



ANNUAL REPORT 2003 **YAMANASHI CHUO BANK**

## Profile

The Yamanashi Chuo Bank, Ltd. operates chiefly in Yamanashi Prefecture, which is home to a large number of electrical equipment and high-tech companies, and the neighboring western part of Tokyo. Since its founding over 120 years ago, the Bank has remained firmly committed to the principles of close ties with the local community and sound management, and has earned the status of most trusted financial institution in the region. As of March 31, 2003, the Bank held an overwhelming share of both deposits and loans and bills discounted in the prefecture, at 43.5% and 37.1%, respectively.

Yamanashi Chuo Bank has a network of 85 branches in Yamanashi Prefecture and 13 in Tokyo, and operates a representative office in Hong Kong. In addition, we make effective use of the Internet and ATMs as marketing channels to broaden the range of services we offer. Working closely with our 5 consolidated subsidiaries specializing in leasing, credit cards, guarantees, and investments, we are making every effort, as the financial sector enters a new era, to provide ever more comprehensive services and increase our corporate value as the region's No.1 bank.

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## Head Office



### *Forward-looking statements*

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

# Financial Highlights

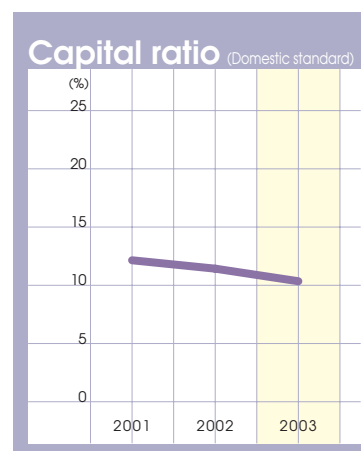
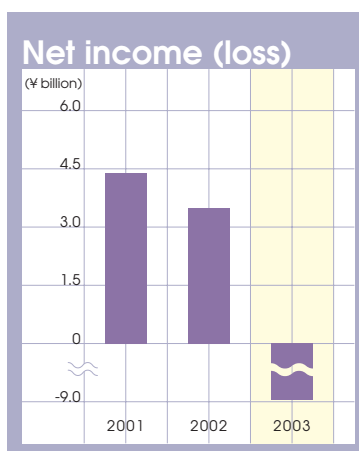
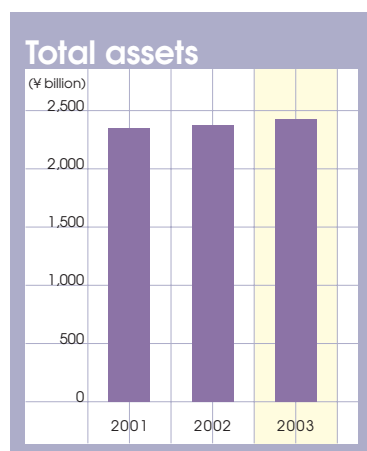
The Yamanashi Chuo Bank, Ltd. and Subsidiaries  
March 31, 2003 and 2002

		Millions of yen		Thousands of U.S. dollars	
		2003	2002	2003	
<b>For the year</b>					
Total income	Consolidated	¥ 50,249	¥ 54,080	\$ 418,046	
	Non-Consolidated	44,910	48,192	373,631	
Total expenses	Consolidated	60,978	47,587	507,310	
	Non-Consolidated	55,550	42,267	462,149	
Income (loss) before income taxes and minority interests		Consolidated	(10,729)	6,492	(89,264)
Income (loss) before income taxes		Non-Consolidated	(10,639)	5,925	(88,517)
Net income (loss)	Consolidated	(8,782)	3,540	(73,065)	
	Non-Consolidated	(8,760)	3,529	(72,886)	
<b>Per share of common stock (in yen and U.S. dollars)</b>					
Net income (loss)	Consolidated	¥ (46.64)	¥ 18.38	\$ (0.39)	
	Non-Consolidated	(46.52)	18.32	(0.39)	
Cash dividends applicable to the year		Consolidated	5.00	6.00	0.04
<b>At year-end</b>					
Deposits	Consolidated	¥2,143,916	¥2,117,699	\$17,836,243	
	Non-Consolidated	2,147,074	2,119,974	17,862,513	
Loans and bills discounted	Consolidated	1,456,624	1,402,893	12,118,339	
	Non-Consolidated	1,469,318	1,415,501	12,223,949	
Investment securities	Consolidated	715,742	646,635	5,954,592	
	Non-Consolidated	715,020	645,991	5,948,592	
Total assets	Consolidated	2,423,958	2,376,747	20,166,045	
	Non-Consolidated	2,422,420	2,374,993	20,153,246	
Shareholders' equity	Consolidated	121,230	131,464	1,008,569	
	Non-Consolidated	121,269	131,483	1,008,894	

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 ¥120.20=US\$1, the rate prevailing on March 31, 2003.

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



Note: All graphs are on a consolidated basis.

# Our Industry is Breaking New Ground, But We Will Remain a Core Financial Institution in Our Region

This report is an overview of the business performance of Yamanashi Chuo Bank Group in the year ended March 31, 2003. In this, the final fiscal year of our 7th long-term management plan “New Challenges — START 21,” we are finalizing our campaign to become a strong bank that enjoys deep customer trust, and that achieves high profitability by reducing operating costs to the minimum.



**Kentaro Ono, President**

## Operating Environment and Results

In the term under review, economic conditions in Japan remained difficult, with prolonged deflation continuing to check recovery in employment figures and incomes, depress private capital investment and dampen stock prices.

Conditions were also tough in Yamanashi Prefecture, the Bank's principal business base, with both consumer spending and capital investment at a low ebb and stagnation returning in the second half, notably in the semiconductor and the IT-related industries, which had shown signs of recovery in the first half.

In these circumstances, the Yamanashi Chuo Bank Group contributed to the economic development of the region by enhancing its financial services, notably leasing and credit card businesses. Through the concerted dedication of all our employees, the Group expanded business and improved operational efficiency, making steady progress toward meeting targets under its 7th long-term management plan, “New Challenges — START 21.”

As a result of these efforts, deposits (including CDs) rose ¥57.0 billion year on year on a consolidated basis to a term-end balance of ¥2,236.5 billion (US\$18,606 million). The term-end balance of loans and bills discounted increased ¥53.7 billion to

¥1,456.6 billion (US\$12,118 million); while corporate loans declined, consumer and other loans more than offset the decrease.

Net interest income from fund operations decreased, due chiefly to a fall in yields on loans and securities, but we worked to restore profitability by strengthening loan operations and expanding revenues from fees and commissions while pursuing cost reductions through rationalization and efficiency improvement.

The Bank continued to rigorously write off non-performing loans and add to the reserve for possible loan losses, to counter the decline in fair value of collateral due to falling land prices and worsening performance at corporate clients in borrower categories particularly vulnerable to the protracted downturn in the economy. In addition, we recorded expenses of ¥17,196 million, substantially higher than the ¥1,198 million expense incurred in the previous term. The increase was attributable to impairment losses on stockholdings due to the stock market slump. As a result of these measures, taken to ensure that such losses will have no impact on results after the term under review, we regret to announce a net loss of ¥8,782 million (US\$73 million). However, we anticipate a recovery in earnings in the current fiscal year as this impairment-loss-related deficit was a one-time event.

## Remaining Close to Our Community as Our Industry Evolves

With Japan's economy and society changing, and customer expectations diversifying, the operating environment for the financial industry is being transformed. It is now expected to provide a much more sophisticated range of services.

Faced with these challenges, we at Yamanashi Chuo Bank are not merely strengthening lending operations; we are also developing solutions, advisory services and consultancy-based business support for each stage — start-up, growth period, directional change and, sometimes, decline — of the customer's corporate life cycle. In so doing, we aim to become a dependable institution that supports both individual lifestyles and corporate management and contributes to the regional economy. We also plan to tailor services more closely to regional needs, to forge still closer links with the Yamanashi community.

## New Responses for New Environments and Customer Needs

With the spread of direct financing and the increasing availability of new financial products such as investment trusts and insurance products, fund procurement and asset management options have broadened for our customers. At the same time, the Internet and other innovations in information technology have redefined the concept of customer "convenience."

In this time of change, the Bank remains dedicated to providing a complete range of financial services that will make us the leading financial institution in our region in terms of convenience. To this end, we are enhancing our lineup of products, including investment and leasing services offered by subsidiaries. In this endeavor, we draw on the pooled expertise of all our companies to serve every kind of customer need. By building up our direct banking channels in addition to our branch and ATM operations, we will create the biggest multifaceted banking network in the region, offering the customer still higher quality and greater convenience.

## Improving the Soundness of the Asset Portfolio

It is a Bank priority to secure a robust profit structure with low operating costs and high earnings potential to assure stable operations into the long term. To that end, we are maximizing operating efficiency through a policy of resource selection and concentration, within a comprehensive earnings and risk management strategy that integrates approaches to earnings, costs and risk.

Third-party rating agencies are in no doubt about the soundness of our operations. Invited to evaluate us as part of disclosure activities for customers, stockholders and investors, the Ratings and Investment Information Center (R&I) (one of Japan's most influential credit rating agencies) gave the Bank a long-term credit rating of A+ in March 2002 and again in March 2003.

In addition, our capital ratio (by domestic standards) was 10.35% at term-end, and our Tier I ratio was a high 9.73%, both on consolidated basis. This capital ratio is far above the 4% minimum

requirement for banks without overseas operations, below which performance must be improved or operations immediately suspended. We are confident that adequate steps have been taken to ensure the soundness of our financial standing.

Resisting the temptation to rest on our laurels, we will further strengthen our financial base and asset soundness.

## Compliance

To consolidate our reputation for trustworthiness, we are working to meet the highest standards of compliance through our Compliance Committee.

Every fiscal year we draft an in-house compliance program and through it pursue ever higher standards of compliance, setting targets for raising staff awareness, minimizing human error and breaches of ethical standards, and improving operations in line with customer suggestions. We also distribute a compliance manual to all executives and staff. This document, which covers corporate ethics and standards for social conduct, and explains compliance-related laws and regulations by example, is used at study sessions, meetings and other suitable occasions to ensure the highest standards of compliance observance.

## Raising Stockholder Value

As globalization and deregulation sweep over our industry amid continuing substantial declines in asset values, operating conditions for financial institutions have become increasingly difficult, with more banks embarking on business integration or making progress in alliances and reorganizations. Addressing these challenges, the Bank Group is making steady progress with its 7th long-term management plan, and expects to realize its vision at completion of the plan in March 2004 of establishing a solid position as the region's core financial institution as the financial sector enters a new era.

It is a basic Bank policy to assure a stable dividend to all stockholders. As mentioned earlier, we regard the net loss recorded in the term under review as a one-time event, and, in line with past profit distribution policy, have declared a term-end dividend of ¥2.50 (US\$0.02) per share as in the previous term. To meet this commitment, and to improve capital efficiency, we purchased 4,864,000 Company shares on the market during the term, with a total value of ¥2,034 million.

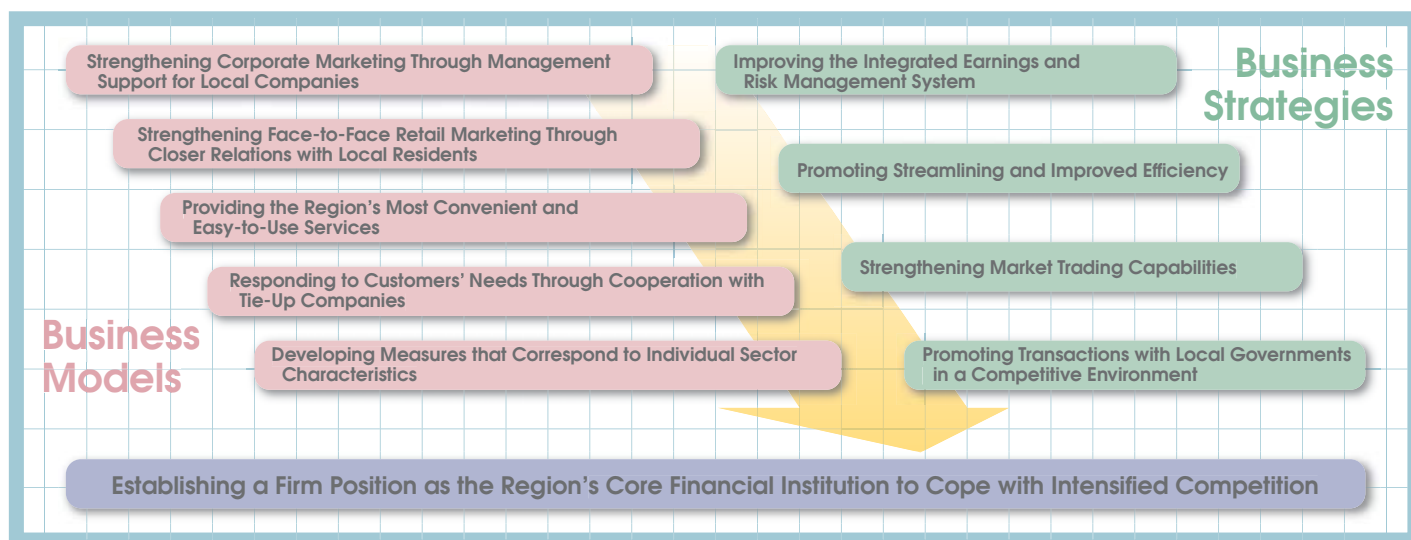
Our goal as the most trusted financial institution in our region is to offer superior quality financial services that meet increasingly sophisticated and diversified customer needs, and maintain a robust operating base, further building corporate and stockholder value. We are committing all our resources to this endeavor, in which I ask all stakeholders for their continued understanding and support.



Kentaro Ono  
President

## The 7th Long-Term Management Plan “New Challenges — START 21”

Fiscal 2003 is the final year of the Bank’s 7th long-term management plan. With the overall goal of securing a solid position as the region’s core financial institution as the financial sector enters a new era, the Bank and its five subsidiaries are building a highly profitable, firmly rooted institution that enjoys deep customer trust and reduces operating costs to the minimum.



### Four Goals

To reach a business profit on banking operations (see note below) of ¥16.0 billion on a consolidated basis by fiscal 2003, we need to achieve four goals: a ¥2.7 billion increase in interest on loans and bills discounted and a ¥700 million increase in earnings from fees and commissions, as well as a ¥400 million reduction in personnel expenses and a ¥450 million reduction in non-personnel expenses, all compared with fiscal 2001.

As a result of our efforts to achieve an appropriate return on corporate loans, the main target, we were recently able to raise the interest rate on loans and bills discounted for general corporate customers from 1.810% in September 2002 to 1.925% in May 2003, an improvement of 0.115 point. In addition, in consumer loan operations, mortgage loans increased from ¥268.8 billion as of March 31, 2002, to ¥302.4 billion as of March 31, 2003, up 13%.

Earnings from fees and commissions have increased steadily over the past few years, from ¥4.9 billion in fiscal 2000 to ¥5.3 billion in fiscal 2001 and ¥5.6 billion in fiscal 2002. In fiscal 2003 we expect the figure to reach ¥6.0 billion.

We have made progress in cutting both personnel and non-personnel expenses, achieving year-on-year savings of ¥300 million in each category in fiscal 2002. In fiscal 2003 we expect to further cut personnel costs by ¥500 million and non-personnel expenses by ¥200 million through improvement of efficiency at branch-level operations.

### Steady Progress in Target Achievement

The Bank revised its interest-rate guidelines in October 2002 to achieve a more appropriate return. Up to March 31, 2003, these measures had lifted earnings by ¥542 million. After setting minimum rates and strictly evaluating corporate customers’ creditworthiness based on borrower categories, interest on loans in the case “normal” borrowers was raised by over 0.2 of a percentage point on average and raised by nearly 0.5 of a point in the case of “borrowers requiring caution;” on average, rates were increased by 0.385 of a point.

The balance of consumer loans rose from ¥310.4 billion as of March 31, 2002 to ¥340.9 billion as of March 31, 2003, a 9.8% increase. By March 31, 2004, we expect this to have risen approximately ¥40.0 billion to ¥381.2 billion. Western Tokyo, a future priority area, showed a remarkable 21.5% increase year on year in the term under review, and substantial further growth is expected in current term.

In addition to a ¥400 million increase in earnings from fees and commissions and a ¥700 million reduction in personnel and non-personnel expenses the current term compared with the term under review, we are convinced the benefits of greater volumes of loans and our revision of interest rates where necessary will bring business profit on banking operations up to a minimum of ¥16.0 billion.

Note: “Business profit on banking operations” refers to net business profit prior to provision to general reserve for possible loan losses minus gain on government bonds.

# Western Tokyo: A New Profit Basis for the 21st Century

To consolidate our position as the leading bank in Yamanashi Prefecture, our main business base, Yamanashi Chuo Bank is aiming to grow its business by building up operations in the adjoining western Tokyo area.

## A Market with Huge Potential

As of March 31, 2003, the Bank had a total of 13 branches in Tokyo, with 11 branches in western Tokyo and two others in the city center. With a population of 2.23 million people (approximately 2.5 times that of Yamanashi Prefecture), 950,000 households (approximately 3.0 times as many as Yamanashi Prefecture), and 80,000 companies (including sole proprietorships) (approximately 1.5 times as many as Yamanashi Prefecture) the market potential of the western Tokyo area is huge. To underpin marketing and service operations in this area, the Bank in July 2001 established the Western Tokyo Business Promotion Section, and in September of the same year opened the Yamanashi Chugin Loan Square Hachioji over-the-counter consumer loan service. As a result of these measures, consumer loans in western Tokyo grew steadily from ¥47,370 million in September 2000 to ¥64,847 million in March 2003, and loans to businesses in the same period rose from ¥52,477 million to ¥59,576 million.

## Western Tokyo: a Second Generator of Profit

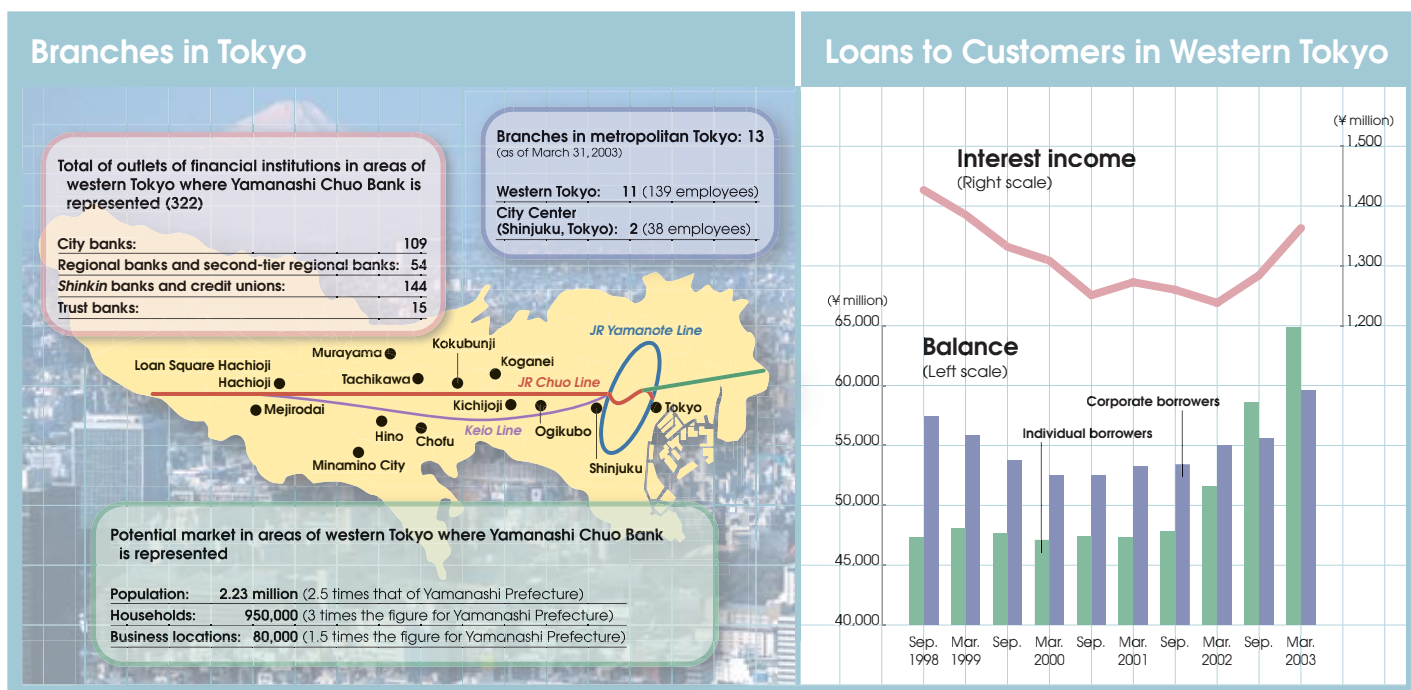
Not only do we intend to make western Tokyo a new earnings driver on a par with Yamanashi Prefecture, we also envisage the

area outperforming the prefecture in profitability and efficiency.

For this to come about, we are following three management strategies: 1. creation of a branch network which outperforms the prefecture in profitability; 2. creation of efficient financing-oriented marketing structures; and 3. a shift in the focus of management resources to western Tokyo (with rationalization and efficiency enhancement of branches inside the Prefecture).

Priority zones in this strategy are Hachioji, one of the main cities of the western Tokyo area, and the Tachikawa-Murayama district. Measures under development include 1. consolidation of the Tachikawa and Murayama branches to create a single main local branch on a par with the Hachioji branch; 2. establishment of Loan Square facilities at the new single Tachikawa-Murayama branch to strengthen consumer loan operations; 3. creation of a Corporate Financing Team at the Hachioji branch and the new single Tachikawa-Murayama branch and 4. establishment of a Hachioji zone and Tachikawa zone under a zone-based marketing system to promote cooperation between branches.

We aim to double operating profit in the western Tokyo area to ¥3,326 million by fiscal 2006 (203% of the fiscal 2001 level, and a ¥1,684 million increase). We are determined to fully develop this market as a new source of earnings.



# Consumer Banking

We are upgrading products and services and consultation functions to meet the various asset management needs of our customers, with an emphasis on expanding consumer loans.

## Yamanashi Chugin Loan Square Kofu

Following the establishment of the Yamanashi Chugin Loan Square Hachioji (western Tokyo) in January 2003, we have opened Yamanashi Chugin Loan Square Kofu to build up our retail-loan business. Our trained specialists offer highly popular consultation services regarding mortgages and other types of consumer loans until 7 p.m. on weekdays and also on Saturdays until 5 p.m.

## Strengthening Our Financial Advisory Business

Faced with continuing ultralow interest rates, the lifting of unlimited guarantees on time deposits and the proliferation of new financial products such as investment trusts, individuals are shifting their financial assets from deposits and postal savings accounts to all kinds of alternative investment targets. Also driving this trend, as the number of elderly people rises, is increasing concern over pensions and inheritance issues.

In response, we have established at our Head Office a special team to support financial advisers at branches. The Support FA office enables us to offer an even more finely focused consultancy service for customers with concerns about asset management or inheritance and donation issues.

## Government Bonds for Individuals

As part of our broadening of asset management services, in February 2003 we became one of the first financial institutions in Japan to handle applications for subscriptions to new government bond issues for individual investors. Available for as little as ¥10,000 each, these are safe and convenient instruments for individual investors because they are issued by the Japanese government, so that there is no risk of their value falling below par at maturity. In addition, variable interest rates mean that interest is paid each six months reflecting current market rates. We expect strong demand for these instruments.

## New Over-the-Counter Pension Insurance Products

In response to the lifting of the ban on over-the-counter sales of life insurance products by banks, we launched a pension insurance product for individuals in October 2002. We offer two variants, a fixed-sum type in which pensions are paid out in fixed installments, and the variable-sum type in which payments track fund performance. By adding pension insurance products to our deposit, investment trust and government bond services we are meeting still more wide-ranging customer needs and helping them to a better life after retirement.

## The Yamanashi Chugin Toku Toku Club

Subscribers to this highly popular program enjoy a range points-based benefits, in particular, free ATM use outside office hours, preferential interest rates on consumer loans and a 5% discount on overseas and domestic tour charges.



The customer service counter at our Head Office



# Corporate Banking

To support corporate startups and growth, we are expanding consultation and advisory services with technical advisers and certified troubleshooting specialists for small and medium-sized companies. We have also enriched our portfolio of corporate loan products and are increasing our support services for corporate turnarounds.

## Launch of Yamanashi Chugin Retail Partner MAX100

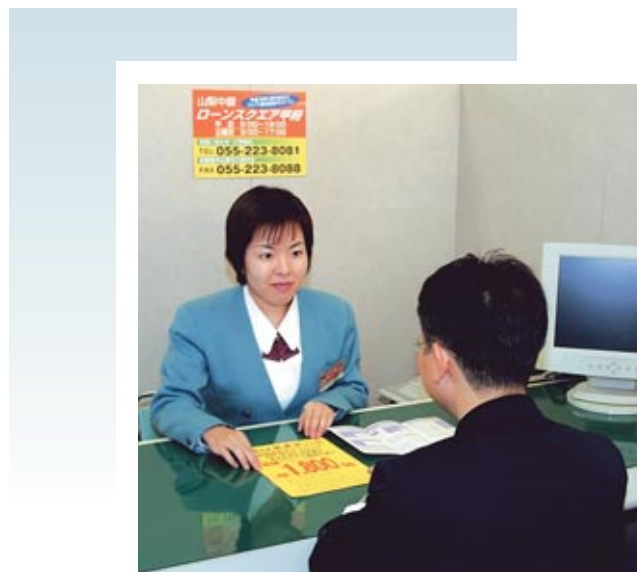
This new loan product meets the need of Yamanashi Prefecture business owners for quick, simple and convenient funding. In alliance with Yamanashi Prefecture Credit Guarantee Association, we offer business-use financing of up to ¥10 million, repayable within 5 years, without the need for collateral or a third-party guarantor. Some applications can be evaluated and answered within half a day. This is one of the ways in which we are expanding funding to small and medium-sized companies in the Prefecture.

## Start-Up of Yamanashi Chugin Management Consulting

Since 1996 we have nurtured and supported small and medium-sized companies, invested in new ventures and supported customers' IPOs through Yamanashi Chugin Capital Co., Ltd. To step up these investment and support activities, we have strengthened this subsidiary's business support consultancy functions and relaunched it as Yamanashi Chugin Management Consulting Co., Ltd. This company will support the growth of local companies and revitalization of local industry by providing not only financial advice but also guidance in fields such as broadening product-marketing channels, and identifying manufacturing technologies and businesses with potential.

## Defined Contribution Pension Plan (Japanese version of 401(k))

In June 2002, we became the first financial institution in Yamanashi Prefecture to begin handling defined contribution (401(k)-style) pension plans. As a first step, we launched full-fledged management services for corporate pensions including outsourced management of plans of prefectural medical institutions. We have launched similar services for individuals and aim to be managing plans with 20,000 members in five years.



Loan Square Kofu

# Regional Strategy

By meeting the financing needs of local governments and public corporations in Yamanashi Prefecture and dealing in regional bonds, the Bank is contributing to the creation of the public works, residential developments and other projects that make the region a comfortable and enjoyable place to live in. We place high priority on the profitability of our banking operations involving public funds such as tax revenues and financial settlements, and in future plan to suggest rationalization measures and seek commissions for certain public services we perform.

Yamanashi Chuo is also actively involved in a number of ongoing transportation, telecommunications and other infrastructure developments in the prefecture. In these, the Bank has taken a direct role in conceptual planning, in addition to dispatching personnel and supplying important information as needed. This is another example of the ways in which we will help build up the regional economy.

In addition to supplying a wide range of loans to meet the financing needs of local companies and traditional businesses, and strengthening support for venture companies, we are providing comprehensive financial services, including leasing and capital procurement, and support the development and growth of local businesses.

Furthermore, we support corporate managements and sole traders through Yamanashi Chugin Managers' Club. This entity organizes management-related lectures and exchange meetings, holds seminars for managers, future managers and employees, and issues various publications.

## Operating Environment

Despite signs of recovery in exports and industrial production, the Japanese economy remained sluggish in the term under review. Uncertainty about economic prospects deepened at the term-end as tensions created by the Iraq crisis and other factors caused stock prices to fall steeply. Overall, business conditions remained harsh.

For regional banks, the picture has grown even more grim. Discouraged by the protracted downturn in Japan, small and medium-sized companies, our main business partners, have been reluctant to increase their borrowing, and yields on bond holdings have continued to shrink. Regional banks, traditionally built upon strong local industry bases and sound management policies, are sharing the pain of this prolonged economic hardship.

A particular problem for regional banks in the term under review was the fall in Japanese stock prices. Although the bulk of expenditures for bad debt elimination have been made, the stock market collapse has caused impairment losses to increase substantially, so that of the total of 64 regional banks in Japan, 14 are suffering red ink.

## Earnings Overview, on a Consolidated Basis

While steps taken to restructure the Bank's handling charge system contributed to an increase in business revenues from fees and commissions, persistent low interest rates dragged down interest income from loans and discounts, and securities, so that total income declined 7.08% year on year to ¥50,249 million (US\$418 million). Although we took steps to reduce interest expenses as well as general and administrative expenses, a substantial write-down of stockholdings under impairment accounting due to falling stock prices at the term-end caused total expenses to increase 28.1% year on year to ¥60,978 million (US\$507 million). As a result of these factors we recorded a net loss of ¥8,782 million (US\$73 million) compared with a net income of ¥3,540 million in the previous term.

Net loss per share was ¥46.64 (US\$0.39). Although the capital ratio at the term-end declined by 1.08 percentage points year-on-year to 10.35%, it remains considerably above the regional banking sector average of 9.11% by domestic standards.

## Segment Performance

The Yamanashi Chuo Bank Group consists of the parent company (the Bank) and 5 consolidated subsidiaries. Centered on banking services, the Group's businesses are divided into three broad segments: banking, leasing and other financial services including credit card businesses and venture capital operations.

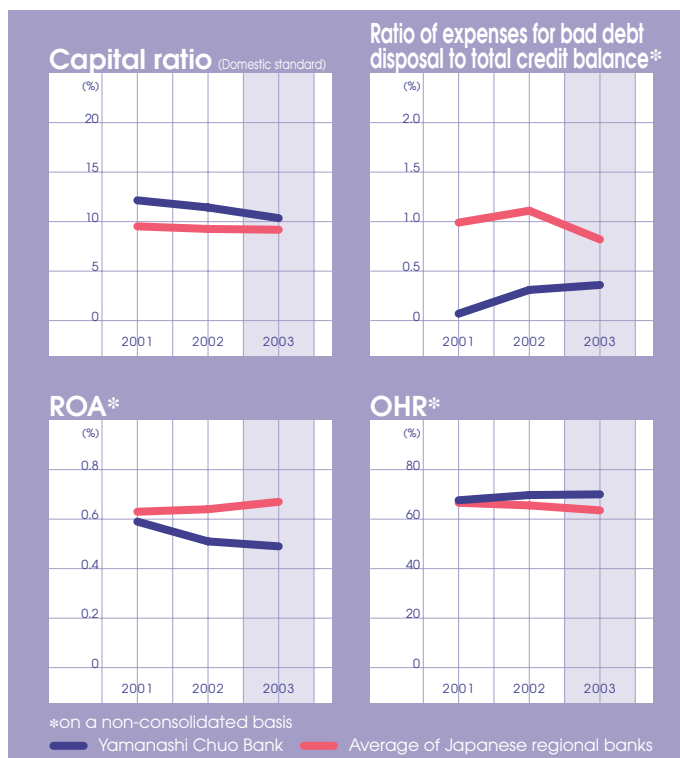
### • Banking Business

Operating income from banking operations (including internal transactions) decreased ¥3,196 million from the previous term to ¥45,346 million (US\$377 million), and operating expenses rose to ¥13,663 million compared with the previous term, reflecting a substantial increase in write-downs of Bank-held stocks. As a result, an operating loss of ¥10,775 million was recorded in this segment.

### • Leasing and Other Financial Services

Operating income from leasing activities (including internal transactions) rose 1.17% to ¥5,727 million (US\$47 million), while operating expenses rose 2.75% to ¥5,747 million (US\$48 million). As a result, an operating loss of ¥20 million (US\$0.2 million) was recorded in this segment.

Operating income from other financial services (including internal transactions) was ¥1,005 million (US\$8 million), with operating expenses coming in at ¥912 million (US\$8 million) and operating profit at ¥92 million (US\$0.7 million).



## Principal Business Indicators, on a Consolidated Basis

### • Deposits

The balance of deposits (including CDs) increased ¥57,085 million to ¥2,236,508 million (US\$18,606 million), reflecting the success of our efforts to increase retail deposits. By type, the average balance of liquid deposits increased during the term, while time deposits and CDs declined.

### • Loans

The term-end balance of loans and bills discounted increased ¥53,731 million year-on-year to ¥1,456,624 million (US\$12,118 million), chiefly reflecting growth in consumer loans, notably mortgage loans, which offset slack corporate funding demand.

### • Securities

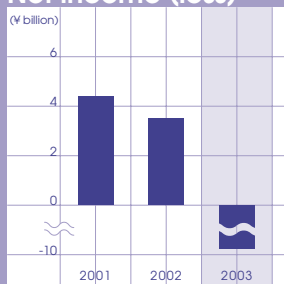
Purchases of government bonds resulted in a balance of securities at the term-end of ¥715,742 million (US\$5,954 million), or ¥69,107 million higher than the previous term-end. While keeping a close watch on market interest rate trends during the term under review, the Bank worked to raise fund management efficiency through diversification of operations. But unfavorable stock market conditions resulted in a sharp decline in market prices, causing us to post a large impairment loss in line with our policy of bolstering asset soundness.

## Cash Flows

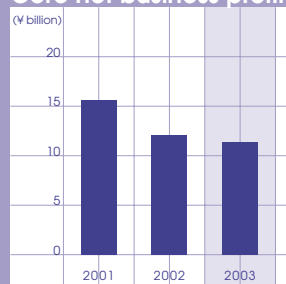
Cash and cash equivalents rose ¥28,442 million to end the term at ¥65,534 million (US\$545 million).

Net cash provided by operating activities amounted to ¥118,753 million (US\$988 million). A loss before income taxes and minority interests was more than offset by a loss on investment securities and an increase in CDs. Net cash used in investing activities amounted to ¥87,115 million (US\$725 million), due chiefly to acquisition of securities. Net cash used in financing activities amounted to ¥3,242 million (US\$27 million), chiefly reflecting purchases of Company shares and dividend payment.

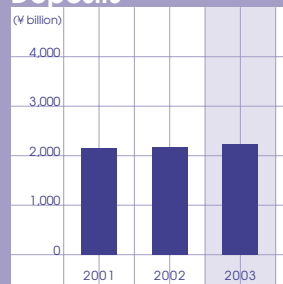
### Net income (loss)



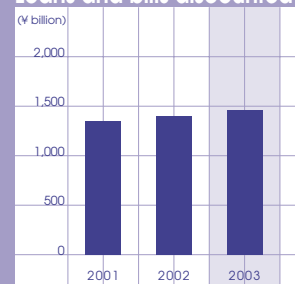
### Core net business profit\*



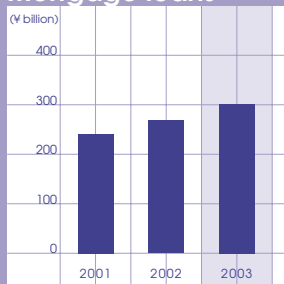
### Deposits



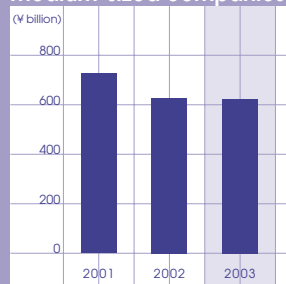
### Loans and bills discounted



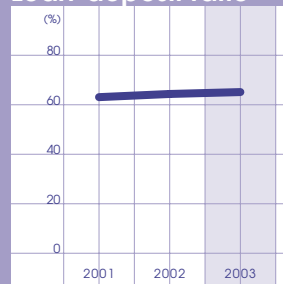
### Mortgage loans\*



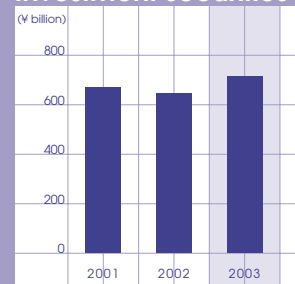
### Loans to small and medium-sized companies\*



### Loan-deposit ratio



### Investment securities



\*on a non-consolidated basis

# Consolidated Balance Sheets

The Yamanashi Chuo Bank, Ltd. and Subsidiaries  
March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	2003
<b>Assets:</b>			
Cash and due from banks (Note 9) .....	¥ 67,172	¥ 75,571	\$ 558,837
Call loans .....	116,373	160,880	968,164
Monetary claims bought (Note 4) .....	18,105	41,960	150,629
Trading securities (Notes 3 and 9) .....	328	391	2,729
Investment securities (Notes 4 and 9) .....	715,742	646,635	5,954,592
Loans and bills discounted (Notes 5, 6 and 7) .....	1,456,624	1,402,893	12,118,339
Foreign exchanges .....	321	197	2,674
Other assets .....	17,801	19,641	148,103
Premises and equipment (Note 8) .....	28,533	28,543	237,383
Deferred tax assets (Note 16) .....	19,111	16,453	158,999
Customers' liabilities for acceptances and guarantees (Note 10) .....	24,293	25,069	202,105
Reserve for possible loan losses .....	(40,448)	(41,488)	(336,513)
<b>Total</b> .....	<b>¥2,423,958</b>	<b>¥2,376,747</b>	<b>\$20,166,045</b>
<b>Liabilities:</b>			
Deposits (Notes 9 and 11) .....	¥2,143,916	¥2,117,699	\$17,836,243
Negotiable certificates of deposit .....	92,592	61,724	770,317
Call money .....	11,741	7,554	97,680
Borrowed money (Note 9) .....	1,501	1,197	12,494
Foreign exchanges .....	87	77	729
Other liabilities .....	16,395	20,070	136,402
Liability for retirement benefits (Note 12) .....	11,563	10,940	96,198
Reserve for possible losses on collateralized real estate loans sold .....	106	377	886
Acceptances and guarantees (Note 10) .....	24,293	25,069	202,105
Total liabilities .....	2,302,197	2,244,711	19,153,058
<b>Minority interests</b> .....	<b>531</b>	<b>571</b>	<b>4,417</b>
<b>Shareholders' equity:</b>			
Common stock—authorized, 398,000,000 shares; issued, 189,915,000 shares in 2003 and 2002 (Note 13) .....	15,400	15,400	128,119
Capital surplus .....	8,287	8,287	68,946
Retained earnings (Note 14) .....	87,875	97,841	731,081
Unrealized gain on available-for-sale securities (Note 4) .....	11,782	9,945	98,027
Total .....	123,346	131,474	1,026,175
Treasury stock—at cost, 5,064,922 shares in 2003 and 27,323 shares in 2002 (Note 15) .....	(2,116)	(10)	(17,605)
Total shareholders' equity .....	121,230	131,464	1,008,569
<b>Total</b> .....	<b>¥2,423,958</b>	<b>¥2,376,747</b>	<b>\$20,166,045</b>

See notes to consolidated financial statements.

# Consolidated Statements of Operations

The Yamanashi Chuo Bank, Ltd. and Subsidiaries  
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	2003
<b>Income:</b>			
Interest income:			
Interest on loans and discounts .....	¥26,830	¥27,953	\$223,217
Interest and dividends on securities .....	9,105	10,400	75,755
Other interest income .....	2,265	3,661	18,844
Fees and commissions .....	6,560	6,181	54,576
Other operating income (Note 17) .....	4,683	4,800	38,962
Other income (Note 18) .....	804	1,083	6,689
Total income .....	50,249	54,080	418,046
<b>Expenses:</b>			
Interest expense:			
Interest on deposits .....	892	2,023	7,425
Interest on negotiable certificates of deposit .....	28	95	237
Interest on call money and rediscounts .....	165	142	1,375
Other interest expense .....	1,938	3,479	16,128
Fees and commissions .....	1,546	1,471	12,866
Other operating expenses (Note 19) .....	5,414	5,232	45,046
General and administrative expenses .....	27,096	27,775	225,425
Other expenses (Note 20) .....	23,896	7,368	198,805
Total expenses .....	60,978	47,587	507,310
<b>Income (loss) before income taxes and minority interests .....</b>	<b>(10,729)</b>	<b>6,492</b>	<b>(89,264)</b>
<b>Income taxes:</b>			
Current .....	1,607	3,981	13,370
Deferred .....	(3,504)	(1,173)	(29,151)
Total income taxes .....	(1,896)	2,807	(15,781)
<b>Minority interests .....</b>	<b>(50)</b>	<b>143</b>	<b>(417)</b>
<b>Net income (loss) .....</b>	<b>¥(8,782)</b>	<b>¥ 3,540</b>	<b>\$ (73,065)</b>
		Yen	U.S. dollars
<b>Net income (loss) per share</b> (Note 2) .....	<b>¥(46.64)</b>	¥18.38	<b>\$ (0.39)</b>
<b>Cash dividends per share</b> (Note 14) .....	<b>5.00</b>	6.00	<b>0.04</b>

See notes to consolidated financial statements.

# Consolidated Statements of Shareholders' Equity

The Yamanashi Chuo Bank, Ltd. and Subsidiaries  
Years ended March 31, 2003 and 2002

	Thousands	Millions of yen				
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Treasury stock
<b>Balance, April 1, 2001</b> .....	189,915	¥15,400	¥8,287	¥95,313	¥17,431	
Net income .....				3,540		
Cash dividends:						
Final for prior year, ¥2.50 per share .....				(474)		
Interim for current year, ¥2.50 per share .....				(474)		
Bonuses to directors and corporate auditors .....				(63)		
Increase in treasury stock (27,008 shares) .....						¥ (9)
Net decrease in unrealized gain on available-for-sale securities .....					(7,485)	
<b>Balance, March 31, 2002</b> .....	189,915	15,400	8,287	97,841	9,945	(10)
Net loss .....				<b>(8,782)</b>		
Cash dividends (Note 14):						
Final for prior year, ¥3.50 per share .....				<b>(664)</b>		
Interim for current year, ¥2.50 per share .....				<b>(468)</b>		
Bonuses to directors and corporate auditors .....				<b>(49)</b>		
Increase in treasury stock (5,037,599 shares) .....						<b>(2,106)</b>
Net increase in unrealized gain on available-for-sale securities .....					<b>1,837</b>	
<b>Balance, March 31, 2003</b> .....	<b>189,915</b>	<b>¥15,400</b>	<b>¥8,287</b>	<b>¥87,875</b>	<b>¥11,782</b>	<b>¥(2,116)</b>

	Thousands of U.S. dollars (Note 1)				
	Common stock	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Treasury stock
<b>Balance, March 31, 2002</b> .....	\$128,119	\$68,946	\$813,990	\$82,742	\$ (84)
Net loss .....			<b>(73,065)</b>		
Cash dividends (Note 14):					
Final for prior year, \$0.03 per share .....			<b>(5,529)</b>		
Interim for current year, \$0.02 per share .....			<b>(3,900)</b>		
Bonuses to directors and corporate auditors .....			<b>(413)</b>		
Increase in treasury stock (5,037,599 shares) .....					<b>(17,521)</b>
Net increase in unrealized gain on available-for-sale securities .....				<b>15,285</b>	
<b>Balance, March 31, 2003</b> .....	<b>\$128,119</b>	<b>\$68,946</b>	<b>\$731,081</b>	<b>\$98,027</b>	<b>\$(17,605)</b>

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

The Yamanashi Chuo Bank, Ltd. and Subsidiaries  
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	2003
<b>Operating activities:</b>			
Income (loss) before income taxes and minority interests .....	¥(10,729)	¥ 6,492	\$ (89,264)
Depreciation .....	5,565	5,651	46,300
(Decrease) increase in reserve for possible loan losses .....	(1,039)	4,540	(8,650)
(Decrease) increase in reserve for possible losses on loans sold collateralized by real estate .....	(270)	87	(2,251)
Increase in liability for retirement benefits .....	622	704	5,176
Interest income recognized on statements of operations .....	(38,201)	(42,014)	(317,817)
Interest expenses recognized on statements of operations .....	3,025	5,740	25,166
Investment securities losses .....	17,416	1,278	144,893
Foreign exchange losses (gains) .....	517	(97)	4,309
Losses on sales of premises and equipment .....	80	373	670
Net increase in loans .....	(53,731)	(56,107)	(447,015)
Net increase in deposits .....	26,216	93,569	218,108
Net increase (decrease) in negotiable certificates of deposit .....	30,867	(57,130)	256,801
Net increase (decrease) in borrowed money (excluding subordinated borrowings) .....	304	(206)	2,529
Net decrease in due from banks (excluding cash equivalents) .....	36,842	22,366	306,507
Net decrease in call loans and others .....	44,506	10,982	370,271
Net increase in call money and others .....	4,187	3,264	34,834
Net (increase) decrease in foreign exchanges (asset) .....	(124)	132	(1,034)
Net increase (decrease) in foreign exchanges (liabilities) .....	10	(44)	88
Interest income (cash basis) .....	39,572	43,134	329,219
Interest expenses (cash basis) .....	(3,279)	(7,267)	(27,287)
Other.....	19,545	(31,583)	162,605
Subtotal .....	121,902	3,868	1,014,160
Income taxes paid .....	(3,148)	(4,070)	(26,193)
Net cash provided by (used in) operating activities .....	118,753	(201)	987,966
<b>Investing activities:</b>			
Purchases of investment securities .....	(220,681)	(183,172)	(1,835,954)
Proceeds from sale of investment securities .....	6,792	57,370	56,509
Proceeds from maturities of investment securities .....	128,422	134,263	1,068,410
Purchases of premises and equipment .....	(1,746)	(1,846)	(14,528)
Proceeds from sales of premises and equipment .....	96	105	806
Net cash (used in) provided by investing activities .....	(87,115)	6,721	(724,756)
<b>Financing activities:</b>			
Dividends paid .....	(1,133)	(949)	(9,429)
Payment of dividends to minority interests .....	(2)	(2)	(20)
Purchases of treasury stock .....	(2,106)	(9)	(17,521)
Net cash used in financing activities .....	(3,242)	(961)	(26,971)
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>46</b>	<b>84</b>	<b>388</b>
<b>Net increase in cash and cash equivalents .....</b>	<b>28,442</b>	<b>5,641</b>	<b>236,626</b>
<b>Cash and cash equivalents, beginning of year .....</b>	<b>37,091</b>	<b>31,450</b>	<b>308,583</b>
<b>Cash and cash equivalents, end of year (Note 21) .....</b>	<b>¥ 65,534</b>	<b>¥ 37,091</b>	<b>\$ 545,209</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Yamanashi Chuo Bank, Ltd. and Subsidiaries  
Years ended March 31, 2003 and 2002

## 1. Basis of presenting the consolidated financial statements

The accompanying consolidated financial statements of The Yamanashi Chuo Bank, Ltd. (the "Bank") and subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its 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 Financial Reporting 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.

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.

Certain reclassifications have been made in the 2002 consolidated financial statements to conform to the classifications used in 2003.

All yen figures are rounded down to millions of yen except for per share data. 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 ¥120.20 to \$1, the exchange rate prevailing on March 31, 2003. 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 subsidiaries.

Under the control or influence concept, those companies in which the parent company, directly or indirectly, is able to exercise control over operations are fully consolidated.

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

**Premises and equipment**—Premises and equipment are stated at cost less accumulated depreciation. Deferred profit arising from the sale and replacement of real estate is 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 primarily computed using the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is from 3 to 50 years for buildings and from 2 to 20 years for equipment.

**Property and equipment for lease**—Property and equipment for lease owned by a consolidated subsidiary included in other assets are stated at cost less accumulated depreciation. Depreciation of property and equipment for lease is primarily computed by the straight-line method over lease periods.

**Foreign currency items**—Foreign currency assets and liabilities are translated into yen at the exchange rates prevailing at the balance sheet date. In the prior year, the Bank adopted "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, Report No. 20). However, effective April 1, 2002, the Bank has adopted "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, Report No. 25). For this year, the Bank treated fund-related swap transactions on the basis of JICPA Industry Audit Committee Report No. 20 applying the transitional methods mentioned in JICPA Industry Audit Committee Report No. 25.

**Derivative and hedging activities**—Derivative transactions are measured at market value.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

**Reserve for possible loan losses**—Reserve for possible loan losses is stated in amounts considered to be appropriate based on management's judgment and assessment of future losses estimated through its self assessment of the quality of all loans.

The Bank has a credit rating system and a self assessment system. These systems are used to assess the Bank's asset quality based on past experience of credit losses, possible credit losses, analysis of customer's conditions, such as business conditions, character, quality and performance of the portfolio. All loans are subject to asset quality assessment conducted by the business-related divisions in accordance with the Self-Assessment Standards, and the results of the assessments are reviewed by the Asset Audit Division, which is independent from the business-related divisions, before the reserve amount is finally determined. 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.

The policy for reserve for possible loan losses of subsidiaries is similar to the Bank.

**Retirement and pension plans**—Employees whose service with the Bank and subsidiaries are terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. The Bank and subsidiaries have a contributory funded pension plan covering most of their employees.

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

**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.



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

**Appropriations of retained earnings**—Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders’ approval.

**Per share information**—Net income (loss) per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

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

### 3. Trading securities

Trading securities at March 31, 2003 and 2002, consisted of national government bonds.

Fair value and fair value changes of trading securities at March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Fair value of trading securities .....	¥328	¥391	\$2,729
Fair value loss included in income before income taxes and other .....		(2)	(1)

### 4. Investment securities

Investment securities at March 31, 2003 and 2002, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Government bonds .....	¥314,667	¥250,188	\$2,617,862
Municipal bonds .....	201,233	209,612	1,674,154
Corporate bonds .....	117,481	104,117	977,387
Stocks .....	48,393	53,458	402,610
Other securities .....	33,965	29,258	282,577
Total .....	¥715,742	¥646,635	\$5,954,592

**Difference between amount in the balance sheet and cost or market value**—These differences of investment securities at March 31, 2003 and 2002, are as follows. Securities listed below include commercial paper and beneficial interest in trust which are included in “Monetary claims bought.”

#### Marketable held-to-maturity debt securities

	Millions of yen										Thousands of U.S. dollars				
	2003					2002					2003				
	Amount in the balance sheet	Market value	Differences	Gain	Loss	Amount in the balance sheet	Market value	Differences	Gain	Loss	Amount in the balance sheet	Market value	Differences	Gain	Loss
Other securities .....	¥4,997	¥4,999	¥1	¥1		¥7,992	¥7,998	¥5	¥5		\$41,580	\$41,594	\$14	\$14	

#### Marketable available-for-sale securities

	Millions of yen									
	2003					2002				
	Cost	Amount in the balance sheet	Valuation differences	Gain	Loss	Cost	Amount in the balance sheet	Valuation differences	Gain	Loss
Stocks .....	¥ 47,446	¥ 47,578	¥ 131	¥ 4,193	¥4,061	¥ 52,026	¥ 52,667	¥ 640	¥ 7,799	¥7,159
Bonds .....	611,603	630,520	18,916	20,302	1,386	546,122	562,651	16,528	16,775	247
Government bonds .....	309,224	314,667	5,442	6,813	1,371	245,431	250,188	4,757	4,827	70
Municipal bonds .....	190,321	201,233	10,911	10,912		199,484	209,612	10,128	10,129	1
Corporate bonds .....	112,057	114,619	2,562	2,576	14	101,207	102,850	1,643	1,818	175
Other .....	35,312	35,969	657	730	73	31,433	31,274	(158)	142	301
Total .....	¥694,362	¥714,068	¥19,705	¥25,226	¥5,520	¥629,582	¥646,592	¥17,010	¥24,718	¥7,707

	Thousands of U.S. dollars				
	2003				
	Cost	Amount in the balance sheet	Valuation differences	Gain	Loss
Stocks .....	\$ 394,732	\$ 395,827	\$ 1,095	\$ 34,885	\$33,790
Bonds .....	5,088,216	5,245,590	157,374	168,905	11,531
Government bonds .....	2,572,584	2,617,862	45,277	56,683	11,405
Municipal bonds .....	1,583,373	1,674,154	90,781	90,784	3
Corporate bonds .....	932,258	953,573	21,315	21,437	121
Other .....	293,781	299,248	5,467	6,076	609
Total .....	\$5,776,730	\$5,940,667	\$163,936	\$209,866	\$45,930

**Available-for-sale securities sold**—Available-for-sale securities sold during the fiscal years ended March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Proceeds from sale .....	¥1,131	¥2,953	\$9,415
Gross realized gain .....	120	10	1,004
Gross realized loss .....	344	128	2,867

**Securities for which fair value is not readily determinable**—Principal items in securities for which the fair value is not readily determinable at March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Held-to-maturity debt securities:			
Non-listed corporate bonds .....	¥2,439	¥869	\$20,298
Available-for-sale securities:			
Non-listed stocks .....	815	790	6,783
Non-listed corporate bonds .....	422	397	3,514

**Redemption schedule of bonds held**—The redemption schedule of bonds classified as securities available for sale and being held to maturity at March 31, 2003, are as follows:

	Millions of yen				Thousands of U.S. dollars			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bond .....	¥101,937	¥280,787	¥152,028	¥ 98,629	\$848,067	\$2,336,003	\$1,264,792	\$820,540
Government bonds .....	51,795	98,637	65,604	98,629	430,914	820,608	545,798	820,540
Municipal bonds .....	31,287	100,161	69,784		260,295	833,286	580,572	
Corporate bonds .....	18,854	81,989	16,638		156,857	682,108	138,421	
Other .....	7,002	6,254	4,813	4,226	58,256	52,034	40,044	35,163
Total .....	¥108,940	¥287,042	¥156,841	¥102,855	\$906,323	\$2,388,038	\$1,304,836	\$855,703

**Details of net gain**—The details of net unrealized gain on available-for-sale securities at March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Valuation difference (amount in the balance sheet—cost)—available-for-sale securities ....	¥19,705	¥17,010	\$163,936
Deferred tax liability .....	(7,921)	(7,076)	(65,905)
Net unrealized gain on valuation (before adjustment) .....	11,783	9,933	98,030
Minority interest .....		11	(3)
Net unrealized gain on valuation .....	¥11,782	¥ 9,945	\$ 98,027

## 5. Loans and bills discounted

Loans and bills discounted at March 31, 2003 and 2002, included the following loans:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Loans to customers in bankruptcy ...	¥ 7,169	¥ 5,512	\$ 59,645
Past due loans .....	76,937	89,969	640,079
Accruing loans contractually			
past due three months or more .....	632	295	5,262
Restructured loans .....	35,476	15,847	295,144
Total .....	¥120,215	¥111,624	\$1,000,133

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, and past due loans are defined as nonaccrual loans except for loans to customers in bankruptcy and loans of which the interest payments are deferred in order to assist in the financial recovery of a debtor in financial difficulties.

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

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

The reserve for possible loan losses is not deducted from the loan amounts shown in the above table.

## 6. Bills purchased

The balances of the face value of commercial bills purchased are ¥28,715 million (\$238,895 thousand) and ¥35,156 million at March 31, 2003 and 2002, respectively.

## 7. Loan commitments

Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, to the prescribed amount as long as there is no violation of any condition established in the contract. The amount of unused commitments as of March 31, 2003 is ¥383,005 million (\$3,186,398 thousand) which includes commitments of ¥379,505 million (\$3,157,280 thousand) whose original contract terms are within one year or unconditionally cancelable at any time. Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses that allow the Bank to withdraw the commitment line offer or reduce the contract amounts in situations where economic conditions are changed, the Bank needs to secure claims, or other conditions are triggered. In addition, the Bank requires the customers to pledge collateral such as premises and securities, and takes necessary measures such as seizing the customers' financial positions, revising contracts when the need arises and securing claims after conclusion of the contracts.

## 8. Premises and equipment

Accumulated depreciation at March 31, 2003 and 2002, amounted to ¥28,326 million (\$235,660 thousand) and ¥27,365 million, respectively.

## 9. Assets pledged

Assets pledged as collateral at March 31, 2003, are as follows:

	Millions of yen	Thousands of U.S. dollars
Investment securities .....	¥575	\$4,787

Liabilities related to the above pledged assets at March 31, 2003, are as follows:

	Millions of yen	Thousands of U.S. dollars
Deposits .....	¥960	\$7,987
Borrowed money .....	335	2,787

In addition, trading and investment securities totaling ¥101,105 million (\$841,146 thousand) and cash totaling ¥33 million (\$280 thousand) are pledged as collateral for settlement of exchange and derivative transactions, or as margin on forward contracts at March 31, 2003.

## 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, 2003 and 2002, consisted of the following:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Current deposits .....	¥ 60,403	¥ 63,436	\$ 502,524
Ordinary deposits .....	843,780	768,240	7,019,803
Saving deposits .....	31,637	33,285	263,204
Deposits at notice .....	6,392	17,127	53,180
Time deposits .....	1,130,898	1,179,245	9,408,474
Other .....	70,804	56,364	589,054
Total .....	¥2,143,916	¥2,117,699	\$17,836,243

## 12. Employees' retirement benefits

The liability for retirement benefits at March 31, 2003 and 2002, consisted of the following:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Projected benefit obligation ....	<b>¥(32,587)</b>	¥(29,877)	<b>\$(271,111)</b>
Fair value of plan assets .....	<b>13,287</b>	15,294	<b>110,544</b>
Unrecognized actuarial loss ....	<b>8,318</b>	3,642	<b>69,204</b>
Unrecognized prior service cost .....	<b>(581)</b>		<b>(4,835)</b>
Net liability .....	<b>¥(11,563)</b>	¥(10,940)	<b>\$ (96,198)</b>

The components of net periodic retirement benefit costs for the years ended March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Service cost .....	<b>¥1,018</b>	¥1,070	<b>\$ 8,470</b>
Interest cost .....	<b>896</b>	865	<b>7,456</b>
Expected return on plan assets .....	<b>(369)</b>	(373)	<b>(3,070)</b>
Amortization of actuarial loss .....	<b>389</b>	252	<b>3,240</b>
Amortization of prior service cost .....	<b>(64)</b>		<b>(537)</b>
Net periodic retirement benefit costs ...	<b>¥1,870</b>	¥1,814	<b>\$15,560</b>

Assumptions used for the years ended March 31, 2003 and 2002, are set forth as follows:

	2003	2002
Discount rate .....	<b>2.5%</b>	3.0%
Expected rate of return on plan assets .....	<b>3.0%</b>	3.0%
Recognition period of actuarial gain/loss.....	<b>10 years commencing from start of the subsequent fiscal year</b>	10 years commencing from start of the subsequent fiscal year
Recognition period of prior service cost .....	<b>10 years</b>	

## 13. Common stock

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital, which is included in capital surplus. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

## 14. Retained earnings

Prior to October 1, 2001, the Banking Law of Japan provided that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve (a component of retained earnings) until such reserve equals 100% of stated capital.

Effective October 1, 2001, the revised Banking Law of Japan allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 100% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends.

The amount of retained earnings available for dividends under the Code was ¥78,509 million (\$653,154 thousand) as of March 31, 2003, based on the amount recorded in the parent company's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

## 15. Treasury stock

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors beginning April 1, 2002. The repurchased amounts of treasury stock cannot exceed the amount available for future dividends plus the amounts of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

## 16. 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 rate of approximately 41.60% for the years ended March 31, 2003 and 2002. The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets at March 31, 2003 and 2002, were as follows:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Deferred tax assets:			
Reserve for possible loan losses .....	<b>¥14,703</b>	¥15,864	<b>\$122,328</b>
Losses on investment securities .....	<b>7,331</b>		<b>60,992</b>
Liability for retirement benefits .....	<b>6,152</b>	5,881	<b>51,188</b>
Unrealized losses on			
available-for-sale securities .....	<b>2,219</b>	3,206	<b>18,463</b>
Depreciation .....	<b>879</b>	989	<b>7,316</b>
Other .....	<b>1,509</b>	2,499	<b>12,560</b>
Valuation allowance .....	<b>(2,043)</b>	(152)	<b>(17,003)</b>
Total deferred tax assets.....	<b>¥30,752</b>	28,288	<b>\$255,846</b>
Deferred tax liabilities:			
Unrealized gains on			
available-for-sale securities .....	<b>10,140</b>	10,282	<b>84,366</b>
Other .....	<b>1,500</b>	1,552	<b>12,479</b>
Total deferred tax liabilities .....	<b>11,640</b>	11,835	<b>96,846</b>
Net of deferred tax assets .....	<b>¥19,111</b>	¥16,453	<b>\$158,999</b>

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.60% to 40.20%, effective for years beginning on or after April 1, 2004. The effect of this change was to decrease deferred tax assets by ¥361 million (\$3,010 thousand), increase income taxes—deferred by ¥637 million (\$5,305 thousand), and increase unrealized gain on available-for-sale securities by ¥275 million (\$2,295 thousand) in the consolidated financial statements for the year ended March 31, 2003.

## 19. Other operating expenses

Other operating expenses for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Loss on sales of bonds .....	<b>¥ 336</b>	¥ 103	<b>\$ 2,796</b>
Other .....	<b>5,078</b>	5,128	<b>42,249</b>
Total .....	<b>¥5,414</b>	¥5,232	<b>\$45,046</b>

## 20. Other expenses

Other expenses for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Provision for reserve for possible loan losses .....	<b>¥ 5,406</b>	¥4,540	<b>\$ 44,981</b>
Provision for reserve for possible losses on loans sold collateralized by real estate .....		87	
Loss on devaluation of stocks and other securities .....	<b>17,196</b>	1,198	<b>143,064</b>
Loss on disposal of premises and equipment .....	<b>80</b>	281	<b>670</b>
Other .....	<b>1,212</b>	1,260	<b>10,088</b>
Total .....	<b>¥23,896</b>	¥7,368	<b>\$198,805</b>

## 17. Other operating income

Other operating income for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Gain on foreign exchange transactions...	<b>¥ 176</b>	¥ 196	<b>\$ 1,470</b>
Other .....	<b>4,506</b>	4,603	<b>37,492</b>
Total .....	<b>¥4,683</b>	¥4,800	<b>\$38,962</b>

## 18. Other income

Other income for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Gain on sales of securities .....	<b>¥ 120</b>		<b>\$1,004</b>
The effect of changing an accounting			
method relating to guarantee			
fee allocation .....		¥ 548	
Other .....	<b>683</b>	535	<b>5,684</b>
Total .....	<b>¥ 804</b>	¥1,083	<b>\$6,689</b>

## 21. Reconciliation of cash and cash equivalents

The reconciliation of the cash and due from banks in the consolidated balance sheets to the cash and cash equivalents at March 31, 2003 and 2002, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Cash and due from banks.....	¥67,172	¥75,571	\$558,837
Time deposits and negotiable certificates of deposit in other banks.....	(1,638)	(38,480)	(13,627)
Cash and cash equivalents.....	¥65,534	¥37,091	\$545,209

## 22. Lease transactions

### Lessor

A subsidiary leases certain equipment and other assets.

Total lease receipts under finance leases for the years ended March 31, 2003 and 2002, were ¥2,687 million (\$22,358 thousand) and ¥2,756 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, lease receivables under finance leases, depreciation expense, and 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, 2003 and 2002, was as follows:

#### For the year ended March 31, 2003

	Millions of yen			Thousands of U.S. dollars		
	Equipment	Other	Total	Equipment	Other	Total
Acquisition cost .....	¥11,056	¥1,895	¥12,952	\$91,988	\$15,771	\$107,760
Accumulated depreciation .....	5,524	896	6,421	45,962	7,459	53,422
Net leased property .....	¥ 5,532	¥ 999	¥ 6,531	\$46,025	\$ 8,311	\$ 54,337

#### Lease receivables under finance leases:

	Millions of yen		Thousands of U.S. dollars	
	Equipment	Other	Equipment	Other
Due within one year .....	¥2,120		\$17,643	
Due after one year .....	4,691		39,027	
Total .....	¥6,811		\$56,670	

#### For the year ended March 31, 2002

	Millions of yen		
	Equipment	Other	Total
Acquisition cost .....	¥11,315	¥1,933	¥13,248
Accumulated depreciation .....	5,796	1,114	6,910
Net leased property .....	¥ 5,519	¥ 818	¥ 6,337

#### Lease receivables under finance leases:

	Millions of yen	
	Equipment	Other
Due within one year .....	¥2,101	
Due after one year .....	4,531	
Total .....	¥6,632	

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, 2003, was ¥2,329 million (\$19,382 thousand) and ¥354 million (\$2,951 thousand), respectively, and for the year ended March 31, 2002, was ¥2,388 million and ¥360 million, respectively.

## 23. 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 risks such as interest rate and foreign exchange rate fluctuations.

**Purpose for derivatives**—The Bank enters into derivatives principally to hedge against market 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 is 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 is 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 foreign exchange forward contracts as of March 31, 2003 and 2002, was ¥1,519 million (\$12,644 thousand) and ¥849 million, respectively. (Figures as of March 31, 2003 and 2002, 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 contract or notional amounts and fair value of derivatives as of March 31, 2003 and 2002, consisted of the following:

### Fund related swaps which are accrued and realized or amortized over the life of the related swap transaction

	Millions of yen		
	2003		
	Contract or notional amount	Fair value	Unrealized loss
Fund related swaps .....	¥104,579	¥ (313)	¥ (313)
	Millions of yen		
	2002		
	Contract or notional amount	Fair value	Unrealized loss
Fund related swaps .....	¥82,746	¥(1,030)	¥(1,030)
	Thousands of U.S. dollars		
	2003		
	Contract or notional amount	Fair value	Unrealized loss
Fund related swaps .....	\$870,045	\$(2,606)	\$(2,606)

### Foreign exchange forward contracts which are measured at fair value

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Forward contracts:			
Selling .....	¥396	¥270	\$3,298
Buying .....	484	413	4,028

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.

## 24. Net income per share

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

## 25. Subsequent events

### a. Appropriations of retained earnings

The payment of year-end dividends of ¥2.5 (\$0.02) per share totaling ¥462 million (\$3,844 thousand) was approved at the general shareholders meeting held on June 27, 2003.

### b. Purchase of treasury stock for the related reduction of retained earnings

The Bank is authorized to repurchase, at management's discretion, up to 2,000 thousand shares of the Bank's common stock.

## 26. Segment information

### (1) Business segment information

The Bank and its subsidiaries are engaged in commercial banking, leasing and other businesses.

Information about business segments of the Bank and subsidiaries for the year ended March 31, 2003, is as follows:

	Millions of yen					
	2003					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
a. Operating income and operating profit (loss):						
Operating income .....	¥ 45,346	¥ 5,727	¥ 1,005	¥ 52,079	¥ (1,884)	¥ 50,195
(1) Operating income from customers .....	45,030	4,452	712	50,195		50,195
(2) Internal operating income among segment .....	315	1,275	292	1,884	(1,884)	
Operating expenses .....	56,122	5,747	912	62,782	(1,884)	60,898
Operating profit (loss) .....	(10,775)	(20)	92	(10,702)		(10,702)
b. Assets, depreciation and capital expenditures:						
Assets .....	2,422,628	13,881	11,860	2,448,370	(24,411)	2,423,958
Depreciation .....	1,495	4,069		5,565		5,565
Capital expenditures .....	1,249	3,872		5,121		5,121

	Thousands of U.S. dollars					
	2003					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
a. Operating income and operating profit (loss):						
Operating income .....	\$ 377,257	\$ 47,653	\$ 8,361	\$ 433,272	\$ (15,674)	\$ 417,597
(1) Operating income from customers .....	374,632	37,039	5,925	417,597		417,597
(2) Internal operating income among segment .....	2,625	10,613	2,435	15,674	(15,674)	
Operating expenses .....	466,906	47,820	7,588	522,314	(15,674)	506,639
Operating profit (loss) .....	(89,648)	(166)	772	(89,042)		(89,042)
b. Assets, depreciation and capital expenditures:						
Assets .....	20,154,983	155,486	98,670	20,369,140	(203,094)	20,166,045
Depreciation .....	12,439	33,857	3	46,300		46,300
Capital expenditures .....	10,393	32,213	3	42,610		42,610

Information about business segments of the Bank and subsidiaries for the year ended March 31, 2002, is as follows:

	Millions of yen					
	2002					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
a. Operating income and operating profit:						
Operating income .....	¥ 48,542	¥ 5,661	¥ 931	¥ 55,135	¥ (1,645)	¥ 53,490
(1) Operating income from customers .....	48,226	4,566	698	53,490		53,490
(2) Internal operating income among segment .....	315	1,095	233	1,645	(1,645)	
Operating expenses .....	42,459	5,593	880	48,934	(1,650)	47,284
Operating profit .....	6,082	68	51	6,201	4	6,206
b. Assets, depreciation and capital expenditures:						
Assets .....	2,375,599	13,847	11,392	2,400,839	(24,091)	2,376,747
Depreciation .....	1,636	4,014		5,651		5,651
Capital expenditures .....	1,819	4,358		6,178		6,178

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

2. Operating expenses represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of operations.

### (2) Geographic segment information

As the Bank has neither branch offices nor subsidiaries in foreign countries, 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, information about the operating income from international operations has been omitted.



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## Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of The Yamanashi Chuo Bank, Ltd. and subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Yamanashi Chuo Bank, Ltd. and subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

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



June 27, 2003

# Non-Consolidated Balance Sheets

The Yamanashi Chuo Bank, Ltd.  
March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
<b>Assets:</b>			
Cash and due from banks .....	¥ 67,151	¥ 75,554	\$ 558,661
Call loans .....	116,373	160,880	968,164
Monetary claims bought .....	16,477	40,458	137,087
Trading securities .....	328	391	2,729
Investment securities .....	715,020	645,991	5,948,592
Loans and bills discounted .....	1,469,318	1,415,501	12,223,949
Foreign exchanges .....	321	197	2,674
Other assets .....	4,929	6,296	41,007
Premises and equipment .....	28,103	28,523	233,804
Deferred tax assets .....	18,270	15,692	151,999
Customers' liabilities for acceptances and guarantees .....	24,293	25,069	202,105
Reserve for possible loan losses .....	(38,167)	(39,563)	(317,530)
<b>Total</b> .....	<b>¥2,422,420</b>	<b>¥2,374,993</b>	<b>\$ 20,153,246</b>
<b>Liabilities:</b>			
Deposits .....	¥2,147,074	¥2,119,974	\$ 17,862,513
Negotiable certificates of deposit .....	93,992	63,124	781,964
Call money .....	11,741	7,554	97,680
Foreign exchanges .....	87	77	729
Other liabilities .....	12,293	16,392	102,273
Liability for retirement benefits .....	11,563	10,940	96,198
Reserve for possible losses on collateralized real estate loans sold .....	106	377	886
Acceptances and guarantees .....	24,293	25,069	202,105
Total liabilities .....	2,301,151	2,243,510	19,144,352
<b>Shareholders' equity:</b>			
Common stock—authorized, 398,000,000 shares; issued, 189,915,000 shares in 2003 and 2002 .....	15,400	15,400	128,119
Capital surplus—additional paid-in capital .....	8,287	8,287	68,946
Retained earnings:			
Legal reserve.....	9,405	9,405	78,246
Unappropriated .....	78,509	88,453	653,154
Unrealized gain on available-for-sale securities .....	11,783	9,947	98,033
Total .....	123,385	131,493	1,026,500
Treasury stock—at cost, 5,064,922 shares in 2003 and 27,323 shares in 2002 .....	(2,116)	(10)	(17,605)
Total shareholders' equity .....	121,269	131,483	1,008,894
<b>Total</b> .....	<b>¥2,422,420</b>	<b>¥2,374,993</b>	<b>\$ 20,153,246</b>



# Non-Consolidated Statements of Shareholders' Equity

The Yamanashi Chuo Bank, Ltd.  
Years ended March 31, 2003 and 2002

	Thousands	Millions of yen					Unrealized gain on available-for-sale securities	Treasury stock
	Issued number of shares of common stock	Common stock	Capital surplus Additional paid-in capital	Retained earnings Legal reserve	Unappropriated			
<b>Balance, April 1, 2001</b> .....	189,915	¥15,400	¥8,287	¥9,105	¥86,237	¥17,432		
Net income .....					3,529			
Cash dividends, ¥5.00 per share .....					(949)			
Bonuses to directors and corporate auditors ...					(63)			
Transfer to legal reserve .....				300	(300)			
Increase in treasury stock (27,008 shares) .....							¥ (9)	
Net decrease in unrealized gain on available-for-sale securities .....						(7,485)		
<b>Balance, March 31, 2002</b> .....	189,915	15,400	8,287	9,405	88,453	9,947	(10)	
Net loss .....					<b>(8,760)</b>			
Cash dividends, ¥6.00 per share .....					<b>(1,133)</b>			
Bonuses to directors and corporate auditors ...					<b>(49)</b>			
Increase in treasury stock (5,037,599 shares)...							<b>(2,106)</b>	
Net increase in unrealized gain on available-for-sale securities .....						<b>1,836</b>		
<b>Balance, March 31, 2003</b> .....	<b>189,915</b>	<b>¥15,400</b>	<b>¥8,287</b>	<b>¥9,405</b>	<b>¥78,509</b>	<b>¥11,783</b>	<b>¥(2,116)</b>	

	Thousands of U.S. dollars					
	Common stock	Capital surplus Additional paid-in capital	Retained earnings Legal reserve	Unappropriated	Unrealized gain on available-for-sale securities	Treasury stock
<b>Balance, March 31, 2002</b> .....	\$128,119	\$68,946	\$78,246	\$735,885	\$82,754	\$ (84)
Net loss .....				<b>(72,886)</b>		
Cash dividends, \$0.05 per share .....				<b>(9,429)</b>		
Bonuses to directors and corporate auditors .....				<b>(413)</b>		
Increase in treasury stock (5,037,599 shares) .....						<b>(17,521)</b>
Net increase in unrealized gain on available-for-sale securities ...					<b>15,278</b>	
<b>Balance, March 31, 2003</b> .....	<b>\$128,119</b>	<b>\$68,946</b>	<b>\$78,246</b>	<b>\$653,154</b>	<b>\$98,033</b>	<b>\$(17,605)</b>

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 ¥120.20=US\$1, the rate prevailing on March 31, 2003.

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

**Common Stock:** ¥15,400 million

## Stockholders

	Shares (1 trading unit: 1,000 shares)						Total	Odd lots
	Financial institutions	Securities companies	Other corporations	Foreigners (Individuals)	Individuals and others			
Number of stockholders	83	20	468	38 (1)	7,391	8,000		
Number of shares held (trading units)	87,475	1,577	31,176	1,997 (1)	65,195	187,420	2,495,000 shares	
Percentage of all shares (%)	46.68	0.84	16.63	1.07 (0.00)	34.78	100.00		

Notes: 1. The columns "Individuals and others" and "Odd lots" contain treasury stock in the number of 5,064 trading units of shares and 922 shares, respectively.  
2. "Other corporations" contains 13 trading units of shares held under the Japan Securities Depository Center.

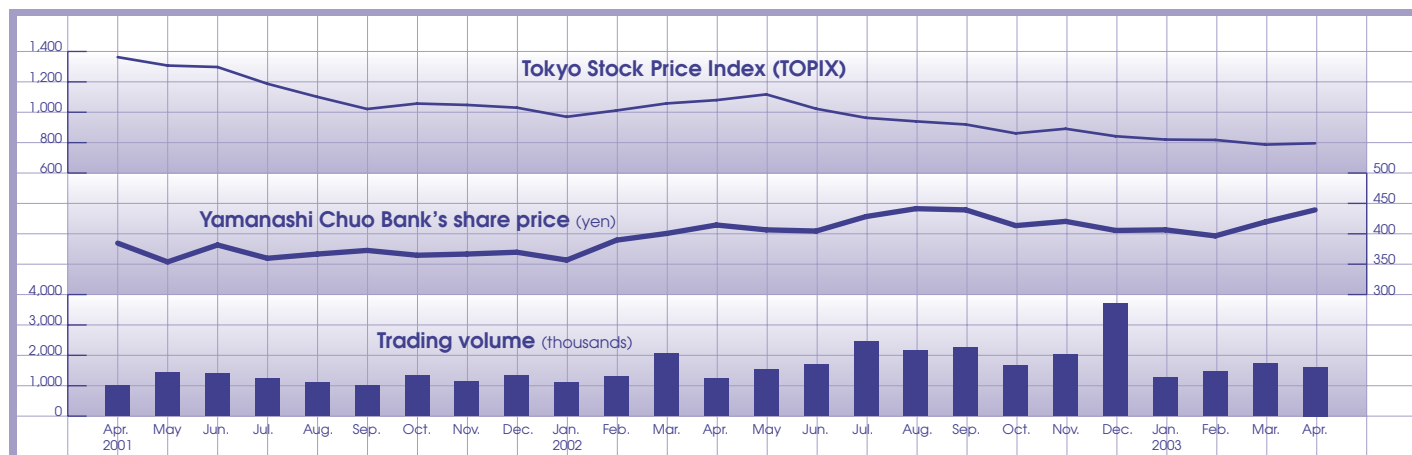
## Major Stockholders

Name	Number of shares held (thousand)	Percentage of all shares issued
The Bank of Tokyo-Mitsubishi, Ltd.	9,100	4.79
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	6,482	3.41
Meiji Life Insurance Company	6,047	3.18
The Tokio Marine and Fire Insurance Co., Ltd.	4,600	2.42
Mizuho Corporate Bank, Ltd.	4,471	2.35
The Master Trust Bank of Japan, Ltd.	4,344	2.28
Sompo Japan Insurance Inc.	4,328	2.27
Teikyo University	3,879	2.04
Mitsui Asset Trust and Banking Co., Ltd.	3,707	1.95
Japan Trustee Services Bank, Ltd.	3,535	1.86
Total	50,495	26.58

## Subsidiaries

Name	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

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



# Board of Directors and Corporate Auditors

(as of June 27, 2003)

## Chairman

Nobukazu Yoshizawa

## President

Kentaro Ono

## Senior Managing Director

Motohiro Ishikawa

## Managing Directors

Masahiko Mukouyama

Masahiko Furuya

Toshihisa Ashizawa

## Directors

Akio Hosoda

Yasuhiko Imamura

Takatoshi Kikushima

Koji Dobashi

Toshio Ishikawa

Takeshi Akaoka

Nakaba Shindo

Akiyasu Kurata

Yoshihiko Fukasawa

## Standing Corporate Auditors

Tadaaki Haibara

Takehiko Sano

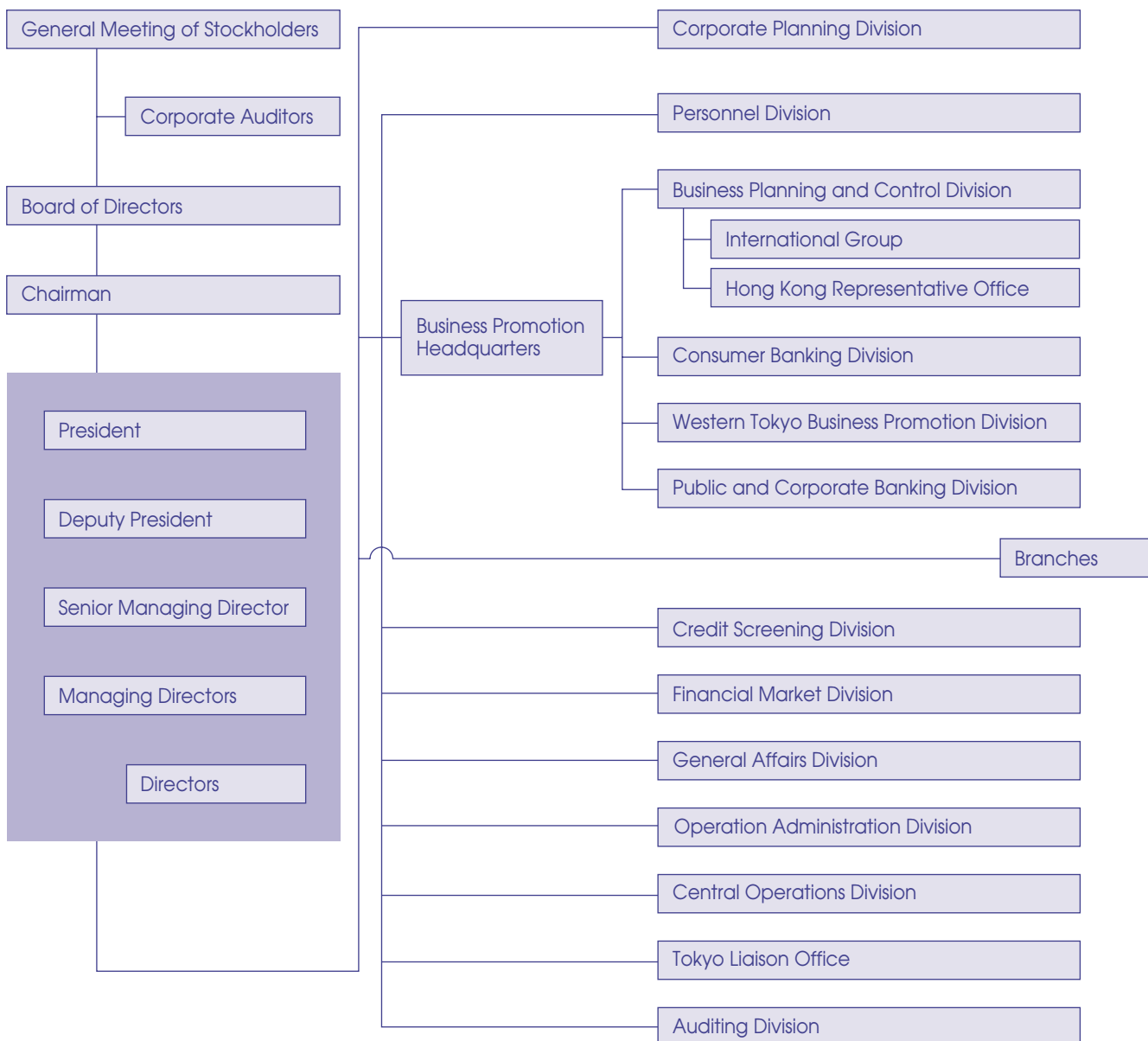
## Corporate Auditors

Takashige Takusagawa

Tomomitsu Takeda

# Organization

(as of June 27, 2003)



## HEAD OFFICE

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

## INTERNATIONAL GROUP, BUSINESS PLANNING AND CONTROL 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

### Yumura Branch

10-11, Shiobe 4-chome, Kofu, Yamanashi 400-0026  
Phone: 055-252-3428

### 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

### Kugawa Branch

13-8, Kugawahoncho, Kofu, Yamanashi 400-0048  
Phone: 055-228-3355

### Kusakabe Branch

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

### Enzan Branch

1106-4, Kamiozo, Enzan, Yamanashi 404-8691  
Phone: 0553-33-3211

### Ichikawa Branch

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

### Nirasaki Branch

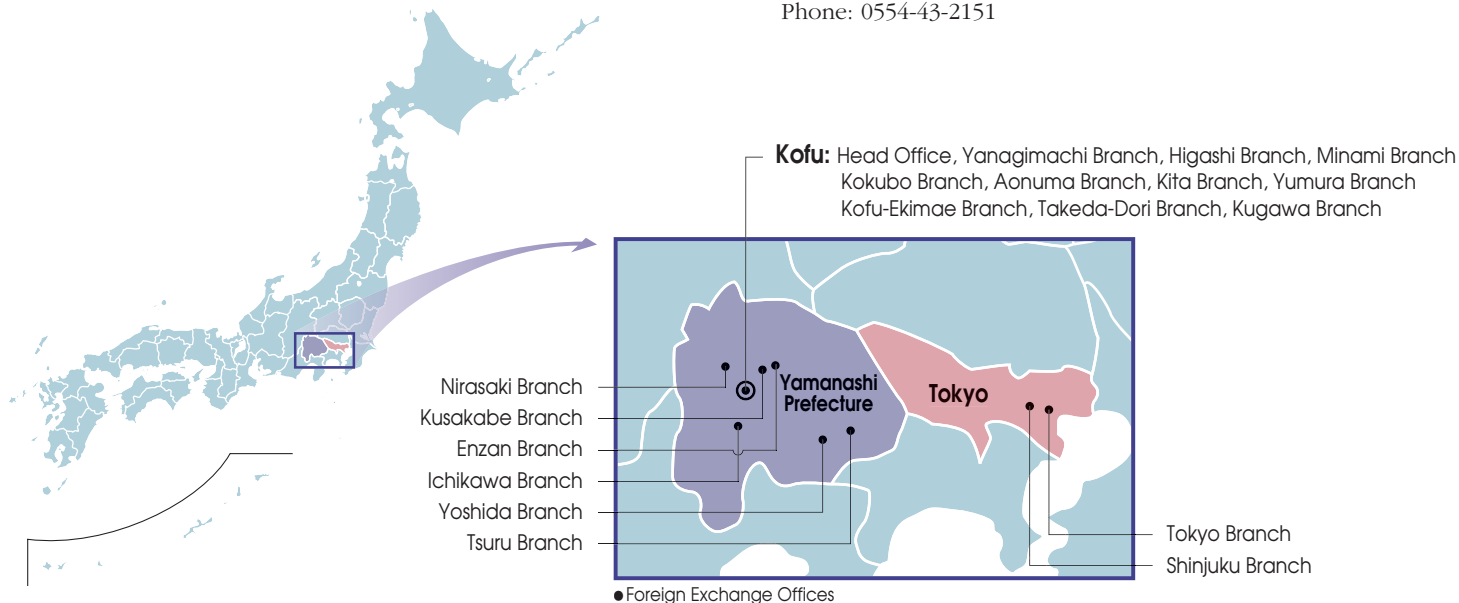
9-33, Honcho 2-chome, Nirasaki, Yamanashi 407-8601  
Phone: 0551-22-2211

### 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



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