Annual Report 2010

THE YAMANASHI CHUO BANK

Our Mission


Head office

Region-Based Operations and Sound Management

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

Management Vision

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

Medium-Term Management Plan 'Future Creation Plan 2013' Basic Strategies

"Strengthen marketing capabilities"
"Strengthen the management base"
"Contribute to the local community and the region"

Profile (as of March 31, 2010)

Corporate Name:	The Yamanashi Chuo Bank, Ltd.
Head Office:	20-8, Marunouchi 1-chome, Kofu, Yamanashi
Established:	December 1, 1941
President:	Toshihisa Ashizawa
Common Stock:	¥15,400 million
Number of Shares Issued:	189,915,000 shares
Stock Listing:	First Section of Tokyo Stock Exchange
Long-Term Credit Rating:	A+ (Rating and Investment Information, Inc.)
Network:	Domestic: 91 locations (Head Office and Branches: 89, District Offices: 2) Overseas: Hong Kong Representative Office
Businesses:	The Yamanashi Chuo Bank Group comprises the Yamanashi Chuo Bank and five 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.

* Of the consolidated subsidiaries, Yamanashi Chugin Business Service Co., Ltd. was dissolved as of March 31, 2010.

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Forward-looking statements

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

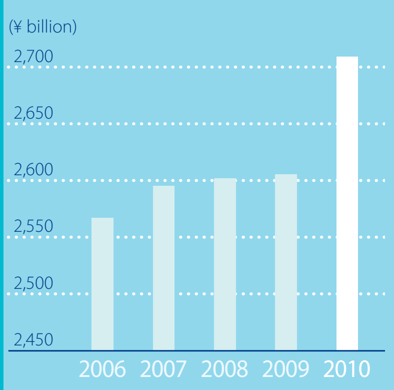
Consolidated Financial Highlights

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
March 31, 2010, 2009, 2008, 2007 and 2006

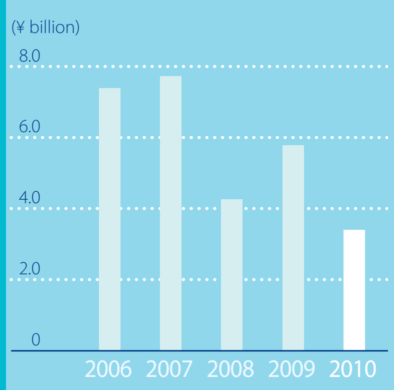
	Millions of yen					Thousands of U.S. dollars
	2010	2009	2008	2007	2006	2010
For the year						
Total income	¥ 57,537	¥ 60,460	¥ 67,209	¥ 61,620	¥ 60,298	$ 618,417
Total expenses	50,651	53,128	59,203	45,247	44,269	544,410
Income before income taxes and minority interests	6,885	7,331	8,005	16,372	16,028	74,007
Net income	3,475	5,774	4,252	7,721	7,382	37,352
At year-end						
Deposits	¥2,313,758	¥2,299,839	¥2,262,247	¥2,200,240	¥2,166,311	$24,868,425
Loans and bills discounted	1,492,384	1,532,315	1,530,135	1,506,551	1,467,872	16,040,241
Investment securities	1,045,175	893,464	869,038	890,196	909,632	11,233,614
Total assets	2,709,198	2,605,532	2,602,302	2,595,307	2,567,475	29,118,642
Total equity	161,976	146,722	161,799	184,836	173,236	1,740,934
Per share of common stock (in yen and U.S. dollars)						
Basic net income	¥ 18.85	¥ 31.31	¥ 23.04	¥ 41.83	¥ 39.76	$ 0.20
Cash dividends applicable to the year	6.00	6.00	5.00	6.00	5.00	0.06
Ratio (%)						
ROE	2.25	3.75	2.46	4.32	4.52	
Capital ratio	15.23	14.20	13.11	12.03	11.89	

Notes: 1. Yen figures are rounded down to the nearest million yen.
2. U.S. dollar figures have been converted from Japanese yen, solely for convenience, at the rate of ¥93.04=US$1, the rate prevailing on March 31, 2010.
3. Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.
4. From March 31, 2007, capital ratio has been calculated according to the Basel II criteria.

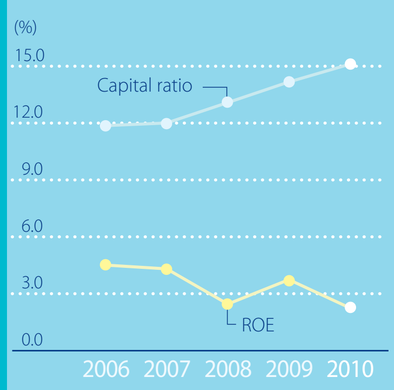
Total assets



Net income



ROE/Capital ratio
(Domestic standard)



Message from the President

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

Amid worldwide economic structural changes and an increasingly serious global environmental situation, Japan is also faced with the problem of a declining population. In response to these changes in our business environment, we at the Yamanashi Chuo Bank are making ever more determined efforts to fulfill our role as a community-based financial institution by ensuring the smooth supply of funds, thereby supporting our corporate customers' business operations and helping maintain the standard of living of our retail banking customers.

Below, we present an overview of our business performance for fiscal 2009 (from April 2009 to March 2010), together with a report on our future management plans.

Toshihisa Ashizawa
President

Overview of fiscal 2009 performance

Looking back at the Japanese economy during fiscal 2009, exports and industrial production staged a rally on the back of economic stimulus measures by the Japanese and overseas governments, as well as progress in inventory adjustments and other factors. However, the economy's recovery as a whole was weak, as companies continued to hold down their capital investments while consumer spending was generally lackluster amid high unemployment and severe wage conditions.

At the same time, the economy of Yamanashi Prefecture, which is the principal business base of the Yamanashi Chuo Bank Group, also followed a generally weak trend in spite of a recovery in production, centered on the machinery industry, as the majority of companies maintained a cautious stance on capital investment and consumer spending remained stagnant.

Turning to the financial situation during this period, on the stock market the Nikkei Average recovered the ¥11,000 mark on the strength of improving corporate performances, while on the foreign exchange market the yen appreciated against the dollar against the backdrop of a narrowing interest-rate gap between Japan and the United States, among other factors.

Amid this economic and financial environment, to put the finishing touches to our Evolution 2010 medium-term management plan, of which fiscal 2009 was the final year, the management and employees of the Bank worked together to strengthen the Bank's earning power and deepen its business foundations, while implementing measures to streamline business and create improved efficiencies.

During the reporting period, we worked to put into practice the three basic strategies under our medium-term management plan – our corporate banking solutions strategy, retail banking solutions strategy, and community revitalization solutions strategy.

For our corporate customers, we collaborated with a number of public and private-sector support institutions to provide a wide range of research services, and proposed solutions to our customers' problems as a way of nurturing new community-based industries and strengthening existing ones. To help customers develop new sales channels and expand existing channels, we held business matching events and operated our Business Succession Service, in which we offer advice on succession matters to owners of small and medium-sized enterprises.

We continued to meet the diverse asset management needs of our retail banking customers, and we also expanded the number of financial products for which we act as an intermediary as well as increasing the number of our branches handling such products. To tailor our customers' funding needs to their life plans, we continued to actively promote our preferential mortgage loan interest rate plans as well as education loan products.

With respect to local government organizations, we took active steps to support rationalization and improved efficiency in our public funds operations, for example by proposing the introduction of various services such as the use of convenience stores for the payment of local taxes and other public fees.

As a result of the foregoing, we recorded operating income on a consolidated basis of ¥57,423 million, a decrease of ¥2,910 million, or 4.8%, from the previous fiscal year. Operating profit

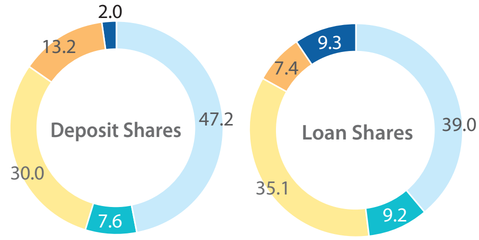
The Economy of Yamanashi Prefecture — Our Business Base (fiscal 2009)

General Prefectural Production:	**¥3,300** billion
Real Growth Rate:	**-1.4**%
Shipment Value of Production in Prefecture:	**¥2,658** billion

Major Products and Their Share in Japanese Market

Products	Shipment Value (¥ billion)	Share (%)	Ranking
Wine	14.7	28.9	No. 1
Precious Metal Products	39.9	29.5	No. 1
Wafer Processing Equipment	168.9	18.5	No. 1
Mineral Water	19.9	22.2	No. 1
Other Industrial Robots	52.5	13.8	No. 2
Flat-Panel Display Manufacturing Equipment	64.9	9.1	No. 3
Components of Semiconductor Manufacturing Equipment	34.0	5.8	No. 3

Shares in Yamanashi Pref. (%)
(as of March 31, 2010)



Yamanashi Chuo Bank
Major Banks
Shinkin banks/credit unions
Agricultural cooperatives
Other
(excluding Japan post Bank)

Yamanashi Chuo Bank
Major Banks
Shinkin banks/credit unions
Agricultural cooperatives
Semi-government institutions/other

declined by ¥469 million, or 6.3%, to ¥6,913 million, while net income was down by 2,299 million, or 39.8%, at ¥3,475 million (US$37 million). Core net business profit on a non-consolidated basis recorded a year-on-year decrease of ¥1,372 million to ¥12,965 million.

In the Bank's main accounts on a consolidated basis, the term-end balance of total deposits (including negotiable certificates of deposit) posted a year-on-year increase of ¥54,100 million, to ¥2,466,400 million (US$26,509 million). Over-the-counter sales of Japanese Government Bonds and investment trusts posted a year-on-year increase of ¥11,600 million, to ¥232,100 million.

We actively marketed loans to individuals, second-tier companies, and SMEs. We also actively responded to loan demand from public bodies, including local governments. However, overall demand for funds was weak, and total loans posted a year-on-year decrease of ¥39,900 million for a term-end balance of ¥1,492,300 million (US$16,039 million).

Future management policies

Over the three years beginning in April 2007, we implemented our Evolution 2010 medium-term management plan, under which we followed our basic strategies of proposing solutions to issues facing our retail and corporate customers, as well as the local community as a whole, and achieved a certain degree of success.

The Bank's operating environment, however, is changing dramatically. In the world at large, economies are undergoing major restructuring, and global environmental issues are becoming increasingly serious. In Japan, the population has begun to decline, while in the financial sector companies are engaged in a fierce competition for survival amid the expansion of business operations by the Japan Post Bank and the entry of new players from other industries following the relaxation of regulations.

To enable us to speedily and precisely address the issues facing the Bank amid these social changes and the present severely competitive environment, thereby allowing us to continue evolving and developing, we have drawn up a new medium-term management plan covering the three-year period from April 2010 to March 2013, under the name of "Future Creation Plan 2013."

We intend not only to perform our functions as a community-based financial institution, but also to take fast and effective measures to facilitate the supply of funds to the local economy, based on our basic "Comprehensive Measures to Facilitate Financing for SMEs."

Regarding "Bank Vision," the next-generation computer system for core banking operations which we have been jointly developing with other regional banks, we are working to ensure a trouble-free changeover to the new system in January 2011.

The staff of the Bank and its Group companies, from executives down, are pulling together to make a substantial contribution to the growth of the regional economy and the prosperity of the local community.

T. Ashizawa

Toshihisa Ashizawa
President

Medium-Term Management Plan "Future Creation Plan 2013"

Overview

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

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

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

Our Mission: Region-Based Operations and Sound Management

Management Vision

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

Local communities	Customers	Shareholders	Employees
A bank that contributes to the continuous development of local communities	A bank that is trusted and supported by its customers	A bank that is both highly sound and has a low-cost, high-profit structure	A vibrant bank that is a rewarding place to work

Basic Strategies

Strengthen marketing capabilities

(1) Strategies for encouraging broader service use by individuals
(2) Strategies for encouraging broader service use by corporate customers
(3) Area strategies tailored to local features
(4) Marketing channel strategies

Emphasis on customer satisfaction and solutions

Initiatives for promoting community-based financing

Initiatives for smoother financing operations

Strengthen the management base

(1) Increase capabilities in fund operations
(2) Reform administrative processes at retail branches
(3) Build a more efficient system for administrative operations
(4) Develop personnel training programs and invigorate the organization as a whole
(5) Expand the internal controls system

Contribute to the local community and the region

(1) Measures to stimulate the local economy
(2) Initiatives for contributing to the local community
(3) Initiatives for environmental protection

Compliance   Protection of customer information

Code of Conduct "Gratitude and Humility" "Confidence and Pride" "Honesty and Sincerity" "Effort and Endeavor" "Trust and Affection"

Target Business Indicators (FY2012)

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

CSR within the medium-term management plan

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

Contribute to the Regional Community – Strengthening CSR Initiatives


Held "Yamanashi Food Matching Fair"

Detailed business talk Scheduling

Find out from external buyers the best ways of displaying food products

Matching Fair

Hosted a follow-up meeting

Results of "Yamanashi Food Matching Fair 2009"
(As of March 31, 2010)

- Number of business meetings held: 1,383
- Matches made at business meetings (contracts concluded): 135
- Yamanashi Chuo Bank's new loan contracts: 36 companies


Held "Yamanashi Food Sector Trade Fair in Hong Kong in 2009"


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

Regional Economic Revitalization Initiatives

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

Sustainable Development of the Regional Community

Contributing to the Regional Community

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


Holding financial courses at universities


Promotion of sports in Yamanashi Prefecture through volleyball

Environmental Initiatives

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


Solar power unit


Environment-friendly products

Community-Based Financial Services

Basic Policy

The provision of community-based financial services is essential for the Bank, and our medium-term management plan "Future Creation Plan 2013" (April 2010 – March 2013) embodies this principle.

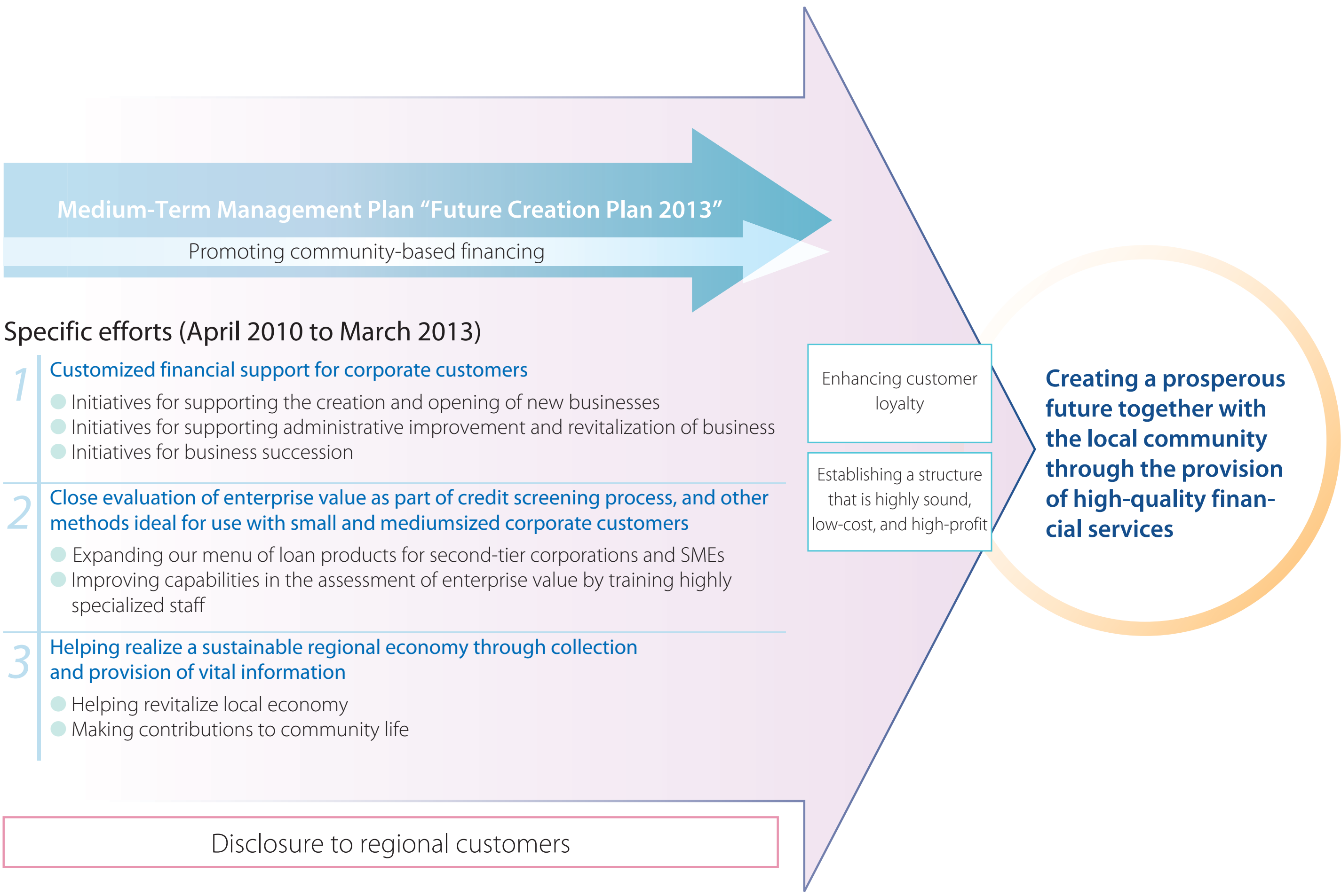
The Bank hopes that the proper implementation of the various measures planned under Future Creation Plan 2013 will lead to significant progress in turning the Bank into a truly community-based financial institution.

The three priority fields of business we have drawn up specific targets to be achieved

1. Customized financial support for corporate customers
2. Close evaluation of enterprise value as part of credit screening process, and other methods ideal for use with small and mediumsized corporate customers
3. Helping realize a sustainable regional economy through collection and provision of vital information

We will push forward with community-based financial services through our efforts to farther raise the quality of the banks services to regional customers.

Our Mission: Region-Based Operations and Sound Management



Corporate growth assistance through collaboration with technological advisors (April 2001 to March 2010)

Number of investment target and borrower enterprises, investment amount	173 ¥13.1 bn	In the field of corporate growth support, since employment of business advisors in April 2001, we have provided consulting services to 459 companies regarding expansion of marketing channels and evaluation of potential of business lines.
Number of business matching deals	59	

Yamanashi Chugin Management Support Coordination Services, and corporate customer support through business matching services (April 2005 to March 2010)

Number of companies that have received support (problem-solving) from Yamanashi Chugin Management Support Services	390	The coordination services utilizes a network of contacts linking the Bank with external institutions to offer corporate customers tailored proposals backed up by specialist know-how (Jan. 2006-March 2010)
Number of business matching deals successfully concluded via the Bank's network or Bank-sponsored business meetings	1,037	Business matching has been achieved by using the Bank's network to provide data on customer companies, as well as business fairs such as the Yamanashi Food Sector Business Matching Fair, the Regional Banking Food Selection, etc. (FY2005-2009)

Achievements in Support for Management Improvement (April 2009 to March 2010)

Debtors (excluding normal borrowers) as of the start of term: A	2,429
Of which, those receiving management improvement support: a	56
Of which, those upgraded their debtor categories as of the term-end: b	6
Of which, those drawing up reconstruction plans: c	26
Percentage receiving management improvement support: (a/A)	2.3%
Percentage upgraded: (b/a)	10.7%
Percentage drawing up reconstruction plans: (c/a)	46.4%

Corporate Banking

Contributing to regional economic revitalization

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

In the reporting term, ended March 2010, we continued to enhance funding services for local enterprises in the commercial and industrial sectors, the tourism and service sectors, and the agricultural sector. We also strengthened our capabilities in management consultation to assist the development of venture companies and facilitate lending without an excessive reliance on collateral and guarantors. A number of business matching events, as well as promotional events for agricultural produce and manufactured goods from Yamanashi Prefecture, were successfully held to achieve our goal.

Specifically, we collaborated with a large number of external support institutions, including the University of Yamanashi and the Yamanashi Industry Support Organization, to collect information over a wide spectrum of activities and provide it to our customers. We also offered business solutions via our Yamanashi Chugin Management Support Coordination Services, and in a continuation from the previous year, we were once again certified by METI as an implementing institution for the ministry's Regional Capabilities Coordination Centers Program. In these and other ways, the Bank worked to nurture and reinforce industries whose activities are an integral part of the regional community.

To develop new sales channels for our corporate customers we sponsored a number of business matching events such as the Yamanashi Food Sector Business Matching Fair, the Yamanashi Food Products Business Promotional Exhibition in Hong Kong, and the Regional Banking Food Selection Event. We also operated our Business Succession Service, in which we offered advice on succession matters to owners of SMEs.

In the field of financial products, we aggressively marketed our "Fine Start" entrepreneur support loan program, and in December 2009 we launched our Business Club Tie-Up Loan to facilitate the smooth provision of funds to SMEs in Yamanashi Prefecture.

The balance of loans to SMEs as of March 31, 2010 decreased ¥20.9 billion from the previous term, to stand at ¥497.8 billion, accounting for 33% of total lending.

The Bank will remain committed to providing support for local companies, which are the mainstay of the regional economy, with integrated financial services designed to meet their diverse requirements.

Coordinators for industry-academia collaboration (with the University of Yamanashi)

The Regional Banking Food Selection Event

Consumer Banking

Commitment to improving loans and customer convenience

During the reporting period we implemented a number of measures to meet a diverse array of funding needs. These included introducing new products in our lineup of investment trusts and insurance plans, conducting various marketing campaigns, and holding explanatory seminars for potential customers. In our financial products intermediary business, we not only expanded the lineup of products handled, but also from February 2010 increased to nine the number of Bank branches handling these products within Yamanashi Prefecture.

To Satisfy funding needs at every life stage, we continued to promote preferential mortgage loan interest rate plans and education loan products, and in May 2009 we began opening our Loan Square Kofu Branch on Sundays.

The balance of loans to individuals at the fiscal year-end decreased by ¥6.6 billion from the previous year-end, to ¥391 billion, accounting for 26% of all loans. The balance of loans outstanding at the year-end stood at ¥366.8 billion, down ¥2.9 billion from the previous year-end.

Seminar for senior citizens on personal asset management

Western Tokyo Bloc

Materializing tremendous growth potential

The Bank continued to develop the market in the western part of the Tokyo Metropolitan Area, which we refer to for marketing purposes as the Western Tokyo Bloc.

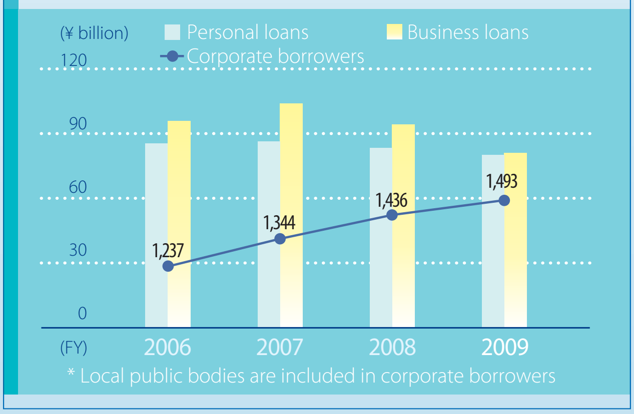
Bordering Yamanashi Prefecture to the east, the western part of Tokyo in which we operate is a large market, home to around 4.6 million people and 147,000 places of business, and has tremendous growth potential.

We have 13 branches in the bloc, and most of them have engaged operations for 30 to 40 years. They are well established in local communities.

The Bank's current medium-term management plan involves turning this marketing bloc into a significant revenue base. To this end, we are aggressively developing new sales bases and rebuilding sales promotion system for each branch. Through these investment of management resources and efficient management, we will be enhancing marketing activities, so as to achieve profitability and efficiency greater than in Yamanashi Prefecture.

We are targeting increases of ¥5.2 billion in personal loans and ¥10.9 billion in business loans over the plan period. As for our fiscal 2009 performance, personal loans decreased by ¥3.2 billion (3.8%) year-on-year to ¥80.3 billion, and business loans experienced a year-on-year decrease of ¥13.3 billion (14.1%) to ¥80.9 billion. However, the number of separate recipients of business loans increased by 57 from the previous year for a total of 1,493 corporate borrowers now on our books. The loan RAROA (earnings after deduction of credit cost/loans), a prime indicator of profitability, was better than the equivalent for any of the districts of Yamanashi Prefecture, displaying the excellent profitability of our operations in the western Tokyo area.

Loans and corporate borrowers in Western Tokyo Bloc



Financial Review (on a consolidated basis)

Operating Environment

During fiscal 2009 exports and industrial production staged a rally on the back of economic stimulus measures by the Japanese and overseas governments, as well as progress in inventory adjustments and other factors. However, the economy's recovery as a whole was sluggish, as companies continued to hold down their capital investments, while consumer spending was generally weak amid high unemployment and severe wage conditions.

At the same time, the economy of Yamanashi Prefecture, which is the principal business base of the Yamanashi Chuo Bank Group, also followed a generally weak trend in spite of a recovery in production, centered on the machinery industry, as the majority of companies maintained a cautious stance on capital investment and consumer spending remained stagnant.

Turning to the financial situation during this period, on the stock market the Nikkei Average recovered the ¥11,000 mark on the strength of improving corporate performances, while on the foreign exchange market the yen appreciated against the dollar against the backdrop of a narrowing interest-rate gap between Japan and the United States, among other factors.

Overview of Earnings

Although interest income fell due to lower interest rates on loans, we saw a major improvement in earnings on bond transactions, including Japanese Government Bonds, as a state of normality began to return to the financial markets. Expenses increased due to the costs resulting from a change-over to the next-generation computer system for core banking operations as well as a significant increase in nonperforming loan disposal cost.

As a result, total income (operating income plus extraordinary profit) posted a year-on-year decrease of ¥2.922 billion, to ¥57.537 billion, while total expenses (operating expenses plus extraordinary losses) amounted to ¥50.651 billion for a year-on-year decrease of ¥2.476 billion. Net income recorded a year-on-year decline of 39.8% to ¥3.475 billion.

Consequently, earnings per share stood at ¥18.85 and the return on equity was 2.2%. The capital ratio rose by 1.03 points from the previous term, to stand at 15.23%.

Overview of Earnings by Segment

The Yamanashi Chuo Bank Group consists of the Yamanashi Chuo Bank and its five consolidated subsidiaries. The Group's business has three segments: banking, leasing, and other business. Other business includes credit-card and venture capital businesses.

Operating income (here and below including inter-segment transactions) in the banking business amounted to ¥51.078 billion, representing a year-on-year decrease of ¥2.919 billion, due mainly to decreases in interest income on loans and call loan. In spite of a decline in interest on deposits, and losses on the sale and depreciation of bonds (including JGBs), operating profit decreased by ¥0.006 billion year-on-year, to ¥6.452 billion, due mainly to an increase in nonperforming loan disposal costs.

Operating income in the leasing business amounted to ¥6.585 billion, representing a ¥0.221 billion year-on-year decrease, while operating profit rose ¥0.262 billion to ¥0.428 billion, due principally to decreased provisions for possible loan losses.

Operating income in the Other business posted a year-on-year decrease of ¥0.064 billion to ¥1.190 billion, while operating profit was up by ¥0.006 billion at ¥0.084 billion.

Overview of Principal Accounts

During the reporting period, against the backdrop of persistently low interest rates, we expanded our lineup of deposit products and services to more promptly and precisely meet our customers' diversifying asset management needs. Thanks to those efforts, deposits by both retail and corporate customers increased, and the balance of deposits at the year-end stood at ¥2,313.7 billion, for an increase of ¥13.9 billion over the previous year-end. Total deposits, including negotiable certificates of deposit, increased by ¥54.1 billion during the period, to ¥2,466.4 billion as of the balance-sheet date.

The total of over-the-counter sales of Japanese Government Bonds and investment trusts increased during the period by ¥11.6 billion. The balance at the year-end reached to ¥232.1 billion.

During the reporting period we worked to increase lending to both individuals and corporate customers, particularly second-tier companies, and we also actively responded to funding demand from local governments and other public bodies. Overall funding demand, however, remained weak. The balance of loans and bills discounted decreased by ¥39.9 billion during the period, to ¥1,492.3 billion at the term-end.

The Bank continued to underwrite government-guaranteed bonds and municipal bonds while making efforts on close monitoring of the investment environment and market movements so as to realize effective investment. The balance of investment securities increased during the period by ¥151.7 billion to ¥1,045.1 billion at the term-end.

Cash Flows

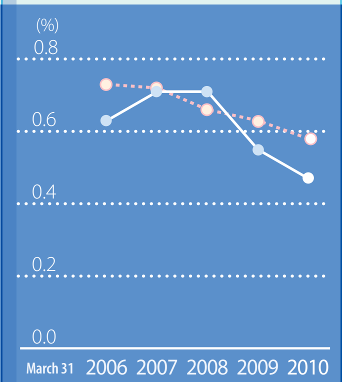
Cash and cash equivalents decreased ¥44.7 billion year-on-year to ¥84.2 billion.

Net cash provided by operating activities amounted to ¥92.0 billion (compared with a net inflow of ¥137.2 billion in the previous term), mainly due to an increase of ¥54.1 billion in deposits and negotiable certificates of deposit and an increase of ¥46.6 billion in borrowed money.

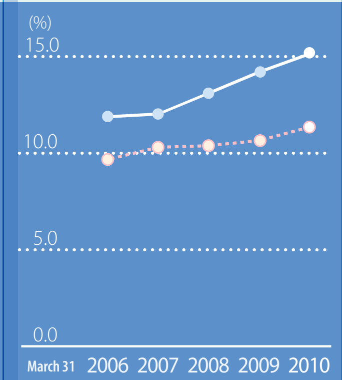
Net cash used in investing activities totaled ¥135.6 billion (compared with a net outflow of ¥66.2 billion in the previous term); ¥291.4 billion was used for the purchase of investment securities, while sales and redemptions of investment securities amounted to ¥160.7 billion.

Net cash used in financing activities amounted to ¥1.1 billion owing primarily to the payment of dividends (compared with a net outflow of ¥1.1 billion in the previous term).

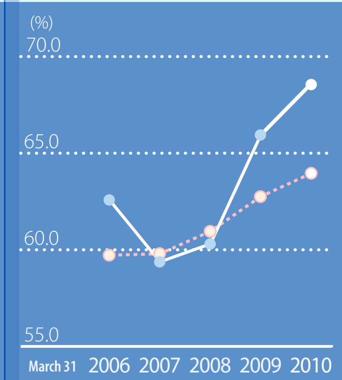
ROA



Capital ratio (domestic standard)



OHR



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

Note: All except for the capital ratio are on a non-consolidated basis.
Yamanashi Chuo Bank
Average for Japanese regional banks

Consolidated Balance Sheets

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Assets:			
Cash and due from banks (Notes 4 and 21)	**¥ 84,472**	¥ 129,280	**$ 907,914**
Call loans and bills bought (Note 21)	**53,153**	2,017	**571,300**
Monetary claims bought	**10,041**	9,382	**107,927**
Trading securities (Notes 5 and 21)	**8**	92	**86**
Investment securities (Notes 6, 11, and 21)	**1,045,175**	893,464	**11,233,614**
Loans and bills discounted (Notes 7, 8, and 21)	**1,492,384**	1,532,315	**16,040,241**
Foreign exchanges (Note 7)	**459**	361	**4,941**
Other assets (Notes 11, 20, 21, and 22)	**18,551**	22,277	**199,388**
Premises and equipment (Notes 9 and 20)	**26,574**	27,995	**285,621**
Intangible fixed assets (Notes 10 and 20)	**6,272**	2,743	**67,414**
Deferred tax assets (Note 17)	**761**	9,226	**8,186**
Customers' liabilities for acceptances and guarantees (Note 12)	**8,316**	9,883	**89,383**
Allowance for possible loan losses	**(36,972)**	(33,509)	**(397,378)**
Total	**¥2,709,198**	¥2,605,532	**$29,118,642**
Liabilities:			
Deposits (Notes 11, 13, and 21)	**¥2,313,758**	¥2,299,839	**$24,868,425**
Negotiable certificates of deposit (Note 21)	**152,658**	112,456	**1,640,784**
Call money and bills sold (Note 11)		11,591	
Borrowed money (Notes 11, 14, and 21)	**47,528**	901	**510,843**
Foreign exchanges	**92**	98	**998**
Other liabilities (Notes 14, 21, and 22)	**15,494**	15,683	**166,538**
Accrued bonuses to directors and corporate auditors	**23**	22	**251**
Liability for employees' retirement benefits (Note 15)	**7,155**	7,141	**76,910**
Reserve for directors' and corporate auditors' retirement benefits	**461**	616	**4,962**
Reserve for reimbursement of deposits	**226**	355	**2,433**
Reserve for contingent losses	**300**	220	**3,225**
Deferred tax liabilities (Note 17)	**1,204**		**12,950**
Acceptances and guarantees (Note 12)	**8,316**	9,883	**89,383**
Total liabilities	**2,547,221**	2,458,810	**27,377,707**
Equity (Note 16)**:**			
Common stock—authorized, 398,000,000 shares; issued, 189,915,000 shares in 2010 and 2009	**15,400**	15,400	**165,520**
Capital surplus	**8,307**	8,307	**89,286**
Retained earnings (Note 24)	**122,029**	119,660	**1,311,584**
Unrealized gains on available-for-sale securities (Note 6)	**18,088**	5,402	**194,413**
Deferred losses on derivatives under hedge accounting (Note 22)			**(1)**
Treasury stock—at cost, 5,638,584 shares in 2010 and 5,615,858 shares in 2009 (Note 24)	**(2,507)**	(2,497)	**(26,955)**
Total	**161,317**	146,272	**1,733,848**
Minority interests	**659**	450	**7,086**
Total equity	**161,976**	146,722	**1,740,934**
Total	**¥2,709,198**	¥2,605,532	**$29,118,642**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Income:			
Interest income:			
Interest on loans and bills discounted	**¥27,979**	¥31,406	**$300,722**
Interest and dividends on securities	**12,367**	11,886	**132,922**
Interest on call loans and bills bought	**125**	735	**1,347**
Other interest income	**93**	136	**1,005**
Fees and commissions	**7,482**	7,386	**80,425**
Other operating income	**7,064**	6,944	**75,929**
Other income (Note 18)	**2,425**	1,964	**26,065**
Total income	**57,537**	60,460	**618,417**
Expenses:			
Interest expense:			
Interest on deposits	**3,387**	5,389	**36,412**
Interest on negotiable certificates of deposit	**377**	541	**4,061**
Interest on call money and bills sold	**55**	292	**593**
Other interest expense	**114**	431	**1,229**
Fees and commissions	**1,714**	1,706	**18,426**
Other operating expenses	**5,466**	10,002	**58,749**
General and administrative expenses	**29,243**	28,578	**314,309**
Other expenses (Note 19)	**10,292**	6,185	**110,629**
Total expenses	**50,651**	53,128	**544,410**
Income before income taxes and minority interests	**6,885**	7,331	**74,007**
Income taxes (Note 17)**:**			
Current	**1,927**	260	**20,721**
Deferred	**1,280**	1,323	**13,766**
Total income taxes	**3,208**	1,583	**34,487**
Minority interests in net income (loss)	**201**	(26)	**2,166**
Net income	**¥ 3,475**	¥ 5,774	**$ 37,352**

	Yen		U.S. dollars
Per share of common stock (Note 2. r)**:**			
Basic net income	**¥18.85**	¥31.31	**$0.20**
Cash dividends applicable to the year	**6.00**	6.00	**0.06**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Thousands	Millions of yen		
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings
Balance, April 1, 2008	189,915	¥15,400	¥8,294	¥114,900
Net income				5,774
Cash dividends, ¥5.5 per share				(1,014)
Purchases of treasury stock (335,957 shares)				
Disposals of treasury stock (170,768 shares)			12	
Net change in the year				
Balance, March 31, 2009	189,915	15,400	8,307	119,660
Net income				**3,475**
Cash dividends, ¥6.0 per share				**(1,105)**
Purchases of treasury stock (26,010 shares)				
Disposals of treasury stock (3,284 shares)				
Net change in the year				
Balance, March 31, 2010	**189,915**	**¥15,400**	**¥8,307**	**¥122,029**

	Millions of yen					
	Unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Treasury stock	Total	Minority interests	Total equity
Balance, April 1, 2008	¥25,112		¥(2,397)	¥161,308	¥490	¥161,799
Net income				5,774		5,774
Cash dividends, ¥5.5 per share				(1,014)		(1,014)
Purchases of treasury stock (335,957 shares)			(175)	(175)		(175)
Disposals of treasury stock (170,768 shares)			75	88		88
Net change in the year	(19,709)			(19,709)	(40)	(19,749)
Balance, March 31, 2009	5,402		(2,497)	146,272	450	146,722
Net income				**3,475**		**3,475**
Cash dividends, ¥6.0 per share				**(1,105)**		**(1,105)**
Purchases of treasury stock (26,010 shares)			**(12)**	**(12)**		**(12)**
Disposals of treasury stock (3,284 shares)			**1**	**1**		**1**
Net change in the year	**12,685**			**12,685**	**209**	**12,894**
Balance, March 31, 2010	**¥18,088**		**¥(2,507)**	**¥161,317**	**¥659**	**¥161,976**

See notes to consolidated financial statements.

(Continued)

Consolidated Statements of Changes in Equity (continued from the previous page)

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Thousands of U.S. dollars (Note 1)		
	Common stock	Capital surplus	Retained earnings
Balance, March 31, 2009	$165,520	$89,284	$1,286,116
Net income			**37,352**
Cash dividends, $0.06 per share			**(11,884)**
Purchases of treasury stock (26,010 shares)			
Disposals of treasury stock (3,284 shares)		**1**	
Net change in the year			
Balance, March 31, 2010	**$165,520**	**$89,286**	**$1,311,584**

	Thousands of U.S. dollars (Note 1)					
	Unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Treasury stock	Total	Minority interests	Total equity
Balance, March 31, 2009	$ 58,068	$(3)	$(26,840)	$1,572,146	$4,837	$1,576,984
Net income				**37,352**		**37,352**
Cash dividends, $0.06 per share				**(11,884)**		**(11,884)**
Purchases of treasury stock (26,010 shares)			**(130)**	**(130)**		**(130)**
Disposals of treasury stock (3,284 shares)			**15**	**17**		**17**
Net change in the year	**136,344**	**1**		**136,346**	**2,248**	**138,595**
Balance, March 31, 2010	**$194,413**	**$(1)**	**$(26,955)**	**$1,733,848**	**$7,086**	**$1,740,934**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Operating activities:			
Income before income taxes and minority interests	**¥ 6,885**	¥ 7,331	**$ 74,007**
Adjustments for:			
Income taxes refunded (paid)	**1,298**	(5,700)	**13,955**
Depreciation and amortization	**2,186**	2,156	**23,498**
Losses on impairment of long-lived assets	**27**	4	**293**
Increase (decrease) in allowance for possible loan losses	**3,462**	(9,112)	**37,217**
Increase (decrease) in accrued bonuses to directors and corporate auditors	**1**	(2)	**13**
Increase (decrease) in liability for employees' retirement benefits	**14**	(33)	**150**
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	**(154)**	76	**(1,664)**
Increase (decrease) in reserve for reimbursement of deposits	**(129)**	206	**(1,389)**
Increase in reserve for contingent losses	**79**	111	**859**
Interest income recognized on consolidated statements of income	**(40,565)**	(44,165)	**(435,997)**
Interest expense recognized on consolidated statements of income	**3,935**	6,655	**42,296**
Losses (gains) on investment securities	**(1,194)**	6,504	**(12,836)**
Foreign exchange losses—net	**667**	271	**7,169**
Losses on disposal of premises and equipment	**114**	166	**1,233**
Net decrease (increase) in loans	**39,931**	(2,180)	**429,189**
Net increase in deposits	**13,919**	37,591	**149,604**
Net increase (decrease) in negotiable certificates of deposit	**40,201**	(3,620)	**432,090**
Net increase (decrease) in borrowed money	**46,627**	(589)	**501,152**
Net decrease (increase) in due from banks (excluding cash equivalents)	**40**	(41)	**435**
Net decrease (increase) in call loans and others	**(51,794)**	107,643	**(556,694)**
Net decrease in call money and others	**(11,591)**	(291)	**(124,582)**
Decrease (increase) in foreign exchanges (assets)	**(98)**	104	**(1,055)**
Decrease in foreign exchanges (liabilities)	**(5)**	(41)	**(56)**
Interest income (cash basis)	**41,567**	44,385	**446,775**
Interest expense (cash basis)	**(4,303)**	(6,337)	**(46,250)**
Other—net	**911**	(3,843)	**9,801**
Total adjustments	**85,151**	129,917	**915,211**
Net cash provided by operating activities	**92,036**	137,248	**989,219**
Investing activities:			
Purchases of investment securities	**(291,404)**	(200,580)	**(3,132,030)**
Proceeds from sales of investment securities	**58,144**	61,730	**624,945**
Proceeds from redemption of investment securities	**102,555**	77,453	**1,102,272**
Purchases of premises and equipment	**(1,662)**	(3,514)	**(17,864)**
Proceeds from sales of premises and equipment	**12**		**128**
Purchases of intangible fixed assets	**(3,341)**	(1,342)	**(35,913)**
Proceeds from sales of intangible fixed assets		1	**9**
Net cash used in investing activities	**(135,694)**	(66,253)	**(1,458,453)**
Financing activities:			
Dividends paid	**(1,105)**	(1,014)	**(11,884)**
Payment of dividends to minority interests	**(1)**	(1)	**(15)**
Repurchases of treasury stock	**(12)**	(175)	**(130)**
Proceeds from sales of treasury stock	**1**	88	**17**
Net cash used in financing activities	**(1,117)**	(1,102)	**(12,012)**
Foreign currency translation adjustments on cash and cash equivalents	**7**	(16)	**82**
Net (decrease) increase in cash and cash equivalents	**(44,767)**	69,876	**(481,164)**
Cash and cash equivalents, beginning of year	**129,018**	59,142	**1,386,700**
Cash and cash equivalents, end of year (Note 4)	**¥ 84,251**	¥129,018	**$ 905,535**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

1 Basis of presenting the consolidated financial statements

The accompanying consolidated financial statements of The Yamanashi Chuo Bank, Ltd. (the "Bank") and consolidated subsidiaries (together, the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Banking Law of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. In addition, certain reclassifications were made in the 2009 financial statements to confirm to the classifications used in 2010.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to $1, the exchange rate prevailing on March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen and one thousand U.S. dollars, except for per share information, have been truncated. As a result, the total may not be equal to the total of individual amounts.

2 Summary of significant accounting policies

a. Consolidation

The consolidated financial statements included the accounts of the Bank and its five consolidated subsidiaries in 2010 and 2009. Yamanashi Chugin Business Service Co., Ltd., a consolidated subsidiary, was dissolved by March 31, 2010, but was not liquidated at that.

Under the control concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated, unless the companies have an immaterial effect on the accompanying consolidated financial statements.

On September 9, 2006, the Accounting Standards Board of Japan ("ASBJ") issued Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations." The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, Tokumei-Kumiai, and other entities with similar characteristics. The Bank applied the guidance from this task force and a collective investment vehicle was added to the subsidiaries in 2010 and 2009. However, this vehicle is not consolidated and the investment in this vehicle is not accounted for by the equity method due to its immateriality.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. 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.

c. Trading and investment securities

The accounting policy for securities was changed with a change of accounting standards during the year (see Note 3 "Accounting change").

All applicable securities are classified and accounted for, depending on management's intent, as follows:
(1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings, (2) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity are reported at amortized cost, and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Available-for-sale securities whose fair values are extremely difficult to be determined are stated at cost determined by the moving-average method. The cost of securities sold is determined based on the moving-average method.

d. Premises and equipment (excluding leased assets)

Premises and equipment are stated at cost less accumulated depreciation.

Depreciation of premises and equipment is primarily computed by the declining-balance method at rates based on the estimated useful lives of the assets while the straight-line method is applied to buildings acquired after April 1, 1998. The range of useful lives is from 3 to 50 years for buildings and from 2 to 20 years for equipment.

e. Intangible fixed assets (excluding leased assets)

Intangible fixed assets are amortized by the straight-line method over the estimated useful lives.

f. Leased assets

Leased assets employed in leasing transactions that are not deemed to transfer ownership of the leased assets to the lessee – both premises and equipment and intangible fixed assets – are depreciated by the straight-line method over the lease period. Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

g. Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Foreign currency items

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

i. Derivative and hedging activities

Derivative transactions are measured at fair value.

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

In applying the deferred hedge accounting method, the Bank confirms the foreign currency position of the hedged monetary assets or liabilities is more than or equal to the hedging instruments over the residual terms of the hedging instruments.

j. Allowance for possible loan losses

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

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

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

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

k. 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.

l. Retirement and pension plans

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

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

On July 31, 2008, the ASBJ issued ASBJ Statement No. 19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)."

The Bank applied this partial amendment to the standard from the year ended March 31, 2010. There was no effect on the consolidated financial statements from applying the amendment. Because the discount rate the Bank applied for the calculation of the projected benefit obligations as of March 31, 2010 was unchanged from the rate applied in the previous year.

m. 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.

n. 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.

o. 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.

p. Lease transactions

Lessor—On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as lease investment assets.

The Bank applied the revised accounting standard effective April 1, 2008.

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

With regard to finance leases in which there is no transfer of ownership for which contracts were entered prior to April 1, 2008, the value of the leased assets in the amount recognized at the previous term-end minus accumulated depreciation is employed for the value of lease investment assets at the beginning of the reporting period.

q. Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

r. Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

The weighted-average number of common shares in the computation was 184,285 thousand shares for 2010 and 184,387 thousand shares for 2009.

Diluted net income per share is not disclosed because there are no outstanding potentially dilutive securities.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

s. New accounting pronouncements

Asset retirement obligations—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, a liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting changes and error corrections — In December 2009, ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies

When a new accounting policy is applied with a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentation

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment information disclosures — In March 2008, the ASBJ issued ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" which revised the previous accounting standard for segment information disclosures issued in May 1988 and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3 Accounting change

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

The effect of this change on the consolidated financial statements is immaterial.

4 Cash and cash equivalents

The reconciliation of the cash and due from banks in the consolidated balance sheets and the cash and cash equivalents at March 31, 2010 and 2009, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash and due from banks	**¥84,472**	¥129,280	**$907,914**
Due from banks, excluding due from Bank of Japan	**(221)**	(261)	**(2,378)**
Cash and cash equivalents	**¥84,251**	¥129,018	**$905,535**

5 Trading securities

Trading securities at March 31, 2010 and 2009, consisted of Japanese government bonds.

The fair values of trading securities at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Fair value of trading securities	**¥8**	¥92	**$86**

6 Investment securities

As mentioned in Note 3, "Accounting change," the Group applied the revised accounting standard and new guidance for financial instrument and related disclosures as of March 31, 2010. The information related to the revision is disclosed from this fiscal year.

Investment securities at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Japanese government bonds	**¥ 474,603**	¥346,392	**$ 5,101,067**
Japanese municipal bonds	**173,378**	161,743	**1,863,478**
Japanese corporate bonds	**308,246**	288,745	**3,313,056**
Japanese stocks	**60,651**	53,226	**651,890**
Other securities	**28,295**	43,355	**304,121**
Total	**¥1,045,175**	¥893,464	**$11,233,614**

The amount of guarantee obligations for privately-placed bonds (Item 3 of Article 2 of the Financial Instruments and Exchange Act) included in investment securities as of March 31, 2010 and 2009 were ¥2,920 million ($31,392 thousand) and ¥4,314 million, respectively.

Differences between the cost and fair value of investment securities at March 31, 2010 were as follows:

(1) Held-to-maturity debt securities

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
Fair value exceeded carrying amount:						
Corporate bonds	**¥1,647**	**¥1,669**	**¥22**	**$17,702**	**$17,940**	**$238**
Fair value not exceeded carrying amount:						
Corporate bonds	**1,271**	**1,262**	**(9)**	**13,668**	**13,567**	**(101)**
Total	**¥2,918**	**¥2,931**	**¥12**	**$31,370**	**$31,508**	**$137**

(2) Available-for-sale securities

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Fair value	Cost	Valuation differences	Fair value	Cost	Valuation differences
Fair value exceeded cost:						
Japanese stocks	¥ 50,246	¥ 36,674	¥13,572	$ 540,055	$ 394,181	$145,874
Bonds total	873,273	855,453	17,820	9,386,003	9,194,467	191,535
Japanese government bonds	402,736	396,657	6,078	4,328,641	4,263,305	65,336
Japanese municipal bonds	171,335	166,216	5,119	1,841,528	1,786,501	55,206
Japanese corporate bonds	299,201	292,579	6,621	3,215,833	3,144,661	71,172
Other securities	11,133	9,290	1,842	119,659	99,851	19,807
Subtotal	934,653	901,418	33,235	10,045,718	9,688,501	357,217
Fair value not exceeded cost:						
Japanese stocks	10,014	11,687	(1,673)	107,635	125,619	(17,983)
Bonds total	80,035	80,471	(435)	860,227	864,913	(4,686)
Japanese government bonds	71,866	72,264	(398)	772,425	776,707	(4,282)
Japanese municipal bonds	2,042	2,056	(14)	21,949	22,100	(150)
Japanese corporate bonds	6,126	6,150	(23)	65,852	66,104	(252)
Other securities	17,035	18,858	(1,823)	183,094	202,692	(19,597)
Subtotal	107,085	111,017	(3,932)	1,150,957	1,193,225	(42,267)
Total	¥1,041,738	¥1,012,435	¥29,302	$11,196,676	$10,881,726	$314,950

Note: Unlisted stocks that have a fair value and cost of ¥391 million ($4,205 thousand), respectively, are excluded from the table above since there are no market prices and their fair values are extremely difficult to be determined.

(3) Held-to-maturity debt securities sold
During the fiscal year ended March 31, 2010, was as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Sales costs	Sales proceeds	Gains on sales	Sales costs	Sales proceeds	Gains on sales
Corporate bonds	¥40	¥41	¥1	$429	$442	$12

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

(4) Available-for-sale securities sold
During the fiscal year ended March 31, 2010 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Sales proceeds	Gross realized gains	Gross realized losses	Sales proceeds	Gross realized gains	Gross realized losses
Japanese stocks	¥ 3,429	¥1,179	¥ 24	$ 36,862	$12,674	$ 265
Bonds total	49,330	1,097		530,211	11,794	
Japanese government bonds	3,035	93		32,624	1,000	
Japanese municipal bonds	23,301	315		250,443	3,393	
Japanese corporate bonds	22,994	688		247,143	7,400	
Other securities	805		194	8,661		2,086
Total	¥53,566	¥2,276	¥218	$575,735	$24,468	$2,351

(5) Net unrealized gains/losses on available-for-sale securities
Available-for-sale securities were valued at market and net unrealized gains/losses on valuation at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Valuation difference	¥29,302	¥8,219	$314,950
Deferred tax liabilities	(11,212)	(2,823)	(120,509)
Net unrealized gains (before minority interests)	18,090	5,396	194,440
Minority interests	(2)	6	(27)
Net unrealized gains on available-for-sale securities	¥18,088	¥5,402	$194,413

Differences between the cost and fair value of investment securities at March 31, 2009 were as follows:
(1) Marketable available-for-sale securities

	Millions of yen				
	2009				
	Cost	Fair value	Valuation differences	Unrealized gains	Unrealized losses
Japanese stocks	¥ 48,235	¥ 52,860	¥4,624	¥ 7,972	¥ 3,302
Bonds total	785,910	792,467	6,557	9,292	2,735
Japanese government bonds	343,940	346,392	2,452	4,842	2,389
Japanese municipal bonds	160,297	161,743	1,445	1,476	30
Japanese corporate bonds	281,672	284,331	2,658	2,973	314
Other securities	46,173	43,210	(2,962)	1,279	4,241
Total	¥880,318	¥888,538	¥8,219	¥18,499	¥10,279

(2) Available-for-sale securities sold

	Millions of yen
	2009
Proceeds from sales	¥48,878
Gross realized gains	2,381
Gross realized losses	2,111

7 Loans and bills discounted

Loans and bills discounted at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Bills discounted	**¥ 7,883**	¥ 10,600	**$ 84,732**
Loans on bills	**63,561**	75,425	**683,160**
Loans on deeds	**1,292,181**	1,287,557	**13,888,455**
Overdrafts	**128,757**	158,732	**1,383,892**
Total	**¥1,492,384**	¥1,532,315	**$16,040,241**

Loans and bills discounted at March 31, 2010 and 2009 included the following balances:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Loans to customers in bankruptcy	**¥13,687**	¥12,302	**$147,116**
Past due loans	**50,113**	52,038	**538,627**
Accruing loans contractually past due three months or more	**150**	382	**1,614**
Restructured loans	**1,253**	2,795	**13,476**
Total	**¥65,205**	¥67,518	**$700,834**

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

Accruing loans contractually past due three months or more are loans on which the principal or interest is three months or more past due. Restructured loans are loans for which the Bank has relaxed lending conditions, such as: reduction of the original interest rate, deferral of interest payment, extension of maturity date, or reduction of the amount of the debt or accrued interest.

The allowance for possible loan losses has not been deducted from the loan amounts shown above.

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry." The Bank has rights to sell or pledge commercial bills discounted and foreign exchanges bought without restrictions and their face amounts were ¥7,897 million ($84,883 thousand) and ¥10,607 million at March 31, 2010 and 2009, respectively.

8 Loan commitments

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 amount of unused commitments as of March 31, 2010 was ¥368,989 million ($3,965,927 thousand) which includes commitments of ¥353,884 million ($3,803,571 thousand) whose original contract terms were within one year or unconditionally cancelable at any time. The corresponding figures for March 31, 2009 were ¥365,315 million and ¥350,540 million.

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.

9 Premises and equipment

Premises and equipment as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Land	**¥13,420**	¥13,441	**$144,241**
Buildings	**9,121**	8,966	**98,036**
Leased assets	**269**	589	**2,898**
Construction in progress	**399**	726	**4,292**
Other	**3,363**	4,272	**36,152**
Total	**¥26,574**	¥27,995	**$285,621**

Accumulated depreciation at March 31, 2010 and 2009 amounted to ¥33,353 million ($358,481 thousand) and ¥32,343 million, respectively.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, JICPA Audit Committee Report No. 43, "Treatment of Auditing concerning Reducing Cost of Assets" permits companies to defer the profit arising from such transactions by reducing the cost of the assets acquired in conformity with Japanese Tax Laws. Premises and equipment were stated at cost less deferred gains of ¥1,062 million ($11,422 thousand) and ¥1,073 million at March 31, 2010 and 2009, respectively.

The Group reviewed its long-lived assets for impairment and recognized an impairment loss with in other expense for certain unused premises due to a decrease of net selling prices at disposition and the carrying amount of the premises was written down to the recoverable amount. For the years ended March 31, 2010 and 2009, impairment losses were ¥27 million ($293 thousand) and ¥4 million, respectively.

10 Intangible fixed assets

Intangible fixed assets as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Software	**¥ 943**	¥ 256	**$10,136**
Software in progress	**4,652**	1,893	**50,007**
Leased assets	**109**	52	**1,172**
Other	**567**	541	**6,096**
Total	**¥6,272**	¥2,743	**$67,414**

11 Assets pledged

Assets pledged as collateral at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Investment securities	**¥149,923**	¥15,262	**$1,611,382**
Other assets (cash)		38	

Liabilities related to the above pledged assets at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deposits	**¥14,020**	¥ 945	**$150,692**
Call money and bills sold		11,591	
Borrowed money	**46,850**	50	**503,546**

Investment securities totaling ¥66,886 million ($718,900 thousand) and ¥156,340 million as of March 31, 2010 and 2009, respectively, and other assets totaling ¥5 million as of March 31, 2009, were pledged as collateral for settlement of exchange and derivative transactions or as margin on forward contracts.

Lease contract assets (total sum of lease investment assets included in Other assets and interest receivables on lease investment assets) for remaining lease periods, which were pledged as collateral for borrowed money of ¥558 million ($6,006 thousand) and ¥691 million, were ¥1,180 million ($12,689 thousand) and ¥1,187 million as of March 31, 2010 and 2009, respectively.

12 Customers' liabilities for acceptances and guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" are shown on the asset side representing the Bank's right of indemnity from the applicants.

13 Deposits

Deposits at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Current deposits	**¥ 61,966**	¥ 64,444	**$ 666,022**
Ordinary deposits	**1,133,795**	1,103,809	**12,186,105**
Saving deposits	**23,636**	24,413	**254,043**
Deposits at notice	**3,209**	4,843	**34,498**
Time deposits	**1,064,760**	1,051,168	**11,444,119**
Other	**26,389**	51,160	**283,636**
Total	**¥2,313,758**	¥2,299,839	**$24,868,425**

14 Borrowed money and lease obligations

The average interest rates on borrowed money for the periods ended March 31, 2010 and 2009 were 1.01% and 1.66%, respectively. These rates are the weighted average of interest rates on borrowed money outstanding as March 31, 2010 and 2009.

The average interest rate on lease obligations outstanding as of March 31, 2010 and 2009 were 4.59% and 4.91%, respectively.

Annual maturities of borrowed money and lease obligations as of March 31, 2010 for the next five years were as follows:

	Borrowed money		Lease obligations	
Year Ending March 31	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
2011	¥47,187	$507,178	¥267	$2,877
2012	174	1,880	53	578
2013	113	1,214	3	36
2014	34	367	1	18
2015	18	201		

15 Employees' retirement benefits

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

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Projected benefit obligation	**¥(22,143)**	¥(21,158)	**$(237,996)**
Fair value of plan assets	**12,871**	11,155	**138,347**
Funded status	**(9,271)**	(10,002)	**(99,648)**
Unrecognized actuarial loss	**4,161**	5,697	**44,732**
Unrecognized prior service cost	**(385)**	(456)	**(4,144)**
Net liability	**(5,494)**	(4,761)	**(59,060)**
Prepaid pension cost	**1,660**	2,379	**17,850**
Liability for employees' retirement benefits	**¥ (7,155)**	¥ (7,141)	**$ (76,910)**

The components of net periodic retirement benefit costs for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Service cost	**¥ 688**	¥ 694	**$ 7,398**
Interest cost	**423**	421	**4,548**
Expected return on plan assets	**(178)**	(218)	**(1,919)**
Amortization of actuarial loss	**776**	439	**8,342**
Amortization of prior service cost	**(71)**	(71)	**(765)**
Net periodic retirement benefit costs	**¥1,637**	¥1,265	**$17,604**

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Method of attributing the projected benefits to periods of services	**Straight-line basis**	Straight-line basis
Amortization period of prior service cost	**10 years**	10 years
Amortization period of actuarial gain/loss	**10 years commencing from start of the subsequent fiscal year**	10 years commencing from start of the subsequent fiscal year

16 Equity

Since May 1, 2006, Japanese banks have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act and the Banking Law of Japan that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Law of Japan provide certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/decreases and transfer of common stock, reserve and surplus

The Banking Law of Japan requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of common stock. Under the Companies Act, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

17 Income taxes

The Bank and consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.2% for the years ended March 31, 2010 and 2009. The tax effects of significant temporary differences and tax loss carry-forwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Allowance for possible loan losses	¥10,956	¥11,140	$117,762
Losses on investment securities	4,889	4,028	52,553
Reserve for retirement benefits	4,247	3,953	45,650
Tax loss carry-forwards		833	
Depreciation	451	507	4,851
Other	3,371	3,699	36,239
Valuation allowance	(11,579)	(10,434)	(124,457)
Total deferred tax assets	12,337	13,729	132,600
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(11,212)	(2,823)	(120,509)
Other	(1,568)	(1,679)	(16,854)
Total deferred tax liabilities	(12,780)	(4,503)	(137,364)
Net deferred tax assets (liabilities)	¥ (443)	¥ 9,226	$ (4,763)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	40.2%	40.2%
Valuation allowance	16.7	(16.3)
Income not taxable for income tax purposes	(2.9)	(3.7)
Expenses not deductible for income tax purposes	0.5	0.5
Adjustment in consolidation due to the loss on devaluation of stocks of consolidated subsidiaries	(8.5)	
Other—net	0.6	0.9
Actual effective tax rate	46.6%	21.6%

18 Other income

Other income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Gain on sales of securities	¥1,179	¥1,406	$12,674
Other	1,245	558	13,390
Total	¥2,425	¥1,964	$26,065

19 Other expenses

Other expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Provision of allowance for possible loan losses	¥ 7,847	¥ 39	$ 84,341
Loss on sales of claims	234	185	2,522
Net periodic retirement benefit costs	704	367	7,577
Loss on devaluation of stocks	739	3,711	7,945
Loss on sales of stocks	24	393	265
Loss on disposal of premises and equipment	114	166	1,233
Loss on impairment of long-lived assets	27	4	293
Loss on devaluation of claims	53	60	577
Other	546	1,254	5,871
Total	¥10,292	¥6,185	$110,629

20 Lease transactions

Lessee

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

(a) Details of lease assets

Premises and equipment—Principally office equipment

Intangible fixed assets—Software

(b) Method of depreciation of leased assets

Leased assets are depreciated in accordance with the stipulations as described in Note 2. f.

Lessor

(a) Details of net investment in leases for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Gross lease receivables	¥9,845	¥11,297	$105,819
Estimated residual value			
Unearned interest income	(1,093)	(1,317)	(11,754)
Net investment in leases	¥8,751	¥ 9,979	$ 94,064

(b) Expected amounts from the collection of gross lease receivables for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
1 year or less	¥3,411	¥ 3,786	$ 36,670
1 to 2 years	2,676	3,008	28,767
2 to 3 years	1,892	2,202	20,342
3 to 4 years	1,098	1,371	11,804
4 to 5 years	475	581	5,105
Over 5 years	291	347	3,128
Total	¥9,845	¥11,297	$105,819

21 Financial instruments and related disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard about Fair Value of Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures from the end of the year ended March 31, 2010, with one year deferral permitted for certain quantitative disclosures of market risk. The Group applied the revised accounting standard and the new guidance effective March 31, 2010, except for the quantitative market risk disclosure subject to one year deferral.

1. Qualitative information of financial instruments

(1) Policy for financial instruments

The Group is involved in financial services including the leasing and the credit card business, etc. around the banking business. Within banking, we are involved in the business of taking deposits, making loans and securities trading, as well as the over-the-counter sale of public bonds such as Japanese government bonds, investment trusts and insurance. In addition, for the purpose of short-term fund raising, we enter into call loans and call money in the interbank market. In hedging foreign exchange risk and finance and using different currencies, we enter into forward exchange contracts including fund swap transactions.

However, we do not conduct transactions whose structures are complicated and speculative transactions. Because we hold financial assets and liabilities with interest rate risk, we conduct Asset Liability Management (ALM) to limit the disadvantageous influence from fluctuations in interest.

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

The financial assets that the Group holds are loans for domestic customers and domestic securities. Loans have credit risk, brought about by the borrower's nonperformance of contractual obligations. The contents of securities are mainly bonds, stocks and investment trusts. The Group holds these securities for the purpose of holding to maturity, investment available for sale and policy investment (business promotion). Securities have issuer's credit risk, interest rate risk and market price risk.

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

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

(3) Risk management systems for financial instruments

I. Credit risk management

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

We monitor credit information, currentprices 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.

II. Market risk management

(A) Interest-rate risk management

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

(B) Foreign exchange risk management

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

(C) Market price risk management

Regarding investment in financial instruments including securities, the Group conducts risk management in conformity with a basic administration policy. The basic administration policy is as follows. The Group executes the market business while attempting to secure fairness and prompt correspondence. The Group takes the opportunity for earnings by actively taking risks that can be measured and managed. The proof of maximizing management vitality, like earnings and equity capital, are assumed to be a precondition. The operative plans are decided by the board of managing directors after discussion with the ALM Committee. In making the plans, the Group examines the expected rate of return based on the prospect of interest rate and stock prices, market price risk and return in consideration of the correlation between the financial instruments invested in. The Group measures market price risks such as stock price risk using the VaR method. The ALM Committee monitors VaR based on risk limits and the results of stress tests and tries for coexistence of securing of financial soundness and earning profit.

(D) Derivative transactions

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

III. Liquidity risk management

The Group manages liquidity risk by analyzing interest rate trends and mismatches of terms between investing and financing funds. Financing risk is limited by holding assets with high liquidity as payment reserves for unexpected capital outflows, and a smooth financing resource is secured. Moreover, the Group reports regularly to management in the risk management committee and the board of directors, etc.

(4) Supplementary explanation of the fair value financial instruments

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

2. Fair values of financial instruments

Fair value and carrying amounts of financial instruments as of March 31, 2010 are shown below. Some instruments, such as unlisted stocks, whose fair values are extremely difficult to determine, are not included in the table below (see note 2).

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥ 84,472	¥ 84,472		$ 907,914	$ 907,914	
(2) Call loans and bills bought	53,153	53,153		571,300	571,300	
(3) Trading securities						
Trading securities	8	8		86	86	
(4) Securities						
Held-to-maturity	2,918	2,931	¥ 12	31,370	31,505	$ 134
Available-for-sale securities	1,041,738	1,041,738		11,196,676	11,196,676	
(5) Loans and bills discounted	1,492,384			16,040,241		
Accrued income (Interest on loans)	1,139			12,242		
Deferred income (Interest on loans and Guarantee charges) *1	(2,029)			(21,816)		
Reserve for possible loan losses *2	(35,777)			(384,537)		
	1,455,715	1,470,753	15,037	15,646,130	15,807,759	161,629
Total	¥2,638,007	¥2,653,058	¥15,050	$28,353,479	$28,515,243	$161,764
(1) Deposits	¥2,313,758			$24,868,425		
Accrued expenses (Interest on deposits)	2,054			22,085		
	2,315,813	¥2,316,772	¥ 959	24,890,510	$24,900,827	$ 10,316
(2) Negotiable certificates of deposit	152,658			1,640,784		
Accrued expenses (Interest on NCDs)	94			1,013		
	152,752	152,850	98	1,641,798	1,642,852	1,053
(3) Borrowed money	47,528	47,532	4	510,843	510,886	43
Total	¥2,516,094	¥2,517,156	¥ 1,061	$27,043,152	$27,054,565	$ 11,413
Derivatives *3						
Hedge accounting is applied	¥ 2	¥ 2		$ 27	$ 27	
Hedge accounting is not applied	(24)	(24)		(266)	(266)	
Total	¥ (22)	¥ (22)		$ (239)	$ (239)	

*1. Represents deferred interest received on loans and deferred guarantee fees received of a consolidated subsidiary performing guarantees on the Bank's loans to customers.
*2. General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.
*3. Derivative transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) Method used for determining the fair value of financial instruments

Assets

(1) Cash and due from banks

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

(2) Call loans and bills bought

Since contractual terms of these items are short (i.e., less than one year) and market values of these items approximate book values, the Company deems the carrying values to be market values.

(3) Trading securities

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

(4) Securities

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

(5) Loans and bills discounted

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

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

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

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

Liabilities

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

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

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

(3) Borrowed money

Floating-rate borrowed money reflects market interest rates in short periods and the credit standing of the Bank and its consolidated subsidiaries has not significantly changed after the money was borrowed. The fair value of floating-rate borrowed money is therefore considered to approximate the carrying value and is deemed equal to the carrying value. The present value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered for similar borrowings. The fair value of borrowed money whose terms are short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

Derivatives

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

(Note 2) Financial instruments whose fair values are extremely difficult to be determined. The following instruments are not included in 'Assets (4) Securities' in the above table showing the fair values of financial instruments as of March 31, 2010.

	Millions of yen	Thousands of U.S. dollars
	Carrying amounts	
I. Unlisted equity stocks *1 *2	**¥391**	**$4,205**
II. Contributions to unions *1 *3	**126**	**1,361**
Total	**¥517**	**$5,566**

*1. They are excluded from disclosure because they do not have a market price and their fair values are extremely difficult to determine.
*2. The impairment losses on unlisted stocks for the year ended March 31, 2010 were ¥15 million ($164 thousand).
*3. It is an investment in non-consolidated subsidiaries.

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

	Millions of yen					
	1 year or less	Over 1year 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	**¥ 54,469**					
Call loans and bills bought	**53,153**					
Securities	**94,331**	**¥167,465**	**¥235,294**	**¥227,381**	**¥187,092**	**¥ 20,000**
Held-to-maturity	**664**	**1,629**	**436**	**140**		
Corporate bonds	**664**	**1,629**	**436**	**140**		
Available-for-sale securities that have maturities	**93,667**	**165,836**	**234,857**	**227,240**	**187,092**	**20,000**
Japanese government bonds	**45,007**	**87,366**	**91,067**	**104,503**	**114,200**	**20,000**
Municipal bonds	**18,639**	**32,432**	**43,903**	**29,456**	**44,076**	
Corporate bonds	**30,021**	**46,037**	**99,421**	**91,281**	**28,816**	
Other			**465**	**2,000**		
Loans and bills discounted *	**319,253**	**291,353**	**234,603**	**107,730**	**132,998**	**218,329**
Total	**¥521,208**	**¥458,819**	**¥469,897**	**¥335,111**	**¥320,090**	**¥238,329**

	Thousands of U.S. dollars					
	1 year or less	Over 1year 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	**$ 585,445**					
Call loans and bills bought	**571,300**					
Securities	**1,013,886**	**$1,799,932**	**$2,528,959**	**$2,443,914**	**$2,010,881**	**$ 214,961**
Held-to-maturity	**7,138**	**17,512**	**4,690**	**1,513**		
Corporate bonds	**7,138**	**17,512**	**4,690**	**1,513**		
Available-for-sale securities that have maturities	**1,006,747**	**1,782,419**	**2,524,268**	**2,442,401**	**2,010,881**	**214,961**
Japanese government bonds	**483,739**	**939,021**	**978,798**	**1,123,209**	**1,227,429**	**214,961**
Municipal bonds	**200,339**	**348,589**	**471,882**	**316,601**	**473,736**	
Corporate bonds	**322,668**	**494,808**	**1,068,589**	**981,094**	**309,716**	
Other			**5,000**	**21,496**		
Loans and bills discounted *	**3,431,354**	**3,131,486**	**2,521,530**	**1,157,890**	**1,429,473**	**2,346,619**
Total	**$5,601,986**	**$4,931,418**	**$5,050,489**	**$3,601,804**	**$3,440,354**	**$2,561,581**

* 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 ¥63,801 million ($685,743 thousand), is not included in the above table. Loans that do not have contractual maturities, amounting to ¥124,191 million ($1,334,818 thousand) are not included either.

(Note 4) Maturity analysis for interest-bearing debt

	Millions of yen					
	1 year or less	Over 1year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Deposits *	**¥2,070,003**	**¥168,459**	**¥13,327**			
Negotiable certificates of deposit	**141,673**	**10,985**				
Borrowed money	**47,187**	**288**	**52**			
Total	**¥2,258,864**	**¥179,733**	**¥13,380**			

	Thousands of U.S. dollars					
	1 year or less	Over 1year 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 *	**$22,248,534**	**$1,810,618**	**$143,249**			
Negotiable certificates of deposit	**1,522,713**	**118,071**				
Borrowed money	**507,178**	**3,095**	**568**			
Total	**$24,278,426**	**$1,931,785**	**$143,818**			

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

22 Derivatives

As mentioned in Note 3 "Accounting change," the Group applied the revised accounting standard and new guidance for financial instruments and related disclosures as of March 31, 2010. The information related to the revision is disclosed from this fiscal year.

(1) Derivative transactions to which hedge accounting is not applied at March 31, 2010.

Regarding the derivative instruments to which hedge accounting is not applied, contract amounts, fair values and unrealized gains or losses for each type of derivative transactions, respectively, at the end of the consolidated balance sheet date and determination of fair value are as follows.

The contract or notional amounts of derivatives which are shown in the below tables do not present the Bank's exposure to credit or market risk.

Foreign exchange forward contracts which are measured at fair value

	Millions of yen			Thousands of U.S. dollars		
	2010			**2010**		
	Contract or notional amounts	Fair value	Revaluation gains (losses)	Contract or notional amounts	Fair value	Revaluation gains (losses)
Forward contracts:						
Selling	**¥178**	**¥(5)**	**¥(5)**	**$1,922**	**$(53)**	**$(53)**
Buying	**219**	**7**	**7**	**2,361**	**81**	**81**

Notes: 1. Derivative instruments are revalued to fair value. Revaluation gains or losses are included in the consolidated statement of income.
2. Determination of fair value: The fair value is determined based on a discounted cash flow model.

(2) Derivative transactions to which hedge accounting is applied at March 31, 2010.

Regarding the derivative instruments to which hedge accounting is applied, contract amounts and fair values for each type of derivative transaction, respectively, at the end of the consolidated balance sheet date and determination of fair value are as follows.

The contract or notional amounts of derivatives which are shown in the below tables do not present the Bank's exposure to credit or market risk.

		Millions of yen		Thousands of U.S. dollars	
		2010		**2010**	
Method of hedge	Hedged items	Contract or notional amounts	Fair value	Contract or notional amounts	Fair value
Differed method					
Forward contracts	Foreign currency denominated loans and call loans	**¥763**	**¥(24)**	**$8,204**	**$(266)**

Notes: 1. The above transactions are primarily accounted by using deferral method in accordance with JICPA Industry Audit Committee Report No. 25, "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transaction in the Banking Industry."
2. Determination of fair value: The fair value is determined based on a discounted cash flow model.

(3) The contract amount and fair value of derivatives as of March 31, 2009

Foreign exchange forward contracts which are measured at fair value

	Millions of yen		
	2009		
	Contract amounts	Fair value	Unrealized gains (losses)
Forward contracts:			
Selling	¥184	¥(6)	¥(6)
Buying	259	6	6

The contract or notional amounts of derivatives which are shown in the above tables do not present the Bank's exposure to credit or market risk.

23 Related-party transactions

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

Relationship	Name	Address	Paid-in capital	Position	Voting rights	Details of business relationship	Transactions	Transaction amount	Accounting name	Year-end balance
Statutory auditor	Toshihito Furuya	—	—	Corporate auditor of the Yamanashi Chuo Bank, simultaneously serving as legal advisor	—	Lending	Lending	—	Loans	¥245 million ($2,637 thousand)
							Interest income	¥5 million ($63 thousand)	—	—
						Compensation for legal advisory services	Legal advisory fee paid	¥2 million ($30 thousand)	—	—
Director's consort	Yuko Ogiwara	—	—	Director's consort of the Yamanashi Chuo Bank	—	Lending	Lending	—	Loans	¥32 million ($349 thousand)
							Interest income	($9 thousand)	—	

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

24 Subsequent event

1. The following appropriation of retained earnings at March 31, 2010 of the shareholders' meeting of the Bank was approved at the board of directors meeting held on May 14, 2010. The shareholders' meeting is scheduled for approval on June 26, 2010.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥3.0 ($0.03) per share	**¥552**	**$5,942**

2. Repurchase of treasury stock

The Bank announced that its Board of Directors at its meeting on May 26, 2010 approved the repurchase of treasury stock, based on Paragraph 3, Article 165, of Japan's Companies Act, as interpreted in light of Article 156 of said Act. The repurchase was carried out on May 27, 2010 as detailed below.

(1) Resolution
- a. Reason for the Repurchase
  The Repurchase was approved to increase returns to shareholders and to give the Bank greater flexibility in capital policy going forward, in light of a changed business environment.
- b. Type of shares to be purchased
  Common stock
- c. Number of shares to be purchased
  1,793,000 (maximum)
- d. Total value of shares to be purchased
  ¥638 million ($6,860 thousand) (maximum)
- e. Repurchase date
  May 27, 2010 (one day)

(2) Outcome of Repurchase
- a. Type of shares purchased
  Common stock
- b. Number of shares purchased
  1,793,000
- c. Total value of shares purchased
  ¥638 million ($6,860 thousand)
- d. Date of repurchase
  May 27, 2010

3. Retirement of treasury stock

The Bank announced that its Board of Directors resolved at the Board meeting on May 26, 2010 to retire treasury stock under Article 178 of Japan's Companies Act, to enhance value per share. The retirement was carried out on June 1, 2010, as detailed below.

(1) Resolution
- a. Type of shares and number of shares to be retired
  5,000,000 shares of common stock
- b. Retirement date
  June 1, 2010

(2) Outcome of retirement
- a. Type of shares and number of shares retired
  5,000,000 shares of common stock
- b. Retirement date
  June 1, 2010
- c. Total value of shares retired
  ¥2,116 million ($22,750 thousand)
- d. Total number of issued shares after retirement
  184,915,000 shares

25 Business segment information

The Group is engaged in commercial banking, leasing and other businesses. Information about business segments of the Group for the years ended March 31, 2010 and 2009, is as follows:

	Millions of yen					
	2010					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
Operating income:						
Operating income from customers	¥ 50,763	¥ 5,840	¥ 819	¥ 57,423		¥ 57,423
Internal operating income among segments	315	744	370	1,430	¥ (1,430)	
Total operating income	51,078	6,585	1,190	58,854	(1,430)	57,423
Operating expenses	44,626	6,157	1,106	51,889	(1,379)	50,509
Operating profit	¥ 6,452	¥ 428	¥ 84	¥ 6,964	¥ (51)	¥ 6,913
Assets, depreciation, impairment loss and capital expenditures:						
Assets	¥2,708,684	¥13,263	¥10,378	¥2,732,326	¥(23,128)	¥2,709,198
Depreciation	2,170	11	4	2,186		2,186
Impairment losses	27			27		27
Capital expenditures	4,940	61	1	5,003		5,003

	Millions of yen					
	2009					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
Operating income:						
Operating income from customers	¥ 53,651	¥ 5,817	¥ 865	¥ 60,333		¥ 60,333
Internal operating income among segments	347	989	389	1,726	¥ (1,726)	
Total operating income	53,998	6,807	1,254	62,060	(1,726)	60,333
Operating expenses	47,539	6,641	1,177	55,358	(2,407)	52,950
Operating profit	¥ 6,458	¥ 165	¥ 77	¥ 6,701	¥ 681	¥ 7,383
Assets, depreciation, impairment loss and capital expenditures:						
Assets	¥2,604,008	¥13,480	¥10,715	¥2,628,203	¥(22,671)	¥2,605,532
Depreciation	2,137	13	5	2,156		2,156
Impairment losses	4			4		4
Capital expenditures	4,783	72	1	4,856		4,856

	Thousands of U.S. dollars					
	2010					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
Operating income:						
Operating income from customers	$ 545,607	$ 62,779	$ 8,807	$ 617,194		$ 617,194
Internal operating income among segments	3,391	8,002	3,986	15,380	$ (15,380)	
Total operating income	548,998	70,782	12,793	632,574	(15,380)	617,194
Operating expenses	479,646	66,177	11,890	557,714	(14,831)	542,883
Operating profit	$ 69,352	$ 4,604	$ 903	$ 74,860	$ (549)	$ 74,311
Assets, depreciation, impairment loss and capital expenditures:						
Assets	$29,113,113	$142,558	$111,551	$29,367,223	$(248,581)	$29,118,642
Depreciation	23,330	118	49	23,498		23,498
Impairment losses	293			293		293
Capital expenditures	53,102	665	10	53,778		53,778

Notes: 1. Operating income represents total income less certain special income included in other income in the accompanying consolidated statements of income.
2. Operating expenses represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of income.

Deloitte.

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Independent Auditors' Report

To the Board of Directors of
The Yamanashi Chuo Bank, Ltd.:

We have audited the accompanying consolidated balance sheets of The Yamanashi Chuo Bank, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Yamanashi Chuo Bank, Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 17, 2010

Member of
Deloitte Touche Tohmatsu

Corporate Data
(as of March 31, 2010)

Common Stock: ¥15,400 million

Number of Shares:
Authorized 398,000,000 shares
Issued 189,915,000 shares

Number of Stockholders: 6,920

Stock Listing: First Section of Tokyo Stock Exchange

Transfer Agent: Mitsubishi UFJ Trust & Banking Corporation

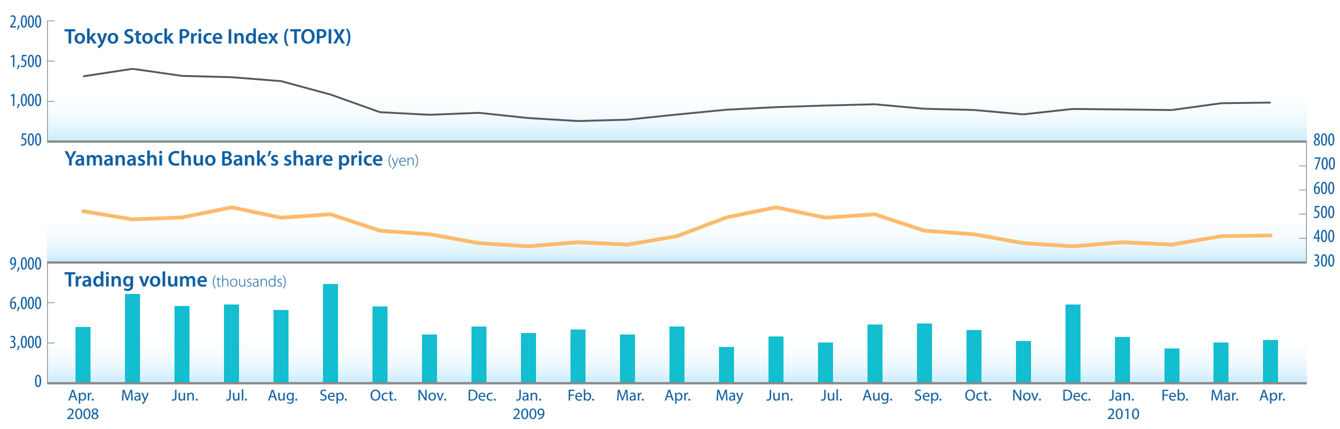
Breakdown of Stockholders

*Shares (1 trading unit: 1,000 shares)
Note: The category "Individuals and others" contains treasury stock in the number of 5,638 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
Japan Trustee Services Bank, Ltd. (Trustee Account)	9,615	5.21
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,962	4.86
Meiji Yasuda Life Insurance Company	6,047	3.28
The Tokio marine & Nichido Fire Insurance Co., Ltd.	5,600	3.03
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	4,913	2.66
Sonpo Japan Insurance Inc.	3,549	1.92
The Master Trust Bank of Japan, Ltd. (Trustee Account)	3,395	1.84
The Joyo Bank, Ltd.	3,217	1.74
Fukoku Mutual Life Insurance Company	3,000	1.62
Teikyo University	2,977	1.61
Total	51,276	27.82

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



Consolidated Subsidiaries

Name	Capital (Millions of yen)	Yamanashi Chuo Bank's share (%)	Lines of business
Yamanashi Chuo Guarantee Co., Ltd.	1,770	99.8	Loan guarantees
Yamanashi Chugin Lease Co., Ltd.	20	61.0	Leasing
Yamanashi Chugin DC Card Co., Ltd.	20	67.5	Credit cards
Yamanashi Chugin Business Service Co., Ltd.*	10	100.0	Banking-related clerical services
Yamanashi Chugin Management Consulting Co., Ltd.	200	85.0	Consulting, investment

* Yamanashi Chugin Business Services Co., Ltd. was dissolved as of March 31, 2010.

Board of Directors and Corporate Auditors

(as of July 1, 2010)

Chairman
Kentaro Ono

President
Toshihisa Ashizawa

Senior Managing Director
Nakaba Shindo

Managing Directors
Yoshihiko Fukasawa
Mitsuyoshi Seki

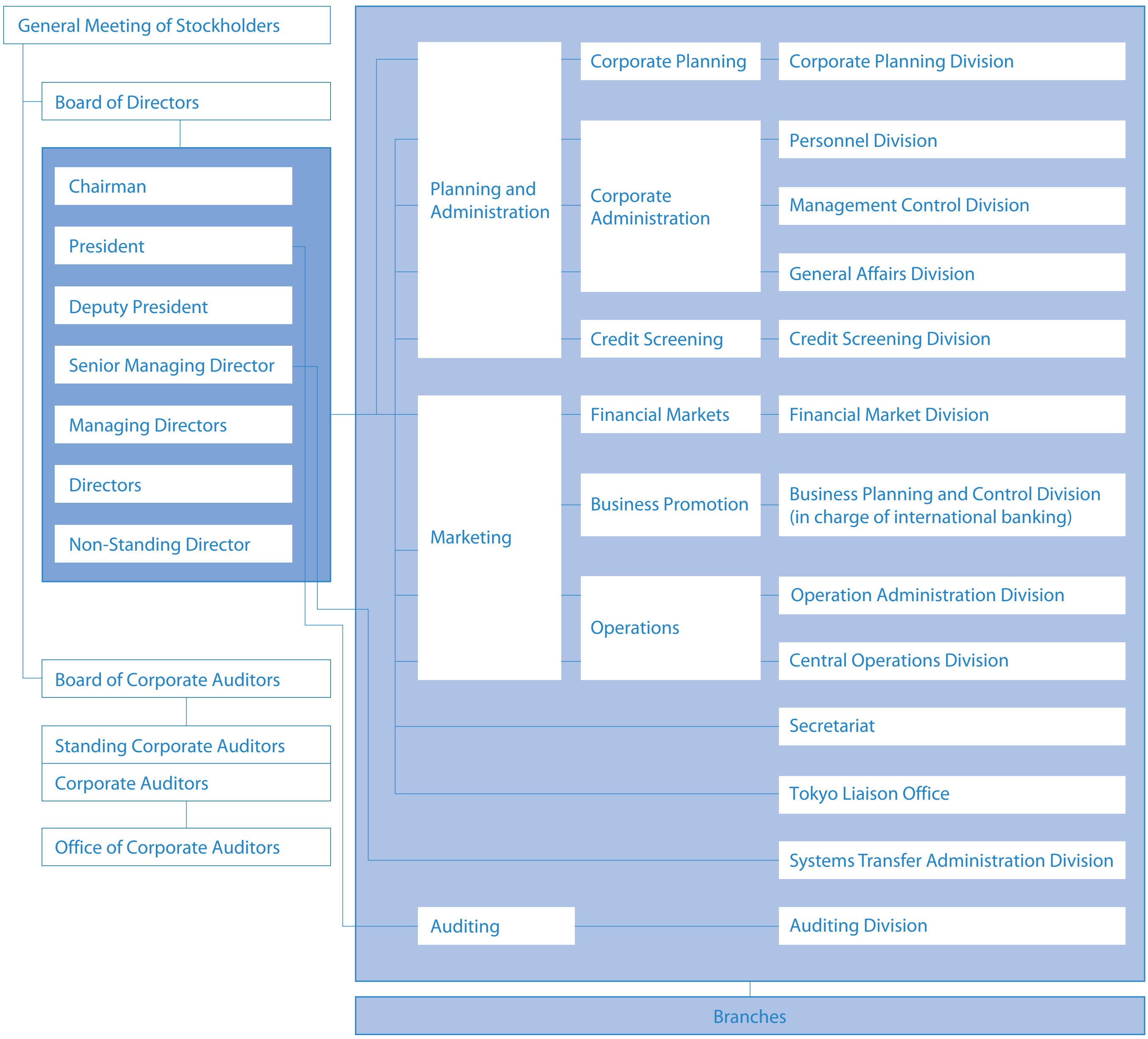
Directors
Akio Hosoda
Shigeo Kunugi
Noboru Arii
Masao Ando
Masanobu Tanaka
Akihiko Inoue
Masayuki Ogihara
Tadashi Kato

Standing Corporate Auditors
Takehiko Sano
Yoshinori Iwama

Corporate Auditors
Tomomitsu Takeda
Magozaemon Takano
Toshihito Furuya

Organization

(as of July 1, 2010)



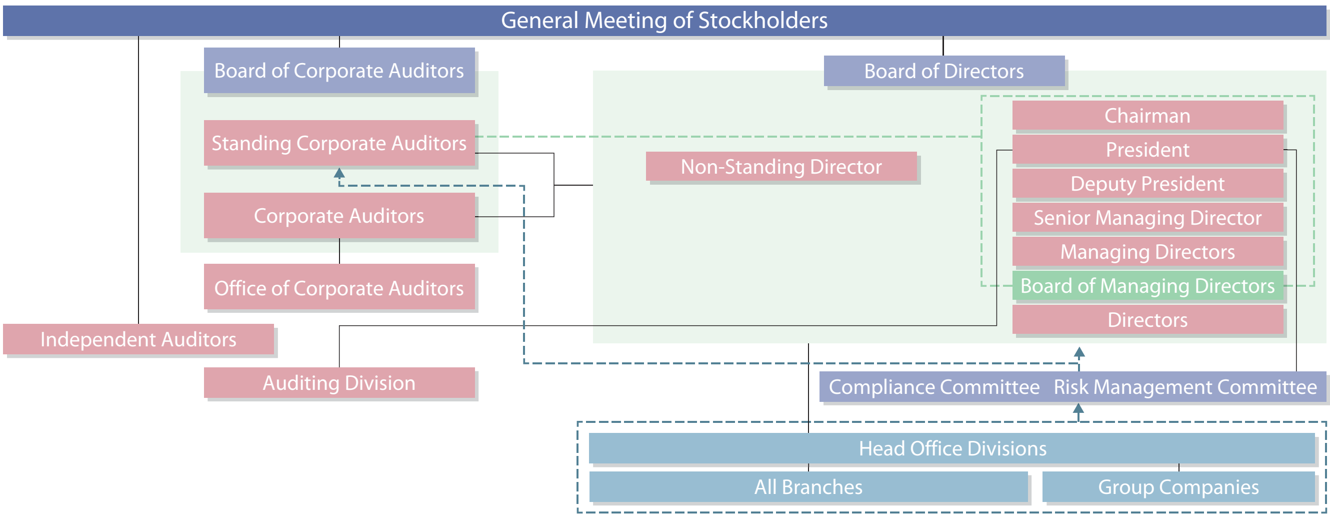
Internal Control and Risk Management

Enhancing corporate governance

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

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

The structure of the internal control system



Risk Management

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

The risks to which the Bank is exposed are divided into the principal categories of credit risk, market risk, liquidity risk, and operational risk. In addition to working constantly to accurately determine the extent of risk in each category, the Bank's ALM Committee and Risk Management Committee conduct analyses and deliberations on the probable impact of the materialization of said risks on the management of the Bank. We are also taking steps to enable more precise measurement of credit risk and market risk, as a first step toward the comprehensive integration of our risk management measures.

Compliance

With regard to the issue of compliance, we believe that our duty is not solely to abide by the law, but also to ensure the strict observance of social norms in both personal behavior and corporate ethics. We are therefore ensuring that the Bank acts as a responsible corporate citizen in responding to the expectations of society in general. That is to say, the Bank must adapt appropriately to social changes, and we must do our utmost to protect our customers and offer them ever more convenient services.

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

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

THE YAMANASHI CHUO BANK, LTD.

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URL: http://www.yamanashibank.co.jp/