

Annual Report 2020

THE YAMANASHI CHUO BANK



Local Industries in Yamanashi Prefecture

Wine



22.5% share of shipment amount ranks second in Japan. Yamanashi wine was designated for a special label by the National Tax Agency.

Sake



Traditional Japanese Paper



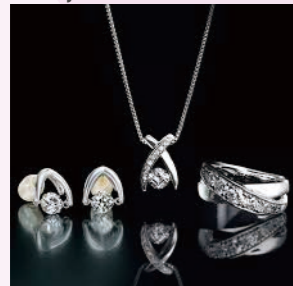
Shipment amount of *shoji* paper and calligraphy paper ranks second in Japan.

Silk Fabric



Shipment amount of down quilts ranks third in Japan.

Jewelry



Shipment amount of jewelry ranks second in Japan.

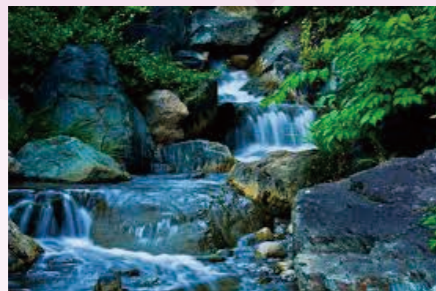
Local Industries in Yamanashi Prefecture

Fruits



Harvest of grapes, peaches and Japanese plums ranks first in Japan.

Mineral Water



45.6% share of shipment amount ranks first in Japan.

Knit Products



Inden Leather



Preparations for High-Speed Transportation Network

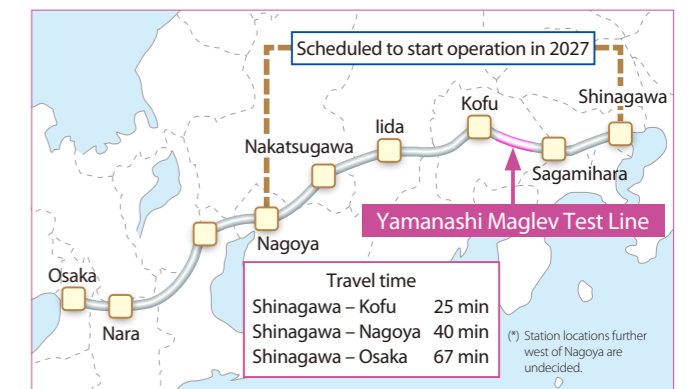
Expected Effects

Increase in tourists from Kansai and Tokai regions, increase in opportunities for receiving orders, expansion of logistic facilities, and increase in residents due to expanded commuting radius to Greater Tokyo, etc.

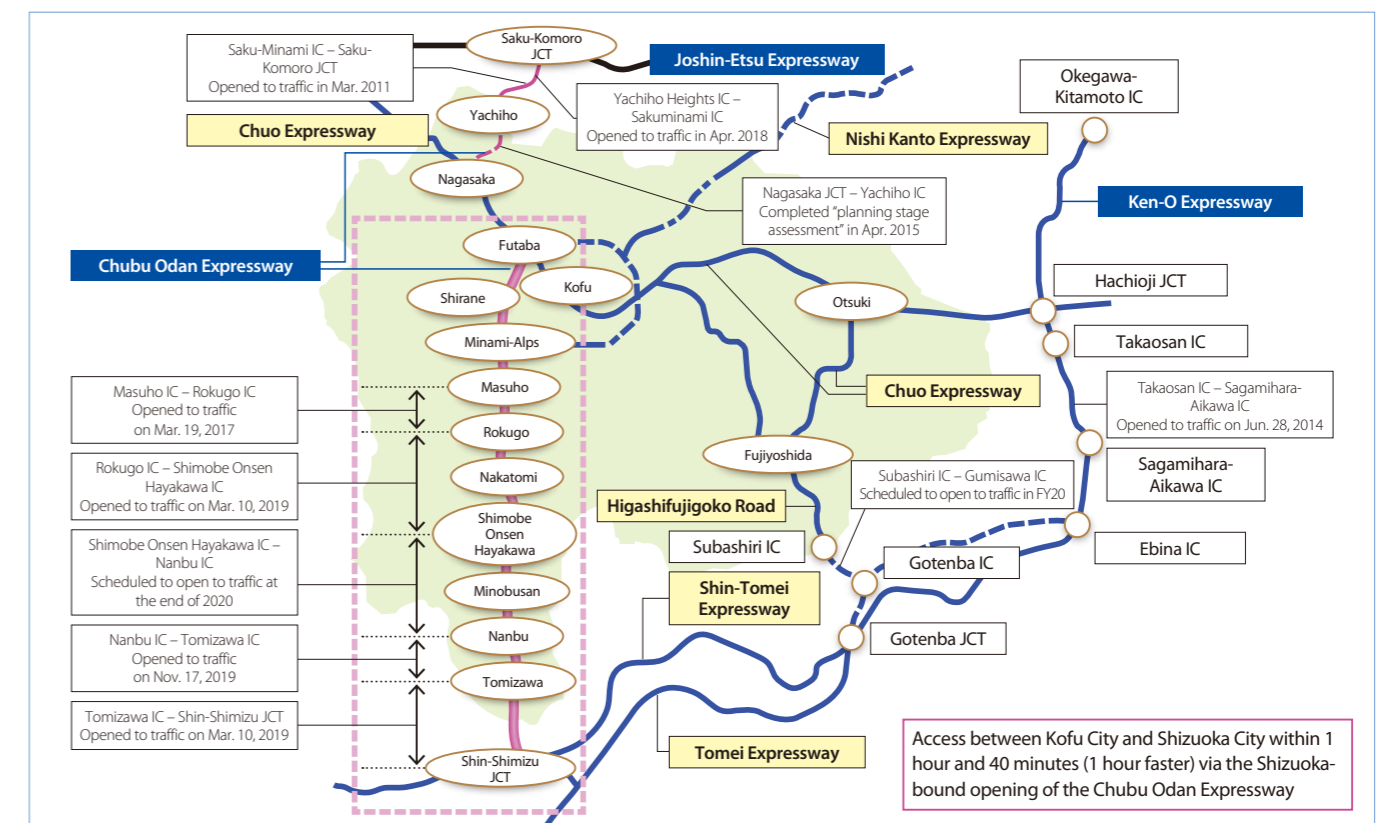
Shinkansen Maglev Train

- Oct. 2014: Minister of Land, Infrastructure, Transport and Tourism approved the start of construction, with opening planned for 2027.
- Request for certain segments to enter service by the start of the 2020 Tokyo Olympic Games.
- Dec. 2015: Construction began on the Yamanashi section of the Southern Alps Tunnel (communication route).
- Jan. 2016: Shinagawa Station construction began.
- Nov. 2016: Construction began on the Nagano section of the Southern Alps Tunnel.
- Mar. 2017: Yamanashi Prefecture creates "Linear Environmental Future City Improvement Policy."
- Apr. 2018: Construction began on the Yamanashi section of the Southern Alps Tunnel (mail line).

Map of Shinkansen Maglev Train Route



Chubu Odan Expressway



Our Mission

Region-Based Operations and Sound Management

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

Long-Term Vision (Value Creation Bank)

As we approach our 150th founding anniversary, we aim to be a financial group that all stakeholders can rely upon to realize an enriched regional community, delighted customers, fulfilled employees, and satisfied shareholders.

Basic Strategies of Medium-Term Management Plan

"Value+ 2022"

- **Enhance Customer Touchpoints**
— Aiming to be a bank that connects with all customers—
- **Create Common Values**
— Aiming to be a bank that adapts to new environments—
- **Improve Personnel Vitality**
— Aiming to be a bank where diverse human resources reach their potential—

The 3S Action Guidelines

Smile, Speed and Simple

Profile (as of March 31, 2020)

Corporate Name:

The Yamanashi Chuo Bank, Ltd.

Head Office:

20-8, Marunouchi 1-chome, Kofu, Yamanashi

Established:

December 1, 1941

President:

Mitsuyoshi Seki

Common Stock:

¥15,400 million

Number of Shares Issued:

32,783,000 shares

Stock Listing:

First Section of the Tokyo Stock Exchange

Long-Term Credit Rating:

A- (Rating and Investment Information, Inc.)

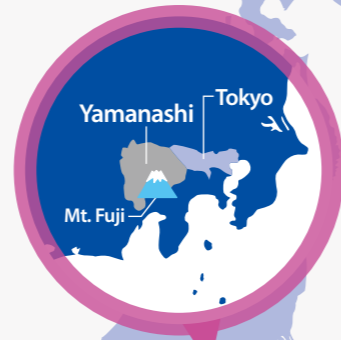
Network:

Domestic: Head Office and Branches: 90 (including 1 Internet Branch), District Offices: 2, Corporate Branch: 1

Overseas: Hong Kong Representative Office

Businesses:

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



Head Office



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Forward-looking statements

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

Consolidated Financial Highlights

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

	2016	2017	2018	2019	2020
Ordinary Income	55,718	55,736	54,120	52,353	47,301
Ordinary Profit	13,829	10,001	7,570	7,458	6,726
Profit Attributable to Shareholders of the Parent	9,452	7,282	4,920	4,908	3,764
Comprehensive Income	106	(15,464)	2,135	6,740	(20,412)
Net Assets	235,158	216,977	217,311	222,388	199,661
Total Assets	3,239,117	3,285,408	3,306,502	3,480,808	3,511,412
Net Assets per Share (Yen)	1,370.62	1,277.73	6,430.17	6,652.04	6,183.83
Profit per Share (Yen)	54.91	42.95	146.48	147.15	116.43
Capital Adequacy Ratio (Domestic Standard, %)	18.05	16.82	14.14	13.80	13.22
Return on Equity (%)	4.03	3.25	2.29	2.25	1.80
Price Earning Ratio (Times)	7.52	11.59	14.95	9.31	6.32
Cash Flows from Operating Activities	70,287	(91,511)	79,725	82,750	(23,354)
Cash Flows from Investing Activities	(17,638)	245,900	(27,367)	124,502	(134,180)
Cash Flows from Financing Activities	(2,397)	(2,868)	(1,783)	(1,681)	(2,287)
Cash and Cash Equivalents	109,309	260,830	311,403	516,974	357,152

Millions of yen

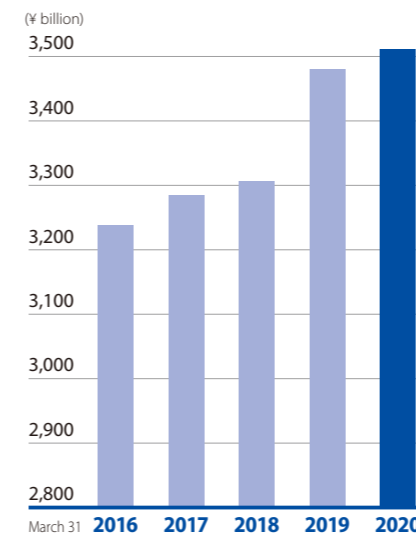
Notes

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

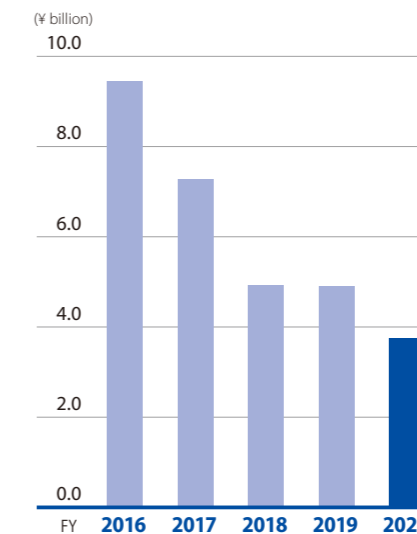
(2) The Bank consolidated its shares at a ratio of five shares to one share on the effective date of October 1, 2018. Accordingly, net assets per share and net income per share are calculated on the assumption that the consolidation of shares was conducted at the beginning of the fiscal year ended March 31, 2018.

(3) The capital adequacy ratio is calculated on a consolidated basis in accordance with Bulletin Notification No. 19 issued by the Financial Services Agency in 2006 under Paragraph 2, Article 14 of the Banking Law. The Bank has adopted the Japanese standard for the calculation.

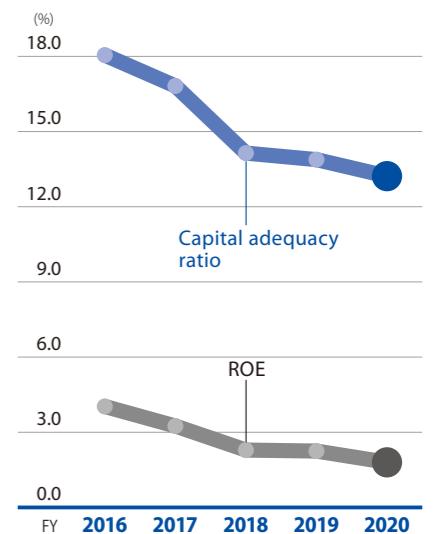
Total assets



Profit attributable to shareholders of the parent



ROE/ Capital adequacy ratio (Domestic standard)





President
Mitsuyoshi Seki

We strive to be a financial institution that shares hopes and dreams with our customers, based on the keywords of “ambition” and “empathy.”

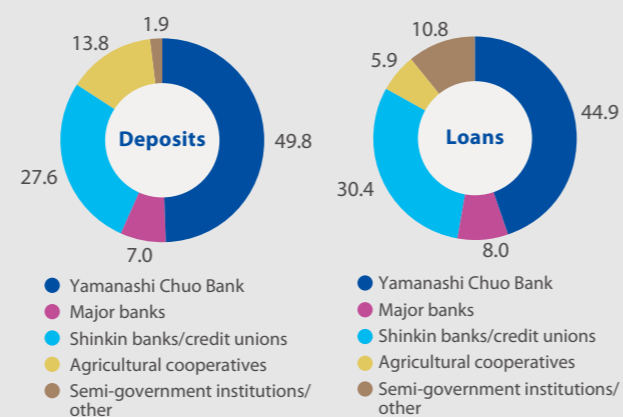
The Economy of Yamanashi Prefecture—Our Business Base

General Prefectural Production (fiscal 2017): **¥3,346 billion**
 Real Growth Rate (fiscal 2017): **3.9%**
 Shipment Value of Production in Prefecture (2018): **¥2,584 billion**

Major Products and Their Share in Japanese Market

Products	Shipment Value (¥ billion)	Share (%)	Ranking
Numerical control robots	272.3	75.8	No. 1
Mineral water	75.7	45.6	No. 1
Hoisting machinery	23.6	28.0	No. 1
Semiconductors / IC measuring instruments	58.6	25.0	No. 1

Shares in Yamanashi Pref. (%) (as of March 31, 2020)



Review of Year 1 of the Medium-Term Management Plan

For the Bank, fiscal 2019 was the first year of our new, three-year medium-term management plan “Value+ 2022.” During the year, we strove to generate new value in light of the difficulty in generating earnings from our traditional finance operations due to the negative interest rate environment.

Under the two main pillars of “new value creation” and “bold action reforms with an eye towards transformation,” the new medium-term management plan lays out the three basic strategies: “enhance customer touchpoints,” “create common values,” and “improve personnel vitality,” as well as the two basic priorities of “increase the sophistication of the management and administration approach” and “strengthen CSR based on the SDGs and ESG

principles,” and we have begun to build the foundations of a business model that is not affected by the interest rate environment.

In terms of enhancing customer touchpoints, we introduced the smartphone app “Wallet+” as a non-OTC channel as well as launched QR code settlements, among other measures.

Many of our customers are using “Wallet+,” as evidenced by the fact as of June 30, 2020, there have been more than 28,000 downloads of “Wallet+” and the app is being used by more than 80% of our customers.

With respect to creating common values, in order to increase opportunities (time) to create value with customers, we implemented BPI (Business Process Innovation) utilizing digital technology, and expanded the functions of our “Smile One” tablets in our branches. This allowed us to reassign approximately 100 branch administrative

Message from the President

staff as sales staff with the aim of bolstering our consulting capabilities.

In terms of improving personnel vitality, with the aim of developing professionals, we carried out strategic placements of young staff utilizing the open recruitment system and dispatched staff to educational institutions and other companies in order to acquire specialized knowledge. In addition, as a mechanism to promote the fostering and transformation of a free and open corporate culture, we introduced a tool called “T-LINE” that allows all staff to directly submit new ideas to the president, in addition to starting “business casual.”

As far as increasing the sophistication of the management and administration approach is concerned, we are working to introduce a Risk Appetite Framework (RAF) to strengthen earnings and our risk management approach. In terms of strengthening CSR based on the SDGs and ESG principles, we formulated the “Yamanashi Chuo Bank Group’s SDGs Declaration,” and are engaged in regional economic revitalization and regional contribution efforts from the perspective of SDGs and ESG. We have made progress on new initiatives, such as the January 2020 launch of the “Yamanashi Chuo SDGs Fund,” and going forward we will make further contributions to the regional society based on the perspective of SDGs and ESG.

Recognition of Key Social Issues Represented by the SDGs and ESG

We recognize that all of Japan, including Yamanashi Prefecture, is currently facing major social issues such as a declining population and a falling birthrate together with an aging population. In addition, we believe that we must deal with environmental problems such as climate change today, rather than pushing the burden on to children to deal with in the future.

Digital transformation utilizing digital technology will be necessary in order to solve these two major social issues through the vitality of companies. In addition, it is important to bring about innovation in various settings, link this innovation with business, and use it to revitalize

the local economy.

Furthermore, I think it is critical for us to think deeply about what exactly happiness is for people.

For example, Japan ranked 62nd in the “World Happiness Report” (2020) published by the Sustainable Development Solutions Network, four spots lower than in 2019. On the other hand, Yamanashi Prefecture ranked 12th in Japan in the “Regional SDGs Survey 2019” conducted by Brand Research Institute, Inc., which means that many residents of Yamanashi Prefecture are relatively happy.

Yamanashi Prefecture has lots of natural areas, is blessed with local resources such as fruits, vegetables, and wine, and has the geographical advantage of being adjacent to Tokyo. There is a good chance for Yamanashi Prefecture to become No. 1 in terms of happiness. I think that by quickly building the stage for a new era in which young people play a key role, we can boost the level of happiness in Japan as a whole.

Oddly enough, I feel that the COVID-19 pandemic has provided an opportunity to take a fresh look at issues facing society. The COVID-19 crisis has had a significant impact on the prefecture’s economy, and we need to quickly rebuild the economy in Yamanashi Prefecture. For example, in the jewelry industry, which is one of our local industries, businesses have not been able to hold exhibitions in order to avoid having people crowd together. In response, as an alternative method, we have collaborated with partner companies, Yamanashi Prefecture, and the jewelry industry in the prefecture, and will hold an online jewelry fair for Chinese customers using a communication app.

We want to actively incorporate such innovative methods not only in the jewelry industry, but in all industries, thereby contributing to the expansion of sales channels and the recovery of the prefectural economy.

Future Management Strategy

We have established a long-term vision of being a “Value Creation Bank” as we look ahead to the 150th anniversary of our Bank’s founding in 2027. Fiscal 2020 is the second



President
Mitsuyoshi Seki

year of our medium-term management plan “Value+ 2022,” under which we will execute the first three years of this vision.

In addition, we realize that the most pressing issue for fiscal 2020 is to help our customers in the region who have been seriously affected by the COVID-19 crisis.

Amid this situation, and based on “the 3S Action Guidelines” of Smile, Speed, and Simple, we will provide thorough financial intermediary functions to our customers in the region, and make progress on initiatives that please our customers, energize our personnel, and excite everyone in the area.

Message to Stakeholders

Businesses and individuals throughout Japan are facing historical hardships due to the COVID-19 crisis. The Bank is committed to thoroughly supporting everyone who is working hard without losing hope despite the circumstances. The Bank views the challenge of COVID-19 as an opportunity to fulfill Our Mission as a financial institution, and we will continue to work diligently to solve all of our customers’ problems, centered on financing support.

Ambition and empathy are particularly key to this effort. All officers and employees of the Bank will face the historical hardship head on, with ambition and empathy based on the 3S Action Guidelines originating with the customer. We will provide a variety of services that will bring smiles to customers, while warmly interacting with customers based on their situation, quickly finding solutions to their problems, and keeping explanations and advice easy to understand.

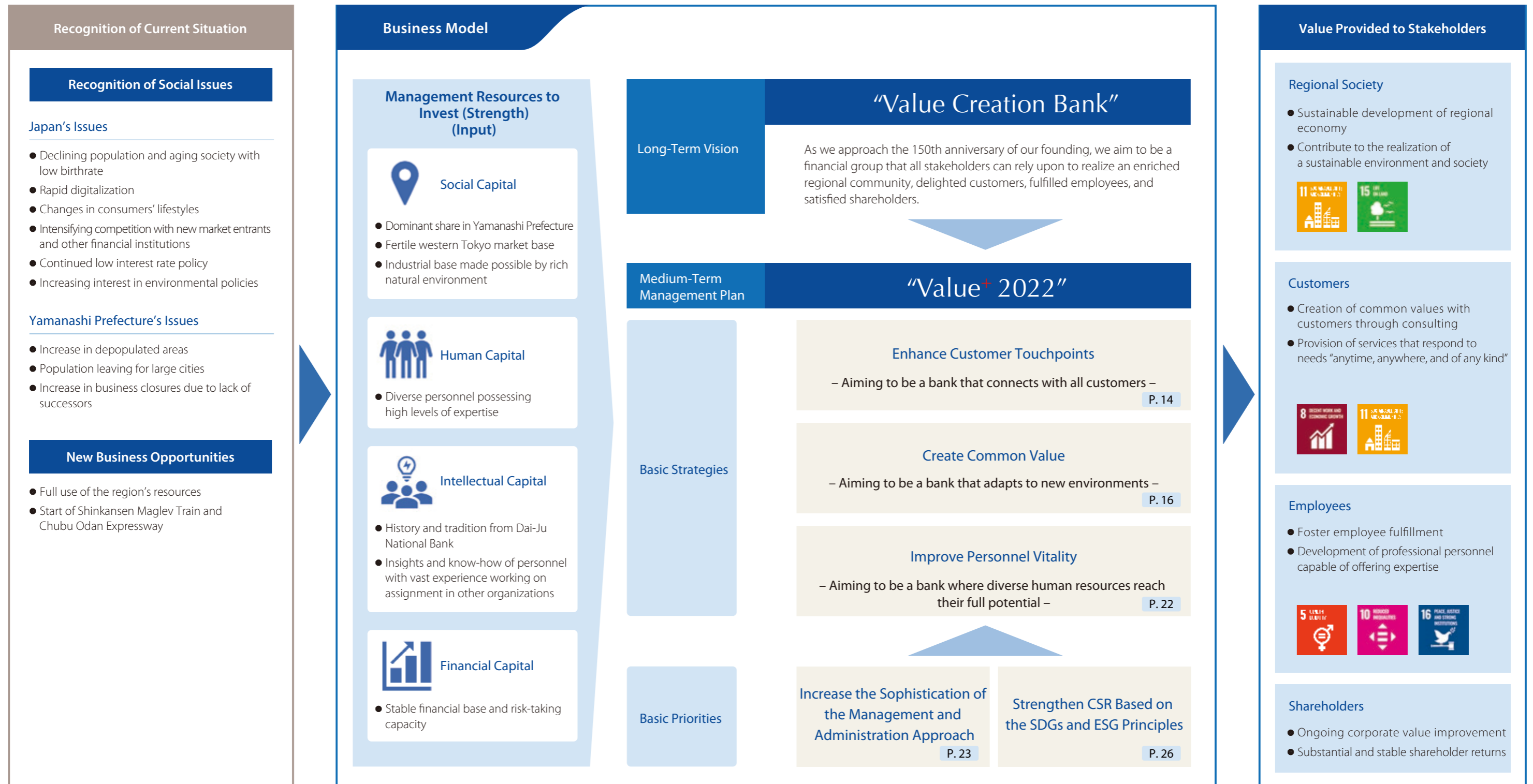
First of all, we will solve customers’ cash flow problems, staying close by our customers so that the COVID-19 crisis does not cause them to lose motivation. After that, we will work together with customers on a path to recovery and revitalization, and provide committed support so that they can make a solid rebound after the COVID-19 pandemic is over.

Through activities based on ambition and empathy, we will deliver smiles, energy, and excitement to our customers, society, shareholders, and all of our other various stakeholders, as we continue to strive to be a financial institution that people can share their hopes and dreams with. We look forward to your continued support.

Yamanashi Chuo Bank Group's Value Creation Process

Yamanashi Chuo Bank Group's mission is "region-based operations and sound management," and the Bank will continue to provide new value to all stakeholders, including local communities and our customers, employees, and shareholders.

Leveraging our strengths, we aim to establish a sustainable "next-generation business model" that puts customers first in response to environmental changes.



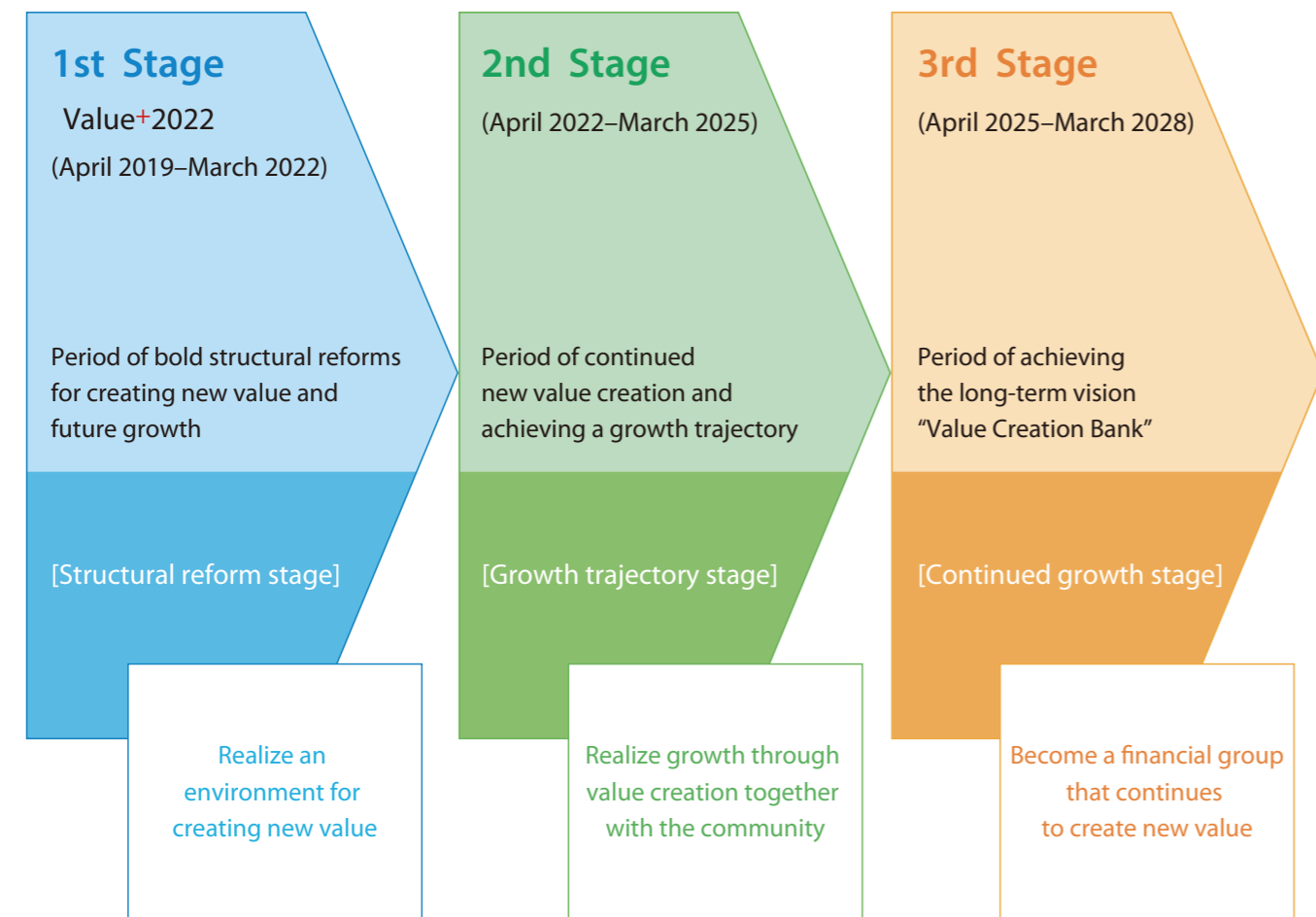
Initiatives Ahead of 150th Anniversary of Founding (2027)

Approach to Achieve Long-Term Vision

Long-Term Vision

Value Creation Bank

As we approach our 150th founding anniversary, we aim to be a financial group that all stakeholders can rely upon to realize an enriched regional community, delighted customers, fulfilled employees, and satisfied shareholders.



Quantitative Targets for the Final Fiscal Year of the Medium-Term Management Plan

Item	FY2019 Results	FY2021 Targets
Interest on loans	¥15.8 billion	¥17.5 billion or more
Non-interest revenue	¥ 7.7 billion	¥ 9.0 billion or more
Net income	¥ 3.4 billion	¥ 3.5 billion or more
OHR (Operating expenses/Core gross business profit)	75.3%	Under 80%

CSR Message, Basic Policy on CSR

CSR Message

“Together with the region, for the future”

Basic Policy on CSR

Since its foundation, the Yamanashi Chuo Bank Group’s constant mission has been “region-based operations and sound management.” Guided by this mission, we will work to develop the regional economy through business activities in response to the needs of various stakeholders, including regional society, customers, shareholders and employees, with a solid foundation of compliance. At the same time, we are strongly aware of the social and environmental aspects of Our Mission, and will contribute to the realization of a sustainable regional society.

Yamanashi Chuo Bank Group’s SDGs Declaration

Guided by our Basic Policy on CSR, we have formulated the Yamanashi Chuo Bank Group’s SDGs Declaration and have further strengthened our CSR activities accordingly.

Yamanashi Chuo Bank Group’s SDGs Declaration

Based on Our Mission of “region-based operations and sound management,” we, as a regional financial institution, have supported the development of local companies and industries, energized communities and backed the creation of affluent lifestyles for people living in the region while striving to realize a sustainable society, in order to contribute to the achievement of the SDGs (Sustainable Development Goals) advocated by the United Nations.

10 May 2019
President Mitsuyoshi Seki

Key measures

- Strive to reduce environmental impact
To protect our lush and pristine natural environment, we will implement initiatives to reduce our environmental impact through our business activities, along with supporting customers who are engaged in environmental protection and environmentally friendly businesses. Through these initiatives, we will work to energize regional environmental protection activities and solve environmental problems.
- Develop a sustainable regional economy
As a regional financial institution, we will support the development of regional companies and industries by providing a wide range of financial services. At the same time, as we strive to improve financial literacy to develop the next generation of leaders, we will work to solve a variety of issues.
- Appoint and utilize diverse human resources
By promoting diversity, we will show respect for human rights and individual differences as we strive to enhance the work, family and daily lives of all people, so that diverse human resources can reach their full potential.



The SDGs are international goals for the 2016-2030 period adopted at the U.N. Summit in 2015. Building on the principle of “leaving no one behind,” the SDGs aim to solve a wide range of global issues, including climate change and inequality. The SDGs comprise 17 goals and 169 targets in order to realize a sustainable world for the entire international community, including industrialized countries.

Formulation of the Medium-Term Management Plan “Value+ 2022”

In April 2019, the Bank launched its medium-term management plan “Value+ (“Value Plus”) 2022” covering the period from April 2019 to March 2022. The plan is outlined below.

Management Policies

In order to realize Our Mission, the Bank and its Group companies are bringing together their collective capabilities and implementing a wide range of initiatives. This is so that they can accurately and promptly address increasingly diverse and sophisticated regional financial needs.

Business Environment and Key Issues Ahead

In Yamanashi Prefecture, our main business base, progress is being made on upgrading and expanding transportation infrastructure ahead of developments such as the opening of the Chubu Odan Expressway through to Shizuoka and the start of operations of

the Shinkansen Maglev Train. Meanwhile, a declining population and shortage of workers have become major social issues for the prefecture. These issues reflect factors such as the aging of society with a low birthrate and young people moving out of the prefecture.

In the financial sector, the Bank of Japan has implemented a negative interest rate policy for an extended period of time. Faced with this situation, it has become an urgent priority for banks and other financial institutions to reshape their profit structure. Meanwhile, innovative digital technology is expected to profoundly transform conventional financial functions and services.

In this environment, the Bank launched its medium-term management plan “Value+ 2022” in April 2019. Guided by the plan, the Bank will implement three basic strategies to address key issues ahead.

Value+ 2022

Plan period: April 2019 to March 2022



The Meaning of “+” The “+” in “Value+ 2022” represents the following.

- We will + (create) common values with customers by diversifying the means for solving customer issues through our consulting services.
- We will + (create) value for the regional society by contributing to the region through CSR activities.
- We will + (enhance) employee fulfillment by creating an environment in which diverse human resources are able to play active roles.
- We will meet the expectations of shareholders and all other stakeholders by + (increasing) the Bank’s corporate value through these initiatives.

Formulation of the Medium-Term Management Plan “Value+ 2022”

• Enhance Customer Touchpoints

The Bank will transform and expand existing branches into specialized function branches according to customer needs. Meanwhile, the Bank will provide new services in keeping with the tide of digitalization, such as smartphone apps that allow customers to complete a variety of transactions and other procedures via the internet.

In addition, in order to further strengthen marketing capabilities in the western Tokyo area, the Bank’s second home market, the Bank will increase staff and upgrade the support system provided by the Head Office.

• Create Common Values

The Bank will implement consulting sales through in-depth conversations with customers. In the process, the Bank will strive to create common values with customers, as part of efforts to provide value to them and maintain and improve sustainable profitability. Concurrently, the Bank will substantially improve its productivity by using the latest digital technology and drastically revising business processes.

• Improve Personnel Vitality

In order to foster greater motivation and fulfillment among individual employees, the Bank will reform the personnel system, beginning with the development of new career paths, and nurture professional human resources capable of addressing increasingly diverse and

sophisticated consulting needs. Through these efforts, the Bank will work to enhance services for a wide range of customers.

The Bank will implement these measures based on the new perspectives of SDGs and ESG. From these perspectives, the Bank aims to achieve sustainable growth, by making a greater contribution to regional economic revitalization than before, along with improving the value it provides to stakeholders. Moreover, the Bank will strengthen risk management, including anti-money laundering and counter-terrorist financing measures. The Bank will also implement compliance measures with an emphasis on adherence to all laws and regulations and other rules. By fulfilling the requests and expectations of society appropriately, we will strive to retain and improve the public’s trust in the Bank.

Regarding the Corporate Governance Code, which prescribes the behavioral standards for listed companies, the Bank aims to pursue the optimal form of corporate governance for the Bank, fully taking into account the intentions of the Corporate Governance Code, and to enhance its corporate value over the medium to long term.

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

— To Accomplish the Medium-Term Management Plan “Value+ 2022” —

The 3S Action Guidelines

Smile	Speed	Simple
The first step in creating common values with customers begins with each employee’s smile. A pleasant smile creates a sense of comfort among customers and leads to deep communication.	In this era of rapid change, we will improve customer satisfaction by quickly and accurately addressing customers’ issues.	Easy-to-understand explanations to customers lead to better communication, and making operations simpler, streamlined, and more efficient leads to greater customer convenience and generates communication.

Initiatives to Enhance Customer Touchpoints

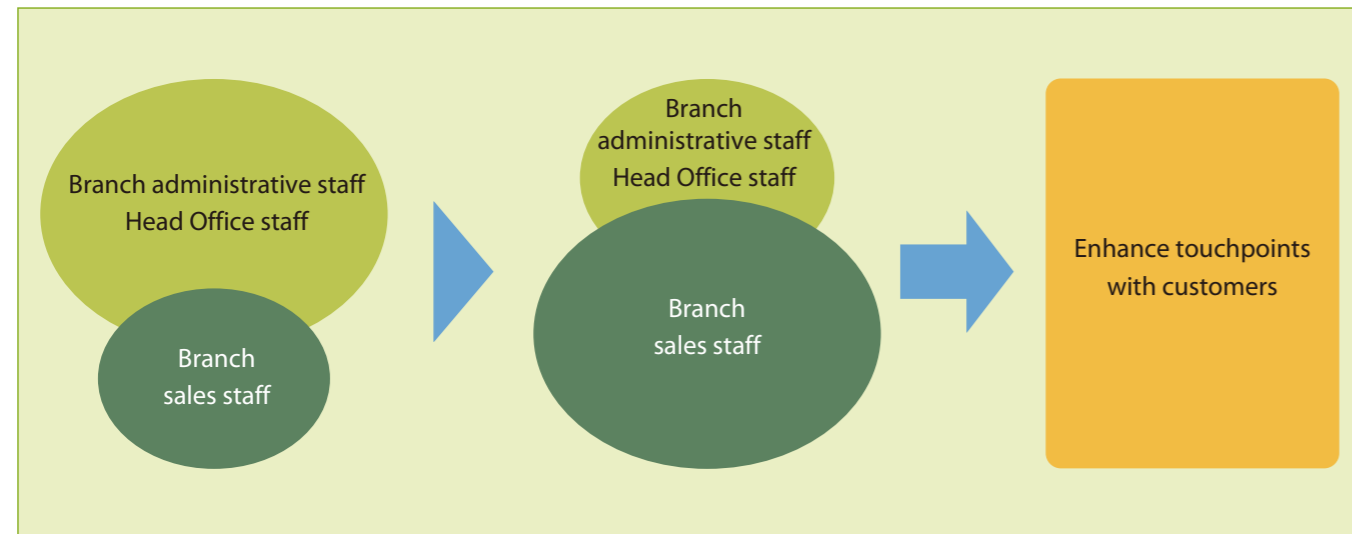
1. Optimize the OTC Channel

We will optimize branches, liaisons, etc. as channels capable of responding to customers' needs "anytime, anywhere, and of any kind."

Increase quantity and quality of the liaison channel

With the aim of strengthening the liaison channel, the Bank is shifting to branch sales personnel as we advance branch/Head Office BPI. In addition to increasing the number of sales personnel, we will work to enhance the sales skills of each person to increase their level of professionalism.

Illustration of strengthening the liaison channel



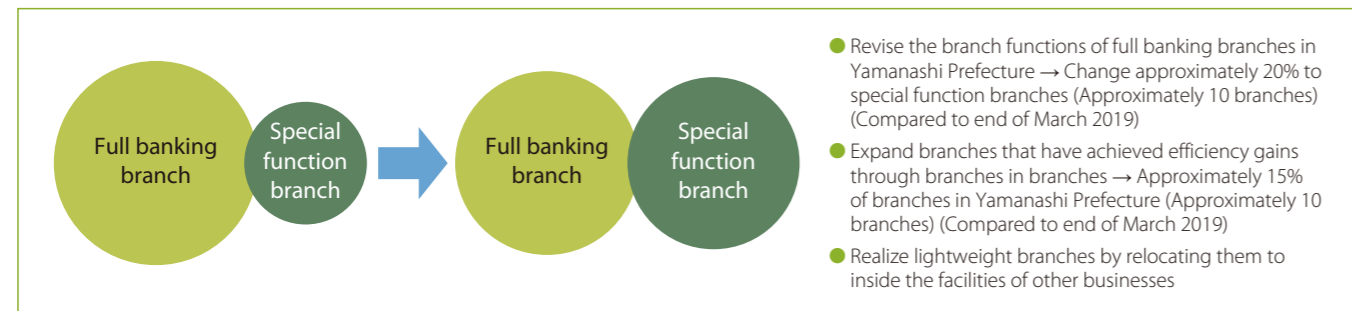
Increase in liaisons' effective consultations with customers

In order to increase opportunities to respond to customers' financial needs, in fiscal 2021 we want to increase effective consultations with customers by 30% compared to fiscal 2018.

Optimize the branch network

In fiscal 2019, we moved four branches via the branch-in-branch method, and transitioned five branches from full banking branches into special function branches, thereby lightening the branch network.

In addition, with respect to those branches for which closure will have a large impact on the local community due to the distance between branches and other factors, in fiscal 2020 the Bank plans to move two branches into the facilities of other businesses.



Concentrate personnel freed up through the optimization of the branch network in Yamanashi Prefecture in the western Tokyo area

We will increase the number of staff and enhance the quantity and quality of services by strengthening the support system (Western Tokyo Consulting Sales Department).

Initiatives to Enhance Customer Touchpoints

Expand branch functions

We are working to build "next-generation-ready branches," increase consultations at Life Square branches, and use branch space effectively.

Build model branches of next-generation branches

We will build "next-generation-ready branches" giving thought to reducing business processing and branch space.

Spread and expand branches with Life Square

We will increase the number of consultations received by raising the recognition of branches open on holidays and at night.

Effective use of branch space

We will consider ways to effectively use branch space in order to create touchpoints with new customers.

2. Strengthen and Expand the Non-OTC Channel

The Bank will strengthen and expand the non-OTC channel as a channel that can respond to customer needs "anytime, anywhere, and of any kind," and achieve connections with all customers.

Strengthen consultation service stance	Strengthen contact points with young people	Respond to cashless society	Use ATMs efficiently
<p>We will strengthen connections with customers by enhancing the non-OTC channel, including building an online consultation system.</p> <ul style="list-style-type: none"> Build online consultation system Online consultation service for corporations 	<p>We will strengthen connections with young people.</p> <ul style="list-style-type: none"> Introduce "Wallet+," a smartphone-exclusive app Roll out bookless accounts at all branches 	<p>As a part of the movement towards a cashless region, we provide services that both enhance customer convenience and help improve businesses' productivity.</p> <ul style="list-style-type: none"> Introduce brand debit cards Introduce QR code settlements Enhance credit cards 	<p>We will optimize the ATM network amid the gradual declining trend in ATM usage.</p> <ul style="list-style-type: none"> Reduce the number of ATMs by 10% during the period of the current medium-term management plan Install joint ATMs with convenience store-affiliated banks Partnerships with financial institutions in Yamanashi Prefecture (explore opening up of ATMs to one another)

Initiatives to Create Common Values

1. Deepen and Expand the Consulting Field

Shift to consulting sales based on deep conversations with customers to realize “comprehensive financial services” and create shared value with customers by solving diverse issues.

Status of initiatives to improve the management of small and medium-sized enterprises (SMEs) and revitalize the region

Policy on initiatives for supporting the management of SMEs

In order to contribute to the prosperity and economic advancement of the region, the Bank is working to promote community-based finance and make financing smoother.

Specifically, by utilizing the network with each of the Bank’s Group companies and external institutions as well as external experts, we will introduce organizations that are the best suited to solve our customers’ management issues. Also, we will work to provide timely and appropriate solutions, including proposals for using support offerings dependent on the progress of solutions. Furthermore, we will endeavor to support smooth provision of funds and management improvement, such as by sincerely and appropriately responding to requests from customers for changes to repayment terms.

Through these efforts, we will provide support with the aim of helping our SME customers resolve their various management issues.

Support for business startups, new business cultivation, growth fields, and fund procurement

• Support for startup and establishment

The Bank has set up a Startup and Establishment Support Desk. As a collaborative effort among the Bank, its Group companies and external organizations, we have established a comprehensive support platform for customers in the startup and establishment phase. The platform provides a wide range of support to such customers, from support for business planning formulation to raising startup funds and achieving business growth after establishment.

In addition, with the aim of contributing to regional economic revitalization by supporting customers who are starting new businesses in Yamanashi Prefecture, we hold business startup seminars, including schools for business startups and secondary startups, head up the female entrepreneur support project, as well as offer the Yamanashi Chuo Bank startup support loan.



• Support for healthcare and nursing care businesses

We have established a support platform for the healthcare and nursing care fields as a collaborative effort among the Bank, its Group companies and external organizations. Besides financial support, such as loans and leases, the platform provides a comprehensive lineup of high-quality support services, ranging from free-of-charge support and information from a dedicated professional consultant in the healthcare and nursing care fields at the Head Office to support from specialized organizations. This support addresses all manner of needs, from starting a business to business improvement, entering new fields and business succession.

• Support for agri-business

Since April 2011, the Bank has operated an Agri-Business School to support business operators who are seeking to conduct agri-business with business sensibility and an entrepreneurial spirit. This course teaches management subjects such as finance, human resource development, distribution, production management, and marketing. It also incorporates extracurricular course activities such as field work and on-site learning tours.



• Support for environmental businesses

For customers who are interested in the power generation business, such as solar power and small hydropower, energy management systems, energy-saving, power conservation, environmental load reduction management and other areas related to the environment, we provide management advice from Head Office environment-related field experts, as well as business matching with facility operators and consultants.

• Support for overseas business

We have established an Overseas Business Support Desk in the Head Office. The Overseas Business Support Desk manager acts as a coordinator, collaborating with partnering overseas financial institutions (8 institutions) and organizations supporting overseas business development, in addition to the Hong Kong Representative Office and employees assigned overseas (in Thailand and Vietnam). Based on this collaboration, the manager provides information and various types of support according to the stage of each customer’s overseas business development.

Specifically, the Bank conducts a range of activities. For customers who are considering expanding their businesses overseas, the

Initiatives to Create Common Values

Bank provides opportunities for them to tour overseas markets. For customers who are considering starting business transactions with overseas companies, the Bank proposes that they acquire credit survey reports on the overseas companies. For customers who are seeking to expand their overseas sales channels, the Bank provides information on various business meetings and makes buyer matching proposals using the internet.



• Support for tourism-related businesses

The Tourism Support Desk conducts a range of activities. It holds inbound tourism seminars, assists business customers in collaboration with Tourism Advisors and external organizations, and disseminates tourism-related information focused on tourism within Yamanashi Prefecture via social networking services.

Specifically, with the aim of regional revitalization through the revitalization of tourism, we support tourism-related businesses by utilizing higher levels of expertise, information, and personnel in cooperation with funds and other external institutions.

Moreover, the Bank is carrying out the “Katakoto Eigo Project” (Beginner’s English Project) at all branches. This initiative seeks to facilitate the development of towns where residents can communicate effectively with inbound tourists in English by improving the English language skills of the residents of Yamanashi Prefecture. The Bank is also working to introduce inbound tourists to client companies through a native English-speaking business advisor.



• Yamanashi Chuo Bank SDGs Investment Limited Partnership

The Bank manages the “Yamanashi Chuo Bank SDGs Investment Limited Partnership,” an investment fund that invests in businesses at all stages, from startup and foundation to growth, management improvement and revitalization, as well as business succession. The purpose of this fund is to strengthen the region’s industrial

power and maintain and expand employment, and otherwise lead to sustainable advancement of the regional society by supporting businesses that will lead the region’s future as well as businesses that are undertaking initiatives aimed at enhancing corporate value and competitiveness in accordance with the 17 goals of the SDGs.

• The Yamanashi Chuo Bank startup support loan “Fine Start”

In addition, we offer the Yamanashi Chuo Bank startup support loan “Fine Start,” with the aim of contributing to regional economic revitalization by offering financial support to customers who are starting new businesses in Yamanashi Prefecture, thereby creating new businesses and maintaining and expanding employment.

This loan features a “performance-linked preferred interest rate” that is linked to the level of achievement of the startup plan in order to boost the business motivation and mindset of business founders as they work to grow and expand their new businesses.

○ Financing support for startups/new businesses

Fiscal 2019 179 loans ¥3,521 million

• Yamanashi Chuo Bank Regional Revitalization Fund

We offer the Yamanashi Chuo Bank Regional Revitalization Fund to provide further support to growth fields and local industries, including healthcare and nursing care, the environment, agriculture, tourism, and manufacturing.

○ Financing results

Fiscal 2019 736 loans ¥12,818 million



Business matching

• Matching the universities’ technology seeds with companies’ needs

The Bank provides business matching services to customers, particularly those in the manufacturing sector. Such activity includes disseminating information about the technology seeds held by the University of Yamanashi and Yamanashi Gakuin University, as well as efforts by University of Yamanashi Guest Social Collaboration Coordinators to match technology seeds with companies’ needs.

• Business matching through bank-sponsored business events

We worked to help customers cultivate sales channels by holding the “Yamanashi Food Sector Business Matching Fair 2019 in TOKYO” and the “Yamanashi Food Business Liaison Conference.”

Since fiscal 2005, we have completed 3,221 business matching deals by utilizing our customer information via our network, including through these bank-sponsored business events.

○ Business matching deals through the Bank’s network and bank-sponsored business events

Fiscal 2019 402 lines



• Achievements in support for management improvement

(April 2019 to March 2020)

Debtors (excluding normal borrowers) as of the start of the term: A	1,683
Of which, those receiving management improvement support: a	108
Of which, those that upgraded their debtor categories as of the term-end: b	6
Of which, those drawing up reconstruction plans: c	82
Percentage receiving management improvement support: (a/A)	6.4%
Percentage upgraded: (b/a)	5.6%
Percentage drawing up reconstruction plans: (c/a)	75.9%

Activities for regional revitalization

Participation in regional development such as regional revitalization projects

• Activities in collaboration with regional communities

Aiming to strengthen mutual partnerships targeting regional economic development, the Bank has concluded partnership agreements with local governments in Yamanashi Prefecture. Under these agreements, the Bank is collaborating with partnering local governments to revitalize agriculture, commerce and industry, promote relocation to Yamanashi Prefecture, and promote tourism and town development. Activities include promoting regional products at its branches in Tokyo, assistance with holding relocation counseling events, as well as coordinating PR events in central Tokyo.

In addition, the Bank has concluded the “Partnership Agreement regarding Regional Revitalization through the Use of Vacant Houses,” with Koshu City and a real estate information website operator, and is working to solve regional issues, including supporting various measures aimed at addressing the problem of unoccupied houses in Koshu City.

Moreover, as an initiative extending beyond the prefectural border, the Bank concluded the Partnership Agreement on Promoting Tourism in the Fuji-Hakone-Izu Region with The Bank of Yokohama, Ltd. and The Shizuoka Bank, Ltd. Under this agreement, the Bank has conducted regional economic revitalization activities encompassing an expansive area. One activity was concluding partnership agreements with Central Nippon Expressway Company Limited (NEXCO) and The Shizuoka Bank, Ltd. following the extension of the Chubu Odan Expressway.

In addition, the Bank was selected as a partner in the Ministry of Land, Infrastructure, Transport and Tourism’s PPP agreement, established the Yamanashi PPP/PFI Regional Platform with Yamanashi Prefecture, and is supporting town development and efficient administrative and fiscal management through private-public partnerships.



• Regional revitalization through the Yamanashi Chuo Bank Regional Revitalization Fund

The Bank established the Yamanashi Chuo Bank Regional Revitalization Fund in December 2015 in order to contribute to the prosperity of the local community and the revitalization of the local economy by providing grants to organizations and individuals engaging in efforts that contribute to regional revitalization.

Since transitioning to become a public interest incorporated foundation in March 2016, the fund has been offering grants to startups as a public interest purpose business. Through fiscal 2019, aid has been offered to a total of 237 businesses.

Going forward, the Bank will continue to work to revitalize the region by offering grants.

• Encouraging people to move to and live in Yamanashi Prefecture

The Bank has concluded the “Partnership Agreement on Attracting and Retaining a Resident Population” with Yamanashi Prefecture. To encourage residents of the Tokyo metropolitan area to move to and live in Yamanashi Prefecture, the Bank has set up “Move-to-Yamanashi Desks” in its branches in Tokyo and Kanagawa Prefecture. Each Branch Manager has been entrusted by Yamanashi Prefecture to serve as a “Move-to-Yamanashi Advisor.” In this role, the Branch Managers provide information on Yamanashi Prefecture, along with fielding the inquiries of people interested in relocating to Yamanashi Prefecture and forwarding these inquiries to the Yamanashi Living Support Center.

Moreover, the Bank is helping to spread the word about the attractiveness of Yamanashi Prefecture. The Bank distributes promotional videos on municipalities in Yamanashi Prefecture via a content distribution system installed in branches in Tokyo and Kanagawa Prefecture. We have also installed special document stands to hold promotional leaflets on municipalities in Yamanashi Prefecture. Additionally, the Bank offers Municipality Partnership Housing Loan products for 19 municipalities. These loans are linked



to subsidies established by municipalities to encourage inbound migration, with the aim of developing an environment to welcome more people seeking to move to and live in Yamanashi Prefecture.

Going forward, the Bank will continue to implement measures in cooperation with the initiatives of municipalities, with the aim of encouraging more people to move

to and live in Yamanashi Prefecture.

Initiatives to support industry through cooperation with industrial, government, and academic institutions

• Collaboration with universities

The Bank has concluded agreements on comprehensive partnerships with each of the following universities: the University of Yamanashi, Yamanashi Prefectural University, Yamanashi Gakuin University, and Yamanashi Gakuin Junior College. The Bank publishes “Direct News on Business Opportunities Originating from the University of Yamanashi” and Yamanashi Gakuin University’s “Business Navigation,” both of which are reports that present the research activities of each university. In addition, the Bank has dispatched an employee to serve as a Community Collaboration Coordinator at the University of Yamanashi. Moreover, in November 2017, the Bank concluded an agreement on partnership and cooperation with the Platform of University Intellectual Property (PUiP). In these and other ways, the Bank is implementing measures that will pave the way for regional economic revitalization and promote regional development.



• University of Yamanashi Guest Social Collaboration Coordinators

The Bank is working to revitalize the regional economy by creating and finding promising projects through industry-academia collaboration. To this end, the Bank takes steps such as matching the technology seeds held by universities with the needs of companies.

As of March 31, 2020, the University of Yamanashi had appointed 111 Bank employees as “University of Yamanashi Guest Social Collaboration Coordinators.” In this role, these employees serve as liaisons between industry and academia.

Initiatives towards customer-first management

• Providing easy-to-understand explanations to customers

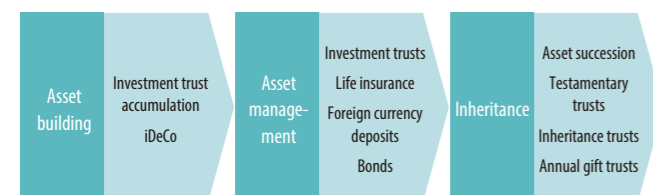
We have started making portfolio proposals in order to provide easy-to-understand explanations to customers about asset allocation and the degree of risk/return of the financial products we manage.

When making proposals to customers and following up with them after sales, we are promoting the use of this tool that has excellent visibility as well as holding asset management seminars and investment briefings as needed.

• Initiatives to develop personnel

The Bank limits personnel who sell financial products to those who have passed the Bank's internal qualification examination to make sure that they are able to properly respond to customers' wishes. In addition to personnel development through such a sales qualification system, in order to provide high-quality consulting proposals based on broad financial knowledge, we are promoting certification as a Certified Skilled Professional of Financial Planning (FP), a national qualification, among our sales personnel.

• Customer-based consulting



We work closely with our customers according to their stage in life and propose appropriate solutions for both their potential and explicit needs. Through these efforts, the number of policyholders and investment trust holders of accumulation-type products, such as investment trust accumulations and level premium insurance, is increasing year by year, especially for customers in their asset-building years.

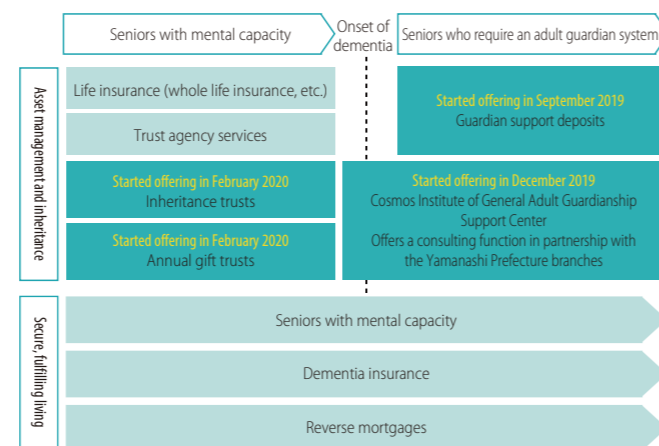
Consulting sales for individual customers

In order to respond to the diverse needs of customers in the region, the Bank is enhancing its products and services, and is working to provide more convenience to customers.

• Consulting lineup for seniors

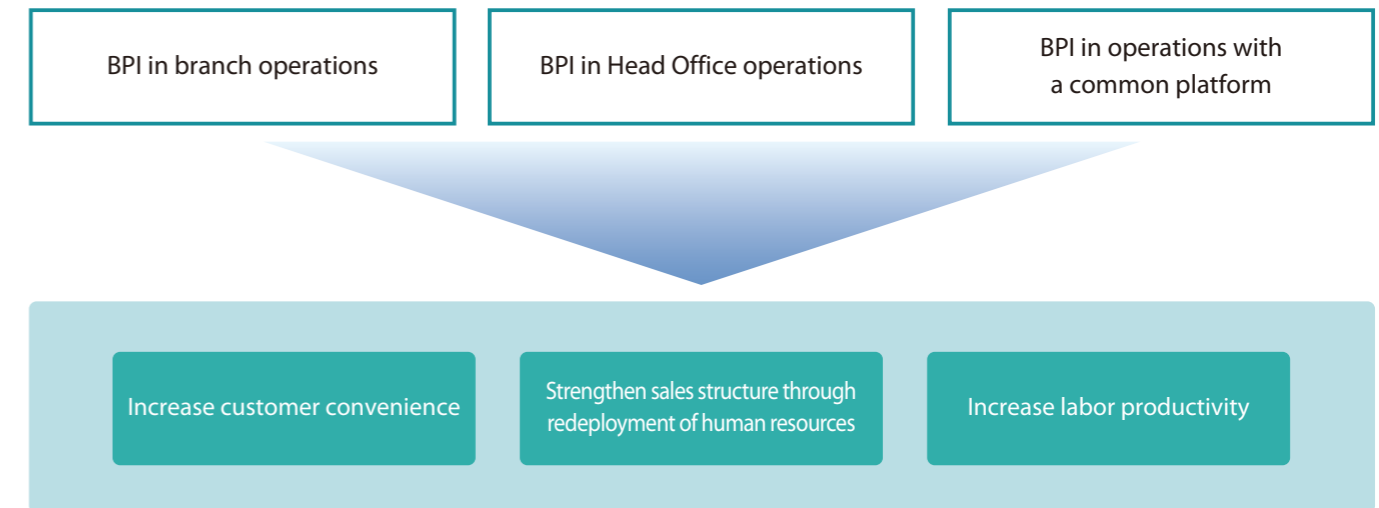
The Bank has developed a product lineup responding to the particular needs of seniors and their families.

In addition to the senior-minding service and reverse mortgages, in September 2019 we introduced guardian support deposits and in February 2020 we introduced inheritance trusts and annual gift trusts, thereby putting in place a framework capable of answering a wider range of needs than before.



2. Increase Productivity through BPI

The Bank will continue to build a foundation for a next-generation business model in response to environmental changes by dramatically improving the productivity of overall banking operations through operational reforms and other measures.



BPI in branch operations

Rationalize and increase efficiency of reception operations

• Preparation services for transaction slips featuring QR codes

We started a service that generates tickets with QR codes in September 2019. When a customer enters the type of activity (deposit/withdrawal), account name, account number, amount, and description on the Yamanashi Chuo Bank website, a slip (PDF) with a QR code is generated. If the customer prints out the slip, affixes their notification stamp in case of withdrawal, and brings it to a branch, they are able to conduct their transaction more smoothly.

• Expansion of functions of the in-branch-only tablet "Smile One"

In order to further enhance convenience for customers and improve administrative efficiency, we started accepting applications for personal loans using "Smile One" tablets, which are available only in branches.

Rationalize and increase efficiency of back-office operations, etc.

By rationalizing and increasing the efficiency of back-office operations at branches, we are striving on a daily basis to establish a system capable of handling applications and consultations from customers. In fiscal 2019, we addressed the following operations.

- Centralized parts of real estate collateral documentation preparation for business loans at the Head Office

- Began Head Office-concentrated registrations of financial data utilizing the TKC monitoring information service
- Rationalized ledger binding clerical work (insert and seal in dedicated package)

BPI in Head Office operations

Streamline organization and operations

• Automate operations using RPA

By March 2020, we had developed an RPA robot for 15 tasks, centered on data aggregation and data entry tasks, and reduced working hours by 2,440 hours per year.

• Reassignment of human resources

By reorganizing the Head Office and consolidating overlapping departments, we reassigned 69 Head Office employees to other areas by March 2020, as we worked to bolster the sales framework.

BPI in operations with a common platform

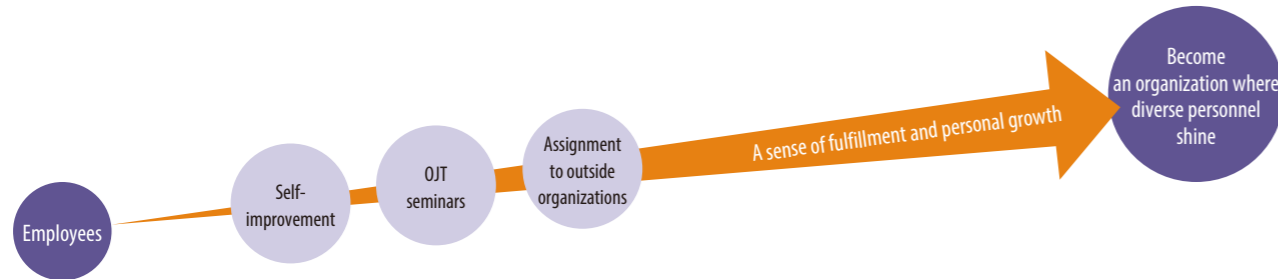
Systemize and adopt paperless operations

- Expanded paperless operations through digitalization, such as for regulations for various types of deposits, etc.
- Made ledgers, etc. paperless by changing administrative methods for restructured loans, etc.
- Adopted paperless processing for stored documents concerning branch screening of individual loans
- Expanded paperless operations through digitalization of various types of internal documents by using groupware

Initiatives to Improve Personnel Vitality

1. Personnel Management to Promote Vitality in Individual Employees

We aim to create a highly motivated organization where individual employees experience fulfillment and pride by fully utilizing their strengths and where everyone can play a role.



Initiatives to reform the organizational culture

• Implemented business casual wear

Starting in May 2020, we introduced a business casual dress code throughout the Group to allow employees to work more comfortably and to foster a free-spirited corporate culture.



• Employee (eNPS) questionnaire surveys

As a part of reforming the organizational culture, we are conducting employee questionnaire surveys to measure employee loyalty (eNPS) and to create a work environment where diversity can be taken advantage of.

Initiatives to support balancing work and home life

• Regularly held information exchange meetings with the aim of supporting the return to work of people on child-rearing leave

We regularly held information exchange meetings for employees on child-rearing leave with the aim of alleviating their concerns about returning to work and enabling a smooth return to work.



2. Develop Specialist Human Resources (Professionals)

We have created an internal human resource development system in which each employee can achieve a real sense of growth and we can develop specialists (professionals) in the consulting field which is becoming increasingly diverse and sophisticated.

Support the development of young employees and bolster the OJT system

• Introduction of “Y-Support” individual guidance training

As a measure for developing young employees and strengthening the OJT function, from fiscal 2020 we have changed our training method from the conventional “mass group” training to “individual guidance” training with small numbers of participants.

Assign employees to work at outside companies and organizations

• Assigning employees to work at other companies, etc.

With the aim of improving our employees’ ability to make good

judgments about companies based on having learned the nuances and know-how of various industries, over the five years from fiscal 2012 we assigned 50 employees to do work stints at other companies, centered on local industries.

In order to make full use of the specialized knowledge and experience gained by employees who have returned to the company following the completion of an outside work assignment, we assign such employees to work in a Head Office department that supports client companies and regional revitalization, or in branches where they can make use of their experience.



Increase the Sophistication of the Management and Administration Approach

Risk Appetite Framework (RAF) initiatives

The business environment for regional financial institutions is becoming increasingly challenging due to factors such as the declining birthrate and aging population and the prolonged negative interest rate policy. As such, building a sustainable business model has become an urgent task for the Bank. In order to build a sustainable business model, a Risk Appetite Framework (RAF) that optimizes the balance between profits and risk, and comprehensively and integrally manages the avoidance of risks that have a significant impact on management, is considered useful.

At the Bank, we have been working to strengthen the profit and risk management system utilizing an RAF as a part of the “Value+ 2020” medium-term management plan. We established a project team to build the RAF, and have been deliberating over the formulation of a risk appetite policy at the ALM Committee and other meetings.

Corporate governance

Guided by its social responsibility as a banking institution and its public service mission in that role, the Yamanashi Chuo Bank aims to secure the trust of various stakeholders, including customers, shareholders, staff members and the community it serves, by such means as maintaining the Group’s sound management and assuring transparency of management, in conjunction with contributing to the prosperity of the regional community and the development of its economy.

To this end, the Bank has built a stronger internal control system and organizational structure, along with working to enhance corporate governance, notably by maintaining high ethical standards among all management and staff members, and ensuring the active disclosure of corporate activities.

Details of the Bank’s organizations

The Bank has adopted a corporate governance system based on the “Company with Board of Auditors” model. The Board of Directors determines management policies and other important matters, along with supervising the business execution of the Directors. The Bank takes steps to strengthen the Board of Directors’ supervision of management. For example, the Bank has appointed three Outside Directors to participate in meetings of the Board of Directors, both of whom are independent of business execution.

Moreover, the Bank has set up a Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. This committee was formed to ensure further impartiality, transparency and objectivity in the decision-making process pertaining to the appointment and dismissal of members of the management team (managing directors and above) and the nomination and remuneration of directors, as well as related matters.

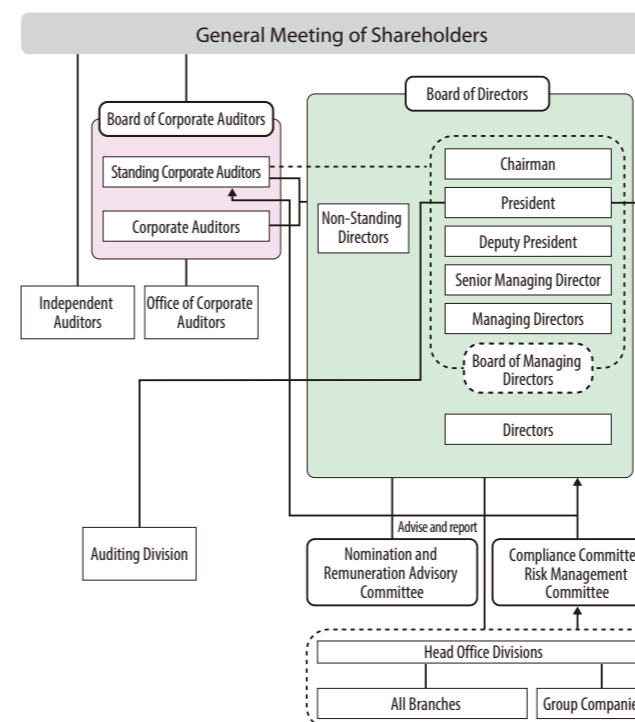
The Board of Corporate Auditors determines audit policies, audit plans, audit methods and related matters, along with auditing the business execution of the Directors from an independent standpoint from the Board of Directors.

The Bank also has a Board of Managing Directors, Compliance Committee and Risk Management Committee. The Board of Managing Directors discusses and passes resolutions on important matters pertaining to the Bank’s overall business management and business execution in accordance with the basic management policies approved by the Board of Directors. The Compliance Committee discusses and monitors the implementation of measures to develop and establish a compliance system. The Risk Management Committee seeks to conduct effective and agile risk management in response to changes in the business environment.

Additionally, with the aim of enhancing corporate governance, the Bank has established an Executive Officer System in order to separate the management decision-making function and the business execution function.

To provide a comprehensive range of financial functions, the Bank has four Group companies engaged in business activities such as credit guarantees, leasing, credit cards and consulting services. These companies are managed in an integrated manner as part of the Yamanashi Chuo Bank Group.

Structure of the internal control system



Risk management

The operating environment for the financial situation has been changing, and banks consequently face increasingly diverse and complex risks.

To secure a steady earnings stream into the future, it is therefore essential for the Bank to accurately monitor and measure the various risks involved in the conduct of its banking operations, and then to continuously manage those risks.

The risks the Bank faces are broadly grouped into risk categories such as credit risk, market risk, liquidity risk and operational risk, and managed accordingly. Based on integrated risk monitoring and analysis, the Bank's ALM Committee and Risk Management Committee assess the possible impact of those risks on the Bank's operations and work out countermeasures.

The Bank allocates capital to ensure sound banking operations and the effective use of capital.

Compliance – Protecting customers

• Compliance – Initiatives to protect customers

With regard to compliance, we believe that our duty is not solely to abide by the law, but also to ensure the strict observance of a wide range of social rules, including social norms and business ethics, to meet the demands and expectations of the broader community as a corporate citizen. In other words, compliance entails adapting adroitly to changes in society as we strive to ensure the protection of customer rights and the enhancement of convenience.

The Bank has positioned compliance as one of its top management priorities. In order to maintain and further solidify our relationship of trust with customers, we are working to establish and bolster our compliance framework, centered on the Compliance Committee. In addition, the Bank has appointed a Compliance Officer in each Head Office department and in all branches. Compliance Officers advance compliance initiatives in their respective workplaces.

Specifically, we formulate a Compliance Program each fiscal year which serves as an action plan for achieving compliance. The Compliance Program details specific measures for compliance with laws and regulations, as well as compliance training plans and other content, and each Head Office department and branch works together to execute the program.

We have also created a Compliance Manual that serves as a handbook for realizing compliance.

The Compliance Manual explains the spirit of Our Mission, which is "Region-based operations and sound management," as well as the Nine Principles of Compliance based on corporate ethics and social norms, along with explaining finance-related laws and regulations, among other topics. This Compliance Manual highlights the importance of compliance.

In response to societal demands, the Bank has included organized crime group exclusion clauses in various agreements and transaction provisions in order to further strengthen our efforts to block relationships with anti-social forces such as organized crime groups.

Going forward, the Bank will continue to further strengthen the compliance framework.

Basic policy on the prevention of money laundering and terrorist financing

The Group sees the prevention of money laundering and terrorist financing (hereinafter, "ML/TF") as a top management priority. Accordingly, the Group has developed and established an effective management framework, and is implementing measures to prevent ML/TF as follows:

1. Compliance with relevant laws, regulations and other rules

The Group will comply with all applicable laws and regulations, policies and other rules concerning the prevention of ML/TF.

2. Development of systems

The Group will clearly define the roles and responsibilities of managers and staff members involved in Anti-Money Laundering/Counter Financing of Terrorism (hereinafter, "AML/CFT"). Integrated management of AML/CFT will be carried out under appropriate cooperation among all the relevant departments.

3. Risk-based approach

In accordance with the risk-based approach, the Group will identify and evaluate in a timely and accurate manner the ML/TF risks it faces, and implement mitigation measures commensurate with those risks.

4. Suspicious transaction reports

The Group will develop a framework for swiftly reporting to the regulatory agencies any suspicious transactions it detects in the course of its operations.

5. Management of correspondent banks

The Group will strive to gather information on correspondent banks, appropriately evaluate such information, and implement mitigation measures in line with the risk. In cases where the correspondent bank is a shell bank, or if the Group has permitted a shell bank to use an account, the Group will not conclude or maintain a correspondent agreement with such a shell bank.

6. Education and training

The Group will continuously provide the necessary and appropriate training and other educational activities to all executives and employees according to their roles, thereby enhancing their abilities and deepening understanding of measures to prevent ML/TF across the entire organization. Concurrently, the Group as a whole will foster a corporate culture that resolutely counters ML/TF.

7. Internal audit

The independent Auditing Division will conduct regular audits of the framework to prevent ML/TF. Based on the audit results, the Group will strive to further enhance this framework.

Nine Principles of Compliance (Business Ethics)

- 1 Fulfill the public mission of banks
- 2 Provide high-quality financial services
- 3 Strict compliance with laws and regulations and other rules
- 4 Society and communication
- 5 Respect for human rights
- 6 Workstyle reforms, enhancement of the workplace environment for management and employees
- 7 Activities to tackle environmental problems
- 8 Contribute to social inclusion and development
- 9 Take steps to mitigate threats such as severing any ties with anti-social forces and countering terrorist financing

1. Activities to Tackle Environmental Problems

Formulation of Environmental Policy

As environmental problems such as global warming become more serious, as a company rooted in the region, we believe that it is important for us to proactively address environmental problems and contribute to the creation of a sustainable local society.

Under our Environmental Policy, the Bank will promote environmental conservation activities more proactively and continuously than ever before.

Yamanashi Chuo Bank Environmental Policy

The Yamanashi Chuo Bank is a regional bank that operates principally in a region blessed with one of Japan's most picturesque and bountiful natural environments. As such, the Bank is strongly committed to protecting the global environment. The Bank believes that activities to tackle environmental problems are the foundation of its corporate social responsibilities (CSR). The Bank complies with environmental laws and regulations, along with accurately monitoring the impact of its business activities on the environment. Concurrently, the Bank works to actively and continuously implement environmental protection activities.

1. The Bank will strive to reduce environmental impact by promoting the conservation of resources and energy, with a view to harmonizing its business activities with the environment as a financial institution.
2. The Bank will strive to help improve the regional community environment through the supply of financial products, services, information and so forth.
3. Every executive and employee will increase their understanding of environmental problems, and actively implement environmental protection activities in the regional community.

Strengthen activities to reduce the Bank's own environmental impact

• Preservation and rehabilitation projects in socioecological landscapes (satochi-satoyama areas)

The Group has been promoting the preservation of socioecological landscapes (satochi-satoyama areas), which are natural habitats where human activities are undertaken in harmony with nature, since August 2011. To pass on these landscapes to future generations, the Bank has named a plot of abandoned farmland in Chuo City, Yamanashi Prefecture as "Yamanashi Chuo Bank Fureai-no-Satoyama." The Bank is working to rehabilitate the land and grow various vegetables on the site with the advice of local farmers and forestry cooperative members. In addition, the Bank is tending to an abandoned forest next to the site by conducting tree-planting activities. To date, the Bank has organized and held 44 activities with the participation of a total of 3,038 people comprising executives, employees, and their family members.



• Participation in cleanup activities on Mt. Fuji

Under the slogan of "World Heritage Site: Leaving a Beautiful Mt. Fuji to Future Generations," the Group has been working to protect and preserve the value of Mt. Fuji, along with promoting tourism and related priorities. In August 2019, the first term of the cleanup campaign for Mt. Fuji, an event organized by the Mt. Fuji Beautification Foundation, was held. The Bank was represented in the event by 184 of its executives and employees, as well as their family members, who took part in the cleanup of areas around the Fifth Station of Mt. Fuji and Nurusawa. Looking ahead, we will continue to actively conduct environmental protection and preservation activities for Mt. Fuji, which was registered as a World Heritage Site.



• Participation in the Yamanashi Clean Campaign and Eco-Drive Movement

The Group participates in the Yamanashi Clean Campaign and Eco-Drive Movement, which are environmental beautification programs led by Yamanashi Prefecture. The entire Bank is working as one to conduct environmental beautification and preservation activities. For example, we are conducting cleanup activities of public facilities such as roads and parks around our branches, and implementing environmentally friendly driving practices. In the 2019 Yamanashi Clean Campaign, we conducted cleanup activities in 577 locations with the participation of 2,963 people. The Eco-Drive Movement involved the participation of 2,367 employees and 529 Bank-owned vehicles.



• Using the eco-friendly material LIMEX in business cards

Starting from April 1, 2020, the Group has been gradually switching from using paper to using the eco-friendly material LIMEX* for some of the business cards used by executives and employees.

LIMEX business cards are said to protect approximately 10 liters of water per 100 business cards, and contribute to Goal 6 Clean Water and Sanitation of the SDGs.

* LIMEX is a material developed and manufactured by TBM Co., Ltd. and is made mainly from limestone. Using LIMEX conserves forest resources because paper pulp is not used, and water resources are also protected because large amounts of water are not needed in the manufacturing process.

• Deployment of fuel-cell vehicles

In order to help prevent global warming, we are actively deploying hybrid vehicles and other fuel-efficient vehicles into our fleet of business vehicles. We have also deployed two MIRAI fuel-cell vehicles (FCV). The MIRAI FCV has been lauded as the "ultimate eco car" because it does not emit any carbon dioxide or exhaust emissions when it is driven.



• Use of Yamanashi Prefecture lumber

The Mejirodai Branch was rebuilt in September 2019 using local Yamanashi Prefecture wood in all parts of the branch. Using lumber helps prevent global warming because the carbon dioxide absorbed by the forest remains stored as carbon in the wood for a long period of time. In addition, periodic thinning and other forest maintenance activities are being promoted even more than before, which will help revitalize Yamanashi Prefecture's forestry industry as well as ensure lush green forests.



• Installation of solar power generation systems

As part of its measures to reduce the amount of CO₂ emissions, the Bank has installed solar power generation systems at its Asumi Branch, Ogasahara Branch, and Showa Branch.

Moreover, the Bank has equipped the parking lot of the Saruhashi Branch with lights that run on solar and wind power.



2. Activities to Contribute to the Regional Community

As a corporate citizen, the Bank will enhance its activities to contribute to the regional community in various fields such as support for education and the promotion of culture, arts, sports, and welfare, and implement these activities on a lasting, long-term basis. In the process, the Bank will contribute to the development of the regional community.

Local contribution activities in a variety of fields

• Holding Yamanashi Chuo Bank lectures

We try to provide high-quality information to people in the region, and one way we do this is by holding lectures on current topics.

In addition, in order to help people better understand the Bank, prior to lectures the Bank president takes a few minutes to explain the Bank's financial results and future management strategies and policies.



• Yamanashi Chuo Bank Financial Museum

The Yamanashi Chuo Bank Financial Museum presents many different aspects of the histories of currency and finance in Japan. The museum has permanent displays of approximately 2,000 articles of currency, highlighted by its collection of Koshu-kin gold coins, and Japan's first passbook. It also holds planned exhibits and other events as appropriate. The museum also hosts off-campus learning programs for elementary school, junior high school and other students, and dispatches instructors to schools for special workshops. The museum is made available to members of the community as a lifelong learning facility.



• Activities to provide financial education

The Bank conducts activities such as hosting workplace experience activities, conducting special workshops, and offering financial courses at universities in Yamanashi Prefecture. Moreover, the Bank holds the Economics Koshien Yamanashi Tournament for senior high school students (The event has so far been held nine times.).



• Activities to promote sports

The Bank has a women's volleyball team that has delivered a first-rate performance on the national stage since it was formed. In order to popularize volleyball and improve volleyball skills in Yamanashi Prefecture, the Bank holds the "Fureai Volleyball Workshop" and

the "Sawayaka Kids' Volleyball Workshop." The Bank also holds the Yamanashi Chuo Bank Cup Volleyball Tournament for Mothers in Yamanashi Prefecture.



• Acquisition of naming rights for Kose Sports Park's athletics stadium

In order to help promote sports and the health of prefecture residents, support the further success of the Ventforet Kofu soccer team, and contribute to the development of the local area, the Bank has renewed its naming rights agreement for Yamanashi Chuo Bank Stadium, extending the agreement until 2021.



• Lobby exhibits

The Head Office lobby and the lobbies of branches are used as spots for local residents to engage in cultural activities and for showcasing their works of art.

In November 2019, the "My Pride Exhibition 2019 – 12th Yamanashi Prefectural High Schools Student Art Exhibition" was

held at 40 of the Bank's branches. The exhibits featured paintings and calligraphy produced by students from 19 high schools in Yamanashi Prefecture.



• Participation in local events

In order to deepen connections with local residents, we actively participate in and support local festivals and events held with the aim of revitalizing the region.



Initiatives to create barrier-free facilities

• Installation of handset-equipped ATMs at all branches

The Bank has installed handset-equipped (receiver-type) ATMs at its Head Office and all branches so that visually impaired and elderly customers can use ATMs without difficulty.



• Transaction statements issued in braille

The Bank issues statements concerning customers' deposit transactions (ordinary deposits, current accounts, etc.) in braille for those who require it.

When sending such statements by mail, we affix stickers with braille for the customer's name and for "Yamanashi Chuo Bank" on the envelope.



• Barrier-free branches

The Bank is working to develop branches with barrier-free features in facilities and buildings to ensure that all customers, including those with physical disabilities and elderly customers, are able to reliably and safely use our branches. Examples include the installation of priority parking spaces for people with disabilities and access ramps to branch entrances.



• Installation of voice guidance system

We have installed a system that responds to communication devices carried by people with visual impairments and provides voice guidance. These devices are available in the Shimoaida Branch, Kofu Station Branch (CELEO KOFU), as well as the Kofueki Kitaguchi.

This system is the first of its kind to be installed by a financial institution headquartered in Yamanashi Prefecture.



• Installation of desktop-type conversation support equipment

In addition, the Bank has introduced devices that make it easier for customers with hearing impairments and elderly customers to communicate smoothly with branch staff. These devices work by converting the branch staffer's voice into a form that is easier for listeners to hear. These devices are available at the Head Office and certain other branches.



• Customer assistance system

The Bank offers a system for customers with physical disabilities to make reservations to visit branches ahead of time to ensure that their visit proceeds smoothly.

Prior to the customer's visit, a representative from the branch will call the customer and inform them about the necessary documents and how the procedures will be handled, thereby ensuring that the branch visit is smooth and successful.

• Assignment of Service Care Attendants

The Bank has been encouraging personnel to obtain the Service Care Attendant certification. This certification is granted by the Japan Consulting Institute to personnel that have demonstrated their ability to provide universal services that are considerate and mindful of the needs of all customers, including customers with physical disabilities and elderly customers. The Bank is working to place personnel who have obtained this certification in all branches.

Financial Review

(on a consolidated basis)

Overview of Financial Position

The Bank's financial position as of March 31, 2020 was as follows. Deposits stood at ¥2,976.5 billion as of March 31, 2020, up ¥53.6 billion from a year earlier due to increases in individual and corporate deposits. Total deposits, including negotiable certificates of deposit (NCDs), rose ¥48.5 billion from a year ago to ¥3,033.4 billion as of the fiscal year-end. Loans and bills discounted increased by ¥97.3 billion from a year earlier to ¥1,801.5 billion as of the fiscal year-end. This increase was mainly due to increases in loans to small and medium-sized enterprises and loans to individuals. Securities stood at ¥1,223.5 billion as of the fiscal year-end, up ¥87.8 billion from a year ago. This increase was due to the increase in municipal and corporate bonds, despite the decline in Japanese government bonds and stocks.

Overview of Operating Results

In terms of operating results for the fiscal year ended March 31, 2020, interest income (the balance of interest income and expenses) declined by ¥303 million year on year, mainly reflecting a decrease in interest and dividends on securities due to the impact of the Bank of Japan's negative interest rate policy. Fees and commissions (the balance of fee and commission income and expenses) increased by ¥290 million year on year, mainly due to an increase in commission revenue related to deposit and lending operations. Other operating income (the balance of other operating income and expenses) declined by ¥3,445 million year on year, mainly reflecting a decrease in Japanese government bonds and other bond transactions. Credit-related expenses increased by ¥576 million year on year. Equity share and similar transactions increased by ¥1,279 million year on year. Loss on dissolution of investment trusts decreased by ¥1,196 million year on year. As a result, ordinary profit decreased by ¥731 million year on year to ¥6,726 million.

Extraordinary losses decreased by ¥412 million year on year, mainly reflecting an increase in impairment losses. Total income taxes rose by ¥32 million year on year. As a result of the above, profit attributable to shareholders of the parent was down by ¥1,143 million year on year to ¥3,764 million.

Cash Flows

Cash flows from operating activities

Net cash used in operating activities amounted to ¥23.3 billion (compared with net inflow of ¥82.7 billion in the previous year). The main contributing factors were a net increase in deposits of ¥48.5 billion and a net increase in payables under securities lending transactions of ¥22.0 billion, which were offset by a net increase in loans and bills discounted of ¥97.3 billion.

Cash flows from investing activities

Net cash used in investing activities totaled ¥134.1 billion (compared with a net inflow of ¥124.5 billion in the previous year). The main source of cash was proceeds from sales and redemption of investment securities totaling ¥244.4 billion, which was offset by purchases of investment securities of ¥366.5 billion and an increase in money held in trust of ¥10.0 billion.

Cash flow from financing activities

Net cash used in financing activities was ¥2.2 billion (compared with a net outflow of ¥1.6 billion in the previous year). Cash was used mainly for repurchases of treasury stock of ¥1.1 billion and dividends paid of ¥1.1 billion.

As a result, cash and cash equivalents at the end of the fiscal year came to ¥357.1 billion (down ¥159.8 billion from the previous year).

Analysis and Discussion of Operating Results

The Bank's financial position as of March 31, 2020 was as follows. Total deposits including negotiable certificates of deposit (NCDs) increased by ¥48.5 billion from a year earlier, and loans and bills discounted increased by ¥97.3 billion from a year earlier, as both performed favorably. Securities increased by ¥87.8 billion during the fiscal year, due to the purchases of municipal bonds and corporate bonds.

The Bank of Japan's negative interest rate policy will keep the current low-interest rate environment unchanged. Under these conditions, the Bank will work to improve the yield on loans and increase the loan balance by conducting problem-solving-oriented consulting sales and helping customers to improve their businesses.

The Bank will also strive to deepen and expand consulting fields. Through these efforts, the Bank will seek not only to increase interest on loans, but also to increase non-interest revenue (revenues from fees and commissions).

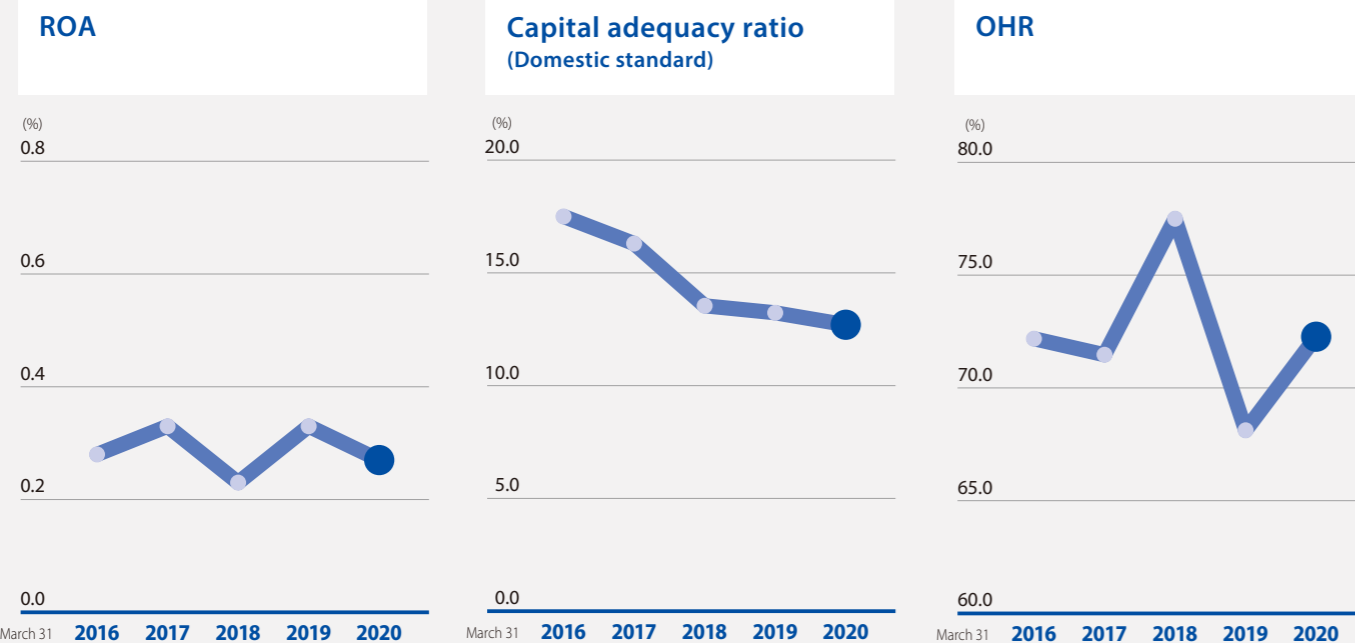
Looking at investments in securities, the Bank faces a challenging investment environment. In response, the Bank will work to raise the sophistication of its investments while conducting appropriate risk management, with the aim of boosting investment returns.

The Bank will redouble its efforts to reduce expenses through measures to enhance productivity.

【Consolidated Financial Statements】

①【Consolidated Balance Sheets】

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2018 (March 31, 2019)	End of FY2019 (March 31, 2020)	End of FY2019 (March 31, 2020)
Assets:			
Cash and due from banks	¥ 517,074	¥ 357,267	\$ 3,282,801
Call loans and bills bought	4,529	2,818	25,900
Monetary claims bought	13,486	12,274	112,782
Money held in trust	—	9,991	91,805
Securities ^{*1, *7, *12}	1,135,617	1,223,516	11,242,453
Loans and bills discounted ^{*2, *3, *4, *5, *6, *9}	1,704,259	1,801,580	16,554,076
Foreign exchanges ^{*6}	4,042	2,862	26,300
Other assets ^{*7, *8}	74,759	75,844	696,910
Tangible fixed assets ^{*10, *11}	24,176	23,367	214,715
Buildings	8,542	8,376	76,973
Land	12,755	12,049	110,715
Construction in progress	293	468	4,307
Other tangible fixed assets	2,585	2,472	22,720
Intangible fixed assets	2,981	3,191	29,321
Software	1,903	2,324	21,357
Software in progress	747	578	5,316
Other intangible fixed assets	331	288	2,647
Net defined benefit asset	3,021	2,400	22,056
Deferred tax assets	1,651	2,144	19,707
Customers' liabilities for acceptances and guarantees	5,862	5,577	51,252
Allowance for possible loan losses	(10,654)	(11,422)	(104,958)
Total assets	¥3,480,808	¥3,511,412	\$32,265,118



ROA = Core net business profit / (Average balance of total assets - Average balance of customers' liabilities for acceptances & guarantees)
 Capital adequacy ratio = Domestic standard (on a consolidated basis) OHR = Operating expenses / Core gross business profit

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

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2018 (March 31, 2019)	End of FY2019 (March 31, 2020)	End of FY2019 (March 31, 2020)
Liabilities:			
Deposits ⁷	¥2,922,898	¥2,976,587	\$27,350,802
Negotiable certificates of deposit	62,096	56,907	522,902
Payables under securities lending transactions ⁷	13,344	35,349	324,816
Borrowed money ^{7, 8}	222,065	207,485	1,906,509
Foreign exchanges	937	631	5,801
Other liabilities	17,166	24,902	228,816
Provision for bonuses	1,256	1,051	9,664
Accrued bonuses to directors and corporate auditors	44	33	310
Net defined benefit liability	236	—	—
Reserve for directors' and corporate auditors' retirement benefits	11	10	96
Reserve for reimbursement of deposits	230	291	2,678
Reserve for contingent losses	128	146	1,343
Deferred tax liabilities	12,141	2,775	25,506
Acceptances and guarantees	5,862	5,577	51,252
Total liabilities	3,258,419	3,311,750	30,430,496
Net assets:			
Common stock	15,400	15,400	141,505
Capital surplus	8,287	8,398	77,175
Retained earnings	164,099	165,000	1,516,129
Treasury stock	(2,006)	(1,347)	(12,380)
Total shareholders' equity	185,780	187,451	1,722,429
Unrealized gains on available-for-sale securities	36,906	13,912	127,835
Deferred gains or losses on hedges	—	(26)	(244)
Remeasurements of defined benefit plans	(3,031)	(4,393)	(40,372)
Total accumulated other comprehensive income	33,874	9,492	87,219
Subscription rights to shares	174	147	1,351
Non-controlling interests	2,559	2,570	23,624
Total net assets	222,388	199,661	1,834,622
Total liabilities and net assets	¥3,480,808	¥3,511,412	\$32,265,118

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2019 to March 31, 2020)
Ordinary income:	¥52,353	¥47,301	\$434,640
Interest and dividends income	30,587	30,294	278,362
Interest on loans and bills discounted	15,851	15,825	145,415
Interest and dividends on securities	14,485	14,230	130,761
Interest on call loans and bills bought	91	57	532
Interest on due from banks	73	72	666
Other	86	107	987
Fees and commissions	8,383	8,718	80,110
Other operating income	9,219	5,681	52,201
Other ordinary income	4,163	2,608	23,967
Other ¹	4,163	2,608	23,967
Ordinary expenses:	44,895	40,574	372,829
Interest expenses	794	805	7,398
Deposits	381	376	3,460
Negotiable certificates of deposit	11	10	99
Call money and bills sold	0	(10)	(97)
Payables under securities lending transactions	350	384	3,537
Borrowed money	51	41	377
Other	(0)	2	22
Fees and commissions	2,384	2,428	22,318
Other operating expenses	4,253	4,160	38,229
General and administrative expenses ²	28,235	27,144	249,421
Other expenses	9,227	6,036	55,463
Provision of allowance for possible loan losses	324	902	8,293
Other expenses ³	8,903	5,133	47,170
Ordinary profit	7,458	6,726	61,812

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2019 to March 31, 2020)
Extraordinary income:	–	270	2,488
Gain on disposal of fixed assets	–	270	2,488
Extraordinary losses:	228	912	8,383
Impairment losses ¹⁴	83	574	5,277
Losses on disposal of fixed assets	145	338	3,106
Income before income taxes and non-controlling interests	7,229	6,085	55,916
Income taxes – current	834	1,447	13,297
Income taxes – deferred	1,280	700	6,439
Total income taxes	2,115	2,147	19,736
Profit	5,114	3,937	36,180
Profit attributable to non-controlling interests	205	172	1,586
Profit attributable to shareholders of the parent	¥4,908	¥3,764	\$34,594

【Consolidated Statements of Comprehensive Income】

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2019 to March 31, 2020)
Profit	¥5,114	¥3,937	\$36,180
Other comprehensive income ¹¹	1,626	(24,349)	(223,742)
Net unrealized gains on available-for-sale securities	1,757	(22,961)	(210,983)
Deferred gains or losses on hedges	–	(26)	(244)
Remeasurements of defined benefit plans	(131)	(1,362)	(12,515)
Total comprehensive income	¥6,740	¥(20,412)	\$(187,562)
Total comprehensive income attributable to shareholders of the parent	¥6,594	¥(20,617)	\$(189,450)
Total comprehensive income attributable to non-controlling interests	145	205	1,888

③【Consolidated Statements of Changes in Net Assets】

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
FY2018 (From April 1, 2018 to March 31, 2019)					
Balance at beginning of current year	¥15,400	¥8,287	¥162,550	¥(3,685)	¥182,551
Changes during year:					
Cash dividends			(1,168)		(1,168)
Profit attributable to shareholders of the parent			4,908		4,908
Purchases of treasury stock				(525)	(525)
Cancellation of treasury shares		(2,188)		2,188	
Disposals of treasury stock		(0)		15	14
Changes in ownership interest of parent due to transactions with non-controlling interests					
Transfer from retained earnings to capital surplus		2,189	(2,189)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	1,549	1,678	3,228
Balance at end of current year	¥15,400	¥8,287	¥164,099	¥(2,006)	¥185,780

	Millions of Yen						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
FY2018 (From April 1, 2018 to March 31, 2019)							
Balance at beginning of current year	¥35,088	¥—	¥(2,900)	¥32,188	¥155	¥2,415	¥217,311
Changes during year:							
Cash dividends							(1,168)
Profit attributable to shareholders of the parent							4,908
Purchases of treasury stock							(525)
Cancellation of treasury shares							
Disposals of treasury stock							14
Changes in ownership interest of parent due to transactions with non-controlling interests							
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(1,817)		(131)	1,686	19	143	1,849
Total changes during year	(1,817)	—	(131)	1,686	19	143	5,077
Balance at end of current year	¥36,906	¥—	¥(3,031)	¥33,874	¥174	¥2,559	¥222,388

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
FY2019 (From April 1, 2019 to March 31, 2020)					
Balance at beginning of current year	¥15,400	¥8,287	¥164,099	¥(2,006)	¥185,780
Changes during year:					
Cash dividends			(1,135)		(1,135)
Profit attributable to shareholders of the parent			3,764		3,764
Purchases of treasury stock				(1,128)	(1,128)
Cancellation of treasury shares		(1,729)		1,729	
Disposals of treasury stock		0		58	58
Changes in ownership interest of parent due to transactions with non-controlling interests		111			111
Transfer from retained earnings to capital surplus		1,729	(1,729)		
Net changes in items other than shareholders' equity					
Total changes during year	—	111	900	659	1,671
Balance at end of current year	¥15,400	¥8,398	¥165,000	¥(1,347)	¥187,451

	Millions of Yen						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
FY2019 (From April 1, 2019 to March 31, 2020)							
Balance at beginning of current year	¥36,906	¥—	¥(3,031)	¥33,874	¥174	¥2,559	¥222,388
Changes during year:							
Cash dividends							(1,135)
Profit attributable to shareholders of the parent							3,764
Purchases of treasury stock							(1,128)
Cancellation of treasury shares							
Disposals of treasury stock							58
Changes in ownership interest of parent due to transactions with non-controlling interests							111
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(22,994)	(26)	(1,362)	(24,382)	(27)	11	(24,398)
Total changes during year	(22,994)	(26)	(1,362)	(24,382)	(27)	11	(22,727)
Balance at end of current year	¥13,912	¥(26)	¥(4,393)	¥9,492	¥147	¥2,570	¥199,661

	Thousands of U.S. Dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
FY2019 (From April 1, 2019 to March 31, 2020)					
Balance at beginning of current year	\$141,505	\$76,150	\$1,507,855	\$(18,440)	\$1,707,070
Changes during year:					
Cash dividends			(10,431)		(10,431)
Profit attributable to shareholders of the parent			34,594		34,594
Purchases of treasury stock				(10,371)	(10,371)
Cancellation of treasury shares		(15,893)		15,893	
Disposals of treasury stock		4		538	542
Changes in ownership interest of parent due to transactions with non-controlling interests		1,025			1,025
Transfer from retained earnings to capital surplus		15,889	(15,889)		
Net changes in items other than shareholders' equity					
Total changes during year	–	1,025	8,274	6,060	15,359
Balance at end of current year	\$141,505	\$77,175	\$1,516,129	\$(12,380)	\$1,722,429

	Thousands of U.S. Dollars						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
FY2019 (From April 1, 2019 to March 31, 2020)							
Balance at beginning of current year	\$ 339,120	\$–	\$ (27,857)	\$ 311,263	\$1,601	\$23,519	\$2,043,453
Changes during year:							
Cash dividends							(10,431)
Profit attributable to shareholders of the parent							34,594
Purchases of treasury stock							(10,371)
Cancellation of treasury shares							
Disposals of treasury stock							542
Changes in ownership interest of parent due to transactions with non-controlling interests							1,025
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(211,285)	(244)	(12,515)	(224,044)	(250)	105	(224,189)
Total changes during year	(211,285)	(244)	(12,515)	(224,044)	(250)	105	(208,831)
Balance at end of current year	\$127,835	\$(244)	\$(40,372)	\$87,219	\$1,351	\$23,624	\$1,834,622

④【Consolidated Statements of Cash Flows】

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2019 to March 31, 2020)
Operating activities:			
Income before income taxes and non-controlling interests	¥ 7,229	¥6,085	\$ 55,916
Adjustment for:			
Depreciation and amortization	2,262	2,021	18,576
Impairment losses	83	574	5,277
Increase (decrease) in allowance for possible loan losses	(1,409)	768	7,061
Increase (decrease) in accrued bonuses to employees	1,256	(205)	(1,884)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(2)	(10)	(96)
Decrease (increase) in net defined benefit asset	(1,909)	621	5,711
Increase (decrease) in net defined benefit liability	23	(236)	(2,174)
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(1)	(0)	(7)
Increase (decrease) in reserve for reimbursement of deposits	0	61	562
Increase (decrease) in reserve for contingent losses	(12)	17	161
Interest income recognized on consolidated statements of income	(30,587)	(30,294)	(278,362)
Interest expenses recognized on consolidated statements of income	794	805	7,398
Losses (gains) on investment securities	(5,011)	(2,810)	(25,826)
Losses (gains) on investments in money held in trust	–	(9)	(84)
Foreign exchange losses (gains) – net	(1,765)	1,090	10,025
Losses (gains) on disposal of premises and equipment	145	67	618
Net decrease (increase) in loans and bills discounted	(84,282)	(97,320)	(894,244)
Net increase (decrease) in deposits	48,503	53,688	493,328
Net increase in negotiable certificates of deposit	(5,232)	(5,188)	(47,677)
Net increase (decrease) in borrowed money	130,240	(14,580)	(133,972)
Net decrease (increase) in due from banks (excluding cash equivalents)	43	(15)	(142)
Net decrease (increase) in call loans	2,390	2,922	26,856
Net increase (decrease) in payables under securities lending transactions	(6,864)	22,005	202,199
Net decrease (increase) in foreign exchanges (assets)	(1,079)	1,179	10,842

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2019 to March 31, 2020)
Net increase (decrease) in foreign exchanges (liabilities)	(347)	(305)	(2,812)
Net increase (decrease) in central clearing counterparty margin requirements	(1,400)	–	–
Interest income (cash basis)	33,267	33,455	307,411
Interest expenses (cash basis)	(810)	(803)	(7,386)
Other – net	(1,783)	4,007	36,821
Total adjustments	83,741	(22,408)	(205,905)
Income taxes paid	(990)	(945)	(8,686)
Net cash provided by (used in) operating activities	82,750	(23,354)	(214,592)
Investing activities:			
Purchases of investment securities	(356,902)	(366,552)	(3,368,116)
Proceeds from sales of investment securities	355,526	214,764	1,973,396
Proceeds from redemption of investment securities	127,901	29,716	273,054
Proceeds from increase (decrease) of money held in trust	–	(10,000)	(91,886)
Purchases of premises and equipment	(972)	(1,514)	(13,915)
Proceeds from sales of premises and equipment	100	432	3,970
Purchases of intangible fixed assets	(1,153)	(1,027)	(9,439)
Proceeds from sales of intangible fixed assets	1	0	3
Net cash provided by (used in) investing activities	124,502	(134,180)	(1,232,933)
Financing activities:			
Dividends paid	(1,168)	(1,135)	(10,431)
Payment of dividends to non-controlling interests	(1)	(1)	(16)
Repurchases of treasury stock	(525)	(1,128)	(10,371)
Proceeds from sales of treasury stock	14	58	542
Proceeds from changes in ownership interest in subsidiaries that do not result in change of scope of consolidation	–	(80)	(742)
Net cash provided by (used in) financing activities	(1,681)	(2,287)	(21,019)
Foreign currency transaction adjustments on cash and cash equivalents	(0)	(0)	(9)
Net increase (decrease) in cash and cash equivalents	205,571	(159,822)	(1,468,553)
Cash and cash equivalents, beginning of year	311,403	516,974	4,750,296
Cash and cash equivalents, end of year ^{*1}	¥516,974	¥357,152	\$3,281,743

【Notes to Consolidated Financial Statements】

Important items used as basis for preparing consolidated financial statements

1. Items relating to scope of consolidation

(1) Consolidated subsidiaries 4 companies

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

(2) Number of non-consolidated subsidiaries 4 companies

Yamanashi New Business Support Investment Limited Partnership
Yamanashi Sixth Industrialization Support Investment Limited Partnership
Yamanashi Chuo Bank Regional Revitalization Investment Limited Business Partnership

Yamanashi Chuo Bank SDGs Investment Limited Partnership

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

Yamanashi Chuo Bank SDGs Investment Limited Partnership was newly established during the consolidated fiscal year under review.

2. Items relating to application of equity method

(1) Non-consolidated subsidiaries accounted for by the equity method

Not applicable

(2) Affiliates accounted for by the equity method

Not applicable

(3) Number of non-consolidated subsidiaries not accounted for by the equity method 4 companies

Yamanashi New Business Support Investment Limited Partnership
Yamanashi Sixth Industrialization Support Investment Limited Partnership
Yamanashi Chuo Bank Regional Revitalization Investment Limited Business Partnership
Yamanashi Chuo Bank SDGs Investment Limited Partnership

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

Yamanashi Chuo Bank SDGs Investment Limited Partnership was newly established during the consolidated fiscal year under review.

(4) Affiliates accounted for by the equity method

Not applicable

3. Items relating to business years of consolidated subsidiaries

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

4. Items relating to accounting standards

(1) Valuation standards and methods for trading account securities

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

(2) Valuation standards and methods for securities

① Held-to-maturity debt securities, of which management has the positive intent and ability to hold to maturity, are reported at amortized cost, and available-for-sale securities, which are not classified as either of the aforementioned securities, are

reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Available-for-sale securities whose fair values are extremely difficult to be determined are stated at cost determined by the moving-average method. The cost of securities sold is determined based on the moving-average method.

② Securities used as trust assets in individually operated money trusts mainly for investment securities are evaluated using fair value measurement.

(3) Valuation standards and methods for derivative transactions

Derivative transactions are measured at fair value.

(4) Methods of depreciation of fixed assets

① Tangible fixed assets (excluding lease assets)

Depreciation of tangible fixed assets is calculated principally using the declining-balance method. (However, the straight-line method is adopted for buildings (excluding facilities attached to buildings) that were acquired on or after April 1, 1998, and for facilities attached to buildings and structures that were acquired on or after April 1, 2016.)

Useful lives of tangible fixed assets are primarily as follows:

Buildings	3 to 50 years
Other	2 to 20 years

The depreciation period of lease investment assets held by consolidated subsidiaries and booked as tangible fixed assets is the lease period, and those leases are depreciated using the straight-line method, with the residual value being the estimated disposal price at the conclusion of the lease.

② Intangible fixed assets (excluding lease assets)

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

The amortization period of lease investment assets held by consolidated subsidiaries and booked as intangible fixed assets is the lease period, and those leases are amortized using the straight-line method, with the residual value being the estimated disposal price at the conclusion of the lease.

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

③ Lease assets

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

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

(5) Allowance for possible loan losses

The allowance for possible loan losses is recorded in accordance with internally established standards for charge-offs and provisions, as follows:

The allowance for claims on debtors who are legally bankrupt based on bankruptcy, special liquidation or other proceedings (“Bankrupt borrowers”) or effectively bankrupt (“Effectively bankrupt borrowers”) is provided based on the outstanding balance of the claims after deduction of the amounts expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors who are not currently legally bankrupt but are highly likely to become bankrupt (“Potentially bankrupt borrowers”) is provided in the amount deemed to be necessary based on a comprehensive assessment of the overall repayment ability of the debtor. The amount necessary shall be within the outstanding balance of the claims after deduction of the amounts expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors who have restructured loans and loans related to their affiliates, for which cash flows related to the recovery of loan principal or receipt of interest can be reasonably estimated, is provided based on the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claim (cash flow estimate method).

The allowance for claims other than those referred to above (claims on normal borrowers and claims on borrowers requiring caution, excluding claims for which the cash flow estimate method is applied) is provided primarily for the prospective loss amount for the upcoming year or prospective loss for the next three years. The prospective loss amount is the actual loan loss rate for one year or three years based on the actual bankruptcy record, or calculated based on the average value of bankruptcy probabilities over a certain period in the past. The calculation is made by adding necessary revisions such as future projections.

All claims undergo a self-assessment of asset quality by the operational departments based on standards for self-assessment of asset quality. The results of these self-assessments are audited by an asset audit department independent from the operational departments.

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

(6) Accrued bonuses to employees

Accrued bonuses to employees are provided to cover the payment of bonuses to employees, in the amount of the estimated bonuses payable to employees attributable to each fiscal year.

(7) Accrued bonuses to directors and corporate auditors

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

(8) Reserve for directors’ and corporate auditors’ retirement benefits

A reserve for directors’ and corporate auditors’ retirement benefits is provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

(9) Reserve for reimbursement of deposits

Provision is made for possible losses on future claims of withdrawal of deposits which were derecognized as liabilities under certain conditions in an amount deemed necessary based on historical reimbursement experience.

(10) Reserve for contingent losses

Reserve for contingent losses, which is provided for possible losses from contingent events, is calculated by estimation of the impact of those contingent events.

(11) Accounting procedures for retirement benefits

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

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

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

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

(12) Foreign currency items

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

(13) Lease transactions

(Lessor)

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

(14) Major hedge accounting methods

Interest rate risk and hedges

Hedge accounting method for interest rate risk resulting from financial assets is based on deferred hedges. Hedge transactions are meant to avoid interest rate risks arising from the financial asset being hedged. Therefore, “micro hedges,”

in which derivative transactions such as individual interest rate swaps are conducted for each transaction, are performed as a hedging instrument.

Evaluation of hedge effectiveness is taken as an evaluation of effectiveness when the conditions of the hedge instrument and hedge object are largely identical.

(15) Cash and cash equivalents

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

(16) Consumption taxes

The accounting treatment of national consumption tax and local consumption tax is based on the tax exclusion method.

(Unapplied Accounting Standards, etc.)

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Statement No. 19, March 31, 2020)

(1) Overview

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (“Accounting Standards for Financial Instruments, etc.”) were developed to improve comparability with the provisions of international accounting standards, and guidance related to methods of fair value measurement were established. Accounting Standards for Fair Value Measurement, etc. are applied to the fair value of financial instruments.

Furthermore, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised, and addendums were put in place for a breakdown of each level of fair value for financial instruments.

(2) Scheduled adoption date

Scheduled to be adopted from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adopting revised accounting standards and implementation guidances

The amount of the impact is currently under evaluation.

- Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

Among the items based on accounting estimates for amounts recorded in the financial statements of the fiscal year under review, accounting estimates in listings that contain risks posing a significant impact on the financial statements of the subsequent year are meant to disclose information to aid the understanding of individuals using the financial statements.

(2) Scheduled adoption date

Scheduled to be adopted from the beginning of the fiscal year ending March 31, 2021.

(Additional Information)

We anticipate that the impact of COVID-19 will continue into the future to a certain extent. Although the effects on certain industries during this period are severe for the time being, we assume that the impact will not result in substantial loan losses due to the economic policies of the national and local governments and support from financial institutions. However, additional losses may occur in the future in the event that the end of the pandemic is delayed or its impact is perpetuated.

(Relating to Consolidated Balance Sheets)

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

As of March 31, 2020	(Millions of yen)
Investments	¥988

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

As of March 31, 2020	(Millions of yen)
Loans to customers in bankruptcy	¥2,602
Past due loans	19,355

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 the Enforcement Ordinance for the Corporation Tax Law. Past due loans are defined as nonaccrual loans except for loans to customers in bankruptcy and loans of which the interest payments are deferred in order to assist in the financial recovery of a debtor in financial difficulties.

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

As of March 31, 2020	(Millions of yen)
Past due loans of three months or more	¥12

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

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

As of March 31, 2020	(Millions of yen)
Restructured loans for which the Bank has relaxed lending conditions	¥4,855

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

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

As of March 31, 2020	(Millions of yen)
Total amount	¥26,825

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

*6 Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24, February 13, 2002, “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry.” The Bank has the right to sell or pledge commercial bills discounted and foreign exchanges bought without restrictions. The face amount was as follows:

As of March 31, 2020	(Millions of yen)
	¥4,985

*7 Assets pledged as collateral were as follows:

As of March 31, 2020	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥302,708
Liabilities related to pledged assets	
Deposits	26,428
Payables under securities lending transactions	35,349
Borrowed money	206,597

Other assets include central clearing counterparty margin requirements and guarantee deposits, the amounts of which are as follows.

As of March 31, 2020	(Millions of yen)
Central clearing counterparty margin requirements	¥60,000
Cash collateral paid for financial instruments	300
Guarantee deposits	277

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

As of March 31, 2020	(Millions of yen)
Lease contract assets	¥1,219
Corresponding borrowed money	888

*9 Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, up to a prescribed amount, as long as there is no violation of any condition established in the contract. The amounts of unused commitments as of March 31, 2020 were as follows:

As of March 31, 2020	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥394,450
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	370,852

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.

*10 Accumulated depreciation of tangible fixed assets

As of March 31, 2020	(Millions of yen)
Total amount of accumulated depreciation	¥34,390

*11 Deferred gains on tangible fixed assets deductible for tax purposes

As of March 31, 2020	(Millions of yen)
Deferred gains	¥740
(Reduction entry amount for the consolidated fiscal year)	(-)

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

As of March 31, 2020	(Millions of yen)
	¥5,443

(Relating to Consolidated Statements of Income)

*1 "Other ordinary income" includes the following item:

From April 1, 2019 to March 31, 2020	(Millions of yen)
Gain on sales of stock	¥2,066

*2 "General and administrative expenses" include the following:

From April 1, 2019 to March 31, 2020	(Millions of yen)
Salary allowance	¥11,119

*3 "Other ordinary expenses" include the following:

From April 1, 2019 to March 31, 2020	(Millions of yen)
Loss on cancellation of investment trusts	¥4,014
Loss on sales of equity securities	537
Loss on devaluation of stocks and other securities	158

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

From April 1, 2019 to March 31, 2020			(Millions of yen)
Location	Use	Category	Total impairment loss
Yamanashi Prefecture	Operating assets	Land and buildings	¥293
	Idle assets	Land	274
Tokyo	Operating assets	Other tangible fixed assets	5
Total	-	-	¥574

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

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

The calculation of recoverable amounts for the fiscal year ended March 31, 2019 employs a 2.0% discount rate in the case of value in use.

The calculation of recoverable amounts for the fiscal year ended March 31, 2020 employs a 1.9% discount rate in the case of value in use.

(Relating to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustment and tax effect related to comprehensive income

From April 1, 2019 to March 31, 2020	(Millions of yen)
Net unrealized gains on available-for-sale securities:	
Difference arising during the fiscal year	¥(31,586)
Reclassification adjustment to profit and loss	(1,325)
Amount before income tax effect	(32,912)
Income tax effect	9,951
Net unrealized gains on available-for-sale securities	(22,961)
Deferred gains or losses on hedges:	
Difference arising during the fiscal year	(38)
Reclassification adjustment to profit and loss	–
Amount before income tax effect	(38)
Income tax effect	11
Deferred gains or losses on hedges	(26)
Remeasurements of defined benefit plans:	
Gains (losses) arising during the fiscal year	(2,456)
Reclassification adjustment to profit and loss	497
Amount before income tax effect	(1,958)
Income tax effect	596
Remeasurements of defined benefit plans	(1,362)
Total other comprehensive income	¥(24,349)

(Relating to Consolidated Statements of Changes in Net Assets)

From April 1, 2019 to March 31, 2020

1. Items relating to kind and total number of shares outstanding and treasury stock

(Thousands of shares)

	Number of shares at the beginning of FY2019	Increase in number of shares during FY2019	Decrease in number of shares during FY2019	Number of shares at the end of FY2019	Remarks
Shares outstanding					
Common stock	33,983	–	1,200	32,783	Note 1
Treasury stock					
Common stock	962	1,200	1,228	934	Note 2, 3

Notes: 1. The decrease in the number of treasury shares during the consolidated fiscal year under review is due to the cancellation of treasury shares.

2. The breakdown of the increase in the number of treasury shares during the fiscal year under review is as follows:

Increase by acquisition of treasury stock upon resolution of the Board of Directors 1,200 thousand shares
Increase by demand for purchase of shares less than one unit 0 thousand shares

3. The breakdown of the decrease in treasury shares during the fiscal year under review is as follows:

Decrease by exercise of stock option rights 28 thousand shares
Decrease by cancellation of treasury stock 1,200 thousand shares
Decrease by demand for purchase of shares less than one unit 0 thousand shares

2. Items relating to share subscription rights and own share options

Classification	Breakdown of share subscription rights	Class of shares to be issued or transferred upon the exercise of share subscription rights	Number of shares to be issued or transferred upon the exercise of share subscription rights (shares)			Balance as of the end of FY2019 (Millions of yen)
			Beginning of FY2019	FY2019		
The Bank	Stock options as share subscription rights		–			¥147
Total			–			¥147

3. Items relating to dividends

(1) Dividend paid during FY2019

(Resolution)	Type of stock	Total dividend (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 25, 2019	Common stock	¥577	¥17.50	March 31, 2019	June 26, 2019
Board of Directors Meeting on November 14, 2019	Common stock	557	17.50	September 30, 2019	December 4, 2019

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date occurs after the end of FY2019

(Resolution)	Type of stock	Total dividend (Millions of yen)	Fund for dividend	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 24, 2020	Common stock	¥557	Retained earnings	¥17.50	March 31, 2020	June 25, 2020

(Relating to Consolidated Statements of Cash Flows)

*1 The reconciliation of the cash and due from banks in the consolidated balance sheets and the cash and cash equivalents at March 31, 2020 is as follows:

From April 1, 2019 to March 31, 2020	(Millions of yen)
Cash and due from banks	¥357,267
Due from banks, excluding due from Bank of Japan	(115)
Cash and cash equivalents	¥357,152

(Relating to Lease Transactions)

Finance leases

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2020 are as follows:

As of March 31, 2020	(Millions of yen)
Gross lease receivables	¥9,260
Estimated residual value	218
Unearned interest income	(901)
Net investment in leases	¥8,577

2. Expected amounts from the collection of gross lease receivables for the year ended March 31, 2020 are as follows:

As of March 31, 2020	(Millions of yen)
1 year or less	¥2,778
1 to 2 years	2,331
2 to 3 years	1,882
3 to 4 years	1,282
4 to 5 years	602
Over 5 years	383
Total	¥9,260

(Financial Instruments and Related Disclosure)

1. Qualitative Information of Financial Instruments

(1) Policy for financial instruments

The Group is involved in financial services including the leasing and the credit card business, etc., centered around the banking business. Within banking, we are involved in the business of taking deposits, making loans and securities trading, as well as domestic and foreign exchange operations, corporate bond underwriting, the over-the-counter sale of public bonds such as Japanese government bonds, investment trusts and insurance. In addition, for the purpose of short-term fundraising, we enter into call loans and call money in the interbank market. Derivative transactions are primarily meant for hedges against interest rate risk or the risk of exchange fluctuations and may involve transactions such as interest rate swaps, forward exchanges or currency swaps. However, we do not conduct transactions whose structures are complicated and speculative transactions. Because we hold financial assets and liabilities with interest rate risk, we conduct Asset Liability Management (ALM) to limit the disadvantageous influence from fluctuations in interest.

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

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

The Group regards the deposits from customers as its main supply of financial funds. The Group secures stable financing by maintaining the soundness of financial affairs, but has liquidity risk that may make it impossible to obtain necessary funds due to the outflow of unexpected funds.

As with other transactions, derivative transactions are subject to risks such as market, credit, and liquidity risks. Hedge accounting is applied for derivative transactions that meet the requirements of hedge accounting based on internal standards in accordance with JICPA Industry Audit Committee Report No. 25, July 29, 2002, "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry."

(3) Risk management systems for financial instruments

① Credit risk management

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

management and refining measurement of value at risk (VaR).

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

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

② Market risk management

(A) Interest rate risk management

The Group supports the needs of customers properly and, for the earning capacity improvement of the Bank, conducts interest rate risk management as a basic policy. We devised "the basic policy for the interest rate risk hedge" as a general rule every half term to control interest rate risk properly in the ALM Committee in which management is involved as the main members and involved in examining interest rate changes and reviews it regularly. In addition, in the ALM Committee meeting held monthly, the Group examines an interest rate predictive report that the Interest Rate Prediction Committee produces and monitors the change in the interest rate risk amount of the whole bank account closely. In the Risk Management Section, the Group calculates VaR and basis point value (BPV), and manages the interest rate risk amount of the banking account. In addition, the Group performs stress tests based on a stress scenario extending to each risk category. These results are reported regularly to management in the ALM Committee and the Board of Directors.

(B) Foreign exchange risk management

The Group manages foreign exchange risk by monitoring exposure to foreign exchange and VaR in the Risk Management Section. Moreover, it reports regularly to management in the ALM Committee, Board of Directors, etc. The majority of foreign exchange risk is hedged by forward exchange contracts.

(C) Market price risk management

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

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

(D) Derivative transactions

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

(E) Quantitative information regarding market risk

In principle, the Group undertakes a quantitative analysis of the market risks applicable to all of its financial instruments. The volume of market risk is mainly managed utilizing the VaR method. In specific terms, market risks are managed in a manner that ensures that VaR (the amount of risk after writing down investment in shares undertaken for strategic business purposes for a portion of VaR) does not exceed the maximum amount of risk (amount of capital allocation) determined by a resolution of the Board of Directors or other appropriate bodies. The variance-covariance method (holdings period: 240 days; confidence interval: 99%; observation period: 240 business days) is used to measure VaR (excluding trading account securities) while taking into consideration the correlation among interest rates for shares and investment trusts. In addition, with respect to the yen-denominated interest risk applicable to demand deposits, internal models are used to estimate core deposits and VaR is used as the means for measurement. Trading account securities

(trading securities) VaR is measured using the separate holding period of 10 days. Financial instruments that are considered to have little relevance to market risks, including shares of non-listed companies, are managed on a credit risk basis. Taking into consideration the nominal amount of market risk applicable to the financial instruments held by consolidated subsidiaries, these financial instruments are excluded from the scope of VaR measurement.

The Group's VaR (excluding trading account securities) amounted to ¥102,456 million as of March 31, 2020 compared with ¥47,737 million as of the end of the previous fiscal year. The VaR of trading account securities amounted to ¥0 million. (Previous consolidated fiscal year: ¥0 million). The Group undertakes backtesting to compare VaR, calculated using VaR measurement models with actual income and loss. The results of this comparison are reported to the ALM Committee on a monthly basis. As a result of this backtesting, the Group is confident that the VaR measurement models used are more than adequate in accurately identifying market risks. However, VaR represents the amount of market risk arising with a certain probability using a statistical methodology based on historical market volatilities. Accordingly, situations may arise where it is not possible to identify risks appropriately due to market environment volatility that exceeds normally recognized parameters.

③ Liquidity risk management

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

(4) Supplementary explanation of the fair value of financial instruments

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

2. Fair Values of Financial Instruments

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

As of March 31, 2020 (Millions of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and due from banks	¥357,267	¥357,267	¥-
(2) Securities			
Held-to-maturity	5,443	5,437	(6)
Available-for-sale securities	1,213,875	1,213,875	-
(3) Loans and bills discounted	1,801,580		
Accrued income (Interest on loans)	539		
Deferred income (Interest on loans and guarantee charge) ^{*1}	(1,699)		
Allowance for possible loan losses ^{*2}	(11,144)		
	1,789,275	1,797,588	8,313
(4) Other assets			
Central clearing counterparty margin requirements	60,000	60,000	-
Total assets	¥3,425,861	¥3,434,169	¥8,307
(1) Deposits	¥2,976,587	¥-	¥-
Accrued expenses (Interest on deposits)	230		
	2,976,818	2,976,855	37
(2) Negotiable certificates of deposits	56,907	¥-	¥-
Accrued expenses (Interest on NCDs)	1		
	56,909	56,910	1
(3) Payables under securities lending transactions	35,349	35,349	-
(4) Borrowed money	207,485	207,484	(0)
Total liabilities	¥3,276,562	¥3,276,600	¥37
Derivatives ^{*3}			
Hedge accounting is not applied	¥47	¥47	¥-
Hedge accounting is applied	(38)	(38)	-
Total derivatives	¥9	¥9	¥-

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

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

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

(Note 1) Method used for determining the fair value of financial instruments

Assets

(1) Cash and due from banks

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

(2) Securities

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

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

(3) Loans and bills discounted

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

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

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

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

(4) Other assets

Since the fair value approximates the acquisition cost or the amortization cost, the fair value of central clearing counterparty margin requirements is treated as the actual amount.

Liabilities

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

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

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

(3) Payables under securities lending transactions

Since the contract periods are short (1 year or less), the book value is treated as the fair value because the fair value approximates the book value.

(4) Borrowed money

Since money borrowed at floating rates reflects short-term market interest rates, and since the credit standing of the Bank and its consolidated subsidiaries does not vary greatly following such loans, the fair value approximates the book value, and the book value is treated as the fair value. The present value of money borrowed at fixed rates is calculated by discounting the total value of the principal and interest of the borrowed money by the expected interest rate for similar loans. For borrowings with short contract periods (less than one year), the fair value approximates the book value, and the book value is treated as the fair value.

Derivatives

Derivative transactions are listed under "Relating to Derivative Transactions."

(Note 2) Financial instruments, whose fair values are extremely difficult to determine, recorded on the consolidated balance sheets are as follows. The following instruments are not included in "Securities" in the above table showing the fair values of financial instruments as of March 31, 2020.

As of March 31, 2020	(Millions of yen)
	Carrying amount
Unlisted equity securities ^{*1 *2}	¥760
Contributions to unions ^{*3}	3,436
Total	¥4,196

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

*2. Classified as available-for-sale securities; in the previous consolidated fiscal year, an impairment loss of ¥4 million was recognized.

*3. Investments in partnerships comprising partnership assets with fair values that are extremely difficult to determine, such as unlisted stocks, are excluded from the disclosure of fair value.

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

As of March 31, 2020	(Millions of yen)					
	1 year or less	Over 1 year less than 3 years	Over 3 years less than 5 years	Over 5 years less than 7 years	Over 7 years less than 10 years	Over 10 years
Due from banks	¥320,693	¥ –	¥ –	¥ –	¥ –	¥ –
Securities	32,252	209,306	105,808	127,140	199,670	46,763
Held-to-maturity	855	1,665	2,322	653	–	–
Corporate bonds	855	1,665	2,322	653	–	–
Available-for-sale securities that have maturities	31,397	207,641	103,486	126,487	199,670	46,763
Japanese government bonds	3,000	133,800	26,000	90,400	31,000	8,000
Municipal bonds	24,279	59,076	46,979	15,483	91,452	29,463
Corporate bonds	4,117	14,544	12,331	6,456	53,790	9,300
Others	–	220	18,174	14,147	23,427	–
Loans and bills discounted ^{*1}	355,248	318,754	268,826	164,063	239,008	313,147
Central clearing counterparty margin requirement ^{*2}	60,000	–	–	–	–	–
Total	¥768,193	¥528,060	¥374,634	¥291,203	¥438,678	¥359,911

*1 Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to borrowers in legal bankruptcy, in virtual bankruptcy and in possible bankruptcy, amounting to ¥21,958 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥120,456 million, are not included either.

*2 Because no period is set for the central clearing counterparty margin requirement, it is included under "1 year or less."

(Note 4) Maturity analysis for interest-bearing debt

As of March 31, 2020 (Millions of yen)

	1 year or less	Over 1 year less than 3 years	Over 3 years less than 5 years	Over 5 years less than 7 years	Over 7 years less than 10 years	Over 10 years
Deposits *	¥2,623,876	¥237,457	¥18,714	¥-	¥-	¥-
Negotiable certificates of deposit	56,867	40	-	-	-	-
Payables under securities lending transactions	35,349	-	-	-	-	-
Borrowed money	1,525	205,817	143	-	-	-
Total	¥2,717,619	¥443,314	¥18,857	¥-	¥-	¥-

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

(Relating to Securities)

*1 In addition to including the securities listed on the consolidated balance sheets, this includes trading account securities.

*2 Subsidiary and affiliated company shares are listed in notes to the financial statements.

1. Trading account securities

As of March 31, 2020 (Millions of yen)

	Unrealized gains/losses recognized as income
Trading account securities	¥-

2. Held-to-maturity debt securities

As of March 31, 2020 (Millions of yen)

	Type	Carrying amount in consolidated balance sheets	Fair value	Difference
Fair value exceeds carrying amount	Corporate bonds	¥2,890	¥2,901	¥10
Fair value does not exceed carrying amount	Corporate bonds	2,553	2,535	(17)
Total		¥5,443	¥5,437	¥ (6)

3. Available-for-sale securities

As of March 31, 2020 (Millions of yen)

	Type	Fair value in consolidated balance sheets	Cost	Valuation difference
Fair value exceeds cost	Japanese stocks	¥36,818	¥14,256	¥22,561
	Bonds total	487,219	474,252	12,966
	Japanese government bonds	305,852	295,434	10,418
	Japanese municipal bonds	132,659	130,841	1,817
	Japanese corporate bonds	48,707	47,976	730
	Other securities	245,066	234,820	10,245
	Foreign securities	57,736	54,091	3,645
	Subtotal	769,104	723,330	45,774
Fair value does not exceed cost	Japanese stocks	11,653	14,632	(2,979)
	Bonds total	197,905	199,668	(1,763)
	Japanese government bonds	8,466	8,560	(93)
	Japanese municipal bonds	136,124	137,106	(981)
	Japanese corporate bonds	53,313	54,002	(688)
	Other securities	235,212	256,112	(20,899)
	Foreign securities	1,971	2,033	(61)
	Subtotal	444,771	470,414	(25,642)
Total		¥1,213,875	¥1,193,744	¥20,131

4. Held-to-maturity debt securities sold

Not applicable

5. Available-for-sale securities sold

From April 1, 2019 to March 31, 2020 (Millions of yen)

Type	Sales cost	Gross realized gains	Gross realized losses
Japanese stocks	¥3,828	¥1,360	¥488
Bonds total	30,366	158	-
Japanese government bonds	30,366	158	-
Japanese municipal bonds	-	-	-
Japanese corporate bonds	-	-	-
Other securities	30,061	2,090	49
Foreign securities	5,695	106	-
Total	¥64,256	¥3,609	¥537

6. Securities for which the purpose for holding has changed

Not applicable

7. Securities recognized for revaluation loss

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

impairment loss (“revaluation loss”) in the consolidated year under review.

No revaluation loss was recognized during the previous fiscal year.

An impairment loss of ¥256 million (¥154 million in shares and ¥102 million in securities) was recognized during the fiscal year ended March 31, 2020.

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

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

(Relating to Money Held in Trust)

1. Money held in trust for investment

As of March 31, 2020

(Millions of yen)

	Balance sheet amount	Valuation difference included in consolidated gains or losses
Money held in trust for investment	¥9,991	¥ (2)

2. Money held in trust to maturity

Not applicable

3. Other money held in trust (for objectives besides investment and held to maturity)

Not applicable

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

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

As of March 31, 2020

(Millions of yen)

	Amounts
Valuation difference	¥20,131
Other securities	20,131
Deferred tax liabilities	6,057
Net unrealized gains (before non-controlling interests)	14,073
Non-controlling interests	161
Net unrealized gains on available-for-sale securities	¥13,912

(Relating to Derivative Transactions)

1. Derivative instruments not accounted for as hedges

Regarding derivative instruments which are not accounted for as hedge transactions, contract amount or notional amount, fair value and unrealized gain or loss for each type of derivative transaction at the end of the consolidated balance sheet date and determination of fair value are as follows. Contract or notional amounts do not show market risk of derivative instruments.

(1) Interest-related derivative instruments

Not applicable

(2) Currency-related derivative instruments

As of March 31, 2020

(Millions of yen)

	Type	Contract amount or notional amount	Over 1 year	Fair value	Unrealized gain/loss
Financial instruments exchange	Currency futures				
	Sold	–	–	–	–
	Buy	–	–	–	–
	Currency options				
	Sold	–	–	–	–
	Buy	–	–	–	–
OTC	Currency swaps	¥21,927	¥21,927	¥64	¥64
	Forward rate agreements				
	Sold	6,313	–	(32)	(32)
	Buy	742	–	15	15
	Currency options				
	Sold	–	–	–	–
	Buy	–	–	–	–
	Other				
Sold	–	–	–	–	
Buy	–	–	–	–	
Total		¥–	¥–	¥47	¥47

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of income.

2. Determination of fair value: Fair value is determined based on the discounted net present value model.

(3) Stock-related derivative instruments

Not applicable

(4) Bond-related derivative instruments

Not applicable

(5) Commodity-related derivative instruments

Not applicable

(6) Credit derivative transactions

Not applicable

2. Derivative instruments accounted for as hedges

With regard to derivative transactions to which hedge accounting is applied, the hedge accounting method, principal amount determined in the contract and fair value of each transaction on the consolidated closing date is as follows. Furthermore, the contract amount itself does not indicate the market risk associated with the derivative transactions.

(1) Interest rate related transactions

As of March 31, 2020

(Millions of yen)

Hedge accounting method	Type	Main hedge object	Contract amount, etc.	Contracts over one year	Fair value			
Principle method of recording gains and losses	Interest rate swaps	Other securities (Liabilities)	¥3,000	¥3,000	¥(38)			
	Fixed income/Fluctuating payment					-	-	-
	Fluctuating income/Fixed payment					-	-	-
	Interest rate futures					-	-	-
	Interest rate options					-	-	-
Other	-	-	-	-				
Special treatment as interest rate swaps	Interest rate swaps	-	-	-	-			
	Fixed income/Fluctuating payment					-	-	-
	Fluctuating income/Fixed payment		-	-	-			
Total			¥-	¥-	¥(38)			

Notes: 1. Hedge accounting method for interest rate risk resulting from financial assets is based on deferred hedges.

2. Determination of fair value: Fair value is determined based on the discounted net present value model.

(2) Currency-related transactions

Not applicable

(3) Stock-related derivative instruments

Not applicable

(4) Bond-related derivative instruments

Not applicable

(Relating to Employees' Retirement Benefits)**1. Outline of employees' retirement benefits**

To provide for employees' retirement benefits, the Bank has adopted a funded defined benefit pension plan and a defined contribution pension plan.

The defined benefit corporate pension plan (funded plan) pays a lump sum or a pension based on employee compensation and length of service.

A retirement benefit trust has been established within the defined benefit corporate pension plan.

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

2. Funded defined benefit pension plan

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

From April 1, 2019 to March 31, 2020

(Millions of yen)

Retirement benefit obligations at beginning of year	¥31,409
Service cost	1,118
Interest cost	122
Actuarial gains and losses	(227)
Retirement benefits payment	(1,399)
Past service costs	-
Other	-
Retirement benefit obligations at end of year	¥31,023

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

From April 1, 2019 to March 31, 2020

(Millions of yen)

Pension assets at beginning of year	¥34,194
Expected return on plan assets	928
Actuarial gains and losses	(2,683)
Employer's contribution	1,716
Retirement benefits payment	(731)
Other	-
Pension assets at end of year	¥33,424

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

As of March 31, 2020

(Millions of yen)

Retirement benefit obligations of funded plan	¥31,023
Pension assets	(33,424)
	(2,400)
Retirement benefit obligations of unfunded plan	-
Assets and liabilities recorded in consolidated balance sheets, net	¥(2,400)

(Millions of yen)

Liability of retirement benefits	¥-
Assets of retirement benefits	(2,400)
Assets and liabilities recorded in the consolidated balance sheets, net	¥(2,400)

(4) Breakdown of retirement benefit costs

From April 1, 2019 to March 31, 2020

(Millions of yen)

Service cost	¥1,118
Interest cost	122
Expected return on plan assets	(928)
Actuarial gains and losses recorded in expenses	521
Past service costs recorded in expenses	(23)
Other	-
Retirement benefit costs of defined benefit plan	¥810

(5) Remeasurements of defined benefit plans

The breakdown of items (before tax-related effects) recorded in remeasurements of defined benefit plans is as follows:

From April 1, 2019 to March 31, 2020

(Millions of yen)

Past service costs	¥23
Actuarial gains and losses	1,935
Other	-
Total	¥1,958

(6) Accumulated adjustment for retirement benefits

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

As of March 31, 2020	(Millions of yen)
Unrecognized past service costs	¥ (52)
Unrecognized actuarial gains and losses	6,370
Other	—
Total	¥6,318

(7) Pension assets

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

As of March 31, 2020	
Stocks	29%
Bonds	28%
Life insurance general account	15%
Other	28%
Total	100%

Note: Included in total pension assets is 10% (compared with 12% in the previous fiscal year) for retirement benefit trusts established in the corporate pension plan, and 30% (compared with 31% in the previous fiscal year) for retirement benefit trusts established in the lump-sum retirement plan.

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

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

(8) Basis for calculating actuarial calculations

Basis for calculating main actuarial calculations (weighted average)

From April 1, 2019 to March 31, 2020

Discount rate	0.3%
Expected long-term rate of return on plan assets	2.7%
Rate of salary increase	
Defined benefit corporate pension plan	3.6%
Lump-sum retirement plan	3.5%

3. Defined contribution funds

The required contribution for the current consolidated fiscal year under the Bank's defined contribution pension plan is ¥199 million compared with ¥202 million as of the end of the previous fiscal year.

(Stock Options and Other Related Information)

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

From April 1, 2019 to March 31, 2020

(Millions of yen)

General and administrative expenses	¥31
-------------------------------------	-----

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

(1) Description of stock options

	2019 Stock Options
Category and number of people to whom stock options are granted	The Bank's directors (excluding outside directors): 10
Type and number of shares granted as stock options	Common stock: 29,900 shares
Date on which stock options were granted	July 26, 2019
Vesting terms and conditions	Vesting terms and conditions have not been prescribed
Vesting period	Vesting period has not been prescribed
Exercise period	July 27, 2019 to July 26, 2049

Note: Reflecting the five-to-one stock consolidation conducted on the effective date of October 1, 2018.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the fiscal year ended March 31, 2020. The number of stock options is converted into the number of shares.

① Number of stock options

	2019 Stock Options
Stock options which are not yet vested (shares):	
As of March 31, 2019	—
Granted	29,900
Forfeited	—
Vested	29,900
Balance of stock options not vested	—
Stock options which have already been vested (shares):	
As of March 31, 2019	—
Vested	29,900
Exercised	—
Forfeited	—
Balance of stock options not exercised	29,900

Note: Reflecting the five-to-one stock consolidation conducted on the effective date of October 1, 2018.

② Per share price information

	2019 Stock Options
Exercise price (Yen)	¥1
Average price per share upon exercise (Yen)	—
Fair value per share at the grant date (Yen)	1,061

Note: The average price per share upon exercise and the fair value per share at the grant date reflect the five-to-one stock consolidation conducted on the effective date of October 1, 2018.

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

During the fiscal year ended March 31, 2020, the fair value per share with respect to the 2019 Stock Options was estimated as follows:

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

(2) Main numerical and estimation methods

	2019 Stock Options
Stock price volatility (Note 1)	31.1%
Projected residual period (Note 2)	2.9 years
Projected cash dividends (Note 3)	¥35.00/share
Risk-free interest rate (Note 4)	(0.21)%

Notes: 1. Stock price volatility is calculated based on the stock price performance for the period (weekly from the week of August 22, 2016 to the week of July 22, 2019) that corresponds to the projected residual period.

2. The projected residual period is estimated based on the average period in office of directors (excluding outside directors) who have retired in the past.

3. Projected cash dividends are based on cash dividend results for the fiscal year ended March 31, 2019. Based on conversion to the number of shares after the five-to-one stock consolidation conducted on the effective date of October 1, 2018.

4. The risk-free interest rate is the yield on government bonds for the period that corresponds to the projected residual period.

4. Estimation method for the number of stock options vested

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

(Relating to Tax Effect Accounts)

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

	(Millions of yen)
As of March 31, 2020	
Deferred tax assets	
Net defined benefit liability	¥4,642
Allowance for possible loan losses	2,722
Losses on investment securities	1,295
Depreciation	517
Other	2,144
Subtotal	11,322
Valuation allowance	(4,116)
Total deferred tax assets	7,205
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(6,057)
Other	(1,778)
Total deferred tax liabilities	(7,836)
Net deferred tax assets (figures in parentheses represent liabilities)	¥(631)

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

As of March 31, 2020

Normal effective statutory tax rate	30.4%
Valuation allowance	5.0%
Income not taxable for income tax purposes	(1.9)%
Expenses not deductible for income tax purposes	0.5%
Other – net	1.3%
Actual effective tax rate	35.3%

(Relating to Asset Retirement Obligations)

Not applicable

(Relating to Investment and Rental Property)

Not applicable

(Segment Information by Type of Business)

【Segment information】

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

【Related information】

From April 1, 2019 to March 31, 2020

1. Information for service segments

	(Millions of yen)			
	Loans	Securities investment	Other	Total
Ordinary income from customers	¥17,205	¥17,919	¥12,176	¥47,301

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

2. Information for geographic areas

(1) Ordinary income

Since the amount classified as ordinary income from external customers in Japan exceeds 90% of ordinary income on the consolidated statements of income, it has been omitted here.

(2) Tangible fixed assets

Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated statements of income, it has been omitted here.

3. Information about major customers

Since no ordinary income from specific customers represents more than 10% of ordinary income on the consolidated statements of income, it has been omitted here.

【Information about impairment loss of fixed assets by reportable segment】

Since the Group has only a single reporting segment (banking), disclosure of segments lacks importance and has thus been omitted here.

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

Not applicable

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

Not applicable

【Related-party transactions】**1. Related-party transactions**

(1) Transactions with parties related to the company submitting consolidated financial statements

① The parent company and major shareholders of the company submitting consolidated financial statements (limited to companies, etc.)

Not applicable

② Non-consolidated subsidiaries and related companies, etc. of the company submitting consolidated financial statements

Not applicable

③ Companies, etc. with the same parent company as the company submitting consolidated financial statements and subsidiaries, etc. of other related companies of the company submitting consolidated financial statements

Not applicable

④ Related-party transactions involving directors, corporate auditors and major stockholders (individuals only) of the Bank

From April 1, 2019 to March 31, 2020

(Millions of yen)

Relationship	Name	Address	Paid-in capital	Position	Voting rights (%)	Details of business relationship	Transaction	Transaction amount	Accounting name	Year-end balance
Statutory auditor	Toshihito Furuya	—	—	Corporate auditor of the Bank, simultaneously serving as legal advisor	0.02	Lending Compensation for legal advisory services	Lending	¥—	Loans	¥96
							Interest income	2	—	—
Statutory auditor	Eiichiro Yamadera	—	—	Brother-in-law of a Director of the Bank	0.11	Lending	Lending	0	Loans	174
							Interest income	2	—	—

Note: Transaction terms and policies for determining transaction terms

Transaction terms are determined in the same manner as with clients in general.

(2) Transactions with consolidated subsidiaries and related parties of the company submitting consolidated financial statements

Not applicable

2. Notes regarding parent company or other important related companies

Not applicable

(Relating to Business Combinations, etc.)

Not applicable

(Per Share Information)

From April 1, 2019 to March 31, 2020

(Yen)

Net assets per share	¥6,183.83
Profit per share	116.43
Diluted profit per share	116.13

Notes: 1. The Bank consolidated its shares at a ratio of five shares to one share on the effective date of October 1, 2018. Per share information is calculated on the assumption that this consolidation of shares took place at the beginning of the previous consolidated fiscal year.

2. The basis for calculating profit per share and diluted profit per share is presented as follows.

From April 1, 2019 to March 31, 2020

(Millions of yen)

Profit per share	
Profit attributable to shareholders of the parent	¥3,764
Amount not attributable to owners of common stock	—
Profit attributable to shareholders of the parent related to common stock	3,764
Average balance of common stock (Thousands of shares)	32,333
Diluted profit per share	
Adjustment amount of profit attributable to shareholders of the parent	¥—
Increase in the number of common stock (Thousands of shares)	84
New share subscription rights (Thousands of shares)	84

(Important Subsequent Events)

Not applicable

Corporate Data

(as of March 31, 2020)

Common Stock : ¥15,400 million

Number of Shares:

Authorized 79,600,000 shares
Issued 32,783,000 shares

Number of Stockholders : 6,290

Stock Listing : First Section of the Tokyo Stock Exchange

Transfer Agent : Mitsubishi UFJ Trust & Banking Corporation

Breakdown of Stockholders

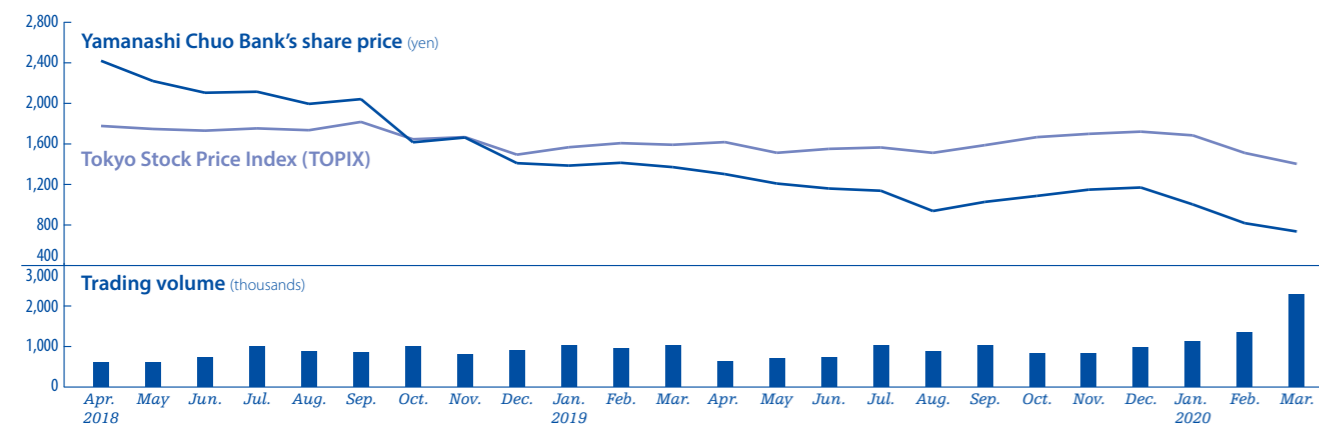


* Shares (1 trading unit: 100 shares)
Note: The category "Individuals and others" contains treasury stock of 9,348 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trustee Account)	1,332	4.18
Meiji Yasuda Life Insurance Company	1,209	3.79
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	1,174	3.68
Japan Trustee Services Bank, Ltd. (Trustee Account)	894	2.80
MUFG Bank, Ltd.	716	2.25
Teikyo University	629	1.97
Fukoku Mutual Life Insurance Company	600	1.88
FUJI KYUKO CO., LTD.	531	1.66
Tokio Marine & Nichido Fire Insurance Co., Ltd.	501	1.57
Japan Trustee Services Bank, Ltd. (Trustee Account 5)	466	1.46
Total	8,055	25.29

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



* On October 1, 2018, every five (5) shares were consolidated into one (1) share. This was calculated on the assumption that the consolidation of shares was conducted at the beginning of the fiscal year ended March 31, 2019.

Consolidated Subsidiaries

Name	Capital (Millions of yen)	Yamanashi Chuo Bank's share (%)	Lines of business
Yamanashi Chuo Guarantee Co., Ltd.	20	99.8	Loan guarantees
Yamanashi Chugin Lease Co., Ltd.	20	66.0	Leasing
Yamanashi Chugin DC Card Co., Ltd.	20	67.5	Credit cards
Yamanashi Chugin Management Consulting Co., Ltd.	200	87.5	Consulting, economic research

Board of Directors and Corporate Auditors

(as of July 1, 2020)

Chairman

Nakaba Shindo

President

Mitsuyoshi Seki

Senior Managing Director

Kazuhiko Kitta

Managing Directors

Yukio Osada
Norihiro Tanaka
Yutaka Fujita
Yoshiaki Furuya

Directors

Fumihiko Furuya
Masahiko Yamadera
Michio Masukawa
Riyo Kano
Miki Ichikawa

Standing Corporate Auditors

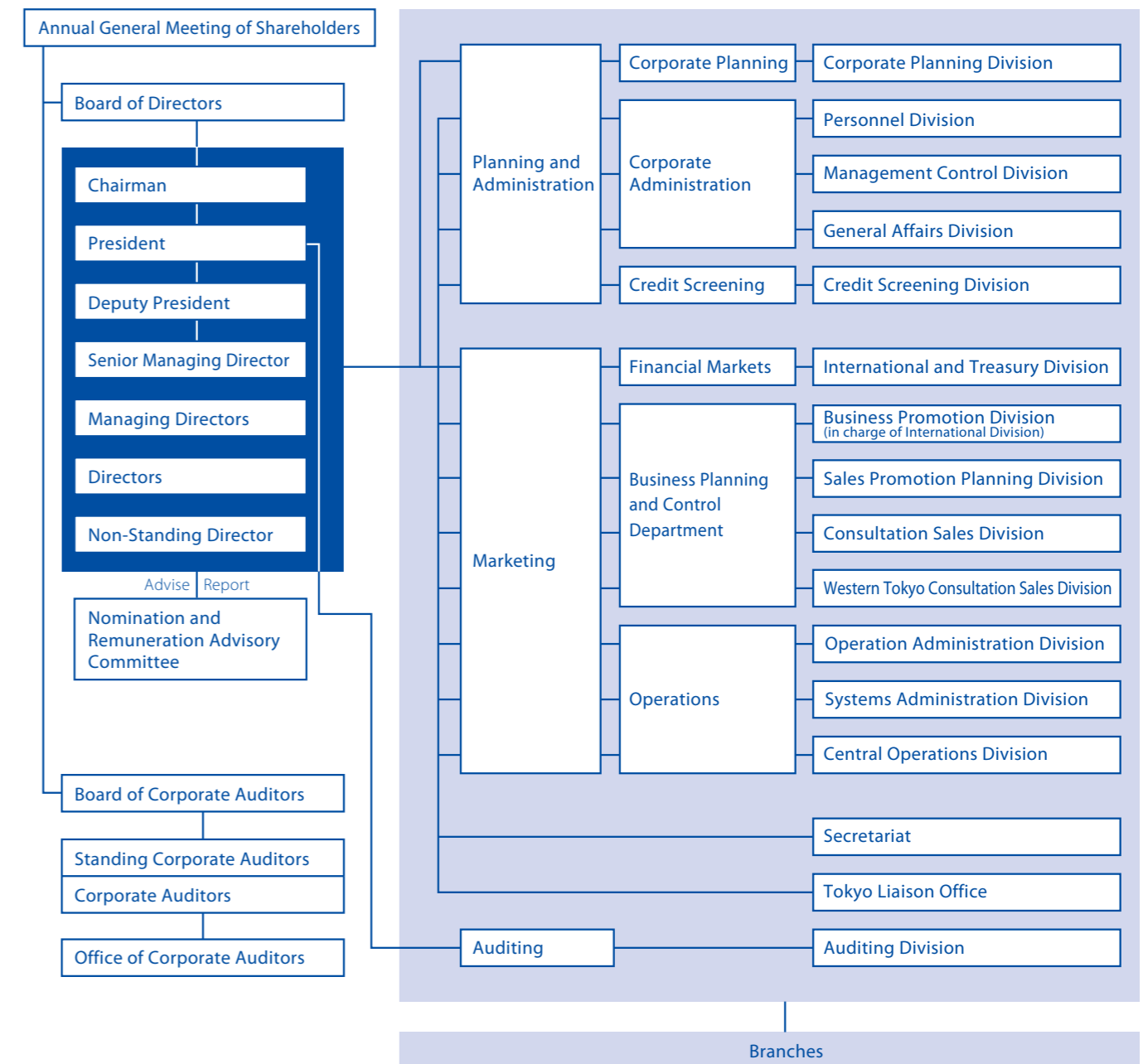
Akira Omata
Kimihiro Asai

Corporate Auditors

Kouichiro Horiuchi
Yoshiyuki Nagahara
Minako Mizutani

Organization

(as of July 1, 2020)



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