

ANNUAL REPORT 2022

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.



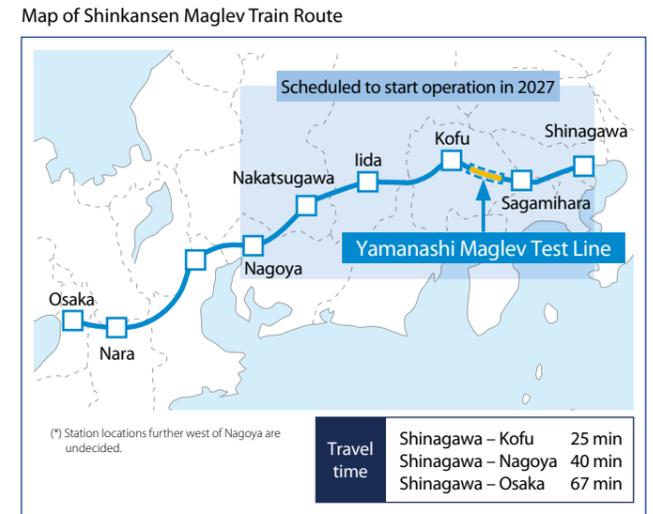
- 1 Wine**
22.8% share of shipment amount ranks second in Japan. Yamanashi wine was designated for a special label by the National Tax Agency.
- 2 Silk Fabric**
Shipment amount of down quilts ranks third in Japan.
- 3 Traditional Japanese Paper**
Shipment amount of shoji paper and calligraphy paper ranks third in Japan.
- 4 Fruits**
Harvest of grapes, peaches and Japanese plums ranks first in Japan.
- 5 Jewelry**
Shipment amount of jewelry ranks second in Japan.
- 6 Mineral Water**
38.8% share of shipment amount ranks first in Japan.
- 7 Knit Products**
- 8 Sake**
- 9 Inden Leather**

Preparations for High-Speed Transportation Network

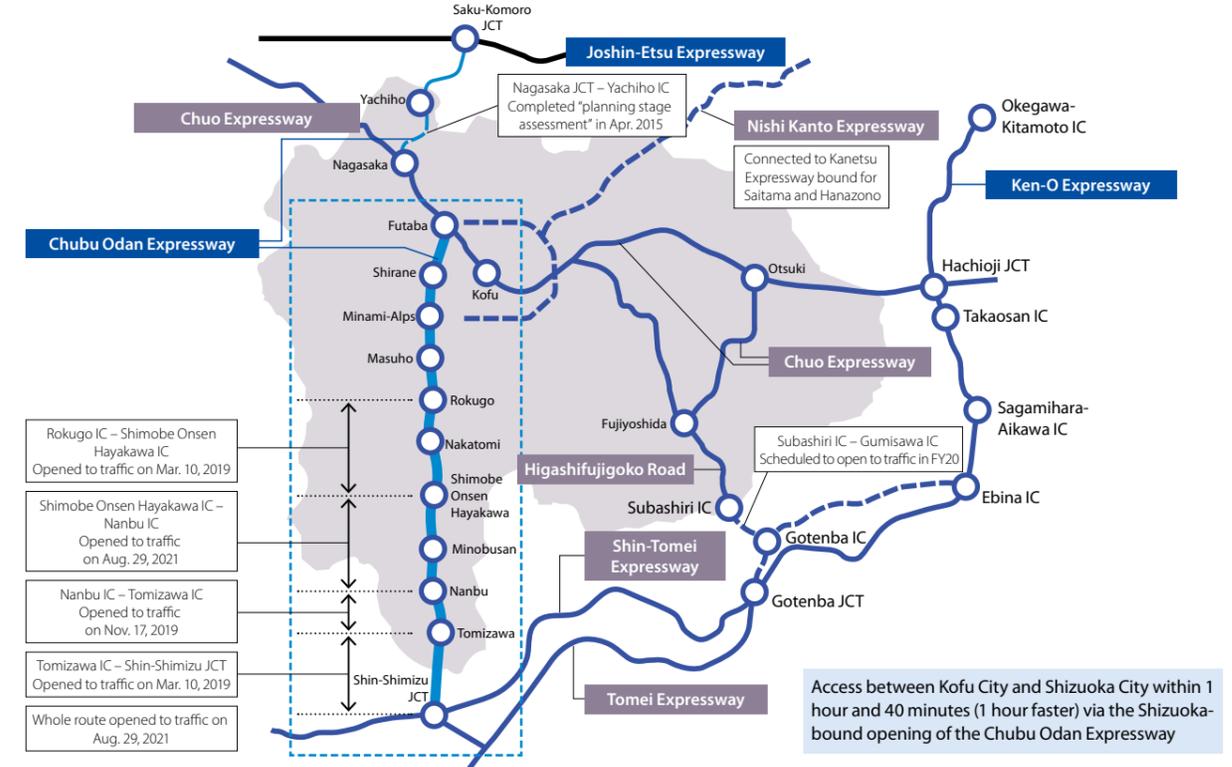
Expected Effects
Increase in tourists from Kansai and Tokai regions, increase in opportunities for receiving orders, expansion of logistic facilities, and increase in residents due to expanded commuting radius to Greater Tokyo, etc.

Shinkansen Maglev Train

- Oct. 2014: Minister of Land, Infrastructure, Transport and Tourism approved the start of construction, with 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 "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)

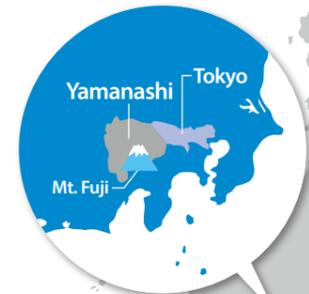
As we approach our 150th founding anniversary, we aim to be a financial group that all stakeholders can rely upon to realize an enriched regional community, delighted customers, fulfilled employees, and satisfied shareholders.

Basic Strategies of the Medium-Term Management Plan "TRANS³"

- **Strategy to increase business capacity:**
Refinement of the core business and taking on the challenge of new business opportunities
- **Strategy to double the 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



Head Office

Profile (as of March 31, 2022)

Corporate Name: The Yamanashi Chuo Bank, Ltd.
Head Office: 20-8, Marunouchi 1-chome, Kofu, Yamanashi
Established: December 1, 1941
President: Mitsuyoshi Seki
Common Stock: ¥15,400 million
Number of Shares Issued: 32,783,000 shares
Stock Listing: First Section of the Tokyo Stock Exchange
Long-Term Credit Rating: A- (Rating and Investment Information, Inc.)
Network: Domestic: Head Office and Branches: 90 (including 1 Internet Branch), District Offices: 2
 Overseas: Hong Kong Representative Office

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

Forward-looking statements

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

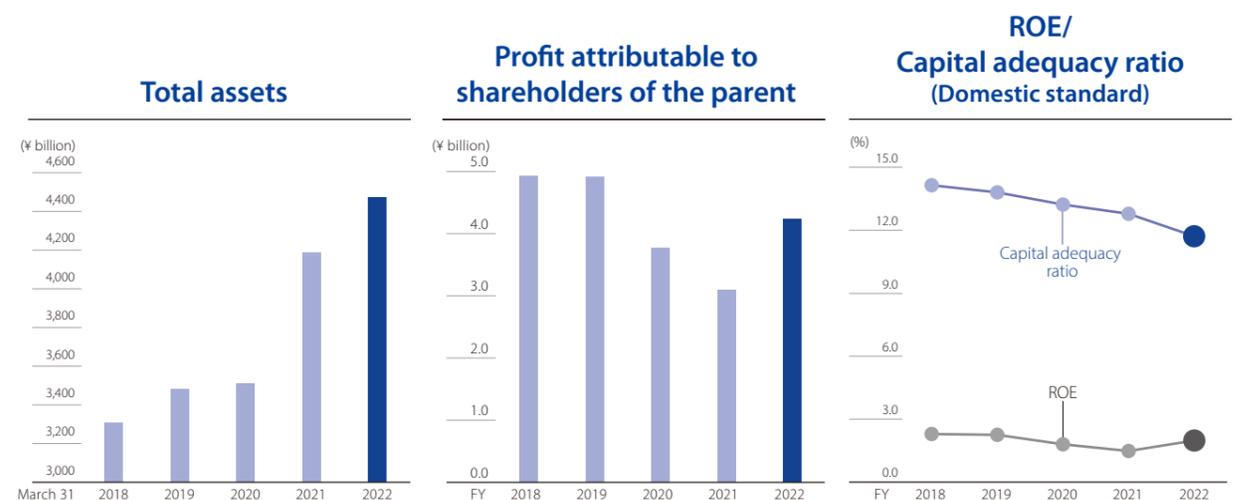
Consolidated Financial Highlights

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

	2018	2019	2020	2021	2022
Ordinary income	54,120	52,353	44,878	49,602	46,310
Ordinary profit	7,570	7,458	6,726	6,229	6,624
Profit attributable to shareholders of the parent	4,920	4,908	3,764	3,090	4,241
Comprehensive income	2,135	6,740	(20,412)	22,851	(8,867)
Net assets	217,311	222,388	199,661	221,439	211,494
Total assets	3,306,502	3,480,808	3,511,412	4,185,672	4,469,779
Net assets per share (Yen)	6,430.17	6,652.04	6,183.83	6,849.57	6,515.85
Profit per share (Yen)	146.48	147.15	116.43	96.92	132.73
Capital adequacy ratio (Domestic standard, %)	14.14	13.80	13.22	12.78	11.71
Return on equity (%)	2.29	2.25	1.80	1.48	1.98
Price earning ratio (Times)	14.95	9.31	6.32	9.48	7.17
Cash flows from operating activities	79,725	82,750	(23,354)	446,423	267,979
Cash flows from investing activities	(27,367)	124,502	(134,180)	(62,012)	(112,069)
Cash flows from financing activities	(1,783)	(1,681)	(2,287)	(1,117)	(1,120)
Cash and cash equivalents	311,403	516,974	357,152	740,447	895,241

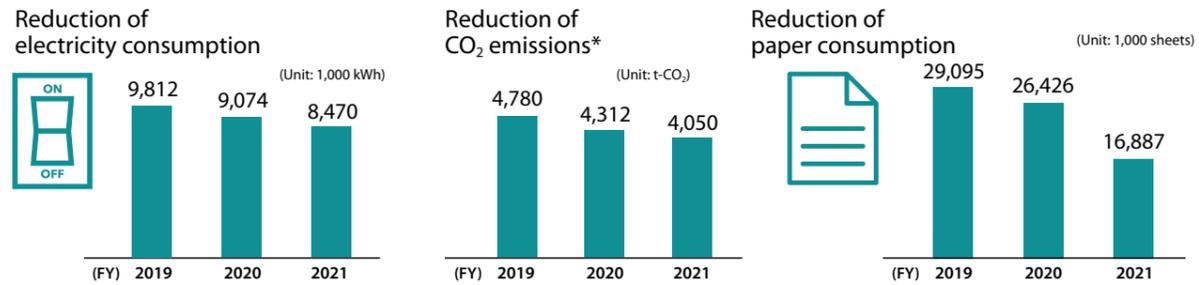
Notes

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



Non-Financial Highlights

Activities to tackle environmental problems



*The Bank's Scope 1 (kerosene, fuel oil, petroleum gas, and city gas) and Scope 2 (electricity) emissions in periodical reports as stipulated in the Energy Conservation Act

Initiatives to revitalize regional economy



Initiatives to contribute to regional society



Initiatives for corporate governance



Initiatives to utilize diverse human resources



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President
関 光良

The Purpose of the Group (significance of existence): “Open up a bright future from Yamanashi”

Ever since its establishment, the Bank has grown with the local economy of Yamanashi Prefecture, under the management philosophy of “Keeping Close Ties with the Local Community and Ensuring Sound Management.” The only way a regional bank such as ours can continue to grow sustainably is to contribute toward achieving a sustainable regional society.

Meanwhile, in recent years, stakeholders have become increasingly interested in initiatives companies take toward social issues, as represented by ESG/SDGs. Yamanashi Prefecture, where we have our business foundation, also faces various social issues which need to be addressed, similar to other regional areas.

Against this backdrop, we believe that there is a need to communicate and state clearly to internal and external stakeholders with regard to what the Bank’s goals are and the reason the Bank exists, in order to achieve growth through cooperation with the regional society toward the future. For this reason, we have established our Group’s Purpose (significance of existence) as “Open up a bright future from Yamanashi” to be launched together with the start of the new Medium-Term Management Plan “TRANS³ 2025.”

We are aware that one issue is that “Yamanashi is blessed with abundant nature and located adjacent to Tokyo and Kanagawa, but has a decreasing population.” Despite industries such as local manufacturing, agriculture, and

tourism doing their best as individual companies and businesses, this decrease may be caused by these businesses not being able to communicate their appeal on a wider level. There is a need for revitalization and the active provision of information on the appeal of local businesses and culture, or the younger generation will leave the area. This will make it even more difficult to rejuvenate local businesses and culture. To make most of Yamanashi Prefecture’s attractive resources, there is a need to have individual businesses and people who want to make a change gather and work together to spread the word about the appeal of Yamanashi Prefecture’s rich natural environment and industries so Yamanashi can become a contender in markets outside the prefecture and on a global scale.

As a leading bank, I believe the significance of our existence is to create opportunities especially for the younger generation so they can play active roles, to connect individual businesses, and provide support by making most of the diverse expertise of the Bank’s talent, toward maximizing the potential of Yamanashi Prefecture. These sentiments were put into the Group’s Purpose “Open up a bright future from Yamanashi.” In this way, the Japanese term “kirihiraku” in our Purpose expresses our hopes for the further development of Yamanashi Prefecture through communicating its appeal and industrial strengths.

Toward realizing “Well-being in Yamanashi”

With our Purpose in mind, we have defined the ideal future image of Yamanashi Prefecture as “Well-being in Yamanashi.” Although it is important to strive for the economic development of local regions, there is also a need to simultaneously achieve spiritual and social gains to attain true abundance. We want to create a society that achieves economic growth, in which all people live in happiness, take on the challenge of new things, and live vibrantly through self-fulfillment. This is the essence of “Well-being in Yamanashi,” and the society that we want to create.

I believe that creating a town in which the energetic younger generation would want to live and settle in is the most important factor in creating this ideal society.

Although the COVID-19 pandemic has had many negative aspects, it has also been in our favor in terms of bringing younger people to Yamanashi Prefecture. For a long time, the population of Yamanashi Prefecture had been declining. There had been more people flowing out than flowing in. However, with the COVID-19 pandemic, there is now more people coming into the prefecture than leaving it.

Additionally, according to the “Regional SDGs Survey 2021” conducted by the Brand Research Institute, Inc., Yamanashi Prefecture placed fourth place within Japan’s 47 prefectures in terms of level of happiness, so it can be said that it is one of the happiest regions in Japan. The

survey also discovered that the more people appreciate the SDGs efforts made by the prefecture they reside in, the higher their “happiness” ratio is, and they have a strong willingness to settle down in the region. In other words, making prefecture-wide efforts to resolve social issues will result in a population increase.

For instance, say that there is a young entrepreneur from a metropolitan area, who comes back to Yamanashi, wanting to work in agriculture there. That person brings other younger people to do farming together with him or her. Conventionally, many may have an image of farming as very hard work. However, with recent advances in ICT and machinery, along with the development of digital environments that enable farmers to promote their brands (such as Shine Muscat) to the world, a trend that will make agriculture an enjoyable and profitable industry may occur. I also believe that it is the younger generation, which have a high interest in social issues and are willing to challenge themselves, who will create such trends.

To support trends like this, the Bank believes that it is important to take the initiative in resolving social issues through the creation of environments in which the young generation can take on challenges, in cooperation with industry, government and academia. As a detailed measure to achieve these goals, we are actively supporting local development by establishing the Yamanashi Chuo Bank Regional Revitalization Fund, along

with provision of institutional loans, funds, etc. to individuals and small and medium-sized enterprises to support promising venture companies and new businesses. We want to contribute toward the attainment of “Well-being in Yamanashi” through our financial services, and also

by endorsing attractive Yamanashi products at various events and facilities (wineries, glamping, etc.) and supporting start-up businesses in Yamanashi Prefecture by fully utilizing the Bank’s expertise and network both in and outside of the prefecture.

Looking back at Value⁺ 2022, the previous Medium-Term Management Plan

The long-term vision “Value Creation Bank” was established at the time the previous Medium-Term Management Plan “Value⁺ 2022” was formulated, toward the 150th anniversary of the Bank’s founding in 2027, which will be a major milestone. Without being constrained by conventional bank frameworks and while continuing to create new values from the perspectives of regional society and our customers, we have set our sights on a goal of sustainable growth while enhancing values provided to various stakeholders around us and establishing a management structure that is less susceptible to being affected by the market and interest rate environments.

The previous Medium-Term Plan, which is the 1st Stage in the three steps to realize our Vision, has been positioned as a stage of structural reforms for growth. As the world goes under dramatic changes due to the COVID-19 pandemic, we have been working diligently on customer-oriented consultation.

The previous Medium-Term Plan consists of three basic strategies, of which the first was “Enhance Customer Touchpoints,” in which we expanded non face-to-face contact points with customers through incorporating the smartphone app “Wallet+,” and the Yamanashi Chuo Bank bankbook app “with CRECO,” along with other initiatives. As non-face-to-face contact points with customers using smartphones and computers continue to increase, we reviewed branch functions and optimized our network of branches with regard to face-to-face channels.

The evolution of “Value Creation Bank” as the Long-term Vision for 2027

In formulating the new Medium-Term Plan, we have further evolved and redefined our Long-Term Vision for 2027, “Value Creation Bank.” There is a need to meet the expectations of our customers and various stakeholders through our business and enhance our corporate value to realize “Well-being in Yamanashi” and to continue creating values during this process. To clearly communicate this, our Long-Term Vision has been redefined and based on values the Bank should provide to stakeholders. Specifically, a clarification was made of what and how values are provided to stakeholders such as “regional society,” “individual customers,” “corporate customers,” “employees,” “shareholders and investors,” and “future generations.”

Our clear awareness of “future generations” as stakeholders

For our second strategy, “Create Common Values,” we expanded our staffing in the consulting field, which includes M&A and talent recruitment, to deepen and widen our consulting field. Furthermore, we were able to increase loans and bills discounted, and profits from corporation service, through actively adopting new financial methods such as structured finance. Additionally, through BPI (Business Process Innovation), various operations were streamlined and made more efficient, leading to improved productivity throughout the Bank, such as having personnel shift from clerical work to sales.

In the third strategy of “Improve Personnel Motivation,” we reinforced efforts to boost employee motivation and talent development by introducing a job-based personnel system in October 2021, along with other initiatives such as one-on-one training.

As a result, we attained and exceeded three out of the four quantitative objectives of the previous Medium-Term Management Plan, namely “non-interest revenue,” “net income” and “OHR,” but did not attain the fourth, “interest on loans and bills discounted.”

In addition to the quantitative result, we have also attained significant reforms, such as the upgrade of groupware and the development of paperless systems for a dramatic increase in productivity, along with work style reforms based on a new human resource system. We aim to have the seeds of reform, which have been nurtured within the previous Medium-Term Plan, grow even further with the new Medium-Term Plan.

was particularly emphasized in this initiative. I believe that the driving force that will transform Yamanashi Prefecture into an economically and spiritually rich region is younger people and future generations. The background for this idea is my astonishment at previously hearing a story about how “In Europe, young people have been actively coming forward and moving older generations to solve environmental issues.” It is mainly the younger generations who are thinking more seriously about decarbonization in Japan as well, and the future generations are the ones that will be dramatically affected by climate change. Yamanashi Prefecture was able to grow to this point by making most of its abundant nature and environment. That is why there is no questioning our responsibility to preserve the rich natural environment of



Innovation Lounge which opened in July 2021 to give birth to new ideas

the region and world for future generations. This is not limited to environmental issues, as we have decided to include contributions toward achieving a decarbonized society, which is the most important social issue in the Bank’s mission toward future generations, as has been clearly defined in our Vision.

Furthermore, we have established financial and non-financial KPIs to further clarify achievement targets and to promote

effective initiatives toward attainment. To be specific, these include the improvement of OHR and ROE through boosting added value for provided services and streamlining operations, the promotion of diversity and inclusion, employee reskilling, and the expansion of investment and financing through sustainable finance and other means. Although the timing of the achievement of these KPIs varies depending on the indicator, the target is roughly 2027 to 2030.

The new Medium-Term Management Plan “TRANS³ 2025”

We will work on our new Medium-Term Management Plan “TRANS³ 2025,” for three years from FY2022, toward realizing our Long-Term Visions. While the former Medium-Term Plan was positioned as a structural-reform stage, the new Medium-Term Plan is positioned as a three-year period to get the Bank on a growth trajectory, through linking value creation for stakeholders through our business with the economic value of the Bank. The new Medium-Term Plan is created from three core strategies.

The first strategy is to “**Increase Business Capacity**,” which will increase profits through diversifying and deepening values for customers. To be specific, we will (1) further deepen and expand the core business of general finance through activities such as specialty sales and enhancing consulting, along with (2) explore new business models that will benefit the community, customers, and the Bank, through activities such as resolving issues in the local region.

The second strategy is to attain “**Double Productivity**,” through enhancing efficiency with elements such as digital technology. As the Bank aims to increase its business capacity, the Bank’s human resources will be the source of values to be provided to customers. That is why we will (1) attain zero clerical work through simplifying, centralizing, and systemizing tasks, and (2) create an environment

in which we can focus human resources on measures to increase business capacity, by increasing overall productivity at the Bank through next-generation channel reforms that include the expansion of digital channels and branch reorganization.

The third strategy is to “**Pursue Sustainability**” to ensure these activities are feasible and in harmony with the environment and society. Although these initiatives are also for the purpose of resolving materiality, during the new Medium-Term Plan period, we will especially focus on (1) realization of human capital management, which includes promotion of diversity and inclusion along with reskilling human resources, and (2) attaining a high level of governance to create an organizational structure that can carry out strategies. As part of these initiatives, we have further divided the Bank’s sales area into six districts and established Regional Head Offices for each of them in our efforts to restructure branch business operations.

Furthermore, the tools (methods) that will execute and realize the three basic core strategies are the three transformation drivers of “AX (Alliance),” which will strengthen ties with Shizuoka Bank and other organizations, “DX (Digital)” for regional society, customers, and the Bank, and “SX (Sustainability),” which focuses on initiatives related to materiality.

The human capital management challenge

One element we are especially focused on within the new Medium-Term Plan is the realization of human capital management, which develops and makes most of human resources who will be the driving force in promoting these three strategies. There is a need for human resources with expertise related to business, industries and social issues to enhance our consultation functions and to create new businesses. There is also a need for human resources that can use digital technology to solve problems, promote the Bank's DX and support customer DX. Therefore, I believe that creating an organization in which diverse employees are able to make most of their individual abilities is a requirement to maintain and sustain our growth trajectory.

A job-based personnel system has been introduced ahead of other regional banks in Japan, as a policy in the former Medium-Term Plan and to support the aforementioned initiatives. This system aims to encourage the development and active participation of human resources with diverse expertise by dividing up duties and career paths. For instance, this will allow system personnel to be selected and secured at the time when they join the Bank, and to offer more generous treatment in the case of difficult work that calls for expertise, such as that of consultants. What is more, as a policy for the new Medium-Term Plan, we are also aiming to increase the ratio of female managers and have 100% of male employees take childcare leave by reinforcing diversity and inclusion initiatives.

Naturally, this is not only about changing the system of evaluation and treatment. The goal is to encourage the development and active participation of diverse human resources, and not to just evaluate them. That is why we have also started new initiatives in training and job positioning. One effort we are especially focused on is a system for open recruitment. We have started efforts to select employees through in-house recruitment, such as individuals who have studied structured finance or innovation through our alliance with Shizuoka Bank, or individuals who have studied IT at systems companies both inside and outside of Yamanashi Prefecture. Additionally, employees who have come forward during in-house recruitment have been playing active roles in the new Medium-Term Management Plan policies, in exploring new businesses, and in other initiatives as well. In order to nurture human resources in various specialty fields, it is important to encourage people to come forward with what they are interested in and what they want to do, and have them learn by utilizing networks outside the company. In fact, the scope of our consulting service has started to broaden as human resources with a variety of expertise increase. We will continue to accelerate initiatives that will support the growth and active participation of diverse, expert human resources, while making most of the positive aspects of the job-based personnel system.

Our transition to the Prime Market and future motivation

At the 2022 TSE reorganization, we chose the Prime Market. This is because we believe that efforts should be made to enhance economic values and fulfill our responsibility to investors, under the stern watch of stakeholders, while focusing on boosting social values based on our Purpose to achieve "Well-being in Yamanashi" as a leading bank.

In accordance with our transition to the Prime Market, we have restructured the Bank's value creation story this fiscal year, and also restructured our Annual Report to correspond to this, in hopes of engaging in more active dialogue with our stakeholders. To be specific, as I have mentioned in this message, the regional society the Bank wants to realize based on our Purpose has been defined. To achieve this, we redefined our Long-Term Vision "Value Creation Bank" from the perspective of the ideal company we want to be by 2027, and we have also established non-financial KPIs. Furthermore, we have formulated the new Medium-Term Management Plan "TRANS³ 2025," as a strategy/plan for the next three years, to resolve material issues that we need to engage with (materiality), to create both economic and social values, and achieve our Long-Term Vision. We hope to continue making most of the Annual Report in the future, as a tool for dialogue between regional society and the Bank toward the

attainment of sustainable growth, to communicate to all stakeholders about what type of society and corporation the Bank is aiming for, along with what we are planning and how we will make those plans happen.

We hope all of our executives and employees will share the sentiment of "Open up a bright future from Yamanashi" in the Purpose, for the bright future of the region and of the Bank striving to support it, along with providing excitement for future generations. To achieve these goals, we intend to carry out a Plan that is visibly clearer and has more positive changes than the former Medium-Term Plan in the upcoming three years.



Yamanashi Chuo Bank Group's Value Creation Process

Three Transformation Drivers

Annual Report
THE YAMANASHI CHUO BANK

2022

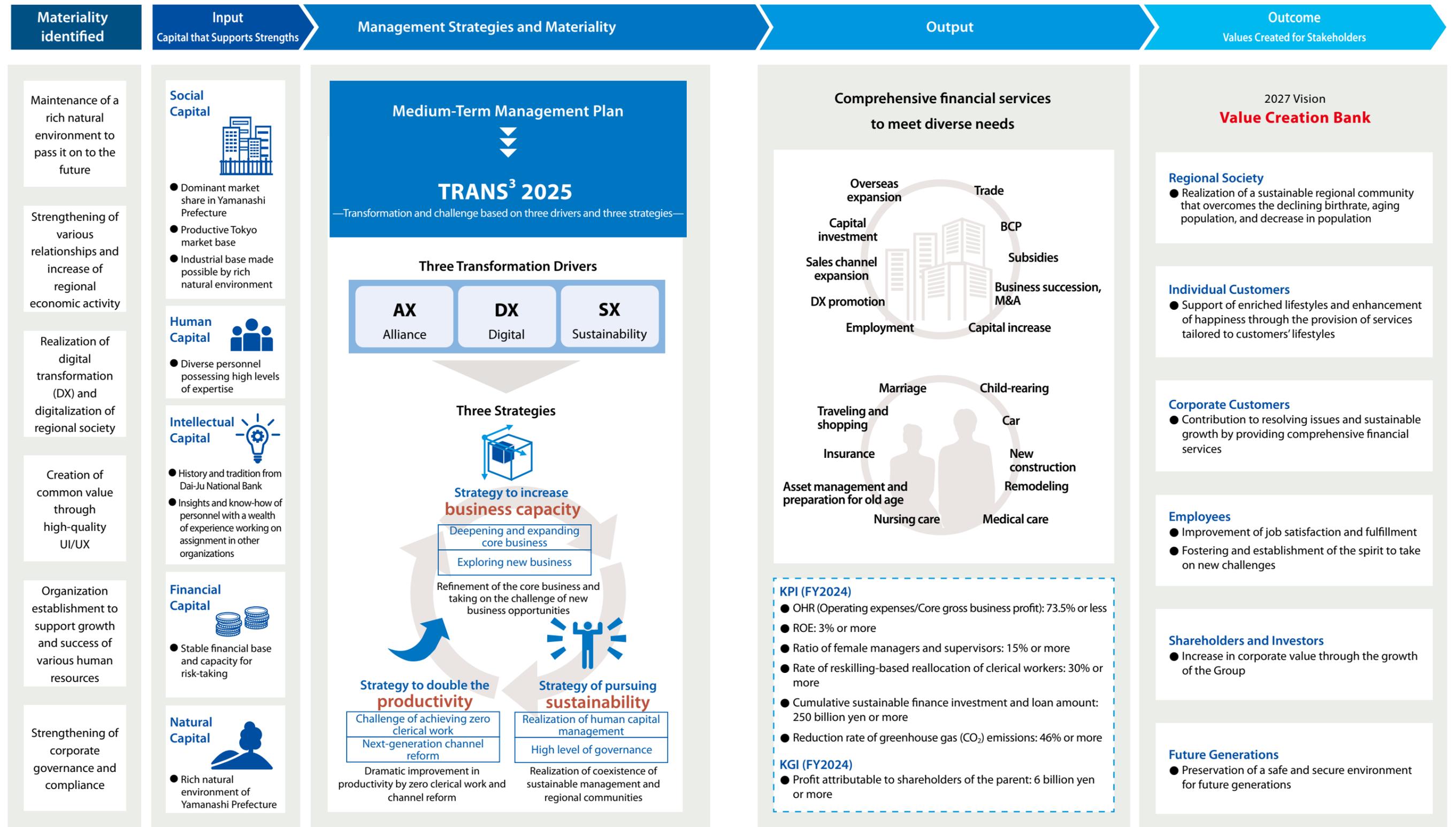
Basic Strategies for the Medium-Term Management Plan

Corporate Data

Past Initiatives

Initiatives for Sustainable Management

1. Yamanashi Chuo Bank Group's Value Creation Process



Purpose: Open up a bright future from Yamanashi

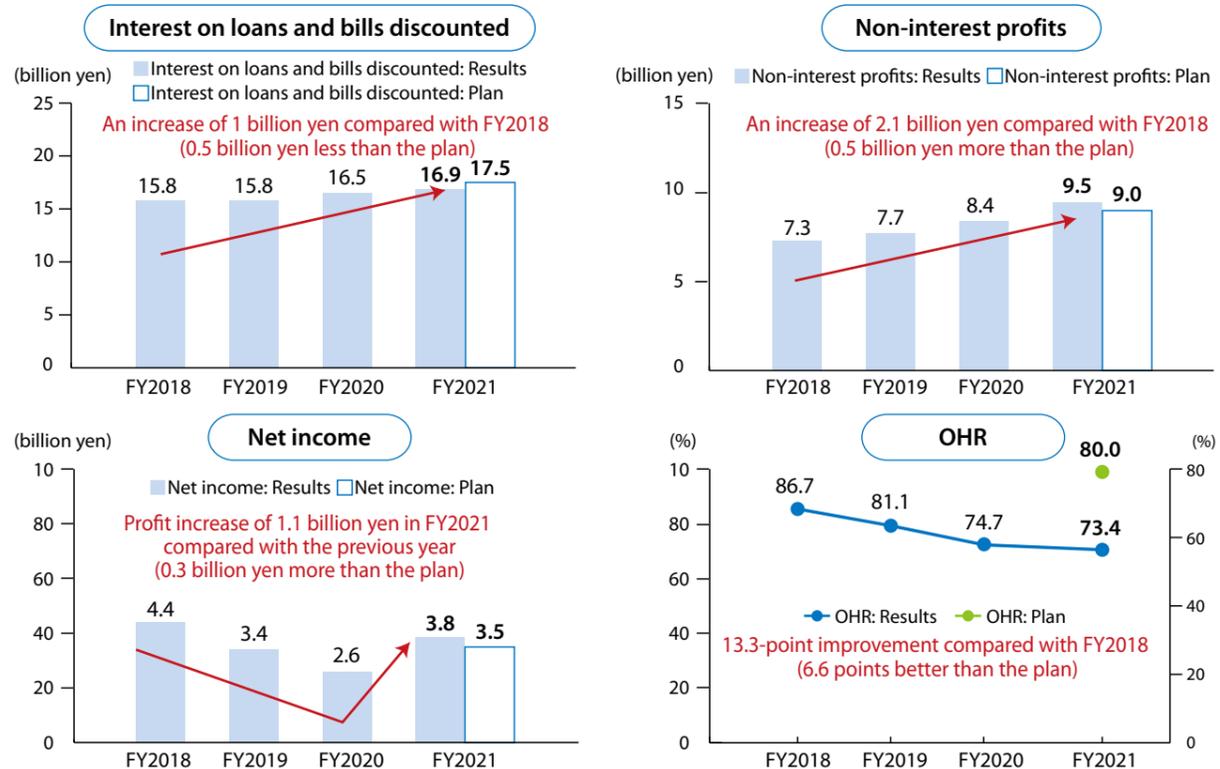
Society that we want to realize

Well-being in Yamanashi, which is rich and full of energy and happiness

2. Review of Value+ 2022, the Previous Medium-Term Management Plan

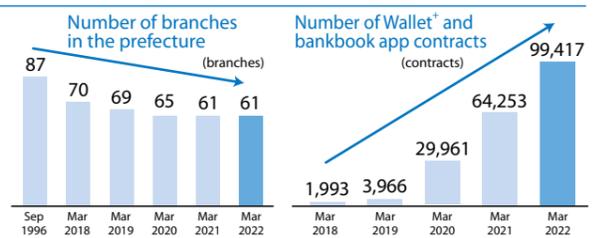
Regarding the results of the quantitative goals set forth in Value+ 2022, the Previous Medium-Term Management Plan, the goals were exceeded for three out of the four items, excluding interest on loans and bills discounted.

● FY2021 results



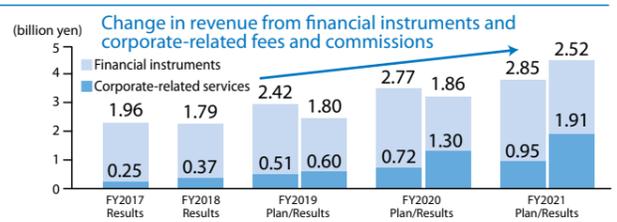
Basic strategy 1: Enhance customer touchpoints

- Workforce generation to improve and expand points of contact with customers through optimization of the number of branches in the prefecture
- Improvement and expansion of cashless payment service lineups through introduction of &Pay, a QR-code payment service, and brand debit cards
- Strengthening of transaction points of contact with young customers due to channel shifts through expansion of Wallet+ users and introduction of accounts without bankbooks



Basic strategy 2: Create common values

- Growth in corporate-related fees and commissions mainly through structured finance, M&A, and fee-based consulting services, due to establishment of consulting operations based on business feasibility studies and alliance with Shizuoka Bank
- Penetration of individual consulting operations in the sale of financial instruments based on customers' life plans and total assets



Basic strategy 3: Improve personnel motivation

- Certified as Health and Productivity Management Organization (4 consecutive years) and Yamanashi Health and Productivity Management Organization
- Maintenance of small-class OJT under the initiative of the headquarters by newly establishing Y-Support, a personalized training program
- Outside temporary transfer and dispatch to improve/expand expertise and job skills (Dispatch results: 18 persons in Japan, 5 persons to overseas countries, 58 trainees, and 9 persons to local companies)

- Creation of a system for the acquisition of highly difficult qualifications (Number of applicants: 8 persons for SME consultants and 3 persons for securities analysts)
- Holding of online seminars for qualification acquisition (Number of participants: 19 persons for 1st class FP and 85 persons for real-estate transaction specialists)
- Introduction of a new personnel system (role/class system) and transfer to job-based employment

● Review of the basic strategies

Enhance customer touchpoints	Optimization of face-to-face channels	Expansion of non-face-to-face channels
Create common values	<ul style="list-style-type: none"> • High-quality targeted sales • Establishment of an efficient approach method to the mass class • Making existing branches leaner inside and outside Yamanashi Prefecture (area grouping and restructuring, branches in branches) • Improvement of branch functions in line with the personnel system reform • Review of the square system 	<ul style="list-style-type: none"> • Introduction of non-face-to-face services (smartphone apps) • Expansion and enhancement of non-face-to-face services (examination of the introduction of portal services for corporate customers, improvement of the awareness of web-based consultation services for corporate customers, etc.) • Further spread of cashless payments
	<ul style="list-style-type: none"> • Deepening and expanding our consulting fields • Improvement of consulting support quality and development of human resources • Development of the consulting service menu and reconstruction of the existing support menu • Deepening and establishment of structured finance • Systematization of individual consulting operations and review of the sales structure 	<ul style="list-style-type: none"> • Productivity improvement through BPI • Achievement of zero clerical work at branches • Consolidation of administrative departments under the control of departments at the headquarters • Integration and joint implementation of clerical work through the Shizuoka-Yamanashi Alliance, efficiency improvement and centralization at the headquarters of housing loan operations • Promotion of DX through the use of AI and other advanced technologies
Improve personnel motivation	<ul style="list-style-type: none"> • Personnel management that leads to the improvement of each employee's motivation • Promotion of diversity and diverse and flexible working practices • Visualization of abilities and skills and assignment of the right personnel to the right positions • Promotion of autonomous career development • Personnel exchanges to improve the effectiveness of alliance-based measures 	<ul style="list-style-type: none"> • Development of specialist human resources (professionals) • Review of the career support system and OJT system • Fostering of self-improvement awareness and strengthening of growth support by visualizing the growth level • Joint training and exchange meetings by utilizing the alliance

● Review of the basic priorities

Sophistication of management and administration approach

Enhancement of RAF-based profit/risk management approach

- Optimal capital allocation and maximization of profits based on an integrated consultation system for profit, risk, and capital
- Strengthening of the management method and profitability analysis in line with the Bank's management and organization (enhancement of the risk management approach, examination of profitability indicators, sophistication of divisional profit/loss)

Sophistication of capital market investment

- Portfolio construction from the single-year profit and medium- to long-term perspectives
- Development of human resources for capital market investment
- Introduction of external investment know-how
- Strengthening of risk management approach balanced with profit generation
- Support for promotion of marketable financial instruments for customers

Strengthening of CSR initiatives through SDGs/ESG

Strengthening of CSR initiatives through new perspectives (SDGs/ESG)

- Setting of CO₂ reduction targets and strengthening of efforts to reduce CO₂ emissions toward a decarbonized society
- Development of products and services to address climate change
- Responses to sustainability-related challenges
- Utilization of the Bank's human resources, know-how, etc. to support customers' SDGs initiatives

Contribution to regional economic revitalization

- Efforts to create sustainable communities (promoting cooperation with local governments for the promotion of living in two locations, teleworking, measures to deal with abandoned houses, digitalization, etc.)
- Promotion of personal and economic exchanges with Shizuoka Prefecture upon the full opening of the Chubu-Odan Expressway
- Support for administrative measures for the opening of the Linear Chuo Shinkansen

Development and enhancement of the IT platform to help increase corporate value

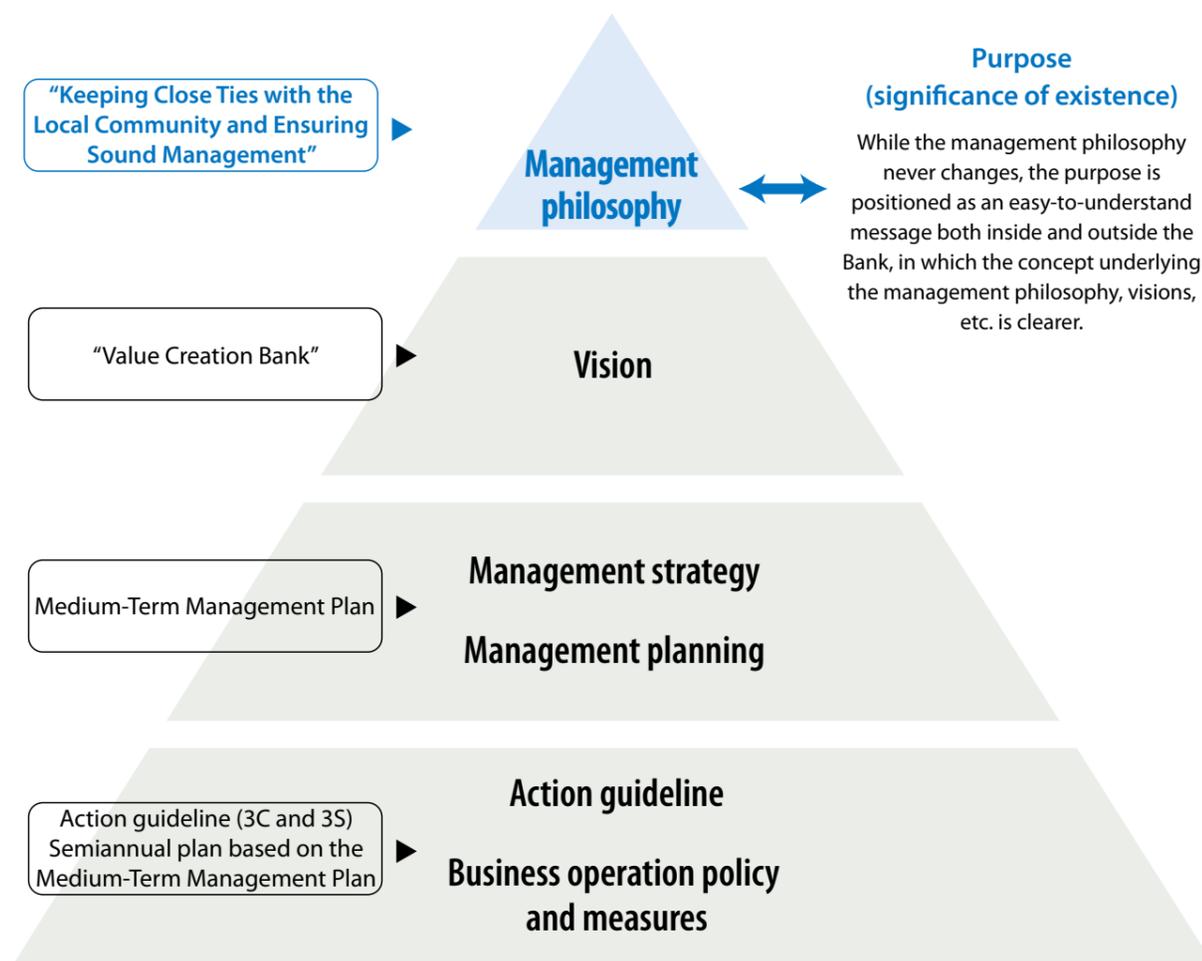
- Creation of a system to continuously secure human resources for system development
- Deployment of cloud computing for core banking systems
- Sophistication of cloud utilization through multi-cloud deployment for subsystems
- Building of a data utilization platform that enables data-driven management

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

● Defining the purpose (significance of existence)

The Bank has announced its purpose (significance of existence) in society in writing in line with the formulation of the Medium-Term Management Plan to promote human resources with various values in the future, in consideration of the sustainability-oriented society.

The Bank has redefined its long-term vision "Value Creation Bank" to further clarify "why it exists and engages in business activities and what kind of value it continues to give to stakeholders."

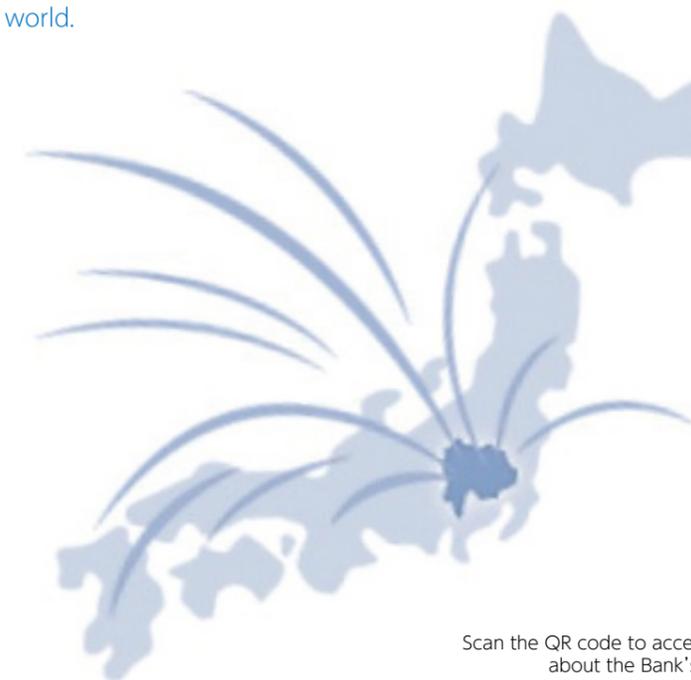


Purpose of the Yamanashi Chuo Bank Group (significance of existence)

"Open up a bright future from Yamanashi"

Toward high level of sustainability management, Yamanashi Chuo Bank has identified themes of materiality (material issues), such as the strengthening of various relationships and increase of regional economic activity, realization of digital transformation (DX) and digitalization of regional society, and maintenance of a rich natural environment to pass it on to the future, which it endeavors to solve.

Yamanashi Prefecture has rich nature, including Mt. Fuji, Yatsugatake, and the Akaishi Mountains, and boasts to the world many regional resources and industries. The development of high-speed traffic networks such as Linear Chuo Shinkansen and Chubu-Odan Expressway is scheduled and remarkable development in the future is expected with an increasing inflow of people from outside the prefecture. As a leading regional bank, Yamanashi Chuo Bank realizes well-being in Yamanashi, which is rich and full of energy and happiness. By making use of many human and organizational connections including a sales base in the Tokyo area, which have been built over many years, the Bank creates a prosperous future from Yamanashi to the world.

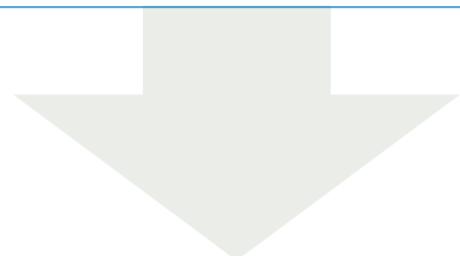
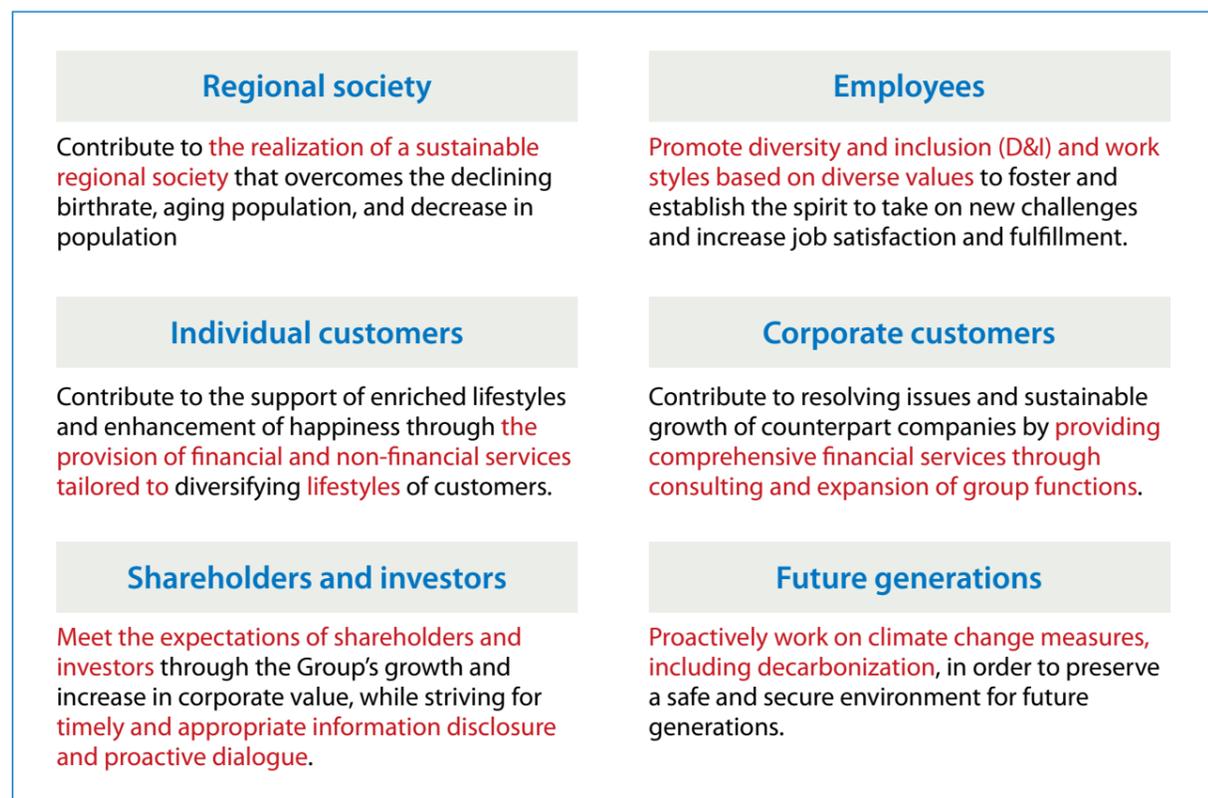


Scan the QR code to access a video about the Bank's purpose.

4. Long-Term Vision and Materiality (Material Issues)

● The value we want to provide as a "Value Creation Bank"

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.



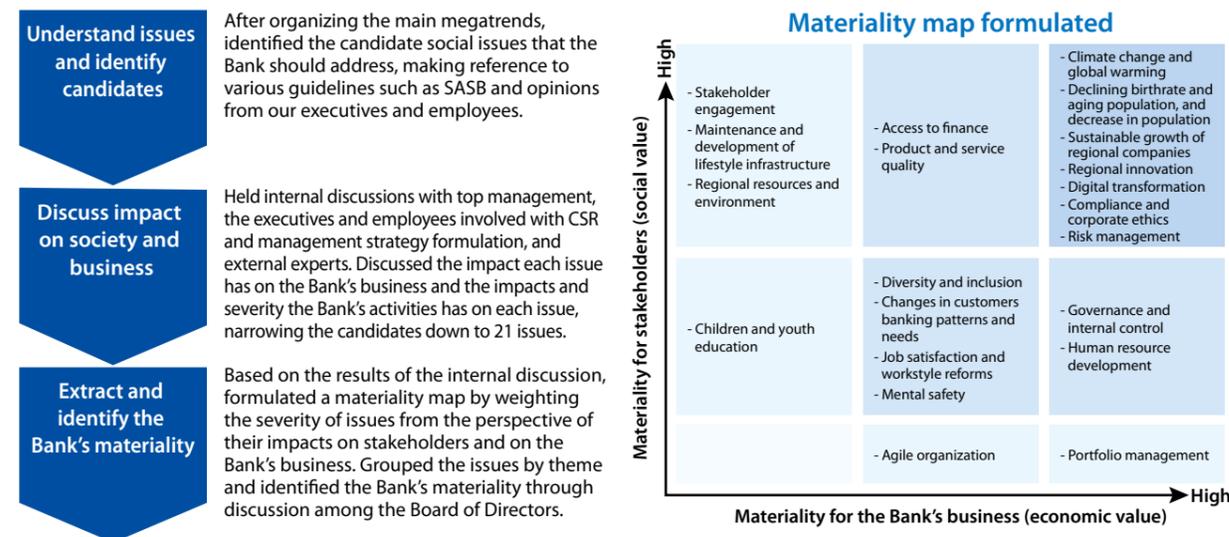
Well-being in Yamanashi, which is rich and full of energy and happiness

● The Bank's materiality (material issues)

The Bank is working to realize a sustainable world and regional society along with a continuous increase in corporate value by increasing its level of sustainability management. As part of this effort, the Bank has identified materiality (material issues) that it needs to engage with.

Materiality identification process

The Bank has identified its materiality through the process shown below.



Six materiality issues

ESG	Materiality theme	Overview	Related issues	Related SDGs
E	Maintenance of a rich natural environment to pass it on to the future	The Bank will promote CO ₂ reduction initiatives to help achieve decarbonization, while supporting environmentally conscious initiatives undertaken by regional societies through the provision of environmental products, services, and information.	<ul style="list-style-type: none"> CO₂ reduction initiatives to help achieve decarbonization*1 Realization of next-generation clean energy*1 	
S	Strengthening of various relationships and increase of regional economic activity	We will strengthen relationships with other banks and between industry, academia and government, while supporting the revitalization of regional society and industries through business activities. In addition, we will contribute to the prosperity of sustainable regional societies and regional economic development by communicating the attractive resources of Yamanashi Prefecture.	<ul style="list-style-type: none"> Declining birthrate, aging population, and decrease in population Sustainable growth of regional companies Regional innovation 	
	Realization of digital transformation (DX) and digitalization of regional society	Lead the digitalization of the whole regional society by transforming the Bank itself with digital technology and returning this knowhow to local companies.	<ul style="list-style-type: none"> Internal DX*2 Digitalization of the whole of regional society*2 	
	Creation of common value through high-quality UI/UX*3	Create customer value and build new service and business models leading the Bank to create economic value by providing high-quality services to meet customers' needs, rooted in the local community.	<ul style="list-style-type: none"> Changes in customers banking patterns and needs Access to finance Product and service quality 	
	Organization establishment to support growth and success of various human resources	Develop highly specialized employees and build workplace environments that allow diverse personnel to respect one another and succeed, thereby fostering a corporate culture that makes work satisfying and rewarding.	<ul style="list-style-type: none"> Human resource development Diversity and inclusion Job satisfaction and workstyle reforms Mental safety 	
G	Strengthening of corporate governance and compliance	Ensure the soundness and transparency of management and establish trust with all manner of stakeholders by working to develop our organizational structure, enhance information disclosure and engage in dialogue with stakeholders.	<ul style="list-style-type: none"> Governance and internal control Compliance and corporate ethics Risk management 	

*1 These items break down "climate change and global warming" from the perspectives of the Bank and the region.

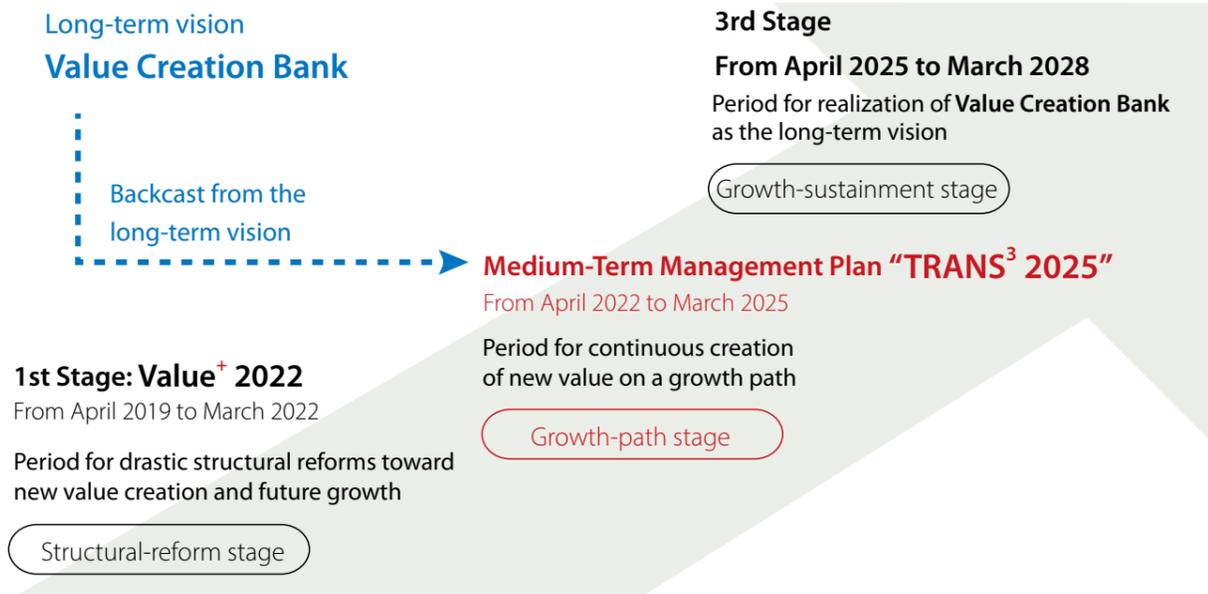
*2 These items break down "digital transformation" from the perspectives of the Bank and the region.

*3 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 through the use of the Bank's products and services.

5. Medium-Term Management Plan "TRANS³ 2025"

● Positioning of the Medium-Term Management Plan toward the achievement of long-term vision

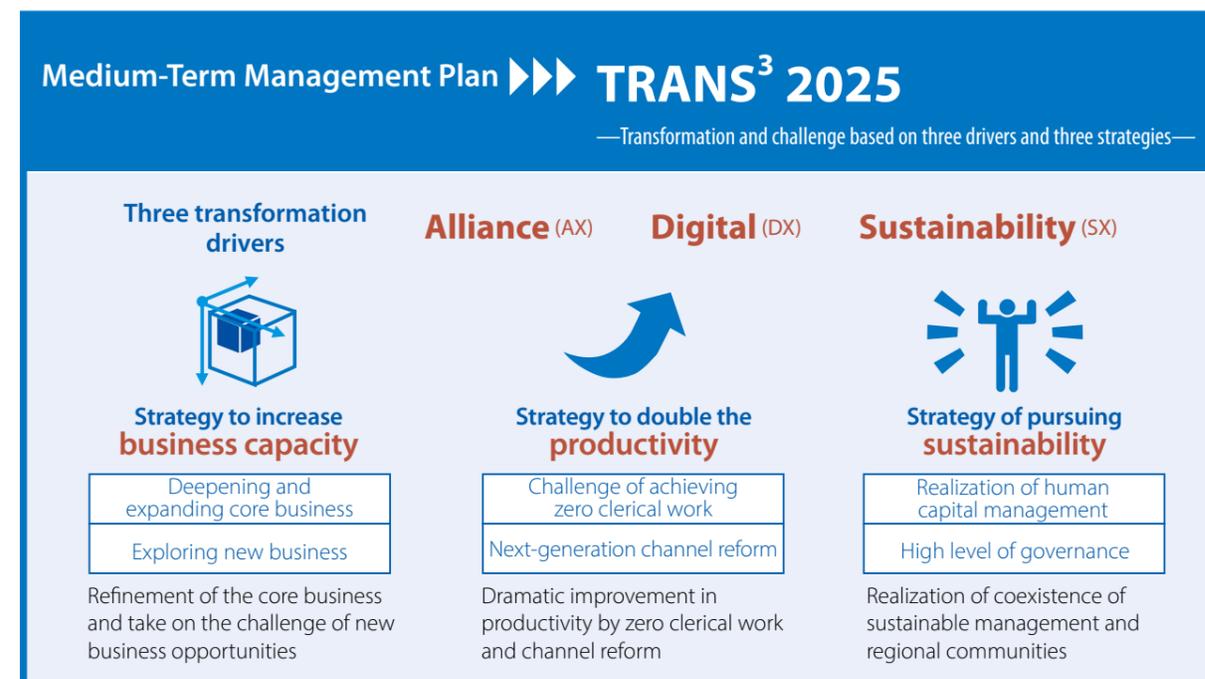


● External environment recognition

Politics	Negative interest rate policy	As the inflation target has not been achieved, the policy will be continued.
	Progress of deregulation	Deregulation has progressed, including the establishment of an advanced banking service company. Establishment of financial services intermediary legislation and review of payment legislation
	Establishment of the Digital Agency	Establishment of the Digital Agency to promote the digitalization of government agencies, such as improved user-friendliness for online public services
Economy	Entry of different industries	Businesses from different industries, such as logistics and retail, entered the finance business with a focus on the platform business.
	DX promotion by corporate enterprises	Many corporate enterprises are promoting DX, expecting to transform their business models, improve sales practices, and increase productivity and operational accuracy.
	Rise of Fintech	Payment service providers that enable non-face-to-face transactions and direct transactions between individuals have emerged.
Society	Lifestyle changes through COVID-19	Customers are becoming more digitally astute through remote working, etc. under COVID-19.
	Diversification of values and work styles	People's values that place emphasis also on things other than work, the increase in dual employment and side jobs, and the diversification of options for where and when to work
	Declining birthrate and aging population	The declining birthrate and aging population have advanced due to the continuing low birthrate and increasing life expectancy.
	Shortage of human resources	Concentration of experts in urban centers and lack of core human resources in regional companies
Technology	Platform Evolution of technologies	Various platforms are openly linked, evolving into a seamless service.
	Innovation through the fusion of technologies	New value creation by combining AI, 5G, AR, etc.

● Medium-Term Management Plan "TRANS³ 2025" (structural diagram)

Management philosophy **Keeping Close Ties with the Local Community and Ensuring Sound Management**
 Long-term vision **Value Creation Bank**



Purpose (significance of existence) >> "Open up a bright future from Yamanashi"

● Quantitative goals

KPI	FY2021 (Results)	FY2024 (Final year of the Medium-Term Management Plan)	Ideal
OHR (operating expenses/core gross business profit)	73.41%	73.5% or less	Level of 60%
ROE (current net income basis)	1.82%	3% or more	5% or more
Ratio of female managers and supervisors	13.1%	15% or more	40% or more
Rate of reskilling-based reallocation of clerical workers	—	30% or more	70% or more
Cumulative sustainable finance*1 investment and loan amount	71.5 billion yen	250 billion yen or more	800 billion yen or more
Reduction rate of greenhouse gas (CO ₂) emissions*2	32.25%	46% or more	60% or more

KGI

Profit attributable to shareholders of the parent	4.2 billion yen	6 billion yen or more	10 billion yen or more
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*1 Investment and loan that contribute to creating sustainable regional society (environment, education, start of business, succession of business, etc.)

*2 Comparison with FY2013; target scope: Scope 1 + Scope 2 (excluding gasoline)

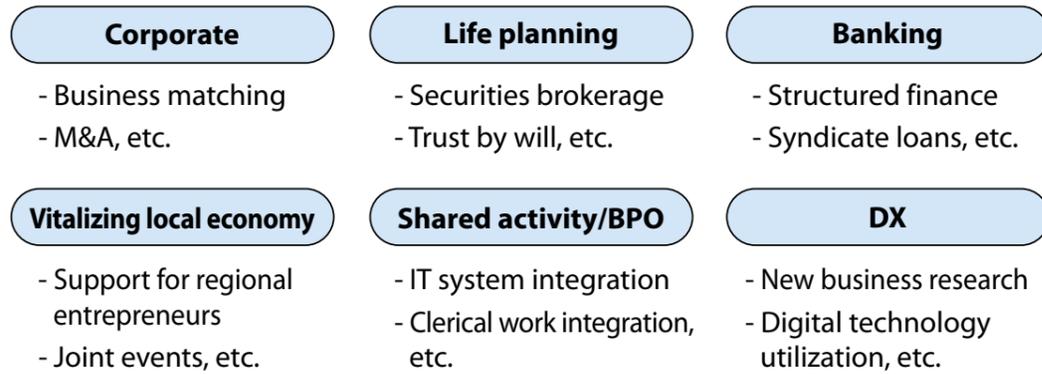
Three Transformation Drivers

Tools (means) to realize the Medium-Term Management Plan

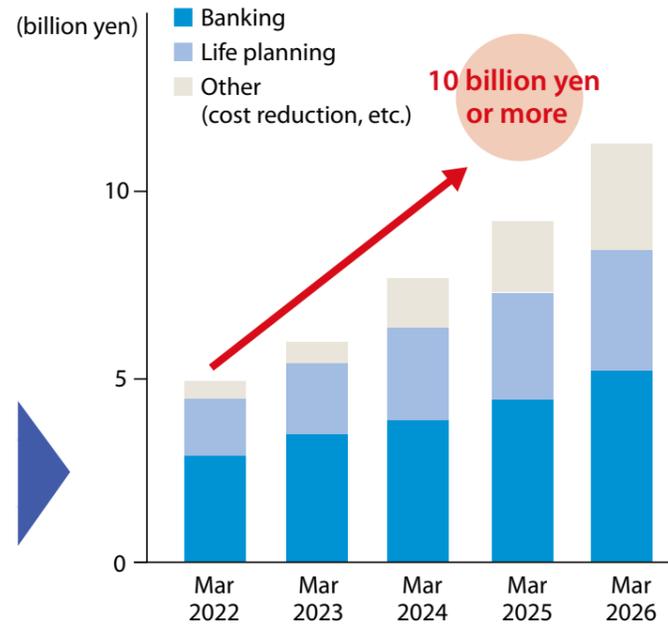
1. AX: Alliance Transformation

Construction of a sustainable business model through the Shizuoka-Yamanashi Alliance

The Bank aims to achieve sustainable growth together with the region by advancing comprehensive business cooperation with Shizuoka Bank.



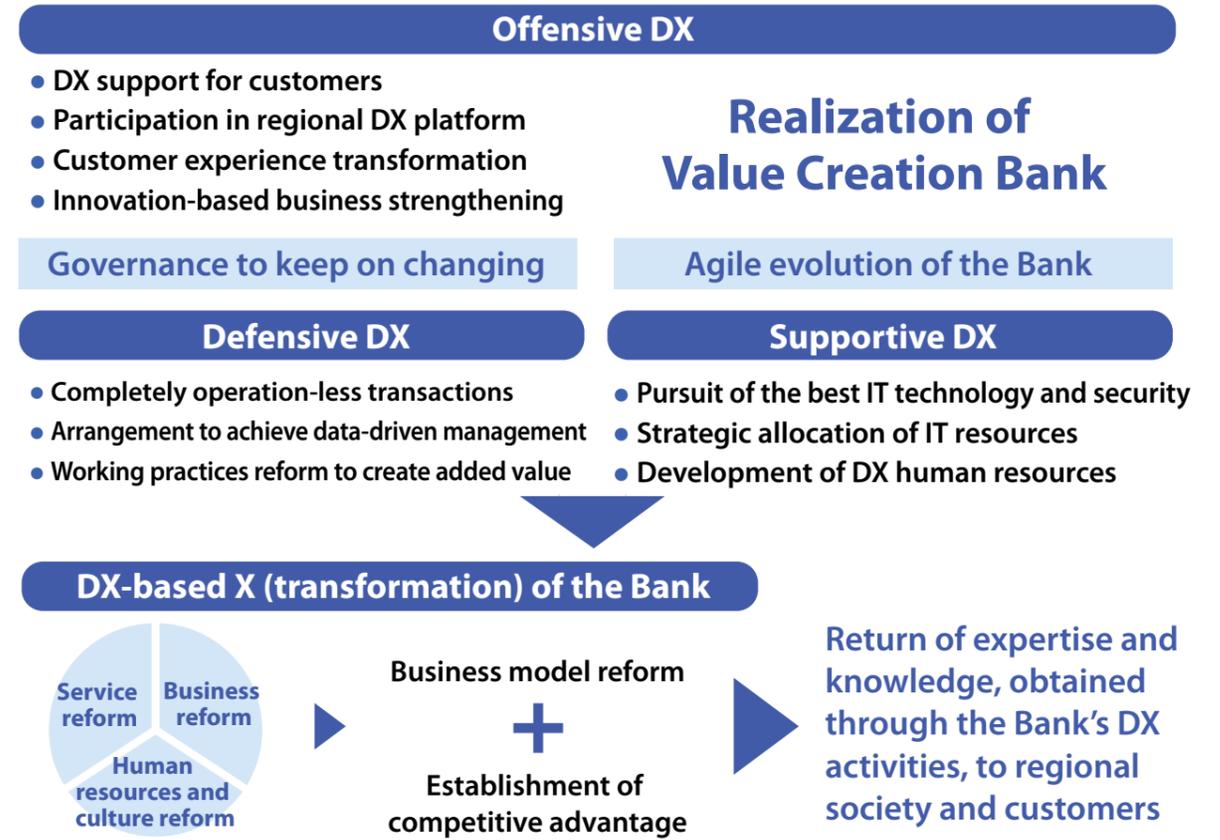
- The Bank's strengths**
 - Management independence
 - No. 1 regional brand
 - Pride that supports regions
 - Branch network in Tokyo area
- Alliance effect**
 - Business domain expansion
 - Cost structure improvement
 - Quality improvement in values to be provided
 - Corporate culture reform
- Target**
 - Overwhelming regional presence
 - Acquisition of new management knowledge
 - Diversification of profit sources
 - Increase in profit opportunities



- 10 billion yen or more if the five-year totals for the two banks are combined
- Synergy effects are equal for both banks at 50:50
- FY2021 results: approx. 6.1 billion yen

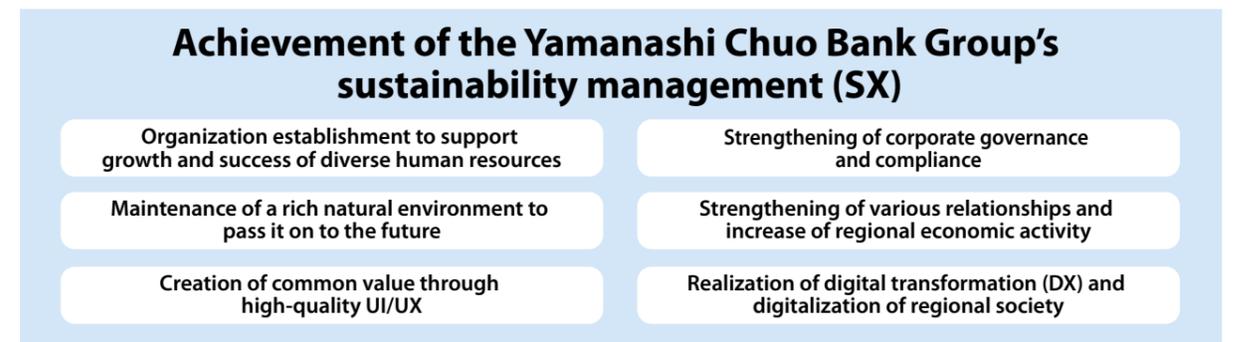
2. DX: Digital Transformation

DX realization for regional society, customers, and the Bank



3. SX: Sustainability Transformation

Six materiality issues toward high level of sustainability management



Continuous provision of new value to stakeholders by addressing material issues (materiality)

Regional society	Customers	Shareholders	Employees	Future generations
Creation of a rich society Contribution to increase in prefectural GDP	Contribution to the era of the 100-year lifespan Increase in the rate of holding financial instruments	Sustainable improvement in corporate value ROE increase	Promotion of gender equality and D&I Increase in the ratio of female managers and supervisors	Maintenance of a rich natural environment Reduction in CO ₂ emissions

Feature 1: The Shizuoka-Yamanashi Alliance

Comprehensive business alliance with Shizuoka Bank

To realize Value Creation Bank, our long-term vision, we are aiming to achieve sustainable growth together with the region, and as such on October 28, 2020 we concluded a comprehensive business alliance (the Shizuoka-Yamanashi Alliance) with Shizuoka Bank, which is based in Shizuoka Prefecture.



Purpose of the alliance

While maintaining their management independence and unique corporate brands and customer bases, both banks will share know-how and utilize each other's management resources to achieve their missions in their respective regions, contributing to continuous maintenance and the vitalization of local industries.

Effects and major initiatives of the alliance

By working with a sense of speed on the following items, we aim to increase revenue and reduce expenditures on a cumulative basis over five years, with both banks realizing synergies totaling over ¥10.0 billion.

Corporate needs

- ✓ Sharing of information on M&A (conclusion of collaborative agreement)
- ✓ Sharing of information on business matching
- ✓ Utilization of Shizuoka Bank's overseas network and dispatching of bank staff

Banking needs

- ✓ Joint creation of syndicate loans
- ✓ Joint study of structured finance
- ✓ Dispatching bank staff to the structured finance department
- ✓ Joint investment in PE funds

Vitalizing local economy

- ✓ Holding of joint events to promote economic exchange between Shizuoka and Yamanashi Prefectures
- ✓ Conclusion of collaborative arrangement in case of disaster (Mutual use of mobile branch vehicles, etc.)

DX/Shift to cashless operations

- ✓ Joint research for utilization of digital technologies including AI and RPA
- ✓ Dispatching of bank staff to the Innovation Promotion Office of Shizuoka Bank and research on new businesses

Life planning needs

- ✓ Establishment of a new scheme for securities intermediary through Shizugin TM Securities Co., Ltd.
- ✓ Development of a fund reserved for the alliance through Commons Asset Management

Shared activity/BPO

- ✓ Opening of joint stores by utilizing unoccupied space in branches in the strategic areas of both banks
- ✓ Examination for integration and sharing of various IT systems
- ✓ Examination on the integration of various clerical work and BPO that utilizes Shizuoka Bank Group companies

Main alliance measures that have been realized

Start of collaboration with Shizugin TM Securities Co., Ltd. on financial instruments introduction service [life planning needs]

On April 20, 2021, Shizuoka Bank Group company Shizugin TM Securities Co., Ltd. opened a branch inside the Yamanashi Chuo Bank's Head Office.

The Bank has started introducing its customers to Shizugin TM Securities Co., Ltd., enabling it to respond with an even wider range of solutions to regional customers' asset management needs.



Collaboration in the finance field [banking needs]

(1) Personnel exchanges and organization of collaborative projects

We have continuously dispatched our employees to Shizuoka Bank with a view to sharing know-how in the fields of structure finance and syndicate loans, and to enhance the effectiveness of collaborative initiatives in these fields.

Through this initiative, we have seen results in organizing collaborative projects in the field of corporate finance, such as structured finance, syndicate loans, and venture debt.

(2) Started handling FUJIBON private placement bond in commemoration of the alliance

On April 30, 2021 we started handling FUJIBON private placement bond as a commemoration of the alliance.

This product has a feature in which, when customers issue a private placement bond, part of the commissions received by the Bank and Shizuoka Bank (0.2% of the issued amount) is donated to the FUJISAN Fund, which is operated by the NPO National Council on Fujisan World Heritage.

Both banks will respond to customers' desire to contribute to protecting the earth's environment through handling this product.



Other alliance measures

Corporate needs

- ✓ Concluded an agreement on M&A business
- ✓ Concluded an agreement on support for customers' overseas business

Vitalizing local economy

- ✓ Held individual business meetings with business partners
- ✓ Held joint seminars on business startup and establishment, agri-business, and relocation/living in two locations

Joint clerical work

- ✓ Integration of clerical work for inheritance, etc.

Other

- ✓ Personnel exchanges between both banks
 - ▷ Online exchange meetings between young employees, and online exchange meetings between prospective employees
- ✓ Conclusion of agreements on "free mutual ATM use" and "mutual vehicle use in case of disaster"
- ✓ Fivefold Point Campaign by DC card companies of the two banks

Alliance logo

Representing the aim of the alliance to enable both banks to grow while retaining their independence featuring the corporate colors of both banks together with Mt. Fuji, as well as the diversity of both banks' employees with a colorful triangle.



Individual business meetings



Feature 2: DX Initiatives

● Specific initiatives

We will advance the systems and human resources that support DX to the next stage and strengthen our organizational structure to drive DX. In this way, we will help our customers and regional communities achieve DX while driving the transformation of our own business model.

Initiatives to migrate to core banking cloud

We will migrate to a next-gen system utilizing a public cloud in May 2023.

Next-gen core banking system (BankVision on Azure)

Create new values

Enables flexible external collaboration to accelerate DX and open innovation

Robust and safe

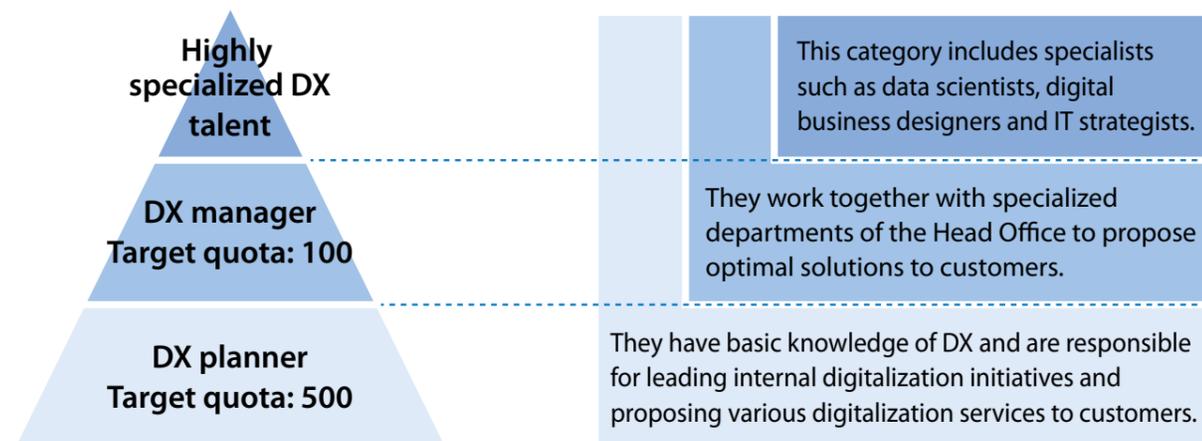
Ensure sufficient reliability and safety and operational continuity in case of disasters

Cost performance

Reduce the operation cost while maintaining the functional level of the core banking system

Initiatives to develop DX talent

Digital-enabled initiatives to develop human resources who will provide solutions to our customers and support for their operational transformation

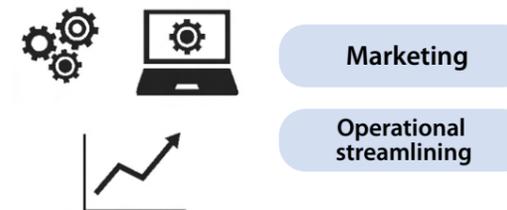


● Future initiatives

We are currently reforming our internal structure under the initiative of the DX Promotion Committee, with the aim to effectively utilize data and strengthen the IT investment governance across the Head Office. We will also endeavor to build an organizational structure to drive innovations in the Bank and regional communities and external collaboration.

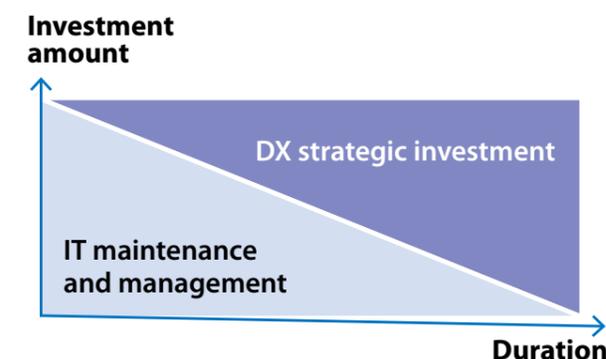
Data utilization

Build an organizational structure for data-driven management



Strategic investment management

Manage DX-related investments to strategically increase investment



DX Promotion Committee Pre- and post-investment assessment

Organization for DX and innovation strategies

Promote the symbiosis of DX and innovation

Digitalization Promotion Team (since December 2017)
DX Promotion Team (since December 2020)

DX and Innovation Promotion Office (June 2022-)



Regional DX platform

Create DX-triggered innovations in the region

Regional DX Advisor Agreement

With Mr. Hiroshi Fujino as an advisor, we will provide quality services to our customers and work to revitalize communities through promoting DX, by drawing on his extensive experience and broad insight.



Launch of Regional Co-creation Lab

We have established "Takeda Street Base," which serves as a place (lab) for connecting with local players and creating new ideas and activities. This facility will help us further optimize our organization for regional DX initiatives.



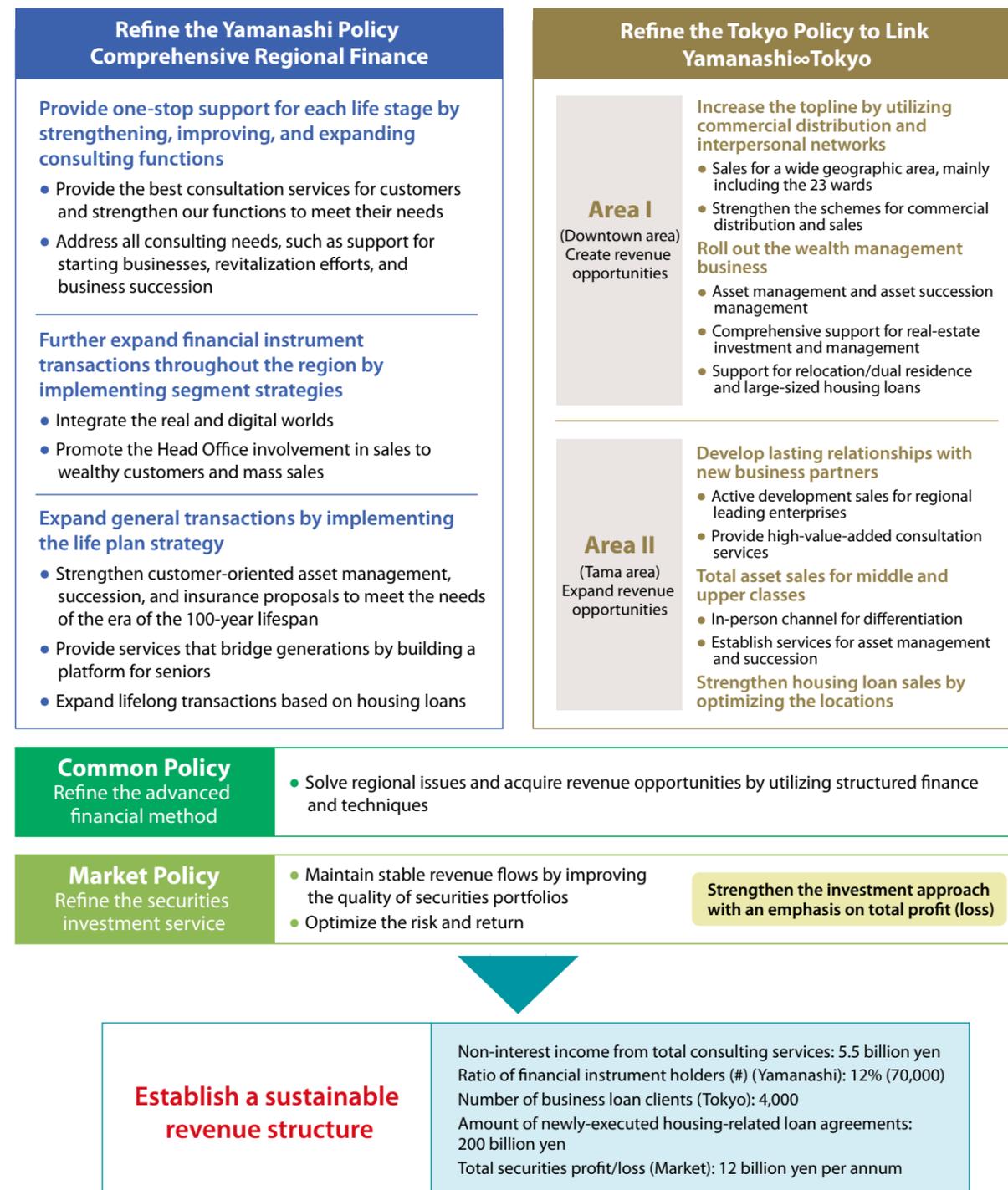
Basic Strategies for the Medium-Term Management Plan

1. Basic Strategy 1: Strategy to Increase Business Capacity

Deepening and Expanding the Core Businesses

We have updated the Western Tokyo strategy to the more specific Tokyo strategy to deepen and expand our core businesses. This will enable us to demonstrate our true value as a consulting bank, thereby establishing a sustainable revenue structure.

Clarifying strategies and target classes



Exploring New Businesses

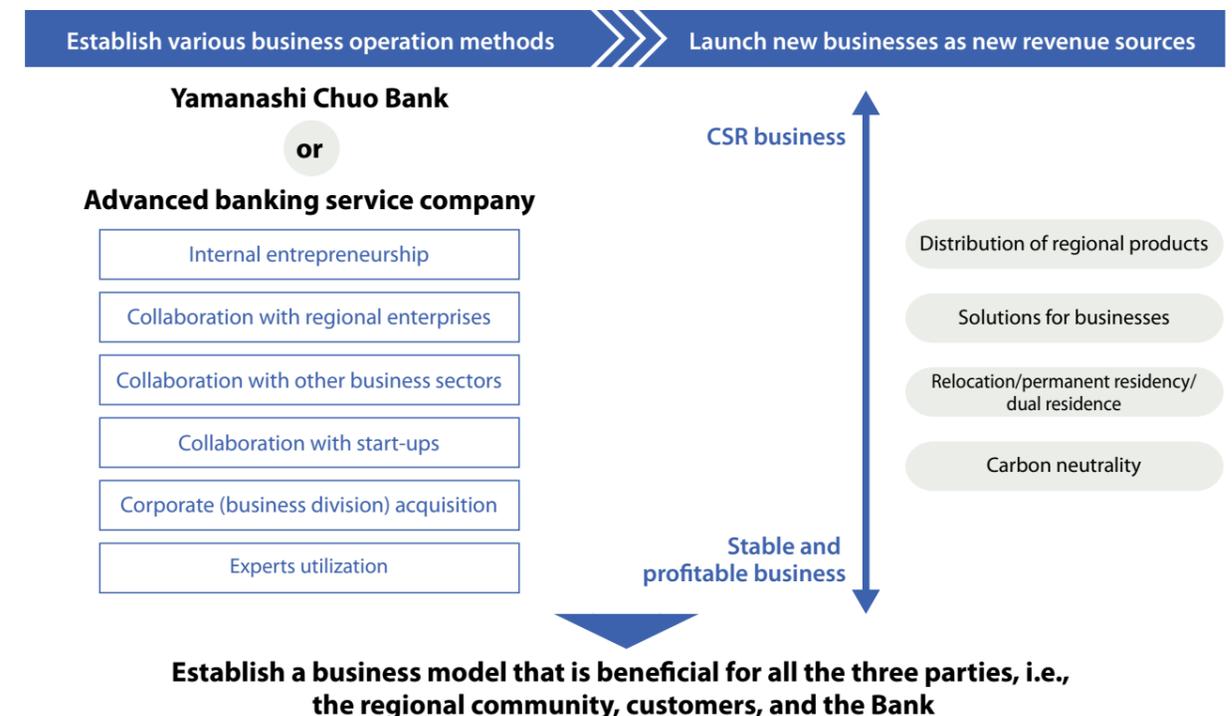
We will explore and establish solution businesses for regional issues and pursue new revenue sources. We will also prepare ourselves to systematically explore and implement new businesses to revitalize the regional economy while building a new business model.

Exploring new businesses

“Solutions for regional issues” × “Stable revenue sources”



Establish various business operation methods



2. Basic Strategy 2: Strategy to Double the Productivity

Challenge of Achieving Zero Clerical Work

We will improve customer convenience and reallocate management resources by implementing initiatives to eliminate clerical work at both branches and the Head Office, thereby improving the productivity of the Bank as a whole.

Eliminate clerical work at branches

- **Reform clerical work mainly by simplifying, consolidating and systemizing it**
Simplify clerical work by reforming complicated clerical and verification work and appropriately taking risks
Further consolidate routine clerical work related to back office work (including loan-related clerical work) and non customer-facing clerical work to the Head Office (considering switching to remote work)
Rationalize reception services by deploying semi-self-service terminals and streamline clerical work by utilizing digital technologies including AI/RPA
- **Select and consolidate operations according to market characteristics**

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

- **Reallocate personnel through multi-skill development and improve support for branches**
- **Streamline operations through digitization and workflow reform**

Reform the organization and strengthen the system to eliminate clerical work

- **Restructure and integrate the Head Office operations and reform the organization to eliminate clerical work**
- **Integrate and jointly run operations with other financial institutions in non-competing business areas**



Digitize bank transactions

We will deploy semi-self-terminals to branch receptions to improve customer convenience and business efficiency by realizing voucher-less, operation-less and cashless procedures.



- Eliminate vouchers
- Accept card transactions
- Accept multiple transactions

Improve customer convenience
Streamline operations

Expand and promote efficient practice for collecting and paying taxes and public funds

With the government-led initiative to rationalize and digitize government and financial operations gaining momentum, we are working on a project to promote statement-less and cashless payments, thereby benefiting the three parties involved, namely, taxpayers, local governments, and financial institutions. Through this project, we aim to help drive DX for local government transactions and also administrative and financial operations, and expand and promote efficient practices for collecting and paying taxes and public funds.



- e-storage
- Smartphone storage
- Account transfer

* Participated in by local governments, financial institutions, and relevant organizations in the prefecture

Next-generation Channel Reform

We will address diversifying customer needs and build channels to support sales strategies. In addition, we will position the digital channel as the main channel for retail customers, while strengthening the consulting functions of the real world channels to solve customers' issues.

Address diversifying customer needs and build channels for supporting sales strategies

Strengthen digital channels

- Digitize operations by expanding completely online services
- Improve UI/UX by introducing a bank app
- Introduce eKYC to digitize the procedures for opening accounts
- Promote Web-based smooth financing methods

Restructure real channels

- Shift to a next-generation branch model focused on consultation
- Restructure the branch network in light of the future expansion of digital channels, etc.
- Work to eliminate almost all ATMs located outside branches (Yamanashi Chuo Bank ATMs) and also strengthen collaboration with banks run by convenience store chains.

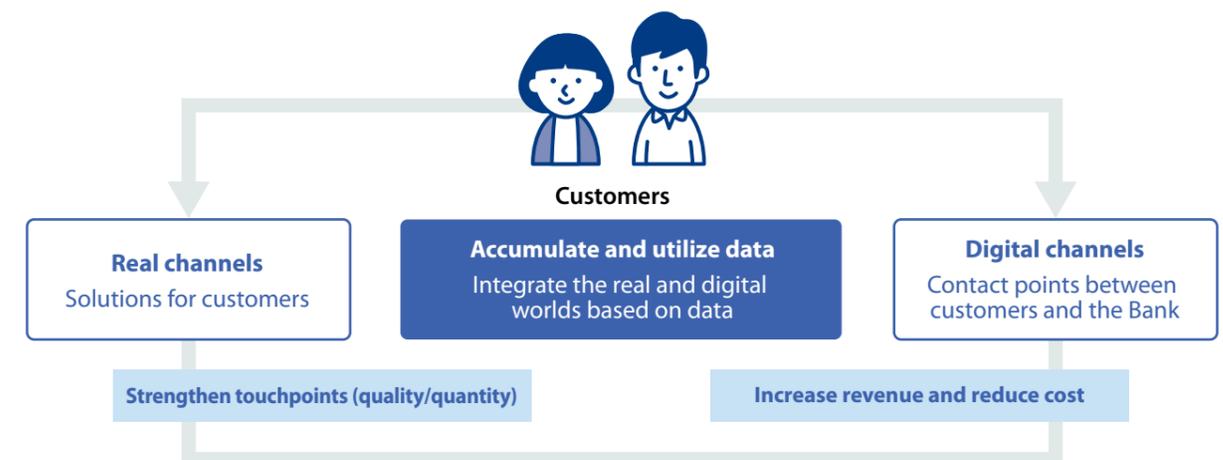
Respond to digitization trends

- Build a cashless-ready eco-system
- Reform operations by expanding paperless transactions, etc.

Establish new marketing methods

- Prepare the organization and lay the foundations for data utilization
- Sophistication of sales promotion methods utilizing data analysis
- Establish an online sales scheme utilizing digital technologies

- Bank app adoption rate: **15% ▶ 50%**
- Email address acquisition rate: **60% ▶ 75%**
- Shift to the next-gen branch model: **3 branches**
- Reduce ATMs located outside the branches (Yamanashi Chuo Bank ATMs): **50% (132 ▶ 66 units)**
- Switch from full-banking branches to function-specific branches: **at least 5 branches**
- Consolidate branches by placing branches in branches: **at least 5 branches**
- Strategic personnel reallocation: **at least 40 employees**
- Number of accounts without bankbooks: **10,000 ▶ 80,000**



3. Basic Strategy 3: Strategy of Pursuing Sustainability

Realization of Human Capital Management

We will work to ensure diversity in human resources and work styles by promoting diversity and inclusion while developing a framework to integrate management and human resource strategies. In addition, we will promote the personal growth of each employee by working to reform our training and OJT.

Form corporate culture that is adaptive to transformation

<p>Integrate management and personnel strategies</p> <ul style="list-style-type: none"> Expand and share the Bank's purpose Establish a strategic personnel allocation scheme through collaboration between the Corporate Planning and Human Resources Departments Develop and promote human resources for important positions 	<p>Precisely operate the new personnel system</p> <ul style="list-style-type: none"> Quickly embed the organization with the evaluation system and practice of one-on-one meetings Visualize and utilize skills for career development
<p>Personal growth</p> <ul style="list-style-type: none"> Introduce a side job system Enhance personalized training programs and reform OJT for new and young bank employees Create opportunities for alliance-based personnel exchanges and actively dispatch employees to external companies 	<p>Ensure diversity in human resources and work styles</p> <ul style="list-style-type: none"> Promote diversity & inclusion Practice aggressive recruitment by hiring specialists Promote flexible work styles (introduce a flextime system, promote the empowerment of senior human resources, and encourage employees to take childcare leave)

- Strategically allocate personnel through open recruitment: **10 or more people a year**
- Rate of long-term childcare leave taken by male employees: **100%**
- Ratio of female managers and supervisors: **15% or more**
- Number of employees with high-level certificates: **50 or more**

Initiatives to achieve the 100% acquisition of long-term childcare leave by male employees

We provide childcare allowance to employees who have taken long-term childcare leave (one month or longer or at least 20 business days in the case of split leave), to ensure that our employees can take childcare leave without worrying.



Male employee giving baby formula to his baby

By cooperating in parenting, couples can reduce the parenting burden on their spouse. This also enables the employees to effortlessly participate in parenting after their childcare leave, thereby promoting their work-life balance.

Support for employees seeking to get high-level certificates

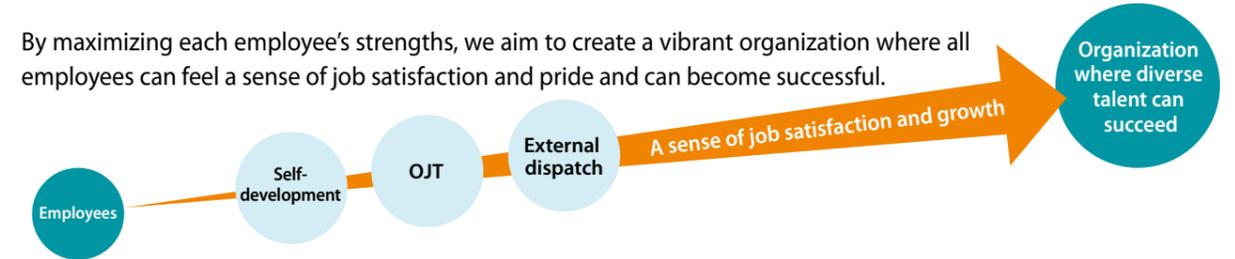
We help employees seeking to get high-level certificates such as the Certificate for Small and Medium Enterprise Consultants by providing specialized learning tools free of charge.

After they get the certificates, we assign them to positions where they can effectively utilize the certificates.



Human resource management that helps improve each employee's vitality

By maximizing each employee's strengths, we aim to create a vibrant organization where all employees can feel a sense of job satisfaction and pride and can become successful.



Introduction of a side job system

We have introduced a side job system so our employees can have opportunities to take on challenges outside of work. With this system, we aim to promote our employees' proactiveness and independence, enable interpersonal networking and growth that cannot be achieved solely at work and bring diverse values to the Bank, thereby creating innovations.

Initiatives for women's empowerment

The diversity promotion team, whose members were recruited in an open manner from across the organization, is implementing a variety of measures to foster a sense of job satisfaction for each employee, including measures to promote women's empowerment.

These activities and initiatives to create a work environment that facilitates parenting for both male and female employees and establish diverse work conditions for our employees, regardless of parenting status, were highly evaluated and received the "Kurumin Certification" and "Eruboshi Certification."



Kurumin Certification



Eruboshi Certification

Introduction of a new personnel system

In October 2021, we introduced a job-based employment system, where jobs are graded by the significance of duties and roles.

We aim to improve the vitality of each employee and develop human resources who can demonstrate their expertise by recruiting and training specialists, establishing job groups and processes that enable our employees to envision their future career paths, and by preventing discrepancies between employees' job descriptions and their actual jobs.

Initiatives to support work-life balance

We provide extensive employee leave benefits to help our employees balance their work and personal lives.

Family leave benefit

Employees can utilize this benefit for parenting, nursing and caring of their family members. This benefit also covers health problems during pregnancy, infertility treatment and children's school events.

Paid leave accumulation

This benefit enables employees to accumulate annual paid leave for a certain period of time, before the leave expires in two years. This benefit can be used for when employees' themselves are ill or injured, but also for the nursing and caring of their family members, as well as infertility treatment.

Support for employees returning to work after childcare leave

We regularly hold briefings for employees on childcare leave with the aim of alleviating their anxiety about returning to work and enabling their smooth return.

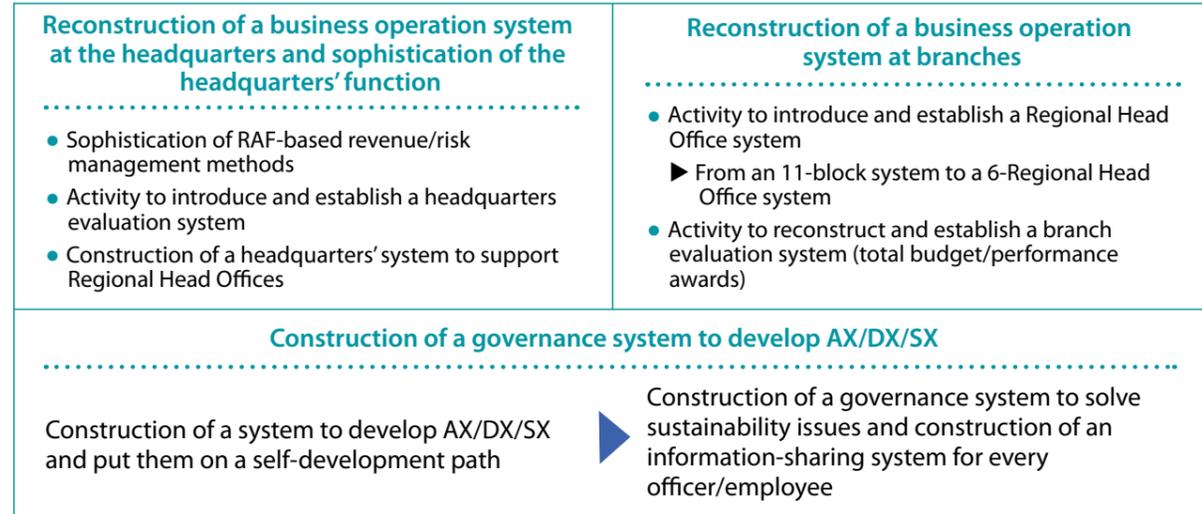
Dispatch to external companies and institutions

With the aim of helping our employees improve their discernment capabilities by learning about the characteristics and knowhow of other industries, we dispatched 50 employees to external companies, mainly in local industries, over five years from FY2012. In order to effectively utilize the specialized knowledge and experience of the employees who have completed the dispatch program, we assign them to the Head Office departments in charge of supporting client companies and revitalizing regional communities, as well as to branches where such employees can make the most of their dispatch experience. We continue to dispatch two to three employees to external companies every year.



High Level of Governance

The Bank has constructed a governance system to promote activities toward three-driver-based transformation (AX/DX/SX) and have been working to reconstruct the business operation system at the headquarters and branches.



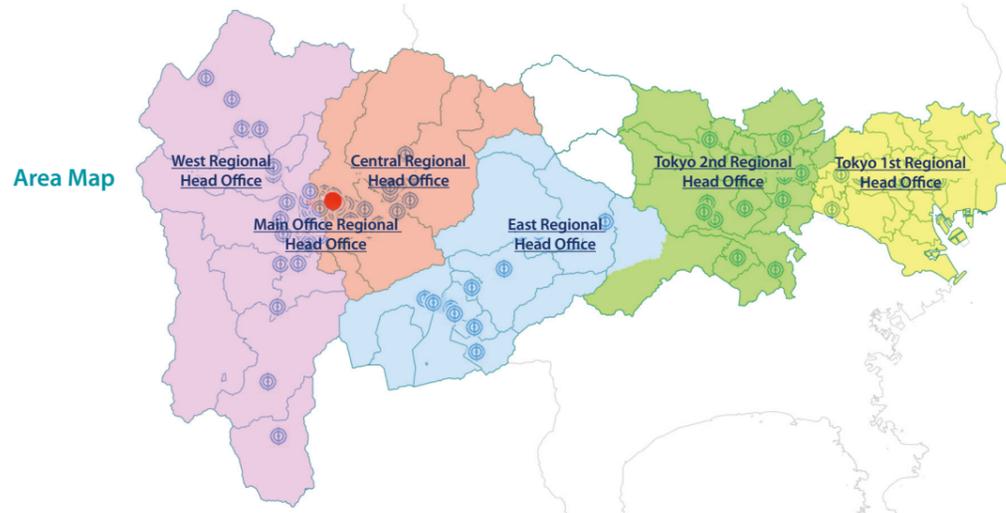
Risk Appetite Framework (RAF) initiatives

The business environment for regional financial institutions is becoming increasingly challenging due to factors such as the declining birthrate and aging population, as well as the prolonged negative interest rate policy. As such, building a sustainable business model has become an urgent task for the Bank. In order to build a sustainable business model, a Risk Appetite Framework (RAF) that optimizes the balance between profits and risk, and comprehensively and integrally manages the avoidance of risks that have a significant impact on management, is considered useful.

At the Bank, we have been working to increase the sophistication of RAF-based revenue/risk management methods as a part of the "TRANS³ 2025" Medium-Term Management Plan. To build the RAF, we have been conducting discussions in the ALM Committee and other meetings.

Introduction of a Regional Head Office system

We have divided the Bank's sales areas into six areas and established Regional Head Offices in all six areas. By working to strengthen area governance, we will improve the effectiveness of management strategies and make speedy decisions. In addition, the Bank will solve problems in a precise and speedy manner in response to regional characteristics and issues, not only by each area branch but also based on wider relationships.



Past Initiatives

1. Leveraging Consulting Functions Based on Business Feasibility Studies

Utilizing the Group's knowledge and networks, we provide customers in every life stage—from the stages of establishment to the stages of growth, stable operation, and rehabilitation—with various consulting services, covering business planning, business succession, ICT, medical care, utilization of public support measures, personnel evaluation system construction, SDGs, BCP formulation, overseas business development, startup/establishment, M&A, human resource placement, real estate, and local industries. We have been engaging in activities that contribute to improving our customers' corporate value by leveraging our consulting functions, while sharing the "thoughts" and "ideas" of business owners through in-depth dialogue.

Support for business startups, new business cultivation, growth fields, and fund procurement

● Support for business startup and establishment

The Bank has a Business Startup and Establishment Support Desk in place. Here, the Bank, its Group companies and external organizations, have worked together to establish a comprehensive support platform for customers in the business startup and establishment phase. The platform provides a wide range of support to such customers, from support for business planning formulation to raising startup funds and achieving business growth after establishment. The Bank and Shizuoka Bank jointly sponsored the Shizuoka-Yamanashi Alliance "Business Establishment/Second Business Establishment School 2021," offering an online curriculum for new entrepreneur customers to learn the basics of marketing, IT, accounting, and financing, as well as practical business and management skills.

Through these efforts, we offer Yamanashi Chuo Bank startup support loans and provide support for business growth after establishment, aiming to contribute to regional economic revitalization.



● Holding of "Business Succession and M&A Conference 2021"

In November 2021, we held an online seminar, "Business Succession and M&A Conference 2021," against the backdrop of nationwide challenges such as the aging of business owners and the lack of successors. Many customers showed interest in the online seminar and the number of applications amounted to approximately 8,000 accounts. The seminar delivered 30 lectures on various themes such as business succession and growth strategy type M&A, experiences about business succession, and trends by industry. We will continue to provide proactive support to resolve issues faced by our customers with the Business Succession/M&A Promotion Team within our Head Office, taking a leading role.

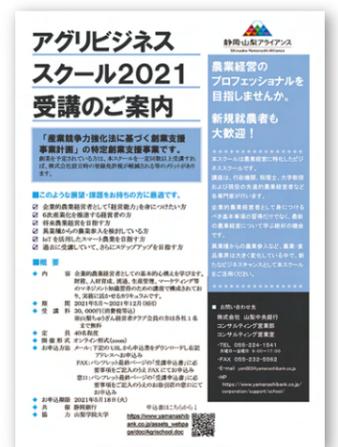


● Support for agri-business

To support the agricultural field, which is attracting attention due to growing awareness of the SDGs, as well as the wine business field, which is a local industry in Yamanashi, we have assigned dedicated professional consultants in the agriculture, food, and wine fields at the Head Office to support business and management planning, various types of financing, and entry into the agricultural field through collaboration with government agencies, as well as to provide consulting services. The Bank handles a loan program "Kai no Minori" for business operators in the agricultural field and agricultural modernization funds.

Additionally, the Bank and Shizuoka Bank jointly hosted the Agri-Business School 2021 based on the Shizuoka-Yamanashi Alliance to nurture and support business operators who are seeking to conduct agri-business with business thinking and an entrepreneurial spirit.

The school implemented a curriculum consisting of courses to acquire management knowledge in finance, human resource development, distribution, production management, marketing, and others, as well as experience from senior agricultural business operators.



● Web seminars related to public support measures

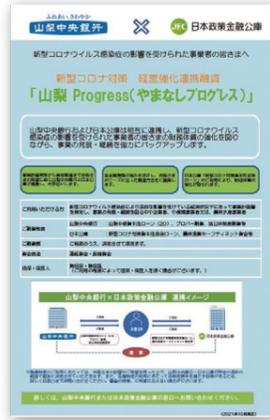
In order to support customers' use of subsidies and other public support measures, we co-hosted the following online seminars with Shizuoka Bank: "Seminar for Utilizing Public Support Measures," "Seminar for Utilizing Business Restructuring Subsidies," "Seminar for Utilizing Manufacturing Subsidies," and "Seminar for Utilizing Energy Conservation and Carbon Neutral-related Subsidies." We have provided an overview of a wide range of publicly available support measures for this year and key points in the preparation of application forms.

We will continue to work on revitalizing the regional economy by proposing the effective use of public support measures.



● Handling of “Yamanashi Progress”

Since October 2021, in cooperation with the Japan Finance Corporation (JFC), we have been handling the co-financing scheme “COVID-19 Response Management Reinforcement Affiliated Loans” (known as Yamanashi Progress) as support measures for businesses impacted by COVID-19 by utilizing Yamanashi Chugin Capital Loans (20), the COVID-19 Hybrid Subordinated Loan Program by the Japan Finance Corporation, and other means.



● Support for healthcare and nursing care businesses

We have established a support platform for the healthcare and nursing care fields as a collaborative effort among the Bank, its Group companies and external organizations. Besides financial support, such as loans and leases, the platform provides a comprehensive lineup of high-quality support services, ranging from free-of-charge support and information from a dedicated professional consultant in the healthcare and nursing care fields at the Head Office, to support from specialized organizations. This support addresses all manner of needs, from starting a business to business improvement, entering new fields and business succession.

● Support for environmental businesses

For customers who are interested in the power generation business, such as solar power and small hydropower, energy management systems, energy-saving, power conservation, environmental load reduction management and other areas related to the environment, we provide management advice from Head Office environment-related field experts, as well as business matching with facility operators and consultants.

● Overseas business support

In May 2021, the Bank concluded an Agreement on Overseas Business Support Operations with Shizuoka Bank in accordance with the Shizuoka-Yamanashi Alliance. Taking this agreement as an opportunity, the Bank is working to establish a close cooperation with Shizuoka Bank's six overseas sites by dispatching an employee to Shizuoka Bank's Hong Kong Branch and other means.

We will support our customers also in cooperation with our alliance partners, such as Shizuoka Bank and Bangkok Bank, to which we have dispatched employees.



● Support for tourism-related businesses

The Bank is assisting the entire tourism industry by providing smooth financing support to tourism-related businesses, which have suffered a tremendous impact from the COVID-19 pandemic.

In parallel with financing support, the Bank helps tourism-related businesses in many other ways. For example, we support new business development initiatives based on workations at tourism-related facilities and help to improve the earning power of tourism-related businesses through consulting on business rehabilitation issues. The Bank offers these types of support in collaboration with tourism advisors, external organizations, specialized personnel and other experts. Such collaboration allows the Bank to leverage even more sophisticated knowledge and information in offering various forms of support.

Moreover, the Bank conducts activities such as supporting the development of frameworks that will allow businesses to welcome inbound tourists more efficiently when the inbound tourism business recovers. We also assist with the supply of information on marketing strategies.

● The Yamanashi Chuo Bank startup support loan “Fine Start”

We offer the Yamanashi Chuo Bank startup support loan “Fine Start,” with the aim of contributing to regional economic revitalization by offering financial support to customers who are starting new businesses in Yamanashi Prefecture, thereby creating new businesses, as well as maintaining and expanding employment.

This loan features a “performance-linked preferred interest rate” that is linked to the level of achievement of the startup plan in order to boost the business motivation and mindset of business founders as they work to grow and expand their new businesses.

- Financing support for startups/new businesses
- Fiscal 2021: 163 loans ¥3,402 million

● Business matching

The Bank introduces customers to their ideal business partners, together with offering consulting support, to solve various management issues they face. Support activities include helping customers to expand sales channels, reduce costs, and improve productivity.

Also, the Bank introduces customers to business partners who can help them to reduce fuel, communication, and other costs, enhance productivity using cloud services, and so forth.

In addition, the Bank provides customers with the B-Line business matching site covering an expansive geographic area.



2. Activities for Regional Revitalization

Participation in regional development such as regional revitalization projects

● Promotion of dual residence, relocation, and permanent residence

To promote living in two locations, the Bank has concluded an Agreement on Promoting Dual Residence with the Yamanashi prefectural government, and started to handle Yamanashi Prefecture-Affiliated Second-House Loans in April 2022.



The Bank has set up “Move-to-Yamanashi Desks” in its branches in Tokyo and Kanagawa Prefecture. “Move-to-Yamanashi Advisors” have been appointed by Yamanashi Prefecture to accept inquiries from people interested in relocating to Yamanashi Prefecture and forward the inquiries to the Yamanashi Living Support Center. Additionally, the Bank offers Municipality Partnership Housing Loan products for 19 municipalities, which are linked to subsidies established by municipalities to encourage inbound migration.



Moreover, to help spread the word about the attractiveness of Yamanashi Prefecture, the Bank has installed special document stands in its branches in Tokyo and Kanagawa Prefecture to hold promotional leaflets on municipalities in Yamanashi Prefecture, and has published information on dual residence and moving to and living in Yamanashi Prefecture on the Bank's website and FUJI_NOTE, a special information website.



Website for relocation/ dual residence



Special information website “FUJI_NOTE”

● Regional revitalization through the Yamanashi Chuo Bank Regional Revitalization Fund

The Bank established the Yamanashi Chuo Bank Regional Revitalization Fund in December 2015 in order to contribute to the prosperity of the local community and the revitalization of the local economy by providing grants to organizations and individuals engaging in efforts that contribute to regional revitalization.

Since transitioning to become a public interest incorporated foundation in March 2016, the fund has been offering grants to startups as a public interest purpose business. Through fiscal 2021, aid has been offered to a total of 310 businesses.

Going forward, the Bank will continue to work to revitalize the region by offering grants.

● Activities in collaboration with regional communities

Aiming to strengthen mutual partnerships targeting regional economic development, the Bank has concluded partnership agreements with 10 cities in Yamanashi Prefecture. Under these agreements, the Bank is working in collaboration with partner local governments to revitalize agriculture, commerce and industry, promote relocation to and residence in Yamanashi Prefecture, and promote tourism and town development by supporting the promotion of decarbonization and city promotion using the corporate version of Japan's “hometown tax system,” as well as supporting solutions to regional issues, including measures against vacant houses.

As part of the Shizuoka-Yamanashi Alliance, we are working to convey the appeal of regional products by holding individual business meetings in which major supermarkets in Shizuoka and Yamanashi Prefectures attend as buyers, as well as by holding individual business meetings with businesses tenants in expressway service and parking areas as buyers in cooperation between Central Nippon Expressway and Shizuoka Bank upon the full opening of the Chubu-Odan Expressway between Yamanashi and Shizuoka.



We have also been selected as a PPP (Public Private Partnership) partner of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and are working to support town development and efficient administrative operations under public-private partnership through the Yamanashi PPP/PFI Regional Platform operated jointly with Yamanashi Prefecture.

Initiatives to support industry through cooperation with industrial, government, and academic institutions

● Collaboration with universities

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

The Bank publishes “Direct News on Business Opportunities Originating from the University of Yamanashi,” which reports on the research activities of the university. In addition, the Bank has dispatched an employee to serve as a Community Collaboration Coordinator at the University of Yamanashi. The Bank is also implementing measures that will pave the way for regional economic revitalization and promote regional development, including the development of “winArium,” a search app for Yamanashi Prefecture wines, jointly with the University of Yamanashi to increase awareness of Yamanashi wines and promote the development of the wine industry in Yamanashi Prefecture.



“Direct News on Business Opportunities Originating from the University of Yamanashi”

● University of Yamanashi Guest Social Collaboration Coordinators

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

As of March 31, 2022, the University of Yamanashi had appointed 97 Bank employees as “University of Yamanashi Guest Social Collaboration Coordinators.” In this role, these employees serve as liaisons between industry and academia.

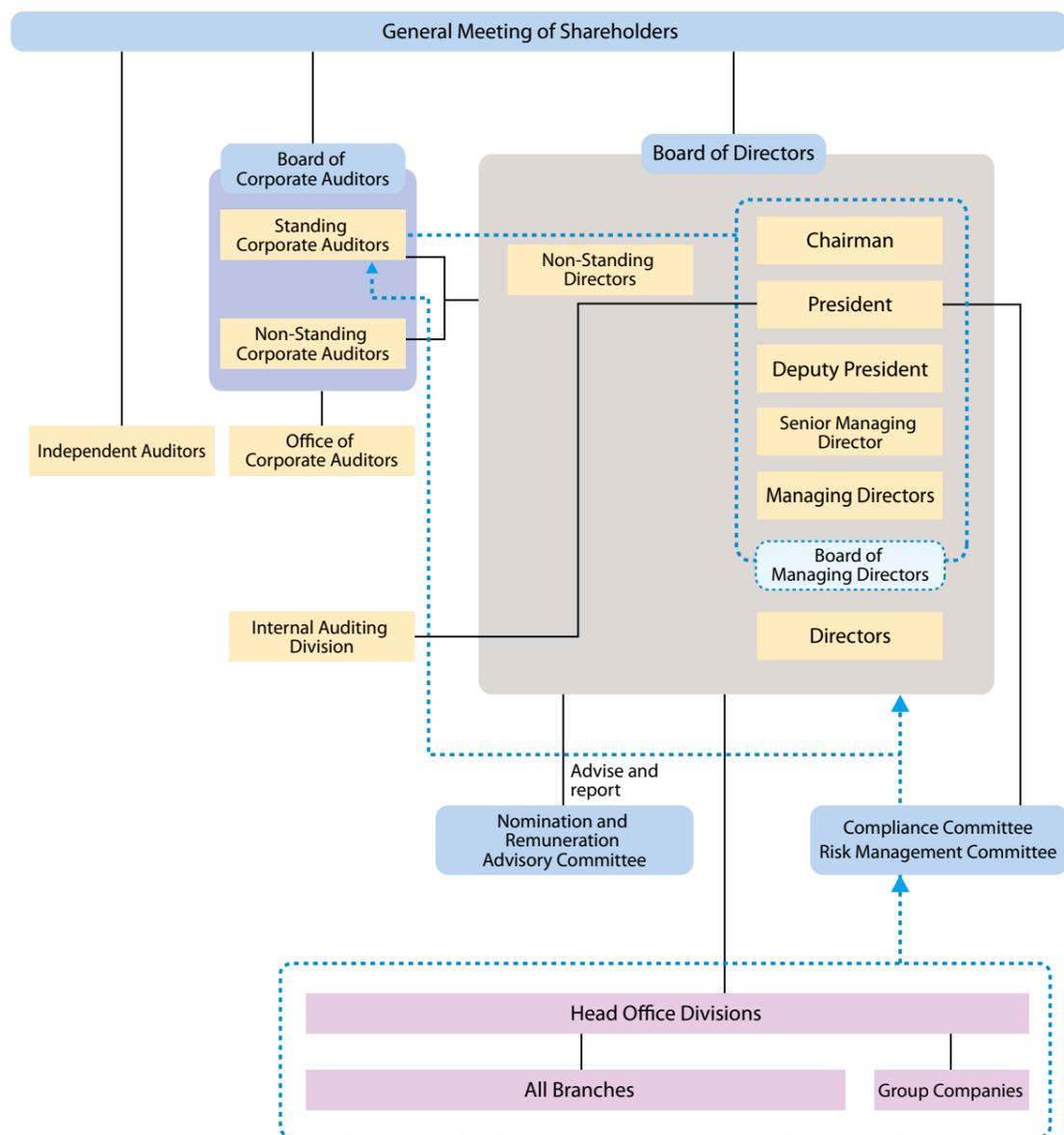
3. Corporate Governance

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 community 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, notably by maintaining high ethical standards among all management and staff members, and ensuring the active disclosure of corporate activities.

Corporate governance structural diagram



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 decision-making processes related to the appointment and dismissal of senior management (executive 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 audits the execution of directors' duties from a perspective that is independent from the Board of Directors.

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

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

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

Risk management measures

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

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

The risks the Bank faces are broadly grouped into risk categories such as credit risk, market risk, liquidity risk and operational risk, and 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.

4. Compliance – Protecting Customers

Compliance – Initiatives to protect customers

With regard to compliance, we believe that our duty is not solely to abide by the law, but also to ensure the strict observance of a wide range of social rules, including social norms and business ethics, to meet the demands and expectations of the broader community as a corporate citizen. In other words, compliance entails adapting 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 relationship 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 department 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 content, and each Head Office department 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 management philosophy “Keeping Close Ties with the Local Community and Ensuring Sound Management,” as well as the Nine Principles of Compliance 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.

Nine Principles of Compliance (Business Ethics)

- 1 Fulfill the public mission of banks
- 2 Provide high-quality financial services
- 3 Strict compliance with laws, regulations and other rules
- 4 Society and communication
- 5 Respect for human rights
- 6 Workstyle reforms, enhancement of the workplace environment for management and employees
- 7 Activities to tackle environmental problems
- 8 Contribute to social inclusion and development
- 9 Take steps to mitigate threats such as by severing any ties with anti-social forces and countering terrorist financing

Basic policy on the prevention of money laundering and terrorist financing

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

1. Compliance with relevant laws, regulations, and other rules

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

2. Development of systems

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

3. Risk-based approach

In accordance with the risk-based approach, the Group will identify and evaluate in a timely and 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 agencies any suspicious transactions it detects in the course of its operations.

5. Management of correspondent banks

The Group will strive to gather information on correspondent banks, appropriately evaluate such information, and implement mitigation measures in line with the risk. In cases where the correspondent bank is a shell bank, or if 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 counters 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.

Initiatives for Sustainable Management

1. CSR Message, Basic Policy on CSR

CSR Message

“Together with the region, for the future”

Basic Policy on CSR

Since its foundation, the Yamanashi Chuo Bank Group's constant mission has been “Keeping Close Ties with the Local Community and Ensuring Sound Management.” Guided by this mission, we will work to develop the regional economy through business activities in response to the needs of various stakeholders, including regional society, customers, shareholders and employees, with a solid foundation of compliance. At the same time, we are strongly aware of the social and environmental aspects of our Mission, and will contribute to the realization of a sustainable regional society.

Yamanashi Chuo Bank Group's SDGs Declaration

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

Yamanashi Chuo Bank Group's SDGs Declaration

Based on Our Mission of “Keeping Close Ties with the Local Community and Ensuring Sound Management,” we, as a regional financial institution, have supported the development of local companies and industries, energized communities, and backed the creation of affluent lifestyles for people living in the region while striving to realize a sustainable society, in order to contribute to the achievement of the SDGs (Sustainable Development Goals) advocated by the United Nations.

May 10, 2019 President Mitsuyoshi Seki

Key measures

Strive to reduce environmental impact

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



Develop a sustainable regional economy

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



Appoint and utilize diverse human resources

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



Organization of the Sustainability Committee

Our region is faced with a wide range of issues. To solve them, it is essential to consider multifaceted and specialized approaches. In this light, in April 2022, we established the Sustainability Committee, which is chaired by the President, for the entire organization to utilize the knowledge and networks of various divisions of the Head Office. We will continuously strive to help realize sustainable regional communities by discussing and exploring solutions to regional issues and addressing our priorities and material issues identified in the Yamanashi Chuo Bank Group's SDGs Declaration.

Establishment of the Yamanashi Chuo Bank Group Investment and Loan Policy

In our efforts to help achieve the SDGs, we have established the Yamanashi Chuo Bank Group Investment and Loan Policy and are promoting our efforts to fund initiatives that help our customers and regional communities solve environmental and social issues, with the aim to realize sustainable regional communities.

2. Support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

In November 2021, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We will continue to address climate change issues and work to improve disclosure on climate change issues.

Governance	The Sustainability Committee, chaired by the President, deliberates on SDGs/ESG initiatives, including measures for climate change-related issues, and reports the results to the Board of Directors to ensure appropriate supervision by the Board of Directors.																							
Strategy	<p>We have identified “climate change/global warming” as one of our material issues, and are working to address both opportunities and risks.</p> <p>Opportunities</p> <p>In order to decarbonize society, we will continue to actively fund renewable energy projects and provide products and services for businesses investing in efforts to mitigate and adapt to climate change.</p> <p>Risks</p> <p>We are aware of transition and physical risks posed by climate change. For transition risks, we assume an increase in credit risk for our counterparties affected by the transition to a decarbonized society, including responses to tighter climate-related regulations. For physical risks, we assume credit risks due to the impact of extreme weather on the business activities of our counterparties and changes in their business conditions, as well as operational risks due to damage to their business branches. We have started to discuss a running analysis of climate change scenarios for physical and transition risks.</p>																							
Risk management	<p>- We recognize that physical and transition risks arising from climate change may have significant financial impacts in the future, and will work to establish a risk management system for climate change within the framework of integrated risk management.</p> <p>- We have established the Yamanashi Chuo Bank Group Investment and Loan Policy and are working to solve environmental and social issues faced by our customers and regional communities by actively supporting businesses that help solve environmental and social issues, while reducing investments and loans for specific sectors that have a negative impact on the environment and society.</p>																							
Metrics and targets	<p>CO₂ emission reduction targets (Scopes 1, 2)</p> <table border="1"> <tr> <td>Long-term goals (FY2030)</td> <td>60% reduction vs FY2013</td> </tr> <tr> <td>Medium-term goals (FY2024)</td> <td>46% reduction vs FY2013</td> </tr> </table> <p style="text-align: right;">(Unit: t-CO₂)</p> <table border="1"> <thead> <tr> <th></th> <th>Scope 1</th> <th>Scope 2</th> <th>Total</th> <th>Reduction rate</th> </tr> </thead> <tbody> <tr> <td>FY2021</td> <td>192</td> <td>3,858</td> <td>4,050</td> <td>32.25%</td> </tr> <tr> <td>FY2020</td> <td>232</td> <td>4,080</td> <td>4,312</td> <td>27.87%</td> </tr> </tbody> </table> <p>* CO₂ emissions for Scopes 1 and 2 in the periodic report based on the Energy Conservation Law Scope of CO₂ emissions: Scope 1: Direct emissions (Including heavy oil, gas, etc. Excluding gasoline) Scope 2: Indirect emissions (electricity)</p> <p>Sustainable finance goals</p> <table border="1"> <tr> <td>Long-term goals (FY2030)</td> <td>800 billion yen or more (including 400 billion yen or more for environmental finance)</td> </tr> <tr> <td>Medium-term goals (FY2024)</td> <td>250 billion yen or more</td> </tr> </table> <p>* Sustainable finance: Investments and loans that help solve social and environmental issues, thereby driving progress towards 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.</p>	Long-term goals (FY2030)	60% reduction vs FY2013	Medium-term goals (FY2024)	46% reduction vs FY2013		Scope 1	Scope 2	Total	Reduction rate	FY2021	192	3,858	4,050	32.25%	FY2020	232	4,080	4,312	27.87%	Long-term goals (FY2030)	800 billion yen or more (including 400 billion yen or more for environmental finance)	Medium-term goals (FY2024)	250 billion yen or more
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3. Initiatives to Revitalize the Regional Economy

Initiatives to revitalize the regional economy for our customers

● **SDGs consultation**

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

In order to build a sustainable regional economy, it is important to promote the SDGs throughout the region. As a regional bank, we believe that it is our responsibility to encourage a large number of companies to engage in efforts to achieve SDGs, thereby developing the regional economy.

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

In addition, in order to make SDGs initiatives more effective, we hold study sessions on the SDGs for employees and the senior executives of companies. In these sessions, we help the participants fully recognize the need to tackle the issue of microplastics, the challenges in achieving a decarbonized society, gender equality, etc., by recognizing the current world situation and discussing what we can do.

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.



● **Yamanashi Chuo Bank SDGs Investment Limited Partnership**

We aim to help businesses that play a key role for the future of the region and those that are working to improve their corporate value and competitiveness in accordance with the 17 SDGs, thereby strengthening local industrial capacity, maintaining and expanding employment to contribute to the sustainable development of the regional communities. To this end, we run the Yamanashi Chuo Bank SDGs Investment Limited Partnership, an investment fund that invests in businesses at all life stages ranging from foundation, establishment, growth and management improvement and revitalization to business succession.

● **Yamanashi Chuo Bank SDGs Support Loan**

In February 2021, we launched the Yamanashi Chuo Bank SDGs Support Loan for companies that are actively engaged in efforts to achieve the SDGs. By providing this loan product, we will meet the diverse financing needs of our customers and actively help create sustainable regional communities and contribute to them by promoting initiatives.



● **Yamanashi Chuo Bank SDGs Private Placement Bond with an option to donate**

In February 2021, we launched the Yamanashi Chuo Bank SDGs Private Placement Bond. This private placement bond can be issued by companies that meet high-level requirements and are actively engaged in initiatives to help achieve the SDGs.

Under this scheme, we offer a preferential underwriting fee for companies issuing this bond so they can donate the saved amount to organizations that are implementing initiatives for SDGs.



● **The Global Impact Investment Fund (nickname: "Better World")**

The Global Impact Investment Fund (nickname: "Better World") is a fund that mainly selects and invests in stocks of companies around the world that have innovative technologies and business models and are committed to solving social issues (thereby bringing about social impact). The Fund's investment themes are "securing food, clothing, and shelter," "improving quality of life," and "environmental issues," which cover the 17 SDGs. Therefore, investors can indirectly participate in efforts to achieve the SDGs by investing in the Fund.



● **Yamanashi Chuo Bank Sustainability-Linked Loan**

In December 2021, we launched the Yamanashi Chuo Bank Sustainability-Linked Loan. The interest rates and loan terms under this loan scheme vary depending on the progress for SDGs/ESG-related targets ("Sustainability Performance Targets" or "SPTs*") set by the customers.

This product is designed to help our customers practice sustainable management (SDGs/ESGs) to enhance their corporate value, and realize a sustainable society.

* SPTs (Sustainability Performance Targets)

Annual target metrics of contributions to social sustainability set by customers



● **Development of winArium, a search app for Yamanashi wines**

Based on a comprehensive collaboration agreement, Yamanashi Chuo Bank and the University of Yamanashi have been jointly running an IT research program since FY2017. As part of this initiative, the joint research team of the System Administration Department of Yamanashi Chuo Bank and the Faculty of Engineering at the University of Yamanashi have developed "winArium," a smartphone application to search for wines made in Yamanashi Prefecture, as a joint research project on wine, which is the prefecture's specialty.

The purpose of this app is to promote Yamanashi wines by helping users discover new wines and learn more about wines so they can enjoy wine more, enhancing their knowledge and interest in wine, thereby increasing the number of wine fans, developing the wine industry, and revitalizing the regional economy.



● **Participation in Local Sake Sampling 2021**

We joined an initiative by iBank Marketing, a subsidiary of the Fukuoka Financial Group, to organize "Local Sake Sampling 2021—Try Specialty Sake from Across Japan," an event utilizing Ennichi, an online store run by iBank Marketing.

Under this initiative, we utilized the network of nine financial institutions that use the Wallet+ smartphone app to help expand sales channels for Sake, which is a typical local specialty, thereby supporting regional businesses as a regional financial institution.

We will continue to help revitalize the regional economy by creating opportunities for local businesses to grow and driving the expansion of sales channels.



● **Project finance deal for a woody biomass power generation business**

We arranged a 5 billion yen project finance deal as an arranger of a syndicated loan for a woody biomass generation development project by DS Green Power Generation Kai LLC.

The purpose of this project is to construct and operate a wood-fired biomass power plant with an output of 6,950 kW, which will help expand renewable energy to help realize a decarbonized society. The project also helps conserve forest resources by giving new value as fuel to forest residues that have been neglected in the mountains and forests, which makes it a socially significant project in terms of SDGs.

We will continue to meet diverse financing needs of our customers by utilizing project finance and other financing methods, and will work to solve environmental and social issues faced by our customers and regional communities in order to realize a sustainable society in accordance with the Yamanashi Chuo Bank Group's SDGs Declaration and the Yamanashi Chuo Bank Group's Investment and Loan Policy.



(Reference) Woody biomass power generation plant
* DS Green Power Generation Wakayama LLC.

4. Activities to Tackle Environmental Problems

Formulation of Environmental Policy

As environmental problems such as global warming become more serious, as a company rooted in the region, we believe that it is important for us to proactively address environmental problems and contribute to the creation of a sustainable local society.

Under our Environmental Policy, the Bank will promote environmental conservation activities more proactively and continuously than ever before.

Yamanashi Chuo Bank Environmental Policy	<p>The Yamanashi Chuo Bank is a regional bank that operates principally in a region blessed with one of Japan's most picturesque and bountiful natural environments. As such, the Bank is strongly committed to protecting the global environment. The Bank believes that activities to tackle environmental problems are the foundation of its corporate social responsibilities (CSR). The Bank complies with environmental laws and regulations, along with accurately monitoring the impact of its business activities on the environment. Concurrently, the Bank works to actively and continuously implement environmental protection activities.</p> <ol style="list-style-type: none"> 1. The Bank will strive to reduce environmental impact by promoting the conservation of resources and energy, with a view to harmonizing its business activities with the environment as a financial institution. 2. The Bank will strive to help improve the regional community environment through the supply of financial instruments, services, information and so forth. 3. Every executive and employee will increase their understanding of environmental problems, and actively implement environmental protection activities in the regional community.
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● Participation in the Principles for Financial Action for the 21st Century

The Bank signed the "Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)" and is implementing initiatives aimed at resolving environmental issues.



Support and facilitate activities undertaken by the regional community, customers and others to reduce environmental impact

● Handling of "Decarbonization-related Global Equity Strategic Fund"

"Decarbonization-related Global Equity Strategic Fund" is a fund that mainly invests in the equities of decarbonization-related companies from around the world. This fund invests in companies that have advanced technologies for decarbonization and are developing businesses in the areas of the supply of clean energy, the electrification of power sources and the use of alternative materials, as well as the absorption and removal of CO₂ and energy efficiency, which allows investors to indirectly participate in decarbonization activities.



● Activities for the energy conservation program

As part of its financial support for SDGs/ESG, the Bank has independently developed its "Energy Conservation Program" to support customers' energy-conservation, environmental impact reduction, and carbon neutrality. Specifically, the Bank implements consulting sales for customers, where it performs energy conservation diagnoses by using public measures, and based on the results, it proposes specific measures for energy conservation and environmental impact reduction, while using public support measures such as subsidies and tax incentives, as well as business matching and other measures.

To promote such activities, the Bank has started to handle the Yamanashi Chugin Sustainability Linked Loan and other products.



Strengthen activities to reduce the Bank's own environmental impact

● Donation of vegetables harvested through preservation and rehabilitation projects in socioecological landscapes (satochi-satoyama areas) to Nijiiri no Wa, an authorized NPO corporation

The Group has been promoting the preservation of socioecological landscapes (satochi-satoyama areas), which are natural habitats where human activities are undertaken in harmony with nature, since August 2011. To pass on these landscapes to future generations, the Bank has named a plot of abandoned farmland in Chuo City, Yamanashi Prefecture "Yamanashi Chuo Bank Fureai-no-Satoyama." The Bank is working to rehabilitate the land and grow various vegetables on the site with the advice of local farmers and forestry cooperative members. In addition, the Bank is tending to an abandoned forest next to the site by conducting tree-planting activities. To date, the Bank has organized and held 54 activities with the participation of a total of 3,077 people comprising executives, employees, and their family members.

In fiscal 2021, the Bank donated vegetables (sweet potatoes, potatoes, green onions, and Chinese cabbages) it harvested to the authorized NPO corporation Nijiiri no Wa to support wholesome daily lives in the community amid the COVID-19 crisis.



● Donation of recycled toilet paper to 14 special-needs schools in Yamanashi Prefecture

The Bank, as part of efforts to contribute to regional society, donated recycled toilet paper (5,000 rolls) to 14 special-needs schools in Yamanashi Prefecture. The toilet paper was produced from recycled paper documents in the Bank. This donation of recycled toilet paper was undertaken to foster an interest in environmental issues, such as global warming, among children. (Yamanashi Prefecture's Superintendent of Education is pictured on the right of this photo.)



● Deployment of fuel-cell vehicles

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



● Installation of solar power generation systems

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

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



Initiatives to reduce CO₂ emissions

● **Yamanashi Chugin eco Action, an environmental conservation initiative of the Bank and our executives and employees**

In September 2010, we established the Environmental Policy and have been working on various measures to address environmental issues. In November last year, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and are working to solve issues for our customers, society, and the environment to enable the sustainable development of local communities.

To help drive our efforts to achieve our CO₂ emission reduction targets, the Bank and our executives/employees launched “Yamanashi Chugin eco Action,” an environmental protection initiative to build sustainable local communities in April 2022.

[Yamanashi Chugin eco Action]

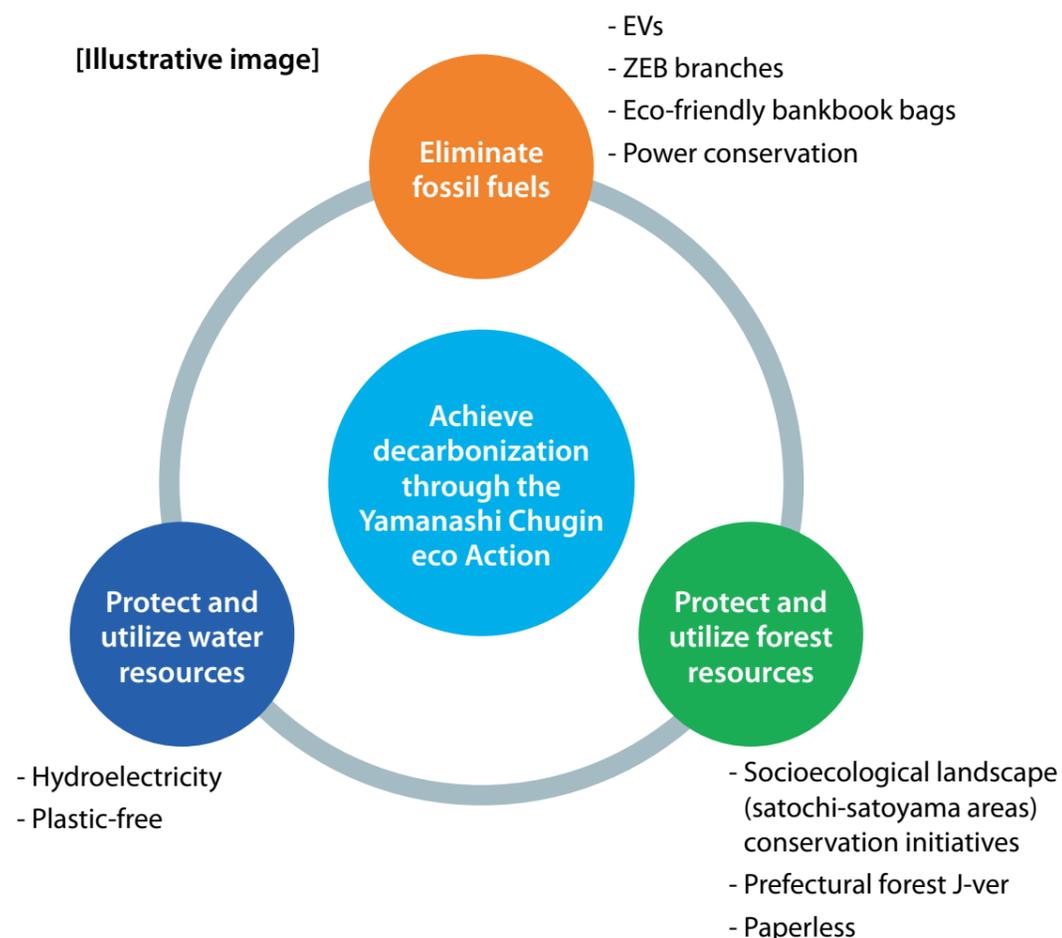
1. Our main initiatives

- Introduce renewable energy electricity
- Introduce EVs and other eco-friendly cars
- Expand environmentally-friendly branches (ZEB branches, etc.)
- Protect and utilize forest resources

2. Initiatives of our executives and employees

- Commit to paperless working
- Commit to energy conservation
- Consolidate multi-function machines
- Making sure to leave the office by 7:00 p.m.
- Participate in the Yamanashi Cool Choice Prefectural Campaign

[Illustrative image]



● **Introduce renewable energy electricity**

As part of our initiatives to decarbonize society, we have switched to “Yamanashi Power NEXT ‘Furusato Hydro Plan,’” a power service plan that uses renewable energy electricity generated at Yamanashi Prefecture’s hydroelectric power plants, for our Head Office and computer center building.

This plan provides CO₂-free electricity that is generated at Yamanashi Prefecture’s hydroelectric power plants, and provided by Yamanashi Prefecture and TEPCO Energy Partner, Inc. This power service achieves a zero CO₂ emission coefficient by sourcing the power exclusively from Yamanashi Prefecture’s hydroelectric power plants.

In addition, under this service plan, you can contribute to the prefecture’s environmental conservation efforts by paying the electricity bills since part of the money goes to environmental protection initiatives, including the prefecture’s environmental conservation projects.

This plan will enable us to reduce annual CO₂ emissions by approximately 1,517 tons (equivalent to about 110,000 cedar trees).

● **Introduction of paper clear file folders**

As part of our efforts to comply with the Plastic Resource Circulation Act and promote the SDGs, we are gradually switching from plastic to paper for clear file folders for customer documents.

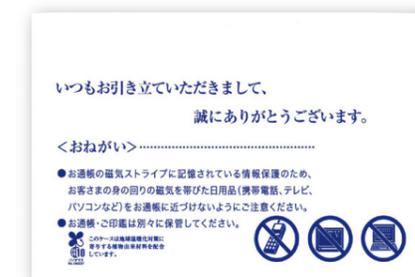
Specifically, we have switched to procuring clear file folders that are made entirely of paper and free of plastic, unlike the conventional plastic equivalents.



● **Introduction of environmentally-friendly bankbook bags**

We have switched from polyethylene to biomass-based bankbook bags. Biomass-based materials are made from corn and other plant-derived materials. These materials are environmentally friendly and help reduce global warming.

Moreover, this initiative contributes to achieving Goal 12 “Ensure sustainable consumption and production patterns” and Goal 13 “Take urgent action to combat climate change and its impacts” of the United Nations Sustainable Development Goals (SDGs). We will continue to proactively implement environmental conservation initiatives going forward.



5. Activities to Contribute to the Regional Community

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

Local contribution activities in a variety of fields

● Yamanashi Chuo Bank Financial Museum

The Yamanashi Chuo Bank Financial Museum presents many different aspects of the histories of currency and finance in Japan. The museum has permanent displays of approximately 2,000 articles of currency, highlighted by its collection of koshukin gold coins, and Japan's first passbook. It also holds planned exhibits and other events as appropriate. Additionally, the museum has set up a new special display corner featuring Eiichi Shibusawa, who was involved in the establishment of Dai-Ju National Bank, the predecessor to the Bank.

The museum also hosts off-campus learning programs for elementary school, junior high school and other students, and dispatches instructors to schools for special workshops. The museum is made available to members of the community as a lifelong learning facility.

Open days: Wednesday through Saturday
(except holidays and from December 29 to January 4)
Open time: 9 a.m. to noon, 1 p.m. to 5 p.m. (Last admission at 4 p.m.)
Phone: 055-223-3090



● Activities to provide financial education

As part of our initiatives related to "Quality Education," which is one of the SDGs, curators from Yamanashi Chuo Bank Financial Museum serve as lecturers at local elementary schools to teach students about money to improve their financial literacy. Moreover, the Bank holds the Economics Koshien Yamanashi Tournament for senior high school students (The event has so far been held eleven times.). The eleventh event was held in an online format.



● Activities to promote sports

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



● Lobby exhibits

The Head Office lobby and the lobbies of branches are used as spots for local residents to engage in cultural activities and for showcasing their works of art.

In November 2021, the "My Pride Exhibition 2021—14th Yamanashi Prefectural High Schools Student Art Exhibition" was held at 36 of the Bank's branches. The exhibits featured paintings and calligraphy produced by students from high schools in Yamanashi Prefecture.



● Food donations

We donated food (about 600 cups of soup) to Food Bank Yamanashi, a certified NPO, and the Yamanashi Prefectural Council of Social Welfare as relief supplies for children of families receiving school expense subsidies or other welfare.

We will continue our efforts to achieve a sustainable society by helping enrich the life of everyone in the community.



Initiatives to create barrier-free facilities

● Installation of handset-equipped ATMs at all branches

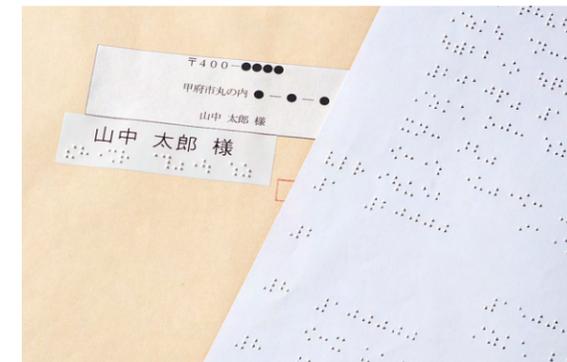
The Bank has installed handset-equipped (receiver-type) ATMs at its Head Office and all branches so that customers with visual impairments and elderly customers can use ATMs without difficulty.



● Transaction statements issued in braille

The Bank issues statements concerning 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 elderly customers, 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 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 Shimoidea Branch, Kofu Station Sub-Branch (CELEO KOFU), as well as the Kofueki Kitaguchi Sub-Branch.

This system is the first of its kind to be installed by a financial institution headquartered in Yamanashi Prefecture.



● Installation of desktop-type conversation support equipment

To allow customers with hearing impairments and elderly customers to communicate smoothly with branch staff, we have desktop-type conversation support equipment installed in our locations. These devices work by converting the branch staff member's voice into a form that is easier for listeners to hear. These devices are available at the Head Office and certain other branches.



● Customer assistance system

The Bank offers a system for customers with physical disabilities to make reservations to visit branches 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

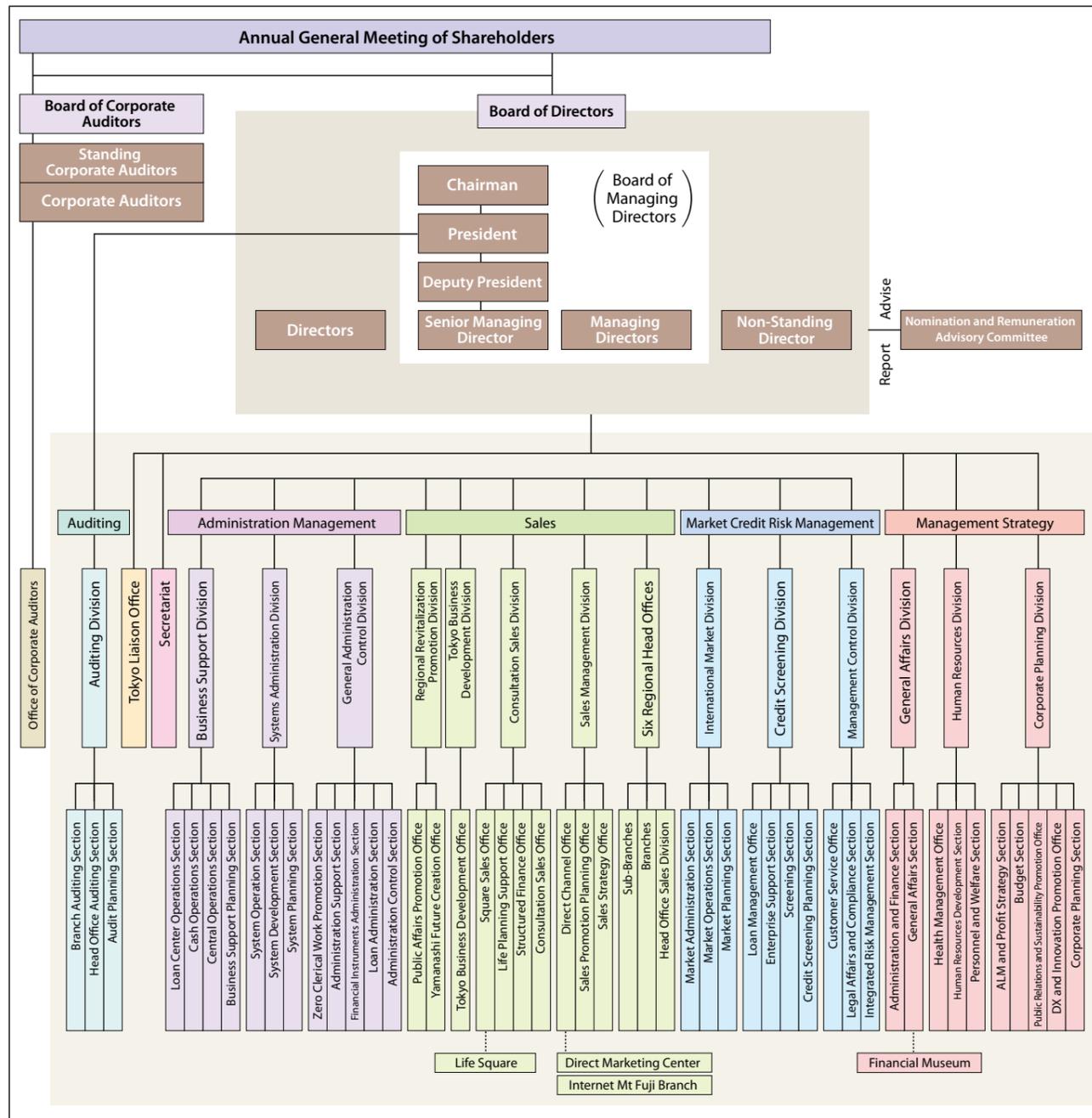
The Bank strives to further improve services by showing consideration and paying attention to all types of customers, and to build a community friendly to seniors with dementia and other people with special needs. As part of these efforts, the Bank has assigned dementia supporters to all branches. The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

Corporate Data

1. Board of Directors and Corporate Auditors As of July 1, 2022

Chairman Nakaba Shindo	Managing Directors Norihiko Tanaka Fumihiko Furuya Masahiko Yamadera	Directors Michio Masukawa Riyo Kano Miki Ichikawa	Standing Corporate Auditors Akira Omata Kimihiro Asai
President Mitsuyoshi Seki			Corporate Auditors Kouichiro Horiuchi Yoshiyuki Nagahara Minako Mizutani
Senior Managing Director Yoshiaki Furuya			

2. Organization As of July 1, 2022



3. Consolidated Subsidiaries

Name Date of establishment	Address	Capital (Millions of yen)	Lines of business	Yamanashi Chuo Bank's share (%)
Yamanashi Chuo Guarantee Co., Ltd. July 1, 1986	Kofu, Yamanashi	20	Loan guarantees	99.8 (0.1)
Yamanashi Chugin Lease Co., Ltd. April 6, 1987	Kofu, Yamanashi	20	Leasing	66.0 (30.7)
Yamanashi Chugin DC Card Co., Ltd. July 2, 1991	Kofu, Yamanashi	20	Credit cards	67.5 (37.2)
Yamanashi Chugin Management Consulting Co., Ltd. August 2, 1996	Kofu, Yamanashi	100	Consulting, venture capital businesses	87.5 (42.5)

Corporate Data (as of March 31, 2022)

Common Stock : ¥15,400 million
Number of Shares
Authorized 79,600,000 shares
Issued 32,783,000 shares
Number of Stockholders : 6,328
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 8,765 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trustee Account)	3,651	11.41
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	1,339	4.18
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	1,209	3.78
Custody Bank of Japan, Ltd. (Trustee Account)	970	3.03
MUFG Bank, Ltd.	716	2.24
Teikyo University	629	1.96
City Index Eleventh Co., Ltd.	615	1.92
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	600	1.87
FUJI KYUKO CO., LTD.	531	1.66
Tokio Marine & Nichido Fire Insurance Co., Ltd.	501	1.56
Total	10,764	33.66

Financial Review

(on a consolidated basis)

Overview of Financial Position

The Bank's financial position as of March 31, 2022 was as follows. Deposits stood at ¥3,459.2 billion as of March 31, 2022, up ¥70 billion from a year earlier due to increases in individual and corporate fund deposits. Total deposits, including negotiable certificates of deposit (NCDs), rose ¥72.1 billion from a year ago to ¥3,509.7 billion as of the fiscal year-end. Loans and bills discounted increased by ¥62.9 billion from a year earlier to ¥2,049.0 billion as of the fiscal year-end. This increase was mainly due to increases in loans to small- and medium-sized enterprises and loans to individuals. Securities stood at ¥1,414.6 billion as of the fiscal year-end, up ¥104.9 billion from a year ago. This increase was due to the increase in municipal and foreign securities.

Overview of Operating Results

In terms of operating results for the fiscal year ended March 31, 2022, interest income (the balance of interest income and expenses) decreased by ¥552 million year on year, due mainly to a decrease in interest and dividends on securities resulting from the impact of the Bank of Japan's negative interest rate policy, despite an increase in interest on loans and bills discounted. Fees and commissions (the balance of fee and commission income and expenses) increased by ¥1,263 million year on year, mainly due to increases in commission revenue related to deposit and lending operations and commission revenue from securities-related operations that reflect sales of investment trusts and other products. Other operating income (the balance of other operating income and expenses) declined by ¥2,823 million year on year, mainly reflecting a decrease in Japanese government bonds and other bond transactions. Credit-related expenses decreased by ¥421 million year on year. Equity share and similar transactions increased by ¥1,429 million year on year. As a result, ordinary profit increased by ¥394 million year on year to ¥6,624 million.

The balance of extraordinary income and losses decreased by ¥34 million year on year. Total income taxes decreased by ¥792 million year on year. As a result of the above, profit attributable to shareholders of the parent was up by ¥1,150 million year on year to ¥4,241 million.

Cash Flows

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥267.9 billion (compared with a net inflow of ¥446.4 billion in the previous year). The main contributing factors were a net increase in borrowed money of ¥168.2 billion, a net increase in payables under securities lending transactions of ¥58.7 billion, and a net increase in deposits of ¥72.1 billion despite a net increase in loans and bills discounted of ¥62.9 billion.

Cash flows from investing activities

Net cash used in investing activities totaled ¥112.0 billion (compared with a net outflow of ¥62.0 billion in the previous year). The main use of cash was the purchase of investment securities of ¥553.6 billion,

which was partly offset by proceeds from sales and the redemption of investment securities of ¥442.9 billion.

Cash flow from financing activities

Net cash used in financing activities was ¥1.1 billion (compared with a net outflow of ¥1.1 billion in the previous year). Cash was used mainly to pay dividends of ¥1.1 billion.

As a result, cash and cash equivalents at the end of the fiscal year came to ¥895.2 billion (up ¥154.7 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, 2022.

Forward-looking statements contained herein are based on our judgment as of the end of the fiscal year ended March 31, 2022.

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, 2022 was as follows. Total deposits including negotiable certificates of deposit (NCDs) increased by ¥72.1 billion from a year earlier, and loans and bills discounted increased by ¥62.9 billion from a year earlier, as both performed favorably. Securities increased by ¥104.9 billion during the fiscal year due to the purchase of municipal bonds and foreign securities.

2) Operating Results

In terms of operating results for the fiscal year ended March 31, 2022, profit attributable to shareholders of the parent increased by ¥1,150 million year on year to ¥4,241 million. The main contributing factors were an increase in interest on loans and bills discounted and an increase in fees and commissions due to higher fees related to financial instruments and commissions from corporate clients. This is despite a decrease in interest and dividends on securities due to lower yields on securities and a decrease in Japanese government bonds and other bond transactions. The Bank of Japan's negative interest rate policy will keep the current low interest rate environment unchanged. Under these conditions, the Bank will establish a sustainable earnings structure by strengthening and expanding its consulting functions.

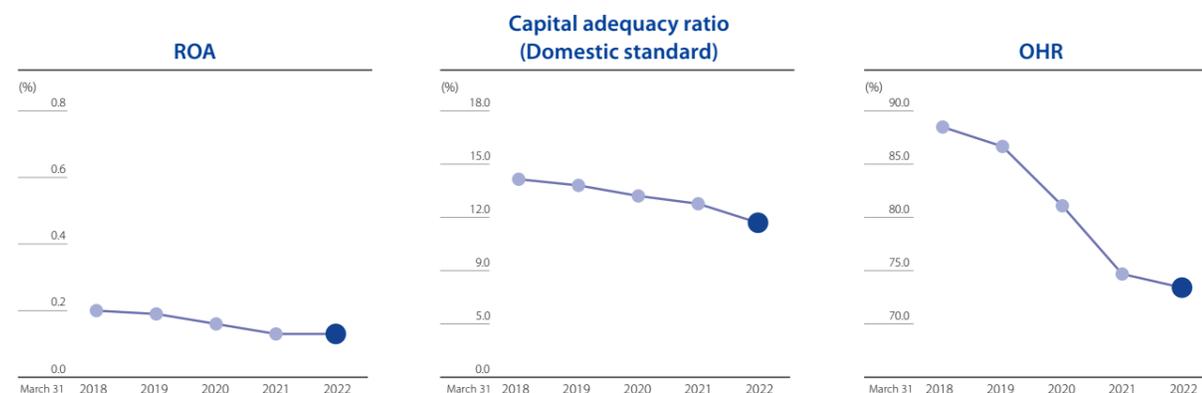
Looking at investments in securities, the Bank faces a challenging investment environment. In response, the Bank will work to raise the sophistication of its investments while conducting appropriate risk management with the aim of boosting investment returns.

In addition, the Bank will work to improve customer convenience through initiatives aimed at eliminating clerical work at sales branches and the head office while reducing expenses by reallocating its management resources.

[Consolidated Financial Statements]

1) [Consolidated Balance Sheets]

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2020 (March 31, 2021)	End of FY2021 (March 31, 2022)	End of FY2021 (March 31, 2022)
Assets:			
Cash and due from banks	¥740,601	¥895,501	\$7,316,785
Call loans and bills bought	14,488	-	-
Monetary claims bought	13,564	14,309	116,918
Trading securities	8	-	-
Money held in trust	5,000	5,000	40,853
Securities *1, *2, *4, *9	1,309,678	1,414,602	11,558,158
Loans and bills discounted *2, *3, *4, *6	1,986,132	2,049,047	16,741,953
Foreign exchanges *2, *3	3,630	5,938	48,523
Other assets *2, *4, *5	85,005	55,682	454,960
Tangible fixed assets *7, *8	22,717	22,021	179,932
Buildings	7,903	8,752	71,516
Land	11,427	10,867	88,794
Construction in progress	857	1	13
Other tangible fixed assets	2,530	2,400	19,609
Intangible fixed assets	3,256	3,033	24,784
Software	2,193	2,266	18,521
Software in progress	795	500	4,089
Other intangible fixed assets	267	266	2,174
Net defined benefit asset	6,941	8,361	68,320
Deferred tax assets	864	900	7,358
Customers' liabilities for acceptances and guarantees *2	5,322	7,087	57,906
Allowance for possible loan losses	(11,540)	(11,707)	(95,658)
Total assets	¥4,185,672	¥4,469,779	\$36,520,792



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, 2021 only to reflect the revisions to presentation method of ROA and OHR in fiscal year ended March 31, 2022.

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2020 (March 31, 2021)	End of FY2021 (March 31, 2022)	End of FY2021 (March 31, 2022)
Liabilities:			
Deposits ^{*4}	¥3,389,226	¥3,459,276	\$28,264,370
Negotiable certificates of deposit	48,361	50,424	411,996
Payables under securities lending transactions ^{*4}	12,215	70,969	579,866
Borrowed money ^{*4, *5}	460,831	629,080	5,139,970
Foreign exchanges	75	984	8,041
Other liabilities	36,392	33,706	275,406
Provision for bonuses	1,030	1,635	13,364
Accrued bonuses to directors and corporate auditors	34	30	252
Reserve for directors' and corporate auditors' retirement benefits	7	11	97
Reserve for reimbursement of deposits	247	202	1,653
Reserve for contingent losses	131	121	990
Deferred tax liabilities	10,355	4,754	38,846
Acceptances and guarantees	5,322	7,087	57,906
Total liabilities	3,964,232	4,258,285	34,792,757
Net assets:			
Common stock	15,400	15,400	125,827
Capital surplus	8,398	8,398	68,624
Retained earnings	166,943	170,037	1,389,312
Treasury stock	(1,263)	(1,163)	(9,504)
Total shareholders' equity	189,479	192,673	1,574,260
Unrealized gains on available-for-sale securities	30,395	17,257	141,004
Deferred gains or losses on hedges	182	-	-
Remeasurements of defined benefit plans	(1,511)	(1,583)	(12,935)
Total accumulated other comprehensive income	29,066	15,674	128,069
Subscription rights to shares	138	109	898
Non-controlling interests	2,755	3,036	24,808
Total net assets	221,439	211,494	1,728,034
Total liabilities and net assets	¥4,185,672	¥4,469,779	\$36,520,792

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	FY2021 (From April 1, 2021 to March 31, 2022)
Ordinary income:	¥49,602	¥46,310	\$378,382
Interest and dividends income	28,341	27,774	226,934
Interest on loans and bills discounted	16,508	16,945	138,457
Interest and dividends on securities	11,575	9,754	79,698
Interest on call loans and bills bought	3	1	13
Interest on due from banks	149	972	7,945
Other	104	100	821
Fees and commissions	9,380	10,602	86,627
Other operating income	9,073	4,711	38,497
Other ordinary income	2,807	3,221	26,324
Other ^{*1}	2,807	3,221	26,324
Ordinary expenses	43,372	39,686	324,259
Interest expenses	385	370	3,024
Deposits	316	296	2,426
Negotiable certificates deposits	5	3	29
Call money and bills sold	(19)	(12)	(99)
Payables under securities lending transactions	56	75	616
Borrowed money	14	6	52
Other	11	(0)	(0)
Fees and commissions	2,418	2,377	19,423
Other operating expenses	10,674	9,135	74,645
General and administrative expenses ^{*2}	26,987	26,679	217,984
Other expenses	2,905	1,123	9,182
Provision of allowance for possible loan losses	755	490	4,008
Other expenses ^{*3}	2,150	633	5,173
Ordinary profit	6,229	6,624	54,124

	Millions of Yen		Thousands of U.S. Dollars
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	FY2021 (From April 1, 2021 to March 31, 2022)
Extraordinary income:	17	42	347
Gain on disposal of fixed assets	17	42	347
Extraordinary losses	586	645	5,272
Impairment losses *4	513	413	1,897
Losses on disposal of fixed assets	73	232	3,375
Income before income taxes and non-controlling interests	5,661	6,021	49,198
Income taxes – current	2,166	1,484	12,127
Income taxes – deferred	253	143	1,174
Total income taxes	2,420	1,627	13,301
Profit	3,241	4,393	35,897
Profit attributable to non-controlling interests	150	152	1,242
Profit attributable to shareholders of the parent	¥3,090	¥4,241	\$34,655

[Consolidated Statements of Comprehensive Income]

	Millions of Yen		Thousands of U.S. Dollars
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	FY2021 (From April 1, 2021 to March 31, 2022)
Profit	¥3,241	¥4,393	\$35,897
Other comprehensive income *1	19,610	(13,261)	(108,354)
Net unrealized gains on available-for-sale securities	16,518	(13,007)	(106,278)
Deferred gains or losses on hedges	209	(182)	(1,491)
Remeasurements of defined benefit plans	2,882	(71)	(585)
Total comprehensive income	¥22,851	¥(8,867)	\$(72,457)
Total comprehensive income attributable to shareholders of the parent	¥22,665	¥(9,150)	\$(74,766)
Total comprehensive income attributable to non-controlling interests	186	282	2,309

3) [Consolidated Statements of Changes in Net Assets]

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
FY2020 (From April 1, 2020 to March 31, 2021)					
Balance at beginning of current year	¥15,400	¥8,398	¥165,000	¥(1,347)	¥187,451
Changes during year:					
Cash dividends			(1,115)		(1,115)
Profit attributable to shareholders of the parent			3,090		3,090
Purchases of treasury stock				(0)	(0)
Disposals of treasury stock		(31)		84	52
Transfer from retained earnings to capital surplus		31	(31)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	1,943	84	2,027
Balance at end of current year	¥15,400	¥8,398	¥166,943	¥(1,263)	¥189,479

	Millions of Yen						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
FY2020 (From April 1, 2020 to March 31, 2021)							
Balance at beginning of current year	¥13,912	¥(26)	¥(4,393)	¥9,492	¥147	¥2,570	¥199,661
Changes during year:							
Cash dividends							(1,115)
Profit attributable to shareholders of the parent							3,090
Purchases of treasury stock							(0)
Disposals of treasury stock							52
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	16,483	209	2,882	19,574	(8)	184	19,750
Total changes during year	16,483	209	2,882	19,574	(8)	184	21,778
Balance at end of current year	¥30,395	¥182	¥(1,511)	¥29,066	¥138	¥2,755	¥221,439

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
FY2021 (From April 1, 2021 to March 31, 2022)					
Balance at beginning of current year	¥15,400	¥8,398	¥166,943	¥(1,263)	¥189,479
Changes during year:					
Cash dividends			(1,117)		(1,117)
Profit attributable to shareholders of the parent			4,241		4,241
Purchases of treasury stock				(0)	(0)
Disposals of treasury stock		(28)		100	71
Transfer from retained earnings to capital surplus		28	(28)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	3,094	99	3,194
Balance at end of current year	¥15,400	¥8,398	¥170,037	¥(1,163)	¥192,673

	Millions of Yen						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
FY2021 (From April 1, 2021 to March 31, 2022)							
Balance at beginning of current year	¥30,395	¥182	¥(1,511)	¥29,066	¥138	¥2,755	¥221,439
Changes during year:							
Cash dividends							(1,117)
Profit attributable to shareholders of the parent							4,241
Purchases of treasury stock							(0)
Disposals of treasury stock							71
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(13,137)	(182)	(71)	(13,391)	(29)	280	(13,140)
Total changes during year	(13,137)	(182)	(71)	(13,391)	(29)	280	(9,945)
Balance at end of current year	¥17,257	—	¥(1,583)	¥15,674	¥109	¥3,036	¥211,494

	Thousands of U.S. Dollars				
	Shareholders' equity				
FY2021 (From April 1, 2021 to March 31, 2022)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	\$125,827	\$68,624	\$1,364,028	\$(10,319)	\$1,548,160
Changes during year:					
Cash dividends			(9,134)		(9,134)
Profit attributable to shareholders of the parent			34,655		34,655
Purchases of treasury stock				(4)	(4)
Disposals of treasury stock		(237)		820	583
Transfer from retained earnings to capital surplus		237	(237)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	25,284	816	26,100
Balance at end of current year	\$125,827	\$68,624	\$1,389,312	\$(9,504)	\$1,574,260

	Thousands of U.S. Dollars						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
FY2021 (From April 1, 2021 to March 31, 2022)	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	\$248,348	\$1,491	\$(12,350)	\$237,489	\$1,135	\$22,513	\$1,809,298
Changes during year:							
Cash dividends							(9,134)
Profit attributable to shareholders of the parent							34,655
Purchases of treasury stock							(4)
Disposals of treasury stock							583
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(107,345)	(1,491)	(585)	(109,421)	(238)	2,295	(107,363)
Total changes during year	(107,345)	(1,491)	(585)	(109,421)	(238)	2,295	(81,263)
Balance at end of current year	\$141,004	—	\$(12,935)	\$128,069	\$898	\$24,808	\$1,728,034

4) [Consolidated Statements of Cash Flows]

	Millions of Yen		Thousands of U.S. Dollars
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	FY2021 (From April 1, 2021 to March 31, 2022)
Operating activities:			
Income before income taxes and non-controlling interests	¥5,661	¥6,021	\$49,198
Adjustment for:			
Depreciation and amortization	1,991	1,904	15,559
Impairment losses	513	413	3,375
Increase (decrease) in allowance for possible loan losses	117	167	1,366
Increase (decrease) in provision for bonuses	(21)	604	4,943
Increase (decrease) in accrued bonuses to directors and corporate auditors	0	(3)	(30)
Decrease (increase) in net defined benefit asset	(4,541)	(1,419)	(11,600)
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(3)	4	39
Increase (decrease) in reserve for reimbursement of deposits	(44)	(45)	(368)
Increase (decrease) in reserve for contingent losses	(14)	(10)	(83)
Interest income recognized on consolidated statements of income	(28,341)	(27,774)	(226,934)
Interest expenses recognized on consolidated statements of income	385	370	3,024
Losses (gains) on investment securities	1,356	2,743	22,417
Losses (gains) on investments in money held in trust	131	(157)	(1,286)
Foreign exchange losses (gains) – net	(2,314)	(14,156)	(115,664)
Losses (gains) on disposal of premises and equipment	55	189	1,550
Net decrease (increase) in loans and bills discounted	(184,552)	(62,914)	(514,052)
Net increase (decrease) in deposits	412,638	70,049	572,348
Net increase (decrease) in negotiable certificates of deposit	8,545	2,062	16,853
Net increase (decrease) in borrowed money	253,346	168,249	1,374,697
Net decrease (increase) in due from banks (excluding cash equivalents)	(39)	(105)	(859)
Net decrease (increase) in call loans	(12,960)	13,743	112,290
Net increase (decrease) in payables under securities lending transactions	(23,134)	58,754	480,061
Net decrease (increase) in foreign exchanges (assets)	(768)	(2,308)	(18,858)

	Millions of Yen		Thousands of U.S. Dollars
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	FY2021 (From April 1, 2021 to March 31, 2022)
Net increase (decrease) in foreign exchanges (liabilities)	(555)	908	7,423
Net increase (decrease) in central clearing counterparty margin requirement	—	20,000	163,412
Interest income (cash basis)	31,684	28,566	233,402
Interest expenses (cash basis)	(501)	(387)	(3,163)
Other – net	5,964	4,320	35,299
Total adjustments	447,508	269,791	2,204,359
Income taxes paid	(1,084)	(1,812)	(14,808)
Net cash provided by (used in) operating activities	446,423	267,979	2,189,550
Investing activities:			
Purchases of investment securities	(248,539)	(553,605)	(4,523,293)
Proceeds from sales of investment securities	155,305	338,476	2,765,556
Proceeds from redemption of investment securities	28,351	104,444	853,376
Increase of money held in trust	(70)	—	—
Proceeds from decrease of money held in trust	4,920	152	1,246
Purchases of premises and equipment	(1,076)	(1,039)	(8,497)
Proceeds from sales of premises and equipment	79	119	976
Purchases of intangible fixed assets	(983)	(616)	(5,037)
Net cash provided by (used in) investing activities	(62,012)	(112,069)	(915,674)
Financing activities:			
Dividends paid	(1,115)	(1,117)	(9,134)
Payment of dividends to non-controlling interests	(1)	(1)	(14)
Repurchases of treasury stock	(0)	(0)	(4)
Proceeds from sales of treasury stock	0	0	0
Net cash provided by (used in) used in financing activities	(1,117)	(1,120)	(9,152)
Foreign currency transaction adjustments on cash and cash equivalents	1	4	38
Net increase (decrease) in cash and cash equivalents	383,295	154,794	1,264,762
Cash and cash equivalents, beginning of year	357,152	740,447	6,049,900
Cash and cash equivalents, end of year **	¥740,447	¥895,241	\$7,314,662

[Notes to Consolidated Financial Statements]

Important items used as basis for preparing consolidated financial statements

1. Items relating to scope of consolidation

- (1) Consolidated subsidiaries 4 companies
The names of consolidated subsidiaries are Yamanashi Chuo Guarantee Co., Ltd., Yamanashi Chugin Lease Co., Ltd., Yamanashi Chugin DC Card Co., Ltd. and Yamanashi Chugin Management Consulting Co., Ltd.
- (2) Number of non-consolidated subsidiaries 4 companies
Yamanashi New Business Support Investment Limited Partnership
Yamanashi Sixth Industrialization Support Investment Limited Partnership
Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership
Yamanashi Chuo Bank SDGs 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.

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 New Business Support Investment Limited Partnership
Yamanashi Sixth Industrialization Support Investment Limited Partnership
Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership
Yamanashi Chuo Bank SDGs 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.
- (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 1 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 1 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.
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 3 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 3 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 3 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 3 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 1 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 1 year and using a prospective loss ratio determined in consideration of the outlook and other factors.
	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
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- (6) Provision for bonuses
Provision for bonuses are provided to cover the payment of bonuses to employees, in the amount of the estimated bonuses payable to employees attributable to each fiscal year.
- (7) Accrued bonuses to directors and corporate auditors
Accrued bonuses to directors and corporate auditors are provided in the amount of the estimated bonuses which are attributable to each fiscal year.
- (8) Reserve for directors' and corporate auditors' retirement benefits
A reserve for directors' and corporate auditors' retirement benefits is provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.
- (9) Reserve for reimbursement of deposits
Provision is made for possible losses on future claims of withdrawal of deposits which were derecognized as liabilities under certain conditions in an amount deemed necessary based on historical reimbursement experience.
- (10) Reserve for contingent losses
Reserve for contingent losses, which is provided for possible losses from contingent events, is calculated by estimation of the impact of those contingent events.
- (11) Accounting procedures for retirement benefits
In calculating retirement benefit obligations, the Bank used the benefit formula as the method of attributing the estimated retirement benefits to periods of service to the end of the consolidated fiscal year under review.
In addition, the method of recording expenses for past service costs and actuarial gains and losses are as follows.
Past service costs: Recognized in profit and loss using the straight-line method over a fixed period (10 years) within the average remaining service period of employees at the time they occur.
Actuarial gains and losses: Recognized the amount equally divided by using the straight-line method over a fixed period (10 years) based on the average remaining service period in each consolidated fiscal year in which they occur and recorded in profit and loss 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, 2022

From April 1, 2021 to March 31, 2022	(Millions of yen)
Allowance for possible loan losses	¥11,707

(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 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 condition 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 economy has been gradually improving since mid-2020, although the impact of COVID-19 will continue for the time being. The extensive reach of various COVID-19 countermeasures and the widespread adoption of vaccines and related initiatives are expected to continue to drive a sustained economic recovery despite the emergence of mutant strains and other effects. Although COVID-19 will temporarily have a serious impact on certain industries during this period, the Bank assumes that the economic policies of national and local governments, support from financial institutions and other assistance will continue. In the fiscal year ended March 31, 2022, there have been no major changes to the assumptions regarding the impact of COVID-19 that were presented in the consolidated financial statements for the fiscal year ended March 31, 2021 (Important Accounting Estimates).

(C) 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 may incur substantial loan losses if COVID-19 infections spread more widely than expected; if the effects of various infection countermeasures, vaccines and related initiatives do not materialize as anticipated; or if economic policies of the national and local governments, support from financial institutions and other assistance do not deliver the anticipated benefits. These losses could have a significant impact on the consolidated financial statements for the following fiscal year.
- (C) 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.

(Changes in Accounting Standards)

(Application of Accounting Standard for Revenue Recognition)

The Bank has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other relevant standards from the beginning of the consolidated fiscal year under review. Under the new accounting standards, revenue is recognized as the amount expected to be received in exchange for promised goods or services when the control of such goods or services is transferred to the customer.

The Bank applies the Revenue Recognition Standard in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The effect of the application on the consolidated financial statements is immaterial.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, notes on revenue recognition for the previous consolidated fiscal year are not presented.

(Application of Accounting Standard for Fair Value Measurement)

The Bank has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") from the beginning of the consolidated fiscal year under review and will prospectively apply the new accounting standards stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The effect of the application on the consolidated financial statements is immaterial.

In addition, the Bank will include notes on fair value information by level within the fair value hierarchy in the notes on "Financial Instruments and Related Disclosure." However, in accordance with the transitional treatment provided in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous consolidated fiscal year are not presented.

(Unapplied Accounting Standards, etc.)

- Implementation Guidance on Accounting Standard for Fair Value Measurement (Revised ASBJ Guidance No. 31, June 17, 2021)

(1) Overview

The calculation method for the fair value of investment trusts, the handling of the notes thereto, and the handling of notes on the fair value of investments in partnerships, etc. which is recorded at the net amount equivalent to equity interest on the balance sheet have been determined.

- (2) Scheduled adoption date
Scheduled to be adopted from the beginning of the fiscal year ending March 31, 2023.
- (3) Impact of adopting revised accounting standards and implementation guidance
The amount of the impact is currently under evaluation.

(Relating to Consolidated Balance Sheets)

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

As of March 31, 2022	(Millions of yen)
Investments	¥779

- *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 and securities if they are loaned (limited to those under loan for use contracts or lease contracts).

As of March 31, 2022	(Millions of yen)
Distressed claims and equivalents	¥7,853
Claims with risk	14,233
Claims three or more months past due	—
Restructured loans for which the Bank has relaxed lending conditions	3,446
Total	25,533

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.

(Change in Presentation Method)

With the "Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Act (Cabinet Office Order No. 3, January 24, 2020)" coming into effect on March 31, 2022, the Bank has changed the asset categories to be disclosed as "risk-monitored loans" under the Banking Act to those to be disclosed as "claims under the Act on Emergency Measures for the Revitalization of the Financial Functions."

- *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, 2022	(Millions of yen)
	¥3,156

*4 Assets pledged as collateral were as follows:

As of March 31, 2022	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥608,826
Loans and bills discounted	202,051
Liabilities related to pledged assets	
Deposits	66,082
Payables under securities lending transactions	70,969
Borrowed money	628,589

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

As of March 31, 2022	(Millions of yen)
Central clearing counterparty margin requirements	¥40,000
Cash collateral paid for financial instruments	1,030
Guarantee deposits	256

*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, 2022	(Millions of yen)
Lease contract assets	¥759
Corresponding borrowed money	491

*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, 2022 were as follows:

As of March 31, 2022	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥529,974
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	499,044

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

As of March 31, 2022	(Millions of yen)
Total amount of accumulated depreciation	¥34,498

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

As of March 31, 2022	(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, 2022	(Millions of yen)
	¥7,472

(Relating to Consolidated Statements of Income)

*1 "Other ordinary income" includes the following item:

From April 1, 2021 to March 31, 2022	(Millions of yen)
Gain on sales stock	¥2,420

*2 "General and administrative expenses" include the following:

From April 1, 2021 to March 31, 2022	(Millions of yen)
Salary allowance	¥11,447

*3 "Other ordinary expenses" include the following:

From April 1, 2021 to March 31, 2022	(Millions of yen)
Loss on sales of equity securities	¥321
Loss on devaluation of stocks and other securities	15

*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, 2021 to March 31, 2022				(Millions of yen)
Location	Use	Category	Total impairment loss	
Yamanashi Prefecture	Operating assets	Land and other tangible fixed assets	¥11	
	Idle assets	Land	388	
Outside Yamanashi Prefecture	Operating assets	Land and other tangible fixed assets	12	
Total	-	-	¥413	

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, 2021 and the fiscal year ended March 31, 2022 represent net selling prices.

(Relating to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustment and tax effect related to comprehensive income	
From April 1, 2021 to March 31, 2022	(Millions of yen)
Valuation difference on available-for-sale securities:	
Difference arising during the fiscal year	¥(21,545)
Reclassification adjustment to profit and loss	2,868
Amount before income tax effect	(18,677)
Income tax effect	5,669
Valuation difference on available-for-sale securities	(13,007)
Deferred gains or losses on hedges:	
Difference arising during the fiscal year	(122)
Reclassification adjustment to profit and loss	(140)
Amount before income tax effect	(262)
Income tax effect	79
Gains or losses on deferred hedges	(182)
Remeasurements of defined benefit plans	
Gains (losses) arising during the fiscal year	(614)
Reclassification adjustment to profit and loss	511
Amount before income tax effect	(102)
Income tax effect	31
Remeasurements of defined benefit plans	(71)
Total other comprehensive income	¥(13,261)

From April 1, 2021 to March 31, 2022

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

(Thousands of shares)

	Number of shares at the beginning of FY2021	Increase in number of shares during FY2021	Decrease in number of shares during FY2021	Number of shares at the end of FY2021	Remarks
Shares outstanding					
Common stock	32,783	—	—	32,783	
Treasury stock					
Common stock	876	0	69	807	Note 1, 2

Notes: 1. The increase in the number of treasury shares during the consolidated fiscal year under review is due to the demand for purchase of shares less than one unit.

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

Decrease by exercise of stock option rights 18 thousand shares

Decrease by allotment of restricted shares 51 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 FY2021 (Millions of yen)	
			Beginning of FY2021	FY2021			End of FY2021
				Increase	Decrease		
The Bank	Stock options as share subscription rights		—			¥109	
Total			—			¥109	

3. Items relating to dividends

(1) Dividend paid during FY2021

(Resolution)	Type of stock	Total dividend (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 25, 2021	Common stock	¥558	¥17.50	March 31, 2021	June 28, 2021
Board of Directors' Meeting on November 12, 2021	Common stock	559	17.50	September 30, 2021	December 3, 2021

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2021.

(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 24, 2022	Common stock	¥719	Retained earnings	¥22.50	March 31, 2022	June 27, 2022

(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, 2022, is as follows:

From April 1, 2021 to March 31, 2022	(Millions of yen)
Cash and due from banks	¥895,501
Due from banks, excluding due from Bank of Japan	(259)
Cash and cash equivalents	¥895,241

(Relating to Lease Transactions)

Finance leases

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2022 are as follows:

As of March 31, 2022	(Millions of yen)
Gross lease receivables	¥8,376
Estimated residual value	195
Unearned interest income	(793)
Net investment in leases	¥7,779

2. Expected amounts from the collection of gross lease receivables and net investment in leases for the year ended March 31, 2022 are as follows:

As of March 31, 2022	(Millions of yen)	
	Gross lease receivables	Net investment in leases
1 year or less	¥11	¥2,797
1 to 2 years	11	2,210
2 to 3 years	11	1,528
3 to 4 years	10	996
4 to 5 years	3	468
Over 5 years	—	374
Total	¥47	¥8,376

(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 for hedges against interest rate risk or the risk of exchange fluctuations and may involve transactions such as interest rate swaps, forward exchanges or currency swaps. However, we do not conduct transactions whose structures are complicated and speculative transactions. Because we hold financial assets and liabilities with interest rate risk, we conduct Asset Liability Management (ALM) to limit the disadvantageous influence from fluctuations in interest.

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

The financial assets that the Group holds are loans for domestic customers and domestic and foreign securities. Loans have credit risk, brought about by the borrower's nonperformance of contractual obligations. The contents of securities are mainly bonds, stocks and investment trusts. The Group holds these securities for the purpose of holding to maturity, investment available for sale and policy investment. 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 an interest rate predictive report that the interest rate prediction committee produces and monitors the change in the interest rate risk amount of the whole bank account closely. In the risk management section, the Group calculates VaR and basis point value (BPV), and manages the interest rate risk amount of the banking account. In addition, the Group performs stress tests based on a stress scenario extending to each risk category. These results are reported to management regularly in the ALM Committee and the board of directors.

(B) Foreign exchange risk management

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

(C) Market price risk management

Regarding investment in financial instruments including securities, the Group conducts risk management in conformity with a basic administration policy. The basic administration policy is as follows. The Group executes the market business while attempting to secure fairness and prompt correspondence. The Group realizes the opportunity for earnings by actively taking risks that can be measured and managed. The proof of maximizing management vitality, like earnings and equity capital, is assumed to be a precondition. The operative plans are decided by the board of managing directors after discussion with the ALM Committee.

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

(D) Derivative transactions

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

(E) Quantitative information regarding market risk

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

The Group's VaR (excluding trading account securities) amounted to ¥61,263 million as of March 31, 2022 compared with ¥48,811 million as of the end of the previous fiscal year. The VaR of trading account securities amounted to ¥0 million. (Previous consolidated 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, 2022		(Millions of yen)	
	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Securities			
Held-to-maturity	¥10,306	¥10,241	¥(64)
Available-for-sale securities	1,398,310	1,398,310	—
(2) Loans and bills discounted	2,049,047		
Accrued income (Interest on loans)	1,119		
Deferred income (Interest on loans and guarantee charge) *1	(2,367)		
Allowance for possible loan losses *2	(11,415)		
	2,036,384	2,038,267	1,883
Total assets	¥3,445,001	¥3,446,819	¥1,818
(1) Deposits	¥3,459,276		
Accrued expenses (Interest on deposits)	147		
	3,459,423	¥3,459,477	¥53
(2) Negotiable certificates of deposits	50,424		
Accrued expenses (Interest on NCDs)	0		
	50,424	50,425	0
(3) Borrowed money	629,080	629,080	(0)
Total liabilities	¥4,138,929	¥4,138,983	¥53
Derivatives *3			
Hedge accounting is not applied	¥(4,825)	¥(4,825)	¥—
Hedge accounting is applied	—	—	—
Total derivatives	¥(4,825)	¥(4,825)	¥—

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

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

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

(Note 1) 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, 2022	(Millions of yen)
	Carrying amount
Stocks, etc. with no market price ^{*1 *2}	¥602
Contributions to unions ^{*3}	¥5,383

*1. 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).

*2. Classified as available-for-sale securities; in the current consolidated fiscal year, an impairment loss of ¥15 million was recognized.

*3. Contributions to unions are not subject to fair value disclosure in accordance with Paragraph 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019).

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

As of March 31, 2022 (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	¥825,474	¥—	¥—	¥—	¥—	¥—
Securities	119,090	135,976	170,495	183,719	235,767	113,407
Held-to-maturity	1,371	4,322	1,551	228	2,840	—
Municipal bonds	—	—	—	—	2,840	—
Corporate bonds	1,371	4,322	1,551	228	—	—
Available-for-sale securities that have maturities	117,719	131,654	168,943	183,491	232,927	113,407
Japanese government bonds	73,100	26,000	90,400	7,000	64,000	46,000
Municipal bonds	37,600	65,500	44,712	87,442	66,977	57,937
Corporate bonds	6,770	12,371	8,863	26,630	61,460	9,470
Others	247	27,782	24,967	62,418	40,489	—
Loans and bills discounted ^{*1}	288,943	372,538	316,387	247,284	295,037	377,272
Central clearing counterparty margin requirement ^{*2}	40,000	—	—	—	—	—
Total	¥1,273,508	¥508,515	¥486,882	¥431,003	¥530,805	¥490,680

*1 Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to borrowers in legal bankruptcy, in virtual bankruptcy and in possible bankruptcy, amounting to ¥22,041 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥129,325 million are not included either.

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

(Note 3) Maturity analysis for interest-bearing debt

As of March 31, 2022 (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 *	¥3,080,651	¥197,325	¥66,070	¥—	¥—	¥—
Negotiable certificates of deposit	50,424	—	—	—	—	—
Payables under securities lending transactions	70,969	—	—	—	—	—
Borrowed money	423,801	119,834	85,444	—	—	—
Total	¥3,625,846	¥317,159	¥151,515	¥—	¥—	¥—

* 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, 2022 (Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Japanese government bonds, municipal bonds, etc.	¥317,373	¥359,125	—	¥676,499
Corporate bonds	—	126,069	—	126,069
Equity securities	55,354	—	—	55,354
Foreign securities	120,221	27,038	—	147,259
Derivative transactions				
Interest-related	—	85	—	85
Currency-related	—	104	—	104
Total assets	¥492,949	¥512,423	—	¥1,005,373
Derivative transactions				
Interest-related	—	¥26	—	¥26
Currency-related	—	4,989	—	4,989
Total liabilities	—	¥5,015	—	¥5,015

* The above table does not include investment trusts for which transitional treatment is applied as prescribed in Article 5, Paragraph 6 of the supplementary provision of the “Cabinet Office Order to Partially Amend the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Cabinet Office Order No. 9, March 6, 2020). The consolidated balance sheet amount for such investment trusts is ¥393,127 million.

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

As of March 31, 2022

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Municipal bonds	—	¥2,802	¥—	¥2,802
Corporate bonds	—	—	7,439	7,439
Loans and bills discounted	—	—	2,038,267	2,038,267
Total assets	—	¥2,802	¥2,045,706	¥2,048,508
Deposits	—	¥3,459,477	—	¥3,459,477
Negotiable certificates of deposit	—	50,425	—	50,425
Borrowed money	—	629,080	—	629,080
Total liabilities	—	¥4,138,983	—	¥4,138,983

(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 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.

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.

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

Not applicable.

(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, 2022

(Millions of yen)

	Unrealized gains/losses recognized as income
Trading securities	¥—

2. Held-to-maturity debt securities

As of March 31, 2022

(Millions of yen)

	Type	Carrying amount in consolidated balance sheets	Fair value	Differences
Fair value exceeded carrying amount:	Municipal bonds	¥—	¥—	¥—
	Corporate bonds	1,573	1,574	1
	Sub-total	1,573	1,574	1
Fair value not exceeded carrying amount:	Municipal bonds	2,833	2,802	(31)
	Corporate bonds	5,899	5,864	(35)
	Sub-total	8,733	8,666	(66)
Total		¥10,306	¥10,241	¥(64)

3. Available-for-sale securities

As of March 31, 2022

(Millions of yen)

	Type	Fair value in consolidated balance sheets	Cost	Valuation differences
Fair value exceeded cost:	Japanese stocks	¥51,164	¥18,518	¥32,646
	Bonds total	303,771	297,978	5,793
	Japanese Government bonds	205,465	200,665	4,800
	Japanese municipal bonds	60,942	60,238	703
	Japanese corporate bonds	37,364	37,074	289
	Other securities	153,987	144,380	9,607
	Foreign securities	8,527	8,511	16
	Sub-total	508,924	460,877	48,047
Fair value not exceeded cost:	Japanese stocks	4,190	5,258	(1,068)
	Bonds total	498,796	504,869	(6,072)
	Japanese Government bonds	111,907	113,922	(2,014)
	Japanese municipal bonds	298,183	301,206	(3,022)
	Japanese corporate bonds	88,705	89,740	(1,035)
	Other securities	386,399	402,172	(15,773)
	Foreign securities	138,732	144,953	(6,220)
	Sub-total	889,386	912,300	(22,913)
Total		¥1,398,310	¥1,373,177	¥25,133

4. Held-to-maturity debt securities sold

From April 1, 2021 to March 31, 2022

(Millions of yen)

Type	Cost of securities sold	Sales costs	Gain (loss) on sale
Japanese corporate bonds	¥50	¥50	¥0

(Reason for sale) Retirement by purchase

5. Available-for-sale securities sold

From April 1, 2021 to March 31, 2022

(Millions of yen)

Type	Sales costs	Gross realized gains	Gross realized losses
Japanese stocks	¥4,364	¥1,345	¥240
Bonds total	14,080	79	50
Japanese Government bonds	14,080	79	50
Japanese municipal bonds	—	—	—
Japanese corporate bonds	—	—	—
Other securities	205,854	1,520	3,616
Foreign securities	172,766	209	3,478
Total	¥224,299	¥2,946	¥3,907

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 consolidated fiscal year under review.

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

- (1) Cross-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, 2022

(Millions of yen)

	Balance sheet amount	Valuation difference included in consolidated gains or losses
Money held in trust for investment	¥5,000	¥0

2. Money held in trust to maturity

Not applicable

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

Not applicable

(Relating to Net Unrealized Gains/Losses on Available-for-Sale Securities)

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

As of March 31, 2022

(Millions of yen)

	Amounts
Valuation difference	¥25,225
Other securities	25,225
Deferred tax liabilities	7,640
Net unrealized gains (before non-controlling interests)	17,585
Non-controlling interests	327
Net unrealized gains on available-for-sale securities	¥17,257

(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, 2022

(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	¥4,558	¥4,558	¥(26)	¥(26)
	Variable receipt and fixed interest payment	4,558	4,558	85	85
	Variable receipt and variable interest payment	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Other				
	Sold	—	—	—	—
	Buy	—	—	—	—
Total		¥—	¥—	¥59	¥59

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, 2022

(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	¥23,696	¥23,696	¥ (790)	¥ (790)
	Forward rate agreements				
	Sold	75,381	—	(4,108)	(4,108)
	Buy	460	—	14	14
	Currency options				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Other				
	Sold	—	—	—	—
	Buy	—	—	—	—
Total		¥—	¥—	¥ (4,885)	¥ (4,885)

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

As of March 31, 2022

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, 2021 to March 31, 2022

(Millions of yen)

Retirement benefit obligations at beginning of year	¥30,747
Service cost	1,035
Interest cost	116
Actuarial gains and losses	643
Retirement benefits payment	(1,483)
Past service cost	—
Other	—
Retirement benefits obligations at end of year	¥31,058

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

From April 1, 2021 to March 31, 2022

(Millions of yen)

Pension assets at beginning of year	¥37,689
Expected return on plan assets	1,038
Actuarial gains and losses	28
Employer's contribution	1,413
Retirement benefits payment	(749)
Other	—
Pension assets at end of year	¥39,420

(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, 2022

(Millions of yen)

Retirement benefits obligations of funded plan	¥31,058
Pension assets	(39,420)
	(8,361)
Retirement benefits obligations of unfunded plans	—
Assets and liabilities recorded in consolidated balance sheets, net	¥(8,361)

(Millions of yen)

Liability of retirement benefits	—
Assets of retirement benefits	¥(8,361)
Liabilities and assets recorded in the consolidated balance sheets, net	¥(8,361)

(4) Breakdown of retirement benefit costs

From April 1, 2021 to March 31, 2022

(Millions of yen)

Service cost	¥1,035
Interest cost	116
Expected return on plan assets	(1,038)
Actuarial gains and losses recorded in expenses	518
Past service costs recorded in expenses	(7)
Other	—
Retirement benefit costs of defined benefit plan	¥625

(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, 2021 to March 31, 2022

(Millions of yen)

Past service costs	¥7
Actuarial gains and losses	95
Other	—
Retirement benefit costs of defined benefit plan	¥102

(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, 2022

(Millions of yen)

Unrecognized past service costs	¥ (38)
Unrecognized actuarial gains and losses	2,314
Other	—
Retirement benefit costs of defined benefit plan	¥2,276

(7) Pension assets

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

As of March 31, 2022

Stocks	28%
Bonds	31
Life insurance general account	13
Other	28
Total	100%

Note: Included in total pension assets is 11% (compared with 11% in the previous fiscal year) for retirement benefit trusts established in the corporate pension plan, and 28% (compared with 29% 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, 2021 to March 31, 2022

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

3. Defined contribution funds

The required contribution for the current consolidated fiscal year under the Bank's defined-contribution pension plan is ¥202 million compared with ¥199 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, 2021 to March 31, 2022

(Millions of yen)

General and administrative expenses	¥31
-------------------------------------	-----

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, 2022.
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, 2022. 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	7,780	9,560	10,140	26,600
Vested	—	—	—	—
Exercised	1,720	3,160	4,020	8,700
Forfeited	—	—	—	—
Balance of stock options not exercised	6,060	6,400	6,120	17,900

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)	849	849	849	849
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 (yen)	840

	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 (yen)	821

(2) Changes in the size of restricted stock

	Granted on August 7, 2020	Granted on August 5, 2021
Prior to removal of transfer restrictions (shares)		
End of previous consolidated fiscal year	53,300	—
Granted	—	51,500
Acquired without compensation	—	—
Removal of transfer restrictions	20,600	—
Balance with restrictions left in place	32,700	51,500

(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, 2022 (Millions of yen)

Deferred tax assets:	
Net defined benefit liability	¥3,473
Allowance for possible loan losses	2,769
Losses on investment securities	1,515
Depreciation	490
Other	2,444
Sub-total	10,692
Valuation allowance	(4,617)
Total deferred tax assets	6,075
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(7,640)
Other	(2,289)
Total deferred tax liabilities	(9,929)
Net deferred tax assets (figures in parentheses represent liabilities)	¥(3,853)

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, 2022

Normal effective statutory tax rate	30.4%
Valuation allowance	(3.4)
Income not taxable for income tax purposes	(1.5)
Expenses not deductible for income tax purposes	0.4
Other – net	1.1
Actual effective tax rate	27.0%

(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, 2021 to March 31, 2022)
Fees and commissions	10,602
Deposits and loans business	4,026
Foreign exchange business	1,714
Securities-related business	1,481
Agency business	1,531
Custody and safety deposit box business	241
Guarantee business	261

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, 2021 to March 31, 2022

1. Information for service segment

(Millions of yen)

	Loans	Securities investment	Other	Total
Ordinary income from customers	¥18,931	¥12,939	¥14,439	¥46,310

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
- 1) The parent company and major shareholders of the company submitting consolidated financial statements (limited to companies, etc.)
Not applicable
 - 2) Non-consolidated subsidiaries and related companies, etc. of the company submitting consolidated financial statements
Not applicable
 - 3) Companies, etc. with the same parent company as the company submitting consolidated financial statements, and subsidiaries, etc. of other related companies of the company submitting consolidated financial statements.
Not applicable
 - 4) Related-party transactions involving directors, corporate auditors and major stockholders (individuals only) of the Bank.

From April 1, 2021 to March 31, 2022 (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	¥161
							Interest income	2	—	—
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	10
							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.)

Not applicable

(Per Share Information)

From April 1, 2021 to March 31, 2022 (Yen)

Net assets per share	¥6,515.85
Profit per share	132.73
Diluted net income per share	132.45

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

From April 1, 2021 to March 31, 2022 (Millions of yen)

Profit per share	
Profit attributable to shareholders of the parent	¥4,241
Amount not attributable to owners of common stock	—
Profit attributable to shareholders of the parent related to common stock	4,241
Average balance of common stock (Thousands of shares)	31,953
Diluted profit per share	
Adjustment amount of profit attributable to shareholders of the parent	¥—
Increase in the number of common stock (Thousands of shares)	68
New share subscription rights (Thousands of shares)	68

(Important Subsequent Events)

(Repurchase of treasury stock)

At the board of directors' meeting held on May 16, 2022, the Bank resolved to repurchase its treasury stock in accordance with the provision of Article 156 of the Companies Act replacing Article 165, Paragraph 3 of the Companies Act.

1. Type of shares to be acquired: Common stock
2. Total number of shares to be acquired: 1,000,000 shares (maximum)
3. Aggregate price of shares to be acquired: 1,000,000,000 yen (maximum)
4. Acquisition period: From May 17, 2022 to March 24, 2023
5. Method of acquisition: Market purchase through a discretionary investment management scheme



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