



Yamanashi Chuo Bank

Annual Report 2000

Financial Highlights

Years ended March 31, 2000 and 1999

<Consolidated>	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
For the year:			
Total income	¥ 58,597	¥ 64,740	\$ 552,026
Total expenses	47,978	81,485	451,992
Income (loss) before income taxes and minority interests	10,618	(16,745)	100,034
Net income (loss)	6,161	(9,662)	58,041

Per share of common stock (in yen and dollars):

Net income (loss)	¥ 32.14	¥(50.34)	\$ 0.30
Cash dividends applicable to the year	5.00	5.00	0.04

At year-end:

Deposits	¥2,067,904	¥2,009,172	\$19,480,964
Loans and bills discounted	1,300,462	1,309,033	12,251,178
Investment securities	544,687	463,964	5,131,301
Total assets	2,245,699	2,190,503	21,155,909
Stockholders' equity	115,585	111,190	1,088,891

<Non-Consolidated>	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
For the year:			
Total income	¥ 53,099	¥ 58,707	\$ 500,234
Total expenses	42,701	74,440	402,270
Income (loss) before income taxes	10,398	(15,732)	97,964
Net income (loss)	6,101	(9,523)	57,477

Per share of common stock (in yen and dollars):

Net income (loss)	¥ 31.82	¥ (49.62)	\$ 0.29
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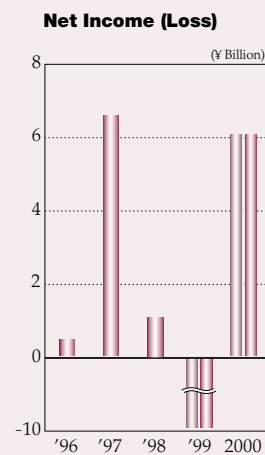
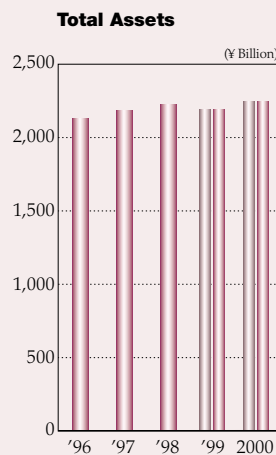
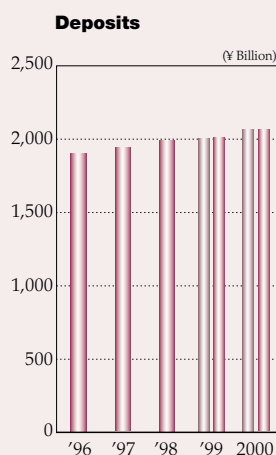
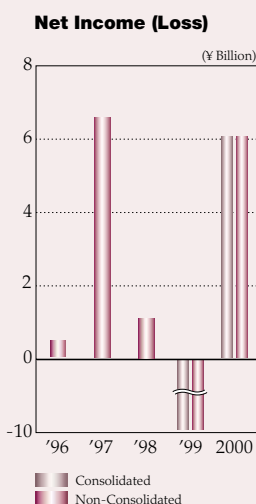
At year-end:

Deposits	¥2,071,981	¥2,013,116	\$19,519,369
Loans and bills discounted	1,313,025	1,321,746	12,369,525
Investment securities	544,206	463,609	5,126,772
Total assets	2,245,234	2,189,686	21,151,522
Stockholders' equity	115,605	111,269	1,089,076

Notes: 1. Yen figures are rounded down to the nearest million yen.

2. U.S. dollar figures have been converted from Japanese yen, solely for convenience, at the rate of ¥106.15=US\$1, the rate prevailing on March 31, 2000.

3. Net income per share is calculated on the basis of the average number of shares of common stock outstanding each year.



Note: Consolidated data are not available for fiscal 1996, 1997 and 1998.

Profile

Since its establishment in 1877, The Yamanashi Chuo Bank, Ltd. has built up the foundations of what it is today in parallel with the development of regional society, committed to its corporate philosophy of maintaining “close ties with the community and sound management.”

The Bank’s principal business base is Yamanashi Prefecture and the western part of Tokyo. With its industries ranging from wine production, where it ranks as the nation’s number one, to cutting-edge electronics, Yamanashi Prefecture is known as a sector of the Tokyo economic zone with a well-balanced industrial structure.

As of the end of March 2000, the Bank had 86 branches in Yamanashi Prefecture including the head office business division, 13 branches in Tokyo, and a representative office in Hong Kong, which together with 5 affiliated companies active in business areas such as leasing, credit cards, guarantees, and investment, provide integrated financial services to customers in the region.

Amid financial liberalization and economic globalization over the past decade, the environment surrounding financial institutions has been undergoing a major reorganization that transcends national borders and the boundaries between industrial sectors. In response to these developments, in April 1998 we launched our sixth long-term management plan, entitled “Challenging the New Era – 133 Plan.” As the region’s key financial institution, we aim to build a robust management system and become a bank that is indispensable to the region it serves.

As of March 31, 2000 :

- The balance of deposits including NCDs stood at ¥2,067,904 million (US\$19,480 million) on a consolidated basis and ¥2,071,981 million (US\$19,519 million) on a non-consolidated basis, and the balance of loans and bills discounted at ¥1,300,462 million (US\$12,251 million) on a consolidated basis and ¥1,313,025 million (US\$12,369 million) on a non-consolidated basis.
- Capital ratio (domestic standards) was 11.80% on a consolidated basis and 11.76% on a non-consolidated basis, placing the Bank in the top tier of Japan’s regional banks.



Our Head Office

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Message from the President

During the term under review, Japan entered the final phase of its Big Bang financial reforms, which are ushering in a brand-new financial era. Japan's financial environment has seen change of unprecedented scale and speed. "Megabanks" have been born through the consolidation of large financial institutions, while enterprises from outside the sector have entered the banking arena, and new accounting standards have been adopted. The Yamanashi Chuo Banking Group is focusing all its resources on meeting the challenges posed by these changes. We are vigorously promoting policies to ensure that we will prevail in this era of intense competition.

Operating Environment and Results

Looking back over the year, the various fiscal and monetary measures taken by the government and the Bank of Japan nudged the economy onto a path of gradual improvement. The government's measures were an extension of its policy in fiscal 1998, when it issued a package of emergency economic stimulus measures, while the Bank of Japan maintained its zero-interest policy. Amid a recovery in share prices and stabilization of the financial system, signs of an upturn in production and corporate business results appeared from the middle of 1999. However, with consumers still reluctant to spend and the employment situation remaining serious, it is too early to envisage a real return of business confidence.

In Yamanashi Prefecture, the principal business area of the Yamanashi Chuo Group, production improved in information- and communication-related areas, and some recovery was seen in capital investment and employment. However, with consumer spending still depressed, recovery continued to elude local industry and retailers, and differences in the relative fortunes of industries and companies grew even more pronounced. As a result, the overall negative atmosphere failed to dissipate.

Against this background, the Group widened the scope of its financial services in such areas as leasing and credit cards, in addition to its core banking services. To maximize shareholder value, we also worked hard to improve results and promote sound and efficient business operations. These efforts contributed to net income for the year of ¥6,161 million (US\$58 million) on a consolidated basis and ¥6,101 million (US\$57 million) on a non-consolidated basis.

Performance and Future Strategies

We initiated various programs in line with our sixth three-year management plan, which began in fiscal 1998. The plan aims to establish a firm position as a core regional financial institution. In fiscal 1999, we focused on making progress in three key areas: securing a sound asset portfolio and rational and efficient business operations, building a new marketing system, and addressing the Y2K problem. The following is a report on our progress in these three areas.

(1) *Sound asset portfolio and rational and efficient business operations*

- Raising our capital ratio
In Japan, banks without overseas operations offices are required to maintain a capital ratio of at least 4% to meet domestic standards. As of the close of fiscal 1999, our capital ratio stood at 11.80% on a consolidated basis and 11.76% on a non-consolidated basis, comfortably exceeding the stipulated standard. These capital ratios place us in the front ranks of regional banks nationwide and symbolize the sound operational profile of which we can be proud.
- Disposing of non-performing loans
To quickly dispose of bad debt and secure a healthy financial position, we are writing off delinquent assets and providing reserves for possible loan losses based on strict self-assessment criteria. During the period, we implemented the required write-downs and provisions to reserves. We were able to substantially reduce transfers to loan-loss reserves, because we had basically completed the disposal of our bad debts in the previous fiscal term.

In line with debt classification based on the Financial Reconstruction Law, our loan balance, excluding normal debt, stood at ¥105,151 million (US\$990 million) on a non-consolidated basis, giving a coverage ratio (covered by

collateral plus reserves) of 89.79%. At the end of the period, our risk-monitored loans according to Banking Law guidelines stood at ¥80,324 million (US\$756 million) on a non-consolidated basis, for which due provision was made in the form of collateral and reserves. As a result of these prudent measures, our coverage ratio climbed to 84.16% at March 31, 2000, from 80.06% a year earlier. Accordingly, we have sufficient reserves and stockholders' equity to cover non-performing loans in accordance with any standard, and are basically free of problems with respect to debt exposure.

- The Kanto Regional Banks' Business Research Council
In May 1999, we joined forces with the Gunma Bank, Ltd., the Joyo Bank, Ltd., and the Hachijuni Bank, Ltd., to set up the Kanto Regional Banks' Business Research Council. The four banks, all with operations in the Kanto region, began jointly investigating such areas as rationalization measures and how to develop new business. In an effort to improve efficiency and strengthen bargaining power and competitiveness, we are currently studying ways to avoid duplication of investment, examining plans for strategic investment in new information technology, and promoting joint efforts in new services, development of computer systems, and purchasing. To further stimulate these efforts, the four banks also jointly set up the Promotional Office in Tokyo in order to reinforce the functions of the Council.

(2) *Creating a new marketing system*

Seeking to effectively utilize management resources and build a strong, low-cost marketing system, we constructed a new marketing system based on area-specific marketing. The new system centers around a joint regional promotion system and a marketing approach based on the respective



Nobukazu Yoshizawa, *President*

strengths of each branch. The system classifies the functions and roles of branches from such viewpoints as the market characteristics of the area, the scale of the branch, proximity to neighboring branches, and lines of access between branches. While strengthening our marketing system, we are building "area groups" composed of several branches located in the same area and plan to increase market share and business efficiency through a joint marketing approach. In April 1999, we began testing the new marketing system based on 11 branches in 4 areas, including Yamanashi City. In April 2000, we extended the trial operation to 42 branches in 11 areas.

(3) *Responding to the Y2K problem*

Treating the Y2K computer problem as a serious potential threat to the Bank's operations, we took the lead as the region's key financial institution in strengthening ties with 12 financial institutions in Yamanashi Prefecture, while bolstering our own internal computer systems. From the critical day of December 31, 1999, to the early part of the New Year, our staff devoted 3,200 man-days to the Y2K Problem, principally at our Year 2000 Problem Committee. Thanks to this comprehensive approach and the determination of everyone in the Bank, we crossed the millennium threshold safely.

I would now like to describe our future business strategy.

Priority Policies for the Year 2000

In the coming year, we will put our best efforts into boosting our earning power and strengthening compliance.

(1) Reinforcing fund management capability

To strengthen our fund management capability we are carrying out a variety of activities. These include: bolstering our asset management capabilities, focused on our lending operations; expanding fees and commissions; and reducing costs.

- Bolstering asset management capabilities

In providing funds for small and medium-sized businesses, the head office divisions and branches cooperate in carrying out marketing activities, proposing the best solutions to customers' needs by developing and investing in strategic products. In consumer banking, our top priority is mortgage loans, but we will also focus on promoting small unsecured loans. To this end, we will implement a rationalization program, which includes opening loan centers to centralize services supporting our branches, using "in-store" branches to offer consultation and advice, and strengthening customer service by expanding telephone banking functions. At the same time, we will work hard to develop and expand marketing channels. In addition, by setting the interest level on loans on the basis of profitability and strict corporate ratings, we will try to secure reasonable profit margins.

- Expanding fees and commissions

We have placed top priority on expanding fees and commissions on investment trust and foreign currency-denominated deposit services, and are strengthening our marketing promotion system accordingly. We are now extending investment trust services to all our branches, and are working to boost sales of investment trusts. To meet customers' asset management needs, we will also develop aggressive marketing strategies promoting foreign currency-denominated deposits.

- Reducing costs through rationalization and improved efficiency

The Bank is currently pursuing measures aimed at achieving higher levels of efficiency, mainly by reorganizing our branch network, reassessing personnel systems, introducing new marketing systems, and reviewing marketing office operations. We will continue to promote these measures, putting our utmost efforts into using our business resources effectively and processing operations efficiently in an effort to build a robust business framework.

(2) Strengthening compliance

Since securing the trust of all stockholders and customers is of paramount importance, compliance with laws and regulations is a priority issue for the Bank.

In 1998, we established a Compliance Committee, chaired by a senior managing director. In December 1999, we produced a Compliance Manual in an effort to entrench a strong culture of corporate ethics. In addition, in March 2000 we formulated a Compliance Program, reviewed Bank regulations, and strengthened our compliance by incorporating customer's views in our compliance approach.

Fiscal 2000 is the final year of "Challenging the New Era – 133 Plan." Through concerted efforts involving everyone at the Bank, we aim to establish a secure position as the region's key financial institution and attain our aim of building a robust management system and becoming a bank that is indispensable to the region it serves.

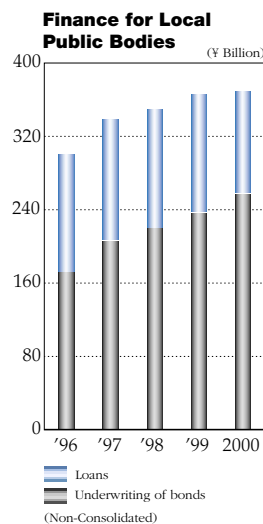
In closing, I would like ask for your continued support in the years to come.



Nobukazu Yoshizawa
President

Operational Review

As a financial institution that is closely committed to the region it serves, the Bank contributes to the affluence of the local community, meeting a wide variety of needs, including those of local corporate and retail customers and regional public bodies. As the local socioeconomic structure changes and customer needs become more sophisticated and diversified, the Bank is working to develop and provide integrated financial services that enjoy the support and confidence of customers. In fiscal 1999, we implemented a range of policies focused on responding to financial liberalization and supporting the local economy.



More new products and new services

During the period, we began offering various new types of lending products, including card loans for retail customers that can be approved within one hour via a simple application procedure. We also launched home loans with debt repayment insurance and business loans for nursing-care providers. In addition, we bolstered existing services, introducing a debit card service which allows card-based transactions with instant settlement, and we extended the operating hours of ATMs and set up a toll-free number to offer telephone advice on pensions.

Mobile Internet banking service introduced

In March 2000, we introduced mobile banking using the i-mode mobile phone service of NTT DoCoMo. This allows customers to make remittances or transfer funds and check account balances and transactions using a cellular phone. We also started an Internet banking service connecting customers to the Bank through personal computers, allowing account balances and details of account transactions to be viewed from home.

Prefecture's first in-store branch opened

To offer customers greater convenience, in October 1999 we opened our first in-store branch on the ground floor of the Ogino River City shopping center in Yamanashi Prefecture. Because of its location, the branch is popularly known as the "River City Plaza." This is a new form of branch that opens until 8 p.m. on weekdays, as well as on days when banks are closed. The branch, whose services include personal loan advice, loan applications, and the opening of new accounts, has proved very popular.

Yamanashi Chugin Business Club launched

In January 2000, we established the Yamanashi Chugin Business Club with the aim of actively assisting businesses in areas other than fund raising, and strengthening relationships with high-quality companies in the prefecture. Already, more than 1,100 managers have joined the Club, which offers business lecture meetings and seminars addressed by well-known corporate executives and provides a forum for members to get to know each other. The Club also provides business consulting services in such areas as financial analysis, management strategy, and initial public offerings.

Over-the-counter sale of investment trusts extended to all branches

In April 2000, we extended the over-the-counter sale of investment trusts, formerly available only at our main branches, to all domestic branches and sub-branches – a total of 99 outlets. We also expanded the type of investment trust products on sale, from 5 to 7. With the expansion of investment trusts, we instituted a toll-free telephone service to deal with customers' concerns and questions relating to investment trusts.

Defined contribution pension business

In January 2001, Japan will introduce a defined contribution pension plan system, similar to 401(k)-style pension plans in the United States. The aim of this move is to meet the increase in the cost of retirement allowances and respond to today's more fluid employment environment. The Bank is now preparing to enter this new business so that it can offer client companies and sole proprietors a wide range of services, from helping customers introduce their own plans to advising on the investment of pension assets after contributions begin.

Business Review (Non-Consolidated)

Operating Environment

In Yamanashi Prefecture, production improved in information technology sectors, while capital investment and employment also recovered somewhat. Consumer spending remained stagnant, however, with local industry and retailers still in the doldrums, and disparities among industries and companies becoming more pronounced. As a result, the overall atmosphere remained negative.

Deposits

During the term, the Bank endeavored to strengthen marketing activities in the region centered on individuals. As a result, deposits including NCDs increased ¥58,865 million to ¥2,071,981 million (US\$19,519 million).

Negotiable certificates of deposit came to ¥29,700 million (US\$279 million).

	Millions of Yen	
	2000	1999
Current deposits	¥ 51,099	¥ 52,396
Ordinary deposits	547,636	501,420
Saving deposits	38,478	42,441
Deposits at notice	17,753	9,746
Time deposits	1,358,191	1,357,478
Certificates of deposit	29,700	19,110
Other	29,122	30,522
Total	¥2,071,981	¥2,013,116

Loans and Bills Discounted

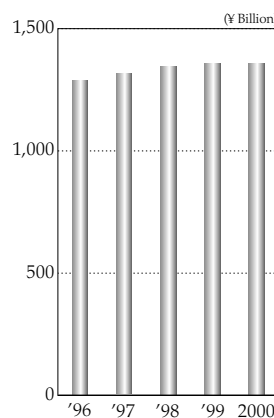
The Bank strove to expand loans to individuals and intended to maintain business loans. However, demand of funds was weak against the background of the sluggish economy. As a result, loans and bills discounted decreased ¥8,721 million during the term to ¥1,313,025 million (US\$12,369 million).

	Millions of Yen	
	2000	1999
Manufacturing	¥ 191,706	¥ 206,967
Wholesaling and retailing	201,147	204,658
Construction and real estate	243,981	258,243
Services	171,113	175,973
Local government agencies	56,600	68,360
Individuals	298,837	296,787
Other	149,641	110,758
Total	¥1,313,025	¥1,321,746

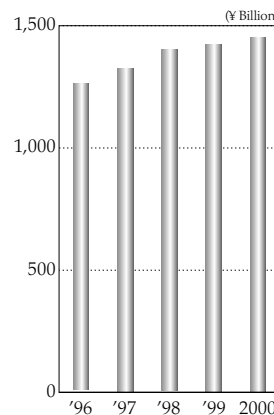
Securities

The Bank worked to efficiently manage funds centered on government and local government bonds, closely monitoring market movements. As a result, investment securities increased ¥80,597 million during the term to a term-end balance of ¥544,206 million (US\$5,126 million).

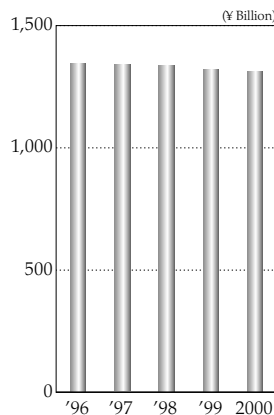
Time Deposits



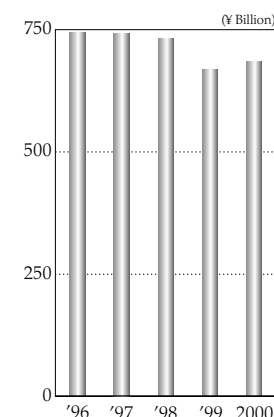
Individuals' Deposits



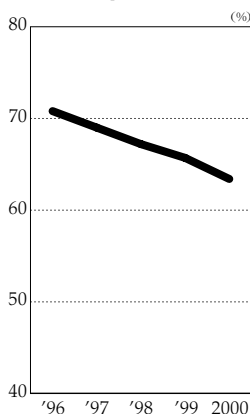
Loans and Bills Discounted



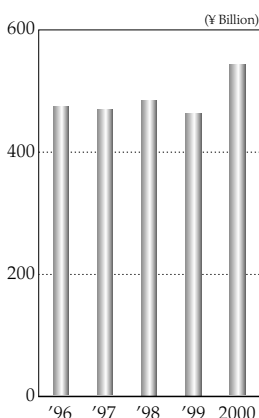
Loans to Small and Medium-sized Companies



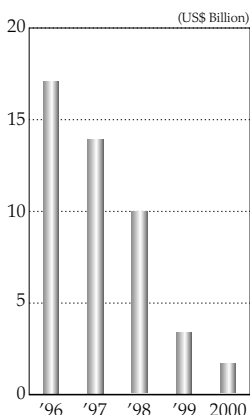
Loan-Deposit Ratio



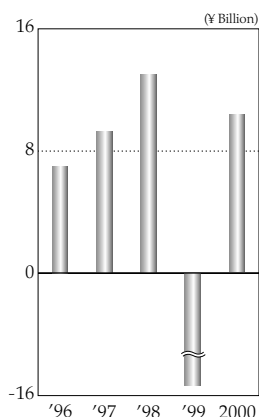
Investment Securities



Foreign Exchange Transactions



Income (Loss) before Income Taxes



	Millions of Yen	
	2000	1999
Investment securities:		
National government bonds	¥140,724	¥ 70,725
Local government bonds	247,809	223,208
Corporate bonds	80,877	83,127
Stocks	49,705	50,768
Other securities	25,091	35,779
Total	¥544,206	¥463,609
Trading account securities:		
National government bonds	¥ 223	¥ 114

Foreign Exchanges

Taking the enactment of the revised Foreign Exchange and Foreign Trade Control Law as an opportunity, the Bank promoted foreign exchange transactions, especially money exchange. As a result, foreign exchange transactions amounted to US\$1,653 million centered on capital transactions.

	Millions of U.S. Dollars	
	2000	1999
Foreign trade transactions:		
Export	\$ 111	\$ 111
Import	84	90
Non-trade	1,457	3,195
Total	\$1,653	\$3,397

Earnings

The Bank worked to reduce costs through bank-wide efforts to raise business efficiency as well as the efficiency of fund management, and to strengthen its fee and commission earnings capability.

We provided sufficient reserves for possible loan losses based on strict asset self-assessment. However, thanks to our efforts to dispose of bad debt in previous terms, net provision of possible loan losses substantially decreased. As a result, net income amounted to ¥6,101 million (US\$57 million).

From the viewpoint of strengthening our corporate structure through enhancing retained earnings and stable dividend payment, the Bank decided to pay an annual dividend of ¥5 (US\$0.04) per share including an interim dividend of ¥2.5 (US\$0.02).

	Millions of Yen	
	2000	1999
Total income	¥53,099	¥58,707
Total expenses	42,701	74,440
Income (loss) before income taxes	10,398	(15,732)
Income taxes:		
Current	2,906	3,397
Deferred	1,390	(9,607)
Net income (loss)	¥ 6,101	¥ (9,523)

Capital Ratio

The capital ratio at term-end on a non-consolidated basis came to 11.76% as measured by the standards laid down in the Notice of the Ministry of Finance, based on Article 14-2 of the Banking Law.

Consolidated Balance Sheets

March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Assets:			
Cash and due from banks	¥ 208,045	¥ 186,379	\$ 1,959,922
Call loans	105,029	105,000	989,442
Monetary claims bought	35,938	76,028	338,567
Trading account securities (Note 3)	223	114	2,100
Investment securities (Note 4)	544,687	463,964	5,131,301
Loans and bills discounted (Note 5)	1,300,462	1,309,033	12,251,178
Foreign exchanges	392	273	3,694
Other assets	17,838	18,665	168,052
Premises and equipment (Note 6)	28,903	29,489	272,293
Deferred tax assets (Note 11)	21,667	23,092	204,121
Customers' liabilities for acceptances and guarantees (Note 8)	30,970	32,774	291,759
Reserve for possible loan losses	(48,460)	(54,313)	(456,525)
Total	¥2,245,699	¥2,190,503	\$21,155,909
Liabilities:			
Deposits	¥2,067,904	¥2,009,172	\$19,480,964
Call money	4,657	6,048	43,873
Borrowed money	1,114	3,058	10,495
Foreign exchanges	137	62	1,299
Other liabilities	18,893	21,889	177,993
Reserve for retirement allowances	5,988	5,884	56,413
Reserve for possible losses on collateralized real estate loans sold	93	67	876
Reserve for possible losses on investment securities		14	
Acceptances and guarantees (Note 8)	30,970	32,774	291,759
Total liabilities	2,129,759	2,078,973	20,063,675
Minority interests	354	339	3,342
Stockholders' equity:			
Common stock (Note 9)	15,400	15,400	145,077
Capital surplus	8,287	8,287	78,072
Retained earnings (Note 10)	91,899	87,503	865,748
Total	115,586	111,190	1,088,898
Treasury stock—at cost	0	0	7
Total stockholders' equity	115,585	111,190	1,088,891
Total	¥2,245,699	¥2,190,503	\$21,155,909

See notes to consolidated financial statements.

Consolidated Statements of Operations

Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Income:			
Interest income:			
Interest on loans and discounts	¥31,269	¥34,292	\$294,580
Interest and dividends on securities	15,556	16,886	146,552
Other interest income	504	1,829	4,748
Fees and commissions	5,574	5,281	52,519
Other operating income	304	330	2,866
Other income	5,387	6,119	50,757
Total income	58,597	64,740	552,026
Expenses:			
Interest expense:			
Interest on deposits	4,350	7,254	40,980
Interest on borrowings and rediscounts	275	1,452	2,594
Other interest expense	1,843	2,092	17,368
Fees and commissions	1,248	1,282	11,761
Other operating expenses	2,020	861	19,030
General and administrative expenses	28,653	29,330	269,934
Other expenses	9,587	39,211	90,322
Total expenses	47,978	81,485	451,992
Income (loss) before income taxes and minority interests	10,618	(16,745)	100,034
Income taxes (Note 11):			
Current	3,013	3,597	28,385
Deferred	1,425	(10,160)	13,425
Total income taxes	4,438	(6,563)	41,810
Minority interests	19	(519)	181
Net income (loss)	¥ 6,161	¥ (9,662)	\$ 58,041
		Yen	U.S. Dollars
Net income (loss) per share	¥32.14	¥(50.34)	\$0.30
Cash dividends per share	5.00	5.00	0.04

Consolidated Statements of Stockholders' Equity

Years ended March 31, 2000 and 1999

	Outstanding Number of Shares of Common Stock	Millions of Yen			Thousands of U.S. Dollars (Note 1)		
		Common Stock	Capital Surplus	Retained Earnings	Common Stock	Capital Surplus	Retained Earnings
Balance, April 1, 1998	191,915,000	¥15,400	¥8,287	¥85,242			
Adjustment of retained earnings for newly applied accounting for tax allocation				12,932			
Cash dividends:							
Final for prior year, ¥2.50 per share				(479)			
Interim for current year, ¥2.50 per share				(479)			
Bonuses to directors and corporate auditors				(49)			
Net loss				(9,662)			
Balance, March 31, 1999	191,915,000	15,400	8,287	87,503	\$145,077	\$78,072	\$824,336
Cash dividends (Note 12):							
Final for prior year, ¥2.50 (\$0.02) per share				(479)			(4,519)
Interim for current year, ¥2.50 (\$0.02) per share				(479)			(4,519)
Stock repurchased	(2,000,000)			(805)			(7,589)
Net income				6,161			58,041
Balance, March 31, 2000	189,915,000	¥15,400	¥8,287	¥91,899	\$145,077	\$78,072	\$865,748

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2000

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Operating activities:		
Income before income taxes and others	¥ 10,618	\$ 100,034
Depreciation	1,766	16,639
Depreciation (lease assets)	3,736	35,197
Goodwill amortization	1	15
Increase in reserve for possible loan losses	91	866
Increase in reserve for possible losses on loans sold collateralized by real estate	25	238
Decrease in reserve for possible losses on investment securities	(14)	(134)
Increase in reserve for retirement allowances	103	974
Interest income recognized on statements of operations	(47,330)	(445,882)
Interest expenses recognized on statements of operations	6,469	60,942
Investment securities losses	5,594	52,699
Foreign exchange losses	1,484	13,981
Losses on sales of premises and equipment	230	2,169
Net decrease in loans	2,536	23,895
Net increase in deposits	49,541	466,713
Net increase in negotiable certificates of deposit	9,190	86,575
Net decrease in borrowing money (excluding subordinated borrowings)	(1,943)	(18,313)
Net decrease in due from banks (excluding cash equivalents)	15,013	141,438
Net increase in call loans and others	(28)	(271)
Net decrease in call money and others	(1,391)	(13,106)
Net increase in exchanges (asset)	(118)	(1,117)
Net increase in exchanges (liabilities)	75	706
Interest income (cash basis)	47,886	451,119
Interest expenses (cash basis)	(7,613)	(71,722)
Other	36,921	347,821
Subtotal	132,844	1,251,480
Income tax paid	(5,180)	(48,804)
Net cash provided by operating activities	127,664	1,202,675
Investing activities:		
Purchases of investment securities	(326,285)	(3,073,812)
Proceeds from sale of investment securities	1,748	16,472
Proceeds from maturities of investment securities	236,768	2,230,505
Increase in money held in trust	(870)	(8,195)
Decrease in money held in trust	870	8,195
Purchases of premises and equipment	(1,551)	(14,616)
Proceeds from sales of premises and equipment	140	1,320
Net cash used in investing activities	(89,179)	(840,130)
Financing activities:		
Dividends paid	(959)	(9,039)
Proceeds from issuance of common stock by a consolidated subsidiary	(2)	(22)
Purchases of treasury stock	(0)	(1)
Cancellation of treasury stock	(805)	(7,589)
Net cash used in financing activities	(1,767)	(16,654)
Effect of exchange rate changes on cash and cash equivalents	(36)	(345)
Net increase in cash and cash equivalents	36,679	345,545
Cash and cash equivalents, beginning of year	29,418	277,142
Cash and cash equivalents, end of year (Note 13)	¥ 66,098	\$ 622,688

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2000 and 1999

1. Basis of presenting the consolidated financial statements

The accompanying consolidated financial statements of The Yamanashi Chuo Bank, Ltd. (the "Bank") have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Effective April 1, 1999, a consolidated statement of cash flows is required to be prepared under amended Japanese accounting standards. Therefore, the statement of cash flows for the year ended March 31, 2000 is presented herein. Such statement for the year ended March 31, 1999 is not presented, as Japanese accounting standards do not require retroactive preparation and presentation for prior years' financial statements.

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

All yen figures are rounded down to millions of yen. Accordingly, totals and subtotals may differ slightly with the sum of the individual account amounts.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are given solely for the convenience of readers outside Japan and have been made at the rate of ¥106.15 to \$1, the exchange rate prevailing on March 31, 2000. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

• Consolidation

The consolidated financial statements include the accounts of the Bank and all majority-owned subsidiaries.

All significant intercompany balances and transactions have been eliminated in consolidation.

• Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and demand deposits with The Bank of Japan.

• Trading Account Securities

Listed trading account securities are stated at the lower of cost or market value, cost being determined by the moving-average method. Other trading account securities are stated at cost determined by the moving-average method.

• Investment Securities

Convertible bonds and stocks listed on stock exchanges, as well as investment securities managed through money held in a trust account, are stated at the lower of cost or market value, cost being determined by the moving-average method.

Other securities are stated at cost determined by the moving-average method.

• Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Deferred gains on sales of real estate are deducted from the related assets acquired as permitted under the provisions of the Japanese tax regulations. Depreciation of premises and equipment is computed using the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998.

• Foreign Currency Items

Assets and liabilities denominated in foreign currencies except for the swap transactions described hereunder are valued at the market rates prevailing at each balance sheet date. The interest income or expense related to fund-related swaps and currency-related swaps are accrued over the life of the related swap transaction.

• Reserve for Possible Loan Losses

The Bank determines the amount of the provision for reserve for possible loan losses by means of management's judgment and assessment of future losses based on the self assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self assessment system for its asset quality. The quality of all loans are assessed by branches with a subsequent audit by the asset review and inspection division in accordance with the Bank's policy and rules for self assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self assessment of asset quality. All loans are classified into one of the five categories for self assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

Reserve for possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateralized loans and other factors of solvency including value of future cash flows for other self assessment categories.

The subsidiaries determine the amount of the provision for reserve for possible loan losses by almost the same self assessment system as the Bank.

• Reserve for Retirement Allowances

The reserve provided for retirement allowances is based on the amount which would have been required if all employees had voluntarily retired at the end of the period concerned.

In addition, the Bank has a contributory funded pension plan covering substantially all employees.

The amounts contributed to the fund, including prior service cost which is amortized over 20 years, are charged to income when paid.

• Reserve for Possible Losses on Loans Sold Collateralized by Real Estate

The reserve for possible losses on loans sold collateralized by real estate to the Cooperative Credit Purchasing Company ("CCPC") is provided at an amount deemed necessary to cover possible losses which may incur at CCPC based on the estimated fair value of real estate. In accordance with the terms of the loan sales contracts, which loans are collateralized by real estate, the Bank is required to cover certain portions of losses incurred as defined in the contract, when CCPC disposes of real estate in satisfaction of debt.

• Reserve for Possible Losses on Investment Securities

The amount of the provision for reserve for possible losses on investment securities is provided at an amount deemed necessary to cover possible losses based on the fair value of the investment securities.

• Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisition of subsidiaries occurring on or after April 1, 1999, is charged to income when incurred.

• Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as

operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

• **Income Taxes**

Provision for income taxes is determined using the asset and liability method of accounting for income taxes.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

• **Net Income (Loss) per Share**

Net income (loss) per share is calculated on the basis of the average number of shares of common stock outstanding each year.

3. Trading account securities

Trading account securities at March 31, 2000, consisted of national government bonds.

The book value and estimated market value of the trading account securities as of March 31, 2000, were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Book Value	Market Value	Unrealized Gain	Book Value	Market Value	Unrealized Gain
Unlisted securities— National government bonds	¥125	¥126	¥0	\$1,183	\$1,189	\$6

Estimated market values of unlisted securities are calculated based on the prices calculated using indicated yields.

The book value of securities for which market prices were not available as of March 31, 2000, were ¥97 million (\$917 thousand). Those amounts were excluded from the above table.

4. Investment securities

The book value and aggregate market value of the investment securities as of March 31, 2000, are as follows:

2000	Millions of Yen		
	Book Value	Market Value	Net Unrealized Gain
Listed securities:			
Corporate and government bonds	¥ 55,463	¥ 58,520	¥ 3,057
Stocks	48,057	67,499	19,441
Others	2,662	2,702	40
Total	¥106,183	¥128,723	¥22,539
Unlisted securities:			
Corporate and government bonds	¥136,922	¥138,511	¥ 1,588
Stocks	902	4,317	3,414
Others	1,000	1,000	0
Total	¥138,825	¥143,828	¥ 5,003

2000	Thousands of U.S. Dollars		
	Book Value	Market Value	Net Unrealized Gain
Listed securities:			
Corporate and government bonds	\$ 522,499	\$ 551,300	\$ 28,801
Stocks	452,733	635,889	183,155
Others	25,082	25,463	381
Total	\$1,000,316	\$1,212,654	\$212,338
Unlisted securities:			
Corporate and government bonds	\$1,289,897	\$1,304,863	\$ 14,965
Stocks	8,502	40,670	32,167
Others	9,420	9,423	2
Total	\$1,307,820	\$1,354,957	\$ 47,136

Estimated market values of unlisted securities are calculated based on the prices announced by the Japan Securities Dealers Association for the government bonds, prices calculated using the indicated yields for the company bonds and the prices announced by the authorized fund management companies for the investment trust securities.

The book value of securities for which market prices were not available as of March 31, 2000, were ¥299,678 million (\$2,823,165 thousand). Those amounts were excluded from the above table.

5. Loans and bills discounted

Loans and bills discounted at March 31, 2000 and 1999, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Loans to customers in bankruptcy	¥11,185	¥14,068	\$105,373
Past due loans	24,382	13,286	229,701
Accruing loans contractually past due three months or more	1,098	7,021	10,352
Restructured loans	44,782	54,315	421,882
Total	¥81,450	¥88,692	\$767,310

The Bank discontinues the accrual of interest income on loans when substantial doubt is judged to exist as to ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons. Loans to customers in bankruptcy represent interest nonaccrual loans (after the partial charge-off of claims deemed uncollectible) to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law.

Past due loans are interest nonaccrual loans of which interest payment is deferred in order to assist in the financial recovery of a debtor in financial difficulties. Loans classified as loans to customers in bankruptcy are excluded.

As from fiscal year 2000, the Bank and certain consolidated subsidiaries discontinued the accrual of interest income on loans based on the results of asset "self assessment." Therefore, the amount for past due loans now includes the following amounts: ¥5,556 million (\$52,342 thousand) in loans overdue for at least three months, ¥1,751 million (\$16,504 thousand) in loans with concessions in terms and ¥5,505 million (\$51,867 thousand) in other loans that do not come under past due loans according to the standards based on the Corporate Tax Law Criteria which was used in previous terms.

Accruing loans contractually past due three months or more are loans which the principal or interest is three months or more past due. Loans classified as loans to customers in bankruptcy or past due loans are excluded.

Restructured loans are loans which the Bank is relaxing lending conditions such as reduction of the original interest rate, deferral of interest payment, extension of maturity date, reduction of the amount of the debt or accrued interest. Loans classified as loans to customers in bankruptcy or past due loans or accruing loans contractually past due three months or more are excluded.

Reserve for possible loan losses are not deducted from the amounts of loans shown in the above table.

6. Premises and equipment

Accumulated depreciation at March 31, 2000 and 1999, amounted to ¥27,044 million (\$254,721 thousand) and ¥26,316 million, respectively.

7. Assets pledged

Assets pledged as collateral at March 31, 2000, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Investment securities	¥3,085
Liabilities related to the above pledged assets at March 31, 2000, are as follows:		
	Millions of Yen	Thousands of U.S. Dollars
Deposits	¥20,884	\$196,743
Borrowed money	160	1,507

In addition, investment securities totaling ¥44,455 million (\$418,800 thousand) are pledged as collateral for settlement of exchange and derivative transactions or as margin on forward contracts at March 31, 2000.

8. Customers' liabilities for acceptances and guarantees

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

9. Common stock

Information with respect to common stock at March 31, 2000 and 1999, was as follows:

	2000	1999
Par value per share	¥50	¥50
Number of shares:		
Authorized	398,000,000	400,000,000
Outstanding	189,915,000	191,915,000

The Bank is authorized to repurchase, at management's discretion, up to 19 million shares of the Bank's stock for the purpose of canceling the share and charging repurchasing costs to retained earnings.

10. Retained earnings

The Bank Law of Japan requires that an amount equivalent to at least 20% of cash payments made as an appropriation of retained earnings must be appropriated as a legal reserve, until such reserve equals 100% of the Bank's stated capital. This reserve is not available for dividends, but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors. This reserve amount, which is included in retained earnings, totals ¥8,710 million (\$82,056 thousand) and ¥8,314 million as of March 31, 2000 and 1999, respectively.

11. Income taxes

The Bank and subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 41.60% for the year ended March 31, 2000, and 47.08% for the year ended March 31, 1999. The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets at March 31, 2000 and 1999, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Deferred tax assets:			
Reserve for possible loan losses	¥17,163	¥18,658	\$161,692
Reserve for retirement allowances	1,669	1,542	15,726
Depreciation	1,194	1,380	11,249
Other	1,652	1,520	15,568
Valuation allowance	(12)	(8)	(115)
Deferred tax assets	¥21,667	¥23,092	\$204,121

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2000 and 1999, and the actual effective tax rates reflected in the accompanying consolidated statements of operations were as follows:

	2000	1999
Normal effective statutory tax rate	41.60%	(47.08)%
Expenses permanently non-deductible for income tax purposes	0.78	0.64
Non-taxable dividend income	(1.49)	(0.95)
Effect of tax rate change		8.08
Other—net	0.68	0.11
Actual effective tax rate	41.57%	(39.20)%

12. Dividends

Year-end dividends are paid after approval at the General Stockholders Meeting held subsequent to the year end, while interim dividends may be paid after the end of the semiannual period, by resolution of the Board of Directors.

13. Reconciliation to the cash and cash equivalents

The reconciliation of the cash and due from banks in the consolidated balance sheet to the cash and cash equivalents at March 31, 2000, is as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cash and due from banks	¥208,045	\$1,959,922
Time deposits and negotiable certificates of deposit in other banks	(141,947)	(1,337,234)
Cash and cash equivalents at March 31, 2000	¥ 66,098	\$ 622,688

14. Lease transactions

• Lessor

The subsidiary leases certain equipment and other assets.

Total lease receipts under finance leases for the years ended March 31, 2000 and 1999, were ¥3,866 million (\$36,421 thousand) and ¥4,663 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, lease receivable under finance leases, depreciation expense, interest income of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999, were as follows:

For the year ended March 31, 2000	Millions of Yen		
	Equipment	Other	Total
Acquisition cost	¥17,265	¥1,457	¥18,722
Accumulated depreciation	8,766	1,012	9,779
Net leased property	¥ 8,498	¥ 444	¥ 8,943

For the year ended March 31, 2000	Thousands of U.S. Dollars		
	Equipment	Other	Total
Acquisition cost	\$162,651	\$13,729	\$176,380
Accumulated depreciation	82,588	9,539	92,127
Net leased property	\$ 80,062	\$ 4,190	\$ 84,253

Lease receivables under finance leases:

For the year ended March 31, 2000	Millions of Yen	Thousands of U.S. Dollars
	Due within one year	¥3,152
Due after one year	6,234	58,733
Total	¥9,386	\$88,428

For the year ended March 31, 1999	Millions of Yen		
	Equipment	Other	Total
Acquisition cost	¥27,055	¥3,561	¥30,617
Accumulated depreciation	18,444	2,239	20,684
Net leased property	¥ 8,611	¥1,321	¥ 9,932

Lease receivables under finance leases:

For the year ended March 31, 1999	Millions of Yen
	Due within one year
Due after one year	7,179
Total	¥10,964

The imputed interest income portion which is computed using the interest method is excluded from the above lease receivables under finance leases.

Depreciation expense and interest income for the year ended March 31, 2000, was ¥3,341 million (\$31,483 thousand) and ¥522 million (\$4,923 thousand), respectively, and for the year ended March 31, 1999, was ¥3,647 million and ¥1,015 million, respectively.

15. Derivatives

• Nature of Derivatives

The Bank uses derivative financial instruments including interest rate swaps, foreign exchange forward contracts, interest rate futures, bond futures and options.

• The Bank's Policy for Using Derivatives

The Bank uses derivatives carefully to respond to its client's diverse needs and to hedge against market fluctuation risk such as interest rate and foreign exchange.

• Purpose for Derivatives

The Bank enters into derivatives principally to hedge against market fluctuation risk. The Bank also uses certain derivative financial instruments as a part of their trading activities within the position limit rules.

• Risk Associated with Derivatives

The major risks associated with derivative financial instruments are credit risk and market risk. Credit risk means the possible loss that may result from a counterparty's failure to perform according to the terms and conditions of the contract. To reduce credit risk, the Bank restricts the counterparties through internal regulation. Market risk means the possible loss that may result from market fluctuations such as interest rates and foreign exchange. The Bank does not anticipate significant losses because the main purpose of the Bank's derivative transactions is to hedge market fluctuations.

The amount of exposure related to credit risk on interest rate swaps as of March 31, 2000, was ¥4 million (\$41 thousand). The amount of exposure related to credit risk on foreign exchange forward contracts as of March 31, 2000, was ¥1,976 million (\$18,618 thousand). (Figures as of March 31, 2000, are computed using the current exposure method.)

• Risk Control System for Derivatives

The Bank manages derivatives strictly in accordance with internal risk management regulations, including position limits and loss-cut rules, so as not to have a significant impact on the Bank's operational results.

The Bank had the following derivatives contracts outstanding as of March 31, 2000:

	Millions of Yen	
	Contract or Notional Amount	Fair Value
Unlisted:		
Interest rate swaps (fixed rate payment, floating rate receipt)	¥ 940	¥ (58)
Currency swaps—U.S. dollars	44,502	44,741
	Thousands of U.S. Dollars	
	Contract or Notional Amount	Fair Value
Unlisted:		
Interest rate swaps (fixed rate payment, floating rate receipt)	\$ 8,855	\$ (549)
Currency swaps—U.S. dollars	419,242	421,488

Derivative contracts which were reflected on the consolidated statements of operations at March 31, 2000, are as follows:

	Contract or Notional Amount	
	Millions of Yen	Thousands of U.S. Dollars
Unlisted—Foreign exchange forward contracts:		
Selling	¥4,767	\$44,915
Buying	4,837	45,570

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

16. Subsequent event

The payment of year-end dividends of ¥2.5 (\$0.02) per share on a total of ¥474 million (\$4,472 thousand) was approved at the general stockholders meeting held on June 29, 2000.

17. Segment information

(1) Business Segment Information

	Millions of Yen					
	2000					
	Banking	Leasing	Other	Total	Eliminations/Corporate	Consolidated
a. Operating income and operating profit (loss):						
Operating income	¥ 53,282	¥ 5,459	¥ 831	¥ 59,574	¥ (979)	¥ 58,595
(1) Operating income from customers	52,960	5,022	612	58,595		58,595
(2) Internal operating income among segment	322	437	219	979	(979)	
Operating expenses	42,923	5,463	741	49,127	(1,379)	47,748
Operating profit (loss)	10,359	(3)	90	10,445	399	10,846
b. Assets, depreciation and capital expenditures:						
Assets	2,245,746	13,942	2,096	2,261,785	(16,085)	2,245,699
Depreciation	1,751	3,750	1	5,502		5,502
Capital expenditures	2,770	3,716	0	6,487		6,487
	Thousands of U.S. Dollars					
	2000					
	Banking	Leasing	Other	Total	Eliminations/Corporate	Consolidated
a. Operating income and operating profit (loss):						
Operating income	\$ 501,958	\$ 51,434	\$ 7,837	\$ 561,231	\$ (9,226)	\$ 552,004
(1) Operating income from customers	498,922	47,315	5,766	552,004		552,004
(2) Internal operating income among segment	3,036	4,118	2,071	9,226	(9,226)	
Operating expenses	404,364	51,465	6,986	462,815	(12,992)	449,823
Operating profit (loss)	97,591	(36)	851	98,407	3,766	102,181
b. Assets, depreciation and capital expenditures:						
Assets	21,156,350	131,350	19,748	21,307,448	(151,539)	21,155,909
Depreciation	16,496	35,328	11	51,836		51,836
Capital expenditures	26,095	35,012	7	61,115		61,115

As all other segments except "Banking" were not significant, business segment information is not presented for the year ended March 31, 1999.

(2) Geographic Segment Information

As the Bank has neither branch office nor subsidiaries in foreign countries, the geographic segment information has not been provided.

(3) Operating Income from International Operations

As the operating income from international operations is not significant compared to the consolidated operating income, the information about the operating income from international operations has been omitted.

Tohmatsu & Co.
MS Shibaura Building
13-23, Shibaura 4-chome,
Minato-ku, Tokyo 108-8530, Japan

Tel: +81-3-3457-7321
Fax: +81-3-3769-8508
www.tohmatsu.co.jp

**Deloitte
Touche
Tohmatsu**

Independent Auditors' Report

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

We have examined the consolidated balance sheets of The Yamanashi Chuo Bank, Ltd. and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations and stockholders' equity for the years then ended, and the consolidated statement of cash flows for the year ended March 31, 2000, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Yamanashi Chuo Bank, Ltd. and subsidiaries as of March 31, 2000 and 1999, and the results of their operations for the years then ended and their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

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

Deloitte Touche Tohmatsu

June 29, 2000

Non-Consolidated Balance Sheets

March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Assets:			
Cash and due from banks	¥ 208,021	¥ 186,367	\$ 1,959,689
Call loans	105,029	105,000	989,442
Monetary claims bought	34,628	74,794	326,223
Trading account securities (Note 3)	223	114	2,100
Investment securities (Note 4)	544,206	463,609	5,126,772
Loans and bills discounted (Note 5)	1,313,025	1,321,746	12,369,525
Foreign exchanges (Note 6)	392	273	3,694
Other assets (Note 7)	5,696	5,832	53,667
Premises and equipment (Note 8)	28,816	29,412	271,470
Deferred tax assets (Note 22)	20,902	22,293	196,917
Customers' liabilities for acceptances and guarantees (Note 10)	30,970	32,774	291,759
Reserve for possible loan losses	(46,678)	(52,534)	(439,742)
Total	¥2,245,234	¥2,189,686	\$21,151,522
Liabilities:			
Deposits (Note 11)	¥2,071,981	¥2,013,116	\$19,519,369
Call money	4,657	6,048	43,873
Borrowed money		1,709	
Foreign exchanges	137	62	1,299
Other liabilities (Note 12)	15,800	18,738	148,853
Reserve for retirement allowances	5,988	5,884	56,413
Reserve for possible losses on collateralized real estate loans sold	93	67	876
Reserve for possible losses on investment securities		14	
Acceptances and guarantees (Note 10)	30,970	32,774	291,759
Total liabilities	2,129,628	2,078,416	20,062,445
Stockholders' equity:			
Common stock (Note 13)	15,400	15,400	145,077
Capital surplus	8,287	8,287	78,072
Legal reserve (Note 14)	8,710	8,314	82,056
Retained earnings (Note 15)	83,207	79,267	783,870
Total stockholders' equity	115,605	111,269	1,089,076
Total	¥2,245,234	¥2,189,686	\$21,151,522

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Operations

Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Income:			
Interest income:			
Interest on loans and discounts	¥31,381	¥34,445	\$295,635
Interest and dividends on securities	15,548	16,878	146,475
Other interest income (Note 16)	504	1,830	4,748
Fees and commissions	4,955	4,689	46,680
Other operating income (Note 17)	304	330	2,866
Other income (Note 18)	406	533	3,827
Total income	53,099	58,707	500,234
Expenses:			
Interest expense:			
Interest on deposits	4,352	7,260	41,007
Interest on borrowings and rediscounts	275	1,452	2,594
Other interest expense (Note 19)	1,838	2,035	17,322
Fees and commissions	1,496	1,414	14,096
Other operating expenses (Note 20)	2,020	861	19,030
General and administrative expenses	28,264	28,840	266,265
Other expenses (Note 21)	4,453	32,574	41,953
Total expenses	42,701	74,440	402,270
Income (loss) before income taxes	10,398	(15,732)	97,964
Income taxes (Note 22):			
Current	2,906	3,397	27,384
Deferred	1,390	(9,607)	13,102
Total income taxes	4,297	(6,209)	40,486
Net income (loss)	¥ 6,101	¥(9,523)	\$ 57,477
		Yen	U.S. Dollars
Net income (loss) per share (Note 24)	¥31.82	¥(49.62)	\$0.29

Non-Consolidated Statements of Retained Earnings

Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Balance, beginning of year	¥79,267	¥77,359	\$746,752
Adjustment of retained earnings for newly applied accounting for tax allocation (Note 22)		12,686	
Appropriations:			
Transfer to legal reserve	395	245	3,730
Dividends paid (¥5.00—\$0.04 per share) (Note 23)	959	959	9,039
Bonuses to directors and corporate auditors		49	
Stock repurchased	805		7,589
Total appropriations	2,161	1,254	20,359
Net income (loss)	6,101	(9,523)	57,477
Balance, end of year (Note 15)	¥83,207	¥79,267	\$783,870

See notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

Years ended March 31, 2000 and 1999

1. Basis of presenting the non-consolidated financial statements

The accompanying non-consolidated financial statements of The Yamanashi Chuo Bank, Ltd. (the "Bank") have been prepared in accordance with accounting principles and practices generally accepted in Japan under the requirements of the Japanese Commercial Code and other applicable rules and regulations, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The non-consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The statements of cash flows are not presented herein, as Japanese accounting standards do not require preparation of non-consolidated statement of cash flows.

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

All yen figures are rounded down to millions of yen. Accordingly, totals and subtotals may differ slightly with the sum of the individual account amounts.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are given solely for the convenience of readers outside Japan and have been made at the rate of ¥106.15 to \$1, the exchange rate prevailing on March 31, 2000. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

• Trading Account Securities

Listed trading account securities are stated at the lower of cost or market value, cost being determined by the moving-average method. Other trading account securities are stated at cost determined by the moving-average method.

• Investment Securities

Convertible bonds and stocks listed on stock exchanges, as well as investment securities managed through money held in a trust account, are stated at the lower of cost or market value, cost being determined by the moving-average method. Other securities are stated at cost determined by the moving-average method.

• Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Deferred gains on sales of real estate are deducted from the cost of the related assets acquired as permitted under the provisions of the Japanese tax regulations. Depreciation of premises and equipment is computed using the declining-balance method at rates based on the estimated useful lives of the assets while the straight-line method is applied to buildings acquired after April 1, 1998.

• Foreign Currency Items

Assets and liabilities denominated in foreign currencies except for the swap transactions described hereunder are valued at the market rates prevailing at each balance sheet date. The interest income or expense related to fund-related swaps and currency-related swaps are accrued and realized or amortized over the life of the related swap transaction.

• Reserve for Possible Loan Losses

The amount of the provision for reserve for possible loan losses is determined based on management's judgment and assessment of future losses based on the self assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self assessment system for its asset quality.

The quality of all loans are assessed by branches with a subsequent internal audit by the asset review and inspection division in accordance with the Bank's policy and rules for self assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self assessment of asset quality. All loans are classified into one of the five categories for self assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

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

• Reserve for Retirement Allowances

In accordance with the Accounting Standards for Banks set forth by the Japanese Bankers Association, the reserve provided for retirement allowances is based on the amount which would have been required if all employees had voluntarily retired at the end of the period concerned.

In addition, the Bank has a contributory funded pension plan covering substantially all employees. The amounts contributed to the fund, including prior service cost which is amortized over 20 years, are charged to income when paid. Assets of the pension plan amounted to ¥11,536 million (\$108,684 thousand) and ¥10,994 million as of March 31, 2000 and 1999, respectively, which is the most recent available data.

• Reserve for Possible Losses on Loans Sold Collateralized by Real Estate

The reserve for possible losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company ("CCPC") is provided at an amount deemed necessary to cover possible losses which may incur at CCPC based on the estimated fair value of collateralized real estate. In accordance with the terms of the loan sales contracts, which loans are collateralized by real estate, the Bank is required to cover certain portions of losses incurred as defined in the contract, when CCPC disposes of real estate in satisfaction of debt.

• Reserve for Possible Losses on Investment Securities

The amount of the provision for reserve for possible losses on investment securities is provided at an amount deemed necessary to cover possible losses based on the fair value of the investment securities.

• Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

• Income Taxes

Effective April 1, 1998, the Bank adopted accounting for allocation of income taxes based on the asset and liability method.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

3. Trading account securities

Trading account securities at March 31, 2000 and 1999, consisted of national government bonds.

The book value and estimated market value of the trading account securities as of March 31, 1999, was as follows:

	Millions of Yen		
	1999		
	Book Value	Market Value	Unrealized Gain
Unlisted securities—National government bonds	¥84	¥85	¥0

Estimated market values of unlisted securities are calculated based on the prices calculated using indicated yields.

The book value of securities for which market prices were not available as of March 31, 1999, was ¥29 million. This amount was excluded from the above table.

The book value and estimated market value of the trading account securities as of March 31, 2000, was presented on a consolidated-basis in the notes to consolidated financial statements.

4. Investment securities

Investment securities at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
National government bonds	¥140,724	¥ 70,725	\$1,325,709
Local government bonds	247,809	223,208	2,334,518
Corporate bonds	80,877	83,127	761,915
Stocks	49,705	50,768	468,254
Other securities	25,091	35,779	236,375
Total	¥544,206	¥463,609	\$5,126,772

The book value and estimated market value of the investment securities as of March 31, 1999, were as follows:

	Millions of Yen		
	Book Value	Market Value	Unrealized Gain
Listed securities:			
Corporate and government bonds	¥ 52,656	¥ 57,619	¥ 4,962
Stocks	48,647	58,998	10,350
Others	8,117	8,365	248
Total	¥109,421	¥124,983	¥15,561
Unlisted securities:			
Corporate and government bonds	¥ 79,696	¥ 81,470	¥ 1,773
Stocks	1,314	1,944	629
Total	¥ 81,011	¥ 83,414	¥ 2,403

Estimated market values of unlisted securities are calculated based on the prices announced by the Japan Securities Dealers Association for the government bonds, prices calculated using the indicated yields for the company bonds and the prices announced by the authorized fund management companies for the investment trust securities.

The book value of securities for which market prices were not available as of March 31, 1999, was ¥273,176 million. This amount was excluded from the above table.

The book value and estimated market value of the investment securities as of March 31, 2000, were presented on a consolidated-basis in the notes to consolidated financial statements.

5. Loans and bills discounted

Loans and bills discounted at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Bills discounted	¥ 44,160	¥ 44,910	\$ 416,021
Loans on bills	210,402	186,138	1,982,123
Loans on deeds	798,076	802,779	7,518,382
Overdrafts	260,385	287,918	2,452,997
Total	¥1,313,025	¥1,321,746	\$12,369,525

Loans and bills discounted at March 31, 2000 and 1999, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Loans to customers in bankruptcy	¥10,963	¥13,934	\$103,287
Past due loans	23,572	12,507	222,063
Accruing loans contractually past due three months or more	1,067	6,996	10,057
Restructured loans	44,721	54,244	421,301
Total	¥80,324	¥87,682	\$756,710

The Bank discontinues the accrual of interest income on loans when substantial doubt is judged to exist as to ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons. Loans to customers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans of which the interest payments are deferred in order to assist in the financial recovery of a debtor in financial difficulties.

As from fiscal 2000, the Bank discontinues the accrual of interest income on loans based on the results of asset "self assessment." Therefore, the amount for past due loans now includes the following amounts: ¥5,556 million (\$52,342 thousand) in loans overdue for at least three months, ¥1,751 million (\$16,504 thousand) in loans with concessions in terms and ¥5,505 million (\$51,867 thousand) in other loans that do not come under past due loans according to the standard based on the Corporate Tax Law Criteria which was used in previous terms.

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

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

Reserve for possible loan losses are not deducted from the amounts of loans shown in the above table.

6. Foreign exchanges

Foreign exchanges at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due from foreign correspondents	¥333	¥198	\$3,144
Foreign exchange bills bought	37	45	353
Foreign exchange bills receivable	20	30	196
Total	¥392	¥273	\$3,694

7. Other assets

Other assets at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Domestic interbank clearings receivable	¥ 71	¥ 87	\$ 673
Accrued income	2,686	3,282	25,310
Other	2,938	2,462	27,684
Total	¥5,696	¥5,832	\$53,667

8. Premises and equipment

Accumulated depreciation at March 31, 2000 and 1999, amounted to ¥27,007 million (\$254,423 thousand) and ¥26,279 million, respectively.

Deferred gains on sales of real estate deducted from the related premises and equipment amounted to ¥957 million (\$9,015 thousand) at March 31, 2000 and 1999.

9. Assets pledged

Assets pledged as collateral at March 31, 2000, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Investment securities	¥2,925	\$27,556

Liabilities related to the above pledged assets at March 31, 2000, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Deposits	¥20,884	\$196,743

In addition, investment securities totaling ¥44,455 million (\$418,800 thousand) are pledged as collateral for settlement of exchange and derivative transactions or as margin on forward contracts at March 31, 2000.

10. Customers' liabilities for acceptances and guarantees

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

11. Deposits

Deposits at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current deposits	¥ 51,099	¥ 52,396	\$ 481,385
Ordinary deposits	547,636	501,420	5,159,078
Saving deposits	38,478	42,441	362,491
Deposits at notice	17,753	9,746	167,251
Time deposits	1,358,191	1,357,478	12,795,017
Certificates of deposit	29,700	19,110	279,792
Other	29,122	30,522	274,352
Total	¥2,071,981	¥2,013,116	\$19,519,369

12. Other liabilities

Other liabilities at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Domestic interbank clearings payable	¥ 611	¥ 780	\$ 5,763
Income taxes payable	1,288	3,347	12,134
Accrued expenses	5,429	6,578	51,150
Unearned income	1,264	1,384	11,915
Deposits from employees	2,135	2,272	20,119
Other	5,070	4,374	47,770
Total	¥15,800	¥18,738	\$148,853

13. Common stock

Information with respect to common stock at March 31, 2000 and 1999, was as follows:

	2000	1999
Par value per share	¥50	¥50
Number of shares:		
Authorized	398,000,000	400,000,000
Outstanding	189,915,000	191,915,000

The Bank is authorized to repurchase, at management's discretion, up to 19 million shares of the Bank's stock for the purpose of canceling the share and charging repurchasing costs to retained earnings.

14. Legal reserve

The Bank Law of Japan requires that an amount equivalent to at least 20% of each cash payment made as an appropriation of retained earnings must be appropriated as a legal reserve, until such reserve equals 100% of the Bank's stated capital. This reserve is not available for dividends, but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors.

15. Retained earnings

Retained earnings at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Voluntary reserves	¥76,501	¥75,001	\$720,687
Unappropriated retained earnings	6,706	4,266	63,182
Total	¥83,207	¥79,267	\$783,870

Voluntary reserves are available for future dividends subject to approval by the stockholders and legal reserve requirements (see Note 14).

16. Other interest income

Other interest income for the years ended March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Deposits with banks	¥263	¥ 945	\$2,483
Interest rate swaps		37	
Other	240	847	2,265
Total	¥504	¥1,830	\$4,748

17. Other operating income

Other operating income for the years ended March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Gain on foreign exchange transactions	¥203	¥208	\$1,916
Gain on trading account securities	5	5	48
Gain on sales of bonds		47	
Gain on redemption of bonds	95	67	896
Other	0	0	6
Total	¥304	¥330	\$2,866

18. Other income

Other income for the years ended March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Gain on sales of stocks and other securities	¥ 59	¥ 29	\$ 556
Gain on money held in trust	0	33	0
Gain on dispositions of premises and equipment	0	0	1
Recoveries of previously written-off claims	1	10	18
Reversal of reverse for possible losses	20		189
Other	325	459	3,061
Total	¥406	¥533	\$3,827

19. Other interest expense

Other interest expense for the years ended March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Interest rate swaps	¥ 59	¥ 166	\$ 561
Other	1,779	1,869	16,761
Total	¥1,838	¥2,035	\$17,322

20. Other operating expenses

Other operating expenses for the years ended March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Loss on sales of bonds	¥ 116	¥320	\$ 1,096
Loss on redemption of bonds	1,903	540	17,933
Total	¥2,020	¥861	\$19,030

21. Other expenses

Other expenses for the years ended March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Provision for reserve for possible loan losses		¥28,779	
Loss on devaluation of stocks and other securities	¥3,709	2,211	\$34,941
Loss on sales of stock and other securities	5	683	50
Loss on disposal of premises and equipment	153	440	1,444
Provision for reserve for possible losses on loans sold collateralized by real estate	25	67	238
Provision for reserve for possible losses on investment securities		14	
Other	560	378	5,279
Total	¥4,453	¥32,574	\$41,953

22. Income taxes

The Bank is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 41.60% for the year ended March 31, 2000 and 47.13% for the year ended March 31, 1999. The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets at March 31, 2000 and 1999, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Deferred tax assets:			
Reserve for possible loan losses	¥16,519	¥18,038	\$155,620
Reserve for retirement allowances	1,669	1,542	15,726
Depreciation	1,185	1,302	11,166
Other	1,529	1,409	14,405
Deferred tax assets	¥20,902	¥22,293	\$196,917

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2000 and 1999, and the actual effective tax rates reflected in the accompanying non-consolidated statements of operations were as follows:

Years ended March 31	2000	1999
Normal effective statutory tax rate	41.60%	(47.13)%
Expenses permanently non-deductible for income tax purposes	0.80	0.67
Non-taxable dividend income	(1.53)	(1.01)
Effect of tax rate change		8.11
Other—net	0.46	(0.11)
Actual effective tax rate	41.33%	(39.47)%

23. Dividends

Year-end dividends are paid after approval at the General Stockholders Meeting held subsequent to the year end, while interim dividends may be paid after the end of the semiannual period, by resolution of the Board of Directors.

24. Net income (loss) per share

Net income (loss) per share is calculated on the basis of the average number of shares of common stock outstanding each year.

25. Lease transactions

Lessee

The Bank leases certain computer equipment and other assets.

Total lease payments under finance leases for the years ended March 31, 2000 and 1999, were ¥347 million (\$3,274 thousand) and ¥244 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999, were as follows:

For the year ended March 31, 2000	Millions of Yen		Thousands of U.S. Dollars
	Equipment	Equipment	Equipment
Acquisition cost	¥1,505		\$14,181
Accumulated depreciation	418		3,941
Net leased property	¥1,086		\$10,239

Obligations under finance leases:

For the year ended March 31, 2000	Millions of Yen		Thousands of U.S. Dollars
	Equipment	Equipment	Equipment
Due within one year	¥ 294		\$ 2,769
Due after one year	792		7,469
Total	¥1,086		\$10,239

For the year ended March 31, 1999	Millions of Yen		
	Equipment	Other	Total
Acquisition cost	¥1,449	¥188	¥1,638
Accumulated depreciation	724	181	906
Net leased property	¥ 724	¥ 7	¥ 731

Obligations under finance leases:

For the year ended March 31, 1999	Millions of Yen	
	Equipment	Equipment
Due within one year	¥230	
Due after one year	501	
Total	¥731	

The amount of obligations under finance leases includes the imputed interest expense portion.

Depreciation expense which was not reflected in the non-consolidated statements of operations, computed by straight-line method for the years ended March 31, 2000 and 1999, were ¥347 million (\$3,274 thousand) and ¥244 million, respectively.

26. Derivatives

• Nature of Derivatives

The Bank uses derivative financial instruments including interest rate swaps, foreign exchange forward contracts, interest rate futures and options.

• The Bank's Policy for Using Derivatives

The Bank uses derivatives carefully to respond to its client's diverse needs and to hedge against market fluctuation risk such as interest rate and foreign exchange.

• Purpose of Derivatives

The Bank enters into derivatives principally to hedge against market fluctuation risk. The Bank also uses certain derivative financial instruments as a part of their trading activities within the position limit rules.

• Risk Associated with Derivatives

The major risks associated with derivative financial instruments are credit risk and market risk. Credit risk means the possible loss that may result from a counterparty's failure to perform according to the terms and conditions of the contract. To reduce credit risk, the Bank restricts the counterparties through internal regulation. Market risk means the possible loss that may result from market fluctuations such as interest rates and foreign exchange. The Bank does not anticipate significant losses because the main purpose of the Bank's derivative transactions are to hedge the market fluctuation.

The amount of exposure related to credit risk of interest rate swaps as of March 31, 1999, was ¥6 million. The amount of exposure related to credit risk of foreign exchange forward contracts as of March 31, 1999,

was ¥1,358 million. (Figures as of March 31, 1999, was computed using the current exposure method.)

• **Risk Control System for Derivatives**

The Bank manages derivatives strictly in accordance with internal risk management regulations, including position limit and loss-cut rules, so as not to have a significant impact on the Bank's operational results.

The Bank had the following derivatives contracts outstanding as of March 31, 1999:

	Millions of Yen	
	1999	
	Contract or Notional Amount	Fair Value
Unlisted:		
Interest rate swaps (fixed rate payment, floating rate receipt)	¥ 1,734	¥ (137)
Current swaps—U.S. dollars	31,128	32,292
Current swaps—other currencies	407	403

Derivative contracts which were reflected on the non-consolidated statements of operations at March 31, 1999, was as follows:

	Millions of Yen	
	1999	
	Contract or Notional Amount	
Unlisted—Foreign exchange forward contracts:		
Selling		¥7,256
Buying		7,068

The contract or notional amounts of derivatives which are shown in the

above table do not present the Bank's exposure to credit or market risk.

The contract or notional amounts and fair value of derivatives as of March 31, 2000, were presented on a consolidated-basis in the notes to consolidated financial statements.

27. Subsequent Event

At the general stockholders meeting held on June 29, 2000, the stockholders approved the following appropriations of retained earnings as of March 31, 2000:

	Millions of Yen	Thousands of U.S. Dollars
Unappropriated retained earnings, March 31, 2000	¥6,706	\$63,182
Appropriations:		
Transfer to legal reserve	300	2,826
Year-end dividends (¥2.5—\$0.02 per share)	474	4,472
Bonuses to directors and corporate auditors	70	666
Transfer to voluntary reserves	3,700	34,856
Total appropriations	4,545	42,822
Unappropriated retained earnings carried forward	¥2,161	\$20,360

Tohmatsu & Co.

MS Shibaura Building
13-23, Shibaura 4-chome,
Minato-ku, Tokyo 108-8530, Japan

Tel: +81-3-3457-7321
Fax: +81-3-3769-8508
www.tohmatsu.co.jp

**Deloitte
Touche
Tohmatsu**

Independent Auditors' Report

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

We have examined the non-consolidated balance sheets of The Yamanashi Chuo Bank, Ltd. as of March 31, 2000 and 1999, and the related non-consolidated statements of operations and retained earnings for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the financial position of The Yamanashi Chuo Bank, Ltd. as of March 31, 2000 and 1999, and the results of its operations for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

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

Deloitte Touche Tohmatsu

June 29, 2000

Corporate Data

Common Stock: ¥15,400 million

Stockholders

(as of March 31, 2000)

	Shares (1 unit: 1,000 shares)							Total	Odd lots
	Central/local government	Financial institutions	Securities companies	Other corporations	Foreigners (Individuals)	Individuals and others			
Number of stockholders	1	96	28	345	26 (0)	8,226	8,722		
Number of shares held	161 (units)	86,616	1,798	39,181	1,901 (0)	57,532	187,189	2,726,000 shares	
Percentage of all shares	0.09 (%)	46.27	0.96	20.93	1.02 (0)	30.73	100.00		

Notes: 1. Of 2,019 shares of treasury stock, 2 units are contained in "Individuals and others," and 19 shares in "Odd lots."

2. The columns "Other corporations" contains 34 units held under the name of Japan Securities Depository Center.

Major Stockholders

(as of March 31, 2000)

Name	Number of shares held (thousand)	Percentage of all shares issued
The Bank of Tokyo-Mitsubishi, Ltd.	9,595	5.05
Meiji Life Insurance Company	6,047	3.18
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	5,218	2.74
The Sumitomo Trust & Banking Co., Ltd.	4,467	2.35
The Sakura Bank, Limited	4,331	2.28
The Industrial Bank of Japan, Limited	3,959	2.08
The Yasuda Fire & Marine Insurance Company, Limited	3,756	1.97
Fukoku Mutual Life Insurance Company	3,680	1.93
Teikyo University	3,617	1.90
The Tokyo Fire & Marine Insurance Company, Limited	3,600	1.89
Total	48,273	25.41

Note: Of the shares held by trust & banking companies, the number of shares relating to their trust operations is as follows:

The Sumitomo Trust & Banking Co., Ltd. 4,467 thousand shares

Subsidiaries

(as of March 31, 2000)

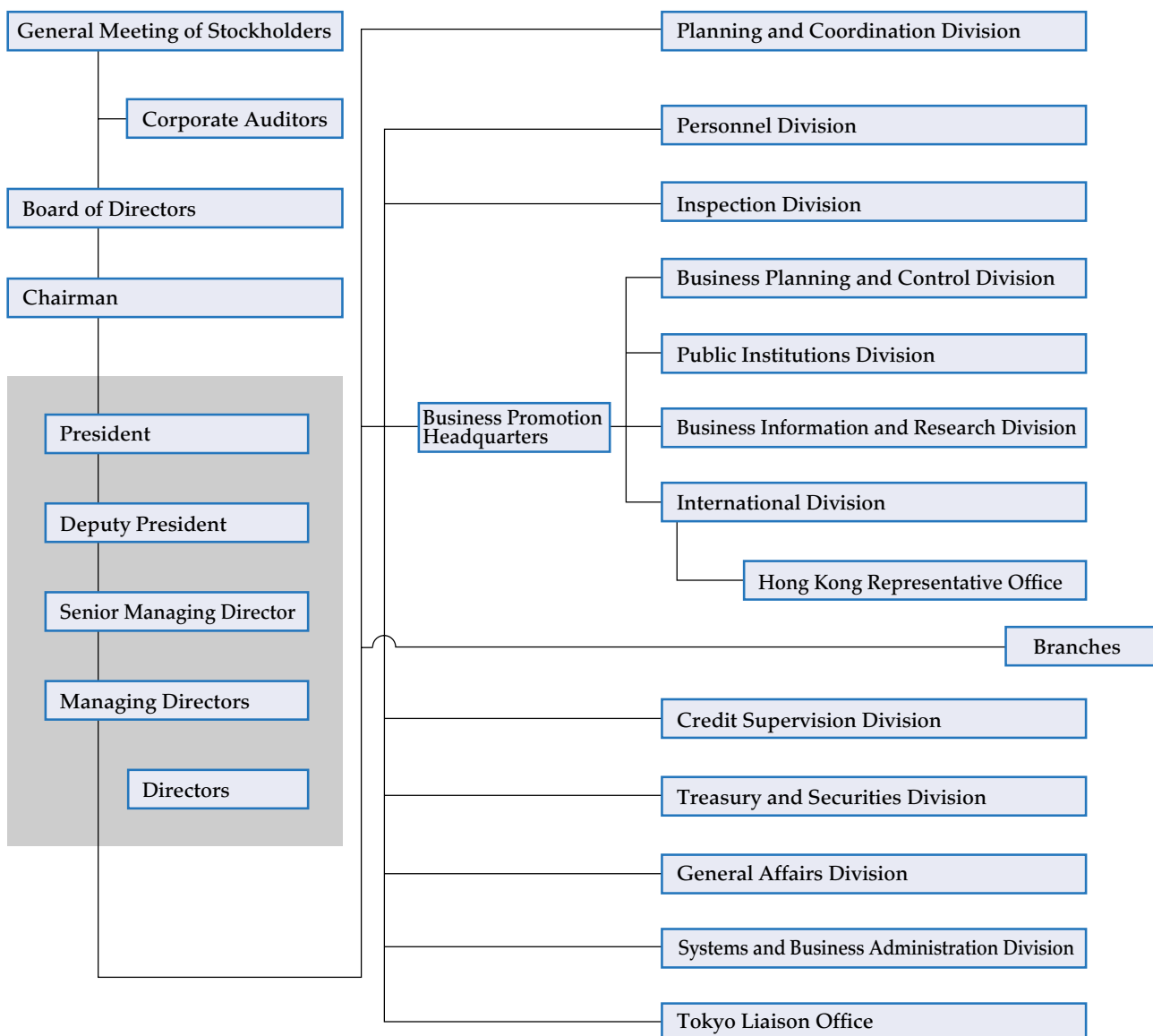
	Capital (Millions of yen)	Yamanashi Chuo Bank's share (%)	Lines of business
Yamanashi Chuo Guarantee Co., Ltd.	20	5	Loan guarantees, credit investigation
Yamanashi Chugin Lease Co., Ltd.	20	5	Leasing
Yamanashi Chugin DC Card Co., Ltd.	20	5	Credit cards
Yamanashi Chugin Business Service Co., Ltd.	10	100	Banking-related clerical services
Yamanashi Chugin Capital Co., Ltd.	100	5	Investment in venture businesses

Board of Directors and Corporate Auditors

(as of June 29, 2000)

Chairman	Managing Directors	Directors	Standing Corporate Auditors
Hiromu Kobayashi	Toru Osada	Akio Hosoda	Tadaaki Haibara
President	Kazuo Hosoda	Kazuhiro Nakazawa	Takehiko Sano
Nobukazu Yoshizawa	Masafumi Yokota	Yasuhiko Ashizawa	Corporate Auditors
Senior Managing Director	Motohiro Ishikawa	Takahiro Fujimaki	Magozaemon Takano
Kentaro Ono		Masahiko Mukouyama	Takashige Takusagawa
		Masahiko Furuya	
		Toshihisa Ashizawa	
		Masahiro Shibamura	

Organization



Service Network

HEAD OFFICE

20-8, Marunouchi 1-chome, Kofu, Yamanashi 400-8601
Phone: 055-233-2111

INTERNATIONAL DIVISION

20-8, Marunouchi 1-chome, Kofu, Yamanashi 400-8601
Phone: 055-224-1164
Telex: 2225023 YMCHFD J
Cable Address: YMCHBANKFD
SWIFT Address: YCHB JPJT

HONG KONG REPRESENTATIVE OFFICE

2020 Hutchison House, 10 Harcourt Road, Central, Hong Kong
Phone: 852-2801-7010

FOREIGN EXCHANGE OFFICES

Head Office Business Division

20-8, Marunouchi 1-chome, Kofu, Yamanashi 400-8601
Phone: 055-233-2111

Tokyo Branch

6-10, Kajicho 1-chome, Chiyoda-ku, Tokyo 101-8691
Phone: 03-3256-3131

Shinjuku Branch

24-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 163-8691
Phone: 03-3342-2231

Yanagimachi Branch

7-13, Chuo 4-chome, Kofu, Yamanashi 400-8691
Phone: 055-233-4141

Higashi Branch

15-12, Joto 1-chome, Kofu, Yamanashi 400-0861
Phone: 055-233-6141

Minami Branch

24-6, Otamachi, Kofu, Yamanashi 400-0865
Phone: 055-232-3401

Kokubo Branch

2-36, Kokubo 6-chome, Kofu, Yamanashi 400-0043
Phone: 055-226-1821

Aonuma Branch

11-6, Aonuma 2-chome, Kofu, Yamanashi 400-0867
Phone: 055-232-5731

Kita Branch

1-4, Asahi 4-chome, Kofu, Yamanashi 400-0025
Phone: 055-252-4817

Kofu-Ekimae Branch

16-2, Marunouchi 2-chome, Kofu, Yamanashi 400-0031
Phone: 055-224-3445

Takeda-Dori Branch

11-1, Takeda 2-chome, Kofu, Yamanashi 400-0016
Phone: 055-253-2135

Kusakabe Branch

1222-1, Kami-Kanogawa, Yamanashi, Yamanashi 405-9100
Phone: 0553-22-1711

Ichikawa Branch

1289-5, Ichikawa-Daimoncho, Nishi-Yatsushiro-gun,
Yamanashi 409-3601
Phone: 055-272-1121

Nirasaki Branch

9-33, Honcho 2-chome, Nirasaki, Yamanashi 407-8601
Phone: 0551-22-2211

Yoshida Branch

500-1, Shimo-Yoshida, Fuji-Yoshida, Yamanashi 403-0004
Phone: 0555-22-3100

Tsuru Branch

2-15, Chuo 2-chome, Tsuru, Yamanashi 402-0052
Phone: 0554-43-2151

