

Annual Report 2014



THE YAMANASHI CHUO BANK

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 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, 2014)

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:

179,915,000 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.



Head office



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Forward-looking statements

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



Consolidated Financial Highlights

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

Millions of yen

	2010	2011	2012	2013	2014
Ordinary Income	57,423	54,514	51,892	50,470	50,518
Ordinary Profit	6,913	8,013	9,606	10,912	12,826
Net Income	3,475	4,056	7,323	6,362	8,736
Comprehensive Income	—	(5)	14,708	23,393	8,617
Net Assets	161,976	159,424	172,343	193,620	199,258
Total Assets	2,709,198	2,731,372	2,890,741	3,028,916	3,041,323
Net Assets per Share (Yen)	875.40	878.10	959.53	1,093.22	1,136.72
Net Income per Share (Yen)	18.85	22.23	40.68	35.69	49.86
Capital Adequacy Ratio (Domestic Standard, %)	15.23	16.07	16.41	16.75	17.28
Return on Equity (%)	2.25	2.53	4.44	3.50	4.48
Price Earning Ratio (Times)	21.79	18.16	9.04	12.02	9.34
Cash Flows from Operating Activities	92,036	44,621	207,059	72,870	88,999
Cash Flows from Investing Activities	(135,694)	(61,293)	(181,424)	(70,360)	(50,148)
Cash Flows from Financing Activities	(1,117)	(2,551)	(1,821)	(2,467)	(1,625)
Cash and Cash Equivalents	84,251	65,030	88,844	88,889	126,115

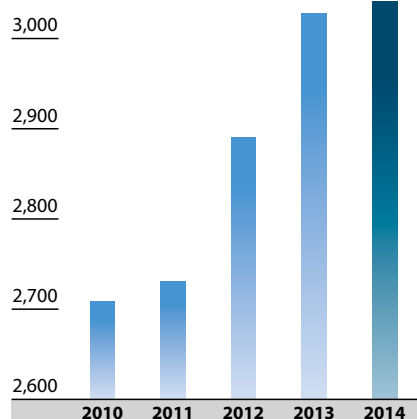
Notes

(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, in the fiscal year ended March 31, 2014, the Bank has calculated the capital adequacy ratio based on the formula set forth in the notification after the amendment.

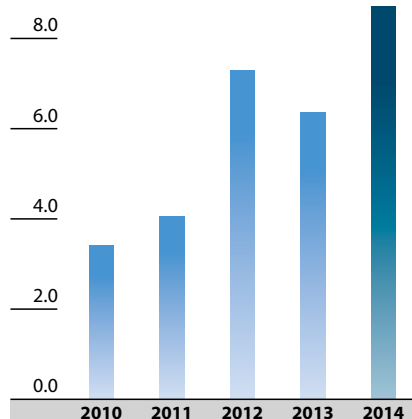
Total assets

(¥ billion)
3,100



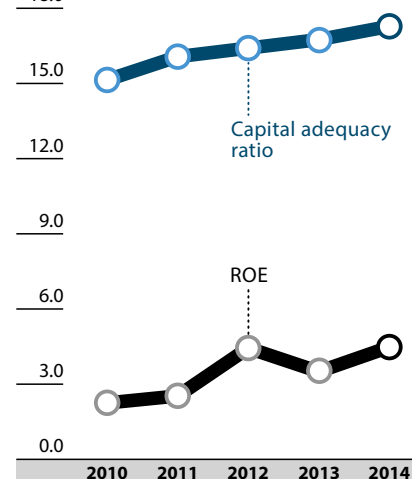
Net income

(¥ billion)
10.0



ROE/ Capital adequacy ratio (Domestic standard)

(%)
18.0



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.

Yamanashi Prefecture is now being aided by an economic boost that includes Mount Fuji's listing as a World Heritage Site, the decision of the locations of train line and stations within the prefecture for the Linear Chuo Shinkansen, and the specification by the National Tax Agency that "Yamanashi" be displayed on wine labels. Moreover, it was decided that Tokyo, the Bank's second business base, will host the 2020 Olympics.

In this business environment, 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.

Below, we present an overview of our business performance for fiscal 2013 (April 2013 to March 2014), together with a report on future management plans.

Nakaba Shindo,
President



Overview of fiscal 2013 performance

In the year ended March 31, 2014, following the government's various economic stimulus policies and greater monetary easing by the Bank of Japan, the Japanese economy was on a recovery track thanks to export and production increases, signs of a rebound in capital investments, and strong consumer spending amid an improved employment and income environment. Looking at the financial situation during this period, the exchange rate largely favored a weak yen and the Nikkei Stock Average was strong. The economy of Yamanashi Prefecture, the principal business base of the Group, remained on a general recovery trend. We also saw record-breaking snowfall toward the end of the fiscal year, but due in part to last-minute demand before the consumption tax increase, the recovery trend remained largely unaffected.

Against this financial and economic backdrop, in the first year of "Best Bank Plan 2016," the Bank's three-year medium-term management plan started in April 2013, the Group has actively carried out a variety of measures with the aim of becoming a highly trustworthy bank that fully satisfies customers, its management vision for the Bank.

Specifically, we have been helping 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. We also endeavored to provide optimized solutions in growth areas such as healthcare, nursing care, the environment, agriculture and tourism.

To support the development and expansion of sales channels,

we actively undertook business matching services such as the Yamanashi Food Sector Business Matching Fair and the Regional Banking Food Selection. In the agriculture area, continuing from the previous fiscal year, 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. Further, with the goal of actively supporting customers trying to expand their business in growth fields, we continued to handle the Yamanashi Chugin "Growth Platform Reinforcement Fund" using the Growth Platform Reinforcement Fund of the Bank of Japan.

In international operations, we newly formed an alliance with the Metropolitan Bank & Trust of the Philippines, in addition to existing operational tie-ups with The Bangkok Bank of Thailand, and the Bank of Communications in China, and Bank Negara Indonesia in Indonesia. Using these connections, we provided a range of financial services and local business information, and supported trading transactions, for customers aiming to set up units or expand marketing channels in the countries of Asia, which continue to see high economic growth rates, and pursue other initiatives in overseas markets, and conducted the Bank's first economic study mission to Thailand, as well as other events.

We responded to a wide range of diversifying asset management needs of individual customers by conducting the "ATM Time Deposit Campaign to Commemorate the Listing of Mount Fuji as a World Heritage Site" and the "Yamanashi Chugin NISA Account Opening Campaign," introducing new investment trust and life insurance products, holding investment report sessions on investment trust, and began selling life insurance at Loan Squares, which specialize in the handling of individual loans. Among the various

The Economy of Yamanashi Prefecture — Our Business Base (fiscal 2012)

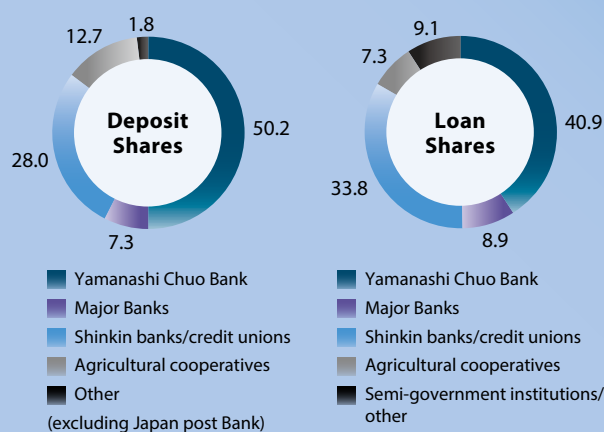
General Prefectural Production: **¥3,407 billion**
 Real Growth Rate: **9.3%**
 Shipment Value of Production in Prefecture: **¥1,976 billion**

Major Products and Their Share in Japanese Market

Products	Shipment Value (¥ billion)	Share (%)	Ranking
Precious Metal Products	27.4	28.4	No. 1
Mineral Water	24.3	22.0	No. 1
Numerical Control Robots	132.3	66.9	No. 1
Quartz crystal units (excluding for clock and watch use)	10.6	6.8	No. 3
Medical Apparatus and Instruments	42.7	8.0	No. 4
Flat-Panel Display Manufacturing Equipment	16.0	5.9	No. 5

Shares in Yamanashi Pref. (%)

(as of March 31, 2014)



events held was the “Second Life Seminar” to further strengthen our relationship with customers of retirement age.

As a result of the foregoing, in the fiscal year ended March 31, 2014, ordinary income rose ¥48 million year on year to ¥50,518 million. Ordinary profit increased ¥1,913 million to ¥12,826 million, and net income climbed ¥2,374 million to ¥8,736 million.

In the Bank’s main accounts (consolidated basis), although interest rates on deposit remained low, we enhanced products and services to promptly and appropriately meet the increasingly diversifying asset management needs of our customers. As a result, total deposits including negotiable certificates of deposits (NCDs) climbed ¥80.9 billion to ¥2,761.6 billion at the fiscal year-end. Over the counter sales of Japanese government bonds and investment trusts decreased ¥29.4 billion to ¥172.2 billion at the fiscal year-end.

Meanwhile, funding demand was generally low, but we aggressively increased financing to SMEs and promoted loans for individuals. At the same time, we actively responded to demand for funds from local public bodies and others. Nevertheless, loans and bills discounted declined ¥59.4 billion year on year to ¥1,440.4 billion at year-end due primarily to a decrease in lending to large corporations.

Future management policies

The Japanese economy has been on a distinct recovery trend due to the spreading effects of bold financial measures and flexible fiscal policies and is expected to remain on a recovery track, despite the not insignificant effects of the consumption tax rate increase in April of this year. In Yamanashi Prefecture, although many people sustained enormous damage due to the record-setting heavy

snowfall in February of this year, recently, the economy has been recovering modestly overall. However, major transformations are expected to continue owing to various structural changes, such as the advent of a depopulating society as a result of continued falling birth rates and higher numbers of elderly and the spread and globalization of economic activities.

Further, in the financial sector, competition among financial institutions is expected to grow more severe due mainly to the Japan Post Bank’s aggressive expansion and the prominence of online banking.

In light of these changes in the business environment, to achieve its management vision under the Best Bank Plan 2016 medium-term management plan the Bank has set out three basic policies — increasing operating income, building a strong management structure and promoting CSR — and more rapidly than ever before, we will develop a range of strategies and management and employees will work to their utmost to achieve the plan’s targets according to schedule.

Specifically, to increase operating income, we will enhance our marketing system, roll out strategies for individual and corporate customers, as well as regional and branch strategies in order to strengthen our marketing capabilities. In addition, to ensure stable profits, we will strengthen 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

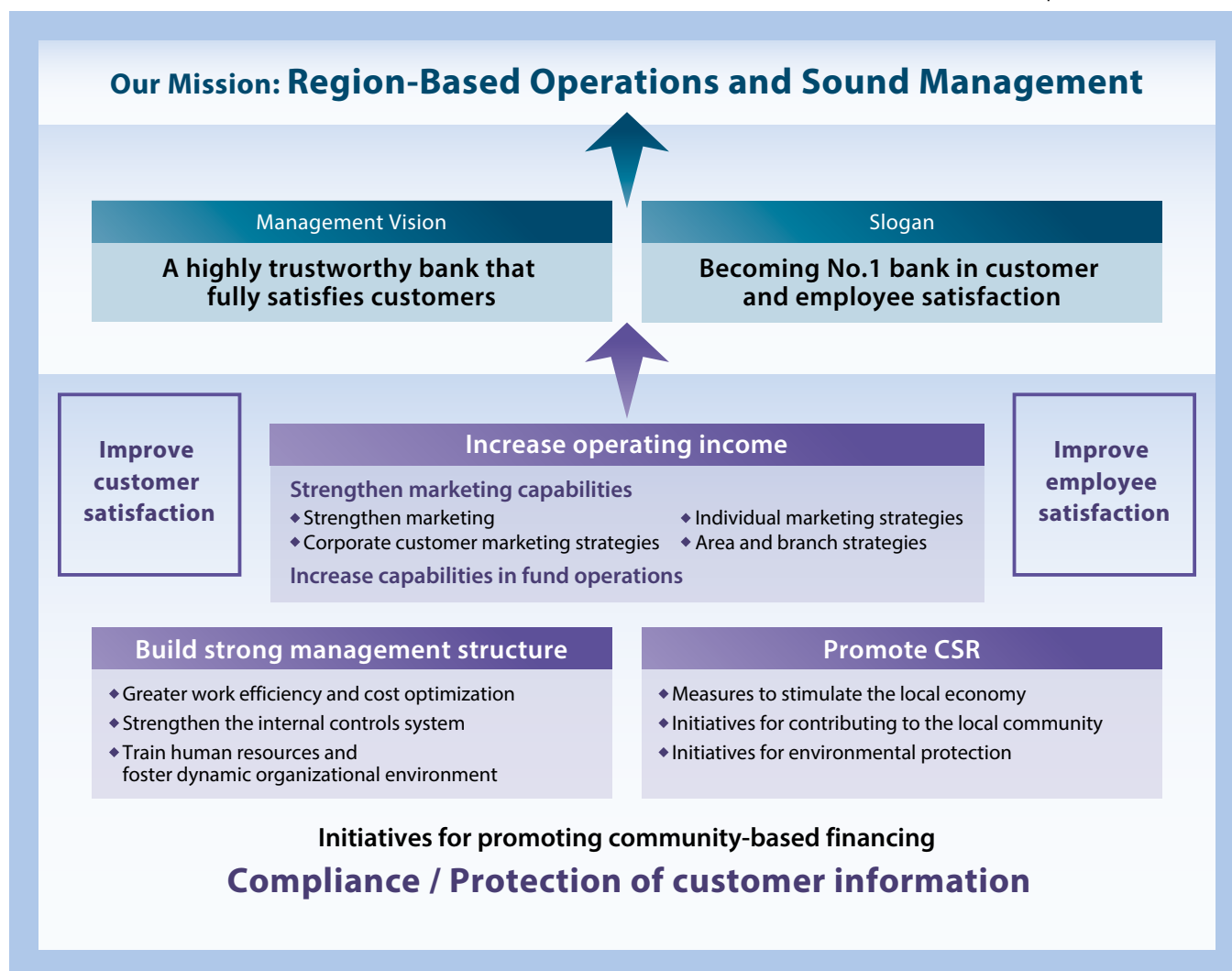
Overview

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)



Mid-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



Held "Yamanashi Food Matching Fair"

Detailed business talk Scheduling

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

Matching Fair

Hosted a follow-up meeting

Results of "Yamanashi Food Matching Fair 2013 in Tokyo" (As of December 31, 2013)

- Number of business meetings held: **2,031**
- Matches made at business meetings (contracts concluded): **91**
- Potential contracts/Business meetings continued: **144**
- Loan procurement, etc.: **34**

Regional Economic Revitalization Initiatives

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



Publication of "Business Chances Directly from the University of Yamanashi"



Publication of "Management Navigation" from Yamanashi Gakuin University

Contributing to the Regional Community

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



Acquired the naming rights to the Kose Sports Park athletic field



Promotion of sports in Yamanashi Prefecture through volleyball



Holding financial courses at universities

Sustainable Development of the Regional Community

Environmental Initiatives

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



Solar power unit



Environment-friendly products

Raise corporate value and competitiveness

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 regions' 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 unshakeable trust

Region-Based Financial Services

Corporate growth assistance through collaboration with business advisors (April 2001 to March 2014)

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 556 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 2014)

Number of companies that have received support (problem-solving) from Yamanashi Chugin Management Support Services	790	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-March 2014).
Number of business matching deals successfully concluded via the Bank's network or Bank-sponsored business meetings	1,975	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. (FY2005-2013).

Achievements in Support for Management Improvement (April 2012 to March 2014)

Debtors (excluding normal borrowers) as of the start of term: A	3,651
Of which, those receiving management improvement support: a	185
Of which, those upgraded their debtor categories as of the term-end: b	24
Of which, those drawing up reconstruction plans: c	152
Percentage receiving management improvement support: (a/A)	5.1%
Percentage upgraded: (b/a)	13.0%
Percentage drawing up reconstruction plans: (c/a)	82.2%

Corporate Banking

Support for companies through our solutions businesses

In cooperation with external ~for business growth and revitalization.

In the reporting term, ended March 2014, we continued our previous year's efforts to facilitate smooth financing to local companies, provide consulting services to corporate customers, and strengthen solutions businesses.

In specific measures, we are helping customers resolve business issues by drawing on the resources of Yamanashi Chugin Management Support Services, which links up customers, local universities and support organizations. We also endeavored to provide optimized solutions in growth areas such as healthcare, nursing care, the environment, agriculture and tourism. To support the development and expansion of sales channels, we actively undertook business matching services such as the Yamanashi Food Sector Business Matching Fair and the Regional Banking Food Selection. During the period under review, the Bank held the Yamanashi Food Sector Business Matching Fair in Tokyo, which is the first time since the fair had been held in Yamanashi Prefecture in the past, and the fair itself was booming.

In the agriculture industry, continuing from the previous fiscal year, 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. Further, with the goal of actively supporting customers trying to expand their business in growth fields, we continued to offer the Yamanashi Chugin "Growth Platform Reinforcement Fund" using the Growth Platform Reinforcement Fund of the Bank of Japan.

In international operations, we newly formed an alliance with the Metropolitan Bank & Trust of the Philippines, in

addition to existing operational tie-ups with The Bangkok Bank of Thailand, the Bank of Communications in China, and Bank Negara Indonesia in Indonesia. Using these connections, we provided a range of financial services and local business information, and supported trading transactions, for customers aiming to set up units or expand marketing channels in the countries of Asia, which continue to see high economic growth rates, and conducted the Bank's first economic study mission to Thailand, as well as other events.

In order to carefully meet customers' needs, we strengthened business succession and inheritance-related services by forming a business partnership with Asahi Chuo, a company that is strong in the trust by will business. We also held individual consultations pertaining to asset inheritance for customers.

As a local financial institution, to more actively demonstrate our financial intermediary capabilities and help revitalize the regional economy, we established a loan creation sales system and assisted with the management improvement that accompanies the provision of new funding.

Specifically, we established the Yamanashi Chugin Management Support Loan "Jikkoryoku" in collaboration with the Yamanashi Prefecture SME Revitalization Support Council and the Credit Guarantee Corporation of Yamanashi Prefecture.

The total of loans outstanding to SMEs as of March 31, 2014 was down by ¥20.4 billion year on year to ¥471.3 billion, accounting for 32.6% 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 of individual customers by conducting the "ATM Time Deposit Campaign to Commemorate the Listing of Mount Fuji as a World Heritage Site" and the "Yamanashi Chugin NISA Account Opening Campaign," introducing new investment trust and life insurance products,



Seminar for senior citizens on inheritance and preinheritance strategies

holding investment report sessions on investment trust, and began selling life insurance at Loan Squares, which specialize in the handling of individual loans. Among the various events held was the "Second Life Seminar" to further strengthen our relationship with customers of retirement age.

In addition, to respond customers' needs for financing along with their life-planning, we continued to market our mortgage interest rate plan and ran a campaign featuring special interest rates on auto and education loans. Newly launched was the Yamanashi Chugin "Waku Waku Every" credit card loan.

The balance of loans to individuals as of March 31, 2014 increased by ¥1.1 billion from the previous year-end to ¥377.8 billion, accounting for 27% of all loans. The balance of housing loans outstanding at the year-end stood at ¥367.9 billion, an increase of ¥1.4 billion.

Western Tokyo Bloc

Seeking Greater Potential beyond Yamanashi Prefecture

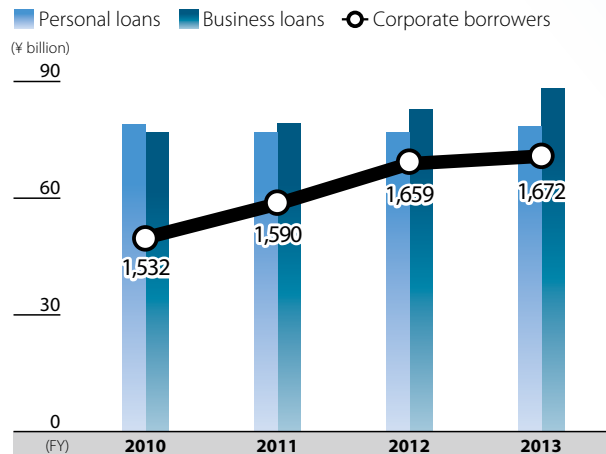
Bordering Yamanashi Prefecture to the east, the western part of Tokyo in which we operate, is a large market that is home to around 5.48 million people, and 170,000 business sites. We call it the Western Tokyo Bloc and it has tremendous growth potential. As of March 31, 2014, we had 14 branches and one 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 September 2013, we jointly established Loan Square Sagamihara in the Sagamihara Branch with the aim of improving customer convenience and expanding our customer base in the Western Tokyo Bloc.

This Western Tokyo Bloc is more profitable and efficient than other blocs within Yamanashi Prefecture. Under the Bank's new medium-term management plan, we aim to make this marketing area key to achievement of our goal of increasing operating income. To achieve this goal, we are aggressively redeploying staff and developing new branches in a drive to further improve profitability and efficiency by building up our network from specific starting points.

In fiscal 2013, housing loans increased by ¥1.0 billion year on year to ¥78.2 billion, while business loans increased by ¥1.0 billion to ¥77.8 billion. The total of corporate borrowers

now on our books increased by 5 to 1,626 (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, 2014, following the government's various economic stimulus policies and greater monetary easing by the Bank of Japan, the Japanese economy was on a recovery track thanks to export and production increases, signs of a rebound in capital investments, and strong consumer spending amid an improved employment and income environment. Looking at the financial situation during this period, the foreign exchange rate largely favored a weak yen and the Nikkei Stock Average was strong.

The economy of Yamanashi Prefecture, the principal business base of the Group, remained on a general recovery trend. We also saw record-breaking snowfall toward the end of the fiscal year, but due in part to last-minute demand before the consumption tax increase, the recovery trend remained largely unaffected.

Overview of Earnings

The Bank endeavored to strengthen its earning capacity and to streamline overall operations in more reasonable and efficient manner, but gross business profit decreased on lower interest on loans and bills discounted and a decline in fees and commissions. However, expenses for disposal of bad debt decreased substantially mainly due to efforts to support the management improvement of customers. Gains (losses) related to stock increased on the back of a recovery in the stock market.

As a result, consolidated ordinary income increased ¥48 million from the previous year to ¥50,518 million. Consolidated ordinary profit increased ¥1,913 million to ¥12,826 million, and consolidated net income rose ¥2,374 million to ¥8,736 million.

Overview of Principal Accounts

In the Bank's main accounts, interest rates on deposits remained low but the Bank expanded products and services so as to be able to respond more rapidly and appropriately to diversifying customer asset management needs. As a result, the year-end balance of total deposits on a consolidated basis increased ¥88.9 billion to ¥2,635.8 billion mainly due to an increase in

deposits held by both individual and corporate customers.

Total deposits including negotiable certificates of deposit (NCDs) increased ¥80.9 billion during the year to ¥2,761.6 billion. The year-end balance of over-the-counter Japanese government bonds and investment trusts declined ¥29.4 billion during the year to ¥172.2 billion.

Turning to loans, funding demand was weak overall, but we expanded lending to individuals and to second-tier companies and SMEs, and responded proactively to funding demand primarily from local government bodies. Nevertheless, the balance of loans decreased by ¥59.4 billion to ¥1,440.4 billion, due chiefly to a decline in lending to large corporations.

In investment securities, we took measures to ensure smooth management, mainly of JGBs, 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 at the end of the fiscal year increased ¥44.6 billion to ¥1,415.2 billion.

The consolidated capital adequacy ratio (domestic standard) increased 0.53 percentage points to 17.28%.

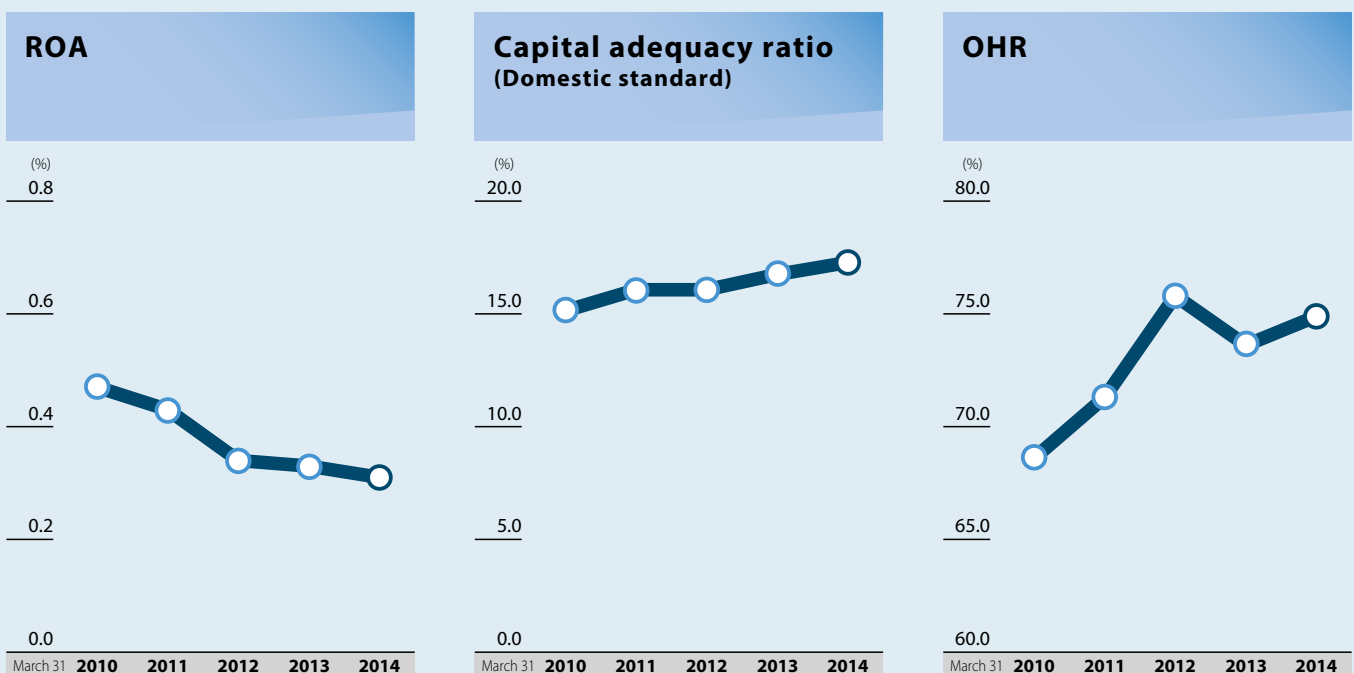
Cash Flows

Net cash provided by operating activities amounted to ¥88.9 billion (compared with inflows of ¥72.8 billion in the previous year), with deposits totaling ¥80.9 billion, loans and bills discounted decreasing ¥59.4 billion and borrowed money decreasing ¥84.1 billion.

Net cash used in investing activities totaled ¥50.1 billion (compared with net outflows of ¥70.3 billion in the previous year), with acquisition of investment securities totaling ¥336.2 billion and sales and redemptions of investment securities totaling ¥288.8 billion.

Net cash used in financing activities came to ¥1.6 billion (compared with net outflows of ¥2.4 billion in the previous year), with expenses on acquisition of treasury stock totaling ¥0.6 billion and ¥1.0 billion on dividend payments.

As a result, cash and cash equivalents at the end of the fiscal year came to ¥126.1 billion (up ¥37.2 million from the previous year).



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 FY2013 (March 31, 2014)	End of FY2012 (March 31, 2013)	End of FY2013 (March 31, 2014)
Assets:			
Cash and due from banks	¥136,295	¥98,997	\$1,324,286
Call loans and bills bought	4,766	15,902	46,308
Monetary claims bought	10,902	10,796	105,933
Trading securities	43	24	423
Money held in trust	—	311	—
Securities ※1, ※8, ※13	1,415,253	1,370,563	13,751,004
Loans and bills discounted ※2, ※3, ※4, ※5, ※6, ※7, ※10	1,440,401	1,499,875	13,995,352
Foreign exchanges ※6	1,442	1,121	14,013
Other assets ※8, ※9	13,325	15,043	129,470
Tangible fixed assets ※11, ※12	24,663	24,785	239,640
Buildings	7,942	8,362	77,176
Land	13,235	13,111	128,599
Lease assets	—	0	—
Construction in progress	1,103	558	10,724
Other tangible fixed assets	2,381	2,753	23,141
Intangible fixed assets	5,043	5,870	49,001
Software	3,637	4,560	35,341
Software in progress	1,015	884	9,870
Lease assets	-	1	—
Other intangible fixed assets	390	424	3,791
Net defined benefit asset	1,123	—	10,915
Deferred tax assets	353	468	3,436
Customers' liabilities for acceptances and guarantees	5,386	5,925	52,342
Allowance for possible loan losses	(17,677)	(20,768)	(171,761)
Total assets	¥3,041,323	¥3,028,916	\$29,550,361

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2013 (March 31, 2014)	End of FY2012 (March 31, 2013)	End of FY2013 (March 31, 2014)
Liabilities:			
Deposits ※8	¥2,635,875	¥2,546,917	\$25,610,921
Negotiable certificates of deposit	125,777	133,794	1,222,086
Call money and bills sold	6,483	752	63,000
Payables under securities lending transactions ※8	7,537	—	73,238
Borrowed money ※8, ※9	21,637	105,826	210,234
Foreign exchanges	113	108	1,106
Other liabilities	24,767	20,431	240,652
Accrued bonuses to directors and corporate auditors	45	45	446
Liability for employees' retirement benefits	—	7,680	—
Net defined benefit liability	976	—	9,485
Reserve for directors' and corporate auditors' retirement benefits	6	12	61
Reserve for reimbursement of deposits	190	275	1,847
Reserve for contingent losses	236	279	2,298
Deferred tax liabilities	13,029	13,244	126,596
Acceptances and guarantees	5,386	5,925	52,342
Total liabilities	2,842,064	2,835,296	27,614,312
Net assets:			
Common stock	15,400	15,400	149,631
Capital surplus	8,287	8,287	80,522
Retained earnings	140,009	132,330	1,360,370
Treasury stock	(2,423)	(1,566)	(23,551)
Total shareholders' equity	161,272	154,451	1,566,972
Unrealized gains on available-for-sale securities	37,450	37,789	363,882
Remeasurements of defined benefit plans	(1,071)	—	(10,410)
Total accumulated other comprehensive income	36,379	37,789	353,472
Subscription rights to shares	90	71	881
Minority interests	1,515	1,308	14,724
Total net assets	199,258	193,620	1,936,049
Total liabilities and net assets	¥3,041,323	¥3,028,916	\$29,550,361

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

【Consolidated Statements of Income】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2012 (From April 1, 2012 to March 31, 2013)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
Ordinary income:	¥50,518	¥50,470	\$490,854
Interest and dividends income	34,476	34,456	334,984
Interest on loans and bills discounted	20,563	22,259	199,799
Interest and dividends on securities	13,749	12,041	133,592
Interest on call loans and bills bought	27	56	268
Interest on due from banks	52	16	510
Other	83	82	814
Fees and commissions	7,347	7,445	71,391
Other operating income	5,619	7,251	54,596
Other ordinary income	3,075	1,317	29,883
Reversal of allowance for possible loan losses	1,533	—	14,903
Other ※1	1,541	1,317	14,980
Ordinary expenses	37,692	39,557	366,231
Interest expenses	1,704	1,765	16,558
Deposits	1,517	1,564	14,748
Negotiable certificates deposits	104	122	1,018
Call money and bills sold	15	0	150
Borrowed money	60	78	590
Other	5	0	53
Fees and commissions	1,875	1,817	18,225
Other operating expenses	4,579	4,999	44,497
General and administrative expenses	29,204	29,779	283,757
Other expenses	328	1,195	3,194
Provision of allowance for possible loan losses	—	269	—
Other ※2	328	926	3,194
Ordinary profit	12,826	10,912	124,623

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2012 (From April 1, 2012 to March 31, 2013)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
Extraordinary income:	120	43	1,175
Gain on disposal of fixed assets	118	38	1,153
Other extraordinary income	2	5	23
Extraordinary losses	458	674	4,452
Losses on disposal of fixed assets	139	176	1,357
Impairment losses ※3	318	498	3,095
Income before income taxes and minority interests	12,488	10,281	121,346
Income taxes – current	2,715	3,439	26,387
Income taxes – deferred	824	242	8,009
Total income taxes	3,540	3,681	34,396
Income before minority interests	8,948	6,599	86,950
Minority interests in net income	212	237	2,062
Net income	¥8,736	¥6,362	\$84,889

【Consolidated Statements of Comprehensive Income】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2012 (From April 1, 2012 to March 31, 2013)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
Income before minority interests	¥8,948	¥6,599	86,950
Other comprehensive income ※1	(331)	16,794	(3,223)
Net unrealized gains on available-for-sale securities	(331)	16,794	(3,223)
Deferred hedge gains	—	0	—
Total comprehensive income	8,617	23,393	83,728
Total comprehensive income attributable to shareholders of the parent	8,398	23,154	81,602
Total comprehensive income attributable to minority interests	218	239	2,126

③【Consolidated Statements of Changes in Net Assets】

	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
Changes during year:					
Cash dividends			(1,053)		(1,053)
Net income			8,736		8,736
Purchases of treasury stock				(882)	(882)
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
Changes during year:						
Cash dividends						(1,053)
Net income						8,736
Purchases of treasury stock						(882)
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

	Millions of Yen				
	Shareholders' equity				
Consolidated FY2012 (From April 1, 2012 to March 31, 2013)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	¥15,400	¥8,287	¥129,039	¥(2,483)	¥150,243
Changes during year:					
Cash dividends			(1,159)		(1,159)
Net income			6,362		6,362
Purchases of treasury stock				(994)	(994)
Cancellation of treasury stock		(1,911)		1,911	
Disposal of treasury stock		(0)		0	0
Transfer from retained earnings to capital surplus		1,911	(1,911)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	3,291	916	4,208
Balance at end of current year	¥15,400	¥8,287	¥132,330	¥(1,566)	¥154,451

	Millions of Yen					
	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
Consolidated FY2012 (From April 1, 2012 to March 31, 2013)	Unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Total accumulated other comprehensive income			
Balance at beginning of current year	¥20,997	¥(0)	¥20,997	¥32	¥1,070	¥172,343
Changes during year:						
Cash dividends						(1,159)
Net income						6,362
Purchases of treasury stock						(994)
Cancellation of treasury stock						
Disposal of treasury stock						0
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	16,792	0	16,792	39	238	17,069
Total changes during year	16,792	0	16,792	39	238	21,277
Balance at end of current year	¥37,789	¥—	¥37,789	¥71	¥1,308	¥193,620

	Thousands of U.S. Dollars				
	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	\$149,631	\$80,522	\$1,285,761	\$(15,219)	\$1,500,695
Changes during year:					
Cash dividends			(10,237)		(10,237)
Net income			84,889		84,889
Purchases of treasury stock				(8,571)	(8,571)
Disposals of treasury stock		(44)		239	196
Transfer from retained earnings to capital surplus		44	(44)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	74,608	(8,332)	66,276
Balance at end of current year	\$149,631	\$80,522	\$1,360,370	\$(23,551)	\$1,566,972

	Thousands of U.S. Dollars					
	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	\$367,169	\$—	\$367,169	\$695	\$12,714	\$1,881,274
Changes during year:						
Cash dividends						(10,237)
Net income						84,889
Purchases of treasury stock						(8,571)
Disposal of treasury stock						196
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	(3,287)	(10,410)	(13,697)	186	2,009	(11,502)
Total changes during year	(3,287)	(10,410)	(13,697)	186	2,009	54,775
Balance at end of current year	\$363,882	\$(10,410)	\$353,472	\$881	\$14,724	\$1,936,049

④【Consolidated Statements of Cash Flows】

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2012 (From April 1, 2012 to March 31, 2013)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
Operating activities:			
Income before income taxes and minority interests	¥12,488	¥10,281	\$121,346
Adjustment for:			
Depreciation and amortization	3,196	3,254	31,055
Impairment losses	318	498	3,095
Increase (decrease) in allowance for possible loan losses	(3,091)	(985)	(30,037)
Increase (decrease) in accrued bonuses to directors and corporate auditors	0	3	3
Increase (decrease) in liability for employees' retirement benefits	(7,680)	168	(74,626)
Decrease (increase) in net defined benefit asset	(1,799)	—	(17,488)
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(6)	3	(59)
Increase (decrease) in reserve for reimbursement of deposits	(85)	20	(831)
Increase (decrease) in reserve for contingent losses	(43)	(14)	(421)
Interest income recognized on consolidated statements of income	(34,476)	(34,456)	(334,984)
Interest expenses recognized on consolidated statements of income	1,704	1,765	16,558
Losses (gains) on investment securities	(1,023)	(1,516)	(9,943)
Foreign exchange losses – net	(358)	(409)	(3,479)
Losses on disposal of premises and equipment	21	133	204
Net increase (decrease) in loans and bills discounted	59,473	(24,965)	577,866
Net increase in deposits	88,958	83,116	864,350
Net increase in negotiable certificates of deposit	(8,017)	(3,059)	(77,904)
Net increase (decrease) in borrowed money	(84,188)	24,659	(818,004)
Net decrease in due from banks (excluding cash equivalents)	(71)	(9,973)	(692)
Net decrease (increase) in call loans	11,029	(12,050)	107,167
Net increase (decrease) in call money	5,731	752	55,689
Net increase (decrease) in payables under securities lending transactions	7,537	—	73,238
Net decrease (increase) in foreign exchanges (assets)	(320)	(705)	(3,113)
Net increase (decrease) in foreign exchanges (liabilities)	5	52	49

	Millions of Yen		Thousands of U.S. Dollars
	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)	Consolidated FY2012 (From April 1, 2012 to March 31, 2013)	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
Interest income (cash basis)	38,378	37,213	372,893
Interest expenses (cash basis)	(1,427)	(1,567)	(13,873)
Other – net	7,550	866	73,365
Total adjustments	93,803	73,084	911,424
Income taxes paid	(4,804)	(214)	(46,683)
Net cash provided by operating activities	88,999	72,870	864,741
Investing activities:			
Purchases of investment securities	(336,278)	(315,009)	(3,267,376)
Proceeds from sales of investment securities	149,795	159,822	1,455,461
Proceeds from redemption of investment securities	139,019	87,654	1,350,757
Purchases of premises and equipment	(1,768)	(1,883)	(17,185)
Proceeds from sales of premises and equipment	167	67	1,626
Purchases of intangible fixed assets	(1,086)	(1,013)	(10,556)
Proceeds from sales of intangible fixed assets	1	1	14
Net cash used in investing activities	(50,148)	(70,360)	(487,260)
Financing activities:			
Dividends paid	(1,053)	(1,159)	(10,237)
Payment of dividends to minority interests	(1)	(1)	(14)
Repurchases of treasury stock	(636)	(806)	(6,180)
Proceeds from sales of treasury stock	1	0	12
Proceeds transferred from trust account for purchase of treasury stock	64	–	623
Payment of setting of money trust by acquisition purpose of treasury stock	–	(500)	–
Net cash used in financing activities	(1,625)	(2,467)	(15,796)
Foreign currency transaction adjustments on cash and cash equivalents	2	2	21
Net decrease in cash and cash equivalents	37,226	44	361,705
Cash and cash equivalents, beginning of year	88,889	88,844	863,671
Cash and cash equivalents, end of year ※1	¥126,115	¥88,889	\$1,225,377

【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) Non-consolidated subsidiaries Not applicable.

Yamanashi Venture Promotion Investment Limited Partnership has been dissolved and completed its liquidation during the consolidated fiscal year under review due to the expiration of duration.

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) Non-consolidated subsidiaries that are not applied to equity method Not applicable.

Yamanashi Venture Promotion Investment Limited Partnership has been dissolved and completed its liquidation during the consolidated fiscal year under review due to the expiration of duration.

- (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. All loans are subject to asset quality assessment conducted by the business-related divisions in accordance with the Self-Assessment Standards, and the results of the assessments are reviewed by the Auditing Division, which is independent from the business-related divisions, before the allowance amount is finally determined. All loans are classified into one of five categories for self assessment purposes, "normal," "caution," "possible bankruptcy," "virtual bankruptcy" or "legal bankruptcy."

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

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

(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 straight-line attribution 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) Hedging activities

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

In applying the deferred hedge accounting method, the Bank designates such hedging instruments as foreign currency swap transactions for the purpose of diminishing the risk of foreign currency exchange fluctuations with respect to foreign currency denominated monetary assets and liabilities as well as other items, and confirms the foreign currency position of the hedged monetary assets or liabilities is more than or equal to the hedging instruments over the residual terms of the hedging instruments.

(14) Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(15) Consumption taxes

The accounting treatment of 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.

(16) 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 ¥102.92 to \$1, the exchange rate prevailing on March 31, 2014.

[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, May 17, 2012) have been applied since the end of the consolidated fiscal year under review (however, excluding 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 difference between the amount of retirement benefit obligations and pension assets are recorded as assets for retirement benefits or liabilities for retirement benefits.

In applying the Accounting Standard for Retirement Benefits, the Bank follows transitional provisions set forth in Article 37 of the Accounting Standard for Retirement Benefits. At the end of the consolidated fiscal year under review, the Bank recorded unrecognized actuarial gains and losses and unrecognized past service costs after adjustment for tax effects as an accumulated adjustment for retirement benefits of total accumulated other comprehensive income.

As a result, at the end of the consolidated fiscal year under review, the Bank recorded assets for retirement benefits of ¥1,123 million and liabilities for retirement benefits of ¥976 million. Further, deferred tax liabilities decreased ¥581 million and total accumulated other comprehensive income declined ¥1,071 million.

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

[New accounting standards not yet applied]

1. Accounting Standard for Retirement Benefits (May 17, 2012)

(1) Summary

In light of moves to improve the quality of financial reporting and international trends, said accounting standard was amended primarily on (1) the method of accounting for unrecognized actuarial gains and losses and unrecognized past service costs, (2) the method of calculation of retirement benefit obligations and service costs, and (3) increased items for disclosure.

(2) Planned date of application

With regard to the amendment on the method of calculation of retirement benefit obligations and service costs, the Bank plans to apply the changes from the beginning of the consolidated fiscal year starting April 1, 2014.

(3) Effect of applying the changes

The Bank forecasts that by applying the changes of said accounting standard, retained earnings is to decrease ¥179 million at the beginning of the consolidated fiscal year starting April 1, 2014.

2. 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, 2014	(Millions of yen)
Investments	¥—

*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, 2014	(Millions of yen)
Loans to customers in bankruptcy	¥3,198
Past due loans	¥42,942

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, 2014	(Millions of yen)
Past due loans of three months or more	¥84

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, 2014	(Millions of yen)
Restructured loans for which the Bank has relaxed lending conditions	¥3,090

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, 2014	(Millions of yen)
Total amount	¥49,316

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, 2014	(Millions of yen)
	¥5,474

*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, 2014	(Millions of yen)
	¥3,001

*8 Assets pledged as collateral were as follows:

As of March 31, 2014	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥228,081
Liabilities related to pledged assets	
Deposits	¥29,053
Payables under securities lending transactions	¥7,537
Borrowed money	¥21,099

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, 2014	(Millions of yen)
Investment securities	¥72,531

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

As of March 31, 2014	(Millions of yen)
Guarantee deposits	¥266

*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, 2014	(Millions of yen)
Lease contract assets	¥903
Corresponding borrowed money	¥538

*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, 2014 were as follows:

As of March 31, 2014	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥380,389
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	¥366,439

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, 2014	(Millions of yen)
Total amount of accumulated depreciation	¥33,909

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

As of March 31, 2014	(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, 2014	(Millions of yen)
	¥1,683

(Relating to Consolidated Statements of Income)

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

From April 1, 2013 to March 31, 2014	(Millions of yen)
Gain on sales stock	¥876

*2 “Other ordinary expenses” includes the following items:

From April 1, 2013 to March 31, 2014	(Millions of yen)
Write-off stocks	¥56

*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, 2013 to March 31, 2014			(Millions of yen)
Location	Use	Category	Total impairment loss
Yamanashi Prefecture	Operating assets	Land and buildings	¥287
	Idle assets	Land	3
Tokyo	Operating assets	Buildings	27
Total	—	—	¥318

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, 2013 to March 31, 2014	(Millions of yen)
Valuation difference on available-for-sale securities:	
Difference arising during the fiscal year	¥155
Reclassification adjustment to profit and loss	(831)
Amount before income tax effect	(675)
Income tax effect	344
Valuation difference on available-for-sale securities:	(331)
Deferred hedge gains (losses)	
Gains (losses) arising during the fiscal year	—
Reclassification adjustment to profit and loss	—
Amount before income tax effect	—
Income tax effect	—
Deferred hedge gains (losses)	—
Total other comprehensive income	¥(331)

(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 FY2013	Number of shares increased during FY2013	Number of shares decreased during FY2013	Number of shares at the end of FY2013	Remarks
Shares outstanding					
Common stock	179,915	—	—	179,915	
Treasury stock					
Common stock	4,067	2,032	62	6,036	Note

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	1,928 thousand
Increase by purchase claims of less than one unit	104 thousand

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

Decrease by exercise of stock option rights	59 thousand
Decrease by purchase claims of less than one unit	2 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 FY2013 (Millions of yen)
			Beginning of FY2013	FY2013		End of the FY2013	
				Increase	Decrease		
The Bank	Stock options as share subscription rights		—			¥90	
Total			—			¥90	

3 Items relating to dividends

(1) Dividend paid during FY2013

(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, 2013	Common stock	¥527	¥3.0	March 31, 2013	June 28, 2013
Board of directors' meeting on November 12, 2013	Common stock	526	3.0	September 30, 2013	December 4, 2013

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2013.

(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 27, 2014	Common stock	¥608	Retained earnings	¥3.5	March 31, 2014	June 30, 2014

(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, 2014, is as follows:

Cash and due from banks	¥136,295 million
Due from banks, excluding due from Bank of Japan	(10,179) million
Cash and cash equivalents	¥126,115 million

(Relating to Lease Transactions)

Finance leases

(Lessee)

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

1 Details of lease assets

(1) Tangible fixed assets

Principally office equipment

(2) Intangible fixed assets

Software

2 Method of depreciation of lease assets

Lease assets are depreciation in accordance with the stipulations as described in "Important items used as basis for preparing consolidated financial statements, 4 Items relating to accounting standards (4) Methods of depreciation."

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2014 are as follows:

	(Millions of yen)
Gross lease receivables	¥7,931
Estimated residual value	—
Unearned interest income	(643)
Net investment in leases	¥7,287

2. Expected amounts from the collection of gross lease receivables for the year ended March 31, 2014 are as follows:

	(Millions of yen)
1 year or less	¥2,545
1 to 2 years	2,020
2 to 3 years	1,503
3 to 4 years	1,003
4 to 5 years	496
Over 5 years	361
Total	¥7,931

(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 and by Monte Carlo simulation of interest rate changes. These results are reported to management regularly in the ALM Committee and the board of directors.

(B) Foreign exchange risk management

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

(C) Market price risk management

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

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

(D) Derivative transactions

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

(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 VaR method. In specific terms, market risks are managed in a manner that ensures that VaR (the amount of risk after writing down investment in shares undertaken for strategic business purposes for a portion of VaR) does not exceed the maximum amount of risk (amount of capital allocation) determined by a resolution of the Board of Directors or other appropriate bodies. The variance-covariance method (holdings period: 240 days; confidence interval: 99%; observation period: 240 business days) is used to measure VaR (excluding trading securities) while taking into consideration the correlation among interest rates for shares and investment trusts. In addition, with respect to the yen-denominated interest risk applicable to demand deposits, internal models are used to estimate core deposits and VaR used as the means for measurement. Trading 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 ¥59,880 million as of March 31, 2014 compared with ¥33,953 million as of the end of 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	¥136,295	¥136,295	¥—
(2) Trading securities			
Trading securities	43	43	—
(3) Securities			
Held-to-maturity	1,678	1,671	(6)
Available-for-sale securities	1,413,025	1,413,025	—
(4) Loans and bills discounted	1,440,401		
Accrued income (Interest on loans)	762		
Deferred income (Interest on loans and guarantee charge) (*1)	(1,073)		
Reserve for possible loan losses (*2)	(17,263)		
	1,422,827	1,436,489	13,662
Total	¥2,973,870	¥2,987,525	¥13,655
(1) Deposits	¥2,635,875		
Accrued expenses (Interest on deposits)	1,670		
	2,637,545	2,638,708	1,162
(2) Negotiable certificates of deposits	125,777		
Accrued expenses (Interest on NCDs)	33		
	125,810	125,843	32
(3) Borrowed money	21,637	21,643	6
Total	¥2,784,994	¥2,786,195	¥1,201
Derivatives (*3)			
Hedge accounting is applied	5	5	—
Hedge accounting is not applied	—	—	—
Total	¥5	¥5	¥—

*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) 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.

(3) Securities

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

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

(4) Loans and bills discounted

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

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

Losses from loans to borrowers in legal bankruptcy, in virtual bankruptcy and in possible bankruptcy are computed based on estimated recoverable amounts. 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.

(3) Borrowed money

Borrowed money that attracts a floating rate of interest accurately reflects market rates of interest over the short term. In addition, the credit standing of the Bank and its consolidated subsidiaries has not largely changed since the subject borrowed money was drawn down and the fair value of the subject borrowed money is approximately equal to the book value. Taking these factors into consideration, the book value is deemed as the fair value. For borrowed money that attracts a fixed rate of interest, fair values are calculated by discounting the total amount of the principal and interest of the subject borrowed money at interest rates considered to be applicable to similar loans. Moreover, for short-term periods where the contract term is less than one year, the book value is used as the fair value reflecting the closeness between each.

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 (3) Securities’ in the above table showing the fair values of financial instruments as of March 31, 2014.

(Millions of yen)

	Carrying amount
Unlisted equity securities (*1) (*2)	¥549
Contributions to unions (*1) (*3)	—
Total	¥549

*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, no impairment loss was recognized.

Classified as available-for-sale securities; in the consolidated fiscal year under review, an impairment loss of ¥0 million 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	¥103,713	¥—	¥—	¥—	¥—	¥—
Securities	166,113	477,511	183,056	56,816	165,975	173,800
Held-to-maturity	371	577	719	16	—	—
Corporate bonds	371	577	719	16	—	—
Available-for-sale securities that have maturities	165,742	476,933	182,337	56,800	165,975	173,800
Japanese government bonds	67,581	324,303	91,200	20,900	116,800	169,400
Municipal bond	30,330	57,860	65,593	22,302	30,143	4,400
Corporate bonds	67,315	91,682	21,426	7,938	12,342	—
Others	514	3,087	4,116	5,660	6,689	—
Loans and bills discounted (*)	285,290	306,541	233,480	136,037	127,774	200,199
Total	¥555,117	¥784,052	¥416,537	¥192,854	¥293,749	¥374,000

* 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 ¥46,141 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥104,726 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 (*)	¥2,235,465	¥301,528	¥23,743	¥—	¥—	¥—
Negotiable certificates of deposits	105,567	20,210	—	—	—	—
Borrowed money	16,205	5,388	43	—	—	—
Total	¥2,357,238	¥327,127	¥23,786	¥—	¥—	¥—

* 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	¥581	¥585	¥3
Fair value not exceeded carrying amount:	Corporate bonds	1,096	1,086	(9)
Total		¥1,678	¥1,671	¥(6)

3. Available-for-sale securities

(Millions of yen)

		Fair value	Cost	Valuation differences
Fair value exceeded cost:	Japanese stocks	¥67,526	¥39,150	¥28,375
	Bonds total	1,234,919	1,213,678	21,241
	Japanese Government bonds	830,351	818,932	11,419
	Japanese municipal bonds	200,635	194,725	5,909
	Japanese corporate bonds	203,932	200,019	3,912
	Other securities	63,247	54,682	8,565
	Sub-total	1,365,693	1,307,511	58,181
Fair value not exceeded cost:	Japanese stocks	4,524	5,074	(549)
	Bonds total	17,359	17,448	(88)
	Japanese Government bonds	—	—	—
	Japanese municipal bonds	15,778	15,863	(84)
	Japanese corporate bonds	1,581	1,585	(4)
	Other securities	25,448	25,585	(137)
	Sub-total	47,332	48,107	(775)
Total	¥1,413,025	¥1,355,619	¥57,406	

Note: Unlisted stocks that have a fair value and cost of ¥549 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	¥144	¥148	¥4

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	¥ 2,285	¥567	¥56
Bonds total	132,998	651	297
Japanese Government bonds	132,910	651	297
Japanese municipal bonds	88	—	0
Japanese corporate bonds	—	—	—
Other securities	11,566	690	448
Total	¥146,850	¥1,909	¥802

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.

No revaluation loss was recognized during the previous consolidated fiscal year.

A revaluation loss of ¥87 million (of which ¥79 million was from stocks and ¥7 million from bonds) was recognized in 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	¥57,406
Deferred tax liabilities	19,944
Net unrealized gains (before minority interests)	37,461
Minority interests	10
Net unrealized gains on available-for-sale securities	¥37,450

(Relating to derivative transaction)

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	¥984	—	¥(20)	¥(20)
	Buy	956	—	25	25
	Total	—	—	¥5	¥5

(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	24,644
Service cost	821
Interest cost	345
Actuarial gains and losses	597
Retirement benefits payment	(1,238)
Past service cost	—
Other	—
Retirement benefits obligations at end of year	25,169

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

(Millions of yen)	
Pension assets at beginning of year	15,678
Expected return on plan assets	520
Actuarial gains and losses	1,101
Employer's contribution	8,668
Retirement benefits payment	(652)
Other	—
Pension assets at end of year	25,316

(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

(Millions of yen)	
Retirement benefits obligations of funded plan	25,169
Pension assets	(25,316)
	(147)
Retirement benefits obligations of unfunded plans	—
Assets and liabilities recorded in consolidated balance sheets, net	(147)

(Millions of yen)	
Liability of retirement benefits	976
Assets of retirement benefits	(1,123)
Liabilities and assets recorded in the consolidated balance sheets, net	(147)

(4) Retirement benefit costs and its breakdown

(Millions of yen)	
Service cost	821
Interest cost	345
Expected return on plan assets	(520)
Actuarial gains and losses recorded in expenses	295
Past service costs recorded in expenses	(87)
Other	—
Retirement benefit costs of defined benefit plan	854

(5) 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	(197)
Unrecognized actuarial gains and losses	1,850
Other	—
Retirement benefit costs of defined benefit plan	1,652

(6) Pension assets

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

Stocks	42%
Bonds	34%
Life insurance general account	11%
Other	13%
Total	100%

Note: Included in total pension assets is 14% for retirement benefit trusts established in the corporate pension plan, and 31% 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.

(7) Basis for calculating actuarial calculations

Basis for calculating main actuarial calculations at the end of the consolidated fiscal year under review (weighted average)

1. Discount rate 1.4%
2. Long-term expected rate of return on plan assets 3.1%

(Stock option and other related information)

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

(Millions of yen)

	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
General and administrative expenses	¥37

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

(1) Description of stock options

	2013 Stock Options
Category and number of people to whom stock options are granted	The Bank's directors (excluding outside directors): 12
Type and number of shares granted as stock options	Common stock: 102,400 shares
Date on which stock options were granted	July 29, 2013
Vesting terms and conditions	Vesting terms and conditions have not been prescribed
Vesting period	Vesting period has not been prescribed
Exercise period	July 30, 2013 to July 29, 2014

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, 2014. The number of stock options is converted into the number of shares.

① Number of stock options

	2013 Stock Options
Stock options which are not yet vested (shares):	
As of March 31, 2013	—
Granted	102,400
Forfeited	—
Vested	102,400
Balance of stock options not vested	—
Stock options which have already been vested (shares):	
As of March 31, 2013	—
Vested	102,400
Exercised	—
Forfeited	—
Balance of stock options not exercised	102,400

② Per share price information

	2013 Stock Options
Exercise price (Yen)	1
Average price per share upon exercise (Yen)	—
Fair value per share at the grant date (Yen)	371

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

During the fiscal year ended March 31, 2014, the fair value per share with respect to 2013 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

	2013 Stock Options
Stock price volatility (Note 1)	29.6%
Projected residual period (Note 2)	42 months
Projected cash dividends (Note 3)	¥6/share
No risk interest rate (Note 4)	0.19%

Notes:

1. Stock price volatility is calculated based on the stock price performance for the period (weekly from the week of January 18, 2010 to the week of July 22, 2013) 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, 2013.
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 FY2013 (From April 1, 2013 to March 31, 2014)
Deferred tax assets:	
Allowance for possible loan losses	¥5,490
Net defined benefit liability	3,108
Losses on investment securities	1,868
Depreciation	1,581
Other	2,618
Sub-total	14,668
Valuation allowance	(7,183)
Total deferred tax assets	7,485
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(19,944)
Other	(216)
Total deferred tax liabilities	(20,160)
Net deferred tax assets (figures in parentheses represent liabilities)	(12,675)

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 FY2013 (From April 1, 2013 to March 31, 2014)
Normal effective statutory tax rate	37.6%
Valuation allowance	(9.2)%
Income not taxable for income tax purposes	(2.0)%
Expenses not deductible for income tax purposes	0.3%
Reduction in fiscal year-end deferred tax assets due to tax rate changes	1.3%
Other—net	0.4%
Actual effective tax rate	28.4%

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.” (2014, Law No. 10) was announced on March 31, 2014 and the Special Corporation Tax for Reconstruction was abolished from the consolidated fiscal year starting April 1, 2014. Accordingly, the statutory effective tax rate used in calculating deferred tax assets and deferred tax liabilities for temporary differences, which is expected to be dissolved in the consolidated fiscal year starting April 1, 2014, changed from the previous 37.6% to 35.2%. Due to the change in the tax rate, deferred tax assets decreased ¥15 million, deferred tax liabilities increased ¥121 million, valuation difference on available-for-sale securities increased ¥24 million and income taxes deferred increased ¥160 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	¥22,889	¥15,718	¥11,910	¥50,518

(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	152
							Interest income	3	—	—
							Legal advisory fee paid	3	—	—
Director's consort	Mayumi Nagasaka	—	—	Director's consort of the Bank	—	Lending	Lending Interest income	—	Loans	39
								0	—	—

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

(Per Share Information)

(Yen)

	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
Net assets per share	¥1,136.72
Net income per share	49.86
Diluted net income per share	49.79

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

(Millions of yen)

	Consolidated FY2013 (From April 1, 2013 to March 31, 2014)
Net income per share	
Net income	¥8,736
Net income attribute to common stock	¥8,736
Average balance of common stock (thousands)	175,207
Diluted net income per share	
Increase in the number of common stock (thousands)	250
New share subscription rights (thousands)	250

(Changes in accounting policies)

The Bank has applied Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) since the end of the consolidated fiscal year under review (however, excluding the provisions contained in paragraph 35 of Accounting Standard for Retirement Benefits and paragraph 67 of Guidance on Accounting Standard for Retirement Benefits), and has followed the transitional handling stipulated in paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, net assets per share in the consolidated fiscal year under review decreased ¥6.16.

(Important subsequent events)

Not applicable.

Corporate Data

(as of March 31, 2014)

Common Stock : ¥15,400 million

Number of Shares :

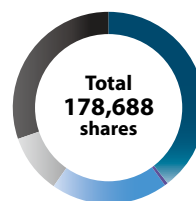
Authorized 398,000,000 shares
Issued 179,915,000 shares

Number of Stockholders : 6,257

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	70,608	39.52%
Securities companies	1,143	0.64%
Other corporations	35,028	19.60%
Foreigners	17,840	9.98%
Individuals and others	54,069	30.26%

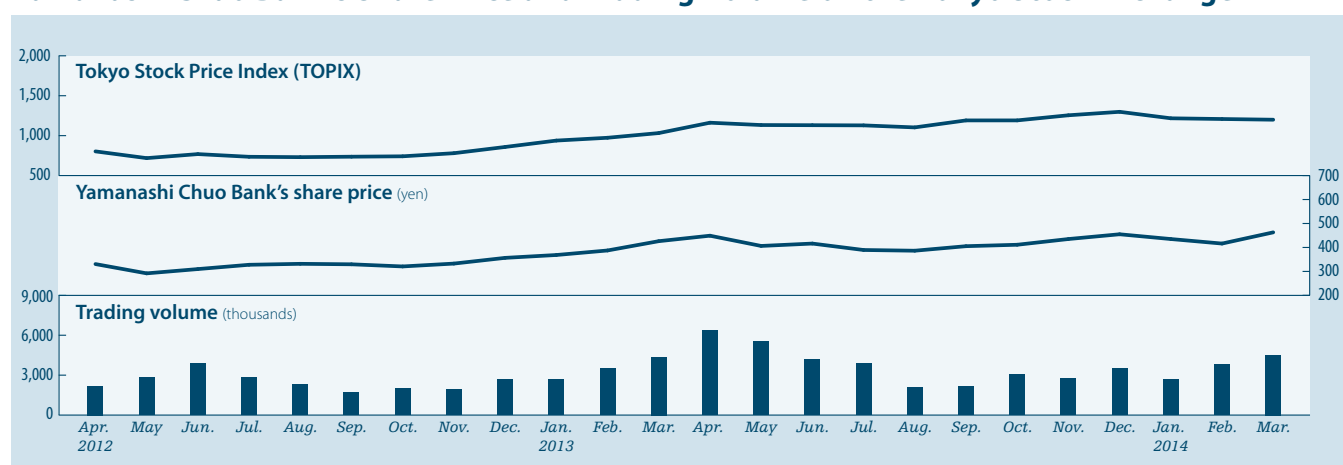
*Shares (1 trading unit: 1,000 shares)

Note: The category "Individuals and others" contains treasury stock in the number of 6,036 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
Japan Trustee Services Bank, Ltd. (Trustee Account)	10,259	5.70
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,169	3.98
Meiji Yasuda Life Insurance Company	6,047	3.36
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	5,813	3.23
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	3,321	1.84
The Master Trust Bank of Japan, Ltd. (Trustee Account)	3,287	1.82
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,000	1.66
Fukoku Mutual Life Insurance Company	3,000	1.66
Teikyo University	2,977	1.65
FUJI KYUKO CO., LTD.	2,657	1.47
Total	47,532	26.41

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, 2014)

Chairman

Toshihisa Ashizawa

President

Nakaba Shindo

Senior Managing Director

Mitsuyoshi Seki

Managing Directors

Masanobu Tanaka

Tadashi Kato

Kimihisa Tanabe

Directors

Akio Hosoda

Masayuki Ogihara

Takehiro Hirose

Tatsuyuki Miyake

Fumiaki Asakawa

Kunihito Inoue

Standing Corporate Auditors

Takehiko Sano

Masaki Saito

Corporate Auditors

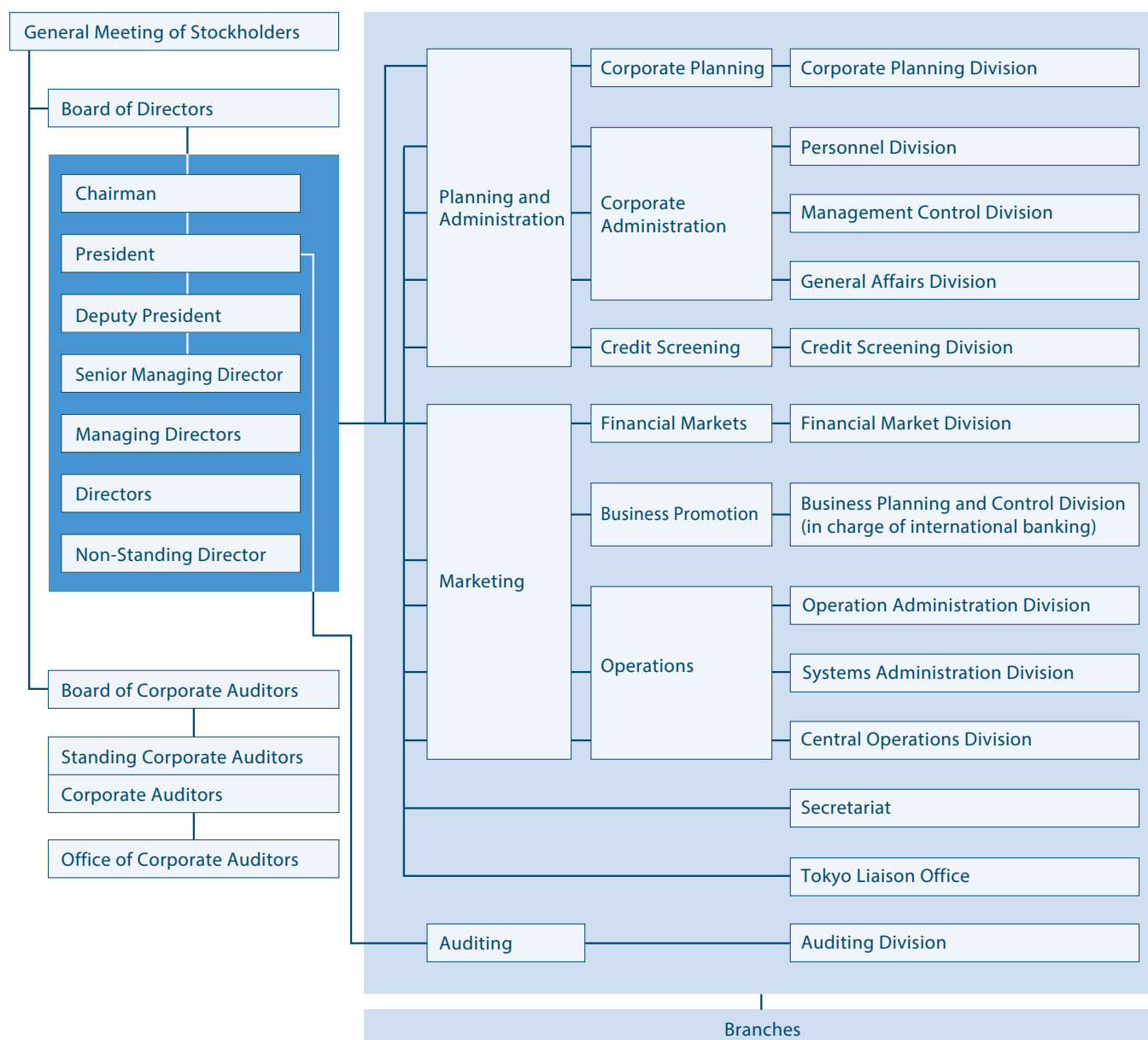
Magozaemon Takano

Toshihito Furuya

Koichiro Horiuchi

Organization

(as of July 1, 2014)



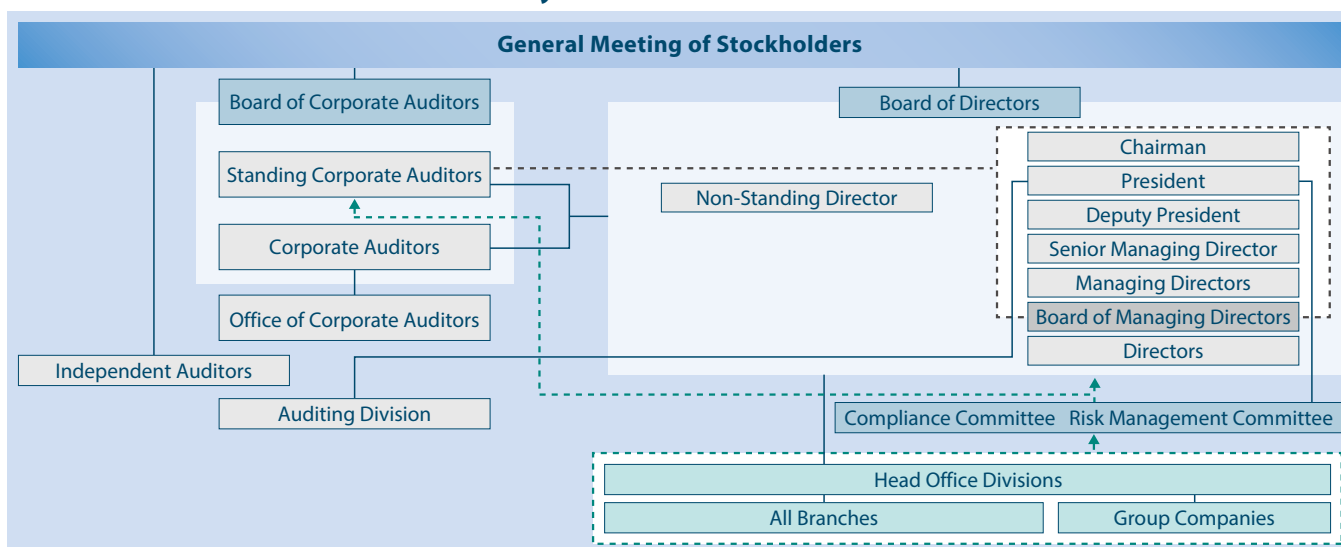
Internal Control and Risk Management

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 Compliance Program every fiscal year to establish an effective compliance framework.

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

THE YAMANASHI CHUO BANK,LTD.

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