless needs of our customers and promote the cashless society throughout the region.



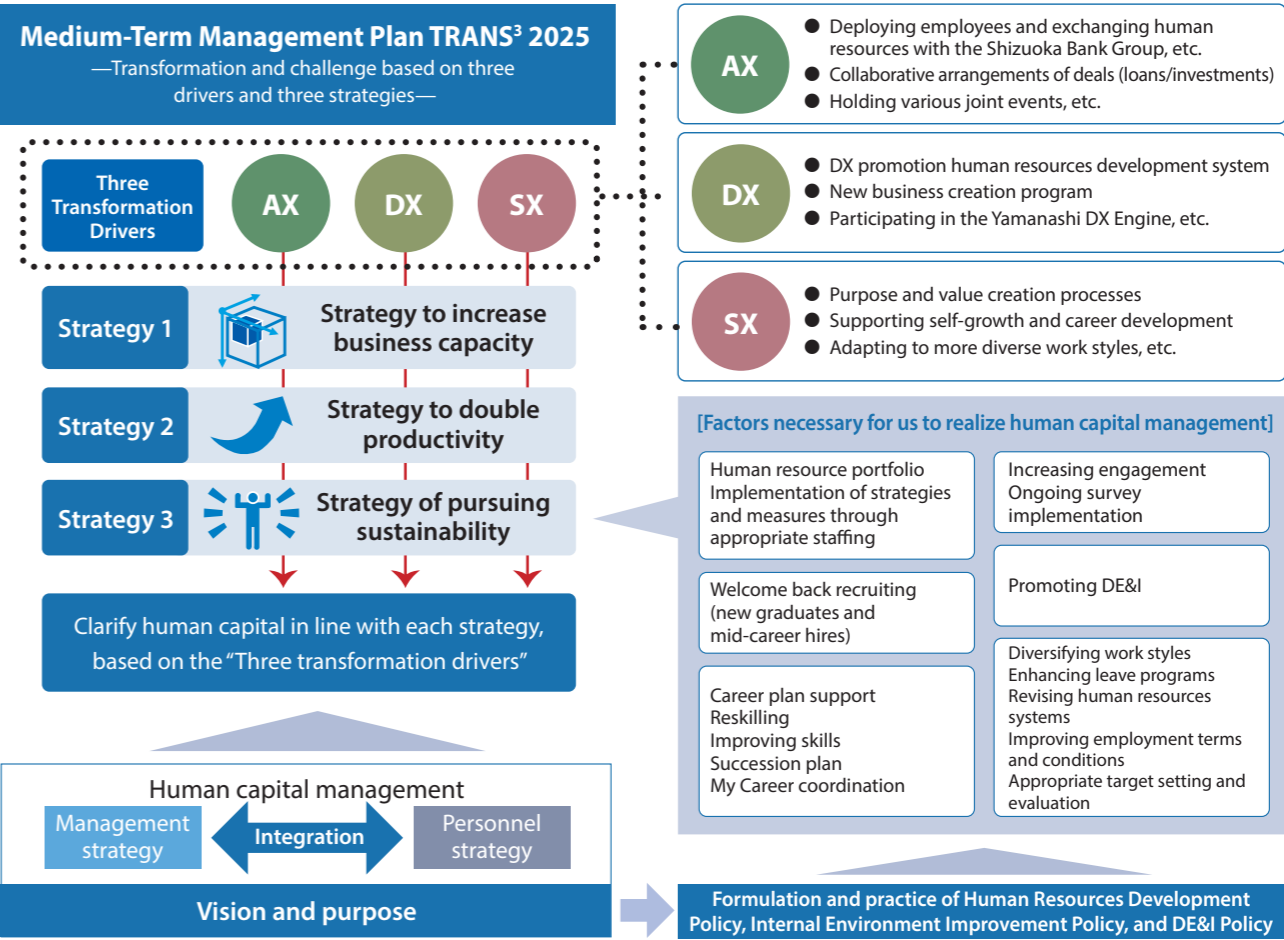
Promoting the shift to cashless operations	
Initiatives	(1) Increased the number of corporate card (B-to-B payment) users and strengthened promotion of their use
	(2) Started account linkage with smartphone payment services (Seven services)
Future developments	(1) Touch payment support for Yamanashi Chugin Visa Debit (My Debit)
	(2) Strengthen security against unauthorized use of credit card payments
	(3) Expand account linkages with new smartphone payment services

Strategy of Pursuing Sustainability

Practice of human capital management

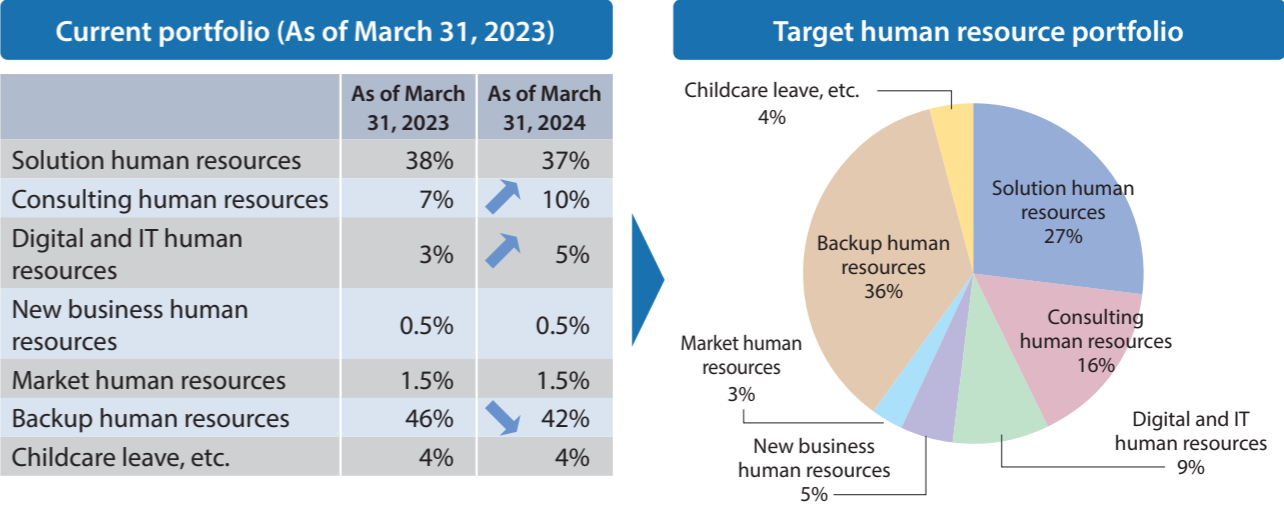
In addition to integrating management and human resource strategies, the Bank will establish each policy for the realization of human capital management and develop the necessary framework for the realization of human capital management.

We are working to leverage human capital in terms of AX, DX, and SX, which are the drivers for executing the three strategies of the Medium-Term Management Plan, respectively.



Human resource portfolio

In order to realize human capital management, we have defined a human resource portfolio to aim for and are working to recruit, train, and assign human resources.



In order to accelerate our efforts to address environmental and social issues toward the realization of sustainable regional communities, we provide consulting on SDGs and financial support to our customers to assist them in their SDGs and ESG efforts. We have also set medium- to long-term targets for the amounts of sustainable finance as quantitative targets.

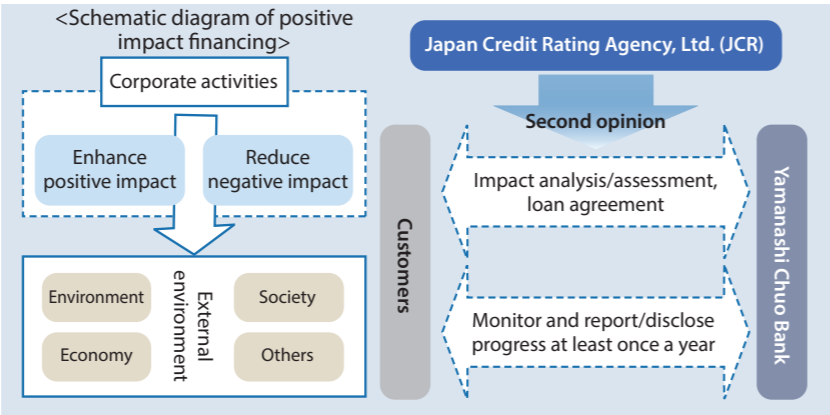
Status of sustainability support

The sustainable finance execution amount has been increasing steadily

Financial support

Loans

The number of transactions increased as a result of supporting customers' SDGs/ESG initiatives from a financial perspective by offering a sustainable finance menu (Sustainability Linked Loans, Positive Impact Finance, SDGs Support Loans and Private Placement Bonds), as well as proactively conducting consulting sales activities related to the development of sustainability frameworks.



Investment

Based on the "Yamanashi Chuo Bank Group Investment and Loan Policy," we actively invest in projects that help solve environmental and social problems. Specifically, green bonds, sustainability-linked bonds, transaction finance, social bonds, etc.

Consulting support

- Actively engaged in SDGs consultation for customers, including target selection, materiality selection, support for booklet preparation, and holding study sessions.
- In order to activate SDGs initiatives among our customers, we have developed the SDGs Declaration Support Service as a paid consulting service, and provide support along with application support for various certification systems implemented by each municipality in Yamanashi Prefecture.



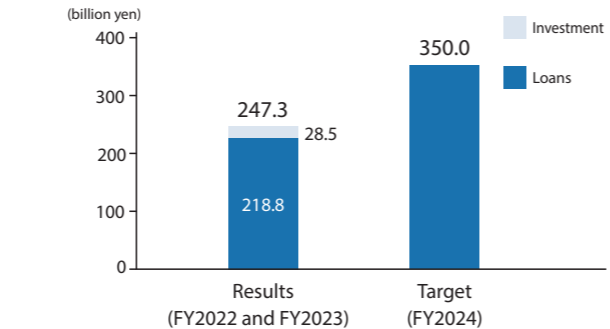
Sustainable finance

Target

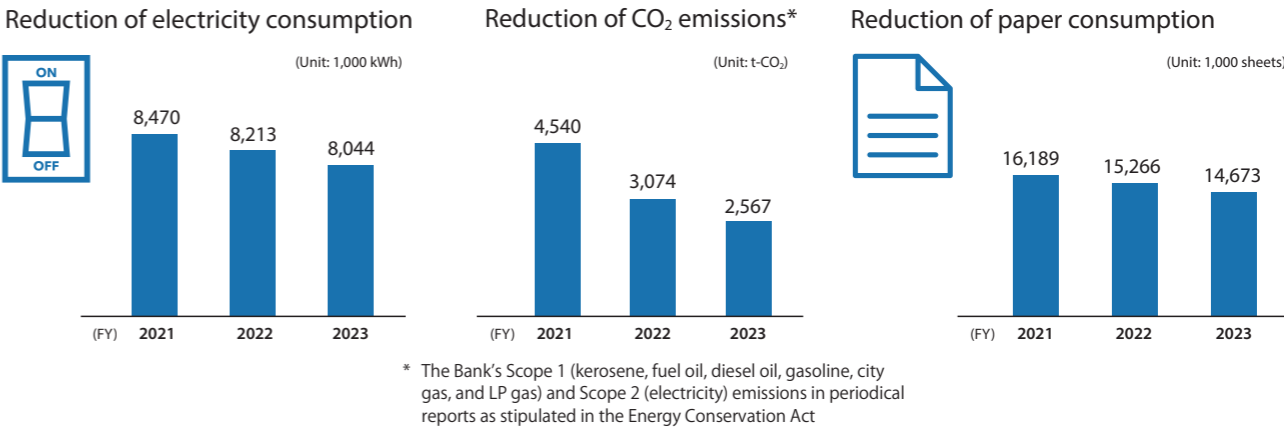
In May 2024, we revised our medium-term target for the amount of sustainable finance investments and loans to "350.0 billion yen or more by FY2024" in order to accelerate our initiatives to address environmental and social issues toward the realization of sustainable regional communities.

Item	Description
Medium-term target (FY2023)	350.0 billion yen or more
Long-term target (FY2030)	800.0 billion yen or more (including environmental finance of 400.0 billion yen or more)
Target	Investment and lending to help solve social or environmental problems toward the creation of a sustainable regional society

Results



Activities to tackle environmental problems



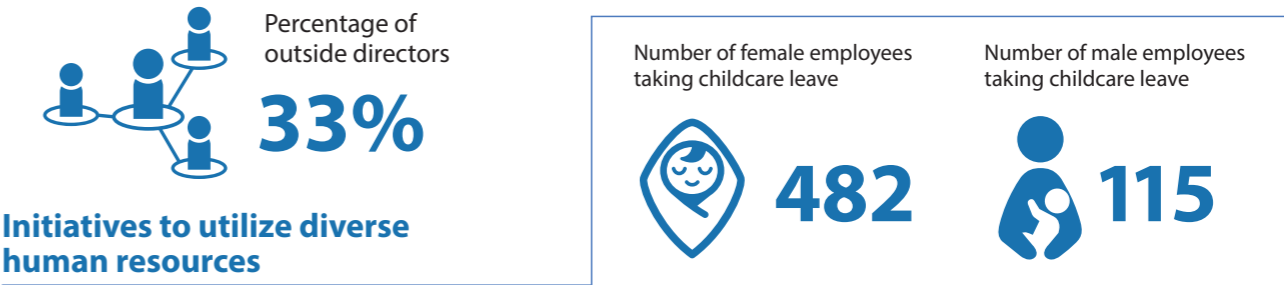
Initiatives to revitalize regional economies



Initiatives to contribute to regional society



Initiatives for corporate governance



Initiatives to utilize diverse human resources



Communication with Stakeholders

Strengthening dialogue with shareholders and institutional investors

We actively communicate with all stakeholders, including customers, shareholders, regional communities, and employees.

We are committed to improving the communication gap by emphasizing opportunities for dialogue with shareholders and institutional investors and incorporating stakeholder views through the promotion of constructive dialogue.

Communicating with shareholders and investors

We strive to disclose information in a timely and appropriate manner and strengthen dialogue with shareholders and investors so that they can understand the business operations, financial condition, and non-financial information of the Yamanashi Chuo Bank Group and make appropriate judgments about the soundness of management.

In FY2023, we held a hybrid (venue + online) company information session for institutional investors for the first time, utilizing online. In addition, since the second half of FY2022, we have initiated active dialogue (SR activities) with shareholders and institutional investors, and in the second half of FY2023, we increased the number of SR activities to incorporate a wider range of opinions.

Dissemination of information

We strive to disseminate information on financial results and the Bank Group's initiatives in a timely and appropriate manner through the Annual General Meeting of Shareholders, financial results briefings, Annual Reports, and other means.

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Earnings announcement		● Earnings announcement			● First-quarter financial results			● Second-quarter financial results			● Third-quarter financial results	
Company information session		● Company information session						● Company information session (Interim)				
Annual General Meeting of Shareholders			●									
Securities (Half period) report			● Securities report					● Semiannual report				
Mini disclosure magazine			● Mini Disclosure Magazine					● Interim mini disclosure magazine				
Annual Report (Disclosure magazine)				● Annual Report (Disclosure magazine)						● Interim disclosure magazine		

Status of dialogue

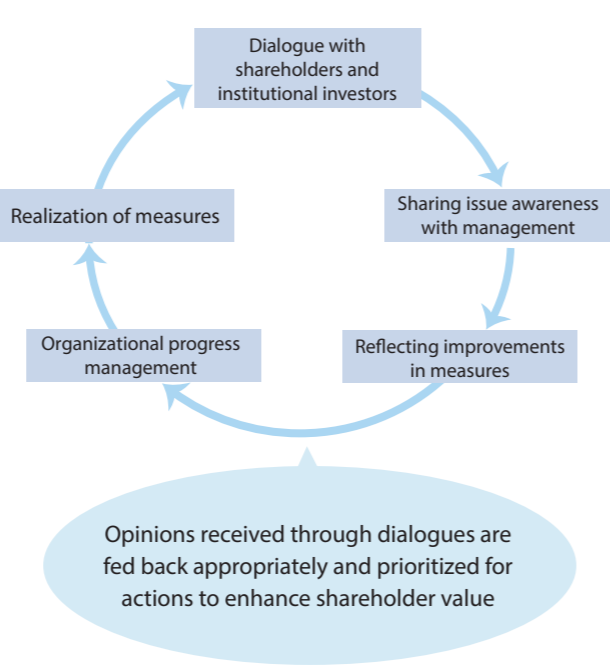
We conduct intensive dialogue with shareholders and institutional investors (SR activities).

		FY2022 (Second half)	FY2023 (Second half)
Institutional investors		12 investors	18 investors
Investors holding more than a certain number of shares	Business corporations	35 corporations	47 corporations
	Individuals	29 persons	31 persons

Main discussions during dialogues			
Capital policy	Initiatives to improve ROE	Governance	Skill matrix
	Specific articulation of growth strategies		Compensation system
	Reduction of strategic shareholdings	Sustainability	Climate change measures
	Effective use of capital		Employee engagement Human Rights Policy development

Post-dialogue initiatives

Issues identified in the dialogue are shared with management to increase corporate value.



Contributions to the regional community

Spreading financial education

We conduct webinars and job-related seminars on asset building to improve the financial literacy of regional residents. In addition, we are actively engaged in financial education for children and young adults by offering on-site classes at schools and accepting work-study programs at our Head Office and branches. In December 2023, we held the "Economics Koshien Yamanashi Tournament" for high school students.

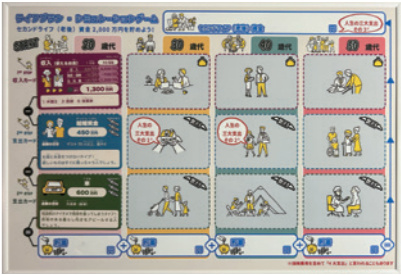


Established the "Financial Education Corner" at the Yamanashi Chuo Bank Financial Museum

In November 2023, we established a "Financial Education Corner" at the Yamanashi Chuo Bank Financial Museum.

This section, based on the concept of "acquiring knowledge about money while having fun and experiencing it," enables elementary and junior high school students and others to have fun as they learn about money. In particular, the simulation game on life planning allows visitors to play and learn about life events from their 20s to their 50s and the amount of spending that accompanies them.

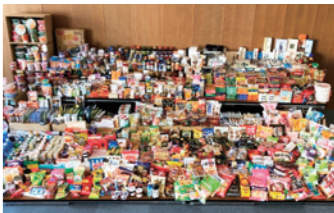
By setting up this section, the Yamanashi Chuo Bank Financial Museum has transformed into a financial education facility where visitors can learn about money in a comprehensive way.



Food donations

Food items were donated to Food Bank Yamanashi and the Yamanashi Prefectural Council of Social Welfare as part of the "Yamanashi Chugin Food Drive" to support families receiving school aid, etc.

We will continue our efforts to achieve a sustainable society by helping to enrich the lives of everyone in our regional communities.



Initiatives to promote sports

The "Fureai Volleyball Class" and "Sawayaka Kids Volleyball Class" are held by the Bank's women's volleyball club, which has achieved top-level results in Japan. We also hold the "Yamanashi Chuo Bank Cup Yamanashi Prefecture Moms' Volleyball Tournament" to promote and improve the technical skills of volleyball players in the prefecture.

Furthermore, we work to create regional vitality through sports promotion by sponsoring sporting events and supporting sports teams based in the prefecture as a sponsor.



The Bank's Women's Volleyball Club won the Grand Champion Match of the 14th National Six-Player League Overall Men's and Women's Championships

## Initiatives to create barrier-free facilities

### ■ Installation of handset-equipped ATMs at all branches

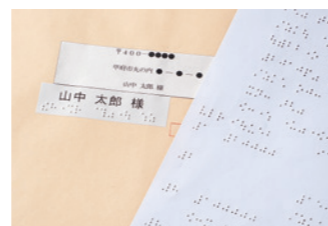
The Bank has installed handset-equipped (receiver-type) ATMs at its Head Office and all branches so that customers with visual impairments and elderly customers can use ATMs without difficulty.



### ■ Transaction statements issued in braille

The Bank issues statements on customers' deposit transactions (ordinary deposits, current accounts, etc.) in braille for those who require it.

When sending such statements by mail, we affix stickers in braille stating the customer's name and "Yamanashi Chuo Bank" on the envelope.



### ■ Barrier-free branches

The Bank is working to develop branches with barrier-free features in facilities and buildings to ensure that all customers, including those with physical disabilities and the elderly, are able to reliably and safely use our branches. Examples include the installation of priority parking spaces for people with disabilities and access ramps to branch entrances.



### ■ Installation of a voice guidance system

We have installed a system that responds to communication devices carried by people with visual impairments and provides voice guidance. These devices are available in the Shimoiida Branch, Kofu Station Sub-Branch (CELEO KOFU), as well as the Kofueki Kitaguchi Sub-Branch.

At the Kawaguchiko Branch, an intercom and electronic chime for guidance have been installed near the sidewalk, and a system has been established to guide customers to the inside of the branch by a staff member.



### ■ Installation of the "Kikoerundesu" dialogue aids

To allow customers with a hearing impairment and the elderly customers to communicate smoothly with branch staff, we have installed desktop-type conversion support equipment in our locations. These devices work by increasing the branch staff member's voice into an audible level for listeners. These devices are available in all of our branches.



### ■ Customer assistance system

The Bank offers a system for customers with physical disabilities to make reservations to visit a branch ahead of time to ensure that their visit proceeds smoothly. Prior to the customer's visit, a representative from the branch will call the customer and inform them about the necessary documents and how the procedures will be handled, thereby ensuring that the branch visit is smooth and successful.

### ■ Assignment of dementia supporters

The Bank is striving to further improve services by showing consideration and paying attention to all types of customers and by building a community friendly to seniors with dementia and other people with special needs. As part of these efforts, the Bank has assigned dementia supporters to all its branches. The Ministry of Health, Labour and Welfare recommends that businesses have dementia supporters on-site.

## Business Strategy for Value Creation

### Message from the Senior Managing Director in Charge of Human Resources

#### Initiatives toward upgrading human capital management at the Yamanashi Chuo Bank Group

Based on the value creation process, at the Yamanashi Chuo Bank Group, we view our human capital as the most important and intrinsic capital needed to realize the materialities we have identified and solve management issues. As such, we make efforts in human resource development, internal environment improvement, and other initiatives.

In the Medium-Term Management Plan "TRANS<sup>3</sup> 2025," we are implementing management practices to recruit, develop, and utilize diverse human resources with high expertise that can enable the three transformation drivers (AX, DX, and SX) to steadily implement our strategies, to create value to offer to various stakeholders, and to realize a "well-being society."

Based on our Human Resources Development Policy, Internal Environment Improvement Policy, and Diversity, Equity, and Inclusion Policy, we will carry out initiatives to further upgrade our human capital management, while improving job satisfaction, skills, and motivation for a diverse group of human capital and helping them grow and succeed, thereby resulting in enhancement of the Group's profitability and corporate value.

In addition, we aim to be a group that continually increases corporate value while allowing everyone to work with vitality and demonstrate their own dazzling qualities.



Representative Director and Senior Managing Director  
Responsible for corporate planning, human capital,  
and the Regional Head Office

**Masahiko Yamadera**

### Establishment of Various Policies

In May 2024, we established the Yamanashi Chuo Bank Group Human Rights Policy and the Yamanashi Chuo Bank Group Diversity, Equity, and Inclusion Policy to send out the message both internally and externally about our approach for further upgrading our sustainable management.

#### Yamanashi Chuo Bank Group Human Rights Policy

The Yamanashi Chuo Bank Group recognizes that respect for human rights is one of the most important responsibilities for the realization of sustainable local communities and a sustainable increase in corporate value, and strives to respect the human rights of all stakeholders through its business activities.

#### Yamanashi Chuo Bank Group Diversity, Equity, and Inclusion Policy

With the slogan "Create and utilize change," we will achieve a sustainable increase in corporate value by getting individuals to recognize the personalities and values of one another and creating changes, and by transforming these changes into organizational strength.



A meeting of the Colors diversity promotion team

Initiatives toward Realizing Human Capital Management

- We have established a policy for realizing human capital management, and we are rolling out measures toward recruiting and developing human capital, boosting employee engagement, and taking other initiatives.
- As a result of rolling out our measures, we are sustainably increasing our corporate value and improving job satisfaction for employees, while also contributing to the sustainable development of the region.



Human Resources Development Policy

- We engage in initiatives to develop people, who are at the foundation of human capital management.
- We will develop highly specialized human resources in diverse fields who will be the driving force in meeting the increasingly diverse and sophisticated needs of our customers and local communities, resolving identified materialities, and supporting sustainable regional growth.

	FY2022	FY2023	FY2024 (Targets)
Total training hours per year (inside the Bank)	48,339 hours	46,651 hours	-
Training hours per person	30.3 hours	29.3 hours	30.0 hours
Investment amount in human resources development	81 million yen	210 million yen	220 million yen

\* From FY2023 onward, the personnel cost of 101 million yen has been included under the category of “seconding and dispatching for training” within “investment amount in human resources development” for employees who are seconded or in training (22 people). In addition, the result for FY22 was 179 million yen when this category of personnel cost that amounted to 98 million yen (for 21 people) was included.

Cultivation of human resources who promote DX

- We engage in initiatives to develop human resources who promote DX in the region.

<div>Human resources specialized in DX Advanced</div> <div>DX Managers (certification within the Bank) Intermediate</div> <div>DX Planners (certification within the Bank) Elementary</div>		FY2022	FY2023	FY2024 (Targets)
	Certified human resources specialized in DX (cumulative total)	11	18	26
	Certified DX Managers (cumulative total)	0	87	100
	Certified DX Planners (cumulative total)	168	337	500
	DX promotion human resources development expenses	7 million yen	11 million yen	-
	Number of local DX support initiatives	42	150	300
	Revenue from local DX support initiatives	10 million yen	12 million yen	36 million yen

Voice

Consultation Sales Division  
K. Shiraishi



**Promotion of growth and improved productivity for local companies by encouraging digitalization**

I have been involved in ICT consulting work since October 2023, with a focus on small and medium enterprises. I saw a job posting for a dedicated ICT consulting role in the internal open recruitment system. I decided to apply for the role because I found it appealing to be able to support the main business in a different way compared to my previous financial work.

After being appointed to my role in this division, I participated in an external ICT human resource development program, where I learned all of the relevant processes from the analysis of a company's current status to the extraction of issues and the proposal of solutions. At present, I accompany branch representatives to speak with customers about their issues and propose ways to solve these issues.

Many ICT tools have been provided in recent years. Utilizing these tools is an extremely effective way to streamline operations and improve productivity internally. However, many managers may be unsure regarding what to do and the approach they should take. At Yamanashi Chuo Bank, we take care to provide ICT consulting that suits the needs of customers while acting as someone for customers to consult with and who has a deeper understanding of customers. Going forward, we will continue to make efforts to support the growth of local companies and economies by spreading digitalization among customers.

Development of expert and diverse human resources

- We are developing diverse human resources that can work on solving issues for local communities and customers.

	FY2021	FY2022	FY2023	FY2024 (Targets)
Persons who have highly difficult qualifications	12	17 (17)	20 (37)	More than 50 (cumulative total in the Medium-Term Management Plan)
Qualification support fee	3 million yen	3 million yen	4 million yen	5 million yen
Number of employees seconded or dispatched externally	30	32	31	30
Number of employees dispatched for external training	17	30	42	45

Human resource development with programs to develop new businesses and services

- To resolve regional issues and customers' issues, we are engaging in human resource development initiatives for providing new value and services.

	FY2022	FY2023	Remarks
New business concept project	-	10	One-year project research program held among managers in FY2023
New business development project	20	-	Two projects carried out, with two businesses under consideration for continuation

\* New business concept project: A project research program that utilizes the MPD curriculum at the Graduate School of Project Design  
\* New business development project: An initiative that aims to develop new businesses while receiving support from external professional organizations



Internal Environment Improvement Policy

- We will pursue initiatives that promote organization establishment that allows diverse human resources to maximize their abilities and feel job satisfaction, and to create a system where they can feel fulfilled in their work, family, and life.

Initiatives and support for realizing career plans

- We provide places and opportunities for individuals to expand their range of activities and to build experiences that can help them shape their careers.

My career coordination program	Number of users (number of applicants) (FY2022)	Number of users (number of applicants) (FY2023)
Post challenge	5 (9)	9 (16)
Side job (internal concurrent employment)	10 (11)	46 (49)
Job trials (internal concurrent employment)	43 (48)	64 (66)

\* The difference between the number of applicants and the number of users is due to the fact that the number of applications exceeded the number of openings.  
\* From FY2023 onward, 32 participants (35 applicants) from the DX Manager development program have been included under the category of side job (internal concurrent employment).  
In addition, the result for FY2022 was 41 people (45 applicants), including 31 participants (34 applicants) in this program.

Side job system	Number of users in FY2022	Number of users in FY2023	FY2024 (Targets)	Side jobs: Data analysis, fireworks event management, jewelry sales, grape cultivation, and others
Side job (outside)	10	14	20	

Voice

Corporate Planning Division  
K. Etori



**Self-growth and value provided to local communities through the side job system**

I currently work in a position that encourages transformation inside and outside of Yamanashi Chuo Bank by using AI, data, and other digital technologies. Up until a few years ago, I worked in sales for corporations at a branch, and I felt that I could not provide the best possible proposals for customers' issues, due to my own deficiency in IT skills.

In light of this, I utilized the side job system with the purpose of improving my skills in IT. I began running a blog, engaged in web design, and conducted other activities as well. In addition to gaining insight and gathering information in the IT field, I have also joined new communities and cross-industry exchange meetings that I would not usually interact with, in order to improve my knowledge.

It is difficult to gain further understanding in IT skills by simply acquiring knowledge; it is vital to take action and produce outputs as well. I have utilized the side job system as an opportunity to create outputs, thereby allowing me to gain an understanding and a feel for how things work. This also serves as the driving force for new ideas from a different angle or perspective than before within my regular work in relation to issues in local communities and companies.

These activities in my side job have helped me grow while also supporting the creation of new ideas and innovation in the operations of Yamanashi Chuo Bank, which can bring greater contributions to the region and help enhance the Bank's performance.

Environment improvement for diverse work styles

■ As part of our initiatives to support a work-life balance, we are building an environment to enable this by introducing a teleworking system and a flextime system and expanding the systems related to leave and childcare, while also promoting the use of these systems.

	FY2021	FY2022	FY2023
Number of users of the telework system (total)	3,618	3,687	2,579
Rate of paid leave taken	65.2%	71.5%	73.6%
Ratio of male employees taking childcare leave	16.4%	115.2%	72.2%
Ratio of female employees taking childcare leave	97.7%	111.8%	81.8%

\* Ratio of male employees taking childcare leave: Number of male employees who took childcare leave in the relevant fiscal year / Number of male employees whose spouses gave birth during the relevant fiscal year  
\* Ratio of female employees taking childcare leave: Number of female employees who took childcare leave in the relevant fiscal year / Number of female employees who gave birth during the relevant fiscal year

	FY2021	FY2022	FY2023
Number of participants in meetings held to exchange information on support for returning to work after childcare leave	18	18	20
Number of meetings held to exchange information on support for returning to work after childcare leave	1	2	2
Number of employees using the shorter working hours system for childcare	33	24	48



Employee engagement survey

- We held an engagement survey in October 2023.
- We investigated the expectations and reality in the eyes of employees regarding 16 areas, such as carrying out work and corporate culture. We visualized the difference between expectations and reality as an EX score, thereby highlighting issues.
- In light of these issues, we plan to revise personnel systems and hold training on the operation of these systems. In addition, we aim to improve the environment to resolve issues at each workplace.



Initiatives to improve engagement

- We are engaging in efforts to boost engagement, such as visualizing issues by conducting employee engagement surveys, and holding environment improvement activities to resolve issues.

	FY2021	FY2022	FY2023
Wage increase rate (including regular increases)	1.69%	2.66%	4.95%
Ratio of employees joining the Employee Shareholding Plan	85.0%	84.0%	84.9%

Initiatives to foster an awareness of compliance

- We engage in efforts to enforce compliance, which is the fundamental and most important area to tackle in all our initiatives.

	FY2022	FY2023
Compliance check sheet response rate	100%	100%
In-house training participation rate	100%	100%
Number of group training participants	322	326

Diversity, Equity, and Inclusion Policy

- We will achieve a sustainable increase in corporate value by getting individuals to recognize the personalities and values of one another and creating change, and by transforming these changes into organizational strength.

Ratio of female managers, and ratio of female managers and supervisors

- From the viewpoint of demonstrating and promoting the abilities of diverse human resources, we are engaging in initiatives for development and support to enable women’s empowerment.

	FY2021	FY2022	FY2023
Ratio of female managers	1.7%	4.1%	5.8%
Ratio of female managers and supervisors	13.1%	14.8%	17.2%

- We are carrying out the initiatives given below to develop female managers and supervisors.

Program	Participants (previous fiscal year)	Target	Description
(Women’s) career program	3 (10)	Supervisors	This program was newly established in FY2022 for female supervisors. It involves three group training sessions, individual interviews with mentors, and other activities. In FY2023, some of the content in this program was changed and male employees were allowed to join as well (3 women/16 employees total).
Next-generation manager training	1	Supervisors	This program is for supervisors who aim to become managers. It involves four group training sessions, and discussions with inside and outside directors.
Exchange meeting for female managers and supervisors	7	Supervisors	This meeting enables interactions with Shizuoka Bank and the Bank of Nagoya. It involves information sharing and exchanges of opinions among female managers and supervisors (the number of participants here represents supervisors only).
Female employee career training program	2	Supervisors and chiefs	Participants join a women’s career training program held by Shizuoka Bank, involving two group training sessions, and one online session.

\* There is not a large difference between the number of male and female employees at the level of chief and below, and they join training programs not limited to women in equivalent numbers.

Reinforcement in the recruitment of experienced individuals (welcome back system)

- To create opportunities for securing expertise and creating innovation through the fusion of people with diverse experience, we are utilizing the welcome back system and recruiting through referrals, as well as implementing other new recruiting methods to bolster our initiatives for recruiting experienced individuals.  
[Welcome back system]
- We are creating a system for re-hiring retired bank employees and are notifying people both internally and externally. At the same time, we are conducting efforts to appoint these individuals.  
[Carrying out new recruitment methods]
- Regarding the recruitment of experienced individuals, we are not only utilizing major personnel referral services, but also utilizing a recruitment-style employment process and introducing other new recruitment methods to secure diverse human capital.

	Cumulative total for the past 3 years	FY2023
Experienced individuals recruited	4	17
Of which, those recruited in the welcome back system	1	3

Voice

Eastern Region Head Office  
M. Kobayashi



Renewed efforts to play an active role while regaining the sense of serving as a bank employee

After leaving Yamanashi Chuo Bank, I became a librarian, which was my dream job. Apart from my regular library duties such as selecting and receiving books, operating the counter for lending and returning books, and organizing meet-ups for talking, I also recorded videos for YouTube, carried out plans for events, managed accounts for Instagram, X, and other social media platforms, and worked to renew the library website. I gained experience in many areas through these activities.

My work as a librarian was enjoyable and every day was fulfilling, but I could only be appointed for the position for a single fiscal year at a time. I considered changing jobs after thinking about my future in terms of wages and bonuses, and just then, a friend who joined Yamanashi Chuo Bank at the same time as me informed me about the welcome back system. Compared to the time before I left, Yamanashi Chuo Bank has more systems related to improving skills and career development. I found it appealing that I could realize self-growth through these systems, and so I decided to return to the Bank.

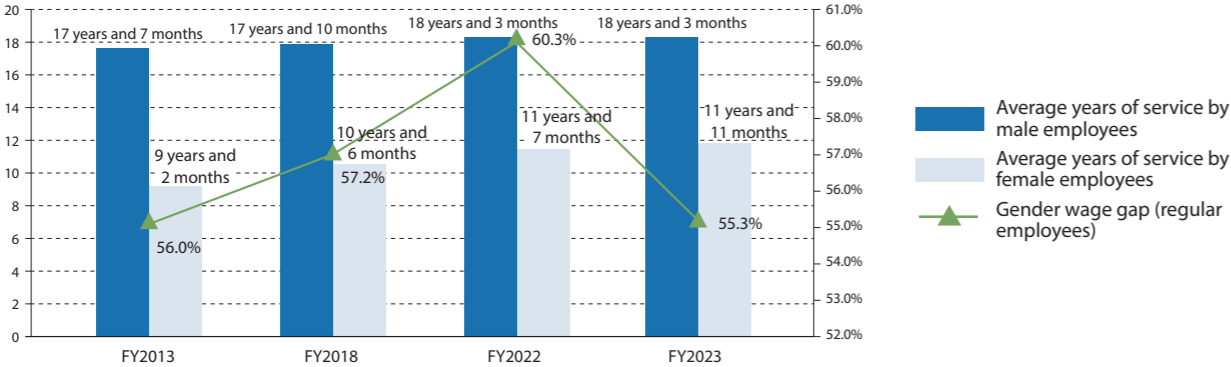
When I returned to Yamanashi Chuo Bank after five years, it took all of my effort to just get used to all of the changes in the various systems, but I am gradually regaining the old feeling of working as a bank employee. Currently, I am in charge of internal operations at the counter, as well as in withdrawals, deposits, inheritance, and other areas. I will make renewed efforts to play an active role at Yamanashi Chuo Bank.

Gender wage gap (ratio of women’s wages to men’s wages)

■ We are expanding systems and conducting training programs to promote diverse work styles and career development, among other initiatives to encourage women to continue their careers and to improve the ratio of female managers and supervisors. Through these efforts, we are correcting the wage gap between men and women.

	FY2013	FY2018	FY2022	FY2023
Gender wage gap (regular employees)	56.0%	57.2%	60.3%	55.3%

- The wage gap among full-time employees is partly due to the fact that women have shorter service years than men and hold fewer managerial and supervisory positions.
- In FY2023, we made changes to reduce working hours for employees (abolishing days with extended work hours) and allow part-time employees to choose the same hours as other employees. As a result, the pay gap grew worse when part time-employees (permanent employees with the same working conditions as other employees) were included under the category of full-time employees. However, we are making progress in various initiatives to encourage women to continue their careers and to improve the ratio of female managers and supervisors, and so we expect improvements going forward.



Initiatives to improve regional financial literacy

■ In order to improve the vitality of local economies, develop local communities, create affluent lifestyles, and realize SDGs No. 4 “Quality Education,” we are engaging in efforts to improve financial literacy.

	FY2020	FY2021	FY2022	FY2023
Number of financial education sessions held	11	58	46	96
Number of participants	1,633	2,379	2,548	3,969
Number of field trips accepted	9	17	20	26
Number of trainees accepted for field trips	115	219	261	296
Number of visitors to the Financial Museum	815	1,360	1,115	1,459

\* The “Number of financial education sessions held” and “Number of participants” include on-site classes at schools and other institutions, as well as seminars on asset management, among other sessions.

<Voices of participants in financial education and visitors to the Yamanashi Chuo Bank Financial Museum>

- It was very easy to understand how price increases work and why asset management is so important. (Asset formation online seminar participant)
- I learned a lot. I understood what makes cashless convenient and what we need to be careful about. (Financial education at an elementary school)
- I didn’t get much financial education at high school, so I learned a lot. I didn’t know about the subject, so I was unsure whether I could teach children about it in the future. However, I was glad to be able to gain basic knowledge on the subject. (Financial education at a university)
- I think it provided an opportunity to think in concrete terms about appropriate decision-making ability with respect to age so that people can conclude contracts on their own. (Financial education at a high school (voice from a teacher))
- It is a very good place for providing educational activities about money. (Visitor to the Yamanashi Chuo Bank Financial Museum)

For more information on the Yamanashi Chuo Bank Financial Museum, please visit the website.



Initiatives toward Realizing Sustainable Local Communities

Responses to TCFD recommendations

The Yamanashi Chuo Bank has endorsed the Climate-related Financial Disclosure Task Force (TCFD) recommendations in November 2021 and is committed to addressing climate-related issues. We are handling climate-related information disclosure properly, such as by expanding the content of disclosed information based on the framework in the TCFD recommendations, and building relevant structures.

Governance

- In order to realize sustainable management, one of the Bank’s materialities is “maintaining a rich natural environment and passing it on to the future,” and the Bank is working to address climate-related issues.
- The Bank has established the Sustainability Committee that is chaired by the President. The Sustainability Committee meets monthly in principle to discuss and deliberate responses in relation to climate change as well as initiatives for the SDGs and ESG to realize a sustainable society.
- The matters it has discussed and deliberated on are submitted and reported to the Board of Directors via the Managing Directors’ Meeting, thereby establishing a system to ensure appropriate supervision by the Board of Directors.

Corporate governance structural diagram

Board of Directors

Agenda/Report

Supervision

Board of Managing Directors

Agenda/Report

Instruction

Sustainability Committee

Head Office Divisions

Major matters discussed in FY2023

- Upward revision of CO<sub>2</sub> emission reduction targets
- Status of efforts and disclosure based on the TCFD recommendations
- Status of efforts and future actions to achieve sustainability management
- Human capital management and disclosure

Strategy

Climate-related risks and opportunities

- We have identified “climate change/global warming” as one of our material issues and are working to address both risks and opportunities.
- The risks (migration and physical risks) and opportunities associated with climate-related issues are analyzed qualitatively over short (3-year), medium (10-year), and long (30-year) time horizons.

	Risks	Time	
Transition risk	Risks associated with changes in climate-related regulations and taxation systems that may affect customers’ businesses	Short-term	
	Risk of a share price decline due to continued over-investment in fossil fuel-related businesses	Short-term	
	Risks associated with the impact on customers’ businesses due to market changes caused by decarbonization-related technologies	Long-term	
	Physical risks		
Physical risks	Risk of business stagnation due to damage to real estate collateral resulting from wind or flood damage, etc., or damage to customers’ business locations	Medium-term	
	Risk of interruption or inability to operate branches due to damage to the Bank’s business facilities caused by wind or flood damage, etc.	Medium-term	
	Opportunities	New financial products and services to support the transition to a decarbonized society	Medium-term
		Increase in public works projects for disaster countermeasures and corporate demand for equipment financing, etc., for climate-related reasons	Medium-term
Lower operating costs through resource and energy conservation at sales branches		Long-term	

Scenario analysis

• **Transition risk**  
Among the sectors considered to be easily affected by matters related to climate change, we calculated the impact that these sectors have on climate change and calculated our loan portfolio, whereupon we selected the energy sector and transportation sector for the scope of analysis.

Utilizing data on carbon pricing from sources including the Net-Zero Emissions by 2050 Scenario (NZE Scenario) in the World Energy Outlook report from the International Energy Agency (IEA), we made predictions about financial deterioration with respect to borrowers up to 2050, and we analyzed changes in credit-related costs.

• **Physical risks**  
For physical risks, we conducted an analysis of the financial impact of flooding on our business loan borrowers under the Intergovernmental Panel on Climate Change (IPCC) RCP 2.6 scenario (2°C scenario) and RCP 8.5 scenario (4°C scenario), and the increase in credit-related costs due to damage to collateral properties.

Carbon-related assets

• Carbon-related assets are defined by four sectors. The percentages of the four sectors’ loans relative to the Bank’s loan balance is shown in the chart on the right.

Scenario	1.5°C scenario
Scope of analysis	Energy sector (petroleum, gas, and electrical power) and transportation sector
Analysis technique	Based on the transition risk, we calculated the impact from the introduction of carbon pricing and other factors, estimated the change in finances among relevant customers, and calculated the increase in credit cost resulting from changes in debtor categories
Analysis period	Up to 2050
Analysis results	Credit-related costs are expected to increase by 2.0 billion yen

\* The energy sector excludes areas related to renewable energy.

Scenarios	The IPCC’s RCP 2.6 scenario (2°C scenario) and RCP 8.5 scenario (4°C scenario)
Scope of analysis	Business loan borrowers (2,000 largest borrowers and borrowers with collateral)
Analysis technique	Calculated the increase in credit-related costs on a trial basis in consideration of the probability of the occurrence of a flood for each climate change scenario, after taking into consideration the impact on the financial condition of business loan borrowers and impairment of the value of real estate collateral at the time of a flood
Analysis period	Up to 2050
Analysis results	Credit-related costs are expected to increase by 1.2 to 2.3 billion yen on a cumulative basis

(Based on March 31, 2024)

Energy	Transportation	Materials and structures	Agricultural, food, and forestry products
2.24%	10.18%	21.78%	2.42%

\* The energy sector excludes areas related to renewable energy.

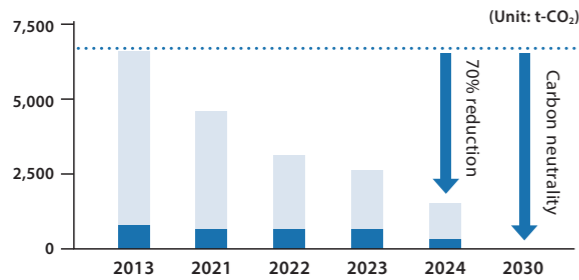
Risk management

- We recognize that the transition risks and physical risks resulting from climate change are significant risks that could significantly impact the Bank's business operations and strategic and financial plans. In the future, we will assess and analyze the impact related to such risks and develop a management system for climate change within the framework of integrated risk management.
- In addition, based on the results of the scenario analysis of transition risk, physical risks, and other factors, we will create shared value by strengthening dialogues with customers, identifying their issues and needs, and providing optimal consulting services to address climate change and the transition to a decarbonized society.
- We have established the Yamanashi Chuo Bank Group Investment and Loan Policy and are working to solve the environmental and social issues that our customers and regional communities are facing by actively supporting businesses that help to solve environmental and social issues, while reducing investments in and loans for specific sectors that have a negative impact on the environment and society.

Indicators and targets

CO<sub>2</sub> emission reduction targets and results (Scope 1 and Scope 2)

- We will make active efforts to reduce our CO<sub>2</sub> emissions, while also contributing toward initiatives for realizing a decarbonized society and solving local environmental issues.



Medium-term target (FY2024)	At least a 70% decrease by FY2024 compared with FY2013
Long-term target (FY2030)	Achieve carbon neutrality by FY2030

	Scope 1	Scope 2	Total	Reduction rate
FY2013	834	5,659	6,493	-
FY2021	682	3,858	4,540	30.08%
FY2022	707	2,367	3,074	52.66%
FY2023	702	1,865	2,567	60.47%

\* We have added emissions from gasoline use to the Bank's greenhouse gas (CO<sub>2</sub>) emissions (Scope 1 and Scope 2) in the periodic reports under the Act on the Rational Use of Energy.  
In addition, we have revised the previous information disclosure from FY2022.  
Scope of CO<sub>2</sub> emissions: Scope 1: Direct emissions (including heavy oil, gas, and gasoline), Scope 2: Indirect emissions (electricity)

Support for Scope 3

- We are working to expand the range in which we measure CO<sub>2</sub> emissions, and have calculated Scope 3 emissions.
- We understand that Category 15 in Scope 3 is an important indicator for financial institutions to ascertain the risks and opportunities in relation to climate change. As such, we included loans for business corporations in Japan within the calculation, while referring to the measurement method in the PCAF Standard.
- We will continue to engage in efforts to refine measurements.

Scope 3 emissions (t-CO <sub>2</sub> )	FY2022	FY2023
Category 1 (Products and services purchased)	4,642	5,049
Category 2 (Capital goods)	1,803	3,442
Category 3 (Fuel and related activities not included in Scope 1 and Scope 2)	517	491
Category 4 (Transportation and shipping (upstream))	896	889
Category 5 (Waste generated by businesses)	253	339
Category 6 (Business travel)	313	304
Category 7 (Employee commuting)	928	893
Category 15 (Investments)	-	3,112,250

\* The calculated emissions for Categories 8 to 14 are all zero.  
Disclosed emissions and other related data may change following future expansions to the range for calculations, changes in the calculation method, or increased detail in the data used.  
In the calculations for Category 15, the measured financial balance was from March 31, 2024 and the financial data was the latest data from financial results up to March 31, 2024.  
Additionally, CO<sub>2</sub> emissions are calculated by taking the emissions or estimated emissions disclosed by companies, and multiplying this figure by the percentage of the fund procurement amount within the Bank's financial balance.

Sustainable finance investment and loan amount targets and results

- In May 2024, we revised our medium-term target for the amount of sustainable finance investments and loans to "350.0 billion yen or more by FY2024" in order to accelerate our initiatives to address environmental and social issues toward the realization of sustainable regional communities.

Original targets		Revised targets	
Medium-term target (FY2024)	250.0 billion yen or more	Medium-term target (FY2024)	350.0 billion yen or more
Long-term target (FY2030)	800.0 billion yen or more (including environmental finance of 400.0 billion yen or more)	Long-term target (FY2030)	800.0 billion yen or more (including environmental finance of 400.0 billion yen or more)

\* We will deliberate on long-term targets when establishing the next Medium-Term Management Plan.

FY2023 results	Sustainable finance	Of which, environmental finance
Cumulative results through FY2023	247.3 billion yen	123.1 billion yen

\* Sustainable finance: Investments and loans that help solve social and environmental issues, thereby driving progress toward realizing sustainable regional communities  
Environmental finance: Investments and loans that fund initiatives to reduce environmental impact and combat climate change in order to curb global warming and reduce its impact on regional economies

Initiatives for the environment

Introduction of electricity from renewable energy sources

Since April 2022, we have introduced CO<sub>2</sub>-free electricity generated at Yamanashi Prefecture's hydroelectric power plants, for our Head Office and computer center building. In June 2024, as part of our efforts to bolster initiatives toward further realizing a decarbonized society, we newly introduced the renewed "New Yamanashi Power 'Furusato Hydro Plan'" at two locations in Yamanashi Prefecture as well as at all locations in which this plan can be introduced (locations supplied with electricity at a high voltage; six locations in total).

As a result, we will be introducing electricity from hydropower generation at 10 of our locations in total.

In addition, Yamanashi Chuo Bank is the first business with a head office inside Yamanashi Prefecture that has introduced "New Yamanashi Power" at a location outside the prefecture.

Under this electricity plan, we can contribute to the prefecture's environmental conservation efforts by paying the electricity bills because part of the money from the basic electricity bill goes to initiatives such as the prefecture's environmental conservation projects.



Introduction of electric vehicles

As part of our efforts to address climate change and environmental preservation, we are promoting the conversion of our sales fleet to electric vehicles. So far, we have introduced 11 electric vehicles including ultra-compact battery-powered electric vehicles (BEVs).



Realization of carbon neutrality at some ATMs outside branches

We have achieved carbon neutrality for 10 ATM locations outside branches (15 machines) by purchasing "Yamanashi Prefectural Forest Offset Credits (J-VER)" according to the CO<sub>2</sub> emitted from running the ATMs. As a result, we achieved an annual reduction of approximately 32 t-CO<sub>2</sub>.



Voice

General Affairs Division  
H. Toshima



Creating appealing sites that are full of biodiversity

My personal purpose is to create a Yamanashi that is full of biodiversity, and contribute to an increase in corporate value. Yamanashi Prefecture is a tree-covered region, with forests making up 78% of the land. It is also surrounded by Mt. Fuji, the Southern Alps, Yatsugatake, and other mountains, and it boasts ample water resources. It is a beautiful prefecture with lush nature.

On the other hand, there is a rapid rise in temperature and an unmistakable increase in natural disasters such as heavy rain and tropical storms. As such, there is an urgent need to carry out decarbonization initiatives. I used to commonly see dark-spotted frogs and diving beetles in rice fields when I was a child, but they have now been designated as endangered species.

In a recent initiative, we installed beehives in the mountains where we conduct forest management activities, for honey bees that help pollinate about 70% of the world's foods. We also planted crimson glory vines, chocolate vines, and rhododendrons, as these are eaten by the Japanese dormouse, a designated Natural Monument in Japan.

With an aim to make Yamanashi Prefecture full of beautiful nature and biodiversity, I want to start by continually carrying out small-scale activities.

Initiatives for biodiversity conservation

Yamanashi Chuo Bank Group Environmental Policy

Based on the Sustainability Policy, the Yamanashi Chuo Bank Group, as a financial group based in Yamanashi Prefecture where around 80% of the prefecture's land area is covered with forests and is blessed with water resources, recognizes that passing on the rich natural environment to future generations is an important social responsibility. Based on this recognition, we will actively work to resolve environmental issues, including climate change issues, and biodiversity conservation, and we will contribute to the realization of sustainable regional societies.

Began biodiversity conservation activities in the "Yamanashi Chugin Biodiversity Forest"

We have launched activities to preserve biodiversity within a forest in Fuefuki City, Yamanashi Prefecture, with the name "Yamanashi Chugin Biodiversity Forest."

We are planting sawtooth oak seedlings, installing bee hives for honey bees that help pollinate agricultural produce and plants, and carrying out other efforts to preserve biodiversity in the area.



Donations and tree planting based on reductions in postal costs by exercising voting rights through the Internet instead

Shareholders can exercise their voting rights for the Annual General Meeting of Shareholders through the Internet, resulting in a reduction in postal costs. We have decided to make an annual donation equivalent to this reduction in costs to Present Tree,\* a project from NPO Environmental Relations that carries out local tree-planting activities. We also planted trees with the organization.

\* Under the banner of "planting seedlings as gifts," this project lets people from urban areas plant trees for themselves or important people in their lives at locations across Japan that require new trees, such as untended forests, woodlands affected by disasters, and old golf courses and farmland. The people gifting the trees work with the local community to help nurture the trees for 10 years after planting.

Recipient of donation	NPO Environmental Relations
Donated amount (Date of donation)	260,000 yen (January 10, 2024) (Calculated as follows: 793 people exercising their voting rights through the Internet × 78 yen in postage ≈ 60,000 yen, plus an additional 200,000 yen)
Number of trees planted	52 local broadleaf trees
Location of planting (Date of planting)	Ashigawa, Fuefuki City, Yamanashi Prefecture "Present Tree in Ashigawa, Fuefuki" (May 12, 2024)

Agreed and participated in initiatives

The Task Force on Climate-related Financial Disclosures (TNFD) is an international initiative to develop and provide a framework covering a wide range of information disclosure related to natural resources and biodiversity. We have expressed our agreement with this initiative and have participated in the TCFD's forum.

In addition, to resolve issues related to one of our materialities, "Maintaining a rich natural environment and passing it on to the future," we will join the "30by30 Alliance for Biodiversity."



"Shizuoka-Yamanashi Alliance" initiatives



Under the Shizuoka-Yamanashi Alliance, which is a comprehensive business alliance with Shizuoka Bank, both banks will share their know-how and utilize each other's management resources to achieve their missions in their respective regions and to contribute to the continuous maintenance and revitalization of local industries, while also maintaining their management independence and unique corporate brands and customer bases.

Collaboration in the finance field

Structured finance	Syndicated loan co-formation, etc.
Co-financing ¥87.2 billion	Collaborative action ¥38.9 billion

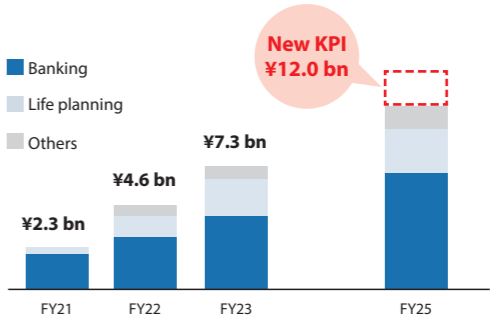
Achievements in the life planning field

Yamanashi main office of Shizugin TM Securities Co., Ltd.  
(Opened in the Head Office in April 2021)

Sales of assets under custody	Balance of assets under custody
¥50.2 billion	¥27.5 billion

Earnings benefits

FY2023 (single fiscal year)  
Approx. ¥2.76 billion  
125.9% of the single-fiscal-year target



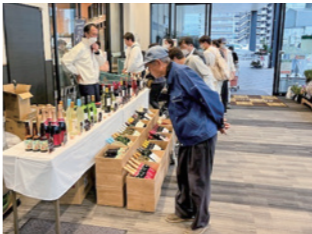
Cumulative total for five years (forecast)  
Approx.  
¥10.9 billion  
90.9% of the five-year target

Initiatives toward regional revitalization in Yamanashi Prefecture and Shizuoka Prefecture

By holding individual business discussion events with suppliers that are customers of both banks, as well as holding the "Buy Fujinokuni Direct Sales and Individual Business Discussion Event" in collaboration with Yamanashi Prefecture, we are working to support growth in the consumption of local products in Yamanashi and Shizuoka Prefectures, as well to spread information about these products.



Individual business discussion event with tabinoeki kawaguchiko base



Buy Fujinokuni Yamanashi direct sales event (Shizutesu Store, Nagaizumi)



Discussion between bank employees from both banks with the theme "Creating a Related Population" for both Yamanashi and Shizuoka Prefectures

Voice

Central Region Head Office  
K. Okada



Efforts for the development of Yamanashi Prefecture and Shizuoka Prefecture

I currently carry out work in asset creation, whereby I give advice to individual customers regarding financial asset management.

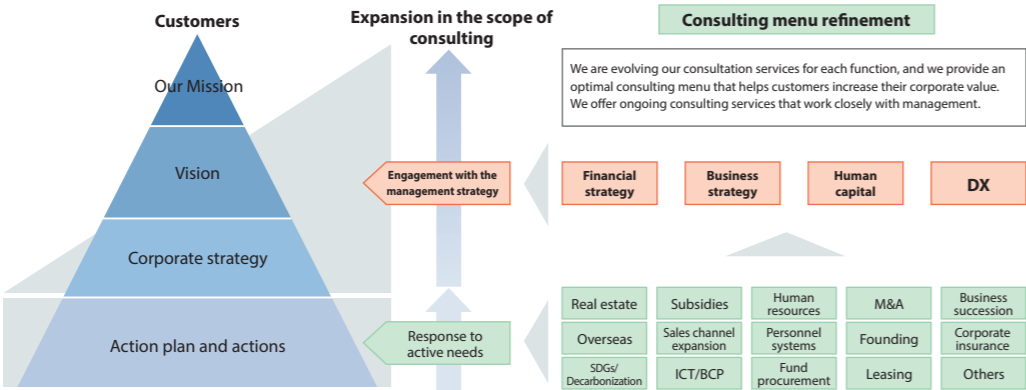
I was aware of the business cooperation between Yamanashi Chuo Bank and Shizuoka Bank, but I did not get the opportunity to actually participate in any exchange activities until recently. I had an interest in the alliance, and so I joined the "Exchange Event for the Third Anniversary of the Alliance."

The group discussion with employees of Shizuoka Bank at the exchange event brought me valuable experience. This group discussion was joined by bank employees from a wide range of ages. With a variety of viewpoints, we were able to share good points and issues that we would not have noticed on our own. After participating in the exchange event, I felt that it was necessary to further expand this alliance for the development of Yamanashi Prefecture and Shizuoka Prefecture.

Going forward, I aim to listen to customers in my work with a focus on their perspective, and to refer them to Shizugin TM Securities Co., Ltd. for matters that fall outside of the services at Yamanashi Chuo Bank. In this way, I would like to carry out my work with a strong awareness of what is going on around me.

Efforts to resolve regional issues related to sustainability (comprehensive support)

We provide various types of consulting services to customers at various life stages (founding period, growth period, stabilization period, stagnation period, and revitalization period) by leveraging the knowledge and network of the Group.



SDGs consultation

As part of our ESG finance initiatives, we provide SDGs consultation services to help companies achieve sustainable growth and drive regional development.

Our SDGs consultation services meet the various needs of companies, including backcasting, creating SDGs-related declarations, setting material topics, and providing support for creating booklets and posting on websites.

Through our consultation services, we will continue to build foundations for regional businesses to voluntarily act to achieve SDGs and help them engage in such efforts with a sense of ownership.

Decarbonization consultation

In order to achieve carbon neutrality, there is an accelerating trend toward decarbonization, which aims to reduce emissions of greenhouse gases such as CO<sub>2</sub>. For customers interested in these services, the Head Office staff provides management advice as well as support in collaboration with various external experts and consultants.

Fund procurement

We have established a system to support our customers' efforts to promote sustainable management from a financial perspective.

We offer the "Yamanashi Chugin Sustainability Linked Loan," in which interest rates and other loan terms vary depending on the achievement of SDGs/ESG-related targets set by the company, and "Yamanashi Chugin Positive Impact Finance," which analyzes the impacts of corporate activities on the environment, society and the economy and supports efforts to improve positive impacts and mitigate or reduce negative impacts.

Consultation for ICT introduction

As many companies focus on issues related to improving productivity and streamlining operations, we provide support for resolving these issues by introducing ICT (digitalizing work) and DX (transforming business through digitalization).

In our consultation service for ICT introduction, we provide tailor-made support to suit customers' circumstances and requirements, such as migrating from analog to digital, integrating data between systems, introducing cloud tools, and carrying out cybersecurity measures.

Status of efforts to support management improvements, business revitalization, business sector pivots, etc.

We engage in efforts to support management improvements and business revitalization while paying attention to each customer's individual circumstances. For example, in the case of customers who are affected by changes in the internal and external business environment, we provide support for drafting a revitalization plan and for carrying out various initiatives for improvement.

Status of efforts to support management improvements, etc.

(From Apr. 2023 to Mar. 2024)

Number of debtors at the start of the year, excluding normal borrowers (A)	1,836 businesses
Of which, businesses given support for management improvement (a)	146 businesses
Of which, businesses that moved to a higher debtor category at the end of the year (b)	12 businesses
Of which, businesses that drafted a revitalization plan (c)	100 businesses
Rate of support for management improvement (a / A)	8.0%
Rate of increase in category (b / a)	8.2%
Rate of revitalization plan drafting (c / a)	68.5%

Response to the guidelines on manager guarantors

The "Guidelines on Manager Guarantors" were published in December 2013. Based on the intent of these guidelines, we strive to further promote loans that do not rely on managers serving as guarantors, in light of the current status, trends, and real-world circumstances of our customers.

Number and ratio of loans, etc., that do not rely on manager guarantors

Category	From Apr. 2023 to Sep. 2023	From Oct. 2023 to Mar. 2024
Cases of new loans with no guarantor	1,594	1,691
Ratio of loans with no guarantor to new loans	50.2%	51.3%
Cases of terminating guarantor contracts	95	95

Number and ratio of manager guarantors during business succession\*

Category		From Apr. 2023 to Sep. 2023	From Oct. 2023 to Mar. 2024
Cases of terminating the guarantor contract with the previous manager, and not concluding a guarantor contract with the new manager	Number of cases	6	29
	Ratio to total	6.1%	29.6%
Cases of terminating the guarantor contract with the previous manager, and concluding a guarantor contract with the new manager	Number of cases	37	37
	Ratio to total	37.4%	37.8%
Cases of not terminating the guarantor contract with the previous manager, and not concluding a guarantor contract with the new manager	Number of cases	56	32
	Ratio to total	56.6%	32.7%
Cases of not terminating the guarantor contract with the previous manager, and concluding a guarantor contract with the new manager	Number of cases	0	0
	Ratio to total	0%	0%
Total	Number of cases	99	98

\* Status of action regarding concluding a guarantor contract with the new and previous managers at companies that have carried out procedures to change the representative and in which the previous manager serves as a guarantor

Initiatives to support asset succession (business succession and inheritance measures) and M&A

In light of issues with the lack of company successors across Japan, we provide services to organize management issues and suggest optimal solutions to suit each customer.

The Business Succession and M&A Promotion Team at our Head Office collaborates with branches, tax accounting firms, and other external professional organizations to support customers in business succession and M&A.



Voice

Consultation Sales Division  
Y. Haibara



"Aiming to be a bank that excels in semiconductors": Establishment of a project team with a customer-first approach

At Yamanashi Chuo Bank, we carry out activities through collaborations between branches and the Consulting Sales Department, in order to realize valuable consulting functions that put customers first.

The Consulting Sales Department has representatives for different sectors, such as medicine, agriculture, real estate, and jewelry, as well as representatives for each type of issue that customers may encounter, including business succession, M&A, ICT promotion, utilization of public support measures, utilization of human resources, and decarbonization. Together, these representatives support our customers.

I am in charge of supporting customers in the manufacturing industry, with a focus on the field of semiconductors. Yamanashi Prefecture is home to a cluster of companies related to semiconductor manufacturing equipment. The specialization coefficient—designating the ratio of industry specialization for each prefecture—for the semiconductor field in Yamanashi Prefecture is one of the highest in Japan, alongside Kumamoto Prefecture and Miyagi Prefecture.

Semiconductors are an important local and growing industry, so we established the "Semiconductor Project Team" in May 2024 to reinforce our system for supporting this industry. With the slogan "Aiming to be a bank that excels in semiconductors," this team aggregates information from internal and external sources while gaining a deeper organizational understanding of the semiconductor industry. These efforts help the team strive to bolster its capacity to provide information to customers and advance its financial support. With a wide age range spanning from managers to young bank employees, the team members share opinions based on their own perspectives, and explore approaches that will help customers.

This initiative has only just begun, but I would like to flesh out our initiatives with a sense of fulfillment, and I feel excited about being involved with the field of semiconductors—an industry that is gaining importance worldwide.

Initiatives for Finance Facilitation

Basic stance

Under Our Mission of “Region-Based Operations and Sound Management,” we actively engage in initiatives to promote loans that stay close to the local area, such as smoothly providing funds to local customers and supporting initiatives for management improvements.

While the impact from COVID-19 is on a falling trend, high resource costs and the weak yen have resulted in price increases that have severely affected customers at small and medium enterprises, as well as customers with housing loans. In light of this, we are carrying out an earnest and appropriate response based on the “Basic Policy on Finance Facilitation” regarding applications and consultations for providing new loans or changing the conditions of loans.

To further promote these initiatives, we regularly calculate the status of changes to loan conditions, as well as other statistics.

Going forward, we will strive to support solutions to management issues by providing new loans and changing loan conditions, while reinforcing initiatives for finance facilitation.

Major initiatives for finance facilitation

- Maintaining the organization
- Established and published the “Basic Policy on Finance Facilitation”
- Established a point of contact for consultations regarding repayments
- Established a “Point of Contact for Finance Facilitation” at every branch and Life Square
  - Established a “Point of Contact for Consultations on Holidays” at every Life Square
  - Established a “Point of Contact for Complaints and Consultations Regarding Finance Facilitation” at the Management Control Division
- Initiatives to support management improvements
- Selected companies with a strong need for management improvements, and reinforced our efforts to support them in this area

Point of contact for complaints and consultations regarding finance facilitation

We have established a dedicated point of contact for complaints and consultations from customers about making changes to repayment conditions and other similar matters. Details on this point of contact are given below.

Customer Service Office, Management Control Division

[Telephone number]  
0120-072-223 (toll-free)

[Hours]  
From 9:00 a.m. to 5:00 p.m. every Monday to Friday  
(Excluding national holidays and December 31 to January 3 of the next year)

Status of changes made to loan conditions, etc. (cumulative number of cases from March 10, 2020 onward)

[Status of response to applications from customers at SMEs]

(Unit: case)

	As of March 31, 2023	As of September 30, 2023	As of March 31, 2024
Number of loans for which applications were made to change conditions, etc.	4,891	5,891	6,834
Of which, number of cases executed (A)	4,627	5,545	6,407
Of which, number of cases declined (B)	28	39	51
Of which, number of cases under examination	96	114	161
Of which, number of cases withdrawn	140	193	215
Execution rate: A / (A + B)	99.4%	99.3%	99.2%

[Status of response to applications from customers for housing loans]

(Unit: case)

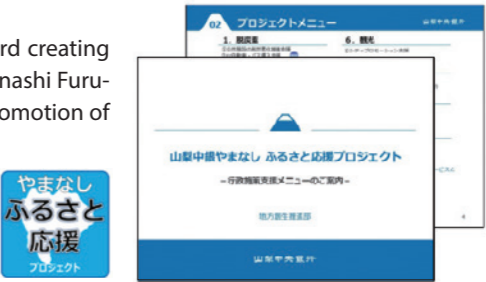
	As of March 31, 2023	As of September 30, 2023	As of March 31, 2024
Number of loans for which applications were made to change conditions, etc.	305	318	335
Of which, number of cases executed (A)	240	250	271
Of which, number of cases declined (B)	9	10	10
Of which, number of cases under examination	4	4	0
Of which, number of cases withdrawn	52	54	54
Execution rate: A / (A + B)	96.4%	96.2%	96.4%

Activities for Regional Revitalization

Yamanashi Chugin Yamanashi Furusato Support Project

To support administrative measures at local governments and contribute toward creating sustainable communities, the Bank has developed the “Yamanashi Chugin Yamanashi Furusato Support Project,” which provides a wide range of services to support the promotion of administrative measures.

The project utilizes the Bank’s management resources and network to give support for solving problems and carrying out measures at local governments, such as decarbonization initiatives, encouraging corporate versions of the Hometown Tax Donation Program, support for city marketing, and support for improving operational efficiency.



Initiatives to support solutions for administrative issues

We have developed the “Yamanashi Chugin Yamanashi Furusato Support Project” as an option to support the resolution of administrative and regional issues, and we are reinforcing our initiatives to support local governments within Yamanashi Prefecture in the promotion of administrative measures.

To stimulate the local economy through outdoor activities in Chuo City, we have concluded a “Collaborative Agreement for Regional Revitalization Based on Outdoor Activities” with Chuo City and Nordisk Japan Co., Ltd. As part of this agreement, we will support the operation of a trail run event to be held in November 2024 within the city, and we will conduct other efforts to help increase the number of people interacting with the city through outdoor activities.

Additionally, we have concluded a “Collaborative Agreement for City Marketing” in order to enhance awareness and perception regarding Yamanashi City. Going forward, we will support the promotion of strategic city marketing to increase the related population and resident population of the city, such as by searching for new local resources and sending out information.

In addition, to support the promotion of administrative measures through a robust partnership with local governments, we have welcomed employees from local governments in Yamanashi Prefecture (Kai City and Chuo City), and we are developing collaborative initiatives to revitalize local economies and solve administrative issues.



Support for measures that address the declining population

As part of our efforts to promote various measures that address the declining population in Yamanashi Prefecture, we have dispatched one bank employee in an exchange of human resources for reinforcing our collaborative initiatives with Yamanashi Prefecture. This employee is stationed at the “Population Decline Crisis Measures Headquarters Office” and assists with the promotion of a wide range of measures to overcome population decline through cooperation and collaboration between the public and private sectors.

By dispatching this bank employee, we are actively contributing to the planning and promotion of measures from Yamanashi Prefecture to address the declining population. We aim to boost the effectiveness of efforts to solve regional issues while also contributing to the revitalization of the regional economy of Yamanashi Prefecture as a leading bank.



Collaboration with universities

The Bank has concluded comprehensive cooperation agreements with the University of Yamanashi, Yamanashi Prefectural University, Yamanashi Gakuin University, and Yamanashi Gakuin Junior College, respectively, with the aim of revitalizing local economies through industry-academia collaborations. In January 2023, we concluded a comprehensive agreement with Teikyo University and are working to revitalize the local economy with new perspectives and ideas through an industry-academia collaboration across prefectural borders with a Tokyo-based corporation.

We also publish “Business Opportunities Direct from the University of Yamanashi,” which introduces the research activities of the University of Yamanashi. In addition, 85 employees of the Bank are working as “University of Yamanashi Visiting Social Collaboration Coordinators” to bridge the gap between industry and academia. In addition, we sponsor endowed courses held at Yamanashi Prefectural University, and we dispatch lecturers to open lectures at Yamanashi Gakuin Junior College to promote local financial education and to foster a love of one’s hometown.

We will continue to work for the prosperity of local communities and the revitalization of local economies to achieve the sustainable growth of each university and Yamanashi Prefecture.

Initiatives toward the creation of new tourism value

The tourism industry is one of the main industries in Yamanashi Prefecture, though it suffers issues including a fall in tourism consumption. To solve these issues and establish a new foundation for revenue, we have launched efforts to establish a tourism value creation business.

As part of these efforts, we collaborated with Anchor Ship Partners Co., Ltd. to plan a daytrip port district leisure tour in Yamanashi Prefecture for people on board the Asuka II luxury cruise ship that stopped at the Port of Shimizu. We conducted this tour to let people experience high-quality products and services with all five senses, as well as to expand tourism consumption by achieving greater awareness and perception through regional branding, and by increasing the number of people interacting with the area. In addition, in light of the growing needs for financial education at educational facilities, we have started to offer educational vacations for students that utilize the Yamanashi Chuo Bank Financial Museum, with the aim of improving the financial literacy among young people. We collaborate with travel agencies to sell financial education tours to junior high and high schools across Japan, with a financial museum tour, a financial seminar, and game-based financial learning in a single package.



Collaboration agreement with W TOKYO Inc.

We concluded a “Collaboration Agreement on Regional Development” with W TOKYO Inc. for the purpose of creating new business areas by expanding our contact points with young people and strengthening regional branding and information dissemination. W TOKYO Inc. has successfully created a new form of culture for young people by providing the “Tokyo Girls Collection” platform.

Through this agreement, we will create synergies not seen in the financial industry to date by developing a business that combines and multiplies financial and non-financial management resources.

In addition, through these initiatives, we aim to broaden our contact with the younger generation while realizing a well-being society that is prosperous and full of vitality and happiness, as well as achieving our purpose.



©W TOKYO joint press conference on the conclusion of the collaboration agreement

Joint investment in Hyakunen Solar Yamanashi Co., Ltd.

In April 2023, together with the Yamanashi Prefectural Enterprise Bureau, Mitsubishi UFJ Trust and Banking Corporation, and Hirasol Energy Corporation, we made a joint investment (strategic holding) in Hyakunen Solar Yamanashi Co., Ltd.—which is responsible for the consolidation of solar power plants in Yamanashi Prefecture, streamlining of operation and management through digitalization, extension of the service life of facilities, and other efforts—by way of a third-party allocation of new shares and underwriting.

Hyakunen Solar Yamanashi Co., Ltd. has the technology to increase the ratio of renewable energy sources through the performance regeneration (repowering) of solar power plants. Going forward, we will utilize this technology to achieve long-term, stable power generation from solar power plants in the region and to prevent the abandonment of aging solar power plants after the FIT period ends.

In collaboration with Hyakunen Solar Yamanashi Co., Ltd. and other local stakeholders, we will contribute to the creation of a sustainable community by promoting the decarbonization of the region through the encouragement of local production and local consumption of electricity.



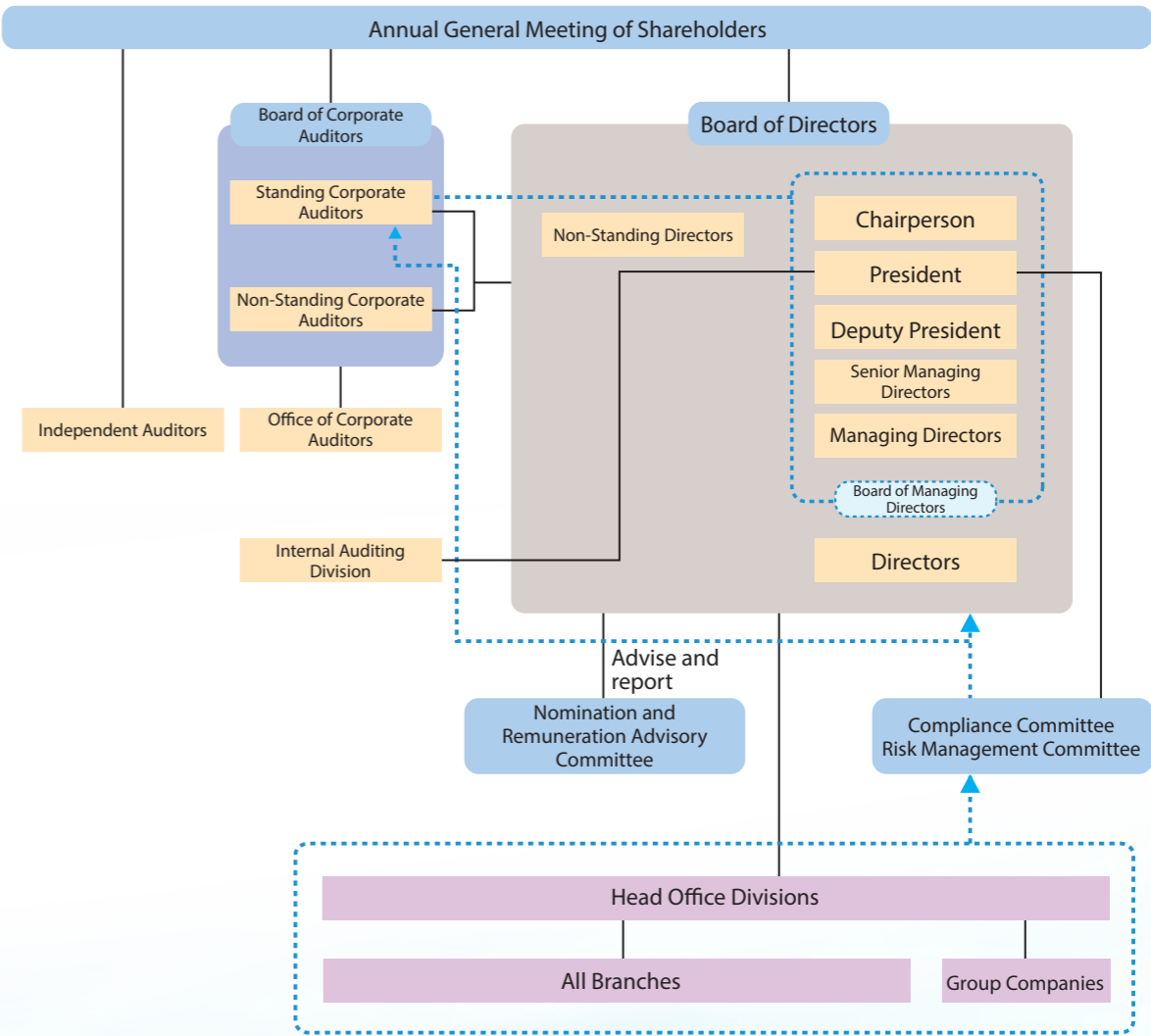
Corporate Governance

Basic policy on 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 communities it serves, by such means as maintaining the Group’s sound management and assuring management transparency, 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, including by maintaining high ethical standards among all management and staff members and ensuring the active disclosure of corporate activities.

Corporate governance structural diagram



Voice

Regional Revitalization  
Promotion Division  
New Business  
Exploration Team



A new step for Yamanashi Chuo Bank as it grows with the local community

The Regional Revitalization Promotion Division has focused its efforts on exploring a new revenue source by providing support in solving regional issues, based on its strategy to increase business capacity, one of the Basic Strategies in the Medium-Term Management Plan “TRANS<sup>3</sup> 2025.” We have been engaging in ongoing dialogue with a wide range of stakeholders including local businesses, governments, and universities, as we work together to identify regional issues and explore solutions, thereby considering new business ideas.

We are making progress in realizing new businesses to solve regional issues with the aim to serve as a good partner for local businesses in both financial and non-financial aspects. As part of these initiatives, we are driving efforts to launch new businesses that contribute toward regional revitalization.

These initiatives are an important step for Yamanashi Chuo Bank to grow together with the area and contribute to the sustainable development of regional communities. Going forward, we will continue to deepen our cooperation with the region while taking on challenges for new value creation.

Company institution details

We are a company with a Board of Corporate Auditors. The Board of Directors makes decisions on management policies and other matters of importance, and also oversees the execution of directors’ duties. Among the directors, the Board of Directors has three outside directors participating in positions independent of business execution, which enhances the management supervision functions of the Board of Directors.

Furthermore, the company has established a “Nomination and Remuneration Advisory Committee” as a voluntary advisory body to the Board of Directors, to ensure fairness, transparency and objectivity in the decision-making processes related to the appointment and dismissal of senior management (Managing Directors and above) and to the appointment and remuneration of directors.

The Board of Corporate Auditors makes decisions on auditing policies, planning, and methods, and it audits the execution of directors’ duties from a perspective that is independent of the Board of Directors.

In accordance with the basic management policies decided by the Board of Directors, there are also the following bodies: the Board of Managing Directors, which deliberates on and resolves priority matters related to the Bank’s overall management and business operations; the Compliance Committee, which deliberates on measures toward developing and establishing compliance structures along with monitoring the implementation of these measures; and the Risk Management Committee, which aims to effectively and flexibly manage risk in response to changes in the business environment.

Furthermore, the Bank has established an Executive Officers System to enhance corporate governance and is working to separate decision-making management functions from business operation functions.

The Bank has five Group companies engaging in businesses that include credit guarantees, leasing, credit cards, consulting, and investment advice, and it operates in an integrated manner to provide comprehensive financial functions.

The Board of Directors’ roles and matters for deliberation and reporting

The Board of Directors makes decisions on management policies and other matters of importance, and also oversees the execution of directors’ duties. Among the directors, the Board of Directors has three outside directors participating in positions independent of business execution, which enhances the management supervision functions of the Board of Directors.

Evaluating the effectiveness of the Board of Directors

The Bank evaluates and analyzes the effectiveness of the Board of Directors for the purpose of increasing the corporate value. Each year, we conduct an anonymous survey of all directors and auditors to assess the effectiveness of the Board of Directors. Starting in FY2024, we have implemented third-party evaluation to evaluate more objectively and make our governance more transparent and reliable.

The survey results were reported at the Board of Directors meeting in May 2024, where we recognized the directors’ roles and responsibilities and confirmed that the Board’s effectiveness is sufficiently ensured.

Some respondents said that the Bank carries out various initiatives to increase the Board of Directors’ effectiveness. Such initiatives include providing opportunities for dialogue between officers and employees, meetings of outside officers, and presentation of agenda items at management meetings. Furthermore, we shared the following challenges that need further work.

- 1. Continuing to provide targeted, clear and organized handouts to further activate the Board of Directors’ discussions
- 2. Further rationalizing the Board of Directors operation
- 3. Providing organized and continued support for the Board members by holding various seminars and sending them on inspection trips overseas so they can maintain and improve their skills and knowledge

Based on the effectiveness assessment results, we will sufficiently study the challenges facing them and continue to promote our initiatives to enhance the Board of Directors’ function.

Nomination and Remuneration Advisory Committee

As an advisory body to the Board of Directors, the committee deliberates on nomination and dismissal of directors and auditors, their remuneration, etc.

The committee consists of four or more directors, and at least 50% of them are nominated from among the outside directors. The committee chair is also nominated from among the outside directors.

Percentage of outside directors



Number of female officers



Reason for nominating outside directors

Name		Reason for nomination
	Outside Director <b>Michio Masukawa</b>	We expect Mr. Masukawa to supervise the decision-making process for important matters related to the Bank’s business operations and business execution, etc., drawing on his high level of expertise, extensive financial knowledge, and practical financial experience that he has gained through his career as a Bank of Japan branch manager, etc., and he competently fulfills this role. We have nominated him as an outside director, expecting him to continue fulfilling this role.
	Outside Director <b>Riyo Kano</b>	We expect Ms. Kano to supervise the decision-making process for important matters related to the Bank’s business operations and business execution, etc., drawing on her expertise and extensive experience as a lawyer, and she competently fulfills this role. Although she has not been directly involved in corporate management, we expect her to continue playing this role. Therefore, we have nominated her as an outside director.
	Outside Director <b>Miki Ichikawa</b>	We expect Ms. Ichikawa to supervise the decision-making process for important matters related to the Bank’s business operation and business execution, etc., drawing on her extensive experience in local administration and broad knowledge she has gained as an executive of the Yamanashi Prefectural Government, and she competently fulfills this role. Although she has not been directly involved in corporate management, we expect her to continue playing this role. Therefore, we have nominated her as an outside director.
	Non-standing Corporate Auditor <b>Yoshiyuki Nagahara</b>	Mr. Nagahara has extensive experience in the financial industry and broad knowledge on corporate management. We expect him to play such roles as supervising the Bank’s general business operations and giving useful advice as a non-standing corporate auditor. Therefore, we have nominated him as a non-standing corporate auditor.
	Non-standing Corporate Auditor <b>Minako Mizutani</b>	Ms. Mizutani has expertise, extensive experience, etc. that she has gained as a tax accountant. Although she has not been directly involved in corporate management, we expect her to play such roles as supervising the Bank’s general business operations and giving useful advice as a non-standing corporate auditor. Therefore, we have nominated her as a non-standing corporate auditor.
	Non-standing Corporate Auditor <b>Sachiko Yamaki</b>	Ms. Yamaki has expertise, extensive experience, etc. that she has gained as a lawyer. Although she has not been directly involved in corporate management, we expect her to play such roles as supervising the Bank’s general business operations and giving useful advice. Therefore, we have nominated her as a non-standing corporate auditor.

Board of Directors and Corporate Auditors

As of July 1, 2024

Directors



Representative Director and Chairman

**Mitsuyoshi Seki**



Representative Director and President

**Yoshiaki Furuya**



Representative Director and Senior Managing Director Responsible for corporate planning, human capital, and the Regional Head Office

**Masahiko Yamadera**



Managing Director Responsible for credit screening, general administration, systems administration, and business support

**Hideki Sato**



Managing Director Responsible for sales management, consulting sales, Tokyo business development, and regional revitalization promotion ; General Manager of Dai-ichi Tokyo Regional Head Office

**Tetsuya Naito**



Managing Director Responsible for general affairs, corporate management, and the international market

**Koichiro Kato**



Outside Director

**Michio Masukawa**



Outside Director

**Riyo Kano**



Outside Director

**Miki Ichikawa**


Skills matrix of members composing the Board of Directors

For this matrix, the skills that the Board of Directors should have were selected based on Our Mission of “Region-Based Operations and Sound Management” and materiality. The Bank’s Board of Directors is composed of members with diverse skills and expertise.

Name (Attribution)		Corporate management	Revitalizing local economies	Human resources strategy and diversity	Legal and risk management	Financial and accounting	Digital transformation (DX) and systems	Sales and consulting	Corporate screening and research	Capital market investment	Finance (Outside officers only)
Directors	Mitsuyoshi Seki	●	●		●					●	
	Yoshiaki Furuya	●		●	●		●				
	Masahiko Yamadera	●	●	●				●			
	Hideki Sato						●	●	●		
	Tetsuya Naito		●					●	●		
	Koichiro Kato			●				●	●		
	Michio Masukawa <span>Outside</span>	●				●					●
	Riyo Kano <span>Outside</span>			●	●						
Corporate auditors	Miki Ichikawa <span>Outside</span>		●	●							
	Kimihiro Asai				●	●				●	
	Norihiko Tanaka					●	●		●	●	
	Yoshiyuki Nagahara <span>Outside</span>	●								●	●
	Minako Mizutani <span>Outside</span>					●		●			
	Sachiko Yamaki <span>Outside</span>			●	●						


\* The above matrix does not represent all the expertise and experience that each person has. Based on each person’s experience, etc., for each person up to four areas are listed in which they are expected to demonstrate their particular expertise.

Corporate auditors




Standing Corporate Auditor

**Kimihiro Asai**




Standing Corporate Auditor

**Norihiko Tanaka**




Non-standing Corporate Auditor

**Yoshiyuki Nagahara**



Non-standing Corporate Auditor

**Minako Mizutani**



Non-standing Corporate Auditor

**Sachiko Yamaki**

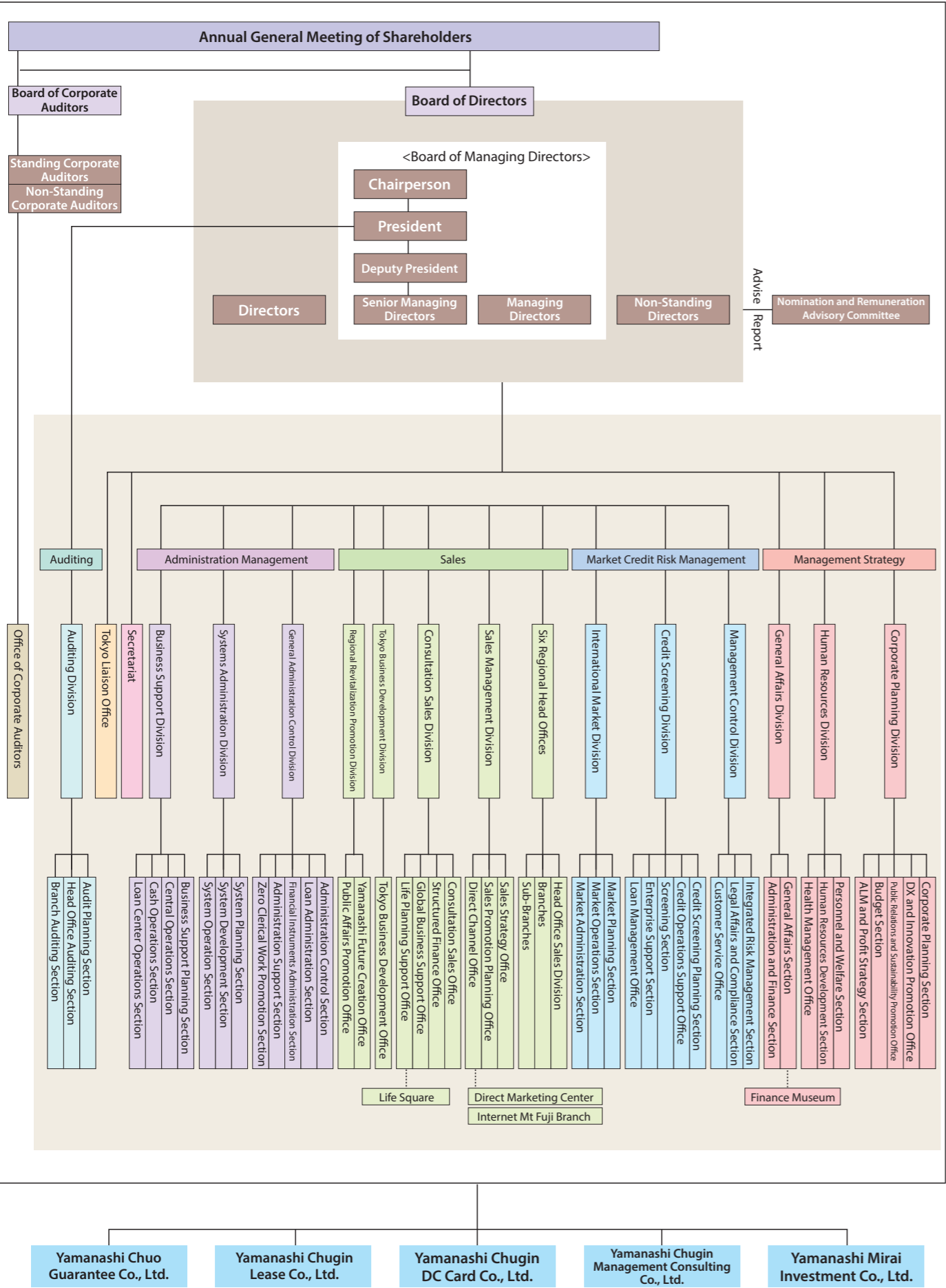
<Relationship between Our Mission and materiality and skill items>

Our Mission Materiality, themes, etc.			Skill items									
			Corporate management	Revitalizing local economies	Human resources strategy and diversity	Legal and risk management	Financial and accounting	Digital transformation (DX) and systems	Sales and consulting	Corporate screening and research	Capital market investment	Finance (Outside officers only)
Materiality	E	Maintaining a rich natural environment and passing it on to the future	◎	◎								
		Strengthening diverse cooperation and increasing the vitality of the regional economy		◎					◎			
		Realizing digital transformation (DX) and the digitization of regional communities						◎	◎			
	S	Creating shared value through high-quality UI/UX							◎			
		Creating an organization that supports the growth and success of diverse human resources			◎							
	G	Strengthening corporate governance and compliance	◎			◎	◎	◎		◎	◎	◎
Our Mission of “Region-Based Operations and Sound Management” is relevant to all skill items.												

\* Details of the materiality to be considered by the Bank can be found on page 19.

Organization Chart

As of July 1, 2024



Consolidated subsidiaries

Name of the company Date of establishment	Address	Paid-in capital (Millions of yen)	Lines of business	Percentage of voting rights owned (or indirectly held) by Yamanashi Chuo Bank (%)
Yamanashi Chuo Guarantee Co., Ltd. July 1, 1986	Kofu, Yamanashi	20	Loan guarantees, etc.	100.0 (-)
Yamanashi Chugin Lease Co., Ltd. April 6, 1987	Kofu, Yamanashi	20	Leasing operations, etc.	100.0 (-)
Yamanashi Chugin DC Card Co., Ltd. July 2, 1991	Kofu, Yamanashi	20	Credit card operations, etc.	67.5 (18.5)
Yamanashi Chugin Management Consulting Co., Ltd. August 2, 1996	Kofu, Yamanashi	100	General consulting services, venture capital services, etc.	87.5 (42.5)
Yamanashi Mirai Investment Co., Ltd. December 1, 2023	Kofu, Yamanashi	50	Investment advisory, etc.	100.0 (-)

Risk Management Measures

Basic policies for risk management

The operating environment surrounding financial institutions 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 conducting 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 are 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 formulate countermeasures.

The Bank allocates capital to ensure sound banking operations and the effective use of capital.

Risk Appetite Framework (RAF)

We have implemented the Risk Appetite Framework (RAF) as we work on incorporating management strategies into risk management practices.

The Bank positions the RAF as an initiative for planning specific measures based on the direction we will take to solve various issues and, ultimately, achieve our vision.

Specifically, twice a year analyze the business environment to clarify the challenges that we need to overcome to carry out the management plan and achieve the Long-Term Vision. To tackle the identified challenges, the ALM Committee formulates policies as risk taking policies. Based on the formulated risk taking policies, the divisions, including branches, create comprehensive budgets and explain them to all bank employees upon the Board of Directors’ approval.

Then, each division operates within their comprehensive budget. Before carrying out business activities, they consult their comprehensive budget to assess them and make sure they will be carried out within the budgetary constraints. Meanwhile, the risk management division monitors and evaluates the divisions’ performance against the initial risk appetite limits. If they are about to exceed the limits, the risk management division analyzes the causes and takes countermeasures. The divisions’ performance against their comprehensive budgets and risk management situations are reported monthly at the Board of Directors meeting. The management identifies how the divisions are managing the risk and return and instruct them to improve the situation as needed.

Through this initiative, the management aims to incorporate management strategies into risk management practices and appropriately control the risk for the entire Bank. This also enables the management to share identified revenue and risks throughout the Bank, nurturing a culture of appropriately operating and managing the business.

Initiatives to incorporate management strategies into risk management practices by utilizing the RAF in operating and managing the business



Compliance and Initiatives for Protecting Customers

Compliance and basic policies about protecting customers

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

The Bank has positioned compliance as one of its top management priorities. In order to maintain and further solidify our relationships of trust with our customers, we are working to establish and bolster our compliance framework, centered on the Compliance Committee. In addition, the Bank has appointed a Compliance Officer in each Head Office division and in all branches. Compliance Officers advance compliance initiatives in their respective workplaces.

Specifically, we formulate a Compliance Program each fiscal year, which serves as an action plan for achieving compliance. The Compliance Program details specific measures for compliance with laws and regulations, as well as compliance training plans and other contents, and each Head Office division and branch works together to execute the program.

We have also created a Compliance Manual that serves as a handbook for achieving compliance. The Compliance Manual explains Our Mission of “Region-Based Operations and Sound Management,” as well as the Nine Principles of Compliance that are based on corporate ethics and social norms, along with explaining finance-related laws and regulations, among other topics. This Compliance Manual highlights the importance of compliance.

In response to societal demands, the Bank has included clauses to exclude organized crime groups in various agreements and transaction provisions in order to further strengthen our efforts to block relationships with anti-social forces such as organized crime groups.

Going forward, the Bank will continue to further strengthen its compliance framework.



Basic policies on the prevention of money laundering and terrorist financing

The Group sees the prevention of money laundering, terrorist financing, counter proliferation financing and violation of sanctions (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 with the appropriate cooperation of all the relevant departments.

3. Risk-based approach

In accordance with a risk-based approach, the Group will identify and evaluate in a timely and accurate 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 authorities 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 risks. In the event that the correspondent bank is a shell bank or it has permitted a shell bank to use its account, the Group will not conclude or maintain a correspondent agreement with that 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 their understanding of measures to prevent ML/TF across the entire organization. Concurrently, the Group as a whole will foster a corporate culture that resolutely deals with ML/TF.

7. Internal audit

The independent Internal 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.

Customer-Centric Business Practices

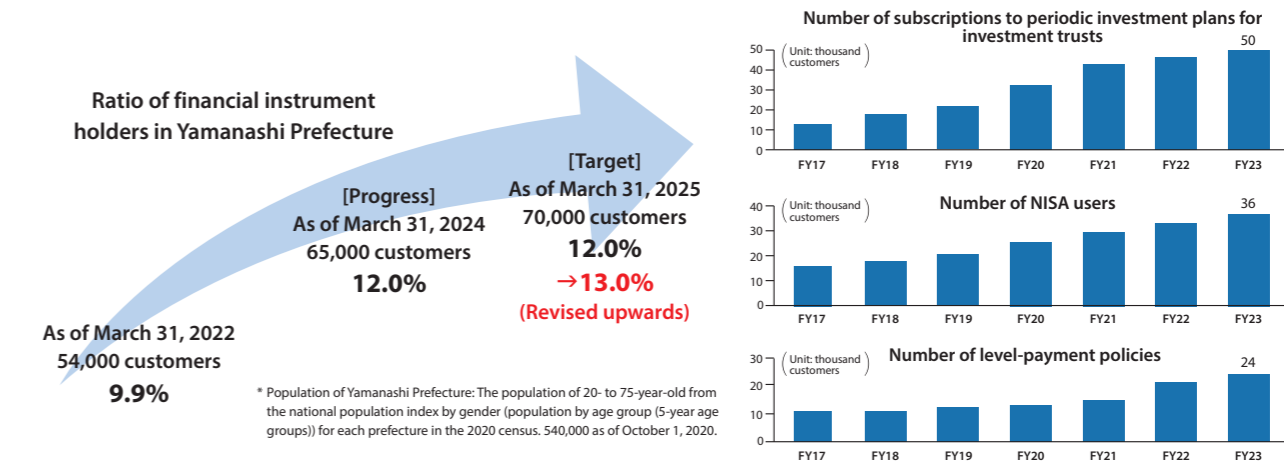
Basic policies on fiduciary duty (for customer-centric asset formation and management business practices)

The Bank has established the basic policies on fiduciary duty for selling financial instruments. The purpose of the policies is to implement all seven principles of the “Principles of Customer-Oriented Business Conduct,” announced by the Financial Services Agency, and promote better business practices so that more customers will choose the Bank.

1. Customer-centric consulting practices

Principle 2 Principle 5 Principle 6 (Note)

- (1) We will continue to work on sharing our views on life planning and asset formation and management through dialogue, thereby proposing financial instruments suitable for each customer. We will also continue to provide after-sales services to reassure our customers who have purchased our financial instruments.
  - (2) We will clearly explain to our customers about the asset allocations and risk and return levels of financial instruments that we manage.
- Thanks to these initiatives, approximately 65,000 customers utilize our asset formation and management products, etc. This number accounts for approximately 12.0% of Yamanashi Prefecture's population\*. Since we have achieved our initial target ratio, we have revised the target for March 31, 2025 upwards to 13.0%.
  - In particular, we recommend our investment trust, NISA and level-premium insurance products to a wide range of customers, and the number of holders of these products has been increasing year on year.
  - Meanwhile, we have not received any request for financial ADR services since FY2016.



2. Expanding the product lines and providing appropriate information

Principle 3 Principle 4 Principle 5 Principle 6

- (1) We will continue to expand our lines of financial products so we can accommodate diverse customer needs.
  - (2) We will continue to provide information such as the overviews of our financial products, market environment, and asset management situations in a clear manner by holding seminars, using the Internet, etc.
  - (3) We will clearly explain our services that we provide in exchange for handling fees, etc. paid by customers.
- \* The Bank does not provide packaged financial instruments or services.  
\* The Bank does not structure financial instruments.

3. Managing conflicts of interest

Principle 3 Principle 4

- (1) We will continue to provide customers with information about conflicts of interest and manage them appropriately.

4. Maintaining the organizational structure

Principle 1 Principle 2 Principle 7

- (1) We will continue to maintain a performance evaluation system to appropriately evaluate whether or not we are conducting our business in a customer-centric way, thereby nurturing a corporate culture of customer-centric business practices.
- (2) We will continue to regularly evaluate whether we are conducting our business in a customer-centric way, and improve our practices based on the evaluation results.

5. Developing talents who will be trusted by customers

Principle 2 Principle 5 Principle 6 Principle 7

- (1) We will continue to appropriately meet our customers' expectations by appointing only those who have passed the Bank's internal sales certification exam to sell our financial instruments.
- (2) We will continue to enhance our training programs, etc. to improve the bank employees' knowledge and provide more advanced proposals to our customers.

Note: The above shows how our initiatives correspond to the Financial Services Agency's Principles of Customer-Oriented Business Conduct.

Corporate data (as of March 31, 2024)

**Common Stock** : ¥15,400 million

**Number of Shares :**

**Authorized** 79,600,000 shares

**Issued** 32,783,000 shares

**Number of Stockholders** : 6,730

**Stock Listing** : Prime Market of the Tokyo Stock Exchange

**Transfer Agent** : Mitsubishi UFJ Trust & Banking Corporation

Breakdown of Stockholders



\* Shares (1 trading unit: 100 shares)

Note: The category "Individuals and others" contains treasury stock of 16,000 trading units of shares.  
758,700 shares of the Bank's shares held by the exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings are included in "Financial institutions" with the notation of 7,587 trading units.

Major stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trustee Account)	3,160	10.13
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	1,397	4.48
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	968	3.10
Custody Bank of Japan, Ltd. (Trustee Account)	865	2.77
The Nomura Trust and Banking Co., Ltd. (Exclusive trust account for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings)	758	2.43
Teikyo University	629	2.01
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	600	1.92
FUJI KYUKO CO., LTD.	531	1.70
Daishi Hokuetsu Bank, Ltd. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	439	1.40
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	435	1.39
Total	9,785	31.38

Financial Review

(on a consolidated basis)

Overview of Financial Position

The Bank's financial position as of March 31, 2024 was as follows. Deposits stood at ¥3,577.6 billion as of March 31, 2024, up ¥77.7 billion from a year earlier due to increases in individual and corporate fund deposits. Total deposits, including negotiable certificates of de-posit (NCDs), rose ¥84.9 billion from a year ago to ¥3,632.6 billion as of the fiscal year-end. Loans and bills discounted increased by ¥222.4 billion from a year earlier to ¥2,513.0 billion as of the fiscal year-end. This increase was mainly due to increases in loans to small and medium-sized enterprises and individuals. Securities stood at ¥1,018.5 billion as of the fiscal year-end, down ¥75.3 billion from a year ago. This decrease was due to the decrease in municipal bonds and foreign bonds.

Overview of Operating Results

In terms of the operating results for the fiscal year ended March 31, 2024, interest income (the balance of interest income and expenses) decreased by ¥176 million year on year, mainly due to a decrease in interest and dividends on securities, despite an increase in interest on loans and bills discounted. Fees and commissions (the balance of fees and commission income and expenses) increased by ¥746 million year on year, mainly due to an increase in commissions related to deposit and lending service as well as commission revenue from the sale of insurance and other products in the agency business. Other operating income (the balance of other operating income and expenses) increased by ¥752 million year on year, mainly due to an increase in foreign exchange transactions, despite a decrease in Japanese government bonds and other bond transactions. General and administrative expenses increased by ¥946 million year on year. Credit-related expenses decreased by ¥1,142 million year on year, while equity share and similar transactions decreased by ¥1,715 million year on year. As a result, ordinary profit decreased by ¥79 million year on year to ¥7,641 million.

The balance of extraordinary income and losses decreased by ¥76 million year on year. Total income taxes decreased by ¥590 million year on year. As a result of the above, profit attributable to shareholders of the parent was up by ¥596 million year on year to ¥5,658 million.

Cash Flows

Cash flows from operating activities

Net cash used in operating activities amounted to ¥290.7 billion yen (compared with a net outflow of ¥293.8 billion in the previous year). The main contributing factors were a net increase in loans and bills discounted of ¥222.4 billion, a net decrease in payables under securities lending transactions of ¥120.6 billion, and a net decrease in borrowed money of ¥23.9 billion, despite a net increase in deposits of ¥84.9 billion.

Cash flows from investing activities

Net cash provided by investing activities totaled ¥92.6 billion (compared with a net inflow of ¥297.5 billion in the previous year). The main use of cash was the purchase of investment securities of ¥462.8 billion, which was partly offset by proceeds from sales and the redemption of investment securities of ¥550.4 billion.

Cash flow from financing activities

Net cash used in financing activities was ¥2.7 billion (compared with a net outflow of ¥2.6 billion in the previous year). Cash was used mainly to pay dividends of ¥1.5 billion and purchase treasury stock of ¥1.0 billion.

As a result, cash and cash equivalents at the end of the fiscal year came to ¥695.3 billion (down ¥200.9 billion from the previous year).

Management's Analysis and Discussion of Operating Results

The following is a summary of our analysis and a discussion of the Group's operating results for the fiscal year ended March 31, 2024.

Forward-looking statements contained herein are based on our judgment as of the end of the fiscal year ended March 31, 2024.

Since the Group has only one reportable segment, "Banking," analysis and discussion by segment are not provided.

1) Financial Position

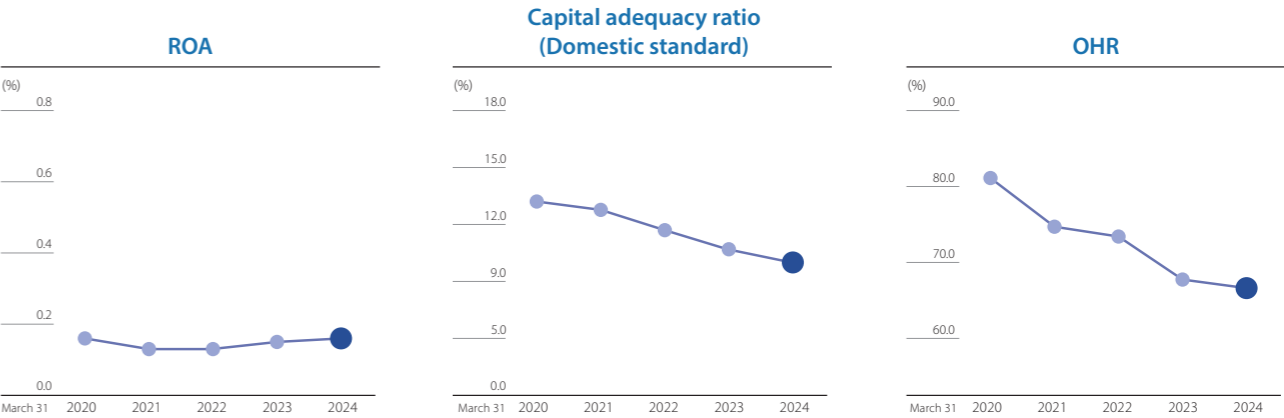
The Bank's financial position as of March 31, 2024 was as follows. Total deposits including negotiable certificates of deposit (NCDs) increased by ¥84.9 billion from a year earlier, and loans and bills discounted increased by ¥222.4 billion from a year earlier, as both performed favorably. Securities decreased by ¥75.3 billion during the fiscal year due to the sale of municipal bonds and foreign bonds.

2) Operating Results

In terms of operating results for the fiscal year ended March 31, 2024, profit attributable to shareholders of the parent increased by ¥596 million year on year to ¥5,658 million. Gains on investment securities decreased partially due to an increase in interest on loans and bills discounted, an increase in fees and commissions, and a decrease in credit-related expenses. The Bank's non-consolidated profit from services for customers improved significantly to ¥3,911 million, up ¥2,763 million from the previous year.

The Bank will steadily implement the basic strategies set forth in the Medium-Term Management Plan to establish a sustainable profit structure by increasing the top line, which will be achieved by increasing loans and expanding non-interest income from consulting services, and by improving productivity through efforts to completely eliminate clerical work at sales branches and the headquarters.

Regarding investments in securities, the Bank will ensure stable earnings and improve the quality of its portfolio by flexibly adjusting the asset allocation through analysis of market conditions and individual assets, based on the basic portfolio determined from a medium- to long-term perspective.



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

Notes: 1. All except for the capital adequacy ratio are on a non-consolidated basis.

2. Similar changes have been made to fiscal year ended March 31, 2023 only to reflect the revisions to presentation method of ROA and OHR in fiscal year ended March 31, 2024.

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

	Millions of yen				
	2020	2021	2022	2023	2024
Ordinary income	44,878	49,602	46,310	60,552	56,525
Ordinary profit	6,726	6,229	6,624	7,721	7,641
Profit attributable to shareholders of the parent	3,764	3,090	4,241	5,061	5,658
Comprehensive income	(20,412)	22,851	(8,867)	(15,637)	27,845
Net assets	199,661	221,439	211,494	193,263	218,301
Total assets	3,511,412	4,185,672	4,469,779	4,380,458	4,366,180
Net assets per share (Yen)	6,183.83	6,849.57	6,515.85	6,129.98	7,143.86
Profit per share (Yen)	116.43	96.92	132.73	161.78	185.79
Capital adequacy ratio (Domestic standard, %)	5.60	5.22	4.66	4.35	4.97
Return on equity (%)	1.80	1.48	1.98	2.53	2.77
Price earning ratio (Times)	6.32	9.48	7.17	7.05	10.13
Cash flows from operating activities	(23,354)	446,423	267,979	(293,875)	(290,768)
Cash flows from investing activities	(134,180)	(62,012)	(112,069)	297,562	92,619
Cash flows from financing activities	(2,287)	(1,117)	(1,120)	(2,635)	(2,798)
Cash and cash equivalents	357,152	740,447	895,241	896,292	695,345

Notes: 1. The method of presentation was changed in the fiscal year ended March 31, 2021, and the amount for “Ordinary income” for the fiscal year ended March 31, 2020 has been reclassified accordingly.

2. The capital adequacy ratio is calculated on a consolidated basis in accordance with 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.

**Financial and Economic Environment**

In FY2023, Japan's economy showed a trend toward gradual recovery partially due to the effects of various policies and improvements in the employment and income environment as socioeconomic activities were on track toward normalization following the COVID-19 pandemic, although there were some downward pressures such as the slowdown of overseas economies mainly in Europe and China as well as high resource and commodity prices. However, recently the recovery trend has stalled, partially due to sluggish consumption growth caused by high prices.

Yamanashi Prefecture's economy showed signs of recovery as the recovery trend in personal consumption, mainly service consumption, and tourism-related sectors, where inbound demand is increasing, strengthened while the impact of the COVID-19 pandemic subsided. In the latter half of the fiscal year, however, personal consumption showed signs of slowing down due to rising awareness toward protecting livelihoods from high prices. In addition, the machinery industry showed a downward trend in production partially due to prolonged inventory adjustment, and capital and housing investment remained weak, resulting in a lack of strength in the overall economy.

In terms of finance, the yen has been weakening against the U.S. dollar, partially due to differences in interest rates between Japan and the U.S., and had fallen to the 151-yen level as of the end of the fiscal year. The Nikkei Stock Average exceeded ¥40,000 near the end of the fiscal year, reaching an all-time high against the backdrop of strong corporate earnings and other factors. Domestic long-term interest rates temporarily rose to nearly 1% in autumn following the review of the Bank of Japan's monetary policy operations, but subsequently continued to decline, and the impact of the lifting of negative interest rates remained marginal.

**Overview of Financial Position**

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2) Operating Results

In terms of operating results for the fiscal year ended March 31, 2024, profit attributable to shareholders of the parent increased by ¥596 million year on year to ¥5,658 million. Gains on investment securities decreased partially due to an increase in interest on loans and bills discounted, an increase in fees and commissions, and a decrease in credit-related expenses. The Bank’s non-consolidated profit from services for customers improved significantly to ¥3,911 million, up ¥2,763 million from the previous year.

The Bank will steadily implement the basic strategies set forth in the Medium-Term Management Plan to establish a sustainable profit structure by increasing the top line, which will be achieved by increasing loans and expanding non-interest income from consulting services, and by improving productivity through efforts to completely eliminate clerical work at sales branches and the headquarters.

Regarding investments in securities, the Bank will ensure stable earnings and improve the quality of its portfolio by flexibly adjusting the asset allocation through analysis of market conditions and individual assets, based on the basic portfolio determined from a medium- to long-term perspective.

Major Stockholders

(as of March 31, 2024)

Name	Number of shares held (thousands)	Percentage of shares held to total shares issued (excluding treasury stock)
The Master Trust Bank of Japan, Ltd. (Trustee Account)	3,160	10.13
The Yamanashi Chuo Bank, Ltd. Employees’ Stockholdings	1,397	4.48
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FUJI KYUKO CO., LTD.	531	1.70
Daishi Hokuetsu Bank, Ltd. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	439	1.40
Goldman Sachs International (Standing proxy: Goldman Sachs Japan Co., Ltd.)	435	1.39
Total	9,785	31.38

**[Consolidated Financial Statements]**

**1) [Consolidated Balance Sheets]**

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2022 (March 31, 2023)	End of FY2023 (March 31, 2024)	End of FY2023 (March 31, 2024)
Assets:			
Cash and due from banks	¥896,640	¥695,774	\$4,595,301
Call loans and bills bought	1,360	5,725	37,816
Monetary claims bought	17,117	24,605	162,509
Money held in trust	10,475	3,628	23,963
Securities *1, *2, *4, *9	1,093,881	1,018,579	6,727,295
Loans and bills discounted *2, *3, *4, *6	2,290,653	2,513,085	16,597,881
Foreign exchanges *2, *3	2,634	1,559	10,298
Other assets *2, *4, *5	31,816	61,593	406,798
Tangible fixed assets *7, *8	21,713	21,427	141,516
Buildings	8,315	7,838	51,771
Land	11,096	11,045	72,948
Construction in progress	-	27	180
Other tangible fixed assets	2,302	2,516	16,618
Intangible fixed assets	3,608	3,681	24,316
Software	2,062	2,682	17,720
Software in progress	1,280	733	4,844
Other intangible fixed assets	264	265	1,752
Net defined benefit asset	9,869	19,943	131,720
Deferred tax assets	5,892	253	1,672
Customers' liabilities for acceptances and guarantees *2	7,361	7,491	49,479
Allowance for possible loan losses	(12,567)	(11,167)	(73,760)
Total assets	¥4,380,458	¥4,366,180	\$28,836,804

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2022 (March 31, 2023)	End of FY2023 (March 31, 2024)	End of FY2023 (March 31, 2024)
Liabilities:			
Deposits *4	¥3,499,929	¥3,577,666	\$23,628,995
Negotiable certificates of deposit	47,723	54,938	362,845
Payables under securities lending transactions *4	135,184	14,513	95,852
Borrowed money *4, *5	458,677	434,692	2,870,960
Foreign exchanges	369	398	2,635
Other liabilities	35,260	51,393	339,430
Provision for bonuses	1,758	1,844	12,185
Accrued bonuses to directors and corporate auditors	27	39	262
Reserve for directors' and corporate auditors' retirement benefits	11	6	42
Reserve for reimbursement of deposits	272	193	1,275
Reserve for contingent losses	152	158	1,046
Deferred tax liabilities	464	4,543	30,008
Acceptances and guarantees	7,361	7,491	49,479
Total liabilities	4,187,194	4,147,878	27,395,013
Net assets:			
Common stock	15,400	15,400	101,711
Capital surplus	8,871	9,893	65,343
Retained earnings	173,753	177,854	1,174,656
Treasury stock	(2,116)	(2,897)	(19,133)
Total shareholders' equity	195,907	200,251	1,322,576
Unrealized gains on available-for-sale securities	(4,065)	11,723	77,430
Remeasurements of defined benefit plans	(1,075)	5,371	35,476
Total accumulated other comprehensive income	(5,141)	17,095	112,907
Subscription rights to shares	109	54	360
Non-controlling interests	2,387	900	5,948
Total net assets	193,263	218,301	1,441,791
Total liabilities and net assets	¥4,380,458	¥4,366,180	\$28,836,804

2) [Consolidated Statements of Income and Consolidated Statements of Comprehensive Income]

[Consolidated Statements of Income]

	Millions of Yen		Thousands of U.S. Dollars
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2023 to March 31, 2024)
Ordinary income:	¥60,552	¥56,525	\$373,328
Interest and dividends income	32,358	31,154	205,763
Interest on loans and bills discounted	18,913	21,735	143,553
Interest and dividends on securities	12,527	8,493	56,095
Interest on call loans and bills bought	47	132	875
Interest on due from banks	747	638	4,218
Other	122	154	1,022
Fees and commissions	10,949	11,890	78,533
Other operating income	10,216	7,150	47,228
Other ordinary income	7,027	6,329	41,804
Reversal of allowance for loan losses	-	113	747
Other *1	7,027	6,216	41,058
Ordinary expenses	52,830	48,883	322,857
Interest expenses	1,466	439	2,900
Deposits	262	277	1,830
Negotiable certificates deposits	3	3	20
Call money and bills sold	(55)	(50)	(334)
Payables under securities lending transactions	1,245	203	1,345
Borrowed money	10	5	39
Other	(0)	(0)	(0)
Fees and commissions	2,403	2,597	17,158
Other operating expenses	21,326	17,508	115,634
General and administrative expenses *2	25,892	26,838	177,260
Other expenses	1,741	1,499	9,905
Provision of allowance for possible loan losses	1,009	-	-
Other expenses *3	731	1,499	9,905
Ordinary profit	7,721	7,641	50,471

	Millions of Yen		Thousands of U.S. Dollars
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2023 to March 31, 2024)
Extraordinary income:	84	54	359
Gain on disposal of fixed assets	84	54	359
Extraordinary losses	75	122	807
Losses on disposal of fixed assets	72	98	649
Impairment losses *4	3	23	158
Income before income taxes and non-controlling interests	7,730	7,573	50,023
Income taxes – current	2,613	1,830	12,093
Income taxes – deferred	(74)	117	775
Total income taxes	2,538	1,948	12,868
Profit	5,191	5,625	37,155
Profit (loss) attributable to non-controlling interests	129	(33)	(218)
Profit attributable to shareholders of the parent	¥5,061	¥5,658	\$37,373

[Consolidated Statements of Comprehensive Income]

	Millions of Yen		Thousands of U.S. Dollars
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2023 to March 31, 2024)
Profit	¥5,191	¥5,625	\$37,155
Other comprehensive income <sup>*1</sup>	(20,828)	22,219	146,753
Net unrealized gains on available-for-sale securities	(21,335)	15,772	104,170
Remeasurements of defined benefit plans	507	6,447	42,582
Total comprehensive income	¥(15,637)	¥27,845	\$183,907
Total comprehensive income attributable to shareholders of the parent	¥(15,754)	¥27,895	\$184,238
Total comprehensive income attributable to non-controlling interests	117	(49)	(330)

3) [Consolidated Statements of Changes in Net Assets]

	Millions of Yen				
	Shareholders' equity				
FY2022 (From April 1, 2022 to March 31, 2023)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	¥15,400	¥8,398	¥170,037	¥(1,163)	¥192,673
Changes during year:					
Cash dividends			(1,341)		(1,341)
Profit attributable to shareholders of the parent			5,061		5,061
Purchases of treasury stock				(1,000)	(1,000)
Disposals of treasury stock		(4)		46	42
Change in ownership interest of parent due to transactions with non-controlling interests		472			472
Transfer from retained earnings to capital surplus		4	(4)		
Net changes in items other than shareholders' equity					
Total changes during year	—	472	3,715	(953)	3,234
Balance at end of current year	¥15,400	¥8,871	¥173,753	¥(2,116)	¥195,907

	Millions of Yen					
	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
FY2022 (From April 1, 2022 to March 31, 2023)	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	¥17,257	¥(1,583)	¥15,674	¥109	¥3,036	¥211,494
Changes during year:						
Cash dividends						(1,341)
Profit attributable to shareholders of the parent						5,061
Purchases of treasury stock						(1,000)
Disposals of treasury stock						42
Change in ownership interest of parent due to transactions with non-controlling interests						472
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	(21,323)	507	(20,815)		(648)	(21,464)
Total changes during year	(21,323)	507	(20,815)	—	(648)	(18,230)
Balance at end of current year	¥(4,065)	¥(1,075)	¥(5,141)	¥109	¥2,387	¥193,263

	Millions of Yen				
	Shareholders' equity				
<b>FY2023 (From April 1, 2023 to March 31, 2024)</b>	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	<b>¥15,400</b>	<b>¥8,871</b>	<b>¥173,753</b>	<b>¥(2,116)</b>	<b>¥195,907</b>
Changes during year:					
Cash dividends			<b>(1,557)</b>		<b>(1,557)</b>
Profit attributable to shareholders of the parent			<b>5,658</b>		<b>5,658</b>
Purchases of treasury stock				<b>(1,011)</b>	<b>(1,011)</b>
Disposals of treasury stock		<b>16</b>		<b>230</b>	<b>247</b>
Change in ownership interest of parent due to transactions with non-controlling interests		<b>1,005</b>			<b>1,005</b>
Transfer from retained earnings to capital surplus					
Net changes in items other than shareholders' equity					
Total changes during year	<b>—</b>	<b>1,022</b>	<b>4,101</b>	<b>(780)</b>	<b>4,343</b>
Balance at end of current year	<b>¥15,400</b>	<b>¥9,893</b>	<b>¥177,854</b>	<b>¥(2,897)</b>	<b>¥200,251</b>

	Millions of Yen					
	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
<b>FY2023 (From April 1, 2023 to March 31, 2024)</b>	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	<b>¥(4,065)</b>	<b>¥(1,075)</b>	<b>¥(5,141)</b>	<b>¥109</b>	<b>¥2,387</b>	<b>¥193,263</b>
Changes during year:						
Cash dividends						<b>(1,557)</b>
Profit attributable to shareholders of the parent						<b>5,658</b>
Purchases of treasury stock						<b>(1,011)</b>
Disposals of treasury stock						<b>247</b>
Change in ownership interest of parent due to transactions with non-controlling interests						<b>1,005</b>
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	<b>15,789</b>	<b>6,447</b>	<b>22,236</b>	<b>(55)</b>	<b>(1,486)</b>	<b>20,694</b>
Total changes during year	<b>15,789</b>	<b>6,447</b>	<b>22,236</b>	<b>(55)</b>	<b>(1,486)</b>	<b>25,037</b>
Balance at end of current year	<b>¥11,723</b>	<b>¥5,371</b>	<b>¥17,095</b>	<b>¥54</b>	<b>¥900</b>	<b>¥218,301</b>

	Thousands of U.S. Dollars				
	Shareholders' equity				
<b>FY2023 (From April 1, 2023 to March 31, 2024)</b>	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	<b>\$101,711</b>	<b>\$58,590</b>	<b>\$1,147,570</b>	<b>\$(13,980)</b>	<b>\$1,293,890</b>
Changes during year:					
Cash dividends			<b>(10,287)</b>		<b>(10,287)</b>
Profit attributable to shareholders of the parent			<b>37,373</b>		<b>37,373</b>
Purchases of treasury stock				<b>(6,678)</b>	<b>(6,678)</b>
Disposals of treasury stock		<b>109</b>		<b>1,525</b>	<b>1,634</b>
Change in ownership interest of parent due to transactions with non-controlling interests		<b>6,644</b>			<b>6,644</b>
Transfer from retained earnings to capital surplus					
Net changes in items other than shareholders' equity					
Total changes during year	<b>—</b>	<b>6,753</b>	<b>27,086</b>	<b>(5,153)</b>	<b>28,686</b>
Balance at end of current year	<b>\$101,711</b>	<b>\$65,343</b>	<b>\$1,174,656</b>	<b>\$(19,133)</b>	<b>\$1,322,576</b>

	Thousands of U.S. Dollars					
	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
<b>FY2023 (From April 1, 2023 to March 31, 2024)</b>	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	<b>\$(26,852)</b>	<b>\$(7,106)</b>	<b>\$(33,958)</b>	<b>\$726</b>	<b>\$15,768</b>	<b>\$1,276,427</b>
Changes during year:						
Cash dividends						<b>(10,287)</b>
Profit attributable to shareholders of the parent						<b>37,373</b>
Purchases of treasury stock						<b>(6,678)</b>
Disposals of treasury stock						<b>1,634</b>
Change in ownership interest of parent due to transactions with non-controlling interests						<b>6,644</b>
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	<b>104,282</b>	<b>42,582</b>	<b>146,864</b>	<b>(366)</b>	<b>(9,820)</b>	<b>136,679</b>
Total changes during year	<b>104,282</b>	<b>42,582</b>	<b>146,864</b>	<b>(366)</b>	<b>(9,820)</b>	<b>165,364</b>
Balance at end of current year	<b>\$77,430</b>	<b>\$35,476</b>	<b>\$112,907</b>	<b>\$360</b>	<b>\$5,948</b>	<b>\$1,441,791</b>

#### 4) [Consolidated Statements of Cash Flows]

	Millions of Yen		Thousands of U.S. Dollars
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2023 to March 31, 2024)
Operating activities:			
Income before income taxes and non-controlling interests	¥7,730	¥7,573	\$50,023
Adjustment for:			
Depreciation and amortization	1,800	1,973	13,034
Impairment losses	3	23	158
Increase (decrease) in allowance for possible loan losses	859	(1,399)	(9,242)
Increase (decrease) in provision for bonuses	123	85	568
Increase (decrease) in accrued bonuses to directors and corporate auditors	(3)	12	82
Decrease (increase) in net defined benefit asset	(1,507)	(10,074)	(66,536)
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(0)	(5)	(35)
Increase (decrease) in reserve for reimbursement of deposits	69	(78)	(522)
Increase (decrease) in reserve for contingent losses	31	5	36
Interest income recognized on consolidated statements of income	(32,358)	(31,154)	(205,763)
Interest expenses recognized on consolidated statements of income	1,466	439	2,900
Losses (gains) on investment securities	2,899	5,152	34,031
Losses (gains) on investments in money held in trust	149	159	1,054
Foreign exchange losses (gains) – net	(18,276)	(1,833)	(12,108)
Losses (gains) on disposal of premises and equipment	(12)	43	290
Net decrease (increase) in loans and bills discounted	(241,605)	(222,431)	(1,469,068)
Net increase (decrease) in deposits	40,653	77,736	513,416
Net increase (decrease) in negotiable certificates of deposit	(2,700)	7,215	47,652
Net increase (decrease) in borrowed money	(170,403)	(23,985)	(158,414)
Net decrease (increase) in due from banks (excluding cash equivalents)	(88)	(80)	(535)
Net decrease (increase) in call loans	(4,168)	(11,853)	(78,287)
Net increase (decrease) in payables under securities lending transactions	64,214	(120,671)	(796,986)
Net decrease (increase) in foreign exchanges (assets)	3,304	1,075	7,103

	Millions of Yen		Thousands of U.S. Dollars
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2023 to March 31, 2024)
Net increase (decrease) in foreign exchanges (liabilities)	(614)	29	193
Net increase (decrease) in central clearing counterparty margin requirement	23,000	—	0
Interest income (cash basis)	33,155	30,749	203,085
Interest expenses (cash basis)	(1,475)	(453)	(2,998)
Other – net	1,738	3,727	24,620
Total adjustments	(292,015)	(288,019)	(1,902,248)
Income taxes paid	(1,859)	(2,749)	(18,158)
Net cash provided by (used in) operating activities	(293,875)	(290,768)	(1,920,406)
Investing activities:			
Purchases of investment securities	(277,802)	(462,805)	(3,056,640)
Proceeds from sales of investment securities	458,604	485,321	3,205,347
Proceeds from redemption of investment securities	124,411	65,163	430,376
Increase of money held in trust	(5,632)	(330)	(2,180)
Proceeds from decrease of money held in trust	0	7,019	46,360
Purchases of premises and equipment	(820)	(808)	(5,341)
Proceeds from sales of premises and equipment	185	147	972
Purchases of intangible fixed assets	(1,384)	(1,087)	(7,180)
Net cash provided by (used in) investing activities	297,562	92,619	611,714
Financing activities:			
Dividends paid	(1,341)	(1,557)	(10,287)
Payment of dividends to non-controlling interests	(1)	(1)	(9)
Repurchases of treasury stock	(1,000)	(1,011)	(6,678)
Proceeds from sales of treasury stock	—	201	1,332
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(291)	(429)	(2,838)
Net cash provided by (used in) used in financing activities	(2,635)	(2,798)	(18,480)
Foreign currency transaction adjustments on cash and cash equivalents	(0)	0	1
Net increase (decrease) in cash and cash equivalents	1,050	(200,946)	(1,327,171)
Cash and cash equivalents, beginning of year	895,241	896,292	5,919,638
Cash and cash equivalents, end of year *1	¥896,292	¥695,345	\$4,592,467

## [Notes to Consolidated Financial Statements]

### Important items used as basis for preparing consolidated financial statements

#### 1. Items relating to scope of consolidation

- (1) Number of consolidated subsidiaries 5 companies

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

(Change in scope of consolidation)

Yamanashi Mirai Investment Co., Ltd. was newly established and became included in the scope of consolidation from the current consolidated fiscal year.

- (2) Number of non-consolidated subsidiaries 4 companies

Yamanashi Sixth Industrialization Support Investment Limited Partnership

Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership

Yamanashi Chuo Bank SDGs Investment Limited Partnership

Yamanashi Sustaina Investment Limited 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.

Yamanashi Sustaina Investment Limited Partnership was newly established and became included in the non-consolidated subsidiaries from the current consolidated fiscal year.

Yamanashi New Business Support Investment Limited Partnership was liquidated in the current consolidated fiscal year due to the expiration of its duration.

#### 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 4 companies

Yamanashi Sixth Industrialization Support Investment Limited Partnership

Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership

Yamanashi Chuo Bank SDGs Investment Limited Partnership

Yamanashi Sustaina Investment Limited 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.

Yamanashi Sustaina Investment Limited Partnership was newly established and became included in the non-consolidated subsidiaries not accounted for by the equity method from the current consolidated fiscal year.

Yamanashi New Business Support Investment Limited Partnership was liquidated in the current consolidated fiscal year due to the expiration of its duration.

- (4) Affiliates 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

- 1) Held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost 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 (cost of securities sold is computed by the moving-average method). Available-for-sale securities without fair values are stated at cost determined by the moving-average method.

Valuation differences on available-for-sale securities are reported as a separate component of net assets.

- 2) Securities used as trust assets in individually operated money trusts mainly for investment securities are evaluated using fair value measurement.

- (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) Standards for recording the 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:

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.

Debtor category	Definition	Calculation method for allowance for possible loan losses
Claims on normal borrowers	Claims on debtors whose business results are favorable and who are found not to have any particular problems with their financial condition	
Quasi-equity loans	Loans that can be handled as equity as their contract conditions are found to have sufficient equity-like characteristics equivalent to equity	The allowance is calculated by estimating the prospective loss amount based on the bankruptcy probabilities according to the residual period of each claim.
Housing loans with guarantees from the Bank's subsidiary, etc.	Claims on consumers for housing loans with guarantees offered by Yamanashi Chuo Guarantee Co., Ltd., a consolidated subsidiary of the Bank	The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over one year and using a prospective loss ratio determined in consideration of the outlook and other factors.
Claims other than those described above		The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over one year and using a prospective loss ratio determined in consideration of the outlook and other factors.
Claims on borrowers requiring caution	Claims on debtors that require future caution with respect to supervision, such as debtors with problematic lending conditions, debtors that have problems fulfilling their obligations, debtors facing poor or unstable business conditions or debtors with a problematic financial condition	
Claims on borrowers requiring supervision	Claims on debtors that have restructured loans or are three or more months in arrears	
Quasi-equity loans	Loans that can be handled as equity as their contract conditions are found to have sufficient equity-like characteristics equivalent to equity	The allowance is calculated by estimating the prospective loss amount based on the bankruptcy probabilities according to the residual period of each claim.
Claims subject to the discounted cash flow (DCF) method	Claims for which cash flows related to the recovery of loan principal and receipt of interest can be reasonably estimated	The allowance is based on the difference between the present value of the expected future cash flows discounted at the initial contracted interest rate and the carrying amount of the claim (DCF method).
Claims on borrowers requiring supervision and support	Claims on debtors that require business improvement and corporate restructuring who fulfill certain conditions, such as those initiatives being found to have a high degree of uncertainty	The allowance is recorded based on a prospective loss amount for the next three years equivalent to claims on potentially bankrupt borrowers. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over three years for claims on potentially bankrupt borrowers and using a prospective loss ratio determined in consideration of the outlook and other factors.

Debtor category	Definition	Calculation method for allowance for possible loan losses
Housing loans with guarantees from the Bank's subsidiary, etc.	Claims on consumers for housing loans with guarantees offered by Yamanashi Chuo Guarantee Co., Ltd., a consolidated subsidiary of the Bank	The allowance is recorded based on the prospective loss amount for the upcoming three years. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over three years and using a prospective loss ratio determined in consideration of the outlook and other factors.
Claims other than those described above		The allowance is recorded based on the prospective loss amount for the upcoming three years. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over three years and using a prospective loss ratio determined in consideration of the outlook and other factors.
Claims on other borrowers requiring caution	Claims on borrowers requiring caution other than claims on borrowers requiring supervision	
Quasi-equity loans	Loans that can be handled as equity as their contract conditions are found to have sufficient equity-like characteristics equivalent to equity	The allowance is calculated by estimating the prospective loss amount based on the bankruptcy probabilities according to the residual period of each claim.
Claims subject to the discounted cash flow (DCF) method	Claims on debtors who have loans equivalent to restructured loans and loans related to their affiliates, for which cash flows related to the recovery of loan principal and receipt of interest can be reasonably estimated	The allowance is based on the difference between the present value of the expected future cash flows discounted at the initial contracted interest rate and the carrying amount of the claim (DCF method).
Claims on borrowers requiring supervision and support	Claims on debtors that require business improvement and corporate restructuring who fulfill certain conditions, such as those initiatives being found to have a high degree of uncertainty	The allowance is recorded based on the prospective loss amount for the next three years equivalent to claims on borrowers requiring supervision. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over three years for claims on borrowers requiring supervision and using a prospective loss ratio determined in consideration of the outlook and other factors.
Housing loans with guarantees from the Bank's subsidiary, etc.	Claims on consumers for housing loans with guarantees offered by Yamanashi Chuo Guarantee Co., Ltd., a consolidated subsidiary of the Bank	The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over one year and using a prospective loss ratio determined in consideration of the outlook and other factors.
Claims other than those described above		The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over one year and using a prospective loss ratio determined in consideration of the outlook and other factors.

Debtor category	Definition	Calculation method for allowance for possible loan losses
Claims on potentially bankrupt borrowers	Claims on debtors who are deemed not to be currently legally bankrupt but are highly likely to become bankrupt	The allowance is recorded 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 execution of guarantees.
Effectively bankrupt borrowers	Claims on debtors under the same circumstances as bankrupt borrowers	The allowance is recorded 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.
Legally bankrupt borrowers	Claims on debtors who are legally bankrupt based on bankruptcy, special liquidation, or other proceedings	The allowance is recorded 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.

(6) Provision for bonuses

Provision for bonuses is 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 from each of the following year of the occurrence.

(12) Standards for recording significant revenue and expenses

Revenue from contracts with customers to which the accounting standard for revenue recognition applies is recognized when (or as) the customer obtains the benefit and the performance obligation (provision of services) is satisfied.

(13) Foreign currency items

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

(14) Lease transactions

(Lessor)

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

(15) Major hedge accounting methods

Interest rate risk and hedges

Hedge accounting method for interest rate risk resulting from financial assets is based on deferred hedges. Hedge transactions are meant to avoid interest rate risks arising from the financial asset being hedged. Therefore, "micro hedges," in which derivative transactions such as individual interest rate swaps are conducted for each transaction, are performed as a hedging instrument.

Evaluation of hedge effectiveness is taken as an evaluation of effectiveness when the conditions of the hedge instrument and hedge object are largely identical.

(16) 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.

(Important Accounting Estimates)

1. Estimates of allowance for possible loan losses

- (1) Amounts recorded on the consolidated financial statements in the fiscal year ended March 31, 2024
- |                                      |                   |
|--------------------------------------|-------------------|
| From April 1, 2023 to March 31, 2024 | (Millions of yen) |
| Allowance for possible loan losses   | ¥11,167           |
- (2) Other information to aid the understanding of estimates among individuals using the consolidated financial statements
- 1) How estimates are calculated
- The standards for recording the allowance for possible loan losses are presented in “(5) Standards for recording the allowance for possible loan losses” under “4. Items relating to accounting standards” in “Notes to Consolidated Financial Statements (Important items used as a basis for preparing consolidated financial statements).”
- 2) Assumptions used to calculate estimated amounts
- (A) Assumptions regarding forecasts of debtors’ business results, which are used to determine debtor categories are set based on information available to the Bank. In particular, for debtors whom the Bank supports in business improvement, the Bank determines the category of a debtor based on its future prospects, including earnings projections, the reasonableness and feasibility of its business improvement plan or the prospect of formulating a reasonable and feasible business improvement plan (hereinafter “effective business improvement plan”). Business improvement plans are prepared based on various assumptions and data. The Bank comprehensively judges the reasonableness and feasibility of those assumptions and data by considering factors such as the debtor’s financial status, the business environment of the debtor’s industry, the effects of various measures in the business improvement plan, the past record of progress, and the outlook for achieving goals. In cases where the debtor is in the process of formulating a business improvement plan as of the end of the fiscal year, the Bank determines the debtor category by assessing the likelihood of the debtor formulating an effective business improvement plan while taking into consideration the debtor’s willingness to formulate such a plan and the resources available for rebuilding.
- (B) The Bank assumes that claims on normal borrowers except for quasi-equity loans, claims subject to the DCF method and claims on borrowers requiring supervision and support will generate similar losses as the claims to normal borrowers the Bank held in the past. The Bank further assumes that claims on borrowers requiring supervision will generate similar losses as claims on borrowers requiring supervision the Bank held in the past, and that claims on other borrowers requiring caution will generate similar losses as claims on other borrowers requiring caution the Bank held in the past. The Bank also assumes that claims on borrowers requiring supervision and support who are classified as borrowers requiring supervision will generate similar losses as claims on potentially bankrupt borrowers the Bank held in the past, and that claims on borrowers requiring supervision and support who are classified as other borrowers requiring caution will generate similar losses as claims on borrowers requiring supervision the Bank held in the past.
- 3) Impact on the consolidated financial statements for the following fiscal year
- (A) Forecasts of debtors’ business results, which are used to determine debtor categories may differ from results that were initially assumed due to factors such as changes in anticipated events and the external environment. If the forecasts need to be revised, these revisions could have a significant impact on the consolidated financial statements for the following fiscal year.
- (B) The Bank assumes that claims except for quasi-equity loans, claims subject to the DCF method and claims on borrowers requiring supervision and support will generate similar losses as claims on normal borrowers, claims on borrowers requiring supervision and claims on other borrowers requiring supervision the Bank held in the past. The Bank further assumes that claims on borrowers requiring supervision and support will generate similar losses as claims on potentially bankrupt borrowers and claims on borrowers requiring supervision the Bank held in the past. These assumptions could differ markedly from the actual loss experience due to factors such as changes in the business environment of debtors. In this case, there could be a significant impact on the consolidated financial statements for the following fiscal year.

(Unapplied Accounting Standards, etc.)

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- (1) Overview
- This standard stipulates the classification of income taxes when applied to other comprehensive income.
- (2) Scheduled adoption date
- Will be adopted from the beginning of the fiscal year ending March 31, 2025.
- (3) Impact of adopting revised accounting standards and implementation guidance
- The amount of the impact is currently under evaluation.

(Additional Information)

- (Trust-based Employee Shareholding Incentive Plan)
- The Bank, by a resolution at its Board of Directors meeting held on May 15, 2023, introduced a Trust-based Employee Shareholding Incentive Plan to provide its employees with incentives to enhance its corporate value over the medium to long term as well as to support asset building by encouraging them to acquire and hold its shares through expansion of the stockholding association as a measure to enhance benefits and welfare.
1. Outline of the transaction
- The Bank establishes an exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees’ Stockholdings (hereinafter referred to as the “Trust”) at a trust bank. The Trust will acquire in advance the number of the Bank’s shares expected to be acquired by the stockholding association over the Trust period. Thereafter, the Trust will regularly transfer the Bank’s shares to the stockholding association, and if an amount equivalent to the gain on the sale of shares has accumulated in the Trust as of the time of termination of the Trust, such amount will be distributed as residual assets to those who satisfy the eligibility requirements for beneficiaries. The Bank guarantees the borrowings by the Trust to acquire the Bank’s shares. Therefore, if an amount equivalent to the loss on sale of shares accumulates in the Trust due to a decline in the Bank’s stock price, and if there is a balance in the Trust equivalent to such loss on sale of shares at the time of termination of the Trust, the Bank will repay such remaining borrowings in accordance with the Guarantee Agreement.
2. Matters concerning the Bank’s shares held by the Trust
- (1) The Bank’s shares held by the Trust are recorded as treasury shares included in shareholders’ equity.
- (2) The book value of the shares held in the Trust is ¥859 million as of the end of the current consolidated fiscal year.
- (3) The number of the Bank’s shares held by the Trust was 758 thousand shares as of the end of the fiscal year.
3. The book value of loans recorded under the gross method
- The carrying amount of loans recorded under the gross method was ¥796 million at the end of the current consolidated fiscal year.

**(Relating to Consolidated Balance Sheets)**

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

As of March 31, 2024	(Millions of yen)
Investments	¥853

\*2 Claims to be disclosed under the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions are included in the following accounts in the consolidated balance sheet: corporate bonds (limited to those whose principal and interest are fully or partially secured and issued under private placements as permitted in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) under “Securities,” loans and bills discounted, foreign exchange, accrued interest, suspense payments under “Other assets,” including customer liability for acceptances and guarantees.

As of March 31, 2024	(Millions of yen)
Distressed claims and equivalents	¥9,060
Claims with risk	11,768
Claims three or more months past due	1
Restructured loans for which the Bank has relaxed lending conditions	4,741
Total	25,572

Distressed claims and equivalents represent loans to debtors in bankruptcy procedures including the commencement of bankruptcy proceedings, reorganization proceedings, rehabilitation proceedings, and other similar claims.

Claims with risk represent loans other than distressed claims and equivalents for which the debtors have not yet entered into bankruptcy but their financial condition and business performance have deteriorated, and therefore, it is highly probable that the principal and interest cannot be collected in accordance with the contracts.

Claims three or more months past due represent loans whose principal or interest payments are three or more months past due but are not classified as distressed claims and equivalents or claims with risk.

Restructured loans for which the Bank has relaxed lending conditions represent loans on which certain concessions favorable to debtors, including reductions or waivers of interest, deferred payment of principal or interest, and debt forgiveness, are granted but are not classified as distressed claims and equivalents, claims with risk, or claims three or more months past due.

The above claim amounts are before deducting allowances for possible loan losses.

\*3 Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24, March 17, 2022, “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, 2024	(Millions of yen)
	¥3,616

\*4 Assets pledged as collateral were as follows:

As of March 31, 2024	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥389,945
Loans and bills discounted	171,986
Liabilities related to pledged assets	
Deposits	12,401
Payables under securities lending transactions	14,513
Borrowed money	433,600

Other assets include central clearing counterparty margin requirements and guarantee deposits, the amounts of which are as follows:

As of March 31, 2024	(Millions of yen)
Central clearing counterparty margin requirements	¥17,000
Cash collateral paid for financial instruments	750
Guarantee deposits	189

\*5 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, 2024	(Millions of yen)
Lease contract assets	¥398
Corresponding borrowed money	295

\*6 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, 2024 were as follows:

As of March 31, 2024	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥444,440
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	404,186

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.

\*7 Accumulated depreciation of tangible fixed assets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Total amount of accumulated depreciation	¥33,158	¥33,072

Accumulated depreciation related to re-leased assets has been excluded starting from the current consolidated fiscal year. Accumulated depreciation for the previous consolidated fiscal year is indicated after excluding ¥1,494 million, the amount of the impact.

\*8 Deferred gains on tangible fixed assets deductible for tax purposes:

As of March 31, 2024	(Millions of yen)
Deferred gains	¥740
(Reduction entry amount for the consolidated fiscal year)	(—)

\*9 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, 2024	(Millions of yen)
	¥7,358

**(Relating to Consolidated Statements of Income)**

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

From April 1, 2023 to March 31, 2024	(Millions of yen)
Gain on sales stock	¥5,523

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

From April 1, 2023 to March 31, 2024	(Millions of yen)
Salary allowance	¥11,166

\*3 “Other ordinary expenses” include the following:

From April 1, 2023 to March 31, 2024	(Millions of yen)
Loss on sales of equity securities	¥949
Loss on devaluation of stocks and other securities	31

\*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, 2022 to March 31, 2023				(Millions of yen)
Location	Use	Category	Total impairment loss	
Yamanashi Prefecture	Idle assets	Land		¥0
Outside Yamanashi Prefecture	Operating assets	Land and other tangible fixed assets		2
Total	—	—		¥3

From April 1, 2023 to March 31, 2024				(Millions of yen)
Location	Use	Category	Total impairment loss	
Yamanashi Prefecture	Idle assets	Land		¥23
Total	—	—		¥23

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. 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, 2023 and the fiscal year ended March 31, 2024 represent net selling prices.

**(Relating to Consolidated Statements of Comprehensive Income)**

\*1 Reclassification adjustment and tax effect related to comprehensive income

From April 1, 2023 to March 31, 2024	(Millions of yen)
Valuation difference on available-for-sale securities:	
Difference arising during the fiscal year	¥17,428
Reclassification adjustment to profit and loss	5,121
Amount before income tax effect	22,550
Income tax effect	(6,777)
Valuation difference on available-for-sale securities	15,772
Remeasurements of defined benefit plans	
Gains (losses) arising during the fiscal year	8,746
Reclassification adjustment to profit and loss	524
Amount before income tax effect	9,270
Income tax effect	(2,822)
Remeasurements of defined benefit plans	6,447
Total other comprehensive income	¥22,219

**(Relating to Consolidated Statements of Changes in Net Assets)**

**From April 1, 2023 to March 31, 2024**

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

(Thousands of shares)

	Number of shares at the beginning of FY2023	Increase in number of shares during FY2023	Decrease in number of shares during FY2023	Number of shares at the end of FY2023	Remarks
Shares outstanding					
Common stock	32,783	—	—	32,783	
Treasury stock					
Common stock	1,662	891	195	2,358	Note

Notes: 1. The number of treasury shares as of the end of the current consolidated fiscal year includes 758 thousand of the Bank's shares held by the exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings.

2. The breakdown of the increase in treasury shares during the fiscal year under review is as follows:  
Increase due to the demand for purchase of shares less than one unit: 0 thousand shares  
Increase due to acquisition of the Bank's shares by the exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings: 891 thousand shares

3. The breakdown of the decrease in the number of treasury shares during the current consolidated fiscal year is as follows:  
Decrease due to exercise of stock options: 31 thousand shares  
Decrease due to allotment of restricted shares: 32 thousand shares  
Decrease due to requests for additional purchase of shares less than one unit: 0 thousand shares  
Decrease due to sales of the Bank's shares by the exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings: 132 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 FY2023 (Millions of yen)	
			Beginning of FY2023	FY2023			End of FY2023
				Increase	Decrease		
The Bank	Stock options as share subscription rights			—		¥54	
Total				—		¥54	

### 3. Items relating to dividends

#### (1) Dividend paid during FY2023

(Resolution)	Type of stock	Total dividend (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 27, 2023	Common stock	¥778	¥25.00	March 31, 2023	June 28, 2023
Board of Directors' Meeting on November 14, 2023	Common stock	779	25.00	September 30, 2023	December 5, 2023

Note: The total amount of dividends resolved by the Board of Directors meeting held on November 14, 2023 includes ¥20 million of dividends for the Bank's shares held by the exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings.

#### (2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2023.

(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, 2024	Common stock	¥966	Retained earnings	¥31.00	March 31, 2024	June 26, 2024

Note: The total amount of cash dividends includes ¥23 million of dividends for the Bank's shares held by the exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings.

### (Relating to Consolidated Statements of Cash Flows)

\*1 The reconciliation of the cash and due from banks in the consolidated balance sheets and the cash and cash equivalents at March 31, 2024, is as follows:

From April 1, 2023 to March 31, 2024	(Millions of yen)
Cash and due from banks	¥695,774
Due from banks, excluding due from Bank of Japan	(429)
Cash and cash equivalents	¥695,345

### (Relating to Lease Transactions)

Finance leases

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2024 are as follows:

As of March 31, 2024	(Millions of yen)
Gross lease receivables	¥8,264
Estimated residual value	167
Unearned interest income	(790)
Net investment in leases	¥7,640

2. Expected amounts from the collection of gross lease receivables and net investment in leases for the year ended March 31, 2024 are as follows:

As of March 31, 2024	(Millions of yen)	
	Gross lease receivables	Net investment in leases
1 year or less	¥248	¥2,609
1 to 2 years	240	2,093
2 to 3 years	225	1,541
3 to 4 years	206	1,087
4 to 5 years	168	582
Over 5 years	588	350
Total	¥1,677	¥8,264

### (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 trading securities, as well as domestic and foreign exchange operations, corporate bond underwriting, over-the-counter sales of public bonds such as Japanese government bonds, investment trusts and insurance, and various consulting services. In addition, for the purpose of short-term fund raising, we enter into call loans and call money in the interbank market. Derivative transactions are primarily meant as a response to the diverse investment and financing needs of customers, hedges against interest rate risk or the risk of exchange fluctuations and may involve transactions such as interest rate swaps, coupon swaps, forward exchanges or currency swaps. However, we do not conduct transactions which have complicated structures and are speculative. 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. 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, October 8, 2020, "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 a market predictive report that the market 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.

### (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) 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 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: 120 days; confidence interval: 99%; observation period: 1,200 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 April 2023, the holding period and observation period in the variance-covariance method were changed to respond to changes in investment methods according to the market environment and to the heightened market volatility.

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 ¥36,055 million as of March 31, 2024 compared with ¥50,173 million as of the end of the previous fiscal year. The VaR of trading account securities amounted to ¥0 million. (Previous fiscal year: ¥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*

Certain assumptions are used in measuring the fair value of financial instruments. Accordingly, the results of such measurements may vary if different assumptions are used.

## 2. Fair Values of Financial Instruments

The carrying amount, fair value and the difference between the two for financial instruments are shown below. Stocks, etc. with no market price and investments in partnerships are not included in the table (see Note 1). For cash and due from banks, call loans and bills purchased, foreign exchanges (assets/liabilities), central clearing counterparty margin requirement, and payables under securities lending transactions, the disclosure is omitted since their fair value approximates their carrying amount due to short maturity.

As of March 31, 2024	(Millions of yen)		
	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Securities			
Held-to-maturity	¥10,193	¥10,070	¥(122)
Available-for-sale securities <sup>*1</sup>	999,110	999,110	—
(2) Loans and bills discounted	2,513,085		
Accrued income (Interest on loans)	1,299		
Deferred income (Interest on loans and guarantee charge) <sup>*2</sup>	(2,941)		
Allowance for possible loan losses <sup>*3</sup>	(10,921)		
	2,500,521	2,495,943	(4,577)
Total assets	¥3,509,824	¥3,505,124	¥(4,699)
(1) Deposits	¥3,577,666		
Accrued expenses (Interest on deposits)	147		
	¥3,577,813	¥3,577,843	¥30
(2) Negotiable certificates of deposits	54,938		
Accrued expenses (Interest on NCDs)	0		
	54,938	54,939	0
(3) Borrowed money	434,692	434,693	1
Total liabilities	¥4,067,444	¥4,067,477	¥33
Derivatives <sup>*4</sup>			
Hedge accounting is not applied	¥(413)	¥(413)	¥ —
Hedge accounting is applied	—	—	—
Total derivatives	¥(413)	¥(413)	¥ —

<sup>\*1</sup> Available-for-sale securities include investment trusts where the net asset value is deemed as fair value by applying the treatment in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Measurement of Fair Value” (ASBJ Guidance No. 31, June 17, 2021).

<sup>\*2</sup> Represents deferred interest received on loans and deferred guarantee fees received from a consolidated subsidiary performing guarantees on the Bank’s loans to customers.

<sup>\*3</sup> 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.

<sup>\*4</sup> 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) The consolidated balance sheet amounts for stocks, etc. with no market price and contributions to unions, etc. are as follows and are not included under “available-for-sale securities” in fair value financial instruments.**

As of March 31, 2024	(Millions of yen)
	Carrying amount
Stocks, etc. with no market price <sup>*1</sup> <sup>*2</sup>	¥702
Contributions to unions <sup>*3</sup>	¥8,573

<sup>\*1</sup> Stocks, etc. with no market price are not subject to fair value disclosure in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

<sup>\*2</sup> Classified as available-for-sale securities; in the current consolidated fiscal year, an impairment loss of ¥31 million was recognized.

<sup>\*3</sup> Contributions to unions are not subject to fair value disclosure in accordance with Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

**(Note 2) Maturity analysis for monetary claims and securities with contractual maturities**

As of March 31, 2024	(Millions of yen)					
	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Due from banks	¥653,708	¥ —	¥ —	¥ —	¥ —	¥ —
Securities	49,848	108,461	123,053	113,500	96,800	82,291
Held-to-maturity	2,325	3,467	1,519	886	2,000	—
Municipal bonds	—	—	—	840	2,000	—
Corporate bonds	2,325	3,467	1,519	46	—	—
Available-for-sale securities that have maturities	47,522	104,994	121,534	112,614	94,800	82,291
Japanese government bonds	12,000	45,400	8,000	—	47,000	33,000
Municipal bonds	30,780	50,430	71,594	59,874	31,182	39,761
Corporate bonds	3,228	9,163	41,939	52,740	15,860	9,530
Others	1,514	—	—	—	757	—
Loans and bills discounted <sup>*1</sup>	333,590	468,649	462,743	306,953	318,095	464,424
Central clearing counterparty margin requirement <sup>*2</sup>	17,000	—	—	—	—	—
Total	¥1,054,146	¥577,111	¥585,797	¥420,453	¥414,895	¥546,715

<sup>\*1</sup> 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 ¥20,788 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥137,716 million are not included either.

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

**(Note 3) Maturity analysis for interest-bearing debt**

As of March 31, 2024

(Millions of yen)

	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Deposits *	¥3,211,282	¥225,232	¥21,953	¥ —	¥ —	¥ —
Negotiable certificates of deposit	54,938	—	—	—	—	—
Payables under securities lending transactions	14,513	—	—	—	—	—
Borrowed money	119,732	253,124	61,834	—	—	—
<b>Total</b>	<b>¥3,400,466</b>	<b>¥478,356</b>	<b>¥83,787</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>

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

**3. Fair value of financial instruments breakdown by level**

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of the inputs used to measure fair value.

Fair value level 1: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Fair value level 2: Fair value measured using observable inputs other than those in level 1.

Fair value level 3: Fair value measured using unobservable inputs.

If multiple inputs that are significant to the fair value measurement are used, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

**(1) Financial instruments measured at fair value in the consolidated balance sheets**

As of March 31, 2024

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Securities</b>				
Available-for-sale securities				
Japanese government bonds, municipal bonds, etc.	¥141,154	¥275,777	—	¥416,932
Corporate bonds	—	130,462	—	130,462
Equity securities	64,589	—	—	64,589
Investment trusts	85,372	261,012	—	346,385
Foreign bonds	1,481	635	—	2,116
Foreign stocks	—	—	—	—
Others	—	—	5	5
<b>Derivative transactions</b>				
Interest-related	—	292	—	292
Currency-related	—	134	—	134
<b>Total assets</b>	<b>¥292,597</b>	<b>¥668,315</b>	<b>¥5</b>	<b>¥960,918</b>
<b>Derivative transactions</b>				
Interest-related	—	¥214	—	¥214
Currency-related	—	626	—	626
<b>Total liabilities</b>	<b>—</b>	<b>¥840</b>	<b>—</b>	<b>¥840</b>

\* Securities do not include investment trusts where the net asset value is deemed as fair value by applying the treatment in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment in Paragraph 24-3 is applied amounted to ¥26,040 million, and that to which the treatment in Paragraph 24-9 is applied amounted to ¥12,578 million.

**(i) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-3 is applied**

(Millions of yen)

Balance at beginning of year	Profit or loss or other comprehensive income for the period		Net amount of purchase, sale, and redemption	Amount of net asset value of investment funds determined to be deemed fair value	Amount of net asset value of investment funds determined not to be deemed fair value	Balance at end of year	Unrealized gains (losses) on investment trusts held at the balance sheet date recognized in profit or loss for the period
	Recognized in profit or loss	Recognized in other comprehensive income					
21,020	—	20	5,000	—	—	26,040	—

**(ii) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-9 is applied**

(Millions of yen)

Balance at beginning of year	Profit or loss or other comprehensive income for the period		Net amount of purchase, sale, and redemption	Amount of net asset value of investment funds determined to be deemed fair value	Amount of net asset value of investment funds determined not to be deemed fair value	Balance at end of year	Unrealized gains (losses) on investment trusts held at the balance sheet date recognized in profit or loss for the period
	Recognized in profit or loss	Recognized in other comprehensive income					
12,321	—	259	(2)	—	—	12,578	—

**(iii) Breakdown by item of restrictions on cancellation or repurchase requests as of the consolidated balance sheet date**

(Millions of yen)

Principal restrictions on cancellation or repurchase	Consolidated balance sheet amount
Items that require several months for cancellation from application to refund	26,040

**(2) Financial instruments other than those measured at fair value in the consolidated balance sheets**

As of March 31, 2024

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Securities</b>				
Held-to-maturity debt securities				
Municipal bonds	—	¥2,741	¥ —	¥2,741
Corporate bonds	—	—	7,328	7,328
Loans and bills discounted	—	—	2,495,943	2,495,943
<b>Total assets</b>	<b>—</b>	<b>¥2,741</b>	<b>¥2,503,272</b>	<b>¥2,506,014</b>
Deposits	—	¥3,577,843	¥ —	¥3,577,843
Negotiable certificates of deposit	—	54,939	—	54,939
Borrowed money	—	434,693	—	434,693
<b>Total liabilities</b>	<b>—</b>	<b>¥4,067,477</b>	<b>¥ —</b>	<b>¥4,067,477</b>

(Note 1) Description of valuation techniques and inputs used for fair value measurement

Assets

Securities

Securities for which unadjusted quoted prices in active markets are available are classified as fair value level 1. Such securities mainly include listed equity securities, listed investment trusts, and government bonds.

Even if available quoted prices are used, securities are classified as fair value level 2 when the relevant markets are not active. Such securities mainly include municipal bonds and corporate bonds. For investment trusts for which no quoted market prices are available, the net asset value is used as fair value if there are no material restrictions that would require compensation for the risk from the market participants with respect to cancellation or repurchase requests, and their fair values are classified as level 2.

When quoted prices are not available, the fair value is measured by using valuation techniques such as the present value technique discounting future cash flows. Observable inputs are used in the valuation to the maximum extent possible. Inputs include TIBOR, government bond yields, credit spreads, and probability of default. When significant unobservable inputs are used for the measurement, the fair value is classified as level 3.

The fair value of share subscription rights is estimated using valuation techniques including option valuation models. The main input is the listing probability. The listing probability is classified as fair value level 3 because it is an unobservable input.

Loans

The fair value of loans is measured by discounting the aggregate value of principal and interest at the market interest rate that reflects credit risks, etc. for each category based on the type of loan, internal rating, and maturity. Loans with floating interest rates reflect the market interest rates in the short-term; thus, the acquisition cost or amortized cost is used as the fair value of those loans as the fair value approximates the acquisition cost or amortized cost where the credit situation of the borrowers does not vary significantly after executing the loans. With respect to claims on borrowers in legal bankruptcy, virtual bankruptcy, or possible bankruptcy, the fair value is measured at the discounted present value of estimated future cash flows or the discounted present value of estimated collectible amounts through collateral or guarantee. Such fair value is classified as level 3.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits payable immediately on demand as of the consolidated balance sheet date, the fair value is measured at the amount payable. The fair value of time deposits and negotiable certificates of deposit is measured at the discounted present value of future cash flows based on each category during a certain period of time. Market rates are used to discount future cash flows. For deposits with short maturities (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount. The said fair value is classified as level 2.

Borrowed money

The fair value of borrowed money is measured at the present value calculated by discounting the aggregate amount of principal and interest at the interest rate that reflects the remaining period of each borrowing and its credit risk based on each category during a certain period of time. Of which, borrowed money with floating interest rates reflects the market interest rates in the short-term, and the credit status of the Bank and its consolidated subsidiaries has not significantly been changed after the execution of the borrowings; thus, the carrying amount is presented as the fair value since it is deemed that the fair value approximates the carrying amount. For borrowed money with short contractual terms (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount. The said fair value is classified as level 2.

Derivative transactions

Since derivative transactions are over-the-counter transactions without published quoted prices, their fair values are measured using the present value technique depending on the type of transaction and the maturity period. The main inputs used in those valuation techniques are interest rate and exchange rate, among others. The said fair value is classified as level 2.

(Note 2) Information on financial instruments carried at fair value level 3 in the consolidated balance sheets

(1) Quantitative information on significant unobservable inputs

As of March 31, 2024

Classification	Valuation technique	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Subscription rights to shares	Option valuation model	Listing probability	0 to 50.0%	17.8%

(2) Table of reconciliation of opening balances to closing balances, unrealized gains (losses) recognized in profit or loss for the period under review

As of March 31, 2024

(Millions of yen)

	Balance at beginning of year	Profit or loss or other comprehensive income for the period		Net amount of purchase, sale, and settlement	Transfer to fair value level 3	Transfer from fair value level 3	Balance at end of year	Unrealized gains (losses) on financial assets and liabilities held at the balance sheet date recognized in profit or loss for the period
		Recognized in profit or loss	Recognized in other comprehensive income					
Securities								
Available-for-sale securities								
Subscription rights to shares	—	—	1	3	—	—	5	—

(3) Description of the fair value valuation process

The Bank verifies the validity of the valuation techniques and inputs used to calculate fair value as well as the appropriateness of the classification of fair value levels regarding the calculated fair value.

In calculating fair value, the Bank uses valuation models that most appropriately reflect the nature, characteristics, and risks of individual assets. When using market prices obtained from third parties, the Bank also verifies the validity of the prices by confirming the valuation techniques and inputs used and by other appropriate methods.

(4) Explanation of the effect on fair value when significant unobservable inputs are changed

Listing probability is the significant unobservable input used to calculate the fair value of share subscription rights. A significant increase or decrease in listing probability will result in a significant increase or decrease in fair value.

(Relating to Securities)

\*1 In addition to including the “Securities” listed on the Consolidated Balance Sheet, 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, 2024 (Millions of yen)

	Unrealized gains/losses recognized as income
Trading securities	¥ —

2. Held-to-maturity debt securities

As of March 31, 2024 (Millions of yen)

	Type	Carrying amount in consolidated balance sheets	Fair value	Differences
Fair value exceeded carrying amount:	Municipal bonds	¥ —	¥ —	¥ —
	Corporate bonds	840	840	0
	Sub-total	840	840	0
Fair value not exceeded carrying amount:	Municipal bonds	2,835	2,741	(93)
	Corporate bonds	6,518	6,487	(30)
	Sub-total	9,353	9,229	(123)
Total		¥10,193	¥10,070	¥(122)

3. Available-for-sale securities

As of March 31, 2024 (Millions of yen)

	Type	Fair value in consolidated balance sheets	Cost	Valuation differences
Fair value exceeded cost:	Japanese stocks	¥62,596	¥16,747	¥45,848
	Bonds total	108,505	107,711	794
	Japanese Government bonds	90,278	89,688	589
	Japanese municipal bonds	11,379	11,205	173
	Japanese corporate bonds	6,847	6,816	30
	Other securities	103,395	100,301	3,094
	Investment trusts	103,389	100,297	3,092
	Foreign bonds	—	—	—
	Foreign stocks	—	—	—
	Others	5	3	1
Sub-total		274,497	224,760	49,737
Fair value not exceeded cost:	Japanese stocks	1,992	2,096	(103)
	Bonds total	438,888	454,879	(15,990)
	Japanese Government bonds	50,876	55,235	(4,359)
	Japanese municipal bonds	264,397	272,967	(8,569)
	Japanese corporate bonds	123,614	126,676	(3,062)
	Other securities	283,731	300,456	(16,725)
	Investment trusts	281,614	298,213	(16,598)
	Foreign bonds	2,116	2,243	(126)
	Foreign stocks	—	—	—
	Others	—	—	—
Sub-total		724,612	757,432	(32,819)
Total		¥999,110	¥982,192	¥16,917

4. Held-to-maturity debt securities sold

Not applicable

5. Available-for-sale securities sold

From April 1, 2023 to March 31, 2024 (Millions of yen)

Type	Sales costs	Gross realized gains	Gross realized losses
Japanese stocks	¥10,688	¥2,295	¥214
Bonds total	86,143	60	3,525
Japanese Government bonds	73,127	33	2,784
Japanese municipal bonds	11,215	26	740
Japanese corporate bonds	1,800	0	—
Other securities	284,284	5,756	5,889
Investment trusts	247,850	5,756	2,437
Foreign bonds	36,419	—	3,441
Foreign stocks	14	—	11
Total	¥381,115	¥8,112	¥9,629

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 (excluding stocks, etc. with no market price and contributions to unions), 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.

There were no impairment losses for the current consolidated fiscal year.

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)

1. Money held in trust for investment

As of March 31, 2024 (Millions of yen)

	Balance sheet amount	Valuation difference included in consolidated gains or losses
Money held in trust for investment	¥2,861	¥0

2. Money held in trust to maturity

Not applicable

3. Other money held in trust (for objectives beside investment and held-to-maturity)

As of March 31, 2024

	Consolidated balance sheet amount (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)	Those whose consolidated balance sheet amount exceeds the acquisition cost (Millions of yen)	Those whose consolidated balance sheet amount does not exceed the acquisition cost (Millions of yen)
Other money held in trust	766	761	5	5	—

Note: “Those whose consolidated balance sheet amount exceeds the acquisition cost” and “Those whose consolidated balance sheet amount does not exceed the acquisition cost” are the respective breakdowns of differences.

(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, 2024 (Millions of yen)

	Amounts
Valuation difference	¥17,010
Other securities	17,004
Other money held in trust	5
Deferred tax assets	—
Deferred tax liabilities	4,988
Net unrealized gains (before non-controlling interests)	12,021
Non-controlling interests	298
Net unrealized gains on available-for-sale securities	¥11,723

(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, respectively, at the end of the consolidated balance sheet date are as follows. Contract or Notional Amounts do not show market risk of derivative instruments.

(1) Interest-related derivative instruments

As of March 31, 2024 (Millions of yen)

	Type	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Financial instruments exchange	Interest rate futures				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Buy	—	—	—	—
OTC	Interest rate forward contracts				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Interest rate swaps				
	Fixed receipt and variable interest payment	¥5,658	¥5,658	¥(172)	¥(172)
	Variable receipt and fixed interest payment	5,658	5,658	250	250
	Variable receipt and variable interest payment	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Other				
	Sold	—	—	—	—
	Buy	—	—	—	—
Total		¥—	¥—	¥78	¥78

Note: Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

(2) Currency-related derivative instruments

As of March 31, 2024

(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	¥76,942	¥33,933	¥(491)	¥(491)
	Forward rate agreements				
	Sold	71	—	(0)	(0)
	Buy	473	—	0	0
	Currency options				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Other				
	Sold	—	—	—	—
	Buy	—	—	—	—
Total		¥ —	¥ —	¥(491)	¥(491)

Note: Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

(3) Share-related transactions

Not applicable

(4) Liability-related transactions

Not applicable

(5) Commodity-related derivative instruments

Not applicable

(6) Credit derivative transactions

Not applicable

**2. Derivative instruments accounted for as hedges**

With regard to derivative transactions to which hedge accounting is applied, the contract amount or notional principal amount determined in the contract and fair value as of the consolidated balance sheet date for each type of transaction and hedge accounting method are as follows. Furthermore, the contract amount itself does not indicate the market risk associated with the derivative transaction.

(1) Interest-rate related transaction

Not applicable

(2) Currency-related transactions

Not applicable

(3) Share-related transactions

Not applicable

(4) Liability-related transactions

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 benefits obligations at beginning of year and end of year

From April 1, 2023 to March 31, 2024

(Millions of yen)

Retirement benefit obligations at beginning of year	¥31,184
Service cost	998
Interest cost	117
Actuarial gains and losses	(3,666)
Retirement benefits payment	(1,491)
Past service cost	—
Other	—
Retirement benefits obligations at end of year	¥27,142

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

From April 1, 2023 to March 31, 2024

(Millions of yen)

Pension assets at beginning of year	¥41,053
Expected return on plan assets	1,109
Actuarial gains and losses	5,079
Employer's contribution	622
Retirement benefits payment	(779)
Other	—
Pension assets at end of year	¥47,086

(3) Reconciliation of retirement benefits 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, 2024

(Millions of yen)

Retirement benefits obligations of funded plan	¥27,142
Pension assets	(47,086)
	(19,943)
Retirement benefits obligations of unfunded plans	—
Assets and liabilities recorded in consolidated balance sheets, net	¥(19,943)

(Millions of yen)

Liability of retirement benefits	—
Assets of retirement benefits	¥(19,943)
Liabilities and assets recorded in the consolidated balance sheets, net	¥(19,943)

(4) Breakdown of retirement benefit costs

From April 1, 2023 to March 31, 2024		(Millions of yen)
Service cost		¥998
Interest cost		117
Expected return on plan assets		(1,109)
Actuarial gains and losses recorded in expenses		531
Past service costs recorded in expenses		(7)
Other		—
Retirement benefit costs of defined benefit plan		¥530

(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, 2023 to March 31, 2024		(Millions of yen)
Past service costs		¥7
Actuarial gains and losses		(9,277)
Other		—
Retirement benefit costs of defined benefit plan		¥(9,270)

(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, 2024		(Millions of yen)
Unrecognized past service costs		¥(24)
Unrecognized actuarial gains and losses		(7,699)
Other		—
Retirement benefit costs of defined benefit plan		¥(7,723)

(7) Pension assets

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

As of March 31, 2024	
Stocks	34%
Bonds	21
Life insurance general account	12
Other	33
Total	100%

Note: Included in total pension assets is 17% (compared with 15% in the previous fiscal year) for retirement benefit trusts established in the corporate pension plan, and 24% (compared with 25% in the previous fiscal year) for retirement benefit trusts established in the lump-sum retirement plan.

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 pension assets allocations, 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, 2023 to March 31, 2024	
Discount rate	1.2%
Long-term expected rate of return on plan assets	2.6
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 ¥207 million compared with ¥208 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, 2023 to March 31, 2024		(Millions of yen)
General and administrative expenses		¥42

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

(1) Description of stock options

	Stock Options
Category and number of people to whom stock options are granted	No stock options were granted in the fiscal year ended March 31, 2024.
Type and number of shares granted as stock options	
Date on which stock options were granted	
Vesting terms and conditions	
Vesting period	
Exercise period	

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, 2024. The number of stock options is converted into the number of shares.

1) Number of stock options

	2016 Stock Options	2017 Stock Option	2018 Stock Option	2019 Stock Option
Stock options which are not yet vested (shares):				
As of March 31, 2020	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Balance of stock options not vested	—	—	—	—
Stock options which have already been vested (shares):				
As of March 31, 2020	6,060	6,400	6,120	17,900
Vested	—	—	—	—
Exercised	3,380	2,940	2,820	6,820
Forfeited	—	—	—	—
Balance of stock options not exercised	2,680	3,460	3,300	11,080

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

2) Per share price information

	2016 Stock Options	2017 Stock Option	2018 Stock Option	2019 Stock Option
Exercise price (Yen)	¥1	¥1	¥1	¥1
Average price per share upon exercise (Yen)	1,242	1,242	1,242	1,242
Fair value per share at the grant date (Yen)	2,025	2,115	2,050	1,061

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. Description of restricted stock/Changes in the size of restricted stock

(1) Description of restricted stock

	Granted on August 7, 2020
Category and number of people to whom restricted stock compensation was granted	The Bank's directors (excluding outside directors): 9 The Bank's executive officers: 9
Type and number of shares granted	Common stock: 53,300 shares
Grant date	August 7, 2020
Eligible service period	The period from the Bank's 117th Annual General Meeting of Shareholders to its 118th Annual General Meeting of Shareholders, which is scheduled to be held in June 2021 (The period for executive officers, is from July 1, 2020 to June 30, 2021.)
Transfer restriction period	The period from the grant date of the restricted stock to the date of resignation or retirement of eligible individuals from the position of the Bank's director, executive officer or employee
Conditions for removal of transfer restrictions	During the period from the start of the transfer restriction period to the date on which the first subsequent Annual General Meeting of Shareholders of the Bank is held (The period for executive officers is from July 1, 2020 to June 30, 2021.), the eligible individuals shall continuously hold the position of the Bank's director, executive officer or employee.
Fair value per share at the grant date	840 yen

	Granted on August 5, 2021
Category and number of people to whom restricted stock compensation was granted	The Bank's directors (excluding outside directors): 6 The Bank's executive officers: 12
Type and number of shares granted	Common stock: 51,500 shares
Grant date	August 5, 2021
Eligible service period	The period from the Bank's 118th Annual General Meeting of Shareholders to its 119th Annual General Meeting of Shareholders, which is scheduled to be held in June 2022 (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors).
Transfer restriction period	The period from the grant date of the restricted stock to the date of resignation or retirement of eligible individuals from the position of the Bank's director, executive officer or employee
Conditions for removal of transfer restrictions	During the period from the start of the transfer restriction period to the date on which the first subsequent Annual General Meeting of Shareholders of the Bank is held (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors), the eligible individuals shall continuously hold the position of the Bank's director, executive officer or employee.
Fair value per share at the grant date	821 yen

	Granted on July 29, 2022
Category and number of people to whom restricted stock compensation was granted	The Bank's directors (excluding outside directors): 6 The Bank's executive officers: 12
Type and number of shares granted	Common stock: 36,600 shares
Grant date	July 29, 2022
Eligible service period	The period from the Bank's 119th Annual General Meeting of Shareholders to its 120th Annual General Meeting of Shareholders, which is scheduled to be held in June 2023 (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors).
Transfer restriction period	The period from the grant date of the restricted stock to the date of resignation or retirement of eligible individuals from the position of the Bank's director, executive officer or employee
Conditions for removal of transfer restrictions	During the period from the start of the transfer restriction period to the date on which the first subsequent Annual General Meeting of Shareholders of the Bank is held (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors), the eligible individuals shall continuously hold the position of the Bank's director, executive officer or employee.
Fair value per share at the grant date	1,156 yen

	Granted on July 28, 2023
Category and number of people to whom restricted stock compensation was granted	The Bank's directors (excluding outside directors): 6 The Bank's executive officers: 12
Type and number of shares granted	Common stock: 32,200 shares
Grant date	July 28, 2023
Eligible service period	The period from the Bank's 120th Annual General Meeting of Shareholders to its 121st Annual General Meeting of Shareholders, which is scheduled to be held in June 2024 (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors).
Transfer restriction period	The period from the grant date of the restricted stock to the date of resignation or retirement of eligible individuals from the position of the Bank's director, executive officer or employee
Conditions for removal of transfer restrictions	During the period from the start of the transfer restriction period to the date on which the first subsequent Annual General Meeting of Shareholders of the Bank is held (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors), the eligible individuals shall continuously hold the position of the Bank's director, executive officer or employee.
Fair value per share at the grant date	1,307 yen

(2) Changes in the size of restricted stock

	Granted on August 7, 2020	Granted on August 5, 2021	Granted on July 29, 2022	Granted on July 28, 2023
Prior to removal of transfer restrictions (shares)				
End of previous consolidated fiscal year	28,700	47,300	36,000	—
Granted	—	—	—	32,200
Acquired without compensation	—	—	—	—
Removal of transfer restrictions	9,300	19,100	14,500	—
Balance with restrictions left in place	19,400	28,200	22,100	32,200

**(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, 2024

(Millions of yen)

Deferred tax assets:	
Net defined benefit liability	¥3,011
Allowance for possible loan losses	2,528
Unrealized gains on available-for-sale securities	—
Losses on investment securities	1,459
Depreciation	457
Tax loss carryforward	1
Other	2,492
Sub-total	9,950
Valuation allowance	(4,166)
Total deferred tax assets	5,783
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(4,988)
Other	(5,085)
Total deferred tax liabilities	(10,074)
Net deferred tax assets (liabilities)	¥(4,290)

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, 2024

Normal effective statutory tax rate	30.4%
Valuation allowance	(7.6)
Income not taxable for income tax purposes	(1.1)
Expenses not deductible for income tax purposes	0.4
Taxation on gain on sale of shares of subsidiaries	5.0
Other – net	(1.4)
Actual effective tax rate	25.7%

**(Relating to Asset Retirement Obligations)**

Not applicable

**(Relating to Investment and Rental Property)**

Not applicable

**(Relating to Revenue Recognition)**

(Millions of yen)

Classification	Consolidated fiscal year under review (From April 1, 2023 to March 31, 2024)
Fees and commissions	11,890
Deposits and loans business	4,445
Foreign exchange business	1,563
Securities-related business	1,303
Agency business	2,667
Custody and safety deposit box business	223
Guarantee business	369

The above table also includes revenues based on ASBJ Statement No. 10, “Accounting Standard for Financial Instruments.”

**(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, 2023 to March 31, 2024

**1. Information for service segment**

(Millions of yen)

	Loans	Securities investment	Other	Total
Ordinary income from customers	¥24,167	¥16,659	¥15,698	¥56,525

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 statement 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 statement 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 statement of income, it has been omitted here.

**[Information about impairment loss of fixed assets in 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
- The parent company and major shareholders of the company submitting consolidated financial statements (limited to companies, etc.)  
Not applicable
  - Non-consolidated subsidiaries and related companies, etc. of the company submitting consolidated financial statements  
Not applicable
  - 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
  - Related-party transactions involving directors, corporate auditors and major stockholders (individuals only) of the Bank

From April 1, 2023 to March 31, 2024 (Millions of yen)

Relationship	Name	Address	Paid-in capital	Position	Voting rights (%)	Details of business relationship	Transactions	Transaction amount	Accounting name	Year-end balance
Officer or his/her relatives	Eiichiro Yamadera	—	—	Brother-in-law of the Bank's Director	0.11	Lending	Lending	¥ —	Loans	¥148
							Interest income	1	—	—
Company, etc. controlled by an officer or his/her relatives through majority ownership of voting rights	ITUTUYA SHOUYU CO., LTD. (Note 2)	Nirasaki City, Yamanashi Prefecture	10	Manufacturing and sale of soy sauce and miso	—	Lending	Lending	¥ —	Loans	¥12
							Interest income	0	—	—

- Notes: 1. Transaction terms and policies for determining transaction terms  
Transaction terms are determined in the same manner as with clients in general.
2. A relative of Masahiko Yamadera, a director of the Bank, owns a majority of voting rights.
- (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.)

Transactions under common control, etc.  
Additional acquisition of shares of consolidated subsidiaries, etc.

1. Outline of transactions

- (1) Names of the companies involved in the combination and the details of their businesses

Name of the company involved in the combination	Details of business
1) Yamanashi Chugin Lease Co., Ltd.	Leasing, etc.
2) Yamanashi Chugin DC Card Co., Ltd.	Credit card business, etc.
3) Yamanashi Chugin Management Consulting Co., Ltd.	General consulting business, venture capital business, etc.

- (2) Date of business combination  
March 28, 2024
- (3) Legal form of the business combination
- 1) Yamanashi Chugin Lease Co., Ltd.  
Acquisition of shares from non-controlling shareholders and inter-company transactions between consolidated companies
- 2) Yamanashi Chugin DC Card Co., Ltd.  
Inter-company transactions between consolidated companies
- 3) Yamanashi Chugin Management Consulting Co., Ltd.  
Inter-company transactions between consolidated companies
- (4) Name of company after the combination  
There is no change to the names.
- (5) Other matters related to the outline of the transactions  
These transactions relate to the acquisition of shares held by non-controlling shareholders and inter-company transactions between consolidated companies for the purpose of strengthening the governance of group management and efficient use of group capital through a review of the capital structure.

2. Outline of implemented accounting procedures

The Bank treated the transactions as transactions with a non-controlling shareholder among transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

3. Matters related to additional acquisition of shares of subsidiaries

Acquisition cost and its breakdown

1) Yamanashi Chugin Lease Co., Ltd.  
Acquisition of shares from non-controlling shareholders  
Consideration for acquisition    Cash and deposits    ¥429 million  
Acquisition cost    ¥429 million

\* The amount of inter-company transactions between consolidated companies has been fully offset and eliminated.

4. Matters related to changes in the Bank's interest regarding transactions with non-controlling shareholders

- (1) Main reasons for changes in capital surplus  
Additional acquisition of shares of subsidiaries
- (2) Amount of capital surplus increased by transactions with non-controlling shareholders  
¥1,005 million

(Per Share Information)

From April 1, 2023 to March 31, 2024 (Yen)

Net assets per share	¥7,143.86
Profit per share	185.79
Diluted net income per share	185.55

Note: The basis for calculating net income per share and diluted net income per share is presented as follows:

From April 1, 2023 to March 31, 2024 (Millions of yen)

Profit per share	
Profit attributable to shareholders of the parent	¥5,658
Amount not attributable to owners of common stock	—
Profit attributable to shareholders of the parent related to common stock	5,658
Average balance of common stock (Thousands of shares)	30,456
Diluted profit per share	
Adjustment amount of profit attributable to shareholders of the parent	¥ —
Increase in the number of common stock (Thousands of shares)	40
New share subscription rights (Thousands of shares)	40

Note: The Bank's shares held by the exclusive trust for the Yamanashi Chuo Bank, Ltd. Employees' Stockholdings are recorded as treasury shares included in shareholders' equity. The Bank has included these shares in the treasury shares to be excluded from the calculation of the total number of shares issued and outstanding at the end of the fiscal year and the average number of shares outstanding during the fiscal year for the purpose of calculating net assets per share, net income per share, and diluted net income per share.

The number of such treasury shares at the end of the period deducted in the calculation of net assets per share is 758 thousand shares, and the average number of such treasury shares during the period deducted in the calculation of net income per share and diluted net income per share is 709 thousand shares.



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