

Annual Report 2015



Our Mission

Region-Based Operations and Sound Management

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

Management Vision

A highly trustworthy bank that fully satisfies customers

Slogan

Becoming the No.1 bank in customer and employee satisfaction

Medium-Term Management Plan

Basic policies in the "Best Bank Plan 2016" plan

- Increase Operating Income
- Build Strong Management Structure
- Promote CSR

Profile (as of March 31, 2015)

Corporate Name:
The Yamanashi Chuo Bank, Ltd.

Head Office:
20-8, Marunouchi 1-chome,
Kofu, Yamanashi

Established:
December 1, 1941

President:
Nakaba Shindo

Common Stock:
¥15,400 million

Number of Shares Issued:
174,915,000 shares

Stock Listing:
First Section of the Tokyo Stock Exchange

Long-Term Credit Rating:
A+ (Rating and Investment Information, Inc.)

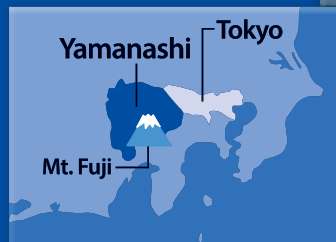
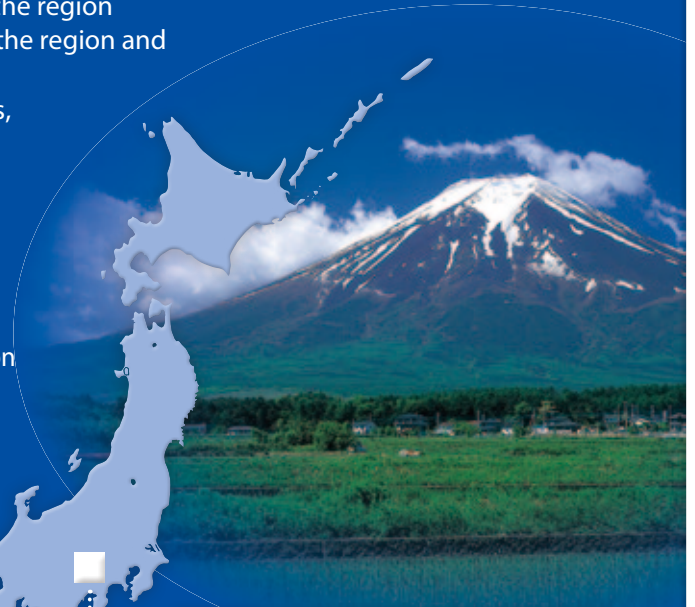
Network:
Domestic: 90 Locations (Head Office and Branches: 88, District Offices: 2)
Corporate Sales Office: 1

Overseas: Hong Kong Representative Office

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

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.



Head office

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Consolidated Financial Highlights

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

Millions of yen

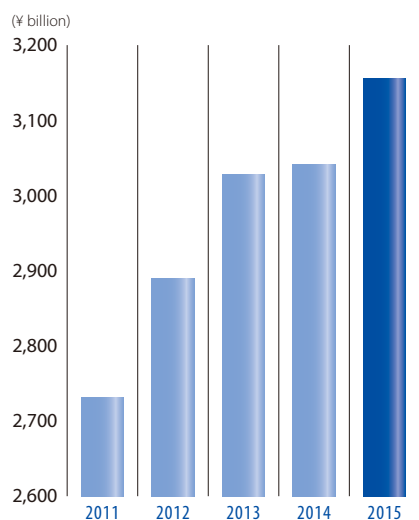
	2011	2012	2013	2014	2015
Ordinary Income	54,514	51,892	50,470	50,518	50,335
Ordinary Profit	8,013	9,606	10,912	12,826	13,464
Net Income	4,056	7,323	6,362	8,736	8,753
Comprehensive Income	(5)	14,708	23,393	8,617	40,346
Net Assets	159,424	172,343	193,620	199,258	237,440
Total Assets	2,731,372	2,890,741	3,028,916	3,041,323	3,155,903
Net Assets per Share (Yen)	878.10	959.53	1,093.22	1,136.72	1,367.58
Net Income per Share (Yen)	22.23	40.68	35.69	49.86	50.38
Capital Adequacy Ratio (Domestic Standard, %)	16.07	16.41	16.75	17.28	17.35
Return on Equity (%)	2.53	4.44	3.50	4.48	4.40
Price Earning Ratio (Times)	18.16	9.04	12.02	9.34	10.44
Cash Flows from Operating Activities	44,621	207,059	72,870	88,999	(3,806)
Cash Flows from Investing Activities	(61,293)	(181,424)	(70,360)	(50,148)	(61,232)
Cash Flows from Financing Activities	(2,551)	(1,821)	(2,467)	(1,625)	(2,018)
Cash and Cash Equivalents	65,030	88,844	88,889	126,115	59,058

Notes

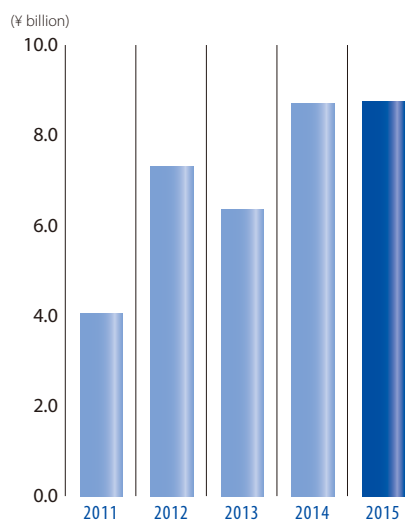
(1) Amounts do not include consumption and local taxes payable by the Bank and its consolidated subsidiaries.

(2) Capital ratio is calculated on a consolidated basis in accordance with the Bulletin Notification No. 19 issued by the Financial Services Agency in 2006 under Paragraph 2, Article 14 of the Banking Law. Because the amended capital adequacy rules have been applied to banks that focus on domestic operations since the fiscal year ended March 31, 2014, from the fiscal year ended March 31, 2014, the Bank calculated the capital adequacy ratio based on the formula set forth in the notification after the amendment.

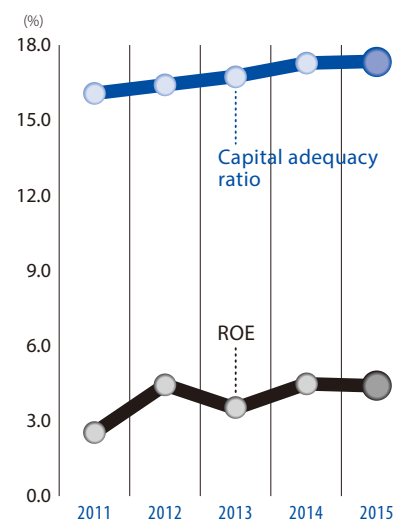
Total assets



Net income



ROE/ Capital adequacy ratio (Domestic standard)



Message from the President

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

The Bank launched its medium-term management plan “Best Bank Plan 2016” with the management vision of becoming a highly trustworthy bank that fully satisfies customers. All management and employees are working on various strategies to achieve this vision under the three principal policies of increasing operating income, building a strong management structure, and promoting CSR.

The government has proclaimed regional creation as an important element of Japan’s growth strategy, and at a Cabinet meeting held in December last year instituted the “Cities, People, and Job Creation Long-Term Vision” and “Cities, People, and Job Creation Comprehensive Strategy.” In light of this, and in order for customers to smoothly carry out their business activities and also to stabilize the lives of customers, the Bank will further strengthen its efforts to ensure regional creation brings about regional economic revitalization by offering more sophisticated financial capabilities and by manifesting its consulting capabilities.

Below, we present an overview of our business performance for fiscal 2014 (April 2014 to March 2015), together with a report on future management plans.



Nakaba Shindo, President

Overview of fiscal 2014 performance

In the year ended March 31, 2015, despite weak personal consumption in the first half of the fiscal year stemming from the consumption tax increase and the effects of the unseasonable summer weather, the gradual recovery of the Japanese economy continued due to strong capital investment in the second half along with a rebound in exports and production. Looking at the financial situation during this period, the foreign exchange rate largely favored a weak yen due to greater monetary easing by the Bank of Japan. The Nikkei Stock Average rose significantly, peaking at ¥20,000 at the end of the fiscal year.

Against this financial and economic backdrop, in the middle year of “Best Bank Plan 2016,” the Bank’s three-year medium-term management plan running from April 2013 through March 2016, we proactively implemented the following measures with the aim of becoming a highly trustworthy bank that fully satisfies customers, as described in our management vision.

We helped our corporate and sole proprietorship customers resolve their business issues by drawing on the resources of Yamanashi Chugin Management Support Services, which links up local universities and support organizations. Further, we actively supported customers trying to expand their business by offering the Yamanashi Chugin “Growth Platform Reinforcement Fund” using the Growth Platform Reinforcement Fund of the Bank of Japan. As measures to support the development and expansion of sales channels, we conducted the “Yamanashi Food Sector Business Matching Fair,” “Regional Banking Food Selection,” and other events. We held our Agri-Business School with the goal of supporting new agri-business and the sixth industrialization for agriculture- and food-related business operators. In addition, to assist businesses engaged in the sixth industrialization, we established the “Yamanashi Sixth Industrialization Support Fund” with the Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-Chain and Expansion. We held the “Seminar for

Accommodating Foreign Tourists” for tourist-related businesses and provided information on the consumption tax exemption system for foreign tourists. In international operations, we formed a new alliance with the Vietcombank of Vietnam and Bank of East Asia of Hong Kong, in addition to existing operation tie-ups with the Bangkok Bank of Thailand, the Bank of Communications of China, Bank Negara Indonesia of Indonesia, and Metropolitan Bank & Trust of the Philippines, thus further enhancing our preparedness for overseas expansion support. In Bangkok, Thailand, we held the “Yamanashi Food Export Trade Fair in Bangkok” and helped companies to enter and develop marketing channels in the countries of Asia, which continue to see high economic growth rates, by jointly sponsoring overseas study missions, business meetings, and various seminars with Yamanashi Prefecture and JETRO Yamanashi.

In the areas of business succession and inheritance measures, the Bank reinforced its support readiness through partnerships with outside institutions and held individual consultations to accurately meet the needs of customers.

With the aim of contributing to regional growth and industrial revitalization and of growing and developing together with customers, the Bank worked on loan creation to increase customers’ business value and assisted with the management improvement that accompanies the provision of new funding.

Specifically, to improve the ability of Bank employees to identify problems and create proposals and loan projects — the basis of loan creation — we systematically shared knowhow and skills by providing various types of training throughout the Bank and developed our human resources.

In order to provide highly effective management improvement support, and respond to the diversifying and increasingly sophisticated management issues and needs of customers, we brought together our highly specialized human resource expertise and established a system to provide optimal solutions.

The Economy of Yamanashi Prefecture — Our Business Base (fiscal 2013)

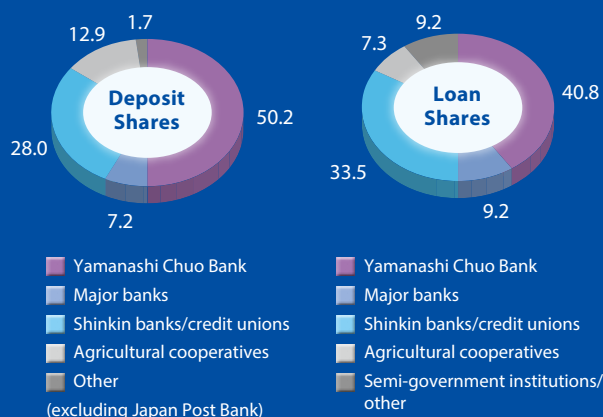
General Prefectural Production: **¥3,535 billion**
 Real Growth Rate: **1.4%**
 Shipment Value of Production in Prefecture: **¥1,985 billion**

Major Products and Their Share in Japanese Market

Products	Shipment Value (¥ billion)	Share (%)	Ranking
Precious Metal Products	27.4	28.3	No. 1
Mineral Water	33.1	25.9	No. 1
Numerical Control Robots	129.8	69.2	No. 1
Quartz crystal units (excluding for clock and watch use)	12.8	8.8	No. 3
Flat-Panel Display Manufacturing Equipment	23.8	7.1	No. 3
Medical Apparatus and Instruments	41.6	7.5	No. 4

Shares in Yamanashi Pref. (%)

(as of March 31, 2015)



We have responded to the wide-ranging and diversifying asset management needs of individual customers by conducting the “Yamanashi Chugin NISA Account Opening Campaign” and the “Yamanashi Chugin Asset Management Start Campaign,” introducing new investment trust and life insurance products, and proposing a “household budget review” tailored to the customer’s life plan. Meanwhile, to meet customers’ needs for financing, we continued to provide the mortgage interest rate plan and also provided products and services to meet customers’ life plans such as running a campaign featuring special interest rates on auto and education loans.

As a result of the foregoing, in the fiscal year ended March 31, 2015, operating income decreased ¥183 million year on year to ¥50,335 million. Ordinary profit increased ¥638 million to ¥13,464 million, and net income rose ¥16 million to ¥8,753 million on a consolidated basis.

In the Bank’s main accounts (consolidated basis), the Bank enhanced its deposit products and services to appropriately and swiftly meet the diversifying asset management needs of customers. As a result, the year-end balance of total deposits increased ¥65.5 billion to ¥2,701.4 billion mainly due to an increase in deposits held by both individual and corporate customers.

Total deposits including negotiable certificates of deposit (NCDs) increased ¥43.6 billion during the year to ¥2,805.2 billion.

The year-end balance of over-the-counter Japanese government bonds and investment trusts declined ¥16.5 billion during the year to ¥155.6 billion. Turning to loans, we proactively expanded lending to second-tier companies and SMEs and also promoted loans to individuals. At the same time, we proactively met the funding demand primarily from local government bodies. As a result, the balance of loans increased by ¥48.2 billion to ¥1,488.6 billion.

Future management policies

In Yamanashi Prefecture, boosted by the listing of Mount Fuji as a World Heritage Site and the weak yen, there was good news that

included the sharp increase in foreign tourists. The development and expansion of the transportation infrastructure is moving forward with large scale national projects such as the opening of the Chubu Odan Expressway to Shizuoka Prefecture (scheduled for completion in 2017) and the Linear Chuo Shinkansen (scheduled to open in 2027). These projects are expected to contribute significantly to the cultural and economic development of Yamanashi Prefecture.

Meanwhile, changes to the social structure are becoming apparent as the population of Yamanashi Prefecture dropped below 840,000 in November of last year, making the advent of a depopulating society more likely.

Further, in the financial sector, with competition among financial institutions expected to grow more severe due mainly to Japan Post Bank’s aggressive expansion and the prominence of online banking, aiming to create a business model focused 5 to 10 years into the future, the industry undertook new initiatives including the management integration of local financial institutions.

In light of these changes in the business environment, the Bank will set its sights on achieving the management vision outlined in the “Best Bank Plan 2016” medium-term management plan, now in its final fiscal year. Under the three basic policies of increasing operating income, building a strong management structure, and promoting CSR, more rapidly than ever before, we will develop a range of strategies.

Specifically, with respect to “increasing operating income,” we will strengthen our marketing capabilities by reinforcing our business structure, and promoting strategies for individual and corporate customers, as well as regional and branch strategies. In addition, we will ensure stable profits by strengthening our market operation capabilities.

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

President

Nakaba Shindo

Best Bank Plan 2016

Medium-Term Management Plan

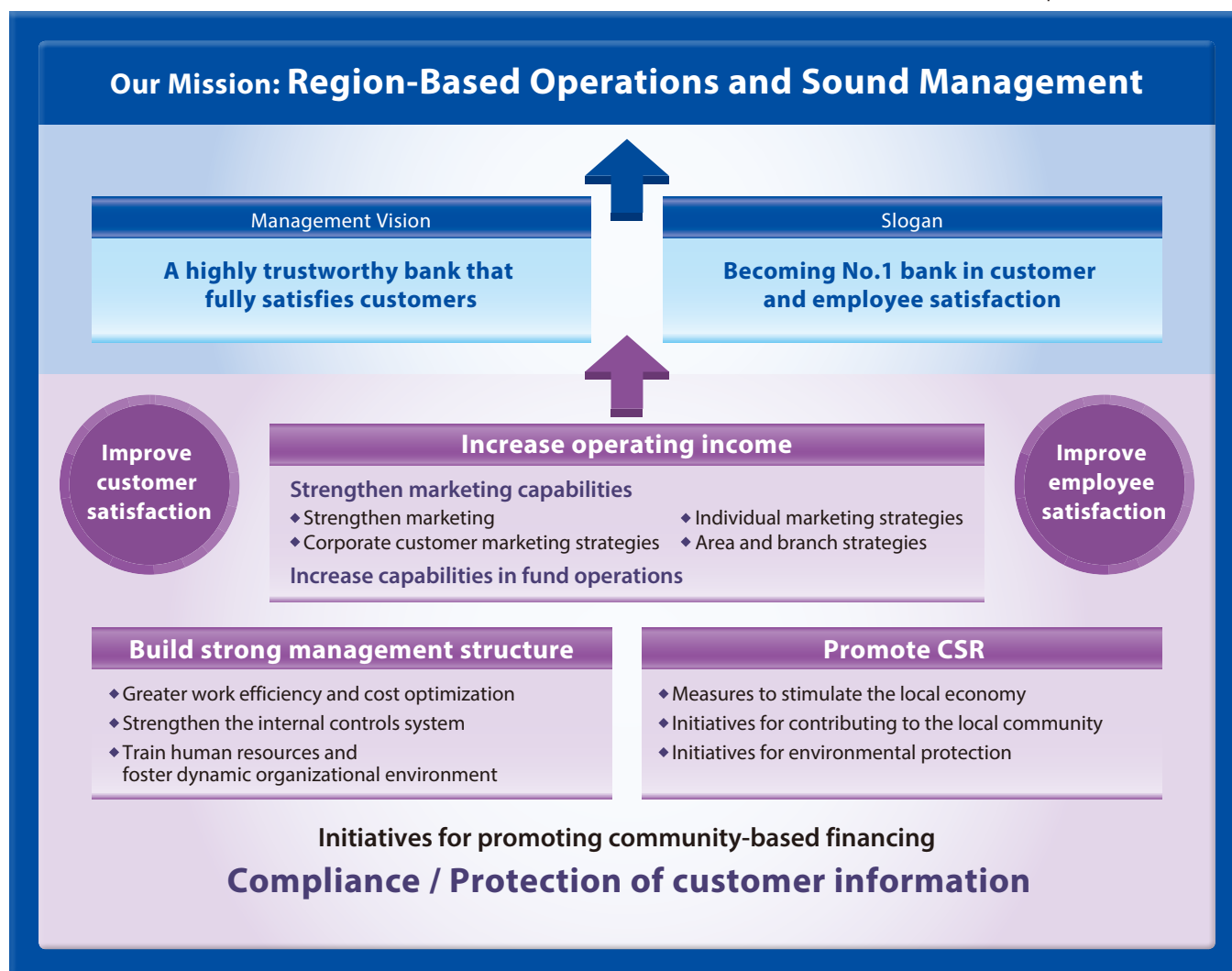
Overview

In April 2013, the Bank launched its “Best Bank Plan 2016” medium-term management plan for the period April 2013 to March 2016.

We have drawn up a management vision, to be realized through achievement of three principal goals: increasing operating income, building a strong management structure, and promoting CSR. A range of policies are being rolled out to achieve these goals. Our aim is to be a highly trustworthy bank that fully satisfies customers.

In tandem with this strategy, we are working toward the goal of becoming No.1 in customer satisfaction, which necessarily means also being No. 1 in employee satisfaction. We aim to create a virtuous circle, with improved customer and employee satisfaction generating stronger earnings, in turn triggering further improvement in customer and employee satisfaction. This will be the key to achieving sustainable growth.

(Plan duration: April 2013 to March 2016)



Medium-Term Plan Target (FY2015)

Gross banking profit	Net business profit	OHR	Capital adequacy ratio (domestic standard)	Average loan balance	Average deposit balance
¥41 bn	¥12 bn	70% or under	15% or above	¥1,550 bn	¥2,800 bn

Best Bank Plan 2016 Medium-Term Management Plan

CSR within the medium-term management plan

At the Yamanashi Chuo Bank, we have been working to fulfill our corporate social responsibilities, as we recognize that this, along with sustained value creation and improved competitiveness, is essential in forging even stronger ties with all our stakeholders, including our customers and shareholders, other market investors, our employees, and the regional community. We work to enhance corporate governance and to further reinforce our compliance stance. In addition to contributing to regional economy 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



Region-Based Financial Services

Basic Policy

The provision of region-based financial services (relationship banking) is a long-term issue for the Bank, and our “Best Bank Plan 2016” Medium-Term Management Plan (April 2013 – March 2016) embodies this principle and approach. Accordingly, we are promoting relationship banking by resolutely implementing various supporting measures in the medium-term plan.

Looking ahead, we will continue to take measures to develop the regional economy and community, improve our services for customers in the region, and promote relationship banking.

- 1 Demonstrate consulting capabilities to corporate customers**
- 2 Constructively participate in entire region’s revitalization**
- 3 Actively disseminate information to communities and customers**

Our Mission: Region-Based Operations and Sound Management

Best Bank Plan 2016 medium-term management plan

Promotion of relationship banking

1

Demonstrate consulting capabilities to corporate customers

- Provide prompt, fitting solutions for companies at different growth stages*
- Upgrade our solutions services through alliances with external organizations and regional public bodies
- Use specialist financial tools to support the growth of regional enterprises and the fostering and deployment of personnel with intellectual skills

*The growth stages of a company: foundation, growth and other development stages, and degree of enterprise sustainability

2

Constructively participate in entire region’s revitalization

- Involvement in and partnerships for measures for regional regeneration through public bodies, etc.
- Measures for community contributions such as support for education, and promotion of culture, the arts and sports

3

Actively disseminate information to communities and customers

- Easy-to-understand information made available through various media including our website and annual report

Aiming to provide satisfaction and earn unshakable trust

Region-Based Financial Services

Corporate growth assistance through collaboration with business advisors (April 2001 to March 2015)

Number of investment target and borrower enterprises, investment amount	188 ¥13.5 bn	In the field of corporate growth support, since employment of business advisors in April 2001, we have provided consulting services to 575 companies regarding expansion of marketing channels and evaluation of potential of business.
Number of business matching deals	88 lines	

Yamanashi Chugin Management Support Coordination Services, and corporate customer support through business matching services (April 2005 to March 2015)

Number of companies that have received support (problem-solving) from Yamanashi Chugin Management Support Services	985	The coordination services utilizes a network of contacts linking the Bank with external support institutions to offer corporate customers tailored proposals backed up by specialist know-how (Jan. 2006 to March 2015).
Number of business matching deals successfully concluded via the Bank's network or Bank-sponsored business meetings	2,101	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. (FY2005-2014).

Achievements in support for management improvement (April 2012 to March 2014)

Debtors (excluding normal borrowers) as of the start of term: A	3,305
Of which, those receiving management improvement support: a	151
Of which, those upgraded their debtor categories as of the term-end: b	16
Of which, those drawing up reconstruction plans: c	135
Percentage receiving management improvement support: (a/A)	4.6%
Percentage upgraded: (b/a)	10.6%
Percentage drawing up reconstruction plans: (c/a)	89.4%

Corporate Banking

Support for companies through our solutions businesses

In collaboration with outside support organizations, the Group has created a support system for establishing businesses, starting up new businesses, and growing and revitalizing business, and is working to provide high-quality financial services.

In fiscal 2014, we continued our previous fiscal year's efforts to facilitate smooth financing to local companies, provide consulting services to corporate customers, and strengthen our solutions businesses. In response to the "SME Finance Facilitation Act," we meticulously consulted with customers about financing based on the "Basic Policy for Financial Facilitation" established by the Bank. At the same time, we strengthened our support system, formulated management improvement plans, and provided strong support for the implementation of those plans.

Specifically, we helped customers resolve their business issues by drawing on the resources of Yamanashi Chugin Management Support Services, which links up local universities and support organizations. We actively supported customers trying to expand their business by offering the Yamanashi Chugin "Growth Platform Reinforcement Fund" using the Growth Platform Reinforcement Fund of the Bank of Japan. To support the development and expansion of sales channels, we actively carried out business matching services such as the "Yamanashi Food Sector Business Matching Fair" and the "Regional Banking Food Selection."

We held our Agri-Business School with the goal of supporting new agri-business and the sixth industrialization for agriculture- and food-related business operators. In addition, to assist businesses engaged in the sixth industrialization, we established the "Yamanashi Sixth Industrialization Support Fund" with the Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-Chain and Expansion.

We held the "Seminar for Accommodating Foreign Tourists" for tourism-related business operators and provided information on the consumption tax exemption system for overseas tourists.

In international operations, we formed a new alliance with the Vietcombank of Vietnam and Bank of East Asia of

Hong Kong, in addition to existing operation tie-ups with the Bangkok Bank of Thailand, the Bank of Communications of China, Bank of Negara Indonesia of Indonesia, and Metropolitan Bank & Trust of Philippines, thus further enhancing our preparedness for overseas expansion support. In Bangkok Thailand, we held the "Yamanashi Food Export Trade Fair in Bangkok" and supported setting up units and expanding marketing channels in the countries of Asia, which continue to see high economic growth rates, by jointly sponsoring overseas study missions, business meetings, and various seminars with Yamanashi Prefecture and JETRO Yamanashi.

In the areas of business succession and inheritance services, the Bank reinforced its support readiness through partnerships with outside institutions and held individual consultations to accurately meet the needs of customers.

With the aim of contributing to regional growth and industrial revitalization and growing and developing together with customers, the Bank worked on loan creation to increase the customers' business value and assisted with the management improvement that accompanies the provision of new funding.

Specifically, to improve the ability of Bank employees to identify problems and create proposals and loan projects — the basis of loan creation — we systematically shared knowhow and skills by providing various types of training throughout the Bank and developed our human resources.

In order to provide highly effective management improvement support, and respond to the diversifying and increasingly sophisticated management issues and needs of customers, we brought together our highly specialized human resource expertise and established a system to provide optimal solutions.

The total of loans outstanding to SMEs as of March 31, 2015 was up by ¥2.0 billion year on year to ¥473.3 billion, accounting for 31.6% of all loans outstanding.

Looking ahead, the Bank will work hard to provide comprehensive financial services and strengthen its consulting capabilities to better respond to the needs of our corporate customers who form the bedrock of the regional economy.



Agri-Business School



Yamanashi Food Business Liaison Conference

Consumer Banking

Meeting customers' diverse needs

We have responded to a wide range of diversifying asset management needs by conducting the "Yamanashi Chugin NISA Account Opening Campaign," the "Yamanashi Chugin Asset Management Start Campaign," introducing new investment trust and life insurance products, and proposing a "household budget review" tailored to the customer's life plan. Meanwhile, to meet customers' needs for financing, we continued to provide the mortgage interest rate plan and also provided products and services to meet customers' life plans such as running a campaign featuring special interest rates on auto and education loans.

The balance of loans to individuals as of March 31, 2015, decreased by ¥2.0 billion from the previous year-end to ¥375.8 billion, accounting for 25.1% of all loans. The balance of housing loans outstanding at the year-end stood at ¥367.9 billion, unchanged from March 31, 2014.



Various asset management seminars held

Western Tokyo Bloc

Seeking greater potential beyond Yamanashi Prefecture

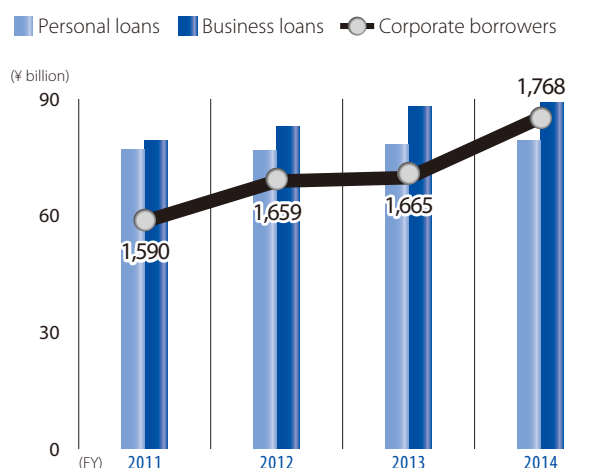
Bordering Yamanashi Prefecture to the east, the western part of Tokyo in which we operate, is a large market that is home to around 5.49 million people, and 170,000 business sites. We call it the Western Tokyo Bloc and it has tremendous growth potential. As of March 31, 2015, we had 14 branches and one corporate sales office within this Bloc. Most have been in operation for 30 to 40 years and are well-established as a local financial institution in their local communities. In August 2015, we made the Kumegawa Corporate Sales Office into a branch as the Higashimurayama Branch with the aim of improving customer convenience and expanding our customer base in the Western Tokyo Bloc.

This region has achieved greater profitability and efficiency exceeding that within Yamanashi Prefecture and we view this as one of the pillars for "increasing operating income" in the new medium-term management plan. In this plan, we will expand the marketing base multi-dimensionally through the active investment of human resources and the aggressive expansion of new business bases with the aim of even greater profitability and efficiency.

In the fiscal year ended March 31, 2015, personal loans increased by ¥0.8 billion year on year to ¥79.2 billion, while business loans increased by ¥0.9 billion to ¥89.0 billion. The total of corporate borrowers now on our books increased by

103 to 1,768 (in terms of transactions). Loan RAROA (earnings after deduction of credit cost/loans), a prime indicator of profitability, was better than in Yamanashi Prefecture, reflecting high profitability of our operations in the western Tokyo area.

Loans and corporate borrowers in Western Tokyo Bloc



* Local public bodies are excluded in corporate borrowers

Financial Review

(on a consolidated basis)

Operating Environment

In the year ended March 31, 2015, despite weak personal consumption in the first half of the fiscal year stemming from the consumption tax increase and the effects of unseasonable summer weather, the gradual recovery of the Japanese economy continued due to strong capital investments in the second half along with a rebound in exports and production. Looking at the financial situation during this period, the foreign exchange rate largely favored a weak yen due to greater monetary easing by the Bank of Japan. The Nikkei Stock Average rose significantly, peaking at ¥20,000 at the end of the fiscal year.

The economy of Yamanashi Prefecture, despite somewhat lackluster personal consumption, continued to show signs of recovery overall with strong production and a rebound in capital investment. In tourism, boosted by the listing of Mount Fuji as a World Heritage Site and the weak yen, the entire prefecture was bustling due to a sharp increase in foreign tourists and other factors.

Overview of Earnings

The Bank continued to strengthen its earning capacity and streamline overall operations. Although interest on loans and bills discounted declined due to lower interest rates on loans and bills discounted, gross business profit increased on higher interest and dividends on securities under favorable market conditions and an increase in fees and commissions resulting from higher sales of investment trusts and insurance.

As a result, consolidated ordinary income decreased ¥183 million from the previous year to ¥50,335 million. Consolidated ordinary profit increased ¥638 million to ¥13,464 million, and consolidated net income rose ¥16 million to ¥8,753 million.

Overview of Principal Accounts

In the Bank's main accounts, the Bank enhanced its deposit products and services to appropriately and swiftly meet the diversifying asset management needs of customers. As a result, the year-end balance of total deposits on a

consolidated basis increased ¥65.5 billion to ¥2,701.4 billion mainly due to an increase in deposits held by both individual and corporate customers.

Total deposits including negotiable certificates of deposit (NCDs) increased ¥43.6 billion during the year to ¥2,805.2 billion. The year-end balance of over-the-counter Japanese government bonds and investment trusts declined ¥16.5 billion during the year to ¥155.6 billion.

Turning to loans, we proactively expanded lending to second-tier companies and SMEs and promoted loans to individuals. At the same time, we proactively met funding demand primarily from local government bodies. As a result, the balance of loans increased by ¥48.2 billion to ¥1,488.6 billion.

In investment securities, we took measures to ensure smooth management, while keeping a close eye on the investment environment and market trends. We also underwrote public debt such as municipal, government-guaranteed and other public bonds. As a result, the balance of investment securities increased ¥100.0 billion to ¥1,515.3 billion.

The consolidated capital adequacy ratio (domestic standard) increased 0.07 percentage points to 17.35%.

Cash Flows

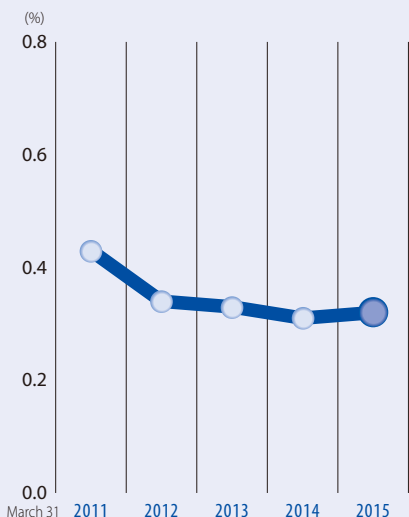
Net cash used in operating activities amounted to ¥3.8 billion (compared with inflows of ¥88.9 billion in the previous year), with deposits increasing ¥43.6 billion and loans and bills discounted increasing ¥48.2 billion.

Net cash used in investing activities totaled ¥61.2 billion (compared with a net outflow of ¥50.1 billion in the previous year), with acquisition of investment securities totaling ¥280.1 billion and sales and redemption of investment securities totaling ¥222.6 billion.

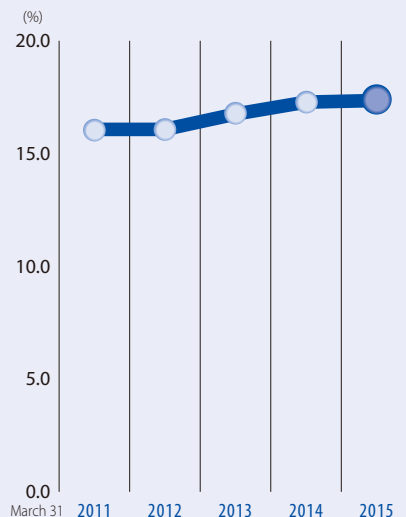
Net cash used in financing activities came to ¥2.0 billion (compared with a net outflow of ¥1.6 billion in the previous year), with expenses on acquisition of treasury stock totaling ¥0.8 billion and dividend payments of ¥1.1 billion.

As a result, cash and cash equivalents at the end of the fiscal year came to ¥59.0 billion (down ¥67.0 million from the previous year).

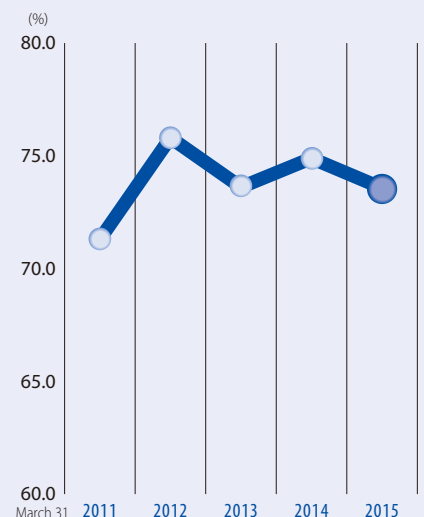
ROA



Capital adequacy ratio (Domestic standard)



OHR



ROA = Core net business profit / (Average Balance of Total Assets - Average Balance of Customers' Liabilities for Acceptances & Guarantees)

Capital Ratio = On a consolidated basis, domestic standard OHR = Operating expenses / Core Gross Business Profit

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

【Consolidated Financial Statements】

①【Consolidated Balance Sheets】

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2014 (March 31, 2015)	End of FY2013 (March 31, 2014)	End of FY2014 (March 31, 2015)
Assets:			
Cash and due from banks	¥ 69,226	¥136,295	\$576,075
Call loans and bills bought	34,287	4,766	285,325
Monetary claims bought	11,716	10,902	97,503
Trading securities	—	43	—
Securities ※1, ※8, ※13	1,515,314	1,415,253	12,609,759
Loans and bills discounted ※2, ※3, ※4, ※5, ※6, ※7, ※10	1,488,648	1,440,401	12,387,858
Foreign exchanges ※6	1,067	1,442	8,882
Other assets ※8, ※9	12,998	13,325	108,168
Tangible fixed assets ※11, ※12	25,546	24,663	212,584
Buildings	8,851	7,942	73,661
Land	13,521	13,235	112,516
Construction in progress	622	1,103	5,184
Other tangible fixed assets	2,550	2,381	21,222
Intangible fixed assets	4,091	5,043	34,046
Software	2,748	3,637	22,874
Software in progress	1,009	1,015	8,405
Other intangible fixed assets	332	390	2,767
Net defined benefit asset	2,585	1,123	21,517
Deferred tax assets	395	353	3,288
Customers' liabilities for acceptances and guarantees	4,968	5,386	41,343
Allowance for possible loan losses	(14,944)	(17,677)	(124,359)
Total assets	¥3,155,903	¥3,041,323	\$26,261,990

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2014 (March 31, 2015)	End of FY2013 (March 31, 2014)	End of FY2014 (March 31, 2015)
Liabilities:			
Deposits ※8	¥2,701,437	¥2,635,875	\$22,480,135
Negotiable certificates of deposit	103,832	125,777	864,044
Call money and bills sold	5,287	6,483	44,000
Payables under securities lending transactions ※8	26,095	7,537	188,985
Borrowed money ※8, ※9	22,710	21,637	217,155
Foreign exchanges	183	113	1,528
Other liabilities	26,331	24,767	219,122
Accrued bonuses to directors and corporate auditors	44	45	373
Net defined benefit liability	971	976	8,081
Reserve for directors' and corporate auditors' retirement benefits	7	6	64
Reserve for reimbursement of deposits	237	190	1,974
Reserve for contingent losses	107	236	898
Deferred tax liabilities	26,247	13,029	218,416
Acceptances and guarantees	4,968	5,386	41,343
Total liabilities	2,918,462	2,842,064	24,286,119
Net assets:			
Common stock	15,400	15,400	128,152
Capital surplus	8,287	8,287	68,964
Retained earnings	145,268	140,009	1,208,862
Treasury stock	(1,126)	(2,423)	(9,373)
Total shareholders' equity	167,829	161,272	1,396,604
Unrealized gains on available-for-sale securities	68,042	37,450	566,219
Remeasurements of defined benefit plans	(259)	(1,071)	(2,161)
Total accumulated other comprehensive income	67,782	36,379	564,057
Subscription rights to shares	124	90	1,038
Minority interests	1,703	1,515	14,172
Total net assets	237,440	199,258	1,975,871
Total liabilities and net assets	¥3,155,903	¥3,041,323	\$26,261,990

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

【Consolidated Statements of Income】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Ordinary income:	¥50,335	¥50,518	\$418,870
Interest and dividends income	35,000	34,476	291,259
Interest on loans and bills discounted	19,290	20,563	160,528
Interest and dividends on securities	15,450	13,749	128,573
Interest on call loans and bills bought	46	27	391
Interest on due from banks	91	52	762
Other	120	83	1,005
Fees and commissions	7,716	7,347	64,217
Other operating income	4,190	5,619	34,871
Other ordinary income	3,427	3,075	28,523
Reversal of allowance for possible loan losses	1,686	1,533	14,035
Other ※1	1,741	1,541	14,488
Ordinary expenses	36,871	37,692	306,824
Interest expenses	1,690	1,704	14,069
Deposits	1,506	1,517	12,534
Negotiable certificates deposits	95	104	796
Call money and bills sold	19	15	162
Borrowed money	36	60	304
Other	32	5	272
Fees and commissions	1,931	1,875	16,073
Other operating expenses	3,606	4,579	30,012
General and administrative expenses ※2	29,217	29,204	243,136
Other expenses	424	328	3,534
Ordinary profit	13,464	12,826	112,046

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Extraordinary income:	—	120	—
Gain on disposal of fixed assets	—	118	—
Other extraordinary income	—	2	—
Extraordinary losses	417	458	3,475
Impairment losses ※3	353	318	2,943
Losses on disposal of fixed assets	63	139	532
Income before income taxes and minority interests	13,047	12,488	108,571
Income taxes – current	3,001	2,715	24,977
Income taxes – deferred	1,105	824	9,201
Total income taxes	4,107	3,540	34,178
Income before minority interests	8,939	8,948	74,393
Minority interests in net income	186	212	1,549
Net income	¥8,753	¥8,736	\$72,844

【Consolidated Statements of Comprehensive Income】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Income before minority interests	¥8,939	¥8,948	74,393
Other comprehensive income ※1	31,406	(331)	261,351
Net unrealized gains on available-for-sale securities	30,594	(331)	254,597
Remeasurements of defined benefit plans	811	—	6,755
Total comprehensive income	40,346	8,617	335,744
Total comprehensive income attributable to shareholders of the parent	40,157	8,398	334,169
Total comprehensive income attributable to minority interests	189	218	1,576

③【Consolidated Statements of Changes in Net Assets】

	Millions of Yen				
	Shareholders' equity				
Consolidated FY2014 (From April 1, 2014 to March 31, 2015)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	¥15,400	¥8,287	¥140,009	¥(2,423)	¥161,272
Cumulative effect of changes in accounting policies			(179)		(179)
Balance at beginning of year reflecting changes in accounting policies	15,400	8,287	139,829	(2,423)	161,092
Changes during year:					
Cash dividends			(1,173)		(1,173)
Net income			8,753		8,753
Purchases of treasury stock				(844)	(844)
Cancellation of treasury stock		(2,140)		2,140	
Disposals of treasury stock		(0)		1	1
Transfer from retained earnings to capital surplus		2,140	(2,140)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	5,439	1,297	6,737
Balance at end of current year	¥15,400	¥8,287	¥145,268	¥(1,126)	¥167,829

	Millions of Yen					
	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
Consolidated FY2014 (From April 1, 2014 to March 31, 2015)	Unrealized gains on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	¥ 37,450	¥(1,071)	¥36,379	¥90	¥1,515	¥199,258
Cumulative effect of changes in accounting policies						(179)
Balance at beginning of year reflecting changes in accounting policies	37,450	(1,071)	36,379	90	1,515	199,078
Changes during year:						
Cash dividends						(1,173)
Net income						8,753
Purchases of treasury stock						(844)
Cancellation of treasury stock						
Disposals of treasury stock						1
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	30,591	811	31,403	34	187	31,625
Total changes during year	30,591	811	31,403	34	187	38,362
Balance at end of current year	¥68,042	¥(259)	¥67,782	¥124	¥1,703	¥237,440

	Millions of Yen				
	Shareholders' equity				
Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	¥15,400	¥8,287	¥132,330	¥(1,566)	¥154,451
Cumulative effect of changes in accounting policies					
Balance at beginning of year reflecting changes in accounting policies	15,400	8,287	132,330	(1,566)	154,451
Changes during year:					
Cash dividends			(1,053)		(1,053)
Net income			8,736		8,736
Purchases of treasury stock				(882)	(882)
Cancellation of treasury stock					
Disposals of treasury stock		(4)		24	20
Transfer from retained earnings to capital surplus		4	(4)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	7,678	(857)	6,821
Balance at end of current year	¥15,400	¥8,287	¥140,009	¥(2,423)	¥161,272

	Millions of Yen					
	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Unrealized gains on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	¥ 37,789	¥—	¥37,789	¥71	¥1,308	¥193,620
Cumulative effect of changes in accounting policies						
Balance at beginning of year reflecting changes in accounting policies	37,789	—	37,789	71	1,308	193,620
Changes during year:						
Cash dividends						(1,053)
Net income						8,736
Purchases of treasury stock						(882)
Cancellation of treasury stock						
Disposals of treasury stock						20
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	(338)	(1,071)	(1,409)	19	206	(1,183)
Total changes during year	(338)	(1,071)	(1,409)	19	206	5,637
Balance at end of current year	¥37,450	¥(1,071)	¥36,379	¥90	¥1,515	¥199,258

	Thousands of U.S. Dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Consolidated FY2014 (From April 1, 2014 to March 31, 2015)					
Balance at beginning of current year	\$ 128,152	\$68,964	\$1,165,093	\$ (20,171)	\$1,342,038
Cumulative effect of changes in accounting policies			(1,498)		(1,498)
Balance at beginning of year reflecting changes in accounting policies	128,152	68,964	1,163,595	(20,171)	1,340,540
Changes during year:					
Cash dividends			(9,767)		(9,767)
Net income			72,844		72,844
Purchases of treasury stock				(7,029)	(7,029)
Cancellation of treasury stock					
Disposals of treasury stock		(1)		16	15
Transfer from retained earnings to capital surplus		17,811	(17,811)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	45,266	10,797	56,063
Balance at end of current year	\$128,152	\$68,964	\$1,208,862	\$ (9,373)	\$1,396,604

	Thousands of U.S. Dollars					
	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Consolidated FY2014 (From April 1, 2014 to March 31, 2015)						
Balance at beginning of current year	\$ 311,648	\$—	\$302,733	\$754	\$12,610	\$1,658,135
Cumulative effect of changes in accounting policies	—	—	—	—	—	(1,498)
Balance at beginning of year reflecting changes in accounting policies	311,648	(8,916)	302,733	754	12,610	1,656,637
Changes during year:						
Cash dividends						(9,767)
Net income						72,844
Purchases of treasury stock						(7,029)
Cancellation of treasury stock						
Disposals of treasury stock						15
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	254,570	10,410	261,325	283	1,562	263,170
Total changes during year	254,570	10,410	261,325	283	1,562	319,233
Balance at end of current year	\$566,219	\$(10,410)	\$564,057	\$1,038	\$14,172	\$1,975,871

④【Consolidated Statements of Cash Flows】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Operating activities:			
Income before income taxes and minority interests	¥13,047	¥12,488	\$108,571
Adjustment for:			
Depreciation and amortization	3,295	3,196	27,426
Impairment losses	353	318	2,943
Increase (decrease) in allowance for possible loan losses	(2,733)	(3,091)	(22,746)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(1)	0	(9)
Increase (decrease) in liability for employees' retirement benefits	—	(7,680)	—
Decrease (increase) in net defined benefit asset	(1,253)	(1,799)	(10,434)
Increase (decrease) in net defined benefit liability	(491)	—	(4,089)
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	1	(6)	12
Increase (decrease) in reserve for reimbursement of deposits	47	(85)	392
Increase (decrease) in reserve for contingent losses	(128)	(43)	(1,070)
Interest income recognized on consolidated statements of income	(35,000)	(34,476)	(291,259)
Interest expenses recognized on consolidated statements of income	1,690	1,704	14,069
Losses (gains) on investment securities	(1,042)	(1,023)	(8,677)
Foreign exchange losses – net	(3,320)	(358)	(27,634)
Losses on disposal of premises and equipment	63	21	532
Net increase (decrease) in loans and bills discounted	(48,247)	59,473	(401,491)
Net increase in deposits	65,561	88,958	545,576
Net increase in negotiable certificates of deposit	(21,945)	(8,017)	(182,616)
Net increase (decrease) in borrowed money	1,073	(84,188)	8,930
Net decrease in due from banks (excluding cash equivalents)	10	(71)	90
Net decrease (increase) in call loans	(30,335)	11,029	(252,441)
Net increase (decrease) in call money	(1,196)	5,731	(9,957)
Net increase (decrease) in payables under securities lending transactions	18,557	7,537	154,430
Net decrease (increase) in foreign exchanges (assets)	374	(320)	3,119

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Net increase (decrease) in foreign exchanges (liabilities)	69	5	582
Interest income (cash basis)	39,016	38,378	324,678
Interest expenses (cash basis)	(1,283)	(1,427)	(10,681)
Other – net	2,742	7,550	22,819
Total adjustments	(1,073)	93,803	(8,933)
Income taxes paid	(2,733)	(4,804)	(22,746)
Net cash provided by operating activities	(3,806)	88,999	(31,679)
Investing activities:			
Purchases of investment securities	(280,148)	(336,278)	(2,331,272)
Proceeds from sales of investment securities	105,249	149,795	875,835
Proceeds from redemption of investment securities	117,424	139,019	977,157
Purchases of premises and equipment	(2,669)	(1,768)	(22,212)
Proceeds from sales of premises and equipment	–	167	–
Purchases of intangible fixed assets	(1,089)	(1,086)	(9,070)
Proceeds from sales of intangible fixed assets	1	1	12
Net cash used in investing activities	(61,232)	(50,148)	(509,550)
Financing activities:			
Dividends paid	(1,173)	(1,053)	(9,767)
Payment of dividends to minority interests	(1)	(1)	(14)
Repurchases of treasury stock	(844)	(636)	(7,029)
Proceeds from sales of treasury stock	1	1	15
Proceeds transferred from trust account for purchase of treasury stock	–	64	–
Net cash used in financing activities	(2,018)	(1,625)	(16,795)
Foreign currency transaction adjustments on cash and cash equivalents	0	2	1
Net increase (decrease) in cash and cash equivalents	(67,057)	37,226	(558,024)
Cash and cash equivalents, beginning of year	126,115	88,889	1,049,478
Cash and cash equivalents, end of year ※1	¥59,058	¥126,115	\$491,454

【Notes to Consolidated Financial Statements】

Important items used as basis for preparing consolidated financial statements

1. Items relating to scope of consolidation

- (1) Consolidated subsidiaries 4 companies

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

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

Yamanashi New Business Support Investment Limited Partnership

Yamanashi Sixth Industrialization Support Investment Limited Partnership

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

Both partnerships were newly established in the consolidated fiscal year under review.

2. Items relating to application of equity method

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

Not applicable

- (2) Affiliates that are applied to equity method

Not applicable

- (3) Number of non-consolidated subsidiaries not accounted for by the equity method 2 companies

Yamanashi New Business Support Investment Limited Partnership

Yamanashi Sixth Industrialization Support Investment Limited Partnership

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

- (4) Affiliates that are not applied to equity method

Not applicable

3. Items relating to business years of consolidated subsidiaries

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

4. Items relating to accounting standards

- (1) Valuation standards and methods for trading account securities

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

- (2) Valuation standards and methods for securities

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

- (3) Valuation standards and methods for derivative transactions

Derivative transactions are measured at fair value.

- (4) Methods of depreciation of fixed assets

① Tangible fixed assets (excluding lease assets)

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

Buildings 3 to 50 years

Other 2 to 20 years

② Intangible fixed assets (excluding lease assets)

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

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

③ Lease assets

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

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

(5) Allowance for possible loan losses

The allowance for possible loan losses is 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. For claims of debtors who have restructured loans (refer to note 4 in "Notes to Consolidated Financial Statements") for which cash flows related to the recovery of loan principal or receipt of interest could be reasonably estimated, an allowance for possible loan losses (based on the cash flow estimate method) is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claim. All loans are classified into one of five categories for self assessment purposes, "normal," "caution," "possible bankruptcy," "virtual bankruptcy" or "legal bankruptcy."

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

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

(6) Accrued bonuses to directors and corporate auditors

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

(7) 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.

(8) 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.

(9) 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.

(10) Accounting procedures for retirement benefits

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

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

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

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

(11) Foreign currency items

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

(12) Lease transactions

(Lessor)

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

(13) 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.

(14) Consumption taxes

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

(15) U.S. dollar amounts

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.17 to \$1, the exchange rate prevailing on March 31, 2015.

[Changes in accounting policies]

[Application of Accounting Standard for Retirement Benefits]

Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015) have been applied since the consolidated fiscal year under review with respect to the provisions contained in paragraph 35 of Accounting Standard for Retirement Benefits and paragraph 67 of Guidance on Accounting Standard for Retirement Benefits. After reviewing the method for calculating retirement benefit obligations and service costs, the Bank has changed from straight-line attribution as its method for allocating projected retirement benefits to the benefit formula. At the same time, the Bank changed its method for determining the discount rate with respect to the period of the bond, which forms the basis for determining the discount rate, from a method that uses the average period until the expected payment date of the retirement benefit as its basis, to a method that uses multiple discount rates set for each expected payment period of the retirement benefit.

In applying the Accounting Standard for Retirement Benefits, the Bank follows the transitional provisions set forth in Article 37 of the Accounting Standard for Retirement Benefits. At the beginning of the consolidated fiscal year under review, the amount of the impact following the change of method for calculating retirement benefit obligations and service costs was adjusted in retained earnings.

As a result, at the beginning of the fiscal year under review, retirement benefit obligations and retirement benefit assets increased by ¥486 million and ¥208 million, respectively, and retained earnings decreased by ¥179 million. In the fiscal year under review, ordinary income and income before income taxes and minority interests each increased by ¥71 million.

The effect this has on per share information is described in the relevant section.

[New accounting standards not yet applied]

○ Accounting Standard for Business Combinations (September 13, 2013)

(1) Summary

Said accounting standard primarily changed (1) parent company's treatment of changes in its ownership interests in subsidiaries when control is retained due to cases including the additional acquisition of stock of a subsidiary, (2) treatment of acquisition-related expenses, (3) treatment of provisional accounting procedures, (4) presentation of net income and change from minority interests to non-controlling interests.

(2) Planned date of application

The Bank plans to apply said revised accounting standard from the beginning of the consolidated fiscal year starting April 1, 2015.

(3) Effect of applying the changes

The effect of applying said accounting standard has not yet been determined.

(Relating to Consolidated Balance Sheets)

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

As of March 31, 2015	(Millions of yen)
Investments	¥156

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

As of March 31, 2015	(Millions of yen)
Loans to customers in bankruptcy	¥2,749
Past due loans	¥37,263

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

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

As of March 31, 2015	(Millions of yen)
Past due loans of three months or more	¥19

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

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

As of March 31, 2015	(Millions of yen)
Restructured loans for which the Bank has relaxed lending conditions	¥3,338

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

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

As of March 31, 2015	(Millions of yen)
Total amount	¥43,371

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

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

As of March 31, 2015	(Millions of yen)
	¥5,573

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

As of March 31, 2015	(Millions of yen)
	¥3,000

*8 Assets pledged as collateral were as follows:

As of March 31, 2015	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥247,017
Liabilities related to pledged assets	
Deposits	¥18,495
Payables under securities lending transactions	¥26,095
Borrowed money	¥22,282

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

As of March 31, 2015	(Millions of yen)
Investment securities	¥72,733

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

As of March 31, 2015	(Millions of yen)
Guarantee deposits	¥257

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

As of March 31, 2015	(Millions of yen)
Lease contract assets	¥740
Corresponding borrowed money	¥428

*10 Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, up to a prescribed amount, as long as there is no violation of any condition established in the contract. The amounts of unused commitments as of March 31, 2015 were as follows:

As of March 31, 2015	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥380,212
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	¥369,417

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

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

*11 Accumulated depreciation of tangible fixed assets

As of March 31, 2015	(Millions of yen)
Total amount of accumulated depreciation	¥33,591

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

As of March 31, 2015	(Millions of yen)
Deferred gains	¥1,037

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

As of March 31, 2015	(Millions of yen)
	¥1,312

(Relating to Consolidated Statements of Income)

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

From April 1, 2014 to March 31, 2015	(Millions of yen)
Gain on sales stock	¥1,188

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

From April 1, 2014 to March 31, 2015	(Millions of yen)
Salary allowance	¥12,379
Depreciation and amortization	3,295

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

From April 1, 2014 to March 31, 2015			(Millions of yen)
Location	Use	Category	Total impairment loss
Yamanashi Prefecture	Operating assets	Land and intangible fixed assets	¥346
	Idle assets	Land	2
Tokyo	Operating assets	Other tangible fixed assets	4
Total	—	—	¥353

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

Recoverable amounts are whichever is the higher of net selling prices and value in use. In the case of net selling prices, the calculation involves deduction of expected disposal expenses from the sum reasonably calculated by real estate asset valuation, etc. In the case of value in use, the calculation uses a 1.6% discount rate for future cash flow.

(Relating to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustment and tax effect related to comprehensive income

From April 1, 2014 to March 31, 2015	(Millions of yen)
Valuation difference on available-for-sale securities:	
Difference arising during the fiscal year	¥ 44,518
Reclassification adjustment to profit and loss	(2,214)
Amount before income tax effect	42,304
Income tax effect	(11,709)
Valuation difference on available-for-sale securities:	30,594
Remeasurements of defined benefit plans	
Gains (losses) arising during the fiscal year	923
Reclassification adjustment to profit and loss	346
Amount before income tax effect	1,270
Income tax effect	(458)
Remeasurements of defined benefit plans	811
Total other comprehensive income	¥ 31,406

(Relating to Consolidated Statements of Changes in Net Assets)

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

	(Thousands of shares)				
	Number of shares at the beginning of FY2014	Number of shares increased during FY2014	Number of shares decreased during FY2014	Number of shares at the end of FY2014	Remarks
Shares outstanding					
Common stock	179,915	—	5,000	174,915	Note 2
Treasury stock					
Common stock	6,036	1,599	5,004	2,631	Note 1,2

Notes 1 Breakdown of increases in the number of shares during the consolidated fiscal year under review is as follows:

Increase by acquisition of treasury stock upon resolution of the board of directors	1,577 thousand
Increase by purchase claims of less than one unit	22 thousand

2 Breakdown of decrease in the number of shares during the consolidated fiscal year under review is as follows:

(1) Issued and outstanding shares

Decrease due to cancellation of treasury stock by resolution of the board of directors	5,000 thousand
--	----------------

(2) Treasury stock

Decrease due to cancellation of treasury stock by resolution of the board of directors	5,000 thousand
Decrease by exercise of stock option rights	4 thousand
Decrease by purchase claims of less than one unit	0 thousand

2 Matters concerning share subscription rights and own share options

Classification	Breakdown of share subscription rights	Class of shares to be issued or transferred upon the exercise of share subscription rights	Number of shares to be issued or transferred upon the exercise of share subscription rights (shares)				Balance as of the end of the FY2014 (Millions of yen)
			Beginning of FY2014	FY2014		End of the FY2014	
				Increase	Decrease		
The Bank	Stock options as share subscription rights			—		¥124	
Total				—		¥124	

3 Items relating to dividends

(1) Dividend paid during FY2014

(Resolution)	Type of stock	Total dividend (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 27, 2014	Common stock	¥ 608	¥3.50	March 31, 2014	June 30, 2014
Board of Directors' Meeting on November 14, 2014	Common stock	565	3.25	September 30, 2014	December 3, 2014

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2014.

(Resolution)	Type of stock	Total dividend (Millions of yen)	Fund for dividend	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 24, 2015	Common stock	¥646	Retained earnings	¥3.75	March 31, 2015	June 25, 2015

(Relating to Consolidated Statements of Cash Flows)

*1 The reconciliation of the cash and due from banks in the consolidated balance sheets and the cash and cash equivalents at March 31, 2015, is as follows:

Cash and due from banks	¥ 69,226 million
Due from banks, excluding due from Bank of Japan	(10,168) million
Cash and cash equivalents	¥ 59,058 million

(Relating to Lease Transactions)

Finance leases

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2015 are as follows:

	(Millions of yen)
Gross lease receivables	¥ 7,471
Estimated residual value	—
Unearned interest income	(604)
Net investment in leases	¥ 6,866

2. Expected amounts from the collection of gross lease receivables for the year ended March 31, 2015 are as follows:

	(Millions of yen)
1 year or less	¥ 2,436
1 to 2 years	1,929
2 to 3 years	1,433
3 to 4 years	924
4 to 5 years	475
Over 5 years	272
Total	¥ 7,471

(Financial Instruments and Related Disclosure)

1. Qualitative Information of Financial Instruments

(1) Policy for financial instruments

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

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

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

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

When forward foreign exchange contract transactions and fund swap transactions, which are derivative transactions, are performed, hedge accounting is applied based on JICPA Industry Audit Committee Report No. 25, "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry." Derivative transactions that do not meet the criteria for hedge accounting contain foreign exchange fluctuation risk.

(3) Risk management systems for financial instruments

① *Credit risk management*

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

is a joint undertaking of the banks that joined the Regional Bank Association to attempt the upgrade of the credit risk management and are aiming at refining measurement of value at risk (VaR).

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

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

② *Market risk management*

(A) Interest-rate risk management

The Group supports the needs of customers properly and, for the earning capacity improvement of the bank, conducts interest rate risk management as a basic policy. We devised “the basic policy for the interest rate risk hedge” as a general rule every half term to control interest rate risk properly in the ALM Committee in which management is involved as the main members and involved in examining interest rate changes and reviews it regularly. In addition, in the ALM committee meeting held monthly, the Group examines an interest rate predictive report that the interest rate prediction committee produces and monitors the change in the interest rate risk amount of the whole bank account closely. In the risk management section, the Group calculates VaR and basis point value (BPV) and manages the interest rate risk amount of the banking account. In addition, the Group performs stress tests based on a stress scenario extending to each risk category. 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 aim is for maintenance of strong management so as not to exert a negative influence on profit and loss, and the Group tries to set position limits and operate loss-cut rules strictly based on the risk management standard. Moreover, the Group reports regularly to management in the ALM committee and the board of directors, etc.

(E) Quantitative information regarding market risk

In principle, the Group undertakes a quantitative analysis of the market risks applicable to all of its financial instruments. The volume of market risk is mainly managed utilizing the VaR method. In specific terms, market risks are managed in a manner that ensures that VaR (the amount of risk after writing down investment in shares undertaken for strategic business purposes for a portion of VaR) does not exceed the maximum amount of risk (amount of capital allocation) determined by a resolution of the Board of Directors or other appropriate bodies. The variance-covariance method (holdings period: 240 days; confidence interval: 99%; observation period: 240 business days) is used to measure VaR

investment trusts. In addition, with respect to the yen-denominated interest risk applicable to demand deposits, internal models are used to estimate core deposits and VaR used as the means for measurement. Trading securities VaR is measured using the separate holding period of 10 days. Financial instruments including shares of non-listed companies, where fair values are deemed as being extremely difficult to ascertain, are managed on a credit risk basis. Taking into consideration the nominal amount of market risk applicable to the financial instruments held by consolidated subsidiaries, these financial instruments are excluded from the scope of VaR measurement.

The Group's VaR (excluding trading securities) amounted to ¥54,162 million as of March 31, 2015 compared with ¥59,880 million as of the end of the previous fiscal year. There was no VaR of trading securities. (There was ¥0 VaR of trading securities in the previous fiscal year). The VaR of trading securities was ¥0 million as of the end of the fiscal year under review, unchanged from the previous fiscal year-end. The Group undertakes backtesting to compare VaR, calculated using VaR measurement models, with actual income and loss. The results of this comparison are reported to the ALM Committee on a monthly basis. As a result of this backtesting, the Group is confident that the VaR measurement models used are more than adequate in accurately identifying market risks. However, VaR represents the amount of market risks arising with a certain probability using a statistical methodology based on historical market volatilities. Accordingly, situations may arise where it is not possible to identify risks appropriately due to market environment volatility that exceeds normally recognized parameters.

③ *Liquidity risk management*

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

(4) Supplementary explanation of the fair value financial instruments

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

2. Fair Values of Financial Instruments

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

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥69,226	¥69,226	¥—
(2) Call loans and bills bought	34,287	34,287	—
(3) Trading securities			
Trading securities	—	—	—
(4) Securities			
Held-to-maturity	1,309	1,310	0
Available-for-sale securities	1,513,331	1,513,331	—
(5) Loans and bills discounted	1,488,648		
Accrued income (Interest on loans)	709		
Deferred income (Interest on loans and guarantee charge) (*1)	(948)		
Reserve for possible loan losses (*2)	(14,630)		
	1,473,779	1,485,040	11,261
Total	¥3,091,935	¥3,103,197	¥11,262
(1) Deposits	¥2,701,437		
Accrued expenses (Interest on deposits)	2,050		
	2,703,488	2,704,166	678
(2) Negotiable certificates of deposits	103,832		
Accrued expenses (Interest on NCDs)	42		
	103,875	103,890	15
Total	¥2,807,363	¥2,808,057	¥693
Derivatives (*3)			
Hedge accounting is not applied	(499)	(499)	—
Hedge accounting is applied	—	—	—
Total	¥(499)	¥(499)	¥—

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

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

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

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

Assets

(1) Cash and due from banks

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

(2) Call loans and bills bought

The fair values of fixed-rate loans and bills discounted whose terms are short (within one year) approximate their acquisition cost or depreciable cost, and the fair values are therefore deemed equal to these 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 stocks are determined by reference to quoted market prices on stock exchanges. The fair values of bonds are determined by reference to quoted market prices or prices offered by correspondent financial institutions. The prices of the Bank's guaranteed private placement bonds are calculated by discounting the estimated future cash flows for each classification based on the issuers' internal rating and terms by using the risk-free interest rates plus credit cost rates and expense rates. Investment trusts are determined by reference to their publicly available net asset value.

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

(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) approximating their carrying values and are therefore deemed equal to the carrying values.

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

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

Liabilities

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

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

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

Derivatives

Derivative transactions are listed under “Relating to derivative transactions.”

(Note 2) Financial instruments whose fair values are extremely difficult to be determined recorded on the consolidated balance sheet are as follows. The following instruments are not included in ‘Assets (4) Securities’ in the above table showing the fair values of financial instruments as of March 31, 2015.

(Millions of yen)

	Carrying amount
Unlisted equity securities (*1) (*2)	¥516
Contributions to unions (*1) (*3)	156
Total	¥673

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

*2. Classified as available-for-sale securities; in the previous consolidated fiscal year, an impairment loss of ¥0 million was recognized.

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

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

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

(Millions of yen)

	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Due from banks	¥41,782	¥—	¥—	¥—	¥—	¥—
Securities	215,416	365,857	124,731	166,778	147,022	172,923
Held-to-maturity	348	604	359	—	—	—
Corporate bonds	348	604	359	—	—	—
Available-for-sale securities that have maturities	215,068	365,252	124,371	166,778	147,022	172,923
Japanese government bonds	132,003	236,500	42,000	73,700	99,100	164,400
Municipal bond	28,009	73,090	50,225	37,480	28,079	8,523
Corporate bonds	53,252	53,859	9,554	8,130	14,436	—
Others	1,802	1,802	22,591	47,467	5,407	—
Loans and bills discounted (*)	337,248	316,557	213,987	127,352	149,926	199,139
Total	¥594,447	¥682,414	¥338,719	¥294,130	¥296,949	¥372,063

* 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 ¥40,013 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥104,275 million are not included either.

(Note 4) Maturity analysis for interest-bearing debt

(Millions of yen)

	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Deposits (*)	¥2,306,019	¥288,323	¥21,171	¥—	¥—	¥—
Negotiable certificates of deposits	103,687	144	—	—	—	—
Borrowed money	17,867	4,806	36	—	—	—
Total	¥2,427,573	¥293,273	¥21,208	¥—	¥—	¥—

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

(Relating to securities)**1. Trading securities**

(Millions of yen)

	Unrealized gains/losses recognized as income
Trading securities	¥0

2. Held-to-maturity debt securities

(Millions of yen)

		Carrying amount	Fair value	Differences
Fair value exceeded carrying amount:	Corporate bonds	¥919	¥922	¥3
Fair value not exceeded carrying amount:	Corporate bonds	390	387	(3)
Total		¥1,309	¥1,310	¥0

3. Available-for-sale securities

(Millions of yen)

		Fair value	Cost	Valuation differences
Fair value exceeded cost:	Japanese stocks	¥90,295	¥41,916	¥48,378
	Bonds total	1,157,469	1,129,705	27,763
	Japanese Government bonds	793,515	774,291	19,223
	Japanese municipal bonds	222,076	216,229	5,846
	Japanese corporate bonds	141,877	139,184	2,693
	Other securities	234,429	210,640	23,789
	Sub-total	1,482,194	1,382,262	99,931
Fair value not exceeded cost:	Japanese stocks	912	991	(79)
	Bonds total	9,804	9,821	(16)
	Japanese Government bonds	—	—	—
	Japanese municipal bonds	9,245	9,259	(14)
	Japanese corporate bonds	559	561	(2)
	Other securities	20,420	20,546	(125)
	Sub-total	31,137	31,358	(221)
Total	¥1,513,331	¥1,413,621	¥99,710	

Note: Unlisted stocks that have a fair value and cost of ¥516 million, respectively, are excluded from the table above since there are no market prices and their fair values are extremely difficult to be determined.

4. Held-to-maturity debt securities sold

(Millions of yen)

Type	Sales costs	Sales proceeds	Gains on sales
Japanese corporate bonds	¥50	¥50	¥0

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

5. Available-for-sale securities sold

(Millions of yen)

Type	Sales costs	Gross realized gains	Gross realized losses
Japanese stocks	¥6,326	¥1,065	¥79
Bonds total	79,404	94	85
Japanese Government bonds	73,068	67	84
Japanese municipal bonds	5,705	4	0
Japanese corporate bonds	630	23	—
Other securities	2,035	118	—
Total	¥87,766	¥1,279	¥164

6. Securities recognized for revaluation loss

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

A revaluation loss of ¥87 million (of which ¥79 million was from stocks and ¥7 million from bonds) was recognized in the previous consolidated fiscal year.

A revaluation loss of ¥76 million was recognized during the consolidated fiscal year under review.

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

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

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

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

(Millions of yen)	
	Amounts
Valuation difference	¥99,710
Deferred tax liabilities	31,654
Net unrealized gains (before minority interests)	68,056
Minority interests	13
Net unrealized gains on available-for-sale securities	¥68,042

(Relating to Derivative Transactions)

1 Derivative Instruments not accounted for as hedges

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

(1) Interest-related derivative instruments

Not applicable

(2) Currency-related derivative instruments

(Millions of yen)

		Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
OTC	Forward Rate Agreements				
	Sold	¥49,779	—	¥(515)	¥(515)
	Buy	733	—	15	15
	Total	—	—	¥(499)	¥(499)

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

2 Determination of fair value:

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

(3) Stock-related derivative instruments

Not applicable

(4) Bond-related derivative instruments

Not applicable

(5) Commodity-related derivative instruments

Not applicable

(6) Credit derivative transactions

Not applicable

2 Derivative Instruments accounted for as hedges

Not applicable

(Relating to Employees' Retirement Benefits)

1. Outline of employees' retirement benefits

To provide for employees' retirement benefits, the Bank has a funded defined benefit pension plan. The defined-benefit corporate pension plan (funded plan) pays a lump sum or a pension based on employee compensation and length of service.

The defined benefit corporate pension plan has within it a retirement benefit trust.

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

2. Funded defined benefit pension plan

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

(Millions of yen)

Retirement benefit obligations at beginning of year	25,169
Cumulative effect of changes in accounting policies	277
Balance at beginning of year reflecting changes in accounting policies	25,447
Service cost	775
Interest cost	322
Actuarial gains and losses	1,170
Retirement benefits payment	(1,125)
Past service cost	—
Other	—
Retirement benefits obligations at end of year	26,590

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

(Millions of yen)

Pension assets at beginning of year	25,316
Expected return on plan assets	788
Actuarial gains and losses	2,094
Employer's contribution	671
Retirement benefits payment	(666)
Other	—
Pension assets at end of year	28,204

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

Retirement benefits obligations of funded plan	26,590
Pension assets	(28,204)
	(1,614)
Retirement benefits obligations of unfunded plans	—
Assets and liabilities recorded in consolidated balance sheets, net	(1,614)

Liability of retirement benefits	971
Assets of retirement benefits	(2,585)
Liabilities and assets recorded in the consolidated balance sheets, net	(1,614)

(4) Retirement benefit costs and its breakdown

Service cost	775
Interest cost	322
Expected return on plan assets	(788)
Actuarial gains and losses recorded in expenses	434
Past service costs recorded in expenses	(87)
Other	—
Retirement benefit costs of defined benefit plan	656

(5) Remeasurements of defined benefit plans

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

Past service costs	87
Actuarial gains and losses	(1,357)
Other	—
Retirement benefit costs of defined benefit plan	(1,270)

(6) Accumulated adjustment for retirement benefits

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

(Millions of yen)	
Unrecognized past service costs	(110)
Unrecognized actuarial gains and losses	492
Other	—
Retirement benefit costs of defined benefit plan	382

(7) Pension assets

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

Stocks	43%
Bonds	41%
Life insurance general account	10%
Other	6%
Total	100%

Note: Included in total pension assets is 14% (compared with 14% in the previous fiscal year) for retirement benefit trusts established in the corporate pension plan, and 30% (compared with 31% in the previous fiscal year) for retirement benefit trusts established in the lump-sum retirement plan.

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

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

(8) Basis for calculating actuarial calculations

Basis for calculating main actuarial calculations (weighted average)

Discount rate	1.3%
Long-term expected rate of return on plan assets	3.1%
Rate of salary increase	
Defined-benefit corporate pension plan	3.6%
Lump-sum retirement plan	3.5%

(Stock options and other related information)

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

(Millions of yen)

	Consolidated FY2014 (From April 1, 2013 to March 31, 2015)
General and administrative expenses	¥35

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

(1) Description of stock options

	2014 Stock Options
Category and number of people to whom stock options are granted	The Bank's directors (excluding outside directors): 11
Type and number of shares granted as stock options	Common stock: 80,300 shares
Date on which stock options were granted	July 25, 2014
Vesting terms and conditions	Vesting terms and conditions have not been prescribed
Vesting period	Vesting period has not been prescribed
Exercise period	July 26, 2014 to July 25, 2044

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

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the fiscal year ended March 31, 2015. The number of stock options is converted into the number of shares.

① Number of stock options

	2014 Stock Options
Stock options which are not yet vested (shares):	
As of March 31, 2014	—
Granted	80,300
Forfeited	—
Vested	80,300
Balance of stock options not vested	—
Stock options which have already been vested (shares):	
As of March 31, 2014	—
Vested	80,300
Exercised	—
Forfeited	—
Balance of stock options not exercised	80,300

② Per share price information

	2014 Stock Options
Exercise price (Yen)	1
Average price per share upon exercise (Yen)	—
Fair value per share at the grant date (Yen)	443

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

During the fiscal year ended March 31, 2015, the fair value per share with respect to 2014 stock options was estimated as follows:

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

(2) Main numerical and estimation methods

	2014 Stock Options
Stock price volatility (Note 1)	31.9%
Projected residual period (Note 2)	24 months
Projected cash dividends (Note 3)	¥6.50/share
No risk interest rate (Note 4)	0.07%

Notes:

1. Stock price volatility is calculated based on the stock price performance for the period (weekly from the week of July 16, 2012 to the week of July 21, 2014) that corresponds to the projected residual period.
2. The projected residual period is estimated based on the average period in office of directors (excluding outside directors) who have retired in the past.
3. Projected cash dividends are based on cash dividend results for the fiscal year ended March 31, 2014.
4. The no risk interest rate is the yield on government bonds for the period that corresponds to the projected residual period.

4. Estimation method for the number of stock options vested

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

(Relating to tax effect accounts)

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

	(Millions of yen)
	Consolidated FY2014 (From April 1, 2013 to March 31, 2015)
Deferred tax assets:	
Allowance for possible loan losses	¥4,381
Net defined benefit liability	2,944
Losses on investment securities	1,712
Depreciation	1,072
Other	2,418
Sub-total	12,529
Valuation allowance	(6,004)
Total deferred tax assets	6,524
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(31,654)
Other	(722)
Total deferred tax liabilities	(32,376)
Net deferred tax assets (figures in parentheses represent liabilities)	(25,851)

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

	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Normal effective statutory tax rate	35.2%
Valuation allowance	(5.1)%
Income not taxable for income tax purposes	(2.7)%
Expenses not deductible for income tax purposes	0.3%
Reduction in fiscal year-end deferred tax assets due to tax rate changes	3.7%
Other—net	0.1%
Actual effective tax rate	31.5%

3. Revision of amount of deferred tax assets and deferred tax liabilities due to change in corporate income tax rate

The “Act for Partial Revision of the Income Tax Act, etc.” (2015, Law No. 9) was announced on March 31, 2015 and the corporate income tax rate was lowered from the consolidated fiscal year starting on or after April 1, 2015. Accordingly, the statutory effective tax rate used in calculating deferred tax assets and deferred tax liabilities lowered from the previous 35.2% to 32.8% for temporary differences which are expected to be dissolved in the consolidated fiscal year starting April 1, 2015, and will be lowered further to 32.1% for temporary differences which are expected to be dissolved in the consolidated fiscal year starting April 1, 2016. Due to the change in the tax rate, deferred tax assets decreased ¥560 million, deferred tax liabilities decreased ¥3,129 million, valuation difference on available-for-sale securities increased ¥3,059 million, and income taxes deferred increased ¥489 million.

(Segment information by type of business)

【Segment information】

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

【Related information】

1 Information for service segment

	(Millions of yen)			
	Loans	Securities investment	Other	Total
Ordinary income from customers	¥21,779	¥16,782	¥11,774	¥50,335

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

2 Information for geographic areas

Not describe.

3 Information about major customers

Not describe.

【Information about impairment loss of fixed assets in segment】

Not describe.

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

Not applicable.

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

Not applicable.

【Related-Party Transactions】

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

(Millions of yen)

Relationship	Name	Address	Paid-in capital	Position	Voting rights[%]	Details of business relationship	Transactions	Transaction amount	Accounting name	Year-end balance
Statutory auditor	Toshihito Furuya	—	—	Corporate auditor of the Bank, simultaneously serving as legal advisor	0.01	Lending Compensation for legal advisory services	Lending	—	Loans	127
							Interest income	3	—	—
							Legal advisory fee paid	4	—	—
Director's consort	Mayumi Nagasaka	—	—	Director's consort of the Bank	—	Lending	Lending Interest income	—	Loans	36
							0	—	—	—

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

(Per Share Information)

(Yen)

	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Net assets per share	¥1,367.58
Net income per share	50.38
Diluted net income per share	50.29

Note 1: The basis for calculating net income per share and diluted net income per share is presented as follows.

(Millions of yen)

	Consolidated FY2014 (From April 1, 2014 to March 31, 2015)
Net income per share	
Net income	¥8,753
Net income attribute to common stock	¥8,753
Average balance of common stock (thousands)	173,721
Diluted net income per share	
Increase in the number of common stock (thousands)	320
New share subscription rights (thousands)	320

Note 2: As described in “Changes in Accounting Policies,” Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015) have been applied since the beginning of the consolidated fiscal year under review with respect to the provisions contained in paragraph 35 of Accounting Standard for Retirement Benefits and paragraph 67 of Guidance on Accounting Standard for Retirement Benefits and the Bank follows the transitional provisions set forth in Article 37 of the Accounting Standard for Retirement Benefits.

As a result, at the beginning of the fiscal year under review, net assets per share decreased ¥1.3, while net income per share and diluted net income per share increased ¥0.27 and ¥0.28, respectively.

(Important subsequent events)

Not applicable.

Corporate Data

(as of March 31, 2015)

Common Stock : ¥15,400 million

Number of Shares:

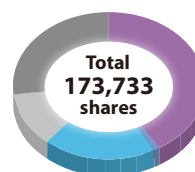
Authorized 398,000,000 shares
Issued 174,915,000 shares

Number of Stockholders : 5,794

Stock Listing : First Section of the Tokyo Stock Exchange

Transfer Agent : Mitsubishi UFJ Trust & Banking Corporation

Breakdown of Stockholders



Category	Number of Shares	Percentage
Financial institutions	71,634	41.23%
Securities companies	1,751	1.01%
Other corporations	33,100	19.05%
Foreigners	20,504	11.80%
Individuals and others	46,744	26.91%

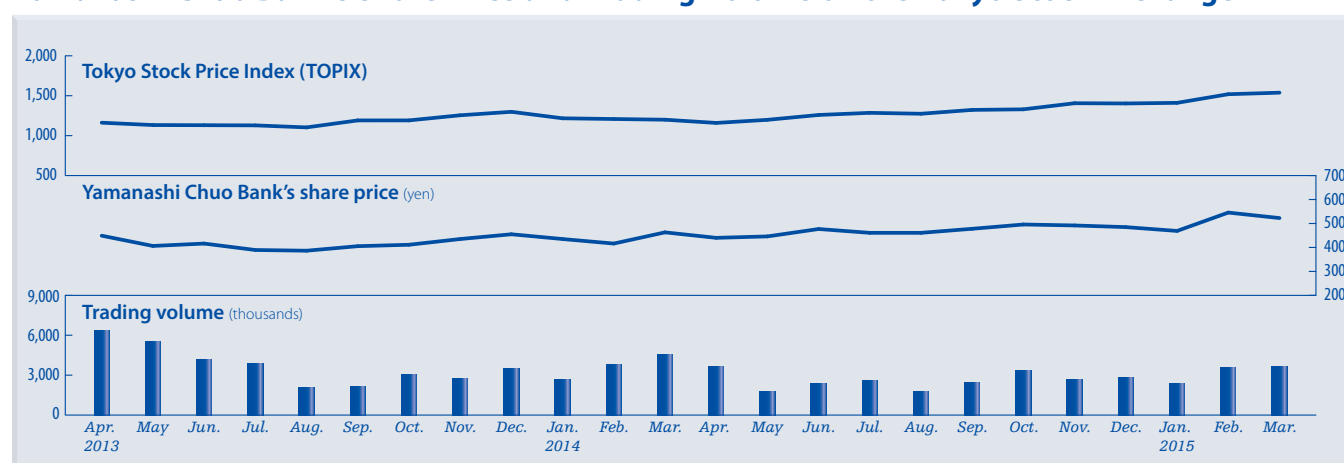
*Shares (1 trading unit: 1,000 shares)

Note: The category "Individuals and others" contains treasury stock in the number of 2,631 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
Japan Trustee Services Bank, Ltd. (Trustee Account)	10,181	5.82
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,169	4.09
Meiji Yasuda Life Insurance Company	6,047	3.45
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	5,821	3.32
The Master Trust Bank of Japan, Ltd. (Trustee Account)	3,676	2.10
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	3,265	1.86
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,000	1.71
Fukoku Mutual Life Insurance Company	3,000	1.71
Teikyo University	2,977	1.70
FUJI KYUKO CO., LTD.	2,657	1.51
Total	47,794	27.32

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



Consolidated Subsidiaries

Name	Capital (Millions of yen)	Yamanashi Chuo Bank's share (%)	Lines of business
Yamanashi Chuo Guarantee Co., Ltd.	20	99.8	Loan guarantees
Yamanashi Chugin Lease Co., Ltd.	20	61.0	Leasing
Yamanashi Chugin DC Card Co., Ltd.	20	67.5	Credit cards
Yamanashi Chugin Management Consulting Co., Ltd.	200	87.5	Consulting, economic research

Board of Directors and Corporate Auditors

(as of July 1, 2015)

Chairman

Toshihisa Ashizawa

President

Nakaba Shindo

Senior Managing Director

Mitsuyoshi Seki

Managing Directors

Tadashi Kato

Kimihisa Tanabe

Tatsuyuki Miyake

Directors

Fumiaki Asakawa

Kunihito Inoue

Takeshi Nakajima

Kazuhiko Kitta

Hisanobu Yoshizawa

Hirohiko Yanada

Michio Masukawa

Riyo Kano

Standing Corporate Auditors

Takehiko Sano

Masaki Saito

Corporate Auditors

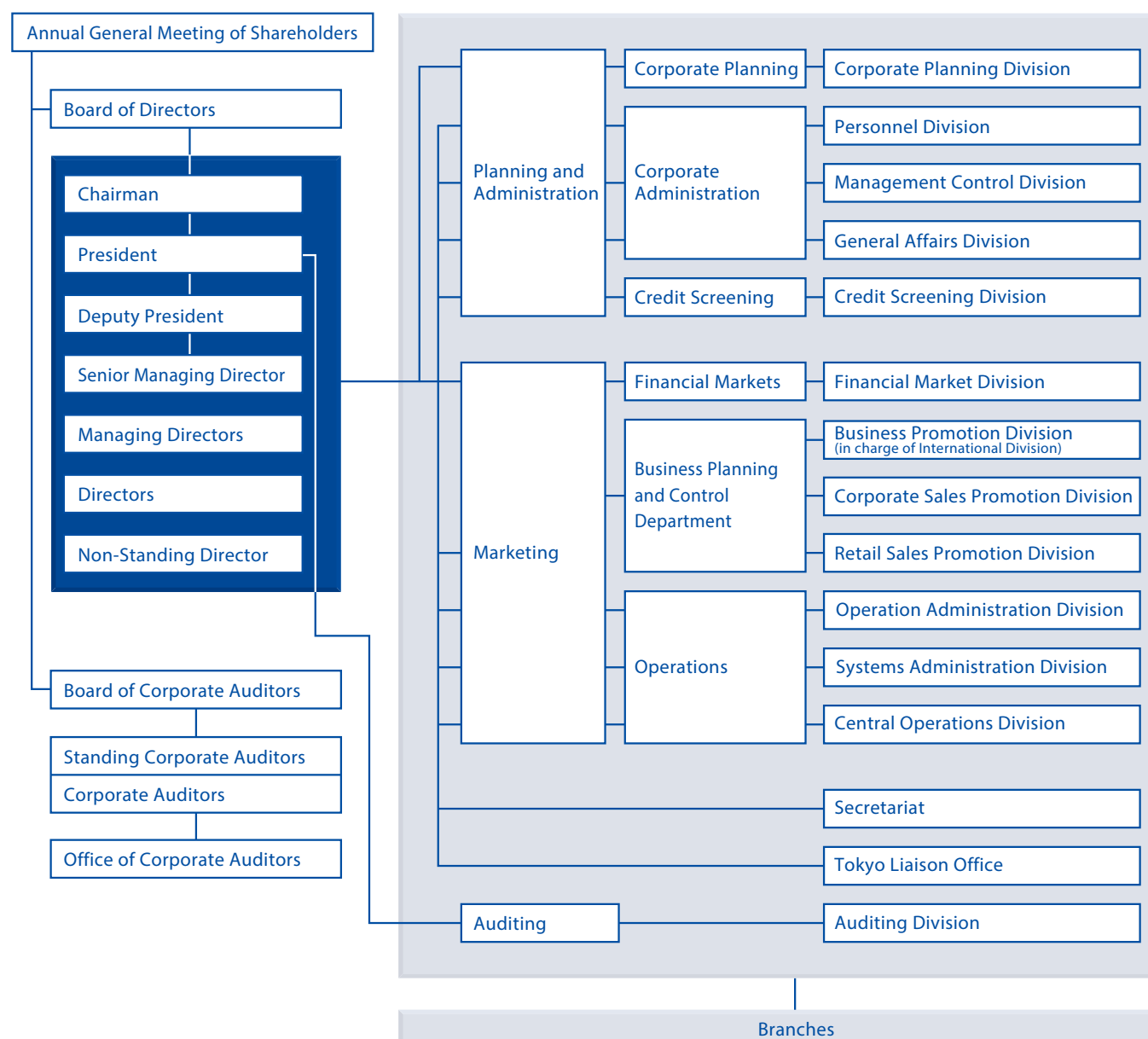
Magozaemon Takano

Toshihito Furuya

Koichiro Horiuchi

Organization

(as of July 1, 2015)



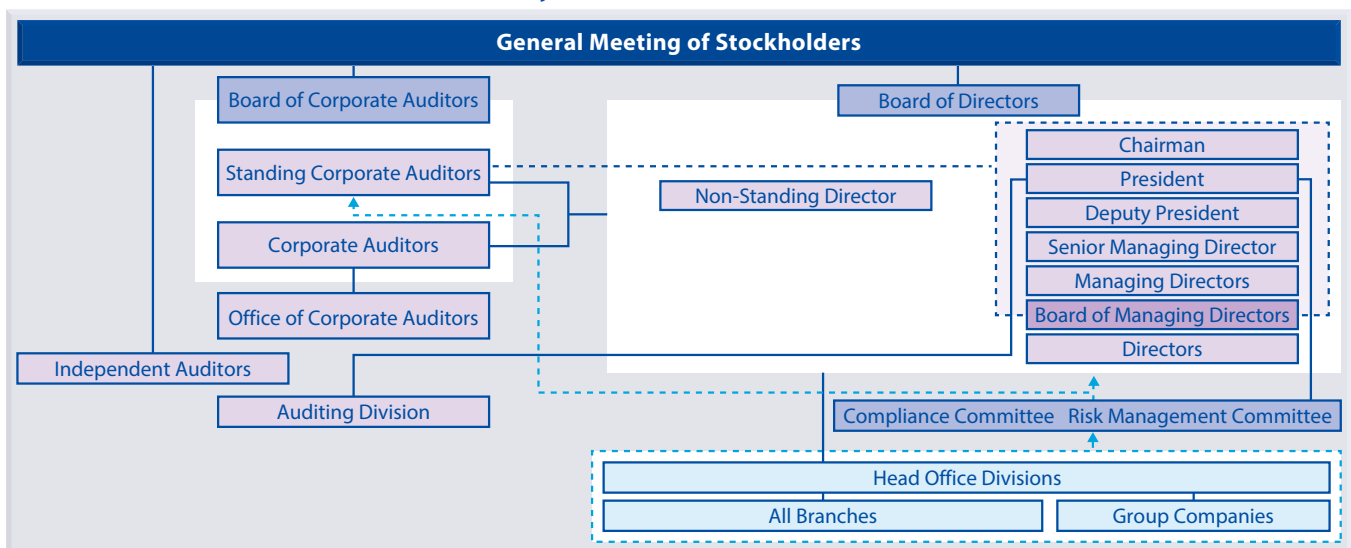
Internal Control and Risk Management

Enhancing corporate governance

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

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

The structure of the internal control system



Risk management

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

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

Compliance

With regard to compliance, we believe that our duty is not solely to abide by the law, but also to ensure the strict observance of social norms, to meet the demands and expectations of the broader community. We are committed to ensuring protection of customer

rights and enhancement of user convenience.

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 the 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.

20-8, Marunouchi 1-chome,
Kofu, Yamanashi 400-8601, Japan
Phone: 055-233-2111
URL: <http://www.yamanashibank.co.jp/>