

Annual Report 2021



THE YAMANASHI CHUO BANK

Local Industries in Yamanashi Prefecture

Wine



22.8% 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



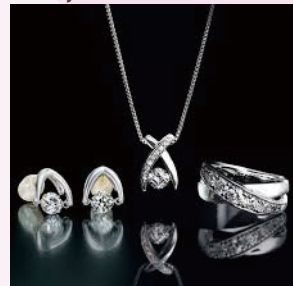
Shipment amount of *shoji* paper and calligraphy paper ranks third in Japan.

Silk Fabric



Shipment amount of down quilts ranks third in Japan.

Jewelry



Shipment amount of jewelry ranks second in Japan.

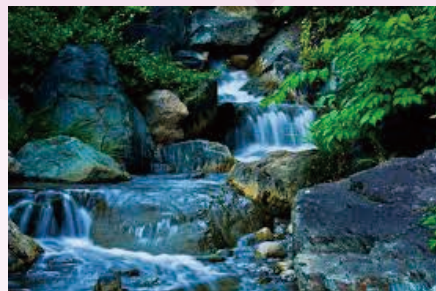
Local Industries in Yamanashi Prefecture

Fruits



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

Mineral Water



38.8% share of shipment amount ranks first in Japan.

Knit Products



Inden Leather



Preparations for High-Speed Transportation Network

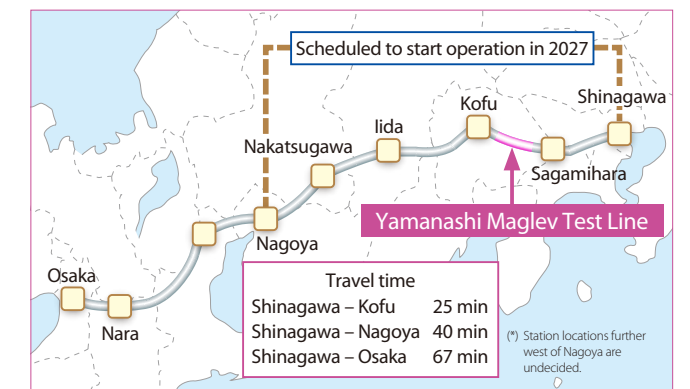
Expected Effects

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.

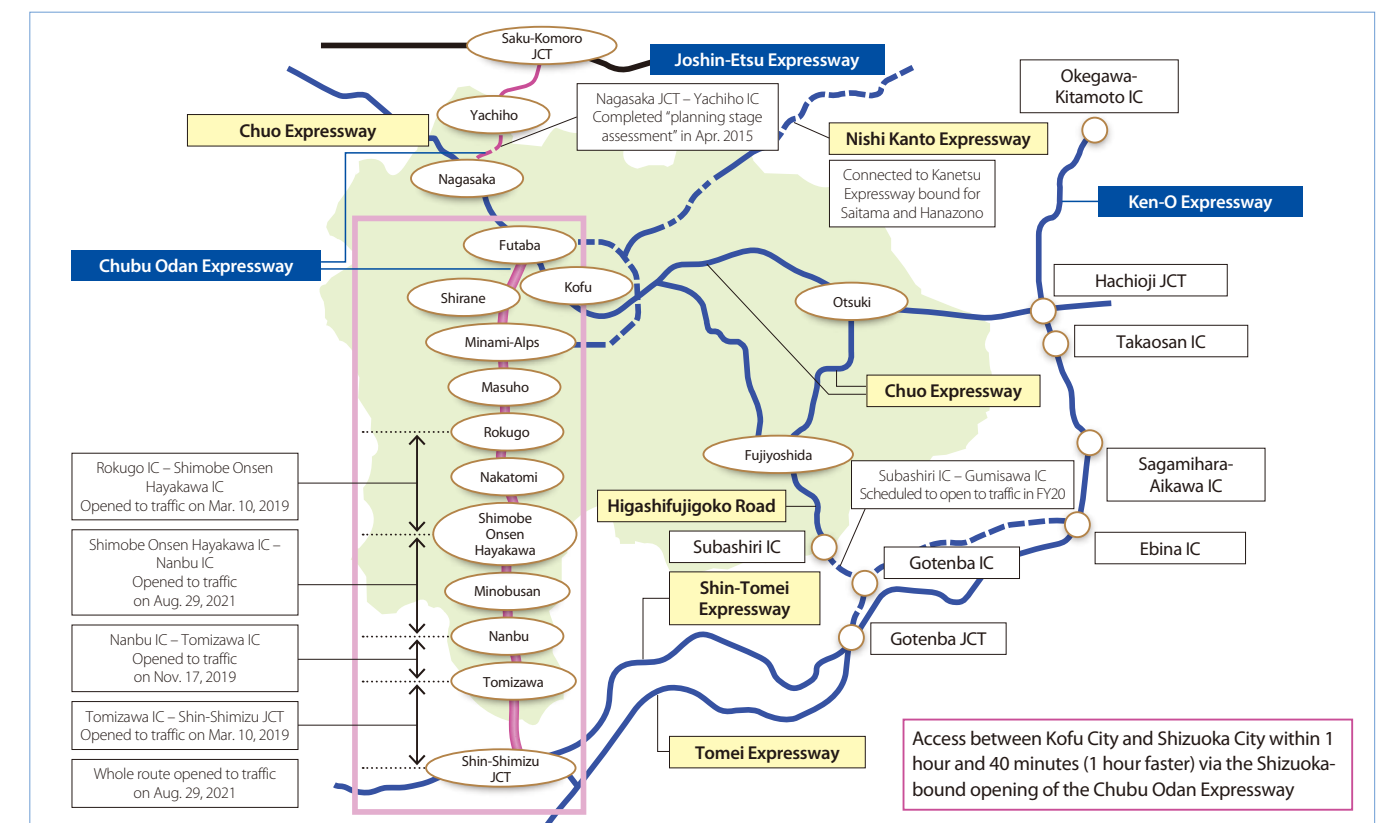
Shinkansen Maglev Train

- Oct. 2014: Minister of Land, Infrastructure, Transport and Tourism approved the start of construction, with opening planned for 2027.
- 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).
- Nov. 2019: Construction began on Kanagawa Prefecture Station (tentative name)

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, 2021)

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:

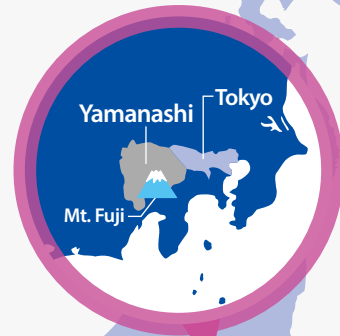
A- (Rating and Investment Information, Inc.)

Network:

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

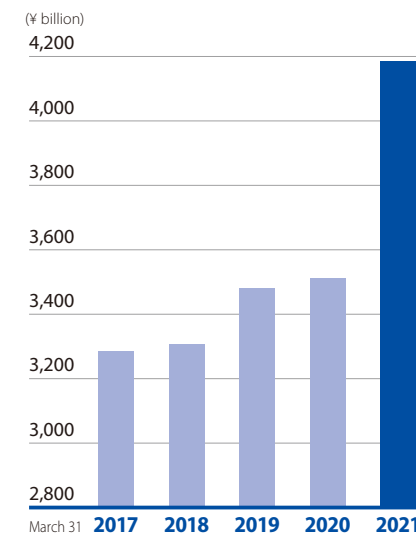
The Yamanashi Chuo Bank, Ltd. and Consolidated Subsidiaries
Fiscal years ended March 31

	2017	2018	2019	2020	2021
Ordinary Income	55,736	54,120	52,353	44,878	49,602
Ordinary Profit	10,001	7,570	7,458	6,726	6,229
Profit Attributable to Shareholders of the Parent	7,282	4,920	4,908	3,764	3,090
Comprehensive Income	(15,464)	2,135	6,740	(20,412)	22,851
Net Assets	216,977	217,311	222,388	199,661	221,439
Total Assets	3,285,408	3,306,502	3,480,808	3,511,412	4,185,672
Net Assets per Share (Yen)	1,277.73	6,430.17	6,652.04	6,183.83	6,849.57
Profit per Share (Yen)	42.95	146.48	147.15	116.43	96.92
Capital Adequacy Ratio (Domestic Standard, %)	16.82	14.14	13.80	13.22	12.78
Return on Equity (%)	3.25	2.29	2.25	1.80	1.48
Price Earnings Ratio (Times)	11.59	14.95	9.31	6.32	9.48
Cash Flows from Operating Activities	(91,511)	79,725	82,750	(23,354)	446,423
Cash Flows from Investing Activities	245,900	(27,367)	124,502	(134,180)	(62,012)
Cash Flows from Financing Activities	(2,868)	(1,783)	(1,681)	(2,287)	(1,117)
Cash and Cash Equivalents	260,830	311,403	516,974	357,152	740,447

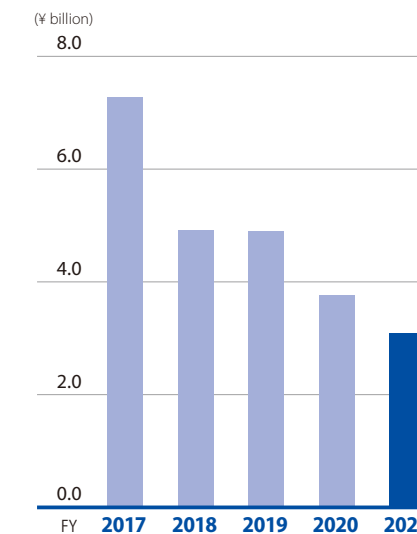
Notes:

- (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.

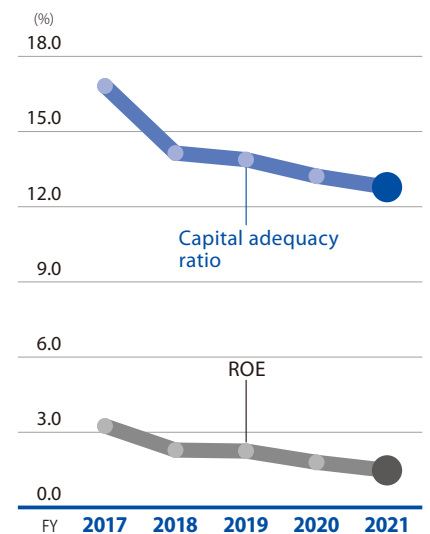
Total assets



Profit attributable to shareholders of the parent



ROE/ Capital adequacy ratio (Domestic standard)





President
Mitsuyoshi Seki

We aim to achieve sustainable growth together with all our stakeholders by embracing ambition and empathy with foresight.

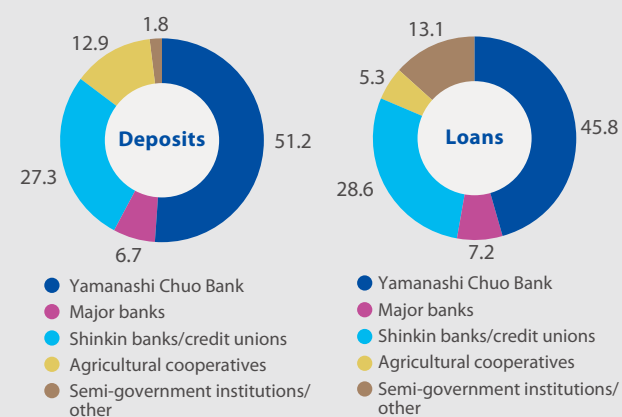
The Economy of Yamanashi Prefecture—Our Business Base

General Prefectural Production (fiscal 2018): **¥3,494 billion**
 Real Growth Rate (fiscal 2018): **3.6%**
 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	279.1	74.8	No. 1
Mineral water	71.7	38.8	No. 1
Hoisting machinery	28.6	31.8	No. 1
Semiconductors / IC measuring instruments	50.9	20.0	No. 2

Shares in Yamanashi Pref. (%) (as of March 31, 2021)



Review of Year 2 of the Medium-Term Management Plan

Fiscal 2020 marked the second year of our new, three-year medium-term management plan "Value+ 2022." During the year, we took steps toward transforming the Bank.

Meanwhile, the COVID-19 pandemic currently continues to have a significant impact on not only Japan but also the whole world, with no end in sight to the pandemic. Japan's economy seemed to have bottomed out at one point due to the positive effects of the "Go To Travel" campaign and other programs by the Japanese government. However, the number of new COVID-19 cases in Japan has ebbed and flowed repeatedly, and the outlook has remained uncertain.

Under these conditions, the Bank worked to provide extensive financial support to customers experiencing hardship through no fault of their own due to the COVID-19 crisis.

Concurrently, the Bank strove to maintain and reinvigorate regional industries that have suffered serious impacts. In addition, the Bank sought to overcome this impasse through a collective effort by the whole regional community. To this end, all the Bank's officers and employees responded even faster than before to solve a wide range of issues faced by customers. These efforts were grounded on customer-first activities based on the 3S Action Guidelines of Smile, Speed and Simple.

In fiscal 2020, we embarked on two ambitious initiatives to transform the Bank itself.

The first initiative is digital transformation (DX). We believe that DX encompasses the creation of new services and business models from a customer-first perspective using digital technologies. We also believe that it covers efforts to establish competitive advantages through the transformation of existing tasks, organizations, processes, and corporate culture.

We believe that the Bank has an important duty to promote

Message from the President

DX across the whole region. This can be accomplished through efforts to create new value by vigorously promoting DX throughout the Bank, and by giving back the expertise and skills we accumulate in the process to the region.

The second initiative is the Shizuoka-Yamanashi Alliance we concluded with Shizuoka Bank on October 28, 2020. The overarching goal of this alliance is to realize the sustainable growth of both banks together with the local communities of Yamanashi and Shizuoka Prefectures in any type of business environment. We seek to transform ourselves into a bank that can adapt to any new environment through the specific measures of the alliance. In the process, the Bank will leverage the alliance to achieve transformation. We refer to this process as "Alliance Transformation (AX)."

With DX and AX as our driving force, we will further accelerate the transformation of the Bank itself, while we seek to achieve the sustainable growth of the regional economy.

Identification of the Bank's Materiality (Key Issues)

The Bank has identified its materiality (key issues). The Bank should address these issues to realize the sustainable growth of the regional economy and increase its corporate value.

Furthermore, we have adopted six themes within our materiality framework, and we will address these themes intensively. The six themes are (1) Maintaining a rich natural environment and passing it on to the future; (2) Strengthening of various relationships and increase of regional economic activity; (3) Realization of digital transformation (DX) and digitalization of regional society; (4) Creation of common value through high-quality UI/UX; (5) Creation of an organization that supports the growth and active participation of diverse human resources; and (6) Strengthening of corporate governance and compliance.

Looking at the first theme, which is to preserve and leave a bountiful natural environment to future generations, we will work to reduce the amount of CO₂ emissions from the Bank's activities, with a view to realizing a decarbonized society. In parallel, we will support the environmental preservation efforts of the region and help to further improve those efforts

through the supply of environmental products, services and information.

The second theme is to strengthen various partnerships and improve regional economic vitality. On this front, we will strive to revitalize regional society and industries by strengthening ties with other banks and partners in industry, academia and government, among other areas. In addition, we will contribute to regional economic development by redoubling our efforts to actively supply information about Yamanashi's attractive resources.

The third theme is to realize DX and the digitalization of regional society. For this, we will work to effectively use digital technology and transform the Bank itself, along with giving back our expertise and skills in digital technology to customers. Through these efforts, we aim to realize the digitalization of regional society as a whole.

The fourth theme is to create common values through high-quality UI and UX. We will supply various high-quality products and services closely tied to communities and based on customer needs. By doing so, we will provide new value to customers and establish business models that pave the way for the creation of the Bank's corporate value.

The fifth theme is to build an organization that supports the growth and success of diverse personnel. We will develop highly specialized employees as part of our efforts to solve issues faced by customers and build workplace environments that allow diverse personnel to respect one another and succeed. Through these efforts, we will foster a corporate culture that makes work satisfying and rewarding.

The sixth theme is to strengthen corporate governance and compliance. To ensure the soundness and transparency of management and establish trust with all manner of stakeholders, we will strive to strengthen governance by working to develop our organizational structure, enhance information disclosure and engage in dialogue with stakeholders.

The Bank will continuously review its materiality in response to factors such as changes in economic conditions. This review will be reflected in the Bank's management strategy.



President
Mitsuyoshi Seki

Initiatives towards the Final Year of the Medium-Term Management Plan

The Bank has adopted Value Creation Bank as its long-term vision in anticipation of the 150th anniversary of the Bank's founding in 2027. Fiscal 2021 is the final year of our three-year medium-term management plan "Value+ 2022," which covers the structural reform stage for achieving this vision.

We will continue working to help customers in regions that have been seriously affected by COVID-19. In parallel, we will demonstrate thorough financial intermediary functions based on "the 3S Action Guidelines" of Smile, Speed, and Simple. Doing so will pave the way for fostering our common values, such as driving the growth of the regional economy and the Bank.

To do so, in fiscal 2021, we will further strengthen measures to address the SDGs, which are common global sustainable development goals, and accelerate the transformation of the Bank itself, along with pursuing DX and AX. Concurrently, we will step up efforts to address the Bank's materiality. Through these efforts, we aim to contribute to the development of the regional economy.

Message to Stakeholders

Businesses and individuals throughout Japan are facing historical hardships due to the impact of COVID-19. The Bank is committed to thoroughly supporting everyone who is working hard without losing hope in these difficult circumstances.

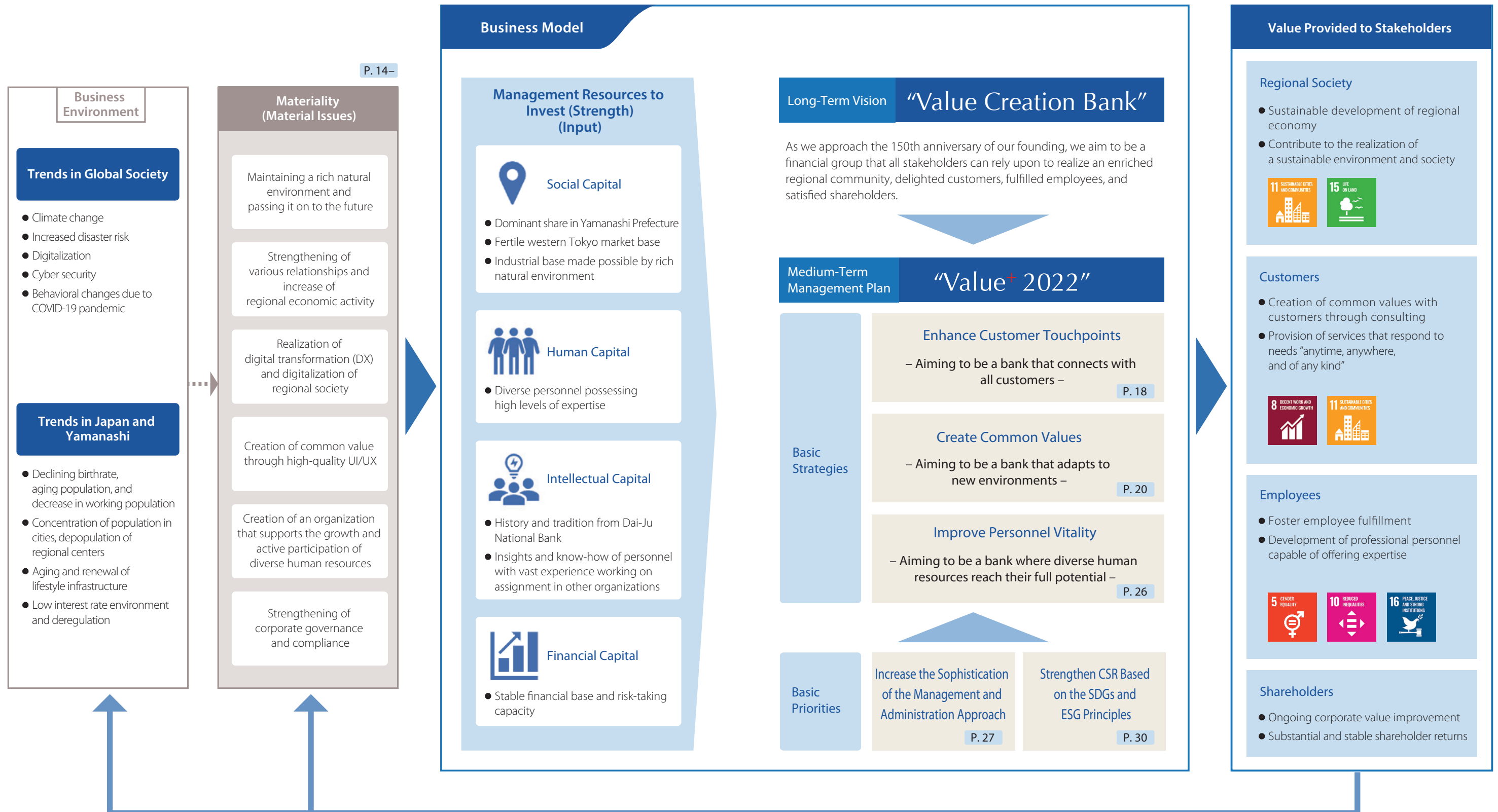
All officers and employees of the Bank are determined to overcome the wide range of hardships caused by the COVID-19 crisis together with customers, based on the 3S Action Guidelines originating with the customer. To make this happen, it will be important to remember two things as we move forward: our ambition for the Bank and its customers to work hand in hand to firmly support the regional economy of the future and our empathy for each other.

Looking ahead, we will continue to emphasize the importance of trust and confidence from our customers. Based on the Bank's mission of region-based operations and sound management, which has not changed since its founding, we will continue to create common values by actively communicating with various stakeholders, including regional society, customers, and shareholders, while seeking to realize a sustainable society. We look forward to your continued support in this endeavor.

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.



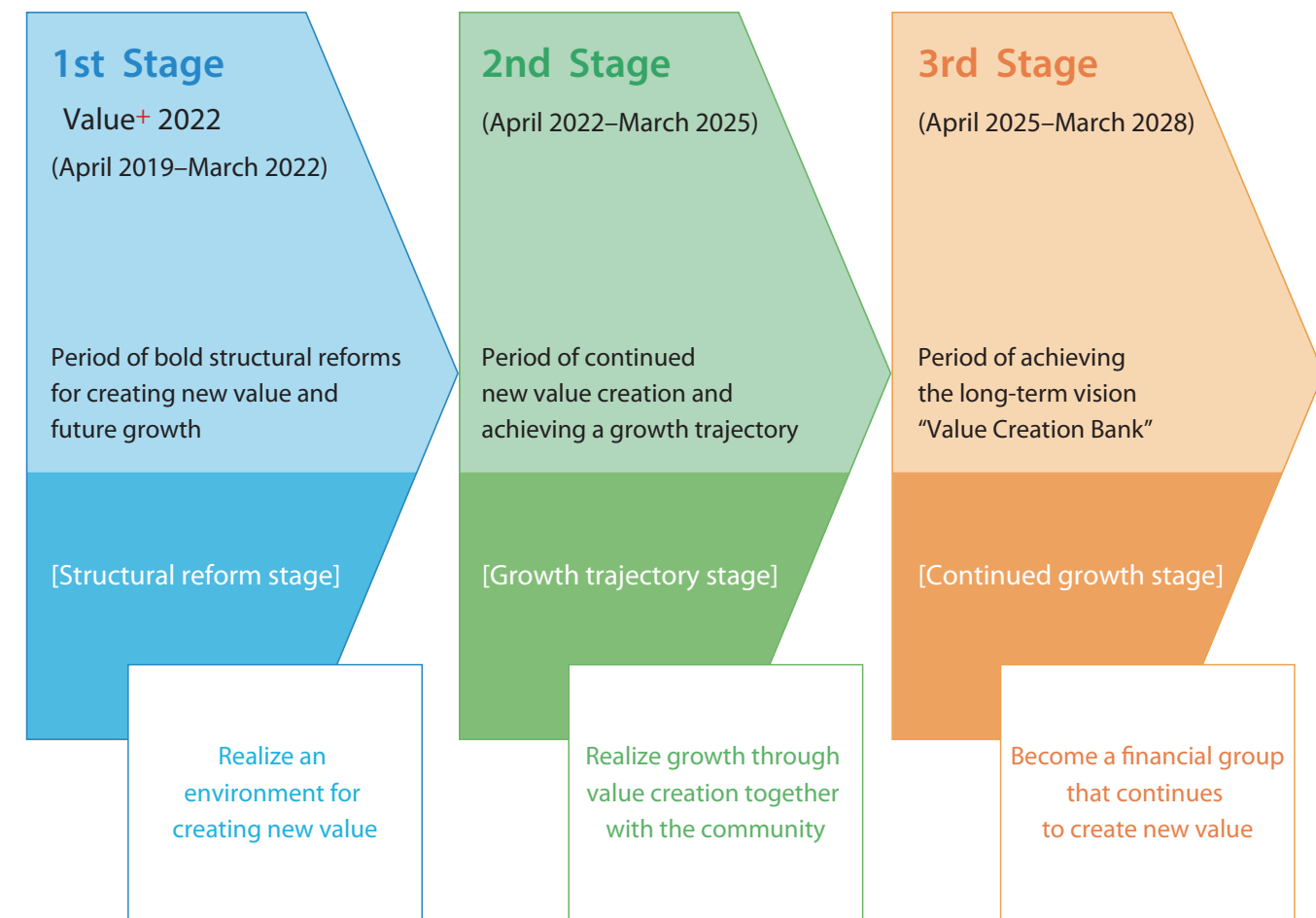
Initiatives Ahead of 150th Anniversary of Founding (2027)

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	FY2020 Results	FY2021 Targets
Interest on loans	¥16.5 billion	¥17.5 billion or more
Non-interest revenue	¥ 8.4 billion	¥ 9.0 billion or more
Net income	¥ 2.6 billion	¥ 3.5 billion or more
OHR (Operating expenses/Core gross business profit)	74.74%	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.

Organization of the SDGs Committee

Regional challenges are wide-ranging, making multifaceted, specialized analyses and reviews vital for their solution. Therefore, in order to utilize the knowledge of departments at the headquarters and the network of human resources across boundaries between organizations, the Yamanashi Chuo Bank Group established the SDGs Committee in April 2021. The committee will discuss and consider various measures to solve regional challenges and address the priority promotion items included in its SDGs Declaration, thus contributing to the realization of a sustainable society.

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

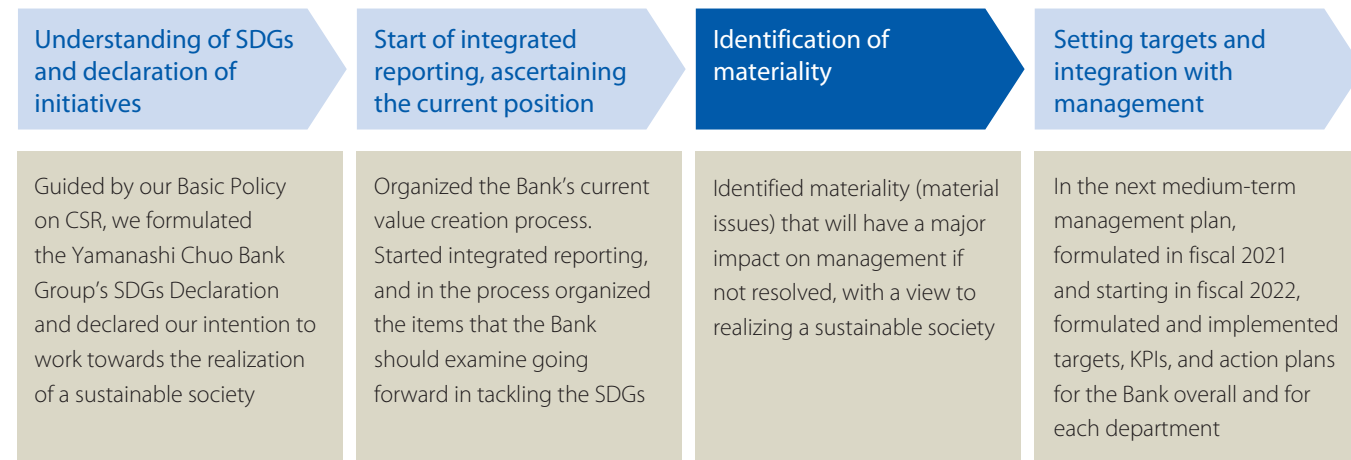
Smile	Speed	Simple
The first step in creating common values with customers begins with each employee’s smile. A pleasant smile creates a sense of comfort among customers and leads to deep communication.	In this era of rapid change, we will improve customer satisfaction by quickly and accurately addressing 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.

Identification of the Bank's Materiality (Material Issues)

The Bank is working to realize a sustainable world and regional society along with a continuous increase in corporate value by increasing its level of sustainability management. As part of this effort, the Bank has identified materiality (material issues) that it needs to engage with.

Initiatives to increase the level of sustainability management

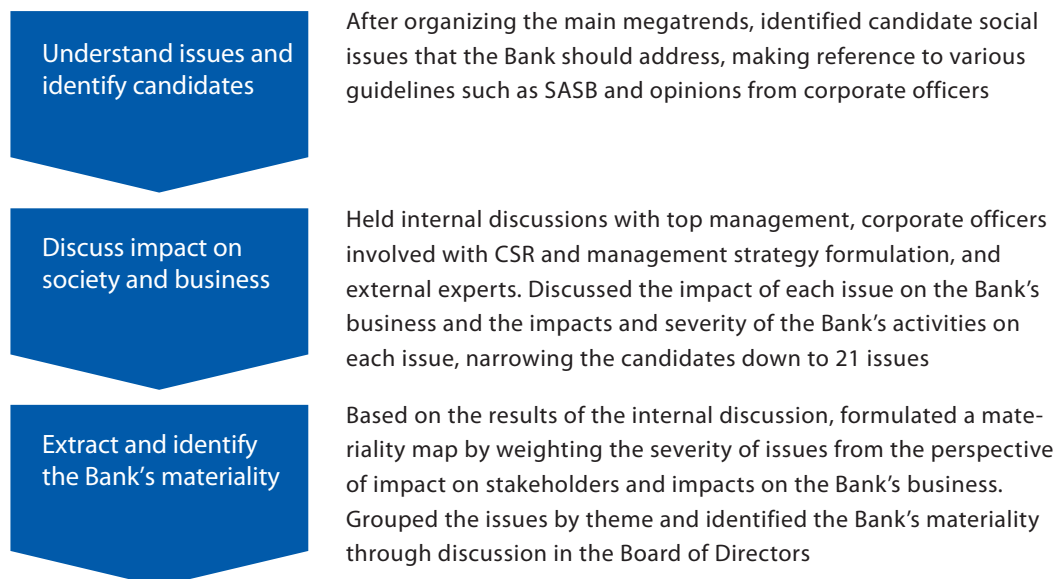
The Bank plans to integrate its sustainability-related initiatives with its management strategies using the following steps.



Link existing businesses to SDGs by formulating the next medium-term management plan based on the established materiality.

Materiality identification process

The Bank has identified its materiality through the process shown below.



Initiatives going forward

The materiality identified this time will be revised as necessary, making reference to opinions and so forth received from stakeholders going forward.

Under the next medium-term management plan, which starts in April 2022, we will set out a specific policy for engaging with our materiality through business and social contribution activities, establish financial and non-financial KPIs for measuring progress and efficacy, and further promote solutions to social issues through business.

Identification of the Bank's Materiality (Material Issues)

The Bank's Materiality

ESG	Materiality theme	Overview	Related issues	Related SDGs
E	Maintaining a rich natural environment and passing it on to the future	The Bank will promote CO ₂ reduction initiatives to help achieve decarbonization, while supporting environmentally conscious initiatives undertaken by regional societies through the provision of environmental products, services, and information	<ul style="list-style-type: none"> CO₂ reduction to help achieve decarbonization^{*1} Realization of next-generation clean energy^{*1} 	
S	Strengthening of various relationships and increase of regional economic activity	We will strengthen relationships with other banks and between industry, academia and government, while supporting the revitalization of regional society and industries through business activities. In addition, we will contribute to the flourishing of sustainable regional societies and regional economic development by communicating the attractive resources of Yamanashi Prefecture	<ul style="list-style-type: none"> Declining birthrate, aging population, and decrease in population Sustainable growth of regional companies Regional innovation 	
	Realization of digital transformation (DX) and digitalization of regional society	Lead the digitalization of the whole regional society by transforming the Bank itself with digital technology and returning this know-how to local companies	<ul style="list-style-type: none"> Internal DX^{*2} Digitalization of the whole of regional society^{*2} 	
	Creation of common value through high-quality UI/UX ^{*3}	Create customer value and build new service and business models leading the Bank to create economic value by providing high-quality services to meet customers' needs, rooted in the local community	<ul style="list-style-type: none"> Changes in customers banking patterns and needs Access to finance Product and service quality 	
G	Creation of an organization that supports the growth and active participation of diverse human resources	Develop highly specialized employees and build workplace environments that allow diverse personnel to respect one another and succeed, thereby fostering a corporate culture that makes work satisfying and rewarding	<ul style="list-style-type: none"> Human resource development Diversity and inclusion Job satisfaction and workstyle reforms Mental safety 	
	Strengthening of corporate governance and compliance	Ensure the soundness and transparency of management and establish trust with all manner of stakeholders by working to develop our organizational structure, enhance information disclosure and engage in dialogue with stakeholders	<ul style="list-style-type: none"> Governance and internal control Compliance and corporate ethics Risk management 	

*1 These items break down "climate change and global warming" from the Bank's perspective and the regional perspective.

*2 These items break down "digital transformation" from the Bank's perspective and the regional perspective.

*3 UI: Abbreviation for User Interface. The contact point between customers and the Bank.

UX: Abbreviation for User Experience. New experiences and satisfaction that customers obtain through the use of the Bank's products and services.

Feature: The Shizuoka-Yamanashi Alliance

Comprehensive business alliance with Shizuoka Bank

To realize our long-term vision, Value Creation Bank, we aim to achieve sustainable growth with the region, and on October 28, 2020 we concluded a comprehensive business alliance (the Shizuoka-Yamanashi Alliance) with Shizuoka Bank, which is based in Shizuoka Prefecture.



Purpose of the alliance

While maintaining their management independence and unique corporate brands and customer bases, both banks will share know-how and utilize each other's management resources to achieve their missions in their respective regions, contributing to continuous maintenance and vitalization of local industries.

Effects and major initiatives of the alliance

By working quickly on the following items, we aim to increase revenue and reduce expenditures on a cumulative basis over five years, with both banks realizing synergies totaling over ¥10.0 billion.

Corporate needs

- ✓ Sharing of information on M&A
- ✓ Sharing of information on business matching
- ✓ Utilization of Shizuoka Bank's overseas network and dispatching of bank staff

DX/Shift to cashless operations

- ✓ Joint research for utilization of digital technologies including AI and RPA
- ✓ Dispatching of bank staff to the Innovation Promotion Office of Shizuoka Bank and research on new business

Banking needs

- ✓ Joint creation of syndicate loans
- ✓ Joint study of structured finance
- ✓ Dispatching bank staff to the structured finance department
- ✓ Joint investment in PE funds

Life planning needs

- ✓ Establishment of a new scheme for securities intermediary through Shizugin TM Securities Co., Ltd.
- ✓ Establishment of a scheme for securities intermediary in the online field through Monex Group, Inc.
- ✓ Development of a fund reserved for the alliance through Commons Asset Management

Vitalizing local economy

- ✓ Holding of joint events to promote economic exchange between Shizuoka and Yamanashi Prefectures
- ✓ Support of entrepreneurs in the regions through holding TECH BEAT jointly
- ✓ Conclusion of collaborative arrangement in case of disaster (Mutual use of mobile branch vehicles, etc.)

Shared activity/BPO

- ✓ Opening of joint stores by utilizing unoccupied space in branches in the strategic areas of both banks
- ✓ Examination for standardization and sharing of various IT systems
- ✓ Examination on the sharing of various clerical work and BPO that utilizes Shizuoka Bank Group companies

Feature: The Shizuoka-Yamanashi Alliance

(Main alliance measures that have been realized)

Start of collaboration with Shizugin TM Securities Co., Ltd. on financial instruments introduction service (life plan needs)

On April 20, 2021, Shizuoka Bank Group company Shizugin TM Securities Co., Ltd. opened a branch inside the Bank's Head Office.

The Bank has started introductions of customers to Shizugin TM Securities Co., Ltd., enabling it to respond with an even wider range of solutions to regional customers' asset management needs.



Collaboration in the finance field (banking needs)

(1) Personnel exchanges and organization of collaborative projects

In January 2021, we started a personnel exchange in which we dispatched two of the Bank's employees to Shizuoka Bank with a view to sharing know-how in the fields of structure finance and syndicate loans, and to enhance the effectiveness of collaborative initiatives in these fields.

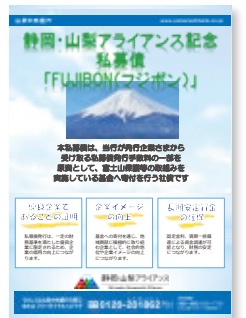
Through this initiative, we have seen results in organizing collaborative projects in the field of corporate finance, such as structured finance and syndicate loans.

(2) Started handling FUJIBON privately placed bonds in commemoration of the alliance

From April 20, 2021 we started handling FUJIBON privately placed bonds in commemoration of the alliance.

This product has a feature in which when customers issue a privately placed bond, part of the commissions received by the Bank and Shizuoka Bank (0.2% of the issued amount) is donated to the Fujiyama Fund, which is operated by the NPO National Council on Fujisan World Heritage.

Both banks will respond to customers' desire to contribute to protecting the earth's environment through handling this product.



Other alliance measures

Corporate needs

- ✓ Concluded an agreement on M&A business (January 2021)
- ✓ Concluded an agreement on support for customers' overseas business (May 2021)

Vitalizing local economy

- ✓ Held individual trade talks with business partners (February, March 2021)
- ✓ Held joint seminars (January 2021)

DX and innovation

- ✓ Dispatched one of the Bank's employees to the Shizuoka Bank Innovation Promotion Office (February 2021)

Other

- ✓ Personnel exchanges between both banks
 - ▷ Online exchange meetings between young employees, online exchange meetings between prospective employees
 - ▷ Club activity exchange events



Determination of alliance logo

Representing the aim of the alliance to enable both banks to grow while retaining independence with the corporate colors of both banks and Mt. Fuji, as well as the diversity of both banks' employees with a colorful triangle.



Initiatives to Enhance Customer Touchpoints

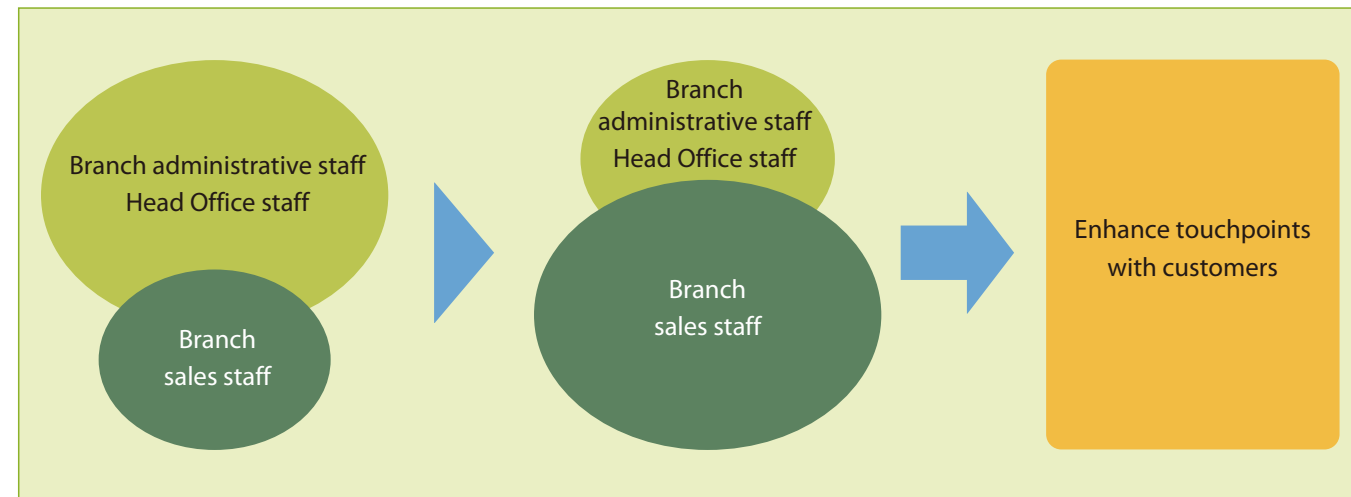
1. Optimize the OTC Channel

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



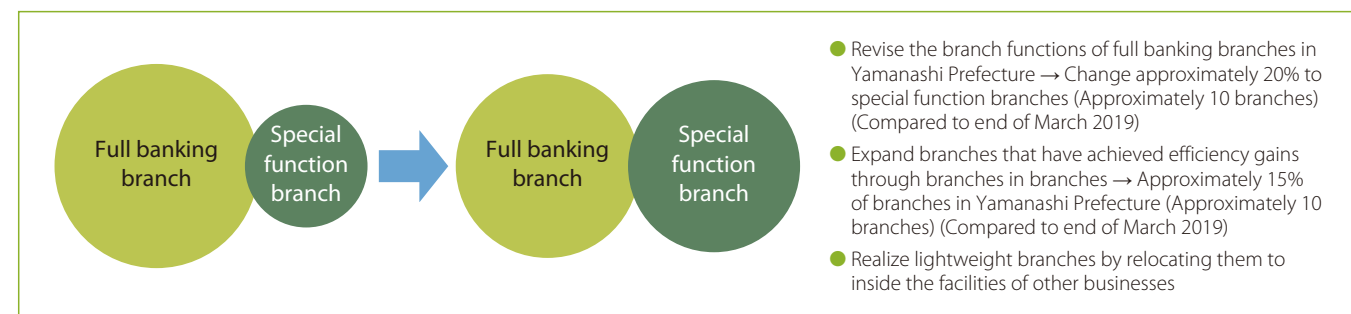
Increase in liaisons' effective consultations with customers

The number of liaisons' effective consultations with customers has been increasing steadily. 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

Under the medium-term management plan, the Bank seeks to revise the branch functions of 10 full banking branches and reduce the number of branch locations by 10 branches. As of the end of March 2021, the Bank had completed the revision of the branch functions of 10 branches and the reduction of the number of branch locations by 8 branches. In addition, the Bank relocated two branches to locations within government buildings.

In addition, mid-day breaks at branches were introduced at 37 branches.



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)

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 consultations, 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 a Startup and Establishment Support Desk in place. Here, the Bank, its Group companies and external organizations, have worked together to establish 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 collaborate with events such as business startup seminars organized by Yamanashi Prefecture, chambers of commerce and industry, and other entities. We offer support for business planning formulation and the Yamanashi Chuo Bank startup support loan to business founders, along with providing support for achieving business growth after establishment.

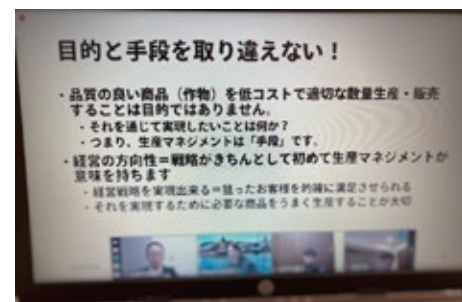


• Support for agri-business

The Bank addresses requests for consultations on various matters from business operators in the agri-business field. We provide business planning formulation support for business operators in the agri-food sector; financing support such as loans, leases, funds, and subsidies; supply of information on agricultural policy and support for deal arrangement, and consulting services.

The Bank also provides support for achieving business growth. We conduct activities such as planning and holding individual business meetings, various business matching fairs and other events. We also provide business matching services and introduce specialists who can be dispatched to businesses.

Additionally, 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. The school comprises courses that impart management knowledge in subjects such as finance, human resource development, distribution, production management, and marketing. It offers a practical curriculum that can be put to good use in actual businesses.



• 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 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 a Global Business Support Desk in the Head Office. The Global Business Support Desk manager acts as a coordinator, providing support according to the stage of each customer's overseas business development. This support includes supplying information on various types of business meetings and making buyer-matching proposals over the internet.

On May 12, 2021, the Bank concluded an Agreement on Overseas Business Support Operations with Shizuoka Bank in accordance with the Shizuoka-Yamanashi Alliance. The Bank has taken the opportunity of this agreement to dispatch two employees to Shizuoka Bank's overseas sites.

Looking ahead, the Bank will provide even more support to its customers while working closely with Shizuoka Bank's six overseas sites.



• Support for tourism-related businesses

The Bank is assisting the entire tourism industry by providing smooth financing support to tourism-related businesses that have suffered a tremendous impact from the COVID-19 pandemic.

In parallel with financing support, the Bank helps tourism-related businesses in many other ways. For example, we support new business development initiatives based on workations at tourism-related facilities and help to improve the earning power of tourism-related businesses through consulting on business rehabilitation issues. The Bank offers these types of support in collaboration with tourism advisors, external organizations, specialized personnel and other experts. Such collaboration allows the Bank to leverage even more sophisticated knowledge and information in offering various forms of support.

Moreover, the Bank conducts activities such as supporting the development of frameworks that will allow businesses to welcome inbound tourists more efficiently when the inbound tourism business recovers. We also assist with the supply of information on marketing strategies.

• 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 2020 122 loans ¥3,029 million

• Offering Yamanashi Chuo Bank privately placed bonds to support health workers

In July 2020, the Bank started offering privately placed bonds with a donation option. When issuing privately placed bonds, the Bank offers a preferential discount on a portion of the underwriting fees it receives from issuing companies. The preferential discount is used to fund donations by the issuing companies to funds, foundations, and other organizations that support health workers engaged in the treatment of patients with COVID-19 and related activities.

○ Track record of bond issuance

Fiscal 2020 5 bonds ¥360 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

The Bank introduces customers to ideal business partners, together with offering consulting support, to solve various management issues they face. Support activities include helping customers to expand sales channels, reduce costs, and improve productivity.

In supporting the expansion of sales channels, as part of measures set forth in the Shizuoka-Yamanashi Alliance, the Bank holds individual business luncheons in which major supermarkets and expressway service and parking area businesses tenants in both Shizuoka and Yamanashi Prefectures attend as buyers.

Also, the Bank introduces customers to business partners who can help them to reduce costs such as fuel and communications costs, enhance productivity using cloud services, and so forth.

In addition, the Bank provides customers with the B-Line business matching site covering an expansive geographic area.



• Achievements in support for management improvement

(April 2020 to March 2021)

Debtors (excluding normal borrowers) as of the start of the term: A	1,688
Of which, those receiving management improvement support: a	91
Of which, those that upgraded their debtor categories as of the term-end: b	9
Of which, those drawing up reconstruction plans: c	65
Percentage receiving management improvement support: (a/A)	5.4%
Percentage upgraded: (b/a)	9.9%
Percentage drawing up reconstruction plans: (c/a)	74.1%

Activities for regional revitalization

Participation in regional development such as regional revitalization projects

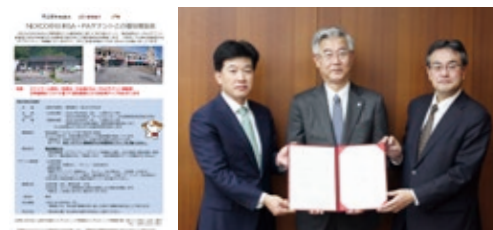
• Activities in collaboration with regional communities

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 working in collaboration with partnering local governments to revitalize agriculture, commerce and industry, promote relocation to and residence in Yamanashi Prefecture, and promote tourism and town development.

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 2020, aid has been offered to a total of 280 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 establish dual residence and move to and live in Yamanashi Prefecture, the Bank has set up "Move-to-Yamanashi Desks" in its branches in Tokyo and Kanagawa Prefecture. "Move-to-Yamanashi Advisors" have been appointed by Yamanashi Prefecture. In this role, they 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. Information on dual residence and moving to and living in Yamanashi Prefecture

is also published on the Bank's website and FUJI_NOTE, a special informational website.

Additionally, the Bank offers Municipality Partnership Housing Loan products for 19 municipalities, in addition to supplying housing loans dedicated to relocation. The Municipality Partnership Housing Loan products are linked to subsidies established by municipalities to encourage inbound migration. These loans are offered 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, with the view to encouraging more people to adopt dual residence and 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, 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, 2021, the University of Yamanashi had appointed 97 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

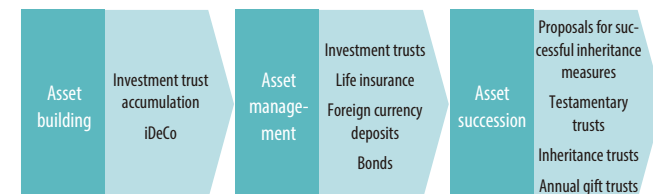
We have started making portfolio proposals in order to provide easy-to-understand explanations to customers about asset allocation and the degree of risk/return of the financial products we manage.

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 numbers of policyholders and investment trust owners of accumulation-type products such as periodic investment plans for investment trusts and level premium insurance have shown an increasing trend year by year, especially for customers in their asset building years.

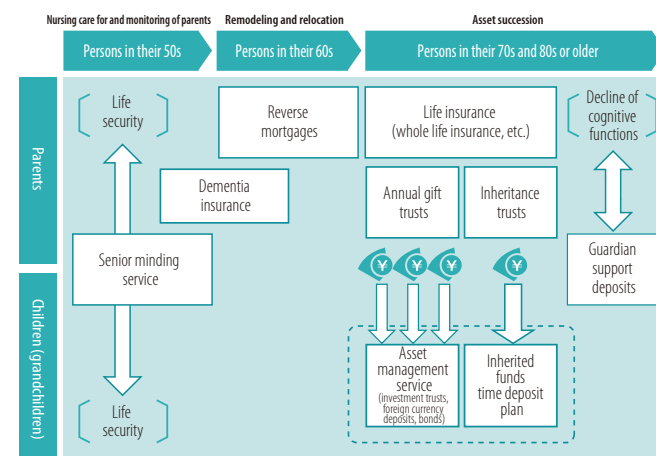
Consulting sales for individual customers

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 anticipation of the continuing aging of society, the Bank will continue to provide various services so that it can meet a wide range of needs of not only elderly customers as a matter of course, but also their family members.



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 provide a service that generates a slip with a QR code when a customer enters the type of activity (deposit/withdrawal), account name, account number, amount, description, and other details on the Yamanashi Chuo Bank website. If the customer prints out the slip with the QR code, 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 housing loans and other loan products using "Smile One" tablets, which are available only in branches.

As a result, customers are now able to conduct their transactions more smoothly than they did before.

Going forward, we will continue to increase the number of tasks that the "Smile One" tablet can process.

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

By rationalizing and increasing the efficiency of back-office operations at branches, we have been striving on a daily basis to establish a system capable of handling applications and consultations from customers. In fiscal 2020, we addressed the following operations.

- Discontinued certain reporting and system registration tasks in connection with the start of operation of a new loan support system

- Started automatic reading of data on financial results (itemized account statements) using AI-OCR

BPI in Head Office operations

Streamline organization and operations

• Automate operations using RPA

The Bank introduced Robotic Process Automation (RPA) in April 2019, and has been using RPA to automate operations.

By March 2021, we had developed an RPA robot for 50 tasks, centered on data aggregation and data entry tasks, and reduced working hours by 8,591 hours per year.

Looking ahead, the Bank will continue to expand business process automation using RPA to automate operations, in order to streamline operations further.

BPI in operations with a common platform

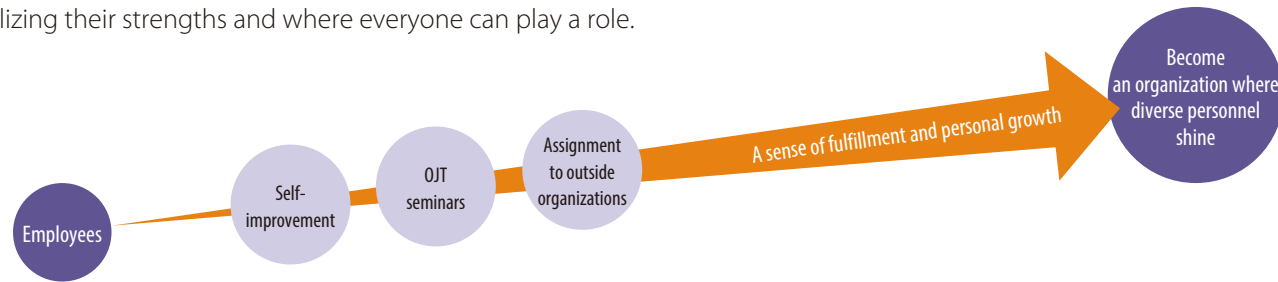
Systemize and adopt paperless operations

- Expanded paperless operations through digitalization, such as for regulations for various types of deposits, etc.
- Started automatic seal registration by using seal scanners (turned seal sheets into paperless work)
- Shifted to paperless operations through digitization of certificates of receipt
- Adopted paperless processing for slips related to the receipt of applications for business loans using the new loan support system
- 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. Flexible guidance is provided. For example, we can offer guidance tailored to the skill level of participants and can provide training whenever it’s needed.

Assign employees to work at outside companies and organizations

• Track record of assigning employees to work at outside companies, etc. and description of work after completion of assignments

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.

At present, we continue to assign employees to work at outside companies at a pace of two or three individuals every year.



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+ 2022” medium-term management plan. To build the RAF, we have been conducting discussions in 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.

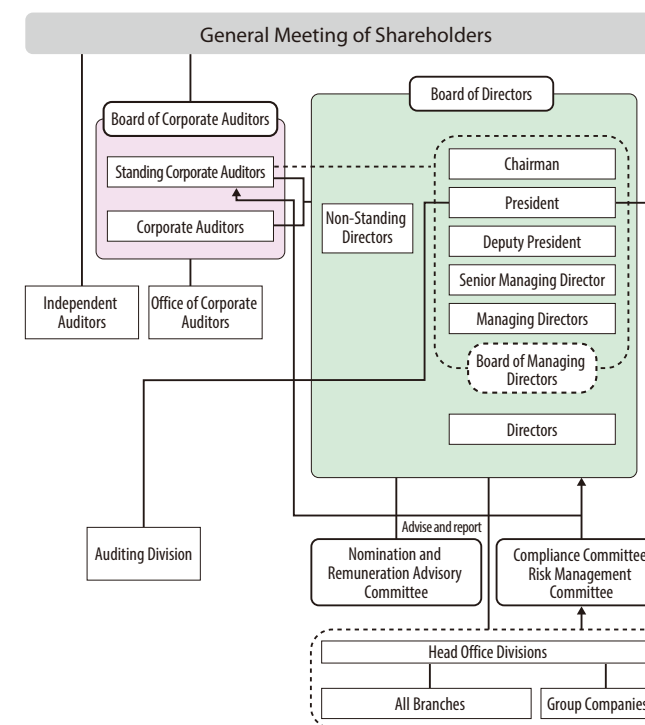
The Board of Corporate Auditors determines audit policies, audit plans, audit methods and related matters, along with auditing the business execution of the Directors from an independent standpoint from the Board of Directors.

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 measures

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.



Strengthen CSR Based on the SDGs and ESG Principles

1. Activities to Contribute to the Regional Community

Activities to contribute to the regional community for customers

• Addressing the ESG Regional Financial Promotion Program

The Ministry of the Environment has certified the Bank as a support body of the “ESG Regional Financial Promotion Program for 2020,” which is a program the ministry implements. The Bank has worked on the “Project to Create a Brand for CO₂-free Agricultural Products Using Tomatoes and Other Agricultural Residue, Pruned Fruit Tree Branches, and Other Material for Fuel.”



• Offering Yamanashi Chuo Bank’s SDGs Support Loans

In February 2021, the Bank started offering Yamanashi Chuo Bank’s SDGs Support Loans. These loans are available to companies that are actively implementing measures to contribute to achieving the SDGs. Through the supply of this loan product, we will fulfill a diverse array of financing needs for customers. Concurrently, we will actively support the creation of a sustainable regional society and community contribution activities.



• Operating the Yamanashi Chuo Bank SDGs Investment Limited Partnership

The Bank operates the Yamanashi Chuo Bank SDGs Investment Limited Partnership, an investment fund that invests in businesses in every life stage, from the stages of startup and establishment to the stages of growth, business improvement and rehabilitation, and business succession. The investment fund supports businesses

responsible for the future of their regions and businesses engaged in activities to improve their corporate value and enhance their competitiveness in accordance with the 17 SDGs. By doing so, the investment fund aims to strengthen regional industrial capacity, maintain and expand employment, and achieve other priorities that will lay the groundwork for the sustainable development of regional society.

• Initiatives using grants

In collaboration with the city of Fuefuki, the Bank has provided support to FISH & PET ISHIHARA for its activities utilizing the Regional Economic Circulation Creation Project Grants of the Ministry of Internal Affairs and Communications. The Bank has issued a loan to this company as an ESG regional finance initiative.



• Offering Yamanashi Chuo Bank’s Privately Placed SDGs Bonds with a donation option

In February 2021, the Bank started offering Yamanashi Chuo Bank’s Privately Placed SDGs Bonds. These privately placed bonds may be issued by companies that are actively implementing measures that contribute to achieving the SDGs and that meet strict qualification requirements.

In addition, the Bank offers preferential rates on the underwriting commissions it charges when these privately placed bonds are issued. This allows the companies issuing the privately placed bonds to donate the difference between the designated and preferential commissions to organizations and other entities that implement measures that contribute to the SDGs.



• Offering a Global Impact Investment Fund (nickname: Better World)

The Global Impact Investment Fund (nickname: Better World) is a fund that invests in companies selected mainly from among global equities that have innovative technologies and business models and are working to solve social issues (social impact). The fund’s

investment themes cover three categories: (1) Secure food, clothing and shelter; (2) Improve quality of life; and (3) Address environmental issues. Therefore, through investment in this fund, customers can indirectly participate in activities to achieve the SDGs.



• SDGs consulting

The Bank, as part of ESG finance activities, offers SDGs consulting so that it can contribute to the sustainable growth of companies and to regional development.

In order to build a sustainable regional economy, it is crucial for the entire region to strive to achieve the SDGs. Considering its duty as a regional bank, the Bank believes that it is essential to encourage numerous companies to engage in the SDGs and develop the regional economy.

Through SDGs consulting, the Bank fulfills a wide range of needs of companies, including setting targets through backcasting, formulating SDGs declarations, selecting materiality (key issues), support for preparing booklets, and help with publishing information on websites.

Additionally, the Bank holds study sessions on SDGs for employees and managers of companies to increase the effectiveness of SDGs measures. In these study sessions, participants develop an awareness of the current state of the world and what all of us can do to make the world a better place. Through these and other activities, participants develop a full awareness of the need for activities to address issues such as the micro-plastics problem, a decarbonized society, and gender equality.

The Bank will conduct its consulting activities to lay a foundation that will allow members of the community to voluntarily carry out measures to achieve the SDGs. In the process, we will provide support so that community members can take ownership for implementing these measures.



Strengthen CSR Based on the SDGs and ESG Principles

• Participation in Mt. Fuji Innovation Camp

Mt. Fuji Innovation Camp is a startup festival that provides hands-on support for entrepreneurs and the creation of new businesses. Participants bring business plans that they wish to realize to the event, receive advice and mentoring from specialists in various industries, and brush up their plans. On the event’s final day, the participants announce their plans as part of the Innovative Business Plan Contest. In 2020, the camp was held over a period of three days.

Through its sponsorship of Mt. Fuji Innovation Camp, the Bank will cooperate with efforts to drive the economic revitalization of Yamanashi Prefecture and the creation of new businesses in the prefecture.



• Holding the Local SDGs and ESG Regional Finance Seminar

The Local SDGs and ESG Regional Finance Seminar was held as a collaboration among the Bank, Yamanashi Prefecture, and the Kanto Regional Environment Office of the Ministry of the Environment. The purpose of the seminar was to encourage various entities such as government, financial firms, and non-financial companies to consider the meaning of and organize their thoughts and ideas on local SDGs and ESG regional finance in Yamanashi Prefecture. They did so by, for example, sharing examples of best practices, in order to promote local SDGs and ESG activities in Yamanashi Prefecture.



2. 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

• Donation of vegetables harvested through preservation and rehabilitation projects in socioecological landscapes (satochi-satoyama areas) to FoodBank YAMANASHI

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 49 activities with the participation of a total of 3,061 people comprising executives, employees, and their family members.

In fiscal 2020, the Bank donated vegetables (sweet potatoes, taro, and potatoes) it harvested to FoodBank YAMANASHI, a certified specified nonprofit corporation. The vegetables were donated to support wholesome daily lives in the community amid the COVID-19 crisis.



• Donation of recycled toilet paper to 14 special-needs schools in Yamanashi Prefecture

The Bank, as part of efforts to contribute to regional society, donated recycled toilet paper (5,000 rolls) to 14 special-needs schools in Yamanashi Prefecture. The toilet paper was produced from recycled paper documents in the Bank. This donation of recycled toilet paper was undertaken to foster an interest in environmental issues, such as global warming, among children.

(Yamanashi Prefecture's Superintendent of Education is pictured on the right of this photo.)



• 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 2020 Yamanashi Clean Campaign, we conducted cleanup activities in 451 locations with the participation of 2,281 people. The Eco-Drive Movement involved the participation of 2,329 employees and 551 Bank-owned vehicles.

• 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.



• 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.



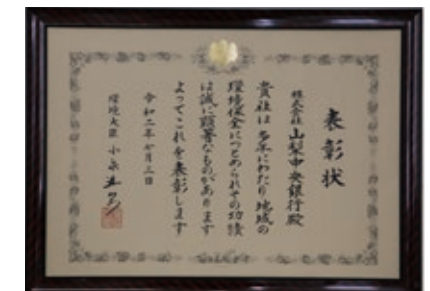
• Received the award for distinguished person for regional environmental preservation from the Ministry of the Environment

The Bank has received the award for distinguished person for regional environmental preservation for 2020 from the Ministry of the Environment. The award recognizes the Bank as an organization that has made distinguished achievements over many years to promote regional environmental preservation.

The Bank was evaluated positively for continuously carrying out environmental preservation and beautification activities based on its Environmental Policy. These activities include the preservation of socioecological landscapes (satochi-satoyama areas), participation in the Yamanashi Clean Campaign and Eco-Drive Movement, which are led by Yamanashi Prefecture, and cleanup activities on Mt. Fuji.

On November 1, 2020, the Bank was presented with a letter of commendation from Minister of the Environment Shinjiro Koizumi via Vice Governor of Yamanashi Prefecture Kazunori Wakabayashi at the Environmental Forum in Yamanashi.

The Group will continue to help to create a sustainable society.



3. 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 fiscal 2021, the Bank held Yamanashi Chuo Bank Web lectures. To prevent the spread of COVID-19, the program switched to an online format where video lectures were uploaded to the Bank's website.

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. Additionally, the museum has set up a new special display corner featuring Eiichi Shibusawa, who was involved in the establishment of Dai-Ju National Bank, the predecessor of the Bank.

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 ten times.). The tenth event was held in an online format.



• 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.



• 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 2020, the "My Pride Exhibition 2020—13th 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 dementia supporters

The Bank strives to further improve services by showing consideration and paying attention to all types of customers, and to build a community friendly to seniors with dementia and other people with special needs. As part of these efforts, the Bank has assigned dementia supporters to all branches. The Ministry of Health, Labour and Welfare recommends that businesses have dementia supporters on-site.

Financial Review

(on a consolidated basis)

Overview of Financial Position

The Bank's financial position as of March 31, 2021 was as follows. Deposits stood at ¥3,389.2 billion as of March 31, 2021, up ¥412.6 billion from a year earlier due to increases in individual, corporate and government fund deposits. Total deposits, including negotiable certificates of deposit (NCDs), rose ¥404.0 billion from a year ago to ¥3,437.5 billion as of the fiscal year-end. Loans and bills discounted increased by ¥184.5 billion from a year earlier to ¥1,986.1 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 ¥1,309.6 billion as of the fiscal year-end, up ¥86.1 billion from a year ago. This increase was due to the increase in municipal and corporate bonds, despite the decline in investment trusts.

Overview of Operating Results

In terms of operating results for the fiscal year ended March 31, 2021, interest income (the balance of interest income and expenses) increased by ¥890 million year on year, mainly reflecting an increase in interest on loans and bills discounted, despite 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 ¥671 million year on year, mainly due to increases in commission revenue related to deposit and lending operations and commission revenue from securities-related operations reflecting sales of investment trusts and other products, despite a decline in commission revenue from agency operations through sales of insurance and other products. Other operating income (the balance of other operating income and expenses) declined by ¥1,530 million year on year, mainly reflecting a decrease in Japanese government bonds and other bond transactions. Credit-related expenses decreased by ¥64 million year on year. Equity share and similar transactions declined by ¥716 million year on year. As a result, ordinary profit decreased by ¥496 million year on year to ¥6,229 million.

The balance of extraordinary income and losses improved by ¥73 million year on year. Total income taxes rose by ¥272 million year on year. As a result of the above, profit attributable to shareholders of the parent was down by ¥674 million year on year to ¥3,090 million.

From the fiscal year ended March 31, 2021, the Bank has revised the presentation method of its consolidated financial statements. Accordingly, financial results for the previous fiscal year have been analyzed based on the restated figures.

Cash Flows

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥446.4 billion (compared with a net outflow of ¥23.3 billion in the previous year). The main contributing factors were a net increase in deposits of ¥404.0 billion and a net increase in borrowed money of ¥253.3 billion, which were partly offset by a net increase in loans and bills discounted of ¥184.5 billion and a net decrease in payables under securities lending transactions of ¥23.1 billion.

Cash flows from investing activities

Net cash used in investing activities totaled ¥62.0 billion (compared with a net outflow of ¥134.1 billion in the previous year). The main use of cash was purchase of investment securities of ¥248.5 billion, which was partly offset by proceeds from sales and redemption of investment securities of ¥183.6 billion.

Cash flow from financing activities

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

As a result, cash and cash equivalents at the end of the fiscal year came to ¥740.4 billion (up ¥383.2 billion from the previous year).

Analysis and Discussion of Operating Results

The Bank's financial position as of March 31, 2021 was as follows. Total deposits including negotiable certificates of deposit (NCDs) increased by ¥404.0 billion from a year earlier, and loans and bills discounted increased by ¥184.5 billion from a year earlier, as both performed favorably. Securities increased by ¥86.1 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.

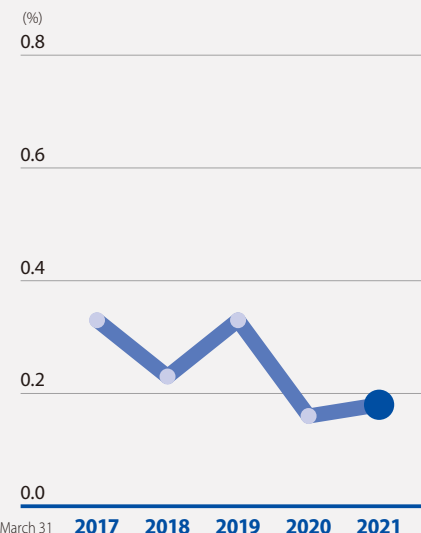
The Bank will redouble its efforts to reduce expenses through measures to enhance productivity.

【Consolidated Financial Statements】

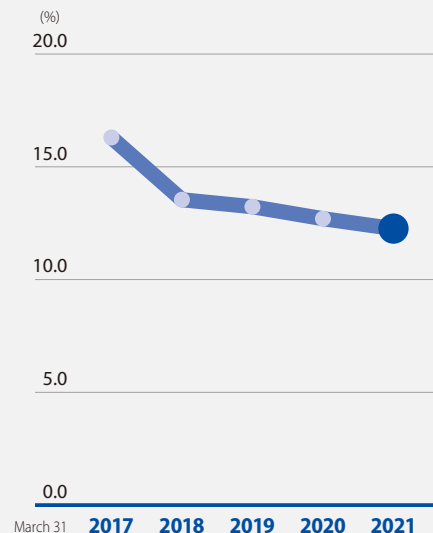
①【Consolidated Balance Sheets】

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2019 (March 31, 2020)	End of FY2020 (March 31, 2021)	End of FY2020 (March 31, 2021)
Assets:			
Cash and due from banks	¥ 357,267	¥ 740,601	\$ 6,689,567
Call loans and bills bought	2,818	14,488	130,868
Monetary claims bought	12,274	13,564	122,522
Trading securities	—	8	72
Money held in trust	9,991	5,000	45,163
Securities ^{*1, *7, *12}	1,223,516	1,309,678	11,829,808
Loans and bills discounted ^{*2, *3, *4, *5, *6, *9}	1,801,580	1,986,132	17,939,959
Foreign exchanges ^{*6}	2,862	3,630	32,794
Other assets ^{*7, *8}	75,844	85,005	767,823
Tangible fixed assets ^{*10, *11}	23,367	22,717	205,199
Buildings	8,376	7,903	71,386
Land	12,049	11,427	103,217
Construction in progress	468	857	7,741
Other tangible fixed assets	2,472	2,530	22,854
Intangible fixed assets	3,191	3,256	29,415
Software	2,324	2,193	19,812
Software in progress	578	795	7,188
Other intangible fixed assets	288	267	2,415
Net defined benefit asset	2,400	6,941	62,704
Deferred tax assets	2,144	864	7,811
Customers' liabilities for acceptances and guarantees	5,577	5,322	48,076
Allowance for possible loan losses	(11,422)	(11,540)	(104,241)
Total assets	¥3,511,412	¥4,185,672	\$37,807,541

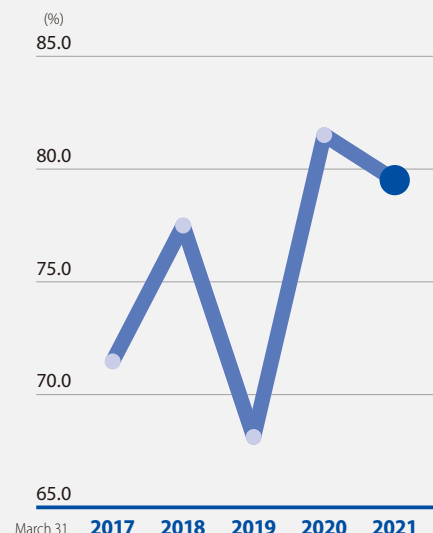
ROA



Capital adequacy ratio (Domestic standard)



OHR



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

Notes: 1. All except for the capital adequacy ratio are on a non-consolidated basis.

2. Similar changes have been made to fiscal year ended March 31, 2020 only to reflect the revisions to presentation method of ROA and OHR in fiscal year ended March 31, 2021.

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2019 (March 31, 2020)	End of FY2020 (March 31, 2021)	End of FY2020 (March 31, 2021)
Liabilities:			
Deposits ⁷	¥2,976,587	¥3,389,226	\$30,613,554
Negotiable certificates of deposit	56,907	48,361	436,832
Payables under securities lending transactions ⁷	35,349	12,215	110,335
Borrowed money ^{7, 8}	207,485	460,831	4,162,513
Foreign exchanges	631	75	684
Other liabilities	24,902	36,392	328,722
Provision for bonuses	1,051	1,030	9,309
Accrued bonuses to directors and corporate auditors	33	34	311
Reserve for directors' and corporate auditors' retirement benefits	10	7	65
Reserve for reimbursement of deposits	291	247	2,235
Reserve for contingent losses	146	131	1,187
Deferred tax liabilities	2,775	10,355	93,540
Acceptances and guarantees	5,577	5,322	48,076
Total liabilities	3,311,750	3,964,232	35,807,361
Net assets:			
Common stock	15,400	15,400	139,102
Capital surplus	8,398	8,398	75,864
Retained earnings	165,000	166,943	1,507,934
Treasury stock	(1,347)	(1,263)	(11,408)
Total shareholders' equity	187,451	189,479	1,711,492
Unrealized gains on available-for-sale securities	13,912	30,395	274,549
Deferred gains or losses on hedges	(26)	182	1,649
Remeasurements of defined benefit plans	(4,393)	(1,511)	(13,653)
Total accumulated other comprehensive income	9,492	29,066	262,545
Subscription rights to shares	147	138	1,255
Non-controlling interests	2,570	2,755	24,888
Total net assets	199,661	221,439	2,000,180
Total liabilities and net assets	¥3,511,412	¥4,185,672	\$37,807,541

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	FY2020 (From April 1, 2020 to March 31, 2021)
Ordinary income:	¥44,878	¥49,602	\$448,038
Interest and dividends income	27,870	28,341	255,998
Interest on loans and bills discounted	15,825	16,508	149,112
Interest and dividends on securities	11,807	11,575	104,559
Interest on call loans and bills bought	57	3	28
Interest on due from banks	72	149	1,351
Other	107	104	947
Fees and commissions	8,718	9,380	84,727
Other operating income	5,681	9,073	81,958
Other ordinary income	2,608	2,807	25,355
Other ¹	2,608	2,807	25,355
Ordinary expenses	38,151	43,372	391,765
Interest expenses	805	385	3,483
Deposits	376	316	2,861
Negotiable certificates deposits	10	5	51
Call money and bills sold	(10)	(19)	(178)
Payables under securities lending transactions	384	56	512
Borrowed money	41	14	130
Other	2	11	107
Fees and commissions	2,428	2,418	21,850
Other operating expenses	5,751	10,674	96,416
General and administrative expenses ²	27,144	26,987	243,771
Other expenses	2,021	2,905	26,246
Provision of allowance for possible loan losses	902	755	6,824
Other expenses ³	1,119	2,150	19,421
Ordinary profit	6,726	6,229	56,273

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	FY2020 (From April 1, 2020 to March 31, 2021)
Extraordinary income:	270	17	159
Gain on disposal of fixed assets	270	17	159
Extraordinary losses	912	586	5,295
Impairment losses ¹⁴	574	513	660
Losses on disposal of fixed assets	338	73	4,635
Income before income taxes and non-controlling interests	6,085	5,661	51,137
Income taxes – current	1,447	2,166	19,570
Income taxes – deferred	700	253	2,292
Total income taxes	2,147	2,420	21,863
Profit	3,937	3,241	29,275
Profit attributable to non-controlling interests	172	150	1,358
Profit attributable to shareholders of the parent	¥ 3,764	¥ 3,090	\$ 27,917

【Consolidated Statements of Comprehensive Income】

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	FY2020 (From April 1, 2020 to March 31, 2021)
Profit	¥ 3,937	¥ 3,241	\$ 29,275
Other comprehensive income ¹¹	(24,349)	19,610	177,130
Net unrealized gains on available-for-sale securities	(22,961)	16,518	149,209
Deferred gains or losses on hedges	(26)	209	1,888
Remeasurements of defined benefit plans	(1,362)	2,882	26,033
Total comprehensive income	¥(20,412)	¥22,851	\$206,405
Total comprehensive income attributable to shareholders of the parent	¥(20,617)	¥22,665	\$204,724
Total comprehensive income attributable to non-controlling interests	205	186	1,681

③【Consolidated Statements of Changes in Net Assets】

	Millions of Yen				
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
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
	Valuation difference 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

	Millions of Yen				
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
FY2020 (From April 1, 2020 to March 31, 2021)					
Balance at beginning of current year	¥15,400	¥8,398	¥165,000	¥(1,347)	¥187,451
Changes during year:					
Cash dividends			(1,115)		(1,115)
Profit attributable to shareholders of the parent			3,090		3,090
Purchases of treasury stock				(0)	(0)
Cancellation of treasury shares					
Disposals of treasury stock		(31)		84	52
Changes in ownership interest of parent due to transactions with non-controlling interests					
Transfer from retained earnings to capital surplus		31	(31)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	1,943	84	2,027
Balance at end of current year	¥15,400	¥8,398	¥166,943	¥(1,263)	¥189,479

	Millions of Yen						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
FY2020 (From April 1, 2020 to March 31, 2021)							
Balance at beginning of current year	¥13,912	¥ (26)	¥(4,393)	¥ 9,492	¥147	¥2,570	¥199,661
Changes during year:							
Cash dividends							(1,115)
Profit attributable to shareholders of the parent							3,090
Purchases of treasury stock							(0)
Cancellation of treasury shares							
Disposals of treasury stock							52
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	16,483	209	2,882	19,574	(8)	184	19,750
Total changes during year	16,483	209	2,882	19,574	(8)	184	21,778
Balance at end of current year	¥30,395	¥182	¥(1,511)	¥ 29,066	¥138	¥2,755	¥221,439

	Thousands of U.S. Dollars				
	Shareholders' equity				
FY2020 (From April 1, 2020 to March 31, 2021)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	\$139,102	\$ 75,864	\$1,490,384	\$(12,170)	\$1,693,180
Changes during year:					
Cash dividends			(10,078)		(10,078)
Profit attributable to shareholders of the parent			27,917		27,917
Purchases of treasury stock				(4)	(4)
Cancellation of treasury shares					
Disposals of treasury stock		(288)		766	477
Changes in ownership interest of parent due to transactions with non-controlling interests					
Transfer from retained earnings to capital surplus		288	(288)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	17,551	762	18,313
Balance at end of current year	\$139,102	\$ 75,864	\$1,507,934	\$(11,408)	\$1,711,492

	Thousands of U.S. Dollars						
	Accumulated other comprehensive income						
FY2020 (From April 1, 2020 to March 31, 2021)	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current year	\$ 125,664	\$ (240)	\$(39,687)	\$ 85,738	\$1,328	\$23,222	\$1,803,468
Changes during year:							
Cash dividends							(10,078)
Profit attributable to shareholders of the parent							27,917
Purchases of treasury stock							(4)
Cancellation of treasury shares							
Disposals of treasury stock							477
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	148,886	1,888	26,033	176,807	(73)	1,666	178,400
Total changes during year	148,886	1,888	26,033	176,807	(73)	1,666	196,713
Balance at end of current year	\$ 274,549	\$1,649	\$(13,653)	\$262,545	\$1,255	\$24,888	\$2,000,180

④【Consolidated Statements of Cash Flows】

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	FY2020 (From April 1, 2020 to March 31, 2021)
Operating activities:			
Income before income taxes and non-controlling interests	¥ 6,085	¥ 5,661	\$ 51,137
Adjustment for:			
Depreciation and amortization	2,021	1,991	17,986
Impairment losses	574	513	4,635
Increase (decrease) in allowance for possible loan losses	768	117	1,065
Increase (decrease) in accrued bonuses to employees	(205)	(21)	(191)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(10)	0	6
Decrease (increase) in net defined benefit asset	621	(4,541)	(41,022)
Increase (decrease) in net defined benefit liability	(236)	—	—
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(0)	(3)	(30)
Increase (decrease) in reserve for reimbursement of deposits	61	(44)	(398)
Increase (decrease) in reserve for contingent losses	17	(14)	(134)
Interest income recognized on consolidated statements of income	(30,294)	(28,341)	(255,998)
Interest expenses recognized on consolidated statements of income	805	385	3,483
Losses (gains) on investment securities	(2,810)	1,356	12,251
Losses (gains) on investments in money held in trust	(9)	131	1,188
Foreign exchange losses (gains) – net	1,090	(2,314)	(20,906)
Losses (gains) on disposal of premises and equipment	67	55	501
Net decrease (increase) in loans and bills discounted	(97,320)	(184,552)	(1,666,993)
Net increase (decrease) in deposits	53,688	412,638	3,727,204
Net increase (decrease) in negotiable certificates of deposit	(5,188)	8,545	77,191
Net increase (decrease) in borrowed money	(14,580)	253,346	2,288,379
Net decrease (increase) in due from banks (excluding cash equivalents)	(15)	(39)	(357)
Net decrease (increase) in call loans	2,922	(12,960)	(117,063)
Net increase (decrease) in payables under securities lending transactions	22,005	(23,134)	(208,966)
Net decrease (increase) in foreign exchanges (assets)	1,179	(768)	(6,941)

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	FY2020 (From April 1, 2020 to March 31, 2021)
Net increase (decrease) in foreign exchanges (liabilities)	(305)	(555)	(5,018)
Interest income (cash basis)	33,455	31,684	286,197
Interest expenses (cash basis)	(803)	(501)	(4,528)
Other – net	4,007	5,964	53,875
Total adjustments	(22,408)	447,508	4,042,170
Income taxes paid	(945)	(1,084)	(9,797)
Net cash provided by (used in) operating activities	(23,354)	446,423	4,032,372
Investing activities:			
Purchases of investment securities	(366,552)	(248,539)	(2,244,955)
Proceeds from sales of investment securities	214,764	155,305	1,402,816
Proceeds from redemption of investment securities	29,716	28,351	256,087
Increase of money held in trust	(10,000)	(70)	(641)
Proceeds from decrease of money held in trust	—	4,920	44,446
Purchases of premises and equipment	(1,514)	(1,076)	(9,720)
Proceeds from sales of premises and equipment	432	79	715
Purchases of intangible fixed assets	(1,027)	(983)	(8,880)
Proceeds from sales of intangible fixed assets	0	—	—
Net cash provided by (used in) investing activities	(134,180)	(62,012)	(560,132)
Financing activities:			
Dividends paid	(1,135)	(1,115)	(10,078)
Payment of dividends to non-controlling interests	(1)	(1)	(15)
Repurchases of treasury stock	(1,128)	(0)	(4)
Proceeds from sales of treasury stock	58	0	0
Proceeds from changes in ownership interest in subsidiaries that do not result in change of scope of consolidation	(80)	—	—
Net cash provided by (used in) used in financing activities	(2,287)	(1,117)	(10,097)
Foreign currency transaction adjustments on cash and cash equivalents	(0)	1	11
Net increase (decrease) in cash and cash equivalents	(159,822)	383,295	3,462,155
Cash and cash equivalents, beginning of year	516,974	357,152	3,226,015
Cash and cash equivalents, end of year ^{*1}	¥ 357,152	¥ 740,447	\$6,688,170

【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 Chugin 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.

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 Chugin 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.

(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, 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) Standards for recording the 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:

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.

Debtor category	Definition	Calculation method for allowance for possible loan losses
Claims on normal borrowers	Claims on debtors whose business results are favorable and who are found not to have any particular problems with their financial condition	
Quasi-equity loans	Loans that can be handled as equity as their contract conditions are found to have sufficient equity-like characteristics equivalent to equity	The allowance is calculated by estimating the prospective loss amount based on the bankruptcy probabilities according to the residual period of each claim.
Housing loans with guarantees from the Bank's subsidiary, etc.	Claims on consumers for housing loans with guarantees offered by Yamanashi Chuo Guarantee Co., Ltd., a consolidated subsidiary of the Bank	The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over 1 year and using a

		prospective loss ratio determined in consideration of the outlook and other factors.
	Claims other than those described above	The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over 1 year and using a prospective loss ratio determined in consideration of the outlook and other factors.
Claims on borrowers requiring caution	Claims on debtors that require future caution with respect to supervision, such as debtors with problematic lending conditions, debtors that have problems fulfilling their obligations, debtors facing poor or unstable business conditions or debtors with a problematic financial condition	
Claims on borrowers requiring supervision	Claims on debtors that have restructured loans or are three or more months in arrears	
Quasi-equity loans	Loans that can be handled as equity as their contract conditions are found to have sufficient equity-like characteristics equivalent to equity	The allowance is calculated by estimating the prospective loss amount based on the bankruptcy probabilities according to the residual period of each claim.
Claims subject to the discounted cash flow (DCF) method	Claims for which cash flows related to the recovery of loan principal and receipt of interest can be reasonably estimated	The allowance is based on the difference between the present value of the expected future cash flows discounted at the initial contracted interest rate and the carrying amount of the claim (DCF method).
Claims on borrowers requiring supervision and support	Claims on debtors that require business improvement and corporate restructuring who fulfill certain conditions, such as those initiatives being found to have a high degree of uncertainty	The allowance is recorded based on a prospective loss amount for the next three years equivalent to claims on potentially bankrupt borrowers. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over three years for claims on potentially bankrupt borrowers and using a prospective loss ratio determined in consideration of the outlook and other factors.
Housing loans with guarantees from the Bank's subsidiary, etc.	Claims on consumers for housing loans with guarantees offered by Yamanashi Chuo Guarantee Co., Ltd., a consolidated subsidiary of the Bank	The allowance is recorded based on the prospective loss amount for the upcoming 3 years. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over 3 years and using a prospective loss ratio determined in consideration of the outlook and other factors.
	Claims other than those described above	The allowance is recorded based on the prospective loss amount for the upcoming 3 years. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over 3 years and using a prospective loss ratio determined in consideration of the outlook and other factors.
Claims on other borrowers requiring caution	Claims on borrowers requiring caution other than claims on borrowers requiring supervision	
Quasi-equity loans	Loans that can be handled as equity as their contract conditions are found to have sufficient equity-like characteristics equivalent to equity	The allowance is calculated by estimating the prospective loss amount based on the bankruptcy probabilities according to the residual period of each claim.

	Claims subject to the discounted cash flow (DCF) method	Claims on debtors who have loans equivalent to restructured loans and loans related to their affiliates, for which cash flows related to the recovery of loan principal and receipt of interest can be reasonably estimated	The allowance is based on the difference between the present value of the expected future cash flows discounted at the initial contracted interest rate and the carrying amount of the claim (DCF method).
	Claims on borrowers requiring supervision and support	Claims on debtors that require business improvement and corporate restructuring who fulfill certain conditions, such as those initiatives being found to have a high degree of uncertainty	The allowance is recorded based on the prospective loss amount for the next three years equivalent to claims on borrowers requiring supervision. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over three years for claims on borrowers requiring supervision and using a prospective loss ratio determined in consideration of the outlook and other factors.
	Housing loans with guarantees from the Bank's subsidiary, etc.	Claims on consumers for housing loans with guarantees offered by Yamanashi Chuo Guarantee Co., Ltd., a consolidated subsidiary of the Bank	The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over 1 year and using a prospective loss ratio determined in consideration of the outlook and other factors.
	Claims other than those described above		The allowance is recorded based on the prospective loss amount for the upcoming year. The prospective loss amount is calculated by determining several loss ratios based on the average value of the actual loan loss ratio over a certain period in the past based on the actual loan loss record over 1 year and using a prospective loss ratio determined in consideration of the outlook and other factors.
	Claims on potentially bankrupt borrowers	Claims on debtors who are deemed not to be currently legally bankrupt but are highly likely to become bankrupt	The allowance is recorded 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 execution of guarantees.
	Effectively bankrupt borrowers	Claims on debtors under the same circumstances as bankrupt borrowers	The allowance is recorded 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
	Legally bankrupt borrowers	Claims on debtors who are legally bankrupt based on bankruptcy, special liquidation, or other proceedings	The allowance is recorded 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

(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.

(Changes in Accounting Estimates)

Previously, all claims on borrowers requiring supervision and claims on other borrowers requiring caution, except for quasi-equity loans and claims subject to the DCF method, were recorded based on the prospective loss amount for the upcoming three years or the upcoming year using the same method for each type of claim. However, as of March 31, 2021, the Bank has judged that the credit risk associated with claims on borrowers requiring supervision and support is now markedly different from the previous credit risk associated with claims on borrowers requiring supervision or claims on other borrowers requiring caution, due to factors such as changes in the external environment that will affect the claims on those debtors. Therefore, from the fiscal year ended March 31, 2021, claims on borrowers requiring supervision and support who are classified as borrowers requiring supervision, are recorded based on the prospective loss amount for the upcoming three years equivalent to claims on potentially bankrupt borrowers, and claims on borrowers requiring supervision and support who are classified as other borrowers requiring caution,

are recorded based on the prospective loss amount for the upcoming three years equivalent to claims on borrowers requiring supervision.

As a result of this change, provision of allowance for possible loan losses for the fiscal year ended March 31, 2021 increased by ¥255 million and ordinary profit and income before income taxes decreased by the same amount, compared with the amounts that would have been recorded under the previous method.

(Important Accounting Estimates)

1. Estimates of allowance for possible loan losses

(1) Amounts recorded on the consolidated financial statements in the fiscal year ended March 31, 2021

From April 1, 2020 to March 31, 2021	(Millions of yen)
Allowance for possible loan losses	¥11,540

(2) Other information to aid the understanding of estimates among individuals using the consolidated financial statements

① How estimates are calculated

The standards for recording the allowance for possible loan losses are presented in “(5) Standards for recording the allowance for possible loan losses” under “4. Items relating to accounting standards” in “Notes to Consolidated Financial Statements (Important items used as a basis for preparing consolidated financial statements).”

② Assumptions used to calculate estimated amounts

(A) Assumptions regarding forecasts of debtors’ business results, which are used to determine debtor categories and estimate cash flows related to the recovery of loan principal and the receipt of interest, are set based on information available to the Bank. Notably, the revenue plans of debtors under claims subject to the DCF method are prepared based on various assumptions and data. The Bank comprehensively judges the reasonableness and feasibility of those assumptions and data, considering factors such as the debtor’s financial status, the condition of the debtor’s industry, the effects of various measures in the revenue plan, the past record of progress, and the outlook for achieving goals.

(B) The economy has been gradually improving since July 2020, although the impact of COVID-19 will continue into the future to a certain extent. The extensive reach of various COVID-19 countermeasures, the widespread adoption of vaccines and related initiatives are expected to continue to drive a sustained economic recovery. Although COVID-19 will temporarily have a serious impact on certain industries during this period, the Bank assumes that the economic policies of national and local governments, support from financial institutions and other assistance will continue. In the fiscal year ended March 31, 2021, there have been no major changes to the assumptions regarding the impact of COVID-19 that were presented in the consolidated financial statements for the fiscal year ended March 31, 2020 (Additional Information).

(C) The Bank assumes that claims on normal borrowers except for quasi-equity loans, claims subject to the DCF method and claims on borrowers requiring supervision and support will generate similar losses as the claims to normal borrowers the Bank held in the past. The Bank further assumes that claims on borrowers requiring supervision will generate similar losses as claims on borrowers requiring supervision the Bank held in the past, and that claims on other borrowers requiring caution will generate similar losses as claims on other borrowers requiring caution the Bank held in the past. The Bank also assumes that claims on borrowers requiring supervision and support who are classified as borrowers requiring supervision will generate similar losses as claims on potentially bankrupt borrowers the Bank held in the past, and that claims on borrowers requiring supervision and support who are classified as other borrowers requiring caution will generate similar losses as claims on borrowers requiring supervision the Bank held in the past.

③ Impact on the consolidated financial statements for the following fiscal year

(A) Forecasts of debtors’ business results, which are used to determine debtor categories and estimate cash flows related to the recovery of loan principal and the receipt of interest, may differ from results that were initially assumed due to factors such as changes in anticipated events and the external environment. If the forecasts need to be revised, these revisions could have a significant impact on the consolidated financial statements for the following fiscal year.

(B) The Bank may incur substantial loan losses if COVID-19 infections spread more widely than expected; if the effects of

various infection countermeasures, vaccines and related initiatives do not materialize as anticipated; or if economic policies of the national and local governments, support from financial institutions and other assistance do not deliver the anticipated benefits. These losses could have a significant impact on the consolidated financial statements for the following fiscal year.

(C) The Bank assumes that claims except for quasi-equity loans, claims subject to the DCF method and claims on borrowers requiring supervision and support will generate similar losses as claims on normal borrowers, claims on borrowers requiring supervision and claims on other borrowers requiring supervision the Bank held in the past. The Bank further assumes that claims on borrowers requiring supervision and support will generate similar losses as claims on potentially bankrupt borrowers and claims on borrowers requiring supervision the Bank held in the past. These assumptions could differ markedly from the actual loss experience due to factors such as changes in the business environment of debtors. In this case, there could be a significant impact on the consolidated financial statements for the following fiscal year.

(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 guidance

The amount of the impact is currently under evaluation.

(Change in Presentation Method)

(Consolidated Statements of Income)

Regarding gain or loss on cancellation and redemption of investment trusts, the Bank previously presented the gain in interest and dividends on securities under interest and dividends income, and the loss in other expenses, for each transaction. The Regulation for Enforcement of the Banking Act has been amended to newly establish core net business profit (excluding gain (loss) on cancellation of investment trusts) as an indicator of the status of core business operations. The Bank has taken this opportunity to reexamine the characteristics of gain or loss on cancellation and redemption of investment trusts. As a result, the Bank recognizes that this gain and loss both reflect the investment performance of investment trusts. Accordingly, to present its operating results more accurately, the Bank has decided to present the gain, if it exceeds the loss as of each fiscal year-end, in interest and dividends on securities under interest and dividends income, and the loss, if it shall exceed the gain as of each fiscal year-end, as other operating expenses, from the fiscal year ended March 31, 2021.

The Bank has restated the consolidated financial statements for the previous fiscal year to reflect these changes in the presentation of the consolidated financial statements.

As a result, in the consolidated statements of income for the previous fiscal year, gain on cancellation and redemption of investment trusts of ¥2,423 million, which was presented in interest and dividends on securities under interest and dividends

income, and loss on cancellation and redemption of investment trusts of ¥4,014 million, which was presented in other expenses, were restated as other operating expenses (¥1,591 million on a net basis).

(Adoption of Accounting Standards for Disclosure of Accounting Estimates)

The Bank has adopted the Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) from the consolidated financial statements pertaining to the end of the current fiscal year. With the adoption of this standard, the Bank has provided notes on important accounting estimates in the consolidated financial statements.

That said, related information on the previous fiscal year is not provided in these notes in accordance with the transitional treatment set forth in the proviso to paragraph 11 of the newly adopted accounting standard.

(Relating to Consolidated Balance Sheets)

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

As of March 31, 2021	(Millions of yen)
Investments	¥895

*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, 2021	(Millions of yen)
Loans to customers in bankruptcy	¥ 2,556
Past due loans	19,309

Loans to customers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law. Past due loans are defined as nonaccrual loans except for loans to customers in bankruptcy and loans of which the interest payments are deferred in order to assist in the financial recovery of a debtor in financial difficulties.

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

As of March 31, 2021	(Millions of yen)
Past due loans of three months or more	¥1

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, 2021	(Millions of yen)
Restructured loans for which the Bank has relaxed lending conditions	¥5,245

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, 2021	(Millions of yen)
Total amount	¥27,112

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, October 8, 2020, "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, 2021	(Millions of yen)
	¥2,891

*7 Assets pledged as collateral were as follows:

As of March 31, 2021	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥518,520
Liabilities related to pledged assets	
Deposits	115,893
Payables under securities lending transactions	12,215
Borrowed money	460,107

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

As of March 31, 2021	(Millions of yen)
Central clearing counterparty margin requirements	¥60,000
Cash collateral paid for financial instruments	1,140
Guarantee deposits	273

*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, 2021	(Millions of yen)
Lease contract assets	¥1,046
Corresponding borrowed money	724

*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, 2021 were as follows:

As of March 31, 2021	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥367,306
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	338,361

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, 2021	(Millions of yen)
Total amount of accumulated depreciation	¥34,882

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

As of March 31, 2021	(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, 2021	(Millions of yen)
	¥5,491

(Relating to Consolidated Statements of Income)

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

From April 1, 2020 to March 31, 2021	(Millions of yen)
Gain on sales stock	¥2,297

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

From April 1, 2020 to March 31, 2021	(Millions of yen)
Salary allowance	¥11,006

*3 "Other ordinary expenses" include the following:

From April 1, 2020 to March 31, 2021	(Millions of yen)
Loss on sales of equity securities	¥842
Loss on devaluation of stocks and other securities	800

*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, 2020 to March 31, 2021			(Millions of yen)
Location	Use	Category	Total impairment loss
Yamanashi Prefecture	Operating assets	Land and other tangible fixed assets	¥ 18
	Idle assets	Land	494
Total	—	—	¥513

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

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

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.

All of the recoverable amounts for the fiscal year ended March 31, 2021 represent net selling prices.

(Relating to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustment and tax effect related to comprehensive income

From April 1, 2020 to March 31, 2021	(Millions of yen)
Valuation difference on available-for-sale securities:	
Difference arising during the fiscal year	¥22,433
Reclassification adjustment to profit and loss	1,337
Amount before income tax effect	23,770
Income tax effect	(7,251)
Valuation difference on available-for-sale securities	16,518
Deferred gains or losses on hedges:	
Difference arising during the fiscal year	300
Reclassification adjustment to profit and loss	—
Amount before income tax effect	300
Income tax effect	(91)
Gains or losses on deferred hedges	209
Remeasurements of defined benefit plans	
Gains (losses) arising during the fiscal year	3,309
Reclassification adjustment to profit and loss	835
Amount before income tax effect	4,144
Income tax effect	(1,262)
Remeasurements of defined benefit plans	2,882
Total other comprehensive income	¥19,610

(Relating to Consolidated Statements of Changes in Net Assets)

From April 1, 2020 to March 31, 2021

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

	(Thousands of shares)				
	Number of shares at the beginning of FY2020	Increase in number of shares during FY2020	Decrease in number of shares during FY2020	Number of shares at the end of FY2020	Remarks
Shares outstanding					
Common stock	32,783	—	—	32,783	
Treasury stock					
Common stock	934	0	58	876	Note 1, 2

Notes: 1. The increase in the number of treasury shares during the consolidated fiscal year under review is due to the demand for purchase of shares less than one unit.

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

Decrease by exercise of stock option rights 5 thousand shares
Decrease by allotment of restricted shares 53 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 FY2020 (Millions of yen)
			Beginning of FY2020	FY2020		End of FY2020	
				Increase	Decrease		
The Bank	Stock options as share subscription rights			-		¥138	
Total				-		¥138	

3. Items relating to dividends

(1) Dividend paid during FY2020

(Resolution)	Type of stock	Total dividend (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
Annual General Meeting of Shareholders on June 24, 2020	Common stock	¥557	¥17.50	March 31, 2020	June 25, 2020
Board of Directors' Meeting on November 11, 2020	Common stock	558	17.50	September 30, 2020	December 3, 2020

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2020.

(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 25, 2021	Common stock	¥558	Retained earnings	¥17.50	March 31, 2021	June 28, 2021

(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, 2021, is as follows:

From April 1, 2020 to March 31, 2021	(Millions of yen)
Cash and due from banks	¥740,601
Due from banks, excluding due from Bank of Japan	(154)
Cash and cash equivalents	¥740,447

(Relating to Lease Transactions)

Finance leases

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2021 are as follows:

As of March 31, 2021	(Millions of yen)
Gross lease receivables	¥9,117
Estimated residual value	213
Unearned interest income	(889)
Net investment in leases	¥8,441

2. Expected amounts from the collection of gross lease receivables and net investment in leases for the year ended March 31, 2021 are as follows:

As of March 31, 2021	(Millions of yen)	
	Gross lease receivables	Net investment in leases
1 year or less	¥ 3	¥2,814
1 to 2 years	3	2,370
2 to 3 years	3	1,781
3 to 4 years	3	1,102
4 to 5 years	3	575
Over 5 years	—	472
Total	¥17	¥9,117

(Financial Instruments and Related Disclosure)

1. Qualitative Information of Financial Instruments

(1) Policy for financial instruments

The Group is involved in financial services including the leasing and the credit card business, etc. around the banking business. Within banking, we are involved in the business of taking deposits, making loans and securities trading, as well as 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 fund raising, 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 it may not be possible 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, October 8, 2020, "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 to management regularly in the ALM Committee and the board of directors.

② Market risk management

(A) Interest-rate risk management

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

(B) Foreign exchange risk management

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

(C) Market price risk management

Regarding investment in financial instruments including securities, the Group conducts risk management in conformity with a basic administration policy. The basic administration policy is as follows. The Group executes the market business while attempting to secure fairness and prompt correspondence. The Group 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 rate and stock prices, market price risk and return in consideration of the correlation between the financial instruments invested in. The Group measures market price risks such as stock price risk using the VaR method. The ALM Committee monitors VaR based on risk limits and the results of stress tests and tries for coexistence of securing of financial soundness and earning profit.

(D) Derivative transactions

For derivative transactions, the 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 and the board of directors, etc.

(E) Quantitative information regarding market risk

In principle, the Group undertakes a quantitative analysis of the market risks applicable to all of its financial instruments. The volume of market risk is mainly managed utilizing 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 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 ¥48,811 million as of March 31, 2021 compared with ¥102,456 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 risks arising with a certain probability using a statistical methodology based on historical market volatilities. Accordingly, situations may arise where it is not possible to identify risks appropriately due to market environment volatility that exceeds normally recognized parameters.

③ Liquidity risk management

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

(4) Supplementary explanation of the fair value financial instruments

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

2. Fair Values of Financial Instruments

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

As of March 31, 2021

(Millions of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and due from banks	¥ 740,601	¥ 740,601	¥ —
(2) Trading securities			
Securities—trading	8	8	—
(3) Securities			
Held-to-maturity	5,491	5,496	4
Available-for-sale securities	1,299,247	1,299,247	—
(4) Loans and bills discounted	1,986,132		
Accrued income (Interest on loans)	723		
Deferred income (Interest on loans and guarantee charge) ^{*1}	(2,065)		
Allowance for possible loan losses ^{*2}	(11,278)		
	1,973,512	1,987,523	14,010
(5) Other assets			
Central clearing counterparty margin requirements	60,000	60,000	—
Total assets	¥4,078,861	¥4,092,876	¥14,015
(1) Deposits	¥3,389,226		¥ —
Accrued expenses (Interest on deposits)	185		
	3,389,412	¥3,389,478	66
(2) Negotiable certificates of deposits	48,361		
Accrued expenses (Interest on NCDs)	0		
	48,362	48,363	0
(3) Payables under securities lending transactions	12,215	12,215	—
(4) Borrowed money	460,831	460,832	1
Total liabilities	¥3,910,821	¥3,910,890	¥ 68
Derivatives ^{*3}			
Hedge accounting is not applied	¥ (3,550)	¥ (3,550)	¥ —
Hedge accounting is applied	262	262	—
Total derivatives	¥ (3,287)	¥ (3,287)	¥ —

*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) Trading securities

The fair values of securities such as bonds that the Bank holds for engaging in dealing are determined by reference to quoted market prices on stock exchanges or prices offered by correspondent financial institutions.

(3) Securities

The fair values of stocks are determined by reference to quoted market prices on stock exchanges. The fair values of bonds are determined by reference to quoted market prices or prices offered by correspondent financial institutions. The prices of 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 the risk-free interest rates plus credit cost rates and expense rates. Investment trusts are determined by reference to their publicly available net asset value.

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

(4) Loans and bills discounted

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

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

The fair values of fixed-rate loans and bills discounted whose terms are short (within one year) approximating their carrying values and are therefore deemed equal to the carrying values.

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

(5) Other assets

Since the fair value approximates the acquisition 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, are recorded on the consolidated balance sheets as follows: The following instruments are not included in 'Assets (3) Securities' in the above table showing the fair values of financial instruments as of March 31, 2021.

As of March 31, 2021	(Millions of yen)
	Carrying amount
Unlisted equity securities *1*2	¥ 735
Contributions to unions *3	4,203
Total	¥4,939

*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 current consolidated fiscal year, an impairment loss of ¥27 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, 2021	(Millions of yen)					
	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Due from banks	¥674,571	¥ —	¥ —	¥ —	¥ —	¥ —
Securities	98,204	184,046	108,905	159,344	203,487	97,130
Held-to-maturity	645	3,254	1,487	105	—	—
Corporate bonds	645	3,254	1,487	105	—	—
Available-for-sale securities that have maturities	97,559	180,791	107,418	159,239	203,487	97,130
Japanese government bonds	60,700	87,100	52,000	55,400	28,000	31,000
Municipal bonds	29,046	69,582	43,564	63,783	80,823	56,640
Corporate bonds	7,813	15,914	6,872	22,675	56,560	9,490
Others	—	8,195	4,981	17,381	38,103	—
Loans and bills discounted *1	351,769	341,836	302,465	218,955	285,359	347,004
Central clearing counterparty margin requirement *2	60,000	—	—	—	—	—
Total	¥1,184,546	¥525,882	¥411,371	¥378,300	¥488,846	¥444,134

*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 ¥21,866 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥116,602 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, 2021	(Millions of yen)					
	1 year or less	Over 1 year less 3 years	Over 3 years less 5 years	Over 5 years less 7 years	Over 7 years less 10 years	Over 10 years
Deposits *	¥3,056,383	¥190,538	¥27,307	¥—	¥—	¥—
Negotiable certificates of deposit	48,361	—	—	—	—	—
Payables under securities lending transactions	12,215	—	—	—	—	—
Borrowed money	220,838	120,313	119,679	—	—	—
Total	¥3,337,799	¥310,851	¥146,987	¥—	¥—	¥—

* 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 as notes to the financial statements.

1. Trading securities

As of March 31, 2021	(Millions of yen)
	Unrealized gains/losses recognized as income
Trading securities	¥—

2. Held-to-maturity debt securities

As of March 31, 2021	(Millions of yen)			
	Type	Carrying amount in consolidated balance sheets	Fair value	Differences
Fair value exceeded carrying amount:	Corporate bonds	¥3,495	¥3,514	¥ 19
Fair value not exceeded carrying amount:	Corporate bonds	1,996	1,981	(14)
Total		¥5,491	¥5,496	¥ 4

3. Available-for-sale securities

As of March 31, 2021

(Millions of yen)

	Type	Fair value in consolidated balance sheets	Cost	Valuation differences
Fair value exceeded cost:	Japanese stocks	¥ 56,560	¥ 19,385	¥ 37,174
	Bonds total	500,595	491,057	9,538
	Japanese Government bonds	304,318	296,748	7,569
	Japanese municipal bonds	138,049	136,598	1,450
	Japanese corporate bonds	58,227	57,709	517
	Other securities	144,349	135,248	9,101
	Foreign securities	21,659	20,778	881
	Sub-total	701,505	645,691	55,814
Fair value not exceeded cost:	Japanese stocks	5,684	6,511	(826)
	Bonds total	296,638	298,716	(2,078)
	Japanese Government bonds	27,154	27,524	(369)
	Japanese municipal bonds	206,969	208,217	(1,247)
	Japanese corporate bonds	62,514	62,974	(460)
	Other securities	295,417	304,482	(9,065)
	Foreign securities	46,762	48,484	(1,722)
	Sub-total	597,741	609,710	(11,969)
Total		¥1,299,247	¥1,255,402	¥ 43,844

4. Held-to-maturity debt securities sold

Not applicable

5. Available-for-sale securities sold

From April 1, 2020 to March 31, 2021

(Millions of yen)

Type	Sales costs	Gross realized gains	Gross realized losses
Japanese stocks	¥ 4,134	¥ 887	¥ 834
Bonds total	—	—	—
Japanese Government bonds	—	—	—
Japanese municipal bonds	—	—	—
Japanese corporate bonds	—	—	—
Other securities	76,039	6,247	1,606
Foreign securities	47,055	2,768	453
Total	¥80,173	¥7,135	¥2,441

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 the acquisition costs, fair value is recognized in the consolidated balance sheets, and valuation difference is treated as an

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

An impairment loss of ¥806 million (¥773 million in shares and ¥33 million in securities) was recognized during the fiscal year ended March 31, 2021.

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, 2021

(Millions of yen)

	Balance sheet amount	Valuation difference included in consolidated gains or losses
Money held in trust for investment	¥5,000	¥0

2. Money held in trust to maturity

Not applicable

3. Other money held in trust (for objectives beside 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 and net unrealized gains/losses on valuation were as follows:

As of March 31, 2021

(Millions of yen)

	Amounts
Valuation difference	¥43,902
Other securities	43,902
Deferred tax liabilities	13,309
Net unrealized gains (before non-controlling interests)	30,592
Non-controlling interests	197
Net unrealized gains on available-for-sale securities	¥30,395

(Relating to Derivative Transactions)

1 Derivative instruments not accounted for as hedges

Regarding the derivative instruments which are not accounted for as hedge transactions, Contract Amount or Notional Amount, Fair Value and Unrealized Gain or Loss for each type of derivative transactions, respectively, at the end of the consolidated balance sheet date, and Determination of fair value are as follows. Contract 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, 2021

(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	¥31,613	¥21,289	¥(1,617)	¥(1,617)
	Forward rate agreements				
	Sold	54,839	—	(1,968)	(1,968)
	Buy	1,849	—	35	35
	Currency options				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Other				
	Sold	—	—	—	—
	Buy	—	—	—	—
Total		¥ —	¥ —	¥(3,550)	¥(3,550)

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

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

(3) Stock-related derivative instruments

Not applicable

(4) Bond-related derivative instruments

Not applicable

(5) Commodity-related derivative instruments

Not applicable

(6) Credit derivative transactions

Not applicable

2 Derivative Instruments accounted for as hedges

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

(1) Interest-rate related transaction

As of March 31, 2021

(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 swap				
	Fixed income/Fluctuating payment		—	—	—
	Fluctuating income/Fixed payment	Other securities (Liabilities)	¥8,000	¥8,000	¥262
	Interest rate futures		—	—	—
	Interest rate options		—	—	—
Special treatment as interest rate swaps	Other		—	—	—
	Interest swap				
	Fixed income/Fluctuating payment	—	—	—	—
	Fluctuating income/Fixed payment		—	—	—
Total		—	¥ —	¥ —	¥262

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) Share-related transactions

Not applicable

(4) Liability-related transactions

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 benefits obligations at beginning of year and end of year

From April 1, 2020 to March 31, 2021

(Millions of yen)

Retirement benefit obligations at beginning of year	¥31,023
Service cost	1,037
Interest cost	117
Actuarial gains and losses	(251)
Retirement benefits payment	(1,179)
Past service cost	—
Other	—
Retirement benefits obligations at end of year	¥30,747

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

From April 1, 2020 to March 31, 2021 (Millions of yen)

Pension assets at beginning of year	¥33,424
Expected return on plan assets	931
Actuarial gains and losses	3,057
Employer's contribution	1,006
Retirement benefits payment	(731)
Other	—
Pension assets at end of year	¥37,689

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

As of March 31, 2021 (Millions of yen)

Retirement benefits obligations of funded plan	¥30,747
Pension assets	37,689
	(6,941)
Retirement benefits obligations of unfunded plans	—
Assets and liabilities recorded in consolidated balance sheets, net	¥(6,941)

(Millions of yen)

Liability of retirement benefits	—
Assets of retirement benefits	¥(6,941)
Liabilities and assets recorded in the consolidated balance sheets, net	¥(6,941)

(4) Breakdown of retirement benefit costs

From April 1, 2020 to March 31, 2021 (Millions of yen)

Service cost	¥1,037
Interest cost	117
Expected return on plan assets	(931)
Actuarial gains and losses recorded in expenses	842
Past service costs recorded in expenses	(7)
Other	—
Retirement benefit costs of defined benefit plan	¥1,058

(5) Remeasurements of defined benefit plans

Breakdown of items (before tax-related effects) recorded in remeasurements of defined benefit plans are as follows:

From April 1, 2020 to March 31, 2021 (Millions of yen)

Past service costs	¥ 7
Actuarial gains and losses	(4,151)
Other	—
Retirement benefit costs of defined benefit plan	¥(4,144)

(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, 2021 (Millions of yen)

Unrecognized past service costs	¥ (45)
Unrecognized actuarial gains and losses	2,218
Other	—
Retirement benefit costs of defined benefit plan	¥2,173

(7) Pension assets

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

As of March 31, 2021

Stocks	29%
Bonds	31
Life insurance general account	14
Other	26
Total	100%

Note: Included in total pension assets is 11% (compared with 10% in the previous fiscal year) for retirement benefit trusts established in the corporate pension plan, and 29% (compared with 30% in the previous fiscal year) for retirement benefit trusts established in the lump-sum retirement plan.

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

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

(8) Basis for calculating actuarial calculations

Basis for calculating main actuarial calculations (weighted average)

From April 1, 2020 to March 31, 2021

Discount rate	0.3%
Long-term expected 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 ¥199 million as of the end of the previous fiscal year.

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

From April 1, 2020 to March 31, 2021

(Millions of yen)

General and administrative expenses	¥44
-------------------------------------	-----

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

(1) Description of stock options

	Stock Options
Category and number of people to whom stock options are granted	No stock options were granted in the fiscal year ended March 31, 2021.
Type and number of shares granted as stock options	
Date on which stock options were granted	
Vesting terms and conditions	
Vesting period	
Exercise period	

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, 2021. The number of stock options is converted into the number of shares.

① Number of stock options

	2016 Stock Options	2017 Stock Option	2018 Stock Option	2019 Stock Option
Stock options which are not yet vested (shares):				
As of March 31, 2019	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Balance of stock options not vested	—	—	—	—
Stock options which have already been vested (shares):				
As of March 31, 2019	8,640	10,260	10,800	29,900
Vested	—	—	—	—
Exercised	860	700	660	3,300
Forfeited	—	—	—	—
Balance of stock options not exercised	7,780	9,560	10,140	26,600

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

② Per share price information

	2016 Stock Options	2017 Stock Option	2018 Stock Option	2019 Stock Option
Exercise price (Yen)	¥ 1	¥ 1	¥ 1	¥ 1
Average price per share upon exercise (Yen)	850	850	850	850
Fair value per share at the grant date (Yen)	2,025	2,115	2,050	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. Description of Restricted Stock Compensation Plan

	Granted on August 7, 2020
Category and number of people to whom restricted stock compensation was granted	The Bank's directors (excluding outside directors): 9 The Bank's executive officers: 9
Type and number of shares granted	Common stock: 53,300 shares
Grant date	August 7, 2020
Eligible service period	The period from the Bank's 117th Annual General Meeting of Shareholders to its 118th Annual General Meeting of Shareholders, which is scheduled to be held in June 2021 (The period for executive officers, is from July 1, 2020 to June 30, 2021.)
Transfer restriction period	The period from the grant date of the restricted stock to the date of resignation or retirement of eligible individuals from the position of the Bank's director, executive officer or employee
Conditions for removal of transfer restrictions	During the period from the start of the transfer restriction period to the date on which the first subsequent Annual General Meeting of Shareholders of the Bank is held (The period for executive officers is from July 1, 2020 to June 30, 2021.), the eligible individuals shall continuously hold the position of the Bank's director, executive officer or employee.
Fair value per share at the grant date (yen)	840

(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:

As of March 31, 2021 (Millions of yen)

Deferred tax assets:	
Net defined benefit liability	¥ 3,464
Allowance for possible loan losses	2,937
Losses on investment securities	1,550
Depreciation	485
Other	2,205
Sub-total	10,643
Valuation allowance	(4,825)
Total deferred tax assets	5,818
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(13,309)
Other	(1,999)
Total deferred tax liabilities	(15,309)
Net deferred tax assets (figures in parentheses represent liabilities)	¥ (9,491)

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, 2021

Normal effective statutory tax rate	30.4%
Valuation allowance	12.3
Income not taxable for income tax purposes	(1.7)
Expenses not deductible for income tax purposes	0.4
Other – net	1.3
Actual effective tax rate	42.7%

(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, 2020 to March 31, 2021

1. Information for service segment

(Millions of yen)				
	Loans	Securities investment	Other	Total
Ordinary income from customers	¥18,244	¥18,815	¥12,541	¥49,602

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 in 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, 2020 to March 31, 2021

(Millions of yen)

Relationship	Name	Address	Paid-in capital	Position	Voting rights (%)	Details of business relationship	Transactions	Transaction amount	Accounting name	Year-end balance
Officer or his/her relatives	Eiichiro Yamadera	—	—	Brother-in-law of the Bank's Director	0.11	Lending	Lending	¥—	Loans	¥167
							Interest income	2	—	—
Company, etc. controlled by an officer or his/her relatives through majority ownership of voting rights	ITUTUYA SHOUYU CO., LTD. (Note 2)	Nirasaki City, Yamanashi Prefecture	10	Manufacturing and sale of soy sauce and miso	—	Lending	Lending	10	Loans	10
							Interest income	0	—	—

Notes: 1. Transaction terms and policies for determining transaction terms
Transaction terms are determined in the same manner as with clients in general.
2. A relative of Masahiko Yamadera, a director of the Bank, owns a majority of voting rights.

- (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, 2020 to March 31, 2021

(Yen)

Net assets per share	¥6,849.57
Profit per share	96.92
Diluted net income per share	96.67

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

From April 1, 2020 to March 31, 2021

(Millions of yen)

Profit per share	
Profit attributable to shareholders of the parent	¥ 3,090
Amount not attributable to owners of common stock	—
Profit attributable to shareholders of the parent related to common stock	3,090
Average balance of common stock (Thousands of shares)	31,886
Diluted profit per share	
Adjustment amount of profit attributable to shareholders of the parent	¥ —
Increase in the number of common stock (Thousands of shares)	83
New share subscription rights (Thousands of shares)	83

(Important Subsequent Events)

Not applicable

Corporate Data

(as of March 31, 2021)

Common Stock : ¥15,400 million

Number of Shares:

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

Number of Stockholders : 6,345

Stock Listing : First Section of the Tokyo Stock Exchange

Transfer Agent : Mitsubishi UFJ Trust & Banking Corporation

Breakdown of Stockholders

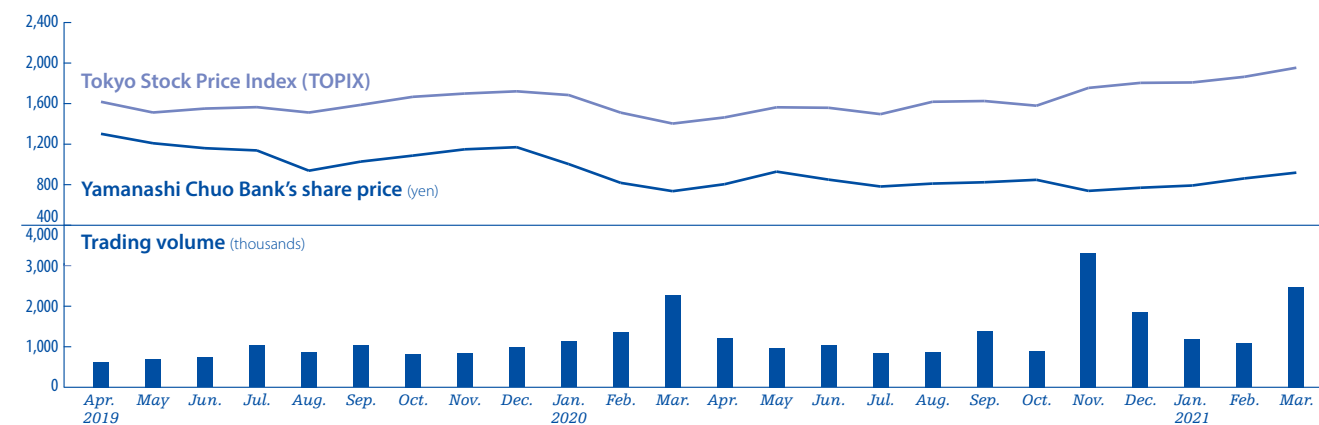


* Shares (1 trading unit: 100 shares)
Note: The category "Individuals and others" contains treasury stock of 8,765 trading units of shares.

Major Stockholders

Name	Number of shares held (thousands)	Percentage of all shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trustee Account)	1,976	6.19
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	1,289	4.04
Meiji Yasuda Life Insurance Company	1,209	3.79
Custody Bank of Japan, Ltd. (Trustee Account)	946	2.96
MUFG Bank, Ltd.	716	2.24
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
Daishi Hokuetsu Bank, Ltd.	439	1.37
Total	8,839	27.70

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



Consolidated Subsidiaries

Name	Capital (Millions of yen)	Yamanashi Chuo Bank's share (%)	Lines of business
Yamanashi Chuo Guarantee Co., Ltd.	20	99.8	Loan guarantees
Yamanashi Chugin Lease Co., Ltd.	20	66.0	Leasing
Yamanashi Chugin DC Card Co., Ltd.	20	67.5	Credit cards
Yamanashi Chugin Management Consulting Co., Ltd.	100	87.5	Consulting, economic research

Board of Directors and Corporate Auditors

(as of July 1, 2021)

Chairman

Nakaba Shindo

President

Mitsuyoshi Seki

Senior Managing Director

Yoshiaki Furuya

Managing Directors

Norihiko Tanaka

Fumihiko Furuya

Masahiko Yamadera

Directors

Michio Masukawa

Riyo Kano

Miki Ichikawa

Standing Corporate Auditors

Akira Omata

Kimihiro Asai

Corporate Auditors

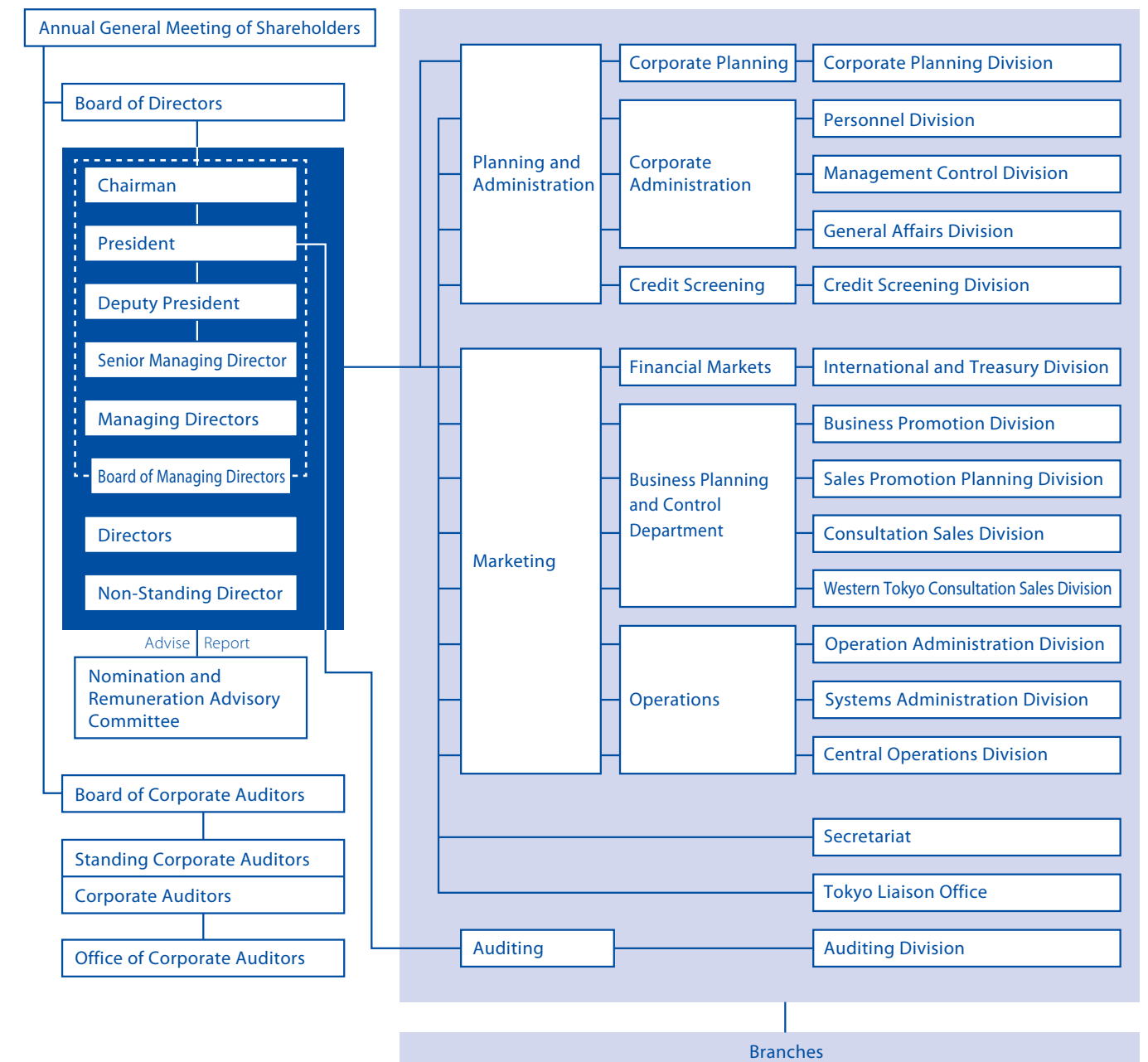
Kouichiro Horiuchi

Yoshiyuki Nagahara

Minako Mizutani

Organization

(as of July 1, 2021)



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