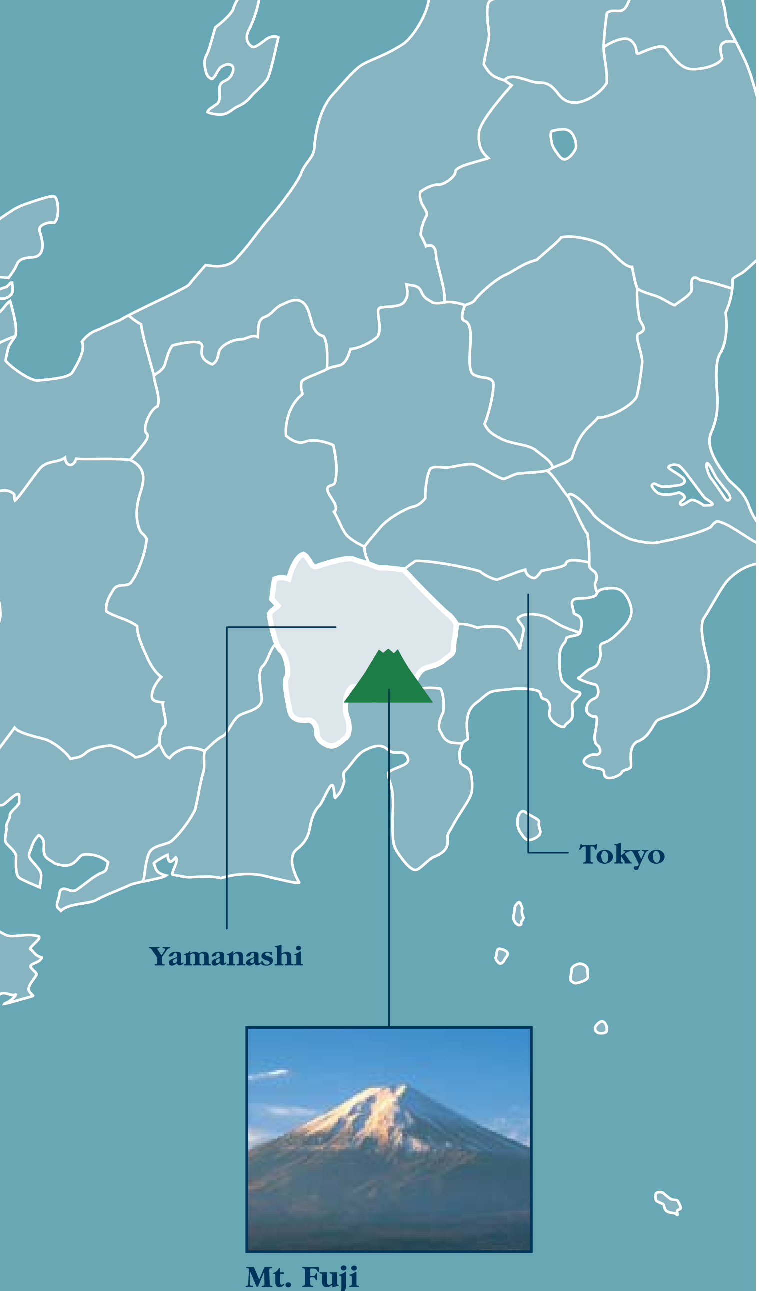
YAMANASHI CHUO BANK

ANNUAL REPORT 2004



Profile

Since its establishment in 1941 the Yamanashi Chuo Bank has, as Yamanashi Prefecture's sole regional bank, been a major contributor to the social and economic development of the prefecture, which lies immediately to the west of Tokyo. In this, it has been guided by its commitment to the principles of sound management and the maintenance of close ties with the local community.

It is the region's leading bank, holding some 40% of all deposits in the prefecture at the end of March 2004, and operating a network of 96 branches in Yamanashi Prefecture and western Tokyo, as well as a representative office in Hong Kong. Based on its core banking business, the Bank has five consolidated subsidiaries engaging in leasing, credit-card business, and investment consulting, through which it provides an integrated financial service.

The Bank maintains a sound management posture, reflected in its capital ratio (on a consolidated basis; domestic standard) of 11.41% and its A+ senior long-term credit rating. This provides a solid basis for the ongoing evolution of its business activities.

Contents

Forward-looking statements

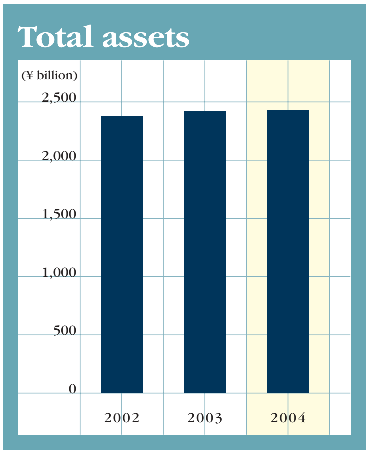
Statements contained in this report regarding the Bank's future performance do not constitute statements of historical fact, and are thus subject to a number of risks and uncertainties. Readers are therefore cautioned not to place undue reliance on forward-looking statements, as factors beyond the Bank's 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.

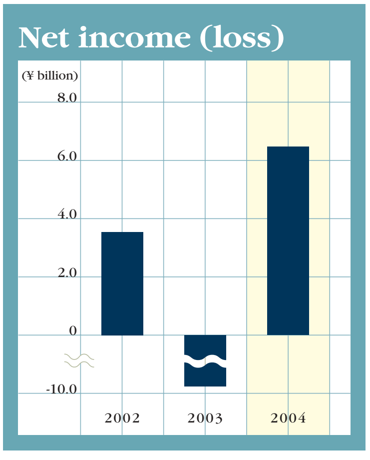
Financial Highlights

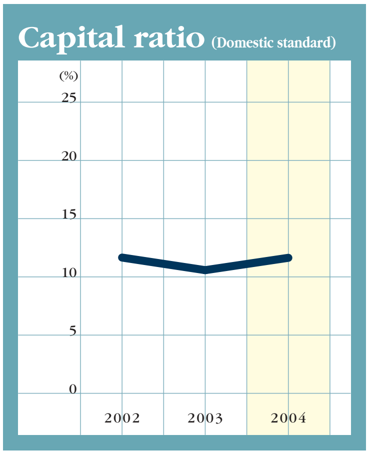
The Yamanashi Chuo Bank, Ltd. and Subsidiaries
March 31, 2004 and 2003

		Millions of yen		Thousands of U.S. dollars
		2004	2003	2004
For the year				
Total income	Consolidated	¥ 56,405	¥ 50,249	$ 533,688
	Non-Consolidated	*50,950*	*44,910*	*482,070*
Total expenses	Consolidated	43,225	60,978	408,987
	Non-Consolidated	*38,326*	*55,550*	*362,635*
Income (loss) before income taxes and minority interests	Consolidated	13,179	(10,729)	124,700
Income (loss) before income taxes	*Non-Consolidated*	*12,623*	*(10,639)*	*119,434*
Net income (loss)	Consolidated	6,467	(8,782)	61,195
	Non-Consolidated	*6,371*	*(8,760)*	*60,282*
Per share of common stock (in yen and U.S. dollars)				
Net income (loss)	Consolidated	¥ 34.80	¥ (46.64)	$ 0.32
	Non-Consolidated	*34.28*	*(46.52)*	*0.32*
Cash dividends applicable to the year	Consolidated	5.00	5.00	0.04
At year-end				
Deposits	Consolidated	¥2,121,727	¥2,143,916	$20,075,004
	Non-Consolidated	*2,125,177*	*2,147,074*	*20,107,645*
Loans and bills discounted	Consolidated	1,420,679	1,456,624	13,441,946
	Non-Consolidated	*1,432,582*	*1,469,318*	*13,554,566*
Investment securities	Consolidated	820,954	715,742	7,767,567
	Non-Consolidated	*820,422*	*715,020*	*7,762,538*
Total assets	Consolidated	2,427,690	2,423,958	22,969,914
	Non-Consolidated	*2,425,595*	*2,422,420*	*22,950,092*
Shareholders' equity	Consolidated	144,686	121,230	1,368,967
	Non-Consolidated	*144,618*	*121,269*	*1,368,327*

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 ¥105.69=US$1, the rate prevailing on March 31, 2004.
3. 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.







Note: All graphs are on a consolidated basis.

Kentaro Ono, ***President***

Yamanashi Chuo Bank's strategy is to harmonize its two concerns of sharing prosperity with the community and following the sound principles of market competition. In this way, we aim to win more enduring customer loyalty, and develop a low-cost, high-earnings structure.

Our aim is to simultaneously earn the enduring confidence of our customers and to create a low-cost and high-earnings structure. This is being achieved through a well-balanced mix of two elements. First, we engage in activities designed to achieve prosperity in tandem with the community we serve, including the continuous strengthening of support for company startups, growth, and revitalization and the development of capabilities to provide prompt, high-quality advice to customers. Second, we pursue rational and efficient management fully in line with market principles.

Substantial Improvement in Earnings

The pace of activity in the economy of Yamanashi Prefecture, the Bank's principal business base, surged during the second half of the term, particularly in manufacturing industries in such fields as digital consumer electronic appliances, and the employment situation took a turn for the better. Nevertheless, demand, including consumer spending, generally remained flat, and the prefecture's economy did not regain sufficient strength to emerge from its stagnation.

It was amid this business environment that we and our Group companies brought our seventh long-term management plan to a close during the year by continuing our efforts to enhance profitability and the foundations of our operations, and by improving operating efficiency.

During the year we gave particular emphasis to the efficiency with which funds were invested and to increasing income from fees and commissions. We also continued taking steps to rationalize and enhance efficiency throughout our operations, so as to optimize profitability. These efforts resulted in our achieving a substantial improvement in earnings: total income of ¥56,405 million (US$533.7 million), up by 12.3% year-on-year; income before income taxes and minority interests of ¥13,179 million (US$124.7 million), compared with a year-earlier loss of ¥10,729 million; and net income of ¥6,467 million (US$61.2 million), compared with a net loss of ¥8,782 million. The disposal of bad debts has already peaked, the Bank's soundness being reflected in the fact that its credit costs (bad debt write-offs plus provisions for loan losses) as a percentage of the average loan balance for the reporting period (fiscal 2003) declined to 0.3%, compared with the average of 0.7% for all regional banks.

Start of "Evolution 8" the 8th Long-Term Management Plan

Under the seventh long-term management plan, which ran from April 2001 to March 2004, the Bank focused on a strategy of enhancing profitability and of differentiating its services by giving importance to the customer's viewpoint.

The eighth long-term management plan, called "Evolution 8," was inaugurated in April 2004 and covers the period from April 2004 to March 2007. (For details, please see pages 4 and 5.) Based on the management ideals set out in the seventh plan, the direction of this new plan will be focused more rigidly by implementing a new strategy that places greater emphasis on winning long-term customer confidence and strengthening profitability, premised on the persistence of a difficult operating environment.

Under the new plan, we aim to both earn the enduring confidence of our customers and build a low-cost and highly profitable operating structure. This will be achieved through a well-balanced mix of activities designed to achieve prosperity jointly with the local community, and of activities in pursuit of rational and efficient management fully in line with market principles.

The plan will focus on three management issues based on three essential standpoints needed for the Bank to sustain progress in this new financial era. To translate these into reality, we have formulated "Five Reform Plans" and "Three Function-Specific Strategies for Progress."

The Yamanashi Chuo Bank Group will devote its full efforts to implementing the measures set out above, building a more profitable bank with a sounder management base that will enjoy the confidence of local customers, shareholders and investors to a greater extent than ever before. (For details, please see pages 4 and 5.)

Enhancing Corporate Governance

We aim constantly for transparent and highly efficient corporate management. We recognize the importance of corporate governance for achieving this, and are taking the necessary steps to develop the appropriate structure.

Our board of directors, which has 15 members, takes decisions on management policy and other important matters and supervises the directors' performance of their duties. To strengthen its management oversight functions, the board includes one external director who has no executive duties within the Bank. The Bank uses a conventional system of corporate auditing under which corporate auditors perform their duties under the Commercial Code. The board of auditors comprises four auditors, including two external auditors. All auditors attend meetings of the board of directors and other important meetings, and through inspections of the Bank's business and assets they audit the manner in which the directors are carrying out their duties.

With respect to the execution of business, the president, following the basic policies determined by the board of directors, assumes overall charge of the Bank's business as the most senior person responsible for business execution. Advisory bodies to the president have also been established in the form of a directors board (excluding outside directors) and a managing directors board, which exchange views and share information concerning general problems affecting business execution.

The Bank has also established the Compliance Committee and the Risk Management Committee, chaired by senior managing directors. These check matters such as the propriety of business practices from the standpoint of adherence to laws and risk management, and report important matters to the board of directors, thereby enhancing the internal control system.

Increasing Enterprise Value

During the current business term, fiscal 2004, which is the first year of our eighth long-term management plan, every effort will be made to implement measures to increase customer loyalty and to create a low-cost, high-earnings corporate structure. Additionally, effort will be devoted to personnel development to underpin plan implementation and to ensure thorough compliance. All Group employees are united in a spirit of dedication to the attainment of plan goals, and will work to increase shareholder value by improving business performance.

I hope that we will continue to receive your understanding and support for these efforts.

K. Ono

Kentaro Ono
President

Evolution 8: The 8th Long-Term Management Plan

Plan period: April 2004 to March 2007

Three standpoints essential to the Bank's progress	
Standpoint 1	What does trust mean to customers? What kind of standpoint is necessary to gain customers' lasting trust?
Standpoint 2	What kind of attitude is necessary to build a bank with an inherently low-cost, high-earnings corporate structure, while sharing prosperity with the local community?
Standpoint 3	What kind of attitude is necessary to create a mechanism for increasing the effectiveness of strategies?

Management issues	
Strategic issue	To strengthen market capabilities and increase customer loyalty on the basis of resolving customer problems and providing value-added services
Strategic issue	To enhance profitability and build an inherently low-cost, high-earnings corporate structure
Organizational issue	To strengthen governance so as to enhance the effectiveness of strategies

Five Reform Plans

1 Reforming the foundations of our business through support for company startups, growth, and revitalization

A basic strategy to be implemented will incorporate the major components of our action program in line with the government's Action Program Concerning Enhancement of Relationship Banking Functions. These will include the enhancement of functions to support the establishment and operation of new businesses, and the strengthening of capabilities for management consulting and support for corporate customers.

Specific measures

- Enhancement of functions to support the establishment and operation of new businesses
- Strengthening of capabilities for management consulting and support for corporate customers
- Active efforts to bring about rapid corporate revitalization
- Strengthening of measures for the financing of new SMEs

2 Reforming the marketing approach to increase customer loyalty

This will involve combining the winning of customer loyalty, namely gaining the enduring trust and confidence of customers, and the rationalization and enhancement of the efficiency of management. This reform plan is a core measure within the "evolution" theme of this long-term management plan.

Specific measures

- Deployment of marketing strategies based on market-specific visions (corporations, individuals, local governments)
- Deployment of marketing strategies (e.g. Western Tokyo strategy) to match local characteristics and issues (establishment of goals by district)
- Development of an area marketing structure linked with the reform of branches that is efficient and highly responsive to customer needs
- Implementation of branch reform in a manner than blends the strong points of the branch network with the enhancement of the efficiency of branch channels
- Development of a structure for providing goods and services in accordance with customer financial lifestyle segmentation
- Increase of customer convenience by expanding the functions of direct marketing channels
- Further strengthening of our ability to cater to customer needs and product sales capabilities, by expanding the 3WIN collaboration strategy

3 Reforming the earnings structure by improving margins and increasing fee income

The central strategy is directed towards raising core net business profit* above ¥16 billion, by efforts linked directly to the strengthening of earnings.

* Net business profit plus provision to general reserve for possible loan losses minus gains (losses) on transactions involving government bonds and other securities

Specific measures

- Strengthening of steps to achieve an appropriate return
- Increase in earnings from fees and commissions by strengthening fee business
- Strategic investment through selection and concentration, and reduction of non-personnel expenses
- Reduction of personnel expenses through the reform of the marketing approach (e.g. focus on selected banking fields)
- Reorganization of loan portfolio into a highly profitable one

4 Reforming the earnings and risk management structure to assure sound management

Efforts will be made to develop and strengthen mechanisms and structures in a way that will ensure the soundness of management.

Specific measures

- Upgrading of system of internal rating of borrowers' creditworthiness, and development of internal standards for setting of interest rates on a loan-by-loan basis to reflect the different levels of risk involved
- Raising the strictness of asset assessment
- Development of an integrated earnings and risk-management structure
- Strengthening of efforts to enhance the soundness of loan assets

5 Reforming governance to enhance the effectiveness of strategies

The Bank will build an organization and structure that combine speed, practical capabilities, and high morale to address the remarkable pace of change in the business environment.

Specific measures

- Increasing the effectiveness of strategies by revising the system of rewarding performance
- Creating a mechanism for increasing the linkage of management strategies and personnel strategies
- Transference of authority and strengthening of checking functions, and creation of organizations with a significant degree of management autonomy by clarifying the responsibility structure
- Enhancement of the personnel strategy so as to ensure the nurturing of financing experts

Three Function-Specific Strategies

1 Rebuilding of the business of affiliated companies

Specific measures

- Building of the foundations of the operations of Yamanashi Chugin Management Consulting Co., Ltd.
- Strengthening of Group-wide financial management
- Redesigning of the business of Group companies

2 Strengthening of market investment capabilities

Specific measures

- Pursuit of greater returns on market investment
- Strengthening of personnel engaged in market investment

3 Enhancement of corporate image

Specific measures

- Establishment of brand image
- Strengthening of efforts to increase the level of customer satisfaction
- Improvement of activities to truly contribute to the well-being of the general public

Goals of Evolution 8: The 8th Long-Term Management Plan

Qualitative goals

- To raise the value to customers of doing business with the Bank to a level unrivaled by other financial institutions within the local region
- To create a mechanism that generates a constant stream of high earnings, substantially improving profitability and efficiency
- To strengthen human-resource development so as to produce personnel with high degrees of expertise, and to succeed in molding a group of people with high ethical standards who act with sincerity, responsibility, and pride

Quantitative goals (At March 31, 2007)

Core net business profit	Above ¥16 billion
Return on assets	At least 0.65%
Return on equity	At least 6%
Overhead ratio	50% level
Ratio of claims disclosed under Financial Revitalization Law	5% level
Capital ratio (Domestic standard)	At least 10.5%
Employees	Max. 1,650

Notes

1. Net business profit plus provision to general reserve for possible loan losses minus gains (losses) on transactions involving government bonds and other securities
2. Return on assets = Adjusted net business profit / Avg. balance of total assets
3. Return on equity = Net income / Avg. balance of shareholders' equity
4. Overhead ratio = Operating expenses / Gross business profit
5. Ratio of claims disclosed under Financial Revitalization Law = (Claims on bankrupt and quasi-bankrupt obligors + Doubtful claims + Substandard claims) / (Claims on bankrupt and quasi-bankrupt obligors + Doubtful claims + Substandard claims + Normal claims)

Area Strategy

Western Tokyo a Pillar of Earnings on a Par with Yamanashi Prefecture

Our vision: To establish the Western Tokyo* area as a new earnings base for the 21st century, nurturing it to become a second driver of earnings on a par with Yamanashi Prefecture, and with even higher profitability and efficiency than Yamanashi.
*The western part of the Tokyo Metropolitan District, excluding the central 23-ward area of the city

Management issue 1: To create branches with higher profitability than branches in Yamanashi Prefecture

Management issue 2: To create an efficient business-promotion structure that permits emphasis to be placed on the marketing of loans

Management issue 3: To shift management resources from Yamanashi Prefecture to Western Tokyo

- Amalgamation of operations of existing Tachikawa and Murayama branches at new Tachikawa Branch in November 2004 (scheduled).
- Establishment of a Loan Square in Tachikawa Branch in August 2004 and establishment of Corporate Financing Team at Tachikawa Branch.
- Start of a zone-based marketing system in April 2004, so as to enhance collaboration between branches, together with cost-cutting measures that include increasing the proportion of part-time staff and lowering branch rentals.
- Increase of the operating income of the Western Tokyo area from ¥2,235 million in fiscal 2003 to ¥2,868 million by fiscal 2007.

Branch Strategy

Creation of new branch channels (aiming to create new style of branch suited to the new era now unfolding in the financial sector)

In fiscal 2003 the Bank embarked upon the creation of new-style branches, on the theme of combining the strengths of the branch network with the enhancement of the efficiency of branch channels, the objective being to develop a structure that enables it to cater accurately and swiftly to customer needs, and to enhance operating efficiency while maintaining sound management.

Specifically, the strategy entails the creation of new branch channels that can be selected in accordance with every customer need, including by the reinforcement of specialist staff at "mother" branches to cater accurately and promptly to customers' increasingly diverse and demanding requirements, and by the establishment of functionally specialized branches designed with improved efficiency in mind.

To date this strategy has been implemented in 13 out of 17 areas, and is planned to be applied in several more areas in the future.

Corporate Banking

The customer service counter at our Head Office

Enhancement of Relationship Banking Functions

The Corporate Support Group, comprising 10 staff (including seven SME analysts), collaborates with invited technical advisers, business branches, and the Bank's subsidiary Yamanashi Chugin Management Consulting, to provide management support designed to match the growth stage of corporate customers.

In providing support for corporate growth, from fiscal 2001 to fiscal 2003 the number of new cases of financing and investment totaled 39, for an aggregate amount of ¥2.5 billion. Among the 63 cases in which management plans were formulated in fiscal 2003 (aggregate financing amount of ¥46.4 billion), the borrower creditworthiness categories of 11 companies have been raised.

Yamanashi Chugin Management Consulting Co., Ltd.

In addition, as part of the enhancement of relationship banking functions, Yamanashi Chuo Bank is taking steps to create a support structure by such means as strengthening collaboration with governmental financial institutions such as the Japan Finance Corporation for Small and Medium Enterprise, the Development Bank of Japan, and the Shoko Chukin Bank, and building a network encompassing industry, academia and government institutions.

Reforming Financing for Small and Medium-Sized Companies

In order to expand lending to SMEs still further, in November 2003 the Bank revised the structure of its Yamanashi Chugin TKC Strategic Management Loan, widening the range of eligible companies and extending the financing periods available. That was followed in January 2004 by the extension of the lending periods and lowering of commissions for two other loan products: the Yamanashi Chugin New Business Loan and the Yamanashi Chugin Retail Partner MAX100. Given their prime features of offering a speedy response to applications and eliminating the need for collateral and third-party guarantors, these products now amply match customer requirements for financing that is obtainable more simply and more rapidly.

Contributing to the Community by Assisting the Operations of Local Governments

Yamanashi Chuo Bank is the designated financial institution for the governments of a total of 42 municipalities, primarily in Yamanashi Prefecture. This total comprises all eight cities in Yamanashi Prefecture and a further 33 municipalities. These designations place the Bank as the core financial institution in the region for the handling of public finance.

The Bank is also active in the handling of official financing schemes for municipalities within Yamanashi Prefecture. At the year-end the number of business loans provided under prefectural government and municipal government business financing schemes totalled 4,130, with an aggregate balance of ¥20.6 billion.

In addition, the Bank cooperates with local governments in helping to create a pleasant living environment for the regional community, including the development of public facilities and preparation of residential lots. For this purpose it has extended ¥239.7 billion of financing to the Yamanashi prefectural government and municipalities within the prefecture in the form of loans and the underwriting of municipal bonds.

Consumer Banking

Loan Square Tachikawa

Net Banking Even More Convenient

June 2003 brought the launch of Yamanashi Chugin Direct, which has augmented and upgraded the capabilities of PC-based online and mobile banking for individuals. Specifically, functions for making transfers and remittances have been added to PC-based online banking, and to access mobile banking it has become possible to use EZWeb (KDDI Group) and Vodafone Live (Vodafone) handsets in addition to i-mode (NTT DoCoMo), and a 24-hour service has been made available.

Also, in March 2004 the Bank inaugurated the Consumer Loan Net Consulting Service. This enables people to obtain answers through the Bank's website to questions concerning personal loans for such purposes as the purchase of cars and homes and education financing.

Opening of Yamanashi Chugin Loan Square Tachikawa

The strengthening of the Western Tokyo zone strategy is a priority measure in the Bank's eighth long-term management plan. Therefore, when the building, expansion and transfer of the facilities of Tachikawa Branch were undertaken in August 2004, Loan Square Tachikawa was established simultaneously within that branch for the purpose of enhancing the Bank's structure for marketing consumer loans, particularly housing loans.

The region around Tachikawa City is the scene of brisk development of residential properties as it undergoes redevelopment as a commuting area for people working in central Tokyo. The Bank is seeking to increase its volume of consumer loans by establishing this new business base there and extending the scope of its marketing.

Financial Review

Operating Environment

The economy of Yamanashi Prefecture, the Bank's principal business base, in line with the situation in the country as a whole, was unable to avoid a sluggish performance during the first half of the year, owing to the impact of factors such as the outbreaks of a new strain of pneumonia (SARS) and the Iraq war. From the second half, however, activity in manufacturing industry in the fields of digital consumer electronic appliances and those related to capital investment grew increasingly vigorous and the supply-demand situation shifted to a positive trend.

Nevertheless, demand remained flat overall, for example with respect to consumer spending, housing investment, and public works, and deep-rooted deflationary pressure persisted. As a result of factors such as these, the economy remained unable to break out of its standstill.

Amid these business conditions, the Bank and its Group companies completed implementation of the seventh long-term management plan during the year. Staff throughout the Group worked as one to enhance profitability and the foundations of business operations, and to make operations still more efficient.

Overview of Consolidated Earnings

Total income was buoyed by an increase in income from fees and commissions generated by the expansion of over-the-counter sales of government bonds, investment trusts and insurance products. Consumer loans also grew, particularly mortgage loans. As a result, total income rose by ¥6,156 million to ¥56,405 million (US$534 million). Income before income taxes and minority interests, at ¥13,179 million (US$125 million), showed a substantial improvement from the deficit of ¥10,729 million incurred in the previous year. The principal factors behind this were the rebound in the stock market, which enabled stock-related gains to improve by ¥18,533 million year-on-year; a ¥1,338 million reduction in operating expenses as a result of cost-cutting measures; and a fall of ¥1,251 million in disposals of bad debts compared with the previous year. In consequence, net income amounted to ¥6,467 million (US$61 million), an impressive ¥15,250 million improvement from the previous term, boosted by a gain from the return of the substitutional portion of the employee pension fund.

Earnings per share came to ¥34.80 (US$0.32) and the ratio of net income to shareholders' equity was 4.9%, both representing significant improvements. The capital ratio rose by 1.06 percentage points to 11.41%, which was well above the 8.63% ratio (domestic standard) that was the average for all regional banks.

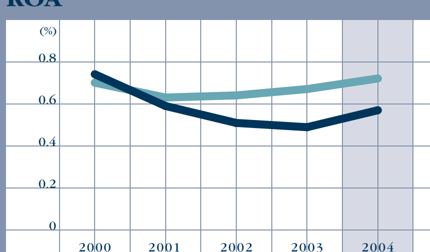
Overview of Segment Performance

The Yamanashi Chuo Bank Group comprises the parent company (the Bank) and five affiliates. With banking business as the core, the Group's businesses are divided into three broad segments: banking, leasing business, and other business, which includes credit card business, venture capital business, and consulting.

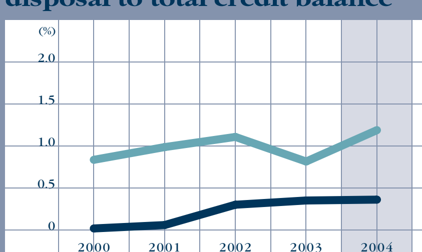
• Banking business

Operating income from banking business (prior to consolidation adjustments) recorded a year-on-year increase of ¥1,696 million, or 3.7%, to a total of ¥47,043 million, aided by an increase in income from fees and commissions. As a result of factors such as an improvement in stock-related gains, an operating profit of

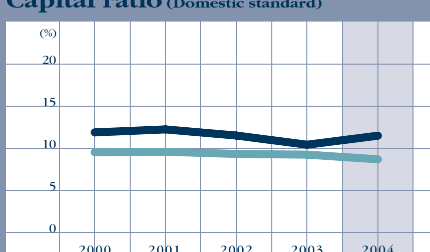
ROA*



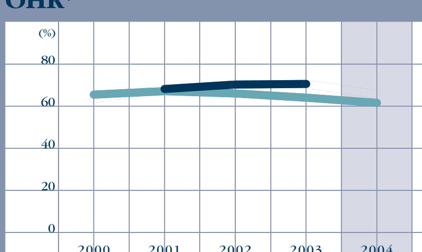
Ratio of expenses for bad debt disposal to total credit balance*



Capital ratio (Domestic standard)



OHR*



*on a non-consolidated basis   Yamanashi Chuo Bank   Average of Japanese regional banks

¥8,541 million was recorded, representing a dramatic improvement of ¥19,317 million from the previous term.

• Leasing business

Operating income from leasing business increased very modestly by 0.1% to ¥5,733 million, and the operating loss in the previous year was reversed because of a decline in disposals of bad debts, leading to an operating profit of ¥293 million, representing a rise of ¥313 million.

• Other business

Operating income from other business was up by ¥153 million, or 15.2%, to ¥1,158 million. Operating profit in this segment rose by ¥9 million to ¥102 million.

Overview of Principal Accounts (Consolidated)

• Deposits

The balance of deposits (including negotiable certificates of deposit) declined by ¥35,178 million to ¥2,201,330 million (US$20,828 million), primarily as a result of a fall in public deposits. However, over-the-counter sales of government bonds and investment trusts were brisk, causing the balance of assets in custody to increase by ¥44,044 million to ¥100,261 million (US$949 million). In consequence, in the aggregate balance of deposits and assets in custody increased by ¥8,866 million.

• Loans

The balance of loans and bills discounted at the year-end declined by ¥35,945 million year-on-year to ¥1,420,679 million (US$13,442 million). The principal reason for this was that in spite of growth in consumer loans, primarily mortgage loans, lending to corporations and local governments declined.

• Securities

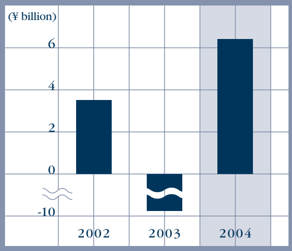
The balance of investment securities held rose by ¥105,212 million to ¥820,954 million (US$7,768 million), largely attributable to purchases of government bonds. The Bank diversified its investments during the year in order to secure improved returns, while monitoring fluctuations in market interest rates very closely. Owing to the recovery in the stock market, the valuation gain on securities holdings rose by ¥27,836 million from the previous year, to ¥47,541 million.

Cash Flows (Consolidated)

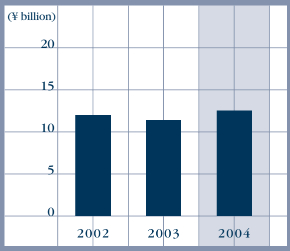
Cash and cash equivalents increased by ¥630 million to a year-end balance of ¥66,164 million (US$626 million).

Net cash provided by operating activities fell by ¥34,911 million from the previous year, to ¥83,842 million (US$793 million). This was attributable to a ¥57,075 million decline in call loans only partially offset by a ¥19,623 million increase in call money. Net cash used in investing activities totaled ¥82,286 million (US$779 million), down by ¥4,829 million. The two key components of this were increases in purchases of securities amounting to ¥242,217 million and in proceeds from sales and maturities of securities totaling ¥161,575 million. Net cash used in financing activities declined by ¥2,298 million to ¥944 million (US$9 million), owing primarily to a decrease in purchases of own shares for inclusion in treasury stock.

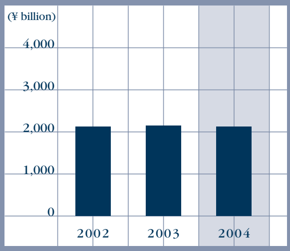
Net income (loss)



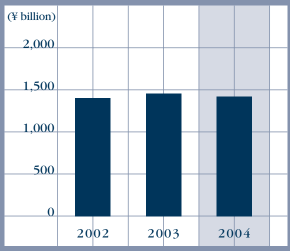
Core net business profit*



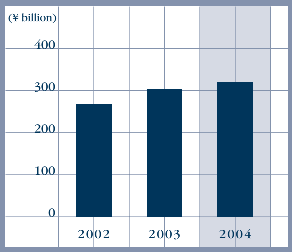
Deposits



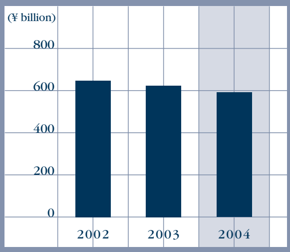
Loans and bills discounted



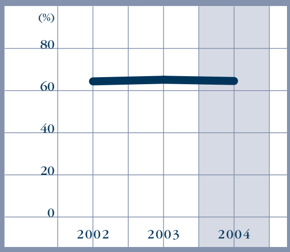
Mortgage loans*



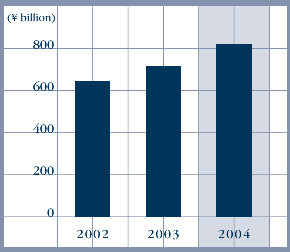
Loans to small and medium-sized companies*



Loan-deposit ratio



Investment securities



*on a non-consolidated basis

Consolidated Balance Sheets

The Yamanashi Chuo Bank, Ltd. and Subsidiaries
March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	**2004**
Assets:			
Cash and due from banks	**¥ 67,764**	¥ 67,172	**$ 641,167**
Call loans	**59,298**	116,373	**561,058**
Monetary claims bought (Note 4)	**20,511**	18,105	**194,072**
Trading securities (Notes 3 and 10)	**596**	328	**5,645**
Investment securities (Notes 4 and 10)	**820,954**	715,742	**7,767,567**
Loans and bills discounted (Notes 5, 6 and 7)	**1,420,679**	1,456,624	**13,441,946**
Foreign exchanges	**275**	321	**2,607**
Other assets (Notes 8 and 10)	**18,573**	17,801	**175,733**
Premises and equipment (Note 9)	**28,916**	28,533	**273,597**
Deferred tax assets (Note 17)	**6,093**	19,111	**57,657**
Customers' liabilities for acceptances and guarantees (Note 11)	**22,408**	24,293	**212,018**
Reserve for possible loan losses	**(38,382)**	(40,448)	**(363,159)**
Total	**¥2,427,690**	¥2,423,958	**$22,969,914**
Liabilities:			
Deposits (Notes 10 and 12)	**¥2,121,727**	¥2,143,916	**$20,075,004**
Negotiable certificates of deposit	**79,603**	92,592	**753,180**
Call money	**31,364**	11,741	**296,762**
Borrowed money (Note 10)	**1,623**	1,501	**15,364**
Foreign exchanges	**160**	87	**1,520**
Other liabilities	**16,580**	16,395	**156,880**
Liability for retirement benefits (Note 13)	**8,760**	11,563	**82,884**
Reserve for possible losses on collateralized real estate loans sold		106	
Acceptances and guarantees (Note 11)	**22,408**	24,293	**212,018**
Total liabilities	**2,282,229**	2,302,197	**21,593,616**
Minority interests	**774**	531	**7,330**
Shareholders' equity:			
Common stock—authorized, 398,000,000 shares; issued, 189,915,000 shares in 2004 and 2003 (Note 14)	**15,400**	15,400	**145,709**
Capital surplus	**8,287**	8,287	**78,415**
Retained earnings (Note 15)	**93,419**	87,875	**883,900**
Unrealized gain on available-for-sale securities (Note 4)	**29,713**	11,782	**281,140**
Treasury stock—at cost, 5,102,910 shares in 2004 and 5,064,922 shares in 2003 (Note 16)	**(2,134)**	(2,116)	**(20,197)**
Total shareholders' equity	**144,686**	121,230	**1,368,967**
Total	**¥2,427,690**	¥2,423,958	**$22,969,914**

See notes to consolidated financial statements.

Consolidated Statements of Operations

The Yamanashi Chuo Bank, Ltd. and Subsidiaries
Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	**2004**
Income:			
Interest income:			
Interest on loans and discounts	**¥26,882**	¥26,830	**$254,347**
Interest and dividends on securities	**9,188**	9,105	**86,940**
Other interest income	**1,903**	2,265	**18,009**
Fees and commissions	**7,297**	6,560	**69,041**
Other operating income (Note 21)	**4,565**	4,683	**43,196**
Other income (Note 18)	**6,568**	804	**62,152**
Total income	**56,405**	50,249	**533,688**
Expenses:			
Interest expense:			
Interest on deposits	**649**	892	**6,140**
Interest on negotiable certificates of deposit	**35**	28	**335**
Interest on call money and rediscounts	**278**	165	**2,637**
Other interest expense	**1,544**	1,938	**14,611**
Fees and commissions	**1,566**	1,546	**14,823**
Other operating expenses	**6,326**	5,414	**59,856**
General and administrative expenses	**25,757**	27,096	**243,705**
Other expenses (Note 19)	**7,068**	23,896	**66,876**
Total expenses	**43,225**	60,978	**408,987**
Income (loss) before income taxes and minority interests	**13,179**	(10,729)	**124,700**
Income taxes (Note 17)**:**			
Current	**3,320**	1,607	**31,420**
Deferred	**3,160**	(3,504)	**29,907**
Total income taxes	**6,481**	(1,896)	**61,327**
Minority interests	**230**	(50)	**2,178**
Net income (loss)	**¥ 6,467**	¥(8,782)	**$ 61,195**
	Yen		U.S. dollars
Net income (loss) per share (Note 2)	**¥34.80**	¥(46.64)	**$0.32**
Cash dividends per share (Note 15)	**5.00**	5.00	**0.04**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

The Yamanashi Chuo Bank, Ltd. and Subsidiaries
Years ended March 31, 2004 and 2003

	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
Balance, April 1, 2002	189,915	¥15,400	¥8,287	¥97,841	¥ 9,945	¥ (10)
Net loss				(8,782)		
Cash dividends:						
Final for prior year, ¥3.50 per share				(664)		
Interim for current year, ¥2.50 per share				(468)		
Bonuses to directors and corporate auditors				(49)		
Net increase in treasury stock (5,037,599 shares)						(2,106)
Net increase in unrealized gain on available-for-sale securities					1,837	
Balance, March 31, 2003	189,915	15,400	8,287	87,875	11,782	(2,116)
Net income				**6,467**		
Cash dividends (Note 15):						
Final for prior year, ¥2.50 per share				**(462)**		
Interim for current year, ¥2.50 per share				**(462)**		
Net increase in treasury stock (37,988 shares)						**(18)**
Gains on sales of treasury stock						
Net increase in unrealized gain on available-for-sale securities					**17,930**	
Balance, March 31, 2004	**189,915**	**¥15,400**	**¥8,287**	**¥93,419**	**¥29,713**	**¥(2,134)**

	Thousands of U.S. dollars (Note 1)				
	Common stock	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Treasury stock
Balance, March 31, 2003	$145,709	$78,412	$831,450	$111,485	$(20,023)
Net income			**61,195**		
Cash dividends (Note 15):					
Final for prior year, $0.02 per share			**(4,372)**		
Interim for current year, $0.02 per share			**(4,372)**		
Net increase in treasury stock (37,988 shares)					**(174)**
Gains on sales of treasury stock		**3**			
Net increase in unrealized gain on available-for-sale securities				**169,654**	
Balance, March 31, 2004	**$145,709**	**$78,415**	**$883,900**	**$281,140**	**$(20,197)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Yamanashi Chuo Bank, Ltd. and Subsidiaries
Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	**2004**
Operating activities:			
Income (loss) before income taxes and minority interests	**¥ 13,179**	¥ (10,729)	**$ 124,700**
Depreciation	**5,386**	5,565	**50,964**
Decrease in reserve for possible loan losses	**(2,066)**	(1,039)	**(19,553)**
Decrease in reserve for possible losses on loans sold collateralized by real estate	**(106)**	(270)	**(1,008)**
(Decrease) increase in liability for retirement benefits	**(2,802)**	622	**(26,520)**
Interest income recognized on statements of operations	**(37,974)**	(38,201)	**(359,298)**
Interest expenses recognized on statements of operations	**2,507**	3,025	**23,725**
Investment securities (gains) losses	**(77)**	17,416	**(730)**
Foreign exchange losses	**1,301**	517	**12,317**
(Gains) losses on sales of premises and equipment	**(226)**	80	**(2,143)**
Net decrease (increase) in loans	**35,945**	(53,731)	**340,098**
Net (decrease) increase in deposits	**(22,189)**	26,216	**(209,946)**
Net (decrease) increase in negotiable certificates of deposit	**(12,988)**	30,867	**(122,892)**
Net increase in borrowed money (excluding subordinated borrowings)	**122**	304	**1,154**
Net decrease in due from banks (excluding cash equivalents)	**37**	36,842	**356**
Net decrease in call loans and others	**57,075**	44,506	**540,023**
Net increase in call money and others	**19,623**	4,187	**185,672**
Net decrease (increase) in foreign exchanges (asset)	**45**	(124)	**433**
Net increase in foreign exchanges (liabilities)	**72**	10	**690**
Interest income (cash basis)	**39,851**	39,572	**377,059**
Interest expenses (cash basis)	**(2,957)**	(3,279)	**(27,981)**
Other	**(8,543)**	19,545	**(80,831)**
Subtotal	**85,216**	121,902	**806,291**
Income taxes paid	**(1,374)**	(3,148)	**(13,007)**
Net cash provided by operating activities	**83,842**	118,753	**793,284**
Investing activities:			
Purchases of investment securities	**(242,217)**	(220,681)	**(2,291,768)**
Proceeds from sales of investment securities	**58,627**	6,792	**554,712**
Proceeds from maturities of investment securities	**102,948**	128,422	**974,060**
Purchases of premises and equipment	**(2,093)**	(1,746)	**(19,809)**
Proceeds from sales of premises and equipment	**448**	96	**4,244**
Net cash used in investing activities	**(82,286)**	(87,115)	**(778,561)**
Financing activities:			
Dividends paid	**(924)**	(1,133)	**(8,744)**
Payment of dividends to minority interests	**(2)**	(2)	**(22)**
Purchases of treasury stock	**(21)**	(2,106)	**(199)**
Proceeds from sales of treasury stock	**2**		**28**
Net cash used in financing activities	**(944)**	(3,242)	**(8,939)**
Effect of exchange rate changes on cash and cash equivalents	**19**	46	**181**
Net increase in cash and cash equivalents	**630**	28,442	**5,965**
Cash and cash equivalents, beginning of year	**65,534**	37,091	**620,060**
Cash and cash equivalents, end of year (Note 20)	**¥ 66,164**	¥ 65,534	**$ 626,026**

See notes to consolidated financial statements.

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 generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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 2003 consolidated financial statements to conform to the classifications used in 2004.

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 ¥105.69 to $1, the exchange rate prevailing on March 31, 2004. 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 management has the positive intent and ability to hold to maturity are reported at amortized cost, and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of 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 previous consolidated fiscal years, the transitional treatment permitted by "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25) was applied to foreign currency transactions. However, effective this consolidated fiscal year, in accordance with the principle provisions of JICPA Industry Audit Committee Report No. 25, hedge accounting is applied to currency-swap transactions, exchange swap transactions and similar transactions intended to hedge risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency. A summary of the hedge accounting applied in these transactions is described in Note 8 below.

As a result of the application of hedge accounting, currency-swap transactions and exchange swap transactions (funds-related swap transactions), which were accounted for on an accrual basis, are valued at fair value and the net amount of the credit balance and the debt balance are recorded on the balance sheet in "Other assets" and "Other liabilities" which resulted in decreases of ¥88 million and ¥88 million, respectively, compared with the corresponding amounts under the previous methods. This change had no effects on the results of operations.

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.

The Bank applies the exceptional method for interest rate swaps to hedges of interest rate risks arising from monetary assets and liabilities in accordance with "Practical Guidelines for Accounting for Financial Instrument" (JICPA Accounting Committee Report No. 14).

The Bank applies the deferred method of accounting to hedges of foreign exchange risks arising from foreign currency denominated monetary assets and liabilities in accordance with JICPA Industry Audit Committee Report No. 25.

In deferred hedging activities, currency-swap transactions, exchange swap transactions (funds-related swap transactions) and similar transactions hedging the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies are assessed based on a comparison of the foreign currency position of the hedged monetary assets and liabilities and the hedging instruments.

In previous years, the transitional treatment permitted by JICPA Industry Audit Committee Report No. 25 was applied to these transactions. Effective this year, in accordance with the principle provisions of JICPA Industry Audit Committee Report No. 25, hedge accounting is applied to currency-swap transactions, exchange swap transactions (funds-related swap transactions) and similar transactions intended to hedge risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency.

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

The Bank has a credit rating system and a self assessment system. These systems are used to assess the Bank's asset quality based on past experience of credit losses, possible credit losses, analysis of 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, "normal," "caution," "possible bankruptcy," "virtual bankruptcy" or "legal bankruptcy."

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

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

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 its 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 collateralized by real estate—The reserve for possible losses on loans collateralized by real estate which have been sold to the Cooperative Credit Purchasing Company ("CCPC"), is provided at an amount deemed necessary to cover possible losses which may be incurred at CCPC based on the estimated fair value of the collateralized real estate. In accordance with the terms of the loan sales contracts, 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 are deemed 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 in 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.

New accounting pronouncements—In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the Accounting Standards Board of Japan ("ASB") issued ASB Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

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

The Bank is currently in the process of assessing the effect of adoption of these pronouncements.

3. Trading securities

Trading securities at March 31, 2004 and 2003, consisted of national government bonds.

Fair value and fair value changes of trading securities at March 31, 2004 and 2003, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Fair value of trading securities	**¥596**	¥328	**$5,645**
Fair value loss included in income before income taxes and other			**(2)**

4. Investment securities

Investment securities at March 31, 2004 and 2003, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Government bonds	**¥357,592**	¥314,667	**$3,383,411**
Municipal bonds	**179,605**	201,233	**1,699,358**
Corporate bonds	**126,043**	117,481	**1,192,578**
Stocks	**80,727**	48,393	**763,817**
Other securities	**76,984**	33,965	**728,401**
Total	**¥820,954**	¥715,742	**$7,767,567**

Differences between the carrying amount and the cost or market value of investment securities at March 31, 2004 and 2003, were 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				
	2004					2003					**2004**				
	Carrying amount	Market value	Differences	Gain	Loss	Carrying amount	Market value	Differences	Gain	Loss	Carrying amount	Market value	Differences	Gain	Loss
Other securities	**¥2,999**	**¥2,999**				¥4,997	¥4,999	¥1	¥1		**$28,377**	**$28,381**	**$4**	**$4**	

Marketable available-for-sale securities

	Millions of yen									
	2004					2003				
	Cost	Carrying amount	Valuation differences	Gain	Loss	Cost	Carrying amount	Valuation differences	Gain	Loss
Stocks	**¥ 46,387**	**¥ 79,992**	**¥33,605**	**¥33,774**	**¥ 169**	¥ 47,446	¥ 47,578	¥ 131	¥ 4,193	¥4,061
Bonds	**649,437**	**659,148**	**9,711**	**11,189**	**1,478**	611,603	630,520	18,916	20,302	1,386
Government bonds	**354,656**	**357,592**	**2,936**	**3,552**	**616**	309,224	314,667	5,442	6,813	1,371
Municipal bonds	**174,280**	**179,605**	**5,324**	**6,101**	**776**	190,321	201,233	10,911	10,912	
Corporate bonds	**120,500**	**121,950**	**1,449**	**1,535**	**85**	112,057	114,619	2,562	2,576	14
Other	**72,759**	**76,984**	**4,224**	**4,328**	**104**	35,312	35,969	657	730	73
Total	**¥768,584**	**¥816,125**	**¥47,541**	**¥49,293**	**¥1,752**	¥694,362	¥714,068	¥19,705	¥25,226	¥5,520

	Thousands of U.S. dollars				
	2004				
	Cost	Carrying amount	Valuation differences	Gain	Loss
Stocks	**$ 438,900**	**$ 756,861**	**$317,960**	**$319,566**	**$ 1,605**
Bonds	**6,144,738**	**6,236,622**	**91,883**	**105,874**	**13,990**
Government bonds	**3,355,626**	**3,383,411**	**27,785**	**33,616**	**5,831**
Municipal bonds	**1,648,979**	**1,699,358**	**50,379**	**57,725**	**7,346**
Corporate bonds	**1,140,132**	**1,153,852**	**13,719**	**14,531**	**812**
Other	**688,424**	**728,395**	**39,971**	**40,956**	**984**
Total	**$7,272,063**	**$7,721,879**	**$449,815**	**$466,397**	**$16,581**

Available-for-sale securities sold—Available-for-sale securities sold during the fiscal years ended March 31, 2004 and 2003, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Proceeds from sale	**¥55,698**	¥1,131	**$526,996**
Gross realized gain	**1,550**	120	**14,666**
Gross realized loss	**1,361**	344	**12,877**

Securities whose fair value is not readily determinable—Principal items in securities whose fair value is not readily determinable at March 31, 2004 and 2003, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Held-to-maturity debt securities:			
Non-listed corporate bonds	**¥3,719**	¥2,439	**$35,197**
Available-for-sale securities:			
Non-listed stocks	**735**	815	**6,955**
Non-listed corporate bonds	**373**	422	**3,529**

Redemption schedule of bonds held—The redemption schedule of bonds classified as securities available-for-sale and held-to-maturity at March 31, 2004, was 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	**¥69,296**	**¥325,613**	**¥168,351**	**¥ 99,980**	**$655,661**	**$3,080,833**	**$1,592,879**	**$945,974**
Government bonds	**3,654**	**149,806**	**104,151**	**99,980**	**34,576**	**1,417,416**	**985,444**	**945,974**
Municipal bonds	**26,765**	**101,526**	**51,313**		**253,243**	**960,605**	**485,510**	
Corporate bonds	**38,877**	**74,280**	**12,886**		**367,841**	**702,811**	**121,925**	
Other	**5,033**	**8,457**	**29,315**	**1,750**	**47,620**	**80,025**	**277,371**	**16,567**
Total	**¥74,329**	**¥334,071**	**¥197,666**	**¥101,730**	**$703,282**	**$3,160,858**	**$1,870,251**	**$962,541**

Details of net gain—The details of the net unrealized gain on available-for-sale securities at March 31, 2004 and 2003, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Valuation difference (amount in the balance sheet—cost)—available-for-sale securities	**¥47,541**	¥19,705	**$449,815**
Deferred tax liability	**(17,778)**	(7,921)	**(168,217)**
Net unrealized gain (before minority interest)	**29,762**	11,783	**281,598**
Minority interest	**(48)**	(0)	**(458)**
Net unrealized gain	**¥29,713**	¥11,782	**$281,140**

5. Loans and bills discounted

Loans and bills discounted at March 31, 2004 and 2003, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Loans to customers in bankruptcy	**¥ 3,555**	¥ 7,169	**$ 33,643**
Past due loans	**68,198**	76,937	**645,265**
Accruing loans contractually past due three months or more	**408**	632	**3,869**
Restructured loans	**39,243**	35,476	**371,307**
Total	**¥111,406**	¥120,215	**$1,054,085**

Loans to customers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law, 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 on 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 above.

6. Bills purchased

The face value of commercial bills purchased was ¥23,899 million ($226,124 thousand) and ¥28,715 million at March 31, 2004 and 2003, 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, 2004 was ¥370,196 million ($3,502,664 thousand) which includes commitments of ¥364,902 million ($3,452,575 thousand) whose original contract terms were 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. Assets and liabilities resulting from hedge accounting

Gains, losses and valuation differences related to hedging instruments were recorded in "Other assets" on the balance sheet on a net basis as deferred hedge losses. On a gross-up basis, deferred hedge losses and deferred hedge gains as of March 31, 2004 were ¥2 million ($26 thousand) and ¥0 million ($1 thousand), respectively.

9. Premises and equipment

Accumulated depreciation at March 31, 2004 and 2003, amounted to ¥28,759 million ($272,109 thousand) and ¥28,326 million, respectively.

10. Assets pledged

Assets pledged as collateral at March 31, 2004, were as follows:

	Millions of yen	Thousands of U.S. dollars
Investment securities	**¥569**	**$5,384**

Liabilities related to the above pledged assets at March 31, 2004, were as follows:

	Millions of yen	Thousands of U.S. dollars
Deposits	**¥792**	**$7,499**
Borrowed money	**335**	**3,169**

In addition, trading and investment securities totaling ¥103,128 million ($975,765 thousand) and other assets totaling ¥18 million ($176 thousand) were pledged as collateral for settlement of exchange and derivative transactions, or as margin on forward contracts at March 31, 2004.

11. 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.

12. Deposits

Deposits at March 31, 2004 and 2003, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Current deposits	**¥ 64,417**	¥ 60,403	**$ 609,493**
Ordinary deposits	**903,362**	843,780	**8,547,282**
Saving deposits	**30,598**	31,637	**289,513**
Deposits at notice	**4,555**	6,392	**43,102**
Time deposits	**1,055,323**	1,130,898	**9,985,080**
Other	**63,470**	70,804	**600,532**
Total	**¥2,121,727**	¥2,143,916	**$20,075,004**

13. Employees' retirement benefits

The liability for retirement benefits at March 31, 2004 and 2003, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Projected benefit obligation	**¥(20,072)**	¥(32,587)	**$(189,914)**
Fair value of plan assets	**9,584**	13,287	**90,687**
Unrecognized actuarial loss	**1,727**	8,318	**16,341**
Unrecognized prior service cost		(581)	
Net liability	**¥ (8,760)**	¥(11,563)	**$ (82,884)**

On February 1, 2004, the Bank received approval for an exemption from payments of benefits related to future employee services in respect of the substitutional portion of their pension funds from the Minister of Health, Labour and Welfare, based on the Law Concerning Defined Benefit Corporate Pension Plans. In accordance with the transitional treatment permitted by Article 47-2 of "Practical Guidelines for Accounting for Retirement Benefits (Interim Report)" (JICPA Accounting Committee Report No. 13), the Bank derecognized the future retirement benefit obligations relating to the substitutional portion of the pension funds and the pension assets on the date of the approval.

As a result of the exemption, the Bank recognized a gain on exemption from the future pension obligation of the governmental program in the amount of ¥3,760 million ($35,578 thousand).

The amount of the substitutional portion of the retirement benefit obligations as of the consolidated balance sheet date was ¥7,061 million ($66,817 thousand).

The components of net periodic retirement benefit costs for the years ended March 31, 2004 and 2003, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Service cost	**¥ 998**	¥1,018	**$ 9,443**
Interest cost	**763**	896	**7,219**
Expected return on plan assets	**(257)**	(369)	**(2,437)**
Amortization of actuarial loss	**819**	389	**7,750**
Amortization of prior service cost	**(53)**	(64)	**(509)**
Net periodic retirement benefit costs	**2,268**	1,870	**21,466**
Gain on exemption from the future pension obligation of the governmental program	**(3,760)**		**(35,578)**
Total	**¥(1,491)**	¥1,870	**$(14,111)**

Assumptions used for the years ended March 31, 2004 and 2003, are set forth as follows:

	2004	2003
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**2.5%**	3.0%
Recognition period of actuarial gain/loss	**10 years commencing from start of the subsequent fiscal year**	10 years commencing from start of the subsequent fiscal year
Recognition period of prior service cost		10 years

14. Common stock

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which various 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.

15. 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 ¥81,821 million ($774,168 thousand) as of March 31, 2004, 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.

16. 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.

17. Income taxes

The Bank and subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 41.5% and 41.6% for the years ended March 31, 2004 and 2003, respectively. The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets at March 31, 2004 and 2003, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Deferred tax assets:			
Reserve for possible loan losses	**¥14,615**	¥14,703	**$138,290**
Losses on investment securities	**6,045**	7,331	**57,199**
Liability for retirement benefits	**5,212**	6,152	**49,317**
Unrealized losses on available-for-sale securities	**704**	2,219	**6,665**
Depreciation	**798**	879	**7,555**
Other	**1,729**	1,509	**16,367**
Valuation allowance	**(2,961)**	(2,043)	**(28,017)**
Total deferred tax assets	**26,145**	30,752	**247,378**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**18,483**	10,140	**174,882**
Other	**1,568**	1,500	**14,837**
Total deferred tax liabilities	**20,051**	11,640	**189,720**
Net deferred tax assets	**¥ 6,093**	¥19,111	**$ 57,657**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2004 and 2003 is as follows:

	2004	2003
Normal effective statutory tax rate	**41.5%**	41.6%
Valuation allowance	**7.1**	(18.2)
Effect of tax rate reduction		(5.9)
Income not taxable for income tax purposes	**(1.1)**	1.1
Expenses not deductible for income tax purposes	**0.3**	(0.6)
Other—net	**1.4**	(0.4)
Actual effective tax rate	**49.2%**	17.6%

18. Other income

Other income for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Gain on sales of securities	**¥1,550**	¥120	**$14,666**
Gain on exemption from the future pension obligation of the governmental program	**3,760**		**35,578**
Other	**1,258**	683	**11,907**
Total	**¥6,568**	¥804	**$62,152**

19. Other expenses

Other expenses for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Provision for reserve for possible loan losses	**¥5,353**	¥ 5,406	**$50,652**
Loss on devaluation of stocks and other securities	**100**	17,196	**953**
Loss on disposal of premises and equipment	**167**	80	**1,587**
Other	**1,446**	1,212	**13,682**
Total	**¥7,068**	¥23,896	**$66,876**

20. 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, 2004 and 2003, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Cash and due from banks	**¥67,764**	¥67,172	**$641,167**
Time deposits and negotiable certificates of deposit in other banks	**(1,600)**	(1,638)	**(15,141)**
Cash and cash equivalents	**¥66,164**	¥65,534	**$626,026**

21. Lease transactions

Lessor

A subsidiary leases certain equipment and other assets.

Total lease receipts under finance leases, which are included in "Other operating income" in the accompanying consolidated statements of operations for the years ended March 31, 2004 and 2003, were ¥2,671 million ($25,277 thousand) and ¥2,687 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, 2004 and 2003, was as follows:

For the year ended March 31, 2004

	Millions of yen			Thousands of U.S. dollars		
	Equipment	Other	Total	Equipment	Other	Total
Acquisition cost	**¥11,097**	**¥2,041**	**¥13,138**	**$104,997**	**$19,314**	**$124,312**
Accumulated depreciation	**5,654**	**941**	**6,595**	**53,500**	**8,904**	**62,405**
Net leased property	**¥ 5,442**	**¥1,100**	**¥ 6,542**	**$ 51,496**	**$10,409**	**$ 61,906**

Lease receivables under finance leases:

	Millions of yen	Thousands of U.S. dollars
Due within one year	**¥2,142**	**$20,273**
Due after one year	**4,667**	**44,165**
Total	**¥6,810**	**$64,438**

For the year ended March 31, 2003

	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥11,056	¥1,895	¥12,952
Accumulated depreciation	5,524	896	6,421
Net leased property	¥ 5,532	¥ 999	¥ 6,531

Lease receivables under finance leases:

	Millions of yen
Due within one year	¥2,120
Due after one year	4,691
Total	¥6,811

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, 2004, was ¥2,317 million ($21,931 thousand) and ¥352 million ($3,332 thousand), respectively, and for the year ended March 31, 2003, was ¥2,329 million and ¥354 million, respectively.

22. 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, 2004 and 2003, was ¥921 million ($8,723 thousand) and ¥1,519 million, respectively. (Figures as of March 31, 2004 and 2003, were 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 operating results.

The contract amount and fair value of derivatives as of March 31, 2004 and 2003, consisted of the following:

Funds-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
Funds-related swaps	¥104,579	¥(313)	¥(313)

There were no such amounts as of March 31, 2004, since effective with this fiscal year, hedge accounting was applied to funds-related swap transactions. This change was described in "Foreign currency items" in Note 2 above.

Foreign exchange forward contracts which are measured at fair value

	Millions of yen			
	2004			2003
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount
Forward contracts:				
Selling	**¥249**	**¥1**	**¥1**	¥396
Buying	**410**	**(2)**	**(2)**	484

	Thousands of U.S. dollars		
	2004		
	Contract amount	Fair value	Unrealized gain (loss)
Forward contracts:			
Selling	**$2,365**	**$18**	**$18**
Buying	**3,883**	**(22)**	**(22)**

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

23. Net income per share

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

24. Subsequent event

Appropriations of retained earnings

The payment of year-end dividends of ¥2.5 ($0.02) per share totaling ¥462 million ($4,371 thousand) was approved at the general shareholders meeting held on June 29, 2004.

25. 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, 2004, is as follows:

	Millions of yen					
	2004					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
a. Operating income and operating profit:						
Operating income	**¥ 47,043**	**¥ 5,733**	**¥ 1,158**	**¥ 53,935**	**¥(1,985)**	**¥ 51,949**
(1) Operating income from customers	**46,755**	**4,418**	**775**	**51,949**		**51,949**
(2) Internal operating income among segment	**288**	**1,314**	**383**	**1,985**	**(1,985)**	
Operating expenses	**38,501**	**5,439**	**1,056**	**44,997**	**(1,939)**	**43,058**
Operating profit	**8,541**	**293**	**102**	**8,937**	**(46)**	**8,891**
b. Assets, depreciation and capital expenditures:						
Assets	**2,425,905**	**14,165**	**11,564**	**2,451,635**	**(23,945)**	**2,427,690**
Depreciation	**1,359**	**4,025**	**2**	**5,386**		**5,386**
Capital expenditures	**1,504**	**3,687**	**2**	**5,194**		**5,194**

	Thousands of U.S. dollars					
	2004					
	Banking	Leasing	Other	Total	Eliminations/ corporate	Consolidated
a. Operating income and operating profit:						
Operating income	**$ 445,107**	**$ 54,243**	**$ 10,964**	**$ 510,315**	**$(18,790)**	**$ 491,525**
(1) Operating income from customers	**442,381**	**41,810**	**7,333**	**491,525**		**491,525**
(2) Internal operating income among segment	**2,726**	**12,433**	**3,630**	**18,790**	**(18,790)**	
Operating expenses	**364,287**	**51,464**	**9,997**	**425,748**	**(18,348)**	**407,400**
Operating profit	**80,820**	**2,779**	**966**	**84,566**	**(441)**	**84,125**
b. Assets, depreciation and capital expenditures:						
Assets	**22,953,023**	**134,031**	**109,420**	**23,196,475**	**(226,560)**	**22,969,914**
Depreciation	**12,859**	**38,083**	**21**	**50,964**		**50,964**
Capital expenditures	**14,233**	**34,888**	**25**	**49,147**		**49,147**

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

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.

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel: +81(3)3457 7321
Fax: +81(3)3457 1694
www.deloitte.com/jp

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, 2004 and 2003, 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 Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Yamanashi Chuo Bank, Ltd. and subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu

June 29, 2004

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheets

The Yamanashi Chuo Bank, Ltd.
March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Assets:			
Cash and due from banks	**¥ 67,737**	¥ 67,151	**$ 640,911**
Call loans	**59,298**	116,373	**561,058**
Monetary claims bought	**18,753**	16,477	**177,441**
Trading securities	**596**	328	**5,645**
Investment securities	**820,422**	715,020	**7,762,538**
Loans and bills discounted	**1,432,582**	1,469,318	**13,554,566**
Foreign exchanges	**275**	321	**2,607**
Other assets	**6,413**	4,929	**60,684**
Premises and equipment	**28,025**	28,103	**265,169**
Deferred tax assets	**5,318**	18,270	**50,324**
Customers' liabilities for acceptances and guarantees	**22,408**	24,293	**212,018**
Reserve for possible loan losses	**(36,238)**	(38,167)	**(342,874)**
Total	**¥2,425,595**	¥2,422,420	**$22,950,092**
Liabilities:			
Deposits	**¥2,125,177**	¥2,147,074	**$20,107,645**
Negotiable certificates of deposit	**81,003**	93,992	**766,426**
Call money	**31,364**	11,741	**296,762**
Foreign exchanges	**160**	87	**1,520**
Other liabilities	**12,102**	12,293	**114,506**
Liability for retirement benefits	**8,760**	11,563	**82,884**
Reserve for possible losses on collateralized real estate loans sold		106	
Acceptances and guarantees	**22,408**	24,293	**212,018**
Total liabilities	**2,280,976**	2,301,151	**21,581,765**
Shareholders' equity:			
Common stock—authorized, 398,000,000 shares; issued, 189,915,000 shares in 2004 and 2003	**15,400**	15,400	**145,709**
Capital surplus:			
Additional paid-in capital	**8,287**	8,287	**78,412**
Other capital surplus			**3**
Retained earnings:			
Legal reserve	**9,405**	9,405	**88,988**
Unappropriated	**83,956**	78,509	**794,363**
Unrealized gain on available-for-sale securities	**29,703**	11,783	**281,048**
Treasury stock—at cost, 5,102,910 shares in 2004 and 5,064,922 shares in 2003	**(2,134)**	(2,116)	**(20,197)**
Total shareholders' equity	**144,618**	121,269	**1,368,327**
Total	**¥2,425,595**	¥2,422,420	**$22,950,092**

Non-Consolidated Statements of Operations

The Yamanashi Chuo Bank, Ltd.
Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Income:			
Interest income:			
Interest on loans and discounts	**¥26,919**	¥26,916	**$254,699**
Interest and dividends on securities	**9,174**	9,091	**86,808**
Other interest income	**1,903**	2,265	**18,009**
Fees and commissions	**6,262**	5,602	**59,255**
Other operating income	**211**	238	**1,998**
Other income	**6,478**	796	**61,298**
Total income	**50,950**	44,910	**482,070**
Expenses:			
Interest expense:			
Interest on deposits	**649**	891	**6,140**
Interest on negotiable certificates of deposit	**35**	29	**338**
Interest on call money	**278**	165	**2,637**
Other interest expense	**1,524**	1,920	**14,424**
Fees and commissions	**1,968**	1,948	**18,626**
Other operating expenses	**1,361**	336	**12,877**
General and administrative expenses	**26,058**	27,417	**246,559**
Other expenses	**6,450**	22,841	**61,031**
Total expenses	**38,326**	55,550	**362,635**
Income (loss) before income taxes	**12,623**	(10,639)	**119,434**
Income taxes:			
Current	**3,149**	1,534	**29,801**
Deferred	**3,101**	(3,413)	**29,349**
Total income taxes	**6,251**	(1,878)	**59,151**
Net income (loss)	**¥ 6,371**	¥(8,760)	**$ 60,282**

	Yen		U.S. dollars
Net income (loss) per share	**¥34.28**	¥(46.52)	**$0.32**

Non-Consolidated Statements of Shareholders' Equity

The Yamanashi Chuo Bank, Ltd.
Years ended March 31, 2004 and 2003

	Thousands	Millions of yen						
	Issued number of shares of common stock	Common stock	Capital surplus: Additional paid-in capital	Capital surplus: Other capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated	Unrealized gain on available-for-sale securities	Treasury stock
Balance, April 1, 2002	189,915	¥15,400	¥8,287		¥9,405	¥88,453	¥ 9,947	¥ (10)
Net loss						(8,760)		
Cash dividends, ¥6.00 per share						(1,133)		
Bonuses to directors and corporate auditors						(49)		
Net increase in treasury stock (5,037,599 shares)								(2,106)
Net increase in unrealized gain on available-for-sale securities							1,836	
Balance, March 31, 2003	189,915	15,400	8,287		9,405	78,509	11,783	(2,116)
Net income						**6,371**		
Cash dividends, ¥5.00 per share						**(924)**		
Net increase in treasury stock (37,988 shares)								**(18)**
Gains on sales of treasury stock								
Net increase in unrealized gain on available-for-sale securities							**17,920**	
Balance, March 31, 2004	**189,915**	**¥15,400**	**¥8,287**		**¥9,405**	**¥83,956**	**¥29,703**	**¥(2,134)**

	Thousands of U.S. dollars						
	Common stock	Capital surplus: Additional paid-in capital	Capital surplus: Other capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated	Unrealized gain on available-for-sale securities	Treasury stock
Balance, March 31, 2003	$145,709	$78,412		$88,988	$742,824	$111,491	$(20,023)
Net income					**60,282**		
Cash dividends, $0.04 per share					**(8,744)**		
Net increase in treasury stock (37,988 shares)							**(174)**
Gains on sales of treasury stock			**$3**				
Net increase in unrealized gain on available-for-sale securities						**169,556**	
Balance, March 31, 2004	**$145,709**	**$78,412**	**$3**	**$88,988**	**$794,363**	**$281,048**	**$(20,197)**

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 ¥105.69=US$1, the rate prevailing on March 31, 2004.
3. 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.

Corporate Data

(as of March 31, 2004)

Common Stock: ¥15,400 million

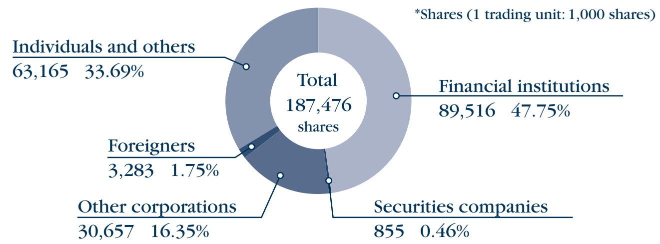
Number of Shares:
Authorized 398,000,000 shares
Issued 189,915,000 shares

Number of Stockholders: 7,691

Stock Listing: First Section of Tokyo Exchange

Transfer Agent: The Mitsubishi Trust & Banking Corp.

Breakdown of Stockholders



Notes: 1. The category "Individuals and others" contains treasury stock in the number of 5,102 trading units of shares.
2. "Other corporations" contains 4 trading units of shares held under the Japan Securities Depository Center.

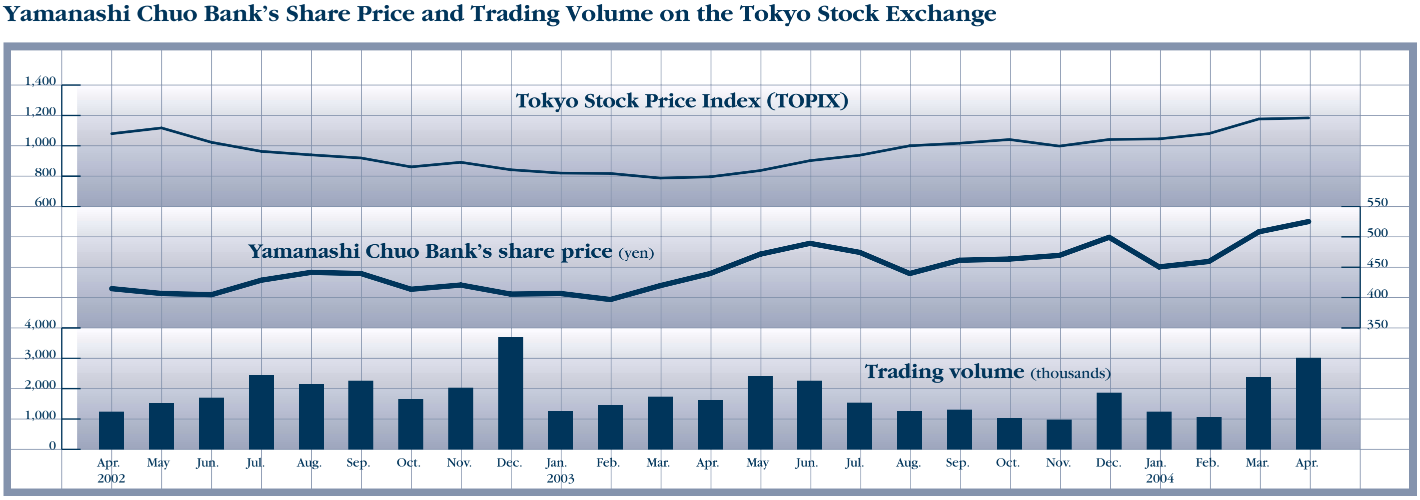
Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued
Japan Trustee Services Bank, Ltd.	10,743	5.65
The Bank of Tokyo-Mitsubishi, Ltd.	8,962	4.71
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	6,378	3.35
Meiji Yasuda Life Insurance Company	6,047	3.18
The Master Trust Bank of Japan, Ltd.	5,660	2.98
The Tokio Marine and Fire Insurance Co., Ltd.	4,600	2.42
Mizuho Corporate Bank, Ltd.	4,471	2.35
Sompo Japan Insurance Inc.	4,328	2.27
Teikyo University	3,879	2.04
The Joyo Bank, Ltd.	3,217	1.69
Total	58,287	30.69

Subsidiaries

	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 Management Consulting Co., Ltd.	200	45	Consulting, investment

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



Board of Directors and Corporate Auditors

(as of June 29, 2004)

Chairman
Nobukazu Yoshizawa

President
Kentaro Ono

Senior Managing Director
Motohiro Ishikawa

Managing Directors
Masahiko Mukouyama
Masahiko Furuya
Toshihisa Ashizawa
Yasuhiko Imamura

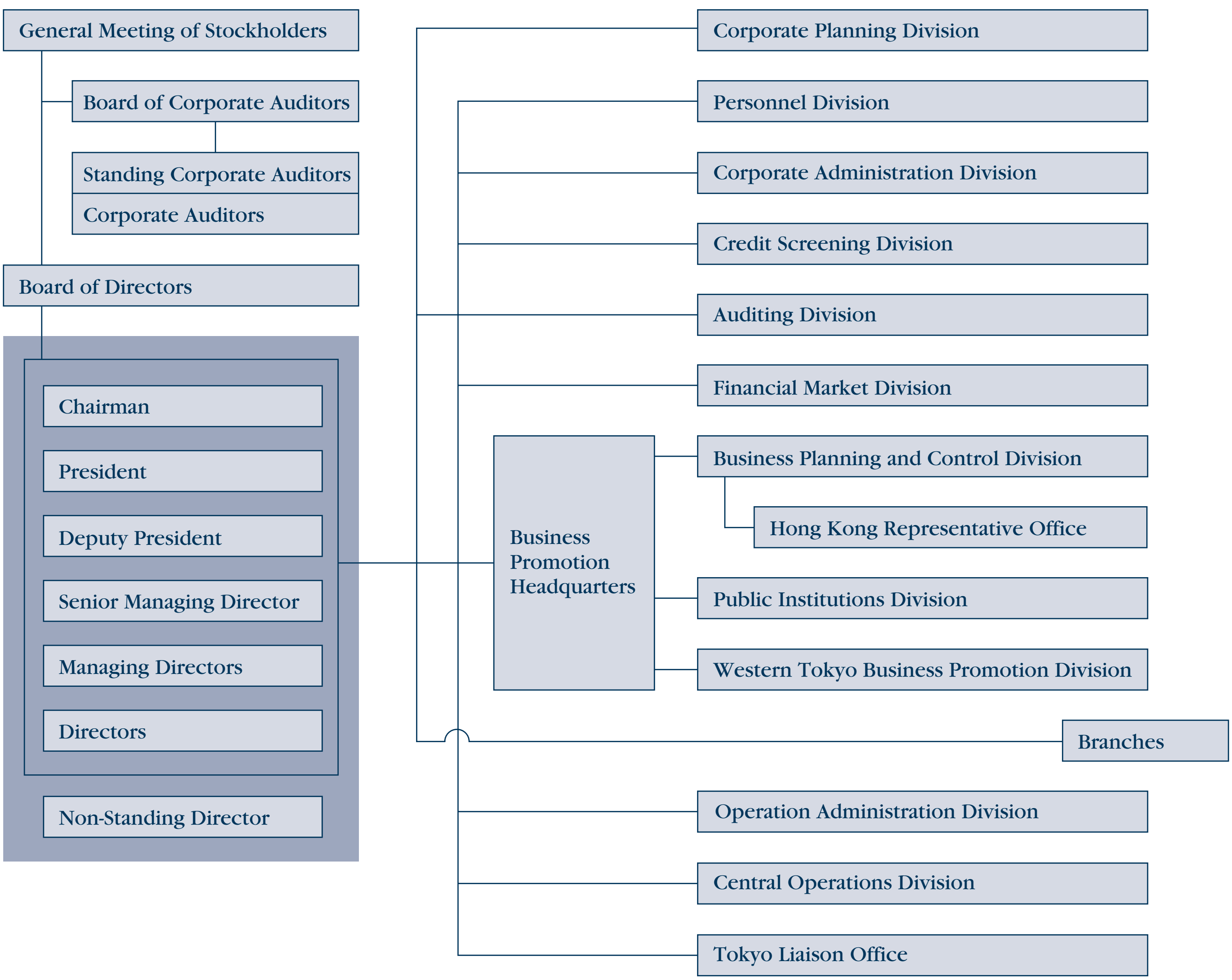
Directors
Akio Hosoda
Takatoshi Kikushima
Koji Dobashi
Toshio Ishikawa
Takeshi Akaoka
Nakaba Shindo
Akiyasu Kurata
Yoshihiko Fukasawa

Standing Corporate Auditors
Tadaaki Haibara
Takehiko Sano

Corporate Auditors
Tomomitsu Takeda
Soichi Takano

Organization

(as of August 1, 2004)



Service Network

(as of August 1, 2004)

Head Office

HEAD OFFICE

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

INTERNATIONAL TEAM, BUSINESS PLANNING AND CONTROL DIVISION

20-8, Marunouchi 1-chome, Kofu, Yamanashi 400-8601
Phone: 055-224-1164
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

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

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

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

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

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

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

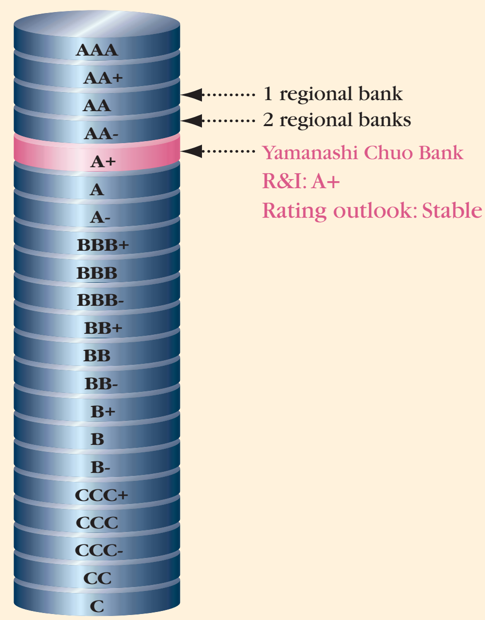
Ichikawa Branch
1289-5, Ichikawa-Daimoncho, Nishi-Yatsushiro-gun, Yamanashi 409-3601
Phone: 055-272-1121

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

Long-Term Credit Ratings (as of April 30, 2004)



THE YAMANASHI CHUO BANK, LTD.

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

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